

The majority of people think it is now a good time to buy property in the UK as mortgage availability improves and house prices show signs of recovery. Consumers are generally feeling more optimistic about the housing market. However, barriers such as the ability to raise a deposit and a lack of job security are being heavily felt by many.

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

58% of respondents agree to some extent that now is a good time to buy residential property in the UK, and only 19% disagreed with this statement. This contrasts significantly with September last year where only 34% of respondents agreed and nearly half (48%) disagreed.

Whilst concerns remain in the housing market, the *Property Tracker* results show that sentiment has improved consistently over the past year. This is likely to be a result of further stability in house prices experienced over recent months, and the gradual increased choice and availability of mortgage finance offered by lenders.

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

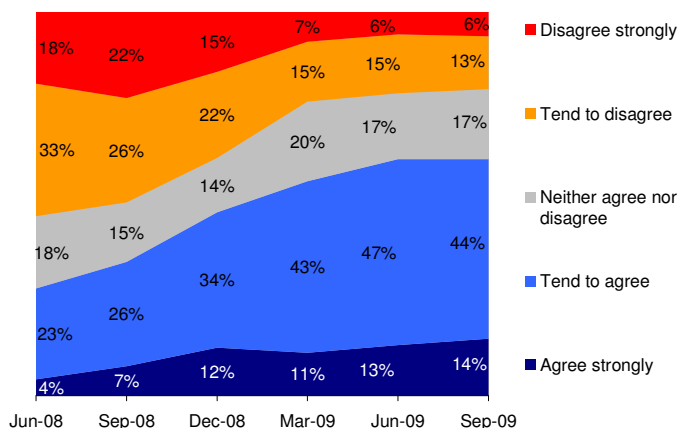
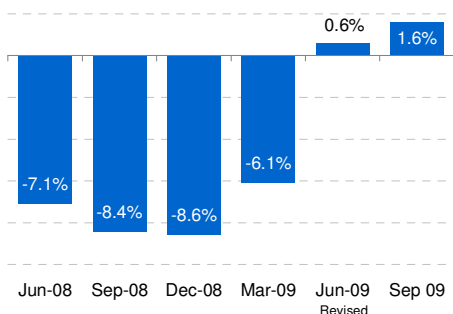


Chart 2: Average 12 month property price predictions over time



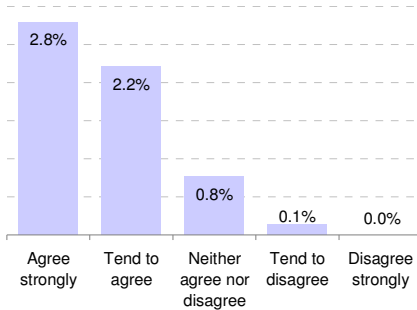
House price expectations

A rise in prices was again predicted in the latest *Property Tracker* survey. The average price prediction was for a 1.6%* rise over the next 12 months. This follows a prediction of a 0.6%* rise in June's survey. 61% of respondents predicted an increase compared to 49% in June, and only 15% anticipate prices will fall compared to 27% in June.

In September last year the average price prediction for the forthcoming year was minus 8.4%* but a reduction in housing supply and low interest rates have seen prices bounce back in 2009. According to Nationwide,

prices have risen in six out of the seven months to August in 2009 which has seen prices recover to just minus 2.7% on an annual basis. This trend may be boosting confidence in the housing market and fuelling further optimism for the year ahead.

Chart 3: Average 12 month property price predictions by whether currently a good time to buy (September '09)



As expected, those respondents who think that it is currently not a good time to buy are less likely to think that prices will rise in the coming 12 months. Yet even for those who strongly disagree that it is a good time to buy, the average price prediction is flat rather than negative. This contrasts with the June *Property Tracker* where this group predicted a 2.7% fall.

