

House prices and sales 2014 q3 Kent Local Authorities

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This bulletin presents the 2014 quarter 3 (July to September), house price and transaction information for local authorities in Kent. This data was collected and produced by the Land Registry.

The rate of increase is showing signs of slowing

The average house price in Kent (KCC area) during the 3rd quarter was £273,662. This is a rise of 7.06% compared to the same period one year ago. The average price in Kent is 15.43% below the average for South East England, which was £316,636.

Across the county prices ranged from an average £440,826 in Sevenoaks to £196,749 in Thanet. The average price in the Medway Unitary area was £195,080.

There were 7,553 property transactions in Kent (KCC area) during the quarter, 14.80% higher than the same quarter one year ago when there were 6,579 transactions. In addition there were 1,193 property transactions in the Medway Unitary area.

Based on a four quarter moving average of sales there have been a total of 26,852 sales (KCC area) in the four quarters ending 2014 q3. This is the 6th consecutive rise and the highest for a 12 month period since 2008 q2 when sales were 28,525.

House price and sales summary 2014 quarter 3 (July to September) Quarterly information

- The average house price in Kent during the 3rd quarter of 2014 was £273,662, a change of +7.06% compared to the same period one year ago when the average price was £255,626 (Tables 1 and 2).
- Across the county, 3rd quarter average house prices ranged from £440,826 in Sevenoaks (annual change of +7.52%) to £196,749 in Thanet (annual change of +8.38%). Four Kent districts (Ashford, Tonbridge & Malling, Tunbridge Wells and Sevenoaks) were above the county average. The latter three were also higher than the south east region average price of £316,636 (Table 1).
- The number of dwelling transactions in Kent (KCC area) during the 3rd quarter of 2014 was 7,553. A rise of +14.80% compared to the third quarter of 2013, when there were 6,579 total transactions; an increase of 974 transactions. However, this is the second consecutive quarter that the rate of increase has slowed. During the same period regional sales rose 13.66% to 62,919 transactions (Tables 1 and 2).
- For the sixth quarter in succession all local authorities in Kent recorded increased transactions compared with the corresponding quarter in the previous year. Thanet recorded the largest increase with +143 dwellings (22% increase). The remaining local authorities ranged from +16 in Canterbury to +130 dwellings in Tunbridge Wells. Medway recorded +129 transactions. However, the rate of increase appears to be slowing.
- Transactions as a % of total stock for each local authority varied across the county. During the quarter turnover ranged from 1.39% in Tunbridge Wells to 0.87% in Gravesham. The Kent average was 1.18% which is higher than the previous quarter (1.03%) and higher than one year ago when the figure was 1.05% (Table 1).
- During the 3rd quarter of 2014, average house prices in Kent by type were recorded as follows, Flats/Maisonettes (average price £162,893), Terrace £213,612), Semi-detached (£262,901) and Detached (£440,594) (Tables 1 and 2).
- The recent increase in sales of detached and semi-detached properties is beginning to show signs of slowing. However flats and terrace properties continue to see a growth in sales. During the quarter the overall market share was flats/maisonettes 17.9% (up from 17.2% last quarter) although they have a long way to go before they reach pre 2008 levels of 22.8%. Terrace properties recorded 31.6%, Semi detached 25.6% and Detached 24.9%. Market sentiment suggests that first time buyers may be returning to the market (Table 2).

- The average house price for the South East region (Note: the Land Registry region includes all counties surrounding London) during the 3rd quarter was £316,636 a rise of 7.53% compared to one year ago when the average price was £294,466 (Table 1).
- There were 62,919 property transactions in South East England during the third quarter of 2014. The housing markets of Kent (7,553) and Medway (1,194) combined (8,746) account for 13.90% of the regional total, similar to the previous quarter (Table 1).

Monthly house price index

Note: the Land Registry monthly index methodology is significantly different to the quarterly house price methodology and should not be compared to the quarterly figures.

- The Land Registry monthly house price index for September (base January 1995 = 100) for Kent (KCC area) stands at 308.3, a 0.6% increase on the previous month when the index was 306.3. Compared to one year ago the index has risen 8.7%. Recently revised figures for the annual rate of change indicate a positive trend for the last 27 months (Table 3, Figures 3a and 3b).
- The monthly house price index peaked in January 2008 at 313.9 and had a low of 256.3 in May 2009. The September index needs to rise 1.82% before recovering to the 2008 peak level (Table 3).
- The monthly index has a price equivalent; this shows that for September 2014 the average house price for Kent (KCC area) was £201,587. This is 17.6% lower than the south east region when the September house price was £236,996. However, it was 13.7% higher than the figure for England and Wales which was £177,299 (Table 3).
- Based on a 12 month moving average series, house sales in Kent (KCC area), which lag two months behind prices, were 26,698 for the twelve months ending July 2014. This is the highest average for a 12 month period since June 2008 when sales were 28,554. This represents an annual sales increase of 28.32%, the second largest annual increase in percentage terms since September 2010 (Figure 3e).

National commentators:

Halifax (Lloyds banking group plc) (<http://www.lloydsbankinggroup.com>)

Martin Ellis, Halifax (Lloyds banking group) housing economist comments. "Housing demand is supported by continuing economic recovery, growth in employment, improving consumer confidence and low mortgage rates. Nonetheless, earnings growth that remains below consumer price inflation, and the prospect of an interest rate rise at some point over the coming months, are likely to curb demand".

"There are some signs of an improvement in housing supply, both in terms of more second-hand properties coming onto the market and increased numbers of new homes. These trends, if sustained, should help to improve the balance between supply and demand, contributing to an easing in the pace of house price growth."

Hometrack (<http://www.hometrack.co.uk>)

Richard Donnell, Director of Research at Hometrack, said, "Buyer uncertainty is growing in the face of a possible interest rate rise, a General Election on the horizon and recent warnings of a house price bubble."

Much like the Nationwide report, Hometrack noted a softening of property prices in London. In fact, the English capital was the only area to record a decline in property values in September, with further modest price declines anticipated in the run-up to Christmas. Donnell added, "This loss of momentum in price growth comes at the end of a very strong run of 18 months."

