

Thames Gateway South Essex

Housing Market Trends

Quarterly Report

April 2010

House Prices, Affordability & Market Indicators

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Introduction

This report monitors the latest trends in house prices, rent and other market indicators based on Hometrack's online Housing Intelligence System (www.hometrack.co.uk). It looks at national trends and local changes in lower quartile house prices across the Thames Gateway South Essex (TGSE) sub region by local authority area for different housing types. It also compares cross tenure affordability and reviews recent market indicators. The report acts as a supplement to the data in the TGSE Strategic Housing Market Assessment and Housing Strategy. A snapshot of the housing market in England and Wales is attached at Appendix 1. Changes in house prices for TGSE local authority areas are tabled in Appendix 2.

Key trends

National Trends

- Overall house prices in England & Wales have increased over the last six months.
- There has been a growth in the number of properties coming onto the market.

Local House Prices (lower quartile)

- Overall house prices have continued to increase over the last four months across all five TGSE Local Authorities.
- Between February 2009 and February 2010, LQ house prices rose in Southend by £8k, Rochford £3k, and Basildon £1k, whilst they fell in Thurrock by £1k and remained static in Castle Point.
- In February 2010 the highest overall LQ property price was in Rochford £178k, followed by Castle Point £160k, Basildon £146k, Southend £145k, and Thurrock £143k.
- Prices in Castle Point for 1 and 2 bed flatted properties are the highest in the sub region.
- Prices in Rochford for 2, 3 and 4 bed properties are the highest in the sub region.

Cross Tenure (for a one bed property)

- Private renting is most expensive in Basildon & Castle Point at £132 per week.
- Intermediate renting is cheapest in Southend by as much as £15, at £91 per week.
- Intermediate renting is less expensive in TGSE than buying a new Build Homebuy property.

Affordability

- Lack of affordable housing remains a significant issue across the sub region, where for example in Southend 48% of first time buyers cannot afford a flat or maisonette based on a mortgage at 3.0 times their income.

Market Indicators

- The building price per square metre continues to grow across the TGSE sub region.
- The average time to sell a property in weeks has improved across all five local authority areas, and the number of viewings per sale has also reduced.
- Over the last three months there has been a rise in the number of newly listed properties coming onto the market, whilst there has been a general fall in the number of people registering as buyers.

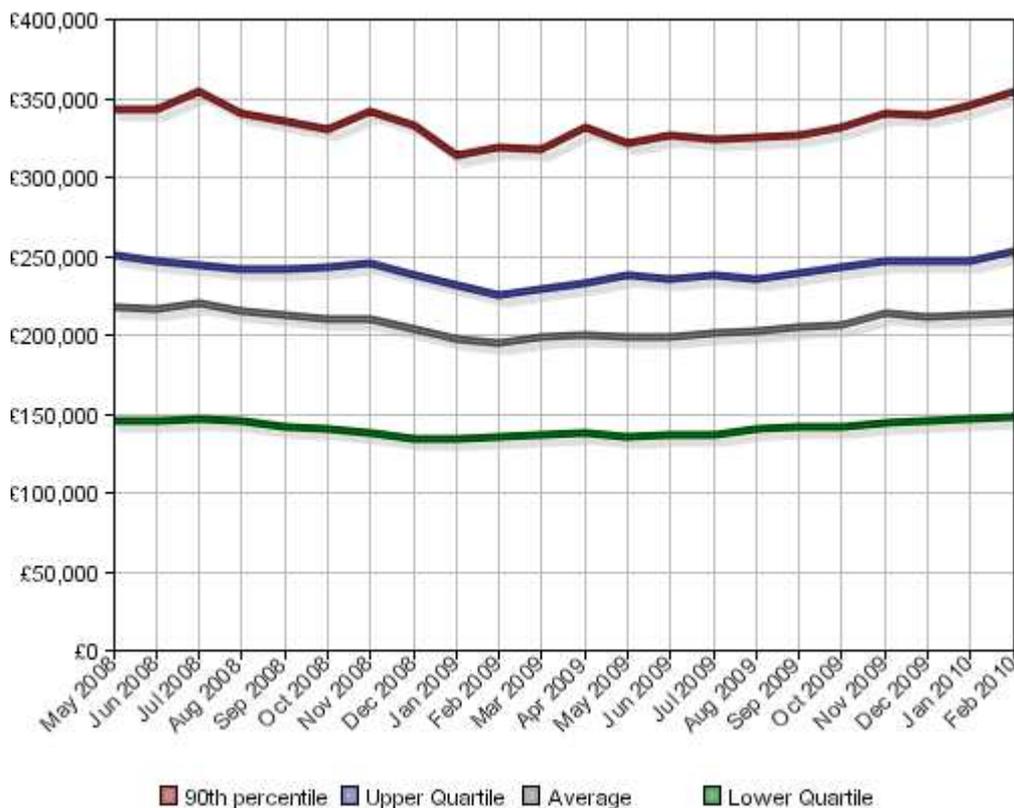
National Trends

Overall house prices in England and Wales rose by 0.3% in March 2010 and the year on year rate of growth now stands at 1.3%. London and Southern England continues to be the engines for house price growth with prices during March 2010 rising by 0.6% in London and 0.3% in the South East. In contrast prices remained static in both the North East and East Midlands and fell by 0.1% in Yorkshire and Humberside.

Hometrack’s Director of Research, Richard Donnell, comments that “the housing market recovery over the past 12 months has been built on a scarcity of housing for sale and the headline figures mask a growing evidence of change. More recently in March the growth in the number of homes coming to the market exceeded new buyers registering with agents. Despite this, sales volumes were up in March, but the increase in supply is not some precursor to the re-emergence of a buyers’ market. Instead it represents a rebuilding of the depleted stock of housing for sale which many agents faced at the start of the year. Overall market indicators suggest we are moving from a sellers’ market back towards something more akin to normal conditions with supply and demand broadly in balance London and southern England”.

Local Housing Indicators

Overall change in house prices – Southend-on-Sea only



The chart shows the average property price over time for all types of housing using Southend-on-Sea Borough Council as a sample area; however this reflects the general trend in Southern England. It compares the lower quartile house price to the average price, the upper quartile price and the price at the 90th percentile over time.

