

Thames Gateway South Essex

Housing Market Trends

Quarterly Report

January 2016

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 house 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 (currently under review) and Housing Strategy. Changes in house prices for TGSE local authority areas are tabled in Appendix 1.

Key trends

National Trends

- Annual house price growth in December was 9.5%.
- The quarter change was 1.6% and the average price was £208,286.
- Increasing demand combined with very low supply continues to drive house prices.
- Newham recorded a 22% price rise over the past year, biggest in the UK

Local House Prices

- The annual house price growth in November for TGSE was 10.94%
- The highest overall Lower Quartile (LQ) house price was in Rochford at £235k, followed by Castle Point £211k, Basildon £185k, Thurrock £182k, and Southend £178k.
- Compared with pre-recession prices in 2007/8 when they peaked, prices are now consistently higher for the seventh successive quarter in Castle Point and Rochford by £39k, Thurrock £32k, Southend £30k and Basildon £25k.

Cross Tenure (for a one bed property)

- The highest weekly cost of renting a one bed property through a Registered Provider was in Thurrock at £74 and the lowest in Rochford at £68.
- Private renting (median) is now most expensive in Thurrock at £155, followed by Castle Point and Basildon at £150, Southend at £138 and Rochford at £137.
- Between, November 2012-15, rent per week had risen in Thurrock by £18, Southend £14, Castle Point and Basildon by £13, and Rochford by £11.
- Thurrock's rent has progressively been increasing and is now the highest in TGSE.

Affordability

- Lack of affordable housing remains a significant issue across the sub region, where for example in Basildon 54% of first time buyers cannot afford a flat or maisonette based on a mortgage at 3.0 times their income. This rises to 76% for those wishing to purchase a terraced property and 94% for a detached property.
- The latest ratio between LQ house prices and LQ household disposable income in three wards of Basildon were in excess of 12:5, compared to 11:15 being the average for the TGSE Postal area SS.

National Trends

According to the Halifax House Price Index; the annual house price growth in December was 9.5%, the quarterly change was 1.6% and the average price was £208,286. Whilst the rate of growth remains below 2.0%, there remains, however, a substantial gap between demand and supply with the latest figures showing a further decline in the number of properties available for sale. This situation is unlikely to change in the short term, resulting in continuing upward pressure on prices.






Newham in London recorded the biggest rise in house prices among major UK towns and cities over the past year according to the Halifax, where the average house price was 22% higher than in the previous year, nearly double the 12% increase in London as a whole.

Outer London areas such as South Essex, within good commuting distance of the capital, are also seeing above average house price increases in response to rapid house price rises in central London caused by increasing numbers of people looking for property in more affordable areas. South Essex local authority house prices are shown below using data from Hometrack.

Local Housing Indicators

Hometrack's Housing Intelligence System allows house prices to be viewed at a local authority or even ward or super output area.

Overall Change in Average House Prices November 2014 – November 2015

Local Authority	Nov 2014	Nov 2015	Change	%
Basildon	255,727	282,848	+£27,121 	+ 10.61 (12.55)
Castle Point	254,213	283,123	+£28,910 	+ 11.37 (11.04)
Rochford	283,680	312,567	+£28,887 	+ 10.18 (11.48)
Southend	248,347	278,470	+£30,123 	+ 12.13 (9.49)
Thurrock	218,651	241,437	+£22,786 	+ 10.42 (9.64)

