

Statistical bulletin

House price index: April 2016

Monthly house price inflation, calculated using data from Land Registry, Registers of Scotland and Land and Property Services Northern Ireland. This replaces the previous House Price Indices separately published by ONS and Land Registry.

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1. Introduction

This is a high level summary of the first publication of a new UK House Price Index (HPI), which replaces the previous house price indices separately published by the Land Registry and the Office for National Statistics. For full details, including commentary, historical data tables and analytical tools please see the [main publication of the new HPI](#), published today on the GOV.UK website.

The new UK HPI is a joint production by Land Registry, Land and Property Services Northern Ireland, Office for National Statistics and Registers of Scotland.

The new UK HPI has been published initially as an [experimental official statistic](#) to allow for users to acclimatise to the format of the new HPI, to evaluate user reaction to the new data, evolve the publication of data further to meet user requirements and to further develop the data sources used in the production. Whilst the methodology for the new UK HPI has been finalised, further work is taking place to secure additional property attributes data (such as from Scottish Assessors) that will supplement and provide additional assurance to the production process going forward.

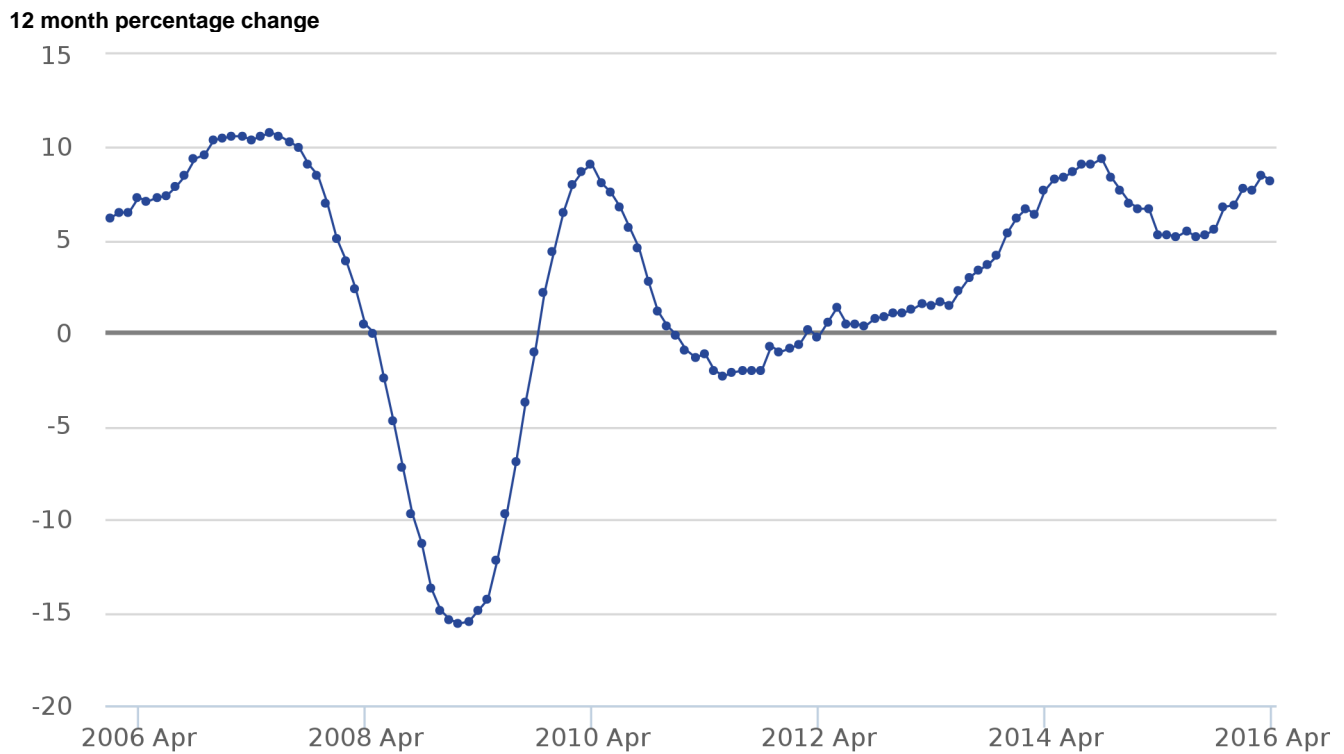
It is expected that we will seek to take the necessary steps to remove the experimental status at the end of 2016, once the above points have been implemented and then progress with the assessment of the new [UK HPI as a National Statistic](#).