Council Of Mortgage Lenders (<http://www.cml.org.uk/cml/publications/>)

Lending to first-time buyers declined for the second month in a row in September according to new figures published by the Council of Mortgage Lenders, which recorded 26,800 first-time buyer loans in September, 3% fewer than in August.

Despite the monthly slide, the year-on-year comparisons still suggest the market is more active than in 2013, with the month 16 per cent up in first-time buyer issuance compared to September last year. Paul Smee, director general of the CML, said: "This has been a year when lenders and intermediaries have been put under increased spotlight from regulatory, political and media spheres and have risen to meet the challenges."

"The lending market is healthier than it was a year ago, and set to remain so. Remortgaging has returned as a driver of lending volume in the buy-to-let sector. But any fears of over-heating in the housing market are now dissipating as house purchase lending activity seems to be softening."

Rightmove (<http://www.rightmove.co.uk/news/house-price-index>)

Miles Shippside, Rightmove director & housing market analyst comments. “The ripple effect of buyers priced out of London combined with those cashing in and moving out of the capital means that the South East has taken London’s boom-town crown. Upwards price pressure is being further fuelled by a reluctance of home owners in the hotspots of the South East to come to market. Some can see the value in holding onto their fast-appreciating property asset, whilst others cannot find anything for sale locally on the market that tempts them to sell and move on. While the South East’s new seller numbers this month are up on last year’s, at just 3% increase this is the lowest pick-up in properties coming to market in any region in the face of the highest increase in demand.”

RICS (Royal Institute of Chartered Surveyors) (<http://www.rics.org/uk/>)

There are tentative signs that a better balance between demand and supply may be emerging which, if sustained, would help to dampen the pace of house price growth. The number of new buyer enquiries fell marginally in July; the first decline since January 2013. New sales instructions (i.e. the number of second-hand properties coming onto the market) also increased for the second successive month. (Source: RICS)

Bank of England Financial Policy Committee

The Financial Policy Committee announced in late June that lenders are to (i) limit mortgages with a loan-to-income ratio of 4.5 or over to 15% of their lending, and (ii) must test whether borrowers are able to afford their mortgage if the prevailing mortgage rates were to increase by three percentage points over the first five years of the loan. These measures are designed to prevent a future build-up of mortgage debt threatening financial stability and should help to constrain house price growth over the medium and longer-terms.

Table 1

Kent: Average house prices and transactions 2014 quarter 3

Source: HM Land Registry

	Detached	Sales	Semi-Det	Sales	Terrace	Sales	Flat/Mais	Sales	Ave £	Total sales
	£	No	£	No	£	No	£	No	£	No
Ashford	407,032	198	241,589	145	191,090	177	126,902	44	274,875	564
Canterbury	366,667	230	248,401	208	231,210	184	173,657	194	260,089	816
Dartford	425,069	71	276,181	104	226,618	205	158,239	137	245,722	517
Dover	350,848	135	206,663	152	188,407	224	126,438	75	222,633	586
Gravesham	413,856	70	261,665	88	205,013	152	129,116	56	246,964	366
Maidstone	401,648	197	257,879	228	202,296	224	143,407	119	260,808	768
Sevenoaks	737,134	181	360,647	120	299,904	184	214,813	80	440,826	565
Shepway	322,705	163	216,177	146	168,288	181	152,486	127	217,162	617
Swale	324,095	154	206,061	163	170,860	248	121,492	71	211,474	636
Thanet	303,742	167	202,920	216	170,310	233	126,260	185	196,749	801
T & Malling	579,031	163	323,702	187	251,324	203	202,807	79	351,194	632
Tunbridge Wells	639,158	152	379,875	175	288,800	172	221,009	186	371,404	685
Medway	302,992	156	219,128	301	169,088	614	128,579	122	195,080	1,193
Kent (KCC)	440,594	1,881	262,901	1,932	213,612	2,387	162,893	1,353	273,662	7,553
SE Region	514,465	16,535	300,471	15,133	244,883	17,783	186,661	13,468	316,636	62,919

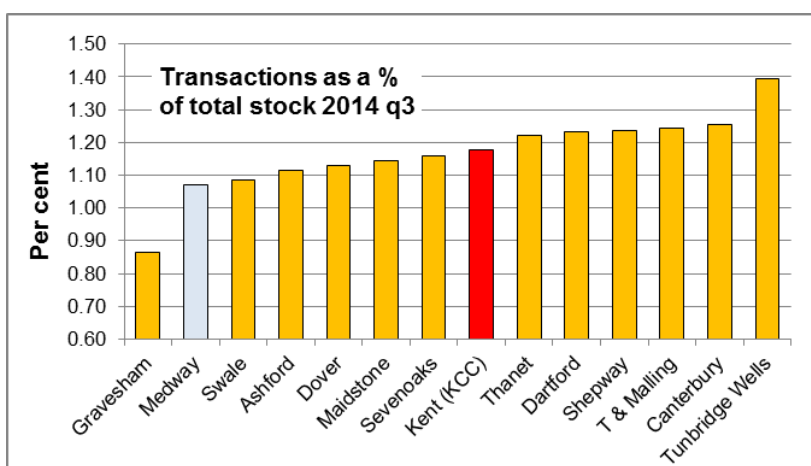
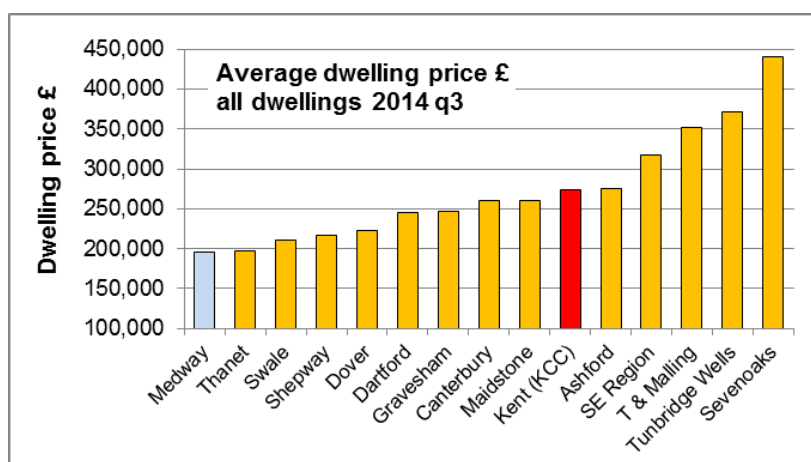


