

# Credit Crunch, Implications for the Housing Market – March 2009

## 1) The Housing Market - House Sales

### a) Number of House Sales

Data on the number of house sales within the borough is available via Hometrack using land registry data. There has been a significant decline in house sales in 2008 including a decline for both new build flats and houses.

House Sale Type	2006	2007	2008
New build flats	163	89	55
New build houses	67	18	5
Second hand flat sales	1880	1895	867
Second hand house sales	2951	2690	1233
<b>TOTAL</b>	<b>5061</b>	<b>4692</b>	<b>2160</b>

Source; Hometrack

### b) Time Taken to Sell Property

Information is available on the average time it takes to sell a property. This has dropped from an average 14.7 weeks in November 2008 to 9.4 weeks in January 2009. This figure is still higher than the average of 7 weeks in January 2008.

### c) Sales to Asking Price

There has been a slight increase in the average sales to asking price within the borough between December 2008 and January 2009. This refers to the percentage of the asking price that the seller gains on sale. In January 2007 sellers received on average 98% of the asking price but in November 2008 this had declined to 89% and fell further to an average of 88.13% in December 2008. In January 2009 this had increased slightly to 88.88%.

This movement between January 2007 and November 2008 towards lower sales to asking price is reflected across neighbouring and sub regional boroughs. Slight increases between December 2008 and January 2009 have also been seen across the sub region with Sutton, Merton, Elmbridge and Wandsworth all having an average sales to asking price of 89%. In Hounslow sales to asking price have continued to decline and in January 2009 are now at 84%.

Borough	Jan 2007	Nov 2007	Nov 2008	Dec 2008	Jan 2009
<b>Richmond</b>	<b>98%</b>	<b>95%</b>	<b>89%</b>	<b>88%</b>	<b>89%</b>
Hounslow	96%	93%	86%	85%	84%
Sutton	97%	94%	89%	89%	89%
Merton	96%	94%	89%	88%	89%
Wandsworth	97%	94%	88%	89%	89%
Elmbridge	97%	93%	88%	88%	89%

Source; Hometrack –figures rounded up / down

### d) Number of New Buyers (Demand) and New Properties on Market (Supply)

Hometrack includes data on the monthly percentage change in the number of new buyers coming into the market (demand) and the monthly percentage change in the number of sellers coming into the market (supply).

Demand:

- Between December 2008 and January 2009 the number of new buyers has changed from -6.4% to +31.1%.

Supply:

- Between December 2008 and January 2009 the numbers of new properties entering the market has changed from -7.4% to +3.2%.

This shows a significant increase in the number of buyers coming on to the market as well as an increase in the number of new properties coming onto the market.

**Key Finding** – The number of properties sold in 2008 has declined significantly, including new build flats which have dropped from 163 sales in 2006 to 55 in 2008 and new build houses with 67 sold in 2006 and only 5 sold in 2008.

The time taken to sell property has dropped from an average 14.7 weeks in November 2008 to 9.4 weeks in January 2009. This figure is still higher than the average of 7 weeks in January 2008.

There has been a slight increase in the average sales to asking price within the borough between December 2008 and January 2009 from 88% to 89%. This increase is reflected in other boroughs within the sub region. Sales to asking price are still significantly below the November 2007 figure of 98%.

## 2) The Housing Market - House Prices

### a) Average Overall Property Prices

Average overall property prices for the borough have declined from £526,000 in January 2008 to £511,000 in January 2009.

### b) Prices by Property Type

- Flats & Maisonettes – average prices (based on sales and valuations) for flats & maisonettes have decreased across most of the borough (16 wards) between November 2008 and January 2009 with only small increases in two wards (Kew and Twickenham Riverside).
- Terraced – average prices for terraced properties have decreased across most of the borough between November 2008 and January 2009 with an increase in only one ward (Teddington).
- Semi-detached – property prices have decreased in 11 wards, there has been no change in one ward and there have been an increase in property prices in 6 wards between November 2008 and January 2009. It should be noted that average change prices are based on relatively small numbers of sales and valuations
- Detached – between November 2008 and January 2009 average prices for detached properties have increased in nine wards in the borough, decreased in six and remained static in three, although it is difficult to draw substantive conclusions from this due to fluctuations based on a relatively small numbers of property sales.

