

LSL Property Services/Acadameetrics

House Price Index

MAY 2011

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 10TH JUNE

House prices rise just £20 in May as homes become more and more affordable

- Homes becoming cheaper relative to prices and incomes
- Since April 2007 house prices are up 1% but wages are up 13.7%
- Sharp improvement in affordability but confidence and supply of mortgage finance are holding market back

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

“While house prices remain essentially static, property is actually becoming much more affordable. In the last year, home values have risen by an average of £220 per month, but to keep pace with inflation, they would have had to rise by £830 per month. By the same token, in the four years since April 2007, house prices have risen less than 1%, while average wages have increased by 13.7%.

“But buyers have been unable to make the most of improving affordability because despite the smaller proportion of salaries property prices currently represent, buyer confidence is low and it’s still far too difficult to get a mortgage. Economic uncertainty, fears over jobs, a squeeze on incomes and nervous mortgage lenders are keeping a lid on the housing market. It’s no wonder transaction volumes remain so very low.

“First-time buyers are especially hard hit. According to the CML, the number of first time buyers on the market is only 47% of the 36 year average, which demonstrates the difficulty of obtaining mortgage finance. While house prices currently represent a decreasing proportion of salaries, high inflation, the prospect of a Bank rate rise and public spending cuts mean lenders are still treading carefully in setting criteria for borrowers without high deposits.

“It’s important for buyers and sellers across the country to bear in mind the regional picture. While the national average price is stable, this masks a more volatile picture across the country. In terms of prices, London and the south-east remain the best performing regions, but in the south-east transactions over the last year have fallen more than anywhere else, while the north of England is the only region to see an increase in activity. When house prices fall, deposits represent a bigger chunk of potential equity and this means more buyers can come onto the market and drive activity. If transactions in London and the south-east continue to fall, this may mean prices there have reached a tipping point.”

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

House prices rise as buyers avoid higher stamp duty



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

		House Price	Index	Monthly Change %	Annual Change %
June	2010	£222,442	226.5	0.4	9.8
July	2010	£223,164	227.2	0.3	9.3
August	2010	£223,951	228.0	0.4	8.5
September	2010	£223,855	227.9	0.0	7.0
October	2010	£222,986	227.0	-0.4	5.3
November	2010	£221,448	225.5	-0.7	4.3
December	2010	£221,464	225.5	0.0	2.3
January	2011	£221,944	226.0	0.2	0.9
February	2011	£223,245	227.3	0.6	-0.1
March	2011	£223,356	227.4	0.0	0.5
April	2011	£223,951	228.0	0.3	1.2
May	2011	£223,971	228.0	0.0	1.1

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

“The average price of a home in England & Wales increased by just £20, to £223,971, from the end of April to the end of May. House prices have, thus, effectively stagnated for the two months since March (see Table 1). This is the fourth month out of the last twelve in which the monthly growth rate has been nil, indicating stability in the national housing market, as a whole. However, as we have reported in previous months, the national average hides a very variable pattern of price rises and price falls across regions and local authority areas. It is these price changes at local market level which express reality for those interested in the price of individual properties in specific areas.

“As we expected, price movements on an annual basis show the recovery in average house prices from the last trough, that occurred in April 2009, is now slowing down, with the percentage price growth falling from 9.8% in June 2010 to 1.1% in May this year (see Table 1). Our regional data table (Table 6) and graph of the trends in house prices over the last ten years (Figure 5) show that this slowing in the rate of house price change is occurring across England & Wales and is not just limited to the more northern regions.

“London experienced a monthly rise of 1.6% in prices in April 2011 (May figure not released yet) which went against the national trend, but this could perhaps best be described as a ‘millionaires bounce’, with increased activity in the million pound plus sector of the housing market, immediately prior to the introduction of higher levels of stamp duty on such properties. We are not anticipating that London will experience a similar price growth in next month’s figures.

“Transactions in 2011 are running below 2010 levels (which itself was a weak market representing 61% of the long term average number of house sales). The following two Tables compare the number of sales for the period February – April 2010 with the same period in 2011. The 2010 figures have been adjusted to allow comparisons with the 2011 transaction data from the Land Registry.

Table 2 Reported number of transactions at the end of May 2011 for Feb, March and April 2011 compared with the reported number of transactions at the end of May 2010 for Feb, March and April 2010

3 months Feb - Apr	NORTH	NORTH WEST	YORKS & HUMBERSIDE	WALES	WEST MIDLANDS	EAST MIDLANDS	EAST ANGLIA	SOUTH WEST	SOUTH EAST	GREATER LONDON	ENGLAND & WALES
2010	6,452	13,616	11,265	6,338	11,158	11,247	6,710	15,377	34,196	19,170	135,529
2011	6,590	13,395	10,998	5,975	11,001	10,632	6,449	14,493	31,940	18,243	129,716
% change	2%	-2%	-2%	-6%	-1%	-5%	-4%	-6%	-7%	-5%	-4%

Table 3 As Table 2 by property type

3 months Feb - Apr	DETACHED	SEMI- DETACHED	TERRACED	FLATS	ALL PROPERTY TYPES
2010	31,595	37,601	39,597	26,736	135,529
2011	29,755	37,079	39,229	23,653	129,716
% change	-6%	-1%	-1%	-12%	-4%

“Table 2 shows, perhaps contrary to expectations, that the North has experienced an increase in the number of homes sold between 2010 and 2011 (albeit a very modest increase), whilst all other regions have seen a decline in transactions. The largest fall in sales has occurred in the South East at -7%, compared with an average fall for England & Wales of -4%.

