

LSL Property Services/Acadametrics England & Wales House Price Index

SEPTEMBER 2011

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 14TH OCTOBER



Price drop fuels rising activity

- Average monthly prices fell 0.3% in September and are down 2.3% on the year
- Cheaper properties and affordable mortgages boost buyer confidence as transactions rose 9.5% last month

David Brown, commercial director of LSL Property Services, comments:

“The modest summer recovery came to an abrupt end in September, reminding us there are still serious barriers to a sustained property market recovery. Outside London, prices are falling throughout England and Wales and this has contributed to a fall in the average house price of 2.3% in the last 12 months. This looks like bad news for property owners, but over the medium term, despite short-term fluctuations, the property market has been stable.

“It’s certainly not all doom and gloom for homeowners. Buyer activity is picking up as transactions have been much higher than we would normally expect at this time of the year. This is important because it shows the market is not on a course for terminal decline. Increasing activity means buyers currently feel properties represent good value and that shows there is still plenty of confidence among both buyers and mortgage lenders that prices won’t plummet in the coming months. Add to that the fact that mortgage finance is currently cheaper than ever before, and there are plenty of positives to focus on when assessing the market.

“That’s not to say the road to recovery is obstruction-free. Mortgage lenders’ willingness to lend at record low rates is based on expectations that the MPC will keep rates low for the foreseeable future and that the Eurozone crisis won’t become a disaster. While it’s probable these conditions will continue, it’s far from certain. But whatever the future holds for the wider economy, buyers and remortgagers know that locking in to a cheap fixed rate deal now gives them the best chance of securing their financial futures and getting onto the property ladder.”

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 October 2010 - September 2011

		House Price	Index	Monthly Change %	Annual Change %
October	2010	£223,022	227.1	-0.4	5.3
November	2010	£221,515	225.5	-0.7	4.3
December	2010	£221,536	225.5	0.0	2.3
January	2011	£222,133	226.2	0.3	1.0
February	2011	£223,912	228.0	0.8	0.2
March	2011	£224,322	228.4	0.2	1.0
April	2011	£222,070	226.1	-1.0	0.3
May	2011	£219,073	223.0	-1.3	-1.1
June	2011	£217,448	221.4	-0.7	-2.3
July	2011	£218,536	222.5	0.5	-2.1
August	2011	£219,244	223.2	0.3	-2.1
September	2011	£218,650	222.6	-0.3	-2.3

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

House prices

“After two brief months of marginal price increases, house prices have again started to fall - declining in September by -0.3% on a monthly basis and -2.3% on an annual basis. This monthly fall is small and, when combined with the positive movements in July and August during the quarter, means that the housing market is probably best described as ‘stationary’.

“The average price of a property in England & Wales now stands at £218,650, i.e. some £18,416, or 9.2%, above the price observed at the trough of the last housing recession, which was in April 2009. However, the price is still £13,179, or 5.7%, below the house price peak of £231,828 recorded in February 2008.

“Table 6 shows that the smoothed average house price, nationally, in England & Wales fell by -2.3% in September. Additionally, the table reports August smoothed average prices at regional level (using the extra data for August available at the end of September) and shows that only Greater London recorded annual growth. Greater London also recorded the largest monthly growth at +1.1% amongst the seven (of ten) regions in which house prices grew in August. That said, after ironing out some of the monthly fluctuations, by using the average annual change on a quarterly basis (i.e. the average of three months which is a more stable measure), Fig. 4 shows that in four regions prices fell more sharply this month compared to last month.

“Taken together, it is possible that the housing market will continue to remain more or less stationary over the next three months, giving an out-turn of approximately -2.5% for the year as a whole - roughly in line with a number of forecasts published by HM Treasury in August. However, the most recent economic news is far from positive and we are seeing a rapid tightening in the supply of credit and the emergence of renewed tensions around the banking sector. The likelihood of a double dip recession has increased and confidence remains very low. The Bank of England has begun to put funding into the system via quantitative easing and any interest rate rise is clearly on hold for a considerable period. Until August/early September, the trends were beginning to suggest the market would see continuous improvement but, with the unfolding of the Eurozone crisis and its impact on global markets, a rapid deterioration has taken place over the last three weeks. This might drive the housing market down, taking house prices with it; much turns on the success of the interventions now put in place and the further action likely to be taken in the next month or so.

“It must be said that we can only surmise what might happen to prices and transactions, based upon the conditions pertaining at the time. These are now changing such that conditions that underpinned any of the more positive trends reported in this release are already less in evidence today.”

Housing Transactions

As our earlier News Releases have reported, transactions have picked up in recent months on the back of improving market circumstances. In Table 2, we compare our estimated number of property transactions for England & Wales to September 2011 with the corresponding 2010 results and with the average number of monthly property transactions for the sixteen year period to September 2010.

Table 2. Housing transactions in England & Wales; January to September 2011 compared with January to September 2010 and the January to September long term average

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1995-2010 average	65,939	67,978	84,279	84,118	91,926	98,558	102,819	101,264	91,595
2010 out-turn	36,379	43,055	52,215	52,965	52,881	63,612	68,236	62,320	58,259
2011 estimates	38,053	40,010	47,156	51,401	49,628	58,374	63,542	66,500	66,500
2010 average %	55%	63%	62%	63%	58%	65%	66%	62%	64%
2011 average %	58%	59%	56%	61%	54%	59%	62%	66%	73%

Although transactions between February and July 2011 fell below those in the same period of 2010, we estimate that, in both August and September, the number of properties sold in 2011 has been higher than it was in 2010. Similarly, comparing 2011 with the long term average, we can note that from January to July 2011, monthly sales have been running at between 54% and 62% of the long term average; however August transactions rose to 66% and in September to 73% of the equivalent long term monthly averages. If our August and September estimates prove to be correct, we will have seen that housing transactions have picked up to a level last seen in October 2009.

