



South Essex Housing Market Trends

Quarterly Report

July 2019

House Prices, Affordability & Market Indicators



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 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 June was up 5.7%.
- Prices were down from the previous month by -0.3%.
- The average house price is now £237,110.
- Average house price growth remains stable and has displayed a reasonable degree of resilience in the face of ongoing political and economic uncertainty.

Local House Prices

- The annual house price growth in May for South Essex authorities has slowed to 0.13%, (previously 3.03% in February). In comparison with London, average prices were down by -2.75% reflecting the subdued market particularly in this region.
- Average house prices have fallen at a higher rate than Lower Quartile prices, suggesting that the larger and more expensive properties have experienced the greatest fall in prices.
- Since May 2018 LQ House price growth first slowed and then began falling in all the SE Local Authorities apart from Rochford. Basildon experiencing the biggest fall.
- Nevertheless, the context remains the same, over the last ten years, all SE Local Authorities have still experienced significant levels of growth with Rochford seeing the highest growth at £105k.
- Since February 2018 LQ house prices of larger properties have been more subdued than the prices of smaller properties with a few exceptions.

Price of property by bed count

- For 1 bed flats; Castle Point had the highest prices; for 2 bed flats and 2, 3, 4 bed houses it was Rochford.

Cross Tenure (for a one bed property)

- The weekly cost of private renting (one bed property) has stabilised following a sharp increase in 2017-18.
- There remains a significant gap between private renting & the Local Housing Allowance; as much as £50 in Castle Point.
- Whilst the gap between Local Housing Allowance and Intermediate Rent (at 80% market rent) is smaller, it suggests properties being offered on this type of affordable tenure will not always be affordable to those relying on Universal Credit.

Affordability

- Three Rochford wards of Hullbridge, Roche North & Rural and Wheatley Wards had ratios between LQ house prices and LQ household disposable income ratios more than 12.9:1.
- In comparison with the neighbouring region of London, the ratio was 17.07:1 and for the East of England 10.54:1.

Comparables Module

- The new comparables module allows valuations to be undertaken at street or individual house level. Using Rochford as the sample area, an example shows how the average house price for new build homes had a premium over the District average price of 29%.



Average house price remains stable in June



£237,110

Average price

-0.3%

Monthly change

+2.4%

Quarterly change

+5.7%

Annual change

According to the **Halifax House Price Index**, house prices in the three months to June 2019 were 5.7% higher than in the same period a year ago. In the latest quarter (April – June) house prices were 2.4% higher than the previous quarter, however, monthly house prices fell by -0.3%. The average house price is now £237,110.

June's annual change figure of 5.7% comes against the backdrop of a particularly low growth rate in the corresponding period in 2018, which has had an impact on year-on-year comparisons. Average house price growth remains stable and has displayed a reasonable degree of resilience in the face of ongoing political and economic uncertainty. There remains a very low level of stock for sale and people will be looking for more certainty in the coming months to both list their stock and created confidence for buyers.

The **UK House Price Index (UK HPI)** calculated by the Office for National Statistics provides similar data for the UK and regions to April 2019. Further details can be found here:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/521119/HCA Housing Market Bulletin - April 2016.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/521119/HCA_Housing_Market_Bulletin_-_April_2016.pdf)

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 and the London region are shown below.

