

Wigan Council Housing Strategy



Wigan Housing Market Update

Issue 6 April 2011



October 2010 – December 2010

- 1 Housing market overview**
- 2 House Prices**
 - 2.1 Overall**
 - 2.2 Wigan's Housing Market (inc Private Rents)**
 - 2.3 Housing market indices**
- 3 Affordability**
- 4 Cross Tenure Affordability**
- 5 Housing market pressures – court activity**
 - 5.1 Action against owner occupiers**
 - 5.2 Action of landlords against tenants**
- 6 Empty Properties**
- 7 Economic Indicators**
- 8 Feedback and contacts**

1) Housing Market Overview

The average price of a residential property in Wigan borough was £134,913 based on Hometrack's automated sales and valuation model during December. This was a quarterly price increase of just 0.1% and an annual increase of 1.3%. As predicted in the last Housing Market Update average house prices have generally stabilised in recent months, with the annual and quarterly rates of change slowing. Detached property types saw the largest annual growth in prices increasing by 3.8%, whilst terraced properties reduced by 5.5%. In the overall market it was the lower quartile valued properties that have seen the least growth over the year (0.6%) and negative growth over the quarter (-1.3%) and half year (-3.3%). In previous editions of the Housing Market Update, it has been noted that lower quartile valued properties, as well as property types that you would expect as being entry level to new households forming such as flats and terraced housing, have been experience lower levels of growth compared to the overall and higher value sectors of the housing market in Wigan.

Land Registry data which uses sales only, shows a significant fall in house prices over the year falling by 8.6% from £129,229 in December 2009 to £118,088 in December 2010. Particularly hardest hit are the lower quartile property types which fell by 12.3% from £88,333 to £77,500. This in part mirrors what has happened within the Hometrack data set. Caution is needed with the Land Registry data due to the time lag between a sale taking place and it actually being registered in terms of the data set.

Overall activity in the housing market again remains at low levels. Property counts in both the Hometrack and Land Registry data sets have continued on

a downward trajectory. In December there were just 319 sales, compared to 838 in December 2009. Whilst the Land Registry data is time lagged in terms of the sale being recorded for the correct month, it is difficult to see that when the count for December is refreshed in future it will reach the levels of December 2009. The low levels activity in this month may be attributable to the severe weather during the month alongside an expected slowdown at this time of the year.

National economic conditions as well as other factors that underpin the functioning of the housing market remain a cause for concern.

Inflation remains high, despite a reduction in the Consumer Price Index (CPI) to 4% and the Retail Price Index to 5.3% in March from 4.4% and 5.5% respectively in February. The Bank of England had given a warning the previous month that there is a significant risk that the CPI will push past 5%. There have been difficulties in the overall economy with the Gross Domestic Product declining by 0.6% in the fourth quarter in 2010. This was the first period of negative growth since quarter 3 in 2009. It followed reduced growth in the previous quarter and the risk of a double dip recession remains. The Chancellor in his budget announced revised growth forecasts for the UK economy from the Office of Budgetary Responsibility for 2011. The UK economy had been predicted to grow at 2.1%, but this had been revised to 1.7%

Strict mortgage lending is also continuing, and whilst mortgage products for 90% of the property value are available, these are at higher lending rates than those with a lower loan to value. The better rates are often found when loan to values are below 80%. As already detailed inflation has continued to increase and remain high in recent months and is predicted to increase further. Whilst inflation has fallen in March, CPI remains above the government target of 2% and should the rate not reduce further the Bank of England will remain under close scrutiny in regards to its interest rate decisions.

House prices in Wigan appear to have stabilised, however the Land Registry data for December shows some issues that may only become clearer in future updates. There are predictions of property price falls nationally over the coming year which may have an impact on the performance on the local housing market. The recent poor performance of the economy, the public sector cuts yet to take an effect, the high level of inflation, the potential rise in interest rates and with the current difficulties in the mortgage markets likely to continue, the performance of the housing market in the next year or so will be eagerly anticipated widely.

2) House Prices

2.1 Overall

The average house price in the borough at December 2010 using Hometrack's sales and valuations was £134,913. Prices had increased by 1.3% annually (£133,163 December 2009) and by just 0.1% from the last quarter (figures 2.1a, 2.1b, 2.1c). House prices based on data using sales only from the Land Registry showed that the average price of a house in the borough was £118,088. This equated to an annual fall in prices by 8.6% compared to December 2009 (£129,229) and were down by 5.9% over the quarter (£125,537 at September 2010) (figures 2.4a, 2.4b and 2.4c). Sales activity in both the Hometrack and Land Registry data sets still remain at low levels based on long term trends (figures 2.1b and 2.4b).

The disparity between Hometrack's sales and valuations data and the land Registry data, may be partly down due to the severe weather conditions experienced in December. As noted in previous editions of the update, there is also the time lag between an actual sales and when the sale is registered which can effect the overall outturn.

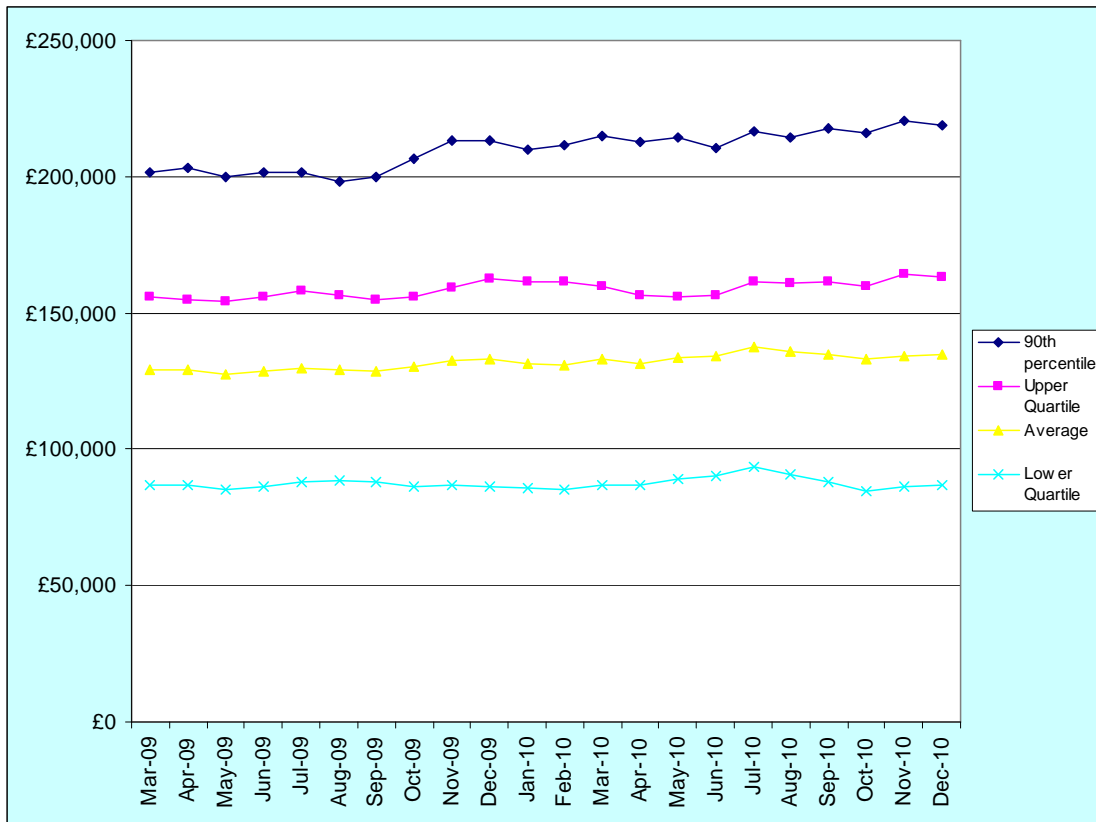
Figures 2.1c and 2.2 show the house prices through different valuation groupings using Hometrack data. The properties in the 90th percentile (top 10%) have shown the largest annual increase in price, increasing by 2.5% from £213,333 in December 2009 to £218,666 in December 2010. Lower quartile prices have increased by just 0.6% annually from £86,483 to £87,000. In terms of the quarterly changes across all the value categories house price growth has slowed down. This reflects the trends in some of the major house price indices in figure 2.13, one of slowing house price growth during the latter part of the year following the recovery of prices during 2009 and into the first half of 2010.

Figure 2.3c shows house price changes by property type using sales and valuations from Hometrack. Terraced properties, the property type you would normally expect the first time buyer to enter the market, have seen property prices fall by 5.5% over the year from £92,003 in December 2009 to £86,956 in December 2010. There has also been a significant fall in terraced prices over the half year by 8.5% and in the quarter by 5.9%. Flats again show the largest annual price fall of all property types declining by 9.2% from £92,407 to £83,920. However they had increased by 3.9% in the quarter, the largest increase of all the property types. Caution is needed in relation to flats data due to the low numbers in the sales data for Wigan.

