

England and Wales house price trends from Acadameetrics

- **House prices in April fell by 1.1%**

The average price of all property transactions completed in England & Wales in April 2009 was 1.1% lower than in March. This is the fourteenth consecutive monthly price fall.

- **Prices are now 14.2% lower than a year ago**

On an annual basis, the average price of all completed transactions in England and Wales is now 14.2% lower than a year ago. All ten regions in England and Wales are showing prices falling on an **annual** and **monthly** basis.

- **London has fallen into line**

London's prices have been falling rapidly in recent months and the annual fall in April is only exceeded by the South East and East Anglia.

Dr Peter Williams Chairman of Acadameetrics said

“The average house price has fallen below the £200,000 mark and at £197,992, is now back to the January 2006 level, 3 years ago.

“At -1.1% the rate of decline is half that of the peak monthly fall in October 2008 of -2.2% but it continues to fluctuate. However on a three month rolling basis the rate of decline is currently stable at -0.9%.”

	House Price	Index	Monthly Change %	Annual Change %
April 2008	£230,769	234.9	-0.2	4.2
October	£213,596	217.5	-1.8	-7.3
November	£208,953	212.7	-2.2	-9.2
December	£205,558	209.3	-1.6	-10.8
January 2009	£203,649	207.3	-0.9	-11.8
February	£202,115	205.8	-0.8	-12.8
March	£200,162	203.8	-1.0	-13.4
April	£197,992	201.6	-1.1	-14.2

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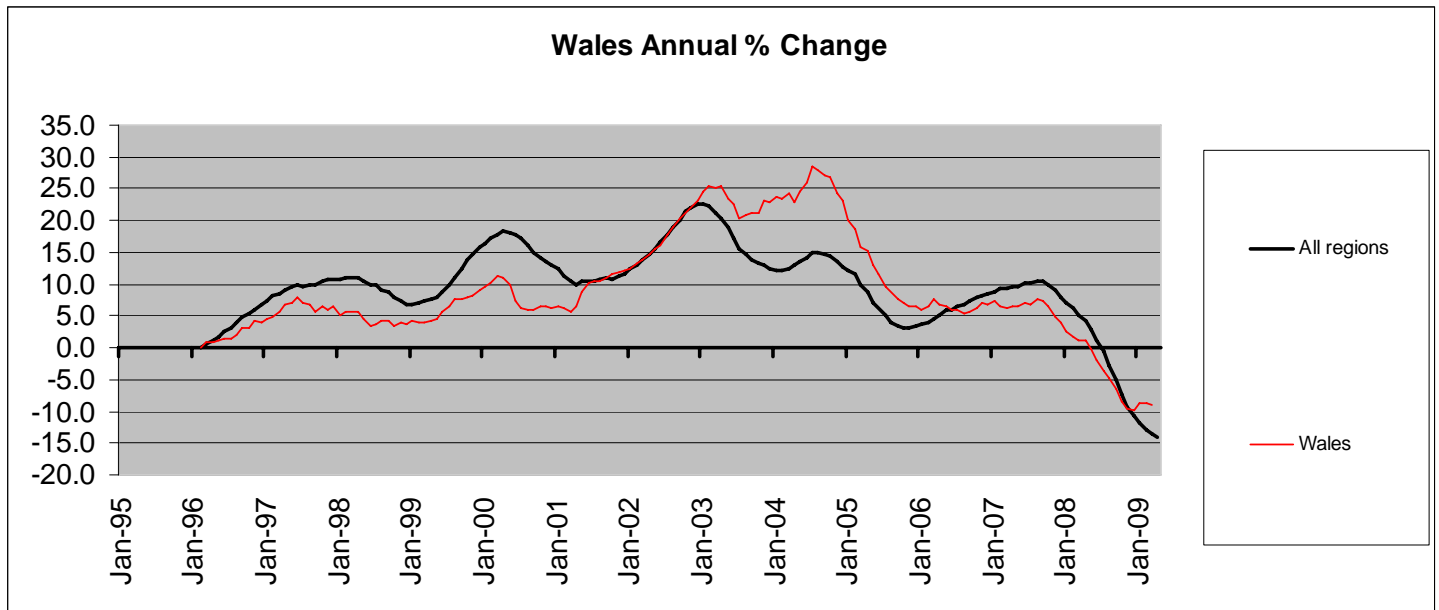
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FURTHER COMMENTARY BY DR. PETER WILLIAMS

