

Oldham Housing Bulletin

**An update on key housing market data for
Oldham**

April to June 2009

1 Introduction

Welcome to the Oldham Council Quarterly Housing Bulletin. The report outlines aspects of the local housing market and the local economy for the period April to June 2009. It also examines the changes that have incurred in the last twelve months.

2 Executive summary

In the housing market:

- Re-sale and new build values fell by 12 and 16% respectively (Apr- Jun 08 to Apr- Jun 09)
- The greatest proportional fall in average house prices was in Failsworth and Hollinwood, where values dropped by nearly 30% (Jan- Mar 09 to Apr- Jun 09)
- The highest values remain in Saddleworth and Lees, although these fell by 10% (Jan- Mar 09 to Apr- Jun 09)
- The value of flats has dropped by 59% from just over £152,000 to around £62,000 and the value of detached properties by around a fifth (Apr- Jun 08 to Apr- Jun 09)
- The market for semi detached houses was the least affected by housing market decline, but values still fell by 12% in the year (Apr- Jun 08 to Apr- Jun 09)
- The lower quartile (cheapest 25%) market in Oldham has reduced at a greater rate (17%) than both the Northwest (11%) and England (10%) (Apr- Jun 08 to Apr- Jun 09)
- Sale volumes in the re-sale and new build markets fell drastically in the last 12 months (Apr- Jun 08 to Apr- Jun 09). This is particularly the case in the new build market, where figures for the first quarter of 2009-10 show a 95.9% decrease on the same period 2008-9

Affordability:

- Oldham has the second lowest median (average) household income in the region behind Bolton
- Figures released in April 2009 based on the Regulated Mortgage survey indicate that the national average deposit for first time buyers is 21.8%.
- A report published in March 2009 states that the Financial Services Authority recommends a minimum 15 percent deposit
- If people can manage to find a deposit of around 15%, then the figures suggest that properties are becoming more affordable

The local economy:

- The numbers of Housing Benefit claimants has increase by 4.5% from 16,974 in the first quarter of 2008-9 to 17,739 at the end of the first quarter 2009-10
- The greatest number of housing benefits claimants are in West Oldham and the lowest in Saddleworth and Lees
- The percentage change in housing benefit claimants is lowest in West Oldham (1.6%)
- The number of Job Seekers Allowance claimants has increased by 70% (Apr- Jun 08 to Apr- Jun 09)
- In the first five months of 2009, there were 62,883 job vacancies advertised by Job Centre plus across Greater Manchester. 5% of these were advertised in Oldham (3,098)
- Most employment opportunities arose in the financial and employment service sector, with over 4.5 times as many notified vacancies than the second most commonly advertised sector (Wholesale, retail, distribution and repair)

3 The housing market

3.1 Average House Prices

Average house prices in Oldham, in both the resale and new build markets fluctuated over the 2008-9 financial year, particularly in the new build market. As with the national trend, there has been a general downward trend in the values of resale properties.

