

LSL Property Services/Acadametrics England & Wales House Price Index

JUNE 2012

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 13TH JULY

Prime activity drives 3% annual rise in house prices as transactions drop

- Transactions fall to second lowest monthly level since 1995
- Despite annual climb, monthly prices fall for first time in 7 months
- Regional disparity widens as prices in 10 London boroughs reach record highs

House Price	Index	Monthly Change %	Annual Change %
£224,102	228.2	-0.1	3.0

Richard Sexton, director of e.surv comments: “Despite the recession and the ongoing financial crisis abroad, house prices have seen a period of steady annual inflation. While house prices dipped on a monthly basis in June, it marks the first fall in seven months, with a shortage of housing supply, alongside underlying confidence from buyers with large enough deposits, generally helping to support prices.

“Mortgage lending remains constrained and the top tier of the housing market remains the key driving force behind annual price rises. Wealthy investors seeking to protect their financial assets are still pouring capital into high-end properties. Their contribution has been all the more stark in comparison to last June, when such activity dropped following the April rush from those eager to purchase before the introduction of higher stamp duty tax on properties worth £1 million or more. This vibrancy at the upper echelons of the market has served to de-couple London from the rest of England and Wales, with prices in ten boroughs of the capital now reaching record highs, and the average London house price outstripping the national average by more than £185,000.

“Despite the annual improvement in house prices, transactions hit a near record low in June, with an estimated 57,000 taking place. This wasn’t, however, a sudden deterioration in the health of the housing market but, rather, a combination of record rainfall and the Queen’s Jubilee which conspired to disrupt buyer activity and prices in the short-term. Nevertheless, the long-term overriding factor hampering buyer activity remains the lack of mortgage finance available to those without substantial deposits and it is this that will dictate the future direction of the housing market. There is still underlying demand from buyers eager to take advantage of historically affordable mortgage rates and, if the Bank of England’s funding for lending scheme proves to be a success, we may see a change of pace from lenders, allowing a greater number of would-be buyers to make their first purchase.”

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

House price index: historical data



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

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
July	2011	£218,795	222.8	0.6	-2.0
August	2011	£220,455	224.4	0.8	-1.6
September	2011	£220,429	224.4	0.0	-1.5
October	2011	£220,908	224.9	0.2	-1.0
November	2011	£219,680	223.7	-0.6	-0.8
December	2011	£219,851	223.8	0.1	-0.8
January	2012	£220,477	224.5	0.3	-0.8
February	2012	£221,287	225.3	0.4	-1.2
March	2012	£222,697	226.7	0.6	-0.8
April	2012	£223,041	227.1	0.2	0.4
May	2012	£224,246	228.3	0.5	2.3
June	2012	£224,102	228.2	-0.1	3.0

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

House prices

In June, the average price paid for a house in England & Wales fell by a very modest 0.1%. This is the first time that the rate has been negative in the last seven months, and the second time that prices have fallen in the last twelve months. However, as Figure 1 below illustrates, despite the June fall, the overall trend in the average house price continues to be that of a gentle increase, with only minor oscillations. Hence, we see the minor drop this month as merely a return to trend, rather than an early warning of a more deep-seated malaise in the current housing market.



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

[link to source Excel](#)

On an annual basis the average house price for England and Wales increased by 3.0% in June. This is the largest rise in the annual rate since December 2010. It is important that this rise be correctly interpreted as it reflects, not so much the June 2012 market, but the market in June 2011 and earlier, as follows.

The announcement of an additional 1% Stamp Duty tax on properties costing £1 million and more to take place on 6th April 2011 caused a rush by buyers at the top-end of the market to complete their purchases before the increase. Despite the relatively small number of transactions, this still had the effect of raising average house prices in March and April 2011. This surge over, average house prices then fell in May and June 2011, when buyers at the top end of the market became conspicuous by their absence. For example, according to Land Registry data, 798 properties, valued at £1 million or more, were sold in March 2011 but only 465 such properties were sold in June 2011. This lack of top-end market activity explains the fall in the June 2011 average price. In June 2012, this top end activity returned. Despite £1 million plus housing transactions being fewer than in March and April 2011, it is the return to life of the top of the market, compared to the moribund activity a year ago, that explains why the June 2012 average house price is 3% higher than it was in June 2011. Why does the LSL Acad HPI show this whilst the lender house price indices do not? Firstly, a large number of the high-value transactions are for cash, which are included in our price-paid indices but which are not reflected in mortgage-offer indices. Secondly, where £1 or £2 million-plus properties are bought with mortgages, these may not be available from Halifax or Nationwide, given their restrictions in the provision of loans at the top end of the market.

How is this year on year, England & Wales price rise of 3% reflected regionally? Once again, we must look, especially, at Greater London. Using March transactions in both 2011 and 2012 for best comparability, we find that in 2011, 64% of all of £1 million-plus properties took place in the metropolis, whilst 65.5% did so in 2012. This explains why it is in Greater London, even more than in England & Wales, that we see the revival of the top-end market in June 2012 mostly reflected. Hence, Figure 5 below shows Greater London leading our regional analysis with a year on year growth rate of no less than 8.0%, and that eight of the nine remaining regions in England & Wales also saw rises in house prices. Once again, we largely attribute this to a nationwide lack of sales at the top end of the market in May and June of last year.



