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# HOUSE PRICES IN TYNE & WEAR AT DECEMBER 2008

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## TYNE & WEAR RESEARCH AND INFORMATION

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## Overview

The UK experienced two consecutive quarters of 'negative economic growth' in the second half of 2008, meeting the widely accepted definition of a recession. This followed the UK housing market suffering from late 2007, as global concerns about the value of bank assets caused a sharp restriction of funding for the banks. In the UK, this 'credit crunch' became apparent in September 2007 when the Bank of England gave emergency financial support to Northern Rock. The restrictions on lending and, presumably, concerns about the economy, had an immediate impact on house sales.

In Tyne & Wear, this restriction on lending did not significantly reduce the average selling price of residential properties. Indeed, for detached houses average selling prices continued to rise well into 2008. However, the number of transactions did start to fall in Q3 2007, except for flats where the downward trend began in Q4 2007.

Comparing 2007 to 2008:

**Sale volumes for all four house types more than halved in 2008, but the overall average sale price dipped (down 0.8%) rather than collapsed. This was partly due to a rise in the average sale price for detached houses.**

## Key Points

- UK net mortgage lending has collapsed from around £10bn/month in 2007 to under £2bn/month since October 2008 (p29).

In 2008:

- the total value of all sales in Tyne & Wear was £1.6bn, down by £1.7bn (-52%) on 2007 (p 13).
- Tyne & Wear accounted for 38% of North East sales (p13). By type the share ranged from 22% for detached properties (p15) to 64% for flats/maisonettes (p21).
- there were 11,114 sales in Tyne & Wear, down by 52% compared with 2007 (Table 2.4). For the same period, the fall in the North East was 51% and in England & Wales sales halved (Tables 2.5 and 2.6).
- only 975 detached houses were sold in Tyne & Wear, down 54% compared with 2007 (Table 2.4).
- Terraced houses accounted for 37% of sales in Tyne & Wear (Table 2.7).
- the average sale price for detached properties in Tyne & Wear was £271,100, a rise of £14,200 (+5.5%) compared with 2007. Average sale prices fell for other property types (Table 3.8).
- the overall average house price to earnings ratio (HPER) in Tyne & Wear was 5.7, ranging from 4.6 for flats/maisonettes to 10.8 for detached properties (Table 4.3).
- at the lower quartile HPERs in Tyne & Wear ranged from 4.8 for flats/maisonettes to 11.3 for detached properties (Table 4.9).

- in Tyne & Wear, at the lower quartile (for earnings and prices), a single earner with a mortgage of 3.5 times earnings would need a deposit of over £20,000 to buy a flat/maisonette (Table 4.12).

In Q4 2008 (October-December 2008):<sup>1</sup>

- there were 1,808 sales in Tyne & Wear, down by 67% compared with Q4 2007 (Table 2.1). For the same period, sales in the North East fell by just under two-thirds, in England & Wales sales fell by 59% (Tables 2.2 and 2.3).
- only 382 flats/maisonettes were sold in Tyne & Wear, down 72% compared with Q4 2007 (Table 2.1). [This may reflect the particular difficulties first-time buyers face in obtaining a mortgage.]
- the average sale price for flats/maisonettes in Tyne & Wear was £100,500, a fall of £15,900 (-13.6%) compared with Q4 2007. Falls for other property types were all under 10% (Table 3.1).
- the total value of all sales in Tyne & Wear was £247m, down by £560m (-69%) on Q4 2007 (p 13).
- Tyne & Wear accounted for 37% of North East sales (p13). By type, the share ranged from 23% for detached properties (p15) to 63% for flats/maisonettes (p21).

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<sup>1</sup> Caution: The latest quarter is a partial record.

# 1 Introduction

This report is designed to give an overview of the housing market in Tyne & Wear (for owner-occupiers). Comparisons are made with Tyne & Wear, the North East and, where possible, England & Wales. The primary data source is the Land Registry (LR) address file. In addition to this report TWRI intends to produce five District briefings, which can be read as stand-alone reports. However, this report includes data on mortgage lending and information on house price to earnings ratios (HPERs) which do not appear in the District briefings.

## 1.1 Caveats

- i) Seasonality: Generally residential transactions are at their lowest in the January-March quarter, increase in the following two quarters then start to dip in the October-December quarter. This seasonal variation should be allowed for in any quarterly analysis of Land Registry data.
- ii) Amendment: While records may be added, changed or deleted, the net impact of amendments is usually to increase the overall number of recorded transactions. Therefore, the reported transactions for October-December 2008 are unlikely to be a complete record.

Records for the period:	Received on:	Assumed to be:
1 <sup>st</sup> October 2006 to 31 <sup>st</sup> December 2006	16 <sup>th</sup> January 2008	Final record
1 <sup>st</sup> January 2007 to 30 <sup>th</sup> September 2007	5 <sup>th</sup> December 2008	Final record
1 <sup>st</sup> October 2007 to 31 <sup>st</sup> December 2007	18 <sup>th</sup> February 2009	Final record
1 <sup>st</sup> January 2008 to 31 <sup>st</sup> December 2008	18 <sup>th</sup> February 2009	Subject to revision

- iii) Low volume volatility: Transactions per quarter can be relatively small, especially for detached properties, and care should be taken in interpreting the results.

## 1.2 Definitions

The Land Registry data set does not distinguish between flats and maisonettes. Consequently, in this report, the term flat covers both flats and maisonettes. In addition, the term 'house' covers detached, semi-detached and terraced houses and both flats and maisonettes.

Quarters refer to calendar years. For example, Q4 2008 refers to October-December 2008.

# 2 Transactions

### In 2008:

There were 11,114 house sales in Tyne & Wear, accounting for 38.3% of all sales in the North East and 1.7% of all sales in England & Wales.

### Compared to 2007:

Sales in Tyne & Wear were down by 11,880, just over half (-51.7%). Sales in England & Wales fell by just under half (49.7%).

### In Quarter 4, 2008:

There were 1,808 house sales in Tyne & Wear, accounting for 37.0% of all sales in the North East and 1.5% of all sales in England & Wales.

In Tyne & Wear, sales in Q4 accounted for 16% of annual sales. Equivalent figures for the North East and England & Wales were 17% and 19% respectively.

### Compared to Q4, 2007:

Sales in Tyne & Wear were down by 3,705, just over two-thirds (-67.2%). Sales in England & Wales fell by just under three-fifths (-59.4%).

## Quarterly Transactions by Property Type

**Table 2.1 Transactions in Tyne & Wear and Recent Percentage Changes**

(in Oct-Dec Quarter)

	2006	2007	2008	Change:		Percentage change:	
				2006 to 07	2007 to 08	2006 to 07	2007 to 08
Detached	562	492	186	-70	-306	-12.5%	-62.2%
Semi-Detached	1,657	1,552	556	-105	-996	-6.3%	-64.2%
Terraced	2,184	2,104	684	-80	-1,420	-3.7%	-67.5%
Flat/Maisonette	1,505	1,365	382	-140	-983	-9.3%	-72.0%
All	5,908	5,513	1,808	-395	-3,705	-6.7%	-67.2%

Source: Land Registry, TWRI.

**Table 2.2 Transactions in North East and Recent Percentage Changes**

(in Oct-Dec Quarter)

	2006	2007	2008	Change:		Percentage change:	
				2006 to 07	2007 to 08	2006 to 07	2007 to 08
Detached	2,681	2,239	800	-442	-1,439	-16.5%	-64.3%
Semi-Detached	4,918	4,249	1,607	-669	-2,642	-13.6%	-62.2%
Terraced	6,148	5,490	1,874	-658	-3,616	-10.7%	-65.9%
Flat/Maisonette	2,274	2,247	610	-27	-1,637	-1.2%	-72.9%
All	16,021	14,225	4,891	-1,796	-9,334	-11.2%	-65.6%

Source: Land Registry, TWRI.

**Table 2.3 Transactions in England & Wales and Recent Percentage Changes**

(in Oct-Dec Quarter)

	2006	2007	2008	Change:		Percentage change:	
				2006 to 07	2007 to 08	2006 to 07	2007 to 08
Detached	76,674	58,885	26,298	-17,789	-32,587	-23.2%	-55.3%
Semi-Detached	99,802	79,116	33,296	-20,686	-45,820	-20.7%	-57.9%
Terraced	113,551	89,945	35,730	-23,606	-54,215	-20.8%	-60.3%
Flat/Maisonette	75,361	67,538	24,572	-7,823	-42,966	-10.4%	-63.6%
All	365,388	295,484	119,896	-69,904	-175,588	-19.1%	-59.4%

Source: Land Registry, TWRI.



## Annual Transactions by Property Type

**Table 2.4 Transactions in Tyne & Wear and Recent Percentage Changes**

**Annual figures**

	<b>2007</b>	<b>2008</b>	<b>Change: 2007 to 08</b>	<b>% change: 2007 to 08</b>
Detached	2,116	975	-1,141	-53.9%
Semi-Detached	6,607	3,175	-3,432	-51.9%
Terraced	8,525	4,154	-4,371	-51.3%
Flat/Maisonette	5,746	2,810	-2,936	-51.1%
All	22,994	11,114	-11,880	-51.7%

Source: Land Registry, TWRI.

**Table 2.5 Transactions in North East and Recent Percentage Changes**

**Annual figures**

	<b>2007</b>	<b>2008</b>	<b>Change: 2007 to 08</b>	<b>% change: 2007 to 08</b>
Detached	9,079	4,374	-4,705	-51.8%
Semi-Detached	18,112	8,857	-9,255	-51.1%
Terraced	23,303	11,371	-11,932	-51.2%
Flat/Maisonette	8,400	4,402	-3,998	-47.6%
All	58,894	29,004	-29,890	-50.8%

Source: Land Registry, TWRI.

**Table 2.6 Transactions in England & Wales and Recent Percentage Changes**

**Annual figures**

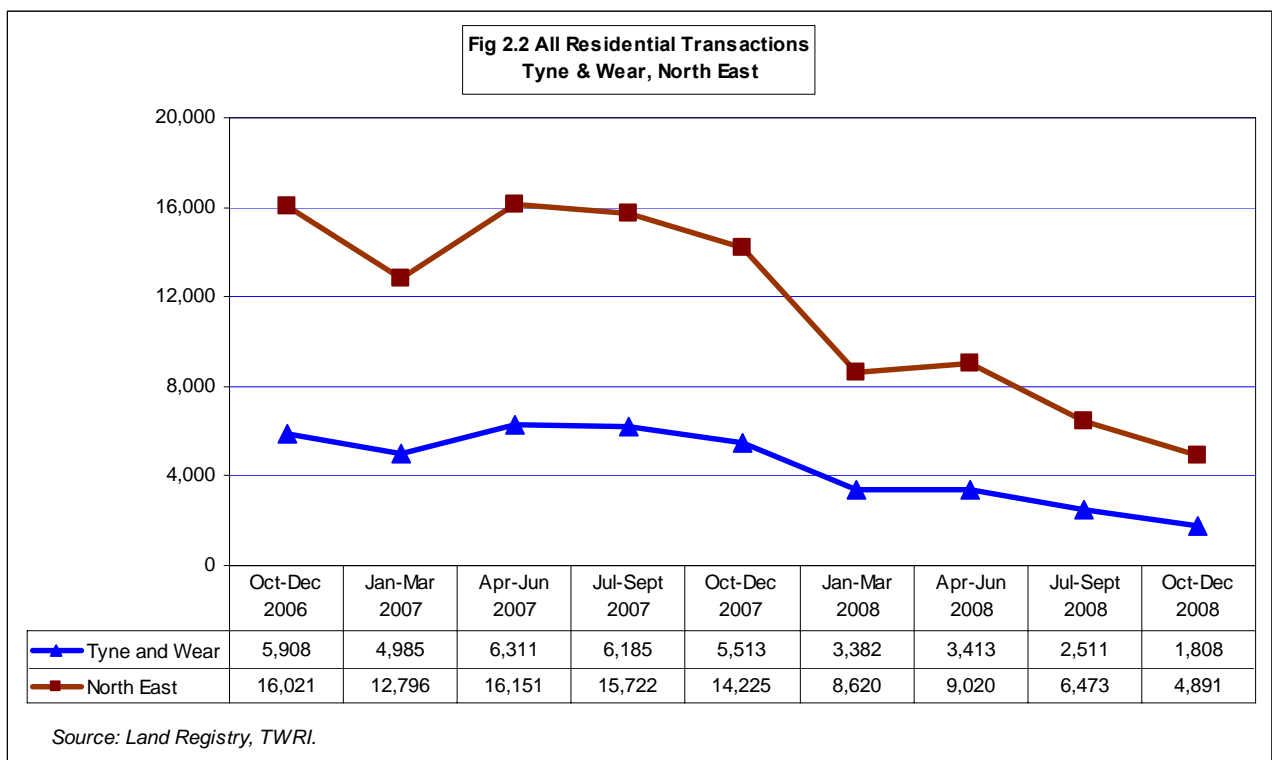
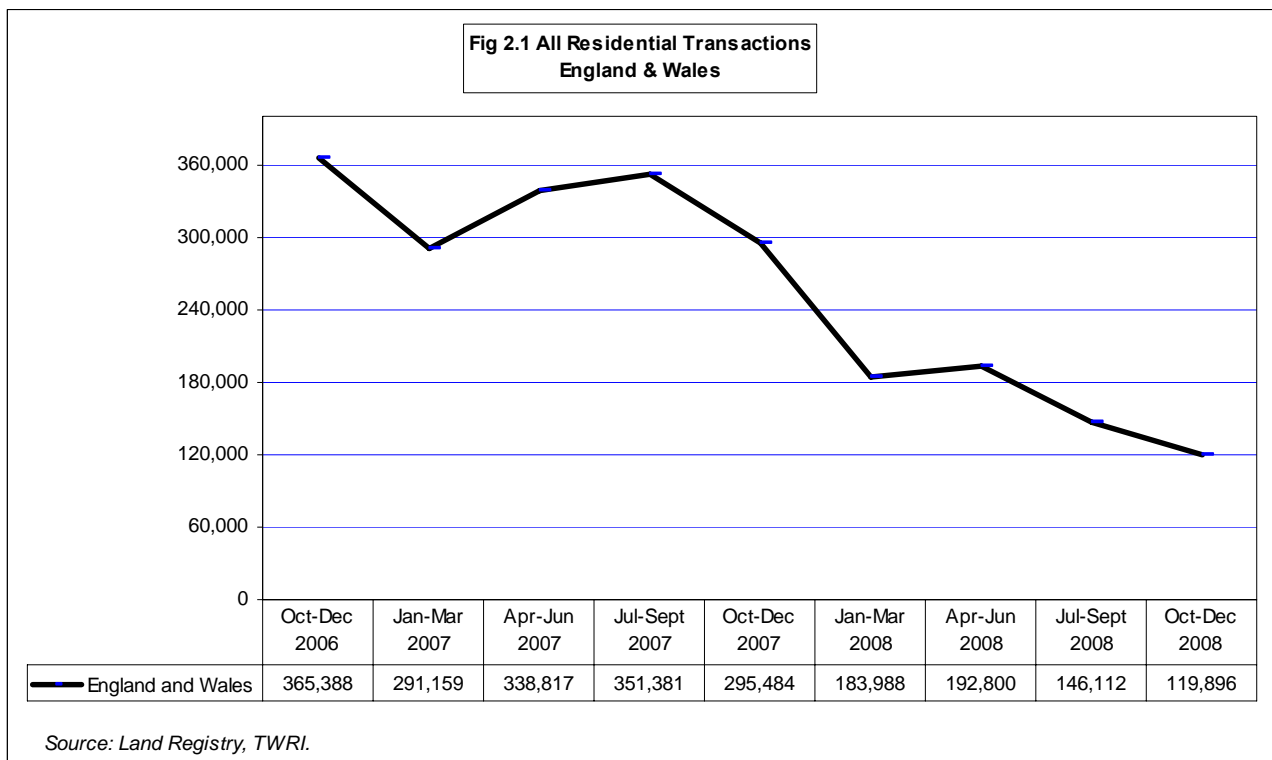
	<b>2007</b>	<b>2008</b>	<b>Change: 2007 to 08</b>	<b>% change: 2007 to 08</b>
Detached	256,594	129,824	-126,770	-49.4%
Semi-Detached	345,071	173,374	-171,697	-49.8%
Terraced	397,676	197,163	-200,513	-50.4%
Flat/Maisonette	277,500	142,435	-135,065	-48.7%
All	1,276,841	642,796	-634,045	-49.7%

