

Property prices will rise by an average of 1.4% over the next year according to the BSA's Property Tracker survey, as cautious optimism returns to the housing market.

The survey found that respondents' average prediction for house price changes over the next year was for a 1.4% rise. This represents a fundamental change when compared to a 6.1% fall in March and a 7.1% fall forecast in June 2008.

This positive message is reinforced by the survey finding that yet again, an increased proportion of people believe that now is a good time to buy. 59% of people agree or tend to agree that now is a good time to buy, compared to 54% in March and just 27% in June 2008.

However, this good news is tempered by findings that a lack of job security remains the greatest barrier to property purchase. It was chosen by 61% of respondents, the same proportion as in March. With many commentators expecting unemployment to continue to rise well into next year, and with perceived restrictions on mortgage availability, it is likely that this will serve to limit any recovery in the housing market.

Commenting on the survey's findings, Paul Broadhead, head of mortgage policy at the BSA said: "There have been a number of encouraging signs that the worst of the property crash has passed recently and the Property Tracker shows that people think both that property prices will now rise and that now is a good time to buy. However, improving job security will be key to any substantial recovery of the housing market.

"People clearly recognise that with both property prices and mortgage rates having fallen, there are potential bargains to be found meaning that now is a good time to buy.

"However, for many, concerns over job security mean that they are unlikely to actually go ahead and buy. They will need to see confidence in the jobs market return before they make their move in the property market."