



Under embargo until 00:01 Saturday 12th November 2016

October 2016

Mixed signals as price inflation rises despite transactions numbers slowing

- Prices rise by 0.4% in October – the highest monthly rate since Q1 2016
- All regions still show year-on-year growth, but continue to slow
- The East tops the leader board for regional price growth; London falls to eighth
- House sales strongest in lower-priced areas

House Price	Index	Monthly Change %	Annual Change %	Annual % (excluding London & the SE)
£294,351	286.7	0.4	3.0	3.6

The market remains unpredictable. After negligible growth in September seemed to confirm an entrenched slowdown, October house prices recorded their strongest month on month rise since the first quarter 2016.

Growth of 0.4% saw the average house price in England and Wales put on £1,045 in value to reach £294,351. That’s the strongest growth since the 3% stamp duty surcharge on investment properties and second homes was introduced in April. Annual growth in house prices stands at 3.0%.

On an annual basis, house prices are still showing some growth at 3.0%, similar to the 3.7% recorded in September. Transaction volumes continue to be subdued, with no rebound after the summer slowdown.

Despite this, recent RICS evidence of increased buyer demand in September prompts some optimism. Recent research by the Council of Mortgage lenders also shows the continuing gap between the numbers aspiring to home ownership (72%) and current levels (62%).

While annual increases in house prices have fallen in the majority of regions, all remain in positive territory. Some regions also continue to show markedly faster growth than others.

Adrian Gill, director of Your Move and Reeds Rains estate agents, says, “There’s been a general cooling in transaction numbers and buyer appetite in the housing market, which means we’re still seeing huge differences in the price growth across different regions.

“What hasn’t changed is an underlying picture of strong demand and inadequate supply. More and more young adults are living with their parents, but there’s no sign they are less ambitious to get their own place. As the government looks again at housing, it will be a tall order to come up with something that meets the needs of people right across the country.”

Richard Sexton, director of e.surv chartered surveyors, says, “In some ways, despite a slowdown, the housing market, like the economy, has remained surprisingly resilient since the vote for Brexit. The variety of fortunes in different areas, however, shows the challenge the government faces as it prepares its Housing Policy White Paper, expected this month.

“Despite lower transactions, homeownership remains a key aspiration for most in the UK, and there’s no sign of a generalised, significant fall in prices that makes that easier to achieve.”

The slowdown is most acute in London, and particularly in prime property. Overall, the latest figures for Greater London show average prices in September fell for the sixth month, dropping slightly by 0.2%. The average price in the capital is now therefore £579,378. Over the year, average house prices in Greater London are still up slightly by 0.9%, or £5,442 higher than last September.

This is the lowest annual rise seen in London since February 2012, but much of the slowdown can be put at the door of the top end of the market hit by increases in stamp duty rates. The five highest-priced boroughs in London have now seen average annual price falls of 8.6%, with prices down an average of £108,050. In the remaining 28 boroughs, the average increase in prices is in line with last month’s national average, up 3.7%, or £18,100, since last September.

The cheapest boroughs continue to show the strongest annual growth. Four out of the five cheapest boroughs in terms of average house prices have seen double-digit annual growth, led by the two very cheapest, Barking & Dagenham (up 16.8%) and Bexley (15.8%). The five most expensive boroughs have all seen annual falls in prices, with the City of London (down 13.3%) seeing the biggest annual decline.

House price index: historical data



Outside London, the country continues to see stronger growth overall, but can be divided in three: The East of England (up 7% annually), the South East (6.5%) and South West (5%), continue to show strong growth; in the West (up 4%) and East (3.8%) Midlands, growth is still robust; and in Wales (0.8%), the North West (1.7%), North East (1%) and Yorks & Humber (0.7%) it's more modest.

From leading annual house price growth in April, Greater London now trails every region other than Wales and Yorks & Humber.

The East continues to see some of the strongest performing unitary authorities, with Luton and Thurrock (both up 16.5%) topping the table. On a monthly basis, however, Bournemouth in the South West (up 6.6% on the previous month and up 10.3% annually) saw the most impressive growth, followed by Rutland in the East Midlands (up 5.8% and 14.7% annually).

Transactions in Q3 have fallen across all regions, but falls are led by London, down almost a third (32%) on the same period last year, followed by the South East at (down 17%) and the East of England and the South West (at -14%). Wales, while seeing the weakest growth in prices, saw the smallest fall in transactions, down 5%.

NB: The LSL/Acadata house price index incorporates all transactions, including those made with cash.

For a more detailed market analysis by Acadata, see page 3.

Table 1. Average House Prices in England & Wales for the period October 2015 – October 2016

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
October	2015	£285,871	280.5	1.1	5.9
November	2015	£286,490	280.3	0.2	6.1
December	2015	£288,655	281.2	0.8	6.9
January	2016	£291,106	283.6	0.8	7.3
February	2016	£297,311	289.6	2.1	9.1
March	2016	£297,871	290.2	0.2	9.1
April	2016	£297,546	289.9	-0.1	8.6
May	2016	£294,395	286.8	-1.1	7.0
June	2016	£294,228	286.6	-0.1	6.3
July	2016	£293,425	285.8	-0.3	5.6
August	2016	£292,904	285.3	-0.2	4.3
September	2016	£293,306	285.7	0.1	3.7
October	2016	£294,351	286.7	0.4	3.0

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Peter Williams, Chairman of Acadata and John Tindale, Acadata housing analyst comment:

House prices

The England & Wales housing market continues to moderate in terms of annual house price inflation and the number of properties being sold, despite the monthly rate of price growth showing a small increase. House prices in October rose by £1,045, or a modest 0.4%, to an average of £294,351. Although this is a small increase, it is in fact the largest rise in prices in a single month since February/March 2016, immediately prior to the introduction of the 3% stamp duty surcharge on investment properties and second homes, and the subsequent Brexit vote.

On an annual basis, the rate of growth in house prices is 3.0%, down from the 3.7% seen in September. It is the seventh month in succession in which the annual rate has fallen and is also the lowest rate to be recorded since July 2013, when prices rose by 2.9%. As we show in Table 2, property transactions for Q3 2016 are 14% down on the same period in 2015.

The slow-down in annual house price growth is not only limited to prime central London, but can be seen across England and Wales. The graph below, centred on September 2016, shows that the annual rate of change in house prices has fallen in eight of the ten GOR (Government Office Regions) in England and in Wales, compared to the previous month.

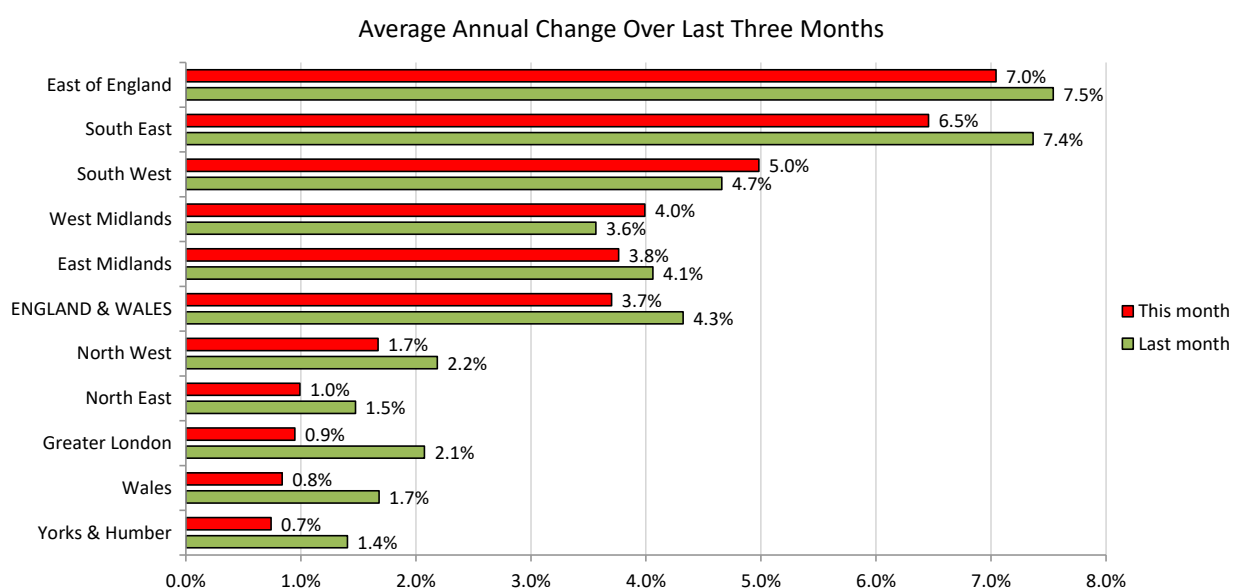


Figure 1. The annual change in the average house price for the three months centered on September 2016, analysed by region [link to source Excel](#)

The analysis of transactions by region and country set out in Table 2 below shows a similar trend – that although Greater London has seen the largest decline in sales volumes over the three-month period (-32%), the slowdown in transactions is not limited to the capital, and is now widespread. Transactions in the South East are down by -17%, with the South West and the East of England down by -14%, and the North East by -13%.