As has been reported by the London estate agents and as shown in our analysis of Greater London prices on page 8, the continuing strength of demand by foreign investors for properties in the central London areas is a significant contributor to the 8% increase in average prices in London. We show that 10 London boroughs in all are currently experiencing record house prices, as is Greater London as a whole.

Will year on year house prices of this magnitude continue over the remainder of the year? Looking at the numbers only, the answer is “no”. The effect of Stamp Duty tax changes which occurred over a year ago will start to drop out of the annual figures from next month onwards. We will then begin to move back to more long-term housing fundamentals though of course as we discuss below the Olympics will take their toll. Many housing market moves are discretionary and this ‘summer’ will be no exception.

Looking at prospects for the economy, there can be no doubt of the importance which the government is ascribing to getting housing supply and the housing market moving, as evidenced in recent speeches by the Chancellor and the Business Secretary. This, along with the Bank of England’s (BoE) funding for lending initiative and subsequent comments around avoiding pro-cyclical tightening, do suggest that there may be some increase in mortgage supply. If so, this would, in turn, help free up the housing market. However, the latest BoE Credit Conditions survey issued on 28 June suggested that, although demand for mortgages had increased, lenders were not expecting supply to rise to reflect that over the next three months. Not only did the survey suggest that supply is likely to remain unchanged, but also lenders indicated that high LTV loans would ‘decline markedly’. With tightening liquidity and rising costs in the funding markets, mortgage interest rates have been moving, both up and down, and this picture of uncertainty is likely to continue for some while.

The BoE has recently talked about reducing the Bank base rate in order to help re-stimulate the economy and the announcement of a further £50 billion for the asset purchase scheme. The question now is whether the cumulative impact of these and other initiatives would feed through into housing demand and housing supply. There is some sense that a slightly more optimistic outlook is emerging but as we know ‘events’ can quickly derail any progress.

Housing Transactions

Our preliminary estimate of the non-seasonally adjusted number of transactions in England & Wales in June 2012 is 57,000. If this estimate proves correct, June will turn out to be the second lowest month for transactions since the Land Registry began computerising its records in 1995. Other than the current economic gloom and difficulties in obtaining mortgage finance, there are two other factors which will have contributed to the sales decline in the month.

The first factor is the additional Bank Holiday that occurred in June on the Queen’s Jubilee. Estate Agents will tell us that fewer viewings take place on Bank Holidays than on almost any other day in the year and with fewer viewings there will be fewer sales. The second factor is the heavy June rain fall which will also have had a detrimental influence on housing transactions. Literally demand was dampened. With the Met Office advising that the period from April to June 2012 has been the wettest recorded for the UK since records began in 1910, we can begin to appreciate why the market is currently performing below expectations.

As for the coming months, we may speculate that the Olympics will have a negative impact on housing transactions. The road and other travel restrictions in London will, almost certainly, curb the enthusiasm of potential buyers in looking for a property in the capital, especially in the neighbourhood of the Olympic venues. In addition, the events themselves will absorb leisure time, which might otherwise have been spent in visiting properties for sale. Our short-term prognosis for housing transactions is therefore one of continuing weak activity.



Figure 2 below shows the number of housing transactions on a monthly basis in England & Wales for the period January 2006 - June 2012. As can be seen, the current housing market remains subdued in comparison to the transaction levels experienced in 2006 and 2007, noting that 2006 and 2007 were not exceptional years viewed over the eleven year period 1997 - 2007.

The graph shows an 'unseasonal' peak in sales in March 2012 and an 'unseasonal' trough in April 2012. This was caused largely by the cessation of the Stamp Duty holiday for first-time buyers on 26th March 2012, on properties costing less than £250,000, reported in our earlier News Release. This resulted in an above average number of properties being purchased by first time buyers in March 2012 with an associated lack of such purchases by first time buyers in April 2012. However, a recent Rightmove survey of first time buyer intentions suggested there was renewed interest amongst this group, although they will still have to navigate what can be described as a minefield of economic uncertainties in order to purchase their first home.

