

## Changes in property prices from 2001 to 2006

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## Chapter 14. Changes in property prices from 2001 to 2006

### 14.1 Introduction

This report compares house prices in the Cambridgeshire sub-region from January to March in each year from 2001 to 2006, wherever possible.

The first section, total number of sales, looks at the total numbers of properties sold between January and March in each year from 2002 to 2006, in each district. This gives a view of “activity” levels within the private “for sale” housing market.

The next section, average and lower quartile prices, examines these and the their percentage change. These are useful to study as they give an indication, over time, of the availability of “more affordable” properties on the market.

The third section, house prices and incomes by residence, looks at the ratio between average earnings and lower quartile house prices. This provides a multiplier, commonly used by mortgage lenders to estimate the value of property a person should be looking for.

The final section, entry level prices, looks at entry-level price bands for different types of properties for October to December in each year from 2001 to 2005. The entry-level price band is the lowest price band with a specific number of properties sold in that time period.

### 14.2 Total Number of Sales

**Table 1: Total Number of Sales, 2002 to 2006**

	2002	2003	2004	2005	2006
Cambridge	1,929	1,934	2,098	1,823	2,150
East Cambridgeshire	2,329	2,113	1,844	1,844	2,028
Fenland	2,749	3,191	2,735	2,414	2,628
Huntingdonshire	4,855	4,793	4,360	3,785	4,358
South Cambridgeshire	3,340	3,121	2,806	2,771	3,275
Forest Heath	1,511	1,402	1,479	1,291	1,573
St Edmundsbury	2,842	2,563	2,756	2,306	2,733
<b>Sub-Region</b>	<b>19,555</b>	<b>19,117</b>	<b>18,078</b>	<b>16,234</b>	<b>18,745</b>

Source: Land Registry

**Table 2: Percentage of stock turnover each year**

	2002	2003	2004	2005	2006
Cambridge	6%	6%	6%	5%	6%
East Cambridgeshire	9%	8%	7%	7%	7%
Fenland	8%	10%	8%	7%	8%
Huntingdonshire	9%	8%	8%	7%	7%
South Cambridgeshire	7%	6%	6%	6%	7%
Forest Heath	7%	7%	8%	6%	7%
St Edmundsbury	8%	7%	8%	6%	7%
<b>Sub-Region</b>	<b>8%</b>	<b>7%</b>	<b>7%</b>	<b>6%</b>	<b>7%</b>

Source: Land Registry and HSSA

Table 1 provides the total number of sales each year between 2002 and 2006, from Land Registry data. Table 2 calculates the number of sales in the year as a percentage of the private housing stock, as reported in the Housing Strategy Statistical Appendix (an annual return by districts to government). This gives an indication of levels of activity in the sale and re-sale markets. Huntingdonshire had the highest number of sales each year, and is the largest of the districts. South Cambridgeshire and Fenland also both experienced a high number of sales. Forest Heath had the fewest sales. In most of the sub-region, private housing turns over at a rate of about 7% each year. This is slightly higher in Fenland (7 to 10%) and slightly lower in Cambridge City (5 to 6%).

### 14.3 Average and Lower Quartile Prices

**Table 3: Average House Prices, Jan-Mar, 2001 to 2006**

	2001	2002	2003	2004	2005	2006
Cambridge	£155,654	£177,976	£221,086	£220,301	£245,445	£262,007
East Cambridgeshire	£114,905	£133,054	£158,149	£174,241	£185,455	£184,029
Fenland	£65,215	£85,005	£108,817	£125,015	£139,348	£141,846
Huntingdonshire	£105,648	£118,068	£144,938	£165,858	£183,725	£178,802
South Cambridgeshire	£160,901	£172,818	£196,373	£211,031	£225,281	£249,127
Forest Heath	£82,551	£102,262	£124,333	£150,387	£172,031	£165,120
St. Edmundsbury	£102,616	£133,358	£149,174	£170,928	£188,419	£189,543

