

Wigan Council Housing Strategy



Wigan Housing Market Update

Issue 8 October 2011

April 2011 – June 2011



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1) Housing Market Overview

House prices in Wigan Borough have continued to fall based on a year on year comparison. The average price of a property in Wigan in June 2011 was £129,358 compared to £134,321 in June the previous year, a fall of 3.7% based on Hometracks Automated Valuation model that uses both sales and valuations in its data set. The last issue of the bulletin highlighted the marked fall from December 2010 to March 2011. This trend has been reversed between March 2011 and June 2011 with the average price increasing by 1.3%. The quarterly increase in prices in some ways will be largely driven to seasonal factors as house purchasers will be more active in the spring and summer months increasing demand and therefore the price. Housing market activity still remains at exceptionally low levels, and thus the low level of sales may disparage how the overall market is functioning, particularly with higher value sales.

Whilst house prices are lower than a year ago, affordability remains an issue. The Council of Mortgage Lenders reported for July that the average loan to value for first time buyer purchases was 80%. This had improved on the previous year when this was 76%. Despite the improvement of the loan to value ratio, for first time buyers to find a deposit of 20% is challenging. The current affordability ratio for lower quartile earnings against lower quartile property prices is 4.93. Ideally this ratio would be below 3.5.

The performance of the economy nationally and globally are intrinsically linked with the performance of the housing market, and with the current global economic situation this is at a greater extent than ever before. The current situation in the UK of rising unemployment, high levels of inflation, low levels

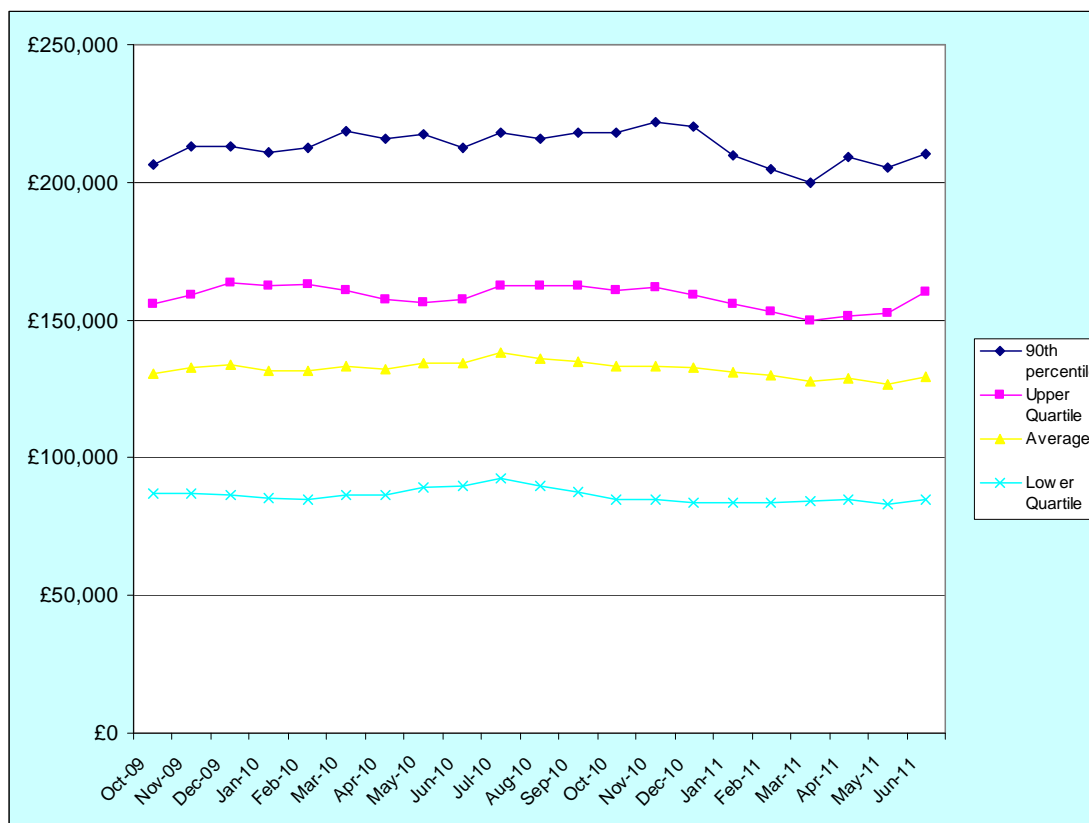
of growth and new concerns emerging with the banking sector all point to uncertainty in how the housing market will perform in the future.

