

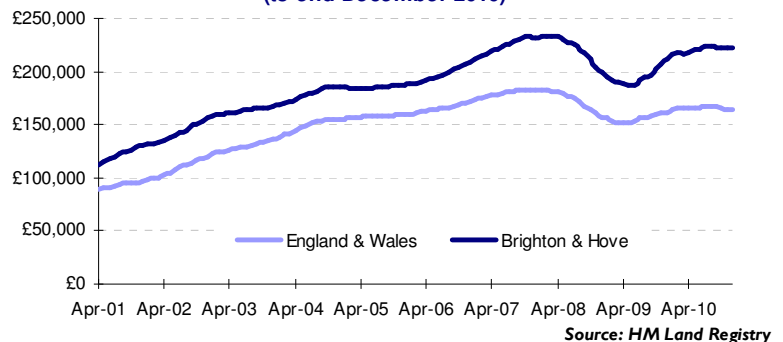
Housing Strategy 2009-2014
healthy homes, healthy lives, healthy city

Housing Costs Update 2010 Quarter 4: October to December

Land Registry House Price Index

Land Registry figures show that the average house price in the city has risen to £222,242 and now sits 5% below the high of £233,707 seen in November 2007.

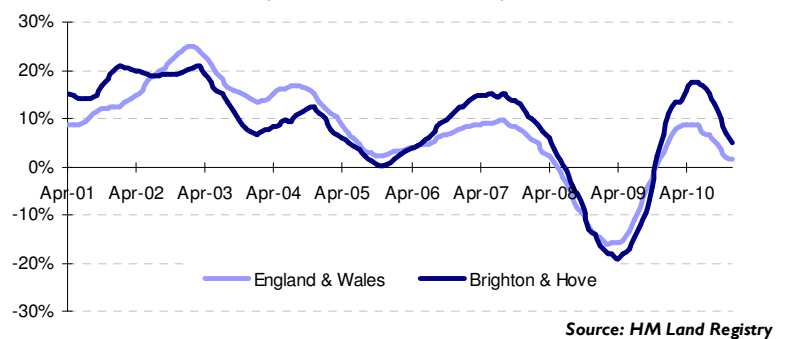
Brighton & Hove
Average Property Prices
(to end December 2010)



Over the last year prices in Brighton & Hove have seen a 4.8% rise in comparison to 1.5% nationally.

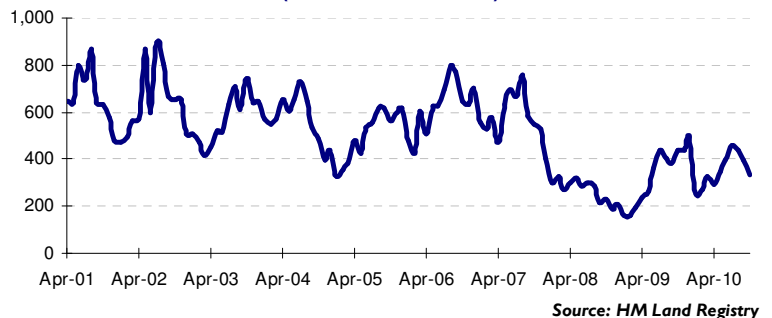
With local prices increasing quicker than the national averages, prices in the city are now 36% higher than the England & Wales average.

Brighton & Hove
Annual Property Price Inflation
(to end December 2010)



During 2009 sales saw an increase from the lowest levels seen since before 2001. The beginning of 2010 saw a sharp drop in sales followed by a steady increase over the subsequent months until September when there was a decrease in the number of sales.

Brighton & Hove
Monthly Volume of Sales
(to end October 2010)



About Our Monitoring

Housing Strategy monitoring is a representative sample of properties that have been advertised in the city during the quarter. Prices are based on those advertised in the Latest Homes magazine.

