

ACADHPI NEWS RELEASE

9:30 FRIDAY 9TH APRIL 2010

England and Wales house price trends from Acadametrics

- **House prices in March rose by 1.1%** [Page 4](#)

We estimate that the average price of all residential property transactions completed in England & Wales in March 2010 was 1.1% higher than in February. This is the eleventh month in succession in which AcadHPI has increased on a monthly basis.

- **Annual price increase is 13.4%** [Page 4](#)

On an annual basis, in March, the average price of all residential property transactions in England & Wales was 13.4% higher than a year ago - a significant recovery albeit in a market still characterised by great uncertainty. It is the fifth consecutive month in which the annual rate of change in house prices has been positive.

- **Housing transactions stage a partial recovery in February** [Page 3](#)

There were approximately 10,000 more houses sold in February than in January. However, the estimated level of 45,000 transactions in February is below the average of 51,570 homes sold per month during 2009, with the market remaining subdued.

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

The average price of a house in London reached £376,605. This price is £748 above the previous high recorded in February 2008 and prior to the recent housing market slump. Given the overall context this is a significant outcome, and it points to the unique pressures and dynamics of the London market. We observe that the 'effect' of London on our price measures is strengthening, as it has in the past when it also led the recovery.

Dr Peter Williams, Chairman of Acadametrics, said

“The average price of a home rose again in March 2010 and, at £227,788, is back where it was in August 2007, some two and a half years ago. The increase of 1.1% is the eleventh month in succession in which prices have increased. However transaction numbers remain relatively low such that small pockets of demand can exert a higher influence on price than one would see in a more active market. This might also explain some of the differences between this index and mortgage based indices. We have noted that in all the high value areas prices have increased but transaction levels have remained fairly constant. This would either suggest that prices in these areas have actually increased, or that the higher value properties in these areas have been changing hands more frequently than is the norm - it may well be a combination of the two factors.”

	House Price	Index	Monthly Change %	Annual Change %
March 2009	£200,878	204.5	-0.8	-13.1
September	£209,264	213.1	1.4	-3.8
October	£211,677	215.5	1.2	-0.9
November	£212,233	216.1	0.3	1.6
December	£216,290	220.2	1.9	5.2
January 2010	£220,168	224.2	1.8	8.0
February	£225,226	229.3	2.3	11.2
March	£227,788	231.9	1.1	13.4

PRESS CONTACTS:

Peter Williams
David Thorpe
John Tindale

020 8390 5872 or 07718 120858
020 8392 9082 or 07764 236781

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 £227,788. At this level, it is still down £4,040 or 2% from its peak in February 2008 of £231,828, but prices have recovered significantly and the index is showing a 13.4% increase over the last twelve months, albeit based on reduced volumes and with some parts of the market such as first time buyers much diminished because of the shortages of mortgages. The evidence is beginning to suggest that the rate of change in the annual price index is falling, raising the possibility that prices may begin to stabilise at their current levels. At the same time it is clear that London prices are gathering momentum, and if we exclude London from the aggregate England and Wales figure of £227,788 it drops back to £204,521 with London increasing on an annual basis faster than the rest of England and Wales.

