

LSL Property Services/Acadametrics

# House Price Index

APRIL 2011

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 13TH MAY 2011

## HIGHEST VALUE HOMES DRIVE PRICE BOUNCE

- Transactions over £1 million accelerated to 5 times their normal pace to beat the stamp duty rise on 6th April as average house prices rose by 0.3% in April with annual growth at 0.9% ([page 3](#))
- Double bank holiday weekend pushes property transactions down 6% to their second lowest April level since 1995 ([page 4](#))
- Top value transactions pushed up prices in London and the South East, but all other regions saw prices fall in April ([page 6](#))

Richard Sexton, business development director of e.surv, comments:

“The onset of increased stamp duty for the highest priced homes meant that in the first 5 days of April there were as many transactions involving properties in this price bracket as there would normally be in the entire month. Rising prices at the top of the market have held up property prices above the level the current market environment would have had us expect. A flurry of primarily cash-purchase activity in this part of the market brought about a rise in the average price nationally, despite the fact that non-cash purchase prices, reflecting the majority of transactions for less valuable properties, are likely to have fallen in April. It’s telling that prices have declined in every region except London and the South East, where there is the highest proportion of £1 million plus properties.

“For most of the property market, April was a relatively tough month as the additional bank holiday reduced the number of transactions. Because so many people went away for the Easter and Royal wedding break, completions dropped by 6% - fully 8% below what we would normally expect at this time of year. The market remains hampered by tight mortgage lending, which has led sellers to batten down the hatches and wait for prices to rise, and has prevented buyers from entering the market without large cash deposits. This looks set to remain the case as the prospect of a rise in unemployment will create growing uncertainty as the year goes on, which will inevitably force lenders to stick to their cautious lending criteria.”

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

# House prices rise as buyers avoid higher stamp duty



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

		House Price	Index	Monthly Change %	Annual Change %
May	2010	£221,553	225.6	0.1	10.3
June	2010	£222,399	226.4	0.4	9.8
July	2010	£223,343	227.4	0.4	9.4
August	2010	£224,130	228.2	0.4	8.6
September	2010	£224,053	228.1	0.0	7.1
October	2010	£222,998	227.0	-0.5	5.3
November	2010	£221,477	225.5	-0.7	4.3
December	2010	£221,479	225.5	0.0	2.3
January	2011	£221,910	225.9	0.2	0.9
February	2011	£222,861	226.9	0.4	-0.3
March	2011	£222,765	226.8	0.0	0.3
April	2011	£223,352	227.4	0.3	0.9

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

“The average price of a home in England & Wales rose by 0.3% in April to £223,352 (see Table 1), bringing the annual growth rate from 0.3% in March to 0.9% in April, and possibly suggesting the start of a slow recovery. However, as we have indicated previously, a consensus view of the market would suggest little change over the forthcoming year. Hence, we must wait to see if this trend is sustained. Although an article on real house prices in the UK in the latest issue of the National Institute Quarterly Review suggests that there will be a very slow recovery of nominal prices over the next five years, it says that, in real terms - i.e. taking account of inflation - there will be a 10% fall by 2016. Much turns on what assumptions are made about inflation but this does indicate just how exposed the housing market is at present.

“Returning to what has happened in April, it is clear that the main driver in the increase in this month’s average price was the rush by more affluent buyers to avoid the introduction on 6th April 2011 of the higher stamp duty on dwellings costing £1 million or more. Although stories in the press regarding the sales of high priced properties in the last few hours of 5th April seemed somewhat apocryphal, the April data emerging from the Land Registry largely supports the reports. At the end of April, the Land Registry had recorded the purchase, between 1st April and 5th April 2011, of 491 properties with values in excess of £1,000,001. Thus, in the first five days of April, which included a weekend, the number of properties sold in excess of £1 million had already topped the number normally observed for the whole of the month, and we anticipate that yet more such sales are due to be recorded.

In more detail: in the City of Westminster 3 detached properties were sold for an average £6.9 million; in Camden 13 semi-detached properties were sold for an average £3.1 million; in Kensington & Chelsea 43 terraced properties were sold for an average £3.1 million. Although most of the high-priced sales in April took place in London, this was not exclusively the case. For example, 2 flats in Poole were sold, each at a price in excess of £2 million and 2 semi-detached properties were sold in Northumberland, both valued at more than £1 million.

“Clearly such transactions lie outside of the mainstream housing market. Our Regional Chart, Figure 4, shows that on an annual basis, house prices are falling in all regions of England and Wales, except for London and the South East. In the short term, there is little to suggest that this situation will reverse. Indeed, given the generally falling market, plus the removal of previously positive months from the LSL Acad HPI calculations, we may see this negative trend in annual house price change strengthening in the months to come.

“The growth in recent months of cash based sales has been striking. This growth reflects both the greater relative activity in higher priced markets (where cash sales have historically been important) than in the market as a whole, and the restricted supply of mortgages. The LSL Acad HPI covers both mortgaged and cash purchases and is, hence, less vulnerable than are mortgage-based indices to changes in the lending market. The CML estimated that approximately 80% of January sales in Central London were for cash. Given that London is, thus far, the region experiencing the highest 2011 growth in house prices, it is to be expected that the LSL Acad HPI is likely to record growth, not shown in the lender indices, given that the Land Registry constituent data, on which the LSL Acad HPI is based, includes these high value cash sales. As such, we anticipated earlier this year that the LSL Acad HPI series would show an increase in price levels during March and April, whilst the lender indices might not and, broadly speaking, this is what has happened. We will consider this more fully in subsequent releases. But these differences do point to the turbulence that exists around a number of indices and the importance of the anticipated report from the National Statistician on house price indices.

