

16 October 2009

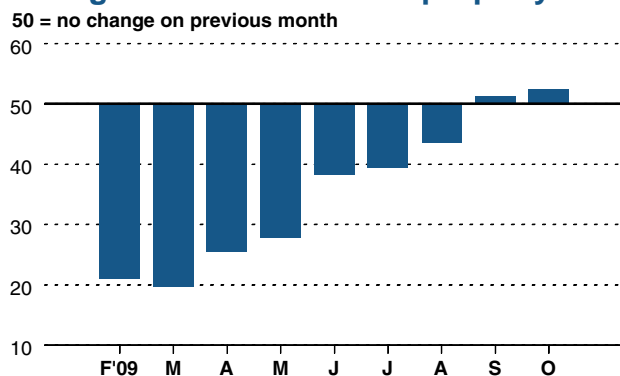
## Households perceived house prices to have risen again in October, and retained positive outlook for year ahead

- **Perceptions of further gain in house prices in October**
- **Expectations remain positive**

The latest poll of UK household finances by Markit and YouGov signalled that property prices were perceived to have risen for the second month running in October, increasing at a marginally faster rate than in September. There was also continuing confidence in the outlook for the year ahead, with expectations for property prices only slightly lower than September's series high.

October's survey of nearly 2,000 respondents showed that just under a fifth of households (19.6%) perceived that the value of their property had risen since September, compared to around 15% that perceived a fall. The resulting 'diffusion' index subsequently improved to a new series high of 52.5, from 51.4.

### Change in current value of property



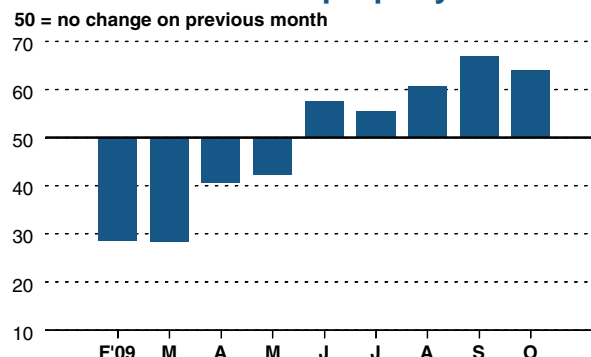
As was the case in September, the October survey provided evidence that the upper-end of the market was leading the improvement in prices. Higher wage earners (those with an income of above £57,751) again signalled the greatest net rise in perceived property prices (albeit to a lesser extent than one month ago). In contrast, those on lower incomes (less than £23,000) believed that the values of their properties had fallen slightly since September.

On average, households in 9 out of 12 UK regions indicated perceptions that their property prices had

risen. The South East signalled the greatest net gain, followed by the West Midlands and London. In contrast, households in Northern Ireland, which has experienced the biggest percentage drop in house prices of all UK regions this year (following on from the rapid rises seen in 2006 and early 2007), believed that house prices had continued to fall markedly in October.

The outlook for house prices over the next year remained positive for the fifth successive month in October. Nearly 43% of the survey panel forecast that house prices would be higher in twelve months' time, compared to around 15% that expect a fall. The resultant index reading was nonetheless slightly down on September's high of 67.0, registering a reading of 64.1.

### Outlook for value of property



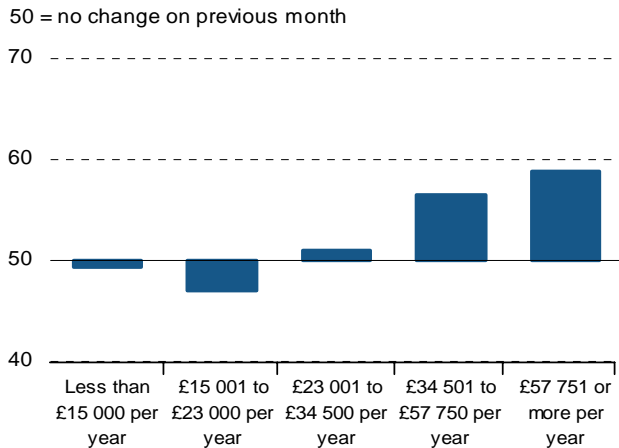
Higher income earners were again the most bullish with regards to future property prices, as were those aged 55+. In stark contrast to perceptions for current property values, regional data showed that households in Northern Ireland were the most confident over the outlook, followed by those residing in the South East and Scotland.