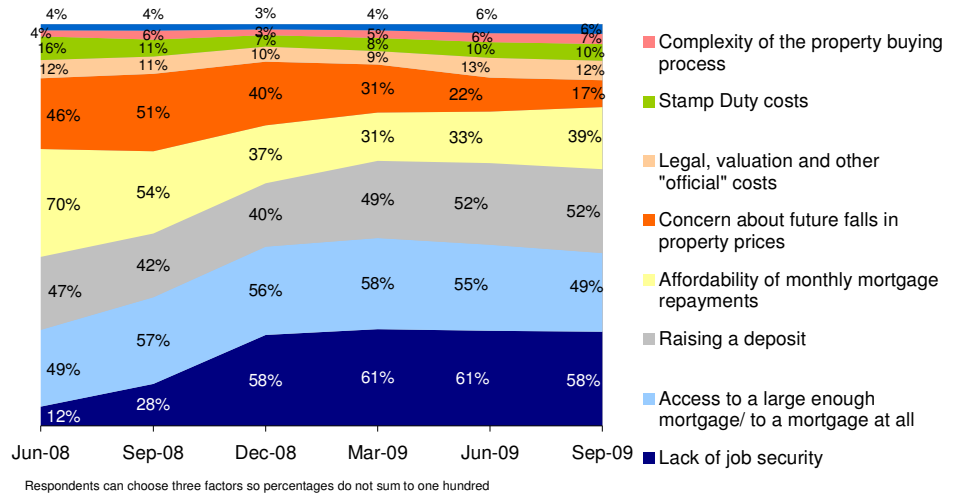
Those that think it is a good time to buy predict that prices will rise by 2.8% on average over the next 12 months. These results are shown in Chart 3.

Perceived barriers to house purchase

The BSA *Property Tracker* also asks what people currently perceive to be the greatest barriers to house purchase. Respondents can choose up to three factors that they consider to be impediments to buying property. The responses are summarised in Chart 4.

In the latest survey a lack of job security was the most commonly cited barrier, chosen by 58% of respondents, slightly lower than the 61% in June. Despite this slight decline, lack of job security is still a critical influence on the confidence of house buyers, which has been the case since December 2008, as shown in chart 4. This broadly corresponds to the start of the recession and rising unemployment levels.

Chart 4: Perceived barriers to property purchase



Unemployment is forecast to continue rising, and therefore lack of job security is likely to remain a significant, if not a greater, barrier to house purchase in coming months.

Access to a large enough mortgage or to a mortgage at all was cited as a barrier to property purchase by 49% of respondents, but this has fallen 6% points from the June *Property Tracker* when it was chosen by 55%. This indicates that whilst credit availability is still limited, it is improving, and potential home buyers are perhaps finding it marginally easier to secure a loan.

The ability to raise a deposit was cited by 52% of respondents as a barrier to house purchase, the same percentage as in June. With more people who now think it is a good time to buy, and with inflationary house price expectations, it is no surprise that the raising a deposit remains a significant barrier. In addition, in the last month a number of attractive fixed rate mortgages have come to market which may be increasing new interest in house purchase, however many of these products require a large deposit, of up to 40%.

Difficulties in affording the monthly mortgage repayments increased 6% compared to June with 39% choosing this as a barrier. It is still relatively low compared to this time last year (54%) when the Bank Rate was 5.0%, but with unemployment rising and income growth remaining subdued, anticipated monthly repayments may become more difficult for some.

Concerns about future falls in property prices continued to reduce in September with just 17% viewing this as a barrier. This follows 22% in June and 31% in March. This corresponds with the average prediction for house prices to rise over the next 12 months.

Perceptions of barriers held by different groups

Those that thought it was currently a good time to buy property were more likely to perceive raising a deposit as a barrier to purchasing a property than those that did not think that it was a good time to buy. 59% of those who strongly agreed it was a good time to buy a house cited this as a barrier compared to 38% of those who strongly disagreed it was a good time to buy.

As detailed previously, those that strongly disagreed that it was a good time to buy expected property prices to remain roughly flat on average over the next twelve months although 42% of this group also predicted house prices to fall to some extent over the next year. Unsurprisingly, this group was more concerned about future falls in property prices, with 30% selecting this as a barrier to house purchase. This compares to just 9% of those who strongly agreed it was a good time to buy selecting reductions in house prices as a barrier. Only 10% of this group felt property prices would fall over the next 12 months.

Full data tables can be downloaded here: www.bsa.org.uk/docs/presspdfs/PTSep09trend.xls

The next BSA *Property Tracker* survey will be published on 16 December 2009.
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. The June 2009 data has been revised.

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 2009 was 2,080 adults. Fieldwork was undertaken between 5 - 7 September 2009. 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 UK building societies. Building societies have total assets of over £370 billion and, together with their subsidiaries, hold residential mortgages of over £245 billion, more than 20% of the total outstanding in the UK.