

LSL Property Services/Acadameetrics England & Wales House Price Index

AUGUST 2012

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 14TH SEPTEMBER

House prices rise as cash buyer demand boosts August sales activity

- Transactions in August climb by 2.5% to highest level in 2012
- House prices increase by 2.6% annually
- Regional markets continue to diverge as North/South divide grows

House Price	Index	Monthly Change %	Annual Change %
£226,243	230.3	0.1	2.6

Richard Sexton, director of e.surv comments: “The housing market demonstrated its resilience in August, as both house prices and sales activity rose, highlighting the underlying demand from buyers. In place of the usual seasonal slowdown, transactions bounced back by 2.5% in August. However, rather than signaling a radical shift in the housing market, the improvement reflects a mini-resurgence following more sluggish buyer activity earlier in the summer, affected by a combination of the Jubilee bank holiday and historically heavy rainfall. In reality, obtaining a big enough mortgage remains a hurdle for thousands of first-time buyers, despite the government’s NewBuy scheme. While a lack of stock continues to support house prices, it is cash buyers and the equity rich that are providing the impetus for short-term improvements in the market.

“However, it’s not a homogenous picture across England and Wales. With wealthier investors playing a pivotal role in the national housing market, there is an increasing divide between the North and South. London, the South East and the South West - where there are greater concentrations of wealthier buyers - are the key driving forces at present, and are seeing the fastest rate of annual price growth. Even within cities, local markets are running at completely different paces. In London, for instance, Kensington & Chelsea is seeing five times the annual price growth of a less affluent borough such as Lewisham.

“In light of the difficult economic backdrop, it’s encouraging to see the government place the housing sector in the limelight, extending its shared equity scheme First Buy and supporting new house building. However, to reignite the recovery in the national housing market, these measures need to be supported by a concerted effort from lenders to help unlock the lower tiers, supplying appropriate credit to those first-time buyers who need it most.”

For detailed analysis by Dr Peter Williams, housing market specialist and Chairman of Acadameetrics, see page 3.



Table 1. Average House Prices in England & Wales for the period September 2011 - August 2012

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
September	2011	£220,476	224.5	0.0	-1.5
October	2011	£220,949	224.9	0.2	-0.9
November	2011	£219,695	223.7	-0.6	-0.8
December	2011	£219,867	223.8	0.1	-0.8
January	2012	£220,512	224.5	0.3	-0.8
February	2012	£221,352	225.4	0.4	-1.2
March	2012	£223,309	227.4	0.9	-0.5
April	2012	£224,310	228.4	0.4	1.0
May	2012	£226,249	230.3	0.9	3.2
June	2012	£226,086	230.2	-0.1	3.9
July	2012	£226,090	230.2	0.0	3.3
August	2012	£226,243	230.3	0.1	2.6

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Dr Peter Williams, housing market specialist and Chairman of Acadametrics, comments:

House prices

The LSL Acad E&W House Price Index shows a marginal rise of £153 or 0.1% in the average price for properties sold in England & Wales during August, as compared with July. For the fourth month in succession prices have remained within the £226,000 - £226,250 range, with the August price being just £6 different from that seen in May. The average national price statistic is thus currently looking extremely stable in nominal terms, although, as the regional data table on page 12 shows, monthly stability in house prices is not universal across the country, with areas such as Yorkshire & Humberside witnessing a 1.0% decline in prices during the month of July.

On an annual basis the average house price is 2.6% higher than a year ago. With little change in prices over the period September - December 2011 and current stability in the monthly rates in 2012, the likely outcome for annual house price growth at the end of the year is in the range of +2.5% to +3.0%. This rate, if it proves correct, would be slightly ahead of the Bank of England target of 2% for the general rate of price inflation in the UK economy, notwithstanding the fact that actual inflation has been significantly higher than targeted.

As is evident from Figure 3 below, our index is at odds with both the Nationwide and Halifax indices, both of which are recording price falls. There is a very simple explanation for this - the LSL Acad HPI includes cash sales, which do not feature in either the Nationwide or Halifax calculations. Given that Greater London is the biggest contributor to rising house prices, and that a significant percentage of these transactions are for cash, particularly at the top end of the market, this is a very important factor driving the LSL Acad index. The upward pressure on London's house prices which is being identified by our index, but not by the lender indices, has a knock-on effect on the reported price movements for England & Wales as a whole. This raises big questions about the way the media report price trends and how consumers understand the information provided - all too often the different measures are reported as if they are the same, whereas in reality they are very different. We will continue to raise issues about this matter.

Figure 1 below illustrates the movement in national house prices over the last twelve months. The graph shows small oscillations around a trend of gently increasing prices over the year.

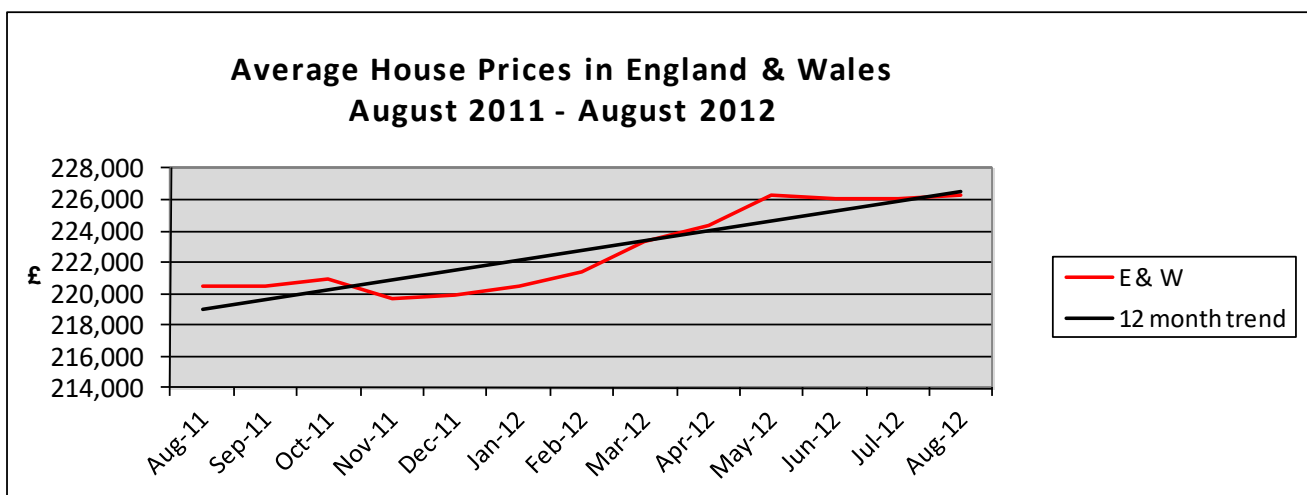


Figure 1. The Average House Price in England & Wales, August 2011 – August 2012

[link to source Excel](#)

Two features of the current housing market are discussed later in this report. The first is the continuing stratospheric rise in house prices in Central London. Table 2, on page 8, shows that the top five boroughs in London, ranked by price, are each experiencing house price inflation in excess of 13%, with Kensington & Chelsea seeing prices rise by 31%. The second is that of low transaction numbers, with monthly sales in the summer months continuing to remain around the 60,000 mark. Figure 2, on page 5, illustrates that the level of sales over the last five years remains at 65% of the number of transactions seen during the years 2006 - 2007.

