Economic Downturn, Implications for the Housing Market – January 2010

Key Findings

This report includes key facts on the housing market in Richmond upon Thames. These are useful as indicators for monitoring the impact of the economic downturn on the local housing market. The January report highlights several positive signs amongst housing market indicators (such as house price increases, low time to sell and increasing sales to asking prices). This needs to be balanced however by the low number of property sales (both new build and second hand) and price decreases during 2008 and 2009.

Property Sales
Between 2007 and 2008 there was a significant decline in sales of second hand flats and houses although new build sales remained relatively stable. Between 2008 and November 2009 there was a continued and significant decrease in the number of property sales for both new build and second hand flat and house sales.

Analysis of monthly sales figures between June and September 2008 and 2009 show that from June 2009 property sales were only slightly below the same period for 2008 and in August 2009 there were more property sales than in the August of the previous year. This may indicate that the housing market is recovering but needs to be interpreted with caution and in the context that sales are still significantly below figures for September 2007.

The type of property sold has also changed very slightly. Analysis of sales between June – August 2008 and the same period in 2009 shows that terraced houses had the most sales during 2009 followed by flats and maisonettes. In 2008 the reverse was true. There has also been an increase in the number of semi detached properties sold during this period of 2009.

Time to Sell
Time to sell a property has continued to fall from 14.7 weeks in November 2008 to 7.96 weeks in September 2009 and 3.92 weeks in October 2009. There may be some seasonal fluctuations in time taken to sell properties but this is generally a good indicator for the housing market.

Sales to Asking Price (percentage of the asking price that the seller gains on sale)
The average sales to asking price within the borough has increased steadily during the period April to November 2009 from 90% to 95% although it is still lower than January 2007 figure of 98%. Sales to asking prices have also increased in neighbouring boroughs.

Property Prices
Overall average property prices have increased from £476,000 in June 2009 to £514,000 in October 2009. This is also slightly above the January 2009 average figure of £511,000.

Property Prices by Type
The average price for flats and maisonettes, terraced houses, semi detached and detached properties all increased between June and October 2009. Average prices for semi detached sales were also slightly above their April 2008 levels. Terraced and semi detached houses both have seen price increases in sixteen out of eighteen

wards whilst the situation at ward level was more mixed for flats and maisonettes and detached homes.

Property Prices by Ward (excluding Detached Houses)
Seven wards have seen increases in all property types. These include Fulwell & Hampton Hill, Ham, Petersham and Richmond Riverside, Hampton North, North Richmond, South Twickenham, Teddington and West Twickenham.

In seven wards property prices increased except for flats and maisonettes. These were East Sheen, Hampton, Hampton Wick, Heathfield, Kew, South Richmond and Whitton. In two wards property prices increased apart from terraced properties and in two wards prices increased apart from semi detached properties.

Empty Homes
There has been a reduction in the percentage of total private sector homes vacant for more than 6 months for the second year running. There was a decrease of 0.04% between April 2008 and April 2009, and 0.11% over the last 2 years.

Possession Orders Made
There were a total of 90 mortgage possession orders made between Quarter 4 2008 to Quarter 3 2009. This is a reduction of -34% compared to the same time the previous year. Richmond also has the lowest number of orders made in Outer London.

For the period Quarter 4 2008 to Quarter 3 2009 160 possessions orders were made for rented property. This is -18% compared to the same period in the previous year. Again Richmond has the lowest number of orders made for rented properties in Outer London.

Job Seekers Allowance (JSA) Claims
There has been a slight decrease in the number of people claiming Job Seekers Allowance (JSA) between July and November 2009. This is a reduction of 117 claimants which amounts to a -4% reduction. There have been small decreases (1-24 applicants) in the number of people claiming JSA in 12 wards in the borough. The largest percentage decreases have occurred in Kew, South Richmond and Heathfield. There have been slight increases (1-3 applicants) in 6 wards.

At a sub-regional level there have been both slight decreases (Kingston, Sutton) and slight increases (Croydon, Lambeth, Merton and Sutton) in the number of JSA claimants.

