

LSL Property Services/Acadametrics England & Wales House Price Index

JUNE 2013

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 12TH JULY 2013



House prices hit record high in June

- Prices up **£5,664** in the past 12 months, reaching a high of **£232, 801**
- But it is London driving the increase: sales still low outside the South East

House Price	Index	Monthly Change %	Annual Change %
£232,801	237.0	0.2	2.5

David Newnes, director of LSL Property Services plc, owner of Your Move and Reeds Rains estate agents, comments: “It’s taken almost five years, but the housing market finally looks set on the road to recovery from the 2008 downturn. The average house price is up £5,664 over the past year, and up £364 on a monthly basis. House prices have never been higher. They reached a record high in May and set another record in June. The catalyst has been a significant improvement in mortgage availability which is thawing the frozen first-time buyer market. Lenders are more willing to lend to high LTV borrowers, and this spate of activity at the bottom end of the market is reverberating all the way up the housing chain. The plethora of attractive mortgage deals on offer is working wonders and wider pools of buyers are flocking to the market.

“Let’s be clear though, the market still has a long way to go before it reaches its pre-2008 health. Sales figures for June 2013 are below the level of the previous three years, and first-time buyer numbers are still low outside of the South East. Obtaining mortgage finance is still difficult by historic standards, and the shortage of properties on the market is a key stumbling block to a more sustained climb in transactions. There needs to be continued confidence in the property market’s bounce back to persuade more people to trade up and put their home on the market. The lack of supply is helping to boost prices but in the process making it more difficult for first-time buyers. The market needs an increase in supply to ensure prices don’t rise out of equilibrium.

“Although house prices may have risen significantly in June 2013, the reality is that the annual growth of 2.5% is being driven by London. Figures are slightly misleading, reflecting the influx of foreign buyers who are boosting property price growth in the capital. Money is pouring into prime areas from cash buyers and international investors looking to store their wealth in bricks and mortar. This growing demand for properties in central London areas is proving to be an important contributor to the 7.9% growth in average prices in London.

“The Government must further support first-time buyers in order to close the gap between opposite ends of the property market. With economic conditions improving and consumer confidence rising, there are strong hopes that both the Funding for Lending and Help to Buy schemes will encourage more buyers and sellers to return to the market, which will support prices and may lead to long term recovery.”

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

House price index: historical data



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

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
June	2012	£227,137	231.2	0.1	4.4
July	2012	£227,154	231.3	0.0	3.8
August	2012	£226,505	230.6	-0.3	2.7
September	2012	£227,003	231.1	0.2	3.0
October	2012	£227,420	231.5	0.2	3.0
November	2012	£227,645	231.8	0.1	3.7
December	2012	£228,266	232.4	0.3	3.8
January	2013	£229,111	233.3	0.4	3.9
February	2013	£230,871	235.1	0.8	4.2
March	2013	£231,634	235.8	0.3	3.7
April	2013	£232,215	236.4	0.3	3.4
May	2013	£232,437	236.6	0.1	2.4
June	2013	£232,801	237.0	0.2	2.5

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

House prices

The average house price in England & Wales in June is £364 (0.2%) higher than in May. It now stands at £232,801, which for the second month in succession sets a new record level, exceeding the previous peak reached in February 2008 at the height of the last housing boom. On a monthly basis prices have increased or remained constant in 18 of the last 19 months. Only in August 2012 was there a fall in average house prices, during the London Olympics, when many were distracted from the purchase of a family home.

As our trendline in Figure 1 below shows, prices have been rising over the last year on a near straight-line basis, with only August 2012 and February 2013 bucking this trend. In the other ten months prices have been increasing in a tight band of between 0.0% - 0.4% per month, with this month's increase of 0.2% being in the centre of that range.

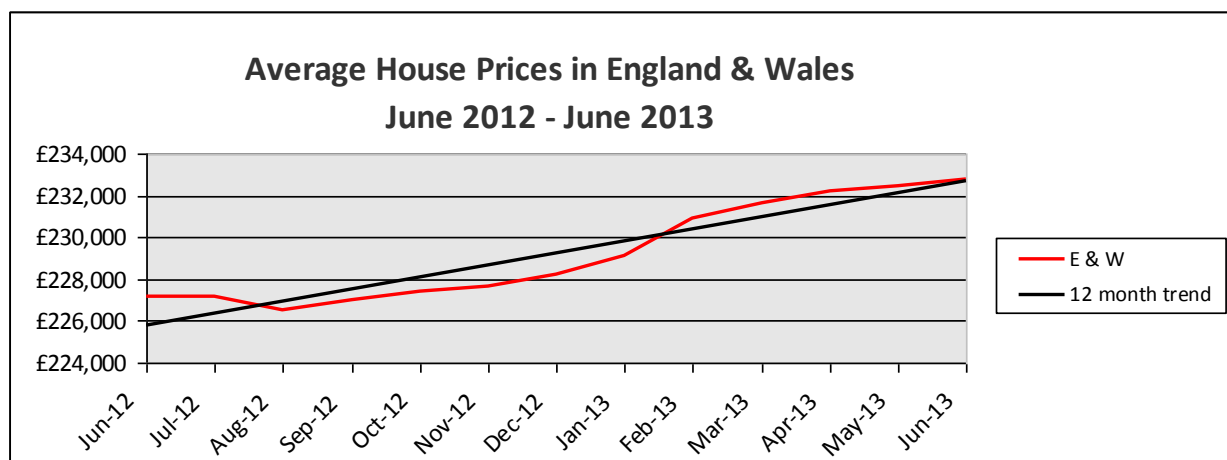


Figure 1. The Average House Price in England & Wales, June 2012 – June 2013

[link to source Excel](#)

On an annual basis the average house price has increased by 2.5% since last June. This level of house price inflation is below that of the ONS annual RPI Index for May 2013 of 3.1%, so in real terms house prices have fallen over the last 12 months.

As we go on to show, the optimism that might be derived from the generally upward trend in prices is somewhat dampened by the knowledge that outside of London the picture of recovery and return to growth is more mixed. However, the main house price indices are now all pointing towards continued house price inflation and a slow but steady improvement of housing markets across England and Wales. This mimics the generally more confident views of the economy that have emerged in recent months. Mortgage lending has been boosted by a range of government initiatives, and we are finally seeing house builders moving to increase output.