Overall Change in Average House Prices May 2018 – May 2019

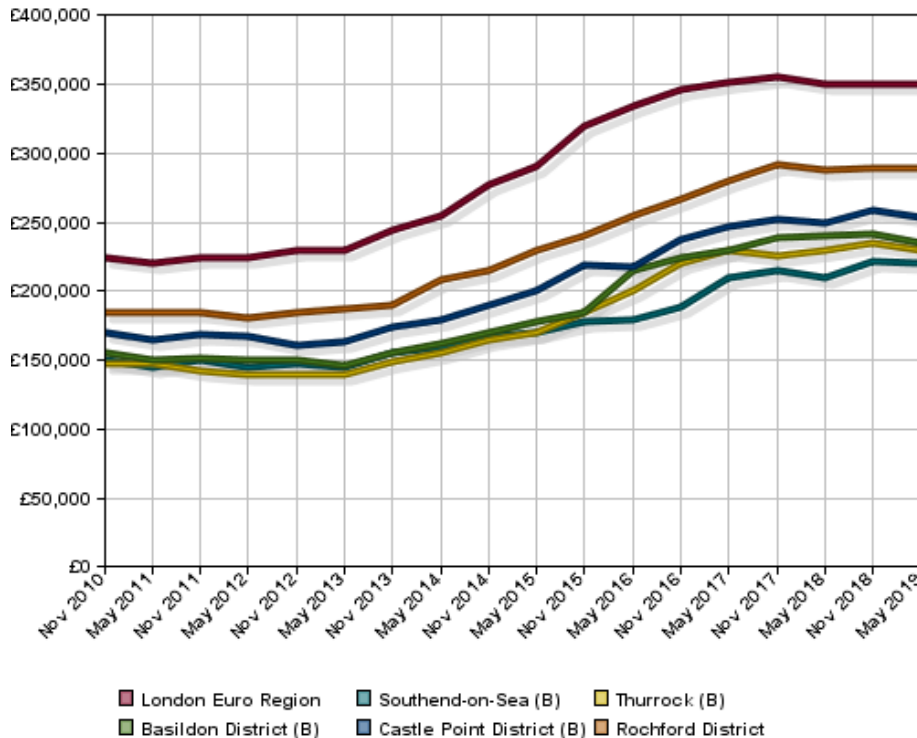
LA	London	Southend	Thurrock	Basildon	Castle Point	Rochford
May 2018	579,357	323,156	296,172	341,993	330,824	376,211
May 2019	563,479	327,839	295,349	332,897	331,129	379,044
CHANGE	-15878	4683	-823	-9096	305	2833
%	-2.74%	1.45%	-0.28%	-2.66%	0.09%	0.75%

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 May 2018 and May 2019 (taken over a ten-year time-span), prices were down in Basildon by as much as £9,096 and to a lesser extent in Thurrock, whilst marginally up in the remaining three areas averaging only **0.13%** (**down 2.9%** from the previous reporting period February 2018-19). The London region again experienced the biggest fall at £15,878 or 2.75%, but in percentage terms not too dissimilar to 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

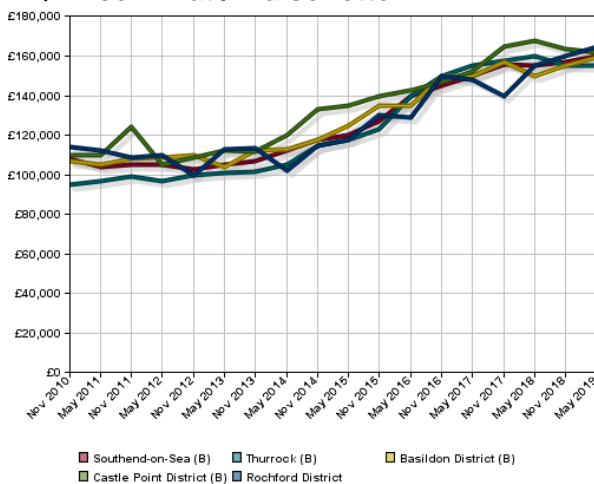


The graph shows the steady recovery in house prices since May 2013. Interestingly Lower Quartile house price growth in the London region has been flat lining since May 2018, compared to average overall prices which fell by £15,878 as reported on the previous page. This suggests that the more expensive and higher value properties have experienced the greatest fall in prices.

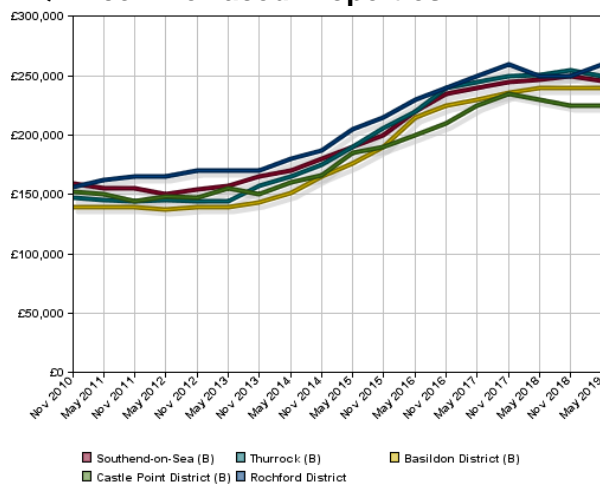
In May 2019, the highest overall lower quartile property price in SE was in Rochford at **£290k**, followed by Castle Point at **£253k**, Basildon at **£235k**, Thurrock at **£230k**, and Southend **£220k**. Since May 2018 LQ House price growth first slowed and then began falling in all the SE Local Authorities apart from Rochford. Basildon experiencing the biggest fall.

