

LSL Property Services/Acadameetrics England & Wales House Price Index

SEPTEMBER 2012

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 12TH OCTOBER

House sales fall as prices dip during September

- **Transactions fall 24% in September as a knock-on effect of Olympic distraction**
- **House prices drift down 0.1% on monthly basis**
- **Annual house price increase slows to 2.2%**

House Price	Index	Monthly Change %	Annual Change %
£225,374	229.5	-0.1	2.2

David Brown, commercial director of LSL Property Services, comments: “A combination of dipping house prices and falling sales numbers point to a slowing market in September as a lethargic mortgage market and the knock-on impact of reduced buyer activity in August took its toll during the month. House prices are still in positive territory this year, and have increased on an annual basis for six consecutive months due to a shortage of properties on the market alongside the ongoing appetite from cash buyers and those with substantial equity. However, the rate of increase is slowing.

“It’s clear that the September housing market was still feeling the effects of the distraction of the Olympics in August, with lower activity and reduced competition in the previous month feeding through into a lower number of sales in September. In fact, transactions fell by 24%, compared to a typical seasonal monthly fall of 9%. While we have already started to see buyer activity rebound, the short-term factors hampering September’s performance shouldn’t mask the wider problems the national housing market faces. The lack of lending, especially to first-timer buyers, is choking off first time buyer sales outside of prime London, while uncertainty over job prospects in many parts of the country is still affecting sentiment of many prospective buyers.

“Much hangs on an improvement in the mortgage market. We’ve yet to see enough time elapse to feel a substantial impact from the Funding For Lending scheme in sales prices and numbers, or a boost to activity at the bottom end of the property market. However, lenders are confident that it will lead to increased funding for home buyers, and expect credit availability to increase significantly in the final quarter of the year, according to the Bank of England’s latest Credit Conditions Survey. If this is the case and the cheaper finance reaches those waiting to purchase their first home, it could provide a welcome new impetus for transactional activity, and a new source of optimism for would-be buyers.”

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



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

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
October	2011	£220,959	225.0	0.2	-0.9
November	2011	£219,716	223.7	-0.6	-0.8
December	2011	£219,905	223.9	0.1	-0.8
January	2012	£220,547	224.5	0.3	-0.7
February	2012	£221,370	225.4	0.4	-1.2
March	2012	£223,344	227.4	0.9	-0.5
April	2012	£224,495	228.6	0.5	1.1
May	2012	£226,692	230.8	1.0	3.4
June	2012	£226,603	230.7	0.0	4.2
July	2012	£226,128	230.2	-0.2	3.3
August	2012	£225,611	229.7	-0.2	2.3
September	2012	£225,374	229.5	-0.1	2.2

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

House prices

The LSL Acad E&W House Price Index shows a marginal fall of £237 or 0.1% in the average price of properties sold in England & Wales during September, as compared with August. For the fourth month in succession prices have fallen, with May 2012 looking as though it may have been the peak for the year. On an annual basis, the rate of growth in house prices peaked in June 2012 at 4.2%, but has been declining since then and stood at 2.2% in September. London continues to be the main driver of the increase in prices (see figure 5 on page 9). The annual change in London prices at 8.2% is 3.7 times greater than in any other region, being the only above average rate for England & Wales as a whole.

The LSL Acadametrics Index shows an annual increase of 2.2% in house prices which is higher than that of other house price indices, (Figure 3, page 8). However we would remind readers that our Index includes cash transactions, whereas the indices produced by the lenders do not. In its *UK Economy and Property Chart Book*, RICS estimates that cash transactions now account for approximately one third (35%) of all housing transactions, up from less than one sixth (15%) prior to the current financial crisis. Cash transactions have clearly become an important part of the housing market and not least in areas where there is a high demand for properties, such as Central London, where prices are rising faster than elsewhere. Little wonder then that our index is higher than others at the same time as highlighting a fundamental flaw in the price discussions which result.

Our trend line in Figure 1 below shows the movement in national house prices over the last twelve months and supports a view of slow growth in prices over time. However one might ask whether there should be two trend lines for the year, the first showing a growth in prices from September 2011 to May 2012, with the second showing a fall in prices from May 2012 to September 2012?

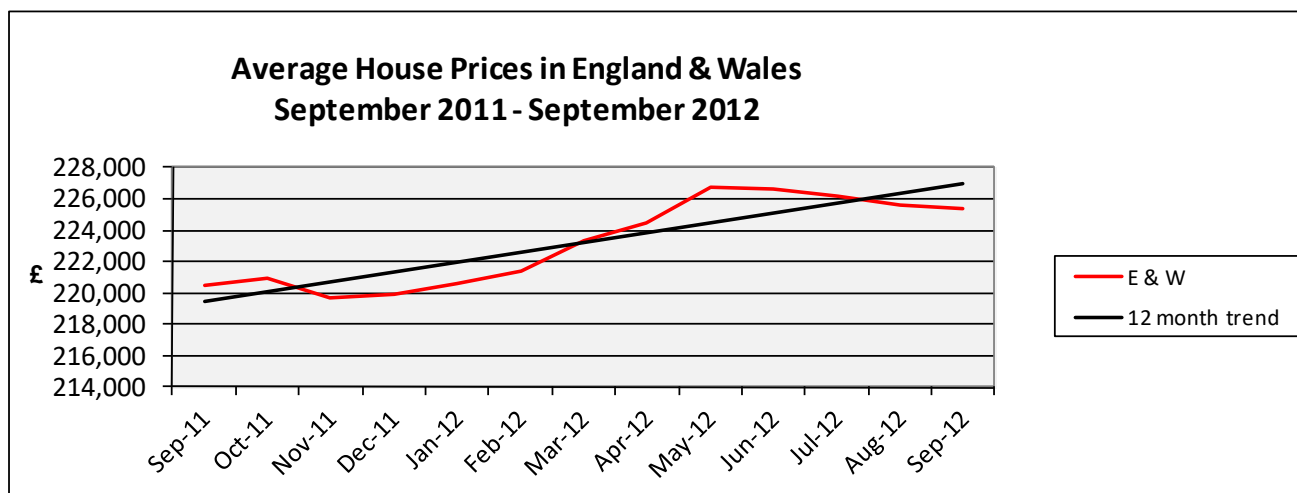


Figure 1. The Average House Price in England & Wales, September 2011 – September 2012

[link to source Excel](#)

One of the main features of the housing market in September is the low number of transactions in the month. Our current estimate of the final number of September transactions that will eventually be recorded in England & Wales is just under 50,000 (solicitors are still in the process of sending details to Land Registry). If this estimate is correct it will be the second lowest number of properties sold in the month of September since the Land Registry first computerised its records in 1995. The Olympics may have triggered a ‘feel-good’ factor, but as a result people were watching TV in August, with few viewings and offers being made. This had a knock-on effect on the number of transactions completed in September.

