

ACADHPI NEWS RELEASE

9:30 FRIDAY 14TH MAY 2010

England and Wales house price trends from Acadametrics

- **House prices in April rose by 0.5%** [Page 4](#)

Despite a fall in transactions, the monthly average price of all residential property sold in England & Wales in April 2010 was an estimated 0.5% higher than in March. This is the twelfth month in succession in which the AcadHPI has shown an increase.

- **Annual price increase is 12.9%** [Page 4](#)

The annual average price of all residential property transactions in England & Wales was 12.9% higher than a year ago when prices were still falling - a significant recovery albeit in a market still characterised by great uncertainty. This is now the sixth consecutive month in which the annual rate of change in house prices has been positive.

- **Housing transactions fall by 5% in April** [Page 2](#)

There were an estimated 50,650 properties sold in April 2010, which is 5% lower than the number of sales recorded in March 2010. The level of sales in April 2010 is the second lowest April figure since the Land Registry started reporting transaction numbers in 1995.

- **London house prices reach a new record level** [Page 6](#)

For the second month in succession the average house price in London has reached a new peak. There is now substantial evidence to show that the major movement in London house prices is taking place at the top end of the market, with more modest price rises being experienced elsewhere.

Dr Peter Williams, Chairman of Acadametrics, said

“Reflecting the situation in the country as a whole, the current direction of the housing market remains uncertain. The average price of a home rose again in April 2010 and, at £225,963, is back where it was in August 2007, some two and a half years ago. The monthly increase, the twelfth in succession, was 0.5%. However as we show transaction numbers have fallen and it is quite clear we have been witnessing buyer competition in a market characterised by weak supply. This in turn reflects the great uncertainty that now hangs over the whole market.”

	House Price	Index	Monthly Change %	Annual Change %
April 2009	£200,197	203.8	-0.3	-13.3
May	£200,904	204.5	0.4	-12.4
June	£202,556	206.2	0.8	-11.0
July	£204,176	207.9	0.8	-8.9
August	£206,467	210.2	1.1	-6.6
September	£209,301	213.1	1.4	-3.8
October	£211,701	215.5	1.1	-0.9
November	£212,298	216.1	0.3	1.6
December	£216,361	220.3	1.9	5.2
January 2010	£219,930	223.9	1.6	7.8
February	£224,130	228.2	1.9	10.7
March	£224,914	229.0	0.4	12.0
April	£225,963	230.1	0.5	12.9

PRESS CONTACTS:

Peter Williams 020 8390 5872 or 07718 120858
 David Thorpe 020 8392 9082 or 07764 236781
 John Tindale

peter.williams@acadametrics.co.uk
david.thorpe@acadametrics.co.uk
john.tindale@acadametrics.co.uk

FURTHER COMMENTARY BY DR PETER WILLIAMS

Dr Peter Williams, Chairman of Acadametrics, comments:

“The average price of a home in England & Wales is now £225,963. At this level, it is still down £5,865 or 2.5% from its peak in February 2008 of £231,828, but prices have recovered significantly and the index is showing a 12.9% increase over the last twelve months, albeit based on reduced transaction volumes. If sellers now start to return to the market in numbers then this may dampen both the monthly and annual rates of increase. However, it is clear that we are seeing London prices continuing to gather momentum and, if we exclude London from the aggregate England and Wales figure of £225,963 the average price drops back to £202,226, with London prices increasing on an annual basis faster than those in the rest of England and Wales.