**b) Prices by Ward**

Between November 2008 and January 2009:

- All wards apart from Kew and Twickenham Riverside have seen prices decline for flat & maisonette properties.
- All wards apart from Teddington saw prices decline for terraced properties.
- East Sheen, Hampton Wick, Heathfield, North Richmond, West Twickenham and Whitton all saw prices decline for flats, terraced properties and semi detached properties but remain constant or increase for detached properties. There needs to be some caution in interpreting this however due to the very small sample size of detached properties.
- St Margarets and North Twickenham saw a decline for all property types apart from semi detached properties.
- Barnes, Fulwell and Hampton Hill and South Richmond all saw property prices decline for flats and terraced properties but rise for semi detached and detached properties.
- Teddington ward shows the most resilience to the market by property types with no change to detached house prices and price rises for terraced and semi detached properties.

The tables below show average property values by ward and property type for November 2008 and January 2009. The total number of property sales for the period is also shown. The number of properties sold in each ward, and for each property type, varies and therefore it should be taken into account that averages are sometimes based on a small number of property sales, this is especially significant in the case of detached properties.

**Property Values by Ward -Flats & Maisonettes**

Ward	Nov 08 (avg value in thousands)	Jan 09 (avg value in thousands)	Commentary	No of Sales
Barnes	492	450	Signif decrease	40
East Sheen	313	286	Decrease	21
Fulwell & HH	222	198	Decrease	27
Ham, P & RR	323	290	Decrease	24
Hampton	254	244	Decrease	39
Hampton North	183	159	Decrease	13
Hampton Wick	282	277	Slight decrease	39
Heathfield	170	167	Decrease	8*
Kew	369	380	Increase	42
Mortlake & BC	314	311	Slight decrease	59
North Richmond	313	305	Slight decrease	22
St Margs & N Twick	300	254	Signif decrease	45
Sth Richmond	396	384	Decrease	49
Sth Twickenham	265	244	Decrease	29
Teddington	255	244	Decrease	41
Twickenham Riv	303	305	Slight increase	67
W Twickenham	229	214	Decrease	26
Whitton	207	201	Slight decrease	13*

\*15 or less properties sold in this ward during period  
Source: Hometrack Nov 08 and Jan 09 statistics

### Property Values by Ward – Terraced Properties

Ward	Nov 08 (avg value in thousands)	Jan 09 (avg value in thousands)	Commentary	No of Sales
Barnes	956	743	Signif decrease	21
East Sheen	599	540	Signif decrease	49
Fulwell & HH	414	400	Decrease	50
Ham, P & RR	413	376	Signif decrease	25
Hampton	376	344	Signif decrease	31
Hampton North	252	243	Decrease	35
Hampton Wick	538	441	Signif decrease	23
Heathfield	299	235	Signif decrease	7*
Kew	721	650	Signif decrease	25
Mortlake & BC	695	694	Slight decrease	42
North Richmond	613	556	Signif decrease	39
St Margs & N Twick	541	520	Decrease	54
Sth Richmond	778	722	Signif decrease	26
Sth Twickenham	423	399	Decrease	47
Teddington	484	486	Slight increase	40
Twickenham Riv	631	557	Signif decrease	28
W Twickenham	339	325	Slight decrease	47
Whitton	282	264	Decrease	26

\*15 or less properties sold in this ward during period  
Source; hometrack Nov 08 and Jan 09 statistics

### Property Values by Ward – Semi-detached Properties

Ward	Nov 08 (avg value in thousands)	Jan 09 (avg value in thousands)	Commentary	No of Sales
Barnes	1.3m	1.4m	Signif increase	24
East Sheen	974	909	Signif decrease	15
Fulwell & HH	544	551	Increase	34
Ham, P & RR	430	401	Decrease	8*
Hampton	535	505	Decrease	22
Hampton North	330	327	Slight decrease	22
Hampton Wick	780	755	Decrease	16
Heathfield	336	305	Signif decrease	52
Kew	1.1m	1.1m	No Change	8*
Mortlake & BC	1.1m	1.4m	Signif increase	8*
North Richmond	806	762	Signif decrease	29
St Margs & N Twick	666	807	Signif increase	27
Sth Richmond	1.2m	1.3m	Signif increase	16
Sth Twickenham	718	684	Signif decrease	19
Teddington	711	724	Increase	30
Twickenham Riv	1m	958	Signif decrease	16
W Twickenham	467	420	Signif decrease	20
Whitton	339	321	Decrease	34

