

LSL Property Services/Acadata England & Wales House Price Index

JUNE 2014

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 11TH JULY 2014

House prices see highest annual rise in four years, but rate of growth slowing

- Average house prices climb £23,443 or 9.6% in the past year – 5.2% excluding London and South East
- On a monthly basis, growth cools to 0.7% in June – dropping to 0.1% without London and South East
- London house prices up 15.6% annually, but prices falling in Westminster and the City
- First-time buyers strengthen recovery nationwide, with new peak prices set in South East and East Anglia

House Price	Index	Monthly Change %	Annual Change %	Annual change % (excluding London & SE)
£268,637	257.4	0.7	9.6	5.2%

Richard Sexton, director of e.surv chartered surveyors, part of LSL Property Services, comments: “Average house prices in England and Wales have climbed 9.6% in the year to June, the highest annual rise in house prices experienced since July 2010. Twelve months of solid house price increases have driven up average property values by a total of £23,443, setting a new record high of £268,637. But if you exclude London and the South East from the picture, average house prices across England and Wales have risen a far more sustainable 5.2% over the last year. There are also new signs that growth is beginning to slow as we move into summer, and following the changes brought about by the Mortgage Market Review implemented at the end of April. The 0.7% monthly change witnessed in June – amounting to £1,900 – is below the average 0.8% increase per month recorded over the last year, as house price inflation starts to moderate. And if you remove London and the South East from the equation, house prices are up only 0.1% in the month to June.

“With new affordability regulations and stress tests tightening mortgage approvals, the Help to Buy scheme remains a crucial link in bolstering first-time buyer demand and fuelling activity outside of London. Flats, the typical property type of first-time buyers making their first step onto the property ladder, have seen the biggest boost in sales across the country. During March- May 2014, sales were up 37% on the same period last year. The Help to Buy scheme may not be making a difference in London, where prices often exceed the upper eligibility limit, but it is a vital aid for aspiring homebuyers in parts of the country where prices are still regaining ground lost during the recession. Places like Lancashire and York are still experiencing annual growth below 1%.

“The housing market recovery continues to seep across the country beyond the capital. In fact, as Londoners migrate out of the city in search of more affordable homes in the surrounding regions, average prices in the South East and East Anglia have been pushed to new peaks in May. Consumer confidence is travelling further afield still, and house price records have also been set in Cambridgeshire, Northamptonshire and Bristol. Poole in the South West is striding ahead with the highest annual change experienced anywhere across the country, as house prices increase 23.3% in the last twelve months. But a balanced view has to be taken, as some regions of the country have seen very little house price growth.

“In London, where annual growth has reached 15.6%, prices have begun to fall at the upper end of the market, and the City of Westminster and the City of London have now seen house prices drop in the last twelve months. In four of the top five most expensive London boroughs, average house prices have dipped below their respective peak levels.”

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 June 2013 – June 2014

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
June	2013	£245,194	237.0	0.0	2.6
July	2013	£246,216	237.9	0.4	3.0
August	2013	£247,915	239.5	0.7	4.1
September	2013	£249,399	240.8	0.6	4.5
October	2013	£250,928	242.1	0.6	5.0
November	2013	£252,122	242.9	0.5	5.3
December	2013	£254,693	244.1	1.0	6.1
January	2014	£258,582	247.8	1.5	7.1
February	2014	£261,013	250.1	0.9	7.2
March	2014	£263,063	252.1	0.8	7.5
April	2014	£264,174	253.1	0.4	7.7
May	2014	£266,737	255.6	1.0	8.8
June	2014	£268,637	257.4	0.7	9.6

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

House prices

For the twelfth month in succession, the average house price in England & Wales has risen to a new record level of £268,637, which is £1,900, or 0.7% above the May figure. This growth rate is marginally below the average 0.8% increase per month seen over the last year, which gives modest support to the proposition that house price inflation may have begun to moderate. As we show on page 10, there is some evidence that prices in the most expensive boroughs in London have begun to fall: however, outside of London property prices continue to climb in most areas of England & Wales.

On an annual basis, the average house price has risen by a nominal £23,443, or 9.6%. This percentage increase is the highest annual rise in prices since July 2010, when the market was recovering from the 2007/2009 housing crisis. We anticipate that this rate of growth will begin to slow during the third quarter (Q3 2014), and not least as we then start to compare current prices with Q3 2013, which was a generally buoyant period in the recent housing market.

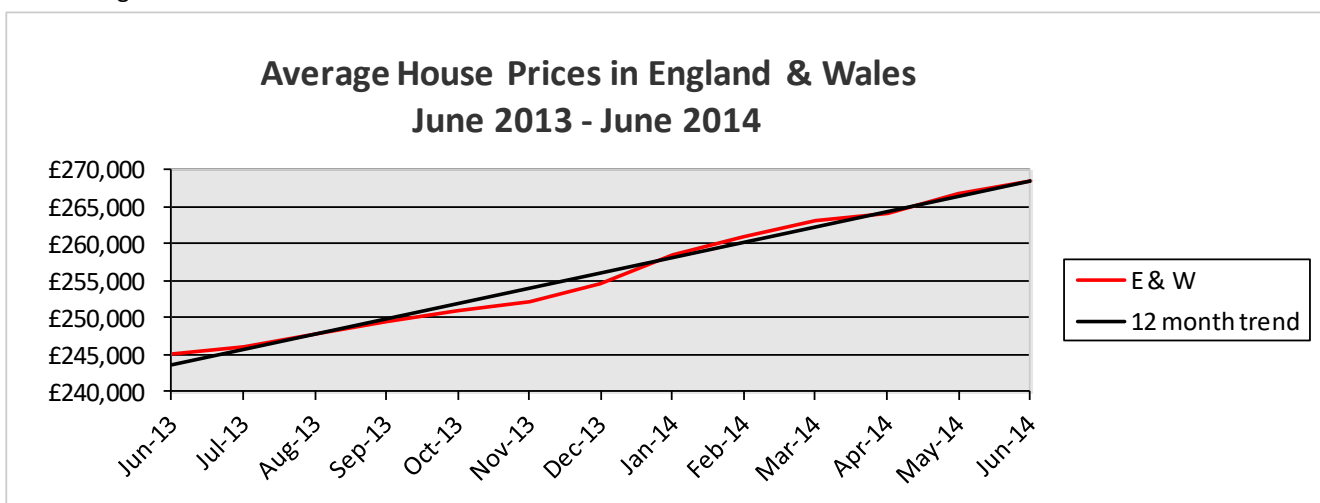


Figure 1. The average house price in England & Wales, June 2013 – June 2014, including the trend line

[link to source Excel](#)

In Figure 1 above we show the movement in average house prices in England & Wales over the period June 2013 – June 2014. The red line in the graph tracks the ‘actual’ average house price, while the black line shows the trend over the period. Perhaps the most remarkable feature of the graph is the near ‘straight-line’ growth in ‘actual’ house prices seen over this period. The overall trend in the housing market in England & Wales has thus been remarkably stable over the last year, despite the headline stories of recent excessive price growth.

