
**HOUSE PRICES IN TYNE & WEAR
AT JUNE 2004**

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By

Anthony Jozefek
Peter Sturman
Kadhem Jallab

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TYNE & WEAR RESEARCH AND INFORMATION

1st Floor Provincial House
Northumberland Street
Newcastle upon Tyne
NE1 7DQ
(0191) 277 1919

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KEY POINTS

Key Contextual Points

This report is TWRI's second report on house prices. It focuses mainly on changes between 2002-04. The first report covered changes from 1999-2002. In addition, TWRI has published an analytical report on 'House Prices and Earnings in Tyne & Wear' (2004).

The house price reports use only Land Registry (HMLR) data. These have been chosen because they are comprehensive (unlike data from lenders) and probably the most robust data-set. The downside is that the HMLR data are the last to pick up changes in the market; they record prices at the end of the transactions process and are then subject to revisions in the next quarter. (§1)

The first house price report covered the opening phase of the house price boom in Tyne & Wear. This can be seen as a 'wave' which progresses out from the South East over a period of years. Locally, it 'arrived' first at the top end of the market; for detached houses (up 41% in 3 years, whereas other types were up 29-35%) and in Newcastle.

This report effectively covers the second, 'widening' phase, of the boom. Overall, prices have still been rising rapidly (25% p.a.) but, the fastest rates have been amongst the cheaper housing types (terraces up 29% and flats up 34%) and in one of the cheaper Districts (South Tyneside, up 41%).

Some of the leading institutional views on the future of the national housing market are shown in Table KP1:

Table KP1: Leading House Price Analysts' Forecasts

Institution	Analyst*	Prediction	Time Period
Hometrack	John Wriglesworth	3% rise	For 2005
Hometrack (London)	John Wriglesworth	Stagnation	For 2005
propertyhotspots.net	Ajay Ahuja	Up to 10% Fall	By end 2007
Capital Economics	Ed Stansfield	20% Fall	By end of 2006
Capital Economics	Roger Bootle	20% Fall	By end of 2006
The Economist	Pam Woodall	20-25% Fall (More in London)	Next few years
Dye Asset Management	Tony Dye	30% Fall	Next 5 years
American Express	John Calverley	30% Fall	Not given
Invesco Perpetual	Neil Woodford	30-40% Fall	Within next 4 years
Durlacher	David Pannell	Up to 45% Fall	Next 2 years

* Further information on each of the analysts in this table are available in Appendix 2 of this report

Source: <http://www.housepricecrash.co.uk> Correct at 29th April, 2005

Data to June 2004, as well as initial observations from the leading house price indices to the end of 2004, tend to suggest that the 'bubble' hypothesis could well be true. Over 2004, there has been a marked fall in the volume of transactions, causing a general slowdown in the housing market and even price falls over the latter - half of 2004 in some regions. 2005 will provide further evidence as to whether these falls are a temporary phenomenon as the market stabilises, or whether further market falls (as the bubble hypothesis suggests) are likely.

Furthermore, recent trends show that the usual seasonal house price dips are no longer as strong as in the past. This could suggest that a bubble in house prices, above their fundamental value, is overshadowing the normal seasonality of the market.

Key Findings of the Analysis (up to 2004, using second quarter)

[Price rises are annual, for the year to the above quarter, unless otherwise stated]

1. The **main driver** of house price rises in Tyne & Wear (since 2002) has almost certainly been a response to the earlier accelerations in the South East and London, which were triggered by low interest rates.
2. In Tyne & Wear, **the top end** (detached) house price rises led the market in the early boom (1999-2002), but have now slowed, whilst other property types showed strong price growth. Added demand pressure means potential buyers are priced out of the detached market and change their preference to other property types. Further demand pressure may have been from in-migration; people from other (higher-priced) parts of the country with relatively more housing wealth.
3. Among the **Districts**, Newcastle has the highest average house prices (£147,700). This is over £39,100 higher than the cheapest District, Sunderland (£108,600) (Table 2.9). The major determinant of this variation is 'job density'¹.
4. The **average house price** was £121,200 in Tyne & Wear. This is 69% of the England & Wales average. The average price gap is £54,600.
5. Price rises were **much faster in Tyne & Wear (by over 8 percentage points) than nationally** (26%; E&W 18%).
6. Tyne & Wear prices have **remained above the North** (by £4,400), but have grown slightly more slowly than the north (North up 27%).
7. As a **multiple of earnings (about 6.7 on average)**, house prices are exceptionally high. This is a commonly used indicator to estimate 'affordability' of housing, as well as a good indication of how large any potential 'bubble' may be. (§3, Table 3.1).
8. **Detached** house price inflation (13%) has been the **slowest** of all house types; half or less of the rates for the other three house types.
9. **Terraced house prices** (averaging £105,500) have risen sharply relative to England & Wales, from 61% at Q2 2002 to 78% by Q2 2004.
10. The **lowest house prices are still for flats**. They average £97,800. This is just 58% of the national average (£167,700). This is despite their growth rate being the strongest (up 34% over the year 2004).
11. Prices rose **explosively in the second quarter of 2004, by 14% overall** (Table 2.8):
 - a. Sunderland rose 21% *overall* in just three months.
 - b. Gateshead flats (up 46%) and South Tyneside's flats (up 38%).
12. Other data from lenders for late 2004 suggest that prices are likely to slow in Tyne & Wear over 2005, whilst, in London, they have already begun to fall slightly.

¹ Job density is the ratio of jobs at workplaces (in a District) to the Population of Working Age (ONS definition). It is a proxy for net in-commuting.

1 INTRODUCTION

This is the second report by Tyne & Wear Research and Information (TWRI) on house prices. This report analyses house prices from 1999 to 2004 in Tyne & Wear, focussing predominantly on the period from Q2 2002 to Q2 2004. All data are from HM Land Registry (HMLR). Prices are analysed down to district-level and by the four housing types: detached, semi-detached, terraced and flats/maisonettes. Comparisons are also made with England & Wales (E&W) and the North. HMLR regional data are for the North, which means the North East region plus Cumbria.

TWRI has used Land Registry (HMLR) because they are the most comprehensive source of house price data. These cover all completed property transactions in England & Wales.

Caution on averages

The HMLR data are all averages. House prices vary enormously, often over quite short distances. On average, prices in Tyne & Wear are now slightly higher than for the North. Within Tyne & Wear, there are neighbourhoods where prices are depressed. Conversely, there are areas where prices are buoyant. For example, very high prices (around £1/4m) have been quoted for apartments near the Quayside of both Newcastle and Gateshead.

Data below wards

More local data are available from HMLR. However there is a trade-off between timeliness and local detail. On average, each quarter, only about 40 houses are sold in each Tyne & Wear ward. This report, therefore, does not include analysis below district-level².

The Economics of House Prices

The housing market in England & Wales, including in Tyne & Wear, is very much demand-driven. The supply of *new* houses is only a small part of the market (approx. 10%) and is relatively insensitive to price changes ('price-inelastic'). Therefore, it is the demand for property that has the greatest affect on house prices, as demand is relatively price-elastic. The price of property, and thus its desirability to potential buyers, is a major factor in demand. However, there is an element of housing demand associated with the expectation of *future* house prices as home-ownership is increasingly viewed in an investment context.

In the previous 2002 report, TWRI asserted that the recent house price boom was being driven by low interest rates. Since then, the Bank of England Monetary Policy Committee (MPC) (responsible for setting Base rates) reduced rates from 4% to 3.5% by Q3 2003 before steadily increasing rates to 4.5% by Q2 2004 [since raised to 4.75% – Ed.]. (See TWRI's Economic Reviews for details, quarterly).

Parallels: The price boom in 2002 is reminiscent of 1989 when prices rose by over 30%. That price boom, however, was associated with very different economic conditions. Unemployment was similarly low but inflation (rises of the general price level) killed that boom: inflation rose from 4% in 1988 to a peak of over 10% in 1990. Interest rates were raised to 15% (in 1989-90). In the early 1990s, house price inflation failed to match retail price inflation for a number of years. Indeed, house prices fell by a nominal 8% but by 25% in real terms. (Source: The Economist newspaper).

Thus, if prices were to fall back by even 10% in real terms at some point in this decade, they would almost certainly fall in nominal terms.

² The Northern Housing Consortium commissioned the report "North East England: Changing Housing Markets and Urban Regeneration", (June 2002). That report, by Birmingham University's Centre for Urban and Regional Studies (CURS), is sometimes known as the 'CURS report'. It gives analysis below district-level by taking Land Registry data for 1995-2000 down to postcode sector and assigning it to EDs (Census 1991 Enumeration Districts). For details contact: Philip Leather on P.Leach@bham.ac.uk.

The Processes Driving House Price Inflation

House price inflation in Tyne & Wear appears to be driven from the top end. It was prices of detached houses that rose fastest first (up 41% between 1999 & 2002). They have slowed in the last 2 years whilst other house types have accelerated and closed the gap. Over the year from Q2 2003, prices of detached houses in Tyne & Wear grew by just 12.7%, whilst the other house types grew by 25.1-33.9%.

Similarly, the Tyne & Wear market as a whole has a delayed response to movements in the national market of around 2 years. (§4)

The Outlook for House Prices

The underlying fundamentals of the housing market are complex and there are many advocates of a 'self-fulfilling prophecy' of significant house price falls as first-time buyers (FTBs) are priced out of the market. A fall in the volume of transactions (demand-side) and a downward revision of homeowners' expectations of the prices they are able to command (supply-side) would cause house prices to slow or fall dramatically.

Tyne & Wear prices have been catching up since 2002. In TWRI's previous report, we asserted the likelihood that prices in Tyne & Wear may rise slightly more quickly than in England & Wales for a period (perhaps in late 2002 and 2003), partly catching up. The latest data in this report corroborates that theory.

Transactions are well down. Latest data from HM Land Registry show the volume of transactions in Q4 2004 in Tyne & Wear was down 31% (2,121 to 4,676) from the previous quarter and down 900 (16%) on a year earlier.

Previous suggestions from Prof. Alan Budd (formerly MPC) that the 3 negative features of:

- i. Falling house prices
- ii. Rising interest rates
- iii. Rising unemployment

were unlikely to combine, have in general been borne out. Over 2004, despite rising interest rates (to 4.75%) and slight falls in house prices late in 2004, employment remained strong and unemployment (ILO and Claimant) have continued to fall. However, in the period Sept-Nov 2004 there was a slight rise in unemployment, although the claimant count continued to fall. [Note: Tentative evidence published in TWRI's Spring Economic Review (May 2005), showed a rise in claimant unemployment and could possibly signify a new 'phase' in the labour market – Ed.]

House prices may stabilise (the 'structural change' view) or may fall (the 'bubble' view'³).

³ The IMF, OECD, Capital Economics, Cambridge Econometrics and the Economist Newspaper are amongst the proponents of a fall in house prices.

