

# House Price Index

## - March 2011

17 May 2011

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- In March UK house prices increased by 0.9 per cent over the year and increased by 1.2 per cent over the month (seasonally adjusted).
- The average mix-adjusted UK house price was £205,565 (not seasonally adjusted).
- Average house prices were 0.5 per cent lower over the quarter to March, compared to a quarterly decrease of 0.4 per cent over the quarter to December (seasonally adjusted).
- Average prices increased during the year in England (1.3 per cent) but decreased in Scotland (-0.7 per cent), Wales (-2.5 per cent) and Northern Ireland (-13.9 per cent)
- Prices paid by first time buyers were 0.3 per cent lower on average than a year earlier and prices paid by former owner occupiers increased by 1.4 per cent.
- Prices for new properties were 10.7 per cent higher on average than a year earlier whilst prices for pre-owned dwellings increased by 0.2 per cent.

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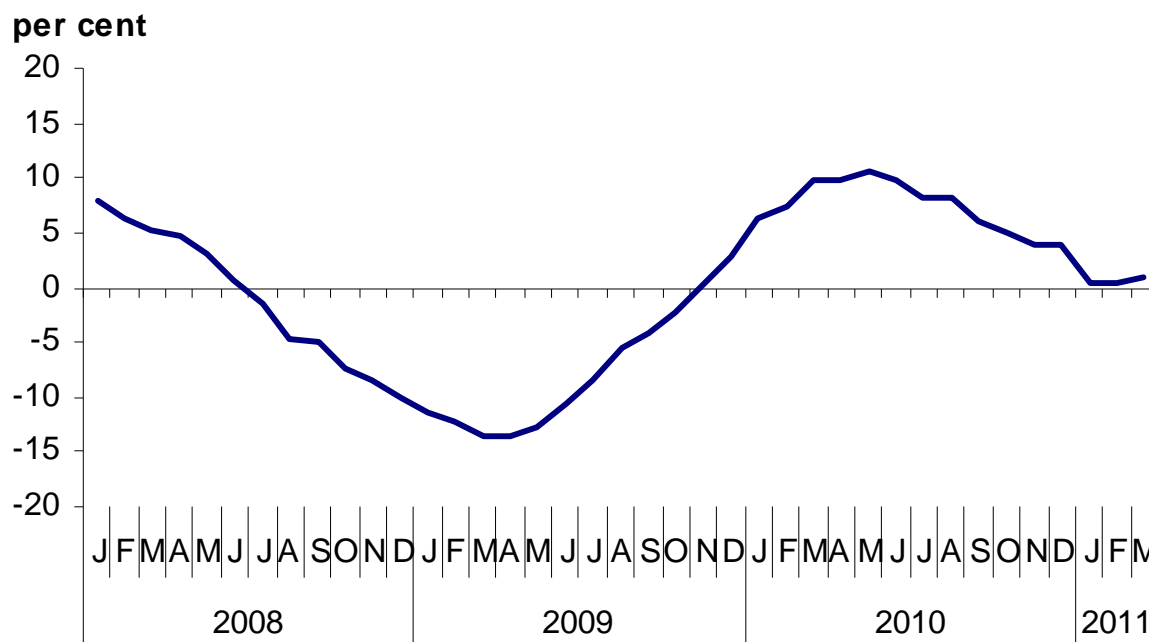
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# housing

# 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>	Index Seasonally adjusted	% change over 1 month  <i>Seasonally adjusted</i>	£  <i>Not seasonally adjusted</i>
2010	Oct	175.3	5.1	175.1	- 0.4	208,671
	Nov	175.4	4.0	175.6	0.3	208,682
	Dec	174.9	3.8	176.5	0.5	208,148
2011	Jan	175.2	0.5	174.1	-1.4	206,592 <sup>R</sup>
	R Feb	172.3	0.5	174.2	0.0	203,068
	Mar	174.4	0.9	176.2	1.2	205,565