The Quarter 2 Credit Conditions Survey from the Bank of England was clearly more upbeat. It noted that in the 3 months to the end of May there was an increase in the availability of secured credit to households, with lenders expanding activity to support their market shares as well as adjusting their risk appetite upwards. This last point is quite significant, and is reflected in increased numbers of higher loan-to-value products appearing on the market. Looking forward, the Bank noted that there was an 'increase in loan approvals in 2013 Q2, the first time a positive balance has been recorded since 2011 Q3' and that this 'expansion of availability for secured credit was expected to continue, across loan-to-value (LTV) ratios, in 2013 Q3'.

This is encouraging. At the same time, recent industry reports on the housing market produced by both the RICS and the Intermediary Mortgage Lenders Association raise real concerns about the future shape and direction of housing policy and the housing market, with both bodies calling for more dialogue with the government. There is a general view that the short term outlook is quite promising but that in the medium term, as government initiatives fall away, market uncertainty will return. The big question will be how much of the momentum currently being built up will be sustained. If buyers and sellers continue to return in numbers to the market, supported by rising prices and more credit, then the greater the likelihood this forward momentum can be sustained. Time will tell!



Housing Transactions

Based on statistics from the last eighteen years, transactions in June are on average 8% higher than in May. There is a bias towards the summer months in the purchase of homes, with June being typically the third highest month in the year in terms of monthly housing transactions, following July and August. However, this year we estimate that June transactions will be 19% lower than May. So why are transaction numbers this June significantly lower than the previous month?

We can perhaps answer this question by pointing out that May transactions in 2013 were higher than normal, by approximately 10,000 sales. Last month we stated that "... it will be interesting to observe the housing transaction figures in June to see if the increase in transactions in May 2013 is a one-off occurrence or the start of a sustained recovery in the market". We now have the answer – it was a one-off. The jump in activity was probably due to there being five Fridays in the month of May, with the last day of the month being a Friday. Solicitors and their clients tend to exchange housing contracts on a Friday, to allow the purchaser to move into their new home over a weekend. There is also a tendency for solicitors to complete housing transactions by the last day of the month, to allow mortgage interest calculations to coincide with the start of the new month. The fact that this year the last day of May was a Friday will have resulted in higher than average housing completions in the month. Given historically low levels of transactions and very modest price increases, market statistics are even more exposed to these 'micro' factors than normal.

If we combine our estimates of sales for both May and June 2013, we calculate there will have been 115,000 transactions over the two months; this compares with 113,486 transactions for the same period in 2012, an increase of 1.3%. Overall we estimate there have been 310,800 transactions in the first six months of 2013, compared to 308,936 transactions during the first six months of 2012, an increase of 0.6%.

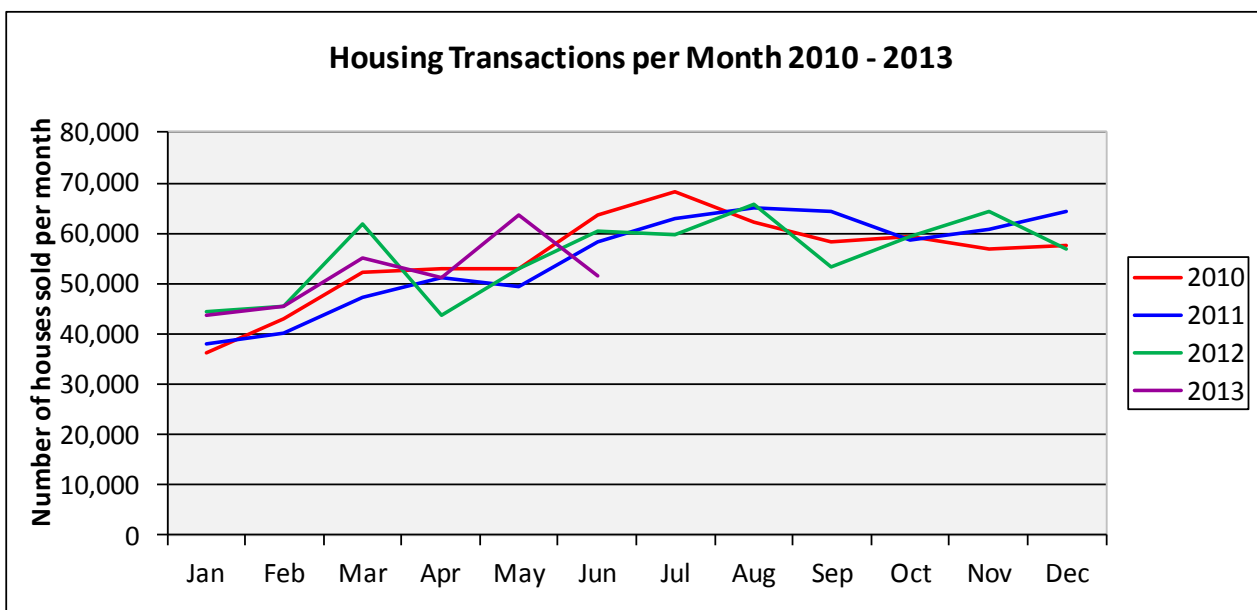


Figure 2. Number of properties sold per month in England & Wales, Jan 2010 – June 2013. Source Land Registry [link to source Excel](#)

Figure 2 illustrates the number of housing transactions per month for the period January 2010 – June 2013, without seasonal adjustment. With the benefit of hindsight we can see that the increase in transaction numbers in May 2013 was an anomaly, with the figures for June 2013 being below the level of the previous three years, counterbalancing the May uplift.