Figure 2.5a compares Wigan's average house prices to neighbouring authorities. Wigan has the lowest average price in this comparison at December 2010 (£134,913). Bolton has the next lowest prices averaging at £138,664 during December, then followed by St Helens (£142,297) and then Salford (£146,744). The highest prices are in Warrington (£207,478), Chorley (£186,661) and then West Lancashire (£180,063). In comparison with

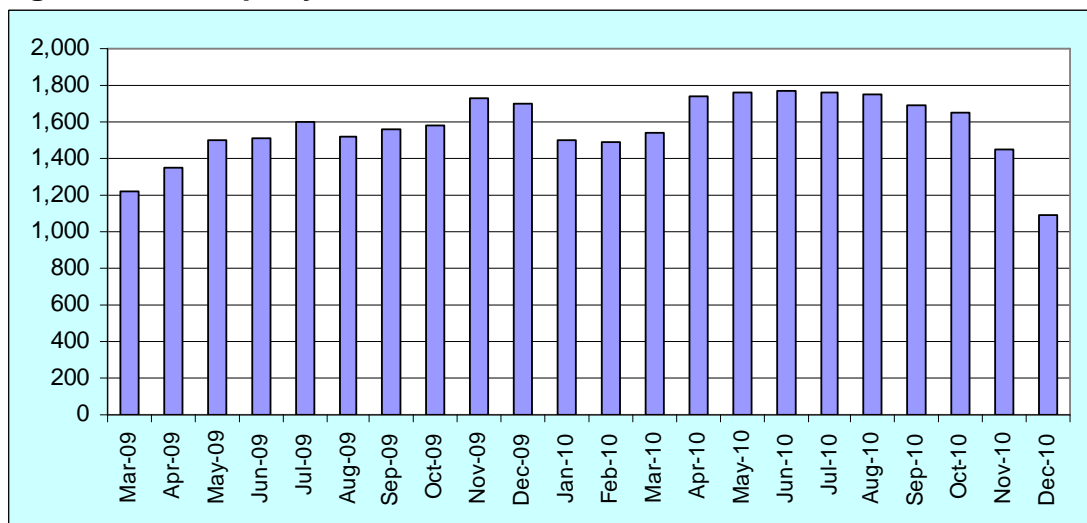
neighbouring authorities Wigan has experienced some stability in how the housing market has performed. West Lancashire has seen its property prices reduce most over the year falling by 4.2% and also in the quarterly period by 6.5%. Warrington (9.0%), St Helens (8.7%) and Salford (8.2%) have seen the largest annual price increase.

Figure 2.1a Wigan House Prices – all properties based on sales and valuations



Please note data is based on 3 months sales and valuations data
Source: Hometrack

Figure 2.1b Property count of sales and valuations

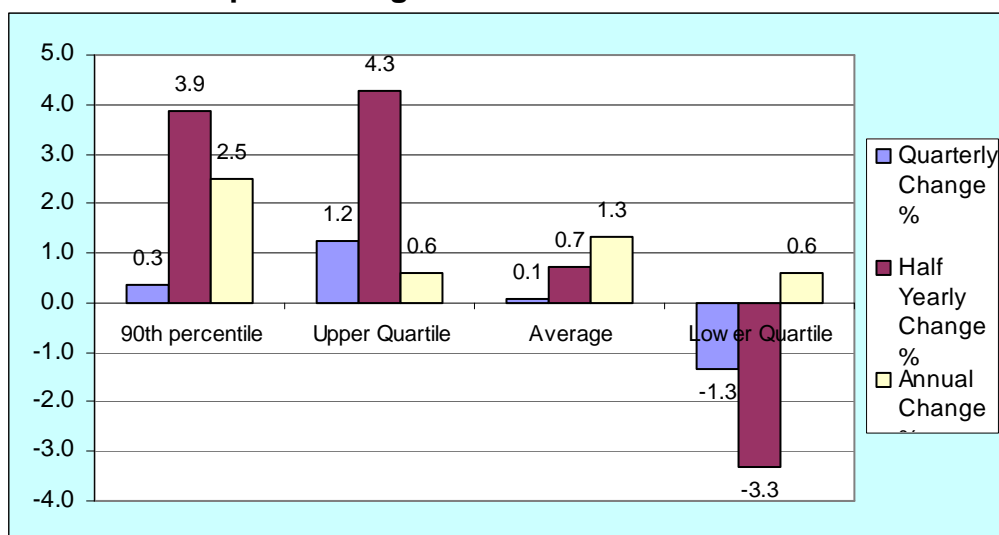


Please note data is based on 3 months sales and valuations data
Source: Hometrack

Figure 2.1c House Price Tables- sales and valuations

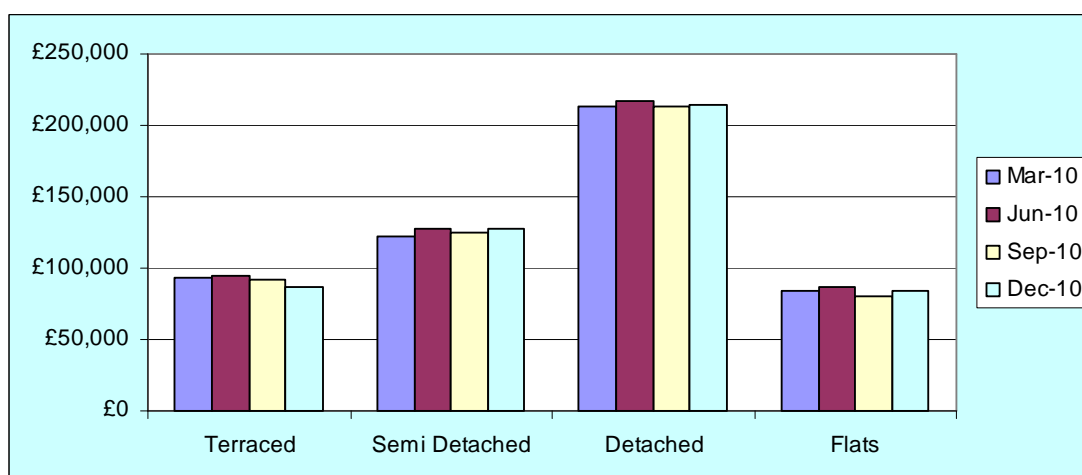
	90th percentile	Upper Quartile	Average	Lower Quartile	Property Count
Dec-09	£213,333	£162,333	£133,163	£86,483	1,705
Mar-10	£215,000	£160,000	£132,942	£86,665	1,540
Jun-10	£210,500	£156,666	£133,936	£90,000	1,770
Sep-10	£217,916	£161,333	£134,822	£88,166	1,691
Dec-10	£218,666	£163,331	£134,913	£87,000	1,093
Quarterly Change %	0.3	1.2	0.1	-1.3	-35.4
Half Yearly Change %	3.9	4.3	0.7	-3.3	-38.2
Annual Change %	2.5	0.6	1.3	0.6	-35.9

Figure 2.2 House price changes



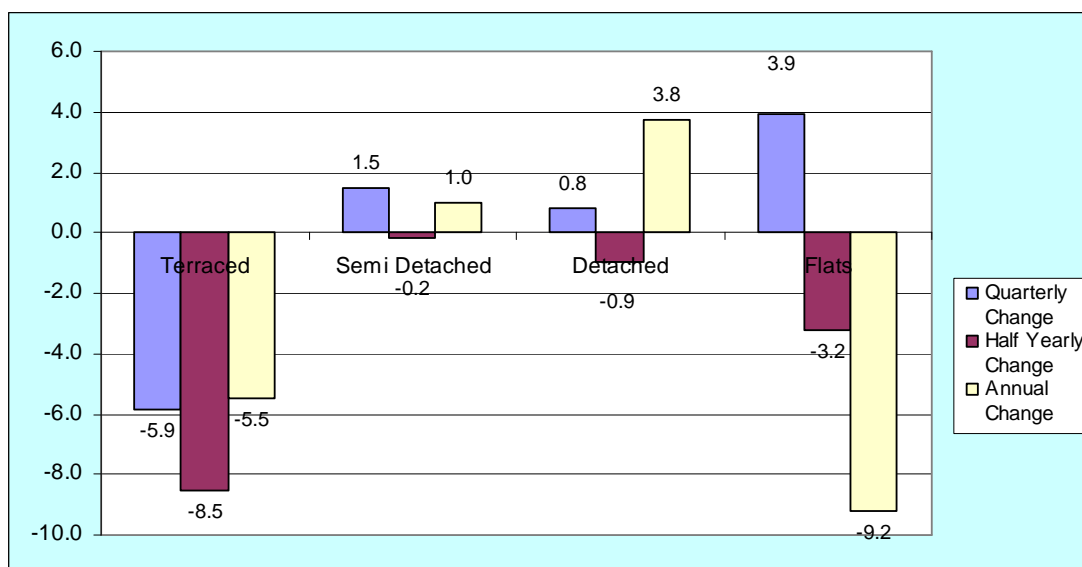
Please note values are based on 3 months sales and valuations.
Source Hometrack