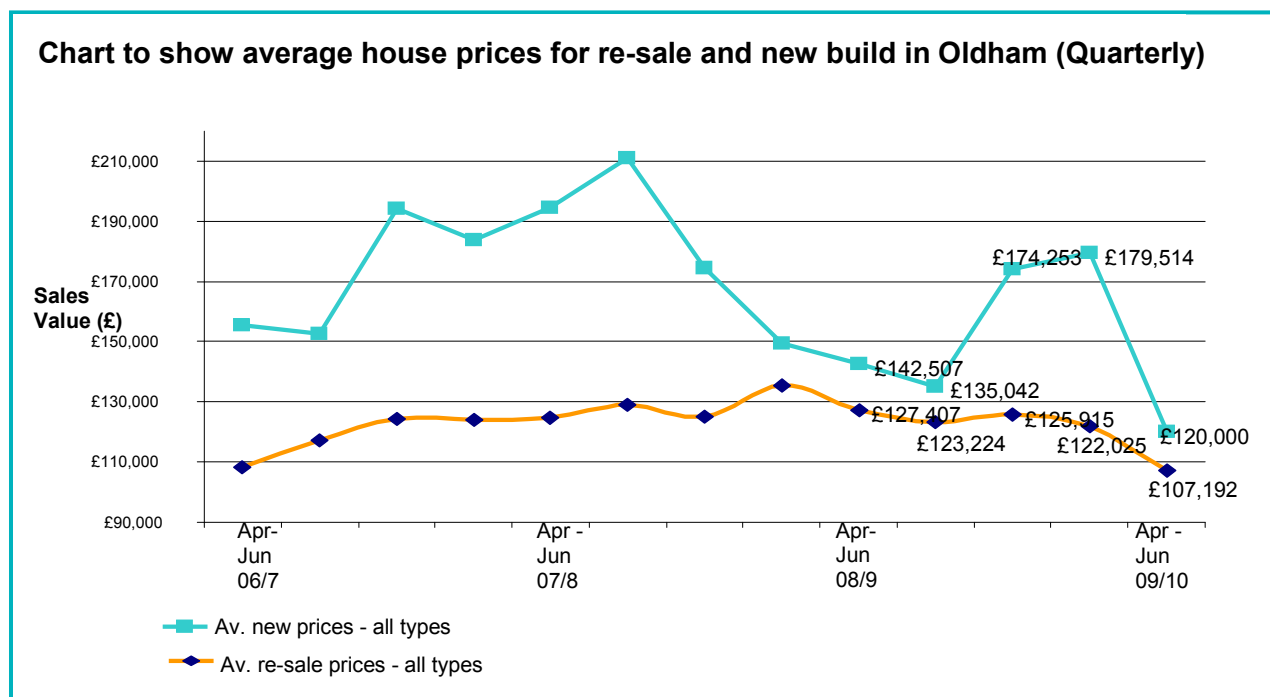


Figure 1: Average re-sale/new build values Source: CDS/Land Registry data

- Between the end of the 2008-9 financial year and the start of 2009-10 new build values reduced by a third. This could be as a result of increased pressure on developers to sell properties which were completed for some time, or because of the type of properties which have been sold.
- Over the last twelve months, new build values have fallen from 16% from £142,507 in the first quarter (Apr- Jun) 2008-9 to just £120,000 at the start of the 2009/10 financial year.
- Similarly, the resale market has declined over the last financial year. There was a 12.2% fall from the end of the financial year to the start of 2009-10 and an overall decrease of 16% in the year (Apr- Jun 08 to Apr- Jun 09).

3.2 Average re-sale value % change from quarter 4 2008/09 (Jan- Mar 09) to quarter 1 2009/10 (Apr- Jun 09)

Former local Area Committee (2004 boundaries)	Jan-March 2009	April – June 2009	% Change	Trend direction
Chadderton	£127,804	£122,668	-4	↓
East Oldham	£92,087	£89,687	-2.6	↓
Failsworth & Hollinwood	£112,539	£80,230	-28.7	↓
Saddleworth & Lees	£174,737	£157,522	-9.9	↓
Shaw & Royton	£128,318	£109,337	-14.8	↓
West Oldham	£96,698	£93,068	-3.8	↓

Table 1: Average re-sale value % change (former local Committee area)

Source: CDS/Land registry data

- Unsurprisingly, all six areas have shown a drop in values from the previous quarter. The greatest proportional decrease was in Failsworth and Hollinwood, where values dropped by nearly 30%. This could be due to a relatively small number of sales, or particular property types.
- The highest values are still in Saddleworth and Lees, although these declined by 10%. Similarly, the lowest values continue to be in East and West Oldham, however, these two areas have the lowest proportional change in value, reflecting a relatively stable market currently.

