

# LSL Property Services/Acadametrics England & Wales House Price Index

JULY 2013

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 9TH AUGUST 2013

## House prices hit another record high in July

- **Beats previous peak in 2008**
- **House prices up £5,796 in the past twelve months, reaching a high of £232,969**
- **With first-time buyers accounting for 45% of all house purchases**

House Price	Index	Monthly Change %	Annual Change %
<b>£232,969</b>	<b>237.2</b>	<b>0.3</b>	<b>2.6</b>

**David Newnes, director of LSL Property Services plc, owner of Your Move and Reeds Rains estate agents, comments:** “House prices have never been higher. 2013 has marked the time when the property market recovered from the 2008 financial crisis. Prices are up £5,796 over the past year, thanks largely to a significant increase in mortgage lending to first-time buyers. House prices are growing steadily, signifying long term recovery is becoming a reality. Mortgage lending in May was up by over a fifth compared with April and 17% stronger than a year ago, while the number of first-time buyer mortgages are at the highest since 2007.

“Typically the property market flourishes in the summer, and July sales are the highest so far this year. But the improvement is more than just a seasonal trend. The market is palpably stronger than a year ago and confidence is returning to lenders and buyers. The Funding for Lending scheme can take plenty of the credit, as can Help to Buy. Both schemes have helped banks boost first-time buyer lending by providing them with credit to offer more loans to new buyers and reduce rates on house purchase mortgages. Funding is more accessible for lenders, while banks are more confident than they were six months ago - which bodes well for the future.

“But this improvement continues to be powered by the strong performance in the capital, where prices are rising far faster (7.1%) than in other parts of the country. Domestic and foreign buyers' interest for bricks and mortar in London appears to be undiminished. Supply is restrained, and without a sudden rush of properties hitting the market, prices will rise even more over coming months. The bottom line is that the divide between London and the rest of the UK housing market is deepening, with parts of London operating at an entirely different level from the rest of country, and even from the rest of the capital.

“Despite this overall improvement in the market, the level of first-time buyer activity is still around half of what might be considered normal levels. Both the lack of housing supply and rising competition in the property market are supporting prices, but at the same time making it more difficult for first-time buyers. The Government urgently needs to address housing supply if it is serious about boosting home ownership levels. One way would be to remove stamp duty, which is a disincentive to buying for both home movers as well as first-time buyers.”

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



Table 1. Average House Prices in England & Wales for the period July 2012 – July 2013

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
July	2012	£227,173	231.3	0.0	3.8
August	2012	£226,511	230.6	-0.3	2.7
September	2012	£226,993	231.1	0.2	3.0
October	2012	£227,404	231.5	0.2	3.0
November	2012	£227,647	231.8	0.1	3.7
December	2012	£228,261	232.4	0.3	3.8
January	2013	£229,080	233.2	0.4	3.8
February	2013	£230,921	235.1	0.8	4.3
March	2013	£231,861	236.1	0.4	3.8
April	2013	£232,370	236.6	0.2	3.5
May	2013	£232,294	236.5	0.0	2.3
June	2013	£232,244	236.4	0.0	2.2
July	2013	£232,969	237.2	0.3	2.6

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

## House prices

House prices are continuing to edge upwards, and on a monthly basis the average price has increased in 16 of the last 20 months. July is no exception, and at £232,969 the average house price in England & Wales this month is £725 or 0.3% higher than it was in June. This sets a new record level for the third time in 2013 and exceeds by some £1,140 the previous peak reached in February 2008 at the height of the last housing boom. The trend line in Figure 1 below shows that prices have been rising over the last year on a near straight-line basis, with only August 2012, the month of the London Olympics, seeing a noticeable decline in average house values. Excluding the downturn in August 2012 and the short-lived upturn of 0.8% in February 2013, house prices have been increasing in a tight band of between 0.0% and 0.4% per month for most of the year. This month's increase of 0.3% is near the top end of that range.

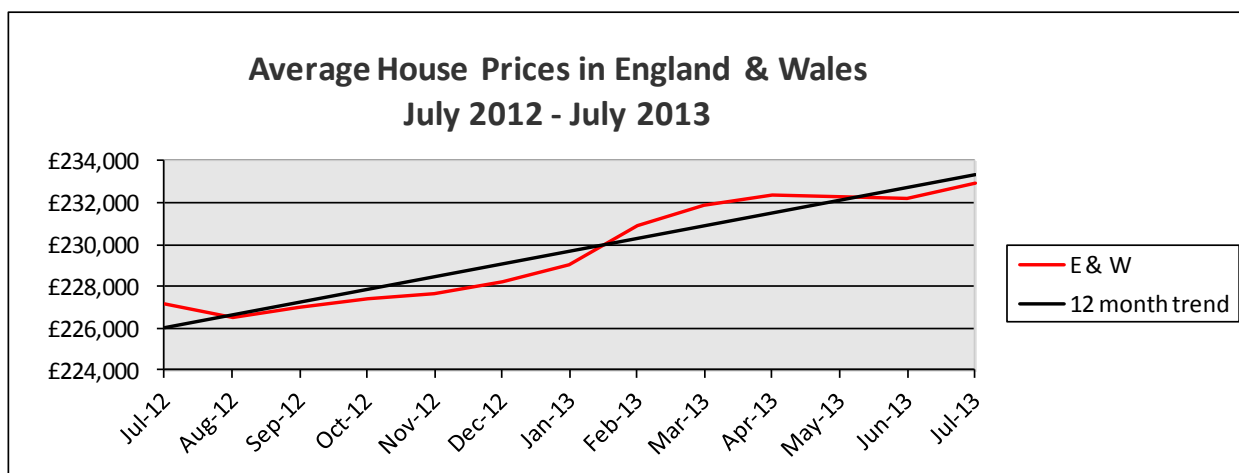


Figure 1. The Average House Price in England & Wales, July 2012 – July 2013

[link to source Excel](#)

On an annual basis the average house price has increased by 2.6% since July 2012. This level of house price inflation is below that of the ONS annual Retail Price Inflation (RPI) Index of 3.3% for June 2013, so in real terms house prices have fallen over the last 12 months. Although some housing commentators have expressed concern that house prices in 2013 will 'bubble' out of control, there is no evidence to date suggesting this has happened in any but a few exceptional localities.

Looking at Figure 5 on Page 7 below, we can note that the LSL/Acad annual % change in house prices has been consistently higher for the last ten months than the other Indices which we track. We ascribe this position to the fact that we monitor cash transactions, while Nationwide, Halifax and the ONS only use data derived from transactions involving a housing loan. The mortgage lending based indices have not picked up on the recent spate of high value cash transactions in Central London, where prices have been increasing to what can only be described as 'eye watering' levels. However, this month the Nationwide annual Index, at 3.9%, is ahead of the LSL/Acad Index for the first time in the last sixteen months.

Two factors may help to explain this phenomenon. The first is, as we report in our discussion of the Greater London market, that there appears to have been a fall in prices at the top end of the London market in July. This mainly involves cash transactions, or rather the lack of such transactions this month. This will consequently affect the LSL/Acad Index, but not those of the mortgage lenders. The second possible explanation of the phenomenon is that the LSL/Acad Index uses data on housing completions, whereas Nationwide uses data from the time of mortgage approval, which could be one to two months ahead of the actual housing transaction physically taking place. The LSL/Acad Index may therefore start to follow Nationwide in an upward direction in one or two months' time. We await developments on this with a keen interest.

In terms of the market overall, with the economy strengthening, it is no surprise that we have seen the demand for borrowing increase too, as can be seen from Figure 2 (from the Bank of England). The chart shows very clearly the pattern of recovery in both expected and actual lending over the last six years.