Have the new mortgage market rules contributed to the rise in average prices this month?

There is some very limited evidence this month that the introduction of the new rules has affected first time buyers to a greater degree than home movers. The Bank of England’s latest credit conditions survey (published on 23rd June) showed ‘Lenders again expected the approval rate to fall significantly in Q3. Some lenders noted that changes introduced as a result of the Mortgage Market Review (MMR) might reduce approval rates somewhat’. In April 2014, the CML reported that first time buyers represented 40% of those taking out loans to purchase a home, compared to the slightly higher 42% recorded for the first quarter of 2014. Estate agents have also reported that a number of loan offers have been withdrawn by the lenders during the month, particularly at the lower end of the market. Such shifts will have the effect of raising the average price of homes being bought, as the first time buyer’s typical purchase is priced below that of the home mover.

Our own research shows that in May 2013, 36.66% of all properties were priced at a level of £150,000 or lower, whereas in May 2014 the similar figure had fallen to 34.09% of all property sales. We calculate that this general shift towards higher priced properties accounts for approximately 3% of the current increase in prices being reported by the lender and our own indices.

The new mortgage rules, which involve greater scrutiny of income and expenditure along with more detailed advice, have also meant that there has been a small increase in the time taken by the interview and in some cases a longer lag before loan approval. Along with the bedding-in of new systems, all of these factors might have contributed to a slow down, but it is too early to say whether this is a turning point in the cycle. There is simply too much noise in the system at present to judge.



Little wonder then that the much discussed interventions were announced by the Bank of England's Financial Policy Committee (FPC) on June 26th. These were a cap on the number of new loans a lender can make above 4.5 times income (15%), along with a requirement to stress test any new mortgage borrower's capacity to cope with an additional 3% on their mortgage. The measures were not designed to impact on the market now, but rather to be braking mechanisms if and when the mortgage market continued to expand. Sir Jon Cunliffe, who is a deputy governor of the Bank and a member of the FPC, gave a speech on July 3rd in Liverpool which offered a clear sense of the Bank's position. He commented:

"I think it is important to understand why the FPC is concerned about the housing market: what we are and are not responsible for, and what we can and cannot do. We cannot address the imbalance between the supply and demand for houses in the UK. The Bank cannot build a single house. Nor should we take responsibility for house prices. It is the risks to financial stability and to the economy we must focus on. The main risk we see arising from the housing market is the risk that house prices continue to grow strongly and faster than earnings and – and this is an important "and" – this increase in prices leads to higher and more concentrated household indebtedness. In short, the risk that more people take on higher debt relative to their income as they have to stretch further to buy homes."

The new measures are subject to consultation, but Governor Carney was very clear that he expected lenders to start taking them into account. Also that he was ready to do more if the mortgage market continues to grow and lending fails to become noticeably tighter – the evidence from the recent Credit Conditions Survey was that 'Lenders again expected the approval rate to fall significantly in Q3. In addition, some lenders suggested that a tightening in lending standards on large loans with high LTI ratios may also push down their approval rate a little.'

With the summer holidays inevitably about to impact on the rate of transactions, the next few months' market figures will be subject to very close scrutiny as the Bank and the Government alongside lenders, brokers, estate agents and consumers look to see how the market is trending. The Bank's measures will impact upon mortgage lending, and through that to transactions and prices. We have seen a rise in cash-only transactions, but the main increase in cash has been via bigger deposits. Clearly the new Bank measures could trigger further increases in cash and that will have both distributional consequences - only some households have access to more cash - and possible market consequences in that more cash could support further momentum in prices. However, this would probably be short lived - there are limits to how much cash can be drawn into the market, and it is still possible that the Bank might announce further measures.

Housing Transactions

We estimate that the number of housing transactions in England & Wales in June 2014 totalled 73,750, up 10.3% on June 2013. This represents the lowest increase in a single month in the last twelve months, when compared to the same month one year earlier. Up until May of this year, monthly transactions were running at an average 34% above the same month in the previous year.

The June estimate of 73,750 sales also represents a fall of 6% from the May 2014 level of property transactions. Our transaction figures are not seasonally adjusted, ie, taking out the peaks and troughs through the year to give a 'smoothed' figure - in a 'normal' year one would expect transactions to be 7.5% higher in June than in May, thus the decline in transactions this June can be described as being 13.5% lower than May on a seasonally adjusted basis. June therefore represents a slowing in the market, possibly due to the introduction of the new MMR rules at the end of April. There are also anecdotal reports that the market has slowed as buyers are reluctant to pay 'top-end' prices for properties, with an expectation that these prices may actually fall in the near future, as interest rates begin to climb.

Figure 2 below shows the number of housing transactions in England & Wales for the period January 2010 – June 2014. One can see that the level of transactions began to climb above the previous years from May 2013 onwards, with the first five months of 2014 seeing a slow, but continuing increase in sales. However, it is noticeable that sales in June 2014 have reduced, with the strong possibility that, during the second half of 2014, sales will fall back below 2013 levels.

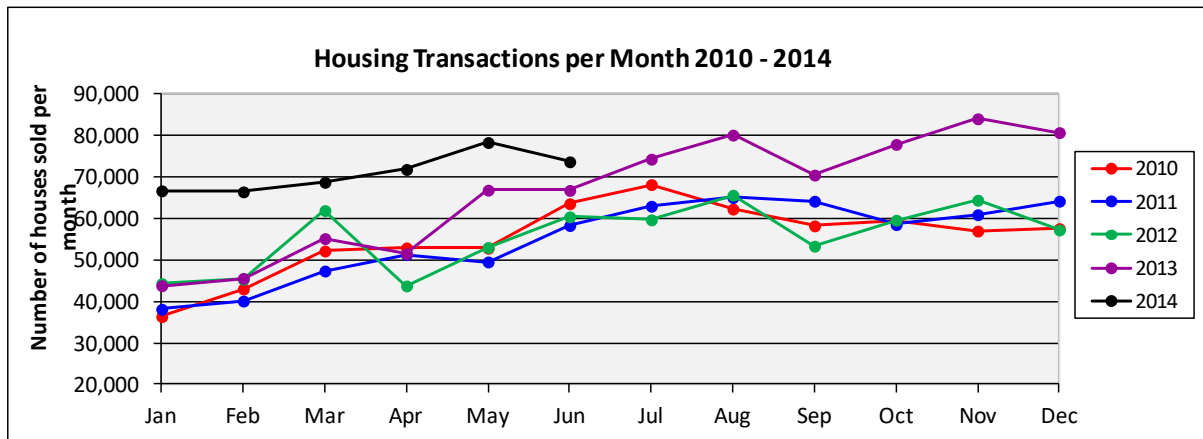


Figure 2. Number of properties sold per month in England & Wales, January 2010 – June 2014. Source Land Registry [link to source Excel](#)

The latest lending figures reported by the Bank show total lending secured on dwellings in May was £16.8 billion on a non-seasonally adjusted basis, and this was up £187 million on the previous month. Looking at April 2014 loans in more detail, the CML compared the number of loans taken out in April 2014 with those in April 2013 and noted that first time buyers’ loans had increased by 37%, loans relating to home movers had increased by 30% and that loans to buy-to-let landlords for house purchase had increased by 49% (albeit from a relatively low base). These figures compare to our own estimated increase in transactions, including cash sales, of 39.5% in April 2014 compared to April 2013. The CML noted that the number of loans taken out in April 2014 for house purchases totalled 61,600, of which 24,500 (40%) were for first time buyers, 28,700 (46%) were for home movers and 8,400 (14%) were for buy-to-let. This represents a reduction in activity by first time buyers from the March figures, where they represented 42% of all loans. As noted earlier, a reduction in the percentage of first time buyers in the market place is likely to cause an increase in ‘average’ house prices, as first time buyers tend to purchase properties at the lower end of the property price spectrum.



