

House Prices and Affordability Index

January 2012

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House prices continue to fall in December

National Property Prices

Average asking prices for UK properties decreased by 0.4% (£902) between November and December to £217,483. This is the third consecutive monthly fall and prices are now £2,369 (1.1%) lower than they were in September. On an annual basis, however, prices remain slightly higher with December's average asking price £2,294 (1.1%) higher than the same time a year ago.

First-Time Buyer Affordability

Affordability for first-time buyers improved slightly this month with the average deposit required falling by £357 to £49,135. This is the third consecutive month that the required deposit for first-time buyers has been below £50,000. This amount is 1.5 times the average annual wage.

Home Mover Prices

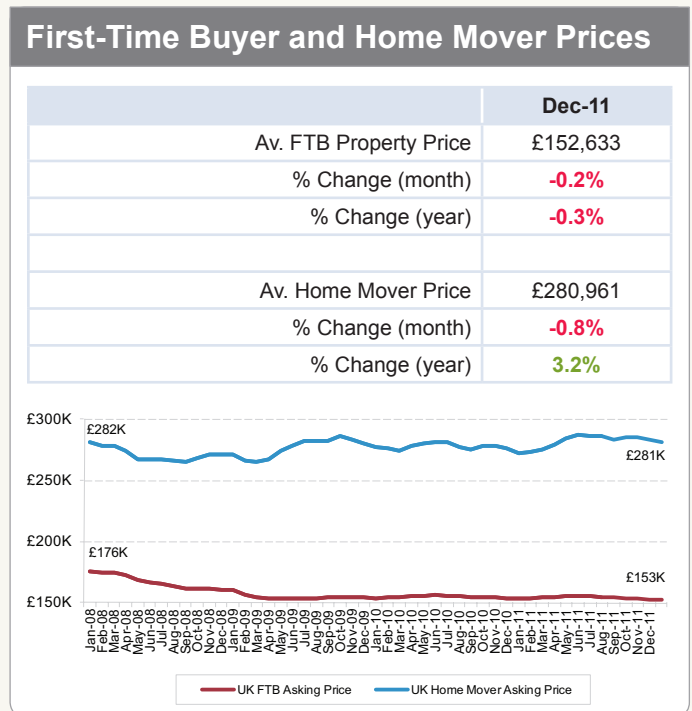
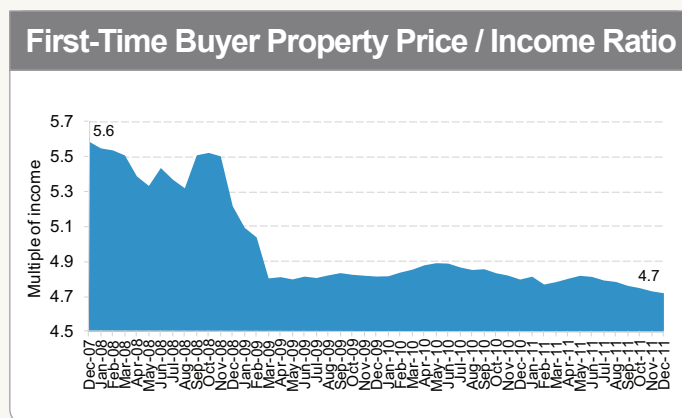
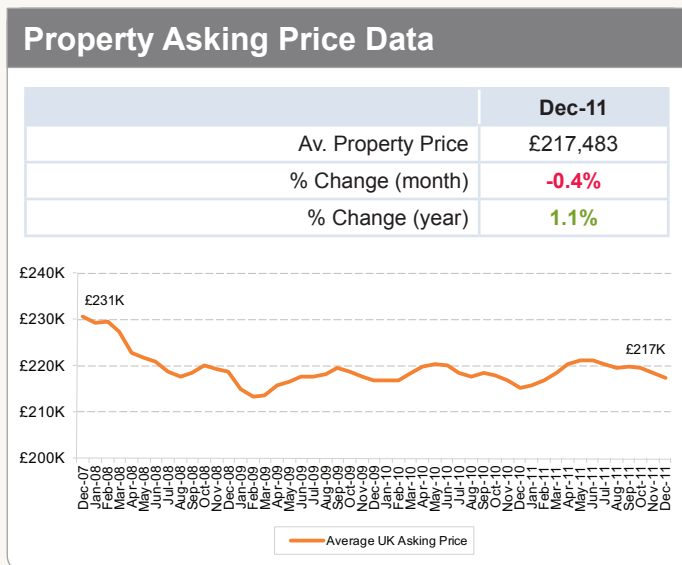
Asking prices for home movers decreased slightly faster, by 0.8%, or £2,218 in December and now stand at £280,961 on average. On an annualised basis, however, prices are still 3.2% higher than they were in December 2010 – equivalent to £8,841.