It is also important to consider both of these features along with a more general comment on the state of the housing market and government policy. The Government is attempting to revitalise the housing market, with house building being seen as one of the key mechanisms for moving the economy forward. A number of measures have been announced in the last week including a further £280 million of funding with housebuilders for the



FirstBuy scheme and a £10 billion debt guarantee fund to support the building of new, private rented and affordable, housing. In addition, a £200 million fund for investing in sites for high quality rented homes, as well as a taskforce to deliver more rental homes, are to be set up. Also announced was the accelerated release of public sector land along with a number of measures to speed up planning permission, to reduce red tape and to develop brownfield land even where it is in the Green Belt.

These announcements received a mixed press. They were welcomed because they signalled the move to a Plan B for the economy and should produce some new homes. However, further reforms to a planning system which is still absorbing those completed earlier this year, coupled with the move towards revived central controls rather than local solutions are both seen as contentious, as are the moves to develop in the Green Belt. Yet again we see the power of the housebuilder lobby, although government seems to have extracted very few promises regarding increases in output. Indeed, the industry is still arguing that the real problem is not planning but mortgage supply. Although the new Funding for Lending scheme is now coming on stream, the fact that access to it is restricted to large lenders does raise the question of whether it will restore a more normal mortgage market. Moreover, what incentives are there for housebuilders to increase supply significantly in areas where prices are at best static, or even falling?

Regardless of these measures, the number of transactions remains very low by historical standards and it is the volume of transactions which probably lies at the heart of recovery even more than an increase in new homes. Increasing the supply of new homes helps but, even if output doubles to 200,000 homes per annum, these will represent what is still a relatively modest increase in a housing market which used to have 1 million transactions a year and currently remains firmly stuck at around 600,000. Mortgage supply, confidence and of course price trends are part of this. The package of measures will help lift activity but we should not imagine they will be transformative. Moreover, as we have shown, London remains the key driver of price trends, with prices there being heavily influenced by continental purchasers. If we are moving towards solving the Euro crisis will that pressure remain as strong? If London prices started to dip we could see a strong housing market recovery being postponed a few more years yet.

Housing Transactions

In an average year, housing transactions usually peak in July and begin to drift down in August and September, as people take their summer holidays. However, this year we anticipate that August will see the highest monthly total of housing transactions in England & Wales, at a non-seasonally adjusted figure of 62,500. The reason that August is higher than July this year has more to do with the subdued sales figures in July than with a sudden unexpected surge in demand in August.

Our housing transaction numbers are taken from the date of completion on the sale of a property. The completion date will usually be at least one month after a buyer has made an offer on a home, so the figures for August will reflect buyer activity in July, with July figures reflecting activity in June and so on. This year's subdued figures for July can, therefore, be partly ascribed to the Queen's Jubilee and the associated additional June Bank Holiday, plus record levels of rainfall, with the Met Office confirming that the April to June period was the wettest ever recorded in the UK.

Even with August set to be the month with the highest number of transactions in 2012 and despite the Olympics, this level still only represents 63% of the long term average number of transactions in England & Wales over the period 1995 - 2011. The housing market is therefore 'missing' some 30,000 - 40,000 property sales per month, when compared to the average for the previous seventeen years. The main causes of the decline in transactions remain the difficulties in obtaining mortgage finance, high deposit levels and the excellent credit record still being paramount in the eyes of the lender. In addition, uncertainties in the economic outlook are causing buyers to remain cautious in any commitment to the purchase of a high value asset.

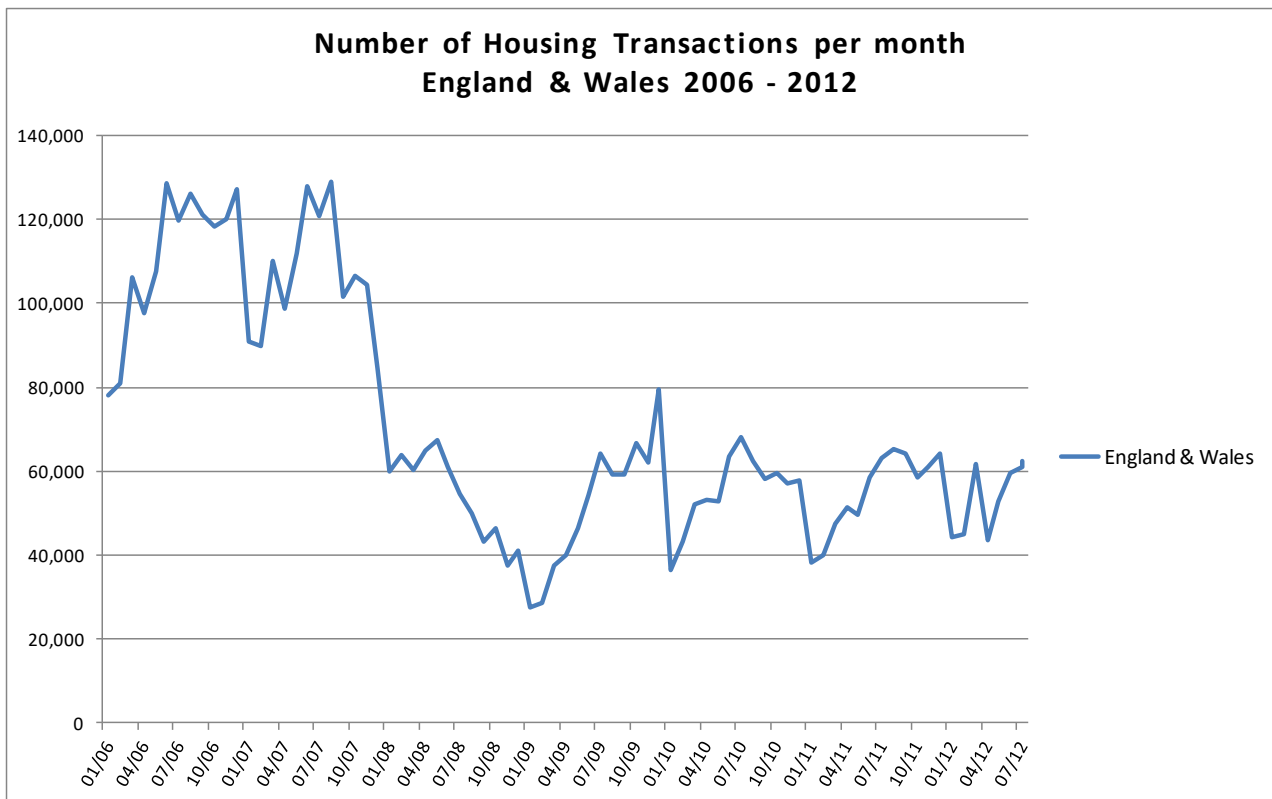


Figure 2. The number of housing transactions by month in England & Wales, 2006- 2012 (not seasonally adjusted) [link to source Excel](#)

