LSL Property Services plc

LSL Property Services / Acadata
England & Wales

House Price Index

acadata

Under embargo until 00:01 Friday 13th February 2015 | January 2015

House price growth slows to ten-month low

- **Capital leads downturn with monthly price fall, offering respite to London buyers as market stabilizes**
- **Overall, prices start climbing again in January, with values in the North experiencing biggest boost**
- **Strongest sales growth found in North and Yorkshire due to surging first-time buyer demand**

House Price	Index	Monthly Change %	Annual Change %	Annual Change % (excluding London & SE)
£277,857	266.3	0.3	7.5	4.5

Adrian Gill, director of Reeds Rains and Your Move estate agents, comments: "January's 7.5% annual growth is the smallest yearly improvement witnessed for 10 months, and represents a deceleration from 8.9% in December as house price inflation continues to flag. After some recent price falls, average property values haven't taken any steps forward from where they stood in November – and what we're seeing is a far cry from the marathon of monthly increases that set off this time last year.

"In a reversal of fortune, London is leading this slowdown. The capital has long been the propeller driving forward growth, but after cruising ahead at full speed in 2014, the London property market has run aground momentarily. Average London house prices experienced the biggest drop during December (1.1%), but this is just a symptom of the unsustainable rate of growth that the market stretched to last year, as the capital now takes a pause. While a prospective Mansion Tax and higher rate of Stamp Duty on million pound homes may be a blot on the buying landscape at the top end, everyday buyers are simply able to take their time to deliberate and get their finances in order now that market conditions have rationalised again. With a greater supply of available homes on the market, we are striking a better balance between sellers and buyers, and at the bottom rungs of the ladder in particular, demand remains vibrant. The lowest priced London borough, Barking & Dagenham, has seen the biggest boost in home sales during Q4 2014, up 33% on the same period a year previously, helping to drive annual house price growth of 14.4%.

"The London story acts as a miniature model of what's happening in the rest of the UK housing market. The market is temporarily treading water at the higher end, but fast-moving in areas where price growth has been more modest, and where cheaper properties are within reach of new buyers and borrowers who can access Help to Buy. For instance, when you exclude the colossal London and the South East from the equation, the slowdown in annual price growth is much shallower, as growth across other parts of the country continue to sail along steadily. The North saw the biggest uplift in prices in December, while property values made similarly positive progress in Yorkshire & Humberside, and Wales. In these areas demand is thriving as buyers enjoy the perfect storm of record low mortgage rates, more affordable house prices and lower stamp duty costs, and the best properties are being snapped up quickly. Coupling those conditions with steady price growth, buyers are seeing many reasons to act now.

"While sales volumes across the south are slightly more sluggish, the North is the current powerhouse of activity, with completed home sales up 7.0% year-on-year during Q4 2014, followed by 4.1% annual increase in Yorkshire & Humberside. This growth is built on sustained first-time buyer appetite for homes, and as this slice of the market continues to grow, flats and terraces are changing hands at the fastest pace – as the property type most common among new buyers. For example, Yorkshire & Humberside have seen the most significant jump in flat sales during Q4 2014, up 18.6% year-on-year.

"Overall, completed home sales in January dipped a slight 0.5% compared to a year ago, but with Stamp Duty savings now sweetening the deal and low mortgage rates fostering a host of competitive long-term fixes, homeownership is spreading its wings and breeding further confidence in the market – all in all, it's a promising start to the New Year."

NB: The LSL/Acadata house price index incorporates all transactions, including cash.

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

House price index: historical data

Table 1. Average House Prices in England & Wales for the period January 2014 – January 2015 link to source Excel

		House Price	Index	Monthly Change %	Annual Change %
January	**2014**	£258,548	247.8	1.5	7.1
February	**2014**	£261,003	250.2	0.9	7.2
March	**2014**	£263,716	252.8	1.0	7.8
April	**2014**	£265,340	254.3	0.6	8.2
May	**2014**	£268,387	257.2	1.1	9.5
June	**2014**	£271,332	260.1	1.1	10.7
July	**2014**	£272,856	261.5	0.6	10.8
August	**2014**	£274,883	263.5	0.7	10.9
September	**2014**	£276,377	264.9	0.5	10.8
October	**2014**	£277,593	266.1	0.4	10.6
November	**2014**	£277,882	266.3	0.1	10.2
December	**2014**	£277,164	265.7	-0.3	8.9
January	**2015**	£277,857	266.3	0.3	7.5

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

House prices

In January 2015, the average price paid for a home in England & Wales was £277,857. This was an increase of £700, or 0.3% over December, almost exactly matching the fall in prices that month. The average house price is now just £25 lower than it was at the end of November 2014 - the average price has effectively been at a standstill since then.

On an annual basis, the average house price in England & Wales has risen by £19,300, or 7.5% over the last year. This represents a decline of 1.4% from the 8.9% recorded last month. It is the fifth month in succession in which the annual rate of house price inflation has fallen. Each month has shown a faster rate of decline than the preceding month, indicating a sustained reduction in house price inflation at the aggregate level.

Figure 1 below illustrates the rate of change in average house prices on an annual basis for the period January 2013 – January 2015, including the effect of London & the South East on the national rate.

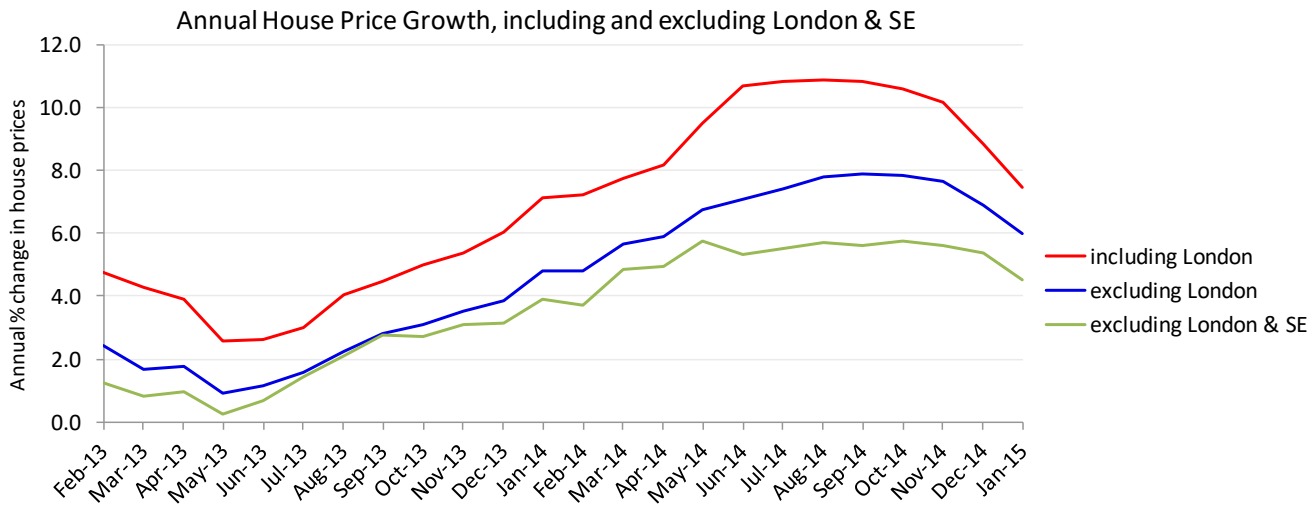


Figure 1. The Annual Rate of House Price Growth in England & Wales by month January 2013 – January 2015, including and excluding London & SE link to source Excel

This Figure shows the annual rate of house price growth increasing from May 2013 across all of England & Wales, until September 2014, when a downturn in the growth rate began. The steeper decline in the rate of growth of house prices over the most recent three months is clearly visible, with the series including London falling more sharply than those which exclude the capital. This has resulted in a narrowing of the differential gap between the series.