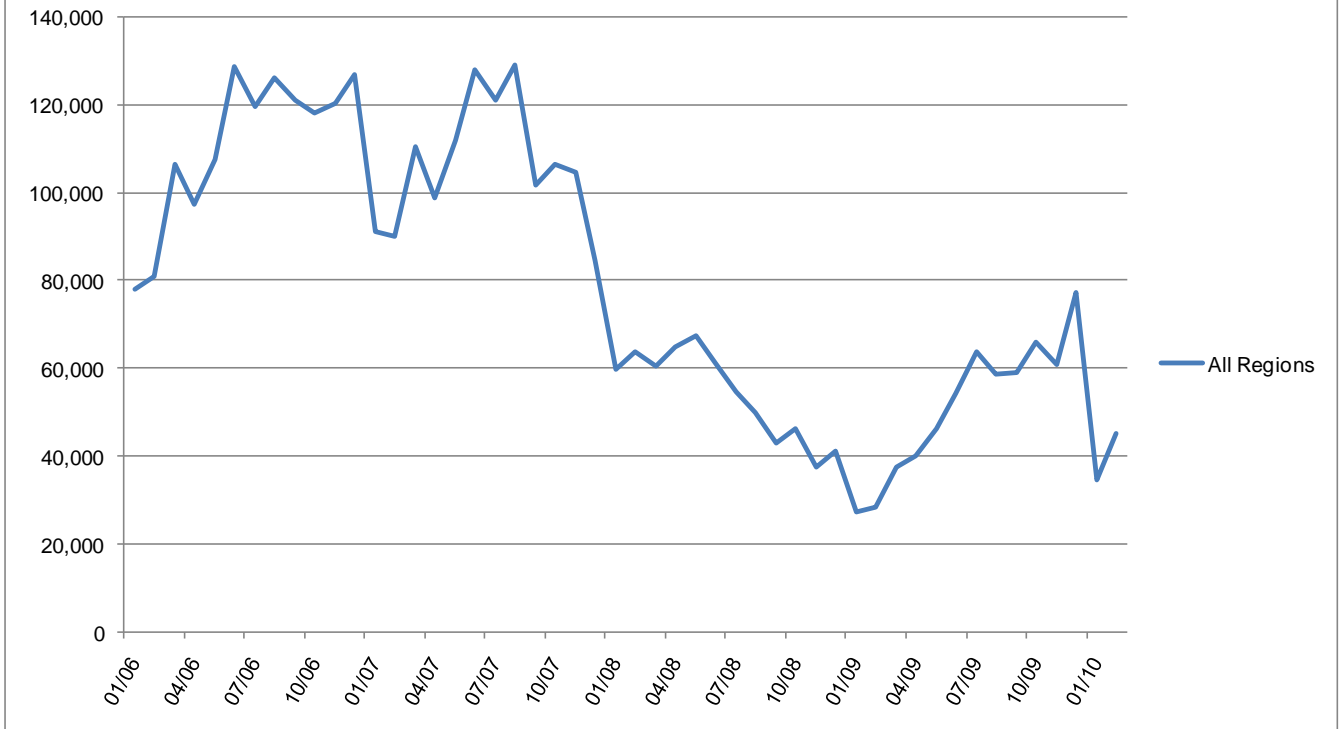
“The start of 2010 was difficult for a number of reasons including the stamp duty holiday - now extended - and the lack of mortgages; AcadHPI remains a very stable index compared to other indices and it offers a comprehensive view of actual sale prices achieved in England and Wales. Given the unusual factors influencing the start of 2010, and now including the General Election, uncertainty continues, which can only be settled in subsequent months. We would contrast our revised February 2010 increase of 2.3% (previously 1.9%) and continuing house price growth month on month with the mortgage based indices which fluctuate sharply. The Comparison of Indices charts shown later in this News Release provide all the details.

“The latest Nationwide Consumer Confidence index shows that, broadly, confidence has continued to rise over the last twelve months, and by February 2010 it stood at 80 up from 41 in February 2009. The more recent Bank of England Credit Conditions survey for Q1 2010 suggests a static credit supply both looking back and forward three months, even though the expectations were that the demand for credit would increase after the contraction that followed the ending of the stamp duty holiday and the bad weather. We also know that there is considerable suppressed demand, not only from first time buyers but also movers - with the latter triggering an increase in the supply of homes for sale. It is quite clear that we are facing a complex interplay of factors over the next few months - uncertainty triggered by the election and the inevitable delays this might mean in policy direction, the likelihood of higher taxes and lower state spending and question marks as to interest rates and the shape of the economic recovery. These in combination with a continued lack of competition in the mortgage market and the overhanging effects of how government will wind down its support to lenders means uncertainty is the watchword. Given this situation it would be no surprise that the AcadHPI index may be indicating a market which is stabilising after a period of rapid recovery once the market had clearly bottomed. Moreover it does suggest that the likelihood of further dramatic falls in prices is much reduced though more modest fluctuations might be expected.”

HOUSING TRANSACTIONS

“Overall, the number of housing transactions in England and Wales in February has increased by 19% from January 2010 levels. An increase of transactions in February is not unusual - it has happened in ten out of the previous sixteen years - but the average increase in these ten years has been a more modest 4.2%. However the number of transactions recorded in January 2010 was exceptionally low, due in part to the snow and in part to the ending in December 2009 of the stamp duty holiday on properties below £175,000. February transactions have therefore probably returned to trend, although, at 45,000 sales in the month, this trend is below the average level of 51,570 sales per month seen in 2009.

