

SOUTH ESSEX
HOUSING GROUP

South Essex Housing Market Trends

Quarterly Report

January 2024

House Prices, Affordability & Market Indicators



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<https://www.housingessex.org/>

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 prices rose by +1.1% in December, the third monthly rise in a row.
- Property prices grew +1.7% overall in 2023.
- Typical UK home now costs £287,105, just over £3,000 more than last month.
- House prices predicted to fall by between -2% and -4% in 2024.
- South East England continues to see most downward pressure on house prices.

Local House Prices

- Average annual house prices in South Essex fell to -1.78% following consecutive years of house price growth. However, over the last 6 months (May-November) the decline eased to -0.67%.
- Annual Lower Quartile (LQ) house prices in November 2023 fell in Thurrock by -£27k, followed by Rochford -£10k, Castle Point at -£3k, remained stable in Basildon but rose in Southend by £17k.
- The LQ prices of flat / maisonette properties have remained more resilient compared to larger properties where 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 price, whilst for 2 bed flats it was Castle Point, for 2, 3 and 4 bed houses it was Rochford again.

Cross Tenure (for a one bed property)

- The weekly cost of private renting has increased over the last year by as much as £24 per week in Thurrock, £20 in Basildon, £19 in Rochford, £12 in Castle Point and Southend.
- The gap between private renting and the shortly to be unfrozen (April 2024) LHA remains significant in all SE Local Authorities ranging between -£69 per week in Castle Point, -£58 in Thurrock, -£55 in Basildon, -£52 in Southend and continues to widen.
- The Local Housing Allowance continues to be insufficient to cover the cost of Intermediate Rent (at 80% market rent) in all five South Essex local authorities.

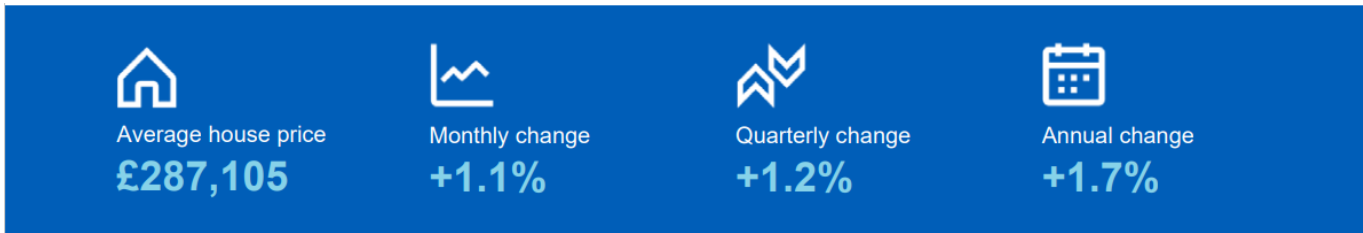
Affordability (Lower Quartile house price to income ratios)

- The wards of Stifford Clays, Little Thurrock Blackshots, Chadwell St Mary and Stanford East and Corrington all had ratios of 13:1 or more.
- In comparison with the neighbouring region of London the ratio was 15.24:1 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.

Comparables Module

- Using Thurrock as the sample area, average property prices of recently built 2 bed homes (from 2020) located in Lakeside, West Thurrock, valued at £338,478 were compared with older 2 bed homes in East Tilbury at £178,270, showing that newer properties at Lakeside had a premium of 90% compared to the older properties in East Tilbury.