Although we are showing nominal falls in prices on a monthly basis, it is very evident that real house prices have been falling quite rapidly for some time, after taking account of inflation. In Table 2 below we compare the growth in house prices for the last ten years with the change in the Retail Price Index over the same period, so showing house price growth expressed in ‘real’ money terms. These results may come as a bit of a shock to some readers.



Table 2. The calculation of 'real' house price growth for each of the ten years August 2002 - August 2011 for the average house price in England & Wales. [link to source Excel](#)

1	House Prices	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
2	August	£140,496	£161,097	£185,270	£192,686	£205,840	£227,511	£221,148	£206,470	£223,976	£220,526
3	August 2012	£225,611	£225,611	£225,611	£225,611	£225,611	£225,611	£225,611	£225,611	£225,611	£225,611
4	% growth	60.6%	40.0%	21.8%	17.1%	9.6%	-0.8%	2.0%	9.3%	0.7%	2.3%
5	RPI Index	176.4	181.6	187.4	192.6	199.2	207.3	217.2	214.4	224.5	236.1
6	RPI Aug 12	243.0	243.0	243.0	243.0	243.0	243.0	243.0	243.0	243.0	243.0
7	% change	37.8%	33.8%	29.7%	26.2%	22.0%	17.2%	11.9%	13.3%	8.2%	2.9%
8	Real House Price growth	22.8%	6.2%	-7.9%	-9.1%	-12.4%	-18.1%	-9.9%	-4.1%	-7.5%	-0.6%

The second line of the table above shows the average house price in England & Wales in August of each year for the period 2002 - 2011. This price can then be compared with the average price in August 2012 (line 3) and the % growth in line 4. This % growth is expressed in money terms, i.e. without the effects of inflation. As can be seen there is only one year, August 2007, in which prices were higher than in August 2012. In the 5th line the RPI Index for each August for the period 2002 - 2011 is shown. Compare this to the RPI Index in August 2012 (line 6) - the resulting % change in prices over the relevant period is shown in line 7.

Finally we calculate the 'real' house price growth for each of the last ten years (line 8). The results show that it is only those home owners who purchased a property prior to August 2003 who have seen a positive 'real' return on their investment. Those who purchased a property during the years 2004 - 2008 will have seen a reduction in its value of at least 8% when expressed in 'real' terms, with those who bought in 2007 seeing the real value down by 18%.

Although most households think in nominal terms, the fact that their investment is not holding up well relative to inflation does raise questions. Of course other investments are also impacted by inflation, so one question is what are the alternatives? However, it does cast a different light on debates about house prices and the value of homes. The decision by many to rent rather than buy in recent years looks more sensible, and although rents have risen (and debt service costs have fallen), the overall return to the landlord has been eroded. Property is not necessarily an inflation proof investment although over the long term it has outperformed RPI.

The fall in monthly prices and the steady decline in the annual rate of house price inflation do point to a slowing market at a time when the government is trying hard to induce new levels of activity and confidence. The Funding for Lending scheme (FLS) should result in a greater supply of cheaper mortgage funding. This in turn should stimulate transactions and prices, not least because supply remains constrained. However there is little in recent figures to support any strong optimism about the market, with a clear consensus indicating that it will remain subdued for the rest of the year.



Housing Transactions

In an average year, housing transactions usually fall by 9% between August and September, as families take their summer holidays in August. This results in fewer offers being made in that month, with a knock-on effect on sales completions in September. However, this year we estimate that the number of property transactions completed in the month fell by 24%, to just under 50,000 sales. If this proves correct, it will have been the second quietest September for property sales in the Land Registry data series, which started in 1995. For the record the quietest September was in 2008, midway through the last banking crisis, when funding for mortgages was much reduced.

The most obvious reason for the decline in September sales in 2012 is the Olympics, which may well have enthralled the nation, but which also resulted in far fewer property viewings in August. This in turn had a consequential effect on the number of sales completions being recorded in September. A typical estate agent comment describing the month was: "The market was quiet in August due to holidays and the Olympic Games". Most estate agents have reported an increase in activity following the Olympic closing ceremony, so we might anticipate higher than normal transaction numbers next month.

The graph on page 7 shows how transaction numbers (without seasonal adjustment) have fluctuated during 2012. The year started with a typical lull in transactions during January and February, but with sales in March being boosted more than the norm by first-time buyers looking to complete prior to the ending of a stamp-duty tax-holiday on 24th March 2012. April transactions were as a consequence quieter than usual, as many sales had been brought forward into March. There was a recovery to more normal levels of sales in May, but demand in June and July was dampened by the weather and the effects of the Queen's Jubilee. August saw the highest number of sales in the year, but the Olympics meant that viewings were down in the month with a subsequent knock-on effect on September completions.

The other striking feature of the transactions graph is that it depicts the fall in the number of properties sold per annum over the period 2008 - 2012, compared to the period 2006 - 2007. The main causes of the decline in transactions remain the difficulties in obtaining mortgage finance, with high deposit levels and an excellent credit record still being paramount in the eyes of the lender. In addition, uncertainties in the economic outlook are causing buyers to remain cautious about any commitment to the purchase of a high value asset.

One feature of the current housing market, in terms of transactions, is the decline in the number of semi-detached properties being bought and sold. Table 3 below shows the annual change, by region and property type, in the number of transactions in England and Wales for the period June - August 2012, compared with the period June - August 2011.

Table 3. The % change in the number of property transactions in England & Wales for the three month period June - August 2012, compared with the same three months in 2011, analysed by Region and property type. [link to source Excel](#)

Region	% Change in Transactions; Jun - Aug 2012/2011				
	Detached	Semi	Terraced	Flats	All Types
NORTH	5%	-7%	-10%	-8%	-6%
NORTH WEST	4%	-4%	-8%	-4%	-4%
YORKS & HUMBERSIDE	4%	-1%	-3%	-13%	-1%
WALES	1%	-2%	-2%	-8%	-2%
WEST MIDLANDS	9%	-2%	-4%	1%	0%
EAST MIDLANDS	2%	-10%	3%	3%	-2%
EAST ANGLIA	-4%	-8%	-4%	-12%	-6%
SOUTH WEST	4%	-5%	6%	-2%	1%
SOUTH EAST	5%	-6%	6%	-4%	1%
GREATER LONDON	-4%	-6%	2%	2%	0%
ENGLAND & WALES	3%	-5%	0%	-2%	-1%

Source: Land Registry data and Acadametrics analysis



The table shows that overall there has been a 1% decline in the number of transactions over the three month period June - August 2012 compared to last year, with only the South East and the South West seeing an increase in property sales. The number of detached properties sold has seen an increase in all regions, except for East Anglia and Greater London. The number of terraced properties sold has remained constant over England & Wales as a whole, although there is something of a North/South divide, with terraces proving popular in the South but less so in the North. Flats have seen a decline in sales, except in the Midlands and Greater London. However it is semi-detached properties that have seen the largest decline in terms of the number of properties sold and this trend is universal across all regions. The question is why is this happening? It is an issue that we will return to in a later commentary, but it might suggest that middle income households are currently experiencing an economic chill.

