



LSL Property Services plc

acadaMetrics

LSL Property Services/Acadametrics England & Wales House Price Index

NOVEMBER 2012

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 14TH DECEMBER



House prices rise £7,000 in the year as November sees strong sales activity

- House prices rise 3.3% on annual basis – a climb of more than £7,000
- November sees 5% more transactions than a year ago
- House prices climb by 0.2% compared to October, a second consecutive increase

House Price	Index	Monthly Change %	Annual Change %
£226,918	231.0	0.2	3.3

David Newnes, director of LSL Property Services plc, owner of Your Move and Reeds Rains estate agents, comments: “Sales activity and house prices held up well in November. Cash rich buyers took advantage of falling mortgage rates, and housing supply in the most sought after areas remained tight, which helped push up prices marginally.

“Sales numbers failed to dip as we would normally expect in the month, and are on a par with the traditionally busier October. In part, this is down to the five working Fridays in November, which allowed more completions ahead of weekends than usual. There also have been signs of limited improvement in overall lending levels in the last few months, but any progress in the mortgage market has been top heavy. Lenders remain risk averse and conscious of capital requirements, and those that have started to tap the Funding for Lending scheme have been directing additional funding towards buyers with larger deposits and buy-to-let investors looking to capitalise on attractive yields. As a result, the biggest price rises and the most robust sales figures have been largely confined to the upper echelons of the property market.

“Overall, 2012 has been a tale of two halves for house prices. The first half of the year saw the strongest price growth, while the market has been more or less treading water over the course of the last five months. Nevertheless, despite steady annual growth, prices in England & Wales are still 2.1% below their 2008 peak. However, the impact of heightened demand at the top of the housing market has accentuated gaps on a regional level. For instance, the ripple-out effect from cash and foreign investment in the centre of London has driven prices in 22 boroughs to new peaks in 2012. In contrast, prices in areas like Darlington are still down 8.5% on a year ago. Until we see a real thrust from the lower tier of the market, this disparity will continue.

“In the absence of further boosts for the first-time buyer market in the Autumn Statement, the pressure is ratcheted up on the success of the Funding for Lending scheme to stimulate activity at the lower end of the market if we are to see the housing market gain momentum next year. At present, there are cheaper deals on offer for first-time buyers, but lenders’ criteria must be loosened in the coming months before we will see a sustained increase in new buyer numbers able to access finance and make their move.”

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 December 2011 - November 2012

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
December	2011	£219,915	223.9	0.1	-0.8
January	2012	£220,539	224.5	0.3	-0.7
February	2012	£221,377	225.4	0.4	-1.2
March	2012	£223,330	227.4	0.9	-0.5
April	2012	£224,372	228.4	0.5	1.0
May	2012	£226,807	230.9	1.1	3.5
June	2012	£226,931	231.0	0.1	4.3
July	2012	£226,789	230.9	-0.1	3.6
August	2012	£226,008	230.1	-0.3	2.5
September	2012	£226,041	230.1	0.0	2.5
October	2012	£226,453	230.6	0.2	2.5
November	2012	£226,918	231.0	0.2	3.3

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

House prices

The LSL Acadametrics England & Wales House Price Index rose by £465, or 0.2%, during November. In the eleven months of this year, the average price of properties sold in England & Wales has risen on eight occasions, fallen twice and remained steady once. The average house price has risen by just over £7,000 during the year. However it has been a year of two halves: in the first six months of the year the index rose cumulatively by 3.2%, whereas in the last five months the index has remained flat at 0.0% on the same basis.

The trend line in Figure 1 below shows the movement in national house prices over the last twelve months and supports a view of slow growth over the period which, given the context, should provide some comfort to both buyers and sellers. However, prices from August 2012 onward have been below trend, demonstrating the slow-down in the rate of house price inflation since the summer.

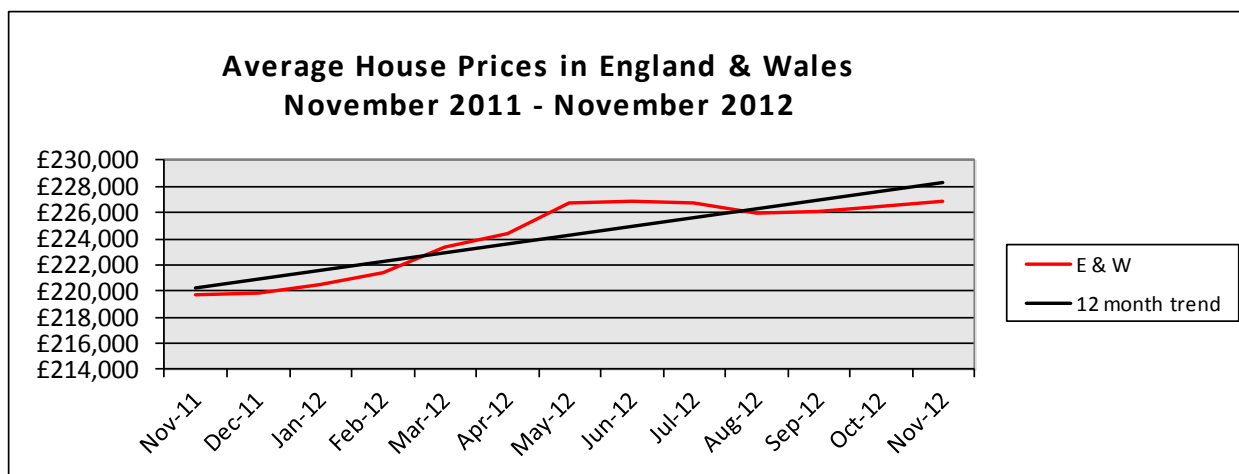


Figure 1. The Average House Price in England & Wales, November 2011 - November 2012

[link to source Excel](#)

Over the last twelve months average house prices have risen by 3.3% in England & Wales as a whole and we anticipate that the outturn for the year will be broadly similar. Given that the annual rate of house price inflation was negative for the last eight months of 2011, the positive movement in prices in 2012 does suggest a modest turnaround in what might be called the real housing market. This compares with the picture portrayed by the narrower mortgage-based indices which exclude cash transactions. With a substantial shortage of mortgages, cash accounts for some 35% of transactions and is more significant than this in specified sub-markets, ie, at both the top and the bottom of the market. We return to this issue below.