House Price Index



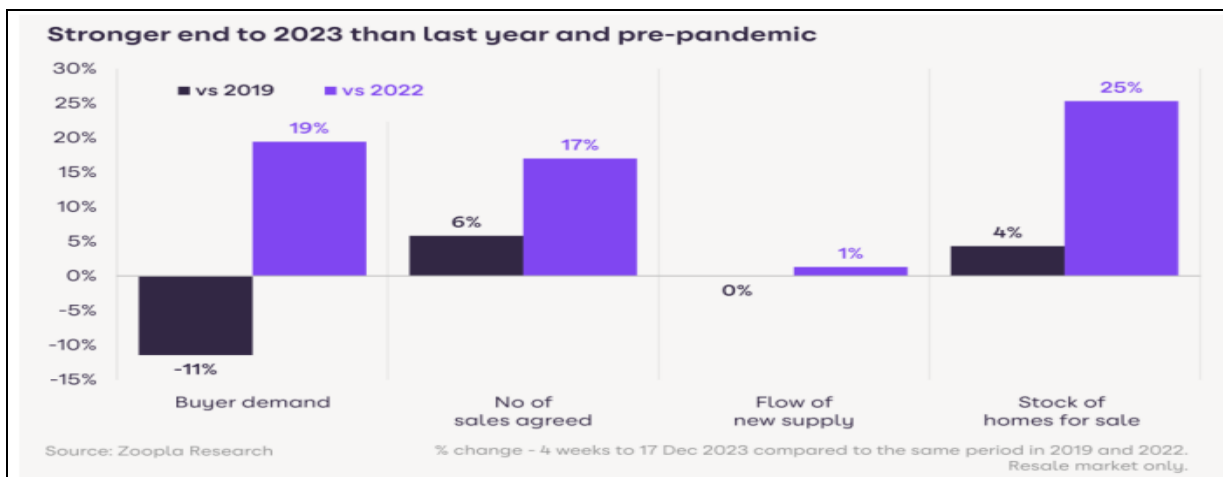
UK house prices rise for third consecutive month

- Average house prices rose by +1.1% in December, the third monthly rise in a row
- Property prices grew +1.7% overall in 2023
- Typical UK home now costs £287,105, just over £3,000 more than last month
- House prices predicted to fall by between -2% and -4% in 2024
- South East England continues to see most downward pressure on house prices

Kim Kinnaird, Director, Halifax Mortgages, said: "...“The housing market beat expectations in 2023 and grew by +1.7% on an annual basis. The average property price is now £4,800 higher than it was in December 2022. Whilst it’s encouraging that we saw growth in the last three months of the year, this was preceded with property price falls for six consecutive months between April and September. The growth we have seen is likely being driven by a shortage of properties on the market, rather than the strength of buyer demand. That said, with mortgage rates continuing to ease, we may see an increase in confidence from buyers over the coming months.”

Richard Donnell, Director of Research at Hometrack said “Annual house price inflation is -1.1%, down from +7.2% a year ago, with market sentiment improving with new sales agreed +17% year-on-year. House price falls have started to moderate as sales improve with mortgage regulations a key reason for only modest price falls in 2023, along with strong labour market and rapid earnings growth, first-time buyers are largest group of would-be movers in next 2 years (40%) followed by upsizers (34%).

Almost half of buyers living in southern England looking to move >10 miles in search of better value for money. In terms of outlook, house prices are forecast to fall 2% over 2024 with 1m sales.”



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 Nov 2022 – Nov 2023

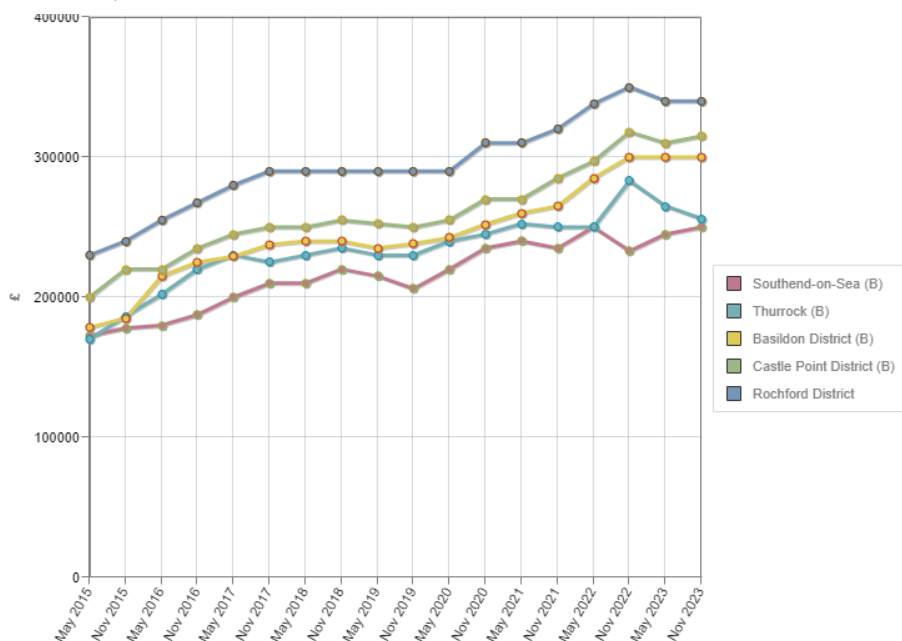
	London	Southend	Thurrock	Basildon	Castle Point	Rochford	Average
Nov 2022	653,399	385,642	367,510	411,006	411,069	461,418	for South Essex
May 2023	643,297	392,879	361,962	392,475	410,997	454,978	
Nov 2023	635,947	385,922	354,212	405,126	405,386	449,641	
CHANGE Nov-Nov	-17,452	280	-13,298	-5,880	-5,683	-11,777	
% Nov 22	-2.67%	0.07%	-3.62%	-1.43%	-1.38%	-2.55%	-1.78%
% May 23	-1.12%	-1.80%	-2.11%	3.08%	-1.36%	-1.16%	-0.67%