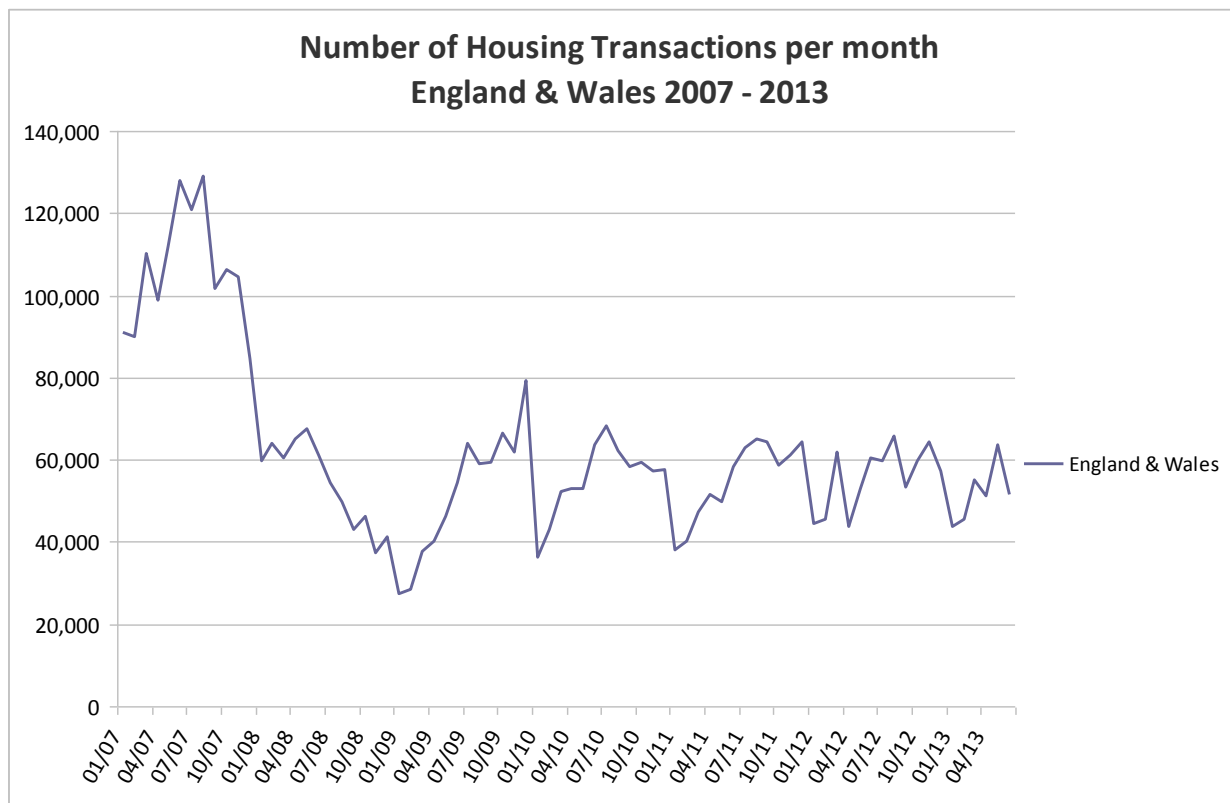


Figure 3. The number of housing transactions by month in England & Wales, 2006-2013 (not seasonally adjusted) [link to source Excel](#)

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 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.

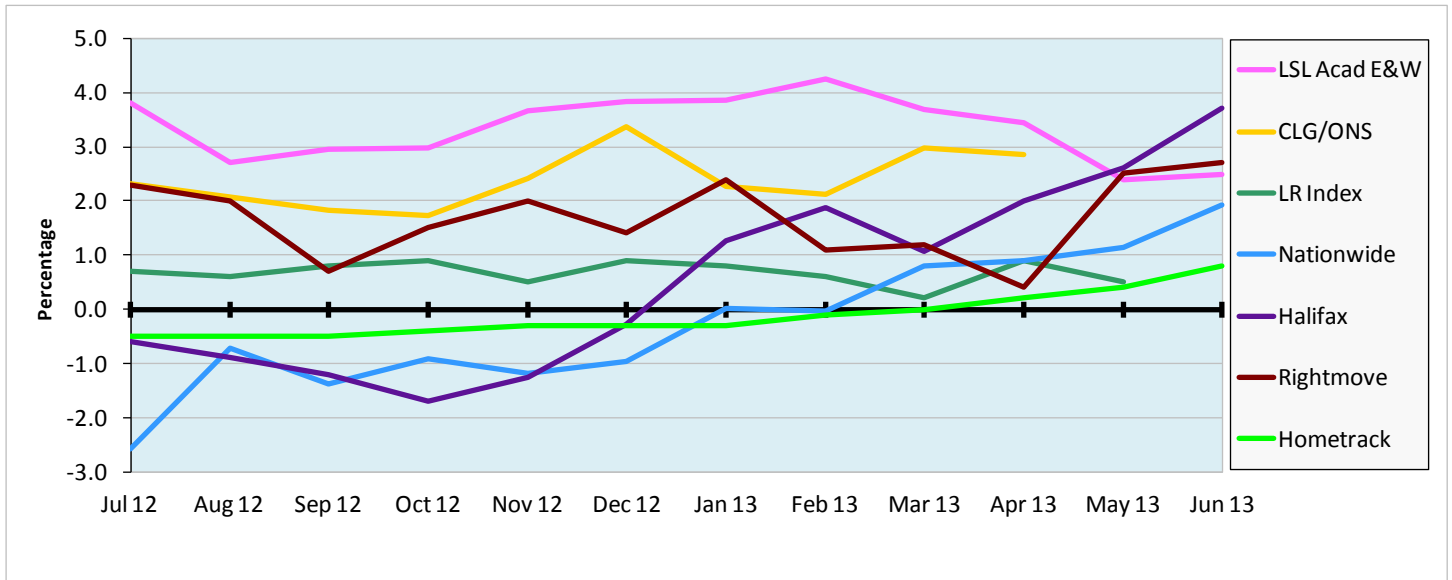


Figure 4. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)