The average house price in England & Wales of £226,918 is currently £4,900, or 2.1%, below the peak price in the LSL Acadametrics index seen in February 2008, over four and a half years ago. But as our commentary on page 10 shows, prices in Greater London are now at a new peak. House prices in London have risen faster than in the remainder of the country, highlighting the huge disparities across the market as well as the fact that not only does it matter when a property was purchased but also where.

Table 2 below puts the year 2012 in an historic context, showing how prices in the eleven months of 2012 so far have remained positive or constant for more months than in any year since 2007. The volatility of house prices in 2012, as measured by the standard deviation of the monthly price change, is also lower than in any year since 2007. This gives a good sense of the current stability in average national house prices.

Table 2. The number of months in the year in which average house prices in England & Wales increased (2012 – based on 11 months)

Year	2007	2008	2009	2010	2011	2012
Number of months in the year in which house prices increased, or remained constant	11	2	8	7	7	9
Volatility Indicator (standard deviation of monthly change)	0.36	0.82	0.89	0.71	0.68	0.39



As we have already suggested, this price stability on a national basis does, however, mask the movement in prices at regional and more local levels. Figure 6 on page 9 shows a regional variance in the annual house price change ranging from +8.4% in Greater London to -2.9% in Wales. At a more local level Table 3 shows that the annual change in prices in the Greater London boroughs varies from +29.4% in the City of Westminster to -3.5% in Richmond upon Thames. Table 4, which shows prices at a Unitary level, indicates a variance from +12.2% in Bath & North East Somerset to -7.3% in Blaenau Gwent. Clearly the reality of little movement in house prices over the year only applies at a national average level and is not replicated regionally or locally.

As Figure 4 on page 8 shows, the annual rate of change of the LSL Acadametrics House Price index has been higher than that of the Halifax Index for each of the last twelve months, and higher than that of the Nationwide Index since March 2012. The two lender indices are this month reporting annual house price falls of -1.3% and -1.2% respectively, while the LSL Acadametrics index shows an increase of 3.3%, some 4.6% difference. Below are some of the factors which account for the differences in the measure of house price inflation between LSL Acadametrics and Halifax and Nationwide ("the lender(s)":-

- 1) The LSL Acadametrics HPI includes cash sales, whereas the lender indices, by definition, do not. In its October 2012 *"UK Economy & Property Chart Book"*, RICS estimated that 35% of current housing transactions are for cash, compared to a pre-financial crises level of 12.5%. The Land Registry has recently announced that it will provide data on which properties have been purchased for cash and which have been subject to a mortgage. When this data is available we will be able to analyse it to see if there are differences in cash and mortgaged transactions. We suspect that such differences exist, but it will be useful to be able to measure the extent of these. It will provide real insight into what the limitations of mortgage based indices may be.
- 2) The LSL Acadametrics Index includes all property sales in England & Wales, whereas the lender indices only include transactions undertaken by their customers. Statisticians will say that assuming the sample size is large, that it is not biased and that it reflects the total population, then the mean of the sample will reflect that of the total population.
- 3) The LSL Acadametrics Index is based on the arithmetic average of the housing transactions undertaken in a month. The lender indices are based on the price it would cost to purchase a defined 'average' home in that month. There is a subtle but important difference in the use of the word 'average' in the preceding two sentences. The LSL Acadametrics and the lender indices do not therefore adopt the same approach and do not set out to measure the same statistic.
- 4) The LSL Acadametrics index is based on data provided by the Land Registry, which is based on the date of completion of a housing transaction. The lender indices are based on the date at which a mortgage offer is made to their customers, which could be one or two months earlier than the date of completion.
- 5) Because the LSL Acadametrics Index is based on Land Registry data it is restricted to property transactions that take place in England & Wales. The lender indices also include transactions in Scotland and Northern Ireland. From other sources, including our own monthly analysis of the Scotland Housing market, we know that Scotland and Northern Ireland are both experiencing housing price falls. This will therefore account for some of the differences between the LSL Acadametrics and lender indices; however the ONS, which publishes indices for both the United Kingdom and England & Wales, shows that the difference between these two indices has been an average of 0.2% over the last 12 months.

So the picture of the market in 2012 will vary according to the source used. On the one hand, lender indices are likely to suggest that prices were down around - 1% in the year, on the other the LSL Acadametrics index might suggest they are up 3%. All the indices would agree on strong regional variations with London showing the greatest price growth.

Turning to 2013 we have yet to get a forward view from lenders, but the major London estate agents and related organisations have offered their views on the market, with the percentage house price change ranging between -1% and +2%. This negative view of 2013 is based partly on the continued weakness of the UK economy - a view commonly supported, and which emerged around the time of the recent Autumn statement. It was then that the Office of Budget Responsibility reduced its estimated GDP growth for the year 2013 from the 2% March estimate to 1.2% - along with a contraction of mortgage lending and transactions. However, though there is agreement that the recovery is weak and will probably take longer than previously thought, there are some grounds for being slightly more optimistic about the housing market next year. Total mortgage lending in 2012 is likely to be around



£140bn. Although capital requirements for lenders are being increased and some firms continue to deleverage their loan books, discussed below, the Funding for Lending scheme (FLS) is easing funding constraints and this is beginning to lead to more lending. This will build in 2013 with perhaps gross lending in excess of £150bn for the year, up on this year and giving more momentum to the market. If lending is up we might expect increased transactions, resulting in prices picking up a little from the near 0% increase we are currently seeing on a monthly basis. If average prices pick up as they did in early 2012 and this increase was sustained through the year might we see prices up 2% in the year?

Much turns on funding and of course FLS is due to end in early 2014. If lenders feel more confident about the market and consumer sentiment improves as a result, perhaps some sustained momentum will be achieved, but there remain a lot of unknowns. Moreover London is clearly an important driver of current house price trends. The chart showing the impact of London indicates how much the city contributes to the index and how that has grown through the year.

