

Brighton & Hove Housing Market Report

2017 | Q2 | Apr-Jun

At a Glance		Average Price	Annual Change	Affordable Income*	Price to Income Ratio**
Actual Cost to Buy (Jun)	Brighton & Hove (Land Registry House Price Index)	£ 354,847	+6.4%	£ 81,888	12.19
Advertised Cost To Buy (Q2 average)	1 bed flat	£257,238	+3.4%	£ 59,363	8.84
	3 bed house	£465,078	+6.3%	£107,326	15.98
Advertised Cost To Rent (Q2 average)	1 bed flat	£ 944/mth	+2.7%	£ 49,703	39% gross income
	3 bed house	£ 1,508/mth	+1.1%	£ 79,358	62% 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 £354,847, an increase over the last few months and higher than a year ago.

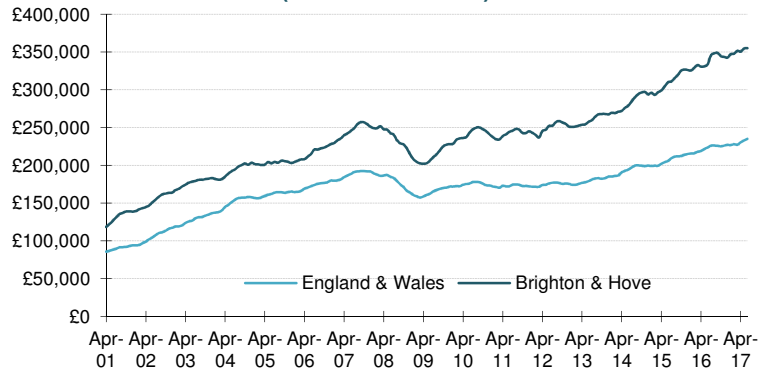
The gap between the average property price for Brighton & Hove and England & Wales has slightly decreased with average price in the city now £119,751 (51%) higher.

Over the last year prices in Brighton & Hove have seen a 6.4% increase in comparison to a 5.1% 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.

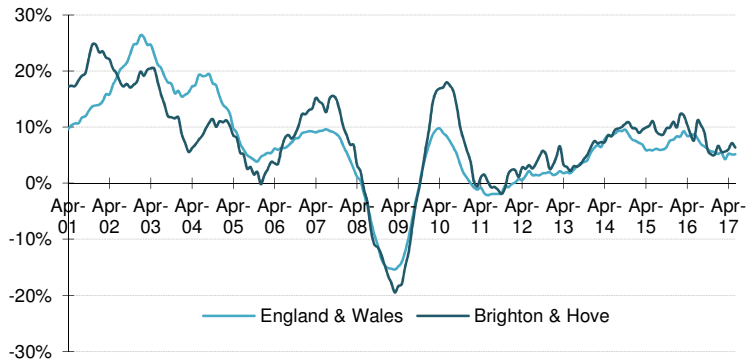
The peak in sales in March 2016 could be attributed to the stamp duty changes on second properties which came into effect on 1 April 2016.

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



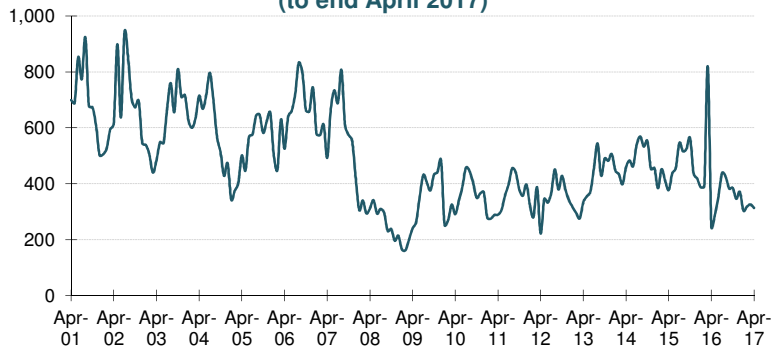
Source: HM Land Registry

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



Source: HM Land Registry

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

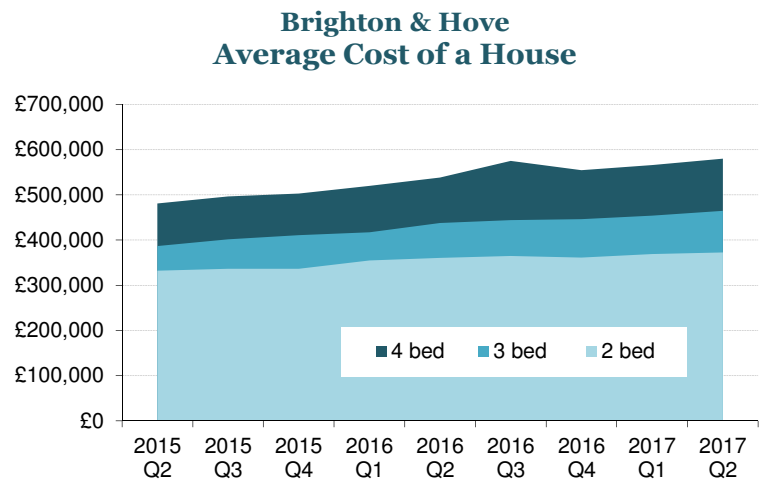
Our monitoring is a representative sample of properties that have been advertised in the city during the quarter on the Rightmove website. As it is based on advertised prices it can give an indication of the future trends in prices.

