

Wigan Council Housing Strategy



Wigan Housing Market Update

Issue 7 July 2011



January 2011 – March 2011

- 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

In the previous edition of the Wigan Housing Market Update, house prices and their levels of change had appeared to stabilise following a trend of rising prices. In this edition there has been a marked shift from price stabilisation to price decline. Between December 2010 and March 2011 there has been a noticeable fall in house prices. The average price of property in Wigan at March 2011 was £128,159 based sales and valuations data from Hometrack. This was a reduction of 3.5% in the average house price in Wigan over the quarter, with the annual reduction at 3.9%. Land Registry data, which contains sales only, shows that average prices had reduced by 6.1% over the year and 4.7% in the quarter. Land Registry data at March 2011 had the average house price in Wigan at £117,315, compared to £124,918 in March previous year. It is normally expected for there to be a seasonal effect on how the housing market performs, particularly in the winter months when activity is reduced. The rate of the decline in house prices, particularly over the last quarter, is in some ways a surprise even for the time of the year. However, with housing market activity still at lower levels than normal trends it is difficult to draw firm conclusions of what is driving the change. The falls in house prices in Wigan are also replicated in several of the major house price indexes at a national, regional and sub regional level.

In previous editions of the Update, higher value properties had been underpinning the overall increases in the market that had been experienced since mid 2009. In this latest edition the higher value properties are those that have experienced the largest price falls. Lower value properties, such as

those in the lower quartile range and property types such as terraced properties and flats have out performed the overall market and shown price increases, particularly in the last quarter.

Overall activity in the housing market remains at low levels compared to what would be expected normally. Mortgage availability has increased, but this has not been significant and lending remains at low levels when compared to the pre credit crunch era. Indicators from the Council of Mortgage Lenders show that affordability is improving, but in the overall picture the effect is minimal. The issue of raising a deposit to fund a house price purchase is ongoing, with first time buyers unable to find a deposit of around 20% having difficulty to obtain a competitive mortgage. Fixed and tracker mortgage have interest rates at low levels, but to access these buyers and re-mortgagors need to have large amounts of equity to support their purchase or re-mortgage.

Despite the economy growing by 0.5% in the first three months of 2011 uncertainty remains. In the first three months of 2011 consumer spending fell by 0.6%, its largest fall since the second quarter of 2009. There has been widespread coverage in the press of the pressures on the UK high street, with a number of big name retailers having difficulties. The fall in consumer spending, gloomy tales on the high street, job uncertainty in both the private and public sectors may have an effect on buyer and seller confidence in the housing market. This in turn may effect how the housing market performs over the rest of the year.

Inflation using the Consumer Price Index remains high at 4.5% and above the Bank of England target level of 2%. But with the sluggish performance of the economy few are expecting a rise in the base rate this year. Despite the low base rate and the current low mortgage interest rates, there is evidence of pressure building on existing households. In Wigan borough, there has been an increase in possession claims against both homeowners and tenants in the first three months of 2011 compared to the same period last year. Mortgage repossession orders being made in the County Court are also at high level in terms of numbers per 1000 households when compared to sub regional, regional and national figures. In a recently published research paper by Shelter - Repossession Hotspots in England – Wigan has been identified within a “Northern Red Ribbon”. The “Red Ribbon” is an area stretching across the predominantly urban areas of the North, including Merseyside, Greater Manchester, Central Lancashire and into Yorkshire and Humberside, where high levels of mortgage claims are leading to possession orders. Whilst it appears there will be no imminent rise in interest rates, the emerging picture of increased possession activity both by landlords and mortgagors is one of concern.

This edition of the Update has provided interesting food for thought. Whilst house prices have fallen, housing affordability still remains a significant issue and pressures on existing households are emerging. This is against a continued backdrop of uncertainty on key factors that influence the housing market.

2) House Prices

2.1 Overall

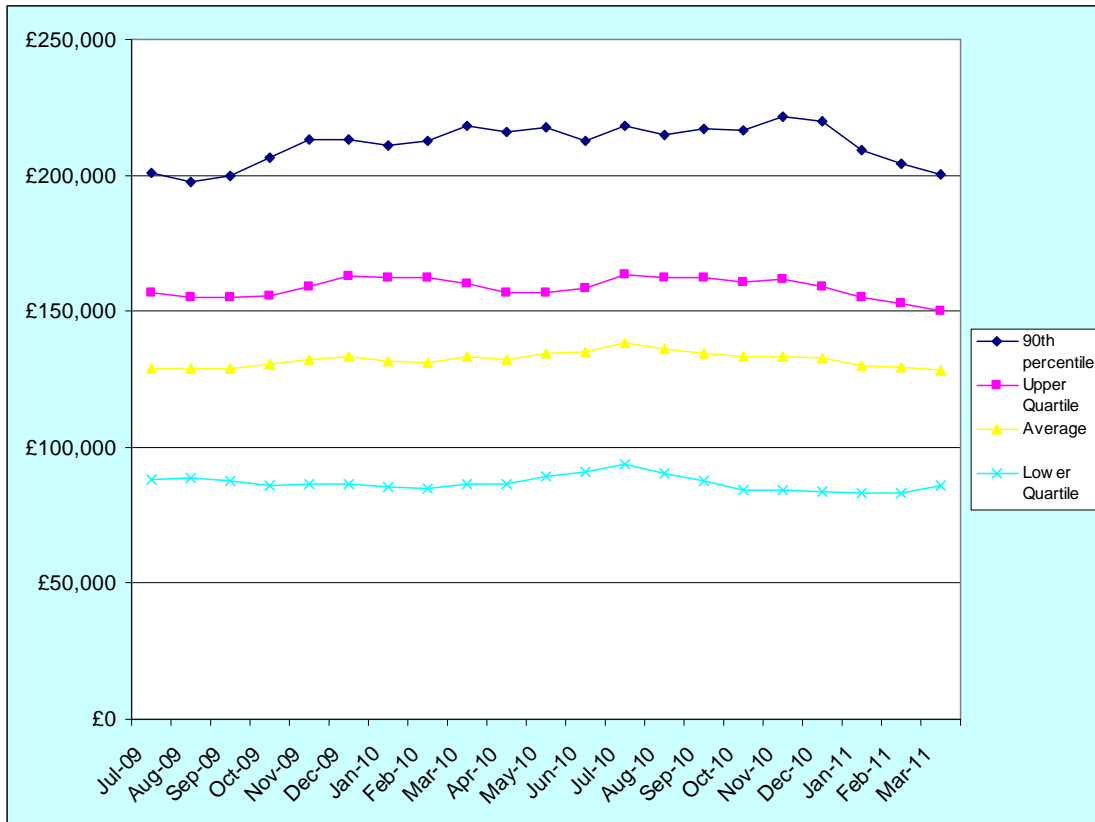
The average price of a residential property in Wigan was £128,159 at the end of March 2011 based on Hometrack's Automated Valuation Model (AVM) using sales and valuation data. This was a fall in price of 3.9% from March 2010 when the average price was £133,358. Quarterly the average price has reduced by 3.5% and over the half year by 4.9% (figures 2.1a and 2.1c). Data from the Land Registry, which is based on sales only, showed a more pronounced fall in the average price, falling by 6.1% from £124,918 in March 2010 to £117,315 in March 2011. Over the quarter prices have fallen by 4.7% and over the half year by 7.2% (figures 2.4a and 2.4c). Activity in the housing market still remains at low levels based on historic trends (figures 2.1b and 2.4b)

Figures 2.1c and 2.2 show trends in house prices in relation to different valuation groupings using Hometrack's Automated Valuation Model. The higher value properties, those at the 90th percentile of prices and top quartile saw the largest annual price reduction. The 90th percentile (top 10% of prices) reduced by 8.2% and top quartile by 6%. Lower quartile properties reduced the least over the year, falling by just 0.8%, but increasing in the quarter by 2.6% (figures 2.1a, 2.1b and 2.1c).