“Looking at property types in Table 3, there has been a decline in the sale of detached properties of -6%; we analyse the make-up of detached property sales in our special section at the end of this news release. The largest fall in sales has been in flats where the number sold has declined by -12%. First time buyers are typically associated with the purchase of flats, and clearly their absence has had a considerable effect on this sector of the market. It would appear, by the significant drop in the number of flats sold, that the lack of those on the first rung of the property ladder has not been offset by a similar increase in purchases by buy to let landlords looking to let out to frustrated buyers.



“The recent release from Halifax on the creation of Generation Rent, the two thirds of non-owning 20 to 45 year olds who believe ‘they have no prospect whatsoever of buying a home’ has highlighted the current debate concerning the fall in the number of first time buyers. According to the Council of Mortgage Lenders, there were 197,300 first time buyers in 2010 against an average for the last 36 years of 418,000. The combination of high house prices and stressed affordability, more limited mortgage availability and tighter credit assessment has meant that access to the market has become much more difficult despite the historically low bank base rate. Taken together with low confidence and falling real wages, it is little wonder that the number of first time buyers has fallen so low. Home builders and lenders have been working to tackle this by seeking to restore higher loan to value mortgages. Over the last 36 years, the typical LTV for first time buyers has been 90% compared to the 80% reported in March 2011. A number of schemes have been announced or are planned which, in essence, involve builders paying to guarantee a higher LTV mortgage for a new home. Given that new homes only make up around 10% of sales in a year, these initiatives will not transform either the market or the prospects for first time buyers. Nonetheless, they are welcome although there have been significant media comment that high LTV loans in an era when prices might fall do carry some material risks for borrowers.

“This uncertainty regarding prices is real. Morgan Stanley, the investment bank, has recently argued that prices will fall 3% in 2011 and 7% in 2012, whilst Halifax expects a 2% rise and the Centre for Economics and Business a 4% rise, next year. The lack of new supply certainly should underpin rising prices as might an increase in the supply of mortgages, but these are offset by the strong likelihood of rising interest rates in 2012 along with a high probability of increased arrears and possessions. Acadametrics does not offer forecasts but the charts and tables in this release certainly underpin a view of a housing market that is at best flat, albeit with strong regional and local variations. The low level of transactions reflects this reality. More positively, given the changes taking place in the economy and the rise in taxes and reduction in public expenditure, the housing market has not performed too badly for property owners. In many ways this is a consequence of low interest rates and government support, but it also reflects an underlying belief in and reliance upon housing as an asset and home ownership. With the percentage of people owning their own homes expected to fall coupled with an increase in renting, there is uncertainty both as to tenure and to the future direction of the market and we may anticipate stronger direction coming from the authorities. A recent report from the Joseph Rowntree Foundation set out ideas as to how greater housing market stability might be secured and the Coalition Government has now initiated a cross government review of housing. With the Financial Services Authority due to publish its recommendations on the future operations of the mortgage market in the summer there is a lot in play. Without doubt, more certainty across a range of factors is required before the market can move forward with more confidence.”

