

LSL Property Services/Acadameetrics

House Price Index

JUNE 2011

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 8TH JULY



Prices fall 0.8% to January 2010 level but transactions rise 20%

- Prices down 0.8% in June on a monthly basis, as highest value transactions drop following Stamp Duty rise in April
- Transactions up 20% in June, much faster than usual seasonal uptick, although activity overall remains quiet
- House prices lag behind consumer prices and incomes since 2006

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

“In the current market, a monthly fall of 0.8% is relatively large. The greatest downward driver on national prices is the decrease in the price of high-value homes due to a slump in demand following April’s Stamp Duty rise for homes worth over £1 million. A flurry of activity in March saw transactions for £1 million plus properties rise 58% higher than the level of March 2010 and this created a temporary spike in prices in this sector of the market which has now evaporated. Nonetheless, putting the fall down solely to high-value homes would ignore the weakness in the present market. 8 out of 10 regions in England and Wales showed price falls in the three months to June and this indicates the impact of the continuing shortage of mortgage finance.

“Where annual prices have fallen in the last year, the drop in property values seems to be stimulating transactions. In Yorkshire and Humber, which has seen transactions grow faster than anywhere else in the country, prices have fallen over the last year by 2.7%. In London, where the price increase of 5% since June 2010 was greater than in any other region, year on year, transactions are growing more slowly than anywhere else in the country. The annual price falls outside London and the South East are beginning to increase demand as the affordability of properties improves, which will begin to put a brake on the fall in prices nationally.

“Our analysis this month also reveals the performance of property as an investment over the last decade. While prices rose by 79% in the five years to 2006, they have increased by only 11% between 2006 and 2011. That means in the last 5 years house prices have grown more slowly than inflation, which has risen by 17% since 2006, and also more slowly than salaries, which have increased by 15% in the same period. While the rapid gains of the first part of the decade look unlikely to return in the near future, buyers able to obtain mortgage finance are finding property getting more and more affordable relative to their incomes. Deposits required for first time buyers still remain a barrier however.”

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

House prices start to fall on an annual basis



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

		House Price	Index	Monthly Change %	Annual Change %
July	2010	£223,171	227.2	0.3	9.3
August	2010	£223,956	228.0	0.4	8.5
September	2010	£223,869	227.9	0.0	7.0
October	2010	£223,022	227.1	-0.4	5.3
November	2010	£221,500	225.5	-0.7	4.3
December	2010	£221,527	225.5	0.0	2.3
January	2011	£222,056	226.1	0.2	1.0
February	2011	£223,657	227.7	0.7	0.1
March	2011	£223,907	228.0	0.1	0.8
April	2011	£222,996	227.0	-0.4	0.7
May	2011	£221,193	225.2	-0.8	-0.2
June	2011	£219,365	223.3	-0.8	-1.4

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

“The average price of a home in England & Wales at the end of June now stands at £219,365, a level last seen in January 2010 and a -0.8% reduction on May. The modest gains in house prices over the last eighteen months have therefore disappeared, although the June 2011 price is still significantly higher than the £200,234 reached at the low point in the last recession (April 2009).

“The fall of -0.8% in prices in both May and June is a relatively big monthly change in today’s market, although not by historic standards. The fall in prices has probably been driven by the reduction in the number of high value sales in these months, as a consequence of sales being brought forward, during March and the first five days of April, to avoid the extra 1% stamp duty on properties costing £1 million or more which came into force on 6th April 2011. Figures produced by Land Registry show that there were 805 properties sold in March 2011 having a value in excess of £1 million, of which 517 were located in Greater London. This number of sales of high value properties represented a 58% increase over March 2010 levels, with the increase in properties selling for £2 million or more showing an 87% rise. We estimate that this increase in high value sales increased the LSL/Acadametrics average house price by approximately 1.1% in March. Table 1 indicates that prices would have fallen in March had it not been for the surge in sales of these high value homes.

“Looking at the Average Annual Change in Prices by Region over the last 3 months (see Figure 4) we note that eight of the ten regions in England & Wales are recording price falls, with only the South East and Greater London remaining in positive territory (probably still influenced by the number of high value homes sold). There has been much comment in the press of the North/South divide in price terms and the relationship between prices and the health of the underlying regional economies. However, although Figure 4 points up the clear differentials in regional price movements, we note that, in transaction terms, it is the Northern Regions that have been making the running over the last three months. Table 2 shows that transactions in Yorkshire and Humberside rose by 14% in the three months March to May 2011 compared to the preceding three months, with Greater London transactions only increasing by 2% over the same period. It should be noted that the figures quoted are not seasonally adjusted; on average one would expect an increase in transactions of 15.5% between the winter months of December, January and February and the spring months of March, April and May.”