Figure 2.3a Average House Prices by type – based on sales and valuations



Please note values are based on 3 months sales and valuations.
Source Hometrack

Figure 2.3b Wigan average house price changes by property type



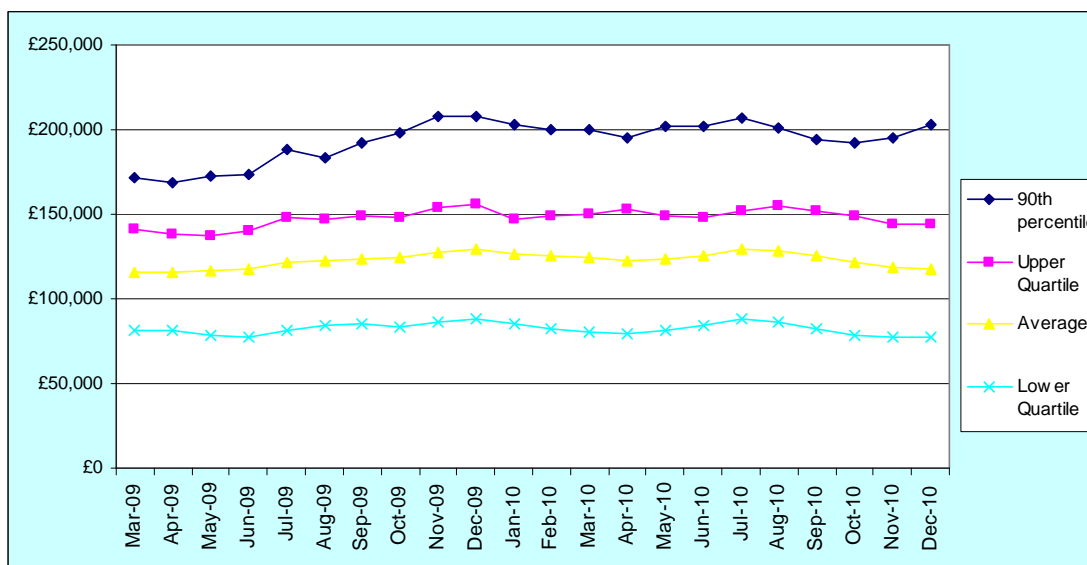
Please note values are based on 3 months sales and valuations.
Source Hometrack

Figure 2.3c Average house price changes by property type

	Terraced	Semi Detached	Detached	Flats
Dec-09	£92,003	£125,853	£207,132	£92,407
Mar-10	£93,077	£122,590	£213,401	£83,711
Jun-10	£95,050	£127,330	£216,981	£86,724
Sep-10	£92,383	£125,255	£213,224	£80,774
Dec-10	£86,956	£127,137	£214,922	£83,920
Quarterly Change	-5.9	1.5	0.8	3.9
Half Yearly Change	-8.5	-0.2	-0.9	-3.2
Annual Change	-5.5	1.0	3.8	-9.2

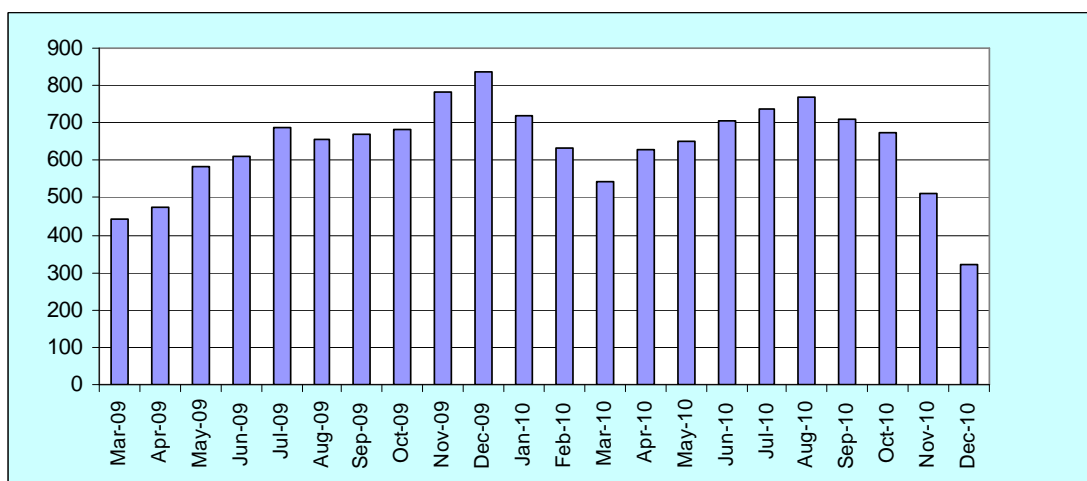
Please note values are based on 3 months sales and valuations.
Source Hometrack

Figure 2.4a Wigan House Prices – based on sales only



Source: Land Registry from Hometrack

Figure 2.4b Property count of sales only



Source: Land Registry from Hometrack

Please note – caution is needed when looking at the most recent sales count data for the Land Registry. There can be a time delay between when a sales is made and when it enters the data set. The property counts for the most recent periods will change as sales are registered.

Figure 2.4c House Price Tables- sales only

	90th percentile	Upper Quartile	Average	Lower Quartile	Property Count
Dec-09	£208,331	£155,833	£129,229	£88,333	838
Mar-10	£200,166	£149,833	£124,599	£80,666	543
Jun-10	£202,333	£147,650	£125,684	£84,316	705
Sep-10	£194,000	£152,000	£125,537	£82,166	711
Dec-10	£203,250	£144,000	£118,088	£77,500	319
Quarterly Change %	4.8	-5.3	-5.9	-5.7	-55.1
Half Yearly Change %	0.5	-2.5	-6.0	-8.1	-54.8
Annual Change %	-2.4	-7.6	-8.6	-12.3	-61.9

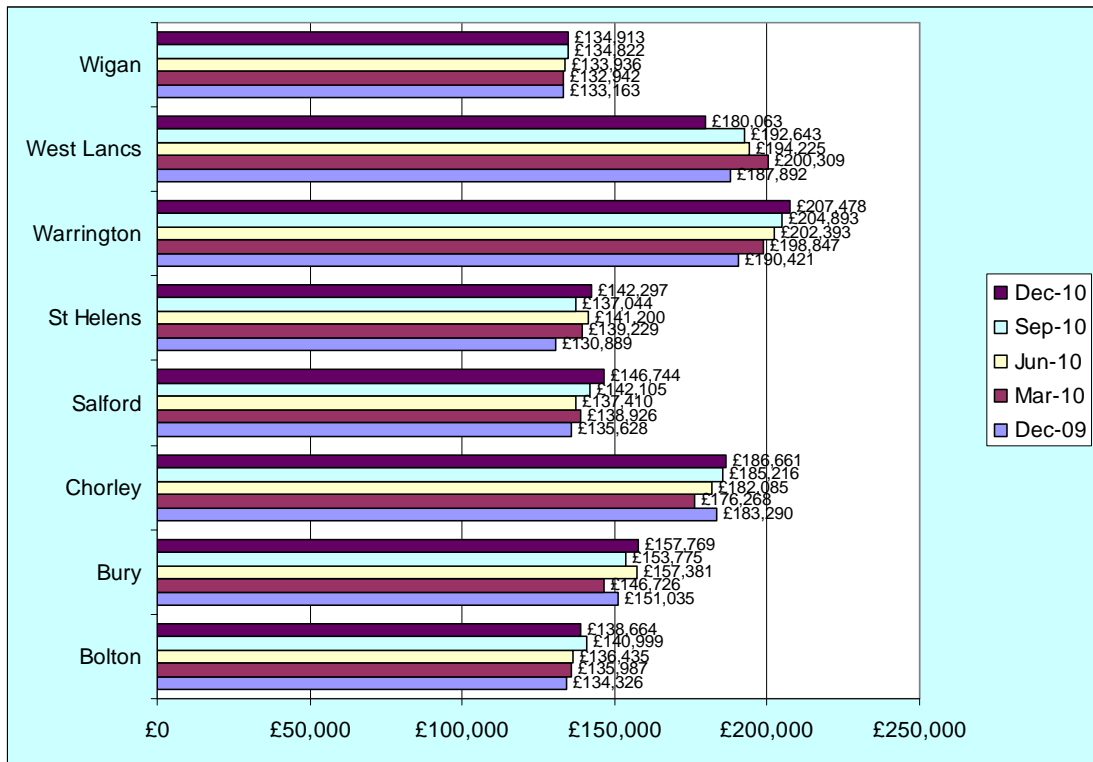
Source: Land Registry from Hometrack

2.4d Average house prices by property type based on sales only

	Terraced	Semi Detached	Detached	Flats
Dec-09	£92,949	£120,941	£200,340	£95,283
Mar-10	£94,402	£114,618	£205,614	£85,046
Jun-10	£88,684	£121,433	£210,198	£56,561
Sep-10	£88,773	£120,619	£208,711	£82,316
Dec-10	£84,054	£116,853	£201,214	£74,286
Quarterly Change	-5.3	-3.1	-3.6	-9.8
Half Yearly Change	-5.2	-3.8	-4.3	31.3
Annual Change	-9.6	-3.4	0.4	-22.0