The Advertised Cost to Buy in Brighton & Hove

Houses

Annual Average House Prices & Inflation			
Size	2017 Q2	2016 Q2	Increase
2 bed	£373,016	£360,950	+3.3%
3 bed	£465,078	£437,666	+6.3%
4 bed	£580,593	£538,294	+7.9%

Quarterly Average House Prices & Inflation			
Size	2017 Q2	2017 Q1	Increase
2 bed	£373,016	£368,811	+1.1%
3 bed	£465,078	£454,037	+2.4%
4 bed	£580,593	£566,072	+2.6%



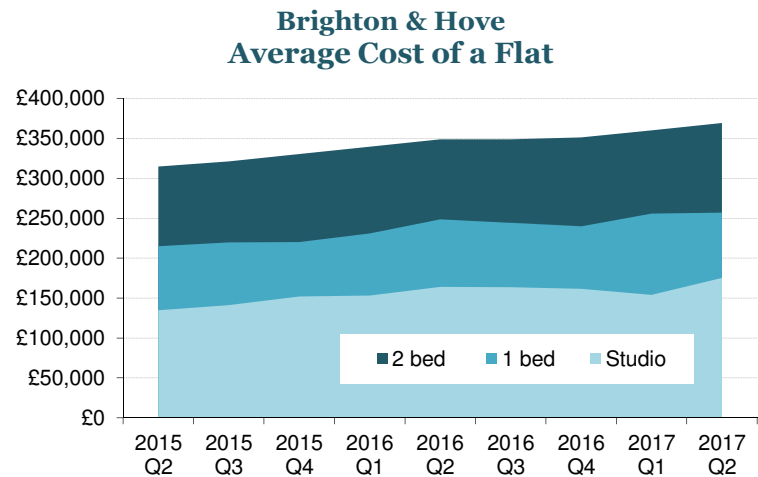
The annual average advertised asking price for all houses has increased with 4-bed houses showing the greatest increase at +7.9%.

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 +2.6%

Flats

Annual Average Flat Prices & Inflation			
Size	2017 Q2	2016 Q2	Increase
Studio	£175,174	£163,926	+6.9%
1 bed	£257,238	£248,709	+3.4%
2 bed	£369,424	£349,004	+5.9%

Quarterly Average Flat Prices & Inflation			
Size	2017 Q2	2017 Q1	Increase
Studio	£175,174	£154,067	+13.7%
1 bed	£257,238	£255,823	+0.6%
2 bed	£369,424	£360,375	+2.5%



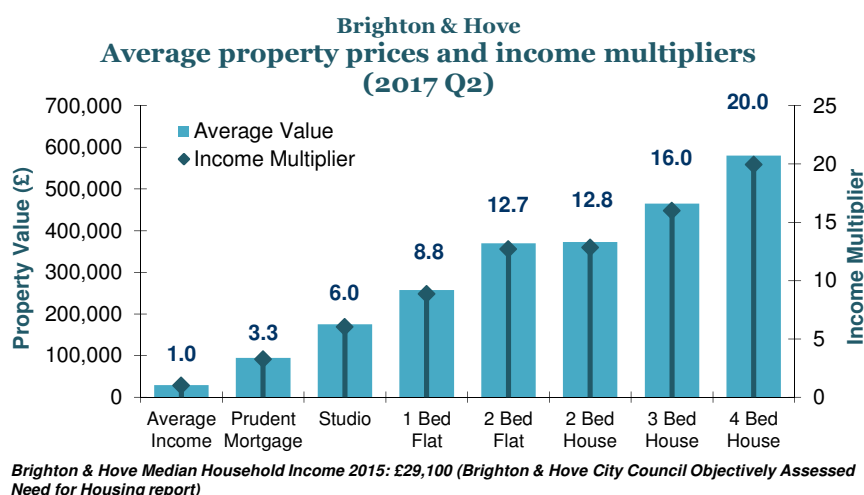
The annual average advertised asking price for all flats has increased with studio flats showing the greatest increase at +6.9%.

Over the quarter the average advertised asking price for all flats has increased with studio flats showing the greatest increase at +13.7%. This follows a noticeable decrease in the previous quarter.