Table 2. The % change in average house prices analysed by Region October – December 2014. link to source Excel

Region	Greater London	England & Wales	East Midlands	East Anglia	South East	North West	Wales	South West	Yorks & Humber	West Midlands	North
Oct-14	0.6%	0.4%	-0.2%	0.5%	0.3%	0.3%	0.9%	0.3%	0.8%	0.7%	0.7%
Nov-14	0.3%	0.1%	0.1%	-0.7%	0.2%	-0.4%	-0.1%	-0.2%	0.6%	0.2%	-0.4%
Dec-14	-1.1%	-0.3%	-0.1%	-0.1%	0.0%	0.0%	0.2%	0.3%	0.3%	0.3%	0.4%

Table 2 above shows the monthly change in house prices during Q4 2014, by Region. The Table has been set out by the order of price change in December 2014. Greater London saw the largest fall in prices over the period in December at -1.1%, with the East Midlands and East Anglia also both experiencing price falls in that month. The Region recording the highest rise in house prices over the period was Wales in October, with an increase of 0.9%, closely followed by Yorkshire & Humberside with an increase of 0.8% in the same month. Overall one can detect, with a few exceptions, that the rate of price change has been consistently falling over the three months in all regions.

The monthly change in prices in December, shown in Table 2, is almost in reverse order to the change in prices that have taken place on an annual basis during 2014 (see Figure 5 on page 8). In Figure 5, the North had the lowest increase in annual prices at 3.0%, while Greater London saw the highest increase in prices at 13.9%. This suggests that Greater London caused a ripple effect on house prices in its near locality throughout 2014, but that this is now resulting in falling - as opposed to rising - property values.

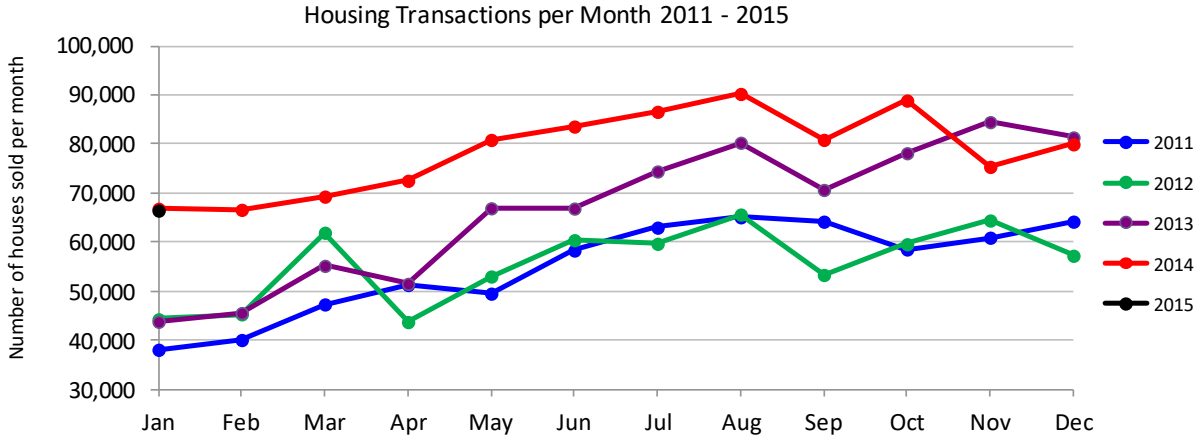
Last month we reflected on the considerable uncertainty that exists in the market. All the evidence points to a cooling in the market centred on London, but then slowly rippling out from the capital. The explanations for this cooling are many and varied but a combination of the upcoming General Election, the continued slow recovery in the economy and wages, and a tighter mortgage market all impact upon the market in terms of appetite and capacity to buy or move. Indeed, slowing prices generate uncertainty amongst both buyers and sellers, and reduce the pressure to complete the transaction. Although consumer confidence has been rising and the housing market is still in better shape than a year ago, we are clearly experiencing a pause. In part, this is because affordability is still quite stretched, despite improving mortgage terms and prices: it is worth remembering that with some fluctuations prices have been rising since May 2009, i.e. for over 6 years. The RICS has shown that new instructions have been falling - this will ultimately mean more competition, and price pressure remains around the fewer homes for sale. New housing supply is edging up slowly, but with considerable pent-up demand this is unlikely to relieve the market greatly in the medium term. The Stamp Duty changes are broadly positive in terms of helping the market, but the Mansion Tax proposals have cast a not insignificant shadow over those parts of London where the £2 million+ homes are concentrated (90% of the homes affected are in four London boroughs).

Looking ahead to the spring and summer, warmer weather, greater clarity following the General Election in terms of policy measures, continued lender adjustment to the new mortgage market rules (aided potentially by outcomes from the on-going Financial Conduct Authority review), and the inevitable build-up of demand along with the government's new stepping onto the ladder programme - all these may all combine to restore activity in the market. Most commentators anticipated a slowing and then a recovery into the second half of 2015. At this point, this is indeed the track we seem to be on.

Housing Transactions

We estimate that the number of housing transactions in England & Wales in January 2015, as recorded by the Land Registry, will total some 66,500. This is 17% lower than the level seen in December 2014: however, this decline is typical for the time of year. Perhaps more importantly, looking at the sales volumes in January 2015 compared to January 2014, there was a small fall of 0.5% in the number of properties sold. This follows the trend seen in the last quarter of 2014, when total transactions were down 0.4% on sales levels in Q4 2013. We analyse this pattern further in Table 3 below.

As can be seen in Figure 2 below, sales volumes in 2014 were consistently higher than the previous three years, with the exception of the last two months of the year, when transactions fell below the levels reached in 2013. Although the January 2015 transaction level has been plotted on the graph, it is difficult to identify, since the estimated sales volume in the month matches that recorded for January 2014, and we need further monthly data



to establish the trend line.

Figure 2. Number of properties sold per month in England & Wales, January 2011 – January 2015. Source Land Registry link to source Excel

Table 3 below analyses the number of property transactions that took place in Q4 2014, by Region, compared to Q4 2013, as recorded at the Land Registry. In England & Wales as a whole, transactions in Q4 2014 are down by a marginal 0.4% on the same period in 2013; however this single statistic masks the substantial differences that have occurred between the regions. For example, in the North sales volumes increased by 7.0% in Q4 2014 compared to Q4 2013, whereas in Greater London sales volumes fell by 10.5% over the same period.

Table 3. The % change in the number of housing transactions between Q4 2013 and Q4 2014, analysed by Region. link to source Excel

REGION	Oct - Dec 2013	Oct - Dec 2014	% change
NORTH	10,572	11,311	7.0%
YORKS & HUMBER	19,202	19,981	4.1%
EAST MIDLANDS	19,192	19,943	3.9%
NORTH WEST	22,076	22,700	2.8%
WEST MIDLANDS	19,670	20,011	1.7%
WALES	10,560	10,575	0.1%
SOUTH EAST	58,265	58,074	-0.3%
SOUTH WEST	26,723	26,386	-1.3%
EAST ANGLIA	11,712	11,376	-2.9%
GREATER LONDON	30,894	27,662	-10.5%
ENGLAND & WALES	228,866	228,019	-0.4%

The four regions that have experienced falls in the number of properties sold, when comparing Q4 2014 to Q4 2013, are the same four regions that have experienced the highest rise in house prices over the last year, see Figure 5.