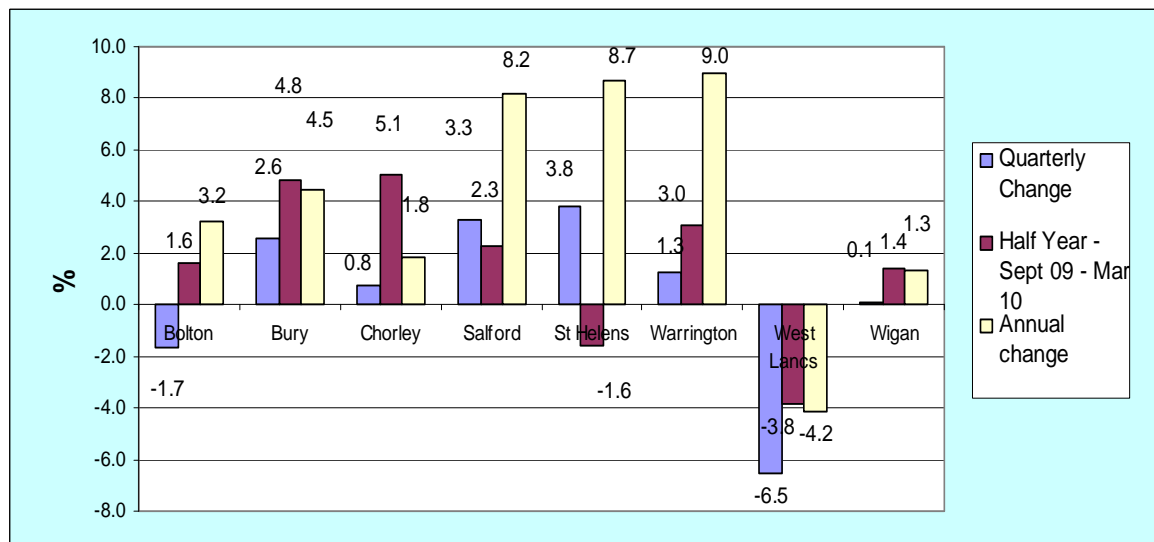
Source: Land Registry from Hometrack

Figure 2.5a Average Prices compared to neighbouring authorities



Please note values are based on 3 months sales and valuations.
Source Hometrack

Figure 2.5b Changes in house prices compared with neighbouring authorities



2.2 Wigan's Housing Market

Figure 2.6 and 2.7 show maps detailing house prices and annual house price changes across Wigan wards at December 2010. Figure 2.8 provides a table of the data within the maps. Please note that the house price data is derived from 6 months sales and valuations data from Hometrack. In the previous section when looking at data for the whole borough this is derived from 3 months sales and valuations, and so there is a variation on the average sales figure quoted in section 2.1.

Standish remains again as having the highest value properties in the borough with the average price in December 2010 being £191,935. This was an increase of 8.7% on December 2009. Winstanley has the second highest house values at £163,405, an increase of 4.5% on December 2009. Other areas which can be deemed as high value include Aspull, New Springs and Whelley (£162,257), Shevington (£161,960), Orrell (£160,586), Lowton East (£159,919) and Wigan Central (£156,324)

The Ince ward had the lowest property values at December 2010 averaging at £76,246, which was a fall of 7.7% based on the previous year. Leigh West property prices were the next lowest averaging at £78,927 and had declined by 3.2% over the year.

The Golborne Lowton West ward experienced the largest annual price increase across the borough with prices rising by 27.6% from £116,162 to £148,168 between December 2009 and 2010. Figures need to be treated with caution, as the overall property count to derive the average had fallen by over 21%. The Orrell ward, whilst being an established high value area saw its average house price decrease by 14.2% from £187,131 to £160,586. The next largest falls were in Abram (-9.5%) and Ince (-7.7%)

Figure 2.9 gives private rent levels across the borough during December 2010 and January 2011 from Nestoria. The private rents in the main correlate with the pattern of values with house prices, in terms of lower rents in the inner core of the borough and higher rents in the outskirts. This trend being particularly more prominent the larger the property. Figure 2.10 uses Hometrack data for private rent across the borough using several variations in terms of bed spaces and rental levels. It shows rent levels at the 30th percentile rate, which is the new level which Local Housing Allowance (LHA) will be set at from April 2011. Previously, LHA rates had been set at the median level. Please note that the tables are using rental levels at a ward level to calculate the 30th percentile level. The calculation of LHA is actually calculated using the larger Broad Rental Market Area. The table includes the median and upper quartile rent levels across the borough. The table also shows the rent levels at 80% of the median rent. This is shown as a guide as to the likely rent levels that could possibly be achieved through the new Affordable Rent Model the government is introducing, which will be the principle vehicle for delivering new affordable housing in terms of rent. The data using the 80% median rent level is worth comparing to figure 4.1 in the affordability section of the update for housing providers as it gives a likely

indication of the difference between the current social rents and the new affordable rent levels.

Figure 2.6 House Prices by ward (based on sales and valuations)

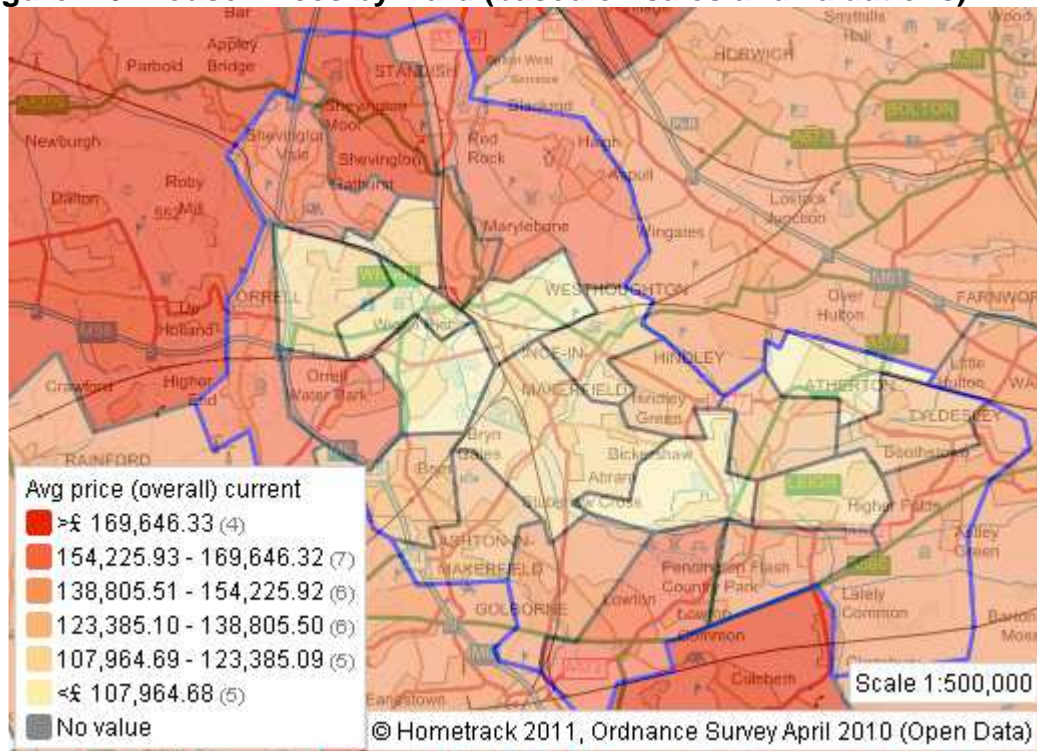


Figure 2.7 House Price Changes by ward (based on sales and valuations)

