

LSL Property Services/Acadametrics

# House Price Index

JANUARY 2011

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 11TH FEBRUARY 2011



## NO RENEWED RECOVERY IN 2011 AS JANUARY SEES FURTHER FALL IN HOUSE PRICES

- The average house price has risen by 0.6% on an annual basis but has fallen by 0.1% since December ([page 5](#)).
- The number of transactions is now just 60% of the long term average - at just 40,600 in January ([page 4](#) & [page 9](#)).

**David Brown, commercial director of LSL Property Services, comments:** "Concerns over the direction of the economy, and the ongoing difficulties in obtaining mortgage finance continue to take their toll on house prices. However, the good news is that downwards pressure eased in January, and we are not seeing anywhere like the price reductions we saw at the height of the last sustained fall in 2009. Prices are being cushioned by continued demand from cash-rich buyers, as well as slight reduction in the supply of properties hitting the market. We should see a bubble of increased activity at the top end of the market in the next couple of months as buyers look to hurry through purchases of properties worth more than £1 million before the stamp duty hike in April. On top of this, a growing number of rich investors are withdrawing money from destabilising countries, and investing in bricks and mortar in prime locations in London. However, transaction levels across the rest of the market are still being suppressed by the lack of high LTV mortgages available for first-time buyers. At a time when wage inflation is being outstripped by inflation, would-be buyer finances are under increasing financial pressure and providing the large deposits required by lenders is unachievable for thousands of potential first-timers."

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

# House prices continue to fall



		House Price	Index	Monthly Change %	Annual Change %
<b>February</b>	<b>2010</b>	£223,496	227.5	1.6	10.3
<b>March</b>	<b>2010</b>	£222,136	226.2	-0.6	10.5
<b>April</b>	<b>2010</b>	£221,268	225.3	-0.4	10.5
<b>May</b>	<b>2010</b>	£221,480	225.5	0.1	10.2
<b>June</b>	<b>2010</b>	£222,375	226.4	0.4	9.8
<b>July</b>	<b>2010</b>	£223,344	227.4	0.4	9.4
<b>August</b>	<b>2010</b>	£224,037	228.1	0.3	8.5
<b>September</b>	<b>2010</b>	£223,989	228.0	0.0	7.0
<b>October</b>	<b>2010</b>	£223,125	227.2	-0.4	5.4
<b>November</b>	<b>2010</b>	£222,063	226.1	-0.5	4.6
<b>December</b>	<b>2010</b>	£221,338	225.3	-0.3	2.2
<b>January</b>	<b>2011</b>	£221,211	225.2	-0.1	0.6

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

“The average price of a home in England & Wales fell by a very modest 0.1% in January to £221,211. Despite the falls over the last four months this average price is still some £20,975, or 10.5%, above the lowest price recorded in April 2009 during the last housing downturn. With monthly price changes fluctuating around zero for most of the last few months, as transactions reported late to the Land Registry and taken into our index turn marginal gains into marginal falls, there is no immediate evidence of a double dip recession although we anticipate that house prices will fall further in February 2011. This is a result of the larger than average increases experienced in January and February in 2010 dropping out from the annual statistics. After the anticipated February decrease, our expectation at the moment is that house prices will remain relatively stable, or show only marginal declines.

“Of course, this picture is in relation to nominal prices, i.e to those actually recorded. When viewed against rising inflation, we can see that house prices, relative to the price of some other assets, have been falling in value in ‘real’ terms. In theory, this should help restore affordability but since wages have also been increasing at a rate below inflation, this adjustment continues to be slow.

“For December, we reported that three regions were recording price falls on both a 3 monthly and annual basis. In January, there were four regions where this was the case – the North, North West, Yorkshire and Humberside and Wales, with all other regions now falling or close to falling on a 3 month basis and with sharp reductions in the rate of annual house price inflation. Only Greater London is now showing annual price increases of more than 5%. There is a sense here of gathering momentum around a falling annual index, again partly due to the effect of strong growth recorded in early 2010 which is now dropping out of the figures.