“Our transactions analysis reveals an atypical fall in transactions in April - a product, it would seem, of both public and private holidays. We must wait to see whether May transactions will now sharply recover. As we show in the following Regional, London Boroughs and Unitary District/Counties data and narrative, there are some striking variations when we look at the market on an area basis. Most regions are recording falls in prices but these may have begun to slow. London and the South East are the only two regions still showing increases in annual prices and the rate has slightly strengthened. “This is then carried forward at the London borough level on a selective basis with 3 boroughs (Camden, Hounslow and Westminster) now recording record highs in terms of average prices whilst 12 other boroughs show falls. 76 unitary districts and counties are now showing falls, up from 68 in March. Even so, we note three areas (Bath, Darlington and Oxfordshire) where the average price is now at an all time high. As our detailed commentary shows, the patterns of price changes and transactions are complex. Nonetheless, these considerable variations hold out opportunities for households to exploit in housing market terms. We close this month with a more detailed look at price trends for semi-detached houses - the archetypal British home. These made up some 28% of all transactions in the three months January to March for England & Wales. Regionally, however, semi-detached sales ranged from 16% of all homes sold in London to 35.5% of those in Yorkshire and Humberside. Little wonder that all the published housing market averages, whether for prices or transactions, should be treated with caution!”

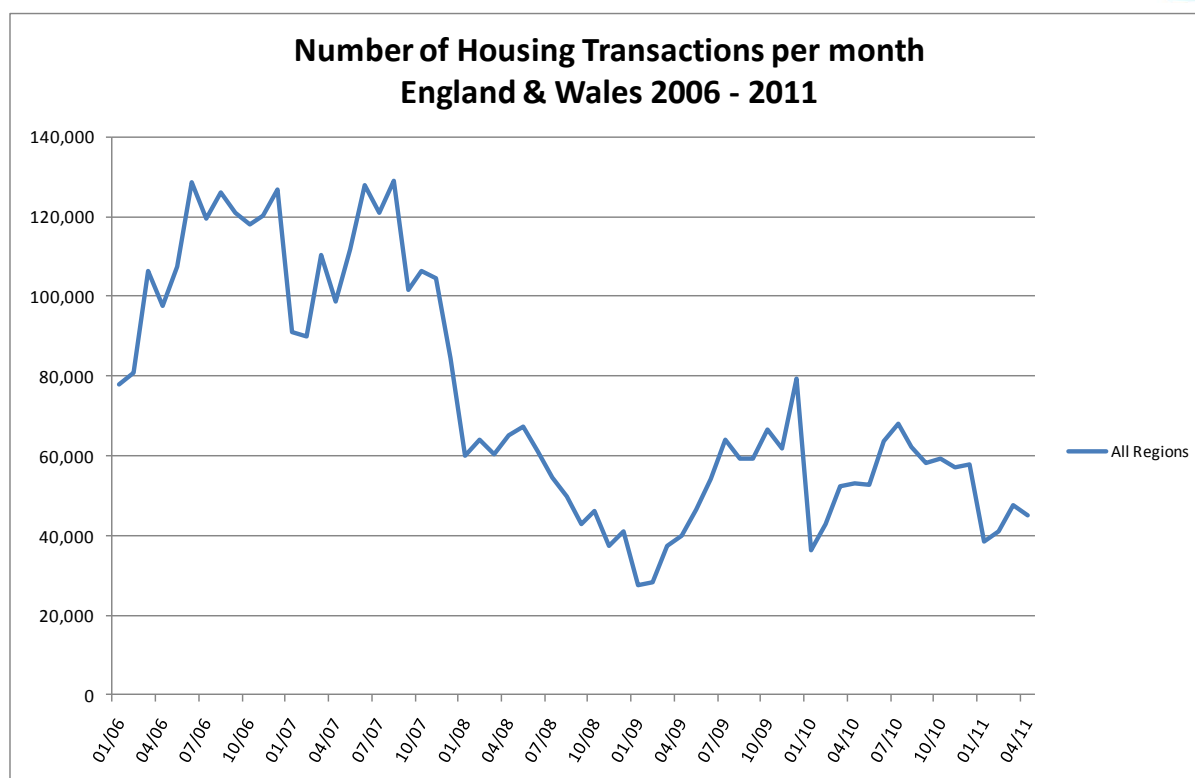


Figure 1. The number of housing transactions by month in England and Wales, 2006 – 2011 (not seasonally adjusted)

“In a typical year, housing transactions increase by 2.3% in April over March levels, reflecting the onset of Spring and better weather during which to move home. However, this year is not typical since we have had an extra Bank Holiday in the month, plus the fact that many people took the opportunity to take extra long leave between Easter and the Royal Wedding. As a consequence, transactions have in fact declined by approximately 6% from March to April 2011. We estimate that the number of houses sold in England and Wales in April will total 45,000. This level is 52% of the long term average for April and is the second lowest transaction record for April over the last fifteen years; the lowest occurring in April 2009, which coincided with the depths of the last housing recession.”

