

Brighton & Hove Housing Market Report 2017 | Q3 | Jul-Sep

At a Glance		Average Price	Annual Change	Affordable Income*	Price to Income Ratio**
Actual Cost to Buy (September)	Brighton & Hove (Land Registry House Price Index)	£ 365,695	+4.8%	£ 84,391	12.57
Advertised Cost To Buy (Q3 average)	1 bed flat	£259,996	+6.4%	£ 59,999	8.93
	3 bed house	£472,807	+6.4%	£109,109	16.25
Advertised Cost To Rent (Q3 average)	1 bed flat	£ 960/mth	+4.9%	£ 50,530	40% gross income
	3 bed house	£ 1,578/mth	-3.8%	£ 83,064	65% 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 £365,695, an increase over the last few months and higher than a year ago.

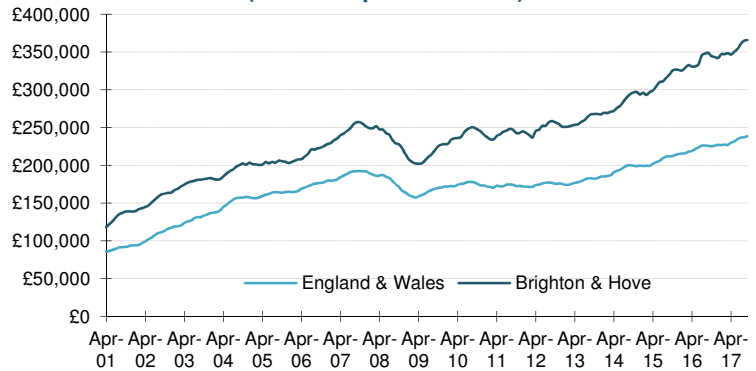
The gap between the average property price for Brighton & Hove and England & Wales has increased with average price in the city now £127,158 (53%) higher.

Over the last year prices in Brighton & Hove have seen a 4.8% increase in comparison to a 5.7% 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.

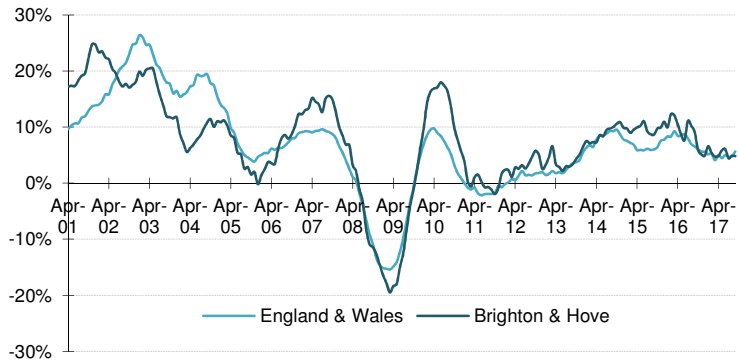
The peak in sales in March 2016 could be attributed to the stamp duty changes on second properties which came into effect on 1 April 2016.