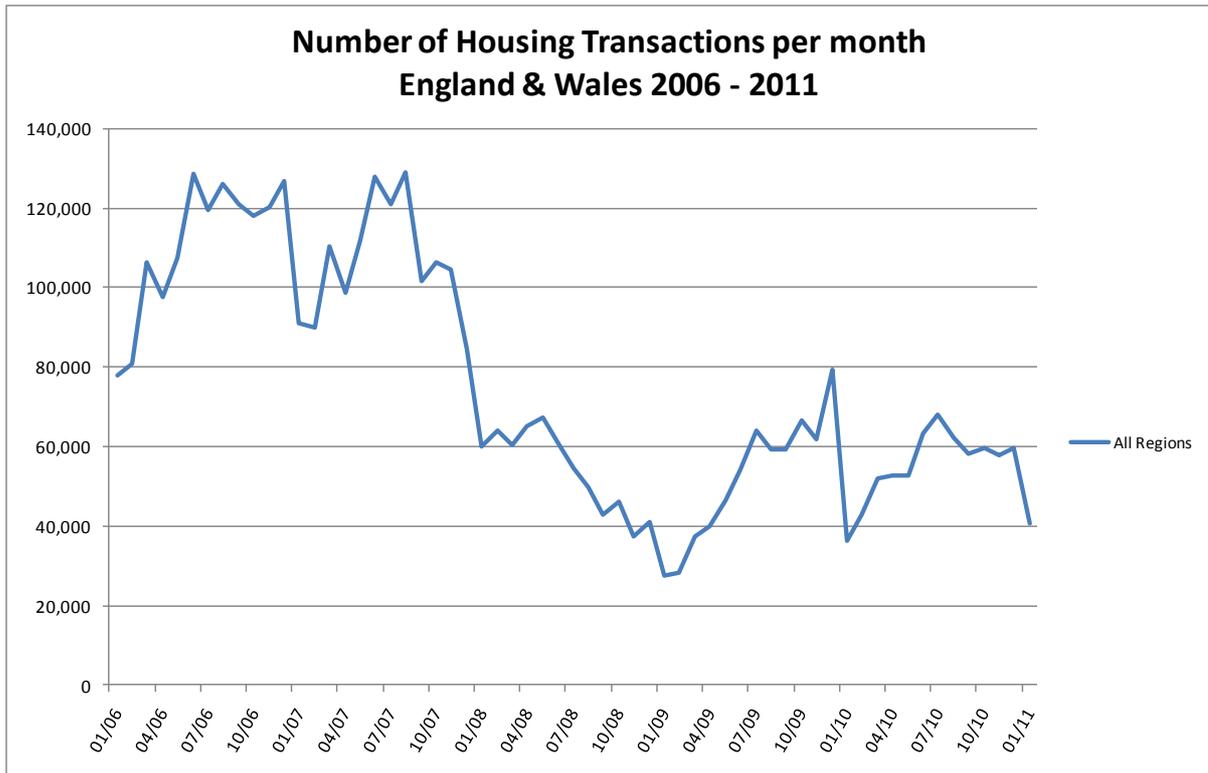
“Much is going to turn on the forward course of interest rates, the economy and the supply of mortgages. With strong inflationary pressures and weak growth, the Monetary Policy Committee has a delicate balancing act to sustain, although the market is now pricing in rate rises through the year. Mortgage lending showed no signs of improvement with 42,563 loans for house purchase in December, down from over 47,000 in November and significantly lower than in December 2009. Although total mortgage lending for the year at £136.3 billion was slightly above expectations, it was the lowest annual total since 2000 and there is a general expectation that the total for 2011 will be lower still.

“As our more detailed commentary below shows, transactions remain very weak and our estimate for January 2011 suggests that this pattern continues. We also present a detailed analysis of transactions over the last 15 years, looking at the scale of the current downturn and the recovery rate of individual regions in transaction terms. East Anglia and the South West have shown the strongest, whilst the North has shown the weakest, recovery. The impact of changes in the stamp duty regime is very clear and we anticipate that the move on April 6 to a higher rate for homes costing more than £1 million will affect transaction numbers and average house prices on either side of this date.

“We explore in some detail the strong regional and local variations which exist in the housing market and not least by property type. Thirty three local authority areas are now recording falls in average prices and we can expect that number to grow. As we have stressed in previous commentaries, the housing market is very varied and we expect this uneven geography to continue and, perhaps, to be re-enforced through differentials in both access to the mortgage market and in local housing supply.”



“January is traditionally the quietest month in the year for housing completions and 2011 does not prove to be the exception. We estimate that the number of transactions in January 2011 will be 40,600, which will be the third quietest January since 1995, when Land Registry began computerising its housing data. The two previous Januaries below this level occurred in 2009 and 2010. The current total of 40,600 properties sold in January is 60% of the long term trend achieved over the last fifteen years of 67,910 properties sold in the month.”

