

SOUTH ESSEX  
**HOUSING GROUP**

# **South Essex Housing Market Trends**

## **Quarterly Report**

**April 2023**

*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](#). 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 recently published [South Essex Housing Needs Assessment, June 2022](#). Changes in Lower Quartile house prices for SE local authority areas are tabled in Appendix 1.

## Key trends

### National Trends

- Average house price increased by +0.8% in March (following +1.2% rise in February).
- Annual rate of house price growth slowed to +1.6% (from +2.1%).
- Typical UK property now costs £287,880 (compared to £285,660 in February).
- Sales activity is being supported by 65% more homes for sale compared to March 2022.
- High rental inflation continues to support first-time buyer demand.

### Local House Prices

- Average annual house price growth in South Essex was up 5.9%, Thurrock saw the biggest gain at £38,361 (albeit from a smaller base) whilst Castle Point had the smallest gain at £11,765.
  - Annual LQ house price growth in February 2023 was up as much as £40k in Thurrock, followed by Basildon £26k, Castle Point £25k, Rochford £22k, Southend £10k.
- Since August 2022, house prices of flat / maisonette properties continue to show more volatility and fell in Castle Point, Basildon and Southend, remained stable in Thurrock but rose Rochford.

### Price of property by bed count

- For 1 bed flats; Castle Point and Rochford had the highest price, whilst for 2 bed flats, it was Thurrock, for 2 and 3 bed houses it was Rochford, but for 4 bed houses Southend continues to top the list.

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

- The weekly cost of private renting (one bed property) has increased over the last year by as much as £17 per week in Rochford, £14 in Castle Point, £12 in Basildon and Thurrock and £11 in Southend.
- The gap between private renting and the current LHA remains significant in all SE Local Authorities ranging between -£57 per week in Castle Point and -£35 per week in Thurrock and Basildon and continues to widen across Southend, Thurrock and notably Rochford.
- The Local Housing Allowance is now not sufficient to cover the cost of Intermediate Rent (at 80% market rent) in Southend, Castle Point and Rochford.

### Affordability (Lower Quartile house price to income ratios)

- The Rochford wards of Hullbridge, Roche North & Rural and Trinity all had ratios of 13.5:1 or more.
- In comparison with the neighbouring region of London, the ratio was 15.38:1 and for the East of England 10.76:1.

### Comparables Module

- Using Rochford as the sample area, average property prices of recently built 1-4 bedroomed homes (from 2019) located north of Hall Road, were £448,759, which when compared with the average price of older similar properties in Rochford Town Centre at £323,210, showed that the newer properties had a premium of 38%.
- A similar comparison was made across the private rental market where the monthly rental prices of 2-3 bedroomed properties north of Hall Road were compared with those in the town centre.

# House Price Index



<p>Average house price <b>£287,880</b></p>	<p>Monthly change <b>+0.8%</b></p>	<p>Quarterly change <b>-0.4%</b></p>	<p>Annual change <b>+1.6%</b></p>
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## UK housing market shows resilience as prices edge higher in March

- Average house price increased by +0.8% in March (following +1.2% rise in February)
- Annual rate of house price growth slowed to +1.6% (vs +2.1% for previous three months in a row)
- Typical UK property now costs £287,880 (compared to £285,660 in February)
- House prices rose in all UK nations and regions last month, though the annual rate of growth continued to slow in most areas

Kim Kinnaird, Director, Halifax Mortgages, said: “The UK housing market continues to show resilience following the sharp downturn at the end of 2022, these latest figures continue to suggest relative stability in the housing market at the start of 2023 and align with many other recent industry surveys and data.

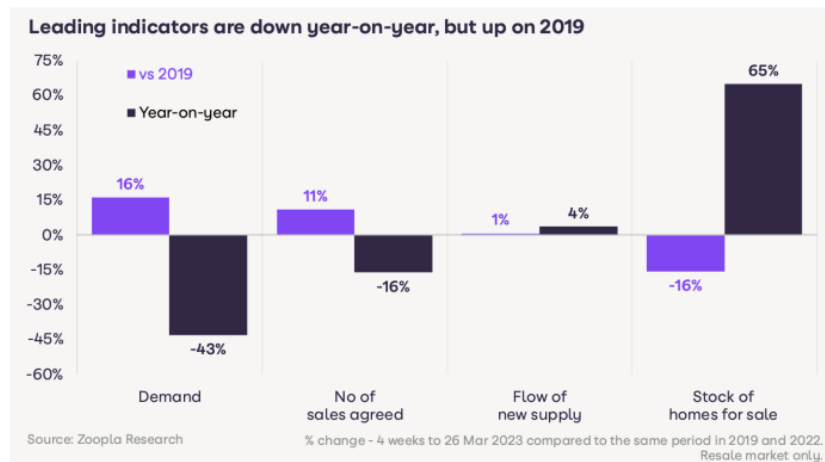
Predicting exactly where house prices go next is more difficult. While the increased cost of living continues to put significant pressure on personal finances, the likely drop in energy prices – and inflation more generally – in the coming months should offer a little more headroom in household budgets.

