

Brighton & Hove Housing Market Report

2018 | Q1 | Jan-Mar

At a Glance		Average Price	Annual Change	Affordable Income*	Price to Income Ratio**
Actual Cost to Buy (March)	Brighton & Hove (Land Registry House Price Index)	£ 356,510	+2.1%	£ 82,272	12.25
Advertised Cost To Buy (Q1 average)	1 bed flat	£255,778	0.0%	£59,026	8.79
	3 bed house	£488,029	+7.5%	£112,622	16.77
Advertised Cost To Rent (Q1 average)	1 bed flat	£ 924/mth	+1.6%	£48,639	38% gross income
	3 bed house	£ 1,619/mth	+4.8%	£85,214	67% 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 £356,510, a decrease over the last few months but higher than a year ago.

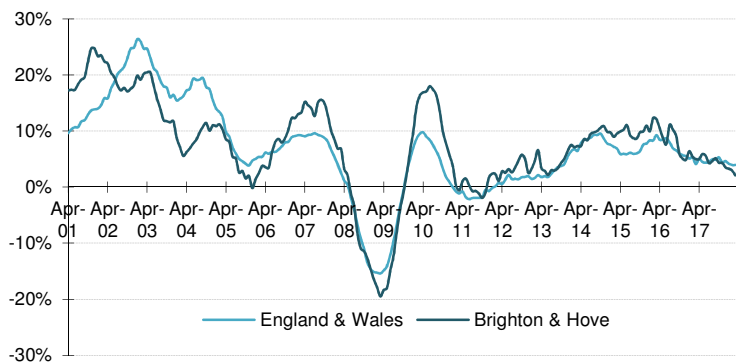
The gap between the average property price for Brighton & Hove and England & Wales has increased with average price in the city now £120,728 (51%) higher.

Over the last year prices in Brighton & Hove have seen a 2.1% increase in comparison to a 3.9% 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.

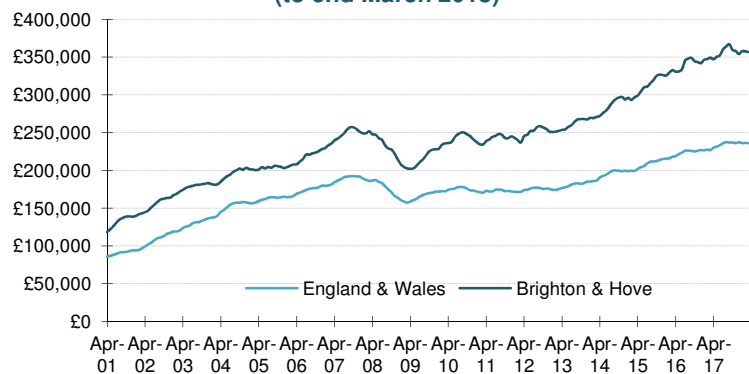
The peak in sales in March 2016 could be attributed to the stamp duty changes on second properties which came into effect on 1 April 2016.

**Brighton & Hove
Annual Property Price Inflation
(to end March 2018)**



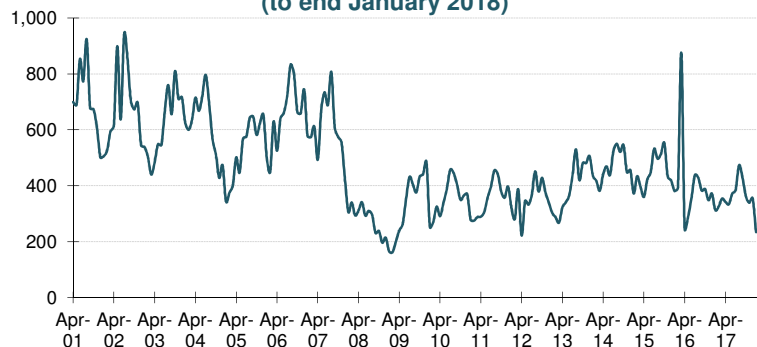
Source: HM Land Registry

**Brighton & Hove
Average Property Prices
(to end March 2018)**



Source: HM Land Registry

**Brighton & Hove
Monthly Volume of Sales
(to end January 2018)**



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.

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 order to make a comparison of rental costs the report also includes the average advertised rental prices taken from Gumtree and also the rental values based on the data published by Valuation Office Agency.

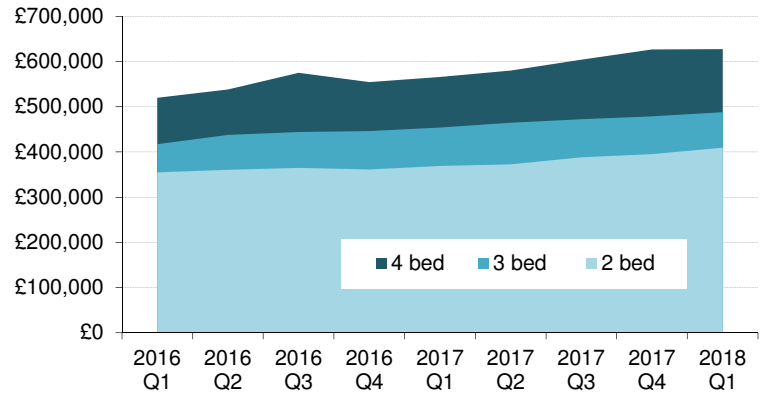
The Advertised Cost to Buy in Brighton & Hove

Houses

Annual Average House Prices & Inflation			
Size	2018 Q1	2017 Q1	Increase
2 bed	£409,497	£368,811	+11.0%
3 bed	£488,029	£454,037	+7.5%
4 bed	£627,887	£566,072	+10.9%

Quarterly Average House Prices & Inflation			
Size	2018 Q1	2017 Q4	Increase
2 bed	£409,497	£395,302	+3.6%
3 bed	£488,029	£478,901	+1.9%
4 bed	£627,887	£627,349	+0.1%

Brighton & Hove Average Cost of a House



The annual average advertised asking price for all houses has increased with 2-bed houses showing the greatest increase at +11%.

