

LSL Property Services/Acadametrics

House Price Index

NOVEMBER 2010

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 10TH DECEMBER 2010



HOUSE PRICES CLING TO GROWTH AS REGIONAL DISPARITIES WIDEN

- **Average house prices registered a 0.2% increase in November.** This is the seventh consecutive month in which the market has seen a marginal gain in price ([Page 5](#)).
- **Year on year house price growth slowed yet again, down to 5.9%,** and will slow further as the larger gains of a year ago fall out of the calculations ([Page 5](#) and table below).
- **The number of transactions in November fell by 4.6%,** in the month, and are down 5.3% compared to last November. This is the second consecutive month this year in which transactions are lower than 2009 levels ([Page 4](#)).

David Brown, commercial director of LSL Property Services, comments: "We have now seen prices creep upwards for seven consecutive months and this shows that there is strong demand for properties despite the considerable barriers facing buyers trying to obtain finance. The average LTV on a house purchase stands at 57%, which continues to hold back those without sizeable deposits – particularly buyers hoping to get on the ladder for the first time. With inflation still 1.2% over target a rate rise in 2011 is on the cards and there isn't much chance of lending criteria loosening in the medium-term. Given that growth is marginal, we may see prices begin to fall slightly as these factors take hold, although it's unlikely that any dip will be dramatic and the year-on-year drop in transactions is distorted by the end of the stamp-duty holiday in 2009.

"The market for those with a large amount of spare cash still represents good value, as more and more sellers are coming into the market willing to listen to offers well below asking price. This is stimulating demand, but in a rather disparate way around the country. In London, the last quarter has seen strong growth, with prices rising by 10%, while in the same period northern regions have registered no growth at all. This disparity is likely to increase following the spending cuts in the New Year as some regions will be hit much harder than others. We are likely to see London advancing further, with very limited growth in northern regions."

House prices still inching forward



		House Price	Index	Monthly Change %	Annual Change %
December	2009	£216,507	220.4	2.0	5.3
January	2010	£219,877	223.9	1.6	7.8
February	2010	£223,464	227.5	1.6	10.3
March	2010	£222,114	226.1	-0.6	10.5
April	2010	£221,274	225.3	-0.4	10.5
May	2010	£221,475	225.5	0.1	10.2
June	2010	£222,324	226.3	0.4	9.7
July	2010	£223,258	227.3	0.4	9.3
August	2010	£223,815	227.9	0.2	8.4
September	2010	£224,039	228.1	0.1	7.0
October	2010	£224,356	228.4	0.1	6.0
November	2010	£224,758	228.8	0.2	5.9

PRESS CONTACTS:

Monica Daniel, LSL Property Services
David Pickles, Acadametrics
Anna Geffert, Wriglesworth PR

01392 355090
020 8392 9082
020 7427 1436

monica.daniel@lsps.co.uk
david.pickles@acadametrics.co.uk
A.Geffert@wriglesworth.com



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

“The average price of a home in England & Wales is now £224,758. At this level, it is still down £7,070, or 3.0%, from the peak in February 2008 of £231,828 and we estimate that the number of transactions in November will be well down on the previous month. Over the last nine months, we have witnessed very modest changes in house prices with the average price rising by just 0.6%. However, as we show below, this single average figure masks some significant movements in both prices and transactions at more local levels.

“On an annual basis, our Index shows an overall positive 5.9% increase in prices over the last twelve months, but this growth mainly reflects movements in prices during the first three of the last twelve months. To illustrate this point, as can be seen from our regional data table ([page 10](#)), this month, the North becomes the first region in England and Wales to be recording a 2010 fall in house prices on an annual basis. House price falls, on an annual basis, in any region were last seen in November 2009, following which the housing market throughout England & Wales emerged quite strongly from the recession before falling away again.

“The regional data suggest that the North might soon be joined by other regions although we would not want to suggest that every region will follow such a pattern. Five of the ten regions are still showing annual growth in excess of 5%, with the West Midlands bucking the trend by recording an increase in the annual rate over the last month, giving further credence to the view that economic recovery is spread unevenly across the country.

“Developing this trend analysis at a more local level, on a 3 month annual basis, we note that 13 London boroughs are showing greater than 10% annual growth, together with 8 districts, whilst 1 London borough and 18 districts reported less than 1% growth. 11 of the districts were, in fact, reporting price falls, on an annual basis. We continue our regional and local authority analysis below.