Overall, house prices have continued to increase over the last three months across the majority of the five TGSE Local Authorities. Variations between different TGSE Local authority areas as summarised in the table over page:

Change in House prices December 2009 – February 2010

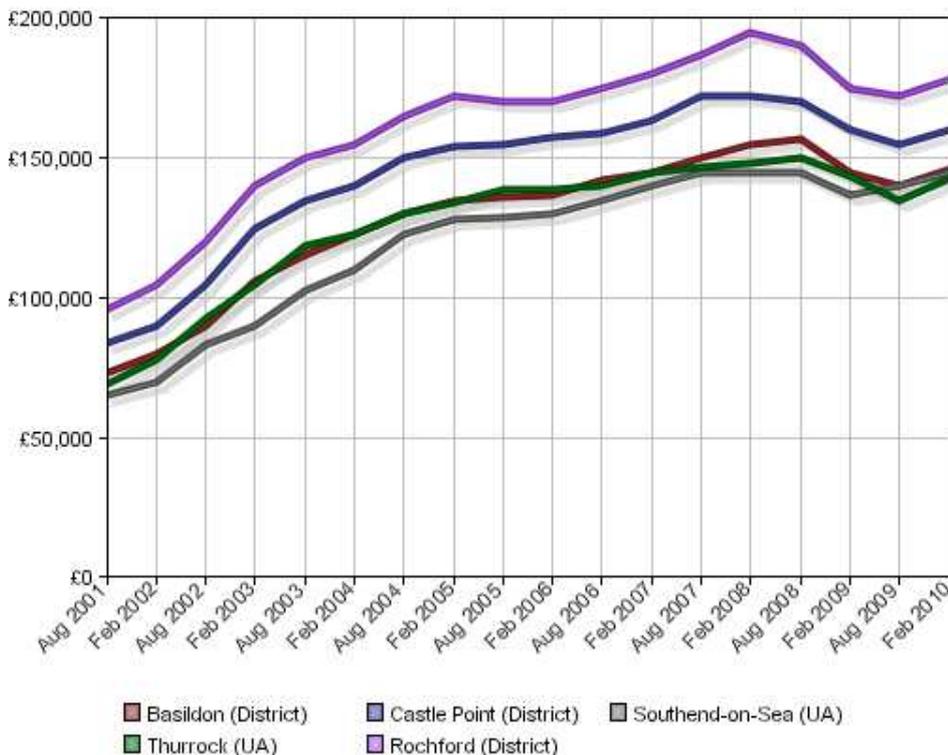
Local Authority	90 th percentile	Upper Quartile	Average	Lower Quartile
Basildon	↑	↑	↑	↑
Castle Point	↑	↓	↓	↔
Rochford	↑	↓	↓	↑
Southend	↑	↑	↑	↑
Thurrock	↑	↑	↑	↓

Focusing on Lower Quartile Prices

The next set of charts focus on the lower quartile property price, based on sales and valuations, for overall property (flats / maisonettes, terraced and detached properties) in the TGSE sub region. This analysis is based on data from Hometrack's Automated Valuation Model.

The increase in house prices are now clearly reflected in the graphs, although, lower quartile prices have been slower to respond to changes in the overall housing market compared to upper quartile and 90th percentile.

Lower Quartile Price – Overall

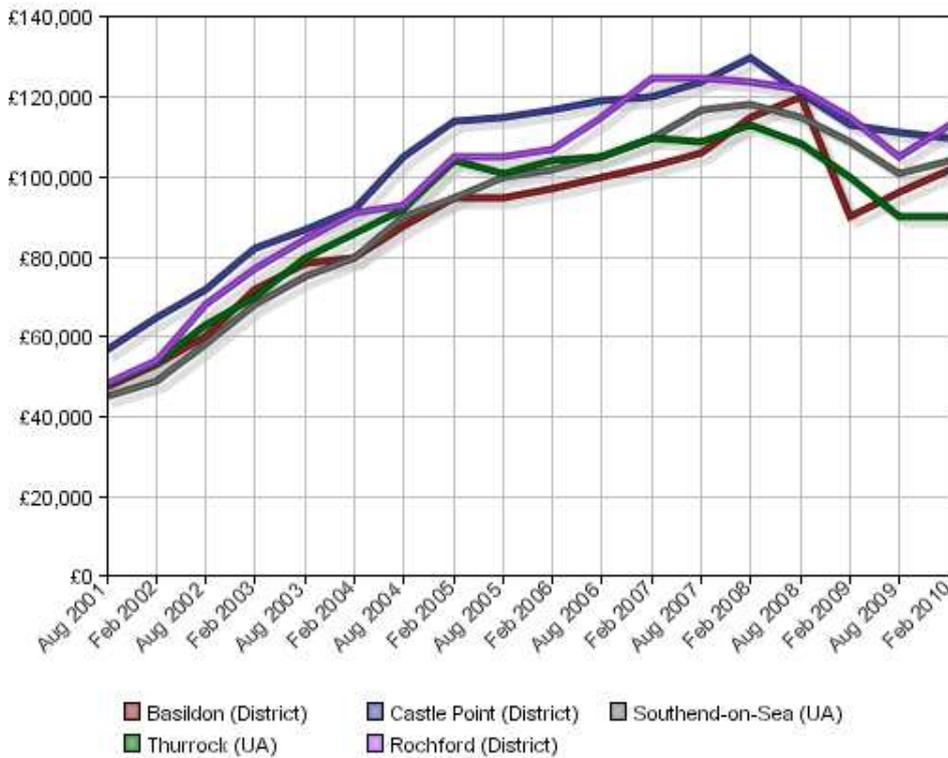


The above chart shows the overall lower quartile property prices by local authority area in the Thames Gateway South Essex sub region.

In February 2010, the highest overall LQ property price was in Rochford £178k, followed by Castle Point £160k, Basildon £146k, Southend £145k, and Thurrock £143k.