Overall we have a subdued market which itself is a significant limiting factor in terms of economic recovery. The government has focused considerable attention on increasing the supply of new homes as an economic multiplier even though the impact of this policy has been limited to date. There is a case for giving more attention to the housing market, and the Labour party proposal for suspending Stamp Duty on homes under £250,000 has some merit here as a market stimulus. As it stands, the market seems destined to drift downwards in terms of prices, both nominal and real, as well as in property transactions: this then becomes a self-reinforcing process. The government is promising a new housing strategy in November and it needs to deliver a step change in policy and market activity.

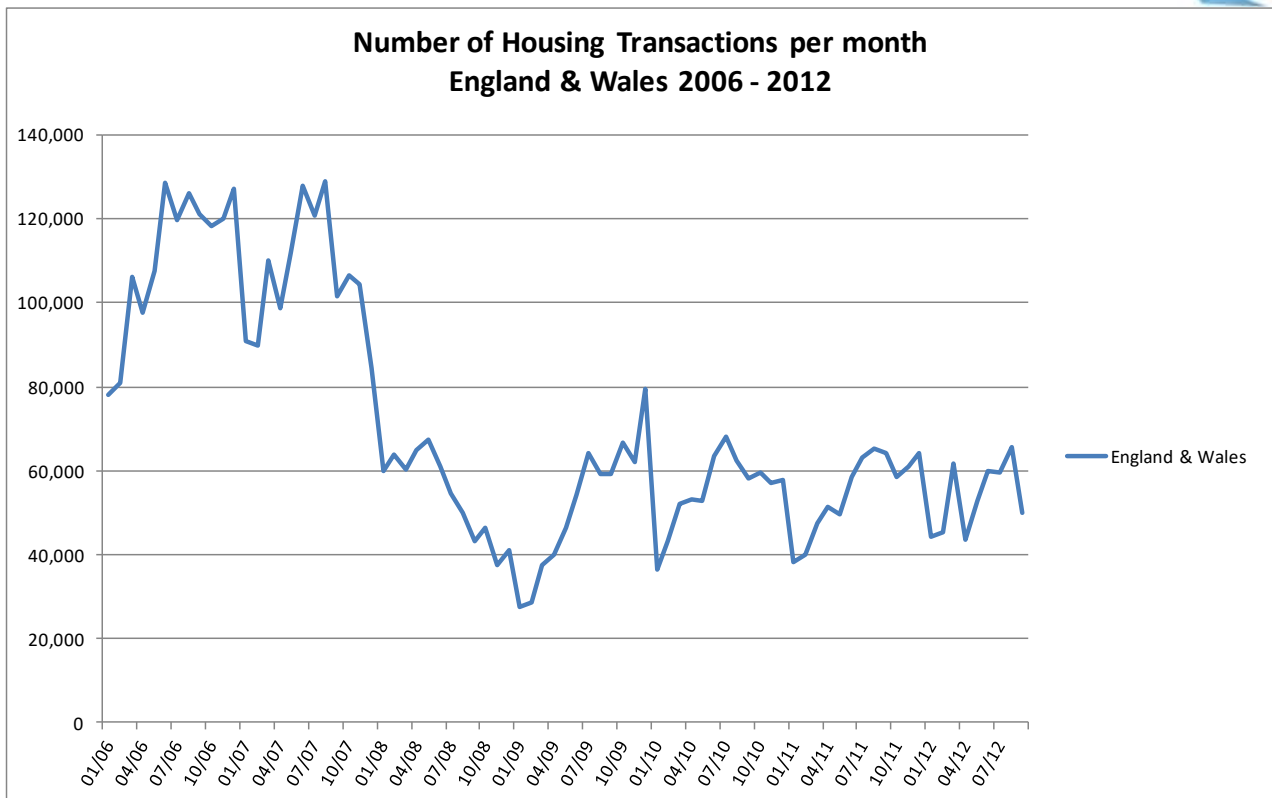


Figure 2. The number of housing transactions by month in England & Wales, 2006- 2012 (not seasonally adjusted) [link to source Excel](#)

NOTES

- 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.
- 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.
- 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.
- 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.
- the Acadametrics website enables comparisons of selected indices over selected timescales to be undertaken [here](#) with ease and provides historic results and other information.
- 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.
- Acadametrics Prices and Transactions ([sample here](#)), which exclude any forecast element, underlie the LSL Acad E&W HPI data and are available upon subscription for organisations needing the factual month by month Land Registry prices, at county/London borough level by property type, for e.g. property portfolio valuation, planning and advisory purposes.

Comparison of indices

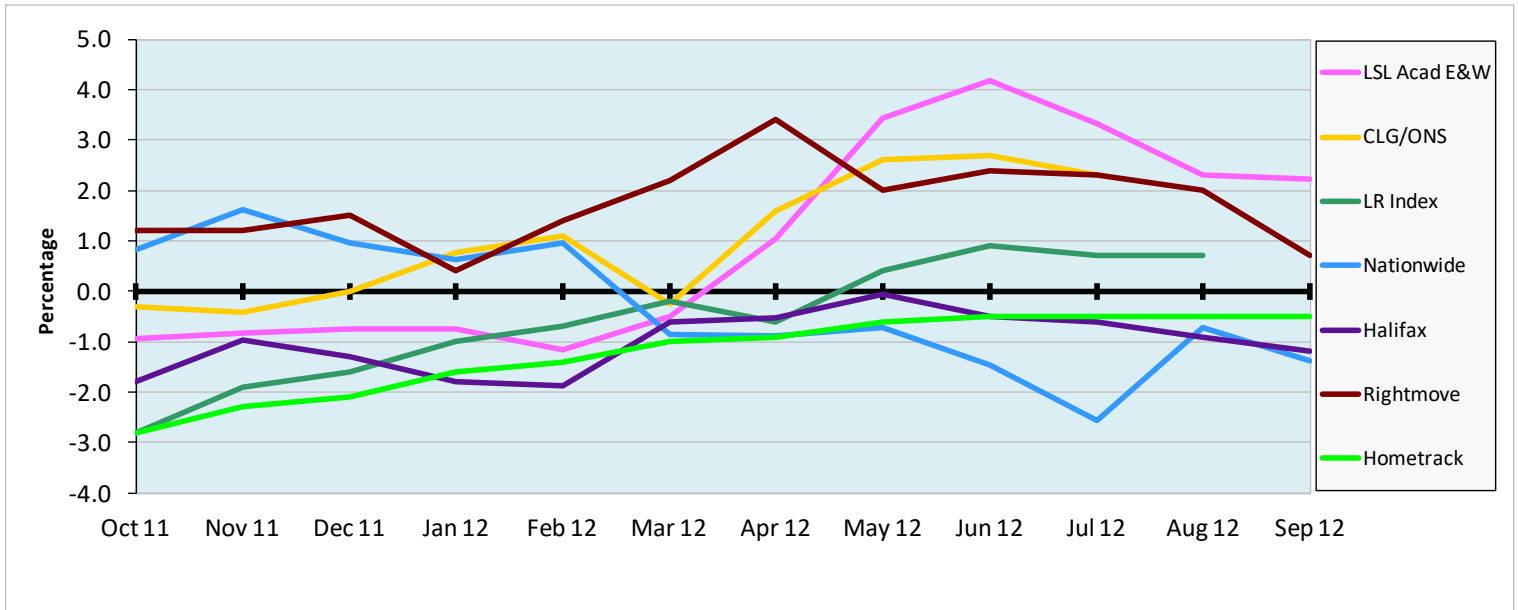


Figure 3. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)