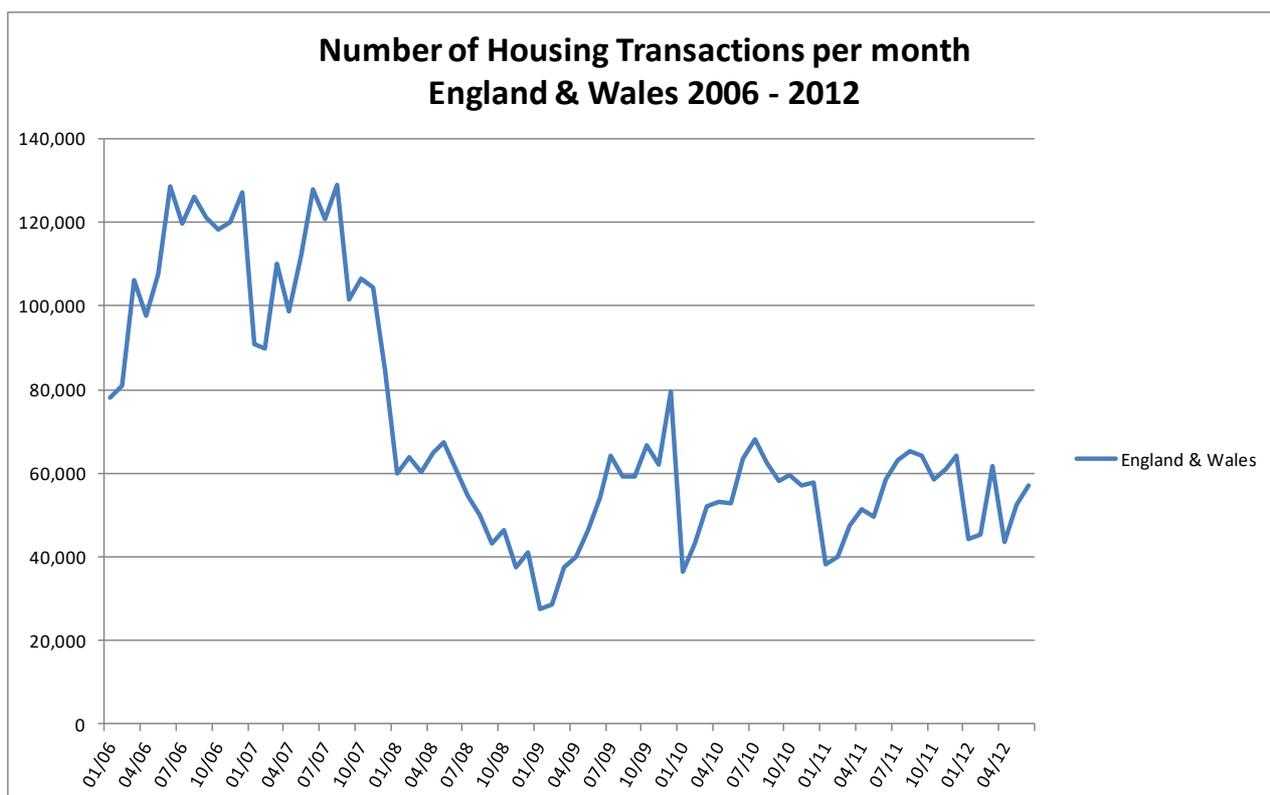


Figure 2. The number of housing transactions by month in England & Wales, 2006- 2012 (not seasonally adjusted) [link to source Excel](#)

NOTES

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

Comparison of indices

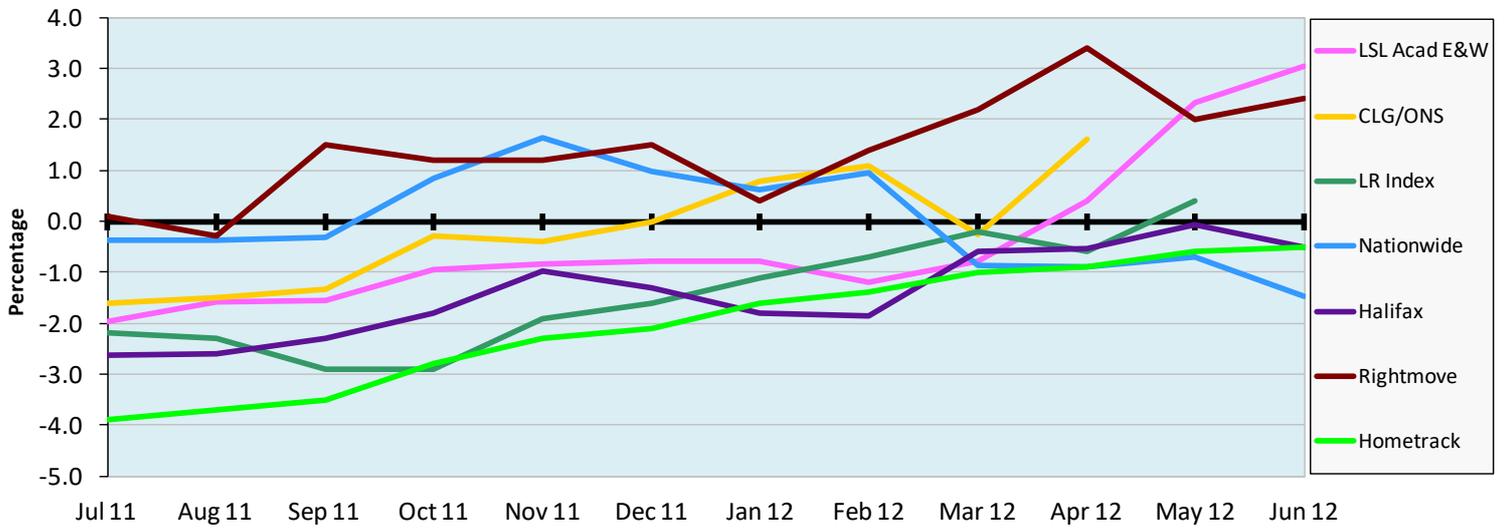


Figure 3. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)

