Consumer Property Market Reports

Introduction to the Designs on Property Market Report

This report is produced to help consumers understand what is happening with property prices. For many, falling property prices is actually good news, for others it's a disaster. So whether you are a first time buyer, looking to trade down or invest in property, we cut through the conflicting headline reports so you can understand whether now is a good time for you to enter or exit the market for your own circumstances.

To give you an independent view, we review all the different property price reports and commentary from sources we have tracked over time who we believe give a good analysis of what's happening, as opposed to reports which are for PR purposes only.

We also analyse the market from a consumer, not a business perspective. As such we take less notice of year on year and month on month price comparisons and instead look at how prices are performing against previous market highs and lows. This helps us and you to get a handle on where the property market is from your perspective instead. We ask questions such as, are we at the bottom of the market? Does it matter if we are? Should you wait until prices are going up or buy as soon as the reports/media tell you prices are falling?

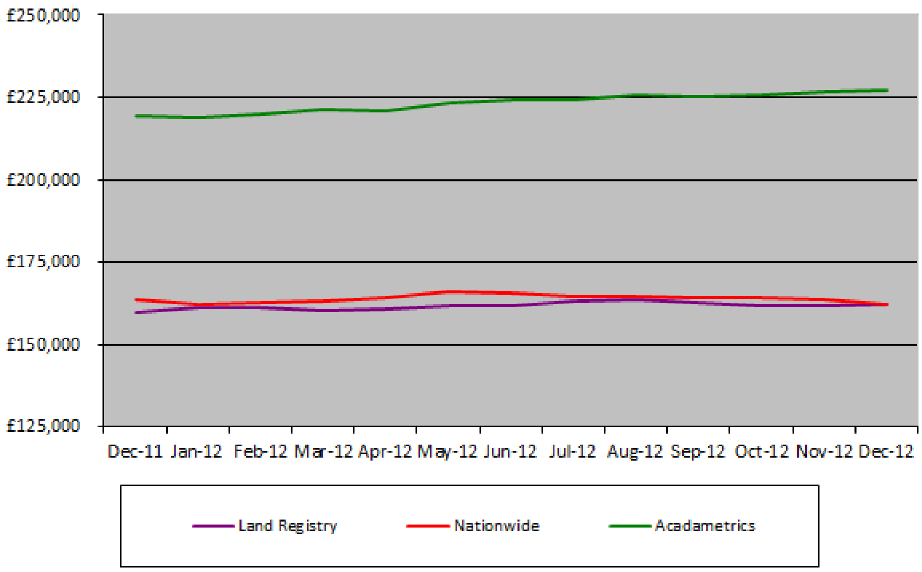
Top 10 Property Price Highlights for Consumers

Consumer Property Market Report Index

What's happening to property prices to date?

Even though we are continually hearing about house prices changing, contrary to media reports, there has been very little movement to national average property prices over the past couple of years, as the chart and analysis shows.

Chart showing Average Property Prices December 2011 to December 2012 in England and Wales



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

National Averages

- An 'average property' price for mortgaged properties has fluctuated between £161k - £166k for Nationwide
- Average property prices, including cash sales, by the Land Registry varied slightly between £159k and £163k
- Average property prices for all properties from Acadametrics shows a range between £218k and £227k
- Property prices in December, on average, are approximately:-
    - 7.1% above the lows of 2009 for Land Registry
    - 9.8% above the lows of 2009 for Nationwide
    - 13.5% above the lows of 2009 for Acadametrics
- Land Registry average property prices December 2012 versus January 2011 have only changed by **-0.6%**
- Nationwide average property prices December 2012 versus January 2011 have only changed by **0.4%**
- Acadametric's average property prices December 2012 versus January 2011 have only changed by **2.1%**

Regional Averages

- Average property price performance varies dramatically from one area to another with the North East, the North West and Yorkshire and Humber property prices below 2009 levels, according to the Land Registry.
- Only London continues to outperform 2007 price heights, with prices 5.6% above. Taking into account inflation, this means property prices have recovered in nominal terms, but not kept up with inflation.
- 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 property prices being 3.7% up on Q1, Q3 has dropped back versus Q2 by -0.5%.