Figures 2.3a, 2.3b and 2.3c show the average price changes by property type used Hometrack's AVM. Perhaps surprisingly when compared with the percentile and quartile trends detailed in the previous paragraph, terraced houses reduced the most over the year falling by 4.7% from £92,566 to £88,248 between March 2010 and March 2011. Detached properties reduced by 2% in this period. However, looking at the price changes in the quarter, terraced properties increased the most at 2.3% whilst detached homes declined by 4.1%. The much maligned market for flats picked up, rising by 1.1% in the quarter and by 2.9% over the half year. There needs to be cautionary note with the flats market in Wigan, with this being a low proportion of the boroughs overall stock.

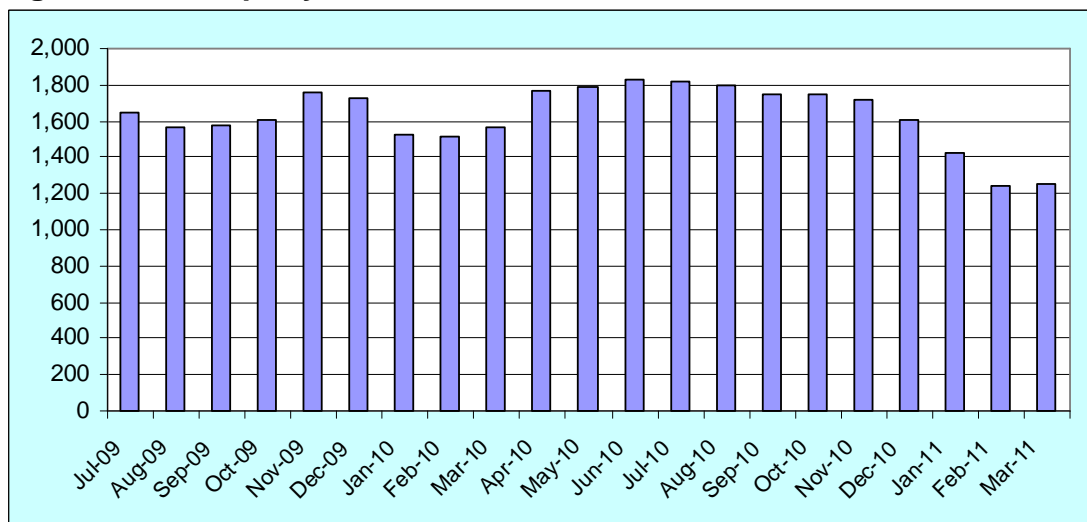
Figures 2.5a and 2.5b compares how Wigan's housing market against neighbouring local authorities. Wigan has the lowest average prices at £128,159 as at March 2011. St Helens has the next lowest average of £134,503, then followed by Bolton at £137,275. The highest average prices are in West Lancashire (£194,548), Warrington (£192,354) and Chorley (£177,141). Most of the neighbouring authorities showed decreases in prices over the year. Only Bury (3.9%), Bolton (0.5%) and Salford (2.3%) showed an increase. Prices in Wigan reduced the most falling by 3.9% followed by West Lancashire at 3.2% with St Helens and Warrington at 3.1%. Despite the annual fall in West Lancashire, prices has reduced by 7.4% over the half year, but rebounded in the quarter rising by 7.9%. Over the quarter, Warrington's prices reduced the most by 5%.

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



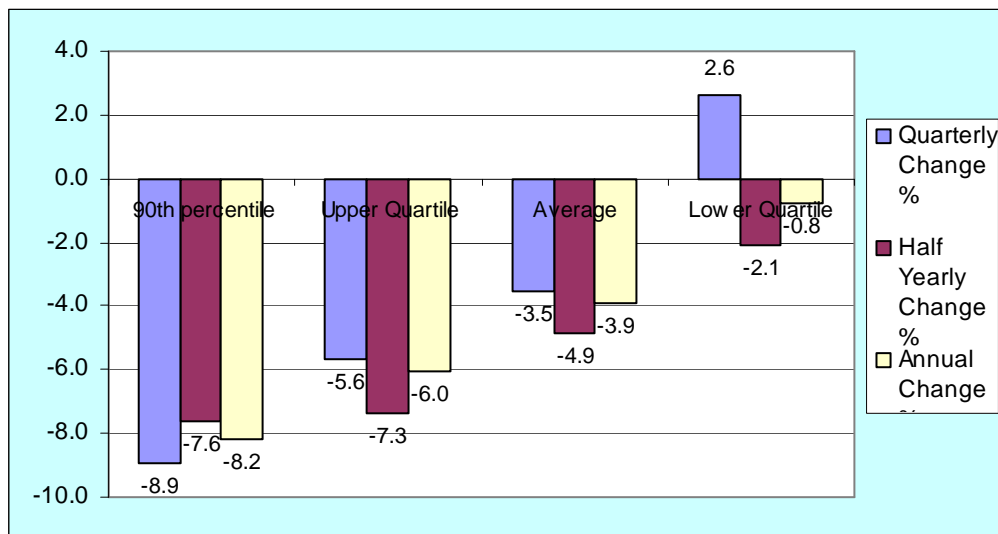
Please note data is based on 3 months sales and valuations data
Source: Hometrack

Figure 2.1c House Price Tables- sales and valuations

	90th percentile	Upper Quartile	Average	Lower Quartile	Property Count
Mar-10	£218,333	£160,000	£133,358	£86,333	1,563
Jun-10	£212,666	£158,333	£134,795	£91,000	1,824
Sep-10	£217,000	£162,250	£134,711	£87,500	1,745
Dec-10	£220,000	£159,316	£132,856	£83,500	1,604
Mar-11	£200,416	£150,333	£128,159	£85,666	1,255
Quarterly Change %	-8.9	-5.6	-3.5	2.6	-21.8
Half Yearly Change %	-7.6	-7.3	-4.9	-2.1	-28.1
Annual Change %	-8.2	-6.0	-3.9	-0.8	-19.7

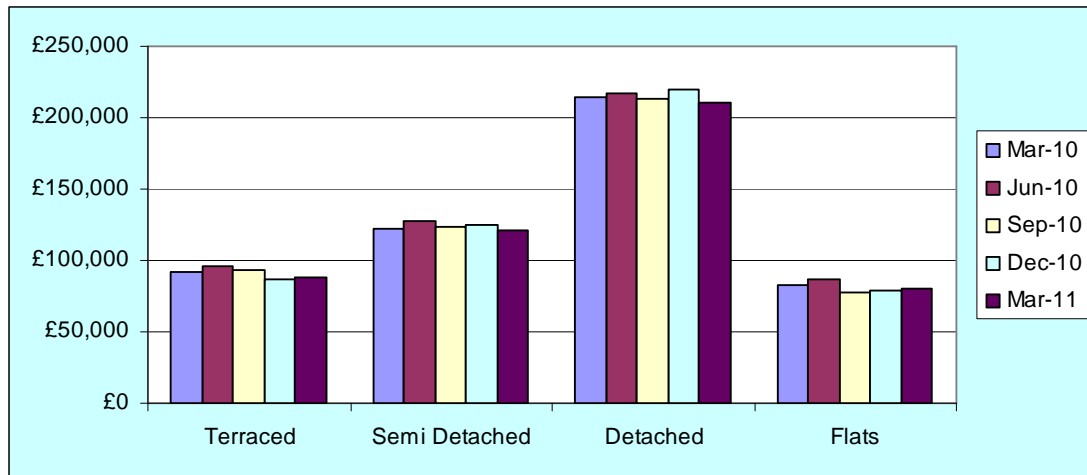
Please note data is based on 3 months sales and valuations data
Source: Hometrack