However, the context remains the same, over the last ten years, all SE Local Authorities have still experienced significant levels of growth with Rochford seeing the highest growth at **£105k**.

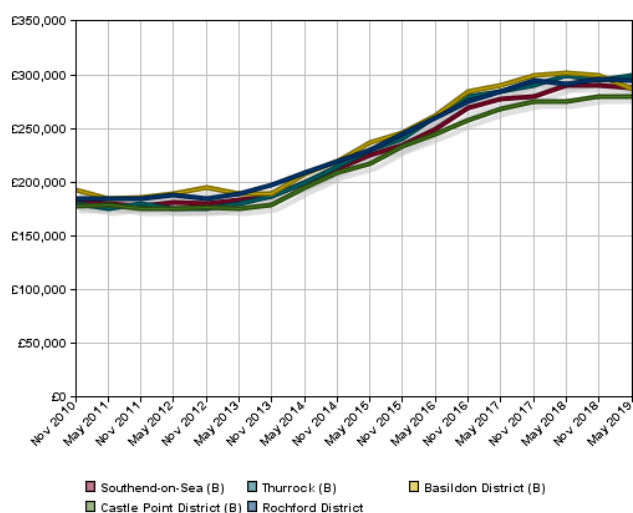
LQ Price – Flat / Maisonette



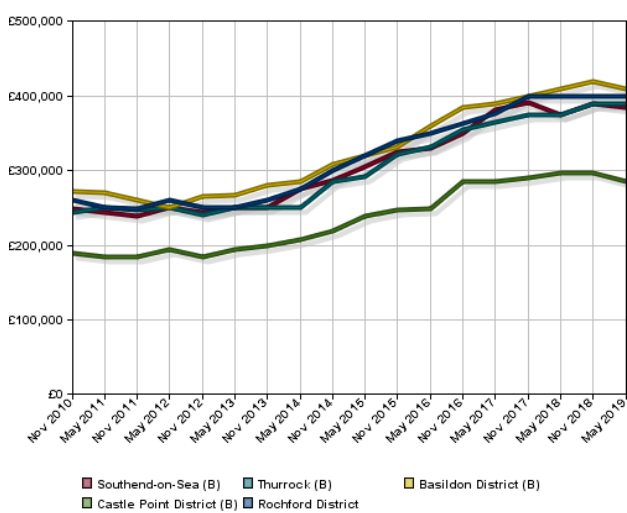
LQ Price – Terraced Properties



LQ Price – Semi Detached



LQ Prices – Detached



Since May 2018 house prices of flats and maisonette properties rose in all five SE Local Authority area apart from Rochford and Thurrock. Over the same the period the price of terraced properties has been stable or fallen apart from Rochford. For semi-detached properties, prices have generally remained stable apart from in Basildon where they have fallen. Finally, for detached properties they have remained stable or fallen, apart from Thurrock.

Annual Turnover by Broad Type and Age

As a Proportion of Overall Property

	Rochford				
	2nd Hand House Sales	2nd Hand Flat Sales	New Build House Sales	New Build Flat Sales	Overall property price bands
2015	1,217	159	105	21	4.4%
2016	1,183	167	71	NA	4.1%
2017	1,146	160	155	8	4.3%
2018	1,094	124	135	9	4.0%
2019	358	42	10	4	1.2%

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

Turn-over figures for second-hand property sales experienced a modest decline since 2015, whilst for new build house they peaked in 2017 and for new build flat sales they have remained broadly stable over the past two years.

The total turnover is also shown as a proportion of overall property, based on Land Registry data. Turnover has again remained broadly stable averaging at **4.2%**. The rate remains down from the pre-recession figure of **5.8%** in 2007. (See TGSE Housing Market Trends Quarterly Report, July 2011).

