

SOUTH ESSEX
HOUSING GROUP

South Essex Housing Market Trends

Quarterly Report

October 2023

House Prices, Affordability & Market Indicators



SEHG
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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 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 fell by -0.4% in September, compared to -1.8% in August.
- Property prices dropped by -4.7% on an annual basis (vs -4.5% last month).
- Typical UK home now costs £278,601, around the level seen in early 2022.
- Property prices still up by +1.0% since initial Base Rate rise in December 2021.
- Average prices remain more than £39,000 above pre-pandemic levels.
- South of England continues to see most downward pressure on property prices.

Local House Prices

- Average annual house price growth in South Essex was still up 1.16%, down from 2.51% in July the last reporting period. However, over the last 6 months there was zero average growth where individual prices actually fell in Southend, Thurrock and Basildon.
- The Lower Quartile (LQ) prices of flat / maisonette properties have levelled out apart from Basildon where they fell, whilst for larger properties the majority of authorities have seen a fall in house prices.

Price of property by bed count

- For 1 bed flats; Rochford had the highest LQ price, whilst for 2 bed flats it was Castle Point, 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 £18 per week in Castle Point, £17 Thurrock / Rochford, £12 in Basildon and £11 Southend.
- The gap between private renting and the now frozen Local Housing Allowance (LHA) remains significant in all SE Local Authorities ranging between -£69 per week in Castle Point, -£52 in Rochford and -£46 per week in Southend / Basildon / Thurrock and continues to widen.
- The Local Housing Allowance continues to remain insufficient to cover the cost of intermediate Rent (at 80% market rent) in all five South Essex local authorities.

Affordability (Lower Quartile house price to income ratios)

- The Basildon wards of Burstead, Fryerns, Lee Chapel North and Vange all had ratios of 13:1 or more.
- In comparison with the neighbouring region of London the ratio was 15.43:1 and for the East of England 10.11:1. Both ratios are marginally down from the previous report in July.

Comparables Module

- Using Basildon as the sample area, average property prices of recently built 2 bed homes (from 2018) located in Badger Place, Fryerns, at £337,176, were then compared with 2 bed apartments in Cherrydown East, Basildon Town Centre at £263,370, showing that newer properties in Badger Place had a premium of 28% compared to the properties in Cherrydown East.

House Price Index



Average house price

£278,601



Monthly change

-0.4%



Quarterly change

-1.8%



Annual change

-4.7%

UK house prices fell again in September but pace of monthly decline slows

- Average house price fell by -0.4% in September, compared to -1.8% in August
- Property prices dropped by -4.7% on an annual basis (vs -4.5% last month)
- Typical UK home now costs £278,601, around the level seen in early 2022
- Property prices still up by +1.0% since initial Base Rate rise in December 2021
- Average prices remain more than £39,000 above pre-pandemic levels
- South of England continues to see most downward pressure on property prices

Kim Kinnaird, Director, Halifax Mortgages, said: "...Activity levels continue to look subdued compared to recent years, with industry data showing lower levels of new instructions to sell homes and agreed sales. Borrowing costs are the primary factor, given the impact of higher interest rates on mortgage affordability. Against this backdrop, homeowners inevitably become more realistic about their target selling price, reflecting what has increasingly become a buyer's market..."

"However, with Base Rate now likely to be at or around its peak, we are seeing fixed rate mortgages deals ease back from recent highs. Wage growth also remains strong, which has helped with affordability, with the house price to income ratio now at its lowest level since June 2020 (6.2 in September vs 6.3 in August)."

Richard Donnell, Director of Research at Hometrack said "Annual UK house price inflation moved negative to -0.5%, however demand ticked higher over September as market sentiment improved. Enquiries to estate agents were up 12% since the August bank-holiday weekend. This improvement is off a low base - demand remains 33% lower than a year ago and in line with 2019. This uptick in enquiries is partly seasonal but also reflects improved consumer confidence, which is at a 2-year high, amid expectations of lower mortgage rates..."

Demand has improved in all areas, noticeably in southern England where enquiries for homes have been weakest in 2023. Demand is up 19% in the South East over the last 3 weeks in September and 16% higher in London. The number of new sales agreed has also increased and is closely tracking 2019 levels, supported by homebuyers having a much greater choice as levels of inventory return to pre-pandemic levels...