3.3 Average house value by property type

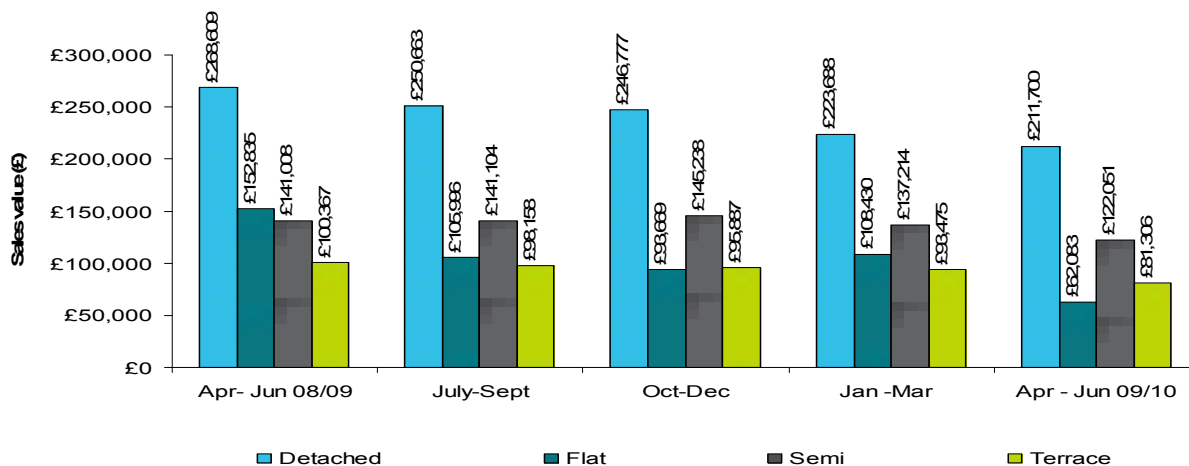


Figure 2: Average re-sale values by property type: Source CDS/Land Registry

- There was a decline across all four major property types since Apr- Jun 08.
- In the twelve months from Apr- Jun 08, the value of flats has dropped by an astounding 59%, from just over £152,000 to around £62,000. This could be as a result of a low number of sales and the particular type/ size of flats being sold
- In the same period the value of detached properties has declined by around a fifth.
- The least affected market was for semi detached houses where values have dropped by 12% in the year (Apr- Jun 08 to Apr- Jun 09).

3.4 Lower quartile market house values

Definition: The lower quartile house value is taken as the average value of the cheapest 25% of all properties sold.

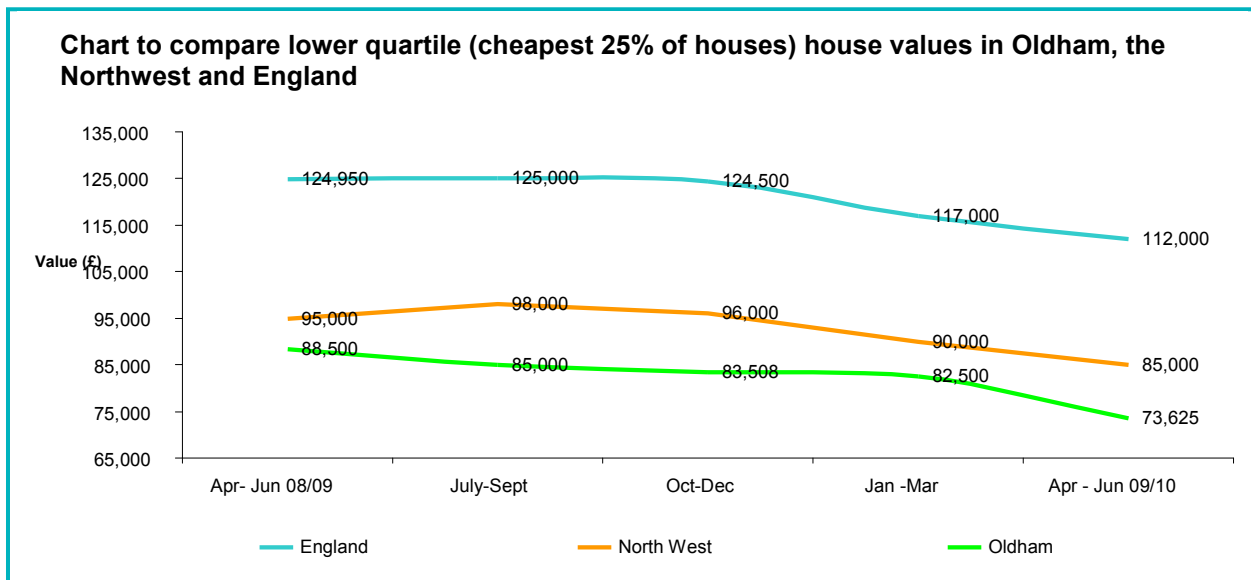


Figure 3: Lower quartile housing values: Source CLG

- The lower quartile market in Oldham mirrors that of the northwest and England as a whole. In June 2009, the lower quartile value of property in Oldham was £73,625, £11,000 lower than the lower quartile value across the northwest.
- Calculations show that in the twelve months between April-June 2008 and April-June 2009 the market in Oldham reduced at a greater rate (17%) than both the Northwest (11%) and England (10%).
- These prices falls indicate that Oldham should be a relatively affordable place to live.