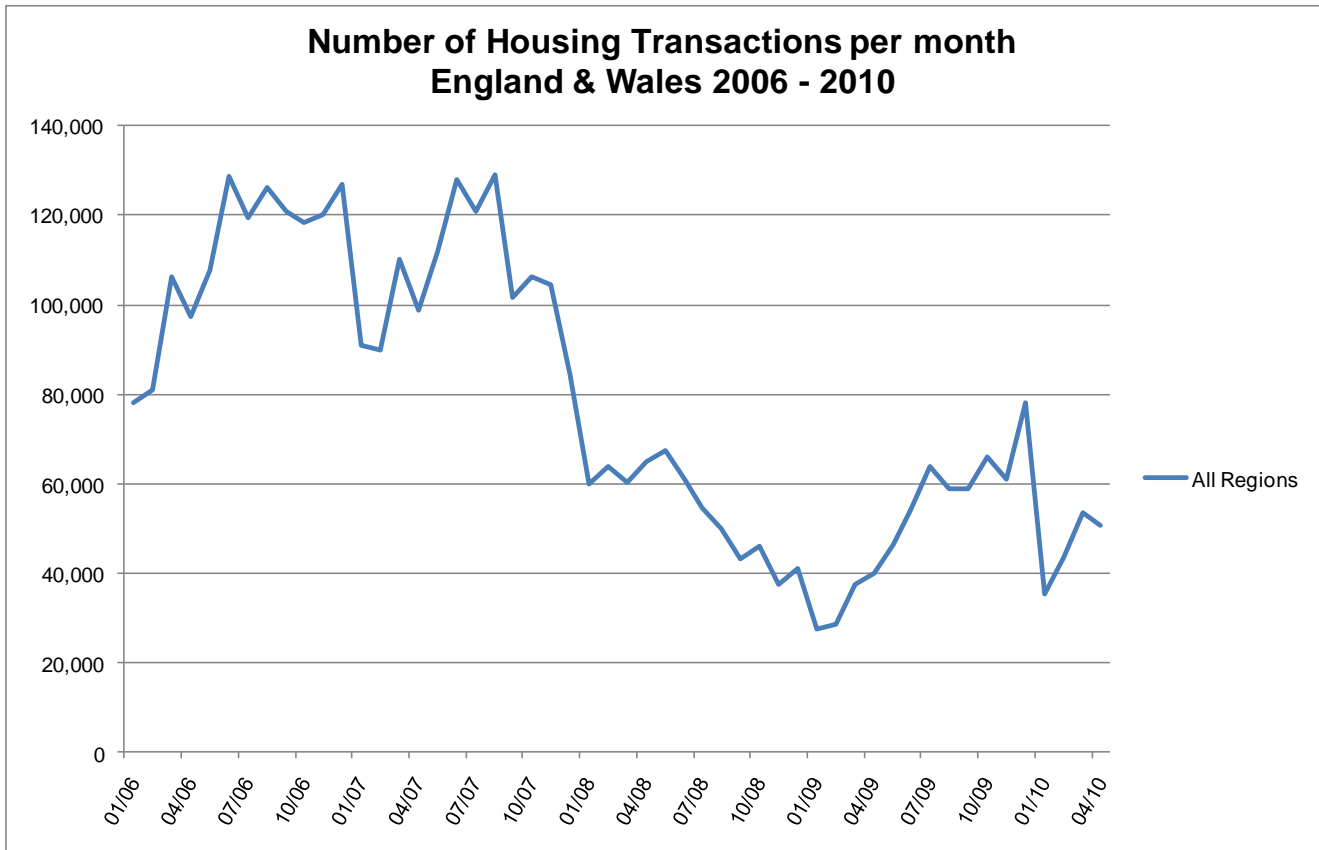
“The uncertainty that characterised the start of the year has continued, not least because of the hung parliament and possible consequences for the UK economy. Until there is clarity regarding both the make up of the government and monetary and fiscal policy, many may chose to delay purchases or moves. In that regard our transactions data become the most important market indicator. As we report below, transaction numbers fell in April. With mortgage supply continuing to ease modestly, with a renewed 2 year Stamp Duty holiday for homes under £250,000 and with pent up demand from around 1 million would be home owners, there has been more to tempt sellers back to the market but clearly this has yet to feed through. Cash buyers remain an important force in the market thus underlining the continuing shortage of mortgages and this may also explain why more affluent areas are showing a stronger recovery. It also underpins the importance of house prices indices that include both mortgaged and cash transactions.

HOUSING TRANSACTIONS

“The number of housing transactions in England and Wales fell in April compared with March 2010 by 5%, though it is not that unusual to see housing transactions fall in April, since it has happened in seven of the last 15 years. However for those hoping to see a recovery in the market, there are few positive signs. The level of sales in April, at an estimated 50,650, is down 41% on the long term average of 85,580 properties sold in the month, and is the second lowest level of sales for April since 1995, the lowest having occurred in 2009 at the bottom of the recent house price decline.

“Comparing Q1 2010 with Q4 2009, the number of properties sold in England and Wales has declined by 41%. This percentage decline is fairly consistent across all regions, with the exception of Greater London, where the decrease over the quarter has been a more modest 29%. Over the last 14 years Q1 sales figures have been an average 22% below the previous year's Q4 levels. One of the key questions is, therefore, whether the further 19% decline in sales this year from average is a consequence of exceptional circumstances, such as the poor weather in January and February 2010, and the ending of the previous stamp duty holiday in December 2009, or is it indicative of further weakness in the current housing market?

“Comparing Q1 2010 with Q1 2009, there are signs of improvement on last year, with property sales up by an average 30%; but it should be remembered that sales in January and February 2009 were at an all time low, so the size of the percentage increase perhaps flatters what has been a relatively modest increase in the number of properties sold. The year on year recovery in property transactions has been higher in the South than in the North, with average increases in the number of properties sold in the southern regions, including London, amounting to 42%, compared with 19% elsewhere in England & Wales.”