Average annual house prices in South Essex **fell to -1.78%** following consecutive years of house price growth. Outside London, Thurrock experienced the **biggest fall at -£13,298 followed by Rochford at -£11,777**. Figures over the last 6 months (May-Nov) show the decline in house prices easing to **-0.67%** with **Basildon seeing positive growth**.

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

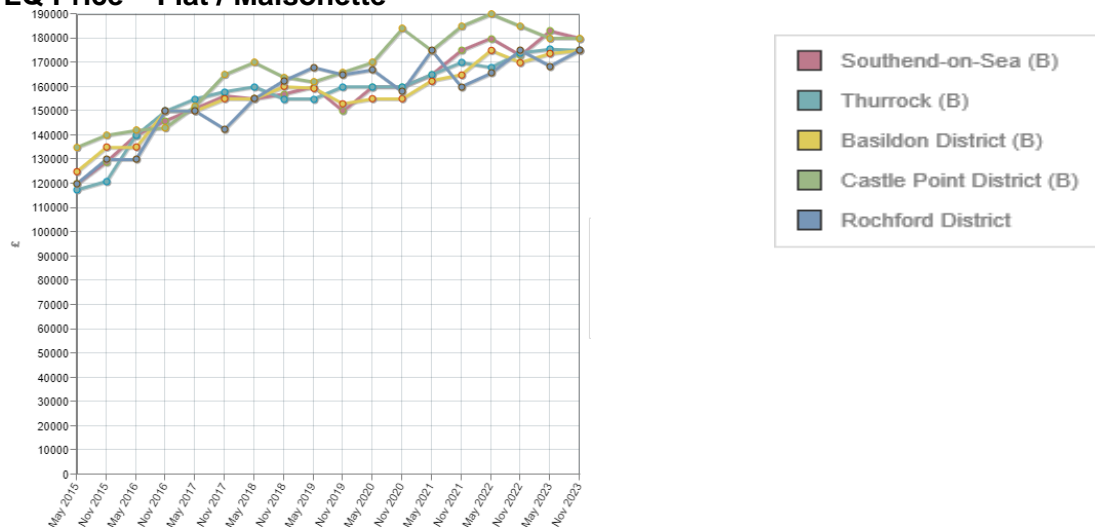


The graph shows Lower Quartile house prices growing steadily since May 2015, until flattening before the onset of the pandemic but then accelerating from November 2020 supported by the Stamp Duty holiday, the “race for space” and Help to Buy. However, from November 2022 **prices began to fall in most South Essex (SE) Local Authority areas**.

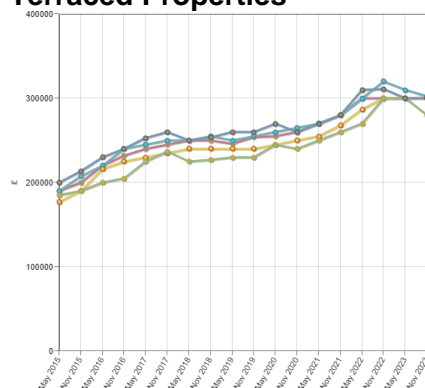
In November 2023, the highest overall lower quartile property price in SE was in Rochford at **£340k**, followed by Castle Point at **£315k**, Basildon at **£300k**, Thurrock at **£256k** Southend **£250k**.

Annual LQ house prices in November 2023 fell in Thurrock by -£27k (albeit from a previous sharp rise), followed by Rochford -£10k, Castle Point at -£3k, remained stable in Basildon but rose in Southend by £17k. House prices are generally seeing downward adjustments in response to changing market conditions.

