

House Price Index

- May 2010

13 July 2010

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- UK house prices were 11.0 per cent higher than in May 2009 and 0.7 per cent higher than in April 2010 (seasonally adjusted).
- The mix-adjusted average house price in the UK stood at £209,505 in May 2010 (not seasonally adjusted).
- UK house prices rose by 1.7 per cent in the quarter ending May 2010. This compares with a rise of 2.9 per cent for the quarter ending February 2010 (seasonally adjusted).
- Annual average house prices rose in England (11.7 per cent), Scotland (3.7 per cent) and Wales (10.9 per cent) but fell in Northern Ireland (-1.1 per cent).
- Annual average house prices paid by first time buyers in May 2010 were 11.6 per cent higher than a year ago. Average house prices paid by former owner occupiers were 10.8 per cent higher.
- Annual average house prices paid for new properties in May 2010 were 6.5 per cent higher than a year ago. Average house prices paid for pre-owned dwellings were 11.3 per cent higher.

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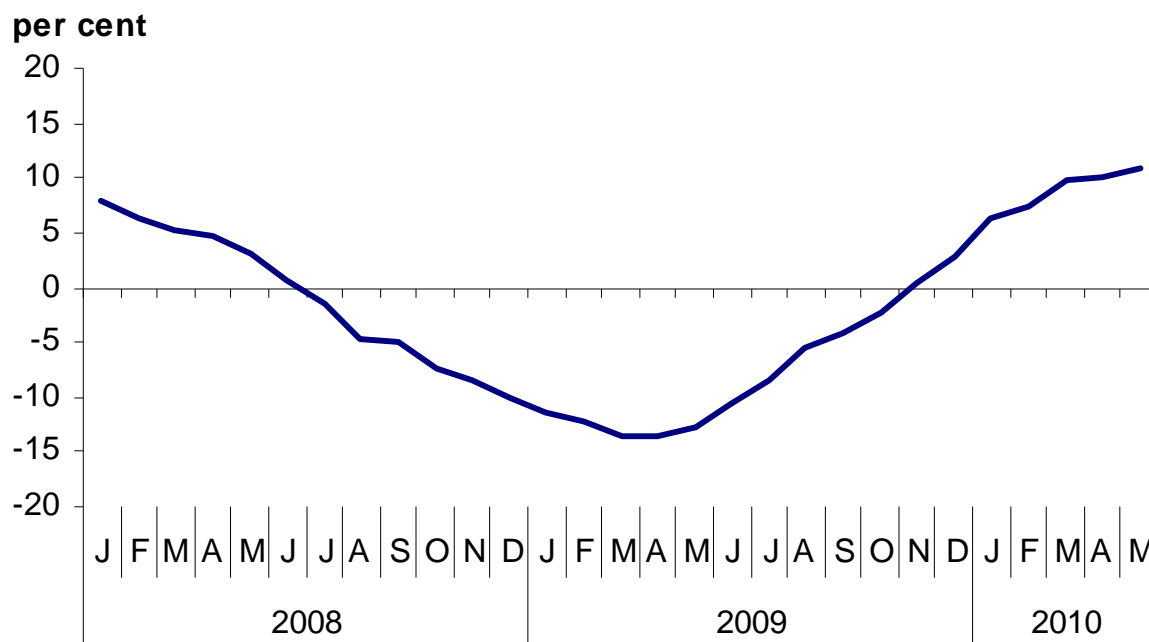
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housing

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	Dec	168.6	2.9	170.3	0.8	200,307
2010	Jan	174.3	6.2	174.0	2.2	207,483
	Feb	171.4	7.3	173.8	-0.1	203,991
	Mar	172.8	9.7	175.0	0.7	205,598
	Apr	174.4	10.1	175.7	0.4	207,516
	May	176.0	11.0	176.8	0.7	209,505

