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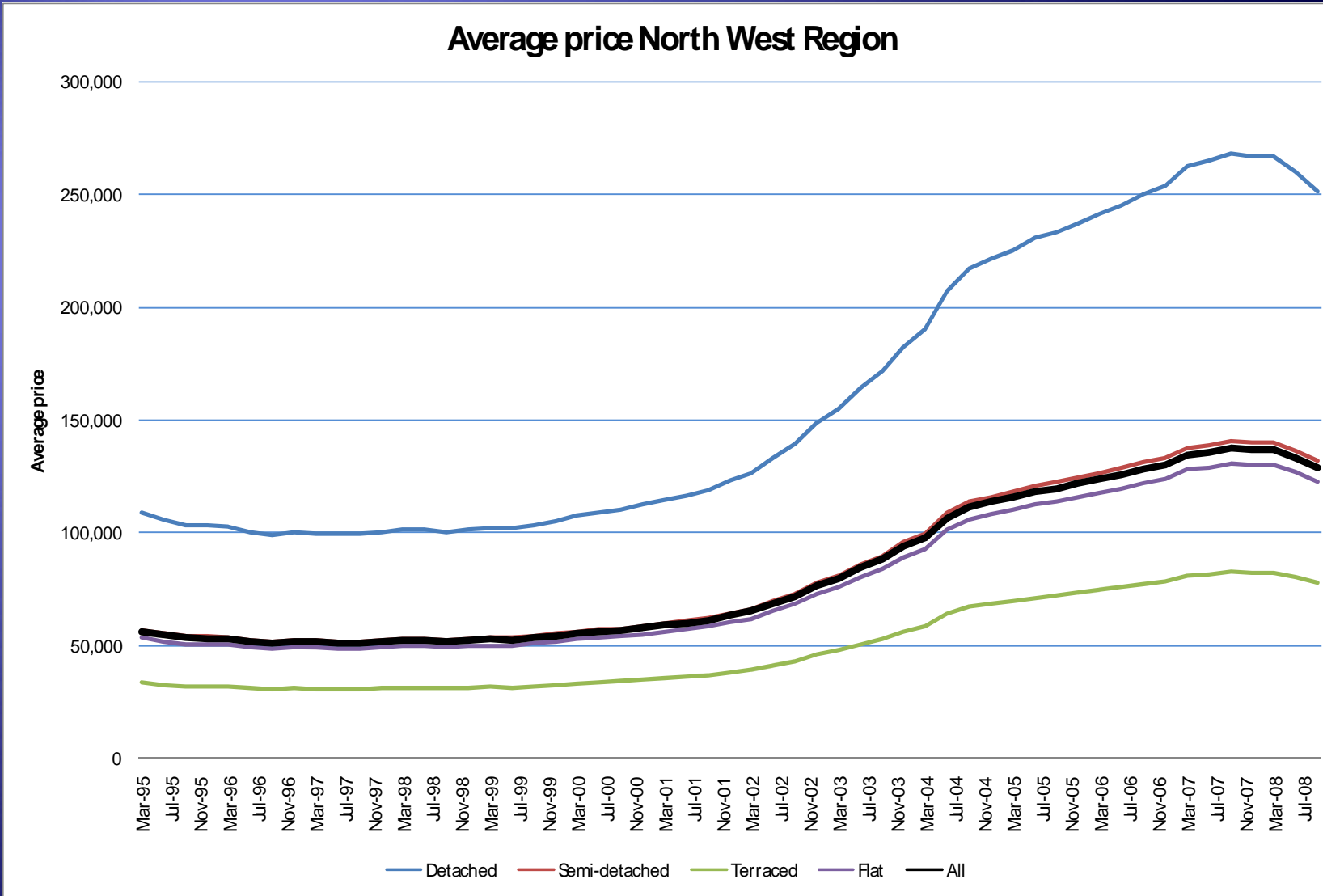
5<sup>th</sup> December 2008

# CREDIT CRUNCH: RESPONDING TO THE CURRENT MARKET CONDITIONS

# What's happening?

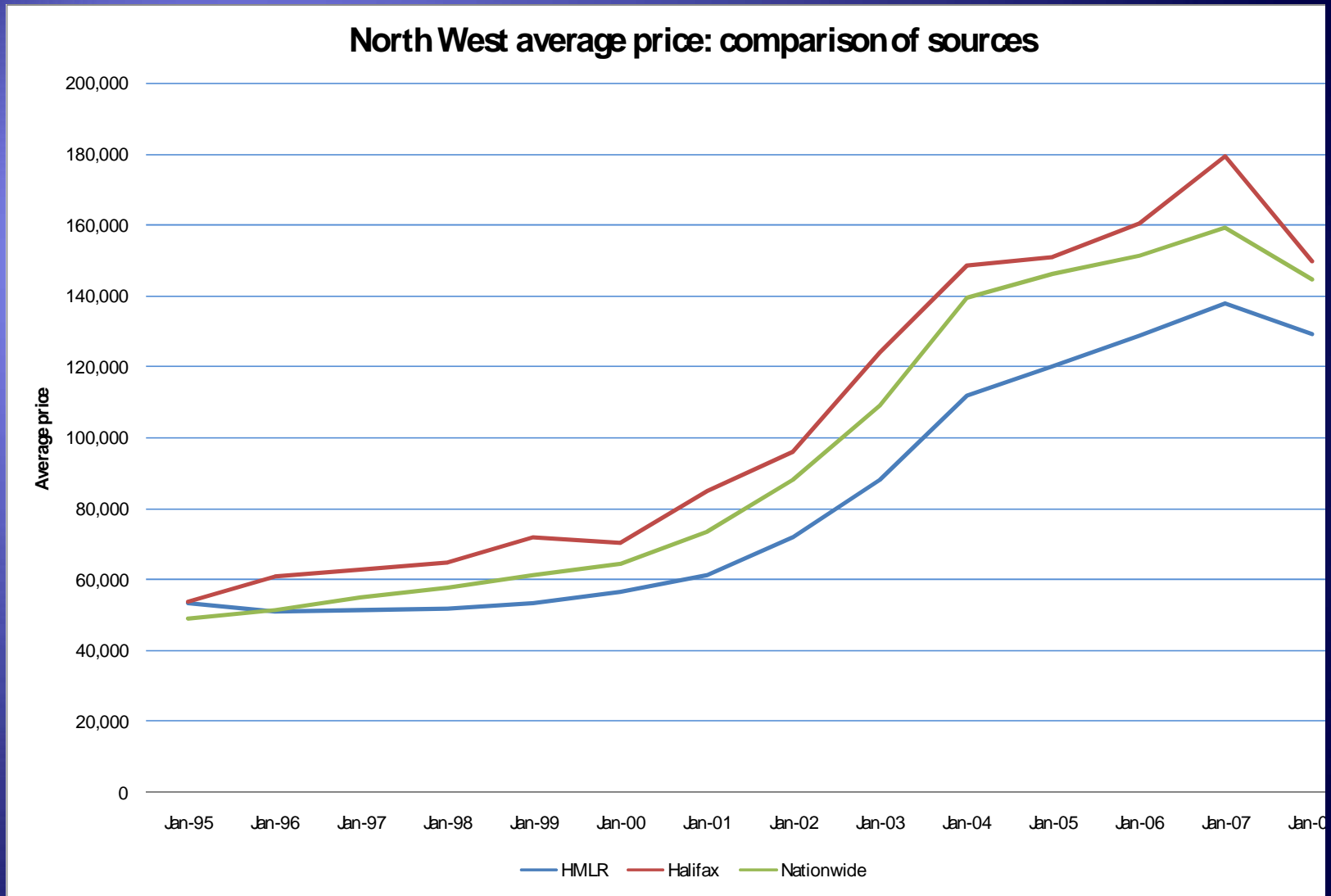
- ◆ North West market review – 6 monthly update
- ◆ See 4NW web site
  - ◆ Prices
  - ◆ Turnover
  - ◆ Loan finance
  - ◆ Affordability