\*15 or less properties sold during period  
Source; hometrack Nov 08 and Dec 09 statistics

### Property Values by Ward – Detached Properties

Ward	Nov 08 (avg value in thousands)	Jan 09 (avg value in thousands)	Commentary	No of Sales
Barnes	1.7m	1.8m	Signif increase	14*
East Sheen	1.4m	1.4m	No change	8*
Fulwell & HH	677	693	Increase	10*
Ham, P & RR	1.1m	701	Signif decrease	7*
Hampton	668	613	Signif decrease	13*
Hampton North	582	526	Signif decrease	10*
Hampton Wick	978	981	Increase	13*
Heathfield	335	379	Signif increase	4*
Kew	1.6m	1.9m	Signif increase	7*
Mortlake & BC	2.8m	2.8m	No change	2*
North Richmond	1.3m	1.4m	Signif increase	3*
St Margs & N Twick	1m	985	Decrease	7*
Sth Richmond	2.2m	2.8m	Signif increase	11*
Sth Twickenham	1.2m	780	Signif decrease	2*
Teddington	1.3m	1.3m	No change	9*
Twickenham Riv	1.1m	864	Signif decrease	6*
W Twickenham	418	655	Signif increase	2*
Whitton	347	378	Signif increase	4*

\*15 or less properties sold in this ward in 2008  
Source: hometrack Nov 07 and Nov 08 statistics

### 3) Empty Homes

The Mayor's Draft Housing Strategy (2008) highlights that the number of empty homes increased by over 30,000 in London during the housing market downturn of the early nineties. The Empty Homes Agency, in their November 2008 News Bulletin, predict that empty homes will pass the million mark nationally at some point during the next year. They report that this is expected in part because of the likely increase in repossessions and the trend in recent years of investors buying the majority of new build properties which has led to a surplus in some areas. We will monitor the level of long term empty properties in Richmond as part of future briefings.

### 4) Mortgage Possession Orders Made in the County Courts Servicing Richmond upon Thames

Richmond is served by three County Courts, Brentford, Kingston and Wandsworth. A very small number of cases also go to Staines but figures for possession orders made there are not currently available.

Statistics on the numbers of orders made are available via the Ministry of Justice, for the area covered by courts rather than Local Authorities. Therefore these statistics do not show the number of possession orders specifically for the borough.

**Q3 2008**

	Total	% change in total since 2007 Q3
<b>Brentford</b>	231	28%
<b>Kingston</b>	116	27%
<b>Wandsworth</b>	137	10%

\*figures for possession orders made in court, not borough statistics

**Q4 2008**

	Total	% change in total since 2007 Q4
<b>Brentford</b>	151	-8%
<b>Kingston</b>	85	42%
<b>Wandsworth</b>	125	23%

\*figures for possession orders made in court, not borough statistics

Figures for Quarter three and Quarter four 2008 show increases in both quarters for the number of possession orders made at Kingston and Wandsworth courts when compared with numbers for the same period in 2007. However the size of the increases is not very consistent and Brentford court saw a significant decrease between the two quarters.

**2006 - 2008**

	Total 2006	Total 2007	Total 2008	% change in total 2006 to 2007	% change in total 2007 to 2008
<b>Brentford</b>	403	652	765	62%	17%
<b>Kingston</b>	230	314	370	37%	18%
<b>Wandsworth</b>	341	479	506	40%	6%
<b>Total for year</b>	<b>974</b>	<b>1445</b>	<b>1640</b>	<b>48%</b>	<b>13%</b>

\*figures for possession orders made in court, not borough statistics

Looking at the total number of mortgage possession orders made each year since 2006 the increases become clearer with 666 more orders made in 2008 than in 2006.

**5) Job Seekers Allowance Claims**

**a) Total Number of Claimants**

The monthly figures for the total number of people claiming Job Seekers Allowance (JSA) for January 2008 to January 2009 show a significant increase for the year although Richmond still has the second lowest number of JSA claimants in the sub region (the sub region consists of the London Boroughs of Croydon, Kingston upon Thames, Lambeth, Merton, Richmond upon Thames, Sutton and Wandsworth).