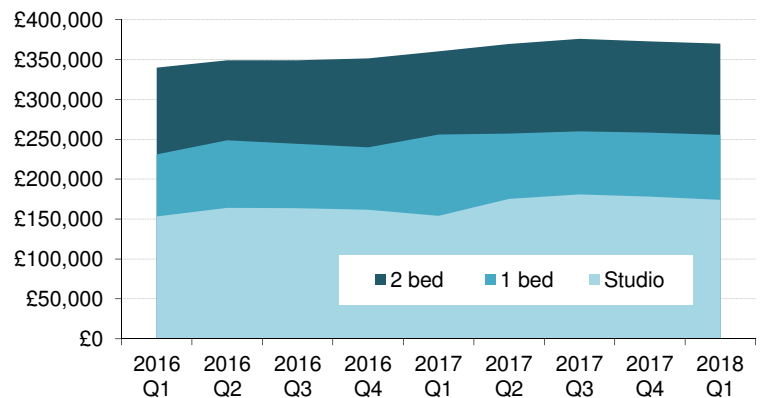
Over the quarter there has been an increase in the average advertised asking price for all houses with 2-bed houses showing the greatest increase at +3.6%.

Flats

Annual Average Flat Prices & Inflation			
Size	2018 Q1	2017 Q1	Increase
Studio	£174,211	£154,067	+13.1%
1 bed	£255,778	£255,823	0.0%
2 bed	£370,077	£360,375	+2.7%

Quarterly Average Flat Prices & Inflation			
Size	2018 Q1	2017 Q4	Increase
Studio	£174,211	£178,290	-2.3%
1 bed	£255,778	£258,278	-1.0%
2 bed	£370,077	£372,803	-0.7%

Brighton & Hove Average Cost of a Flat



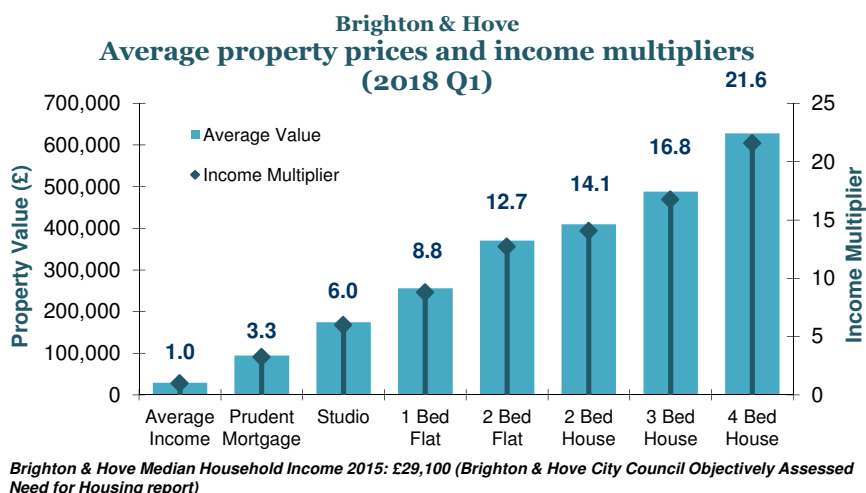
The annual average advertised asking price for studio and 2-bed flats has increased with studio flats showing the greatest increase at +13.1%.

Over the quarter the average advertised asking price for all flats has decreased with studio flats showing the greatest increase at -2.3%

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 17 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	£255,778	£488,029
Deposit 25%	£63,944	£122,007
Total value of mortgage	£191,833	£366,022
Income required*	£59,026	£112,622
Repayment @ 4% **	£1,013	£1,932
Repayment @ 5% **	£1,121	£2,140
Repayment @ 6% **	£1,236	£2,358

* 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 £59,000 per annum with a £64,000 deposit and a 3-bed home requires an income of over £112,500 with a £122,000 deposit.

