

SOUTH ESSEX
HOUSING GROUP

South Essex Housing Market Trends

Quarterly Report

January 2022

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](#). 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 supplements 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

- Average UK property price hits a new record high of £276,091
- House prices have increased by over £24,500 in 2021, the largest annual cash rise since March 2003
- The imbalance between demand and supply continuing to put upward pressure on pricing but...
- House price growth in 2022 expected to slow

Local House Prices

- Average house price growth in South Essex was up 7.81% in November 2021, slightly down from 8.11% in the previous reporting period August 2020-21.
- Annual house prices have all increased significantly buoyed up by the “chase for space”, lower interest rates and shortage of supply. Castle Point continued to see the biggest gain at £46,262.
- Whilst Lower Quartile prices have grown at a similar rate since May 2021, prices in both Southend Thurrock declined suggesting a possible softening in prices.

Price of property by bed count

- For 1 and 2 bed flats; Castle Point had the highest price, whilst for 2 and 3 bed houses it was Rochford and finally for 4 bed houses Southend now recorded the highest prices.

Cross Tenure (for a one bed property)

- The weekly cost of private renting has edged upwards by £5 per week in Thurrock, £1 in Southend, but remained stable in Basildon and Rochford and fell by £6 in Castle Point.
- The gap between private renting and the latest LHA still remains significant in all SE Local Authorities ranging between -£22 and -£40 per week.

Affordability

- Three wards in Rochford, namely; Hullbridge, Roche South, Roche North & Rural all had price to income ratios of 14:1 or more.
- In comparison with the neighbouring region of London, the ratio was 17.15:1 and for the East of England 11.33:1.

Comparables Module

- Using Rochford as the sample area, an example shows how the average house price for recently built 1-3-bedroomed homes west of Great Wakering at £363,500 had a premium of just over 15% compared to older properties of the same size in Little Wakering.
- Prices were also higher than the Rochford borough wide average for 1-3 bed properties of £282,826.

House Price Index



Average house price
£276,091



Monthly change
+1.1%



Quarterly change
+3.5%



Annual change
+9.8%

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- House price growth in 2022 expected to slow

Russell Galley, Managing Director, Halifax commented: “UK house prices climbed again in December for the sixth consecutive month in a row, up 1.1%. The average price for a property now stands at £276,091, an increase of more than £24,500 compared to December 2020, marking the strongest year-on-year cash rise since March 2003....”

The housing market defied expectations in 2021, with quarterly growth reaching 3.5% in December, a level not seen since November 2006. In 2021 we saw the average house price reach new record highs on eight occasions, despite the UK being subject to a ‘lockdown’ for much of the first six months of the year.”

Richard Donnell, Research and Insight Director, Hometrack / Zoopla said “there had been no sign of a cliff-edge in demand after the ending of the tapered stamp duty holiday in England & NI, where demand remains higher than typical for this time of year, amid lower levels of supply. The imbalance between demand and supply continuing to put upward pressure on pricing, although this will start to unwind later in year. The market continues to move very quickly, with the time to sell a home averaging less than 30 days since May. Buyer demand has also been picking up in London, as offices re-open and global travel resumes.”

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 (SE) authorities and the London region are shown below.

Overall Change in Average House Prices November 2020 – November 2021

LA	London	Southend	Thurrock	Basildon	Castle Point	Rochford
Nov 2020	598,443	354,876	316,634	368,799	355,256	411,057
Nov 2021	628,587	376,730	331,040	387,885	401,518	432,044
CHANGE	30,144	21,854	14,406	19,086	46,262	20,987
%	5.04%	6.16%	4.55%	5.18%	13.02%	5.11%