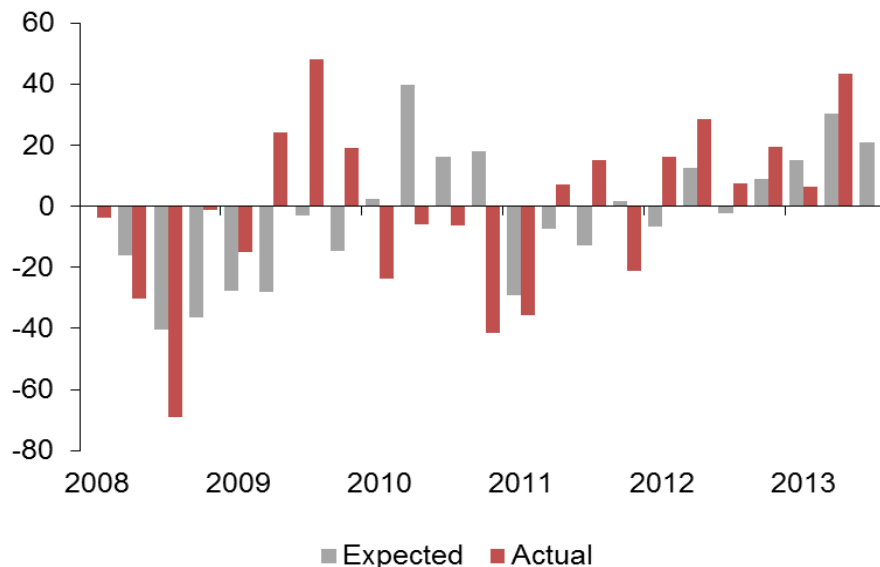


Figure 2: Lender views of Expected and Actual Demand for House Purchase loans, %  
 Source: Bank of England Credit Conditions Survey Q2 2013

According to the Bank of England, gross mortgage lending in May was up by over a fifth compared with April, and 17% stronger than a year ago, giving the strongest performance for mortgage lending since 2008. The Council of Mortgage Lenders (CML) latest Regulated Mortgage Survey shows that the number of first time buyer mortgages in May reached 25,100. This figure was 29% higher than in April, and 42% higher than 12 months previously, hence confirming it as the best monthly result since late 2007.

This is perhaps as should be expected, given the recovery, the rise in consumer confidence and the government’s housing market initiatives. However, it is important to keep all of this in perspective, and two issues perhaps highlight the need for caution. First, although the underlying pace of first time buyer activity is heading towards a quarter of a million per annum, we must remember that historically that figure was around half a million, meaning that current activity levels are still well below what might be considered normal. Second, we should recognise how important trends in London have been to the overall picture. Our analysis of the London market set out below shows very clearly how activity in the capital has been driving the market overall. Extensive coverage recently has highlighted the importance of foreign buyers in key central London boroughs. Research by Knight Frank has shown that 75% of new home sales in inner London went to foreign buyers in 2012, while the Financial Times reported that between 45% and 62% of London’s most desirable areas were owned by high net worth individuals from outside the UK. London is seen as a safe haven for residential property investment, and beneficial exchange rates have more than offset the increased costs faced through the revised Stamp Duty regime. However, as we discuss later there is some evidence to suggest this market is less buoyant than it was: this taken together with the likely fall in bankers’ bonuses suggest the London market might see its growth rate fall. These bonuses have been hugely significant in the London market (the European Banking Authority recently revealed that there were 2,436 bankers earning more than €1 million living in the UK, most of whom lived in London).

### Housing Transactions

Based on the evidence from the statistics over the last eighteen years, transactions in July are typically higher than in any other month in the year. The early summer months are favoured by potential buyers for property searches, with longer daylight hours and hopefully better weather influencing the purchaser’s decision to buy. It needs to be remembered that transactions at the Land Registry, on which we base our statistics, are recorded on the date of house completion rather than offer date. This means that transactions in July are based on offers made in June, or on occasions even in an earlier month. As the schools break up, many families take their holidays, with a consequent falling away of transactions in the later summer months.



This year we estimate that there will be approximately 68,000 housing completions in July, which is the highest level of any month over the last four years, and the highest figure for the month of July since 2007, when there were 121,000 sales.

During 2013 we have seen a gradual increase in housing sales when compared to 2012. Our current figures indicate that there has been a 5% increase in sales over the first seven months of this year compared to last year (with this estimate probably erring on the side of caution). Indeed, looking at Q2 2013 compared to Q2 2012, transactions are up 12.5%, so the middle part of the year is proving to be far busier than anticipated. So why the change?

The main factor has been the easing of credit conditions, enabling more potential purchasers to obtain a mortgage. The mortgage lenders have been assisted by the Bank of England's Funding for Lending scheme, which has resulted in more competitive products being offered in the market place. This is especially true of lending to first time buyers as discussed above. According to the CML "First-time buyers accounted for 45% of all loans for house purchase in May 2013, similar to the levels of the past few months but considerably higher than the 38% seen on average since 2007."

The weather and the Olympics suppressed both demand and sales in 2012. There were record levels of rainfall between April and June 2012, which literally dampened demand for housing. We should perhaps therefore not be surprised to see the opposite effect of an increased demand for housing in the early summer months of 2013.

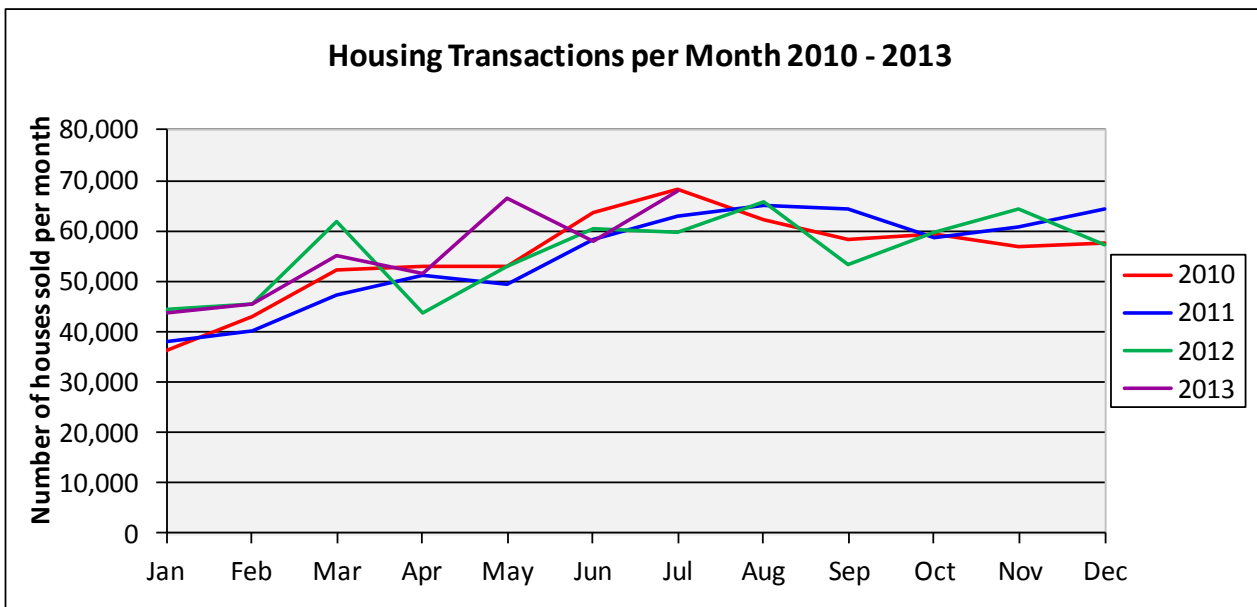


Figure 3. Number of properties sold per month in England & Wales, Jan 2010 – July 2013. Source Land Registry [link to source Excel](#)

Figure 3 illustrates the number of housing transactions per month for the period January 2010 – July 2013, without seasonal adjustment. As we can see the transaction levels in 2013 are rising and have every possibility of exceeding the annual levels reached over the period 2010 -2012.