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 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	£257,238	£465,078
Deposit 25%	£64,310	£116,269
Total value of mortgage	£192,929	£348,808
Income required*	£59,363	£107,326
Repayment @ 4% **	£1,018	£1,841
Repayment @ 5% **	£1,128	£2,039
Repayment @ 6% **	£1,243	£2,247

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

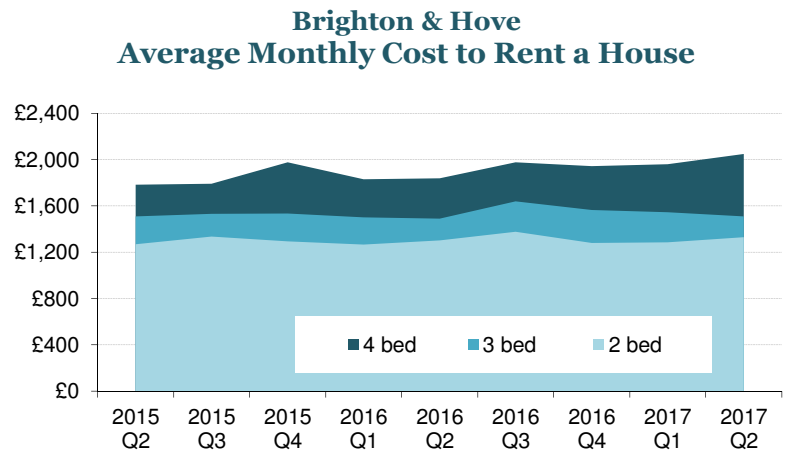
A sufficient mortgage for the average 1-bedroom flat would require an income of over £59,000 per annum with a £64,000 deposit and a 3-bed home requires an income of nearly £110,000 with a £116,000 deposit.

The Advertised Cost to Rent in Brighton & Hove

Houses

Annual Average Monthly House Rent & Inflation			
Size	2017 Q2	2016 Q2	Increase
2 bed	£1,329	£1,301	+2.2%
3 bed	£1,508	£1,491	+1.1%
4 bed	£2,049	£1,838	+11.5%

Quarterly Average Monthly House Rent & Inflation			
Size	2017 Q2	2017 Q1	Increase
2 bed	£1,329	£1,286	+3.4%
3 bed	£1,508	£1,544	-2.4%
4 bed	£2,049	£1,958	+4.6%



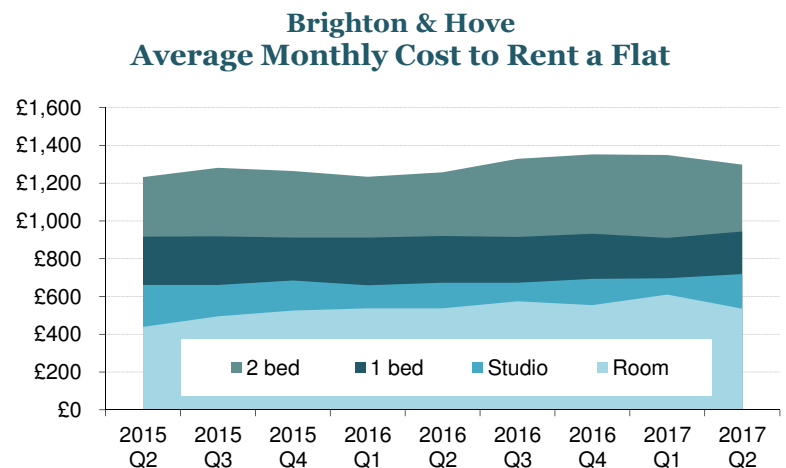
The annual average advertised cost of renting all houses has increased with 4-bed houses showing the greatest increase at +11.5%

The quarterly average advertised cost of renting a 2-bed and 4-bed house has increased with 4-bed houses showing the greatest increase at +4.6%. In contrast the quarterly average advertised cost to rent a 3-bed house has decreased by -2.4%.

Flats

Annual Average Monthly Flat Rent & Inflation			
Size	2017 Q2	2016 Q2	Increase
Room	£535	£538	-0.6%
Studio	£718	£673	+6.7%
1 bed	£944	£920	+2.7%
2 bed	£1,298	£1,259	+3.1%

Quarterly Average Monthly Flat Rent & Inflation			
Size	2017 Q2	2017 Q1	Increase
Room	£535	£610	-12.3%
Studio	£718	£696	+3.2%
1 bed	£944	£910	+3.8%
2 bed	£1,298	£1,349	-3.8%



With the exception of rooms, the annual average advertised cost of renting a flat has increased with the average advertised cost to rent a studio flat showing the greatest increase at +6.7%.

The quarterly average advertised cost of renting a studio and 1-bed flat has increased with 1-bed flats showing the greatest increase at +3.8%. In contrast the quarterly average advertised cost of renting a room and 2-bed flat has decreased with rooms showing the greatest decrease at -12.3%. This decrease follows a noticeable quarterly increase in the previous quarter.

The Affordability of Renting in Brighton & Hove

Rent & Mortgage Comparison

Private Sector Rent Levels and Mortgage Comparison				
Property	2017 Q2		Rent Compared to Mortgage *	
	Average Rent per Month	Equivalent Mortgage	Annual Income Required	Rent as a % of Purchase Cost
Room	£ 535	£91,530	£28,163	not applicable
Studio	£ 718	£122,895	£37,814	70.2%
1 Bed Flat	£ 944	£161,534	£49,703	62.8%
2 Bed Flat	£ 1,298	£222,071	£68,330	60.1%
2 Bed House	£ 1,329	£227,408	£69,972	61.0%
3 Bed House	£ 1,508	£257,915	£79,358	55.5%

* 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 £944 per month in rent, which is equivalent to the monthly repayment cost of a £161,534 mortgage. Traditionally, a mortgage of this amount would require an income of £49,703 to finance, 71% above the city average.