Source: Land Registry

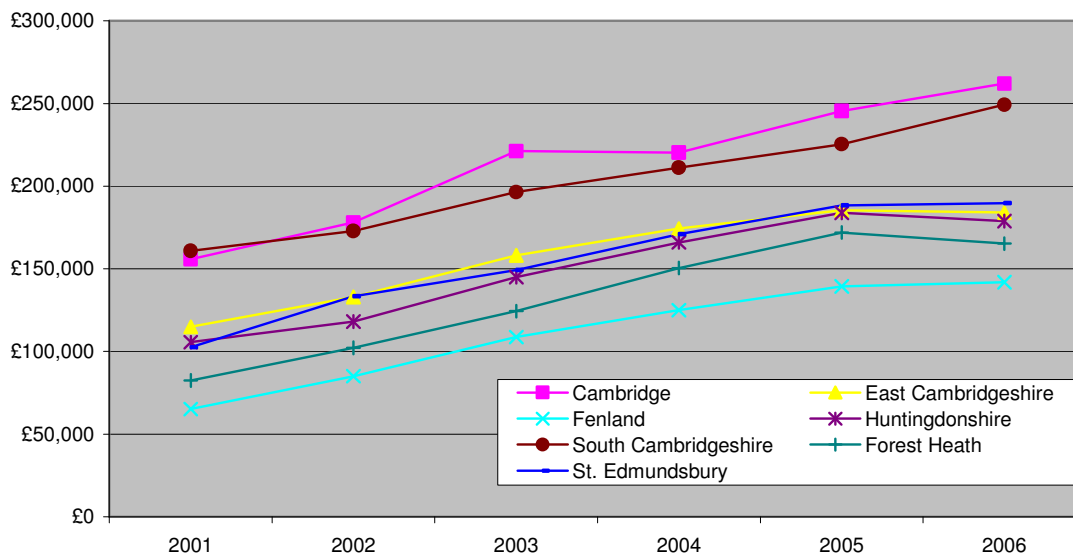
**Table 4: Percentage increase of average house price from 2001**

	2002	2003	2004	2005	2006
Cambridge	14%	42%	42%	58%	68%
East Cambridgeshire	16%	38%	52%	61%	60%
Fenland	30%	67%	92%	114%	118%
Huntingdonshire	12%	37%	57%	74%	69%
South Cambridgeshire	7%	22%	31%	40%	55%
Forest Heath	24%	51%	82%	108%	100%
St. Edmundsbury	30%	45%	67%	84%	85%

Source: Land Registry

Fenland has the lowest average house price in the region, increasing by 118% since 2001. The average price in Forest Heath has doubled. South Cambridgeshire is the second most expensive district but it has seen the smallest increase during the period. The largest increases in all areas took place between either 2001 and 2002, or between 2002 and 2003. There was only a small rise in most places between 2005 and 2006, and even a slight decrease in East Cambridgeshire, Huntingdonshire and Forest Heath.

**Fig 1: Average House Price, Oct-Dec, 2001 to 2006**



Source: Land Registry

The data in tables 5 and 6 and Fig 2 show the lower quartile house prices in each of the districts – i.e. 25% of sales were below this level. It is a more useful way of working out the lower *market* price for houses than the minimum price, which could be a sale between family members or an untypical property.

**Table 5: Lower Quartile House Prices, Jan-Mar, 2001 to 2006**

	2001	2002	2003	2004	2005	2006
Cambridge	£94,995	£120,000	£143,250	£154,000	£162,500	£165,000
East Cambridgeshire	£75,000	£89,175	£110,000	£124,950	£129,950	£134,700
Fenland	£45,000	£56,500	£74,000	£89,624	£97,500	£105,000
Huntingdonshire	£65,500	£76,000	£93,000	£116,000	£125,000	£128,000
South Cambridgeshire	£96,000	£115,000	£133,625	£146,000	£158,138	£165,000
Forest Heath	£59,000	£68,125	£85,000	£109,000	£114,963	£115,000
St. Edmundsbury	£67,000	£80,000	£100,000	£116,950	£126,000	£129,500