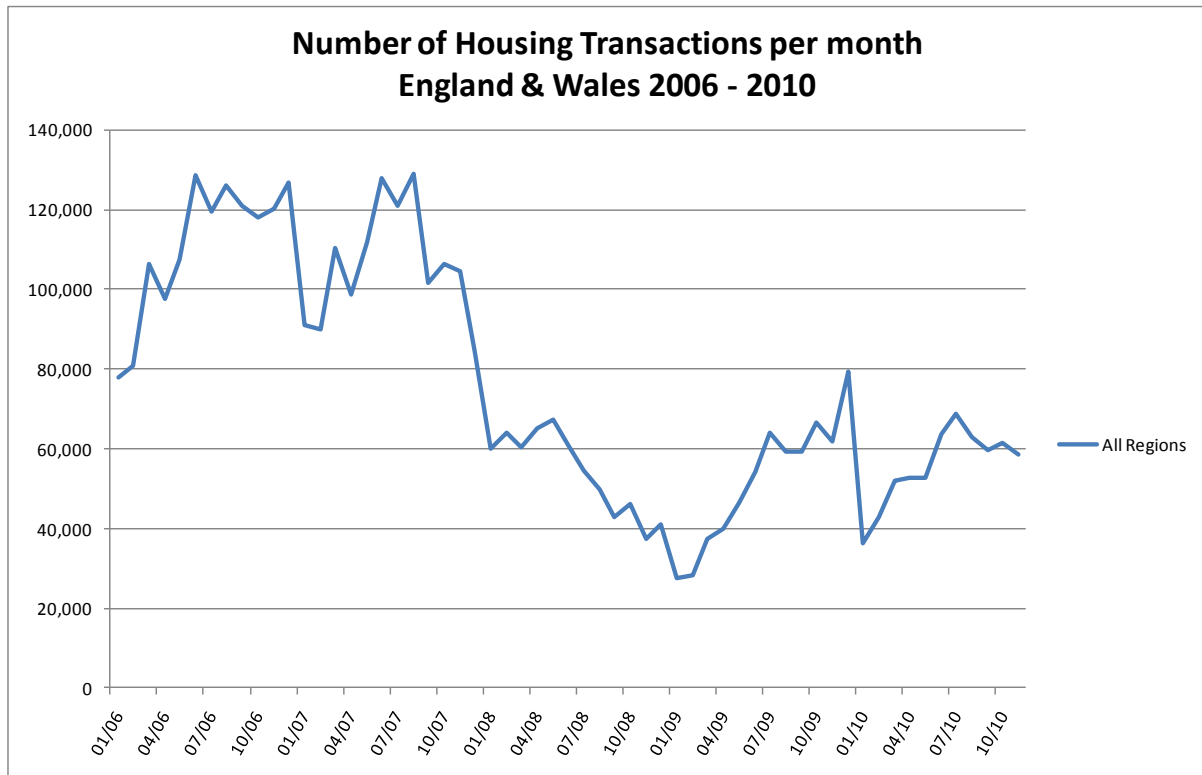
“What is a complex pattern, poses a considerable challenge to the reporting of an average house price across England and Wales because, however statistically correct, a national average will generally not reflect what people experience locally and may merely serve to confuse. The LSL/ Acadametrics Index will continue to pay close attention to these sub-national movements. Moreover, as we show below, there are also a range of averages, differently calculated, reported by the different indices. We seek below to clarify why this occurs.

“Whilst we do not offer a forecast of the 2011 LSL/ Acadametrics index, it is clear that expectations are that the 2011 index will look very similar to the index in 2010. Indeed, on 29th November, the newly created and independent Office of Budget Responsibility produced its first economic and fiscal outlook for the UK, and this included a downbeat assessment of the housing market, with a forecast 1.4% decline in prices to the fourth quarter of 2011 and ‘muted transactions growth’. However, the OBR suggests that ‘transactions will return to their trend level in the medium term’.

“To conclude, we note that, overall, 2010 has seen a flat market but one with some significant regional and local variations of which buyers and sellers need to be aware. Going forward, we expect to see a similar pattern in 2011.”



“On average, over the last fifteen years, the number of homes sold in November each year has decreased by 2.7% from October levels in the same years. Our estimates suggest that November 2010 transactions will show a greater than average fall of 4.6% from the previous month, with 58,500 units being sold. This level of sales comprises 63% of the long term fifteen year average of 93,500 homes November sales. For the second month in succession this year, the number of homes sold during the month is lower than the equivalent period in 2009.”