However, buyers are generally unwilling to compromise on what they want in face of higher borrowing costs, waiting for price falls and/or lower mortgage rates. Mortgage rates are expected to fall slowly in Q4 2023 with number of buyers likely to increase once mortgage rates get below 4.5%. A buyers' market remains - the average discount to the asking price to achieve a sale up to 4.2%, the highest since 2019. Overall, average UK house prices on track to be 2-3% lower over 2023."

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 Aug 2022 – Aug 2023

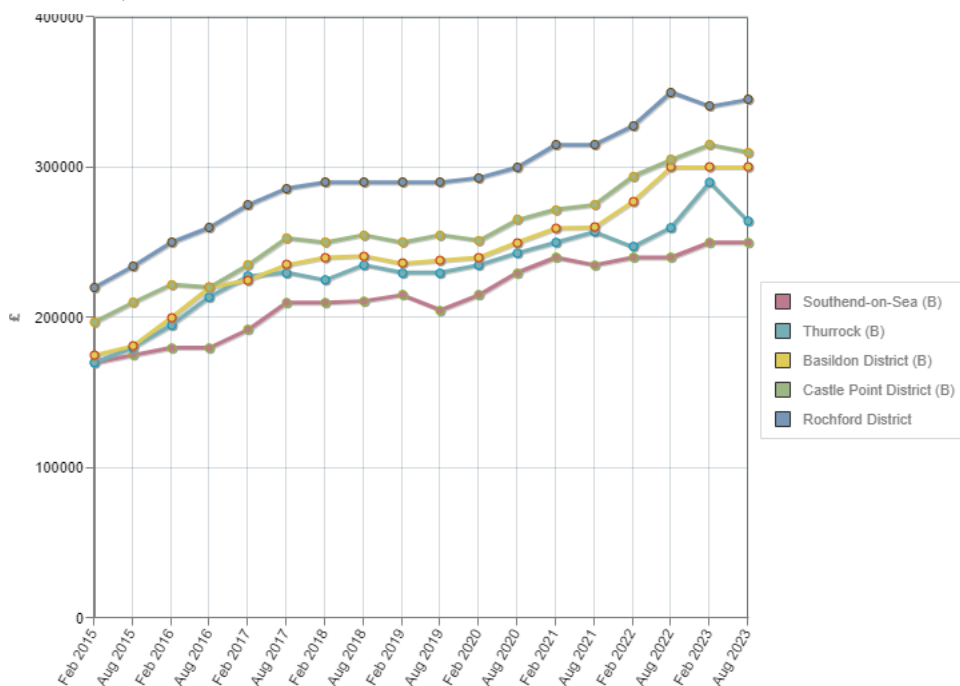
	London	Southend	Thurrock	Basildon	Castle Point	Rochford	Average
Aug 2022	644,001	385,811	353,850	409,898	408,192	450,851	for South Essex
Feb 2023	652,338	394,339	367,436	406,190	406,829	457,261	
Aug 2023	638,887	392,033	365,357	397,903	412,916	465,099	
CHANGE Aug-Aug	-5,114	6,222	11,507	-11,995	4,724	14,248	
% Aug 22	-0.79%	1.61%	3.25%	-2.93%	1.16%	3.16%	1.16%
% Feb 23	-2.09%	-0.60%	-0.59%	-2.02%	1.49%	1.74%	0.00%

Average annual house price growth in South Essex was up by only **1.16%** setting a clear downward trend from previous reporting periods where it was 2.51% in July and 5.59% in January as the housing market continues to cool following the rise in interest rates. Rochford had the **biggest gain at £14,248** whilst Basildon prices fell by **-£11,995**. Figures over the last 6 months show the average rate of growth falling further to **0.00%** with **Southend, Thurrock and Basildon seeing negative growth** along with London.

