

House Price Index

- May 2008

July 2008

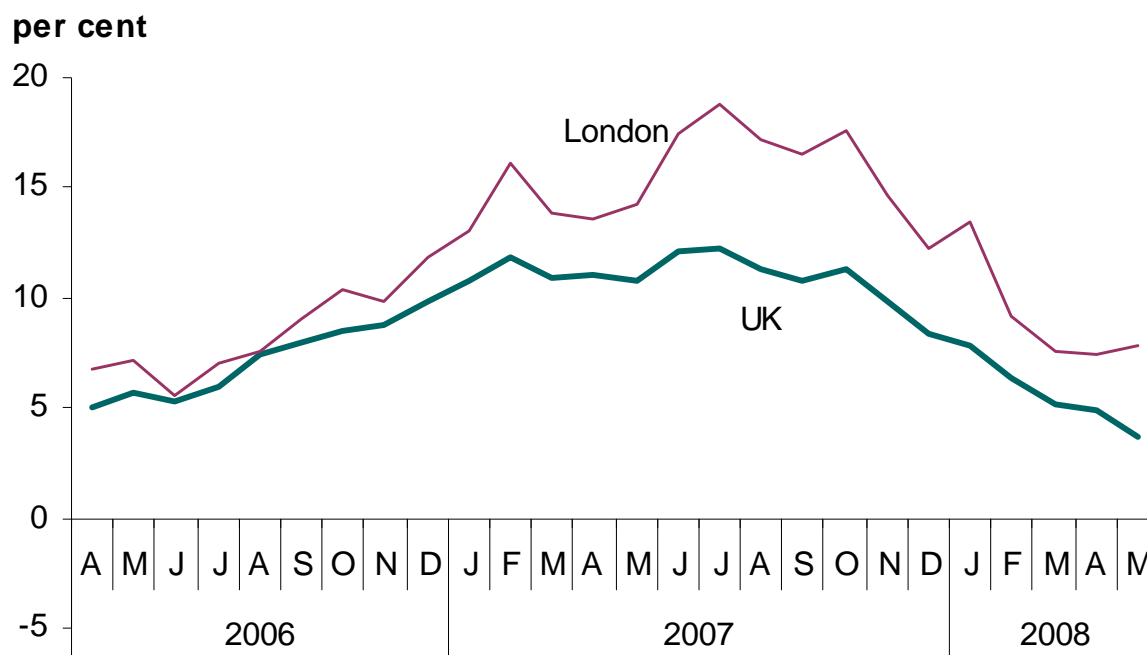
- The mix-adjusted average house price in the UK stood at £218,151 in May 2008, down from £218,875 in April 2008 (not seasonally adjusted).
- UK house prices grew by 3.7 per cent in the year to May 2008, down from 4.9 per cent in April 2008. Annual house price growth was 7.8 per cent in London in the year to May, up from 7.5 per cent in April.
- By country annual house price growth was highest in Scotland (+6.9 per cent) and lowest in Northern Ireland (-7.8 per cent). Annual house prices grew by 1.5 per cent in Wales, and rose by 3.8 per cent in England.
- UK house prices grew by 0.5 per cent in the quarter ending May 2008. This compares with a fall of 0.6 per cent for the quarter ending February 2008.

Headlines.....	1
House price index data:	
UK.....	2
Country.....	3
Region.....	4
Type of buyer.....	6
Tables.....	7
Background notes.....	7
Further Information.....	8

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 Feb 02 = 100	% change over 12 months	Index Feb 02 = 100	% change over 12 months	£
Not seasonally adjusted						
2007	Dec	182.5	8.4	167.8	12.2	218,007
2008	Jan	185.5	7.9	174.5	13.5	221,130
	Feb	182.1	6.3	167.9	9.2	217,089
	Mar	182.3	5.2	169.5	7.6	217,344
	Apr	183.6	4.9	170.9	7.5	218,875
	May	183.0	3.7	173.8	7.8	218,151

