

The BSA Property Tracker shows:

- **Potential first-time buyers are most keen to buy property in 2012**
- **Getting out of rented accommodation or away from family are the biggest drivers**
- **London has the highest proportion looking to buy in 2012, Wales the lowest**
- **But raising a deposit remains the biggest barrier to property purchase**
- **And homeowners are more optimistic about the housing market than those who rent**
- **The majority of consumers expect house prices to be roughly flat in 2012**

Plans to purchase in 2012

While the majority of (63%) respondents don't need or want to buy property in the coming year and a substantial proportion (17%) are simply not in a position to buy, 12% do intend to purchase property next year. This can be broken down into 3% who are buying out of necessity (needing to move area for work, needing a bigger or smaller house, etc), 7% who are motivated by a desire to move (due to wanting to move out of rented property, wanting a bigger or better property, etc) and 2% are moving for some other reason. A further 8% say they would not buy next year as they are put off for some reason, whether that be due to the bleak economic outlook or raising the required deposit.

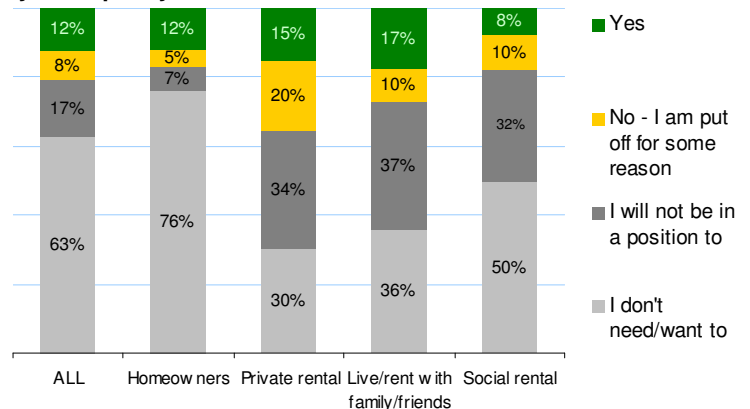
In terms of numbers of people, most of those looking to move in 2012 are already homeowners. But it is especially those within groups that contain potential first-time buyers (those currently in private rental, and those living with family and friends) that people harbour the greatest intentions to buy property in the next year (see Chart 1).

Of those who currently live with family or friends, 17% intend to buy property in 2012. The main motivation for this group is moving away from their relatives or friends. Similarly, 15% of people currently renting from a private sector landlord intend to buy next year, mainly out of a desire to get out of rented accommodation. A further 20% of private renters do not intend to buy next year because they are put off by the economic outlook or the deposit required. These figures compare to 12% of existing owners who intend to move in 2012, and 5% of homeowners who would move but are put off for another reason.

Accordingly, intentions to move are stronger in younger respondents, with 21% of those in the 25-34 age group saying they intend to purchase property next year.

Across different regions, the intention to buy in 2012 varies markedly. Londoners show the greatest appetite to buy next year, with 21% saying they intend to purchase property. In the West Midlands 16% want to buy in 2012, and 15% think likewise in the South East and Yorkshire and the Humber. In contrast, just 5% in Wales, 6% in the North East and 7% in the North West intend to buy next year.

Chart 1: Do you intend to purchase property in the UK next year? Split by tenure



Whether these intentions will be realised remains to be seen, however, as substantial barriers to property purchase persist.

Raising the required deposit remains the biggest barrier

Raising a deposit remained the most significant barrier to buying a property in the UK, as it has been since December 2010. In December 2011, 64% of respondents considered this to be a barrier. The importance of this barrier indicates why the Government's recently announced indemnity scheme aims to reduce the deposit required to buy new build property. In contrast, Stamp Duty Land Tax has consistently been viewed as a barrier by 10% or less of respondents, so it was perhaps unsurprising that HMRC found the policy of stamp duty relief to be ineffective in stimulating demand, and therefore this exemption will cease in March next year.