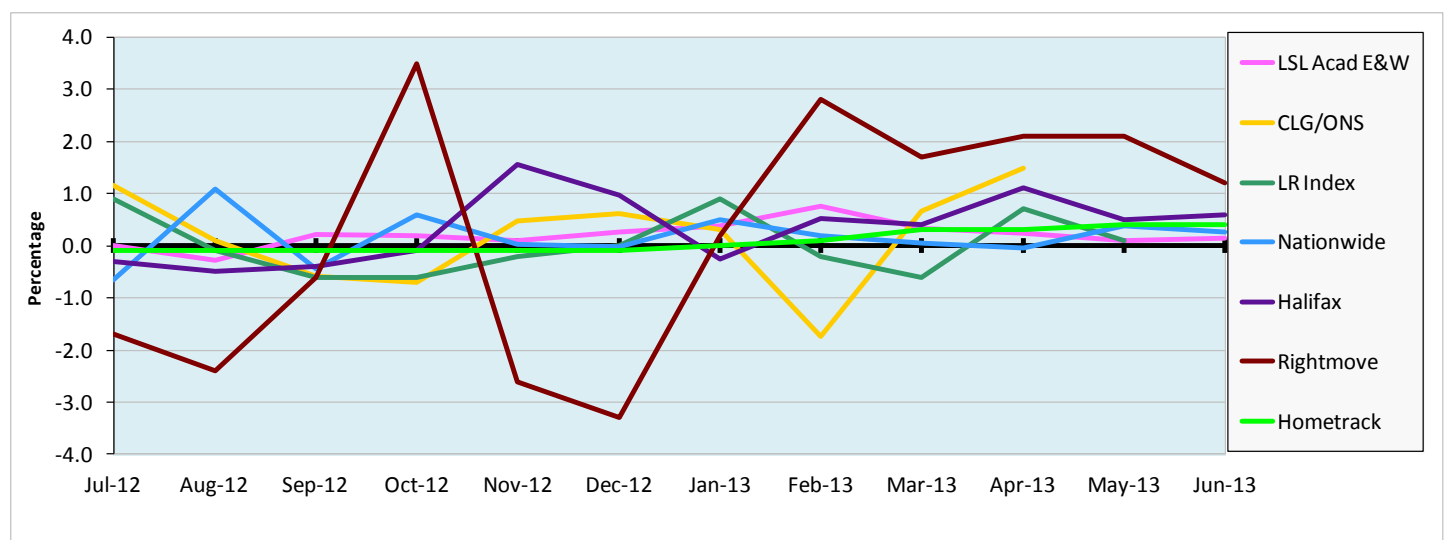


Figure 5. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[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 fifth 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 May 2013. It is noticeable that all ten regions in May show a decline in the annual rate of house price inflation, compared to the previous month. This is largely due to a spike in average prices seen in May 2012. This was a result of a lack of first time buyers in April and May 2012, itself caused by the ending of the stamp duty holiday in March 2012; this had the consequence of raising average house prices in the two subsequent months. No similar process occurred in 2013, so prices across the country appear to have fallen. In reality though it has more to do with events that took place in 2012, rather than a change in the housing market fundamentals in 2013.

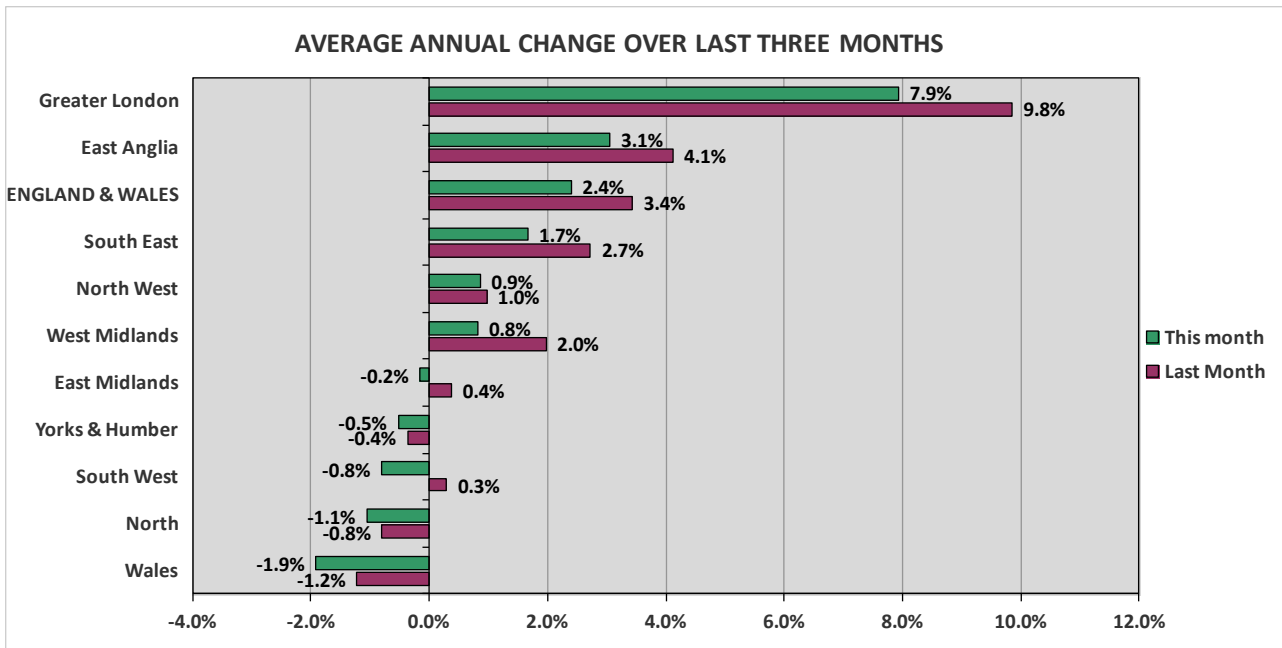


Figure 6. The annual change in the average house price, analysed by region

[link to source Excel](#)

ANNUAL CHANGE IN PRICE BY REGION

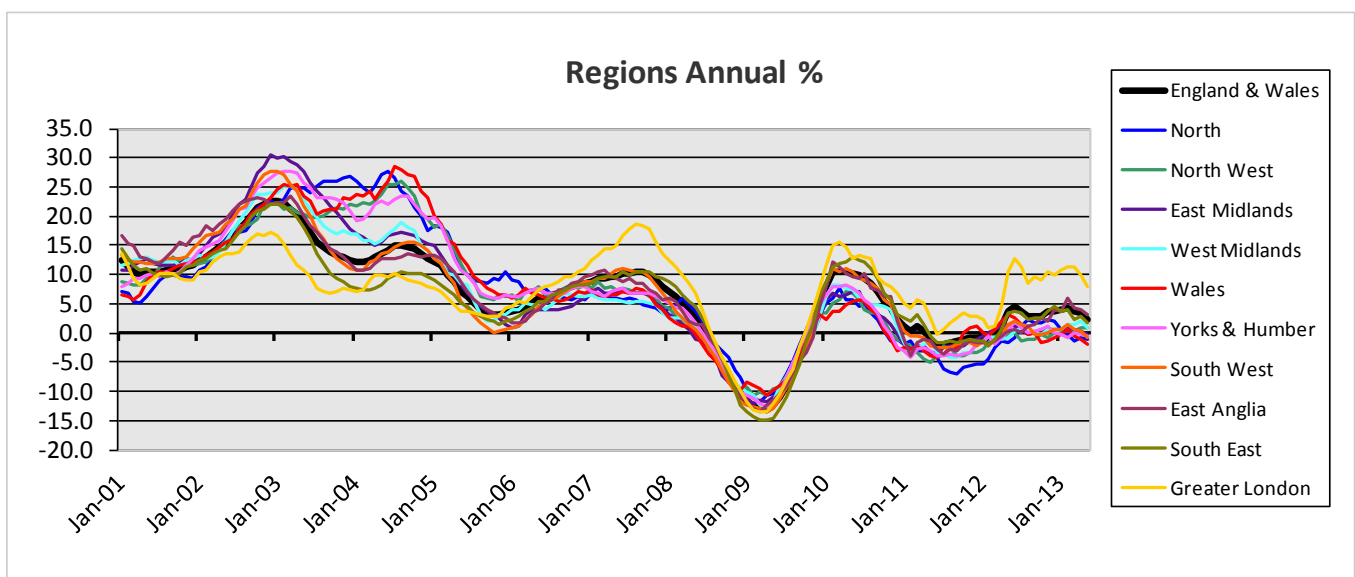


Figure 7. A comparison of the annual change in house prices, by region for the period January 2001 – May 2013