Number of Housing Transactions per month England & Wales 2006 - 2010

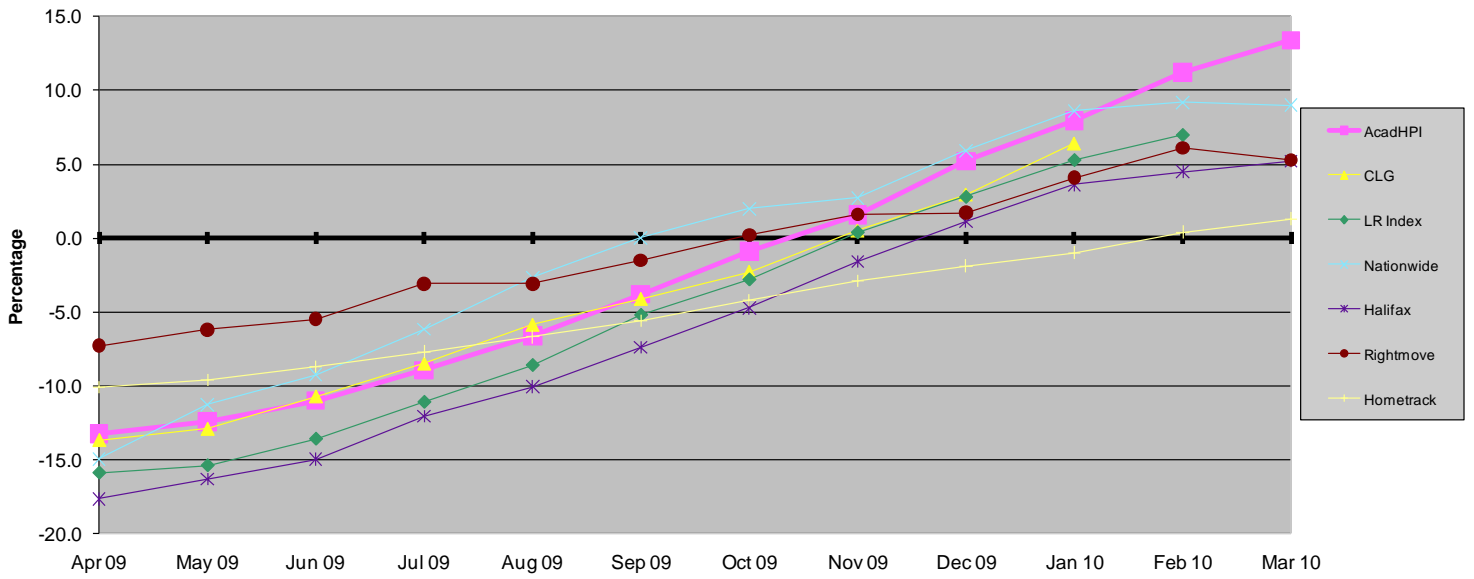


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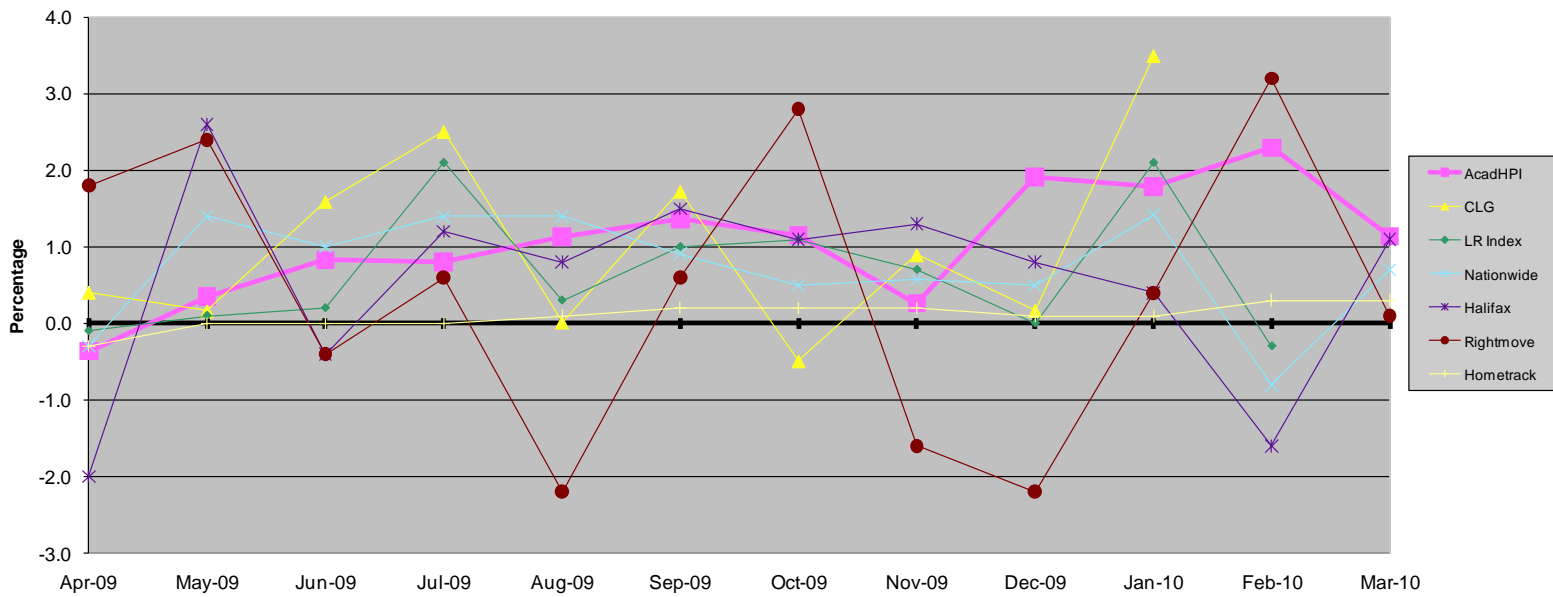
1. AcadHPI is the only house price index to use:
 - the **actual** prices at which every property in England and Wales was transacted, including prices for properties bought with cash, using the factual Land Registry data as opposed to valuation estimates or asking prices
 - the price of **every** single 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.acadmetrics.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