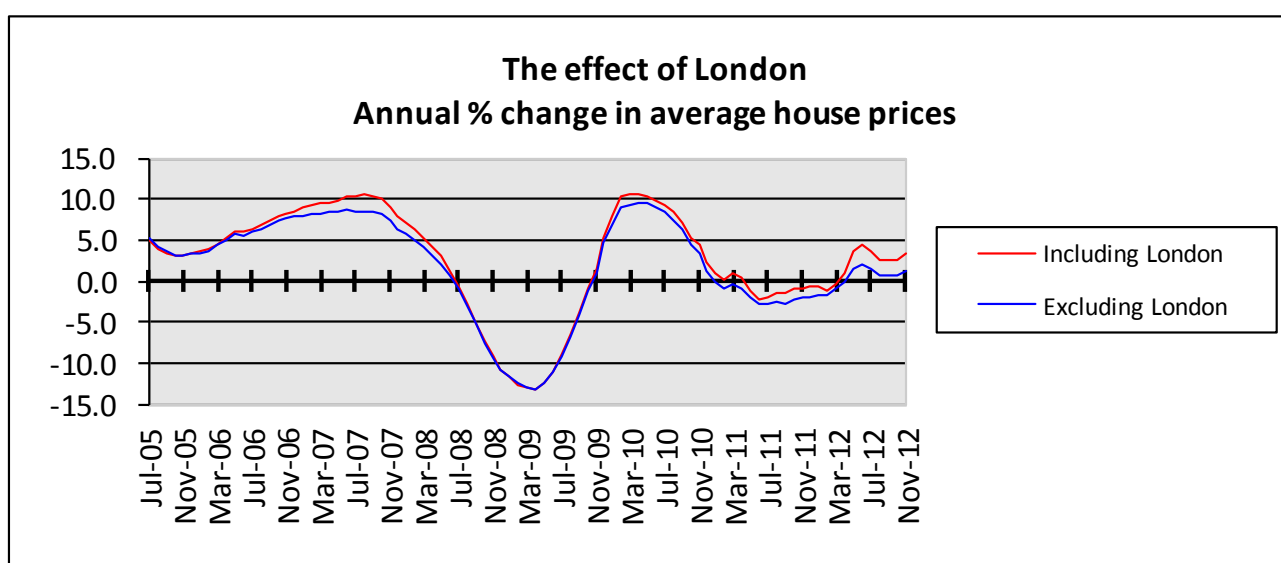


Figure 2. The Average House Price in England & Wales, July 2005 - November 2012, including and excluding Greater London properties [link to source Excel](#)

It is clear that there has been some downward pressure on parts of the central London market as a result of the new 7% band of stamp duty introduced in March 2012 on homes worth £2 million or more. A similar effect has been produced by the levy of a 15% tax on residential real estate valued at more than £2 million bought using companies set up to avoid taxes. The consequence is that activity in this market has declined through the year. Most agents are predicting zero growth for the central London and outer prime markets in 2013, although they also assume a strong pick up thereafter. The London index may therefore be more muted in 2013, though we wait to see what happens in reality.

Thus the year ends with a degree of cautious optimism for the housing market, although much turns on the future direction of the economy.



Housing Transactions

Last month, we described how the increase in housing transactions in October was a 'catch-up' on the lower than expected number of transactions in September caused by reduced purchaser activity during the Olympic Games. We had therefore anticipated that activity in November would fall as this 'catch-up' effect would have worked its way through the system during October. However our latest estimates for November suggest that sales during the month will equal or be slightly higher than in October.

Until we obtain further data on the distribution of sales in November it is too early to be precise as to why November sales are higher than our earlier estimates, but we can speculate. The first possible reason is that the Bank of England FLS is having a positive effect. Mortgage lenders have been able to borrow money from the Bank at favourable rates, providing that this money is then lent on to the market. Thirty financial institutions have signed up to the scheme and we have seen mortgage rates become more competitive over the last month. This will have boosted housing demand.

The second possible reason is that the buy-to-let sector of the market has become more active. There has been much comment in the press on the rise in demand for private rented accommodation. This may have persuaded a number of aspiring landlords to take up the challenge and purchase a property to rent.

The third possible, and perhaps less exciting reason, is that this year there were five Fridays in November. The significance of this is that solicitors tend to plan completion dates for their clients on a Friday, so that the purchasers will be in situ in their new home at the start of a weekend. Consequently, months in which there are five Fridays tend to have higher than average transaction levels, compared to months with only four Fridays. We hope to be able to provide further analysis on the possible causes of the currently high transaction levels over the next few months.

For the record, in an average year, there are 2.5% fewer sales in November than October, whereas this year we are estimating that the two months will have a similar level of transactions at 64,000 sales in the month. In November 2011 there were 60,960 transactions, so the November 2012 figure is likely to be up 5% on last year. The long term average number of sales in November (based on the last seventeen years) is 89,500, so November 2012 transactions equate to 72% of this long term average. In 2011 housing transactions were 63% of the long term average, while over the last twelve months that number has risen to 65%. We are therefore currently witnessing a minor increase in the number of housing transactions per month.