Table 2**Kent: House prices (£) and transactions**

Source: HM Land Registry

Quarterly	Detached		Semi detached		Terraced		Flat/Maisonette		All dwellings	
	£	No	£	No	£	No	£	No	£	No
2001 q1	207,874	1,358	110,754	1,635	85,881	1,852	76,535	890	120,408	5,735
q2	209,699	2,017	121,838	2,331	92,137	2,607	82,034	1,044	129,117	7,999
q3	225,727	2,444	124,830	2,901	95,140	2,954	80,288	1,334	135,155	9,633
q4	221,985	2,311	123,702	2,778	96,696	2,982	79,266	1,260	133,412	9,331
2002 q1	230,761	1,738	126,403	2,098	102,397	2,440	87,026	1,149	136,848	7,425
q2	233,942	2,505	137,658	2,912	106,899	3,207	94,313	1,364	146,010	9,988
q3	259,845	2,826	148,934	3,071	117,109	3,326	98,654	1,488	161,329	10,711
q4	257,507	2,385	156,674	2,601	123,750	2,983	103,297	1,467	163,453	9,436
2003 q1	272,214	1,557	159,597	1,909	126,401	2,212	100,772	1,132	164,784	6,810
q2	273,361	1,760	164,877	2,209	132,223	2,547	106,257	1,194	169,775	7,710
q3	286,117	2,101	171,079	2,607	137,062	2,985	111,155	1,437	176,998	9,130
q4	295,470	2,396	176,479	2,820	140,683	3,267	117,274	1,512	184,346	9,995
2004 q1	301,058	1,836	177,803	2,398	141,589	2,798	120,359	1,355	183,422	8,387
q2	309,948	2,306	186,204	2,728	155,586	3,135	132,870	1,702	196,192	9,871
q3	332,417	2,436	197,059	2,869	158,341	2,968	131,953	1,620	208,111	9,893
q4	319,874	1,593	195,369	1,988	164,823	2,368	137,139	1,465	200,858	7,414
2005 q1	323,615	1,067	194,263	1,374	156,790	1,650	136,354	909	198,972	5,000
q2	318,040	1,486	193,988	1,917	158,131	2,351	136,532	1,269	197,850	7,023
q3	345,806	1,934	197,407	2,368	163,622	2,570	140,381	1,437	211,636	8,309
q4	331,908	1,875	195,680	2,346	161,666	2,511	140,906	1,471	206,584	8,203
2006 q1	340,272	1,541	196,688	1,984	160,499	2,346	143,438	1,309	205,972	7,180
q2	350,550	1,983	206,158	2,580	167,934	2,852	147,259	1,768	214,127	9,183
q3	365,743	2,401	207,268	2,967	172,287	3,151	147,089	1,670	223,930	10,189
q4	362,592	2,056	212,601	2,577	173,745	2,700	147,115	1,434	225,098	8,767
2007 q1	366,088	1,788	217,812	2,236	178,544	2,667	149,034	1,770	222,380	8,461
q2	367,579	1,985	223,720	2,621	184,161	2,940	153,716	1,958	227,107	9,504
q3	389,960	2,259	232,714	2,763	188,873	3,166	158,106	1,941	239,783	10,129
q4	390,046	1,808	229,902	2,246	191,767	2,586	160,855	1,792	237,871	8,432
2008 q1	392,785	1,035	225,783	1,354	188,248	1,503	155,369	1,080	233,905	4,972
q2	409,169	1,014	226,377	1,345	192,933	1,525	156,102	1,108	237,692	4,992
q3	408,531	923	222,254	1,046	181,650	1,147	164,377	769	243,066	3,885
q4	378,955	740	203,283	937	167,166	1,007	149,846	737	219,139	3,421
2009 q1	326,593	570	193,852	753	157,746	747	137,783	528	201,199	2,598
q2	340,195	893	191,392	1,177	163,847	1,142	143,057	632	209,830	3,844
q3	372,588	1,328	207,926	1,566	167,647	1,427	135,451	701	229,907	5,022
q4	370,426	1,414	205,844	1,756	172,041	1,789	146,479	899	226,137	5,858
2010 q1	394,148	921	217,239	1,143	182,622	1,034	129,932	557	238,719	3,655
q2	393,001	1,146	219,774	1,362	178,932	1,390	149,693	730	239,348	4,628
q3	408,117	1,447	229,740	1,670	188,359	1,550	154,458	737	255,367	5,404
q4	393,695	1,225	218,306	1,420	174,408	1,431	139,323	759	237,351	4,835
2011 q1	383,963	882	217,992	1,024	177,620	1,115	143,168	587	233,915	3,608
q2	387,386	1,088	213,777	1,312	176,994	1,357	142,421	736	233,019	4,493
q3	397,264	1,420	220,552	1,680	179,468	1,639	149,608	745	244,392	5,484
q4	364,608	1,267	214,227	1,586	178,908	1,578	144,034	757	229,968	5,188
2012 q1	353,487	1,036	212,853	1,280	173,836	1,336	147,373	627	225,125	4,279
q2	369,148	1,127	215,957	1,236	176,201	1,326	154,023	659	234,153	4,348
q3	405,381	1,492	228,671	1,482	188,393	1,635	150,287	675	256,091	5,284
q4	363,939	1,402	225,471	1,482	182,065	1,553	147,960	775	238,259	5,212
2013 q1	373,723	1,028	220,085	1,158	181,106	1,204	144,119	687	234,512	4,077
q2	396,578	1,229	220,247	1,381	184,597	1,593	151,050	794	241,255	4,997
q3	405,064	1,766	233,886	1,856	190,685	2,020	157,039	937	255,626	6,579
q4	392,231	1,753	232,815	1,840	191,848	2,185	148,600	1,066	247,451	6,844
2014 q1	387,829	1,375	237,929	1,565	193,190	1,868	153,921	1,051	243,774	5,859
q2	403,736	1,535	247,499	1,727	204,184	2,202	159,415	1,132	254,281	6,596
q3	440,594	1,881	262,901	1,932	213,612	2,387	162,893	1,353	273,662	7,553