Table 2. The number of transactions recorded by Land Registry for Q3 2016, compared to Q3 2015. [link to source Excel](#)

TRANSACTIONS BY REGION			
REGION	Q3 2015	Q3 2016	% change
NORTH EAST	9,041	7,871	-13%
NORTH WEST	26,899	24,929	-7%
YORKS & HUMBER	20,785	19,203	-8%
EAST MIDLANDS	20,236	18,937	-6%
WEST MIDLANDS	20,703	19,454	-6%
EAST OF ENGLAND	28,898	24,863	-14%
GREATER LONDON	29,670	20,241	-32%
SOUTH EAST	43,271	35,904	-17%
SOUTH WEST	27,737	23,875	-14%
WALES	10,968	10,399	-5%
ENGLAND & WALES	238,208	205,676	-14%



The Housing Market

The slight upturn in the monthly price average and recent RICS evidence of increased buyer demand in September does give the basis for some modest optimism over previous months, albeit the underlying data on prices and transactions remains negative. The Bank of England's Monetary Policy Committee meeting on 2nd November concluded;

Consumer confidence had stabilised at a little above its long-run level and housing market activity and prices had proved somewhat more resilient than expected. The latest household survey conducted by NMG on behalf of the Bank had shown little evidence of increased uncertainty about income and employment prospects following the EU referendum.

The picture was one where in the short term the economy was doing better than expected, but that there was considerable uncertainty in the longer term and most obviously related to Brexit with continued weakening of the pound, higher inflation and potentially rising interest rates – all of which would reduce the capacity for house price rises. This sentiment is also reflected in the recent round of house price forecasts for the next few years which highlight continued slowing into 2017, and the triggering of exit from the EU followed by a moderate recovery to 2021. Transactions are seen to follow a similar course.

All this is despite the underlying picture of strong demand and inadequate supply. The latest CML research into consumer expectations confirms that home ownership remains the dominant aspiration for most households, and the current position is in line with the long-term trend data. CML highlights the gap between that aspiration (72%) and the current level of home ownership (62%), and the fact that most of those renting privately or living with family or friends view that as a temporary state. Over half of private renters (56%) want to become home-owners within the next 2 years, and 10 years ahead this rises to 71%.

A recent ONS release showed that in 2016, around 25% of young adults aged 20 to 34 were living with their parents, having increased from 21% in 1996, and it is younger households which have borne the brunt of the evident housing squeeze, driven by ever-higher house prices and a requirement for much bigger deposits. While new housing output has risen - in net stock terms (ie, new homes/conversions minus demolitions) to 171,000 - this is still a long way short of the 250,000 needed on an annual basis. Moreover, this new output is still weighted towards larger more expensive homes when the greatest pressure is for smaller more affordable properties (and these new builds are notably smaller at an average of 76 square metres compared to elsewhere in Europe).

The overall housing situation in England is worse than elsewhere in the UK, and the government will be issuing a Housing Policy White Paper probably before the Chancellor's Autumn Statement on 23rd November. This will set out the overall housing situation as seen by government, and their strategies for dealing with it. It is likely that policy will become more flexible to take account of the varied regional markets and thus become more responsive. The Autumn statement will also have housing measures in it reflecting not only the priority housing has as an issue, but also the strength of its multiplier effects in the economy.

In the short-to-medium term, the outlook for the housing market remains modest. In the longer term the strength of the underlying demand/supply imbalance comes through more strongly - and if wages rise in relation to prices and without a sharp rise in interest rates, then we will see price trends return to what might be deemed 'normality'.



Housing Transactions

We estimate that the number of transactions in October 2016 in England & Wales will total 67,250, 8% down on September 2016, and 26% lower than the same month last year. The reduction in sales compared to the previous year continues the trend shown in Table 2 on page 3, where transactions are analysed by region. One can see that the level of sales has fallen across England and Wales, although the decline is more pronounced in the South, especially in Greater London where volumes are down -32%, almost double that of any other region. This is followed by the South East at -17% and the East of England and the South West both at -14%.

Figure 2 below plots the number of transactions that have occurred by month over the last four years. The graph illustrates the exceptional level of sales that took place in March 2016 due to buyers bringing forward their purchases to avoid paying the additional 3% surcharge in SDLT on second homes and buy-to-let properties. The surge in sales of such properties in March was followed by a compensating lack of sales in April, with total sales volumes rising slowly over the following four months. However, it is clear that sales volumes have not recovered to 2015 levels, and that despite the buoyant sales in March, in the first ten months of 2016 transactions are down by 2.4% compared to the first ten months of 2015.

Traditionally, property sales in October increase over September levels – this has happened in 15 of the last 21 years – but is not the case in 2016. It will be interesting to observe whether this is a one-off event with the market picking up again in November, or whether there is a more fundamental change taking place consequent upon the shifts in the market from home ownership to renting - and of course there are then the continuing Brexit effects.

We should perhaps remind readers that our transaction counts include cash sales, so even if the number of mortgage approvals pick up, overall sales volumes can still be lower than in the previous month.

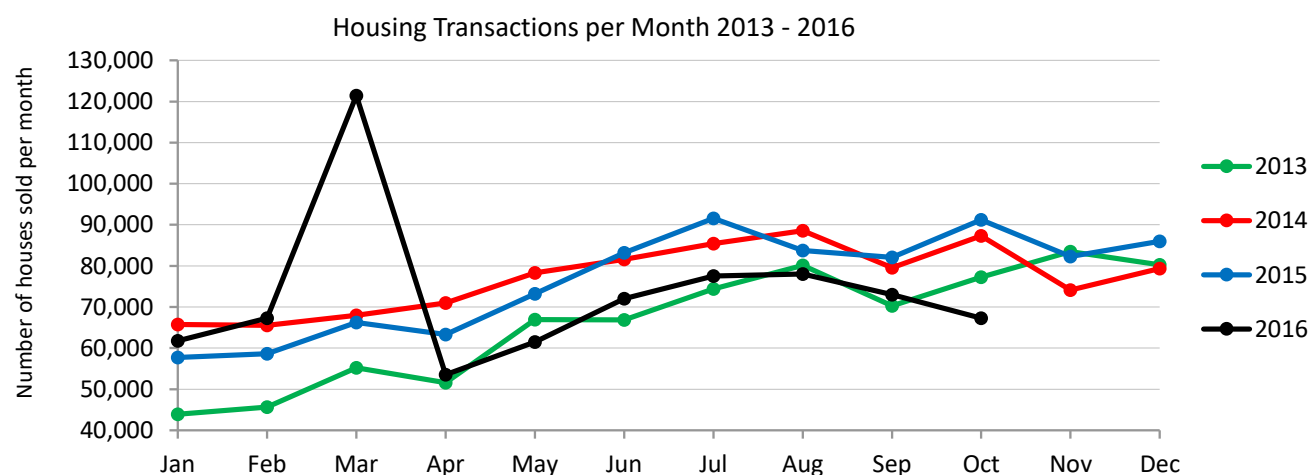


Figure 2. Number of properties sold per month in England & Wales, January 2013 – October 2016. Source Land Registry & Acadata estimates. [link to source Excel](#)

