

LSL Property Services/Acadameetrics England & Wales House Price Index

DECEMBER 2012

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 11TH JANUARY 2013

2012 shows a modest rise in average prices but it was a year of two halves

- House prices rise 3.2% on annual basis – a climb of more than £7,000
- House prices remain stable in December

House Price	Index	Monthly Change %	Annual Change %
£227,026	231.1	0.0	3.2

Richard Sexton, director of e.surv comments: “Taken as a whole, 2012 was the most encouraging year for the housing market since the financial crisis. Prices rose by more than £7,000 over the course of the year, and 2013 looks set to be a slightly easier year for mortgage lenders, which should help improve the availability of finance for house purchases and help boost sales figures.

“But 2012 was a year of two halves. In the first half of the year prices rose 3.2%, but the brakes were slammed down in the second half and brought prices to a complete standstill. The Olympics reduced sales activity in the late summer, and mortgage lending to first-time buyers also weakened over the autumn.

“It was also a year of geographic splits. The market in some northern regions remained in a state of near-paralysis thanks to the debilitating combination of public sector cuts, weak private sector growth, and a lack of mortgages for less affluent borrowers. In contrast, prices in the south of England, and particularly London, went from strength to strength during 2012. Prices in the capital soared over the course of the year and dragged up the overall national average on their coat tails. By boosting the national average house price, London disguises the weak state of the housing market in northern areas. If the capital is stripped from the figures, the average increase in house prices during 2012 falls dramatically from 3.2% to 1.4% - well below the rate of inflation.

“So it’s still too early to say if the market is sailing out of the financial storm just yet. The weather is improving, but there are still several chronic weaknesses preventing a sustained rehabilitation in sales and prices. Sales levels are still weak – there were 4,165 fewer sales this year than last year. Capital adequacy rules are too stringent. Economic growth is insipid. And mortgage lending criteria are too restrictive. In particular, tough requirements on the amounts of capital banks have to hold are crippling their ability to lend more to first-time buyers. More needs to be done to help banks lend to new buyers, because a significant improvement in first-time buyer lending is the one and only catalyst for a full market recovery.”

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 December 2011 - December 2012

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
December	2011	£219,910	223.9	0.1	-0.8
January	2012	£220,536	224.5	0.3	-0.7
February	2012	£221,386	225.4	0.4	-1.2
March	2012	£223,365	227.4	0.9	-0.5
April	2012	£224,409	228.5	0.5	1.0
May	2012	£226,865	231.0	1.1	3.5
June	2012	£226,999	231.1	0.1	4.4
July	2012	£226,908	231.0	0.0	3.7
August	2012	£226,081	230.2	-0.4	2.5
September	2012	£226,299	230.4	0.1	2.6
October	2012	£226,577	230.7	0.1	2.5
November	2012	£227,038	231.1	0.2	3.3
December	2012	£227,026	231.1	0.0	3.2

Press Contacts:

Melanie Cowell, LSL Property Services
David Pickles, Acadametrics
James Staunton, Wriglesworth PR

01904 715 326
020 8392 9082
020 7427 1404

melanie.cowell@slps.co.uk
david.pickles@acadametrics.co.uk
J.Staunton@wriglesworth.com



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

House prices

The average price paid for a house in December was just £12 lower than that paid in November, so in effect has not changed for the last two months. Over the twelve months of 2012 the average price of properties sold in England & Wales has risen by just over £7,100, up by 3.2%. However it has been a year of two halves: in the first six months of the year the index rose cumulatively by a rounded 3.2%, whereas in the last six months the index has remained flat at 0.0% on the same basis.

The black trend line in Figure 1 below shows the movement in national house prices over the last twelve months and supports the view of slow growth over the period, which, given the context, should provide some comfort to both buyers and sellers. However, prices from August 2012 onward (the red line) have been below trend, with the December 2012 price equalling that of June 2012, demonstrating the slow-down in the rate of house price inflation since the early summer.

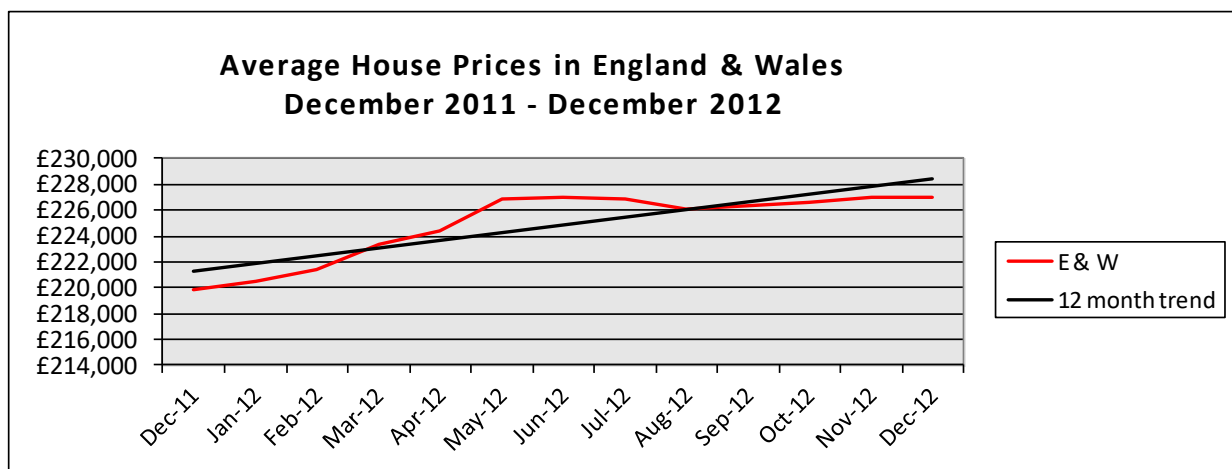


Figure 1. The Average House Price in England & Wales, November 2011 - November 2012

[link to source Excel](#)

Over the last twelve months average house prices in England & Wales have risen by 3.2%, roughly in line with the annual rate of inflation (3% in November). Given that the annual rate of house price inflation was negative for the last eight months of 2011, the positive movement in prices in 2012 does suggest a modest turnaround in what might be considered the real housing market. The LSL Acadametrics index gives a slightly more positive view of the market than the narrower mortgage-based indices, which exclude cash transactions and are based on a defined hypothetical 'typical' home. This reflects the fact that the LSL Acadametrics index is based instead on actual sale prices and includes cash transactions. With a substantial shortage of mortgages, cash accounts for some 35% of sales and is more significant than this in specified sub-markets, i.e. at both the top and the bottom price brackets. Although awareness of the differences between indices is growing, the fact that the lender indices dominate media commentary on the market is not always helpful, given the data limitations. Although both end the year reporting negative price trends, their outlook for 2013 is slightly more positive favouring flat or stable prices for the coming year.