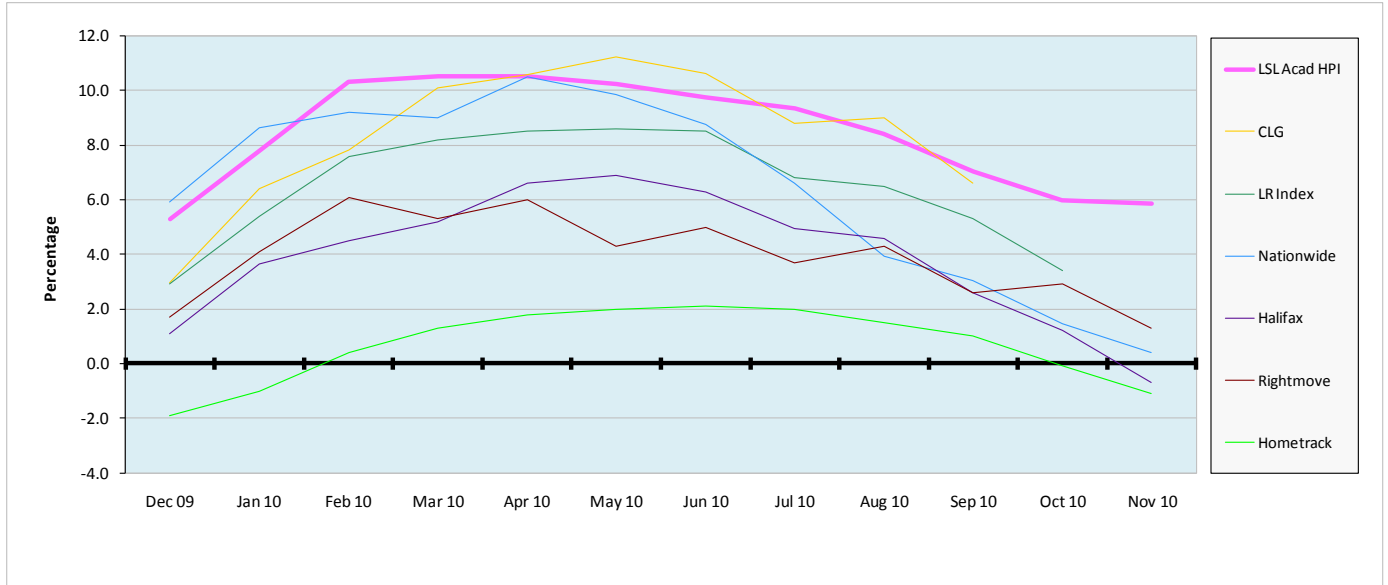


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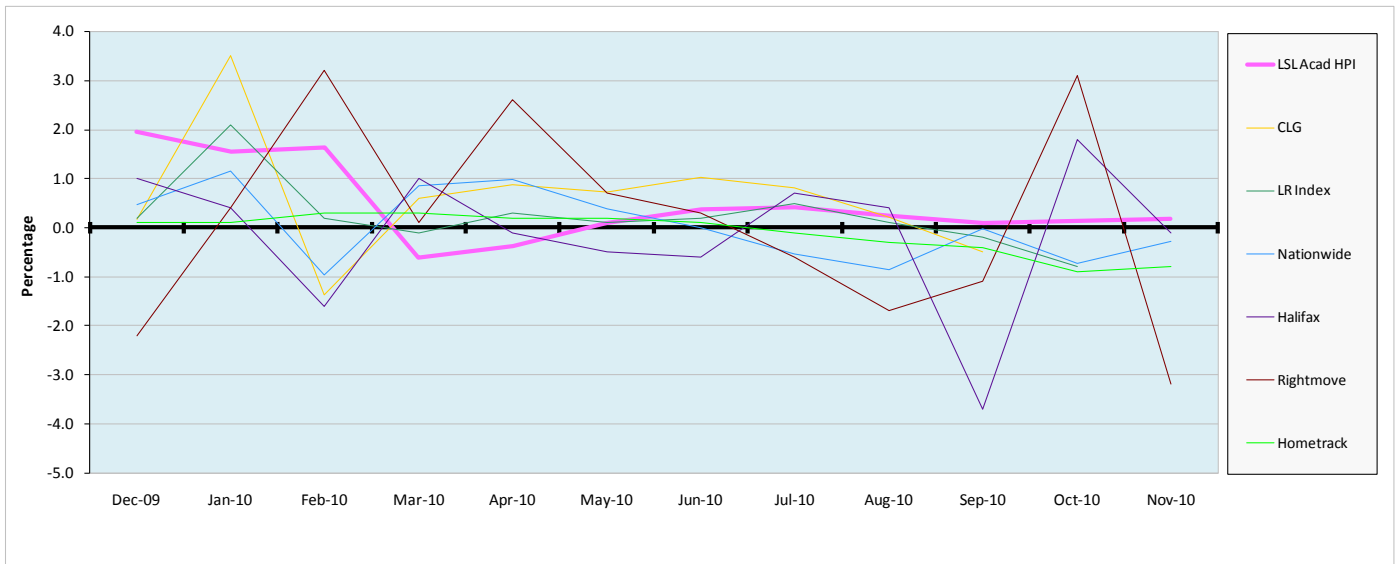
1. LSL Acad HPI is the only house price index to use:
 - the **actual** prices at which every property in England and Wales was transacted, including prices for properties bought with cash, using the factual Land Registry data as opposed to valuation estimates or asking prices
 - the price of **every**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