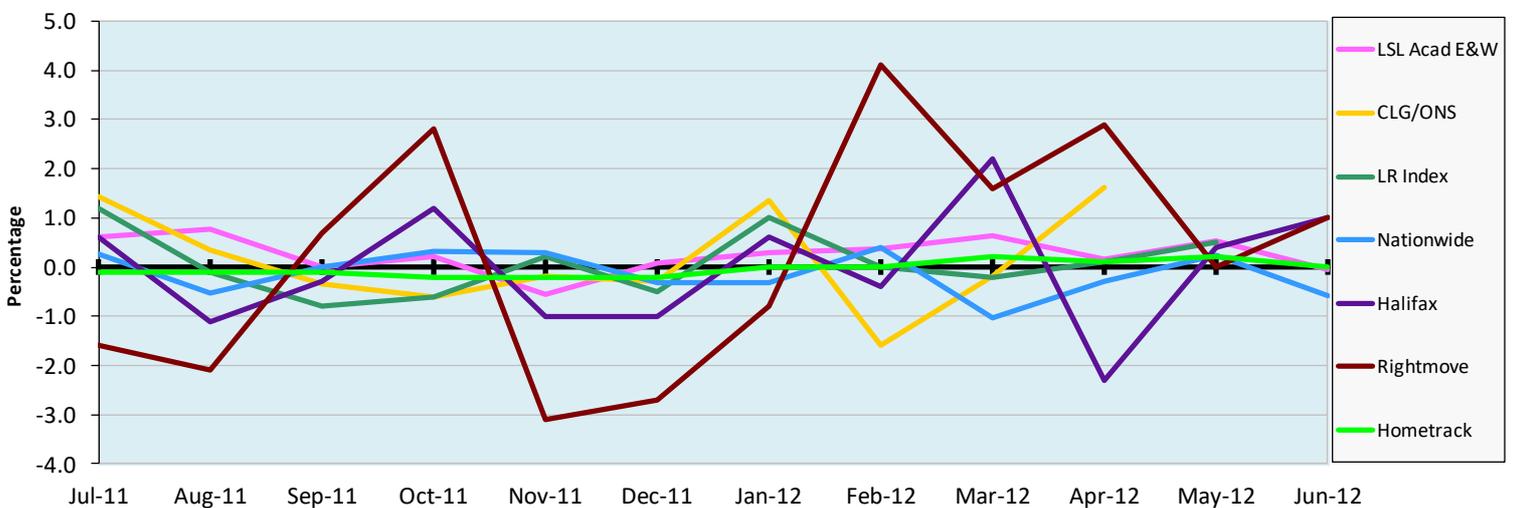


Figure 4. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)



This month, nine of the ten regions in England & Wales have seen a positive movement in their annual rate of house price change, with only the West Midlands witnessing a decline. We now have five regions currently showing actual price growth, up from three last month. One of the main drivers of this positive movement in average prices that occurred this month is the return of buyers at the top end of the market who, for Stamp Duty tax reasons, were conspicuous by their absence some twelve months previous.

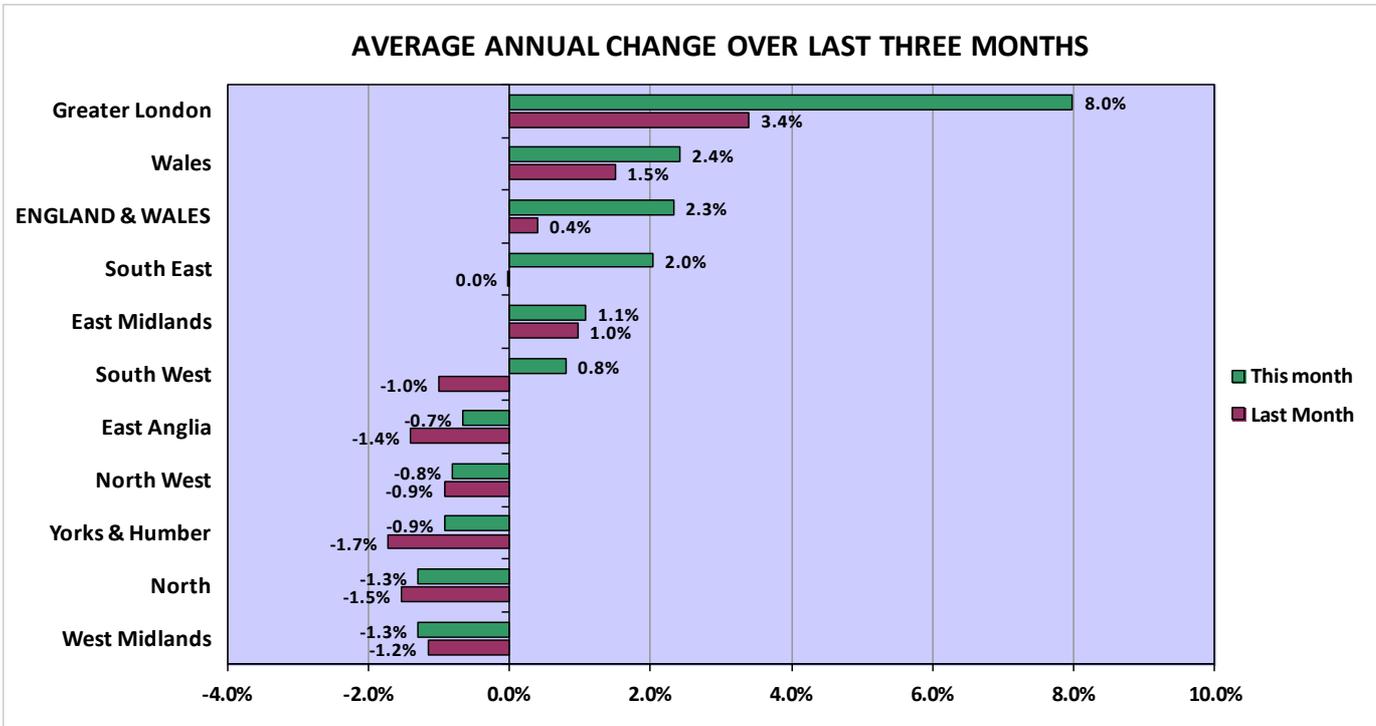


Figure 5. The annual change in the average house price, analysed by region

[link to source Excel](#)