Data Tables: Advertised Cost to Buy in Brighton & Hove

HOUSES	2 Bed House	3 Bed House	4 Bed House
Average	£409,497	£488,029	£627,887
Last Quarter (2017 Q4 Oct-Dec)	£395,302	£478,901	£627,349
<i>% Change from last quarter</i>	+3.6%	+1.9%	+0.1%
Last Year (2017 Q1 Jan-Mar)	£368,811	£454,037	£566,072
<i>% Change from last year</i>	+11.0%	+7.5%	+10.9%
Highest	£675,000	£850,000	£980,000
Lowest	£180,000	£240,000	£325,000
Half the prices were higher than	£400,000	£475,000	£600,000
Most frequent price	£450,000	£425,000	£550,000
Average of lowest quartile	£325,000	£399,950	£499,988
Last Quarter (2017 Q4 Oct-Dec)	£325,000	£375,000	£500,000
<i>% Change from last quarter</i>	0.0%	+6.7%	0.0%
Last Year (2017 Q1 Jan-Mar)	£319,950	£370,000	£475,000
<i>% Change from last year</i>	+1.6%	+8.1%	+5.3%

FLATS	Studio	1 Bed Flat	2 Bed Flat
Average	£174,211	£255,778	£370,077
Last Quarter (2017 Q4 Oct-Dec)	£178,290	£258,278	£372,803
<i>% Change from last quarter</i>	-2.3%	-1.0%	-0.7%
Last Year (2017 Q1 Jan-Mar)	£154,067	£255,823	£360,375
<i>% Change from last year</i>	+13.1%	0.0%	+2.7%
Highest	£260,000	£525,000	£895,000
Lowest	£85,000	£98,000	£179,950
Half the prices were higher than	£175,000	£250,000	£350,000
Most frequent price	£190,000	£230,000	£350,000
Average of lowest quartile	£150,000	£225,000	£299,950
Last Quarter (2017 Q4 Oct-Dec)	£150,000	£225,000	£300,000
<i>% Change from last quarter</i>	0.0%	0.0%	0.0%
Last Year (2017 Q1 Jan-Mar)	£116,238	£225,000	£295,000
<i>% Change from last year</i>	+29.0%	0.0%	+1.7%

The Advertised Cost to Rent in Brighton & Hove

Houses

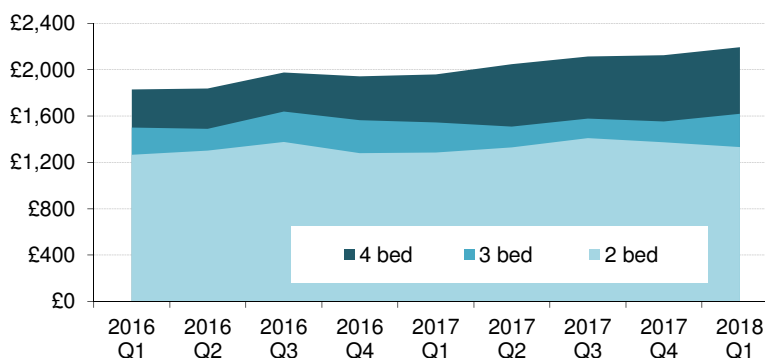
Annual Average Monthly House Rent & Inflation

Size	2018 Q1	2017 Q1	Increase
2 bed	£1,331	£1,286	+3.5%
3 bed	£1,619	£1,544	+4.8%
4 bed	£2,194	£1,958	+12.0%

Quarterly Average Monthly House Rent & Inflation

Size	2018 Q1	2017 Q4	Increase
2 bed	£1,331	£1,374	-3.1%
3 bed	£1,619	£1,552	+4.3%
4 bed	£2,194	£2,126	+3.2%

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 +12%.

The quarterly average advertised cost of renting a 3-bed and 4-bed house has increased with 3-bed houses showing the greatest increase at +4.3%. In contrast the cost of renting a 2-bed house has decreased by -3.1%.

Flats

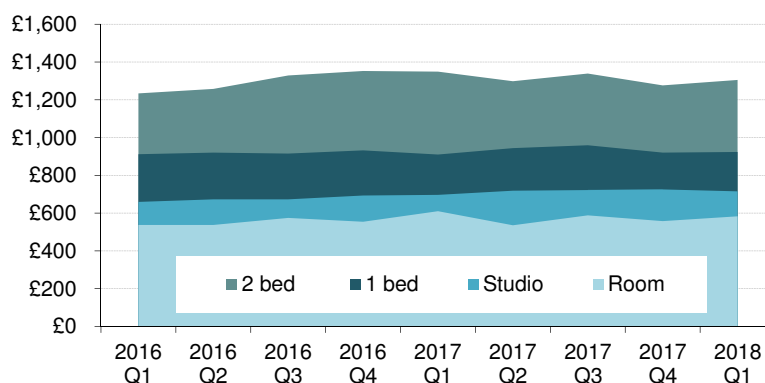
Annual Average Monthly Flat Rent & Inflation

Size	2018 Q1	2017 Q1	Increase
Room	£583	£610	-4.5%
Studio	£715	£696	+2.6%
1 bed	£924	£910	+1.6%
2 bed	£1,305	£1,349	-3.3%

Quarterly Average Monthly Flat Rent & Inflation

Size	2018 Q1	2017 Q4	Increase
Room	£583	£558	+4.5%
Studio	£715	£726	-1.5%
1 bed	£924	£920	+0.5%
2 bed	£1,305	£1,277	+2.2%

Brighton & Hove
Average Monthly Cost to Rent a Flat



The annual average advertised cost of renting a studio and 1-bed flat has increased with the average advertised cost to rent a studio flat showing the greatest increase at +2.6%. The annual average advertised cost of renting a room and 2-bed flat has decreased with rooms showing the greatest decrease at -4.5%.

The quarterly average advertised cost of renting a room and 1-bed and 2-bed flat has increased with the average advertised cost of renting a room showing the greatest increase at +4.5%. The quarterly average advertised cost of renting a studio flat has decreased by -1.5%.

