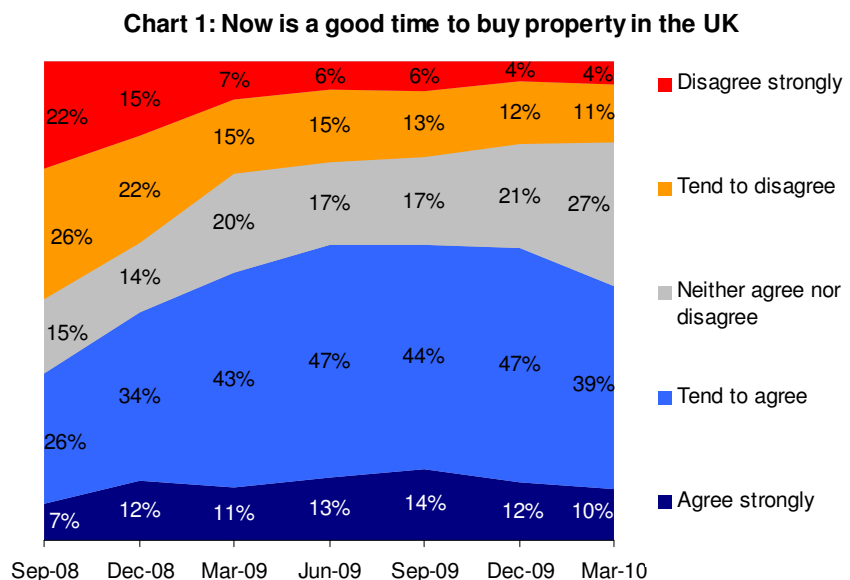


- People are less confident about the recovery in the housing market than they were three months ago, although most expect house prices to rise over the next twelve months.
- Fewer think it is currently a good time to buy property.
- The most commonly perceived barriers to house purchase are:
 - access to a large enough mortgage
 - raising a deposit, and
 - a lack of job security (although this factor reduced in importance compared to December 2009)

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

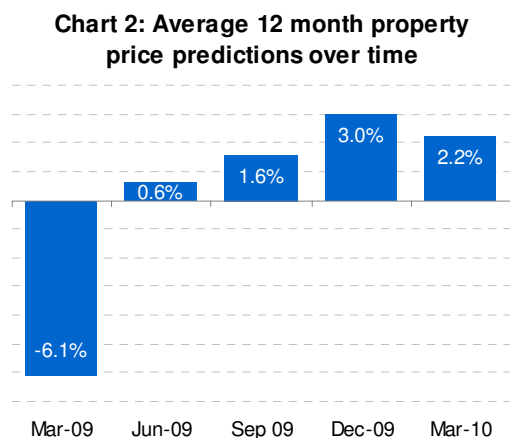
Just 49% agreed to some extent that now was a good time to buy property in the UK, compared to 58% in December. This is the first time that the proportion agreeing that now was a good time to buy property has fallen below a half since December 2008 (see chart 1).

However, rather than necessarily more negative sentiment, the results indicate a greater level of uncertainty among consumers in relation to the UK property market. The proportion that neither agreed nor disagreed grew to 27%, the highest level recorded since the *Property Tracker* began in June 2008. This increased uncertainty may reflect recent reports of monthly falls in house prices based on lenders' house price indices. The proportion disagreeing to some extent that it was a good time to buy property in the UK was 16%, the same as the previous quarter.



House price expectations

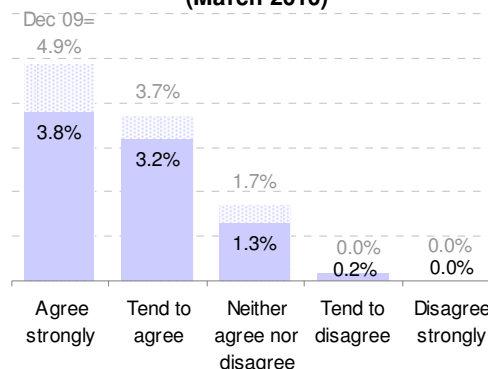
The majority, 59%, of respondents to the *BSA Property Tracker* in March believed that house prices would rise over the next twelve months, compared to 66% that thought similarly in December. One in ten thought prices would fall over the next year, the same proportion that thought prices would decline in the year after the December survey.



The average forecast for house prices was an increase of 2.2%* over the next twelve months, a slight reduction on the 3.0% increase predicted in December (see chart 2).

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 3.8% on average, while the median rise predicted by those that disagreed strongly was for prices to be flat (see chart 3). The difference in the average prediction between these groups was less in March 2010 than it was in December 2009, when those thinking it was a good time to buy were more optimistic, and those agreeing strongly forecast a rise of 4.9% in the subsequent year.