Table 4. The % change in the number of housing transactions between Q4 2013 and Q4 2014, analysed by property type. link to source Excel

REGION	Detached	Semi	Terraced	Flats	All Types
NORTH	7.9%	3.4%	7.3%	16.2%	7.0%
YORKS & HUMBER	0.8%	-0.1%	7.6%	18.6%	4.1%
EAST MIDLANDS	0.1%	0.6%	10.7%	18.0%	3.9%
NORTH WEST	0.6%	-1.4%	5.5%	13.3%	2.8%
WEST MIDLANDS	-1.6%	1.1%	3.8%	6.9%	1.7%
WALES	0.9%	-1.3%	-2.6%	15.8%	0.1%
SOUTH EAST	-6.4%	-6.2%	0.5%	14.2%	-0.3%
SOUTH WEST	-5.1%	-5.0%	0.0%	8.7%	-1.3%
EAST ANGLIA	-5.8%	0.0%	-3.6%	3.0%	-2.9%
GREATER LONDON	-18.3%	-14.7%	-10.0%	-8.8%	-10.5%
ENGLAND & WALES	-3.0%	-2.9%	1.3%	4.3%	-0.4%

Table 4 shows the % change in the volume of transactions between Q4 2013 and Q4 2014, by region, analysed by property type. As can be seen, the highest increase in sales by type is that for flats, which have increased by 4.3% over the period, followed by terraced properties, up by 1.3%. Both of these property types are popular with first time buyers, suggesting that this sector of the market has continued to strengthen over this last year. In contrast, the number of semi-detached and detached properties sold has fallen over the period by 2.9% and 3.0% respectively.

In percentage terms, the region with the highest increase in flat sales is Yorkshire & Humberside, up by 18.6%, followed by the East Midlands showing an increase of 18.0% in the sale of flats over this period. In absolute terms it is the South East that has seen the highest increase in flat sales, with an additional 1,640 units sold in Q4 2014 compared to Q4 2013. This figure contrasts starkly with the reduction in flat sales that took place in Greater London, which were down by 1,454 units over this period.

The region with the highest percentage increase in terraced property sales is the East Midlands, up by 10.7%, followed by Yorkshire & Humberside, up 7.6%. In absolute terms, it is the East Midlands that has seen the highest increase in the sale of terraces, with an additional 519 units sold in Q4 2014 compared to Q4 2013.

The North has seen both the highest percentage increase, as well as the largest absolute increase in sales of semi-detached properties, up by 3.4% and 121 units respectively. A similar picture emerges in the sale of detached properties, with the North also seeing the largest percentage and absolute increases in the sale of such properties, up by 7.9% and an additional 191 units.

Greater London has seen the largest percentage fall in the number of properties sold across all property types between Q4 2013 and Q4 2014, and is the only region to have experienced a reduction in the number of flats sold over this period. Greater London has also seen the largest fall in transactions in absolute terms for flats and terraced properties, but it is the South East which has seen the largest drop in absolute terms in the sale of semi-detached and detached properties, down by 917 and 1,001 units respectively.

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 Acadata website enables comparisons of selected indices over selected timescales to be undertaken here with ease and provides historic results and other information.
5. Acadata is an independent privately owned consultancy working with Dr Stephen Satchell, Economics Fellow Trinity College Cambridge, and specialist in the assessment of risk in property and mortgage portfolios.
6. Acadata 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.

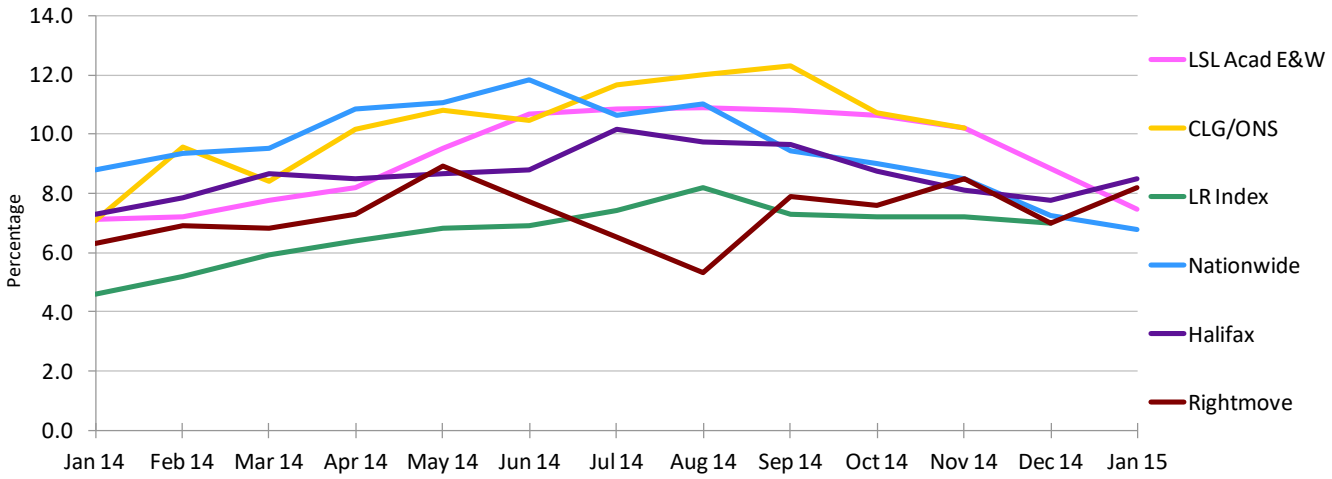


Figure 3. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART link to source Excel

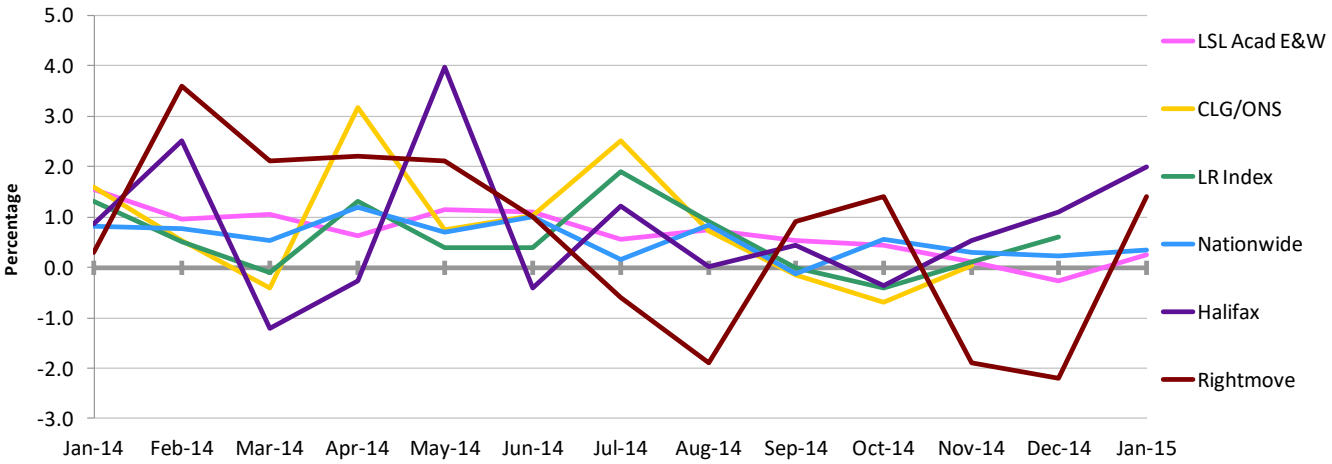


Figure 4. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART link to source Excel

All the indices that have published their results for January 2015 are showing positive increases in annual house price inflation ranging from +8.5% (Halifax) to +6.8% (Nationwide). This month has the smallest variance in the reported rates of house price inflation over the last year, although the Land Registry and the ONS have yet to publish. The near unanimity of the indices may reflect the decline in the sale of top-end properties for cash during Q4 2014, which tend to receive different treatments in each of the published indices.