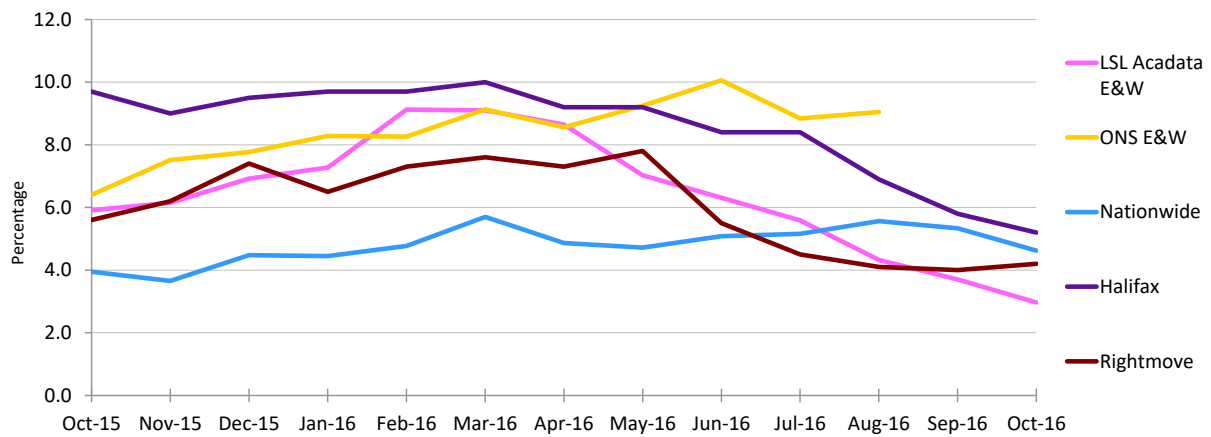


Figure 3. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART [link to source Excel](#)

As Figure 3 shows, all house price indices - including both the mix-adjusted and 'conceptual' price indices - are recording positive movements over the year in terms of the **annual** change in house prices. Over the first eight months shown in Figure 3, the Halifax Index consistently reported the highest rates of annual house price inflation. However, from June 2016, the new ONS Index has been reporting levels above the Halifax, to the extent that for August (the latest figures available from the ONS) it recorded house price inflation at 9.0% for England & Wales, which is 2.1% above Halifax and more than double the rates being reported by both Rightmove and LSL Acadata for that month. We believe the high rates from the ONS are due to its use of a geometric as opposed to an arithmetic mean and the reduced impact the decline in central London prices has on that metric, as the geometric mean reduces the weighting given to high value properties when compared to the arithmetic mean.

Of the four indices that have to date reported on October prices, three are in a relatively tight band, ranging from 5.2% (Halifax) to 4.2% (Rightmove), with Nationwide between the two at 4.6%. The LSL Acadata Index is lower at 3.0%, but of the published indices it is likely to be more influenced by the downturn in central London prices than the other three, as these are often purchased for cash, so would not be picked up by the Nationwide and Halifax statistics.

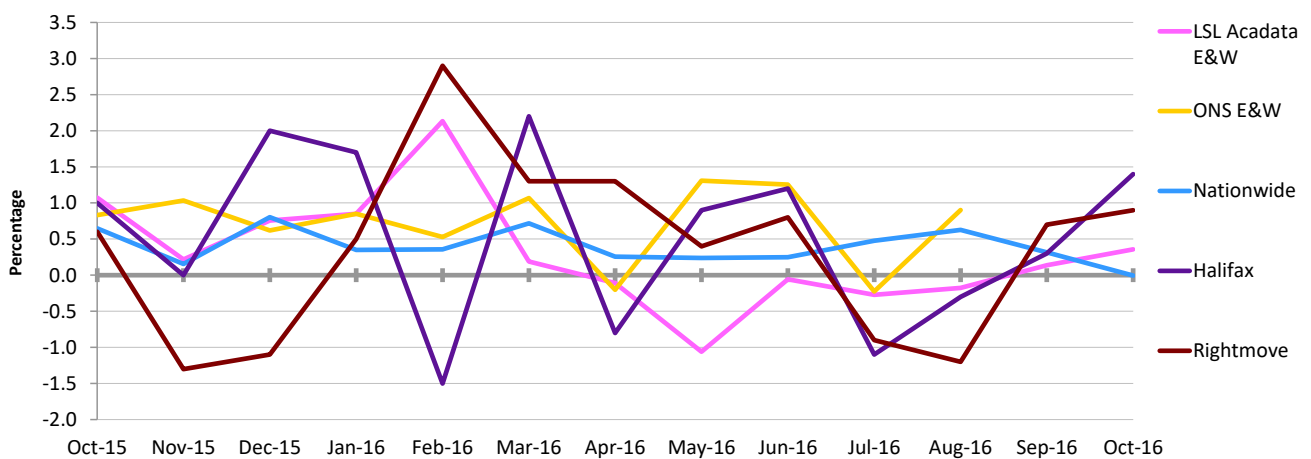


Figure 4. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART [link to source Excel](#)

Figure 4 covers the **monthly** change in house prices. As can be seen, the monthly rates in Figure 4 show more volatility in their respective movements from month to month, compared to the annual rates of Figure 3. Of the four Indices that have reported rates for October, Halifax are the highest at 1.4%, but Halifax monthly rates are particularly volatile and in its accompanying text Halifax suggests that its quarter on quarter change (0.1%) is a more reliable indicator of the underlying trend. This would then place Halifax and Nationwide together at 0.0% – 0.1%, with LSL Acadata at 0.4% and Rightmove at 0.9%, but Rightmove reports on seller's aspirations as opposed to achieved prices.

Acadata has published a briefing note on the new "ONS UK House Price Index" which includes details of the differences between using a geometric mean (ONS) and an arithmetic mean (LSL Acadata and Rightmove). This briefing paper can be viewed or downloaded free of charge by clicking [here](#).

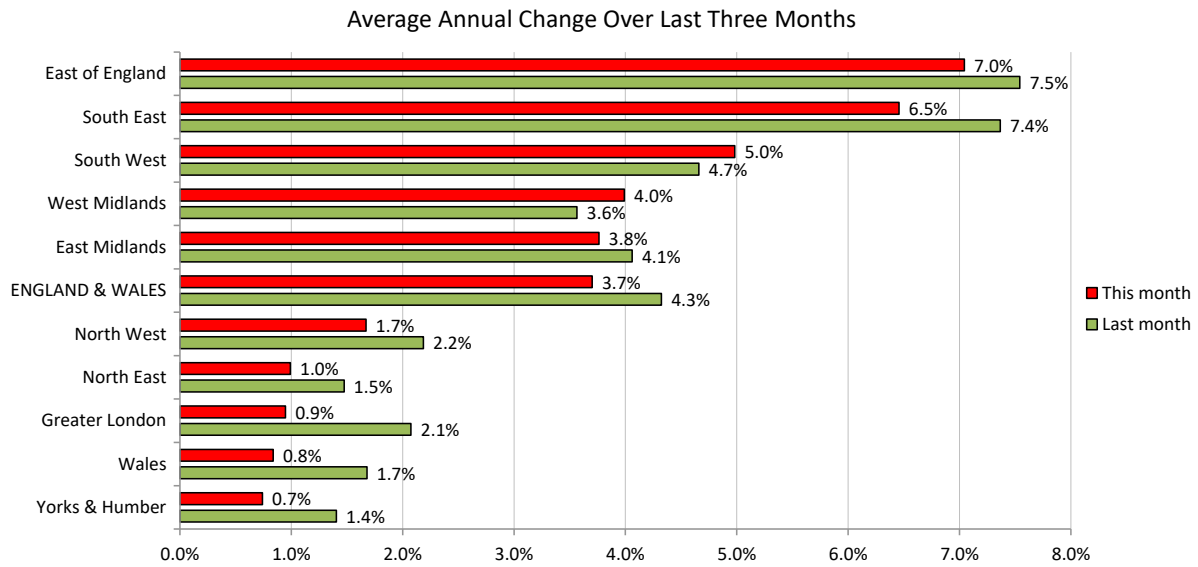
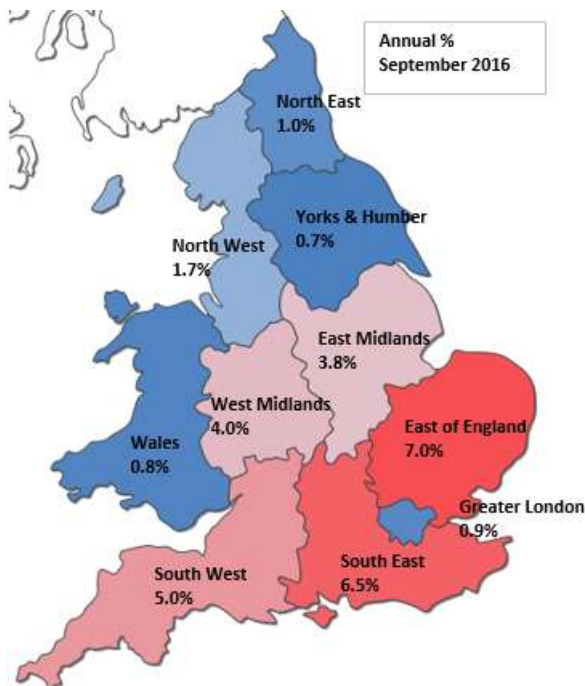