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

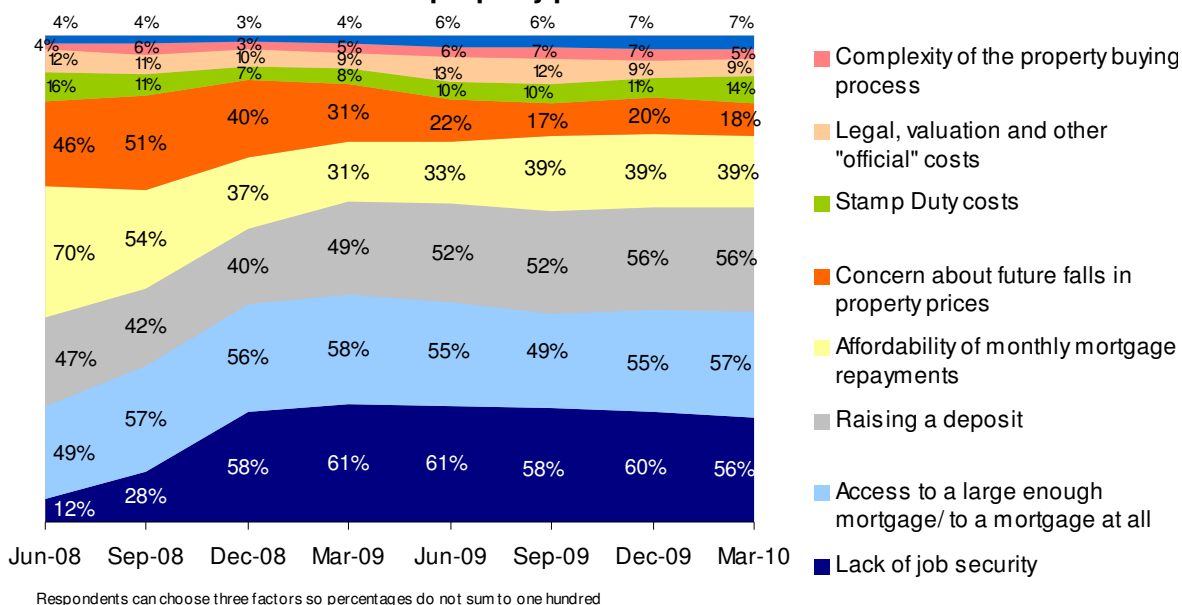


Perceived barriers to property purchase

Perceived barriers to property purchase have been broadly stable over the last year. Three factors continue to stand out as the most commonly chosen out of all the potential barriers. These are difficulties in accessing a large enough mortgage or accessing a mortgage at all (57% in March 2010), raising a deposit (56%) and a lack of job security (56%) (see chart 4). The first two of these factors might represent the interaction of tighter credit conditions than in previous years and the increase in demand for house purchase over the last year as house prices stabilised. The other barrier, a lack of job security, reduced slightly to 56% in March 2010 compared to 60% in December 2009, which may suggest that people are a little less wary about job losses than they were last year.

Despite the current low level of interest rates, 39% consider mortgage affordability to be a barrier to property purchase. And although the predicted price increase reduced slightly in March compared to December, as described above, concern about future falls in property prices declined to be viewed as an impediment by just 18%. The increase in the proportion stating Stamp Duty as a barrier, although to just 14%, may be due to the end of the Stamp Duty holiday, but it may also be because demand for property purchase has grown so that this factor has become relatively more relevant.

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 a good time to buy at the moment are more likely to come up against constraints in terms of raising a deposit or obtaining a sufficient mortgage, and 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.

64% of respondents who think that it is currently a good time to buy property considered access to a mortgage to be a barrier to purchase, compared to 54% of those that disagree to some extent that it is a good time. And 60% of people that think it is a good time to buy find raising a deposit an impediment, compared to 51% of people that think it is a bad time to buy.

Unsurprisingly, those that thought now was not a good time to buy property were more deterred by future falls in property prices, with 32% selecting it as a barrier, than were those that thought it was a good time to buy, of which 12% chose it as an issue.

Full data tables can be downloaded here: www.bsa.org.uk/docs/presspdfs/PTMar10trend.xls

The next BSA *Property Tracker* survey will be published on 15 June 2010.

www.bsa.org.uk

* 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 March 2010 was 2,200 adults. Fieldwork was undertaken between 5-8 March 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 52 building societies. Mutual lenders and deposit takers have total assets of approximately £375 billion and, together with their subsidiaries, hold residential mortgages of almost £240 billion, just under 20% of the total outstanding in the UK.