

LSL Property Services/Acadameetrics England & Wales House Price Index

AUGUST 2013

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 13TH SEPTEMBER 2013

House prices hit a record high in August

- The number of sales exceed 70,000 for the second month in a row
- House prices up £7,275 in the past twelve months, reaching an average of £233,776
- Number of first-time buyers up by more than 30% over the year

House Price	Index	Monthly Change %	Annual Change %
£233,776	238.0	0.4	3.2

Richard Sexton, director of e.surv chartered surveyors, part of LSL Property Services, comments: “House prices soared to a new record high in August – the fourth record high so far this year. The property market has turned over a new leaf after years of restrained activity following the financial crisis. Prices are up £883 in the last month and are £7,275 higher than a year ago due to a substantial boost in mortgage lending to first-time buyers. The UK’s economy is showing signs of sustained recovery which is pushing the housing market forward. Sales are rising rapidly; in May to August 2013 they have been higher than the equivalent period for the previous three years.

“The improving availability and pricing of mortgages are boosting demand for properties. Although prices are rising, competition among lenders has opened up the market for first-time buyers, with growing product choice and competitive rates. There has been a concerted effort by lenders to boost mortgage lending. The Government has been pivotal in providing the aid that the market has been craving for many years. The number of first-time buyer mortgages is at its highest for five years. The Funding for Lending Scheme has enabled banks to lend to a wider pool of borrowers thanks to cheaper funding, while the Help to Buy scheme is helping buyers overcome many hurdles such as high inflation and hefty deposit requirements. A considerable number of aspiring homeowners have already signed up and many can finally afford to get on to the housing ladder.

“Higher loan-to-value (LTV) mortgages are much more readily available and at lower rates, which has been the catalyst behind the vast improvement in the housing market, coupled with increasing consumer confidence. True, those with the largest deposits have access to the best rates, but overall they are falling and those with small deposits are able to grab cheap deals. LSL data show that the average age of a first-time buyer is 30 and that the average deposit is £30,109. First-time buyer activity is proving particularly strong in London, as well as in the rest of the UK. This has been crucial in opening up many housing chains, as well as helping boost house prices further up the ladder. We are still a long way off from the levels of activity seen before the financial crisis, but the rise in first-time buyer numbers is sending positive waves of confidence through the market.

“As expected, London is fuelling the significant rise in house prices on a national level. But signs suggest that price growth is happening across the board. All ten regions in the country showed an increase in the annual rate of house price inflation compared to a month ago, indicating that prices will climb across the whole of England and Wales. It is still too early to predict what impact the economy will have on prices, especially as the Bank’s Financial Policy Committee may apply downward pressure through controls over mortgage supply and pricing. Thus nothing can be set in stone yet. One thing is crystal clear though: the increase in activity in the lower tier of the market has made it more fluid.”

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

House price index: historical data



Table 1. Average House Prices in England & Wales for the period August 2012 – August 2013

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
August	2012	£226,501	230.6	-0.3	2.7
September	2012	£226,997	231.1	0.2	3.0
October	2012	£227,418	231.5	0.2	3.0
November	2012	£227,659	231.8	0.1	3.7
December	2012	£228,259	232.4	0.3	3.8
January	2013	£229,085	233.2	0.4	3.8
February	2013	£230,958	235.1	0.8	4.3
March	2013	£231,975	236.2	0.4	3.8
April	2013	£232,410	236.6	0.2	3.5
May	2013	£232,244	236.4	-0.1	2.3
June	2013	£232,132	236.3	0.0	2.2
July	2013	£232,893	237.1	0.3	2.5
August	2013	£233,776	238.0	0.4	3.2

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

House prices

Our commentary shows the market continuing to move forward. The LSL/Acad index indicates that the average house price in England & Wales is now £233,776 and has set a new peak for the fourth time this year, pointing to a general recovery in the housing market from its low point in April 2009. However, a large part of this recovery has occurred because of upward price movements in the Central London areas, with other parts of England & Wales still having seen limited price movement since 2009. The geography of that recovery is very clear from Table 2.

Table 2. The lowest average house price recorded in each region since January 2009, compared to the average house price in July 2013 [link to source Excel](#)

Region	Month	Min Price	July 2013	Increase post min price	% Increase post min price
GREATER LONDON	Apr-09	£323,312	£452,821	£129,509	40.1%
SOUTH EAST	May-09	£234,767	£277,221	£42,454	18.1%
EAST ANGLIA	Mar-09	£182,739	£204,510	£21,771	11.9%
SOUTH WEST	Apr-09	£203,304	£223,509	£20,205	9.9%
WEST MIDLANDS	May-09	£162,210	£172,113	£9,903	6.1%
EAST MIDLANDS	May-09	£153,186	£162,064	£8,878	5.8%
YORKS & HUMBER	May-09	£147,988	£154,866	£6,878	4.6%
NORTH	Aug-11	£137,377	£141,688	£4,311	3.1%
NORTH WEST	Apr-09	£148,666	£152,852	£4,186	2.8%
WALES	Jun-09	£147,292	£149,769	£2,477	1.7%
ENGLAND & WALES	Apr-09	£200,234	£232,893	£32,659	16.3%

Table 2 shows the minimum average house price since January 2009 for each region, and the month in which it occurred. This minimum price is then compared to the July 2013 average price, showing the change in prices that have taken place in the region since the last trough, which for most areas occurred between March and June 2009. This increase is then expressed as a percentage of the minimum average house price.

The Table also illustrates the North/South divide that has been evident in the property markets since the last housing crisis, and the two-speed recovery that has existed since 2009, with prices in London in percentage terms gaining twice as much as any other region in England and Wales.

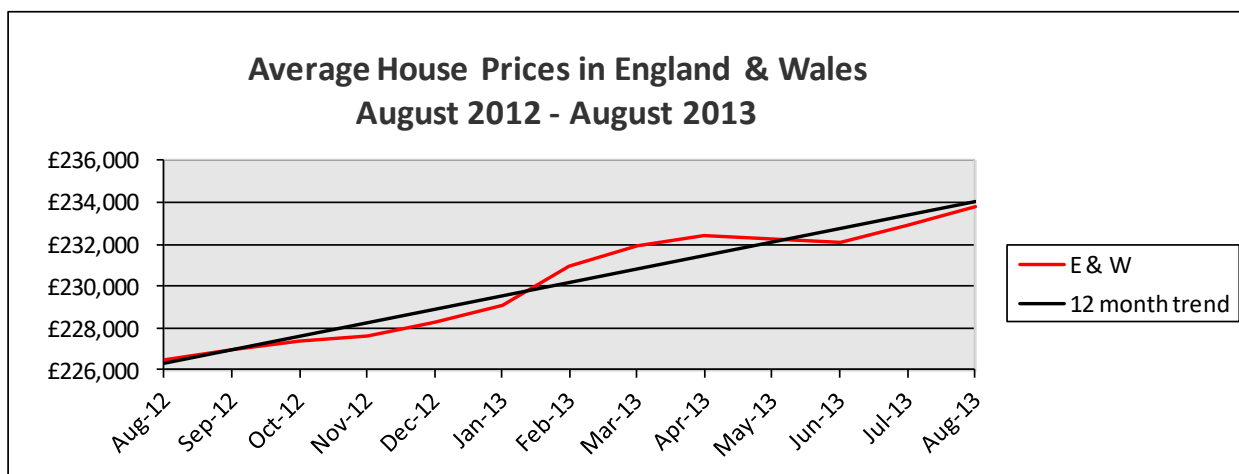


Figure 1. The Average House Price in England & Wales, August 2012 – August 2013

[link to source Excel](#)

