

House Price Index

- December 2009

16 February 2010

Contents

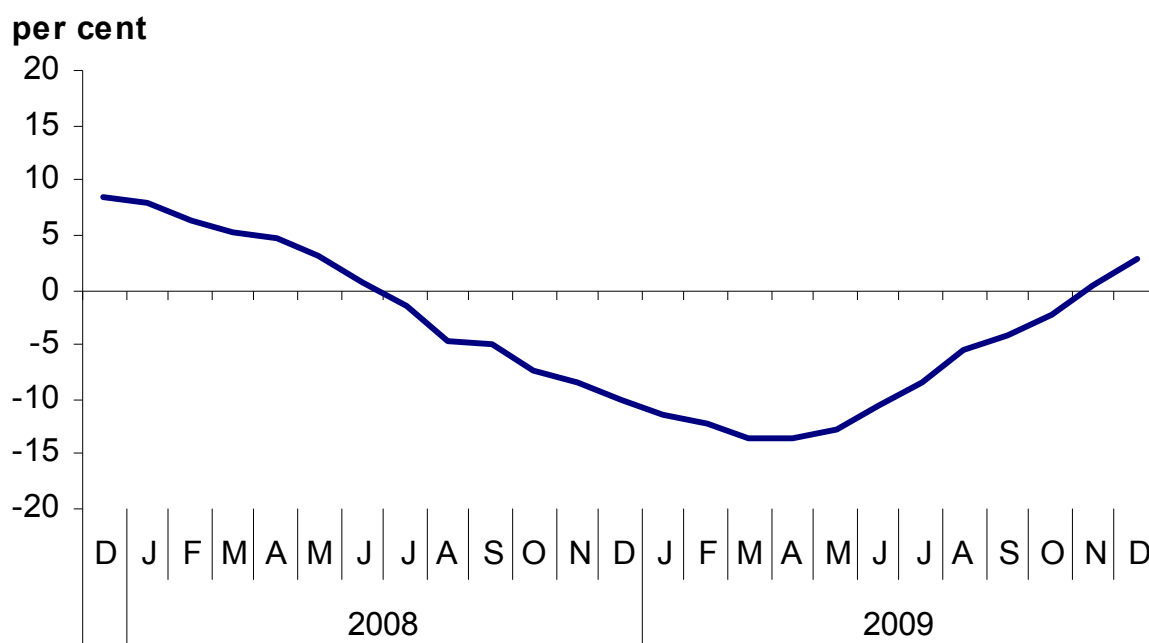
Headlines.....	1
House price index data:	
UK.....	2
Country.....	3
Region.....	4
Countries and Region.....	5
Type of buyer.....	6
New and pre-owned dwellings.....	7
Tables.....	8
Background notes.....	9
User consultation.....	11
Further information.....	11

- UK house prices were 2.9 per cent higher than in December 2008 and 0.8 per cent higher than in November 2009 (seasonally adjusted).
- The mix-adjusted average house price in the UK stood at £200,307 in December 2009 (not seasonally adjusted).
- UK house prices rose by 2.9 per cent in the quarter ending December 2009. This compares with a larger rise of 3.1 per cent for the quarter ending September 2009 (seasonally adjusted).
- Annual average house prices rose in England (3.0 per cent), Scotland (3.8 per cent) and Wales (1.0 per cent), but fell in Northern Ireland (-6.0 per cent).
- Annual average house prices paid by first time buyers in December 2009 were 6.8 per cent higher than a year ago. Average house prices paid by former owner occupiers were 1.4 per cent higher.
- Annual average house prices paid for new properties in December 2009 were 1.5 per cent lower than a year ago. Average house prices paid on pre-owned dwellings were 3.2 per cent higher.

housing

House Price Index: UK

Figure 1: UK annual house price rates of change (all dwellings)