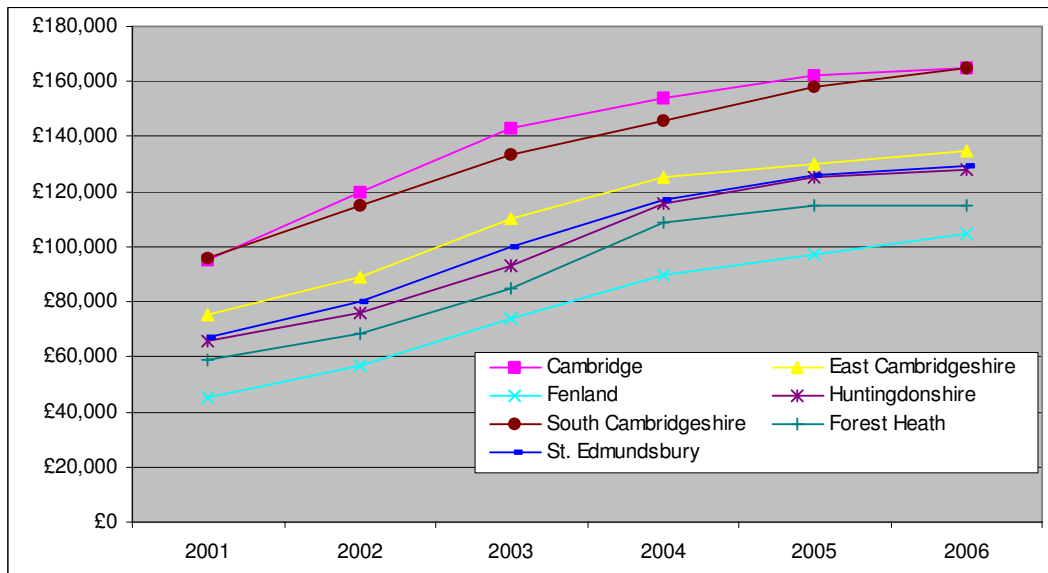
Source: Land Registry

**Table 6: Percentage increase of lower quartile house price from 2001**

	2002	2003	2004	2005	2006
Cambridge	26%	51%	62%	71%	74%
East Cambridgeshire	19%	47%	67%	73%	80%
Fenland	26%	64%	99%	117%	133%
Huntingdonshire	16%	42%	77%	91%	95%
South Cambridgeshire	20%	39%	52%	65%	72%
Forest Heath	15%	44%	85%	95%	95%
St. Edmundsbury	19%	49%	75%	88%	93%

Source: Land Registry

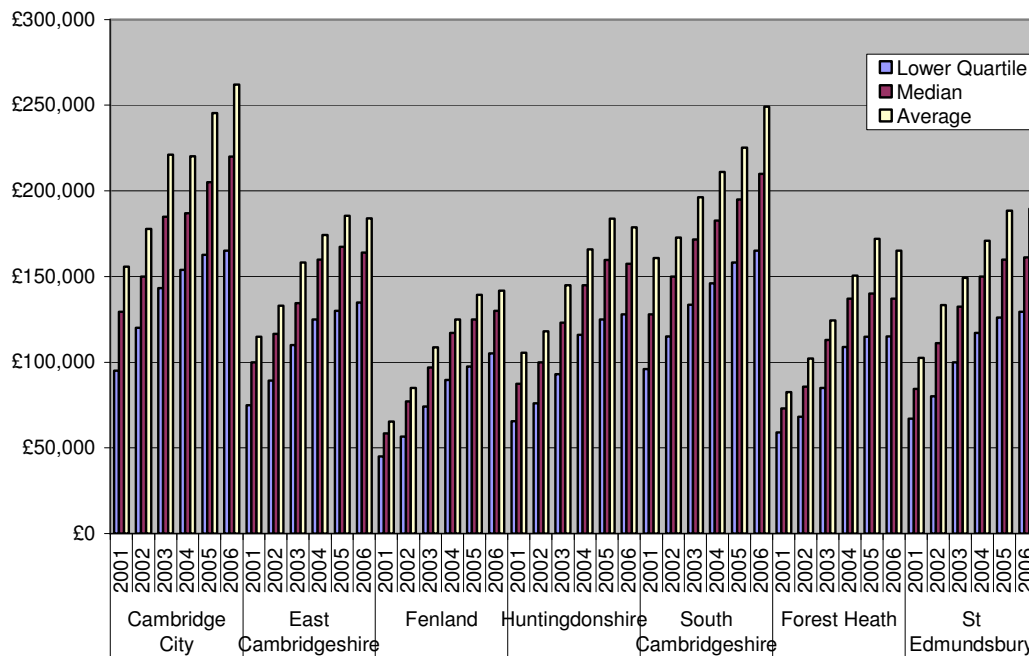
**Fig 2: Lower Quartile House Prices, Jan-Mar, 2001 to 2006**



