

House Price Index

- August 2008

14 October 2008

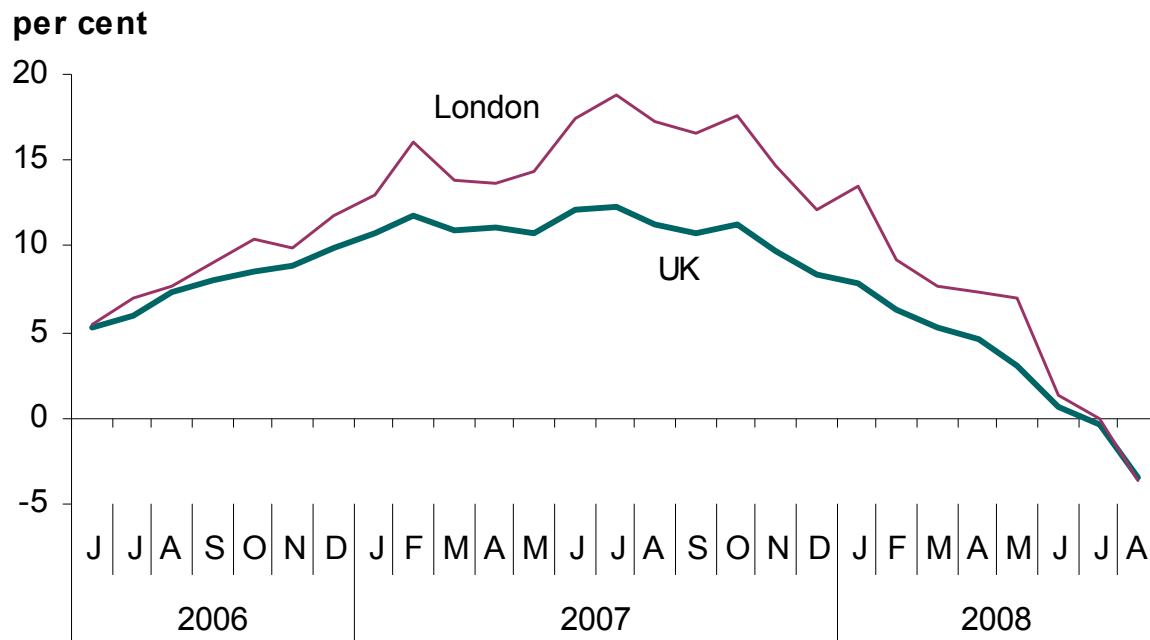
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- UK house prices were 3.4 per cent lower than in August 2007.
- The mix-adjusted average house price in the UK stood at £211,410 in August 2008 (not seasonally adjusted).
- UK house prices fell by 2.4 per cent in the quarter ending August 2008. This compares with a fall of 0.2 per cent for the quarter ending May 2008.
- Annual average house prices increased in Scotland (+1.3 per cent), but fell in England (-3.4 per cent), Wales (-4.3 per cent) and Northern Ireland (-18.6 per cent).
- Annual average house prices paid by first time buyers in August 2008 were 4.5 per cent lower than a year ago. By comparison average house prices paid by former owner occupiers were 3.1 per cent lower.

housing

House Price Index: UK

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



		UK		London		UK
		All dwellings		All dwellings		All dwellings
		Index	% change	Index	% change	£
		Feb 02 = 100	over 12 months	Feb 02 = 100	over 12 months	
Not seasonally adjusted						
2008	Mar	182.3	5.2	169.5	7.6	217,344
	Apr	183.1	4.6	170.6	7.3	218,264
	July	181.7	3.0	172.4	7.0	216,625
	Jun	180.4	0.6	167.7	1.4	215,029
	Jul	182.2	-0.3	171.0	0.0	217,171
	Aug	177.3	-3.4	162.9	-3.6	211,410