3.5 Sales volume

	April-June 2008	July-Sept 2008	Oct-Dec 2008	Jan-March 2009	April-June 2009	Annual % change	Trend direction
Re-Sale	708	627	459	371	198	72.1	↓
New Build	48	16	9	16	2	95.9	↓

Table 2: Quarterly Sales volume Source: CDS/Land Registry data

- The volumes of both re-sale and new build markets reduced drastically in the last 12 months, and continue to drop from the previous quarter.
- In the new build market, there was a 95.9% decrease from June 09. Whilst this is a huge drop, this is not completely unexpected as developers all but stopped building as a result of the economic downturn and fewer new build properties are being actively marketed.

4 Affordability and lending

It is estimated that in the last twelve months (June 08 to June 09), levels of lending dropped by around 30% nationally. This is in spite of the lower interest rates, which were offered by lenders to tempt first time buyers into housing market.

The ability of a household/individual to enter the housing market is commonly based upon the level of lending that would be required to afford either an entry level (lower quartile) or an average priced property. This is calculated using property values and income levels.

4.1 Income across Greater Manchester

	Median			25 percentile		
	Full Time	Part Time	Household Income	Full Time	Part Time	Household Income
Bolton	21,166	7,858	29,024	15,172	7,586	22,758
Bury	24,000	6,818	30,818	16,936	4,589	21,525
Manchester	26,228	8,956	35,184	18,931	5,738	24,669
Oldham	19,960	9,980	29,940	14,386	7,193	21,579
Rochdale	20,390	10,195	30,585	15,004	7,502	22,506
Salford	22,965	8,128	31,093	16,857	8,429	25,286
Stockport	24,532	8,871	33,403	17,572	8,786	26,358
Tameside	21,528	10,764	32,292	16,445	8,223	24,668
Trafford	26,244	8,318	34,562	19,005	4,912	23,917
Wigan	22,837	8,419	31,256	16,407	5,561	21,968

Table 3: Median and lower quartile income by AGMA district: Source: annual survey of hours and earnings - workplace analysis ONS Crown Copyright Reserved [from Nomis on 10 July 2009]

- Oldham has the second lowest median household income in the region, with only Bolton fairing worse. The same applies with lower quartile incomes, with only Bury having lower incomes.
- Despite the relatively low and falling property prices in Oldham, the level of income in Oldham shows why affordability is still an issue for many people, particularly single buyers