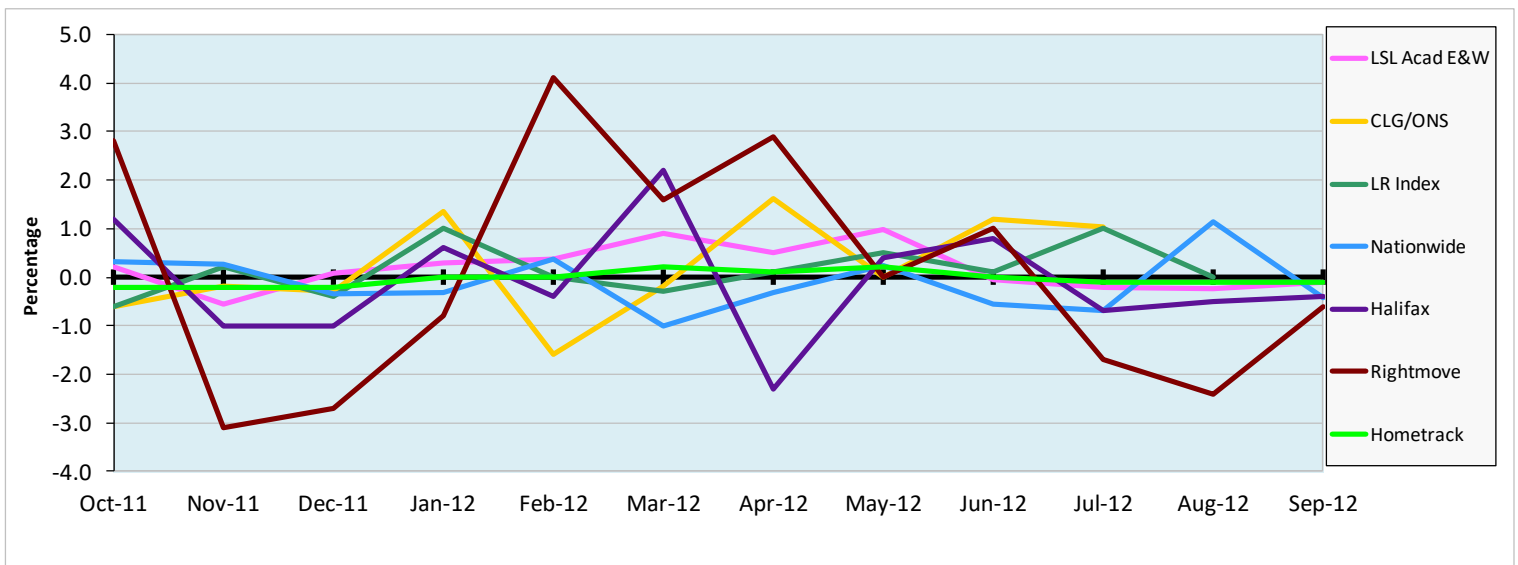


Figure 4. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)



Greater London continues to dominate the housing market in terms of annual price change. Figure 5 below shows that London is the only region in England & Wales recording an above average price increase, with the other nine regions all falling below the 2.3% average rate. This month the North has pushed the South East into second place in terms of annual growth, assisted by price increases of detached and terraced properties in both Darlington and Middlesborough, up on average by 8% and 7% respectively. The North is also the only region this month to show an increase in the rate of annual price change, when compared to last month, with the remaining nine regions all experiencing a reduction or no change in the rate of house price inflation.

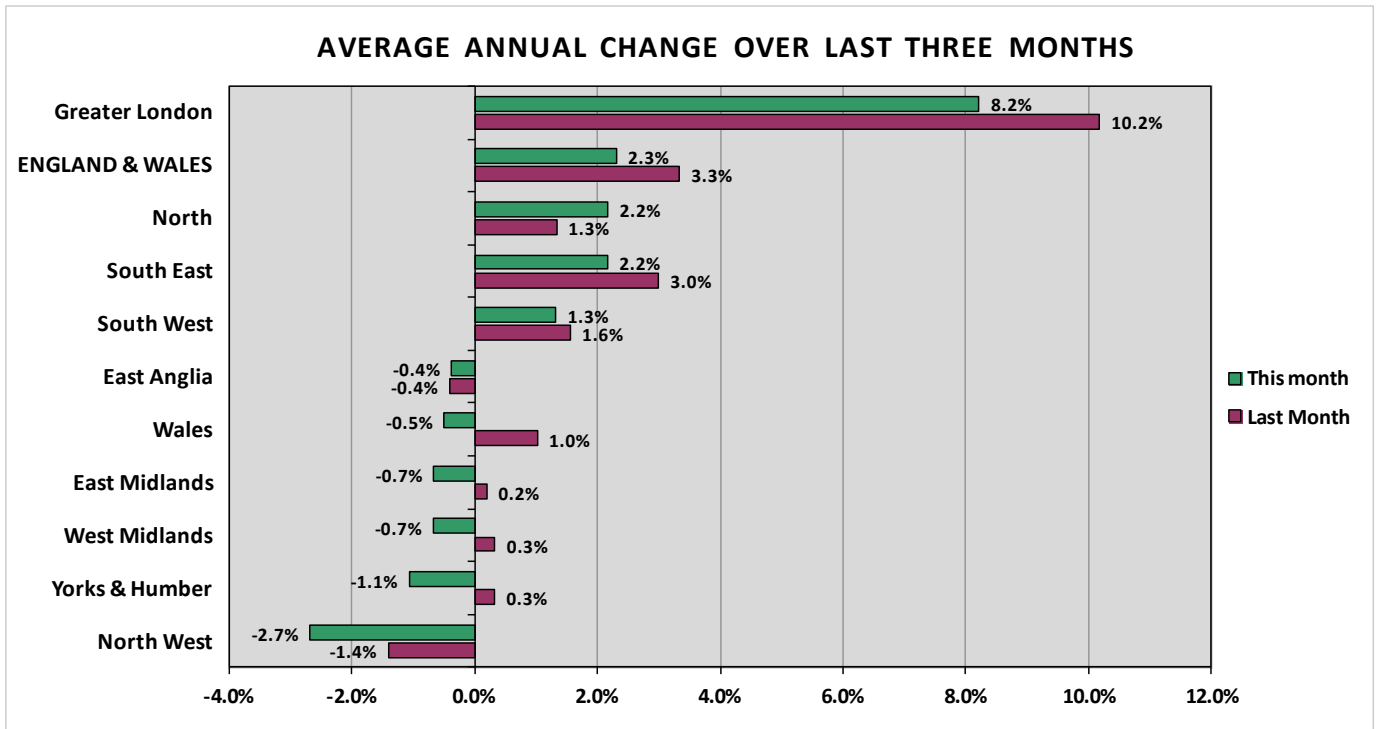


Figure 5. The annual change in the average house price, analysed by region

[link to source Excel](#)