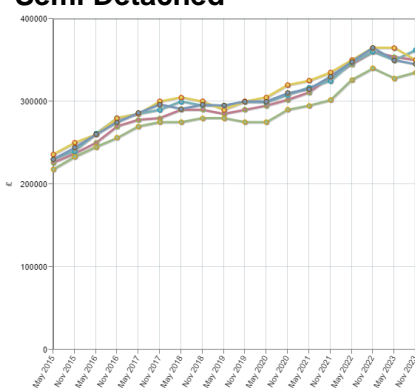
LQ Price – Flat / Maisonette



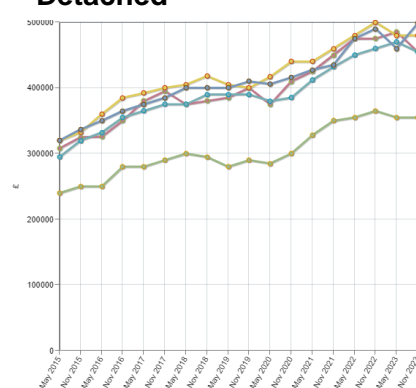
Terraced Properties



Semi Detached



Detached



The prices of flat / maisonette properties whilst converging, remain relatively resilient to the changing market conditions.

The more marked change has come from terraced properties where the majority of authorities have seen a fall in house prices. A similar picture is presented for semi and detached properties with the exception of Thurrock where prices rose from May 2023.

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

	Thurrock Borough Council				Source: HM Land Registry
	2nd Hand House Sales	2nd Hand Flat Sales	New Build House Sales	New Build Flat Sales	Overall property price bands
2019	1,540	407	176	110	3.5%
2020	1,422	322	62	20	2.9%
2021	2,138	472	28	NA	4.1%
2022	1,527	429	1	NA	3.1%
2023	731	221	NA	NA	1.5%

The table on the previous page shows the total volume of housing turnover in Thurrock, 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** but appear to have weakened in 2023. **New build house sales declined** from 2019 with no data then being available in later 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 significantly from pre 2008 figures of 6.6% in 2007.** (See TGSE Housing Market Trends Quarterly Report, October 2011).

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

November 2023	Southend	Thurrock	Basildon	Castle Point	Rochford
Renting (LA)	78	76	76	83	0
Renting (HA)	95	101	95	92	92
Renting - 80%	152	175	173	166	154
Renting (private)	190	219	216	207	192
November 2022	178	195	196	195	173
November 2021	167	183	184	178	166
Change Nov 22 - Nov 23	+12	+24	+20	+12	+19
LHA (as of 1/04/20)	138	161	161	138	138
Gap LHA & renting	-52	-58	-55	-69	-54
Buying LQ resale	260	244	260	260	259
Buying AV resale	301	276	284	293	284

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 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 **£24** per week in Thurrock, **£20** in Basildon, **£19** in Rochford, **£12** in Castle Point and Southend.
- The gap between private renting and the shortly to be unfrozen (April 2024) LHA remains significant in all SE Local Authorities ranging between **-£69 per week in Castle Point, -£58 in Thurrock, -£55 in Basildon, -£52 in Southend** and **continues to widen** from the previous reporting period in October 2023.
- The Local Housing Allowance **continues to be insufficient** to cover the cost of Intermediate Rent (at 80% market rent) **in all five** South Essex local authorities.

