

- **Confidence in the housing market recovery continues to recede.**
- **Fewer people think it is currently a good time to buy property.**
- **Lack of job security is the most commonly perceived barrier to house purchase.**

## Is now a good time to buy property in the UK?

Just 45% agreed to some extent that now is a good time to buy a property compared to 49% in March, and those who agreed strongly reduced to just 6%, from 10% in March.

This reduction corresponds with an increase in those who disagreed to some extent that now is a good time to buy property, which increased to 21% in June from 16% in March. As house prices recovered over the past year the proportion who disagreed had been on a downwards trend, and this is the first quarterly increase in the history of the *Property Tracker*. This rise in negative sentiment may reflect consumers concerns over the general state of the economy and the impact of the planned Government spending cuts and fiscal tightening in coming months.

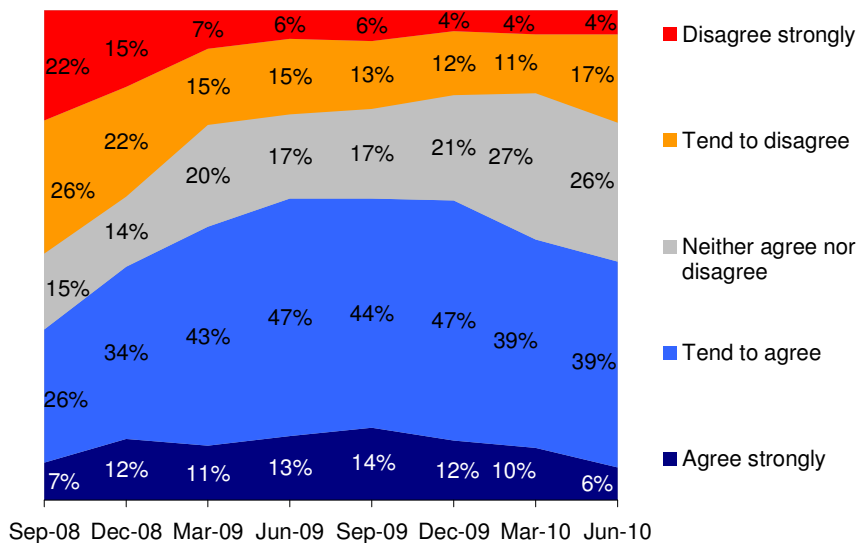
A significant proportion of 26% neither agreed nor disagreed that it was a good time to buy, marginally down on the 27% in March. There have been mixed reports of both small house price increases and decreases from lenders over recent months, which may explain why a high level of uncertainty amongst consumers remains.

## House price expectations

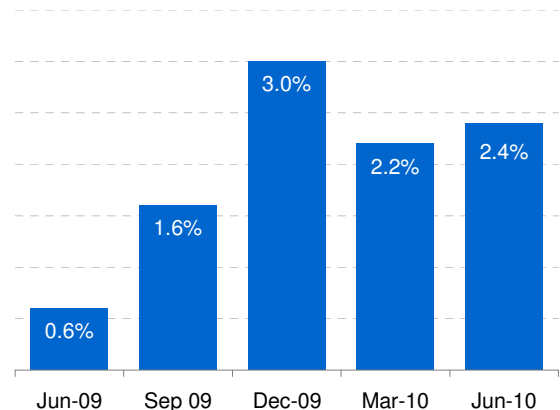
60% of respondents to the *BSA Property Tracker* in June predicted that house prices would rise over the coming 12 months – consistent with the 59% who thought similarly in March. 11% of respondents predicted that prices would fall, again virtually unchanged from the 10% in March.

The average forecast for house prices was an increase of 2.4%\* over the next 12 months, a slight increase on the 2.2% predicted in March (see Chart 2).

**Chart 1: Now is a good time to buy property in the UK**

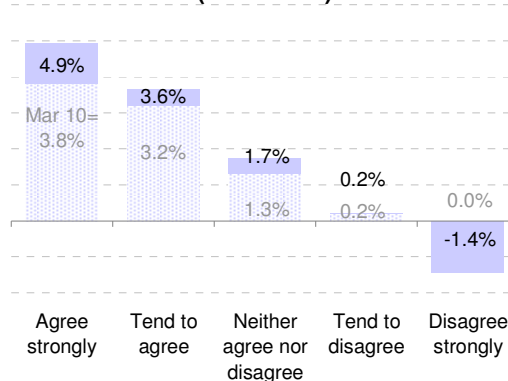


**Chart 2: Average 12 month property price predictions over time**



Unsurprisingly, those that considered it currently a good time to buy property predicted that prices would rise to a greater extent than respondents that thought it was not a good time to buy. People that agreed strongly it was a good time to buy thought prices would rise by 4.9% on average, while those that disagreed strongly forecast prices to fall by 1.4% (see chart 3). The difference in the average prediction between these groups grew compared to March 2010 when those who agreed strongly were less optimistic, and those disagreeing strongly forecast prices to remain flat, rather than fall.