ANNUAL CHANGE IN PRICE BY REGION

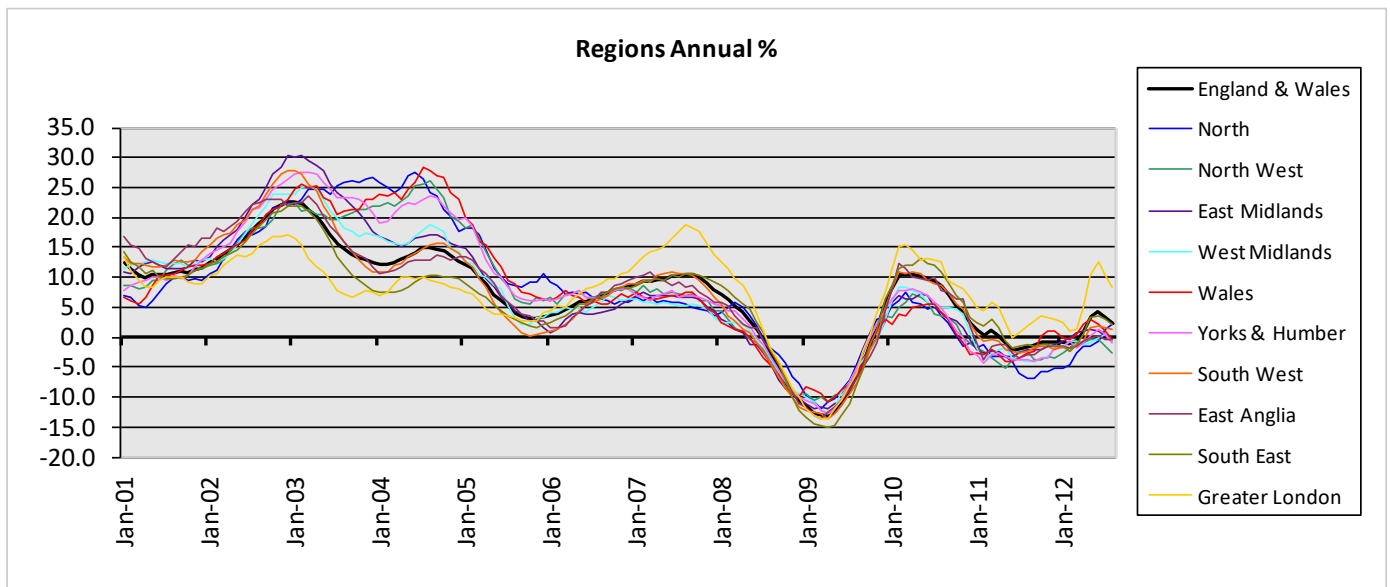


Figure 6. A comparison of the annual change in house prices, by region for the period January 2001 - August 2012

[link to source Excel](#)

Note that individual regions can be compared using our "National and Regional series from 1995 with Interactive Charts", linked from page 7 NOTE 5 above and from our covering email; timescales can be varied for clarity. Numerous other comparisons are facilitated in this and other interactive charts available through the same links.



Table 4. The change in mix adjusted house prices, for the 33 London boroughs, comparing August 2011 with August 2012. [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LONDON BOROUGH	Aug-11	Aug-12	% Change
1	1	KENSINGTON AND CHELSEA	1,170,717	1,437,122	22.8%
2	2	CITY OF WESTMINSTER	905,407	1,033,909	14.2%
3	3	CAMDEN	692,488	763,569	10.3%
4	4	HAMMERSMITH AND FULHAM	582,832	683,420	17.3%
5	5	RICHMOND UPON THAMES	565,284	591,059	4.6%
6	6	CITY OF LONDON	494,612	584,613	18.2%
7	7	ISLINGTON	491,891	516,909	5.1%
8	8	WANDSWORTH	467,569	512,168	9.5%
10	9	BARNET	409,065	452,094	10.5%
9	10	MERTON	421,279	428,845	1.8%
11	11	SOUTHWARK	399,992	418,215	4.6%
12	12	HARINGEY	397,516	415,520	4.5%
16	13	BRENT	354,785	409,834	15.5%
14	14	EALING	370,381	401,539	8.4%
15	15	HACKNEY	369,853	394,104	6.6%
13	16	LAMBETH	381,957	393,745	3.1%
17	17	KINGSTON UPON THAMES	351,416	383,519	9.1%
18	18	HOUNSLOW	347,103	379,169	9.2%
19	19	TOWER HAMLETS	346,051	357,561	3.3%
20	20	HARROW	326,679	341,817	4.6%
21	21	BROMLEY	323,476	330,511	2.2%
23	22	REDBRIDGE	284,792	297,525	4.5%
24	23	HILLINGDON	279,918	297,413	6.2%
25	24	ENFIELD	269,862	288,554	6.9%
22	25	GREENWICH	286,645	287,920	0.4%
26	26	LEWISHAM	261,682	272,495	4.1%
27	27	SUTTON	257,396	261,021	1.4%
30	28	WALTHAM FOREST	229,228	246,318	7.5%
28	29	CROYDON	237,470	239,256	0.8%
29	30	HAVERING	233,520	238,975	2.3%
32	31	BEXLEY	215,169	224,695	4.4%
31	32	NEWHAM	218,404	220,263	0.9%
33	33	BARKING AND DAGENHAM	178,828	177,410	-0.8%
		ALL LONDON	387,802	419,630	8.2%

Once again Kensington & Chelsea dominate the London house price league in terms of both the average price paid for a property and the annual growth in those prices. The buyer of an average property in Kensington & Chelsea, priced at £1.4 million, would be able to purchase eight houses in Barking & Dagenham for a similar outlay and still have some change. However we note that the annual rate of change in prices in the borough, at 22.8%, has fallen from last month's figure of 31.6%. The same story applies to the next four London boroughs ranked by price, with all four witnessing a slow-down in annual price growth, compared with last month. We reported too last month that the average house price in nine London boroughs had reached a new peak: this month that number has reduced to seven, highlighted in grey in the table above. These factors may be a sign that prices in London are beginning to run out of steam, although with 12 London boroughs experiencing house price inflation at, or in excess of, 7.5% the cauldron continues to bubble.

The London housing market is differentiated by price, with the boroughs having the highest priced homes seeing the largest price gains, whilst price growth in the lower priced areas is more modest. The top 11 boroughs ranked by price have experienced average annual house price growth of 10.8%, the middle 11 boroughs have seen average growth of 6.5%, whilst the lowest 11 boroughs have witnessed average growth of only 3.1%. As if to emphasize this point, there is only one borough in London this month which has seen a fall in average prices over the last year, being Barking & Dagenham, which is the lowest ranked London borough in terms of its average house price.

