

SOUTH ESSEX  
**HOUSING GROUP**

# **South Essex Housing Market Trends**

## **Quarterly Report**

**January 2019**

*House Prices, Affordability & Market Indicators*



**SEHG**  
SOUTH ESSEX HOUSING GROUP

## 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](http://www.hometrack.co.uk)). It looks at national trends and local changes in lower quartile house prices across South Essex (SE) by local authority area for different house types. It also compares cross tenure affordability including private rent over time. The report acts as a supplement to the data in the [SE Strategic Housing Market Assessment \(SHMA\)](#) published May 2016 (with an [Addendum update, May 2017](#)). Changes in Lower Quartile house prices for SE local authority areas are tabled in Appendix 1.

## Key trends

### National Trends

- Annual house price growth in December was up 1.3%.
- Prices were down from the previous month by 0.4%.
- The average house price is now £229,729.
- Total UK home sales remain stable and are forecast to be within 2% - 4% range.
- On a monthly basis, house prices increased by 2.2% in December following a 1.2% fall in November.
- Monthly UK sales rose slightly, whilst mortgage approvals and number of sales both fell.

### Local House Prices

- The annual house price growth in November for South Essex authorities was 3.74%, down 0.12% from the previous reporting period August 2017 to August 2018.
- The highest overall average house price was in Rochford at £377k, followed by Basildon at £344k, Castle Point £335k, Southend £339k and Thurrock £298k.
- The highest overall Lower Quartile (LQ) house price was in Rochford at £285k, followed by Castle Point £250k, Basildon £240k, Thurrock £229k and Southend £225k.
- Since May 2010, LQ house prices rose in Rochford by £101k, Basildon £90k, Castle Point £85k, Thurrock £87k and Southend £75k.
- Since November 2017 LQ house prices rose in Southend by £20k, Basildon £9k, Thurrock £9k, and Castle Point £5k Rochford £0k.
- Since May 2018 LQ house prices of flats and maisonettes fell in Castle Point but remained flat elsewhere, for terraced and semi-detached properties remained broadly flat.

### Price of property by bed count

- For 1 bed flats Castle Point had the highest prices. For 2 bed flats, it was Rochford (previous quarter it was Thurrock / Basildon) for 2, 3 and 4 bed houses it was Rochford.

### Cross Tenure (for a one bed property)

- The weekly cost of private renting (one bed property) marginally increased over the last 3 months following a fall earlier in the year. This suggests rents are now at best stable or beginning to increase again.
- As a consequence the gap between private renting & the Local Housing Allowance has worsened, now ranging between -£33 per week in Southend, Basildon and Rochford and -£45 in Thurrock.

### Affordability

- Four Thurrock wards of Belhus, Stifford Clays, Chadwell St Mary and Tilbury & Thurrock Park all had ratios between LQ house prices and LQ household disposable income in excess of **15:1**.
- In comparison with the neighbouring region of London, the ratio was **17.13:1** and for the East of England **10.48:1**.

## ANNUAL HOUSE PRICE GROWTH STABLE AT 1.3%



According to the **Halifax House Price Index**; house prices in the last three months of 2018 (October - December) were 1.3% higher than in the same period a year ago. Whilst the quarterly change was 0.4% lower than the previous quarter, the monthly change was up 2.2% from the previous month's weaker recorded growth figure of -1.2%. The average house price is now £229,729.

Total UK home sales remain stable and are forecast to remain so for 2019 within a range of 2% - 4%, depending of course on the outcomes of Brexit. Monthly sales rose slightly in November but remain stable compared with the five year average. Mortgage approvals fell to their lowest rate since April 2018 and the number of sales also fell.