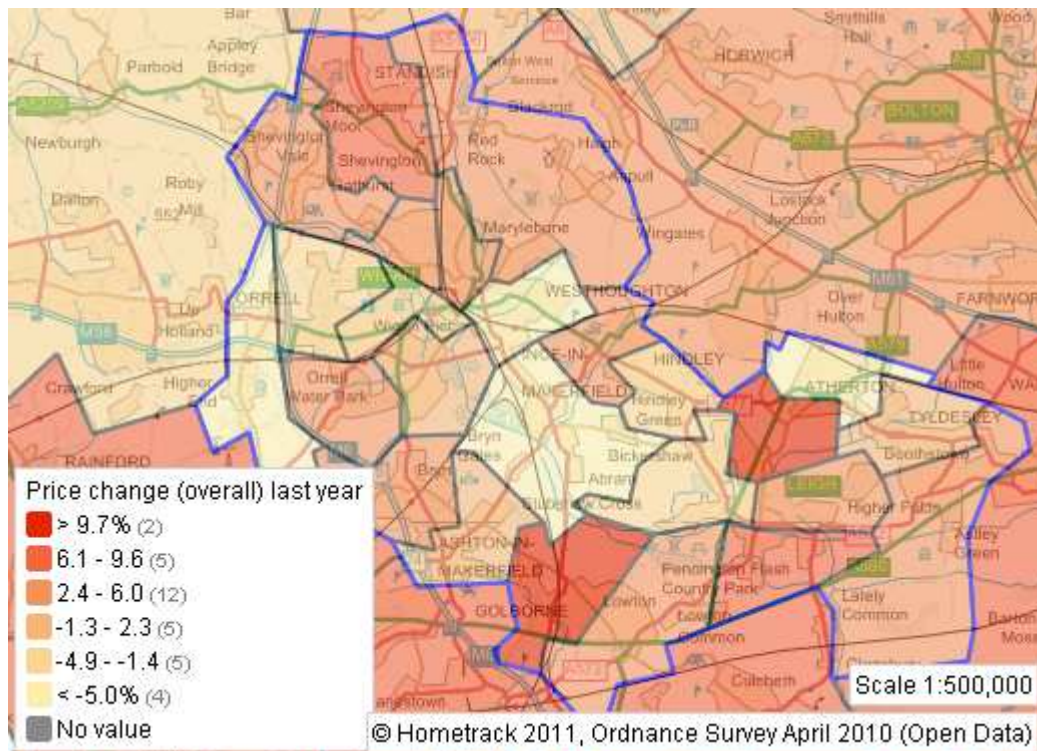


Figure 2.8 House Prices by Township / Ward based on sales and valuations –Data tables

Township	Ward	Dec-09		Dec-10		% Price Change	% Property Change
		Average	Properties	Average	Properties		
Atherton	Atherton	£114,953	126	£107,881	101	-6.2	-19.8
	Atherleigh 023	£119,989	98	£143,640	82	19.7	-16.3
Leigh	Leigh West	£81,515	105	£78,927	84	-3.2	-20.0
	Leigh East	£119,510	157	£123,232	129	3.1	-17.8
	Leigh South	£130,789	130	£141,363	103	8.1	-20.8
	Atherleigh 027	£96,079	62	£91,096	39	-5.2	-37.1
Astley and Tyldsley	Astley	£139,508	195	£146,433	186	5.0	-4.6
	Tyldesley	£122,920	169	£125,531	138	2.1	-18.3
Golborne and Lowton	Golborne and Lowton West	£116,162	132	£148,168	104	27.6	-21.2
	Lowton East	£154,798	144	£159,919	11	3.3	-92.4
Hindley, Abram, Platt Bridge & Bickershaw	Hindley	£112,834	118	£116,082	120	2.9	1.7
	Hindley Green	£134,658	109	£129,887	82	-3.5	-24.8
	Abram	£120,741	158	£109,280	116	-9.5	-26.6
Wigan North	Wigan Central	£152,570	135	£156,324	118	2.5	-12.6
	Wigan West	£105,243	130	£109,863	93	4.4	-28.5
	Ince	£82,570	66	£76,246	54	-7.7	-18.2
Wigan South	Douglas	£94,322	113	£91,048	86	-3.5	-23.9
	Pemberton	£126,475	88	£120,853	79	-4.4	-10.2
	Worsley Mesnes	£102,414	101	£104,370	69	1.9	-31.7
Orrell & Winstanley	Orrell	£187,131	135	£160,586	124	-14.2	-8.1
	Winstanley	£156,372	132	£163,405	126	4.5	-4.5
Shevington, Standish & Aspull	Aspull, New Springs & Whelley	£155,448	171	£162,257	116	4.4	-32.2
	Standish	£176,578	125	£191,935	132	8.7	5.6
	Shevington	£157,558	129	£161,960	76	2.8	-41.1
Ashton & Bryn	Ashton	£138,695	92	£138,496	138	-0.1	50.0
	Bryn	£125,758	149	£130,292	179	3.6	20.1
Wigan		£133,163	1,705	£134,913	1,093	1.3	-35.9

Source: Hometrack

Please note values and property counts are based on 6 months sales and valuations

Figure 2.9 Private Rent Levels in Wigan Borough (Nestoria)

	Type	Dec-10	Jan-11	%	Area	Type	Dec-10	Jan-11	%
Atherton	1B	£389	£366	-5.9	Orrell	1B	£369	£361	-2.2
	2B	£428	£433	1.2		2B	£535	£540	-0.9
	3B	£576	£596	3.5		3B	£509	£529	3.9
	4B	£602	£720	19.6		4B	£736	£765	3.9
Leigh	1B	£370	£368	-0.5	Winstanley	1B	£380	£388	2.1
	2B	£417	£418	0.2		2B	£463	£470	1.5
	3B	£502	£515	2.6		3B	£542	£528	-2.6
	4B	£732	£745	1.8		4B	£719	£715	-0.6
Tyldesley	1B	£323	£328	1.5	Whelley	1B	£347	£357	2.9
	2B	£474	£470	-0.8		2B	£459	£464	1.1
	3B	£584	£600	2.7		3B	£508	£518	2
	4B	£734	£858	16.9		4B	-	£645	-
Golborne	1B	£375	£373	-0.5	Pemberton	1B	£368	£354	-3.8
	2B	£442	£442	0		2B	£455	£464	2
	3B	£582	£619	6.4		3B	£506	£521	3
	4B	£739	£695	-6		4B	£723	£675	-6.6
Lowton	1B	£357	£365	2.2	Worsley Mesnes	1B	£353	£362	2.5
	2B	£425	£431	1.4		2B	£456	£459	0.7
	3B	£624	£632	1.3		3B	£497	£515	3.6
	4B	£745	£782	5		4B	£675	£632	-6.4
Hindley	1B	£379	£362	-4.5	Aspull	1B	£392	£314	-19.9
	2B	£432	£431	-0.2		2B	£502	£497	-1
	3B	£523	£513	-1.9		3B	£512	£526	2.7
	4B	£664	£676	1.8		4B	£1,097	£1,055	-3.8
Platt Bridge	1B	£395	£378	-4.3	Standish	1B	£355	£343	-3.4
	2B	£428	£434	1.4		2B	£515	£476	-7.6
	3B	£498	£509	2.2		3B	£519	£534	2.9
	4B	£730	£721	-1.2		4B	£917	£856	-6.7
Swinley	1B	£355	£348	-2	Shevington	1B	£338	£343	1.5
	2B	£493	£467	-5.3		2B	£516	£519	0.6
	3B	£505	£520	3		3B	£561	£584	4.1
	4B	£791	£747	-5.6		4B	£881	£872	-1
Ince	1B	£384	£392	2.1	Ashton	1B	£417	£414	-0.7
	2B	£436	£434	-0.3		2B	£475	£468	-1.5
	3B	£506	£500	-1.2		3B	£556	£544	-2.2
	4B	£685	£654	-4.5		4B	£728	£730	0.3
					Bryn	1B	£402	£390	-3
				2B		£486	£485	-0.2	
				3B		£538	£513	-4.6	
				4B		£750	£743	-0.9	

Source Nestoria

Figure 2.10 Private Rent Levels Hometrack by ward at December 2010

Area	Type	Private 30th Percentile	Private 80% Median	Private median	Private UQ	Area	Type	Private 30th Percentile	Private 80% Median	Private median	Private UQ
Abram	1B	£91	£73	£91	£91	Leigh East	1B	£69	£64	£80	£86
	2B	£92	£78	£98	£99		2B	£90	£74	£92	£103
	3B	£103	£91	£114	£126		3B	£103	£87	£109	£126
Ashton	1B	£86	£73	£91	£91	Leigh South	1B	-	-	-	-
	2B	£103	£87	£109	£111		2B	£92	£78	£98	£109
	3B	£121	£101	£126	£137		3B	£109	£101	£126	£132
Astley	1B	-	-	-	-	Leigh West	1B	£75	£64	£80	£81
	2B	£114	£91	£114	£121		2B	£88	£74	£92	£98
	3B	£129	£110	£138	£150		3B	£98	£87	£109	£121
Aspull	1B	-	-	-	-	Lowton East	1B	£70	£60	£75	£80
	2B	£108	£91	£114	£121		2B	£103	£82	£103	£114
	3B	£129	£110	£138	£150		3B	£126	£106	£132	£155
Atherleigh	1B	-	-	-	-	Orrell	1B	-	-	-	-
	2B	£98	£82	£103	£109		2B	£109	£92	£115	£126
	3B	£114	£101	£126	£137		3B	£120	£101	£126	£137
Atherton	1B	£69	£64	£80	£85	Pemberton	1B	-	-	-	-
	2B	£98	£82	£103	£109		2B	£98	£82	£103	£109
	3B	£114	£101	£126	£137		3B	£103	£87	£109	£115
Bryn	1B	-	-	-	-	Shevington	1B	-	-	-	-
	2B	£106	£87	£109	£115		2B	£103	£91	£114	£121
	3B	£109	£96	£120	£126		3B	£114	£101	£126	£138
Douglas	1B	£75	£69	£86	£90	Standish	1B	-	-	-	-
	2B	£92	£78	£98	£103		2B	£114	£97	£121	£132
	3B	£103	£87	£109	£114		3B	£103	£100	£125	£160