Comparison of indices

In Figure 4, we can see that Halifax and Rightmove are both reporting a high rate of growth in prices for January at 2.0% and 1.4% respectively, while Nationwide and LSL Acad are both showing a more modest change of 0.3% for the month. The Halifax monthly index is one of the more volatile indices published, with the Halifax itself noting "The monthly figures in January can be particularly volatile due to the lower volumes of activity at this time of year and there have been unusually large rises on occasion in the past, such as in 2007 (2.3%) and 2009 (2.4%)."

Acadata has published a briefing note on the different house price indices and their performance over time. Readers are invited to download this document from our website given that these differences are now a key area for debate and intervention. Indeed, the ONS is currently consulting interested parties on its proposed new government house price index, which has a potential launch date of February 2016. Last month, the Financial Times published a helpful short review of selected indices (see FT Money, Financial Times, 3rd January, 2015, page 2).

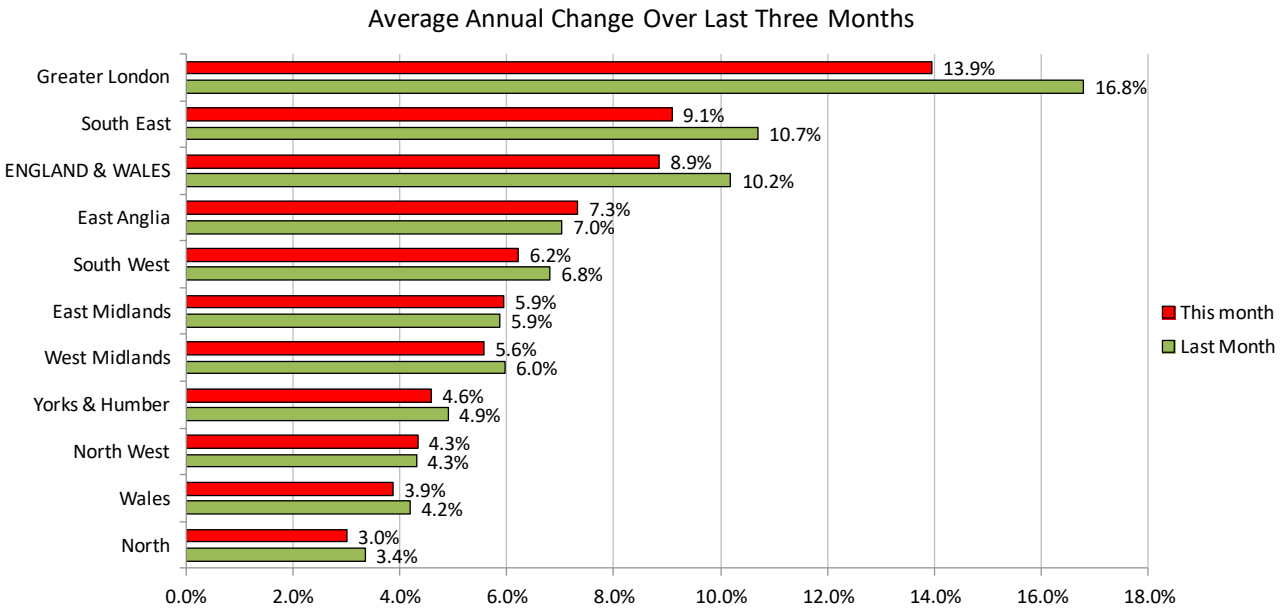


Figure 5. The annual change in the average house price, analysed by region link to source Excel

Figure 5 above shows the annual rate of change for December, averaged over three months, for each of the ten regions in England & Wales. All ten regions are showing a positive quarterly movement in house prices. This month three regions are showing an increase in their averaged annual rate of change compared to the previous month (the North West, East Midlands and East Anglia), with seven regions showing a decrease. Greater London saw the largest drop in the annual rate of house price growth compared to last month, being down 2.9%, followed by the South East, down 1.6%. There were two regions recording peak average house prices in December; the South West and the West Midlands, with the South East and Greater London both having dropped out of this group. As we reported last month "If price changes ripple out from London as they have in previous periods, this does begin to hint at a cooling in the market". It would appear that in December this process was gaining momentum.

London and the South East v the Rest

This month we consider the extent to which the annual house price inflation in England & Wales would differ if we were to exclude both Greater London and the South East from the HPI calculations. The results of this analysis are shown in Table 5 below. As expected, the annual rate is lower if we exclude London & the SE from the calculations. It is however noticeable that the gap between the rates including and excluding Greater London and the South East are beginning to diminish. This gap was at its maximum in June 2014 at 5.4%, but has subsequently reduced to 3.0% in January 2015. This accords with the view of the many analysts who have predicted that the price of properties in both Greater London and the South East will fall at a faster rate than the remainder of England & Wales.

Month	including London	excluding London	excluding London & SE
Jan-14	7.1	4.8	3.9
Feb-14	7.2	4.8	3.7
Mar-14	7.8	5.7	4.8
Apr-14	8.2	5.9	5.0
May-14	9.5	6.7	5.7
Jun-14	10.7	7.1	5.3
Jul-14	10.8	7.4	5.5
Aug-14	10.9	7.8	5.7
Sep-14	10.8	7.9	5.6
Oct-14	10.6	7.8	5.7
Nov-14	10.2	7.7	5.6
Dec-14	8.9	6.9	5.4
Jan-15	7.5	6.0	4.5

Table 5. The annual percentage change in house prices in England & Wales, from January 2014 – January 2015, including and excluding Greater London and the South East. link to source Excel