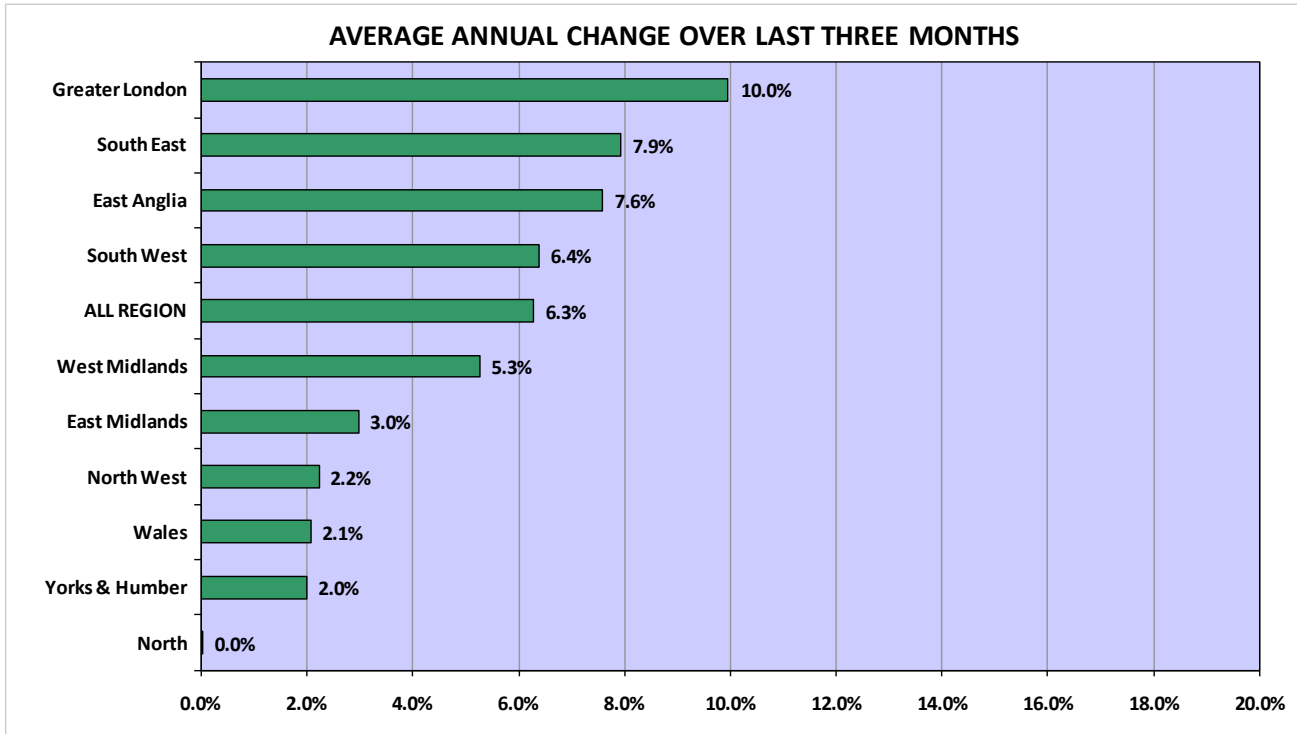


MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART



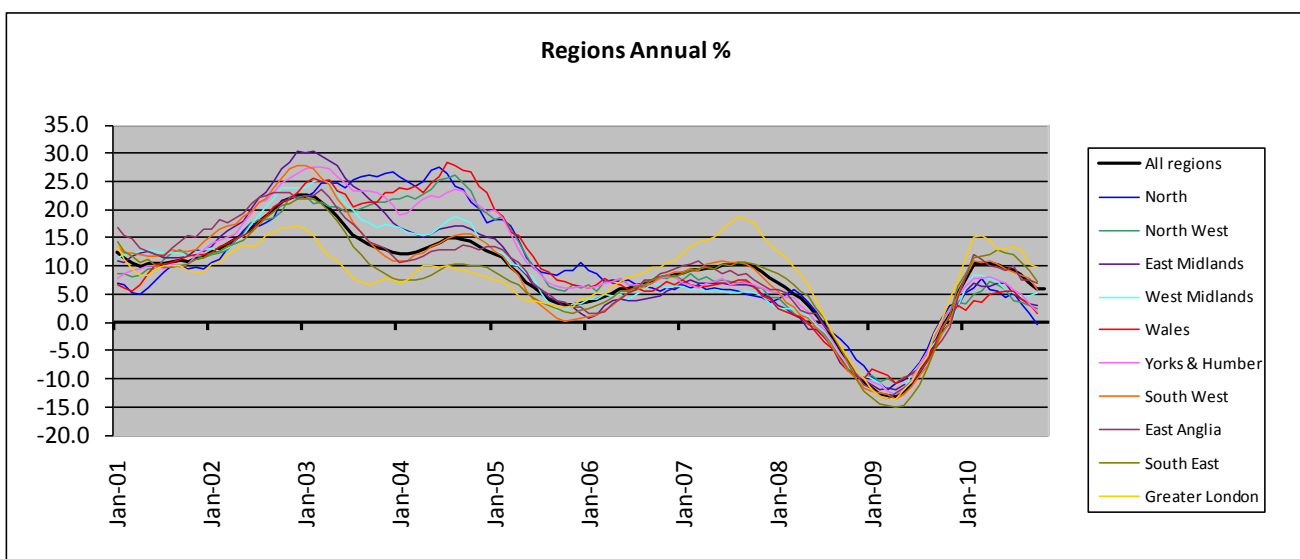


Based on the last three months, all regions in England & Wales are currently experiencing annual house price growth although, as shown in our regional data table, the North is now beginning to experience a decline in house prices on a monthly, as opposed to a three monthly, basis. As can be seen from the chart, there is a marked contrast between the price movements in the northern



regions of England and Wales compared with those in the southern regions – and in West Midlands.

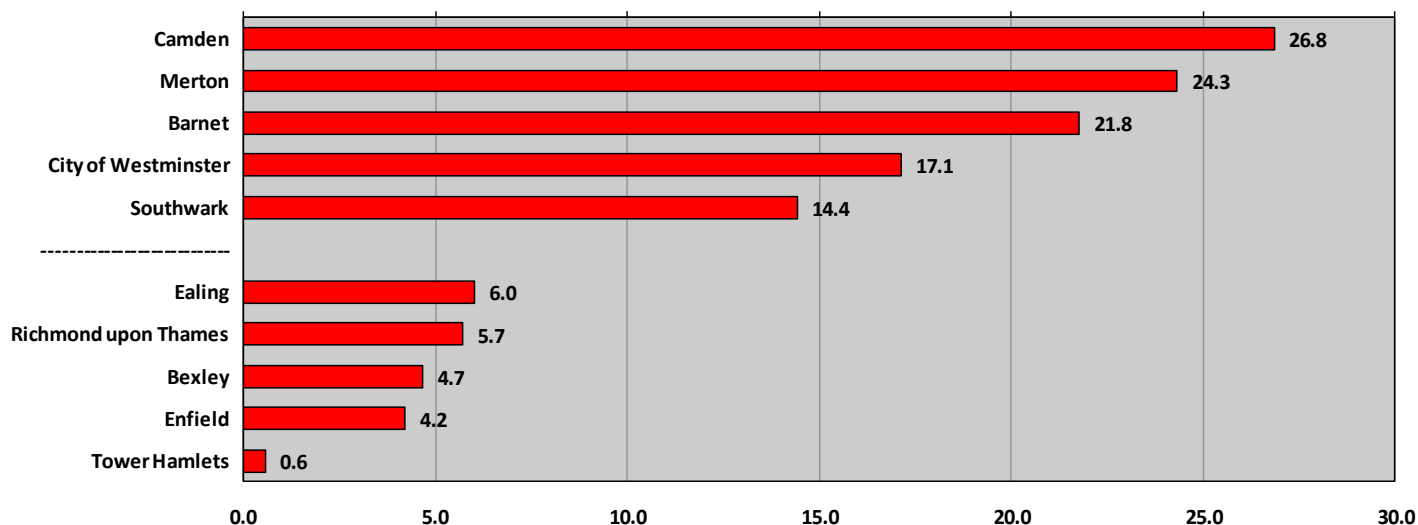
ANNUAL CHANGE IN PRICE BY REGION



Note that individual regions can be compared using our “National and Regional series from 1995 with Interactive Charts”, linked from page 3 NOTE 5 above and from our covering email; timescales can be varied for clarity. Numerous other comparisons are facilitated in this and other interactive charts available through the same links.



AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - LONDON BOROUGHS



The chart shows the % **annual** price change in ten London boroughs, averaged over three months, for those with the highest and lowest growth. All thirty-three London boroughs are recording annual price increases. The significant increases in the average prices in Camden, Merton and the City of Westminster reflect higher values being achieved in the sale of flats, where prices on average are up over £100K on last year's levels. Estate agents and house-builders report strong demand being experienced from foreign buyers, particularly those located in the weaker eurozone areas, who are purchasing properties at the top-end of the London market.

This month, the average price in London has reached a new high of £383,243. This is the fourth month in a row in which London has reached a new peak price. London is, however, the only region in England and Wales to experience this phenomenon, with average prices in all other regions being between 3% and 8% below their previous peaks.

