

Wigan Council Housing Strategy



Wigan Housing Market Update

Issue 9 January 2012

July 2011 – September 2011



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1) Housing Market Overview

House prices in Wigan have continued to fall when compared to their position a year earlier. Average prices in September 2011 were £126,580, 5.7% lower than the same period the previous year based on Hometrack's Automated Valuation Model. Prices falls have been most severe in the top end values of the property market. Upper quartile house prices declined 6.2% and the top 10% of properties declined by 7.4% from the values at September 2010. Lower quartile properties reduced the least over the year by 3.8%. The period between June and September saw prices come down at quite a significant level in the higher values, whilst lower quartile properties showed a 1% increase. Activity within the housing market continues to be at low levels, but with the decline in house prices at the upper values this could indicate these properties are realigning their values to market demand.

Affordability in the housing market is improving (table 3.1a). However the affordability ratios show that there still is an affordability issue for the borough, particularly those on lower income and earnings. The ratio for lower quartile house prices against lower quartile earnings is 4.93. Mortgage availability would appear to be improving and lenders are now offering high loan to value ratios to borrowers. However the Council of Mortgage Lenders data shows that the average loan to value ratio for a first time buyer is 80% of the purchase price.

Since the first edition of Wigan's Housing Market Update in September 2009 there have been 3 distinct stages in the performance of the housing market. Firstly, following the credit crunch, there was a period of price falls. Secondly, there was recovery in the housing market during 2010 back to peak levels

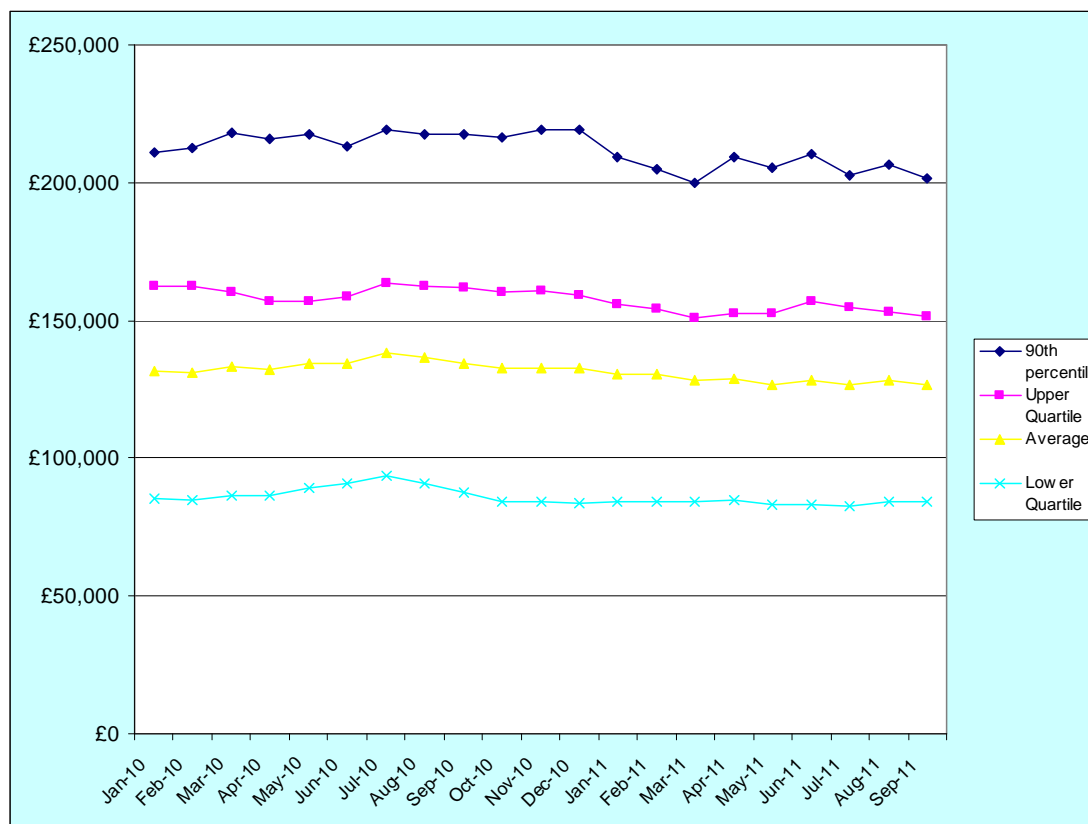
experienced during the boom period prior to the credit crunch. Thirdly 2011 saw downward pressure on house prices. The current economic uncertainty and continued low levels of activity in the housing market may mean that the outlook for the housing market will be subdued in 2012.