What's happening to property prices to date?

Market Commentary

It's easy to find a way of making headlines to sell papers out of property prices, but the reality is prices have been pretty flat now for two years and they have still yet to recover to 2009 levels in all areas except London. A few areas in London have risen in line with inflation, but in the main house prices continue to deflate.

According to Roger Gardner, Nationwide's Chief Economist, *"While activity in the housing market remains muted by historic standards, there have been tentative signs of a pick-up in activity in recent months. The Funding for Lending Scheme has achieved some success in bringing down mortgage rates, with some signs of a pick-up in lending".*

This quote is backed by their own data and that of the Land Registry which records an annual price increase of 1.7% in England and Wales.

Acadametrics always errs on the side of bullish rises, and their data shows annually, prices have risen by 3.2% which is only slightly above inflation levels. Dr Peter Williams of Acadametrics comments *"It has been a year of two halves: in the first six months of the year the index rose cumulatively by a rounded 3.2%, whereas in the last six months the index has remained flat at 0.0% on the same basis".*

Part of the flat numbers are due to a lack of sales volume towards the end of the year with December likely to end up being one of the lowest months for property sales since 1995 when the Land Registry began.

Land Registry also report the number of property transactions decreased during 2012 with the average sales for July to October 2011 being just over 62,000 versus 57,650 for the same period in 2012, a 7% fall.

Moving into 2013, Dr Peter Williams, Chairman of Acadametrics says that *"The general view is that transactions will pick up [in 2013], assisted by increased lending, which itself is a product of lower mortgage rates along with an increase in the number of higher Loan To Value products. This should ease access for first time buyers"*.

What's happening to property prices regionally?

National Picture v's Regionally

Regions - England & Wales, Scotland and Northern Ireland

December 2012 *Land Registry Data*	Height of House Prices 2007	Lowest House Prices 2009	Latest House Prices Dec 12	House Price % Change from Market - High to Low	House Price % Change from Market - High to Current (Dec 12)
Northern Ireland *	£ 250,586	£ 156,857	£ 138,969	-37.40%	-44.54%
England & Wales	£ 183,695	£ 152,657	£ 162,080	-16.90%	-11.77%
Scotland **	£ 160,592	£ 136,192	£ 158,566	-15.19%	-1.26%
North East	£ 129,519	£ 106,075	£ 99,974	-18.10%	-22.81%
North West	£ 137,582	£ 114,267	£ 108,257	-16.95%	-21.31%
Yorkshire & The Humber	£ 145,571	£ 120,582	£ 116,798	-17.17%	-19.77%
Wales	£ 141,344	£ 115,891	£ 116,402	-18.01%	-17.65%
East Midlands	£ 147,541	£ 119,971	£ 122,646	-18.69%	-16.87%
West Midlands	£ 153,944	£ 128,148	£ 130,251	-16.76%	-15.39%
South West	£ 195,465	£ 159,552	£ 170,337	-18.37%	-12.86%
East	£ 194,114	£ 158,697	£ 173,315	-18.25%	-10.71%
South East	£ 228,328	£ 186,022	£ 211,092	-18.53%	-7.55%
London	£ 351,512	£ 295,531	£ 371,223	-15.93%	5.61%

** Source - Bank of Ireland (Q4 12)*
*** Source - Ros.gov (December 12)*

For anyone buying, selling or investing in a home, the national figures from property price indices are meaningless. It's really what's happening regionally and even down to a property on a street which can determine if now is a good time to buy, sell or invest in a property.

Dr Peter Williams, Chairman of Acadametrics comments *"from a housing market perspective we end 2012 on a positive note, with the general consensus that 2013 will build on that. Of course all of this is at a national level. The picture is far less rosy at the regional and local level. History would suggest a recovery centred on London and the south-east along with selected areas elsewhere in England and Wales will slowly have an effect on areas outside the capital (although this could take some years)"*.