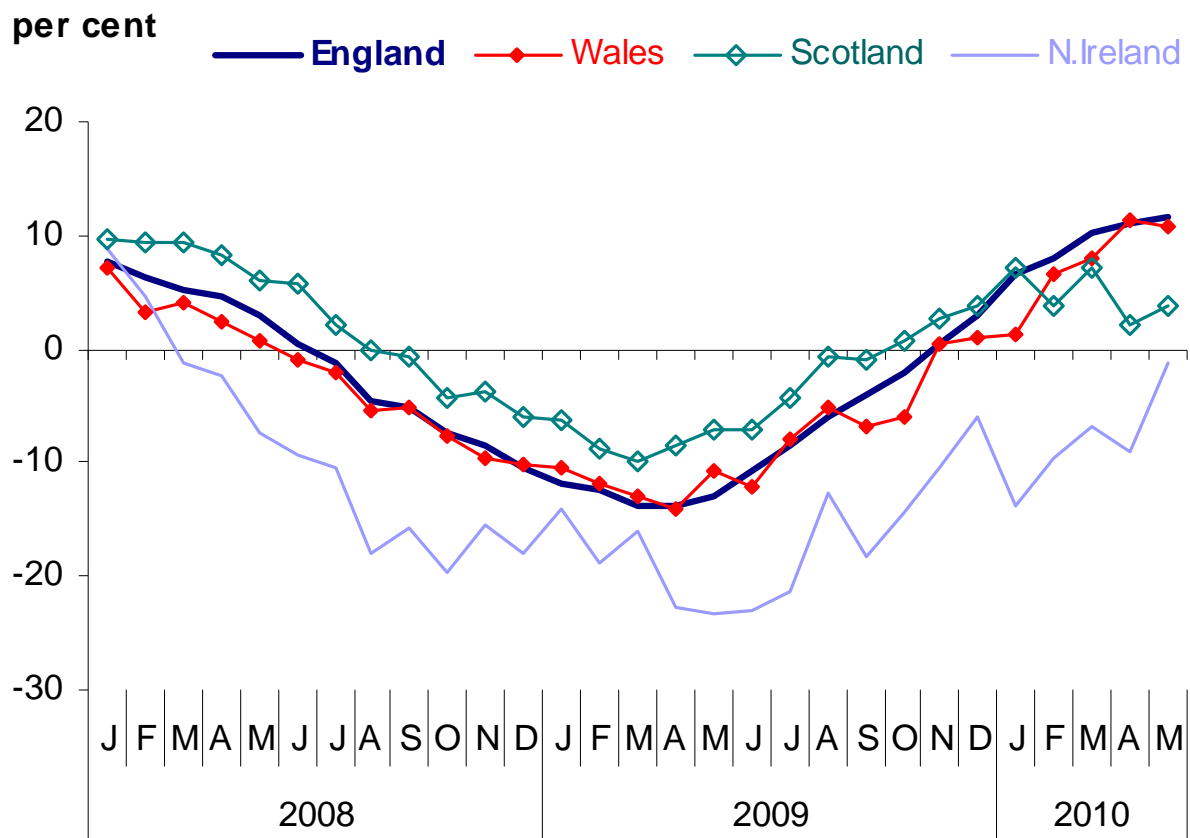
The UK average house price rose by 11.0 per cent in the year to May 2010, compared with a rise of 10.1 per cent in the year to April. In the month to May 2010 there was a rise of 0.7 per cent in house prices whereas house prices did not change notably over the same period last year, resulting in an increase in annual house price growth.

In May 2010 the seasonally adjusted index (the best indicator of trends in house prices over time) was 4.5 per cent below the recent peak in January 2008, but 11.1 per cent above the recent trough in April 2009.

House Price Index: Country

Annual house prices rose in all UK countries except Northern Ireland in the year to May 2010. Annual house price growth was 11.7 per cent in England, 3.7 per cent in Scotland and 10.9 per cent in Wales. In Northern Ireland prices fell by 1.1 per cent on average in the year to May.