Figure 2.2 House price changes



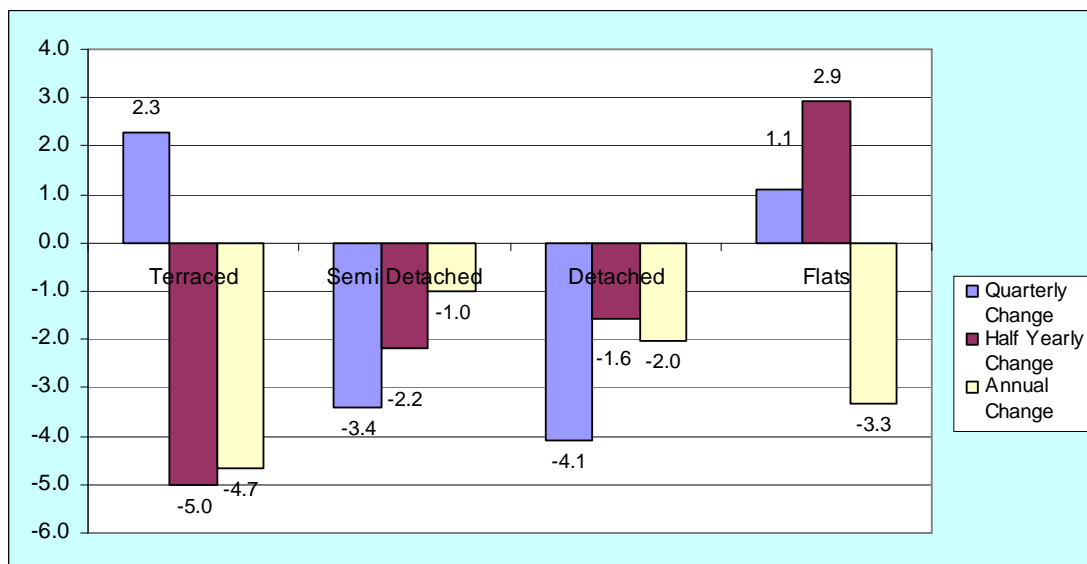
Please note values are based on 3 months sales and valuations.
Source Hometrack

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

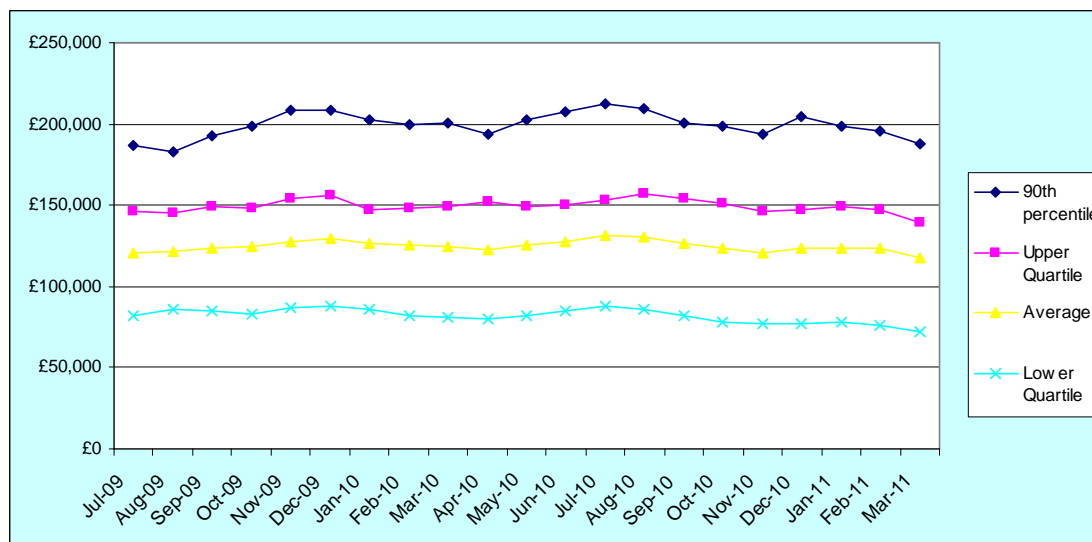
Figure 2.3c Average house price changes by property type

	Terraced	Semi Detached	Detached	Flats
Mar-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.

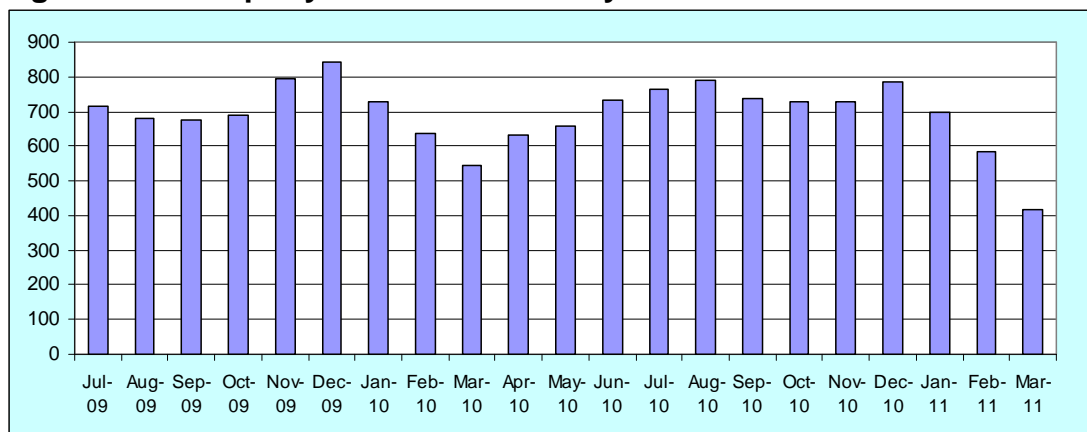
Source Hometrack

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
Mar-10	£200,166	£149,500	£124,918	£80,650	545
Jun-10	£207,165	£150,000	£127,719	£85,000	732
Sep-10	£200,166	£153,666	£126,376	£82,316	736
Dec-10	£204,333	£147,666	£123,150	£77,550	784
Mar-11	£187,333	£139,333	£117,315	£72,333	418
Quarterly Change %	-8.3	-5.6	-4.7	-6.7	-46.7
Half Yearly Change %	-6.4	-9.3	-7.2	-12.1	-43.2
Annual Change %	-6.4	-6.8	-6.1	-10.3	-23.3

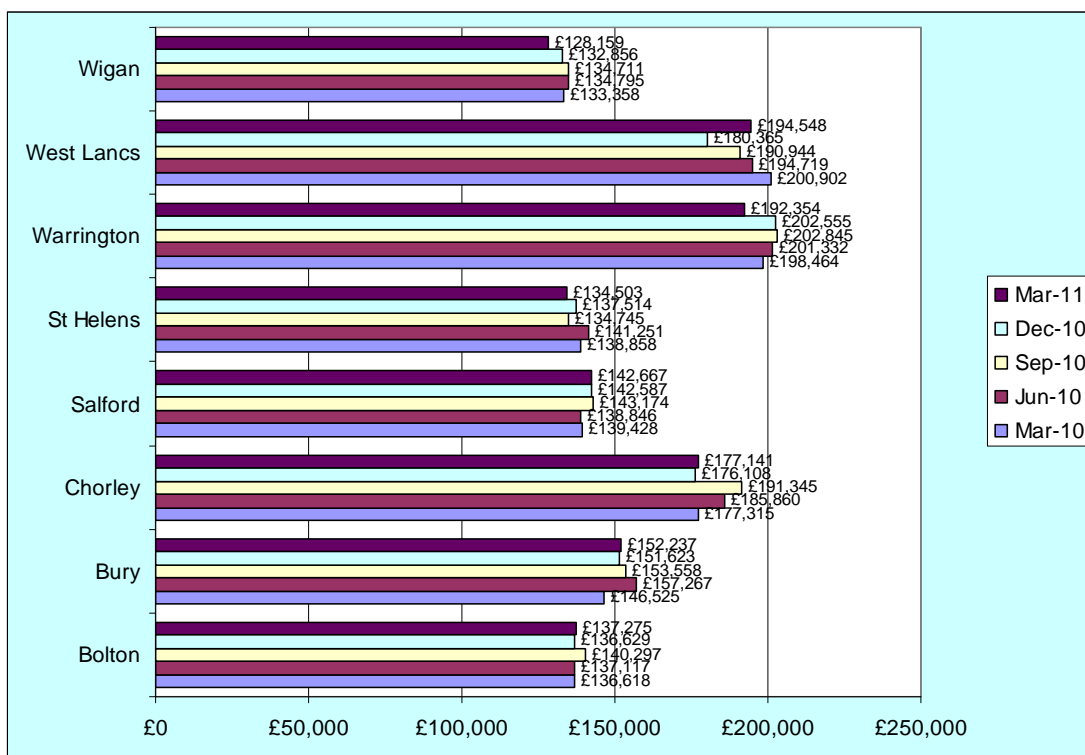
Source: Land Registry from Hometrack

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

	Terraced	Semi Detached	Detached	Flats
Mar-10	£94,092	£114,838	£206,869	£85,046
Jun-10	£92,630	£121,472	£210,667	£87,469
Sep-10	£89,879	£120,559	£209,266	£79,336
Dec-10	£84,843	£120,369	£213,444	£74,457
Mar-11	£80,808	£114,233	£210,874	£83,886
Quarterly Change	-4.8	-5.1	-1.2	12.7
Half Yearly Change	-10.1	-5.2	0.8	5.7
Annual Change	-14.1	-0.5	1.9	-1.4