#### NOTES

1. LSL Acad 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 HPI is a price series as opposed to a value series.
2. the current month LSL Acad 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 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 HPI “ultimate” data. All LSL Acad 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](http://www.acadametrics.co.uk) in our “Development of Forecasts” and in our “Comparison of Indices”, which shows how each index, including the LSL Acad HPI “forecast”, compares with the LSL Acad HPI, once sufficient factual Land Registry data have replaced forecast data, to enable LSL Acad 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 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.



## ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

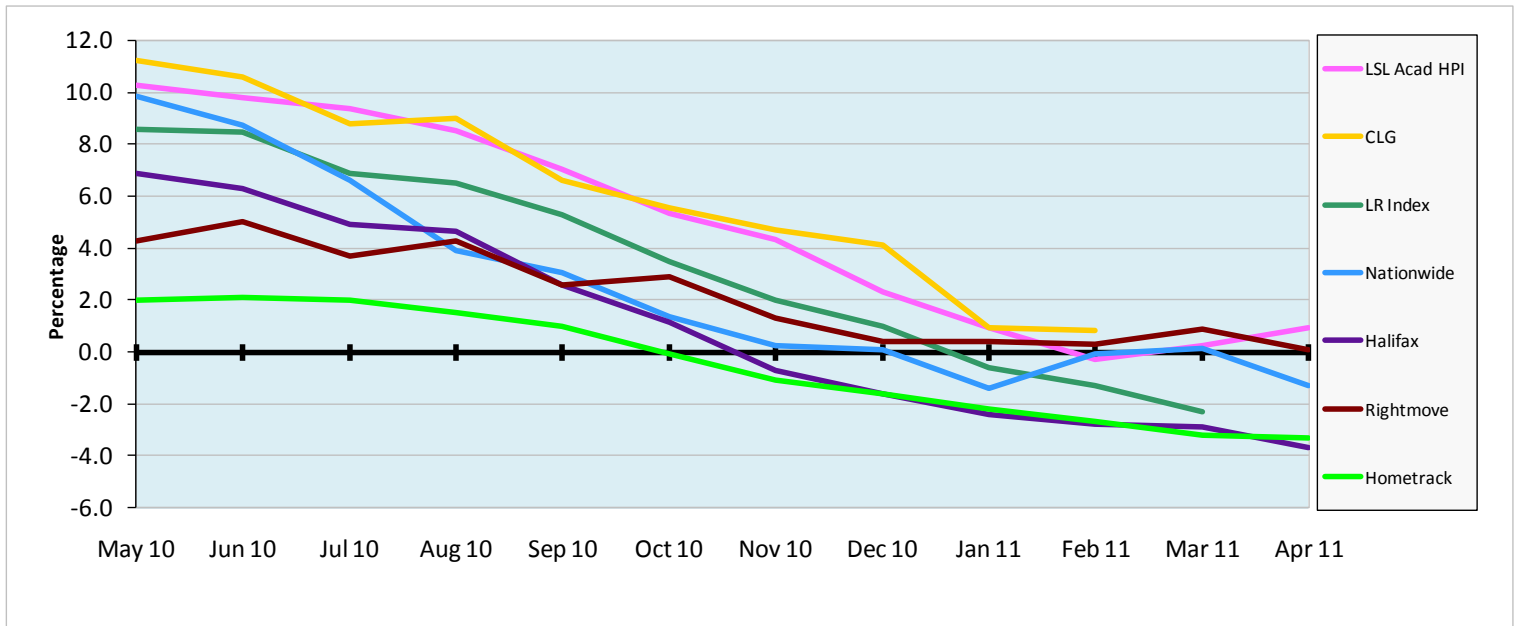


Figure 2. A comparison of the annual change in house prices, by Index provider

## MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

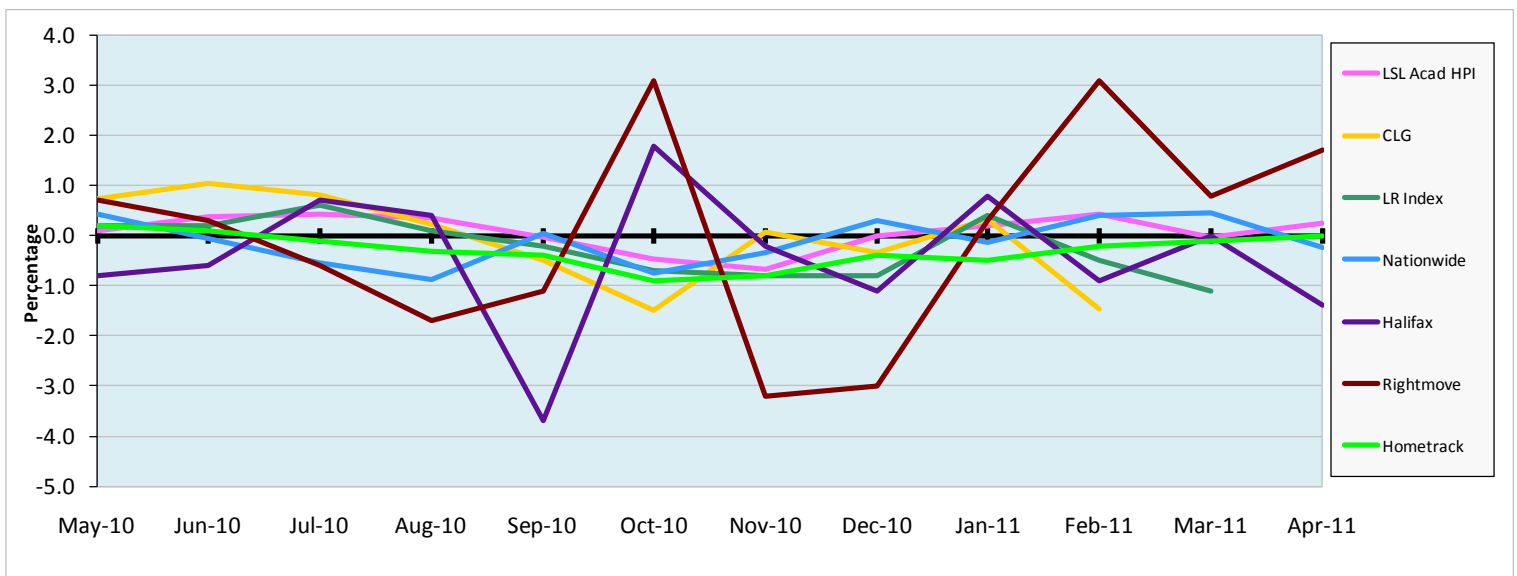


Figure 3. A comparison of the monthly change in house prices, by Index provider



Based on the average annual change over the last three months, eight of the ten regions in England & Wales are currently experiencing falling house prices. Only the positive movement in prices in Greater London and the South East is keeping the average headline figure for England & Wales marginally above zero. However, this month, as can be seen in Table 4, eight of the ten regions in England & Wales show an increase in the annual rate of house price movement. The extent to which this rise in prices is a one-off event relating to the change in stamp duty remains to be seen. In geographical terms, it is hard to challenge the view that we are seeing further development of the North/South divide. Our expectation is that current trends will be sustained for another month, as the April 2010 figures drop out of the annual statistics, but that we may well witness negative growth thereafter.