[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 5 NOTE 5 above and from our covering email; timescales can be varied for clarity. Numerous other comparisons are facilitated in this and other interactive charts available through the same links.



Table 2. The change in mix adjusted house prices, for the 33 London boroughs, comparing May 2012 with May 2013.

[link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LONDON BOROUGH	May-12	May-13	% Change
1	1	KENSINGTON AND CHELSEA	1,394,391	1,496,278	7.3%
2	2	CITY OF WESTMINSTER	1,106,144	1,330,662	20.3%
8	3	CITY OF LONDON	495,300	873,969	76.5%
3	4	CAMDEN	736,058	816,497	10.9%
4	5	HAMMERSMITH AND FULHAM	649,020	755,318	16.4%
5	6	RICHMOND UPON THAMES	604,727	658,898	9.0%
7	7	WANDSWORTH	503,188	564,956	12.3%
6	8	ISLINGTON	535,571	552,839	3.2%
9	9	BARNET	459,163	461,187	0.4%
10	10	MERTON	447,369	460,726	3.0%
12	11	SOUTHWARK	423,788	449,106	6.0%
11	12	HARINGEY	436,801	438,805	0.5%
14	13	LAMBETH	396,210	433,664	9.5%
15	14	HACKNEY	379,142	432,978	14.2%
13	15	EALING	399,591	427,992	7.1%
17	16	KINGSTON UPON THAMES	366,441	414,414	13.1%
16	17	BRENT	376,583	413,891	9.9%
19	18	HOUNSLOW	354,529	412,259	16.3%
20	19	HARROW	329,215	356,585	8.3%
18	20	TOWER HAMLETS	361,067	355,967	-1.4%
21	21	BROMLEY	325,958	328,948	0.9%
23	22	GREENWICH	291,757	311,365	6.7%
22	23	HILLINGDON	304,447	293,627	-3.6%
26	24	LEWISHAM	272,723	292,664	7.3%
25	25	ENFIELD	279,966	292,290	4.4%
24	26	REDBRIDGE	289,475	291,494	0.7%
27	27	SUTTON	260,986	267,078	2.3%
29	28	CROYDON	248,419	258,758	4.2%
28	29	WALTHAM FOREST	250,320	257,613	2.9%
30	30	HAVERING	243,957	249,764	2.4%
31	31	BEXLEY	227,809	233,330	2.4%
32	32	NEWHAM	217,552	226,489	4.1%
33	33	BARKING AND DAGENHAM	178,049	182,662	2.6%
		ALL LONDON	419,122	452,344	7.9%

Table 2 above shows the average house price by London borough for May 2012 and May 2013, along with the percentage change over the year. The boroughs highlighted in grey are currently experiencing record average house prices.

On an annual basis, house prices have increased in 31 of the 33 London Boroughs, with only Tower Hamlets and Hillingdon showing a negative movement in the average property price over the period. This month, some 13 London Boroughs (up from 10 last month) are experiencing peak prices, as is Greater London as a whole. This gives a clear indication of the current buoyancy and continuing momentum in this market.

The borough with the highest increase in prices is the City of London, up by 76% over the year, although we should caution that very few transactions take place in the City of London each month. This increase is based therefore on only a small number of flat sales (24 in May 2013 and 12 in May 2012), which introduces considerable volatility in the average prices on which this percentage increase is based. The second highest increase in prices is in the City of Westminster, based on a more respectable 258 sales in May 2013, where prices have increased by an average 20.3%.

The central London boroughs continue to dominate the increase in prices in the Greater London area, with the City of Westminster, City of London and Camden all seeing substantial growth in house prices. Of the 12 boroughs which are showing an above average increase in annual house prices, six are ranked in the top seven areas by price. This reinforces the trend that prices are rising faster in the highest value areas of London, while more modest price increases are experienced elsewhere.