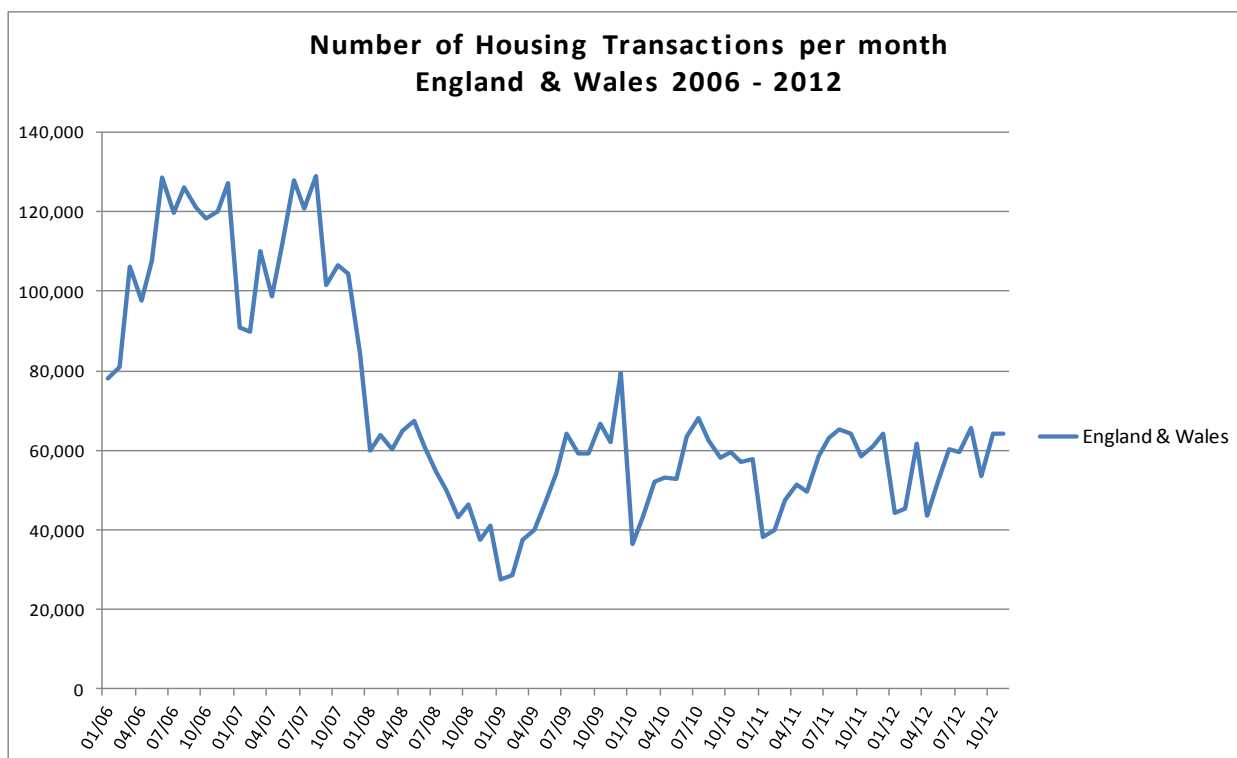


Figure 3. The number of housing transactions by month in England & Wales, 2006- 2012 (not seasonally adjusted) [link to source Excel](#)

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.

Comparison of indices

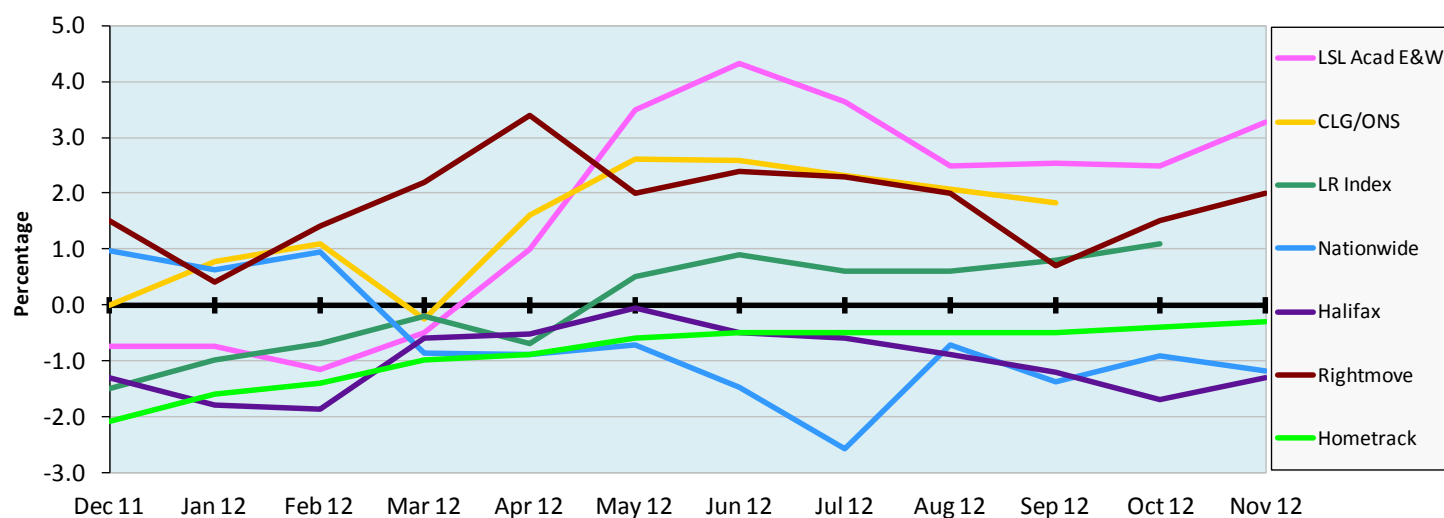


Figure 4. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)

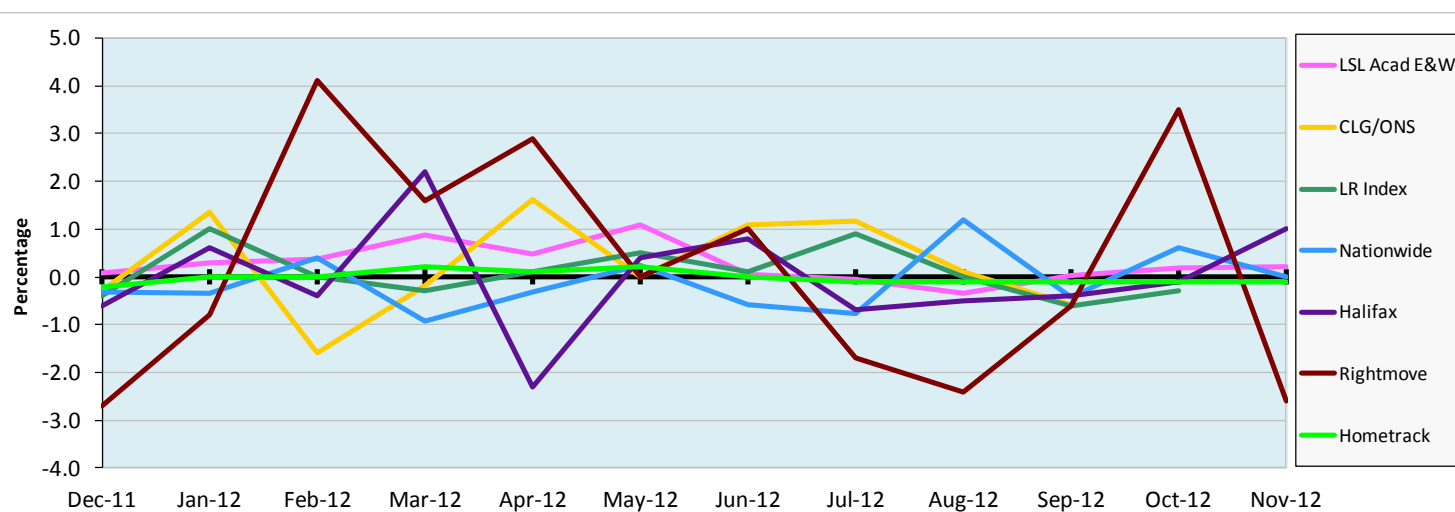


Figure 5. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)