**Figure 1 Average dwelling price by quarter by dwelling type, North West Region 1995-2008**



Source: HMLR website

Figure 4 Comparison of average price estimates



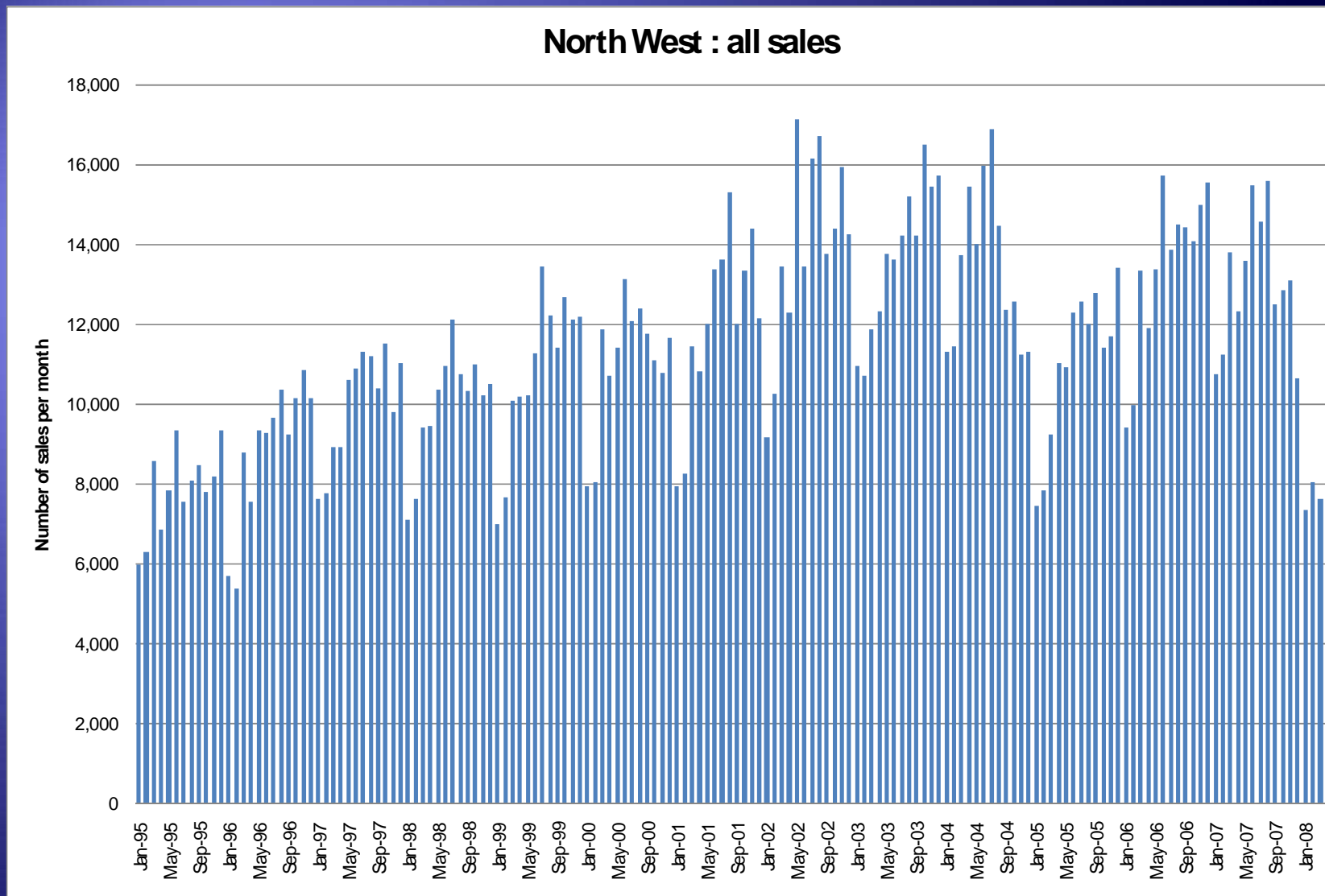
Sources: HMLR, Halifax, Nationwide

**Table 4 Indexed average price August 2007-September 2008**

	Aug-07	Oct-07	Dec-07	Feb-08	Apr-08	Jun-08	Sep-08	%change
North West	100	100	100	101	101	97	94	-6.0
Manchester	100	101	100	102	107	106	97	-3.0
Bolton	100	101	101	101	100	100	93	-7.0
Oldham	100	102	105	105	103	104	104	3.5
Wigan	100	100	100	101	101	98	95	-4.6
Tameside	100	100	100	101	101	98	94	-6.0
Salford	100	102	100	99	98	98	96	-4.1
Trafford	100	101	102	101	102	101	96	-3.8
Stockport	100	100	100	102	102	99	97	-3.2
Rochdale	100	100	100	100	102	101	100	0.3
Bury	100	99	101	101	101	100	99	-1.5
Liverpool	100	99	99	99	99	99	92	-7.5
Knowsley	100	99	97	98	99	97	91	-9.4
Wirral	100	100	98	98	98	96	99	-1.1
St Helens	100	99	103	106	102	99	94	-5.5
Sefton	100	101	100	101	101	101	99	-1.4
Halton	100	101	102	101	99	97	94	-6.2
Warrington	100	101	100	99	100	100	96	-3.9
Blackpool	100	101	101	99	98	100	94	-6.2
Blackburn	100	100	100	100	100	100	95	-5.3
Lancashire	100	101	103	103	102	101	98	-1.6
Cheshire	100	101	101	101	101	100	96	-3.9
Cumbria	100	102	102	101	102	102	100	-0.5