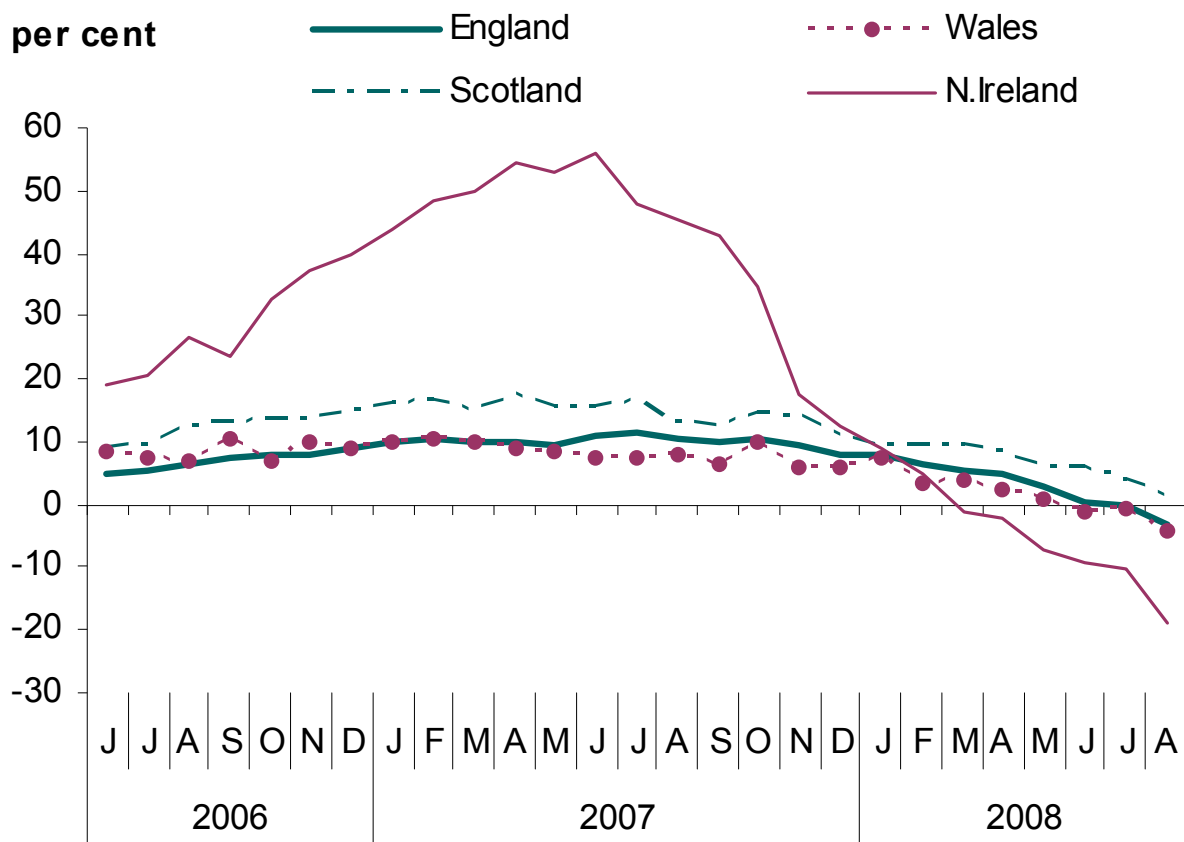
The UK average house price fell by 3.4 per cent in the year to August 2008, down from a fall of 0.3 per cent in the year to July 2008. Between July and August there was a fall of 2.7 per cent in the prices index of properties bought compared with a rise of 0.5 per cent over the same period last year, resulting in a decrease in the annual rate.

The fall in UK prices between July and August 2008 can be attributed to decreases in average prices for flats (5.1 per cent), terraced houses (3.0 per cent), bungalows (2.2 per cent), semi-detached houses (1.8 per cent) and detached houses (1.6 per cent).

House Price Index: Country

Annual house prices fell in all countries of the UK except Scotland in the year to August 2008. In Scotland annual house price growth was 1.3 per cent in August. In England annual growth in house prices was -3.4 per cent in August; In Wales annual house price growth was -4.3 per cent in August; In Northern Ireland annual growth in house prices was -18.6 per cent in August.

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



House Price Index: Region

House price annual rates of change fell in all nine of the English regions.

The highest annual house price growth was in Yorkshire and the Humber (-2.4 percent) followed by the North West (-2.6 per cent), and the North East (-2.9 per cent). Annual house price growth was lower in the South East (-3.0 per cent) and in the East and the West Midlands (-3.4 per cent each). The lowest annual house price growth was seen in London and the South West (-3.6 per cent each), and the East Midlands (-5.2 per cent).

