

Brighton & Hove Housing Market Report

2017 | Q1 | Jan-Mar

At a Glance		Average Price	Annual Change	Affordable Income*	Price to Income Ratio**
Actual Cost to Buy (Mar)	Brighton & Hove (Land Registry House Price Index)	£ 353,176	+6.2%	£ 81,502	12.14
Advertised Cost To Buy (Q1 average)	1 bed flat	£255,823	+10.8%	£ 59,036	8.79
	3 bed house	£454,037	+8.7%	£104,778	15.60
Advertised Cost To Rent (Q1 average)	1 bed flat	£ 910/mth	-0.3%	£ 47,878	38% gross income
	3 bed house	£ 1,544/mth	+2.9%	£ 81,287	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 £353,176, an increase over the last few months and higher than a year ago.

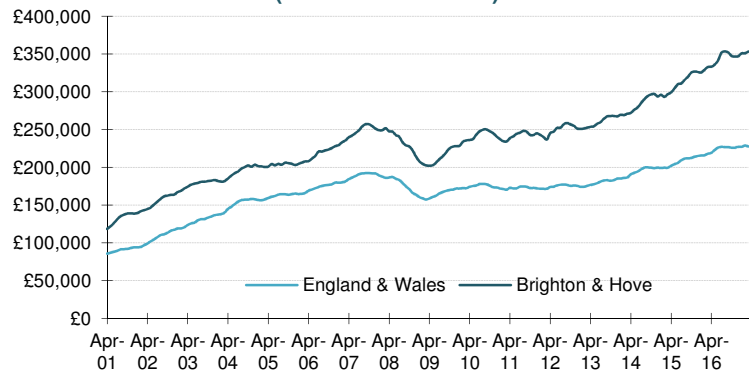
The gap between the average property price for Brighton & Hove and England & Wales has increased again with average price in the city now £125,627 (55%) higher.

Over the last year prices in Brighton & Hove have seen a 6.2% increase in comparison to a 4.4% 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.

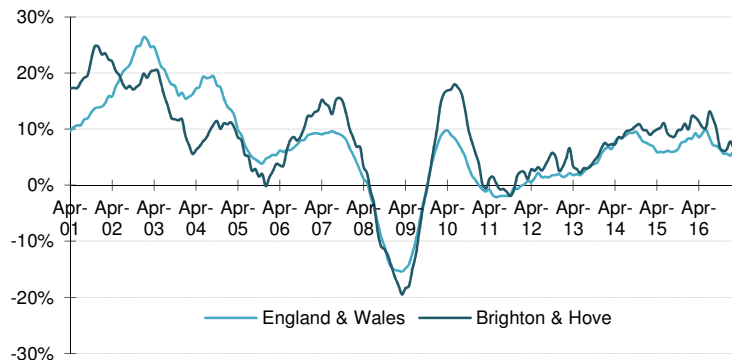
The peak in sales in March 2016 could be attributed to the stamp duty changes on second properties which came into effect on 1 April 2016.