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

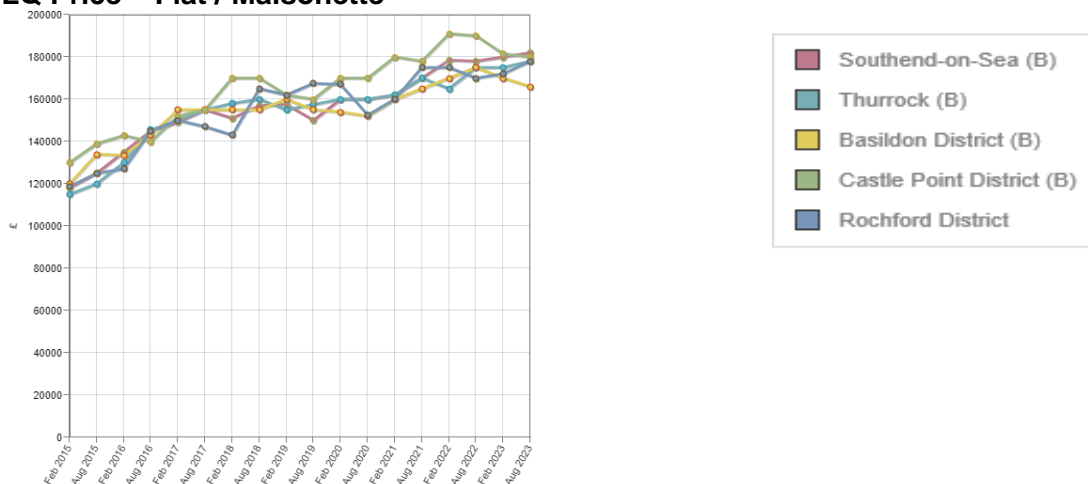


The graph shows Lower Quartile house prices growing steadily since February 2015, until flattening before the onset of the pandemic but then accelerating from August 2020 supported by the Stamp Duty holiday, the “race for space” and Help to Buy. However, since February 2023 **prices have either levelled out or fallen.**

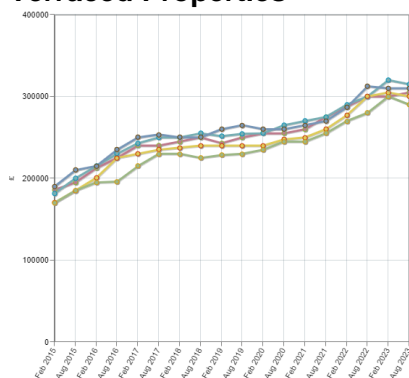
In August 2023, the highest overall lower quartile property price in SE was in Rochford at **£345k**, followed by Castle Point at **£310k**, Basildon at **£300k**, Thurrock at **£264k** and Southend **£250k**.

Annual LQ house price growth in August 2023 was still up in Southend at **£10k**, Castle Point at **£5k**, Thurrock at **£4k**, whilst in Basildon they were breakeven at **£0** and in Rochford prices fell at **-£5k**. House prices are now entering a testing period with prices levelling off and in some areas falling in response to changing market conditions.

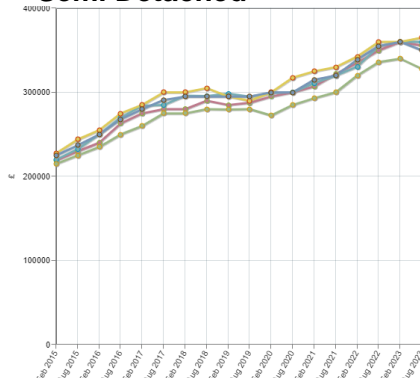
LQ Price – Flat / Maisonette



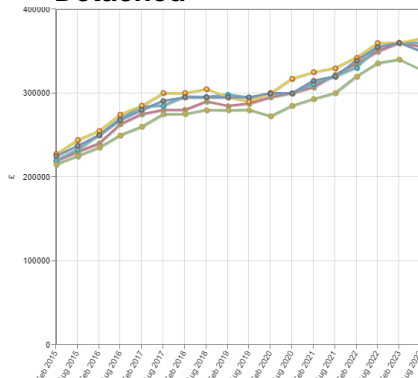
Terraced Properties



Semi Detached



Detached



The prices of **flat / maisonette properties** have become more stable with prices in Castle Point falling more in line with average prices, with marginal growth elsewhere apart from Basildon where prices fell.