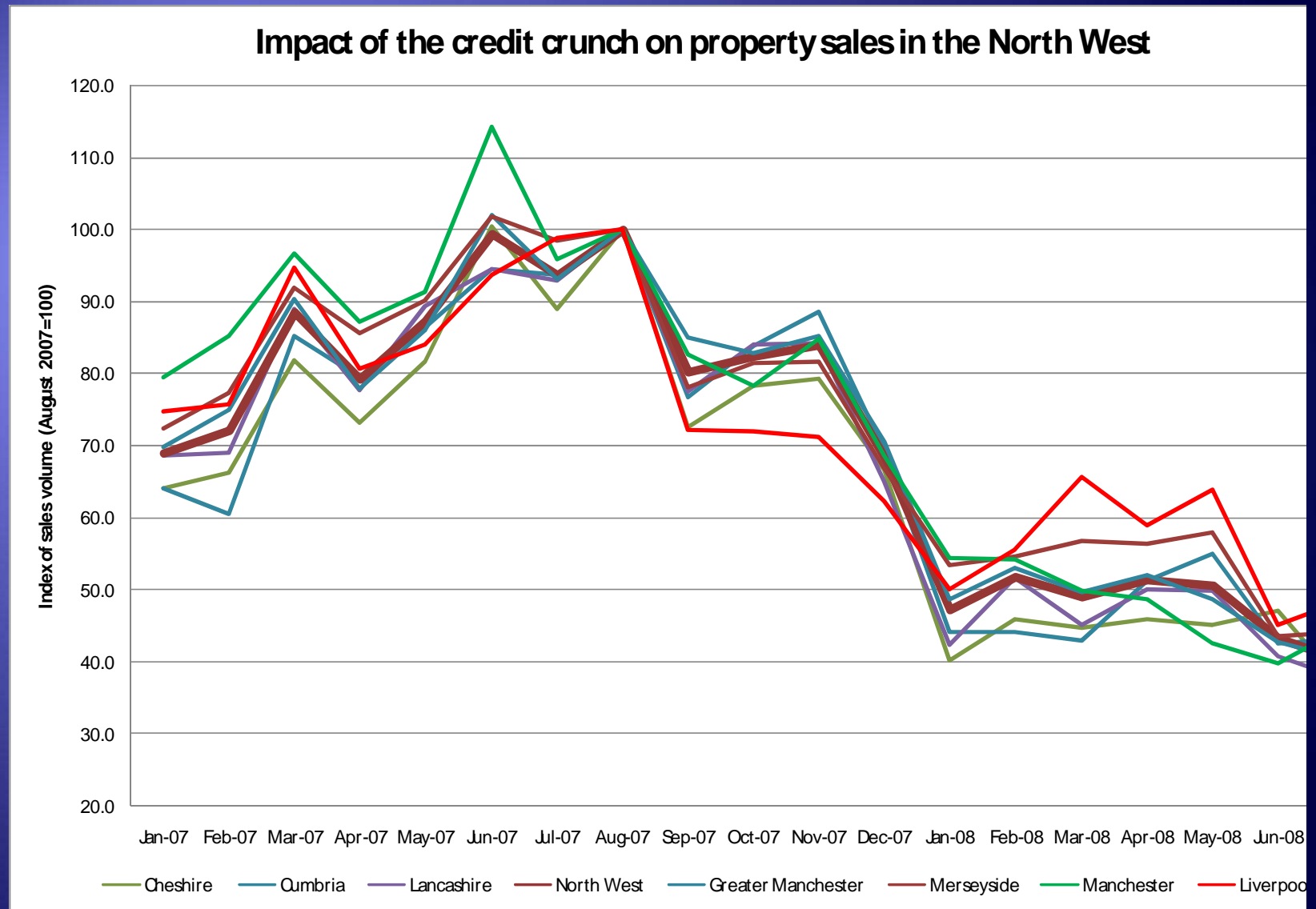
Source: HMLR

Figure 2 Volume of sales by quarter, North West Region



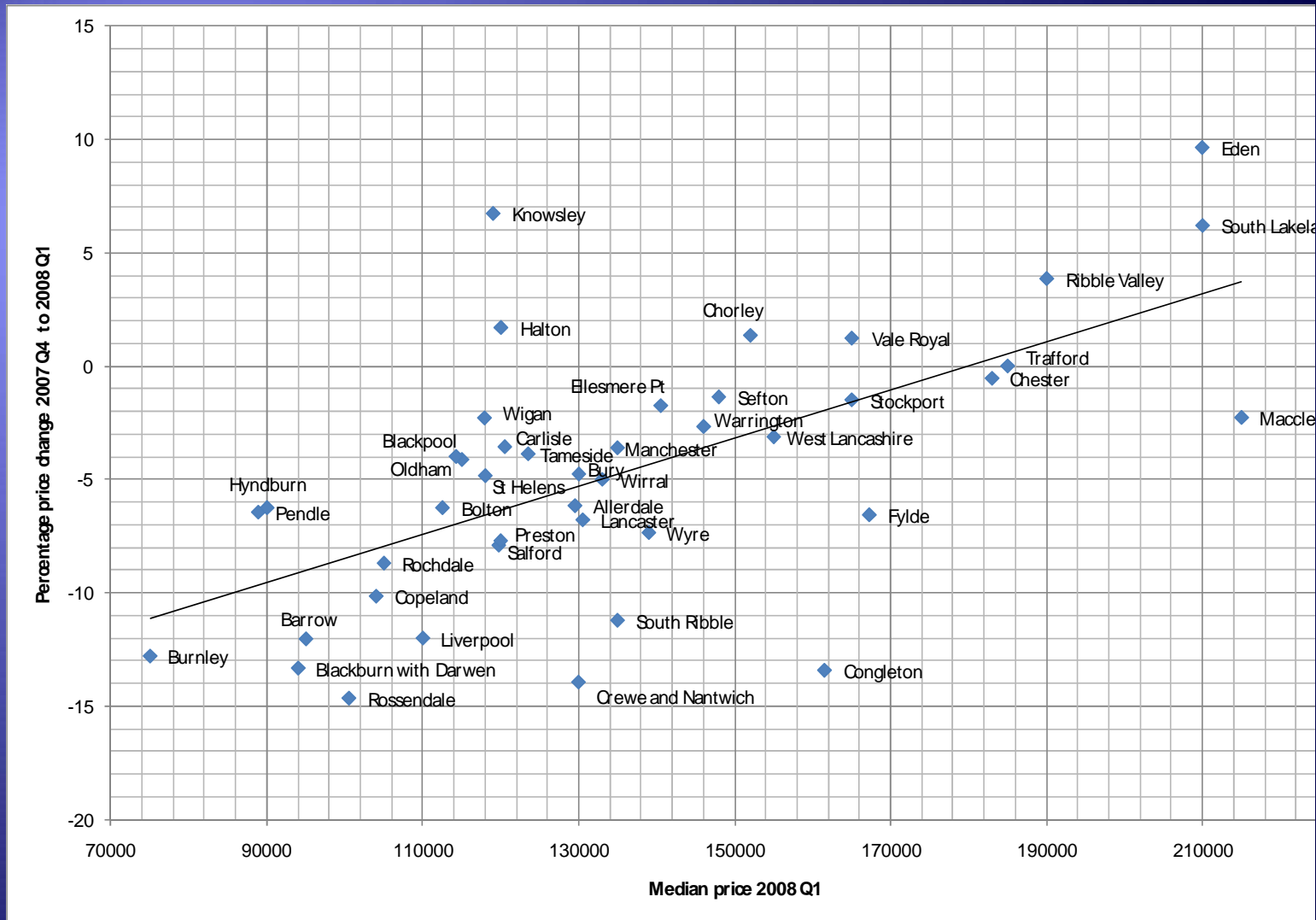