Turning to this month's changes in the market: on a monthly basis, the average house price in August increased by a modest 0.4%, or £883. Over the last twelve months the average house price has increased on ten occasions. In only two months have prices slipped, June and July, with both of these falls being relatively minor at less than



£170 in each month. As the trend line in Figure 1 shows, prices have been rising over the last year on a near straight-line basis, indicating surprising stability in the market trend, despite the various economic fluctuations that have been taking place. Excluding the short-lived upturn of 0.8% in February 2013, house price movements have been in a tight band of between -0.1% and 0.4% per month over the last twelve months, with this month's increase of 0.4% at the top end of that range.

On an annual basis, the average house price has increased by 3.2% since August 2012. This level of house price growth is almost exactly in line with that of the ONS annual Retail Price Inflation (RPI) Index of 3.1% for July 2013, so in real terms house prices have remained static over the last 12 months. Some housing commentators have expressed concern that house prices in 2013 will 'bubble' out of control; however there is no general evidence to date suggesting this has happened, though in a few exceptional localities prices have risen sharply.

Although the new record level of house prices this month may make the headlines, we believe the most important story is the increase in housing transactions that have been taking place over the last few months. We discuss the details below, but first why is this increase in sales happening now? Clearly momentum has been building both within the economy and the housing market, albeit from a low base. Headlines such as that in the Sunday Times (8/9/13) - We have Lift-Off! - are symptomatic of the upturn in confidence and activity. Though real wages have not risen, a combination of low interest rates, tax benefits, more mortgage availability and competitive product pricing reflecting the impact of FLS and other initiatives have in combination encouraged more activity. With signs of an entrenched upturn it is no surprise that first time buyers have been quick to re-enter the market, no doubt hoping to benefit from further recovery. Transaction numbers are up but they are still low by historical standards. This suggests that we will see further increases in activity as more buyers are tempted into the market and sellers begin to put their homes up for sale to take advantage of rising prices.

Housing Transactions

Figure 2 below shows the number of housing transactions per month for each of the years 2010 – 2013. As can be seen, sales in May to August 2013 have been higher than the equivalent period for the previous three years, with sales in July and August 2013 both estimated to exceed 70,000 transactions. This will be the first time that sales over two consecutive months have been higher than 70,000 since November/December 2007, when transaction levels were 104,486 and 84,524 respectively.

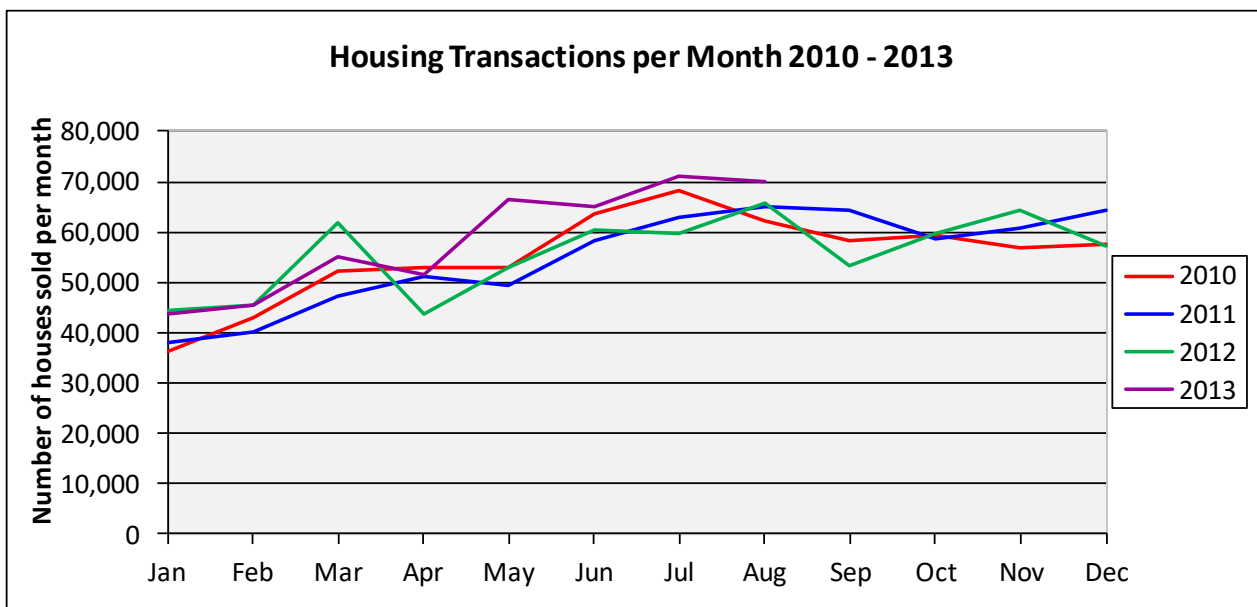


Figure 2. Number of properties sold per month in England & Wales, Jan 2010 – August 2013. Source Land Registry [link to source Excel](#)

We estimate that over the four month period May – August 2013, there was an increase of 14% in the number of properties sold compared to the same four months in 2012. This estimate is in line with the CML (Council of Mortgage Lenders) figures of an increase of 17% in the number of mortgages taken out for house purchase during Q2 2013, compared to Q2 2012. Our own figures include cash purchases, whilst those of the CML do not, but with a substantial rise in first time buyer activity it is likely that the proportion of cash sales has reduced over the last four months.



The CML confirms that the largest increase in loans has been to the first time buyer sector of the market. In June first time buyers represented 46% of all house buyers compared to an average figure of 38% for the period 2007 – 2013. The number of first time buyers increased by 30% in June 2013 compared to June 2012, giving a real sense of the pent-up demand in the market and the improving availability and pricing of mortgages. According to the CML home movers also increased in number, but by a more sedate 4%, when comparing figures for Q2 2013 with those of Q2 2012.

In a typical year, housing transactions fall marginally in August compared to the previous month, as families take their summer holidays. We believe this pattern applies this year, and estimate that there was a marginal 2% fall in property sales in August 2013 compared to July 2013.

