

LSL Property Services/Acadametrics

House Price Index

MARCH 2011

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 8TH APRIL 2011



SLIGHT FALL IN NATIONAL PRICES MASKS VOLATILE REGIONAL PICTURE

- The LSL Acadametrics index for March shows a monthly fall of -0.1% in the average price and annual growth is zero (0.0%). However there are wide variations across England and Wales where there have been significant price changes ([page 5](#)).
- Despite flat prices, real values come under pressure – as RPI inflation stands at 5.5%
- Seasonally adjusted transactions rose by 6% fuelled by the rush to beat the stamp duty increase on high-value properties ([page 4](#)).

David Brown, commercial director of LSL Property Services, comments:

“Although prices are static, this doesn’t mean real property values are staying still. With RPI currently running at 5.5%, property owners are seeing value being chipped away at an alarming rate. This is great news for buyers who are able to secure finance. High inflation won’t last forever and the low rates fuelling inflation also mean it’s possible to secure good value fixed-rate mortgages. Buyers should bear in mind that currently, even though wages aren’t keeping pace with inflation, property values represent a smaller and smaller proportion of income.

“The static national figures conceal a much more dynamic picture in the regions, where prices are moving sharply in both directions. London and the South East continue to power forward, while the North of England and Wales have seen significant price falls. Lenders are especially worried about the effect government spending cuts will have on unemployment in areas where a large proportion of workers are employed by the state, and this is holding back demand. This disparity may be reduced to a small extent by the government’s FirstBuy scheme, but the scale of regional price variations shows it will take much more than the promised £250 million to invigorate regions where the biggest falls are happening.”

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

House prices appear to be static but this is misleading



		House Price	Index	Monthly Change %	Annual Change %
April	2010	£221,313	225.3	-0.4	10.5
May	2010	£221,559	225.6	0.1	10.3
June	2010	£222,430	226.5	0.4	9.8
July	2010	£223,367	227.4	0.4	9.4
August	2010	£224,084	228.1	0.3	8.5
September	2010	£224,014	228.1	0.0	7.0
October	2010	£222,958	227.0	-0.5	5.3
November	2010	£221,488	225.5	-0.7	4.3
December	2010	£221,343	225.4	-0.1	2.2
January	2011	£221,790	225.8	0.2	0.9
February	2011	£222,405	226.4	0.3	-0.5
March	2011	£222,146	226.2	-0.1	0.0

Figure 1. Average House Prices in England & Wales for the period Apr 2010 – Mar 2011

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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 tiny -0.1% in March to £222,146 (see Figure 1) partly reversing the small increase of 0.3% seen in February. Over the last twelve months, we have experienced very small changes in the month on month figures, ranging between +0.4% in June and July 2010 and -0.7% in November 2010. These small fluctuations in price over the last twelve months sum in total to **zero**, so that the annual change in prices from March 2010 to March 2011 is 0.0%, coming back from a negative -0.5% in February.

“No change in the average price of a home over a year might be seen as good news in terms of achieving a degree of housing market stability but is, in reality, misleading because, as the LSL Acadametrics reporting has shown, there are very different price patterns occurring across the market in terms of property type, price bracket and location. Indeed, even though we are reporting that national average prices are flat, as we show in Figure 5 on page 6, all regions except for Greater London and the South East have falling house prices and within the regions there are hot and cold spots which are anything but static in behaviour.

“There is one special factor that has some impact upon this March release. This is the impact of transactions being brought forward to avoid the new higher threshold for stamp duty on properties sold for £1 million or more. A new higher band of 5% tax on the value of homes over £1million - a rise of 1% - comes in on April 6th. The estate agents operating in central London and in its more affluent suburbs have been reporting an increase in activity in this price bracket as purchasers seek to avoid paying the increase in tax. Unfortunately it is too early in the compilation of the monthly statistics for March for us to report hard facts on this phenomenon. We note that there were approximately 6,800 properties sold in England and Wales in 2010 that were priced at £1 million or over, which suggests that an average of 500 such properties are sold per month. Next month we will be able to analyse the statistics to see how the impending change of stamp duty has influenced sales in March. On the face of it, the impact on prices was limited but the number of transactions did rise as a consequence as we go on to discuss on page 4.

“Although economic and regulatory uncertainty remains very strong there is some evidence to suggest wider housing market conditions are easing a little. The number of higher loan to value products has increased, albeit the volume of lending has not. Lenders are now reporting a lack of demand which is probably unsurprising given very low consumer confidence and concerns about the impact of forthcoming expenditure cuts, joblessness and taxation rises. That said, not all buyers are in the same position, and the better spread of products now available does suggest that opportunities exist to move forward on a transaction. In the March Budget, the government announced measures to give more support to first-time buyers through a First Buy equity loan scheme with builders, and subsequently a ‘Build now pay later’ scheme of public sector land release also with house builders. The government estimates that there are no less than 1.4 million households, now renting, which aspire to own.

