

# Brighton & Hove Housing Market Report

## 2017 | Q4 | Oct-Dec

At a Glance		Average Price	Annual Change	Affordable Income*	Price to Income Ratio**
<b>Actual Cost to Buy</b> (December)	<b>Brighton &amp; Hove</b> (Land Registry House Price Index)	£ 361,075	+5.6%	£ 83,325	12.41
<b>Advertised Cost To Buy</b> (Q4 average)	<b>1 bed flat</b>	£258,278	+7.7%	£ 59,603	8.88
	<b>3 bed house</b>	£478,901	+7.2%	£110,516	16.46
<b>Advertised Cost To Rent</b> (Q4 average)	<b>1 bed flat</b>	£ 920/mth	-1.4%	£ 48,418	38% gross income
	<b>3 bed house</b>	£ 1,552/mth	-0.7%	£ 81,695	64% gross income

\* based on 25 year mortgage of 3.25 times income at 5% interest with a 25% deposit  
 \*\* based on based on median gross household income of £29,100 per annum (2015)

# Land Registry House Price Index

Land Registry House Price Index figures show that the average house price in the city is now £ 361,075, a decrease over the last few months but higher than a year ago.

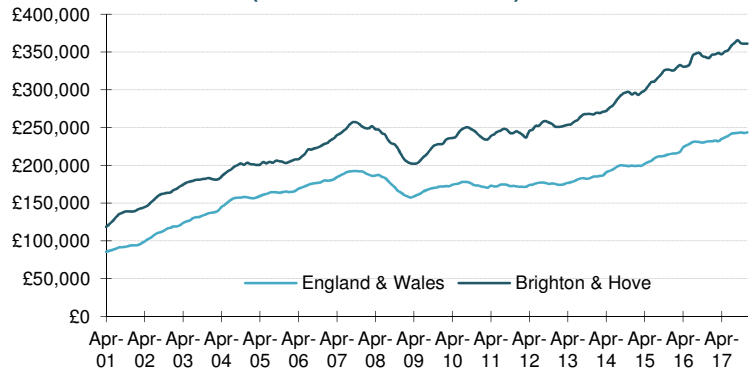
The gap between the average property price for Brighton & Hove and England & Wales has decreased with average price in the city now £117,493 (48%) higher.

Over the last year prices in Brighton & Hove have seen a 5.6% increase in comparison to a 5.0% increase nationally.

Sales are still mainly at low levels with a pattern showing clear seasonal peaks and troughs. The overall trend until March 2016 was a gradual increase. Although in subsequent months there has been a drop in the levels of sales they still remain above that at the beginning of 2009.

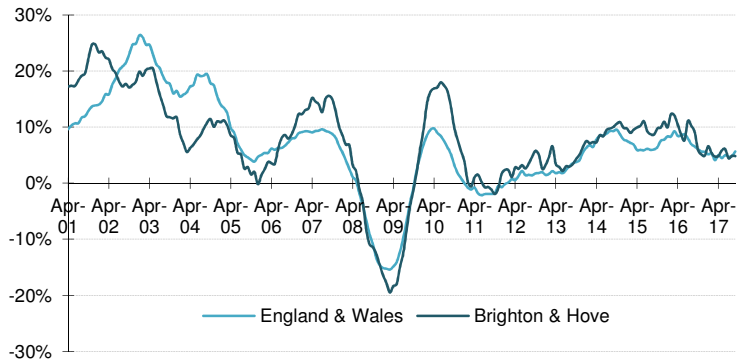
The peak in sales in March 2016 could be attributed to the stamp duty changes on second properties which came into effect on 1 April 2016.

**Brighton & Hove  
Average Property Prices  
(to end December 2017)**



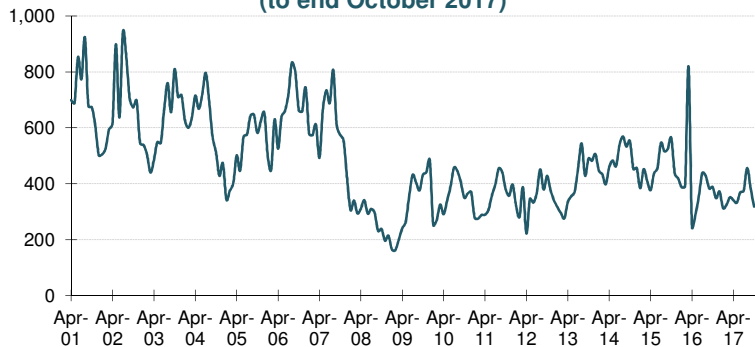
Source: HM Land Registry

**Brighton & Hove  
Annual Property Price Inflation  
(to September 2017)**



Source: HM Land Registry

**Brighton & Hove  
Monthly Volume of Sales  
(to end October 2017)**



Source: HM Land Registry

## About the data used for this report

The Land Registry House Price Index is a mathematical model that works out the average value of a home in the city based on the sale price of those homes sold more than once since 1995. In April 2016 the methodology for calculating the average changed and the values under the new model have been backdated to the start of the period monitored in this report.