The Affordability of Renting in Brighton & Hove

Rent & Mortgage Comparison

Private Sector Rent Levels and Mortgage Comparison				
Property	2018 Q1		Rent Compared to Mortgage *	
	Average Rent per Month	Equivalent Mortgage	Annual Income Required	Rent as a % of Purchase Cost
Room	£ 583	£99,714	£30,681	not applicable
Studio	£ 715	£122,241	£37,613	70.2%
1 Bed Flat	£ 924	£158,077	£48,639	61.8%
2 Bed Flat	£ 1,305	£223,260	£68,695	60.3%
2 Bed House	£ 1,331	£227,687	£70,058	55.6%
3 Bed House	£ 1,619	£276,944	£85,214	56.7%

* 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 £924 per month in rent, which is equivalent to the monthly repayment cost of a £158,077 mortgage. Traditionally, a mortgage of this amount would require an income of £48,639 to finance, 67% above the city average.

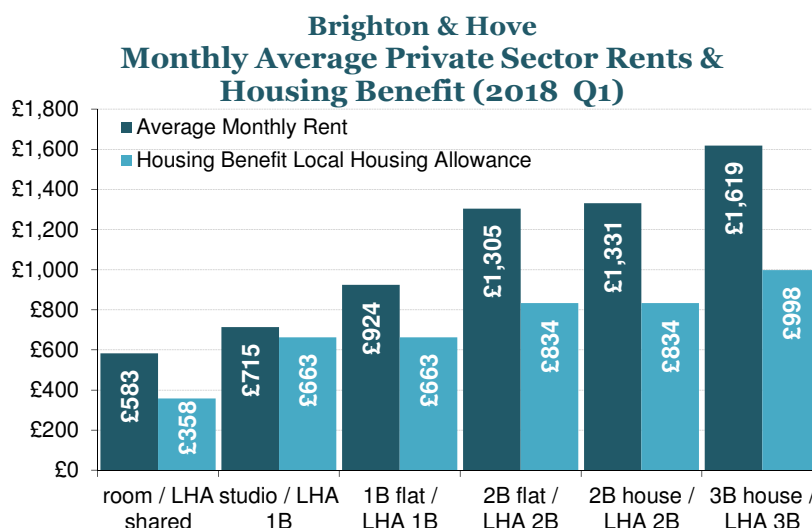
During 2003 rents averaged at around 80% of what a mortgage would be on that home. However, prices have risen quicker than rents resulting in rents now covering around 61% of purchase value, and this is before factoring in managing agent fees, maintenance, and other costs. Buy to Let investors should 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 of Renting in Brighton & Hove

HOUSES	2 Bed House	3 Bed House	4 Bed House
Average	£1,331	£1,619	£2,194
Last Quarter (2017 Q4 Oct-Dec)	£1,374	£1,552	£2,126
<i>% Change from last quarter</i>	-3.1%	+4.3%	+3.2%
Last Year (2017 Q1 Jan-Mar)	£1,286	£1,544	£1,958
<i>% Change from last year</i>	+3.5%	+4.8%	+12.0%
Highest	£2,000	£3,000	£3,750
Lowest	£975	£995	£1,150
Half the prices were higher than	£1,300	£1,550	£2,201
Most frequent price	£1,300	£1,500	£2,253
Average of lowest quartile	£1,200	£1,369	£1,976
Last Quarter (2017 Q4 Oct-Dec)	£1,195	£1,300	£1,906
<i>% Change from last quarter</i>	+0.4%	+5.3%	+3.7%
Last Year (2017 Q1 Jan-Mar)	£1,195	£1,365	£1,820
<i>% Change from last year</i>	+0.4%	+0.3%	+8.6%

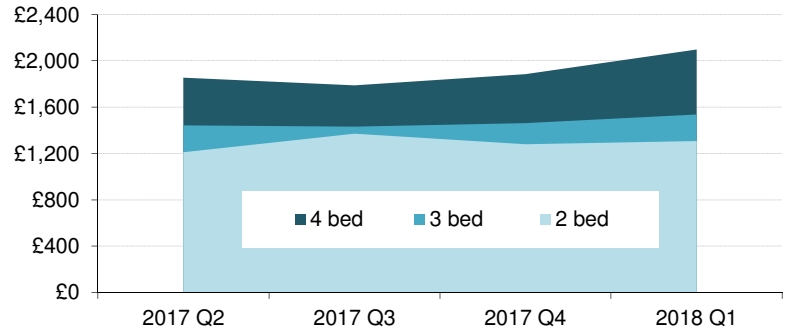
FLATS	Room	Studio	1 Bed Flat	2 Bed Flat
Average	£583	£715	£924	£1,305
Last Quarter (2017 Q4 Oct-Dec)	£558	£726	£920	£1,277
<i>% Change from last quarter</i>	+4.5%	-1.5%	+0.5%	+2.2%
Last Year (2017 Q1 Jan-Mar)	£610	£696	£910	£1,349
<i>% Change from last year</i>	-4.5%	+2.6%	+1.6%	-3.3%
Highest	£789	£1,095	£1,800	£2,750
Lowest	£300	£450	£524	£823
Half the prices were higher than	£570	£700	£895	£1,250
Most frequent price	£700	£750	£850	£1,250
Average of lowest quartile	£520	£650	£825	£1,100
Last Quarter (2017 Q4 Oct-Dec)	£498	£658	£850	£1,100
<i>% Change from last quarter</i>	+4.4%	-1.2%	-2.9%	0.0%
Last Year (2017 Q1 Jan-Mar)	£520	£630	£825	£1,150
<i>% Change from last year</i>	0.0%	+3.2%	0.0%	-4.3%