ANNUAL CHANGE IN PRICE BY REGION

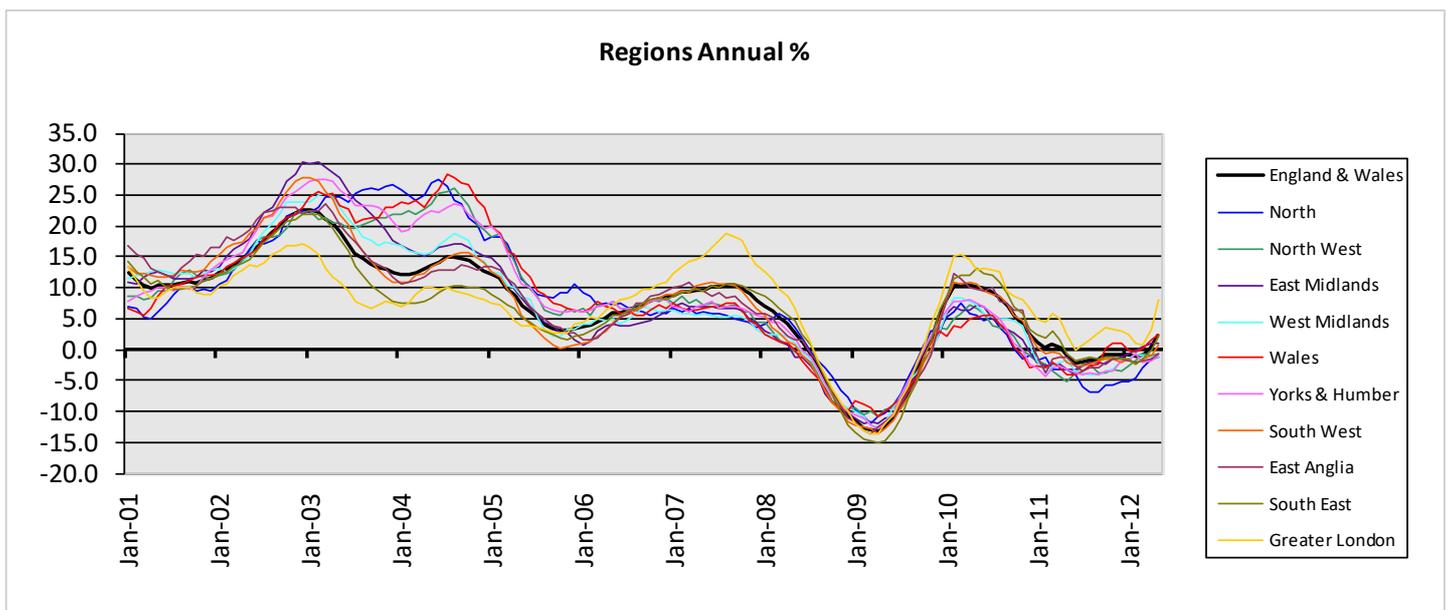


Figure 6. A comparison of the annual change in house prices, by region for the period Jan 2001 - May 2012

[link to source Excel](#)

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



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

[link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LONDON BOROUGH	May-11	May-12	% Change
	1	KENSINGTON AND CHELSEA	1,105,673	1,439,897	30.2%
	2	CITY OF WESTMINSTER	901,412	950,864	5.5%
	3	CAMDEN	629,411	729,451	15.9%
	4	HAMMERSMITH AND FULHAM	615,132	649,114	5.5%
	5	RICHMOND UPON THAMES	540,484	599,311	10.9%
	7	ISLINGTON	474,828	532,632	12.2%
	8	WANDSWORTH	473,639	499,492	5.5%
	6	CITY OF LONDON	539,927	477,120	-11.6%
	9	BARNET	404,441	455,467	12.6%
12	10	HARINGEY	374,491	430,058	14.8%
10	11	MERTON	392,172	423,689	8.0%
11	12	SOUTHWARK	381,031	408,575	7.2%
13	13	LAMBETH	369,484	394,459	6.8%
1	14	EALING	354,583	384,739	8.5%
14	15	BRENT	358,005	367,732	2.7%
19	16	HACKNEY	332,284	367,461	10.6%
16	17	KINGSTON UPON THAMES	352,167	361,362	2.6%
17	18	HOUNSLOW	339,485	357,880	5.4%
18	19	TOWER HAMLETS	335,774	348,133	3.7%
20	20	HARROW	330,746	329,598	-0.3%
21	21	BROMLEY	314,525	315,181	0.2%
23	22	HILLINGDON	281,793	294,377	4.5%
24	23	REDBRIDGE	273,455	288,765	5.6%
22	24	GREENWICH	287,647	283,712	-1.4%
26	25	ENFIELD	254,806	277,281	8.8%
27	26	LEWISHAM	250,997	267,603	6.6%
25	27	SUTTON	260,574	261,864	0.5%
29	28	CROYDON	239,693	248,667	3.7%
28	29	HAVERING	242,559	243,421	0.4%
30	30	WALTHAM FOREST	229,853	242,203	5.4%
31	31	BEXLEY	221,671	224,227	1.2%
32	32	NEWHAM	214,471	220,976	3.0%
33	33	BARKING AND DAGENHAM	176,363	175,235	-0.6%
		ALL LONDON	379,178	409,447	8.0%

This month, we publish the average house price for each of the 33 London boroughs for both May 2011 and May 2012, and show the percentage change over the year. Ten of the thirty three London boroughs, highlighted above in grey, are currently witnessing record average house prices, as is Greater London as a whole. Commentators on the London market continue to observe that demand for properties in the central areas is being supported by an ever increasing number of overseas investors who are looking for a 'safe-haven' outside of the Eurozone in which to invest their funds at this time of global and regional uncertainty. Clearly this increase in demand is having an effect on prices in the areas concerned. One London estate agency recently estimated in its London property market outlook for the first half of 2012 that overseas buyers made up 20% of all purchases across the capital and some 35 to 40% of properties valued at over £5 million.