Our monitoring is a representative sample of properties that have been advertised in the city during the quarter on the Rightmove website. As it is based on advertised prices it can give an indication of the future trends in prices.

In addition the report includes rental values based on the data published by Valuation Office Agency.

# The Advertised Cost to Buy in Brighton & Hove

## Houses

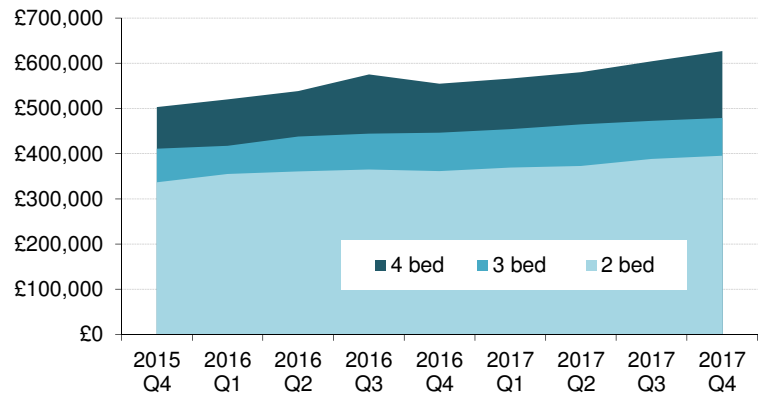
**Annual Average House Prices & Inflation**

Size	2017 Q4	2016 Q4	Increase
2 bed	£395,302	£361,284	+9.4%
3 bed	£478,901	£446,581	+7.2%
4 bed	£627,349	£554,743	+13.1%

**Quarterly Average House Prices & Inflation**

Size	2017 Q4	2017 Q3	Increase
2 bed	£395,302	£388,514	+1.7%
3 bed	£478,901	£472,807	+1.3%
4 bed	£627,349	£604,493	+3.8%

**Brighton & Hove Average Cost of a House**



The annual average advertised asking price for all houses has increased with 4-bed houses showing the greatest increase at +13.1%.

Over the quarter there has been an increase in the average advertised asking price for all houses with 4-bed houses showing the greatest increase at +3.8%.

## Flats

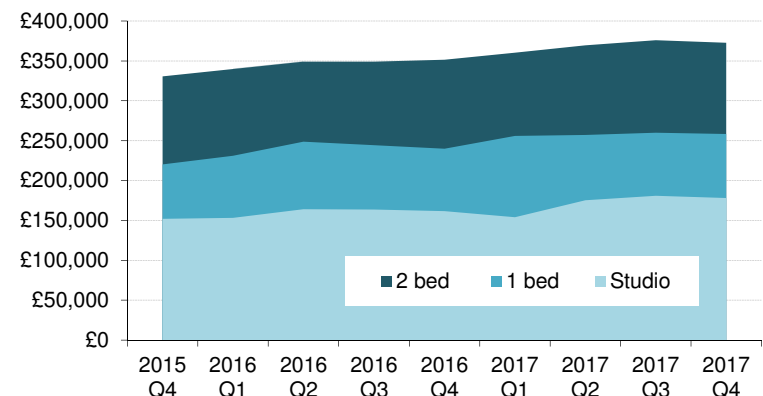
**Annual Average Flat Prices & Inflation**

Size	2017 Q4	2016 Q4	Increase
Studio	£178,290	£161,811	+10.2%
1 bed	£258,278	£239,794	+7.7%
2 bed	£372,803	£351,362	+6.1%

**Quarterly Average Flat Prices & Inflation**

Size	2017 Q4	2017 Q3	Increase
Studio	£178,290	£181,059	-1.5%
1 bed	£258,278	£259,996	-0.7%
2 bed	£372,803	£376,212	-0.9%