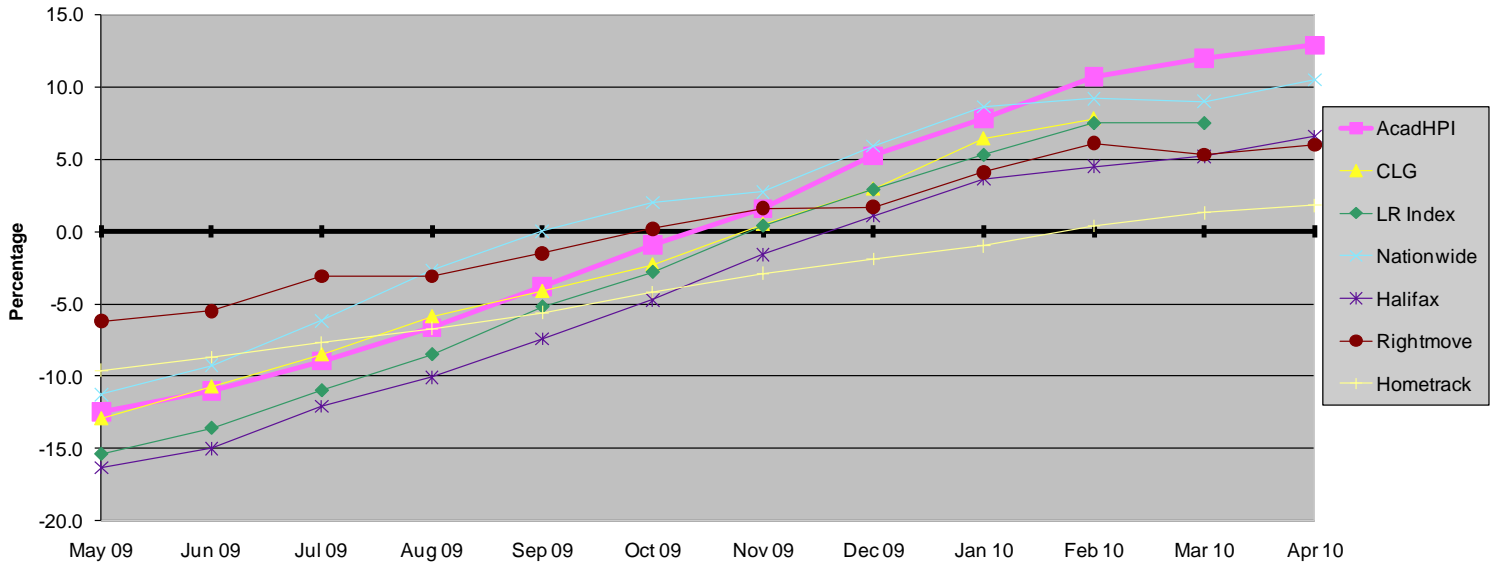


NOTES

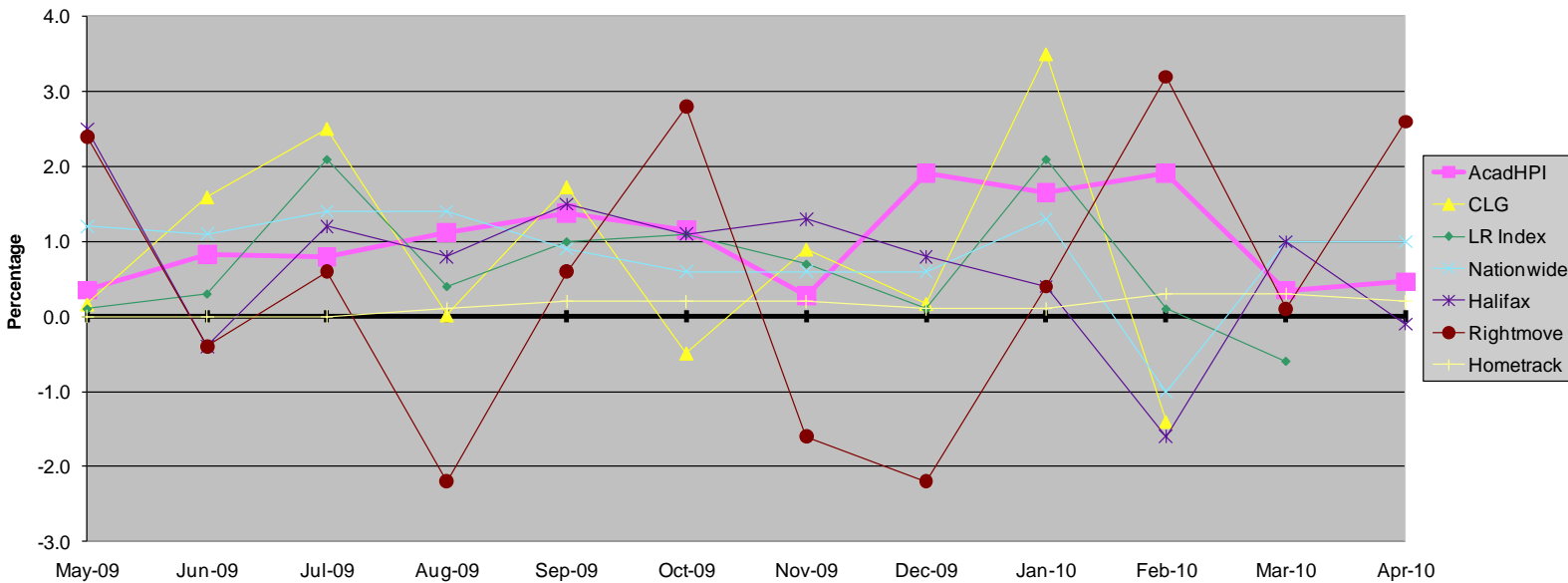
1. AcadHPI is the only house price index to use:
 - the **actual** prices at which every property in England and Wales was transacted, including prices for properties bought with cash, using the factual Land Registry data as opposed to valuation estimates or asking prices
 - the price of **every** single relevant transaction, as opposed to prices based upon samples
- AcadHPI is a price series as opposed to a value series.
2. the current month AcadHPI comprises a forecast of the LR outcome, using an academic “index of indices” model, pending release of sufficient real data from the Land Registry.
3. AcadHPI forecasts are progressively replaced with real data, until every transaction reported to the Land Registry has been recorded and we have provided our AcadHPI “ultimate” data.
4. the accuracy of our forecasts is shown monthly on our website www.acadametrics.co.uk in our “[Development of Forecasts](#)” and in our “[Index Monitor](#)”, which shows how each index, including the AcadHPI “forecast”, compares with the AcadHPI, once sufficient factual Land Registry data have replaced forecast data, to enable AcadHPI to approach the “ultimate” results.
5. our website enables comparisons of selected indices over selected timescales to be undertaken [here](#) with ease and provides historic results and other information
6. Acadametrics is an independent privately owned consultancy working with Dr Stephen Satchell, The Reader in Financial Econometrics at the University of Cambridge, and specialises in the assessment of risk in property and mortgage portfolios.
7. Acadametrics Prices and Transactions ([sample here](#)), which exclude any forecast element, underlie the AcadHPI data and are available upon subscription for organisations needing the factual month by month Land Registry prices, at county/London borough level by property type, for e.g. property portfolio valuation, planning and advisory purposes

