

Housing market trends – house prices, rent and affordability – April 2009

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 changes in lower quartile house prices and property count across the Thames Gateway South Essex (TGSE) sub region by local authority area for different housing types. A comparison is also made of cross tenure affordability and market indicators. A snapshot of the housing market in Southern England is attached at appendix 1.

Key trends

Housing prices

- House prices continue to fall across the sub region of Thames Gateway South Essex from their Peak in February 2008.
- As of February 2009, the highest overall property price was in Rochford at £175k, followed by Castle Point £160k, Basildon £145, Thurrock £143k and Southend £140k.
- Prices in Castle Point and Rochford are consistently higher than in the other three local authority areas for 1-3 bed properties.
- Prices in Basildon for 4 bed properties at £250k are the highest in the sub region reflecting the different housing sub markets in TGSE.
- The steepest decline overall has been in Rochford, where a detached property has depreciated by as much as £36k over the 12-month period from February 2008 prices.
- Conversely, in Basildon, 4 bed properties appear to be holding up in price.

Cross Tenure

- The weekly cost of renting from a Housing Association is significantly lower than other tenures with the highest rent in Rochford at £70.20 and the lowest in Basildon at £59.70.
- Private renting is most expensive in Basildon and Thurrock at £132 per week followed by Castle Point at £130.
- The weekly cost of a one-bed property is more expensive in Castle Point and Rochford by as much as £29 per week.
- The weekly cost of a shared equity one-bed property is cheaper than intermediate renting in Basildon, Castle Point and Thurrock but more expensive in Rochford and Southend.

Market Indicators

- There has been a dramatic fall in the property count, down as much as two-thirds over the last 12-month period.
- The time to sell has improved across the sub region falling in Southend from 15 to only 6 weeks between December 08 and February 09.

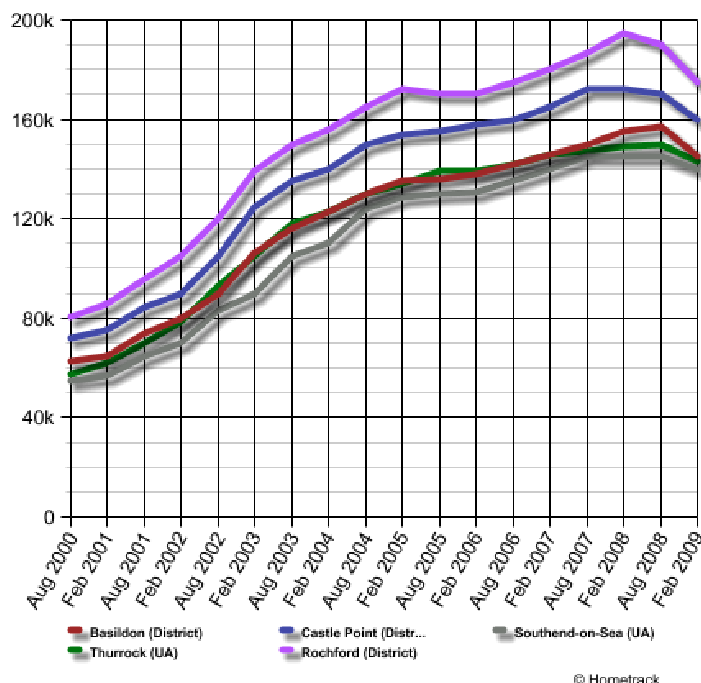
Affordability

- Lack of affordable housing remains a significant issue across the sub region, where for example in Thurrock some 47% of first time buyers cannot afford a flat or maisonette based on a mortgage at 3.0 times their income.