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



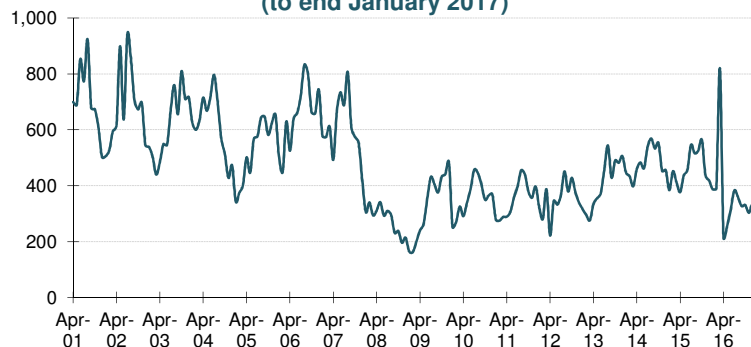
Source: HM Land Registry

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



Source: HM Land Registry

**Brighton & Hove
Monthly Volume of Sales
(to end January 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.

The Advertised Cost to Buy in Brighton & Hove

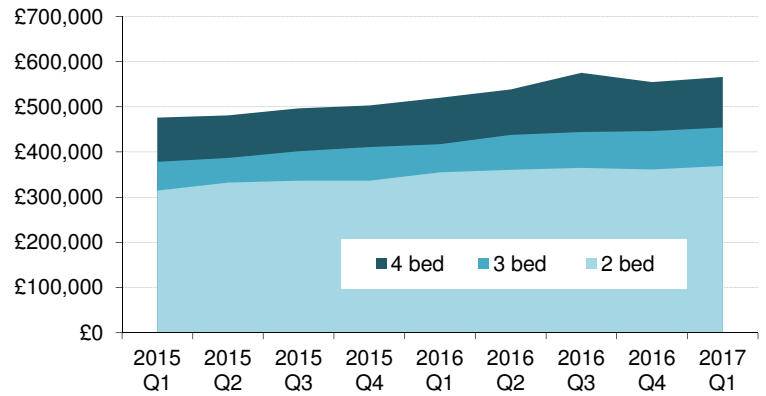
Housing Market Report
1 January to 31 March 2017

Houses

Annual Average House Prices & Inflation			
Size	2017 Q1	2016 Q1	Increase
2 bed	£368,811	£355,251	+3.8%
3 bed	£454,037	£417,571	+8.7%
4 bed	£566,072	£519,968	+8.9%

Quarterly Average House Prices & Inflation			
Size	2017 Q1	2016 Q4	Increase
2 bed	£368,811	£361,284	+2.1%
3 bed	£454,037	£446,581	+1.7%
4 bed	£566,072	£554,743	+2.0%

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 +8.9%.

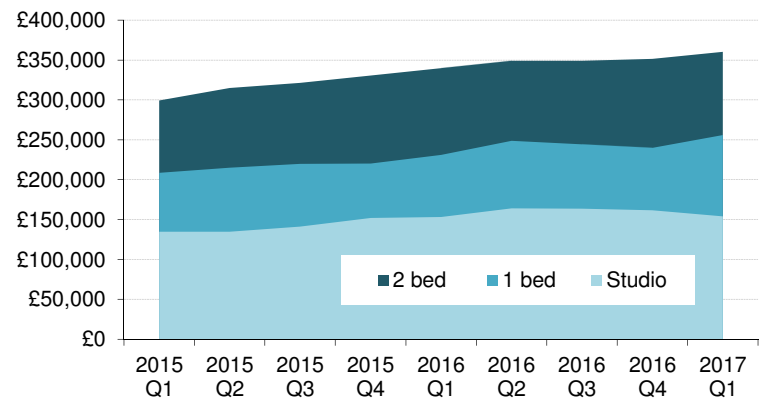
Over the quarter there has been an increase in the average advertised asking price for all houses with 2-bed houses showing the greatest increase at +2.1%

Flats

Annual Average Flat Prices & Inflation			
Size	2017 Q1	2016 Q1	Increase
Studio	£154,067	£153,006	+0.7%
1 bed	£255,823	£230,984	+10.8%
2 bed	£360,375	£339,781	+6.1%

Quarterly Average Flat Prices & Inflation			
Size	2017 Q1	2016 Q4	Increase
Studio	£154,067	£161,811	-4.8%
1 bed	£255,823	£239,794	+6.7%
2 bed	£360,375	£351,362	+2.6%