COMPARISON OF INDICES

ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

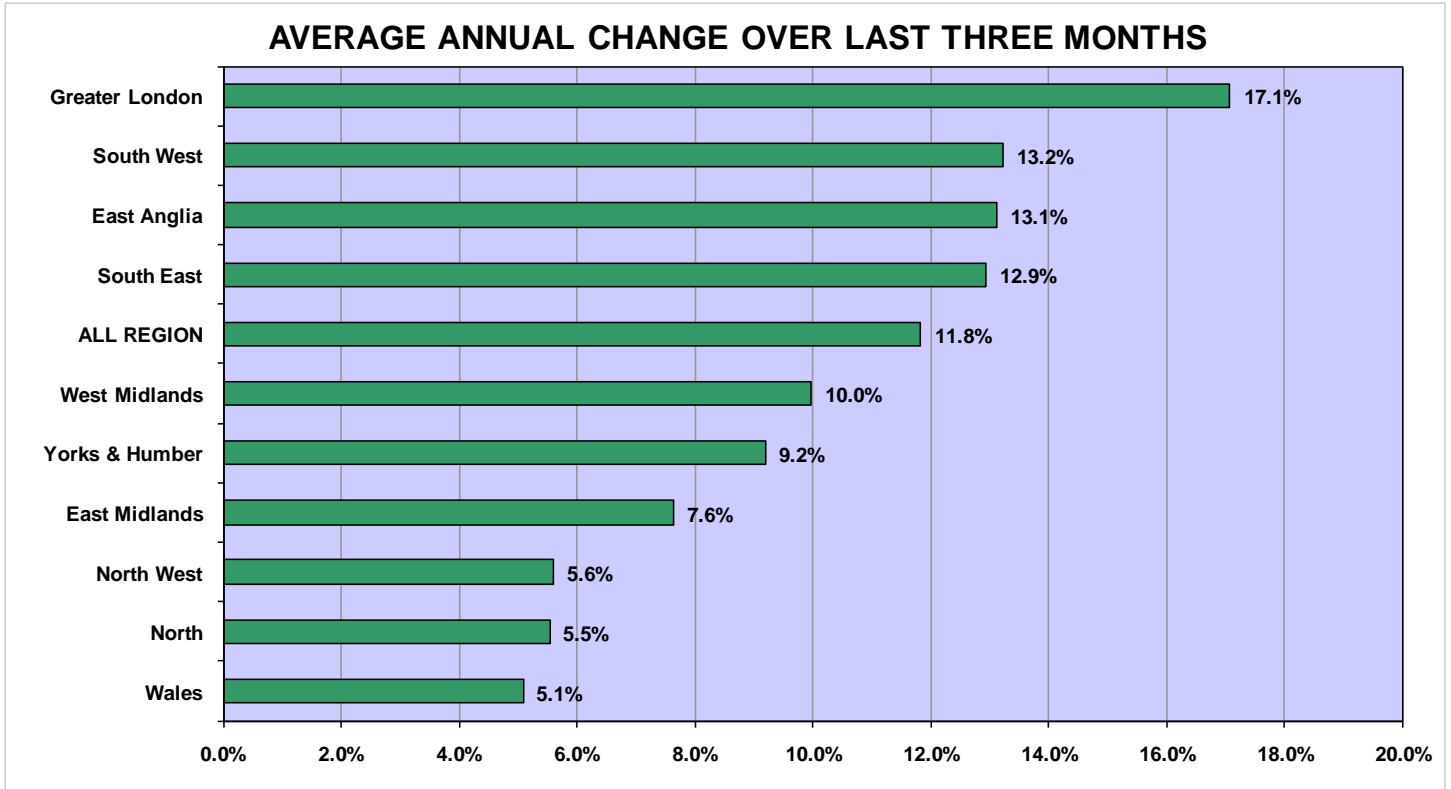


MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

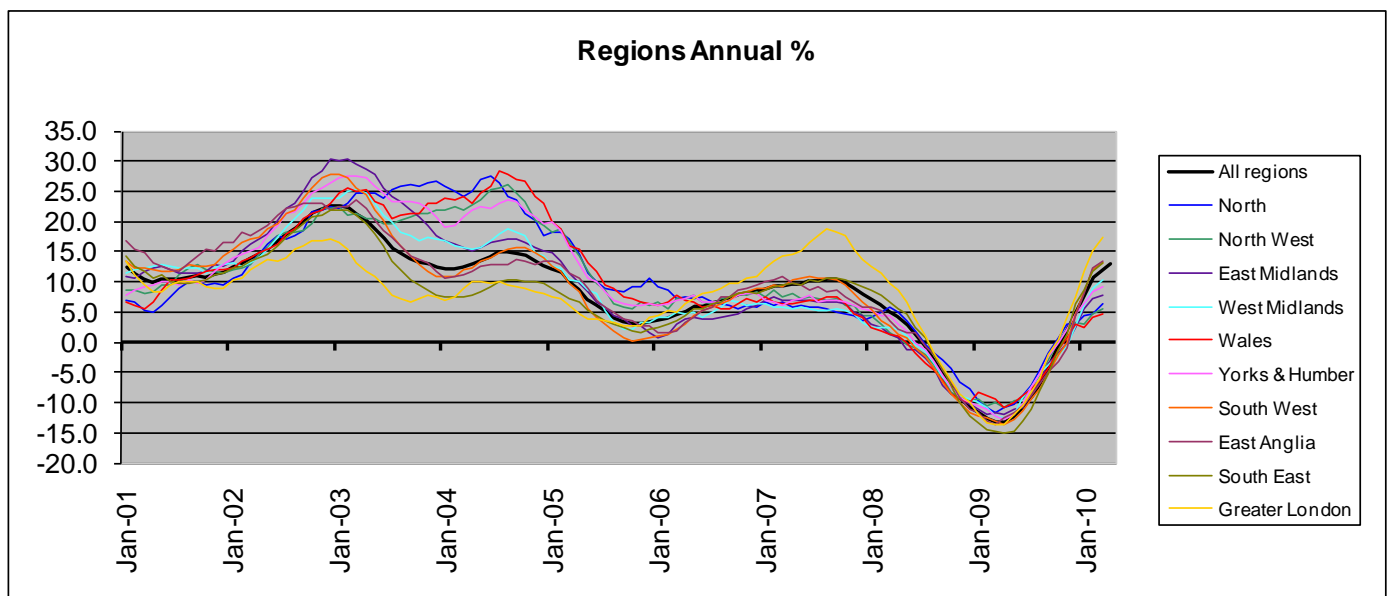


REGIONAL ANALYSIS

Although all regions in England & Wales are currently experiencing annual house price increases based on the last three months, the pattern remains one of a strong contrast between London and the South and other English regions and Wales. Indeed, as the chart shows, we have an annual 17.1% increase in London over 3 months compared to 5.1% in Wales. This re-assertion of the London market in particular reflects its wider international role and the weak pound.



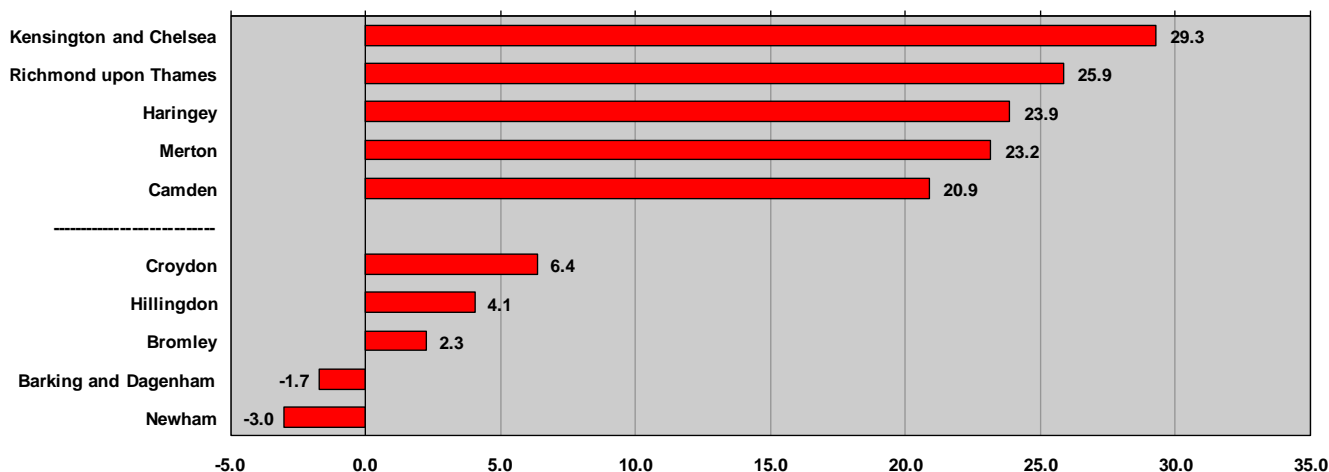
ANNUAL CHANGE BY REGION



Note that individual regions can be compared using our “National and Regional series from 1995 with Interactive Charts”, linked from page 3 NOTE 5 above and from our covering email, and timescales can be varied for clarity. Numerous other comparisons are facilitated in this and other interactive charts available through the same links.

LONDON BOROUGH ANALYSIS

AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - LONDON BOROUGHS



The chart shows the % **annual** price change for London boroughs, averaged over the past three months, ranked by the highest and lowest five. Overall thirty-one of the thirty-three London Boroughs are now recording annual price increases; this is the same number as last month although still with limited numbers of transactions. The borough of Kensington and Chelsea has seen a rapid rise in prices over the last three months, although the average prices being achieved here are still some 5% off their peak which occurred in May 2008.

Last month we reported that the average house price in London had reached a new peak. With a further increase in London prices this month this same statement remains true, although the number of individual boroughs with house prices at an all-time high has declined to six, compared with nine last month, with Islington, Greenwich and Hounslow experiencing minor falls in house prices during the month.