The **UK House Price Index (UK HPI)** calculated by the Office for National Statistics provides similar data for the UK and regions to December 2018. Further details can be found here:

<https://www.gov.uk/government/collections/uk-house-price-index-reports>

### 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. South Essex authorities are shown below.

#### Overall Change in Average House Prices November 2017 – November 2018

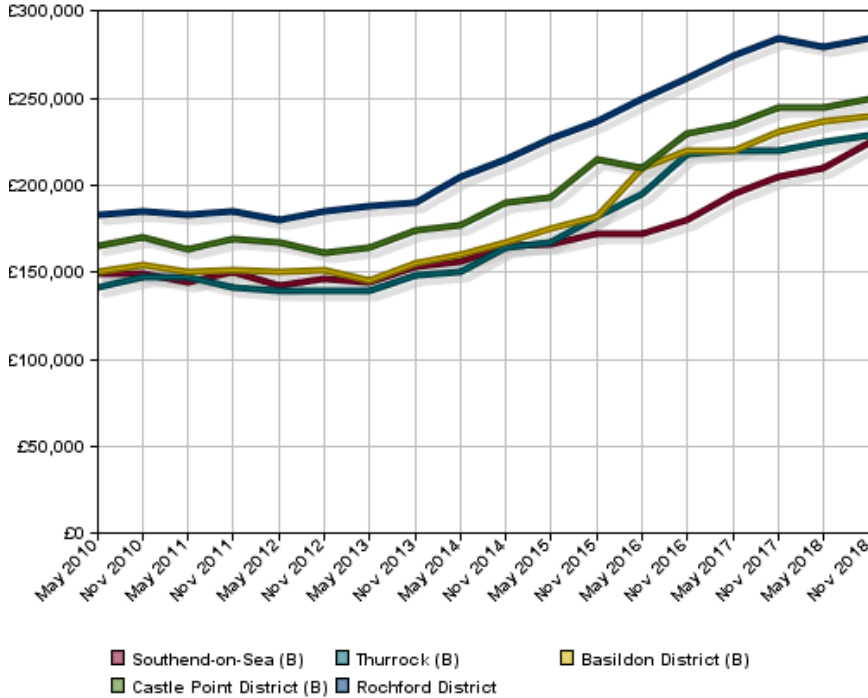
LA	Southend	Thurrock	Basildon	Castle Point	Rochford
Nov 2017	316,561	287,865	330,100	328,832	368,876
Nov 2018	339,388	297,697	344,031	334,673	376,533
<b>CHANGE</b>	22,827	9,832	13,931	5,841	7,657
<b>%</b>	7.21%	3.42%	4.22%	1.78%	2.08%

Looking at the overall change in average house prices in the South Essex area (covering the Local Authorities of Southend-on-Sea, Thurrock, Basildon, Castle Point and Rochford) between November 2017 and November 2018 (taken over a ten year time-span), prices were up in all five SE Local Authority areas by as much as **£22,827 or 7.21%** (averaging **3.74% up 0.12%** from the previous reporting period August 2017-18). The highest price rise was in Southend followed by Basildon.

## Focusing on Lower Quartile Prices

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

### Lower Quartile Price – Overall

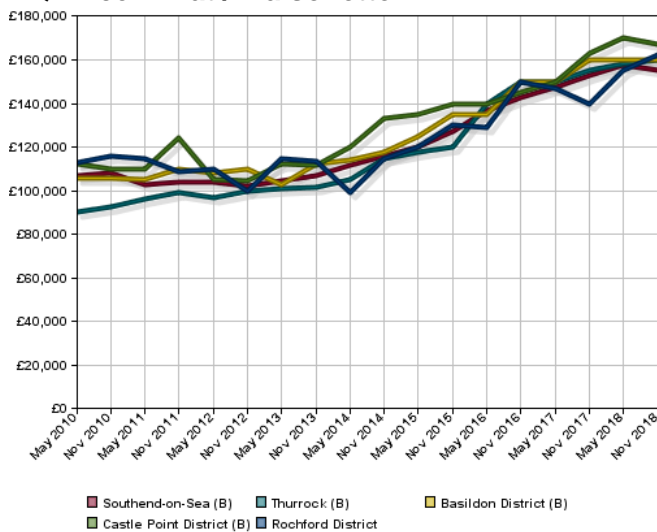


The graph shows the steady recovery in house prices since May 2010.