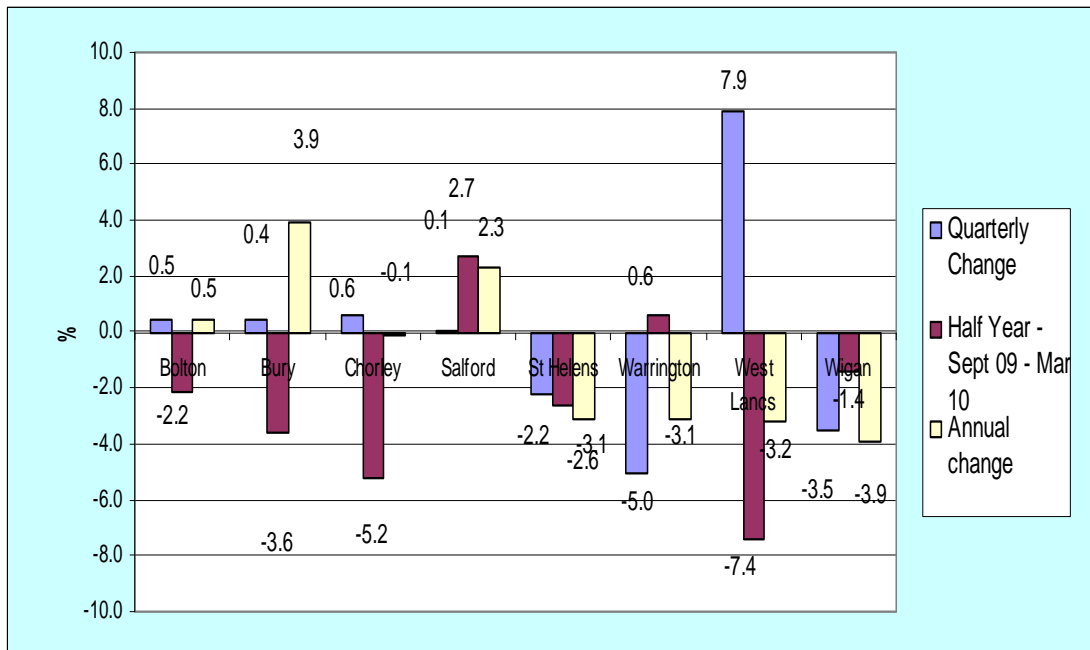
Source: Land Registry from Hometrack

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

Figures 2.6 and 2.7 map house prices and price trends across the Wigan Borough wards at March 2011. Figure 2.8 gives the data within the maps in tabular form. Please note that the average price for a property in Wigan Borough in Figure 2.8 differs from the average price from the Hometrack data in section 2.1, because the data is derived from 6 months sales and valuations rather than 3 months.

At March 2011, the highest value area of the borough was Lowton East, with the average property price being £179,888. In the previous bulletins Standish; Aspull, New Springs and Whelley; and Orrell had often vied for being Wigan's highest value area. Standish was the second highest value area at £178,653 followed by Wigan Central (£165,736), Shevington (£161,745) and Orrell (£160,410). Whilst Lowton East was the highest value area in the borough at March 2011, the number of properties in the valuation data set was down by 38% on the previous year. The reduced level of activity may have meant higher value sales may have been over represented affecting the overall average.

Leigh West has the lowest property values in the boroughs averaging at £74,665, followed by Ince (£79,662) and the Douglas ward (£89,191). These are the only wards in the borough with average house prices below £100,000.

The Lowton East ward, as well as having the highest values, also experienced the greatest increase in price over the year rising by 14.5%. This was followed by Leigh South where prices increased by 11.7%. The Atherleigh 027 middle super output area saw the largest price fall reducing by 16.8% from £113,981 to £94,389. Other areas that experienced a double digit reduction in price included Abram (11.6%), Hindley Green (11.6%), Aspull New Springs Whelley (10.7%) and Leigh East (10.2%). The Aspull, New Springs and Whelley ward has quite turbulent house price trends. The average price reduced by 10.7% over the year from £171,197 to £152,947. Back in 2009 prices peaked in this area at £200,998, but are now back at 2006 levels. The peak to current day average represents a fall of 31%.

Figure 2.9 gives private rent levels across the borough during April 2011 and May 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)

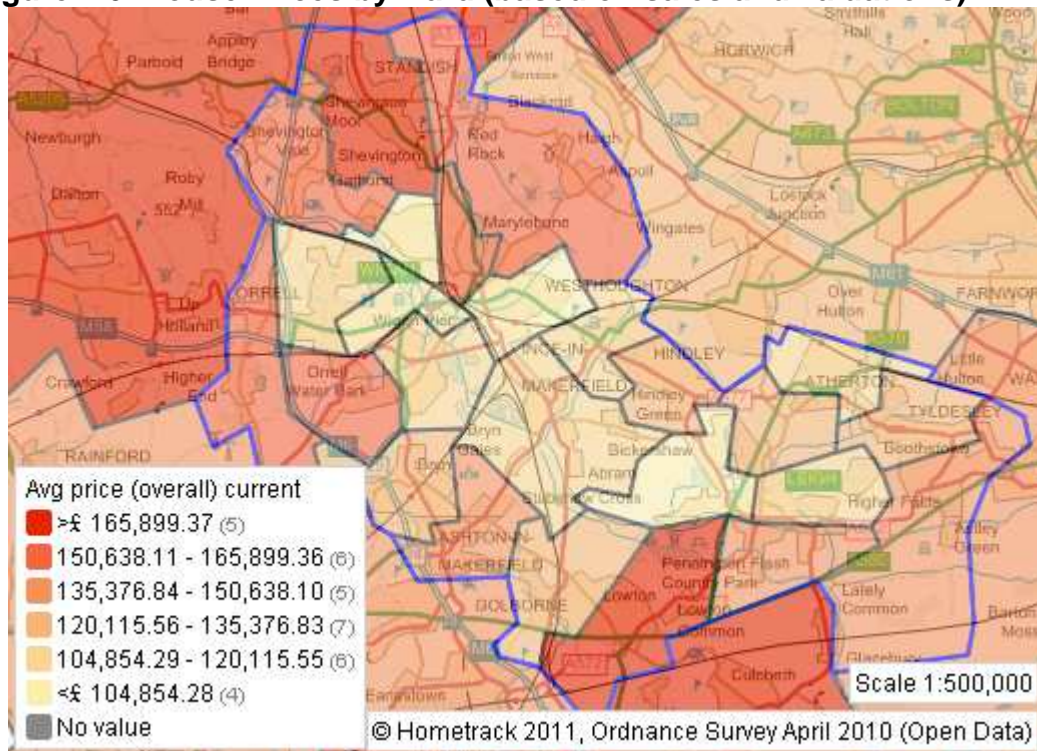


Figure 2.7 House Price Changes by ward (based on sales and valuations)