Source: Land Registry, TWRI.

**In Q4 2008:**

The number of transactions in England & Wales was just over two-thirds lower (-67%), compared with Q4 2006 (Fig 2.1).

For both the North East and Tyne & Wear the percentage fall was 69% for the same period (Fig 2.2).



**Table 2.7 Percentage of Transactions by Property Type,****Tyne and Wear****Annual figures**

	<b>2007</b>	<b>2008</b>
Detached	9.2	8.8
Semi-Detached	28.7	28.6
Terraced	37.1	37.4
Flat/Maisonette	25.0	25.3
All Transactions	22,994	11,114

*Source: Land Registry, TWRI.*

*Percentages may not sum to 100 due to rounding.*

**Table 2.8 Percentage of Transactions by Property Type,****North East****Annual figures**

	<b>2007</b>	<b>2008</b>
Detached	15.4	15.1
Semi-Detached	30.8	30.5
Terraced	39.6	39.2
Flat/Maisonette	14.3	15.2
All Transactions	58,894	29,004

*Source: Land Registry, TWRI.*

*Percentages may not sum to 100 due to rounding.*

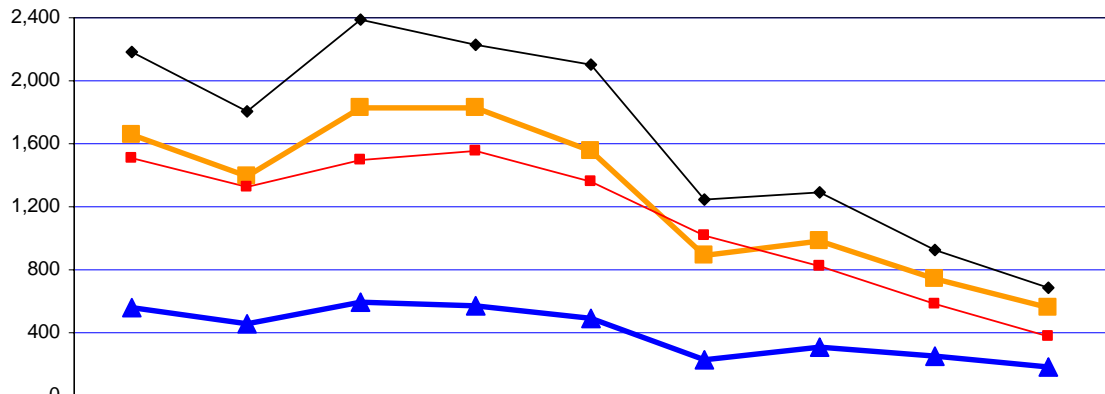
**Table 2.9 Percentage of Transactions by Property Type,****England and Wales****Annual figures**

	<b>2007</b>	<b>2008</b>
Detached	20.1	20.2
Semi-Detached	27.0	27.0
Terraced	31.1	30.7
Flat/Maisonette	21.7	22.2
All Transactions	1,276,841	642,796

*Source: Land Registry, TWRI.*

*Percentages may not sum to 100 due to rounding.*

**Fig 2.3 Quarterly Residential Transactions by Property Type, Tyne & Wear**



	Oct-Dec 2006	Jan-Mar 2007	Apr-Jun 2007	Jul-Sept 2007	Oct-Dec 2007	Jan-Mar 2008	Apr-Jun 2008	Jul-Sept 2008	Oct-Dec 2008
—▲— Detached	562	455	596	573	492	226	312	251	186
—■— Semi-detached	1,657	1,399	1,830	1,826	1,552	890	982	747	556
—◆— Terraced	2,184	1,807	2,387	2,227	2,104	1,246	1,296	928	684
—■— Flats	1,505	1,324	1,498	1,559	1,365	1,020	823	585	382

Source: Land Registry, TWRI.

### 3 House Prices

In order to provide a comprehensive picture of house prices in Tyne & Wear, the Land Registry sales data were analysed first on an annual basis for 2007 and 2008 then on a quarterly basis for the period Q4 2006 to Q4 2008. The data were further broken down by Land Registry's four property types. Three statistics were used for price; the Mean, Median and Lower Quartile.

The Mean Price for a given category is a simple average of all sale prices in that category. Mean Prices are referred to as Average Prices throughout the report.

The Median is another measure of the mid-point, or centre, of a data set. If all the house prices in a given category are ranked from lowest to highest then the Median is the middle value. In some cases the median price can give a better indication of the mid-point of the market because the average price can be skewed, up or down, by the presence of extreme values. Usually, with house prices, the median price will be less than the average price because the average is pulled upwards by a few high-value sales.

The Lower Quartile Price is calculated by ranking all house prices in a given category from lowest to highest then taking the value that is one quarter from the bottom of the distribution.<sup>2</sup> This gives an indication of prices at the lower end of the market.

While the precise relationship between the first time buyer sub-sector and the wider market varies over time, lower quartile house prices within the total market are not too far away from average prices for dwellings purchased by first time buyers.<sup>3</sup> Therefore the Lower Quartile Price gives an indication of the prices first time buyers encounter.

Unfortunately the Land Registry could not supply median and lower quartile prices for England & Wales.

### Quarterly Change Tables

**Table 3.1 Average Prices (£) in Tyne & Wear and Recent Percentage Changes**

(in Oct-Dec Quarter)				Change:		Percentage change:	
	2006	2007	2008	2006 to 07	2007 to 08	2006 to 07	2007 to 08
Detached	255,922	266,482	259,683	10,560	-6,799	4.1%	-2.6%
Semi-Detached	151,095	151,206	136,195	111	-15,011	0.1%	-9.9%
Terraced	130,559	134,325	124,273	3,766	-10,052	2.9%	-7.5%
Flat/Maisonette	116,120	116,411	100,546	290	-15,865	0.3%	-13.6%
All	144,566	146,436	136,857	1,870	-9,580	1.3%	-6.5%

Source: Land Registry, TWRI.

<sup>2</sup> As with the median this is not always an actual sale price, in which case it is calculated from the two closest prices. The lower quartile is sometimes referred to as the 25<sup>th</sup> percentile and the median as the 50<sup>th</sup> percentile.

<sup>3</sup> Can't Supply, Can't Buy, The Affordability of Private Housing in Great Britain, Steve Wilcox, Hometrack, Summer 2008

**Table 3.2 Average Prices (£) in North East and Recent Percentage Changes**

	<b>(in Oct-Dec Quarter)</b>			<b>Change:</b>		<b>Percentage change:</b>	
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2006 to 07</b>	<b>2007 to 08</b>	<b>2006 to 07</b>	<b>2007 to 08</b>
Detached	236,938	250,099	236,844	13,161	-13,256	5.6%	-5.3%
Semi-Detached	138,887	141,099	131,074	2,212	-10,026	1.6%	-7.1%
Terraced	109,163	115,319	105,869	6,156	-9,451	5.6%	-8.2%
Flat/Maisonette	115,362	118,189	103,586	2,826	-14,602	2.4%	-12.4%
All	140,550	144,687	135,288	4,138	-9,399	2.9%	-6.5%

Source: Land Registry, TWRI.

**Table 3.3 Average Prices (£) in England & Wales and Recent Percentage Changes**

	<b>(in Oct-Dec Quarter)</b>			<b>Change:</b>		<b>Percentage change:</b>	
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2006 to 07</b>	<b>2007 to 08</b>	<b>2006 to 07</b>	<b>2007 to 08</b>
Detached	313,831	341,323	314,544	27,492	-26,779	8.8%	-7.8%
Semi-Detached	188,235	200,166	182,021	11,931	-18,145	6.3%	-9.1%
Terraced	165,052	177,665	159,774	12,613	-17,891	7.6%	-10.1%
Flat/Maisonette	188,635	198,041	183,022	9,406	-15,019	5.0%	-7.6%
All	207,469	220,961	204,664	13,493	-16,297	6.5%	-7.4%

Source: Land Registry, TWRI.

**Table 3.4 Median Prices (£) in Tyne & Wear and Recent Percentage Changes**

	<b>(in Oct-Dec Quarter)</b>			<b>Change:</b>		<b>Percentage change:</b>	
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2006 to 07</b>	<b>2007 to 08</b>	<b>2006 to 07</b>	<b>2007 to 08</b>
Detached	227,000	229,950	203,250	2,950	-26,700	1.3%	-11.6%
Semi-Detached	138,000	139,000	121,500	1,000	-17,500	0.7%	-12.6%
Terraced	115,000	118,000	105,000	3,000	-13,000	2.6%	-11.0%
Flat/Maisonette	110,000	106,500	87,500	-3,500	-19,000	-3.2%	-17.8%
All	125,000	125,000	113,000	0	-12,000	0.0%	-9.6%

Source: Land Registry, TWRI.

**Table 3.5 Median Prices (£) in North East and Recent Percentage Changes**

<b>(in Oct-Dec Quarter)</b>							
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>Change:</b>		<b>Percentage change:</b>	
				<b>2006 to 07</b>	<b>2007 to 08</b>	<b>2006 to 07</b>	<b>2007 to 08</b>
Detached	208,950	218,000	195,000	9,050	-23,000	4.3%	-10.6%
Semi-Detached	128,000	131,500	120,000	3,500	-11,500	2.7%	-8.7%
Terraced	93,000	99,250	90,000	6,250	-9,250	6.7%	-9.3%
Flat/Maisonette	107,950	110,000	92,000	2,050	-18,000	1.9%	-16.4%
All	122,000	124,000	115,000	2,000	-9,000	1.6%	-7.3%

Source: Land Registry, TWRI.

**Table 3.6 Lower Quartile Prices (£) in Tyne & Wear and Recent Percentage Changes**

<b>(in Oct-Dec Quarter)</b>							
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>Change:</b>		<b>Percentage change:</b>	
				<b>2006 to 07</b>	<b>2007 to 08</b>	<b>2006 to 07</b>	<b>2007 to 08</b>
Detached	188,000	192,000	170,800	4,000	-21,200	2.1%	-11.0%
Semi-Detached	108,995	108,000	91,000	-995	-17,000	-0.9%	-15.7%
Terraced	88,500	92,000	80,000	3,500	-12,000	4.0%	-13.0%
Flat/Maisonette	80,000	82,000	70,000	2,000	-12,000	2.5%	-14.6%
All	92,500	94,000	82,000	1,500	-12,000	1.6%	-12.8%

Source: Land Registry, TWRI.

**Table 3.7 Lower Quartile Prices (£) in North East and Recent Percentage Changes**

<b>(in Oct-Dec Quarter)</b>							
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>Change:</b>		<b>Percentage change:</b>	
				<b>2006 to 07</b>	<b>2007 to 08</b>	<b>2006 to 07</b>	<b>2007 to 08</b>
Detached	171,000	178,000	160,000	7,000	-18,000	4.1%	-10.1%
Semi-Detached	104,950	104,995	95,000	45	-9,995	0.0%	-9.5%
Terraced	74,000	80,000	70,000	6,000	-10,000	8.1%	-12.5%
Flat/Maisonette	80,500	82,000	72,000	1,500	-10,000	1.9%	-12.2%
All	87,000	90,000	81,000	3,000	-9,000	3.4%	-10.0%

Source: Land Registry, TWRI.

