Snapshot of property prices at April 2009

Chapter 13. Snapshot of property prices at April 2009

13.1 Summary

- Cambridge City is the most expensive area and Fenland is the cheapest.
- Prices decreased in all districts between 2008 and 2009.
- The number of properties and private sector stock turnover has decreased significantly since the "credit crunch" as people at the lower end of the market are finding it increasingly difficult to obtain finance.
- The average property price to earnings ratio has decreased slightly in all districts, from between 7 and 9 times earnings in 2007/8 to 6 to 8 times earnings in 2008/9, i.e. it is still quite difficult to afford to purchase.

13.2 Introduction

This paper looks at the most recent data on house prices from Hometrack and how prices have changed over the past year (that is, 2008 to 2009).

This is the second year the SHMA has used Hometrack data. All data is from Hometrack unless otherwise stated.

There have been changes in the way data from Hometrack is reported – until earlier in 2009 the data was based on sales and valuations together. This report will use the combined sales and valuations data. Data is now also available based on actual sales only as provided by the Land Registry.

Appendix 1 compares these two types of data for each district. The comparison shows that for overall average house prices the sales and valuation data shows slightly higher values than the sales only data, but it also shows a similar trend to the sales only data, i.e. it peaks at the same point and falls at the same point. The data from the two Suffolk districts shows a less sharp decline in the last period for sales and valuations data than the sales only data shows.

13.3 Average Property Price

Table 1: Average Property Price and percentage change, Nov 2007-April 2008 and Nov 2008-April 2009

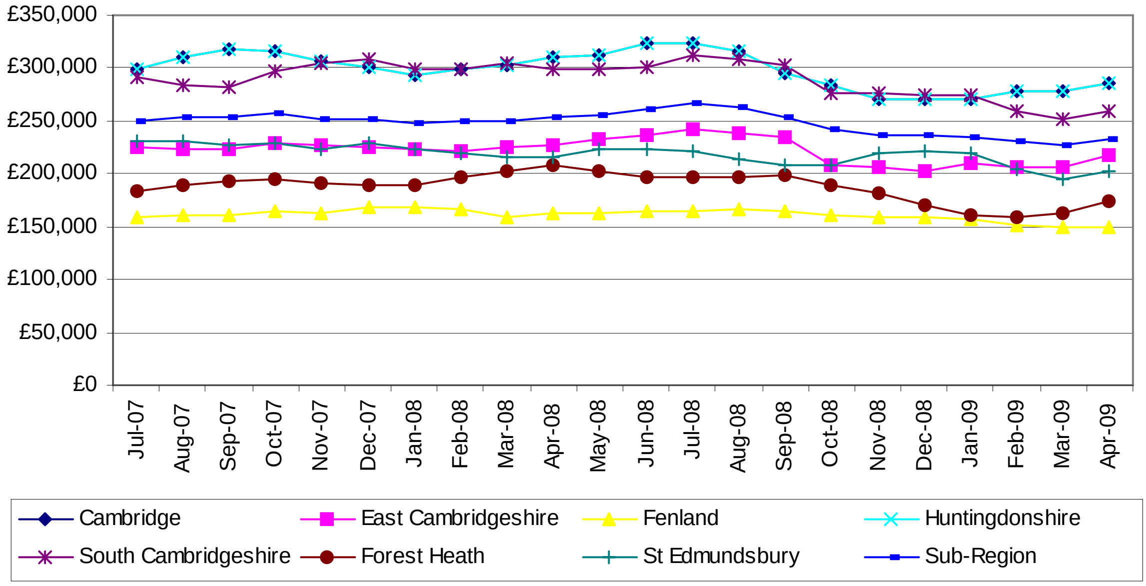
	Nov 2007-April 2008	Nov 2008-April 2009	Difference	Change
Cambridge City	£301,548	£276,294	-£25,254	-8%
East Cambridgeshire	£225,436	£212,689	-£12,747	-6%
Fenland	£165,516	£153,792	-£11,724	-7%
Huntingdonshire	£226,458	£199,606	-£26,852	-12%
South Cambridgeshire	£299,164	£268,106	-£31,058	-10%
Forest Heath	£198,617	£166,976	-£31,641	-16%
St Edmundsbury	£220,115	£212,077	-£8,038	-4%
Sub-Region	£233,854	£216,554	£17,299	-7%

Source: Hometrack July 2009

Cambridge City is the most expensive district followed by South Cambridgeshire. Fenland has the lowest prices followed by Forest Heath. Huntingdonshire was the third most expensive area in Nov 2007-April 2008, but was the third cheapest in Nov 2008-April 2009.

The average price has decreased in all areas. Forest Heath has decreased most sharply – the average house price in the district has fallen by £31,641 or 16%. St Edmundsbury has experienced the smallest drop in price at 4%. In Cambridgeshire, East Cambridgeshire and Fenland have experienced smaller falls in price than in Huntingdonshire and South Cambridgeshire. In the sub-region as a whole, the price has decreased by 7%.