Gumtree: Advertised cost to rent in Brighton & Hove

Houses

Quarterly Average Monthly House Rent & Inflation			
Size	2018 Q1	2017 Q4	Increase
2 bed	£1,307	£1,280	+2.1%
3 bed	£1,537	£1,462	+5.1%
4 bed	£2,098	£1,884	+11.3%

Brighton & Hove
Average Monthly Cost to Rent a House



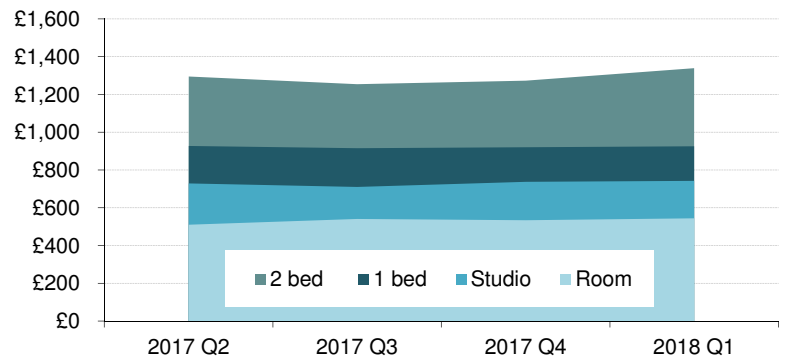
Source: Gumtree

The quarterly average advertised cost of renting all houses has increased with 4-bed houses showing the greatest increase at +11.3%.

Flats

Quarterly Average Monthly Flat Rent & Inflation			
Size	2018 Q1	2017 Q4	Increase
Room	£544	£534	+1.9%
Studio	£742	£737	+0.7%
1 bed	£926	£920	+0.6%
2 bed	£1,339	£1,273	+5.2%

Brighton & Hove
Average Monthly Cost to Rent a Flat



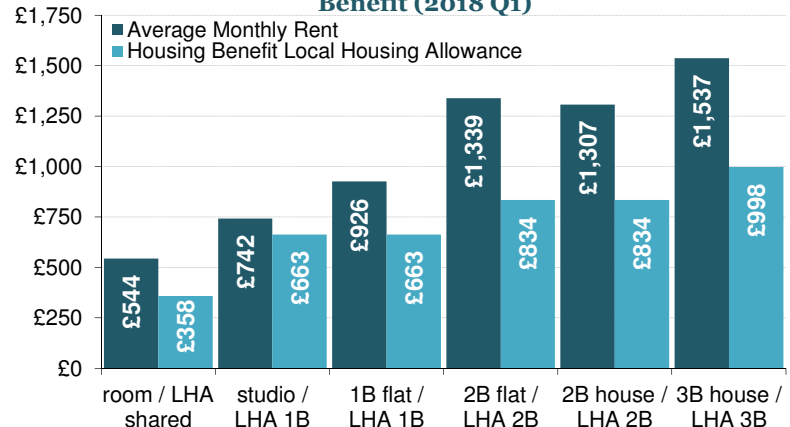
The quarterly average advertised cost of renting all flats has increased with 2-bed flats showing the greatest increase at +5.2%.

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. It 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 (2018 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.

Comparison between Gumtree and Rightmove: Advertised Cost of Renting in Brighton & Hove

Houses

HOUSES	Gumtree			Rightmove		
	2 Bed House	3 Bed House	4 Bed House	2 Bed House	3 Bed House	4 Bed House
Average	£1,307	£1,537	£2,098	£1,331	£1,619	£2,194
Last Quarter (2017 Q4 Oct-Dec)	£1,280	£1,462	£1,884	£1,374	£1,552	£2,126
% Change from last quarter	+2.1%	+5.1%	+11.3%	-3.1%	+4.3%	+3.2%
Highest	£1,950	£2,500	£3,000	£2,000	£3,000	£3,750
Lowest	£955	£915	£1,400	£975	£995	£1,150
Half the prices were higher than	£1,200	£1,550	£2,183	£1,300	£1,550	£2,201
Most frequent price	£1,200	£1,550	£2,218	£1,300	£1,500	£2,253
Average of lowest quartile	£1,100	£1,300	£1,838	£1,200	£1,369	£1,976
Last Quarter (2017 Q4 Oct-Dec)	£1,200	£1,230	£1,749	£1,195	£1,300	£1,906
% Change from last quarter	-8.3%	+5.7%	+5.1%	+0.4%	+5.3%	+3.7%