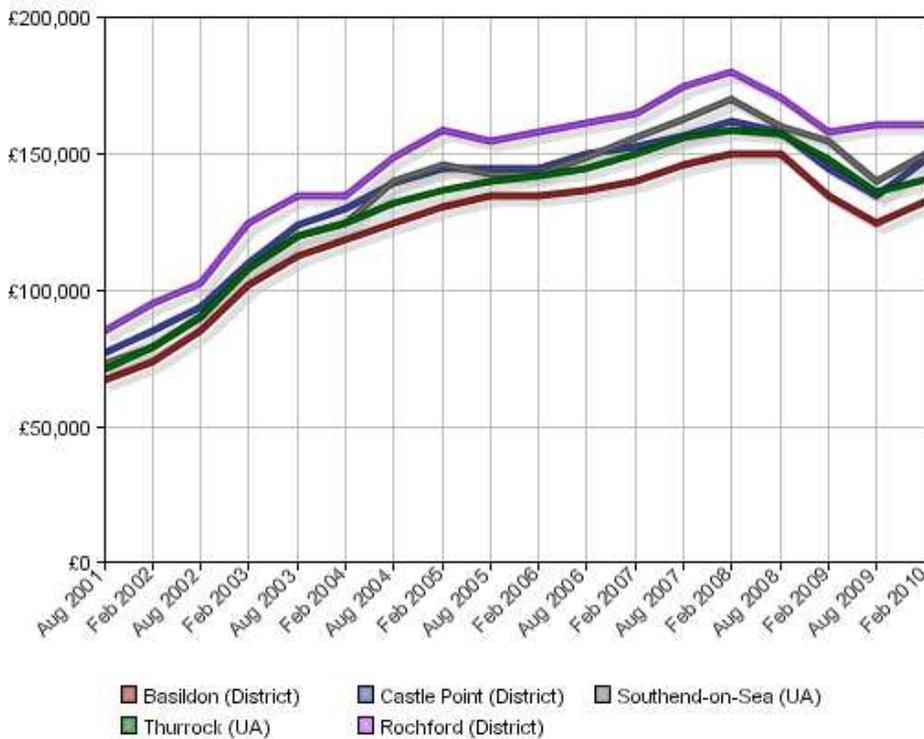
Between February 2009 and February 2010, LQ house prices rose in Southend by £8k, Rochford by £3k, and Basildon by £1k, whilst they fell in Thurrock by £1k and remained static in Castle Point. (See Appendix 2).

Lower Quartile Price – Flat / Maisonette



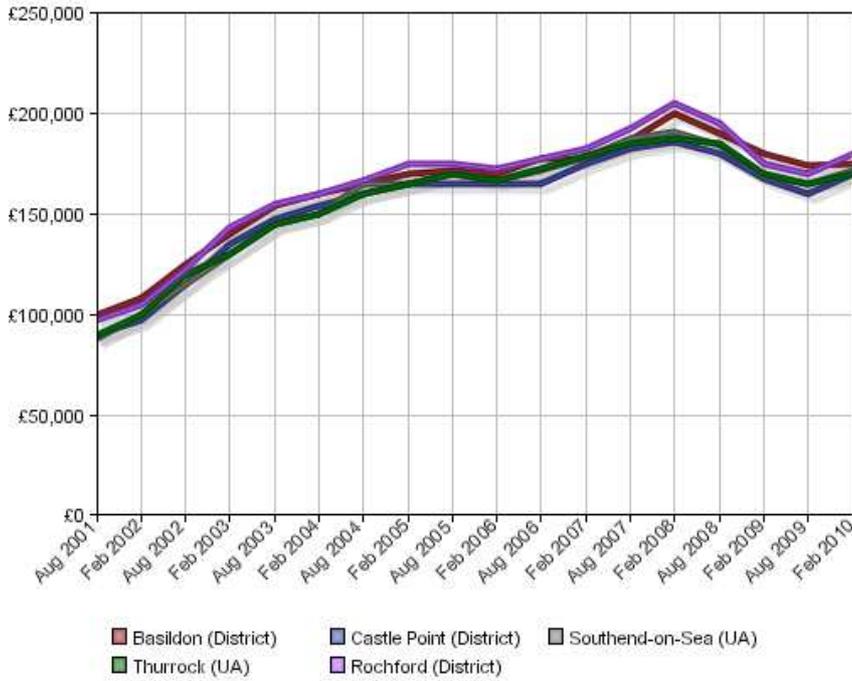
The above chart shows lower quartile prices for flat / maisonette properties. Since February 2009, prices in Basildon have risen, whilst in the remaining three authorities they fell.

Lower Quartile Price – Terraced Properties



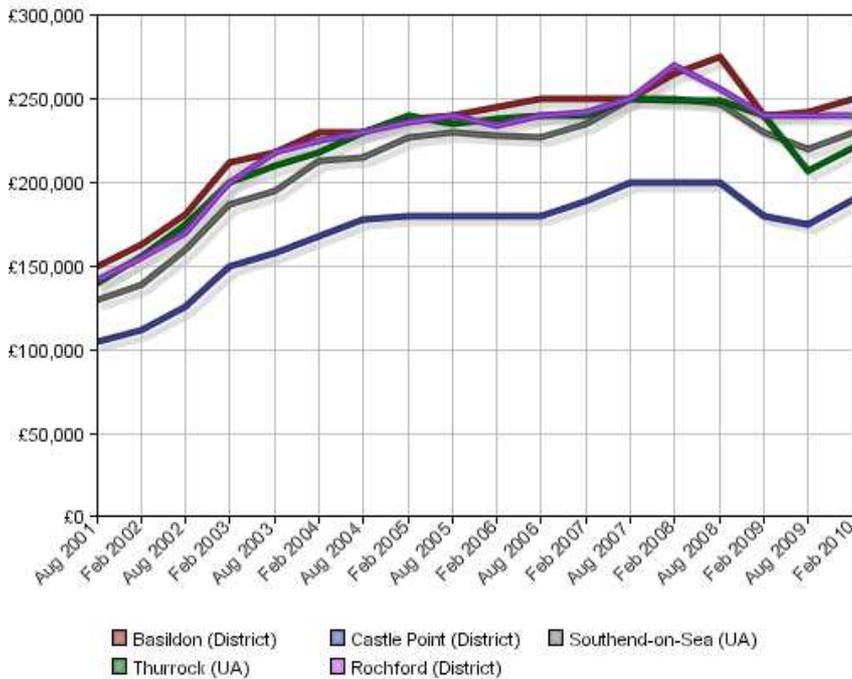
Since February 2009, the prices of lower quartile terraced properties in Castle Point and Rochford have risen whilst in Basildon, Thurrock and Southend they fell.

Lower Quartile Price – Semi Detached



Since February 2009, the price of semi-detached properties in Castle Point, Southend and Rochford has risen whilst in Basildon they fell and in Thurrock they remained the same.

Lower Quartile Prices – Detached



The graph shows a mixed picture with house prices for detached properties recovering in Castle Point, Basildon, Southend and Thurrock but levelling out in Rochford.