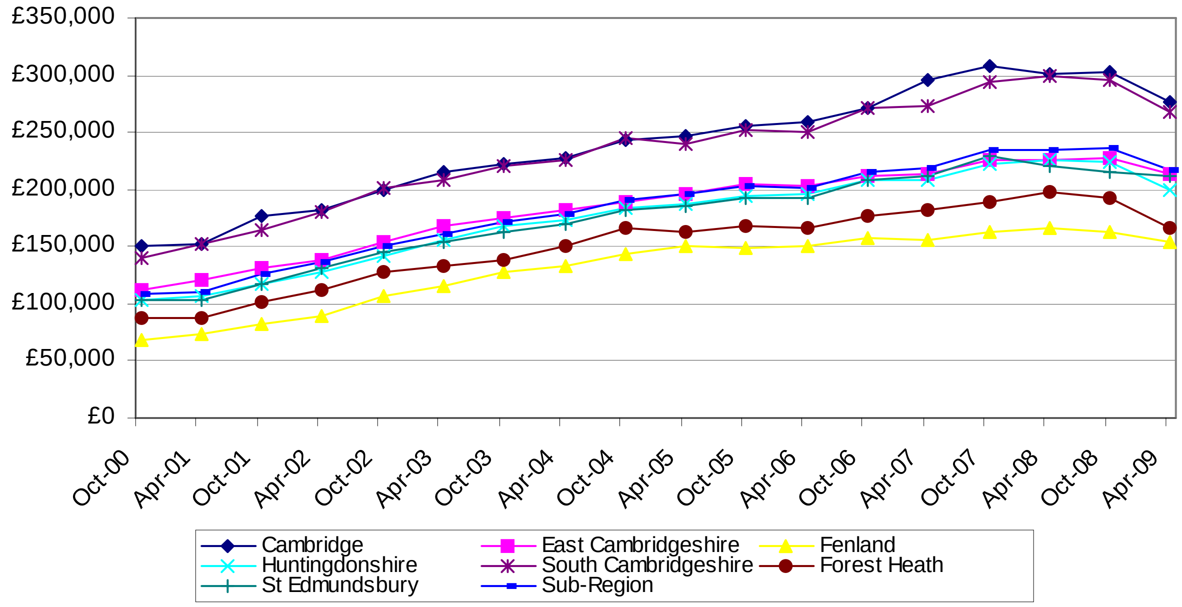
Fig 1: Average house price by district, Jul 2007-April 2009



Source: Hometrack July 2009

Fig 1 shows that most of the decline in price has been in more recent months, since about June 2008, although the "credit crunch" began around Sept 2007. Fig 2 shows a longer term picture of the last 9 years.

Fig 2: Average house price by district, 2000 to 2009



Source: Hometrack July 2009

Although house prices have decreased in the course of the last 18 months, they have increased significantly in the course of the last decade. Between May-Oct 2000 and May-Oct 2007, the sub-region average house price increased by 115%. In the last 18 months, it has fallen by 7% and is now at a similar level to 2006.

Table 2: Average Price by Property Type, Nov 2008 to April 2009

	Detached	Semi-Detached	Terraced	Flat/ Maisonette
Cambridge	£459,488	£273,230	£283,361	£170,348
East Cambridgeshire	£286,063	£167,083	£154,700	£120,363
Fenland	£193,455	£120,070	£103,394	£81,735
Huntingdonshire	£266,214	£165,799	£138,139	£108,920
South Cambridgeshire	£375,239	£209,462	£166,941	£146,947
Forest Heath	£213,744	£148,997	£140,368	£132,503
St Edmundsbury	£287,330	£177,615	£152,689	£119,692
Sub-Region	£286,493	£180,168	£169,593	£141,533

Source: Hometrack July 2009

Generally detached properties are the most expensive types of properties followed by semi-detached then terraced properties with flats being the cheapest. Terraced properties in Cambridge City are more expensive than semi-detached houses. Fenland is the only district where the average price of a detached house is under £200,000. In Cambridge City the average detached property is over £450,000, so there is considerable variation in price across the sub-region.

While Forest Heath is the second cheapest place overall, it is the third most expensive district for flats after Cambridge City and South Cambridgeshire, but this is based on a very small number of sales.

Table 3: Price change since Nov 2007 to April 2008

	Detached	Semi-Detached	Terraced	Flat/ Maisonette
Cambridge	-14%	-14%	-4%	-25%
East Cambridgeshire	-8%	-9%	-12%	-5%
Fenland	-9%	-13%	-16%	-0.1%
Huntingdonshire	-17%	-15%	-15%	-21%
South Cambridgeshire	-8%	-14%	-16%	-8%
Forest Heath	-22%	-12%	-10%	-14%
St Edmundsbury	-12%	-8%	-8%	-5%
Sub-Region	-10%	-11%	-7%	-15%

Source: Hometrack July 2009

Table 4 shows no clear pattern in the decreases in price by property type in each district between November 2007 and April 2008. In Cambridge City and Huntingdonshire flat prices have decreased by the largest amount on the last year. However there has been very little change in the price of flats in Fenland. In East Cambridgeshire, Fenland, and South Cambridgeshire terraced house prices have experienced greater falls in price than other types of home in those districts. In the two Suffolk districts detached prices have fallen further than prices for other properties.