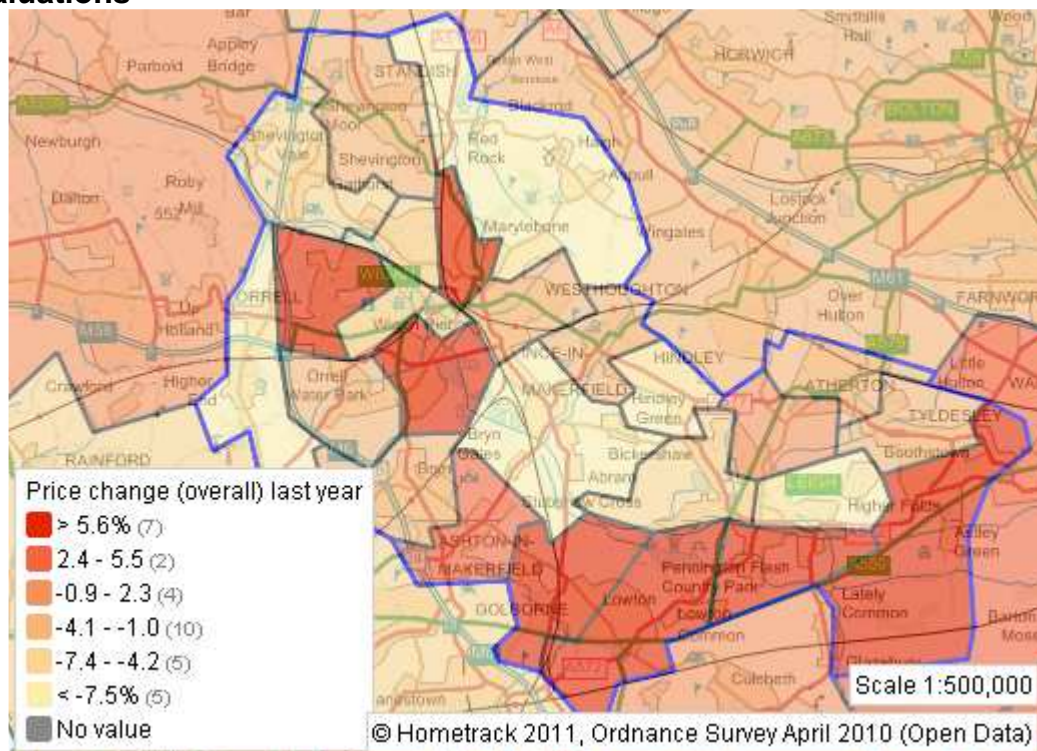


Figure 2.8 House Prices by Township / Ward based on sales and valuations –Data tables

Township	Ward	Apr-10		Apr-11		% Price Change	% Property Change
		Average	Properties	Average	Properties		
Atherton	Atherton	£112,046	135	£109,731	114	-2.1	-15.6
	Atherleigh 023*	£122,745	111	£132,870	68	8.2	-38.7
Leigh	Leigh West	£78,432	90	£74,655	88	-4.8	-2.2
	Leigh East	£122,048	147	£109,612	129	-10.2	-12.2
	Leigh South	£126,774	137	£141,660	80	11.7	-41.6
	Atherleigh 027*	£113,981	50	£94,839	41	-16.8	-18.0
Astley and Tyldsley	Astley	£136,627	196	£148,664	141	8.8	-28.1
	Tyldesley	£125,157	183	£123,904	123	-1.0	-32.8
Golborne and Lowton	Golborne and Lowton West	£121,229	124	£129,920	101	7.2	-18.5
	Lowton East	£157,107	152	£179,888	93	14.5	-38.8
Hindley, Abram, Platt Bridge & Bickershaw	Hindley	£114,865	124	£113,483	89	-1.2	-28.2
	Hindley Green	£136,684	100	£120,777	84	-11.6	-16.0
	Abram	£120,990	158	£106,990	127	-11.6	-19.6
Wigan North	Wigan Central	£156,893	145	£165,736	127	5.6	-12.4
	Wigan West	£107,745	119	£101,257	107	-6.0	-10.1
	Ince	£82,907	89	£79,662	43	-3.9	-51.7
Wigan South	Douglas	£93,872	139	£89,191	102	-5.0	-26.6
	Pemberton	£105,486	82	£113,417	66	7.5	-19.5
	Worsley Mesnes	£99,539	89	£106,205	52	6.7	-41.6
Orrell & Winstanley	Orrell	£174,449	119	£160,410	102	-8.0	-14.3
	Winstanley	£155,629	146	£150,843	112	-3.1	-23.3
Shevington, Standish & Aspull	Aspull, New Springs & Whelley	£171,197	144	£152,947	90	-10.7	-37.5
	Standish	£181,871	141	£178,653	113	-1.8	-19.9
	Shevington	£174,567	108	£161,745	86	-7.3	-20.4
Ashton & Bryn	Ashton	£139,557	101	£145,927	113	4.6	11.9
	Bryn	£128,323	144	£124,666	167	-2.8	16.0
Wigan		£132,081	1,767	£130,834	1,124	-0.9	-36.4

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.

Figure 2.9 Private Rent Levels in Wigan Borough (Nestoria)

	Type	Apr-11	May-11	%	Area	Type	Apr-11	May-11	%
Atherton	1B	£333	£344	3.3	Orrell	1B	£355	£374	5.4
	2B	£446	£456	2.2		2B	£498	£501	0.6
	3B	£548	£540	-1.5		3B	£520	£511	-1.7
	4B	£680	£632	-7.1		4B	£872	£841	-3.6
Leigh	1B	£338	£342	1.2	Winstanley	1B	£362	£359	-0.8
	2B	£429	£428	-0.2		2B	£438	£450	2.7
	3B	£495	£505	2		3B	£644	£524	-3.7
	4B	£759	£757	-0.3		4B	£648	£672	3.7
Tyldesley	1B	£354	£327	-7.6	Whelley	1B	£377	£367	-2.7
	2B	£468	£467	-0.2		2B	£465	£462	-2.7
	3B	£565	£542	-4.1		3B	£524	£514	-1.9
	4B	£803	£754	-6.1		4B	£595	£595	0
Golborne	1B	£375	£369	-1.6	Pemberton	1B	£359	£359	0
	2B	£456	£456	0		2B	£441	£456	3.4
	3B	£594	£585	-1.5		3B	£515	£507	-1.6
	4B	£734	£804	9.5		4B	£697	£703	1.7
Lowton	1B	£375	£369	-1.6	Worsley Mesnes	1B	£358	£353	-1.4
	2B	£456	£456	0		2B	£442	£454	2.7
	3B	£594	£585	-1.5		3B	£522	£511	-2.1
	4B	£734	£804	9.5		4B	£653	£656	0.5
Hindley	1B	£372	£377	1.3	Aspull	1B	£453	£453	0
	2B	£400	£405	1.2		2B	£501	£487	-2.8
	3B	£528	£504	-4.5		3B	£553	£560	1.3
	4B	£727	£787	8.3		4B	£1,124	£1,228	9.3
Platt Bridge	1B	£372	£377	1.3	Standish	1B	£345	£355	2.9
	2B	£400	£405	1.2		2B	£476	£499	4.8
	3B	£528	£504	-4.5		3B	£506	£505	-0.2
	4B	£727	£787	8.3		4B	£780	£768	-1.5
Swinley	1B	£364	£355	-2.5	Shevington	1B	£342	£344	0.6
	2B	£469	£470	0.2		2B	£490	£514	4.9
	3B	£517	£529	2.3		3B	£529	£530	0.2
	4B	£693	£703	1.4		4B	£864	£833	-3.6
Ince	1B	£392	£381	-2.8	Ashton	1B	£373	£381	2.1
	2B	£397	£406	2.3		2B	£459	£458	-0.2
	3B	£497	£485	-2.4		3B	£561	£555	-1.1
	4B	£713	£727	2		4B	£647	£677	4.6
					Bryn	1B	£381	£379	-0.5
				2B		£472	£472	0	
				3B		£550	£555	0.9	
				4B		£708	£695	-1.8	