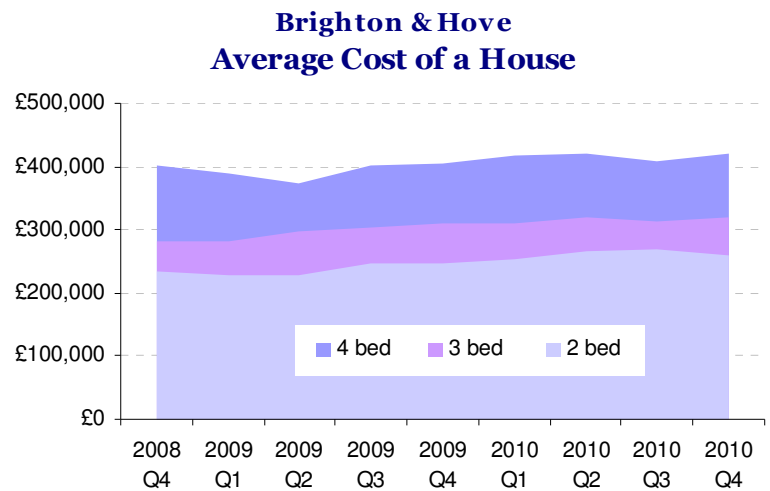
It is important to note that the Land Registry records actual sale prices whilst our own monitoring uses advertised prices giving us an indication of how property prices and Land Registry figures are likely to change.

The Advertised Cost to Buy in Brighton & Hove

Houses

Annual Average House Prices & Inflation			
Size	2010 Q4	2009 Q4	Increase
2 bed	£260,378	£245,826	+5.9%
3 bed	£320,946	£309,426	+3.7%
4 bed	£421,887	£405,441	+4.1%

Quarterly Average House Prices & Inflation			
Size	2010 Q4	2010 Q3	Increase
2 bed	£260,378	£268,502	-3.0%
3 bed	£320,946	£314,762	+2.0%
4 bed	£421,887	£407,540	+3.5%

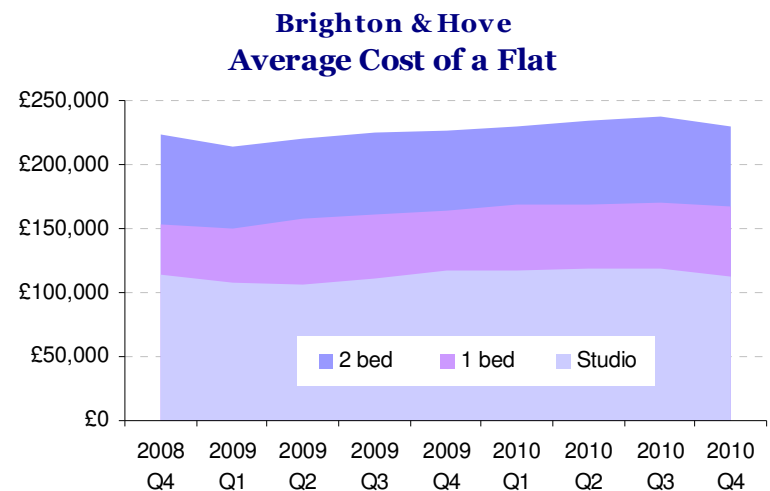


Over the year there has been an increase in the advertised asking price for all houses for sale, with 2-bed houses showing the greatest increase at nearly 6%. Over the quarter there has been an increase in the advertised asking price for 3-bed and 4-bed houses with 4-bed showing the greatest increase at 3.5%. In contrast there has been a decrease in the asking price for the smaller 2-bed houses.

Flats

Annual Average Flat Prices & Inflation			
Size	2010 Q4	2009 Q4	Increase
Studio	£112,192	£117,233	-4.3%
1 bed	£167,503	£164,750	+1.7%
2 bed	£229,855	£226,856	+1.3%

Quarterly Average Flat Prices & Inflation			
Size	2010 Q4	2010 Q3	Increase
Studio	£112,192	£118,007	-4.9%
1 bed	£167,503	£170,067	-1.5%
2 bed	£229,855	£237,580	-3.3%