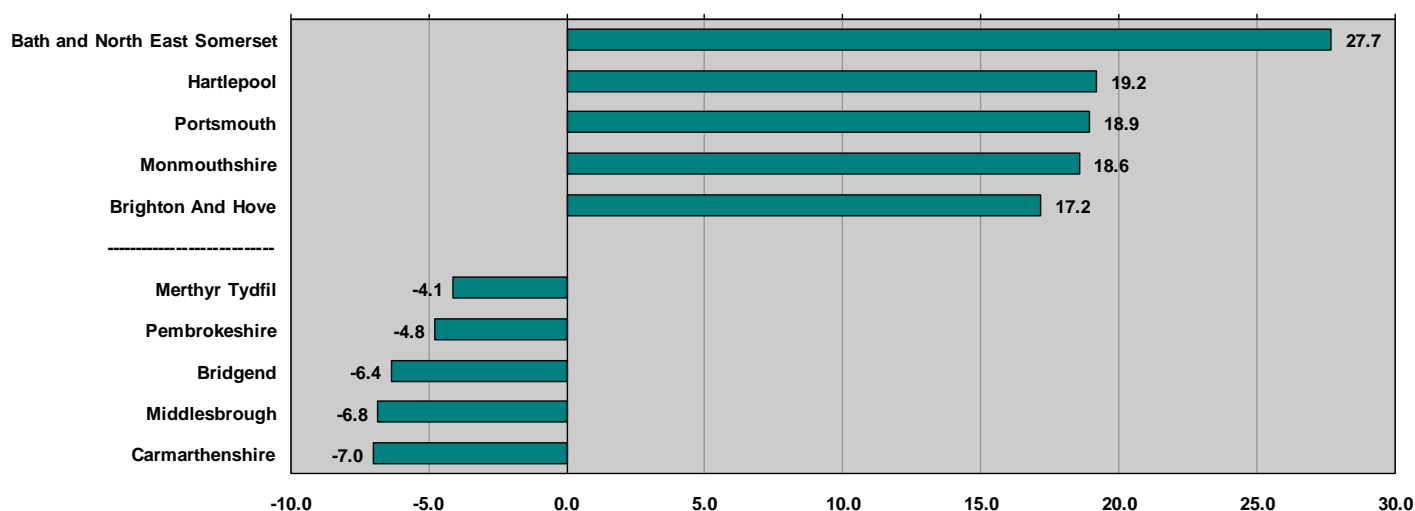
Comparing Q1 2010 with Q1 2009, the price of a house in London has increased by an average 15.5%. Over this period, the price of terraced homes has increased by an average 20.5%, whilst prices of detached homes have increased by only 5.4%. However, these figures are strongly influenced by properties in Camden, the City of Westminster and Kensington and Chelsea, where the average price of a terraced house is now in excess of £1.25 million. Analysis shows that it is the house prices in the higher value areas of London that have seen the highest increase in prices over this last year, with the top eight London boroughs by house price experiencing a 20.9% growth in prices, whilst the twenty-five lower priced boroughs averaged a 12.5% increase in prices.

Over the period Q1 2009 to Q1 2010 there has been an increase of 70% in the numbers of properties sold in London, although the total number of sales in the latest quarter, at an estimated 18,500 properties, is 43% lower than the ten year average for London.

In London there has been a reduction of 29% in the number of properties sold in Q1 2010, compared with Q4 2009. Traditionally there is a decline in property sales in the first quarter of the year, compared with the fourth quarter of the previous year, and in London this decline has averaged 16% over the last ten years. The additional decline in Q1 2010 compared with the ten year average is, in part, due to increased activity in December 2009, when buyers were seeking to take advantage of the Stamp Duty 'holiday' on homes having a value of less than £175,000 and, in part, due to the snow in January and February of this year putting off would be purchasers, as well as uncertainties surrounding the future of the economy. It remains to be seen whether this latter factor will have a similar dampening effect on the number of properties sold in Q2 2010, and of course a new Stamp Duty 'holiday' for properties under £250,000 now exists.

UNITARY DISTRICT AND COUNTIES ANALYSIS

AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - COUNTIES



Ninety-five of the one hundred and eight counties and unitary districts in England & Wales are now recording price rises on an annual basis. The comparable figure last month was eighty-eight counties and unitary districts recording price rises; hence there is evidence to suggest that house prices are continuing to recover, albeit at a slow rate. The chart above shows the % **annual** price change for unitary districts and counties, ranked by the highest and lowest 5 districts. Overall transaction numbers in Q1 2009 and Q1 2010 have been low, so one should not read too much into the price variations observed over the year, except to note that it has been the higher priced properties which have risen in value above the trend.

We analysed the year on year price increase of each of the 108 counties and unitary districts (treating Greater London as a single entity) based on the average house price for the area. The areas in the top quartile by price showed an annual average increase in house prices of 14.5%, the next two quartiles by price showed an increase of 12.9% and 6.3% respectively, whilst the areas in the lowest quartile by price had an average annual increase in house prices of 2.0%. There is therefore a clear indication that it is the areas with higher priced homes that are experiencing the higher price increases, whilst house prices in the areas with lower values are remaining almost static.

We carried out a similar analysis, comparing prices in Q1 2010 with Q4 2009. A similar pattern emerged over this period with house prices in the top quartile of districts by value increasing by 7.6%, the next two quartiles by value had house price increases/decreases of 4.8% and -1.1% respectively whilst the lowest quartile of districts by value had average price decreases of -7.0%. It can be concluded that between the end of 2009 and the start of 2010 the districts with above average house prices have seen prices rise, whilst those areas with lower valued houses have seen prices fall.