Boroughs are ranked in the above table in order of the average house price in 2012. What is striking is the strong relationship, with only a few exceptions, between the average house price in a borough and the observed change in the price for that borough. For example, the top ten boroughs in London ranked by price include six of the top London boroughs when ranked by the % change in price. Similarly five of the ten lowest priced boroughs in London have witnessed the least price growth.

Finally, we should note that prices in London have now passed through another important psychological barrier with the average price of a property moving above the £400,000 level to £409,447. Although the Land Registry, on its website, reports that the average price in London is £365,359, it is important to note that the Land Registry uses a 'geometric' average, as opposed to an 'arithmetic' average, which has the effect of reducing the value of its calculated figure. The LSL Acadametrics index uses the arithmetic mean or average.

Counties and unitary authorities



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

PRIOR YR RANK	RANK BY PRICE	COUNTY / UNITARY AUTHORITY / REGION	May-11	May-12	% Change
18	19	CAMBRIDGESHIRE	238,372	236,450	-0.8%
70	80	CITY OF PETERBOROUGH	152,217	145,601	-4.3%
46	47	NORFOLK	182,562	182,616	0.0%
39	41	SUFFOLK	201,341	200,323	-0.5%
		EAST ANGLIA	200,047	198,719	-0.7%
85	88	CITY OF DERBY	137,620	133,392	-3.1%
100	99	CITY OF NOTTINGHAM	114,697	115,679	0.9%
64	63	DERBYSHIRE	158,974	162,588	2.3%
92	90	LEICESTER	132,230	129,555	-2.0%
47	49	LEICESTERSHIRE	181,918	182,145	0.1%
71	71	LINCOLNSHIRE	151,918	153,552	1.1%
53	50	NORTHAMPTONSHIRE	173,393	179,410	3.5%
68	72	NOTTINGHAMSHIRE	154,672	153,130	-1.0%
17	10	RUTLAND	238,950	272,892	14.2%
		EAST MIDLANDS	158,618	160,336	1.1%
		GREATER LONDON	379,178	409,447	8.0%
60	57	CUMBRIA	166,486	169,542	1.8%
84	86	DARLINGTON	138,780	135,746	-2.2%
95	98	DURHAM	124,961	117,381	-6.1%
94	100	HARTLEPOOL	125,232	113,447	-9.4%
98	97	MIDDLESBROUGH	118,088	118,815	0.6%
50	52	NORTHUMBERLAND	177,719	176,508	-0.7%
96	94	REDCAR AND CLEVELAND	121,944	122,583	0.5%
79	70	STOCKTON-ON-TEES	146,554	153,832	5.0%
83	85	TYNE AND WEAR	139,823	136,590	-2.3%
		NORTH	144,245	142,380	-1.3%
102	93	BLACKBURN WITH DARWEN	111,379	122,851	10.3%
101	104	BLACKPOOL	112,670	105,862	-6.0%
37	42	CHESHIRE	202,292	199,027	-1.6%
81	78	GREATER MANCHESTER	145,123	146,495	0.9%
90	95	HALTON	132,398	121,993	-7.9%
78	81	LANCASHIRE	146,897	142,791	-2.8%
82	82	MERSEYSIDE	141,189	138,701	-1.8%
48	48	WARRINGTON	180,807	182,594	1.0%
		NORTH WEST	150,574	149,354	-0.8%
34	28	BEDFORDSHIRE	209,259	218,507	4.4%
14	14	BRACKNELL FOREST	249,315	261,851	5.0%
11	8	BRIGHTON AND HOVE	269,121	280,569	4.3%
3	3	BUCKINGHAMSHIRE	352,602	353,061	0.1%
21	20	EAST SUSSEX	234,760	235,462	0.3%
19	16	ESSEX	237,990	240,116	0.9%
10	11	HAMPSHIRE	270,430	270,892	0.2%
5	5	HERTFORDSHIRE	311,348	322,109	3.5%
43	44	ISLE OF WIGHT	194,163	194,608	0.2%
20	22	KENT	235,430	229,572	-2.5%
69	66	LUTON	152,425	155,657	2.1%
61	62	MEDWAY	165,879	163,084	-1.7%