“With no increase in the average price over the last 12 months, it does mean that for some of these households - those which have seen wage rises - affordability has improved and, while interest rates remain low, entry to home ownership is a possibility. However, what action is taken will be conditioned by confidence in a range of factors including, not only interest rates, but the local job market and the future course of local house prices. Little wonder then that our March outcomes are a mixed bag with considerable local variations.

“The LSL/Acadametrics index covers both cash and mortgaged sales and is updated using the factual transacted prices recorded at the Land Registry for every single property sold, rather than a sample. It is the only index to provide a complete picture of all transacted prices in the housing market for England & Wales.”



“In a typical year, housing transactions increase in March, over February levels, by around 24%, reflecting the normal ‘spring surge’. This year we estimate that the increase will be closer to 30%. Estate agents have been reporting a pick-up in activity, with those buyers in a position to secure mortgage finance looking to complete a deal before a much anticipated increase in interest rates takes effect. As noted, there is some evidence that the market in March has been boosted by the purchase of properties having a value in excess of £1 million, on which stamp duty will increase by 1% from 6th April. Total transactions in March 2011 are 6% higher than a year ago. Whether this increase in sales is sustained over the next few months remains to be seen.”

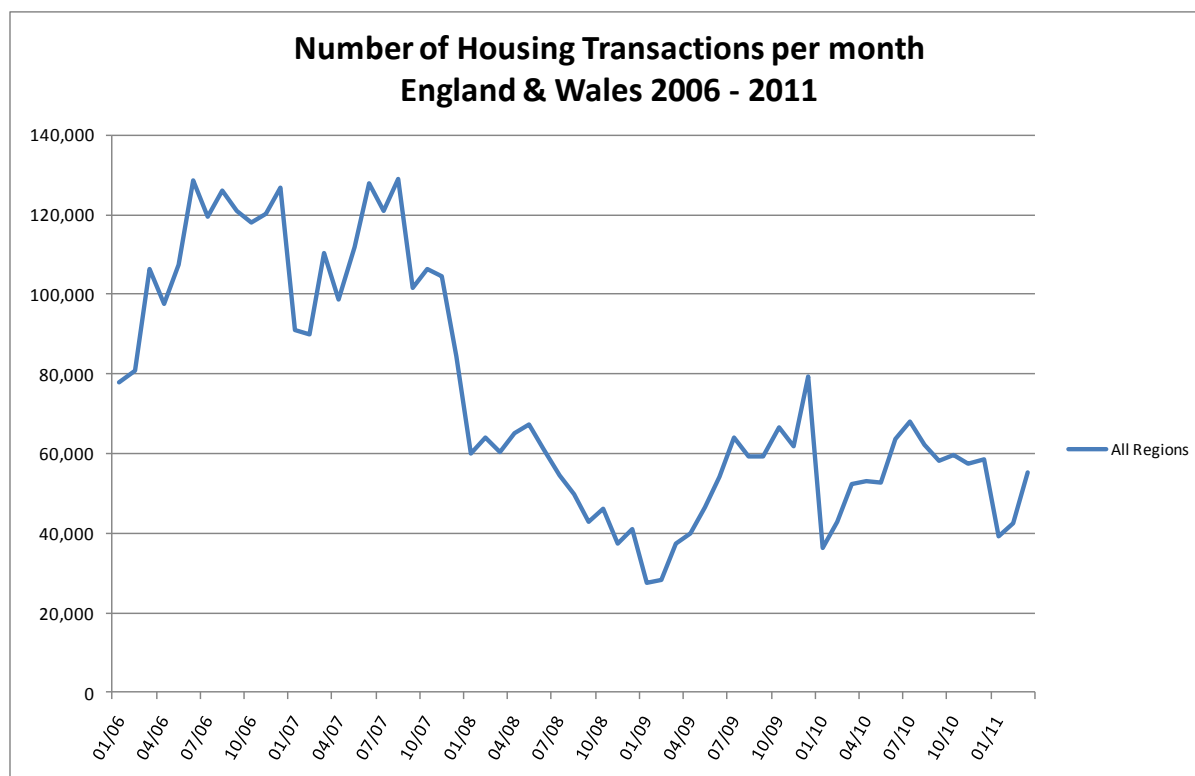


Figure 2. The number of housing transactions by month in England and Wales, 2006 - 2011