For a much better picture on what's happening in your local area, we track the major regional differences down to towns and city levels across the UK *(see chart above).*

From **Northern Ireland's** perspective, Alan Brindle, UK Economist, Bank of Ireland UK says, *"The overall average price of residential property in Northern Ireland for the fourth quarter of 2012 is virtually identical to that for the third quarter and highly comparable to the second quarter. The consistency between these figures implies a stabilisation of the housing market".*

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

In **Scotland**, there are two different pictures. Firstly, the Ros.Gov Index suggests **Scottish** prices are doing quite well, peaking at £160,000 in 2007 and currently nearly back to those levels at £158,000 in December 2012.

Acadametrics/LSL **Scottish** index suggests however that average prices in Scotland have fallen for five months in a row and now stand -4% below November 2011. Only 22% of local authority areas have seen prices rise in the last year. Gordon Fowlis, Regional Managing Director of YourMove comments *"The first half of last year saw a slight recovery in prices, but it was cut short by a sharp squeeze on the mortgage fund available to banks, which led to a reduction in first time buyer numbers over the second half of the year."* He does suggest though this may be about to change, Gordon continues: *"There have been some very tentative signs of improvement, but they are only minor victories in a war that the housing market is a long way from winning".*

North East, North West and Yorkshire and Humber which are highlighted in red property prices, like our economy, have gone into 'double dip' ie prices are currently heading downwards and are lower than they were in 2009.

Areas such as **Wales, East Midlands and the West Midlands** property prices are only just hanging on to properties being just above the 2009 lows, but have managed to remain there for the last two months.

Highest Property Price and Largest Falls *(Regional Commentary)*
According to the latest Land Registry figures, average house prices in North East Lincolnshire have experienced the highest fall at -9.5% over the last year, followed by St Helens (in the North West) at -7.8% YoY and Darlington at -7.4%. The one area that has seen some significant growth YoY is Merthyr Tydfil, which saw a rise of 20.3%. However, this is still some -14.9% down on the height of the 2007 market.

Are you looking to buy your first property? Then sign up to **Property Checklists** for free to download our **'First Time Buyers Quick Guide' checklist** and receive a free copy of **First Time Buyer Magazine**!

If you are thinking of buying or selling, then make sure you get some real, independent help by buying our unique Selling a Property Service or First Time Buyer Service. Both services give you an A4 'how to' guide, containing dos and don'ts, factsheets, checklists, handy tips and forms. Plus, access to Kate and her team, by phone and email, for any queries you might have during your project. All this for **just £19.99 per service**!

What's happening in your town?

Even at City and town levels, your property price or the value of the property you want to buy or sell can be going up when the regional data says, on average, prices are going down. So as well as tracking the regional data, we also track the latest property prices movements for major towns and cities in the UK in December.

Top UK Cities

December 2012 Land Registry Data	**Height of House Prices 2007**	**Lowest House Prices 2009**	**Latest House Prices Dec 12**	**House Price % Change from Market - High to Low**	**House Price % Change from Market - High to Current (Dec 12)**
Belfast *	£ 258,332	£ 155,483	£ 149,156	-39.81%	-42.26%
Liverpool	£ 124,934	£ 97,366	£ 90,211	-22.07%	-27.79%
Bradford	£ 125,925	£ 102,358	£ 93,472	-18.72%	-25.77%
Manchester	£ 121,340	£ 92,638	£ 91,103	-23.65%	-24.92%
Leeds	£ 155,110	£ 128,158	£ 122,927	-17.38%	-20.75%
Peterborough	£ 134,523	£ 107,023	£ 106,836	-20.44%	-20.58%
Nottingham	£ 105,214	£ 83,781	£ 84,683	-20.37%	-19.51%
Birmingham	£ 136,345	£ 110,850	£ 110,734	-18.70%	-18.78%
Sheffield	£ 139,484	£ 115,119	£ 114,927	-17.47%	-17.61%
Bournemouth	£ 192,914	£ 153,237	£ 169,203	-20.57%	-12.29%
Cardiff	£ 159,475	£ 132,694	£ 141,425	-16.79%	-11.32%
Bristol	£ 188,869	£ 148,945	£ 169,677	-21.14%	-10.16%
Brighton and Hove	£ 232,584	£ 187,192	£ 229,004	-19.52%	-1.54%
Glasgow **	£ 130,629	£ 105,000	£ 130,988	-19.62%	0.27%
London	£ 351,512	£ 295,531	£ 371,223	-15.93%	5.61%
Edinburgh **	£ 185,000	£ 168,000	£ 216,840	-9.19%	17.21%