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 samplesLSL 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.

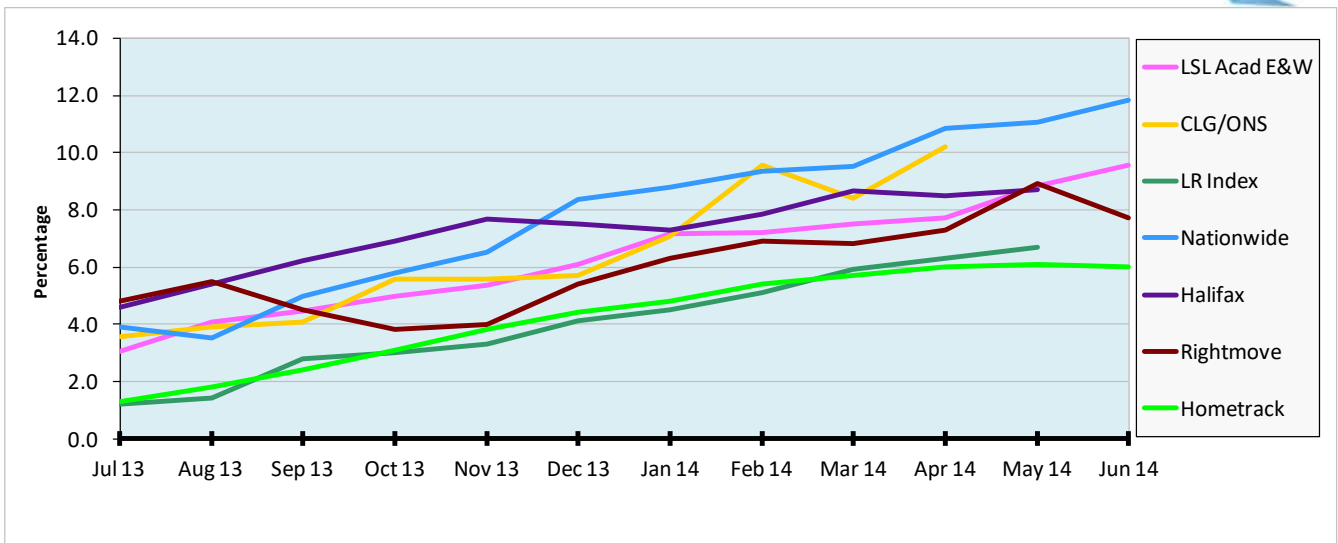


Figure 3. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)

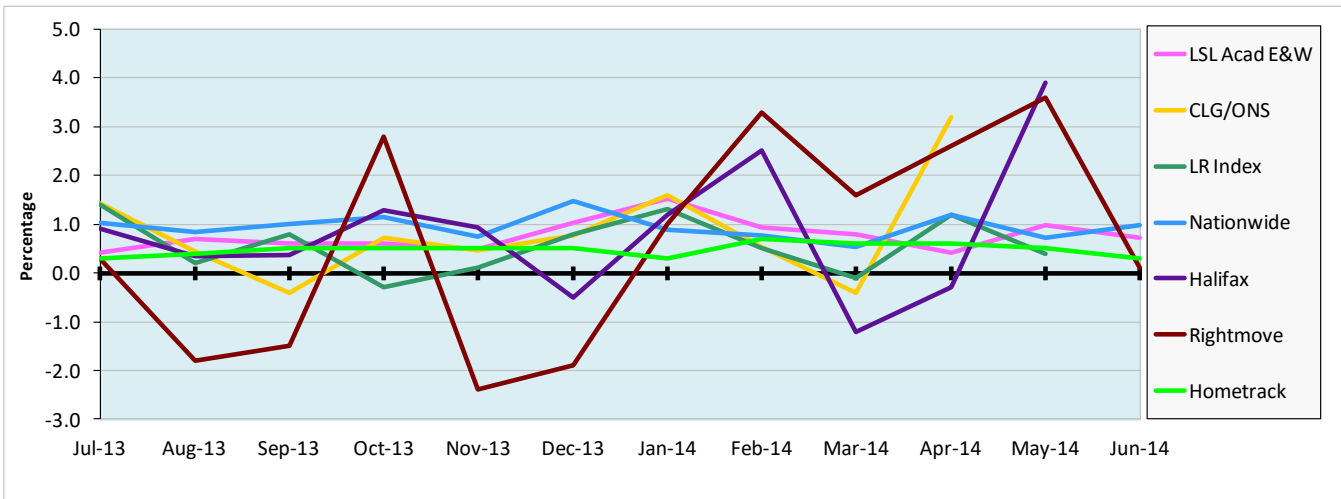


Figure 4. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)

The comparison of indices chart, Figure 3, shows that across the different indices, which between them cover asking prices, mortgage approval prices and completion prices, the pattern has been the same - universally rising on an annual basis, albeit at differing rates. It is evident from Figure 3 that the Nationwide June annual rate of 11.8% is the highest of all indices, but it is being closely trailed by the ONS. There are three indices, Rightmove, Halifax and LSL Acad, that have been in a tight band. However, Rightmove has this month reported a slowing in asking prices, which is not reflected in the LSL Acad index, which records prices paid on completion. The LR and Hometrack indices continue to show the lowest estimates of price growth over the last twelve months, with Hometrack (a sentiment index) also recording a fall in the rate of price growth from May to June.

On a monthly basis, as shown in Figure 4, there has been considerable divergence between the indices. However, in June the indices appear to have momentarily converged with price changes ranging from +1.0% (Nationwide) to -0.6% (Halifax). The Halifax monthly index continues to show considerable volatility ranging from +4.0% in May to -0.6% in June. The figure of +4.0% for May (revised from +3.9% as published last month) represents the fourth highest monthly figure reported by Halifax, since its Index started in January 1983. We suspect that the monthly figure of +4.0% reflects small data samples, which introduces volatility into the calculations, as opposed to a fundamental shift in prices in the housing market in May.

Acadata has today published a [briefing note](#) on the different house price indices and their performance over time. This will be sent out to the Acadata circulation list and posted on the website.