Golborne and Lowton West	1B	£69	£60	£75	£80	Tyldesley	1B	£75	£64	£80	£86
	2B	£92	£79	£99	£109		2B	£92	£78	£98	£103
	3B	£108	£91	£114	£132		3B	£103	£92	£115	£126
Hindley	1B	-	-	-	-	Wigan Central	1B	£78	£66	£83	£91
	2B	£98	£79	£99	£103		2B	£103	£57	£109	£126
	3B	£109	£91	£114	£132		3B	£114	£101	£126	£136
Hindley Green	1B	-	-	-	-	Wigan West	1B	£75	£64	£80	£85
	2B	£92	£80	£100	£103		2B	£98	£82	£103	£108
	3B	£114	£101	£126	£137		3B	£103	£87	£109	£121
Ince	1B	-	-	-	-	Winstanley	1B	£75	£64	£80	£85
	2B	£91	£76	£95	£98		2B	£98	£82	£103	£108
	3B	£103	£91	£114	£121		3B	£103	£87	£109	£121
Wigan Borough	1B	£75	£64	£80	£91	Worsley Mesnes	1B	-	-	-	-
	2B	£97	£82	£103	£109		2B	£98	£78	£98	£114
	3B	£109	£96	£120	£132		3B	£114	£98	£123	£132

2.3 Housing Market Indicators

Figure 2.13 House price indexes at December 2010

	Average Price	Quarterly Change	Annual Change
Halifax			
United Kingdom	£164,310	-0.9%	-1.6%
North West	£128,875	+5.5%	+0.7%
Nationwide			
United Kingdom	£182,262	-1.4%	+1.5%
North West	£137,969	-0.6%	-1.3%
Greater Manchester	£160,451	-3.3%	+2%
CLG House Price Index			
United Kingdom	£208,148	-1.7%	3.9%
North West	£152,231	-0.7%	0%
Hometrack			
Wigan	£134,193	+0.1%	+1.3%

3) Affordability

The growth in house prices slowed in this quarter, however the overall price increases experienced over the last 18 months still mean that affordability remains a significant issue. There have been signs in the wider market of vendors reducing prices, however with the continuing low levels of sales activity it is difficult to ascertain what impact this has on overall affordability in terms of who is accessing the market.

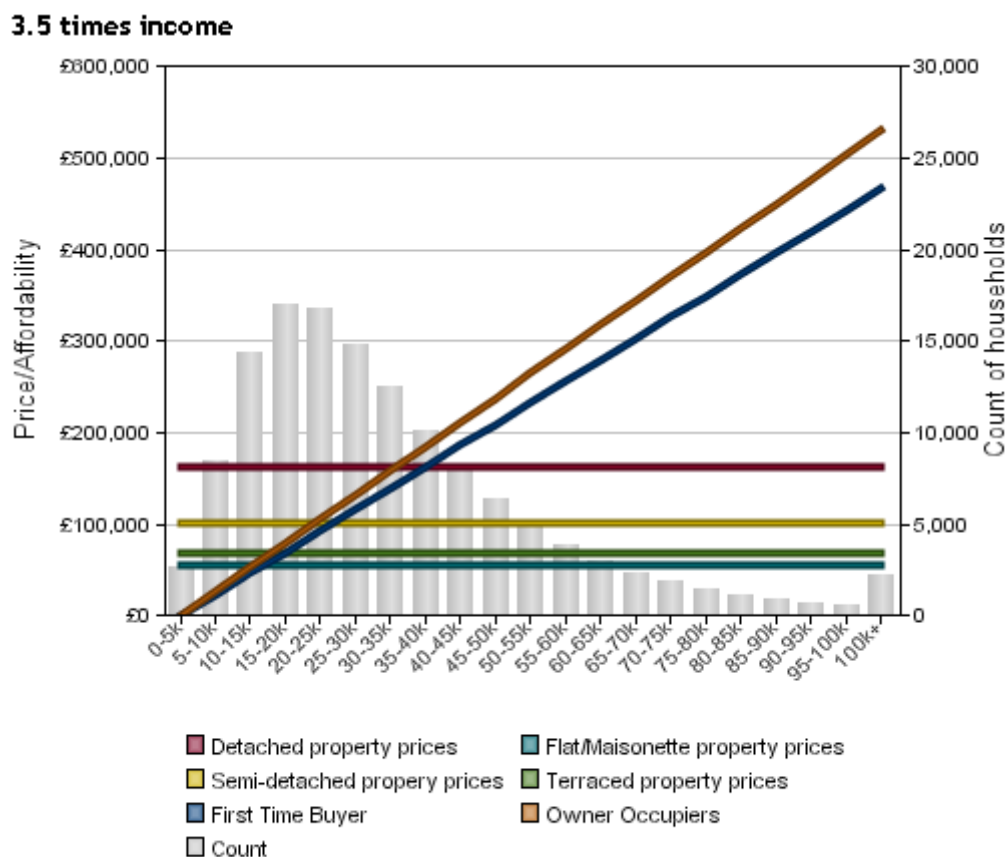
Figure 3.1 uses Hometrack's automated valuation model against the CACI income distribution for the borough and the property value that can be afforded by either a first time buyer or existing owner occupiers based on current mortgage lending. As the diagonal line rises it shows the value of the property that can be afforded in relation to the CACI income distribution. The horizontal lines show the lower quartile values of the different property types. As with previous Housing Market Updates households with incomes of less than £15,000 per year are priced out of the market, with households earning between £15,000 to £20,000 facing difficulties.

Figure 3.2 shows affordability based around a number of scenarios in the housing market based on property prices and income levels. The ratios within the table show that affordability has improved since the last housing market update, but are still at high levels. At lower quartile price and income levels the ratios for the CACI household income the ratio is 5.7, whilst the ASHE is at 7.6. Ideally the affordability ratio would be between 3 and 4.

Figure 3.4 shows a map of affordability across the borough using lower quartile house prices against lower quartile household incomes (CACI). As usual and expected it shows the least affordable are on the outlying areas of the borough near to the regional road networks. The inner areas showing that they are the most affordable due to the lower prices.

The availability of mortgage finance plays a vital role in how the housing market operates. A common theme from previous Housing Markets Updates has been the restricted levels of mortgage lending since the credit crunch. The mortgage markets continue to remain subdued. At the end period for the price date within this bulletin, the Council of Mortgage Lenders (CML) reported that overall gross mortgage lending was estimated at £11 billion in December 2010, reducing from £11.7 billion in November. Mortgage lending was down by 18% compared to the December the previous year (£13.3 billion). The December outturn was also the fourth consecutive month where the outturn had been the weakest since 2000. Overall gross mortgage lending during 2010 was £136.3 billion, which was down by 5% from 2009 (£143.3 billion) and was the lowest total annually since 2000 (£119.8 billion). The CML reported a 26% fall in house purchasing lending in January from December 2010. There is normal a drop off in lending in this period, however a fall of this extent was greater than seasonal factors alone. The CML said factors that could explain this included the government spending cuts beginning to bite, rise inflation and household budgets being put under pressure may have discouraged potential homebuyers.

Figure 3.1 – Housing Affordability based on mortgage lending 3.5 times income.