Differences between Flats and Houses

Asking prices for houses fell quicker than flats again in December. The average house price fell by £1,232 (0.5%) to £238,546 between November and December 2011, although they are still 1% higher than the same time in 2010. Prices for flats meanwhile decreased slightly by 0.1% or £219 to £174,043. Compared to December 2010, prices are 1.3% or £2,267 higher.

First-Time Buyer Homes

Asking prices for first-time buyer properties fell by 0.2% in December – slower than the main market – with the average price now £152,633 - £357 less than in November. With prices for first-time buyer properties falling slowly but steadily since May, prices are 0.3% below where they were in December 2010.



House prices continue to fall in December (cont'd)

Prices by Property Size

Asking prices for all sizes of property either decreased or remained the same in December although following the recent trend, prices for larger properties generally experienced bigger falls than smaller ones. Prices for 5+ bedroom houses fell by 0.9% – or £4,684 – on average to stand at £536,273 and 4 bedroom houses fell by 0.6% to £327,335. At the other end of the spectrum, studio and 1 bedroom flats fell by just 0.2% and prices for 2 bedroom flats remained stable. The average price for a studio or 1 bedroom flat is now £128,721, while for a 2 bedroom flat it is £176,062.

3+ bedroom flats, and 2 and 3 bedroom houses all fell by 0.4% to £312,530, £145,512 and £192,732 respectively.

On an annualised basis, however, prices for larger properties are faring better with prices for 3+ bedroom flats 5.7% higher than December 2010 on average and 5+ bedroom houses 1.9% higher. Only 2 bedroom houses (-0.8%) and studio and 1 bedroom flats (-0.9%) have lower asking prices than they did a year ago.

Supply

As expected, the supply of property onto the market fell again in December, by 4%, as the usual season trend of declining stock over the Christmas period was repeated again in 2011. Should the trend continue, we would expect to see a slight increase in availability in January and remain steady before a glut of new properties comes onto the market over the summer.

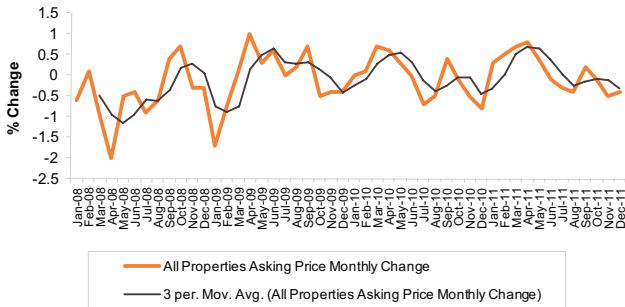
Methodology

The FindaProperty.com House Prices and Affordability Index was created using a statistical methodology developed by Calnea Analytics.