Figure 5. The annual change in the average house price for the three months centered on September 2016, analysed by GOR [link to source Excel](#)

In September, eight of the ten GOR areas in England and Wales experienced a decline in their annual rates of house price inflation, compared to the previous month. The largest fall was in Greater London, where rates shrank by -1.2%, followed by the South East and Wales, both down by -0.9%, with Yorkshire and Humberside easing by -0.7%. Two regions showed a positive movement in their rate of house price growth, being the West Midlands, up by 0.4%, and the South West, up by 0.3%. Overall, the annual rate of change in prices, at 3.7%, was -0.6% lower than one month earlier.

In September, the East of England continued to top the “leader board” for the fifth month in succession as the region having the highest annual increase in average house prices, at 7.0%. The South East and the South West remained in second and third position respectively. Greater London fell another place in the league table in the month, and now stands in eighth position, having been top of the league in April, only five months earlier.



With the very notable exception of Greater London, there are three main bands in this month’s heatmap showing the annual rate of house price inflation across the country. The three southern regions, excluding London, all have house price inflation of 5% or higher, with the two Midland regions forming the next band at around 4.0%. The third banding is that of the northern regions, including Wales, where house prices are increasing by less than 2% per annum. Greater London, at 0.9%, looks very much out of place, being surrounded by the two regions with the highest annual rates of house price inflation. Although this wave-like configuration has been observed in the past, London has typically been driver rather than laggard, and Wales has often been aligned with the Midlands – we will continue to track the geography of house prices.

Figure 6. Heat Map of the annual change in the average house price, analysed by region, September 2016

London boroughs, counties and unitary authorities



Table 3. The change in house prices, for the 33 London boroughs, comparing September 2015 and August 2016 with September 2016. [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LONDON BOROUGH	Sep-15	Aug-16	Sep-16	Month % Change	Annual % Change
1	1	KENSINGTON AND CHELSEA	1,679,547	1,642,960	1,665,816	1.4%	-0.8%
2	2	CITY OF WESTMINSTER	1,425,481	1,278,739	1,267,499	-0.9%	-11.1%
3	3	CAMDEN	1,038,713	918,019	921,933	0.4%	-11.2%
5	4	HAMMERSMITH AND FULHAM	916,464	825,751	831,823	0.7%	-9.2%
4	5	CITY OF LONDON	945,734	881,280	819,670	-7.0%	-13.3%
6	6	RICHMOND UPON THAMES	771,102	791,785	780,528	-1.4%	1.2%
7	7	WANDSWORTH	738,313	733,422	723,657	-1.3%	-2.0%
8	8	ISLINGTON	715,232	723,132	719,939	-0.4%	0.7%
10	9	MERTON	592,285	602,308	593,829	-1.4%	0.3%
12	10	HARINGEY	577,380	569,955	592,319	3.9%	2.6%
11	11	BARNET	579,361	587,028	590,853	0.7%	2.0%
14	12	LAMBETH	562,947	587,837	576,973	-1.8%	2.5%
9	13	SOUTHWARK	601,956	579,843	570,858	-1.5%	-5.2%
13	14	HACKNEY	570,876	571,442	566,099	-0.9%	-0.8%
15	15	EALING	562,794	548,447	564,203	2.9%	0.3%
17	16	KINGSTON UPON THAMES	518,740	535,734	532,819	-0.5%	2.7%
16	17	BRENT	531,438	538,998	517,507	-4.0%	-2.6%
18	18	TOWER HAMLETS	498,261	496,931	511,748	3.0%	2.7%
20	19	HARROW	482,021	508,497	505,714	-0.5%	4.9%
21	20	BROMLEY	461,179	490,410	492,645	0.5%	6.8%
24	21	LEWISHAM	409,301	461,107	464,661	0.8%	13.5%
19	22	HOUNSLOW	496,605	476,349	457,455	-4.0%	-7.9%
25	23	ENFIELD	403,764	448,826	448,550	-0.1%	11.1%
27	24	REDBRIDGE	396,417	445,969	444,828	-0.3%	12.2%
26	25	WALTHAM FOREST	396,552	440,812	443,164	0.5%	11.8%
23	26	HILLINGDON	411,021	444,446	438,232	-1.4%	6.6%
22	27	GREENWICH	418,246	416,532	414,767	-0.4%	-0.8%
28	28	SUTTON	369,319	404,807	402,484	-0.6%	9.0%
29	29	CROYDON	347,885	391,521	390,911	-0.2%	12.4%
31	30	HAVERING	327,015	373,275	376,584	0.9%	15.2%
30	31	NEWHAM	332,596	353,102	357,606	1.3%	7.5%
32	32	BEXLEY	301,728	348,320	349,516	0.3%	15.8%
33	33	BARKING AND DAGENHAM	251,532	291,799	293,868	0.7%	16.8%
		ALL LONDON	573,936	580,396	579,378	-0.2%	0.9%

The analysis of Greater London house prices in Table 3 relates to September 2016 and compares these prices to one month and one year earlier. In September 2016, the average price paid for a property in London decreased by £1,018, or -0.2%, in the month - this is the sixth month in succession in which average prices in London have fallen. The average price paid for a property in September was £579,378, which is £35,800, or 5.8%, lower than the price established six months earlier, immediately prior to the introduction of the 3% surcharge on investment properties and second homes. Prices in September fell in 19 of the 33 boroughs, which is 2 more than seen in August. On a monthly basis, average prices in the bottom eleven boroughs by value remained the same as the previous month - they were -0.4% lower in the top eleven boroughs by value, and -0.7% down in the middle eleven boroughs by value.

Over the year from September 2015 to September 2016, the average house price in Greater London has increased by £5,442, or 0.9%, which is the lowest annual rise seen in London since February 2012. However, the five highest-priced boroughs in London saw prices fall over this same period by an average £108,050, or -8.6%, while the remaining 28 boroughs saw an average increase in prices of +£18,100, or 3.7%. There are three boroughs in London where annual prices have increased by more than 15.0%; these are among the lowest four boroughs by value. At the other end of the spectrum, the four boroughs where prices over the year have fallen by more than -9.0% are in the top five boroughs by value.