The total number claiming JSA in the borough has not been higher than the current figure since April 2004, however, in early 1993 at the end of the last period of economic recession, the total number reached 6,710.

Month	Claimant count
Jan 08	1,138
Apr 08	1,102
July 08	1,137
Oct 08	1,304
<b>Jan 09</b>	<b>1,787</b>
Percentage increase for Jan 08 to Jan 09	<b>57%</b>

**b) Claims by Ward for October 2008 and January 2009**

Ward	Oct 08	Jan 09	Percentage Increase	Increase in claimants Oct 08 to Jan 09
Barnes	51	69	35%	18
East Sheen	49	64	31%	15
Fulwell and HH	67	91	36%	24
Ham, P & RR	103	126	22%	23
Hampton	63	95	51%	32
Hampton North	95	149	57%	54
Hampton Wick	67	79	18%	12
Heathfield	115	149	30%	34
Kew	70	101	44%	31
Mortlake and BC	73	100	37%	27
North Richmond	89	116	30%	27
St Marg & Nth Twick	64	79	24%	15
Sth Richmond	61	91	49%	30
Sth Twick	49	91	86%	42
Teddington	62	88	42%	26
Twickenham Riv	74	94	27%	20
W Twickenham	81	108	33%	27
Whitton	87	120	38%	33
<b>Totals</b>	<b>1,320</b>	<b>1,810</b>	<b>37%</b>	<b>490</b>

\*claimant count statistics by ward vary slightly from borough statistics  
Source: ONS claimant count statistics Oct 08 & Jan 09

**c) JSA claims in the sub region**

There have also been increases in the number of claimants across the sub region, with Sutton seeing the biggest percentage increase between October 2008 and January 2009 and Lambeth seeing a relatively small increase, although it does have a high number of people claiming JSA in comparison to other boroughs.

	Kingston	Sutton	Wandsworth	Croydon	Lambeth	Merton
Total population	157,900	185,900	281,800	339,500	273,200	199,300
Total Claimants Oct 08	1,313	2,005	4,045	5,725	7,511	2,323
Total Claimants Jan 09	1,671	2,615	4,823	6,908	8,530	2,901
Percentage increase Oct 08 to Jan 09	<b>27%</b>	<b>30%</b>	<b>19%</b>	<b>21%</b>	<b>14%</b>	<b>25%</b>

**d) New JSA Claims by Age**

There is a greater proportional increase in claims from the 25-49 year olds age group than the 18-24 year olds age group, as shown below, for the period October 2008 to January 2009.

**JSA Claims – 25-49 yr olds**

Month	Claimant count
Oct 08	735
Jan 09	1,050
<b>Percentage increase</b>	<b>43%</b>

**JSA Claims – 18-24 yr olds**

Month	Claimant count
Oct 08	285
Jan 09	365
<b>Percentage increase</b>	<b>28%</b>

**Key finding** – There has been a significant increase in the total number of people claiming JSA during the last year, however, Richmond has the second lowest number of people claiming JSA in the sub region and total numbers are still much lower than during the last period of economic recession.

All wards in the borough have seen an increase in the number of people claiming JSA for the period October 2008 to January 2009. South Twickenham, Hampton North and Hampton have seen the largest increases with Hampton Wick, Ham, Petersham & Richmond Riverside and St Margarets & North Twickenham experiencing the smallest increases, although it should be taken into account that percentage increases are sometimes based on a small increase in the total number of claimants.

The age group 25-49 year olds has seen the greatest increase in JSA claims for the period October 2008 to January 2009 and this may represent the start of an increase for people who are the main income earner losing their income which could potentially have an impact on the ability to pay rents or mortgages.

**6) Richmond Citizens Advice Bureau (RCABS)**

RCABS have reported a 74% increase in the number of enquiries regarding dismissal and redundancies for October to December 2008, compared to the same period the year before. Many of these enquiries appear to be coming from those previously employed by local retailers, including shops selling household goods, clothing etc., and in many cases employers are referring to the current economic conditions as the reason for dismissals. RCABS have also seen an increase of 20% in debt related enquiries for September to December 2008, compared to the same period in 2007, and a larger increase (53%) in enquiries related to fuel debt.