R=Revised

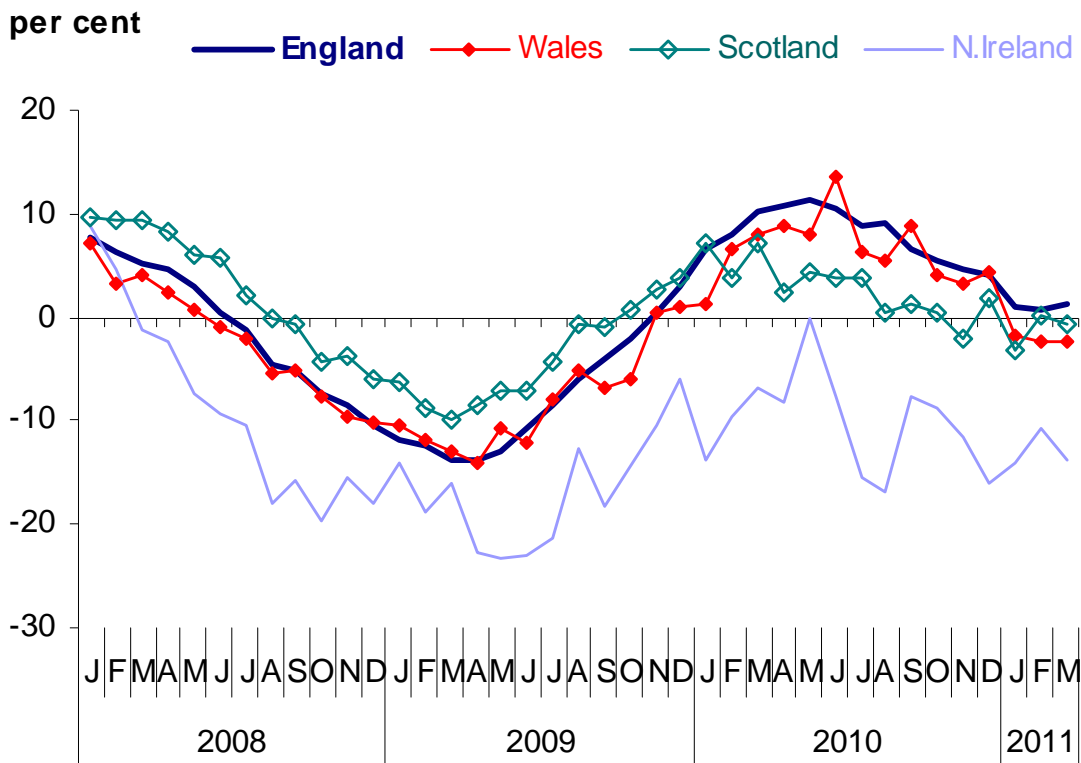
UK house prices increased by 0.9 per cent on average in the year to March 2011, a rise on the 0.5 per cent annual increase observed in the previous month. Seasonally adjusted house prices increased over the month (1.2 per cent) compared with the 0.5 per cent monthly increase observed in March 2010.

The seasonally adjusted index was 4.8 per cent below the recent peak of April 2008 and 10.9 per cent above the recent trough of April 2009.

# House Price Index: Country

During the year to March average house prices increased in England (1.3 per cent), but decreased in Scotland (-0.7 per cent), Wales (-2.5 per cent) and Northern Ireland (-13.9 per cent).