**Brighton & Hove Average Cost of a Flat**



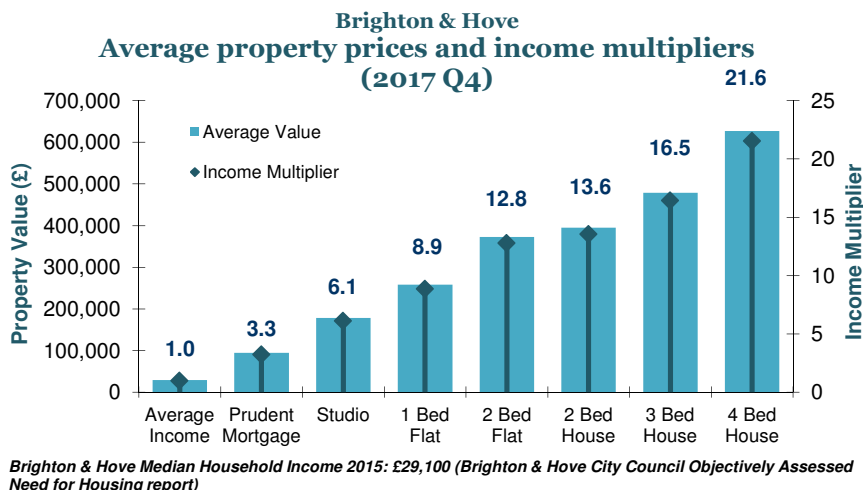
The annual average advertised asking price for all flats has increased with studio flats showing the greatest increase at +10.2%.

Over the quarter the average advertised asking price for all flats has decreased with studio flats showing the greatest increase at -1.5%.

## The Affordability of Buying in Brighton & Hove

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

The 2015 Brighton & Hove City Council Objectively Assessed Need for Housing report showed that the average household income in Brighton & Hove was £38,300. However, 33% of households earn below £20,000. The average is affected by the number of very high earners in the city.



The Median household income (where 50% of households earn less and 50% of households earn more) in the city is £29,100. We have used this median figure to more accurately reflect the pressures on local residents.

In Brighton & Hove the average 1-bed flat costs nearly 9 times the median household annual income and 3-bed house costs over 16 times the 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 their 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 previous years. As a result, the income required to finance a home has reduced but the deposit requirement has increased significantly.

Monthly Cost of Mortgage Repayments		
	1 bed flat	3 bed house
Purchase value of property	£258,278	£478,901
<b>Deposit 25%</b>	£64,570	£119,725
Total value of mortgage	£193,709	£359,176
<b>Income required*</b>	£59,603	£110,516
Repayment @ 4% **	£1,022	£1,896
Repayment @ 5% **	£1,132	£2,100
Repayment @ 6% **	£1,248	£2,314

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

A sufficient mortgage for the average 1-bedroom flat would require an income of nearly £60,000 per annum with a £64,500 deposit and a 3-bed home requires an income of over £110,000 with a £120,000 deposit.

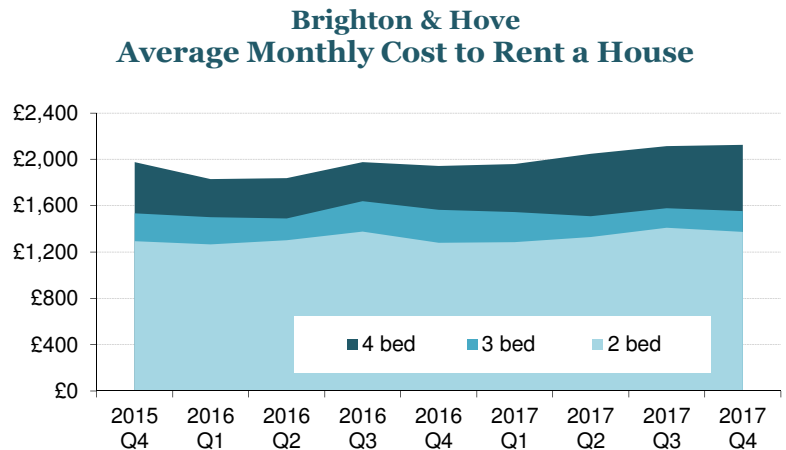
# The Advertised Cost to Rent in Brighton & Hove

## Houses

Annual Average Monthly House Rent & Inflation			
Size	2017 Q4	2016 Q4	Increase
2 bed	£1,374	£1,278	+7.5%
3 bed	£1,552	£1,563	-0.7%
4 bed	£2,126	£1,943	+9.4%

Quarterly Average Monthly House Rent & Inflation			
Size	2017 Q4	2017 Q3	Increase
2 bed	£1,374	£1,408	-2.5%
3 bed	£1,552	£1,578	-1.6%
4 bed	£2,126	£2,114	+0.6%