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



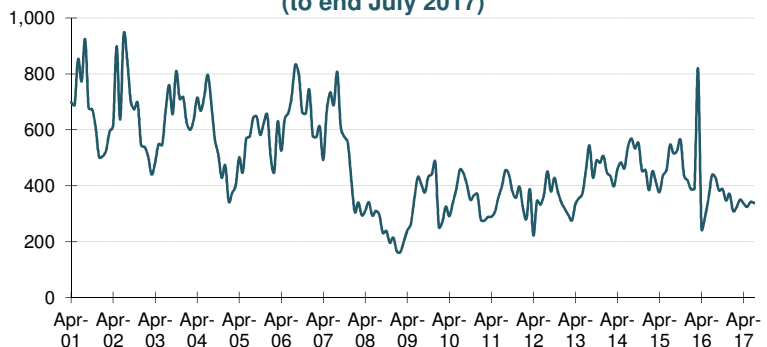
Source: HM Land Registry

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



Source: HM Land Registry

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

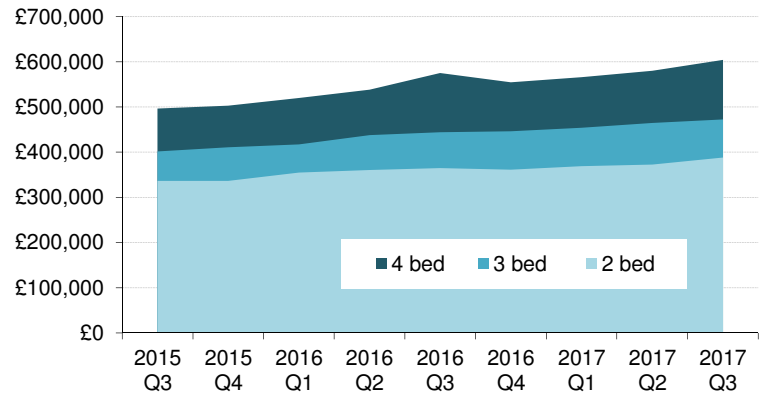
The Advertised Cost to Buy in Brighton & Hove

Houses

Annual Average House Prices & Inflation			
Size	2017 Q3	2016 Q3	Increase
2 bed	£388,514	£365,142	+6.4%
3 bed	£472,807	£444,560	+6.4%
4 bed	£604,493	£575,232	+5.1%

Quarterly Average House Prices & Inflation			
Size	2017 Q3	2017 Q2	Increase
2 bed	£388,514	£373,016	+4.2%
3 bed	£472,807	£465,078	+1.7%
4 bed	£604,493	£580,593	+4.1%

Brighton & Hove Average Cost of a House



The annual average advertised asking price for all houses has increased with both 2-bed houses and 3-bed houses showing the greatest increase at +6.4%.

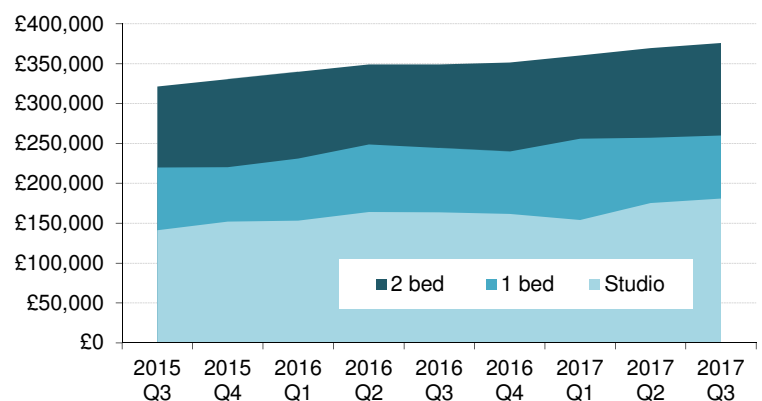
Over the quarter there has been an increase in the average advertised asking price for all houses with 2-bed houses showing the greatest increase at +4.2%

Flats

Annual Average Flat Prices & Inflation			
Size	2017 Q3	2016 Q3	Increase
Studio	£181,059	£163,819	+10.5%
1 bed	£259,996	£244,257	+6.4%
2 bed	£376,212	£349,148	+7.8%

Quarterly Average Flat Prices & Inflation			
Size	2017 Q3	2017 Q2	Increase
Studio	£181,059	£175,174	+3.4%
1 bed	£259,996	£257,238	+1.1%
2 bed	£376,212	£369,424	+1.8%

