

LSL Property Services/Acadametrics England & Wales House Price Index

NOVEMBER 2011

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 9TH DECEMBER



House prices defy economic gloom

- **No movement in house prices in November (but transactions rise 4.5%)**
- **In the year to November, prices fell by 0.7%**
- **London prices rose 3.1% since November 2010 – making the capital the only region to see growth in England and Wales**

House Price	Index	Monthly Change %	Annual Change %
£220,043	224.0	0.0	-0.7

David Brown, commercial director of LSL Property Services, comments: “Static house prices don’t mean property values are standing still. For buyers looking to get onto the market, 0% price growth means that in real terms property is becoming more affordable. With inflation running at 5%, the real cost of property is getting smaller and smaller, which is good news for buyers and mortgage borrowers alike.

“The resilience of property prices indicates that mortgage lenders and property buyers have not so far been spooked by the gloomy news emerging from the Eurozone. Although prices have declined by 0.7% since November 2010, the rate of annual price decreases slowed everywhere except the North West and the East Midlands, with London - buoyed by foreign investors seeking a safe haven in the capital’s bricks and mortar - showing an acceleration in price rises to 3.1% last month. Low mortgage rates, along with the stamp duty holiday on properties below £250,000 and the modest boost provided by the government’s FirstBuy scheme, have all contributed to prevent larger falls in 2011.

“According to the Council of Mortgage Lenders, mortgage lending increased 9.8% in the year to October and has risen for the last three consecutive months for the first time since the summer of 2007, which has contributed to the 4.5% rise in transactions seen last month. However, we’re yet to see any significant decrease in the size of the deposits lenders require. Among buyers who have substantial deposits, demand remains strong and the rise in mortgage volumes suggests many people in this position are taking the opportunity to secure good properties while mortgage finance and property prices make purchasing a more and more affordable option.”

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



Table 1. Average House Prices in England & Wales for the period December 2010 - November 2011

		House Price	Index	Monthly Change %	Annual Change %
December	2010	£221,591	225.6	0.0	2.3
January	2011	£222,187	226.2	0.3	1.0
February	2011	£223,983	228.0	0.8	0.2
March	2011	£224,378	228.4	0.2	1.0
April	2011	£222,108	226.1	-1.0	0.3
May	2011	£219,104	223.1	-1.4	-1.1
June	2011	£217,541	221.5	-0.7	-2.2
July	2011	£218,740	222.7	0.6	-2.0
August	2011	£220,134	224.1	0.6	-1.7
September	2011	£219,840	223.8	-0.1	-1.8
October	2011	£220,050	224.0	0.1	-1.3
November	2011	£220,043	224.0	0.0	-0.7

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

House prices

“On the basis of monthly change, house prices in November stood still. The average price in England & Wales now stands at £220,043, only £7 less than the average in October. The current average is £19,808, or 9.9%, above the price at the April 2009 trough of the last housing recession, but £11,785, or 5.1%, below the price peak of £231,828, recorded in February 2008. The relative stability in prices over the last two years is indicated, too, by our house price Index which stands, this month, at 224.0 and is virtually unchanged from the 223.9 index at January 2010. Since March 2010, there have, in fact, been only two months in which house prices have changed by 1% or more. However, these months (April and May this year) reflected the end March change to stamp duty levels, rather than fundamental movements in the housing markets. Nevertheless, as we show later in this report, the steady average house price for the country as a whole masks the very different patterns that currently exist at regional and county levels.

“Over the last twelve months, year on year house prices in England & Wales have fallen by -0.7%, suggesting a further slowing in the rate of annual decline from the -2.2% fall seen in June 2011. Figure 4 shows the annual house price growth for each of the regions in England & Wales over the last three months and demonstrates that house prices are falling in all regions except for Greater London. But Figure 4 also shows that there has been a reduction in the rate of annual decline of house prices in all regions except the North West. Last month, we were reporting the opposite trend, with all regions witnessing bigger falls in house prices on an annual basis, except for the West Midlands and Greater London. This latest shift goes against almost all the housing analysts predictions, ourselves included, and suggests that the outcome for the housing market in 2011 is likely to be closer to a fall of around -1.0%, against our earlier predictions of -2.5%. This is good news for existing owners and even for those buyers in a position to purchase who can feel more confident about entering the market.

“All recent economic news and commentary has been negative regarding future prospects - too negative, some now suggest. Indeed, our commentary shows that the housing market in 2011 has performed better than expected - low interest rates and support for borrowers in difficulty have played their part. Going forward, the latest Bank of England Financial Stability report issued on 1st December commented that ‘forward looking indicators of housing market activity have remained weak’ while the Office for Budget Responsibility Economic and Fiscal Outlook published at the end of November suggested that house prices would fall slightly in 2012 and that transactions would remain subdued. Underpinning both sets of commentary is a recognition of tighter credit conditions and a lack of consumer confidence and capacity. David Miles, an external member of the Bank’s Monetary Policy Committee, set out in a recent speech the view that the housing market was in transition and that it might ‘never look quite the same again’. This followed similar comments by Charlie Bean, earlier in the month. As we write, Andy Haldane, Director of Financial Stability at the Bank, has warned of funding difficulties for banks. If these result in higher interest rates and fewer mortgages, the housing market will most certainly be affected.

