

Housing Market Update: Newsletter May 2008

It is a buyers market at the minute which means buyers are the ones dictating most transactions.

They can be picky and put in under priced offers. As more vendors (people selling their homes) struggle to sell, they may become more willing to except a lower price?

House prices have slowly dropped (2.5% recorded in March). This was the biggest drop since 1992, but saying that house prices overall are still more expensive than this time last year?

The dramatic slowing in the market has also caused RICS (Royal Institute of Chartered Surveyors) to lower its forecast for house price growth in 2008.

RICS says it now believes house prices will fall by 5% during 2008. It had previously envisaged prices remaining flat.

However, RICS does not believe repossessions and distressed sales will come to characterise the market, as they did in the early 1990's, and says unemployment is unlikely to rise considerably.

Homeowners are generally less highly geared than they were in the early 1990's, according to RICS, with average 'Outstanding Mortgage Loans' standing at 85% of the property value today, compared with 90% in the late 80's.

RICS also points out that around 71% of first time buyers are on capital and interest repayment mortgages, compared with a mere 17% in 1989.

Milton Keynes is still an area of demand for buyers and people wishing to rent, be that from people already living within MK or people re-locating to Milton Keynes to one of the many organizations within the city.

This is one of the reasons Milton Keynes is not being quite so badly hit as other parts of the UK when looking at house price growth. The change in the last quarter for the UK as a whole was -1.87% but MK recorded only a -.01% change within the last quarter.

Milton Keynes Property -Average Cost: £197,666

Detached: £306,764

Semi-detached: £191,488

Terraced: £159,686

Flat: £136,299

Change in last quarter: -0.1%

Change in last year: 3% (change in the last year for UK as a whole -3.56%)

The number of loans approved for house purchases fell in April to 58,000, according to Bank of England figures. However the number of re-Mortgages rose to 106,000.

The report confirms a decrease in total net lending to individuals in April, at £7.3 billion, against March and the previous six month average.

The numbers of loans approved for house purchase (58,000) and other purposes (52,000) were lower than in March but those for re-mortgaging (106,000) were higher than in March.

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