Richard Donnell, Director of Research at Hometrack said “The housing market continues to experience a soft repricing with annual inflation slowing to 4.1%, prices 1% lower than in October 2022. However, market conditions at the end of Q1 are better than many had expected - buyers and sellers are striking deals at an increasing rate. We expect 500,000 sales completions in H1 2023 meaning we are on track for 1m sales, potentially even higher in 2023

Sales activity is being supported by 65% more homes for sale compared to March 2022 with a shift in sales towards markets with better value for money. High rental inflation will also continue to support first-time buyer demand.

**“Buyers and sellers continue to agree sales, which is an important and positive indicator for the market. Sellers have to be realistic but it’s clear that prices do not need to adjust lower to support transaction volumes in 2023”**

**Richard Donnell**  
Executive Director - Research



## 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 February 2022 – February 2023

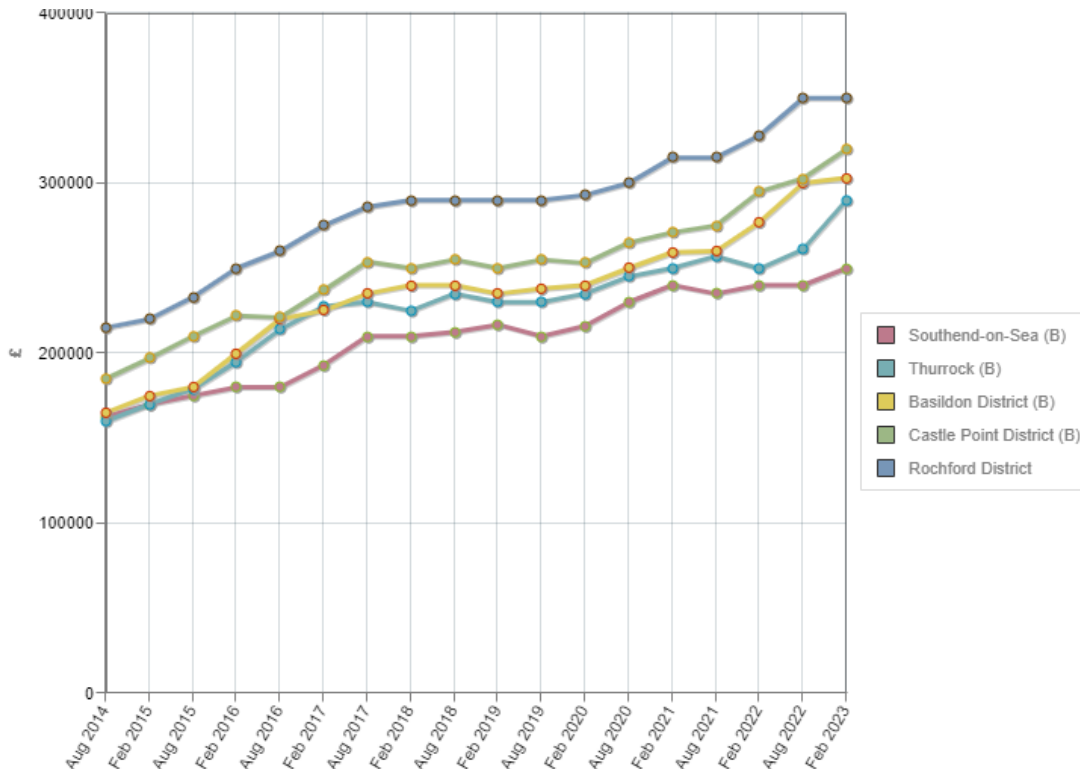
LA	London	Southend	Thurrock	Basildon	Castle Point	Rochford
Feb 2022	633,148	379,434	332,019	392,488	399,287	449,886
Feb 2023	647,350	402,942	370,380	409,468	411,052	470,026
CHANGE	14,202	23,508	38,361	16,980	11,765	20,140
%	2.24%	6.20%	11.55%	4.33%	2.95%	4.48%

Average annual house price growth in South Essex **was up 5.90%**, this was down from the previous reporting period in November 2022 at 7.17% suggesting that the housing market is cooling following last autumn’s hike in interest rates and mini budget. Interestingly, **Thurrock** had the **biggest gain at £38,361** (albeit from a smaller base) , previously it was Rochford. Castle Point had the smallest gain at £11,765, similar to London which again grew at a lower rate than all five South Essex authorities.