The annual average advertised cost of renting a 2-bed house and a 4-bed house has increased with 4-bed houses showing the greatest increase at +9.4%. In contrast the annual average advertised cost of renting a 3-bed house has decreased by -0.7%

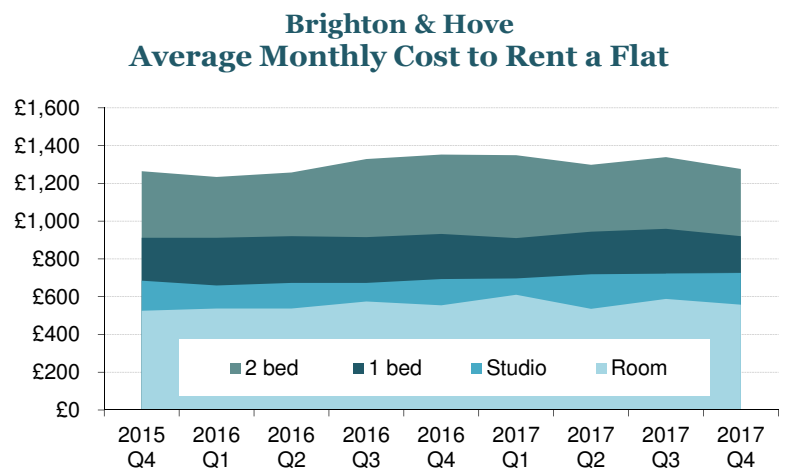
The quarterly average advertised cost of renting a 4-bed house has increased by 0.6% but in contrast the cost of renting a 2-bed and a 3-bed house has decreased with 2-bed houses showing the greatest decrease at -2.5%.

## Flats

Annual Average Monthly Flat Rent & Inflation			
Size	2017 Q4	2016 Q4	Increase
Room	£558	£554	+0.6%
Studio	£726	£693	+4.7%
1 bed	£920	£933	-1.4%
2 bed	£1,277	£1,353	-5.6%

Quarterly Average Monthly Flat Rent & Inflation			
Size	2017 Q4	2017 Q3	Increase
Room	£558	£588	-5.1%
Studio	£726	£722	+0.5%
1 bed	£920	£960	-4.2%
2 bed	£1,277	£1,339	-4.6%



The annual average advertised cost of renting a room and studio flat has increased with the average advertised cost to rent a studio flat showing the greatest increase at +4.7%. The annual average advertised cost of renting a 1-bed and 2-bed flat has decreased with 2-bed flats showing the greatest decrease at -5.6%

With the exception of studio flats, which have increased by +0.5%, the quarterly average advertised cost of renting a room and a flat has decreased with the average advertised cost of renting a room showing the greatest decrease at -5.1%.

# The Affordability of Renting in Brighton & Hove

## Rent & Mortgage Comparison

Private Sector Rent Levels and Mortgage Comparison				
Property	2017 Q4		Rent Compared to Mortgage *	
	Average Rent per Month	Equivalent Mortgage	Annual Income Required	Rent as a % of Purchase Cost
Room	£ 558	£95,393	£29,352	not applicable
Studio	£ 726	£124,140	£38,197	69.6%
1 Bed Flat	£ 920	£157,360	£48,418	60.9%
2 Bed Flat	£ 1,277	£218,435	£67,211	58.6%
2 Bed House	£ 1,374	£234,979	£72,301	59.4%
3 Bed House	£ 1,552	£265,510	£81,695	55.4%

\* Assuming a mortgage at 3.25 times income over 25 years with 5% interest

A household renting an average 1-bed flat would be paying £920 per month in rent, which is equivalent to the monthly repayment cost of a £157,360 mortgage. Traditionally, a mortgage of this amount would require an income of £48,418 to finance, 66% above the city average.