House prices

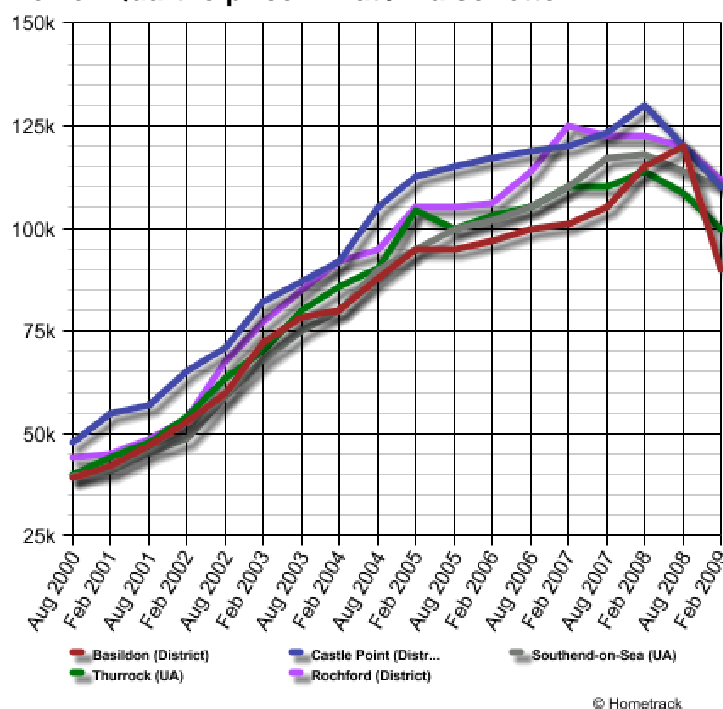
The charts below show the lower quartile property price, based on sales and valuations, for overall property, flats / maisonettes, terraced and detached properties in the TGSE sub region. This analysis is based on data from Hometrack's Automated Valuation Model. Please note small sample sizes, can sometimes distort trends in some areas.

Lower Quartile price –overall



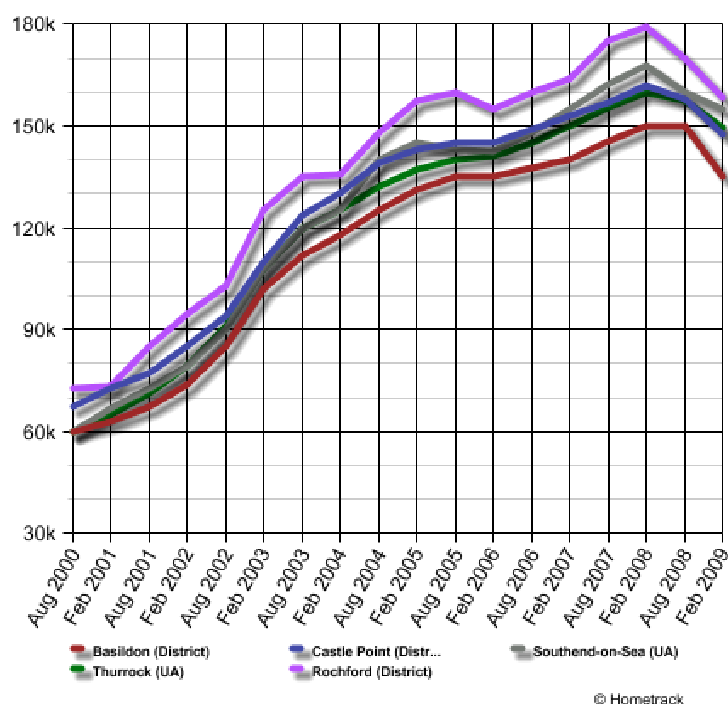
The above chart shows the overall lower quartile property prices by local authority area in TGSE. Whilst prices are falling across the sub region, the steepest decline has been in Rochford where property prices have fallen by £20k over the 12-month period. In February 2009, the highest overall property price was in Rochford £175k, followed by Castle Point £160k, Basildon £145, Thurrock £143k & Southend £140k.