Source: HMLR website

Figure 6 Volume of sales by local authority.



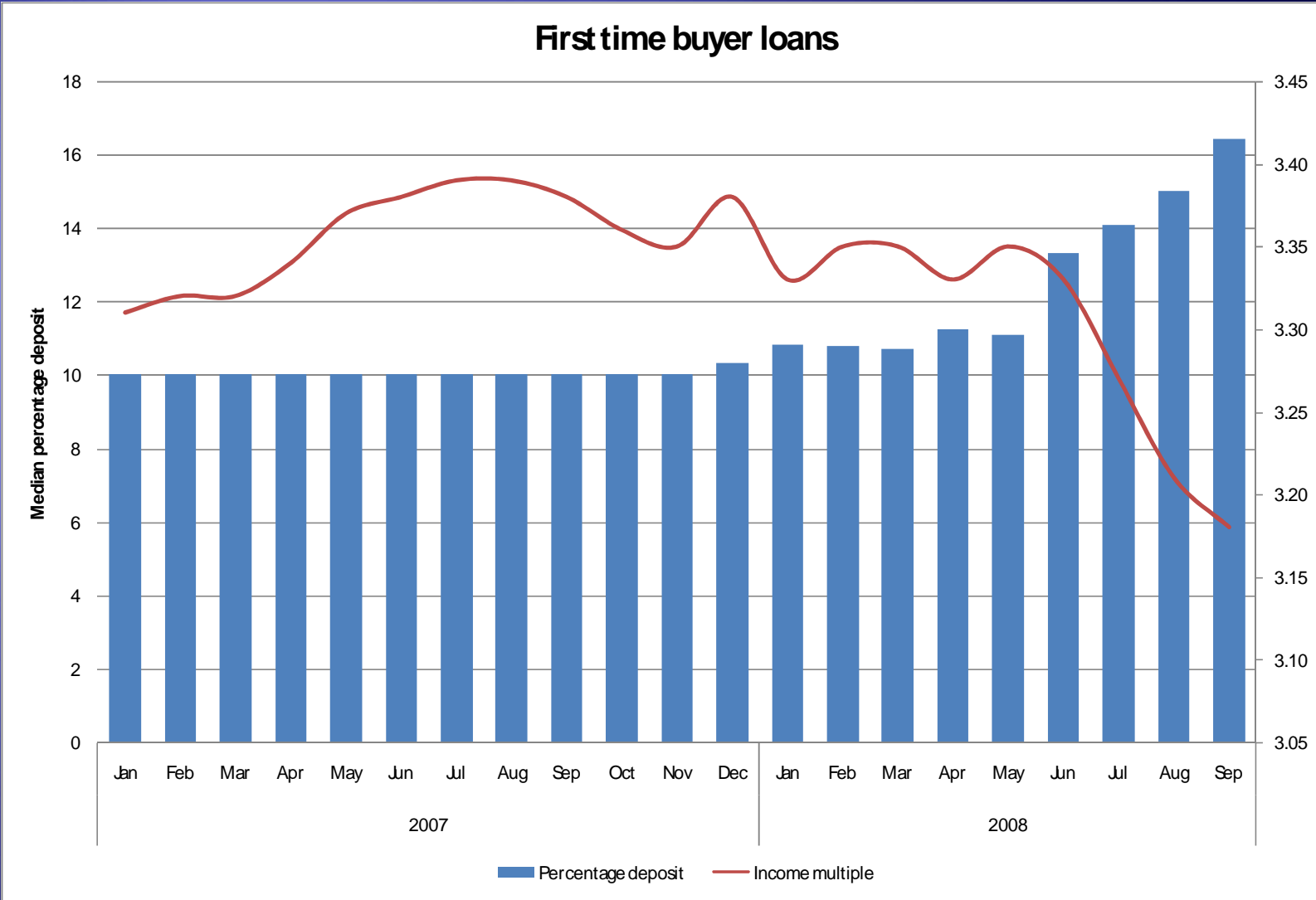
Source: HMLR August 2007=100.