Table 2 Reported number of transactions at the end of June 2011 for March to May 2011 compared with the reported number of transactions at the end of March 2011 for Dec 2010 to Feb 2011

3 months	YORKS & HUMBERSIDE	NORTH	NORTH WEST	EAST MIDLANDS	SOUTH WEST	ENGLAND & WALES	WEST MIDLANDS	WALES	EAST ANGLIA	SOUTH EAST	GREATER LONDON
Dec 10 - Feb 11	10,644	6,425	13,065	10,572	14,522	130,682	11,161	6,077	6,719	32,982	18,515
Mar 11 - May 11	12,092	7,277	14,482	11,561	15,847	139,480	11,820	6,376	6,976	34,109	18,940
% change	14%	13%	11%	9%	9%	7%	6%	5%	4%	3%	2%

Table 3 As Table 2 by property type

3 months	DETACHED	SEMI-DETACHED	TERRACED	FLATS	ALL PROPERTY TYPES
Dec 10 - Feb 11	30,306	36,661	38,681	25,034	130,682
Mar 11 - May 11	32,304	40,364	41,997	24,815	139,480
% change	7%	10%	9%	-1%	7%

“Supply and demand is at work here, with a fall in prices in the Northern Regions being matched by relatively large increases in transactions, whilst a rise in prices in the South East and Greater London is associated with a decline in transaction numbers, in seasonally adjusted terms. There may also be an element of false expectation in the South East and London regions; sellers, having read about the rise in prices in the central London areas, are perhaps looking for similar gains when placing their properties onto the more general market, but are failing to attract buyers.



“The decline in the sale of flats over the period shown in Table 3 is symptomatic of three factors. Firstly, as our recent ‘Focus on Flats’ (February LSL/Acad HPI) analysis showed, 65% of all flats sold in England & Wales are located in Greater London and the South East and, with seasonally adjusted transactions in these areas in retreat, the number of flats sold has followed suit. Secondly, first time buyers are typically associated with the purchase of flats and their current difficulties in obtaining finance is having a marked effect on this sector of the market. Thirdly and lastly, the rate of turnover of flats tends to be higher than for any other property type. This means that it is the flat owners who are most likely to have purchased a property in the last five years and be looking to sell again. However, being more likely to be subject to negative equity (see our ‘Focus on Equity Gains’ at the end of this news release), such flat owners may be unable or unwilling to sell at a lower price than that originally paid. This would result in prices remaining static coupled with a fall in the number of transactions.

“Although Stamp Duty changes have resulted in prices falling more sharply over the last two months, our analysis has underlined the generally flat nature of the market in successive months, albeit with important regional and local variations. However, going forward, there is considerable uncertainty as to whether even this market can be sustained. A significant squeeze on household budgets is underway given high inflation, rising taxation and falling real incomes. If the economy’s growth slows as many expect, these pressures will intensify. Rising incomes and confidence are important drivers of the housing market along with the cost and supply of credit. Recently the Bank of International Settlements has called on the UK’s Monetary Policy Committee to start increasing interest rates whilst the June 2011 Bank of England Financial Stability Report highlights the risks to the household sector that might flow from any rise in rates alongside the risks of increased debt derived from earlier lender forbearance and any negative equity. Indeed, the Chief Executive of UK Asset Resolution (the body created by government to hold mortgages from collapsed banks) warned of a wave of home repossessions should there be a rise in rates. The tension here is clear with the authorities caught between the proverbial ‘rock and a hard place’. Time may ease these tensions or may exacerbate them.

“At the same time and over the longer term, the Office for National Statistics has recently announced that net migration in the United Kingdom rose to 242,000, for the year ending September 2010, and is now at the highest level since the year ending June 2005. Since most new migrants, lacking a deposit and/or the credit score history which the lenders increasingly use as the basis for lending decisions, are unlikely to buy property on arrival, this net migration is unlikely to have put upward pressure on the housing market itself, but it will have increased demand for rental accommodation. In the longer term, however, positive net migration, increases in birth rates and in family size and the fact we are living longer all put pressure on the housing stock.

“A report by the LV= (Liverpool Victoria) Insurance has forecast that, by 2025, the average age of first time buyers will be 41, up from 38 today, with all the wider consequences that this has in terms of family formation. The recent Halifax Generation Rent report highlighted the pessimism of younger households about buying a home. In combination with the ONS figures, these underline the serious pressures that are building. The Government is due to hold another first time buyers’ summit and we can anticipate further announcements by both government and industry in support of the market. Will such measures, alongside a restored mortgage supply and flat or falling prices, be enough over the medium term to restore affordability and a ‘normal’ functioning market? Probably not; but without doubt the current challenges are considerable and building.”

