

22 January 2010

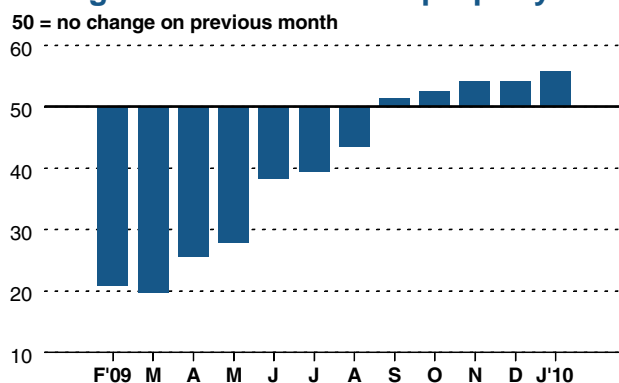
## Recovery of housing market remains intact in January

- **House price sentiment strengthened at start of 2010.**
- **Expectations for coming year at record high, but pace of increase to remain only modest.**

House price perceptions continued to improve at the start of 2010, according to January's poll of UK household finances by Markit and YouGov. Views on current house prices were the most upbeat in the one-year survey history. Prices are also expected to rise further over the next 12 months, with confidence in the outlook likewise reaching a survey high.

The latest data, based on the responses of nearly 2,000 households, indicated that 21% of households perceived that the value of their property had risen since December. The respective 'diffusion' index reached a new survey high of 55.8, and remains comfortably above the 50.0 no-change threshold. Prices are perceived to have now risen for five months in a row.

### Change in current value of property



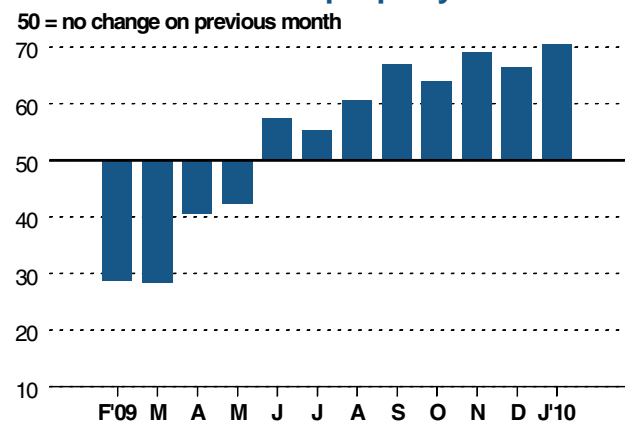
In line with the recent trend, those households with the greatest income (£57,551+) signalled the strongest perceived increase in current property prices. By age, it was households aged 25-34 – the group most likely to contain first-time buyers – that indicated the highest rise in property prices.

At the regional level, East of England and the South East recorded the strongest rises in perceived house prices at the start of 2010. In contrast, property values

were believed to have continued to fall in Northern Ireland.

Households remain positive in their outlook for property prices, with over 50% of respondents expecting to observe a rise in values in 12 months' time against 9% expecting a decline. Measured overall, optimism was at its highest in the survey history, with the index rising markedly since December to reach a level of 70.6. January signalled the eighth successive month in which positive sentiment regarding future property prices has been recorded.

### Outlook for value of property



January's HFI survey indicated that households in Scotland and Eastern England were the most confident that property values would increase. Although signalling strong positive expectations, those residing in Northern Ireland and the North East were the least bullish.

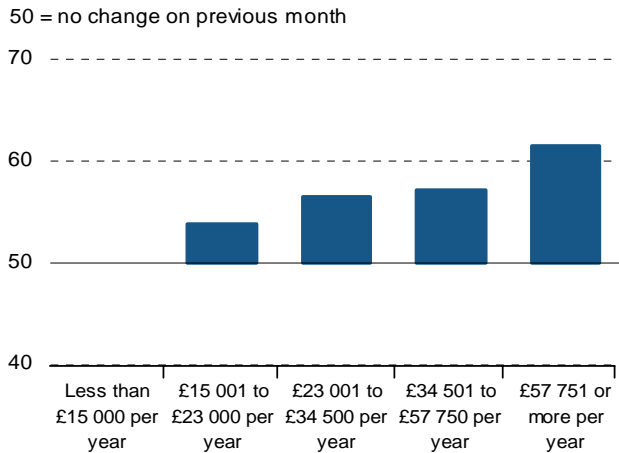
While an increased proportion of households are forecasting a rise in prices, the extent of the increase is likely to be modest. As has been the case in recent months, respondents most commonly forecast a rise of prices in the range 1%-4%.