Figure 3 below places the current levels of housing transactions into an historical perspective. Whilst we can just about discern from the graph the increase in transaction numbers over the last four months compared to the previous three years, we can readily observe the substantial decrease in transactions for the period 2008 – 2013 when compared to transaction numbers in 2007. The market is currently running at 70% of the level of the long term average number of transactions over the last eighteen years – there is therefore still plenty of catch-up to be made before the market returns to the levels seen prior to the banking crises of five years ago.

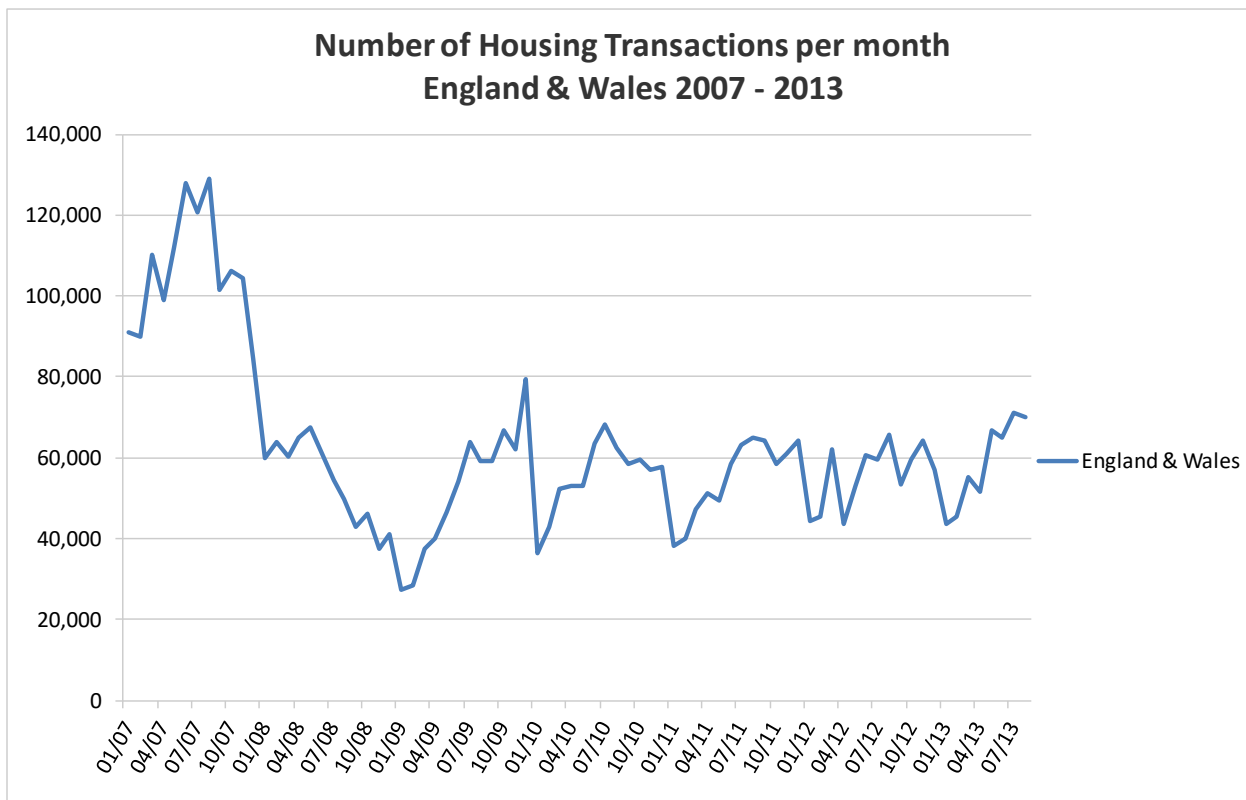


Figure 3. The number of housing transactions by month in England & Wales, 2007-2013 (not seasonally adjusted) [link to source Excel](#)

NOTES

- 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.
- 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.
- 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.
- 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.
- the Acadametrics website enables comparisons of selected indices over selected timescales to be undertaken [here](#) with ease and provides historic results and other information.
- 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.
- 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

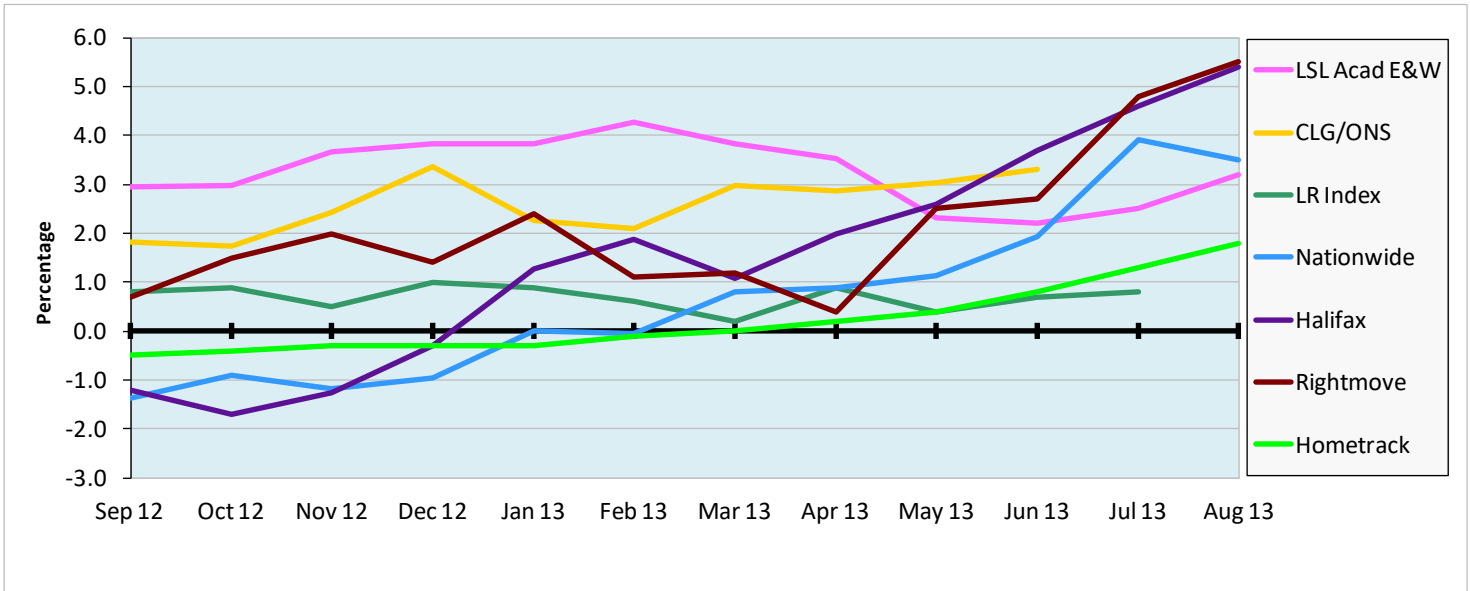


Figure 4. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)

