<u>Election Fever and the Property Market</u>

With a backdrop of slowing and, according to some indexes falling property prices, we look at how the general election may impact on the local property market.

According to the Nationwide House Price Index the election came at a time of three successive monthly falls in property prices, the first time this has happened since 2009. We also noticed activity slowing down with the run up to the election, which is a normal response to a position of uncertainty. Given the election result, which could spell further uncertainty, should we all panic and run for the hills?

Markets go up and down and given the rapid gains in property value, at some point there needs to be a breather in prices. Seven years of upward movement in prices brings me to consider economist Fred Harrison's work on the 18 year property market cycle, which used 300 years' worth of data to back test his theory. In brief, the property market sees seven years of growth, a short period of recession followed by seven years of rapid growth and then 4 years of crashing prices.

This would appear to be the midpoint recession, according to his model. It will be brief and then followed by 7 years of rapid growth. We need to factor in the very low cost of credit as a supporting mechanism for house prices at this mid-point so it could well be a very opportune time to move. We're noticing property below £300,000 moving rapidly and some weakness in more expensive property so this could be one of the best times to trade up, if we're to believe that 7 years' worth of rapid growth is set to bestow us.

In short, the market is seeing normal forces at work but in seven years' time we'll review the need to panic and head for the hills.

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