

LSL Property Services/Acadameetrics

House Price Index

DECEMBER 2010

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 14TH JANUARY 2010



TRANSACTIONS DOWN 5% AS PRICES DECLINE STEADILY IN DECEMBER

- Average house prices recorded a marginal fall of 0.2% in December. ([Page 5](#)).
- Over the 12 months January to December 2010, house price growth stood at 2.9%, compared to 5.3% in 2009. The rate of growth will slow as the larger gains of a year ago drop out of the calculations ([Page 5](#) and table below).
- Regional disparities are widening.
- The number of transactions continues to decline, falling in December 2010 by 5%, and are down 33% compared to December 2009 ([Page 4](#)).

Richard Sexton, director of chartered surveyors e.surv, part of LSL, comments: "While average house prices are falling, the steady rate of the decline indicates a degree of resilience in the market. While it is true that there is a shortage of buyers seeking new properties, this is largely driven by the continuing drought in mortgage finance. Although the average LTV for first time buyers rose to 80%, the total number of house purchase loans is down 4% - indicating that mortgage refusals have become more frequent. However, if prices begin to tumble more quickly, the spectre of negative equity could have a significant impact on buyer and lender confidence. Nevertheless, there are currently plenty of would-be buyers available to take on mortgage products where they are offered and for those with a large amount of spare cash, the current market still represents a good opportunity to invest in affordable property.

"The disparity between the regions is widening. In traditionally high-value areas such as London and the South East price growth has been significantly stronger than the national average and this is likely to continue through 2011. Public sector cuts will have a particularly heavy impact on prices in northern England and Wales and this means the value-gap could become a chasm as the year goes on."

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

House prices start to fall



		House Price	Index	Monthly Change %	Annual Change %
January	2010	£219,884	223.9	1.6	7.8
February	2010	£223,475	227.5	1.6	10.3
March	2010	£222,143	226.2	-0.6	10.6
April	2010	£221,296	225.3	-0.4	10.5
May	2010	£221,508	225.5	0.1	10.2
June	2010	£222,350	226.4	0.4	9.8
July	2010	£223,320	227.4	0.4	9.4
August	2010	£223,996	228.1	0.3	8.5
September	2010	£224,173	228.2	0.1	7.1
October	2010	£223,692	227.7	-0.2	5.7
November	2010	£223,204	227.2	-0.2	5.1
December	2010	£222,827	226.9	-0.2	2.9

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

“The average price of a home in England & Wales has fallen marginally over the month to £222,827. At this level, it is down some £9,000, or 3.9%, from the peak of £231,828 which was recorded in February 2008. Over the last twelve months the average house price has increased by £6,314, or 2.9%, ie below the rate of inflation, so we are already recording falling real prices. Readers may also care to note that in the first two months of the year the index rose by 3.2% while subsequently it has been oscillating around zero growth, with a mini-peak for the year occurring in September followed by three months of minor price declines. As is evident from our first chart on page 5, on an annual basis, all indices have been showing broadly similar trends over the last twelve months.

“This single figure of near zero growth over the last ten months masks considerable disparities in house price growth between the regions. Our graph on page 6 shows that three regions, the North, Wales and Yorkshire & Humberside, are now experiencing house price falls on an annual basis, using average figures based over the last three months (these are considered more reliable than statistics based on the monthly change). Greater London, the South East and the South West continue to show annual price increases of 5% or higher but, even in these regions, prices have fallen over the last three months and we can see that there is a generalized trend downward across England and Wales. The question is how far this will go and whether all regions will go negative on a monthly and annual basis during the year? Much will turn on how the timing and scale of interest rate increases, the pace of economic recovery, changes in mortgage supply and crucially consumer confidence work through.

