



FT House Price Index MA – July 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 July fell, albeit only slightly, for a fifth successive month and now stand at their lowest since the turn of the year. Whilst these small but steady falls might provide strength to the argument that the market is stabilising, the effect of the recent reduction in interest rates upon the housing market in the remaining summer months will be critical. Although the annual change of 4.2% in July represents the smallest rise recorded since August 1996, this rate looks set to continue falling.

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 for domestic property prices in England and Wales), rather than to forecast the Land Registry annual change in average house price results, published quarterly, as did our non mix adjusted index.

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

	House Price	Index	Monthly Change %	Annual Change %
July 2005	£190,783	190.8	-0.3	4.2
June 2005	£191,293	191.3	-0.1	5.6
May 2005	£191,503	191.5	-1.0	6.7
April 2005	£193,440	193.5	-0.1	9.0
March 2005	£193,672	193.7	-0.1	10.4
February 2005	£193,874	193.9	0.8	12.2
January 2005	£192,273	192.3	0.7	12.6

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 July 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 house prices on average are unchanged over the December average of £190,974. By comparison, monthly growth in house prices averaged 0.75% in Q4 2004 and as much as 1% in Q3 2004.

Gary Styles, Chief Economist and Director of Acadameetrics said “Over the last 5 months house prices have continued to show modest falls. Although some regions showed signs of stabilising in the first quarter prices are now beginning to ease further in most regions. Lower transaction volumes and concern about the slowing economy has affected consumer confidence. Talk of an early recovery in the housing market seems very premature”

Also see www.ft.com/houseprices

www.acadameetrics.co.uk