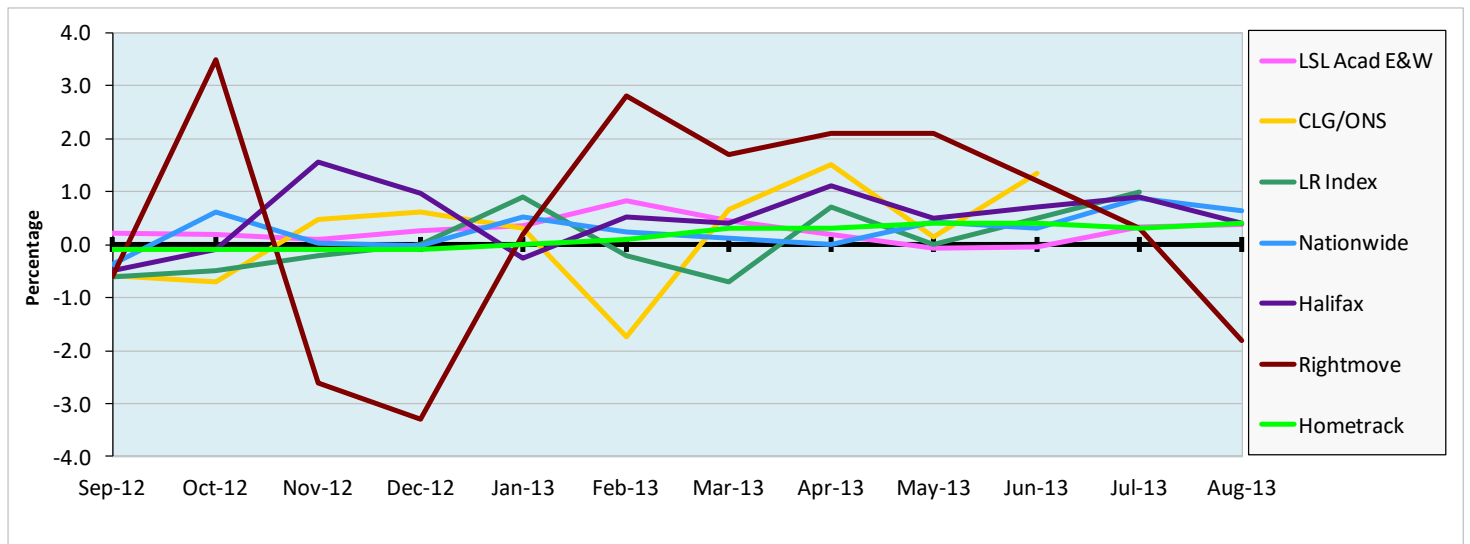


Figure 5. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)

The comparison of indices charts (figures 4 and 5) show that asking prices, mortgage approval prices and completion prices have been generally rising on an annual basis since the beginning of the year. Cash purchases remain strong at around 30% of transactions, although mortgage approvals are steadily increasing, reflecting lender confidence and competitive pressures.



As figure 6 shows, Greater London continues to dominate the housing market in terms of annual price change, with house price inflation more than double that of any other region of England & Wales. For the seventh month running, East Anglia takes second place and joins Greater London in being one of only two regions in the country with annual price increases higher than the average for England & Wales as a whole. The figures below are annual percentage changes over three months, centred on July 2013. This month we can report that all ten regions in July showed an increase in the annual rate of house price inflation compared to the previous month. This is the first time that all ten Regions have seen an upward movement in the annual rate of change in the same month since February 2010. This gives some modest support to the view that prices will increase across the whole of England & Wales, rather than being concentrated in selective areas such as London. However, despite a small upward movement this month in its annual rate of price change, Wales continues to experience the greatest fall in house prices of all the ten regions in England & Wales. Wales has now been at the bottom of the house price growth league for eight of the last twelve months in 2012/13.

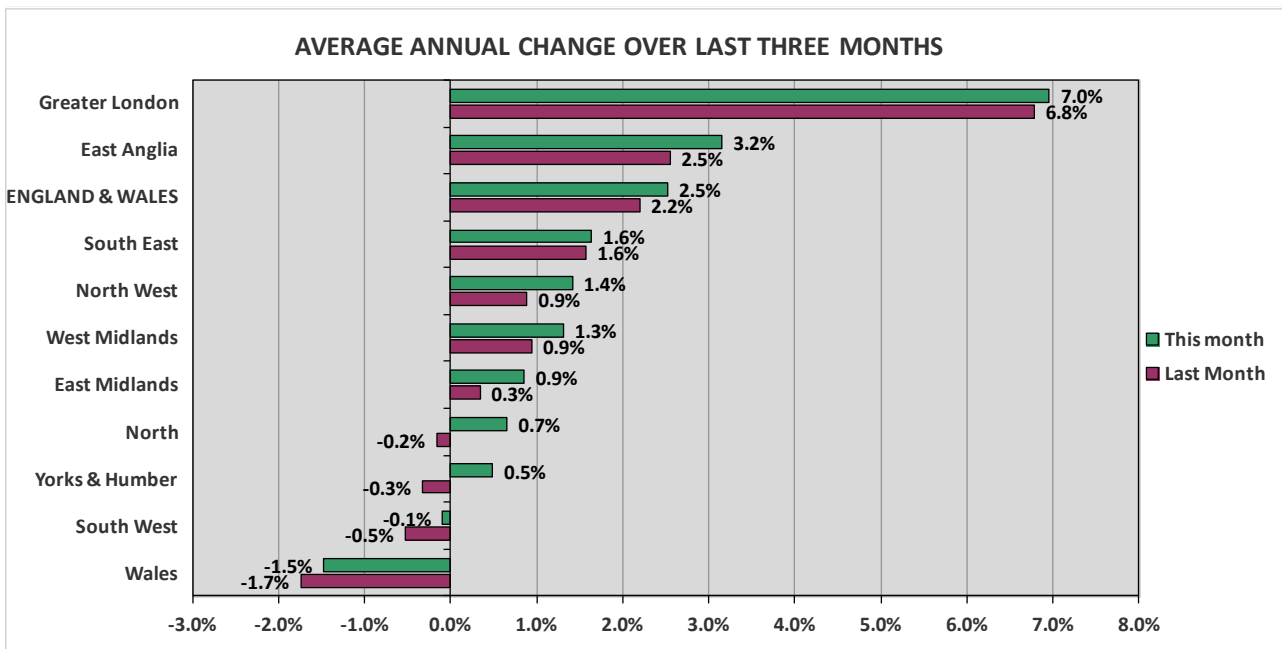


Figure 6. The annual change in the average house price, analysed by region

[link to source Excel](#)