Source: Land Registry

Figure 3 compares lower quartile, median and average house prices. Across the sub-region, the lower quartile price increased far more sharply than the average property price. This means it is more difficult for people on a lower budget to find available properties. Although Fenland is still cheaper than the rest of the sub-region, the lower quartile price increased by 133% during the five-year period. South Cambridgeshire saw the smallest increase in both lower quartile prices and average price. However, even in this district the lower quartile price increased by 72% and the average price has increased by 55%. In 2001, all lower quartile prices in the districts were less than £100,000. In 2006 they were all above this level.

**Fig 3: Lower Quartile, Median and Average House Prices, Jan-Mar, 2001 to 2006**



Source: Land Registry

## 14.4 House Prices and Income by residence

A useful indicator of the housing market is to look at the ratio between average earnings and lower quartile house prices. This provides a multiplier, commonly used by mortgage lenders to estimate the value of property a person should be looking for.

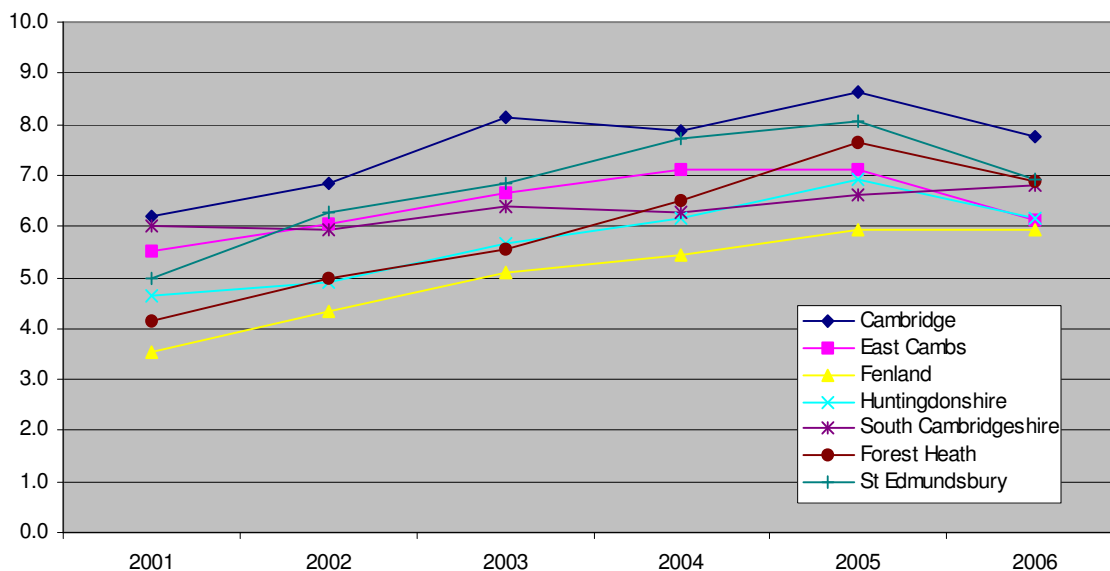
Table 7 shows average annual earnings in the sub-region over the period, and Fig 4 shows the relationship between these figures and the annual average house prices. In 2001, the average house price in Fenland was 3.5 times the average annual earnings for full time workers. In 2006, it had risen to 6 times as much. The gap between average earnings and average house prices grew wider in all areas between 2001 and 2005. However in 2005-06, the difference in all districts grew smaller again, due to a combination of a larger than usual increase in average earnings and either a much smaller increase or a slight decrease in the average house price. Over the five-year period, South Cambridgeshire experienced the smallest growth in house prices using this measure.