2) House Prices

2.1 Overall

- The average house price in Wigan at September 2011 in Wigan Borough was £126,586 (Hometrack Automated Valuation Model)
- Average prices have declined by 5.7% from September 2010 when the average price was £134,207. Average prices have reduced by 1.4% since June 2011.
- Properties in the higher values have seen the greatest fall. 90th percentile properties (top 10% of values) reduced by 7.4% from values at September 2010 and by 4.2% at June 2011. Upper quartile values reduced by 6.2% from September 2010 and 3.2% from June 2011.
- Lower quartile properties reduced the least over the year, falling by 3.8% compared to September 2010. Since June 2011 they have increased by 1.0%.

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
Sep-10	£217,416	£161,666	£134,274	£87,500	1,760
Dec-10	£219,416	£159,316	£132,672	£83,666	1,640
Mar-11	£200,000	£150,833	£128,087	£84,500	1,451
Jun-11	£210,166	£156,666	£128,328	£83,333	1,569
Sep-11	£201,333	£151,666	£126,580	£84,166	1,420
Quarterly Change %	-4.2	-3.2	-1.4	1.0	-9.5
Half Yearly Change %	0.7	0.6	-1.2	-0.4	-2.1
Annual Change %	-7.4	-6.2	-5.7	-3.8	-19.3

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

2.2 Property types

- All property types experienced a fall in price over the year, apart from flat types. Flat prices are already at low values
- Flat types increased by 12.1% to an average of £82,839 compared to £73,929 the previous year, and by 12.9% since June 2011. It needs to be noted that such increases are likely to be influenced by the low supply of this stock type in the borough.
- Terraced house declined the most over the year, reducing by 10.4% from £93,412 in September 2010 to £83,730 a year later.

Figure 2.2 Average house price changes by property type

	Terraced	Semi Detached	Detached	Flats
Sep-10	£93,412	£123,840	£214,068	£73,929
Dec-10	£86,961	£125,934	£218,926	£79,653
Mar-11	£87,535	£121,223	£211,868	£83,431
Jun-11	£86,687	£122,465	£201,644	£73,376
Sep-11	£83,730	£120,667	£200,942	£82,839
Quarterly Change	-3.4	-1.5	-0.3	12.9
Half Yearly Change	-4.3	-0.5	-5.2	-0.7
Annual Change	-10.4	-2.6	-6.1	12.1

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

2.3 Neighbouring authorities

- At September 2011 Wigan has the lowest value house prices when compared to its neighbouring authorities. Bolton (£128,007) and then St Helens (£130,777) have the next lowest values. Warrington has the highest average prices (£204,276) and was the only authority to record an annual prices increase (1.2%). Of the neighbouring authorities Chorley's prices decreased most over the year by 10.1%

Figure 2.3 Average prices in neighbouring authorities

	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Quarterly Change	Half Year - Dec 10 - Jun 11	Annual change
Bolton	£138,798	£136,132	£137,434	£127,166	£128,007	0.7	-6.9	-7.8
Bury	£152,728	£151,240	£148,305	£145,271	£148,554	2.3	0.2	-2.7
Chorley	£189,837	£178,158	£175,578	£173,750	£169,568	-2.4	-3.4	-10.7
Salford	£142,704	£140,690	£139,269	£133,644	£136,872	2.4	-1.7	-4.1
St Helens	£135,527	£137,087	£130,641	£128,474	£130,777	1.8	0.1	-3.5
Warrington	£201,855	£200,424	£189,848	£198,313	£204,276	3.0	7.6	1.2
West Lancs	£190,968	£178,627	£195,708	£183,016	£176,694	-3.5	-9.7	-7.5
Wigan	£134,274	£132,672	£128,087	£128,328	£126,586	-1.4	-1.2	-5.7

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 £182,891, Orrell £168,036 and Wigan Central £163,132
- Lower value wards – Leigh West £75,181, Ince £82,669 and Douglas £85,130
- Ince ward experienced the most price growth over the year increasing by 6.5%. Prices in the Atherleigh 023 ward fell the most by 19.4%.