4.2 Deposits

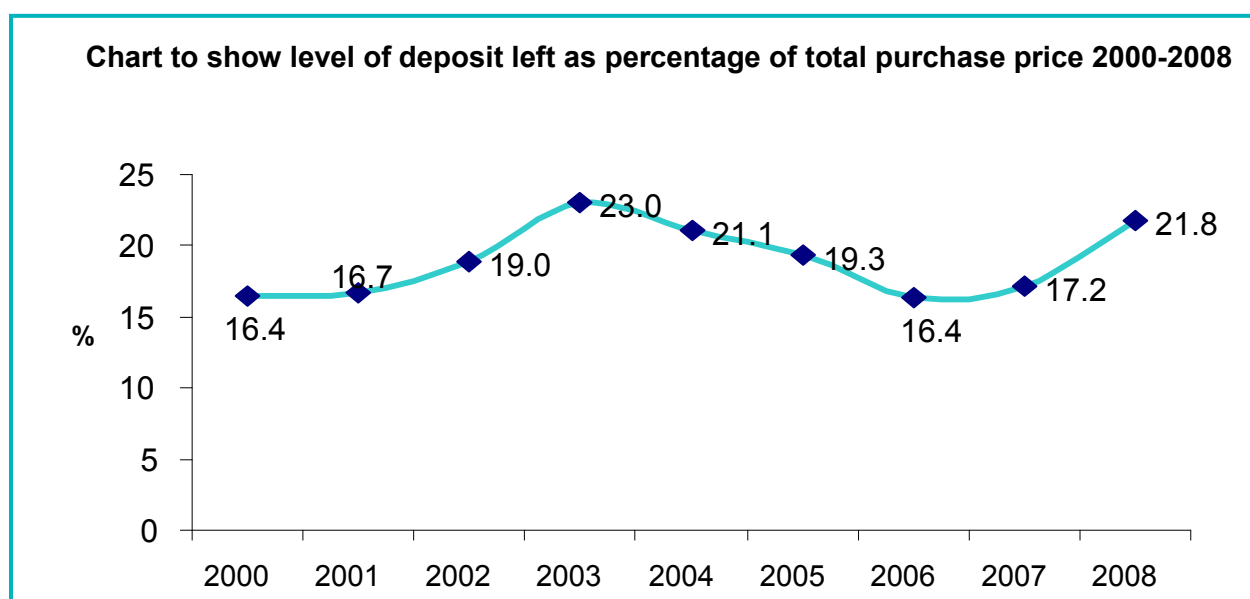


Figure 5: Deposit as a percent of purchase price, by type of buyer, United Kingdom, from 1988 (chart)
 Source: Regulated Mortgage Survey Table 540

- In the current economic climate, having a deposit is even more important when buying a house. With the relatively low wages in Oldham, saving for a deposit can be very difficult.
- A report published in March 2009 states that the Financial Services Authority recommends a minimum 15 percent deposit rather than the increasingly unavailable five or ten percent deposits associated with the housing boom (Source: The Money Stop: Independent Financial Comparison site March 2009)
- Figures released in April 2009 based on the regulated mortgage survey indicate that on average (nationally), first time buyers leave a deposit of 21.8% of the purchase price.

5 The local economy

The housing market is greatly affected by the local economy and vice-versa. Oldham's low income levels, as described in section 4, are compounded by declining local industry, increasing levels of unemployment and increasing numbers of benefit claimants in the borough.

5.1 Housing benefits

Housing Benefit is a national welfare benefit, which helps people on a low income pay their rent. Recent estimates suggest that in Oldham around 70% of local authority tenants are in receipt. The amount payable is a means tested benefit, which means that income, savings and investments are taken into account, as is the make up of the household.