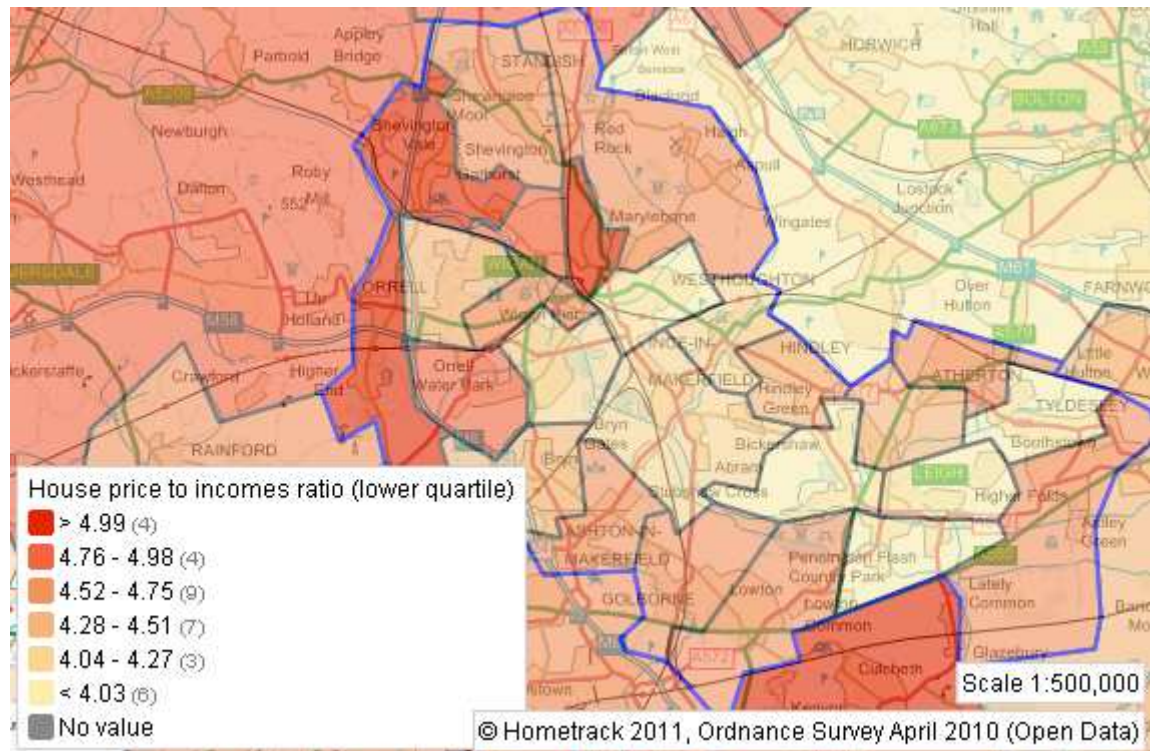
Note: This chart shows the number of households in different household income bands in the area (bars) compared to the lower quartile price for different property types in the same area (horizontal lines). The diagonal lines rising left to right show the value of property that can be afforded at different income multiples by a first time buyer and former owner occupier. The affordability calculations are based on a multiple of the average household income adjusted by the average loan to value for the different types of buyer.

Figure 3.2 Affordability Tables

House Prices (Hometrack)	90th percentile £218,666	Upper quartile £163,331	Average £134,913	Lower Quartile £87,000
Median Average Earnings (ASHE 2010)	£19,433	£19,433	£19,433	£19,433
Ratio	11.3	8.4	6.9	4.5
Mean Average Earnings (ASHE 2010)	£22,464	£22,464	£22,464	£22,464
Ratio	9.7	7.3	6.0	3.9
Lower Quartile Earnings (ASHE 2010)	£12,345	£11,515	£11,515	£11,515
Ratio	17.7	14.2	11.7	7.6
Mean Average Household Incomes (CACI 2010)	£32,789	£32,789	£32,789	£32,789
Ratio	6.7	5.0	4.1	2.7
Median Average Household Incomes (CACI 2010)	£26,239	£26,239	£26,239	£26,239
Ratio	8.3	6.2	5.1	3.3
Lower Quartile Household Incomes (CACI 2010)	£15,188	£15,188	£15,188	£15,188
Ratio	14.4	10.8	8.9	5.7

ASHE = Annual Survey of Hours and Earning provided by National Statistics
CACI = is a company that provides information across all industry sectors.

Figure 3.3 House Price to income ratio by ward (CACI)



4) Cross Tenure Affordability

Figure 4.1- Weekly Cost

	1 bed property	2 bed property	3 bed property
Renting (Council based on 52 weeks)	£51.83	£57.79	£62.64
Renting (Housing Association)	£62.00	£74.00	£76.00
Renting (Intermediate)	£65.00	£82.00	£96.00
Renting (Private)	£80.00	£103.00	£120.00
Buying a lower quartile resale	£56.00	£83.00	£105.00
Buying an average resale	£67.00	£92.00	£137.00
Buying 40% share through HomeBuy	£46.00	£70.00	£95.00
Buying a lower quartile new build	N/A	£113.00	£138.00
Buying an average new build	N/A	£121.00	£161.00

Source: Hometrack, RSR, Wigan and Leigh Housing

Note

The chart compares the weekly cost of property by size across different tenures. The cost of renting from a Housing Association is based on the RSR data from the Housing Corporation in England, Housing Cymru in Wales and the Scottish Housing Regulator in Scotland.

The weekly cost of Intermediate Rent represents 80% of the median rent for advertised private properties in the local area.

The weekly cost of private renting is the median rent for advertised properties in the local area. However this can vary widely depending on the type and location of property.

Where data is shown for the cost of buying with a mortgage, the figure is based on the capital and interest cost of servicing a mortgage for 85% of the median value of a property in the area, based on a 25 year mortgage term and the average prevailing mortgage rate.

The weekly cost of buying a 40% New Build HomeBuy is derived from median house prices and do not include ground rent or service charges. RSL rents are assumed at 2.75% and mortgages payments are derived from average building society rates. Loan-to-value is assumed at 85% in all cases i.e. it is assumed that the buyer has made a 15% deposit on the portion of the property they have bought.

A "New build" sale or valuation is one that takes place where the property was sold or valued in the same year it was built.

5) Housing Market Pressures – Court Activity

Note: This section shows court activity against households in the Wigan local authority area. Also with the possession statistics from the Ministry of Justice and their definition of quarters over the year, quarter 1 commences in January.

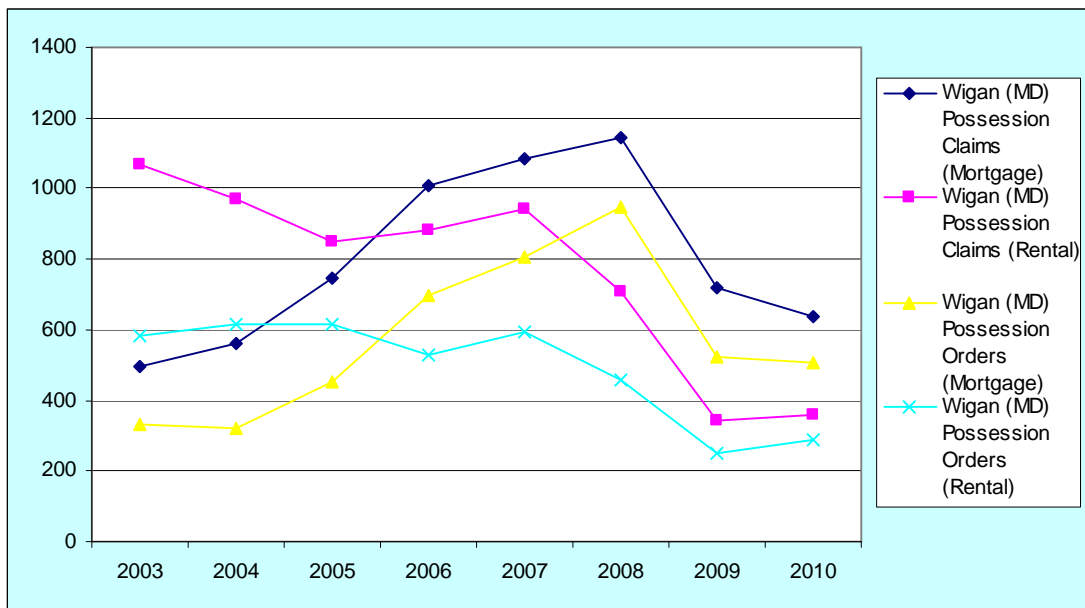
Figure 5.1 shows the annual trends with regards to households up to and including 2010 in Wigan Borough. During 2010 possession activity against owner occupiers has continued to reduce as in previous years, but at a reduced rate than 2009. This is probably to be expected following such a sharp reduction during 2009. Possession claims reduced by 12% and claims leading to orders reduced 5% compared to 2009. Possession action by landlords has shown an increase during 2010. Possession claims by landlords increased by 4% and claims leading to orders increased by 24% compared to 2009.

In terms of the data in figures 5.2 and 5.3 relating to possession activity against owner occupiers, quarter 4 needs highlighting. For mortgage possession claims against owner occupiers, compared to quarter 4 in 2009, they increased by 9% to 155 claims. For mortgage claims leading to possession order, these increased by 24% to 130 orders on the same period the previous year. Whilst the figures may be viewed as being low in terms of overall numbers, when compared to other Greater Manchester and neighbouring local authorities against per 1000 population they can be viewed as being high in comparison. The quarterly trends will need to be monitored carefully over the coming year, as the increases in possession activity during the last quarter of the year may signify increasing pressures for householders. With the current economic position, particularly in relation to inflation and the prospect of interest rate rises in the near future alongside ongoing uncertainties with the mortgage market it is a time to take careful note of the trend during the last quarter. The Bank of England's Special Liquidity Scheme is to cease at the end of January 2012, and it is likely that mortgage availability will become more constrained. Furtherstill, it is estimated by Legal and General that 90% of borrowers are now on variable rate mortgage. With constraints in the current mortgage market and the possibility of interest rate rises in the future household incomes may come under further pressure.