NOTES

1. LSL Acad E&W HPI is the only house price index to use:
 - the **actual** prices at which every property in England & Wales was transacted, including prices for properties bought with cash, using the factual Land Registry data as opposed to valuation estimates or asking prices
 - the price of **every** single relevant transaction, as opposed to prices based upon samples
 LSL Acad E&W HPI is a price series as opposed to a value series.
2. the current month LSL Acad E&W HPI comprises a forecast of the LR outcome, using an academic "index of indices" model, pending release of sufficient real data from the Land Registry.
3. LSL Acad E&W HPI forecasts are progressively replaced with real data, until every transaction reported to the Land Registry has been recorded and we have provided our LSL Acad E&W HPI "ultimate" data. All LSL Acad E&W HPI numbers, published prior to receipt of all transaction data, are subject to change; in publishing precise numbers for a number of reasons, we do not claim precision.
4. the accuracy of our forecasts is shown monthly on the Acadametrics website www.acadametrics.co.uk in our "[Development of Forecasts](#)" and in our "[Comparison of Indices](#)", which shows how each index, including the LSL Acad E&W HPI "forecast", compares with the LSL Acad E&W HPI, once sufficient factual Land Registry data have replaced forecast data, to enable LSL Acad E&W HPI to approach the "ultimate" results.
5. the Acadametrics website enables comparisons of selected indices over selected timescales to be undertaken [here](#) with ease and provides historic results and other information.
6. Acadametrics is an independent privately owned consultancy working with Dr Stephen Satchell, Economics Fellow Trinity College Cambridge, and specialises in the assessment of risk in property and mortgage portfolios.
7. Acadametrics Prices and Transactions ([sample here](#)), which exclude any forecast element, underlie the LSL Acad E&W HPI data and are available upon subscription for organisations needing the factual month by month Land Registry prices, at county/London borough level by property type, for e.g. property portfolio valuation, planning and advisory purposes.

Comparison of indices

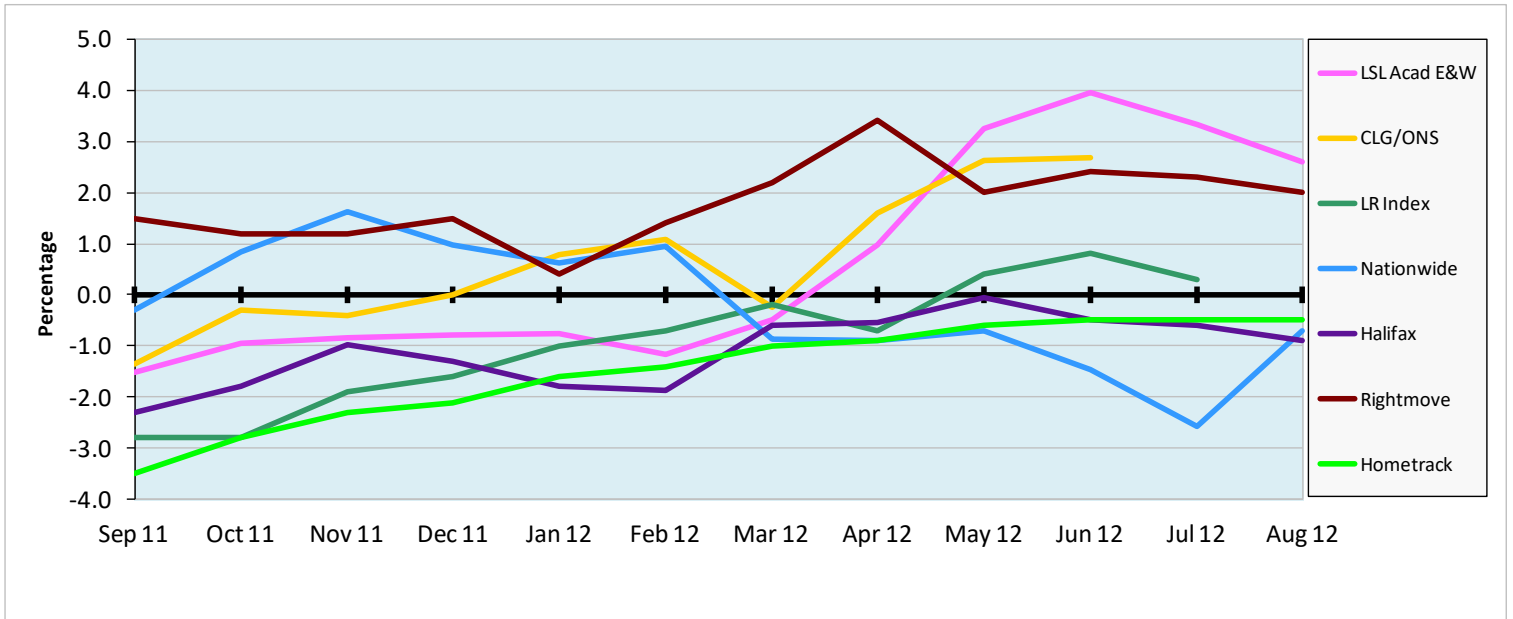


Figure 3. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)