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

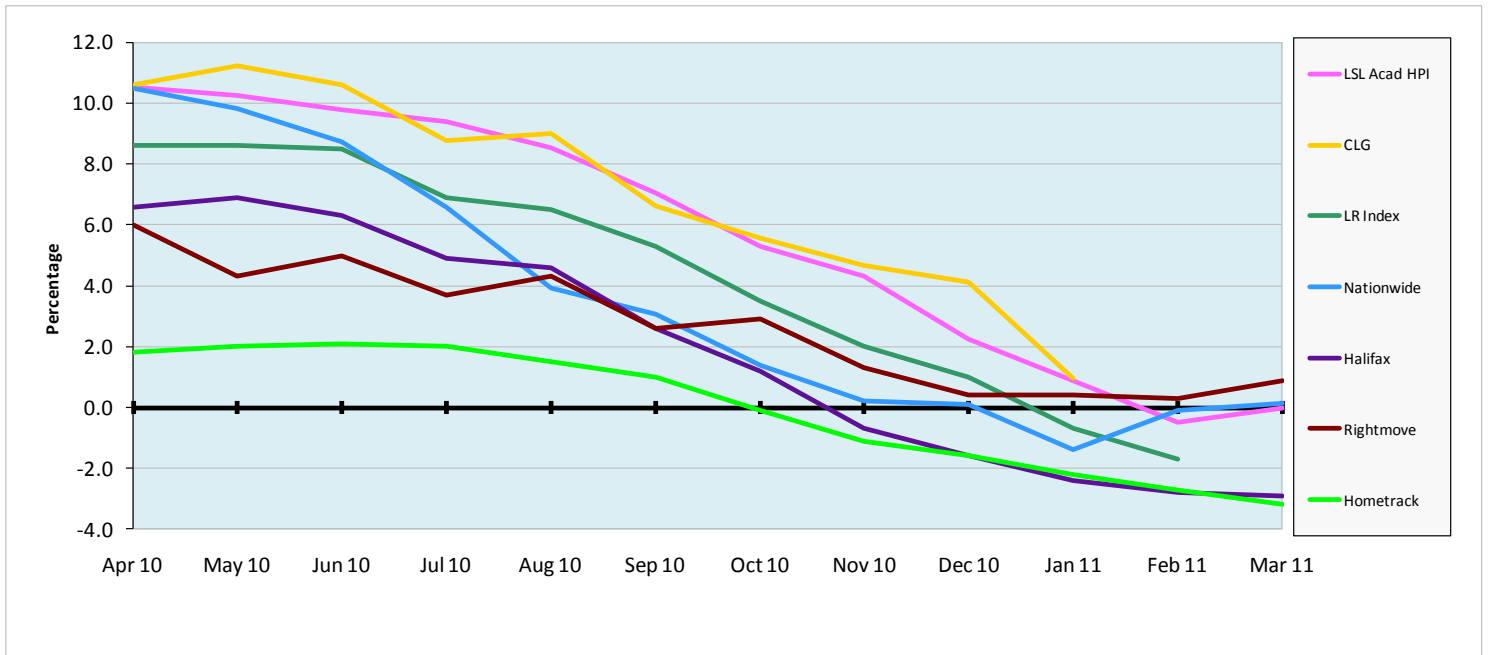


Figure 3. A comparison of the annual change in house prices, by Index provider

MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

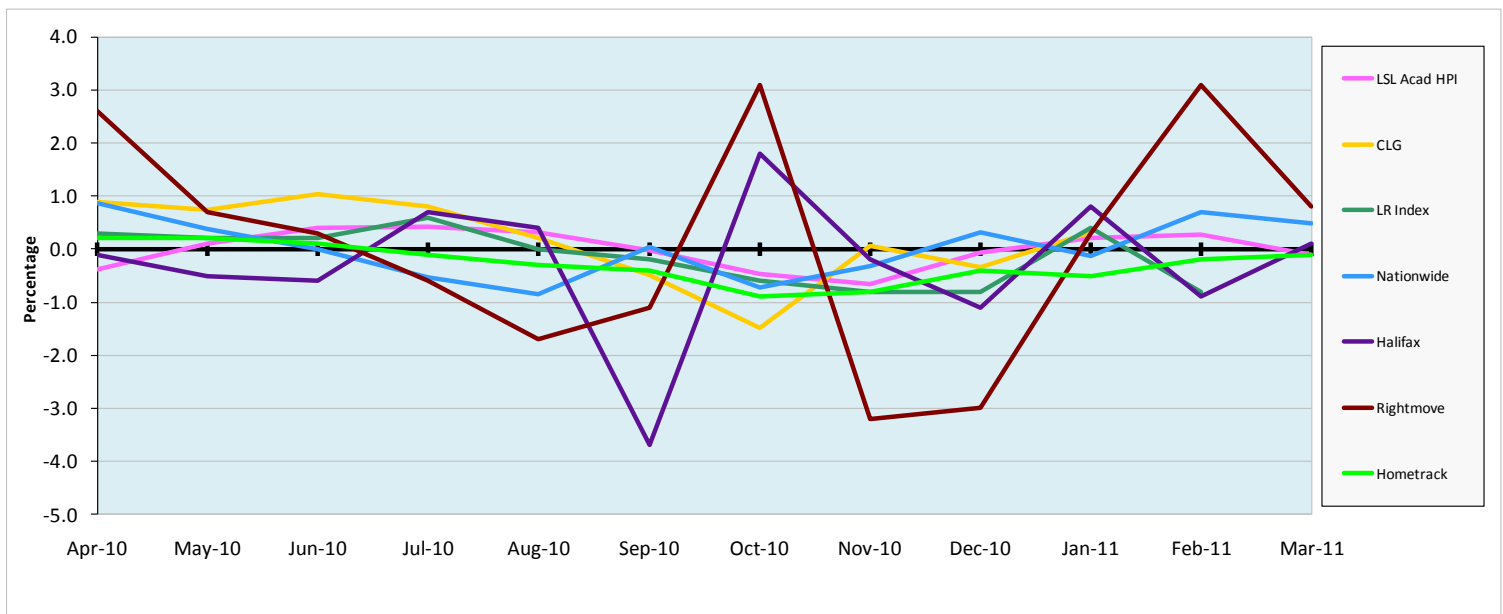


Figure 4. A comparison of the monthly change in house prices, by Index provider



Based on the average annual change over the last three months, eight of the ten regions in England & Wales are currently experiencing falling house prices. Only the positive movement in prices in Greater London and the South East is keeping the average headline figure for England & Wales marginally above zero. In geographical terms, it is hard to challenge the view that we are seeing further development of the North/South divide. Our expectation is that current trends will be sustained for a further month, as the April 2010 figures drop out of the annual statistics, but we may well witness negative growth thereafter. Figure 6 gives a clear picture of the general downward trend across regions.