Lower Quartile price – Flat / Maisonette



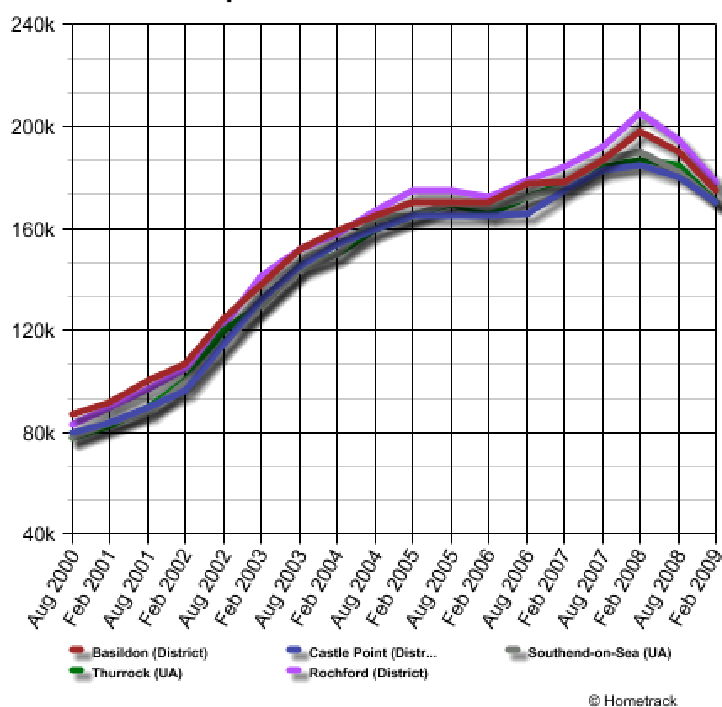
The above chart shows lower quartile prices for flat / maisonette properties. Whilst prices are falling across the sub region, the steepest decline has been in Basildon.

Lower Quartile – Terraced Properties



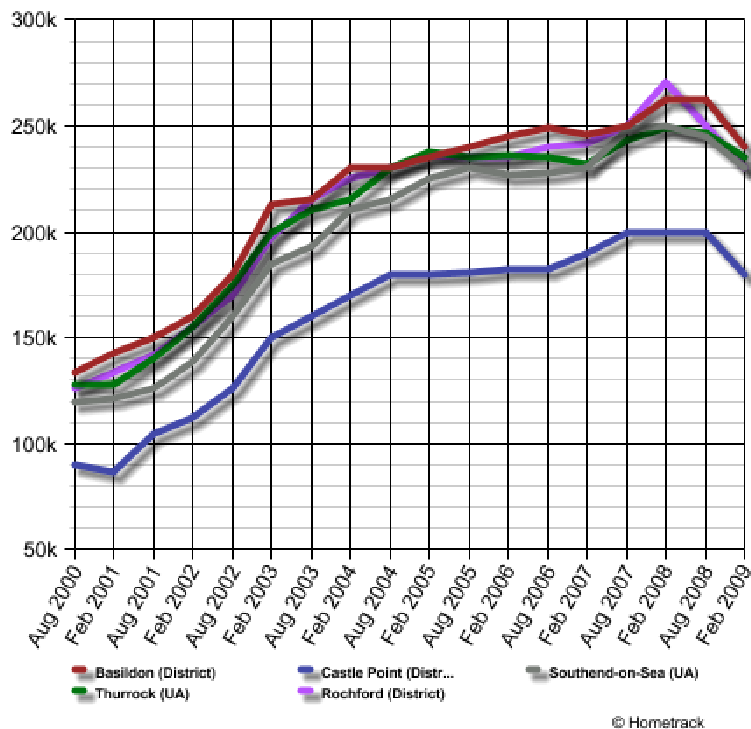
The prices of lower quartile terraced properties have all been declining with the steepest decline, again, in Rochford. The earlier resilience experienced in Basildon is no longer true.