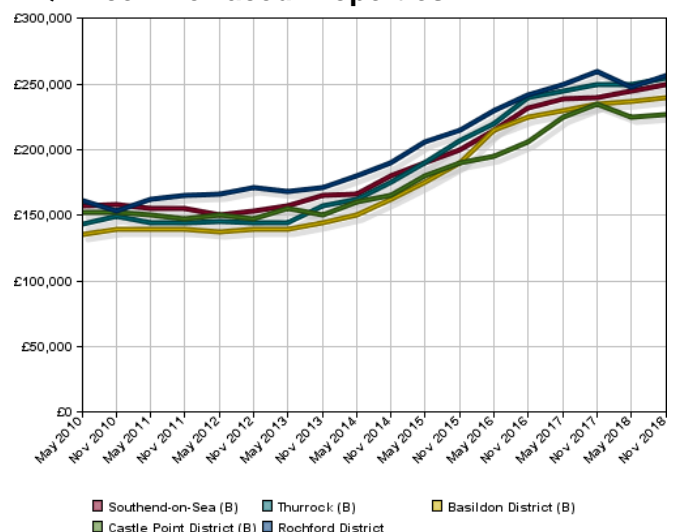
In November 2018, the highest overall lower quartile property price in SE was in Rochford at **£285k**, followed by Castle Point at **£250k**, Basildon at **£240k**, Thurrock at **£229k**, and Southend **£225k**. Since November 2017 house prices rose by as much as **£20k** in Southend but remained stable in Rochford.

When compared with prices in May 2010, current prices were higher across all five SE Local Authority areas in Rochford by **£101k**, Basildon **£90k**, Thurrock **£87k**, Castle Point **£85k**, and Southend **£75k**.

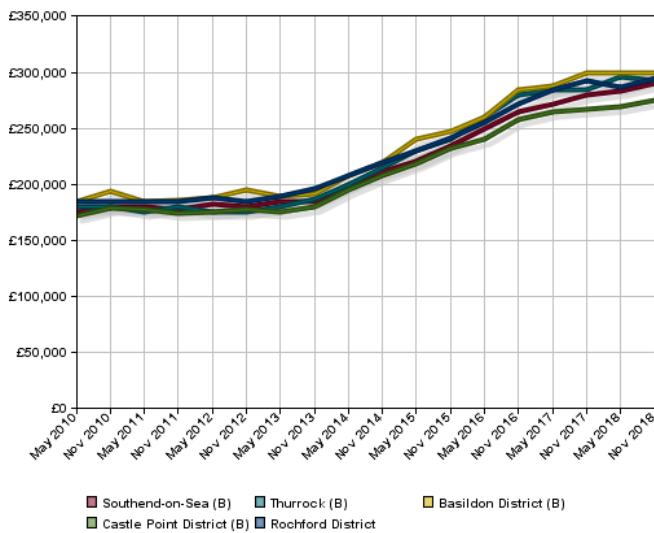
### LQ Price – Flat / Maisonette



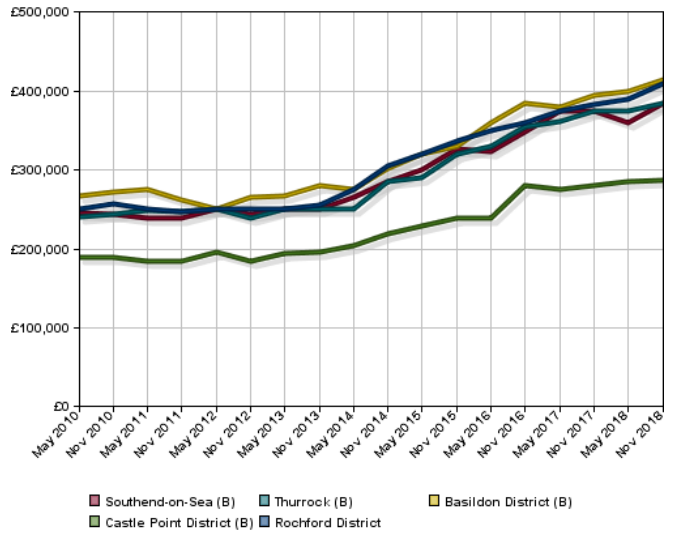
### LQ Price – Terraced Properties



## LQ Price – Semi Detached



## LQ Prices – Detached



Since May 2018 LQ house prices of flats / maisonettes fell marginally in Castle Point but remained flat in the other SE Local Authority areas. Similarly, for terraced and semi-detached properties prices have remained broadly flat. Detached properties have seen marginally more growth across all five SE Local Authority areas, with Basildon and Rochford recording the highest levels of growth.