The more marked change has come **from larger properties** where the majority of authorities have seen a **fall** in house prices. Previously, prices of larger properties had been growing year on year.

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

	Basildon Borough Council				Overall property price bands
	2nd Hand House Sales	2nd Hand Flat Sales	New Build House Sales	New Build Flat Sales	
2019	1,970	373	61	9	3.3%
2020	1,724	303	33	5	2.8%
2021	2,722	432	10	NA	4.3%
2022	2,016	384	NA	NA	3.2%
2023	707	153	NA	NA	1.2%

The table on the previous page shows the total volume of housing turnover in Basildon, 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** whilst peaking in 2021 **remained relatively strong** in 2022. **New build house sales declined** from 2019 with data not being available in more recent years. To note: these figures do not reflect the Borough's **net completion rates** which have been more steady and **higher** (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 **down from pre 2008 figures** excess of **5.4%** in 2007. (See TGSE Housing Market Trends Quarterly [Report, October 2010](#)).

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

August 2023	Southend	Thurrock	Basildon	Castle Point	Rochford
Renting (LA)	78	76	76	83	NA
Renting (HA)	95	101	95	92	92
Renting - 80%	147	166	166	166	152
Renting (private)	184	207	207	207	190
August 2022	173	190	195	189	173
August 2021	166	178	184	184	166
Change Aug 22-Aug 23	+11	+17	+12	+18	+17
LHA (as of 1/04/20)	138	161	161	138	138
Gap LHA & renting	-46	-46	-46	-69	-52
Buying LQ resale	256	248	240	256	256
Buying AV resale	288	280	272	288	276
Buying LQ new build	272	NA	488	NA	NA
Buying av new build	272	NA	488	NA	NA

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 August 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 **£18** per week in Castle Point, **£17** in Thurrock / Rochford, **£12** in Basildon and **£11** in Southend.
- The gap between private renting and the now frozen LHA remains significant in all SE Local Authorities ranging between **-£69 per week in Castle Point**, **-£52 in Rochford** and **-£46 per week in Southend / Basildon / Thurrock** and **continues to widen** from the previous reporting period in July 2023.
- The Local Housing Allowance is **now insufficient** to cover the cost of Intermediate Rent (at 80% market rent) **in all five** South Essex local authorities.

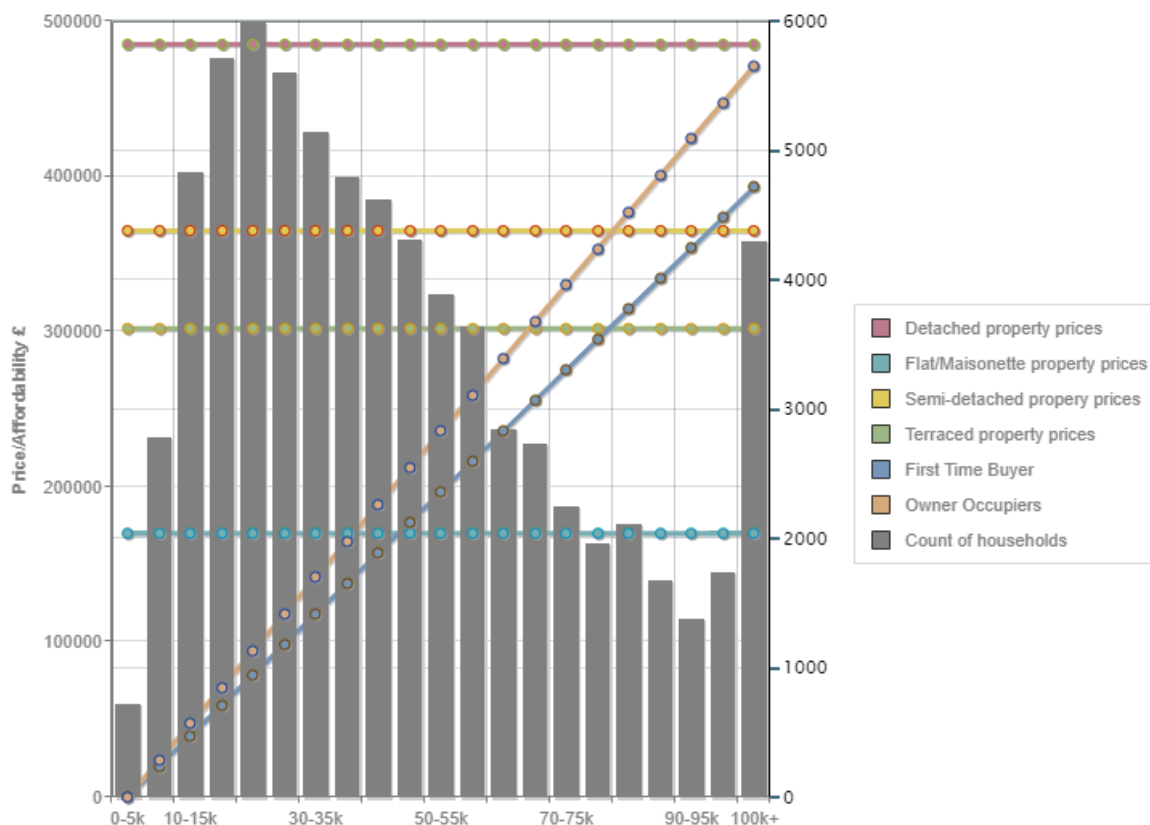
Lower Quartile Price of Property by Bed Count (August 2023)