Brighton & Hove Average Cost of a Flat



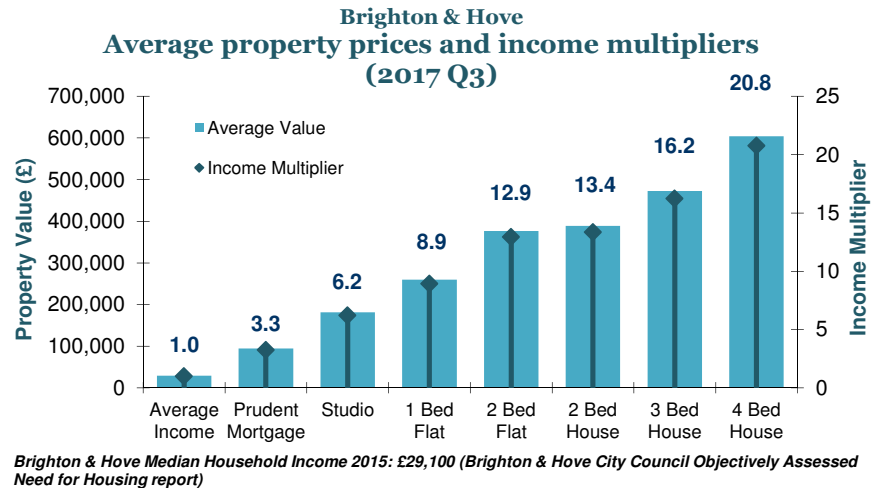
The annual average advertised asking price for all flats has increased with studio flats showing the greatest increase at +10.5%.

Over the quarter the average advertised asking price for all flats has increased with studio flats showing the greatest increase at +3.4%.

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	£259,996	£472,807
Deposit 25%	£64,999	£118,202
Total value of mortgage	£194,997	£354,606
Income required*	£59,999	£109,109
Repayment @ 4% **	£1,029	£1,872
Repayment @ 5% **	£1,140	£2,073
Repayment @ 6% **	£1,256	£2,285

* 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 £65,000 deposit and a 3-bed home requires an income of nearly £110,000 with a £118,000 deposit.

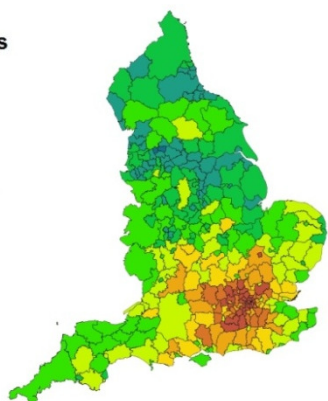
Land Registry: House Price Index

House prices in September 2017

The map shows average prices across the local authorities¹ in England in September 2017. The table compares the average property price in Brighton & Hove with the top five and bottom five local authorities in England. At £365,695, the average price in Brighton & Hove was above the top quartile figure of £333,489. The most expensive place to live in England was Kensington and Chelsea and the least expensive was Burnley.

Average prices

£,000



	Local Authorities	Average Price	Annual Change
Top 5	Kensington and Chelsea	£1,203,181	-1.9%
	City of Westminster	£959,998	-0.8%
	Camden	£897,536	14.1%
	City of London	£767,108	-1.7%
	Hammersmith and Fulham	£760,987	4.2%
	Brighton & Hove	£365,695	4.8%
Bottom 5	Stoke-on-Trent	£106,709	4.3%
	County Durham	£105,298	3.1%
	Blackpool	£105,117	3.6%
	Hyndburn	£93,486	-0.2%
	Burnley	£91,465	14.0%

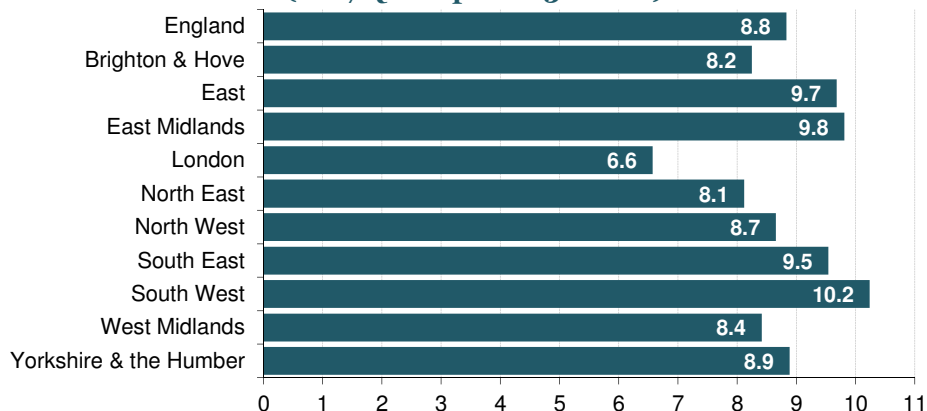
Average Price: The table compares the average prices in the city to those for England and the regions.