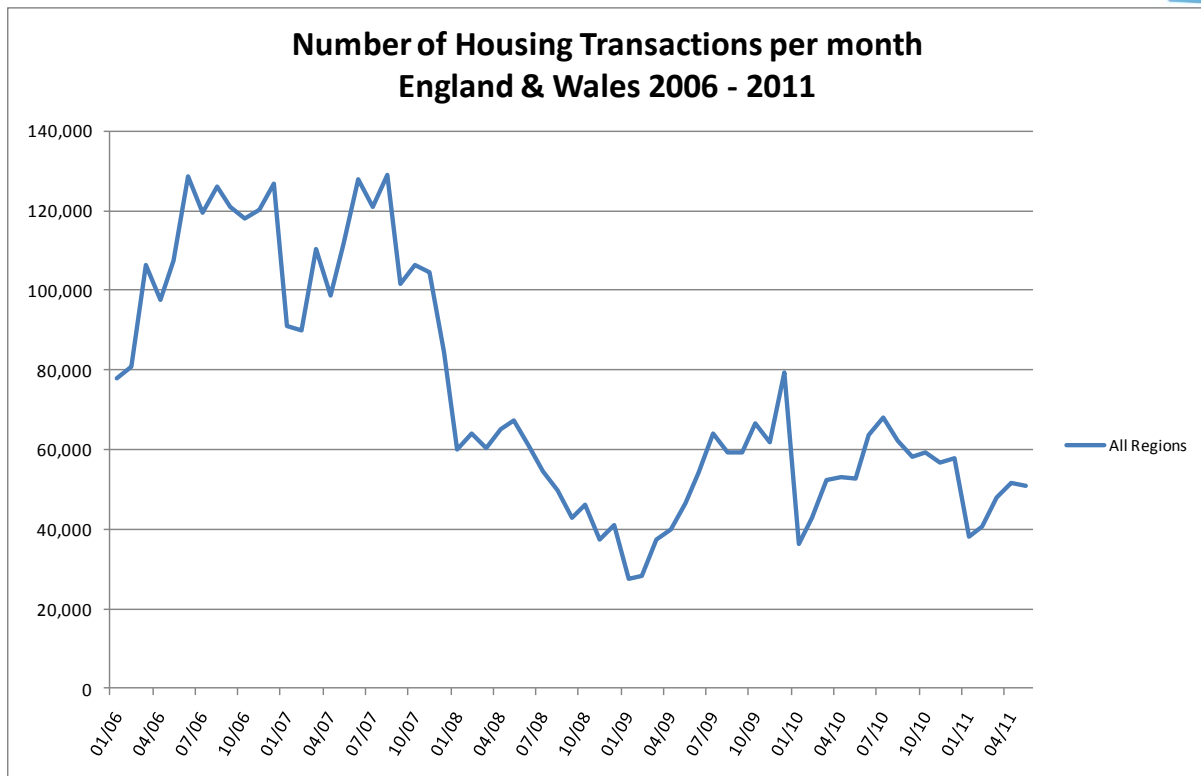


Figure 1. The number of housing transactions by month in England and Wales, 2006 – 2011 (not seasonally adjusted)

“In a typical year, housing transactions increase by 9% in May over April levels, building towards the peak sales months of June, July and August. However, this year we estimate that May transactions in England & Wales will be very similar to April, with no significant change in the level of housing transactions. This therefore represents a decline in transactions of 9% against the norm. The extra Bank Holidays and Royal Wedding in April will have had an effect on May transactions, as there is a time lag between the decision to purchase and the sale being completed, with fewer viewings taking place on Public Holidays. We await the June figures with keen interest to determine if the housing market shows signs of picking up, or whether there is a more serious malaise taking place.”

