

October 2009 Housing Market Update

Headlines Summary

- Moderate increases for 1 to 4 bed properties. Decreases for studio and 5 bed properties.
- Increase on total unemployment but reduction in number of JSA claimants.
- Reduction in number of mortgage orders and landlord actions
- Slowing of supply and demand of properties and new buyers.

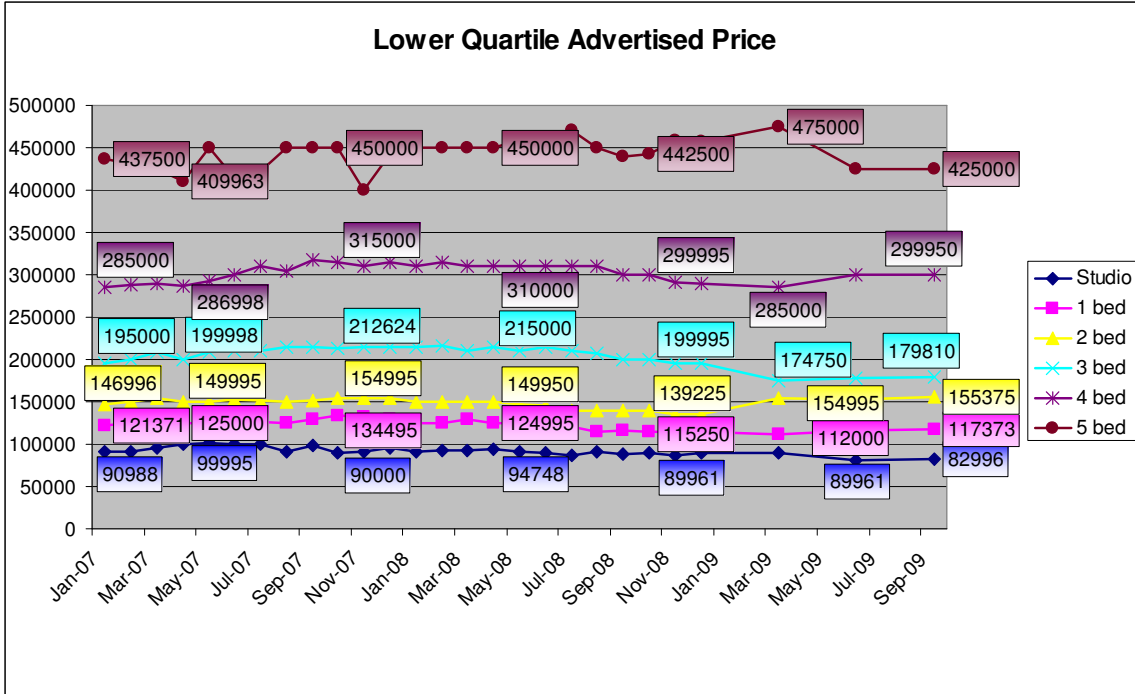
National Economic Picture

- Prices increased over the summer months supported by a restricted supply on the market but turnover remains well below “normal” levels and mortgage lending remains constrained, however house purchase mortgage levels rose for the sixth consecutive month in September.
- Key business surveys signal that UK economic output will begin to edge up in the third quarter (October to December 2009) albeit at a moderate pace. However, at the start of the quarter households still appear focused on scaling back debt levels.