ANNUAL CHANGE IN PRICE BY REGION

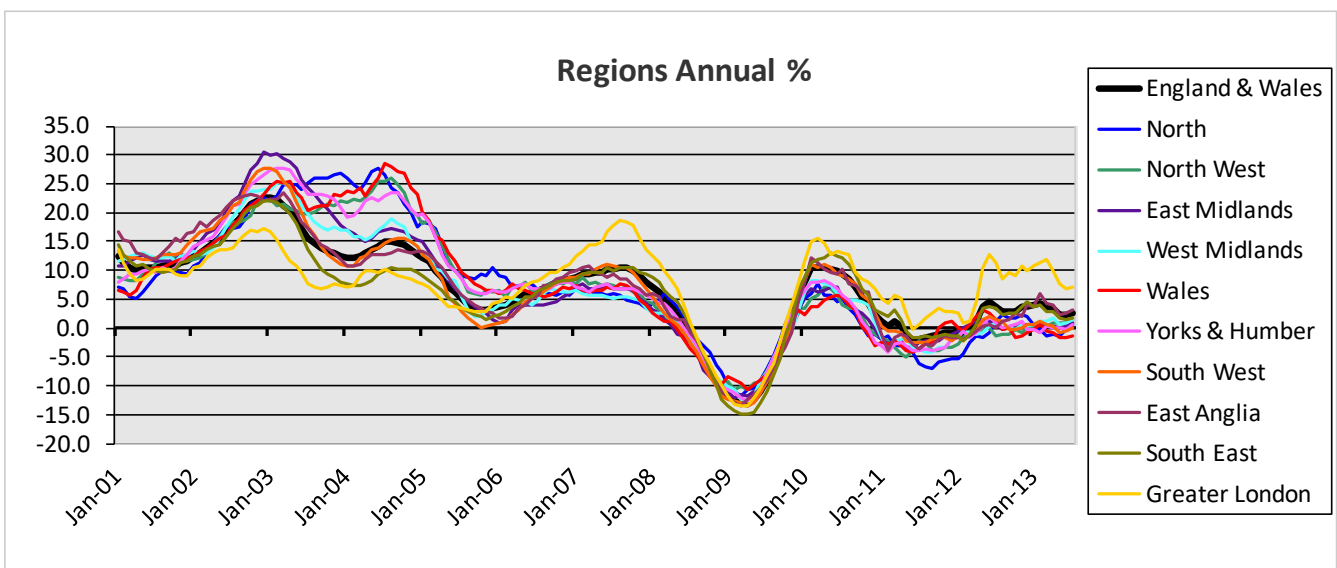


Figure 7. A comparison of the annual change in house prices, by region for the period January 2001 – July 2013

[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 6 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 3. The change in mix adjusted house prices, for the 33 London boroughs, comparing July 2012 with June and July 2013. [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LONDON BOROUGH	Jul-12	Jun-13	Jul-13	Month % Change	Annual % Change
1	1	KENSINGTON AND CHELSEA	1,394,597	1,509,492	1,519,893	0.7%	9.0%
2	2	CITY OF WESTMINSTER	1,191,119	1,230,104	1,199,757	-2.5%	0.7%
6	3	CITY OF LONDON	574,317	771,740	824,280	6.8%	43.5%
3	4	CAMDEN	768,810	798,355	813,802	1.9%	5.9%
4	5	HAMMERSMITH AND	677,234	739,185	751,406	1.7%	11.0%
5	6	RICHMOND UPON THAMES	582,775	637,928	647,369	1.5%	11.1%
7	7	ISLINGTON	514,268	563,917	575,760	2.1%	12.0%
8	8	WANDSWORTH	513,067	559,970	562,379	0.4%	9.6%
9	9	BARNET	451,568	477,832	487,986	2.1%	8.1%
10	10	MERTON	417,265	465,178	481,337	3.5%	15.4%
13	11	HARINGEY	413,767	438,918	450,719	2.7%	8.9%
12	12	SOUTHWARK	414,457	453,968	447,837	-1.4%	8.1%
15	13	HACKNEY	401,026	446,173	446,558	0.1%	11.4%
14	14	EALING	401,586	433,608	446,366	2.9%	11.2%
16	15	LAMBETH	390,320	435,001	436,553	0.4%	11.8%
11	16	BRENT	415,705	418,823	423,059	1.0%	1.8%
17	17	KINGSTON UPON THAMES	379,240	404,390	401,026	-0.8%	5.7%
19	18	TOWER HAMLETS	357,352	378,021	383,202	1.4%	7.2%
18	19	HOUNSLOW	361,955	381,327	381,821	0.1%	5.5%
20	20	HARROW	342,198	353,069	352,307	-0.2%	3.0%
21	21	BROMLEY	331,953	336,015	337,149	0.3%	1.6%
25	22	GREENWICH	287,834	314,096	312,477	-0.5%	8.6%
26	23	LEWISHAM	274,770	298,747	303,823	1.7%	10.6%
23	24	REDBRIDGE	294,357	297,173	301,668	1.5%	2.5%
24	25	ENFIELD	291,249	290,617	295,174	1.6%	1.3%
22	26	HILLINGDON	299,839	290,358	290,941	0.2%	-3.0%
27	27	SUTTON	260,669	274,500	278,679	1.5%	6.9%
28	28	WALTHAM FOREST	248,195	265,952	269,816	1.5%	8.7%
30	29	CROYDON	239,326	261,143	256,966	-1.6%	7.4%
29	30	HAVERING	239,667	249,701	252,246	1.0%	5.2%
32	31	NEWHAM	220,201	230,744	232,425	0.7%	5.6%
31	32	BEXLEY	225,627	232,140	231,869	-0.1%	2.8%
33	33	BARKING AND DAGENHAM	178,824	185,489	184,199	-0.7%	3.0%
		ALL LONDON	423,370	449,870	452,821	0.7%	7.0%

Table 3 above shows the average house price by London borough for July 2012, June 2013 and July 2013. It also records the percentage change in these prices over the last month and year. On an annual basis, house prices have increased in 32 of the 33 London Boroughs, with only Hillingdon showing a negative movement in the average property price over the year. This month, some 12 London Boroughs, highlighted in grey above (up from 8 last month) are witnessing peak prices, as is Greater London as a whole.

On a monthly basis, average house prices in Greater London have seen an increase of 0.7% between July and August. 25 Boroughs have seen price rises in the month, with 8 experiencing price falls. Last month 17 boroughs were experiencing price falls, with 7 of the top 8 boroughs ranked by price included in this total. The fall in the values of the top priced areas has been very short lived - this month all but one of the top ten boroughs by value have reverted to strong price growth, the exception being the City of Westminster where prices fell by 2.5%.

The CML reports that first time buyers have been particularly active in London during Q2 2013, taking out 11,200 loans for house purchase, the largest quarterly number since the end of 2007. This marks an increase of 38% compared to the second quarter of 2012. In the London market as a whole, the CML advises that there were 20,100 loans advanced during Q2 2013, a rise of 20% compared to the second quarter of 2012.

The increased activity by first time buyers in London will not have directly affected the overall average house price - if anything it will have had a downward influence, given that the average price paid by a first time buyer for a London property was £192,600. However, this level of first time buyer activity will have had a positive influence on the market, enabling many housing chains to be completed and thus supporting consequent movement in house prices further up the housing ladder. During Q2 2013 we estimated an increase of 19% in the number of flats sold compared to the previous year, with terraced sales up by 15%. This may well have facilitated the increase of 11% and 9% in the sale of semi-detached and detached properties over the same period.