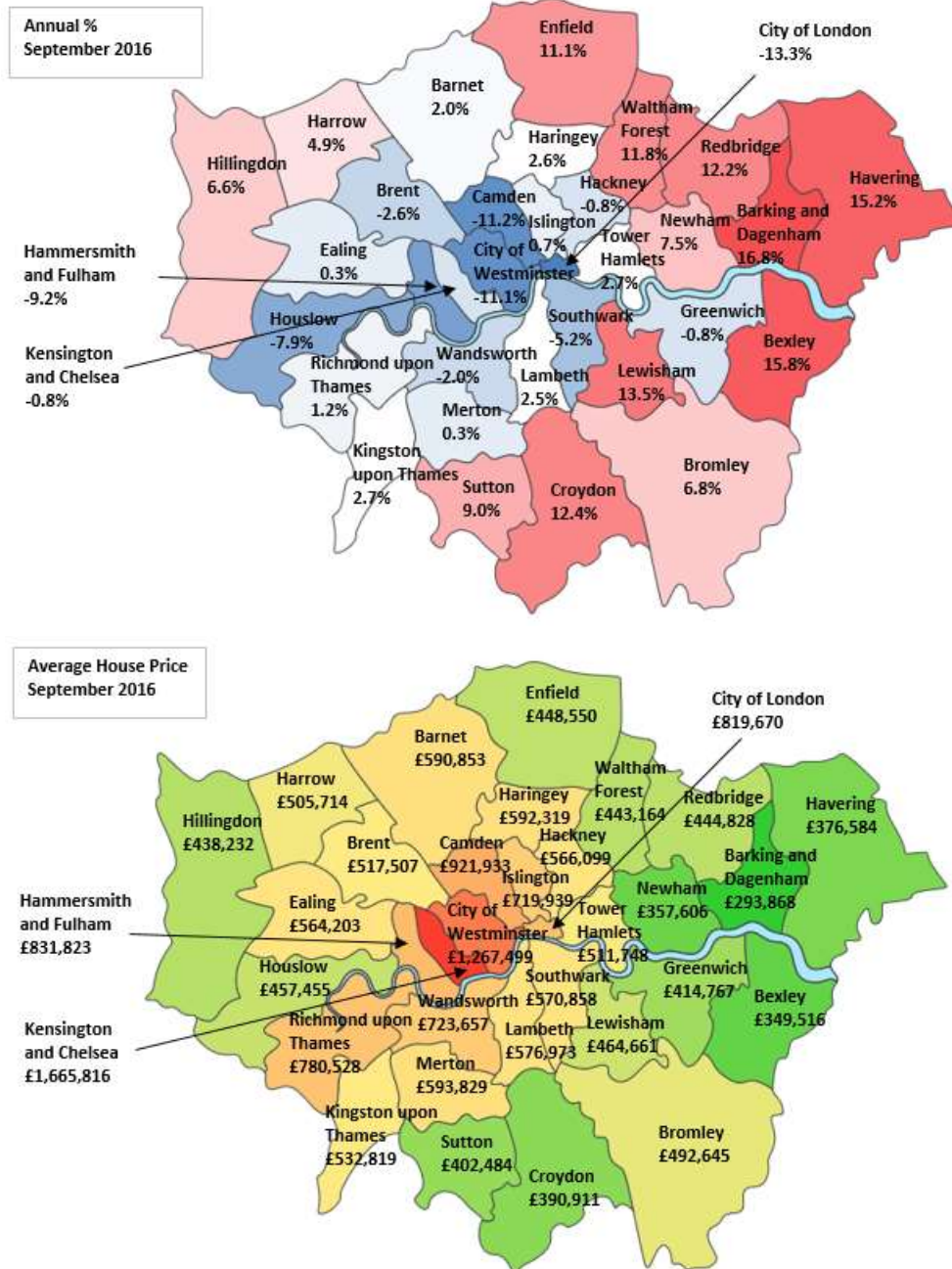
In terms of transactions, London has seen a -32% decline in housing transactions in Q3 2016 compared to Q3 2015. All 33 London boroughs have seen the number of sales fall, with the fall per borough ranging from -9% in Sutton to -69% in the City of London. In the three most expensive boroughs of Kensington and Chelsea, the City of Westminster and Camden, sales volumes have declined by -48%, -50% and -48% respectively, while in the three lowest priced boroughs of Newham, Bexley and Barking and Dagenham the decline has been a more modest -29%, -19% and -13%.

London boroughs, counties and unitary authorities



There are only 4 boroughs in September which have set new record prices, highlighted in blue in the above table, compared to 8 in August. This is the lowest number of boroughs with a 'peak price' in a month since February 2012. The distribution of these boroughs is revealing, with three of their number being in the bottom four boroughs by average price. The lack of 'peak prices' in London might suggest that demand for properties across the capital is beginning to wane, at least for the time-being. The London market is complex and is driven by a number of forces, some of which derive from its status as an international capital. There is anecdotal evidence that the demand from overseas buyers has been stimulated by the fall in the pound, but of course this then must be balanced against the decline in activity as a consequence of tax changes. The GLA has recently announced an inquiry into foreign investment in the London market backed by research.

London house price heat maps



The two heat maps show an almost exact inverse relationship between the annual rate of house price inflation and the average house price in each of the London boroughs. House prices around the outer periphery areas of London are rising at the highest rates, particularly to the east of the capital, while prices in the most expensive central London areas are continuing to fall.

London boroughs, counties and unitary authorities



Table 4. The annual percentage change in mix adjusted house prices, for the 108 Counties and Unitary Authorities in England & Wales, comparing September 2015 and August 2016 with September 2016. Regions, Counties and Unitary Authorities highlighted in turquoise are currently at a peak price. [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	COUNTY / UNITARY AUTHORITY / REGION	Sep-15	Aug-16	Sep-16	Monthly change	Annual Change
100	100	COUNTY DURHAM	£124,595	£127,166	£128,148	0.8%	2.9%
88	94	DARLINGTON	£153,519	£144,072	£143,204	-0.6%	-6.7%
99	97	HARTLEPOOL	£126,791	£134,471	£131,742	-2.0%	3.9%
98	99	MIDDLESBROUGH	£127,125	£129,853	£128,286	-1.2%	0.9%
59	63	NORTHUMBERLAND	£184,269	£186,916	£185,515	-0.7%	0.7%
96	96	REDCAR AND CLEVELAND	£129,253	£136,848	£134,478	-1.7%	4.0%
87	90	STOCKTON-ON-TEES	£153,830	£156,315	£153,599	-1.7%	-0.2%
83	84	TYNE AND WEAR	£158,143	£160,443	£159,695	-0.5%	1.0%
		NORTH EAST	£150,519	£152,854	£152,011	-0.6%	1.0%
101	102	BLACKBURN WITH DARWEN	£123,478	£123,123	£124,537	1.1%	0.9%
106	104	BLACKPOOL	£110,743	£111,904	£114,318	2.2%	3.2%
36	43	CHESHIRE	£237,706	£239,028	£235,648	-1.4%	-0.9%
90	88	HALTON	£151,053	£155,531	£154,125	-0.9%	2.0%
56	57	WARRINGTON	£195,862	£201,738	£199,359	-1.2%	1.8%
69	69	CUMBRIA	£175,352	£175,916	£177,016	0.6%	0.9%
72	68	GREATER MANCHESTER	£170,894	£177,774	£177,554	-0.1%	3.9%
78	82	LANCASHIRE	£161,904	£160,772	£159,963	-0.5%	-1.2%
84	83	MERSEYSIDE	£155,708	£160,043	£159,857	-0.1%	2.7%
		NORTH WEST	£173,912	£177,430	£176,818	-0.3%	1.7%
61	66	EAST RIDING OF YORKSHIRE	£182,818	£182,893	£183,794	0.5%	0.5%
105	107	KINGSTON UPON HULL, CITY OF	£111,405	£108,084	£108,921	0.8%	-2.2%
97	98	NORTH EAST LINCOLNSHIRE	£127,497	£131,017	£131,328	0.2%	3.0%
94	91	NORTH LINCOLNSHIRE	£142,578	£150,696	£149,875	-0.5%	5.1%
33	34	YORK	£246,112	£248,476	£252,081	1.5%	2.4%
39	42	NORTH YORKSHIRE	£232,873	£239,289	£237,673	-0.7%	2.1%
86	87	SOUTH YORKSHIRE	£154,092	£154,309	£154,555	0.2%	0.3%
73	74	WEST YORKSHIRE	£169,001	£169,849	£168,845	-0.6%	-0.1%
		YORKS & HUMBER	£174,841	£176,451	£176,137	-0.2%	0.7%
79	79	DERBY	£161,647	£163,894	£162,274	-1.0%	0.4%
85	78	LEICESTER	£154,347	£163,077	£164,135	0.6%	6.3%
93	93	NOTTINGHAM	£142,708	£143,635	£143,446	-0.1%	0.5%
20	15	RUTLAND	£285,492	£309,388	£327,379	5.8%	14.7%
66	61	DERBYSHIRE	£177,908	£184,256	£186,966	1.5%	5.1%
46	51	LEICESTERSHIRE	£218,448	£218,034	£216,746	-0.6%	-0.8%
68	65	LINCOLNSHIRE	£176,477	£184,107	£184,099	0.0%	4.3%
48	44	NORTHAMPTONSHIRE	£215,805	£227,039	£229,233	1.0%	6.2%
62	60	NOTTINGHAMSHIRE	£180,332	£185,028	£187,841	1.5%	4.2%
		EAST MIDLANDS	£188,637	£194,495	£195,736	0.6%	3.8%
40	46	HEREFORDSHIRE	£232,492	£227,715	£229,082	0.6%	-1.5%
45	48	SHROPSHIRE	£220,794	£224,191	£224,918	0.3%	1.9%
104	106	STOKE-ON-TRENT	£111,951	£114,250	£112,333	-1.7%	0.3%
76	75	TELFORD & WREKIN	£162,139	£166,738	£168,065	0.8%	3.7%
57	56	STAFFORDSHIRE	£192,635	£201,165	£200,570	-0.3%	4.1%
31	32	WARWICKSHIRE	£253,743	£260,216	£262,446	0.9%	3.4%
67	62	WEST MIDLANDS	£177,788	£185,028	£185,894	0.5%	4.6%
42	39	WORCESTERSHIRE	£228,234	£240,290	£242,594	1.0%	6.3%
		WEST MIDLANDS	£197,244	£204,230	£205,116	0.4%	4.0%
25	22	BEDFORDSHIRE	£265,140	£293,618	£296,377	0.9%	11.8%
51	38	LUTON	£209,237	£241,091	£243,657	1.1%	16.5%
63	59	PETERBOROUGH	£178,756	£191,575	£190,928	-0.3%	6.8%
24	23	SOUTHEND-ON-SEA	£265,225	£287,484	£295,259	2.7%	11.3%
35	26	THURROCK	£240,517	£273,904	£280,220	2.3%	16.5%
14	24	CAMBRIDGESHIRE	£306,218	£297,545	£294,876	-0.9%	-3.7%
16	16	ESSEX	£302,422	£323,657	£323,893	0.1%	7.1%
5	5	HERTFORDSHIRE	£410,319	£447,289	£450,427	0.7%	9.8%
49	47	NORFOLK	£214,530	£227,065	£226,989	0.0%	5.8%