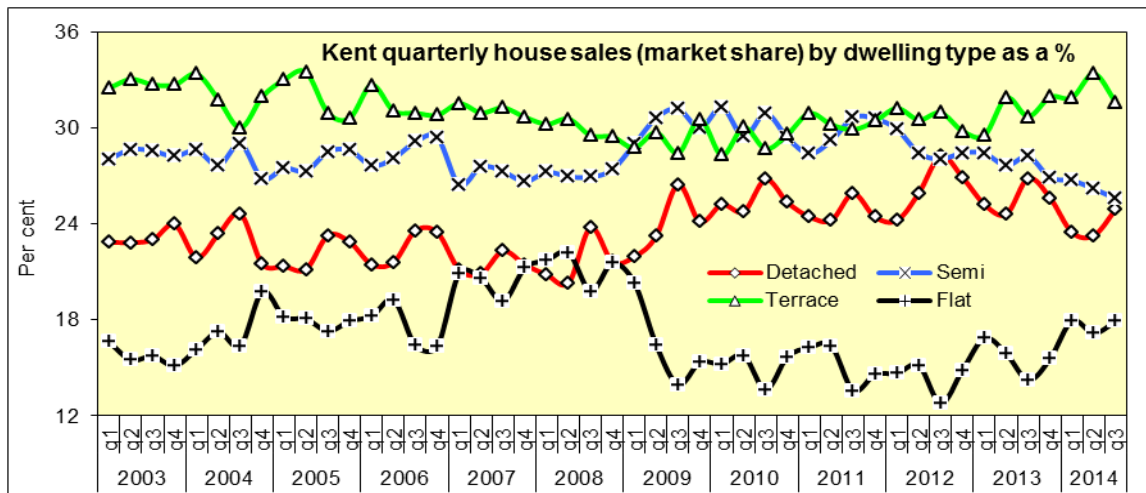
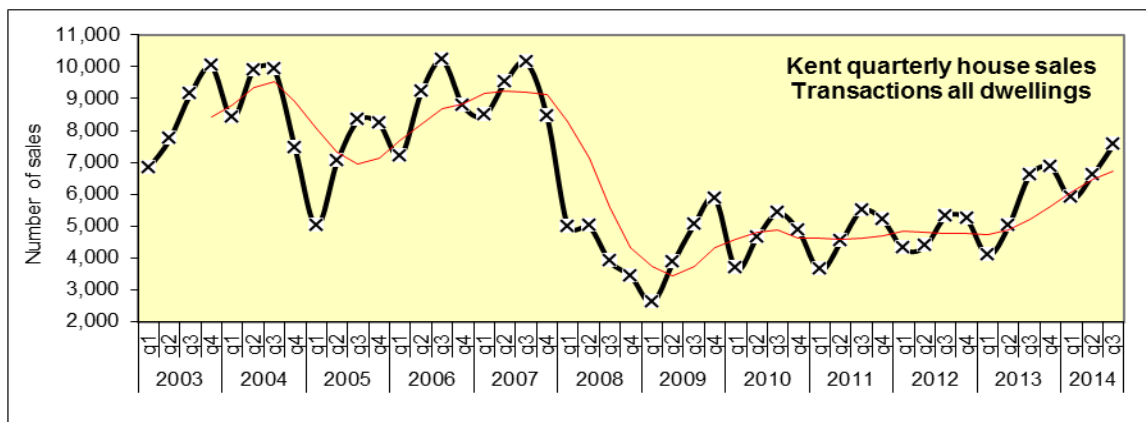
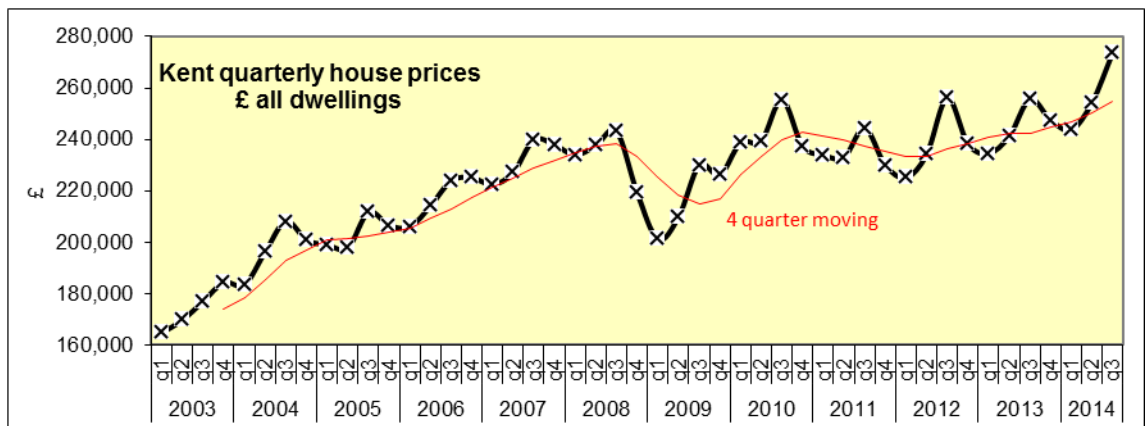
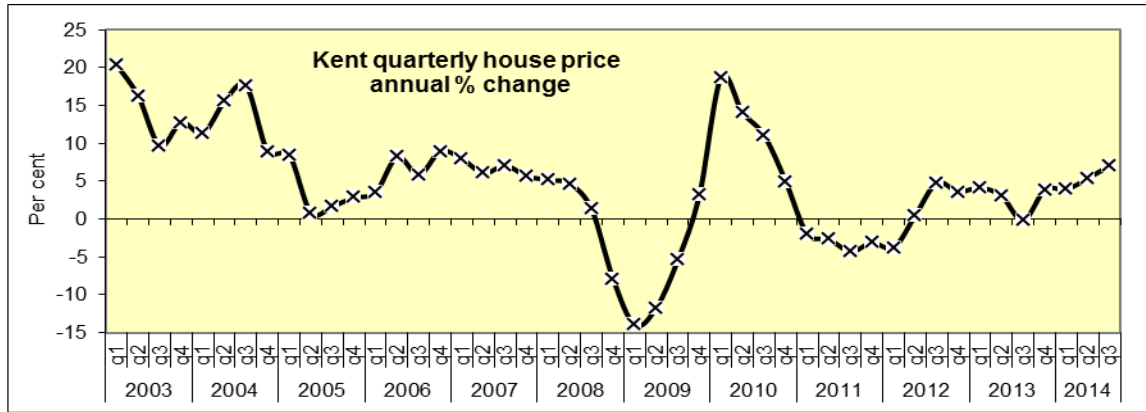