1) The Housing Market - Property Sales

Data on the number of house sales within the borough is available via Hometrack using land registry data.

a) Number of Property Sales – Annually

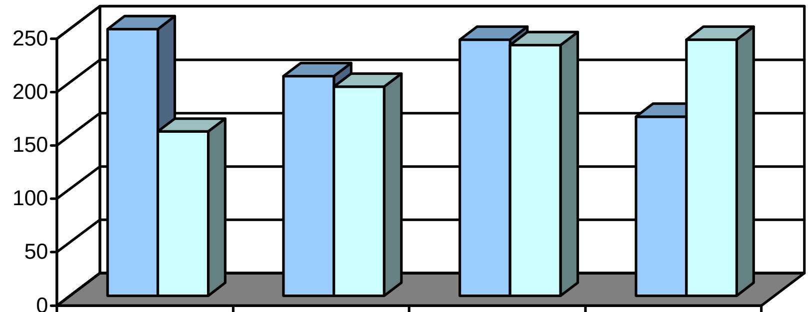
House Sale Type	2007	2008	2009 *(to end Nov)
New build flats	200	213	31
New build houses	44	33	2
Second hand flat sales	3,544	1,704	453
Second hand house sales	5,092	2,526	934
TOTAL	**8,880**	**4,476**	**1420***

Source: Hometrack: annual turnover by broad age & type

Between 2007 and 2008 there was a significant decline in sales of second hand flats and houses, although the number of new build flats and houses sold has been more stable. The figures for 2009 show a continued and significant decrease in the number of property sales for both new build and second hand flats and house sales.

The graph below looks at the number of sales for all property types between May and August of 2009, compared to the same period in 2008. Sales for September and October 2009 have been omitted due to the amount of time it takes for data to be fully updated with details of all sales from the Land Registry.

b) Number and Type of Property Sales – May to August 2008 & 2009



	May	June	July	August
2008	250	206	240	168
2009	154	196	235	240

Source: Hometrack

During May 2009 the number of property sales was significantly lower than the same period in 2008. During June and July the number of property sales was only slightly less and during August 2009 there were 72 more sales than in August 2008. The increasing number of property sales during this period compared to the previous year is a positive sign within the housing market but numbers are still below the figures for September 2007 of 363 sales. The total sales for the year are also still substantially below previous years.

The types of property sold has also changed very slightly between the same periods in 2008 and 2009. In 2008 flats and maisonettes had the greatest sales followed by terraced properties but in the same period of 2009 this has changed with the greatest number of sales in terraced properties followed by flats and maisonettes. There has also been an increase in the number of semi detached properties sold.

c) Time taken to sell property

Information is available from Hometrack on the average time it takes to sell a property. In November 2008 the average had reached 14.7 weeks but since then has improved steadily, dropping to 9.4 weeks in January 2009 and 8.9 weeks in June 2009. This has decreased further and in October 2009 was an average of 3.92 weeks. This is an improvement from 11.01 weeks in October 2008.

d) Sales to Asking Price

The average sales to asking price within the borough has increased steadily during the period April 2009 to November 2009, although it is still lower than in January 2007. In January 2007 sellers received on average 98% of the asking price, which then declined to an average of 88 % in December 2008 before increasing to 95% in November 2009.

	Jan 07	Dec 08	Apr 09	May 09	Jun 09	July 09	Aug 09	Sep 09	Oct 09	Nov 09
Percentage of asking price received on the sale of a property	98%	88%	90%	92%	93%	93%	94%	94%	95%	95%

Source: Hometrack

This improvement in the average sales to asking price from April to November 2009 is reflected across neighbouring and sub regional boroughs, with Sutton and Merton reaching the highest percentage of asking price. Increases similar to Richmond's have been seen in all other sub-regional and neighbouring boroughs. A smaller increase has been seen in Croydon.

Borough	Jan 08%	Jan 09%	June 09%	Nov 09%
Croydon	94	88	91	94
Hounslow	92	84	91	95
Kingston	92	89	93	95
Lambeth	94	88	93	95
Merton	92	88	92	96
Elmbridge	93	88	91	95
Richmond	94	88	93	95
Sutton	93	88	93	97
Wandsworth	94	89	92	95

Source: Hometrack

e) 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

- November 2009 saw a monthly decline in the number of new buyers of -10.53% but this may well reflect seasonal trends. The previous months both saw increases of +2.9% and +1.1%.

Supply

- November 2009 saw a monthly decline of -2.05% in the number of new properties entering the market although previous months have seen an increase of +0.77 and +5.06.

This shows a significant drop in November in the number of new buyers coming on to the market as well as a decrease in the number of new properties.

2) The Housing Market - House Prices & Sales

a) Average overall property prices

Average overall property prices for the borough have increased from £476,000 in June 2009 to 514,000 in October 2009. This is also slightly above the January 2009 figure of £511,000.

b) Prices by Property Type

Flats & Maisonettes

- The average price (based on sales and valuations) for flats and maisonettes in the borough has increased from £285,000 in April 2009 to £306,000 in October 2009. This is still slightly below the April 2008 figure of £322,000.