“Major change is underway in the housing market but it is important not to let this lead to a view the new world might be unrecognisable. Although there will be more renters, home ownership will remain the dominant tenure and there will be a continued flow of households onto the housing ladder. Households will continue to move reflecting job and personal circumstances. Perhaps the big unknowns at this stage are the likely output of new homes and the flow of mortgage finance. The current House of Common’s Communities and Local Government Select Committee enquiry into these issues is particularly timely, and should act as a powerful reflection on the government’s recent housing strategy statement, which offered only a limited strategic overview of the market although setting out a myriad of new measures.”

Housing Transactions

Table 2 The number of housing transactions per month, in England & Wales

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Long Term Average This Year (estimates)	65,940	67,979	84,279	84,119	91,927	98,559	102,820	101,265	91,596	93,844	91,263
% of long term	58%	59%	56%	61%	54%	59%	61%	65%	70%	62%	66%

Source: Land Registry data and Acadametrics estimates. Not seasonally adjusted.



Table 2 shows the number of housing transactions per month for England & Wales. The long term average is the average number of transactions per month for the period 1995 - 2010. The figures for this year are obtained from Land Registry data for the period January - May 2011 and are Acadametrics' estimates for the period June - November 2011, pending the availability of more data.

It is interesting to observe that the percentage of transactions in 2011 compared to the long term average has been slowly climbing during the second half of the year. The year started with January transactions at some 58% of the long term average - a level more or less maintained until June 2011, since when transactions have increased and are now consistently in excess of the 60% level. In our July 2011 News Release, we stated "The costs of mortgages have recently fallen and loans have become more readily available...". It would appear that these factors have indeed encouraged more purchasers into the housing market with higher transaction levels ensuing. It remains to be seen whether the current Eurozone crisis and threat of further job losses will have a dampening effect on this pattern of growth. To date, the rise in transactions has been fuelled by a more active buy to let market with more funding and more competition coming into that market alongside a clear demand from landlords for more homes for rental purposes. This demand for homes to rent will continue. The remortgage market has also been more active in recent months.

Table 3 Percentage change in housing transactions between May – July 2011 and August – October 2011

	Detached	Semi	Terraced	Flats	All Types
NORTH	7%	7%	2%	7%	5%
NORTH WEST	8%	10%	2%	6%	6%
YORKS & HUMBERSIDE	13%	9%	4%	4%	8%
WALES	16%	10%	3%	5%	9%
WEST MIDLANDS	14%	10%	5%	12%	10%
EAST MIDLANDS	9%	7%	3%	6%	7%
EAST ANGLIA	14%	14%	4%	13%	11%
SOUTH WEST	15%	11%	9%	12%	12%
SOUTH EAST	17%	13%	12%	5%	12%
GREATER LONDON	17%	10%	13%	10%	12%
ENGLAND & WALES	14%	10%	7%	8%	10%

Table 3 shows the percentage change in housing transactions between the three months May - July 2011 and August - October 2011. Looking at the regional split of the markets, there is a north/south divide, with the southern regions experiencing a higher growth in the number of properties sold than the more northern regions. In terms of property types, the highest increase in the number of transactions has been in the 'Detached' sector of the market, with the largest growth being experienced in Greater London and the South East, followed by Wales. The terraced markets in the north and midlands have seen the lowest increase in sales over these two periods. There is perhaps a hint in these data that, in favoured markets such as detached homes in the southernmost parts of England, lenders have a greater appetite to lend compared to say lending on the purchase of terraced properties in the north. This would be consistent with a risk based approach though clearly there are a range of factors in play.

When we undertook a similar analysis of the change in transactions by property type, in our July 2011 News Release, we observed that 'flat' sales were the weakest sector of the market, with growth in the sale of flats being half that of the market as a whole. It is likely that the current increase in activity in the buy-to-let market has helped to revive interest in flats, although first time buyers, who are also typically associated with the purchase of flats, still remain conspicuous by their absence from the market.

First time buyers were given additional support in the government's recently published Housing Strategy and the Autumn Statement with a mortgage indemnity scheme being put into place to support high loan to value lending. This will encourage more first time buyers into the market in 2012, though this will be offset by the ending of the temporary, first time buyer, stamp duty concession at the end of March.

As already noted and further detailed below, the market in 2011 is ending slightly more strongly than previously expected. The outlook for transactions in 2012 is that they might weaken slightly in the light of reduced confidence, tighter household budgets and restricted lending. However, the Office for Budget Responsibility's recent forecast suggests transactions will rise in 2013.