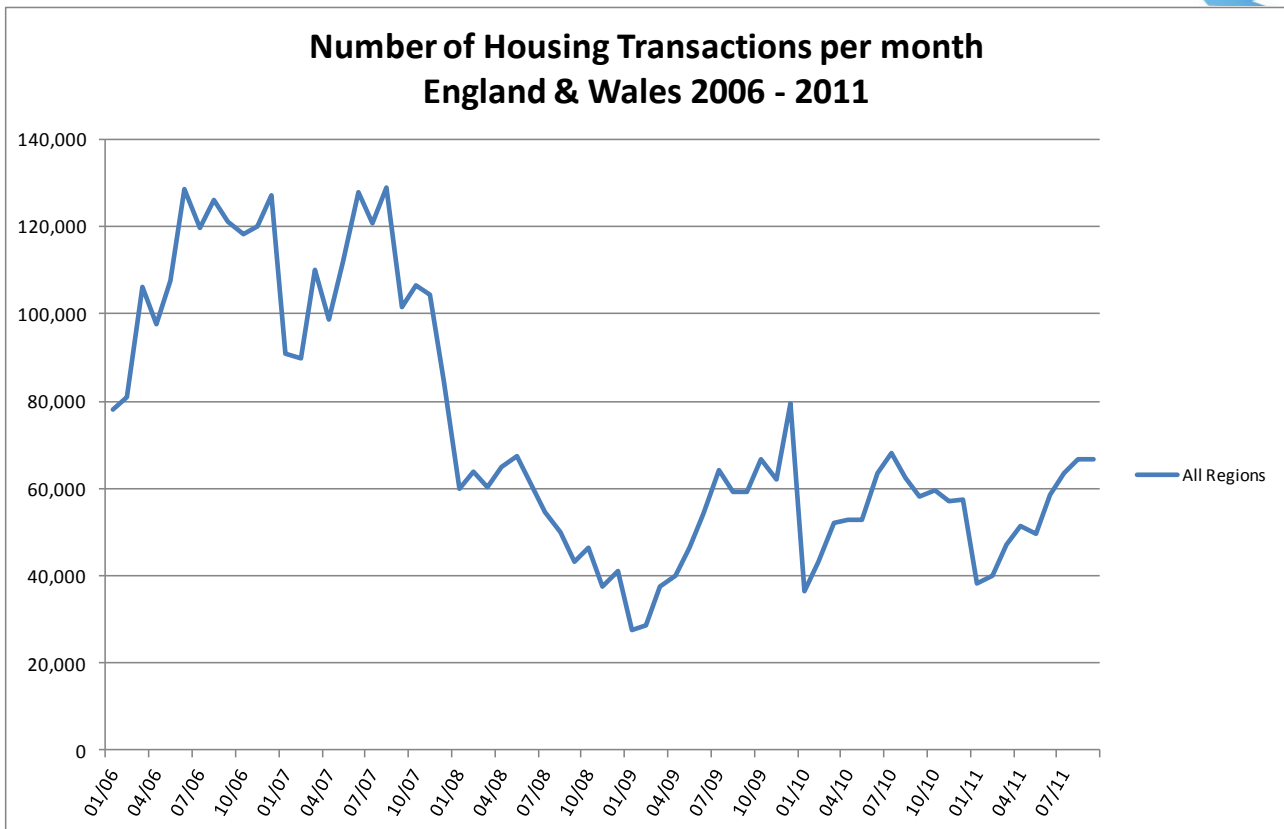


Figure 1. The number of housing transactions by month in England and Wales, 2006 – 2011 (not seasonally adjusted)

We estimate that housing transactions in England & Wales in September 2011 will be at a similar level to August i.e. showing approximately 66,500 properties sold in the month. If this estimate proves to be correct, it represents an improvement in sales on a seasonally adjusted basis, particularly as one would normally expect transactions in September to be some 9.5% lower than in August. As noted in Table 2, this figure also represents 73% of the average number of transactions in September over the last sixteen years - an improvement of 7% over the August estimate which itself represented an improvement over the average level of sales over the last twelve months.

NOTES

1. LSL Acad E&W HPI is the only house price index to use:
 - the **actual** prices at which every property in England and 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