## Annual Change Tables

**Table 3.8 Average Prices (£) in Tyne & Wear and Recent Percentage Changes**

Annual figures			Change:	% change:
	2007	2008	2007 to 08	2007 to 08
Detached	256,852	271,053	14,201	5.5%
Semi-Detached	150,465	147,452	-3,013	-2.0%
Terraced	133,641	131,182	-2,458	-1.8%
Flat/Maisonette	116,692	116,458	-233	-0.2%
All	145,578	144,378	-1,200	-0.8%

Source: Land Registry, TWRI.

**Table 3.9 Average Prices (£) in North East and Recent Percentage Changes**

Annual figures			Change:	% change:
	2007	2008	2007 to 08	2007 to 08
Detached	246,204	251,310	5,106	2.1%
Semi-Detached	140,003	138,881	-1,122	-0.8%
Terraced	112,257	110,735	-1,522	-1.4%
Flat/Maisonette	116,963	115,984	-979	-0.8%
All	142,110	141,326	-784	-0.6%

Source: Land Registry, TWRI.

**Table 3.10 Median Prices (£) in Tyne & Wear and Recent Percentage Changes**

Annual figures			Change:	% change:
	2007	2008	2007 to 08	2007 to 08
Detached	227,553	228,000	447	0.2%
Semi-Detached	139,950	134,000	-5,950	-4.3%
Terraced	117,000	112,950	-4,050	-3.5%
Flat/Maisonette	106,000	100,000	-6,000	-5.7%
All	125,000	122,000	-3,000	-2.4%

Source: Land Registry, TWRI.



**Table 3.11 Median Prices (£) in North East and Recent Percentage Changes**

<b>Annual figures</b>				
	<b>2007</b>	<b>2008</b>	<b>Change: 2007 to 08</b>	<b>% change: 2007 to 08</b>
Detached	215,000	212,500	-2,500	-1.2%
Semi-Detached	131,000	127,000	-4,000	-3.1%
Terraced	96,000	95,000	-1,000	-1.0%
Flat/Maisonette	108,000	102,950	-5,050	-4.7%
All	122,250	120,000	-2,250	-1.8%

Source: Land Registry, TWRI.

**Table 3.12 Lower Quartile Prices (£) in Tyne & Wear and Recent Percentage Changes**

<b>Annual figures</b>				
	<b>2007</b>	<b>2008</b>	<b>Change: 2007 to 08</b>	<b>% change: 2007 to 08</b>
Detached	189,000	182,500	-6,500	-3.4%
Semi-Detached	110,000	105,000	-5,000	-4.5%
Terraced	91,000	88,500	-2,500	-2.7%
Flat/Maisonette	81,750	77,000	-4,750	-5.8%
All	94,950	90,000	-4,950	-5.2%

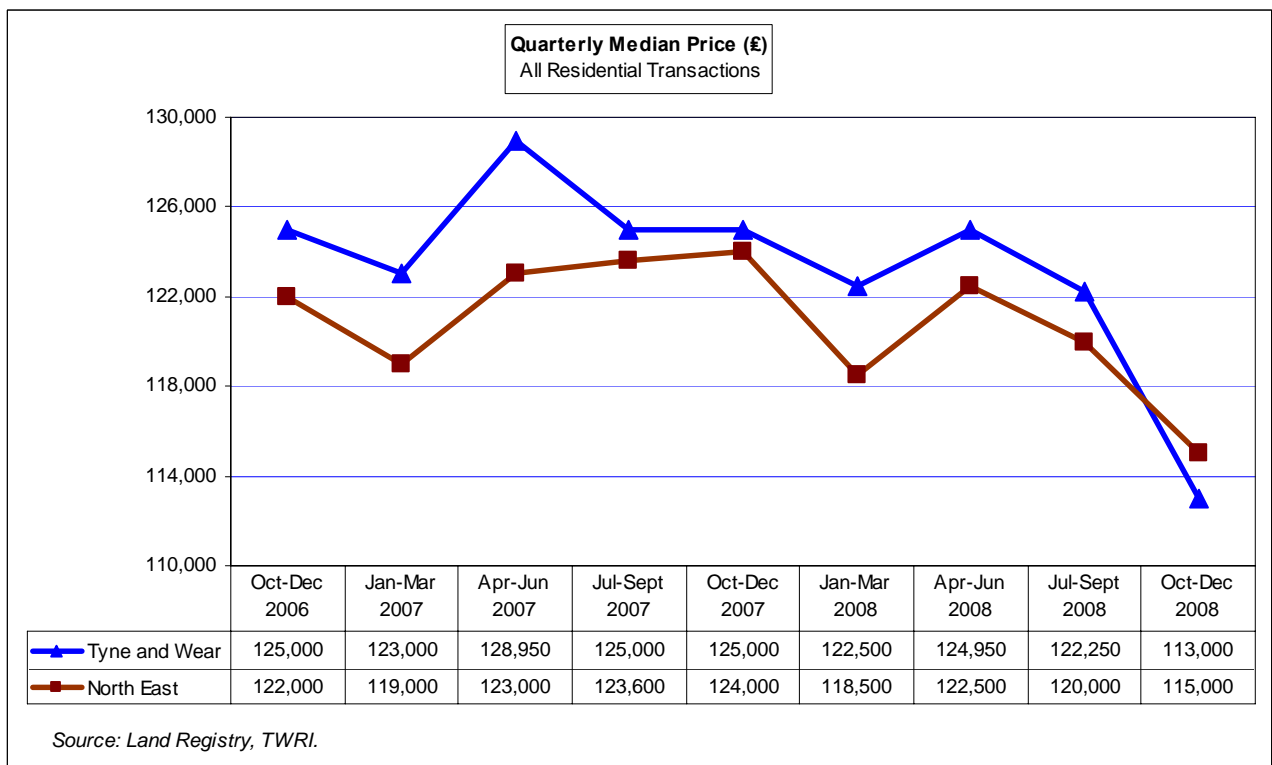
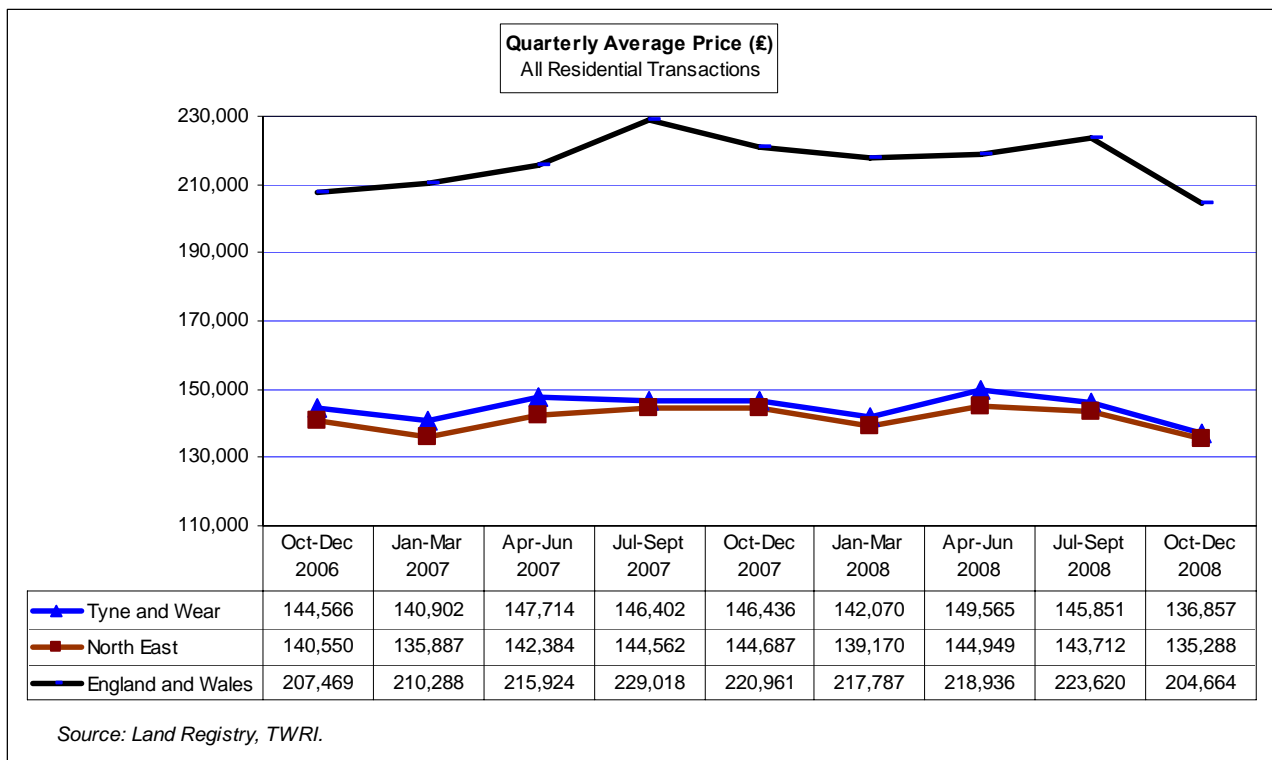
Source: Land Registry, TWRI.

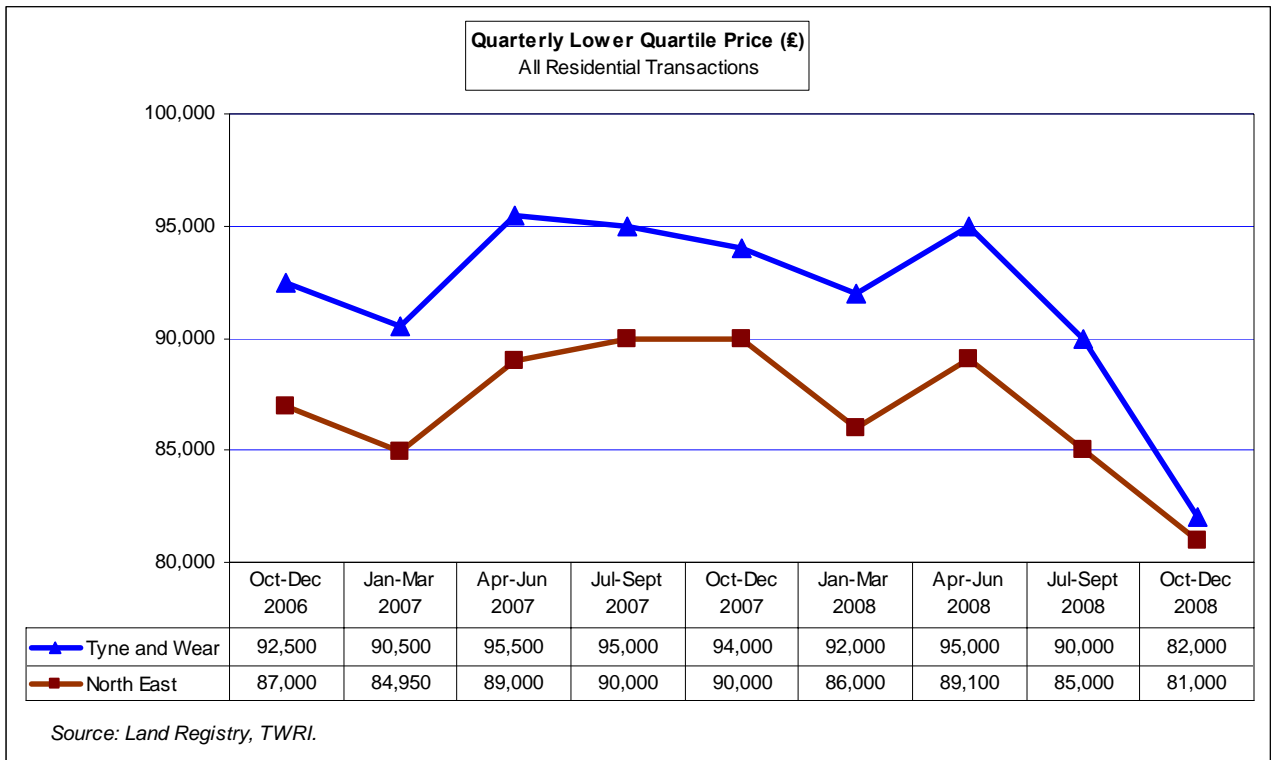
**Table 3.13 Lower Quartile Prices (£) in North East and Recent Percentage Changes**

<b>Annual figures</b>				
	<b>2007</b>	<b>2008</b>	<b>Change: 2007 to 08</b>	<b>% change: 2007 to 08</b>
Detached	175,000	170,000	-5,000	-2.9%
Semi-Detached	105,000	100,000	-5,000	-4.8%
Terraced	77,000	75,000	-2,000	-2.6%
Flat/Maisonette	81,000	75,000	-6,000	-7.4%
All	88,500	85,500	-3,000	-3.4%

Source: Land Registry, TWRI.

### Quarterly Time Series – All Property Types





## Commentary

### Value (All Sales)

**In 2008**, the total value of all sales in Tyne & Wear was £1.6bn, down by £1.7bn (-52%) on 2007. The number of sales also fell by 52%.

**In Q4 2008**, the total value of all sales in Tyne & Wear was £247m, down by £560m (-69%) on Q4 2007. This substantial fall was, proportionately, slightly larger than the 67% fall in sales.<sup>4</sup>

### Sales and Average Price (All Sales)

**In 2008**, Tyne & Wear accounted for 38% of North East sales. The average sale price in Tyne & Wear was £144,400, 2.2% (£3,100) higher than the North East average.

**In Q4 2008**, Tyne & Wear accounted for 37% of North East sales. The average sale price in Tyne & Wear was £136,900, only 1.2% (£1,600) above the North East average. The average sale price in Tyne & Wear was about two-thirds of the England & Wales figure (£204,700).