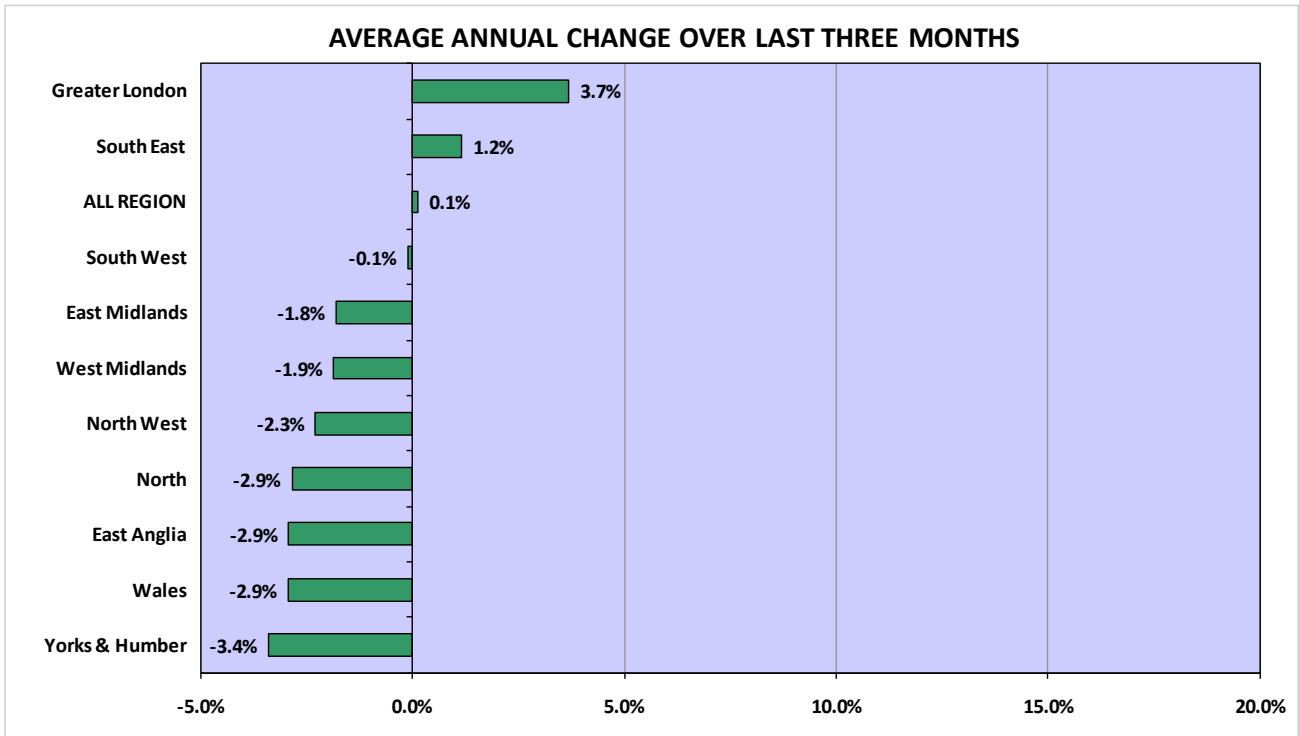


Figure 5. The annual change in the average house price, analysed by region

ANNUAL CHANGE IN PRICE BY REGION

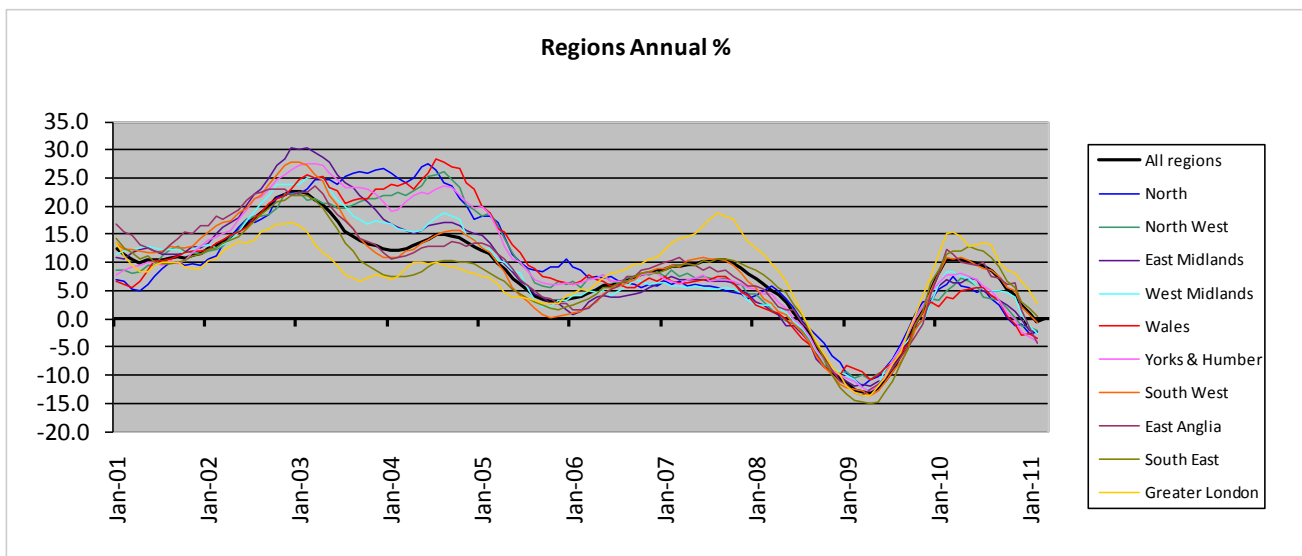


Figure 6. A comparison of the annual change in house prices, by region for the period Jan 2001 - Feb 2011

Note that individual regions can be compared using our "National and Regional series from 1995 with Interactive Charts", linked from page 4 NOTE 5 above and from our covering email; timescales can be varied for clarity. Numerous other comparisons are facilitated in this and other interactive charts available through the same links.



AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - LONDON BOROUGHS

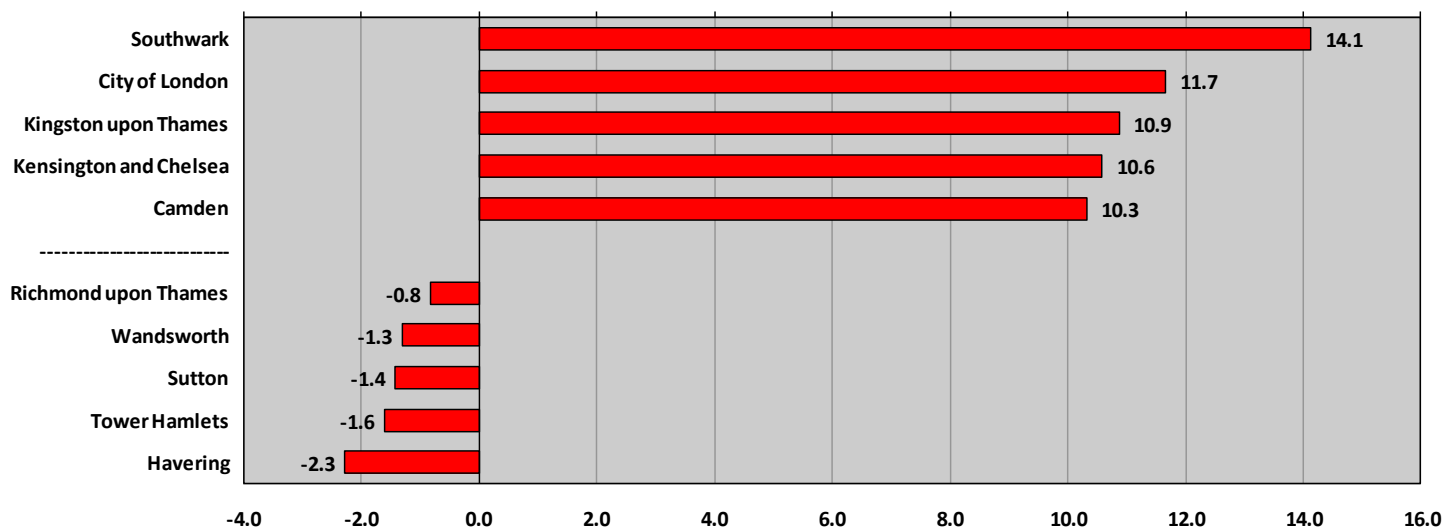


Figure 7. The annual change in house prices, based on a three month average, for the London Boroughs

House prices

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

Last month, only one London borough, Tower Hamlets, was recording price falls on an annual basis. This month, Tower Hamlets has been joined by six other boroughs recording price falls. Over the last quarter, the price of detached homes in London has fallen the fastest of all the property types, which explains the inclusion of Richmond upon Thames, Sutton and Havering in the listing of boroughs with negative price growth. The statistics used in the above analysis are for the three month period Dec - Feb. It will be interesting to see how the impact of the March boost in sales of homes having a value in excess of £1 million will impact the rankings next month.