	Southend	Thurrock	Basildon	Castle Point	Rochford
1 bed Prices (Flat)	165,000	155,000	150,000	160,000	167,750
2 bed Prices (Flat)	200,000	200,000	200,000	208,750	185,000
2 bed Prices (House)	285,000	305,000	300,000	300,000	315,000
3 bed Prices (House)	330,000	340,000	320,000	340,000	350,000
4 bed Prices (House)	465,000	450,000	440,000	425,000	450,000



The table on the previous page shows the lower quartile price of property by bed count in the South Essex area based on August 2023 figures. For 1 bed flats; **Rochford had the highest price**, whilst for 2 bed flats it was **Castle Point**, 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: Basildon



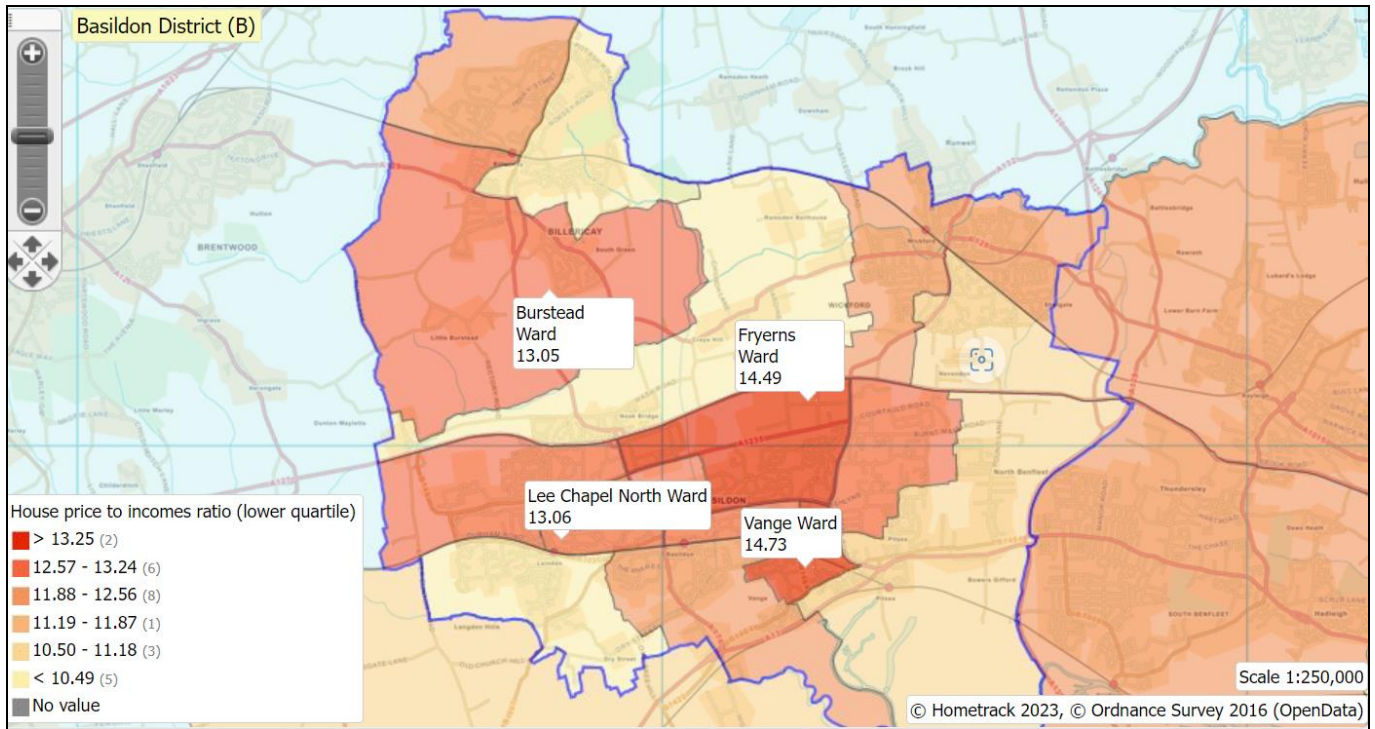
Looking at the wider affordability issues in **Basildon** both by income band and spatially; the above chart shows the number of households in different household income bands compared to the minimum price for different property types in the same area (horizontal lines). The diagonal lines rising from 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 **Basildon** 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 **85%** 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 – Basildon