2) House Prices

2.1 Overall

- Average property price in Wigan Borough £129,358 at June 2011 (Hometrack's Automated Valuation Model)
- Average prices are down 3.7% from June 2010. They have increased in value by 1.3% since March.
- From the value banding (figure 2.1a), only the upper quartile price range showed an annual increase in price (1.5%). Lower quartile prices reduced the most by 5.9%. Since March all value bandings have shown an increase. Increases have been particularly evident with higher value properties (90th percentile 5.1%; upper quartile 6.7%). Lower quartile prices increases were the lowest (0.2%)
- Activity in the market remains at low levels

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 House Price Tables- sales and valuations

	90th percentile	Upper Quartile	Average	Lower Quartile	Property Count
Jun-10	£212,666	£157,666	£134,321	£90,000	1,824
Sep-10	£217,916	£162,500	£134,723	£87,500	1,743
Dec-10	£220,000	£159,333	£132,940	£83,666	1,630
Mar-11	£200,000	£150,000	£127,739	£84,500	1,432
Jun-11	£210,166	£160,000	£129,358	£84,666	1,369
Quarterly Change %	5.1	6.7	1.3	0.2	-4.4
Half Yearly Change %	-4.5	0.4	-2.7	1.2	-16.0
Annual Change %	-1.2	1.5	-3.7	-5.9	-24.9

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

2.2 Property types

- All property types experienced an annual fall in their average price (figure 2.2). The lower value property types reduced the most. Flats reduced by 3.3% and terraced properties by 4.7%. Conversely since March detached and semi detached properties average prices have reduced the most (-4.1% and -3.4% respectively) whilst flats and terraced properties have increased (+1.1% and +2.3%)

Figure 2.2 Average house price changes by property type

	Terraced	Semi Detached	Detached	Flats
Apr-10	£92,566	£122,494	£214,415	£82,555
Jun-10	£95,898	£127,363	£216,762	£87,422
Sep-10	£92,905	£123,968	£213,429	£77,551
Dec-10	£86,268	£125,526	£219,080	£78,951
Mar-11	£88,248	£121,252	£210,080	£79,811
Quarterly Change	2.3	-3.4	-4.1	1.1
Half Yearly Change	-5.0	-2.2	-1.6	2.9
Annual Change	-4.7	-1.0	-2.0	-3.3

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

2.3 Neighbouring authorities

- In comparison to neighbouring authorities, Wigan has the second lowest average prices (figure 2.3). Bolton has the lowest average price at June 11 at £128,508 and have fallen over the year by 6%. Warrington was the only authority to have an annual price increase over the year (0.2%) and also has the highest average prices £201,991. Warrington also saw the largest increase since March with prices increasing by 5.7%. St Helens experienced the largest annual price reduction with average prices reducing by 7.8% from £141,296 to £130,333.

