

House Price Index - February 2009

15 April 2009

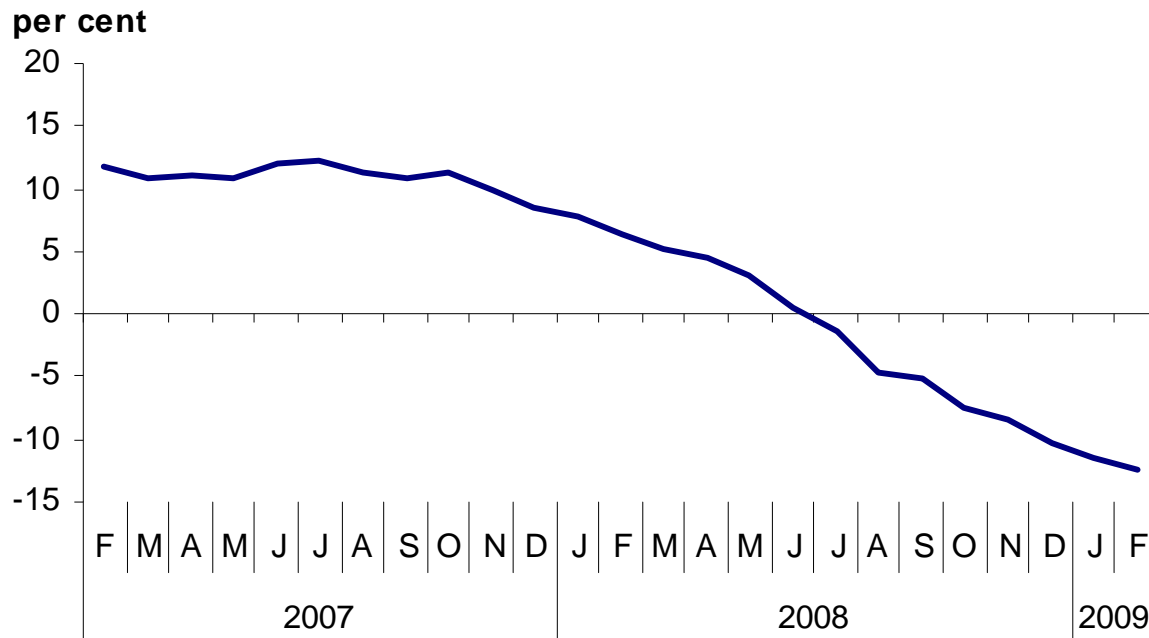
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- UK house prices were 12.3 per cent lower than in February 2008.
- The mix-adjusted average house price in the UK stood at £189,813 in February 2009 (not seasonally adjusted).
- UK house prices fell by 4.8 per cent in the quarter ending February 2009. This compares with a fall of 4.3 per cent for the quarter ending November 2008.
- Annual average house prices fell in England (-12.4 per cent), Wales (-12.5 per cent), Scotland (-8.6 per cent) and Northern Ireland (-19.4 per cent).
- Annual average house prices paid by first time buyers in February 2009 were 15.1 per cent lower than a year ago. By comparison average house prices paid by former owner occupiers were 11.2 per cent lower.

housing

House Price Index: UK

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



		UK		UK	
		All dwellings		All dwellings	
		Index Feb 02 = 100	% change over 12 months	£	
		Not seasonally adjusted			
2008	Sep	175.0	-5.1	208,583	
	Oct	170.8	-7.4	203,580	
	Nov	167.7	-8.5	199,933	
	Dec	163.8	-10.2	195,317	
2009	Jan	164.2	-11.5	195,085 ^R	
	Feb	159.7	-12.3	189,813	