**Chart 3: Average 12 month property price predictions by whether currently a good time to buy (June 2010)**

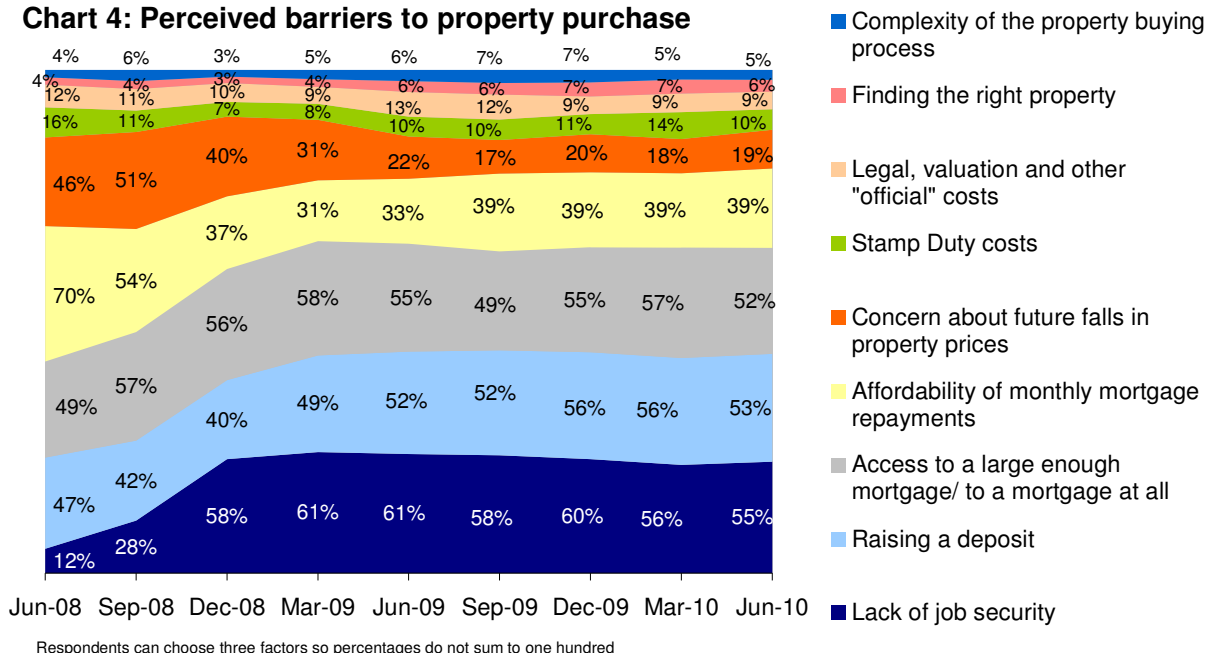


### Perceived barriers to property purchase

Respondents were asked what they currently perceive to be the main barriers to house purchase. The lack of job security was the greatest perceived barrier, chosen by 55% of respondents, followed by raising a deposit (53%) and access to a large enough mortgage, or a mortgage at all (52%) (see chart 4). These three barriers have been consistently chosen by the majority of respondents over the past year and have remained relatively stable. However, in June those who chose access to a mortgage or a mortgage at all as a barrier fell by 5% compared to the previous quarter. This may be a result of the gradual increase in the availability of credit offered by banks and building societies as mortgage providers return to a more normal business environment.

Affordability of monthly repayments as a barrier to property purchase was chosen by 39% of respondents, which has remained at the same level since September 2009. Property prices have increased in the first half of 2010, and one might have therefore expected this to become a greater barrier, but at the same time, average mortgage rates have gradually reduced making repayments more affordable. Concerns over future falls in property prices was chosen by 19%, marginally up on the 18% in the previous quarter despite the average predicted house price change increasing to 2.4% as discussed previously. Stamp duty costs as a barrier to house purchase was chosen by 10% of respondents, down from 14% in the previous quarter, and returning to a level on par with its historic average of 11%.

**Chart 4: Perceived barriers to property purchase**



## Perceptions of barriers held by different groups

People's views on whether or not it is currently a good time to buy property affect the extent to which certain barriers are considered to be important. Those that think it is currently a good time to buy are more likely to come up against more practical constraints such as raising a deposit, obtaining a sufficient mortgage, or stamp duty costs, perhaps because some respondents in this group have already explored the option to purchase a property. Those that don't think it is a good time to buy are more concerned about losing out should house prices fall in the future.