### 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



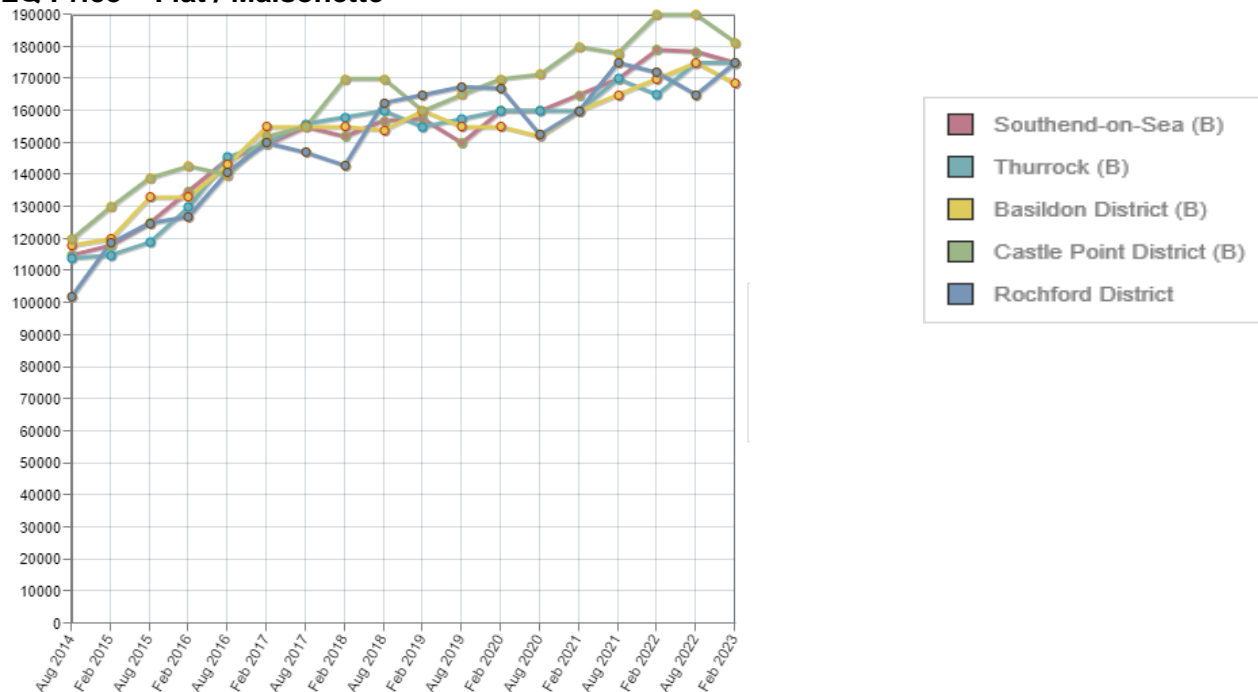
The graph shows Lower Quartile house prices growing steadily since August 2014, until flattening before the onset of the pandemic but then accelerating from August 2020 supported by the Stamp Duty holiday, the “race for space” and Help to Buy. However, since August 2022 prices **flattened in Basildon, Southend and Rochford but accelerated in Thurrock and Castle Point**.

In February 2023, the highest overall lower quartile property price in SE was in Rochford at **£350k**, followed by Castle Point at **£320k**, Basildon at **£303k**, Thurrock at **£290k** and Southend **£250k**.

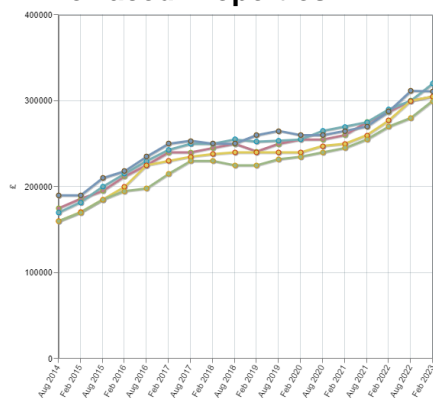
Annual LQ house price growth in February 2023 was up as much as **£40k** in Thurrock, followed by Basildon **£26k**, Castle Point **£25k**, Rochford **£22k**, Southend **£10k**. LQ house price growth has outstripped average growth in all five South Essex authorities apart from Southend, where lack of affordability remains a major issue especially for first time buyers. (see appendix 1, page 10).

Whilst the context for this period remains the same with all SE Local Authorities having experienced significant levels of growth over the last ten years; changing market conditions are having a dampening effect on house prices in some areas.

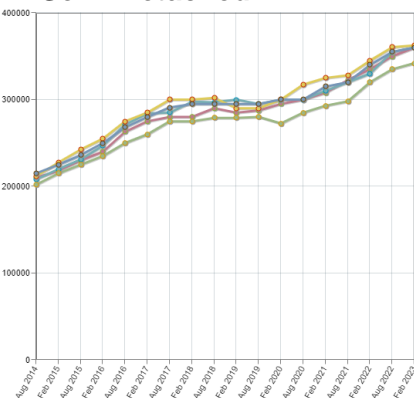
### LQ Price – Flat / Maisonette



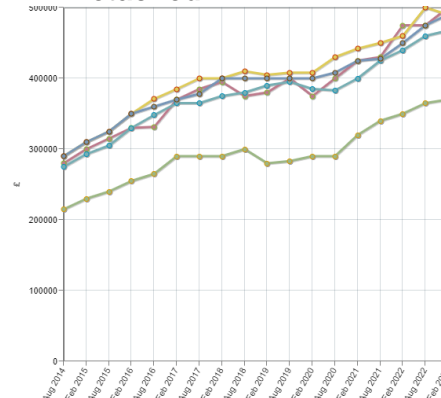
### Terraced Properties



### Semi Detached



### Detached



Since August 2022, house prices of **flat / maisonette properties** continue to show more **volatility** and fell in Castle Point, Basildon and Southend, remained stable in Thurrock but rose Rochford. In comparison, house price growth for **larger properties** has been more consistent and pronounced, although prices of detached properties fell in Basildon after a previous steep rise. To note, prices for larger properties in Castle Point have consistently lagged behind, this is because prices on Canvey Island are generally lower and therefore drag the average price down.