Lower Quartile price –semi detached



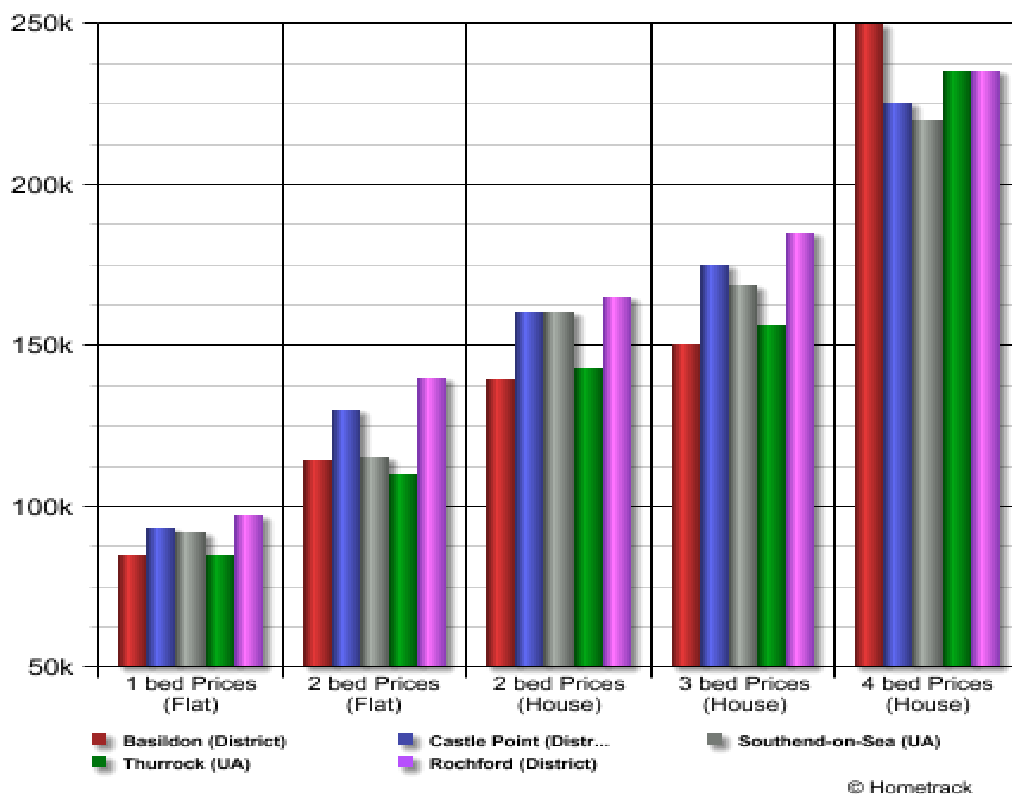
Prices of semi-detached properties across the sub region follow a broadly similar pattern of decline. However, prices have fallen the most in Rochford (£27k) and Basildon (£23k) from their peak in February 2008.

Lower Quartile – Detached



The graph shows a mixed picture with the steepest fall in detached property prices in Rochford (£35.9k), followed by Basildon (£22.5k). Prices in the three remaining LA areas whilst all falling have been more resilient.

Lower quartile price of property by bed count (February 2009)

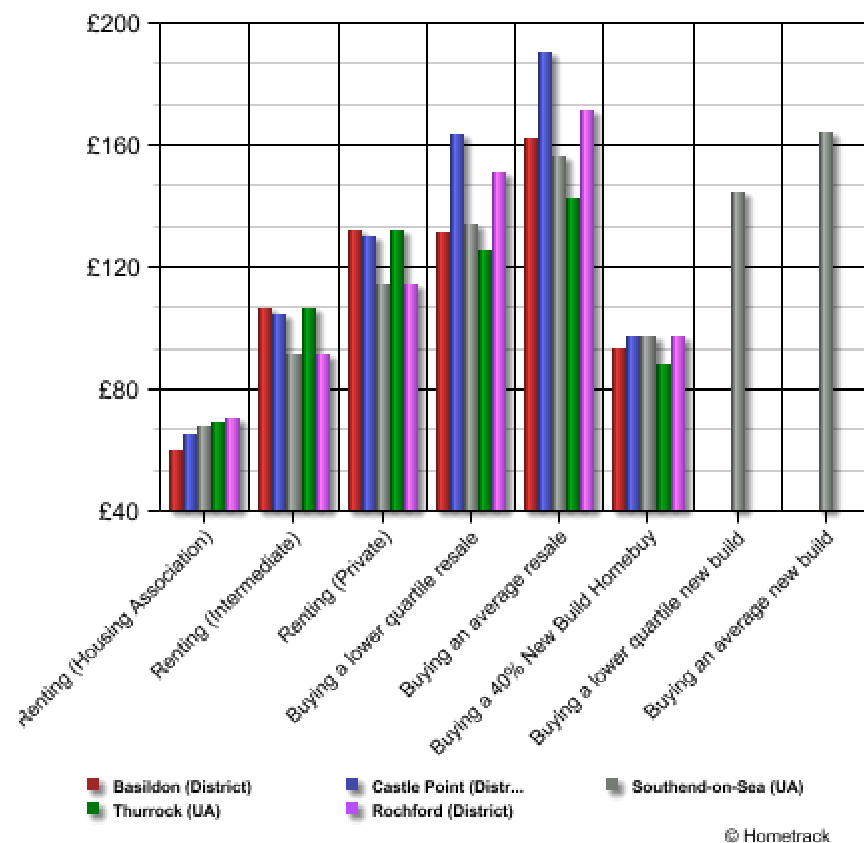


Latest data only for comparison LQ (February 2009)