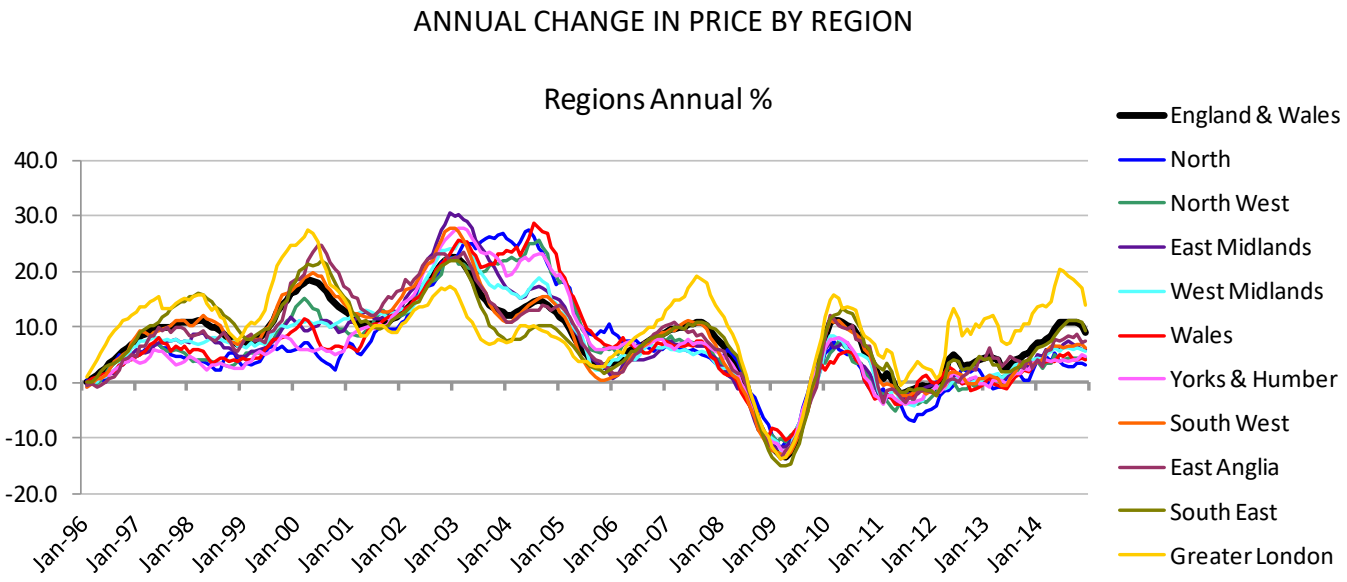


Figure 6. A comparison of the annual change in house prices, by region for the period January 2001 – December 2014 link to source Excel

Note that individual regions can be compared using our "National and Regional series from 1995 with Interactive Charts", linked from page 6 NOTE 4 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 6. The change in house prices, for the 33 London boroughs, comparing December 2013 and November 2014 with December 2014. link to source Excel

PRIOR YR RANK	RANK BY PRICE	LONDON BOROUGH	Dec-13	Nov-14	Dec-14	Month % Change	Annual % Change
1	1	KENSINGTON AND CHELSEA	1,717,995	1,954,427	1,818,363	-7.0%	5.8%
2	2	CITY OF WESTMINSTER	1,220,702	1,623,442	1,563,831	-3.7%	28.1%
4	3	HAMMERSMITH AND	836,618	1,009,699	1,012,208	0.2%	21.0%
3	4	CAMDEN	880,650	984,267	961,231	-2.3%	9.2%
5	5	CITY OF LONDON	787,280	923,125	880,196	-4.7%	11.8%
6	6	RICHMOND UPON THAMES	653,506	803,704	809,165	0.7%	23.8%
7	7	WANDSWORTH	644,900	742,578	744,321	0.2%	15.4%
8	8	ISLINGTON	610,486	656,477	655,972	-0.1%	7.5%
9	9	BARNET	502,847	562,753	561,837	-0.2%	11.7%
11	10	MERTON	490,309	601,702	557,699	-7.3%	13.7%
17	11	KINGSTON UPON THAMES	439,068	524,867	540,822	3.0%	23.2%
10	12	HARINGEY	494,683	530,308	533,960	0.7%	7.9%
16	13	EALING	453,652	517,858	521,080	0.6%	14.9%
12	14	SOUTHWARK	483,505	519,242	520,441	0.2%	7.6%
15	15	HACKNEY	457,844	534,544	519,737	-2.8%	13.5%
13	16	LAMBETH	481,639	524,267	512,730	-2.2%	6.5%
14	17	BRENT	477,017	485,363	503,963	3.8%	5.6%
20	18	HOUNSLOW	395,033	484,367	470,227	-2.9%	19.0%
18	19	TOWER HAMLETS	428,094	437,530	443,430	1.3%	3.6%
19	20	HARROW	397,847	427,077	438,034	2.6%	10.1%
21	21	BROMLEY	375,705	423,075	425,964	0.7%	13.4%
23	22	LEWISHAM	329,981	387,666	391,056	0.9%	18.5%
22	23	GREENWICH	365,136	380,172	382,675	0.7%	4.8%
26	24	HILLINGDON	323,731	372,664	374,487	0.5%	15.7%
24	25	REDBRIDGE	329,160	367,756	372,421	1.3%	13.1%
27	26	WALTHAM FOREST	306,154	365,732	368,664	0.8%	20.4%
25	27	ENFIELD	324,798	368,895	367,175	-0.5%	13.0%
28	28	SUTTON	297,181	345,915	344,802	-0.3%	16.0%
29	29	CROYDON	288,625	334,224	336,394	0.6%	16.6%
30	30	HAVERING	263,208	293,927	300,157	2.1%	14.0%
31	31	BEXLEY	248,525	283,713	284,334	0.2%	14.4%
32	32	NEWHAM	238,953	281,084	277,401	-1.3%	16.1%
33	33	BARKING AND DAGENHAM	198,082	223,379	226,575	1.4%	14.4%
		ALL LONDON	505,601	582,259	576,093	-1.1%	13.9%

Table 6 above shows the average house price and percentage change (over the last month and year) by London borough for December 2013, November 2014 and December 2014. The rate of annual house price inflation in London in December was 13.9%, down 2.9% from November. Housing analysts are anticipating further reductions in the rate of house price inflation in the London market over the next few months, as the higher SDLT rates on properties over £1.1 million and concerns over the mansion tax begin to have an effect.

All 33 London boroughs continue to show a positive movement in their average house prices over the year, ranging from a substantial +28.1% in the City of Westminster to a modest +3.6% in Tower Hamlets. In the City of Westminster flats are the most popular property type, with 228 being purchased in December at an average price of £1.35 million. In Tower Hamlets flats are also the most popular property choice, with 275 units having been purchased in December at an average price of £450k, being a third of the cost of similar properties in the City of Westminster, some seven miles distant.

During the month of December, average house prices fell in London by 1.1%, which was the first time in 17 months that price changes have been negative. Looking at the top third of boroughs ranked by average price, seven of the eleven boroughs saw price falls, while the mid and bottom eleven boroughs by price only had three boroughs apiece recording price falls. In general, it is the top priced boroughs that have seen the largest price reductions, with Kensington and Chelsea and the City of London recording respective falls of 7.0% and 4.7%, although this month Merton has experienced the largest decline in prices at -7.3%.

In December there were 14 boroughs with peak prices (highlighted in grey in the above table), compared to 17 such boroughs one month earlier. Of these 14 boroughs, 7 are among the lowest 11 boroughs by average price, 4 are among the top 11 boroughs by average price, and 3 are in the middle 11 boroughs by average price. The lower priced boroughs are thus continuing to experience strong demand for properties, while the highest priced areas are seeing a slackening in demand.

London boroughs, Counties and unitary authorities

Transactions in London for the three month period October - December 2014 are 10% lower than the same period in 2013. Over this period Barking & Dagenham, the lowest priced borough, has seen the highest rise in transactions in London, up 33%, whilst Wandsworth, ranked 7th by price, has seen the largest fall in sales volumes at -26%.

