

- Fewer people think it is currently a good time to buy property.
- Confidence in the property market remains relatively stable given the uncertain economic outlook.
- The prospect of falling house prices becomes a more significant barrier to house purchase.

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

The proportion of respondents who disagreed that now was a good time to buy a property increased by 5% in September to 26% from 21% in June. This is now the second consecutive quarter showing a rise in the proportion of those who do not agree. The proportion of respondents who agreed that now is a good time to buy a property remained broadly unchanged at 44% in September compared to 45% in June.

House price growth is a key determinant of consumer sentiment toward the housing market. The UK's major lenders have reported either falling or muted house price growth over the past six months which may explain the growing proportion of those who do not feel that now is the right time to buy a property. Shortly before the survey was conducted, Nationwide reported that prices fell by 0.9% in August.

24% neither agreed nor disagreed that it was a good time to buy, slightly less than the 26% in June which suggests there is still significant uncertainty surrounding the health of the property market and the economy. Consumers may be wary of the effects of forthcoming public sector cuts and the impact of the rise in VAT on household finances. It therefore comes as no surprise that consumers are uncertain about making such a large financial commitment given the current economic environment.

House price expectations

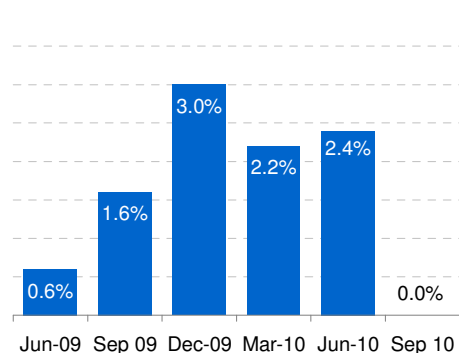
Only 39% of respondents to the *BSA Property Tracker* predicted that house prices would rise over the coming 12 months, a fall of 21 percentage points compared to the 60% who predicted a price rise in June. The proportion who thought prices would fall increased to 30% compared to 11% in June.

The average forecast in September was for house prices to remain flat over the next 12 months which compares to a 2.4% rise in prices forecast in June.

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



Chart 2: Average 12 month property price predictions over time

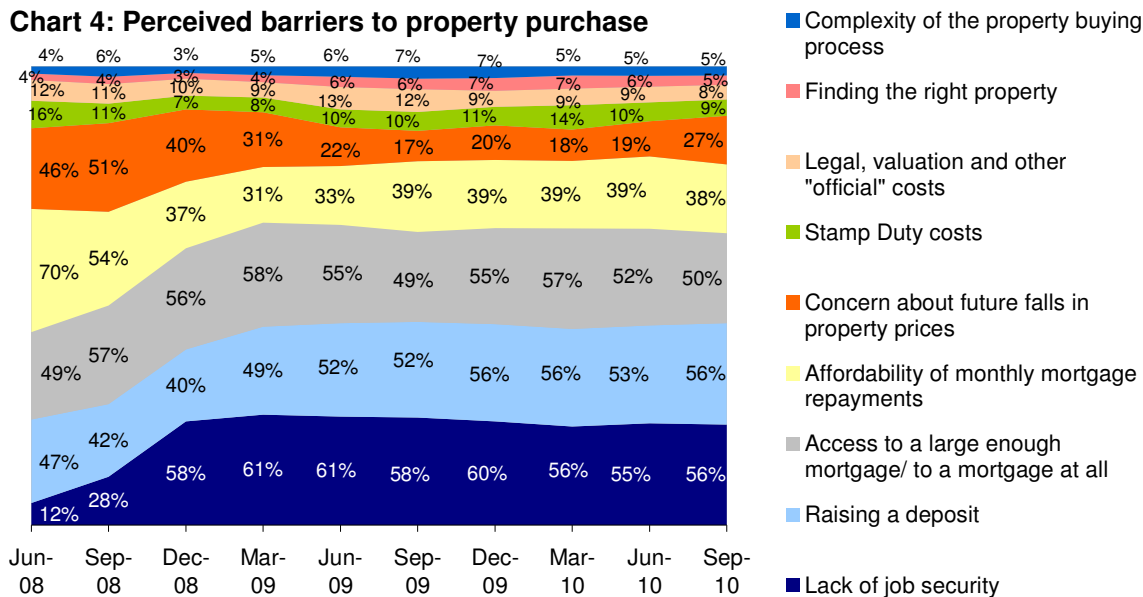


Perceived barriers to property purchase

Respondents were asked what they currently perceive to be the main barriers to house purchase. Raising a deposit was chosen by 56% of respondents compared to 53% in June. This makes it the greatest perceived barrier, joint with the lack of job security, also chosen by 56% of respondents. The third largest barrier was access to a large enough mortgage or mortgage at all which was chosen by 50%. Since March this has been chosen by consistently less respondents (Mar 57%, Jun 52%) which perhaps is a signal that the availability of mortgage finance is slowly improving. The affordability of monthly payments was chosen by 38% which is consistent with the previous five quarters.

The greatest change was the 27% of respondents who chose concerns over future falls in property price as a barrier which compares to just 19% in June, an increase of 8 percentage points. This breaks a trend of five relatively stable quarters. This change corresponds with the larger proportion who did not agree that now is a good time to buy a property. Of those who strongly disagreed that now was a good time to buy a property 50% chose falling prices as a barrier, compared to just 11% of those who strongly agreed. This shows a divergence in opinion over the importance of house prices as a barrier to purchasing property, and for those who do not feel it is a good time to buy falling prices is a major concern.

Chart 4: Perceived barriers to property purchase



Respondents can choose three factors so percentages do not sum to one hundred

Full data tables can be downloaded here: www.bsa.org.uk/docs/presspdfs/PTSep10trend.xls

The next BSA *Property Tracker* survey will be published on 14 December 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 September 2010 was 2,092 adults. Fieldwork was undertaken between 10-13 September 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 49 building societies. Mutual lenders and deposit takers have total assets of approximately £365 billion and, together with their subsidiaries, hold residential mortgages of more than £235 billion, 19% of the total outstanding in the UK.