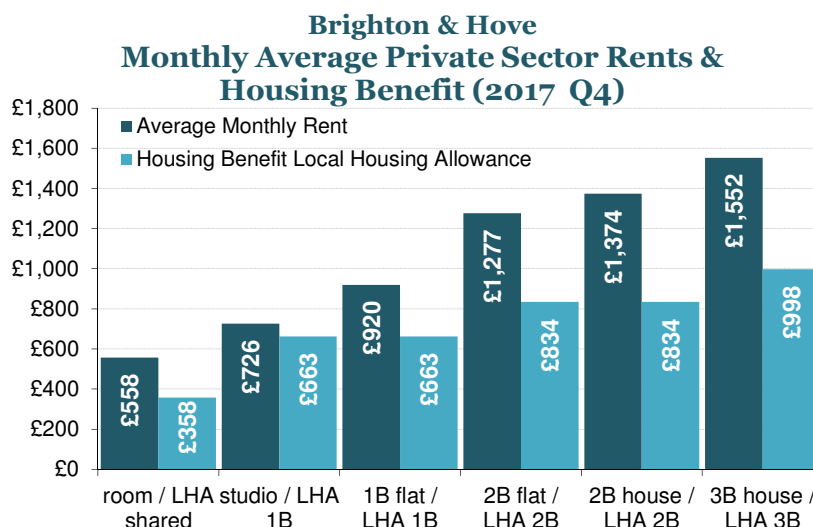
During 2003 rents averaged at around 80% of what a mortgage would be on that home. However, prices have risen quicker than rents resulting in rents now covering around 61% of purchase value, and this is before factoring in managing agent fees, maintenance, and other costs. Buy to Let investors should undertake careful financial appraisals to ensure they will receive sufficient returns.

## Rent & Housing Benefit Comparison

The Local Housing Allowance (LHA) is a standard housing benefit rate based on the number and age 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.

The local housing allowance is less than all average rents which could reduce the chances of those on benefits finding an affordable home.



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

## Data Tables: Advertised Cost to Buy in Brighton & Hove

HOUSES	2 Bed House	3 Bed House	4 Bed House
<b>Average</b>	<b>£395,302</b>	<b>£478,901</b>	<b>£627,349</b>
Last Quarter (2017 Q3 Jul-Sep)	£388,514	£472,807	£604,493
<i>% Change from last quarter</i>	+1.7%	+1.3%	+3.8%
Last Year (2016 Q4 Oct-Dec)	£361,284	£446,581	£554,743
<i>% Change from last year</i>	+9.4%	+7.2%	+13.1%
Highest	£650,000	£850,000	£950,000
Lowest	£250,000	£240,000	£300,000
Half the prices were higher than	£375,000	£478,901	£600,000
Most frequent price	£450,000	£478,901	£850,000
<b>Average of lowest quartile</b>	<b>£325,000</b>	<b>£375,000</b>	<b>£500,000</b>
Last Quarter (2017 Q3 Jul-Sep)	£325,000	£375,000	£475,000
<i>% Change from last quarter</i>	0.0%	0.0%	+5.3%
Last Year (2016 Q4 Oct-Dec)	£310,000	£350,000	£450,000
<i>% Change from last year</i>	+4.8%	+7.1%	+11.1%

FLATS	Studio	1 Bed Flat	2 Bed Flat
<b>Average</b>	<b>£178,290</b>	<b>£258,278</b>	<b>£372,803</b>
Last Quarter (2017 Q3 Jul-Sep)	£181,059	£259,996	£376,212
<i>% Change from last quarter</i>	-1.5%	-0.7%	-0.9%
Last Year (2016 Q4 Oct-Dec)	£161,811	£239,794	£351,362
<i>% Change from last year</i>	+10.2%	+7.7%	+6.1%
Highest	£325,000	£495,000	£895,000
Lowest	£95,000	£110,000	£170,000
Half the prices were higher than	£175,000	£250,000	£350,000
Most frequent price	£190,000	£250,000	£350,000
<b>Average of lowest quartile</b>	<b>£150,000</b>	<b>£225,000</b>	<b>£300,000</b>
Last Quarter (2017 Q3 Jul-Sep)	£159,950	£229,950	£300,000
<i>% Change from last quarter</i>	-6.2%	-2.2%	0.0%
Last Year (2016 Q4 Oct-Dec)	£142,488	£210,000	£289,950
<i>% Change from last year</i>	+5.3%	+7.1%	+3.5%



## Data Tables: Advertised Cost of Renting in Brighton & Hove

HOUSES	2 Bed House	3 Bed House	4 Bed House
<b>Average</b>	<b>£1,374</b>	<b>£1,552</b>	<b>£2,126</b>
Last Quarter (2017 Q3 Jul-Sep)	£1,408	£1,578	£2,114
<i>% Change from last quarter</i>	-2.5%	-1.6%	+0.6%
Last Year (2016 Q4 Oct-Dec)	£1,278	£1,563	£1,943
<i>% Change from last year</i>	+7.5%	-0.7%	+9.4%
Highest	£2,773	£2,600	£3,600
Lowest	£975	£1,050	£1,195
Half the prices were higher than	£1,298	£1,500	£2,166
Most frequent price	£1,350	£1,650	£2,080
<b>Average of lowest quartile</b>	<b>£1,200</b>	<b>£1,350</b>	<b>£1,950</b>
Last Quarter (2017 Q3 Jul-Sep)	£1,295	£1,400	£1,950
<i>% Change from last quarter</i>	-7.3%	-3.6%	0.0%
Last Year (2016 Q4 Oct-Dec)	£1,165	£1,375	£1,650
<i>% Change from last year</i>	+3.0%	-1.8%	+18.2%