Figure 2.3 Average prices in neighbouring authorities

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Quarterly Change	Half Year - Dec 10 - Jun 11	Annual change
Bolton	£136,764	£138,860	£136,057	£137,363	£128,508	-6.4	-5.5	-6.0
Bury	£156,883	£153,294	£151,710	£148,770	£147,521	-0.8	-2.8	-6.0
Chorley	£185,598	£191,167	£176,682	£173,806	£176,142	1.3	-0.3	-5.1
Salford	£138,794	£142,956	£142,152	£140,004	£135,011	-3.6	-5.0	-2.7
St Helens	£141,296	£135,730	£137,691	£131,219	£130,333	-0.7	-5.3	-7.8
Warrington	£201,604	£202,833	£201,817	£191,166	£201,991	5.7	0.1	0.2
West Lancs	£194,787	£191,001	£179,483	£196,714	£184,510	-6.2	2.8	-5.3
Wigan	£134,321	£134,723	£132,940	£127,739	£129,358	1.3	-2.7	-3.7

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

2.4 Wigan's Housing Market

Average House Prices (figures 2.4a, 2.4b and 2.4c)

- Highest value wards – Standish £185,327, Lowton East £173,505 and Aspull, New Springs and Whelley £166,575
- Lowest value wards – Leigh West £73,419, Ince £82,046 and Douglas £89,744
- Lowton East has experienced largest increase over the year with the average price increasing by 7.3% from £161,719 to £173,505.
- Leigh East ward saw the largest price reduction over year with the average price reducing by 12.6% from £123,404 to £107,860.

Private Rental (figure 2.4d)

- Private rents in Wigan Borough–

	Bedrooms	30 th Percentile	80% Median	Median	Upper Quartile
Wigan Borough	1B	£80	£66	£83	£91
	2B	£98	£82	£103	£114
	3B	£109	£97	£121	£137

- Higher rental value areas – Astley, Lowton East, Orrell, Standish and Winstanley
- Lower rental value areas – Abram, Atherton, Douglas, Hindley, Hindley Green, Ince and Wigan West.

Figure 2.4a House Prices by ward (based on sales and valuations)

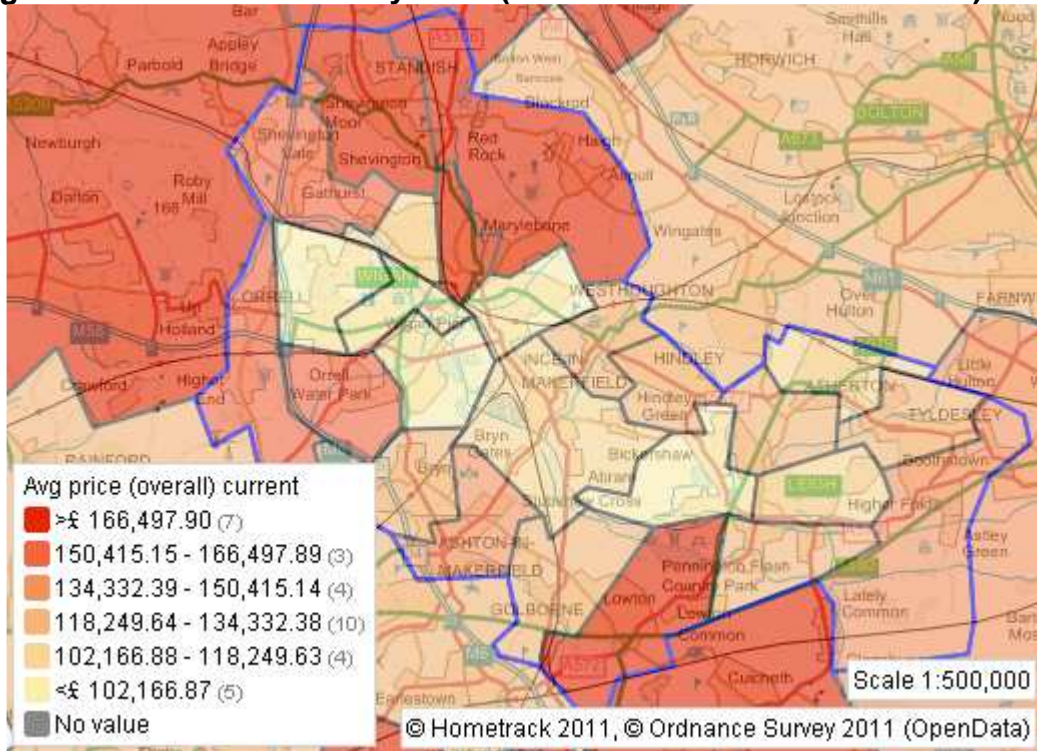


Figure 2.4b House Price Changes by ward (based on sales and valuations)