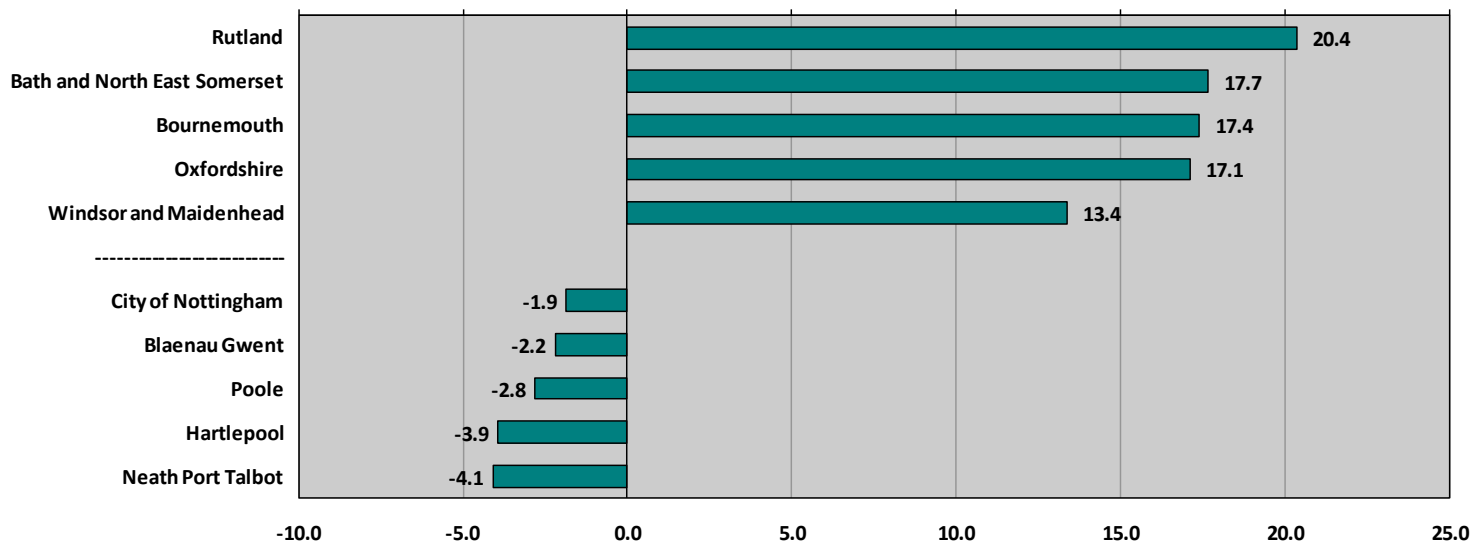
Although London has seen the highest price increases of all the regions in England and Wales, as in the rest of the country, there has been a slowing of price movements over the last three months, with prices up 2.1% compared with the previous three months. Over this period, the boroughs that have recorded the highest price increases are Redbridge (+10.2%), Merton (+8.9%) and Camden (+8.6%), whilst those with the largest falls are Kingston (-4.9%), Hammersmith & Fulham (-4.6%) and Enfield (-3.3%).

There is some evidence to suggest that it is in the higher priced boroughs that we have seen the largest price rises, over the last three months. Comparing the three months August - October 2010 with May - July 2010, the seven boroughs in which average prices are higher than £500,000 have experienced an increase in prices of 2.9%, compared with one of 1.7% for the remaining 26 boroughs.

Looking at housing transactions and comparing the three months August - October 2009 with the same three months in 2010, in London, the number of homes sold over the year has risen by 9%. But this rise compares with the rise, last month, of 16%, indicating a slowing down in sales volumes. Over the year, the largest sales growth by property type has been in flats (+13%), followed by detached (+11%) and semi-detached (+8%) houses and terraced properties (+3%). However, the increase in sales of flats may be short-lived, since this market sector appears to have fared the worst over the last three months, with the number of flats sold down some 10% on the previous three months.



AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - COUNTIES



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 eight 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 eleven and appears to be rising.

There is evidence to show that it is the higher priced regions in England and Wales that have been experiencing the largest price increases over the last year. The top quartile of districts by price experienced annual house price increases of 9.6%, whilst the districts in the lowest quartile by price saw annual price increases of 0.2%. This trend is repeated when comparing the latest three months, August to October 2010, with the previous three months, May to July 2010. Over this period, the top quartile of districts by price experienced a 3.6% increase in prices, whilst prices fell (-0.8%) in the lowest quartile of districts by price. In terms of housing transactions, comparing the three months August - October 2010 with the same three months in 2009, there has been a 0.6% fall in the number of properties sold across England and Wales. This month, East Anglia (-6%) has been joined by the South West (-4%), East Midlands (-1%) and Yorkshire & Humberside (-1%) in showing a decrease in transactions on an annual basis, with the growth in sales being highest in Greater London (+9%) and in the North (+6%).

Further analysis of the statistics for the North reveals that it is Northumberland and County Durham which have been the main drivers of growth, in terms of housing sales, with annual increases in transactions of 25.9% and 11.6% respectively. Northumberland has also gone against trend by showing an increase in prices of 7.3% over the year, with the average terraced house price rising from £120,170 to £138,193 (+15%). County Durham also experienced an all-property increase in prices, but one of a more modest 1.1%. However, the price of the average terraced home in County Durham remained £92,650, having shown no change over the year.