Data on credit from the HFI survey further highlight the underlying fragility of the housing market. In particular, mortgage availability continued to deteriorate – despite another slight rise in demand for loans during January – and terms and conditions attached to secured credit worsened.

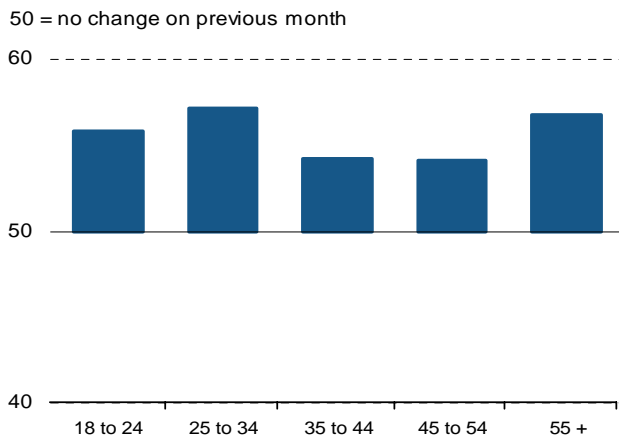
### Value of property

January data: Compared to one month ago, how do you think the value of the property/dwelling in which you live has changed?

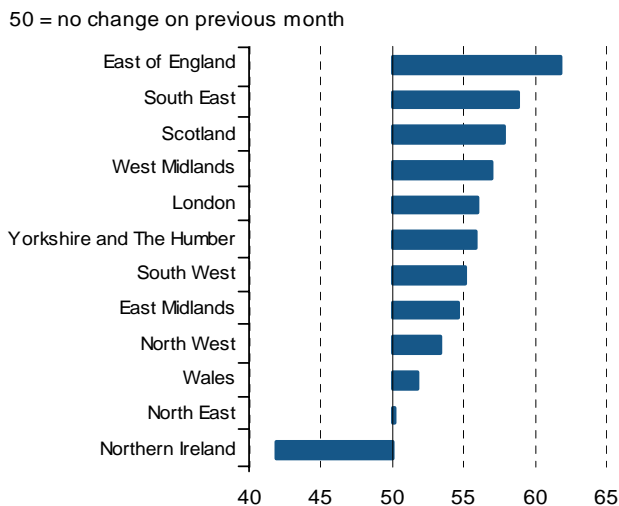
#### By Income



#### By Age



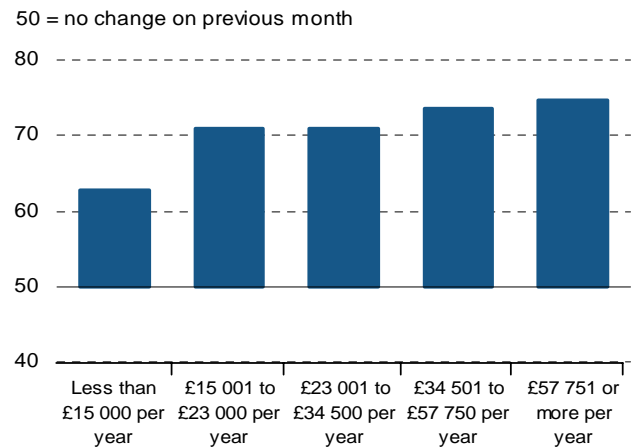
#### By Region



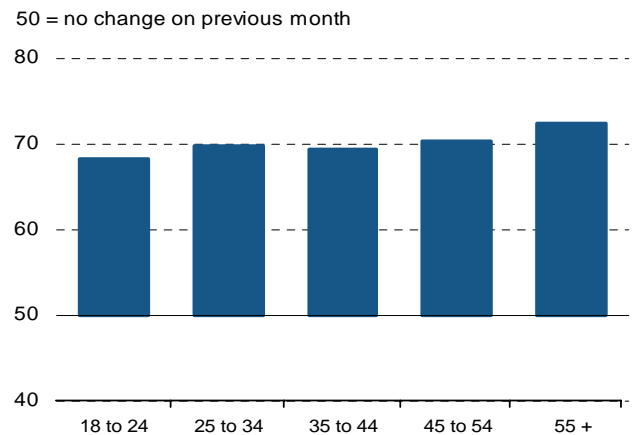
### Outlook for value of property

January data: How do you think the value of the property/dwelling in which you live will have changed 12 months from now?

#### By Income



#### By Age



#### By Region