**Table 7: Average full-time earnings 2001 to 2006**

	2001	2002	2003	2004	2005	2006
Cambridge	£25,054	£26,068	£27,186	£28,028	£28,444	£33,805
East Cambridgeshire	£20,842	£21,960	£23,774	£24,471	£26,021	£30,072
Fenland	£18,470	£19,542	£21,429	£22,922	£23,540	£23,930
Huntingdonshire	£22,734	£24,086	£25,667	£26,863	£26,536	£29,078
South Cambridgeshire	£26,848	£29,058	£30,794	£33,540	£34,112	£36,670
Forest Heath	£19,833	£20,587	£22,443	£23,176	£22,563	£24,055
St Edmundsbury	£20,597	£21,315	£21,819	£22,126	£23,426	£27,383

Source: ASHE

**Fig 4: Ratio of Average House Price/ Average Earnings 2001 to 2006**



Source: Land Registry and ASHE

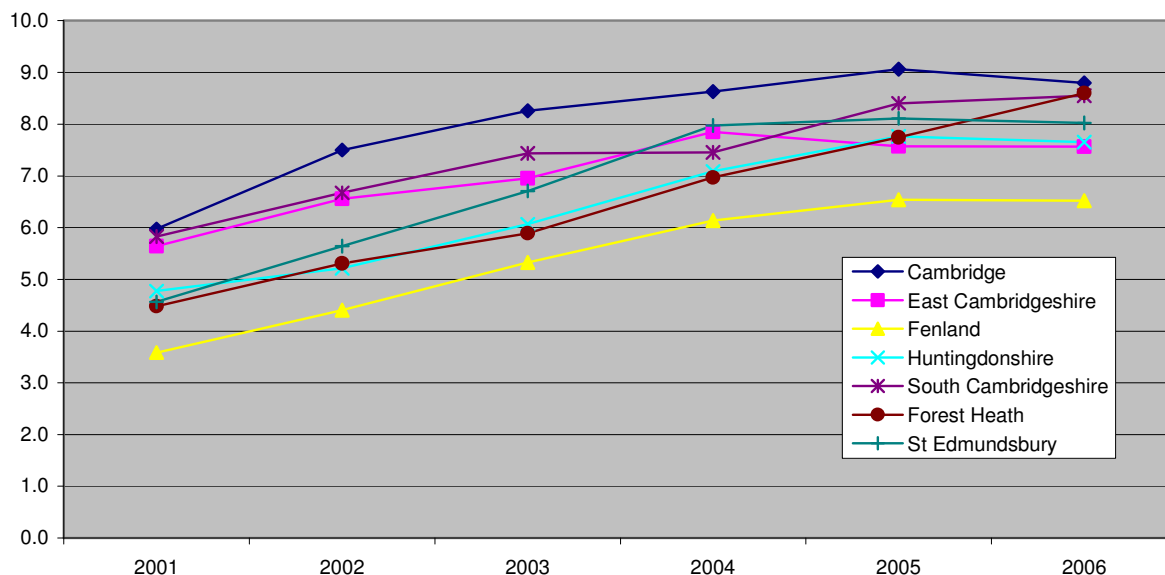
**Table 8: Lower Quartile Earnings 2001 to 2006**