Private Rental (figure 2.4d)

- Private rents in Wigan Borough–

	Bedrooms	30 th Percentile	80% Median	Median	Upper Quartile
Wigan Borough	1B	£80	£64	£80	£92
	2B	£92	£82	£103	£109
	3B	£114	£97	£121	£132

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

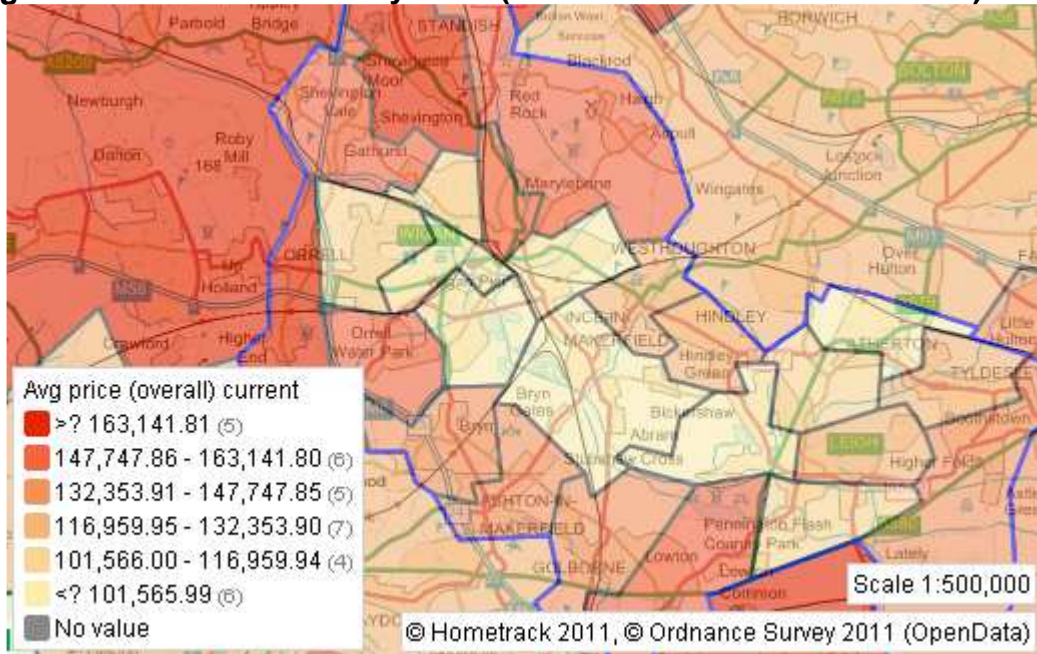


Figure 2.4b House Price Changes by ward (based on sales and valuations)