Whilst figures for 2019 only cover the period up to May, they are generally on track to delivery similar figures for the previous year, perhaps with exception of new build homes where sales appear to fall behind.

Lower Quartile Price of Property by Bed Count (May 2019)

	Southend	Thurrock	Basildon	Castle Point	Rochford
1 bed Prices (Flat)	140,000	140,000	149,750	150,000	133,750
2 bed Prices (Flat)	177,000	175,499	177,000	180,000	200,625
2 bed Prices (House)	235,000	245,000	244,375	243,875	270,000
3 bed Prices (House)	275,000	275,000	255,000	275,000	300,000
4 bed Prices (House)	375,000	350,000	372,750	350,000	386,000

The table above shows the lower quartile price of property by bed count in the SE area based on May 2019 figures. For **1 bed flats it was Castle Point**, but for **2 bed flats and 2, 3, 4 bed houses it was Rochford**.

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

May 2019	Southend	Thurrock	Basildon	Castle Point	Rochford
Renting (LA)	78	76	76	83	0
Renting (HA)	84	92	89	90	89
Renting - 80%	120	138	134	134	120
Renting (private)	150	173	167	167	150
February 2019	150	172	167	167	150
LHA	117	128	128	117	117
Gap LHA & renting	-33	-45	-39	-50	-33
Buying LQ resale	154	155	160	170	154
Buying av resale	177	177	183	183	177
Buying LQ new build	NA	NA	NA	NA	NA
Buying av new build	231	201	222	177	NA

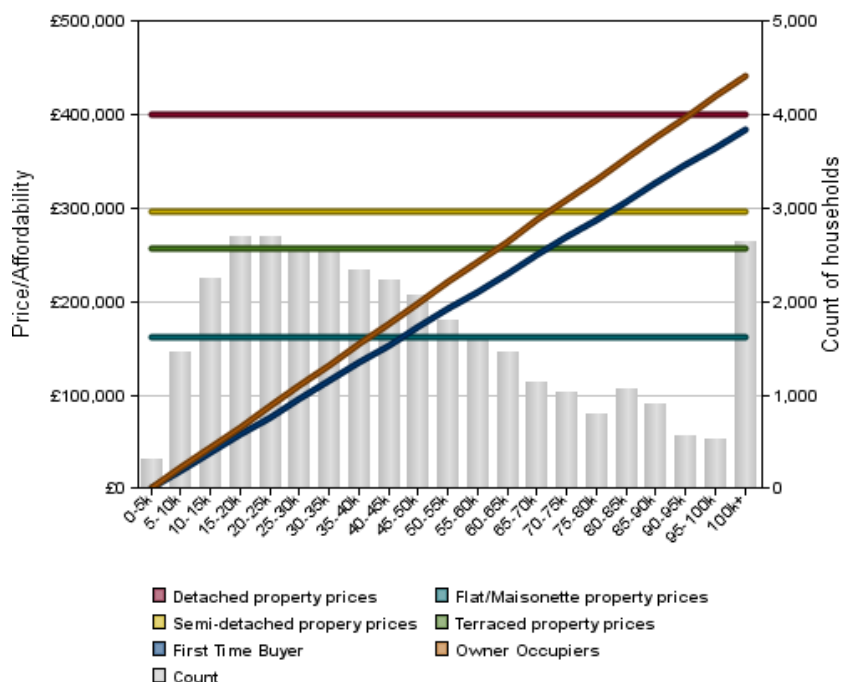
The above table shows the weekly cost of renting or purchasing a one bed room property across a range of quartiles based on May 2019 prices. Key trends are summarised as follows:

- The weekly cost of private renting (one bed property) **has stabilised** following a sharp increase in 2017-18.
- There remains a **significant gap between private renting & the Local Housing Allowance**; as much as £50 in Castle Point.
- Whilst the gap between Local Housing Allowance and Intermediate Rent (at 80% market rent) is smaller, it suggests properties being offered on this type of affordable tenure **will not always be affordable** to those relying on Universal Credit.
- **Private renting is still cheaper** than buying an **average priced second or new build property**, although buying a **Lower Quartile resale property** is **cheaper than private renting in Thurrock, Basildon and Castle Point**.