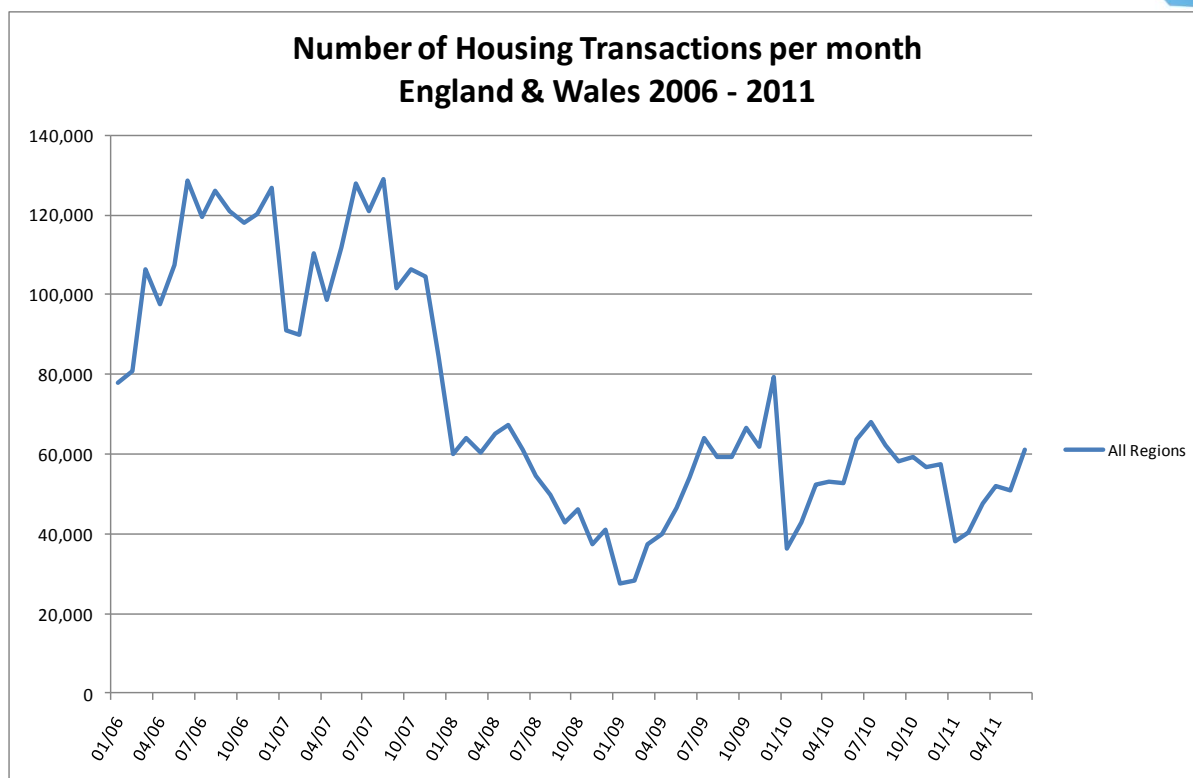


Figure 1. The number of housing transactions by month in England and Wales, 2006 – 2011 (not seasonally adjusted)

“We estimate that housing transactions in England & Wales in June 2011 will total 61,000. Whilst this level is 20% higher than May, with a ‘typical’ year normally seeing a 7% increase between the two months, the May figure was unusually low. Indeed at 61,000 transactions this will be the second lowest volume of sales for June since the Land Registry computerised its records in January 1995. Over the last twelve months transactions have been running at approximately 61% of the long term average, with our estimate for June being consistent with this trend.”

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 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