	2001	2002	2003	2004	2005	2006
Cambridge	£15,907	£16,006	£17,352	£17,841	£17,930	£18,756
East Cambridgeshire	£13,291	£13,603	£15,824	£15,917	£17,160	£17,805
Fenland	£12,553	£12,818	£13,889	£14,612	£14,908	£16,104
Huntingdonshire	£13,718	£14,565	£15,324	£16,375	£16,110	£16,723
South Cambridgeshire	£16,479	£17,238	£17,966	£19,583	£18,824	£19,297
Forest Heath	£13,172	£12,834	£14,430	£15,636	£14,841	£13,374
St Edmundsbury	£14,685	£14,175	£14,914	£14,669	£15,538	£16,141

Source: ASHE

The difference between lower quartile house prices and annual earnings has increased even more sharply than the difference between average house prices and annual earnings. Fenland has the lowest house prices and the lowest wages but has still experienced a large increase in the gap between these measures. In 2001, the lower quartile house price was 3.6 times lower quartile earnings, and in 2006 the gap has widened to 6.5. However the largest change has occurred in Forest Heath. The lower quartile house price for 2001 was 4.5 times the lower quartile earnings. In 2006, this number had grown to 8.6. St Edmundsbury (also in Suffolk), saw the second highest growth. In all areas except for Forest Heath, most of the growth in house prices occurred between 2001 and 2004. Fig 5 illustrates this.

**Fig 5: Ratio of lower quartile house prices/lower full-time earnings, 2001 to 2006**

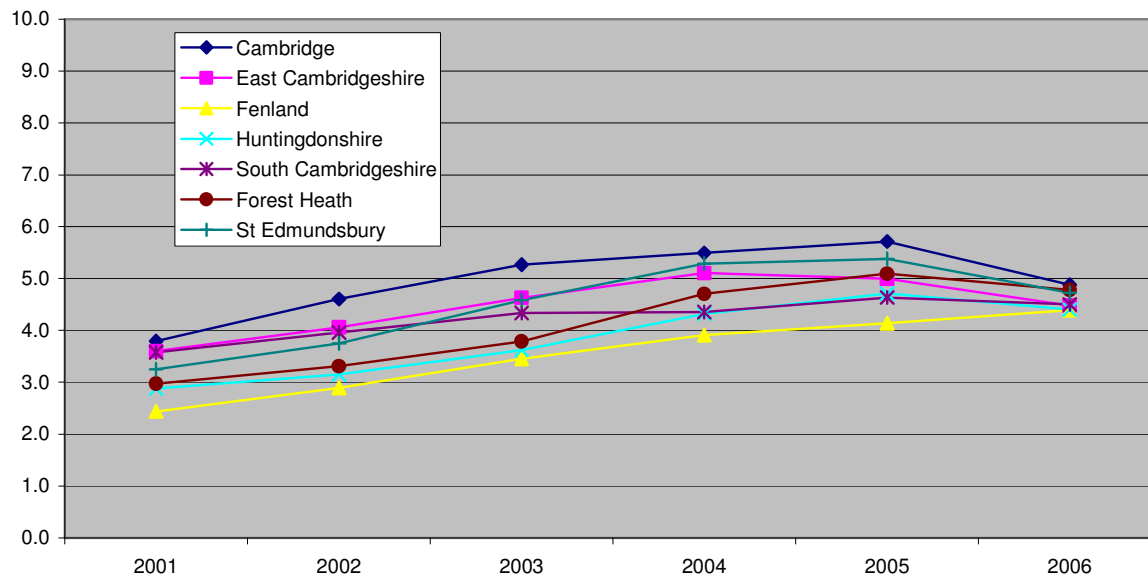


Source: Land Registry and ASHE

Lower quartile earnings have risen at slower rate than the average in all districts. There was even a slight decrease in Forest Heath between 2005 and 2006, which would account for large growth in this year where other districts experienced little change or a downward trend.