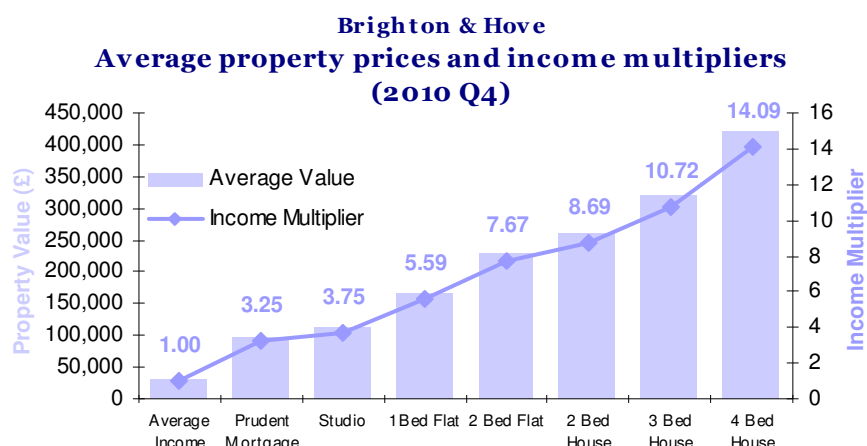


The annual asking price for 1-bed and 2-bed flats has increased with 1-bed showing the greatest increase at 1.7%. The quarterly asking price for all flats has decreased, with studios showing the greatest decrease at nearly 5%.

The Affordability of Buying in Brighton & Hove

Historically, mortgage lending has usually been limited to around 3.25 times annual income.

The 2007 CACI Wealth of the Nation report shows that the average household income in Brighton & Hove was £35,123. However, 61% of households earn below the average. The average is affected by the number of very high earners in the city.



Brighton & Hove Median Household Income 2007: £29,950 (CACI Wealth of the Nation 2007)

The Median household income (where 50% of households earn less and 50% of households earn more) in the city is £29,950. We have used this median figure to more accurately reflect the pressures on local residents.

In Brighton & Hove the average 1 bedroom flat costs over 5½ times the median household annual income and 3-bed houses costs nearly 11 times median annual income.

Households on average incomes must have either a sizeable deposit or borrow significantly in excess of prudent mortgage limits in order to buy. If interest rates rise, it could place a serious financial strain on households who have had to borrow large sums in excess of 3.25 times income, with every 1% increase in interest rates adding around £90 per month to a £150,000 mortgage.

Mortgage interest rates and availability have been improving in recent months. However, deposits of 25% are now the norm rather than 5% required in recent years. As a result, the income required to finance a home has reduced but the deposit requirement has increase significantly.

Monthly Cost of Mortgage Repayments		
	1 bed flat	3 bed house
Purchase value of property	£167,503	£320,946
Deposit 25%	£41,876	£80,236
Total value of mortgage	£125,628	£240,709
Income required*	£38,655	£74,064
Repayment @ 4% **	£663	£1,271
Repayment @ 5% **	£734	£1,407
Repayment @ 6% **	£809	£1,551

* Based on 3.25 x salary ** Based on a 75% repayment mortgage repaid over 25 years

A sufficient mortgage for the average 1-bedroom home would require an income of just under £39,000 per annum with a £42,000 deposit and a 3-bed home requires an income of £74,000 with a £80,000 deposit.

Low Cost Ownership in Brighton & Hove

HomeBuy (low cost home ownership)

HomeBuy is a government led initiative offering a range of schemes to help people onto the property ladder, when they would otherwise not be able to do so.

It offers a range of schemes to help people who wish to buy a property but are unable to raise a mortgage large enough to do so. Under HomeBuy, households buy a share of the property, typically between 40% and 50%, and either pay rent or have an equity loan on the remaining share.

Moat is the government's appointed HomeBuy Agent for Kent, Sussex and Essex.

HomeBuy in Brighton & Hove

Between 1st January 2010 and 31st December 2010 a total of 18 households were helped to become homeowners through the HomeBuy initiative (9 through New Build HomeBuy¹, 8 through HomeBuy Direct¹ and 1 through shared ownership resales). Households' incomes ranged from £23,514 to £51,384.

	Share Purchased	Household Income	Property Value
1 bed			
Average	51%	£30,346	£176,857
Highest	80%	£51,384	£199,995
Lowest	25%	£23,514	£155,000
2 bed			
Average	40%	£36,026	£221,250
Highest	70%	£46,004	£250,000
Lowest	25%	£30,000	£195,000
3 bed			
Average	-	-	-
Highest	-	-	-
Lowest	-	-	-
4 bed			
Average	-	-	-
Highest	-	-	-
Lowest	-	-	-



There are more than 200 New Build flats and houses in development across Brighton & Hove available for low cost home ownership over the next two years

For more information, please contact MOAT on 0845 359 6161 or at www.homebuy.co.uk