Counties and unitary authorities



40	30	MILTON KEYNES	200,835	216,674	7.9%
7	4	OXFORDSHIRE	303,254	323,635	6.7%
62	61	PORTSMOUTH	165,036	163,916	-0.7%
27	23	READING	217,353	228,087	4.9%
41	31	SLOUGH	197,911	216,575	9.4%
55	58	SOUTHAMPTON	170,819	168,844	-1.2%
42	40	SOUTHEND-ON-SEA	197,512	202,648	2.6%
2	2	SURREY	375,942	395,545	5.2%
51	54	THURROCK	175,645	171,864	-2.2%
6	7	WEST BERKSHIRE	305,113	304,279	-0.3%
12	13	WEST SUSSEX	263,429	263,824	0.1%
1	1	WINDSOR AND MAIDENHEAD	413,275	474,066	14.7%
4	6	WOKINGHAM	326,805	314,688	-3.7%
		SOUTH EAST	263,791	269,160	2.0%
8	9	BATH AND NORTH EAST SOMERSET	275,101	278,960	1.4%
22	32	BOURNEMOUTH	224,162	215,300	-4.0%
29	29	CITY OF BRISTOL	213,484	217,656	2.0%
72	65	CITY OF PLYMOUTH	151,508	158,129	4.4%
23	21	CORNWALL	221,360	234,839	6.1%
16	17	DEVON	239,227	237,830	-0.6%
13	15	DORSET	258,243	261,191	1.1%
24	24	GLOUCESTERSHIRE	219,857	227,596	3.5%
31	39	NORTH SOMERSET	211,456	204,028	-3.5%
9	12	POOLE	274,055	270,284	-1.4%
33	35	SOMERSET	209,487	208,839	-0.3%
36	38	SOUTH GLOUCESTERSHIRE	204,074	204,585	0.3%
58	55	SWINDON	167,728	171,771	2.4%
49	51	TORBAY	180,377	177,805	-1.4%
15	18	WILTSHIRE	241,831	237,761	-1.7%
		SOUTH WEST	222,099	223,877	0.8%
108	108	BLAENAU GWENT	90,632	82,862	-8.6%
86	87	BRIDGEND	137,146	134,457	-2.0%
97	96	CAERPHILLY	119,570	121,436	1.6%
52	46	CARDIFF	173,732	182,841	5.2%
91	92	CARMARTHENSHIRE	132,250	128,512	-2.8%
45	45	CEREDIGION	187,578	189,345	0.9%
65	64	CONWY	158,067	159,857	1.1%
93	84	DENBIGHSHIRE	130,931	136,768	4.5%
75	73	FLINTSHIRE	150,778	150,369	-0.3%
67	69	GWYNEDD	155,079	154,023	-0.7%
66	67	ISLE OF ANGLESEY	157,636	154,690	-1.9%
105	105	MERTHYR TYDFIL	102,580	99,207	-3.3%
25	27	MONMOUTHSHIRE	219,413	219,015	-0.2%
103	102	NEATH PORT TALBOT	107,035	109,435	2.2%
80	79	NEWPORT	145,440	146,034	0.4%
54	53	PEMBROKESHIRE	172,837	175,759	1.7%
57	56	POWYS	168,746	170,857	1.3%
104	103	RHONDDA CYNON TAFF	104,887	107,005	2.0%
76	68	SWANSEA	150,538	154,634	2.7%
44	25	THE VALE OF GLAMORGAN	188,030	222,134	18.1%
88	89	TORFAEN	133,461	133,255	-0.2%
77	74	WREXHAM	149,775	149,508	-0.2%
		WALES	148,847	152,448	2.4%

Counties and unitary authorities



26	33	HEREFORDSHIRE	217,444	212,033	-2.5%
38	43	SHROPSHIRE	202,088	197,478	-2.3%
56	60	STAFFORDSHIRE	169,090	165,553	-2.1%
107	106	STOKE-ON-TRENT	93,667	95,144	1.6%
30	26	WARWICKSHIRE	212,215	221,834	4.5%
73	77	WEST MIDLANDS	151,337	147,957	-2.2%
32	37	WORCESTERSHIRE	210,025	205,772	-2.0%
63	76	WREKIN	160,752	148,358	-7.7%
		WEST MIDLANDS	170,981	168,768	-1.3%
106	107	CITY OF KINGSTON UPON HULL	99,745	93,144	-6.6%
59	59	EAST RIDING OF YORKSHIRE	166,806	166,251	-0.3%
99	101	NORTH EAST LINCOLNSHIRE	115,628	110,142	-4.7%
89	91	NORTH LINCOLNSHIRE	133,353	128,725	-3.5%
28	34	NORTH YORKSHIRE	215,873	209,970	-2.7%
87	83	SOUTH YORKSHIRE	134,050	137,680	2.7%
74	75	WEST YORKSHIRE	151,011	148,974	-1.3%
35	36	YORK	205,411	206,497	0.5%
		YORKS & HUMBER	154,255	152,839	-0.9%
		ALL ENGLAND & WALES	219,146	224,246	2.3%

This month, we also publish the average house price for each of the 108 counties and unitary authorities in England & Wales, for both May 2011 and May 2012, and show the percentage change in price over the year. Over this period, the average house price in England & Wales, as a whole, has risen by 2.3%, but considerable variation, from +18.1% (Vale of Glamorgan), to -9.4% (Hartlepool), occurs at the individual authority level. There continues to be a North/South divide across England, with the southernmost regions experiencing price rises, whilst the northernmost regions continue to see house prices falling, a matter of great significance, not least with respect to the ease with which people can change jobs by moving between regions.

Over the year, 52 of the 108 counties and unitary authority areas (just under half) have witnessed a decline in average house prices. Last month the equivalent figure was 63 or well over a half of the number of areas in England & Wales. This would indicate that prices in general have been rising. However, we believe that this change of fortune in the housing market has more to do with the return of buyers at the top end of the market, as explained in page 3 above, rather than with any underlying shift in the fundamentals of the market place.