### Outlying Sales and Median Price (All Sales)

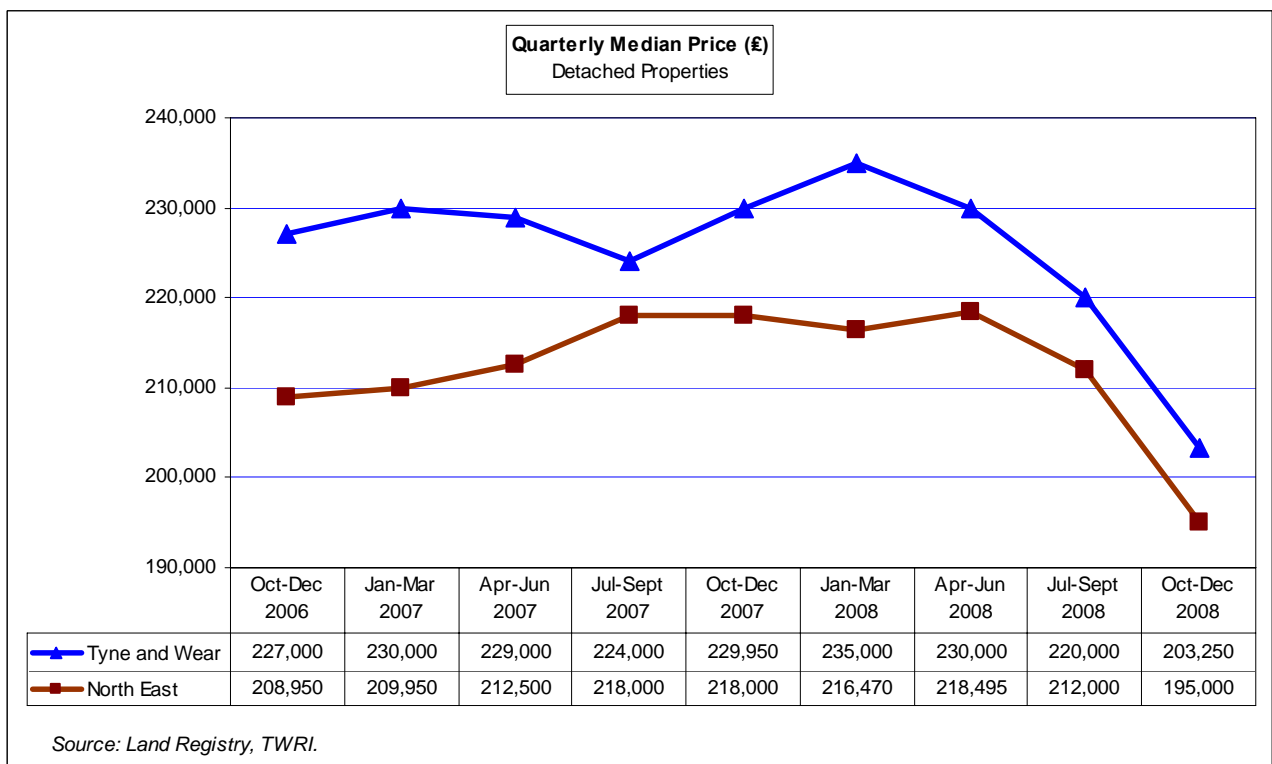
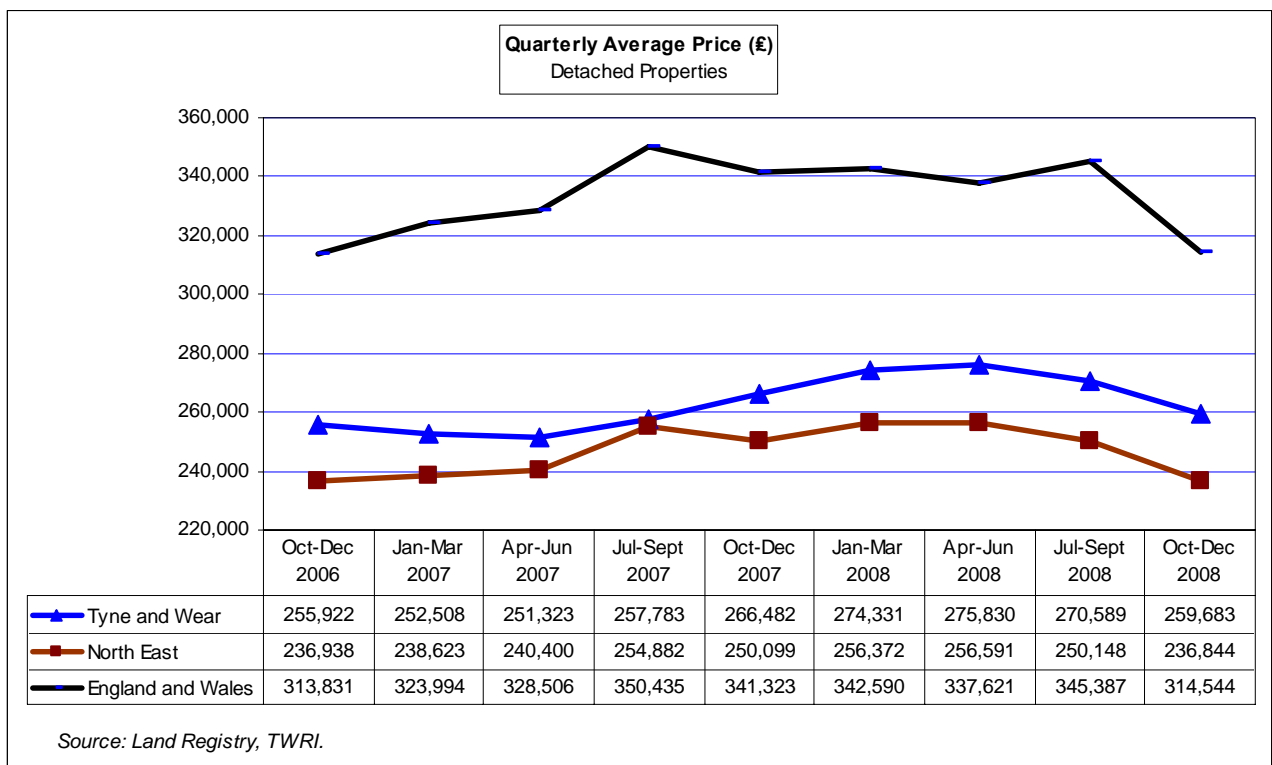
**In Q4 2008**, the Tyne & Wear median price dipped below the North East median. This can be explained, in part, by sales at the upper and lower ends of the market. In the North East 106 properties sold for more than £½m each, of these 19% (20 sales) were in Tyne & Wear. Conversely 23 properties sold for less than £25,000, of these 22% (5 sales) were in Tyne & Wear.

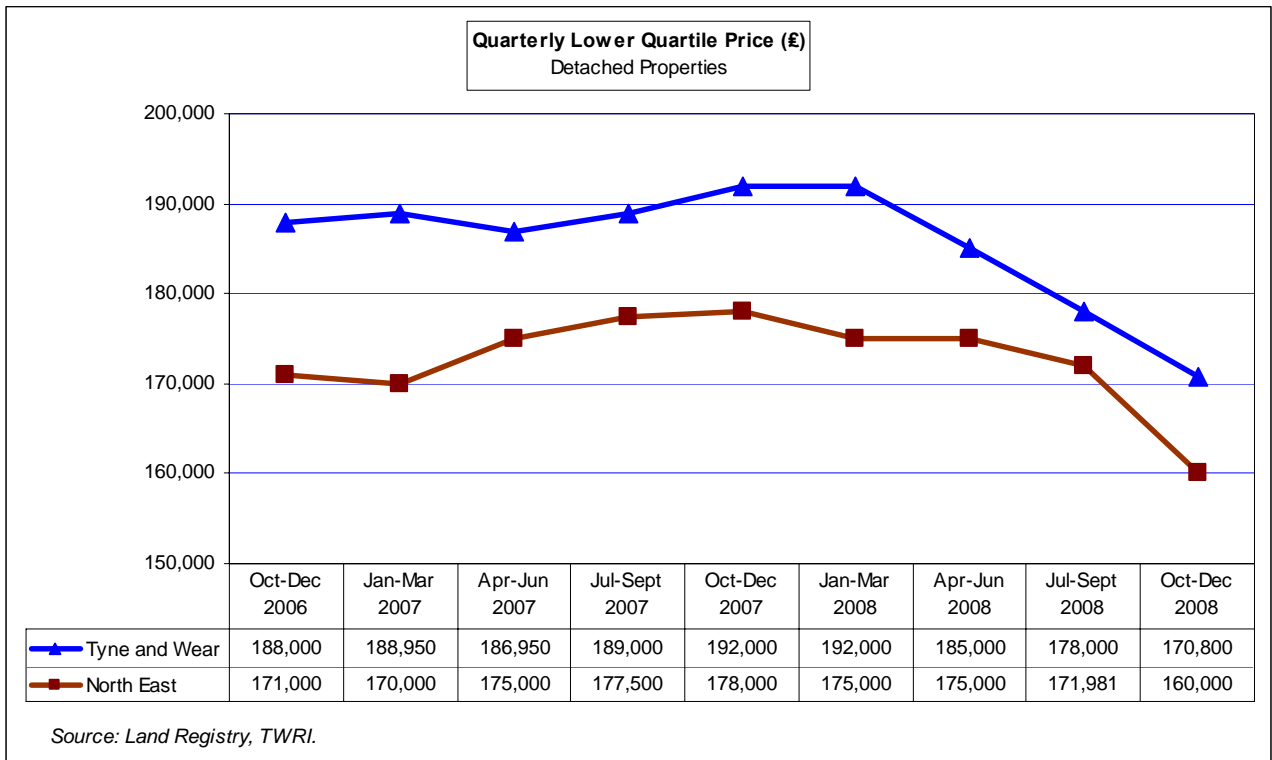
### Lower Quartile Price (All Sales)

Recent relatively steep falls in the county lower quartile price saw it almost converge with the regional value, although it was still £1,000 higher in Q4 2008.

<sup>4</sup> Caution: the latest quarter will not be a complete record.

### Quarterly Time Series – Detached





## Commentary

### Value (Detached)

**In 2008**, the total value of sales of detached houses in Tyne & Wear was £264m, down by £279m (-51%) on 2007. Proportionately the fall in sales numbers was larger (-54%).

**In Q4 2008**, the total value of all sales (detached) in Tyne & Wear was just £48m, down by a massive £83m (-63%) on Q4 2007. Sales numbers fell by 62%.<sup>5</sup>

### Sales and Average Price (Detached)

**In 2008**, Tyne & Wear accounted for only 22% of North East sales (detached). The average sale price (detached) in Tyne & Wear (£271,100) was 8% higher than the North East figure, a premium of about £20,000.

**In Q4 2008**, Tyne & Wear accounted for 23% of North East sales (detached). The average sale price of a detached house in Tyne & Wear (£259,700) was 10% higher than the North East figure, a premium of almost £23,000.<sup>6</sup> For detached houses, the average sale price in Tyne & Wear was 83% of the England & Wales figure (£314,500).

### Outlying Sales and Median Price (Detached)

**In Q4 2008**, the median sale price for detached houses fell steeply; in the North East down £17,000 to £195,000. Tyne & Wear's median price also fell (by £16,750), but it is still 4% (£8,250) above the North East. In the North East, four detached properties sold for more than £1m each, two of these were in Tyne & Wear. In the county detached sales prices ranged from £60,000 to £1.1m.