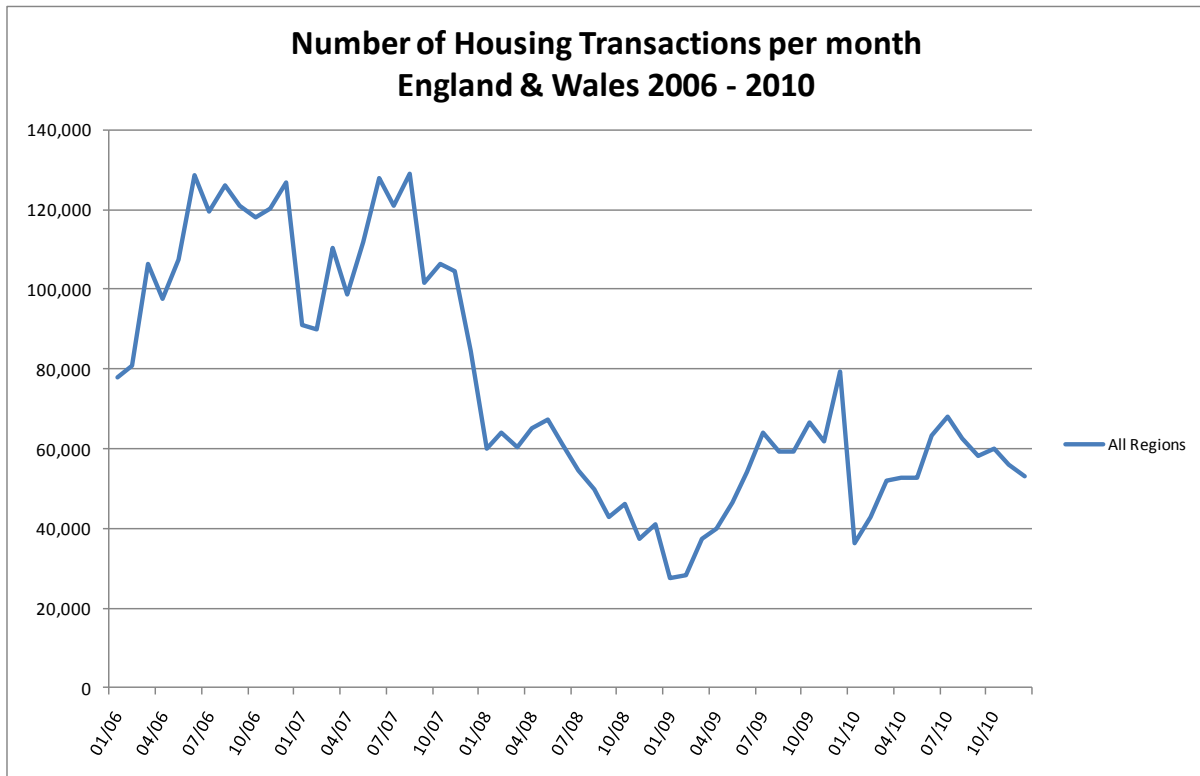
“The forecasts for house prices in 2011 are many and varied (somewhere between plus 2 percent and minus 10 percent) with most expecting further falls. With many sellers still reluctant to transact and many buyers being unable to get a mortgage, we have a market which is much reduced in transaction terms (see below) and we would not expect that to change a great deal in 2011. Clearly some households have to move because of life events such as death and divorce but discretionary moves are in general much lower. This reduced market puts some limits around price falls and rises and this is further underpinned by continuing government help to those in difficulty and low interest rates. As and when these change we can expect the dynamics of the market to respond.

“With the real possibility that we will see at best a flat market for the next year or two a new realism has to be embraced by sellers if their circumstances allow. The Housing Minister in England attracted some attention recently by arguing for a period of house price stability in which homes would gradually become more affordable. As much of the subsequent commentary has pointed out, although there is much merit in such an argument, more affordability can probably only be achieved long term if we see a significant increase in housing supply. However in the short term this is where we are - homes are becoming more affordable - but in somewhat unusual circumstances. It is far from clear that in the absence of policy change this will be anything other than a short to medium term blip before the upward trend in prices resumes.

“As always there are strong regional and local variations, and in this monthly commentary we look in some detail at ‘hot and cold’ spots across England and Wales. These point up the need for buyers and sellers to look closely at local trends alongside the national picture.”



“We estimate that the number of transactions in December will be 53,000, which is 5% down on November levels and 33% below the number of transactions in December 2009; however this latter figure was boosted by buyers seeking to purchase a property prior to the cessation of the stamp duty holiday on houses costing £175,000 or less, which came to an end on 31/12/2009. The current level of 53,000 properties sold in December is 43% below the long term trend over the last fifteen years of 93,800 properties sold in the month. It is likely that house prices will remain broadly flat until such time as the number of housing transactions returns to something more akin to the average levels of the last fifteen years.”