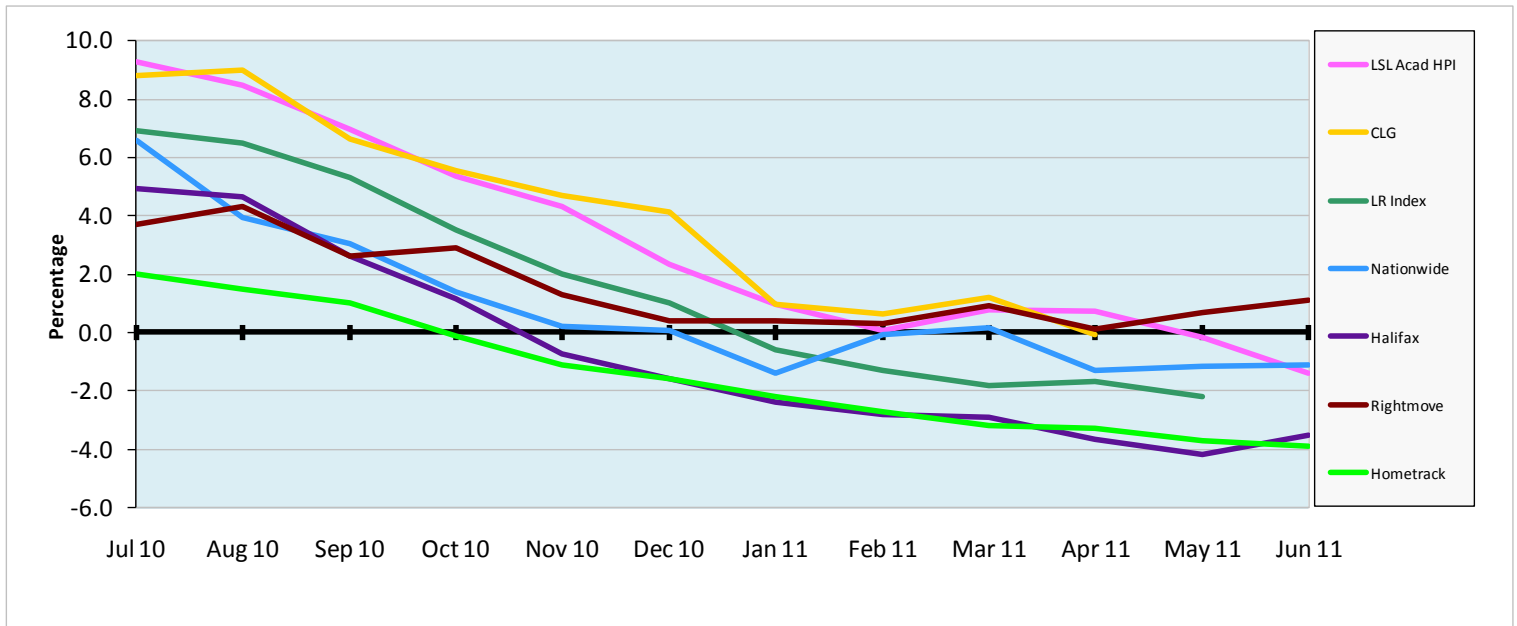


Figure 2. A comparison of the annual change in house prices, by Index provider

MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

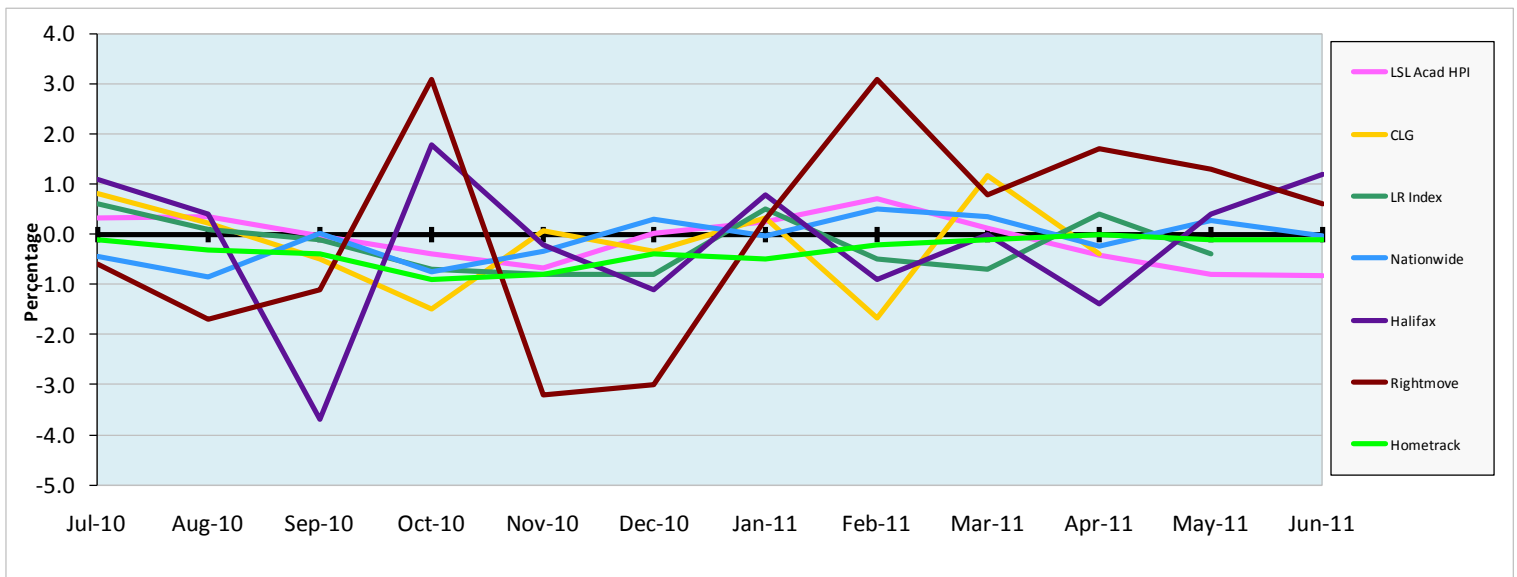


Figure 3. A comparison of the monthly change in house prices, by Index provider



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. The figures below, centre month smoothed around May, show the All Regions index in negative territory, which is the first time that this has been so since October 2009. With prices now falling in Greater London and the South East on a monthly basis (see Table 5 at the end of this report), we anticipate that prices will continue to fall across the country for at least the next few months. Broadly the figures suggest that the downward momentum is building.