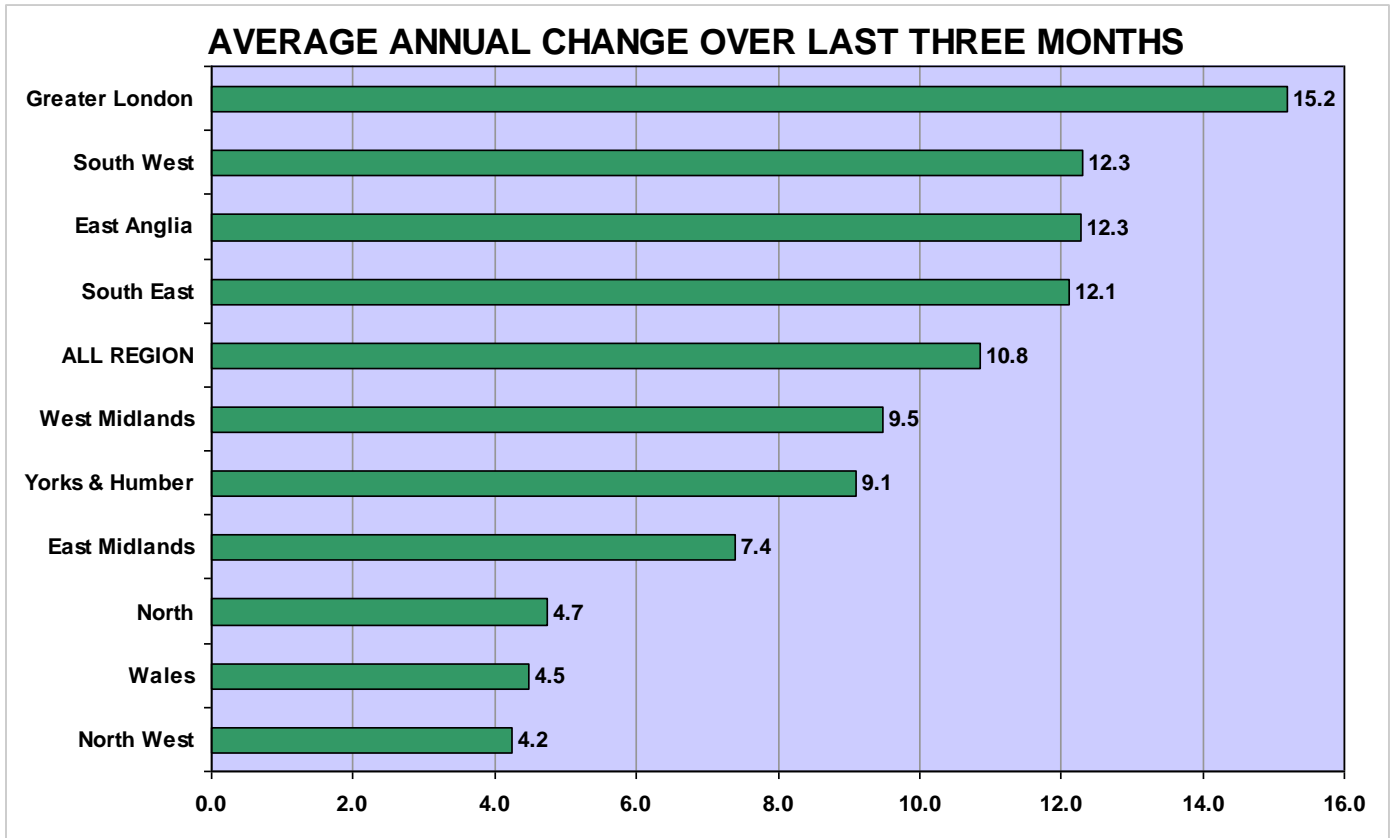


MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

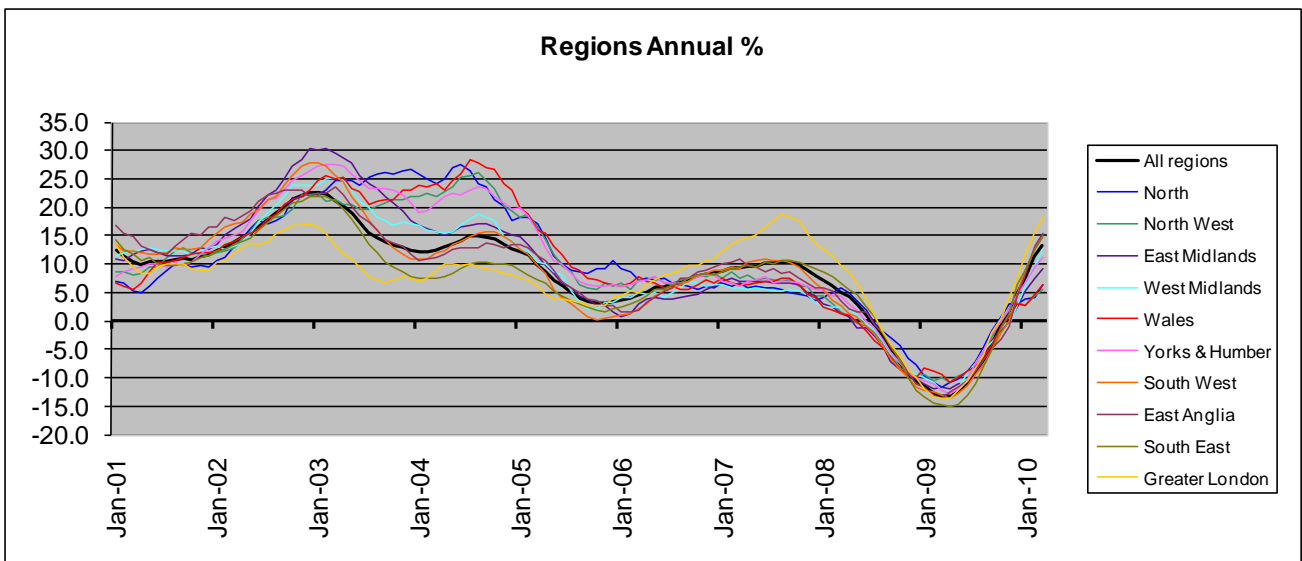


REGIONAL ANALYSIS

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 North/South contrast, with the largest increases in property prices in the south and prices steadily falling as you move further north. We have witnessed such patterns in past recoveries.