Annual % price rise for August 2014 – August 2015 shown in brackets

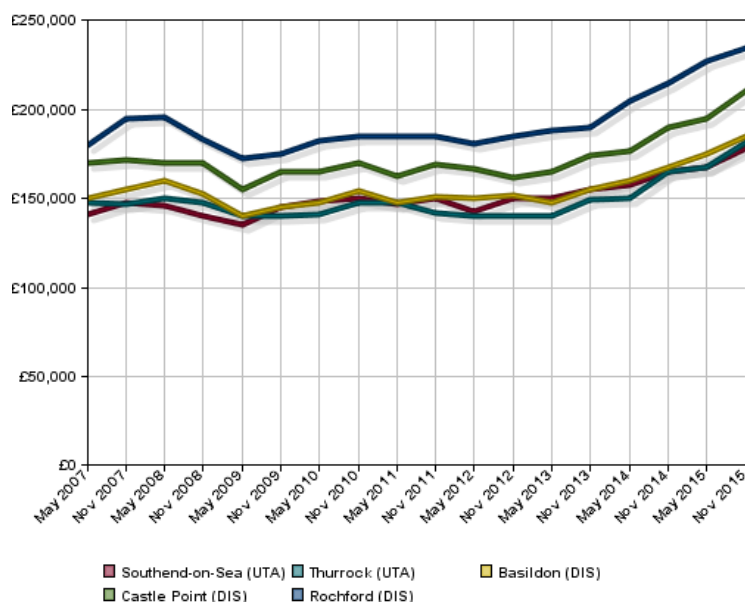
Looking at the overall change in average house prices in the TGSE sub region between November 2014 and November 2015 (over a ten year time-span), prices rose in all five TGSE Local Authority areas by as much as **£30,123 or 12.13%** (averaging 10.94%). The highest price rise was in Southend, followed by Castle Point, Rochford, Basildon and Thurrock.

Annual house price growth fell in Basildon, Rochford, but rose in the remaining local authority areas from the previous reporting period in August.

Focusing on Lower Quartile Prices

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

Lower Quartile Price – Overall

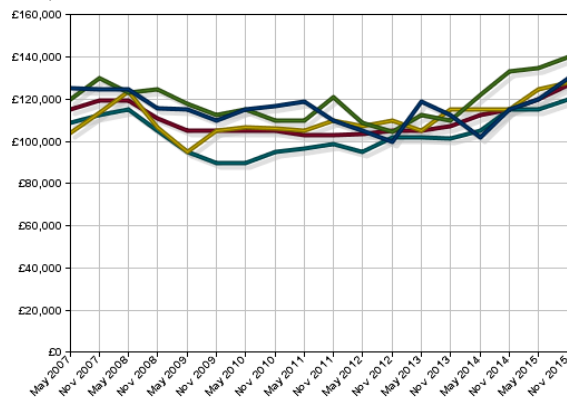


The graph shows the sustained recovery in house prices since the recession in 2008/9.

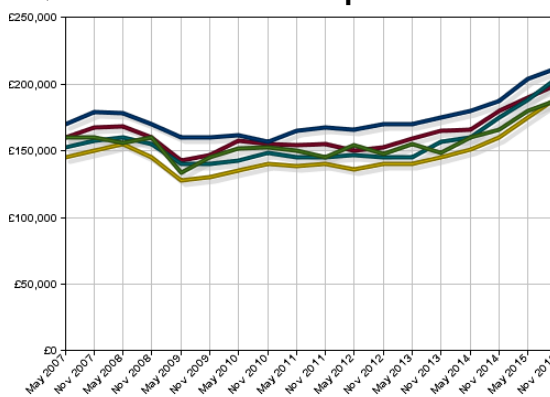
In November 2015, the highest overall lower quartile property price in TGSE was in Rochford at **£235k**, followed by Castle Point **£211k**, Basildon **£185k**, Thurrock **£182k** and Southend **£178k**.

When compared with pre recession prices in 2007/08 where they peaked across the sub region, current prices are consistently up across all five TGSE local authority areas for the seventh quarter running; in Castle Point and Rochford by **£39k**, Thurrock **£32k**, Southend **£30k** and Basildon **£25k**.