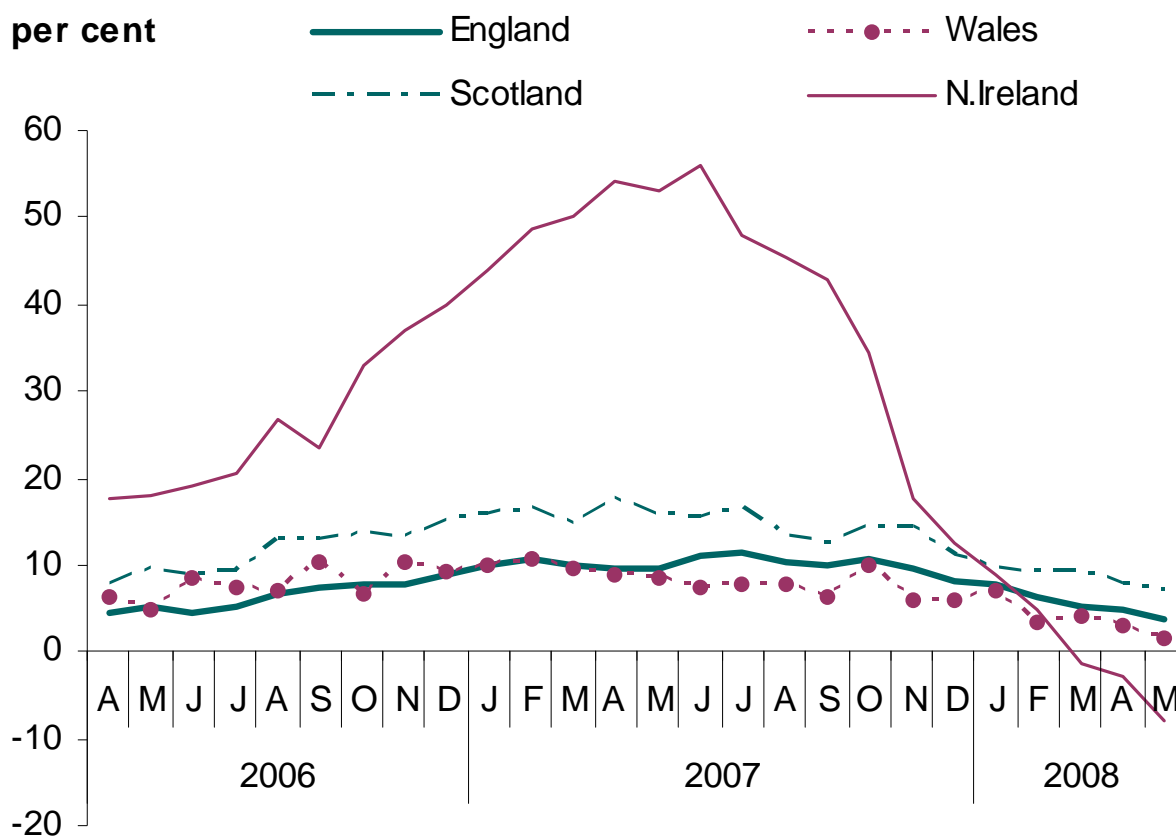
The UK average house price grew by 3.7 per cent in the year to May 2008, down from 4.9 per cent in the year to April 2008. Between April and May there was a fall of 0.3 per cent in the prices index of properties bought compared with a rise of 0.9 per cent over the same period last year, resulting in a decrease in the annual rate.

The fall in UK prices between April and May 2008 can be attributed to decreases in average prices for detached houses (2.1 per cent), bungalows (1.0 per cent), terraced houses (0.6 per cent) and semi-detached houses (0.4 per cent each). The fall is offset by an increase in average prices for flats (3.2 per cent).