Source Nestoria

Figure 2.10 Private Rent Levels Hometrack by ward May 2010 – April 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	£83	£73	£91	£91	Leigh East	1B	£75	£65	£81	£91
	2B	£92	£78	£98	£103		2B	£91	£74	£92	£103
	3B	£108	£91	£114	£126		3B	£103	£91	£114	£126
Ashton	1B	£91	£73	£91	£91	Leigh South	1B	£68	£64	£80	£81
	2B	£99	£84	£105	£109		2B	£92	£78	£98	£109
	3B	£114	£101	£126	£137		3B	£114	£101	£126	£138
Astley	1B	£80	£64	£80	£80	Leigh West	1B	£75	£64	£80	£86
	2B	£114	£91	£114	£126		2B	£91	£74	£92	£98
	3B	£129	£110	£138	£151		3B	£103	£88	£110	£126
Aspull	1B	£80	£82	£103	£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	£106	£132	£161
Atherleigh	1B	£79	£64	£80	£92	Orrell	1B	£80	£64	£80	£86
	2B	£98	£82	£103	£109		2B	£109	£92	£115	£126
	3B	£109	£101	£126	£137		3B	£121	£110	£137	£160
Atherton	1B	£69	£64	£80	£96	Pemberton	1B	£75	£62	£77	£80
	2B	£98	£82	£103	£109		2B	£98	£82	£103	£103
	3B	£103	£91	£114	£137		3B	£103	£87	£109	£115
Bryn	1B	£75	£69	£86	£86	Shevington	1B	£80	£64	£80	£80
	2B	£103	£91	£114	£137		2B	£105	£91	£114	£121
	3B	£114	£97	£121	£137		3B	£120	£106	£132	£150
Douglas	1B	£80	£72	£90	£98	Standish	1B	£80	£69	£86	£86
	2B	£95	£78	£98	£103		2B	£109	£92	£115	£126
	3B	£103	£91	£114	£121		3B	£114	£101	£126	£138

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	£60	£75	£75	Tyldesley	1B	£80	£64	£80	£86
	2B	£98	£80	£100	£103		2B	£98	£82	£103	£114
	3B	£114	£101	£126	£137		3B	£114	£101	£126	£138
Hindley	1B	£75	£60	£75	£75	Wigan Central	1B	£80	£70	£88	£92
	2B	£98	£80	£100	£103		2B	£103	£91	£114	£126
	3B	£109	£91	£114	£126		3B	£126	£106	£132	£150
Hindley Green	1B	£72	£64	£80	£86	Wigan West	1B	£75	£64	£80	£80
	2B	£98	£78	£98	£103		2B	£98	£82	£103	£109
	3B	£104	£101	£126	£137		3B	£109	£91	£114	£126
Ince	1B	£80	£69	£86	£86	Winstanley	1B	£87	£73	£91	£98
	2B	£92	£78	£98	£103		2B	£109	£87	£109	£120
	3B	£103	£91	£114	£121		3B	£126	£101	£126	£137
Wigan Borough	1B	£80	£64	£80	£91	Worsley Mesnes	1B	£83	£73	£91	£98
	2B	£98	£82	£103	£109		2B	£98	£82	£103	£109
	3B	£109	£97	£121	£137		3B	£114	£98	£123	£132

2.3 Housing Market Indicators

Figure 2.13 House price indexes at March 2011

	Average Price	Quarterly Change	Annual Change
Halifax			
United Kingdom	£163,019	-0.6%	-2.9%
North West	£124,276	-3.6%	-1.6%
Nationwide			
United Kingdom	£162,379	1.0%	0.3%
North West	£137,618	0.5%	1.4%
Greater Manchester	£157,689	2%	-1%
CLG House Price Index			
United Kingdom	£205,565	-1.24%	0%
North West	£146,223	-3%	-3.9%
Hometrack			
Wigan	£128,159	-3.5%	-3.9%

3) Affordability

The reductions in house prices detailed in section 2 of the Update have improved affordability in the borough against local earnings and household incomes. Whilst affordability has improved, it is still an issue for the Wigan borough overall and within localised housing markets.

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.

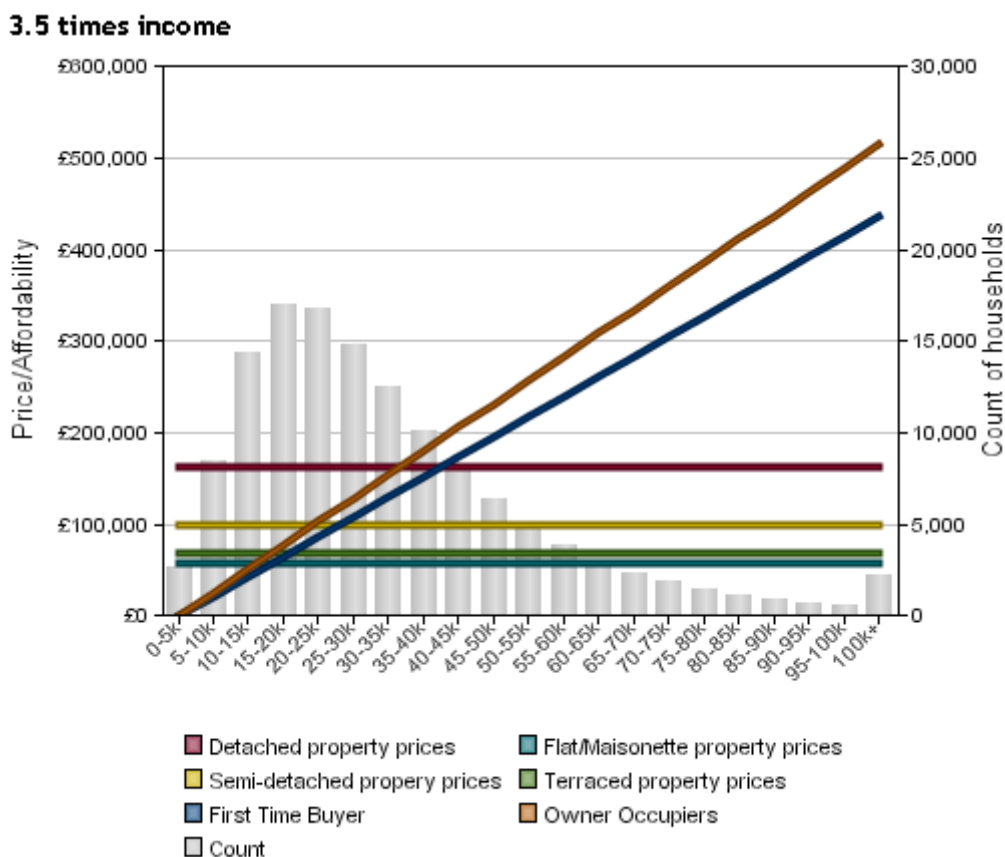
Figure 3.2 gives the affordability ratios based around several earning scenarios against the housing market at March 2011. With the reduction in prices, the ratios have improved since the last Housing Market Update. The ratio for a the average household income (CACI) against the average price of a property in Wigan was at 3.9. The ratio of lower quartile earnings (ASHE) against lower quartile house prices is a key indicator of affordability in the housing market. The ratio of the ASHE lower quartile earnings against Hometrack's lower quartile prices at March 2011 was 5.6.

Figure 3.3 is a map of affordability across the borough wards using lower quartile house prices against lower quartile incomes. The map shows that the outlying parts of the borough and those close to main regional road networks are those with the greatest affordability pressures. The inner areas of the borough are the most affordable with their lower prices.

The Council of Mortgage lenders reported that mortgage lending to First-time buyers increased by 28% in volume and by 31% in value during March 2011 compared to the previous month. However annually lending to first time buyers had dropped by 17% in volume and by 15% in value. In April, mortgage lending increased to first time buyers by 7% in volume and 12% in value from March. Compared to April 2010, first time buyer lending has increased by 1% in value and there was no change in the value borrowed. The need for large deposits is still relevant for the first time buyer, however the average loan to value ratio has slightly increased. In April 2011, the average loan to value was 80%. This compared to 79% in March 2011 and April 2010. The average income multiple is also reducing. In April 2011 the average income multiple was 3.13. In March it was 3.15 and April 2010 3.26. This may show that some affordability constraints are easing, which are perhaps related to reductions in prices in the overall housing market. However, if we look at the lower quartile property in Wigan based on the March data, at 20% the deposit required would be £17,133. With the deposit taken off the price, the balance would be £68,537. With the April loan to income multiple of 3.13, this would mean that the buyer would need to earn

£21,895 per year. The need for a large deposit, alongside needing an income of over £20,000 to purchase a lower quartile property has meant that increasingly those who would have wanted to enter occupation are now turning to the private rented sector. At the 2001 Census, there were 5,875 private rented properties in the borough. It is envisaged that this figure will have increased substantially when the results of the 2011 Census are published.

