

HOME VALUES – THE TRUTH - Property prices have fallen by around 15 per cent in the last year, according to industry figures. Tailored Home asks whether buyers should still nervous.

Submitted by: Tailored Home

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AS HOMES become more affordable and banks start to lend, deciding whether to buy is the next step towards taking the plunge in 2009.

The property market currently features a small, cross section of the millions of homes that appear to have fallen hugely in value. But what's the reality?

According to Government figures, the average UK house price (<http://www.tailoredhome.co.uk>) in November, 2008, was £199,732, after falling from £208,892 in the previous quarter.

In November 2007, the figure stood at £218,865 - 8.6 per cent higher. (Five years ago, in November 2003, the average house price was way down at £159,480.)

Regional variances

While current, national statistics tell us something about the general market, they reveal less about the regional variances and, more importantly, the historic context of the current market.

England ranked highest on the homes value list in November 2008 with the average house costing £206,161 (£226,544 in November 2007).

Northern Ireland ranked at number two with the average price at £191,401 (£225,863 in November 2007), while Scotland properties were selling for £156,770 in November 2008 (£165,019 in November 2007).

Wales topped the list of affordability in November with an average house price of £150,123, (£168,383 in November 2007).

National markets

The decline in value of the four national markets shows English and Welsh properties falling by 8.7 per cent and 10.1 per cent respectively, according to the same Government figures, published by the Department of Communities and Local Government. Scottish homes fell by much smaller proportion at 3.9 per cent, while in Northern Ireland the reduction appeared to be a near landslide with a 16.2 per cent reduction values.

The banking sector disagreed to some extent with the Communities and Local Government statistics.

Nationwide puts the average house in Wales at £136,174, the average house price in Scotland at £138,941 and the average house price in Northern Ireland at £147,833.

What is not challenged is the relative affordability of buying into Wales rather than England.

A study of the Government's own figures reveals further local variances.

Cheapest in England

For instance, according to the Communities and Local Government statistics the North East was the cheapest place in England to buy. The average house price dropped from £142,443 in August 2008, to £138,378 in November 2008, although five years ago, in November 2003, prices were even more attractive at £101,493.

The North West of England at £150,008 in November 2008 is the next cheapest, while homes Yorkshire and

Humberside, are only valued a little higher at £150,567.

London of course remains the most expensive UK location into which to buy, with average prices at £314,045 in November 2008. A year ago they were £337,632.

Although more than £20,000 may seem a significant drop over 12 months, London experienced the lowest fall in house prices in England between November 2007 and November 2008, with a reduction of just 7.0 per cent.

What does it all mean? Well consider the reality of these long term Government figures.

UK house prices ten years ago were more than 100 per cent lower than they are today. The average home sold for £81,774 in 1998. Ten years earlier in 1988 it was very nearly 100 per cent lower again, at £49,355. And between 1978 and 1988 they rose more than 200 per cent from £15,594. In 1969 prices were at £4,344 and in 1958 – fifty years ago – houses went for a modest £2,390.

Cause for concern?

Is a 10-15 per cent price drop in 12 months really cause for such concern when butted up against gains over the last half a century? You decide.

For 2009, the value is understanding and researching whether you are buying into a local market that is still falling, steady in the long term or has potential to rise very soon is the key.

Location, location, location has been the rule since before cave dwellers set up home alongside fresh water and shelter.

But if you're tempted to start studying the market, cast your eyes further than the borders of the parish boundary.

Find a home to fall in love with, consider whether you can take advantage of some good local scenery and then sit tight for a decade or two.

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