Brighton & Hove
Average Cost of a Flat



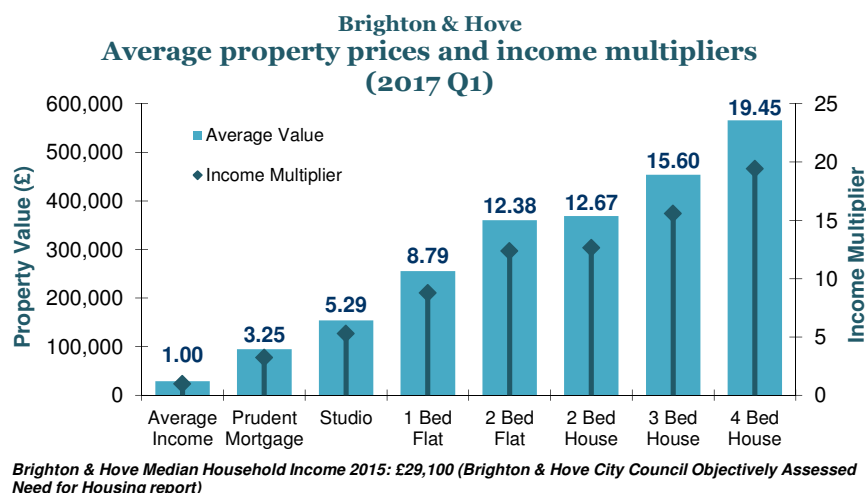
The annual average advertised asking price for all flats has increased with 1-bed flats showing the greatest increase at +10.8%.

Over the quarter there has been an increase in the average advertised asking price for 1-bed and 2-bed flats with 1-bed flats showing the greatest increase at +6.7%. In contrast, the average advertised asking price for a studio flat has shown a quarterly decrease of -4.8%

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 nearly 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 increase significantly.

Monthly Cost of Mortgage Repayments		
	1 bed flat	3 bed house
Purchase value of property	£255,823	£454,037
Deposit 25%	£63,956	£113,509
Total value of mortgage	£191,867	£340,527
Income required*	£59,036	£104,778
Repayment @ 4% **	£1,013	£1,797
Repayment @ 5% **	£1,122	£1,991
Repayment @ 6% **	£1,236	£2,194

* 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 over £59,000 per annum with a £64,000 deposit and a 3-bed home requires an income of nearly £105,000 with a £113,500 deposit.

The Advertised Cost to Rent in Brighton & Hove

Houses

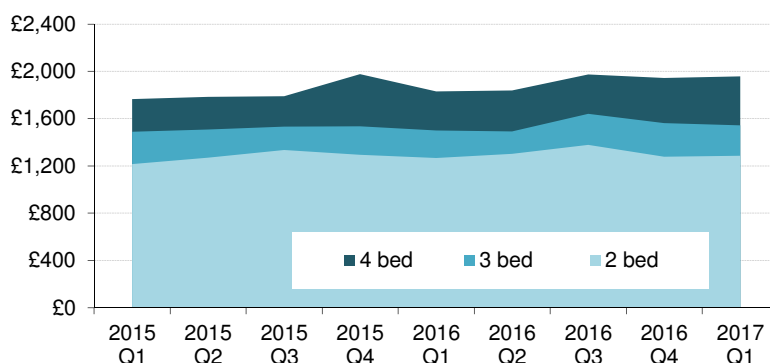
Annual Average Monthly House Rent & Inflation

Size	2017 Q1	2016 Q1	Increase
2 bed	£1,286	£1,267	+1.5%
3 bed	£1,544	£1,500	+2.9%
4 bed	£1,958	£1,830	+7.0%

Quarterly Average Monthly House Rent & Inflation

Size	2017 Q1	2016 Q4	Increase
2 bed	£1,286	£1,278	+0.6%
3 bed	£1,544	£1,563	-1.2%
4 bed	£1,958	£1,943	+0.8%

Brighton & Hove
Average Monthly Cost to Rent a House



The annual average advertised cost of renting all houses has increased with 4-bed houses showing the greatest increase at +7.0%

The quarterly average advertised cost of renting a 2-bed and 4-bed house has increased slightly with 4-bed houses showing the greatest increase at 0.8%. In contrast the quarterly average advertised cost to rent a 3-bed house has decreased by -1.2%.