	Basildon (District)	Castle Point (District)	Southend-on- Sea (UA)	Thurrock (UA)	Rochford (District)
1 bed Prices (Flat)	85,000	93,000	92,000	85,000	97,000
2 bed Prices (Flat)	114,000	130,000	115,000	110,000	140,000
2 bed Prices (House)	139,000	160,000	160,000	142,500	165,000
3 bed Prices (House)	150,000	175,000	168,500	156,000	185,000
4 bed Prices (House)	249,995	225,000	220,000	235,000	235,000

The above graph and table show the lower quartile price of property by bed count in TGSE based on February 2009 figures. Prices in Castle Point and Rochford are consistently higher than in the other three local authority areas for 1-3 bed properties. However, 4 bed property prices in Basildon are the highest in the sub region reflecting the different housing sub markets in TGSE.

Weekly cost (1 bed property)

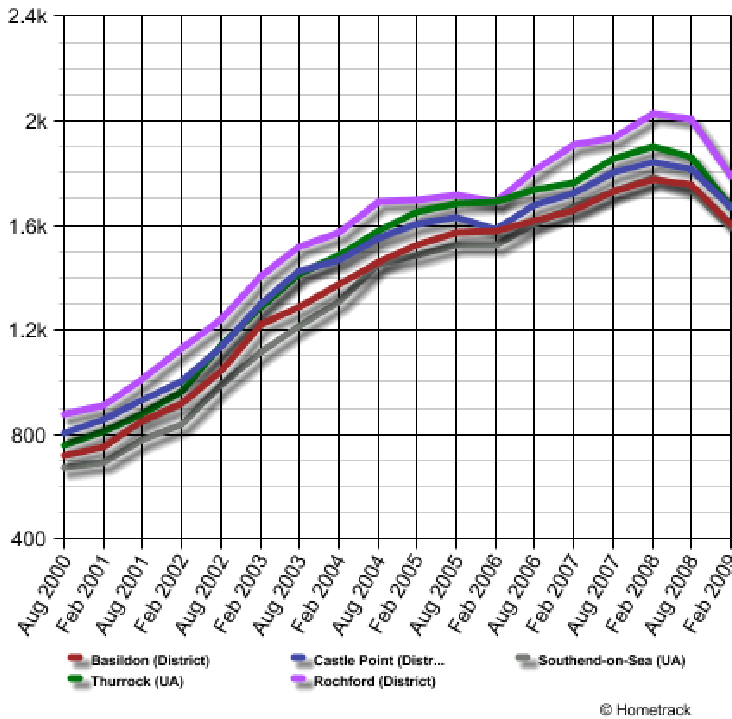


The chart compares the weekly cost of a one bed property across different tenures and has been analysed as follows:

- The weekly cost of renting from a Housing Association is significantly lower than other tenures with the highest rent in Rochford at £70.20 and the lowest in Basildon at £59.70.
- Intermediate renting is at 80% of the median market rent.
- Private renting is most expensive in Basildon and Thurrock at £132 per week followed by Castle Point at £130.