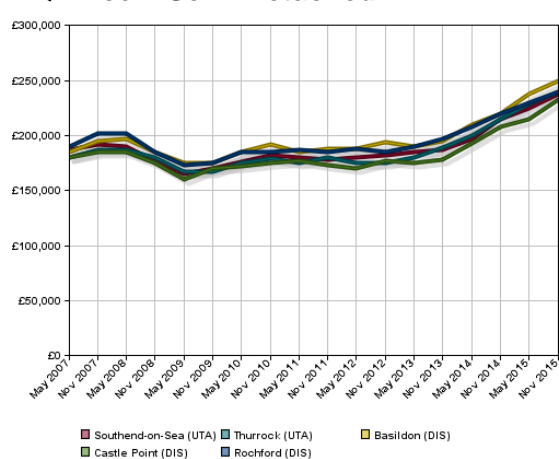
LQ Price – Flat / Maisonette



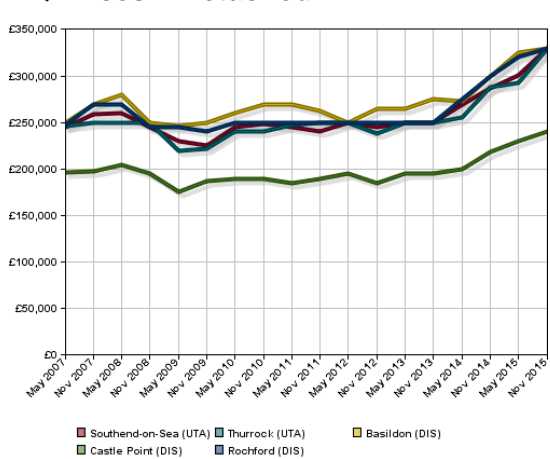
LQ Price – Terraced Properties



LQ Price – Semi Detached



LQ Prices – Detached



Prices can also be shown across a range of housing types with semi detached prices showing the most consistent trends. **Prices across all housing types have begun rising more sharply from November 2013.** For flats / maisonettes, Castle Point has the highest priced properties by as much as £10k. For detached properties all TGSE LAs recorded prices at or in excess of £330k, apart from Castle Point, where prices have been lagging behind.

Annual Turnover by Broad Type and Age

As a Proportion of Overall Property

	Basildon				
	2nd Hand House Sales	2nd Hand Flat Sales	New Build House Sales	New Build Flat Sales	Overall property price bands
2011	1,486	242	145	80	2.60%
2012	1,569	225	259	146	3.00%
2013	1,899	263	181	153	3.40%
2014	2,425	462	172	85	4.30%
2015*	1,710	361	114	170	3.20%

**January – November only*

The above table shows the total volume of housing turnover in Basildon, as the sample area, split between houses / flats and second hand / newly built houses.

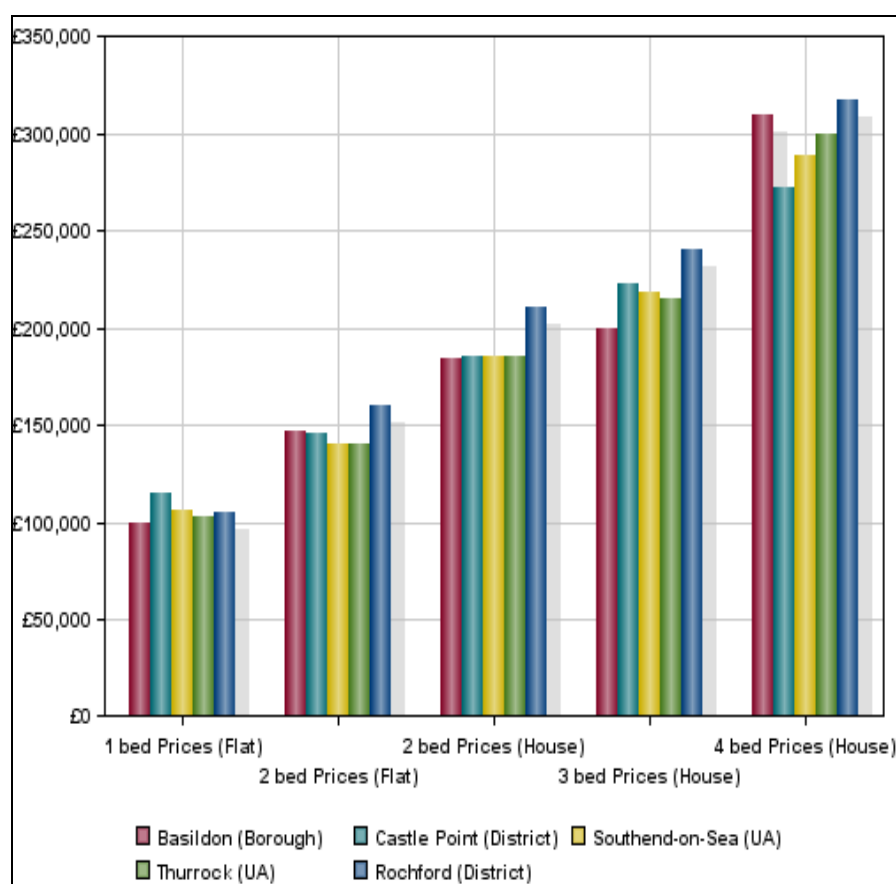
Annual turnover between 2011 and 2014 has increased for 2nd hand houses and flat sales with some notable steep rises. However, the supply of new build property declined in 2014 although flat sales subsequently increased in 2015.