Property Prices

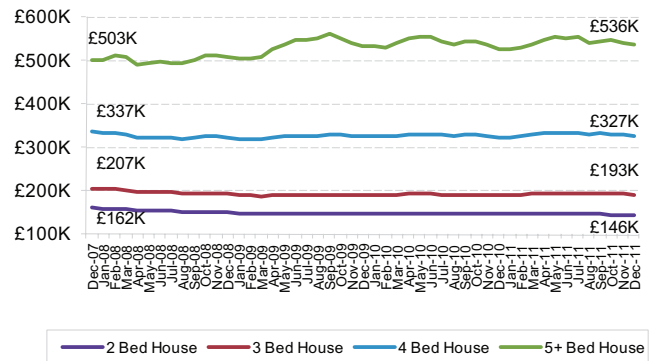
Asking Prices (All)

	Dec-11
Average Property Price	£217,483
% Change (month)	-0.4%
% Change (year)	1.1%



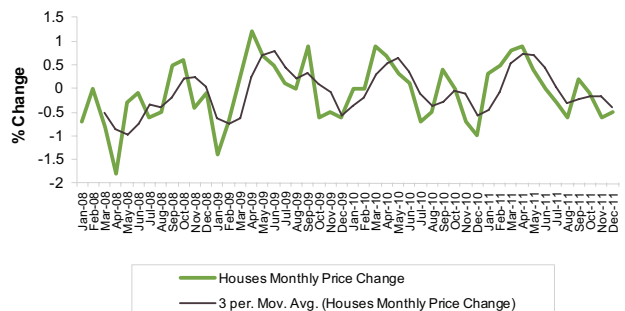
House – Prices By Size

	2 Bed	3 Bed	4 Bed	5+ Bed
Average House Price	£145,512	£192,732	£327,335	£536,273
% Change (month)	-0.4	-0.4	-0.6	-0.9
% Change (year)	-0.8	1.3	0.8	1.9



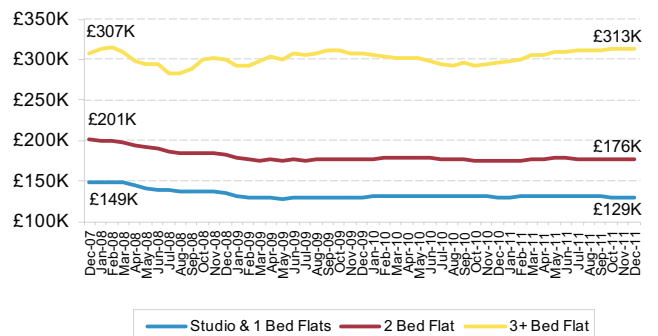
Asking Prices (Houses)

	Dec-11
Average House Price	£238,546
% Change (month)	-0.5%
% Change (year)	1.0%



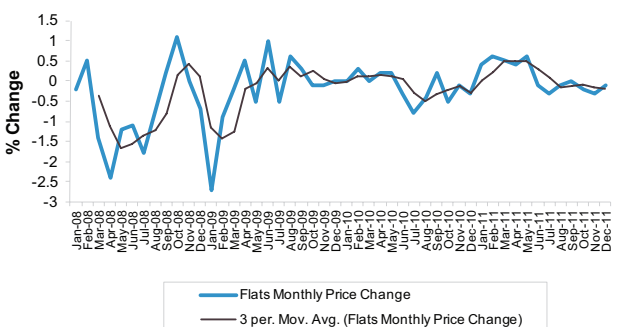
Flat – Prices By Size

	Studio & 1 Bed	2 Bed	3+ Bed
Average Flat Price	£128,721	£176,062	£312,530
% Change (month)	-0.2	0.0	-0.4
% Change (year)	-0.9	1.1	5.7



Asking Prices (Flats)

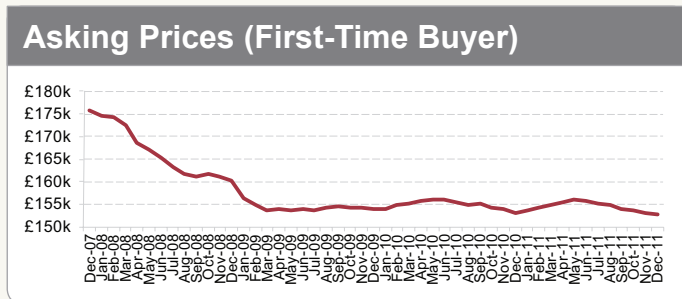
	Dec-11
Average Flat Price	£174,043
% Change (month)	-0.1%
% Change (year)	1.3%