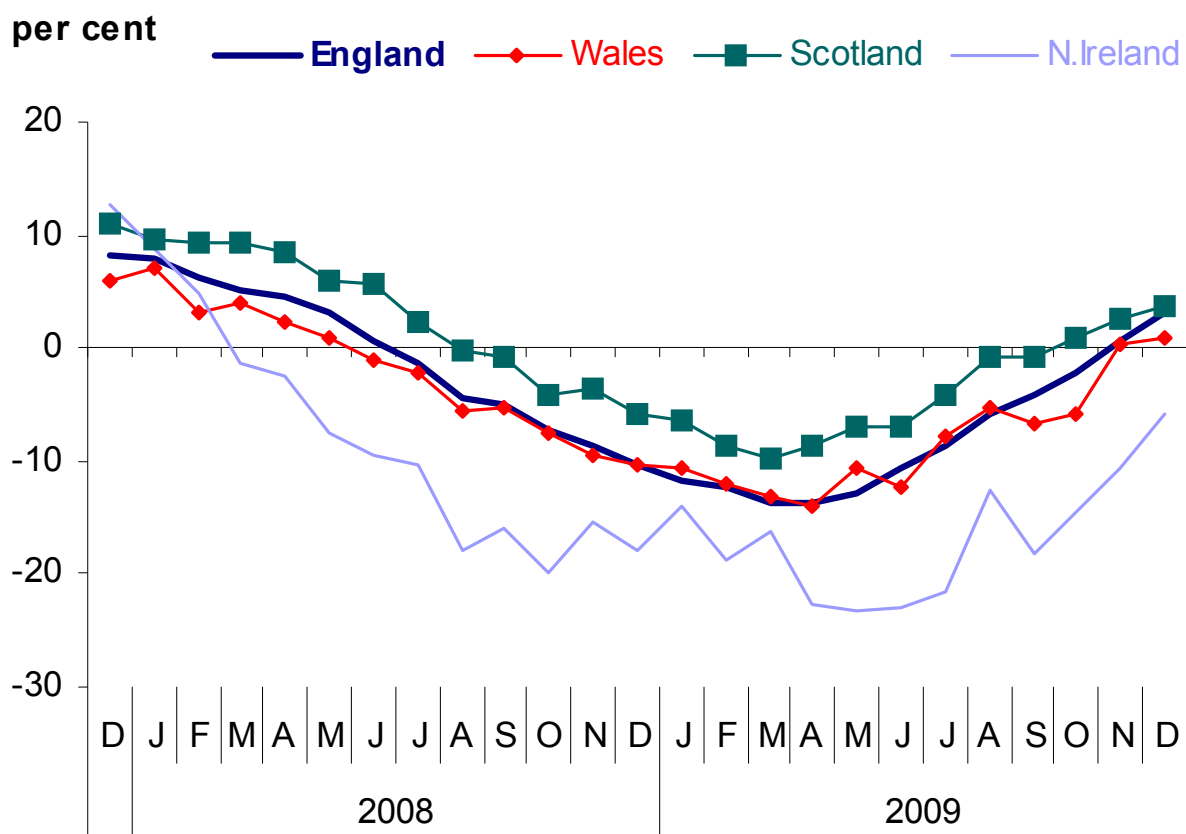
		UK				UK
		All dwellings				All dwellings
		Index <i>Not seasonally adjusted</i> Feb 02 = 100	% change over 12 months <i>Not seasonally adjusted</i>	Seasonally adjusted index	% change over 1 month <i>Seasonally adjusted</i>	£ <i>Not seasonally adjusted</i>
2009	Jul	165.0	-8.4	162.4	1.2	196,084
	Aug	165.3	-5.6	163.4	0.6	196,445
	Sep	167.7	-4.1	165.4	1.2	199,303
	Oct	166.9	-2.3	166.1	0.4	198,317
	Nov	168.5	0.5	168.9	1.7	200,255
	Dec	168.6	2.9	170.3	0.8	200,307

The UK average house price rose by 2.9 per cent in the year to December 2009, compared with a rise of 0.5 per cent in the year to November. Between November and December there was a rise of 0.8 per cent in house prices compared with a fall of 1.6 per cent over the same period last year. Eight consecutive month on month rises in the UK house price index have resulted in an increase over the year to December.