While house prices are expected to rise across all regions of the UK in the next year, October data again highlighted that gains are likely to be only modest. Of those households that are expecting prices to rise over the next twelve months, the magnitude of change most commonly signalled remained between 1% and 4%.

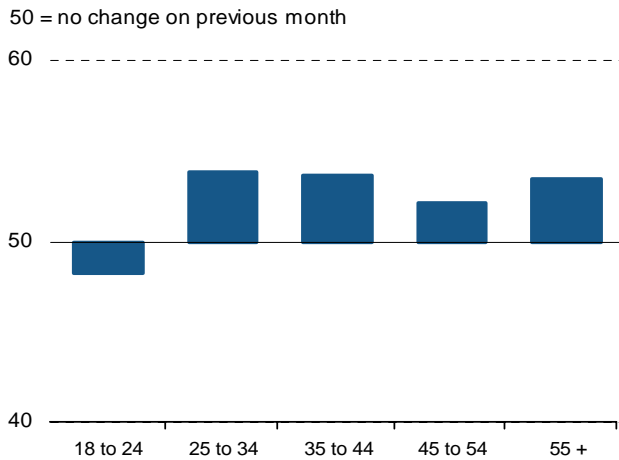
### Value of property

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

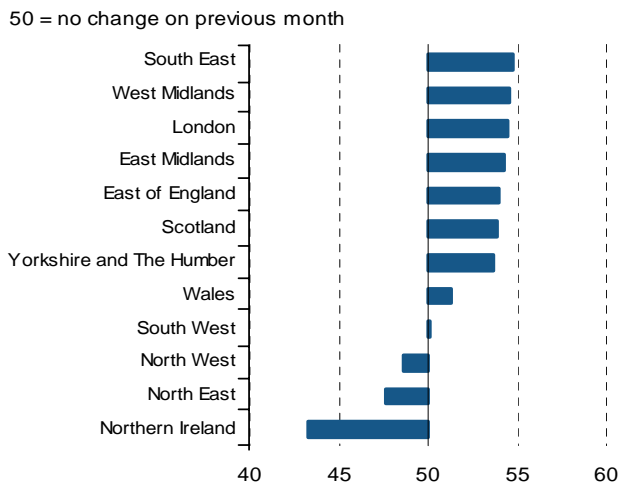
#### By Income



#### By Age



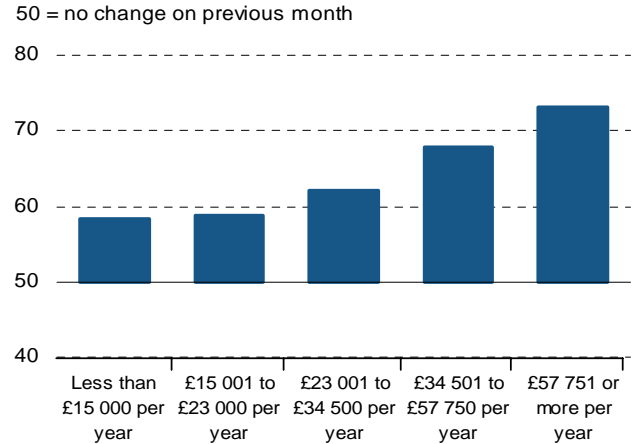
#### By Region



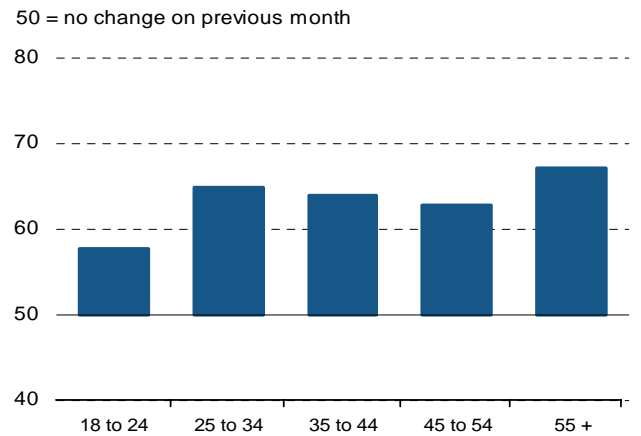
### Outlook for value of property

October 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