Why House Prices are Important for Policy

House prices are an important factor in setting monetary policy (by the MPC). House prices are of policy interest for a number of other, more local, economic and social reasons:

1. **Small firm business survivals.** Housing wealth is a known driver of business numbers. It is the usual collateral for small business loans. The recent boom in house prices is likely to underpin a rise in business numbers for the next year or so, at least. Rising housing wealth allows existing businesses to borrow more money to set up, grow and survive.
2. **Demographic effects.** Household formation may have been inhibited and the birth of children delayed by high prices. House prices have risen sharply as a ratio to earnings. House price inflation has made owner-occupation expensive for first-time buyers. In earlier years in Tyne & Wear and the North, many houses were still available at low prices of say £40,000. However, this is no longer the case. House price inflation in the North has generally been the highest in the country over the last year.
3. **Migration.** House price differentials have narrowed over the last year, reducing the North-South divide. Tyne & Wear average house prices are 31% lower than the national average. This is a gap of £54,600, a fall in both absolute and relative terms since Q2 2002. The smaller price gap makes the out-migration of people from Tyne & Wear (to higher priced regions) less difficult and thus more likely. The gap may also encourage increased in-migration because people may be more willing to commit to the area if they can expect better returns on their investment.
4. **'Affordable housing'**. This is a planning concept. House prices in the market set a benchmark for affordable housing. More households now need affordable housing than in 1999 because prices have risen so much faster than earnings.
5. **Risks of over-borrowing.** In the post-1997 context of low inflation anchored by Bank of England independence, interest rates have risen from 3.5% in 2003 to 4.75% (since summer 2004). The low cost of mortgages has encouraged heavier borrowing. One effect of low inflation, however, is to reduce the real burden of a mortgage in the early years but to raise it in later years. The capital sum has to be repaid in more valuable money than in inflationary times. Debts do not "melt away" in an era of low inflation. Many borrowers may have missed this point.
6. **Reduced turnover, a less liquid housing market, may raise demand for transport.** The inability to move house can cause higher commuting and thus add slightly to traffic volumes and congestion. People may choose, instead, to travel further to work rather than incur the high cost of moving. More households are extending their homes rather than moving.
7. **Social inequality.** Inflation always creates arbitrary winners and losers. Households which do not own their home are missing out on a major source of wealth. They not only face higher prices to get on the housing ladder, but also have not made capital gains on their property. They have fewer financial options than those who own. This attitude of 'must own' is considered in the following section on the importance of the rental sector on the efficiency of labour markets and the wider economy.

The Growing Importance of the Rental Market⁴

Economic theory suggests that the extent of home ownership has a direct influence upon the performance of the labour market and wider economy.

High home ownership reduces labour market flexibility. Theory asserts that renting is beneficial for the flexibility of an economy. There is a historical precedent linking high rates of home-ownership with **high unemployment**. The reasoning is that home-ownership creates labour market immobility, whereas renters are more mobile.

- The immobility caused by the relative expense of selling a home and moving **exacerbates** the effects of any economic **downturn** in a home-owner's region.
- High levels of home-ownership block young workers' abilities to enter an area to find a job. The virtual non-existence of Spain's rental sector and 80% owner-occupation rate is associated with high levels of young joblessness. In the UK, the assertion is not that unemployed people are home-owners, it is that unemployed people **cannot move to the appropriate areas**.
- Workers do jobs for which they are not ideally suited as a way of circumventing their immobility. The resultant inefficiency raises the costs of production and lowers real incomes through **lower productivity**. Thus, prices of goods are higher and real wages lower than in more highly mobile rental-dominated labour markets.

High home ownership hurts the wider economy by distorting investment patterns. The main argument is that British society has become fixated in the post-war era with owner-occupation, to the detriment of the economy. Houses have become an investment asset (with significant tax breaks on profits compared to business investment) and that renting is an inferior and/or temporary option. The effect is that this pushes investment away from the real, productive activities in the economy. This speculation in itself can generate house price swings.

Buy-to-let investors have probably reduced the supply of housing to buy for owner-occupiers. Conversely, they will have raised the supply of private rental housing. This makes the UK housing market share one or two of the key features of Germany and Switzerland (both long-standing low-inflation countries)⁵

- A high house price level.
- Some tendency to rent privately (although very much lower than in Germany and Switzerland).

⁴ Evidence from 'The Case for a Healthier Rental Sector in the UK' (November 2004), Prof. Andrew Oswald, University of Warwick

⁵ This analogy with Germany and Switzerland from the Economist Newspaper

2 AVERAGE HOUSE PRICES IN TYNE & WEAR, QUARTER TO JUNE 2004

This section reviews average house prices in Tyne & Wear in the second quarter 2004, with comparisons to the North and to England & Wales. In Section 2.2 District house prices are examined.

2.1 House Prices in Tyne & Wear in the first quarter of 2004:

7,166 houses were sold in Tyne & Wear at an average price of £121,200. The aggregate value was about £868.7 million. The average overall price in Tyne & Wear was £4,500 higher than in the North. It was a massive £54,500 lower than in England & Wales.

Compared to a year earlier, the average house price in Tyne & Wear is up 26% (Table 2.1). This was below the rise in the North (+27%) by 1pp and was above the rise in England & Wales (+18%).

Detached Houses

- This has been the least buoyant part of the market: Over the year (from the second quarter of 2003), prices of detached houses in Tyne & Wear rose the slowest (+13%) of the four house types. Other housing types rose by over a quarter.
- The average price of detached houses rose by 10% from the previous quarter to £217,700. In South Tyneside, detached prices rose by 24% (to £239,700), the strongest growth in Tyne & Wear. The weakest growth in detached house prices in Tyne & Wear was in Gateshead (+6%), whilst in Newcastle prices rose by 9%.
- The market for detached houses seems to be segmented: Growth in the areas of Newcastle and Gateshead are much slower than two years ago, whilst growth in North Tyneside and Sunderland is reasonably strong. The South Tyneside market is accelerating, possibly exhibiting a delayed 'catch-up' effect as buyers are priced-out of other markets.
- Tyne & Wear detached prices are £14,200 higher than in the North. They are still, however, £44,500 lower than in England & Wales.

Semi-detached Houses

- The average price of a semi rose by 6% from the previous quarter, the weakest of all the four housing types. Over the last year, semi-detached prices have risen 25%, well above the 19% in England & Wales, slightly below the 30% in the North.
- 1,865 semi-detached houses were sold in Tyne & Wear, at an average price of £125,700.
- The average price in Tyne & Wear was £8,900 higher than in the North but £33,400 lower than in England & Wales.

Terraced Houses

- The average price of a terraced house rose by 16% from the previous quarter, the second strongest of the four house types.
- 2,616 terraced houses were sold in Tyne & Wear at an average price of £105,500.
- The average price in Tyne & Wear was £22,900 higher than in the North but £30,200 lower than in England & Wales.
- Over the year, terraced houses rose 29% in Tyne & Wear. This was 4 percentage points below the North (+33%), but 8 percentage points ahead of England & Wales (+21%).

Flats/Maisonettes

- The average price rose by 18% from the previous quarter, the greatest rise of the four house types.
- 1,888 flats or maisonettes were sold in Tyne & Wear at an average price of £97,800.
- The average price in Tyne & Wear was 34% higher than a year earlier and was £2,000 higher than in the North. Prices of flats were more than 40% below the price in England & Wales (being £69,900 lower).

Table 2.1: Average House Prices in Tyne & Wear and Recent Percentage Changes

	Average Price (£) Apr-Jun 2004	Percentage Change Compared to:		
		Jan-Mar 2004	Apr-Jun 2003	Apr-Jun 1999
Detached	217,700	9.6	12.7	108.4
Semi-Detached	125,700	6.2	25.1	114.2
Terraced	105,500	15.8	28.5	119.6
Flat/Maisonette	97,800	17.9	33.9	119.6
Overall	121,200	14.1	25.7	108.9

Source: HM Land Registry

Table 2.2: Average House Prices in the North and Recent Percentage Changes

	Average Price (£) Apr-Jun 2004	Percentage Change Compared to:		
		Jan-Mar 2004	Apr-Jun 2003	Apr-Jun 1999
Detached	203,500	7.1	20.6	103.4
Semi-Detached	116,900	10.7	29.7	111.6
Terraced	82,600	16.4	33.2	98.1
Flat/Maisonette	95,800	14.8	28.0	108.6
Overall	116,800	13.6	27.1	93.8

Source: HM Land Registry

Table 2.3: Average House Prices in England & Wales and Recent Percentage Changes

	Average Price (£) Apr-Jun 2004	Percentage Change Compared to:		
		Jan-Mar 2004	Apr-Jun 2003	Apr-Jun 1999
Detached	262,100	2.3	13.2	94.8
Semi-Detached	159,100	5.7	18.6	104.5
Terraced	135,700	6.5	21.3	96.3
Flat/Maisonette	167,700	4.0	15.8	93.5
Overall	175,800	5.4	17.6	95.2

Source: HM Land Registry

Table 2.4: Average House Prices in Gateshead and Recent Percentage Changes

	Average Price (£) Apr-Jun 2004	Percentage Change Compared to:		
		Jan-Mar 2004	Apr-Jun 2003	Apr-Jun 1999
Detached	198,500	5.8	13.6	104.4
Semi-Detached	117,600	7.6	21.8	110.1
Terraced	101,000	16.3	35.8	143.1
Flat/Maisonette	91,200	45.6	47.7	204.2
Overall	111,200	16.3	24.6	114.1

Source: HM Land Registry

Table 2.5: Average House Prices in Newcastle and Recent Percentage Changes

	Average Price (£) Apr-Jun 2004	Percentage Change Compared to:		
		Jan-Mar 2004	Apr-Jun 2003	Apr-Jun 1999
Detached	274,700	8.7	3.6	102.0
Semi-Detached	155,500	7.2	34.2	136.9
Terraced	142,600	19.4	28.8	120.0
Flat/Maisonette	118,700	10.1	23.5	112.6
Overall	147,700	12.5	25.3	118.1

Source: HM Land Registry

Table 2.6: Average House Prices in North Tyneside and Recent Percentage Changes

	Average Price (£) Apr-Jun 2004	Percentage Change Compared to:		
		Jan-Mar 2004	Apr-Jun 2003	Apr-Jun 1999
Detached	208,000	10.2	18.5	100.1
Semi-Detached	129,200	4.9	18.8	111.5
Terraced	118,600	11.1	24.3	130.7
Flat/Maisonette	88,500	13.2	32.2	106.9
Overall	123,100	10.3	27.3	106.2

Source: HM Land Registry

Table 2.7: Average House Prices in South Tyneside and Recent Percentage Changes

	Average Price (£) Apr-Jun 2004	Percentage Change Compared to:		
		Jan-Mar 2004	Apr-Jun 2003	Apr-Jun 1999
Detached	239,700	23.9	36.9	118.5
Semi-Detached	119,500	7.0	27.5	100.2
Terraced	91,500	9.9	34.4	128.1
Flat/Maisonette	89,700	38.2	78.0	167.2
Overall	110,900	17.6	40.6	101.3

Source: HM Land Registry

Table 2.8: Average House Prices in Sunderland and Recent Percentage Changes

	Average Price (£) Apr-Jun 2004	Percentage Change Compared to:		
		Jan-Mar 2004	Apr-Jun 2003	Apr-Jun 1999
Detached	201,000	10.8	7.9	115.9
Semi-Detached	110,700	12.6	28.7	110.7
Terraced	76,800	12.7	27.7	98.9
Flat/Maisonette	85,800	14.3	23.0	121.3
Overall	108,600	20.8*	22.5	107.0

Source: HM Land Registry

* This figure is correct. The large percentage increase overall is the result of a significant change in the mix of properties. More than twice as many detached, more expensive, properties were sold in Sunderland in Q2 2004 (303) than in the previous quarter (133). This anomaly highlights the problems of using non-mix-adjusted data for calculations.

2.2 District House Prices:

District Summary (of average prices)

The first report of this series stressed the positive correlation between house prices and ‘job density’⁶ in Tyne & Wear districts. However, the 2002-2004 data would tend to suggest that district house prices are exhibiting ‘catch-up’ in areas of traditionally ‘low’ demand (e.g. South Tyneside). Accelerating prices in these areas is more than likely due to buyers being priced-out of traditionally ‘high’ demand areas (e.g. Newcastle). The correlation between house prices and job density need no longer be as strong in a labour market where workers are more willing to commute to find affordable housing.

- District price structure is summarised in Table 2.9, below. Newcastle’s prices were highest for all housing types. North Tyneside was second for all types except Detached houses and flats/maisonettes, where South Tyneside and Gateshead were second respectively.
- The lowest prices for Semi-detached, terraced houses and flats/maisonettes were in Sunderland.
- The lowest price for Detached houses was in Gateshead.
- Sunderland had the lowest overall prices, having the lowest prices for three out of four housing types (all except Detached).
- South Tyneside had the 2nd lowest overall average price despite having the second highest Detached price and third highest semi-detached price. This will be due its mix of housing types, with high proportions of terraced houses.