Counties and unitary authorities



Table 5. The percentage change in mix adjusted house prices, for the 108 Counties and Unitary Authorities in England & Wales, comparing August 2011 with August 2012 [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	COUNTY / UNITARY AUTHORITY / REGION	Aug-11	Aug-12	% Change
18	18	CAMBRIDGESHIRE	238,192	238,988	0.3%
77	75	CITY OF PETERBOROUGH	148,772	147,883	-0.6%
49	49	NORFOLK	180,162	180,425	0.1%
39	44	SUFFOLK	199,416	196,195	-1.6%
		EAST ANGLIA	198,273	197,521	-0.4%
86	81	CITY OF DERBY	138,561	141,769	2.3%
98	101	CITY OF NOTTINGHAM	116,803	109,825	-6.0%
71	64	DERBYSHIRE	153,759	159,605	3.8%
89	88	LEICESTER	132,562	134,801	1.7%
46	48	LEICESTERSHIRE	187,923	180,773	-3.8%
70	71	LINCOLNSHIRE	153,823	150,907	-1.9%
51	52	NORTHAMPTONSHIRE	176,426	174,435	-1.1%
64	67	NOTTINGHAMSHIRE	156,136	155,236	-0.6%
10	9	RUTLAND	279,526	297,870	6.6%
		EAST MIDLANDS	160,300	159,240	-0.7%
		GREATER LONDON	387,802	419,630	8.2%
63	60	CUMBRIA	160,797	162,748	1.2%
94	89	DARLINGTON	124,377	134,430	8.1%
96	98	DURHAM	119,511	117,943	-1.3%
97	93	HARTLEPOOL	118,697	125,209	5.5%
103	99	MIDDLESBROUGH	105,135	112,958	7.4%
55	54	NORTHUMBERLAND	169,492	171,402	1.1%
93	96	REDCAR AND CLEVELAND	125,303	119,448	-4.7%
81	72	STOCKTON-ON-TEES	143,498	150,788	5.1%
90	86	TYNE AND WEAR	131,628	136,111	3.4%
		NORTH	137,376	140,354	2.2%
99	94	BLACKBURN WITH DARWEN	115,426	122,468	6.1%
102	104	BLACKPOOL	105,456	99,151	-6.0%
31	41	CHESHIRE	208,478	200,194	-4.0%
78	79	GREATER MANCHESTER	148,287	146,194	-1.4%
87	91	HALTON	138,520	133,163	-3.9%
79	84	LANCASHIRE	148,065	139,692	-5.7%
83	82	MERSEYSIDE	142,391	140,939	-1.0%
43	46	WARRINGTON	194,723	188,455	-3.2%
		NORTH WEST	153,389	149,279	-2.7%
29	29	BEDFORDSHIRE	212,766	215,196	1.1%
11	13	BRACKNELL FOREST	266,893	269,575	1.0%
14	11	BRIGHTON AND HOVE	262,263	275,322	5.0%
3	3	BUCKINGHAMSHIRE	357,916	366,855	2.5%
21	22	EAST SUSSEX	228,890	233,698	2.1%
16	17	ESSEX	241,320	242,291	0.4%
12	14	HAMPSHIRE	265,010	266,681	0.6%
5	4	HERTFORDSHIRE	312,477	327,967	5.0%
45	43	ISLE OF WIGHT	192,036	196,205	2.2%
19	16	KENT	236,500	242,581	2.6%
68	66	LUTON	155,437	155,368	0.0%
62	57	MEDWAY	162,329	167,705	3.3%
40	30	MILTON KEYNES	199,120	214,191	7.6%
6	6	OXFORDSHIRE	312,134	317,130	1.6%

Counties and unitary authorities



59	59	PORTSMOUTH	164,671	167,032	1.4%
24	19	READING	220,967	238,502	7.9%
41	34	SLOUGH	197,927	209,336	5.8%
61	61	SOUTHAMPTON	164,045	162,365	-1.0%
44	39	SOUTHEND-ON-SEA	192,241	201,021	4.6%
2	2	SURREY	388,001	394,216	1.6%
53	51	THURROCK	172,051	175,663	2.1%
7	8	WEST BERKSHIRE	304,444	302,032	-0.8%
13	12	WEST SUSSEX	262,659	269,974	2.8%
1	1	WINDSOR AND MAIDENHEAD	450,330	442,718	-1.7%
4	5	WOKINGHAM	318,945	321,069	0.7%
		SOUTH EAST	265,279	271,018	2.2%
8	7	BATH AND NORTH EAST SOMERSET	285,967	316,744	10.8%
25	24	BOURNEMOUTH	219,174	226,159	3.2%
35	26	CITY OF BRISTOL	204,255	219,840	7.6%
69	68	CITY OF PLYMOUTH	153,907	155,184	0.8%
23	25	CORNWALL	223,487	223,297	-0.1%
20	20	DEVON	231,580	235,353	1.6%
15	15	DORSET	254,387	260,892	2.6%
22	23	GLOUCESTERSHIRE	226,012	230,212	1.9%
30	32	NORTH SOMERSET	209,747	212,487	1.3%
9	10	POOLE	280,368	278,397	-0.7%
37	40	SOMERSET	203,627	200,911	-1.3%
33	37	SOUTH GLOUCESTERSHIRE	206,107	205,128	-0.5%
56	55	SWINDON	168,791	169,584	0.5%
47	50	TORBAY	183,591	180,176	-1.9%
17	21	WILTSHIRE	240,653	233,981	-2.8%
		SOUTH WEST	220,776	223,700	1.3%
108	108	BLAENAU GWENT	85,351	80,568	-5.6%
85	90	BRIDGEND	140,509	133,541	-5.0%
95	97	CAERPHILLY	123,595	119,195	-3.6%
50	47	CARDIFF	179,962	183,190	1.8%
82	85	CARMARTHENSHIRE	142,585	139,191	-2.4%
48	45	CEREDIGION	181,217	191,346	5.6%
60	63	CONWY	164,600	160,426	-2.5%
84	87	DENBIGHSHIRE	141,592	134,972	-4.7%
65	73	FLINTSHIRE	155,945	150,620	-3.4%
66	76	GWYNEDD	155,925	147,790	-5.2%
73	69	ISLE OF ANGLESEY	150,645	155,094	3.0%
105	105	MERTHYR TYDFIL	98,920	97,299	-1.6%
27	31	MONMOUTHSHIRE	216,708	213,412	-1.5%
101	102	NEATH PORT TALBOT	110,630	109,587	-0.9%
80	70	NEWPORT	145,602	151,185	3.8%
57	53	PEMBROKESHIRE	167,933	171,624	2.2%
52	56	POWYS	172,383	167,955	-2.6%
104	103	RHONDDA CYNON TAFF	104,942	103,559	-1.3%
76	80	SWANSEA	149,991	144,747	-3.5%
42	28	THE VALE OF GLAMORGAN	197,826	216,220	9.3%
91	95	TORFAEN	130,042	122,174	-6.1%
67	65	WREXHAM	155,641	155,699	0.0%
		WALES	151,757	151,004	-0.5%
32	36	HEREFORDSHIRE	207,136	206,881	-0.1%
38	42	SHROPSHIRE	200,449	198,709	-0.9%