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



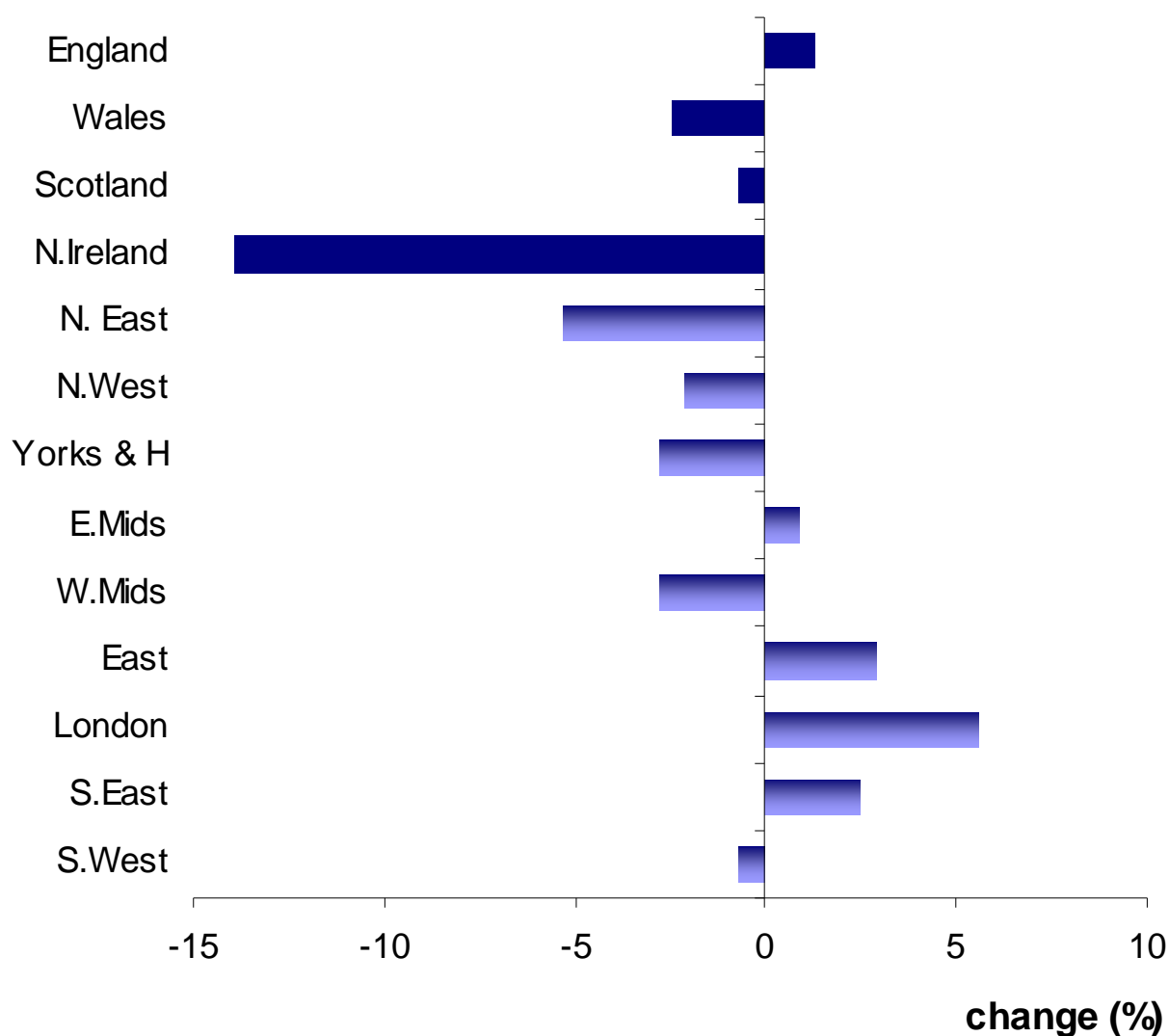
## House Price Index: Region

Average house prices increased in four of the nine English regions over the year to March 2011. The largest increase was in London (5.6 per cent) and the smallest was in the East Midlands (0.9 per cent). The North East saw the largest annual fall (-5.3 per cent).

Over the month to March there were average price rises in six regions, ranging from 0.9 per cent in the East to 2.4 per cent in London. There were average price falls in the other three regions, ranging from -0.1 per cent in the South West to -2.2 per cent in the North East.