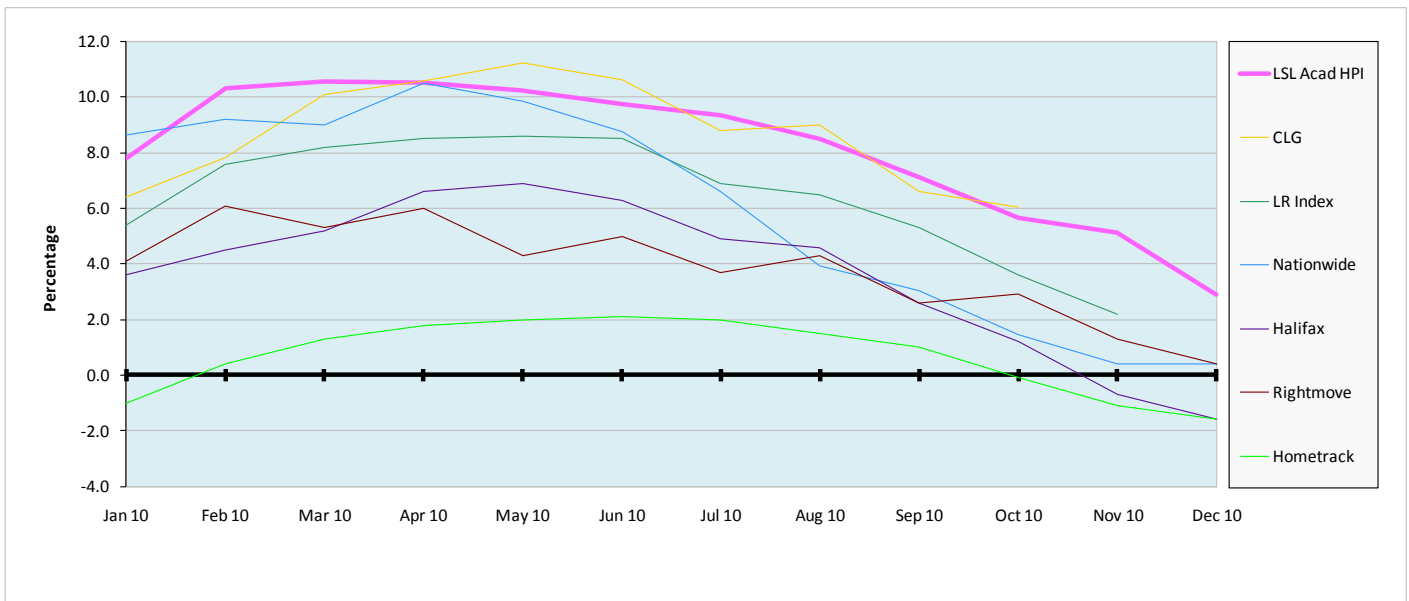


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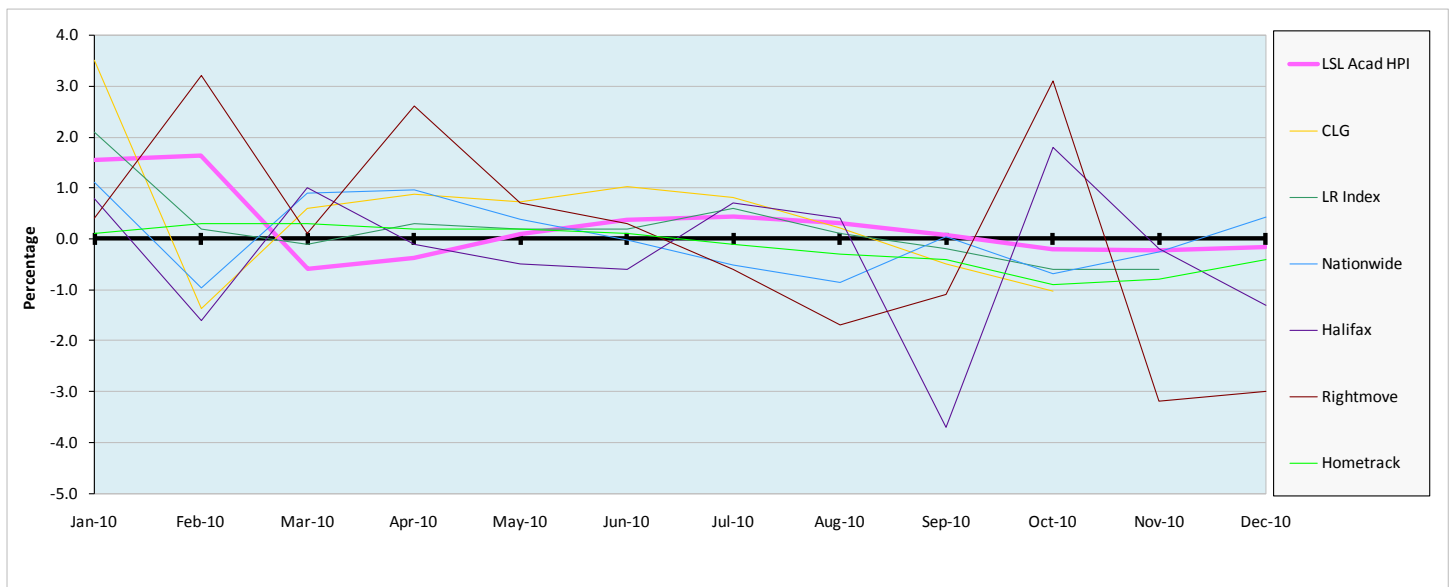
- LSL Acad HPI is the only house price index to use:
 - the **actual** prices at which every property in England and Wales was transacted, including prices for properties bought with cash, using the factual Land Registry data as opposed to valuation estimates or asking prices
 - the price of **every** single relevant transaction, as opposed to prices based upon samples
 LSL Acad HPI is a price series as opposed to a value series.
- 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.
- 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.
- 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 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.
- 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 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