Chelmsford Housing Market

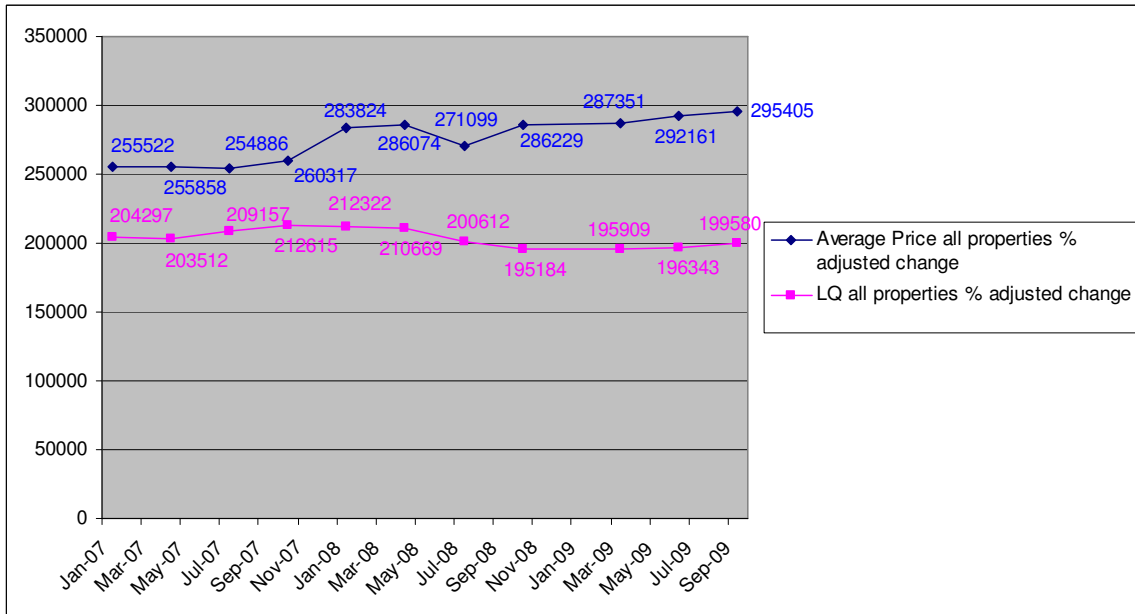
Property Sold Prices

Lower quartile advertised prices for 1 and 4 bed properties have seen moderate increases of 5%. Prices for 2, 3 and 5 bed properties have remained broadly unchanged with only slight increases of 1% to 2% but studio prices have fallen by a further 7%, continuing a trend of moderate decreases since July 2008. However, overall price fluctuations have reduced and the trend for the past 6 months is more stable than the previous 12 months.



Source: Rightmove.co.uk

By applying sales to asking price ratios as indicated by land registry monitoring, we can give an indication of average and lower quartile sold prices across the borough. The analysis suggests that prices have remained broadly unchanged in the 7 months since April with minimal 1% increases for both ranges.



Local Housing Allowance

There have been slight reductions in LHA levels for 1 bed, 2 bed, 3 bed and 4 bed properties indicating a fall in rent levels for these property sizes within the private rented sector. However, there has been a 24% increase in the level for a shared room; prior to this shared room rates had remained constant since October 2008 following two months of reductions in the rate. Shared room rate is now 16% higher than the same time last year. As the LHA is calculated using the average weekly private sector rent for each property size, this would indicate there has been a corresponding increase for shared room weekly rent costs in the private sector.

Property Size	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	% change
Shared room	£65.00	£65.50	£69.00	£72.00	£75.00	£75.00	£80.77	+24%
1 bed	£126.92	£126.92	£126.92	£126.92	£126.92	£126.92	£126.92	0%
2 bed	£160.38	£160.38	£155.77	£155.77	£155.77	£153.46	£153.46	-4.3%
3 bed	£184.62	£184.62	£184.62	£183.46	£183.46	£183.46	£183.46	-0.6%
4 bed	£288.46	£276.92	£265.38	£265.38	£253.85	£253.85	£253.85	-12%
5 bed	£346.15	£346.15	£346.15	£346.15	£346.15	£346.15	£346.15	0%