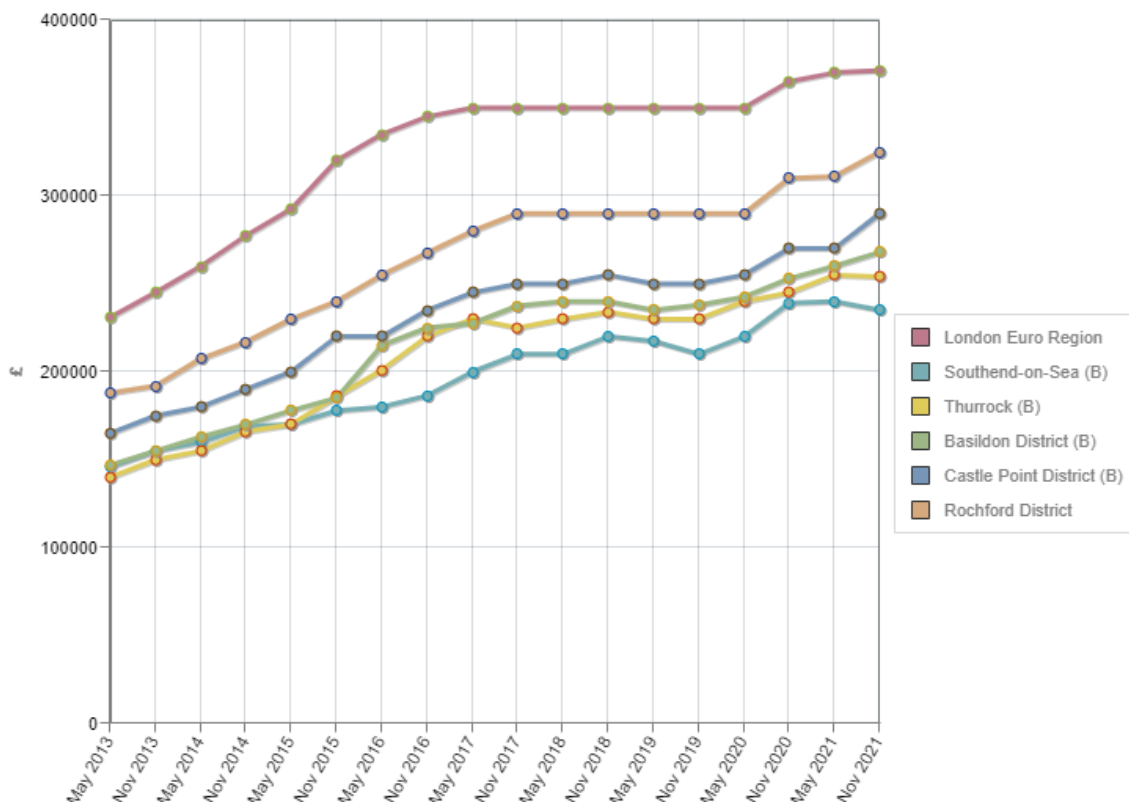


Average annual house price growth in South Essex was up 7.81%, this was slightly less than in the previous reporting period in August at 8.11%. Certainly, the double digit increase of 13.02% in Castle Point will have bolstered the figure. Individual prices have all increased significantly buoyed up by lower interest rates and shortage of supply. Castle Point continued to see the biggest gain at £46,262, followed by Southend at £21,854, Rochford at £20,987, and Basildon at £19,086. Thurrock again experienced the smallest gain at £14,406. Prices in London rose above those in all five South Essex local authority areas, apart from Castle Point.

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

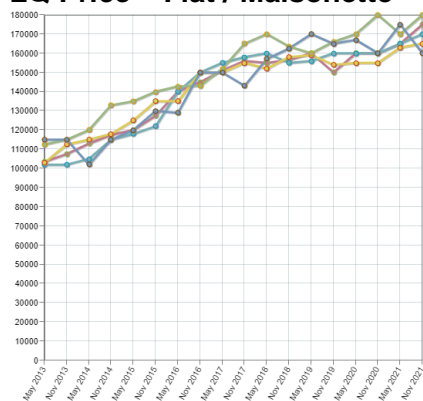


The graph shows Lower Quartile house prices growing steadily since May 2013, until flattening before the onset of the pandemic but then accelerating from May 2020 supported by the Stamp Duty holiday, the “race for space” and Help to Buy. However, since May 2021, prices in both Southend and to a lesser degree in Thurrock declined suggesting a possible softening in prices.

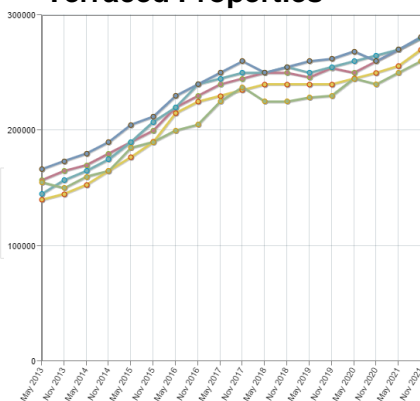
In November 2021, the highest overall lower quartile property price in SE was in Rochford at **£325k**, followed by Castle Point at **£290k**, Basildon at **£268k**, Thurrock at **£254k**, and Southend **£235k**. Annual LQ house price growth in November 2021 was up in four out of the five SE Local Authorities by as much as **£20k** (Castle Point) but actually fell by **£4k** in Southend (see appendix 1, page 9).