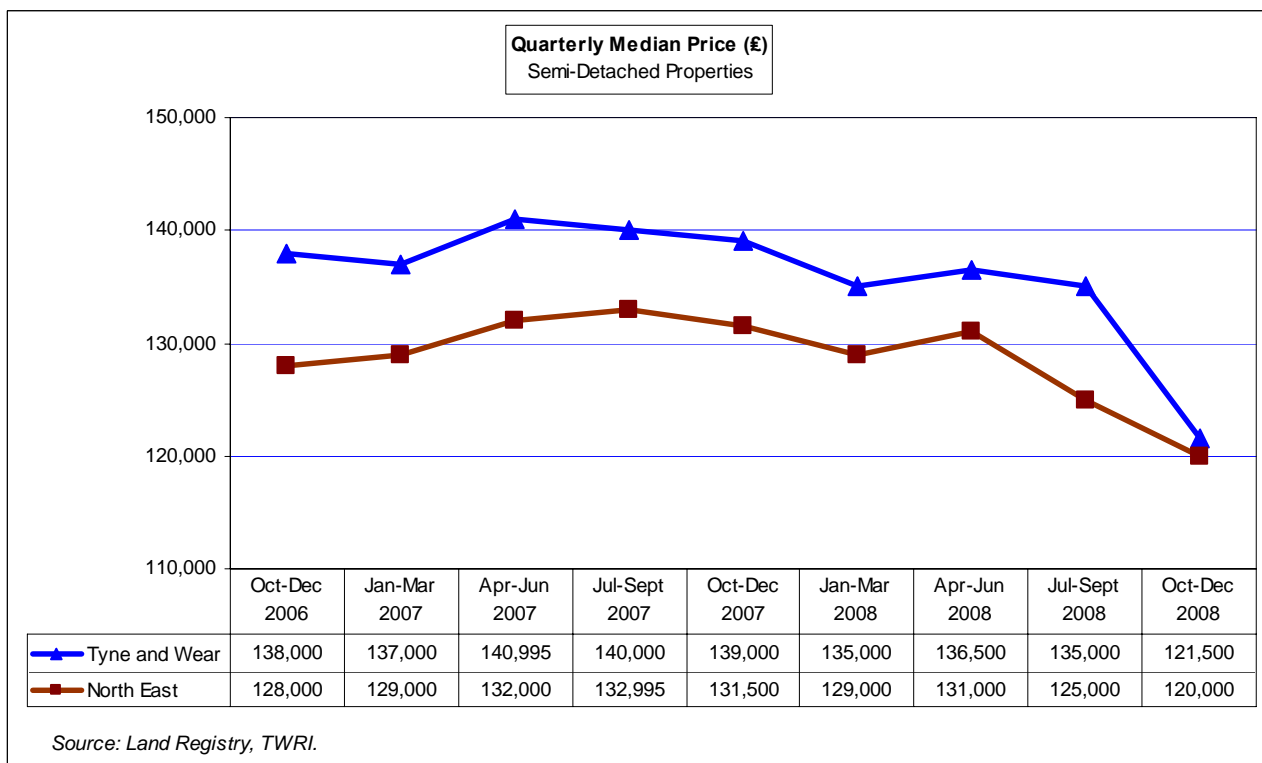
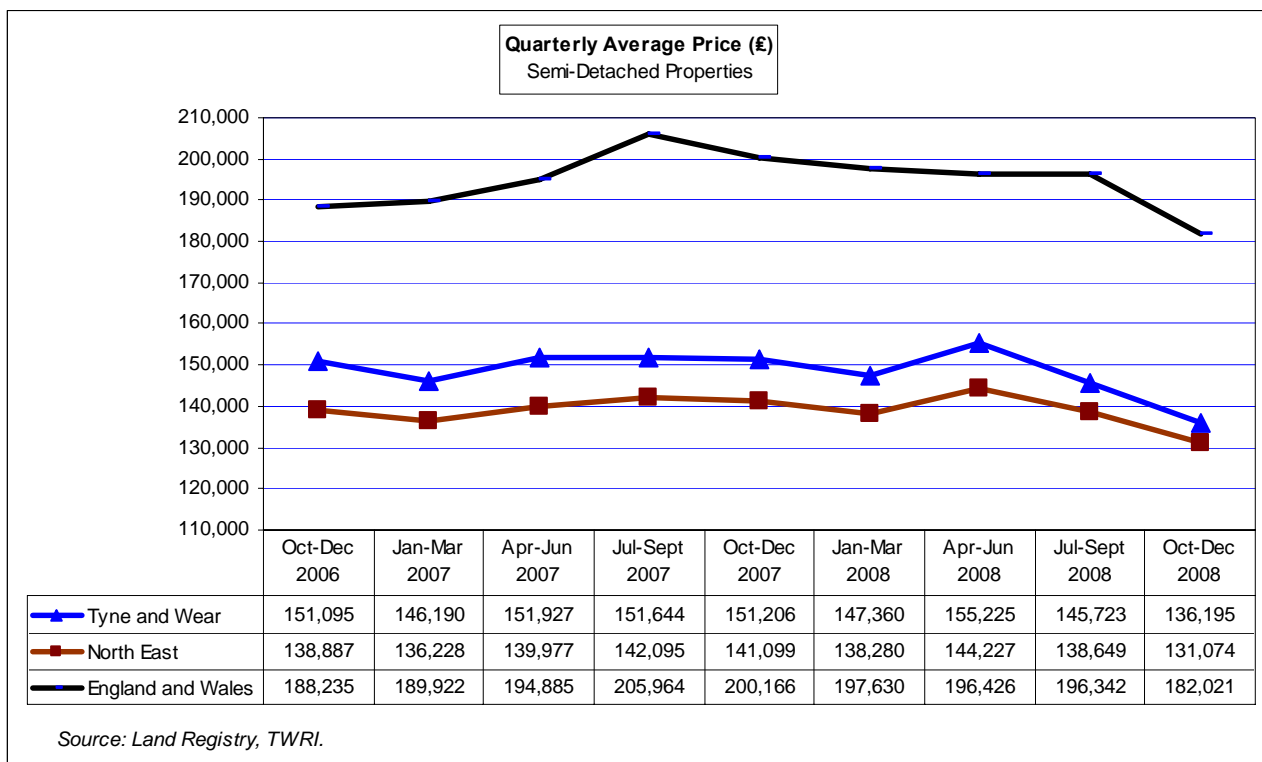
### Lower Quartile Price (Detached)

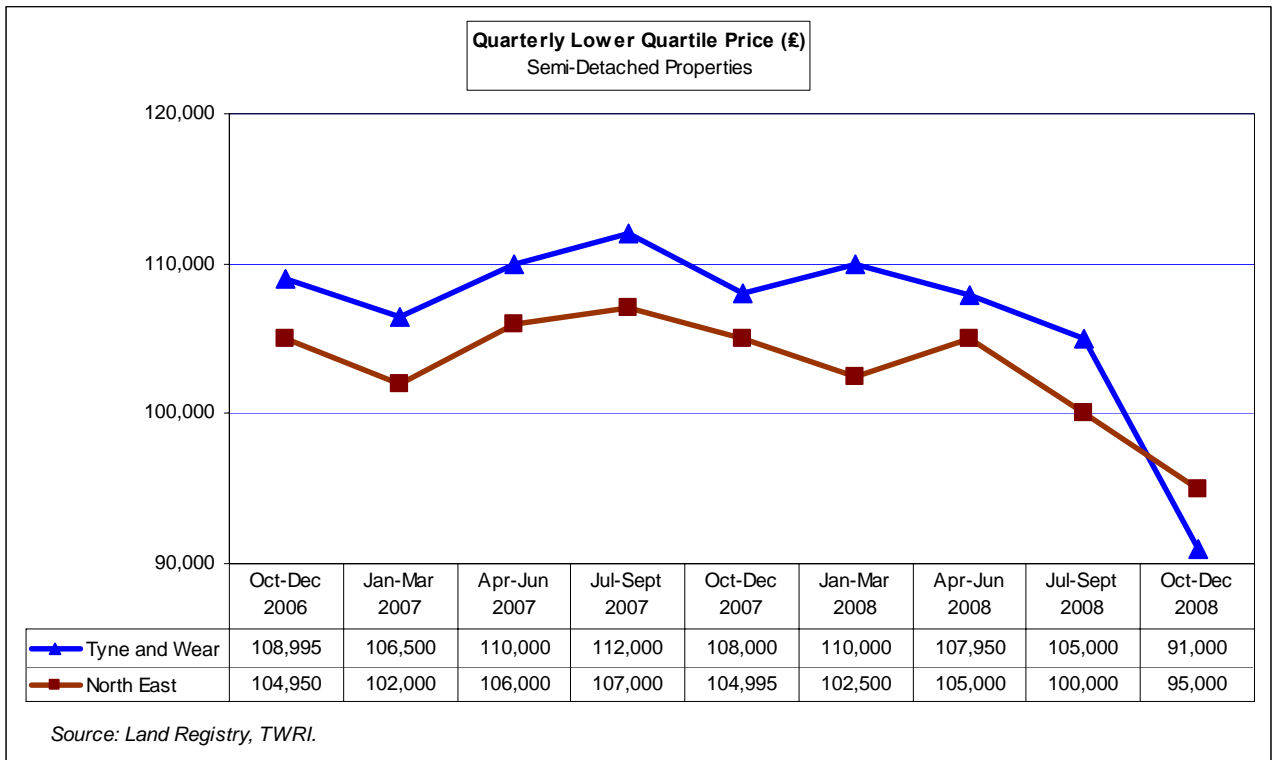
In Q3 2008, at the lower quartile, the price of a detached house in Tyne & Wear was only 3% (£6,000) higher than the North East. In Q4 2008, the gap widened to 7%, almost £11,000.

<sup>5</sup> Caution: the latest quarter will not be a complete record.

<sup>6</sup> Caution: there were fewer than 200 sales of detached houses in Tyne & Wear in the latest quarter

## Quarterly Time Series – Semi-Detached





## Commentary

### Value (Semi-detached)

**In 2008**, the total value of sales of semi-detached houses in Tyne & Wear was £468m, down by £526m (-53%) on 2007. Sales numbers fell by 52%.

**In Q4 2008**, the total value of sales (semi-detached) in Tyne & Wear was £76m, down by £159m (-68%) on Q4 2007. This was, proportionately, larger than the 64% fall in the number of sales.<sup>7</sup>

### Sales and Average Price (Semi-detached)

**In 2008**, Tyne & Wear accounted for 36% of North East sales (semi-detached). The average sale price (semi-detached) in Tyne & Wear was £147,500, 7% (£8,600) higher than the North East.

**In Q4 2008**, Tyne & Wear accounted for 35% of North East sales (semi-detached). The average semi-detached sale price in Tyne & Wear was £136,200, only 4% (£5,100) above the North East average and about three-quarters of the England & Wales figure (£182,000).

### Outlying Sales and Median Price (Semi-detached)

**In 2008**, the Tyne & Wear median price (semi-detached) was £8,600 higher than the North East value.

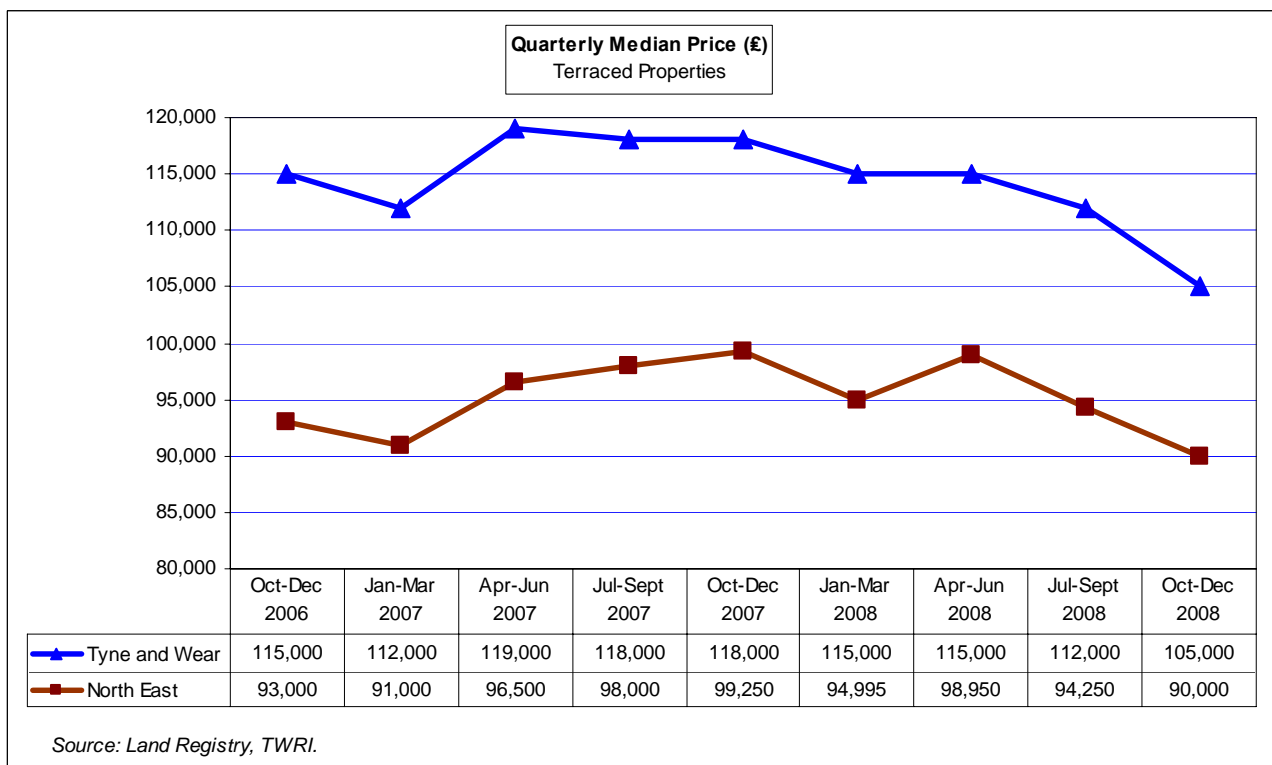
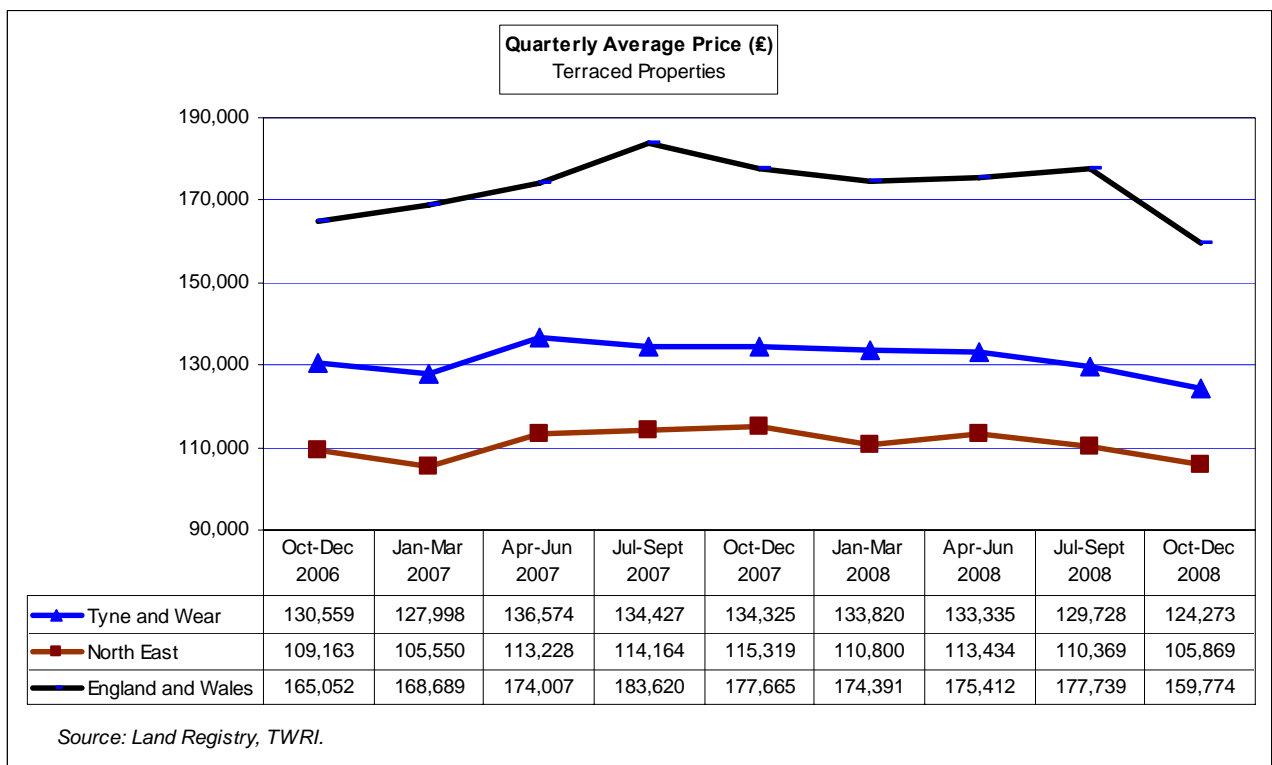
**In Q4 2008**, the Tyne & Wear median price was only £1,500 above the North East median. In the North East, 23 semi-detached properties sold for less than £50,000 each. Eight of these sales were in Tyne & Wear. Six semi-detached properties in the North East sold for more than £1/2m each. Of these, the four most expensive were in Tyne & Wear.