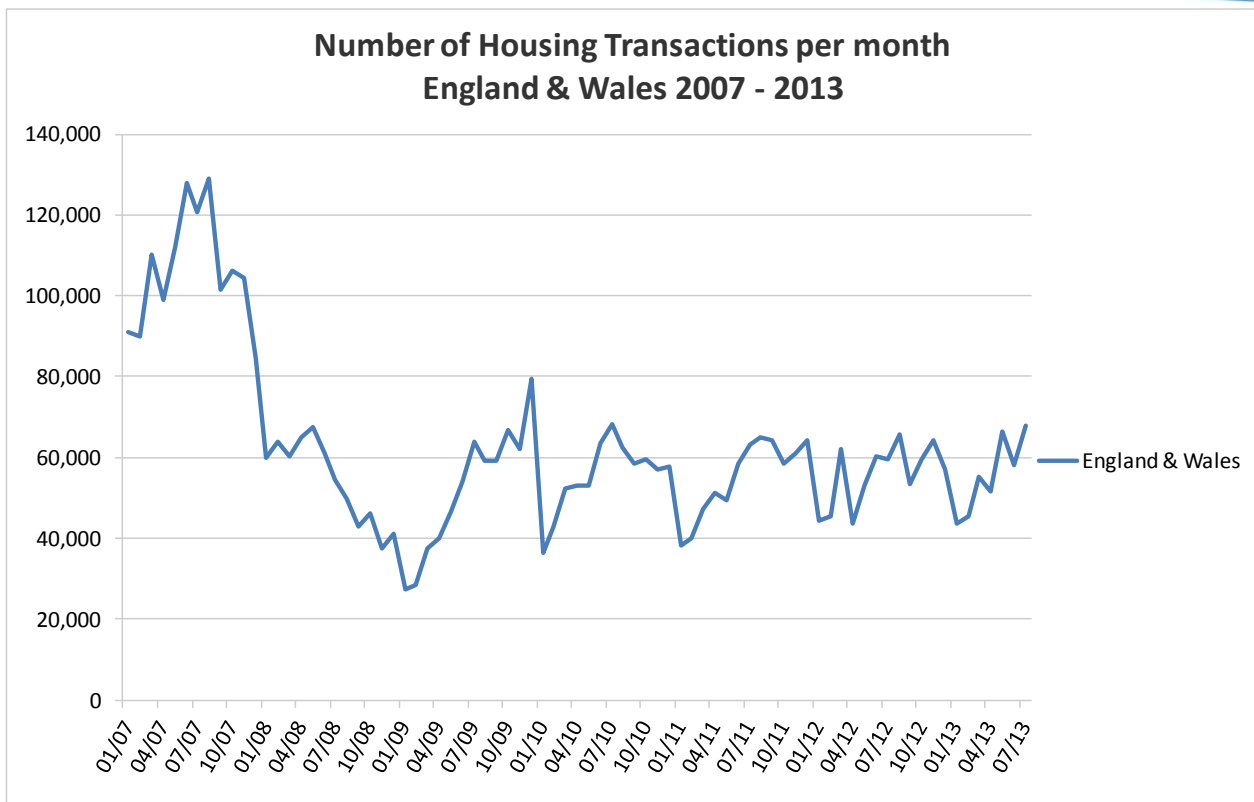


Figure 4. The number of housing transactions by month in England & Wales, 2007-2013 (not seasonally adjusted) [link to source Excel](#)

## NOTES

1. LSL Acad E&W HPI is the only house price index to use:
  - the **actual** prices at which every property in England & 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 E&W HPI is a price series as opposed to a value series.
2. the current month LSL Acad E&W 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 E&W 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 E&W HPI “ultimate” data. All LSL Acad E&W 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](http://www.acadametrics.co.uk) in our “[Development of Forecasts](#)” and in our “[Comparison of Indices](#)”, which shows how each index, including the LSL Acad E&W HPI “forecast”, compares with the LSL Acad E&W HPI, once sufficient factual Land Registry data have replaced forecast data, to enable LSL Acad E&W 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 E&W 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.

# Comparison of indices

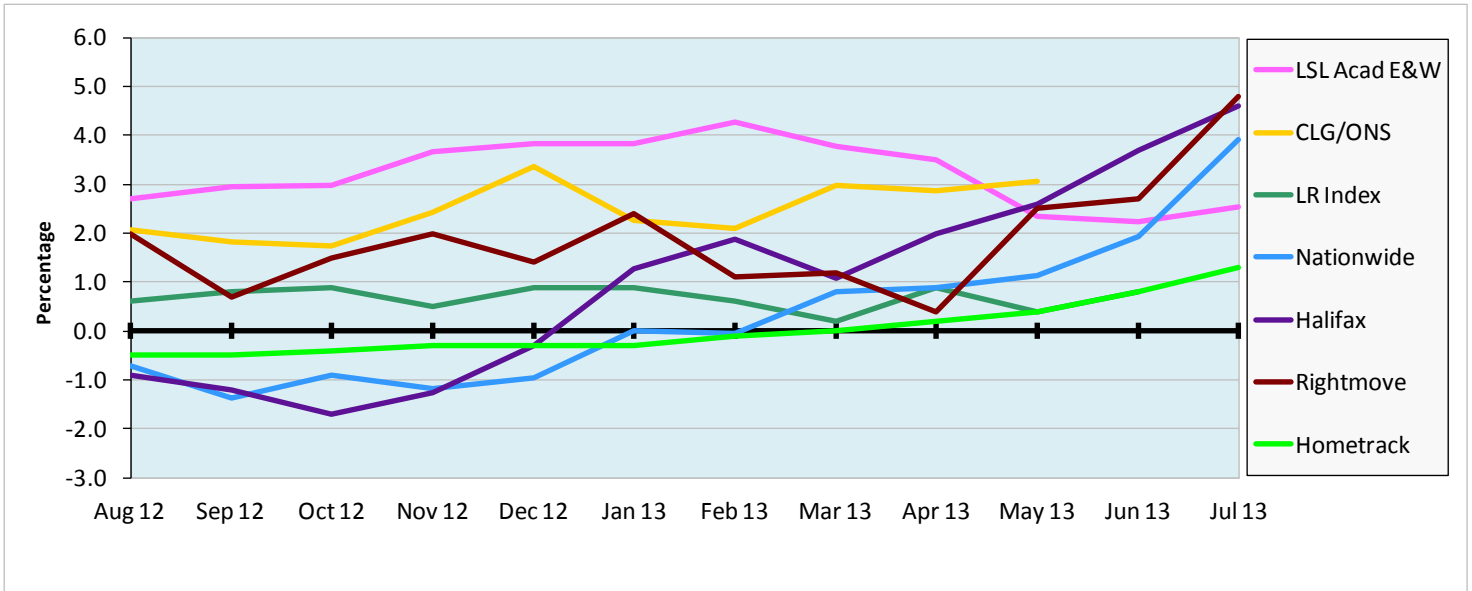


Figure 5. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)