Flats

FLATS	Gumtree			Rightmove		
	Studio	1 Bed Flat	2 Bed Flat	Studio	1 Bed Flat	2 Bed Flat
Average	£742	£926	£1,339	£715	£924	£1,305
Last Quarter (2017 Q4 Oct-Dec)	£737	£920	£1,273	£726	£920	£1,277
% Change from last quarter	+0.7%	+0.6%	+5.2%	-1.5%	+0.5%	+2.2%
Highest	£1,500	£1,425	£2,600	£1,095	£1,800	£2,750
Lowest	£475	£595	£850	£450	£524	£823
Half the prices were higher than	£700	£900	£1,250	£700	£895	£1,250
Most frequent price	£695	£850	£1,200	£750	£850	£1,250
Average of lowest quartile	£650	£850	£1,150	£650	£825	£1,100
Last Quarter (2017 Q4 Oct-Dec)	£675	£826	£1,100	£658	£850	£1,100
% Change from last quarter	-3.7%	+2.9%	+4.5%	-1.2%	-2.9%	0.0%

Valuation Office Agency

Statistics on rents paid for private rented properties in the City

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 charts and tables compare the 12 month period from 1 October 2016 to 30 September 2017 to the previous 12 month period from 1 October 2015 to 30 September 2016.

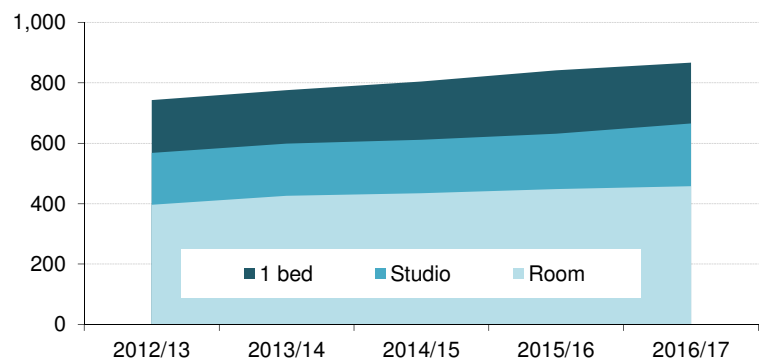
Period	Sample Size						Total
	Rooms	Studios	1 beds	2 beds	3 beds	4+ beds	
1 Oct 16 – 30 Sep 17	230	250	1,060	1,210	490	540	3,780
1 Oct 15 – 30 Sep 16	210	270	840	1,000	440	890	3,650

With the exception of 4 bed+ properties there has been an increase in the rent paid when comparing the sample data collected from 1 October 2016 to 30 September 2017 to the sample collected from 1 October 2015 to 30 September 2016 with studios showing the greatest increase at +5.2%

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

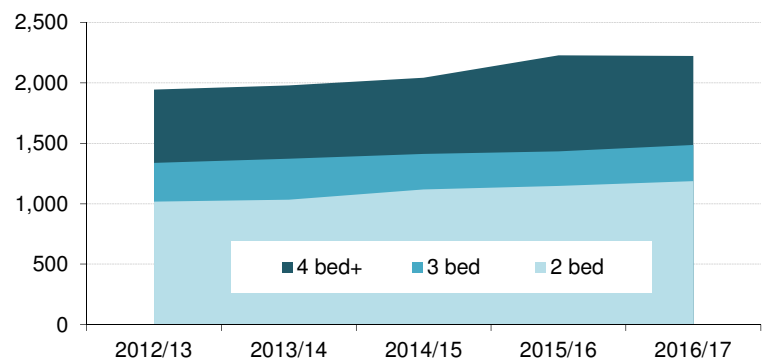


Source: VOA

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)

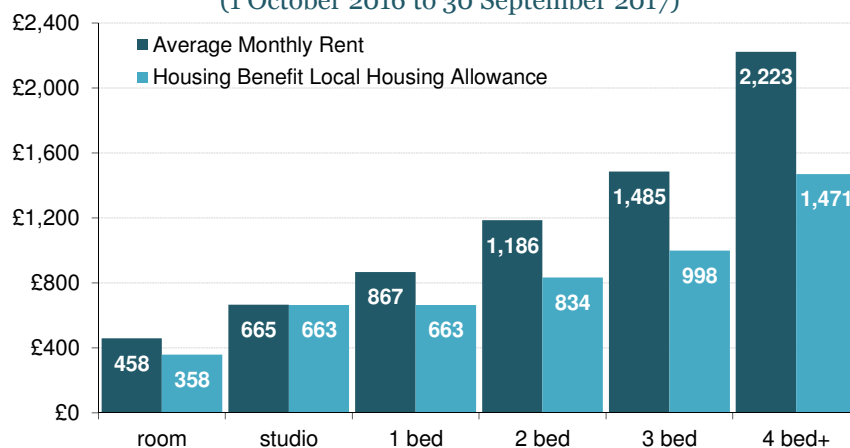
Rent & Housing Benefit Comparison

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.

