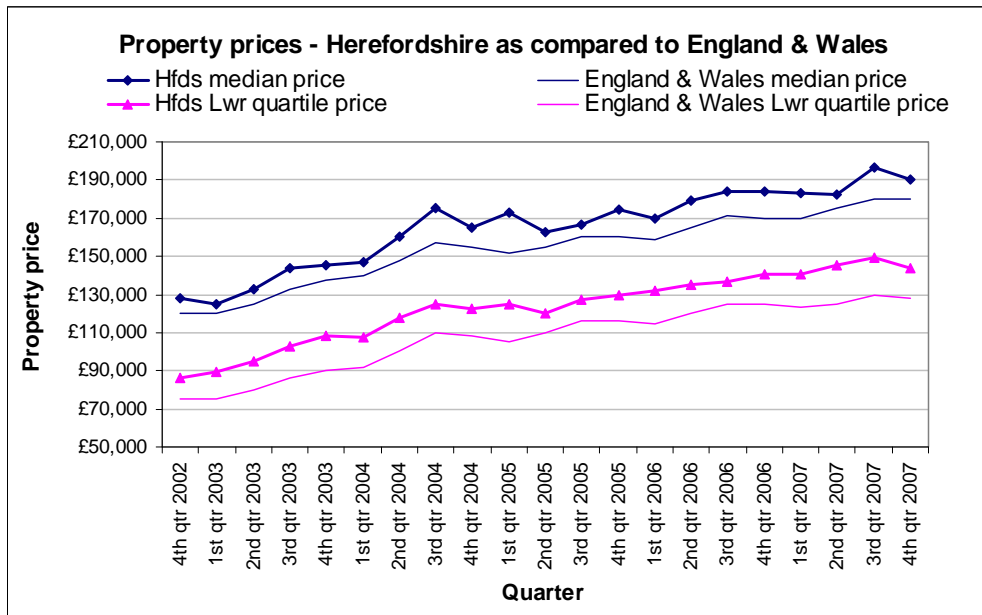


PROPERTY PRICES

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 2007**. The graph below shows how Herefordshire house prices have changed over the last five years, as compared to England and Wales.



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

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 2007, the median price of a property in Herefordshire was **£190,000**. In comparison, the median property prices for England & Wales and the West Midlands were £179,950 and £149,850 respectively.

The median price of a property in Herefordshire has risen by **3%** compared with the same quarter the previous year, compared to rises of 6% for England & Wales and 3% 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 – Herefordshire shows a fall of 3% since the last quarter, compared with a fall of 2% for England & Wales and a rise of 1% in the West Midlands region. The lower quartile price in Herefordshire is 13% 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.

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	Lower quartile prices for Jul - Sep 2007	Lower quartile prices for Oct - Dec 2007
England & Wales	£129,950	£127,995
West Midlands	£115,000	£116,000
Herefordshire	£149,000	£144,000

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

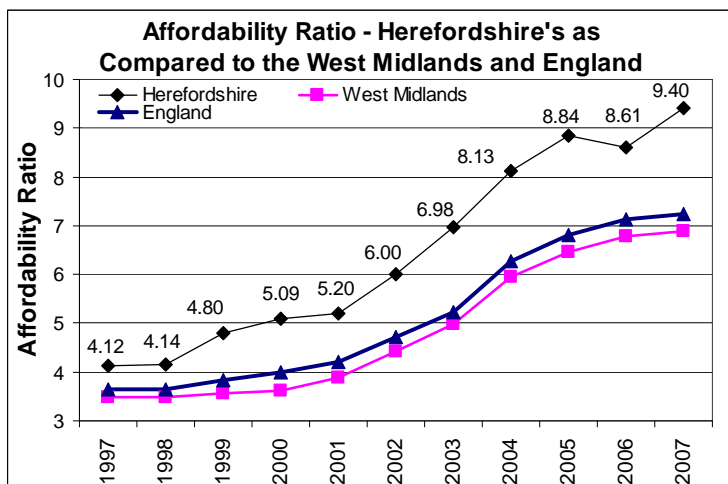
Affordability

The preferred measure for house price affordability is the ratio of lower quartile house price to lower quartile earnings. For 2007, the ratio for Herefordshire was 9.40, that is, for those on lower quartile earnings, a house at the bottom end of the market would cost them 9.40 times their annual earnings.

The table (right) shows, that in 2007, Herefordshire had the worst affordability ratio out of the West Midlands Authorities (unitaries, counties and metropolitan boroughs) and neighbouring counties.