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



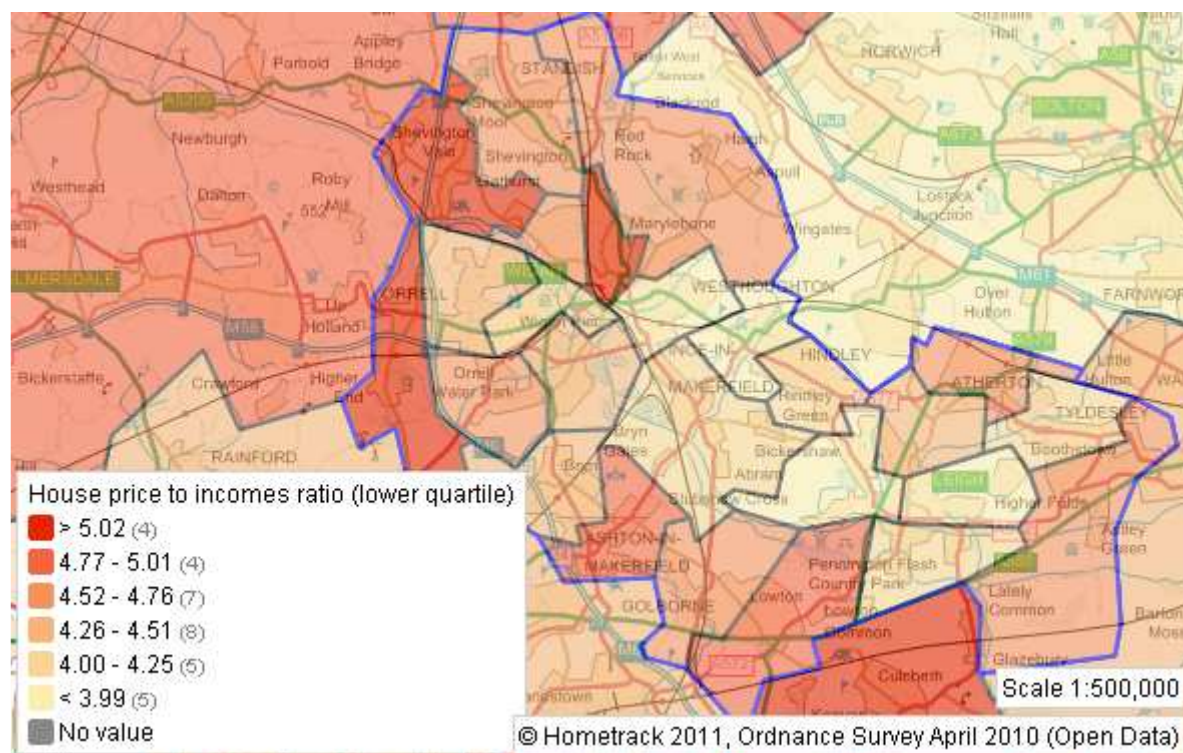
Note: This chart shows the number of households in different household income bands in the area (bars) compared to the lower quartile price for different property types in the same area (horizontal lines). The diagonal lines rising left to right show the value of property that can be afforded at different 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

	90th percentile £200,416	Upper quartile £150,333	Average £128,159	Lower Quartile £85,666
Median Average Earnings (ASHE 2010)	£19,433	£19,433	£19,433	£19,433
Ratio	10.3	7.7	6.6	4.4
Mean Average Earnings (ASHE 2010)	£22,464	£22,464	£22,464	£22,464
Ratio	8.9	6.7	5.7	3.8
Lower Quartile Earnings (ASHE 2010)	£12,345	£11,515	£11,515	£11,515
Ratio	16.2	13.1	11.1	7.4
Mean Average Household Incomes (CACI 2010)	£32,789	£32,789	£32,789	£32,789
Ratio	6.1	4.6	3.9	2.6
Median Average Household Incomes (CACI 2010)	£26,239	£26,239	£26,239	£26,239
Ratio	7.6	5.7	4.9	3.3
Lower Quartile Household Incomes (CACI 2010)	£15,188	£15,188	£15,188	£15,188
Ratio	13.2	9.9	8.4	5.6

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)	£54.86	£61.95	£67.38
Renting (Housing Association)	£62	£74	£76
Renting (Intermediate)	£64	£82	£97
Renting (Private)	£80	£103	£121
Buying a lower quartile resale	£65	£75	£107
Buying an average resale	£68	£89	£137
Buying 40% share through HomeBuy	£46	£62	£94
Buying a lower quartile new build	£65	£85	£149
Buying an average new build	£69	£122	£160

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

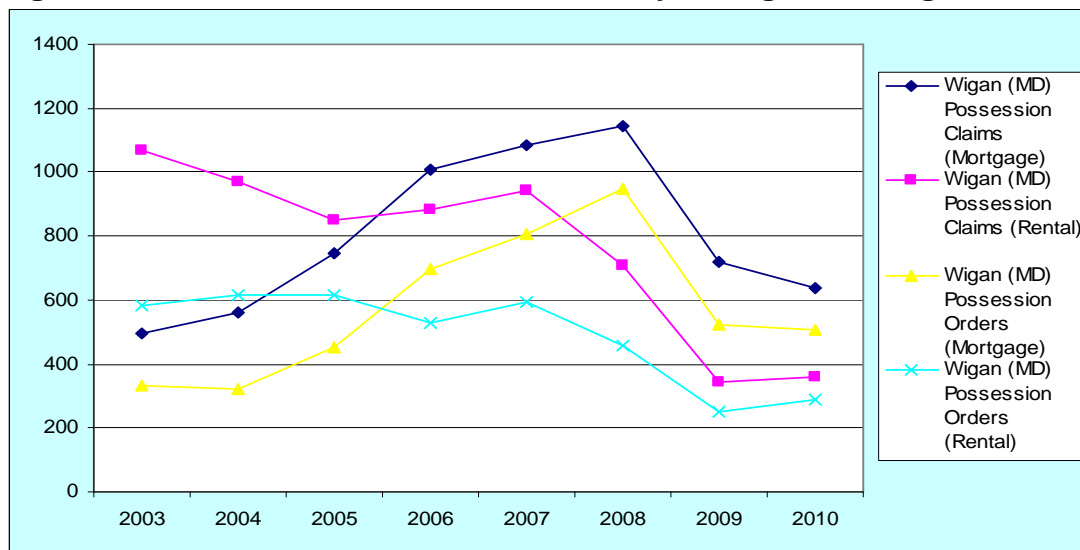
Note: This section shows court activity against households in the Wigan local authority area. Also with the possession statistics from the Ministry of Justice and their definition of quarters over the year, quarter 1 commences in January.

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 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.

Figures 5.2 and 5.3 show possession action taken against owner occupiers. There were 180 claims made in the County Court in quarter 1 against households in Wigan. This was an increase of 21% from the quarter 1 2010. In terms of claims per 1000 households, Wigan was 1.38. This is the highest figure, along with Salford, in Greater Manchester. The average for Greater Manchester is 1.11 claims per 1000 households. In England and Wales it was 0.85. Between quarter 2 2010 and quarter 1 2011 670 mortgage possession claims were made in the county court, which was a reduction of 3% on the same period the previous year. Mortgage possession claims leading to orders made increased in quarter 1 by 17% compared to quarter 1 2010. Between quarter 2 2010 and quarter 1 2011 mortgage claims leading to orders made reduced by 4%.

