



# House Prices Are Set For The 'Unthinkable'

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**The "unthinkable" could happen by the end of the year - house prices could end 2009 higher than at the start of the year.**



Will house prices end the year higher than at the start?

But experts are warning the good news may not last.

Figures from the **Nationwide** show prices rose for the third month in a row in July.

The price of a home is now higher than at the beginning of the year, with prices 1.3% higher over the seven months of 2009.

That raises the prospect of house prices bucking the Doomsday scenario predicted by many economists at the start of the year.

**What's the chance the bounce will peter out and house prices will drop again? We've heard about the double dip recession - could we suffer a double dip housing market?**

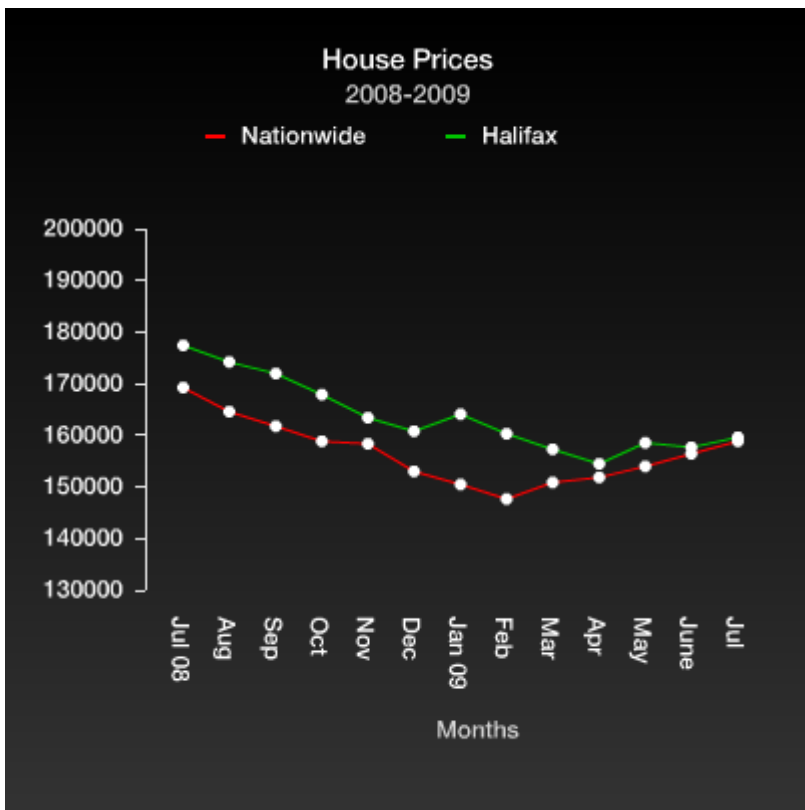
*Are the house price rises too good to be true? Sky's Anna Jones says you can bet your mortgage they are.*

"Only a few months ago such an outcome would have appeared unthinkable," Nationwide's chief economist Martin Gahbauer said.

The average value of a UK home rose by 1.3% during the month to stand at £158,871, according to Nationwide.

Average prices are now 6.2% lower than a year ago - a big improvement on the 9.3% year-on-year decline registered in June.

The data follows **Bank of England** figures on Wednesday showing the number of mortgages approved for house purchase rising for the fifth month in a row during June to the highest level for more than a year.



Nationwide said February was the lowest point of the market with prices registering a 17.6% annual decline.

The building society said house prices had been "remarkably resilient" so far this year despite the recession and rising unemployment.

This could be because the sharp fall in transactions last year produced a pool of buyers who were ready to buy but did not want to do so at the height of the banking

But Mr Gahbauer, speaking to Sky News, said homeowners **should brace for more falls**.

And Jonathan Davis, the analyst who predicted the 2007 housing crash, said prices would fall another 30% before they get better.

"I have been predicting that house prices would fall by between 40-50% since last September's high and nothing's changed my mind," he told Sky.

"Employment is soaring, Government debt is massive, the macro economic position is terrible."

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