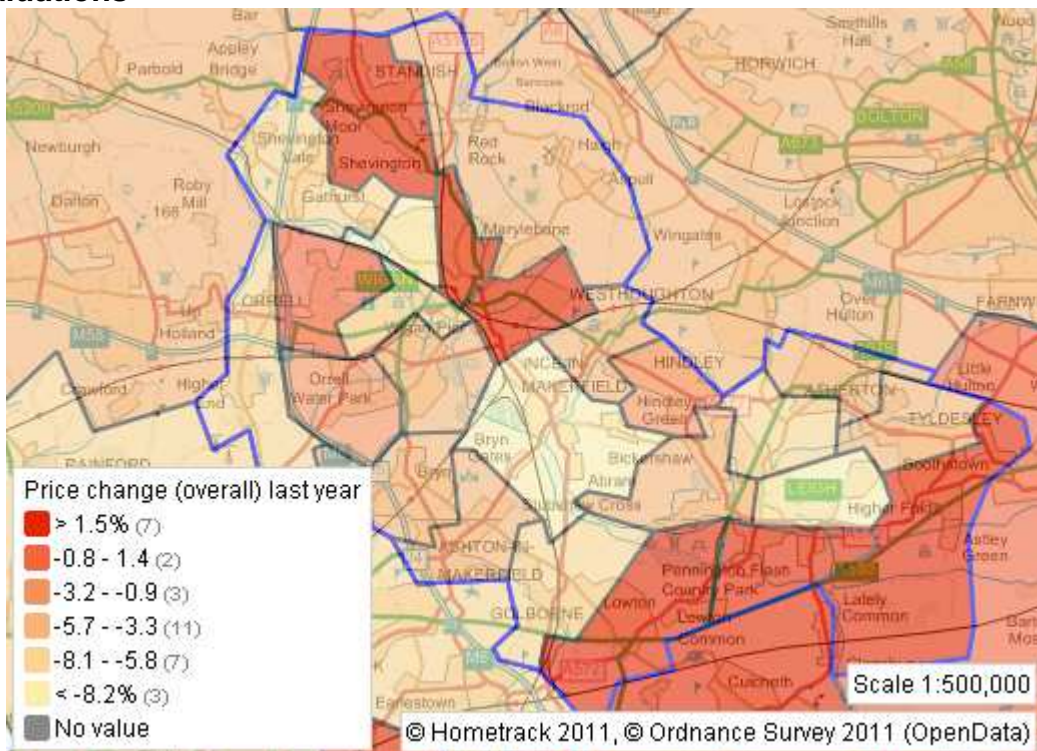


Figure 2.4c House Prices by Township / Ward based on sales and valuations –Data tables