Finally, we analysed the increase in the number of property transactions between Q1 2009 and Q1 2010, by district by price. The top quartile of districts by price have seen an average increase in property transactions of 37%; the next two quartiles had increases in transactions of 25% and 20% respectively, whilst the lowest quartile by price had an increase of 15% in transactions. This provides further evidence to show that the areas with higher priced homes have seen more of a recovery in the housing market than the areas with lower priced homes. This may well reflect the emergence of a more discriminating mortgage market where those with a good credit record and substantial savings can access the market while others will experience difficulty.

REGIONAL DATA TABLE

	North			North West			East Midlands			West Midlands		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Apr-09	£141,969	0.2	-10.8	£148,644	-1.0	-10.7	£153,616	-0.7	-11.9	£162,269	-0.4	-12.7
May-09	£141,365	-0.4	-10.4	£148,789	0.1	-9.7	£153,175	-0.3	-11.0	£162,208	0.0	-11.9
Jun-09	£141,835	0.3	-8.9	£148,720	0.0	-9.3	£154,009	0.5	-10.7	£165,722	2.2	-9.0
Jul-09	£141,035	-0.6	-7.1	£150,463	1.2	-7.3	£156,059	1.3	-8.4	£166,338	0.4	-7.4
Aug-09	£142,414	1.0	-4.6	£151,816	0.9	-5.4	£157,109	0.7	-6.3	£168,610	1.4	-5.1
Sep-09	£144,972	1.8	-1.9	£153,603	1.2	-2.8	£158,652	1.0	-3.5	£168,466	-0.1	-3.7
Oct-09	£147,973	2.1	0.8	£154,865	0.8	0.1	£159,404	0.5	-1.7	£168,855	0.2	-2.1
Nov-09	£149,156	0.8	3.1	£156,297	0.9	2.1	£160,179	0.5	-0.1	£168,257	-0.4	-0.7
Dec-09	£147,188	-1.3	3.1	£156,805	0.3	3.4	£161,853	1.0	2.6	£172,093	2.3	2.8
Jan-10	£148,426	0.8	4.5	£157,080	0.2	3.1	£164,460	1.6	5.4	£176,354	2.5	6.1
Feb-10	£148,408	0.0	4.6	£157,701	0.4	4.7	£166,314	1.1	7.1	£179,820	2.0	8.8
Mar-10	£150,766	1.6	6.4	£158,418	0.5	5.5	£166,576	0.2	7.7	£179,659	-0.1	10.3

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Apr-09	£148,153	-1.6	-10.7	£148,052	-0.9	-12.8	£203,240	-0.2	-13.6	£183,666	0.5	-12.4
May-09	£147,273	-0.6	-9.9	£147,969	-0.1	-12.0	£205,229	1.0	-12.9	£184,855	0.6	-11.6
Jun-09	£147,322	0.0	-9.0	£148,473	0.3	-10.4	£206,577	0.7	-11.3	£186,176	0.7	-10.4
Jul-09	£147,388	0.0	-7.9	£150,309	1.2	-7.5	£207,859	0.6	-9.4	£186,530	0.2	-8.9
Aug-09	£149,632	1.5	-6.4	£152,519	1.5	-5.1	£208,448	0.3	-7.7	£189,556	1.6	-6.9
Sep-09	£151,072	1.0	-4.4	£155,065	1.7	-2.4	£210,537	1.0	-5.1	£190,378	0.4	-4.8
Oct-09	£154,138	2.0	-1.1	£157,056	1.3	-0.2	£213,694	1.5	-2.2	£190,135	-0.1	-3.2
Nov-09	£154,621	0.3	0.8	£158,184	0.7	2.2	£213,978	0.1	-0.2	£187,638	-1.3	-1.0
Dec-09	£156,466	1.2	3.0	£160,693	1.6	4.7	£220,765	3.2	4.8	£194,558	3.7	4.4
Jan-10	£156,443	0.0	2.4	£161,996	0.8	6.4	£224,725	1.8	8.4	£200,412	3.0	8.0
Feb-10	£157,716	0.8	4.0	£163,689	1.0	8.5	£230,214	2.4	12.1	£206,953	3.3	12.3
Mar-10	£157,806	0.1	4.8	£163,091	-0.4	9.2	£230,535	0.1	13.2	£207,215	0.1	13.4

	South East			Greater London			ALL REGION			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Apr-09	£234,984	-0.3	-15.0	£323,132	0.0	-13.6		£200,197	-0.3	-13.3
May-09	£234,816	-0.1	-14.7	£327,648	1.4	-12.0		£200,904	0.4	-12.4
Jun-09	£237,360	1.1	-13.0	£330,762	1.0	-10.6		£202,556	0.8	-11.0
Jul-09	£239,003	0.7	-11.0	£334,770	1.2	-8.2		£204,176	0.8	-8.9
Aug-09	£242,473	1.5	-8.1	£338,170	1.0	-6.2		£206,467	1.1	-6.6
Sep-09	£245,745	1.3	-5.3	£346,140	2.4	-2.2		£209,301	1.4	-3.8
Oct-09	£249,903	1.7	-1.3	£348,935	0.8	0.5		£211,701	1.1	-0.9
Nov-09	£249,876	0.0	1.4	£351,350	0.7	4.1		£212,298	0.3	1.6
Dec-09	£255,991	2.4	6.4	£357,808	1.8	7.5		£216,361	1.9	5.2
Jan-10	£259,710	1.5	8.7	£366,979	2.6	11.7		£219,930	1.6	7.8
Feb-10	£265,837	2.4	11.8	£375,664	2.4	15.3		£224,130	1.9	10.7
Mar-10	£266,445	0.2	13.1	£378,955	0.9	17.3		£224,914	0.4	12.0
Apr-10								£225,963	0.5	12.9