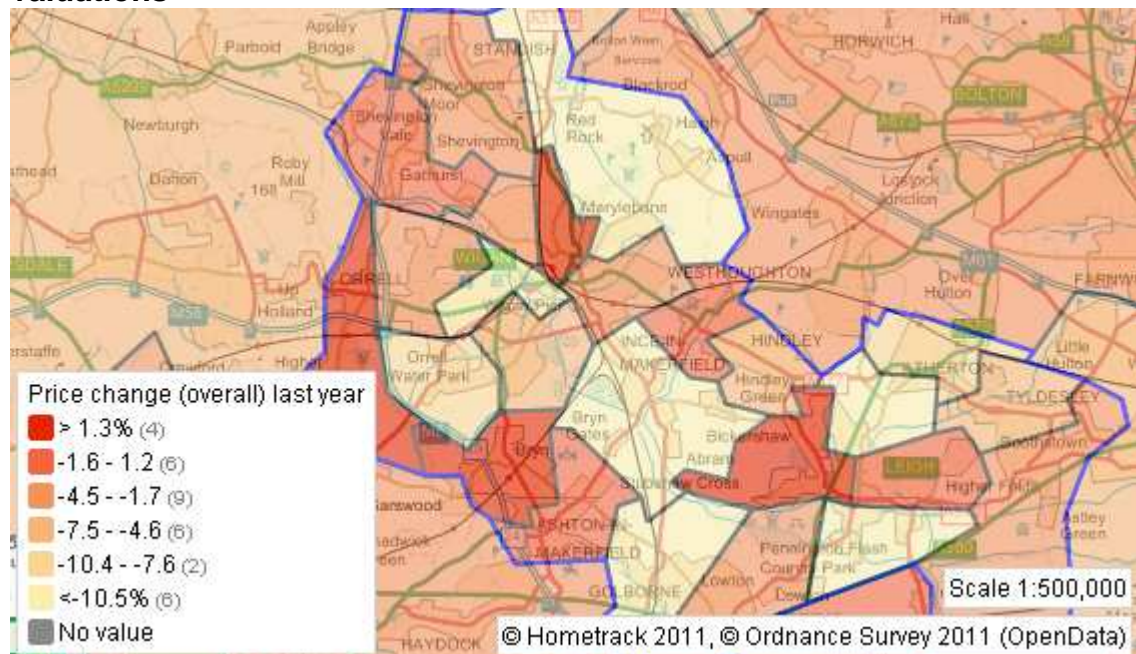


Figure 2.4c House Prices by Township / Ward based on sales and valuations –Data tables

Township	Ward	Sep-10		Sep-11		% Price Change	% Property Change
		Average	Properties	Average	Properties		
Atherton	Atherton	£110,098	140	£101,986	103	-7.4	-26.4
	Atherleigh 023	£138,722	103	£111,875	81	-19.4	-21.4
Leigh	Leigh West	£77,123	102	£75,181	99	-2.5	-2.9
	Leigh East	£119,084	179	£112,707	132	-5.4	-26.3
	Leigh South	£137,117	139	£111,956	77	-18.4	-44.6
	Atherleigh 027	£93,711	54	£92,367	30	-1.4	-44.4
Astley and Tyldsley	Astley	£147,327	263	£145,153	208	-1.5	-20.9
	Tyldesley	£122,818	191	£117,147	172	-4.6	-9.9
Golborne and Lowton	Golborne and Lowon West	£154,550	162	£133,922	97	-13.3	-40.1
	Lowton East	£157,573	167	£157,799	89	0.1	-46.7
Hindley, Abram, Platt Bridge & Bickershaw	Hindley	£121,005	146	£125,529	113	3.7	-22.6
	Hindley Green	£134,411	110	£123,955	68	-7.8	-38.2
	Abram	£109,206	163	£100,867	97	-7.6	-40.5
Wigan North	Wigan Central	£159,036	111	£163,132	122	2.6	9.9
	Wigan West	£116,296	126	£117,482	90	1.0	-28.6
	Ince	£77,645	73	£82,669	46	6.5	-37.0
Wigan South	Douglas	£95,222	119	£85,130	95	-10.6	-20.2
	Pemberton	£104,986	99	£102,277	60	-2.6	-39.4
	Worsley Mesnes	£103,246	84	£96,399	79	-6.6	-6.0
Orrell & Winstanley	Orrell	£160,208	143	£168,036	113	4.9	-21.0
	Winstanley	£164,426	168	£149,506	110	-9.1	-34.5
Shevington, Standish & Aspull	Aspull, New Springs & Whelley	£168,085	136	£149,309	111	-11.2	-18.4
	Standish	£185,914	153	£182,891	106	-1.6	-30.7
	Shevington	£166,096	99	£155,998	91	-6.1	-8.1
Ashton & Bryn	Ashton	£138,341	166	£135,253	139	-2.2	-16.3
	Bryn	£130,346	180	£123,117	169	-5.5	-6.1
Wigan		£134,341	3,589	£127,803	2,719	-4.9	-24.2