Comparing the three month period Sep - Nov 2010, with the three month period Dec 2010 - Feb 2011, prices have fallen by -0.5% in London. Over this period the average price of detached homes has fallen by -6.4%, whilst the price of flats has increased by an average 2.1%, assisted by the gains being experienced in the central London areas. Thus, although elsewhere we have stressed the importance of London in holding up national averages on an annual basis, it is clear that, in London too, a number of borough and property type changes are working through the market place.

Transactions

Comparing Dec 2010 - Feb 2011 with the same three months in 2009 - 2010, the number of properties sold in London has declined by 12%, although 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 decline in sales by property type is in inverse proportion to their average cost, with the largest falls across London as a whole being seen in the number of flats sold (-14%) whilst the number of detached homes sold has declined by -5%. The central London boroughs are the exception to this rule, with sales of flats continuing to be maintained at the previous year's intensity.

Comparing the three months Dec 2010 - Feb 2011, with the prior three months Sep 2010 - Nov 2010, sales volumes in London fell 16%, which is slightly less than the 20% seasonal decline which one would expect for this time of year. Over this same period, detached property sales fell by a more seasonal 22%, whilst those for terraced properties and flats fell by 15%. The boroughs of City of London, City of Westminster and Kensington & Chelsea saw the lowest falls in transactions whilst sales in Hackney, Bexley and Barnet fell the most.



AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - COUNTIES

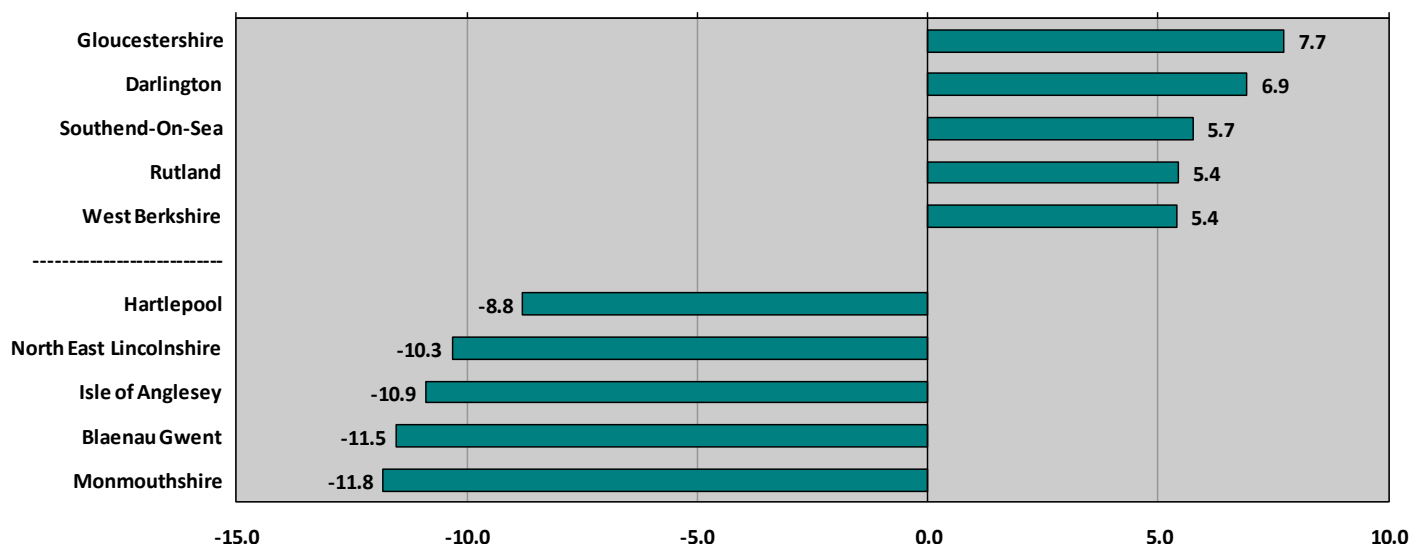


Figure 8. The annual change in house prices, based on a three month average, for the unitary districts

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 5 districts. Last month, we reported that **fifty-two** 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 **sixty-eight**, which indicates that falling prices are now affecting more than half the country. Despite this happening in over half of the counties of England and Wales, there are three counties/districts this month which are experiencing record levels in their average house prices, being Gloucestershire, Oxfordshire and Darlington. In Darlington the average price of a detached property reached £260,508, comprising an increase of c.£52K over the year.

Of the five districts with the largest price falls, three are based in Wales. In fact seventeen of the twenty two districts in Wales are currently recording price falls and our Figure 5 shows Wales second only to Yorks & Humberside in terms of negative annual house price growth.