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

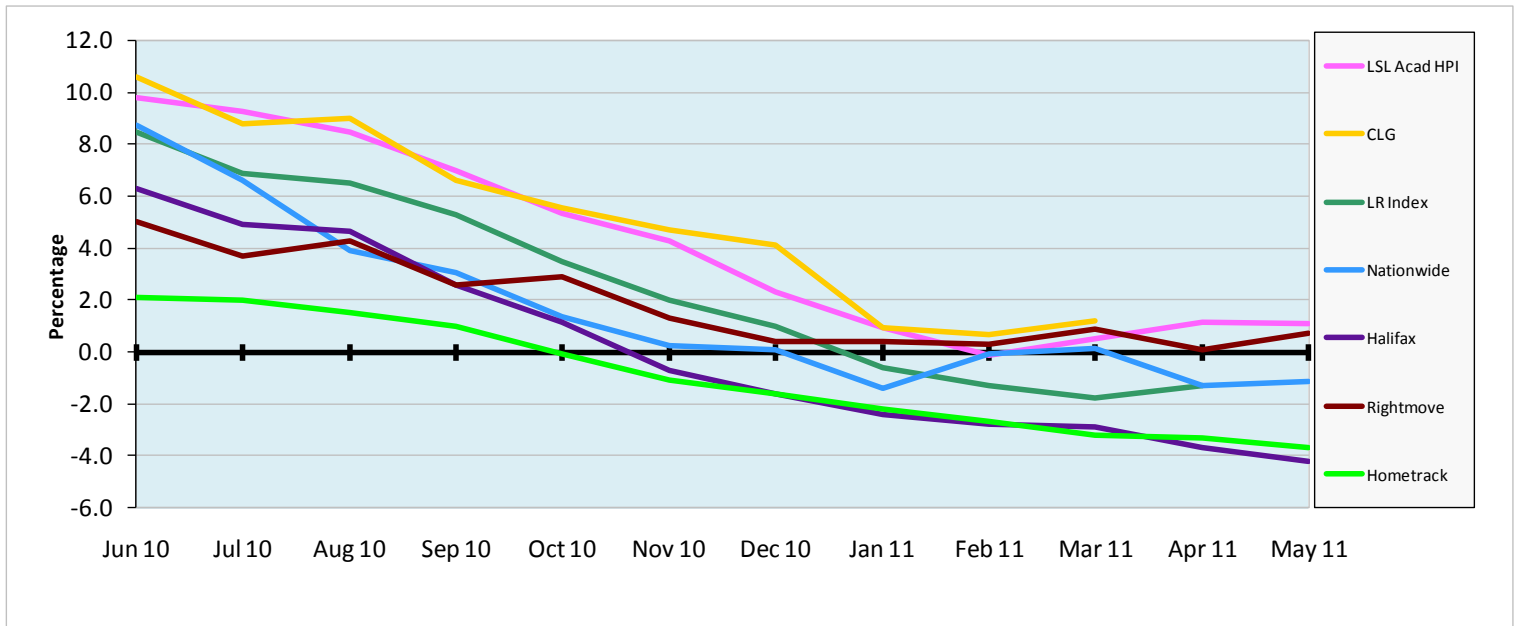


Figure 2. A comparison of the annual change in house prices, by Index provider

MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

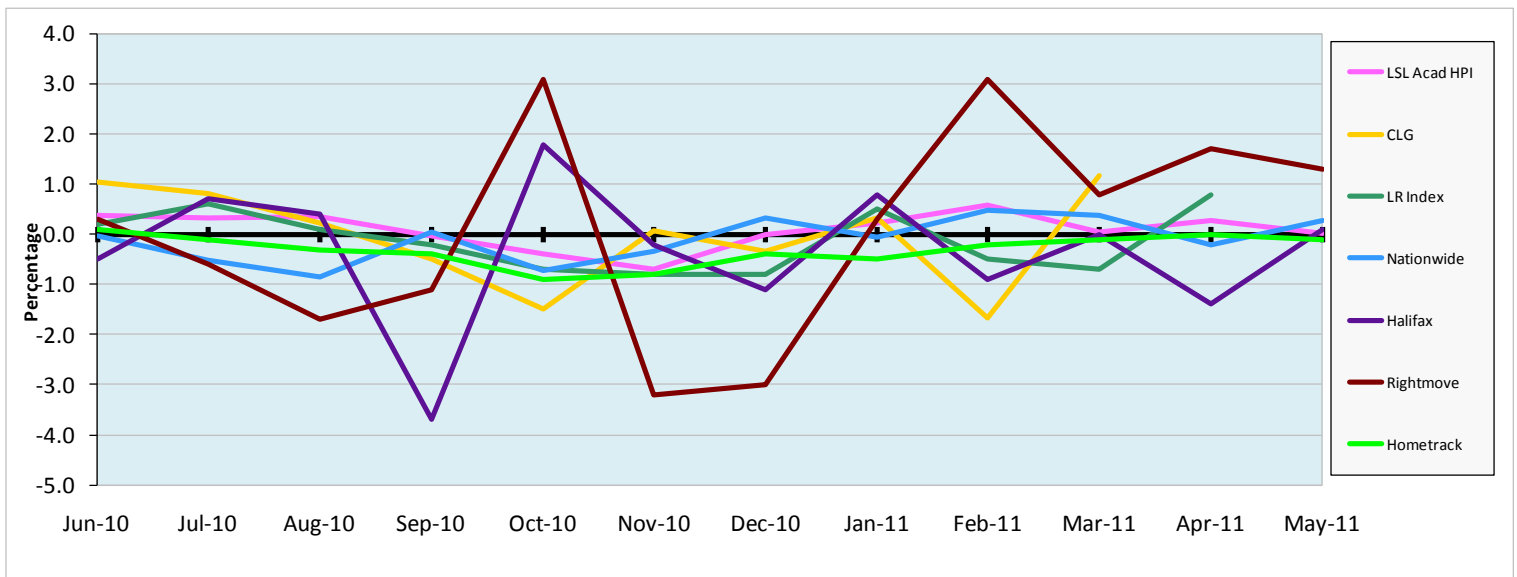


Figure 3. A comparison of the monthly change in house prices, by Index provider



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. Only the positive movement in prices in Greater London and the South East is keeping the average headline figure for England & Wales above zero. However, looking at Table 6 at the end of this report, we can see that since February 2011, when the annual rate of change for house prices in England and Wales was at its lowest, eight of the ten regions in England & Wales are showing increases in their house prices over subsequent months. The extent to which these rises in price are a one-off event relating to the change in stamp duty remains to be seen. Our expectation is that house prices will remain flat in June but we may well witness price falls thereafter.