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 April 2010 – March 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	£92	-	-	£98	Leigh East	1B	£75	£60	£75	£80
	2B	£86	£78	£98	£98		2B	£86	£76	£95	£98
	3B	£109	£91	£114	£132		3B	£103	£91	£114	£137
Ashton	1B	£91	-	-	£99	Leigh South	1B	£78	-	-	£89
	2B	£103	£85	£106	£114		2B	£91	£79	£99	£103
	3B	£115	£101	£126	£132		3B	£103	£101	£126	£129
Astley	1B	£74	-	-	£78	Leigh West	1B	£78	£64	£80	£86
	2B	£108	£91	£114	£126		2B	£86	£74	£92	£98
	3B	£126	£110	£137	£154		3B	£99	£91	£114	£126
Aspull	1B	-	-	-	-	Lowton East	1B	£86	£64	£80	£91
	2B	£103	£91	£114	£121		2B	£103	£85	£106	£114
	3B	£115	£101	£126	£132		3B	£121	£110	£137	£138
Atherleigh	1B	£87	-	-	£92	Orrell	1B	£88	-	-	£96
	2B	£98	£82	£103	£103		2B	£109	£91	£114	£126
	3B	£115	£101	£126	£132		3B	£121	£110	£137	£138
Atherton	1B	£80	£64	£80	£85	Pemberton	1B	£75	-	-	£96
	2B	£98	£78	£98	£103		2B	£98	£82	£103	£109
	3B	£103	£91	£114	£118		3B	£103	£91	£114	£126
Bryn	1B	£89	-	-	£96	Shevington	1B	-	-	-	-
	2B	£103	£91	£114	£117		2B	£103	£87	£109	£126
	3B	£126	£97	£121	£132		3B	£126	£106	£132	£143
Douglas	1B	£83	£69	£86	£91	Standish	1B	-	-	-	-
	2B	£98	£78	£98	£103		2B	£103	£92	£115	£126
	3B	£109	£91	£114	£126		3B	£126	£101	£126	£137

Golborne and Lowton West	1B	£75	£64	£80	£96	Tyldesley	1B	£79	£64	£80	£104
	2B	£91	£82	£103	£106		2B	£96	£78	£98	£103
	3B	£121	£101	£126	£132		3B	£126	£97	£121	£137
Hindley	1B	£78	-	-	£90	Wigan Central	1B	£80	£64	£80	£99
	2B	£97	£80	£100	£103		2B	£103	£87	£109	£126
	3B	£109	£92	£115	£137		3B	£114	£101	£126	£132
Hindley Green	1B	-	-	-	-	Wigan West	1B	£75	-	-	£91
	2B	£92	£79	£99	£103		2B	£96	£82	£103	£114
	3B	£108	£101	£126	£137		3B	£109	£92	£115	£125
Ince	1B	£77	-	-	£79	Winstanley	1B	£82	-	-	£92
	2B	£91	£78	£98	£103		2B	£109	£87	£109	£110
	3B	£109	£91	£114	£126		3B	£126	£106	£132	£138
Wigan Borough	1B	£80	£64	£80	£92	Worsley Mesnes	1B	-	-	-	-
	2B	£92	£82	£103	£109		2B	£96	£82	£103	£103
	3B	£114	£97	£121	£132		3B	£114	£101	£126	£129

3) Affordability

3.1a Affordability ratios

	Incomes (CACI)	Earnings (ASHE)
Mean	3.86	N/A
Median	2.73	4.74
Lower Quartile	4.86	4.93