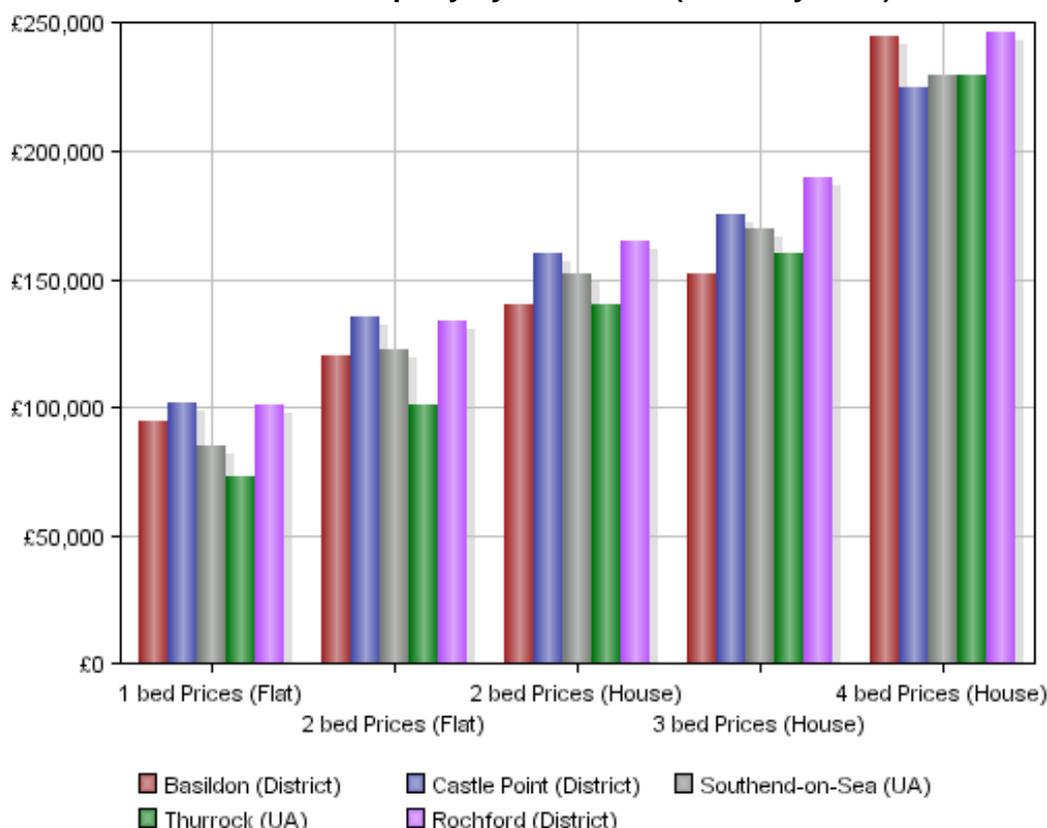
Annual turnover by broad type and age

As a proportion of overall property

	Southend-on-Sea (UA)				Southend-on-Sea (UA)	
	2nd Hand House Sales	2nd Hand Flat Sales	New Build House Sales	New Build Flat Sales	Overall property price bands	
2006	2,924	1,477	31	262	2006	6.30%
2007	2,748	1,615	42	181	2007	6.20%
2008	1,414	707	20	106	2008	3.00%
2009	1,549	552	31	45	2009	2.90%
2010	20	19			2010	0.10%

The above tables show the total volume of housing turnover in Southend, as the sample area, split between houses / flats and second hand / newly built houses. The total turnover is also shown as a proportion of overall property, based on Land Registry data. It shows the marked drop off in sales in 2008, but signs of growth in 2009, particularly in New Build House sales.

Lower Quartile Price of Property by Bed Count (February 2010)

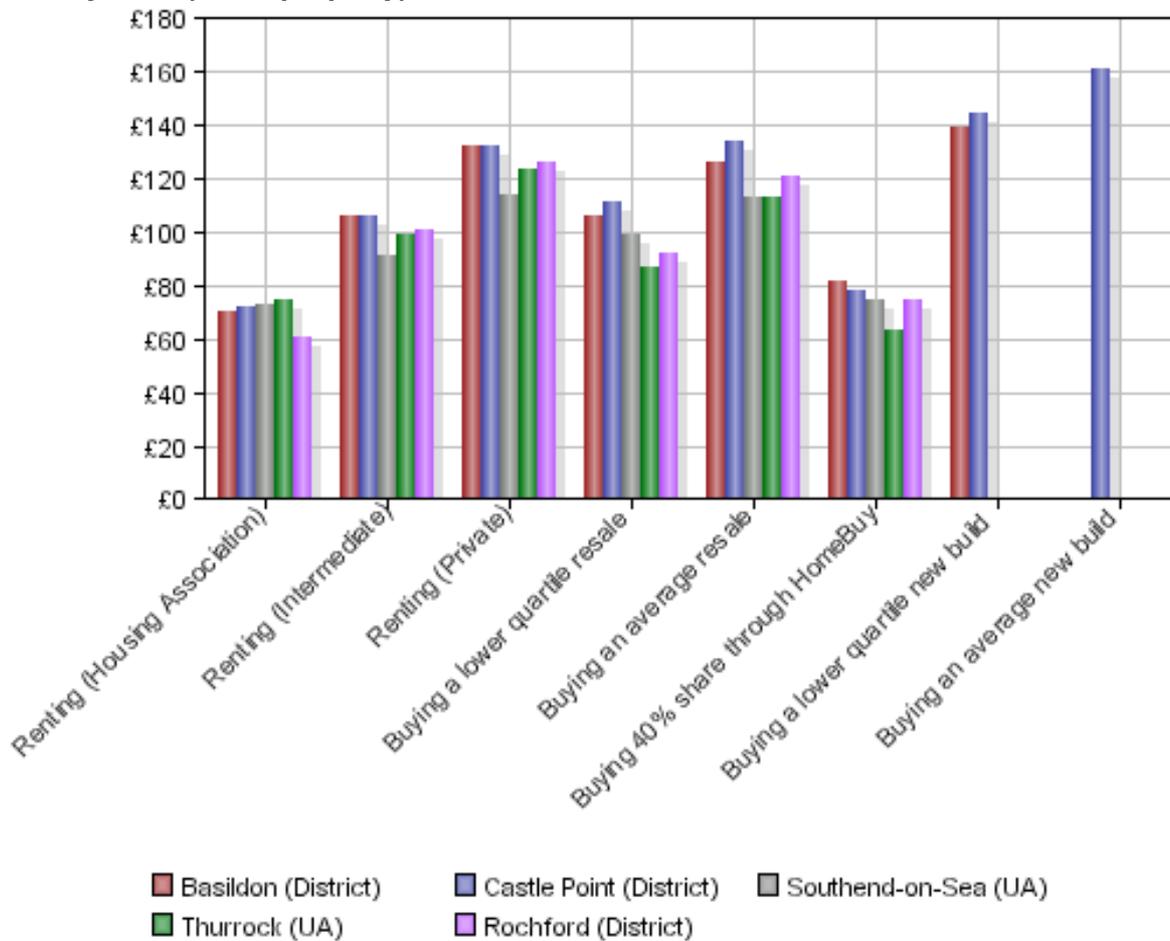


Latest Data Only For Comparison LQ (February 2010)

