



Interest Rate Rise Could Lead To House Price Falls

The National Association of Estate Agents (NAEA) is urging the Bank of England's Monetary Policy Committee to maintain the base rate at 4.75%.

A survey of the NAEA's 10,000 member estate agents across the UK reveals that over three quarters (76.3%) believe a further rate rise will lead to falls in house prices, with 15% of agents believing these falls could be substantial.

Chief Executive Peter Bolton King says: "The Bank of England made the right decision last month by maintaining the base rate below 5%. The five increases over the last year have had the required effect and slowed a previously racy housing market. The market has clearly indicated that it does not need further rises and this is now also reflected across other sectors including manufacturing and the high street. To push rates up further at this stage would be foolish and could have undesirable consequences."

The NAEA's monthly survey of the housing market has reported slight monthly falls in prices for the last four months, with annual increases at their lowest rate this year. Prices were on average 1.6% lower in September than the previous month and agents reported a lack of activity as buyers adopted a 'wait and see' attitude.

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Press Release in association with The National Association of Estate Agents (NAEA)