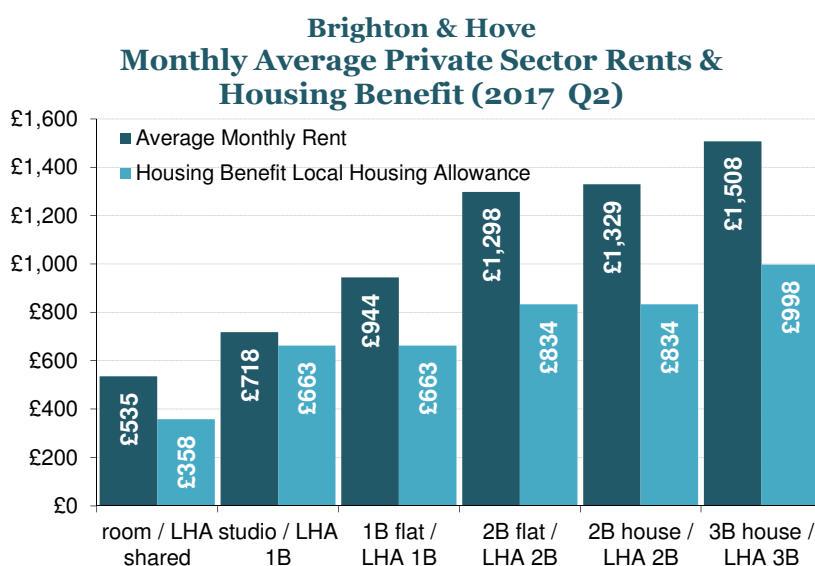
During 2003 rents averaged at around 80% of what a mortgage would be on that home. However, prices have risen quicker than rents resulting in rents now covering around 62% of purchase value, and this is before factoring in managing agent fees, maintenance, and other costs. Buy to Let investors should 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 Comparison with Value Office Agency (VOA)

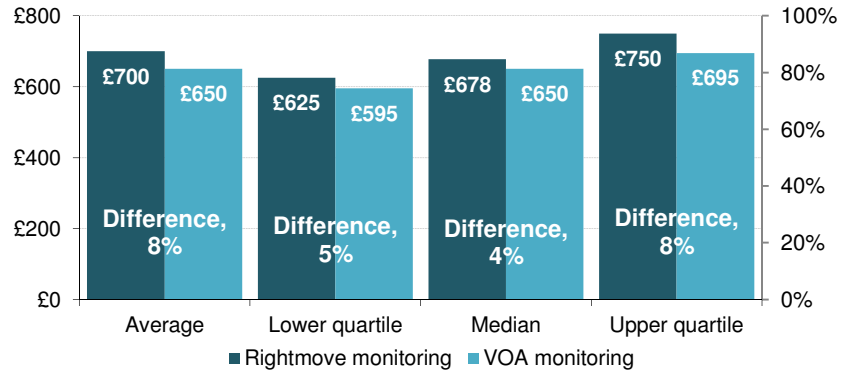
The charts compare the cost to rent as recorded by our monitoring from the Rightmove website with the cost to rent reported by the Value Office Agency (VOA).

Studio

Across the different comparisons, our monitoring reported higher costs to rent in the city with the upper quartile and the average showing the greatest difference.

- Upper quartile 8% higher
- Average 8% higher
- Median 4% higher
- Lower quartile 5% higher

Brighton & Hove
Studio: Cost to Rent 2016/17

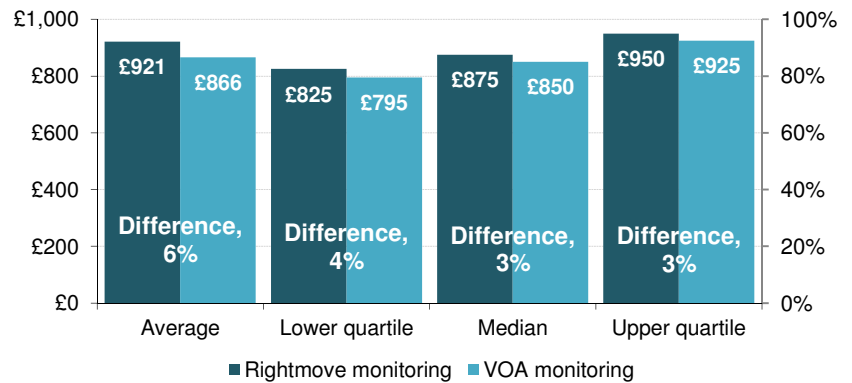


1-Bed

Across the different comparisons, our monitoring reported higher costs to rent in the city with the lower quartile and the average showing the greatest difference.