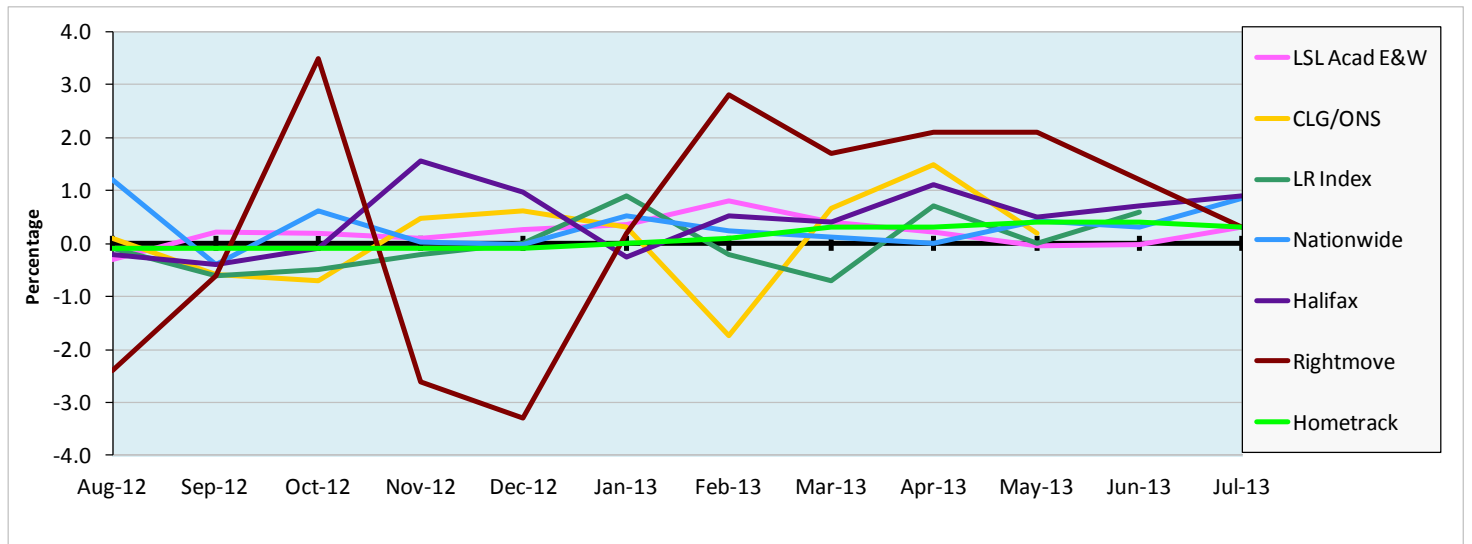


Figure 6. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)



Greater London continues to dominate the housing market in terms of annual price change, with house price inflation over two and a half times that of any other region of England & Wales. For the sixth month running, East Anglia takes second place and joins Greater London in being one of only two regions in the country with annual price increases higher than the average for England & Wales as a whole. The figures below are annual percentage changes over three months, centred on June 2013. Last month we reported that all ten regions in May showed a decline in the annual rate of house price inflation, compared to the previous month. We did however explain that this was due to special circumstances relating to Stamp Duty changes in 2012. This month the statistics have returned to a more normal pattern, with six of the ten regions showing an increase in the annual rate of change compared to the previous month. Despite a small upward movement this month in its annual rate of price change, Wales continues to experience the greatest fall in house prices of all the ten regions in England & Wales. Wales has now been at the bottom of the house price growth league for seven of the last twelve months in 2012/13.

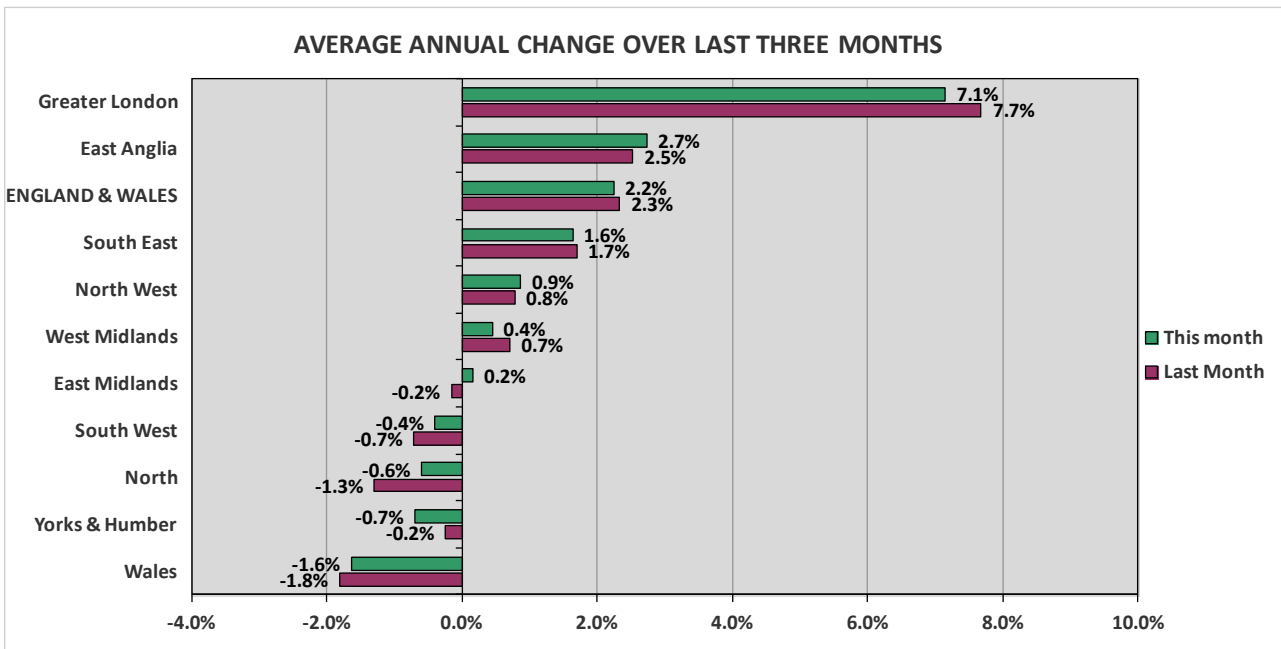


Figure 7. The annual change in the average house price, analysed by region

[link to source Excel](#)

## ANNUAL CHANGE IN PRICE BY REGION

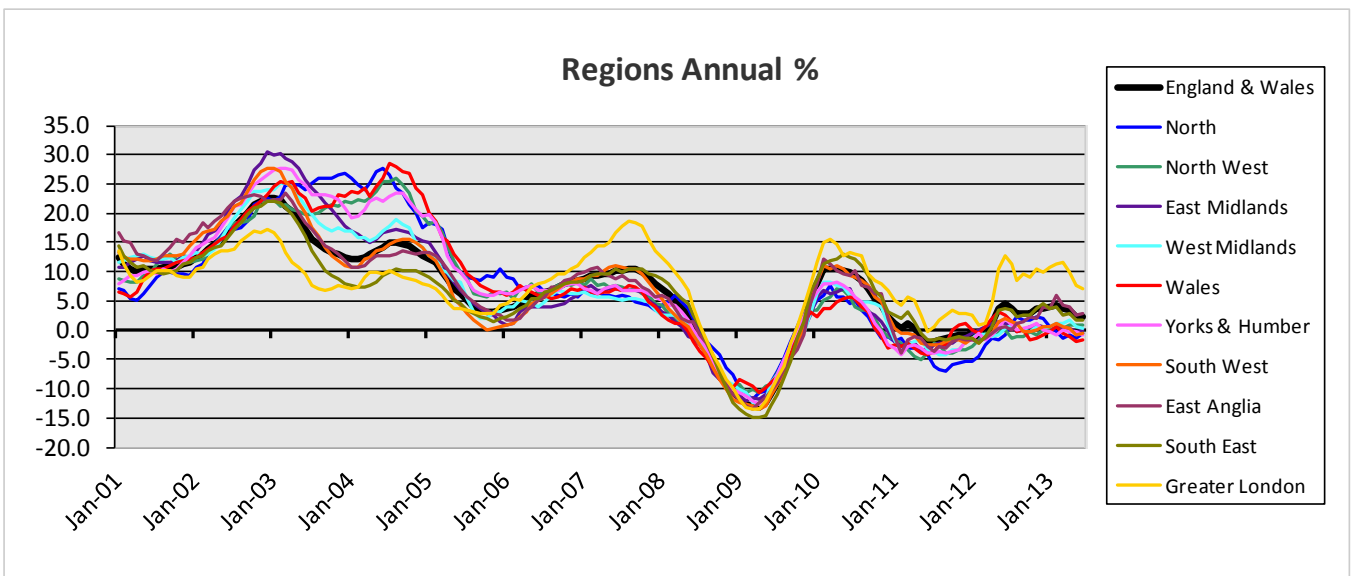


Figure 8. A comparison of the annual change in house prices, by region for the period January 2001 – June 2013

[link to source Excel](#)

Note that individual regions can be compared using our “National and Regional series from 1995 with Interactive Charts”, linked from page 6 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.