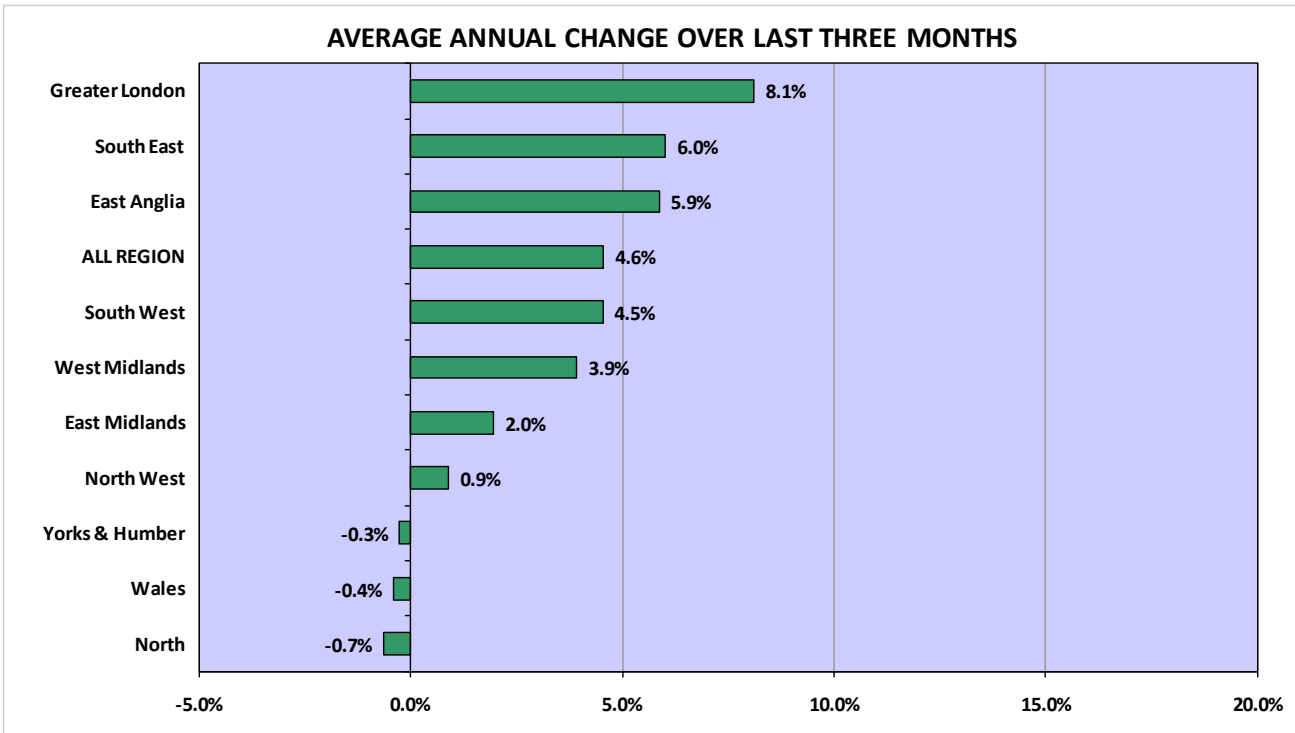
MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART



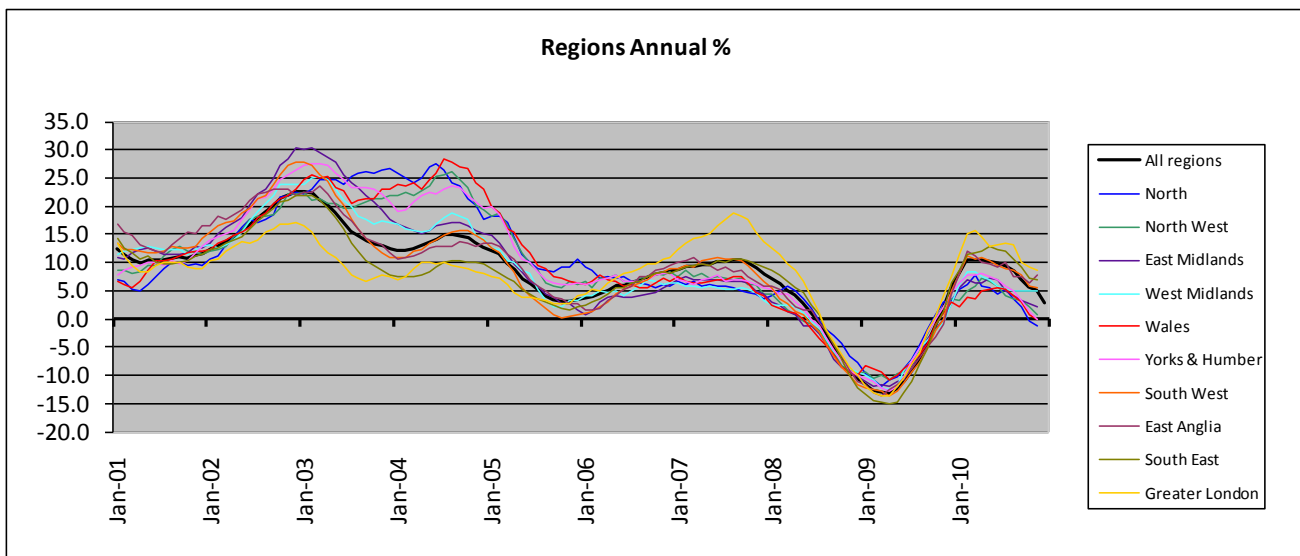
Regional analysis of house prices and transactions



Based on the average annual change over the last three months, three regions are now experiencing negative growth in house prices. Our expectation is that these three regions will continue to show negative growth over the next two months, and will be joined by the North West and the East Midlands as the relatively high increases in prices in January and February of 2010 drop out from the annual statistics and are not matched by similar increases in the first two months of 2011.