In all the districts, the lower quartile house price has moved from between 2.4 and 3.8 times the average annual wage in 2001 to between 4 and 5 times the average wage in 2006.

**Fig 6: Lower Quartile House Price/Average Wage 2001 to 2006**



Source: Land Registry and ASHE

## 14.5 Entry Level Prices

**Table 9: Entry Level Price bands, all properties Oct-Dec, 2001 to 2005 (in thousands)**

	2001	2002	2003	2004	2005
Cambridge City	100-120	100-120	100-120	120-150	120-150
East Cambridgeshire	70-80	80-90	100-120	100-120	100-120
Fenland	20-30	40-50	40-50	80-90	80-90
Huntingdonshire	30-40	40-50	70-80	100-120	80-90
South Cambridgeshire	70-80	80-90	100-120	100-120	100-120
Forest Heath	50-60	70-80	70-80	100-120	100-120
St Edmundsbury	40-50	70-80	80-90	100-120	100-120

Source: Land Registry

The entry level Land Registry price band shown in table 9 is the lowest price band with 20 or more properties sold.

The biggest increase in entry band over the five-year period occurred in Fenland, jumping from £20-30,000 in 2001 to £80-90,000 (the equivalent of six price bands, although Huntingdon moved up 7 price bands between 2001-04 and then fell back two in 2004-05).

The smallest change has been in Cambridge City, which has only moved up one price band over the 5-year period. However, this price band is £20,000 wide, where the price bands under £100,000 rise in increments of £10,000.

In Table 10 the entry band for each property type was the first price band to have 10% or more of the total number of that specific property type sold. The 10% figure is used because certain types of properties are very scarce in some areas (e.g. there are not many flats sold in largely rural areas like East Cambridgeshire and Fenland).



**Table 10: Entry-level price band by property type and district, 2001 to 2005**

	Property Type	2001	2002	2003	2004	2005
Cambridge City	Detached	150-200K	150-200K	150-200K	200-300K	150-200K
	Semi-detached	100-120K	120-150K	150-200K	150-200K	150-200K
	Terraced	100-120K	120-150K	120-150K	150-200K	150-200K
	Flat/Maisonette	70-80K	120-150K	100-120K	100-120K	100-120K
East Cambridgeshire	Detached	120-150K	120-150K	150-200K	150-200K	150-200K
	Semi-detached	70-80K	100-120K	100-120K	120-150K	120-150K
	Terraced	70-80K	80-90K	90-100K	120-150K	100-120K
	Flat/Maisonette	20-30K	50-60K	70-80K	70-80K	50-60K
Fenland	Detached	70-80K	100-120K	100-120K	120-150K	120-150K
	Semi-detached	40-50K	60-70K	80-90K	90-100K	100-120K
	Terraced	30-40K	50-60K	70-80K	80-90K	80-90K
	Flat/Maisonette	20-30K	20-30K	40-50K	50-60K	60-70K
Huntingdonshire	Detached	120-150K	120-150K	150-200K	150-200K	150-200K
	Semi-detached	70-80K	90-100K	100-120K	120-150K	120-150K
	Terraced	50-60K	70-80K	80-90K	100-120K	100-120K
	Flat/Maisonette	40-50K	50-60K	50-60K	80-90K	80-90K
South Cambridgeshire	Detached	150-200K	150-200K	150-200K	150-200K	200-300K
	Semi-detached	100-120K	100-120K	120-150K	120-150K	150-200K
	Terraced	80-90K	100-120K	100-120K	120-150K	120-150K
	Flat/Maisonette	60-70K	80-90K	80-90K	90-100K	100-120K
Forest Heath	Detached	80-90K	90-100K	100-120K	120-150K	120-150K
	Semi-detached	80-90K	70-80K	90-100K	100-120K	100-120K
	Terraced	50-60K	70-80K	70-80K	100-120K	100-120K
	Flat/Maisonette	60-70K	40-50K	40-50K	60-70K	60-70K
St Edmundsbury	Detached	100-120K	120-150K	150-200K	150-200K	150-200K
	Semi-detached	80-90K	100-120K	100-120K	120-150K	120-150K
	Terraced	60-70K	80-90K	90-100K	100-120K	100-120K
	Flat/Maisonette	40-50K	60-70K	70-80K	80-90K	90-100K