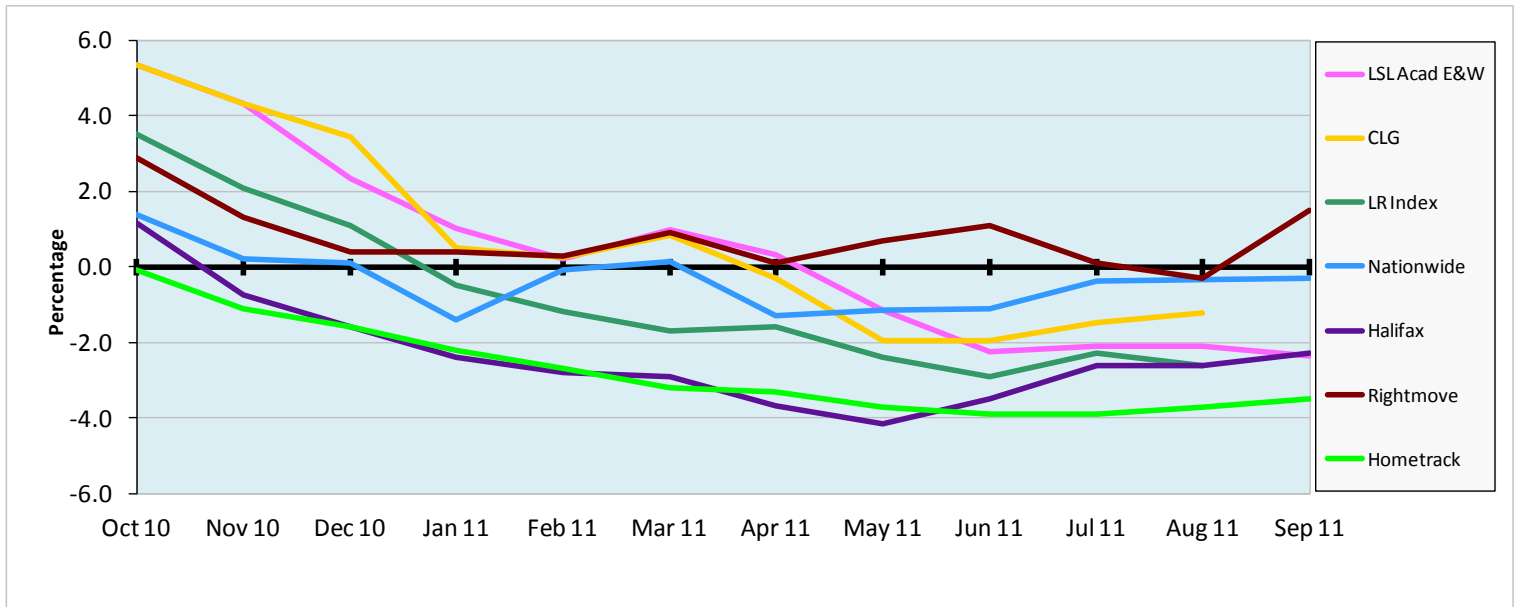


Figure 2. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

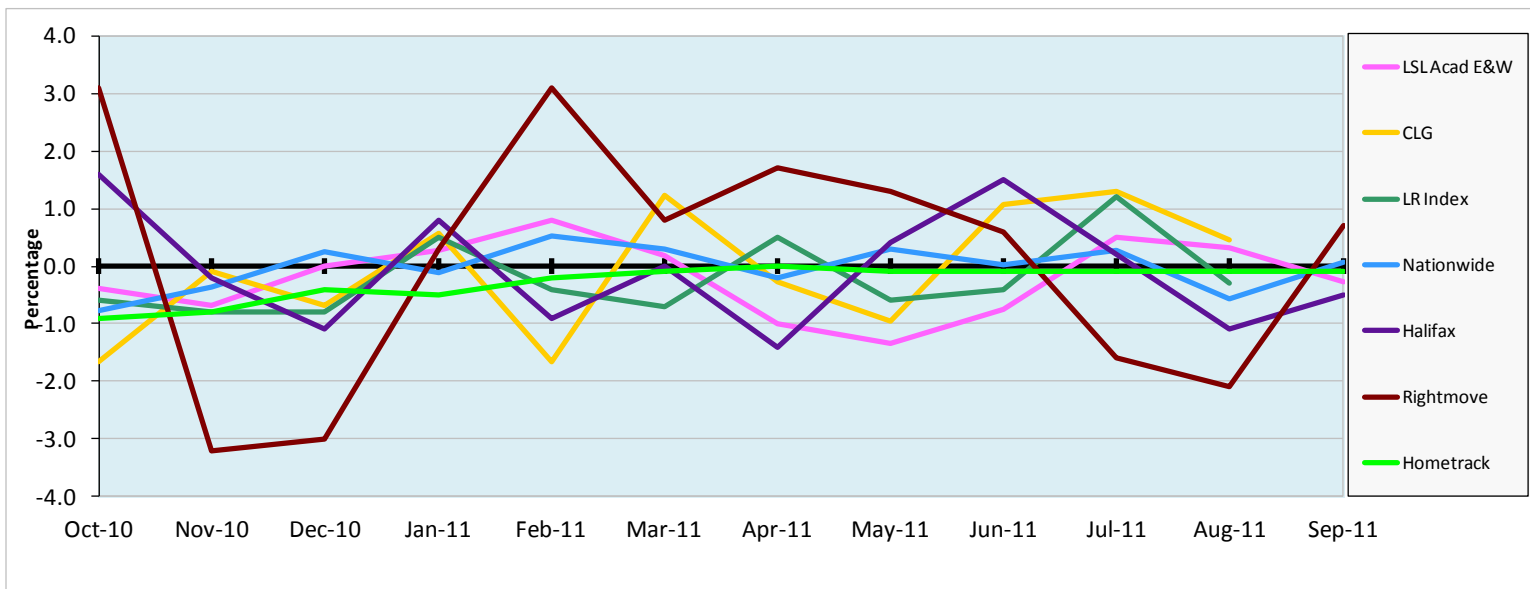


Figure 3. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART



Based on the average change over the last three months, as last month, 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 and as last month, five regions are showing an improvement in prices (or at least reduced price falls) compared with last month, whilst in four regions price falls are worsening, compared with five reported in August. The fall of -6.7% in prices in the North represents the largest annual % fall observed in any region since August 2009.