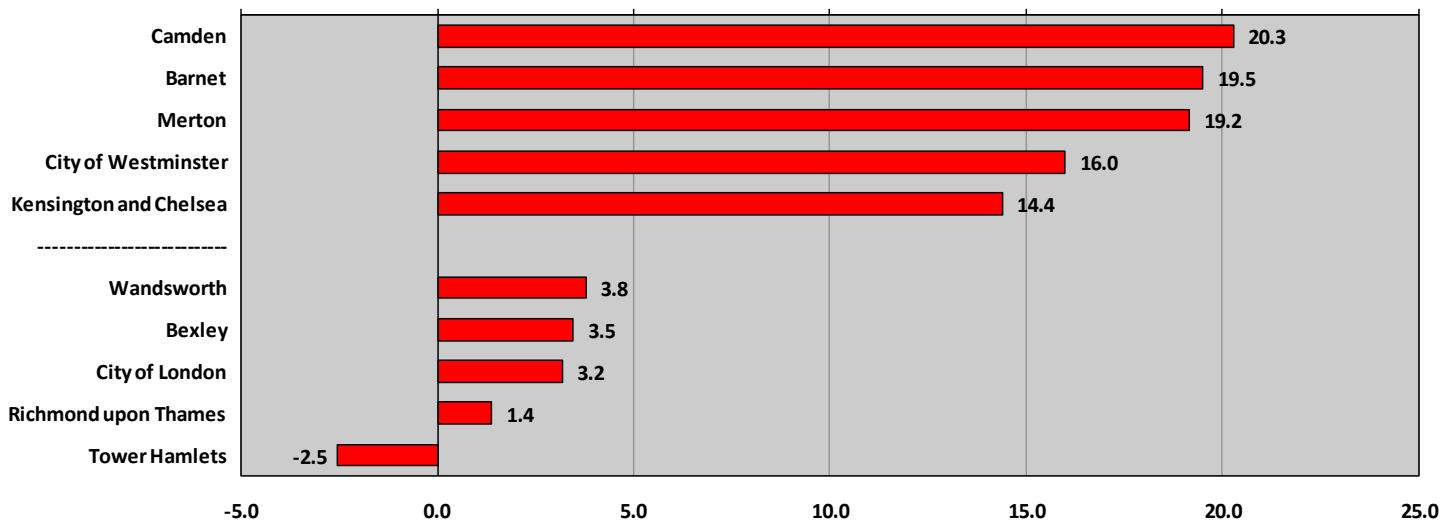
ANNUAL CHANGE IN PRICE BY REGION



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



The above chart shows the continuing strength of the housing market in London (which also impacts upon our averaged annual growth rate – taking it up from 1.95% without London to 2.9%). It shows the % **annual** price change in ten London boroughs, averaged over three months, for those with the highest and lowest growth. Thirty-two of the thirty-three London boroughs are recording annual price increases, the borough with falling prices being Tower Hamlets, which is dominated by the sale of flats, typically to those employed in Canary Wharf and the City. Tower Hamlets has also experienced one of the largest falls in transaction numbers amongst the boroughs of Greater London, with sales being down some 12% over the same twelve month period, against an average of a zero percent change in transactions in London as a whole.

There is a theory held by some housing analysts that current cold spots in terms of house price growth will become the hot spots of the following year and vice versa, and that particular areas have a natural price level, to which house prices will eventually return, when compared with surrounding neighbourhoods. There is some evidence to support this theory in the above chart; for example three of the lowest growth boroughs identified this month, Tower Hamlets, Richmond upon Thames and Wandsworth, were identified as being the highest growth boroughs in January 2010 and, similarly, Camden and the City of Westminster had the lowest growth in prices in January 2010, but now feature amongst the highest growth areas this month.