- Upper quartile 3% higher
- Average 6% higher
- Median 3% higher
- Lower quartile 4% higher

Brighton & Hove
1-Bed: Cost to Rent 2016/17

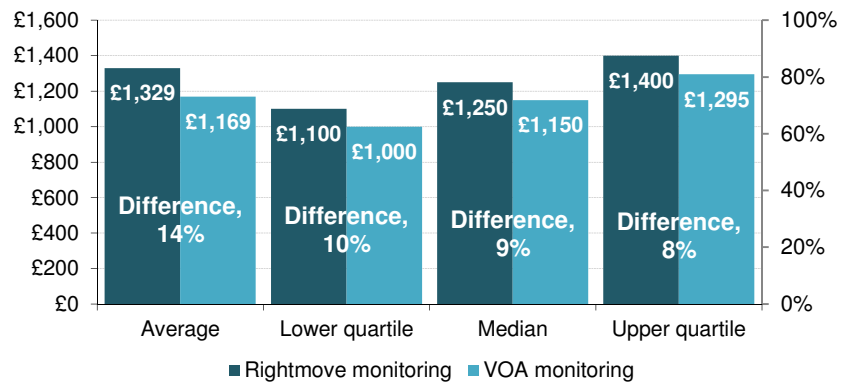


2-Bed

Across the different comparisons, our monitoring reported higher costs to rent in the city with the lower quartile and the average showing the greatest difference.

- Upper quartile 8% higher
- Average 14% higher
- Median 9% higher
- Lower quartile 10% higher

Brighton & Hove
2-Bed: Cost to Rent 2016/17

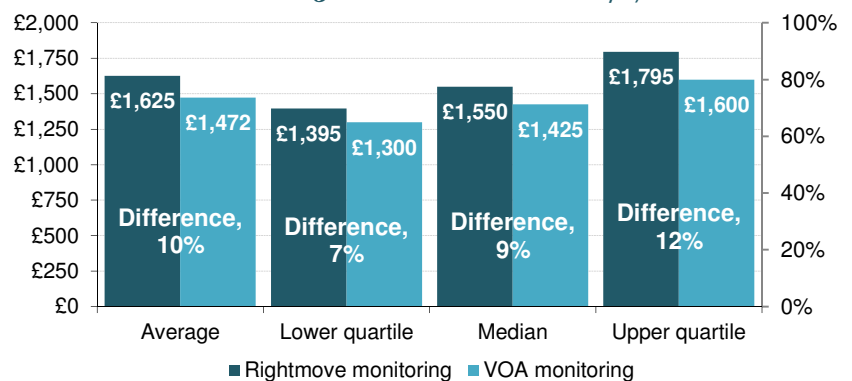


3-Bed

Across the different comparisons, our monitoring reported higher costs to rent in the city with the upper quartile and the average showing the greatest difference.

- Upper quartile 12% higher
- Average 10% higher
- Median 9% higher
- Lower quartile 7% higher

Brighton & Hove
3-Bed: Cost to Rent 2016/17



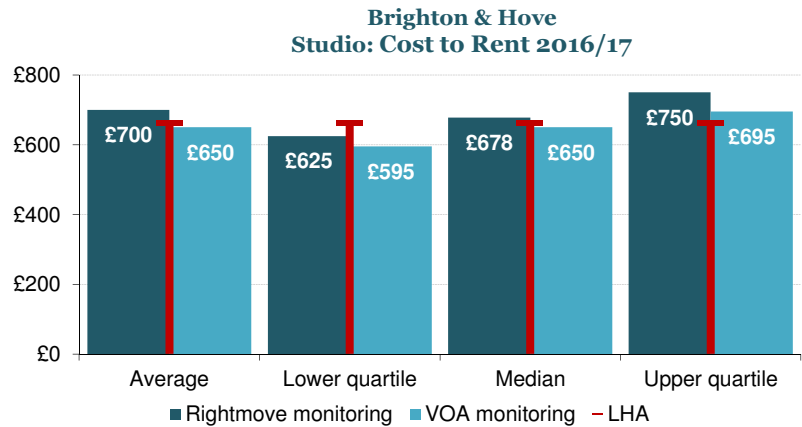
Data Comparison with Value Office Agency (VOA) continued

The charts compare the difference between the cost to rent and the LHA rate during 2016/17

Studio

During 2016/17 the LHA rate for studio properties was the 1-bed LHA rate of £633 per month.

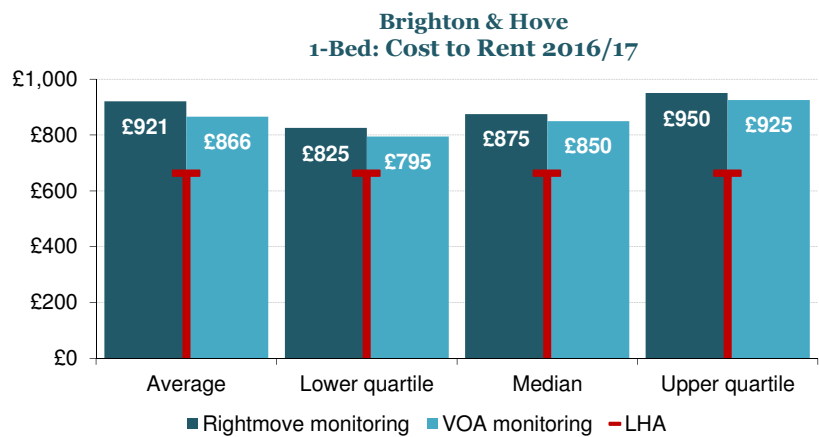
	Difference between Rightmove & LHA		Difference between VOA & LHA	
Average	£37	6%	-£13	-2%
Lower quartile	-£38	-6%	-£68	-10%
Median	£15	2%	-£13	-2%
Upper quartile	£87	13%	£32	5%



