

## Surveyors see house price falls – 11<sup>th</sup> Oct 2007

### House prices are continuing to turn down, says the Royal Institution of Chartered Surveyors (Rics).

Its latest survey says UK house prices in September generally fell again, with more of its members reporting a fall in prices locally than an increase.

It said enquiries from new buyers had fallen for the 10th month in a row.

Rics blamed the downward trend on a combination of factors, such as higher interest rates and lenders tightening their lending criteria.

"A major correction in the market seems unlikely while economic growth is above trend and employment conditions remain buoyant," said Rics spokesman Jeremy Leaf.

"The combination of rising interest rates, the introduction of home information packs (Hips) and volatility in the financial markets resulting in tightening of lending criteria, has certainly affected the confidence of buyers and sellers," he added.

Rics said that the downturn seems to be severest in East Anglia, and the West and East Midlands, though prices are still going up in **Scotland and London**.

### Declining market

Most commentators agree that the property market is now responding to the five rate rises imposed by the Bank of England since the summer of 2006.

With new mortgage approvals, as measured by the Bank of England, declining from the levels seen last year, a more subdued market seems inevitable in the coming months. What is not clear, so far, is the extent to which the crisis at the Northern Rock will have put off home buyers.

The bank was one of the country's most active lenders but has now scaled back its lending because of its financial problems.

Would-be borrowers may have approached other lenders instead, but a dent in buyer confidence generally may also have led to a further drop in mortgage applications.

This week the Council of Mortgage lenders (CML) said that the burden of repaying the interest on mortgages was at its worst in 16 years for first-time-buyers, and at its worst in 15 years for people moving house.

It predicted the situation would get worse in the coming months.

"As lenders move to price for the risk they are taking on, mortgages are set to become more expensive for customers who have poorer credit histories," said the CML's director general Michael Coogan.

