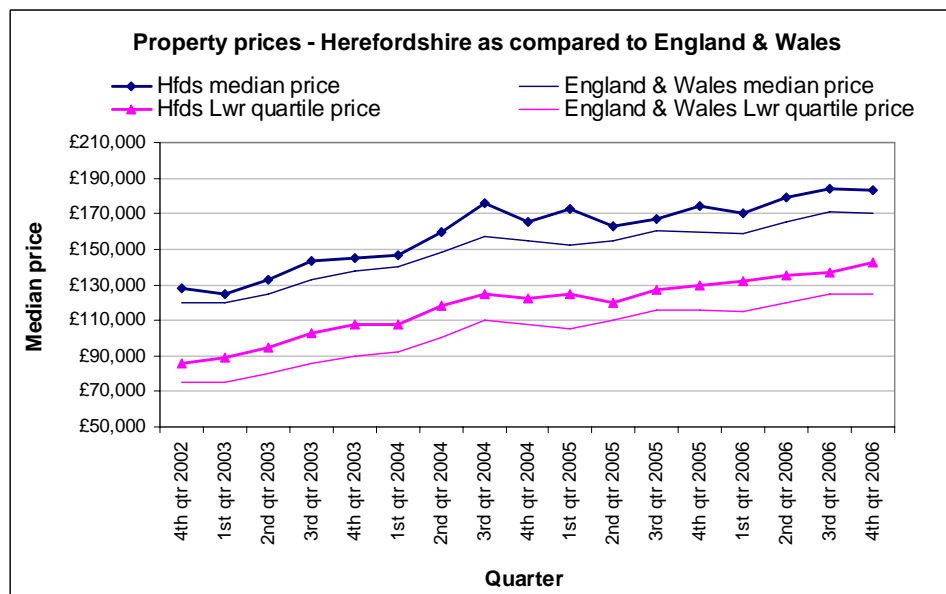


PROPERTY PRICES

HM Land Registry collects price data from all property sales in England and Wales. This data is collated by DCLG (Department for Communities and Local Government) where it is published as a series of 'Live Tables'. In these tables, various measures of house price – the mean, the median and the lower quartile – are reported quarterly, by Local Authority (see appended table at end of article). Currently the most recent figures available cover **October to December 2006**. The graph below shows how Herefordshire house prices have changed over the last four years, as compared to England and Wales.

Note: In previous editions of the QER the graph showed mean prices, but the Land Registry no longer provides quarterly updates of these. For the most up to date mean house prices see February QER 2007.



Source: CLG (Communities & Local Govt) web site: www.communities.gov.uk

Note: median and lower quartile prices for the 4th qtr of 2006 are provisional

Median prices

The median price is the figure that is half way along the price spectrum, such that 50% of house prices are lower and 50% are higher.

In the 4th quarter of 2006, the provisional median price of a property in Herefordshire was **£182,995**. In comparison, the median property prices for England & Wales and the West Midlands were £170,000 and £145,000 respectively.

The median price of a property in Herefordshire has risen by **5%** over the year compared to 6% for England & Wales and 7% for the West Midlands region.

Lower quartile prices

The lower quartile price is the figure that lies a quarter of the way along the price spectrum, such that three quarters of prices are higher than this reference point and a quarter are lower. As it represents the lower end of the housing market, it is a useful figure to use when looking at affordability. The table below shows the latest available lower quartile prices derived from Land Registry data – the prices for England & Wales and for the West Midlands Region do not show a change since the previous quarter, whereas the Herefordshire figure shows an increase. The lower quartile price in Herefordshire is 15% higher than that for

England & Wales, whereas Herefordshire earnings are lower than the national average, making affordability of housing a key issue for the county.

	July - Sep 2006	Oct - Nov 2006 (provisional figure)
England & Wales	£124,500	£124,500
West Midlands	£112,500	£112,500
Herefordshire	£136,875	£142,500

Source: CLG (Communities & Local Govt) web site: www.communities.gov.uk

House Price Index

On 31st October 2006, the Land Registry launched a new House Price Index (HPI). Unlike the quarterly median (as reported above) and mean house prices, figures are updated on a monthly basis. The index is a number that represents a change in average house price from a fixed reference point in time (the index base). The Land Registry uses April 2000 as their index base (i.e. the HPI for April 2000 is 100). A year later, in April 2001, the HPI for England and Wales was 109.3, showing that prices had risen by 9.3% over the year.

The Land Registry's HPI is calculated using the Repeat Sales Regression method (see www.calnea.com for a detailed description of the methodology). This method incorporates only those properties that have been sold on more than one occasion since April 2000, so that prices are compared **for the same property**. It draws on the Land Registry's database of sale prices that currently holds 1.7 million such properties in England & Wales.

