

23 November 2009

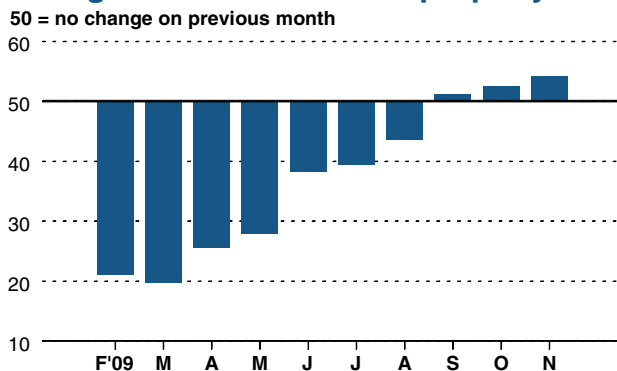
Housing market shows further recovery in November

- **House prices perceived to have risen for third straight month.**
- **Expectations at new survey high, but price increases forecast to be only modest.**

November's poll of UK household finances by Markit and YouGov indicated a third successive monthly improvement in house price perceptions. Moreover, views on current house prices were the most upbeat in the short survey history. Confidence in the outlook rebounded markedly, rising to the highest in ten months of data collection.

The latest survey of nearly 2,000 respondents showed that 21% of households perceived that the value of their property had risen since October, with the respective 'diffusion' index improving to a new series high of 54.3, from 52.5.

Change in current value of property

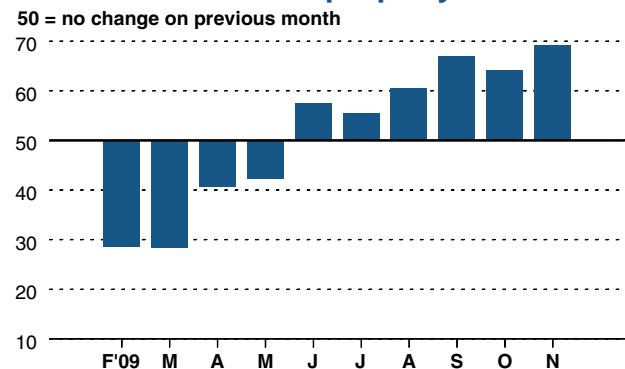


The latest data are consistent with a further rise in annual house prices and it appears that the higher end of the market continues to perform particularly well. The highest wage earners (£57,551+) and those households in London and the South East indicated the greater perceived net increase in property prices during November. In contrast, those earning less than £15,000 perceived house prices to have fallen during the month. At the regional level, property values were estimated to have declined in Northern Ireland and Yorkshire & Humberside.

Regarding the outlook for property prices over the coming 12 months, UK households are forecasting

further increases in their property values. Optimism rebounded since October, reaching the strongest in 10 months of data collection. November marked the sixth successive month that optimism has been recorded (chiming with similar findings from the RICS survey). Nearly half of those surveyed (48.7%) believe that the value of their property will increase over the next year, with just 10% forecasting a decline. The resulting index of 69.2 was well above the 50.0 no-change mark.

Outlook for value of property



The perception in the past has been that house price growth has tended to ripple outwards from the South East. Latest HFI data continue to add weight to this theory, with households in London, the South East and the South West the most bullish about prospects for future property value increases. Although signalling strong positive expectations, those households in the North of England and Scotland were less bullish than their southern counterparts.

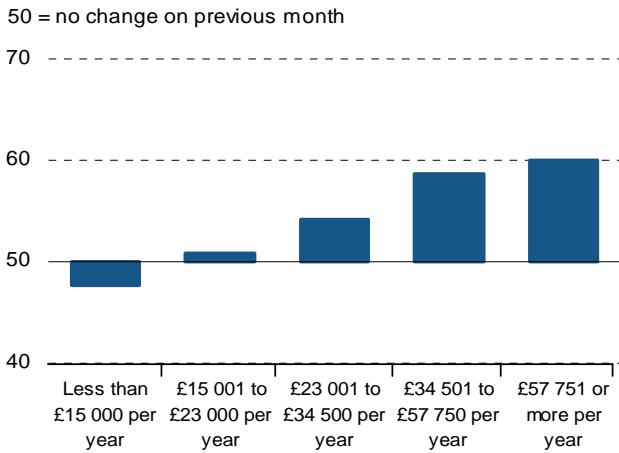
While there is a broad consensus that house prices will increase, there is little evidence of a return to the boom in property prices seen pre-financial crisis. Modest rises in the range 1%-4% are the most common prediction, with only around 1% of respondents predicting growth above 10%.