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 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 4.3%, whilst the districts in the lowest quartile by price saw a decline in their prices of -3.8%. However when comparing the latest three months, Dec 2010 - Feb 2011, with the previous three months, Sep - Nov 2010, this trend is not so marked, with the top quartile of districts by price experiencing a -2.3% decline in prices, whilst prices in the three lowest quartiles each fell by -3.6%.

Transactions

Comparing the three months Dec 2010 - Feb 2011 with the same three months in 2009 - 2010, there has been a 13% fall in the number of properties sold across England and Wales. 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. Flats have seen the largest decline in transactions over these last twelve months, with a decline of 22% in the number of units being sold, as opposed to an average 12% fall for the other property types.

Comparing the three months Sep - Nov 2010 with the three months Dec 2010 - Feb 2011, there has been a decline in sales of 19.3%. This is very much in line with the long term average fall in sales of 19.7% that occurs over these three winter months. The reduction in sales over this last quarter has not been uniform across the regions, with the largest declines in sales being experienced in Wales and the South West of -22% and -23% respectively, whilst the decline in volumes in the northern regions has been between -17% and -18%.



The following tables have been derived from our Acadametrics Prices and Transactions (APAT) data series, which is based on Land Registry figures. This month we focus on terraced homes. These are a very typical feature of the housing market in England and Wales although they vary greatly in terms of value, size and other characteristics - contrast a substantial Georgian terraced house with a Victorian 'two up/two down'.

TERRACES				
REGIONS	Dec 2010 - Feb 2011			% of All Terraces
	TERRACES	ALL TYPES	% TERRACES	
North	2,380	6,384	37.3%	6.1%
North West	4,664	13,044	35.8%	12.0%
Yorks & Humberside	3,657	10,620	34.4%	9.4%
Wales	2,024	6,031	33.6%	5.2%
West Midlands	3,403	11,207	30.4%	8.8%
East Midlands	2,758	10,609	26.0%	7.1%
East Anglia	1,677	6,734	24.9%	4.3%
South West	4,222	14,560	29.0%	10.9%
South East	8,777	33,109	26.5%	22.6%
Greater London	5,266	18,384	28.6%	13.6%
England & Wales	38,828	130,682	29.7%	100.0%

Figure 9. Number of transactions by Region for the period Dec 2010 - Feb 2011

Figure 9 shows the number of property transactions by region, giving both the percentage of terraced homes sold compared with the sale of all property types and the distribution of terraced home sales across England & Wales. The period selected for analysis is the three months Dec 2010 - Feb 2011. Looking first at the % of terraces sold per region, we note that the highest proportion of terraced sales are found in the North, at 37%, followed closely by the North West at 36%. The region having the fewest terrace sales is East Anglia, at 25%. Secondly, we can observe the distribution of terraced transactions across England & Wales. The region in which the highest numbers of terraced properties are sold is the South East, followed by Greater London and the North West. The three southernmost regions account for 47% of all terraces sold in England & Wales.

TERRACED HOMES

REGIONS	Dec 2010 - Feb 2011				
	Ave Price	Max Price District	Max ave price	Min Price District	Min ave price
North	£ 110,682	Tyne & Wear	£ 126,527	Hartlepool	£ 76,681
North West	£ 105,691	Cheshire	£ 136,906	Halton	£ 83,551
Yorks & Humberside	£ 114,307	York	£ 196,453	NE Lincolnshire	£ 78,890
Wales	£ 106,222	Cardiff	£ 160,827	Blaenau Gwent	£ 62,715
West Midlands	£ 125,598	Warwickshire	£ 166,797	Stoke on Trent	£ 67,601
East Midlands	£ 110,966	Rutland	£ 158,924	City of Nottingham	£ 96,677
East Anglia	£ 151,275	Cambridgeshire	£ 188,938	City of Peterborough	£ 112,354
South West	£ 175,440	Bath & NE Somerset	£ 258,880	Swindon	£ 133,305
South East	£ 204,105	Windsor & Maidenhead	£ 314,742	Luton	£ 137,701
Greater London	£ 459,047	Kensington & Chelsea	£ 2,613,380	Barking & Dagenham	£ 178,484
England & Wales	£ 188,678	Kensington & Chelsea	£ 2,613,380	Blaenau Gwent	£ 62,715

Figure 10 Average Price by Region; showing the maximum & minimum prices by district within each region

Figure 10 shows the average price of terraced properties within a region, and also highlights the maximum and minimum average price of terraces by district, within each region. The period selected for analysis is the three months Dec 2010 - Feb 2011. The data show the highest priced area for terraced homes in England and Wales is Kensington & Chelsea, with an average price of £2,613,380 (this average being based on 103 transactions) and the lowest priced area in England & Wales is Blaenau Gwent, with an average price of £62,715. It is also interesting to note that the lowest priced area in Greater London (Barking & Dagenham) with an average price of £178,484, would have been ranked as the highest priced district in six out of the ten regions of England & Wales.