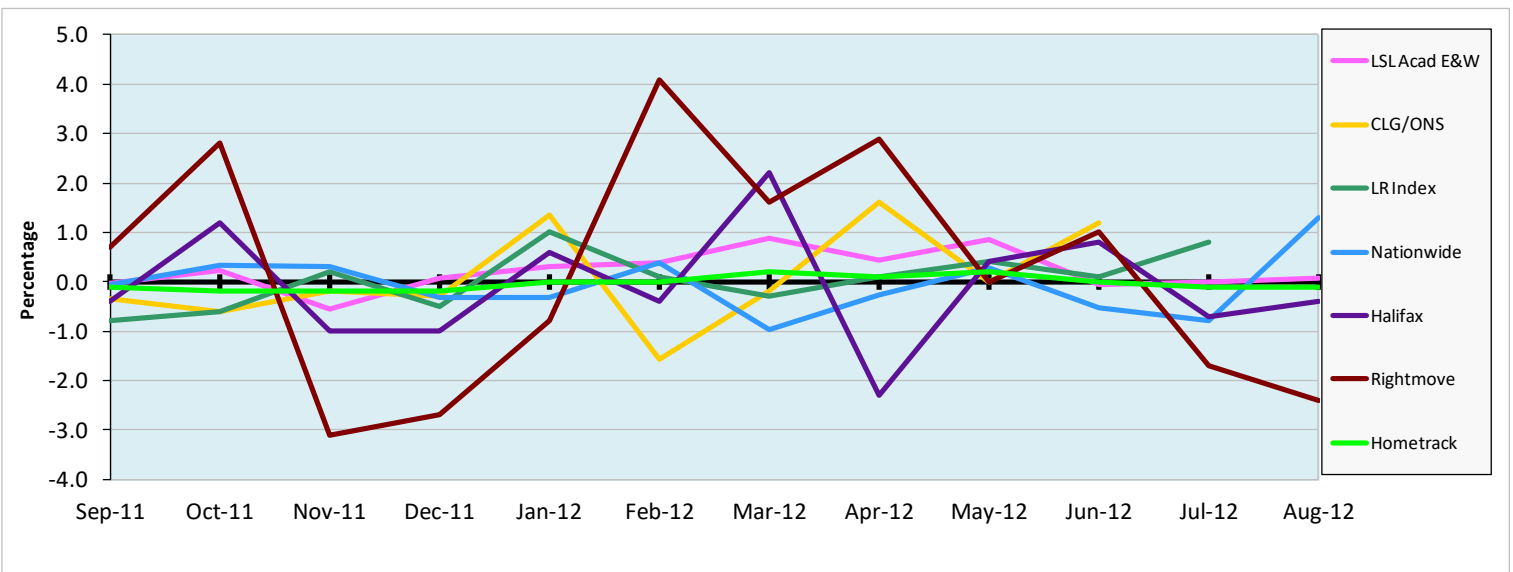


Figure 4. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)



As was the case last month, Greater London continues to dominate the housing market in terms of annual price change. The Figure 5 chart below shows that London is the only region in England & Wales as a whole recording an above average price increase, with the nine other regions all falling below the 3.3% average rate. Also apparent is the reappearance of a North/South divide in the statistics, with Greater London, the South East and the South West taking the top three spots in terms of price growth. Only three regions this month, the North, the West Midlands and the South West show an increase in the rate when compared to last month, with the remaining seven regions all experiencing a reduction in the rate of house price inflation.

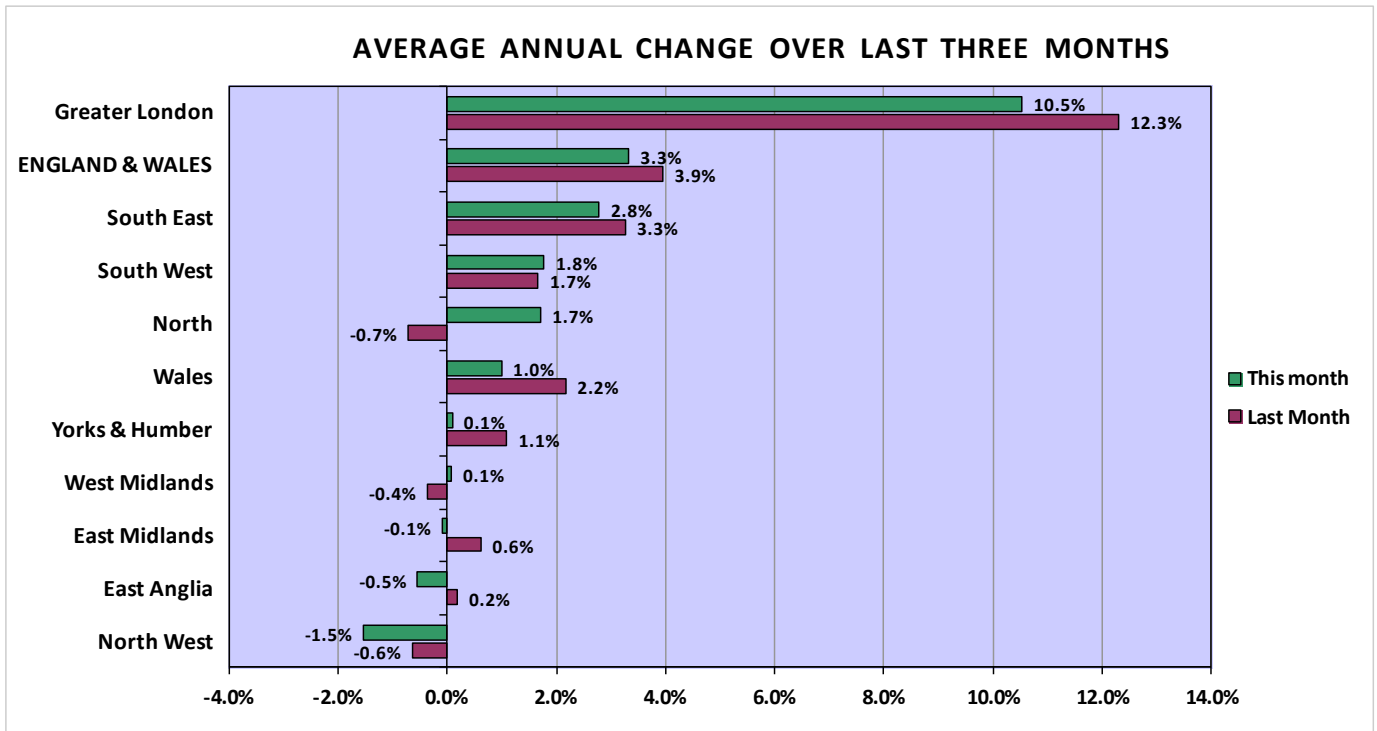


Figure 5. The annual change in the average house price, analysed by region

[link to source Excel](#)