## Annual Turnover by Broad Type and Age

## As a Proportion of Overall Property

Rochford District Council <i>Source: HM Land Registry</i>					
	2nd Hand House Sales	2nd Hand Flat Sales	New Build House Sales	New Build Flat Sales	Overall property price bands
2018	1,100	125	136	9	3.60%
2019	1,061	118	54	22	3.40%
2020	1,014	124	34	NA	4.90%
2021	1,518	163	23	NA	3.10%
2022	921	124	12	NA	0.20%

The above table shows the total volume of housing turnover in Rochford, 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 house and flat sales peaked in 2021. **New build house sales declined** from their peak in 2018 and remain low. To note: these figures do not reflect the Borough's net completion rates which have been more steady and higher: 347 in 2019-20 and 349 in 2020-21 (source: Councils' monitoring / Turley analysis). The difference is likely to be because sales figures do not include affordable housing completions and possible time-lag in reporting.

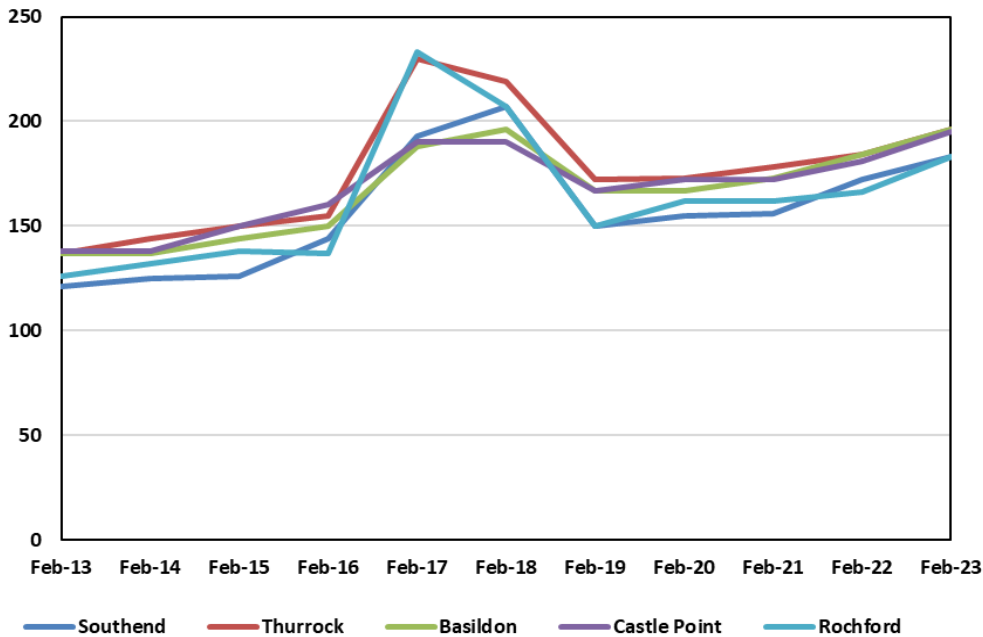
The total turnover is also shown as a proportion of overall property, based on Land Registry data. Turnover has remained stable. However, it is still significantly down from pre 2008 figures where it was 5.8% in 2007. (See TGSE Housing Market Trends Quarterly Report, July 2011).

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

February 2023	Southend	Thurrock	Basildon	Castle Point	Rochford
Renting (LA)	78	76	76	83	0
Renting (HA)	95	101	95	92	92
Renting - 80%	146	157	157	156	146
Renting (private)	183	196	196	195	183
February 2022	172	184	184	181	166
February 2021	156	178	173	172	162
February 2020	155	173	167	172	162
February 2019	150	172	167	167	150
February 2018	207	219	196	190	207
February 2017	193	230	188	190	233
February 2016	144	155	150	155	137
Change Feb 22-23	<b>+11</b>	<b>+12</b>	<b>+12</b>	<b>+14</b>	<b>+17</b>
LHA (as of 1/04/20)	138	161	161	138	138
Gap LHA & renting	<b>-45</b>	<b>-35</b>	<b>-35</b>	<b>-57</b>	<b>-45</b>
Buying LQ resale	229	231	223	245	223
Buying AV resale	268	260	253	268	253
Buying LQ new build	329	NA	411	NA	382
Buying av new build	364	NA	412	NA	408



## Weekly cost private renting 1 bed property



The above graph and table overpage show the weekly cost of renting or purchasing a one bed-room property across a range of quartiles based on February 2023 figures. Key trends are summarised below.