Table 4: Average price by property size and type, Nov 2008 to April 2009

	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	All
Cambridge	£136,304	£176,781	£214,302	£243,683	£423,197	£276,294
East Cambridgeshire	£88,332	£119,000	£144,261	£181,107	£276,378	£212,689
Fenland	£88,625	£112,250	£117,539	£143,895	£209,082	£153,792
Huntingdonshire	£86,464	£109,161	£145,478	£172,358	£252,647	£199,606
South Cambridgeshire	£123,750	£150,925	£172,617	£212,490	£328,767	£268,106
Forest Heath	£102,736	£179,750	£125,133	£163,998	£191,719	£166,976
St Edmundsbury	£95,167	£97,083	£143,368	£169,789	£280,844	£212,077

Source: Hometrack July 2009

While Fenland and Forest Heath are the cheapest districts overall, they are cheaper for houses but not for flats. For one bedroom flats Huntingdonshire and East Cambridgeshire are the cheapest districts. Forest Heath appears to be the most expensive area for two bedroom flats, but this is based on fewer than 10 sales. It is also the cheapest area for four bedroom houses. With the exception of 2 bedroom flats, Cambridge City is the most expensive area for all sizes of property, but it is particularly so for larger properties. Four bedroom properties in the City are more than £100,000 more expensive on average than 3 bedroom properties.

Table 5: New Build Premium, April 2008 to April 2009

	Flats			Houses		
	Second Hand	New Build	New Build Premium	Second Hand	New Build	New Build Premium
Cambridge City	£166,000	£223,869	35%	£308,925	£318,500	3%
East Cambridgeshire		£156,667		£205,667	£210,814	3%
Fenland	£60,000	£89,500	49%	£133,017	£140,000	5%
Huntingdonshire	£90,643	£129,999	43%	£188,523	£228,373	21%
South Cambridgeshire	£110,786	£228,250	106%	£243,834	£345,000	41%
Forest Heath	£87,488	£120,000	37%	£141,267	£179,174	27%
St Edmundsbury	£94,625	£55,000	-42%	£179,416	£194,600	8%

Source: Hometrack July 2009

Generally new build properties are more expensive than older properties, and the difference between new build and second hand flats is greater than the difference for houses. In South Cambridgeshire, new build flats are more than double the price of similar second hand properties. However, in St Edmundsbury, New build flats were less expensive than second hand ones. Again, as shown below there have been very few sales in the past year and both these extremes may be due to a small sample size. There is no data for second hand flats in East Cambridgeshire.

Table 5 shows the difference in average price for properties by age. Second hand property prices have fallen in all areas. In some areas, new build prices for flats have increased. The largest increase for new build properties has been in South Cambridgeshire where the average price of a new build flat has increased by 46%. The average new build house price in this district has also increased by 20%. Elsewhere house prices for both new build and second hand properties have decreased.

Table 6: Price Change between April 2007-2008 and April 2008-2009

	Flats		Houses	
	Second hand	New build	Second hand	New build
Cambridge City	-17%	+13%	-7%	-36%
East Cambridgeshire		+4%	-6%	-12%
Fenland	-25%	+2%	-15%	-14%
Huntingdonshire	-24%	-15%	-13%	-1%
South Cambridgeshire	-24%	+46%	-14%	+20%
Forest Heath	-47%	-20%	-25%	-16%
St Edmundsbury	-28%	-56%	-18%	-13%

Source: Hometrack July 2009

13.4 Lower quartile prices

While the average price is useful for a general overview of the market and recent trends, for calculating affordability (see Chapter 21 *Current affordability and income*), the lower quartile price is a more useful measure of market entry and the level at which households can afford to purchase, as it shows the average price of the "bottom 25%" of the market.

Table 7: Lower quartile prices and % change, Nov 2007-April 2008 and Nov 2008-April 2009

	Nov 2007-April 2008	Nov 2008–April 2009	Difference	Change
Cambridge City	£185,000	£172,500	-£12,500	-7%
East Cambridgeshire	£150,000	£136,000	-£14,000	-9%
Fenland	£118,000	£108,000	-£10,000	-8%
Huntingdonshire	£145,000	£135,000	-£10,000	-7%
South Cambridgeshire	£185,000	£165,000	-£20,000	-11%
Forest Heath	£130,000	£120,000	-£10,000	-8%
St Edmundsbury	£138,000	£132,000	-£6,000	-4%

Source: Hometrack July 2009

St Edmundsbury has experienced the smallest decrease in lower quartile house prices over the past year. The overall lower quartile house price has fallen most sharply in South Cambridgeshire followed by East Cambridgeshire.