HomeBuy Products featured in this bulletin

NewBuild HomeBuy: This initiative assists households to purchase a share between 25% to 75% on a brand new property, with a subsidised rent on the unowned share

HomeBuy Direct: This option offers equity loans of up to 30% towards the purchase of a new build home on selected developments with the purchaser buying a minimum of 70% of the market value of the property

Shared ownership resales: This option offers the opportunity to buy the share of a part buy / part rent property from the current owner when it become available for resale

¹ The figure for New Build Homebuy properties only include those built by Moat. We are looking at ways of improving this monitoring to also include those built by other RSLs

Comparison between Rightmove and Latest Homes

From 1 October to 31 December 2010 an analyst of properties advertised for sale was carried out using that Rightmove website and compared to our monitoring of the prices in Latest Homes.

The charts show the average advertised asking price, by property type and bedroom size, taken from the Rightmove website (RM) and the average advertised asking price taken from the weekly random sample taken from Latest Homes publications (LH).

In line with Latest Homes monitoring, the information taken from the Rightmove website has been capped to exclude the most exclusive homes that the majority of house-hunters would not be seeking.

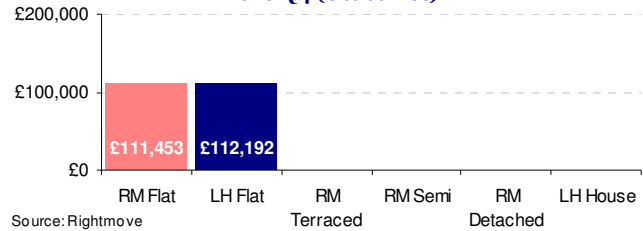
During the period a total of 2,674 houses and 4,006 flats were monitored on the Rightmove website and although the results from the Rightmove website produced slightly lower averages than the results from the Latest Homes publication, the difference was small - 4% at the most.

The monitoring highlighted that nearly 50% of the flats advertised were 2-beds and with very few 4-bed flats advertised the average was high.

43% of houses were terraced and they averaged higher asking prices across the different properties sizes than semi-detached.

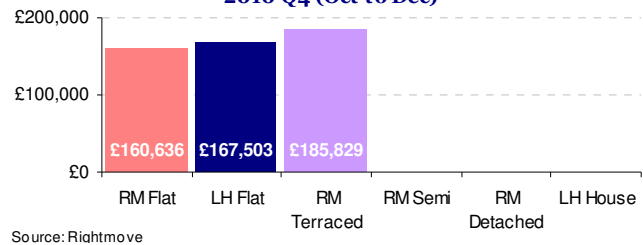
Studio Home

Brighton & Hove
Average advertised price for a Studio Home
2010 Q4 (Oct to Dec)



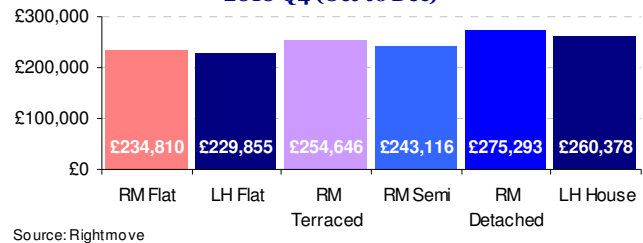
1-Bed Home

Brighton & Hove
Average advertised price for a 1 Bed Home
2010 Q4 (Oct to Dec)



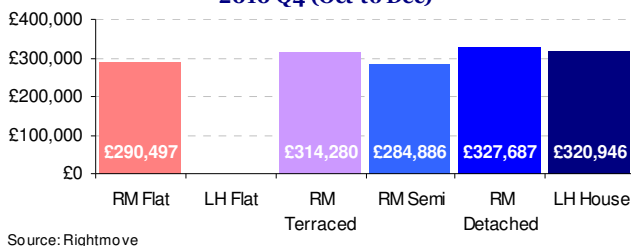
2-Bed Home

Brighton & Hove
Average advertised price for a 2 Bed Home
2010 Q4 (Oct to Dec)