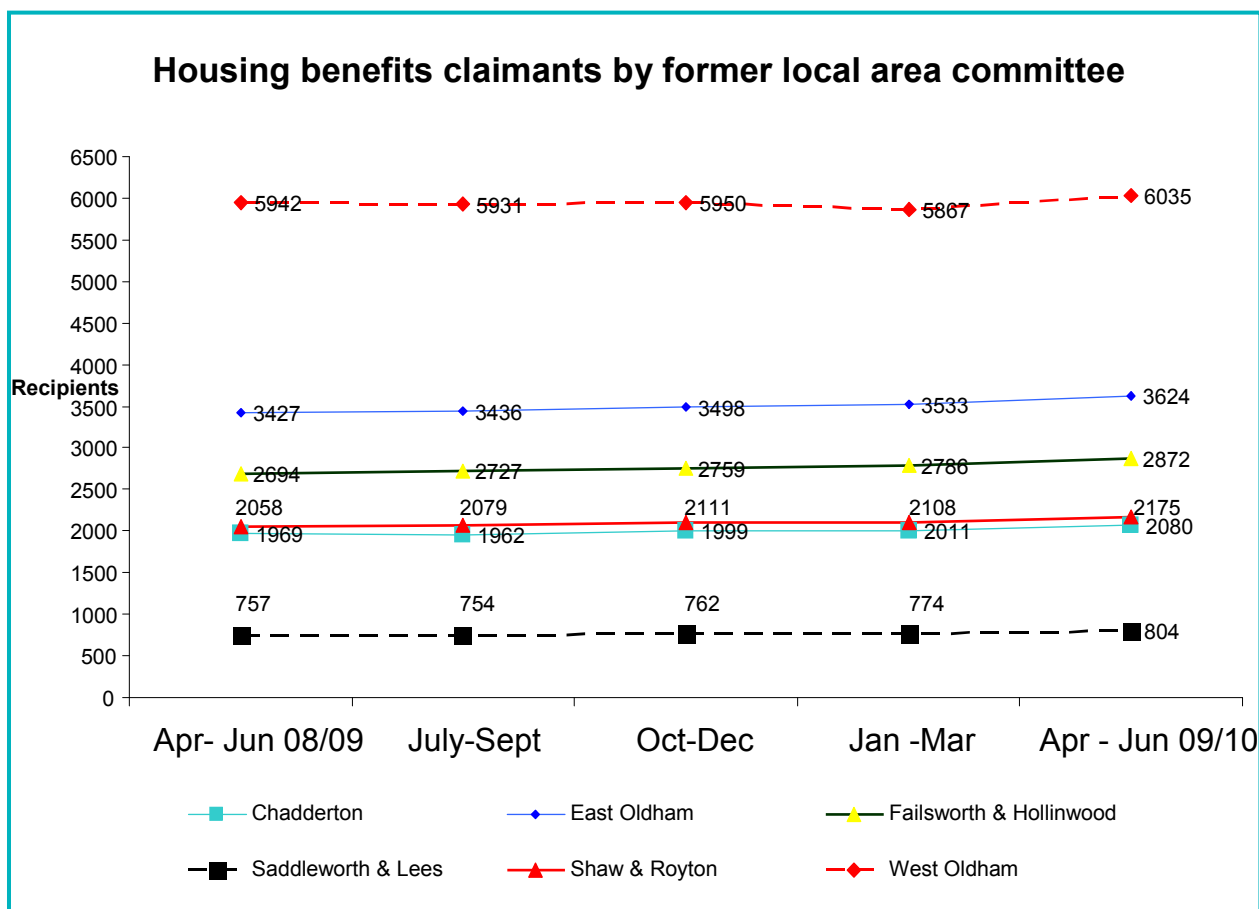
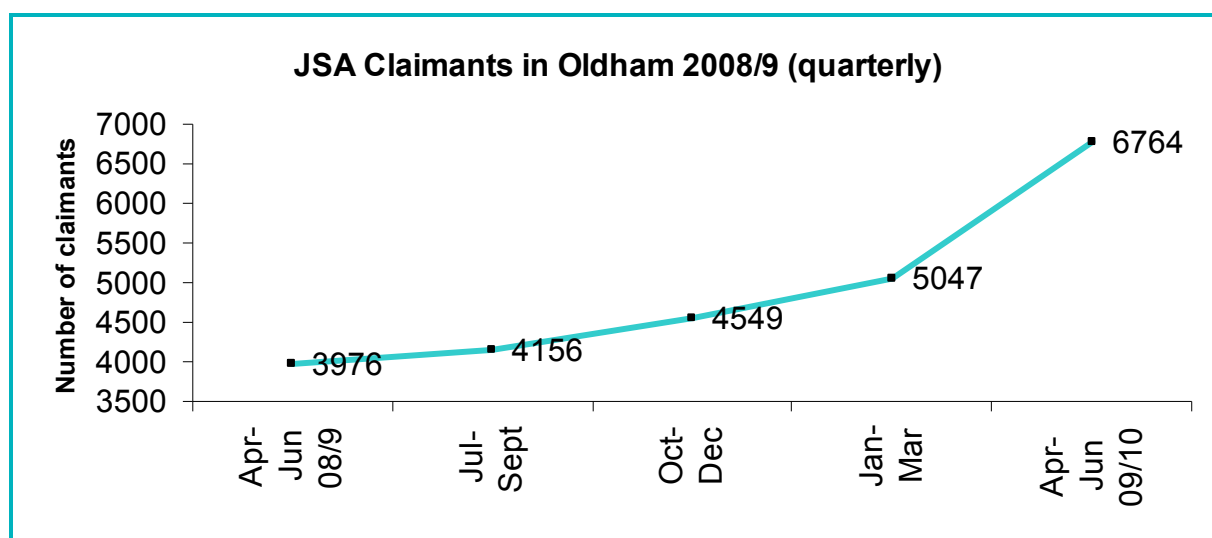


Figure 6: HB Claimants by former local committee area. April – June 2008-9 – April- June 2009-10

- The numbers of Housing Benefit claimants in Oldham increased by 4.5% from 16,974 in the first quarter of (Apr- Jun) 2008-9 to 17, 739 at the end of the first quarter 2009-10.
- The numbers of people claiming housing benefit increased in each of the six former local committee areas.
- Unsurprisingly, the greatest number of housing benefits claimants are in West Oldham with the lowest numbers in Saddleworth and Lees.
- Interestingly, the percentage change in West Oldham is the lowest of all six districts (1.6%) and Saddleworth and lees is the second highest (6.2%).