Table 8: Lower quartile house prices Nov 2008 to April 2009

	1 bed flat	2 bed flats	2 bed houses	3 bed houses	4 bed houses	All
Cambridge	£128,000	£152,000	£175,000	£185,250	£290,000	£172,500
East Cambridgeshire	£85,995	£110,000	£125,000	£147,000	£210,000	£136,000
Fenland	£73,000	£152,000	£95,000	£116,000	£175,000	£108,000
Huntingdonshire	£83,000	£97,500	£120,000	£136,500	£190,000	£135,000
South Cambridgeshire	£115,000	£125,000	£140,000	£167,500	£240,000	£165,000
Forest Heath	£100,000	£113,000	£109,995	£130,000	£138,000	£120,000
St Edmundsbury	£90,500	£89,000	£120,000	£131,000	£195,000	£132,000

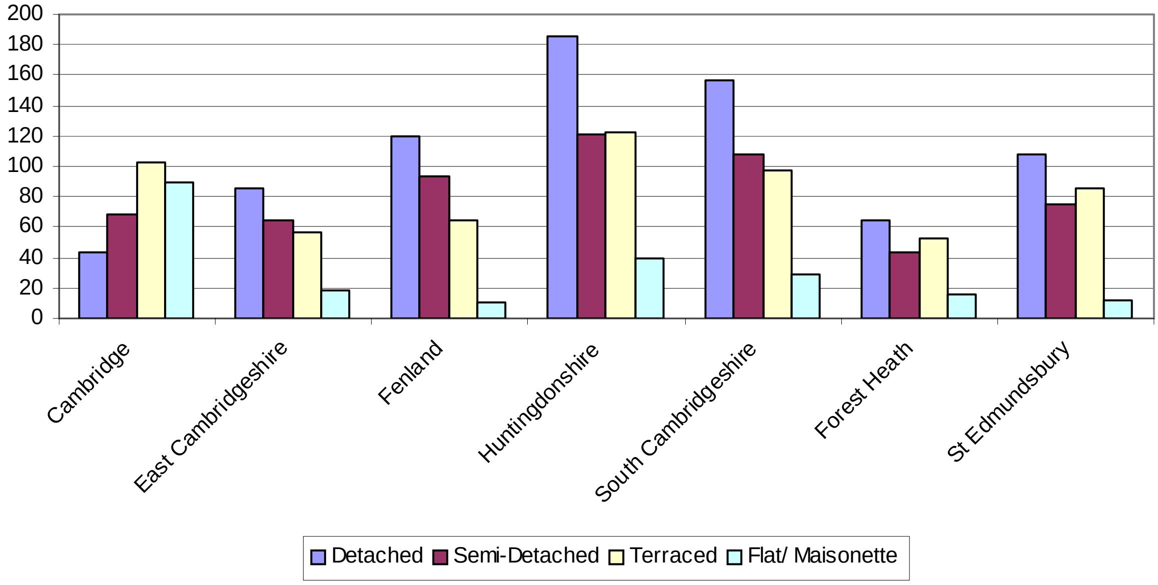
Source: Hometrack July 2009

Table 8 shows the most recent lower quartile price by property type and size. It shows that two bedroom flats in Fenland are more than three bedroom houses in the district, but this is based on only two sales/ valuations.1 In the sub-region the price of a two bed flat is typically between 69% and 75% of the price of a three bed house, which suggests the two flats sold in Fenland were not typical of the market for this type of property.

[1] Data on 1 bed flats in Fenland and St Edmundsbury are also based on fewer than 5 sales/ valuations.

13.5 Property sales

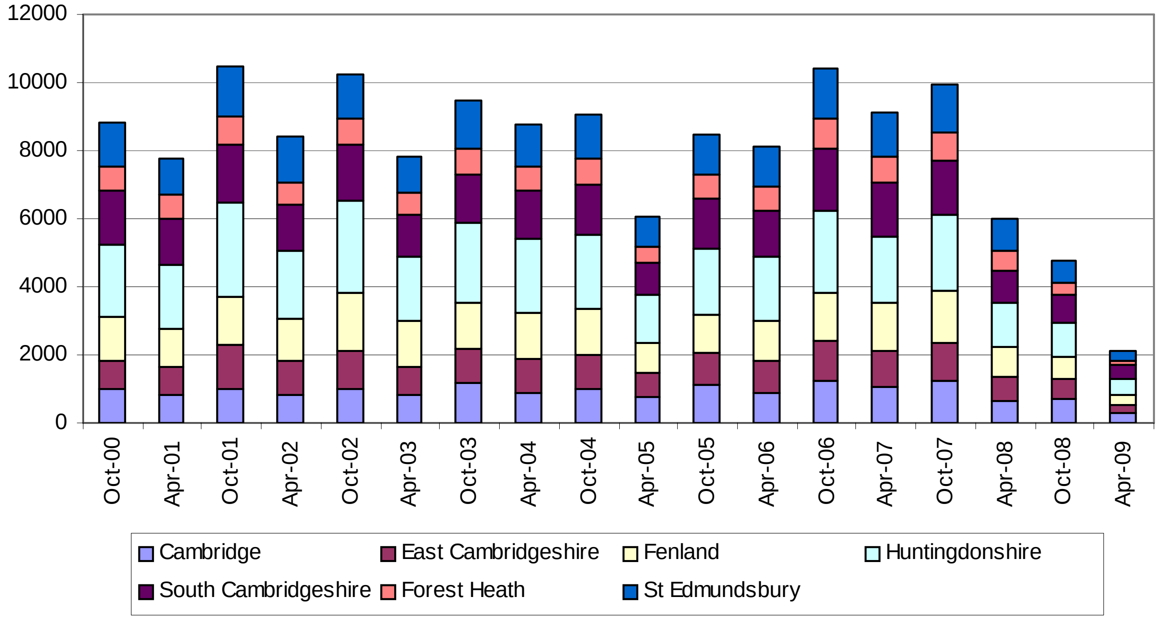
Fig 3: Number of sales by property type, Nov 2008-April 2009



