



FT House Price Index - National and Regional February 2007

The latest FT House Price Index, updated with the most recent monthly data from the Land Registry, shows that house prices rose by 0.9% in February and by 7.6% over the past 12 months.

Peter Williams, Chairman of Acadameetrics, notes that, “Monthly house price growth at 0.9% and annual growth at 7.6% are both in line with our results over the last six months. They continue to indicate that nationally house prices have reached a plateau. On an annual basis prices in the South West and East Anglia are above average (8.7% and 8.2% respectively) while in London, prices have accelerated on both a monthly and annual basis (1.5% and 11.1%). London continues to have a large impact on the national figures and we note that price increases in some regions are now quite muted. If London trends were to ripple out to other regions we would expect to see higher increases in the South East, but for the moment at least at 0.5% on a monthly basis this is not the case.

“In the last 3 months most of the regional markets in England and Wales have experienced an average growth rate that is either at or below the national rate of 7.5%, whilst the annual rate in London still stands at some 10.8% and that in the South West has risen to 8.6%.

“We have yet to see the full impact of interest rate increases on the market because with many borrowers remortgaging and using fixed rate mortgages the effect takes time to work through the market. Measures of consumer confidence suggest this remains low but continued rising prices will impact upon expectations in 2007 even though, at this time, it is largely London driven.

“From next month and as part of the development programme for this index, Acadameetrics will provide a graphical analysis of growth rates in English and Welsh counties and districts and London Boroughs to reveal what is happening at a more localised level. As a preview, the current month figures for London reveal that the average annual rate of growth over the past six months ranges from 28.7% (City of London) to 2.2% (City of Westminster). Elsewhere in the capital Kensington and Chelsea (18.5%), Camden (17.8%) and Richmond upon Thames (17.0%) have also performed strongly while trends in Greenwich (4.3%), Barking and Dagenham (4.4%), Newham (4.7%) and Enfield (4.8%) give a sense of the wide dispersion of price movements across London.”

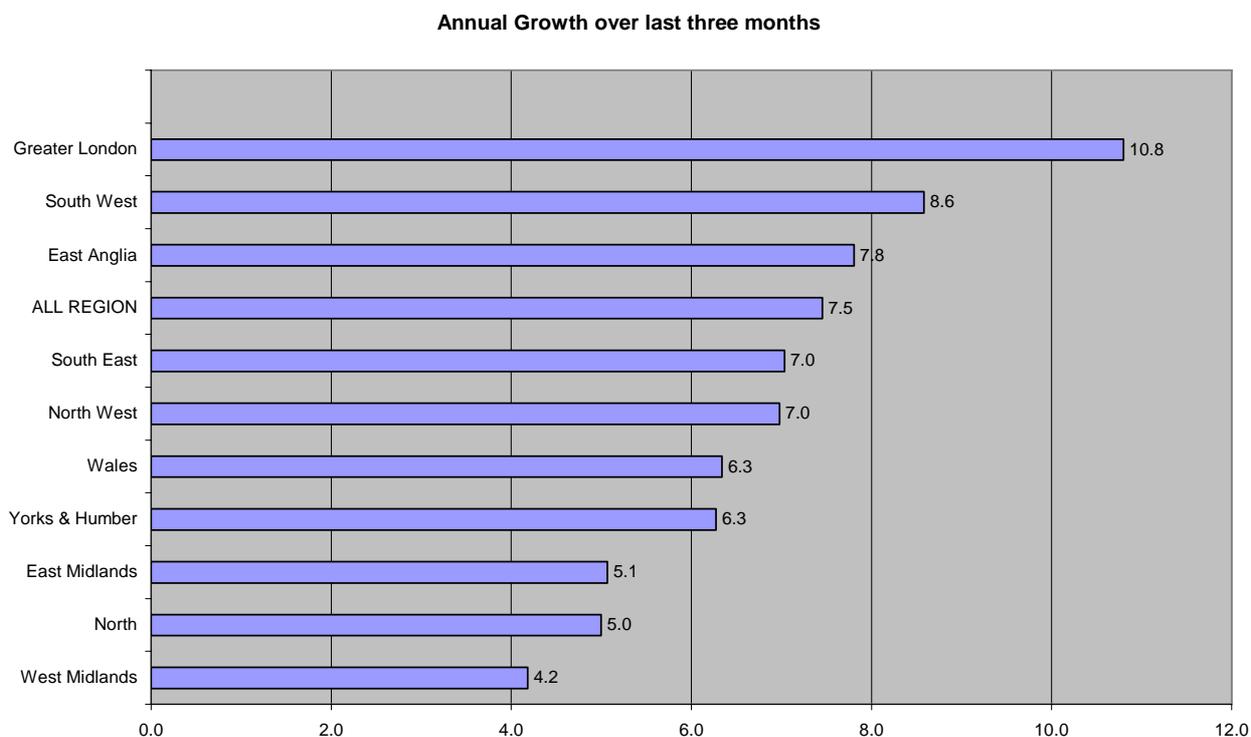
The FT House Price Index comprises the published Land Registry house price data, smoothed and seasonally and mix adjusted by Acadameetrics, combined with an “index of indices” model in order to account for transactions not yet reported to the Land Registry. The FT index includes cash purchases and is the only index to use **all** of the Land Registry data. Using our non-seasonally adjusted version, it is uniquely calibrated as the factual record of domestic property prices in England and Wales and as a true guide to house price inflation.