Table 3

Kent : Monthly House Price Index - Kent (KCC area)

Source: HM Land Registry (Index January 1995 = 100)

Year	Month	Index	Average Price £	Index Monthly Change (%)	Index 1 yr % Change	Sales Volume	Sales 1 yr % chg	12 month sales	1 yr % chg
2010	Jan	272.4	178,346	0.30	0.10	1,018	18.10	18,702	
	Feb	275.5	180,377	1.10	3.80	1,306	61.43	19,199	
	Mar	277.7	181,807	0.80	7.00	1,499	40.09	19,628	
	Apr	280.0	183,331	0.80	9.20	1,462	24.32	19,914	
	May	281.4	184,219	0.50	9.80	1,582	18.06	20,156	
	Jun	280.2	183,429	-0.40	8.70	1,865	17.37	20,432	
	Jul	281.9	184,556	0.60	8.80	2,040	9.27	20,605	
	Aug	283.6	185,661	0.60	8.50	1,924	8.52	20,756	
	Sep	284.1	185,969	0.20	7.40	1,703	-2.41	20,714	
	Oct	284.5	186,275	0.20	6.70	1,756	-8.30	20,555	
	Nov	283.4	185,531	-0.40	5.20	1,619	-16.37	20,238	
	Dec	280.2	183,454	-1.10	3.10	1,723	-30.07	19,497	
2011	Jan	277.6	181,564	-0.40	2.30	1,140	11.98	19,619	4.90
	Feb	276.3	180,714	-0.50	0.80	1,268	-2.91	19,581	1.99
	Mar	275.1	179,949	-0.40	-0.40	1,366	-8.87	19,448	-0.92
	Apr	273.9	179,173	-0.40	-1.60	1,542	5.47	19,528	-1.94
	May	272.5	178,267	-0.50	-2.60	1,442	-8.85	19,388	-3.81
	Jun	273.5	178,940	0.40	-1.90	1,761	-5.58	19,284	-5.62
	Jul	273.6	178,988	0.00	-2.40	1,876	-8.04	19,120	-7.21
	Aug	274.4	179,496	0.30	-2.60	1,890	-1.77	19,086	-8.05
	Sep	273.9	179,146	-0.20	-3.00	1,957	14.91	19,340	-6.63
	Oct	272.9	178,494	-0.40	-3.40	1,701	-3.13	19,285	-6.18
	Nov	272.4	178,206	-0.20	-3.20	1,840	13.65	19,506	-3.62
	Dec	272.2	178,076	-0.10	-2.30	1,902	10.39	19,685	0.96
2012	Jan	272.2	178,048	0.00	-1.80	1,307	14.65	19,852	1.19
	Feb	271.7	177,745	-0.20	-1.60	1,360	7.26	19,944	1.85
	Mar	271.8	177,842	0.10	-1.10	1,891	38.43	20,469	5.25
	Apr	271.3	177,517	-0.20	-0.80	1,224	-20.62	20,151	3.19
	May	271.9	177,878	0.20	-0.10	1,658	14.98	20,367	5.05
	Jun	273.0	178,597	0.40	-0.10	1,739	-1.25	20,345	5.50
	Jul	274.1	179,341	0.40	0.30	1,832	-2.35	20,301	6.18
	Aug	276.4	180,840	0.80	0.90	1,991	5.34	20,402	6.90
	Sep	276.3	180,737	-0.10	1.00	1,660	-15.18	20,105	3.96
	Oct	275.6	180,316	-0.20	1.20	1,799	5.76	20,203	4.76
	Nov	275.3	180,079	-0.10	1.10	1,938	5.33	20,301	4.08
	Dec	273.7	179,089	-0.60	0.60	1,655	-12.99	20,054	1.87
2013	Jan	273.8	179,151	0.00	0.60	1,321	1.07	20,068	1.09
	Feb	274.1	179,297	0.10	0.90	1,355	-0.37	20,063	0.60
	Mar	274.3	179,481	0.10	0.90	1,604	-15.18	19,776	-3.39
	Apr	274.6	179,645	0.10	1.20	1,471	20.18	20,023	-0.64
	May	275.7	180,377	0.40	1.40	1,944	17.25	20,309	-0.28
	Jun	277.2	181,325	0.50	1.50	1,827	5.06	20,397	0.26
	Jul	279.1	182,614	0.70	1.80	2,241	22.33	20,806	2.49
	Aug	281.2	183,965	0.70	1.70	2,442	22.65	21,257	4.19
	Sep	283.7	185,620	0.90	2.70	2,135	28.61	21,732	8.09
	Oct	284.6	186,212	0.30	3.30	2,380	32.30	22,313	10.44
	Nov	285.1	186,493	0.20	3.60	2,430	25.39	22,805	12.33
	Dec	286.4	187,341	0.50	4.60	2,296	38.73	23,446	16.91
2014	Jan	287.1	187,896	0.28	4.86	1,996	51.10	24,121	20.20
	Feb	290.0	189,786	0.99	5.81	1,926	42.14	24,692	23.07
	Mar	292.3	191,316	0.80	6.55	2,017	25.75	25,105	26.95
	Apr	294.6	192,900	0.79	7.29	1,943	32.09	25,577	27.74
	May	297.4	194,445	0.94	7.86	2,363	21.55	25,996	28.00
	Jun	298.5	195,151	0.36	7.68	2,280	24.79	26,449	29.67
	Jul	302.3	197,664	1.29	8.30	2,490	11.11	26,698	28.32
	Aug	306.3	200,307	1.34	8.94				
	Sep	308.3	201,587	0.64	8.66				