Dr Peter Williams, Chairman of Acadametrics, comments,

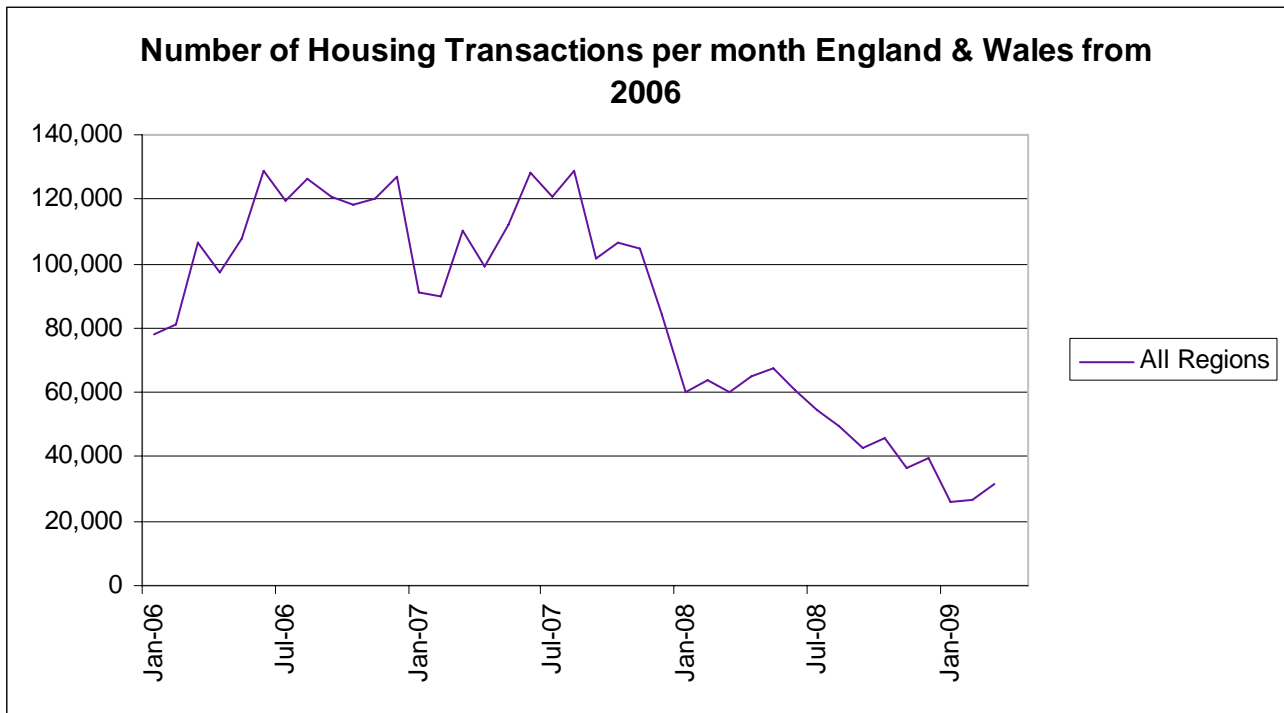
“The average price of a home in England & Wales at £197,992 is down nearly £34,000 (£33,830) since its peak in February 2008 at £231,822.

“Prices in all regions in England and Wales continue to decline on both a monthly and an annual basis. East Anglia leads the way in terms of monthly falls at -1.4% while the South East has the highest annual fall at -15.4%. At present Wales is outperforming the English regions with a monthly fall of only -0.5% and an annual decline of -9.1%, the only area with a fall of less than 10%.



“At a county and district basis there are significant variations in trends and this is amplified when considered on the basis of property type. These issues are explored in some detail later.

“The evidence from across the market remains mixed and there are few who are confidently predicting the bottom of the market. At present the lack of mortgage supply is casting a shadow over the prospects for recovery. The Chancellor announced a new asset backed guarantee scheme in the recent Budget which it is hoped will help restart the securitisation market, and this may assist although it is unlikely to impact in 2009. Consumer confidence has recovered slightly and HM Revenue & Customs has reported an increase of 40% in home sales in March, albeit from a very low base in February. These positive aspects have led some to suggest we are now close to bumping along the bottom of the house price trough. Frankly nobody knows and only time will tell.”