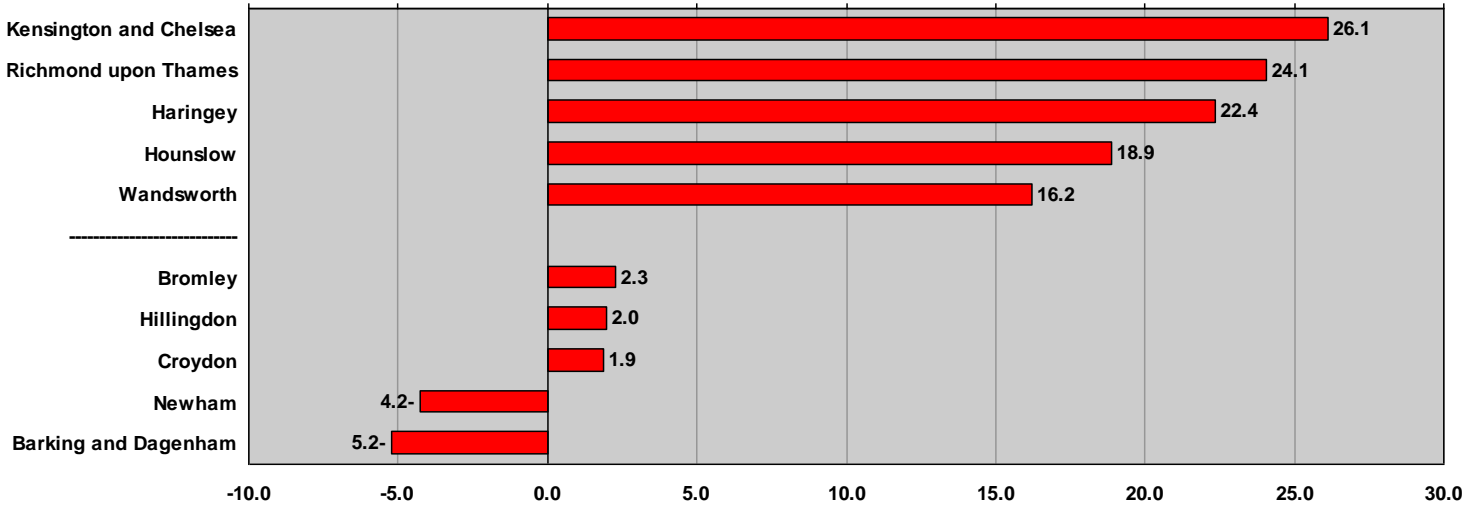
ANNUAL CHANGE BY REGION



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 compares with a figure of twenty-eight London boroughs showing annual price increases last month, and indicates the continuing momentum of price rises in the London market.

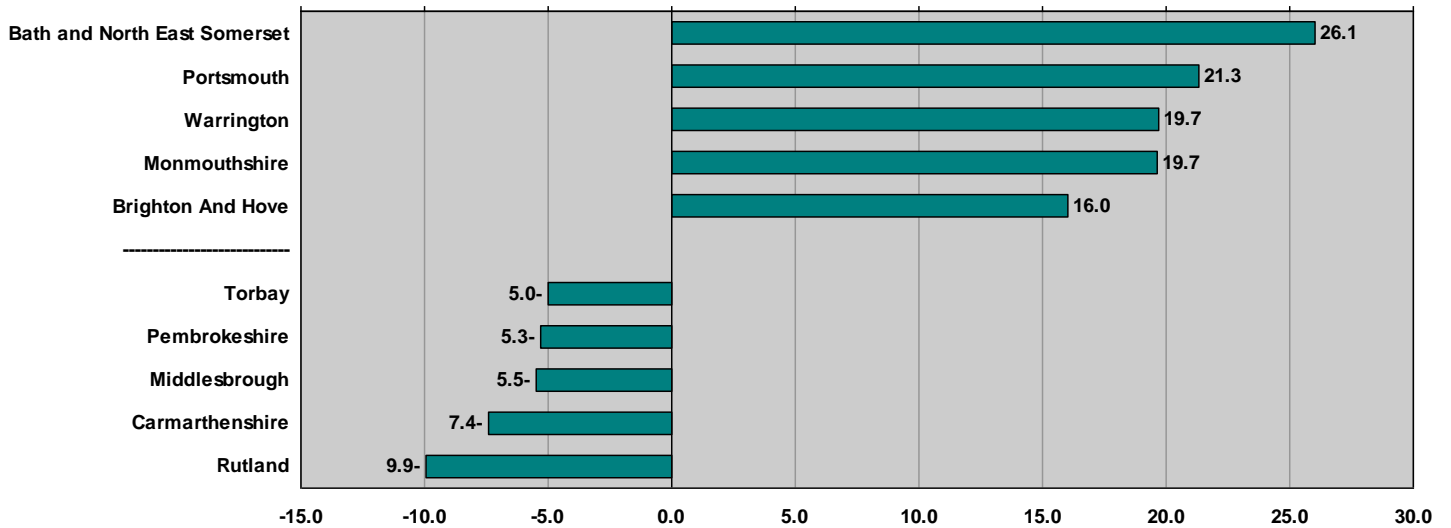
In his Budget speech given at the end of March, the Chancellor announced that Stamp Duty is to increase by 1% on all properties worth £1 million or more, with effect from April 6th 2011. Subject to this being implemented, we anticipate that in the preceeding months there will be a flurry of activity at the top-end of the housing market, with purchasers seeking to complete their housing transactions prior to the new rate of stamp duty being introduced. There is some evidence to suggest that top-end purchasers, perhaps fearful that Stamp Duty would increase with immediate effect on the day of the Budget, also caused a small ripple of activity in March 2010. In the five London boroughs where average prices are in excess of £500,000, prices have risen by 10.7% over the last three months, compared with an average 2.7% for London as a whole. Land Registry advise that two detached properties worth £13 million and £16 million were recorded as sold during March 2010.

