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Nationwide reports 16% fall in house prices over 2008

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7 January 2009 TIMESONLINE reports that hundreds of thousands of homeowners have been plunged into negative equity as house prices drop 16% this was the biggest annual fall since 1991 when records began.

In December alone house prices had dropped 2.5% far greater than the previous months drop of 0.4% this has dashed hopes that the price slide has started to ease.

Fionnuala Earley Chief economist to Nationwide was quoted "While the economy is in recession, we expect house prices to continue to fall. Towards the end of 2009 we may see some buyers return to the market, but would not expect house prices to begin to rise until 2010"

Some areas had fared worst than others for example Scotland has only seen falls of 8.1%, as Northern Ireland has fallen by 34.2%.

Credit rating agency Standard & Poor stated that 600,000 homeowners had moved into negative equity during 2008, trapping people in homes worth less than their mortgages. A fall of 25% would see 1.7 million homes in negative equity.

American bank Citigroup forecast that by 2010 over 3 million borrowers which is a fifth of all homeowners could be in negative equity. This almost twice as many as the 1.8 million of the early 1990's at the peak of the last property crash.

The Council of Mortgage Lenders (CML) predicts as many as 75,000 homeowners may be repossessed over the next 12 months. Currently 200,000 borrowers are 3 months behind on their payments. To see original article go to timesonline.co.uk

Earlier In December 18 2008
TIMESONLINE had reported:

Repossessions will rise 67% to reach 90's Slump

The article states that a 67% rise in repossessions the 75,000 quoted again in January from CML's figures matching the misery experienced by home owners during last recession in the early 1990's.

CML predict that the 45,000 repossessions of last year will be significantly greater.

At the height of the last UK recession of the early 90's repossession numbers reached 75,500 during 1991.

By December Britain had not officially reached a recession but it rightly predicted by the end of that quarter it would have. Since a recession is defined by two consecutive quarters of negative growth, it may now seem now like an almost too obvious conclusion, following the falls in GDP during July, August and September.

As many as 500,000 people are expected to be 2 months or more behind on their mortgage payments double the numbers reported in December which was 210,000

With more people losing their jobs with over one million claiming unemployment money.

There is also a large number of new build property on the market that builders are trying desperately to offload.

The property market is looking bleak as lenders are tightening up their book with new mortgage lending at 51% below December 2007.

Mortgage Express pulled out of Buy To Let Lending back in May 2008

The property market started to decline in value since Mortgage Express pulled out of the market back in May 2008. this made it harder for buy to let investors to borrow money to buy property. At the same time many banks started to lend more cautiously with valuations plummeting according to this all has a knock on effect according to the London based investor Ian Shaw.

In January 2 2009 TIMES
ONLINE reported that

Mortgage Lending falls to new record Low

Lending is at a record low, lowest since 1999. banks are blaming expectation of further falls in house prices and mounting

Exerpts and quotes from
www.timesonline.co.uk