Table 2.9: Average House Prices in Tyne & Wear by District, Quarter to June 2004

	Detached	Semi- Detached	Terraced	Flat/ Maisonette	Overall
Gateshead	198,507	117,553	101,000	91,242	111,159
Newcastle	274,706	155,477	142,559	118,743	147,695
North Tyneside	207,969	129,179	118,576	88,511	123,051
South Tyneside	239,683	119,546	91,505	89,677	110,942
Sunderland	200,960	110,670	76,770	85,776	108,591
Tyne & Wear	217,678	125,707	105,535	97,829	121,227
England and Wales	262,137	159,081	135,741	167,708	175,774

Source: HM Land Registry

⁶ Job density is the ratio of jobs in an area to its population of working age (PWA) [ONS definition]

Gateshead:

- Gateshead's average house prices were cheaper than county averages for all house types.
- Gateshead had the lowest average house prices for detached houses.
- Compared to the previous quarter, Gateshead's fastest rise was for flats/maisonettes, by +46% (+£28,600). However, this is probably due to a large flow of 'luxury quayside apartment' sales during this period.
- Over the year, the average price of terraced houses rose 36%, whilst flats/maisonettes rose dramatically, +48% over the period (see above).
- Growth in detached and semi-detached prices was more subdued, but still strong, over the year at +14% and +22% respectively.

Newcastle:

- Prices of detached houses rose slightly from the previous quarter (+9%). Over the year from Apr-Jun 2003, detached properties have risen just +4%.
- The largest gains, in relative terms, were in terraced houses, rising +19% on the previous quarter. Over the last year, semi-detached houses showed the largest growth (+34%).
- Over the year, prices of flats/maisonettes rose by £22,600 (+24%).

North Tyneside:

- The fastest rise from the previous quarter was for flats/maisonettes at +13% (+£10,300).
- There was slow growth in semi-detached property prices (+5%).
- Over the year, detached houses rose 19% (+£19,300). The greatest rise over the year was in flats/maisonettes (+32%), with terraced house prices growing +24% over the same period.

South Tyneside:

- Average house prices were below the county averages for all house types, except for detached houses.
- Compared to the previous quarter, flats/maisonettes showed the strongest growth (+38%). These were up +78% on a year earlier.
- Detached houses rose +24% (+£46,300) over the quarter. Over the year, the average price of detached properties was up £64,600 (+37%).
- The slowest rise was for semis (+£7,900, +7%) over the quarter and up (+£25,800, +28%) over the year.

Sunderland:

- Sunderland had the lowest average prices for semi-detached, terraced and flats/maisonettes, as well as the lowest overall average prices.
- Compared to the previous quarter, flats/maisonettes rose +14% (+£10,800), the strongest growth of the four house types. Over the year, Sunderland flats/maisonettes rose +23% (+£16,000).
- The average price of semi-detached houses was up +13% over the quarter and up +29% over the previous year.
- Compared to the second quarter of 2003, the average price of detached houses was £14,600 higher, a rise of +8% and the slowest rise of the four house types.
- The average price of terraced houses rose by +13% (+£8,600) over the quarter and +28% over the previous year.

3 HOUSE PRICES COMPARED TO EARNINGS

House prices were on average 6.7 times annual earnings in Tyne & Wear (Table 3.1, below). The table uses average earnings data for April 2004.⁷

Changes in house price to earnings ratios (HPERs) are widely viewed as a more suitable measure of changing ‘affordability’ than house price changes alone. HPERs allow us to analyse the relative changes in house prices compared to average earning power.

[For a more comprehensive coverage of house price to earnings ratios, see TWRI’s *House Prices and Earnings in Tyne & Wear 2004* report.]

Earnings data in Table 3.1 uses *resident-based* data from ASHE, not workplace-based data. The lower levels of earnings of residents in Tyne & Wear and the Districts (except South Tyneside) will increase HPERs compared to workplace-based calculations, but are a more accurate representation of the true ‘affordability’ of housing for residents in Tyne & Wear and the Districts.

Table 3.1: Ratio of Average House Price (Apr-Jun 2004) to Annual Average Gross Earnings* (2004)

	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland	Tyne & Wear
Detached	10.7	14.7	11.1	13.9	11.5	12.0
Semi-Detached	6.3	8.3	6.9	6.9	6.3	6.9
Terraced	5.4	7.6	6.4	5.3	4.4	5.8
Flat/Maisonette	4.9	6.3	4.7	5.2	4.9	5.4
Overall	6.0	7.9	6.6	6.4	6.2	6.7

* Earnings data is resident-based. This will produce higher HPERs than workplace-based data, on average, as earnings are lower for residents in Tyne & Wear and in Districts, except South Tyneside.

Source: HM Land Registry, *Annual Survey of Hours & Earnings (ASHE) 2004* [ONS Crown Copyright], TWRI

Caution: ONS estimates of earnings for local authority districts are generally less statistically robust. Under the new ASHE methodology, the coefficient of variation for Tyne & Wear, Newcastle & Sunderland is less than or equal to 5% of the mean estimate. Data for Gateshead, North Tyneside and South Tyneside is less reliable at between 5% and 10% variation. This means that earnings data are more reliable for Tyne & Wear, Newcastle and Sunderland, than for the other districts. A variation of $\pm 5\%$ in earnings will alter the HPERs inversely by $-4.8\%/+5.3\%$ respectively.

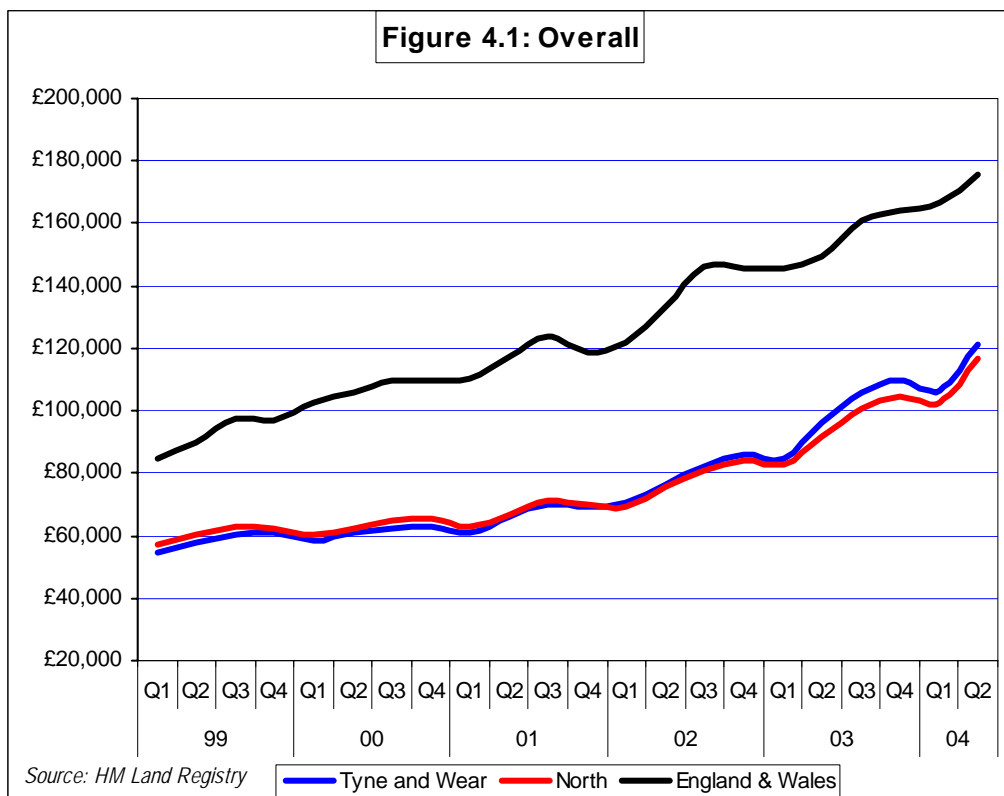
⁷ Annual Survey of Hours & Earnings 2004, Office for National Statistics, reported in Tyne & Wear Research and Information’s report ‘Earnings in Tyne & Wear 2004’ (published in May 2005).

4 TRENDS SINCE 1999 IN TYNE & WEAR COMPARED TO ENGLAND & WALES AND THE NORTH

Overall Price Trends since 1999

Four trends are clear since 1999 (Figure 4.1).

1. Since 1999, Tyne & Wear house prices have **remained well below England & Wales**. Tyne & Wear house prices have been at a similar level to the North, rising above the North average since Q1 2002 (+4% in Q2 2004).
2. House prices have **risen relative to England & Wales**. Once consistently over 60% of the England & Wales price during 1999, they fell to 56% in the third quarter of 2002. By the second quarter of 2004, they had recovered to 69%, their highest relative level over the period. The difference in average overall prices has varied widely from about £40,000 at the start of 1999 to almost £60,000 in the second quarter of 2002. In the second quarter of 2003, the gap narrowed to £53,000, rising slightly by the second quarter 2004 to £54,500.
3. Conversely, **compared with the North, prices have risen slightly**. This trend has now been established for four years and would seem to indicate an underlying change in the Tyne & Wear market. In 1999 and 2000 prices were below the North average, in 2001 they were much the same. Prices exceeded the North average in the first quarter of 2002 and have remained above the North up to the second quarter 2004, widening the gap further (+£4,500).
4. **Seasonality** of house prices is generally **less marked** than in England & Wales over the whole period. Tyne & Wear prices also seem to experience a seasonal price dip in the first quarter of the year, rather than in the fourth quarter as is generally the case in England & Wales.



The continued rise in Tyne & Wear relative to the North may reflect a number of factors making demand in Tyne & Wear stronger than in the region. Six possible reasons are given below:

- a) **Strong employment growth in Tyne & Wear.** There is some unofficial, and statistically biased, evidence of reported net job gains (gains minus losses) in Tyne & Wear (logged from the press). TWRI's *Job Change Database* for the four quarters to Q2 2004 shows that net job gains have risen from 29 to 1,874 (up almost 65 times more) from the four quarters to Q2 2002. This 'stronger' employment growth does help corroborate strong growth in Tyne & Wear house prices. The official data on employment change are of poor quality.
- b) **Increased traffic congestion and longer journey times.** The number of cars registered in Tyne & Wear has risen by 12% over the four years 1997-2001. (Source: Department for Transport, using DVLA data). Some people may be trying to "buy a way out of congestion" by buying housing in Tyne & Wear. This would manifest itself in higher demand for houses in Tyne & Wear relative to the region.
- c) **Public policy.** Land use plans may have stimulated demand in Tyne & Wear relative to the North/North East region. Over the period 2001/02 to 2003/04, the gross addition to the stock of housing in Tyne & Wear as a percentage of the gross North East additions has risen from 29% to 44%. Net additions have risen from 22% in 2002/03 to 41% in 2003/04. (Source: RPG Annual Monitoring Report 2003/04)
- d) **A change in tastes towards some forms of urban living.** This might be called, very roughly, the "Quayside Effect". Recent increases over the last year in the prices of flats/maisonettes in Gateshead (+48%), North Tyneside (+32%) and South Tyneside (+78%) suggest this effect is spreading. Newcastle's (+24%) and Sunderland's (+23%) more modest gains over the same period is probably due to earlier price acceleration for flats/maisonettes as their quayside apartments were generally built much earlier than the rest.
- e) **Greater speculation.** Buy-to-let and 'investment' demand for housing may well have had a greater impact in Tyne & Wear than in the rest of the region, at least up to 2004.
- f) **A stronger (earlier) causal link with the rest of the national housing market.** Research into migration patterns at ward-level show very high rates (over 30% p.a.) in 'student' wards. This may provide an important transmission mechanism (via parental purchase) of high prices from the rest of the country. This is part of the 'Buy-to-let' phenomenon in urban areas. It creates increased demand for property as an investment asset in urban areas.