FLATS	Room	Studio	1 Bed Flat	2 Bed Flat
<b>Average</b>	<b>£558</b>	<b>£726</b>	<b>£920</b>	<b>£1,277</b>
Last Quarter (2017 Q3 Jul-Sep)	£588	£722	£960	£1,339
<i>% Change from last quarter</i>	-5.1%	+0.5%	-4.2%	-4.6%
Last Year (2016 Q4 Oct-Dec)	£554	£693	£933	£1,353
<i>% Change from last year</i>	+0.6%	+4.7%	-1.4%	-5.6%
Highest	£850	£1,150	£1,995	£2,950
Lowest	£400	£475	£646	£850
Half the prices were higher than	£550	£725	£895	£1,225
Most frequent price	£600	£725	£850	£1,277
<b>Average of lowest quartile</b>	<b>£500</b>	<b>£675</b>	<b>£850</b>	<b>£1,100</b>
Last Quarter (2017 Q3 Jul-Sep)	£550	£660	£850	£1,175
<i>% Change from last quarter</i>	-9.1%	+2.3%	0.0%	-6.4%
Last Year (2016 Q4 Oct-Dec)	£497	£650	£850	£1,150
<i>% Change from last year</i>	+0.6%	+3.8%	0.0%	-4.3%



## Statistics on rents paid for private properties in Brighton & Hove

The following information is taken from data collected by the Valuation Office Agency on rents paid for properties in the city's private rented sector. The data is based on a sample of rental information. Although this sample changes over time, it still provides an indication of changes in the rental market.

The following charts and tables cover annual periods ranging from October to the following September.

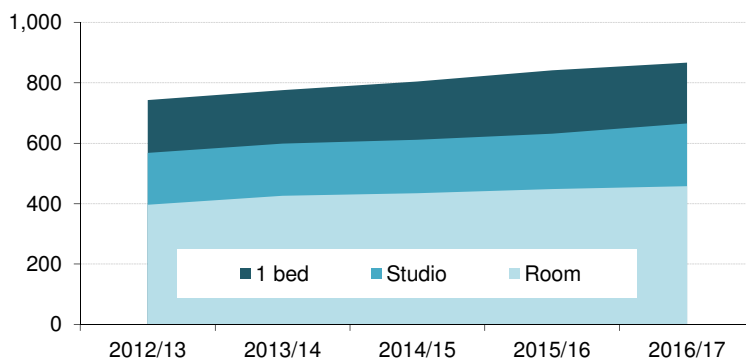
Between 1 October 2016 and 30 September 2017 the sample number was 3,780; 230x rooms, 250x studios, 1060x 1 beds, 1210x 2 beds, 490x 3 bed and 540x 4 beds+

With the exception of 4 bed+ properties there is an increase in the rent paid when comparing the sample data collected from 1 October 2016 to 30 September 2017 and the sample collected from 1 October 2015 to 30 September 2016

### Single People and Couples

Annual Average Monthly Rent & Inflation			
Size	2016/17	2015/16	Increase
Room	£458	£448	+2.2%
Studio	£665	£632	+5.2%
1 bed	£867	£841	+3.1%

Brighton & Hove Average Monthly Cost

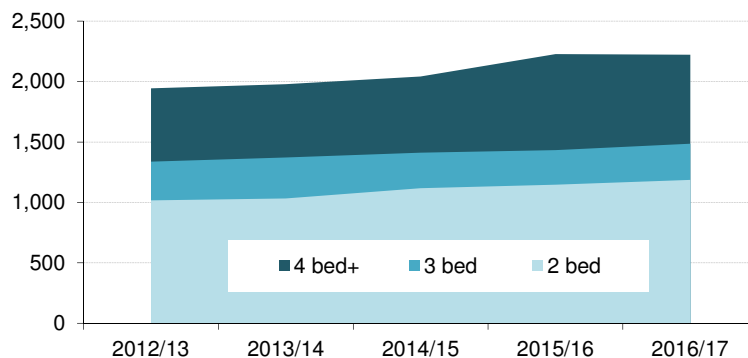


Source: VOA

### Families and larger households

Annual Average Monthly Rent & Inflation			
Size	2016/17	2015/16	Increase
2 bed	£1,186	£1,147	+3.4%
3 bed	£1,485	£1,434	+3.6%
4 bed+	£2,223	£2,227	-0.2%