**Figure 3: Regional house price indices**

*12-month percentage change for the latest month*



## House Prices: Countries and Regions

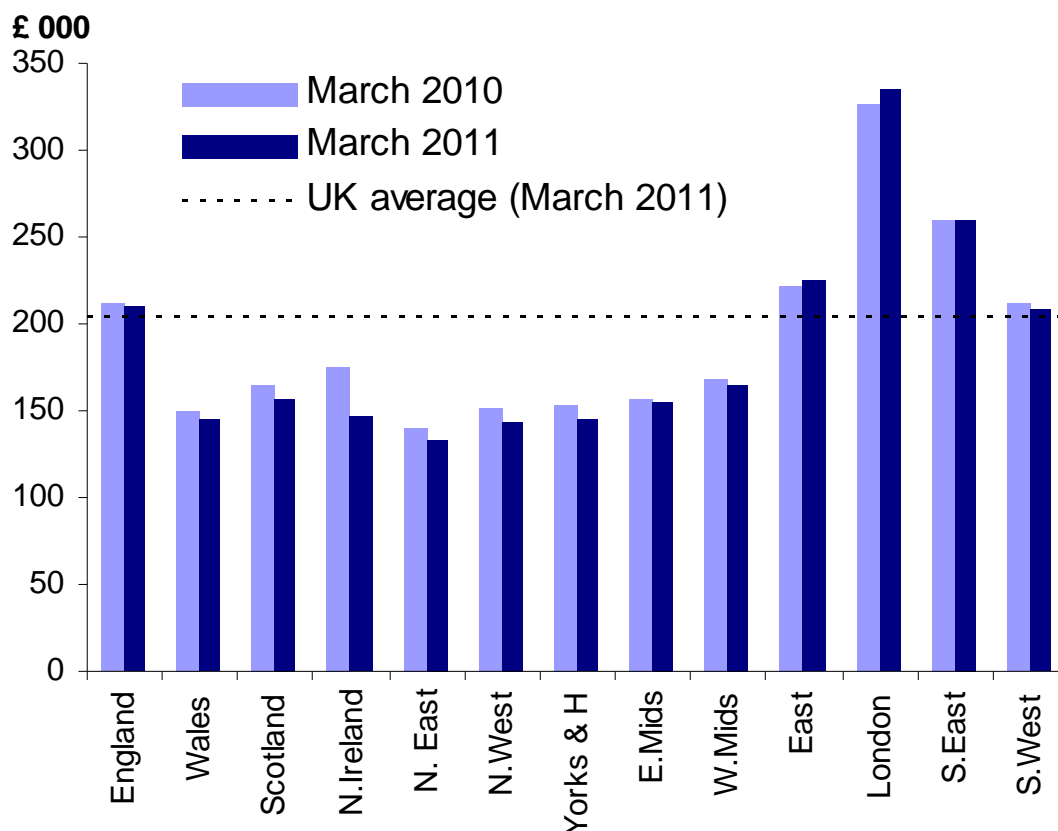
Average mix-adjusted house prices in March stood at £213,272 in England, £146,620 in Northern Ireland, £161,070 in Scotland and £145,053 in Wales.

London remains the English region with the highest average house price (£342,521). The North East has the lowest average price at £130,407.

In England, southern regions including the East of England, London, the South East and South West all had average prices above the UK average in March.

Excluding London and the South East, the average UK price in March was £168,777, a decrease of -1.1 per cent over the year.