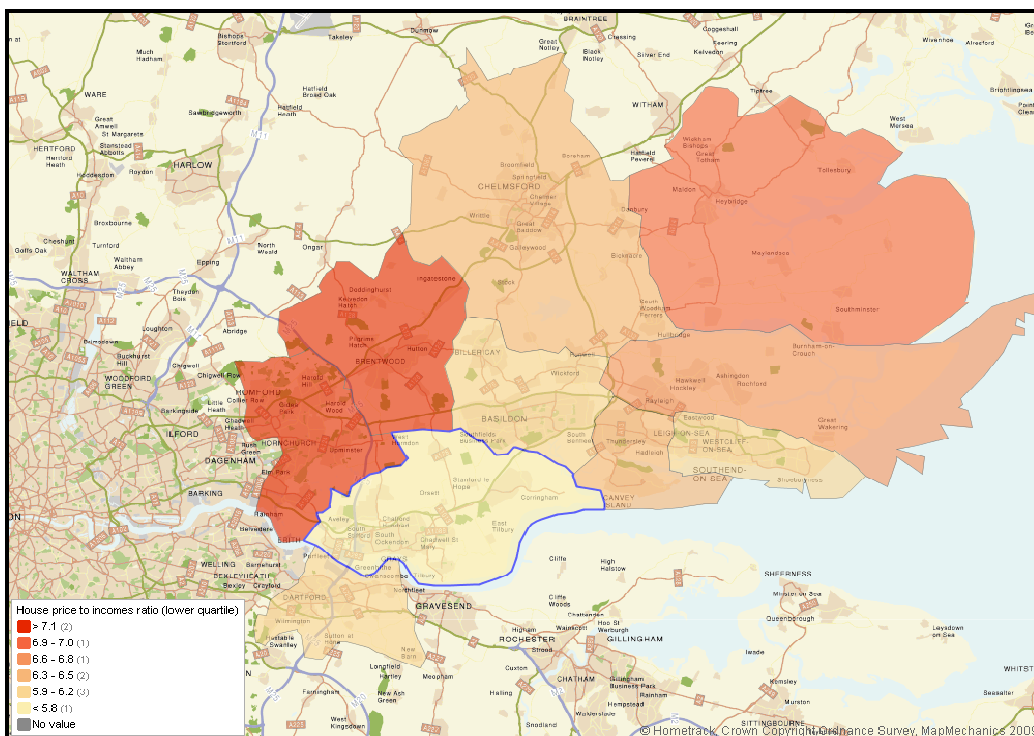
- The weekly cost of a one bed property based on an 85% mortgage (for both lower quartile and average resale) is more expensive in Castle Point and Rochford by as much as £29 per week.
- The weekly cost of a shared equity one-bed property is broadly similar across the sub region. However, in comparison it is more expensive to rent on an intermediate basis in Basildon, Castle Point and Thurrock but more less expensive in Rochford and Southend.
- Information for new build properties is only available in Southend.

Price per square metre



The chart shows the lower quartile property price per square metre over time for all types of housing in the area selected. Prices are consistently down across the TGSE sub region.

House prices to income Ratios (Lower Quartile)