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 May 2012 with April and May 2013 [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	COUNTY / UNITARY AUTHORITY / REGION	May-12	Apr-13	May-13	Monthly change	Annual Change
17	16	CAMBRIDGESHIRE	241,003	257,215	255,130	-0.8%	5.9%
80	69	CITY OF PETERBOROUGH	143,940	154,601	153,785	-0.5%	6.8%
46	45	NORFOLK	183,036	188,701	187,732	-0.5%	2.6%
40	41	SUFFOLK	202,028	200,575	202,048	0.7%	0.0%
		EAST ANGLIA	200,415	207,035	206,534	-0.2%	3.1%
85	82	CITY OF DERBY	137,911	143,006	142,168	-0.6%	3.1%
96	95	CITY OF NOTTINGHAM	121,429	117,694	117,626	-0.1%	-3.1%
63	65	DERBYSHIRE	162,290	159,027	157,100	-1.2%	-3.2%
92	90	LEICESTER	127,687	133,135	134,153	0.8%	5.1%
47	47	LEICESTERSHIRE	182,890	186,335	183,702	-1.4%	0.4%
69	74	LINCOLNSHIRE	154,422	152,219	150,227	-1.3%	-2.7%
49	51	NORTHAMPTONSHIRE	179,535	179,995	179,582	-0.2%	0.0%
71	64	NOTTINGHAMSHIRE	153,691	160,487	158,569	-1.2%	3.2%
14	14	RUTLAND	261,042	267,190	263,511	-1.4%	0.9%
		EAST MIDLANDS	161,010	162,215	160,754	-0.9%	-0.2%
		GREATER LONDON	419,122	447,394	452,344	1.1%	7.9%
58	63	CUMBRIA	167,479	163,467	161,554	-1.2%	-3.5%
84	87	DARLINGTON	138,240	142,239	136,453	-4.1%	-1.3%
99	96	DURHAM	117,490	118,228	116,418	-1.5%	-0.9%
100	101	HARTLEPOOL	115,887	114,048	110,440	-3.2%	-4.7%
98	98	MIDDLESBROUGH	120,333	115,986	113,655	-2.0%	-5.5%
52	53	NORTHUMBERLAND	176,783	176,839	178,769	1.1%	1.1%
97	94	REDCAR AND CLEVELAND	121,360	123,181	120,488	-2.2%	-0.7%
67	78	STOCKTON-ON-TEES	154,630	146,877	146,265	-0.4%	-5.4%
87	85	TYNE AND WEAR	135,504	139,435	137,424	-1.4%	1.4%
		NORTH	141,963	142,181	140,466	-1.2%	-1.1%
95	100	BLACKBURN WITH DARWEN	122,931	109,741	111,444	1.6%	-9.3%
103	105	BLACKPOOL	107,700	98,430	101,712	3.3%	-5.6%
41	29	CHESHIRE	201,280	219,233	216,254	-1.4%	7.4%
79	80	GREATER MANCHESTER	147,407	147,366	145,915	-1.0%	-1.0%
93	88	HALTON	126,255	136,149	136,357	0.2%	8.0%
81	79	LANCASHIRE	143,043	147,645	146,083	-1.1%	2.1%
82	86	MERSEYSIDE	139,608	136,719	137,164	0.3%	-1.8%
50	46	WARRINGTON	178,844	180,991	185,914	2.7%	4.0%
		NORTH WEST	150,212	152,373	151,504	-0.6%	0.9%
29	27	BEDFORDSHIRE	219,146	218,183	218,522	0.2%	-0.3%
13	10	BRACKNELL FOREST	267,859	274,620	278,408	1.4%	3.9%
10	9	BRIGHTON AND HOVE	281,555	293,299	294,042	0.3%	4.4%
3	3	BUCKINGHAMSHIRE	357,564	372,710	379,043	1.7%	6.0%
20	20	EAST SUSSEX	236,882	241,599	238,778	-1.2%	0.8%
16	17	ESSEX	244,798	245,844	246,359	0.2%	0.6%
11	12	HAMPSHIRE	271,009	269,966	272,898	1.1%	0.7%
4	4	HERTFORDSHIRE	325,259	332,494	333,340	0.3%	2.5%
44	44	ISLE OF WIGHT	196,635	192,955	195,948	1.6%	-0.3%
22	19	KENT	232,526	238,571	239,040	0.2%	2.8%
70	66	LUTON	154,200	155,958	156,893	0.6%	1.7%
61	59	MEDWAY	166,503	167,913	168,841	0.6%	1.4%
30	34	MILTON KEYNES	217,794	211,975	211,484	-0.2%	-2.9%

Counties and unitary authorities



5	6	OXFORDSHIRE	324,451	319,725	318,501	-0.4%	-1.8%
59	55	PORTSMOUTH	167,163	168,416	171,578	1.9%	2.6%
23	21	READING	231,803	235,835	236,731	0.4%	2.1%
35	28	SLOUGH	211,953	215,795	216,482	0.3%	2.1%
62	61	SOUTHAMPTON	165,005	167,246	167,553	0.2%	1.5%
42	42	SOUTHEND-ON-SEA	201,048	204,393	201,005	-1.7%	0.0%
2	2	SURREY	407,723	422,997	419,175	-0.9%	2.8%
55	49	THURROCK	173,437	184,229	181,795	-1.3%	4.8%
7	7	WEST BERKSHIRE	309,149	318,008	316,431	-0.5%	2.4%
12	11	WEST SUSSEX	269,017	271,303	273,190	0.7%	1.6%
1	1	WINDSOR AND MAIDENHEAD	483,010	464,211	469,298	1.1%	-2.8%
6	5	WOKINGHAM	323,896	333,839	328,810	-1.5%	1.5%
		SOUTH EAST	272,557	276,671	277,100	0.2%	1.7%
8	8	BATH AND NORTH EAST SOMERSET	289,512	298,660	297,540	-0.4%	2.8%
24	39	BOURNEMOUTH	231,067	199,783	207,296	3.8%	-10.3%
31	25	CITY OF BRISTOL	217,701	219,516	221,769	1.0%	1.9%
65	68	CITY OF PLYMOUTH	158,381	152,984	153,946	0.6%	-2.8%
21	24	CORNWALL	232,657	222,224	221,974	-0.1%	-4.6%
18	22	DEVON	239,960	235,610	235,540	0.0%	-1.8%
15	13	DORSET	259,581	266,769	264,221	-1.0%	1.8%
25	23	GLOUCESTERSHIRE	228,189	228,108	228,033	0.0%	-0.1%
38	30	NORTH SOMERSET	206,651	216,186	215,995	-0.1%	4.5%
9	15	POOLE	283,278	262,253	258,540	-1.4%	-8.7%
37	37	SOMERSET	207,783	211,732	210,462	-0.6%	1.3%
36	33	SOUTH GLOUCESTERSHIRE	208,137	210,452	212,803	1.1%	2.2%
57	60	SWINDON	169,480	168,471	168,404	0.0%	-0.6%
51	50	TORBAY	178,325	178,943	181,266	1.3%	1.6%
19	18	WILTSHIRE	239,651	241,396	241,882	0.2%	0.9%
		SOUTH WEST	225,600	223,551	223,787	0.1%	-0.8%
108	108	BLAENAU GWENT	86,930	83,804	87,687	4.6%	0.9%
86	83	BRIDGEND	135,986	137,682	139,769	1.5%	2.8%
94	97	CAERPHILLY	123,828	116,012	115,522	-0.4%	-6.7%
48	48	CARDIFF	182,142	185,283	182,894	-1.3%	0.4%
90	91	CARMARTHENSHIRE	129,200	139,794	130,353	-6.8%	0.9%
45	54	CEREDIGION	193,284	178,290	175,942	-1.3%	-9.0%
64	72	CONWY	160,231	151,340	151,033	-0.2%	-5.7%
88	84	DENBIGHSHIRE	134,355	139,987	139,255	-0.5%	3.6%
72	70	FLINTSHIRE	153,577	152,706	152,309	-0.3%	-0.8%
68	67	GWYNEDD	154,565	153,244	155,083	1.2%	0.3%
66	58	ISLE OF ANGLESEY	156,517	164,366	169,115	2.9%	8.0%
105	104	MERTHYR TYDFIL	104,677	104,412	103,407	-1.0%	-1.2%
27	32	MONMOUTHSHIRE	223,963	219,189	213,481	-2.6%	-4.7%
102	103	NEATH PORT TALBOT	109,279	108,297	105,504	-2.6%	-3.5%
78	81	NEWPORT	148,822	149,191	143,711	-3.7%	-3.4%
53	62	PEMBROKESHIRE	175,449	166,797	163,602	-1.9%	-6.8%
54	52	POWYS	174,777	184,260	179,334	-2.7%	2.6%
104	102	RHONDDA CYNON TAFF	106,251	106,501	106,457	0.0%	0.2%
75	77	SWANSEA	152,573	148,226	147,158	-0.7%	-3.5%
26	38	THE VALE OF GLAMORGAN	224,845	207,349	210,149	1.4%	-6.5%
91	93	TORFAEN	127,815	124,575	126,144	1.3%	-1.3%
73	75	WREXHAM	153,131	154,009	149,083	-3.2%	-2.6%
		WALES	153,311	151,928	150,376	-1.0%	-1.9%
32	36	HEREFORDSHIRE	216,240	211,967	210,468	-0.7%	-2.7%