The latest Building Societies Association Property Tracker index published on 17th December 2012 suggests that concerns about falls in house prices were highlighted by only 20% of the sample of respondents as their main concern, compared to 59% who were concerned about raising a deposit. The scale of concern about prices has been reducing, although the net percentage of adults agreeing that December was a good time to buy (20%) was down on September (24%); however, this may in fact be a comment on the specific time of year rather than a view of overall trends.

The average house price in England & Wales of £227,026 is currently £4,800, or 2.1%, below the peak price in the LSL Acadametrics index of February 2008, over four and a half years ago. But even in these figures Greater London distorts the national picture by giving a significant uplift to the average. Without London the index would have recorded a 1.4% uplift in 2012, as opposed to the 3.2% uplift including London. As our commentary on pages 12 – 13 shows, if we exclude Greater London then on average house prices are currently 8.6% below their peak. This suggests that prices need to increase across the country before the risk of negative equity is no longer an issue for most households. With house prices only likely to rise by a modest amount in 2013 this suggests that it will take



some years for the 'catch up' to be completed, leaving those households affected with some difficult decisions to take.

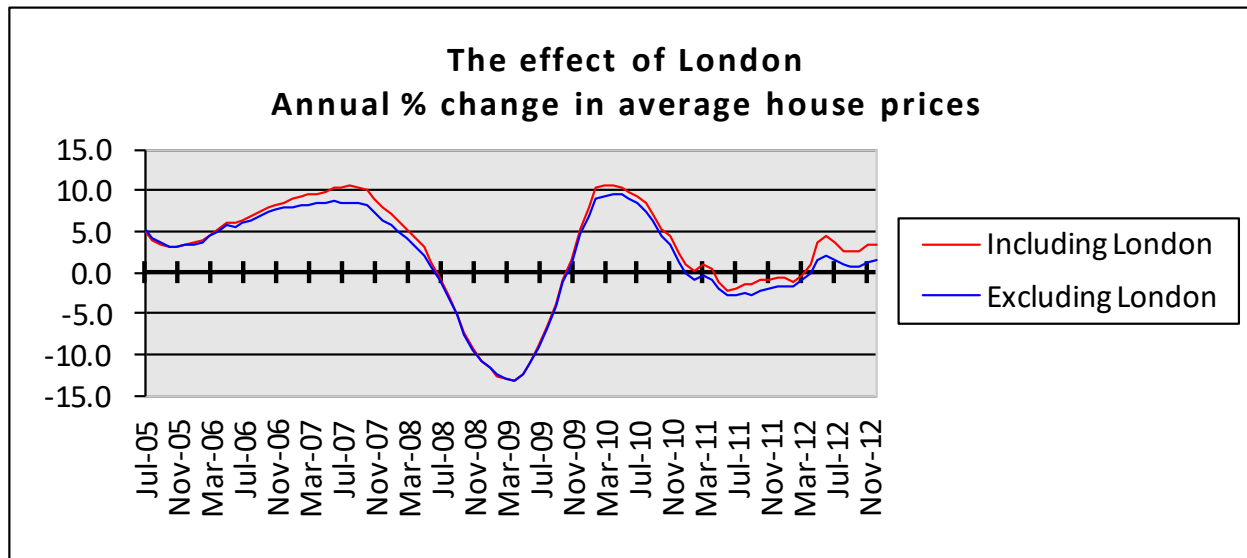


Figure 2. The Average House Price in England & Wales, July 2005 - December 2012, including and excluding Greater London properties [link to source Excel](#)

Figure 2 shows the annual % change in average house prices in England & Wales both including and excluding Greater London. As can be seen there have been two periods over the last seven years where the effect of London has been particularly pronounced. The first period was in 2007 and the early part of 2008 when the overall housing market in England & Wales reached its peak in terms of prices - this was followed by the house price crash. The second period is currently continuing with a maximum difference of 2.4% in the two indices having been reached in June 2012, compared to the difference of 1.9% seen in December 2012. There are a number of housing analysts who would say that a difference of this magnitude between London and the rest of the country is unsustainable in the long term - homeowners will begin to move away from the capital to lower priced areas outside of the M25 (or much further afield), which may trigger some reduction in demand in London and thus result in an easing of prices in the centre. The question is, of course, if such a correction were to happen, when might it begin? The counter argument is that demand in central London is global and is therefore untroubled by this. However with the next tax structures in place for homes worth £2 million or more there are new ingredients in this mix. We will follow these developments closely throughout 2013.

Housing Transactions

In a 'normal' year sales in December tend to increase marginally over November levels by +0.5%. However 2012 is not proving to be a normal year and we currently estimate that sales in December will be some 18% below November at 50,300 properties. Although the figures for November were higher than anticipated, there will be some element of 'fall-back' in the subsequent month to reflect this. If our estimate for December proves to be correct, it will be the second lowest number of sales in a December since the Land Registry computerised its records in 1995.

Our current estimate of the number of domestic house purchase transactions in England & Wales for the year 2012 is 657,000. This compares with a total in 2011 of 661,165, meaning that 2012 will be 4,165 lower in sales volume, or 0.6% down on the previous year. However, the count still continues, the figures at the moment being provisional and probably too close to call. Either way it highlights just how little has changed, especially if London is ignored, rather like house prices themselves.

Assuming that our provisional figure of 657,000 transactions for 2012 does prove to be correct, it will represent 63% of the long term average number of transactions in a year, calculated over the period 1995 - 2011. So the market in 2012 is still operating below its potential, largely due to the difficulties being faced by would-be purchasers in obtaining mortgage finance. Will this position change in 2013?



The general view is that transactions will pick up next year, assisted by increased lending, which itself is a product of lower mortgage rates along with an increase in the number of higher LTV products. This should ease access for first time buyers. The Bank of England's latest credit conditions survey for Quarter 4 2012 indicated that there had been a significant increase in the overall availability of secured credit to households in the previous three months as a consequence of the Funding for Lending scheme, but also that 'market share objectives had contributed significantly'. There were more loans across a spread of LTVs and 'supply of credit to first time buyers had risen'. However, credit scoring criteria remained broadly unchanged as lenders sought to maintain the quality of their lending. Looking ahead to Quarter 1, 2013 respondents indicated that they expected the availability of secured credit would increase further, again 'driven by market share objectives and a slight continued easing in wholesale funding conditions, as well as, for some lenders, increased appetite for risk'. Overall this was the most positive survey for some time and it sits alongside a year-end estimated outturn of gross mortgage lending of £144 billion, along with a forecast of £155 billion for 2013 (CML estimates).

Clearly much depends on what happens in the macro-economy, but from a housing market perspective and for the moment at least we end 2012 on a positive note, with the general consensus that 2013 will build on that. Of course all of this is at a national level. The picture is far less rosy at the regional and local level as we show in this report. However history would suggest that a recovery centred on London and the south-east along with selected areas elsewhere in England & Wales will slowly have an effect on areas outside the capital (though it could take some years). Figure 6 shows improvements across most regions and our commentary on local authority areas demonstrates that it is not just London boroughs which have recorded increases.