Authority – Ranked in descending order of Affordability	Affordability Ratio for 2007
Stoke-on-Trent UA	4.60
Wolverhampton	6.18
Sandwell	6.28
Coventry	6.33
Telford and Wrekin UA	6.41
Birmingham	6.45
Walsall	6.50
Dudley	7.06
Warwickshire	7.19
Staffordshire	7.21
Solihull	7.95
Worcestershire	8.44
Gloucestershire	8.44
Shropshire	8.97
Herefordshire, County of UA	9.40

Source: Department for communities & Local Government.



Over the previous 10 years, Herefordshire's affordability ratio has been consistently higher than those for both the West Midlands and England as a whole. Furthermore, the county's affordability ratio has, for the most part, been increasing at a greater rate, compared with regionally and nationally.

Source: Department for communities & Local Government.

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 109.2, showing that prices had risen by 9.2% 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 1.5 million such properties in England & Wales.

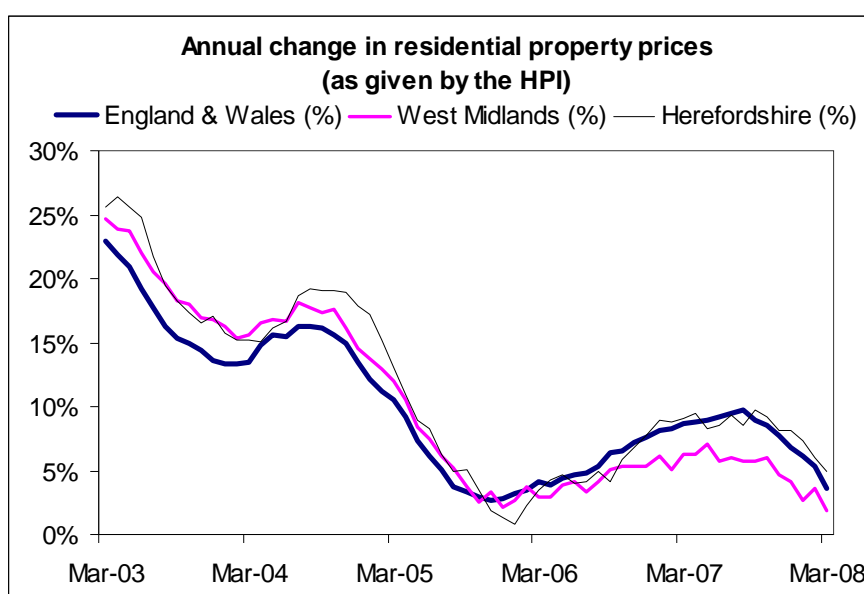
HPI values in March 2008 for Herefordshire, the West Midlands region and England & Wales are given in the table below. The methodology used for the HPI is designed to give the best available estimate of annual increases in house prices and these are given in the last column of the table. Also shown are 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 2008	HPI	Standardised average house price (£)	Annual price increase
England & Wales	224.7	184,798	3.6%
West Midlands	224.4	154,429	1.9%
Herefordshire	232.4	204,089	4.9%

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 2008) rate of increase in house prices for Herefordshire is 5%, which is 1 percentage point higher than for England & Wales (4%) and approximately 3 percentage points higher than for the West Midlands (2%). The difference in annual growth between Herefordshire and England & Wales has averaged 0.9 percentage point over the previous 6 months, compared to a value of 3.4 percentage points between Herefordshire and the West Midlands.



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

Volume of sales

The Land Registry figure for the number of house sales in Herefordshire during January 2008 was 138. In the 6 months prior to February 2008 (August 2007 to January 2008) the volume of sales averaged 286 per month, which is a decrease of 15% from the same period last year (338 sales per month).

Other News relating to house prices

According to figures published by the Department for Communities & Local Government this month, the number of **housing starts** in England and Wales totalled 156,400 in 2007/08, down by 10% on the total of 173,400 for 2006/07. The number of **housing completions** totalled 167,500 in 2007/08, which is relatively unchanged since 2006/07 (167,600). The West Midlands region experienced a drop of 7% in **housing starts** between 2006/07 to 2007/08, from 15,700 to 14,600 and a drop of 10% in **housing completions** over the same period, from 15,100 to 13,500.

Supplementary table

Year of 4th Quarter	Mean property prices			Median property prices			Lower quartile property prices		
	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	£208,027	£172,697	£213,957	£170,000	£145,750	£184,000	£124,950	£113,000	£141,000
2007	£221,648	£178,670	£222,814	£179,950	£149,950	£190,000	£127,995	£116,000	£144,000

Source: HM Land Registry.

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