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

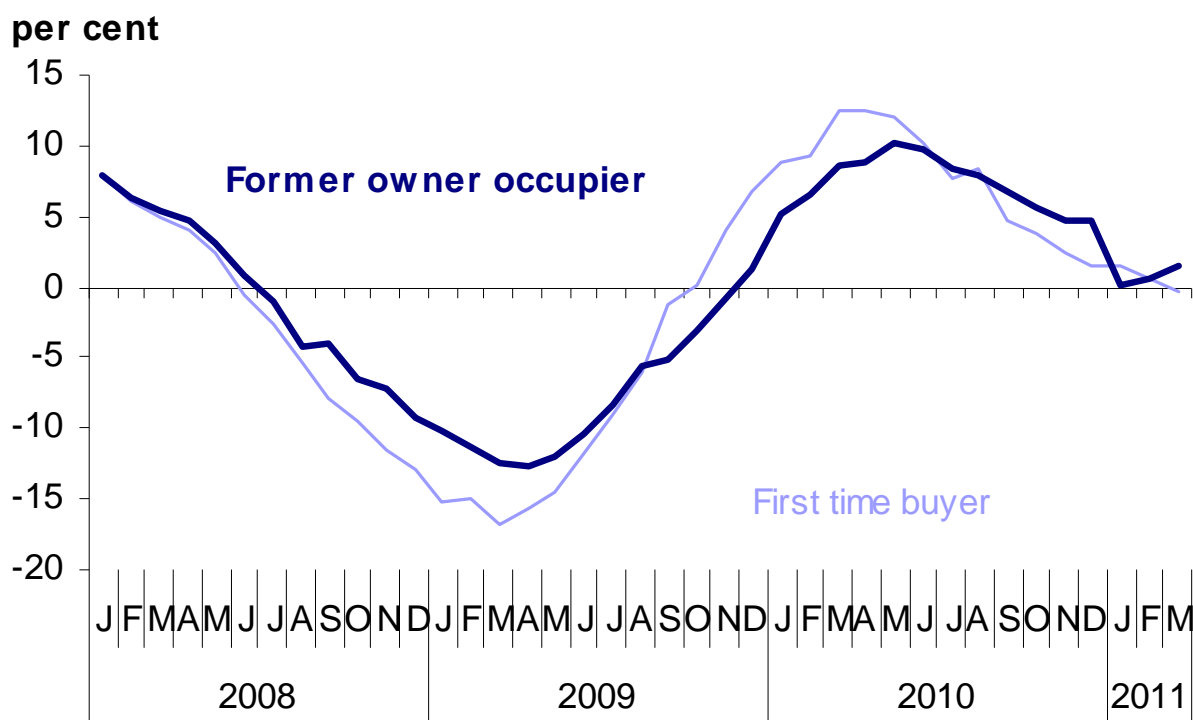


## House Price Index: Type of Buyer

The average price for properties bought by first time buyers decreased by 0.3 per cent to £150,011 over the year to March 2011, compared to an annual increase of 0.5 per cent in February. During March prices paid by first time buyers did not change over the month, compared to a 0.7 per cent monthly increase in March last year.

The average price of properties bought by former owner occupiers increased by 1.4 per cent to £239,813 over the year to March 2011, compared to an annual increase of 0.5 per cent in February. During March prices paid by former owner occupiers rose by 1.6 per cent on average, compared to a 0.4 per cent increase in March last year.