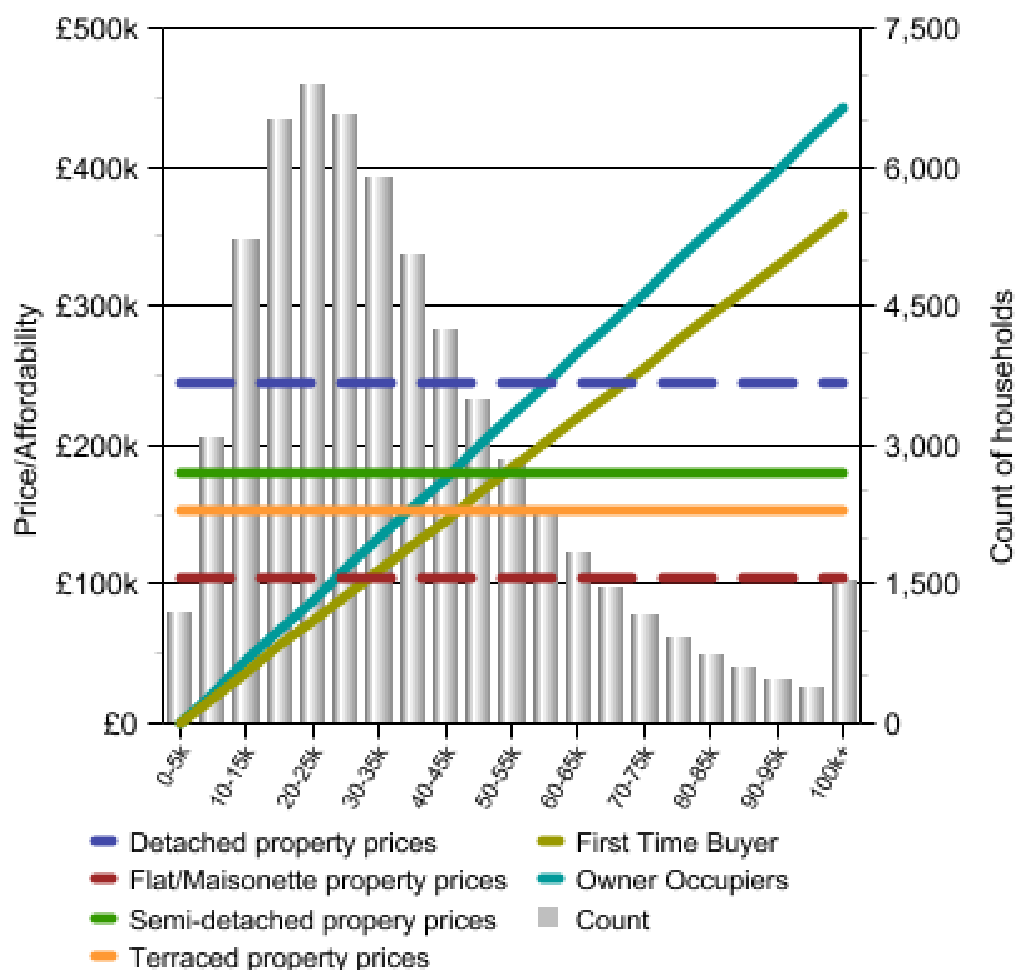


This theme shows the relative affordability of different areas using a ratio of lower quartile house prices and lower quartile incomes. The higher the value, the less affordable an area is. Incomes differ from earnings by including non-earned incomes, such as benefits. In the sub region, Thurrock followed by Basildon and Southend are the most affordable with Rochford being the least affordable local authority area.

Despite the relatively affordability of property in the TGSE sub region, buying or renting is still not viable without support for the majority of residents. The Strategic Housing Market Assessment reported: “across the sub-region between 48 – 55% of households without existing equity in their homes cannot afford to rent or buy without support. The level is highest in Basildon as comparative rental costs are higher in this district”.

Affordability: 3.0 times income

Sample area: Thurrock



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This chart shows the number of households in different household income bands in the Thurrock (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 affordability calculations are based on a multiple of the average household income adjusted by the average loan to value for the different types of buyer. 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 are priced out of the property market. For example in Thurrock, 29,422 (47%) of households cannot afford to purchase a flat or maisonette as a first time buyer on a mortgage at 3.0 times their income.