43	43	SHROPSHIRE	199,858	200,596	198,946	-0.8%	-0.5%
60	56	STAFFORDSHIRE	166,543	169,542	169,789	0.1%	1.9%
107	107	STOKE-ON-TRENT	94,843	96,512	96,419	-0.1%	1.7%
28	26	WARWICKSHIRE	221,029	219,804	220,074	0.1%	-0.4%
77	71	WEST MIDLANDS	148,937	154,059	152,205	-1.2%	2.2%
39	40	WORCESTERSHIRE	204,834	207,800	204,040	-1.8%	-0.4%
74	76	WREKIN	152,725	150,037	148,633	-0.9%	-2.7%
		WEST MIDLANDS	169,574	172,341	170,964	-0.8%	0.8%
106	106	CITY OF KINGSTON UPON HULL	95,874	98,951	97,129	-1.8%	1.3%
56	57	EAST RIDING OF YORKSHIRE	169,774	168,142	169,582	0.9%	-0.1%
101	99	NORTH EAST LINCOLNSHIRE	113,947	116,050	111,901	-3.6%	-1.8%
89	92	NORTH LINCOLNSHIRE	130,449	127,102	127,682	0.5%	-2.1%
33	31	NORTH YORKSHIRE	214,166	216,538	214,554	-0.9%	0.2%
83	89	SOUTH YORKSHIRE	139,556	135,862	134,781	-0.8%	-3.4%
76	73	WEST YORKSHIRE	149,396	149,534	150,356	0.5%	0.6%
34	35	YORK	212,656	208,582	210,874	1.1%	-0.8%
		YORKS & HUMBER	154,788	154,120	153,972	-0.1%	-0.5%
		ALL ENGLAND & WALES	226,992	232,215	232,437	0.1%	2.4%

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 May 2012, April 2013 and May 2013. It also records the percentage change in these prices over the last month and year.

On an annual basis, prices have increased in 58 unitary authority areas and fallen in 50. This contrasts with London where prices have risen in 31 boroughs and fallen in 2, 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 Isle of Anglesey, up 8%. Again it is instructive to compare this price growth with London, where the second highest increase in prices over the year is the City of Westminster, up 20% - some two and a half times higher than that of Anglesey. We can also note that the average price in May for the City of Westminster was £1.3 m compared to Anglesey's £169 k, some 8 times higher. What this tells us is that there is London and then there is the rest. The area with the largest fall in average prices over the year is Bournemouth, where prices have decreased by 10%, with the average value of detached houses in particular taking a tumble.

Looking at the change in prices over the last month from April 2013 to May 2013, prices have fallen in 65 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 Carmarthenshire, where the average price of detached homes has fallen by nearly 20%. Outside of Wales the area with the highest monthly increase in prices was Bournemouth, up 4%, where the prices of detached homes can be seen to be returning to the norm.

This month, 3 of the 108 unitary authorities have set new peak prices, compared to the same statistic for Greater London where 13 of the 33 London boroughs have seen new record levels for their average house prices. The three unitary authorities with record prices are Brighton and Hove, Hertfordshire and Slough. Interestingly, Slough was recently named in research by HSBC as one of the top 10 buy-to-let hotspots in the UK, with rental yields in the area being some 6.8%. Peter Dockar, the head of mortgages at HSBC, was quoted as saying "Buy-to-let remains a good investment for those looking for above average returns. [The rental yields are] significantly more than is available from more traditional savings options".

Looking at the three month period March 2013 – May 2013, and comparing this with the same three months one year earlier, we find that on average all property types have increased in value by between 2% and 3% except for flats, which have seen prices rise by an average 8%. This increase in flat prices is especially prevalent in the Greater London and East Anglia regions, although other unitary authority areas such as Bath, Wokingham and Windsor & Maidenhead have also seen substantial rises in the price of flats over the year.



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 seeing little or no price movements since 2009. We appear to be witnessing a two-speed recovery with London and the South East in overdrive, while other areas such as Wales remain in neutral. Figure 8 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 2.5% (including Greater London) to 0.8% (excluding Greater London). As Figure 8 highlights, without London the index has been positive, but only just, for at least the last twelve months. Recovery – what recovery?