London boroughs, counties and unitary authorities



37	35	SUFFOLK	£237,303	£249,453	£249,195	-0.1%	5.0%
		EAST OF ENGLAND	£290,522	£310,011	£310,983	0.3%	7.0%
		GREATER LONDON	£573,936	£580,396	£579,378	-0.2%	0.9%
9	8	BRACKNELL FOREST	£352,626	£381,433	£380,560	-0.2%	7.9%
8	7	BRIGHTON AND HOVE	£353,533	£395,724	£392,234	-0.9%	10.9%
44	50	ISLE OF WIGHT	£222,139	£218,501	£218,526	0.0%	-1.6%
47	36	MEDWAY	£218,037	£243,923	£244,560	0.3%	12.2%
23	28	MILTON KEYNES	£266,779	£278,080	£274,960	-1.1%	3.1%
55	52	PORTSMOUTH	£198,791	£214,333	£212,638	-0.8%	7.0%
15	13	READING	£302,449	£336,861	£331,684	-1.5%	9.7%
19	17	SLOUGH	£286,946	£323,062	£319,759	-1.0%	11.4%
53	53	SOUTHAMPTON	£203,801	£213,276	£211,944	-0.6%	4.0%
7	9	WEST BERKSHIRE	£357,251	£381,079	£377,686	-0.9%	5.7%
1	1	WINDSOR AND MAIDENHEAD	£560,775	£569,874	£573,465	0.6%	2.3%
4	4	WOKINGHAM	£416,911	£452,405	£466,004	3.0%	11.8%
3	3	BUCKINGHAMSHIRE	£427,082	£466,506	£467,713	0.3%	9.5%
21	20	EAST SUSSEX	£278,084	£296,869	£299,771	1.0%	7.8%
13	12	HAMPSHIRE	£317,016	£334,769	£334,525	-0.1%	5.5%
18	18	KENT	£291,442	£310,308	£311,548	0.4%	6.9%
6	6	OXFORDSHIRE	£374,606	£396,389	£398,484	0.5%	6.4%
2	2	SURREY	£483,554	£499,914	£502,530	0.5%	3.9%
11	11	WEST SUSSEX	£326,416	£349,196	£350,494	0.4%	7.4%
		SOUTH EAST	£340,742	£361,803	£362,741	0.3%	6.5%
10	10	BATH AND NORTH EAST SOMERSET	£349,294	£368,716	£354,764	-3.8%	1.6%
32	27	BOURNEMOUTH	£252,938	£261,696	£278,895	6.6%	10.3%
27	21	BRISTOL , CITY OF	£259,785	£291,978	£296,444	1.5%	14.1%
34	37	CORNWALL	£240,617	£239,635	£243,869	1.8%	1.4%
30	29	NORTH SOMERSET	£253,959	£273,855	£272,222	-0.6%	7.2%
65	67	PLYMOUTH	£178,222	£182,339	£182,591	0.1%	2.5%
12	14	POOLE	£318,275	£327,730	£328,777	0.3%	3.3%
28	31	SOUTH GLOUCESTERSHIRE	£256,229	£272,210	£269,519	-1.0%	5.2%
50	49	SWINDON	£209,482	£223,000	£220,854	-1.0%	5.4%
52	55	TORBAY	£204,181	£207,241	£205,826	-0.7%	0.8%
22	25	WILTSHIRE	£274,707	£292,657	£292,700	0.0%	6.5%
29	33	DEVON	£255,861	£259,548	£261,473	0.7%	2.2%
17	19	DORSET	£292,483	£298,934	£301,166	0.7%	3.0%
26	30	GLOUCESTERSHIRE	£260,131	£268,425	£271,604	1.2%	4.4%
43	41	SOMERSET	£222,896	£238,251	£239,600	0.6%	7.5%
		SOUTH WEST	£254,792	£265,831	£267,486	0.6%	5.0%
64	70	ISLE OF ANGLESEY	£178,435	£172,190	£172,987	0.5%	-3.1%
81	77	GWYNEDD	£161,320	£160,050	£164,889	3.0%	2.2%
74	71	CONWY	£165,799	£170,111	£171,229	0.7%	3.3%
75	89	DENBIGHSHIRE	£163,498	£153,891	£153,747	-0.1%	-6.0%
71	76	FLINTSHIRE	£173,109	£166,713	£165,380	-0.8%	-4.5%
82	80	WREXHAM	£159,692	£159,001	£160,972	1.2%	0.8%
58	58	POWYS	£187,292	£192,127	£196,803	2.4%	5.1%
60	64	CEREDIGION	£184,110	£188,337	£185,469	-1.5%	0.7%
70	72	PEMBROKESHIRE	£175,055	£172,078	£170,126	-1.1%	-2.8%
89	81	CARMARTHENSHIRE	£153,110	£155,950	£160,537	2.9%	4.9%
80	86	SWANSEA	£161,382	£154,598	£155,060	0.3%	-3.9%
103	101	NEATH PORT TALBOT	£117,843	£123,202	£124,901	1.4%	6.0%
91	85	BRIDGEND	£148,503	£154,916	£155,356	0.3%	4.6%
41	45	VALE OF GLAMORGAN	£230,235	£235,765	£229,119	-2.8%	-0.5%
54	54	CARDIFF	£203,606	£207,326	£206,260	-0.5%	1.3%
102	103	RHONDDA CYNON TAFF	£122,698	£122,239	£121,536	-0.6%	-0.9%
107	105	MERTHYR TYDFIL	£108,688	£113,976	£113,982	0.0%	4.9%
95	95	CAERPHILLY	£135,644	£138,639	£139,632	0.7%	2.9%
108	108	BLAENAU GWENT	£95,472	£92,487	£96,044	3.8%	0.6%



92	92	TORFAEN	£148,419	£148,727	£147,723	-0.7%	-0.5%
38	40	MONMOUTHSHIRE	£236,525	£243,566	£240,546	-1.2%	1.7%
77	73	NEWPORT	£161,934	£169,670	£169,554	-0.1%	4.7%
		WALES	£166,641	£167,899	£168,037	0.1%	0.8%
		ENGLAND & WALES	£282,836	£292,904	£293,306	0.1%	3.7%

Table 4 shows the average property price for each of the 108 unitary authorities and counties in England & Wales, together with a regional summary based on the GOR, for September 2015, August 2016 and September 2016. It also records the percentage change in these prices over the last month and year, highlighting the great diversity that exists across the housing markets in England & Wales. In September 2016, the monthly rate of house price inflation in England & Wales was 0.1% and the headline annual increase in prices for England & Wales was 3.7%.