For now, the context for this period 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 **£137k**.

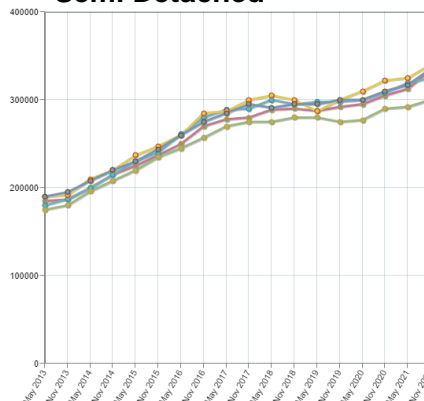
LQ Price – Flat / Maisonette



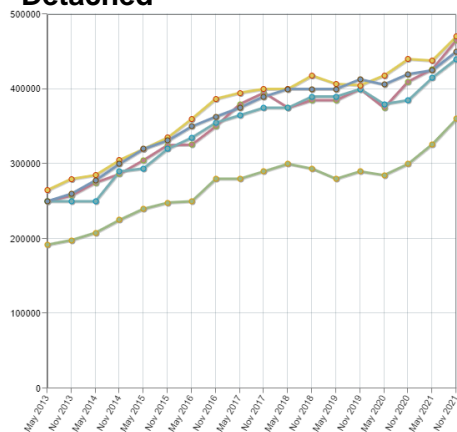
Terraced Properties



Semi Detached



Detached



Since November 2020, house prices of flats / terraced properties all rose despite there being some volatility in Rochford and Castle Point. For semi / detached properties prices have all increased, particularly for detached properties, spurred on by the extension to stamp duty tax holiday / Help to Buy and by people looking for larger property with more space out of London.

Annual Turnover by Broad Type and Age

As a Proportion of Overall Property

Rochford Borough Council					
	2nd Hand House Sales	2nd Hand Flat Sales	New Build House Sales	New Build Flat Sales	Overall property price bands
2017	1,147	160	155	8	4.3%
2018	1,100	125	136	9	4.0%
2019	1,058	118	53	22	3.6%
2020	988	117	21	NA	3.3%
2021	939	87	1	NA	3.0%

The table above 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 house and flat sales were highest in 2017, then gradually declined. For new build house sales they were similarly the highest in 2017, then declined more sharply. New Build flat sales peaked in 2019.

The total turnover is also shown as a proportion of overall property, based on Land Registry data. Turnover declined since 2017. However, it is still significantly down from pre 2008 figures where it was 6.10% in 2007. (See TGSE Housing Market Trends Quarterly Report, April 2011).

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

November 2021	Southend	Thurrock	Basildon	Castle Point	Rochford
Renting (LA)	78	76	76	83	0
Renting (HA)	95	101	95	92	92
Renting - 80%	134	146	147	142	133
Renting (private)	167	183	184	178	166
August 2021	166	178	184	184	166
May 2021	161	178	184	184	161
February 2021	156	178	173	172	162
LHA (as of 1/04/20)	138	161	161	138	138
Gap LHA & renting	-29	-22	-23	-40	-28
Buying LQ resale	159	159	154	159	159
Buying av resale	175	173	170	176	170
Buying LQ new build	249	199	196	230	254
Buying av new build	253	207	206	239	255

The above table and graph show the weekly cost of renting or purchasing a one bed-room property across a range of quartiles based on November 2021 figures. Key trends are summarised below:

