



Jolliffe and Flint | Economic and Housing Market Overview | October 2009

House Price Indices have been volatile in Q2 2009 with significant variations between the different indices. Particularly volatile has been the Nationwide New Property Index which clearly reflects both the heavy discounting of new properties by developers and perhaps “the green shoots of recovery”. Changes in the Nationwide New Property Index vary considerably by region between an increase of 9.2% in the North West and a drop of 8.1% in the South West although overall the housing market has started to see some signs of stability over the past few months with both the Halifax and the Nationwide recording house price rises in July. However, the fragility of this stability was illustrated by the fact that Rightmove recorded a 2.2% drop in asking prices in August.

Change in New House Prices Q2 2009 (English Regions)	
East of England	2.9%
East Midlands	-1.2%
London	2.5%
North East	-4.3%
North West	9.2%
South East	-1.3%
South West	-8.1%
West Midlands	-4.9%
Yorkshire and The Humber	n/a

Source: Nationwide

Mortgages increased by 23% in June over May, but remain historically low at less than half of their average number over the last seven months of June. Largely as a consequence transactions remain very low, having fallen by 42% over the past year according to the Land Registry.



Rents are now starting to increase after falling 5% over the past year. Buy-to-Let loans have seen a substantial fall, falling by 73% over the past two years. Housebuilders' trading statements have generally reported recent stability in the housing market, reductions in cancellation rates and debt levels. Housing starts by private enterprise were 79% up on the previous quarter in Q2 2009, but remain 12% down on a year earlier. Bellway and Persimmon reported that conditions were more robust in the south of the country than the north and housing start figures reflect this with a much weaker performance in the north than the south.

The UK continued to be in recession with GDP falling by 0.8% in Q2 2009 after falling 2.4% in Q1 2009 and unemployment reached 7.8%. The Bank Rate remains at an all time low of 0.5% and the Bank added £50 billion to its quantitative easing programme in August 2009.

House Price Indices																																								
Nationwide	Nationwide report house prices rose by 1.3% in July, the 3 rd consecutive monthly rise, but fell by 6.2% in year to July. Nationwide believes prices could be slightly higher at the end of 2009 than the start.																																							
Halifax	<p>Halifax report that UK house prices rose 1.1% in July but fell by 12.1% in the year to July</p> <p>The chart to the right shows the seasonally adjusted monthly change in UK house prices over the past year according to Nationwide and Halifax.</p> <table border="1"> <caption>Monthly Change in UK House Prices (Estimated from Chart)</caption> <thead> <tr> <th>Month</th> <th>Nationwide (%)</th> <th>Halifax (%)</th> </tr> </thead> <tbody> <tr><td>Aug-08</td><td>-1.5</td><td>-1.5</td></tr> <tr><td>Sep-08</td><td>-1.0</td><td>-1.0</td></tr> <tr><td>Oct-08</td><td>-1.0</td><td>-1.0</td></tr> <tr><td>Nov-08</td><td>-0.5</td><td>-0.5</td></tr> <tr><td>Dec-08</td><td>-2.0</td><td>-2.0</td></tr> <tr><td>Jan-09</td><td>-1.0</td><td>-1.0</td></tr> <tr><td>Feb-09</td><td>-1.0</td><td>-1.0</td></tr> <tr><td>Mar-09</td><td>1.0</td><td>1.0</td></tr> <tr><td>Apr-09</td><td>-1.0</td><td>-1.0</td></tr> <tr><td>May-09</td><td>1.0</td><td>2.5</td></tr> <tr><td>Jun-09</td><td>1.0</td><td>1.0</td></tr> <tr><td>Jul-09</td><td>1.3</td><td>1.1</td></tr> </tbody> </table>	Month	Nationwide (%)	Halifax (%)	Aug-08	-1.5	-1.5	Sep-08	-1.0	-1.0	Oct-08	-1.0	-1.0	Nov-08	-0.5	-0.5	Dec-08	-2.0	-2.0	Jan-09	-1.0	-1.0	Feb-09	-1.0	-1.0	Mar-09	1.0	1.0	Apr-09	-1.0	-1.0	May-09	1.0	2.5	Jun-09	1.0	1.0	Jul-09	1.3	1.1
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Royal Institution of Chartered Surveyors	Royal Institution of Chartered Surveyors indicates that 8% more surveyors reported a fall than rise in house prices in July. New buyer enquiries rose for the ninth month in July.																																							
Department for Communities and Local Government	Department for Communities and Local Government report UK house prices rose by 1.6% in the month to June, but fell by 10.7% in the year to June.																																							



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Land Registry	Land Registry statistics show house prices rose by 0.1% in England and Wales in June but fell by 14.0% in the year to June. The number of properties sold in England and Wales fell by 42% in the year to April 2009.					
Hometrack	Report that house prices remained unchanged in July but fell by 7.7% in the year to July whilst sales agreed rose by 6.6% in July. The proportion of asking price being achieved rose to 91.5% in July from 91.0% in June.					
Rightmove	Rightmove report that the average property asking price fell by 2.2% in August and fell by 3.1% in the year to August.					
Savills' Annual Forecasts for House Prices Projected Falls in 2009	Q1 09 Falls		Projected Falls Peak to Trough		Projected Further Falls	
	-4.5%		-24.2%		-6.8%	
Savills Annual Forecasts for House Price Projected Growth as at Q2 2009	2008	2009	2010	2011	2012	2013
	-14.7%	-11.0%	1.0%	1.0%	9.0%	10.0%

Overall the Beacon Value as at 1 January 1999 expressed as a percentage of open market value as at Q3 2009 shows a widening, with the recommended multiplier with 1999 Values dropping from an average of 49.8% - 58.7% of their current value at the trough of the recession to 46.7% - 55.3% of the current market value as at Q3 2009.

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