

Current Housing Market Update:

The Royal Institute of Chartered Surveyors (RICS) have stated there were 15.3 transactions per surveyor during the three month period, ending of June - the lowest level of transaction since recording began in 1978.

RICS state they believe the reason for so many potential buyers choosing not to move are due to difficulties in obtaining a mortgage with the lending pulling in their reins are restricting borrowing.

It seems there are some positives though, as fewer surveyors reported house price falls in June than in May. 88% of surveyors reporting price drops as opposed to 92% in May.

Another positive comment in the report deflected that there was little sign of repossessed homes being sold in large volumes because employment levels remain high.

UK House Prices have returned to the level there were at in August 2006, according to Halifax. We have to take into account however that current prices are still 2% higher than they were 2 years ago, more than 10% higher than June 2005 and almost 40% above that of June 2003.

Halifax state 'The housing market continues to be underpinned by sound fundamental.' All our research indicates that the labour market is the key driver of the housing market. Employment is at a record high of 29.55 million. Total employment increased by 76,000 over the past 3 months to April compared with the previous quarter and by 446,000 over the past year.

Mortgage Market Outlook:

A recent report on website fool.com has highlighted some interesting details regarding the HSBC Rate Matcher Mortgage. The deal offers a guarantee to match the rate on your existing fixed rate mortgage. Although this sounded great in theory it seems not all is as rosy as it may first seem.

HSBC has since increased the booking fee's with this deal to such an extent that for most borrowers, the savings you may make on the monthly payments for retaining your existing rate would be wiped out by the high added arrangement/booking fee which could run into thousands.

An example shown was on a mortgage of £250,000 (the minimum loan amount available under the scheme) and a minimum rate HSBC will match is 4.79%. If you were to borrow this amount at that rate, it would set you back a staggering fee of £7,699.

Fool.com also point out, The bank has had a lot of good publicity about Rate Matcher and it will only deal with customers directly. This means none of HSBC's customers had the benefit of professional, unbiased mortgage advice when comparing the market. (That's the danger of going direct and one reason why using a whole-of-market mortgage broker can be a good idea.)

Word of the week - **What is Gazundering?**

Gazundering is where the buyer makes an agreed offer, and then - usually just before the exchange of contracts - slashes their offer. This time it's the seller who's left in the wilderness, as they have to choose between losing the sale or taking less money than they hoped.

Is it acceptable?

You can debate the morality of this until the concrete cows come home.

Many estate agents complain that gazundering should be made illegal, but they didn't complain about the gazumping which boosted their commissions during the boom, so perhaps its best we ignore comments from a sector being motivated out of gross self-interest.

Then government introduced the recent Home Information Packs (HIP's) in the hope of helping a more swift and buyer aware process but many believe this has not helped the market at all either?

But there's no doubt that the ability to retract an offer right up until the last minute causes problems in the house sale transaction. The broken chain is the main issue. If a seller is gazundered, or buyer gazumped, and the sale falls through, then they won't be able to move. This has a domino effect as it means anyone else in their chain will see their deals collapse too.

Perhaps we should put ourselves in the position of a lower domino when the thought of using this practice for personal gain is next debated. I think we would all then agree it is a position we would not like to be in and just as gazumping was an dishonourable practise so too is gazundering.