Figure 7 Scatter plot of percentage price change 2007-2008 against median price 2008 Q1



Source: HMLR

Figure 5a First time buyer loans in the UK

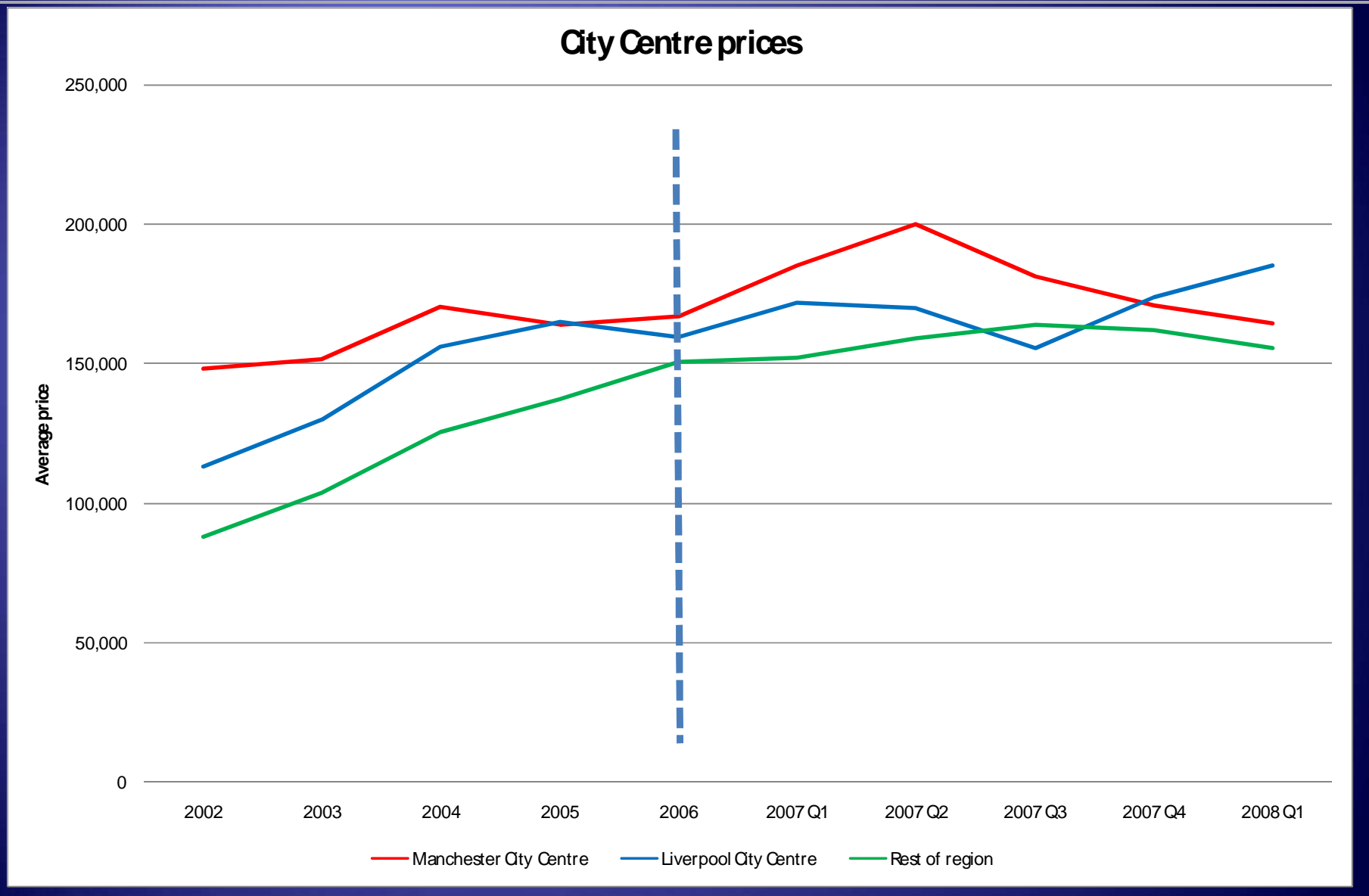


Source: CML

# New build

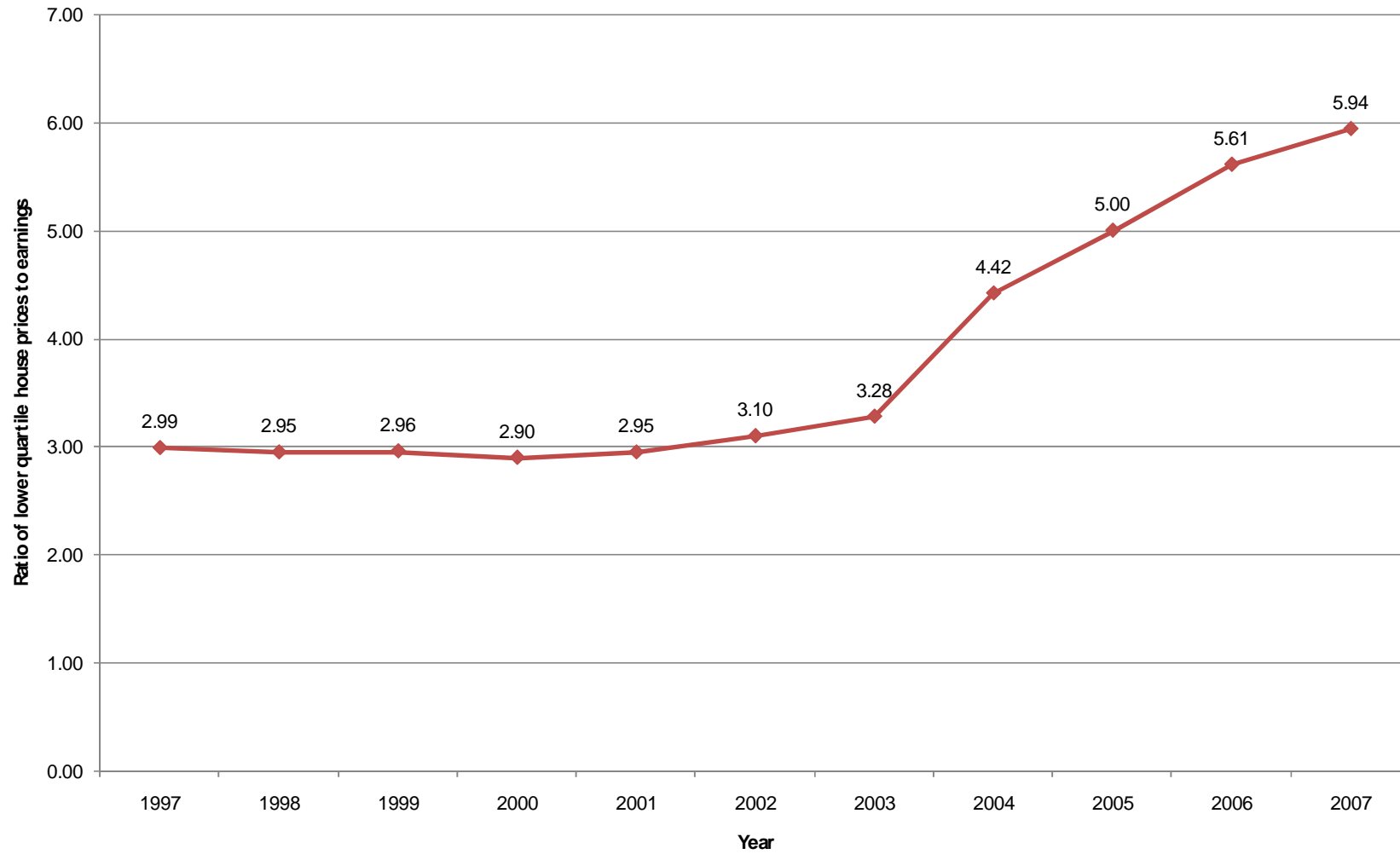
- ◆ Fallen back to 7% of sales in 2008 compared to 12% in 2005; but flat sales only 14% of total in Q1 2008 compared to 62% in 2007
- ◆ New build prices peaked earlier than in second hand market (mid 2006) and have fallen by 10% since then

Figure 22 Mean dwelling price in Manchester and Liverpool City Centres, 2002-2008