Table 2. The change in mix adjusted house prices, for the 33 London boroughs, comparing June 2012 with May and June 2013. [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LONDON BOROUGH	Jun-12	May-13	Jun-13	Month % Change	Annual % Change
1	1	KENSINGTON AND CHELSEA	1,419,969	1,487,887	1,528,755	2.7%	4.8%
2	2	CITY OF WESTMINSTER	1,101,964	1,301,480	1,270,029	-2.4%	18.1%
8	3	CITY OF LONDON	496,348	835,975	815,081	-2.5%	68.4%
3	4	CAMDEN	739,813	806,111	806,101	0.0%	9.0%
4	5	HAMMERSMITH AND	668,182	745,491	738,247	-1.0%	11.6%
5	6	RICHMOND UPON THAMES	610,868	653,498	642,963	-1.6%	7.0%
6	7	ISLINGTON	521,234	562,170	560,927	-0.2%	7.9%
7	8	WANDSWORTH	503,859	564,355	559,617	-0.8%	12.0%
9	9	BARNET	451,896	458,156	468,163	2.2%	1.4%
10	10	MERTON	444,477	464,160	465,835	0.4%	4.4%
12	11	SOUTHWARK	431,021	455,179	453,656	-0.3%	5.6%
15	12	HACKNEY	389,080	440,181	443,187	0.7%	13.1%
14	13	LAMBETH	398,338	431,139	438,330	1.7%	8.2%
11	14	HARINGEY	433,733	435,264	433,075	-0.5%	0.4%
13	15	EALING	403,734	434,588	429,766	-1.1%	7.6%
16	16	BRENT	386,311	419,210	415,506	-0.9%	8.5%
18	17	KINGSTON UPON THAMES	367,543	414,680	410,986	-0.9%	12.8%
17	18	HOUNSLOW	368,110	404,043	392,557	-2.8%	9.8%
19	19	TOWER HAMLETS	358,216	365,106	373,123	2.2%	1.9%
20	20	HARROW	334,707	352,862	351,965	-0.3%	5.4%
21	21	BROMLEY	331,615	331,185	335,015	1.2%	-0.1%
23	22	GREENWICH	293,777	313,051	314,371	0.4%	6.6%
26	23	LEWISHAM	273,765	296,732	297,267	0.2%	8.4%
24	24	REDBRIDGE	293,433	291,704	293,357	0.6%	-0.6%
25	25	ENFIELD	277,250	292,557	292,106	-0.2%	5.5%
22	26	HILLINGDON	309,283	292,818	289,826	-1.0%	-5.3%
27	27	SUTTON	258,208	268,834	273,656	1.8%	4.1%
28	28	WALTHAM FOREST	251,529	259,104	263,933	1.9%	3.0%
29	29	CROYDON	244,626	257,919	261,631	1.4%	5.4%
30	30	HAVERING	242,125	248,381	248,532	0.1%	2.6%
31	31	BEXLEY	226,833	232,259	231,860	-0.2%	2.4%
32	32	NEWHAM	219,167	227,643	231,129	1.5%	3.9%
33	33	BARKING AND DAGENHAM	179,432	184,429	184,884	0.2%	2.8%
		ALL LONDON	421,327	451,323	451,422	0.0%	7.1%

Table 2 above shows the average house price by London borough for June 2012, May 2013 and June 2013. It also records the percentage change in these prices over the last month and year. On an annual basis, house prices have increased in 30 of the 33 London Boroughs, with only Hillingdon, Redbridge and Bromley showing a negative movement in the average property price over the year. This month, some 8 London Boroughs, highlighted in grey above (down from 13 last month), are experiencing peak prices, as is Greater London as a whole.

On a monthly basis, average house prices in Greater London have seen a very modest increase of £100 between June and July, which in percentage terms equates to zero. 16 boroughs in the month have seen price rises, but 17 boroughs have experienced price falls. Significantly, there would appear to be a slackening in the pace of change in the higher priced areas of London, with seven of the top eight boroughs ranked by price reporting price falls over the month.

In the London market the property types which have seen the largest increase in transactions in Q2 2013, compared to one year earlier, are flats up some 17% and terraces up 13%. Clearly the influence of first time buyers has helped strong growth in these sectors of the market. The boroughs which have seen the largest growth in the number of flats sold in Q2 2013 compared to Q2 2012 are Southwark, up by some 100 units, followed by neighbouring Lambeth, up by 80 units. Both boroughs are located south of the Thames, but with easy access to the less affordable areas of the City of London and the City of Westminster.

The fall in prices at the top end of the London market is a trend that we will continue to monitor with close interest. Central London has been the main driving force in maintaining the positive movement in prices in the England & Wales housing statistics as a whole. A fall of prices in central London could bring about a decline in the market's expectations of the future movement of prices for the remainder of the country.

# Counties and unitary authorities



Table 3. The annual percentage change in mix adjusted house prices, for the 108 Counties and Unitary Authorities in England & Wales, comparing June 2012 with May and June 2013

[link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	COUNTY / UNITARY AUTHORITY / REGION	Jun-12	May-13	Jun-13	Monthly change	Annual Change
17	17	CAMBRIDGESHIRE	240,971	249,801	247,607	-0.9%	2.8%
80	71	CITY OF PETERBOROUGH	144,031	152,766	151,430	-0.9%	5.1%
48	45	NORFOLK	182,261	187,475	187,813	0.2%	3.0%
42	40	SUFFOLK	199,291	203,759	203,065	-0.3%	1.9%
		<b>EAST ANGLIA</b>	<b>199,307</b>	<b>205,512</b>	<b>204,750</b>	<b>-0.4%</b>	<b>2.7%</b>
84	82	CITY OF DERBY	139,126	142,452	144,482	1.4%	3.8%
97	96	CITY OF NOTTINGHAM	119,667	117,422	118,082	0.6%	-1.3%
65	65	DERBYSHIRE	161,179	156,973	157,093	0.1%	-2.5%
90	87	LEICESTER	131,907	135,527	137,928	1.8%	4.6%
49	47	LEICESTERSHIRE	182,046	183,597	184,686	0.6%	1.4%
69	72	LINCOLNSHIRE	155,083	150,366	151,321	0.6%	-2.4%
51	52	NORTHAMPTONSHIRE	178,036	179,243	180,125	0.5%	1.2%
66	64	NOTTINGHAMSHIRE	156,707	158,593	159,134	0.3%	1.5%
11	14	RUTLAND	274,484	259,711	263,105	1.3%	-4.1%
		<b>EAST MIDLANDS</b>	<b>161,372</b>	<b>160,732</b>	<b>161,627</b>	<b>0.6%</b>	<b>0.2%</b>
		<b>GREATER LONDON</b>	<b>421,327</b>	<b>451,323</b>	<b>451,422</b>	<b>0.0%</b>	<b>7.1%</b>
62	62	CUMBRIA	163,448	163,035	161,263	-1.1%	-1.3%
85	90	DARLINGTON	138,150	132,089	130,090	-1.5%	-5.8%
99	98	DURHAM	118,914	116,298	116,561	0.2%	-2.0%
95	101	HARTLEPOOL	121,923	110,150	109,959	-0.2%	-9.8%
101	99	MIDDLESBROUGH	114,283	113,027	113,990	0.9%	-0.3%
53	54	NORTHUMBERLAND	176,498	177,158	175,369	-1.0%	-0.6%
96	95	REDCAR AND CLEVELAND	121,194	117,365	119,089	1.5%	-1.7%
76	77	STOCKTON-ON-TEES	150,516	148,304	148,793	0.3%	-1.1%
86	84	TYNE AND WEAR	135,702	136,873	138,751	1.4%	2.2%
		<b>NORTH</b>	<b>141,195</b>	<b>140,126</b>	<b>140,351</b>	<b>0.2%</b>	<b>-0.6%</b>
98	97	BLACKBURN WITH DARWEN	119,609	114,216	117,620	3.0%	-1.7%
104	103	BLACKPOOL	103,395	103,929	104,539	0.6%	1.1%
38	34	CHESHIRE	204,505	212,708	212,512	-0.1%	3.9%
79	78	GREATER MANCHESTER	148,378	145,702	147,237	1.1%	-0.8%
89	85	HALTON	132,576	136,923	138,431	1.1%	4.4%
81	80	LANCASHIRE	142,082	146,840	146,525	-0.2%	3.1%
82	83	MERSEYSIDE	141,723	137,624	140,143	1.8%	-1.1%
47	46	WARRINGTON	182,439	186,497	185,484	-0.5%	1.7%
		<b>NORTH WEST</b>	<b>151,158</b>	<b>151,403</b>	<b>152,467</b>	<b>0.7%</b>	<b>0.9%</b>
29	28	BEDFORDSHIRE	217,990	218,571	218,521	0.0%	0.2%
12	10	BRACKNELL FOREST	270,123	281,959	280,678	-0.5%	3.9%
10	9	BRIGHTON AND HOVE	276,782	291,807	290,895	-0.3%	5.1%
3	3	BUCKINGHAMSHIRE	365,373	377,357	366,042	-3.0%	0.2%
22	20	EAST SUSSEX	234,617	238,446	239,115	0.3%	1.9%
16	16	ESSEX	245,481	246,682	247,986	0.5%	1.0%
13	11	HAMPSHIRE	268,801	273,937	273,608	-0.1%	1.8%
4	4	HERTFORDSHIRE	324,759	332,305	332,613	0.1%	2.4%
45	44	ISLE OF WIGHT	193,391	195,947	192,137	-1.9%	-0.6%
20	18	KENT	236,524	241,095	241,441	0.1%	2.1%
68	69	LUTON	155,374	156,276	155,448	-0.5%	0.0%
58	55	MEDWAY	168,715	171,174	172,436	0.7%	2.2%
30	33	MILTON KEYNES	215,940	214,567	214,031	-0.2%	-0.9%
6	6	OXFORDSHIRE	319,199	319,746	317,961	-0.6%	-0.4%