Annual Trends

On an annual basis, prices in September 2016 have increased in England & Wales by 3.7%, down from the 4.3% in August, one month earlier. Some 90 of the 108 unitary authority areas have recorded price rises over the year, three more than last month, which represents some 83% of the unitary authorities in England and Wales. Of the 18 areas where prices have fallen, 8 are in Wales, 2 each are in the North East, the North West and Yorks & Humber, and 1 each are in the East Midlands, the West Midlands, the East of England and the South East. All the constituent areas of the South West region are recording positive movements in their prices over the year.

Peak Prices

In Table 4, we have highlighted in turquoise those areas which have set a new peak price in the month; there are 17 such locations, down by 1 from last month. Of the 17 unitary authority areas that recorded a new peak, 5 each are based in the East of England and the South East, 3 each are based in the East Midlands and the South West, and 1 is based in the West Midlands, being Birmingham itself. There are 4 regions this month which have established new peak average prices, being the East Midlands, the West Midlands, the East of England and the South East.

Monthly Trends

On a monthly basis, the headline rate for prices in England & Wales in September 2016 shows an increase of 0.1%, compared with a fall of -0.2%, one month earlier. The rise of 0.1% in September ends a run of five successive falls in the monthly rate of price change. There were price rises over the month in 58 of the 108 unitary authority areas, one more than the previous month.

Highest and lowest unitary authorities

Looking at the unitary authority areas on an individual basis in September, Thurrock is in equal first position with Luton, both having the highest annual rate of change in prices at 16.5%. Thurrock also took the first spot last month, while Luton has moved up from its second position. In third place we have Rutland, with an annual price rise of 14.7%. Rutland is a newcomer to the top three places, having been assisted into this position this month by the sale of a terraced apartment in September for £2 million, with the very grand address of "The West Wing, The Mansion House, Cour D'Honneur, Burley". It appears from the estate agent's particulars that the grounds of "The Mansion House" come with their own herd of deer.

By way of contrast, the authority with the largest reduction in prices over the year, for the second month running, is Darlington, where prices have fallen by -6.7%. The average price paid for a property in Darlington in September 2016 was £143,204, which is 10% below the peak price of £159,970 seen in the area in February 2011.

Transactions

As we showed in Table 2 on page 3, looking at the change in property transactions for Q3 2016, compared to the same three months in 2015, there has been a -14% reduction in sales. On a regional basis, the largest fall in sales has been in London at -32%, followed by the South East at -17%, with the East of England and the South West at -14% and the North East at -13%. The five remaining GOR areas all saw transactions fall by less than -10%, with Wales showing the smallest fall at -5%. Flats had the largest reduction in sales at -23%, and semi-detached the least at -7%, with detached at -15% and terraces at -13%.

Of the 108 unitary authority areas, 13 showed an increase in transactions in Q3 2016, compared to Q3 2015, of which 7 are in Wales (Caerphilly +3%, Ceredigion +5%, Conwy +1%, Merthyr Tydfil +23%, Monmouthshire +1%, Swansea +3% and Torfaen +16%) and 6 in England (Blackburn +1%, Blackpool +6%, North East Lincolnshire +1%, Nottinghamshire +2%, Stoke on Trent +3%, and Thurrock +6%). The commonality of these locations is that most - but not all - are among the lowest priced areas of England & Wales, suggesting that affordability is a major issue in the current market.



The area with the largest fall in sales between Q3 2015 and Q3 2016 was Hartlepool, down by an overall -34%, with detached home sales falling from 107 properties in Q3 2015 to just 50 sales in Q3 2016. But that was before Nissan’s statement on continued investment at its Sunderland plant – perhaps Hartlepool will be seeing stronger sales growth in Q4 2016?

Overall

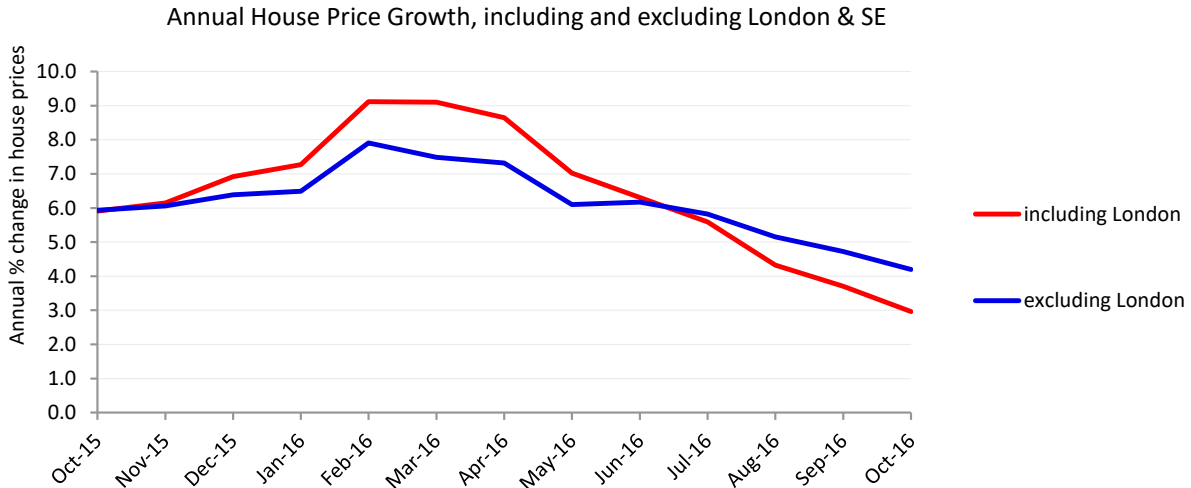


Figure 7. The rate of annual house price growth in England & Wales, for the thirteen months October 2015 – October 2016. [link to source Excel](#)

Figure 7 above shows the annual rate of house price growth for England & Wales as a whole, as well as looking at a similar analysis excluding Greater London. The annual rate of growth a year ago was 5.9%, irrespective of whether London was included or excluded. As the introduction of the 3% SDLT surcharge drew closer, prices (and as we discussed on page 5, transactions too) climbed to a mini peak, but subsequently subsided to lower levels, with London starting to drag down the average rate of price growth for England and Wales as a whole from July 2016 onward. The ‘gap’ between the England & Wales rate when including and excluding London is now 1.2%, which is the largest negative difference we have recorded since we began monitoring this statistic back in 2005. This is indicative of the extent to which the house price geography of England and Wales is being re-written. The question rightly is whether this will be a permanent structural shift: much turns on policy, the impacts of Brexit, the value of the pound and of course the continuation of London as a global centre.

ANNUAL CHANGE IN PRICE BY REGION

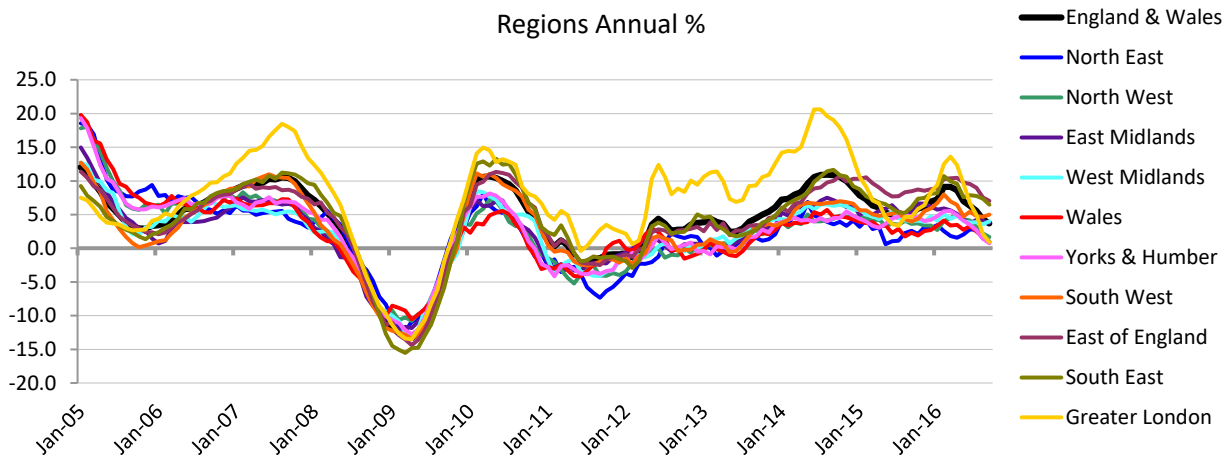


Figure 8. A comparison of the annual change in house prices, by region for the period January 2005 – September 2016 [link to source Excel](#)

Note that individual regions can be compared using our “National and Regional series from 2005 with Interactive Charts”, linked from NOTE 4 below 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.