Source: HMLR

Figure 23 CLG affordability ratio, 1997-2006, North West



Source: CLG

**Figure 24 Lower quartile prices and earnings by local authority 2007**

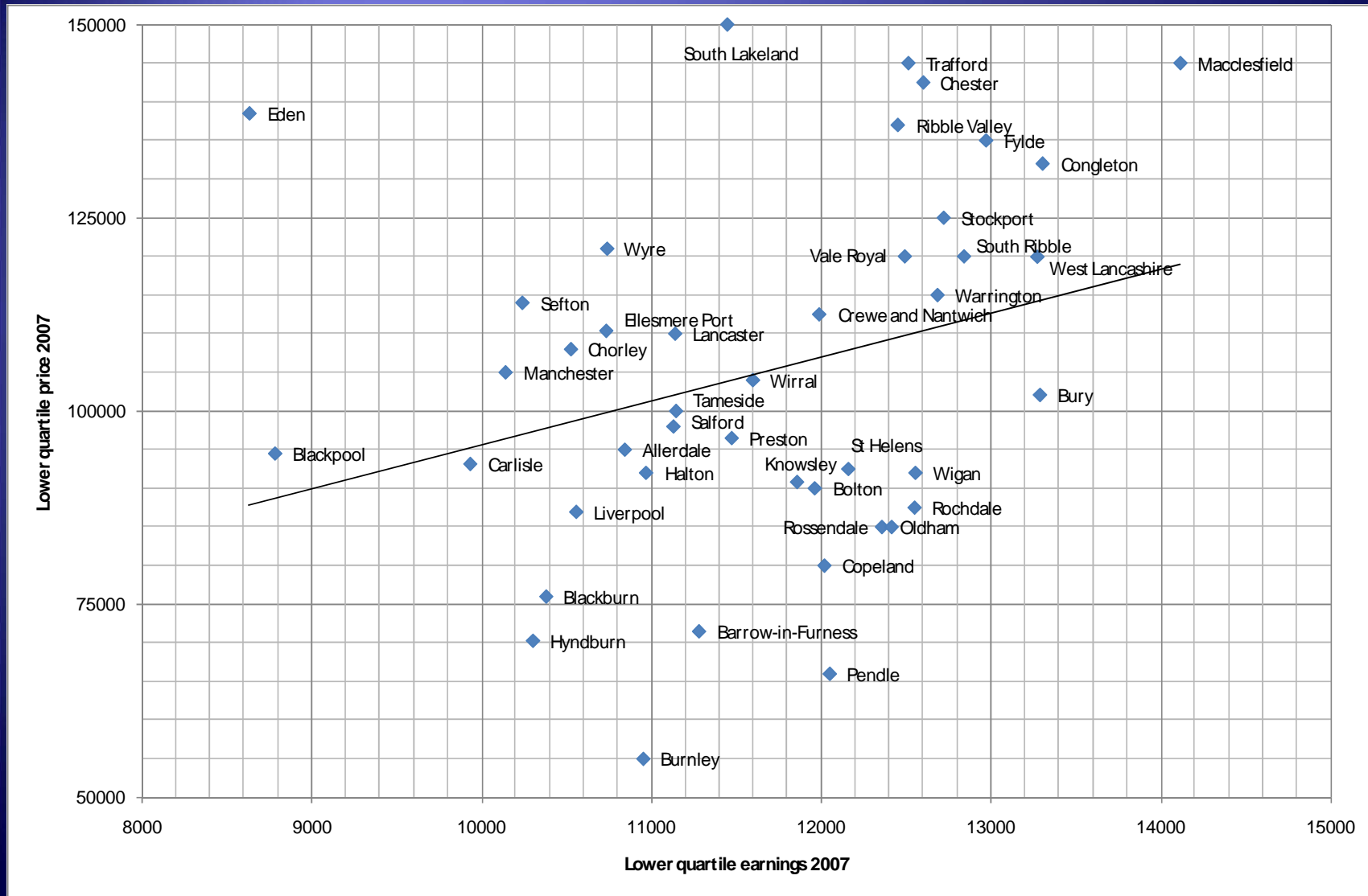