# Counties and unitary authorities



55	57	PORTSMOUTH	170,521	171,178	169,497	-1.0%	-0.6%
21	21	READING	236,436	235,506	236,152	0.3%	-0.1%
37	29	SLOUGH	208,063	217,548	216,344	-0.6%	4.0%
63	60	SOUTHAMPTON	163,043	167,696	166,329	-0.8%	2.0%
43	42	SOUTHEND-ON-SEA	197,681	200,294	201,119	0.4%	1.7%
2	2	SURREY	403,944	416,975	414,073	-0.7%	2.5%
52	50	THURROCK	176,615	181,637	181,253	-0.2%	2.6%
8	7	WEST BERKSHIRE	301,957	316,836	306,999	-3.1%	1.7%
14	12	WEST SUSSEX	268,465	273,266	272,613	-0.2%	1.5%
1	1	WINDSOR AND MAIDENHEAD	456,173	464,164	463,569	-0.1%	1.6%
5	5	WOKINGHAM	321,046	327,283	325,312	-0.6%	1.3%
		<b>SOUTH EAST</b>	<b>271,816</b>	<b>277,169</b>	<b>276,257</b>	<b>-0.3%</b>	<b>1.6%</b>
7	8	BATH AND NORTH EAST SOMERSET	312,520	296,062	303,381	2.5%	-2.9%
27	25	BOURNEMOUTH	221,328	215,760	221,358	2.6%	0.0%
33	26	CITY OF BRISTOL	213,467	221,322	219,402	-0.9%	2.8%
67	68	CITY OF PLYMOUTH	156,418	155,108	155,685	0.4%	-0.5%
23	24	CORNWALL	230,950	222,093	223,786	0.8%	-3.1%
18	22	DEVON	238,230	235,507	235,659	0.1%	-1.1%
15	13	DORSET	259,076	262,452	263,875	0.5%	1.9%
24	23	GLOUCESTERSHIRE	228,967	225,899	224,399	-0.7%	-2.0%
32	32	NORTH SOMERSET	214,993	217,461	214,216	-1.5%	-0.4%
9	15	POOLE	283,414	258,967	259,124	0.1%	-8.6%
40	39	SOMERSET	203,273	208,890	206,958	-0.9%	1.8%
36	35	SOUTH GLOUCESTERSHIRE	208,694	212,957	212,505	-0.2%	1.8%
59	59	SWINDON	167,756	167,752	166,740	-0.6%	-0.6%
50	48	TORBAY	179,680	183,915	184,551	0.3%	2.7%
19	19	WILTSHIRE	237,092	244,304	240,822	-1.4%	1.6%
		<b>SOUTH WEST</b>	<b>224,725</b>	<b>223,980</b>	<b>223,831</b>	<b>-0.1%</b>	<b>-0.4%</b>
108	108	BLAENAU GWENT	83,900	87,867	86,730	-1.3%	3.4%
88	86	BRIDGEND	134,554	139,461	138,344	-0.8%	2.8%
94	94	CAERPHILLY	122,554	117,328	119,829	2.1%	-2.2%
46	51	CARDIFF	182,647	180,520	180,604	0.0%	-1.1%
91	93	CARMARTHENSHIRE	131,499	128,629	122,258	-5.0%	-7.0%
44	49	CEREDIGION	194,477	177,389	182,731	3.0%	-6.0%
61	67	CONWY	165,018	153,478	156,489	2.0%	-5.2%
87	89	DENBIGHSHIRE	134,787	138,329	135,290	-2.2%	0.4%
71	76	FLINTSHIRE	152,035	154,478	149,780	-3.0%	-1.5%
72	66	GWYNEDD	151,919	156,176	156,731	0.4%	3.2%
64	63	ISLE OF ANGLESEY	162,668	168,878	160,014	-5.2%	-1.6%
105	105	MERTHYR TYDFIL	99,316	102,796	101,547	-1.2%	2.2%
26	30	MONMOUTHSHIRE	221,748	213,518	216,107	1.2%	-2.5%
102	104	NEATH PORT TALBOT	109,746	106,366	104,201	-2.0%	-5.1%
73	81	NEWPORT	151,050	143,099	145,681	1.8%	-3.6%
54	61	PEMBROKESHIRE	175,355	164,369	164,945	0.4%	-5.9%
57	53	POWYS	169,283	178,048	176,579	-0.8%	4.3%
103	102	RHONDDA CYNON TAFF	104,136	107,311	108,003	0.6%	3.7%
78	74	SWANSEA	148,744	148,758	150,654	1.3%	1.3%
25	37	THE VALE OF GLAMORGAN	225,221	210,989	209,082	-0.9%	-7.2%
93	91	TORFAEN	125,914	127,482	129,538	1.6%	2.9%
77	79	WREXHAM	149,658	147,875	146,579	-0.9%	-2.1%
		<b>WALES</b>	<b>152,685</b>	<b>150,527</b>	<b>150,189</b>	<b>-0.2%</b>	<b>-1.6%</b>
34	38	HEREFORDSHIRE	212,861	211,428	207,767	-1.7%	-2.4%
41	43	SHROPSHIRE	200,619	200,433	200,316	-0.1%	-0.2%