Figure 3a

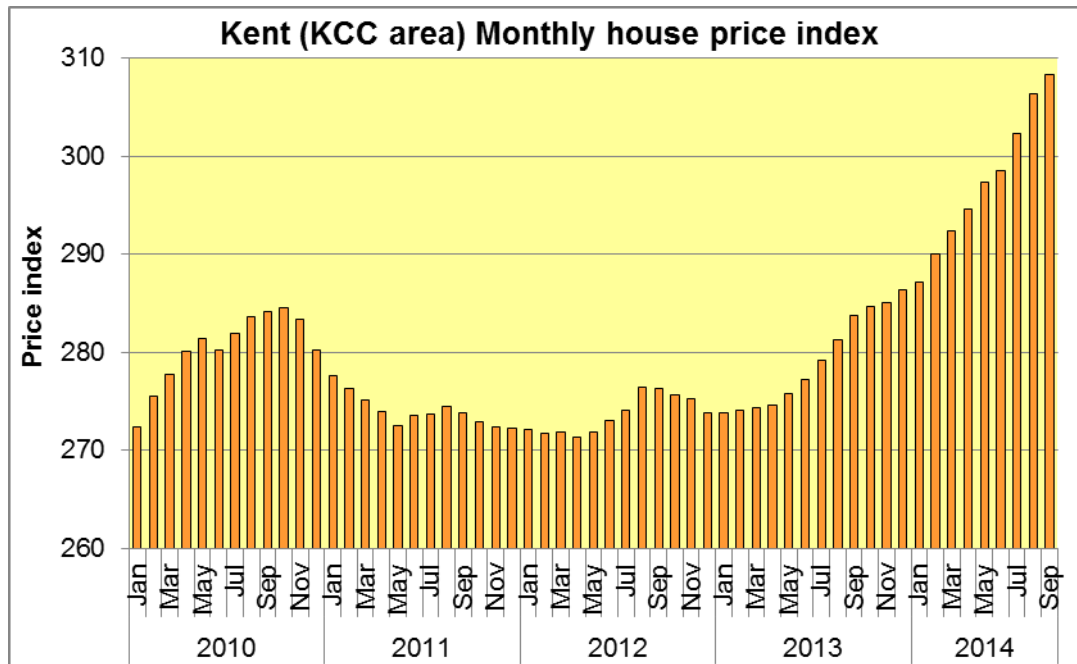


Figure 3b

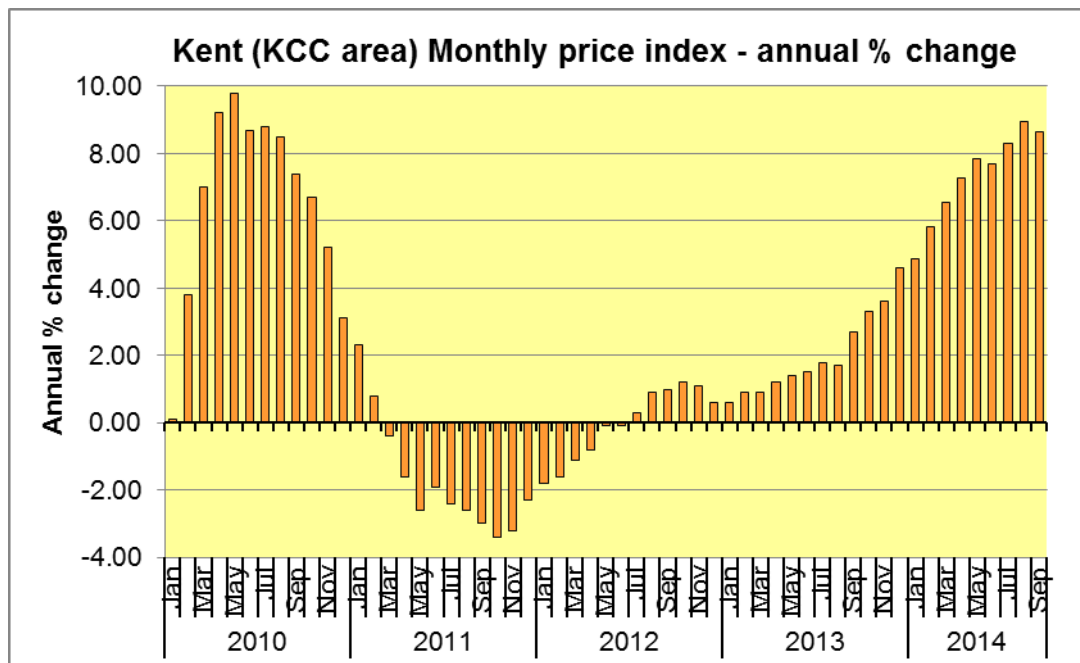


Figure 3c

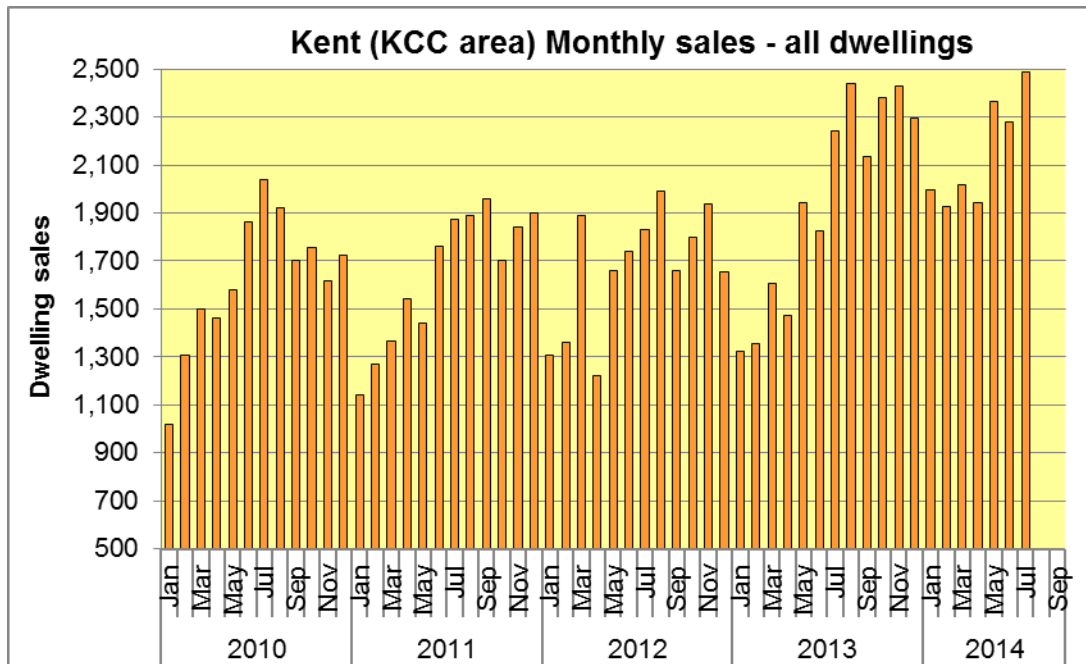