58% of respondents who thought that it is currently a good time to buy property considered raising a deposit as a barrier to purchase, compared to 47% of those that disagree to some extent that it is a good time. Unsurprisingly, those that thought it was not a good time to buy property were more deterred by future falls in property prices, with 33% selecting it as a barrier, compared to just 13% of those who thought it was a good time to buy property who chose it. The proportions choosing job security as a barrier was fairly similar between the two groups, chosen by 58% of those who think it is a good time to buy property and 55% of those who don't think it is a good time.

## Promoting home ownership

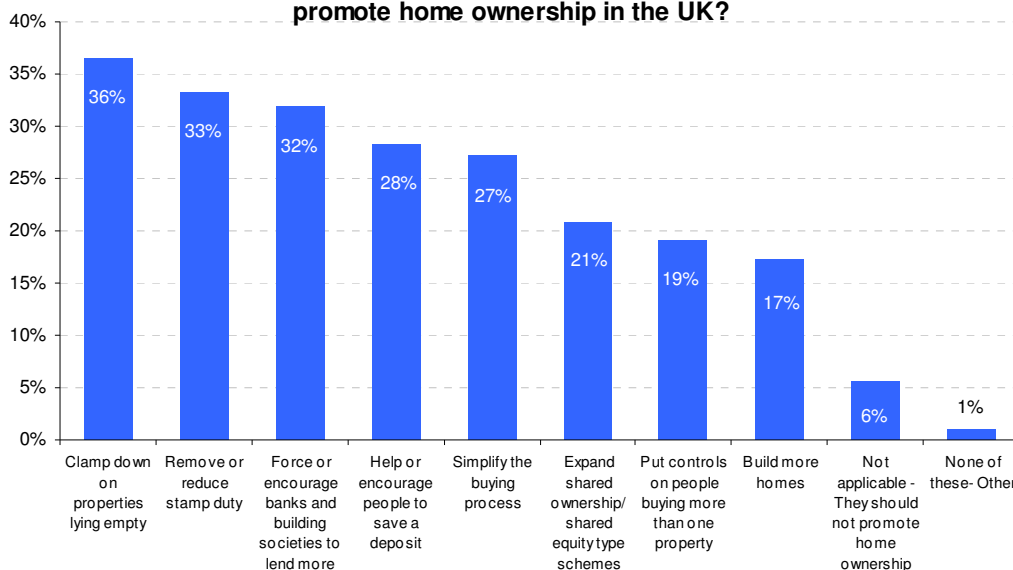
"I am simply saying to those who aspire to own their own home: this Government will support you. You will not be ignored. The age of aspiration is back."

*Grant Shapps, Housing Minister, 9 June 2010*

The new Government is committed to helping those who aspire to own their own home, so respondents were asked what, if anything, should the new Government do to promote home ownership in the UK. Clamping down of properties lying empty was the most popular answer, chosen by 36%, but other options were also popular such as removing or reducing stamp duty (33%), making or encouraging banks and building societies to lend more (32%), helping people to save for a deposit (28%) and simplifying the buying process (27%). The responses are summarised in chart 5, which demonstrates that there is no one stand-out solution to this problem.

The BSA has recently published a report on home buying reform based on the views of industry professionals which concludes that change is necessary in order to put the consumer back at the heart of the home buying process. Industry can lead on simplifying and improving the home buying process but it cannot be achieved without Government cooperation and support, particularly to ensure that future reform is well thought out, targeted and delivers tangible consumer benefits. The full report can be downloaded from the [BSA website](#).

**Chart 5: What, if anything, should the new Government do to promote home ownership in the UK?**



Respondents could choose up to three answers so percentages do not sum to one hundred. Excludes respondents choosing "don't know".

Full data tables can be downloaded here: [www.bsa.org.uk/docs/presspdfs/PTJun10trend.xls](http://www.bsa.org.uk/docs/presspdfs/PTJun10trend.xls)

The next BSA *Property Tracker* survey will be published on 14 September 2010.

\* These averages are medians calculated by the BSA from Yougov data, excluding those that replied "don't know" and assuming responses are evenly distributed through each range of price changes that could be chosen.

Totals may not equal the sum of the constituent parts due to rounding.

The Property Tracker survey is conducted quarterly by YouGov plc for the Building Societies Association. All figures, unless otherwise stated, are from YouGov Plc. Total sample size in June 2010 was 2,113 adults. Fieldwork was undertaken between 8-10 June 2010. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

The Building Societies Association (BSA) represents mutual lenders and deposit takers in the UK, including all 50 building societies. Mutual lenders and deposit takers have total assets of approximately £370 billion and, together with their subsidiaries, hold residential mortgages of more than £235 billion, 19% of the total outstanding in the UK.