Brighton & Hove Average Monthly Cost



Source: VOA

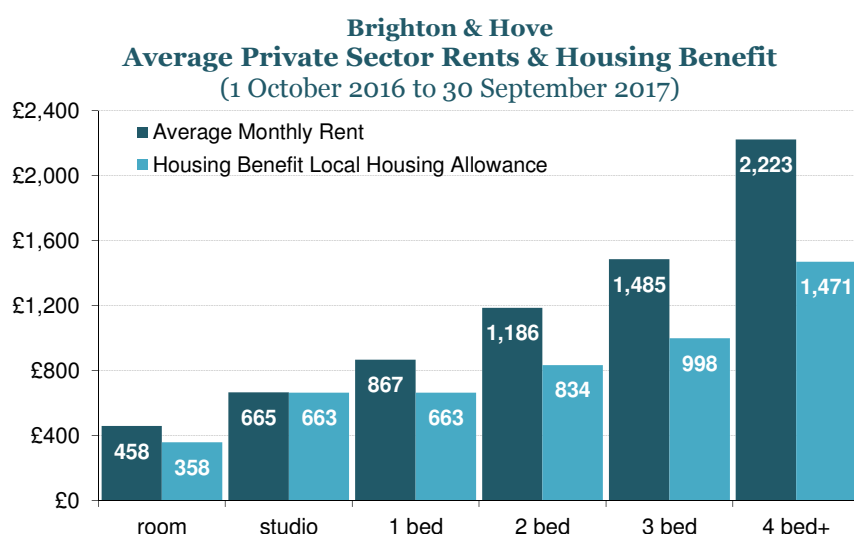
## Valuation Office Agency (continued)

### Rent & Housing Benefit Comparison

The Local Housing Allowance (LHA) is a standard housing benefit rate based on the number and age 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.

The local housing allowance is less than all average rents which could reduce the chances of those on benefits finding an affordable home.



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

### Annual Comparisons

The table shows the annual changes in the rents paid for properties in the city; comparing the average, median and upper and lower quartiles<sup>1</sup>

	Room	Studio	1-Bed	2-Bed	3-Bed	4-Bed+
<b>Average</b>	<b>£458</b>	<b>£665</b>	<b>£867</b>	<b>£1,186</b>	<b>£1,485</b>	<b>£2,223</b>
Last Year	£448	£632	£841	£1,147	£1,434	£2,227
% Change from last year	+2.2%	+5.2%	+3.1%	+3.4%	+3.6%	-0.2%
<b>Half the prices were higher than (median)</b>	<b>£455</b>	<b>£650</b>	<b>£850</b>	<b>£1,150</b>	<b>£1,450</b>	<b>£2,080</b>
Last Year	£424	£650	£825	£1,100	£1,400	£2,145
% Change from last year	+7.3%	0.0%	+3.0%	+4.5%	+3.6%	-3.0%
<b>Upper quartile</b>	<b>£500</b>	<b>£725</b>	<b>£925</b>	<b>£1,295</b>	<b>£1,600</b>	<b>£2,500</b>
Last Year	£500	£675	£900	£1,250	£1,500	£2,600
% Change from last year	0.0%	+7.4%	+2.8%	+3.6%	+6.7%	-3.8%
<b>Lower quartile</b>	<b>£402</b>	<b>£615</b>	<b>£790</b>	<b>£1,025</b>	<b>£1,300</b>	<b>£1,800</b>
Last Year	£390	£583	£775	£985	£1,295	£1,810
% Change from last year	+3.1%	+5.5%	+1.9%	+4.1%	+0.4%	-0.6%

<sup>1</sup> The upper quartile has the top 25% of rents above it and the lower quartiles has the bottom 25% of rents below it

## Renting a Room in Brighton & Hove

The charts below provide information on renting a room in the city, either as part of a shared house or as a lodger. The information was taken from the Spareroom website on a monthly basis and many of the rents include the cost of bills.

The overall average advertised cost to rent a room in the city was £550 per month and was an annual increase of 3%.

The annual average monthly cost to rent a room increased across all the city's postal districts.