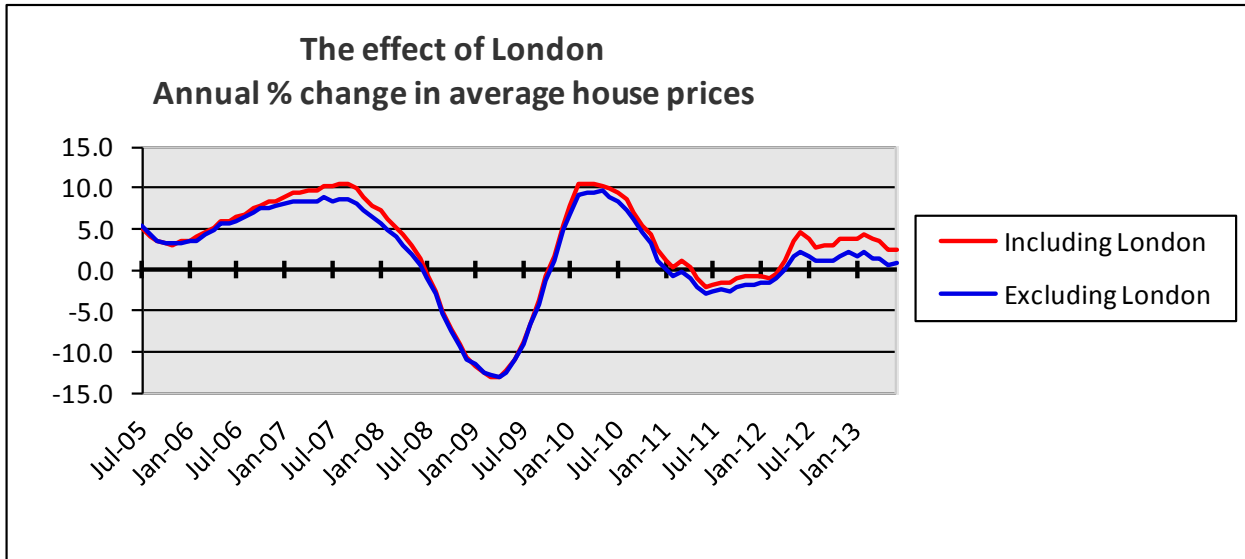


Figure 8. The annual % change in average house prices including and excluding Greater London

[link to source Excel](#)

Regional data table



Table 5. Average house prices by region, June 2012 – June 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
Jun-12	£141,194	-0.5	-0.7	£151,100	0.6	-0.1	£161,382	0.2	1.2	£169,932	0.2	0.3
Jul-12	£140,751	-0.3	1.1	£150,667	-0.3	-1.3	£160,694	-0.4	0.5	£169,893	0.0	0.8
Aug-12	£140,684	0.0	2.4	£151,657	0.7	-1.1	£159,796	-0.6	-0.3	£169,552	-0.2	-0.1
Sep-12	£140,448	-0.2	1.8	£150,889	-0.5	-1.1	£160,334	0.3	0.1	£169,567	0.0	0.0
Oct-12	£141,750	0.9	1.6	£151,759	0.6	-0.1	£160,988	0.4	0.6	£170,099	0.3	-0.3
Nov-12	£141,790	0.0	2.2	£149,858	-1.3	-0.9	£161,518	0.3	0.7	£170,003	-0.1	0.5
Dec-12	£140,587	-0.8	2.0	£150,132	0.2	0.0	£160,974	-0.3	0.7	£170,746	0.4	0.2
Jan-13	£139,786	-0.6	0.7	£150,821	0.5	0.3	£161,370	0.2	0.5	£171,690	0.6	0.5
Feb-13	£141,168	1.0	-0.3	£152,756	1.3	0.4	£163,190	1.1	1.0	£173,765	1.2	1.5
Mar-13	£142,197	0.7	-1.2	£152,679	-0.1	0.3	£162,643	-0.3	0.6	£172,913	-0.5	1.5
Apr-13	£142,181	0.0	-0.8	£152,373	-0.2	1.0	£162,215	-0.3	0.4	£172,341	-0.3	2.0
May-13	£140,466	-1.2	-1.1	£151,504	-0.6	0.9	£160,754	-0.9	-0.2	£170,964	-0.8	0.8

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Jun-12	£152,699	-0.4	2.4	£155,657	0.6	1.9	£224,736	-0.4	1.9	£199,284	-0.6	0.6
Jul-12	£152,030	-0.4	1.4	£154,121	-1.0	0.9	£223,729	-0.4	1.4	£198,257	-0.5	0.1
Aug-12	£151,380	-0.4	-0.2	£154,152	0.0	0.0	£223,358	-0.2	1.2	£200,338	1.0	1.0
Sep-12	£151,976	0.4	0.0	£154,348	0.1	0.3	£221,426	-0.9	-0.4	£201,322	0.5	1.6
Oct-12	£152,620	0.4	-1.5	£154,291	0.0	0.7	£222,023	0.3	-0.2	£202,796	0.7	2.4
Nov-12	£152,596	0.0	-1.3	£154,295	0.0	1.0	£220,764	-0.6	-0.1	£200,507	-1.1	2.0
Dec-12	£152,369	-0.1	-0.8	£153,779	-0.3	-0.1	£223,163	1.1	0.7	£203,293	1.4	4.0
Jan-13	£151,593	-0.5	-0.3	£153,974	0.1	-0.1	£223,211	0.0	0.7	£202,683	-0.3	3.7
Feb-13	£153,124	1.0	0.6	£153,709	-0.2	-0.7	£224,340	0.5	1.3	£206,592	1.9	5.9
Mar-13	£152,496	-0.4	-0.7	£153,780	0.0	0.1	£223,329	-0.5	0.6	£205,645	-0.5	4.1
Apr-13	£151,928	-0.4	-1.2	£154,120	0.2	-0.4	£223,551	0.1	0.3	£207,035	0.7	4.1
May-13	£150,376	-1.0	-1.9	£153,972	-0.1	-0.5	£223,787	0.1	-0.8	£206,534	-0.2	3.1

	South East			Greater London			ENGLAND & WALES		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Jun-12	£271,810	-0.3	3.8	£421,310	0.5	12.7	£227,137	0.1	4.4
Jul-12	£272,743	0.3	3.5	£423,326	0.5	11.2	£227,154	0.0	3.8
Aug-12	£271,300	-0.5	2.3	£420,711	-0.6	8.5	£226,505	-0.3	2.7
Sep-12	£270,935	-0.1	2.6	£426,438	1.4	9.6	£227,003	0.2	3.0
Oct-12	£270,561	-0.1	2.7	£427,013	0.1	9.0	£227,420	0.2	3.0
Nov-12	£270,665	0.0	3.7	£431,743	1.1	10.6	£227,645	0.1	3.7
Dec-12	£272,121	0.5	4.4	£431,535	0.0	9.8	£228,266	0.3	3.8
Jan-13	£272,100	0.0	3.6	£437,187	1.3	10.8	£229,111	0.4	3.9
Feb-13	£274,120	0.7	3.9	£439,511	0.5	11.3	£230,871	0.8	4.2
Mar-13	£275,092	0.4	2.4	£445,518	1.4	11.4	£231,634	0.3	3.7
Apr-13	£276,671	0.6	2.7	£447,394	0.4	9.8	£232,215	0.3	3.4
May-13	£277,100	0.2	1.7	£452,344	1.1	7.9	£232,437	0.1	2.4
Jun-13							£232,801	0.2	2.5



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