Greater London continues to dominate the housing market in terms of annual price change. Figure 6 below shows that London is the only region in England & Wales recording an above average price increase, with the other nine regions all falling below the 2.5% average rate. This month there are five regions with house price growth above zero, which is one more than last month. However, this month we have also seen six regions with a decrease in the rate of annual price change compared to five last month. Wales has seen prices fall by 2.9% over the last year, which is the largest fall in annual prices recorded in the Principality since July 2011.

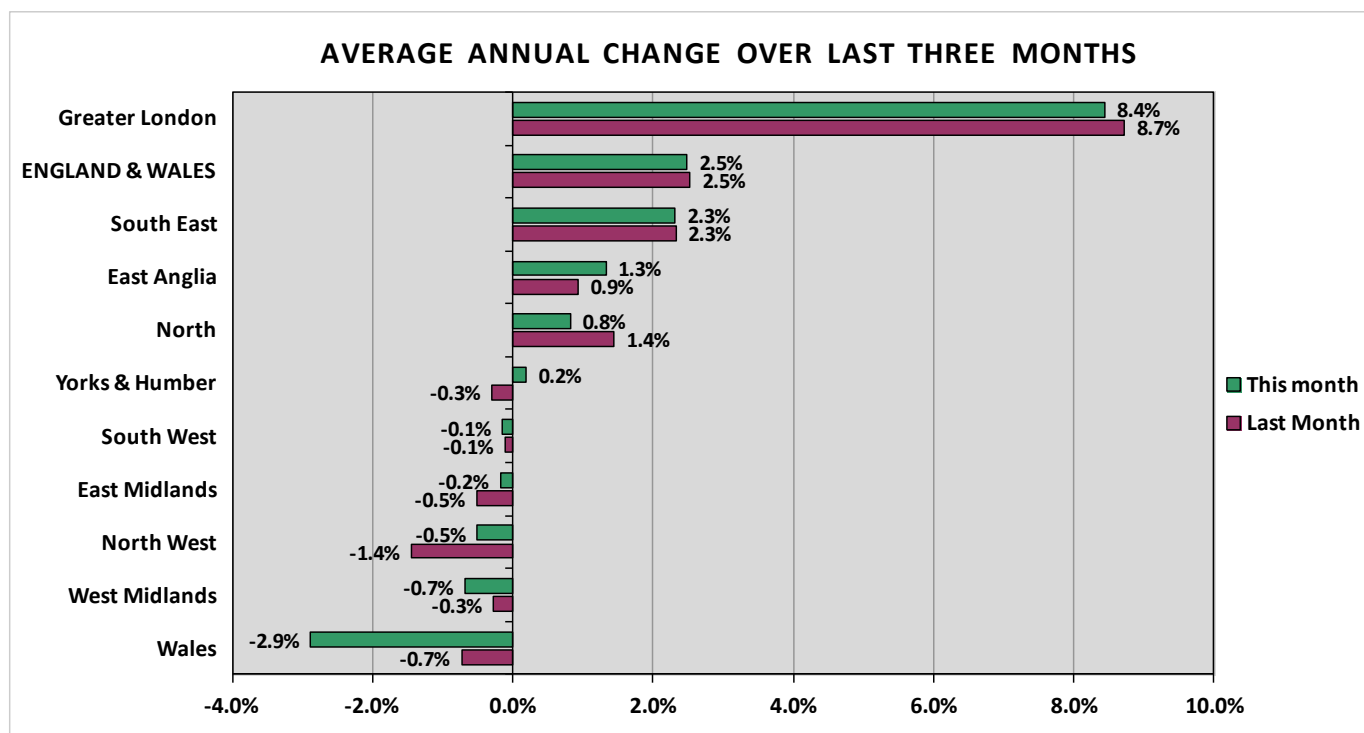


Figure 6. The annual change in the average house price, analysed by region

[link to source Excel](#)