Flats

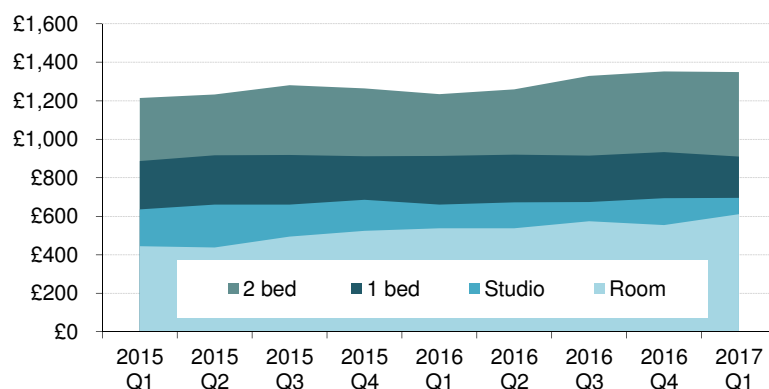
Annual Average Monthly Flat Rent & Inflation

Size	2017 Q1	2016 Q1	Increase
Room	£610	£538	+13.5%
Studio	£696	£660	+5.5%
1 bed	£910	£913	-0.3%
2 bed	£1,349	£1,235	+9.3%

Quarterly Average Monthly Flat Rent & Inflation

Size	2017 Q1	2016 Q4	Increase
Room	£610	£554	+10.1%
Studio	£696	£693	+0.5%
1 bed	£910	£933	-2.5%
2 bed	£1,349	£1,353	-0.3%

Brighton & Hove
Average Monthly Cost to Rent a Flat



With the exception of 1-bed flats, the annual average advertised cost of renting a flat and a room has increased with the average advertised cost to rent a room showing the greatest increase at +13.5%.

The quarterly average advertised cost of renting a room and studio flat has increased with rooms showing the greatest increase at +10.1%. In contrast the quarterly average advertised cost of renting a 1-bed and 2-bed flat has decreased with 1-bed flats showing the greatest decrease at -2.5%.

The Affordability of Renting in Brighton & Hove

Rent & Mortgage Comparison

Private Sector Rent Levels and Mortgage Comparison				
Property	2017 Q1		Rent Compared to Mortgage *	
	Average Rent per Month	Equivalent Mortgage	Annual Income Required	Rent as a % of Purchase Cost
Room	£ 610	£104,390	£32,120	not applicable
Studio	£ 696	£119,133	£36,656	77.3%
1 Bed Flat	£ 910	£155,604	£47,878	60.8%
2 Bed Flat	£ 1,349	£230,817	£71,021	64.0%
2 Bed House	£ 1,286	£219,931	£67,671	59.6%
3 Bed House	£ 1,544	£264,181	£81,287	58.2%

* 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 £910 per month in rent, which is equivalent to the monthly repayment cost of a £155,604 mortgage. Traditionally, a mortgage of this amount would require an income of £47,878 to finance, 70% 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.