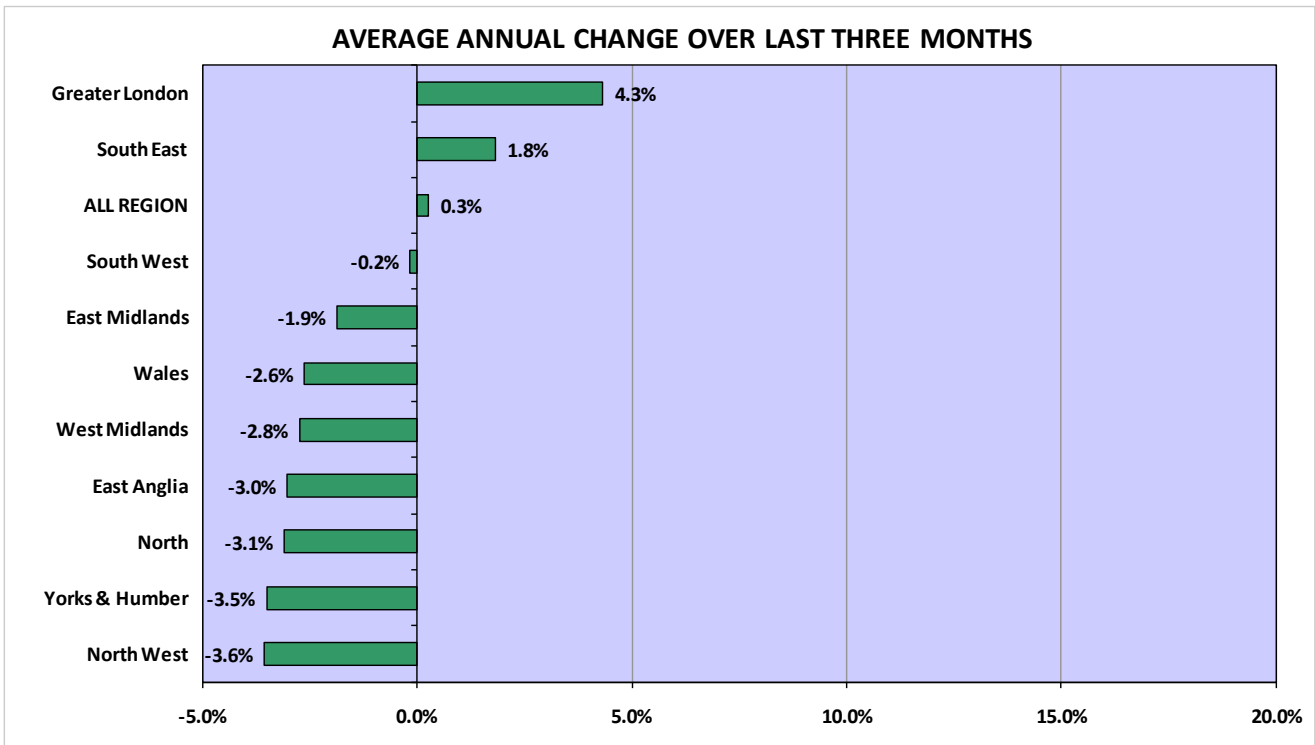


Figure 4. The annual change in the average house price, analysed by region

## ANNUAL CHANGE IN PRICE BY REGION

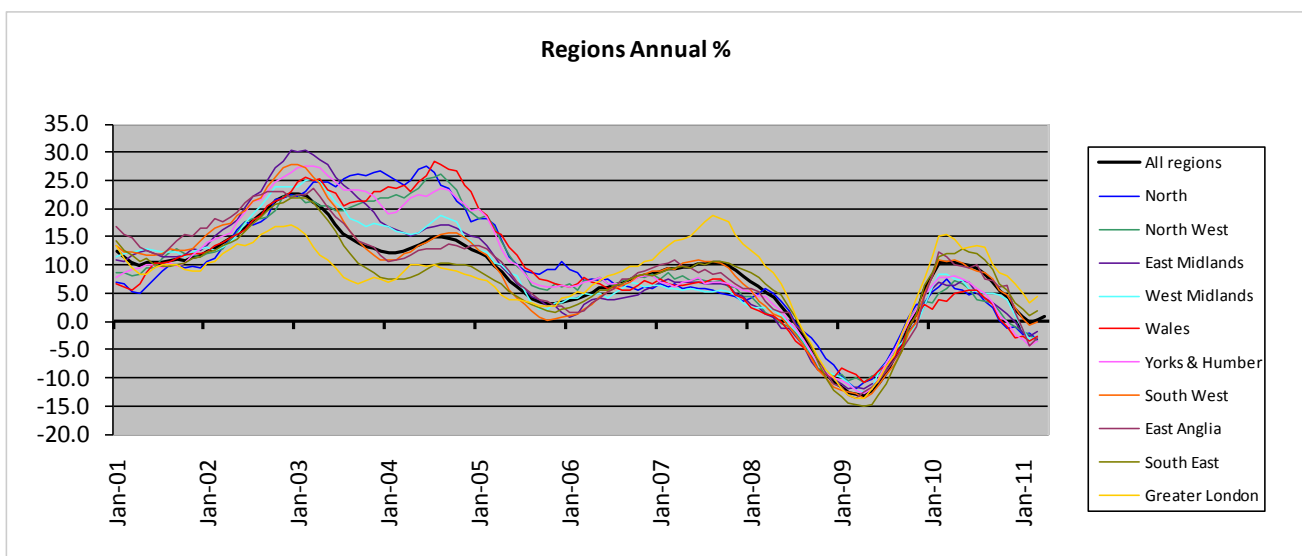


Figure 5. A comparison of the annual change in house prices, by region for the period Jan 2001 - Mar 2011

Note that individual regions can be compared using our “National and Regional series from 1995 with Interactive Charts”, linked from page 4 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

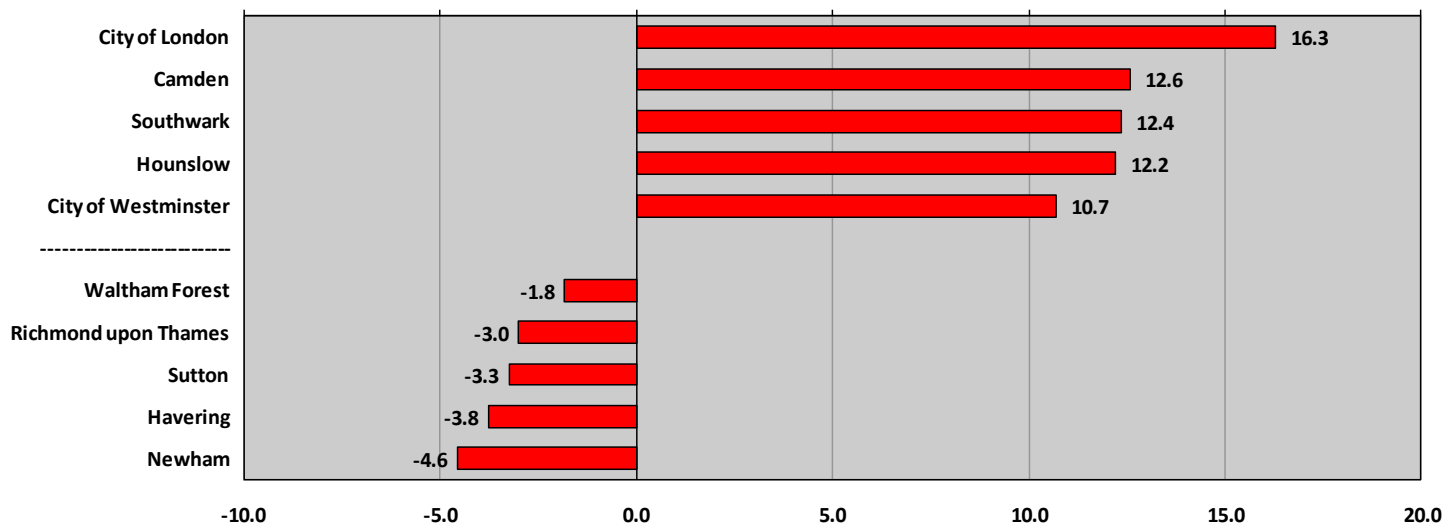


Figure 6. The annual change in house prices, based on a three month average, for the London boroughs

### House prices

The chart above shows the % **annual** price change in ten London boroughs, averaged over three months, for those with the highest and lowest growth. Three of the top five London boroughs by annual house price growth, Camden, Hounslow and the City of Westminster, are now experiencing an all time high in terms of their average property price levels. With the exception of Hounslow, each borough in the top five has a high percentage of flats sales, which is currently the property sector in the London market showing the greatest price growth.