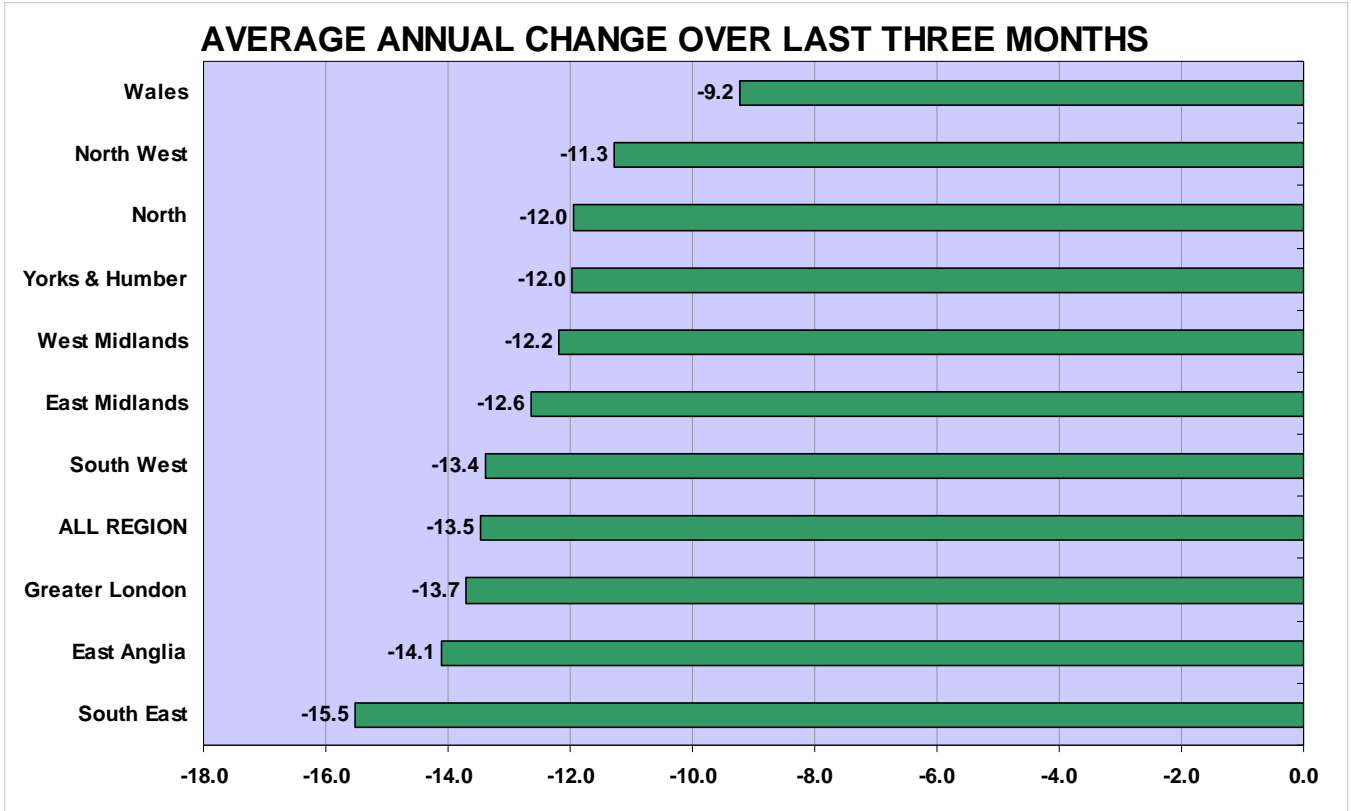


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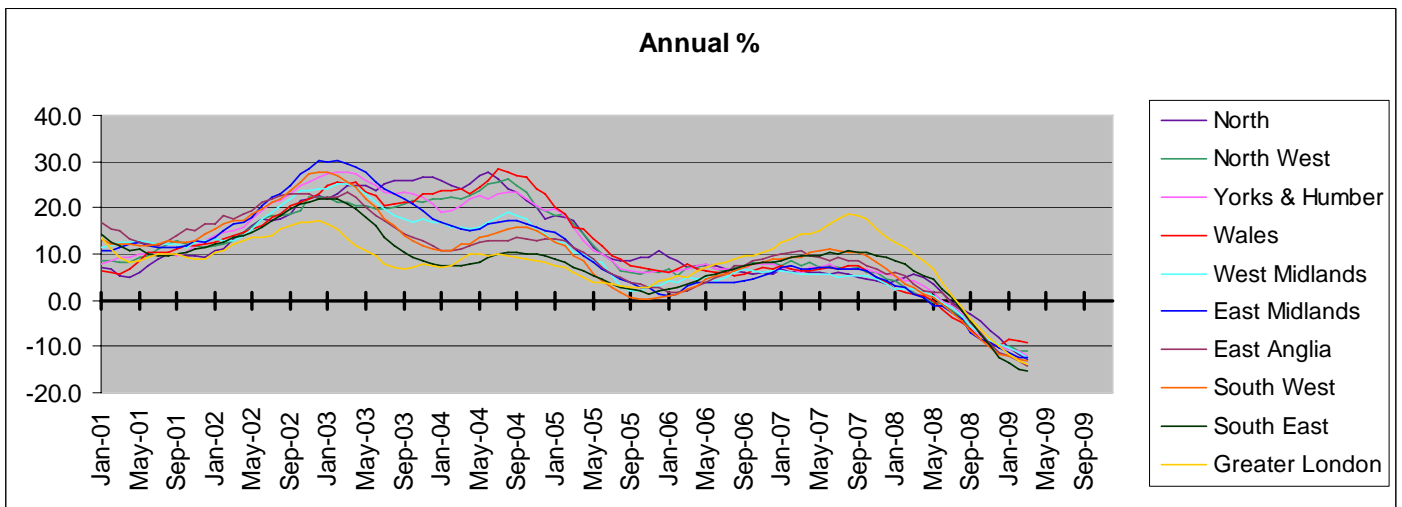
1. FTHPI is the only house price index to use:
 - the **actual** prices at which every property in England and Wales was transacted, including prices for properties bought with cash, using the factual Land Registry data as opposed to valuation estimates or asking prices
 - the price of **every** single relevant transaction, as opposed to prices based upon samples
 FTHPI is a price series as opposed to a value series.
2. the current month FTHPI 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. FTHPI forecasts are progressively replaced with real data, until every transaction reported to the Land Registry has been recorded and we have provided our FTHPI “ultimate” data.
4. the accuracy of our forecasts is shown monthly on our website www.acadameetrics.co.uk in our “[Development of Forecasts](#)” and in our “[Comparison of Indices](#)”, which shows how each index, including the FTHPI “forecast” , compares with the FTHPI, once sufficient factual Land Registry data have