The total turnover is also shown as a proportion of overall property, based on Land Registry data. Turnover has steadily increased and was **4.30%** in 2014. However, it is still down from pre recession figures where it was **5.4%** in 2007 (see TGSE Housing Market Trends Quarterly Report, October 2010).

This relatively low rate of turnover by historic standards means that homeowners are only moving on average every 20 years or more. Furthermore, many sales are to buyers with nothing to sell which creates a greater imbalance between supply and demand as stock is replaced at a slower rate.

Lower Quartile Price of Property by Bed Count (November 2015)

	Southend	Thurrock	Basildon	Castle Point	Rochford
1 bed Prices (Flat)	115,000	105,500	100,500	117,500	114,250
2 bed Prices (Flat)	145,000	144,750	146,250	147,500	155,000
2 bed Prices (House)	200,000	200,000	190,000	195,250	220,000
3 bed Prices (House)	228,000	223,000	212,000	234,995	245,000
4 bed Prices (House)	305,000	300,000	320,000	290,000	325,000



The above graph and table show the lower quartile price of property by bed count in the TGSE sub region based on November 2015 figures. **For 1 bed flats; Castle Point had the highest priced property whilst for all other house sizes it was Rochford (denoted in red).**

Weekly cost for 1 bed property for rent and purchasing across a range of quartiles

	Southend	Thurrock	Basildon	Castle Point	Rochford
Housing Association Rent	68.8	74	72.9	73.1	68.2
Private rent - 30th Percentile	126	150	138	150	131
Private rent - 80% Median	110	124	120	120	110
Private – Median	138	155	150	150	137
Nov 2014	126	144	138	150	132
Nov 2013	123	138	137	138	132
Nov 2012	124	137	137	137	126
Private - Upper Quartile	155	167	161	161	150
Buying a lower quartile resale	128	120	117	134	122
Buying an average resale	145	131	134	145	140
Buying 40% share through Help to Buy	97	89	94	98	94
Buying a lower quartile new build	224	161	160	178	192
Buying an average new build	227	163	167	181	192

The above table shows the weekly cost of renting or purchasing a one bed room property across a range of quartiles based on November 2015 prices.

TGSE Private renting (median) is now most expensive in Thurrock at **£155**, followed by Castle Point and Basildon at **£150**, Southend at **£138** and and Rochford **£137** at per week.

Between, November 2012-15, rent per week rose in Thurrock by **£18**, Southend by **£14**, Castle Point and Basildon by **£13** and Rochford by **£11**.

Thurrock's rent has progressively been increasing and is now the highest in TGSE.

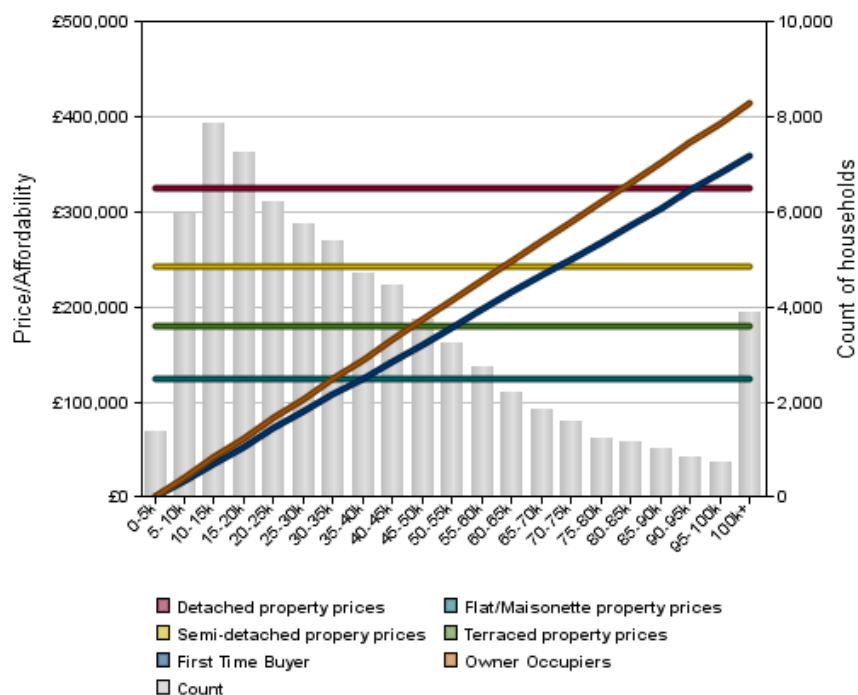
Compared with purchasing; the average weekly cost of a new build property is higher / highest in all TGSE LAs apart from Southend and Thurrock where private upper quartile renting was higher.