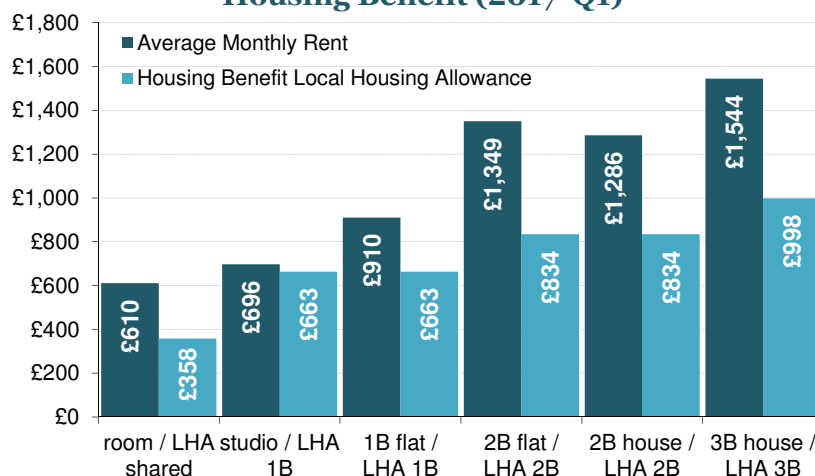
Rent & Housing Benefit Comparison

The Local Housing Allowance (LHA) 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.

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

**Brighton & Hove
Monthly Average Private Sector Rents & Housing Benefit (2017 Q1)**



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
Average	£368,811	£454,037	£566,072
Last Quarter (2016 Q4 Oct-Dec)	£361,284	£446,581	£554,743
<i>% Change from last quarter</i>	+2.1%	+1.7%	+2.0%
Last Year (2016 Q1 Jan-Mar)	£355,251	£417,571	£519,968
<i>% Change from last year</i>	+3.8%	+8.7%	+8.9%
Highest	£575,000	£740,000	£850,000
Lowest	£239,950	£190,000	£250,000
Half the prices were higher than	£360,000	£454,037	£550,000
Most frequent price	£350,000	£454,037	£500,000
Average of lowest quartile	£319,950	£370,000	£475,000
Last Quarter (2016 Q4 Oct-Dec)	£310,000	£350,000	£450,000
<i>% Change from last quarter</i>	+3.2%	+5.7%	+5.6%
Last Year (2016 Q1 Jan-Mar)	£300,000	£349,950	£435,000
<i>% Change from last year</i>	+6.7%	+5.7%	+9.2%

FLATS	Studio	1 Bed Flat	2 Bed Flat
Average	£154,067	£255,823	£360,375
Last Quarter (2016 Q4 Oct-Dec)	£161,811	£239,794	£351,362
<i>% Change from last quarter</i>	-4.8%	6.7%	2.6%
Last Year (2016 Q1 Jan-Mar)	£153,006	£230,984	£339,781
<i>% Change from last year</i>	+0.7%	+10.8%	+6.1%
Highest	£240,000	£450,000	£610,000
Lowest	£100,000	£125,000	£195,000
Half the prices were higher than	£159,975	£249,950	£349,950
Most frequent price	£170,000	£250,000	£325,000
Average of lowest quartile	£116,238	£225,000	£295,000
Last Quarter (2016 Q4 Oct-Dec)	£142,488	£210,000	£289,950
<i>% Change from last quarter</i>	-18.4%	+7.1%	+1.7%
Last Year (2016 Q1 Jan-Mar)	£130,000	£200,000	£279,949
<i>% Change from last year</i>	-10.6%	+12.5%	+5.4%

Data Tables: Advertised Cost of Renting in Brighton & Hove

HOUSES	2 Bed House	3 Bed House	4 Bed House
Average	£1,286	£1,544	£1,958
Last Quarter (2016 Q4 Oct-Dec)	£1,278	£1,563	£1,943
<i>% Change from last quarter</i>	+0.6%	-1.2%	+0.8%
Last Year (2016 Q1 Jan-Mar)	£1,267	£1,500	£1,830
<i>% Change from last year</i>	+1.5%	+2.9%	+7.0%
Highest	£1,995	£2,500	£3,295
Lowest	£945	£1,050	£1,100
Half the prices were higher than	£1,250	£1,500	£1,924
Most frequent price	£1,200	£1,500	£2,080
Average of lowest quartile	£1,200	£1,400	£1,820
Last Quarter (2016 Q4 Oct-Dec)	£1,165	£1,375	£1,650
<i>% Change from last quarter</i>	+3.0%	+1.8%	+10.3%
Last Year (2016 Q1 Jan-Mar)	£1,150	£1,375	£1,733
<i>% Change from last year</i>	+4.3%	+1.8%	+5.0%