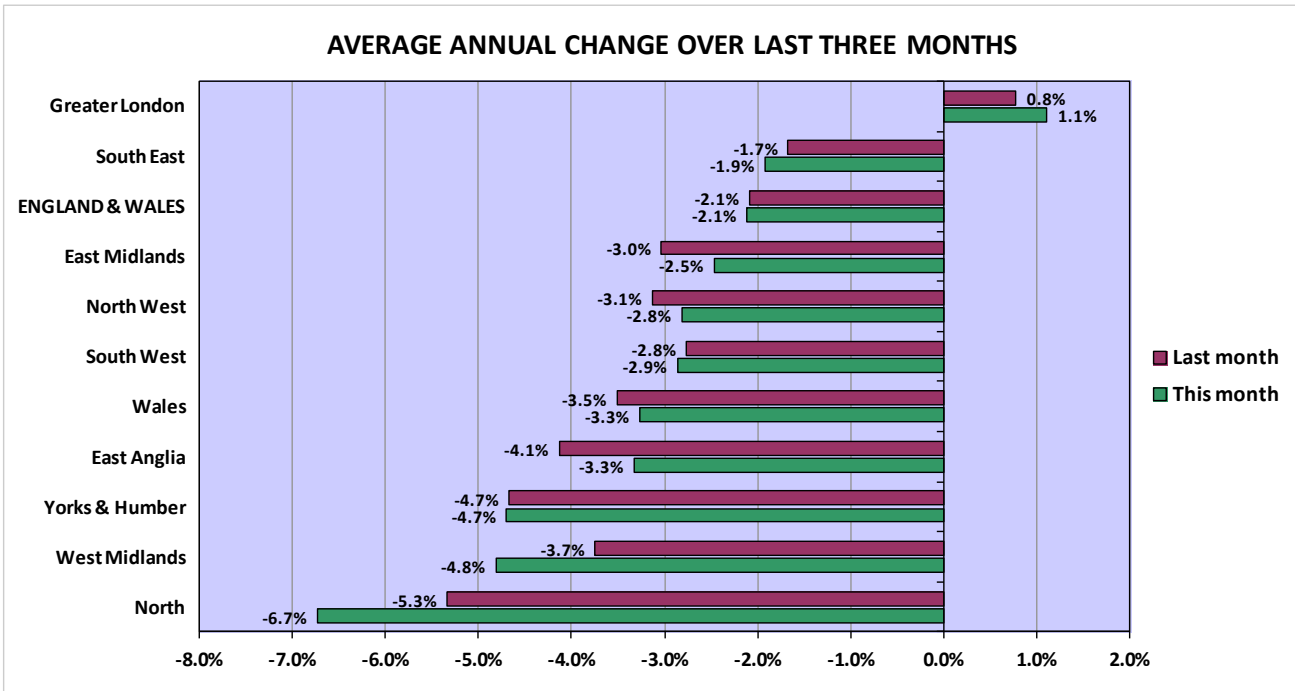


Figure 4. The annual change in the average house price, analysed by region

ANNUAL CHANGE IN PRICE BY REGION

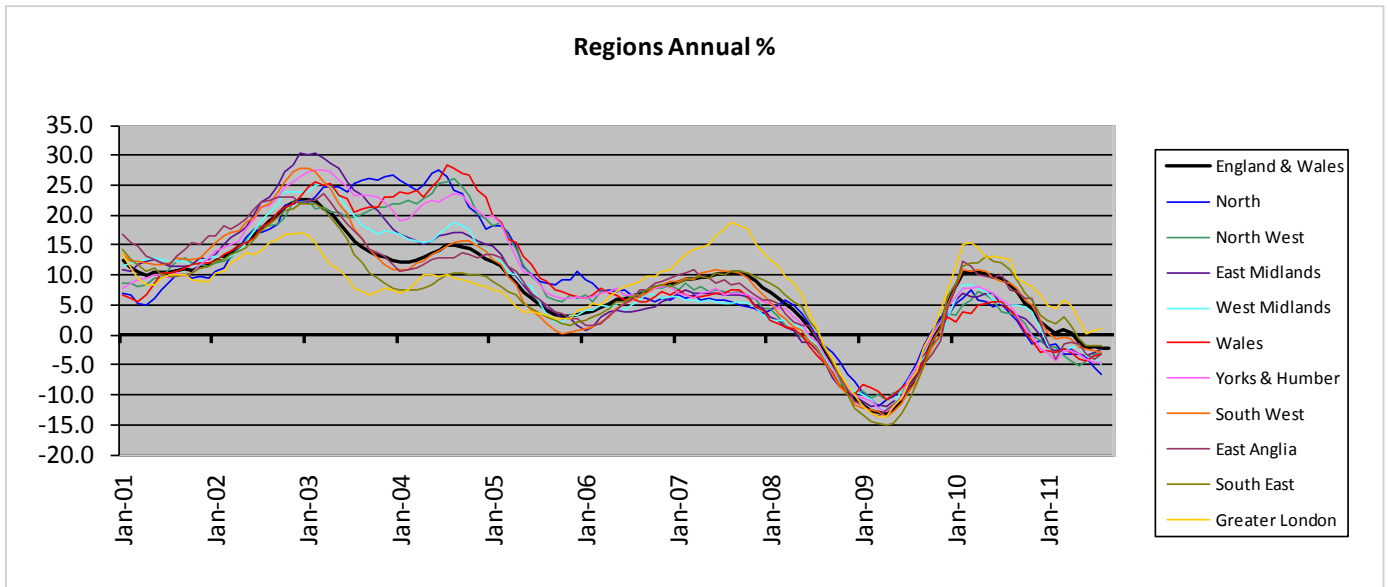


Figure 5. A comparison of the annual change in house prices, by region for the period Jan 2001 - Aug 2011