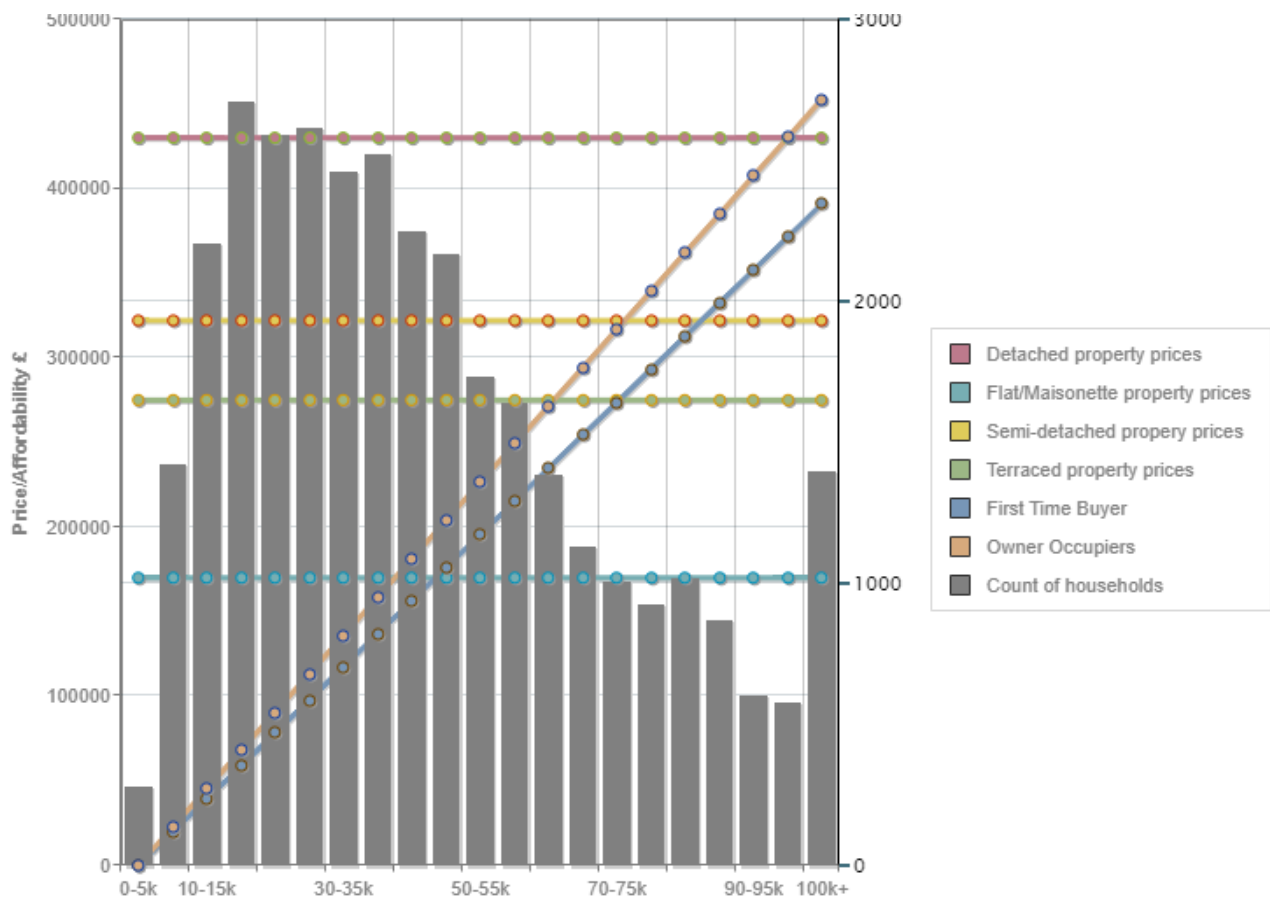
- The weekly cost of private renting (one bed property) has edged upwards by **£5** per week in Thurrock, **£1** in Southend, but remained stable in Basildon and Rochford but fell by **£6** in Castle Point since the last reporting period August 2021.
- The gap between private renting and the latest LHA still remains significant in all SE Local Authorities ranging between **-£22** and **-£40** per week.
- However, the Local Housing Allowance is sufficient to cover the cost of Intermediate Rent (at 80% market rent) in all South Essex local authorities apart from Castle Point.
- Buying an average re-sale one bed property is **cheaper** than renting all five South Essex Local authority areas apart from Southend and Rochford.
- However, buying an average new build one bed property can often be significantly **more expensive**.

Lower Quartile Price of Property by Bed Count (November 2021)

	Southend	Thurrock	Basildon	Castle Point	Rochford
1 bed Prices (Flat)	150,000	150,000	150,000	160,000	155,500
2 bed Prices (Flat)	185,000	199,963	200,000	210,000	200,000
2 bed Prices (House)	273,000	270,000	270,000	275,000	300,000
3 bed Prices (House)	315,000	307,875	290,000	310,000	350,000
4 bed Prices (House)	460,000	400,000	420,000	415,000	430,000

The table above shows the lower quartile price of property by bed count in the SE area based on November 2021 figures. For 1 and 2 bed flats; Castle Point had the highest price, whilst for 2 and 3 bed houses it was Rochford and finally for 4 bed houses Southend now recorded the highest prices.

