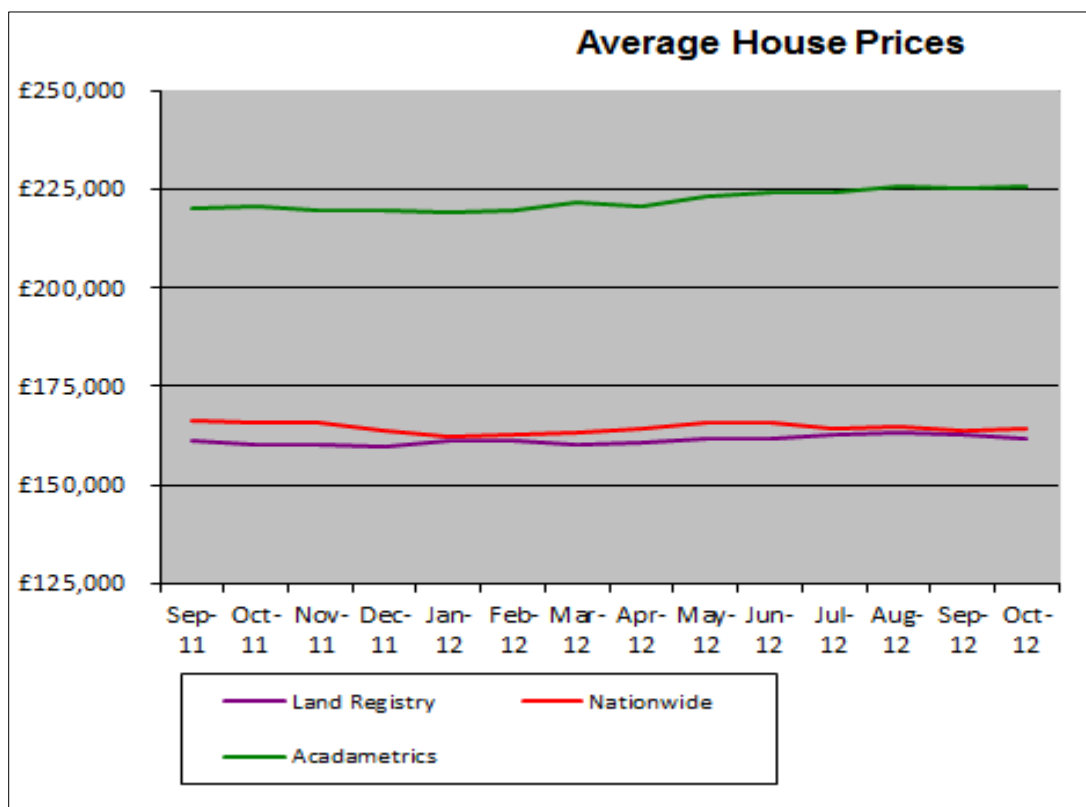




What's happening to property prices to date?

Despite some crazy newspaper headlines about what's happening to property prices, whether they are up or down, the reality is that from a national average property price perspective, nothing much is happening. And this has been the picture for the last two years as the chart and analysis shows below:-

Chart showing average property prices since September 2011 in England and Wales



Key facts about average property prices in England and Wales from January 2011 to October 2012:-

- An 'average property' price for mortgaged properties has fluctuated between £161k - £169k for [Nationwide](#)
- Average property prices, including cash sales, by the [Land Registry](#) hardly changed: £161k - £163k
- Average property prices for all properties from [Acadametrics](#) shows a range between £217k and £226k
- Property prices in October, on average, are approximately:-
 - 6.7% above the lows of 2009 for [Land Registry](#)
 - 11% above the lows of 2009 for [Nationwide](#)
 - 13% above the lows of 2009 for [Acadametrics](#)
- Average property price performance varies dramatically from one area to another. Three regions, including the North East, the North West, Yorkshire and Humber, according to the [Land Registry](#), remain below previous lows of 2009.

What's happening to property prices to date? – Cont'd

- Only the London region continues to outperform 2007 price heights, with prices 3.7% above the heights, which taking into account inflation, means property prices still have a way to rise for properties to maintain their value.
- [Land Registry](#) average property prices October 2012 versus January 2011 have only changed by **-0.9%**
- [Nationwide](#) average property prices October 2012 versus January 2011 have only changed by **1.5%**
- [Acadameetric's](#) average property prices October 2012 versus January 2011 have only changed by **1.7%**
- Northern Ireland continues to be the place worst hit by the credit crunch being **-11.4%** down on the lows of 2009, and although there was some improvement with Q2 2012 being 3.7% up on Q1, Q3 has dropped back on Q2 by -0.5%.

Market Commentary

Overall the story of property prices – on average – is that they are fluctuating, and some months show a small fall and some a small rise. When looked at over the last two years, national average property prices have remained pretty flat and this trend is likely to continue for some time.

According to Roger Gardner, [Nationwide's](#) Chief Economist, *“Monthly price changes have failed to establish a strong trend in either direction over the past six months, with three months of increases and three months of price declines since May 2012”*.