replaced forecast data, to enable FTHPI 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. Acadameetrics 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. Acadameetrics Transacted House Prices ([sample here](#)), which exclude any forecast element, underlie the FTHPI 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

REGIONAL ANALYSIS

All regions continue to record negative growth in nominal terms as measured by the FTHPI 3 month average. The South East has witnessed the sharpest annual fall at -15.5% followed by East Anglia at -14.1%. So far Wales suffered the lowest fall raising the question as to whether this will be the first to fully recover?



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

32 out of the 33 London Borough districts are showing year on year price falls.

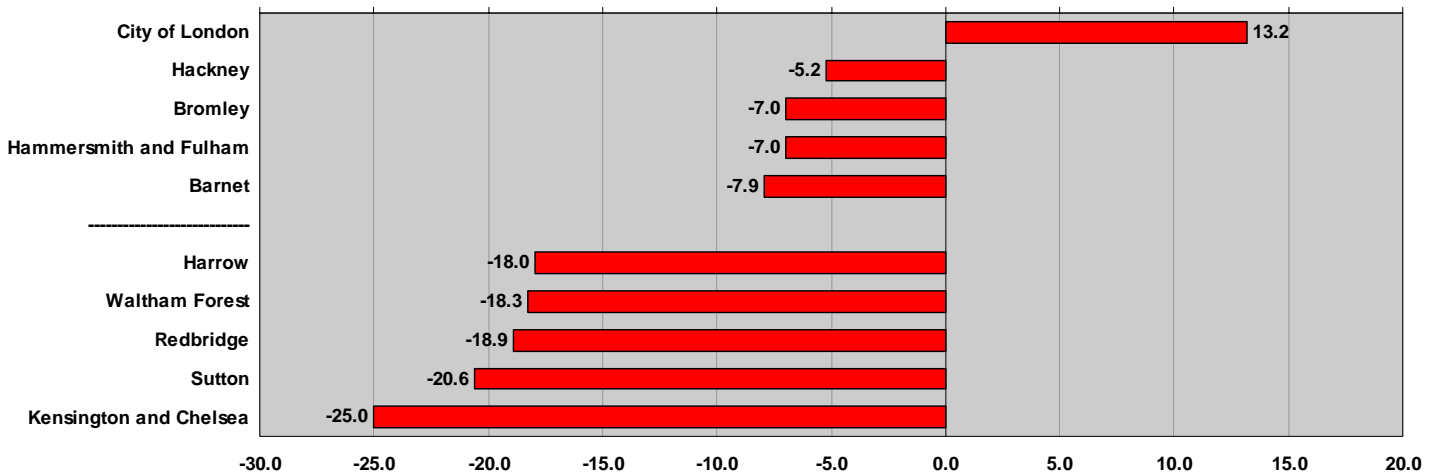
In the City of London, the average sales value of a flat, at £503,873, continues to defy gravity, showing an annual increase of 13.2% on a three months basis, though we would caution that trends in this borough are notably volatile given the limited number of homes there.