** Source - Bank of Ireland (Q4 12)*
*** Source - Ros.gov (December 12)*

Areas where property prices have double dipped below 2009 levels
Northern Ireland's Belfast figures remain pretty awful at just under a 42% fall since the 2007 peaks, and although Q1 and Q2 of this year may have been the turning point, in Q3 the average Belfast house price dropped back again returning it to the red zone, with the Q4 average sliding back a bit more.

As the information from the various indices shows *(see chart above)*, seven cities are struggling and have fallen into double dip from a property price perspective. These include **Liverpool, Bradford, Manchester, Leeds, Peterborough, Birmingham and Sheffield.** Bradford, Leeds and Liverpool still have a way to go to reach the lows of 2009, however Manchester, Peterborough, Birmingham and Sheffield are somewhat closer to reaching the 2009 prices.

Areas where property prices are matching 2009 lows
Nottingham is hovering just above the lows of 2009 with an average price of just above £84,500 in December versus £83,700.

What's happening in your town? – Cont'd

Areas where property prices are above 2009 lows, but haven't recovered to 2007 heights
Average property prices in **Bournemouth, Cardiff** and **Bristol** have all now exceeded the lows of 2009, but are yet to reach the 2007 price heights, ranging from -12.3% (Bournemouth) to -10.1% (Bristol) down on 2007.

Areas where property prices have recovered or overtaken 2007 heights
Brighton and Hove is nearly catching up with 2007 levels, being just 1% off the height of £232,000 versus £229,000 and is likely to overtake previous heights this year. Glasgow is in a similar position according to the Ros.gov index, being just 0.27% above the 2007 price height of just above £130,600.

Areas which are doing well according to the Land Registry include **London** where prices are £370,000 versus 2007 peaks of just over £350,000. This 5% rise though isn't enough for property prices to have risen in line with inflation.

The star performer so far seems to be **Edinburgh**, which according to the Ros.gov indices, is currently 17.2% above the 2007 average price height of £185,000 and has performed very well throughout the whole of 2012.

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What's happening in the market now?

Latest data suggests the current market is picking up slightly. This is mainly thanks to the Funding for Lending scheme by the government which is helping to ease lending restrictions, supplying first time buyers with 95% mortgages so they don't have to find ridiculously high deposits.

Although the market for each property is different depending on the local area, it does appear buyers and sellers are becoming more realistic. Not holding out for unreasonable prices and buyers being more committed to moving rather than 'just having a look' is starting to make a difference.

We are a long way from the housing market recovering, but for now it seems stable and any news suggesting the market may be getting a bit busier, is good for consumers and good for the economy.

Hometrack analyses property demand and supply nationally and in the local markets. This helps us to understand whether prices are moving up or down in individual areas. According to Hometrack's December data:-

- The average time to sell a property is speeding up, reducing from 10.2 weeks in January to 9.7 weeks in December 2012. This is good news for the market as it suggests properties are selling faster and buyers and sellers are being more realistic and better prepared. The market though, is still some way away from the average 6-8 weeks pre credit crunch.
- With regards to how much buyers were offering, there was no change – so offer prices were around 93.2% of asking prices.
- Also staying the same is the number of people viewing a property before an offer is received. This remains at 11 viewings and suggests demand isn't increasing, but those who are buying/selling are doing so faster than they have in the past.