[Land Registry](#) claims prices are up 1.1% year on year with [Acadameetrics](#) claiming that on an annual basis, prices have risen at a slightly higher rate of 2.3%.

Dr Peter Williams of [Acadameetrics](#) comments *“the rise this month offsets the fall seen in the previous month and points to the remarkable stability of house prices in England and Wales, despite continuing problems in the financial markets”*.

The reason behind this price stability Roger Gardner puts down to *“wage growth is still not keeping up with the cost of living and unemployment well above normal levels, this helps to explain why housing market activity has remained subdued”*.

From a volume perspective, [Acadameetrics](#) highlight the fact that one of the main features of the housing market in September was the low number of transactions, which they estimate could be the second lowest number of properties sold in the month of September since 1995. This month - October - has seen a 'catch-up' effect. Whereas on average there is usually a small increase of 2.0% in transactions between September and October, this year [Acadameetrics](#) estimate it will be +24.0%, with some 65,675 transactions in the month.

[Land Registry](#) - In the months May to August 2012, sales volumes averaged 57,789 transactions per month. This is a decrease from the same period a year earlier, when sales volumes averaged 58,361 per month and over the past twenty nine months, transaction volumes have been relatively consistent.

Dr Peter Williams, Chairman of [Acadameetrics](#) says that *“the main causes of the decline in transactions in October remain the difficulties in obtaining mortgage finance, with high deposit levels and an excellent credit record still being paramount in the eyes of the lender”*. He also goes on to say, *“uncertainties in the economic outlook are causing buyers to remain cautious about any commitment to the purchase of a high value asset”*.

In addition to this, it does appear that lenders are almost 'lend averse' when it comes to deciding whether to offer on a mortgage or not. Stories of people being rejected due to errors for example on unpaid debts, which when cleared up, still mean a lender refuses to lend. In a recent survey carried out by Countrywide, *“29% of adults interviewed who have had unsuccessful mortgage applications described unsuccessful attempts at getting a mortgage from a bank”* However, once they consulted a broker, their search was successful.

What's happening to property prices to date? – Cont'd

More worryingly, their research suggests 2.5 million sales have been lost through lenders turning down applicants. Their research suggested that a staggering 11% of people turned down weren't even given an explanation. Despite the government's push for the UK to be a nation of entrepreneurs, this doesn't help boost home ownership as "9% were turned down because they were self-employed".

Regional data is essential to understand what's really happening in your area and this can widely differ by property and street even at a local level. The latest data from [Ros.Gov](#) shows Scotland is continuing to recover, as is the South East and London via [Land Registry](#) data. Areas in red (*see chart over the page*) continue to be in a severe 'double dip' house price wise, and show very little signs of recovery.

For more information and property market commentary for consumers, and one to one consumer property advice:-

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Notes to editors

Designs on Property Ltd (www.designsonproperty.co.uk) is run by Kate Faulkner, who spends half her time working as a consultant to the residential property industry, and the other half helping people carry out property projects. Kate is uniquely placed to help first time buyers, tenants, people trading up and trading down, renovators, self-builders and would be property investors.

Kate's '[Help me find a house' service](#) offers property hunters a 100+ page property pack which contains how tos, top ten tips, checklists and advice at every step of the way, including a one to one helpline via email or phone.

The six property packs including:-

First Time Buyer	£19.99
Sellers Pack	£19.99
Tenant Pack	£14.99
Renovating a Property	£19.99
Making Money	£24.98
Buy to Let	£59.95

About Kate Faulkner

Kate carries out over 50 speaking engagements every year, highlighting property market issues to the industry and consumers. She has written six property books including four for Which? is a featured property expert on the 4Homes website, regularly presents market issues for BBC Radio Nottingham and has a column in the Nottingham Evening Post. She has appeared on Daybreak, BBC's Your Money', BBC Radio 4's You and Yours, BBC Radio 5 Live, ITV news and The Big Questions.

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*Effect of seasonal adjustment

Some of the reports produce data which is not seasonally adjusted and some adapt the data for seasonal adjustment. What this means is some months of the year house prices are typically higher than other times of the year and seasonally adjusting prices to account for this, in theory, negates these 'artificial' highs and lows. For example, Nationwide state:-

"Seasonal adjustment shows that June is generally the strongest month for house prices (raw prices are 1.3% above their SA level) and January is the weakest (raw prices are 1.5% below their SA level)"

Seasonally adjusted price indices should in theory mean you can compare one month to another more accurately.

Statistically there are mixed views on whether this is required. Some say it makes comparisons throughout the year, some believe that the way they are calculated isn't accurate! For completeness, read the Nationwide explanation and the Ray Boulger article.

From our perspective we look at trends over months and advise consumers on what to do whether markets are falling, rising or staying the same, so typically the indices we use are seasonally adjusted where possible.

For more information on seasonal adjusted figures visit:-

- [Nationwide Methodology](#)
- [Query on Seasonal Adjustments by Ray Boulger](#)