

September proved to be a reassuring and important month for the housing market as it showed that the first indicators of recovery were strong enough to survive the seasonal decline in activity that July and August traditionally brings, according to the latest Housing Market Report from the National Association of Estate Agents.

The number of sales agreed per branch began to rise again, as did the number of people registering to buy a property - which increased dramatically from 238 to 294 (up 24%). This demonstrates that the fall in demand in August had more to do with summer holidays than a blip in the housing market.

The number of first time buyers remains at a reasonable level, while the level of housing stock available remains low. This is likely to reflect the fact that, while the recovery and stamp duty holiday has provided effective stimulus to first time buyers, the corresponding increase in homes for sale has yet to work its way through.

NUMBER OF HOUSE HUNTERS

Number of house hunters registered per branch increased from 238 in August to 294 in September many of whom will be selling their own homes.

The dramatic increase in house hunters demonstrates the housing market's cyclical nature. The market has bounced back strongly from the dip in August - a time when traditionally less people look to buy property. The figure of 294 house hunters appears to show evidence of the beginnings of market recovery over the last 12 months, when compared to the number of 211 house hunters for the same month in 2008.

Number of house hunters

SALES PER BRANCH

Number of sales agreed per branch increased from an average of eight (7.6) in August to nine (8.5) in September

Sales per branch

Sales had held reasonably firm over the summer months despite the traditional lull in

activity, so it is pleasing that a boost can still be noted in September. This figure further demonstrates that the UK housing market has been able to rebound from the summer dip without the slow process of recovery being knocked off course. These positive indicators will now be monitored carefully to see if they can continue to grow until the next seasonal market dip just prior to Christmas time.

HOUSING STOCK

Average number of properties available for sale per branch fell from 64 in August to 62 in September

The level of housing stock available has now held relatively firm since June, albeit at a lower level than normal. This could reflect the fact that increased numbers of buyers are still working their way through the system and have not yet become sellers in their own right.

Housing stock

FIRST TIME BUYERS (FTBs)

Percentage of first time buyers (FTBs) fell from 36% in August to 26% in September

The percentage of first time buyers dropped from August to September but still represents an increase on July figures and is well within the parameters of a healthy market. The extent to which first time buyers have returned to the housing market over the past 12 months can be seen by comparing the year previous. In September 2008 just 10 per cent of new sales were made to first time buyers.

Some caution must be warned however as the stamp duty holiday, which mainly affects first time buyers, ends in January. The Government should consider extending this tax incentive in the same way as the car scrappage allowance scheme.

Source: Mortgage Introducer