Counties and Unitary Authorities

Table 7. The annual percentage change in mix adjusted house prices, for the 108 Counties and Unitary Authorities in England & Wales, comparing December 2013 and November 2014 with December 2014. Regions, Counties and Unitary Authorities highlighted in turquoise are currently at a peak price. link to source Excel

PRIOR YR RANK	RANK BY PRICE	COUNTY / UNITARY AUTHORITY / REGION	Dec-13	Nov-14	Dec-14	Monthly change	Annual Change
21	19	CAMBRIDGESHIRE	245,717	270,622	271,515	0.3%	10.5%
70	72	CITY OF PETERBOROUGH	160,260	166,127	166,693	0.3%	4.0%
45	47	NORFOLK	194,976	205,083	205,688	0.3%	5.5%
40	39	SUFFOLK	210,010	226,091	224,079	-0.9%	6.7%
		EAST ANGLIA	210,784	226,353	226,237	-0.1%	7.3%
84	82	CITY OF DERBY	144,051	151,402	150,863	-0.4%	4.7%
96	92	CITY OF NOTTINGHAM	124,803	137,268	136,783	-0.4%	9.6%
63	67	DERBYSHIRE	164,041	169,404	169,822	0.2%	3.5%
83	86	LEICESTER	145,930	150,493	149,808	-0.5%	2.7%
49	48	LEICESTERSHIRE	188,461	203,543	201,351	-1.1%	6.8%
71	68	LINCOLNSHIRE	159,200	169,071	169,705	0.4%	6.6%
48	50	NORTHAMPTONSHIRE	189,102	199,240	199,014	-0.1%	5.2%
72	69	NOTTINGHAMSHIRE	158,236	169,437	168,446	-0.6%	6.5%
14	10	RUTLAND	268,004	302,772	327,420	8.1%	22.2%
		EAST MIDLANDS	167,271	177,458	177,220	-0.1%	5.9%
		GREATER LONDON	505,601	582,259	576,093	-1.1%	13.9%
60	65	CUMBRIA	166,990	169,433	170,762	0.8%	2.3%
85	91	DARLINGTON	144,009	141,518	141,867	0.2%	-1.5%
98	99	DURHAM	121,764	122,251	121,830	-0.3%	0.1%
97	95	HARTLEPOOL	123,827	129,202	129,780	0.4%	4.8%
99	100	MIDDLESBROUGH	119,312	115,481	117,393	1.7%	-1.6%
66	61	NORTHUMBERLAND	163,313	174,100	175,391	0.7%	7.4%
94	97	REDCAR AND CLEVELAND	129,443	128,258	127,418	-0.7%	-1.6%
82	87	STOCKTON-ON-TEES	149,298	150,815	149,747	-0.7%	0.3%
87	84	TYNE AND WEAR	143,080	149,725	150,347	0.4%	5.1%
		NORTH	144,834	148,683	149,205	0.4%	3.0%
102	103	BLACKBURN WITH DARWEN	113,195	113,028	111,169	-1.6%	-1.8%
104	104	BLACKPOOL	106,505	106,023	108,408	2.2%	1.8%
38	38	CHESHIRE	213,788	232,803	230,739	-0.9%	7.9%
78	76	GREATER MANCHESTER	153,754	158,795	159,982	0.7%	4.1%
91	90	HALTON	138,509	145,191	143,612	-1.1%	3.7%
79	77	LANCASHIRE	151,941	155,738	155,965	0.1%	2.6%
88	88	MERSEYSIDE	141,642	149,218	147,978	-0.8%	4.5%
51	55	WARRINGTON	181,694	187,196	186,138	-0.6%	2.4%
		NORTH WEST	157,786	164,636	164,626	0.0%	4.3%
25	25	BEDFORDSHIRE	233,275	254,657	255,305	0.3%	9.4%
11	9	BRACKNELL FOREST	296,621	325,086	327,842	0.8%	10.5%
7	8	BRIGHTON AND HOVE	319,401	343,866	344,585	0.2%	7.9%
3	3	BUCKINGHAMSHIRE	376,320	409,336	410,945	0.4%	9.2%
17	20	EAST SUSSEX	255,781	270,062	269,255	-0.3%	5.3%
16	16	ESSEX	256,337	278,470	276,782	-0.6%	8.0%
13	14	HAMPSHIRE	280,659	299,610	299,758	0.0%	6.8%
4	4	HERTFORDSHIRE	342,833	384,052	380,434	-0.9%	11.0%
43	49	ISLE OF WIGHT	207,837	199,417	200,846	0.7%	-3.4%
19	17	KENT	248,977	276,257	274,894	-0.5%	10.4%
59	58	LUTON	168,866	183,399	183,687	0.2%	8.8%
53	46	MEDWAY	181,180	207,485	207,588	0.0%	14.6%

33	30	MILTON KEYNES	220,002	248,432	244,162	-1.7%	11.0%
6	6	OXFORDSHIRE	330,538	357,474	356,125	-0.4%	7.7%
57	57	PORTSMOUTH	176,278	184,164	184,441	0.2%	4.6%
18	18	READING	249,482	268,643	274,521	2.2%	10.0%
30	21	SLOUGH	225,253	267,124	266,568	-0.2%	18.3%
54	51	SOUTHAMPTON	179,735	195,138	193,923	-0.6%	7.9%
29	23	SOUTHEND-ON-SEA	225,329	253,090	257,258	1.6%	14.2%
2	2	SURREY	438,969	476,906	481,592	1.0%	9.7%
47	43	THURROCK	189,956	215,165	215,375	0.1%	13.4%
8	7	WEST BERKSHIRE	311,280	348,027	345,099	-0.8%	10.9%
12	12	WEST SUSSEX	288,415	314,880	316,019	0.4%	9.6%
1	1	WINDSOR AND MAIDENHEAD	477,664	527,823	518,984	-1.7%	8.7%
5	5	WOKINGHAM	339,456	377,288	378,909	0.4%	11.6%
		SOUTH EAST	294,515	321,419	321,283	0.0%	9.1%
10	11	BATH AND NORTH EAST SOMERSET	302,293	332,385	326,493	-1.8%	8.0%
28	27	BOURNEMOUTH	226,358	239,624	249,624	4.2%	10.3%
27	31	CITY OF BRISTOL	226,788	245,313	242,490	-1.2%	6.9%
69	63	CITY OF PLYMOUTH	161,838	173,883	173,624	-0.1%	7.3%
31	33	CORNWALL	223,587	233,696	237,020	1.4%	6.0%
23	26	DEVON	238,299	253,514	250,663	-1.1%	5.2%
15	15	DORSET	265,734	285,938	286,901	0.3%	8.0%
22	24	GLOUCESTERSHIRE	240,336	251,083	256,851	2.3%	6.9%
26	29	NORTH SOMERSET	226,851	247,239	247,137	0.0%	8.9%
9	13	POOLE	308,063	310,741	310,736	0.0%	0.9%
41	41	SOMERSET	209,445	217,936	218,208	0.1%	4.2%
32	35	SOUTH GLOUCESTERSHIRE	221,488	236,290	234,832	-0.6%	6.0%
55	53	SWINDON	176,703	189,258	189,022	-0.1%	7.0%
50	56	TORBAY	182,479	183,832	186,016	1.2%	1.9%
20	22	WILTSHIRE	248,477	262,683	263,752	0.4%	6.1%
		SOUTH WEST	232,004	245,781	246,446	0.3%	6.2%
108	108	BLAENAU GWENT	86,155	89,063	89,485	0.5%	3.9%
86	81	BRIDGEND	143,748	153,374	152,425	-0.6%	6.0%
95	96	CAERPHILLY	126,046	127,845	128,112	0.2%	1.6%
46	45	CARDIFF	194,875	207,296	209,022	0.8%	7.3%
90	83	CARMARTHENSHIRE	138,660	147,276	150,547	2.2%	8.6%
52	52	CEREDIGION	181,266	188,381	189,256	0.5%	4.4%
77	64	CONWY	154,745	172,238	173,533	0.8%	12.1%
80	78	DENBIGHSHIRE	151,549	152,213	155,304	2.0%	2.5%
68	70	FLINTSHIRE	162,044	169,631	168,165	-0.9%	3.8%
64	74	GWYNEDD	163,971	160,875	161,124	0.2%	-1.7%
62	71	ISLE OF ANGLESEY	164,777	162,309	166,995	2.9%	1.3%
106	105	MERTHYR TYDFIL	102,755	109,190	108,201	-0.9%	5.3%
36	34	MONMOUTHSHIRE	217,616	239,901	236,206	-1.5%	8.5%
101	102	NEATH PORT TALBOT	115,915	110,689	111,673	0.9%	-3.7%
81	80	NEWPORT	150,092	153,839	153,812	0.0%	2.5%
61	60	PEMBROKESHIRE	166,500	183,465	182,816	-0.4%	9.8%
56	54	POWYS	176,382	188,471	188,304	-0.1%	6.8%
103	101	RHONDDA CYNON TAFF	110,383	114,559	114,760	0.2%	4.0%
74	85	SWANSEA	156,371	152,958	150,030	-1.9%	-4.1%
37	42	THE VALE OF GLAMORGAN	213,997	212,996	216,145	1.5%	1.0%
92	94	TORFAEN	137,346	137,633	131,900	-4.2%	-4.0%
75	79	WREXHAM	156,081	152,618	154,222	1.1%	-1.2%
		WALES	157,404	163,183	163,510	0.2%	3.9%
34	36	HEREFORDSHIRE	218,963	229,949	231,089	0.5%	5.5%
44	44	SHROPSHIRE	204,801	211,165	212,940	0.8%	4.0%