ANNUAL CHANGE IN PRICE BY REGION

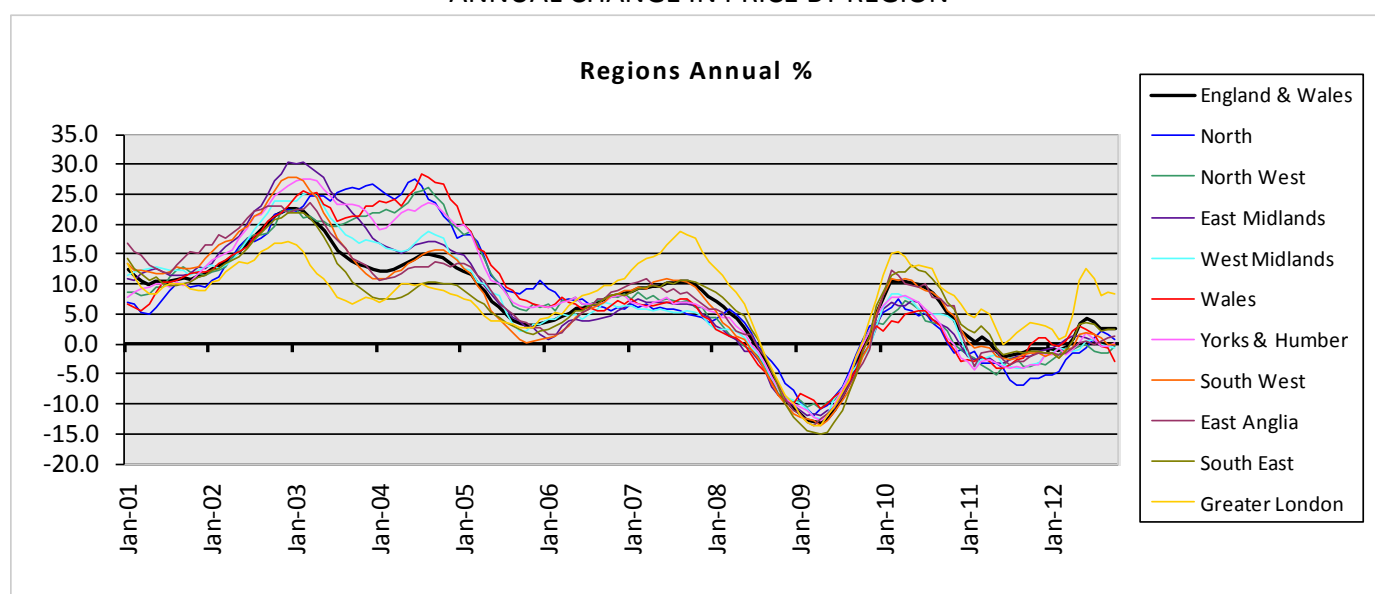


Figure 7. A comparison of the annual change in house prices, by region for the period January 2001 - October 2012

[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 7 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 3. The change in mix adjusted house prices, for the 33 London boroughs, comparing October 2011 with October 2012.

[link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LONDON BOROUGH	Oct-11	Oct-12	% Change	Peak Price	% away from Peak	Peak Date
1	1	KENSINGTON AND CHELSEA	1,349,695	1,497,446	10.9%	1,497,446	0%	Oct-12
2	2	CITY OF WESTMINSTER	874,784	1,132,229	29.4%	1,166,568	-3%	Jul-12
3	3	CAMDEN	631,718	814,662	29.0%	814,662	0%	Oct-12
4	4	HAMMERSMITH AND FULHAM	588,308	670,746	14.0%	677,596	-1%	Jul-12
8	5	CITY OF LONDON	464,338	558,388	20.3%	650,170	-14%	Feb-11
5	6	RICHMOND UPON THAMES	574,463	554,271	-3.5%	607,089	-9%	Jun-12
6	7	ISLINGTON	488,430	523,687	7.2%	534,156	-2%	May-12
7	8	WANDSWORTH	480,541	516,359	7.5%	516,359	0%	Oct-12
9	9	BARNET	446,768	433,350	-3.0%	459,113	-6%	May-12
10	10	MERTON	418,634	430,744	2.9%	447,339	-4%	May-12
13	11	HARINGEY	382,674	416,803	8.9%	438,017	-5%	May-12
12	12	SOUTHWARK	382,823	414,512	8.3%	433,160	-4%	Jun-12
15	13	HACKNEY	374,679	412,521	10.1%	412,521	0%	Oct-12
18	14	BRENT	354,290	407,060	14.9%	415,344	-2%	Jul-12
14	15	EALING	375,034	406,795	8.5%	406,795	0%	Oct-12
17	16	KINGSTON UPON THAMES	356,704	403,454	13.1%	403,454	0%	Oct-12
11	17	LAMBETH	386,637	400,473	3.6%	400,473	0%	Oct-12
16	18	TOWER HAMLETS	360,289	377,104	4.7%	377,104	0%	Oct-12
19	19	HOUNSLOW	349,149	357,437	2.4%	383,659	-7%	Feb-11
20	20	HARROW	332,186	353,544	6.4%	353,544	0%	Oct-12
21	21	BROMLEY	323,703	331,261	2.3%	331,261	0%	Oct-12
22	22	REDBRIDGE	285,588	301,899	5.7%	304,552	-1%	Feb-08
24	23	ENFIELD	276,260	294,888	6.7%	297,932	-1%	Aug-12
23	24	HILLINGDON	280,719	291,696	3.9%	309,542	-6%	Jun-12
27	25	LEWISHAM	258,007	286,634	11.1%	286,634	0%	Oct-12
25	26	GREENWICH	272,967	280,263	2.7%	297,613	-6%	Jul-10
26	27	SUTTON	258,898	260,062	0.4%	279,031	-7%	Apr-08
29	28	CROYDON	238,549	242,289	1.6%	262,465	-8%	Dec-07
30	29	WALTHAM FOREST	233,855	240,870	3.0%	254,822	-5%	Dec-07
28	30	HAVERING	244,530	240,153	-1.8%	260,762	-8%	Dec-07
31	31	NEWHAM	215,713	220,304	2.1%	257,757	-15%	Apr-08
32	32	BEXLEY	213,861	218,602	2.2%	229,615	-5%	Apr-08
33	33	BARKING AND DAGENHAM	172,923	177,126	2.4%	203,503	-13%	Dec-07
		ALL LONDON	392,663	425,780	8.4%	425,780	0%	Oct-12

This month we have added three extra columns to the standard table. These show the peak average house price for each of the 33 London boroughs; the percentage away from this peak price (if applicable), and the month in which the peak price was observed. This month 11 London boroughs are experiencing peak prices, highlighted in 'grey' above, as is Greater London as a whole. Of the London boroughs, 22 have seen their peak prices occur in 2012, with only 8 boroughs currently seeing prices lower than those achieved during the previous 'housing boom' of 2007/2008.

With a few exceptions almost all of the London boroughs that have not achieved a peak price in 2012 are ranked in the lowest third in terms of average prices. This reflects a trend which we have been reporting for the last two years, that it is the higher priced areas in England & Wales that have seen the largest growth in house prices, with the lower priced areas still seeing prices below 2007/2008 levels. As if to prove the point, this month both the City of Westminster and Camden, ranked second and third in terms of London house prices, have seen property prices rise by a staggering 29%, with the City of London at 20% not far behind. There are of course special circumstances applying to Central London prices, with an influx of foreign investors looking for a 'safe-haven' for their funds: central London properties tick the right boxes in this respect.



A recent report <http://www.smith-institute.org.uk/file/London%20for%20Sale.pdf> provides an assessment of this process in so far as the limited data allows. It highlights the growing tensions around this international market within London and its impact on the capital's housing market and wider.