The latest HFI survey also showed that access to secured credit and its availability remains tight, while concerns over job security continue. These factors provide further support to the view of a relatively modest recovery in the market over the medium-term.

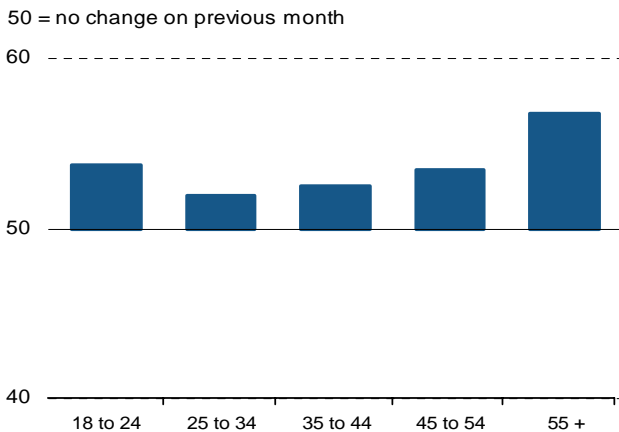
Value of property

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

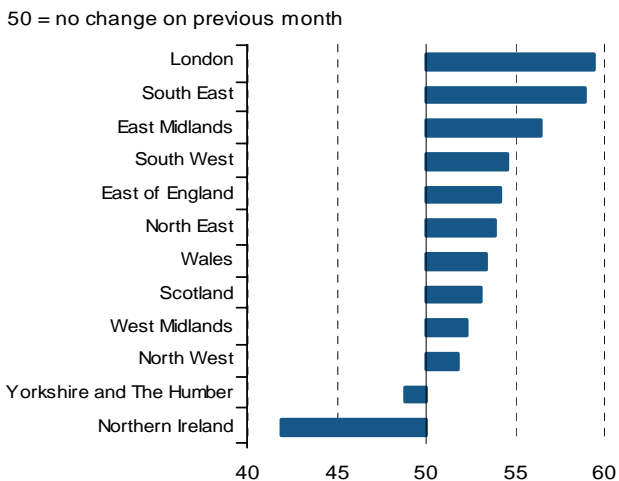
By Income



By Age



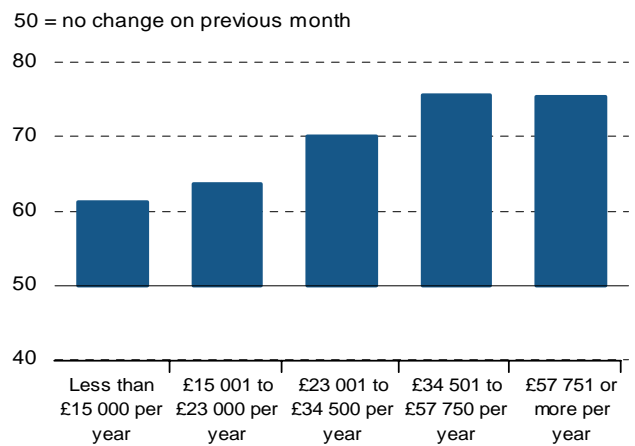
By Region



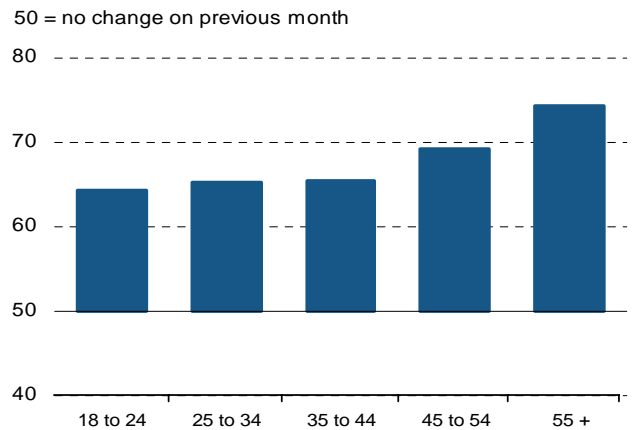
Outlook for value of property

November 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