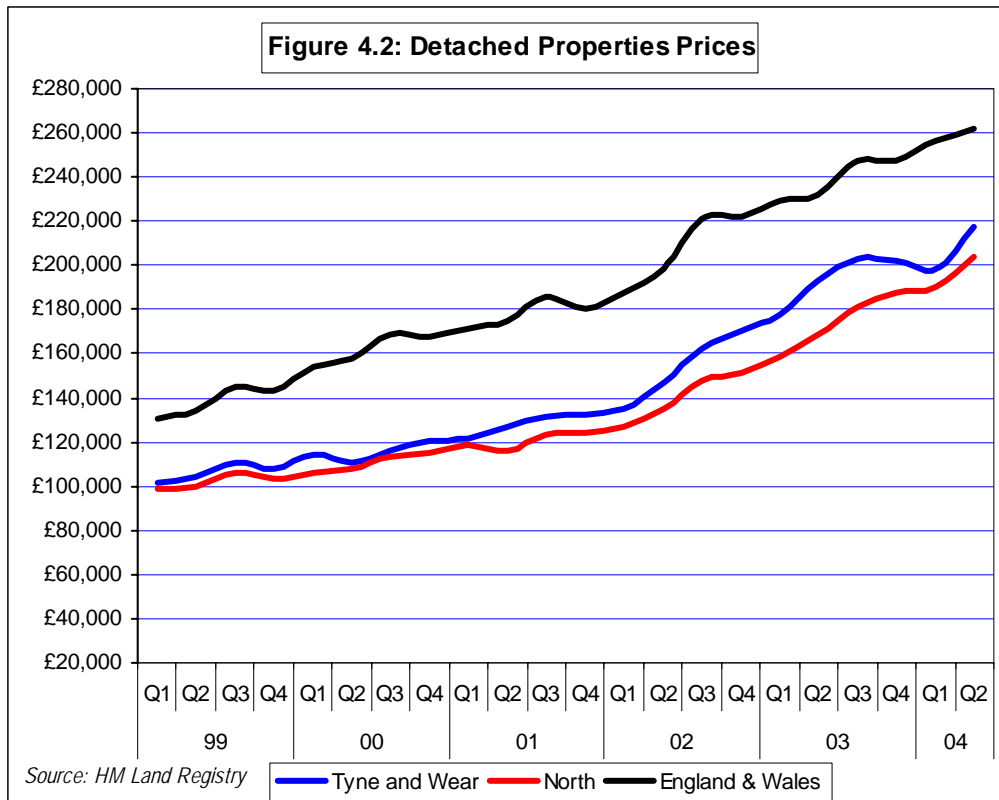
Detached House Prices since the start of 1999

In Tyne & Wear, since the beginning of 1999, prices of detached houses have risen from about £101,700 to an average of nearly £217,700 by the second quarter of 2004 (Figure 4.2).

Compared with England & Wales, Tyne & Wear prices of detached houses have, however, been the closest to the national average. They started, in the first quarter of 1999, at 78% of the national average and then fell to 69% by the third quarter of 2000. They peaked at 83% in the second quarter of 2003, before dropping back to 78% in the first quarter of 2004, rising again to 83% by the second quarter.

The owner of an average price detached house in Tyne & Wear would, however, still need an extra £44,500 to move to another detached house priced at the England & Wales average.

Detached house prices in Tyne & Wear have been consistently slightly higher than in the North. At minimum, in the third quarter of 2000, this differential narrowed to just £2,400 (2%). This differential has widened and by the second quarter 2003 it reached £24,500 (+15%). By the second quarter of 2004, the gap had narrowed to just £14,200 (+7%).



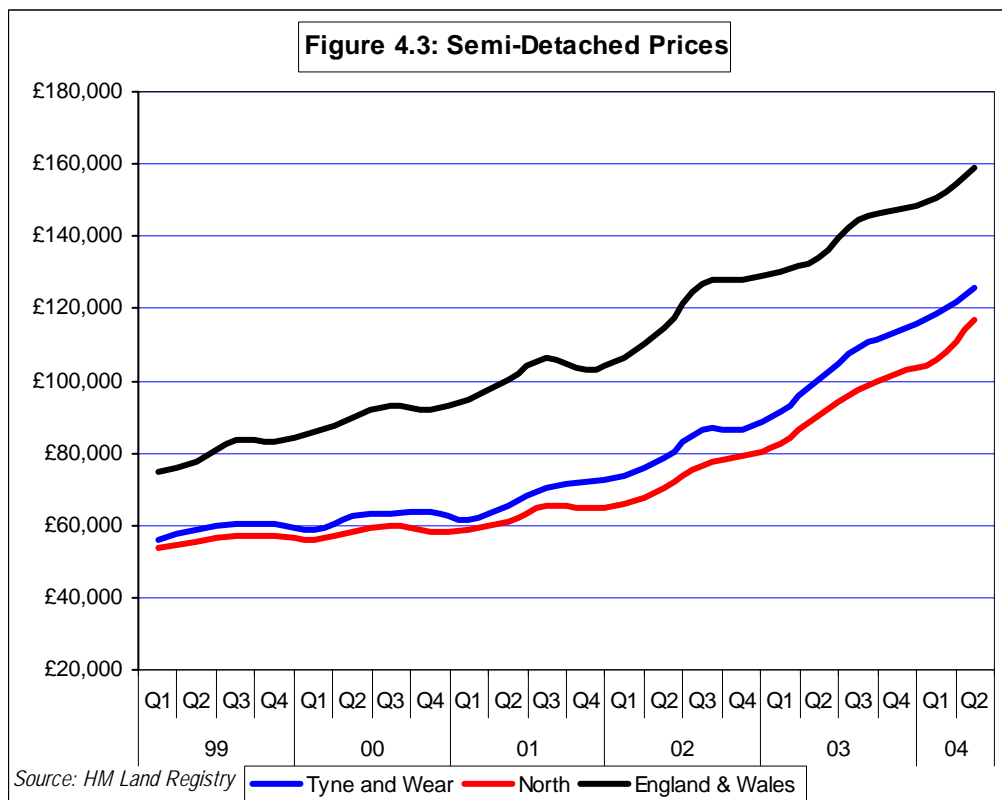
Semi-detached Prices since the start of 1999

As with detached properties, the average price in Tyne & Wear is higher than in the North and this differential has generally widened (Figure 4.3). The premium on Tyne & Wear properties compared to the North has roughly doubled from £3,200 (+5%) in the first quarter of 2001 to £7,800 (+12%) in the first quarter of 2002. This premium dipped relatively by Q1 2003 to £8,600 (+10%) before rising to £12,800 (+12%) by Q1 2004, dipping to £8,900 (+8%) in Q2.

Compared to England & Wales, prices dipped but have recovered to their highest relative level over the whole period. On average, semi-detached prices fell from the first quarter of 1999, for two years, from 75% of the average to only 65% (in the first quarter of 2001). Since the first quarter of 2003, prices have recovered to 79% of the England & Wales average (-£33,400) in Q2 2004.

In England & Wales, prices of semi-detached houses are markedly seasonal, but Tyne & Wear prices are much less so. The national rise is fastest in the third quarter followed by a fall each year in the final quarter. In 2001 prices continued to rise in the final quarter. Indeed, prices have grown every quarter since Q1 2001, 3½ years of uninterrupted growth.

In spite of the recent improvements relative to the national level, a semi-detached house priced at the England & Wales average would require an extra £33,400 compared to the Tyne & Wear average.



Terraced Prices since the start of 1999

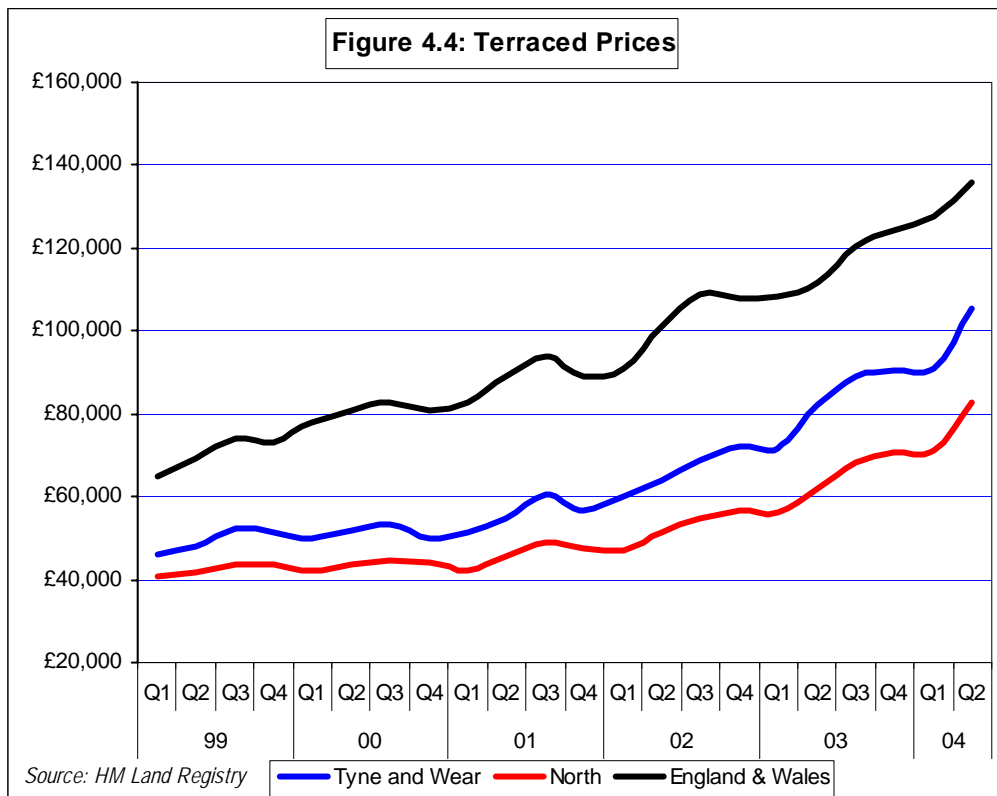
Terraced house prices fell relatively compared to England & Wales, from 1999 (71%) to a low of 61% of the England & Wales average in Q2 2001. Since 2002, prices have recovered, peaking at 79% in Q2 2004 (Figure 4.4). The continued strong growth in Tyne & Wear and relative slowdown nationally is further evidence of the ‘lagged’ response to price changes identified in TWRI’s ‘House Price and Earnings Report 2004’.

Since Q2 2003, prices have risen more steeply in Tyne & Wear (+29%) compared to England & Wales (+21%) in the period to Q2 2004.

A move from an average priced terrace house in Tyne & Wear (£105,500) to an average priced terrace house in England & Wales (£135,700) would require an additional £30,200.

Terraced house prices are significantly higher than in the North. The premium has roughly doubled since Q2 2001. This is both a reflection of the extreme weakness of terraced house prices in the North and accelerating demand in Tyne & Wear. In the first quarter of 1999, the differential was £5,300 (+13%). In the second quarter of 2004, the premium was £22,900 (+28%). This is the greatest absolute difference over the period, but relatively it reached +32% in Q2 2003 (+£20,100).

Seasonality of terraced prices is similar in both England & Wales and Tyne & Wear. However, since the end of 2002, prices have not dipped at all nationally and only once, by less than 1%, in Tyne & Wear in Q1 2003.



