

February 2011

ECONOMIC UNCERTAINTY HOLDING BACK NEW HOME BUYERS

	January 2011	December 2010
Average price	£215,786	£220,069
Monthly % change	-1.9%	-0.3%
Three monthly % change	+1.7%	-1.1%
Annual % change	-1.3%	-0.2%

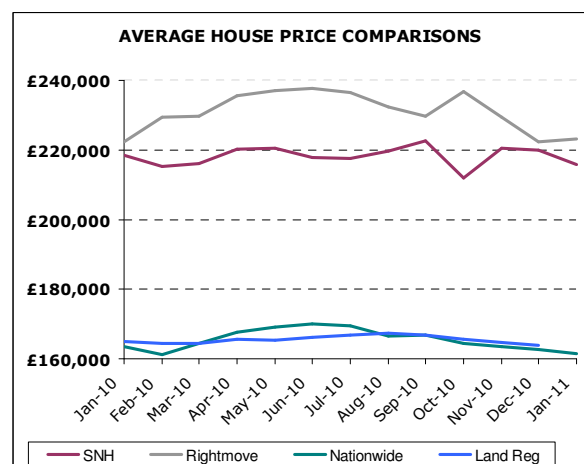
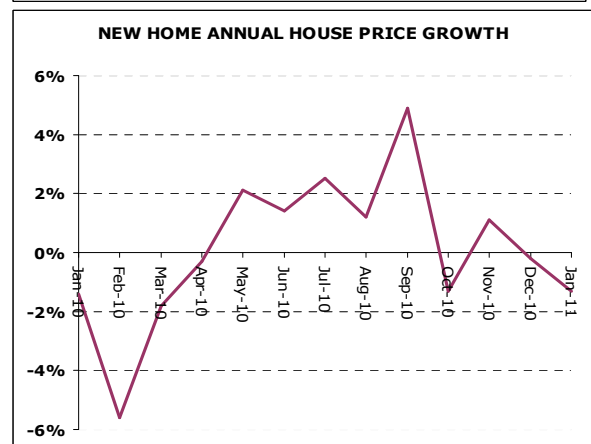
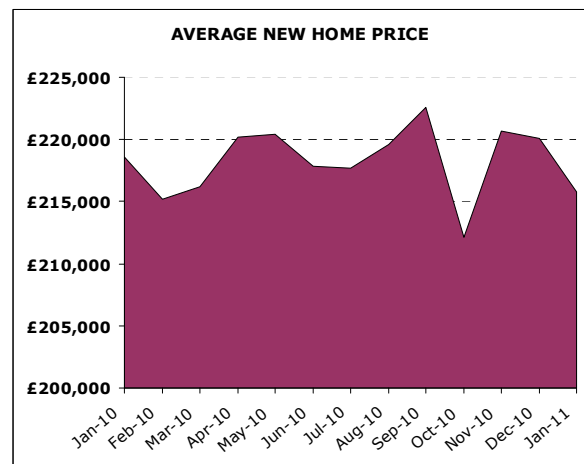
The average price of a new home stood at £215,786 in January, down -1.9% on the previous month.

Prices continue to fluctuate monthly around the £215,000 mark, as consumer concerns over the economy, job security and possible interest rate rises ensure the market remains broadly flat, despite historically low stock levels.

Annual growth fell by -1.3% in January, as weak consumer sentiment and lack of mortgage finance continued to dampen demand for new homes.

However, the spring traditionally brings about an increase in interest in the new homes market, so we would expect to see uplift in prices over the next few months.

All major indices have slipped back in recent months. The longer-term trend is flat, with tight lending conditions restricting price growth. Strict mortgage criteria are a barrier to first-time buyers wishing to enter the market, and this needs to be addressed to ensure long-term stability.