REGIONAL ANALYSIS

Figure 5 below shows the annual rate of change, 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, and this month all ten regions are also showing an increase in the annual rate of change compared to last month. This continues to emphasise the point we made last month, that the general recovery in the housing market is being seen across England & Wales as a whole, as opposed to just being limited to London.

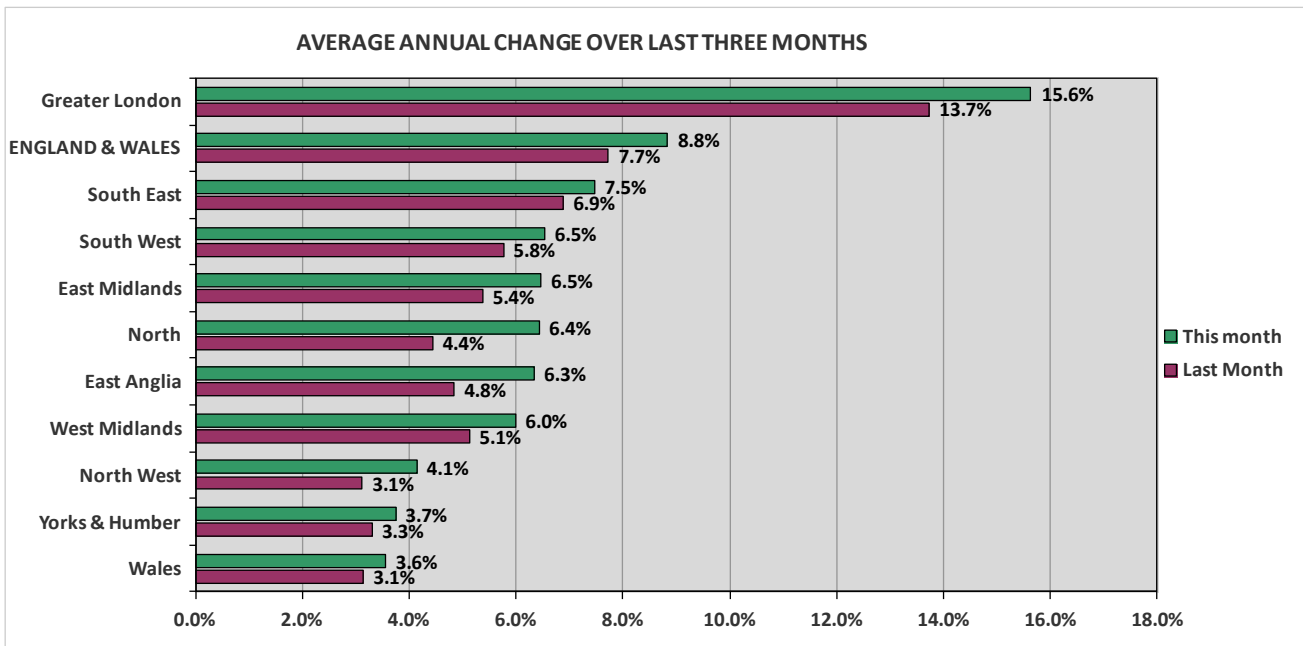


Figure 5. The annual change in the average house price, analysed by region

[link to source Excel](#)

This month the largest change in the rate of annual price growth has been seen in the North, up by 2.0% from the 4.4% recorded last month. The North has edged up one place in the regional growth rate league, with the West Midlands falling from 5th to 7th position. All the regions are showing house price growth in excess of May's CPIH rate of 1.4%.

London continues to dominate the regional league table in terms of house price growth, with house price inflation double that of any other region in England & Wales. Record average house prices have again been set in three regions, Greater London, the South East and East Anglia, with the South West region only £38 short of its own record average price of £240,599, which was set in October 2007.

Each month we analyse the extent to which house price inflation in England & Wales would differ if we were to exclude Greater London from the HPI calculations. The results of this analysis are shown in Figure 6 below. The inclusion of Greater London causes the percentage increases in average house prices in England & Wales to be 3.1% higher than they otherwise would have been. Nevertheless, the overall increase in prices since June 2013 follows a broadly matching pattern, even when Greater London is excluded from the figures. Currently, the average price paid for a home in England & Wales is £268,637; if we exclude London from these calculations the average price paid falls to £221,770, a difference of £46,867. Significantly, this is the largest disparity between the two figures that we have seen since we started recording these figures some fourteen years ago, highlighting the real impact London has on overall price statistics. The question is whether the scale of this disparity will decline over time or become further entrenched.

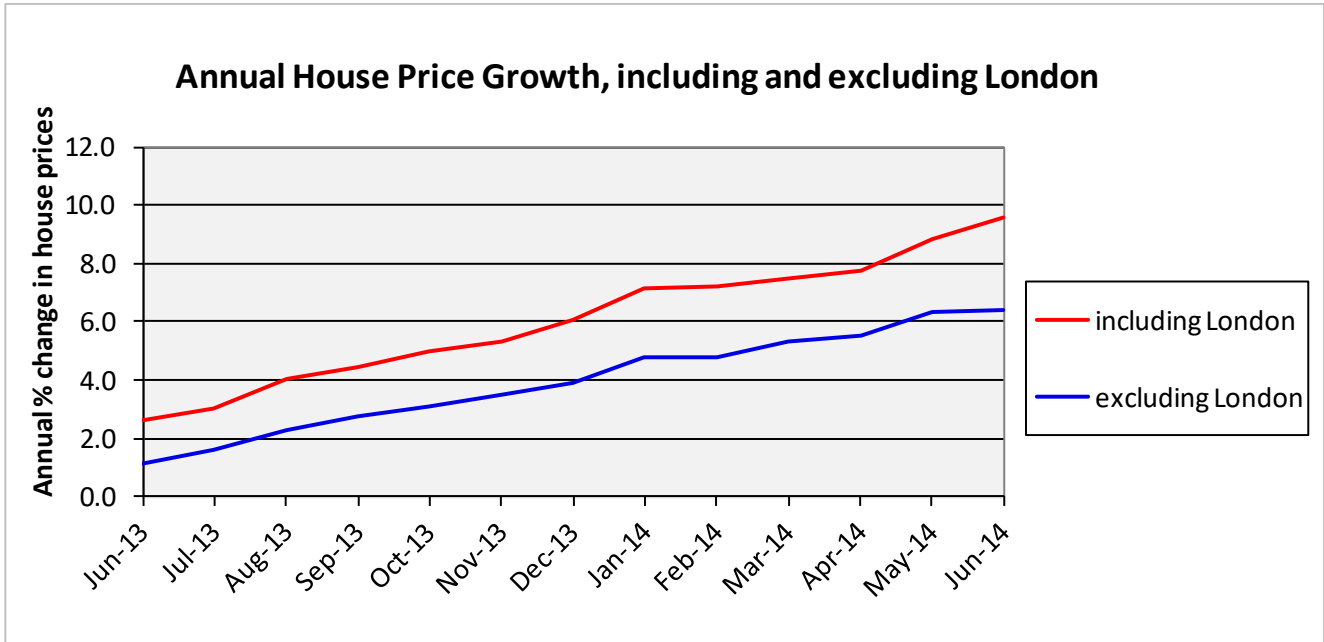


Figure 6. The Annual Rate of House Price Growth by month June 2013 – June 2014, including and excluding London