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

	House Price	Index	Monthly Change %	Annual Change %
August 2006	£205,710	209.4	0.5	6.8
September 2006	£207,346	211.1	0.8	7.3
October 2006	£208,903	212.7	0.8	7.5
November 2006	£210,088	213.9	0.6	7.5
December 2006	£211,417	215.2	0.6	7.3
January 2007	£212,944	216.8	0.7	7.5
February 2007	£214,858	218.7	0.9	7.6

REGIONS

The national (ALL REGION) index has risen by 0.9% in February and by 7.6% in the year. The annual rate of growth at a regional level, *averaged over the last three months*, is shown in the chart below. The averaged annual growth in London (10.8%) still far exceeds other regions as the chart shows. In rank order, the South West (8.6%), East Anglia (7.8%), South East (7.0%) and North West (7.0%) lead the way amongst the other regions trailed by East Midlands (5.1%), the North (5.0%) and the West Midlands (4.2%).



This month, we have added London borough data to our county subsets of the regional index.

As explained in the footnote to the following page, transaction volumes are relatively small, even at regional, let alone at county or London borough, level. Despite using *all* of the Land Registry data, at regional, county and London borough (as at national) level, we provide results, for *individual months*, one month in arrears. We do so in order to minimise volatility in the FT index, consequent upon late reported Land Registry data. We also publish *current month* results for regions, counties and London boroughs *averaged* over a rolling three months, as in the chart above. The FT House Price Index is published as a service and seeks to provide a “true measure of house price inflation”, rather than indicative results which may well show significant swings from month to month, consequent upon the use of too little data.

FT index county and London borough results are calculated consistently with those at regional and national level. A London borough price for any given month relates to a London region price for the same month.

national and regional data table overleaf

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also see www.ft.com/houseprices