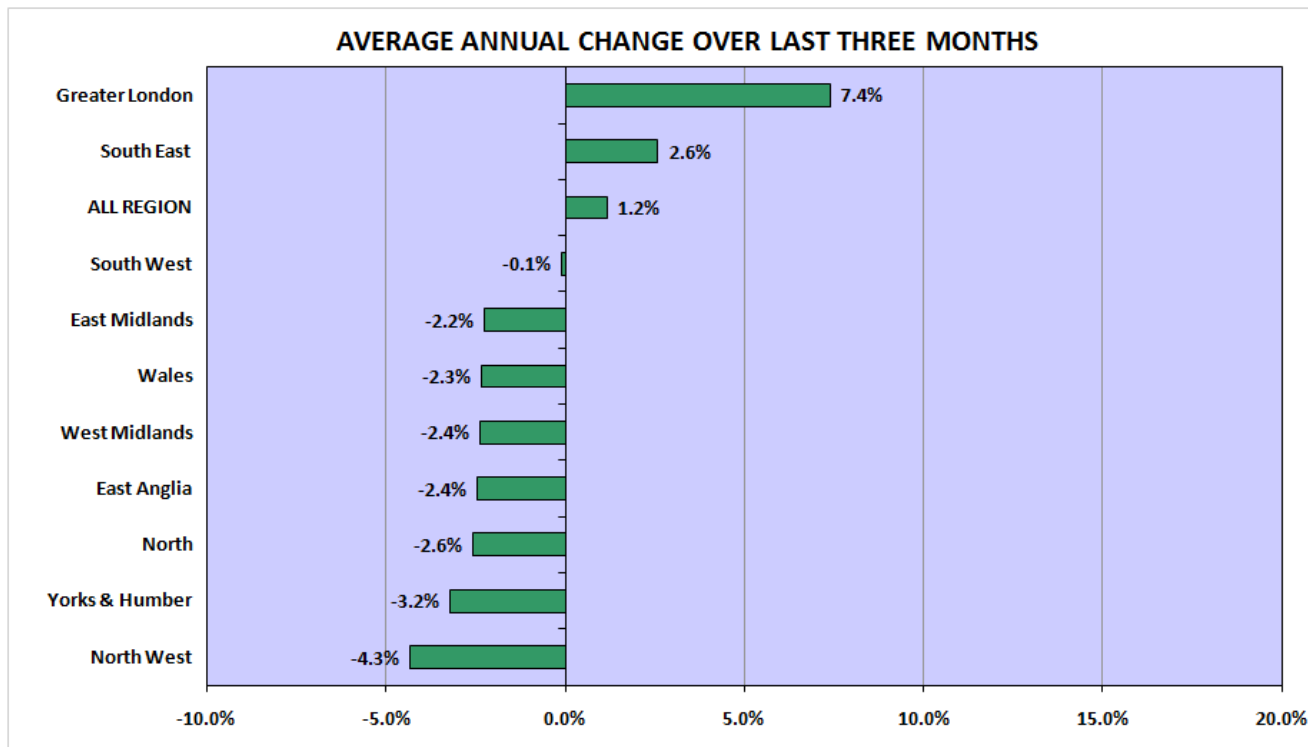


Figure 4. The annual change in the average house price, analysed by region

ANNUAL CHANGE IN PRICE BY REGION

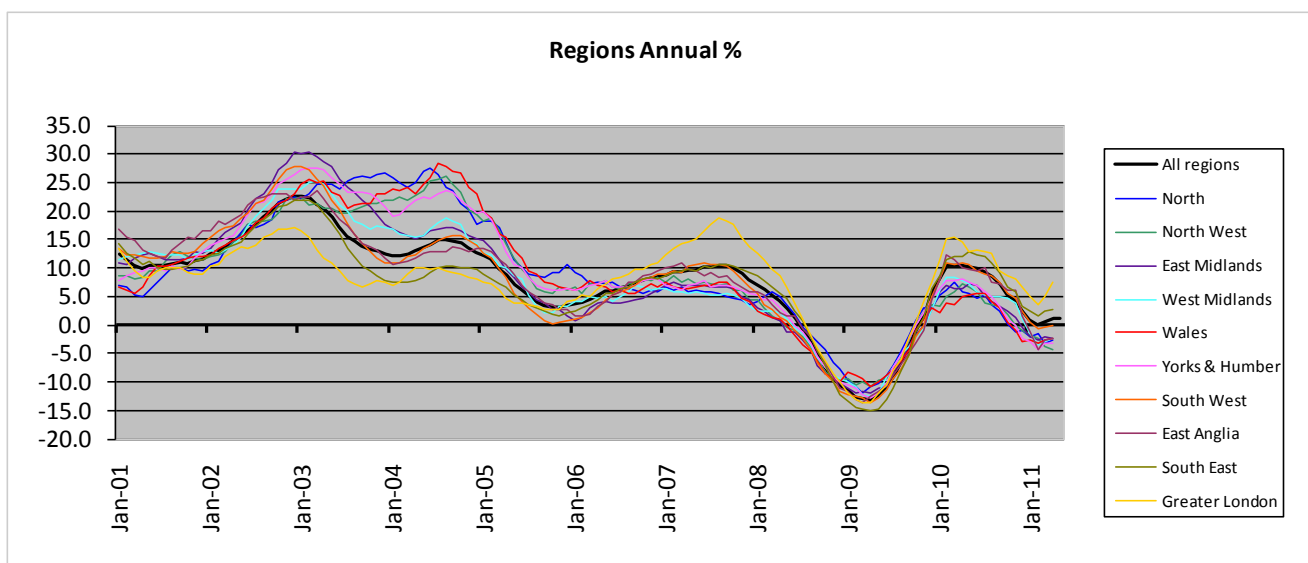


Figure 5. A comparison of the annual change in house prices, by region for the period Jan 2001 - Apr 2011