Please note that the Northern Ireland Residential Property Price Index, used as a component source in the production of the new UK HPI remains an official statistic (i.e. this is not classified as experimental).

2. UK all dwellings

UK average house prices have increased by 8.2% in the year to April 2016 (down from 8.5% in the year to March 2016), continuing the strong growth seen since the end of 2013.

Figure 1: Annual house price rates of change, UK all dwellings from January 2006 to April 2016



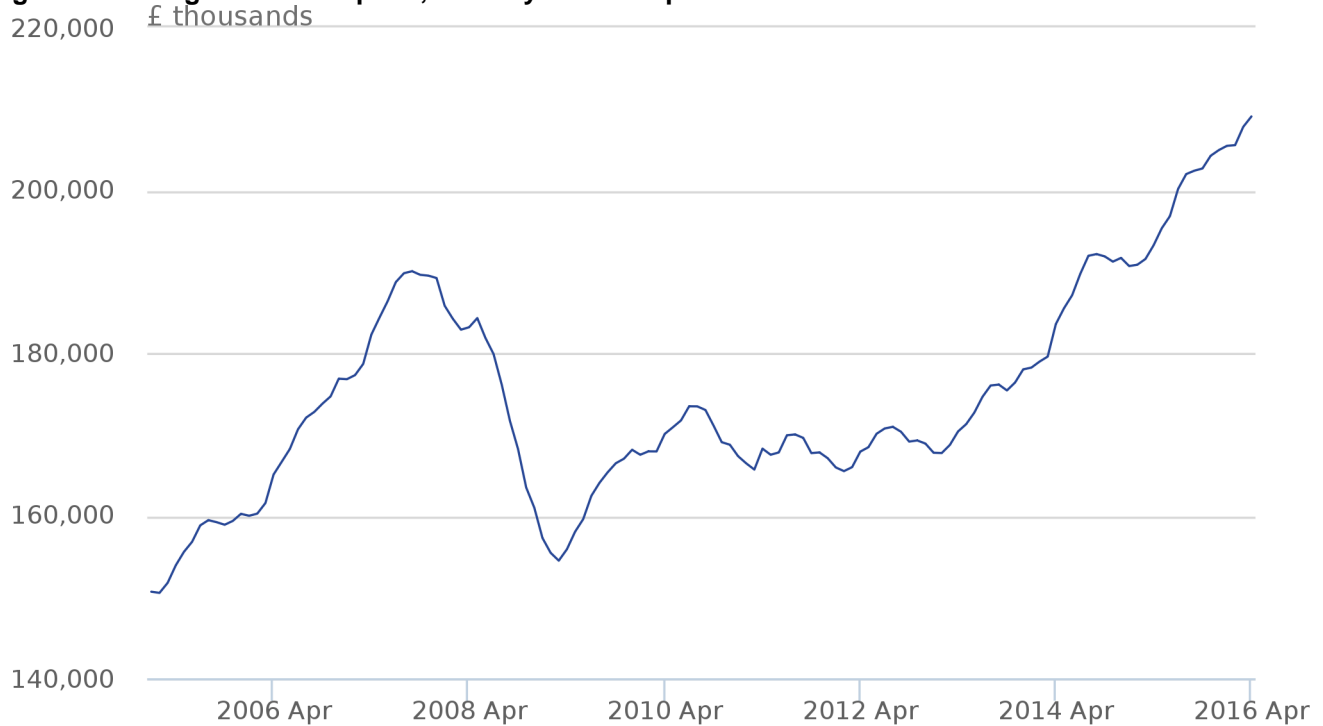
Source: Land Registry, Registers of Scotland and Land and Property Services Northern Ireland and Office for National Statistics

Notes:

1. Not seasonally adjusted
2. The [full HPI release](#) is available to download from Land Registry at GOV.UK

The average UK house price was £209,000 in April 2016. This is £16,000 higher than in April 2015, and £1,300 higher than last month.