As with property prices though, these ratios vary on a regional basis. London continues to outperform the market:-

- Greater London's offer to asking price ratio is 94.7% with homes continuing to sell fastest at 5.9 weeks
- The South East has the next highest offer to asking price ratio of 93.6%, selling a home within 7.7 weeks
- East Anglia follows closely by with offer to asking price ratios of 93.6% and taking 10.7 weeks to sell
- The North East has the worst offer to asking price ratio at 91.7% and is taking 10.5 weeks to sell a home
- The East Midlands remains the region taking the longest to sell a home at 13 weeks, but has a reasonable offer to asking price ratio of 92.8%

For Sale Sign Analysis (FSSA) provides figures which helps us track the number of properties for sale versus sold. This analysis is very similar to board counting which you can do at your own local level to work out if the market you are operating in is rising, static or falling.

Once you have carried out your board count, check it against the following guide:-

- A fast moving market will see four out of ten or more boards sold within 6-8 weeks.
  Offers will be 96%+ of asking prices eg if your property is marketed at £100k, offers are £96,000 or more.
- A static market is where supply matches demand, approximately three out of ten properties are sold.
  Properties will take eight to ten weeks to sell and have an offer ratio of 94-95% of the asking price.
- Falling markets (where you can get good deals if buying) typically only have two out of ten properties or less sold. Offers would come in at 93% or less of asking prices and take 12+ weeks before an offer is accepted.

Current Property Market Analysis – Cont'd

The FSSA data shows 2012 started out being down on 2011, with only 21% of properties sold versus for sale. This picture changed dramatically in March when the number of properties sold jumped to 29%, remaining at this level throughout the rest of the year (bar October when the market had an unexpected slump).

FSSA Data	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	21.7%	21.2%	29.0%	31.5%	27.4%	30.7%	31.9%	27.1%	25.5%	21.7%	30.7%	29.8%
2011	23.1%	23.4%	23.7%	22.4%	20.7%	25.0%	26.9%	24.7%	24.6%	24.9%	29.9%	28.4%
2010	26.0%	26.4%	25.4%	26.5%	30.9%	25.5%	26.0%	25.8%	22.3%	24.4%	24.8%	23.3%

The top five performing markets for December by FSSA are:-

Area	Sold versus for Sale Ratio
Battersea	62.2%
Lewes, West Sussex	58.2%
Dulwich	57.1%
Horsham, West Sussex	56.4%
Crowthorne, Berkshire	52.7%

Healthy Property Markets in December

According to the FSSA data, the local markets of Stonehouse (Gloucestershire), Kingswood and Fishponds (south Gloucestershire), Andover, Hampshire and, Newmarket in Suffolk are currently stable, with around four properties out of 10 for sale having sold during December. Colchester and Romford in Essex are both very close to becoming 'stable' markets, with just under four properties out of 10 being sold in December.

Blackpool and Chorley were the worst performing areas during December, registering just one property in every 10 for sale being sold, with Wednesbury in the West Midlands and Preston, Lancashire selling just over one property in 10. According to Land Registry data, the average property price for Lancashire this October was £106,531, having fallen back to November 2004 levels and is also -21.89% down on the market high of December 2007.

To learn how to carry out the for sale versus sold board count yourself, visit the Property Checklists website and sign up for (which one?) You can also find over 30 property checklists to help you to work out what to do and when for any property project.

Another useful source of data to help us understand the current market comes from estate agent members of the Royal Institution of Chartered Surveyors (RICS). This report is extremely useful as rather than concentrating on property prices, it looks at the supply and demand of properties across the UK.

According to the RICS January's survey, transaction levels increased during the month and recorded the fourth consecutive positive reading, however new buyer and instruction levels dropped back slightly from December.

The RICS commented *"The pickup in transaction volumes is being supported by falling mortgage rates (the 2-year 75% LTV rate has dropped 40 basis points since June 2012). Indeed, net secured lending to individuals increased to a seven month high in December, indicating some success from the government's Funding for Lending Scheme".*

The NAEA reported *"The UK housing market in December saw a gradual slowdown in activity across supply and sales levels with the number of first time buyers entering the market also decreasing. However, interest in property saw a surge in the last month of 2012. Interest in property was the only area of the market to see a rise in numbers between November and December 2012 with 282 house hunters registering with an NAEA branch compared with 263 the previous month".*