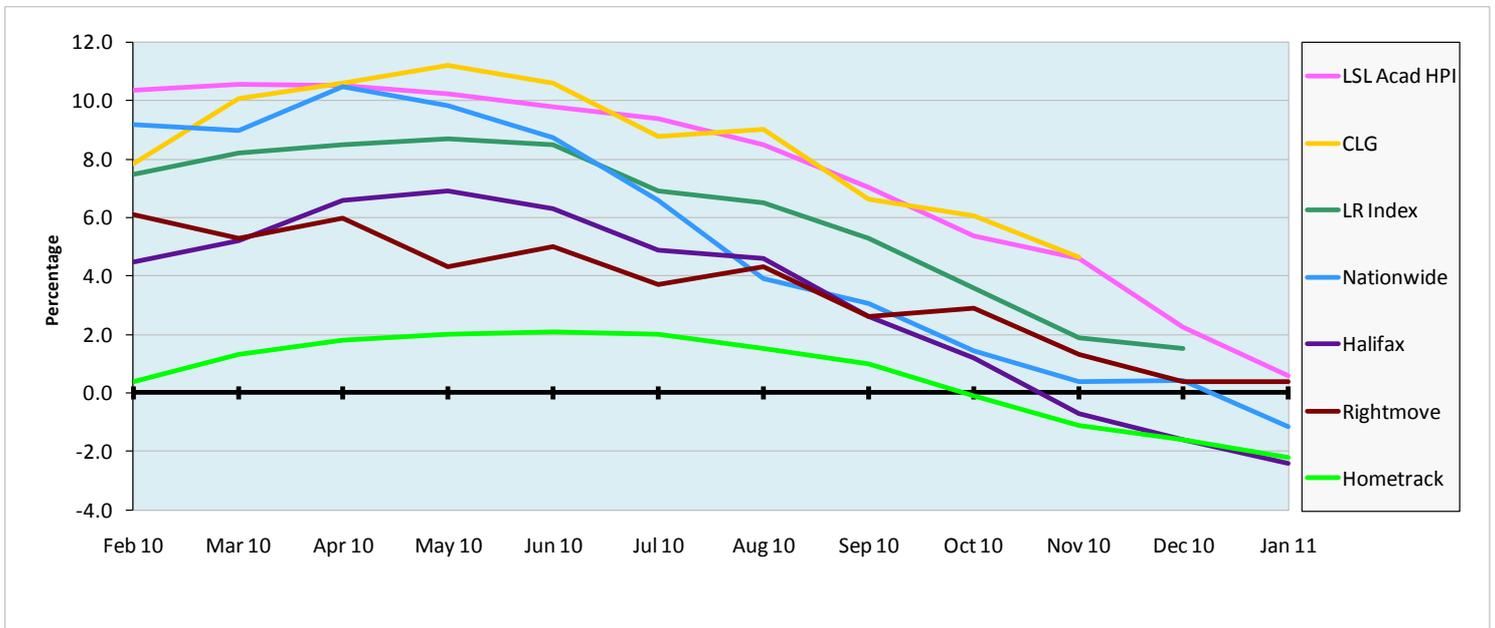


## NOTES

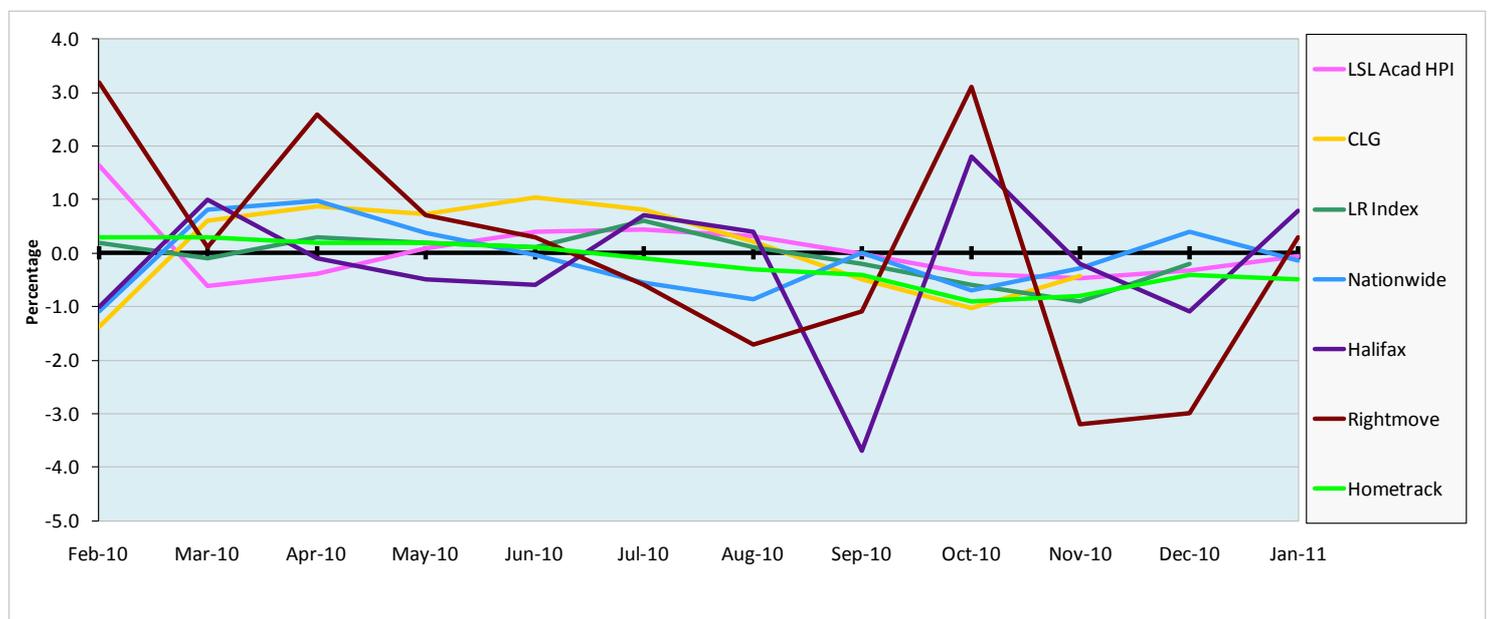
1. LSL Acad HPI is the only house price index to use:
  - the **actual** prices at which every property in England and Wales was transacted, including prices for properties bought with cash, using the factual Land Registry data as opposed to valuation estimates or asking prices
  - the price of **every**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