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

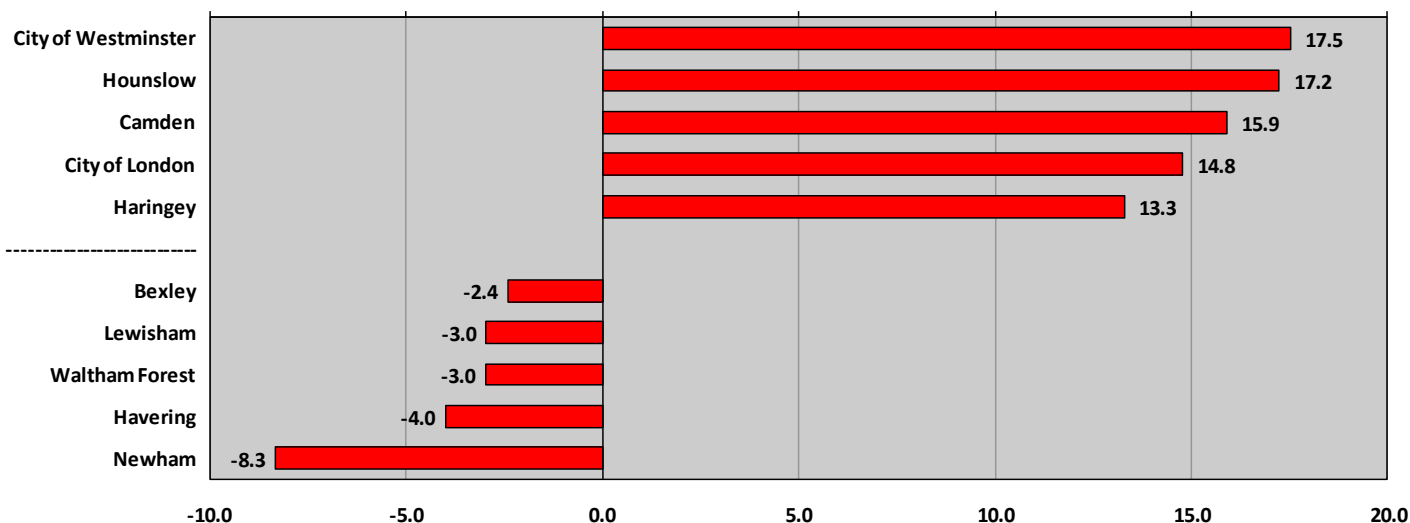


Figure 6. The annual change in house prices, based on a three month average, for the London boroughs

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. This month, three of the top five London boroughs by annual house price growth shown here - the City of Westminster, Hounslow and Camden - are joined by five other boroughs, namely Barnet, Hammersmith & Fulham, Islington, Kensington & Chelsea and Wandsworth, in experiencing an all time high in terms of their average property price levels. This underlines the continuing price pressures in London.

Last month, **twelve** London boroughs were recording price falls on an annual basis; this month that number has fallen to **ten**, which either indicates that price falls are becoming less common throughout the London market, or is the result of the 'millionaires bounce' in the purchase of homes valued in excess of £1 million, which has had its affect even in the more outlying boroughs of London. Of the five boroughs with falling prices shown in the above chart, four 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 Feb - April 2011 with the same three months in 2010, prices have increased year on year by an average 5%. 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 -2.8%. 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 Feb - April 2011 with the preceding three months Nov 2010 - Jan 2011, a similar pattern emerges. The top five boroughs, ranked by price, have seen an increase in prices of 17.4% whilst the five lowest ranking boroughs have seen price declines of -3.8%.

Transactions

First, comparing the three months Feb - April 2011 with the same three months in 2010, the number of properties sold in London has declined by -5%. The decline in sales by property type is in inverse proportion to their average cost, with the largest falls across London as a whole being seen in the number of flats sold, at -9%, whilst the number of detached homes sold increased by 9%. The central London boroughs are the exception to this rule, with sales of flats increasing over the previous year's levels.

Second, comparing the three months Feb - April 2011 with the preceding three months Nov 2010 - Jan 2011, sales volumes in London fell -11%, which is more than the -5% seasonal decline which one would expect for this time of year. Over this same period, detached property sales fell by -2%, whilst those for flats fell by -16%. There were only three boroughs in London that experienced an increase in sales over the selected time period, being Bromley +4%, Hammersmith & Fulham + 12%, and Kensington & Chelsea +21%.



AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - COUNTIES

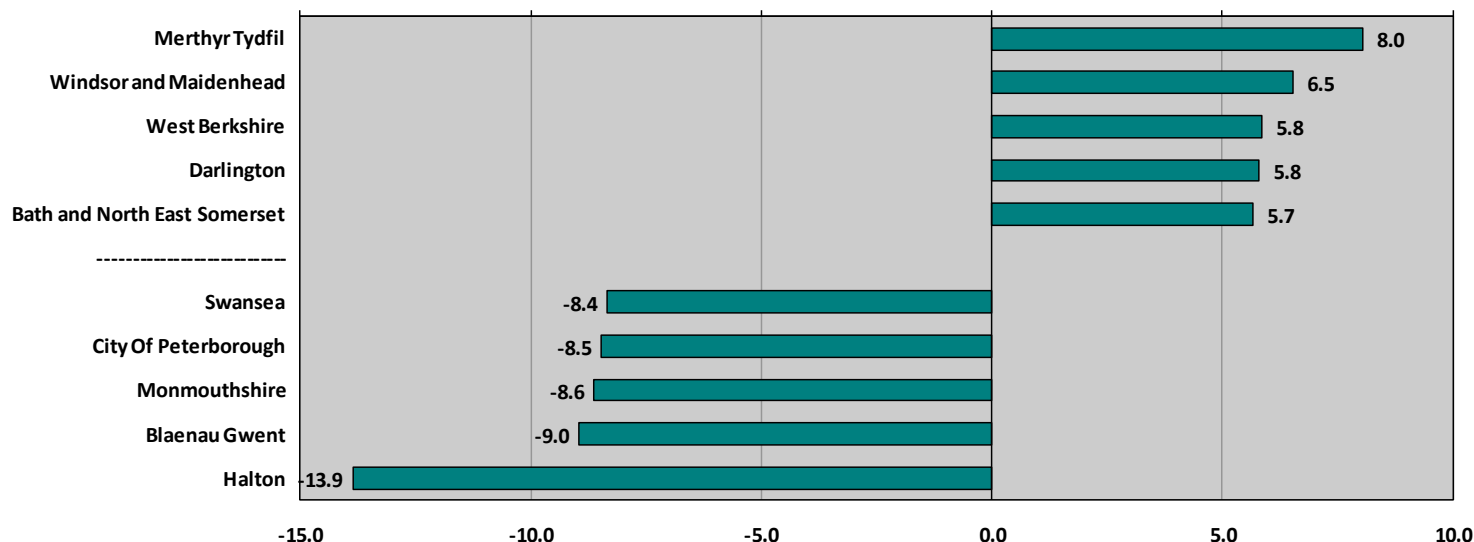


Figure 7. The annual change in house prices, based on a three month average, for the unitary districts

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 remained unchanged which indicates that house prices are still falling in more than half of the unitary districts and counties in England & Wales. Similarly last month we reported that there were three counties/districts which were experiencing record average house price levels; this month that number remains the same with record average prices being seen in Bath, West Berkshire and Surrey.