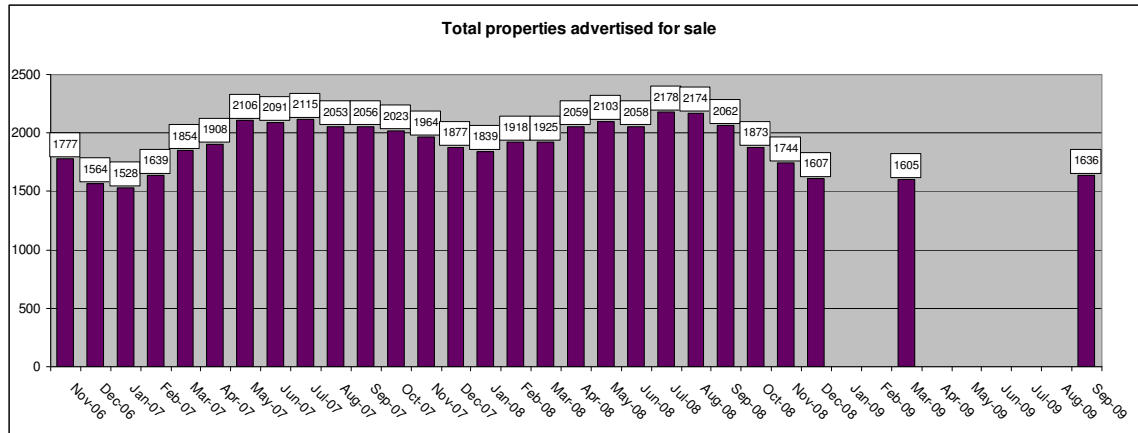
House sales turnover

Turnover Headlines

Time to sell (weeks): 8
 Sales to asking price: 95%
 Number of viewings per sale: 10.5
 Newly registered buyers: - 0.6
 Newly registered properties: - 0.6

Source: Hometrack 2009

The total number of properties advertised for sale has remained constant since March 2009 at 1600 but remains below the 2020 advertised during the same period last year.



Source: Hometrack 2009

Hometrack reports that the number of new buyers registering their interest with local estate agents has continued to rise steadily since April but has begun to slow down in the last two months.

Property Transactions

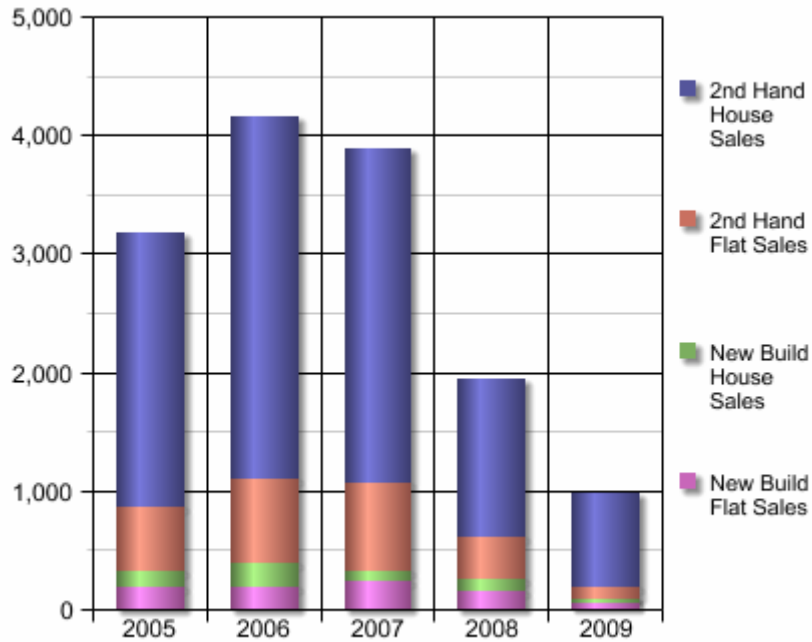
The volume of sales has fallen by an average 59% across all property types from the 2008 totals and an average of 75% since the peak levels of 2005. It should be noted that reductions in the percentage of new build sales are influenced by a decrease in the availability of these properties (see completions data below).

Year	2 nd Hand House Sales	2 nd Hand Flat Sales	New Build House Sales	New Build Flat Sales	Total
2005	2320	529	146	181	3176
2006	3049	714	193	193	4149
2007	2822	738	87	233	3880
2008	1330	357	96	156	1939
2009	788	103	47	43	981

Source: Hometrack (Land Registry)

Cumulative % change

Year	2 nd Hand House Sales	2 nd Hand Flat Sales	New Build House Sales	New Build Flat Sales
2005	-	-	-	-
2006	+31%	+35%	+32%	+6.6%
2007	-7.4%	+3.3%	-55%	+21%
2008	-53%	-52%	+10%	-33%
2009	-41%	-71%	-51%	-72%
Total	-70.4%	-84.7%	-64%	-77.4%