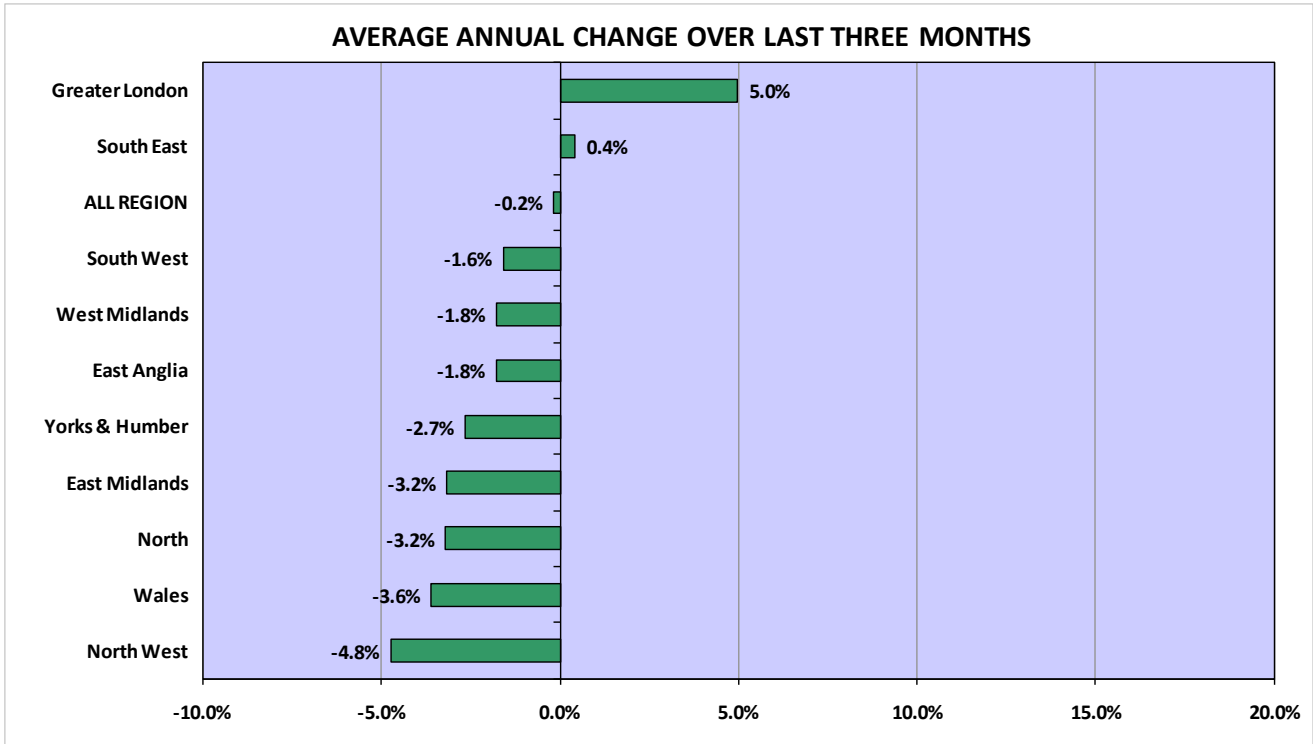


Figure 4. The annual change in the average house price, analysed by region

ANNUAL CHANGE IN PRICE BY REGION

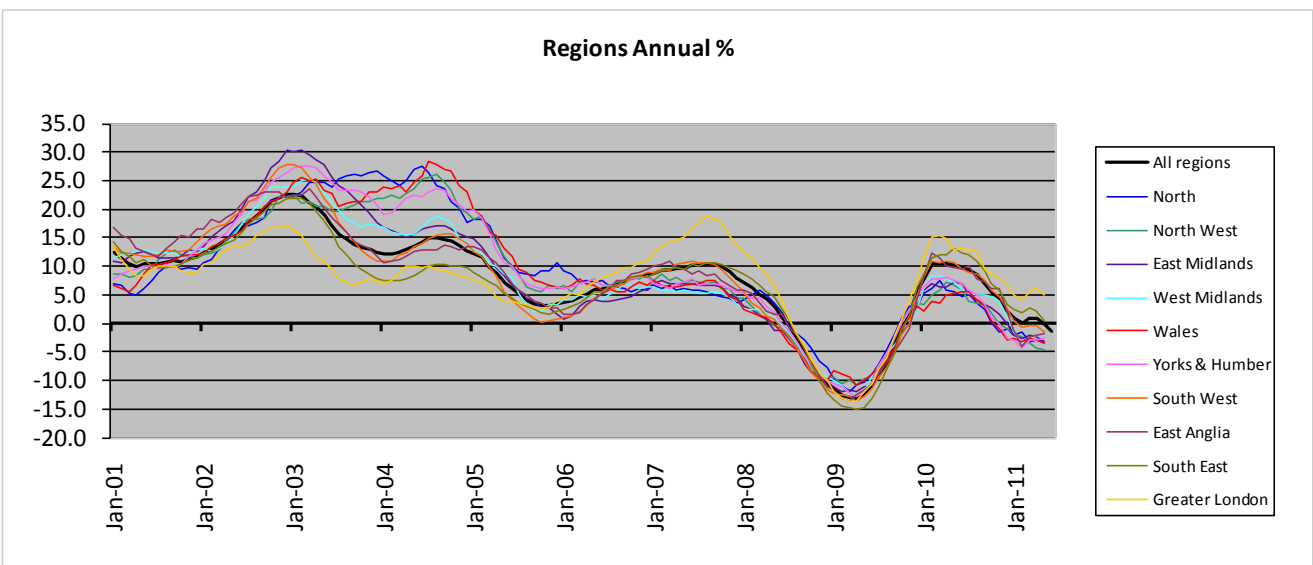


Figure 5. A comparison of the annual change in house prices, by region for the period Jan 2001 - May 2011