1-Bed

During 2016/17 the LHA rate for 1-bed properties was £633 per month.

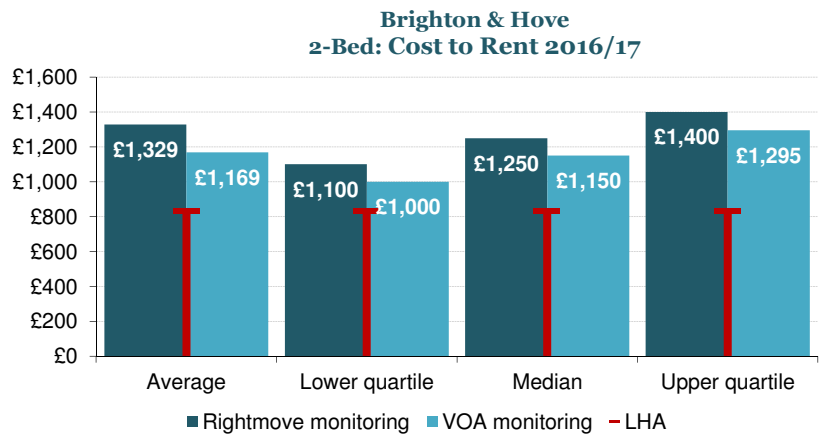
	Difference between Rightmove & LHA		Difference between VOA & LHA	
Average	£258	39%	£203	31%
Lower quartile	£162	24%	£132	20%
Median	£212	32%	£187	28%
Upper quartile	£287	43%	£262	40%



2-Bed

During 2016/17 the LHA rate for 2-bed properties was £834 per month.

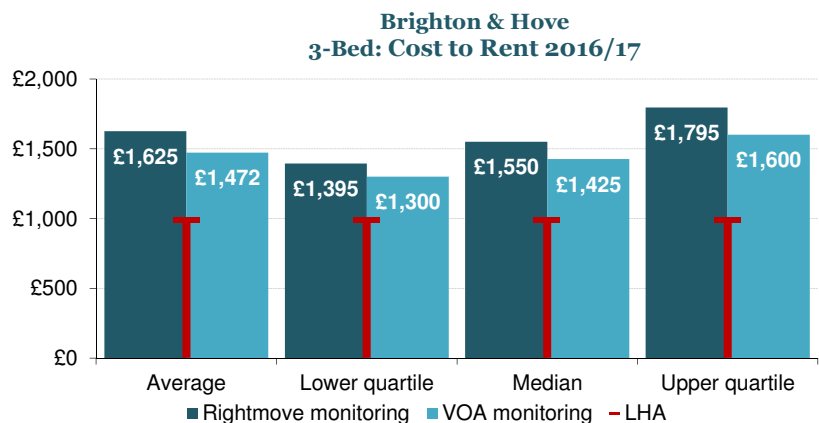
	Difference between Rightmove & LHA		Difference between VOA & LHA	
Average	£495	59%	£335	40%
Lower quartile	£266	32%	£166	20%
Median	£416	50%	£316	38%
Upper quartile	£566	68%	£461	55%



3-Bed

During 2016/17 the LHA rate for 3-bed properties was £988 per month.

	Difference between Rightmove & LHA		Difference between VOA & LHA	
Average	£637	64%	£484	49%
Lower quartile	£407	41%	£312	32%
Median	£562	57%	£437	44%
Upper quartile	£807	82%	£612	62%



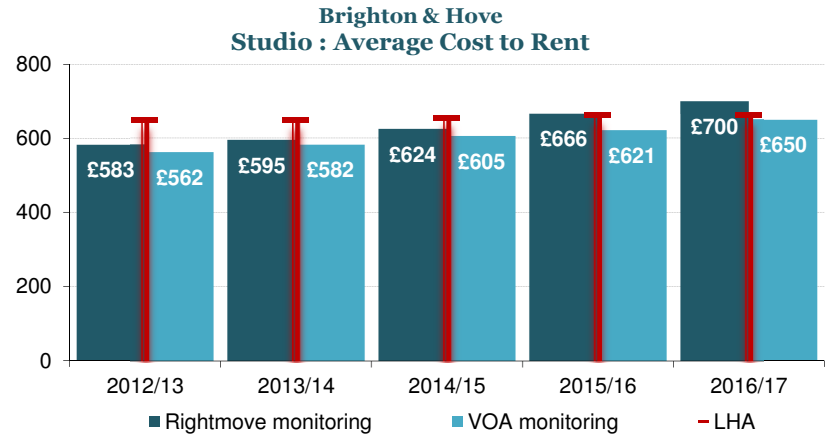
Data Comparison with Value Office Agency (VOA) continued