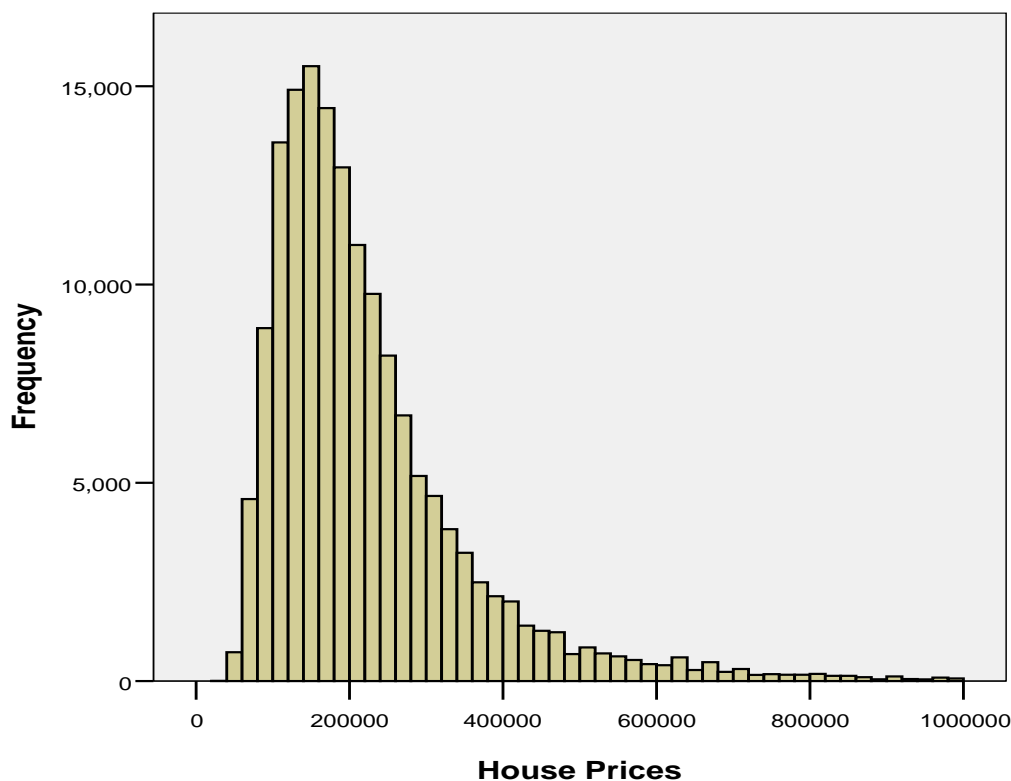
Looking at property types over the last year, flats have provided the biggest increase in transactions (+4%); however, excluding the London market, this figure falls to -0.5%. Furthermore, over the last three months, sales of flats have fallen by some 10%, with those in the East Midlands and Wales being particularly slow. It is feared that this sector of the market will continue to see a reduction in the numbers of properties sold as it becomes harder for the first-time buyer to obtain finance.

The “average” house price



We are often asked why our average house price differs from that quoted by Halifax, Nationwide and the Land Registry. We hope the following discussion will cast some light on this topic.

England & Wales Q2 2010



The above graph shows the distribution of the prices paid for all houses purchased in England and Wales for the period April - June 2010, as recorded by the Land Registry. The interval width for each bar is set at £20,000. The distribution is left-skewed with a long tail off to the right. In fact, the tail extends much further to the right than is depicted, with the highest price paid during the period being £8.9 million; however for clarity purposes the graph has been truncated at the £1 million mark.

The distribution has the following statistical characteristics:

Mean price	£230,950
Median price	£188,300
Mode price	£150,000
Geometric average	£196,300
Minimum price	£ 37,250
Maximum price	£8.9 million
25% quartile	£135,300
75% quartile	£271,000
Count	157,622

The mean price is the arithmetic average. The median price is the half way point; that is, if all houses sold during the period were put in a long line next to each other in ascending order of price, the median value is the price of the house half way along this hypothetical street. The 25% quartile would be the value of a house a quarter of the way along the street and, similarly, the 75% quartile would be the value three quarters of the way along the street. The mode is the most frequently paid price, which occurs at the peak of the distribution curve. The geometric average is often used when studying growth patterns in data series. It is calculated by taking the natural log of each price in the data set, calculating the arithmetic mean of these log values and then converting the result back to the original scale.

All of the above statistics are unadjusted and have not, therefore, been subject to any seasonal or mix adjustment.

The “average” house prices quoted by the leading Index providers for the period April - June 2010 are as follows:

	Average price
Halifax	£167,283
Nationwide	£169,025
Land Registry	£165,757
CLG (Table 592)	£213,109
LSL/Acadametrics	£221,475

The Halifax, Land Registry and LSL/Acadametrics house prices are seasonally adjusted, whereas those for CLG and Nationwide are not. We estimate that our reported house price would be £600 lower if we did not apply any seasonal factors to the data. Note that both CLG and Nationwide publish monthly and annual house price inflation results which, unlike those for their average house prices, are seasonally adjusted.

Halifax and Nationwide both use a “standardised” house as the basis of their calculations. They do not advise on the make-up of the “standard” house, but it will have been defined as having a set number of bedrooms, living rooms, a bathroom etc. The “standardised” house price is then calculated by summing the current value of each separate element of the house to arrive at the current total value. The Halifax “standard” house is based on research carried out in 1983. Nationwide advise that the representative property which it tracks was updated in 1993. The Halifax and Nationwide “standardised” prices may no longer represent the “typical” property that is now purchased in the UK, to the extent that the market has subsequently moved on from the representative property of the eighties or nineties. However, both the lender indices have been using the same methodology for some twenty years which provides an excellent basis to compare prices over a long period of time.

Land Registry bases its house values on the April 2000 “geometric average” price. Each month it calculates the level of house price inflation that has been prevalent, using a repeat sales regression methodology, which compares prices only of houses that have been sold more than once, and calculates the change in price since the previous sale. The index then updates the “geometric average” April 2000 house price by the calculated level of monthly inflation.

