



FT House Price Index

December 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 price inflation in December has slowed to 2.7%, its lowest level since June 1996.

The FT House Price Index MA is calculated by Acadameetrics 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 source 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 %
June 2005	£192,995	193.5	0.3	6.3
July 2005	£193,058	193.6	0.0	5.2
August 2005	£193,451	194.0	0.2	4.2
September 2005	£193,868	194.4	0.2	3.5
October 2005	£194,489	195.0	0.3	3.0
November 2005	£195,140	195.7	0.3	3.0
December 2005	£196,042	196.6	0.5	2.7

Gary Styles, Chief Economist and Chairman of Acadameetrics said, “UK house prices continue to move on a predictable and smooth path. Whilst our index hardly changed for a number of months, consistent with reports from estate agents of sticky house prices in most regions, the last two months do show some movement. But it is still too early to say whether higher levels of mortgage activity and housing transactions have started to be translated into higher house prices.

“The differences in regional performance have narrowed, with the North, the strongest growing region, experiencing annual house price inflation of 8%. The weakest region is the South West, which experienced a rise in house prices of a mere 0.3% in the last 12 months.

“We expect house prices to show only a low level of overall growth in the next 12 months as the market adjusts to high levels of personal debt and stretched levels of affordability. Several segments of the housing market require a prolonged period of price stability to bring real house prices back to more sustainable levels.”

Also see www.ft.com/houseprices

www.acadameetrics.co.uk