The charts compare the difference between the cost to rent and the LHA rate over the past 5 years

Studio

The chart shows average cost to rent a studio property over the past 4 years

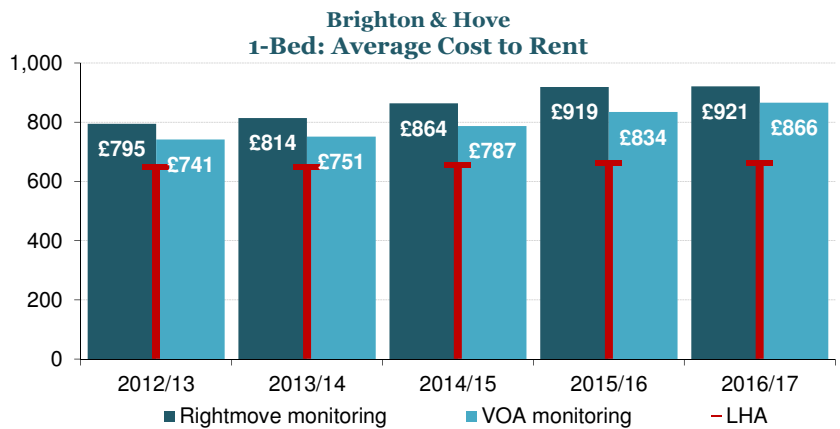
Year	Difference between Rightmove & LHA		Difference between VOA & LHA	
	£	%	£	%
2012/13	-£67	-10%	-£88	-14%
2013/14	-£55	-8%	-£68	-10%
2014/15	-£33	-5%	-£52	-8%
2015/16	£3	1%	-£42	-6%
2016/17	£37	6%	-£13	-2%



1-Bed

The chart shows average cost to rent a 1-bed property over the past 4 years

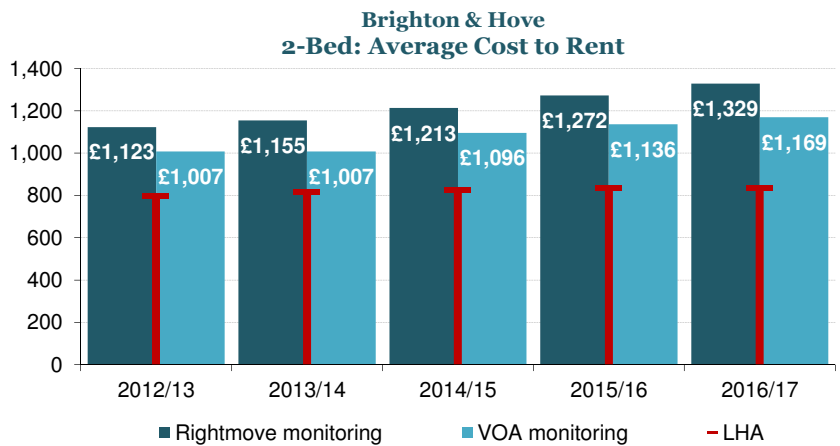
Year	Difference between Rightmove & LHA		Difference between VOA & LHA	
	£	%	£	%
2012/13	£145	22%	£91	14%
2013/14	£164	25%	£101	16%
2014/15	£207	32%	£130	20%
2015/16	£256	39%	£171	26%
2016/17	£258	39%	£203	31%



2-Bed

The chart shows average cost to rent a 2-bed property over the past 4 years

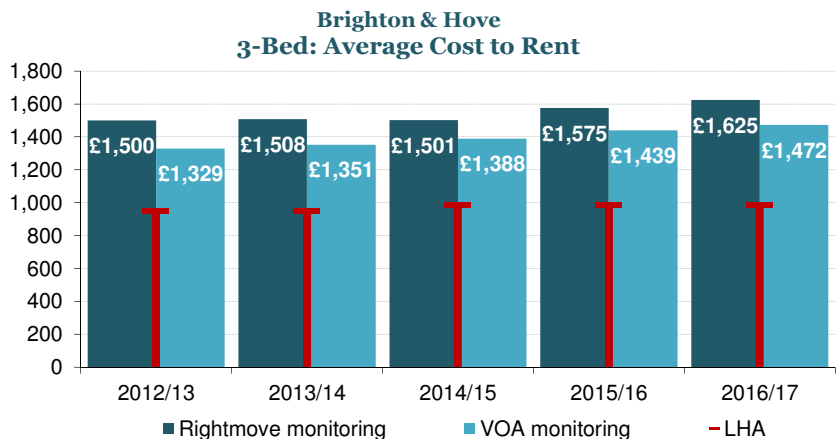
Year	Difference between Rightmove & LHA		Difference between VOA & LHA	
	£	%	£	%
2012/13	£323	40%	£207	26%
2013/14	£337	41%	£189	23%
2014/15	£387	47%	£270	33%
2015/16	£438	53%	£302	36%
2016/17	£495	59%	£335	40%