ANNUAL CHANGE IN PRICE BY REGION

Regions Annual %

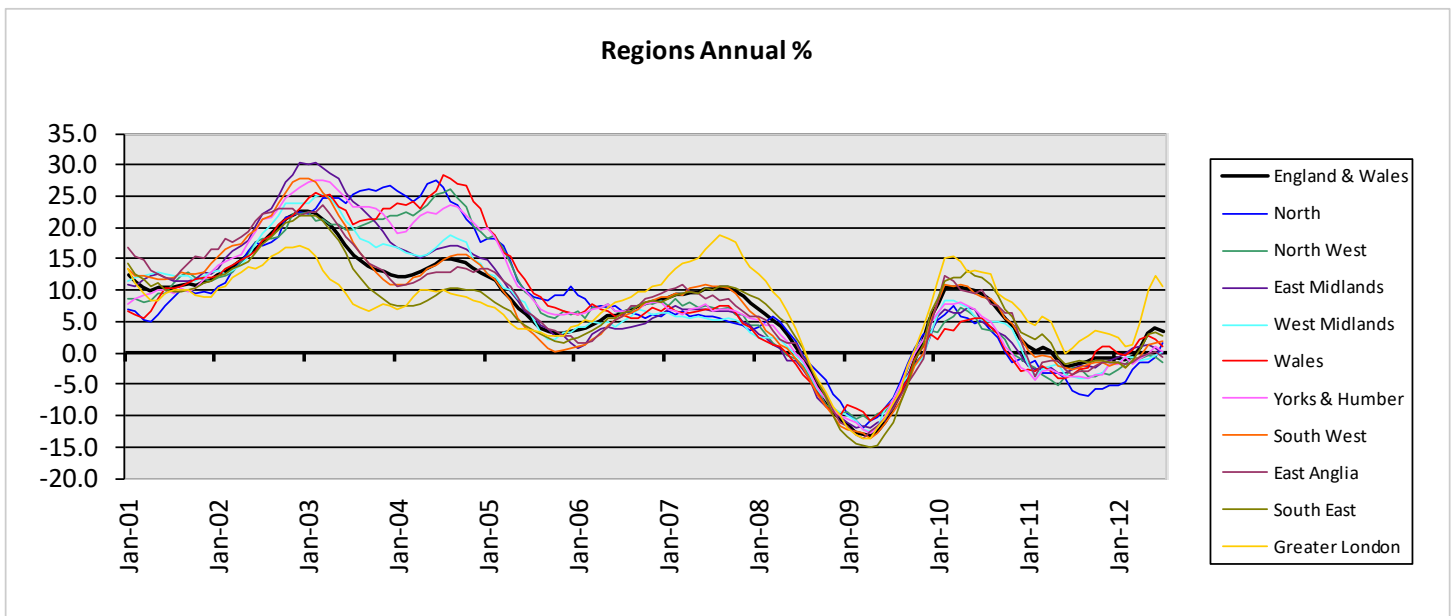


Figure 6. A comparison of the annual change in house prices, by region for the period Jan 2001 - July 2012

[link to source Excel](#)

Note that individual regions can be compared using our "National and Regional series from 1995 with Interactive Charts", linked from page 5 NOTE 5 above and from our covering email; timescales can be varied for clarity. Numerous other comparisons are facilitated in this and other interactive charts available through the same links.



Table 2. The change in mix adjusted house prices, for the 33 London boroughs, comparing July 2011 with July 2012.

[link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LONDON BOROUGH	Jul-11	Jul-12	% Change
1	1	KENSINGTON AND CHELSEA	1,097,896	1,444,424	31.6%
2	2	CITY OF WESTMINSTER	921,941	1,086,845	17.9%
3	3	CAMDEN	661,589	767,239	16.0%
4	4	HAMMERSMITH AND FULHAM	575,142	683,341	18.8%
5	5	RICHMOND UPON THAMES	533,646	606,060	13.6%
7	6	ISLINGTON	477,893	520,838	9.0%
6	7	CITY OF LONDON	499,923	516,729	3.4%
8	8	WANDSWORTH	465,399	506,853	8.9%
11	9	BARNET	391,365	450,307	15.1%
9	10	MERTON	406,858	434,853	6.9%
12	11	HARINGEY	386,752	422,751	9.3%
10	12	SOUTHWARK	399,507	420,270	5.2%
14	13	EALING	357,804	406,453	13.6%
17	14	BRENT	352,284	397,940	13.0%
13	15	LAMBETH	369,889	394,456	6.6%
15	16	HACKNEY	356,957	382,085	7.0%
16	17	HOUNSLOW	353,924	370,478	4.7%
18	18	KINGSTON UPON THAMES	352,095	365,882	3.9%
19	19	TOWER HAMLETS	343,438	360,369	4.9%
20	20	HARROW	322,279	336,115	4.3%
21	21	BROMLEY	316,510	327,998	3.6%
24	22	HILLINGDON	278,369	303,410	9.0%
23	23	REDBRIDGE	283,471	292,418	3.2%
22	24	GREENWICH	290,340	287,252	-1.1%
25	25	ENFIELD	259,442	277,194	6.8%
26	26	LEWISHAM	256,351	272,758	6.4%
27	27	SUTTON	255,335	256,679	0.5%
30	28	WALTHAM FOREST	230,267	250,354	8.7%
28	29	HAVERING	237,372	242,641	2.2%
29	30	CROYDON	237,052	242,426	2.3%
31	31	BEXLEY	215,610	227,736	5.6%
32	32	NEWHAM	214,806	215,754	0.4%
33	33	BARKING AND DAGENHAM	177,819	177,717	-0.1%
		ALL LONDON	380,729	420,828	10.5%

Table 2 shows the stunning growth for vendors in the average July selling price in Kensington and Chelsea this year, compared with the price a year ago. Although some market commentators have been reporting that the 'steam' has been disappearing from the London market, the prices recorded at the Land Registry do not currently support this argument. House prices in nine of the London Boroughs, shown in grey in the above Table, are presently at record levels

One of the trends of the current market is that it is the most expensive areas in London which are experiencing the highest house price inflation. Table 2 demonstrates the point; the four London boroughs with the highest house price growth are the top four boroughs when ranked by price. Similarly, there are eight boroughs with house price growth in excess of the London average of 10.5%, with these eight boroughs ranked in the top fourteen boroughs by price.

Over the last year it is the prices of terraced properties that have increased the most in London, up 18%, aided by an increase in the average price of terraces in Kensington and Chelsea, from £2.3 million in 2011 to £3.2 million in 2012. The prices of flats have increased by 12%, while the increase in prices of detached and semi-detached homes have been a more modest 9% and 7% respectively.

The number of properties sold in London has increased by 7% over the last year, with flats being the most popular purchase, up by 10%, followed by detached and terraced properties, both up some 5% on the previous year. Semi-detached properties have seen a small decline of 1% in the numbers sold. The largest increase in the number of properties sold over the year has been in Lewisham and Islington, both up 23%, contrasted with a fall of 14% in the number in Brent.