Counties and unitary authorities



54	58	STAFFORDSHIRE	170,827	167,475	-2.0%
107	106	STOKE-ON-TRENT	96,964	92,718	-4.4%
28	27	WARWICKSHIRE	214,753	219,450	2.2%
75	74	WEST MIDLANDS	150,156	148,812	-0.9%
36	38	WORCESTERSHIRE	203,683	202,634	-0.5%
72	78	WREKIN	151,836	147,175	-3.1%
		WEST MIDLANDS	169,666	168,519	-0.7%
106	107	CITY OF KINGSTON UPON HULL	97,399	92,436	-5.1%
58	62	EAST RIDING OF YORKSHIRE	165,479	160,959	-2.7%
100	100	NORTH EAST LINCOLNSHIRE	112,873	111,140	-1.5%
92	92	NORTH LINCOLNSHIRE	128,532	127,603	-0.7%
26	33	NORTH YORKSHIRE	216,717	211,083	-2.6%
88	83	SOUTH YORKSHIRE	137,124	140,056	2.1%
74	77	WEST YORKSHIRE	150,210	147,652	-1.7%
34	35	YORK	205,010	208,203	1.6%
		YORKS & HUMBER	154,225	152,578	-1.1%
		ALL ENGLAND & WALES	220,526	225,611	2.3%

Although in England & Wales as a whole the average rise in prices over the year has been 2.3%, we find far more significant changes in price at the county and unitary authority level, ranging from +10.8% in Bath & NE Somerset to -6.1% in Torfaen. 54 of the 108 authorities in England & Wales showed August price falls, compared with only 45 in July, so a decline in house prices is being experienced across half of the country.

There are two county and unitary authority areas this month that are witnessing peak average house prices, namely Hertfordshire and Reading, with both areas seeing large increases in the average price of detached properties.

As we reported in the Housing Transactions section of this News Release, the number of properties sold during the three months June - August 2012 in England & Wales is down 1% on the equivalent three months in 2011. This was largely due to the combination of the Queen's Jubilee and heavy rainfall, both of which had a negative impact on the volume of properties being sold. The highest transaction growth over the three month period, compared with the previous year, was in Bracknell Forest, up 20%. This was followed by Shropshire, up 17%, while sales in Middlesbrough declined by an overall 17%, with the number of semi-detached properties sold over the period being particularly weak.

Regional data table



Table 6. Average house prices by region, September 2011 - August 2012, with monthly and annual % growth [link to source Excel](#)

	North			North West			East Midlands			West Midlands		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Sep-11	£137,938	0.4	-7.0	£152,625	-0.5	-3.8	£160,206	-0.1	-2.2	£169,506	-0.1	-4.1
Oct-11	£139,529	1.2	-5.9	£151,946	-0.4	-3.9	£159,957	-0.2	-2.2	£170,669	0.7	-3.4
Nov-11	£138,690	-0.6	-5.7	£151,154	-0.5	-3.3	£160,284	0.2	-1.4	£169,141	-0.9	-3.2
Dec-11	£137,924	-0.6	-5.3	£150,044	-0.7	-3.5	£159,793	-0.3	-1.1	£170,497	0.8	-1.8
Jan-12	£138,904	0.7	-5.2	£150,443	0.3	-2.7	£160,520	0.5	-0.6	£170,842	0.2	-1.5
Feb-12	£141,576	1.9	-4.5	£152,091	1.1	-1.7	£161,516	0.6	0.0	£171,200	0.2	-0.6
Mar-12	£143,877	1.6	-2.5	£152,187	0.1	-0.7	£161,664	0.1	0.6	£170,531	-0.4	-0.8
Apr-12	£143,217	-0.5	-1.6	£150,752	-0.9	-1.0	£161,505	-0.1	1.1	£169,212	-0.8	-1.1
May-12	£142,081	-0.8	-1.5	£150,126	-0.4	-0.3	£160,801	-0.4	1.4	£169,531	0.2	-0.9
Jun-12	£141,192	-0.6	-0.7	£150,726	0.4	-0.3	£161,013	0.1	1.0	£169,259	-0.2	-0.1
Jul-12	£141,089	-0.1	1.3	£150,497	-0.2	-1.4	£160,140	-0.5	0.2	£169,125	-0.1	0.3
Aug-12	£140,354	-0.5	2.2	£149,279	-0.8	-2.7	£159,240	-0.6	-0.7	£168,519	-0.4	-0.7

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Sep-11	£152,078	0.2	-2.4	£153,874	-0.2	-3.9	£222,278	0.7	-1.9	£198,169	-0.1	-3.0
Oct-11	£155,018	1.9	0.0	£153,188	-0.4	-3.6	£222,356	0.0	-1.5	£197,974	-0.1	-2.0
Nov-11	£154,559	-0.3	0.9	£152,716	-0.3	-3.4	£220,849	-0.7	-1.6	£196,707	-0.6	-1.4
Dec-11	£153,632	-0.6	1.1	£153,872	0.8	-1.8	£221,542	0.3	-2.2	£195,437	-0.6	-1.5
Jan-12	£152,091	-1.0	0.0	£154,011	0.1	-1.9	£221,601	0.0	-1.5	£195,425	0.0	-1.6
Feb-12	£152,308	0.1	-0.4	£154,654	0.4	-0.7	£221,369	-0.1	-2.3	£195,086	-0.2	-1.9
Mar-12	£153,470	0.8	0.5	£153,454	-0.8	-1.9	£221,783	0.2	-1.1	£197,418	1.2	-1.4
Apr-12	£153,746	0.2	2.1	£154,507	0.7	-0.9	£222,761	0.4	-0.6	£198,534	0.6	-0.6
May-12	£153,159	-0.4	2.9	£154,383	-0.1	0.1	£225,321	1.1	1.4	£199,849	0.7	-0.1
Jun-12	£152,341	-0.5	2.2	£154,995	0.4	1.4	£224,449	-0.4	1.8	£198,550	-0.6	0.2
Jul-12	£151,420	-0.6	1.0	£153,302	-1.1	0.3	£223,983	-0.2	1.6	£197,264	-0.6	-0.4
Aug-12	£151,004	-0.3	-0.5	£152,578	-0.5	-1.1	£223,700	-0.1	1.3	£197,521	0.1	-0.4

