

'Bad Weather' Leads To Property Price Decrease

The recent unseasonable weather has caused house prices to fall, according to a new study.

July 28, 2007 (FPRC) -- Research carried out by SmartNewHomes.com reveals that the average cost of a new property decreased by 0.3 per cent over the course of June to £260,073 in comparison to the £260,832 recorded in May. The decrease was attributed to poor weather over the last two months - which has included the wettest June on record - which was reported to have caused many potential first-time buyers to delay purchasing a home until conditions improve. During the month, borrowers were also said to be feeling the impact of the Bank of England's monetary policy committee decision to increase the base rate by a quarter of a per cent on their ability to make repayments on secured loans.

Figures from the financial services firm also indicated that over the last three months, property prices have increased by 1.7 per cent, compared to the £255,695 noted in March. Meanwhile, June's figures were reported up by some 0.6 percentage points from the same month in 2006.

David Bexon, managing director of SmartNewHomes.com, said: "With rates seemingly on the up and the severe weather conditions experienced in June extending well into July, I fear we should prepare for a further fall in price over the coming months." He also claimed that a number of consumers may find "any plans for moving will be well and truly on the back burner", pointing to statistics from the Department for Environment Food and Rural Affairs estimating that more than 20,000 properties have been affected by recent flooding.

"In addition, fear of another rate rise is still rife among the home owning public, with July's rise only fuelling further concern. A growing number of existing homeowners are feeling increasingly cautious about taking on any additional debt at such an uncertain time and many first-time buyers are holding off, waiting for more appealing fixed-rate deals before committing to their first mortgage," Mr Bexon added.

Figures from the firm indicated that the prices of new homes in the Greater London district have "fallen dramatically" over the last year, decreasing by some 11 per cent since June to an average price of £368,511. However, the capital was reported to still be the most expensive area in the country to buy a new home. Consequently, due to people looking to move out of London, nearby regions such as East Anglia and the south-west were reported to be witnessing increasing house prices with the area recording growth of 14.6 and 10.9 per cent respectively over the last year. The study added that prospective property purchasers "at the lower end of the ladder" could find homes under the £125,000 barrier in the north of England as the region continues to offer low house prices and "remains popular with new home buyers".

Last week, Moneyfacts.co.uk warned property buyers against relying on comparison charts offered by banks and building societies when looking to take out a mortgage. The financial services firm claimed that lenders often hide the full price consumers will be liable to make in secured loan repayments each month by not making borrowers aware of the true cost of various arrangement fees.

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