Source: Hometrack (sales only) July 2009

Fig 3 shows the type of properties sold in the six-month period between November 2008 and April 2009 Cambridge City has a different profile to the rest of the sub-region. In the other districts between 38% and 42% of sales were of detached properties. In the city only 14% of sales were of detached properties. Cambridge City had a higher proportion of flat sales than any of the other districts. Some 41% of flats sold in the sub-region were in the City.

Fig 4: Number of properties sold over time, Cambridge Sub-Region October 2000-April 2009



Source: Hometrack (sales only) July 2009

A significantly lower number of properties were sold between November 2008 and April 2009 than have been in past years (see Fig 4 above). Between 2000 and 2007 there were about

8,800 properties sold in each six month period in the sub-region as a whole. In the twelve month period between October 2007 and October 2008, there were only 10,740 sales in total. Then between November 2008 and April 2009 there were just 2,132 sales, 45% of the number of sales recorded in the previous six months.

Table 9: Turnover as a percentage of stock 2004-2008

	2004	2005	2006	2007	2008
Cambridge City	4.44%	5.12%	4.82%	2.96%	0.29%
East Cambridgeshire	5.84%	7.23%	6.80%	3.49%	0.33%
Fenland	5.66%	7.34%	7.56%	3.44%	0.42%
Huntingdonshire	5.42%	6.78%	6.17%	3.06%	0.32%
South Cambridgeshire	4.79%	6.11%	5.54%	3.00%	0.32%
Forest Heath	5.15%	6.67%	6.22%	3.26%	0.41%
St Edmundsbury	5.06%	6.61%	6.11%	2.99%	0.29%

Source: Hometrack

The low number of sales means the turnover of private stock has decreased considerably. The percentage of private stock turning over each year has fallen from around 5% to less than 1% - an extremely low level. Since the start of the "credit crunch" it has become increasingly more difficult for households to obtain finance for home purchase. This particularly affects aspiring first time buyers, but has a knock on effect on the whole market as current owners are unable to sell.

13.6 Sales by price band

Data on the number of sales by price band is available from the Land Registry (via Hometrack). This is useful in showing the entry level price band in each area.

Table 10: Sales under £120K

	2007		2008	
Cambridge	132	3%	177	7%
East Cambridgeshire	267	6%	205	10%
Fenland	1,590	29%	760	31%
Huntingdonshire	689	9%	448	11%
South Cambridgeshire	214	4%	190	6%
Forest Heath	480	16%	247	15%
St Edmundsbury	324	6%	263	10%
Sub-Region	3,696	10%	2,290	12%

Source: Hometrack

There are very few properties available for sale for less than £120,000 in most of the sub-region. In Cambridge City and South Cambridgeshire fewer than 10% of properties are available at this level. In East Cambridgeshire, Huntingdonshire and St Edmundsbury in 2008 around 10% of sales for properties of £120,000 or less. In Fenland, nearly a third of properties were sold for less than £120,000 in both years. There were also a relatively high number of sales for this amount in Forest Heath in both years.

13.7 Affordability

Affordability is covered in more depth in Chapter 21 *Current affordability and income*, which compares costs for tenures and sizes. This section compares the average and lower quartile earnings by residence with the average and lower quartile house price. Data about earnings is taken from the annual survey of hours and earnings (ASHE).

Tables 11 and 12 compare this to the house prices in Nov 2007 - April 2008 and Nov 2008 - April 2009 (see also Tables 1 and 2).

Table 11: Average house price to earnings ratio

	Earnings 2007/08	Ratio 2007/08	Earnings 2008/09	Ratio 2008/09
Cambridge	£33,088	9.11	£34,622	7.98
East Cambridgeshire	£32,848	6.86	£34,783	6.11
Fenland	£23,962	6.91	£24,482	6.28
Huntingdonshire	£32,209	7.03	£32,682	6.11
South Cambridgeshire	£39,307	7.61	£38,282	7.00
Forest Heath	£25,454	7.80	£24,638	6.78
St Edmundsbury	£27,243	8.08	£27,784	7.63

Source: ASHE & Hometrack

The average house price was 7 to 9 times average earnings in 2007/8. In 2008/9 it was between 6 and 8 times Although South Cambridgeshire is the second most expensive area, it is slightly more affordable than St Edmundsbury because although the prices are lower, so are the wages. In Cambridge City, the average house price was around 9 times earnings and has now fallen to around 8. It is the least affordable area on this measure. Huntingdonshire and East Cambridgeshire are the most affordable areas on this measure.