Both CLG and LSL/Acadametrics calculate their house prices using an “arithmetic average” approach, which is then mix-adjusted to maintain consistency over time between areas and property types. CLG updates the mix-adjustment it uses each January (Table 592) whereas LSL/Acadametrics has used the same mix-adjustment weights since 2004, in order not to cause retrospective index changes. The weights are based on the approximately 4.9 million transactions that took place between January 2000 and December 2003. It is believed that the reason the CLG “average price” is somewhat below the LSL/Acadametrics average price analysed above, is that its source data are derived from the ‘Regulated Mortgage Survey’, which does not include cash sales. Typically, houses at the top-end of the market are purchased by means other than through the mortgage lenders. The LSL/Acadametrics average price is also currently lower than the mean price of the Q2 2010 dataset due to the mix-adjustment between the regions. The current housing market has a larger preponderance of sales in the Greater London area than is the ‘norm’, which results in a lower “average” price being reported by LSL/Acadametrics.

To come back to the initial question, **why is our “average” price so different from that of Halifax and Nationwide?** The answer is that the LSL/Acadametrics price is closely based upon the average prices reported to the Land Registry being an “arithmetic average” price, mix adjusted to maintain consistency over time. By contrast Halifax and Nationwide provide what may be thought of as a “notional” price being that of a “standard” house, based on the “average features” of a home. The Land Registry “average” is based on the “geometric average” price, prevailing in April 2000, updated thereafter by the measured monthly house price inflation. In April 2000 the “geometric average” price was 20% below the “arithmetic average”, with the differential between the Land Registry price and the LSL/Acadametrics “arithmetic average” price having grown to some 25%, at the present day. The CLG index average price, is based upon prices at mortgage completion, using a procedure comparable with that used for the LSL/Acadametrics index.

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
Nov-09	£149,157	0.9	3.1	£156,334	0.9	2.1	£160,243	0.5	-0.1	£168,291	-0.4	-0.7
Dec-09	£147,218	-1.3	3.1	£157,025	0.4	3.5	£161,991	1.1	2.6	£172,153	2.3	2.8
Jan-10	£149,315	1.4	5.2	£157,456	0.3	3.3	£164,881	1.8	5.7	£176,319	2.4	6.1
Feb-10	£150,406	0.7	6.0	£158,241	0.5	5.1	£165,914	0.6	6.9	£178,939	1.5	8.3
Mar-10	£152,604	1.5	7.7	£158,655	0.3	5.6	£164,366	-0.9	6.2	£176,418	-1.4	8.3
Apr-10	£150,367	-1.5	5.9	£159,280	0.4	7.1	£163,427	-0.6	6.4	£174,691	-1.0	7.7
May-10	£149,296	-0.7	5.6	£158,655	-0.4	6.6	£164,002	0.4	7.1	£173,821	-0.5	7.2
Jun-10	£148,210	-0.7	4.5	£157,307	-0.8	5.8	£164,864	0.5	7.0	£175,396	0.9	5.9
Jul-10	£148,342	0.1	5.2	£156,359	-0.6	4.0	£163,852	-0.6	5.0	£175,062	-0.2	5.3
Aug-10	£147,155	-0.8	3.4	£157,093	0.5	3.5	£163,698	-0.1	4.2	£176,542	0.8	4.7
Sep-10	£147,336	0.1	1.7	£158,304	0.8	3.0	£163,793	0.1	3.2	£176,318	-0.1	4.7
Oct-10	£147,123	-0.1	-0.5	£158,537	0.1	2.3	£164,352	0.3	3.1	£177,674	0.8	5.2

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Nov-09	£154,735	0.3	0.9	£158,268	0.7	2.2	£214,068	0.1	-0.1	£187,699	-1.3	-0.9
Dec-09	£156,524	1.2	3.0	£160,748	1.6	4.8	£220,989	3.2	4.9	£194,649	3.7	4.5
Jan-10	£156,218	-0.2	2.2	£161,812	0.7	6.3	£224,004	1.4	8.1	£200,495	3.0	8.0
Feb-10	£157,392	0.8	3.7	£162,715	0.6	7.8	£227,901	1.7	11.0	£206,599	3.0	12.1
Mar-10	£156,123	-0.8	3.6	£160,836	-1.2	7.7	£225,217	-1.2	10.6	£203,306	-1.6	11.3
Apr-10	£155,365	-0.5	4.9	£160,024	-0.5	8.1	£225,653	0.2	11.0	£202,046	-0.6	10.0
May-10	£155,099	-0.2	5.3	£159,246	-0.5	7.6	£226,808	0.5	10.5	£202,687	0.3	9.7
Jun-10	£155,411	0.2	5.5	£158,853	-0.2	6.9	£226,145	-0.3	9.4	£203,525	0.4	9.3
Jul-10	£155,379	0.0	5.4	£158,986	0.1	5.8	£226,407	0.1	8.9	£205,130	0.8	9.9
Aug-10	£155,683	0.2	4.0	£159,930	0.6	4.8	£226,126	-0.1	8.5	£203,855	-0.6	7.5
Sep-10	£156,018	0.2	3.3	£160,252	0.2	3.4	£226,961	0.4	7.8	£204,531	0.3	7.4
Oct-10	£156,793	0.5	1.6	£159,892	-0.2	1.8	£226,285	-0.3	5.9	£203,266	-0.6	6.9

	South East			Greater London			ALL REGION			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Nov-09	£249,922	0.0	1.4	£351,213	0.7	4.0		£212,329	0.3	1.6
Dec-09	£256,149	2.5	6.4	£358,035	1.9	7.5		£216,507	2.0	5.3
Jan-10	£259,491	1.3	8.6	£366,788	2.4	11.6		£219,877	1.6	7.8
Feb-10	£264,603	2.0	11.3	£375,144	2.3	15.0		£223,464	1.6	10.3
Mar-10	£263,386	-0.5	11.8	£373,560	-0.4	15.5		£222,114	-0.6	10.5
Apr-10	£263,225	-0.1	12.0	£370,520	-0.8	14.6		£221,274	-0.4	10.5
May-10	£265,017	0.7	12.9	£369,564	-0.3	12.7		£221,475	0.1	10.2
Jun-10	£266,282	0.5	12.2	£374,206	1.3	13.1		£222,324	0.4	9.7
Jul-10	£267,672	0.5	12.0	£379,680	1.5	13.3		£223,258	0.4	9.3
Aug-10	£268,068	0.1	10.6	£382,052	0.6	12.9		£223,815	0.2	8.4
Sep-10	£268,103	0.0	9.1	£381,384	-0.2	10.2		£224,039	0.1	7.0
Oct-10	£268,164	0.0	7.3	£383,243	0.5	9.8		£224,356	0.1	6.0
Nov-10								£224,758	0.2	5.9