Last month, **six** London boroughs were recording price falls on an annual basis; this month that number has increased to **twelve**. Of the five boroughs with falling prices shown in the above chart, four are ranked as being in the lowest priced areas of London; the exception being Richmond which is witnessing significant price declines for detached properties.

Comparing Q1 2011 with Q1 2010, prices have increased year on year by an average 3.4%. However, if we look at the top five boroughs ranked by price, we find that the average increase in price of these boroughs is 11.1%. Over this same period, the lowest five boroughs ranked by price experienced price falls of (-2.2%). Thus we can see that it is the high priced areas of London that have been experiencing the greatest gains in house prices, whilst the lowest priced areas have been experiencing price falls, over the last 12 months.

Comparing Q1 2011 with Q4 2010, a broadly similar pattern emerges. The top five boroughs, ranked by price, have seen an increase in prices of 10.7% whilst the five lowest ranking boroughs have seen price declines of (-3.4%).

### Transactions

Comparing Q1 2011 with Q1 2010, the number of properties sold in London has declined by 6%. The decline in sales by property type is in inverse proportion to their average cost, with the largest falls across London as a whole being seen in the number of flats sold, at (-9%), whilst the number of detached homes sold fell only by (-1%). The central London boroughs are the exception to this rule, with sales of flats continuing to be maintained at the previous year's intensity.

Comparing Q1 2011 with Q4 2010, sales volumes in London fell 21%, which is slightly less than the 23% seasonal decline which one would expect for this time of year. Over this same period, detached property sales fell by 25%, whilst those for terraced properties fell by 19%. The boroughs of Kensington & Chelsea and Hammersmith & Fulham saw a small increase in transactions across the two quarters, but these were the only two boroughs in London that experienced a rise in sales.



## AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - COUNTIES

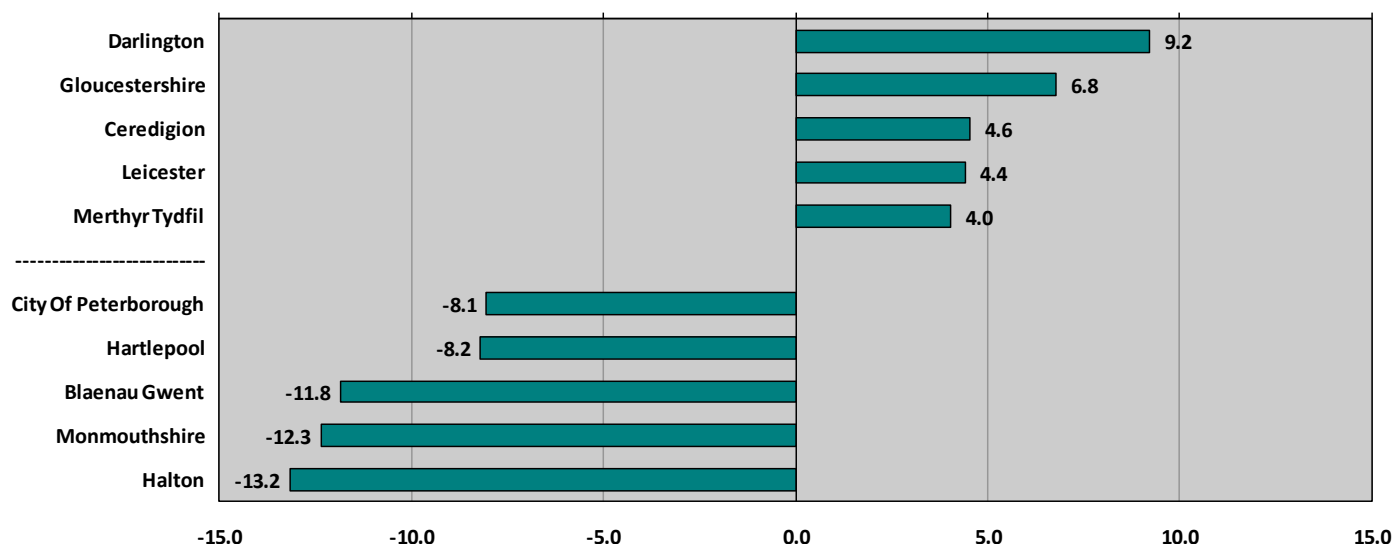


Figure 7. The annual change in house prices, based on a three month average, for the unitary districts

### House Prices

The chart above shows the % **annual** price change for unitary districts and counties, measured over three months and ranked by the highest and lowest five districts. Last month, we reported that **sixty-eight** 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 **seventy-six**, which indicates that falling prices are continuing to become more widespread. Despite falling prices occurring in more than half of the England & Wales counties, there are three counties/districts this month which are experiencing record average house price levels, being Bath, Oxfordshire and Darlington. In Darlington, all property types are showing an increase over the year, with the average price of a detached property reaching £255,076, comprising a gain for the year of c.£51K.

Comparing Q1 2011 with Q1 2010, average prices in England & Wales have increased by less than 1%. Over this period, flats have seen price increases of 5%, whilst those of the other property types have seen marginal falls. Comparing Q4 2010 with Q1 2011, we find a similar story; only flats registered a small increase in prices over the period.

Throughout the year, we have been reporting that it is the higher priced districts and counties that have seen the largest percentage growth in house prices, with the lowest priced areas having the least growth. This trend continues this month with the top quartile of districts by price experiencing annual house price increases of 1.0%, whilst the districts in the lowest quartile by price saw price declines of (-2.6%).