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

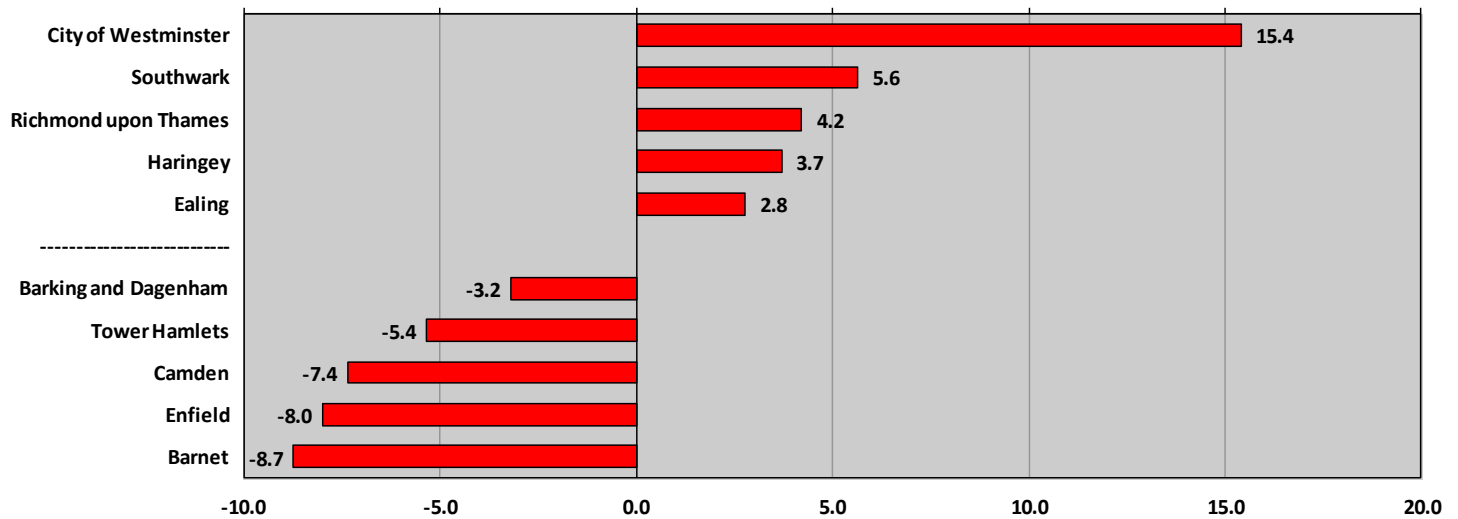


Figure 6. The annual change in house prices, based on a three month average, for the London boroughs

House prices

Figure 6 shows the % **annual** price change in ten London boroughs, averaged over three months, for those with the highest and lowest growth. The City of Westminster is ranked second of all London boroughs in terms of average property prices and is currently experiencing considerable increases in the prices of both terraced properties and flats, although the number of transactions in the borough is down over the same twelve month period. Over the last year, we have observed that the biggest increases in property prices have been experienced in the most expensive areas of London. With the exception of the City of Westminster, the validity of this observation appears to be weakening. Looking at the top five London boroughs by price (excluding the City of Westminster) property values have increased by 1.3% on an annual basis, whereas the lowest 5 boroughs by price have seen property values increase by 0.1%. The equivalent figures over the last three months (June – August) compared with the previous three months (March – May) are -6.6% and +1.6% respectively, which suggests prices in the central areas of London are ‘coming off the boil’. It must be noted, however, that the one off boost in the sale of properties of £1 million and over in March 2011, to avoid higher stamp duty, which was introduced in April 2011, may have had a distorting effect on these figures.

Last month, **sixteen** of the thirty-three London boroughs were recording price falls on an annual basis; this month the number recording falls remains at **sixteen** with some boroughs such as Barnet and Enfield currently seeing above average price falls, particularly in the ‘detached’ sector of their markets, which are down -30% and -36% respectively.

Transactions

Firstly, comparing the three months June - August 2011 with the same three months in 2010, the number of London properties sold has declined by -4%, although this is an improvement over last month’s figure of -8%. The boroughs which have seen the highest growth over the year in terms of property transactions are Greenwich +26%, Hackney +16% and Sutton +11%. The boroughs showing the largest falls in the number of properties sold over the year are Redbridge -16%, Haringey -16% and Newham -15%.

Secondly, comparing the three months June - August 2011 with the preceding three months March - May 2011, sales volumes in London have risen 28%, which is above the average 16% seasonal increase which one would expect for this time of year. The increase in sales volumes over this period has been experienced across all property types, which suggests that the dearth in the sale of flats that we have highlighted over the last six months is diminishing. Over the last quarter the boroughs that have seen property sales increase the most are Hackney +61%, Tower Hamlets + 45% and Wandsworth + 44%, those with the smallest increases were Kensington & Chelsea +1%, Newham +2% and Hammersmith and Fulham +9%.



AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - COUNTIES

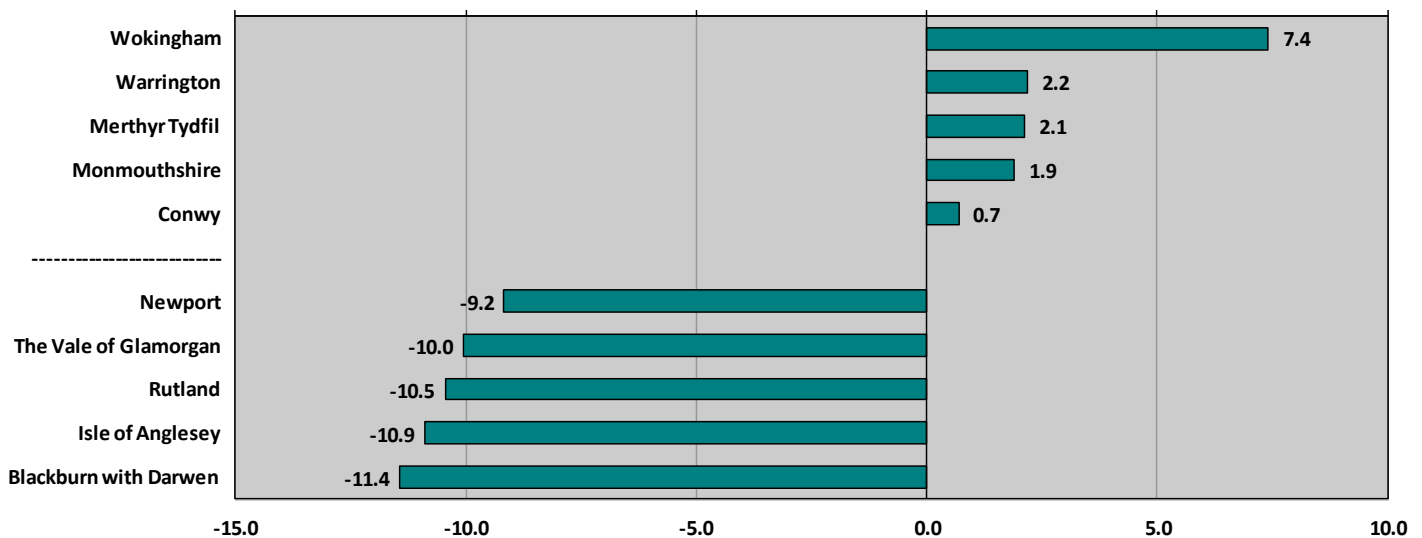


Figure 7. The annual change in house prices, based on a three month average, for the unitary districts

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. Of the ten unitary districts and counties listed above, six are in Wales, with three Welsh districts in the top five and three in the bottom five places in our 'league table'. This is mainly due to the small number of property transactions taking place in these districts, which makes the average property price more volatile, as opposed to a more deep seated trend occurring in the Welsh countryside. The same applies to Rutland and Blackburn. How, otherwise, could the discrepancy in price movements between Blackburn and Warrington, which are only 25 miles distant from each other, be explained? That said, the Land Registry advises that a high value new development of flats has just come onto the market in WA4, which has helped lift the average price of homes in the Warrington area, at least for the short term.

Last month, we reported that **ninety-seven** 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 is the same, suggesting that the market is not showing signs of further deterioration, albeit falling house prices are being experienced in ninety percent of the unitary districts and counties across England & Wales.

Comparing the three months June - August 2011 with the same three months in 2010, average prices in England & Wales are showing a fall of -2.2%. Over this period, flats have seen price increases of 1%, mainly due to the market in central London, whilst those of the other property types have seen falls of -2% to -3%. All regions have seen price falls across all property types, except in London and East Anglia, where the prices of flats have increased.

Comparing the three months June - August 2011 with the preceding three months March - May 2011, we find that price changes by property type have varied between -2% for flats to +2% for semi-detached properties.

Transactions

Comparing the three months June - August 2011 with the same three months in 2010, property transactions have declined by -3.5% in England & Wales, last month's equivalent figure being -6.8%. All regions experienced falls over the year, the largest being of -7% in the South West. Sales have fallen across all property types, with detached properties down the most at -6% and terraced properties the least at -2%.

Comparing the three months June - August 2011 with the preceding three months March - May 2011, we find that housing transactions have increased by 26%, against an anticipated increase of 16% for the time of year. The largest percentage increase has been seen in East Anglia +32%, with the smallest increase being seen in the North West +17%. The increases in sales by property type over this period were detached + 33%, semi-detached +26%, with flats and terraced properties both showing a +22% increase.

Comparison of detached & flat transactions 2007 -2011



Last month we looked at the number of flats and detached properties sold during the first six months of each year, for the period 2007 - 2011. This month we complete this analysis by looking at the number of semi-detached and terraced properties sold over the same period.

Table 3 sets out the number of semi-detached properties sold in England & Wales in the first half of each year (January - June) over the period 2007 - 2011. The source of the data is the Land Registry. Due to the timing of data release at Land Registry and in order to provide consistency across the years, the figures shown are those quoted by the Land Registry at the end of August for the year concerned.

Table 3. The number of semi-detached properties sold in England & Wales, between January - June, 2007 - 2011

Region	SEMI - DETACHED PROPERTIES SOLD JAN - JUNE				
	2007	2008	2009	2010	2011
YEAR					
NORTH	10,214	6,563	3,954	4,606	4,831
NORTH WEST	21,844	13,168	7,962	9,749	9,814
YORKS & HUMBERSIDE	19,176	9,589	7,102	8,606	8,503
WALES	7,884	5,108	3,251	4,127	3,996
WEST MIDLANDS	17,490	10,881	6,598	7,914	8,117
EAST MIDLANDS	17,010	9,630	6,543	8,210	7,847
EAST ANGLIA	7,673	4,509	3,326	4,061	3,969
SOUTH WEST	14,257	8,199	6,463	7,830	7,633
SOUTH EAST	36,027	24,087	15,644	20,445	18,869
GREATER LONDON	11,418	6,587	4,208	6,548	6,200
ENGLAND & WALES	162,993	98,321	65,051	82,096	79,779

% Change from 2007

Region	SEMI - DETACHED PROPERTIES SOLD JAN - JUNE				
	2007	2008	2009	2010	2011
YEAR					
NORTH		-36%	-61%	-55%	-53%
NORTH WEST		-40%	-64%	-55%	-55%
YORKS & HUMBERSIDE		-50%	-63%	-55%	-56%
WALES		-35%	-59%	-48%	-49%
WEST MIDLANDS		-38%	-62%	-55%	-54%
EAST MIDLANDS		-43%	-62%	-52%	-54%
EAST ANGLIA		-41%	-57%	-47%	-48%
SOUTH WEST		-42%	-55%	-45%	-46%
SOUTH EAST		-33%	-57%	-43%	-48%
GREATER LONDON		-42%	-63%	-43%	-46%
ENGLAND & WALES		-40%	-60%	-50%	-51%

Table 3 above shows that 162,993 semi-detached properties were sold between January - June 2007. Figure 1 page 4 shows that 2007 was a 'high activity' year with annual transactions for all property types amounting to 1.28 million. 2007 was not, however, particularly unusual, with annual transactions in excess of 1 million occurring across the eleven year period 1997 - 2007. Not until 2008 did sales start to decline, reaching the lowest point in 2009, with only 624,000 transactions recorded in that year.

