



FT House Price Index MA – August 2005

The new FT House Price Index MA is now calculated on a mix adjusted as well as a seasonally adjusted basis. It shows that house prices in August fell, albeit only slightly, for a sixth successive month and now stand at their lowest this year. Although the annual change of 3.0% in August represents the smallest annual rise recorded since June 1996, this rate is likely to fall further still.

The FT House Price Index MA is calculated by Acadametrics and is designed to provide the most accurate guide to the real trends in residential property prices using Land Registry data (the only complete data for domestic property prices in England and Wales).

We estimate the FT House Price Index MA, on a seasonally and mix adjusted basis, as follows:

| | House Price | Index | Monthly Change % | Annual Change % |
|----------------------|-------------|-------|------------------|-----------------|
| August 2005 | £190,833 | 190.9 | -0.1 | 3.0 |
| July 2005 | £190,997 | 191.0 | -0.4 | 4.3 |
| June 2005 | £191,752 | 191.8 | -0.2 | 5.8 |
| May 2005 | £192,066 | 192.1 | -0.7 | 7.1 |
| April 2005 | £193,340 | 193.4 | -0.1 | 9.0 |
| March 2005 | £193,440 | 193.5 | -0.1 | 10.3 |
| February 2005 | £193,588 | 193.6 | 0.8 | 12.0 |

To balance timeliness with accuracy FT House Price Index MA is updated monthly as more detail of properties sold becomes available at the Land Registry. Thus, FT House Price Index MA for August 2005 now shows a steady decline in the annual rate of house price inflation since its August 2004 peak. Furthermore, the latest conveyances to reach Land Registry show that the average house price is unchanged from the December 2004 figure of £190,809. Whilst 2005 has seen consistent monthly house price falls, monthly growth averaged 0.75% in Q4 2004 and as much as 1% in Q3 2004.

Gary Styles, Chief Economist and Director of Acadametrics said “Over the last six months house prices have continued to show modest falls at a national level. There is some tentative evidence that the rate of decline has begun to ease but it is far too early to talk of recovery or even of stability in prices.

At a regional level, house prices have fallen in most regions in recent months with only Wales, West Midlands and North West showing any net overall gain. In Greater London and the South East average house prices fell by some 0.6% and 0.15% a month respectively over the same period”.

Also see www.ft.com/houseprices

www.acadametrics.co.uk