House Price Index: Country

House price annual rates of change fell in all countries of the UK in May 2008. In England annual growth in house prices fell from 5.0 per cent in April to 3.8 per cent in May; In Scotland annual house price growth fell from 7.7 per cent in April to 6.9 per cent in May; In Wales annual house price growth fell from 2.9 per cent in April to 1.5 per cent in May; In Northern Ireland annual growth in house prices fell from -2.8 per cent in April to -7.8 per cent in May.

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 seven of the English regions and rose in the other two regions.

The highest annual house price growth was in London (7.8 per cent) followed by the East (4.6 per cent), and the South East (3.6 per cent). Annual house price growth was lower in the North East (3.0 per cent), North West (2.7 per cent) and the Yorkshire and the Humber (1.8 per cent). The lowest annual house price rates of change were in the South West (1.4 per cent), the East Midlands (1.3 per cent) and the West Midlands (1.2 per cent).

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

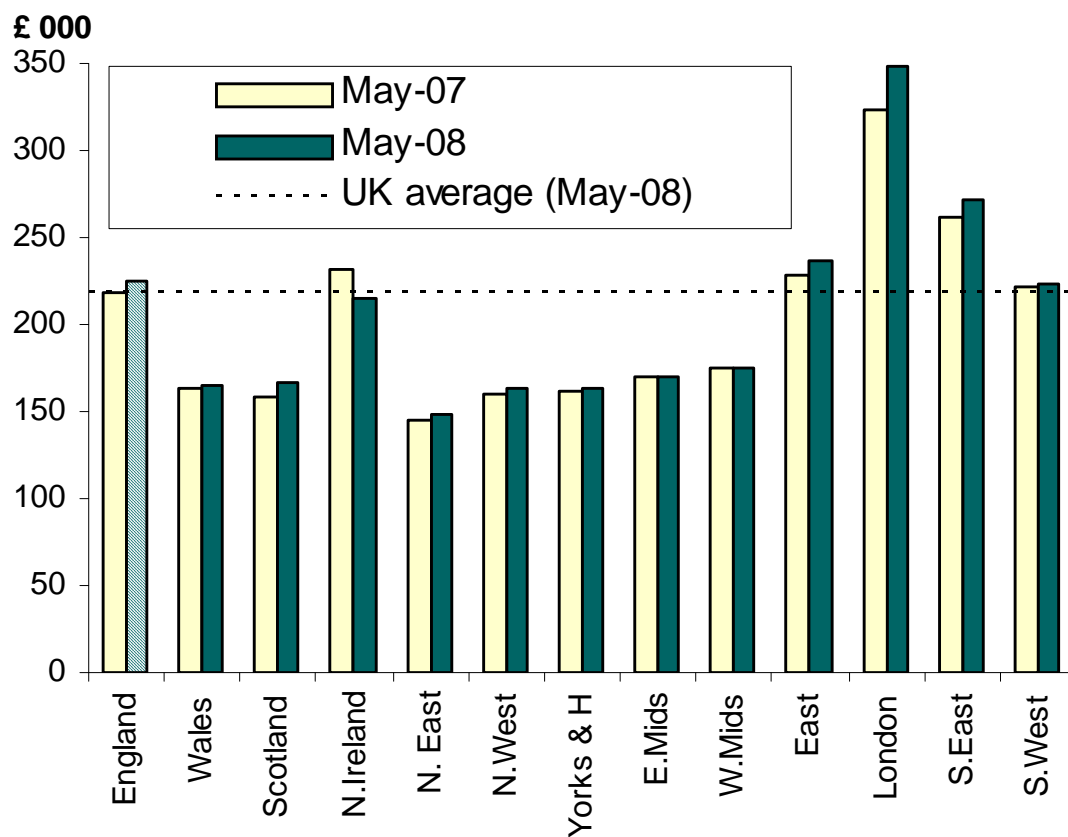


Mix-adjusted average house prices in May 2008 were £225,408 in England, £164,416 in Wales, £167,126 in Scotland and £215,655 in Northern Ireland.

