

The Tradition "Future HPI"

The leading future house price index

Sharp Rise in Forward House Prices

While the non-seasonally adjusted Halifax HPI from Lloyds TSB PLC fell £2,142 during March 2009 (meaning the average UK house is now valued at £157,066) predictions as to what this figure may be in the future rose sharply since publication of the index.

The Tradition Future HPIs, which are essentially the forward curve prices from the residential property derivatives market expressed in simple average house price terms, show that house price expectations have generally improved all along the forward curve but no more so than the three year term.

Three year forward prices had fallen to the £111,000 area as consistent month on month falls in the actual index encouraged derivative buyers to stay away. But sentiment changed in the last two weeks, bidders have reached to close transactions and as a result three year house prices rose £14,207 on the month. Three years hence, the average UK house price is now expected to be £125,653.

Tradition Future HPI* (House Price Index)

March 2009

	Feb-09	Mar-09	Change
HPI NSA	£159,208	£157,066	-£2,142
1 Year	£125,774	£127,233	£1,459
3 Year	£111,446	£125,653	£14,207
5 year	£119,406	£130,365	£10,959



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 Group, said:

“ Our indices still show future house price values below the current index level for a decade to come and with rising unemployment and poor mortgage availability, it is still too soon to call the bottom of the physical housing market. But look... future house price expectations HAVE risen and maybe more importantly sentiment HAS moved. The City may be sending a signal that the over-pessimistic phase of the cycle has passed. ”

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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