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



House Price Index: Region

Average mix-adjusted house prices rose during May in six of the nine English regions (the North West, Yorkshire and the Humber, East Midlands, the East, London and the South East) and fell in the remaining three regions (non-seasonally adjusted).

All regions saw increases in house prices over the year to May, the largest being in London (17.1 per cent) and the smallest in Yorkshire and the Humber (6.2 per cent). There was annual growth in the South East (12.2 per cent), the East (12.0 per cent), the South West (11.3 per cent), the North West (9.3 per cent), the East Midlands (9.0 per cent), the North East (7.6 per cent) and the West Midlands (7.3 per cent).

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



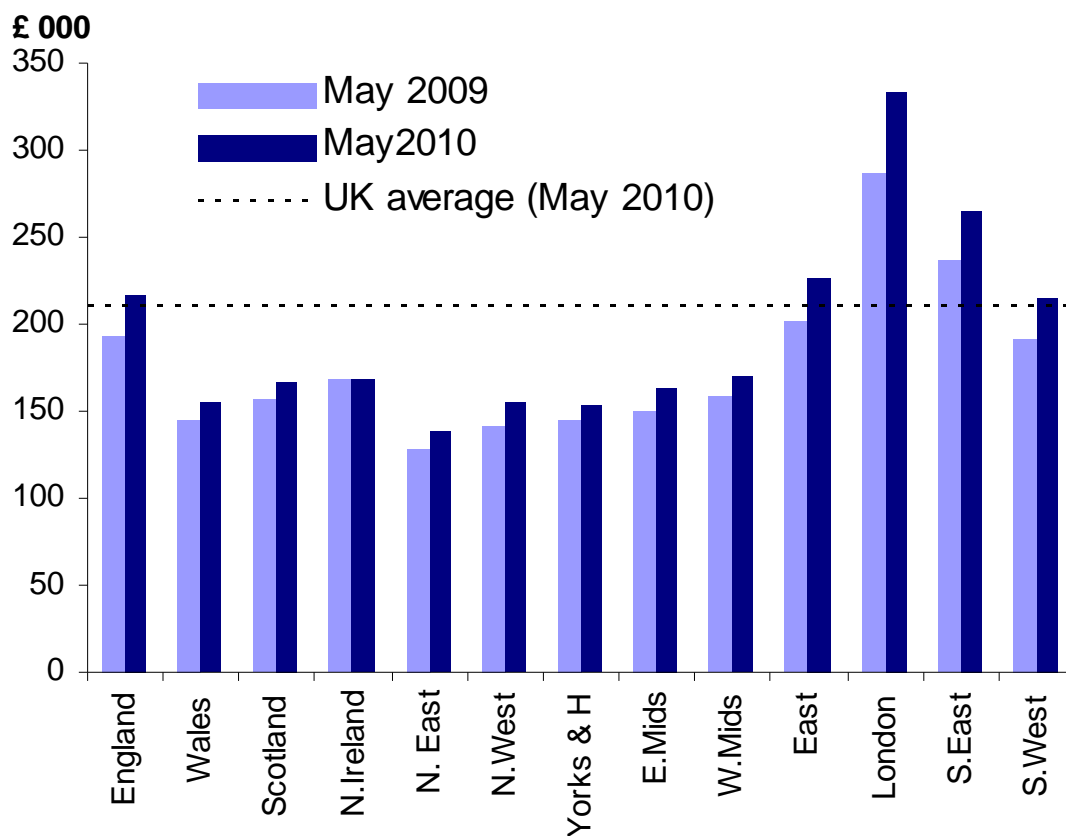
House Prices: Countries and Regions

Average mix-adjusted house prices in May 2010 were £216,488 in England, £166,587 in Scotland, £155,542 in Wales and £168,484 in Northern Ireland.

London remains the English region with the highest average house price (£333,704). The North East was the lowest at £138,728.