Affordability: 3.0 times income
Sample Area: Rochford



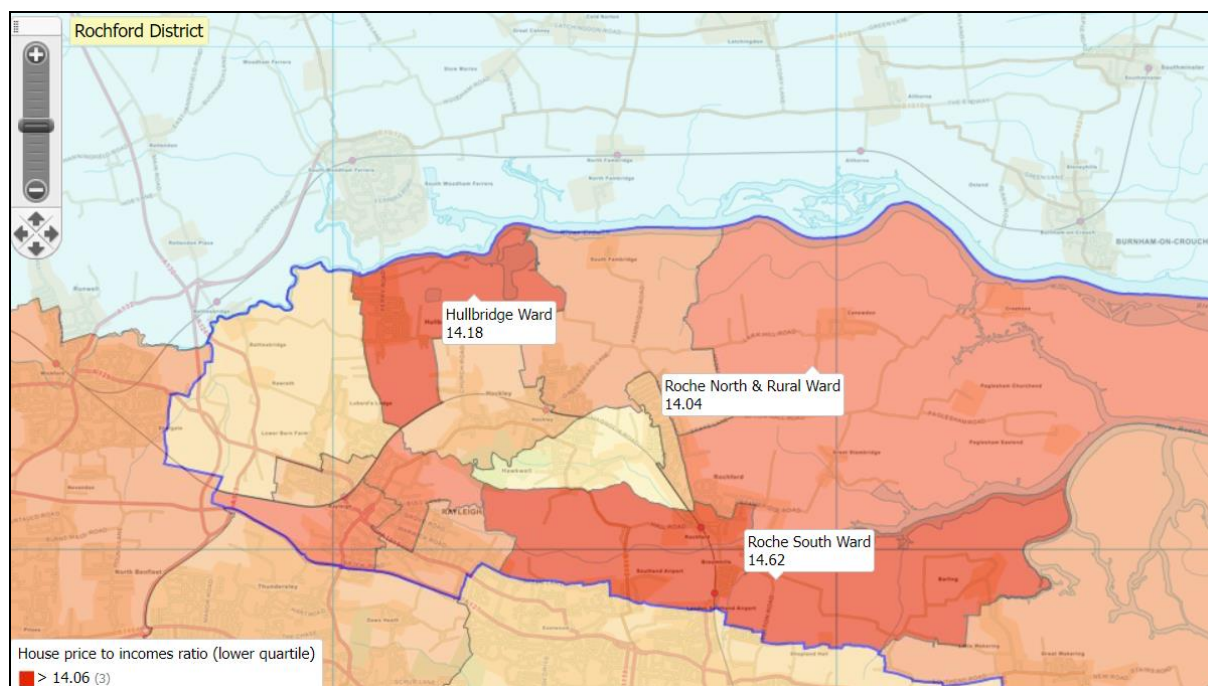
Looking at the wider affordability issues in **Rochford** both by income band and spatially; the above chart shows the number of households in different household income bands compared to the minimum price for different property types in the same area (horizontal lines). The diagonal lines rising from 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, **57%** 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 **84%** for those wishing to purchase a terraced property and **90%** for a semi-detached property.

Percent of households priced out of market
Southend

FTB households - Flats	56.85%
FTB households - Terraced houses	83.90%
FTB households - Semi-detached houses	89.70%
FTB households - Detached houses	100.00%
Owner occupier - Flats	50.14%
Owner occupier - Terraced houses	77.53%
Owner occupier - Semi-detached houses	83.90%
Owner occupier - Detached houses	94.11%

LQ house price to income ratio in Rochford wards

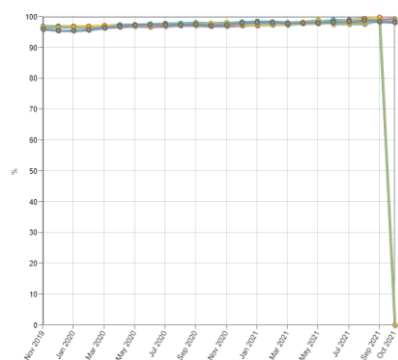


The heat map compares the Lower Quartile house price to income ratios across individual wards in Rochford. The wards of Hullbridge, Roche South and Roche North & Rural all had ratios of **14:00** or more.