On 1st January 2013 the Financial Times published the results of its annual survey of economists. Over 80 responded to its question 'To what extent are house prices still too high'; 44 said they were and 26 said they were not with the remainder offering no view. Perhaps the most honest answer was an anonymous comment 'The reasonable estimate of the equilibrium level of UK house prices is extremely wide and we're probably somewhere within it. (ie Don't know)'. As other analysts have commented prices are what they are. With continued supply shortages and an easing of credit conditions it seems very unlikely we will see further major falls but there is still a lot of local and regional adjustment underway.

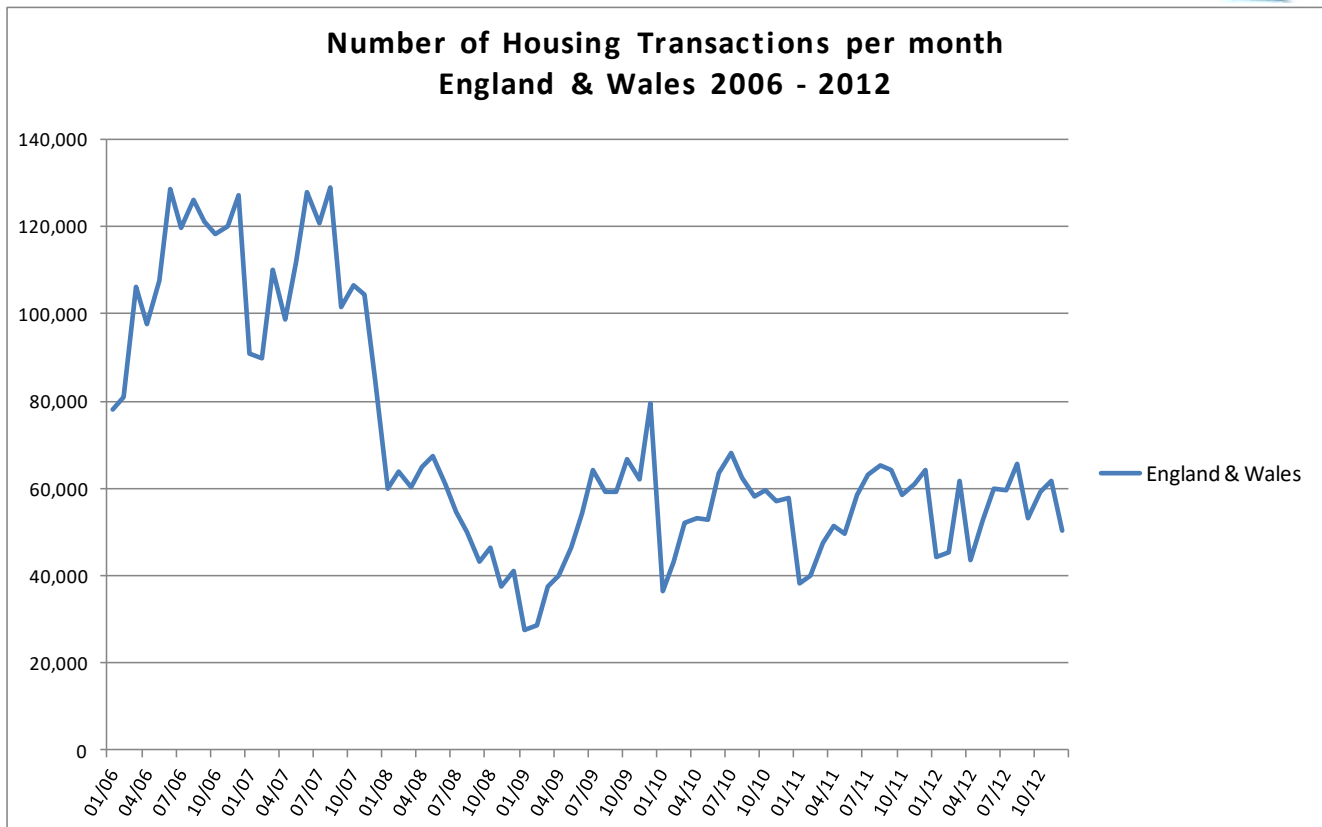


Figure 3. The number of housing transactions by month in England & Wales, 2006- 2012 (not seasonally adjusted) [link to source Excel](#)

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

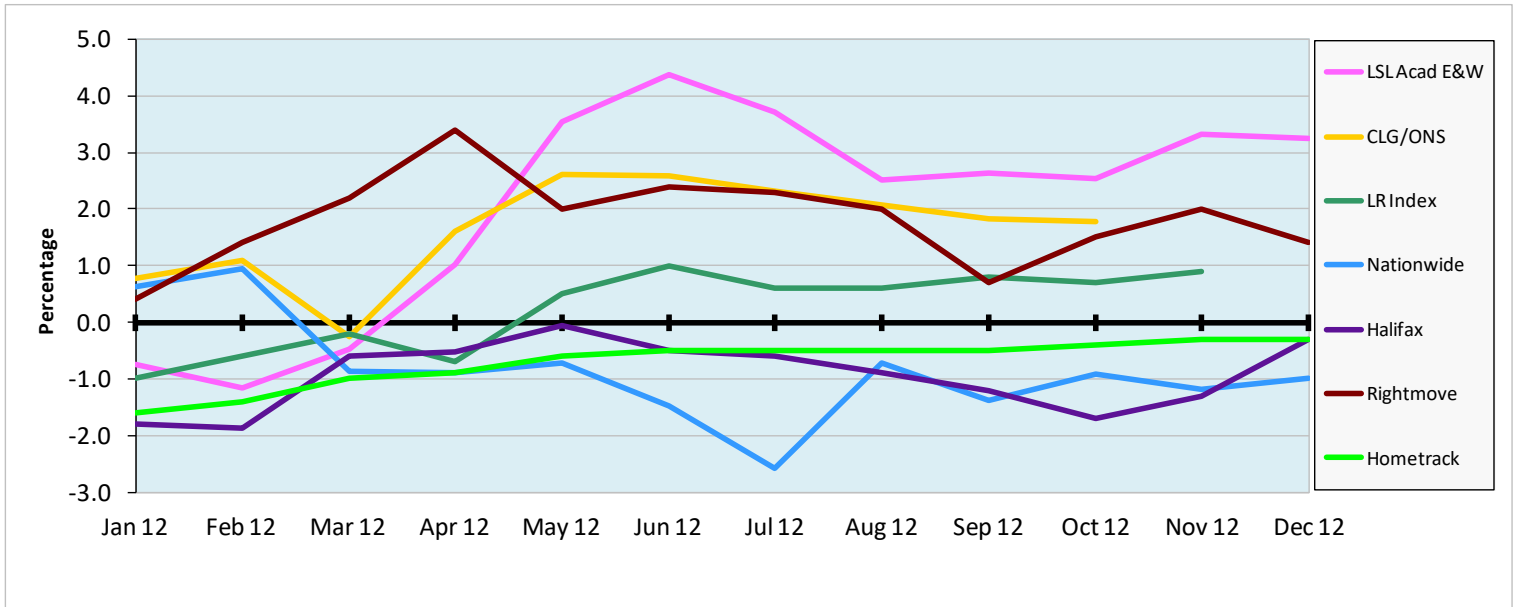


Figure 4. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)