[link to source Excel](#)

ANNUAL CHANGE IN PRICE BY REGION

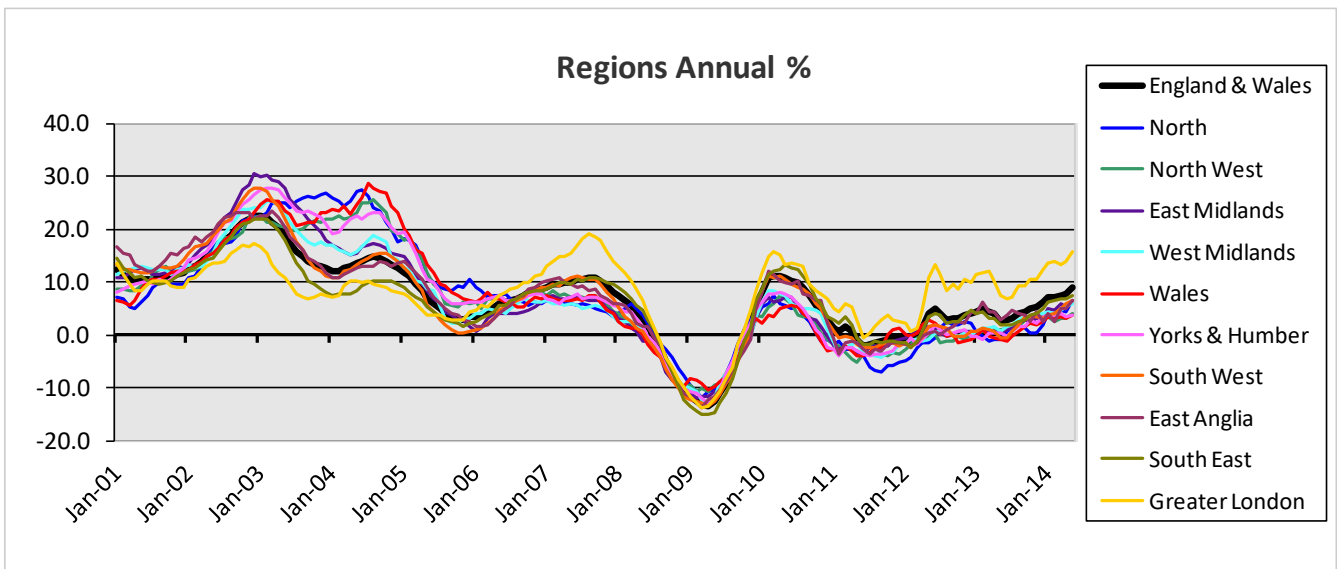


Figure 7. A comparison of the annual change in house prices, by region for the period January 2001 – May 2014

[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.

London boroughs, Counties and unitary authorities



Table 2. The change in house prices, for the 33 London boroughs, comparing May 2013 and April 2014 with May 2014. [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LONDON BOROUGH	May-13	Apr-14	May-14	Month % Change	Annual % Change
1	1	KENSINGTON AND CHELSEA	1,520,675	1,868,134	1,939,654	3.8%	27.6%
2	2	CITY OF WESTMINSTER	1,312,181	1,241,905	1,310,189	5.5%	-0.2%
4	3	CAMDEN	781,058	922,583	941,672	2.1%	20.6%
5	4	HAMMERSMITH AND	753,739	838,897	838,232	-0.1%	11.2%
3	5	CITY OF LONDON	822,592	892,990	819,920	-8.2%	-0.3%
6	6	RICHMOND UPON THAMES	656,938	748,781	752,204	0.5%	14.5%
7	7	WANDSWORTH	578,190	693,644	698,139	0.6%	20.7%
8	8	ISLINGTON	559,345	642,866	671,922	4.5%	20.1%
17	9	LAMBETH	421,257	576,268	592,889	2.9%	40.7%
10	10	BARNET	474,155	539,510	550,873	2.1%	16.2%
9	11	MERTON	492,104	520,867	541,298	3.9%	10.0%
11	12	SOUTHWARK	445,184	496,217	507,434	2.3%	14.0%
15	13	HARINGEY	424,255	474,604	500,425	5.4%	18.0%
14	14	HACKNEY	424,487	494,969	497,917	0.6%	17.3%
12	15	EALING	435,824	478,492	485,981	1.6%	11.5%
16	16	BRENT	423,082	454,338	466,518	2.7%	10.3%
13	17	KINGSTON UPON THAMES	429,261	459,460	457,583	-0.4%	6.6%
19	18	TOWER HAMLETS	368,022	449,379	447,045	-0.5%	21.5%
18	19	HOUNSLOW	410,741	440,525	435,006	-1.3%	5.9%
20	20	HARROW	358,657	418,272	417,056	-0.3%	16.3%
21	21	BROMLEY	347,506	386,802	395,417	2.2%	13.8%
22	22	GREENWICH	319,541	356,787	375,789	5.3%	17.6%
26	23	LEWISHAM	299,369	354,752	362,740	2.3%	21.2%
23	24	ENFIELD	300,833	343,995	347,591	1.0%	15.5%
25	25	HILLINGDON	299,480	332,167	333,562	0.4%	11.4%
29	26	WALTHAM FOREST	265,749	324,404	331,055	2.1%	24.6%
24	27	REDBRIDGE	300,049	330,735	329,348	-0.4%	9.8%
27	28	SUTTON	281,335	315,137	320,806	1.8%	14.0%
28	29	CROYDON	270,592	316,033	319,975	1.2%	18.3%
30	30	HAVERING	256,525	280,252	280,717	0.2%	9.4%
31	31	BEXLEY	239,041	260,492	264,195	1.4%	10.5%
32	32	NEWHAM	226,555	255,035	264,001	3.5%	16.5%
33	33	BARKING AND DAGENHAM	187,033	207,028	207,264	0.1%	10.8%
		ALL LONDON	471,860	534,641	545,643	2.1%	15.6%

Table 2 above shows the average house price and percentage change (over the last month and year) by London borough for May 2013, April 2014 and May 2014. As with last month, there is some evidence to show that the top end of the London housing market is beginning to cool, namely:- 1) there are only two boroughs in Greater London with negative annual house price growth, the City of Westminster and the City of London. Both of these are inner London boroughs, and both are ranked in the top five London boroughs by price. 2) Four of the top five boroughs ranked by price have average prices below their respective peaks. In three of these four boroughs, current prices are 5% or more below peak, the highest percentage difference from peak of all the London boroughs. 3) There is now only one borough in London which reached a peak price more than 12 months ago, that is the City of Westminster, ranked second in the listing of boroughs by price, where the peak occurred in April 2013.