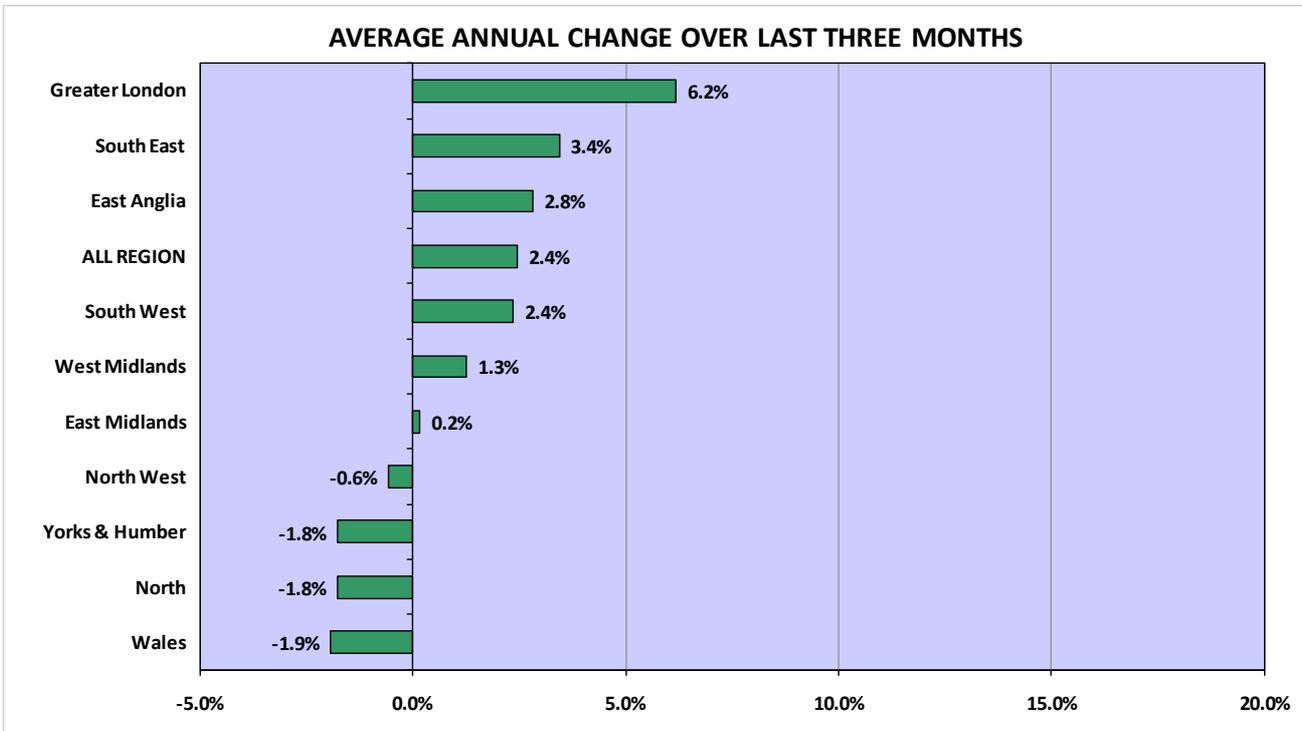
## MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART



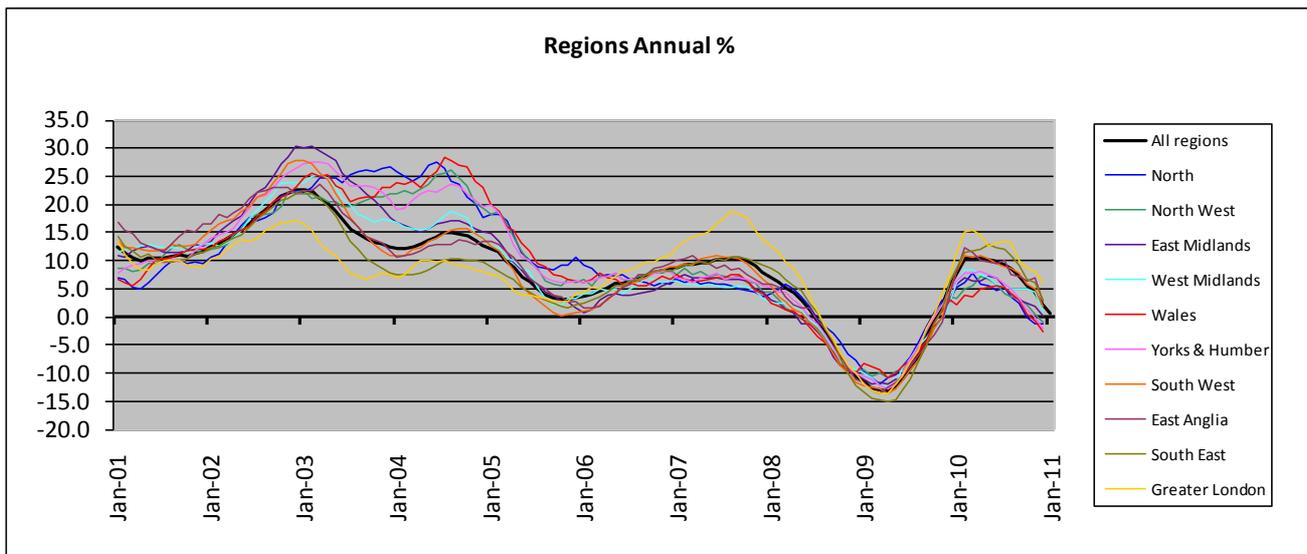
# Regional analysis of house prices and transactions