Township	Ward	Jun-10		Jun-11		% Price Change	% Property Change
		Average	Properties	Average	Properties		
Atherton	Atherton	£115,000	144	£105,340	104	-8.4	-27.8
	Atherleigh 023	£135,074	113	£126,350	62	-6.5	-45.1
Leigh	Leigh West	£77,300	94	£73,419	97	-5.0	3.2
	Leigh East	£123,404	138	£107,860	114	-12.6	-17.4
	Leigh South	£121,477	121	£128,339	66	5.6	-45.5
	Atherleigh 027	£108,840	46	£89,980	31	-17.3	-32.6
Astley and Tyldsley	Astley	£142,278	246	£146,302	152	2.8	-38.2
	Tyldesley	£127,568	185	£120,686	143	-5.4	-22.7
Golborne and Lowton	Golborne and Lowon West	£144,320	149	£132,566	97	-8.1	-34.9
	Lowton East	£161,719	145	£173,505	86	7.3	-40.7
Hindley, Abram, Platt Bridge & Bickershaw	Hindley	£124,579	134	£118,937	88	-4.5	-34.3
	Hindley Green	£132,096	104	£128,388	74	-2.8	-28.8
	Abram	£114,035	159	£102,903	112	-9.8	-29.6
Wigan North	Wigan Central	£160,687	125	£172,085	101	7.1	-19.2
	Wigan West	£115,637	123	£105,042	113	-9.2	-8.1
	Ince	£80,761	79	£82,046	42	1.6	-46.8
Wigan South	Douglas	£96,108	134	£89,744	93	-6.6	-30.6
	Pemberton	£94,904	85	£95,755	72	0.9	-15.3
	Worsley Mesnes	£102,401	90	£98,091	60	-4.2	-33.3
Orrell & Winstanley	Orrell	£169,271	120	£157,156	113	-7.2	-5.8
	Winstanley	£158,204	170	£154,697	105	-2.2	-38.2
Shevington, Standish & Aspull	Aspull, New Springs & Whelley	£174,256	140	£166,575	86	-4.4	-38.6
	Standish	£181,761	149	£185,327	110	2.0	-26.2
	Shevington	£173,351	100	£160,640	91	-7.3	-9.0
Ashton & Bryn	Ashton	£145,031	125	£138,249	139	-4.7	11.2
	Bryn	£129,346	142	£122,379	171	-5.4	20.4
Wigan		£134,430	1,825	£132,239	1,107	-1.6	-39.3

Source: Hometrack

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

The Atherleigh ward falls into 2 townships – Leigh and Atherton. For the purpose of the bulletin the ward is divided into 2 Middle Super Output Areas (MSOAs) to align with the relevant township.

Please note the average property price for Wigan overall does not correspond with section 2.1 as this figure is based on a 6 month average rather 3 months.

Figure 2.4d Private Rent Levels Hometrack by ward Jun 2010 – July 2011

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	£75	£64	£80	£92
	2B	£92	£78	£98	£103		2B	£91	£76	£95	£103
	3B	£103	£91	£114	£126		3B	£103	£91	£114	£126
Ashton	1B	£91	£73	£91	£91	Leigh South	1B	£69	£55	£69	£80
	2B	£12	£82	£103	£109		2B	£92	£78	£98	£109
	3B	£115	£101	£126	£137		3B	£111	£101	£126	£138
Astley	1B	£80	£64	£80	£86	Leigh West	1B	£78	£64	£80	£86
	2B	£114	£91	£114	£121		2B	£91	£74	£92	£98
	3B	£126	£110	£138	£150		3B	£103	£87	£109	£126
Aspull	1B	£80	£74	£92	£103	Lowton East	1B	£75	£64	£80	£86
	2B	£103	£91	£114	£126		2B	£103	£87	£109	£115
	3B	£114	£101	£126	£150		3B	£126	£101	£126	£160
Atherleigh	1B	£78	£63	£79	£80	Orrell	1B	£80	£67	£84	£86
	2B	£98	£82	£103	£109		2B	£110	£92	£115	£126
	3B	£114	£101	£126	£137		3B	£132	£115	£144	£160
Atherton	1B	£80	£64	£80	£96	Pemberton	1B	£69	£64	£80	£85
	2B	£98	£82	£103	£109		2B	£98	£80	£100	£103
	3B	£109	£91	£114	£137		3B	£103	£87	£109	£121
Bryn	1B	ND	ND	ND	ND	Shevington	1B	£80	£64	£80	£80
	2B	ND	ND	ND	ND		2B	£109	£92	£115	£126
	3B	£114	£97	£121	£137		3B	£126	£110	£137	£150
Douglas	1B	£91	£78	£98	£98	Standish	1B	£80	£64	£80	£86
	2B	£93	£78	£98	£103		2B	£109	£92	£115	£126
	3B	£103	£91	£114	£121		3B	£114	£106	£132	£160