	Basildon (District)	Castle Point (Borough)	Southend-on-Sea (UA)	Thurrock (UA)	Rochford (District)
1 bed Prices (Flat)	95,000	102,000	85,100	73,000	101,000
2 bed Prices (Flat)	120,000	135,000	123,000	101,000	134,000
2 bed Prices (House)	140,000	160,000	152,000	140,000	165,000
3 bed Prices (House)	152,500	175,000	170,000	160,000	190,000
4 bed Prices (House)	245,000	225,000	230,000	230,000	246,500

The above graph and table show the lower quartile price of property by bed count in the TGSE sub region based on February 2010 figures. For 1 & 2 bed flatted properties, the highest prices are in Castle Point, whilst for 2 & 3 bed houses, they are in Rochford. For 4 bed properties, the highest prices are again in Rochford followed closely by Basildon.

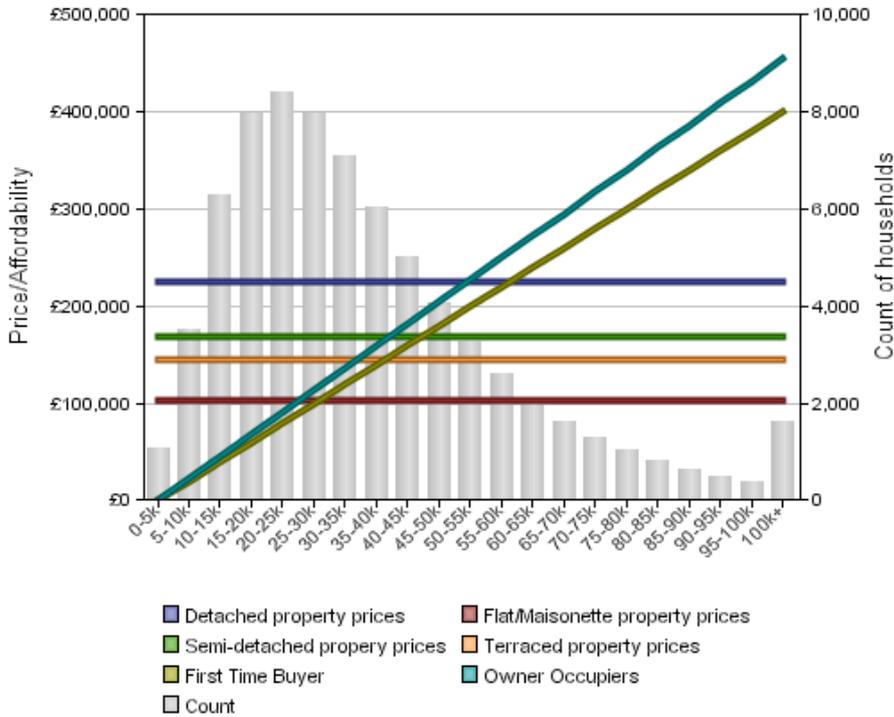
Weekly Cost (1 bed property)



The chart compares the weekly cost of a one bed property across different tenures and has been analysed as follows:

- The weekly cost of renting from a Housing Association is generally lower than other tenures with the highest rent in Thurrock at £74.66 and the lowest in Rochford at £61.02, apart from in Thurrock where it is less expensive to buy a 40% share through HomeBuy.
- Private renting is most expensive in Basildon and Castle Point at £132 per week respectively, followed by Rochford at £126 and Thurrock at £124. Intermediate renting is the cheapest in Southend by as much as £15, at £91.
- It is less expensive to rent via a Housing Association or on an intermediate basis in all five local authority areas compared to buying an Average Resale property.

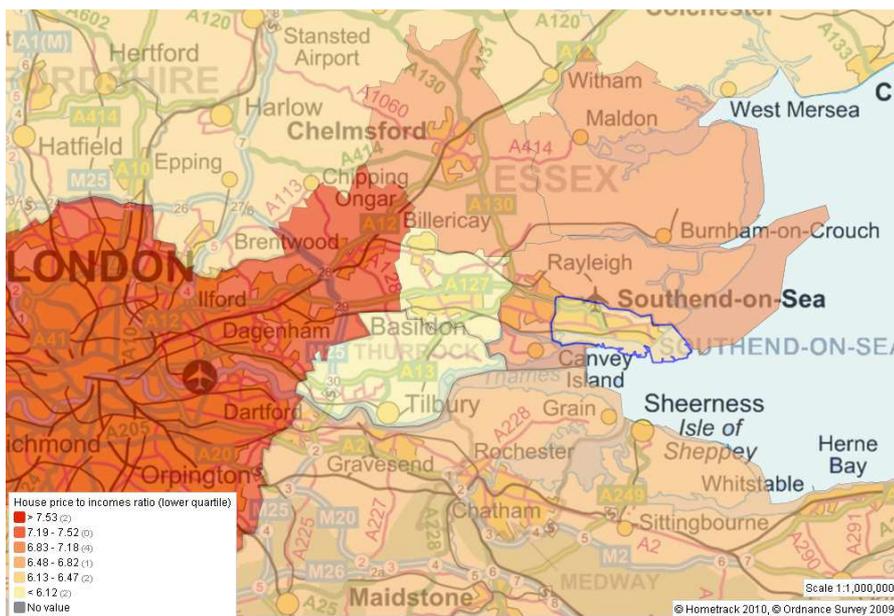
Affordability: 3.0 times income
Sample Area: Southend-on-Sea



This chart shows the number of households in different household income bands in Southend (bars) compared to the minimum price for different property types in the same area (horizontal lines). The diagonal lines rising from left to right show the value of property that can be afforded at different income multiples by a first time buyer and former owner-occupier. The house price data is based on data from the Hometrack Automated Valuation Model and the incomes data is supplied by CACI.