- The weekly cost of private renting (one bed property) has increased over the last year by as much as **£17** per week in Rochford, **£14** in Castle Point, **£12** in Basildon and Thurrock and **£11** in Southend.
- The gap between private renting and the current LHA remains significant in all SE Local Authorities ranging between **-£57 per week in Castle Point** and **-£35 per week in Thurrock / Basildon** and continues to **widen across Southend, Thurrock and notably Rochford**, remaining unchanged in Basildon and Castle Point (from the previous reporting period in November 2022).
- The Local Housing Allowance is **now not sufficient** to cover the cost of Intermediate Rent (at 80% market rent) in **Southend, Castle Point and Rochford**.
- Buying a LQ resale one bed property is now **more expensive** than private renting even at Intermediate Rent (80% market) in all SE Local Authorities.
- Private renting is **more than twice as expensive** as social renting through a Housing Association in Basildon and Castle Point.

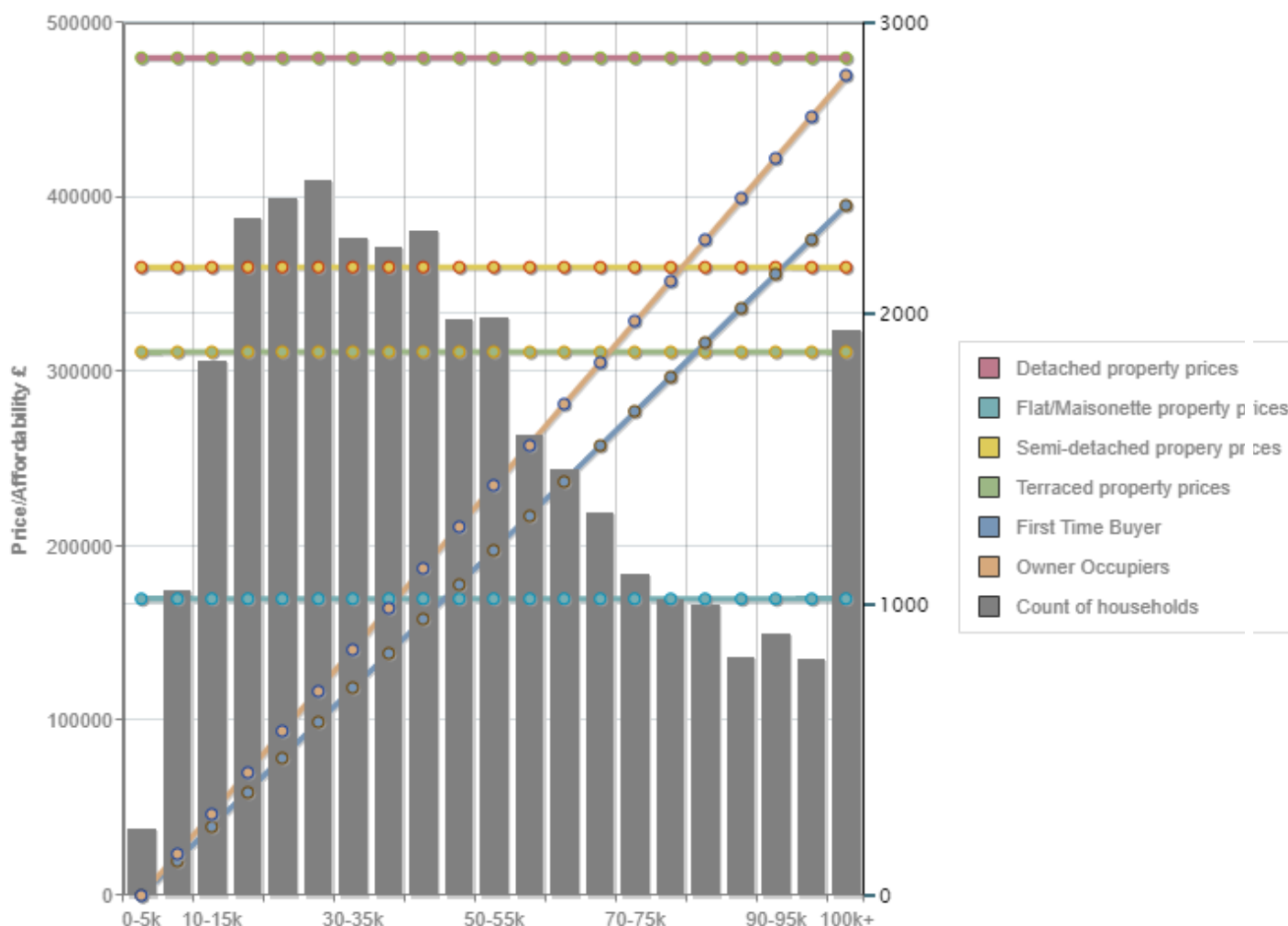
## Lower Quartile Price of Property by Bed Count (February 2023)

	Southend	Thurrock	Basildon	Castle Point	Rochford
1 bed Prices (Flat)	152,500	155,500	149,500	160,000	160,000
2 bed Prices (Flat)	200,000	214,875	209,125	203,000	210,000
2 bed Prices (House)	298,000	305,000	308,000	316,500	325,000
3 bed Prices (House)	340,000	350,000	325,000	340,000	363,125
4 bed Prices (House)	480,000	445,000	450,000	436,250	452,000

The above table shows the lower quartile price of property by bed count in the SE area based on February 2023 figures. For 1 bed flats; **Castle Point and Rochford had the highest price**, whilst for 2 bed flats it was **Thurrock**, for 2 and 3 bed houses it was **Rochford**, but for 4 bed houses **Southend** continues to top the list.



