House prices are falling

During times of recession it is common for house prices to fall. The following headlines are not unusual:

- £25,000 wiped off average British home
- House prices fall through the floor
- Recession brings crash in housing market

But what I want to know is...

1. Are all house prices falling by the ‘average’ amount? Are some kinds of houses (maybe houses in pretty rural villages?) still selling at high prices whilst the bottom is dropping out of the market in cities?

2. If most of the drop in prices is happening at the bottom end of the market, has my ordinary house dropped by more than the average?

‘Averages’ do not always give the useful information we may be looking for, but it makes you think, doesn’t it, and it needs a bit of follow up to see what’s really happening.

Chances are...

A friend of mine went for one of those scans that tells you whether your baby might have various problems. She got a result saying that there was a 1 in 30 chance that her baby had a problem. This upset her quite a lot until somebody else said “1 in 30? That means there’s about a 97% chance that the baby is fine”. Both figures are right, but they felt very different to her.

Statistics are quoted in all areas of everyday life. Sometimes they are quoted in certain ways to influence us into buying certain products or behaving in a certain way.

It makes you think, doesn’t it?
Fair play across the board?

If we all get a 1% pay increase, it's not a lot, but at least it's fair, isn't it? We're all getting better off by the same margin.

Well, maybe not ......

- If you earn £20,000 a year, the 1% increase will get you an extra £200 a year.
- But if you're on £50,000, the 1% increase will get you an extra £500 a year.
- So your 1% and somebody else's 1% may not be the same thing - it all depends on the starting amount.

It makes you think, doesn't it?

Food prices

“Food prices shooting up by 20%” or “Food price rises held at 5%”

These can't both be true.... can they?

It's perfectly possible that food prices overall are only going up by 5%, whilst your shopping bill might be going up by nearer 20%. It all depends on what's in the shopping trolley.

Lobster and champagne might not be going up at all, whilst bread and dripping might be shooting up at a fierce rate. And if your diet is more bread-and-dripping than lobster-and-champagne, you may be looking at far more than a 5% increase, even though the overall increase taking into account all kinds of foods, might be just 5%.

It makes you think, doesn't it?