R=Revised

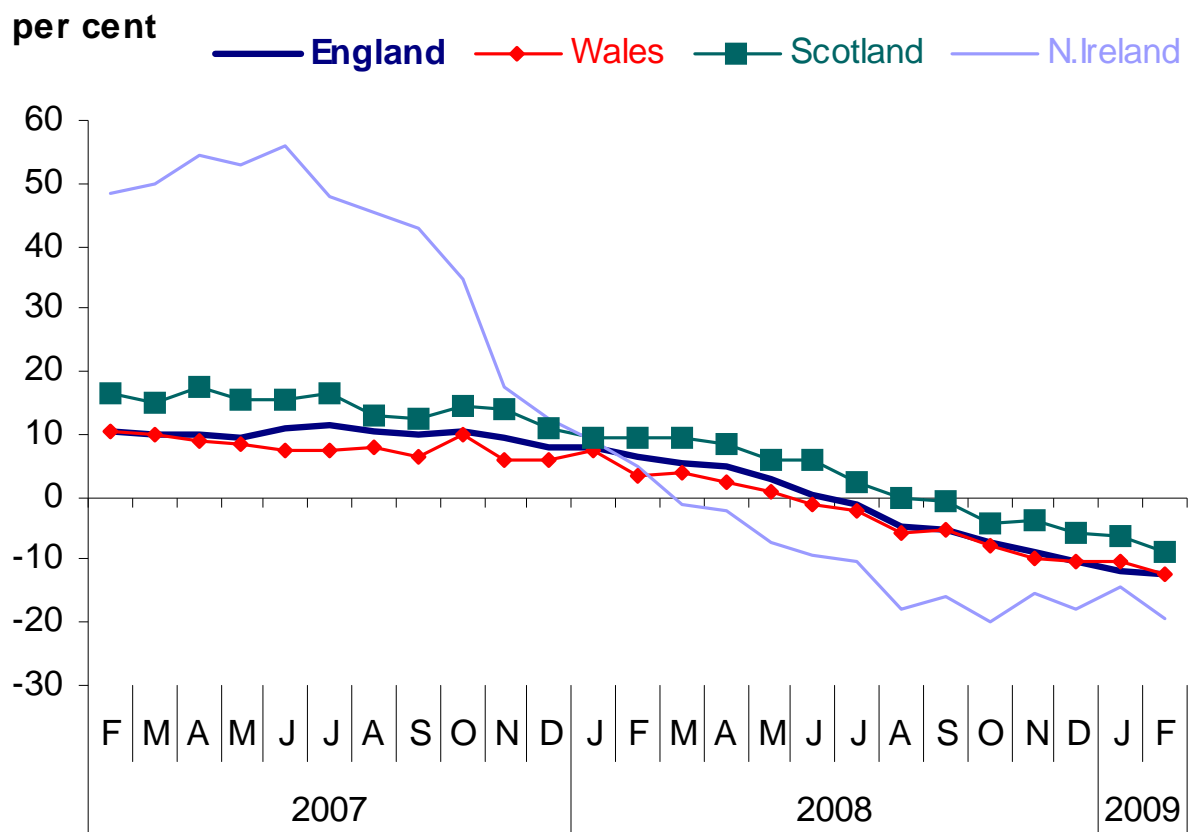
The UK average house price fell by 12.3 per cent in the year to February 2009, compared with a fall of 11.5 per cent in the year to January. Between January and February there was a fall of 2.7 per cent in the prices index of properties bought compared with a smaller fall of 1.8 per cent over the same period last year, resulting in a decrease in the annual rate.

The fall in UK prices between January 2008 and February 2009 can be attributed to a decrease in average prices for flats (4.5 per cent), detached houses (4.3 per cent), bungalows (3.6 per cent), terraced houses (2.0 per cent) and semi-detached houses (1.8 per cent).

House Price Index: Country

Annual house prices fell in all UK countries in the year to February 2009. Annual house price growth was -12.4 per cent in England, was -12.5 per cent in Wales, was -8.6 per cent in Scotland and was -19.4 per cent in Northern Ireland in February.

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



House Price Index: Region

Average house prices fell in all nine English regions during February.

The annual house price growth ranged from -10.3 per cent in the North East to -13.3 in the South East. The annual growth rates in the other regions were -11.2 per cent in the North West, -11.8 per cent in Yorkshire and the Humber, -12.1 per cent in the West Midlands, -12.2 per cent in both London and the South East, -12.6 per cent in the East Midlands and -13.2 per cent in the East.