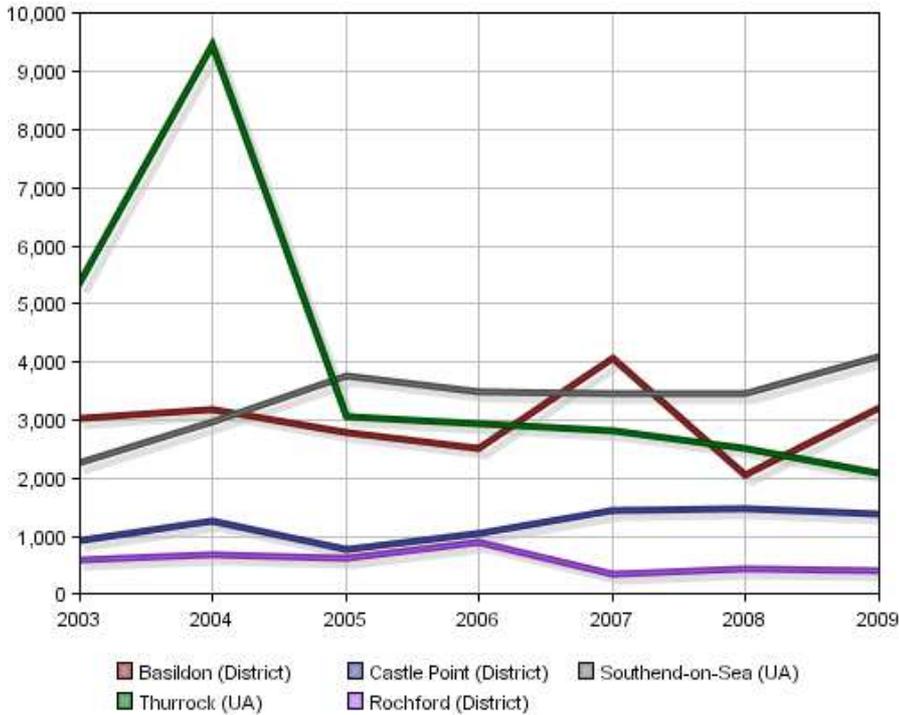
The chart demonstrates that a significant proportion of residents in Southend are priced out of the property market. For example, approximately 35,296 (48%) of households cannot afford to purchase a flat or maisonette as a first time buyer on a mortgage at 3.0 times their income.

House price to incomes ratio (lower quartile)



This theme shows the relative affordability of different areas using a ratio of lower quartile house prices and lower quartile incomes. The higher the value, the less affordable an area is. It shows parts of the TGSE sub region as being relatively more affordable than other surrounding areas.

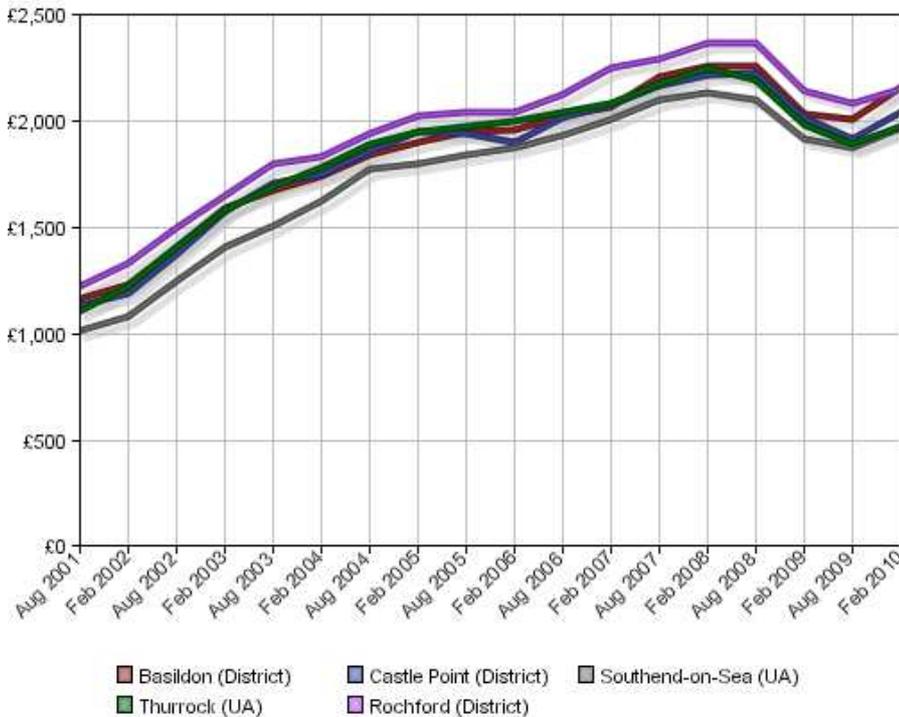
People on the Housing Register



The above graph shows the number of people on the Housing Register for each year. Since 2008, the Register in Southend and Basildon has risen whilst in Thurrock it has fallen and in Castle Point and Rochford it has remained fairly static.