Flat/Maisonette Prices since the start of 1999

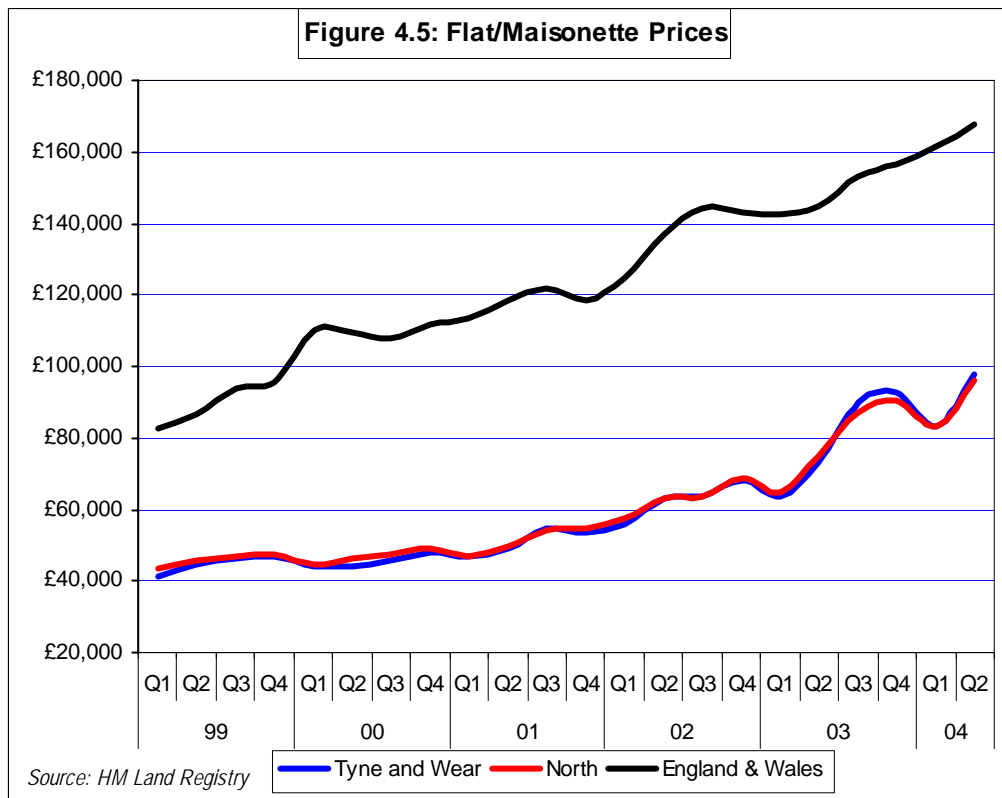
Flats/Maisonettes' prices are somewhat unusual in Tyne & Wear, first under-performing hugely prior to 2002, then out-performing other house types to Q2 2004. Over the three years to 2002, Tyne & Wear's rise (+35%) was over 20 percentage points weaker than in England & Wales (+58%) (Figure 4.5). However, since Q2 2003, Tyne & Wear flat/maisonette prices have rocketed +24% compared with +16% in England & Wales. Over the whole period since Q2 1999 to Q2 2004, Tyne & Wear flats/maisonettes have risen +120% compared to +94% in England & Wales.

It must be noted that Tyne & Wear started from a much lower base than nationally. Thus, even in Q2 2004, to move from an average priced flat/maisonette in Tyne & Wear (£97,800) to one in England & Wales (£167,700) would require a massive £69,900.

Compared to the national average, the price of flats/maisonettes in Tyne & Wear has recovered relative to England & Wales, to 58% in the second quarter of 2004 from a low of just 40% in Q2 2000.

In the latest quarter, however, price rises in Tyne & Wear (+18%) were significantly above the national rise of +4%. The fastest rises in the latest quarter were in Gateshead (+46%) (a "Quayside effect") and, surprisingly, South Tyneside (+38%).

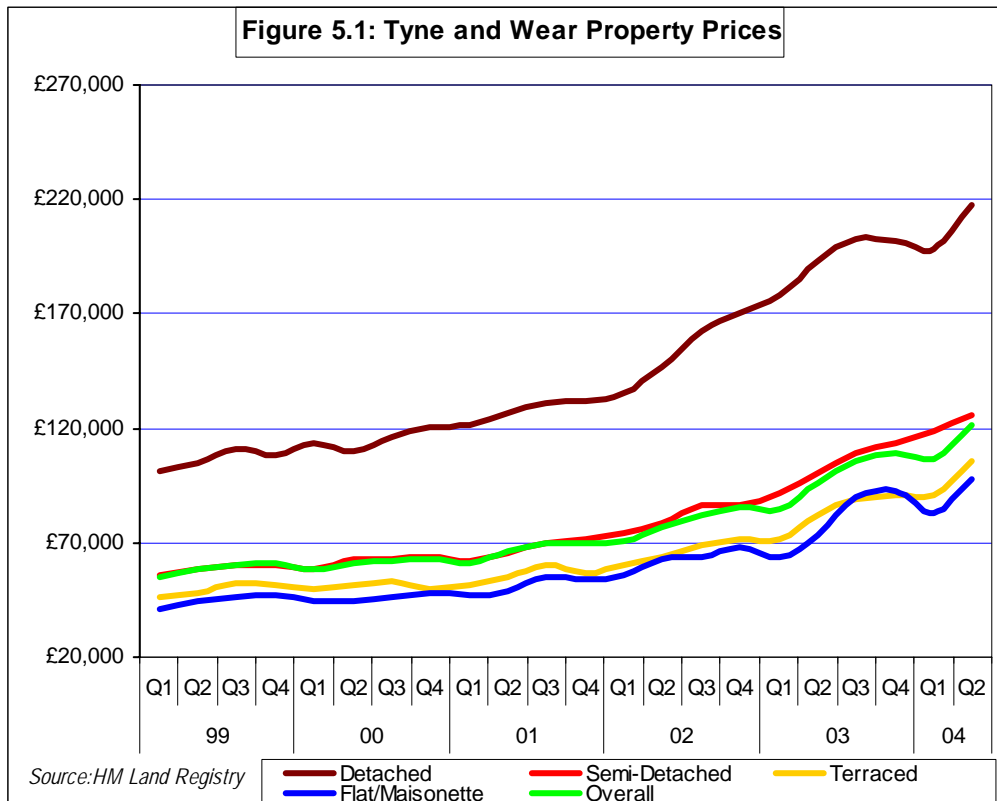
Prices of flats/maisonettes in Tyne & Wear have traditionally been marginally below the North price. However, since Q3 2003, the average price of a flat/maisonette has risen to be above the North. The largest difference was in the third quarter of 2003 when the Tyne & Wear average was £89,900, £2,700 (+3%) above the average for the North.



5 TRENDS SINCE 1999 AT DISTRICT LEVEL

Tyne & Wear

Over the year since Q2 2003 in Tyne & Wear, detached house price inflation has been significantly slower (12.7%) than for other property types (25-34%) (Fig. 5.1).



After exhibiting ‘polarisation’ up to 2002 by property type, the 2002–2004 data provide evidence of a ‘catch-up’ or ‘lag’ effect across house types, which we emphasised in the introduction to this report. The polarisation by type seen in 2002 can now be seen (also) as the effect of the ‘wave’ affecting detached house prices first. House prices in Tyne & Wear exhibit lagged causal patterns where detached properties are the market leader in the first instance, subsequently followed by the other property-types.

The next five pages give each District’s price trends, by house type.

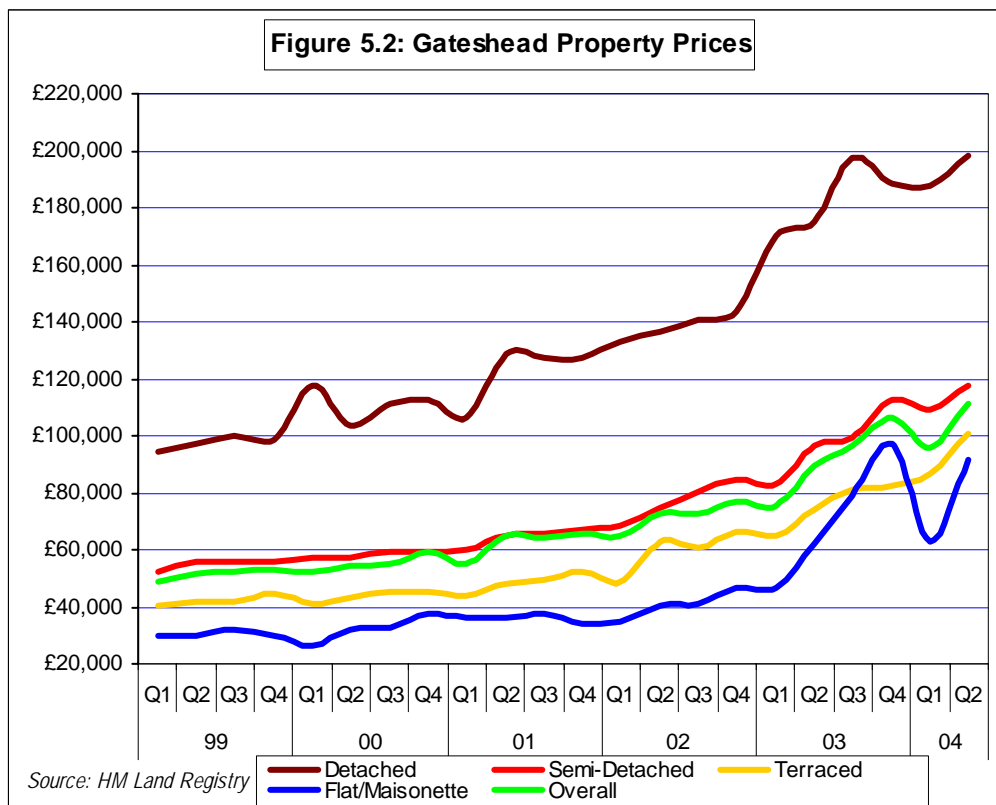
Gateshead

Since the beginning of 1999, prices of Gateshead's detached houses have risen from £94,300 to £198,500 (Fig. 5.2). Detached prices have fluctuated more widely than for other types, probably due to the low numbers of sales. (Detached house sales, or volume, in Gateshead fell to 123 in the second quarter of 2004, from 125 a year earlier and over 160 in Q2 2002).

Over five years from Q2 1999, prices of semi-detached houses rose from £56,000 to £117,600 (+110%) in Q2 2004.

Prices of terraced houses rose sharply in the year to the second quarter of 2004 by +16%, similar to the +15% rise in Q2 2003, but short of the +28% rise in Q2 2002.

Prices for flats/maisonettes in Gateshead have been erratic recently. Their average price peaked in the last quarter of 2003, at £97,500. Prices fell sharply in Q1 2004 (-36%). Even after a sharp +46% rise in the second quarter of 2004, the average price reached £91,200, £6,300 below the peak. The average price was at its lowest (£26,600) in the first quarter of 2000. The large fluctuations in flat/maisonette prices since the end of 2003 is most certainly due to flows of new 'luxury' apartment complexes on and near Gateshead's Quayside.