First-Time Buyer Affordability

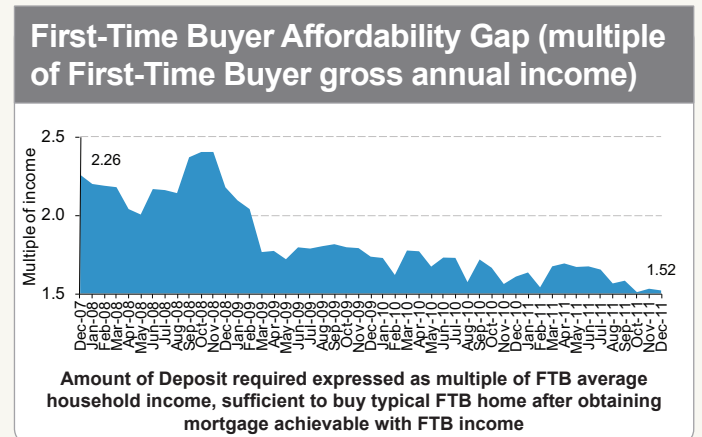
Asking Prices – First-Time Buyer

The average price of first time buyer properties on the market (national).



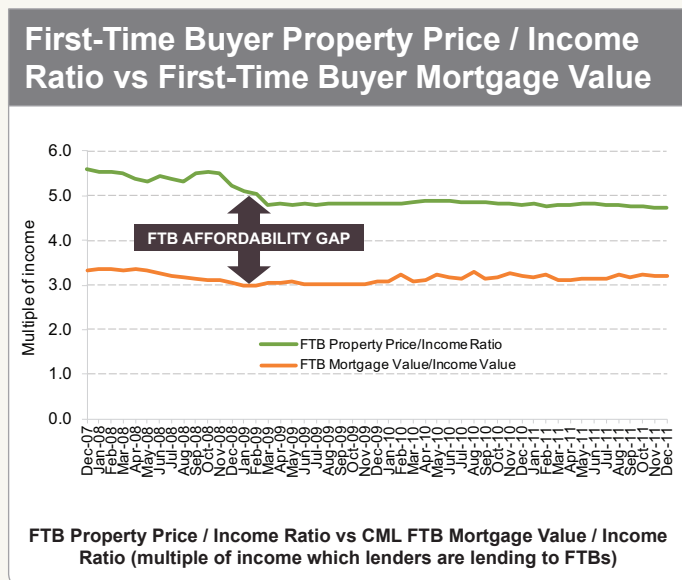
Affordability Gap As Multiple Of First-Time Buyer Gross Annual Income

Chart shows the multiple of gross annual household income first-time buyers will have to raise once they have secured their mortgage.



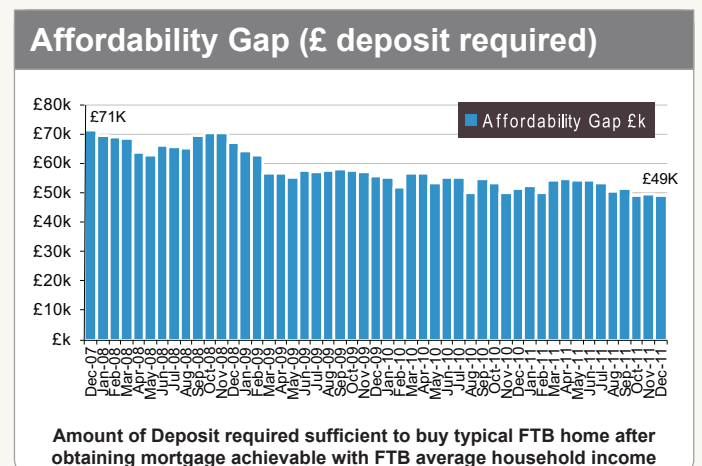
First-Time Buyer Property Price / Income Ratio Vs First-Time Buyer Mortgage Value

Chart shows average first-time buyer property prices and mortgage amounts extended to them* expressed as multiples of household incomes. The gap between the two lines shows how much these borrowers need to raise as a deposit – the affordability gap.