Area	Type	Private 30th Percentile	Private 80% Median	Private median	Private UQ	Area	Type	Private 30th Percentile	Private 80% Median	Private median	Private UQ
Golborne and Lowton West	1B	£75	£64	£80	£80	Tyldesley	1B	£80	£64	£80	£86
	2B	£98	£82	£103	£114		2B	£98	£82	£103	£114
	3B	£114	£101	£126	£137		3B	£109	£97	£121	£137
Hindley	1B	ND	ND	ND	ND	Wigan Central	1B	£80	£69	£86	£92
	2B	£98	£82	£103	£108		2B	£103	£91	£114	£126
	3B	£109	£92	£115	£126		3B	£118	£101	£126	£137
Hindley Green	1B	ND	ND	ND	ND	Wigan West	1B	£80	£64	£80	£80
	2B	£98	£82	£103	£108		2B	£98	£82	£103	£114
	3B	£109	£92	£115	£126		3B	£109	£91	£114	£125
Ince	1B	£80	£69	£86	£86	Winstanley	1B	£83	£70	£87	£98
	2B	£91	£78	£98	£103		2B	£103	£87	£109	£115
	3B	£109	£91	£114	£121		3B	£126	£106	£132	£138
Wigan Borough	1B	£80	£66	£83	£91	Worsley Mesnes	1B	£91	£78	£98	£103
	2B	£98	£82	£103	£114		2B	£98	£82	£103	£114
	3B	£109	£97	£121	£137		3B	£121	£101	£126	£132

3) Affordability

Affordability ratios

	Incomes (CACI)	Earnings (ASHE)
Mean	3.96	N/A
Median	2.76	5.08
Lower Quartile	4.86	4.93

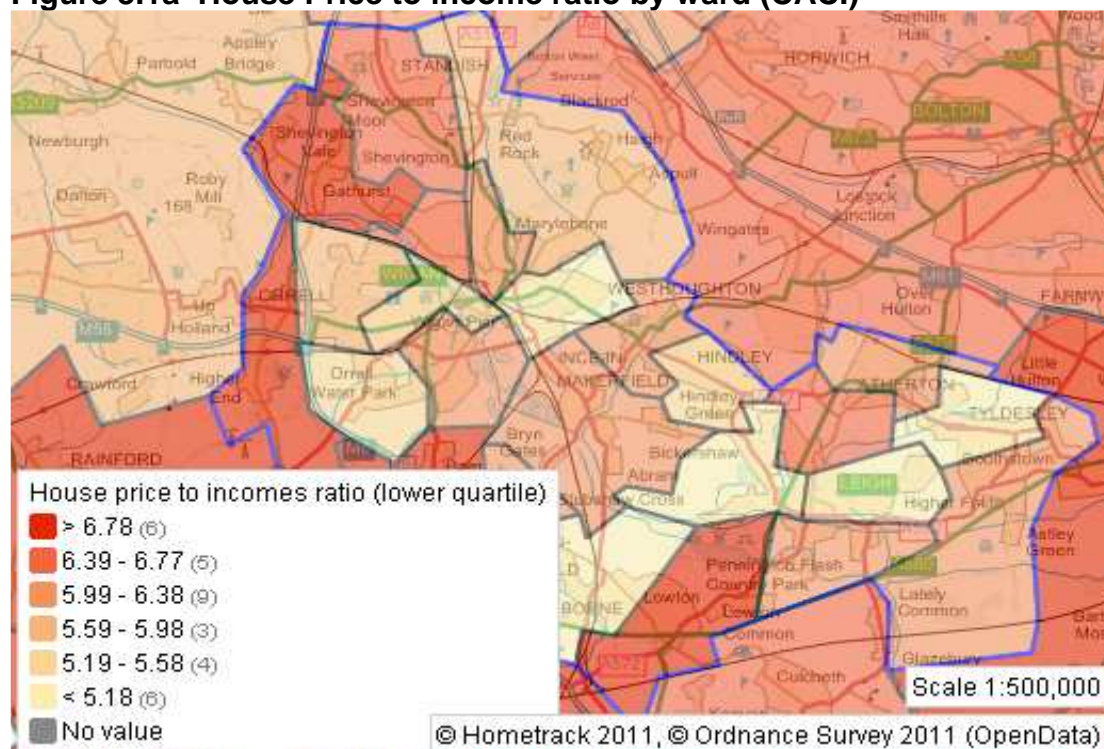
Ratios compare like for like i.e. mean house prices to mean incomes

