Title:
Housing Market Cools But More Needs To Be Done To Assist Buyers

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Summary:
The figures show that house price inflation slowed to only 0.1% in April, significantly slower when compared with a 1.1% increase for March, and the annual house price change fell to 4.8% in April from 5.3% in March, leading to an average UK house price increase of £1490 to £163,573, from £162,083, up by nearly £7,500 more than at this time last year. This is equivalent to a price increase of more than £20 per day over the last twelve months.

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housing market, housing survey, mortgages, finance, financial information, barclays, moneynet

Article Body:
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According to Nationwide's Group Economist, Fionnuala Earley, “The cooling in prices in April was not unexpected given the surge in March and shows the wisdom of not placing too much emphasis on one month’s set of numbers. However, the underlying picture remains reasonably healthy as demand conditions have remained quite firm. While the number of house purchase approvals fell back sharply in February, from 121,000 to 115,000, this remains a buoyant level of activity, well above the ten year average of about 100,000 per month.”

On the whole, this represents good news for the housing market, as prices settle following on from the high levels of house price growth seen throughout the rest of the year, however a legacy of price increases has lead to the nation’s mortgage debt burden hitting the trillion pound barrier. Deirdre Hutton, Chairman of the National Consumer Council warned, “With 6 million families already struggling to keep on top of their credit commitments, even a small increase in interest rates could tip many more into a spiral of financial despair. Stories of individual misery lie behind these headlines. Now is the time for people to take stock of their borrowing commitments and to think twice before taking on further debt.”

Bradford & Bingley, has highlighted difficulties experienced by first-time buyers and the trend for reliance on parents in order to get onto the housing ladder. Their survey suggests that about 40% of first-time buyers get financial assistance from parents, with half of those parents providing a large proportion of the initial deposit required, while 15% actually contributed towards the monthly mortgage repayments and 10% helped out by taking out a joint mortgage with their offspring.

According to Richard Brown, Chief Executive of financial data comparison site Moneynet (http://www.moneynet.co.uk ), changes are needed to redress the balance within the financial industry, “It’s not rocket science, and it does not take a genius to work out that, as more and more people throw off the shackles of PAYE wage slaving in order to strike out on their own, they are going to require more flexible and enlightened lending strategies. As much as anything else, the professionals who control the credit purse strings need to keep up with our changing times, as it has longer term ramifications for all of us and the well-being of the wider economy. If mortgage lenders turn away applicants who do not meet their rigid criteria of so many times salary and the like – even though they are well able to repay the loan- then this will ultimately have a knock on effect on housing market growth. We need new borrowers to keep the market ticking over. It’s time to overhaul core lending policy,”

The main highstreet lenders such as Barclays Bank mortgages (http://www.barclays.co.uk/woolwichmortgages-index ) have seen the need to provide different products that meet the requirements of many different groups of consumers, especially first time buyers by providing cashback, lifetime tracker and fixed rate options, and even arranging discounts with major stores for the necessary household purchases required by first time buyers. While these tailored mortgages help many buyers to get onto the property ladder, a period of stability within the market is also highly desirable to encourage buyers to commit.

Fionnuala Earley predicted, “Looking forward, we continue to expect some month to month volatility in the house price numbers as the market settles down after the unseasonably strong winter months and adjusts to the economic conditions on the horizon. While we do not expect any early move in interest rates that would stimulate or dampen the market, there are other economic factors that will affect it through their impact on disposable income and confidence.”

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