Comparing the three months Feb - April 2011 with the same three months in 2010, average prices in England & Wales have increased by 0.5%. Over this period, flats have seen price increases of 7%, mainly in London, whilst those of the other property types have seen marginal falls, except in London. Comparing the three months Feb - April 2011 with the preceding three months Nov 2010 - Jan 2011, we find a similar story, with flats registering a higher increase in price than other property types, but this position is being dominated by the influence of the London market.

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 2.7%, whilst the districts in the lowest quartile by price saw price declines of -2.5%.

Transactions

Tables 2 & 3 above set out in some detail a comparison of the transactions for the three months Feb - April 2011 with the same three months in 2010, from which it can be seen that the North witnessed an increase in the number of homes sold between 2010 and 2011, whilst all other regions have seen a decline in transactions. The largest fall in sales has occurred in the South East at -7%, compared with an average fall for England & Wales of -4%.

Comparing the three months Feb - April 2011 with the preceding three months Nov 2010 - Jan 2011, total property transactions fell -11%, compared with a normal seasonal average reduction of -5%. East Anglia, down -15%, saw the biggest fall in transactions whilst the North at -7% saw the smallest. At property type level, sales of detached properties, down -14%, declined somewhat more than those of terraces at -8%.

Focus on detached properties



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

Table 4. Number of transactions by Region for the period Feb 2011 - Apr 2011

DETACHED				
REGIONS	Feb 2011 - Apr 2011			% of All Detached Sold
	DETACHED	ALL TYPES	% DETACHED	
North	1,201	6,590	18.2%	4.0%
North West	2,399	13,395	17.9%	8.1%
Yorks & Humberside	2,349	10,998	21.4%	7.9%
Wales	1,697	5,975	28.4%	5.7%
West Midlands	2,656	11,001	24.1%	8.9%
East Midlands	3,581	10,632	33.7%	12.0%
East Anglia	2,368	6,449	36.7%	8.0%
South West	4,140	14,493	28.6%	13.9%
South East	8,382	31,940	26.2%	28.2%
Greater London	982	18,243	5.4%	3.3%
England & Wales	29,755	116,835	28.3%	100.0%

Table 4 shows the number of all property transactions and those of detached houses by region, together with the latter as a percentage of the sales of all property types. It also shows the distribution of detached home sales regionally across England & Wales. The three month period from Feb 2011 - Apr 2011 is shown. Within regions, sales of detached properties represent the highest proportion of all transactions in East Anglia, at 37%, followed closely by the East Midlands at 34%. Greater London has the fewest detached sales in percentage terms at only 5% of all sales. The South East, followed by the South West, provides the highest proportion of detached sales across England & Wales. Perhaps contrary to expectations, Greater London accounts for only 3% of all detached property sales in England & Wales.

Table 5. Average Price by Region; showing the maximum & minimum prices by district within each region

DETACHED					
REGIONS	Feb 2011 - Apr 2011				
	Ave Price	Max Price District	Max ave price	Min Price District	Min ave price
North	£ 247,669	Northumberland	£ 284,663	Middlesbrough	£ 188,120
North West	£ 274,627	Cheshire	£ 315,406	Blackpool	£ 195,000
Yorks & Humberside	£ 252,415	North Yorkshire	£ 319,505	North Lincolnshire	£ 172,357
Wales	£ 218,163	Vale of Glamorgan	£ 335,426	Neath Port Talbot	£ 155,121
West Midlands	£ 275,530	Warwickshire	£ 313,898	Stoke on Trent	£ 152,084
East Midlands	£ 226,177	Rutland	£ 346,208	Lincolnshire	£ 193,762
East Anglia	£ 267,544	Cambridgeshire	£ 314,367	City of Peterborough	£ 206,784
South West	£ 328,873	Bath & NE Somerset	£ 465,556	City of Plymouth	£ 236,047
South East	£ 460,230	Surrey	£ 705,120	Luton	£ 242,214
Greater London	£ 833,065	City of Westminster	£ 7,700,000	Barking & Dagenham	£ 240,240
England & Wales	£ 340,514	City of Westminster	£ 7,700,000	Stoke on Trent	£ 152,084

Table 5 shows the average price of detached properties, by region, and also highlights the maximum and minimum average price of detached homes, by district within each region. The period selected for analysis is the three months Feb 2011 - Apr 2011. The data show the highest priced area for detached houses in England and Wales is the City of Westminster, with an average price of £7,700,000 and the lowest priced area in England & Wales is Stoke on Trent, where a detached home can be bought for an average price of £152,084.