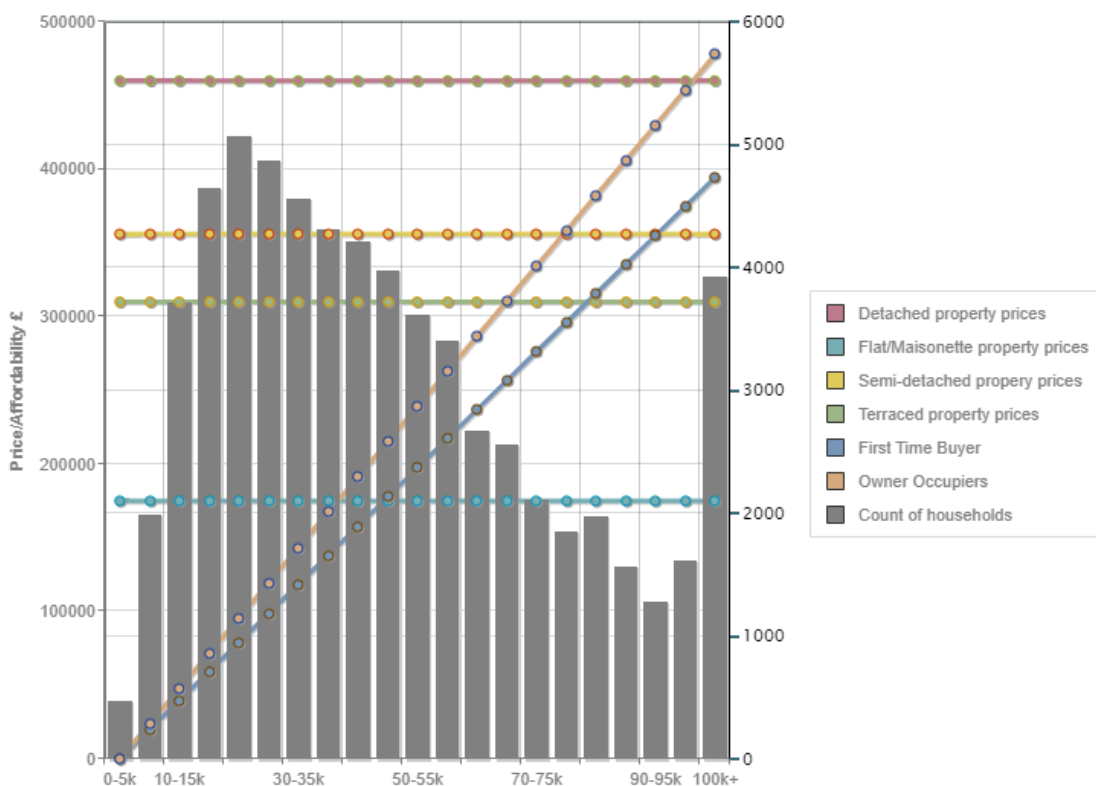
Lower Quartile Price of Property by Bed Count (November 2023)

	Southend	Thurrock	Basildon	Castle Point	Rochford
1 bed Prices (Flat)	160,000	148,000	160,000	160,000	160,250
2 bed Prices (Flat)	200,000	200,000	210,000	220,500	220,000
2 bed Prices (House)	285,000	300,000	300,000	300,000	314,500
3 bed Prices (House)	330,000	340,000	320,000	342,207	350,000
4 bed Prices (House)	427,500	425,000	440,000	425,000	470,250



The table on the previous page shows the lower quartile price of property by bed count in the South Essex area based on November 2023 figures. For 1 bed flats; **Rochford had the highest price**, whilst for 2 bed flats it was **Castle Point**, for 2, 3 and 4 bed houses it was **Rochford** again.