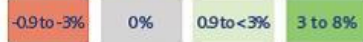
FLATS	Room	Studio	1 Bed Flat	2 Bed Flat
Average	£610	£696	£910	£1,349
Last Quarter (2016 Q4 Oct-Dec)	£554	£693	£933	£1,353
<i>% Change from last quarter</i>	+10.1%	+0.5%	-2.5%	-0.3%
Last Year (2016 Q1 Jan-Mar)	£538	£660	£913	£1,235
<i>% Change from last year</i>	+13.5%	+5.5%	-0.3%	+9.3%
Highest	£850	£1,100	£2,150	£2,800
Lowest	£396	£495	£563	£825
Half the prices were higher than	£600	£695	£875	£1,250
Most frequent price	£750	£750	£850	£1,349
Average of lowest quartile	£550	£650	£825	£1,150
Last Quarter (2016 Q4 Oct-Dec)	£497	£650	£850	£1,150
<i>% Change from last quarter</i>	+10.6%	0.0%	-2.9%	0.0%
Last Year (2016 Q1 Jan-Mar)	£481	£617	£825	£1,100
<i>% Change from last year</i>	+14.4%	+5.3%	0.0%	+4.5%

HomeLet Rental Index Report

HomeLet Rental Index monthly publications provide data on new tenancies reporting the agreed rental amounts. The map below shows the regional variations across the UK in March 2017; reporting an average monthly rent of £997 in the South East, an annual decrease of 0.3%. The average monthly rent in the South East is 10% higher than the UK average rent of £904.

UK regional breakdown

% Annual variance in average rent



North East		UK	
Average rent March 2017	£522	Average rent March 2017	£904
Average rent February 2017	£522	Average rent February 2017	£895
Monthly variance	0.0%	Monthly variance	1.1%
Average rent March 2016	£512	Average rent March 2016	£894
Annual variance	1.9%	Annual variance	1.1%

Scotland	
Average rent March 2017	£610
Average rent February 2017	£597
Monthly variance	2.1%
Average rent March 2016	£602
Annual variance	1.2%

Yorkshire and Humber	
Average rent March 2017	£619
Average rent February 2017	£621
Monthly variance	-0.3%
Average rent March 2016	£607
Annual variance	2.1%

North West	
Average rent March 2017	£675
Average rent February 2017	£680
Monthly variance	-0.7%
Average rent March 2016	£664
Annual variance	1.7%

East Midlands	
Average rent March 2017	£602
Average rent February 2017	£595
Monthly variance	1.1%
Average rent March 2016	£593
Annual variance	1.6%

West Midlands	
Average rent March 2017	£663
Average rent February 2017	£659
Monthly variance	0.6%
Average rent March 2016	£654
Annual variance	1.4%

East of England	
Average rent March 2017	£902
Average rent February 2017	£896
Monthly variance	0.7%
Average rent March 2016	£892
Annual variance	1.1%

Wales	
Average rent March 2017	£616
Average rent February 2017	£602
Monthly variance	2.3%
Average rent March 2016	£598
Annual variance	3.1%

Greater London	
Average rent March 2017	£1,546
Average rent February 2017	£1,520
Monthly variance	1.7%
Average rent March 2016	£1,527
Annual variance	1.2%

Northern Ireland	
Average rent March 2017	£614
Average rent February 2017	£604
Monthly variance	1.6%
Average rent March 2016	£605
Annual variance	1.5%

South West	
Average rent March 2017	£798
Average rent February 2017	£791
Monthly variance	0.9%
Average rent March 2016	£791
Annual variance	0.9%

South East	
Average rent March 2017	£997
Average rent February 2017	£992
Monthly variance	0.5%
Average rent March 2016	£1,000
Annual variance	-0.3%

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