Affordability: 3.0 times income

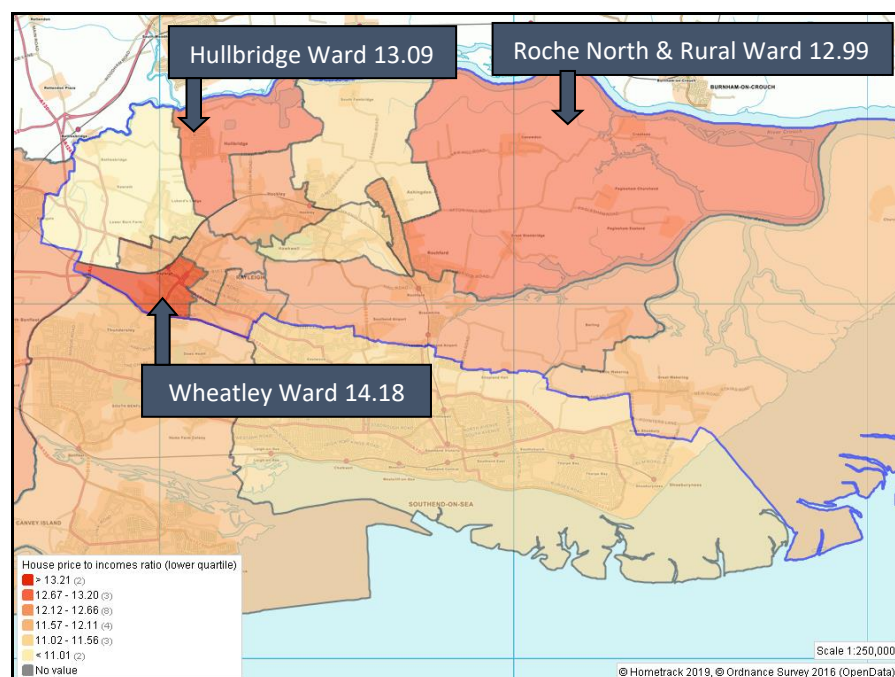
Sample Area: Rochford



Looking at the wider affordability issues in **Rochford** 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 **Rochford** are priced out of the property market. For example, **55%** 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 **78%** for those wishing to purchase a terraced property and **84%** for a semi-detached property.

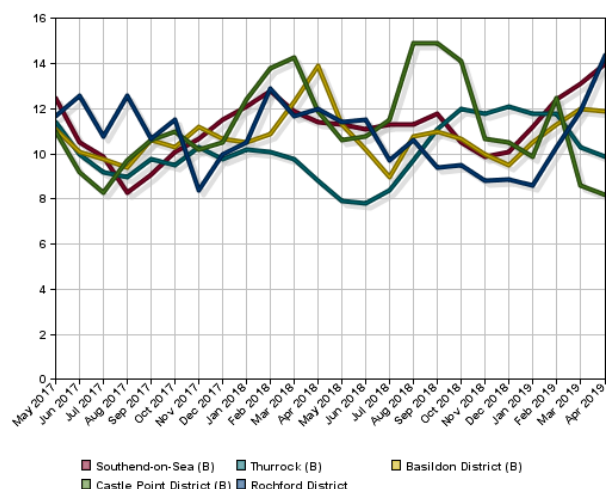
LQ house price to income ratio Rochford wards



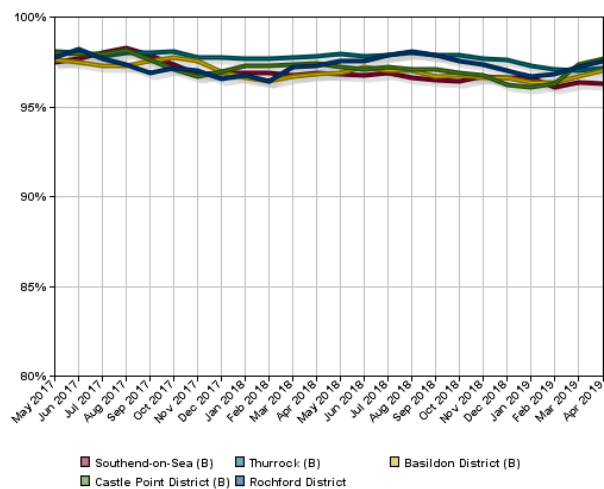
The heat map compares the Lower Quartile house price to income ratios across individual wards in Rochford. The wards of Hullbridge, Roche North & Rural and Wheatley Wards all had ratios more than **12.9:1**.