58	59	**STAFFORDSHIRE**	170,507	181,891	182,857	0.5%	7.2%
107	107	**STOKE-ON-TRENT**	100,270	100,919	101,475	0.6%	1.2%
24	28	**WARWICKSHIRE**	234,779	245,355	249,002	1.5%	6.1%
67	66	**WEST MIDLANDS**	162,275	170,142	170,224	0.0%	4.9%
42	40	**WORCESTERSHIRE**	209,302	225,614	223,741	-0.8%	6.9%
73	73	**WREKIN**	156,735	161,713	163,048	0.8%	4.0%
		WEST MIDLANDS	**180,284**	**189,719**	**190,339**	**0.3%**	**5.6%**
105	106	**CITY OF KINGSTON UPON HULL**	104,589	103,303	104,835	1.5%	0.2%
65	62	**EAST RIDING OF YORKSHIRE**	163,960	176,278	173,911	-1.3%	6.1%
100	98	**NORTH EAST LINCOLNSHIRE**	118,870	122,917	125,459	2.1%	5.5%
93	93	**NORTH LINCOLNSHIRE**	132,276	136,095	135,360	-0.5%	2.3%
35	37	**NORTH YORKSHIRE**	218,609	228,015	231,009	1.3%	5.7%
89	89	**SOUTH YORKSHIRE**	140,337	146,756	146,340	-0.3%	4.3%
76	75	**WEST YORKSHIRE**	155,668	160,344	160,377	0.0%	3.0%
39	32	**YORK**	212,214	233,608	237,434	1.6%	11.9%
		YORKS & HUMBER	**160,516**	**167,421**	**167,886**	**0.3%**	**4.6%**
		ALL ENGLAND & WALES	**254,627**	**277,882**	**277,164**	**-0.3%**	**8.9%**

Table 7 shows the average house price for each of the 108 unitary authorities and counties in England & Wales, together with a regional summary for December 2013, and November and December 2014. It also records the percentage change in these prices over the last month and year, and highlights the great diversity that exists across markets in England & Wales.

The headline annual increase in prices for England & Wales in December was 8.9%, which is down 1.3% from November. In December, as reported earlier, there were only two regions recording peak average prices, being the West Midlands and the South West, with Greater London and the South East dropping out of this group, at least for the time being. In the South East, 9 of the 25 unitary authorities/counties now have peak prices (highlighted in turquoise in the above table), compared to the 14 seen last month. Outside of Greater London and the South East regions, peak prices are also being recorded in nine (last month eleven) unitary authority areas. These nine areas with record peak prices are Norfolk (East Anglia), Rutland (East Midlands), Dorset, Gloucestershire and Wiltshire (South West), Cardiff (Wales), Warwickshire and the West Midlands (West Midlands) and finally York (Yorkshire & Humberside).

Annual Trends

On an annual basis, prices have increased in 98 of the 108 unitary authorities (three less than last month). Thus prices have risen over the year in 91% of the unitary authorities across England & Wales, with annual price rises in double digits, i.e. of 10% or more, now being seen in 16 authorities, compared with 21 last month. Of the ten unitary authorities having negative house price growth over the year, three are located in the North (Darlington, Middlesbrough and Redcar and Cleveland), one in the North West (Blackburn with Darwen), one in the South East (Isle of Wight) and five in Wales (Gwynedd, Neath Port Talbot, Swansea, Torfaen and Wrexham).

Table 8 below shows the annual rate of house price growth, outside of Greater London, ordered by quartiles in terms of the average house price of each unitary authority. The table highlights the fact that the most expensive unitary authority areas in England & Wales are seeing the highest increase in house prices. However, comparing the figures this month with the equivalent for those produced last month, we can see that all quartiles are showing a decline in their respective annual rates.

Table 8. The change in house prices in the 108 unitary authority/counties, for the period Oct – Dec 2013 to Oct – Dec 2014, analysed by quartile, based on average house prices.

Quartile	Price range	Average price change over the year	Last month's equivalent price change over the year
1st Quartile	£0 - £152,035	2.1%	2.9%
2nd Quartile	£152,035 - £187,221	4.5%	5.2%
3rd Quartile	£187,221 - £249,157	6.8%	7.4%
4th Quartile	Above £249,157	9.5%	10.7%

Monthly Trends

Turning now to monthly as opposed to annual trends, the headline rate for prices in England & Wales in December 2014 shows a fall in average prices of -0.3%, down 0.4% from the +0.1% one month earlier. This is the first time that the monthly national rate has been negative in the last eighteen months. The fall in the monthly rate of -0.3% reverses to a positive +0.2% increase in average prices if London and the South East are excluded from the national figures. This is not such a rare event as

might at first be anticipated, with a similar reversal of negative monthly prices being observed in August 2012, with London and the South East excluded from the figures.

In December, there were price rises over the month in 62 unitary authorities and falls in 46. The similar figures for November were 58 authorities with price rises and 50 with price falls. Hence, excluding the Greater London boroughs, prices rose in December in 57% of the unitary authorities in the country, despite the headline annual rate having fallen in the month.

Highest and lowest unitary authorities

Looking at the unitary authority areas on an individual basis, Rutland tops the league in terms of the highest price changes on an annual basis, but Rutland has very few transactions in a year, so its percentage change in house prices tends to be volatile. Rutland is followed by Slough (+18.3%) which has appeared in our listings of the highest performer in terms of annual house price change in each of the last three months. As we reported last month, flats are the most popular property type in Slough, having increased from 120 units sold in the three months October 2013 – December 2013 to 225 units sold in the same three months of 2014. The average price of a Slough flat has risen from £145k to £175k over this same period.

By way of contrast, the area with the largest reduction in annual prices is Swansea, down 4.1%. In Swansea, it is detached properties that have seen the largest fall in prices, down from an average £240k in October – December 2013 to £210k in the same three months of 2014.

Transactions

In terms of transactions, looking at the three months October 2014 to December 2014 and comparing with the same three months in 2013, 44 of the 108 unitary authorities in England & Wales have seen a decline in sales volumes over the period, compared to just eighteen last month. The area with the largest decline in transactions over the period was Redcar and Cleveland, down 14.7%, with a 20% decline in the number of detached and semi-detached properties being sold.