Regional Data Table



Table 6. Average house prices by Region, May 2010 - Apr 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
May-10	£149,235	-0.6	5.6	£158,721	-0.4	6.7	£164,030	0.4	7.1	£173,949	-0.4	7.2
Jun-10	£148,332	-0.6	4.6	£157,205	-1.0	5.7	£164,885	0.5	7.0	£175,526	0.9	5.9
Jul-10	£148,328	0.0	5.2	£156,324	-0.6	3.9	£164,029	-0.5	5.1	£175,106	-0.2	5.3
Aug-10	£147,313	-0.7	3.5	£157,069	0.5	3.4	£163,857	-0.1	4.3	£176,886	1.0	4.9
Sep-10	£148,343	0.7	2.4	£158,621	1.0	3.2	£163,734	-0.1	3.2	£176,839	0.0	5.0
Oct-10	£148,217	-0.1	0.2	£157,930	-0.4	1.9	£163,556	-0.1	2.6	£176,720	-0.1	4.6
Nov-10	£147,092	-0.8	-1.4	£156,219	-1.1	-0.1	£162,497	-0.6	1.4	£174,795	-1.1	3.9
Dec-10	£145,800	-0.9	-0.9	£155,360	-0.6	-1.1	£161,598	-0.6	-0.3	£173,613	-0.7	0.9
Jan-11	£146,284	0.3	-2.0	£154,550	-0.5	-1.8	£161,503	-0.1	-2.1	£173,547	0.0	-1.6
Feb-11	£147,975	1.2	-1.6	£154,397	-0.1	-2.4	£161,428	0.0	-2.7	£172,660	-0.5	-3.5
Mar-11	£147,567	-0.3	-3.2	£152,893	-1.0	-3.7	£160,857	-0.4	-2.1	£171,492	-0.7	-2.8
Apr-11	£146,340	-0.8	-2.6	£152,418	-0.3	-4.3	£159,767	-0.7	-2.2	£170,551	-0.5	-2.4

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
May-10	£155,172	-0.2	5.3	£159,245	-0.5	7.6	£226,860	0.5	10.5	£202,643	0.2	9.6
Jun-10	£155,557	0.2	5.6	£158,855	-0.2	6.9	£226,237	-0.3	9.5	£203,683	0.5	9.4
Jul-10	£155,361	-0.1	5.4	£159,041	0.1	5.8	£226,544	0.1	9.0	£205,351	0.8	10.1
Aug-10	£155,659	0.2	4.0	£160,067	0.6	4.9	£226,166	-0.2	8.5	£204,137	-0.6	7.6
Sep-10	£155,783	0.1	3.1	£160,118	0.0	3.3	£226,588	0.2	7.6	£204,317	0.1	7.3
Oct-10	£154,936	-0.5	0.4	£158,841	-0.8	1.1	£225,834	-0.3	5.7	£201,729	-1.3	6.1
Nov-10	£153,229	-1.1	-1.0	£158,028	-0.5	-0.2	£224,336	-0.7	4.8	£199,352	-1.2	6.2
Dec-10	£151,799	-0.9	-3.0	£156,738	-0.8	-2.5	£226,441	0.9	2.4	£197,856	-0.8	1.6
Jan-11	£151,897	0.1	-2.7	£156,864	0.1	-3.1	£225,130	-0.6	0.5	£197,935	0.0	-1.3
Feb-11	£152,206	0.2	-3.3	£155,654	-0.8	-4.3	£226,387	0.6	-0.7	£198,129	0.1	-4.2
Mar-11	£152,008	-0.1	-2.6	£155,745	0.1	-3.2	£224,454	-0.9	-0.3	£198,198	0.0	-2.6
Apr-11	£151,809	-0.1	-2.3	£154,872	-0.6	-3.2	£225,412	0.4	-0.1	£197,272	-0.5	-2.4

	South East			Greater London			ALL REGION			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
May-10	£265,279	0.7	13.0	£369,771	-0.3	12.8		£221,589	0.1	10.3
Jun-10	£266,522	0.5	12.3	£374,435	1.3	13.1		£222,442	0.4	9.8
Jul-10	£267,896	0.5	12.1	£378,236	1.0	12.9		£223,164	0.3	9.3
Aug-10	£268,830	0.3	10.9	£381,131	0.8	12.7		£223,951	0.4	8.5
Sep-10	£268,258	-0.2	9.2	£379,251	-0.5	9.6		£223,855	0.0	7.0
Oct-10	£266,826	-0.5	6.8	£378,756	-0.1	8.6		£222,986	-0.4	5.3
Nov-10	£264,086	-1.0	5.7	£379,106	0.1	8.0		£221,448	-0.7	4.3
Dec-10	£264,273	0.1	3.2	£381,833	0.7	6.7		£221,464	0.0	2.3
Jan-11	£265,728	0.6	2.4	£384,430	0.7	4.8		£221,944	0.2	0.9
Feb-11	£268,596	1.1	1.5	£389,003	1.2	3.7		£223,245	0.6	-0.1
Mar-11	£269,676	0.4	2.3	£392,130	0.8	4.9		£223,356	0.0	0.5
Apr-11	£270,200	0.2	2.6	£398,241	1.6	7.4		£223,951	0.3	1.2
May-11								£223,971	0.0	1.1



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.