60	58	<b>STAFFORDSHIRE</b>	167,448	169,972	169,132	-0.5%	1.0%
107	107	<b>STOKE-ON-TRENT</b>	94,316	96,383	96,503	0.1%	2.3%
28	27	<b>WARWICKSHIRE</b>	218,691	219,662	219,094	-0.3%	0.2%
75	70	<b>WEST MIDLANDS</b>	150,532	151,873	152,661	0.5%	1.4%
39	41	<b>WORCESTERSHIRE</b>	203,350	202,544	201,416	-0.6%	-1.0%
70	75	<b>WREKIN</b>	154,844	149,721	150,571	0.6%	-2.8%
		<b>WEST MIDLANDS</b>	<b>169,932</b>	<b>170,781</b>	<b>170,691</b>	<b>-0.1%</b>	<b>0.4%</b>
106	106	<b>CITY OF KINGSTON UPON HULL</b>	95,492	98,194	97,173	-1.0%	1.8%
56	56	<b>EAST RIDING OF YORKSHIRE</b>	169,913	169,894	169,521	-0.2%	-0.2%
100	100	<b>NORTH EAST LINCOLNSHIRE</b>	115,775	110,703	110,833	0.1%	-4.3%
92	92	<b>NORTH LINCOLNSHIRE</b>	130,551	127,559	127,087	-0.4%	-2.7%
31	31	<b>NORTH YORKSHIRE</b>	215,260	213,197	214,798	0.8%	-0.2%
83	88	<b>SOUTH YORKSHIRE</b>	139,915	134,925	135,810	0.7%	-2.9%
74	73	<b>WEST YORKSHIRE</b>	150,808	151,411	151,207	-0.1%	0.3%
35	36	<b>YORK</b>	212,707	213,381	211,925	-0.7%	-0.4%
		<b>YORKS &amp; HUMBER</b>	<b>155,658</b>	<b>154,412</b>	<b>154,574</b>	<b>0.1%</b>	<b>-0.7%</b>
		<b>ALL ENGLAND &amp; WALES</b>	<b>227,145</b>	<b>232,294</b>	<b>232,244</b>	<b>0.0%</b>	<b>2.2%</b>

Table 3 shows the average house prices for each of the 108 unitary authorities and counties in England & Wales, together with a regional summary for June 2012, May 2013 and June 2013. It also records the percentage change in these prices over the last month and year.

On an annual basis, prices have increased in 57 unitary authority areas (last month 58) and fallen in 51 (last month 50). This contrasts with London where prices have risen in 30 out of the 33 boroughs, clearly demonstrating the difference between the London market and the remainder of the country.

Among the unitary authorities, the area with the highest change in average house prices on an annual basis is the City of Peterborough, up 5.1%, helping to promote the continued growth in prices currently being experienced in East Anglia. This is followed by Brighton & Hove also up 5.1%, being a location which frequently follows the pattern of house prices seen in the more affluent parts of Greater London. The area with the largest fall in average prices over the year is Hartlepool, where prices have decreased by 9.8%, with the average value of detached houses in particular taking a knock. Hartlepool is followed by Poole, down 8.6%, where the average price of flats has dropped by some £60k.

Looking at the change in prices over the last month from May 2013 to June 2013, prices have fallen in 56 of the 108 unitary authority areas, indicating that outside of London the 'recovery' in the housing market is still somewhat illusive for more than half of England & Wales. The area with the largest decline in house prices over the month is the Isle of Anglesey, down 5.2%, although small sales volumes tend to make prices on the Isle relatively volatile. Outside of Wales the largest monthly decline was seen in West Berkshire at -3.1%, where the average price of flats has fallen by £8k during the month, but the sales volume has almost doubled. The area with the highest monthly increase in prices was Blackburn with Darwen, up 3.0%, where the average prices of terraces and flats have both increased by £6k over the month, albeit from a low base.

This month only 1 of the 108 unitary authorities has set a new peak price, (last month there were 3), being Hertfordshire, where average prices are now £7k higher than the peak of £325k seen during the last housing boom of 2008.

Taking Q2 2013 and comparing this with Q2 2012, we find that on average all property types have increased in value by between 1% and 3% except for flats, which have seen prices rise by an average 4%. This increase in flat prices is especially prevalent in the Greater London and East Anglia regions, although other unitary authority areas such as the City of Derby, Durham, Wokingham and the county of Shropshire have all seen increases in the average cost of flats of more than 15%.



This month the LSL/Acad Index has once again reached a new peak price, which indicates a general recovery in the housing market from its low point in April 2009. However, a large part of this recovery has occurred because of upward price movements in the Central London areas, with other parts of the UK still having seen little or no price movements since 2009. We appear to be witnessing a two-speed recovery with London, East Anglia and the South East in overdrive, while other areas continue to see little or no movement in their average house prices. Figure 9 shows the effect of London, and we can see that if the Greater London price rises are taken out of the index, the rate of annual growth of house price inflation falls from 2.6% (including Greater London) to 1.0% (excluding Greater London). As Figure 9 highlights, the annual percentage change in house prices for all regions excluding London has been running at half the level of that including London since May 2012. The picture is much less positive as a consequence, and this reality is a key factor outside of London. The question is whether the strength of the London market will ultimately carry through to the rest of England & Wales or whether, if London loses momentum, the market as a whole will start to slip backwards.

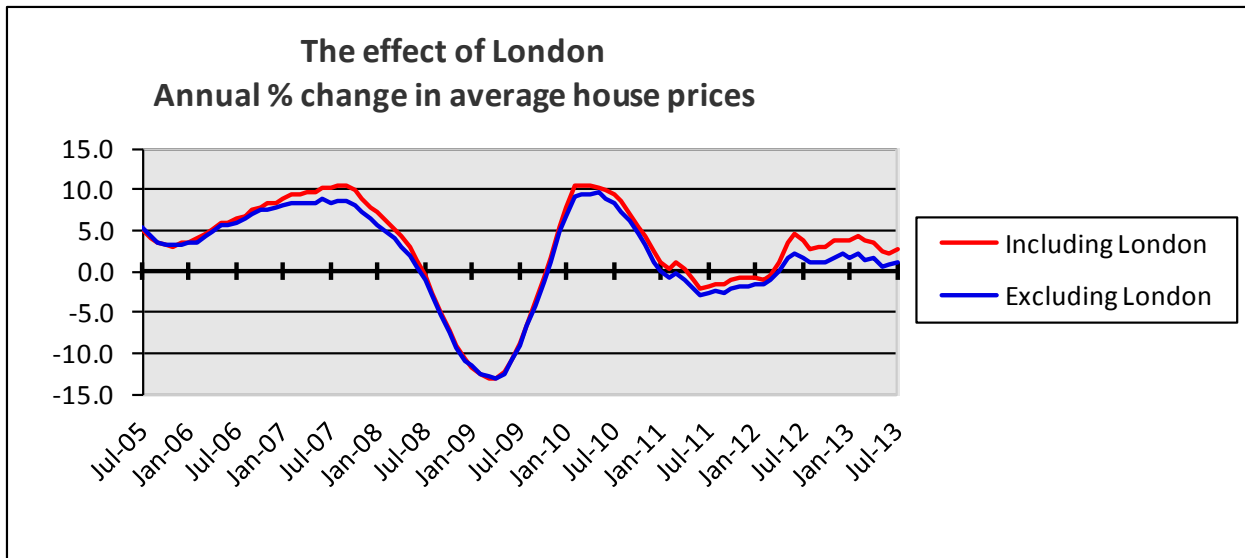


Figure 9. The annual % change in average house prices including and excluding Greater London

[link to source Excel](#)

# Regional data table



Table 4. Average house prices by region, July 2012 – July 2013, with monthly and annual % growth

[link to source Excel](#)