FTB households - Flats	55%
FTB households - Terraced houses	85%
FTB households - Semi-detached houses	92%
FTB households - Detached houses	100%
Owner occupier - Flats	49%
Owner occupier - Terraced houses	75%
Owner occupier - Semi-detached houses	85%
Owner occupier - Detached houses	100%

LQ house price to income ratio in Basildon Wards

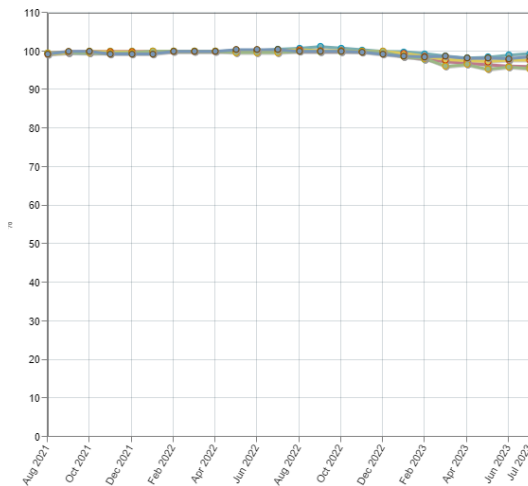


The heat map compares the Lower Quartile house price to income ratios across individual wards in Basildon. The wards of Burstead, Fryerns, Lee Chapel North and Vange all had ratios of **13:1** or more.

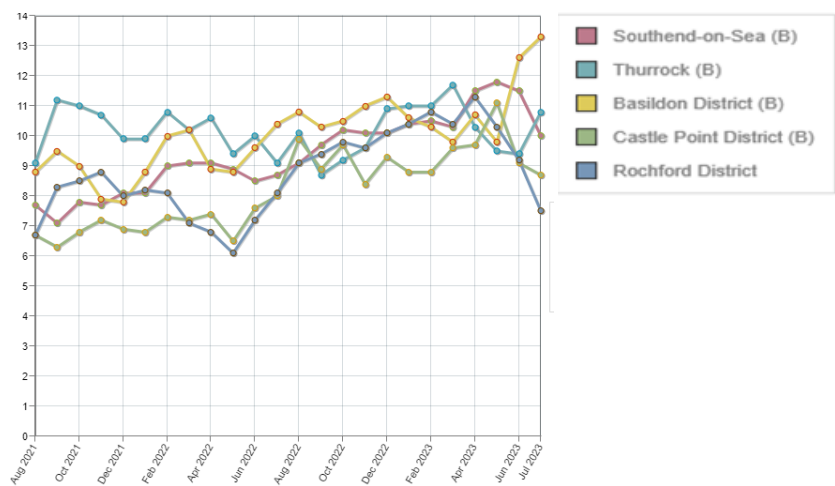
In comparison with the neighbouring region of London the ratio was **15.43:1** and for the East of England **10.11:1**. This shows how prices are still relatively high in London compared to the East of England, however both ratios are marginally down from the previous reporting period in July 2023.