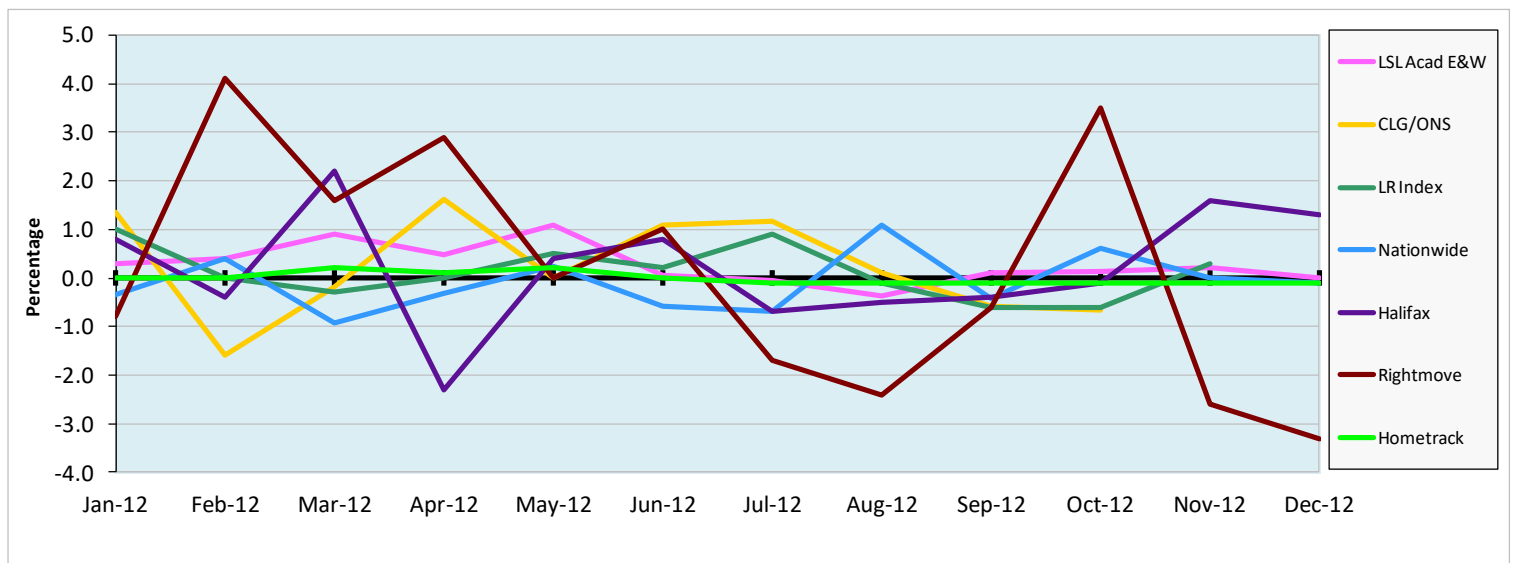


Figure 5. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)



Greater London continues to dominate the housing market in terms of annual price change. Figure 6 below shows that London is the only region in England & Wales recording an above average price increase, with the other nine regions all falling below the 3.3% average rate. This month there are eight regions with house price growth above zero, which is three more than last month. On a similar note eight of the ten regions have witnessed a positive movement in the rate of house price change compared to last month, all of which suggests that the decline in house prices outside Greater London has begun to turn, at least for the time being.

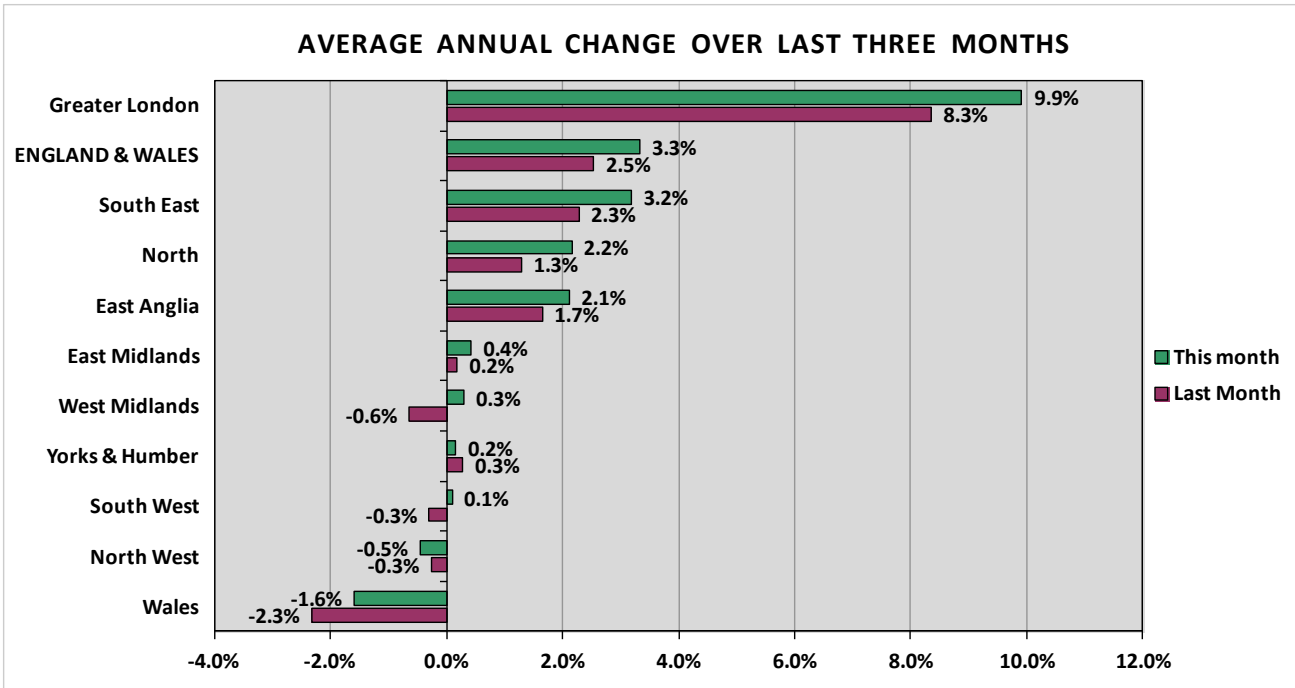
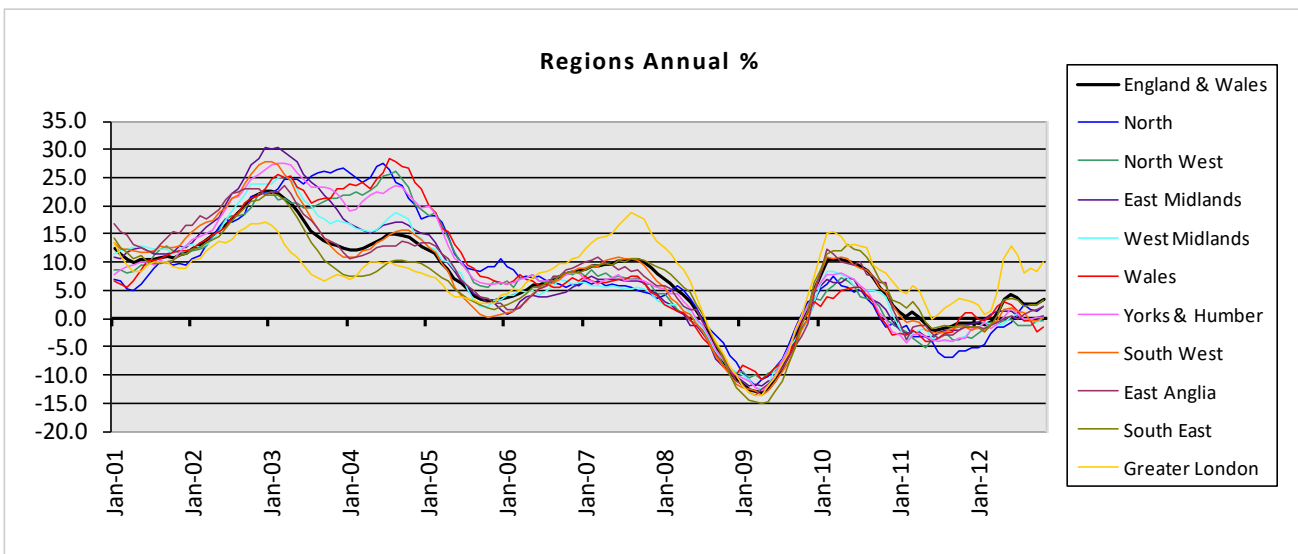