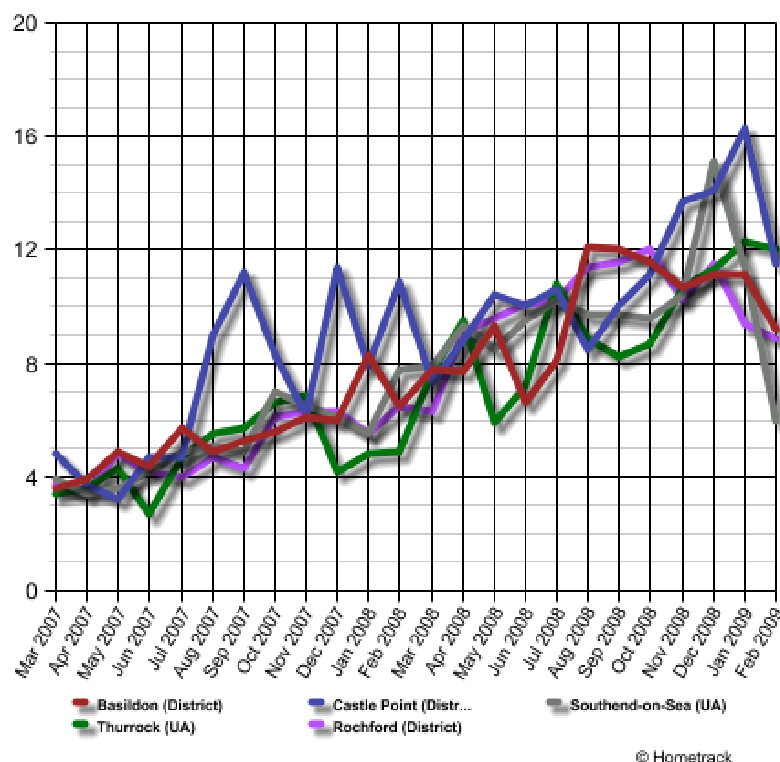
Market Indicators

Property count

	Basildon (District)	Castle Point (District)	Southend-on-Sea (UA)	Thurrock (UA)	Rochford (District)
	Count	Count	Count	Count	Count
Aug 2000	2,955	1,557	3,167	2,892	1,261
Feb 2001	2,468	1,360	2,694	2,612	1,041
Aug 2001	3,834	1,961	3,794	3,698	1,774
Feb 2002	4,019	2,021	3,782	3,736	1,662
Aug 2002	4,959	2,779	4,946	5,266	2,119
Feb 2003	4,351	2,305	4,467	4,663	1,782
Aug 2003	4,679	2,352	4,430	5,075	1,896
Feb 2004	4,497	2,170	4,610	4,838	2,066
Aug 2004	4,243	2,053	4,415	4,173	1,878
Feb 2005	3,187	1,568	3,280	3,190	1,402
Aug 2005	3,529	1,766	3,856	3,728	1,582
Feb 2006	3,366	1,768	3,915	3,307	1,507
Aug 2006	3,936	2,032	4,605	3,914	2,077
Feb 2007	3,776	1,997	4,233	3,951	1,949
Aug 2007	3,949	2,069	4,356	3,963	1,972
Feb 2008	3,041	1,519	3,643	3,081	1,433
Aug 2008	2,341	1,252	2,641	2,244	1,186
Feb 2009	1,086	643	1,378	966	633

The above table shows the dramatic fall in the property count, down as much as two-thirds over the last 12-month period, based on a sample of properties driving the property price data for the TGSE sub region.

Time to sell (weeks)



The above graph shows the average time to sell a property in weeks. It shows an improvement in December 08 – February 09 where the time to sell in for example Southend has fallen from 15 to only 6 weeks. This has also been reflected in the data showing the sales to asking price and new buyer registrations.

Appendix 2 - Market Snapshot (by Hometrack)

- House price growth **-9.4%**
- Time to sell (weeks) **12**
- Viewings per sale **13**
- Base Rate **0.5%**
- Affordability **45.0%**
- Mortgage Lending **-67.1%**
- Repossessions **-41%**
- Housebuilding **-8.6%**

House prices continue to fall but lead indicators suggest an improvement in market conditions

Summary	Jan-09	Feb-09	Mar-09
Monthly price change (%)	-1.0	-0.8	-0.6
12 month price change (%)	-9.4	-10.0	-10.3
% change in new buyers registering with agents	-6.1	17.1	8.5
% change in volume of property listings	-3.6	6.7	1.1
% change in sales agreed	-5.0	35.9	18.6
Average time on the market (weeks)	12.3	12.0	11.3
% of the asking price being achieved	88.3	88.3	88.8
% postcode districts with price decrease over month	58	59	50

Lowest monthly decline in house prices for 10 months...

House prices fell -0.6% over March - the lowest monthly decline for 10 months. But over the last 12 months prices have fallen by 10.3% and continuing weak demand is set to keep prices under downward pressure for some time to come.

And lead indicators post a clear change in direction...

Two key lead indicators from the survey posted clear changes in direction this month. The average time on the market fell to 11.3 weeks from 12 weeks in February and the proportion of the asking price being achieved rose for the first time in two years from a low of 88.3% to 88.8%. This suggests a continued slow move to more realistic pricing. The number of sales agreed also increased (by 19%) as did the number of new buyer registrations (8.5%).

But no sign of green shoots yet...

Following a year of declining demand and market activity, this modest pick up is largely seasonal supported by pent up demand which is feeding into the market. But with the expectation of continued increases in unemployment and weak economic growth, together with restricted availability of mortgages, it seems doubtful whether the increase in activity and sales will continue to gather momentum in the coming months.

Across the country...

Across England and Wales, average prices were down across 50% of the country. This represents the lowest extent of price falls recorded by the survey for 12 months - down from a peak of almost 75% in October 2008.

This month's survey was based upon 5,900 responses from 1802 agents and surveyors across all 2300 postcodes in England and Wales.