Counties and unitary authorities



Table 3. The percentage change in mix adjusted house prices, for the 108 Counties and Unitary Authorities in England & Wales, comparing July 2011 with July 2012

[link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	COUNTY / UNITARY AUTHORITY / REGION	Jul-11	Jul-12	% Change
18	18	CAMBRIDGESHIRE	237,372	236,278	-0.5%
71	81	CITY OF PETERBOROUGH	151,357	140,915	-6.9%
48	48	NORFOLK	180,049	180,911	0.5%
39	43	SUFFOLK	198,842	198,039	-0.4%
		EAST ANGLIA	198,062	196,985	-0.5%
84	83	CITY OF DERBY	142,157	140,464	-1.2%
98	99	CITY OF NOTTINGHAM	115,439	117,039	1.4%
66	64	DERBYSHIRE	155,799	158,174	1.5%
91	91	LEICESTER	132,949	129,838	-2.3%
45	47	LEICESTERSHIRE	187,041	182,010	-2.7%
70	71	LINCOLNSHIRE	152,887	152,045	-0.6%
51	53	NORTHAMPTONSHIRE	176,151	176,296	0.1%
69	68	NOTTINGHAMSHIRE	153,207	155,184	1.3%
9	9	RUTLAND	268,379	286,012	6.6%
		EAST MIDLANDS	159,828	159,678	-0.1%
		GREATER LONDON	380,729	420,828	10.5%
63	61	CUMBRIA	161,945	162,578	0.4%
89	85	DARLINGTON	134,697	138,205	2.6%
97	98	DURHAM	119,206	118,439	-0.6%
96	95	HARTLEPOOL	122,430	121,354	-0.9%
103	101	MIDDLESBROUGH	106,140	111,940	5.5%
52	49	NORTHUMBERLAND	171,841	180,631	5.1%
94	96	REDCAR AND CLEVELAND	124,729	120,027	-3.8%
83	74	STOCKTON-ON-TEES	142,832	150,032	5.0%
90	86	TYNE AND WEAR	134,450	136,992	1.9%
		NORTH	139,248	141,630	1.7%
100	94	BLACKBURN WITH DARWEN	113,435	122,152	7.7%
102	103	BLACKPOOL	106,952	103,685	-3.1%
33	39	CHESHIRE	206,928	202,089	-2.3%
78	77	GREATER MANCHESTER	147,172	147,934	0.5%
87	90	HALTON	136,632	129,937	-4.9%
77	82	LANCASHIRE	148,113	140,471	-5.2%
81	80	MERSEYSIDE	143,585	141,098	-1.7%
46	46	WARRINGTON	184,267	183,427	-0.5%
		NORTH WEST	152,653	150,305	-1.5%
30	29	BEDFORDSHIRE	210,673	217,519	3.2%
12	13	BRACKNELL FOREST	259,337	268,922	3.7%
11	11	BRIGHTON AND HOVE	265,875	276,348	3.9%
3	3	BUCKINGHAMSHIRE	353,989	362,521	2.4%
21	22	EAST SUSSEX	224,673	232,418	3.4%
16	16	ESSEX	240,259	242,294	0.8%
10	14	HAMPSHIRE	266,606	266,952	0.1%
5	4	HERTFORDSHIRE	311,292	326,766	5.0%
43	44	ISLE OF WIGHT	191,950	195,265	1.7%
19	17	KENT	236,930	236,633	-0.1%
65	67	LUTON	155,891	155,385	-0.3%

Counties and unitary authorities



62	57	MEDWAY	162,700	169,553	4.2%
37	32	MILTON KEYNES	200,706	213,266	6.3%
6	6	OXFORDSHIRE	307,502	317,411	3.2%
58	58	PORTSMOUTH	165,370	169,293	2.4%
26	20	READING	218,199	235,781	8.1%
41	36	SLOUGH	196,588	205,611	4.6%
59	63	SOUTHAMPTON	164,422	160,118	-2.6%
44	42	SOUTHEND-ON-SEA	188,978	198,949	5.3%
2	2	SURREY	381,980	400,918	5.0%
53	54	THURROCK	171,357	173,423	1.2%
7	8	WEST BERKSHIRE	300,534	305,230	1.6%
13	12	WEST SUSSEX	257,828	270,677	5.0%
1	1	WINDSOR AND MAIDENHEAD	433,590	460,049	6.1%
4	5	WOKINGHAM	327,615	322,216	-1.6%
		SOUTH EAST	263,572	270,911	2.8%
8	7	BATH AND NORTH EAST SOMERSET	286,089	316,038	10.5%
22	24	BOURNEMOUTH	222,936	229,930	3.1%
31	30	CITY OF BRISTOL	209,664	216,131	3.1%
74	65	CITY OF PLYMOUTH	148,981	156,856	5.3%
24	23	CORNWALL	222,601	230,801	3.7%
20	19	DEVON	234,552	236,063	0.6%
14	15	DORSET	257,405	256,018	-0.5%
23	25	GLOUCESTERSHIRE	222,836	229,594	3.0%
32	31	NORTH SOMERSET	208,989	213,848	2.3%
15	10	POOLE	255,443	283,134	10.8%
35	38	SOMERSET	205,602	202,784	-1.4%
34	37	SOUTH GLOUCESTERSHIRE	206,873	204,689	-1.1%
54	56	SWINDON	168,827	170,663	1.1%
47	51	TORBAY	183,405	180,302	-1.7%
17	21	WILTSHIRE	238,187	233,633	-1.9%
		SOUTH WEST	220,542	224,459	1.8%
108	108	BLAENAU GWENT	87,180	83,809	-3.9%
85	89	BRIDGEND	138,201	132,720	-4.0%
95	97	CAERPHILLY	123,312	118,926	-3.6%
50	50	CARDIFF	178,569	180,423	1.0%
80	88	CARMARTHENSHIRE	144,010	133,544	-7.3%
49	45	CEREDIGION	179,858	193,471	7.6%
60	62	CONWY	164,282	161,600	-1.6%
86	87	DENBIGHSHIRE	138,146	135,326	-2.0%
76	69	FLINTSHIRE	148,374	152,827	3.0%
72	72	GWYNEDD	151,239	151,764	0.3%
64	66	ISLE OF ANGLESEY	156,933	156,479	-0.3%
106	105	MERTHYR TYDFIL	96,383	97,576	1.2%
25	27	MONMOUTHSHIRE	220,504	218,924	-0.7%
101	102	NEATH PORT TALBOT	108,992	108,502	-0.4%
82	75	NEWPORT	143,449	149,658	4.3%
55	52	PEMBROKESHIRE	168,769	176,447	4.5%
57	55	POWYS	167,039	171,984	3.0%
104	104	RHONDDA CYNON TAFF	103,418	101,430	-1.9%
79	79	SWANSEA	145,877	147,060	0.8%
42	26	THE VALE OF GLAMORGAN	192,167	220,472	14.7%
93	93	TORFAEN	128,280	125,746	-2.0%
68	70	WREXHAM	154,557	152,717	-1.2%