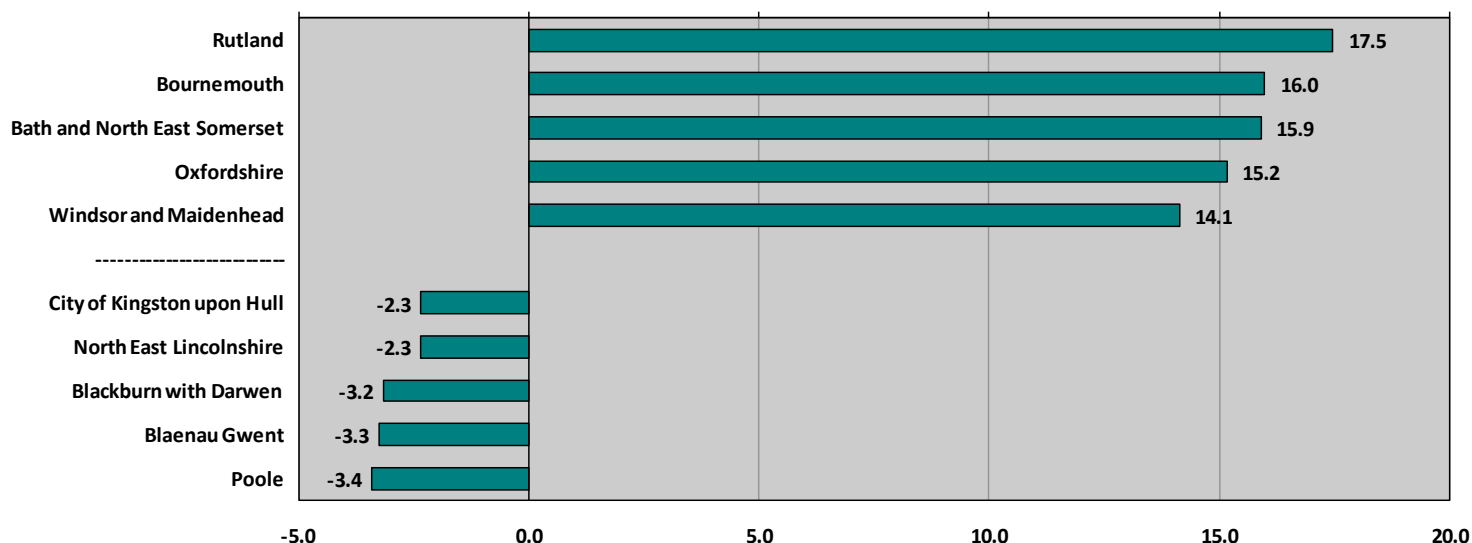
However, over the last year some boroughs have consistently appeared in our ranking of the top 5 price growth areas and, similarly, other boroughs have frequently been ranked as being amongst the lowest 5 by price growth. During 2010, the London Borough of Merton has appeared 10 times in our monthly top five boroughs, followed by Camden and Richmond upon Thames, with 8 appearances apiece, and Kensington & Chelsea 6 appearances. The boroughs identified as being in the lowest price growth rankings were Newham, with 7 appearances, and Barking & Dagenham, Croydon and Hillingdon, each appearing 6 times.

Although London has seen the highest price increases of all the regions in England and Wales over the past year, as in the rest of England and Wales, prices have been falling over the last three months. The notable exceptions to this trend over the last three months are Kensington & Chelsea, Haringey and Redbridge, where prices are still rising at a rate in excess of 5%.

In terms of transactions, comparing Sep - Nov 2010 with the same three month period in 2009, the number of properties sold in London is almost identical between the two years. Within this general statement there are exceptions. Lewisham has seen the highest increase in transactions on an annual basis (+24%), followed by Brent (+20%) and Hackney (+19%). The boroughs with a marked reduction in transactions over the year are Barking & Dagenham (-26%), Redbridge (-18%) and Enfield (-14%). Over the last three months, comparing Sep - Nov 2010 with Jul - Aug 2010 only two boroughs have shown an increase in the number of properties sold, Hackney (+5%) and Harrow (+3%), with Redbridge and Tower Hamlets leading the decline in transactions, both boroughs being down by some 27%.



AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - COUNTIES



The above chart shows the % **annual** price change for unitary districts and counties, measured over three months and ranked by the highest and lowest 5 districts. Last month, we reported that **eleven** 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 **twenty-three** which indicates the extent of the fall in prices being experienced across the country.

Over 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 price areas having the least growth. This trend continues this month with the top quartile of districts by price experiencing annual house price increases of 8.5%, whilst the districts in the lowest quartile by price saw a decline in their prices of -1.4%. This trend is repeated when comparing the latest three months, Sep - Nov 2010, with the previous three months, Jun - Aug 2010; over this period, the top quartile of districts by price experienced a -0.3% decline in prices, whilst prices in the lowest quartile of districts fell by -2.7%.

Looking at the above chart, which lists the 5 highest and lowest areas in terms of annual house price growth, it is interesting to identify the areas that have appeared most frequently in the rankings over the last twelve months. At the top of the list we have Brighton & Hove with 9 appearances, Bath & NE Somerset 8 appearances, Surrey 6 appearances and Windsor & Maidenhead 5 appearances. At the lower end of the rankings we have seen Hartlepool with 6 appearances, Rhondda 4 appearances and Blackburn, Nottingham, Middlesbrough, Merthyr Tydfil, Neath Port Talbot and Pembrokeshire with 3 appearances apiece. We further identify the hot and cold spots in England and Wales, by property type, in the next section of this monthly report.

In terms of housing transactions, comparing the three months Sep - Nov 2010 with the same three months in 2009, there has been a 3.4% fall in the number of properties sold across England and Wales. The decline in sales transactions compared with the previous year is deepening, with last month's equivalent figure being a 0.6% fall. Fewer properties are therefore being sold in the latter part of this year compared with 2009, although this is possibly due to the blip in sales in the last two months of 2009 associated with an increase in sales prior to the cessation of the stamp duty holiday on properties costing £175,000 or less. Flats have seen the largest decline in transactions over the last twelve months, with a decline of 9% in the number of units being sold, compared with a 3% fall in other property types. The snow experienced in December 2010 is likely to further disrupt property sales in January and February 2011, these two months traditionally being quiet months in the property market.