	South East			Greater London			ENGLAND & WALES		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Sep-11	£264,034	-0.5	-1.6	£389,238	0.4	2.6	£220,481	0.0	-1.5
Oct-11	£263,434	-0.2	-1.3	£392,660	0.9	3.7	£220,959	0.2	-0.9
Nov-11	£261,087	-0.9	-1.2	£391,376	-0.3	3.2	£219,716	-0.6	-0.8
Dec-11	£260,487	-0.2	-1.5	£393,998	0.7	3.1	£219,905	0.1	-0.8
Jan-12	£262,379	0.7	-1.4	£394,509	0.1	2.4	£220,547	0.3	-0.7
Feb-12	£263,720	0.5	-2.3	£394,744	0.1	0.9	£221,370	0.4	-1.2
Mar-12	£268,392	1.8	-1.2	£400,087	1.4	1.2	£223,344	0.9	-0.5
Apr-12	£269,156	0.3	0.6	£408,024	2.0	4.8	£224,495	0.5	1.1
May-12	£272,059	1.1	3.1	£418,670	2.6	10.4	£226,692	1.0	3.4
Jun-12	£271,029	-0.4	3.5	£420,741	0.5	12.5	£226,603	0.0	4.2
Jul-12	£271,473	0.2	3.0	£419,586	-0.3	10.2	£226,128	-0.2	3.3
Aug-12	£271,018	-0.2	2.2	£419,630	0.0	8.2	£225,611	-0.2	2.3
Sep-12							£225,374	-0.1	2.2



1. LSL Acad E&W HPI is derived from Land Registry (LR) house price data, seasonally and mix adjusted by property type. © Crown copyright material reproduced with the permission of Land Registry. The prices are smoothed to show underlying trends. LSL Acad E&W HPI includes cash purchase prices and is the only index based upon the **complete, factual**, house price data for England & Wales, as opposed to a sample.
2. most indices employ data available to the provider as result of its business; index methodologies are designed to exploit the advantages and overcome the disadvantages of each particular dataset; a valuation series (whether the values are professionally estimated at e.g. time of mortgage offer or by an estate agent) is not the same as a price series; price series (LSL Acad E&W HPI, CLG/ONS and LR) can be prepared only when the prices at which properties have been transacted have been recorded at LR (LSL Acad E&W HPI and LR) or when firm prices at mortgage completion (CLG/ONS) have been made available by lenders; valuation series can be prepared whenever the data e.g. asking or mortgage offer prices are available to the provider; publicity accrues to those indices which are released first; indices published at or before month end are likely to employ data for the current and prior months. LR overcomes the delay in availability of full LR transaction data by using only the prices of properties for which two prices are recorded at LR and the published American Case Shiller methodology, developed to prepare indices for metropolitan districts, since the USA lacks a central Land Registry. LSL Acad E&W HPI overcomes the above delay with an “index of indices” forecasting model, purpose developed by Dr Stephen Satchell Economics Fellow Trinity College Cambridge and Dr George Christodoulakis, then at the Sir John Cass Business School; of the price series, LSL Acad E&W HPI, LR and CLG/ONS are published in that order.
3. LSL Acad E&W HPI provides prices at national and regional level to 1995 and, at county/London borough level, to 2000; back-cast national prices for graphing are available to 1987.
4. at **national** level, only some 60,000 monthly transactions now occur compared with at least 100,000 in past markets. For any given month, c.33% (20,000) of these will be reported to LR by month end. When monthly sales were c.100,000, we found that using the initial 15,000 transactions then reported to LR, introduced volatility into our first LSL Acad E&W HPI result. Rather than rely upon a small sample, likely to be unrepresentative, LSL Acad E&W HPI therefore employs the above “index of indices”, and a series of auto regression and averaging models. After the elapse of one month, LR provides c.85% of the transactions for the prior month, used to replace the initial LSL Acad E&W HPI “forecast” with a first LSL Acad E&W HPI “update” result. A further month later, LR provides c.90% of transactions, used to replace the first, with a second, LSL Acad E&W HPI “update” result. Three months after any given month, LR provides c.95 % of the month’s transactions, sufficient to enable us to describe our next update as an LSL Acad E&W HPI “final” index, closely approximating the LSL Acad E&W HPI “ultimate” results; LSL Acad E&W HPI “ultimate” includes the price of virtually every single LR transaction for the month, smoothed, seasonally and mix adjusted; the first LSL Acad E&W HPI “update” now uses c.37,000 real transactions for the month (as well as, by smoothing, c.40,000 transactions for the prior month); only CLG/ONS with, this year, 28,000 mortgage completions (and the Rightmove asking price index) have specified comparable data volumes; lender index data volumes are not quantified; the Halifax HPI employs three month smoothing for annual change results but not for other results; Hometrack provides survey data and specifies that theirs is a survey, not an index; current results are showing a divide between indices with more, and indices with less, data volumes.
5. in each of the 10 **regions**, an average of only some 6,000 transactions now occur monthly; hence, we wait one month, pending receipt from LR of the c.85% sample and provide monthly results one month in arrears of the most recent month. In our Regional data table, **red** data represent LSL Acad E&W HPI “forecast” results, **blue** data represent LSL Acad E&W HPI “update” results and **black** data represent the LSL Acad E&W HPI “final” index.
6. at **county and London borough** levels, c.60,000 national monthly transactions, spread over 10 regions and 108 counties and 33 London boroughs, provide an average of only c.425 house prices monthly within each sub-district. Even delayed one and smoothed over three months, LSL Acad E&W HPI is indicative until we are able to publish the LSL Acad E&W HPI “final” index using the LR 95% sample. LSL Acad E&W HPI data are calculated on a consistent basis from county and London borough through to region and ultimately to national level; at every level, the current month price represents the average of the prices for the current month and for the prior and subsequent months (“three month, centre month smoothed”). LR employs a “four month, end month smoothed”, process for county/London borough data, but not for national and regional results.
7. **data limitations** are not confined to volumes. LSL Acad E&W HPI and the LR index are unable to distinguish between 3, 4 or 5 bedroom houses or between those with 2, 1 or even no bathroom; the lender hedonic indices and the CLG/ONS mix adjusted index do so. LR data exclude commercial and, thus, auction sales and do not reflect repossession prices on the grounds that such prices do not reflect those between a willing buyer and a willing seller; some feel that auction prices represent true market prices; others believe that the repossession price of a recent new build flat in Manchester is not (at least not yet) reflected in the price of a flat in an upmarket area.
8. LSL Acad E&W HPI is prepared from Land Registry data using a methodology designed to provide a “true measure of house price inflation”; Acadametrics does not guarantee the accuracy of the LSL Acad E&W HPI results and Acadametrics shall not be liable for any loss or damage, whatsoever, consequential upon any error, incorrect description of or inadequacy in the data; persons using the data do so entirely at their own risk; LSL Acad E&W HPI is freely provided for publication with due attribution to Acadametrics. Permission is required for any commercial use of the data.
9. The monthly, smoothed, average Land Registry prices at regional, county and London borough level by property type, which underlie LSL Acad E&W HPI, together with historic data are available from Acadametrics as in page 5 NOTE 7 above.
10. LSL Acad E&W HPI was published under the name FTHPI from September 2003 until December 2009.

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