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



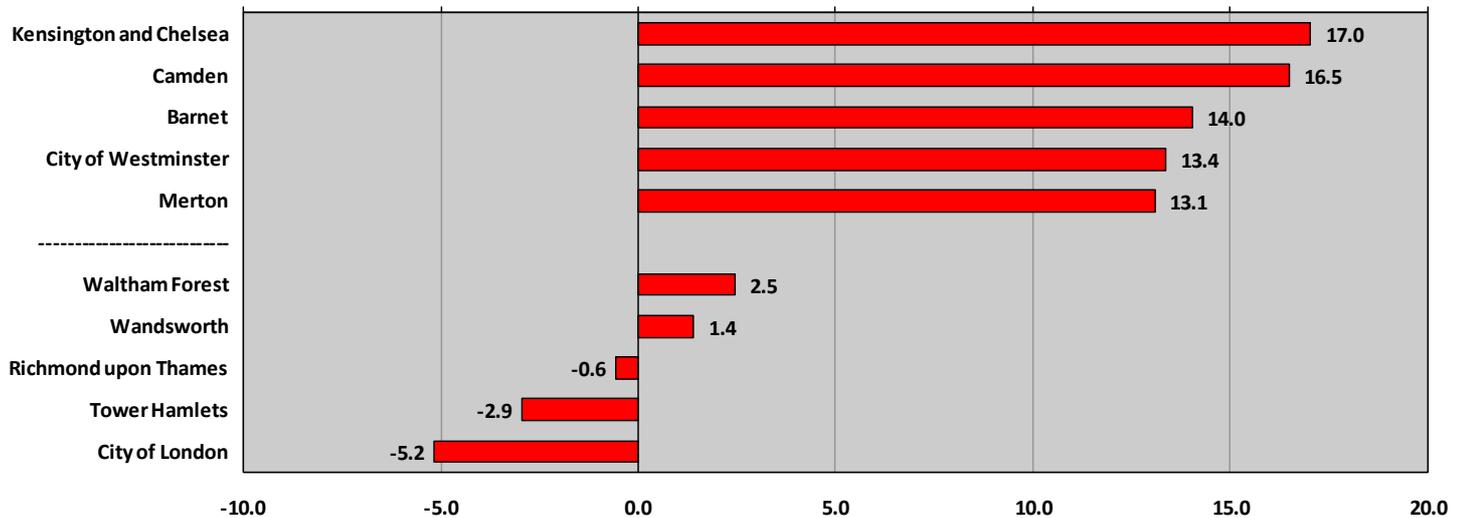
## ANNUAL CHANGE IN PRICE BY REGION



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



### House prices

The above chart shows the % **annual** price change in ten London boroughs, averaged over three months, for those with the highest and lowest growth. It is interesting to note that three of the top five London boroughs by house price growth are ranked in the top three boroughs by average house price, mirroring a national trend that it is the highest priced areas in England & Wales that are experiencing the strongest growth in house prices.

Comparing the three month period July - Sep 2010, with the three month period Oct - Dec 2010, prices have remained virtually static in London. There is some evidence to suggest that semi-detached and detached properties at the lower end of the market have seen some minor falls in price whilst flats have remained relative stable in terms of price; however, the differences in the price change between the property types are not particularly marked.

