



FT House Price Index - National and Regional September 2006

The FT House Price Index series has been updated with the recent monthly data available from the Land Registry. The latest figures indicate that house prices rose by 0.5% in September and by 6.1% over the past 12 months.

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 House Price Index uniquely uses all of the Land Registry data including cash purchases. It is designed to provide the most factual record available of domestic property prices in England and Wales and 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 %
March 2006	£202,306	202.9	0.6	4.5
April 2006	£203,720	204.3	0.7	5.3
May 2006	£204,281	204.9	0.3	6.0
June 2006	£204,328	204.9	0.0	5.8
July 2006	£204,520	205.1	0.1	5.8
August 2006	£205,058	205.6	0.3	5.8
September 2006	£205,984	206.6	0.5	6.1

Gary Styles, Economics Director said, "Monthly house price growth has strengthened further in September to 0.5% following a relatively weak period in June and July. This strong performance has been led by London and supported by the South East and South West.

"Low rates of housing turnover and poor new housing supply have continued to drive southern housing prices throughout this year. However, the recent pick up in new supply in the midlands and the north combined with higher mortgage interest rates should result in an easier tone to the house price picture by the end of the year.

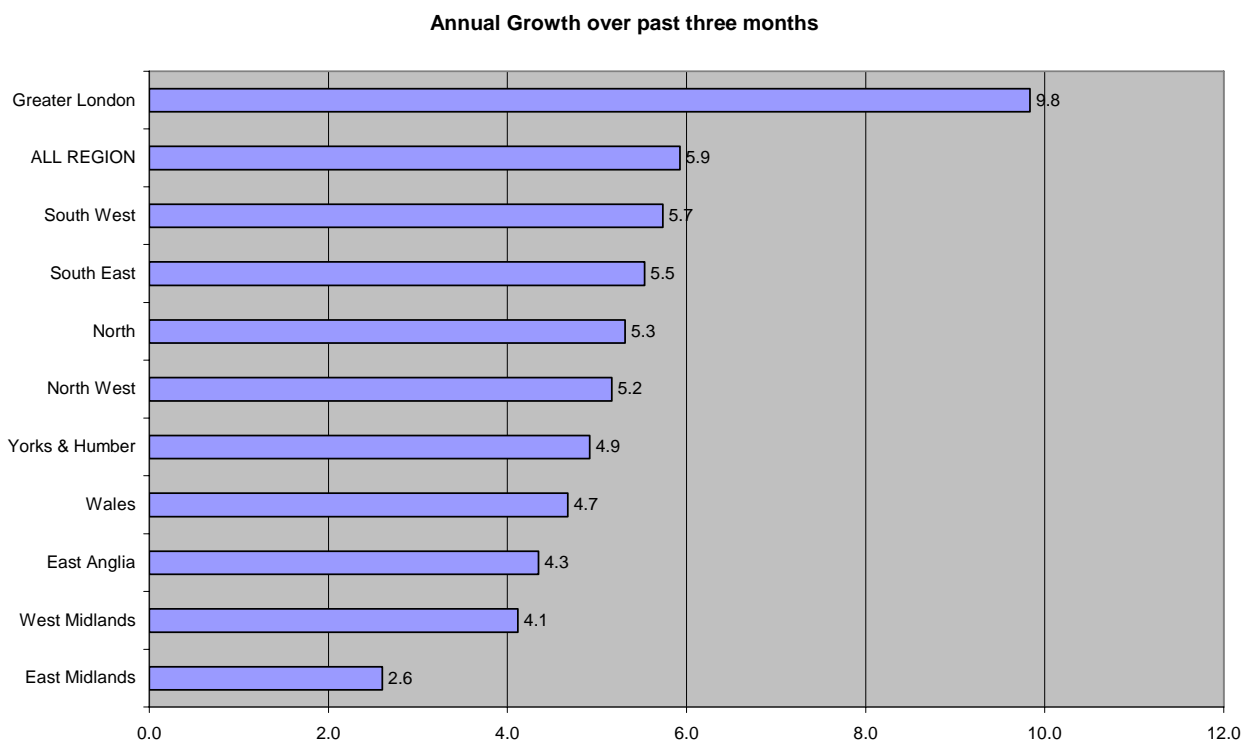
"There remains a risk that the London market is slow to adapt to higher interest rates as localised supply shortages continue to dominate a generally low housing turnover market. Setting appropriate interest rates against this backdrop will be difficult as several regional markets in the UK have experienced little or no house price growth in the last 3 months."