Counties and unitary authorities



Table 4. The annual percentage change in mix adjusted house prices, for the 108 Counties and Unitary Authorities in England & Wales, comparing July 2012 with June and July 2013 [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	COUNTY / UNITARY AUTHORITY / REGION	Jul-12	Jun-13	Jul-13	Monthly change	Annual Change
18	18	CAMBRIDGESHIRE	238,368	246,046	242,954	-1.3%	1.9%
75	74	CITY OF PETERBOROUGH	149,840	150,865	151,761	0.6%	1.3%
49	45	NORFOLK	180,540	188,204	189,796	0.8%	5.1%
43	41	SUFFOLK	198,497	202,883	203,770	0.4%	2.7%
		EAST ANGLIA	198,263	204,388	204,510	0.1%	3.2%
82	79	CITY OF DERBY	142,864	145,483	148,389	2.0%	3.9%
100	98	CITY OF NOTTINGHAM	112,720	116,419	116,006	-0.4%	2.9%
63	63	DERBYSHIRE	161,625	158,890	160,811	1.2%	-0.5%
90	87	LEICESTER	135,194	138,228	135,232	-2.2%	0.0%
47	47	LEICESTERSHIRE	181,913	184,446	184,880	0.2%	1.6%
72	72	LINCOLNSHIRE	152,252	152,234	152,402	0.1%	0.1%
52	52	NORTHAMPTONSHIRE	176,396	179,955	178,306	-0.9%	1.1%
66	65	NOTTINGHAMSHIRE	157,252	158,671	159,193	0.3%	1.2%
12	13	RUTLAND	273,068	264,643	263,276	-0.5%	-3.6%
		EAST MIDLANDS	160,690	161,926	162,064	0.1%	0.9%
		GREATER LONDON	423,370	449,870	452,821	0.7%	7.0%
61	61	CUMBRIA	163,157	164,426	166,596	1.3%	2.1%
87	89	DARLINGTON	137,537	130,201	132,877	2.1%	-3.4%
98	96	DURHAM	119,441	117,381	117,725	0.3%	-1.4%
93	99	HARTLEPOOL	126,118	112,598	114,475	1.7%	-9.2%
101	100	MIDDLESBROUGH	112,553	113,047	112,658	-0.3%	0.1%
54	54	NORTHUMBERLAND	171,708	174,171	173,767	-0.2%	1.2%
97	94	REDCAR AND CLEVELAND	119,576	120,267	122,538	1.9%	2.5%
74	76	STOCKTON-ON-TEES	150,876	148,401	148,874	0.3%	-1.3%
88	84	TYNE AND WEAR	135,834	138,665	138,803	0.1%	2.2%
		NORTH	140,767	140,958	141,688	0.5%	0.7%
95	97	BLACKBURN WITH DARWEN	122,746	116,831	117,530	0.6%	-4.2%
104	104	BLACKPOOL	100,177	102,949	102,888	-0.1%	2.7%
39	36	CHESHIRE	202,129	211,135	211,607	0.2%	4.7%
80	77	GREATER MANCHESTER	147,016	148,084	148,568	0.3%	1.1%
89	85	HALTON	135,555	138,508	138,790	0.2%	2.4%
81	82	LANCASHIRE	143,538	146,238	146,274	0.0%	1.9%
83	83	MERSEYSIDE	141,549	140,254	140,549	0.2%	-0.7%
46	46	WARRINGTON	185,202	184,442	185,380	0.5%	0.1%
		NORTH WEST	150,718	152,499	152,852	0.2%	1.4%
29	29	BEDFORDSHIRE	217,252	218,355	218,194	-0.1%	0.4%
11	9	BRACKNELL FOREST	273,304	283,380	293,817	3.7%	7.5%
10	10	BRIGHTON AND HOVE	275,608	285,791	281,356	-1.6%	2.1%
3	3	BUCKINGHAMSHIRE	369,177	363,204	365,205	0.6%	-1.1%
22	21	EAST SUSSEX	235,198	238,544	236,668	-0.8%	0.6%
16	16	ESSEX	247,490	248,895	247,696	-0.5%	0.1%
14	11	HAMPSHIRE	266,946	273,522	273,850	0.1%	2.6%
4	4	HERTFORDSHIRE	327,617	332,231	334,308	0.6%	2.0%
44	44	ISLE OF WIGHT	196,878	192,354	194,894	1.3%	-1.0%
17	17	KENT	242,305	242,966	245,379	1.0%	1.3%
68	68	LUTON	155,636	155,512	155,449	0.0%	-0.1%
58	55	MEDWAY	167,667	172,423	172,632	0.1%	3.0%
33	31	MILTON KEYNES	212,841	214,561	214,879	0.1%	1.0%
6	6	OXFORDSHIRE	320,445	319,230	325,770	2.0%	1.7%
59	58	PORTSMOUTH	167,563	170,401	170,319	0.0%	1.6%