In England, the East of England, London, South East and South West all had average prices above the UK average in May.

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



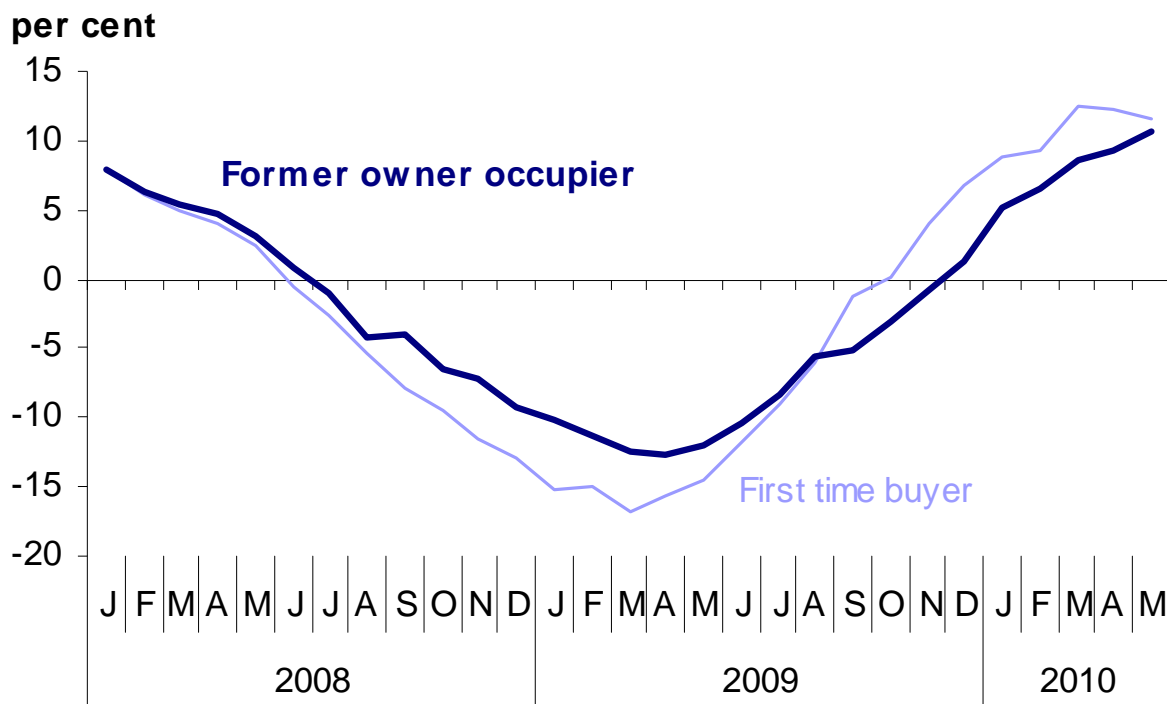
House Price Index: Type of Buyer

Annual growth in UK house prices for first time buyers was 11.6 per cent in May compared to 12.2 per cent in April. There was an increase of 0.6 per cent in the month to May compared to an increase of 1.2 per cent in the same period last year.

Annual growth for former owner occupiers was 10.8 per cent in May compared to 9.3 per cent in April. Between April and May 2010 the price of properties bought by former owner occupiers grew by 1.0 per cent, whereas prices did not change notably in the same period last year. This resulted in a small increase in the annual growth.

The average house price paid by first time buyers in the UK in May was £154,738 compared to £243,267 paid by former owner occupiers.