Neighbouring the City of London, sales of flats and terraced houses in Hackney, at a more modest average price of £314,991, are also showing signs of improvement. Although down on an annual basis at -5.2%, this is less of a decline than the -8.3% we were reporting three months ago.

The largest fall in price on a three monthly average basis is that of Kensington and Chelsea, where the average price of flats and terraces has fallen from £1,164,867 to £873,331, a 25.0% decline.

The number of sales transactions in the Greater London area has declined by some 62% in Q1 2009, compared with Q1 2008. Although this figure is provisional, it clearly indicates the downturn in the number of transactions that have been completed over the past 12 months. The highest decline in transactions is in Barking and Dagenham and the City of London, with 80% fewer sales, whilst the lowest decline is seen in Kensington and Chelsea with volumes down by 42% on an annual basis.

AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - LONDON BOROUGHS



UNITARY DISTRICT AND COUNTIES ANALYSIS

All 108 counties and unitary districts in England & Wales are recording price falls on an annual basis.

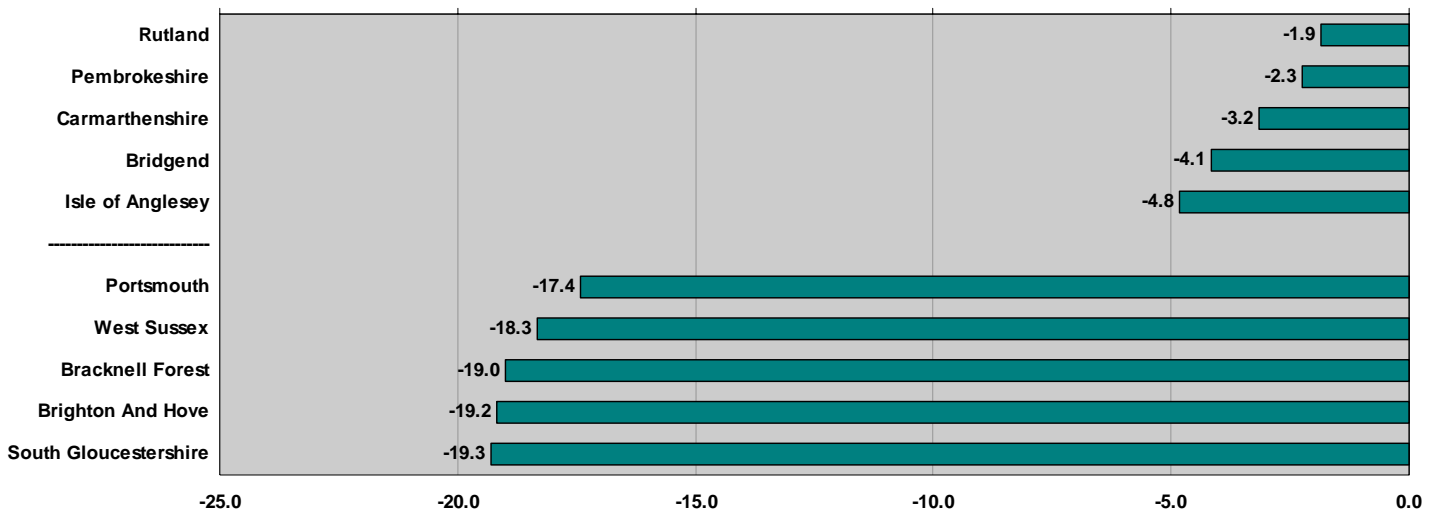
Four out of the five districts showing the least decline in prices are located in Wales. Wales was one of the first regions to experience negative annual growth in house prices some eleven months ago. There is therefore the possibility that Wales will be one of the first regions to reach the bottom of the trough. This is not so much 'green shoots' recovery, but a reluctance by sellers to reduce prices any further.