www.acadametrics.co.uk

FT HOUSE PRICE INDEX REGIONAL DATA TABLE

Region Month	<u>North</u>			<u>North West</u>			<u>East Midlands</u>			<u>West Midlands</u>		
	<u>Av HP</u>	<u>%monthly</u>	<u>%annual</u>	<u>Av HP</u>	<u>%monthly</u>	<u>%annual</u>	<u>Av HP</u>	<u>%monthly</u>	<u>%annual</u>	<u>Av HP</u>	<u>%monthly</u>	<u>%annual</u>
Feb-06	£142,761	0.8	8.7	£150,694	0.6	5.3	£160,087	0.6	1.2	£170,688	0.7	3.9
Mar-06	£142,565	-0.1	7.1	£152,742	1.4	7.1	£161,595	0.9	3.0	£171,315	0.4	4.9
Apr-06	£143,186	0.4	7.5	£152,988	0.2	7.1	£161,987	0.2	3.9	£172,132	0.5	4.7
May-06	£143,529	0.2	7.4	£153,942	0.6	7.8	£162,559	0.4	4.0	£172,443	0.2	4.8
Jun-06	£144,371	0.6	7.4	£153,537	-0.3	6.6	£163,074	0.3	3.9	£173,528	0.6	4.0
Jul-06	£143,882	-0.3	6.6	£154,393	0.6	6.2	£163,873	0.5	3.9	£173,593	0.0	4.8
Aug-06	£143,850	0.0	6.2	£155,585	0.8	6.9	£164,056	0.1	4.0	£174,767	0.7	5.8
Sep-06	£144,937	0.8	5.9	£156,611	0.7	7.2	£165,654	1.0	4.2	£175,512	0.4	6.6
Oct-06	£146,366	1.0	5.4	£157,906	0.8	7.5	£166,119	0.3	4.3	£175,820	0.2	5.9
Nov-06	£147,625	0.9	5.7	£157,991	0.1	7.0	£167,046	0.6	4.6	£175,586	-0.1	5.0
Dec-06	£147,826	0.1	4.7	£159,033	0.7	7.0	£166,545	-0.3	4.8	£175,741	0.1	4.5
Jan-07	£148,904	0.7	5.2	£159,895	0.5	6.7	£167,460	0.5	5.2	£176,404	0.4	4.1
	<u>Wales</u>			<u>Yorks & Humber</u>			<u>South West</u>			<u>East Anglia</u>		
	<u>Av HP</u>	<u>%monthly</u>	<u>%annual</u>	<u>Av HP</u>	<u>%monthly</u>	<u>%annual</u>	<u>Av HP</u>	<u>%monthly</u>	<u>%annual</u>	<u>Av HP</u>	<u>%monthly</u>	<u>%annual</u>
Feb-06	£153,579	1.3	6.6	£152,593	0.9	6.3	£207,169	0.7	1.2	£182,487	1.2	1.7
Mar-06	£154,345	0.5	7.7	£153,437	0.6	6.8	£208,727	0.8	2.2	£184,188	0.9	1.9
Apr-06	£153,923	-0.3	6.7	£153,689	0.2	7.2	£210,343	0.8	3.0	£187,380	1.7	3.3
May-06	£153,504	-0.3	6.4	£153,945	0.2	7.6	£211,370	0.5	4.5	£188,012	0.3	4.0
Jun-06	£154,103	0.4	5.9	£153,897	0.0	6.9	£211,764	0.2	5.1	£188,362	0.2	5.1
Jul-06	£155,188	0.7	6.0	£154,337	0.3	6.8	£212,512	0.4	5.7	£188,814	0.2	5.7
Aug-06	£155,999	0.5	5.5	£155,296	0.6	6.8	£213,361	0.4	6.3	£192,168	1.8	7.4
Sep-06	£157,122	0.7	5.6	£156,723	0.9	6.5	£214,864	0.7	6.9	£193,184	0.5	7.5
Oct-06	£159,722	1.7	6.1	£158,490	1.1	7.1	£217,402	1.2	7.6	£194,716	0.8	7.9
Nov-06	£160,978	0.8	6.7	£159,355	0.5	7.1	£219,212	0.8	7.7	£193,460	-0.6	7.7
Dec-06	£161,524	0.3	6.2	£159,921	0.4	6.8	£221,645	1.1	7.9	£194,500	0.5	7.6
Jan-07	£161,832	0.2	6.7	£160,401	0.3	6.0	£223,601	0.9	8.7	£195,069	0.3	8.2
	<u>South East</u>			<u>Greater London</u>			<u>ALL REGION</u>					
	<u>Av HP</u>	<u>%monthly</u>	<u>%annual</u>	<u>Av HP</u>	<u>%monthly</u>	<u>%annual</u>	<u>Av HP</u>	<u>%monthly</u>	<u>%annual</u>			
Feb-06	£235,888	0.8	3.0	£297,886	1.0	5.3	£199,729	0.8	3.9			
Mar-06	£237,129	0.5	3.6	£298,108	0.1	5.0	£200,815	0.5	4.5			
Apr-06	£238,969	0.8	4.3	£301,177	1.0	6.2	£202,132	0.7	5.1			
May-06	£240,208	0.5	5.4	£303,587	0.8	7.3	£203,082	0.5	5.9			
Jun-06	£241,106	0.4	5.5	£305,584	0.7	8.0	£203,773	0.3	6.0			
Jul-06	£242,381	0.5	6.4	£307,194	0.5	8.3	£204,622	0.4	6.4			
Aug-06	£243,469	0.4	6.6	£308,783	0.5	8.8	£205,710	0.5	6.8			
Sep-06	£245,248	0.7	7.4	£312,213	1.1	9.7	£207,346	0.8	7.3			
Oct-06	£246,722	0.6	7.6	£314,431	0.7	9.6	£208,903	0.8	7.5			
Nov-06	£247,697	0.4	7.6	£318,598	1.3	10.3	£210,088	0.6	7.5			
Dec-06	£249,099	0.6	7.1	£322,538	1.2	10.0	£211,417	0.6	7.3			
Jan-07	£250,341	0.5	7.0	£327,509	1.5	11.1	£212,944	0.7	7.5			
Feb-07							£214,858	0.9	7.6			