### Transactions

Comparing Q1 2011 with Q1 2010, property sales across England & Wales fell by 4%. London and the South East saw the largest decline, being one of 6%. Sales were inconsistent across property types. Those of flats fell (-12%); those of detached properties fell (-6%); those of terraces and semi-detached houses held steady from one year to the next.

Over the last quarter, comparing Q1 2011 with Q4 2010, total property transactions fell 29%, compared with a normal seasonal average reduction of 23%. The South West, down (-34%), saw the biggest fall whilst London (-21%) saw the smallest. At property type level, sales of detached properties (-34%) declined somewhat more than those of flats and terraces (-26%).



# Focus on semi-detached properties



The following tables have been derived from our Acadametrics Prices and Transactions (APAT) data series, which is based on Land Registry figures. This month we focus on semi-detached homes.

Table 2. Number of transactions by Region for the period Jan 2011 - Mar 2011

SEMI-DETACHED				
REGIONS	Jan 2011 - Mar 2011			% of All Semis Sold
	SEMIS	ALL TYPES	% SEMIS	
North	1,930	5,839	33.1%	5.8%
North West	4,012	11,851	33.9%	12.1%
Yorks & Humberside	3,391	9,562	35.5%	10.3%
Wales	1,675	5,424	30.9%	5.1%
West Midlands	3,378	9,903	34.1%	10.2%
East Midlands	3,173	9,306	34.1%	9.6%
East Anglia	1,672	5,986	27.9%	5.1%
South West	3,069	12,649	24.3%	9.3%
South East	7,994	29,136	27.4%	24.2%
Greater London	2,728	17,179	15.9%	8.3%
England & Wales	33,022	116,835	28.3%	100.0%

Table 2 shows the number of all property transactions and those of semi-detached houses by region, together with the latter as a percentage of the sales of all property types. It also shows the distribution of semi-detached home sales regionally across England & Wales. The three month period from Jan 2011 - Mar 2011 is depicted. Within regions, sales of semi-detached properties represent the highest proportion of all transactions in Yorkshire & Humberside, at 35%, followed closely by the West Midlands, East Midlands and North West at 34%. Greater London has the fewest semi-detached sales in percentage terms at 16% of all sales. The South East, followed by the North West, provides the highest proportion of semi-detached sales across England & Wales. Perhaps contrary to expectations, Greater London accounts for only 8% of all semi-detached property sales in England & Wales.

Table 3. Average Price by Region; showing the maximum & minimum prices by district within each region

SEMI-DETACHED					
REGIONS	Jan 2011 - Mar 2011				
	Ave Price	Max Price District	Max ave price	Min Price District	Min ave price
North	£ 134,262	Cumbria	£ 157,574	Hartlepool	£ 110,453
North West	£ 150,254	Cheshire	£ 169,913	Blackpool	£ 115,132
Yorks & Humberside	£ 137,594	North Yorkshire	£ 187,450	North Lincolnshire	£ 100,509
Wales	£ 133,692	Vale of Glamorgan	£ 187,477	Blaenau Gwent	£ 69,250
West Midlands	£ 148,069	Herefordshire	£ 176,306	Stoke on Trent	£ 97,020
East Midlands	£ 130,603	Rutland	£ 205,770	City of Nottingham	£ 114,997
East Anglia	£ 167,370	Cambridgeshire	£ 201,752	City of Peterborough	£ 132,646
South West	£ 198,175	Bath & NE Somerset	£ 238,580	City of Plymouth	£ 156,101
South East	£ 247,177	Windsor & Maidenhead	£ 359,292	Luton	£ 162,075
Greater London	£ 460,929	Kensington & Chelsea	£ 4,240,357	Barking & Dagenham	£ 199,587
England & Wales	£ 199,516	Kensington & Chelsea	£ 4,240,357	Blaenau Gwent	£ 69,250

Table 3 shows the average price of semi-detached properties, by region, and also highlights the maximum and minimum average price of semi-detached homes, by district within each region. The period selected for analysis is the three months Jan 2011 - Mar 2011. The data show the highest priced area for semi-detached houses in England and Wales is Kensington & Chelsea, with an average price of £4,240,357 and the lowest priced area in England & Wales is Blaenau Gwent, where a semi-detached home can be bought for an average price of only £69,250.

# Regional Data Table



Table 4. Average house prices by Region, Apr 2010 – Mar 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
Apr-10	£150,194	-1.5	5.8	£159,310	0.4	7.2	£163,416	-0.6	6.4	£174,475	-1.1	7.5
May-10	£149,216	-0.7	5.6	£158,713	-0.4	6.7	£164,035	0.4	7.1	£173,700	-0.4	7.1
Jun-10	£148,284	-0.6	4.6	£157,216	-0.9	5.7	£164,892	0.5	7.0	£175,275	0.9	5.8
Jul-10	£148,287	0.0	5.2	£156,360	-0.5	3.9	£164,016	-0.5	5.1	£175,089	-0.1	5.3
Aug-10	£147,300	-0.7	3.5	£157,107	0.5	3.5	£163,829	-0.1	4.2	£176,886	1.0	4.9
Sep-10	£148,334	0.7	2.4	£158,671	1.0	3.3	£163,694	-0.1	3.2	£176,845	0.0	5.0
Oct-10	£148,229	-0.1	0.2	£157,987	-0.4	2.0	£163,557	-0.1	2.6	£176,736	-0.1	4.7
Nov-10	£147,119	-0.7	-1.4	£156,242	-1.1	-0.1	£162,502	-0.6	1.4	£174,786	-1.1	3.9
Dec-10	£145,720	-1.0	-1.0	£155,346	-0.6	-1.1	£161,630	-0.5	-0.3	£173,664	-0.6	0.9
Jan-11	£145,892	0.1	-2.3	£154,681	-0.4	-1.8	£161,540	-0.1	-2.1	£173,790	0.1	-1.4
Feb-11	£147,372	1.0	-2.0	£154,578	-0.1	-2.3	£161,603	0.0	-2.6	£173,228	-0.3	-3.2
Mar-11	£147,714	0.2	-3.1	£153,061	-1.0	-3.6	£161,280	-0.2	-1.9	£171,591	-0.9	-2.8