## Annual Turnover by Broad Type and Age

## As a Proportion of Overall Property

	Thurrock				
	2nd Hand House Sales	2nd Hand Flat Sales	New Build House Sales	New Build Flat Sales	Overall property price bands
2014	1,842	574	166	76	4.2%
2015	1,738	642	287	126	4.4%
2016	1,940	805	486	69	5.2%
2017	1,691	636	282	16	4.1%
2018	1,301	415	63	15	2.8%

The above table shows the total volume of housing turnover in **Thurrock**, as the sample area, split between 2<sup>nd</sup> hand and new build sales for houses and flats.

Turn-over figures for second-hand property sales peaked in 2016 then declined. A similar trend can be applied to new build house and flat sales falling from their respective peaks in 2016 and 2015, however, the fall in flat sales has been much sharper suggesting there might have been an oversupply in previous years.

The total turnover is also shown as a proportion of overall property, based on Land Registry data. Turnover rose to **5.2% in 2016** and then declined. The rate still remains down from the pre-recession figure of **6.6%** in 2007. (See TGSE Housing Market Trends Quarterly Report, Oct 2011).

The fall in sales and overall supply is likely to give rise to further upward pressure on house prices in 2019.

## Lower Quartile Price of Property by Bed Count (November 2018)

	Southend	Thurrock	Basildon	Castle Point	Rochford
1 bed Prices (Flat)	135,000	130,000	142,500	147,500	133,750
2 bed Prices (Flat)	175,250	185,000	185,000	176,250	188,750
2 bed Prices (House)	248,000	250,000	243,375	240,000	265,000
3 bed Prices (House)	280,000	275,000	262,000	280,000	300,000
4 bed Prices (House)	385,000	374,996	390,000	350,000	400,000

The table above shows the lower quartile price of property by bed count in the SE area based on November 2018 figures. For **1 bed flats Castle Point had the highest prices**. For **2 bed flats, it was Rochford** (previous quarter it was Thurrock / Basildon) for **2, 3 and 4 bed houses it was Rochford**.