In comparison with the neighbouring region of London, the ratio was **17.07:1** and for the East of England **10.54:1**.

Market Indicators - total time to sell – weeks



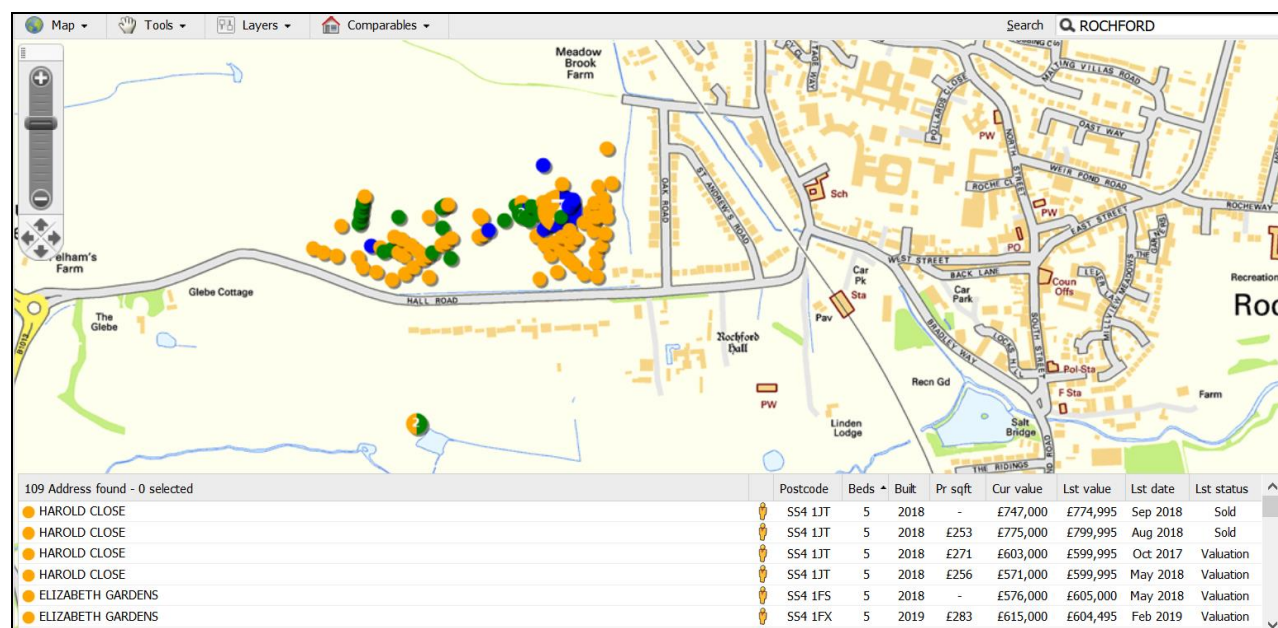
Market Indicators – sales to asking price



Since January 2019 the time to sell rose in all SE Local Authority Areas (apart from Castle Point and Thurrock) rising more sharply in Rochford, in terms of sales to asking price, all SE Local Authority areas were broadly in range of the regional average of 97.17%.

