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Ten house price predictions for 2009



House prices fell by about 15 per cent in 2008, according to Halifax. In a clear sign of how turbulent the property market has become, two major lenders – Halifax and Nationwide – as well as their trade body, the Council of Mortgage Lenders have refused to issue their predictions for how far house prices will fall in 2009.

As Britain falls further into a recession, with at least 600,000 people expected to lose their jobs in 2009, the economic outlook continues to be bleak. However, with interest rates likely to hit 1 per cent or even lower, and with the recapitalisation of banks expected to shore up the mortgage market, some experts say house prices may finally bottom out by the end of 2009.

Here are ten predictions of how much further house prices will fall next year.

1. Royal Institute of Chartered Surveyors – 10 to 15 per cent

A spokesman for RICS, the trade body, said: “It would be something of an understatement to say that economic events are moving quickly. Any outlook for the UK housing market inevitably carries a greater risk than would typically be the case.”

2. Lloyds TSB – 10 per cent

Lloyds TSB Chairman Victor Blank told the BBC before Christmas: “People are going to be feeling concerned, uncomfortable, some in dire straits. It’s going to be a hard start to the year. It’s very hard to predict but I suspect that there’s up to 10 per cent further to go.”

3. Propertyfinder.com – 12 per cent

Nicholas Leeming of Propertyfinder.com, the property website, said: “The biggest price reductions will occur in the first half of the year. In 2009 the market will be dominated by those buyers who most rely on securing a bargain – namely professional buy-to-let investors and first time buyers.”

4. Savills – 11 per cent

Melanie Bien of Savills, the mortgage broker, said: “We are predicting another 11 per cent fall on a national basis in

2009, following the 14 per cent drop this year, giving a total fall of 25 per cent from the peak in 2007 to trough.”

5. Assetz – 5 per cent

Stuart Law of Assetz, the property investment company, said: “I expect house prices to continue falling modestly in the first half of 2009, but that some kind of bottom will form over the summer period. Falls for the year as a whole could in fact range from between zero and 10 per cent, depending on how events play out.”

6. Armstrong Davis – 20 per cent

Jonathan Davis of Armstrong Davis, the chartered financial planner, said: “Estate agents who say that house prices will recover soon are jokers. Prices will fall by about 20 per cent in 2009 and will continue to fall in 2010 and 2011. I do not expect the market to bottom out until 2012.”

7. Rightmove.co.uk – 10 per cent

A spokesman for Rightmove.co.uk, the property website, said: “We predict the latter half of 2009 will see the market bottom out, albeit with prices then bumping along the bottom for at least a year. Prospective buyers unable or unwilling to proceed in 2009 are likely to miss out on the best quality buys as current low volume of sales are unsustainable.”

8. Cluttons – 10 per cent

Richard Cotton of Cluttons, the London estate agent, said: “Central London prices will bottom out at 25 to 30 per cent below 2007’s peak prices in early 2010.

“There are plenty of buyers in London who have built up considerable equity in their homes over the last ten years, who are preparing to take advantage of price falls on more expensive properties and upsize. Those in temporary rental accommodation are also preparing to re-enter the sales market as soon as prices begin to plateau.”

9. SmartNewHomes.com - 5 per cent

David Bexon of SmartNewHomes.com, the new homes website, said: “While I predict some light at the end of the tunnel in 2009, any kind of recovery for the market will be modest at best, and depends heavily on the banks’ willingness to open up the mortgage market and passing on interest rate cuts.”

10. The British public – 8.6 per cent

According to the Building Society Association's property price survey, the public’s average prediction for 2009 was an 8.6 per cent fall. It shows pessimism is growing, since the survey found that the average prediction in June was a fall of just 7.1 per cent.

By Lauren Thompson