Figure 3d

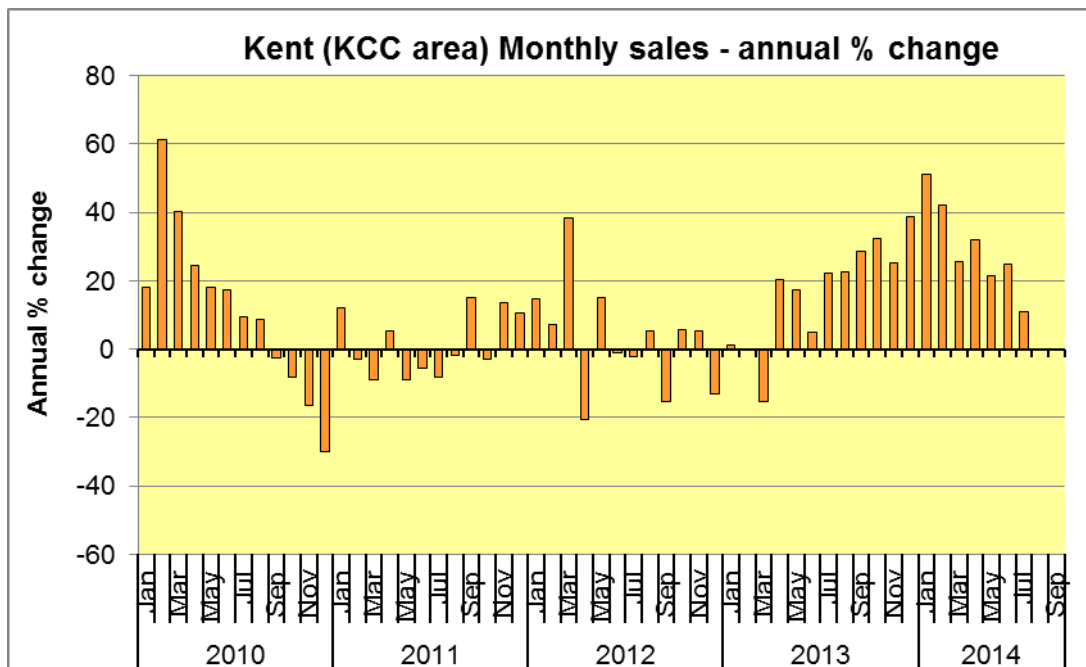


Figure 3e

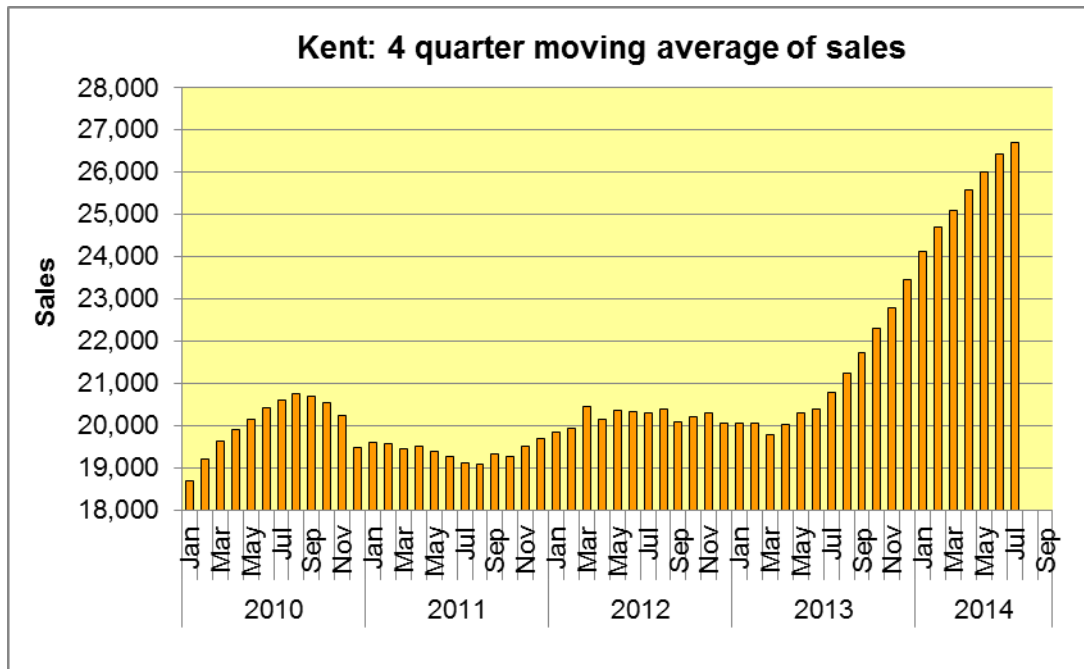
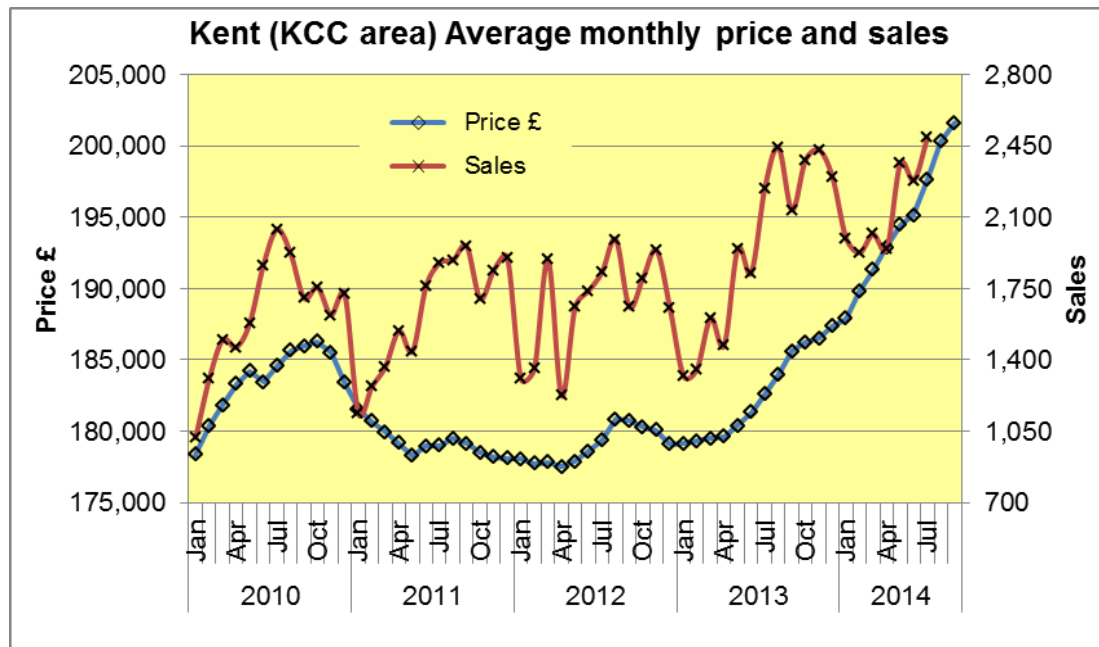