Comparables Module

New build property prices v overall average prices

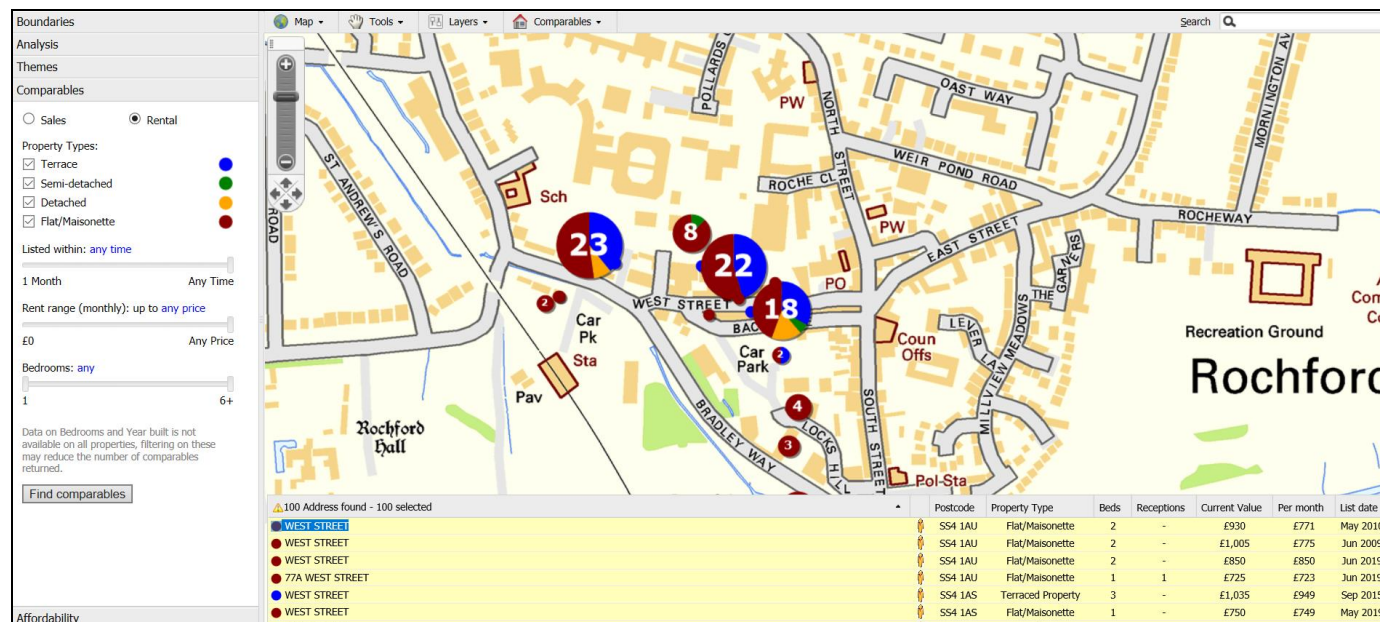


Using the Comparables Module it is possible to focus in on a chosen area and compare areas. In this example, the focus area was new build houses located north of Hall Road close to Rochford Town Centre.

A detailed list of some 100 properties showing for example street name, post code, property type, current values was then exported in excel for further analysis.

The average selling price of a new build property was then calculated as £488,550, which when compared with the average overall price of property in Rochford District of £379,000, showed that new builds in this location close to the town centre had a premium of 28.9%.

New build property rental figures v overall average rental figures



Similar comparisons can be made with rent, comparing one area / street with another. In this example the average rent for a 2-bed property in Rochford Town Centre was calculated at £924. This can then be compared with the average overall rent for 2-bed properties at District level at £897, showing premium of over 10% for town centre living.

The data can also be used to review affordability of for example new build by comparing market rental or affordable rental (80% market) figures with rent charged at the Local Housing Allowance in the context of local household income. Further examples will be provided in future Market Trends reports.

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
Nov 2010	150,000	147,500	155,000	170,000	185,000
May 2011	145,000	148,000	150,000	165,000	185,000
Nov 2011	150,000	142,000	152,000	169,000	185,000
May 2012	145,000	140,000	150,000	167,000	181,000
Nov 2012	147,500	140,000	150,000	161,500	185,000
May 2013	145,000	140,000	147,000	164,000	188,000
Nov 2013	154,995	149,500	155,000	174,000	190,000
May 2014	160,000	155,000	162,000	180,000	208,000
Nov 2014	168,000	165,000	170,000	190,000	215,000
May 2015	170,000	170,000	177,995	200,000	230,000
Nov 2015	177,500	185,000	185,000	219,000	240,000
May 2016	180,000	200,000	215,000	218,500	255,000
Nov 2016	189,000	221,000	225,000	238,000	267,000
May 2017	210,000	230,000	230,000	247,000	280,234
Nov 2017	215,000	226,000	238,500	252,445	292,500
May 2018	210,000	230,000	240,000	250,000	287,500
Nov 2018	222,000	235,000	242,000	259,500	290,000
May 2019	220,000	230,438	235,000	253,000	290,000
Change Nov 2010 May 2019	70,000	82,938	80,000	83,000	10,5000
Change May 18 May 19	10,000	438	-5,000	3,000	2,500

Source: Hometrack Housing Intelligence System



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