### Lower Quartile Price (Semi-detached)

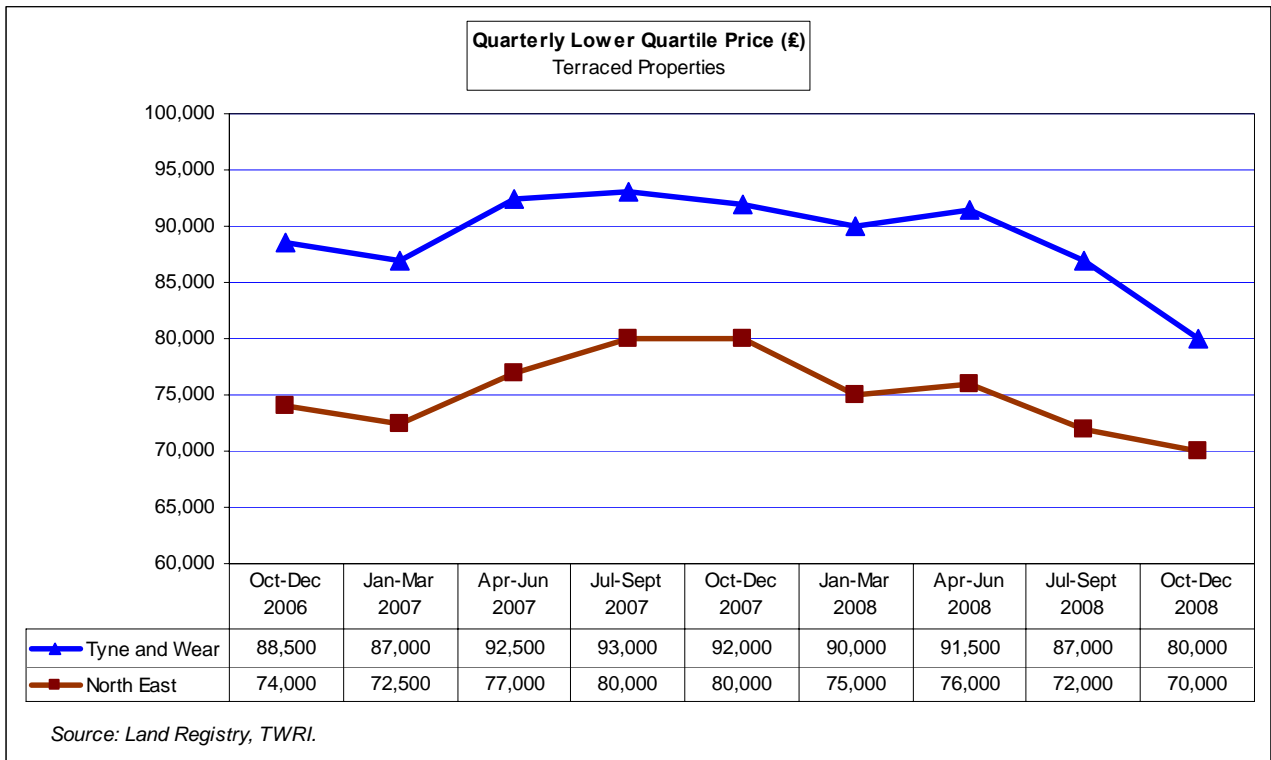
In Q4 2008, the North East lower quartile price dropped below £100,000 to £95,000, a fall of 5.0% on the previous quarter. The fall in Tyne & Wear was larger, down £14,000 (-13.3%) to £91,000.

<sup>7</sup> Caution: the latest quarter will not be a complete record.

### Quarterly Time Series – Terraced







## Commentary

### Value (Terraced)

**In 2008**, the total value of sales (terraced) in Tyne & Wear was £545m, down by £594m (-52%) on 2007. Sales numbers fell by 51%.

**In Q4 2008**, the total value of all sales (terraced) in Tyne & Wear was £85m, down by £198m (-70%) on Q4 2007. Sales numbers fell by 67%.<sup>8</sup>

### Sales and Average Price (Terraced)

**In 2008**, Tyne & Wear accounted for 37% of North East sales (terraced). Of the four property types, terraced sales in Tyne & Wear show the highest premium, on average, over the North East. In 2008, the average sale price in Tyne & Wear was £131,200, 18% higher than the regional value of £110,700. **By Q4 2008**, following six quarterly falls, the average sale price (terraced) in Tyne & Wear was £124,300. This was still 17% higher than the North East figure (£105,900). In Q4 2008, Tyne & Wear accounted for 36% of North East terraced sales. The average sale price for terraced houses in Tyne & Wear was 78% of the England & Wales figure (£159,800).

### Outlying Sales and Median Price (Terraced)

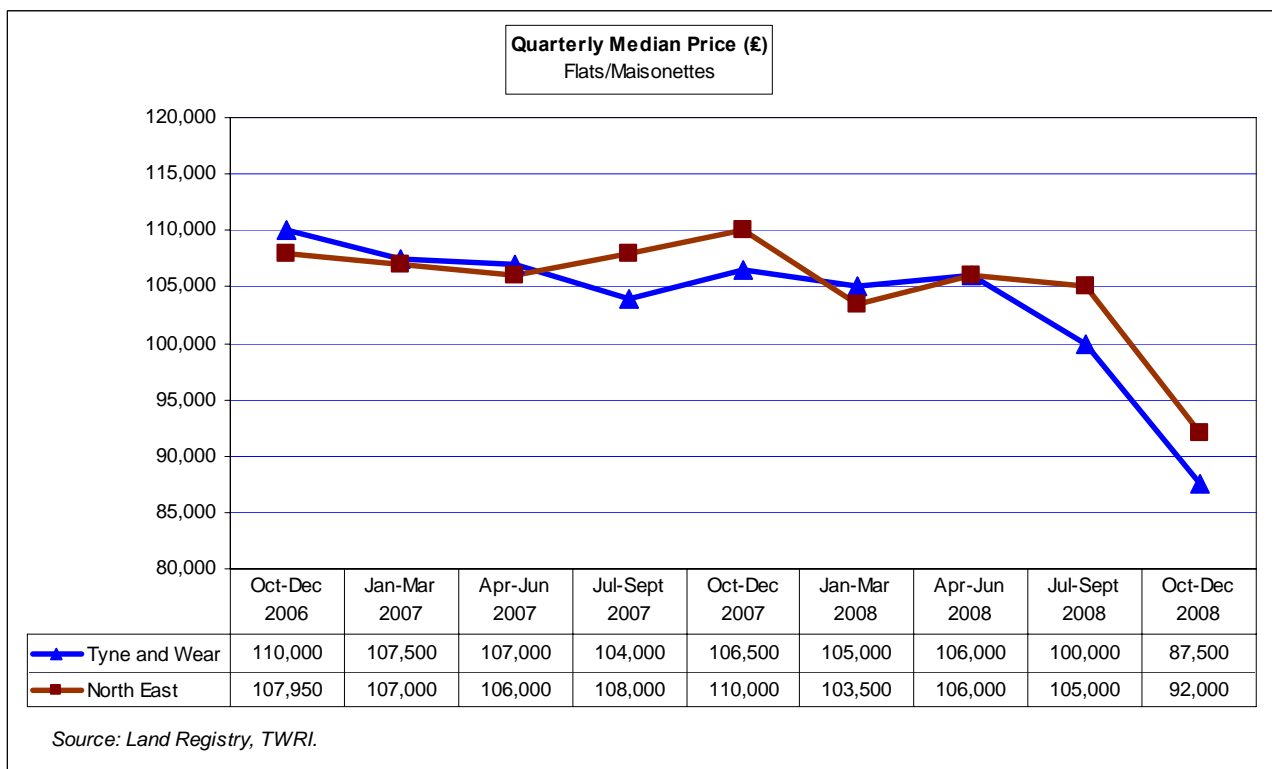
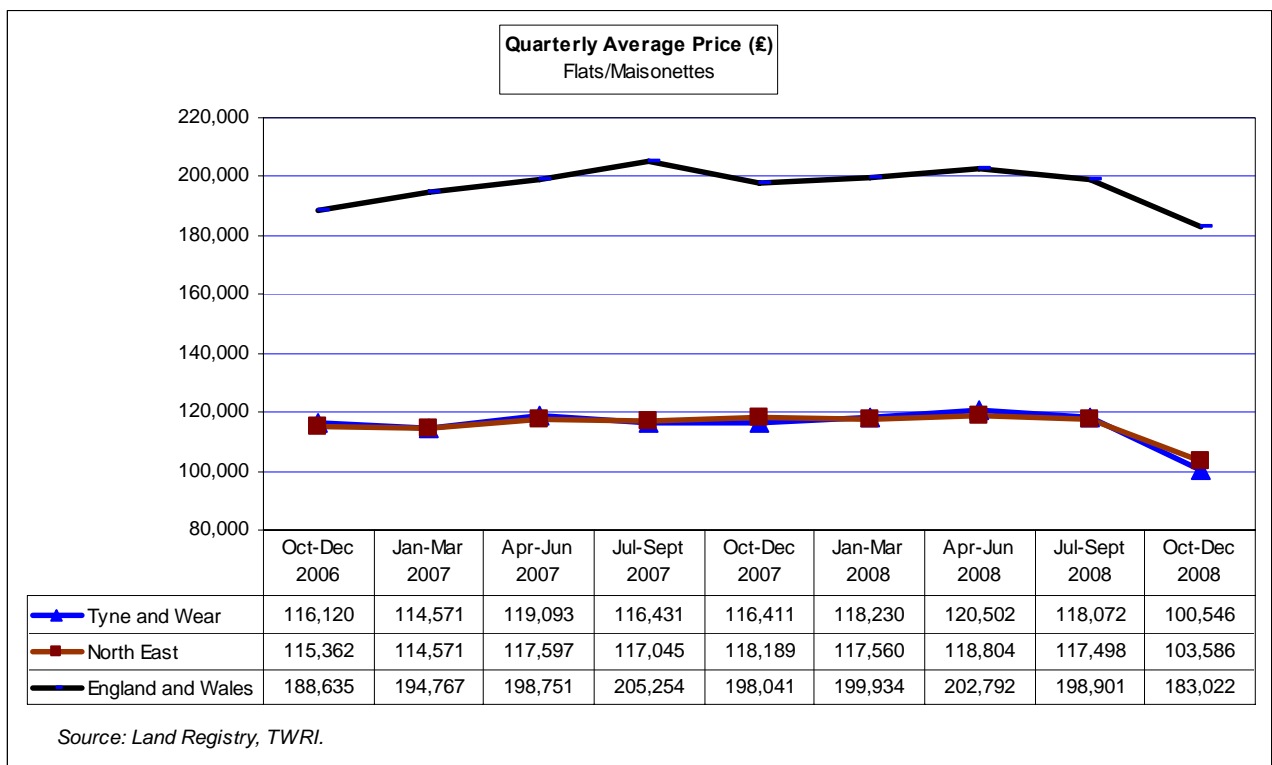
**In Q4 2008**, the Tyne & Wear median price (terraced) was 17% (£15,000) higher than the North East value. In the North East, 21 terraced properties sold for less than £35,000 each. Four of these sales were in Tyne & Wear. Eighteen terraced properties in the North East sold for more than £350,000 each. Of these, 16 were in Tyne & Wear.