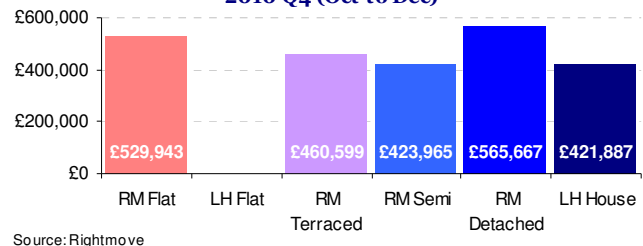
3-Bed Home

Brighton & Hove
Average advertised price for a 3 Bed Home
2010 Q4 (Oct to Dec)



4-Bed Home

Brighton & Hove
Average advertised price for a 4 Bed Home
2010 Q4 (Oct to Dec)



The Advertised Cost to Rent in Brighton & Hove

Houses

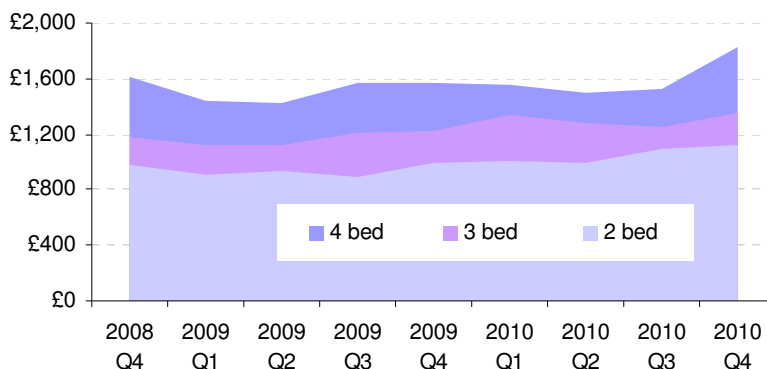
Annual Average Monthly House Rent & Inflation

Size	2010 Q4	2009 Q4	Increase
2 bed	£1,117	£997	+12.0%
3 bed	£1,350	£1,228	+9.9%
4 bed	£1,831	£1,565	+17.0%

Quarterly Average Monthly House Rent & Inflation

Size	2010 Q4	2010 Q3	Increase
2 bed	£1,117	£1,092	+2.3%
3 bed	£1,350	£1,251	+7.9%
4 bed	£1,831	£1,530	+19.7%

Brighton & Hove
Average Monthly Cost to Rent a House



The annual average cost of renting all houses has increase with 4-bed houses showing the greatest increase at 17%. The quarterly average cost of renting all houses has also increased, with the cost of renting the larger 4-bed houses showing the great increase and rising by nearly 20%.

Flats

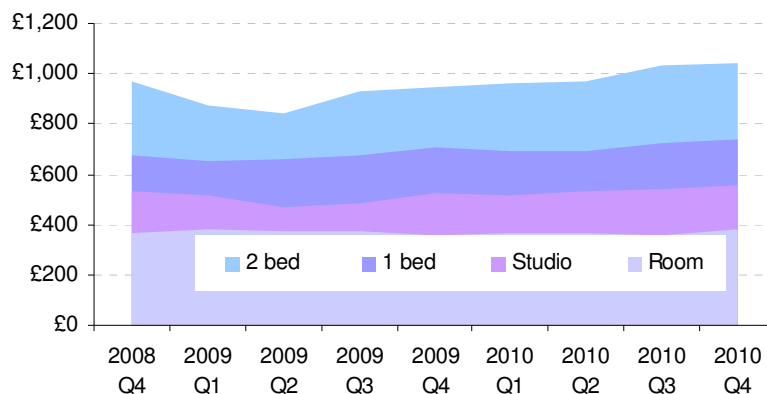
Annual Average Monthly Flat Rent & Inflation

Size	2010 Q4	2009 Q4	Increase
Room	£380	£360	+5.6%
Studio	£552	£521	+6.1%
1 bed	£737	£708	+4.0%
2 bed	£1,045	£947	+10.4%

Quarterly Average Monthly Flat Rent & Inflation

Size	2010 Q4	2010 Q3	Increase
Room	£380	£354	+7.3%
Studio	£552	£541	+2.1%
1 bed	£737	£727	+1.4%
2 bed	£1,045	£1,034	+1.0%

Brighton & Hove
Average Monthly Cost to Rent a Flat



The annual average cost of renting all flats has increased with 2-bed flats showing the greatest increase at 10.4%. Similarly the quarterly average cost of renting all flats has increased with the average cost of renting a room showing the greatest increase at 7.3%

Note: At the start of 2010 we moved from using the Argus Property publication to using Latest Homes for rental prices.