Affordability: 3.0 times income
Sample Area: Thurrock



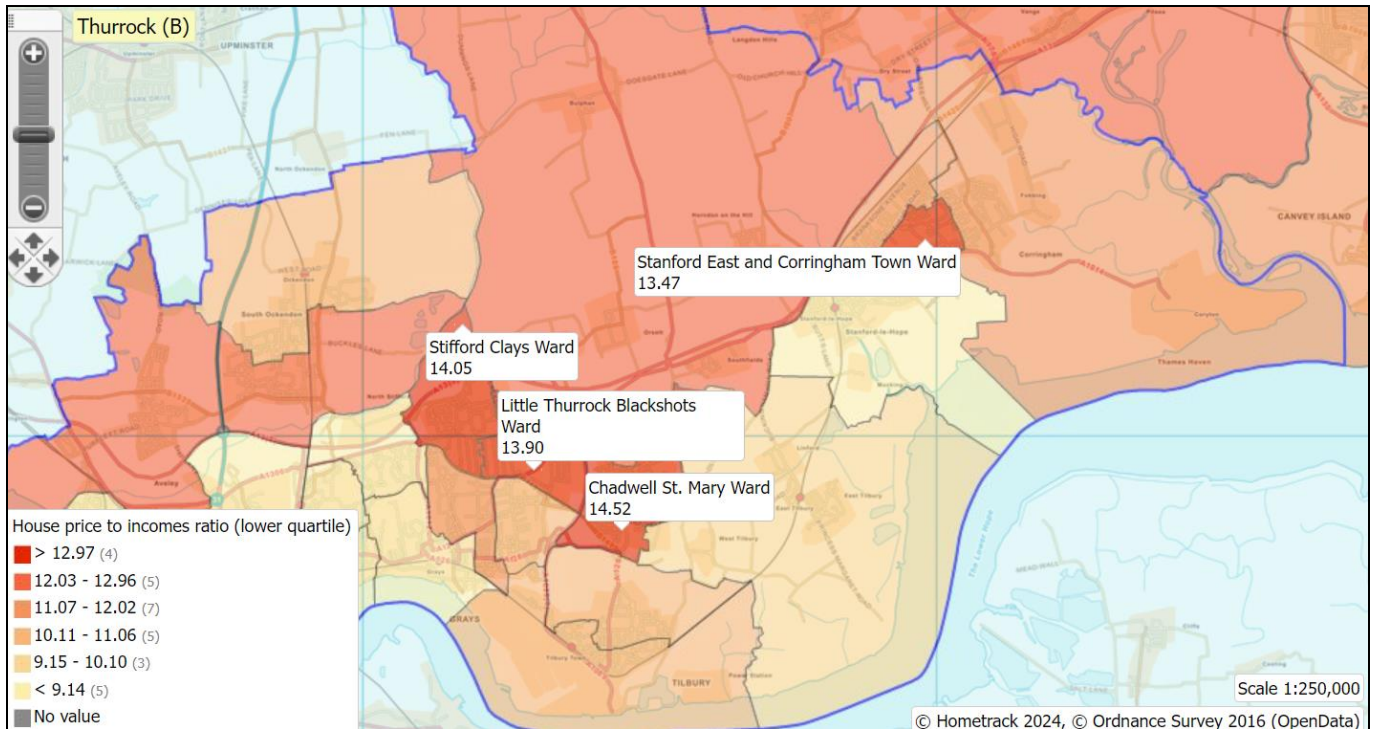
Looking at the wider affordability issues in **Thurrock** both by income band and spatially; the above chart shows the number of households in different household income bands compared to the minimum price for different property types in the same area (horizontal lines). The diagonal lines rising from 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, **53%** 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, **91%** for a semi-detached property and **100%** for a detached property.

Percent of households priced out of market – Thurrock

FTB households - Flats	53%
FTB households - Terraced houses	84%
FTB households - Semi-detached houses	91%
FTB households - Detached houses	100%
Owner occupier - Flats	46%
Owner occupier - Terraced houses	74%
Owner occupier - Semi-detached houses	81%
Owner occupier - Detached houses	94%

LQ house price to income ratio in Thurrock Wards

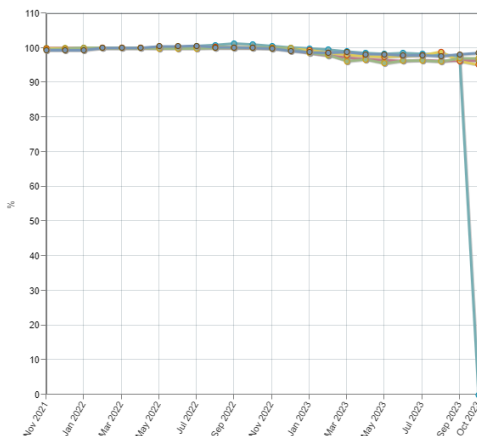


The heat map compares the Lower Quartile house price to income ratios across individual wards in Thurrock. The wards of Stifford Clays, Little Thurrock Blackshots, Chadwell St Mary and Stanford East and Corringham all had ratios of **13:1** or more.

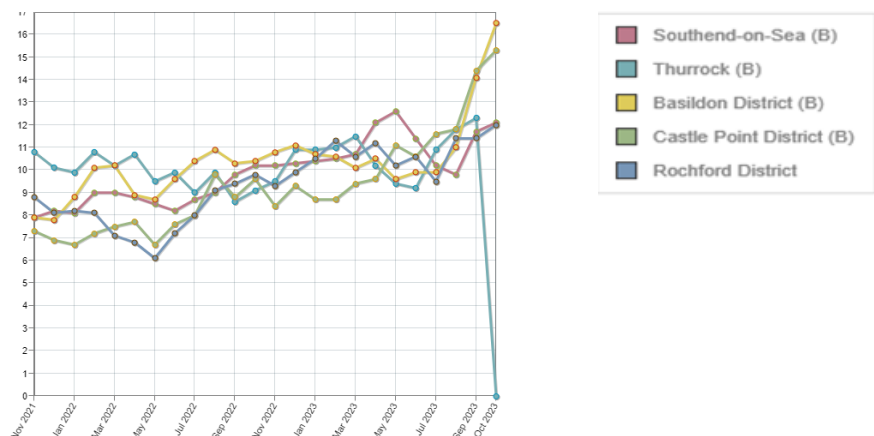
In comparison with the neighbouring region of London the ratio was **15.24:1** and for the East of England **10.11:1**. This shows how prices are still relatively high in London compared to the East of England. Whilst the East of England ratio remained the same, the London ratio was marginally down from the previous reporting period in October 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 (apart from Thurrock) has weakened since the beginning of the year.