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

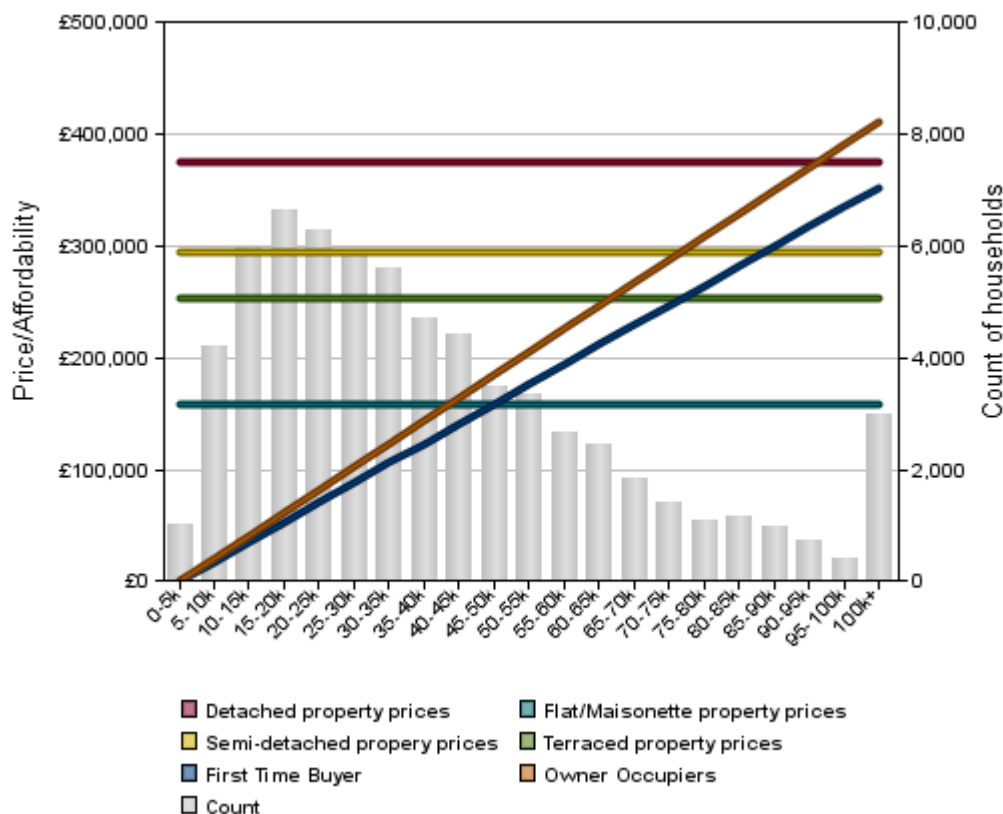
November 2018	Southend	Thurrock	Basildon	Castle Point	Rochford
Renting (Local Authority)	78	76	76	83	0
Renting (Housing Association)	84	92	89	90	89
Renting intermediate - 80%	116	134	127	125	116
Renting (private) November 2018	<b>150</b>	<b>173</b>	<b>161</b>	<b>161</b>	<b>150</b>
Renting (private) August 2018	145	168	159	156	145
Local Housing Allowance	117	128	128	117	117
Gap LHA & renting	<b>-33</b>	<b>-45</b>	<b>-33</b>	<b>-44</b>	<b>-33</b>
Buying a lower quartile resale	155	159	155	167	149
Buying an average resale	178	178	172	184	178
Buying 40% share through Help to Buy	120	120	117	124	120
Buying a lower quartile new build	236	177	215	183	NA
Buying an average new build	256	194	215	184	NA

The above table shows the weekly cost of renting or purchasing a one bed room property across a range of quartiles based on November 2018 prices. Key trends are summarised as follows:

- The weekly cost of private renting (one bed property) marginally increased **over the last 3 months following a fall earlier in the year**. This suggests rents are now at best stable or beginning to increase again.
- As a consequence the **gap between private renting & the Local Housing Allowance has worsened, now ranging between £33 per week in Southend, Basildon and Rochford and £45 in Thurrock**. Previously in August, the range was between £28 and £40.
- The difference between the Local Housing Allowance and Intermediate Rent (at 80% market rent) remains negligible with the exception of Thurrock (-£6) and Castle Point (-£8).
- Buying a 40% share through Help to Buy was cheaper than intermediate renting (at 80%) in all five SE LA areas by apart from Southend and Rochford.



**Affordability: 3.0 times income**  
**Sample Area: Thurrock**



Looking at the wider affordability issues in **Thurrock** both by income band and spatially; the above chart 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 **Thurrock** are priced out of the property market. For example, **66%** of households (44,520) 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 **89%** for those wishing to purchase a terraced property and **92%** for a semi-detached property.