The Affordability of Renting in Brighton & Hove

Rent & Mortgage Comparison

Private Sector Rent Levels and Mortgage Comparison				
Property	Rent Compared to Mortgage *			
	2010 Q4 Average Rent per Month	Equivalent Mortgage	Annual Income Required	Rent as a % of Purchase Cost
Room	£ 380	£58,993	£18,152	not applicable
Studio	£ 552	£85,733	£26,379	76.4%
1 Bed Flat	£ 737	£114,387	£35,196	68.3%
2 Bed Flat	£ 1,045	£162,124	£49,884	70.5%
2 Bed House	£ 1,117	£173,376	£53,346	66.6%
3 Bed House	£ 1,350	£209,460	£64,449	65.3%

* Assuming a mortgage at 3.25 times income over 25 years with 6% interest

A household renting an average 1 bedroom flat would be paying £737 per month in rent, which is equivalent to the monthly repayment cost of a £114,000 mortgage. Traditionally, a mortgage of this amount would require an income of more than £35,000 to finance, above the city average.

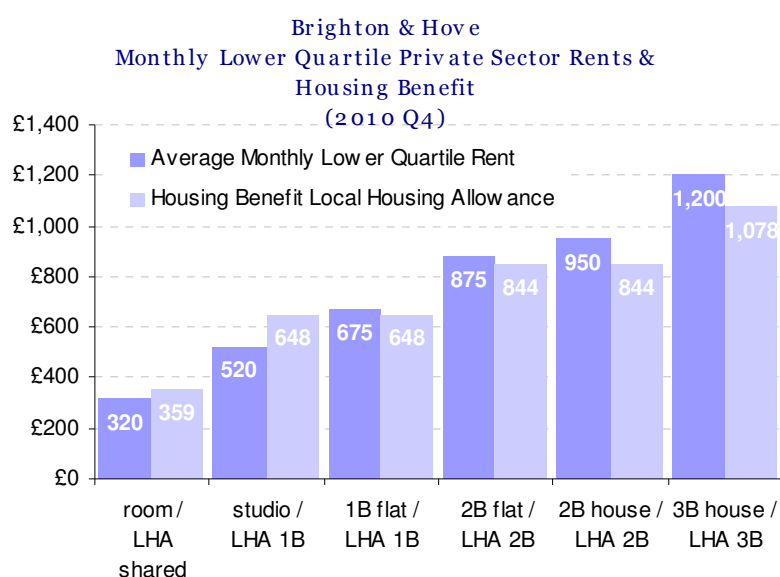
During 2003 rents averaged at around 80% of what a mortgage would be on that home. However, prices have risen quicker than rents resulting in rents now covering around 65% of purchase value, and this is before factoring in managing agent fees, maintenance, and other costs. Buy to Let investors should undertake careful financial appraisals to ensure they will receive sufficient returns.

Rent & Housing Benefit Comparison

The Local Housing Allowance is a standard housing benefit rate based on the number of people in the household and the number of rooms that the household needs.

The LHA is a maximum amount payable, which may be reduced due to income and savings. Households finding cheaper accommodation than their allowance keep some of the excess.

With the exception of rooms and studio flats, the local housing allowance is now less than lower quartile rents which could reduce the chances of those on benefits finding an affordable home.



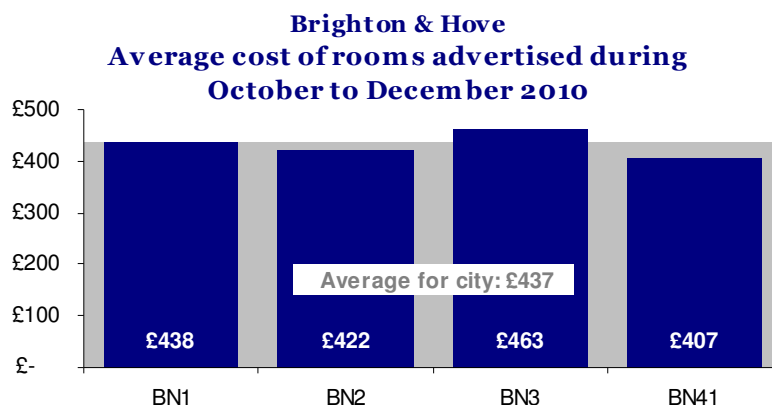
Note: The housing benefit local housing allowance is calculated is only based on the number of bedrooms required, as all tenants are entitled to a kitchen and bathroom.