Figure 2: Average UK house price, January 2005 to April 2016



Source: Land Registry, Registers of Scotland and Land and Property Services Northern Ireland and Office for National Statistics

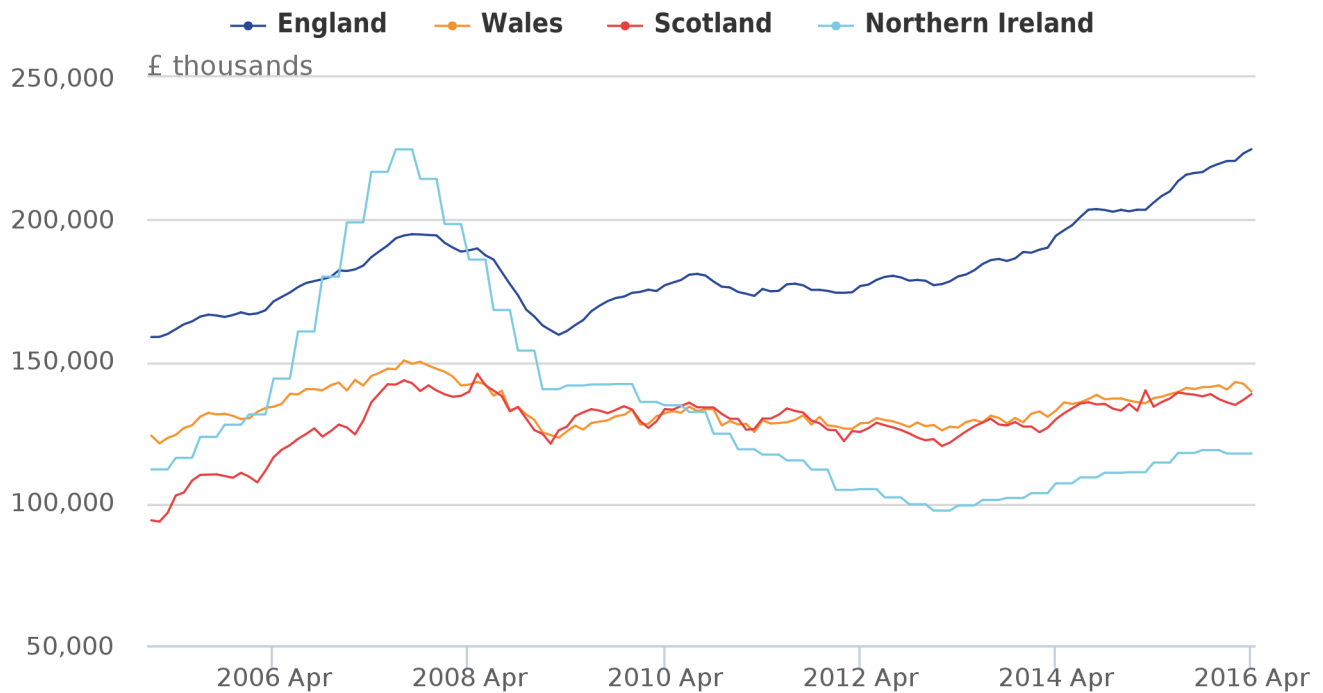
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3. House price index, by UK country

The main contribution to the increase in UK house prices came from England, where house prices increased by 9.1% over the year to April 2016, with the average price in England now £225,000. Wales saw house prices increase by 1.7% over the latest 12 months to stand at £139,000. In Scotland, the average price increased by 3.3% over the year to stand at £138,000. The average price in Northern Ireland is currently £118,000.