Current Property Market Analysis – Cont'd

However, the NAEA went on to say, *"Supply levels told a different story with the number of properties available for sale during December 2012 dropping to their lowest point in nearly three years. Although some of this drop can be attributed to the traditional Christmas slowdown, the overall contraction in the level of stock reflects continued unease amongst sellers who are reluctant to put their house on the market given consumer uncertainty in the wider economy. Overall sales levels and the percentage of sales to FTBs also decreased last month. The number of sales made per NAEA branch decreased from an average of 7 in November to 5 in December, its lowest level in a year".*

If you are thinking of buying, selling or investing, then visit Property Checklists or why not buy into our unique One to One Property Services. You can purchase our First Time Buyer Service, which explains everything you need to do and how to choose different services. Our Sellers Service will help you value your property to secure a sale and choose the right agent to sell your property for you. The Making Money from Property and Buy to Let Service will help to set your property investment objectives and find the right property in the right area to purchase.

Our unique, independent services give an A4 'how to' guide, containing dos and don'ts, factsheets, checklists, handy tips and forms. Plus, access to Kate and her team, by phone and email, for an essential 3-4 queries you might have during your project.

For more information visit the Designs on Property website.

Future Market: Will 2013 prove a turning point in the property market?

Well for anyone who has read the information and analysis provided so far, you know this will really depend on what type of property you have, what street it's on and what's happening to the economy in your local area.

However, we are always obsessed with knowing what's going to happen next in the property market and so far this year, it appears there are, dare I say some 'green shoots' (yes I'm groaning too!).

However, we are now heading into year six of our property recession. Back in the 1990s, year six was a stabilisation of property prices while year seven showed them starting to turn.

When we compare this property recession to the last, I'm afraid it doesn't look like 2013 will offer many more changes than the last two years. People may be more likely to move due to the usual reasons of death, divorce and debt, so the number of sales may start rising, but it's unlikely in all but a few areas this will translate into property price increases.

As much as there are frustrated buyers out there holding off just in case prices fall further, there are also a lot of frustrated sellers. For example, many people have let their homes because they couldn't sell and by now they will be realising that renting a home isn't all about making money, it's more about managing the tenant as well as the property and all the delights that come with it!

So many accidental landlords will be keen to sell as soon as they think the market is picking up. And just as these accidental landlords flooded the rental market in October 2008, crashing rental prices, so could this niche market prevent prices from rising by selling at a time when the number of buyers is increasing.

Comparing Property Price changes in 1990s to todays' recession

Year	Average property prices	Year	Average property prices
1989	54,846	2007	223,405
1990	59,785 +9%	2008	227,765 +2%
1991	62,455 +4.5%	2009	226,064 -0.75%
1992	61,336 -2%	2010	251,174 +11.11%
1993	62,333 +1.5%	2011	245,319 -2.33%
1994	64,787 +4%	2012	245,000 N/C
1995	65,644 +1.5%	2013	246,000 +0.5%*
1996	70,626 +8%	2014	250,000 +1.5%*
1997	76,103 +8%	2015	255,000 +2%*

**Forecasts taken from Savills Q4 Residential Property Focus*

What this forecast shows is it is going to take a lot longer for property prices to recover than from the 1990s even if more lending is offered.

Future Market – Cont'd

Consumer Confidence?

The GfK NOP index helps us to understand whether consumers are feeling positive about making a big purchase such as buying a home – or not.

The UK Consumer Confidence Index decreased by seven points during December suggesting a fall in confidence. This matches the very low sales figures achieved during that month. However, it bounced back in January, recovering some lost ground by increasing three points.

Nick Moon, Managing Director of Social Research at GfK comments, *"There's a definite note of optimism in these findings, with clear changes in how people view the general economic situation in the past year and looking to the coming 12 months. More importantly, it looks as if there has been some good news for retailers this month (January) with people more willing to make major purchases compared to December last year. It's worth noting however that people's views of their own financial situation aren't as optimistic, with no improvement expected in the next 12 months, and a drop of two places over last year's personal financial situation. This suggests it is too soon to say if more positive views on the general economy mark the start of sustained rise in the Index. Indeed, the continuing gloom from the high street and the talk of triple-dip recession makes that seem somewhat unlikely, but a rise in two months out of the last three is an encouraging sign".*

Unemployment Figures and Wages

As the double dip recession continues in the UK, according to the Office of National Statistics, surprisingly, the employment figures remained extremely healthy through to November 2012.