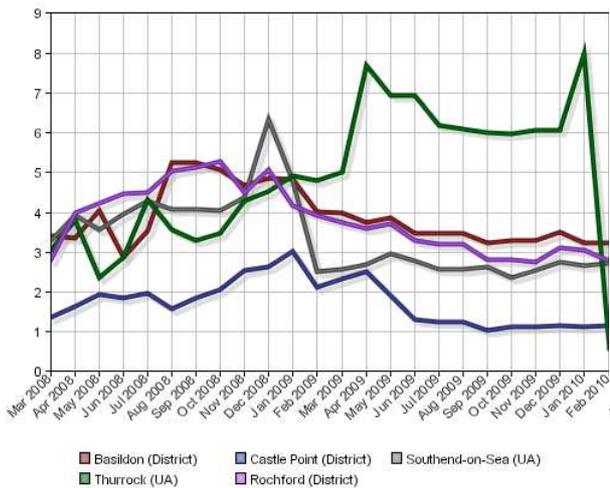
Market Indicators

Price per square metre

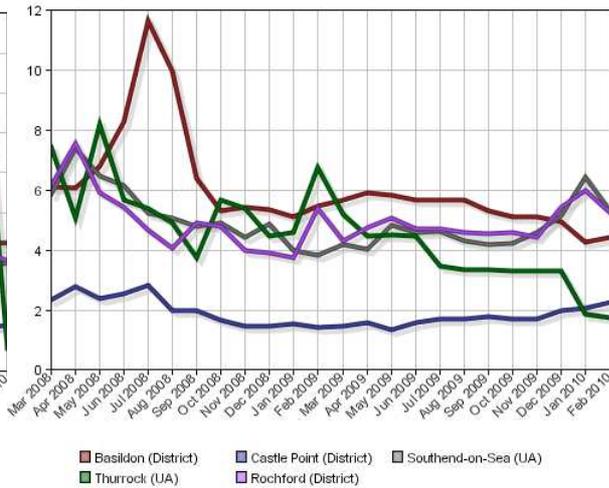


The chart shows the property price per square metre over time for all types of housing in the area selected. Prices fell between August 2008 and August 2009, but since then, they have been rising consistently across the TGSE sub region.

Time to sell weeks

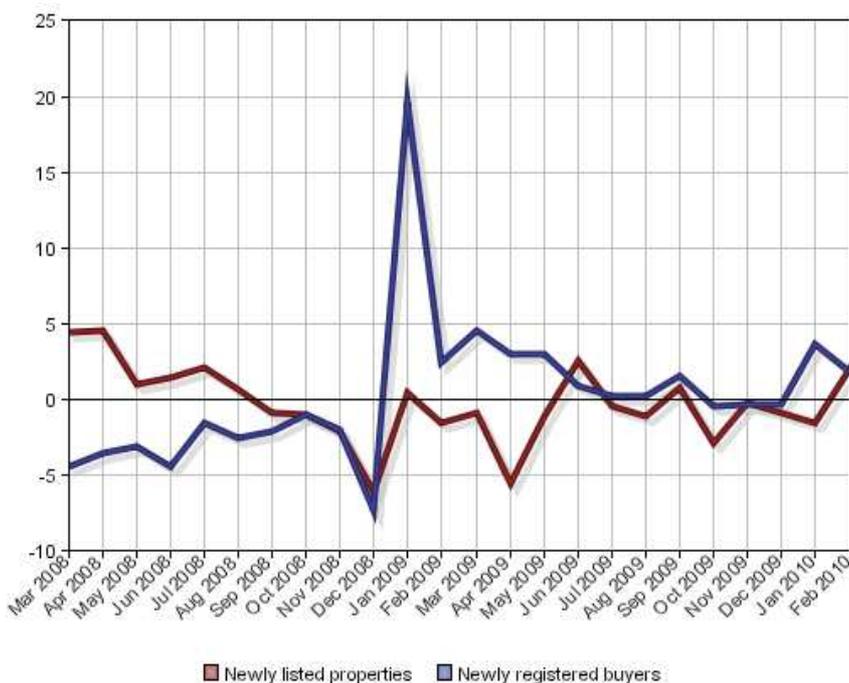


Number of viewings per sale



The above graphs show the average time to sell a property in weeks and the number of viewings per sale. They show a general improvement across all five local authority areas. The fluctuation in Thurrock is likely to be due to a small data sample. The general trend is also reflected in the data showing number of viewings per sale and the sales to asking price and new buyer registrations.

Change in Supply and Demand (Southend-on-Sea only)



This graph compares the percentage change in the number of new properties being registered for sale each month against the percentage change in the number of new buyers registering for Southend.

Between December 2008 and January 2010 there has generally been an excess of newly registered buyers over newly listed properties. However, since January 2010 there has been an increase in newly listed properties coming onto the market and a convergence in February. If this trend continues, it should lead to a more balanced market.

Appendix 1 –Snapshot of Housing Market in England & Wales by Richard Donnell, Director of Research, Hometrack, March 2010.

Accelerating supply of homes for sale marks move back to normal market conditions

Summary	Jan-10	Feb-10	Mar-10
Monthly price change (%)	0.1	0.3	0.3
12 month price change (%)	-1.0	0.4	1.3
% change in new buyers registering with agents	-2.7	8.3	3.3
% change in volume of property listings	-1.3	4.6	5.6
% change in sales agreed	-4.2	9.6	13.0
Average time on the market (weeks)	8.6	8.4	8.3
% of the asking price being achieved	93.5	93.8	94.0
% postcode districts with price increase over month	7.6	25.5	21.0
% postcode districts with price decrease over month	0.5	3.3	3.6

House prices rise but headline figures mask evidence of changing market conditions...

House prices rose by 0.3% in March and the year on year rate of growth now stands at 1.3%. However these headline figures mask a growing evidence of change.

The housing market recovery of the last 12 months has been built on a scarcity of housing for sale. During the whole of 2009 the stock of housing for sale increased by just 7% - this in contrast to the first 2 months of 2010 when the supply of homes for sale increased by 10.2%. Over March the growth in the number of homes coming to the market exceeded new buyers registering with agents.

Buyers registering with agents may be falling, but sales agreed are up...

Despite the number of buyers registering with agents falling - from 8.3% in February to 3.3% in March - there was an increase in the volume of sales agreed over the month - up 13% from 0.4% in February.

But buyers' market not on the horizon...

The increase in supply is not some precursor to the re-emergence of a buyers' market. Instead it represents a rebuilding of the depleted stock of housing for sale which many agents faced at the start of the year. Over the last six months of 2009 the supply of homes for sale grew by just 1% while sales volumes grew by 20%.

Rather we're seeing a return to normal market conditions...

Talk of improved market conditions and prices returning to near peak levels in some markets is encouraging a growing number of households to sell their properties. Many registered buyers are also sellers, and as they gain the confidence to move so they need to put their homes on the market. Overall we're moving from a sellers' market back towards something more akin to normal conditions with supply and demand broadly in balance

And across the country...

The March survey found that prices were higher across 21% of the country down from 26% in February. At the other end of the spectrum price falls were reported across just 3.6% of the country.