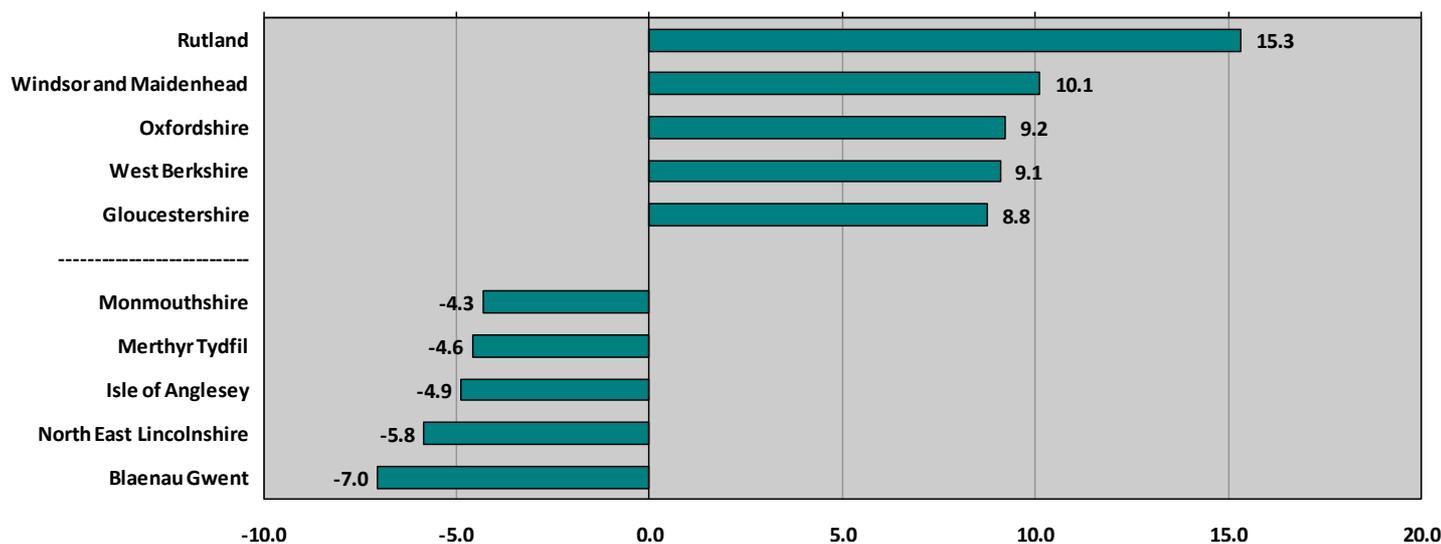
### Transactions

In terms of transactions, comparing Oct - Dec 2010 with the same three month period in 2009, the number of properties sold in London has declined by 6% but, as explained later in this release, Dec 2009 saw an unusually high level of transactions, due to the then impending abolition of the stamp duty holiday on properties having a value of £175,000 or less. The observation that the decline in sales in London this year is less than that experienced in the rest of the country can be explained by the fact that there are proportionately fewer houses in London priced below £175,000 and, hence, the impact of the stamp duty holiday on sales in London in December 2009 was also proportionately less than in the rest of the country.

On average, sales volumes between Q3 and Q4 in any one year decline by 6%; however in 2010 sales volumes in London have declined by 11%. There does not appear to be any specific trend in the decline in property sales over the quarter with all property types having a broadly similar reduction in sales volumes; although, as ever, there are some notable exceptions to this 11% decline at the borough level. For example sales in Harrow (mainly of flats) have increased by 9% over the quarter whilst, in Hammersmith and Fulham, sales (of mainly flats and terraces) have declined by 23%.



**AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - COUNTIES**



## House Prices

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 **twenty-three** 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 **thirty-three** which is indicative of 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 8.2%, whilst the districts in the lowest quartile by price saw a decline in their prices of -3.1%. However when comparing the latest three months, Oct - Dec 2010, with the previous three months, Jul - Sep 2010, this trend appears to no longer apply, with the top quartile of districts by price experiencing a -4.3% decline in prices, whilst prices in the lowest quartile of districts fell by -2.7%.

## Transactions

In terms of housing transactions, comparing the three months Sep - Nov 2010 with the same three months in 2009, there has been a 13% fall in the number of properties sold across England and Wales. As discussed in the next section of this news release, the main reason for this level of decline in transactions over this period is the one-off increase in sales that occurred in December 2009; a consequence of purchasers seeking to take advantage of the stamp duty holiday on properties valued below £175,000, which ceased at the end of that year, with no similar increase in sales being experienced in 2010. Flats have seen the largest decline in transactions over these last twelve months, with a decline of 19% in the number of units being sold, compared with an average 11% fall in other property types.

Comparing the three months Jul - Sep 2010 with the three months Oct - Dec 2010, there has been a decline in sales of 7.2%. This is broadly in line with the long term average decline in sales of 6.4% that occurs over these three winter months. The fall in sales over this last quarter has not been uniform across the regions, with the largest declines in sales being experienced in Greater London and the South East of 11% and 10% respectively whilst, in Wales, transactions have actually increased over the two quarters by 2%.

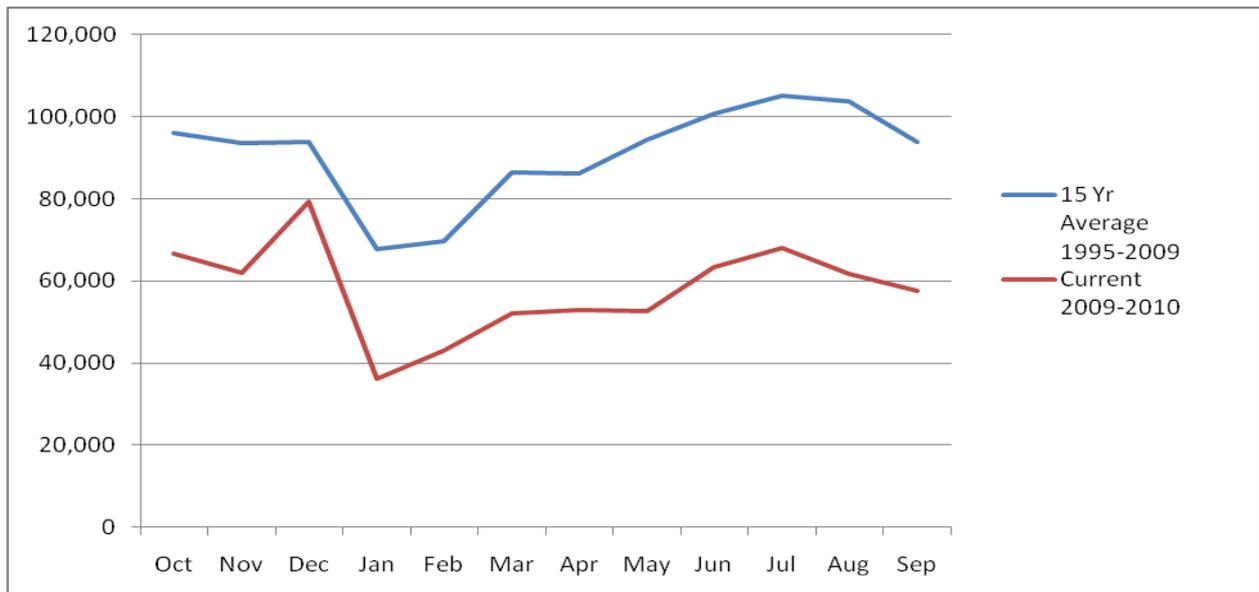
There is a possibility that sales will rebound more than the norm in March 2011 as the 1% increase in stamp duty on properties priced in excess of £1 million is due to take effect from 6th April 2011. Although some buyers may be able to avoid the tax, it is likely that this will encourage many at the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