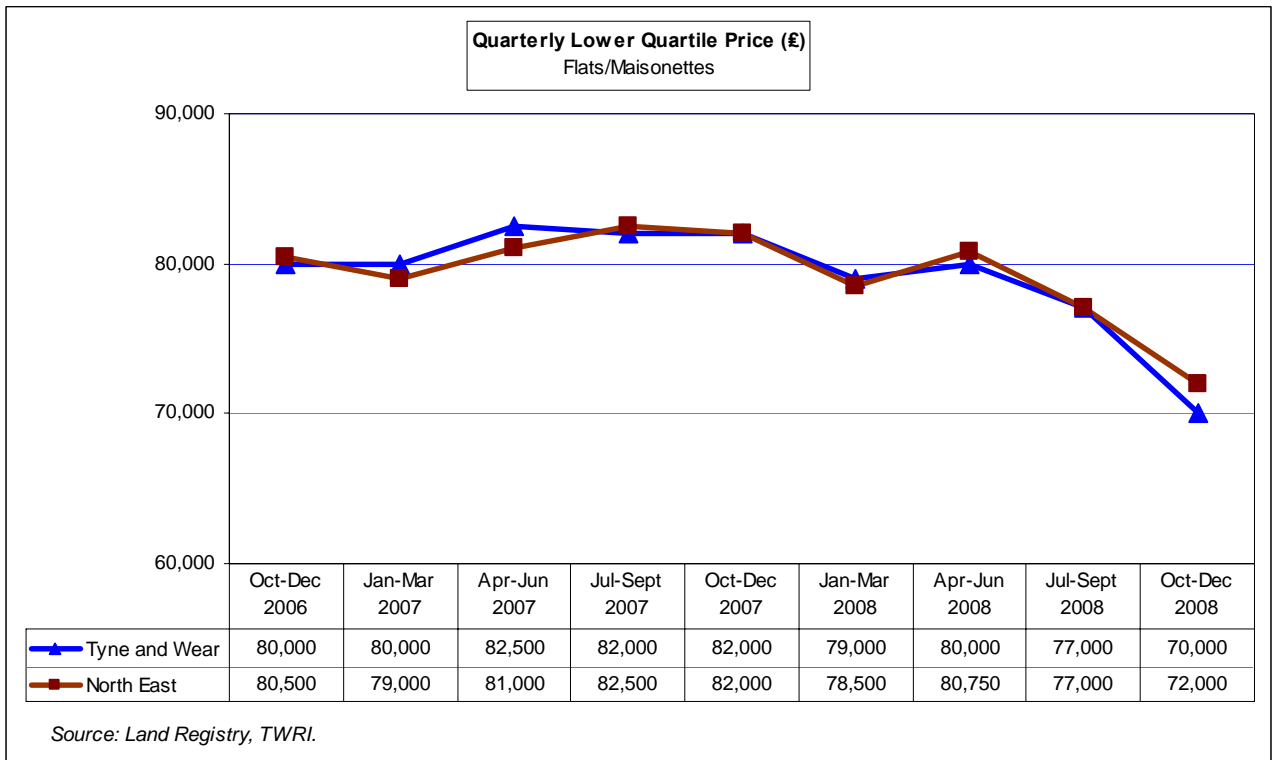
### Lower Quartile Price (Terraced)

**In Q4 2008**, Tyne & Wear's lower quartile price (terraced) was £10,000 higher than the North East. The Tyne & Wear premium had been approximately £15,000 in the first three quarters of 2008.

<sup>8</sup> Caution: the latest quarter will not be a complete record.

### Quarterly Time Series – Flats/Maisonettes





## Commentary

### Value (flats/maisonettes)

**In 2008**, the total value of sales in Tyne & Wear was £327m, down by £343m (-51%) on 2007. Sales numbers fell by the same proportion. **In Q4 2008**, the total value of all sales (flats/maisonettes) in Tyne & Wear was £38m, down by £120m (-76%) on Q4 2007. Sales numbers also fell steeply, by 72%.<sup>9</sup>

### Sales and Average Price (flats/maisonettes)

**In 2008**, Tyne & Wear flats accounted for the majority (64%) of North East sales. The average price in Tyne & Wear was very marginally higher than in the North East. **In Q4 2008**, Tyne & Wear accounted for 63% of North East sales. The average sale price in Tyne & Wear was £100,500, 97% of the North East average (£103,600) and 55% of the England & Wales average (£183,000).

### Outlying Sales and Median Price (flats/maisonettes)

**In 2008**, the Tyne & Wear median sale price was £100,500, 97% of the North East value. **In Q4 2008**, the North East median sale price fell below £100,000 to £92,000. Tyne & Wear's median price also fell below £100,000, to £87,500; 95% of the North East value. In the North East, six flats sold for more than £¼m each. Five of these were in Tyne & Wear. However, the most expensive was in Northumberland and sold for £½m. Seven flats sold for less than £35,000. Of these, six were in Tyne & Wear.

### Lower Quartile Price (flats/maisonettes)

In Q3 2008, the lower quartile price in Tyne & Wear equalled the North East figure of £77,000. In the following quarter, Tyne & Wear's lower quartile price fell 9.1%, to £70,000, while the North East value fell 6.5% to £72,000.

<sup>9</sup> Caution: the latest quarter will not be a complete record.

## 4 House Price to Earnings Ratios (HPERs)

This section is divided into four parts. The first three parts present HPERs for Average, Median and Lower Quartiles respectively. Data is presented on house prices by type and earnings for the County and its constituent Districts. The fourth part shows deposits required to obtain mortgages with a loan restricted to 3.5 times earnings at the Average, Median and Lower Quartiles levels. Note that, on average, prices are much higher in Newcastle for all house types. This is particularly true for detached houses. In 2008, the average sale price for a detached house in Newcastle was almost a third higher than the Tyne & Wear average.

### Average HPERs

**Table 4.1 Average House Prices in Tyne & Wear by District, 2008, £**

	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland	Tyne & Wear
<b>Detached</b>	244,998	358,846	244,198	249,424	245,753	271,053
<b>Semi-Detached</b>	138,222	176,013	151,970	146,398	128,594	147,452
<b>Terraced</b>	121,383	168,984	146,125	114,836	103,223	131,182
<b>Flat/ Maisonette</b>	100,403	142,527	102,933	96,078	115,310	116,458
<b>All</b>	131,969	176,610	146,350	127,521	126,423	144,378

Source: Land Registry, TWRI.

**Table 4.2 Annual Average Full-time Earnings\* (2008) £**

	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland	Tyne & Wear
	24,037	<b>26,696</b>	<b>26,610</b>	<b>24,931</b>	23,716	25,166
Coefficient of variation (CV)	<=5%	<b>CV &gt; 5% and &lt;= 10%</b>			<=5%	<=5%

Note: \*Resident-based (Full-time employees only).

This will produce higher HPERs than workplace-based data, on average, as earnings are lower for residents in Tyne & Wear and in Districts.

The CV is a measure of the quality of an estimate, lower CVs imply higher quality.

Source: Annual Survey of Hours and Earnings (ASHE) 2008 [ONS Crown Copyright].

**Table 4.3 Ratio of Average House Price to Annual Average Full-time Earnings\* (2008)**

	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland	Tyne & Wear
<b>Detached</b>	10.2	13.4	9.2	10.0	10.4	10.8
<b>Semi-Detached</b>	5.8	6.6	5.7	5.9	5.4	5.9
<b>Terraced</b>	5.0	6.3	5.5	4.6	4.4	5.2
<b>Flat/ Maisonette</b>	4.2	5.3	3.9	3.9	4.9	4.6
<b>All</b>	5.5	6.6	5.5	5.1	5.3	5.7

Note: \*Resident-based (Full-time employees only). This will produce higher HPERs than workplace-based data, on average, as earnings are lower for residents in Tyne & Wear and in Districts.

Source: Land Registry, Annual Survey of Hours and Earnings (ASHE) 2008 [ONS Crown Copyright].

In 2008, a single resident in Tyne & Wear on average full-time earnings would need 10.8 times their annual salary to purchase an averaged-priced detached house. They would “only” need 4.6 times their annual salary to purchase an average-priced flat.

## Median HPERs

**Table 4.4 Median House Prices in Tyne & Wear by District, 2008, £**

	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland	Tyne & Wear
<b>Detached</b>	220,000	280,000	216,000	235,000	200,000	228,000
<b>Semi-Detached</b>	130,000	143,000	146,000	133,650	122,000	134,000
<b>Terraced</b>	112,000	139,000	130,000	104,000	93,000	112,950
<b>Flat/ Maisonette</b>	89,950	125,000	94,500	90,000	99,000	100,000
<b>All</b>	118,000	141,995	130,000	110,075	109,000	122,000

Source: Land Registry, TWRI.

**Table 4.5 Annual Median Full-time Earnings\* (2008), £**

	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland	Tyne & Wear
	<b>20,921</b>	<b>22,250</b>	<b>22,140</b>	<b>x</b>	20,783	21,561
Coefficient of variation (CV)	<b>CV &gt; 5% and &lt;= 10%</b>	<b>&gt; 10% and &lt;= 20%</b>	<b>Unreliable</b>		<=5%	<=5%

Note: \*Resident-based (Full-time employees only).

This will produce higher HPERs than workplace-based data, on average, as earnings are lower for residents in Tyne & Wear and in Districts.

The CV is a measure of the quality of an estimate, lower CVs imply higher quality.

Source: Annual Survey of Hours and Earnings (ASHE) 2008 [ONS Crown Copyright].

**Table 4.6 Ratio of Median House Price to Median Full-time Earnings\* (2008)**

	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland	Tyne & Wear
<b>Detached</b>	10.5	12.6	9.8	Unreliable	9.6	10.6
<b>Semi-Detached</b>	6.2	6.4	6.6	Unreliable	5.9	6.2
<b>Terraced</b>	5.4	6.2	5.9	Unreliable	4.5	5.2
<b>Flat/ Maisonette</b>	4.3	5.6	4.3	Unreliable	4.8	4.6
<b>All</b>	5.6	6.4	5.9	Unreliable	5.2	5.7

Note: \*Resident-based (Full-time employees only). This will produce higher HPERs than workplace-based data, on average, as earnings are lower for residents in Tyne & Wear and in Districts.

Source: Land Registry, Annual Survey of Hours and Earnings (ASHE) 2008 [ONS Crown Copyright].

The estimate for annual median full-time earnings in South Tyneside was considered unreliable by ONS and was not published in the 2008 ASHE.

At Tyne & Wear level, the median HPER is slightly lower than the average for detached properties, slightly higher for semi-detached and the same for terraced properties and for flats.

## Lower Quartile HPERs

**Table 4.7 Lower Quartile House Prices in Tyne & Wear by District, 2008, £**

	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland	Tyne & Wear
<b>Detached</b>	177,995	213,000	184,950	197,020	165,000	182,500
<b>Semi-Detached</b>	105,000	113,000	116,000	107,000	92,500	105,000
<b>Terraced</b>	90,000	100,000	105,000	85,000	76,000	88,500
<b>Flat/ Maisonette</b>	73,000	90,000	73,000	74,000	77,500	77,000
<b>All</b>	90,000	103,000	97,000	86,500	83,000	90,000

Source: Land Registry, TWRI.

**Table 4.8 Lower Quartile Full-time Earnings\* (2008), £**

	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland	Tyne & Wear
	16,082	16,409	<b>16,602</b>	<b>x</b>	16,058	16,187
Coefficient of variation (CV)	<=5%	<=5%	<b>&gt; 10% and &lt;= 20%</b>	<b>Unreliable</b>	<=5%	<=5%

Note: \*Resident-based (Full-time employees only).

This will produce higher HPERs than workplace-based data, on average, as earnings are lower for residents in Tyne & Wear and in Districts.

The CV is a measure of the quality of an estimate, lower CVs imply higher quality.

Source: Annual Survey of Hours and Earnings (ASHE) 2008 [ONS Crown Copyright].

**Table 4.9 Ratio of Lower Quartile House Price to Lower Quartile Full-time Earnings\* (2008)**

	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland	Tyne & Wear
<b>Detached</b>	11.1	13.0	11.1	Unreliable	10.3	11.3
<b>Semi-Detached</b>	6.5	6.9	7.0	Unreliable	5.8	6.5
<b>Terraced</b>	5.6	6.1	6.3	Unreliable	4.7	5.5
<b>Flat/ Maisonette</b>	4.5	5.5	4.4	Unreliable	4.8	4.8
<b>All</b>	5.6	6.3	5.8	Unreliable	5.2	5.6

Note: \*Resident-based (Full-time employees only). This will produce higher HPERs than workplace-based data, on average, as earnings are lower for residents in Tyne & Wear and in Districts.

Source: Land Registry, Annual Survey of Hours and Earnings (ASHE) 2008 [ONS Crown Copyright].

The estimate for annual lower quartile full-time earnings in South Tyneside was considered unreliable by ONS and was not published in the 2008 ASHE.

At Tyne & Wear level, the lower quartile HPER is higher than both the average and the median for each property type.

In 2008, a single resident in Tyne & Wear on lower quartile full-time earnings would need 11.3 times their annual salary to purchase a detached house at the lower quartile price. They would “only” need 4.8 times their annual salary to purchase a lower quartile priced flat.

## Notes on Earnings Data

The earnings figures in this report are taken from the Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE). A report on the latest ASHE has been produced by TWRI.<sup>10</sup> The TWRI Earnings Report covers both workplace and residence-based earnings. Earnings of residents in Tyne & Wear are typically 4-5% lower than at workplaces. This difference is due to in-commuters into Tyne & Wear (on average) earning significantly more than out-commuters. HPERs are calculated using residence-based earnings only, on the assumption that they give a better indication of affordability for people living in a District.

The ASHE data set includes coefficients of variation, which give a measure of the quality of an estimate. For a single variable, the coefficient of variation (CV) is the ratio of the standard deviation to the mean. The CV is often presented as the given ratio multiplied by 100. The CV for a single variable aims to describe the dispersion of the variable in a way that does not depend on the variable's measurement unit. The higher the CV, the greater the dispersion in the variable.<sup>11</sup>

## Income Multipliers and Required Deposits

The previous section considered HPER based on the full price of the property. In reality, for most people, there are two initial constraints on house purchase; the amount available for a deposit and the amount a lender is prepared to offer. The latter is usually calculated based on a multiple of income or earnings.<sup>12</sup> Figures for April 2009 indicate that over two-thirds of mortgage deals on offer required a deposit of at least 25%.<sup>13</sup> Surprisingly there were still some deals that did not require a deposit. However, they accounted for less than 1% of the deals on offer. In December 2008, first-time buyers typically had a deposit of 22%, the highest proportion in 34 years of available data (Council of Mortgage Lenders).