House Price Index: Country

Annual house prices rose in all UK countries except Northern Ireland in the year to December 2009. Annual house price growth was 3.0 per cent in England, 1.0 per cent in Wales and 3.8 per cent in Scotland in December whereas in Northern Ireland house prices fell by 6.0 per cent on average in the year to December.

Figure 2: House price rates of change by country
12-month percentage change

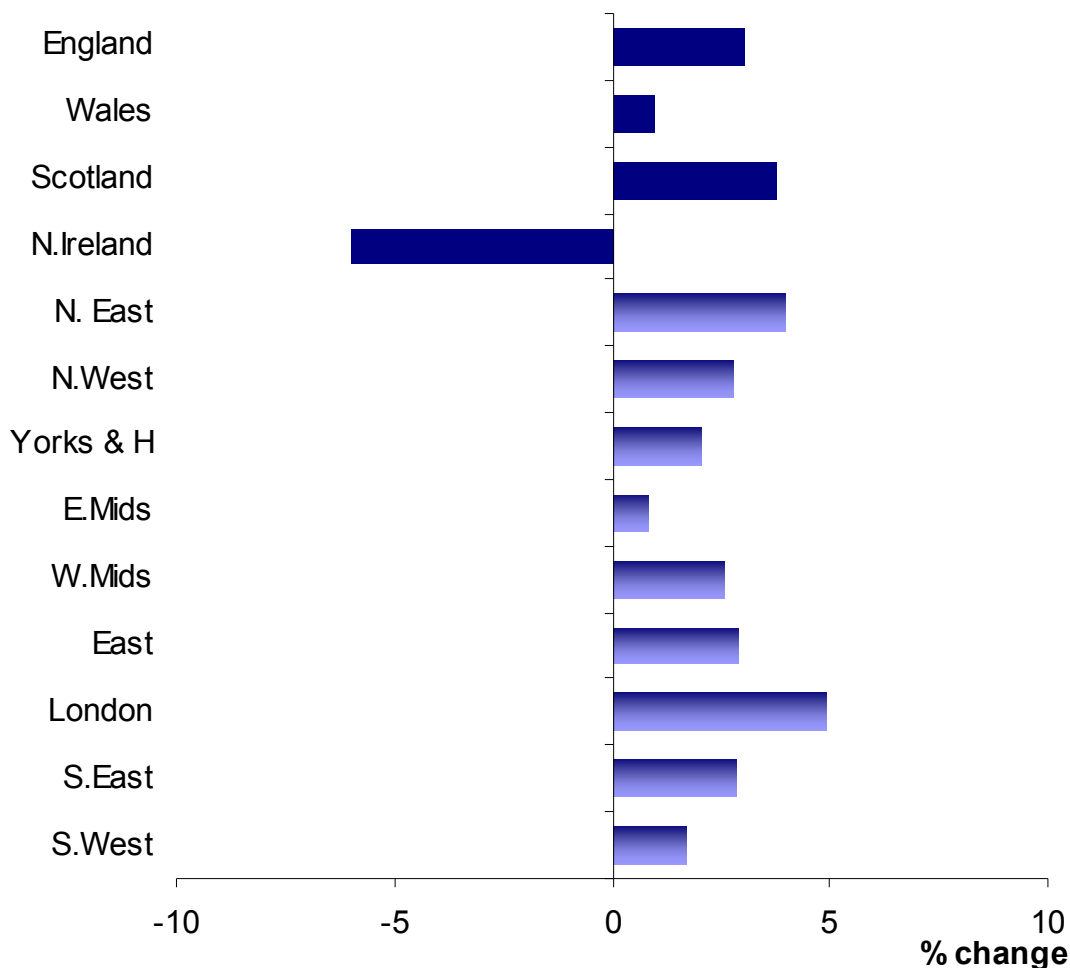


House Price Index: Region

Average mix-adjusted house prices rose between November and December in five of the nine English regions (North East and North West, West Midlands, the East and London) and fell in the remaining four regions (non-seasonally adjusted).