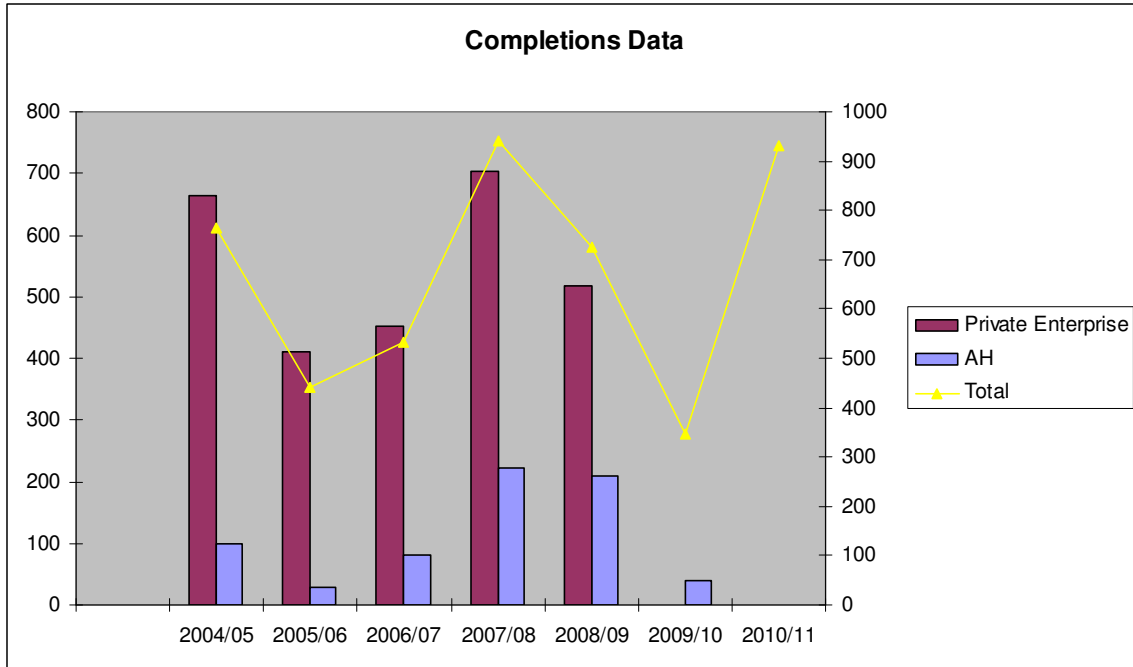


Source: Hometrack 2009

New Build Completions

Year	Actual Affordable Housing	Actual Private Enterprise	Total	% change from previous year
2004/05	100	664	764	-
2005/06	29	411	440	- 42%
2006/07	80	453	533	+ 21%
2007/08	222	702	924	+ 73%
2008/09	209	518	727	- 21%
2009/10*	39		348	

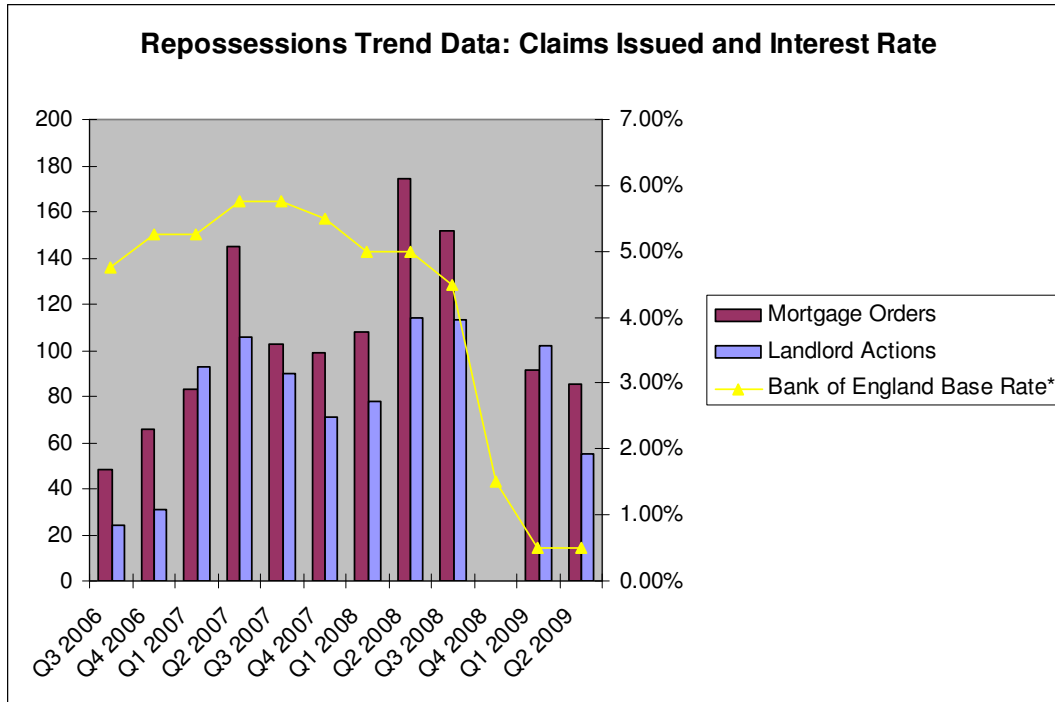
* at time of publication data only available for quarters one and two.