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



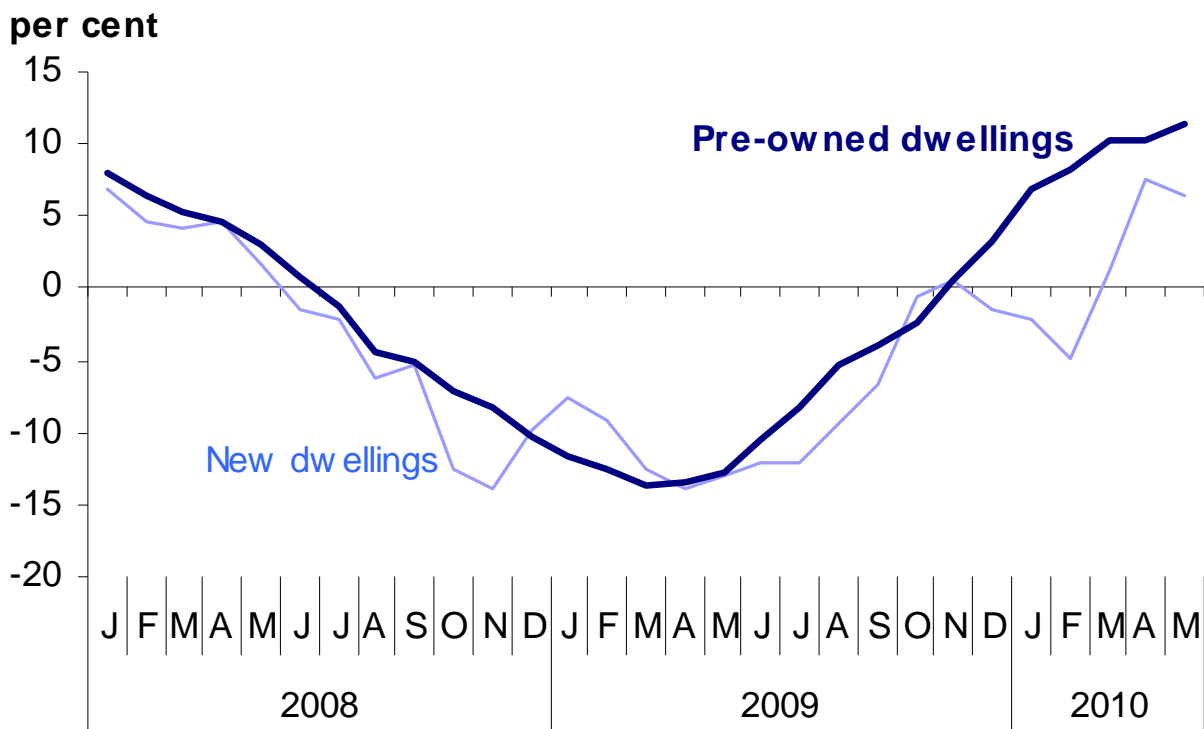
House Price Index: New and pre-owned dwellings

Annual growth in UK house prices for new properties was 6.5 per cent in May compared to 7.6 per cent in April. There was a decrease of 2.9 per cent in the price paid for new properties in the month to May compared to a fall of 1.8 per cent in the same period last year.

The annual house price growth rate for pre-owned dwellings was 11.3 per cent in May, compared to 10.3 per cent in April.

The average price paid for a new property in the UK in May was £190,086 and the average price paid for a pre-owned property was £211,038.

Figure 6: 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 May 2010.

- 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 May 2010 there were 32 lenders on average contributing to the house price index, providing around 23,000 records per month.
3. 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 May, say, is effectively the change in the average price from March 2009 to December 2009 (using the weights for 2009) combined with the change in the average price from January 2010 to May 2010 using the weights for 2010. 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.
4. 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).
5. The Communities and Local Government house price index figures in this issue are based on completions during the month of May. Other recent indicators have been based on asking prices on mortgages approved during June 2010. Therefore the Communities and Local Government figures are not directly comparable with these other indicators.
6. 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.

7. 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/>
8. 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>
9. 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.
10. The next six release dates are:
 - Tuesday 10 August 2010
 - Tuesday 14 September 2010
 - Tuesday 12 October 2010
 - Tuesday 16 November 2010
 - Tuesday 14 December 2010
 - Tuesday 18 January 2011

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.

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