However, outside of the Prime Central London areas (PCL) it is more difficult to distinguish any trends between the higher priced and lower priced London boroughs. For example, there are 26 boroughs with annual house price inflation in double figures, of which 13 are in the top half and 13 in the bottom half of boroughs ranked by price. Similarly, of the 20 London boroughs (last month 14) currently experiencing peak prices (highlighted in grey above), 10 are in the top half and 10 in the lower half of boroughs ranked by price. Looking at the monthly change in prices, we might just detect a trend that 5 of the 7 boroughs with a negative movement in prices are in the lower half of the boroughs by price. But is it just a coincidence that four of the boroughs with a negative movement in monthly prices are clustered together in the above table, with an average price banding in the range £400,000 - £460,000, or does this represent a sticking point in prices, relating to the new BoE/FPC rules?

Finally, we should repeat the explanation for Lambeth's 40.7% annual increase in prices that we gave last month, being the sale of flats in the new St George Wharf development, where prices reflect its prime riverside location.

London boroughs, Counties and unitary authorities



Counties and Unitary Authorities

Table 3. The annual percentage change in mix adjusted house prices, for the 108 Counties and Unitary Authorities in England & Wales, comparing May 2013 and April 2014 with May 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	May-13	Apr-14	May-14	Monthly change	Annual Change
18	17	CAMBRIDGESHIRE	247,829	263,950	265,554	0.6%	7.2%
70	64	CITY OF PETERBOROUGH	157,586	171,558	170,082	-0.9%	7.9%
46	45	NORFOLK	189,072	201,252	202,342	0.5%	7.0%
41	43	SUFFOLK	206,244	213,755	215,460	0.8%	4.5%
		EAST ANGLIA	207,852	219,767	221,020	0.6%	6.3%
81	83	CITY OF DERBY	144,857	148,353	148,862	0.3%	2.8%
95	97	CITY OF NOTTINGHAM	120,404	126,048	125,468	-0.5%	4.2%
67	66	DERBYSHIRE	159,207	166,219	167,504	0.8%	5.2%
88	89	LEICESTER	137,966	142,244	142,413	0.1%	3.2%
48	47	LEICESTERSHIRE	185,080	198,570	198,187	-0.2%	7.1%
75	70	LINCOLNSHIRE	151,498	163,014	162,318	-0.4%	7.1%
50	46	NORTHAMPTONSHIRE	180,835	197,866	199,079	0.6%	10.1%
69	68	NOTTINGHAMSHIRE	158,484	162,552	164,649	1.3%	3.9%
15	13	RUTLAND	253,070	291,728	295,034	1.1%	16.6%
		EAST MIDLANDS	162,568	172,438	173,080	0.4%	6.5%
		GREATER LONDON	471,860	534,641	545,643	2.1%	15.6%
64	61	CUMBRIA	162,621	171,720	174,575	1.7%	7.4%
92	86	DARLINGTON	130,487	143,653	142,935	-0.5%	9.5%
98	99	DURHAM	118,047	122,896	122,731	-0.1%	4.0%
97	100	HARTLEPOOL	118,271	120,884	121,103	0.2%	2.4%
99	98	MIDDLESBROUGH	115,981	124,563	124,454	-0.1%	7.3%
56	55	NORTHUMBERLAND	171,858	181,649	185,350	2.0%	7.9%
96	92	REDCAR AND CLEVELAND	119,823	135,088	134,760	-0.2%	12.5%
79	79	STOCKTON-ON-TEES	145,878	150,526	150,696	0.1%	3.3%
85	82	TYNE AND WEAR	140,913	148,632	149,598	0.7%	6.2%
		NORTH	142,203	150,139	151,344	0.8%	6.4%
101	103	BLACKBURN WITH DARWEN	114,296	105,318	107,745	2.3%	-5.7%
105	104	BLACKPOOL	106,887	104,529	107,295	2.6%	0.4%
39	38	CHESHIRE	210,398	219,583	219,637	0.0%	4.4%
78	75	GREATER MANCHESTER	147,570	156,434	156,995	0.4%	6.4%
82	85	HALTON	143,346	143,342	144,376	0.7%	0.7%
77	81	LANCASHIRE	149,578	151,161	150,460	-0.5%	0.6%
87	84	MERSEYSIDE	139,943	144,343	146,671	1.6%	4.8%
49	52	WARRINGTON	183,038	186,910	187,700	0.4%	2.5%
		NORTH WEST	154,247	159,976	160,635	0.4%	4.1%
26	25	BEDFORDSHIRE	222,155	239,078	240,230	0.5%	8.1%
10	11	BRACKNELL FOREST	285,093	299,045	302,908	1.3%	6.2%
8	7	BRIGHTON AND HOVE	297,603	331,020	337,967	2.1%	13.6%
3	3	BUCKINGHAMSHIRE	381,213	393,802	393,342	-0.1%	3.2%
17	16	EAST SUSSEX	248,526	267,661	266,480	-0.4%	7.2%
16	18	ESSEX	248,698	261,898	261,279	-0.2%	5.1%
12	14	HAMPSHIRE	277,241	290,916	293,895	1.0%	6.0%
4	5	HERTFORDSHIRE	336,721	362,357	368,226	1.6%	9.4%
44	41	ISLE OF WIGHT	198,222	216,255	218,021	0.8%	10.0%
19	20	KENT	245,610	256,771	257,498	0.3%	4.8%
65	58	LUTON	161,893	177,177	180,141	1.7%	11.3%
52	51	MEDWAY	178,499	189,750	190,099	0.2%	6.5%
33	36	MILTON KEYNES	215,506	224,723	224,744	0.0%	4.3%
6	6	OXFORDSHIRE	320,150	342,250	343,084	0.2%	7.2%

