

A modest increase in the number of properties coming up for sale is having little effect on the housing market, as prices continue to rise, says RICS UK Housing Market survey published today.

For the sixth consecutive month, more chartered surveyors are reporting that the number of new instructions is increasing rather than falling. However, demand is still outstripping supply with 28% more surveyors stating that enquiries from potential purchasers are rising rather than falling. This figure is slightly down on previous months, but still indicates strong interest from buyers.

The supply demand imbalance has been the main factor influencing prices and, unsurprisingly, for the fourth month in a row the majority of surveyors are again reporting rising rather than falling prices. A net balance of 35% of chartered surveyors agreed that prices were rising, up from 34% in October.

Transaction levels remained broadly constant with sales per surveying firm hovering around 19 over the past three months. But with the inventory of property on the market falling, the closely watched sales to stock ratio - a measure of market slack and a lead indicator of future prices - has climbed a little further. It has now risen for the past 12 months and stands at 31%.

Although the latest survey provides further evidence that key indicators continue to improve, the pace of these improvements does appear to be slowing. In particular, the number of respondents feeling positive about the outlook for prices dropped slightly. Around 28% of chartered surveyors believe that prices will continue to rise rather than fall over the next three months; this is slightly down from 31% the previous month.

Commenting, Ian Perry, RICS spokesperson, said: "For the fourth month in a row, the survey points towards prices rising, even though the general state of the economy would suggest that the housing market should not be faring as well as it is. Despite modest increases in the number of properties coming on to the market, it is clear that this is not significant enough to keep pace

with the levels of demand. Buyer enquiries are continuing to grow and with the pace of job losses now easing, the risk is that the new year could see a further wave of interest in the market."

□ **Source: MortgageIntroducer**