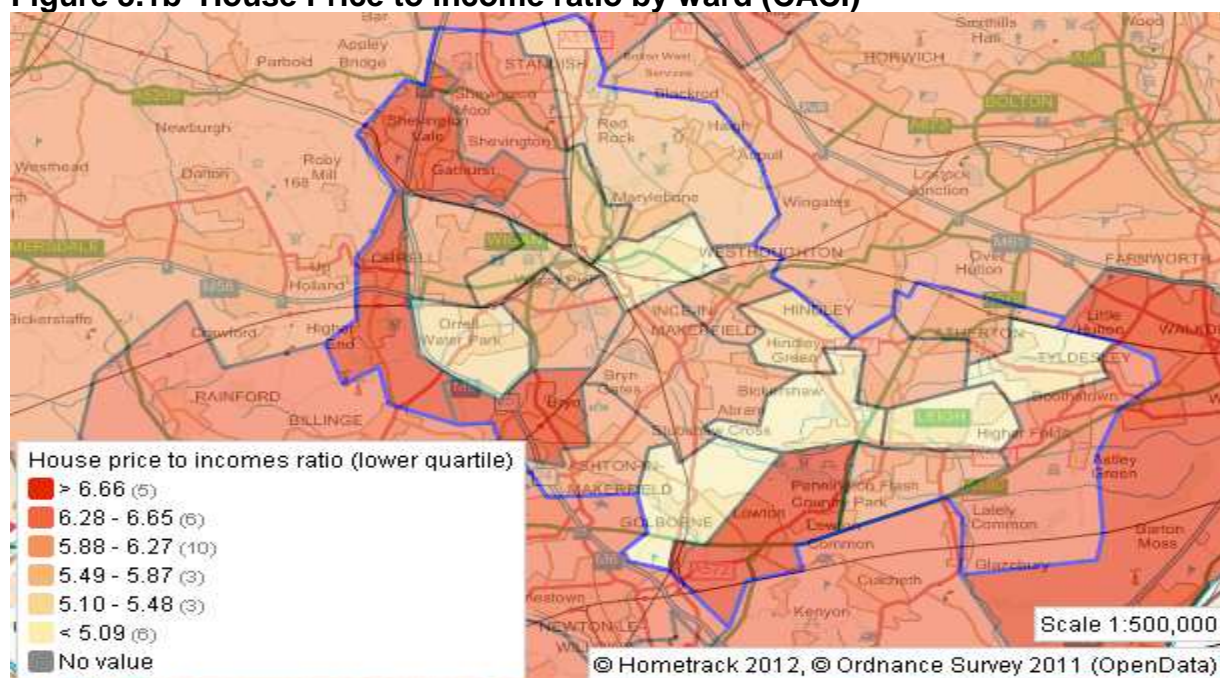
Ratios compare like for like i.e. mean house prices to mean incomes

CACI- Paycheck data based on household incomes

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

- Affordability has improved for those on median incomes and earnings against mean and median value properties since the last edition. The lower quartile affordability ratio has remained the same as the last edition of the update.
- The most recent Council for Mortgage Lenders data for October 2011 also shows improving affordability with the average income multiple for first time buyers for house purchases being 3.20. In September 2011 the average was 3.24. The average loan to value is at 80%.
- Figure 3.1b 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 £84,166, based on a loan to value ratio of 80% the purchaser would require a deposit of £16,833. On the outstanding loan amount, £67,333 based on the CML June affordability ratio, the annual income required to purchase the property would be £21,042.

Figure 3.1b 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 Tenant Services Authority 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 3 2011