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Apr-10	£155,381	-0.5	4.9	£160,014	-0.5	8.1	£225,632	0.2	11.0	£202,220	-0.6	10.1
May-10	£155,125	-0.2	5.3	£159,243	-0.5	7.6	£226,786	0.5	10.4	£202,677	0.2	9.6
Jun-10	£155,511	0.2	5.6	£158,847	-0.2	6.9	£226,172	-0.3	9.4	£203,698	0.5	9.4
Jul-10	£155,382	-0.1	5.4	£159,029	0.1	5.8	£226,476	0.1	8.9	£205,366	0.8	10.1
Aug-10	£155,697	0.2	4.0	£160,067	0.7	4.9	£226,167	-0.1	8.5	£204,131	-0.6	7.6
Sep-10	£155,798	0.1	3.1	£160,151	0.1	3.3	£226,598	0.2	7.6	£204,353	0.1	7.3
Oct-10	£154,951	-0.5	0.4	£158,863	-0.8	1.1	£225,843	-0.3	5.7	£201,789	-1.3	6.1
Nov-10	£153,257	-1.1	-1.0	£158,055	-0.5	-0.1	£224,359	-0.7	4.8	£199,536	-1.1	6.3
Dec-10	£151,807	-0.9	-3.0	£156,796	-0.8	-2.4	£226,241	0.8	2.4	£197,957	-0.8	1.7
Jan-11	£151,932	0.1	-2.7	£156,684	-0.1	-3.2	£225,197	-0.5	0.5	£197,710	-0.1	-1.4
Feb-11	£152,058	0.1	-3.4	£155,475	-0.8	-4.4	£226,280	0.5	-0.7	£197,833	0.1	-4.4
Mar-11	£152,034	0.0	-2.6	£155,166	-0.2	-3.5	£224,800	-0.7	-0.2	£197,300	-0.3	-3.0

	South East			Greater London			ALL REGION		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Apr-10	£263,415	0.0	12.1	£370,776	-0.8	14.7	£221,331	-0.4	10.5
May-10	£265,279	0.7	13.0	£369,747	-0.3	12.8	£221,553	0.1	10.3
Jun-10	£266,512	0.5	12.3	£374,365	1.2	13.1	£222,399	0.4	9.8
Jul-10	£267,899	0.5	12.1	£379,646	1.4	13.3	£223,343	0.4	9.4
Aug-10	£268,806	0.3	10.9	£382,517	0.8	13.1	£224,130	0.4	8.6
Sep-10	£268,222	-0.2	9.2	£380,766	-0.5	10.0	£224,053	0.0	7.1
Oct-10	£266,738	-0.6	6.7	£378,889	-0.5	8.6	£222,998	-0.5	5.3
Nov-10	£264,050	-1.0	5.7	£379,249	0.1	8.0	£221,477	-0.7	4.3
Dec-10	£264,190	0.1	3.1	£382,165	0.8	6.8	£221,479	0.0	2.3
Jan-11	£265,357	0.4	2.2	£384,827	0.7	4.9	£221,910	0.2	0.9
Feb-11	£267,549	0.8	1.1	£387,896	0.8	3.4	£222,861	0.4	-0.3
Mar-11	£268,336	0.3	1.8	£389,885	0.5	4.3	£222,765	0.0	0.3
Apr-11							£223,352	0.3	0.9



1. LSL Acad 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 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 HPI, CLG and LR) can be prepared only when the prices at which properties have been transacted have been recorded at LR (LSL Acad 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 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 HPI, LR and CLG are published in that order.
3. LSL Acad 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 HPI result. Rather than rely upon a small sample, likely to be unrepresentative, LSL Acad 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 HPI "forecast" with a first LSL Acad HPI "update" result. A further month later, LR provides c.90% of transactions, used to replace the first, with a second, LSL Acad 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 HPI "final" index, closely approximating the LSL Acad HPI "ultimate" results; LSL Acad HPI "ultimate" includes the price of virtually every single LR transaction for the month, smoothed, seasonally and mix adjusted; the first LSL Acad 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 HPI "forecast" results, **blue** data represent LSL Acad HPI "update" results and black data represent the LSL Acad 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 HPI is indicative until we are able to publish the LSL Acad HPI "final" index using the LR 95% sample. LSL Acad 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 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 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 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 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 HPI, together with historic data are available from Acadametrics as in page 4 NOTE 7 above.
10. LSL Acad HPI was published under the name FTHPI from September 2003 until December 2009.