Table 5. Average house prices by region, October 2015 – October 2016, with monthly and annual % growth [link to source Excel](#)

	North East			North West			Yorks & Humber			East Midlands		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Oct-15	£151,348	0.6	2.1	£174,800	0.5	3.7	£176,260	0.8	4.6	£190,920	1.2	6.7
Nov-15	£151,789	0.3	3.1	£173,384	-0.8	3.4	£176,189	0.0	4.0	£191,081	0.1	6.6
Dec-15	£153,315	1.0	3.0	£173,885	0.3	3.4	£176,599	0.2	4.2	£190,187	-0.5	6.2
Jan-16	£155,039	1.1	3.5	£174,253	0.2	2.7	£177,800	0.7	4.8	£191,068	0.5	5.7
Feb-16	£156,935	1.2	2.6	£177,316	1.8	4.0	£178,600	0.4	5.5	£193,597	1.3	5.9
Mar-16	£156,443	-0.3	1.8	£178,671	0.8	4.5	£178,845	0.1	5.6	£193,996	0.2	5.6
Apr-16	£155,441	-0.6	1.6	£179,139	0.3	5.0	£177,408	-0.8	4.9	£193,378	-0.3	5.1
May-16	£153,605	-1.2	2.1	£177,645	-0.8	4.3	£177,535	0.1	4.1	£192,786	-0.3	4.3
Jun-16	£154,096	0.3	2.8	£177,819	0.1	4.1	£177,687	0.1	3.5	£193,333	0.3	3.7
Jul-16	£153,297	-0.5	2.7	£176,834	-0.6	3.2	£177,224	-0.3	2.7	£194,261	0.5	4.2
Aug-16	£152,854	-0.3	1.5	£177,430	0.3	2.2	£176,451	-0.4	1.4	£194,495	0.1	4.1
Sep-16	£152,011	-0.6	1.0	£176,818	-0.3	1.7	£176,137	-0.2	0.7	£195,736	0.6	3.8

	West Midlands			East of England			Greater London			South East		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Oct-15	£198,943	0.9	4.1	£293,175	0.9	8.7	£581,996	1.4	5.8	£345,041	1.3	7.4
Nov-15	£198,806	-0.1	3.9	£292,020	-0.4	8.5	£584,845	0.5	6.4	£346,644	0.5	7.5
Dec-15	£200,919	1.1	4.7	£294,937	1.0	8.8	£590,108	0.9	8.4	£349,580	0.8	8.1
Jan-16	£200,751	-0.1	4.1	£299,075	1.4	9.0	£597,721	1.3	9.4	£352,413	0.8	8.2
Feb-16	£203,076	1.2	5.1	£306,982	2.6	10.3	£611,583	2.3	12.5	£361,972	2.7	10.7
Mar-16	£201,981	-0.5	4.4	£308,427	0.5	10.4	£615,194	0.6	13.6	£361,939	0.0	10.0
Apr-16	£202,330	0.2	4.9	£309,923	0.5	10.5	£612,760	-0.4	12.3	£361,581	-0.1	9.6
May-16	£202,141	-0.1	4.1	£307,982	-0.6	9.8	£602,151	-1.7	9.6	£357,546	-1.1	7.6
Jun-16	£203,331	0.6	3.8	£309,154	0.4	9.6	£594,041	-1.3	6.7	£359,636	0.6	7.9
Jul-16	£203,922	0.3	3.9	£309,044	0.0	9.0	£585,976	-1.4	5.0	£361,276	0.5	7.8
Aug-16	£204,230	0.2	3.6	£310,011	0.3	7.5	£580,396	-1.0	2.1	£361,803	0.1	7.4
Sep-16	£205,116	0.4	4.0	£310,983	0.3	7.0	£579,378	-0.2	0.9	£362,741	0.3	6.5

	South West			Wales			ENGLAND & WALES			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Oct-15	£256,709	0.8	4.4	£167,806	0.7	1.9		£285,871	1.1	5.9
Nov-15	£258,499	0.7	5.5	£168,385	0.3	2.6		£286,490	0.2	6.1
Dec-15	£261,107	1.0	5.9	£168,937	0.3	2.7		£288,655	0.8	6.9
Jan-16	£261,895	0.3	6.7	£170,344	0.8	3.4		£291,106	0.8	7.3
Feb-16	£267,672	2.2	8.0	£172,908	1.5	4.1		£297,311	2.1	9.1
Mar-16	£266,551	-0.4	7.0	£171,828	-0.6	3.4		£297,871	0.2	9.1
Apr-16	£267,219	0.3	6.4	£170,478	-0.8	3.5		£297,546	-0.1	8.6
May-16	£263,703	-1.3	4.7	£168,722	-1.0	2.8		£294,395	-1.1	7.0
Jun-16	£265,223	0.6	5.4	£169,086	0.2	3.3		£294,228	-0.1	6.3
Jul-16	£265,641	0.2	4.8	£168,811	-0.2	2.5		£293,425	-0.3	5.6
Aug-16	£265,831	0.1	4.7	£167,899	-0.5	1.7		£292,904	-0.2	4.3
Sep-16	£267,486	0.6	5.0	£168,037	0.1	0.8		£293,306	0.1	3.7
Oct-16								£294,351	0.4	3.0



NOTES

1. LSL Acadata E&W HPI:
 - uses the **actual** price at which every property in England & Wales was transacted, including prices for properties bought with cash, based upon the factual Land Registry data as opposed to mortgage-based prices, asking prices or prices based upon samples
 - is updated monthly so that prices of **all reported** relevant transactions are employed in our latest LSL Acadata E&W HPI release
 - provides the arithmetic average of prices paid for houses, different from the geometric average prices used in the ONS UK HPI
2. the initial LSL Acadata E&W HPI for each month employs an academic “index of indices” model, custom-built at Cambridge, pending release of further transacted prices from the Land Registry which are reflected in our monthly index updates.
3. all LSL Acadata E&W HPI numbers, published prior to receipt of all transaction data, are subject to change; we publish the precise numbers that result from our calculations but these numbers reflect our mix adjustment and seasonal adjustment methodologies and, initially, our index of indices model. Our indices also reflect our best endeavours and are issued in good faith without any claim as to precision, accuracy or fitness for any purpose. For more detail see www.acadata.co.uk.
4. the Acadata website enables comparisons of selected indices over selected timescales to be undertaken [here](#) with ease and provides historic results and other information. These comparisons should be viewed in the light of the different data and different methodologies employed by the index producers. Please see our “[Which House Price Index?](#)” paper.
5. Acadata is an independent privately owned consultancy specialising in house price data. Our associated company MIAC Acadametrics Limited is an independent asset valuation service provider, specialising in behavioural modelling, stress testing and collateral valuation for the financial services industry.
6. LSL Acadata E&W HPI may not be used for commercial purposes without written permission from Acadata. Specifically it may not be used to measure the performance of investments or to determine the price at which investments may be bought or sold or for collateral valuation concerning which enquiries should be directed to MIAC Acadametrics. Our “Which House Price Index?” discusses.
7. the AcaData Library provides a portfolio of ready-to-use datasets and calculation series updated monthly, based upon the factual Land Registry and/or Registers of Scotland results ([free sample here](#)). Our comprehensive selections of geography (national/ regional/ unitary authority/ postcode) and of property types with arithmetic mean and median prices provide the “off the shelf” historic data series and analyses needed for rapid study and commentary. AcaData Library is available on subscription or on a one-off basis. It may not be used for collateral valuation, to measure the performance of investments or to determine the price at which investments may be bought or sold; neither may it be used to determine interest payable on loans. Subscribers may use the data for business planning and advisory purposes and for showing national and regional trends. For local builders, developers and estate agents the data show stock and new build results within postcode districts and enables analyses at town and street level.

For further footnotes and a description of the methodology used in the LSL Acadata Index please click [here](#).