The English region with the highest average house price in May remains London at £348,651. The lowest average price was in the North East at £148,471.

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



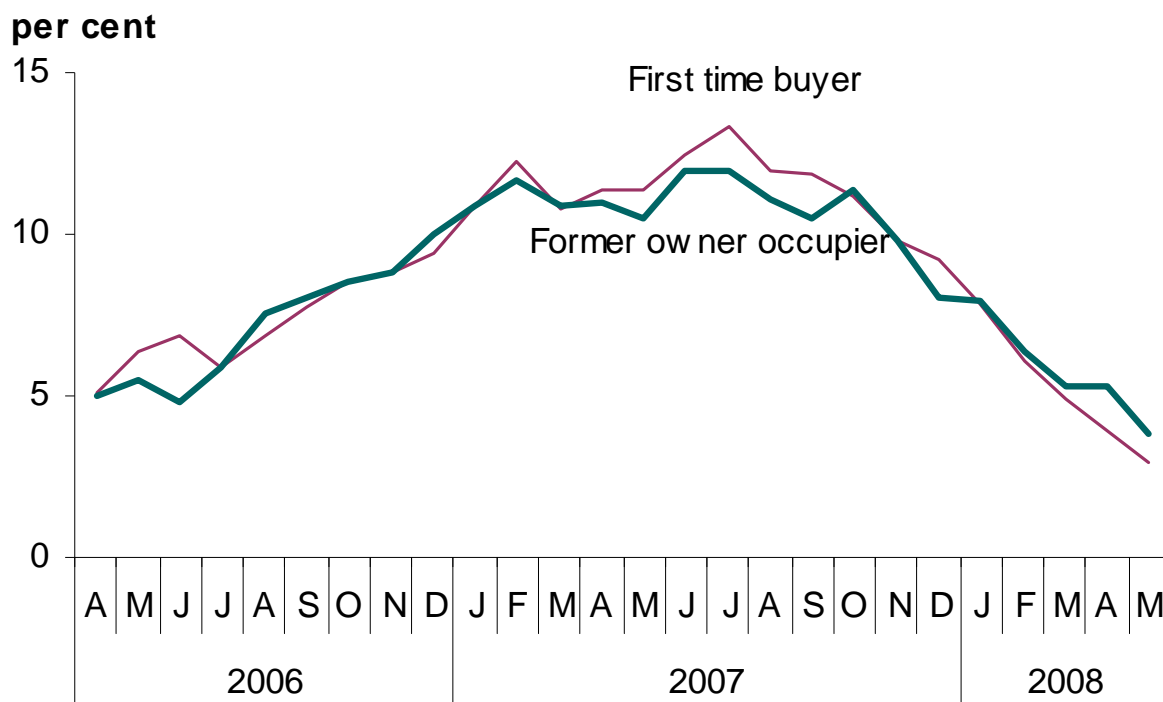
House Price Index: Type of Buyer

The annual UK house price growth rate for first time buyers fell from 3.9 per cent in April to 3.0 per cent in May. There was a rise of 0.4 per cent in the prices index between April and May in the properties bought by first time buyers compared with a larger rise of 1.3 per cent last year resulting in the annual rate of change falling.

The annual house price growth rate for former owner occupiers fell from 5.2 per cent in April to 3.9 per cent in May. The prices index between April and May for properties bought by former owner occupiers decreased by 0.6 per cent whereas there was a rise of 0.7 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 £162,666 in May, while the average price paid by former owner occupiers was £251,075.

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



Tables

Tables are from November 2005 to May 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) 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 May, say, is effectively the change in the average price from May 2007 to January 2008 (using the weights for 2007) combined with the change in the average price from January 2008 to May 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 similar year-on-year house price growth to other indices available from commercial sources when the time intervals are taken into account. The difference 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 in June or prices based on mortgages approved during June. 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 12 August 2008
- Tuesday 16 September 2008
- Tuesday 14 October 2008

Further Information:

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