Source: Land Registry

Detached properties are almost always the most expensive type of property to buy. They account for the largest number of sales in all districts except Cambridge City.

In all districts except Fenland and Forest Heath, the entry-level price band for detached properties has only moved one or two bands. In Fenland there was a large jump in price band between 2001-2002, but more gradual change after that. The entry-level price band for detached properties in Forest Heath has increased by four price bands in the last five years, at a steadier rate than Fenland. As detached properties account for the largest share of sales, a large increase in the price of this type of property brings up the average and lower quartile prices.

In most districts, the difference in price between the different property types has been relatively constant, with a few exceptions. The entry-level property bands for detached, semi-detached and terraced properties in Cambridge City have converged on £150-200,000 in 2005. In Forest Heath in 2001, detached and semi-detached properties had the same entry-level band. In 2005, semi-detached and terraced properties were the same and detached were more expensive. Forest Heath was also the only district to have a lower entry-level band for terraced properties than flats in and this occurred in 2001.

## 14.6 Properties sold for less than £100,000

**Table 11: Properties sold for less than £100,000 Oct-Dec, 2001 to 2005**

	2001	2002	2003	2004	2005
Cambridge City	65	31	24	22	15
East Cambridgeshire	208	89	70	33	15
Fenland	518	461	309	134	121
Huntingdonshire	600	388	239	85	72
South Cambridgeshire	132	55	37	19	15
Forest Heath	250	154	132	40	38
St Edmundsbury	350	191	145	37	34

Source: Land Registry

**Table 12: Percentage of properties sold for less than £100,000 Oct-Dec, 2001 to 2005**

	2001	2002	2003	2004	2005
Cambridge City	15%	6%	4%	5%	3%
East Cambridgeshire	40%	20%	13%	8%	3%
Fenland	80%	55%	38%	26%	20%
Huntingdonshire	52%	33%	19%	10%	7%
South Cambridgeshire	17%	7%	4%	3%	2%
Forest Heath	62%	41%	32%	14%	11%
St Edmundsbury	50%	30%	19%	7%	5%

Source: Land Registry

The number of properties sold for less than £100,000 has fallen in all areas. In 2001, at least 15% of properties were available at less than £100,000. In 2005 in Cambridge City, East Cambridgeshire, South Cambridgeshire and St Edmundsbury, the number sold are so small that less than £100,000 is not really a market price for properties any more.

Fenland and Forest Heath have the largest number of properties sold for less than £100,000, however they have also experienced the biggest change in numbers of homes sold at less than £100,000. In 2001, some 80% of homes were less than £100,000 in Fenland, and 62% in Forest Heath. By 2005 these proportions had dropped to 20% in Fenland and 11% in Forest Heath.

## 14.7 Highlights

- Average house prices have increased by between 55% in South Cambridgeshire and 118% in Fenland. Lower quartile prices have increased more sharply. Despite these increases, the actual number of sales in each district has been quite consistent.
- In 2001, there was more variation between lowest level entry band and in all areas except for Cambridge City this was under £100,000.
- The most recent data shows the entry level band for all areas being over £80,000 and most were over £100,000, with under 100 homes being sold for less than £100,000 in all districts except Fenland.
- © This chapter will be kept under review and updated. Alternative sources of information and analysis will be investigated to improve on our assessment of prices and changes to prices.

### Appendix 1 : Number of properties sold by price band and district, Oct-Dec, 2001 to 2005

(All from Land Registry)