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

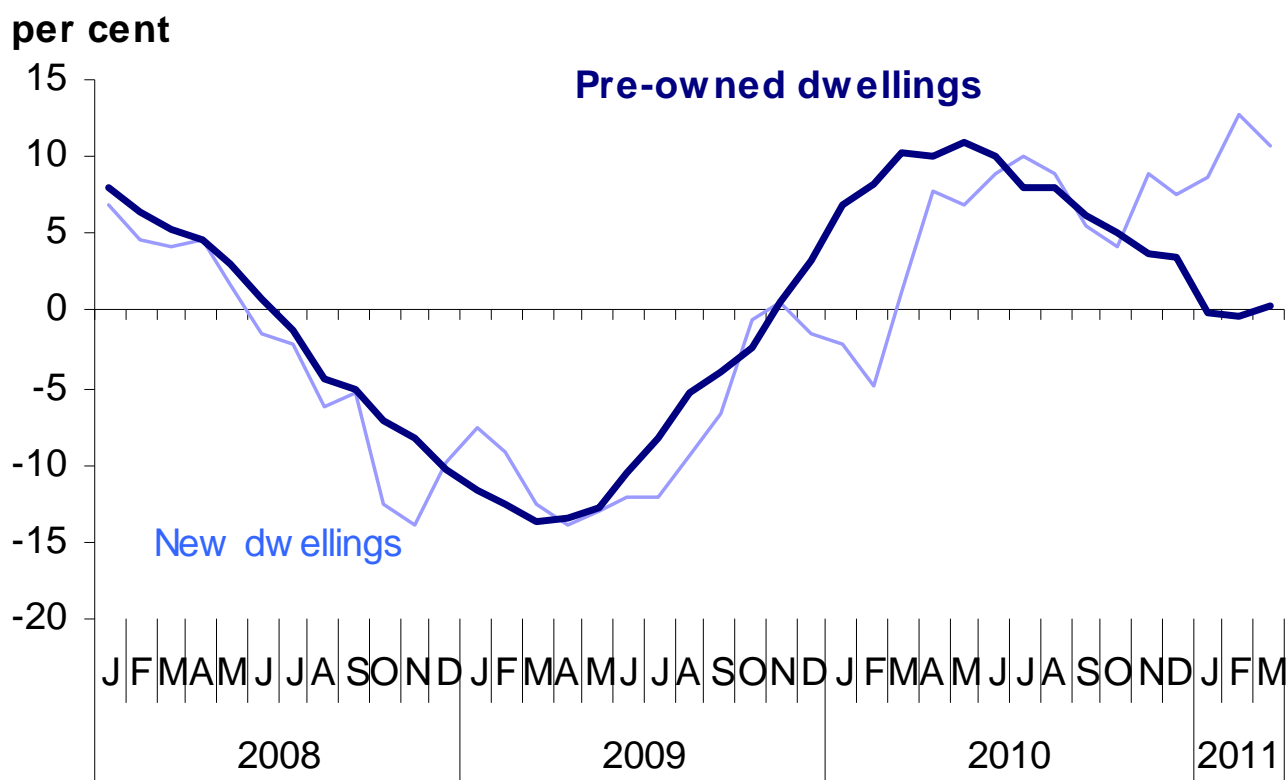


## House Price Index: New and pre-owned dwellings

The average price for pre-owned dwellings increased by 0.2 per cent to £206,232 over the year to March, compared to an annual decrease of 0.4 per cent in February. During March 2011 prices paid for pre-owned dwellings were 1.3 per cent higher than the previous month, compared to a 0.3 monthly increase during the same period last year.

The average price paid for new properties increased by 10.7 per cent to £197,117 over the year to March, compared to an annual increase of 12.8 per cent in February. During March 2011 prices paid for new properties decreased by 0.2 per cent on average, compared to a monthly rise of 1.6 per cent in March last year. Month on month price changes in new build properties tend to be more volatile, reflecting low transaction levels.

**Figure 6: UK annual house price rates of change by whether dwelling was new or pre-owned**  
*12-month percentage change*



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## Accompanying Tables

Tables are from March 2002 to March 2011.

- 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/>

## Data Sources

Since October 2005 the mix-adjusted house price index has been based on a sample of mortgage completions data from the Regulated Mortgage Survey (RMS) as collected by the Council of Mortgage Lenders (CML)/Matrix Solutions. Before this the index was based on the Survey of Mortgage Lenders.

The number of cases received from the RMS is affected by the total number of mortgages that have been completed for house purchase. During 2007, when there were on average around 85,000 loans per month for house purchase in the UK, there were around 50,000 records per month supplied from the RMS by about 60 lenders. In the 6 months to December 2010 there were an average of 46,000 loans per month for house purchase (CML) and the RMS sample provided around 26,500 records per month from 28 lenders. The RMS sample provided to DCLG therefore covered around 60% of UK mortgage completions for house purchase in this period.