Last month we reported that record average house prices were being seen in two London Boroughs, Richmond-upon-Thames and Haringey. This month these two London Boroughs have been joined by seven others, Camden, Greenwich, Hammersmith and Fulham, Hounslow, Islington, Lambeth and Southwark, which are all currently experiencing record average house prices. Indeed the average house price in London as a whole at £376,605 is now £748 ahead of the previous peak which occurred in February 2008. This gives a clear sense of the demand pressures in London, supported not least at present by very low interest rates. These, in combination with clear evidence that the market had bottomed, have been important drivers in moving the market forward.

Transaction numbers in London for the three months Dec 2009 – Feb 2010 are up 86% on the same period for the previous year, although the previous year included Jan & Feb 2009, when transactions were at a record low. The increase of 86% in the number of properties sold in London compares with an increase of 51% for the remainder of England & Wales over the same period.

UNITARY DISTRICT AND COUNTIES ANALYSIS

AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - COUNTIES



Eighty-eight of the one hundred and eight counties and unitary districts in England & Wales are now recording price rises on an annual basis. The comparable figures for the previous two months were eighty-three and sixty counties and unitary districts respectively recording price rises, which gives an indication of the slow down in the rate of the recovery being seen across the England and Wales housing market. 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 January and February 2009 and 2010 have been low, so one should not read too much into the price variations observed over the year, based on these two months, except to note that it has been the higher priced properties which have risen in value above the trend.

In terms of transaction numbers, comparing the three months Dec 2009 – Feb 2010 with the previous year, excluding London, there has been a year on year increase of 51% in the number of properties sold. Over this period the three northernmost regions of England have experienced an average 37% increase in property sales, Wales and the Midlands have seen an average increase of 45% in property sales, whilst the increase in property sales in East Anglia and the southernmost regions of England has been 59%. Again this provides further evidence that the property markets in England and Wales diverge on a North/South basis.

The split by property types for the increase in the number of houses sold over the year is: detached 64%, semi-detached 60%, terraced 52% and flats 42%. There is some evidence to suggest that in recent months the predominance in the sale of detached houses is beginning to weaken and that flats sales are slowly recovering. This is a trend that we will continue to monitor with interest.