**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.

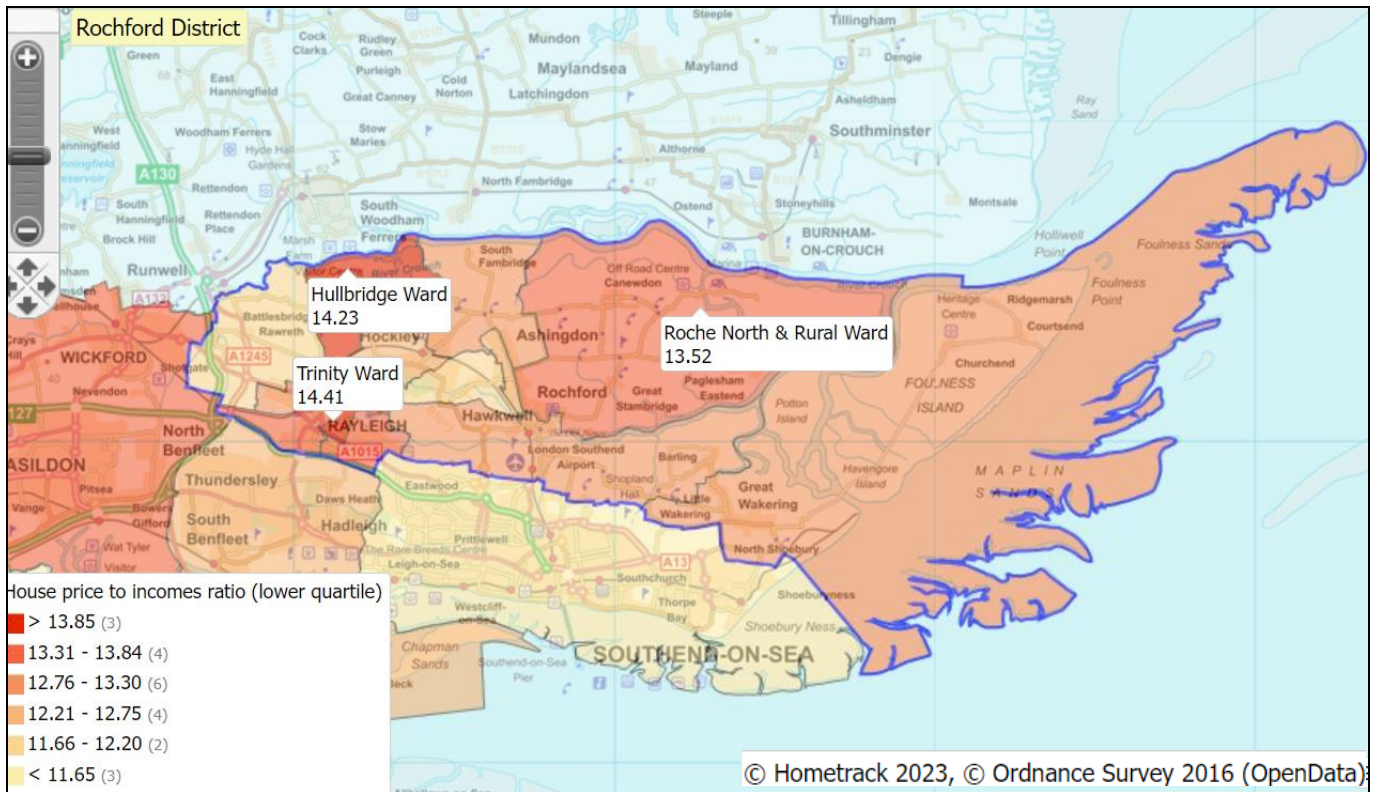
The chart demonstrates that a significant proportion of residents in **Rochford** are priced out of the property market. For example, **52%** of households were priced out of the market (i.e. cannot afford to purchase a flat as a first-time buyer on a mortgage at 3.0 times their income). This rises to **83%** for those wishing to purchase a terraced property, **92%** for a semi-detached property and **100%** for a detached property.

**Percent of households priced out of market**  
**Rochford**

FTB households - Flats	52%
FTB households - Terraced houses	83%
FTB households - Semi-detached houses	92%
FTB households - Detached houses	100%
Owner occupier - Flats	44%
Owner occupier - Terraced houses	77%
Owner occupier - Semi-detached houses	83%
Owner occupier - Detached houses	100%



## LQ house price to income ratio in Rochford wards

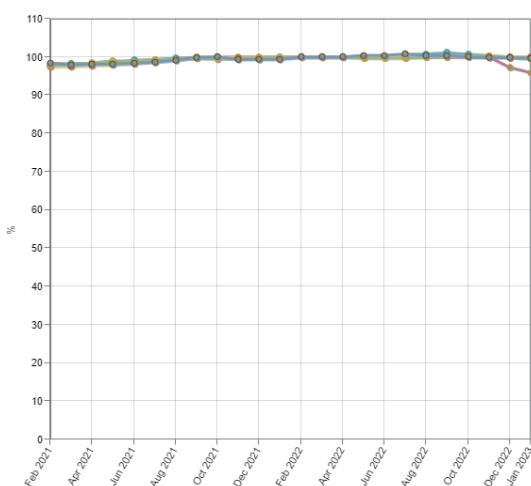


The heat map compares the Lower Quartile house price to income ratios across individual wards in Rochford. The wards of Hullbridge, Roche North & Rural and Trinity all had ratios of **13.5:1** or more.