Figure 6. The annual change in the average house price, analysed by region

[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 - November 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 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 2. The change in mix adjusted house prices, for the 33 London boroughs, comparing November 2011 with November 2012. [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LONDON BOROUGH	Nov-11	Nov-12	% Change
1	1	KENSINGTON AND CHELSEA	1,321,725	1,510,751	14.3%
2	2	CITY OF WESTMINSTER	866,668	1,197,770	38.2%
3	3	CAMDEN	628,028	815,710	29.9%
4	4	HAMMERSMITH AND FULHAM	599,458	675,667	12.7%
5	5	RICHMOND UPON THAMES	564,673	588,654	4.2%
8	6	CITY OF LONDON	464,690	532,222	14.5%
6	7	WANDSWORTH	486,600	520,836	7.0%
7	8	ISLINGTON	480,819	519,478	8.0%
12	9	EALING	381,064	431,895	13.3%
9	10	BARNET	446,864	428,510	-4.1%
14	11	HACKNEY	372,162	422,880	13.6%
13	12	HARINGEY	374,818	422,189	12.6%
10	13	MERTON	406,035	418,337	3.0%
11	14	SOUTHWARK	389,868	407,106	4.4%
15	15	LAMBETH	369,293	406,810	10.2%
18	16	BRENT	352,819	402,384	14.0%
17	17	KINGSTON UPON THAMES	360,799	387,171	7.3%
16	18	TOWER HAMLETS	362,233	378,403	4.5%
19	19	HOUNSLOW	351,634	359,291	2.2%
20	20	HARROW	324,104	351,876	8.6%
21	21	BROMLEY	318,704	329,185	3.3%
24	22	ENFIELD	278,717	297,932	6.9%
23	23	REDBRIDGE	286,362	293,344	2.4%
22	24	HILLINGDON	286,877	291,784	1.7%
25	25	GREENWICH	276,788	289,311	4.5%
27	26	LEWISHAM	258,126	289,177	12.0%
26	27	SUTTON	263,426	262,014	-0.5%
28	28	HAVERING	240,882	244,644	1.6%
29	29	CROYDON	240,058	241,847	0.7%
30	30	WALTHAM FOREST	237,962	239,400	0.6%
32	31	BEXLEY	212,483	217,445	2.3%
31	32	NEWHAM	216,872	217,028	0.1%
33	33	BARKING AND DAGENHAM	173,930	180,868	4.0%
		ALL LONDON	391,327	430,120	9.9%

The above table shows the average house price for November 2012 and November 2011, along with the percentage change over this period. As can be seen, house price inflation is currently being experienced in 31 of the 33 London Boroughs, with only Barnet and Sutton experiencing negative movements in their average prices. This month 10 London Boroughs are experiencing peak prices, highlighted in grey above, as is Greater London as a whole. As we show in the next section of this News Release, this position contrasts with the remainder of England & Wales, where none of the 108 unitary authorities are currently experiencing peak house prices.

As has been previously observed on several occasions it is the higher priced boroughs that are experiencing the largest growth in house prices. This month 11 boroughs have annual price increases greater than 10%, of which ten are ranked in the top 16 boroughs in terms of price. The top three boroughs ranked by price are among the top four boroughs ranked by house price growth. Clearly the most expensive areas in London continue to be in demand, despite the appreciation in price being experienced in these areas.

Over the three month period September 2012 to November 2012, there has been a 0.2% fall in housing transactions in Greater London, compared to the same period in 2011. There has been a decline of 10% in the number of semi-detached properties sold, compared to a 5.2% increase in the sale of flats. The area with the highest increase in sales was Tower Hamlets, where an additional 120 flats were sold compared to 2011, followed by Lambeth where sales of flats increased by 110 units. The area where sales fell the most was Wandsworth, down 80 units on the previous year.