FOOTNOTES ON DATA AND METHODOLOGY

1. AcadHPI is derived from Land Registry (LR) house price data, seasonally and mix adjusted by property type. The prices are smoothed to show underlying trends. AcadHPI includes cash purchase prices and is the only index based upon the **complete, factual**, house price data for England and Wales, as opposed to a sample.
2. most indices employ data available to the provider as result of its business; index methodologies are designed to exploit the advantages and overcome the disadvantages of each particular dataset; a valuation series (whether the values are professionally estimated at e.g. time of mortgage offer or by an estate agent) is not the same as a price series; price series (AcadHPI, CLG and LR) can be prepared only when the prices at which properties have been transacted have been recorded at LR (AcadHPI and LR) or when firm prices at mortgage completion (CLG) have been made available by lenders; valuation series can be prepared whenever the data e.g. asking or mortgage offer prices are available to the provider; publicity accrues to those indices which are released first; indices published at or before month end are likely to employ data for the current and prior months. LR overcomes the delay in availability of full LR transaction data by using only the prices of properties for which two prices are recorded at LR and the published American Case Shiller methodology, developed to prepare indices for metropolitan districts, since the USA lacks a central Land Registry. AcadHPI overcomes the above delay with an “index of indices” forecasting model, purpose developed by Dr Stephen Satchell The Reader in Financial Econometrics at the University of Cambridge and Dr George Christodoulakis, then at the Sir John Cass Business School; of the price series, AcadHPI, LR and CLG are published in that order.
3. AcadHPI provides prices at national and regional level to 1995 and, at county/London borough level, to 2000; back-cast national prices for graphing are available to 1987.
4. at **national** level, only some 60,000 monthly transactions now occur compared with at least 100,000 in past markets. For any given month, c.33% (20,000) of these will be reported to LR by month end. When monthly sales were c.100,000, we found that using the initial 15,000 transactions then reported to LR, introduced volatility into our first AcadHPI result. Rather than rely upon a small sample, likely to be unrepresentative, AcadHPI therefore employs the above “index of indices”, and a series of auto regression and averaging models. After the elapse of one month, LR provides c.85% of the transactions for the prior month, used to replace the initial AcadHPI “forecast” with a first AcadHPI “update” result. A further month later, LR provides c.90% of transactions, used to replace the first, with a second, AcadHPI “update” result. Three months after any given month, LR provides c.95 % of the month’s transactions, sufficient to enable us to describe our next update as an AcadHPI “final” index, closely approximating the AcadHPI “ultimate” results; AcadHPI “ultimate” includes the price of virtually every single LR transaction for the month, smoothed, seasonally and mix adjusted; the first AcadHPI “update” now uses c.37,000 real transactions for the month (as well as, by smoothing, c.40,000 transactions for the prior month); only CLG with, this year, 28,000 mortgage completions (and the Rightmove asking price index) have specified comparable data volumes; lender index data volumes are not quantified; the Halifax HPI employs three month smoothing for annual change results but not for other results; Hometrack provides survey data and specifies that theirs is a survey, not an index; current results are showing a divide between indices with more, and indices with less, data volumes.
5. in each of the 10 **regions**, an average of only some 4,000 transactions now occur monthly; hence, we wait one month, pending receipt from LR of the c.85% sample and provide monthly results one month in arrears of the most recent month. In our Regional data table, **red** data represent AcadHPI “forecast” results, **blue** data represent AcadHPI “update” results and **black** data represent the AcadHPI “final” index.
6. at **county and London borough** levels, c.60,000 national monthly transactions, spread over 10 regions and 108 counties and 33 London boroughs, provide an average of only c.425 house prices monthly within each sub-district. Even delayed one and smoothed over three months, AcadHPI is indicative until we are able to publish the AcadHPI “final” index using the LR 95% sample. AcadHPI data are calculated on a consistent basis from county and London borough through to region and ultimately to national level; at every level, the current month price represents the average of the prices for the current month and for the prior and subsequent months (“three month, centre month smoothed”). LR employs a “four month, end month smoothed”, process for county/London borough data, but not for national and regional results.
7. **data limitations** are not confined to volumes. AcadHPI and the LR index are unable to distinguish between 3, 4 or 5 bedroom houses or between those with 2, 1 or even no bathroom; the lender hedonic indices and the CLG mix adjusted index do so. LR data exclude commercial and, thus, auction sales and do not reflect repossession prices on the grounds that such prices do not reflect those between a willing buyer and a willing seller; some feel that auction prices represent true market prices; others believe that the repossession price of a recent new build flat in Manchester is not (at least not yet) reflected in the price of a flat in an upmarket area.
8. AcadHPI is prepared from Land Registry data using a methodology designed to provide a “true measure of house price inflation”; Acadametrics does not guarantee the accuracy of the AcadHPI results and Acadametrics shall not be liable for any loss or damage, whatsoever, consequential upon any error, incorrect description of or inadequacy in the data; persons using the data do so entirely at their own risk; AcadHPI is freely provided for publication with due attribution to Acadametrics. Permission is required for any commercial use of the data.
9. The monthly, smoothed, average Land Registry prices at regional, county and London borough level by property type, which underlie AcadHPI, together with historic data are available from Acadametrics as in page 3 NOTE 7 above.
10. AcadHPI was published under the name FTHPI from September 2003 until December 2009.