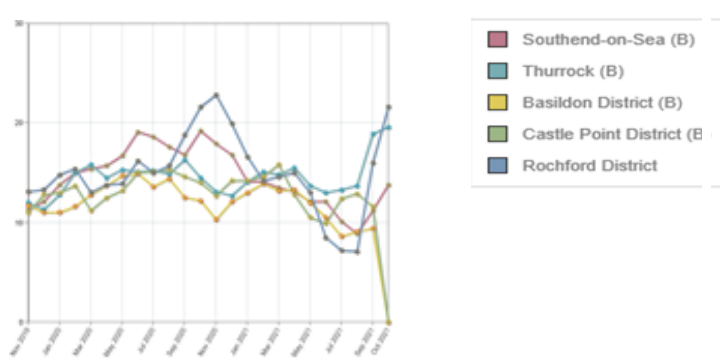
In comparison with the neighbouring region of London, the ratio was **17.15:1** and for the East of England **11.33:1**.

Market Indicators

Sales to asking price – Percentage



Total time to sell – weeks



Since Sept 2021 the sales to asking price (%) has remained flat and in the high nineties across all five South Essex local authority areas, apart from in Castle Point where it appears to have fallen dramatically*.

The time to sell (weeks) has fluctuated much more, with Thurrock, Rochford and Southend experienced an improved picture, whilst Basildon and Castle Point experienced a sharp fall*.

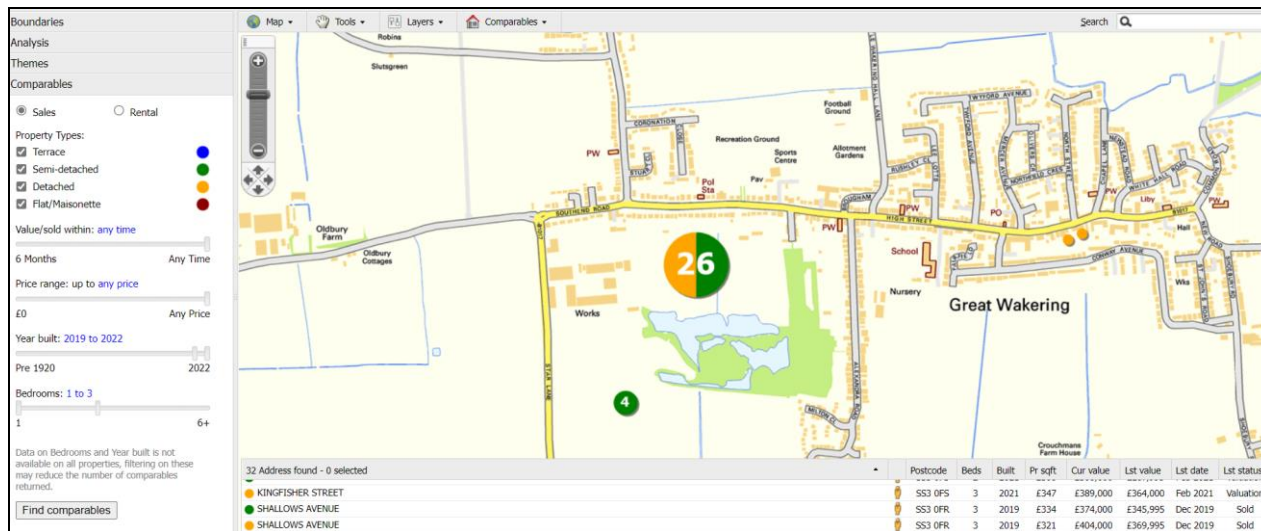
**Please note that in light of the recovery period from the pandemic the Housing Demand: Time to Sell (weeks) and Sales to Asking Price might be volatile due to low Land Registry sample counts. A lag in reporting of transactions is also possible, and as more data is added, the metrics will be re-published.*

Comparables Module – New Build v Older Properties

Using the Comparables Module it is possible to focus in on a chosen area and compare areas. In this example, the focus area was recently built 1-3 bedroomed homes (from 2019) located west of Great Waking, Rochford.