Comparison of indices



Table 3. The percentage change in mix adjusted house prices, for the 108 Counties and Unitary Authorities in England & Wales, comparing November 2011 with November 2012 [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	COUNTY / UNITARY AUTHORITY / REGION	Nov-11	Nov-12	Change	Peak Price	% away from Peak	Peak Date
18	17	CAMBRIDGESHIRE	234,120	242,132	3.4%	247,812	-2%	Sep-10
80	76	CITY OF PETERBOROUGH	144,575	148,712	2.9%	169,433	-12%	Oct-07
49	47	NORFOLK	181,405	184,243	1.6%	201,142	-8%	Mar-08
42	41	SUFFOLK	197,155	199,631	1.3%	213,907	-7%	Feb-08
		EAST ANGLIA	196,643	200,804	2.1%	211,944	-5.3%	Feb-08
89	84	CITY OF DERBY	134,710	140,812	4.5%	157,070	-10%	Jun-07
97	98	CITY OF NOTTINGHAM	117,607	113,552	-3.4%	136,348	-17%	Oct-07
67	63	DERBYSHIRE	156,458	161,763	3.4%	175,190	-8%	Nov-07
86	82	LEICESTER	137,460	141,959	3.3%	151,244	-6%	Feb-08
48	45	LEICESTERSHIRE	183,142	186,255	1.7%	205,477	-9%	Sep-07
72	73	LINCOLNSHIRE	150,955	150,060	-0.6%	172,704	-13%	Jan-08
50	52	NORTHAMPTONSHIRE	180,566	177,186	-1.9%	196,537	-10%	Sep-07
65	69	NOTTINGHAMSHIRE	156,556	155,233	-0.8%	171,454	-9%	Feb-08
11	10	RUTLAND	266,249	272,675	2.4%	313,815	-13%	Feb-08
		EAST MIDLANDS	160,363	161,045	0.4%	177,360	-9.2%	Oct-07
		GREATER LONDON	391,327	430,120	9.9%	430,120	0.0%	Nov-12
64	57	CUMBRIA	162,565	167,996	3.3%	184,480	-9%	Mar-08
87	92	DARLINGTON	137,312	123,724	-9.9%	158,295	-22%	Feb-11
96	91	DURHAM	121,059	124,321	2.7%	137,292	-9%	Mar-08
100	95	HARTLEPOOL	109,867	122,499	11.5%	138,677	-12%	Oct-07
102	99	MIDDLESBROUGH	107,877	112,763	4.5%	128,060	-12%	Apr-08
60	61	NORTHUMBERLAND	165,048	164,123	-0.6%	209,353	-22%	Mar-08
95	97	REDCAR AND CLEVELAND	122,202	120,215	-1.6%	137,690	-13%	Jan-08
79	78	STOCKTON-ON-TEES	144,990	147,606	1.8%	167,741	-12%	Apr-08
90	86	TYNE AND WEAR	134,336	138,858	3.4%	156,154	-11%	Mar-08
		NORTH	138,697	141,688	2.2%	160,729	-11.8%	Mar-08
98	100	BLACKBURN WITH DARWEN	117,333	110,773	-5.6%	132,620	-16%	Dec-07
104	103	BLACKPOOL	101,863	100,490	-1.3%	136,677	-26%	May-07
35	39	CHESHIRE	208,288	201,737	-3.1%	233,317	-14%	Nov-07
77	77	GREATER MANCHESTER	145,959	148,405	1.7%	163,073	-9%	Feb-08
91	90	HALTON	132,365	128,644	-2.8%	151,548	-15%	Apr-10
78	81	LANCASHIRE	145,619	144,921	-0.5%	166,465	-13%	Feb-08
82	87	MERSEYSIDE	140,652	138,837	-1.3%	157,317	-12%	Jul-07
47	50	WARRINGTON	184,574	179,818	-2.6%	202,583	-11%	Aug-07
		NORTH WEST	151,156	150,469	-0.5%	168,662	-10.8%	Oct-07
32	28	BEDFORDSHIRE	210,937	216,349	2.6%	229,135	-6%	Mar-08
13	13	BRACKNELL FOREST	259,408	266,178	2.6%	285,816	-7%	Jan-08
10	9	BRIGHTON AND HOVE	267,800	276,374	3.2%	281,609	-2%	Jan-08
3	3	BUCKINGHAMSHIRE	338,334	351,010	3.7%	379,312	-7%	May-08
21	20	EAST SUSSEX	226,982	234,869	3.5%	252,145	-7%	Apr-08
17	16	ESSEX	239,428	247,161	3.2%	257,919	-4%	Feb-08
12	14	HAMPSHIRE	260,595	265,746	2.0%	278,538	-5%	Feb-08
5	5	HERTFORDSHIRE	305,698	321,709	5.2%	327,507	-2%	Jul-12
39	44	ISLE OF WIGHT	200,130	189,682	-5.2%	219,480	-14%	Jul-08
20	19	KENT	231,048	236,845	2.5%	252,113	-6%	May-08
68	66	LUTON	153,190	156,913	2.4%	173,827	-10%	Aug-07

Counties and unitary authorities



63	58	MEDWAY	164,205	166,275	1.3%	182,532	-9%	Nov-07
38	34	MILTON KEYNES	204,349	210,473	3.0%	219,578	-4%	May-07
6	6	OXFORDSHIRE	302,603	313,417	3.6%	326,032	-4%	Apr-12
62	60	PORTSMOUTH	164,444	164,256	-0.1%	182,703	-10%	Jun-07
24	22	READING	218,689	226,677	3.7%	241,595	-6%	Aug-12
43	37	SLOUGH	197,146	205,125	4.0%	216,405	-5%	Oct-07
56	53	SOUTHAMPTON	171,935	174,212	1.3%	186,132	-6%	Oct-07
44	43	SOUTHEND-ON-SEA	193,272	194,806	0.8%	209,312	-7%	Jan-12
2	2	SURREY	383,498	398,785	4.0%	406,438	-2%	May-12
55	49	THURROCK	172,077	181,954	5.7%	193,408	-6%	Sep-07
7	8	WEST BERKSHIRE	291,793	299,331	2.6%	315,260	-5%	Mar-12
14	12	WEST SUSSEX	259,077	267,823	3.4%	280,950	-5%	Mar-08
1	1	WINDSOR AND MAIDENHEAD	401,599	427,927	6.6%	481,536	-11%	May-12
4	4	WOKINGHAM	321,194	321,730	0.2%	331,535	-3%	Jun-11
		SOUTH EAST	261,113	269,432	3.2%	277,632	-3.0%	Feb-08
8	7	BATH AND NORTH EAST SOMERSET	276,724	301,572	9.0%	320,472	-6%	Feb-11
34	26	BOURNEMOUTH	208,807	217,770	4.3%	242,579	-10%	May-08
33	29	CITY OF BRISTOL	208,864	214,352	2.6%	220,127	-3%	Nov-07
71	72	CITY OF PLYMOUTH	151,780	151,154	-0.4%	172,105	-12%	May-07
25	25	CORNWALL	215,705	218,507	1.3%	244,530	-11%	Sep-07
19	21	DEVON	232,820	233,113	0.1%	255,245	-9%	Dec-07
15	15	DORSET	257,651	257,425	-0.1%	281,928	-9%	Dec-07
22	23	GLOUCESTERSHIRE	226,721	223,048	-1.6%	243,602	-8%	Dec-10
26	33	NORTH SOMERSET	215,524	211,117	-2.0%	235,635	-10%	Dec-07
9	11	POOLE	273,717	268,162	-2.0%	318,192	-16%	May-08
37	36	SOMERSET	206,090	207,337	0.6%	228,060	-9%	Dec-07
30	35	SOUTH GLOUCESTERSHIRE	212,597	207,944	-2.2%	228,138	-9%	Feb-08
59	59	SWINDON	166,041	164,282	-1.1%	187,037	-12%	Dec-07
51	48	TORBAY	179,453	182,389	1.6%	211,200	-14%	Jan-08
16	18	WILTSHIRE	247,219	238,538	-3.5%	256,565	-7%	Nov-07
		SOUTH WEST	220,888	221,103	0.1%	238,903	-7.5%	Oct-07
108	108	BLAENAU GWENT	84,036	77,369	-7.9%	109,947	-30%	Dec-07
88	89	BRIDGEND	136,350	132,001	-3.2%	156,113	-15%	Nov-07
94	94	CAERPHILLY	124,631	122,825	-1.4%	142,548	-14%	Jun-07
45	46	CARDIFF	192,752	185,905	-3.6%	194,045	-4%	Dec-07
83	85	CARMARTHENSHIRE	139,944	139,483	-0.3%	164,094	-15%	Mar-08
52	54	CEREDIGION	176,023	170,888	-2.9%	221,118	-23%	Jan-08
61	64	CONWY	165,001	158,709	-3.8%	182,867	-13%	Dec-06
84	88	DENBIGHSHIRE	139,489	136,815	-1.9%	167,239	-18%	Mar-08
69	67	FLINTSHIRE	152,652	156,357	2.4%	174,078	-10%	May-07
66	71	GWYNEDD	156,466	151,178	-3.4%	181,719	-17%	Aug-07
53	62	ISLE OF ANGLESEY	175,857	163,421	-7.1%	189,719	-14%	Jul-08
107	106	MERTHYR TYDFIL	94,443	96,240	1.9%	116,283	-17%	Dec-07
23	24	MONMOUTHSHIRE	226,506	220,950	-2.5%	244,128	-9%	Aug-07
101	104	NEATH PORT TALBOT	109,011	100,201	-8.1%	131,030	-24%	Jan-08
81	68	NEWPORT	144,059	156,194	8.4%	179,138	-13%	Jan-08
54	56	PEMBROKESHIRE	172,766	168,795	-2.3%	199,778	-16%	Nov-07
46	51	POWYS	186,531	178,625	-4.2%	201,059	-11%	Nov-07
103	102	RHONDDA CYNON TAFF	106,006	108,079	2.0%	121,553	-11%	Mar-08
75	74	SWANSEA	146,822	149,200	1.6%	174,465	-14%	Oct-07
29	31	THE VALE OF GLAMORGAN	213,026	212,520	-0.2%	225,789	-6%	Apr-12
92	96	TORFAEN	126,707	120,657	-4.8%	150,736	-20%	Feb-07
70	79	WREXHAM	152,003	147,362	-3.1%	179,975	-18%	Aug-07

