ThinkMoney.com advises caution over house price predictions

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Press Release Author: **Think Money**

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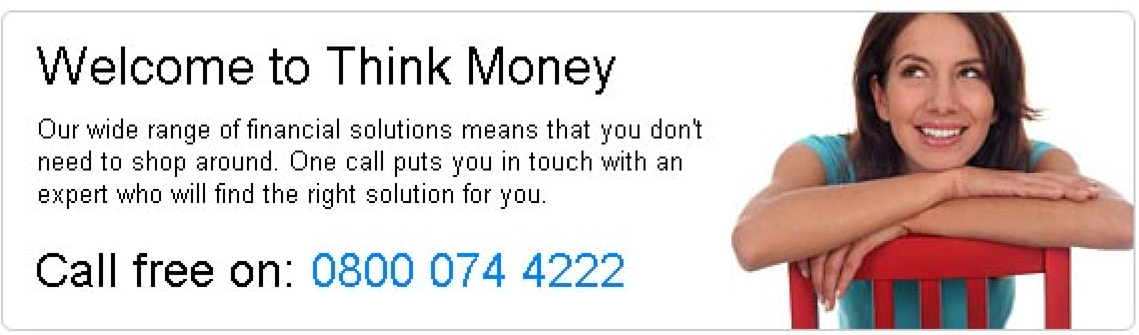
Press Release Summary: Following suggestions that house prices will rise by 25% by 2013, financial solutions company ThinkMoney.com have advised homeowners not to become complacent about protecting themselves against the current downturn in the housing market.



Press Release Body: Responding to the recent report from the **National Housing Federation** suggesting house prices will recover and rise by 25% by 2013, financial solutions company ThinkMoney.com advised existing homeowners to remain optimistic, but warned them not to become complacent about protecting themselves against the downturn in the housing market.

The **National Housing Federation** anticipates further falls in house prices for the next two years – 4.4% in 2008, with a further fall of 2.1% in 2009 – after which prices will begin to recover, rising by 25% by 2013.

However, the report itself acknowledges that the figures depend on a 'robust employment market', and warns that if employment and consumer spending levels fall by too much, the housing slump could be more severe than they have predicted.

A spokesperson for **ThinkMoney.com** said: "We would advise homeowners to continue saving well, spending responsibly, and to remain aware of the potential problems facing the housing market. Your financial planning should, as always, be geared towards making sure you are prepared for any problems that could arise.

"The report is only speculative, and as with anything, it is very hard to predict what will happen in the next five years. The predictions are essentially a best-case scenario," she said.

"In a sense, it's healthy to be slightly cautious when it comes to money, especially with an important financial commitment like a mortgage."

The spokesperson said that there are a number of ways homeowners can protect themselves. "Savings are the key," she says. "Falling house prices means that equity tied up in the value of your home is decreasing, so it's wise to try and counteract that by saving money where possible.

"This also acts as a buffer if you find the interest on your mortgage payments going up in the next few years, which is quite possible. Without savings to fall back on, mortgage payments could become simply too expensive for poorer families, and that brings the possibility of falling into debt – especially with other costs of living rising so quickly too.

"Likewise, it's important to keep an eye on spending and make sure unnecessary purchases are kept to a minimum. Avoid taking out consumer finance loans on expensive goods, as they can become a big financial burden when things get tight," she continued. "In fact, avoiding any form of personal loans or credit is the best defence against getting into debt."

The **ThinkMoney.com** spokesperson advised homeowners to remain positive. “Many homeowners will be relatively unaffected by the problems in the housing market, so long as they are willing to stay put,” she said.

“A loss in the value of your home only affects you if you are looking to sell, but it still pays to save well in case of emergency. And once the market does recover, you may even find yourself in a better financial situation than you were before all the trouble started.”

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