The house price index is mix-adjusted to allow for the fact that different types of property are sold in different periods. House prices are modeled using a multivariate fixed effects regression model ("hedonic" model) incorporating several factors that produce a large number of "cells" (variable combinations such as first time buyer, resale, and detached house in London). Once the monthly price estimates for all cells have been determined by the model, they are combined with their appropriate weights to produce that month's mix-adjusted average prices for all the required output categories. Weights are calculated once a year based on the relative numbers of transactions during the previous three years, given by the Land Registry data. The index is an annual chain-linked Laspeyres-type index. Further details on the methodology can be found in the "housing statistics by topic" section of Housing Statistics website, at:

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

## Related Statistics

### Land Registry data

All residential property transactions in England and Wales are recorded by the Land Registry. This data set forms the basis of the Land Registry index which is based on a repeat-sales regression analysis and provides figures at national, regional, county and London borough level. The Land Registry index can be found at <http://www.landregistry.gov.uk/>.

The Department for Communities and Local Government also publish data received from the Land Registry as simple average, median and lower quartile house prices at local authority level. This data is published on a quarterly basis in March, June, September and December and can be found in our Live Tables at <http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housingmarket/livetables/housepricetables/localhousepricetables/>

Land Registry data is also used to derive the affordability ratio, the ratio of house prices relative to earnings. Earnings data is taken from the ONS Annual Survey of Hours and Earnings (ASHE). Affordability ratios are calculated quarterly at national level, and annually at local authority level. These ratios are available at <http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housingmarket/livetables/affordabilitytables/>

### Other House Price Indices

There are several house price indices available from commercial sources. The Department for Communities and Local Government (DCLG) index shows a similar trend in annual house price rates to other indices. Differences will be affected by differences in the data and methodology used to compile the index. For example, the DCLG index uses expenditure weights, whereas other indices use transaction weights. Consequently, the DCLG 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 DCLG Index are more influenced by the market for the higher priced properties (i.e. the demand for detached houses).

Furthermore, the DCLG house price index figures are based on completions. Some other indicators are based on asking prices or mortgage approvals and reflect activity in more recent periods. There is a lag between mortgage approval and mortgage completion. Therefore the DCLG Index is not directly comparable with these other indicators.

## Revisions policy

This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Official statistics and the Department for Communities and Local Government's Revisions Policy. There are two types of revisions that the policy covers:

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## Scheduled Revisions

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 estimates for January prices are revised in the February release so that they are on a consistent basis to prices for the remainder of that year. This change is noticeable only in the publication of the mix-adjusted prices but for technical reasons not in the index or inflation rates.

The change in weights in each year means that house prices within the year are comparable – they are all based on the same weights - but 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 March, say, is effectively the change in the average price from March to December 2010 (using the weights for 2010) combined with the change in the average price from January to March 2011 using the weights for 2011. 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.

Seasonal adjustment of the index is reviewed and updated annually in the release for data corresponding to July. This will result in small changes to seasonally adjusted figures across the whole period.

At the end of each quarter, as well as releasing final figures for the latest month, data are revised for the previous two months. This is because a small number of mortgage companies provide data on a quarterly rather than monthly basis. These currently account for around 1-2% of records. Additionally, data will be revised for the previous month if more than 1,000 additional cases are received in a subsequent month. Revised figures are labelled with an "R".

Other revisions to historic data (all data older than that currently due for scheduled revision) should only be made where there is a substantial revision, such as a change in methodology or definition.

## Non-Scheduled Revisions

If a substantial error occurred as a result of the compilation, imputation or dissemination process, the statistical release, live tables and other accompanying releases would be updated with a correction notice as soon as is practical.

## Background Notes

1. The mix-adjusted house price series are produced by the Department for 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. Seasonally adjusted figures at a national level 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

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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.

3. Details of officials who receive pre-release access to the DCLG House Price Index up to 24 hours before release can be found at:  
<http://www.communities.gov.uk/documents/statistics/pdf/hpiprereleaseaccess.pdf>
4. Further quarterly and annual house price data can be found on the Department's website in Housing Market Live tables 507, 508 and tables 590 to 594.
5. The next six release dates are:
  - Tuesday 14 June 2011
  - Tuesday 12 July 2011
  - Tuesday 16 August 2011
  - Tuesday 13 September 2011
  - Tuesday 11 October 2011
  - Tuesday 15 November 2011

## User consultation

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

## Further Information:

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