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
Mar-10	£152,471	1.4	7.6	£158,731	0.3	5.7	£164,363	-0.9	6.2	£176,445	-1.4	8.3
Apr-10	£150,220	-1.5	5.8	£159,315	0.4	7.2	£163,422	-0.6	6.4	£174,475	-1.1	7.5
May-10	£149,259	-0.6	5.6	£158,701	-0.4	6.7	£164,042	0.4	7.1	£173,693	-0.4	7.1
Jun-10	£148,310	-0.6	4.6	£157,206	-0.9	5.7	£164,893	0.5	7.0	£175,263	0.9	5.8
Jul-10	£148,314	0.0	5.2	£156,388	-0.5	4.0	£164,007	-0.5	5.1	£175,073	-0.1	5.3
Aug-10	£147,293	-0.7	3.5	£157,117	0.5	3.5	£163,818	-0.1	4.2	£176,877	1.0	4.9
Sep-10	£148,329	0.7	2.4	£158,692	1.0	3.3	£163,678	-0.1	3.2	£176,860	0.0	5.0
Oct-10	£148,300	0.0	0.3	£157,980	-0.4	2.0	£163,575	-0.1	2.6	£176,725	-0.1	4.7
Nov-10	£147,287	-0.7	-1.2	£156,383	-1.0	0.0	£162,548	-0.6	1.4	£174,733	-1.1	3.8
Dec-10	£145,730	-1.1	-1.0	£155,297	-0.7	-1.1	£161,742	-0.5	-0.2	£173,581	-0.7	0.9
Jan-11	£145,475	-0.2	-2.6	£154,880	-0.3	-1.6	£161,641	-0.1	-2.0	£173,869	0.2	-1.4
Feb-11	£146,656	0.8	-2.4	£154,882	0.0	-2.1	£162,167	0.3	-2.3	£174,284	0.2	-2.6

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Mar-10	£156,135	-0.8	3.6	£160,826	-1.1	7.7	£225,207	-1.2	10.6	£203,466	-1.6	11.3
Apr-10	£155,382	-0.5	4.9	£160,014	-0.5	8.1	£225,658	0.2	11.0	£202,224	-0.6	10.1
May-10	£155,134	-0.2	5.3	£159,230	-0.5	7.6	£226,789	0.5	10.4	£202,627	0.2	9.6
Jun-10	£155,519	0.2	5.6	£158,845	-0.2	6.9	£226,176	-0.3	9.4	£203,643	0.5	9.4
Jul-10	£155,401	-0.1	5.4	£159,021	0.1	5.8	£226,476	0.1	8.9	£205,282	0.8	10.0
Aug-10	£155,724	0.2	4.0	£160,061	0.7	4.9	£226,181	-0.1	8.5	£204,094	-0.6	7.6
Sep-10	£155,854	0.1	3.1	£160,140	0.0	3.3	£226,607	0.2	7.6	£204,296	0.1	7.3
Oct-10	£154,977	-0.6	0.5	£158,842	-0.8	1.1	£225,838	-0.3	5.7	£201,729	-1.3	6.1
Nov-10	£153,300	-1.1	-0.9	£157,959	-0.6	-0.2	£224,453	-0.6	4.9	£199,518	-1.1	6.3
Dec-10	£151,934	-0.9	-2.9	£156,826	-0.7	-2.4	£226,009	0.7	2.2	£197,907	-0.8	1.7
Jan-11	£152,102	0.1	-2.6	£156,732	-0.1	-3.1	£225,458	-0.2	0.6	£197,333	-0.3	-1.6
Feb-11	£152,026	-0.1	-3.4	£156,022	-0.5	-4.1	£226,174	0.3	-0.8	£197,873	0.3	-4.3

	South East			Greater London			ALL REGION		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Mar-10	£263,559	-0.4	11.9	£373,519	-0.4	15.5	£222,158	-0.6	10.6
Apr-10	£263,426	-0.1	12.1	£370,575	-0.8	14.6	£221,313	-0.4	10.5
May-10	£265,285	0.7	13.0	£369,796	-0.2	12.8	£221,559	0.1	10.3
Jun-10	£266,512	0.5	12.3	£374,623	1.3	13.2	£222,430	0.4	9.8
Jul-10	£267,895	0.5	12.1	£379,849	1.4	13.4	£223,367	0.4	9.4
Aug-10	£268,744	0.3	10.9	£382,278	0.6	13.0	£224,084	0.3	8.5
Sep-10	£268,157	-0.2	9.2	£380,562	-0.4	9.9	£224,014	0.0	7.0
Oct-10	£266,679	-0.6	6.7	£378,693	-0.5	8.5	£222,958	-0.5	5.3
Nov-10	£264,049	-1.0	5.7	£379,135	0.1	8.0	£221,488	-0.7	4.3
Dec-10	£263,934	0.0	3.0	£381,741	0.7	6.6	£221,343	-0.1	2.2
Jan-11	£264,646	0.3	2.0	£384,876	0.8	5.0	£221,790	0.2	0.9
Feb-11	£266,012	0.5	0.5	£385,796	0.2	2.8	£222,405	0.3	-0.5
Mar-11							£222,146	-0.1	0.0



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.