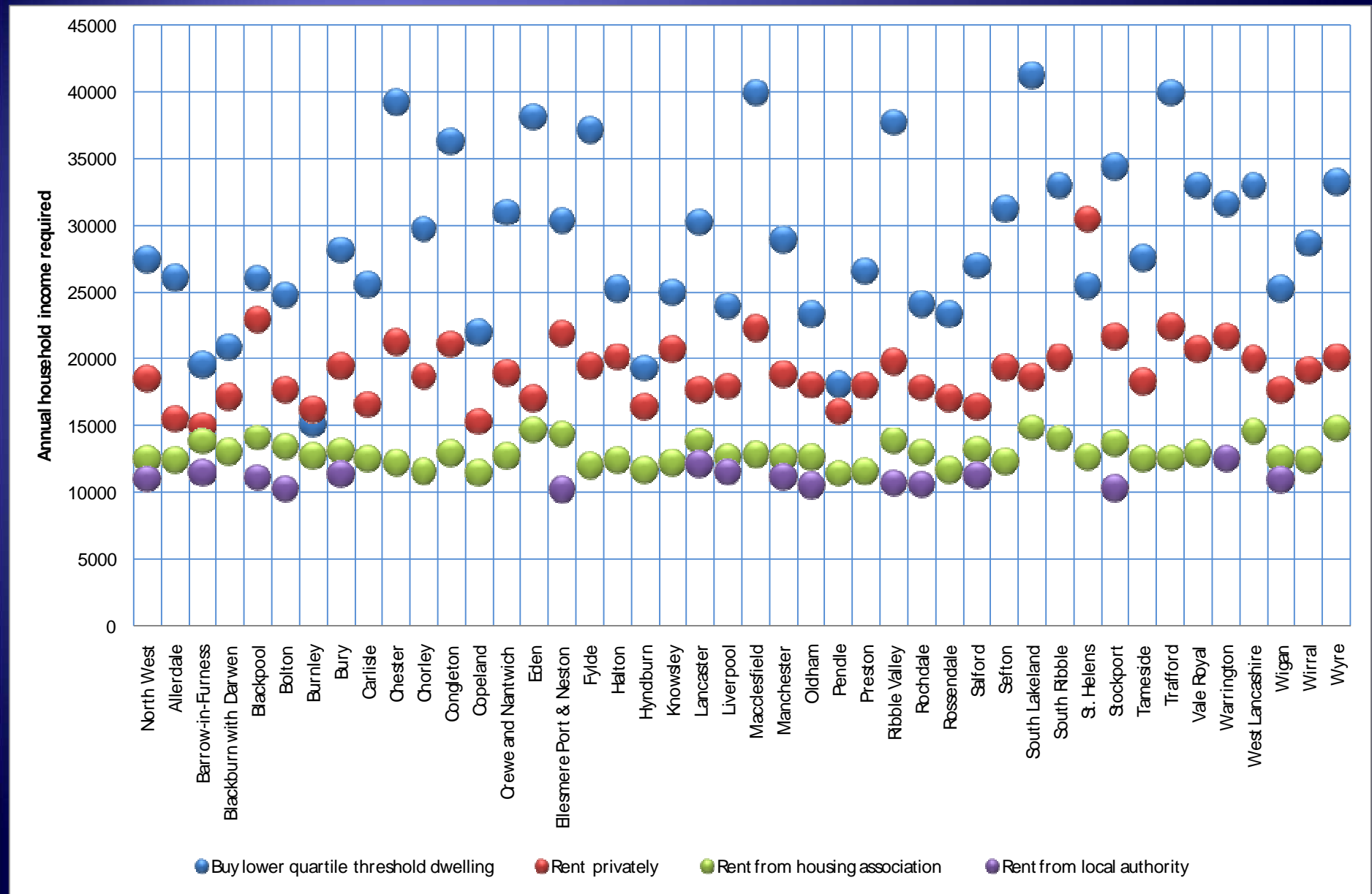


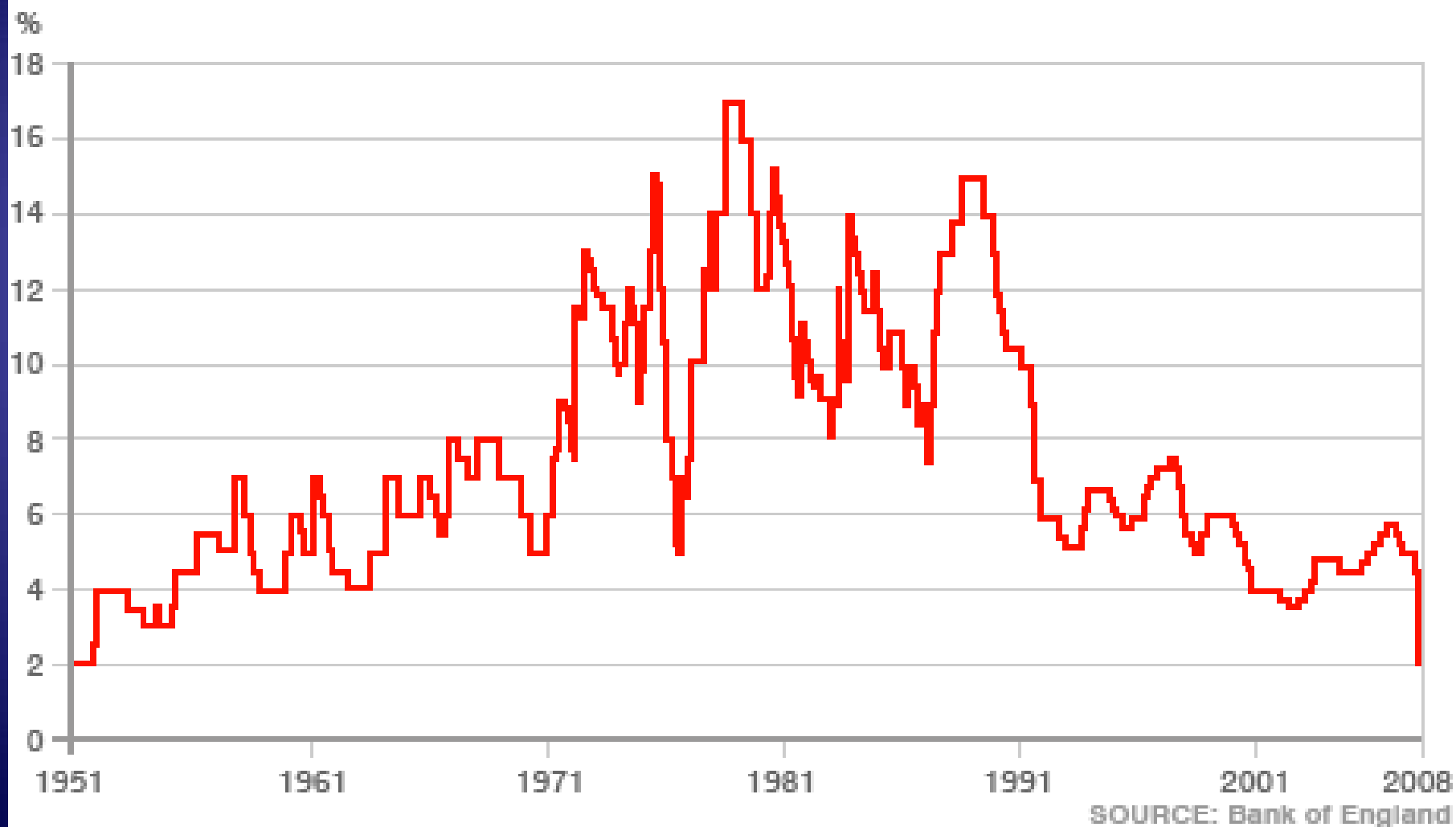
Figure 25 Comparison of the costs of house purchase and renting, 2007