There is a possibility that sales will rebound more than the norm in March 2011 as the 1% increase in stamp duty on properties priced in excess of £1 million is due to take effect from 6th April 2011. Although some buyers may be able to avoid the tax, it is likely that this will encourage many at the top end of the market to bring forward their purchases and not least because of the fact that many will be making discretionary moves.

Hot and cold spots in 2010



The tables below set out, by property type, the areas in England and Wales and Greater London that have experienced the highest and lowest average annual growth over the last twelve months. Prices are taken from our Acadametrics Prices and Transactions (APAT), based upon Land Registry data including both mortgage and cash sales.

DETACHED

UNITARY DISTRICTS & COUNTIES	End 2010	average % change
1 WARRINGTON	£290,741	19.7%
2 BRIGHTON AND HOVE	£486,391	19.5%
3 SLOUGH	£348,156	17.8%
4 SOUTHEND-ON-SEA	£335,294	17.2%
5 OXFORDSHIRE	£464,317	15.0%
104 DARLINGTON	£230,558	0.8%
105 THURROCK	£321,824	0.5%
106 CARMARTHENSHIRE	£192,511	0.2%
107 GWYNEDD	£214,422	-0.5%
108 NEWPORT	£225,380	-4.3%
GREATER LONDON	End 2010	average % change
1 MERTON	£2,086,535	53.4%
2 KINGSTON UPON THAMES	£873,505	30.5%
3 RICHMOND UPON THAMES	£1,324,774	20.2%
15 CROYDON	£470,376	-0.6%
16 WANDSWORTH	£1,111,778	-5.5%
17 HOUNSLOW	£577,666	-8.4%

Excludes areas with 60 or less sales per year

SEMI-DETACHED

UNITARY DISTRICTS & COUNTIES	End 2010	average % change
1 BRIGHTON AND HOVE	£326,608	20.5%
2 SOUTHEND-ON-SEA	£232,809	15.7%
3 BATH AND NE SOMERSET	£252,665	14.3%
4 PORTSMOUTH	£211,510	14.0%
5 WOKINGHAM	£295,459	13.7%
104 CITY OF PETERBOROUGH	£132,126	-1.0%
105 NORTH LINCOLNSHIRE	£104,090	-1.1%
106 RHONDDA CYNON TAFF	£112,157	-2.1%
107 NEATH PORT TALBOT	£104,789	-3.6%
108 MERTHYR TYDFIL	£104,300	-9.2%
GREATER LONDON	End 2010	average % change
1 CAMDEN	£2,013,369	27.5%
2 BRENT	£449,315	25.0%
3 HOUNSLOW	£410,509	21.9%
24 BARKING AND DAGENHAM	£573,612	7.8%
25 HILLINGDON	£901,789	7.6%
26 ISLINGTON	£615,283	-4.3%

Excludes areas with 60 or less sales per year

TERRACED

UNITARY DISTRICTS & COUNTIES	End 2010	average % change
1 ISLE OF ANGLESEY	£114,882	16.4%
2 BATH AND NE SOMERSET	£273,375	16.2%
3 POOLE	£207,131	15.3%
4 BRIGHTON AND HOVE	£306,883	15.0%
5 WINDSOR AND MAIDENHEAD	£344,561	14.1%
104 BLACKBURN WITH DARWEN	£81,733	-0.7%
105 WARRINGTON	£131,063	-1.6%
106 WREKIN	£118,788	-2.0%
107 BRIDGEND	£91,235	-2.0%
108 STOKE-ON-TRENT	£66,752	-2.2%
GREATER LONDON	End 2010	average % change
1 CAMDEN	£1,170,316	32.9%
2 KENSINGTON AND CHELSEA	£2,783,997	27.3%
3 RICHMOND UPON THAMES	£565,971	23.3%
30 BEXLEY	£205,677	6.5%
31 CROYDON	£220,720	6.3%
32 BARKING AND DAGENHAM	£184,023	5.5%

Excludes areas with 60 or less sales per year

FLATS & MAISONETTES

UNITARY DISTRICTS & COUNTIES	End 2010	average % change
1 OXFORDSHIRE	£198,146	14.9%
2 CITY OF BRISTOL	£201,720	13.5%
3 BRIGHTON AND HOVE	£209,441	12.5%
4 DARLINGTON	£122,214	12.2%
5 NORTHUMBERLAND	£137,437	11.7%
87 STOKE-ON-TRENT	£64,487	-8.1%
88 LINCOLNSHIRE	£95,753	-8.7%
59 WREXHAM	£101,908	-10.1%
90 MIDDLESBROUGH	£88,625	-10.5%
91 BRIDGEND	£109,681	-17.1%
GREATER LONDON	End 2010	average % change
1 MERTON	£276,528	30.2%
2 CAMDEN	£535,686	17.7%
3 CITY OF LONDON	£457,932	15.1%
31 BEXLEY	£136,864	1.6%
32 NEWHAM	£193,906	-1.9%
33 HILLINGDON	£181,452	-4.5%

