

UK House Prices Drop in January

House prices dropped by 0.2 per cent in January according to Nationwide's latest house price index.

February 1, 2012 (FPRC) -- The average house price is £162,228 and the decrease in property prices follows the second monthly drop in a row after a 0.2% fall was recorded in December 2011. However house prices remain 0.6% higher than they did a year ago.

Possible lessening numbers of new homes coming onto market means prices are likely to drop slightly or remain stagnant in the near future, the building society said.

Nationwide reported that the decrease in property demand is due to higher living costs faced by householders, squeezed incomes and pay freezes and pay cuts. The larger amount of deposits that are required to put down on a property is also putting pressure on buyers. The situation has been eased, however, by buyers being offered cheaper mortgage deals than previously available, with initial mortgage

payments running at their most affordable level since 2003. Since 2007, initial mortgage payments as a percentage of salary have fallen from 46% to 31% for a first-time buyer borrowing with a 20% deposit.

Borrowers are also expected to experience challenges in raising mortgage finance this year as lenders tighten their lending criteria amid the weak economic environment.

Robert Gardner, Nationwide's chief economist, said: 'Given the challenging conditions prevailing in late 2011, with the UK economy contracting in the final three months of the year, it's not surprising that house price growth softened at the start of 2012.'

The situation in the UK property market also comes as reports of the number of sellers putting their house on the market rose for the third successive month during December 2011, with the number of properties for sale on the market at its highest since January 2005.

However the Royal Institution of Chartered Surveyors has said that vendors may need to cut their prices to achieve a deal and sell their property.

Notes to Editors:

What House? is a leading property website that features thousands of new developments in Bristol and new houses in Kent as well as the rest of the UK. It also provides the latest property news, valuation of homes and property and mortgage advice. Over the last 30 years, What House? has held their annual What House? Awards, which are the longest established New Homes awards in the UK recognising UK house builders and developers across 21 categories.

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