Figure 3: Average house price, by UK country, January 2005 to April 2016



Source: Land Registry, Registers of Scotland and Land and Property Services Northern Ireland and Office for National Statistics

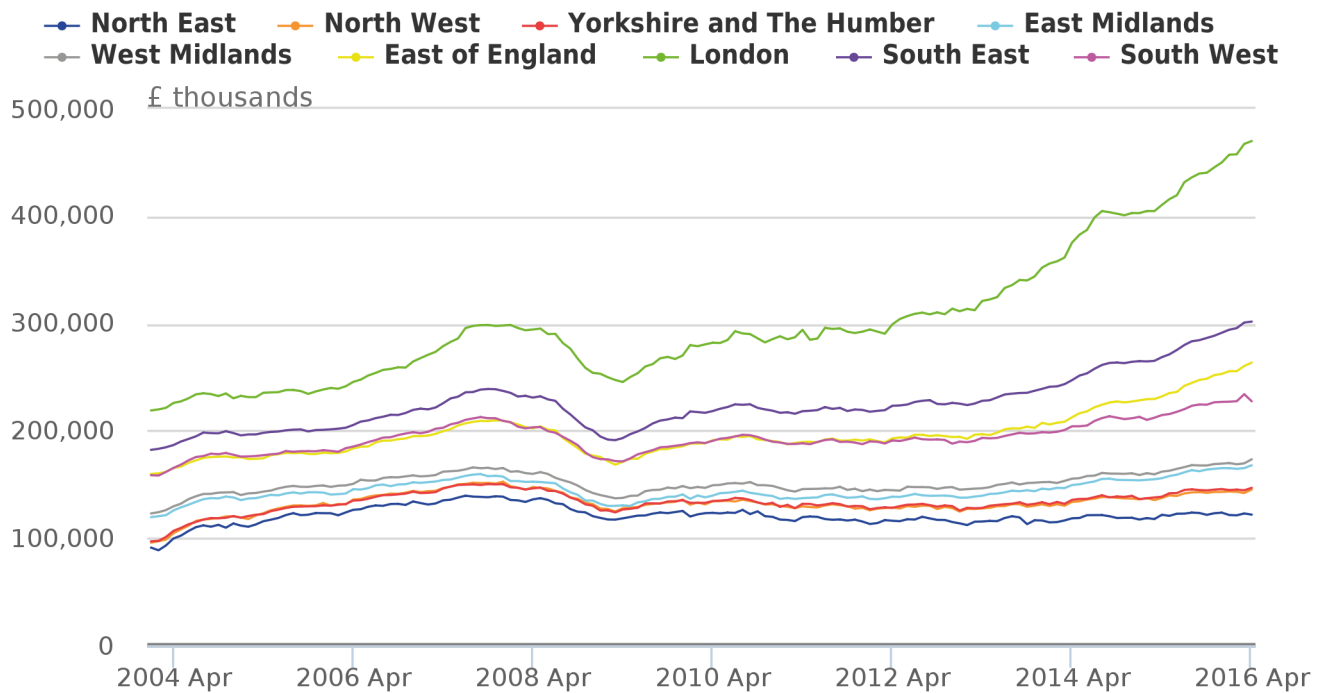
Notes:

1. Not seasonally adjusted
2. The [full HPI release](#) is available to download from Land Registry at GOV.UK

4. House price index, by English region

On a regional basis, London continues to be the region with the highest average house price at £470,000, followed by the South East and the East of England, which stand at £302,000 and £263,000 respectively. The lowest average price continues to be in the North East at £122,000.