Figure 5.4 and 5.5 show that possession action against tenants by landlords has increased during 2010. Landlord claims against tenants increased by 4% in 2010 compared to 2009, and possession claims leading to orders increased by 24%. Possession claims made by landlords reduced by 16% in quarter 4 compared to the same period the previous year, but claims leading to possession orders increased by 22%. The annual and quarterly increases in claims leading to orders is of concern. Whilst a possession order does not mean that a tenant will be evicted, it gives an indication that landlords are having to take firmer action against tenants. The figures in relation to possession action by landlords in Wigan per 1000 population are the lowest of the comparison areas in tables 5.4 and 5.5, but this will probably reflect lower levels of private renting in the borough when compared to other areas.

To conclude, Wigan has seen a significant reduction in possession action since 2008 against both owner occupiers and tenants. There was a significant fall during 2009. Action against homeowners has continued to reduce in 2010, however action against tenants saw an increase. The last quarter of the year showed that both landlords and mortgagors had started to take more robust actions against homeowners and tenants through more possession orders being granted compared to the same period the previous year.

Figure 5.1 Residential Possession Activity in Wigan Borough



5.2 Action against owner occupiers

Figure 5.2 Mortgage Claims Wigan LA - Quarter 3 2010 and Quarter 4 2009 – Quarter 3 2010

	----- 2010 Q4 -----			----- 2010 Q1 - 2010 Q4 -----		
	Total	% Change in total since 2009 Q4	Per 1,000 households	Total	% Change in total since 2009 Q1 - 2009 Q4	Per 1,000 households
WIGAN	155	9%	1.19	640	-12%	4.92
Bolton	115	-2%	1.04	490	-21%	4.41
Bury	100	19%	1.32	385	-10%	5.07
Manchester	210	11%	1.04	845	-31%	4.18
Oldham	100	-2%	1.12	435	-20%	4.89
Rochdale	105	30%	1.25	425	-13%	5.06
Salford	120	1%	1.22	440	-31%	4.49
Stockport	95	-10%	0.77	395	-26%	3.21
Tameside	115	-12%	1.25	465	-24%	5.05
Trafford	80	7%	0.86	295	-3%	3.17
GREATER MANCHESTER	1,200	4%	1.09	4,815	-21%	4.38
Chorley	45	-2%	1.02	155	-19%	3.52
St. Helens	70	5%	0.93	315	-10%	4.20
West Lancashire	40	0%	0.87	185	-14%	4.02
Warrington UA	85	-6%	1.04	335	-24%	4.09
NORTH WEST	2,900	0%	0.99	11,915	-21%	4.06
ENGLAND	16,655	-2%	0.77	70,170	-19%	3.23
ENGLAND AND WALES	17,847	-2%	0.78	75,431	-19%	3.28

Source: Ministry of Justice February 2011

Figure 5.3 Mortgage Possession Claims leading to orders made Wigan LA - Quarter 3 2010 and Quarter 4 2009 to Quarter 3 2010

	----- 2010 Q4 -----			----- 2010 Q1 - 2010 Q4 -----		
	Total	% Change in total since 2009 Q4	Per 1,000 households	Total	% Change in total since 2009 Q1 - 2009 Q4	Per 1,000 households
WIGAN	130	24%	1.00	505	-5%	3.88
Bolton	125	67%	1.13	440	-15%	3.96
Bury	75	29%	0.99	265	-29%	3.49
Manchester	185	6%	0.92	650	-34%	3.22
Oldham	70	-22%	0.79	345	-23%	3.88
Rochdale	95	14%	1.13	330	-25%	3.93
Salford	105	2%	1.07	375	-27%	3.83
Stockport	65	-34%	0.53	305	-30%	2.48
Tameside	95	2%	1.03	385	-13%	4.18
Trafford	55	47%	0.59	240	17%	2.58
GREATER MANCHESTER	1,010	9%	0.92	3,835	-22%	3.49
Chorley	35	6%	0.80	130	-12%	2.95
St. Helens	50	-6%	0.67	230	-21%	3.07
West Lancashire	20	-40%	0.43	125	-29%	2.72
Warrington UA	70	-17%	0.85	250	-29%	3.05
NORTH WEST	2,350	-2%	0.80	9,245	-22%	3.15
ENGLAND	13,015	-10%	0.60	53,045	-21%	2.44
ENGLAND AND WALES	13,937	-10%	0.61	56,968	-21%	2.48

Source: Ministry of Justice February 2011

5.3 Action against tenants by landlords

Figure 5.4 Landlord possession claims - Quarter 3 2010 and Quarter 4 09 to Q3 2010

	----- 2010 Q4 -----			----- 2010 Q1 - 2010 Q4 -----		
	Total	% Change in total since 2009 Q4	Per 1,000 households	Total	% Change in total since 2009 Q1 - 2009 Q4	Per 1,000 households
WIGAN	85	-16%	0.65	360	4%	2.77
Bolton	120	11%	1.08	565	13%	5.09
Bury	70	-14%	0.92	315	-17%	4.14
Manchester	660	19%	3.27	2,550	-8%	12.62
Oldham	130	11%	1.46	550	-11%	6.18
Rochdale	150	3%	1.79	545	-8%	6.49
Salford	210	-18%	2.14	875	-16%	8.93
Stockport	130	-39%	1.06	745	-2%	6.06
Tameside	150	-21%	1.63	745	-15%	8.10
Trafford	120	21%	1.29	420	-20%	4.52
GREATER MANCHESTER	1,825	-2%	1.66	7,665	-9%	6.97
Chorley	55	-5%	1.25	230	-9%	5.23
St. Helens	85	-5%	1.13	335	-17%	4.47
West Lancashire	75	-8%	1.63	270	-18%	5.87
Warrington UA	75	7%	0.91	280	-1%	3.41
NORTH WEST	3,920	-2%	1.34	16,160	-10%	5.51
ENGLAND	32,130	4%	1.48	128,660	-1%	5.92
ENGLAND AND WALES	33,546	3%	1.46	134,961	-1%	5.86

Source: Ministry of Justice February 2011

Figure 5.5 Landlord Possession Claims leading to orders made Q3 2009 and Q4 2009 to Q3 2010

	----- 2010 Q4 -----			----- 2010 Q1 - 2010 Q4 -----		
	Total	% Change in total since 2009 Q4	Per 1,000 households	Total	% Change in total since 2009 Q1 - 2009 Q4	Per 1,000 households
WIGAN	70	22%	0.54	290	24%	2.23
Bolton	90	35%	0.81	435	34%	3.92
Bury	50	-13%	0.66	215	-32%	2.83
Manchester	490	35%	2.43	1,645	6%	8.14
Oldham	115	28%	1.29	430	-6%	4.83
Rochdale	115	9%	1.37	455	-14%	5.42
Salford	135	-19%	1.38	575	-13%	5.87
Stockport	115	-2%	0.93	515	10%	4.19
Tameside	145	4%	1.58	560	-8%	6.09
Trafford	85	9%	0.91	290	-18%	3.12
GREATER MANCHESTER	1,410	14%	1.28	5,415	-2%	4.92
Chorley	50	27%	1.14	185	-4%	4.20
St. Helens	60	-26%	0.80	240	-23%	3.20
West Lancashire	60	-3%	1.30	155	-18%	3.37
Warrington UA	50	-18%	0.61	210	-12%	2.56
NORTH WEST	2,845	1%	0.97	11,330	-7%	3.86
ENGLAND	21,570	3%	0.99	86,310	-2%	3.97
ENGLAND AND WALES	22,634	2%	0.98	90,842	-2%	3.95

Source: Ministry of Justice February 2011

6 Empty Properties

Figure 6.1 Empty Properties

Quarter	01/10/2009	01/01/2010	01/04/2010	01/07/2010	01/10/2010	01/01/2011
Private Sector Homes Stock	116,139	116,273	116,393	116,495	116,607	116,708
Empty Private Sector Homes	5,234	5,176	5,080	4,970	4,894	4,860
%	4.51%	4.45%	4.36%	4.27%	4.20%	4.16%
Empty Private Sector Homes Over 6 Months	3,248	3,149	3,139	3,083	3,034	2,971
%	2.80%	2.71%	2.70%	2.65%	2.60%	2.55%

Source: Council Tax Register
Data includes RSL homes

7 Economic Indicators

Figure 7.1 Key Economic Indicators (as at 12th April 2011)

Bank of England Base Rate	0.5%
Consumer Price Index Inflation	4.0%
Government CPI target	2.0%
Retail Price Index Inflation	5.3%
Halifax Base Mortgage Rate	3.5%
3 month LIBOR	0.80 at 21/3/11

8 Feedback and Contact Details

The Housing Strategy team regularly monitor the local, regional and sub regional housing markets and its is the aim of this quarterly bulletin is to keep stakeholders aware of developments in the local housing market. If you have any comments on the update or suggestions please contact Stuart Ratcliffe at Housing Strategy by e-mail at S.Ratcliffe@wigan.gov.uk or by the contact details below.

Housing Strategy Team Environmental Services Gateway House 4 Standishgate Wigan WN1 1AE	Telephone: 01942 828952 Fax: 01942 828959 E-mail: hst@wigan.gov.uk
--	--