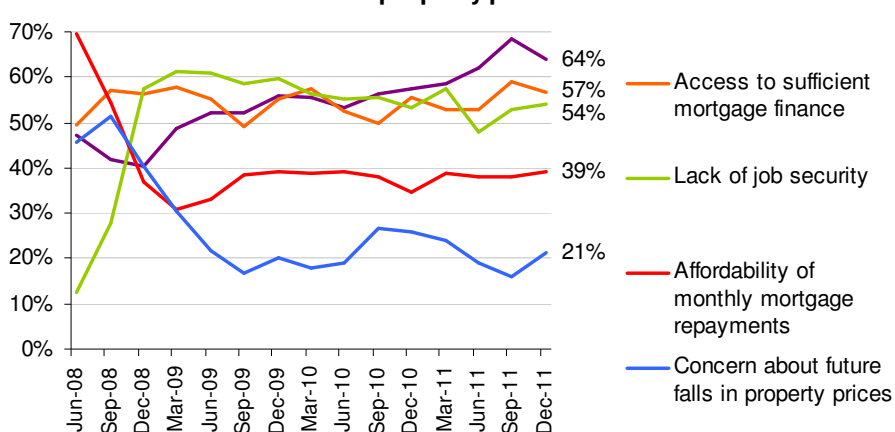
Problems obtaining a large enough mortgage are also considered a major barrier, with 57% selecting this as something likely to prevent people buying.

A lack of job security has grown as an impediment to buying property since the summer months, but perhaps surprisingly given the gloomy economic prognosis that has been presented over recent weeks, the proportion choosing this factor did not increase significantly in the December survey, reaching 54% compared to 53% in September.

This is still below the level of 61% reached in early 2009 when the economy was in recession. However, with the OBR predicting unemployment will reach 2.8 million next year, this factor may grow in importance in 2012.

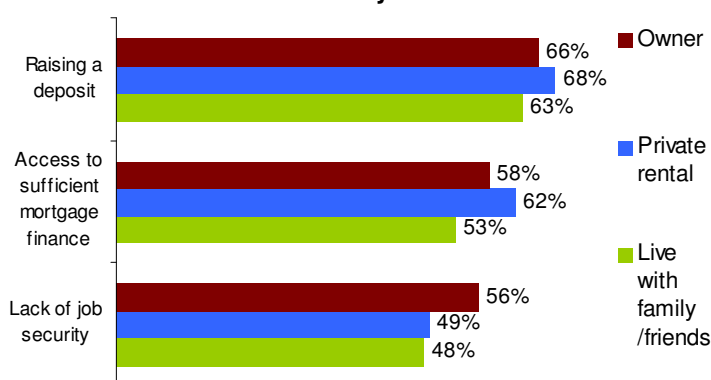
Having reduced since mid 2010, concerns about future falls in property prices picked up in the latest Property Tracker to be selected by 21% of respondents, from 16% in September 2011.

Chart 2: Perceived barriers to property purchase



Those who are currently renting from a private landlord are more likely to view raising a deposit and obtaining sufficient mortgage finance as barriers than are owner occupiers, while in contrast those that are currently living with friends and family appear less constrained, with relatively fewer in this category perceiving these as impediments. (See Chart 3.)

Chart 3: Perceived barriers by tenure



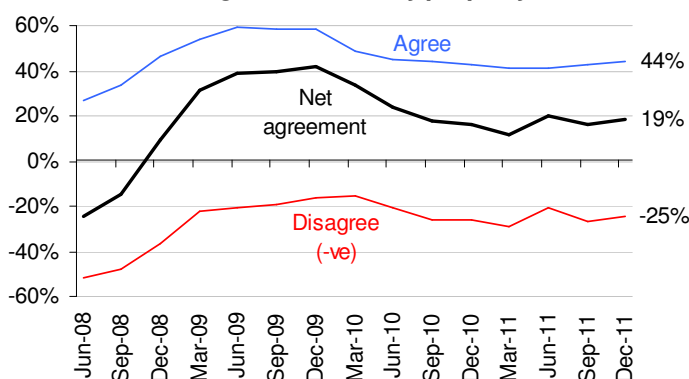
Homeowners, however, are more likely than both renters and those living with family and friends to consider that a lack of job security would put people off buying at present.