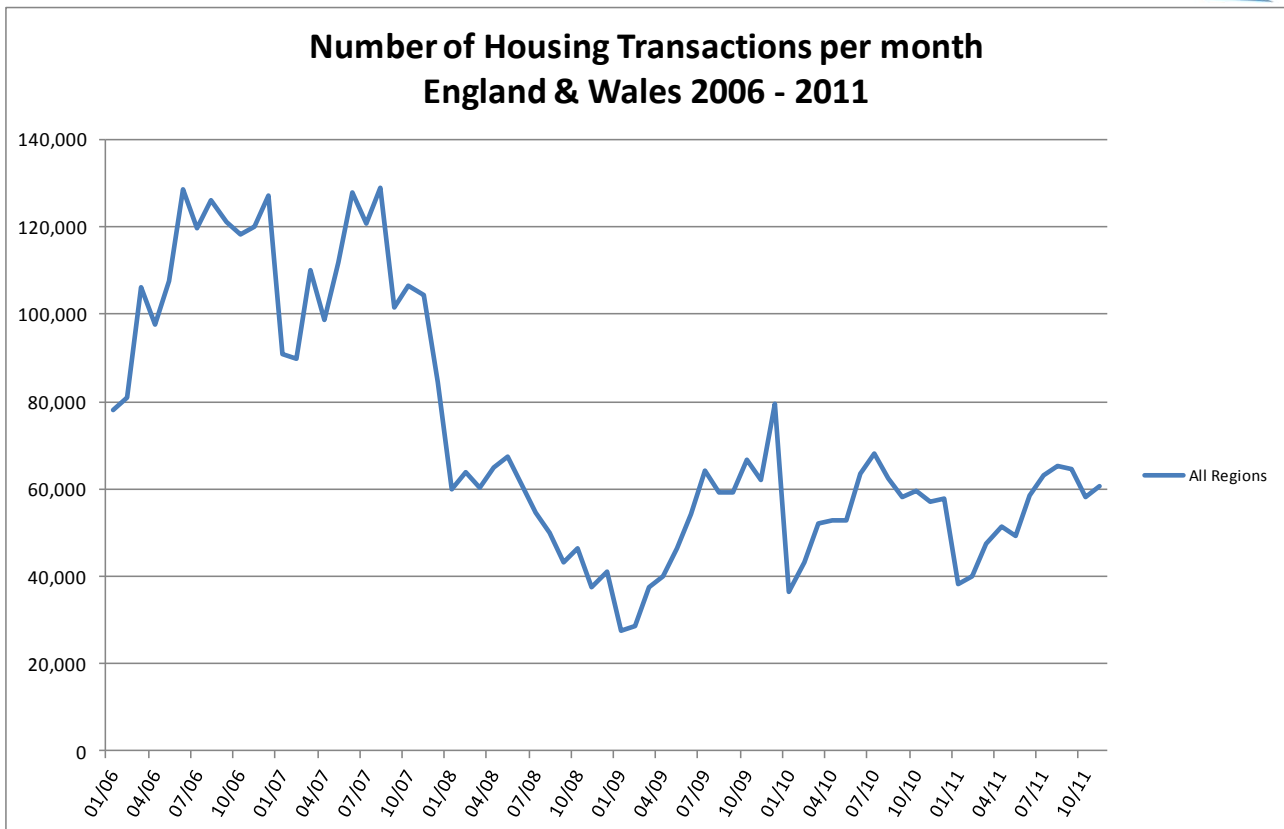


Figure 1. The number of housing transactions by month in England & Wales, 2006 - 2011 (not seasonally adjusted)

In nine out of the last fifteen years, the volume of housing transactions in November has declined when compared to the previous month. Hence, one might well have expected that transactions in November 2011 would be lower than in October, especially given the current economic climate. In fact, our early estimates indicate that November 2011 will see an increase in housing transactions of 4.5% over October 2011 and an increase of 6.3% over November 2010.