Renting a Room in Brighton & Hove

From 1 October to 31 December 2010 the rental market for rooms in shared houses was analysed using the SpareRoom website. During this period there were a total of 1,957 advertisements for rooms to rent.

The average cost across the city to rent a room was £437 per month. This figure is higher than the average calculated when using Latest Homes publications but the figure does, in general, include a share of household bills.

There were slight variations in the average cost depending on the area where the room was located.

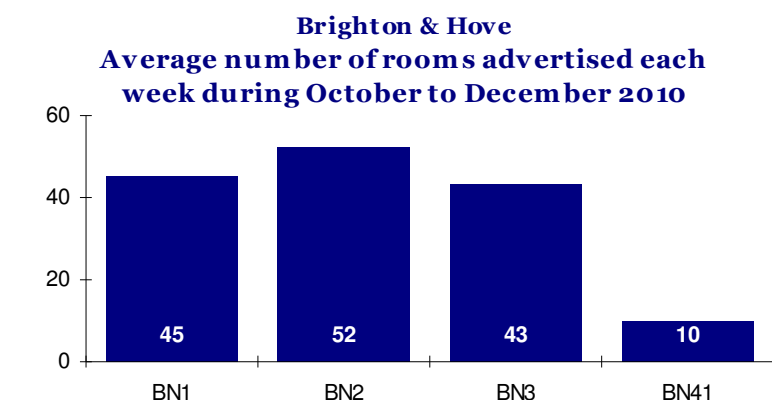


Source: SpareRoom.co.uk

Each week, on average, there were 150 advertisements for rooms to rent on the SpareRoom website.

The number of rooms advertised varied in the different areas of the city.

In BN2 there was an average of 52 rooms advertised each week but only an average of 10 rooms in the BN41 area.

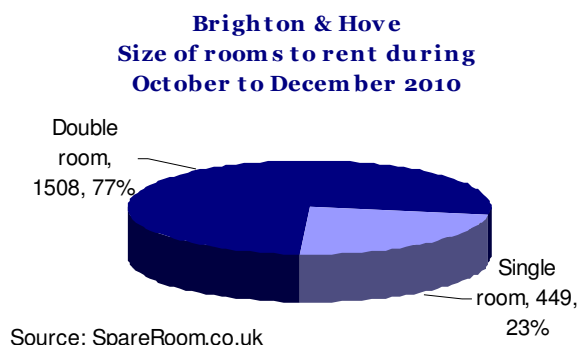


Source: SpareRoom.co.uk

Of the 1,957 advertisements, 1,508 (77%) were for double rooms and 449 (23%) were for single rooms and the average rent for a double room was £454 and for a single room was £381.

Number of Advertisements by Area					
	BN1	BN2	BN3	BN41	All
Double room	455	499	449	105	1,508
Single room	128	181	116	24	449

Average Rent by Area					
	BN1	BN2	BN3	BN41	All
Double room	£460	£439	£475	£416	£454
Single room	£364	£371	£416	£366	£381



Source: SpareRoom.co.uk

Rent a Room Scheme

Did you know - if you are thinking about letting furnished rooms in your home, you can receive up to £4,250 a year tax-free (£2,150 if letting jointly). This is known as the Rent a Room scheme. Rent a Room applies only to owner-occupiers and tenants who receive rent from letting furnished accommodation in their only or main home – more information can be found at <http://www.hmrc.gov.uk/individuals/tmarent-a-room-scheme.shtml>



Data Tables: Advertised Cost to Buy in Brighton & Hove

HOUSES	2 Bed House	3 Bed House	4 Bed House
Average	£260,378	£320,946	£421,887
Last Quarter (2010 Q3 Jul-Sep)	£268,502	£314,762	£407,540
<i>% Change from last quarter</i>	-3.0%	+2.0%	+3.5%
Last Year (2009 Q4 Oct-Dec)	£245,826	£309,426	£405,441
<i>% Change from last year</i>	+5.9%	+3.7%	+4.1%
Highest	£380,000	£469,950	£600,000
Lowest	£145,000	£150,000	£199,950
Half the prices were higher than	£252,000	£315,000	£425,000
Most frequent price	£299,950	£399,950	£499,950
Average of lowest quartile	£227,500	£275,000	£349,950
Last Quarter (2010 Q3 Jul-Sep)	£229,950	£255,000	£325,000
<i>% Change from last quarter</i>	-1.1%	+7.8%	+7.7%
Last Year (2009 Q4 Oct-Dec)	£209,950	£250,000	£324,950
<i>% Change from last year</i>	+8.4%	+10.0%	+7.7%