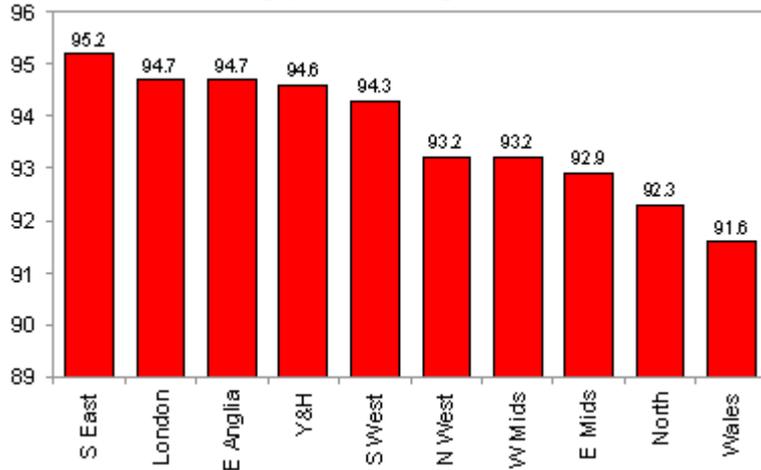
London and southern England continue to be the engines for house price growth with prices during March rising by 0.6% in London and 0.3% in the South East. In contrast prices remained static in both the North East and East Midlands and fell by 0.1% in Yorkshire and Humberside.

In London and the South East the time on the market currently stands at 5.3 and 6.3 weeks respectively compared to a national average of 8.3 weeks. In 3 areas the time taken to sell is above 10 weeks, namely Wales (11.1), East Midlands (11.1) and North West (10.5) - areas where growth in demand over the last 12 months remains relatively subdued compared to southern England.

This is also reflected in the sales to asking price figures. The strongest level of pricing is recorded in the South East where sales are moving ahead at over 95% of the asking price. In the North East, Wales and East Midlands sales are at less than 93% of the asking price.

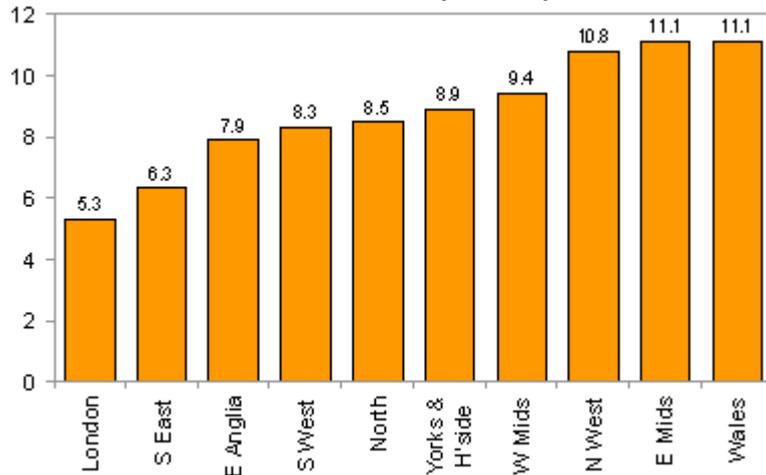
This month's survey in March was based upon 5,315 responses from 1,529 agents and surveyors across all 2,300 postcodes in England and Wales.

Chart 1: % asking price being achieved



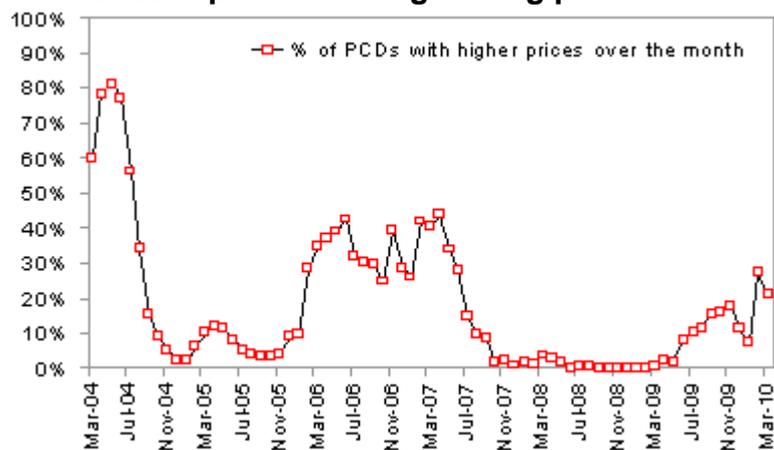
"The proportion of the asking price has bounced back over the last 12 months from a low of 88% in February 2009 to a current level of 94%. On a regional basis pricing is strongest in the South East and London with the weakest pricing in Wales."

chart 2: Time on the market (weeks)



"The time on the market has been falling since early 2009 from a high of 12.3 weeks seen in January 2009 to a current level of 8.3 weeks. On a regional basis the time to sell is just 5.3 weeks in London yet over 11 weeks in Wales and the East Midlands."

chart 3: % of postcodes registering price rises



"A decline in sales and new buyer registrations, together with firmer pricing has resulted in a fall in the proportion of areas registering high prices over the last few months. In January price rises were registered across just 7% of the market rising to 26% in February but falling back to 21% in March."

Appendix 2 – Overall House Price By local Authority Area over a 10 year period

	Basildon (District)	Castle Point (Borough)	Southend-on- Sea (UA)	Thurrock (UA)	Rochford (District)
	Lower Quartile	Lower Quartile	Lower Quartile	Lower Quartile	Lower Quartile
Aug-01	73,500	84,000	65,000	69,000	96,000
Feb-02	79,995	90,000	70,000	78,000	105,000
Aug-02	90,000	105,000	83,000	92,500	120,000
Feb-03	106,000	125,000	90,000	105,000	139,995
Aug-03	115,200	135,000	103,000	119,000	150,000
Feb-04	123,000	140,000	110,000	122,995	155,000
Aug-04	130,000	150,000	123,000	130,000	165,000
Feb-05	135,000	154,000	128,000	134,000	172,000
Aug-05	136,000	155,000	129,000	138,500	170,000
Feb-06	137,000	157,500	130,000	139,000	170,000
Aug-06	142,000	158,950	135,000	140,100	175,000
Feb-07	145,000	163,500	140,000	145,000	179,950
Aug-07	150,000	172,000	145,000	147,000	187,000
Feb-08	155,000	172,500	145,000	148,000	195,000
Aug-08	157,000	170,000	145,000	150,000	190,000
Feb-09	145,000	160,000	136,850	143,500	175,000
Aug-09	140,000	155,000	140,000	135,000	172,000
Feb-10	146,000	160,000	145,000	142,500	177,950
Change Feb 2009- Feb 2010	+1,000	0	+8,150	-1,000	+2,950

Source: Hometrack Housing Intelligence System