Market Indicators

Sales to asking price – %



Total time to sell – weeks



The sales to asking price (%) whilst remained flat in the **very high nineties** across all five South Essex local authority areas, has weakened since the beginning of the year.

The time to sell (weeks) has fluctuated much more, since April 2023 the time to sell has lengthened in Basildon and Thurrock but improved in Castle Point, Southend and Rochford suggesting an east west split.

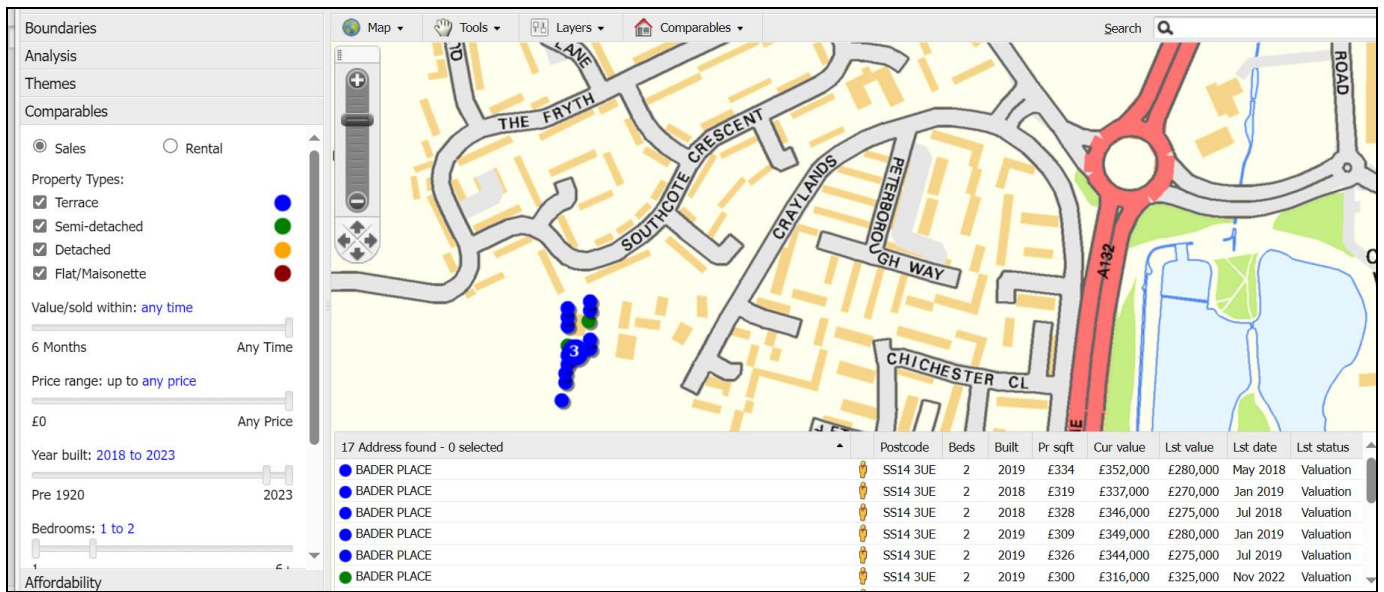
Comparables Module – Cherrydown East - Basildon TC v Badger Place - Fryerns

In this example, house prices of recently built 2 bedroomed terraced properties (from 2018) located in Badger Place, Fryerns, east of Basildon Town Centre were compared with slightly older 2 bedroomed apartment properties (from 2010) in Cherrydown East, in the Town Centre.