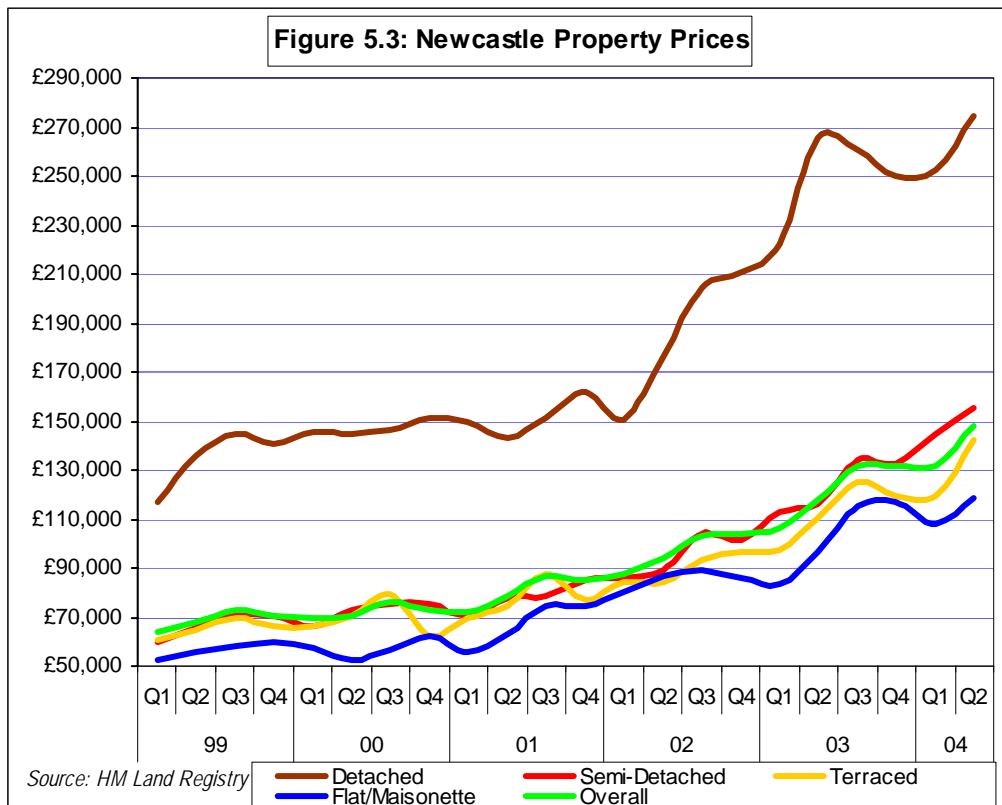


Newcastle

Since 1999, prices of Newcastle’s detached houses have risen from £117,100 to £274,700 (Fig. 5.3). The latest sharp rise since 2002 follows over two years of relative stability around £150,000. The two steepest rises for Newcastle’s detached houses closely followed cuts in interest rates (in late 1998 and late 2001). Since Q2 2001, prices have risen £131,400 (+92% from £143,400), but have been relatively sluggish since Q2 2003 (+3.6%) to Q2 2004 (£274,700).

Prices of other types of house in Newcastle have been relatively strong since 2003. The price of terraced houses rose +29% in the year to Q2 2004; originally they peaked in the third quarter of 2001 (£87,600) following an 18% rise. They plummeted by over a fifth in the fourth quarter of 2000. However, they have risen to their highest level (£142,600) in the latest quarter (Q2 2004).

Semi-detached houses had the fastest percentage rise of any property type in Newcastle since 1999 (+137%) and since Q2 2003 (+34%).



North Tyneside

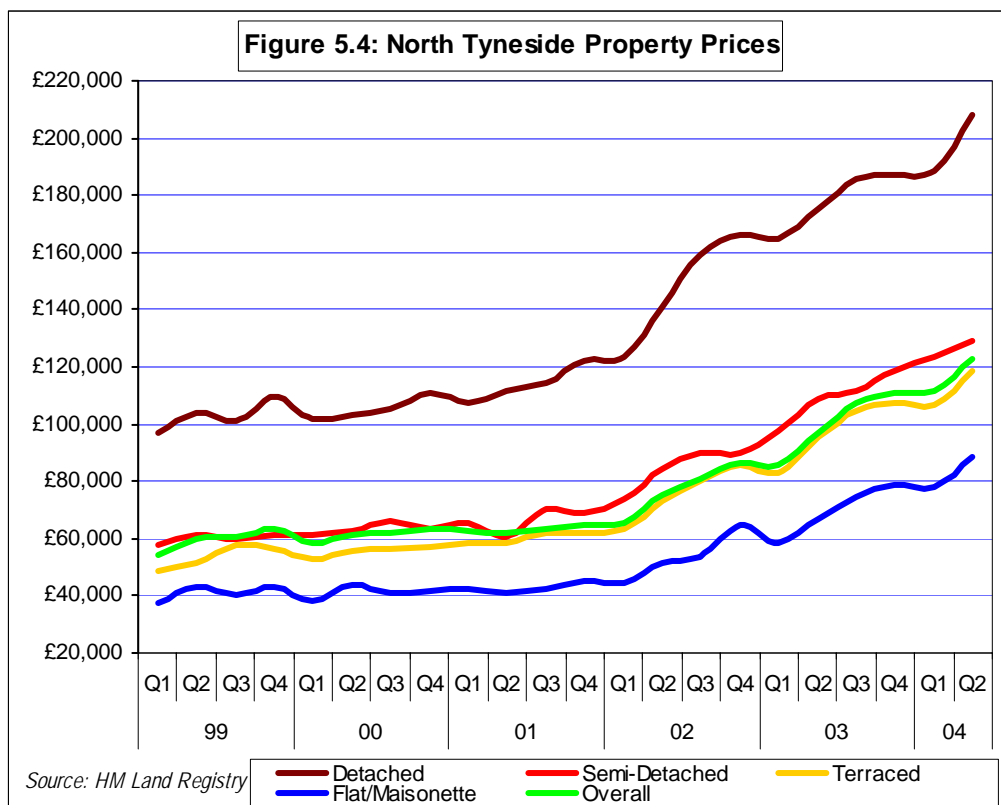
In North Tyneside, house price inflation accelerated sharply in the latest quarter for all house types (Fig. 5.4). New house-building, in recent years, has been at the highest rate in North Tyneside (Source: Returns from Planning departments). Strong growth since 2002 has seen just one instance of seasonal price falls (in Q1 2003) across all types of property.

Since Q2 2003, flat/maisonette prices have led this trend, shooting up by 32% over the year to Q2 2004.

Detached prices were the slowest growing since the second quarter of 2003 (+18%), as well as since 1999 (+100%). This reflects the recent very strong rises in other property types.

Semi-detached house prices rose 19% over the year to the second quarter of 2004.

Terraced houses rose by 24% over the year to Q2 2004. The average price of terraced houses has risen by 130% since the second quarter of 1999, the greatest percentage rise in North Tyneside over the period.



South Tyneside

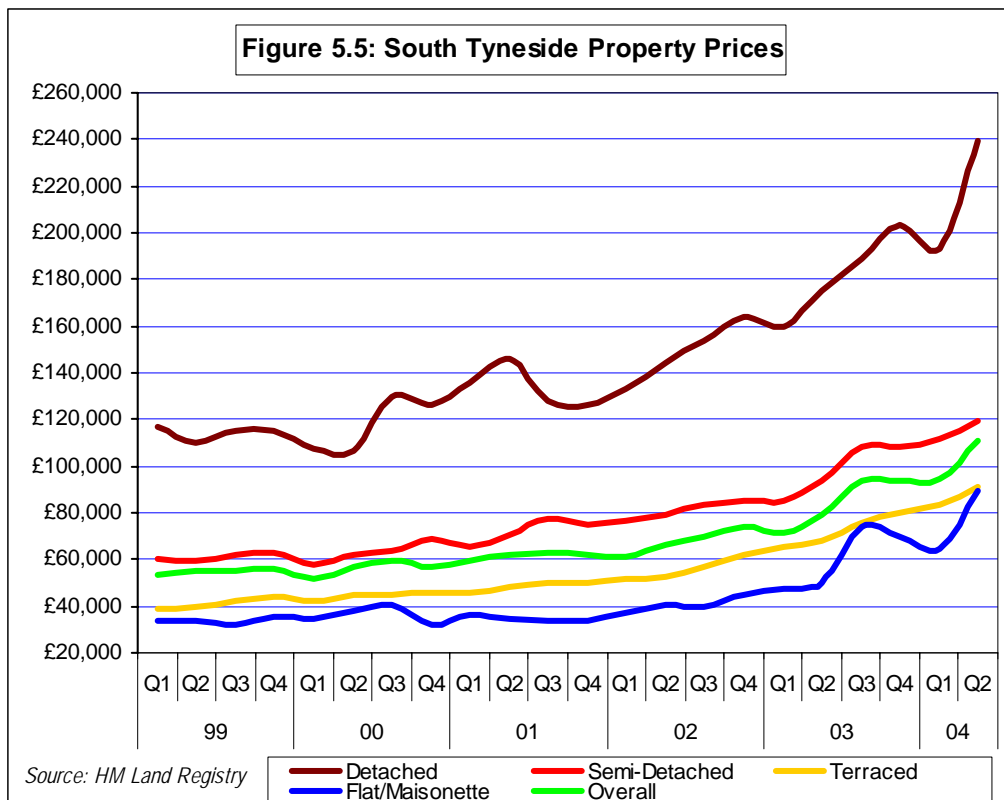
Historically since 1999, South Tyneside has had the weakest (flattest) house price trends (Fig. 5.5). This reflects both its relative low job-density and low incomes. However, since Q2 2003, South Tyneside has had some of the greatest growth rates in house prices over the year to Q2 2004.

Detached prices have fluctuated widely (due to low volumes) including a low of £106,600 in the second quarter of 2000 followed by an extremely sharp jump by 23% the next quarter to £130,900. Detached prices have risen to a current high of £239,700, up +37% over the year to Q2 2004.

Semi-detached houses have risen to £119,500 (+28%) in Q2 2004 on a year earlier.

Terraced house prices rose strongly in the latest quarter, compared to a year earlier, by 34% to £91,500. However, quarterly growth was one of the weakest in South Tyneside (+10%) since the first quarter 2004.

Flats/maisonettes have had the most rapid price rise (+78%) over the year to Q2 2004. Their quarterly growth was a massive +38% over the last quarter. Since 1999, prices have risen +167%.



Sunderland

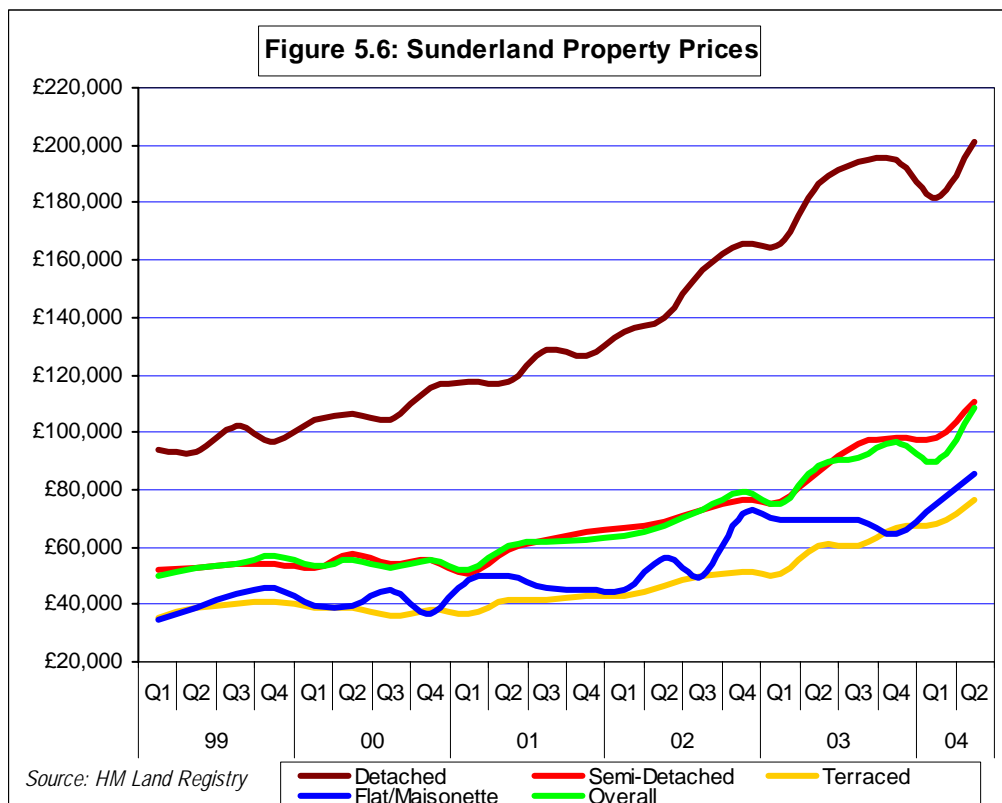
House price trends in Sunderland have been reasonably strong in recent years, but remain the lowest, on average, in Tyne & Wear for all house types, except Detached.