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



AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - LONDON BOROUGHS

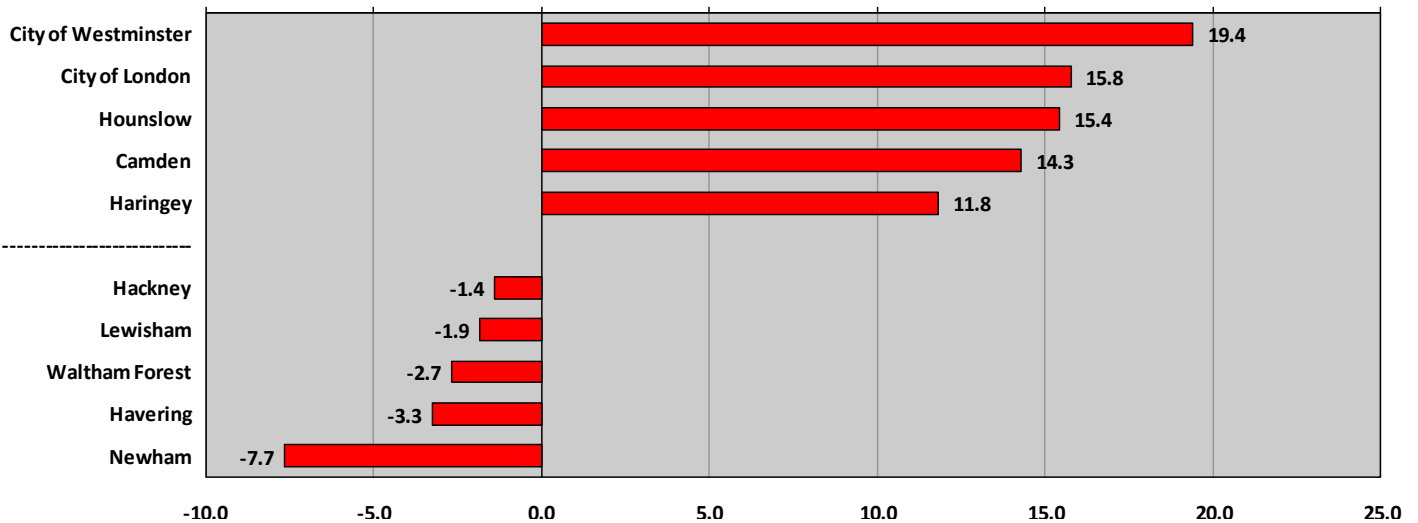


Figure 6. The annual change in house prices, based on a three month average, for the London boroughs

House prices

The chart above shows the % **annual** price change in ten London boroughs, averaged over three months, for those with the highest and lowest growth. As we average our prices over three months, the effect of the 'millionaires bounce' in the purchase of homes of £1 million or higher in March of this year is still influencing the figures, which is likely to explain the inclusion of the City of Westminster, the City of London and Camden in our top five listings.

Last month, **ten** London boroughs were recording price falls on an annual basis; this month that number has remained the same. Of the five boroughs with falling prices shown in the above chart, the lowest three are ranked amongst the lowest five priced boroughs of London, suggesting that these areas are not witnessing the same market pressures that are keeping the more central areas so buoyant.

Comparing the three months Mar- May 2011 with the same three months in 2010, prices have increased year on year by an average 6%. However, if we look at the top five boroughs ranked by price, we find that the average increase in price of these boroughs is 18.3%. Over this same period, the lowest five boroughs ranked by price experienced price falls of -1.3%. Thus we can see that it continues to be the highest 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 the three months Mar - May 2011 with the preceding three months Dec 2010 - Feb 2011, a similar but less dramatic pattern emerges. The top five boroughs, ranked by price, have seen an increase in prices of 11.5% whilst the five lowest ranking boroughs have seen price rises of 1.5%.

Transactions

Firstly, comparing the three months Mar - May 2011 with the same three months in 2010, the number of properties sold in London has declined by -4%. The biggest fall in sales by property type is in the flats market, down some -10%, whilst semis and terraced properties have seen minor growth at 1% and 3% respectively; sales of detached properties rose 13% in volume terms. The central London boroughs are the exception to this rule, with the number of flats sold increasing by 5% over the previous year's levels.

Secondly, comparing the three months Mar - May 2011 with the preceding three months Dec 2010 - Feb 2011, sales volumes in London have risen 2%, which is well below the average 15.5% seasonal increase which one would expect for this time of year. Over this period, flats sales in London fell by -3%, whilst sales of semi and terraced properties rose by 8% and sales of detached properties rose by 12%. The largest fall in property sales was experienced in Hackney, down -13.5% over this period, whilst at the other end of the scale, Merton saw an increase of 23% in sales.



AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - COUNTIES

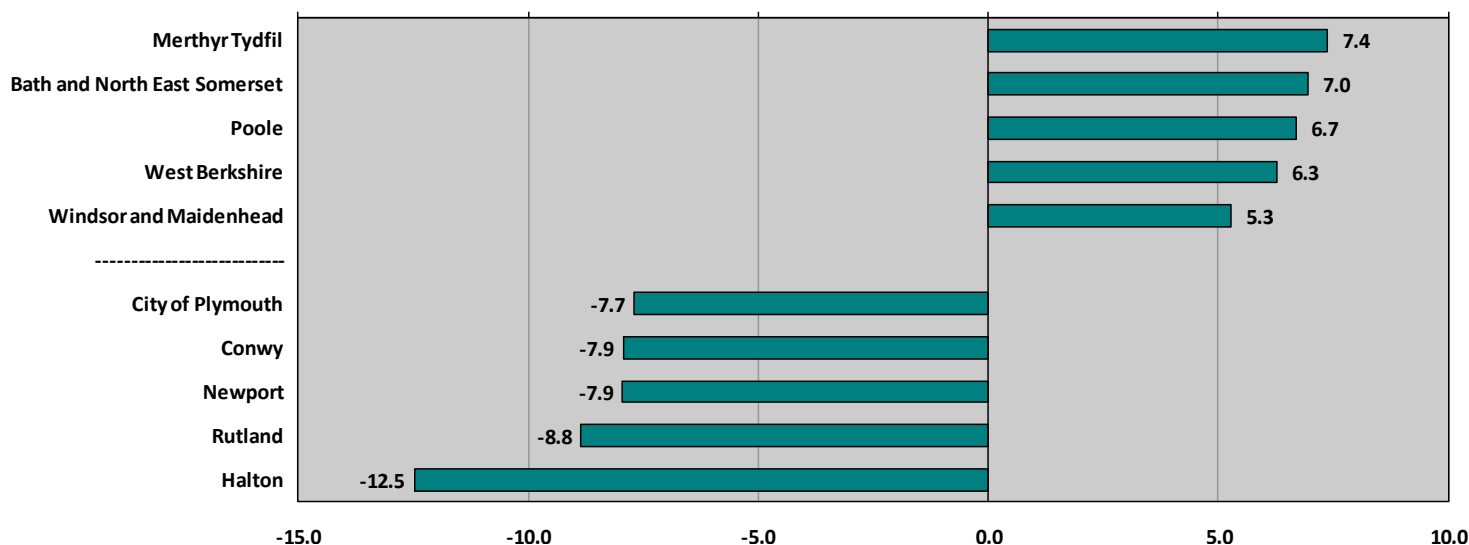


Figure 7. The annual change in house prices, based on a three month average, for the unitary districts

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 **seventy-six** 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 by one, which indicates that although house prices are still falling in more than half of the unitary districts and counties in England & Wales, the extent of the downward trend is stabilising.

Comparing the three months Mar - May 2011 with the same three months in 2010, average prices in England & Wales have increased by 0.7%. Over this period, flats have seen price increases of 7%, mainly in central London, whilst those of the other property types have seen changes of between +2% to -1%. Comparing the three months Mar - May 2011 with the preceding three months Dec 2010 - Feb 2011, we find prices by property type have varied between -2% for semis to +2% for flats. In almost all cases, the prices rose in London more than in any other region in England and Wales.

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 2.0%, whilst the districts in the lowest quartile by price saw price declines of -2.5%.

Transactions

Comparing the three months Mar - May 2011 with the same three months in 2010, property transactions have declined by -4.1% in England & Wales, with the largest decline of -9% being experienced in Wales. Over the year it is only the North and North West regions that have seen positive growth in the number of houses sold. The decline in sales numbers has been experienced across all property types, although the largest fall has been in the sale of flats, down -14%, compared with a -1% decline in the sale of terraced properties.

Tables 2 & 3 above set out in some detail a comparison of the transactions for the three months Mar - May 2011 with the preceding three months Dec 2010 - Feb 2011, from which it can be seen that the northern regions in England and Wales have seen a far bigger increase in sales, especially when compared with Greater London and the South East. At property type level, sales of semi-detached and terraced properties are up between 9-10%, whilst the number of flats sold has fallen by -1%, against a background of the typical 15.5% increase in transactions that one would normally see at this time of the year.



The following table has been derived from “LSL Acad HPI National and Regional Formatted Data from 1995”, which can be found on our website www.acadametrics.co.uk.

Table 4. % equity gain made on the average house price by region, since 1995

End Q1	Average House Prices £				% equity gain since		
	1996	2001	2006	2011	1996	2001	2006
NORTH	50,749	64,859	142,574	147,514	191%	127%	3%
NORTH WEST	51,053	73,198	152,798	153,081	200%	109%	0%
YORKS & HUMBER	54,154	70,018	153,557	156,008	188%	123%	2%
WALES	51,256	69,861	154,475	152,007	197%	118%	-2%
WEST MIDLANDS	59,163	90,420	171,412	171,572	190%	90%	0%
EAST MIDLANDS	55,122	80,900	161,681	160,806	192%	99%	-1%
EAST ANGLIA	58,303	100,368	184,193	198,893	241%	98%	8%
SOUTH WEST	65,249	113,043	208,771	224,421	244%	99%	7%
SOUTH EAST	78,592	144,764	237,104	270,740	244%	87%	14%
GREATER LONDON	96,509	193,513	298,256	393,874	308%	104%	32%
ALL REGIONS	66,608	112,375	200,874	223,907	236%	99%	11%

The table shows the average house price by region at the end of March 1966, 2001, 2006, and 2011. In the last three columns to the right of the Table we have calculated the equity gain that would have been made on the average price over the last five, ten and fifteen years. For example, someone who had purchased a house in the North West in March 1996 for £51,053, could anticipate selling it in March 2011 for three times its 1996 value, thus making an equity gain of 200% over the fifteen years. As can be seen, over the last fifteen and five years the biggest gains would have been made in the Greater London market. Over a ten year time frame, however, properties in the North and Yorkshire & Humberside showed the highest returns.

Most owners, with properties purchased before March 2006, are likely to be showing equity gains and those with homes owned for ten or more years are likely to have seen values doubled. Only those with properties bought in the last five years might be facing the problem of negative equity. Since January 2007, according to CML statistics, nearly £19 billion of lending has been made on mortgages with LTVs of 95% or more and at higher income multiples (defined as 3.5 times single income or more). Clearly there is a significant exposure here for some borrowers, although many will have opted to pay down debt in the interim.