Figure 3: Regional house price indices

12-month percentage change for the latest month



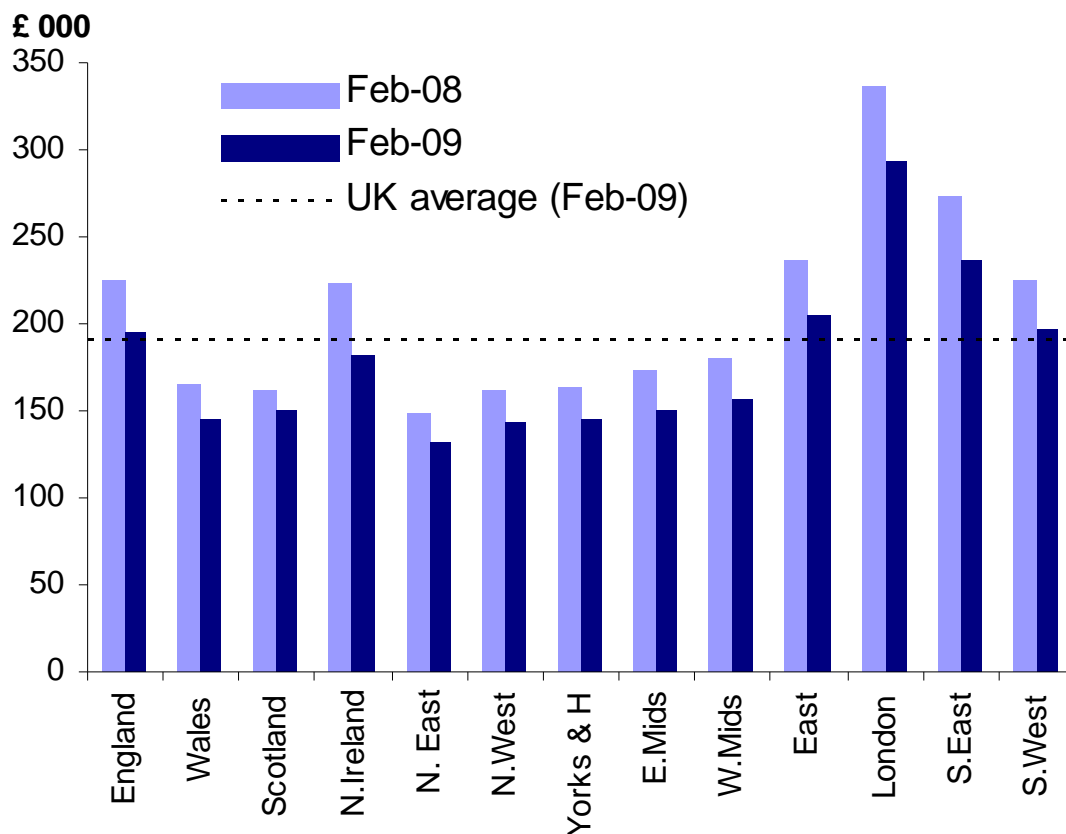
House Prices: Countries and Regions

Mix-adjusted average house prices in February 2009 were £195,657 in England, £144,762 in Wales, £150,141 in Scotland and £182,295 in Northern Ireland.

The English region with the highest average house price in February remains London at £293,401. The lowest average price was in the North East at £131,974.

