

The Tradition "Future HPI"

The leading future house price index

Forward House Prices Head Back Lower

The Tradition Future HPIs, which are house prices for a future date derived from the residential property derivatives market, show that the average UK house – currently worth £165,514 - is expected to be worth £167,169 by next year (or just 1% higher on current value), which is down £8,454 on a similar valuation last month.

In three and five years time respectively that same £165,514 house is expected to be worth £173,790 and £182,065 (or +5% and +10% on current value).

The Tradition Future House Price Indices were hit by the double whammy of falling forward curve prices (a 4% fall on the one year mid and a 2% fall on the 3 and 5 year prices) and a fall in the outright value of the Halifax HPI.

Tradition Future HPI* (House Price Index) For January '10 – written 4th February '10

	Dec-09	Jan-10	Change
HPI NSA	£167,260	£165,514	-£1,746
1 Year	£175,623	£167,169	-£8,454
3 Year	£178,968	£173,790	-£5,178
5 year	£187,331	£182,065	-£5,266



Note: Figures refer to the future value of the average house price in the UK

Commenting, Peter Sceats, Director of the real estate division of Tradition, said:

“UK Physical house price indices supplied mixed signals with Rightmove and Nationwide up, Hometrack and Land Registry neutral and the Halifax HPI (NSA) lower.

Traders appear to be picking up on an overall weak economic recovery, an expected tightening of fiscal policies after the election and mortgage lending which continues to be limited and selective. Typical Loan to Value rates are 75% at best, meaning that the average required cash deposit is £41,379. For the average earner (and many more) this a lot of money right now.

Despite the UK's supply and demand imbalance which may ultimately go on to underpin the market, as 2010 unfolds the UK house price will do very well to hold its ground.”

Notes to Editors

The Tradition Future HPI

The Tradition Future HPI is published every month by the Property Derivatives Team at Tradition Financial Services Limited ("Tradition"), a global leader in interdealer broking. The index provides an estimate of the future price of an average UK house. It uses derivative prices quoted in the over-the-counter (OTC) residential property market with Lloyds TSB PLC's Halifax House Price Index as its basis.


The Tradition Future HPIs are not a guarantee of future property returns; rather they illustrate dynamic forward prices which are subject to change. The indices are an economic reference tool representing the changing forward value of UK housing. The OTC market in UK house price derivatives is accessible to suitably authorised banks and institutions via Tradition. For more information on house price derivatives, please call Tradition on +44 (0) 207 796 1510 or e-mail property@tradition.com.

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