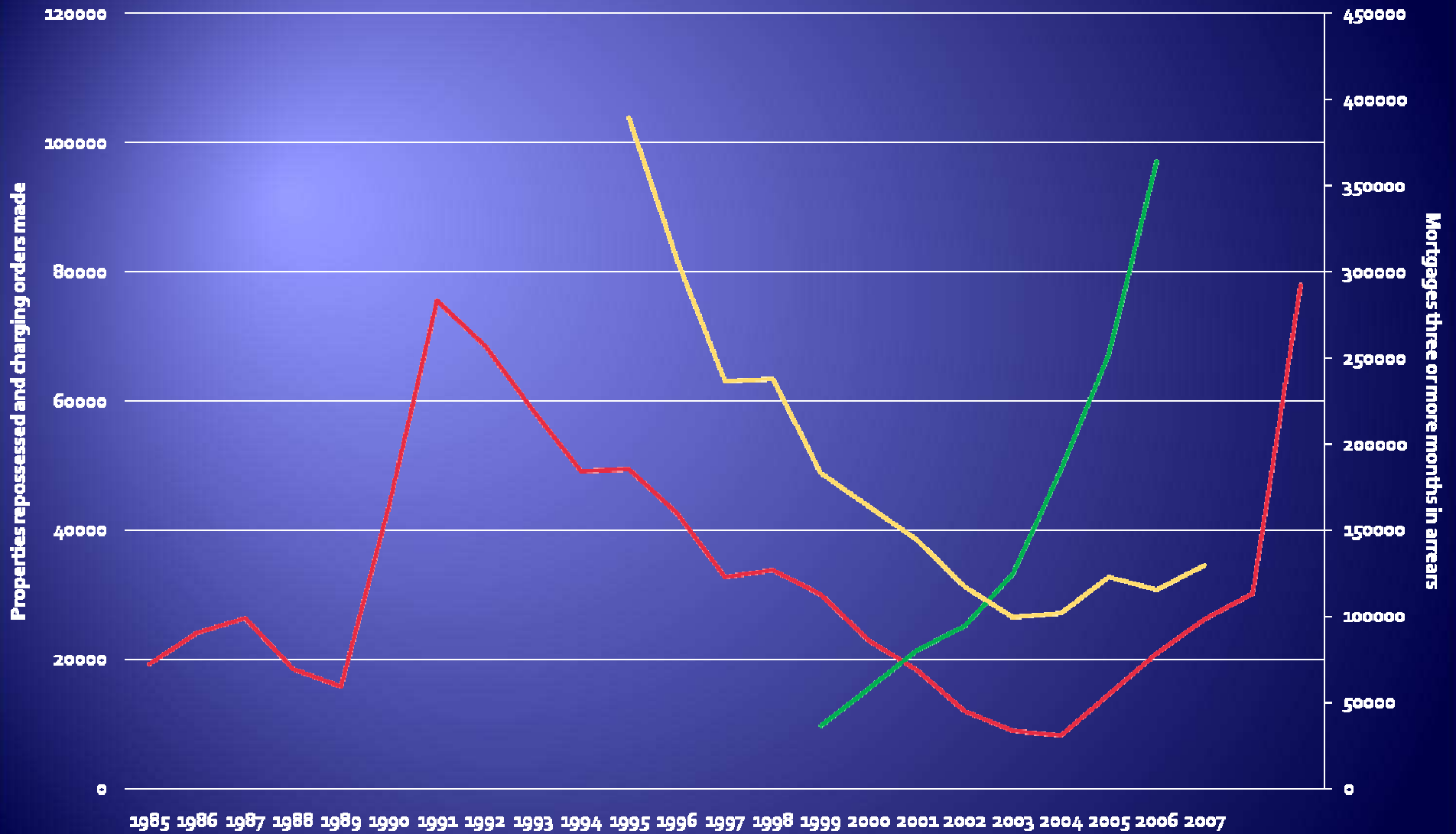
# Conclusions

- ◆ North West certainly affected
- ◆ Prices falls less significant so far than drop in turnover
- ◆ Will feed through to prices as sellers forced into market
- ◆ Has already done so in new build sector where developers keener to sell
- ◆ Limited impact on affordability to date

### BANK OF ENGLAND'S OFFICIAL BANK RATE SINCE 1951



# Arrears and repossessions



Source: CML

— Taken into possession    — Charging orders    — More than three months in arrears