The largest percentage annual fall in house prices on a three monthly basis was recorded in South Gloucestershire, where the average price has fallen from £225,158 to £181,696, down by 19.3%.

Three of the five districts with the highest fall in annual prices are located on the South Coast. In Brighton & Hove, down 19.2%, the prices of detached houses and terraces have both experienced a 30% decline over the last 12 months, with more moderate declines in the prices of semi-detached houses and flats.

The number of sales transactions in England & Wales has declined by some 54% in Q1 2009, compared with Q1 2008. This figure is provisional but is indicative of the decline in the number of house sales that have taken place over the last year. The decline in sales has been most evident in Thurrock (72%), Luton (67%) and Slough (67%). The inclusion of Luton as having one of the largest reductions in annual sales in the counties data, and Dagenham in the London data, provides some evidence of how the car industry may be having a significant impact on the local housing markets.

AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - COUNTIES



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-08	£159,018	-1.0	4.8	£166,505	-0.2	0.7	£174,272	-0.5	0.7	£185,803	-0.1	2.2
May-08	£157,561	-0.9	3.6	£164,684	-1.1	-0.3	£172,106	-1.2	-1.2	£184,117	-0.9	0.9
Jun-08	£155,511	-1.3	1.8	£163,959	-0.4	-0.9	£172,500	0.2	-1.3	£182,176	-1.1	-0.5
Jul-08	£151,620	-2.5	-0.5	£162,342	-1.0	-2.1	£170,370	-1.2	-2.7	£179,725	-1.3	-1.6
Aug-08	£149,254	-1.6	-1.9	£160,290	-1.3	-3.7	£167,705	-1.6	-4.2	£177,650	-1.2	-3.5
Sep-08	£147,710	-1.0	-3.0	£157,931	-1.5	-6.2	£164,355	-2.0	-7.2	£175,004	-1.5	-5.6
Oct-08	£146,729	-0.7	-4.3	£154,453	-2.2	-8.4	£162,243	-1.3	-8.5	£172,521	-1.4	-7.4
Nov-08	£144,432	-1.6	-6.7	£152,909	-1.0	-9.2	£160,380	-1.1	-9.3	£169,514	-1.7	-8.8
Dec-08	£142,260	-1.5	-7.9	£151,164	-1.1	-10.1	£157,804	-1.6	-10.3	£167,311	-1.3	-9.4
Jan-09	£141,269	-0.7	-10.1	£151,547	0.3	-9.8	£156,110	-1.1	-11.2	£165,588	-1.0	-10.4
Feb-09	£140,618	-0.5	-11.6	£149,961	-1.0	-11.0	£154,582	-1.0	-12.5	£164,709	-0.5	-11.2
Mar-09	£140,424	-0.1	-12.6	£148,629	-0.9	-11.0	£153,282	-0.8	-12.5	£163,206	-0.9	-12.2

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Apr-08	£165,866	-0.3	1.1	£169,713	-0.2	3.1	£235,213	0.6	1.4	£209,751	-0.9	2.1
May-08	£163,438	-1.5	-0.2	£168,127	-0.9	1.7	£235,525	0.1	0.6	£209,051	-0.3	1.5
Jun-08	£161,868	-1.0	-1.8	£165,600	-1.5	0.0	£232,989	-1.1	-0.9	£207,856	-0.6	1.5
Jul-08	£160,027	-1.1	-3.6	£162,521	-1.9	-1.3	£229,416	-1.5	-2.5	£204,837	-1.5	-0.7
Aug-08	£159,985	0.0	-4.7	£160,832	-1.0	-3.1	£225,786	-1.6	-4.3	£203,574	-0.6	-2.2
Sep-08	£158,006	-1.2	-6.4	£158,872	-1.2	-5.4	£221,918	-1.7	-6.5	£199,564	-2.0	-4.9
Oct-08	£155,985	-1.3	-8.4	£157,317	-1.0	-7.6	£218,431	-1.6	-8.6	£195,939	-1.8	-6.9
Nov-08	£153,437	-1.6	-9.4	£154,923	-1.5	-9.1	£214,244	-1.9	-10.1	£188,707	-3.7	-9.6
Dec-08	£152,170	-0.8	-9.9	£153,560	-0.9	-10.1	£210,650	-1.7	-11.8	£185,801	-1.5	-11.3
Jan-09	£152,525	0.2	-8.6	£152,094	-1.0	-10.7	£207,316	-1.6	-12.2	£185,206	-0.3	-11.9
Feb-09	£152,050	-0.3	-8.7	£151,398	-0.5	-10.9	£205,226	-1.0	-12.6	£184,079	-0.6	-13.1
Mar-09	£151,231	-0.5	-9.1	£149,500	-1.3	-12.1	£203,256	-1.0	-13.1	£181,594	-1.4	-14.2