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



House Prices: Countries and Regions

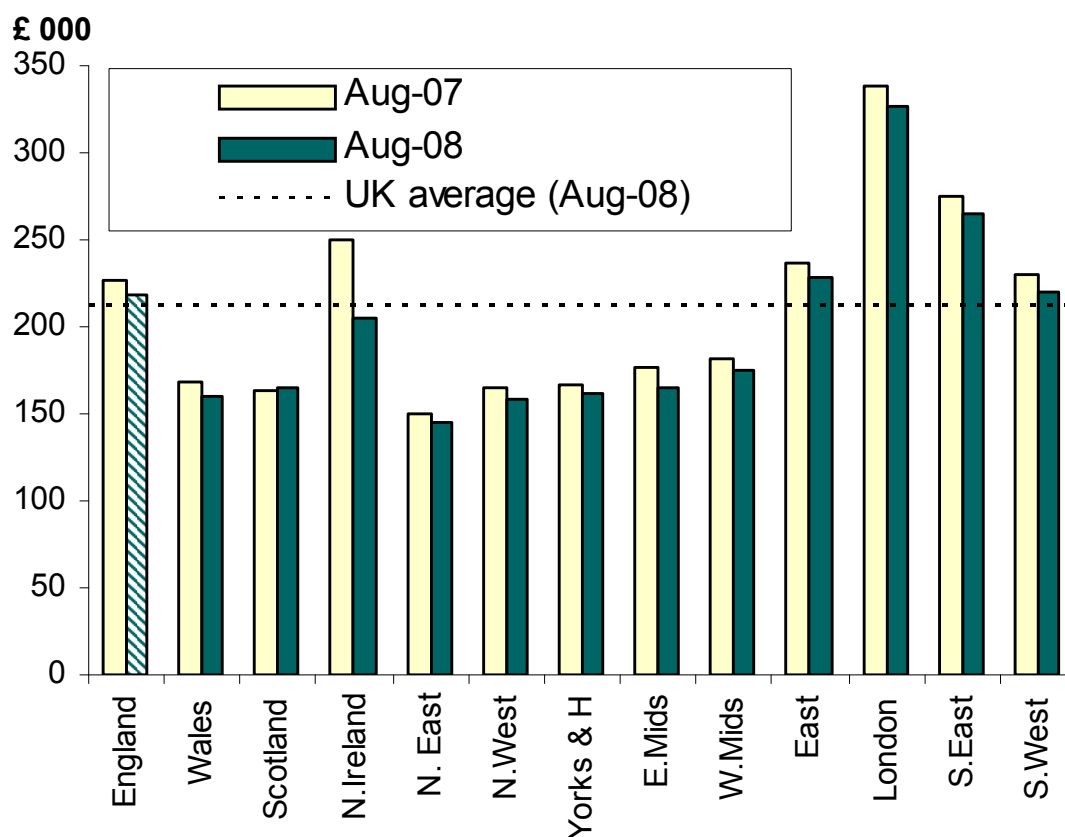
Mix-adjusted average house prices in August 2008 were £218,281 in England, £159,734 in Wales, £164,307 in Scotland and £205,149 in Northern Ireland.

The English region with the highest average house price in August remains London at £326,908. The lowest average price was in the North East at £144,913.