London boroughs, Counties and unitary authorities



55	54	PORTSMOUTH	173,837	183,722	185,670	1.1%	6.8%
21	19	READING	237,097	258,520	260,889	0.9%	10.0%
24	23	SLOUGH	228,744	247,342	247,277	0.0%	8.1%
57	57	SOUTHAMPTON	170,911	182,289	181,519	-0.4%	6.2%
38	30	SOUTHEND-ON-SEA	210,915	226,732	228,543	0.8%	8.4%
2	2	SURREY	419,175	459,285	464,510	1.1%	10.8%
47	49	THURROCK	187,925	196,545	196,086	-0.2%	4.3%
7	8	WEST BERKSHIRE	316,509	333,418	337,497	1.2%	6.6%
11	12	WEST SUSSEX	279,650	297,366	300,138	0.9%	7.3%
1	1	WINDSOR AND MAIDENHEAD	459,792	478,863	483,616	1.0%	5.2%
5	4	WOKINGHAM	327,406	372,602	377,814	1.4%	15.4%
		SOUTH EAST	286,678	305,922	308,083	0.7%	7.5%
9	10	BATH AND NORTH EAST SOMERSET	287,187	318,969	313,571	-1.7%	9.2%
23	27	BOURNEMOUTH	229,035	220,763	236,147	7.0%	3.1%
29	26	CITY OF BRISTOL	218,505	231,326	236,521	2.2%	8.2%
68	65	CITY OF PLYMOUTH	158,695	167,584	169,310	1.0%	6.7%
27	34	CORNWALL	220,929	226,435	225,859	-0.3%	2.2%
22	24	DEVON	234,234	244,288	245,638	0.6%	4.9%
14	15	DORSET	263,271	282,784	279,660	-1.1%	6.2%
25	22	GLOUCESTERSHIRE	226,712	245,021	247,342	0.9%	9.1%
28	32	NORTH SOMERSET	219,266	230,918	227,657	-1.4%	3.8%
13	9	POOLE	264,626	328,128	326,158	-0.6%	23.3%
40	33	SOMERSET	208,499	222,253	226,867	2.1%	8.8%
34	31	SOUTH GLOUCESTERSHIRE	213,873	227,378	227,791	0.2%	6.5%
59	56	SWINDON	168,005	181,500	183,385	1.0%	9.2%
45	53	TORBAY	189,130	184,696	185,853	0.6%	-1.7%
20	21	WILTSHIRE	245,537	254,507	254,991	0.2%	3.9%
		SOUTH WEST	225,806	239,122	240,561	0.6%	6.5%
108	108	BLAENAU GWENT	87,781	82,770	85,653	3.5%	-2.4%
83	90	BRIDGEND	142,079	138,923	141,579	1.9%	-0.4%
94	96	CAERPHILLY	120,595	127,118	127,051	-0.1%	5.4%
51	48	CARDIFF	179,210	198,756	196,429	-1.2%	9.6%
91	95	CARMARTHENSHIRE	132,507	132,909	129,237	-2.8%	-2.5%
54	59	CEREDIGION	177,704	174,273	176,945	1.5%	-0.4%
66	72	CONWY	159,632	163,399	162,138	-0.8%	1.6%
84	88	DENBIGHSHIRE	141,273	145,246	142,415	-1.9%	0.8%
63	74	FLINTSHIRE	162,734	158,659	157,817	-0.5%	-3.0%
71	69	GWYNEDD	156,217	155,980	162,562	4.2%	4.1%
62	67	ISLE OF ANGLESEY	165,265	171,585	166,849	-2.8%	1.0%
104	107	MERTHYR TYDFIL	107,691	100,239	97,991	-2.2%	-9.0%
32	29	MONMOUTHSHIRE	216,401	231,434	230,520	-0.4%	6.5%
103	101	NEATH PORT TALBOT	108,948	112,721	113,982	1.1%	4.6%
86	77	NEWPORT	140,906	154,662	155,941	0.8%	10.7%
60	63	PEMBROKESHIRE	167,689	172,339	170,529	-1.0%	1.7%
53	50	POWYS	177,972	188,314	192,497	2.2%	8.2%
102	102	RHONDDA CYNON TAFF	109,599	110,503	110,402	-0.1%	0.7%
76	78	SWANSEA	150,084	152,777	152,536	-0.2%	1.6%
37	37	THE VALE OF GLAMORGAN	211,699	227,030	222,848	-1.8%	5.3%
89	93	TORFAEN	135,143	131,767	134,411	2.0%	-0.5%
80	80	WREXHAM	145,760	155,168	150,628	-2.9%	3.3%
		WALES	152,529	158,461	157,958	-0.3%	3.6%
36	42	HEREFORDSHIRE	212,466	218,483	216,233	-1.0%	1.8%
42	44	SHROPSHIRE	201,993	214,658	212,978	-0.8%	5.4%
58	60	STAFFORDSHIRE	170,583	174,308	174,734	0.2%	2.4%



107	105	STOKE-ON-TRENT	99,343	102,292	102,427	0.1%	3.1%
30	28	WARWICKSHIRE	218,230	235,182	235,151	0.0%	7.8%
72	71	WEST MIDLANDS	153,608	161,766	162,283	0.3%	5.6%
43	35	WORCESTERSHIRE	201,754	223,355	224,804	0.6%	11.4%
73	73	WREKIN	153,445	160,555	158,659	-1.2%	3.4%
		WEST MIDLANDS	173,073	183,209	183,434	0.1%	6.0%
106	106	CITY OF KINGSTON UPON HULL	100,550	102,816	102,401	-0.4%	1.8%
61	62	EAST RIDING OF YORKSHIRE	166,582	168,776	170,908	1.3%	2.6%
100	94	NORTH EAST LINCOLNSHIRE	115,063	130,257	130,878	0.5%	13.7%
93	91	NORTH LINCOLNSHIRE	129,779	136,900	136,330	-0.4%	5.0%
35	39	NORTH YORKSHIRE	213,034	217,944	219,246	0.6%	2.9%
90	87	SOUTH YORKSHIRE	133,074	142,171	142,829	0.5%	7.3%
74	76	WEST YORKSHIRE	152,996	155,818	156,948	0.7%	2.6%
31	40	YORK	216,405	218,980	218,051	-0.4%	0.8%
		YORKS & HUMBER	157,068	162,055	162,945	0.5%	3.7%
		ALL ENGLAND & WALES	245,077	264,174	266,737	1.0%	8.8%

Table 3 shows the average house price for each of the 108 unitary authorities and counties in England & Wales, together with a regional summary for May 2013, April 2014 and May 2014. It also records the percentage change in these prices over the last month and year.

Although we have shown that prices may have started to cool in the prime central areas of London, there is no evidence of a similar trend outside of London. In fact the opposite might be happening, as London residents are reportedly moving out from the capital to more affordable homes in the 'provinces'. The South East and East Anglia regions are continuing to record peak average prices in May, with the South West only £38 short of achieving the same status. In the South East, 17 of the 25 unitary authorities/counties now have peak prices (highlighted in turquoise in the above table), up from the 16 recording peak prices last month. Outside of the South East region, peak prices are also being recorded in Cambridgeshire (East Anglia), Northamptonshire (East Midlands) and the City of Bristol (South West).

On an annual basis, prices have increased in 99 unitary authorities (last month it was 98). Thus prices have risen over the year in 92% of the unitary authorities across England & Wales. Looking at the individual regions, we can see that prices have risen over the year in all the constituent parts of East Anglia, the East and West Midlands, the North, the South East and Yorkshire and Humberside. Price falls over the year have only been seen in Blackburn with Darwen (North West), Torbay (South West) and 7 local authority areas in Wales.

Looking at the Unitary Authority areas on an individual basis it is Poole, followed by Rutland that top the league table this month in terms of the highest price changes on an annual basis. Here, annual increases of 23.3% and 16.6% respectively have been recorded. This is the third month in succession in which Poole has seen the highest rise in property prices over the year, with the average value of detached properties rising by £60k over the year. By contrast, the area with the largest reduction in annual prices continues to be Merthyr Tydfil, down 9.0%. Here the average prices of all property types have fallen since May 2013.

