

2009 property market update :

Are we about to see the government's stated green shoots of growth appear ?



With so much uncertainty surrounding the housing market at the moment I would like to offer some insight into the trends in the market that we have already witnessed, along with what we might feel will happen in the coming months.

I am confident that most people are now aware that the market is currently experiencing the first real sustained decline in prices in approximately 18 years. Although I feel sure that we all knew that prices had to stop rising at some point, we were perhaps taken aback at the speed in which it has happened. The Nationwide house price index indicates that a £300,000 property in the South West has fallen in value by close to 12.1% since the peak in the market (which is actually less than the falls seen in other areas of the country, which are currently quoted as 15.9%). The statistics also suggest that like for like prices now have come close to equalling levels seen at the outset of 2005.

Common thought within our industry is moving towards this downward trend continuing into, and perhaps throughout the whole of this year with average UK values settling around 25% to 33% lower than their peak last year, before beginning to recover. With the downturn biting in the economy as a whole, I don't think that these predictions will fall too short of the mark.

With what is perceived to be the depressing part out of the way, there is, I believe, light at the end of the tunnel. Although the volume of sales is widely agreed to have shrunk by approximately 60%, year on year, The Royal Institution of Chartered surveyors has reported that there were slightly more sales and new buyers registering in November than in October. Although this didn't continue into December, which is a quiet month anyway, we have found that it is certainly increasing again in January (as I write this, our office has already undertaken over double the viewings that we did in November 2008). While I don't suggest trends in prices will alter, it may be that the backlash caused by the market turning so suddenly is fading and the perilously low volume of sales could have bottomed out.

In reality, this means that whilst you stand a very real chance of getting less for your home than you had perhaps hoped, you can at least get moving.

In addition, I think that it is common sense that if your own

home has slipped in value, your onward purchase will also have done exactly the same, so the figure to change should be little different than it ever would have been.

In addition, with increasing pressure from the government for lenders to lend more, interest rates shrinking and these rate cuts starting to be passed onto borrowers, it should become slightly easier to obtain a mortgage at a sensible rate, albeit not at the high loan to value figures that many of the more gung-ho lenders had been allowing in the boom times.

With these positive things in mind, I feel that whilst we are far from out of the woods in terms of prices, there is more than a little hope on the horizon that, as they move to more sensible levels and mortgages can be obtained at very competitive rates, a larger volume of transactions will start to build. Once this happens, people's confidence levels should, in theory, increase and the market should start on its way to stabilisation, if not recovery, though it might take several years for prices to return to the heady levels of autumn 2007 (in many areas of the UK it took approximately 10 years for prices to bounce back after the last recession).

A selection of property sold or rented recently :



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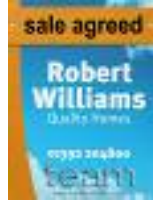
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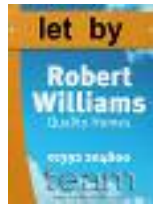


Steve Alford,
ROBERT WILLIAMS ESTATE AGENTS

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