		WALES	149,879	151,365	1.0%
29	34	HEREFORDSHIRE	211,192	211,504	0.1%
40	41	SHROPSHIRE	196,650	200,394	1.9%
56	60	STAFFORDSHIRE	168,508	164,941	-2.1%
107	107	STOKE-ON-TRENT	95,741	93,736	-2.1%
28	28	WARWICKSHIRE	213,037	217,948	2.3%
73	76	WEST MIDLANDS	149,067	149,656	0.4%
36	40	WORCESTERSHIRE	203,192	201,973	-0.6%
67	73	WREKIN	155,060	151,029	-2.6%
		WEST MIDLANDS	168,564	168,689	0.1%
105	106	CITY OF KINGSTON UPON HULL	97,180	94,627	-2.6%
61	59	EAST RIDING OF YORKSHIRE	163,072	165,187	1.3%
99	100	NORTH EAST LINCOLNSHIRE	114,881	115,149	0.2%
92	92	NORTH LINCOLNSHIRE	130,617	129,770	-0.6%
27	33	NORTH YORKSHIRE	215,587	212,113	-1.6%
88	84	SOUTH YORKSHIRE	135,650	138,233	1.9%
75	78	WEST YORKSHIRE	148,653	147,405	-0.8%
38	35	YORK	199,150	211,052	6.0%
		YORKS & HUMBER	152,811	152,946	0.1%
		ALL ENGLAND & WALES	221,568	222,147	0.3%

At county and unitary authority level, 45 of the 108 authorities in England & Wales showed July price falls, compared with 51 in June. For the second month running, the Vale of Glamorgan topped the price increase leader board at 14.7%, although this was down on last month's rate of 19.8%, followed this month by Poole and Bath, up 10.8% and 10.5% respectively. Unlike the London boroughs, there are no unitary authority areas recording peak prices in July.

Transactions for the three months May - July 2012 are up 3% on the equivalent three months in 2011, with detached properties seeing the highest increase in sales, up 8%. As with London, the number of semi-detached properties sold fell over the year; down some 2% across England & Wales. The highest transaction growth over the three month period, compared with the prior year, was seen in Bracknell Forest, up 23%, followed by Shropshire, up 21%, while sales in Hartlepool declined by 18%.

Taking all of this together it is apparent that we are some distance from a general and sustained housing market recovery. Whilst the government is making efforts to assist, success is far from certain, since much depends on the state of the economy in general and on consumer confidence and employment prospects in particular. As always, decisions to buy and sell will be driven by local circumstances rather than national aggregates. It remains a time of great uncertainty and although the LSL Acad HPI may end the year roughly 2 - 3% up, we know that much of this is a product of the London market and that across England & Wales as a whole the experience will be somewhat different. Policy may be driven by the London bubble but the economy will probably only really come to life when there is forward momentum throughout.

Regional data table



Table 4. Average house prices by region, August 2011 - July 2012, with monthly and annual % growth [link to source Excel](#)

	North			North West			East Midlands			West Midlands		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Aug-11	£137,398	-1.3	-6.7	£153,393	0.5	-2.4	£160,297	0.3	-2.2	£169,667	0.7	-4.1
Sep-11	£137,986	0.4	-7.0	£152,631	-0.5	-3.8	£160,206	-0.1	-2.2	£169,510	-0.1	-4.1
Oct-11	£139,532	1.1	-5.9	£151,948	-0.4	-3.9	£159,943	-0.2	-2.2	£170,670	0.7	-3.4
Nov-11	£138,690	-0.6	-5.7	£151,154	-0.5	-3.3	£160,268	0.2	-1.4	£169,130	-0.9	-3.2
Dec-11	£137,908	-0.6	-5.3	£150,045	-0.7	-3.5	£159,767	-0.3	-1.1	£170,478	0.8	-1.8
Jan-12	£138,818	0.7	-5.2	£150,447	0.3	-2.7	£160,509	0.5	-0.6	£170,818	0.2	-1.5
Feb-12	£141,534	2.0	-4.5	£152,064	1.1	-1.7	£161,528	0.6	0.0	£171,178	0.2	-0.6
Mar-12	£143,850	1.6	-2.6	£152,167	0.1	-0.7	£161,686	0.1	0.6	£170,512	-0.4	-0.8
Apr-12	£143,186	-0.5	-1.6	£150,690	-1.0	-1.0	£161,474	-0.1	1.1	£169,142	-0.8	-1.1
May-12	£141,994	-0.8	-1.6	£149,830	-0.6	-0.5	£160,515	-0.6	1.2	£169,391	0.1	-0.9
Jun-12	£141,191	-0.6	-0.7	£150,220	0.3	-0.6	£160,410	-0.1	0.6	£168,797	-0.4	-0.4
Jul-12	£141,630	0.3	1.7	£150,305	0.1	-1.5	£159,678	-0.5	-0.1	£168,689	-0.1	0.1

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Aug-11	£151,751	1.2	-2.6	£154,222	0.9	-3.7	£220,794	0.1	-2.4	£198,260	0.1	-2.9
Sep-11	£152,076	0.2	-2.4	£153,872	-0.2	-3.9	£222,284	0.7	-1.9	£198,169	0.0	-3.0
Oct-11	£155,036	1.9	0.1	£153,182	-0.4	-3.6	£222,338	0.0	-1.6	£197,974	-0.1	-2.0
Nov-11	£154,573	-0.3	0.9	£152,712	-0.3	-3.4	£220,834	-0.7	-1.6	£196,717	-0.6	-1.4
Dec-11	£153,638	-0.6	1.1	£153,881	0.8	-1.8	£221,491	0.3	-2.2	£195,417	-0.7	-1.5
Jan-12	£152,056	-1.0	0.0	£154,021	0.1	-1.9	£221,594	0.0	-1.5	£195,411	0.0	-1.6
Feb-12	£152,291	0.2	-0.4	£154,658	0.4	-0.7	£221,330	-0.1	-2.3	£195,071	-0.2	-1.9
Mar-12	£153,385	0.7	0.5	£153,446	-0.8	-1.9	£221,759	0.2	-1.1	£197,358	1.2	-1.5
Apr-12	£153,684	0.2	2.0	£154,363	0.6	-1.0	£222,638	0.4	-0.6	£198,409	0.5	-0.7
May-12	£152,992	-0.5	2.8	£154,044	-0.2	-0.2	£225,173	1.1	1.4	£199,787	0.7	-0.1
Jun-12	£152,258	-0.5	2.2	£154,487	0.3	1.1	£224,224	-0.4	1.7	£198,531	-0.6	0.2
Jul-12	£151,365	-0.6	1.0	£152,946	-1.0	0.1	£224,459	0.1	1.8	£196,985	-0.8	-0.5