CACI- Paycheck data based on household incomes

Annual Survey of Hours and Earning (ASHE) – data based on individual earnings

- Figure 3.1a shows affordability across the wards in Wigan based on lower quartile household incomes against lower quartile house prices. There are affordability issues across the borough, with areas on the outskirts of the borough boundary seeing the most pressure.
- To illustrate the affordability issue in Wigan, based on current prices and above conditions, for a lower quartile property at £84,666, based on a loan to value ratio of 80% the purchaser would require a deposit of £16,933. On the outstanding loan amount, £67,733 based on the CML June affordability ratio, the annual income required to purchase the property would be £21,300.
- Wigan Borough has several new developments across the borough which have allocated funding through the Home and Communities Agency for the Government's new affordable home ownership scheme, First Buy. The house builder and the HCA provided an equity loan of 20% and the purchaser needs a 5% deposit. Visit www.plumlife.co.uk for details

Figure 3.1a 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)	£55	£62	£67
Renting (Housing Association)	£58	£66	£74
Renting (Intermediate)	£66	£82	£97
Renting (Private)	£83	£103	£121
Buying a lower quartile resale	£59	£71	£105
Buying an average resale	£66	£88	£133
Buying 40% share through HomeBuy	£45	£61	£91
Buying a lower quartile new build	£65	£70	£139
Buying an average new build	£69	£122	£154

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.

Quarter 2 2011

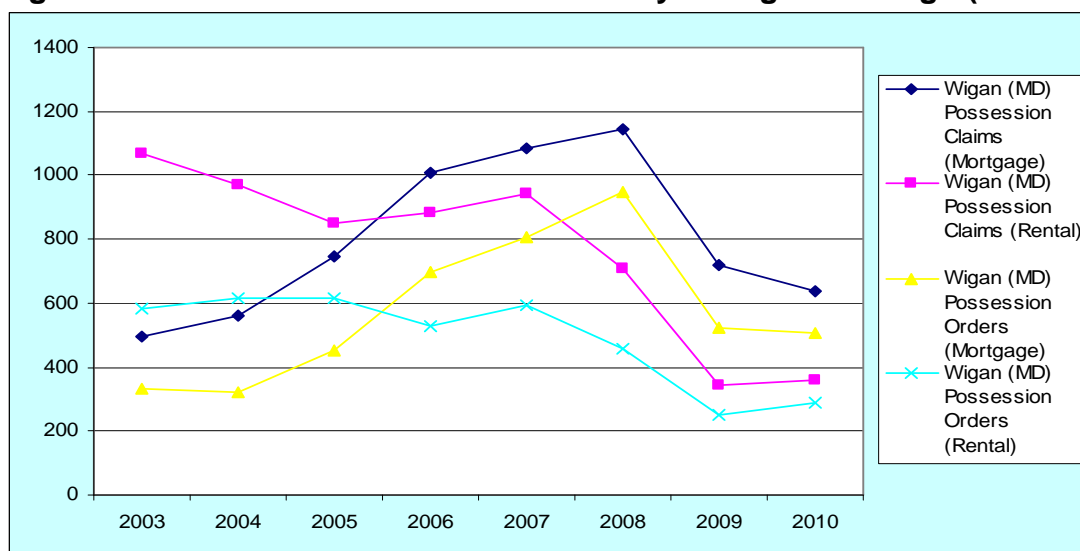
Mortgages

- Slight reduction (8%) in mortgage claims in quarter 2 2011 compared to the same period in 2010, however a 24% increase in possession orders made.
- County Court Desk Advisors (Wigan CAB) feel that the ending of some Government initiatives to prevent repossessions mean that lenders are more likely to ask for and judges more likely to grant possession orders.