The cost of a lower quartile new build is only marginally lower than for an average new build; suggesting there is not a big range or choice of property in this sector in terms of cost.

Shared ownership through Help to Buy at 40% sits comfortably between HA rent and private renting or buying.

Affordability: 3.0 times income

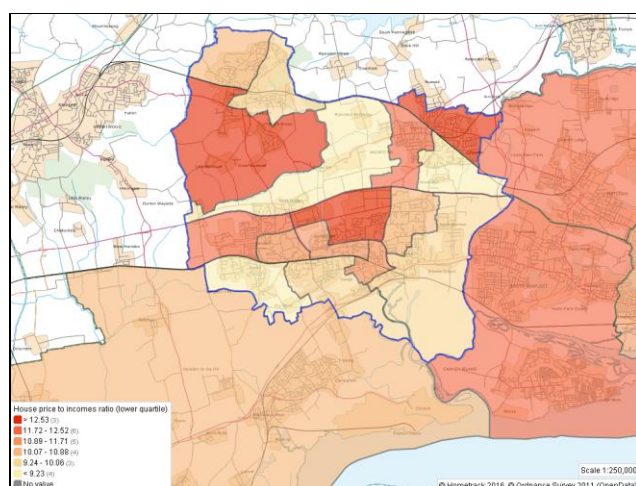
Sample Area: Basildon



This above chart shows affordability in Basildon both by income band and spatially. The chart to the left shows the number of households in different household income bands 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 chart demonstrates that a significant proportion of residents in Basildon are priced out of the property market. For example, **54%** of households were priced out of the market (i.e. cannot afford to purchase a flat as a first time buyer on a mortgage at 3.0 times their income). This rises to **76%** for those wishing to purchase a terraced property and **94%** for a detached property.

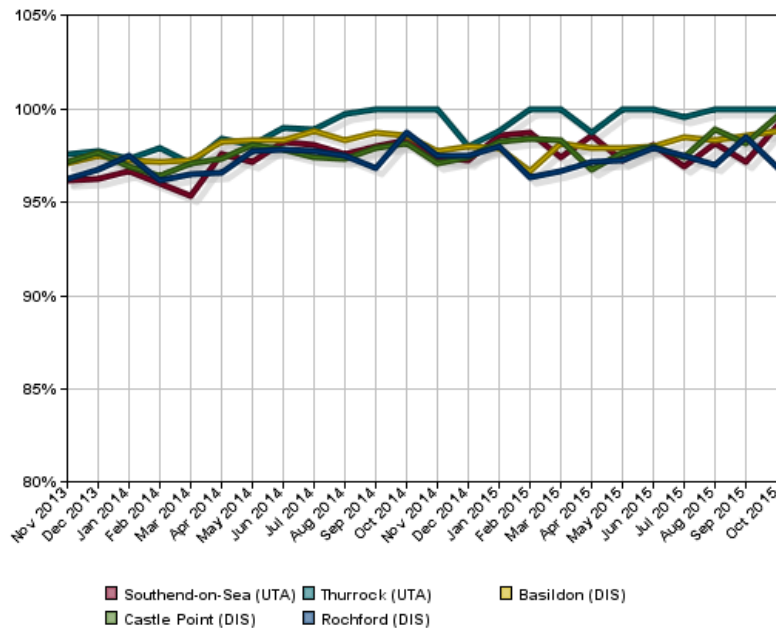
LQ House price to income ratio Basildon wards



The heat map compares the Lower Quartile house price to income ratios across individual wards in Basildon. The wards of Burstead, Wickford North and Fryerns all had ratios in excess of 12:53 highlighting the issue of affordability. The uplift in these areas could partly be attributed to recent house building / sales.