Regional Commentary and Data Overleaf

REGIONS

Our regional index using Land Registry data comprises the only monthly source of smoothed and seasonally as well as mix adjusted Land Registry average house prices for each region.

The national (ALL REGION) index has risen by 0.5% in September and by 6.1% in the last year. The annual rate of growth at a regional level is shown in the chart below. In the latest three months, growth in London (9.8%) still far exceeds other regions. The majority of regions are experiencing 4-6% annual growth with only the East Midlands showing a much weaker growth performance of 2.6%.



Low housing turnover, poor new housing supply and strong buyer demand continue to support the London and southern markets. There seems little prospect of supply improving in these regions in the short term but higher mortgage interest rates and some widening of mortgage margins should help to ease demand and price pressure going into 2007.

Additional housing supply in the north and midlands will also act to slow overall house price growth in these regions and in the overall national index.

National and Regional Data Overleaf.....

Also see www.ft.com/houseprices

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FT HOUSE PRICE INDEX REGIONAL DATA TABLE

Region	<u>North</u>			<u>North West</u>			<u>East Midlands</u>			<u>West Midlands</u>		
	Av HP	Monthly%	Annual%	Av HP	Monthly%	Annual%	Av HP	Monthly%	Annual%	Av HP	Monthly%	Annual%
Month												
Sep-05	£136,801	1.0	8.4	£146,004	0.4	5.8	£158,888	0.7	3.7	£164,553	-0.4	2.1
Oct-05	£138,767	1.4	9.2	£146,764	0.5	5.5	£159,313	0.3	2.8	£166,042	0.9	2.0
Nov-05	£139,583	0.6	9.0	£147,466	0.5	6.5	£159,540	0.1	2.5	£167,165	0.7	3.1
Dec-05	£141,015	1.0	10.5	£148,375	0.6	5.9	£158,810	-0.5	1.3	£168,025	0.5	3.2
Jan-06	£141,437	0.3	9.0	£149,588	0.8	6.4	£159,001	0.1	0.7	£169,263	0.7	3.9
Feb-06	£142,693	0.9	8.6	£150,365	0.5	5.1	£159,927	0.6	1.1	£170,329	0.6	3.7
Mar-06	£142,672	0.0	7.2	£152,397	1.4	6.9	£161,274	0.8	2.8	£170,911	0.3	4.7
Apr-06	£143,267	0.4	7.5	£152,589	0.1	6.9	£161,559	0.2	3.6	£171,548	0.4	4.3
May-06	£143,274	0.0	7.2	£153,261	0.4	7.3	£162,380	0.5	3.8	£171,402	-0.1	4.2
Jun-06	£143,576	0.2	6.8	£152,467	-0.5	5.8	£162,379	0.0	3.4	£172,095	0.4	3.1
Jul-06	£143,044	-0.4	6.0	£152,761	0.2	5.1	£162,382	0.0	3.0	£171,386	-0.4	3.4
Aug-06	£142,895	-0.1	5.5	£153,173	0.3	5.3	£161,911	-0.3	2.7	£172,061	0.4	4.1
	<u>Wales</u>			<u>Yorks & Humber</u>			<u>South West</u>			<u>East Anglia</u>		
	Av HP	Monthly%	Annual%	Av HP	Monthly%	Annual%	Av HP	Monthly%	Annual%	Av HP	Monthly%	Annual%
Sep-05	£148,764	0.5	7.6	£147,114	1.2	6.3	£200,903	0.1	0.8	£179,740	0.4	3.9
Oct-05	£150,505	1.2	7.2	£148,073	0.7	6.1	£202,025	0.6	0.2	£180,408	0.4	3.4
Nov-05	£150,843	0.2	6.6	£148,835	0.5	6.1	£203,495	0.7	0.4	£179,567	-0.5	2.7