Figure 4: Average house price, by English region, January 2004 to April 2016



Source: Land Registry and Office for National Statistics

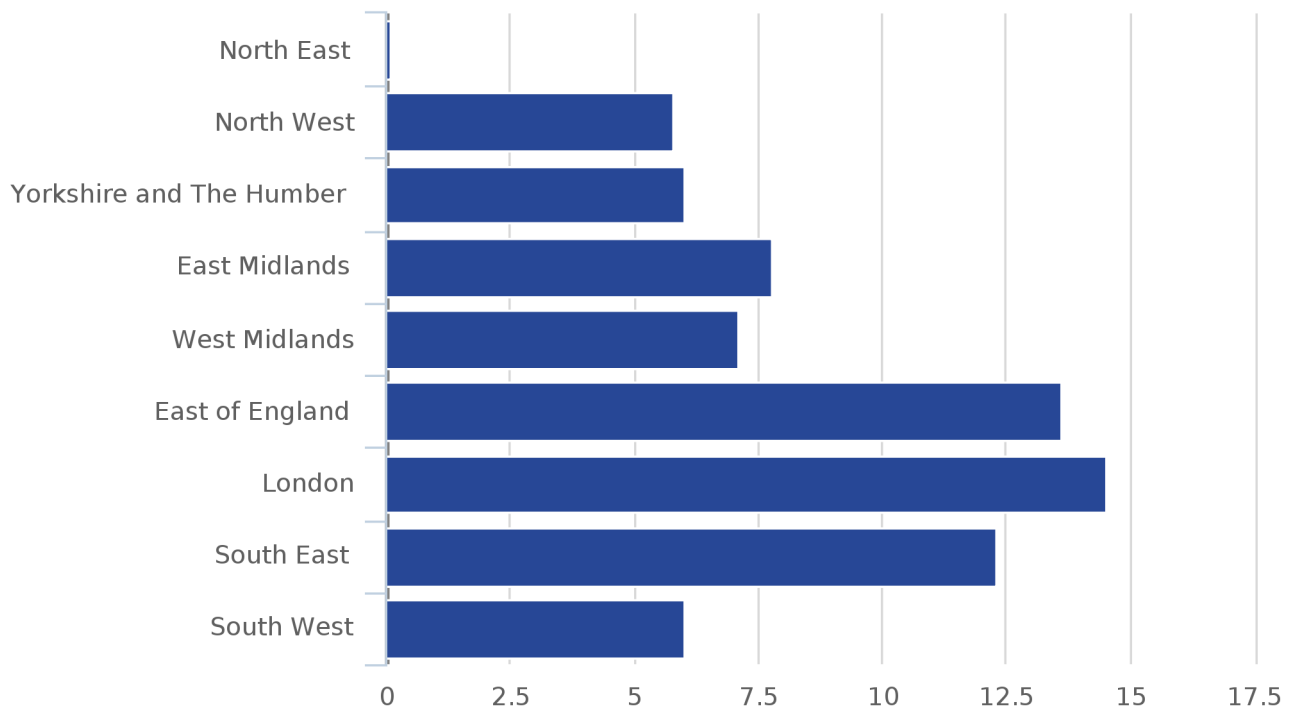
Notes:

1. Not seasonally adjusted
2. The [full HPI release](#) is available to download from Land Registry at GOV.UK

London was also the region which showed the highest annual growth, with prices increasing by 14.5% in the year to April 2016. The East of England (13.6%) and the South East (12.3%) also had high annual growth. The lowest annual growth was in the North East, where prices increased by 0.1% over the year.

Figure 5: All dwellings annual house price rates of change, year to April 2016: by English region

12 month percentage change



Source: Land Registry and Office for National Statistics

Notes:

1. Not seasonally adjusted
2. The [full HPI release](#) is available to download from Land Registry at GOV.UK

5. House Price Index, by local authority district

The local authority showing the largest annual growth in the year to April 2016 was City of London, where prices increased by 27.3% to stand at £928,000. The lowest annual growth was recorded in Merthyr Tydfil, where prices fell by 11.1% to stand at £82,000.

In April 2016, the most expensive borough to live in was Kensington and Chelsea, where the cost of an average house was £1.3 million. In contrast, the cheapest area to purchase a property was Burnley, where an average house cost £73,000.

Table 1 : Top and bottom 5 local authority districts by annual growth in the year to April 2016

Top 5 Local Authorities	% change	Average Price (£)
City of London	27.3	928,217
Slough	25.2	287,177
Waltham Forest	25.0	424,663
Thurrock	22.4	243,114
Barking and Dagenham	22.3	271,828
Bottom 5 Local Authorities	% change	Average Price (£)
Merthyr Tydfil	-11.1	82,217
City of Aberdeen	-10.4	173,761
Ceredigion	-7.4	160,082
Orkney Islands	-6.9	122,033
Aberdeenshire	-6.3	189,796