The pattern of semi-detached property sales shown above is typical of the general market. The lowest number of sales occurred in 2009, representing an average 60% downturn compared with 2007 levels. In 2008 the region showing the greatest reduction in the sale of semi-detached properties was Yorkshire & Humberside, down by -50%, with the South East showing the most resilience to the downturn at -33%. 2009 saw most regions witnessing broadly similar percentage falls in sales of semi-detached properties. The semi-detached market picked up in 2010, although there is some evidence of a North/South divide, with the northern regions seeing sales down -55% on 2007 levels, whilst London and the South East showed falls of -43%.

Comparison of detached & flat transactions 2007 -2011



Comparing the first half of 2011 with the first half of 2010, we see only slight falls in semi-detached sales, except in the North and North-East where there were minor gains. Although the property market in 2011 from July onwards is not included in this analysis, Table 2 above shows our expectation that August and September transaction levels, for all property types, are in excess of those achieved in 2010.

Table 4. The number of terraced properties sold in England & Wales, between January - June, 2007 - 2011

Region	TERRACED PROPERTIES SOLD JAN - JUNE				
YEAR	2007	2008	2009	2010	2011
NORTH	13,972	8,881	4,394	5,229	5,406
NORTH WEST	27,848	17,333	8,171	10,124	10,192
YORKS & HUMBERSIDE	21,340	11,376	7,006	8,257	8,105
WALES	9,685	6,083	3,480	4,472	4,353
WEST MIDLANDS	16,964	10,770	5,876	7,096	7,230
EAST MIDLANDS	13,718	7,758	4,671	5,903	5,976
EAST ANGLIA	7,526	4,500	3,092	3,719	3,732
SOUTH WEST	18,472	11,099	7,802	9,858	9,160
SOUTH EAST	38,179	25,000	14,383	19,032	18,424
GREATER LONDON	22,668	13,309	7,563	11,859	11,230
ENGLAND & WALES	190,372	116,109	66,438	85,549	83,808

% Change from 2007

Region	TERRACED PROPERTIES SOLD JAN - JUNE				
YEAR	2007	2008	2009	2010	2011
NORTH		-36%	-69%	-63%	-61%
NORTH WEST		-38%	-71%	-64%	-63%
YORKS & HUMBERSIDE		-47%	-67%	-61%	-62%
WALES		-37%	-64%	-54%	-55%
WEST MIDLANDS		-37%	-65%	-58%	-57%
EAST MIDLANDS		-43%	-66%	-57%	-56%
EAST ANGLIA		-40%	-59%	-51%	-50%
SOUTH WEST		-40%	-58%	-47%	-50%
SOUTH EAST		-35%	-62%	-50%	-52%
GREATER LONDON		-41%	-67%	-48%	-50%
ENGLAND & WALES		-39%	-65%	-55%	-56%

Table 4 provides a similar analysis to Table 3, but for terraced properties. In 2008, the number of terraced properties sold declined by -39% from 2007 levels, with Yorkshire & Humberside again seeing the largest fall, down some -47%, and the South East down the least at -35%. In 2009, sales of terraced properties declined by -65% on 2007 levels, which was a more serious fall than seen in the semi-detached or detached markets, of -60% and -56% respectively. The largest fall in the terraced property market was observed in the North-West region at -71%. In 2010, the market picked up by 10% from the 2007 levels, although the recovery in sales was still less than that of semi-detached properties. One can also identify a North/South divide in the sale of terraced properties, with the northern regions showing a slower recovery than in the south. Like semi-detached sales, total sales of terraced houses were lower in the first half of 2011 than in the first half of 2010 but the northern regions and midlands saw marginal gains.

We provide a summary of our transaction analysis on the next page.

Comparison of detached & flat transactions 2007 -2011



Table 5. The number of properties sold in England & Wales, by type, between January - June, 2007 - 2011

Property Type	NUMBER OF PROPERTIES SOLD IN ENGLAND & WALES				
	2007	2008	2009	2010	2011
DETACHED	119,117	70,587	52,009	69,737	64,245
SEMI-DETACHED	162,993	98,321	65,051	82,096	79,779
TERRACED	190,372	116,109	66,438	85,549	83,808
FLATS	206,413	134,621	79,497	57,204	52,005
TOTAL	678,895	419,638	262,995	294,586	279,837

% Change from 2007

Property Type	NUMBER OF PROPERTIES SOLD IN ENGLAND & WALES				
	2007	2008	2009	2010	2011
DETACHED		-41%	-56%	-41%	-46%
SEMI-DETACHED		-40%	-60%	-50%	-51%
TERRACED		-39%	-65%	-55%	-56%
FLATS		-35%	-61%	-72%	-75%
ENGLAND & WALES		-38%	-61%	-57%	-59%

Whilst in 2008, sales of detached properties declined faster (at -41%) than those of other property types, with the market for flats showing slightly more resistance (at -35%), by 2011 this position had reversed with sales of detached properties showing the least decline compared to 2007 levels. In 2011 sales of both semi-detached and terraced properties have increased over 2008 levels, although there has been a marginal decline in the number of sales in 2011 compared with 2010. The number of flats sold during 2008 (at -35%) was less than the decline in the sale of other property types. However, what is noticeable is that the sale of flats has continued to decline over each of the four years 2008 - 2011, whereas we have seen a rebound in sales of the other property types.

Undoubtedly, the market for flats reflects the fall in first time buyers and buy to let investors, both previously purchasers. Both sets of buyers have experienced difficulties in obtaining affordable mortgages, given a requirement for higher than average deposits and tighter underwriting standards. This lack of affordable finance has clearly impacted on these markets although, as suggested earlier, there is clear evidence that the problem has now eased for buy to let investors and is improving for first time buyers. What our analysis highlights is the complex interplay between credit supply and specific sub markets, testing as always generalisations about the market overall. For activity in the housing market to return to anything approaching the levels last seen in 2007, there will clearly need to be a dramatic change in the number of flats being bought. The lenders in the market would appear to be acknowledging this requirement, with more competitive products starting to emerge aimed at this sector.