Figure 5.4 and 5.5 show possession action landlords have taken against tenants. Landlord claims in the county court have increased substantially in quarter 1 increasing by 76% from the same quarter the previous year. Across the four quarter period compared to previous four quarter period landlord claims also had an increase of 25%. There has been an increase in the number of landlord possession claims leading to order made, although not at the level of just possession claims. Possession claims leading to orders made increase by 4% on quarter 1 2010 and over the four quarter period there had been a 15% annual increase. Landlord possession activity is lowest in Wigan compared to other authorities in Greater Manchester, other neighbouring authorities, the regional and national trends, when looking at the claims per 1000 households.

Figure 5.1 Residential Possession Activity in Wigan Borough



5.2 Action against owner occupiers

Figure 5.2 Mortgage Claims Wigan LA Quarter 1 2011 and Quarter 2 2010 to Quarter 1 2011

	----- 2011 Q1 -----			----- 2010 Q2 - 2011 Q1 -----		
	Total	% Change in total since 2010 Q1	Per 1,000 households	Total	% Change in total since 2009 Q2 - 2010 Q1	Per 1,000 households
Wigan	180	21%	1.38	670	-3%	5.15
Bolton	125	11%	1.13	500	-16%	4.50
Bury	100	15%	1.32	400	3%	5.26
Manchester	185	-18%	0.92	805	-25%	3.99
Oldham	90	-23%	1.01	410	-23%	4.61
Rochdale	100	-2%	1.19	425	-4%	5.06
Salford	135	40%	1.38	480	-15%	4.90
Stockport	115	13%	0.93	410	-19%	3.33
Tameside	115	0%	1.25	465	-18%	5.05
Trafford	75	9%	0.81	300	2%	3.23
Greater Manchester	1,220	4%	1.11	4,860	-14%	4.42
Chorley	50	-	1.14	180	6%	4.09
St. Helens	95	21%	1.27	335	-5%	4.47
Warrington UA	95	11%	1.16	345	-19%	4.21
West Lancashire	55	0%	1.20	185	-10%	4.02
NORTH WEST	3,145	7%	1.07	12,120	-13%	4.13
ENGLAND	18,195	4%	0.84	70,895	-14%	3.26
ENGLAND AND WALES	19,608	4%	0.85	76,234	-14%	3.31

Source: Ministry of Justice May 2011

Figure 5.3 Mortgage Possession Claims leading to orders made Wigan LA - Quarter 1 2011 and Quarter 2 2010 to Quarter 1 2011

	----- 2011 Q1 -----			----- 2010 Q2 - 2011 Q1 -----		
	Total	% Change in total since 2010 Q1	Per 1,000 households	Total	% Change in total since 2009 Q2 - 2010 Q1	Per 1,000 households
Wigan	135	17%	1.04	520	-4%	4.00
Bolton	95	-18%	0.86	420	-20%	3.78
Bury	70	25%	0.92	280	-14%	3.68
Manchester	135	-4%	0.67	645	-27%	3.19
Oldham	85	9%	0.96	350	-16%	3.93
Rochdale	85	38%	1.01	355	-7%	4.23
Salford	95	4%	0.97	380	-19%	3.88
Stockport	95	14%	0.77	315	-22%	2.56
Tameside	105	6%	1.14	390	-11%	4.24
Trafford	55	-25%	0.59	220	-1%	2.37
Greater Manchester	950	5%	0.86	3,875	-16%	3.52
Chorley	40	8%	0.91	135	-8%	3.07
St. Helens	70	52%	0.93	255	-9%	3.40
Warrington UA	70	1%	0.85	250	-25%	3.05
West Lancashire	45	13%	0.98	130	-28%	2.83
NORTH WEST	2,385	5%	0.81	9,365	-17%	3.19
ENGLAND	13,520	3%	0.62	53,430	-18%	2.46
ENGLAND AND WALES	14,550	3%	0.63	57,424	-18%	2.50

Source: Ministry of Justice May 2011

5.3 Action against tenants by landlords

Figure 5.4 Landlord possession claims - Quarter 1 2011 and Quarter 2 10 to Q1 2011

	----- 2011 Q1 -----			----- 2010 Q2 - 2011 Q1 -----		
	Total	% Change in total since 2010 Q1	Per 1,000 households	Total	% Change in total since 2009 Q2 - 2010 Q1	Per 1,000 households
Wigan	125	76%	0.96	415	25%	3.19
Bolton	165	-1%	1.49	560	6%	5.05
Bury	105	20%	1.38	335	-9%	4.41
Manchester	770	21%	3.81	2,680	3%	13.27
Oldham	105	13%	1.18	560	8%	6.29
Rochdale	145	13%	1.73	560	1%	6.67
Salford	275	18%	2.81	915	-12%	9.34
Stockport	190	-10%	1.54	720	-12%	5.85
Tameside	165	-13%	1.79	720	-14%	7.83
Trafford	95	-30%	1.02	380	-26%	4.09
Greater Manchester	2,135	10%	1.94	7,850	-3%	7.14
Chorley	60	-22%	1.36	215	-13%	4.89
St. Helens	130	67%	1.73	385	5%	5.13
Warrington UA	80	10%	0.98	285	4%	3.48
West Lancashire	90	52%	1.96	300	-4%	6.52
NORTH WEST	4,600	9%	1.57	16,525	-4%	5.63
ENGLAND	35,390	5%	1.63	130,450	2%	6.00
ENGLAND AND WALES	37,011	5%	1.61	136,654	2%	5.94

Source: Ministry of Justice May 2011

Figure 5.5 Landlord Possession Claims leading to orders made Q1 2011 and Q2 2010 to Q1 2011

	----- 2011 Q1 -----			----- 2010 Q2 - 2011 Q1 -----		
	Total	% Change in total since 2010 Q1	Per 1,000 households	Total	% Change in total since 2009 Q2 - 2010 Q1	Per 1,000 households
Wigan	75	4%	0.58	290	15%	2.23
Bolton	105	1%	0.95	435	27%	3.92
Bury	65	8%	0.86	220	-19%	2.89
Manchester	395	5%	1.96	1,660	7%	8.22
Oldham	105	55%	1.18	470	20%	5.28
Rochdale	120	32%	1.43	485	6%	5.77
Salford	145	-12%	1.48	555	-17%	5.66
Stockport	115	-17%	0.93	495	-6%	4.02
Tameside	105	-13%	1.14	545	-11%	5.92
Trafford	65	-26%	0.70	265	-22%	2.85
Greater Manchester	1,290	1%	1.17	5,425	0%	4.93
Chorley	35	-34%	0.80	170	-6%	3.86
St. Helens	85	54%	1.13	270	-3%	3.60
Warrington UA	75	17%	0.91	225	-4%	2.74
West Lancashire	45	42%	0.98	165	-11%	3.59
NORTH WEST	2,950	3%	1.01	11,410	-4%	3.89
ENGLAND	23,700	10%	1.09	88,485	3%	4.07
ENGLAND AND WALES	24,812	9%	1.08	92,985	2%	4.04

Source: Ministry of Justice May 2011

6 Empty Properties

Figure 6.1 Empty Properties

Quarter	01/01/2010	01/04/2010	01/07/2010	01/10/2010	01/01/2011	01/04/2011
Private Sector Homes Stock	116,273	116,393	116,495	116,607	116,708	116,821
Empty Private Sector Homes	5,176	5,080	4,970	4,894	4,860	4,872
%	4.45%	4.36%	4.27%	4.20%	4.16%	4.17%
Empty Private Sector Homes Over 6 Months	3,149	3,139	3,083	3,034	2,971	2,919
%	2.71%	2.70%	2.65%	2.60%	2.55%	2.50%

Source: Council Tax Register
Data includes RSL homes

7 Economic Indicators

Figure 7.1 Key Economic Indicators (as at 24th June 2011)

Bank of England Base Rate	0.5%
Consumer Price Index Inflation	4.5%
Government CPI target	2.0%
Retail Price Index Inflation	5.2%
Halifax Base Mortgage Rate	3.5%
3 month LIBOR	0.82625%

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
--	--