	South East			Greater London			ALL REGION			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Apr-08	£276,344	-0.1	5.4	£373,978	-0.1	8.5		£230,769	-0.2	4.2
May-08	£275,168	-0.4	4.5	£372,453	-0.4	6.7		£229,407	-0.6	3.0
Jun-08	£272,804	-0.9	2.5	£369,865	-0.7	3.9		£227,551	-0.8	1.2
Jul-08	£268,543	-1.6	0.7	£364,875	-1.3	0.9		£224,219	-1.5	-0.6
Aug-08	£263,620	-1.8	-2.1	£360,675	-1.2	-1.7		£221,146	-1.4	-2.8
Sep-08	£259,202	-1.7	-4.4	£354,271	-1.8	-4.1		£217,532	-1.6	-5.1
Oct-08	£253,010	-2.4	-7.4	£347,694	-1.9	-6.1		£213,596	-1.8	-7.3
Nov-08	£246,404	-2.6	-9.9	£338,097	-2.8	-8.3		£208,953	-2.2	-9.2
Dec-08	£240,626	-2.3	-12.4	£333,411	-1.4	-9.8		£205,558	-1.6	-10.8
Jan-09	£238,514	-0.9	-13.6	£328,733	-1.4	-11.9		£203,649	-0.9	-11.8
Feb-09	£236,506	-0.8	-14.8	£326,594	-0.7	-13.1		£202,115	-0.8	-12.8
Mar-09	£234,104	-1.0	-15.4	£323,180	-1.0	-13.7		£200,162	-1.0	-13.4
Apr-09								£197,992	-1.1	-14.2

also see www.ft.com/houseprices

www.acadmetrics.co.uk

FOOTNOTES ON DATA AND METHODOLOGY

1. FTHPI is derived from Land Registry (LR) house price data, seasonally and mix adjusted by property type. The prices are smoothed to show underlying trends. FTHPI 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 (FTHPI, CLG and LR) can be prepared only when the prices at which properties have been transacted have been recorded at LR (FTHPI 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. FTHPI 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, FTHPI, LR and CLG are published in that order.
3. FTHPI 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 40,000 monthly transactions now occur compared with at least 100,000 in past markets. For any given month, c.15% (6,000) 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 FTHPI result. Rather than rely upon a small sample, likely to be unrepresentative, FTHPI 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.70% of the transactions for the prior month, used to replace the initial FTHPI “forecast” with a first FTHPI “update” result. A further month later, LR provides c.90% of transactions, used to replace the first, with a second, FTHPI “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 FTHPI “final” index, closely approximating the FTHPI “ultimate” results; FTHPI “ultimate” includes the price of virtually every single LR transaction for the month, smoothed, seasonally and mix adjusted; the first FTHPI “update” now uses c.28,000 real transactions for the month (as well as, by smoothing, c.36,000 transactions for the prior month); only CLG with say 16,000 mortgage completion prices (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.70% sample and provide monthly results one month in arrears of the most recent month. In the page 6 Regional data table, **red** data represent FTHPI “forecast” results, **blue** data represent FTHPI “update” results and black data represent the FTHPI “final” index.
6. at **county and London borough** levels, c.40,000 national monthly transactions, spread over 10 regions and 108 counties and 33 London boroughs, provide an average of only c.283 house prices monthly within each sub-district. Even delayed one and smoothed over three months, FTHPI is indicative until we are able to publish the FTHPI “final” index using the LR 95% sample. FTHPI 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. FTHPI 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. FTHPI 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 FTHPI results and neither the Financial Times nor Acadametrics shall 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; FTHPI 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 FTHPI, together with historic data are available from Acadametrics as in page 3 NOTE 7 above.