Table 12: Lower quartile house price to earnings ratio

	Earnings 2007/08	Ratio 2007/08	Earnings 2008/09	Ratio 2008/09
Cambridge City	£19,136	9.67	£20,790	8.30
East Cambridgeshire	£18,247	8.22	£18,715	7.27
Fenland	£15,569	7.58	£14,966	7.22
Huntingdonshire	£18,933	7.66	£19,334	6.98
South Cambridgeshire	£19,235	9.62	£21,377	7.72
Forest Heath	£15,699	8.28	£15,860	7.57
St Edmundsbury	£16,354	8.44	£17,503	7.54

Source: ASHE & Hometrack

The lower quartile price was between 7-8 times earnings in 2008/9 Fenland and Huntingdonshire are the most affordable areas, but most lenders would feel uncomfortable lending at this ratio.

Appendix 1: Number of Sales per year by price band *(Source: Land Registry)*

Fig 5: Cambridge City

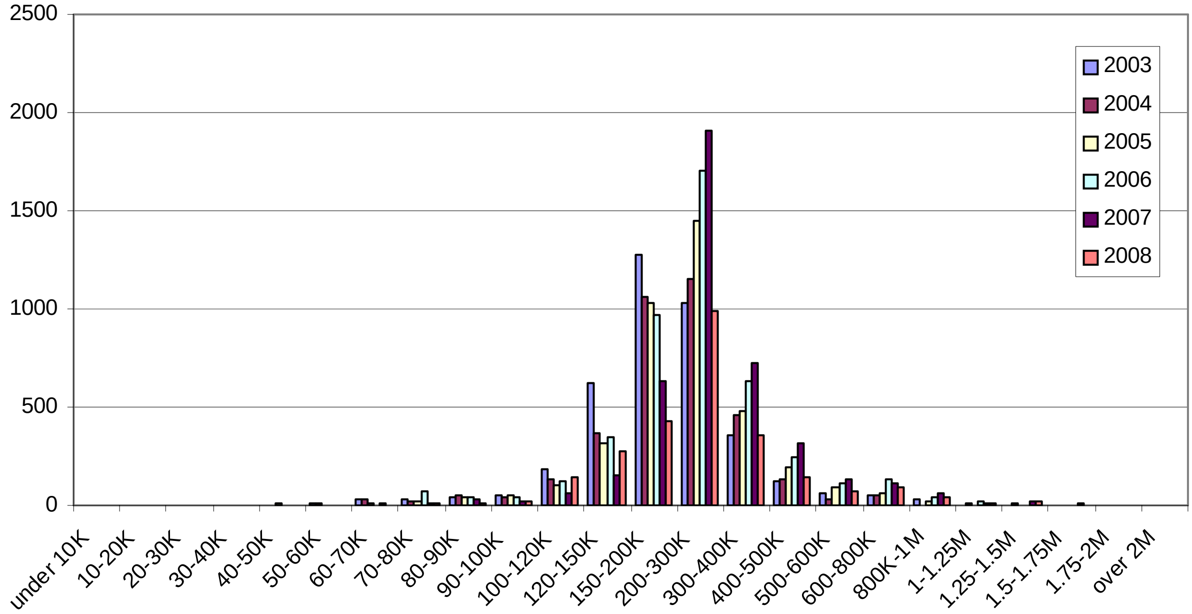