% Change from 2016				
BN1	BN2	BN3	BN41	Citywide
+2%	+3%	+1%	+4%	+3%

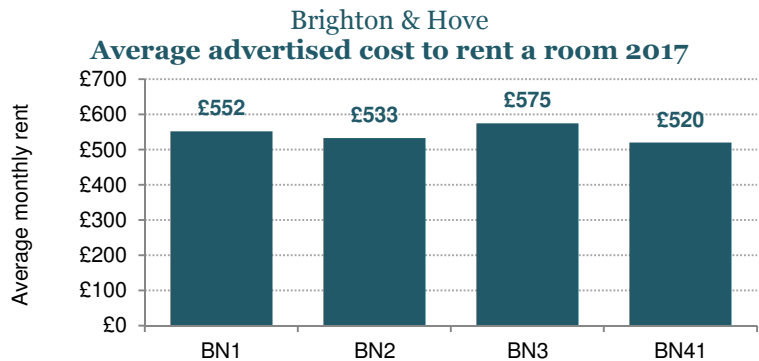
During 2017 there was an average of 478 rooms advertised for rent each month; an annual increase of 20%

There was an annual increase in the average number of rooms advertised across all of the four postal districts

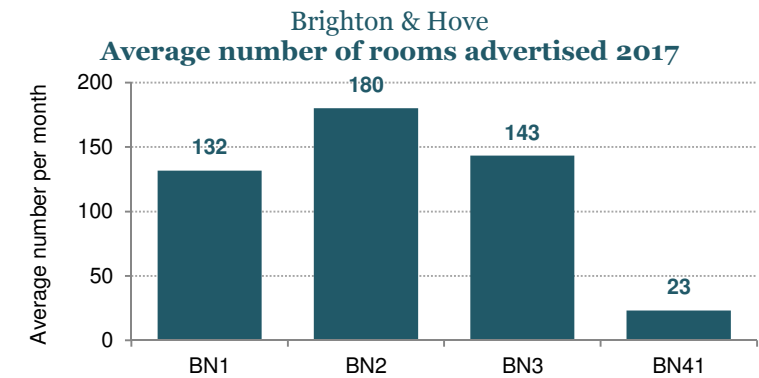
% Change from 2015				
BN1	BN2	BN3	BN41	Citywide
+24%	+12%	+25%	+40%	+20%

The chart shows the average annual inflation for the advertised price of renting a room and compares this with the CPI and RPI annual inflation.

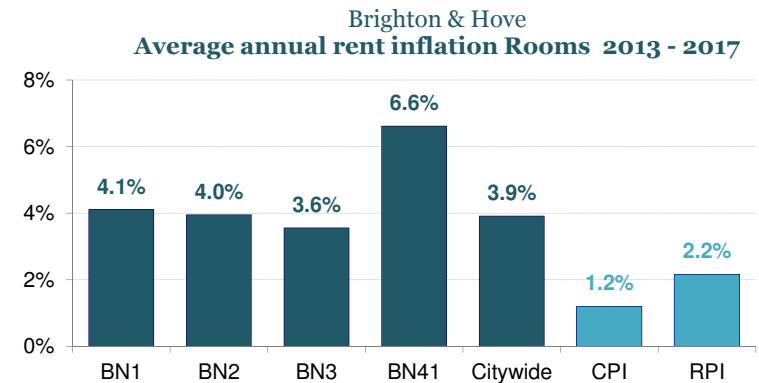
The annual inflation across the city has increased at a greater rate than both the CPI and RPI indices.



Source: Spareroom

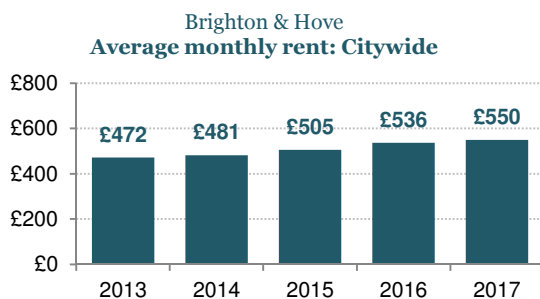


Source: Spareroom

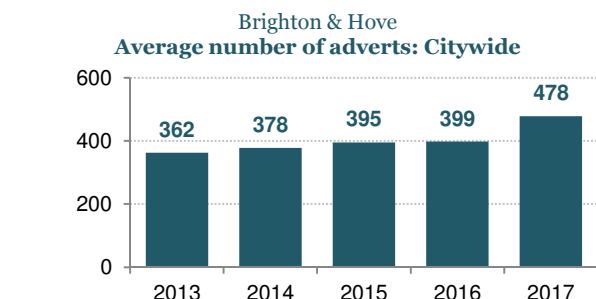


Source: Spareroom and ONS Consumer Price Indices

The charts show the changes in average monthly rents and average number of rooms advertised



Source: Spareroom



Source: Spareroom

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