Detached prices have been slow-rising in general, but, like Newcastle, failed to record double-figure growth over the year since Q2 2003. Flats have begun to surge, perhaps appealing to new groups. The other housing types have been strong over the last 2 years.

Sunderland detached house prices have risen from £93,100 in Q2 1999 to £201,000 in Q2 2004 (Fig. 5.6). This means prices have risen 116% in the five years to the second quarter of 2004. Nevertheless, Sunderland's detached house prices remain the second-cheapest in Tyne & Wear, £8,000 lower than North Tyneside but £2,500 above Gateshead.

Prices of the other house types in Sunderland have shown strong rises over the last year from Q2 2003. Over the year to the second quarter of 2004, semi-detached have risen by +29%, terraced by +28% and flats/maisonettes by +23%.

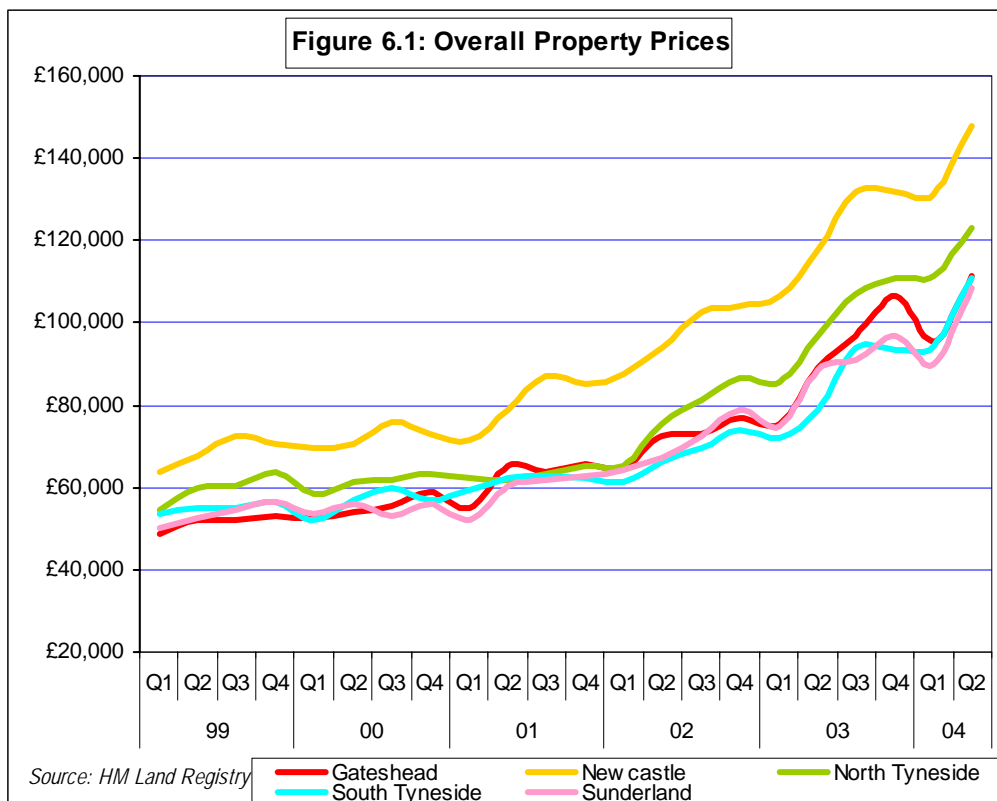
Sunderland terraced houses are the only house type across all districts not to at least double in price since Q2 1999 (+99%). Terrace houses in the other Districts rose by 120% – 143%.



6 TRENDS SINCE 1999 BY HOUSE TYPE

Overall⁸

Tyne & Wear house prices have been the highest in Newcastle throughout, by at least £10,000 and sometimes, especially in the most recent 4 quarters, over £20,000 (Fig. 6.1). Prices recently in Newcastle have been almost £40,000 above the lowest-priced district (Sunderland).



Over the period as a whole, the overall average house price rise has been strong (above the national average +95%) in Gateshead (+114%), Newcastle (+118%), North Tyneside (+106%), South Tyneside (+101%) and Sunderland (+107%). However, much of this strength in growth has come recently.

Since Q2 2003, compared to a national rise of +18%, each Tyne & Wear district has shown significantly stronger growth (albeit from a lower base). In Gateshead prices rose +25%; in Newcastle +25%; in North Tyneside +27%; in South Tyneside +41%; and in Sunderland +23%.

⁸ The overall average price is calculated as follows:

For each of the four property categories, multiply the number of sales by the average price.

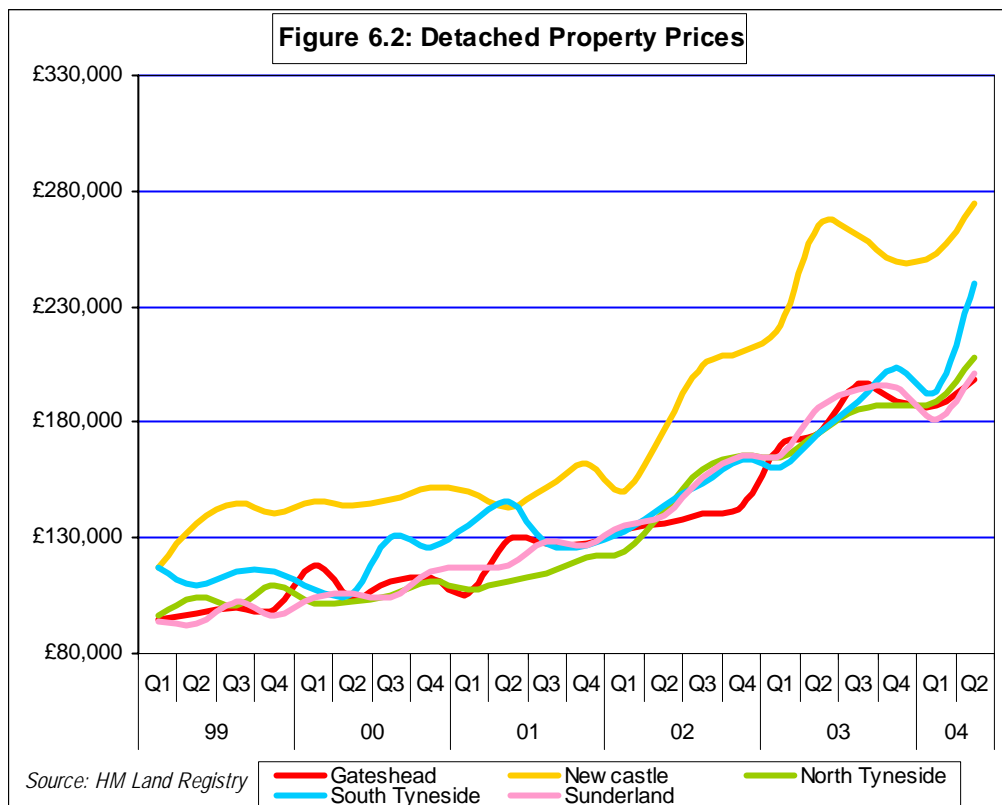
Sum the results.

Divide by the total number of sales.

Thus, this is a simple average, which makes no allowance for the (possible) changes in the mix of houses sold.

Detached Property

Detached house price inflation has generally been the slowest of all property types over the year to Q2 2004, following earlier larger gains (Fig. 6.2). Newcastle has maintained its place as having the highest detached house prices. South Tyneside's detached house prices rose almost 37% over the previous year, although this is probably the result of a relatively low volume of transactions causing greater volatility in prices (72 detached sales in South Tyneside in Q2 2004 compared with 57 a year earlier). All other districts had between 123-303 detached sales in Q2 2004, compared to 95-210 a year earlier).



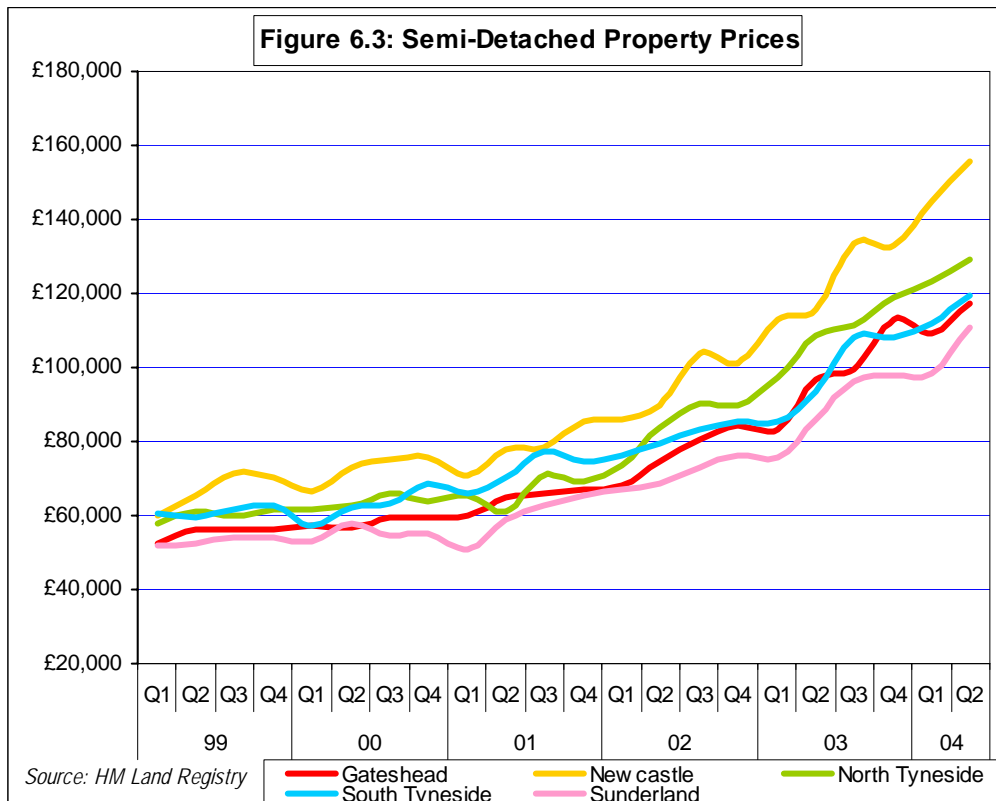
The general slowdown across Tyne & Wear in detached house price growth may well signal a general slowdown for all other property types over 2005. The most recent data from HM Land Registry⁹ (as well as the mortgage lenders) provide some initial evidence of a slowdown caused by a falling volume of transactions. The prospect of a Tyne & Wear slowdown is consistent with the evidence that suggests house price growth in Tyne & Wear tends to lag behind movements in the national market [which is in turn led by the South East and London markets – Ed.] by approximately 1-2 years.

⁹ HM Land Registry Q4 2004 data, revised. Mortgage lender data for early 2005.

Semi-detached Property

The range in average semi-detached house prices (Fig. 6.3) across the Tyne & Wear districts has increased to £44,800 in Q2 2004 compared to just £25,000 in Q2 2002.