Source: CBC Monthly completions monitoring

Repossession Rates

Repossession rates have continued to fall during the first two quarters of 2009 with mortgage orders now at their lowest level since quarter I 2007 and the number of landlord actions decreasing dramatically to the lowest level since fourth quarter 2006. This opposes the national trend which shows only moderate decreases and levels still in line with 2008 trends.



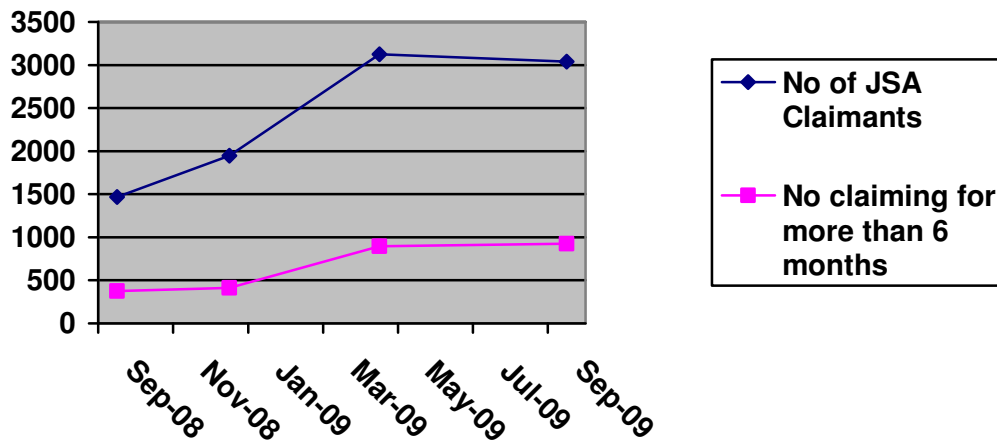
Source: Ministry of Justice

Unemployment

The number of JSA claimants has remained stable in the 6 months since April with moderate decreases of 3%; however they remain 200% of the average level recorded 12 months ago. The profile of claimants and the length of time claiming have increased in line with the overall trend.

	Sep 08		Dec 08		Apr 09		Sep 09	
	Actual	As % of total	Actual	As % of total	Actual	As % of total	Actual	As % of total
Total JSA Claimants	1465		1950		3125		3040	
18-24	415	28%	530	27%	885	28%	860	28%
25-49	745	51%	1045	53%	1650	53%	1600	53%
50+	295	17%	375	19%	580	19%	570	19%
< 6 months	1090	74%	1550	79%	2230	71%	2115	70%
6 to 12 months	220	15%	250	13%	650	21%	660	21%
> 12 months	155	11%	160	8%	245	8%	265	9%

Source: Nomis 2009



Conclusion

House prices for the majority of properties have remained stable during the 6 months since April, however, property transactions have seen a dramatic decrease, deflecting indications of a buoyant market. 6 month trends indicate possible stabilising of unemployment and repossession rates, which will be further analysed as part of the detailed market analysis in April 2010.