Regional data table



Table 4. Average house prices by region, June 2011 – May 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
Jun-11	£142,188	-1.4	-4.1	£151,178	0.4	-3.8	£159,413	0.5	-3.3	£169,429	-0.9	-3.5
Jul-11	£139,201	-2.1	-6.1	£152,638	1.0	-2.4	£159,820	0.3	-2.6	£168,576	-0.5	-3.7
Aug-11	£137,353	-1.3	-6.8	£153,379	0.5	-2.4	£160,287	0.3	-2.2	£169,686	0.7	-4.1
Sep-11	£137,943	0.4	-7.0	£152,638	-0.5	-3.8	£160,191	-0.1	-2.2	£169,517	-0.1	-4.1
Oct-11	£139,531	1.2	-5.9	£151,941	-0.5	-3.9	£159,921	-0.2	-2.2	£170,674	0.7	-3.4
Nov-11	£138,699	-0.6	-5.7	£151,170	-0.5	-3.3	£160,221	0.2	-1.4	£169,069	-0.9	-3.3
Dec-11	£137,917	-0.6	-5.3	£150,056	-0.7	-3.5	£159,710	-0.3	-1.2	£170,413	0.8	-1.9
Jan-12	£138,872	0.7	-5.2	£150,523	0.3	-2.7	£160,459	0.5	-0.7	£170,675	0.2	-1.6
Feb-12	£141,398	1.8	-4.6	£152,043	1.0	-1.7	£161,377	0.6	-0.1	£171,169	0.3	-0.6
Mar-12	£143,481	1.5	-2.8	£152,355	0.2	-0.6	£161,623	0.2	0.6	£170,348	-0.5	-0.9
Apr-12	£143,239	-0.2	-1.5	£150,857	-1.0	-0.9	£161,215	-0.3	1.0	£169,095	-0.7	-1.2
May-12	£142,380	-0.6	-1.3	£149,354	-1.0	-0.8	£160,336	-0.5	1.1	£168,768	-0.2	-1.3

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Jun-11	£149,035	0.1	-4.2	£152,794	-0.9	-3.8	£220,438	-0.7	-2.6	£198,175	-0.9	-2.7
Jul-11	£149,870	0.6	-3.5	£152,768	0.0	-3.9	£220,367	0.0	-2.7	£198,065	-0.1	-3.6
Aug-11	£151,743	1.2	-2.6	£154,197	0.9	-3.7	£220,614	0.1	-2.5	£198,256	0.1	-2.9
Sep-11	£152,091	0.2	-2.4	£153,837	-0.2	-4.0	£222,211	0.7	-1.9	£198,163	0.0	-3.1
Oct-11	£155,070	2.0	0.1	£153,170	-0.4	-3.6	£222,350	0.1	-1.5	£197,980	-0.1	-2.0
Nov-11	£154,594	-0.3	0.9	£152,672	-0.3	-3.4	£220,870	-0.7	-1.6	£196,672	-0.7	-1.5
Dec-11	£153,644	-0.6	1.1	£153,874	0.8	-1.8	£221,490	0.3	-2.2	£195,431	-0.6	-1.5
Jan-12	£152,089	-1.0	0.0	£154,015	0.1	-1.9	£221,564	0.0	-1.5	£195,139	-0.1	-1.7
Feb-12	£152,251	0.1	-0.4	£154,565	0.4	-0.8	£221,373	-0.1	-2.3	£194,869	-0.1	-2.0
Mar-12	£153,067	0.5	0.3	£153,271	-0.8	-2.1	£221,097	-0.1	-1.4	£196,540	0.9	-1.9
Apr-12	£152,936	-0.1	1.5	£153,239	0.0	-1.7	£221,751	0.3	-1.0	£196,999	0.2	-1.4
May-12	£152,448	-0.3	2.4	£152,839	-0.3	-0.9	£223,877	1.0	0.8	£198,719	0.9	-0.7

	South East			Greater London			ENGLAND & WALES			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Jun-11	£261,805	-0.8	-1.8	£373,794	-1.4	-0.2		£217,481	-0.8	-2.2
Jul-11	£263,586	0.7	-1.6	£380,706	1.8	0.6		£218,795	0.6	-2.0
Aug-11	£265,240	0.6	-1.4	£387,507	1.8	1.7		£220,455	0.8	-1.6
Sep-11	£263,986	-0.5	-1.6	£388,993	0.4	2.6		£220,429	0.0	-1.5
Oct-11	£263,377	-0.2	-1.3	£392,396	0.9	3.6		£220,908	0.2	-1.0
Nov-11	£261,039	-0.9	-1.2	£391,275	-0.3	3.1		£219,680	-0.6	-0.8
Dec-11	£260,360	-0.3	-1.5	£393,952	0.7	3.1		£219,851	0.1	-0.8
Jan-12	£262,171	0.7	-1.5	£394,567	0.2	2.5		£220,477	0.3	-0.8
Feb-12	£263,451	0.5	-2.4	£394,975	0.1	0.9		£221,287	0.4	-1.2
Mar-12	£267,237	1.4	-1.6	£398,502	0.9	0.8		£222,697	0.6	-0.8
Apr-12	£267,530	0.1	0.0	£402,532	1.0	3.4		£223,041	0.2	0.4
May-12	£269,160	0.6	2.0	£409,447	1.7	8.0		£224,246	0.5	2.3
Jun-12								£224,102	-0.1	3.0



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.