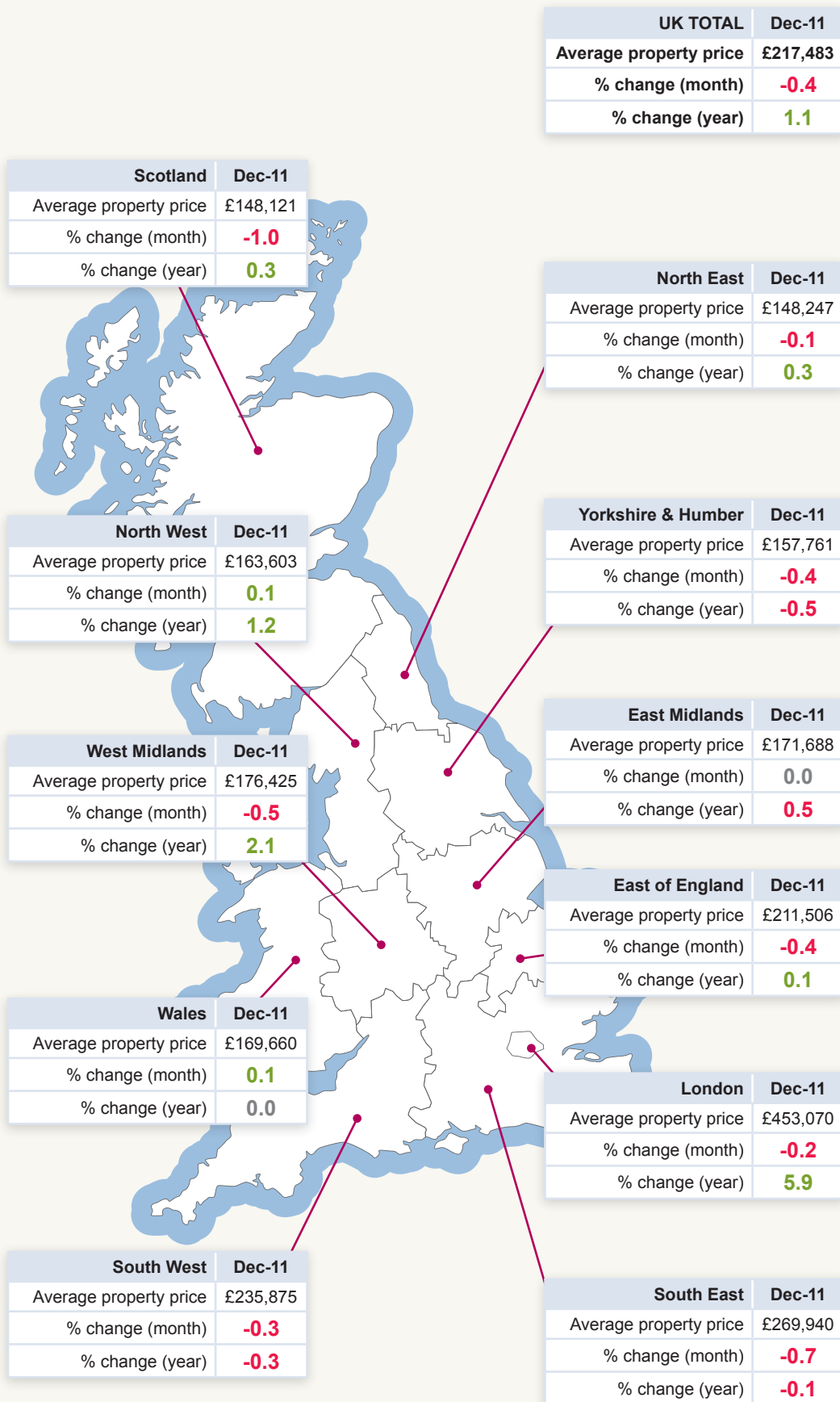
Affordability Gap (£ Deposit Required)

Chart shows the affordability gap in cash terms.