The time to sell (weeks) has fluctuated much more, since May 2023 the time to sell has lengthening in all five South Essex local authority areas (apart from Thurrock).

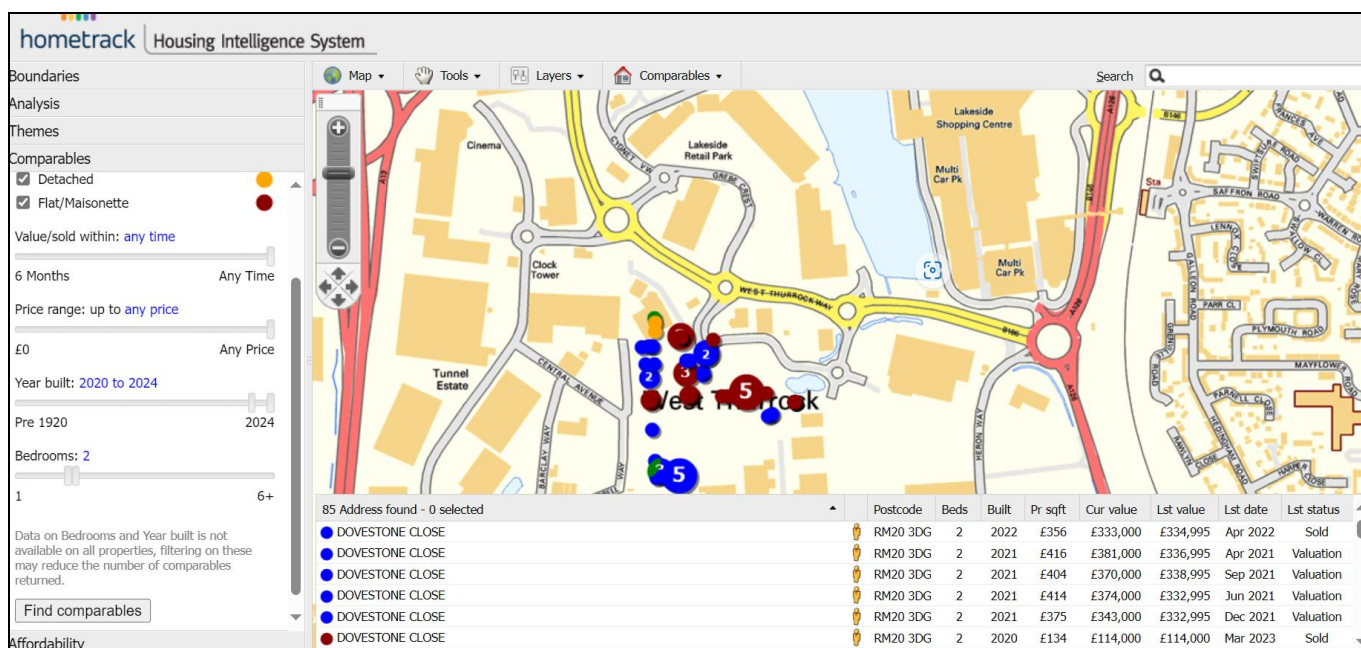
Comparables Module – West Thurrock v East Tilbury

In this example, house prices of recently built 2 bedroomed properties (from 2020) located at Lakeside, West Thurrock, were compared with older 2 bedroomed properties (1960-90) in East Tilbury.