- Prices for flats range from £152,000 in Heathfield to £469,000 in Barnes.

- At ward level property prices increased for flats/maisonettes in 11 wards, remained stable in one and decreased in six wards. Flats (and detached houses) remain the property types with the least ward level increases in value between June and October 2009.

Terraced

- The average price (based on sales and valuations) for terraced houses in the borough has increased from £455,000 in April 2009 to £520,000 in October 2009. This is still below the April 2008 figure of £560,000.

- Prices for terraced houses range from £249,000 in Heathfield to £1,053,000 in Barnes.

- Sixteen out of eighteen wards in the borough have seen an increase in the average price of terraced properties between June and October 2009, with decreases in only two wards, both of which occur in wards where property is expensive.

Semi Detached

- The average price (based on sales and valuations) for semi detached houses in the borough has increased from £653,000 in April 2009 to £741,000 in October 2009. This is slightly above the April 2008 figure of £737,000.

- Prices for semi detached houses range from £322,000 in Heathfield to £1,521,000 in Barnes.

- Sixteen out of eighteen wards in the borough have seen an increase in the average price of semi detached properties between June and October 2009, with only a decrease in two wards, both again in wards where property is expensive.

Detached

- The average price (based on sales and valuations) for detached houses in the borough has increased from £932,000 in April 2009 to £1,044,000 in October 2009. This is slightly below the April 2008 figure of £1,061,000.

- Due to the small sample size involved in detached properties considerable caution is required in interpreting price change at ward level.

- There have been decreases in 10 wards for detached properties, and increases in 8. Although many of the increases and decreases are significant the sample sizes on which these averages are based are small, as fewer detached properties are sold than other property types.

c) Prices by Ward

Because of the small sample size of detached properties analysis by ward focuses on flats/maisonettes, terraced and semi detached properties only.

- Seven wards have seen increases in all property types. These include Fulwell and Hampton Hill, Ham Petersham and Richmond Riverside, Hampton North, North Richmond, South Twickenham, Teddington, and West Twickenham.

- In seven wards property prices increased except for flats and maisonettes. These were East Sheen, Hampton, Hampton Wick, Heathfield, Kew, South Richmond and Whitton.

- St Margarets and North Twickenham and Twickenham Riverside have seen property price increases except for terraced properties. Barnes and Mortlake and Barnes Common have seen price increases apart for semi detached properties.

The tables below and on the next pages show average property values by ward and property type for June and October 2009. The number of properties sold in each ward, and for each property type, varies and this should be taken into account as 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	Jun 09 (avg value in thousands)	Oct 09 (avg value in thousands)	Commentary – June to Oct 09	No sales Oct 09
Barnes	425	469	Significant increase	58
East Sheen	300	281	Decrease	34
Fulwell & HH	204	215	Increase	43
Ham, P & RR	319	355	Significant increase	46
Hampton	225	221	Slight decrease	29
Hampton North	165	177	Increase	34
Hampton Wick	279	268	Decrease	49
Heathfield	176	152	Decrease	19
Kew	348	328	Decrease	61
Mortlake & BC	290	315	Increase	90
North Richmond	289	295	Increase	38
St Margs & N Twick	253	277	Increase	77
Sth Richmond	399	397	Slight decrease	82
Sth Twickenham	239	247	Increase	51
Teddington	248	265	Increase	56
Twickenham Riv	322	331	Increase	99
W Twickenham	192	220	Increase	39
Whitton	195	195	Stable	27

*15 or less properties sold in this ward during period
Source: Hometrack Jun 09 & Oct 09 statistics

Property Values by Ward – Terraced Properties

Ward	Jun 09 (avg value in thousands)	Oct 09 (avg value in thousands)	Commentary – Jun to Oct 09	No sales Oct 09
Barnes	680	1,053	Significant increase	37
East Sheen	523	593	Significant increase	72
Fulwell & HH	367	411	Significant increase	64
Ham, P & RR	337	414	Significant increase	40
Hampton	311	335	Increase	47
Hampton North	229	252	Significant increase	45
Hampton Wick	478	500	Increase	32
Heathfield	240	249	Increase	24
Kew	615	621	Increase	43
Mortlake & BC	552	614	Significant increase	111
North Richmond	547	635	Significant increase	59
St Margs & N Twick	506	503	Slight decrease	55
Sth Richmond	736	777	Significant increase	41
Sth Twickenham	410	433	Increase	91
Teddington	427	489	Significant increase	62
Twickenham Riv	660	553	Significant decrease	59
W Twickenham	309	325	Increase	95
Whitton	248	259	Increase	42