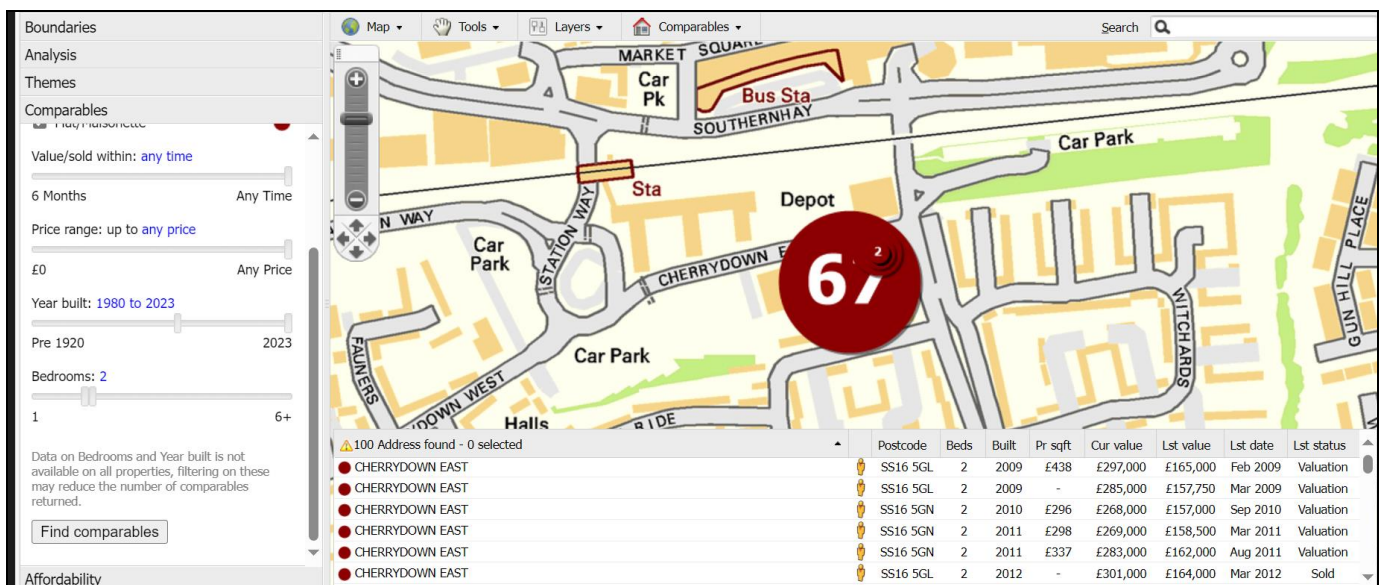
A detailed list of 17 sample properties in Badger Place showing for example street name, post code, property type, current value, was then exported into excel for further analysis. The average sales price or valuation of the sample 2 bedroomed properties was calculated as **£337,176**.

This was then compared with the average price of 100 sample 2 bedroomed apartment properties located in Cherrydown East at **£263,370**, showing that newer properties in Badger Place had a **premium of 28%** compared to the properties in Cherrydown East.

Badger Place, Fryerns



Cherrydown East, Basildon TC



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
Feb 2015	170,000	170,000	175,000	197,000	220,000
Aug 2015	175,000	180,000	181,000	210,000	234,000
Feb 2016	180,000	195,000	200,000	222,000	250,000
Aug 2016	180,000	214,000	220,000	220,250	260,000
Feb 2017	192,000	227,500	225,000	235,000	275,000
Aug 2017	210,000	230,000	235,000	252,978	285,976
Feb 2018	210,000	225,000	240,000	250,000	290,000
Aug 2018	211,000	235,000	241,000	255,000	290,000
Feb 2019	215,000	230,000	236,000	250,000	290,000
Aug 2019	205,000	230,000	238,000	255,000	290,000
Feb 2020	215,000	235,000	240,000	251,264	293,000
Aug 2020	230,000	243,000	250,000	265,000	300,000
Feb 2021	240,000	250,000	259,500	272,000	315,000
Aug 2021	235,000	257,000	260,000	275,000	315,000
Feb 2022	240,000	247,000	277,000	294,000	327,500
Aug 2022	240,000	260,000	300,000	305,000	350,000
Feb 2023	250,000	290,000	300,000	315,000	340,500
Aug 2023	250,000	264,000	300,000	310,000	345,000
Change Aug 22 Aug 23	10,000	4,000	0	5,000	-5,000
Change Aug 2016 Aug 2023	75,000	84,000	119,000	100,000	111,000

Source: Hometrack Housing Intelligence System



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