Counties and unitary authorities



19	20	READING	237,821	235,511	238,070	1.1%	0.1%
37	28	SLOUGH	205,578	216,506	219,340	1.3%	6.7%
60	62	SOUTHAMPTON	164,561	165,842	163,863	-1.2%	-0.4%
42	39	SOUTHEND-ON-SEA	200,612	202,244	206,779	2.2%	3.1%
2	2	SURREY	398,736	412,812	417,167	1.1%	4.6%
51	50	THURROCK	177,609	181,220	182,200	0.5%	2.6%
8	7	WEST BERKSHIRE	307,162	303,138	307,358	1.4%	0.1%
13	12	WEST SUSSEX	271,652	273,126	272,376	-0.3%	0.3%
1	1	WINDSOR AND MAIDENHEAD	450,291	454,421	445,404	-2.0%	-1.1%
5	5	WOKINGHAM	324,473	323,357	327,848	1.4%	1.0%
		SOUTH EAST	272,753	276,081	277,221	0.4%	1.6%
7	8	BATH AND NORTH EAST SOMERSET	312,682	299,654	295,934	-1.2%	-5.4%
24	24	BOURNEMOUTH	227,049	219,759	225,865	2.8%	-0.5%
28	27	CITY OF BRISTOL	218,553	218,926	219,861	0.4%	0.6%
65	66	CITY OF PLYMOUTH	157,527	155,992	156,715	0.5%	-0.5%
26	25	CORNWALL	221,367	224,065	223,722	-0.2%	1.1%
21	22	DEVON	235,525	235,064	235,117	0.0%	-0.2%
15	14	DORSET	258,891	262,489	258,877	-1.4%	0.0%
23	23	GLOUCESTERSHIRE	229,687	224,578	227,189	1.2%	-1.1%
32	30	NORTH SOMERSET	213,531	214,825	216,258	0.7%	1.3%
9	15	POOLE	282,215	257,613	255,529	-0.8%	-9.5%
40	40	SOMERSET	201,041	206,591	203,945	-1.3%	1.4%
36	37	SOUTH GLOUCESTERSHIRE	207,484	212,798	211,352	-0.7%	1.9%
56	57	SWINDON	170,258	169,090	170,925	1.1%	0.4%
50	48	TORBAY	179,177	186,465	184,827	-0.9%	3.2%
20	19	WILTSHIRE	236,169	239,975	240,912	0.4%	2.0%
		SOUTH WEST	223,724	223,525	223,509	0.0%	-0.1%
108	108	BLAENAU GWENT	83,323	83,423	83,015	-0.5%	-0.4%
91	88	BRIDGEND	133,630	137,374	134,818	-1.9%	0.9%
96	95	CAERPHILLY	122,175	121,583	122,250	0.5%	0.1%
48	51	CARDIFF	180,944	182,075	180,135	-1.1%	-0.4%
84	91	CARMARTHENSHIRE	140,261	122,130	129,187	5.8%	-7.9%
45	49	CEREDIGION	191,967	182,064	183,928	1.0%	-4.2%
67	64	CONWY	157,047	158,160	159,911	1.1%	1.8%
85	90	DENBIGHSHIRE	140,122	133,703	131,435	-1.7%	-6.2%
69	78	FLINTSHIRE	153,448	151,241	148,466	-1.8%	-3.2%
77	69	GWYNEDD	149,557	155,639	154,119	-1.0%	3.0%
70	67	ISLE OF ANGLESEY	153,286	155,135	156,444	0.8%	2.1%
105	106	MERTHYR TYDFIL	97,468	99,971	97,115	-2.9%	-0.4%
25	33	MONMOUTHSHIRE	221,740	215,738	213,348	-1.1%	-3.8%
102	103	NEATH PORT TALBOT	106,224	105,305	104,499	-0.8%	-1.6%
71	75	NEWPORT	152,873	146,596	149,778	2.2%	-2.0%
55	59	PEMBROKESHIRE	170,483	165,899	170,034	2.5%	-0.3%
53	53	POWYS	172,249	173,557	174,082	0.3%	1.1%
103	102	RHONDDA CYNON TAFF	105,709	107,164	105,109	-1.9%	-0.6%
79	80	SWANSEA	147,814	148,036	147,724	-0.2%	-0.1%
31	38	THE VALE OF GLAMORGAN	213,826	209,357	207,077	-1.1%	-3.2%
94	92	TORFAEN	126,027	129,329	128,079	-1.0%	1.6%
64	81	WREXHAM	159,168	146,400	146,914	0.4%	-7.7%
		WALES	152,010	150,016	149,769	-0.2%	-1.5%
35	35	HEREFORDSHIRE	210,972	209,962	212,494	1.2%	0.7%
41	43	SHROPSHIRE	201,005	199,602	198,789	-0.4%	-1.1%
57	56	STAFFORDSHIRE	168,530	171,270	171,655	0.2%	1.9%
107	105	STOKE-ON-TRENT	93,623	97,230	97,653	0.4%	4.3%



27	26	WARWICKSHIRE	220,974	219,913	221,433	0.7%	0.2%
76	70	WEST MIDLANDS	149,771	153,465	153,823	0.2%	2.7%
38	42	WORCESTERSHIRE	203,888	200,715	201,459	0.4%	-1.2%
73	71	WREKIN	151,102	152,839	153,505	0.4%	1.6%
		WEST MIDLANDS	169,886	171,542	172,113	0.3%	1.3%
106	107	CITY OF KINGSTON UPON HULL	96,802	96,565	94,857	-1.8%	-2.0%
62	60	EAST RIDING OF YORKSHIRE	162,473	168,190	167,114	-0.6%	2.9%
99	101	NORTH EAST LINCOLNSHIRE	114,464	110,758	109,452	-1.2%	-4.4%
92	93	NORTH LINCOLNSHIRE	127,757	127,859	127,246	-0.5%	-0.4%
30	32	NORTH YORKSHIRE	214,067	213,956	213,506	-0.2%	-0.3%
86	86	SOUTH YORKSHIRE	140,056	137,024	137,599	0.4%	-1.8%
78	73	WEST YORKSHIRE	149,057	152,394	152,050	-0.2%	2.0%
34	34	YORK	211,552	212,078	212,666	0.3%	0.5%
		YORKS & HUMBER	154,110	155,142	154,866	-0.2%	0.5%
		ALL ENGLAND & WALES	227,166	232,132	232,893	0.3%	2.5%

Table 4 shows the average house prices for each of the 108 unitary authorities and counties in England & Wales, together with a regional summary for July 2012, June 2013 and July 2013. It also records the percentage change in these prices over the last month and year.

On an annual basis, prices have increased in 66 unitary authority areas (last month 57) and fallen in 42 (last month 51). Thus prices are rising in 61% of the Unitary Authorities across the country. Among the unitary authorities, the area with the highest change in average house prices on an annual basis is Bracknell Forest, up 7.5%. Here, the most popular types of property are terraces, followed by detached homes. It is the latter which have seen significant price rises over the last year, thus putting Bracknell Forest at the top of this month's price growth league. Bracknell Forest is followed by near neighbour Slough, where prices have risen by 6.7%, but here it is the price of terraces and flats which have seen the highest increases. The area with the largest fall in average prices over the year is Poole, where prices have decreased by 9.5%, largely the result of a reduction in the average sale price of flats, which have dropped by some £60k.

Looking at the change in prices over the last month from June 2013 to July 2013, prices have fallen in 44 of the 108 unitary authority areas. Last month the equivalent figure was 56 unitary authorities with price falls, indicating that there has been a recovery in house prices across more than half the country. As with London, we would suggest the general recovery in the market has been a result of the increase in activity of first time buyers. As a stand-alone group first time buyers would not have raised average prices, but they have helped to make the market more liquid, thus increasing activity and prices for the second time and subsequent home movers.

The area with the highest change in monthly prices is Carmarthenshire, but here low transaction numbers tend to make average prices somewhat volatile. Carmarthenshire is followed by Bracknell Forest, up 3.7% over the month and Bournemouth up 2.8%. The area with the largest decline in house prices over the month is Merthyr Tydfil, down 2.9%, followed by Leicester, down 2.2%.

This month we have three unitary authorities which have set a new peak price for their area, (last month there was one), being Hertfordshire, Bracknell Forest and Slough. All three areas are located in the South East region, which is itself only £411 off its own peak, set in February 2008.