The average first-time buyer borrowed 3.1 times their income and spent 17.1% of their income on interest payments. Home movers typically borrowed 70% of the property's value, 2.75 times their income. Interest payments typically consumed 13.2% of home movers' income.<sup>14</sup>

The following tables give an indication of the deposit required to qualify for a mortgage assuming that lenders will supply a maximum mortgage of 3.5 times earnings for a single earner. The lower quartile table (Table 4.12) is perhaps the most relevant since it gives an indication of the substantial deposits new entrants to the housing market require.

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<sup>10</sup> [http://www.twri.org.uk/wwwfileroot/twri/twri\\_Earnings\\_TW\\_TWCR\\_V01\\_2008.pdf](http://www.twri.org.uk/wwwfileroot/twri/twri_Earnings_TW_TWCR_V01_2008.pdf) (TWRI, *Earnings in Tyne & Wear and the City Region*, 2008, May 2009)

<sup>11</sup> [http://www.ats.ucla.edu/stat/mult\\_pkg/faq/general/coefficient\\_of\\_variation.htm](http://www.ats.ucla.edu/stat/mult_pkg/faq/general/coefficient_of_variation.htm) (UCLA: Academic Technology Services, Statistical Consulting Group, *Introduction to SAS*, accessed 1<sup>st</sup> June 2009).

<sup>12</sup> *Income is a wider measure than earnings. Amongst other things it can include earnings, rent receipts, dividends and benefit payments.*

<sup>13</sup> <http://news.bbc.co.uk/1/hi/business/7986164.stm> (Moneyfacts, reported on BBC: *Lenders still want high deposits*, 6<sup>th</sup> April 2009, downloaded 23<sup>rd</sup> April 2009)

<sup>14</sup> <http://www.cml.org.uk/cml/media/press/2113> (Council of Mortgage Lenders, *Mortgage landscape reshaped in 2008*, 12<sup>th</sup> February 2009, downloaded 23<sup>rd</sup> April 2009).



**Table 4.10 Deposit Required for the Purchase of an Average Price House, Assuming a Maximum Mortgage of 3.5x Annual Average Full-time Earnings\* (2008), £**

	Gateshead	Newcastle	North	South	Sunderland	Tyne & Wear
			Tyneside	Tyneside		
<b>Detached</b>	160,868	265,410	151,063	162,165	162,747	182,972
<b>Semi-Detached</b>	54,092	82,577	58,835	59,139	45,588	59,371
<b>Terraced</b>	37,254	75,548	52,990	27,578	20,217	43,101
<b>Flat/ Maisonette</b>	16,273	49,091	9,798	8,819	32,304	28,377
<b>All</b>	47,840	83,174	53,215	40,262	43,417	56,297

Note: \*Resident-based (Full-time employees only). This will produce higher HPERs than workplace-based data, on average, as earnings are lower for residents in Tyne & Wear and in Districts.

Source: Land Registry, Annual Survey of Hours and Earnings (ASHE) 2008 [ONS Crown Copyright].

**Table 4.11 Deposit Required for the Purchase of a Median Price House, Assuming a Maximum Mortgage of 3.5x Annual Median Full-time Earnings\* (2008), £**

	Gateshead	Newcastle	North Tyneside	South	Sunderland	Tyne & Wear
				Tyneside		
<b>Detached</b>	146,777	202,125	138,510	Unreliable	127,260	152,537
<b>Semi-Detached</b>	56,777	65,125	68,510	Unreliable	49,260	58,537
<b>Terraced</b>	38,777	61,125	52,510	Unreliable	20,260	37,487
<b>Flat/ Maisonette</b>	16,727	47,125	17,010	Unreliable	26,260	24,537
<b>All</b>	44,777	64,120	52,510	Unreliable	36,260	46,537

Note: \*Resident-based (Full-time employees only). This will produce higher HPERs than workplace-based data, on average, as earnings are lower for residents in Tyne & Wear and in Districts.

Source: Land Registry, Annual Survey of Hours and Earnings (ASHE) 2008 [ONS Crown Copyright].

**Table 4.12 Deposit Required for the Purchase of a Lower Quartile Price House, Assuming a Maximum Mortgage of 3.5x Annual Lower Quartile Full-time Earnings\* (2008), £**

	Gateshead	Newcastle	North Tyneside	South	Sunderland	Tyne & Wear
				Tyneside		
<b>Detached</b>	121,708	155,569	126,843	Unreliable	108,797	125,846
<b>Semi-Detached</b>	48,713	55,569	57,893	Unreliable	36,297	48,346
<b>Terraced</b>	33,713	42,569	46,893	Unreliable	19,797	31,846
<b>Flat/ Maisonette</b>	16,713	32,569	14,893	Unreliable	21,297	20,346
<b>All</b>	33,713	45,569	38,893	Unreliable	26,797	33,346

Note: \*Resident-based (Full-time employees only). This will produce higher HPERs than workplace-based data, on average, as earnings are lower for residents in Tyne & Wear and in Districts.

Source: Land Registry, Annual Survey of Hours and Earnings (ASHE) 2008 [ONS Crown Copyright].

## 5 First-Time Sales<sup>15</sup>

This section presents statistics on first-time sales. The number of these new-build houses is relatively low. Therefore only annual statistics are presented.

**Table 5.1 First-Time Sales in Tyne & Wear and Recent Percentage Changes**

Annual figures			Change:	% change:
	2007	2008	2007 to 08	2007 to 08
Detached	158	179	21	13.3%
Semi-Detached	112	181	69	61.6%
Terraced	219	278	59	26.9%
Flat/Maisonette	668	534	-134	-20.1%
All	1,157	1,172	15	1.3%

Source: Land Registry, TWRI.

**Table 5.2 First-Time Sales as a Proportion of All Sales by Type,**

### Tyne and Wear

#### Annual figures (%)

	2007	2008
Detached	7.5	18.4
Semi-Detached	1.7	5.7
Terraced	2.6	6.7
Flat/Maisonette	11.6	19.0
All Transactions	5.0	10.5

Source: Land Registry, TWRI.

<sup>15</sup> The Land Registry records new build. New build transactions are assumed to be first-time sales. New-build will include residential properties converted into two or more separate properties, providing that the Land Registry receives an application for a transfer of part or Dispositionary First Lease. However, a property converted from non-residential to residential is not classed as new build.

## House Prices, First-Time Sales

**Table 5.3 Average Prices (£) for First-Time Sales in Tyne & Wear**

Annual figures			Change:	% change:
	2007	2008	2007 to 08	2007 to 08
Detached	269,982	286,775	16,793	6.2%
Semi-Detached	176,559	163,240	-13,319	-7.5%
Terraced	173,221	170,522	-2,700	-1.6%
Flat/Maisonette	145,209	151,937	6,728	4.6%
All	170,585	178,685	8,100	4.7%

Source: Land Registry, TWRI.

**Table 5.4 Median Prices (£) for First-Time Sales in Tyne & Wear**

Annual figures			Change:	% change:
	2007	2008	2007 to 08	2007 to 08
Detached	245,000	235,000	-10,000	-4.1%
Semi-Detached	160,000	155,000	-5,000	-3.1%
Terraced	161,500	154,973	-6,528	-4.0%
Flat/Maisonette	134,973	137,225	2,253	1.7%
All	155,550	158,450	2,900	1.9%

Source: Land Registry, TWRI.

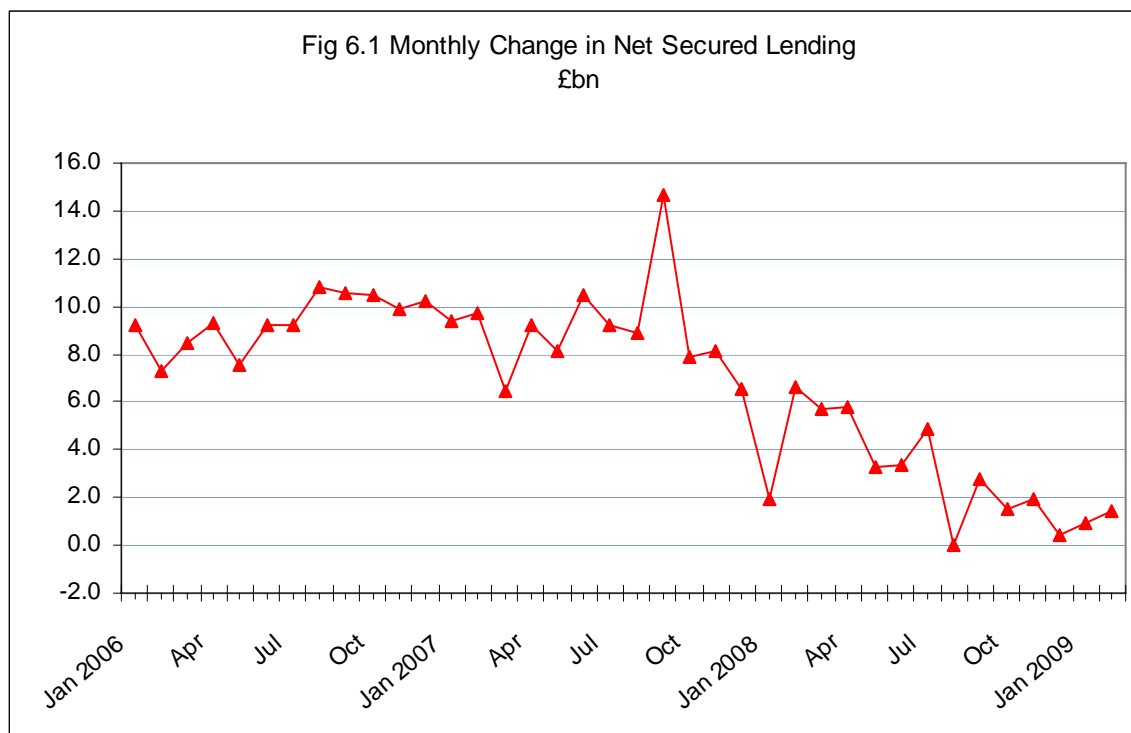
**Table 5.5 Lower Quartile Prices (£) for First-Time Sales in Tyne & Wear**

Annual figures			Change:	% change:
	2007	2008	2007 to 08	2007 to 08
Detached	199,995	186,550	-13,445	-6.7%
Semi-Detached	142,826	139,500	-3,326	-2.3%
Terraced	140,250	120,249	-20,001	-14.3%
Flat/Maisonette	115,000	110,000	-5,000	-4.3%
All	124,950	120,984	-3,966	-3.2%

Source: Land Registry, TWRI.

## 6 Mortgage Lending

In February 2009, the number of loans approved for house purchase (37,937) was higher than in January and the previous six-month average. However, approvals for remortgaging (32,633) and for other purposes (31,372) were lower than in January and the previous six-month averages. The increase in net lending secured on dwellings (£1.5 billion) was higher than the January increase and the previous six-month average.<sup>16</sup> Nevertheless, net lending secured on dwellings has collapsed from nearly £10bn/month in 2007 (Figure 6.1).



Source: Bank of England.

Notes: The January 2008 net lending is distorted downwards by £4.7bn due to a change in the way the Bank of England compiles the figures. Figures shown are monthly changes in secured lending to individuals and housing associations (seasonally adjusted). Following a review of the compilation of other specialist lenders' secured lending data, second charge mortgages are now excluded from secured lending data and included in other loans and advances. This reduced the amount outstanding of secured lending by £4.7bn and increased the amount outstanding of other loans and advances by £4.7bn. This movement has been adjusted out of the net lending flows for January. (31 Jan 2008)

<sup>16</sup> <http://www.bankofengland.co.uk/statistics/li/2009/Feb/lendind.pdf> (Bank of England, Statistical Release Lending to individuals: February 2009, published 30<sup>th</sup> March 2009, downloaded 24<sup>th</sup> April 2009).

The Bank of England report (Trends in Lending)<sup>17</sup> highlights several points relevant to the housing market.

- Mortgage lending growth has also slowed significantly over the past 18 months, from over 10% in 2007 to around 2% in February 2009, on a twelve-month basis.
- Gross mortgage lending has fallen to its lowest level since March 2001, in part reflecting a marked fall in remortgaging activity.
- The report gives two explanations for the fall in remortgaging:
  - 1) Recent reductions in the Bank Rate have been reflected in lower standard variable rates (SVRs). Since SVRs have fallen relative to most other mortgage rates, borrowers have tended to remain on the SVR rather than refinance. This has reduced the levels of ‘churn’ in the market.
  - 2) Some borrowers will not have been able to refinance expiring fixed-term deals with new deals due to high loan to value (LTV) ratios resulting from house price falls.
    - Growth in the stock of mortgage lending to individuals has slowed sharply since the start of the financial crisis, and stands at its lowest annual rate since the series began in 1988.
    - The majority of the slowdown in mortgage lending can be accounted for by the withdrawal of specialist mortgage banks and other specialist lenders. These lenders had often focused on higher-risk mortgage lending.<sup>18</sup> Many of these lenders relied heavily on wholesale funding through securitisation markets to finance their activities. When funding markets effectively closed, these lenders withdrew from the market.
    - Foreign lenders are less active in the UK mortgage market — they accounted for some 15% of the decline in net mortgage lending flows between 2007 and 2008.

Of local interest in the report is a comment on Northern Rock:

- The Government announced in February [2009] the agreement of a new business strategy [for Northern Rock] that would see them increase mortgage lending, subject to market demand. Prior to this announcement the restructuring of Northern Rock helped to reduce mortgage lending capacity in the economy.

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<sup>17</sup> <http://www.bankofengland.co.uk/publications/other/monetary/TrendsApril09.pdf> (Bank of England, Trends in Lending, April 2009, downloaded 23rd April 2009).

<sup>18</sup> Borrowers with adverse credit histories, higher loan to value ratios or self-certified income and the buy-to-let market.