

MARKET REVIEW 2010

So where is the market heading now?

The arctic conditions and the significant layers of snow across the country may have led to a sudden emergence of imaginative snowmen and snowwomen but they have done little to kick start activity in the property market.

Despite this hindrance to the start of 2010 the market finished 2009 in fine style with higher than normal levels of viewing activity and sales running at almost double those of the nadir of the banking crisis twelve months earlier.

Last year started with property prices crashing. Our figures indicate that there was a reduction of around 25% from the peak of the market in June 2007. This significant reduction brought investors, who recognised good value when they saw it, into the market and as a consequence sales started to pick up from March with values on the better located properties improving from June. We believe the market did recover by some 10% in the year representing an overall fall of 15% from those peak levels of 2007.

We continue to see an improvement in the availability of mortgage finance. This has never been a problem for those with a deposit of 40% or more but there has been a significant improvement in the number of products available for those people requiring 85-90% loans and we expect this to continue into 2010. The lending criteria remain strict and those with a poor credit history are likely to continue to find life difficult. Other groups too, like the self employed, can find sourcing the right loan difficult unless they have three years trading accounts which will support the required mortgage.

Despite the ravages of the recession the low level of bank base rate has meant that many people have found themselves better off as a consequence of their significantly lower mortgage payments. With no immediate prospect of an increase I feel that there is likely to be a good active property market in the first half of 2010. The signs from America are encouraging too with their property market showing month on month increases during the second half of 2009 and a return to modestly rising prices.

This is an election year and we can expect to see activity levels falling in the six week run up to the election itself. Thereafter, whatever the colour of your politics, we anticipate greater austerity as a consequence of tightening of the budget strings. However, the prospect of some longer term planning by Government is unlikely to reverse the improvements that we have already seen and our only fear is for a hung parliament with a prolonged period of uncertainty before the country is able to set about the process of rebuilding the public finances.

It would appear that the only dark cloud on the horizon is that at some stage later in the year interest rates will rise. This will undoubtedly cause some financial difficulties for some of those people currently enjoying low mortgage repayments.

In the meantime we are encouraged to consider the fact that 2010 will consolidate the improvements made in the second half of 2009 and see a continuing improvement in the number of housing transactions.

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