In conclusion, this month's LSL/Acad index and commentary show the housing market in England & Wales is moving ahead in terms of both prices and transactions, and that both first time buyers and existing owners are becoming more confident and active. Supported by increased mortgage supply and pricing there will be many who feel that this is the time to seize the opportunity to buy and/or move. Although the Bank's forward guidance indicates that interest rates will remain low for a period, the fact that the economy is gathering momentum has led some to suggest that we could see interest rate increases sooner rather than later. Moreover, if the housing market does continue to track the economy upwards then we could see the Bank's Financial Policy Committee (FPC) applying downward pressure on prices through the controls over mortgage supply and pricing. These are all big unknowns. It is too early to say how effective forward guidance might be in influencing market trends. Limited evidence does suggest consumers have taken comfort from the Bank's statements, and that has no doubt encouraged some to take out a mortgage and buy a home. The Bank certainly has more tools at its disposal than in the past, and is tracking markets very closely. Paul Fisher, the Director for Markets at the Bank, was quoted recently as saying that he saw no evidence of bubble behaviour, and that as the market picks up so he expected supply to increase – presumably both in terms of new and existing homes.



It is difficult to judge what might happen and what action might be taken. The government and the Bank have been reluctant to act in the past, not least because of the populist impacts it might have. However, with stronger mortgage controls in place through the Financial Conduct Authority - alongside the powers now given to the FPC - it would be surprising if the authorities did not act, assuming that they have an adequate database to make such judgements. New Zealand's central bank has recently imposed controls to do just that, setting limits on the number of loans that could be granted above 80% LTVs. The Help-to-Buy mortgage guarantee goes live in 2014, and the government would have the option of removing some lower or higher LTV bands from the guarantee structure as one mechanism to slow activity. This highlights the many unknowns, and why some households have moved now to settle their housing arrangements. We are in a period of relative calm and stability, although significant change is underway. Price and transaction trends over the next two months will give important clues as to how this might play out as we move forward through the autumn buying season.

Regional data table



Table 5. Average house prices by region, August 2012 – August 2013, 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-12	£140,702	0.0	2.4	£151,690	0.6	-1.1	£159,782	-0.6	-0.3	£169,507	-0.2	-0.1
Sep-12	£140,464	-0.2	1.8	£150,832	-0.6	-1.2	£160,336	0.3	0.1	£169,527	0.0	0.0
Oct-12	£141,784	0.9	1.6	£151,701	0.6	-0.2	£161,018	0.4	0.6	£170,090	0.3	-0.3
Nov-12	£141,814	0.0	2.3	£149,824	-1.2	-0.9	£161,527	0.3	0.7	£170,045	0.0	0.5
Dec-12	£140,655	-0.8	2.0	£150,123	0.2	0.0	£160,971	-0.3	0.7	£170,764	0.4	0.2
Jan-13	£139,852	-0.6	0.7	£150,818	0.5	0.3	£161,336	0.2	0.5	£171,674	0.5	0.5
Feb-13	£141,317	1.0	-0.2	£152,893	1.4	0.5	£163,192	1.2	1.0	£173,087	0.8	1.1
Mar-13	£141,895	0.4	-1.5	£152,601	-0.2	0.2	£162,372	-0.5	0.4	£172,255	-0.5	1.1
Apr-13	£141,810	-0.1	-1.1	£152,250	-0.2	0.9	£162,123	-0.2	0.3	£171,705	-0.3	1.6
May-13	£140,075	-1.2	-1.3	£151,444	-0.5	0.8	£160,891	-0.8	-0.1	£170,644	-0.6	0.6
Jun-13	£140,958	0.6	-0.2	£152,499	0.7	0.9	£161,926	0.6	0.3	£171,542	0.5	0.9
Jul-13	£141,688	0.5	0.7	£152,852	0.2	1.4	£162,064	0.1	0.9	£172,113	0.3	1.3

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Aug-12	£151,362	-0.4	-0.2	£154,153	0.0	0.0	£223,362	-0.2	1.2	£200,300	1.0	1.0
Sep-12	£151,979	0.4	0.0	£154,348	0.1	0.3	£221,414	-0.9	-0.4	£201,324	0.5	1.6
Oct-12	£152,617	0.4	-1.5	£154,298	0.0	0.7	£221,997	0.3	-0.2	£202,824	0.7	2.4
Nov-12	£152,583	0.0	-1.3	£154,295	0.0	1.0	£220,743	-0.6	-0.1	£200,603	-1.1	2.0
Dec-12	£152,317	-0.2	-0.8	£153,719	-0.4	-0.1	£223,110	1.1	0.7	£203,344	1.4	4.0
Jan-13	£151,517	-0.5	-0.3	£153,909	0.1	-0.2	£223,119	0.0	0.6	£202,549	-0.4	3.6
Feb-13	£153,334	1.2	0.7	£153,627	-0.2	-0.8	£224,169	0.5	1.2	£206,613	2.0	5.9
Mar-13	£152,770	-0.4	-0.5	£153,922	0.2	0.2	£223,422	-0.3	0.6	£205,750	-0.4	4.2
Apr-13	£152,375	-0.3	-0.9	£154,726	0.5	0.0	£223,756	0.1	0.4	£206,939	0.6	4.1
May-13	£150,729	-1.1	-1.7	£154,888	0.1	0.1	£223,915	0.1	-0.7	£205,043	-0.9	2.3
Jun-13	£150,016	-0.5	-1.7	£155,142	0.2	-0.3	£223,525	-0.2	-0.5	£204,388	-0.3	2.5
Jul-13	£149,769	-0.2	-1.5	£154,866	-0.2	0.5	£223,509	0.0	-0.1	£204,510	0.1	3.2

	South East			Greater London			ENGLAND & WALES			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Aug-12	£271,321	-0.5	2.3	£420,663	-0.6	8.5		£226,501	-0.3	2.7
Sep-12	£270,940	-0.1	2.6	£426,458	1.4	9.6		£226,997	0.2	3.0
Oct-12	£270,567	-0.1	2.7	£427,016	0.1	9.0		£227,418	0.2	3.0
Nov-12	£270,680	0.0	3.7	£431,793	1.1	10.6		£227,659	0.1	3.7
Dec-12	£272,143	0.5	4.4	£431,501	-0.1	9.8		£228,259	0.3	3.8
Jan-13	£272,173	0.0	3.7	£437,058	1.3	10.8		£229,085	0.4	3.8
Feb-13	£274,483	0.8	4.0	£439,915	0.7	11.4		£230,958	0.8	4.3
Mar-13	£276,043	0.6	2.8	£446,923	1.6	11.7		£231,975	0.4	3.8
Apr-13	£277,140	0.4	2.9	£448,069	0.3	10.0		£232,410	0.2	3.5
May-13	£277,221	0.0	1.7	£450,632	0.6	7.5		£232,244	-0.1	2.3
Jun-13	£276,081	-0.4	1.6	£449,870	-0.2	6.8		£232,132	0.0	2.2
Jul-13	£277,221	0.4	1.6	£452,821	0.7	7.0		£232,893	0.3	2.5
Aug-13								£233,776	0.4	3.2



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.38% (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.88% 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 “updated” result. Two months after any given month, LR provides c.96% 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 LSL Acad E&W HPI “updated” 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.88% 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 “updated” 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 96% 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.

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