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

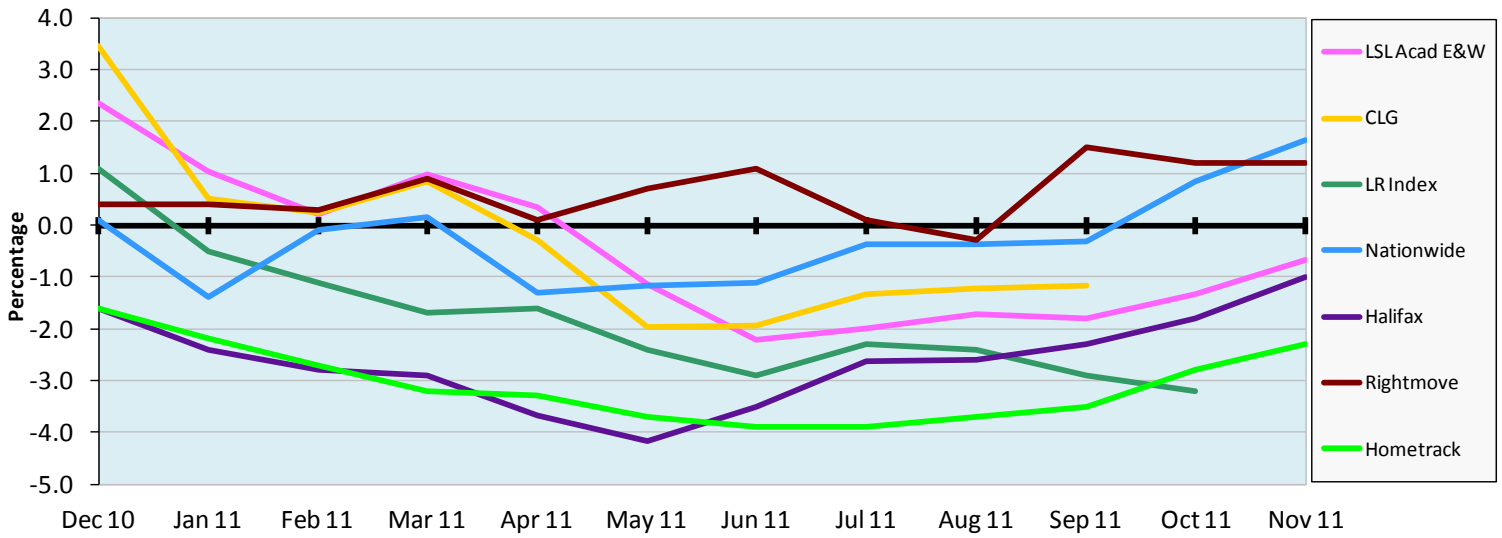


Figure 2. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

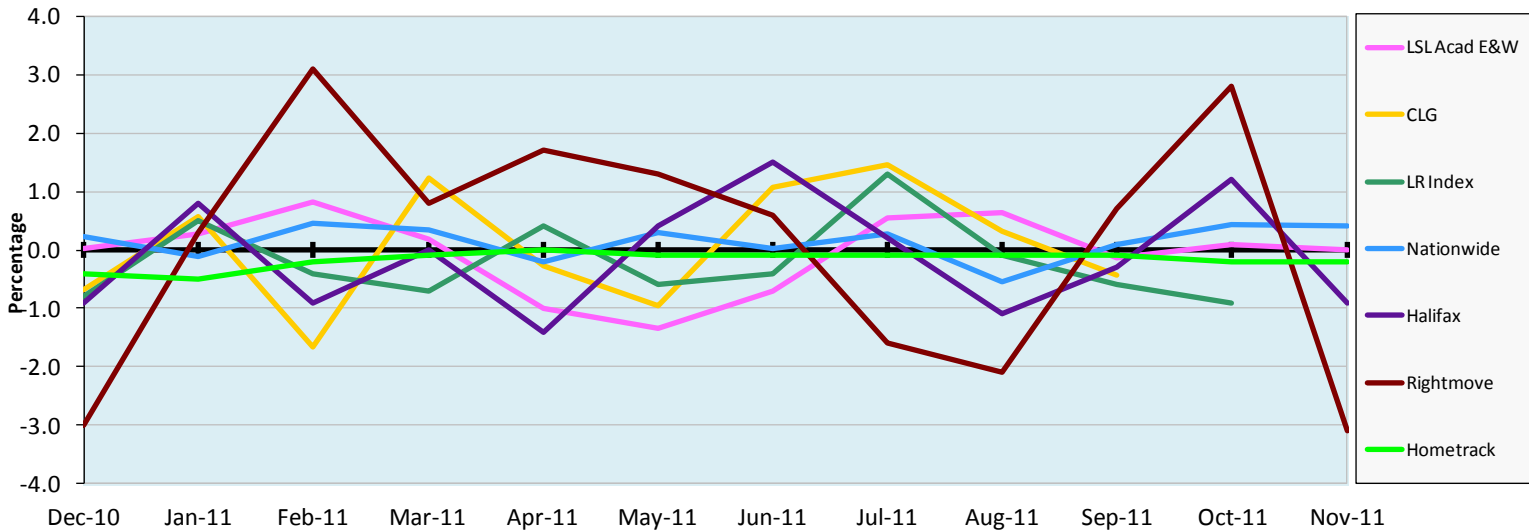


Figure 3. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

Regional analysis of house prices and transactions



Based on the average change over the last three months, Greater London is the only region in England & Wales that is currently experiencing a rise in annual house prices. Figure 4 below shows both this month's and last month's annual percentage change in price by region. As can be seen, not only did the annual rate increase in Greater London this month, but also all regions, except for the North West, have seen a slowing of the rate of decline compared with the previous month. This situation is a complete reversal from last month, when we were reporting that all but one of the ten regions were showing either static house prices or further declines.