The annual house price rates of change in England ranged from 0.8 per cent in the East Midlands to 4.9 per cent in London. The annual growth rates in the other regions were 1.7 per cent in the South West, 2.1 per cent in Yorkshire and the Humber, 2.6 per cent in the West Midlands, 2.8 per cent in both the North West and the South East, 2.9 per cent in the East and 4 per cent in the North East. The rise in annual house price rates for the North East is notable as it is the first rise for this region since May 2008.

Figure 3: Regional house price indices
12-month percentage change for the latest month



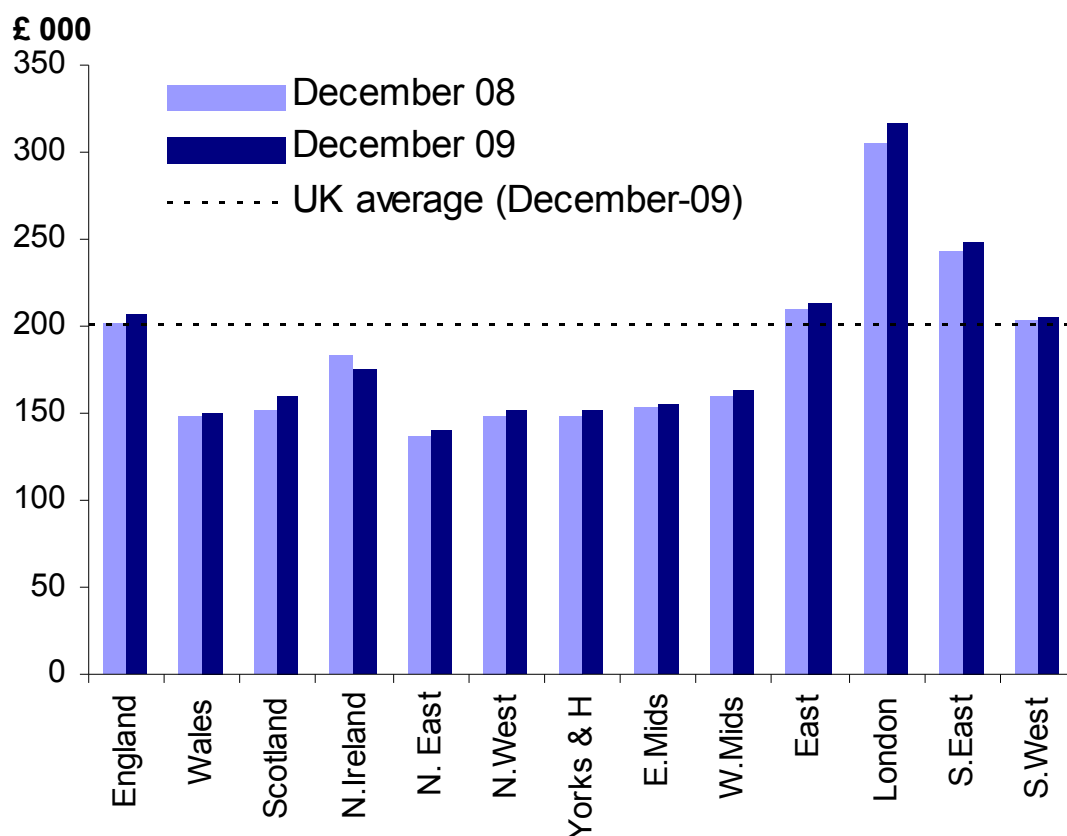
House Prices: Countries and Regions

Average mix-adjusted house prices in December 2009 were £206,694 in England, £150,481 in Wales, £160,249 in Scotland and £175,170 in Northern Ireland.

The English region with the highest average house price in December remains London at £316,695. The lowest average price was in the North East at £140,551.

Of the English regions, only the East, London, the South East and the South West had average prices above the UK average.