# Transaction numbers analysis - a longer term view



The graph and table below set out the number of housing transactions by month, for England and Wales, covering both the 15 year period 1995 - 2009 and the 12 month period Oct 2009 - Sep 2010. The figures shown are derived from Land Registry data and have not been seasonally adjusted. The reason for selecting the months October 2009 - September 2010 is that data from Land Registry for the final quarter of 2010 are not yet fully emerged and that the two months December 2009 and January 2010, which are of particular interest, are best analysed alongside each other, rather than split between two years.

## HOUSING TRANSACTIONS BY MONTH; ENGLAND & WALES (Not seasonally adjusted)



Housing Transactions by Month; England & Wales			
Sales per month	15 Yr Average 1995 - 2009	Current 2009 - 2010	% Current / Long term
Oct	96,139	66,617	69%
Nov	93,545	61,903	66%
Dec	93,792	79,405	85%
Jan	67,910	36,323	53%
Feb	69,640	43,000	62%
Mar	86,416	52,132	60%
Apr	86,195	52,883	61%
May	94,529	52,755	56%
Jun	100,888	63,381	63%
Jul	105,125	67,939	65%
Aug	103,861	61,850	60%
Sep	93,817	57,524	61%

Looking at the 15 year long-term average of monthly sales, we can observe that the months October to December typically have broadly similar levels of activity, marginally above the average for the year as a whole. In January, transactions fell to the lowest level of the year with a minor increase in sales in February, followed by a further increase in March to a volume which is maintained in April. Activity levels in the first four months of the year are typically below the average for the year as a whole. Sales activity then climbs over the summer months, reaching a peak in July, and then gradually subsiding back to the levels of October through December.

Over the period October 2009 - September 2010, there are two main features that can be observed. The first is that sales over these twelve months are significantly below the long term levels, being only 64% of the long term average. The second feature to observe is that the peak sales occurred in December 2009, with a more than average decrease in activity in January 2010.

Total	1,091,857	695,712	64%
Average	90,988	57,976	64%

This latter feature of 2009 - 10 is the result of the abolition of the stamp duty holiday on 31/12/2009 for homes costing less than £175,000. We estimate that approximately 17,500 more homes were sold in December 2009 than would be the norm and that, conversely, approximately 5,000 fewer homes were sold in January 2010 than we might otherwise have expected. Clearly some buyers were able to accelerate their purchase from January 2010 to December 2009 to enable them to save tax, but one can also conclude that there was a substantial increase in activity in December 2009 as a consequence of the stamp duty changes.

A similar situation is perhaps about to emerge in March 2011, as a consequence of the 1% increase in stamp duty on properties costing in excess of £1 million, which is due to take effect from 6th April 2011.

<b>Housing Transactions by Region; England &amp; Wales</b>			
Sales per year	15 Yr Average 1995-2009	Current Oct 2009 - Sep 2010	% Current / Long term
East Anglia	50,495	35,236	70%
South West	116,982	81,583	70%
South East	263,192	178,447	68%
Greater London	146,787	95,614	65%
East Midlands	89,915	56,981	63%
Wales	50,138	31,694	63%
West Midlands	95,925	57,478	60%
Yorks & Humber	98,805	58,204	59%
North	57,393	32,869	57%
North West	122,225	67,606	55%
<b>Total</b>	<b>1,091,857</b>	<b>695,712</b>	<b>64%</b>

This next table, derived from our APAT data, represents a form of 'recovery index' and compares the average number of transactions per annum for each of the regions over the previous 15 years, with the current number of transactions for the period Oct 2009 - Sept 2010. As can be seen the strongest recovery has been experienced in East Anglia and the South West, with the northern regions of England experiencing the weakest turnaround in the number of properties being sold. It is interesting to compare this table, showing the ranking of the regions in terms of 'recovery of transactions', with that of the chart on page 6 showing the regional

annual % change in house prices. Although there is not an exact 1:1 matching in the rankings of the regions between the two sets of statistics, there is clearly a close relationship, with the regions having the greatest recovery in transactions also being classified as amongst those experiencing the higher levels of price increase. This may reflect sellers' reluctance to place their houses on the market in areas where prices remain low.

<b>Housing Transactions by property type; England &amp; Wales</b>			
Sales per year	15 Yr Average 1995-2009	Current Oct 2009 - Sep 2010	% Current / Long term
Detached	249,774	167,372	67%
Semi-detached	306,513	196,960	64%
Terraced	342,430	199,832	58%
Flat / Maisonette	193,140	131,548	68%
<b>Total</b>	<b>1,091,857</b>	<b>695,712</b>	<b>64%</b>

This final table shows how the recovery in transactions between the long term average and that of the last year differs by property type. The sale of flats and detached properties are showing a higher percentage return to the long term average than that of semi-detached and terraced properties. However, given that more terraced properties are to be found in the northern regions than the south, this factor

may simply be a reflection of the northern regions having a slower rate of recovery, as shown above.