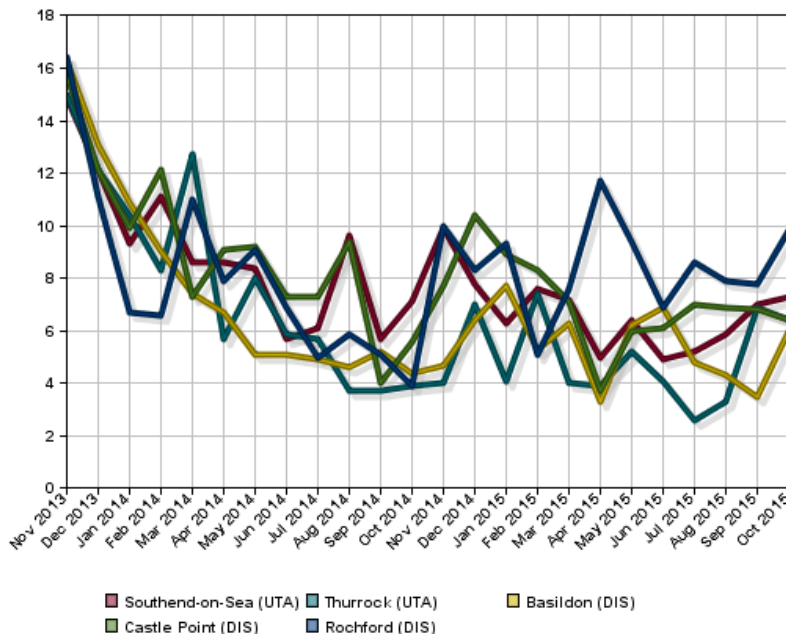
Market Indicators

Sales to Asking Price



This graph shows the typical proportion of the asking price that is achieved for all sales agreed over the month. The data is calculated using property listings on Zoopla taking the advertised asking price compared to the final sold price registered with Land Registry. It suggests that **all TGSE LAs are achieving high asking prices** with only Rochford seeing a small decline between September and October.

Time to Sell (weeks)



This graph shows the average time taken to sell a property in weeks. The data is calculated using the time taken from when a property is first listed on the market via Zoopla to the date the property was sold using data from Land Registry. **Since September the time to sell declined marginally in Thurrock and Castle Point but increased elsewhere.** This could partly be explained by the seasonal fluctuation after the summer sale period.

Appendix 1 – Overall House Price by Local Authority Area over a 10 year period

	Southend-on-Sea (UA)	Thurrock (UA)	Basildon (Borough)	Castle Point (Borough)	Rochford (District)
	Lower Quartile	Lower Quartile	Lower Quartile	Lower Quartile	Lower Quartile
May-07	141,000	148,000	149,995	170,000	180,000
Nov-07	148,000	147,000	155,000	172,000	194,950
May-08	146,000	149,995	159,995	170,000	196,000
Nov-08	140,000	148,048	153,000	170,000	183,534
May-09	135,000	140,000	140,000	155,000	173,000
Nov-09	144,995	140,000	145,000	165,000	175,000
May-10	149,000	141,000	148,000	164,950	182,500
Nov-10	150,000	148,000	154,000	170,000	185,000
May-11	147,000	147,500	148,000	163,000	185,000
Nov-11	150,000	142,000	151,000	169,000	185,000
May-12	143,000	140,000	150,000	167,000	181,000
Nov-12	150,000	140,500	152,000	162,000	185,000
May-13	150,000	140,000	148,000	165,000	188,000
Nov-13	155,000	149,500	155,500	174,000	190,000
May-14	158,000	150,000	160,000	177,000	205,000
Nov-14	165,000	164,995	168,000	190,000	215,000
May-15	168,000	168,000	175,000	195,000	227,500
Nov-15	178,000	182,000	185,000	211,000	235,000
Change Nov 14 Nov 15	13,000	17,005	17,000	21,000	20,000
Change Peak – Nov 15	30,000	32,005	25,005	39,000	39,000

Red – Denotes peak prices before recession

Source: Hometrack Housing Intelligence System



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