3-Bed

The chart shows average cost to rent a 3-bed property over the past 4 years

Year	Difference between Rightmove & LHA		Difference between VOA & LHA	
	£	%	£	%
2012/13	£550	58%	£379	40%
2013/14	£558	59%	£401	42%
2014/15	£513	52%	£400	40%
2015/16	£587	59%	£451	46%
2016/17	£637	64%	£484	49%



Data Tables: Advertised Cost to Buy in Brighton & Hove

HOUSES	2 Bed House	3 Bed House	4 Bed House
Average	£373,016	£465,078	£580,593
Last Quarter (2017 Q1 Jan-Mar)	£368,811	£454,037	£566,072
<i>% Change from last quarter</i>	+1.1%	+2.4%	+2.6%
Last Year (2016 Q2 Apr-Jun)	£360,950	£437,666	£538,294
<i>% Change from last year</i>	+3.3%	+6.3%	+7.9%
Highest	£575,000	£735,000	£850,000
Lowest	£180,000	£249,950	£325,000
Half the prices were higher than	£350,000	£450,000	£585,000
Most frequent price	£350,000	£425,000	£650,000
Average of lowest quartile	£320,000	£375,000	£475,000
Last Quarter (2017 Q1 Jan-Mar)	£319,950	£370,000	£475,000
<i>% Change from last quarter</i>	0.0%	+1.4%	0.0%
Last Year (2016 Q2 Apr-Jun)	£325,000	£350,000	£457,463
<i>% Change from last year</i>	-1.5%	+7.1%	+3.8%

FLATS	Studio	1 Bed Flat	2 Bed Flat
Average	£175,174	£257,238	£369,424
Last Quarter (2017 Q1 Jan-Mar)	£154,067	£255,823	£360,375
<i>% Change from last quarter</i>	+13.7%	+0.6%	+2.5%
Last Year (2016 Q2 Apr-Jun)	£163,926	£248,709	£349,004
<i>% Change from last year</i>	+6.9%	+3.4%	+5.9%
Highest	£275,000	£475,000	£695,000
Lowest	£105,000	£110,000	£145,500
Half the prices were higher than	£170,000	£250,000	£350,000
Most frequent price	£175,000	£250,000	£325,000
Average of lowest quartile	£150,000	£222,475	£300,000
Last Quarter (2017 Q1 Jan-Mar)	£116,238	£225,000	£295,000
<i>% Change from last quarter</i>	+29.0%	-1.1%	+1.7%
Last Year (2016 Q2 Apr-Jun)	£131,250	£220,000	£280,000
<i>% Change from last year</i>	+14.3%	+1.1%	+7.1%

Data Tables: Advertised Cost of Renting in Brighton & Hove

HOUSES	2 Bed House	3 Bed House	4 Bed House
Average	£1,329	£1,508	£2,049
Last Quarter (2017 Q1 Jan-Mar)	£1,286	£1,544	£1,958
<i>% Change from last quarter</i>	+3.4%	-2.4%	+4.6%
Last Year (2016 Q2 Apr-Jun)	£1,301	£1,491	£1,838
<i>% Change from last year</i>	+2.2%	+1.1%	+11.5%
Highest	£2,200	£2,400	£4,000
Lowest	£950	£1,025	£1,300
Half the prices were higher than	£1,348	£1,463	£2,028
Most frequent price	£1,200	£1,400	£2,100
Average of lowest quartile	£1,200	£1,400	£1,895
Last Quarter (2017 Q1 Jan-Mar)	£1,200	£1,400	£1,820
<i>% Change from last quarter</i>	0.0%	0.0%	+4.1%
Last Year (2016 Q2 Apr-Jun)	£1,200	£1,353	£1,700
<i>% Change from last year</i>	0.0%	+3.5%	+11.5%

FLATS	Room	Studio	1 Bed Flat	2 Bed Flat
Average	£535	£718	£944	£1,298
Last Quarter (2017 Q1 Jan-Mar)	£610	£696	£910	£1,349
<i>% Change from last quarter</i>	-12.3%	+3.2%	+3.8%	-3.8%
Last Year (2016 Q2 Apr-Jun)	£538	£673	£920	£1,259
<i>% Change from last year</i>	-0.6%	+6.7%	+2.7%	+3.1%
Highest	£795	£1,192	£2,450	£2,750
Lowest	£395	£490	£625	£825
Half the prices were higher than	£525	£700	£900	£1,250
Most frequent price	£550	£725	£850	£1,200
Average of lowest quartile	£498	£650	£850	£1,150
Last Quarter (2017 Q1 Jan-Mar)	£550	£650	£825	£1,150
<i>% Change from last quarter</i>	-9.4%	0.0%	+3.0%	0.0%
Last Year (2016 Q2 Apr-Jun)	£497	£625	£825	£1,100
<i>% Change from last year</i>	+0.4%	+4.0%	+3.0%	+4.5%

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