# 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
Jan-10	£149,302	1.4	5.1	£157,461	0.3	3.3	£164,920	1.8	5.7	£176,280	2.4	6.0
Feb-10	£150,357	0.7	6.0	£158,223	0.5	5.1	£165,937	0.6	6.9	£178,875	1.5	8.2
Mar-10	£152,565	1.5	7.7	£158,695	0.3	5.7	£164,374	-0.9	6.2	£176,391	-1.4	8.2
Apr-10	£150,326	-1.5	5.9	£159,279	0.4	7.1	£163,430	-0.6	6.4	£174,440	-1.1	7.5
May-10	£149,322	-0.7	5.6	£158,698	-0.4	6.7	£164,032	0.4	7.1	£173,663	-0.4	7.1
Jun-10	£148,311	-0.7	4.6	£157,278	-0.9	5.8	£164,938	0.6	7.1	£175,274	0.9	5.8
Jul-10	£148,335	0.0	5.2	£156,414	-0.5	4.0	£164,033	-0.5	5.1	£175,165	-0.1	5.3
Aug-10	£147,390	-0.6	3.6	£157,152	0.5	3.5	£163,784	-0.2	4.2	£176,966	1.0	5.0
Sep-10	£148,344	0.6	2.4	£158,666	1.0	3.2	£163,617	-0.1	3.1	£176,874	-0.1	5.0
Oct-10	£147,875	-0.3	0.0	£158,116	-0.3	2.1	£163,549	0.0	2.5	£177,025	0.1	4.8
Nov-10	£147,259	-0.4	-1.3	£156,928	-0.8	0.4	£163,135	-0.3	1.8	£175,507	-0.9	4.3
Dec-10	£145,546	-1.2	-1.1	£155,682	-0.8	-0.9	£162,537	-0.4	0.3	£173,977	-0.9	1.1

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Jan-10	£156,235	-0.2	2.2	£161,802	0.7	6.3	£224,062	1.4	8.1	£200,465	3.0	8.0
Feb-10	£157,422	0.8	3.8	£162,691	0.5	7.8	£227,983	1.8	11.0	£206,824	3.2	12.2
Mar-10	£156,158	-0.8	3.6	£160,829	-1.1	7.7	£225,215	-1.2	10.6	£203,501	-1.6	11.4
Apr-10	£155,342	-0.5	4.9	£160,006	-0.5	8.1	£225,652	0.2	11.0	£202,248	-0.6	10.1
May-10	£155,017	-0.2	5.2	£159,236	-0.5	7.6	£226,769	0.5	10.4	£202,637	0.2	9.6
Jun-10	£155,345	0.2	5.5	£158,868	-0.2	6.9	£226,148	-0.3	9.4	£203,619	0.5	9.4
Jul-10	£155,253	-0.1	5.3	£159,076	0.1	5.8	£226,449	0.1	8.9	£205,280	0.8	10.0
Aug-10	£155,663	0.3	4.0	£160,053	0.6	4.9	£226,222	-0.1	8.5	£203,991	-0.6	7.6
Sep-10	£155,817	0.1	3.1	£160,178	0.1	3.3	£226,735	0.2	7.7	£204,366	0.2	7.3
Oct-10	£155,106	-0.5	0.5	£158,937	-0.8	1.2	£225,924	-0.4	5.7	£202,108	-1.1	6.3
Nov-10	£153,618	-1.0	-0.7	£157,948	-0.6	-0.2	£224,942	-0.4	5.1	£200,976	-0.6	7.1
Dec-10	£152,386	-0.8	-2.6	£157,278	-0.4	-2.1	£225,100	0.1	1.8	£199,713	-0.6	2.6

	South East			Greater London			ALL REGION		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Jan-10	£259,493	1.3	8.7	£366,860	2.5	11.6	£219,891	1.6	7.8
Feb-10	£264,629	2.0	11.4	£375,268	2.3	15.0	£223,496	1.6	10.3
Mar-10	£263,471	-0.4	11.9	£373,500	-0.5	15.5	£222,136	-0.6	10.5
Apr-10	£263,345	0.0	12.1	£370,402	-0.8	14.6	£221,268	-0.4	10.5
May-10	£265,186	0.7	13.0	£369,422	-0.3	12.7	£221,480	0.1	10.2
Jun-10	£266,432	0.5	12.3	£374,329	1.3	13.1	£222,375	0.4	9.8
Jul-10	£267,841	0.5	12.1	£379,701	1.4	13.3	£223,344	0.4	9.4
Aug-10	£268,509	0.2	10.8	£382,260	0.7	13.0	£224,037	0.3	8.5
Sep-10	£267,981	-0.2	9.1	£380,590	-0.4	10.0	£223,989	0.0	7.0
Oct-10	£266,854	-0.4	6.8	£379,202	-0.4	8.7	£223,125	-0.4	5.4
Nov-10	£264,953	-0.7	6.0	£379,530	0.1	8.1	£222,063	-0.5	4.6
Dec-10	£263,959	-0.4	3.1	£380,230	0.2	6.2	£221,338	-0.3	2.2
Jan-11							£221,211	-0.1	0.6



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.