Counties and unitary authorities



		WALES	154,541	152,083	-1.6%	170,286	-10.7%	Oct-07
27	27	HEREFORDSHIRE	215,210	216,430	0.6%	237,658	-9%	Jan-08
40	42	SHROPSHIRE	198,998	199,309	0.2%	224,606	-11%	Oct-07
57	55	STAFFORDSHIRE	170,816	169,663	-0.7%	191,703	-11%	Apr-08
105	107	STOKE-ON-TRENT	96,402	93,644	-2.9%	113,039	-17%	Feb-08
31	30	WARWICKSHIRE	212,495	212,907	0.2%	232,566	-8%	Feb-10
73	70	WEST MIDLANDS	148,761	151,222	1.7%	166,885	-9%	Nov-07
36	38	WORCESTERSHIRE	206,420	203,015	-1.6%	227,020	-11%	Oct-07
76	80	WREKIN	146,419	147,345	0.6%	172,047	-14%	Mar-08
		WEST MIDLANDS	169,108	169,620	0.3%	186,228	-8.9%	Oct-07
106	105	CITY OF KINGSTON UPON HULL	96,068	96,842	0.8%	107,882	-10%	Apr-08
58	65	EAST RIDING OF YORKSHIRE	166,682	158,179	-5.1%	191,562	-17%	Mar-08
99	101	NORTH EAST LINCOLNSHIRE	115,390	109,689	-4.9%	129,965	-16%	Feb-08
93	93	NORTH LINCOLNSHIRE	125,064	122,973	-1.7%	147,879	-17%	Jun-08
28	32	NORTH YORKSHIRE	214,090	211,793	-1.1%	240,480	-12%	Jan-08
85	83	SOUTH YORKSHIRE	137,479	141,287	2.8%	155,047	-9%	Oct-07
74	75	WEST YORKSHIRE	147,865	148,893	0.7%	168,910	-12%	Dec-07
41	40	YORK	198,355	201,533	1.6%	221,821	-9%	Sep-07
		YORKS & HUMBER	152,733	152,981	0.2%	170,651	-10.4%	Dec-07
		ALL ENGLAND & WALES	219,721	227,038	3.3%	231,828	-2.1%	Feb-08

In our News Release each month we provide a Table, as above, showing how the average house price has changed over the year for each of the 108 unitary authorities and counties. It also provides a summary for the ten regions of England & Wales. This month, we also show the 'peak' price for each location, the % by which the current house price diverges from this peak and the date the peak price occurred.

Turning first to the change in the average house price over the last year we can see that although in England & Wales as a whole the average rise in prices has been 3.3%, there is far more significant price change at the county and unitary authority level, ranging from +11.5% in Hartlepool to -9.9% in Darlington. Of the 108 authorities in England & Wales, only 48 showed November price falls, compared with 55 in October, so the decline in house prices has diminished across the country.

Looking next at peak prices we find that the experience of average house prices being at their peak is currently limited to Greater London. As we show on page 9 of this News Release there are 10 London Boroughs which currently have peak prices, as does Greater London itself.

Outside Greater London there are four unitary authorities/counties only around 2% off peak, namely Brighton & Hove; Cambridgeshire; Hertfordshire and Surrey. The authority furthest away from its peak, by some 30% in average prices, is Blaenau Gwent, which also has the distinction of having the lowest average house prices of all of England & Wales. The authority second furthest from its peak price is Blackpool, which is currently 26% off its highest average price. The record rainfall in the summer of 2012 is unlikely to have had a positive effect on prices in Blackpool.

Table 4. Analysis of peak prices for the ten regions in England & Wales.

Region	Current Price	Peak Price	% away currently	Peak Date
The North	£141,688	£160,729	-11.8%	Mar-08
North West	£150,469	£168,662	-10.8%	Oct-07
Wales	£152,083	£170,286	-10.7%	Oct-07
Yorks & Humber	£152,981	£170,651	-10.4%	Dec-07
East Midlands	£161,045	£177,360	-9.2%	Oct-07
West Midlands	£169,620	£186,228	-8.9%	Oct-07
East Anglia	£200,804	£211,944	-5.3%	Feb-08
South West	£221,103	£238,903	-7.5%	Oct-07
South East	£269,432	£277,632	-3.0%	Feb-08

Counties and unitary authorities



Greater London	£430,120	£430,120	0.0%	Nov-12
All England & Wales	£227,038	£231,828	-2.1%	Feb-08

Table 4 above shows the peak average house price for each of the ten regions in England & Wales and the percentage by which current average prices diverge from this peak. The table has been ordered in terms of average house prices starting with the lowest price (The North) at the top and the highest (Greater London) at the bottom.

