

UK house prices rise 0.5% in Nov

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LONDON: British house prices rose 0.5% in November, the same as in October, suggesting that a rapid initial rebound from the five-year low set in February is now slowing, mortgage lender Nationwide was reported by Reuters as saying on Tuesday, Dec 1.

Nationwide reported monthly house price growth of above 1 percent over the summer, but the lender said three-month growth in house prices has eased since September, pointing to a more modest recovery from last year's slump in house prices.

House prices rose 2.8 percent in the 3 months to November, lower than the 3.5 for the 3 months to October.

The average British property is now worth 162,764 pounds (US\$268,000) -- roughly the same as in early 2006 and 2.7% more than last November. Last month Nationwide reported the first annual rise in house prices since March 2008.

"House prices are now rising at a more moderate pace than in the spring and summer months, when they experienced a very strong bounce from the early 2009 lows," said Martin Gahbauer, Nationwide's chief economist.

"The outlook for the housing market remains crucially dependent on labour market conditions, and here recent developments have been somewhat more encouraging than might have been expected," he added.

Despite a longer recession than many other industrialised economies, unemployment in Britain has risen more slowly than most economists had forecast, and unexpectedly fell to 7.8% of the labour force in the three months to September.

"Together with the fact that mortgage rates have fallen sharply as a result of base rate cuts, this has meant that far fewer borrowers have fallen into arrears than would normally be the case in such a deep recession," Gahbauer said.

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"As such, the downward pressure on house prices from distressed sales has so far been significantly lower than expected." - Reuters