Landlords

- Over the four quarters to quarter 2 2011, 20% increase in claims made compared to the same four quarter period the previous year, however only 10% increase in the number of orders made.
- Housing Advice workers report a noticeable increase in applicants approaching them because the landlord or their family state they want to move into the property.

Figure 5.1 Residential Possession Activity in Wigan Borough (Annual)



5.2 Action in the Courts

	----- 2011 Q2 -----			----- 2010 Q3 - 2011 Q2 -----		
	Total	% Change in total since 2010 Q2	Per 1,000 households	Total	% Change in total since 2009 Q3 - 2010 Q2	Per 1,000 households
Mortgage Claims						
Wigan	155	-8%	1.19	655	0%	5.04
Greater Manchester	1,155	2%	1.05	4,885	-2%	4.44
NORTH WEST	2,935	2%	1.00	12,185	-3%	4.15
ENGLAND	16,995	-1%	0.78	70,775	-5%	3.26
ENGLAND AND WALES	18,339	0%	0.80	76,178	-5%	3.31
Mortgage Possession Claims leading to orders made						
Wigan	125	24%	0.96	545	12%	4.19
Greater Manchester	865	0%	0.79	3,875	-7%	3.52
NORTH WEST	2,180	4%	0.74	9,435	-9%	3.21
ENGLAND	12,580	0%	0.58	53,400	-11%	2.46
ENGLAND AND WALES	13,622	0%	0.59	57,489	-11%	2.50
Landlord Claims						
Wigan	105	6%	0.81	420	20%	3.23
Greater Manchester	1,940	9%	1.76	8,005	3%	7.28
NORTH WEST	4,115	10%	1.40	16,915	2%	5.76
ENGLAND	31,775	6%	1.46	132,270	4%	6.09
ENGLAND AND WALES	33,108	5%	1.44	138,267	4%	6.01
Landlord Possession Claims leading to orders made						
Wigan	70	6%	0.54	295	10%	2.27
Greater Manchester	1,300	0%	1.18	5,425	1%	4.93
NORTH WEST	2,695	-3%	0.92	11,315	-3%	3.86
ENGLAND	21,685	2%	1.00	88,985	3%	4.09
ENGLAND AND WALES	22,712	2%	0.99	93,372	3%	4.06

Source: Ministry of Justice August 2011

6 Empty Properties

Figure 6.1 Empty Properties

Quarter	01/04/10	01/07/10	01/10/10	01/01/11	01/04/11	01/07/11
Private Sector Homes Stock	116,393	116,495	116,607	116,708	116,821	116,985
Empty Private Sector Homes	5,080	4,970	4,894	4,860	4,872	4,968
%	4.36%	4.27%	4.20%	4.16%	4.17%	4.25%
Empty Private Sector Homes Over 6 Months	3,139	3,083	3,034	2,971	2,919	2,950
%	2.70%	2.65%	2.60%	2.55%	2.50%	2.52%

Source: Council Tax Register
Data includes RSL homes

7 Economic Indicators

Figure 7.1 Key Economic Indicators (as at 21st September 2011)

Bank of England Base Rate	0.5%
Consumer Price Index Inflation	4.5%
Government CPI target	2%
Retail Price Index Inflation	5.2%
Halifax Base Mortgage Rate	3.5%
3 month LIBOR	0.92%

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 Places Directorate Wigan Council PO Box 100 Wigan WN1 3DS	Telephone: 01942 489204 E-mail: hst@wigan.gov.uk
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