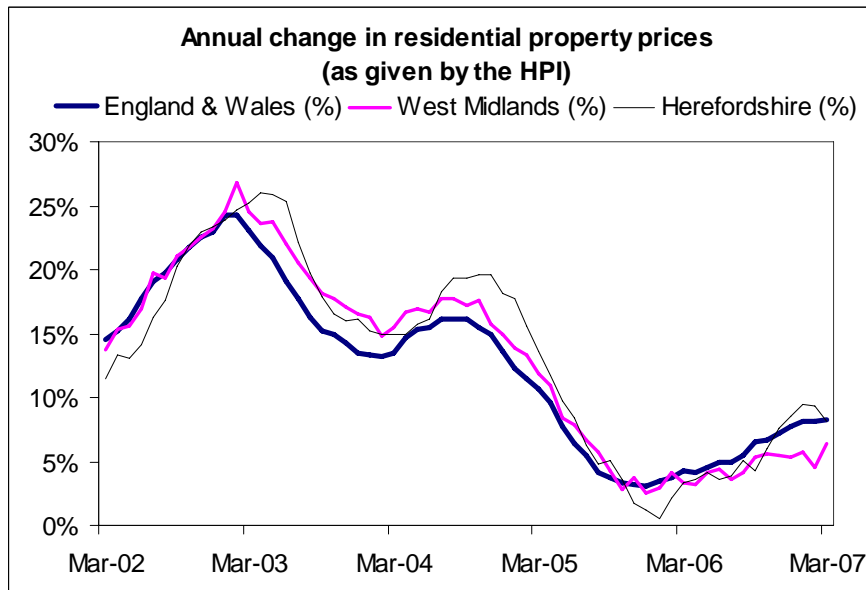
HPI values in March 2007 for Herefordshire, the West Midlands region and England & Wales are given in the table below. The methodology used for the HPI is designed to give the best available estimate of annual increases in house prices and these are given in the last column of the table. Also shown are standardised average house prices, generated by taking the average house price in April 2000 and adjusting this with respect to the change in HPI.

March 2007	HPI	Standardised average house price (£)	Annual price increase
England & Wales	216.9	178,423	8.3%
West Midlands	220.7	151,860	6.4%
Herefordshire	219.2	192,520	8.1%

Source: Land Registry web site: <http://www.landregistry.gov.uk/>

Annual change in property prices

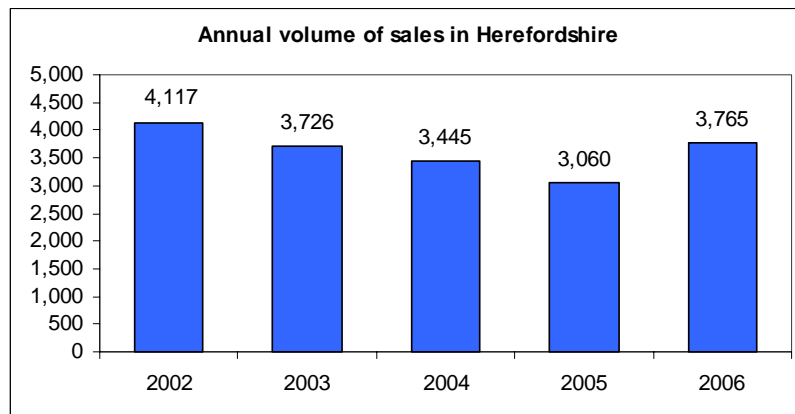
The chart below shows that, over the last 5 years, the annual rates of increase in house prices for Herefordshire and the West Midlands region as given by the HPI were largely greater than for England & Wales. The current (March 2007) rate of increase in house prices for Herefordshire is 8.1%, which is similar to England & Wales (8.3%) and approximately 2 percentage points higher than for the West Midlands (6.4%). The difference in annual growth between Herefordshire and England & Wales has averaged 0.5 percentage points over the previous 6 months, compared to a value of 2.7 percentage points between Herefordshire and the West Midlands.



Source: Land Registry web site: <http://www.landregistry.gov.uk/>

Annual volume of sales

The number of house sales in Herefordshire during January 2007 was 227. In the 6 months prior to February 2007 (August 2006 to January 2007) the volume of sales averaged 315 per month, which is an increase of 13% from the same period last year (279 sales per month). The chart below gives the *total number of sales per year* for Herefordshire. After a steady decline in sales between 2002 and 2005 (4,117 to 3,060 properties sold) there followed an increase in sales of 23% from the previous year to 3,765 properties sold. *Note: Figures are unavailable for February and March due to the lag in registration of sold properties.*



Source: Land Registry web site: <http://www.landregistry.gov.uk/>

Bank base rate

On the 10th May, the Bank of England base rate rose by a quarter of a percent from 5.25% to 5.50%. Coming on top of rate rises in November 2006 and January 2007 this will mean another increase in the monthly mortgage repayment amounts for home buyers.

For further information on the data in this article, please contact the Research Team on 01432 383069, or email researchteam@herefordshire.gov.uk

Supplementary table

Year of 4th Quarter	<i>Mean property prices</i>			<i>Median property prices</i>			<i>Lower quartile property prices</i>		
	England & Wales	West Midlands	Hfds	England & Wales	West Midlands	Hfds	England & Wales	West Midlands	Hfds
2000	£110,546	£87,796	£109,533	£82,500	£69,500	£89,950	£53,500	£48,500	£65,000
2001	£120,035	£98,457	£120,662	£92,995	£79,000	£96,000	£59,950	£55,000	£67,500
2002	£145,728	£119,710	£147,889	£120,000	£95,500	£127,995	£74,950	£68,000	£86,000
2003	£164,031	£139,689	£169,704	£137,500	£119,000	£145,000	£90,000	£84,950	£108,000
2004	£184,121	£157,496	£193,301	£155,000	£134,500	£165,000	£108,000	£98,750	£122,500
2005	£192,107	£161,147	£204,969	£160,000	£136,000	£174,500	£116,000	£105,000	£129,963
2006^a	£207,979	£171,941	£215,056	£170,000	£145,000	£182,995	£124,500	£112,000	£142,500

Source: HM Land Registry. (^a Figures for 2006 are provisional.)