Some observations:-

- i) There is an almost exact correspondence between the ordering of current house prices and the % magnitude by which the current prices diverge from the peak. So The North has the lowest house price, which is furthest away from the peak, whilst Greater London has the highest average house price and is currently at its peak;
- ii) Almost all the peak prices across England & Wales occurred between October 2007 and March 2008, with the exception of Greater London;
- iii) The average figure for England & Wales as a whole, at -2.1% off-peak, is not particularly helpful in terms of describing what is happening in the country overall. A more useful figure would be to take the average off-peak percentage for each region, excluding Greater London, which, at -8.6%, gives a clearer indication of how prices stand for the majority of home owners in England & Wales.

Do peak prices matter? The % away from peak figures give a rough-and-ready indicator of which areas are likely to have the most problems with negative equity. Thus a householder buying a property in the North in March 2008 is likely to have seen a fall of some 12% in the value of their property. Had this property been purchased at a time when 100% LTV mortgages were available then negative equity would be a serious problem, perhaps preventing the home owner from moving. The figures in Table 4 thus give an indication of the extent to which negative equity is likely to exist in different parts of the country, albeit that these are averages. So much turns on the type of home and location as to whether a household faces this problem. In that sense the table raises a question rather than providing an answer.

Regional data table



Table 5. Average house prices by region, December 2011 - November 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
Dec-11	£137,919	-0.6	-5.3	£150,059	-0.7	-3.5	£159,905	-0.3	-1.0	£170,458	0.8	-1.8
Jan-12	£138,877	0.7	-5.2	£150,431	0.2	-2.7	£160,554	0.4	-0.6	£170,823	0.2	-1.5
Feb-12	£141,573	1.9	-4.5	£152,097	1.1	-1.7	£161,570	0.6	0.0	£171,198	0.2	-0.6
Mar-12	£143,873	1.6	-2.5	£152,217	0.1	-0.7	£161,715	0.1	0.6	£170,298	-0.5	-0.9
Apr-12	£143,159	-0.5	-1.6	£150,860	-0.9	-0.9	£161,591	-0.1	1.2	£169,003	-0.8	-1.2
May-12	£141,926	-0.9	-1.6	£150,161	-0.5	-0.3	£160,887	-0.4	1.4	£169,567	0.3	-0.8
Jun-12	£141,120	-0.6	-0.8	£151,024	0.6	-0.1	£161,272	0.2	1.2	£169,959	0.2	0.3
Jul-12	£140,664	-0.3	1.0	£150,590	-0.3	-1.4	£160,458	-0.5	0.4	£169,974	0.0	0.8
Aug-12	£140,538	-0.1	2.3	£151,350	0.5	-1.3	£159,664	-0.5	-0.4	£169,588	-0.2	0.0
Sep-12	£140,248	-0.2	1.7	£150,657	-0.5	-1.3	£159,826	0.1	-0.2	£169,325	-0.2	-0.1
Oct-12	£141,314	0.8	1.3	£151,540	0.6	-0.3	£160,323	0.3	0.2	£169,563	0.1	-0.6
Nov-12	£141,688	0.3	2.2	£150,469	-0.7	-0.5	£161,045	0.5	0.4	£169,620	0.0	0.3

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Dec-11	£153,605	-0.6	1.1	£153,841	0.7	-1.9	£221,667	0.4	-2.1	£195,430	-0.6	-1.5
Jan-12	£152,063	-1.0	0.0	£154,044	0.1	-1.9	£221,692	0.0	-1.5	£195,517	0.0	-1.5
Feb-12	£152,311	0.2	-0.4	£154,707	0.4	-0.7	£221,451	-0.1	-2.3	£195,179	-0.2	-1.8
Mar-12	£153,469	0.8	0.5	£153,484	-0.8	-1.9	£221,911	0.2	-1.1	£197,566	1.2	-1.3
Apr-12	£153,822	0.2	2.1	£154,527	0.7	-0.9	£222,877	0.4	-0.5	£198,625	0.5	-0.6
May-12	£153,410	-0.3	3.1	£154,613	0.1	0.2	£225,525	1.2	1.5	£200,053	0.7	0.0
Jun-12	£152,742	-0.4	2.5	£155,571	0.6	1.8	£224,661	-0.4	1.9	£198,848	-0.6	0.3
Jul-12	£152,024	-0.5	1.4	£154,019	-1.0	0.8	£223,606	-0.5	1.4	£197,924	-0.5	-0.1
Aug-12	£151,239	-0.5	-0.3	£153,886	-0.1	-0.2	£223,056	-0.2	1.0	£199,737	0.9	0.8
Sep-12	£151,347	0.1	-0.4	£153,790	-0.1	-0.1	£221,449	-0.7	-0.4	£200,498	0.4	1.2
Oct-12	£151,382	0.0	-2.3	£153,642	-0.1	0.3	£221,698	0.1	-0.3	£201,222	0.4	1.7
Nov-12	£152,083	0.5	-1.6	£152,981	-0.4	0.2	£221,103	-0.3	0.1	£200,804	-0.2	2.1

	South East			Greater London			ENGLAND & WALES			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Dec-11	£260,522	-0.2	-1.5	£393,851	0.6	3.1		£219,910	0.1	-0.8
Jan-12	£262,389	0.7	-1.4	£394,306	0.1	2.4		£220,536	0.3	-0.7
Feb-12	£263,770	0.5	-2.3	£394,603	0.1	0.8		£221,386	0.4	-1.2
Mar-12	£268,510	1.8	-1.1	£399,955	1.4	1.2		£223,365	0.9	-0.5
Apr-12	£269,125	0.2	0.6	£407,265	1.8	4.6		£224,409	0.5	1.0
May-12	£272,245	1.2	3.2	£419,118	2.9	10.6		£226,865	1.1	3.5
Jun-12	£271,371	-0.3	3.7	£421,451	0.6	12.8		£226,999	0.1	4.4
Jul-12	£272,302	0.3	3.3	£422,721	0.3	11.0		£226,908	0.0	3.7
Aug-12	£270,887	-0.5	2.1	£419,293	-0.8	8.1		£226,081	-0.4	2.5
Sep-12	£270,340	-0.2	2.4	£423,800	1.1	8.9		£226,299	0.1	2.6
Oct-12	£269,479	-0.3	2.3	£425,403	0.4	8.3		£226,577	0.1	2.5
Nov-12	£269,432	0.0	3.2	£430,120	1.1	9.9		£227,038	0.2	3.3
Dec-12								£227,026	0.0	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.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.

information@acadametrics.co.uk

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