*15 or less properties sold in this ward during period
Source: Hometrack Jun 09 & Oct 09 statistics

Property Values by Ward – Semi-detached Properties

Ward	Jun 09 (avg value in thousands)	Oct 09 (avg value in thousands)	Commentary – Jun to Oct 09	No sales Oct 09
Barnes	1.6m	1.521m	Significant Decrease	46
East Sheen	843	907	Significant Increase	70
Fulwell & HH	427	597	Significant Increase	28
Ham, P & RR	396	528	Significant Increase	17
Hampton	468	476	Increase	30
Hampton North	347	367	Increase	33
Hampton Wick	682	756	Significant Increase	29
Heathfield	297	322	Increase	62
Kew	803	943	Significant Increase	30
Mortlake & BC	1.1	1.038m	Significant Decrease	21
North Richmond	609	657	Significant Increase	35
St Margs & N Twick	483	556	Significant Increase	37
Sth Richmond	874	1.465m	Significant Increase	19
Sth Twickenham	601	743	Significant Increase	37
Teddington	683	701	Increase	29
Twickenham Riv	812	819	Increase	29
W Twickenham	354	379	Increase	32
Whitton	312	327	Increase	67

*15 or less properties sold in this ward during period
Source: Hometrack Jan 09 & Jun 09 statistics

Property Values by Ward – Detached Properties

Ward	Jun 09 (avg value in thousands)	Oct 09 (avg value in thousands)	Commentary – Jun to Oct 09	No sales Oct 09
Barnes	1.4m	1.401m	Slight increase	8*
East Sheen	1.2m	1.149m	Significant decrease	21
Fulwell & HH	588	659	Significant increase	20
Ham, P & RR	924	1.175m	Significant increase	10*
Hampton	664	583	Significant decrease	27
Hampton North	493	615	Significant increase	21
Hampton Wick	1m	881	Significant decrease	20
Heathfield	420	391	Decrease	8*
Kew	1.1m	1.216m	Significant increase	16
Mortlake & BC	1.2m	1.549m	Significant increase	7*
North Richmond	786	655	Significant decrease	2*
St Margs & N Twick	1.1m	975	Significant decrease	11*
Sth Richmond	2.2m	1.546m	Significant decrease	11*
Sth Twickenham	1m	1.205m	Significant increase	11
Teddington	1.1m	853	Significant decrease	20
Twickenham Riv	688	1.908m	Significant increase	6*
W Twickenham	424	427	Slight increase	11*
Whitton	419	401	Decrease	7*

*15 or less properties sold in this ward during period
Source: Hometrack Jan 09 & Jun 09 statistics.

3) Empty Homes

	As at 1st Apr 07	As at 1st Apr 08	As at 1st Apr 09	% change Apr 08 to Apr 08
Percentage of total private sector homes in borough vacant for more than 6 months	0.91%	0.84%	0.80%	-0.04%

Source: Council Tax Data

There has been a reduction in the percentage of total private sector homes vacant for more than 6 months for the second year running. The decrease between Apr 2008 and April 2009 is 0.04%, and 0.11% over the last 2 years.

This contrasts with the previous recession in the early 1990's when there was an increase in the number of long term empty properties. Although the figures for April 2009 are a positive indication this will need to be closely monitored to watch for any move towards the vacant property trend which took place in the early nineties.

4) Mortgage and Landlord Possession Orders in Richmond upon Thames

Richmond is served by 3 County Courts, Brentford, Kingston and Wandsworth. A very small number of cases also go to Staines. Statistics on the numbers of orders made for each local authority have just recently become available via the Ministry of Justice website, this gives information on mortgage possession claims made, mortgage possession claims which has led to orders made and landlord possession claims leading to orders made (for rented accommodation).

Mortgage Orders Made (Table 1B)

- In quarter 3 of 2009 there were 25 mortgage possession orders made for properties in Richmond upon Thames.

- For the period Quarter 4 2008 to Quarter 3 2009 a total of 90 possession orders were made. This is -34% compared to the same period in the previous year. Richmond had the lowest number of orders made in Outer London during this period.

- Analysis is available per 1000 population. Richmond has a rate of 1.1 per 1000 with the next lowest outer London boroughs having figures of 2 per 1000 (Kingston) and 2.8 per 1000 (Sutton). The Outer London average is 4 per 1000.