FLATS	Studio	1 Bed Flat	2 Bed Flat
Average	£112,192	£167,503	£229,855
Last Quarter (2010 Q3 Jul-Sep)	£118,007	£170,067	£237,580
<i>% Change from last quarter</i>	-4.9%	-1.5%	-3.3%
Last Year (2009 Q4 Oct-Dec)	£117,233	£164,750	£226,856
<i>% Change from last year</i>	-4.3%	+1.7%	+1.3%
Highest	£145,000	£279,950	£375,000
Lowest	£69,950	£89,950	£125,000
Half the prices were higher than	£114,950	£161,000	£219,950
Most frequent price	£115,000	£159,950	£219,950
Average of lowest quartile	£99,950	£149,950	£192,738
Last Quarter (2010 Q3 Jul-Sep)	£109,950	£155,000	£199,950
<i>% Change from last quarter</i>	-9.1%	-3.3%	-3.6%
Last Year (2009 Q4 Oct-Dec)	£110,000	£149,950	£189,950
<i>% Change from last year</i>	-9.1%	0.0%	+1.5%

Data Tables: Advertised Cost of Renting in Brighton & Hove

HOUSES	2 Bed House	3 Bed House	4 Bed House
Average	£1,117	£1,350	£1,831
Last Quarter (2010 Q3 Jul-Sep)	£1,092	£1,251	£1,530
<i>% Change from last quarter</i>	<i>+2.3%</i>	<i>+7.9%</i>	<i>+19.7%</i>
Last Year (2009 Q4 Oct-Dec)	£997	£1,228	£1,565
<i>% Change from last year</i>	<i>+12.0%</i>	<i>+9.9%</i>	<i>+17.0%</i>
Highest	£1,500	£2,300	£2,700
Lowest	£700	£875	£1,150
Half the prices were higher than	£1,100	£1,300	£1,800
Most frequent price	£1,200	£1,200	£2,250
Average of lowest quartile	£950	£1,200	£1,550
Last Quarter (2010 Q3 Jul-Sep)	£950	£1,100	£1,300
<i>% Change from last quarter</i>	<i>0.0%</i>	<i>+9.1%</i>	<i>+19.2%</i>
Last Year (2009 Q4 Oct-Dec)	£850	£1,050	£1,300
<i>% Change from last year</i>	<i>+11.8%</i>	<i>+14.3%</i>	<i>+19.2%</i>

FLATS	Room	Studio	1 Bed Flat	2 Bed Flat
Average	£380	£552	£737	£1,045
Last Quarter (2010 Q3 Jul-Sep)	£354	£541	£727	£1,034
<i>% Change from last quarter</i>	<i>+7.3%</i>	<i>+2.1%</i>	<i>+1.4%</i>	<i>+1.0%</i>
Last Year (2009 Q4 Oct-Dec)	£360	£521	£708	£947
<i>% Change from last year</i>	<i>+5.6%</i>	<i>+6.1%</i>	<i>+4.0%</i>	<i>+10.4%</i>
Highest	£589	£795	£1,300	£1,850
Lowest	£240	£350	£500	£100
Half the prices were higher than	£380	£550	£725	£995
Most frequent price	£319	£550	£750	£1,100
Average of lowest quartile	£320	£520	£675	£875
Last Quarter (2010 Q3 Jul-Sep)	£330	£495	£650	£875
<i>% Change from last quarter</i>	<i>-3.0%</i>	<i>+5.1%</i>	<i>+3.8%</i>	<i>0.0%</i>
Last Year (2009 Q4 Oct-Dec)	£303	£490	£650	£800
<i>% Change from last year</i>	<i>+5.6%</i>	<i>+6.1%</i>	<i>+3.8%</i>	<i>+9.4%</i>

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