Figure 3f



Background information on house price and transaction data

Introduction

There are a number of companies, institutions and organisations which record house price, mortgage and sales data. The Land Registry, The Nationwide Building Society and Halifax Bank of Scotland (HBOS now part of Lloyds banking group) are the main commentators. Information in this summary is based on the Land Registry records as they record all property transactions at point of sale and not those based on one company's own business.

Average property prices and sales while correct at the time of publication can be subject to revision and therefore should be treated with caution. They should be used for long term trends and guidance rather than exact trends.

About the data

The Land Registry UK house price datasets are updated regularly. Every three months the quarterly data are updated, this covers the whole of the UK's property market, excluding business sales. Although the data are an accurate reflection of the market, there is a lag of several weeks between the publication of the figures and the dates that they refer to. They are collected by different organisations in different parts of the UK. As a result there are slight differences in the amount of detail each set of figures provides.

However, this summary only compares Kent districts to the South East region and England and Wales. The Land Registry also produces a monthly index, which is updated every month; its methodology is outlined below.

England and Wales

In England and Wales the Land Registry compiles the figures. The data can be broken down by type of house (for example detached, semi-detached etc) as well as by region, county, local authority and postcode. The figures are not adjusted for seasonal variations and other possible effects on the housing market. As the data is not seasonally adjusted figures should only be compared with one year earlier. Data covers the vast majority of sales in England and Wales, but there are some exceptions. They do not include any commercial transactions, discounted right to buy sales and leases for 21 years or less. It is also worth remembering that data may not be representative if during the time period there have been only a few sales in a given area. For this reason the Land Registry does not show the number of sales in an area if there were fewer than three.

Scotland and Northern Ireland

In Scotland and Northern Ireland prices are compiled every quarter by the Registers of Scotland Executive Agency and for Northern Ireland by the University of Ulster and the Bank of Ireland. Data are recorded differently to England and Wales. The main differences, for example, are house types, boundary information and properties which qualify. If you require information on Scotland and Northern Ireland contact the appropriate office.

Note

As explained, different parts of the UK collect different types of data.

In England and Wales, some local authority areas will not have any sales in a property type in one quarter. Therefore, no percentage change calculations can be made and these entries will also show up as not available (N/A).

The Land Registry monthly house price index and the quarterly data

The Land Registry produces two house price indicators. A monthly house price index and quarterly house price data. The way these different reports are calculated mean that the published quarterly price information cannot be directly compared with the index information. Trying to do so will not be useful or meaningful.

The quarterly data published by the Land Registry represent the arithmetic mean (simple average) of properties sold within the given time frame for a defined area.

The problem with using simple averages to construct a house price index is that each month different types of properties might be bought or sold. This means that if an index was constructed using simple average data it could be volatile. In other words the 'average' property value will fluctuate from one period to the next not necessarily because of movements in the underlying housing market but because of changes in the profile of properties bought or sold.

To resolve this problem the Land Registry decided to publish an improved 'adjusted price' index. This monthly house price index is a price index created using a quality adjustment procedure called the repeat-sales regression method.

The monthly index measures average price changes in repeat sales on the same properties, ensuring a like for like comparison. This means that price changes on a flat in Mayfair are not compared to those on a flat in the Old Kent Road.

It is important to note that the purpose of a house price index is to measure price change rather than absolute values. The notion of an 'average' price is arbitrary and is different depending upon how the user wants to define the concept of 'average'.

The average prices shown in the monthly price index are based on the geometric mean price in April 2000 (the first starting date of the index) and then recalculating it in accordance with the index change. The geometric mean has certain advantages over the arithmetic mean (simple average), most notably the geometric mean tends to be less affected by extreme property price values. An additional feature of the geometric mean is that the values are slightly lower than the arithmetic mean (i.e. it is more reflective of the bulk of the market).

The monthly index is revised every month; however the house price index will not change by very much and the further back in time the revisions are, the smaller and fewer they become.

Glossary

The **mean** is an estimator for calculating a population average (or mean). It is often used to report *central tendencies*, it is influenced by outliers or skewed data. Therefore the mean may not accord with the true notion of "middle".

The **median** may be a better description of central tendency. The median is the value *halfway* through the ordered data set, below and above which there are an equal number of data values. It generally works well for skewed data or data with outliers.

Quartiles divide a sample of data into groups containing (as far as possible) equal numbers of observations. For example lower quartile is the lowest 25% of the data range.

Percentiles are values that divide a sample of data into one hundred groups containing (as far as possible) equal numbers of observations. For example, 30% of the data values lie below the 30th percentile.