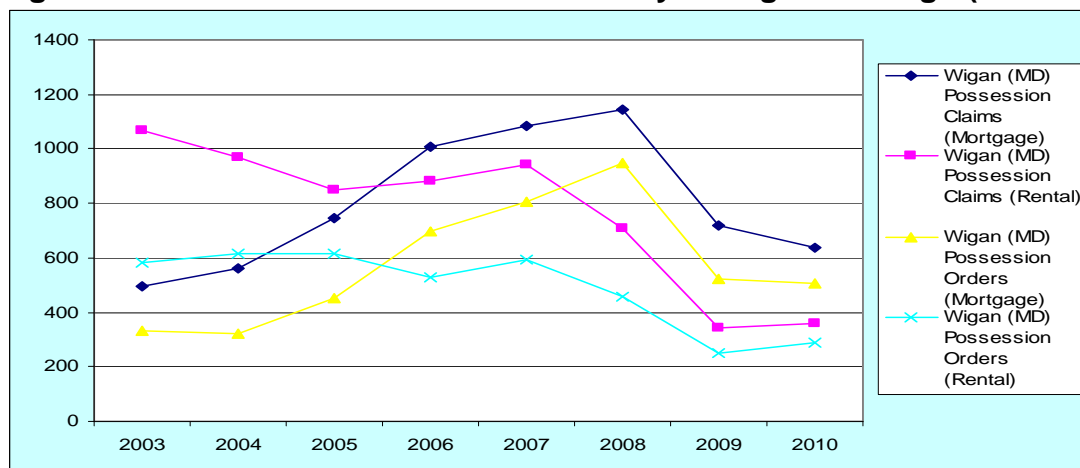
Mortgages

- Mortgage claims reduced in Wigan by 21% on the same quarter the previous year. This compared to a 9% reduction in Greater Manchester and a reduction of 8% in England and Wales. Over the cumulative 4 quarter position from quarter 3 2010 to quarter 2 2011, claims reduced by 1% compared to the same period the previous year.
- Mortgage orders reduced in Wigan by 7% compared to the same quarter the previous year. However the cumulative 4 quarter position from quarter 3 2010 to quarter 2 2011 orders increased by 12% compared to the corresponding period the previous year.
- The level of mortgage possession activity per 1000 households remains an issue, with Wigan have the highest ratio in Greater Manchester for orders made This is above sub regional, regional and national averages. Mortgages claims are also high compared to the rest of Greater Manchester and against the sub regional, regional and national trends.

Landlords

- Landlord claims increased by 6% compared to quarter 2 2010. Over the cumulative 4 quarter position from quarter 3 2010 to quarter 2 2011 claims increased by 9% compared to the corresponding period the previous year.
- Landlord possession orders increased by 6% on the same quarter in 2010. The cumulative four quarter position against the corresponding period for the previous year also increased by 9%.
- Landlord possession activity per 1000 households is nearly half of sub regional, regional and national trends. This may be due to Wigan having a smaller private rented sector compared to other areas.

Figure 5.1 Residential Possession Activity in Wigan Borough (Annual)



5.2 Action in the Courts

	----- 2011 Q3 -----			----- 2010 Q4 - 2011 Q3 -----		
	Total	% Change in total since 2010 Q3	Per 1,000 households	Total	% Change in total since 2009 Q4 - 2010 Q3	Per 1,000 households
Mortgage Claims						
Wigan	135	-21%	1.04	620	-1%	4.77
Greater Manchester (Met County)	1,195	-9%	1.09	4,770	0%	4.34
NORTH WEST	3,035	-5%	1.03	12,015	1%	4.09
ENGLAND	17,425	-8%	0.80	69,265	-2%	3.19
ENGLAND AND WALES	18,763	-8%	0.82	74,557	-2%	3.24
Mortgage Orders						
Wigan	150	-7%	1.15	535	12%	4.12
Greater Manchester (Met County)	940	-11%	0.85	3,760	0%	3.42
NORTH WEST	2,420	-4%	0.82	9,315	0%	3.17
ENGLAND	13,470	-6%	0.62	52,545	-4%	2.42
ENGLAND AND WALES	14,479	-6%	0.63	56,538	-3%	2.46
Landlord Claims						
Wigan	100	-8%	0.77	410	9%	3.15
Greater Manchester (Met County)	2,210	5%	2.01	8,110	5%	7.37
NORTH WEST	4,475	5%	1.52	17,110	5%	5.83
ENGLAND	35,965	9%	1.66	135,270	6%	6.22
ENGLAND AND WALES	37,439	8%	1.63	141,104	5%	6.13
Landlord Orders						
Wigan	85	6%	0.65	300	9%	2.31
Greater Manchester (Met County)	1,445	2%	1.31	5,445	4%	4.95
NORTH WEST	3,025	7%	1.03	11,510	2%	3.92
ENGLAND	24,705	12%	1.14	91,620	7%	4.22
ENGLAND AND WALES	25,738	11%	1.12	95,840	6%	4.16

Source: Ministry of Justice November 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

Please note 1/7/11 is the most recent data available at the time of publication

Data includes RSL homes

7 Economic Indicators

Figure 7.1 Key Economic Indicators (as at 16/1/12)

Bank of England Base Rate	0.5%
Consumer Price Index Inflation	4.2%
Government CPI target	2%
Retail Price Index Inflation	4.8%
Halifax Base Mortgage Rate	3.5%
3 month LIBOR	1.08894%

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.

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