Landlord Claims leading to Orders Made (Tenants Table 3A)

- In quarter 3 of 2009 45 landlord claims leading to possession orders were made for rented properties in the borough.

- For the period Quarter 4 2008 to Quarter 3 2009 160 possession orders were made for rented properties in the borough. This is -18% compared to the same period in the previous year. Again Richmond has the lowest number of orders made in Outer London.

- If analysing by per 1000 population then Richmond has 2 repossessions per 1000 compared to 3.2 in Kingston and 4 in Merton. The Outer London average is 6.2.

5) Job Seekers Allowance Claims

a) Total number of claimants

There has been a slight decrease in the number of people claiming Job Seekers Allowance (JSA) between July and November 2009. This is a reduction of 117 claimants which amounts to a -4% reduction. Richmond also has the lowest level 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 November 1997, however, in early 1993 at the end of the last period of economic recession, the total number reached 6,710.

JSA Claimants by Month

Month	Claimant count
Oct 08	1,304
Jan 09	1,787
Apr 09	2,401
Jul 09	2,637
Nov 09	**2,520**
Percentage change Jul 09 to Nov 09	**- 4%**

Source: Office of National Statistics (ONS)

b) Claims by ward for July 2009 & November 2009

There have been small decreases (1-24 applicants) in the number of people claiming JSA in 12 wards in the borough. The largest percentage decreases have occurred in Kew, South Richmond and Heathfield. There have been slight increases (1-3 applicants) in 6 wards.

Ward	Jan-09	July 09	Nov 09	Percentage Increase / Decrease July 09 to Nov 09	Change in claimants July 09 to Nov 09
Barnes	69	117	108	- 8%	-9
East Sheen	64	108	99	- 8%	-9
Fulwell and HH	91	126	121	-4%	-5
Ham, P & RR	126	180	172	-4%	-8
Hampton	95	141	140	-0.5%	-1
Hampton North	149	206	191	-7%	-15
Hampton Wick	79	117	110	-6%	-7
Heathfield	149	232	208	-10%	-24
Kew	101	137	122	-11%	-15
Mortlake and BC	100	168	169	+0.5%	1
North Richmond	116	158	159	+0.5%	1
St Marg & Nth Twick	91	124	125	+1%	1
Sth Richmond	91	133	120	-10%	-13
Sth Twick	79	136	128	-6%	-8
Teddington	88	135	136	+1%	1
Twickenham Riv	94	135	133	-1%	-2
W Twickenham	108	164	166	+1%	2
Whitton	120	155	158	+2%	3
Totals	**1,810**	**2,672**	**2565**	**- 4%**	**-107**

*claimant count statistics by ward vary slightly from borough statistics
Percentages rounded up/down to nearest %
Source; ONS claimant count statistics Jan 09 & July 09

c) JSA claims in the sub region

There have been both decreases and increases at sub regional level in JSA Claims. Sutton and Kingston both have seen percentage decreases between July and November 2009. Contrasting this there have been percentage increases in the boroughs of Wandsworth, Croydon, Merton and Lambeth.

	Richmond	Kingston	Sutton	W/worth	Croydon	Lambeth	Merton
Total population	**182,000**	157,900	185,900	281,800	339,500	273,200	199,300
Total Claimants Jan 09	**1,787**	1,671	2,615	4,823	6,908	8,530	2,901
Total Claimants July 09	**2,637**	2,568	3,666	6,497	9,289	10,698	3,927
Total Claimants Nov 09	**2,520**	2,585	3,598	6,641	9,484	11,629	3,975
% change July to Nov 09	**- 4%**	**- 1%**	**-2%**	**+2%**	**+2%**	**+9%**	**+1%**

Percentage rounded up or down to nearest %
Source: Office of National Statistics (ONS)

d) New JSA claims by age

There has been a slight decrease in the numbers of JSA claimants, both 18-24 year olds and 25-49 year olds between July and November 2009. Figures are still significantly higher than January 2009 however.

JSA claims – 25-49 yr olds

Month	Claimant count
Jan 09	1,050
July 09	1,580
Nov 09	1,520
Percentage increase Jul – Nov 09	**- 4%**

Source: Office of National Statistics (ONS)

JSA claims – 18-24 yr olds

Month	Claimant count
Jan 09	365
July 09	540
Nov 09	510
Percentage increase Jul – Nov 09	**- 6%**

Source: Office of National Statistics (ONS)