Dec-05	£152,053	0.8	6.4	£149,756	0.6	6.5	£205,410	0.9	0.6	£180,597	0.6	2.6
Jan-06	£151,611	-0.3	6.1	£151,220	1.0	6.2	£205,730	0.2	1.0	£180,149	-0.2	1.6
Feb-06	£153,657	1.3	6.7	£152,475	0.8	6.2	£207,112	0.7	1.1	£182,330	1.2	1.6
Mar-06	£154,478	0.5	7.8	£153,091	0.4	6.5	£208,544	0.7	2.1	£184,170	1.0	2.0
Apr-06	£153,912	-0.4	6.7	£153,305	0.1	6.9	£210,069	0.7	2.9	£187,396	1.8	3.4
May-06	£153,106	-0.5	6.2	£153,227	-0.1	7.1	£210,679	0.3	4.1	£187,767	0.2	3.9
Jun-06	£153,069	0.0	5.2	£152,591	-0.4	6.0	£211,005	0.2	4.7	£187,229	-0.3	4.4
Jul-06	£154,299	0.8	5.3	£152,416	-0.1	5.5	£211,728	0.3	5.3	£186,450	-0.4	4.3
Aug-06	£154,638	0.2	4.5	£152,735	0.2	5.1	£212,338	0.3	5.8	£186,971	0.3	4.5
	<u>South East</u>			<u>Greater London</u>			<u>ALL REGION</u>					
	Av HP	Monthly%	Annual%	Av HP	Monthly%	Annual%	Av HP	Monthly%	Annual%			
Sep-05	£228,409	0.0	2.4	£291,695	-0.1	4.3	£194,134	0.2	3.7			
Oct-05	£229,362	0.4	1.9	£291,772	0.0	4.0	£195,051	0.5	3.3			
Nov-05	£230,175	0.4	1.5	£292,733	0.3	4.2	£195,815	0.4	3.3			
Dec-05	£232,317	0.9	2.0	£301,387	3.0	5.6	£198,038	1.1	3.7			
Jan-06	£233,662	0.6	2.2	£305,157	1.3	5.1	£199,261	0.6	3.7			
Feb-06	£235,572	0.8	2.8	£310,359	1.7	5.5	£201,181	1.0	3.9			
Mar-06	£236,748	0.5	3.4	£311,266	0.3	5.5	£202,306	0.6	4.5			
Apr-06	£238,596	0.8	4.1	£315,461	1.3	7.6	£203,720	0.7	5.3			
May-06	£239,351	0.3	5.0	£317,112	0.5	9.1	£204,281	0.3	6.0			
Jun-06	£239,720	0.2	4.9	£317,307	0.1	9.7	£204,328	0.0	5.8			
Jul-06	£239,976	0.1	5.3	£318,097	0.2	9.6	£204,520	0.1	5.8			
Aug-06	£240,563	0.2	5.3	£319,680	0.5	9.5	£205,058	0.3	5.8			
Sep-06							£205,984	0.5	6.1			

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FOOTNOTE:

The above average house prices and Monthly % and Annual % changes are based upon Land Registry data. Smoothed over a rolling 3 month period and using all reported transactions, they are designed to minimise volatility in seasonally and mix adjusted monthly results even at regional level. House prices for the current quarter are forecast using our academic "Index of Indices" model (developed at the University of Cambridge and the Sir John Cass Business School) and are updated monthly to include data for transactions reported to LR only after the month in which they occurred. Our results thus develop and reach "ultimate" once all or virtually all transactions are reported, 4 months after any given month. Significant updates from the Land Registry will be reflected in our data but, even at regional/county level, we would not expect these for all but the current or prior month. Because of lack of LR data for the current month, we provide data by region only for the prior months.

Also see www.ft.com/houseprices

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