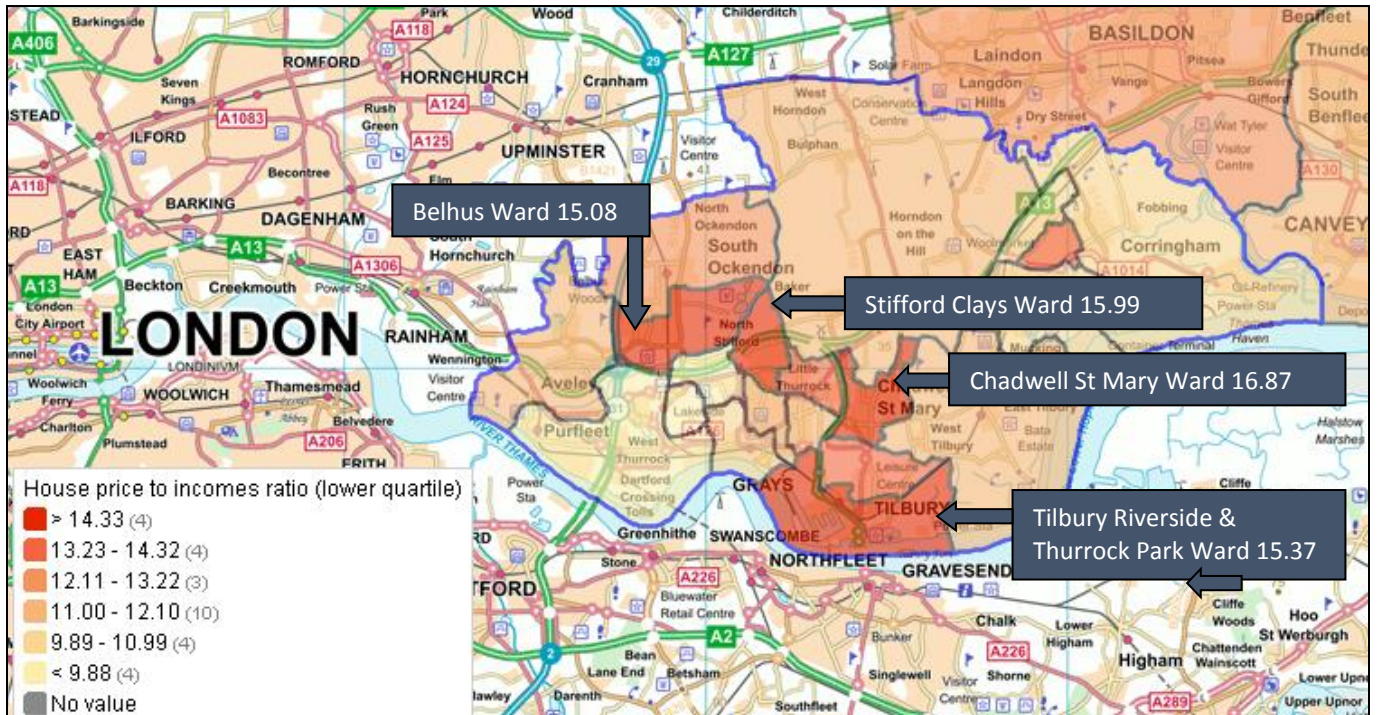
**Affordability calculator for Thurrock (November 2018)**

The information below is based on the average price for 1, 2 and 3 bedroom properties using a combination of sales and valuations data as well as open market and intermediate rental values. (There is also the option to add your own scheme specific values to benchmark against the average for the area selected).

Property	Average price	Repayment mortgage	LCHO	Private rent	Intermediate rent
1 bed property	£160,000	£819	£639	£745	£596
2 bed property	£235,000	£1,202	£939	£949	£759
3 bed property	£301,500	£1,543	£1,205	£1,196	£957

This illustrative table indicates that for 1, 2 and 3 bed properties intermediate rent (at 80% of market rent) was the cheapest housing tenure.

## LQ house price to income ratio Thurrock wards

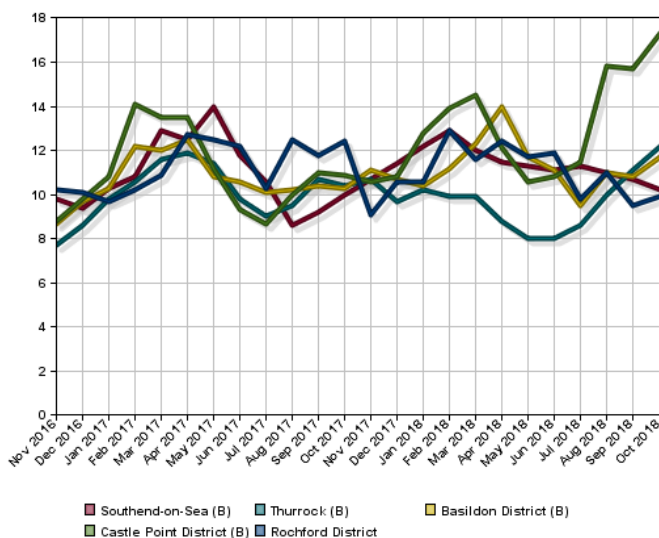


© Hometrack 2018, © Ordnance Survey 2016 (OpenData)