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

Figure 4: Mix-adjusted average house prices

Not seasonally adjusted



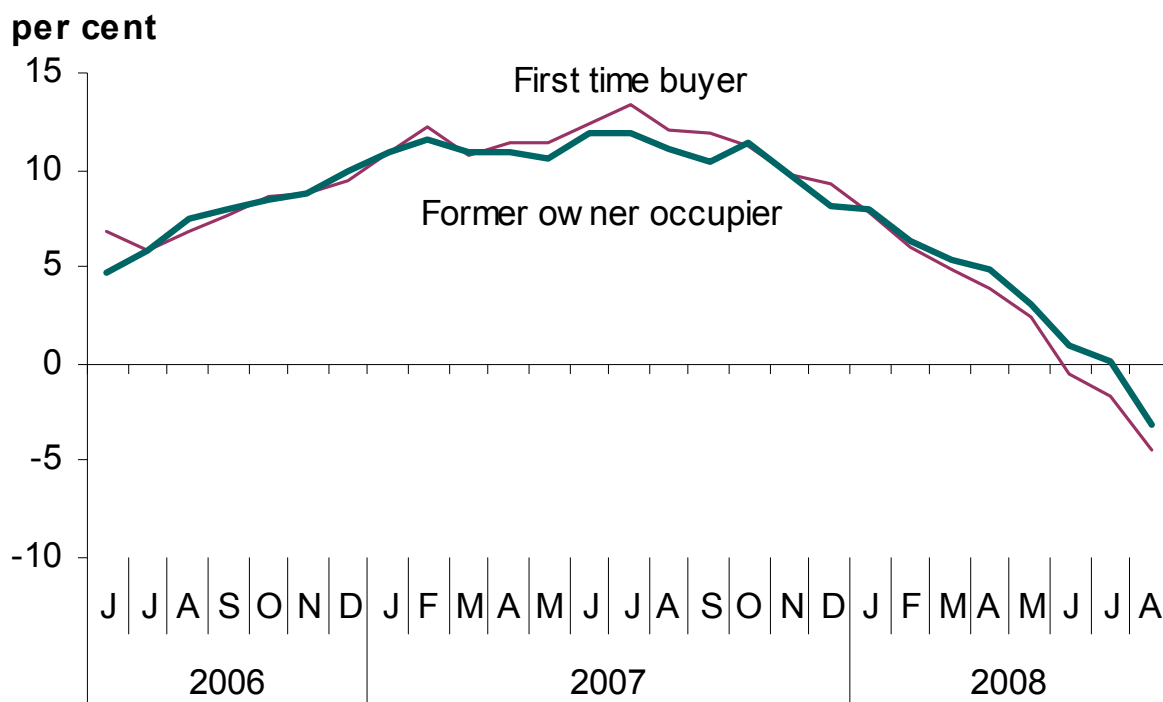
House Price Index: Type of Buyer

The UK annual growth in house prices for first time buyers fell from -1.6 per cent in July to -4.5 per cent in August. There was a decrease of 5.8 per cent between July and August in the price of properties bought by first time buyers compared with a smaller fall of 0.2 per cent last year resulting in a decrease in the annual rate.

The annual house price growth rate for former owner occupiers fell from 0.1 per cent in July to -3.1 per cent in August. The prices index between July and August for properties bought by former owner occupiers fell by 2.5 per cent whereas there was a rise of 0.8 per cent at the same time last year resulting in a decrease in the annual rate.

The average price paid by first time buyers across the whole of the UK was £155,409 in August, while the average price paid by former owner occupiers was £244,641.

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



Tables

Tables are from February 2006 to August 2008.

- 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.

These tables are available at www.communities.gov.uk

Additional tables and earlier monthly data can be accessed in the 'Live tables' section (housing market and house prices) at www.communities.gov.uk/housingstatistics

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 September 2005 the new mix-adjusted house price index is based on an enlarged sample of completions data (about 50,000 per month during 2007) from about 60 mortgage lenders who supply data through the Regulated Mortgage Survey (RMS) of the Council of Mortgage Lenders (CML)/BankSearch. Prior to this date the index was based on the Survey of Mortgage Lenders (SML) (about 25,000 completions per month). The number of cases received will also be affected by the total number of mortgages that have been completed.

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 August, say, is effectively the change in the average price from August 2007 to January 2008 (using the weights for 2007) combined with the change in the average price from January 2008 to August 2008 using the weights for 2008. 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 August. Other recent indicators have been based on asking prices in September or prices based on mortgages approved during September. Therefore the Communities and Local Government figures are not directly comparable with these other indicators.

6. A month on month comparison of the Communities and Local Government index and price is not advised, as the series are not seasonally adjusted and comparisons over periods of less than a year could be affected by seasonal fluctuations.

7. Further details on the methodology of the index can be found in the Publications section of Housing Statistics website, at www.communities.gov.uk/housingstatistics.

8. 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.

9. The next three release dates are:

- Tuesday 11 November 2008
- Tuesday 9 December 2008
- Tuesday 13 January 2009

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