The Office of National Statistics September to November 2012 data shows the latest unemployment rate was *"7.7 per cent, equally the previous quarter, but down nearly 1% versus a year earlier"*. There were *"2.49 million unemployed people, down 37,000 on the quarter and down 185,000 on the previous year"*. The unemployment stats also show *"The number of people unemployed for over one year was 892,000, down 5,000 on the previous quarter"*.

Commenting on the UK labour market statistics, the Chamber of Commerce says *"Once again, unemployment is down, employment is up, and there is a modest decline in the number of economically inactive people. The new figures reinforce favourable trends that have been apparent over the past year, and raise continued questions over the accuracy of the much more pessimistic GDP figures. Although it is clear that the economy has been stagnant for too long, talk of a "triple-dip" recession is unnecessarily downbeat and damages business confidence across the nation. The positive labour market figures provide a better reflection of the true state of the economy and are more consistent with the relatively robust level of business confidence shown by the BCC's Quarterly Economic Survey".*

Further investigation of this rise suggests more people are setting themselves up in self-employment. This is good news economically, but it's worth bearing in mind unless there is a fundamental change to the way the self-employed are viewed by lenders, this will not make any difference to the property market. Currently self-certified mortgages are virtually non-existent and anyone wanting to buy will need three years of accounts to support any mortgage application.

The government and industry may love the idea of more entrepreneurs, but unfortunately the lenders are not so keen and this could drive more people into the already under pressure rental market.

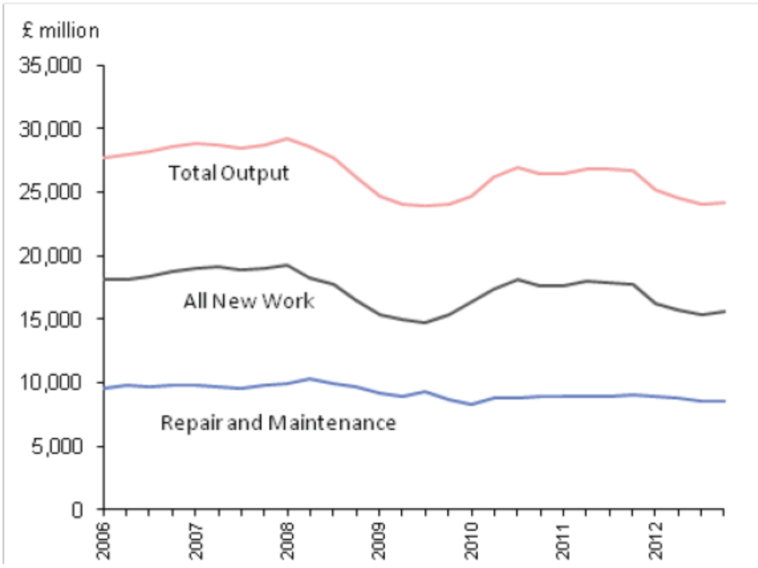
Construction Industry Output

According to figures recently released by the ONS *(see chart below), "The estimated total volume of construction output in the fourth quarter of 2012 grew by 0.9% compared with the third quarter of 2012. The small rise in the total volume of construction output halts the decline first seen in the third quarter of 2011. The private housing and infrastructure sectors provided the greatest contribution to the increase in the fourth quarter, growing by 5.9% and 4.2% respectively, but are partially offset by decreases in new public non-housing work and private housing repair and maintenance, which fell by 4.9% and 4.8% respectively.*

"New work in the fourth quarter of 2012 grew by 1.6% compared with quarter three. The largest rises were in private housing (5.9%) and infrastructure (4.2%) partially offset by falls in public non-housing and private housing repair and maintenance (4.9% and 4.8% respectively".