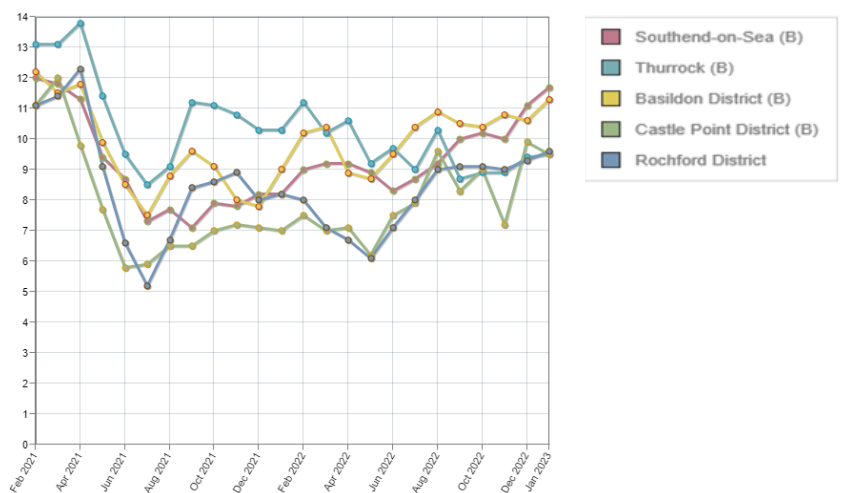
In comparison with the neighbouring region of London, the ratio was **15.38:1** and for the East of England **10.76:1**. This shows how prices are still relatively high compared to London and the East of England.

## Market Indicators

### Sales to asking price – %



### Total time to sell – weeks



The sales to asking price (%) has generally remained flat and in the **very high nineties** across all five South Essex local authority areas, although Southend recorded sales slightly below the asking price.

The time to sell (weeks) has fluctuated much more, however since the June 2022 the time to sell has lengthened from as little as 7 weeks to over 11 weeks suggesting that the market is softening.

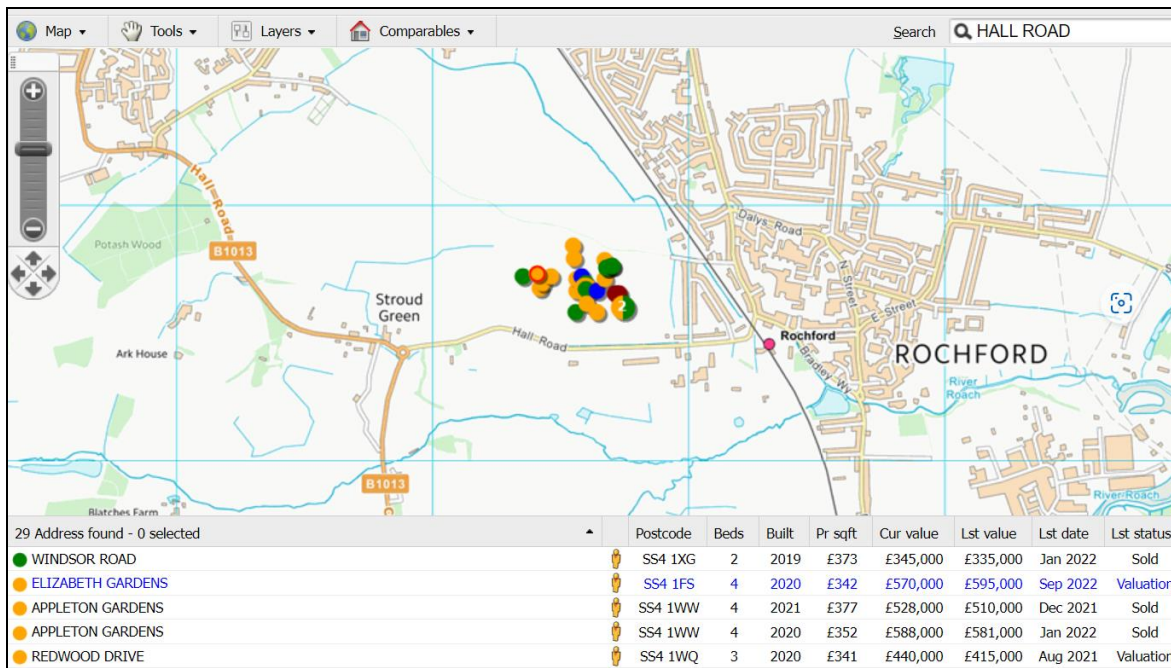
## Comparables Module – New build / refurbished v older properties

Using the Comparables Module it is possible to focus in on a chosen development and compare it with other housing in a different location. In this example, the development was recently built 1-4 bed roomed homes (from 2019) located north of Hall Road, Rochford.