Brighton & Hove
Average Private Sector Rents & Housing Benefit
(1 October 2016 to 30 September 2017)



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 quartiles¹

	Room	Studio	1-Bed	2-Bed	3-Bed	4-Bed+
Average	£458	£665	£867	£1,186	£1,485	£2,223
Last Year (1 Oct 2015 – 30 Sep 2016)	£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%
Half the prices were higher than (median)	£455	£650	£850	£1,150	£1,450	£2,080
Last Year (1 Oct 2015 – 30 Sep 2016)	£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%
Upper quartile	£500	£725	£925	£1,295	£1,600	£2,500
Last Year (1 Oct 2015 – 30 Sep 2016)	£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%
Lower quartile	£402	£615	£790	£1,025	£1,300	£1,800
Last Year (1 Oct 2015 – 30 Sep 2016)	£390	£583	£775	£985	£1,295	£1,810
% Change from last year	+3.1%	+5.5%	+1.9%	+4.1%	+0.4%	-0.6%

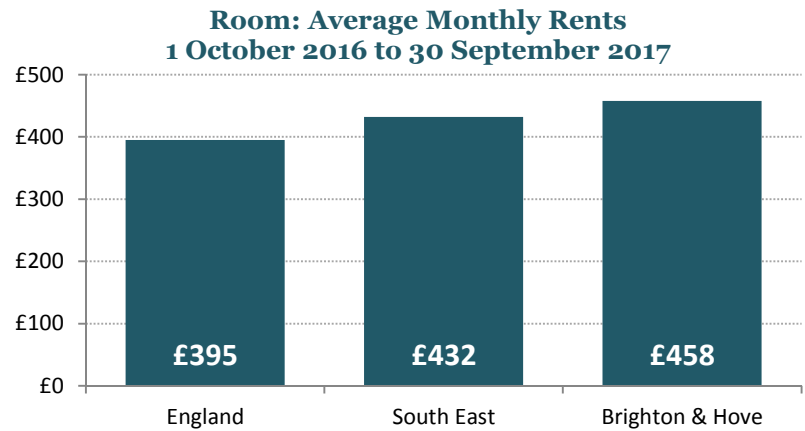
¹ The upper quartile has the top 25% of rents above it and the lower quartiles has the bottom 25% of rents below it

Valuation Office Agency (continued)

The charts compare the average monthly rents in England, the South East and Brighton & Hove

Room

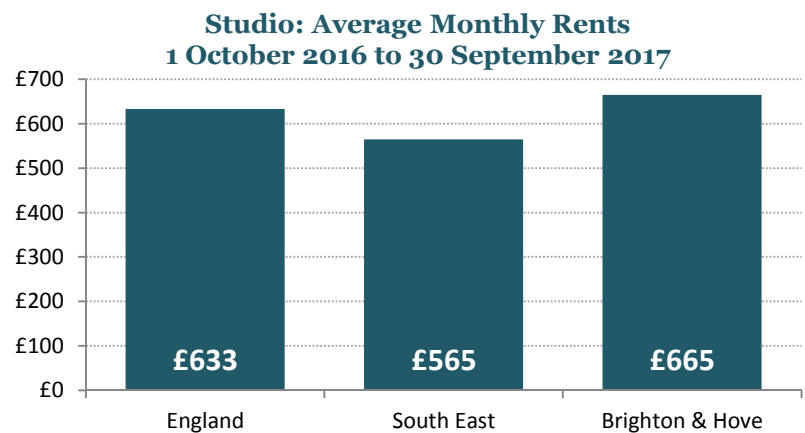
The average monthly cost to rent a room in Brighton & Hove was 16% higher than England and 6% higher than South East



Source: VOA

Studio

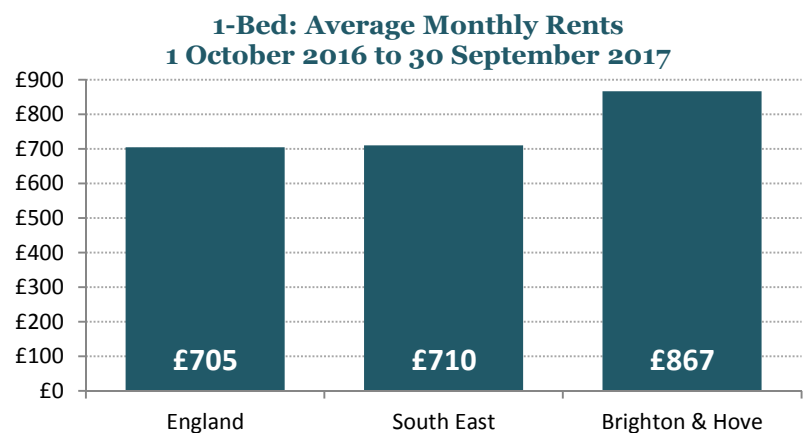
The average monthly cost to rent a studio property in Brighton & Hove was 5% higher than England and 18% higher than South East



Source: VOA

1-bed

The average monthly cost to rent a property with 1 bedroom in Brighton & Hove was 23% higher than England and 22% higher than South East

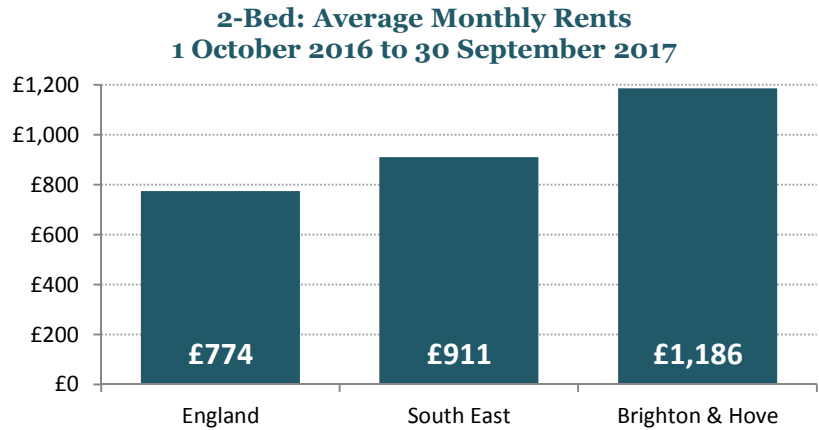


Source: VOA

Valuation Office Agency (continued)