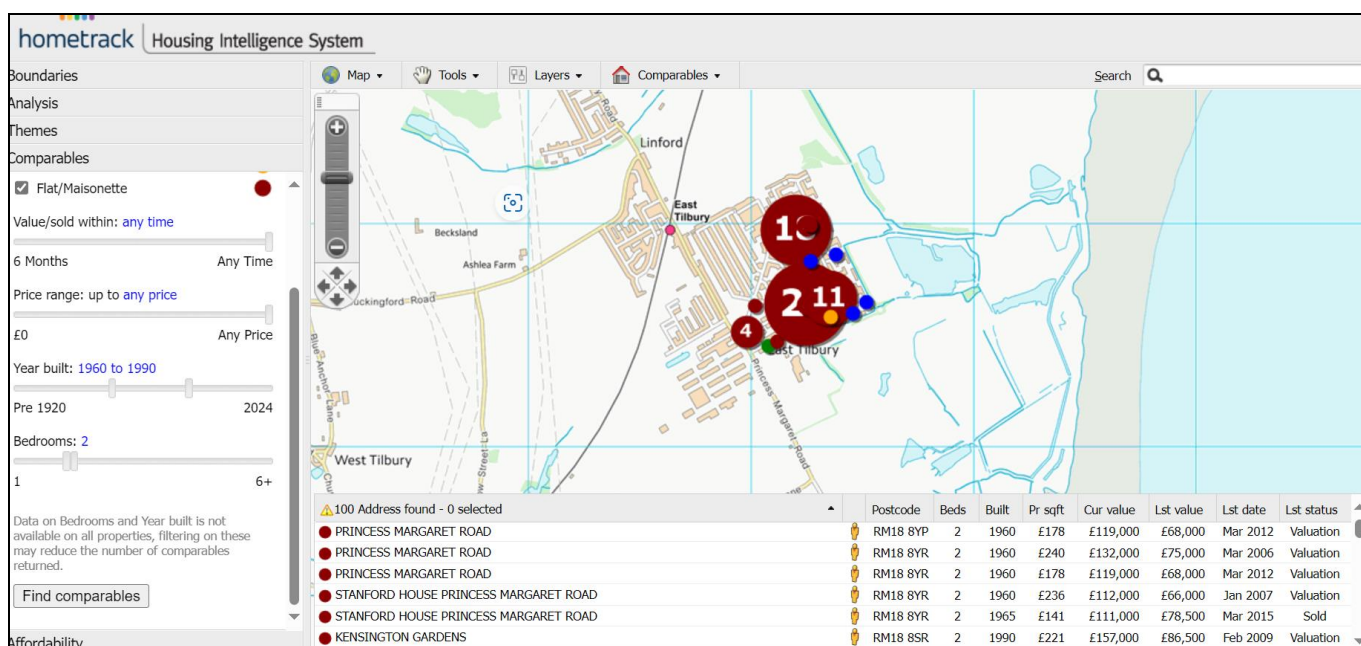
A detailed list of 85 sample properties built from 2020 in West Thurrock showing for example street name, post code, property type, current value, was then exported into excel for further analysis. The average sales price or valuation of the sample 2 bedroomed properties was calculated as **£338,478**.

This was then compared with the average price of 100 sample 2 bedroomed older properties built between 1960 and 1990 located in East Tilbury at **£178,270**, showing that newer properties in Lakeside had a **price premium of +90%**, compared to the older properties in East Tilbury.

Lakeside, West Thurrock



East Tilbury, Thurrock



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 2015	172,500	170,000	178,500	200,000	230,000
Nov 2015	178,000	186,500	185,000	220,000	240,000
May 2016	180,000	202,000	215,000	220,000	255,000
Nov 2016	187,500	220,000	225,000	235,000	267,600
May 2017	200,000	230,000	229,000	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	289,995
Nov 2018	220,000	235,000	240,000	255,000	290,000
May 2019	215,000	230,000	235,000	252,500	290,000
Nov 2019	206,000	230,000	238,227	250,000	290,000
May 2020	220,000	240,000	242,500	255,000	290,000
Nov 2020	235,000	245,000	252,000	270,000	310,000
May 2021	240,000	252,500	260,000	270,000	310,000
Nov 2021	235,000	250,000	265,000	285,000	320,000
May 2022	250,000	250,000	285,000	297,000	338,000
Nov 2022	233,000	283,000	300,000	318,000	350,000
May 2023	245,000	265,000	300,000	310,000	340,000
Nov 2023	250,000	256,000	300,000	315,000	340,000
Change Nov 22 Nov 23	17,000	-27,000	0	-3,000	-10,000
Change Nov 2015 Nov 2023	72,000	69,500	115,000	95,000	100,000

Source: Hometrack Housing Intelligence System



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