In terms of transactions, looking at the three months March 2014 to May 2014 and comparing with the same three months in 2013, all bar one of the 108 unitary authorities/counties in England & Wales saw an increase in transactions over this period, the exception being Blackburn with Darwen, where sales fell by 3%. As discussed above, Blackburn with Darwen was also one of the few authorities in England & Wales that experienced a fall in average prices over the year. Slough recorded the highest increase in sales of any English or Welsh Unitary Authority, up by 67%, with the sale of flats seeing a threefold increase over the year. Slough was followed by the Isle of Wight, where sales increased by 43% over the same period. On the Island, the increase in transactions was seen across all property types, with no one category dominating the others.

In general, comparing transactions in England & Wales for the three month period March 2014 - May 2014 with the same three months in 2013, flats have seen the highest increase in the number of sales, up by 37%, with a 55% increase being seen in the East Midlands. Flats are followed by detached and terraced properties, both up by 26% in the numbers sold, with semi-detached properties seeing the smallest increase in sales, up by 22%. In the regions, the North West has seen the largest increase in sales, at 30%, with Greater London seeing the smallest increase at 21%. Semi-detached properties in Greater London have seen the smallest increase in sales of any property type, with the rise being limited to 8%, compared to a 28% expansion in the sale of such properties in the North.

Regional data table



Table 4. Average house prices by region, June 2013 – June 2014, 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-13	£143,686	1.0	0.6	£155,607	0.9	1.2	£163,999	0.9	0.9	£174,780	1.0	1.5
Jul-13	£144,191	0.4	1.3	£156,229	0.4	2.0	£164,113	0.1	1.3	£175,480	0.4	1.9
Aug-13	£144,813	0.4	1.7	£156,968	0.5	1.7	£164,383	0.2	2.0	£176,830	0.8	2.9
Sep-13	£143,997	-0.6	1.3	£157,837	0.6	2.8	£166,176	1.1	2.8	£177,385	0.3	3.2
Oct-13	£144,178	0.1	0.4	£158,178	0.2	2.4	£166,491	0.2	2.6	£178,350	0.5	3.5
Nov-13	£143,856	-0.2	0.2	£157,785	-0.2	3.5	£167,612	0.7	3.0	£178,970	0.3	3.9
Dec-13	£144,887	0.7	1.8	£157,773	0.0	3.3	£167,249	-0.2	3.1	£180,197	0.7	4.1
Jan-14	£147,233	1.6	4.0	£158,852	0.7	3.5	£170,718	2.1	5.1	£181,405	0.7	4.2
Feb-14	£148,835	1.1	4.1	£159,496	0.4	2.4	£171,849	0.7	4.5	£182,781	0.8	4.0
Mar-14	£150,303	1.0	4.5	£160,305	0.5	3.2	£173,087	0.7	5.7	£183,010	0.1	4.6
Apr-14	£150,139	-0.1	4.4	£159,976	-0.2	3.1	£172,438	-0.4	5.4	£183,209	0.1	5.1
May-14	£151,344	0.8	6.4	£160,635	0.4	4.1	£173,080	0.4	6.5	£183,434	0.1	6.0

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Jun-13	£151,823	-0.5	-1.1	£157,350	0.2	-0.2	£225,440	-0.2	-0.5	£208,552	0.3	3.7
Jul-13	£152,407	0.4	-0.3	£156,843	-0.3	0.5	£226,831	0.6	0.6	£209,443	0.4	4.8
Aug-13	£153,348	0.6	0.8	£158,396	1.0	1.5	£229,345	1.1	1.9	£210,077	0.3	4.0
Sep-13	£155,381	1.3	1.6	£158,701	0.2	1.6	£230,631	0.6	3.4	£210,479	0.2	3.6
Oct-13	£156,777	0.9	2.1	£160,180	0.9	2.6	£230,866	0.1	3.3	£210,027	-0.2	2.6
Nov-13	£156,590	-0.1	1.9	£159,578	-0.4	2.2	£230,054	-0.4	3.5	£211,372	0.6	4.3
Dec-13	£157,376	0.5	2.6	£160,534	0.6	3.4	£231,937	0.8	3.2	£210,745	-0.3	2.5
Jan-14	£158,078	0.4	3.5	£161,364	0.5	3.6	£233,005	0.5	3.6	£212,801	1.0	3.9
Feb-14	£159,303	0.8	3.1	£161,465	0.1	3.8	£235,287	1.0	3.9	£214,479	0.8	2.6
Mar-14	£159,082	-0.1	3.4	£162,163	0.4	3.9	£237,094	0.8	5.0	£218,293	1.8	4.8
Apr-14	£158,461	-0.4	3.1	£162,055	-0.1	3.3	£239,122	0.9	5.8	£219,767	0.7	4.8
May-14	£157,958	-0.3	3.6	£162,945	0.5	3.7	£240,561	0.6	6.5	£221,020	0.6	6.3

	South East			Greater London			ENGLAND & WALES			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Jun-13	£285,733	-0.3	1.8	£471,192	-0.1	6.9		£245,194	0.0	2.6
Jul-13	£286,794	0.4	1.8	£474,126	0.6	7.2		£246,216	0.4	3.0
Aug-13	£287,048	0.1	2.5	£480,580	1.4	9.3		£247,915	0.7	4.1
Sep-13	£287,399	0.1	2.8	£486,788	1.3	9.2		£249,399	0.6	4.5
Oct-13	£289,022	0.6	3.6	£492,331	1.1	10.4		£250,928	0.6	5.0
Nov-13	£290,256	0.4	4.1	£498,562	1.3	10.5		£252,122	0.5	5.3
Dec-13	£294,778	1.6	5.0	£505,719	1.4	12.2		£254,693	1.0	6.1
Jan-14	£298,281	1.2	6.1	£520,476	2.9	13.6		£258,582	1.5	7.1
Feb-14	£302,072	1.3	6.5	£525,555	1.0	13.9		£261,013	0.9	7.2
Mar-14	£304,052	0.7	6.6	£531,470	1.1	13.3		£263,063	0.8	7.5
Apr-14	£305,922	0.6	6.9	£534,641	0.6	13.7		£264,174	0.4	7.7
May-14	£308,083	0.7	7.5	£545,643	2.1	15.6		£266,737	1.0	8.8
Jun-14								£268,637	0.7	9.6



1. LSL Acad E&W HPI is derived from Land Registry (LR) house price data, seasonally and mix adjusted by property type. © Crown copyright material reproduced with the permission of Land Registry. The prices are smoothed to show underlying trends. LSL Acad E&W HPI includes cash purchase prices and is the only index based upon the complete, factual house price data for England & Wales, as opposed to a sample.
2. Most indices employ data available to the provider as result of its business; index methodologies are designed to exploit the advantages and overcome the disadvantages of each particular dataset; a valuation series (whether the values are professionally estimated at e.g. time of mortgage offer or by an estate agent) is not the same as a price series; price series (LSL Acad E&W HPI, 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.