	North			North West			East Midlands			West Midlands		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Jul-12	£140,767	-0.3	1.1	£150,722	-0.3	-1.3	£160,692	-0.4	0.5	£169,888	0.0	0.8
Aug-12	£140,702	0.0	2.4	£151,690	0.6	-1.1	£159,797	-0.6	-0.3	£169,520	-0.2	-0.1
Sep-12	£140,469	-0.2	1.8	£150,841	-0.6	-1.2	£160,349	0.3	0.1	£169,539	0.0	0.0
Oct-12	£141,798	0.9	1.7	£151,702	0.6	-0.2	£161,029	0.4	0.6	£170,088	0.3	-0.3
Nov-12	£141,834	0.0	2.3	£149,828	-1.2	-0.9	£161,552	0.3	0.7	£170,036	0.0	0.5
Dec-12	£140,678	-0.8	2.0	£150,113	0.2	0.0	£160,995	-0.3	0.7	£170,772	0.4	0.2
Jan-13	£139,841	-0.6	0.7	£150,795	0.5	0.2	£161,351	0.2	0.5	£171,714	0.6	0.5
Feb-13	£141,363	1.1	-0.2	£152,825	1.3	0.5	£163,207	1.2	1.0	£173,205	0.9	1.2
Mar-13	£142,030	0.5	-1.4	£152,558	-0.2	0.2	£162,424	-0.5	0.4	£172,384	-0.5	1.2
Apr-13	£141,976	0.0	-0.9	£152,218	-0.2	0.9	£162,102	-0.2	0.3	£171,799	-0.3	1.6
May-13	£140,126	-1.3	-1.3	£151,403	-0.5	0.8	£160,732	-0.8	-0.2	£170,781	-0.6	0.7
Jun-13	£140,351	0.2	-0.6	£152,467	0.7	0.9	£161,627	0.6	0.2	£170,691	-0.1	0.4

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Jul-12	£152,009	-0.4	1.4	£154,125	-1.0	0.9	£223,731	-0.4	1.4	£198,259	-0.5	0.1
Aug-12	£151,360	-0.4	-0.2	£154,160	0.0	0.0	£223,372	-0.2	1.2	£200,296	1.0	1.0
Sep-12	£151,978	0.4	0.0	£154,359	0.1	0.3	£221,434	-0.9	-0.4	£201,272	0.5	1.5
Oct-12	£152,610	0.4	-1.5	£154,310	0.0	0.7	£222,024	0.3	-0.1	£202,736	0.7	2.4
Nov-12	£152,588	0.0	-1.3	£154,285	0.0	1.0	£220,760	-0.6	-0.1	£200,520	-1.1	2.0
Dec-12	£152,356	-0.2	-0.8	£153,724	-0.4	-0.1	£223,141	1.1	0.7	£203,302	1.4	4.0
Jan-13	£151,580	-0.5	-0.3	£153,915	0.1	-0.2	£223,161	0.0	0.6	£202,661	-0.3	3.7
Feb-13	£153,323	1.1	0.7	£153,673	-0.2	-0.8	£224,272	0.5	1.3	£206,745	2.0	5.9
Mar-13	£152,729	-0.4	-0.5	£153,903	0.1	0.2	£223,420	-0.4	0.6	£205,863	-0.4	4.2
Apr-13	£152,248	-0.3	-1.0	£154,457	0.4	-0.2	£223,751	0.1	0.4	£207,047	0.6	4.1
May-13	£150,527	-1.1	-1.8	£154,412	0.0	-0.2	£223,980	0.1	-0.7	£205,512	-0.7	2.5
Jun-13	£150,189	-0.2	-1.6	£154,574	0.1	-0.7	£223,831	-0.1	-0.4	£204,750	-0.4	2.7

	South East			Greater London			ENGLAND & WALES			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Jul-12	£272,756	0.3	3.5	£423,399	0.5	11.2		£227,173	0.0	3.8
Aug-12	£271,308	-0.5	2.3	£420,729	-0.6	8.5		£226,511	-0.3	2.7
Sep-12	£270,922	-0.1	2.6	£426,426	1.4	9.6		£226,993	0.2	3.0
Oct-12	£270,548	-0.1	2.7	£426,933	0.1	9.0		£227,404	0.2	3.0
Nov-12	£270,683	0.0	3.7	£431,700	1.1	10.6		£227,647	0.1	3.7
Dec-12	£272,143	0.5	4.4	£431,466	-0.1	9.8		£228,261	0.3	3.8
Jan-13	£272,101	0.0	3.6	£437,033	1.3	10.8		£229,080	0.4	3.8
Feb-13	£274,360	0.8	3.9	£439,645	0.6	11.4		£230,921	0.8	4.3
Mar-13	£275,754	0.5	2.7	£446,420	1.5	11.6		£231,861	0.4	3.8
Apr-13	£277,123	0.5	2.9	£447,910	0.3	10.0		£232,370	0.2	3.5
May-13	£277,169	0.0	1.7	£451,323	0.8	7.7		£232,294	0.0	2.3
Jun-13	£276,257	-0.3	1.6	£451,422	0.0	7.1		£232,244	0.0	2.2
Jul-13								£232,969	0.3	2.6



1. LSL Acad E&W 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 E&W HPI includes cash purchase prices and is the only index based upon the **complete, factual**, house price data for England & 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 E&W HPI, CLG/ONS and LR) can be prepared only when the prices at which properties have been transacted have been recorded at LR (LSL Acad E&W HPI and LR) or when firm prices at mortgage completion (CLG/ONS) 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 E&W 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 E&W HPI, LR and CLG/ONS are published in that order.
3. LSL Acad E&W 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.38% (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 E&W HPI result. Rather than rely upon a small sample, likely to be unrepresentative, LSL Acad E&W 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.88% of the transactions for the prior month, used to replace the initial LSL Acad E&W HPI “forecast” with a first LSL Acad E&W HPI “updated” result. Two months after any given month, LR provides c.96 % of the month’s transactions, sufficient to enable us to describe our next update as an LSL Acad E&W HPI “final” index, closely approximating the LSL Acad E&W HPI “ultimate” results; LSL Acad E&W HPI “ultimate” includes the price of virtually every single LR transaction for the month, smoothed, seasonally and mix adjusted; the LSL Acad E&W HPI “updated” 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/ONS 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.88% sample and provide monthly results one month in arrears of the most recent month. In our Regional data table, **red** data represent LSL Acad E&W HPI “forecast” results, **blue** data represent LSL Acad E&W HPI “updated” results and black data represent the LSL Acad E&W 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 E&W HPI is indicative until we are able to publish the LSL Acad E&W HPI “final” index using the LR 96% sample. LSL Acad E&W 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 E&W 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/ONS 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 E&W 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 E&W 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 E&W 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 E&W HPI, together with historic data are available from Acadametrics as in page 5 NOTE 7 above.
10. LSL Acad E&W HPI was published under the name FTHPI from September 2003 until December 2009.

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## LSL PROPERTY SERVICES PLC

LSL is one of the leading residential property services companies in the UK and provides a broad range of services to a wide range of customers including mortgage lenders together with buyers and sellers of residential properties.

LSL's operations cover four key areas; surveying, estate agency, corporate services and financial services.

### Surveying

LSL's [surveying](#) business operates under e.surv Chartered Surveyors, Chancellors Associates and Barnwoods brands. e.surv is one of the largest employers of residential Chartered Surveyors in the UK and is the largest distributor and manager of mortgage valuations and private surveys.

### Estate Agency

LSL's [estate agency](#) business operates under the Your Move, Reeds Rains, Intercounty and several independent brands. Your Move is the single largest estate agency brand in the UK.

In January 2010 the acquisition of the Halifax Estate Agency (HEA) business from Lloyd Banking Group saw LSL increase in size to become the second largest UK estate agency network - with around 570 branches. It is also the largest letting agency in the UK.

### Corporate Services

LSL Corporate Client Services was launched in 2008 to provide asset management and lettings property portfolio management services to corporate clients. This business has grown through the addition of St Trinity Asset Management - which previously operated as HEA Corporate Services - and Templeton LPA, which LSL acquired in February 2010.

### Financial Services

LSL offers financial services across its entire branch network. In May 2010 LSL acquired over 450 advisers from leading financial services network Home of Choice - these advisers now operate under the brand of First Complete.

In October 2010 LSL also announced the acquisition of mortgage distribution company, Advance Mortgage Funding Limited (trading as Pink Home Loans) and its subsidiary business BDS Mortgage Group Limited, (together known as Pink), from Skipton Building Society. It further confirmed LSL's position as one of the largest mortgage advisory businesses in the UK today.

For further information see [www.lslps.co.uk](http://www.lslps.co.uk)