

**For Immediate Release**

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## **Whither the Property Market?**

The calendar, if not the weather, tells us that Spring is approaching and homeowners, estate agents and solicitors up and down the country are wondering whether 2010 will see the traditional upsurge in the property market in April and May.

The Nationwide House Price Index showed a 1.2% rise in January, meaning that the year on year increase is 8.6%, a far cry from the apocalyptic crash forecast 12 months earlier.

Yet property analysts Hometrack say that only 7% of postcodes are experiencing an increase in house values and the Royal Institution of Chartered Surveyors tells us that its members saw the number of interested buyers fall in January for the first time in 14 months.

January's downturn in buyers may be due to the poor weather discouraging all but the serious buyers from venturing out, but other indicators would counsel against being overly bullish.

Repossessions were at their highest level for fourteen years, at 46,000, though they were well below the figures predicted and employment figures are showing improvement now. Even so, the figures indicate that reports of the recession being over do not mean a return to the good old days.

With the weak pound pushing up the price of imported goods and the increases in oil prices, inflation is on the way up which in turn raises the spectre of interest rate increases. Nationwide predicts that interest rates will start to rise in the third quarter of 2010. Given the fact that salaries and wages are remaining stagnant, the twin threats of inflation and higher interest rates may put a lot of people off the idea of upsizing and increasing their mortgages.

This brings us to the main problem with the current UK housing market: the lack of credit available to buyers. Lenders were given a sharp reminder in 2008 and 2009 that prices can go down as well as up, and were castigated for lending imprudently. As a result, they are now applying much stricter criteria for lending than they did in the years of credit-fuelled boom. They are also conscious of the fact that they must repay £300 billion that they have received from the government under the Special Liquidity Scheme and the Credit Guarantee Scheme, which are due for repayment in 2012 and 2014 respectively.

As a result of these pressures, a first time buyer may be required to put down as much as a 25% deposit when buying their first home, a tall order when average property prices are five or six times the average wage – a fact that in itself may mean a realignment of the housing market and property values in the long term.

It all combines to create a buyer's market for anyone with a mortgage offer, and sellers should get themselves well prepared before they put up the For Sale signs, as it could make the difference between a failed sale and a completion.

Canny sellers are instructing and making ready before they market. By ensuring their solicitor has already examined the title, anticipated any problems and dealt with them in advance, it avoids delay later and they are ready to act immediately when a buyer is found. It seems “don't keep a ready buyer waiting” is the clearest message for Spring.

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