Is now a good time to buy?

Overall, the proportion of respondents who think it is now a good time to buy property in the UK has remained fairly stable, despite the flow challenging economic outlook. In the December survey 44% agreed to some extent that now is a good time to buy in the UK. Meanwhile, the proportion disagreeing has declined very slightly, to 25% in the latest survey, from 27% in September (see Chart 4). And there remains considerable uncertainty in the market, with 21% saying they neither agree nor disagree, and 10% saying they do not know.

Looking at the net percentage agreeing that now was a good time to buy (the percentage agreeing less the percentage disagreeing), this has remained broadly stable over recent quarters, and was +20% points in the December Property Tracker. This is substantially up on the figure in March of this year, when net agreement was just +12% points, itself the lowest score since the end of 2008. This indicates how weak demand has been in the housing market over 2011.

Chart 4: Now is a good time to buy property in the UK?



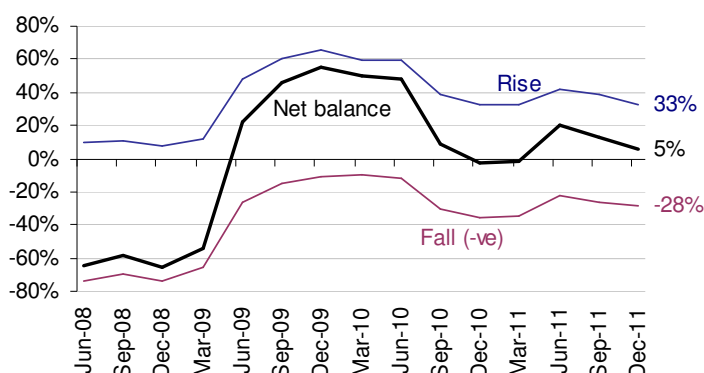
Those who were currently renting were significantly more pessimistic about it currently being a good time to buy. Out of respondents who were renting privately net agreement was just +3% points, while the proportion agreeing and disagreeing matched among those who were living with family and friends, so that net agreement was zero. In contrast, net agreement that it was currently a good time to buy across existing homeowners was +31% points.

House prices expected to be roughly flat in 2012

The proportion of Property Tracker respondents believing prices will rise in the coming year fell slightly to 33%, from 39% in September. This is the same proportion as in December last year who believed prices would rise (see Chart 4). 20% thought prices would stay the same over 2012.

Meanwhile, 28% thought that prices would fall in the coming year and as a result the net percentage balance was +5% points. In December last year, the net balance was -3% points.

Chart 5: How will UK property prices change in the next 12 months?



The regions where expectations for UK house price rises were strongest were in London (where there was a net balance of +16% pts) and Scotland (net balance of +13% pts). Prices expectations were weakest in the North East region (-8% pts net balance).

Across the UK, the median prediction was for house prices to be flat in 2012, the same as the median prediction for 2011 last December. According to the Nationwide house price index, at the end of November prices were just 1.6% higher than a year earlier, so it looks like Property Tracker respondents' expectations will not be far off the mark.

Full data tables can be downloaded here: www.bsa.org.uk/docs/presspdfs/PTdec11trend.xls

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 September 2011 was 2,069 adults. Fieldwork was undertaken between 2-5 December 2011. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

1. 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.
2. The proportion agreeing includes those who agree strongly and those who tend to agree, while the proportion disagreeing includes those who disagree strongly and those who tend to disagree. Excludes respondents who answered 'don't know' so percentages do not sum to one hundred

The Building Societies Association (BSA) represents mutual lenders and deposit takers in the UK, including all 47 building societies. Mutual lenders and deposit takers have total assets of over £375 billion and, together with their subsidiaries, hold residential mortgages of over £235 billion, 19% of the total outstanding in the UK.