Future Market – Cont'd

Construction Output (constant (2005) prices, seasonally adjusted)



Source: Construction: Output & Employment - Office for National Statistics

The ONS continued *"Over the year from the fourth quarter of 2011 to the fourth quarter of 2012, there was a 9.3% fall in total construction output. The overall fall in new work was 11.6%. There were decreases in all types of new work other than private industrial, but this is a small sector. The largest falls in new work were seen in public non-housing (18.5%) and private commercial (17.0%). Repair and maintenance output fell by 4.7% over the same period. The only sector of repair and maintenance that grew in this period was public housing (3.4%). The fourth quarter of 2012 sees the continuation of the decline in public new work sectors (public housing and public non-housing) which, as reported last quarter, have seen an almost continuous decline since the fourth quarter of 2010."*

What we are seeing in these figures is public sector work decreasing, although things such as public housing and private housing are beginning to improve.

Better lending via schemes such as FirstBuy are helping to stimulate the new build market, although they are doing very little to help any buyers wanting to purchase a second hand home, which is typically 90% of the buying/selling market.

Housing Finance

The Bank of England reported that October, November and December all saw a rise in the number of new mortgages taken out compared the previous year, and during the whole of 2012, more mortgages were taken out than in 2011.

Bank of England	Jan	MoM %	Feb	MoM %	Mar	MoM %	Apr	MoM %	May	MoM %	Jun	MoM %
2012 - No of New Mortgages	58,728	11%	48,986	-16.6%	49,860	1.8%	51,823	3.9%	51,098	-1.4%	44,192	-13.5%
2011 - No of New Mortgages	45,858	7.4%	46,445	1.3%	47,145	1.5%	45,166	-4.2%	45,940	1.7%	48,739	6.1%
YoY%	28%		5%		6%		15%		11%		-9%	
	Jul	**MoM %**	**Aug**	**MoM %**	**Sep**	**MoM %**	**Oct**	**MoM %**	**Nov**	**MoM %**	**Dec**	**MoM %**
2012 - No of New Mortgages	47,312	7.1%	47,665	0.7%	50,024	4.9%	52,982	5.9%	54,036	2.0%	55,785	3.2%
2011 - No of New Mortgages	49,568	1.7%	52,347	5.6%	50,967	-2.6%	52,743	3.5%	52,854	0.2%	52,939	0.2%
YoY%	-5%		-9%		-2%		0%		2%		5%	

Commenting on the Bank of England's latest figures, the CML reported *"Mortgage approvals in December were at their highest since the onset of the financial crisis in 2008. Lenders approved almost 56,000 loans for house purchase in December, the fifth month in a row in which the number increased. However, much of the current resilience in the mortgage market is driven by lending for house purchases. Of the approvals total of £12.6 billion in December, £8.3 billion was for house purchase and £3.9 billion for remortgaging".*

Future Market – Cont'd

These figures suggest that demand is picking up via the funding for lending scheme and having seen a drop in mortgages in May, June, July and August, mortgage volumes have picked up significantly since September. Overall the number of mortgages agreed for 2012 will be higher than 2011, but only slightly.

Auctions

The auction market tends to be a lead indicator of what happens in the general buying and selling market. The EI Group tracks residential property auctions across the UK. Their latest figures suggest the number of lots sold during November was up 38% on November 2011, however in December, there was no real change versus December 2011. The percentage of lots offered was also up in November 20% on 2011, with December recording a very slight percentage decrease over the previous year.

This fits with the view that the property market is progressing forward with the 'main' market performing well leaving less to enter the auction market, hence December 2012 being very similar to December 2011.

Increased lot sales in November suggests property investors are fairly active in the market, again suggesting they see we are at the 'bottom' and now is the time to buy.

If you are not sure on what to do in 2013, get in touch, we can help and seeking professional advice either from ourselves or from your local expert estate agent is vital to work out what the right thing is to do from your personal circumstances as well as the local market perspective.

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.

For more information contact Kate Faulkner directly on 07974 750562 or kate@designsonproperty.co.uk

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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**