Fig 6: East Cambridgeshire

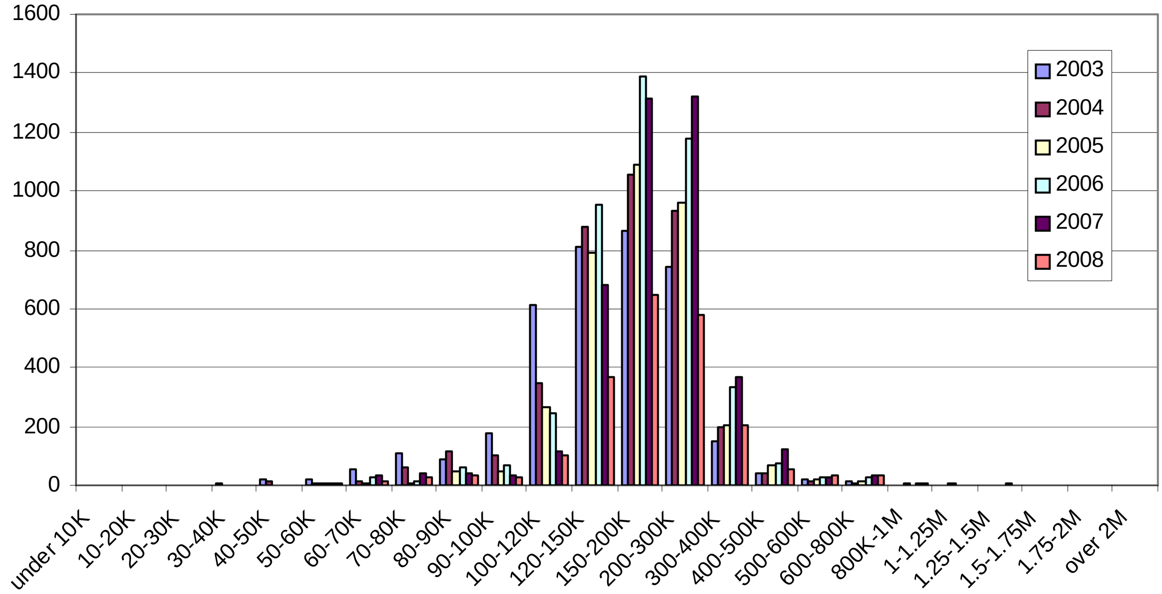


Fig 7: Fenland

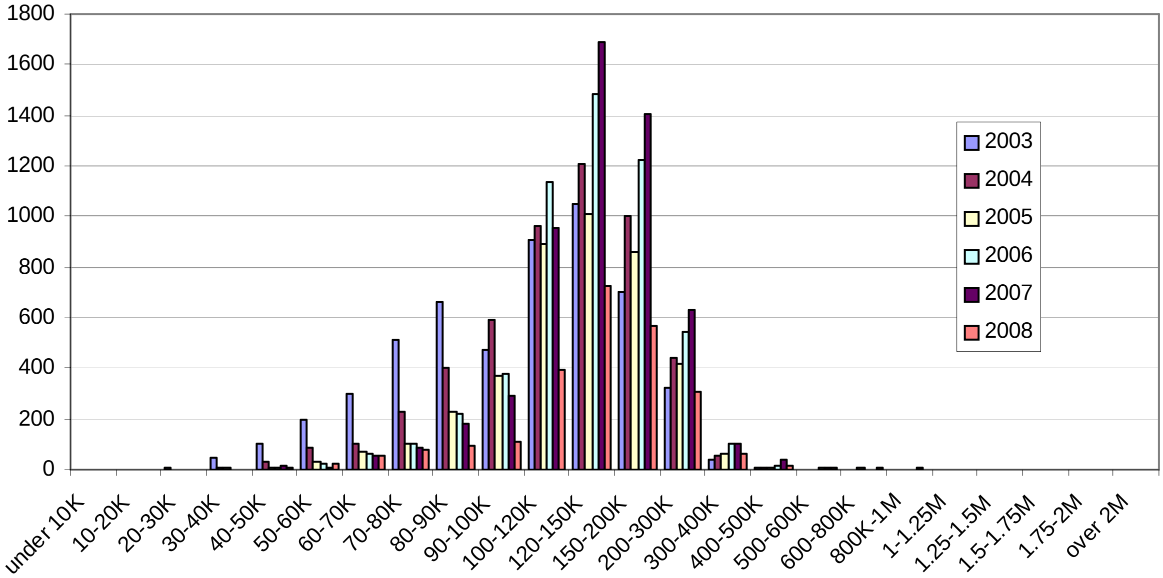


Fig 8: Huntingdonshire

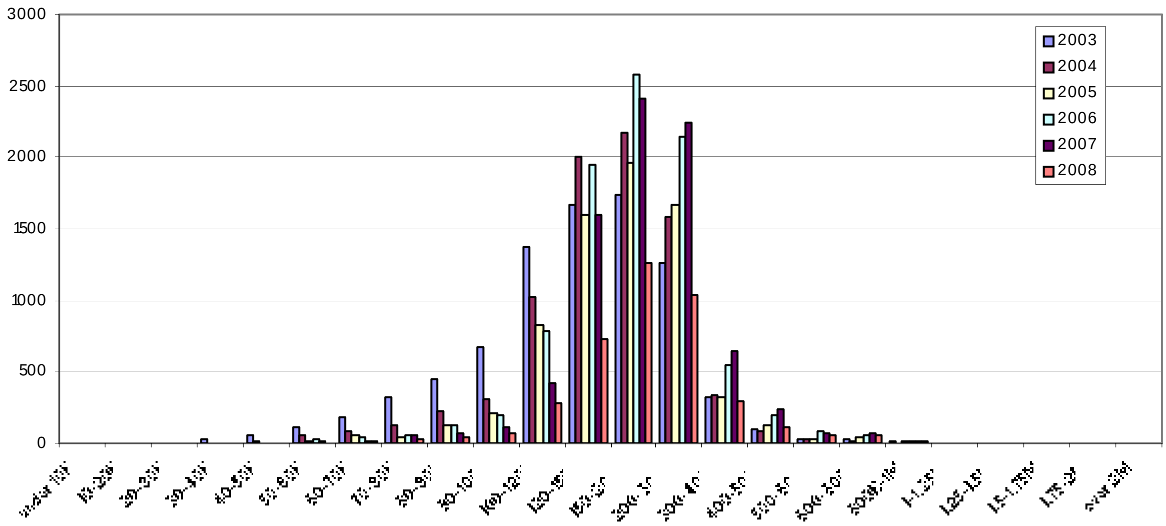


Fig 9: South Cambridgeshire

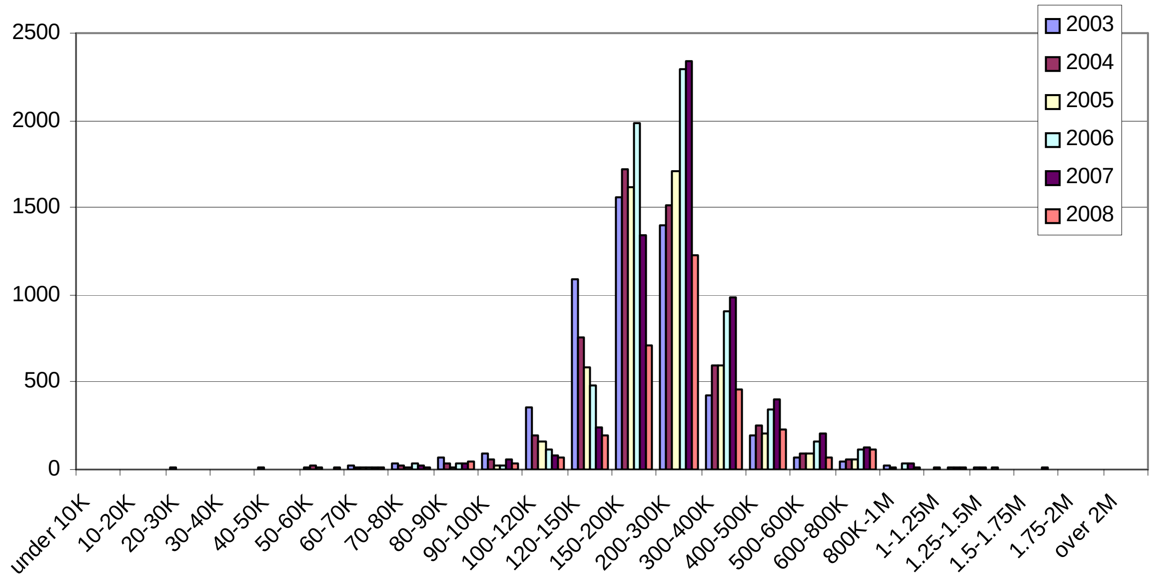


Fig 10: Forest Heath

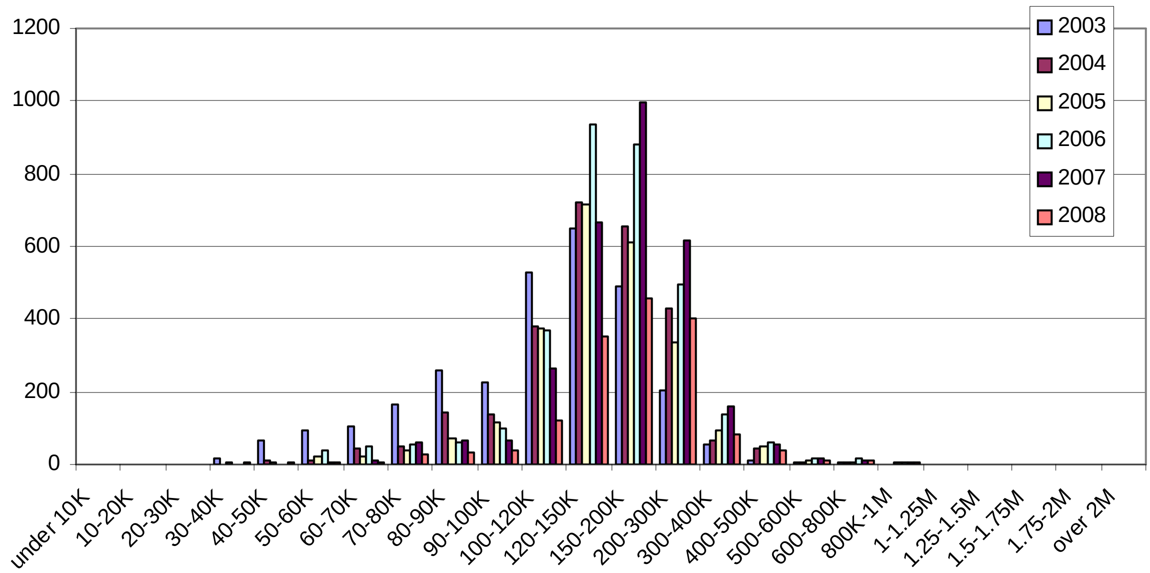


Fig 11: St Edmundsbury