Source: Land Registry, Registers of Scotland, Land and Property Services Northern Ireland and Office for National Statistics

Notes:

1. The full HPI release is available to download from Land Registry at GOV.UK

6. Explaining the impact of the new UK HPI

The new HPI introduces improved methodology to address limitations with the previous house price indices published by Land Registry and ONS, notably:

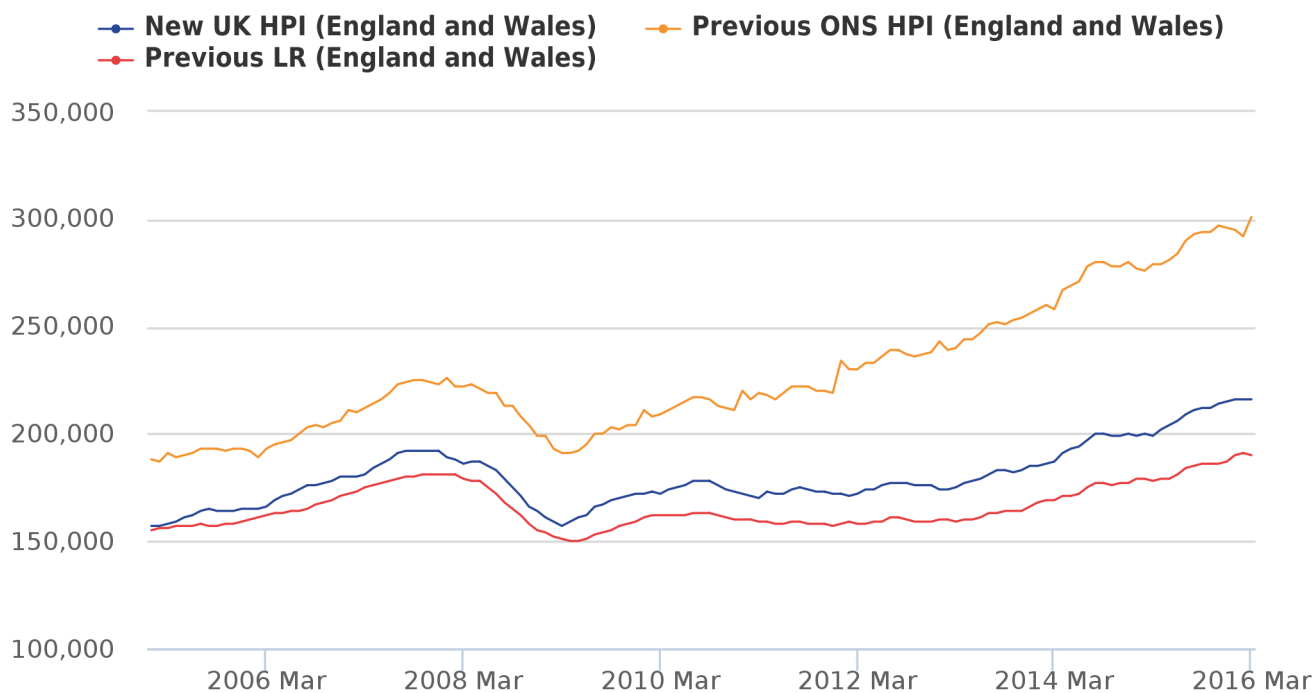
- the inclusion of both cash sales and new dwellings in calculations to provide full coverage of the housing market
- the use of a more appropriate calculation of average price that is not as sensitive to extreme valued property
- a calculation process that ensures the price index is representative of the current housing market
- publication of average prices that are fully comparable over time

The introduction of improved methodology and data sources has led to differences in published prices when comparing the new HPI to the previous HPIs published by Land Registry and ONS. However, when comparing the respective trends over time, the three series show very similar movements.

Impact on Price

The difference in average price levels when comparing the new HPI to the old ONS HPI is mainly caused by the choice of formula used to average prices. The new UK HPI uses a geometric mean as opposed to the arithmetic mean used in the old ONS HPI. The arithmetic mean is sensitive to extreme property values and as a result the prices can be skewed upwards by high value property. The geometric mean is less sensitive to these values, although it does continue to represent them in the calculation process. Improvements to other aspects of the methodology will also contribute to the differences (such as the inclusion of cash sales), although the impact of these is more difficult to quantify.