1. LSL Acad HPI is derived from Land Registry (LR) house price data, seasonally and mix adjusted by property type. © Crown copyright material reproduced with the permission of Land Registry. The prices are smoothed to show underlying trends. LSL Acad HPI includes cash purchase prices and is the only index based upon the **complete, factual**, house price data for England and Wales, as opposed to a sample.
2. most indices employ data available to the provider as result of its business; index methodologies are designed to exploit the advantages and overcome the disadvantages of each particular dataset; a valuation series (whether the values are professionally estimated at e.g. time of mortgage offer or by an estate agent) is not the same as a price series; price series (LSL Acad HPI, CLG and LR) can be prepared only when the prices at which properties have been transacted have been recorded at LR (LSL Acad HPI and LR) or when firm prices at mortgage completion (CLG) have been made available by lenders; valuation series can be prepared whenever the data e.g. asking or mortgage offer prices are available to the provider; publicity accrues to those indices which are released first; indices published at or before month end are likely to employ data for the current and prior months. LR overcomes the delay in availability of full LR transaction data by using only the prices of properties for which two prices are recorded at LR and the published American Case Shiller methodology, developed to prepare indices for metropolitan districts, since the USA lacks a central Land Registry. LSL Acad HPI overcomes the above delay with an "index of indices" forecasting model, purpose developed by Dr Stephen Satchell Economics Fellow Trinity College Cambridge and Dr George Christodoulakis, then at the Sir John Cass Business School; of the price series, LSL Acad HPI, LR and CLG are published in that order.
3. LSL Acad HPI provides prices at national and regional level to 1995 and, at county/London borough level, to 2000; back-cast national prices for graphing are available to 1987.
4. at **national** level, only some 60,000 monthly transactions now occur compared with at least 100,000 in past markets. For any given month, c.33% (20,000) of these will be reported to LR by month end. When monthly sales were c.100,000, we found that using the initial 15,000 transactions then reported to LR, introduced volatility into our first LSL Acad HPI result. Rather than rely upon a small sample, likely to be unrepresentative, LSL Acad HPI therefore employs the above "index of indices", and a series of auto regression and averaging models. After the elapse of one month, LR provides c.85% of the transactions for the prior month, used to replace the initial LSL Acad HPI "forecast" with a first LSL Acad HPI "update" result. A further month later, LR provides c.90% of transactions, used to replace the first, with a second, LSL Acad HPI "update" result. Three months after any given month, LR provides c.95 % of the month's transactions, sufficient to enable us to describe our next update as an LSL Acad HPI "final" index, closely approximating the LSL Acad HPI "ultimate" results; LSL Acad HPI "ultimate" includes the price of virtually every single LR transaction for the month, smoothed, seasonally and mix adjusted; the first LSL Acad HPI "update" now uses c.37,000 real transactions for the month (as well as, by smoothing, c.40,000 transactions for the prior month); only CLG with, this year, 28,000 mortgage completions (and the Rightmove asking price index) have specified comparable data volumes; lender index data volumes are not quantified; the Halifax HPI employs three month smoothing for annual change results but not for other results; Hometrack provides survey data and specifies that theirs is a survey, not an index; current results are showing a divide between indices with more, and indices with less, data volumes.
5. in each of the 10 **regions**, an average of only some 6,000 transactions now occur monthly; hence, we wait one month, pending receipt from LR of the c.85% sample and provide monthly results one month in arrears of the most recent month. In our Regional data table, **red** data represent LSL Acad HPI "forecast" results, **blue** data represent LSL Acad HPI "update" results and black data represent the LSL Acad HPI "final" index.
6. at **county and London borough** levels, c.60,000 national monthly transactions, spread over 10 regions and 108 counties and 33 London boroughs, provide an average of only c.425 house prices monthly within each sub-district. Even delayed one and smoothed over three months, LSL Acad HPI is indicative until we are able to publish the LSL Acad HPI "final" index using the LR 95% sample. LSL Acad HPI data are calculated on a consistent basis from county and London borough through to region and ultimately to national level; at every level, the current month price represents the average of the prices for the current month and for the prior and subsequent months ("three month, centre month smoothed"). LR employs a "four month, end month smoothed", process for county/London borough data, but not for national and regional results.
7. **data limitations** are not confined to volumes. LSL Acad HPI and the LR index are unable to distinguish between 3, 4 or 5 bedroom houses or between those with 2, 1 or even no bathroom; the lender hedonic indices and the CLG mix adjusted index do so. LR data exclude commercial and, thus, auction sales and do not reflect repossession prices on the grounds that such prices do not reflect those between a willing buyer and a willing seller; some feel that auction prices represent true market prices; others believe that the repossession price of a recent new build flat in Manchester is not (at least not yet) reflected in the price of a flat in an upmarket area.
8. LSL Acad HPI is prepared from Land Registry data using a methodology designed to provide a "true measure of house price inflation"; Acadametrics does not guarantee the accuracy of the LSL Acad HPI results and Acadametrics shall not be liable for any loss or damage, whatsoever, consequential upon any error, incorrect description of or inadequacy in the data; persons using the data do so entirely at their own risk; LSL Acad HPI is freely provided for publication with due attribution to Acadametrics. Permission is required for any commercial use of the data.
9. The monthly, smoothed, average Land Registry prices at regional, county and London borough level by property type, which underlie LSL Acad HPI, together with historic data are available from Acadametrics as in page 4 NOTE 7 above.
10. LSL Acad HPI was published under the name FTHPI from September 2003 until December 2009.