

UK housing market then and now

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By Kevin Peachey - Personal finance reporter, BBC News

In April, the year-on-year increase in house prices returned to double figures for the first time since June 2007, the Nationwide Building Society has said.

	June 2007	April 2010
Average UK house price	£184,070	£167,802
Annual change in UK house prices	11.1%	10.5%
Property transactions	162,000	72,000 (March)
£1 worth*	1.48 euros	1.15 euros
UK number one single	Umbrella by Rihanna featuring Jay-Z	Once by Diana Vickers

*conversion on 29th of the month. Housing statistics sources: Nationwide and HMRC

So is the housing market back to where it was in the summer of 2007?

Far from it, according to estate agents and mortgage brokers.

They say that the picture for buyers, sellers and mortgage applicants is wildly different to three years ago.

Here are the views of two of them:

THE BROKER

Aaron Strutt is a mortgage broker for the Trinity Financial Group.

He says the key difference is that funding for mortgages was readily available in June 2007.



Aaron Strutt says much has changed in the mortgage market

"The cheapest rates were available to most borrowers. Today, the cheapest deals are available to those with the biggest deposits," he says.

In 2007, the majority of lenders still offered 95% loan-to-value mortgages and about 15 lenders had 100% loan-to-value rates. Abbey pulled the last 100% mortgage offered by mainstream lenders on 9 April, 2008.

"The mortgage industry really started to suffer in November and December 2007. We started to see rates withdrawn at an alarming rate.

"Compared with today the mortgage market was completely different in June 2007.

"Many lenders were not worried about confirming borrowers' incomes and even the adverse credit mortgages had market leading rates.

"There are now just a couple of 95% loan-to-value mortgages available, although we are now seeing a return in 90% mortgage lending."

Some mortgage rates may be cheaper now than they were in 2007, he says, but they are not as readily available.

Back in 2007, it was much easier to get on the housing ladder if you were a first-time buyer, and lenders were not so tight on criteria.

THE ESTATE AGENT

Peter Hughes has been an estate agent for 27 years and now operates in West Sussex.

June 2007 was the end of a period of "frantic activity" in the housing market, he says, similar in nature to the late 1980s.



Peter Hughes says buyers are still nervous

"When a house came on the market, there were 10 people who wanted it and they started bidding," he says.

The agent says that a few days ago he saw the first bidding situation since 2007, although the selling price may have ended up as a one-off.

There is a shortage of properties on the market, with many people wanting to move into owning rather than renting.

However, there is a nervousness among buyers owing to uncertainty over the future of interest rates and unemployment.

Those who are moving are doing so because they need to, rather than as a lifestyle choice, he says.

Prices are now 5-10% below where they were at the peak of the market. Many sellers are setting prices too high, he says.

"The number of sales is dramatically down on where they were in 2007," he says.