REGIONAL BREAKDOWN

SCOTLAND	£223,522
% change 1 month	-2.7%
% change 3 months	+5.1%
% change 12 months	-8.2%
EDINBURGH	£220,817
GLASGOW	£216,537

NORTH	£173,234
% change 1 month	+0.4%
% change 3 months	+4.1%
% change 12 months	-0.1%
NEWCASTLE	£221,282

NORTH WEST	£180,577
change 1 month	+1.9%
% change 3 months	+2.7%
% change 12 months	+4.2%
LIVERPOOL	£159,696
MANCHESTER	£147,881

YORKS AND HUMBER	£175,740
% change 1 month	-2.3%
% change 3 months	+4.3%
% change 12 months	+3.4%
LEEDS	£203,996

WEST MIDLANDS	£166,010
% change 1 month	+0.3%
% change 3 months	+7.3%
% change 12 months	+4.9%
BIRMINGHAM	£156,019

EAST MIDLANDS	£180,171
% change 1 month	-0.7%
% change 3 months	+2.2%
% change 12 months	+3.6%
NOTTINGHAM	£182,163

WALES	£191,434
% change 1 month	+0.6%
% change 3 months	+9.8%
% change 12 months	+10.1%
CARDIFF	£172,529

EAST ANGLIA	£211,164
% change 1 month	-8.8%
% change 3 months	-1.0%
% change 12 months	-3.0%
CAMBRIDGE	£288,776

GREATER LONDON	£312,904
% change 1 month	-6.8%
% change 3 months	-9.9%
% change 12 months	-32.4%
LONDON	£256,272

SOUTH WEST	£232,450
% change 1 month	+1.6%
% change 3 months	+6.6%
% change 12 months	+5.9%
BRISTOL	£218,495
EXETER	£215,080

SOUTH EAST	£250,387
% change 1 month	-2.2%
% change 3 months	-2.0%
% change 12 months	-6.3%
BRIGHTON	£262,930

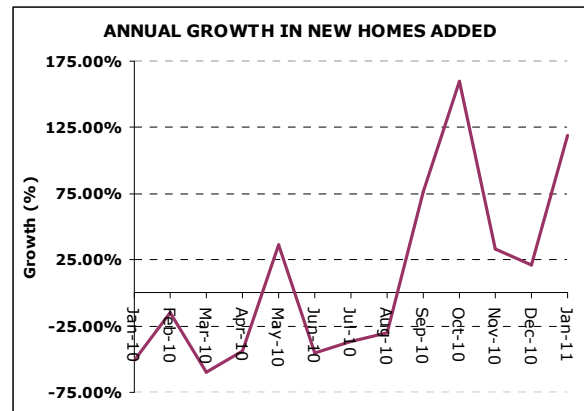
There remain considerable variations in the performance of the new homes market across the UK, but it is evident that despite monthly price falls in several areas, eight out of the 11 regions record price rises on a three monthly basis.

NEW HOMES COMING ONTO SMARTNEWHOMES

The shortage of new homes coming onto the market remains a major concern considering the housing shortfall being faced in the UK, but the graph shows that the New Year has seen an increase in the number of new homes available, bringing more choice to buyers.

However, while the pattern of new homes coming to market is influenced by seasonal trends, build volumes remain historically low. We remain sceptical about the

potential of the Government's Localism agenda to deliver new homes in the quantity required over the coming years.



Commenting on the data, Steve Lees, Director of SmartNewHomes said:

"The latest data from the New Homes Index shows that the new homes market remains broadly flat, with positive price growth over the past three months. There is no doubt that consumer confidence remains weak and people are being deterred from moving due to the cost and the prospect of increased mortgage debt for many buyers.

"While we would urge the Bank of England to keep interest rates low for as long as possible, it seems inevitable that rates will begin to creep up this year. This will discourage people further from moving home as well as making it harder for first-time buyers to purchase their own property. However, the new homes market is better placed than the resale market to meet the challenges created by the current economic uncertainty. Developers are already bringing innovative finance models to the market enabling buyers to access 95% LTV mortgages, as well as incentives such as part exchange and shared equity schemes to make the transition into a new home easier and more affordable."

-ENDS-

Notes to Editors

More about the New Homes Index

The SmartNewHomes New Homes Index is a monthly monitor of all new homes promoted on the site. The index is based on both properties and enquiries on the SmartNewHomes website, and records the price of new homes for sale by region and type of property and is mix adjusted, as well as tracking consumer demand for properties on a monthly basis.

smartnewhomes is the UK's leading new homes website, representing 85% of all new homes for sale in England, Wales and Scotland. Along with its sister sites **Email4Property**, **Zoomf** and **HomesOverseas**, it forms part of Trinity Mirror Digital Property.

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