However, as can be seen in the above table, peak prices are not just the preserve of central London, with two-thirds of London boroughs having reached record prices in 2012 partly as a consequence of the ripple effect of the pressures building up at its centre.

Of the three boroughs furthest away from a peak price, we can discount the City of London as being that with the fewest monthly property transactions per month, causing volatile price changes to be reported. That leaves Newham and Barking and Dagenham as the two boroughs furthest away from peak, with both boroughs perhaps predictably being ranked at the bottom end of the London housing market in terms of price.

Counties and unitary authorities



Table4. The percentage change in mix adjusted house prices, for the 108 Counties and Unitary Authorities in England & Wales, comparing October 2011 with October 2012 [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	COUNTY / UNITARY AUTHORITY / REGION	Oct-11	Oct-12	Change
18	16	CAMBRIDGESHIRE	240,823	245,302	1.9%
81	75	CITY OF PETERBOROUGH	143,800	149,778	4.2%
49	49	NORFOLK	180,202	180,626	0.2%
43	42	SUFFOLK	197,452	200,198	1.4%
		EAST ANGLIA	197,955	200,580	1.3%
90	83	CITY OF DERBY	134,593	141,254	4.9%
98	100	CITY OF NOTTINGHAM	119,847	113,102	-5.6%
70	64	DERBYSHIRE	154,437	157,962	2.3%
86	84	LEICESTER	137,683	140,037	1.7%
48	46	LEICESTERSHIRE	182,083	183,588	0.8%
72	72	LINCOLNSHIRE	151,235	150,442	-0.5%
50	51	NORTHAMPTONSHIRE	179,228	176,531	-1.5%
67	68	NOTTINGHAMSHIRE	157,859	154,721	-2.0%
10	13	RUTLAND	263,905	262,288	-0.6%
		EAST MIDLANDS	160,022	159,727	-0.2%
		GREATER LONDON	392,663	425,780	8.4%
64	59	CUMBRIA	163,642	165,166	0.9%
89	94	DARLINGTON	134,738	123,225	-8.5%
96	96	DURHAM	120,746	122,157	1.2%
99	97	HARTLEPOOL	113,793	121,182	6.5%
102	98	MIDDLESBROUGH	108,284	114,473	5.7%
58	61	NORTHUMBERLAND	167,400	164,140	-1.9%
97	93	REDCAR AND CLEVELAND	120,617	123,433	2.3%
80	76	STOCKTON-ON-TEES	145,318	149,648	3.0%
88	88	TYNE AND WEAR	135,692	137,417	1.3%
		NORTH	139,517	140,662	0.8%
95	99	BLACKBURN WITH DARWEN	123,382	113,839	-7.7%
104	104	BLACKPOOL	103,964	99,982	-3.8%
36	39	CHESHIRE	207,724	203,874	-1.9%
77	77	GREATER MANCHESTER	147,049	148,723	1.1%
91	90	HALTON	134,228	130,412	-2.8%
79	80	LANCASHIRE	145,348	145,827	0.3%
82	87	MERSEYSIDE	141,502	138,420	-2.2%
46	45	WARRINGTON	187,446	184,032	-1.8%
		NORTH WEST	151,936	151,168	-0.5%
32	30	BEDFORDSHIRE	212,240	212,555	0.1%
13	14	BRACKNELL FOREST	261,300	260,456	-0.3%
14	10	BRIGHTON AND HOVE	259,766	277,458	6.8%
3	3	BUCKINGHAMSHIRE	348,725	355,023	1.8%
21	21	EAST SUSSEX	229,206	234,214	2.2%
17	17	ESSEX	241,982	244,747	1.1%
11	12	HAMPSHIRE	262,171	267,454	2.0%
5	5	HERTFORDSHIRE	308,831	325,804	5.5%
41	44	ISLE OF WIGHT	199,698	192,548	-3.6%
20	19	KENT	232,529	237,950	2.3%
71	67	LUTON	151,970	155,062	2.0%
61	60	MEDWAY	165,016	164,586	-0.3%
40	32	MILTON KEYNES	201,445	210,901	4.7%
6	6	OXFORDSHIRE	306,870	310,644	1.2%

Counties and unitary authorities



62	58	PORTSMOUTH	164,472	165,870	0.9%
26	20	READING	217,907	235,138	7.9%
42	41	SLOUGH	197,820	201,989	2.1%
56	54	SOUTHAMPTON	170,593	172,518	1.1%
44	43	SOUTHEND-ON-SEA	197,433	193,486	-2.0%
2	2	SURREY	386,380	395,444	2.3%
54	47	THURROCK	173,723	182,328	5.0%
7	8	WEST BERKSHIRE	295,931	288,224	-2.6%
12	11	WEST SUSSEX	261,387	272,000	4.1%
1	1	WINDSOR AND MAIDENHEAD	435,346	422,071	-3.0%
4	4	WOKINGHAM	323,287	326,758	1.1%
		SOUTH EAST	263,445	269,544	2.3%
9	7	BATH AND NORTH EAST SOMERSET	272,518	305,869	12.2%
25	24	BOURNEMOUTH	218,605	219,170	0.3%
34	27	CITY OF BRISTOL	208,542	214,969	3.1%
68	69	CITY OF PLYMOUTH	156,937	153,401	-2.3%
24	25	CORNWALL	220,373	218,791	-0.7%
19	22	DEVON	232,539	232,559	0.0%
15	15	DORSET	254,032	255,460	0.6%
22	23	GLOUCESTERSHIRE	228,381	226,332	-0.9%
27	31	NORTH SOMERSET	214,969	211,206	-1.8%
8	9	POOLE	294,917	278,301	-5.6%
37	37	SOMERSET	205,360	206,361	0.5%
33	34	SOUTH GLOUCESTERSHIRE	211,841	210,222	-0.8%
59	56	SWINDON	167,249	166,089	-0.7%
52	50	TORBAY	176,888	179,711	1.6%
16	18	WILTSHIRE	248,431	240,183	-3.3%
		SOUTH WEST	222,357	222,024	-0.1%
108	108	BLAENAU GWENT	84,924	76,109	-10.4%
85	89	BRIDGEND	137,733	133,706	-2.9%
94	92	CAERPHILLY	126,009	124,149	-1.5%
45	48	CARDIFF	189,644	182,088	-4.0%
83	85	CARMARTHENSHIRE	140,101	139,962	-0.1%
51	53	CEREDIGION	178,176	173,153	-2.8%
60	66	CONWY	165,978	156,595	-5.7%
84	86	DENBIGHSHIRE	138,520	138,633	0.1%
66	65	FLINTSHIRE	158,236	157,100	-0.7%
65	71	GWYNEDD	161,833	150,522	-7.0%
63	62	ISLE OF ANGLESEY	164,121	163,016	-0.7%
107	106	MERTHYR TYDFIL	95,163	95,411	0.3%
23	29	MONMOUTHSHIRE	221,763	212,740	-4.1%
101	103	NEATH PORT TALBOT	109,041	100,965	-7.4%
78	73	NEWPORT	146,608	150,309	2.5%
55	57	PEMBROKESHIRE	173,440	166,018	-4.3%
47	52	POWYS	187,068	175,261	-6.3%
103	102	RHONDDA CYNON TAFF	105,149	105,912	0.7%
73	81	SWANSEA	150,734	144,827	-3.9%
31	35	THE VALE OF GLAMORGAN	212,312	208,842	-1.6%
92	95	TORFAEN	127,526	123,221	-3.4%
69	70	WREXHAM	155,301	151,435	-2.5%
		WALES	154,977	150,512	-2.9%
29	26	HEREFORDSHIRE	213,017	216,673	1.7%
39	40	SHROPSHIRE	202,176	203,529	0.7%