Excludes areas with 60 or less sales per year

Regional data table



	North			North West			East Midlands			West Midlands		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Dec-09	£147,208	-1.3	3.1	£157,020	0.4	3.5	£162,008	1.1	2.6	£172,151	2.3	2.8
Jan-10	£149,302	1.4	5.1	£157,474	0.3	3.3	£164,872	1.8	5.6	£176,313	2.4	6.1
Feb-10	£150,367	0.7	6.0	£158,210	0.5	5.0	£165,912	0.6	6.9	£178,929	1.5	8.3
Mar-10	£152,576	1.5	7.7	£158,703	0.3	5.7	£164,386	-0.9	6.2	£176,404	-1.4	8.2
Apr-10	£150,335	-1.5	5.9	£159,286	0.4	7.1	£163,461	-0.6	6.4	£174,441	-1.1	7.5
May-10	£149,301	-0.7	5.6	£158,727	-0.4	6.7	£164,035	0.4	7.1	£173,637	-0.5	7.0
Jun-10	£148,220	-0.7	4.5	£157,318	-0.9	5.8	£164,882	0.5	7.0	£175,232	0.9	5.8
Jul-10	£148,268	0.0	5.2	£156,448	-0.6	4.0	£163,959	-0.6	5.1	£175,159	0.0	5.3
Aug-10	£147,312	-0.6	3.5	£157,265	0.5	3.6	£163,634	-0.2	4.1	£176,842	1.0	4.9
Sep-10	£147,925	0.4	2.1	£158,673	0.9	3.3	£163,673	0.0	3.2	£176,734	-0.1	4.9
Oct-10	£147,449	-0.3	-0.3	£158,269	-0.3	2.1	£163,874	0.1	2.7	£177,185	0.3	4.9
Nov-10	£147,365	-0.1	-1.2	£157,472	-0.5	0.7	£163,854	0.0	2.2	£176,526	-0.4	4.9

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Dec-09	£156,518	1.2	3.0	£160,741	1.6	4.7	£221,061	3.3	4.9	£194,654	3.7	4.5
Jan-10	£156,219	-0.2	2.2	£161,811	0.7	6.3	£224,076	1.4	8.1	£200,483	3.0	8.0
Feb-10	£157,406	0.8	3.8	£162,708	0.6	7.8	£227,992	1.7	11.0	£206,585	3.0	12.1
Mar-10	£156,147	-0.8	3.6	£160,823	-1.2	7.7	£225,226	-1.2	10.6	£203,255	-1.6	11.2
Apr-10	£155,354	-0.5	4.9	£160,019	-0.5	8.1	£225,672	0.2	11.0	£202,001	-0.6	10.0
May-10	£155,027	-0.2	5.2	£159,235	-0.5	7.6	£226,780	0.5	10.4	£202,669	0.3	9.6
Jun-10	£155,331	0.2	5.5	£158,851	-0.2	6.9	£226,173	-0.3	9.4	£203,564	0.4	9.3
Jul-10	£155,212	-0.1	5.3	£159,055	0.1	5.8	£226,407	0.1	8.9	£205,173	0.8	10.0
Aug-10	£155,619	0.3	4.0	£160,018	0.6	4.9	£226,204	-0.1	8.5	£203,812	-0.7	7.5
Sep-10	£155,793	0.1	3.1	£160,221	0.1	3.3	£226,791	0.3	7.7	£204,432	0.3	7.4
Oct-10	£155,561	-0.1	0.8	£159,094	-0.7	1.3	£226,095	-0.3	5.8	£202,485	-1.0	6.5
Nov-10	£154,457	-0.7	-0.2	£158,198	-0.6	0.0	£225,721	-0.2	5.4	£202,148	-0.2	7.7

	South East			Greater London			ALL REGION			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Dec-09	£256,156	2.5	6.4	£358,009	1.9	7.5		£216,513	2.0	5.3
Jan-10	£259,493	1.3	8.7	£366,781	2.5	11.5		£219,884	1.6	7.8
Feb-10	£264,621	2.0	11.4	£375,179	2.3	15.0		£223,475	1.6	10.3
Mar-10	£263,400	-0.5	11.8	£373,739	-0.4	15.5		£222,143	-0.6	10.6
Apr-10	£263,288	0.0	12.0	£370,742	-0.8	14.7		£221,296	-0.4	10.5
May-10	£265,084	0.7	12.9	£369,795	-0.3	12.8		£221,508	0.1	10.2
Jun-10	£266,364	0.5	12.3	£374,341	1.2	13.1		£222,350	0.4	9.8
Jul-10	£267,795	0.5	12.0	£379,746	1.4	13.4		£223,320	0.4	9.4
Aug-10	£268,458	0.2	10.7	£382,276	0.7	13.0		£223,996	0.3	8.5
Sep-10	£268,499	0.0	9.3	£381,208	-0.3	10.1		£224,173	0.1	7.1
Oct-10	£267,794	-0.3	7.2	£381,030	0.0	9.2		£223,692	-0.2	5.7
Nov-10	£267,056	-0.3	6.9	£381,285	0.1	8.6		£223,204	-0.2	5.1
Dec-10								£222,827	-0.2	2.9



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.