The area that recorded the highest increase in transactions of any English or Welsh unitary authority was Leicester, up by 41%, with the sale of terraced properties increasing by 50% over the year. The increase in property sales in the area is likely to have been assisted by the recent development of a former shoe factory into terraces and apartments, with the purchasers being aided to move into this site by the Government's Help to Buy scheme.

Regional data table

Table 9. Average house prices by region, January 2014 – January 2015, 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
Jan-14	£147,265	1.7	4.0	£158,983	0.8	3.6	£170,750	2.1	5.1	£181,462	0.7	4.2
Feb-14	£148,749	1.0	4.0	£159,665	0.4	2.5	£171,990	0.7	4.6	£183,026	0.9	4.1
Mar-14	£150,477	1.2	4.6	£160,716	0.7	3.5	£173,429	0.8	5.9	£183,646	0.3	5.0
Apr-14	£149,017	-1.0	3.7	£160,208	-0.3	3.3	£172,860	-0.3	5.6	£183,695	0.0	5.4
May-14	£149,643	0.4	5.3	£161,666	0.9	4.8	£173,113	0.1	6.5	£183,661	0.0	6.1
Jun-14	£148,849	-0.5	3.6	£161,407	-0.2	3.8	£173,622	0.3	5.9	£184,215	0.3	5.4
Jul-14	£148,706	-0.1	3.1	£162,447	0.6	4.0	£175,128	0.9	6.7	£186,141	1.0	6.1
Aug-14	£148,953	0.2	2.8	£163,493	0.6	4.2	£176,298	0.7	7.2	£187,815	0.9	6.2
Sep-14	£148,119	-0.6	2.8	£164,855	0.8	4.4	£177,543	0.7	6.8	£188,072	0.1	6.0
Oct-14	£149,218	0.7	3.5	£165,286	0.3	4.5	£177,213	-0.2	6.4	£189,433	0.7	6.2
Nov-14	£148,683	-0.4	3.4	£164,636	-0.4	4.3	£177,458	0.1	5.9	£189,719	0.2	6.0
Dec-14	£149,205	0.4	3.0	£164,626	0.0	4.3	£177,220	-0.1	5.9	£190,339	0.3	5.6

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Jan-14	£158,138	0.5	3.5	£161,357	0.5	3.6	£233,063	0.5	3.6	£212,826	1.0	3.9
Feb-14	£159,748	1.0	3.3	£161,542	0.1	3.9	£235,430	1.0	4.0	£214,745	0.9	2.7
Mar-14	£159,591	-0.1	3.7	£162,570	0.6	4.1	£237,952	1.1	5.4	£219,943	2.4	5.6
Apr-14	£159,287	-0.2	3.7	£162,704	0.1	3.7	£240,442	1.0	6.3	£221,631	0.8	5.7
May-14	£158,131	-0.7	3.7	£163,149	0.3	3.9	£240,637	0.1	6.6	£223,734	0.9	7.6
Jun-14	£159,430	0.8	5.0	£163,067	-0.1	3.6	£240,040	-0.2	6.5	£224,232	0.2	7.5
Jul-14	£159,451	0.0	4.6	£163,304	0.1	4.1	£240,988	0.4	6.3	£225,275	0.5	7.6
Aug-14	£161,535	1.3	5.3	£164,206	0.6	3.7	£244,126	1.3	6.5	£227,283	0.9	8.2
Sep-14	£161,833	0.2	4.1	£165,229	0.6	4.1	£245,647	0.6	6.5	£226,868	-0.2	7.9
Oct-14	£163,308	0.9	4.1	£166,495	0.8	4.0	£246,296	0.3	6.7	£228,061	0.5	8.6
Nov-14	£163,183	-0.1	4.2	£167,421	0.6	4.9	£245,781	-0.2	6.8	£226,353	-0.7	7.0
Dec-14	£163,510	0.2	3.9	£167,886	0.3	4.6	£246,446	0.3	6.2	£226,237	-0.1	7.3

	South East			Greater London				ENGLAND & WALES		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual		Av HP	%monthly	%annual
Jan-14	£298,096	1.2	6.1	£520,343	2.9	13.6		£258,548	1.5	7.1
Feb-14	£302,020	1.3	6.5	£524,852	0.9	13.8		£261,003	0.9	7.2
Mar-14	£304,865	0.9	6.9	£532,024	1.4	13.4		£263,716	1.0	7.8
Apr-14	£307,168	0.8	7.3	£537,989	1.1	14.4		£265,340	0.6	8.2
May-14	£310,100	1.0	8.2	£552,257	2.7	17.1		£268,387	1.1	9.5
Jun-14	£313,376	1.1	9.7	£567,096	2.7	20.4		£271,332	1.1	10.7
Jul-14	£316,135	0.9	10.2	£568,960	0.3	20.1		£272,856	0.6	10.8
Aug-14	£318,377	0.7	10.9	£572,361	0.6	19.1		£274,883	0.7	10.9
Sep-14	£319,687	0.4	11.2	£577,312	0.9	18.6		£276,377	0.5	10.8
Oct-14	£320,685	0.3	10.9	£580,680	0.6	18.0		£277,593	0.4	10.6
Nov-14	£321,419	0.2	10.7	£582,259	0.3	16.8		£277,882	0.1	10.2
Dec-14	£321,283	0.0	9.1	£576,093	-1.1	13.9		£277,164	-0.3	8.9
Jan-15								£277,857	0.3	7.5

Footnotes on data and methodology

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, ONS HPI and LR HPI) can be prepared only when the prices at which properties have been transacted have been recorded by the Land Registry (LSL Acad E&W HPI and LR HPI) or when firm prices at mortgage completion (ONS HPI) 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.

3. Typically, only some 38% of transactions are reported to LR at month end. LSL Acad E&W HPI overcomes this 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. LR HPI relies on the sample being reflective of all of the month's price changes and uses c.40% of these (say c.9,000 price changes) being the prices of properties for which two prices are recorded on the Land Register and a repeat sales regression methodology based on work published by USA academics, notably for the USA S&P Case Shiller HPI. RSR was developed to prepare indices for single family homes using only the limited data volumes available for metropolitan districts, since the USA lacks a central Land Registry. LSL Acad E&W HPI, LR HPI and ONS HPI are published monthly in this order.

4. LSL Acad E&W HPI provides prices at national and regional level back to 1995 and, at county/London borough level, back to 2000; back-cast national prices for graphing are available to 1987. With only some 60,000 monthly transactions now occurring compared with at least 100,000 in past markets, reduced data volumes are a problem for every HPI. LSL Acad HPI employs not only the above "index of indices", but also a series of auto regression and averaging models. The latter use a rolling 3 months of data to provide an average price for each month to show trends, as mentioned above. 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); LR HPI also provides an updated LR "latest" HPI shown in our monthly Comparison of Indices table. ONS HPI with, in 2013, c. 28,000 mortgage completions (and the Rightmove asking price index) are also based upon significant data volumes; lender HPI data volumes are not quantified; the Halifax HPI employs three month smoothing for annual but not for monthly change results; Hometrack provides survey data and specifies that theirs is a survey, not an index.

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 HPI are unable to identify different prices according to e.g numbers of bedrooms; the lender hedonic indices and the ONS mix adjusted HPI 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 prices do not.

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"; Acadata does not guarantee the accuracy of the LSL Acad E&W HPI results and Acadata 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 Acadata. 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 Acadata 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. Until the October 2013 LSL Acad E&W HPI was published, it was prepared by Acadametrics. Acadametrics then changed its name to Acadata to reflect its new focus entirely upon house price indices and data following its agreement to sell its 50% holding in MIAC Acadametrics to MIAC Analytics over a 4 year period.

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