Regional Data Table



Table 5. Average house prices by Region, June 2010 - May 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
Jun-10	£148,328	-0.6	4.6	£157,196	-1.0	5.7	£164,883	0.5	7.0	£175,528	0.9	5.9
Jul-10	£148,313	0.0	5.2	£156,298	-0.6	3.9	£164,024	-0.5	5.1	£175,101	-0.2	5.3
Aug-10	£147,284	-0.7	3.5	£157,054	0.5	3.4	£163,848	-0.1	4.2	£176,874	1.0	4.9
Sep-10	£148,298	0.7	2.4	£158,616	1.0	3.2	£163,813	0.0	3.2	£176,818	0.0	5.0
Oct-10	£148,191	-0.1	0.2	£157,936	-0.4	1.9	£163,750	0.0	2.7	£176,717	-0.1	4.6
Nov-10	£147,068	-0.8	-1.4	£156,269	-1.1	0.0	£162,685	-0.7	1.5	£174,792	-1.1	3.9
Dec-10	£145,785	-0.9	-1.0	£155,425	-0.5	-1.0	£161,730	-0.6	-0.2	£173,669	-0.6	0.9
Jan-11	£146,293	0.3	-2.0	£154,594	-0.5	-1.8	£161,588	-0.1	-2.0	£173,426	-0.1	-1.6
Feb-11	£148,115	1.2	-1.5	£154,483	-0.1	-2.4	£161,501	-0.1	-2.7	£172,383	-0.6	-3.6
Mar-11	£147,514	-0.4	-3.2	£153,081	-0.9	-3.6	£160,806	-0.4	-2.2	£171,572	-0.5	-2.8
Apr-11	£145,973	-1.0	-2.8	£152,385	-0.5	-4.4	£159,618	-0.7	-2.3	£170,797	-0.5	-2.2
May-11	£144,450	-1.0	-3.2	£151,187	-0.8	-4.8	£158,838	-0.5	-3.2	£170,824	0.0	-1.8

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Jun-10	£155,479	0.2	5.6	£158,841	-0.3	6.9	£226,233	-0.3	9.5	£203,674	0.5	9.4
Jul-10	£155,347	-0.1	5.4	£159,036	0.1	5.8	£226,537	0.1	9.0	£205,355	0.8	10.1
Aug-10	£155,664	0.2	4.0	£160,078	0.7	4.9	£226,180	-0.2	8.5	£204,139	-0.6	7.6
Sep-10	£155,793	0.1	3.1	£160,124	0.0	3.3	£226,611	0.2	7.6	£204,321	0.1	7.3
Oct-10	£154,913	-0.6	0.4	£158,839	-0.8	1.1	£225,867	-0.3	5.7	£201,716	-1.3	6.1
Nov-10	£153,228	-1.1	-1.0	£157,991	-0.5	-0.2	£224,348	-0.7	4.8	£199,369	-1.2	6.2
Dec-10	£151,815	-0.9	-3.0	£156,684	-0.8	-2.5	£226,367	0.9	2.4	£198,091	-0.6	1.7
Jan-11	£151,885	0.0	-2.8	£156,918	0.1	-3.0	£224,982	-0.6	0.4	£198,259	0.1	-1.1
Feb-11	£152,250	0.2	-3.3	£155,655	-0.8	-4.3	£226,388	0.6	-0.7	£198,319	0.0	-4.1
Mar-11	£152,007	-0.2	-2.6	£156,008	0.2	-3.0	£224,421	-0.9	-0.3	£198,893	0.3	-2.2
Apr-11	£151,018	-0.7	-2.8	£155,226	-0.5	-3.0	£224,659	0.1	-0.4	£198,233	-0.3	-2.0
May-11	£149,528	-1.0	-3.6	£155,041	-0.1	-2.7	£223,247	-0.6	-1.6	£199,000	0.4	-1.8

	South East			Greater London			ALL REGION		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Jun-10	£266,528	0.5	12.3	£374,461	1.3	13.1	£222,440	0.4	9.8
Jul-10	£267,903	0.5	12.1	£378,323	1.0	12.9	£223,171	0.3	9.3
Aug-10	£268,833	0.3	10.9	£381,181	0.8	12.7	£223,956	0.4	8.5
Sep-10	£268,263	-0.2	9.2	£379,308	-0.5	9.6	£223,869	0.0	7.0
Oct-10	£266,873	-0.5	6.8	£378,813	-0.1	8.6	£223,022	-0.4	5.3
Nov-10	£264,151	-1.0	5.7	£379,247	0.1	8.0	£221,500	-0.7	4.3
Dec-10	£264,343	0.1	3.2	£382,023	0.7	6.7	£221,527	0.0	2.3
Jan-11	£266,050	0.6	2.5	£384,669	0.7	4.9	£222,056	0.2	1.0
Feb-11	£269,476	1.3	1.8	£390,501	1.5	4.1	£223,657	0.7	0.1
Mar-11	£270,740	0.5	2.7	£393,874	0.9	5.4	£223,907	0.1	0.8
Apr-11	£268,896	-0.7	2.1	£393,708	0.0	6.2	£222,996	-0.4	0.7
May-11	£266,390	-0.9	0.4	£388,138	-1.4	5.0	£221,193	-0.8	-0.2
Jun-11							£219,365	-0.8	-1.4



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.