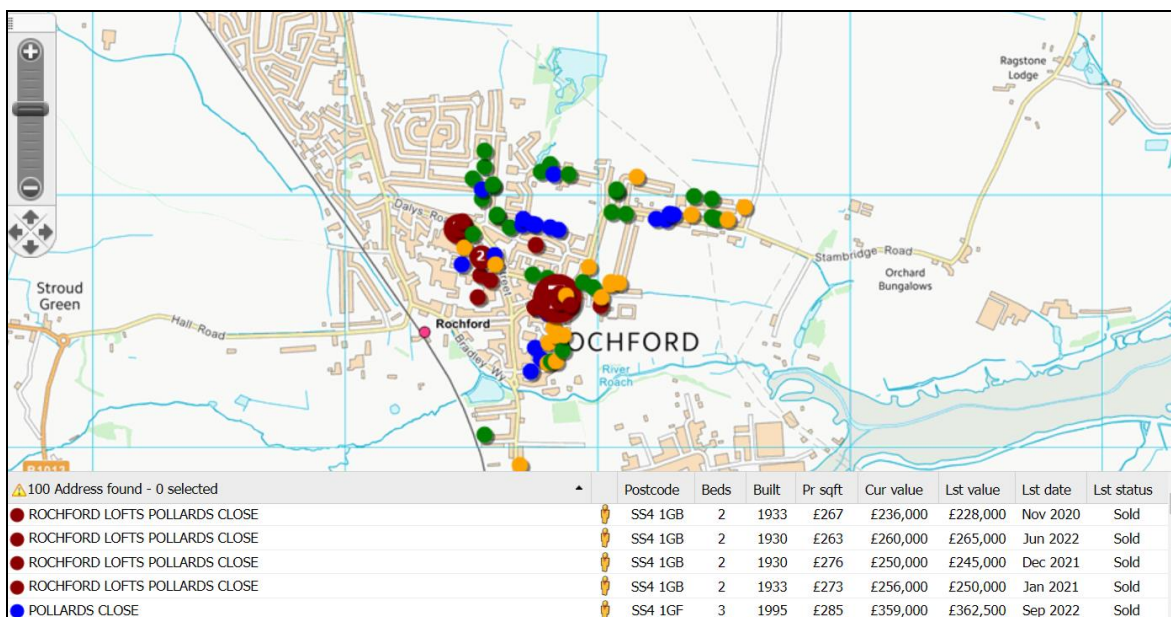
A detailed list of 29 sample properties showing for example street name, post code, property type, current value, was then exported into excel for further analysis.

The average sales price or valuation of the sample 1-4 bed roomed properties was then calculated as **£448,759**, which when compared with the average price of older 1-4 bed roomed properties in the Town Centre (Rochford) at **£323,210**, showed that the newer properties in Hall Road had a **premium of 38%** compared to the older selected properties in the Town Centre.

### Hall Road, Rochford



### Rochford Town Centre



## Rental values: Hall Road v Rochford Town Centre

Similar comparisons can be made across the private rental market. In this example, monthly rental prices of 2-3 bedrooed properties North of Hall Road were compared with those in Rochford Town Centre. 3 properties listed North of Hall Road had an average monthly rent of £1,611. This was then compared with 13 properties in Rochford Town Centre where the rental income was £1,413.

## 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
Aug 2014	162,500	160,000	165,000	185,000	215,000
Feb 2015	170,000	170,000	175,000	197,000	220,000
Aug 2015	175,000	179,000	180,000	210,000	233,000
Feb 2016	180,000	195,000	200,000	222,000	250,000
Aug 2016	180,000	214,000	220,000	221,000	260,000
Feb 2017	193,000	227,500	225,000	237,000	275,000
Aug 2017	210,000	230,000	235,000	253,700	286,000
Feb 2018	210,000	225,000	240,000	250,000	290,000
Aug 2018	212,500	235,000	240,000	255,000	290,000
Feb 2019	216,750	230,000	235,000	250,000	290,000
Aug 2019	210,000	230,000	238,000	255,000	290,000
Feb 2020	216,000	235,000	240,000	253,000	293,000
Aug 2020	230,000	245,000	250,000	265,000	300,000
Feb 2021	240,000	250,000	259,324	271,000	315,000
Aug 2021	235,000	257,000	260,000	275,000	315,000
Feb 2022	240,000	249,727	277,000	295,000	328,000
Aug 2022	240,000	261,000	300,000	302,750	350,000
Feb 2023	250,000	290,000	303,203	320,000	350,000
<b>Change Feb 22 Feb 23</b>	10,000	40,273	26,203	25,000	22,000
<b>Change Feb 2015 Feb 2023</b>	80,000	120,000	128,203	123,000	130,000

Source: Hometrack Housing Intelligence System



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