	South East			Greater London			ENGLAND & WALES			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Aug-11	£265,256	0.6	-1.4	£387,786	1.9	1.8		£220,521	0.8	-1.5
Sep-11	£264,005	-0.5	-1.6	£389,221	0.4	2.6		£220,476	0.0	-1.5
Oct-11	£263,404	-0.2	-1.3	£392,653	0.9	3.7		£220,949	0.2	-0.9
Nov-11	£261,043	-0.9	-1.2	£391,320	-0.3	3.2		£219,695	-0.6	-0.8
Dec-11	£260,391	-0.2	-1.5	£393,952	0.7	3.1		£219,867	0.1	-0.8
Jan-12	£262,284	0.7	-1.5	£394,487	0.1	2.5		£220,512	0.3	-0.8
Feb-12	£263,664	0.5	-2.3	£394,792	0.1	0.9		£221,352	0.4	-1.2
Mar-12	£268,372	1.8	-1.2	£399,958	1.3	1.2		£223,309	0.9	-0.5
Apr-12	£268,970	0.2	0.5	£407,343	1.8	4.6		£224,310	0.4	1.0
May-12	£271,462	0.9	2.9	£417,373	2.5	10.1		£226,249	0.9	3.2
Jun-12	£270,320	-0.4	3.3	£419,785	0.6	12.3		£226,086	-0.1	3.9
Jul-12	£270,911	0.2	2.8	£420,828	0.2	10.5		£226,090	0.0	3.3
Aug-12								£226,243	0.1	2.6



1. LSL Acad E&W HPI is derived from Land Registry (LR) house price data, seasonally and mix adjusted by property type. © Crown copyright material reproduced with the permission of Land Registry. The prices are smoothed to show underlying trends. LSL Acad E&W HPI includes cash purchase prices and is the only index based upon the **complete, factual**, house price data for England & Wales, as opposed to a sample.
2. most indices employ data available to the provider as result of its business; index methodologies are designed to exploit the advantages and overcome the disadvantages of each particular dataset; a valuation series (whether the values are professionally estimated at e.g. time of mortgage offer or by an estate agent) is not the same as a price series; price series (LSL Acad E&W HPI, CLG/ONS and LR) can be prepared only when the prices at which properties have been transacted have been recorded at LR (LSL Acad E&W HPI and LR) or when firm prices at mortgage completion (CLG/ONS) have been made available by lenders; valuation series can be prepared whenever the data e.g. asking or mortgage offer prices are available to the provider; publicity accrues to those indices which are released first; indices published at or before month end are likely to employ data for the current and prior months. LR overcomes the delay in availability of full LR transaction data by using only the prices of properties for which two prices are recorded at LR and the published American Case Shiller methodology, developed to prepare indices for metropolitan districts, since the USA lacks a central Land Registry. LSL Acad E&W HPI overcomes the above delay with an “index of indices” forecasting model, purpose developed by Dr Stephen Satchell Economics Fellow Trinity College Cambridge and Dr George Christodoulakis, then at the Sir John Cass Business School; of the price series, LSL Acad E&W HPI, LR and CLG/ONS are published in that order.
3. LSL Acad E&W HPI provides prices at national and regional level to 1995 and, at county/London borough level, to 2000; back-cast national prices for graphing are available to 1987.
4. at **national** level, only some 60,000 monthly transactions now occur compared with at least 100,000 in past markets. For any given month, c.33% (20,000) of these will be reported to LR by month end. When monthly sales were c.100,000, we found that using the initial 15,000 transactions then reported to LR, introduced volatility into our first LSL Acad E&W HPI result. Rather than rely upon a small sample, likely to be unrepresentative, LSL Acad E&W HPI therefore employs the above “index of indices”, and a series of auto regression and averaging models. After the elapse of one month, LR provides c.85% of the transactions for the prior month, used to replace the initial LSL Acad E&W HPI “forecast” with a first LSL Acad E&W HPI “update” result. A further month later, LR provides c.90% of transactions, used to replace the first, with a second, LSL Acad E&W HPI “update” result. Three months after any given month, LR provides c.95 % of the month’s transactions, sufficient to enable us to describe our next update as an LSL Acad E&W HPI “final” index, closely approximating the LSL Acad E&W HPI “ultimate” results; LSL Acad E&W HPI “ultimate” includes the price of virtually every single LR transaction for the month, smoothed, seasonally and mix adjusted; the first LSL Acad E&W HPI “update” now uses c.37,000 real transactions for the month (as well as, by smoothing, c.40,000 transactions for the prior month); only CLG/ONS with, this year, 28,000 mortgage completions (and the Rightmove asking price index) have specified comparable data volumes; lender index data volumes are not quantified; the Halifax HPI employs three month smoothing for annual change results but not for other results; Hometrack provides survey data and specifies that theirs is a survey, not an index; current results are showing a divide between indices with more, and indices with less, data volumes.
5. in each of the 10 **regions**, an average of only some 6,000 transactions now occur monthly; hence, we wait one month, pending receipt from LR of the c.85% sample and provide monthly results one month in arrears of the most recent month. In our Regional data table, **red** data represent LSL Acad E&W HPI “forecast” results, **blue** data represent LSL Acad E&W HPI “update” results and black data represent the LSL Acad E&W HPI “final” index.
6. at **county and London borough** levels, c.60,000 national monthly transactions, spread over 10 regions and 108 counties and 33 London boroughs, provide an average of only c.425 house prices monthly within each sub-district. Even delayed one and smoothed over three months, LSL Acad E&W HPI is indicative until we are able to publish the LSL Acad E&W HPI “final” index using the LR 95% sample. LSL Acad E&W HPI data are calculated on a consistent basis from county and London borough through to region and ultimately to national level; at every level, the current month price represents the average of the prices for the current month and for the prior and subsequent months (“three month, centre month smoothed”). LR employs a “four month, end month smoothed”, process for county/London borough data, but not for national and regional results.
7. **data limitations** are not confined to volumes. LSL Acad E&W HPI and the LR index are unable to distinguish between 3, 4 or 5 bedroom houses or between those with 2, 1 or even no bathroom; the lender hedonic indices and the CLG/ONS mix adjusted index do so. LR data exclude commercial and, thus, auction sales and do not reflect repossession prices on the grounds that such prices do not reflect those between a willing buyer and a willing seller; some feel that auction prices represent true market prices; others believe that the repossession price of a recent new build flat in Manchester is not (at least not yet) reflected in the price of a flat in an upmarket area.
8. LSL Acad E&W HPI is prepared from Land Registry data using a methodology designed to provide a “true measure of house price inflation”; Acadametrics does not guarantee the accuracy of the LSL Acad E&W HPI results and Acadametrics shall not be liable for any loss or damage, whatsoever, consequential upon any error, incorrect description of or inadequacy in the data; persons using the data do so entirely at their own risk; LSL Acad E&W HPI is freely provided for publication with due attribution to Acadametrics. Permission is required for any commercial use of the data.
9. The monthly, smoothed, average Land Registry prices at regional, county and London borough level by property type, which underlie LSL Acad E&W HPI, together with historic data are available from Acadametrics as in page 5 NOTE 7 above.
10. LSL Acad E&W HPI was published under the name FTHPI from September 2003 until December 2009.