Figure 4: Mix-adjusted average house prices
Not seasonally adjusted



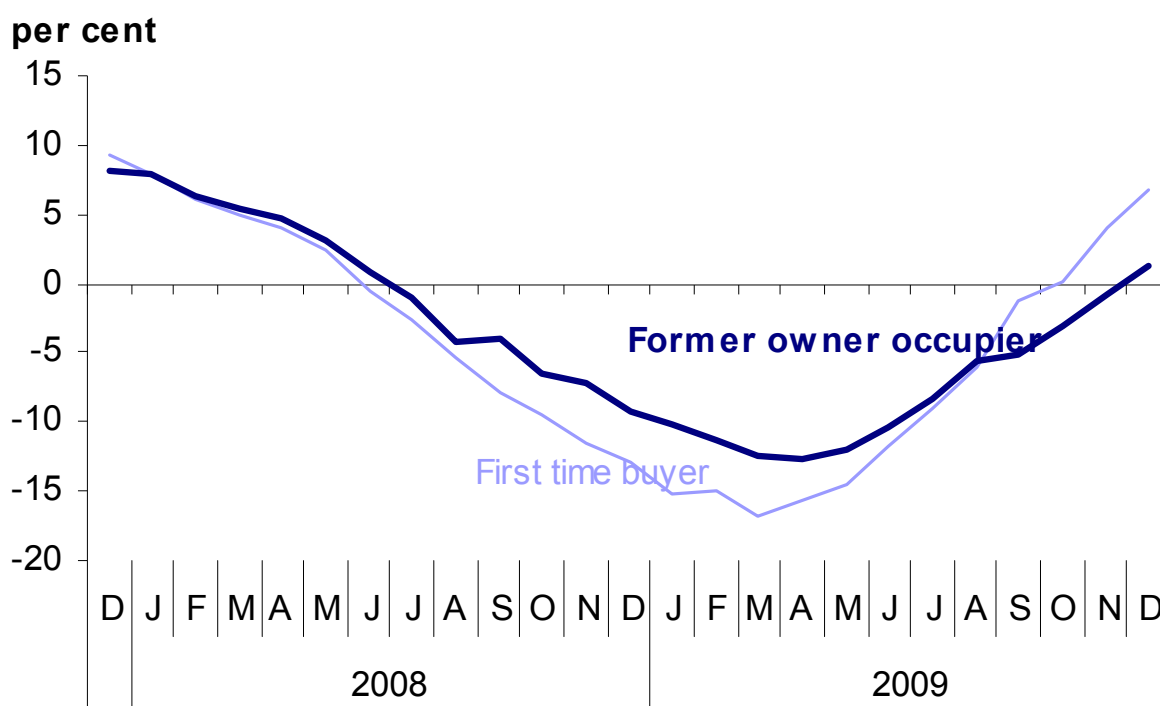
House Price Index: Type of Buyer

The UK annual growth in house prices for first time buyers rose from an average 4.0 per cent in November to 6.8 per cent in December. There was a rise of 1.4 per cent between November and December in the price of properties bought by first time buyers compared with a fall of 1.3 per cent last year resulting in an increase in the annual rate.

The annual house price growth rate for former owner occupiers was 1.4 per cent in December, up from -0.8 per cent in November. Average prices between November and December for properties bought by former owner occupiers rose by 0.6 per cent compared with a fall of 1.7 per cent at the same time last year resulting in annual house price growth.

The average price paid by first time buyers across the whole of the UK was £149,699 in December, while the average price paid by former owner occupiers was £231,470.

Figure 5: UK annual house price rates of change by type of buyer
12-month percentage change