Regions	Overall Average	Detached Average	Semi Average	Terraced Average	Flat Average
England	£243,945	£368,625	£225,869	£197,532	£227,672
Brighton & Hove	£365,695	£666,134	£430,838	£390,601	£302,091
East	£289,301	£431,819	£292,002	£242,278	£196,465
East Midlands	£184,399	£270,085	£168,477	£139,294	£112,506
London	£483,568	£917,729	£581,225	£498,705	£426,709
North East	£130,271	£217,962	£131,081	£105,942	£92,594
North West	£160,951	£277,074	£168,695	£123,867	£120,187
South East	£324,465	£559,027	£343,066	£270,502	£206,373
South West	£252,737	£391,042	£254,839	£210,225	£166,654
West Midlands	£189,038	£309,671	£181,903	£149,411	£124,450
Yorkshire & the Humber	£158,884	£256,523	£156,443	£126,238	£115,438

Volume of Sales: The chart shows the volume of sales per hundred households in England, Brighton & Hove and the Regions from 1 April to 30 June 2017.

The volume of sales per hundred households in Brighton & Hove was 8.2. This was below the figure for England (8.8) and the South East (9.5) but above the figure for London (6.6)

Volume of Sales per Hundred Households (2017 Q2 1 April to 30 June)



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¹ The figures include county councils, district / borough / city councils, unitary authorities, metropolitan districts and London boroughs totalling 352

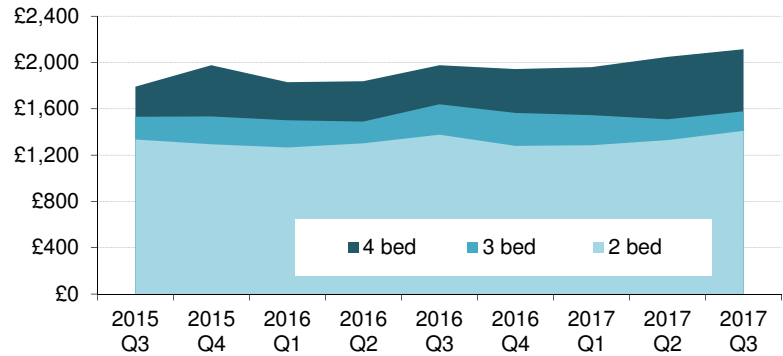
The Advertised Cost to Rent in Brighton & Hove

Houses

Annual Average Monthly House Rent & Inflation			
Size	2017 Q3	2016 Q3	Increase
2 bed	£1,408	£1,377	+2.3%
3 bed	£1,578	£1,640	-3.8%
4 bed	£2,114	£1,975	+7.0%

Quarterly Average Monthly House Rent & Inflation			
Size	2017 Q3	2017 Q2	Increase
2 bed	£1,408	£1,329	+5.9%
3 bed	£1,578	£1,508	+4.7%
4 bed	£2,114	£2,049	+3.2%

Brighton & Hove
Average Monthly Cost to Rent a House



The annual average advertised cost of renting 2-bed houses and 4-bed houses has increased with 4-bed houses showing the greatest increase at +7.0%. In contrast the annual average advertised cost of renting a 3-bed house has decreased by -3.8%

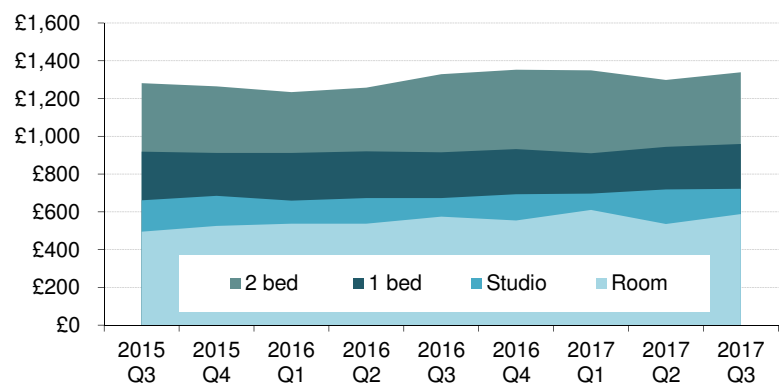
The quarterly average advertised cost of renting all houses has increased with 2-bed houses showing the greatest increase at +5.9%.