2-bed

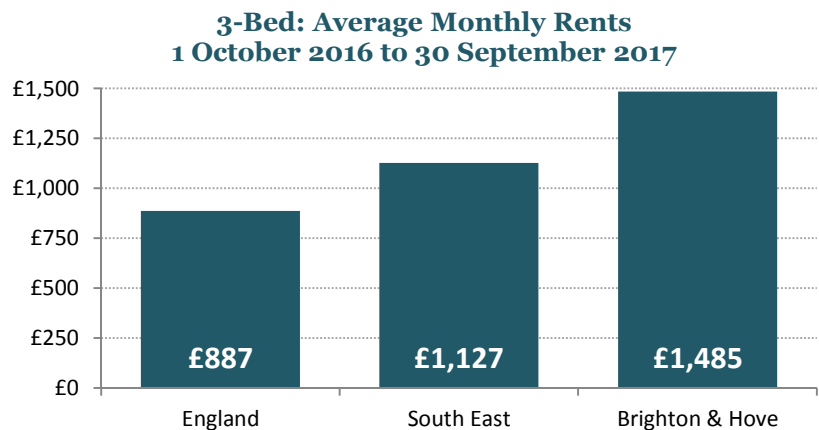
The average monthly cost to rent a property with 2 bedrooms in Brighton & Hove was 53% higher than England and 30% higher than South East



Source: VOA

3-bed

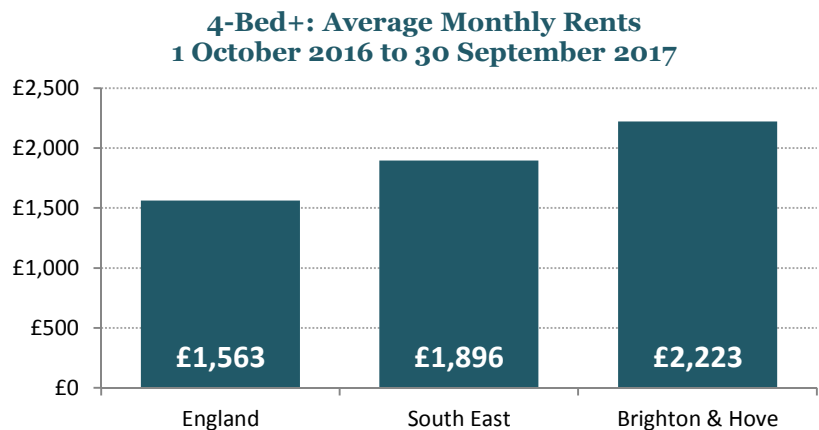
The average monthly cost to rent a property with 3 bedrooms in Brighton & Hove was 67% higher than England and 32% higher than South East



Source: VOA

4-bed+

The average monthly cost to rent a property with 4 or more bedrooms in Brighton & Hove was 42% higher than England and 17% higher than South East



Source: VOA

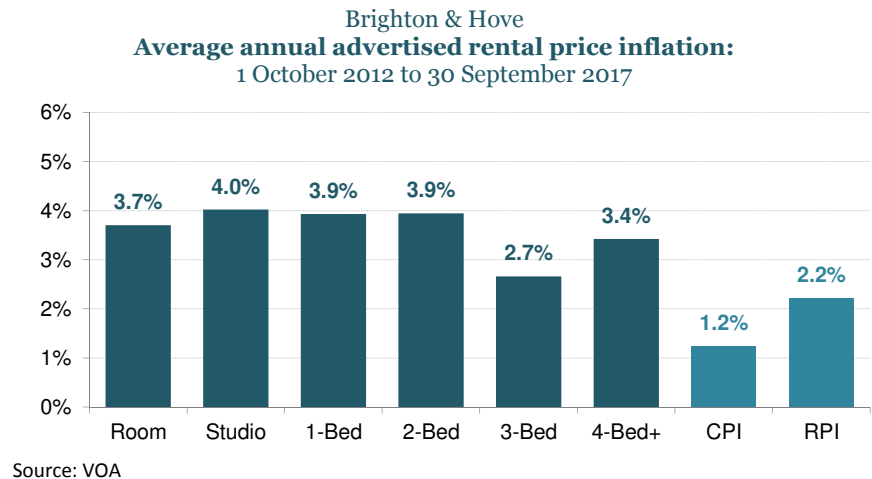
Valuation Office Agency (continued)

Comparison with the Consumer Price Index and Retail Price Index

The charts compare the average annual rent inflation in Brighton & Hove, England and the South East to the Consumer Price Index (CPI) and Retail Price Index (RPI) over the 4 year period from 1 October 2012 to 30 September 2017.

Brighton & Hove

The average cost to rent has increased at a greater rate than the CPI and RPI indices.



England

With the exception of studios, the cost to rent the different sized properties has increased at a greater rate than the CPI and RPI indices.

The cost to rent a studio has increased at a lower rate than the RPI but at a higher rate than the CPI.



South East

The cost to rent all the different sized properties has increased at a greater rate than the CPI and RPI indices



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