5.2 Job seekers allowance



- Pressure on jobs has followed the national trend, with the number of JSA claimants has increasing greatly since the first quarter 2008/9 to the same period of 2009/10 (70% increase).
- It is worrying to note that the increase has been most significant over the last quarter. This could signify that companies now have to make increased cuts due to the prolonged economic downturn.

5.3 Employment opportunities across Greater Manchester

	January 2009	February 2009	March 2009	April 2009	May 2009	Total
Tameside	357	680	565	489	464	2,555
Oldham	283	704	743	568	800	3,098
Bury	229	1,241	556	599	531	3,156
Rochdale	489	1,511	686	855	801	4,342
Bolton	590	1,266	1,341	785	1,270	5,252
Wigan	609	1,222	1,032	1,196	1,341	5,400
Salford	617	1,910	1,327	1,701	1,340	6,895
Trafford	521	1,782	1,492	1,271	1,982	7,048
Stockport	852	2,047	1,474	1,267	1,457	7,097
Manchester	1,561	5,170	3,963	3,372	3,974	18,040
Total	6,108	17,533	13,179	12,103	13,960	62,883

Table 3: Total Notified Vacancies: Source ONS Crown Copyright Reserved [from Nomis on 13 July 2009

- In the first five months of 2009 there were 62,883 job vacancies advertised by Job Centre plus across the Greater Manchester. Only 5% of these were advertised in Oldham (3,098).

- Only Tameside has had fewer vacancies than Oldham in that period. This could help to explain the significant increase we are experiencing in JSA claimants.

5.4 Types of job vacancies

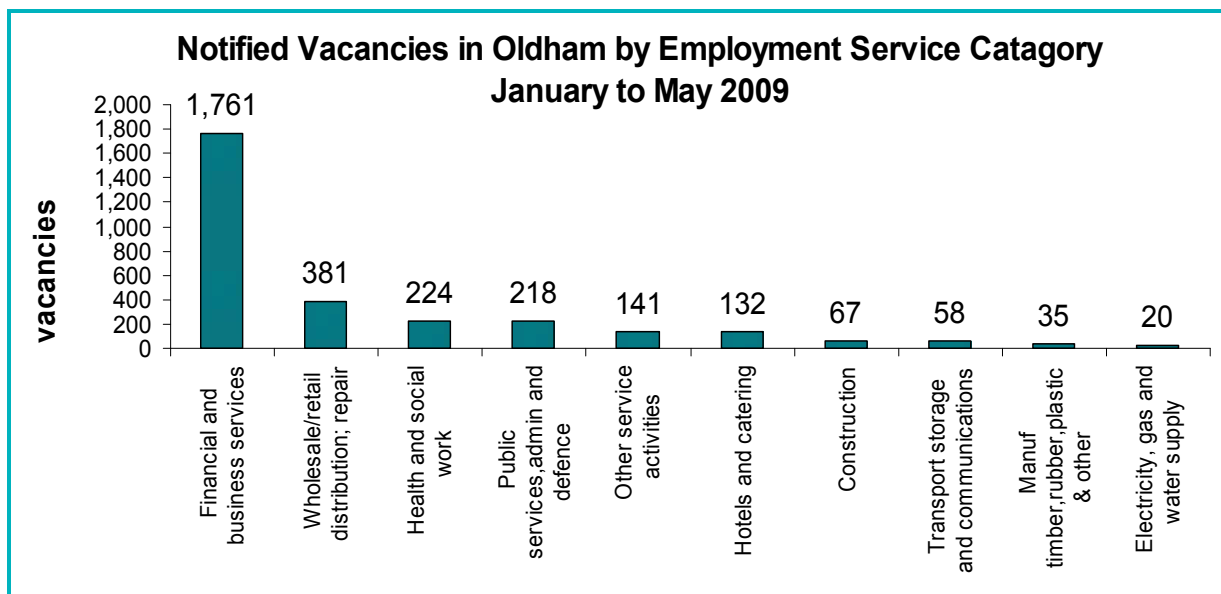


Table 4: Notified vacancies in Oldham by Employment Service: Source Nomis

- Most employment opportunities in Oldham arose in the financial and employment service sector, with over 4.5 times as many notified vacancies as the second most commonly advertised sector (Wholesale, retail, distribution and repair).
- This shift away from traditional manufacturing industries means that there are fewer low skilled jobs available for people in Oldham.