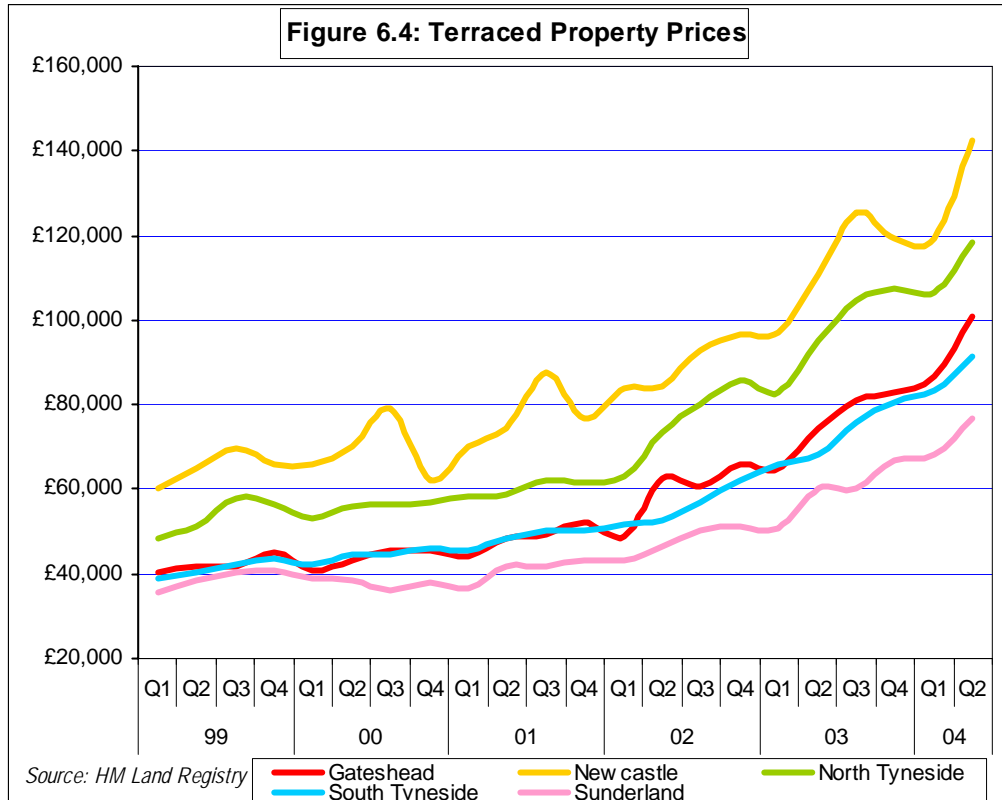
The structure of prices has remained stable, compared with other house types: Sunderland cheapest, then Gateshead followed by South Tyneside then North Tyneside, with Newcastle leading the markets, almost £26,000 above the second-dearest district (North Tyneside).



Terraced Property

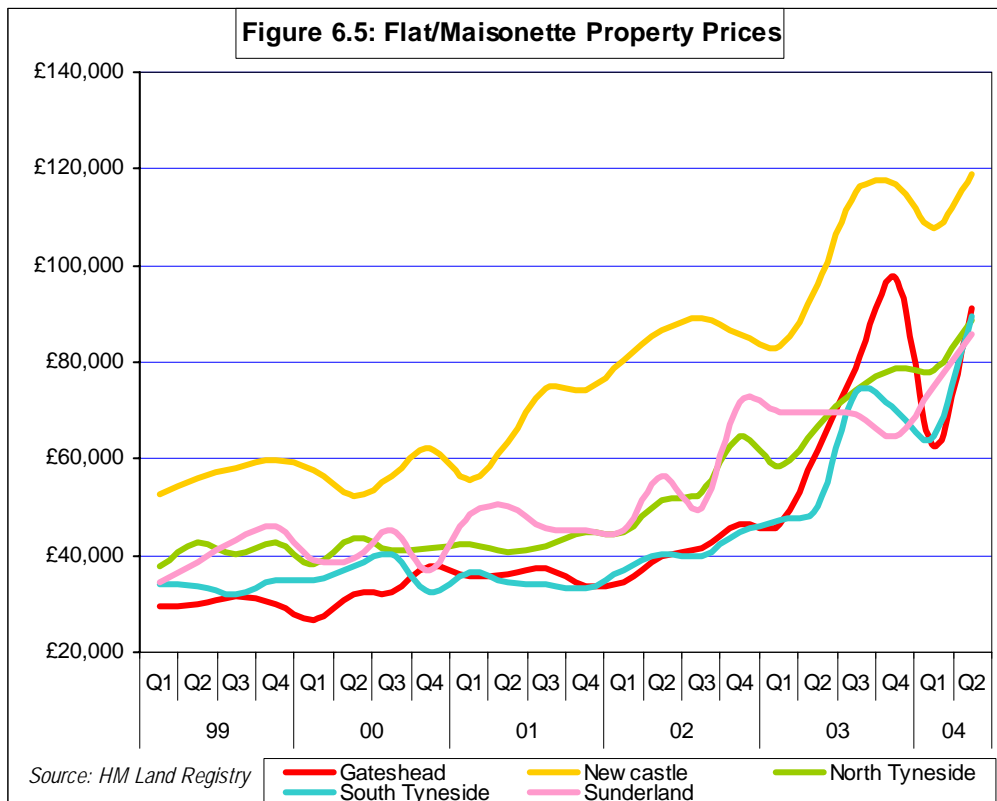
Terraced houses have the 2nd largest (£65,800) range of average prices in Tyne & Wear (Fig. 6.4). Newcastle's average price of £142,600 is almost double the Sunderland average (£76,800). This may be due terraces in Newcastle including both large dwellings (5 or 6 bedroom) and premium areas– notably in Jesmond.

Terraced house price growth has been strong across all districts since Q2 2003, the fastest percentage rise in Gateshead (up 36%) and the slowest in North Tyneside (up 24%).



Flats/Maisonettes

The range of prices for flats is the smallest of all house types: Newcastle’s flats are £33,000 more expensive than Sunderland’s (£85,000) (Fig. 6.5). However, flats/maisonettes would appear the most volatile of all house types in percentage terms. The most likely explanation of these large fluctuations is an increased flow of sales of new ‘luxury apartments’. These properties tend to come on to the market ‘in bulk’ and sell relatively quickly, commanding a much larger premium than the ‘standard’ flat, thus distorting average prices quite significantly. Moreover, some were re-sold rapidly. [Gateshead’s flat/maisonette price rose by 45.6% between Q1 2004 and Q2 alone. The average price in South Tyneside rose a staggering 78% over the previous year (although this rise will be partly due to low volumes also; 224 sales in Q2 2004 compared to 191 a year earlier. Other Tyne & Wear Districts flats/maisonettes’ sales ranged from 284-564 in Q2 2002) – Ed.]



APPENDIX 1 LAND REGISTRY SOURCES

The Land Registry (HMLR) produces a residential Property Price Report every quarter which gives the average price and volume of sales by house type at County and Unitary Authority level. HMLR have been publishing this report since 1995 and all are available on their website at <http://www.landreg.gov.uk/publications/default.asp?fl=1&pubtype=0>

For information down to postcode sector, please follow this link:-
http://www.landreg.gov.uk/propertyprice/interactive/ppr_ualbs.asp

HMLR is able to give more detailed reports at Postcode Area, District and Sector levels. These are available from 1999 free of charge on their website. Historical data is available but there is a charge for the service [Following changes at HMLR, all bespoke requests are now subject to a new pricing plan that applies to both public and private sector organisations – Ed.]

HMLR data is only available from 1995 onwards. HMLR hold no details as to number of bedrooms, garden size or if the property has a garage or not. For data since 1991 the Valuation Office offers some limited data.

The Valuation Office (VOA) is an Executive Agency of the Inland Revenue, with a network of local offices throughout Britain. Its main responsibilities are establishing rateable values for the purpose of fixing council tax bandings. They also have a website at <http://www.voa.gov.uk>

Appendix Table 1: Number of House Sales

	Gd	Nc	NT	ST	Sd	Tyne & Wear	North	England & Wales
Jan-March 2002	837	1,231	951	499	1,019	4,537	14,342	227,810
April-June 2002	1,135	1,603	1,287	723	1,470	6,218	19,073	293,352
July-Sept 2002	1,177	1,731	1,371	786	1,444	6,509	20,011	328,184
Oct-Dec 2002	1,202	1,581	1,338	702	1,603	6,426	19,341	343,425
Jan-March 2003	882	1,205	1,052	565	1,160	4,864	14,384	255,669
April-June 2003	1,061	1,380	1,281	650	1,359	5,731	17,592	291,873
July-Sept 2003	1,289	1,701	1,466	767	1,564	6,787	20,185	345,388
Oct-Dec 2003	1,402	1,744	1,436	872	1,774	7,228	21,162	369,181
Jan-March 2004	888	1,181	944	495	1,170	4,678	14,235	268,319
April-June 2004	1,327	1,613	1,514	926	1,786	7,166	20,723	355,882
Av. No. of Sales per quarter:	1,120	1,497	1,264	699	1,435	6,014	18,105	307,908
Volume Index: Average number of sales for whole period = 100								
Jan-March 2002	75	82	75	71	71	75	79	74
April-June 2002	101	107	102	104	102	103	105	95
July-Sept 2002	105	116	108	113	101	108	111	107
Oct-Dec 2002	107	106	106	101	112	107	107	112
Jan-March 2003	79	80	83	81	81	81	79	83
April-June 2003	95	92	101	93	95	95	97	95
July-Sept 2003	115	114	116	110	109	113	111	112
Oct-Dec 2003	125	116	114	125	124	120	117	120
Jan-March 2004	79	79	75	71	82	78	79	87
April-June 2004	118	108	120	133	124	119	114	116

Source: HM Land Registry

Note: Grey background highlights the second half of the year when volumes (of completions) are normally the highest.

APPENDIX 2 HOUSE PRICE ANALYSTS (FURTHER INFO)

Appendix Table 2: House Price Analysts (Further Info)

Analyst	Institution	Comments
John Wriglesworth	Hometrack	Mr Wriglesworth is famously quoted as saying: "The idea that house prices will fall by 45% is absolutely ridiculous. There is more chance of finding Elvis on the moon than house prices falling by anywhere near that this decade."
John Wriglesworth	Hometrack (London)	John Wriglesworth, BSc (Econ) MPhil, DPhil (Oxford) the Hometrack Economist, was Director of Housing Market research at UBS Ltd for seven years where he was universally acknowledged as the UK's leading housing market expert.
Ajay Ahuja	propertyhotspots.net	Ajay has written 13 books covering the Buy-to-let subject including The Buy-to-let Bible and The Seven Pillars of Buy-to-Let Wisdom. His golden rule is location, location, location but he's still predicting a fall.
Ed Stansfield	Capital Economics	Ed is a property economist at Capital Economics and predicted that house prices would begin to fall in the middle of 2004.
Roger Bootle	Capital Economics	Roger is one of the City of London's best known economists. As well as being Managing Director of Capital Economics, he is also Economic Adviser to Deloitte, a Specialist Adviser to the House of Commons Treasury Committee and a Visiting Professor at Manchester Business School.
Pam Woodall	The Economist	Pam Woodall, Economics Editor at The Economist thinks the kind of irrational exuberance that gripped stock markets during the tech boom is alive and well in the housing market and there could be a severe correction around the globe.
Tony Dye	Dye Asset Management	Tony Dye, who correctly warned that the stock market's bull run of the late Nineties could not last, believes house prices could fall 30% over five years.
John Calverley	American Express	Mr Calverley, who successfully predicted the housing market crash of the early 1990s, argues in his book, 'Bubbles and how to survive them', that modern economies are increasingly dominated by bubbles in asset prices, be they shares or houses.
Neil Woodford	Invesco Perpetual	Neil Woodford, who manages £6bn at Invesco Perpetual, is positioning his funds for a sharp decrease in property prices. His forecast for house prices is for "a 30 to 40 per cent fall over the next three to four years", a fall he describes as "a healthy correction". That would bring the average property price from £153,700 today to between £92,200 and £107,600.
David Pannell	Durlacher	Mr Pannell forecasts that house prices are set to fall by 30% nationally, but saves his direst predictions for cities such as Liverpool.

Source: Housepricecrash.co.uk