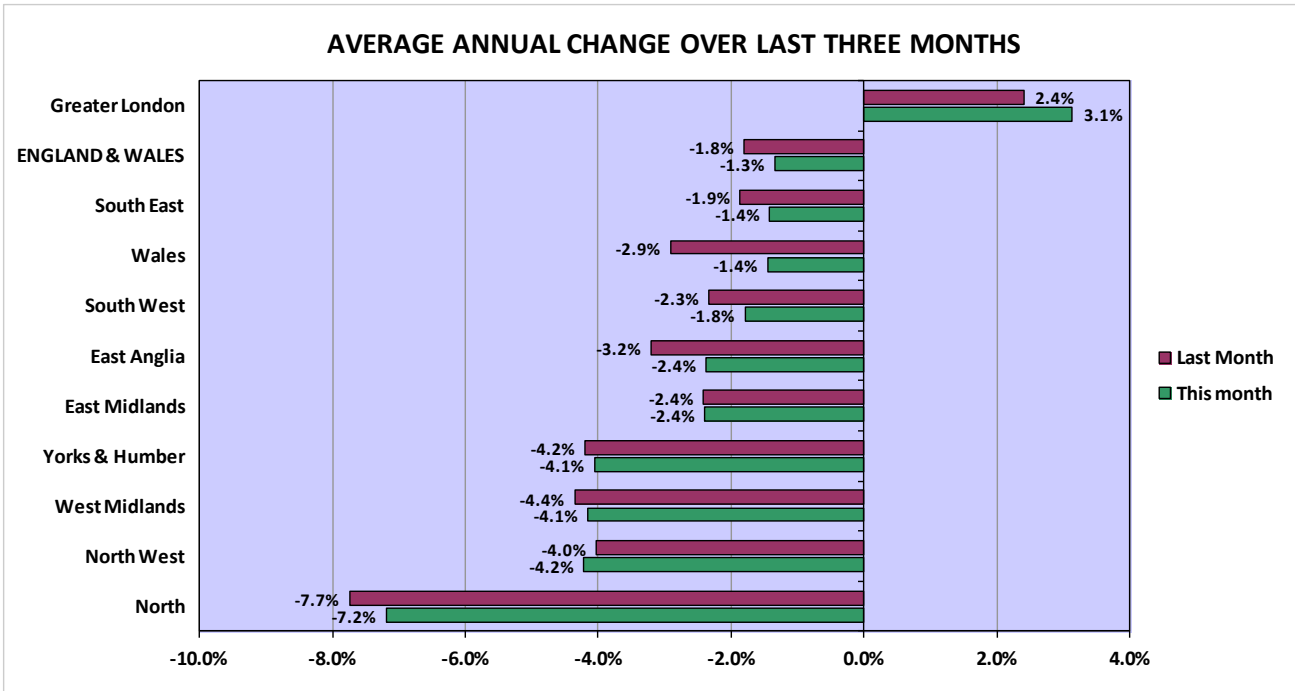


Figure 4. The annual change in the average house price, analysed by region

ANNUAL CHANGE IN PRICE BY REGION

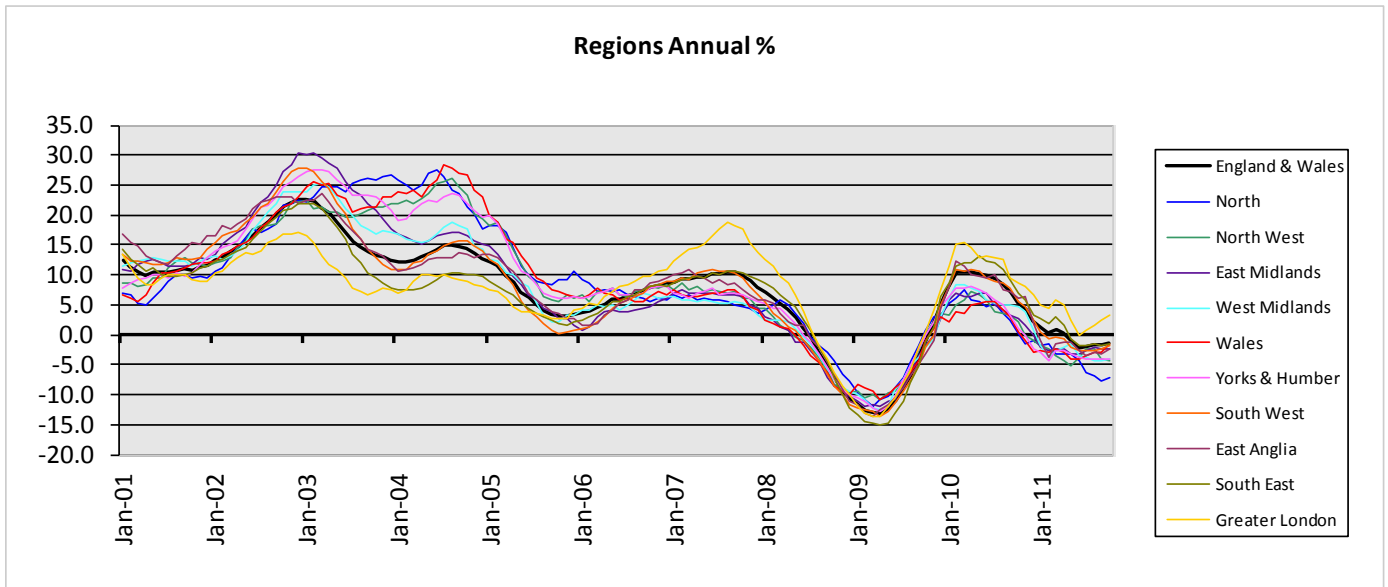


Figure 5. A comparison of the annual change in house prices, by region for the period Jan 2001 - Oct 2011

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.



AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - LONDON BOROUGHS

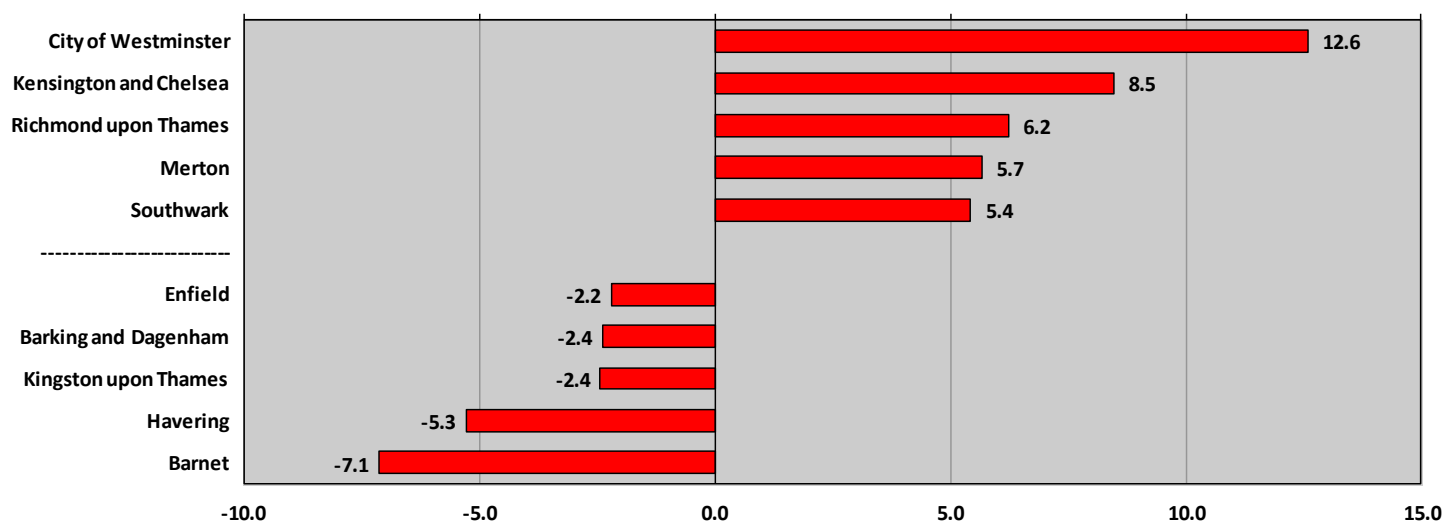


Figure 6. The annual change in house prices, based on a three month average, for the London boroughs

House prices

Figure 6 shows the % **annual** price change, averaged over three months, in the ten London boroughs with the highest and lowest growth. The three boroughs with the strongest growth shown above are also ranked within the top five London boroughs in terms of price. This observation continues to highlight the trend seen over the last year, which is that it is the high priced areas in London that are experiencing the strongest demand for properties, particularly at the top end of the market. It can be noted that the five boroughs with the lowest price growth are all outer London boroughs, which indicates that there is a distinction to be made between the inner and outer boroughs in terms of annual price movements.

Like last month, **fourteen** of the thirty-three London boroughs are recording price falls on an annual basis, reflecting little change in the behaviour of the underlying market. Year on year house prices increased by 3.1% in London, where prices rose in the top 17 boroughs, ranked by price, at a rate of 3.9% and, in the lowest 16 boroughs, ranked by price, by 0.7%.

Comparing the last three months, August - October 2011, with the previous three months, May - July 2011, prices increased by 3.9%, mainly fuelled by a 10% rise in the average price of detached properties. This month, there are three boroughs experiencing record average house prices, Hackney, Merton and Richmond upon Thames, with Merton in particular seeing significant growth in the sale of detached homes.

Transactions

Firstly, comparing the three months August - October 2011 with the same three months in 2010, the number of London properties sold has increased by 4.5%. This positive figure reflects a general increase in the England & Wales market where the number of property sales strengthened from July onwards. The boroughs which have seen the highest growth in property transactions over the year are the City of London +35% (albeit from a very low base), Hackney +23% and Greenwich +20%. The boroughs showing the largest falls in transactions over the year are Barnet -9%, City of Westminster -6% and Kingston upon Thames -5%. However, for the City of Westminster, especially, we suspect that this is more to do with a shortage of available properties than with a decline in demand.

Secondly, comparing the three months August - October 2011 with the preceding three months May - July 2011, sales volumes in London have risen 14%, which is considerably different from the average -3% seasonal decline which one would expect for this time of year. The boroughs that have seen the highest increase in transactions over this period are Hackney + 32%, Hillingdon +28% and Waltham Forest +25%. Only one borough has seen a decline in transactions over the last three months; this was Tower Hamlets, which has witnessed a fall of -15% in the number of flats sold. Overall, the London market is showing considerable strength and this is likely to continue into 2012.



AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - COUNTIES

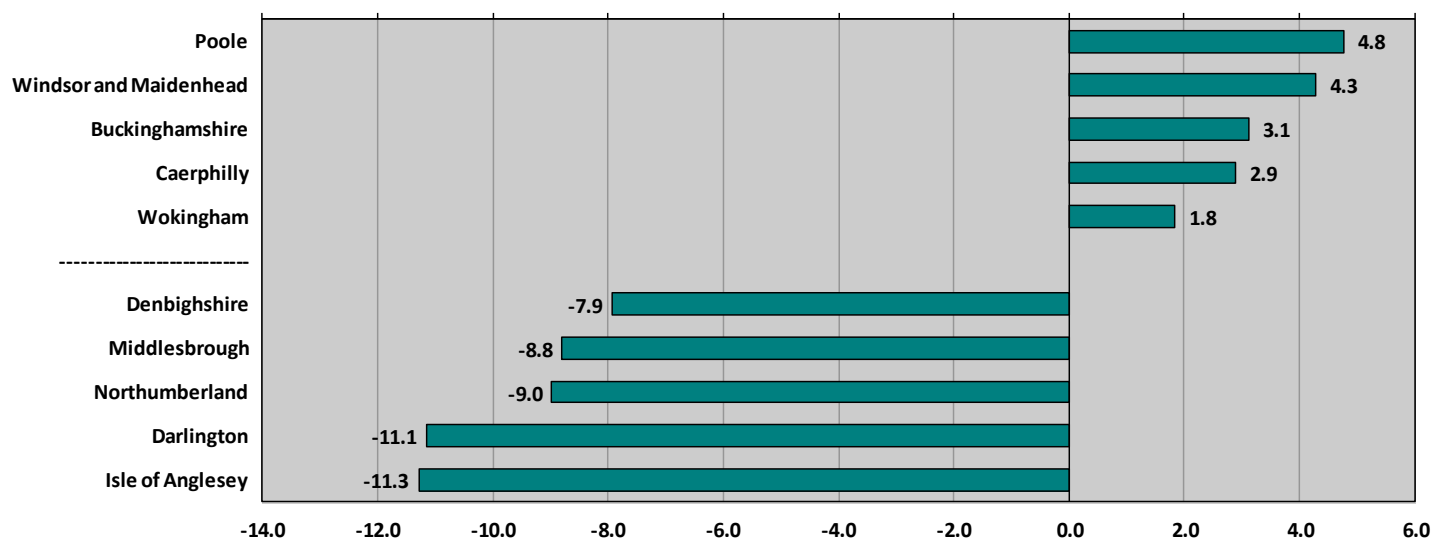


Figure 7. The annual change in house prices, based on a three month average, for the unitary districts

House Prices

Figure 7 shows the % **annual** price change for unitary districts and counties, measured over three months and ranked by the highest and lowest five districts. It is interesting to note that four out of the five districts having the highest increase in prices are also ranked in the top eight districts by average house values, reflecting again this year's trend for prices in the most expensive areas of England & Wales to show the biggest increases, the exception being Caerphilly. Of the five unitary districts showing the largest decline in prices, three are in the North - where regional house price falls are the greatest.

Last month, we reported that **ninety-four** of the one hundred and eight counties and unitary districts in England & Wales were recording price falls on an annual basis. This month that number has increased to **ninety-seven**, which is the same level as two months ago. Falling house prices are currently being experienced in over 90% of the unitary districts and counties across England & Wales and have been doing so for the last four months.

Comparing the three months August - October 2011 with the same three months in 2010, average prices in England & Wales are showing a fall of -1.8%. Over this period, flats have seen price increases of 2%, mainly due to the market in central London, whilst other property types across the country have seen falls of between -1% and -3%. Outside Greater London, all regions have seen price falls across all property types, with the largest fall being in the prices of flats in the North, which are down some 12% over the year.

Comparing the three months August - October 2011 with the preceding three months May - July 2011, we find a different story, with a 3.7% uplift in prices on a non-seasonally adjusted basis, and price rises being experienced across all the regions and property types, except in the North where prices have continued to fall.

Transactions

Comparing the three months August - October 2011 with the same three months in 2010, property transactions have increased by 4.6% in England & Wales, with all regions showing an increase in sales, of between 2.3% in the South West and 7.9% in East Anglia. The unitary district with the biggest increase in sales over the year is The Vale of Glamorgan +29%, followed by Blackpool +25% and North East Lincolnshire +23%; whilst the area experiencing the greatest decline in sales is Merthyr Tydfil -13%, followed by Wrexham -12% and Leicester at -11%.

Comparing the three months August - October 2011 with the preceding three months May - July 2011, we find that housing transactions have increased by 10%, against an anticipated fall of -2% for the time of year. The above average increase in sales has been experienced across all regions, with the biggest gains of +12% being seen in the southernmost regions of England & Wales.