House Price Index: New and pre-owned dwellings

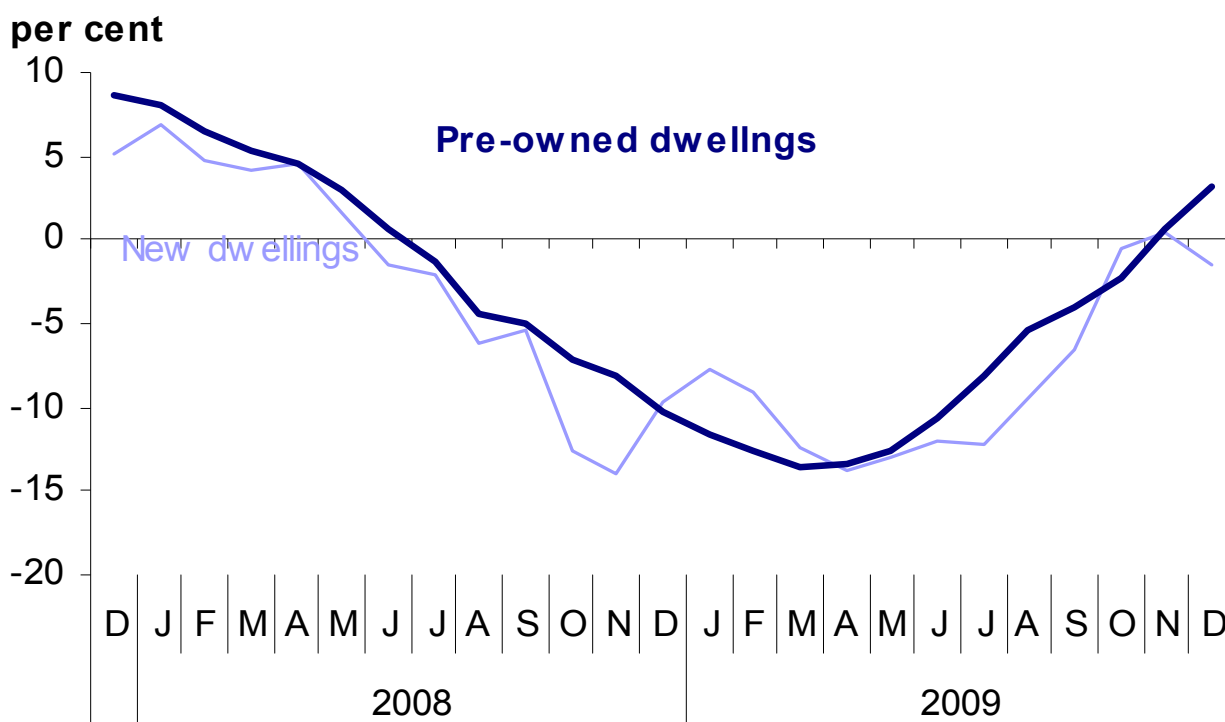
The UK annual rate of change in house prices for new dwellings fell from an average 0.5 per cent in November to -1.5 per cent in December. There was an increase of 4.7 per cent between November and December in the price of new properties compared with a larger rise of 6.9 per cent last year resulting in an annual decrease in prices.

The annual house price growth rate for pre-owned dwellings was 3.2 per cent in December, up from 0.6 per cent in November. The prices index between November and December for pre-owned properties rose by 0.7 per cent compared with a fall of 1.9 per cent over the same period last year resulting in an increase in the annual rate.

The average price paid for a new property across the whole of the UK was £190,919 in December, while the average price paid for a pre-owned property was £200,956.

Figure 5: UK annual house price rates of change by whether dwelling was new or pre-owned

12-month percentage change



Tables

Tables are from March 2007 to December 2009.

- A1: Mix-adjusted house price index and annual rates of change by region.
- A2: Mix-adjusted average house prices by region.
- A3: Mix-adjusted house price index and annual rates of change by type of buyer, UK.
- A4: Mix-adjusted average house prices by type of buyer, UK.
- A5: Mix-adjusted house price index and annual rates of change by whether dwelling is new or pre-owned, UK.
- A6: Mix-adjusted average house prices by whether dwelling is new or pre-owned, UK.
- A7: Seasonally adjusted mix-adjusted house price index and monthly house price change, UK.

These tables are available at: <http://www.communities.gov.uk/housepriceindex>

Additional tables and earlier data can be accessed in the 'Live tables' section (housing market and house prices) at:

<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housingmarket/>

Background notes

1. The mix-adjusted house price series are produced by Communities and Local Government and are being published as official statistics. Development of the methodology underpinning the indices has been undertaken in conjunction with the Office for National Statistics. In light of the recent Statistics and Registration Service Act 2007 we will seek advice from the UK Statistics Authority, at the most appropriate time, to gain accreditation for the index as a 'National Statistic'.
2. Since October 2005 the new mix-adjusted house price index is based on an enlarged sample of completions data from the Regulated Mortgage Survey (RMS) as collected by the Council of Mortgage Lenders (CML)/BankSearch. Before this the index was based on the Survey of Mortgage Lenders (which contained about 25,000 completions per month). The number of cases received is also affected by the total number of mortgages that have been completed. During 2007 there were around 50,000 records per month supplied by about 60 lenders. In the 6 months to December 2009 there were 43 lenders on average contributing to the house price index, providing over 29,000 records per month.
3. Figures for October and November in this release have been revised. This is due to the inclusion of additional mortgage records as supplied by lenders that only provide data at the end of each quarter.
4. In January of each year the index weights are revised to reflect the pattern of property transactions during the previous 3 years. The mix-adjusted average prices for the rest of the year are then determined using these new weights. Consequently whilst house prices **within** the year are comparable – they are all based on the same weights - house prices **between** years cannot be compared because last year's weights and this year's weights are different. The index itself is constructed on a chain-linked basis, which enables year-on-year comparisons to be made. This means that the year-on-year change in the index for December, say, is effectively the change in the average price for December 2008 (using weights for 2008) combined with the change in the average price from January 2009 to December 2009 using the weights for 2009. Therefore, the year-on-year change in the index is not the same as the year-on-year change in the mix-adjusted average price.
5. The Communities and Local Government index is currently showing a similar trend in annual house price rates to other indices available from commercial sources. Differences will be affected by differences in weighting. The Communities and Local Government index uses expenditure weights, whereas other indices use transaction weights. Consequently, the Communities and Local Government index is influenced by house price growth rates in the higher priced areas (which are currently in the South) where house prices - and therefore total expenditure on house buying - is highest. Similarly, regional rates of change in house prices determined by the Communities and Local Government are more influenced by the market for the higher priced properties (i.e. the demand for detached houses).

-
6. The Communities and Local Government house price index figures in this issue are based on completions during the month of December. Other recent indicators have been based on asking prices in December or based on mortgages approved during January 2010. Therefore the Communities and Local Government figures are not directly comparable with these other indicators.
 7. Seasonally adjusted figures are provided alongside the existing non-seasonally adjusted data. This is to provide a clearer picture of the underlying behaviour of the series once seasonal and calendar influences have been removed. All monthly and quarterly percentage changes in house price are derived from the seasonally adjusted index. All other figures, including annual rates of change and average house prices, are derived from the non-seasonally adjusted index. This is unless stated otherwise. The price indices are seasonally adjusted using the US Census Bureau X12 ARIMA software. The calculations are based on the monthly data series going back to February 2002, when monthly data was first available.
 8. Further details on the methodology of the index can be found in the "housing statistics by topic" section of Housing Statistics website, at:
<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housingmarket/>
 9. Details of officials who receive pre-release access to the CLG House Price Index up to 24 hours before release can be found at:
<http://www.communities.gov.uk/documents/statistics/pdf/hpiprereleaseaccess.pdf>
 10. Further quarterly and annual house price data can be found on the Communities and Local Government website in Housing Market Live tables 507, 508 and tables 590 to 594.
 11. The next six release dates are:
 - Tuesday 16 March 2010
 - Tuesday 13 April 2010
 - Tuesday 13 May 2010
 - Tuesday 15 June 2010
 - Tuesday 13 July 2010
 - Tuesday 10 August 2010 (provisional)

User consultation

1. Users' comments on any issues relating to the house price index statistical release are welcomed and encouraged. Responses should be addressed to the "public enquiries" contact given in the "Further Information" section below.

Further information

Media Enquiries: office hours: 0303 444 1157
0303 444 1159
out of hours: 0303 444 1201
e-mail: press@communities.gsi.gov.uk

Public enquiries: e-mail: Joe Cheung at housing.statistics@communities.gsi.gov.uk
telephone: 0303 444 2270

Department for Communities and Local Government. © Crown Copyright, 2010

If you require this publication in an alternative format please email: alternativeformats@communities.gsi.gov.uk.
Please note that the nature of content means that we may not be able to provide the Statistical series of publications in all requested formats.

February 2010

ISBN: 978-1-4098-2255-4