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
Mar-09	£141,749	-0.1	-11.8	£150,191	-0.3	-10.1	£154,700	-0.3	-11.7	£162,941	-1.4	-12.4
Apr-09	£141,967	0.2	-10.8	£148,697	-1.0	-10.7	£153,621	-0.7	-11.8	£162,263	-0.4	-12.7
May-09	£141,366	-0.4	-10.4	£148,833	0.1	-9.6	£153,175	-0.3	-11.0	£162,227	0.0	-11.9
Jun-09	£141,845	0.3	-8.9	£148,764	0.0	-9.3	£153,997	0.5	-10.7	£165,753	2.2	-9.0
Jul-09	£141,022	-0.6	-7.1	£150,454	1.1	-7.3	£156,052	1.3	-8.4	£166,358	0.4	-7.4
Aug-09	£142,375	1.0	-4.6	£151,808	0.9	-5.4	£157,104	0.7	-6.3	£168,600	1.3	-5.1
Sep-09	£144,928	1.8	-1.9	£153,630	1.2	-2.8	£158,628	1.0	-3.5	£168,465	-0.1	-3.7
Oct-09	£147,970	2.1	0.8	£154,752	0.7	0.1	£159,289	0.4	-1.8	£168,860	0.2	-2.1
Nov-09	£149,030	0.7	3.0	£156,134	0.9	2.0	£160,086	0.5	-0.2	£168,197	-0.4	-0.7
Dec-09	£147,131	-1.3	3.1	£156,474	0.2	3.2	£161,771	1.1	2.5	£171,976	2.2	2.8
Jan-10	£147,614	0.3	3.9	£156,713	0.2	2.8	£164,397	1.6	5.4	£176,542	2.7	6.2
Feb-10	£147,713	0.1	4.1	£157,241	0.3	4.4	£167,094	1.6	7.6	£181,372	2.7	9.8

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Mar-09	£150,595	-0.7	-9.5	£149,410	-1.0	-12.1	£203,640	-0.8	-13.0	£182,444	-0.9	-13.8
Apr-09	£148,148	-1.6	-10.7	£148,077	-0.9	-12.8	£203,248	-0.2	-13.6	£183,390	0.5	-12.6
May-09	£147,274	-0.6	-9.9	£148,003	0.0	-12.0	£205,232	1.0	-12.9	£184,874	0.8	-11.6
Jun-09	£147,289	0.0	-9.0	£148,488	0.3	-10.4	£206,583	0.7	-11.3	£186,185	0.7	-10.4
Jul-09	£147,359	0.0	-7.9	£150,289	1.2	-7.5	£207,849	0.6	-9.4	£186,407	0.1	-9.0
Aug-09	£149,645	1.6	-6.4	£152,479	1.5	-5.2	£208,419	0.3	-7.7	£189,430	1.6	-7.0
Sep-09	£151,132	1.0	-4.3	£155,011	1.7	-2.4	£210,485	1.0	-5.2	£190,217	0.4	-4.9
Oct-09	£154,244	2.1	-1.1	£157,002	1.3	-0.2	£213,679	1.5	-2.2	£190,079	-0.1	-3.3
Nov-09	£154,679	0.3	0.9	£158,085	0.7	2.1	£214,017	0.2	-0.1	£187,510	-1.4	-1.0
Dec-09	£156,459	1.2	3.0	£160,660	1.6	4.7	£220,736	3.1	4.8	£194,546	3.8	4.4
Jan-10	£156,731	0.2	2.6	£162,380	1.1	6.7	£225,419	2.1	8.8	£200,812	3.2	8.2
Feb-10	£158,646	1.2	4.6	£165,182	1.7	9.4	£232,037	2.9	13.0	£208,455	3.8	13.3

	South East			Greater London			ALL REGION			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Mar-09	£235,560	-0.9	-14.9	£323,087	-0.9	-13.7		£200,878	-0.8	-13.1
Apr-09	£234,932	-0.3	-15.0	£322,923	-0.1	-13.6		£200,154	-0.4	-13.3
May-09	£234,766	-0.1	-14.7	£327,354	1.4	-12.1		£200,865	0.4	-12.5
Jun-09	£237,311	1.1	-13.0	£330,558	1.0	-10.6		£202,526	0.8	-11.0
Jul-09	£239,033	0.7	-11.0	£334,566	1.2	-8.3		£204,146	0.8	-9.0
Aug-09	£242,505	1.5	-8.1	£338,176	1.1	-6.2		£206,459	1.1	-6.6
Sep-09	£245,684	1.3	-5.3	£346,092	2.3	-2.2		£209,264	1.4	-3.8
Oct-09	£249,858	1.7	-1.3	£349,031	0.8	0.5		£211,677	1.2	-0.9
Nov-09	£249,836	0.0	1.3	£351,287	0.6	4.1		£212,233	0.3	1.6
Dec-09	£256,092	2.5	6.4	£357,589	1.8	7.4		£216,290	1.9	5.2
Jan-10	£260,234	1.6	8.9	£367,348	2.7	11.8		£220,168	1.8	8.0
Feb-10	£267,614	2.8	12.6	£376,605	2.5	15.6		£225,226	2.3	11.2
Mar-10								£227,788	1.1	13.4

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.