Red data above represent the FT “forecast” index, blue data represent FT “updated” index results and black data represent the FT “final” index, as explained below.

At national level, some 100,000 transactions occur monthly. For any given, most recent, month, data on only c. 15% of the transactions which occurred in the month are available from LR. Rather than rely upon a small sample (one which we have found to be unrepresentative), we base our initial results for each, most recent, month upon our academic “index of indices” forecasting model, developed at the University of Cambridge and the Sir John Cass Business School. Prior to the next month, however, LR receives further data bringing the total reported to c. 70%. Using this large sample, we are able to update our initial forecast. Despite using a c. 70% sample to do so, our results are liable to change when additional transactions are reported. Over the following two months, LR is able to provide c. 90%, then 95%, samples. We use these data to replace our forecasts with our FT “updated” index results. At the fourth month, we publish the FT “final” index, comprising c. 95% of the LR data, smoothed, seasonally and mix adjusted. Further updates from LR will subsequently be incorporated, but we would not expect these to result in significant change.

In each region, only some 10,000 transactions occur monthly, averaged over all the ten regions. Each month, we await receipt from LR of the sample of c. 70% (say 7,000 averaged for each region) of the transactions for the prior month. Because we await receipt of 70% of the data, we necessarily provide results at regional level always one month in arrears of the most recent month. Our sample represents every reported transaction and the whole of the available LR data, but it is small at regional level and the results are susceptible to change when the sample progressively increases to 90% and 95% in the following months. We describe our regional data as the FT “final” index, once it comprises 95% of the LR data, smoothed, seasonally and mix adjusted. At county level, 10,000 transactions spread over 119 counties and 32 London boroughs, provide an average of only 663 house prices monthly within each of these areas. Whilst we estimate prices at these sub-regional levels always monthly in arrears, some volatility of the results must be expected, until we are able to publish the FT “final” index using 95% of the LR data. We make no change, at these levels, in the way in which we estimate prices; these are averaged, as they are at national and regional levels, over rolling three month periods and represent prices for the month specified. Since our prices are consistently calculated at every level, a London borough price for a given month relates directly to a London region price for the same month and is not a different price, weighted towards an earlier month. Both FT “forecast” index and FT “final” index results are uniquely calibrated as accurate at national level. Please see the link to our FTHPI Calibration report, provided on page 1 of this Press Release.

The FT House Price Index is prepared from Land Registry data that we believe to be correct using a methodology designed to provide the best possible guide to house price movements in England and Wales, and applied with care. We do not guarantee the accuracy of the results and neither the Financial Times nor Acadametrics shall be liable for any loss or damage, whatsoever, consequential upon any error, mis-description or other inadequacy in the data. Persons using the data do so entirely at their own risk. No part of the house price index may be reproduced in any form or for any purpose without the prior permission of Acadametrics.