* Based on latest CML income multiples

Regional Property Price Analysis



Regional First-Time Buyer Affordability

Scotland	Dec-11	Nov-11
Average FTB price	£107,173	£107,890
FTB Property Price/FTB Income	3.9	3.9
Affordability Gap (Effective Deposit Required)	£19,119	£19,836
Affordability Gap as multiple of FTB income	0.7	0.7

UK TOTAL	Dec-11	Nov-11
Average FTB price	£152,633	£152,989
FTB Property Price/FTB Income	4.7	4.7
Affordability Gap (Effective Deposit Required)	£49,135	£49,492
Affordability Gap as multiple of FTB income	1.5	1.5

North East	Dec-11	Nov-11
Average FTB price	£105,793	£105,723
FTB Property Price/FTB Income	3.9	3.9
Affordability Gap (Effective Deposit Required)	£19,694	£19,623
Affordability Gap as multiple of FTB income	0.7	0.7

Yorkshire & Humber	Dec-11	Nov-11
Average FTB price	£113,508	£113,894
FTB Property Price/FTB Income	4.0	4.0
Affordability Gap (Effective Deposit Required)	£21,841	£22,227
Affordability Gap as multiple of FTB income	0.8	0.8

East Midlands	Dec-11	Nov-11
Average FTB price	£114,915	£114,907
FTB Property Price/FTB Income	3.5	3.5
Affordability Gap (Effective Deposit Required)	£10,124	£10,117
Affordability Gap as multiple of FTB income	0.3	0.3

East of England	Dec-11	Nov-11
Average FTB price	£139,630	£139,430
FTB Property Price/FTB Income	3.9	3.9
Affordability Gap (Effective Deposit Required)	£25,214	£25,014
Affordability Gap as multiple of FTB income	0.7	0.7

London	Dec-11	Nov-11
Average FTB price	£262,091	£261,249
FTB Property Price/FTB Income	7.8	7.8
Affordability Gap (Effective Deposit Required)	£155,204	£154,363
Affordability Gap as multiple of FTB income	4.6	4.6

South East	Dec-11	Nov-11
Average FTB price	£179,290	£180,136
FTB Property Price/FTB Income	4.7	4.7
Affordability Gap (Effective Deposit Required)	£56,851	£57,698
Affordability Gap as multiple of FTB income	1.5	1.5

North West	Dec-11	Nov-11
Average FTB price	£114,468	£114,895
FTB Property Price/FTB Income	3.6	3.7
Affordability Gap (Effective Deposit Required)	£13,892	£14,319
Affordability Gap as multiple of FTB income	0.4	0.5

West Midlands	Dec-11	Nov-11
Average FTB price	£117,642	£117,973
FTB Property Price/FTB Income	3.7	3.7
Affordability Gap (Effective Deposit Required)	£16,714	£17,045
Affordability Gap as multiple of FTB income	0.5	0.5

Wales	Dec-11	Nov-11
Average FTB price	£118,593	£118,048
FTB Property Price/FTB Income	4.4	4.4
Affordability Gap (Effective Deposit Required)	£32,593	£32,048
Affordability Gap as multiple of FTB income	1.2	1.2

South West	Dec-11	Nov-11
Average FTB price	£153,925	£154,202
FTB Property Price/FTB Income	4.5	4.5
Affordability Gap (Effective Deposit Required)	£43,769	£44,045
Affordability Gap as multiple of FTB income	1.3	1.3