Regional data table



Table 4. Average house prices by region, November 2010 - October 2011, with monthly and annual % growth

	North			North West			East Midlands			West Midlands		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Nov-10	£147,054	-0.8	-1.4	£156,344	-1.1	0.0	£162,572	-0.6	1.5	£174,759	-1.1	3.8
Dec-10	£145,643	-1.0	-1.1	£155,474	-0.6	-1.0	£161,630	-0.6	-0.2	£173,640	-0.6	0.8
Jan-11	£146,426	0.5	-1.9	£154,628	-0.5	-1.8	£161,569	0.0	-2.0	£173,392	-0.1	-1.7
Feb-11	£148,136	1.2	-1.5	£154,670	0.0	-2.2	£161,521	0.0	-2.7	£172,277	-0.6	-3.7
Mar-11	£147,545	-0.4	-3.2	£153,219	-0.9	-3.5	£160,665	-0.5	-2.3	£171,884	-0.2	-2.6
Apr-11	£145,417	-1.4	-3.2	£152,216	-0.7	-4.5	£159,638	-0.6	-2.3	£171,102	-0.5	-2.1
May-11	£144,232	-0.8	-3.4	£150,554	-1.1	-5.2	£158,648	-0.6	-3.3	£171,016	-0.1	-1.7
Jun-11	£142,038	-1.5	-4.2	£151,071	0.3	-3.9	£159,398	0.5	-3.3	£169,421	-0.9	-3.5
Jul-11	£139,020	-2.1	-6.3	£152,408	0.9	-2.5	£159,773	0.2	-2.6	£168,590	-0.5	-3.7
Aug-11	£137,005	-1.4	-7.0	£153,186	0.5	-2.5	£160,238	0.3	-2.2	£169,217	0.4	-4.3
Sep-11	£136,865	-0.1	-7.7	£152,316	-0.6	-4.0	£159,857	-0.2	-2.4	£169,102	-0.1	-4.4
Oct-11	£137,580	0.5	-7.2	£151,442	-0.6	-4.2	£159,692	-0.1	-2.4	£169,376	0.2	-4.1

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Nov-10	£153,188	-1.1	-1.0	£158,075	-0.5	-0.1	£224,367	-0.7	4.8	£199,588	-1.1	6.3
Dec-10	£151,890	-0.8	-3.0	£156,733	-0.8	-2.5	£226,427	0.9	2.4	£198,475	-0.6	1.9
Jan-11	£152,058	0.1	-2.7	£156,955	0.1	-3.0	£224,980	-0.6	0.4	£198,480	0.0	-1.0
Feb-11	£152,760	0.5	-2.9	£155,814	-0.7	-4.3	£226,480	0.7	-0.6	£198,726	0.1	-3.9
Mar-11	£152,504	-0.2	-2.3	£156,533	0.5	-2.8	£224,242	-1.0	-0.4	£200,218	0.8	-1.6
Apr-11	£150,573	-1.3	-3.0	£155,956	-0.4	-2.6	£224,014	-0.1	-0.7	£199,789	-0.2	-1.2
May-11	£148,796	-1.2	-4.1	£154,239	-1.1	-3.2	£222,095	-0.9	-2.1	£200,065	0.1	-1.3
Jun-11	£149,007	0.1	-4.2	£152,753	-1.0	-3.8	£220,469	-0.7	-2.5	£198,228	-0.9	-2.7
Jul-11	£149,856	0.6	-3.6	£152,406	-0.2	-4.2	£220,407	0.0	-2.7	£197,990	-0.1	-3.6
Aug-11	£151,346	1.0	-2.8	£153,656	0.8	-4.0	£220,400	0.0	-2.5	£198,270	0.1	-2.9
Sep-11	£151,246	-0.1	-2.9	£153,483	-0.1	-4.2	£221,342	0.4	-2.3	£197,740	-0.3	-3.2
Oct-11	£152,687	1.0	-1.4	£152,468	-0.7	-4.1	£221,806	0.2	-1.8	£197,075	-0.3	-2.4

	South East			Greater London			ENGLAND & WALES		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Nov-10	£264,282	-1.0	5.7	£379,278	0.1	8.0	£221,548	-0.7	4.3
Dec-10	£264,450	0.1	3.2	£382,182	0.8	6.8	£221,591	0.0	2.3
Jan-11	£266,229	0.7	2.6	£385,140	0.8	5.0	£222,187	0.3	1.0
Feb-11	£269,945	1.4	2.0	£391,524	1.7	4.4	£223,983	0.8	0.2
Mar-11	£271,450	0.6	3.0	£395,077	0.9	5.7	£224,378	0.2	1.0
Apr-11	£267,456	-1.5	1.5	£389,287	-1.5	5.0	£222,108	-1.0	0.3
May-11	£263,668	-1.4	-0.6	£379,080	-2.6	2.5	£219,104	-1.4	-1.1
Jun-11	£261,749	-0.7	-1.8	£374,519	-1.2	0.0	£217,541	-0.7	-2.2
Jul-11	£263,405	0.6	-1.7	£381,163	1.8	0.7	£218,740	0.6	-2.0
Aug-11	£264,542	0.4	-1.6	£387,660	1.7	1.7	£220,134	0.6	-1.7
Sep-11	£263,294	-0.5	-1.9	£388,371	0.2	2.4	£219,840	-0.1	-1.8
Oct-11	£263,171	0.0	-1.4	£390,619	0.6	3.1	£220,050	0.1	-1.3
Nov-11							£220,043	0.0	-0.7



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 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) 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 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 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 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 4 NOTE 7 above.
10. LSL Acad E&W HPI was published under the name FTHPI from September 2003 until December 2009.