Flats

Annual Average Monthly Flat Rent & Inflation			
Size	2017 Q3	2016 Q3	Increase
Room	£588	£575	+2.2%
Studio	£722	£673	+7.2%
1 bed	£960	£915	+4.9%
2 bed	£1,339	£1,329	+0.8%

Quarterly Average Monthly Flat Rent & Inflation			
Size	2017 Q3	2017 Q2	Increase
Room	£588	£535	+9.9%
Studio	£722	£718	+0.5%
1 bed	£960	£944	+1.7%
2 bed	£1,339	£1,298	+3.1%

Brighton & Hove
Average Monthly Cost to Rent a Flat



The annual average advertised cost of renting a room and all flats has increased with the average advertised cost to rent a studio flat showing the greatest increase at +7.2%.

The quarterly average advertised cost of renting a room and all flats has increased with the average advertised cost of renting a room showing the greatest increase at +9.9%.

The Affordability of Renting in Brighton & Hove

Rent & Mortgage Comparison

Private Sector Rent Levels and Mortgage Comparison				
Property	2017 Q3		Rent Compared to Mortgage *	
	Average Rent per Month	Equivalent Mortgage	Annual Income Required	Rent as a % of Purchase Cost
Room	£ 588	£100,547	£30,938	not applicable
Studio	£ 722	£123,498	£37,999	68.2%
1 Bed Flat	£ 960	£164,224	£50,530	63.2%
2 Bed Flat	£ 1,339	£229,031	£70,471	60.9%
2 Bed House	£ 1,408	£240,925	£74,131	62.0%
3 Bed House	£ 1,578	£269,959	£83,064	57.1%

* 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 £960 per month in rent, which is equivalent to the monthly repayment cost of a £164,224 mortgage. Traditionally, a mortgage of this amount would require an income of £50,530 to finance, 74% 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.

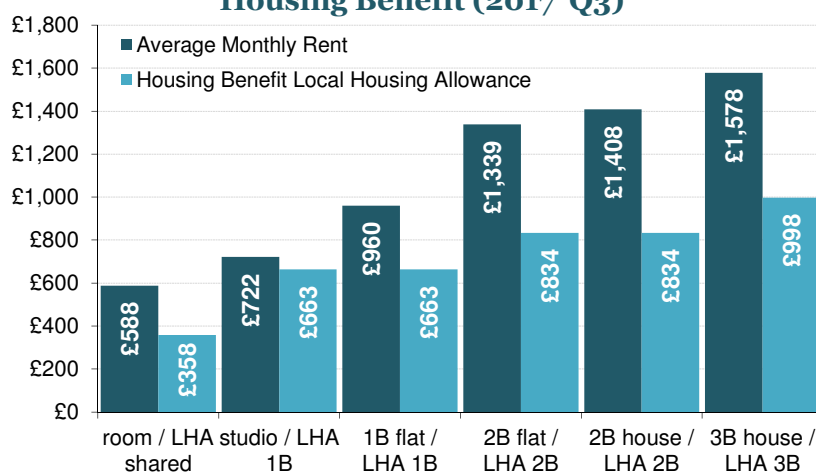
Rent & Housing Benefit Comparison

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.

**Brighton & Hove
Monthly Average Private Sector Rents &
Housing Benefit (2017 Q3)**



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	£388,514	£472,807	£604,493
Last Quarter (2017 Q2 Apr-Jun)	£373,016	£465,078	£580,593
<i>% Change from last quarter</i>	+4.2%	+1.7%	+4.1%
Last Year (2016 Q3 Jul-Sep)	£365,142	£444,560	£575,232
<i>% Change from last year</i>	+6.4%	+6.4%	+5.1%
Highest	£650,000	£780,000	£900,000
Lowest	£200,000	£200,000	£240,000
Half the prices were higher than	£375,000	£472,807	£600,000
Most frequent price	£350,000	£472,807	£600,000
Average of lowest quartile	£325,000	£375,000	£475,000
Last Quarter (2017 Q2 Apr-Jun)	£320,000	£375,000	£475,000
<i>% Change from last quarter</i>	+1.6%	0.0%	0.0%
Last Year (2016 Q3 Jul-Sep)	£300,000	£360,000	£475,000
<i>% Change from last year</i>	+8.3%	+4.2%	0.0%