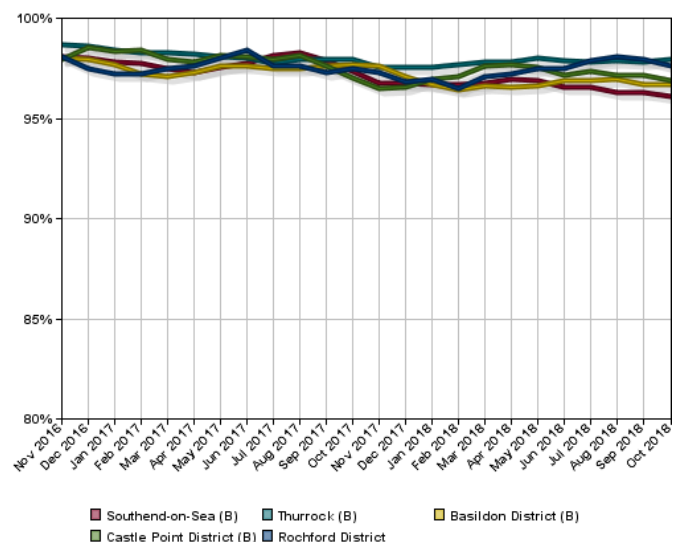
The heat map compares the Lower Quartile house price to income ratios across individual wards in Thurrock. The wards of Belhus, Stifford Clays, Chadwell St Mary and Tilbury & Thurrock Park all had ratios in excess of 15:1.

In comparison with the neighbouring region of London, the ratio was 17.13:1 and for the East of England 10.48:1.

### Market Indicators - total time to sell – weeks



### Market Indicators – sales to asking price



Since September 2018 the time to sell rose in all SE Local Authority Areas, apart from Southend. The figure rose more sharply in Castle Point to over 17 weeks compared with the regional average of 11 weeks. In terms of sales to asking price, all SE Local Authority areas were within 1% of the regional average of 96.8% with the exception of Thurrock which was marginally over at 97.95%.



## 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 2010	149,950	142,000	150,000	164,950	183,750
Nov 2010	149,995	147,500	154,000	170,000	185,000
May 2011	145,000	147,500	150,000	163,000	183,000
Nov 2011	150,000	142,000	151,000	169,000	185,000
May 2012	143,000	140,000	150,000	167,000	180,000
Nov 2012	146,500	140,000	151,000	161,500	185,000
May 2013	145,000	140,000	146,000	164,000	188,000
Nov 2013	153,500	149,000	155,000	174,000	190,000
May 2014	156,000	150,000	159,995	177,000	205,000
Nov 2014	165,000	164,000	167,500	190,000	214,995
May 2015	166,000	167,500	175,000	193,500	227,000
Nov 2015	172,500	182,500	181,995	215,000	237,000
May 2016	172,500	195,000	210,000	210,000	250,000
Nov 2016	180,000	218,000	220,000	230,000	262,000
May 2017	195,000	220,000	220,000	235,000	275,000
Nov 2017	205,000	220,000	231,000	245,000	285,000
May 2018	210,000	225,000	237,000	245,000	280,000
Nov 2018	225,000	229,000	240,000	250,000	285,000
<b>Change May 2010 Nov 2018</b>	<b>75,050</b> <b>(50.05%)</b>	<b>87,000</b> <b>(61.27%)</b>	<b>90,000</b> <b>(60.00%)</b>	<b>85,050</b> <b>(51.56%)</b>	<b>101,250</b> <b>(55.10%)</b>
<b>Change Nov 17 Nov 18</b>	<b>20,000</b> <b>(9.76%)</b>	<b>9,000</b> <b>(4.09%)</b>	<b>9,000</b> <b>(3.90%)</b>	<b>5,000</b> <b>(2.04%)</b>	<b>0</b> <b>(0.00%)</b>

Source: Hometrack Housing Intelligence System



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