Figure 6: Impact of new UK HPI on average price values (England and Wales), January 2005 to March 2016



Source: Land Registry and Office for National Statistics

Notes:

1. England and Wales data used in analysis for comparability purposes.

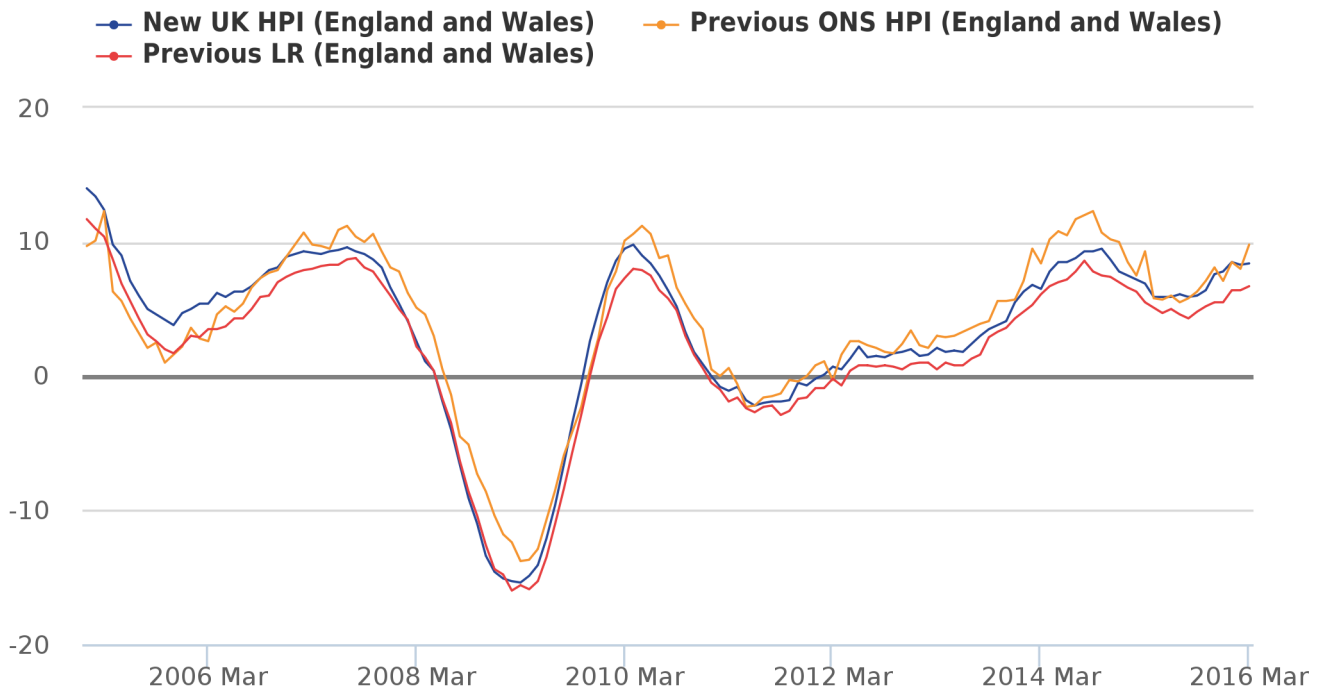
The difference between the new HPI and old Land Registry average price is mainly caused by the new HPI being more representative of current trends in the property market. The old Land Registry HPI is based on a typical set of property from April 2000, whereas the new UK HPI is updated each year to reflect current market trends.

Impact on growth

When comparing the annual growth from the three series, they all show very similar trends over time, suggesting the improved methodology is not having a large impact on house price growth over time.

Figure 7: Impact of new UK HPI on annual growth rates (England and Wales), January 2005 to March 2016

12 month percentage change



Source: Land Registry and Office for National Statistics

Notes:

1. England and Wales data used in analysis for comparability purposes.

[Full details of the methodology](#) can be found in the February 2016 article.