FLATS	Studio	1 Bed Flat	2 Bed Flat
Average	£181,059	£259,996	£376,212
Last Quarter (2017 Q2 Apr-Jun)	£175,174	£257,238	£369,424
<i>% Change from last quarter</i>	+3.4%	+1.1%	+1.8%
Last Year (2016 Q3 Jul-Sep)	£163,819	£244,257	£349,148
<i>% Change from last year</i>	+10.5%	+6.4%	+7.8%
Highest	£275,000	£475,000	£825,000
Lowest	£95,000	£99,750	£132,500
Half the prices were higher than	£177,475	£250,000	£350,000
Most frequent price	£175,000	£250,000	£350,000
Average of lowest quartile	£159,950	£229,950	£300,000
Last Quarter (2017 Q2 Apr-Jun)	£150,000	£222,475	£300,000
<i>% Change from last quarter</i>	+6.6%	+3.4%	0.0%
Last Year (2016 Q3 Jul-Sep)	£121,250	£220,000	£280,000
<i>% Change from last year</i>	+31.9%	+4.5%	+7.1%

Data Tables: Advertised Cost of Renting in Brighton & Hove

HOUSES	2 Bed House	3 Bed House	4 Bed House
Average	£1,408	£1,578	£2,114
Last Quarter (2017 Q2 Apr-Jun)	£1,329	£1,508	£2,049
<i>% Change from last quarter</i>	+5.9%	+4.7%	+3.2%
Last Year (2016 Q3 Jul-Sep)	£1,377	£1,640	£1,975
<i>% Change from last year</i>	+2.3%	-3.8%	+7.0%
Highest	£2,773	£2,750	£3,700
Lowest	£915	£1,100	£1,200
Half the prices were higher than	£1,373	£1,500	£2,040
Most frequent price	£1,350	£1,650	£2,000
Average of lowest quartile	£1,295	£1,400	£1,950
Last Quarter (2017 Q2 Apr-Jun)	£1,200	£1,400	£1,895
<i>% Change from last quarter</i>	+7.9%	0.0%	+2.9%
Last Year (2016 Q3 Jul-Sep)	£1,200	£1,400	£1,791
<i>% Change from last year</i>	+7.9%	0.0%	+8.9%

FLATS	Room	Studio	1 Bed Flat	2 Bed Flat
Average	£588	£722	£960	£1,339
Last Quarter (2017 Q2 Apr-Jun)	£535	£718	£944	£1,298
<i>% Change from last quarter</i>	+9.9%	+0.5%	+1.7%	+3.1%
Last Year (2016 Q3 Jul-Sep)	£575	£673	£915	£1,329
<i>% Change from last year</i>	+2.2%	+7.2%	+4.9%	+0.8%
Highest	£700	£1,250	£1,650	£3,000
Lowest	£350	£475	£600	£850
Half the prices were higher than	£600	£695	£923	£1,250
Most frequent price	£700	£750	£850	£1,339
Average of lowest quartile	£550	£660	£850	£1,175
Last Quarter (2017 Q2 Apr-Jun)	£498	£650	£850	£1,150
<i>% Change from last quarter</i>	+10.4%	+1.5%	0.0%	+2.2%
Last Year (2016 Q3 Jul-Sep)	£500	£635	£825	£1,150
<i>% Change from last year</i>	+10.0%	+3.9%	+3.0%	+2.2%

Di Hughes
Housing Strategy & Enabling Manager
t: +44 (0)1273 293159

Sue Garner-Ford
Strategy & Performance Officer
t: +44 (0)1273 293055

Housing Strategy Team

Brighton & Hove City Council
Housing Centre,
Unit 1 Fairway Trading Estate
Eastergate Road, Brighton, BN2 4QL

t: 01273 293055
e: housing.strategy@brighton-hove.gov.uk