Regional data table



Table 6. Average house prices by Region, September 2010 - August 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
Sep-10	£148,345	0.7	2.4	£158,693	1.0	3.3	£163,816	0.0	3.2	£176,827	0.0	5.0
Oct-10	£148,244	-0.1	0.3	£157,961	-0.5	2.0	£163,614	-0.1	2.6	£176,701	-0.1	4.6
Nov-10	£147,062	-0.8	-1.4	£156,214	-1.1	-0.1	£162,578	-0.6	1.5	£174,733	-1.1	3.8
Dec-10	£145,729	-0.9	-1.0	£155,350	-0.6	-1.1	£161,628	-0.6	-0.2	£173,627	-0.6	0.9
Jan-11	£146,435	0.5	-1.9	£154,655	-0.4	-1.8	£161,576	0.0	-2.0	£173,405	-0.1	-1.6
Feb-11	£148,213	1.2	-1.4	£154,710	0.0	-2.2	£161,505	0.0	-2.7	£172,323	-0.6	-3.6
Mar-11	£147,561	-0.4	-3.2	£153,272	-0.9	-3.4	£160,649	-0.5	-2.3	£171,806	-0.3	-2.6
Apr-11	£145,500	-1.4	-3.1	£152,263	-0.7	-4.4	£159,593	-0.7	-2.4	£171,014	-0.5	-2.1
May-11	£144,300	-0.8	-3.3	£150,545	-1.1	-5.2	£158,526	-0.7	-3.4	£170,921	-0.1	-1.7
Jun-11	£142,596	-1.2	-3.9	£150,591	0.0	-4.2	£158,952	0.3	-3.6	£169,271	-1.0	-3.6
Jul-11	£140,417	-1.5	-5.3	£151,418	0.5	-3.1	£159,041	0.1	-3.0	£168,547	-0.4	-3.7
Aug-11	£137,435	-2.1	-6.7	£152,690	0.8	-2.8	£159,780	0.5	-2.5	£168,376	-0.1	-4.8

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Sep-10	£155,778	0.0	3.1	£160,200	0.0	3.3	£226,629	0.2	7.6	£204,284	0.1	7.3
Oct-10	£154,928	-0.5	0.4	£158,912	-0.8	1.1	£225,875	-0.3	5.7	£201,636	-1.3	6.1
Nov-10	£153,205	-1.1	-1.0	£158,064	-0.5	-0.1	£224,403	-0.7	4.8	£199,358	-1.1	6.2
Dec-10	£151,831	-0.9	-3.0	£156,716	-0.9	-2.5	£226,462	0.9	2.5	£198,146	-0.6	1.8
Jan-11	£151,999	0.1	-2.7	£156,947	0.1	-3.0	£225,035	-0.6	0.4	£198,392	0.1	-1.0
Feb-11	£152,681	0.4	-2.9	£155,734	-0.8	-4.3	£226,514	0.7	-0.6	£198,683	0.1	-3.9
Mar-11	£152,518	-0.1	-2.3	£156,406	0.4	-2.8	£224,237	-1.0	-0.4	£200,301	0.8	-1.6
Apr-11	£150,598	-1.3	-3.0	£155,724	-0.4	-2.7	£224,034	-0.1	-0.7	£199,714	-0.3	-1.2
May-11	£148,714	-1.3	-4.1	£154,095	-1.0	-3.3	£222,123	-0.9	-2.1	£199,590	-0.1	-1.5
Jun-11	£148,800	0.1	-4.3	£152,575	-1.0	-3.9	£220,563	-0.7	-2.5	£197,410	-1.1	-3.1
Jul-11	£149,922	0.8	-3.5	£151,626	-0.6	-4.7	£220,270	-0.1	-2.8	£196,904	-0.3	-4.1
Aug-11	£150,634	0.5	-3.3	£152,602	0.6	-4.7	£219,684	-0.3	-2.9	£197,320	0.2	-3.3

	South East			Greater London			ENGLAND & WALES		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Sep-10	£268,287	-0.2	9.2	£379,285	-0.5	9.6	£223,890	0.0	7.0
Oct-10	£266,936	-0.5	6.8	£378,725	-0.1	8.6	£223,022	-0.4	5.3
Nov-10	£264,268	-1.0	5.7	£379,225	0.1	8.0	£221,515	-0.7	4.3
Dec-10	£264,412	0.1	3.2	£382,029	0.7	6.7	£221,536	0.0	2.3
Jan-11	£266,081	0.6	2.5	£384,966	0.8	5.0	£222,133	0.3	1.0
Feb-11	£269,818	1.4	1.9	£391,195	1.6	4.3	£223,912	0.8	0.2
Mar-11	£271,356	0.6	3.0	£394,887	0.9	5.7	£224,322	0.2	1.0
Apr-11	£267,452	-1.4	1.5	£389,177	-1.4	5.0	£222,070	-1.0	0.3
May-11	£263,673	-1.4	-0.6	£379,236	-2.6	2.6	£219,073	-1.3	-1.1
Jun-11	£261,795	-0.7	-1.8	£374,725	-1.2	0.1	£217,448	-0.7	-2.3
Jul-11	£263,487	0.6	-1.7	£381,273	1.7	0.8	£218,536	0.5	-2.1
Aug-11	£263,697	0.1	-1.9	£385,420	1.1	1.1	£219,244	0.3	-2.1
Sep-11							£218,650	-0.3	-2.3



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 and 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.