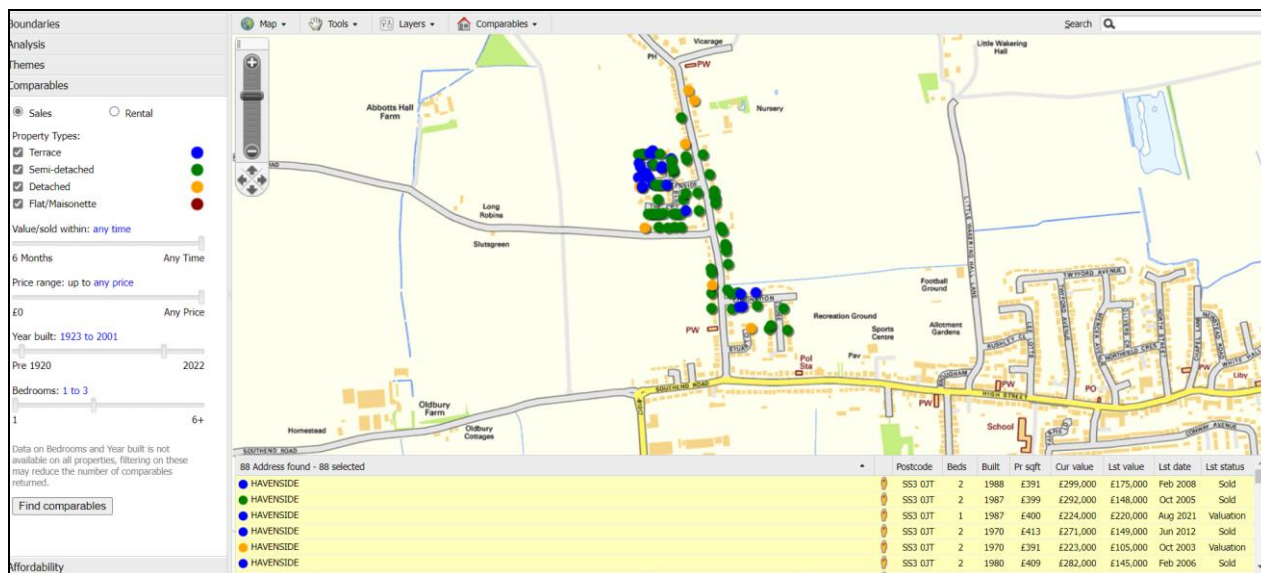
A detailed list of 32 properties showing for example street name, post code, property type, current value, was then exported into excel for further analysis.

New build properties (west of Great Waking)



The average current value (sales or valuation) was calculated as **£363,500**.

Older properties (Little Waking)



This was then compared with the average price of over 89, 1-3 bedroomed older properties in Little Waking at **£315,068** showing that the newer properties had a price premium of just over **15%**.

The difference between the current value and last recorded value of both sets of properties can also be compared showing the **uplift was greater in Little Waking**. (Albeit, over a longer timeframe).

Finally, a comparison can also be made with the Rochford borough wide average for 1-3 bed properties of **£282,826**, showing how each area performed again the average.

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 2013	146,000	140,000	147,000	165,000	188,000
Nov 2013	155,000	150,000	155,000	175,000	192,000
May 2014	160,000	155,000	163,000	180,000	207,500
Nov 2014	169,000	166,000	170,000	190,000	217,000
May 2015	170,000	170,000	178,000	200,000	230,000
Nov 2015	178,000	186,000	185,000	220,000	239,995
May 2016	180,000	201,000	215,000	220,000	255,000
Nov 2016	186,500	220,000	225,000	235,000	267,600
May 2017	200,000	230,000	227,500	245,000	280,000
Nov 2017	210,000	225,000	237,500	250,000	290,000
May 2018	210,000	230,000	240,000	250,000	290,000
Nov 2018	220,000	234,000	240,000	255,000	290,000
May 2019	217,500	230,000	235,000	250,000	290,000
Nov 2019	210,000	230,000	238,000	250,000	290,000
May 2020	220,000	240,000	242,500	255,000	290,000
Nov 2020	239,000	245,000	253,000	270,000	310,000
May 2021	240,000	255,000	260,000	270,000	311,000
Nov 2021	235,000	254,000	268,000	290,000	325,000
Change Nov 20 Nov 21	-4,000	9,000	15,000	20,000	15,000
Change Nov 2013 Nov 2021	89,000	114,000	121,000	125,000	137,000

Source: Hometrack Housing Intelligence System



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