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



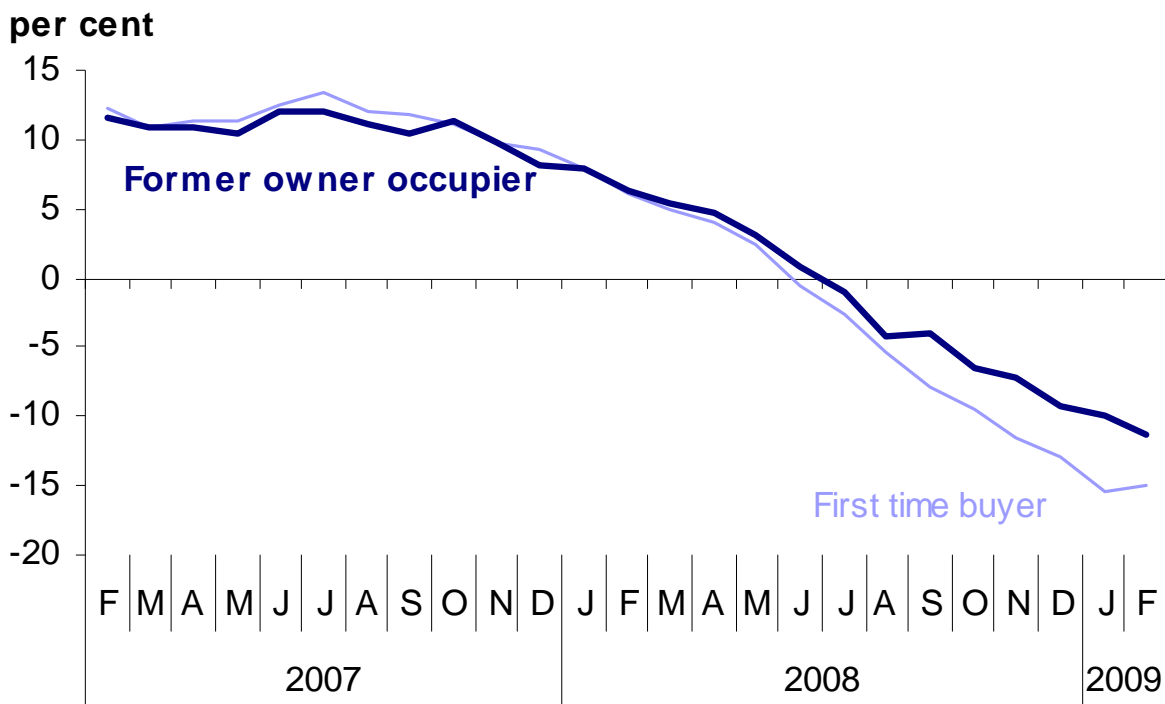
House Price Index: Type of Buyer

The UK annual growth in house prices for first time buyers rose from an average -15.4 per cent in January to -15.1 per cent in February. There was a decrease of 1.2 per cent between January and February in the price of properties bought by first time buyers compared with a larger fall of 1.6 per cent last year resulting in an increase in the annual rate.

The annual house price growth rate for former owner occupiers was -11.2 per cent in February, down from -10.0 per cent in January. The prices index between January and February for properties bought by former owner occupiers fell by 3.2 per cent compared with a smaller fall of 1.9 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 £135,702 in February, while the average price paid by former owner occupiers was £223,133.

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



Tables

Tables are from August 2006 to February 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.

These tables are available at:

<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housingmarket/publications/house-price-index/>

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/>

Mix-adjustment

1. Each year, the weights that are used in the mix-adjustment calculation are updated. This allows the weights to be based on transactions made in the latest 3 year period. This change is noticeable only in the publication of the mix-adjusted prices but for technical reasons not on the index or inflation rates.
2. Last month we published mix-adjusted prices for January 2009 using the weights that had been used throughout 2008. This allowed an appropriate comparison to be made between the December 2008 and January 2009 prices. This month we have published prices for January 2009 using the weights set for 2009, so that appropriate comparisons with February 2009 can be made. This means that previously published January 2009 figures have been revised. Overall, the difference in the published prices for the UK is -£640 (-0.3%). Larger revisions have occurred in some regions and in type of buyer prices. The change in prices is not an error but the result of an annual technical change and explained further in paragraph 3 of the Background Notes.

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 February 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 February, say, is effectively the change in the average price from February 2008 to December 2008 (using the weights for 2008) combined with the change in the average price from January 2009 to February 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.
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 February. Other recent indicators have been based on asking prices in March or based on mortgages approved during March. 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.

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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 three release dates are:
 - Tuesday 12 May 2009
 - Tuesday 9 June 2009
 - Tuesday 14 July 2009

Further Information:

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