Counties and unitary authorities



53	55	STAFFORDSHIRE	173,882	170,751	-1.8%
106	107	STOKE-ON-TRENT	96,482	93,608	-3.0%
28	33	WARWICKSHIRE	213,427	210,689	-1.3%
74	74	WEST MIDLANDS	150,153	149,997	-0.1%
35	38	WORCESTERSHIRE	207,749	204,906	-1.4%
75	79	WREKIN	149,321	148,361	-0.6%
		WEST MIDLANDS	170,659	169,496	-0.7%
105	105	CITY OF KINGSTON UPON HULL	96,806	96,549	-0.3%
57	63	EAST RIDING OF YORKSHIRE	168,506	158,387	-6.0%
100	101	NORTH EAST LINCOLNSHIRE	113,633	108,592	-4.4%
93	91	NORTH LINCOLNSHIRE	126,566	125,046	-1.2%
30	28	NORTH YORKSHIRE	212,971	213,921	0.4%
87	82	SOUTH YORKSHIRE	137,206	141,797	3.3%
76	78	WEST YORKSHIRE	148,450	148,504	0.0%
38	36	YORK	203,732	207,260	1.7%
		YORKS & HUMBER	153,162	153,455	0.2%
		ALL ENGLAND & WALES	220,960	226,453	2.5%

Although in England & Wales as a whole the average rise in prices over the year has been 2.5%, we find far more significant price changes at the county and unitary authority level, ranging from +12.2% in Bath & North East Somerset to -10.4% in Blaenau Gwent. Of the 108 authorities in England & Wales, 55 showed October price falls, compared with 58 in September, so the decline in house prices has diminished marginally.

This month, outside of Greater London, there are no unitary authority areas experiencing new peak average house prices. This is further evidence of the way the housing market in London, where peak prices are being experienced in 11 London boroughs, differs from the rest of the country.

Although transactions for the first ten months of 2012 are up 3% on the previous year, the number of properties sold during the three months August to October 2012 in England & Wales is down 4% on the equivalent three months in 2011. We ascribe the fall in sales during these three months to the Olympics, which proved to be an engaging distraction from purchasing properties. The sale of semi-detached properties continues to be below average, down 10% on 2011 levels, perhaps reflecting the difficulties being experienced by 'middle-England' in obtaining mortgage finance.

Comparing the three months August to October 2012 with the equivalent three months in 2011, Bracknell Forest has experienced the largest increase in sales, up +20%, with terraced properties being prevalent. The area with the largest fall in property sales over this period was Middlesbrough, down -22% with semi-detached properties being particularly difficult. Middlesbrough was closely followed by Neath Port Talbot, where sales have similarly fallen by -22% over the period. The announcement by Tata Steel in November that 500 management and administrative posts are to be lost at the Port Talbot steel works will cause further distress to the housing market in that area.

Regional data table



Table 5. Average house prices by region, November 2011 - October 2012, 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
Nov-11	£138,685	-0.6	-5.7	£151,155	-0.5	-3.3	£160,361	0.2	-1.4	£169,114	-0.9	-3.2
Dec-11	£137,900	-0.6	-5.3	£150,055	-0.7	-3.5	£159,864	-0.3	-1.1	£170,473	0.8	-1.8
Jan-12	£138,858	0.7	-5.2	£150,424	0.2	-2.7	£160,515	0.4	-0.6	£170,841	0.2	-1.5
Feb-12	£141,568	2.0	-4.5	£152,092	1.1	-1.7	£161,534	0.6	0.0	£171,202	0.2	-0.6
Mar-12	£143,862	1.6	-2.5	£152,202	0.1	-0.7	£161,723	0.1	0.6	£170,298	-0.5	-0.9
Apr-12	£143,134	-0.5	-1.6	£150,863	-0.9	-0.9	£161,562	-0.1	1.2	£169,002	-0.8	-1.2
May-12	£141,923	-0.8	-1.6	£150,133	-0.5	-0.3	£160,843	-0.4	1.4	£169,549	0.3	-0.8
Jun-12	£141,157	-0.5	-0.8	£151,004	0.6	-0.1	£161,213	0.2	1.1	£169,962	0.2	0.3
Jul-12	£140,740	-0.3	1.1	£150,590	-0.3	-1.3	£160,410	-0.5	0.4	£169,952	0.0	0.8
Aug-12	£140,448	-0.2	2.2	£150,994	0.3	-1.6	£159,601	-0.5	-0.4	£169,508	-0.3	-0.1
Sep-12	£139,925	-0.4	1.4	£150,397	-0.4	-1.4	£159,373	-0.1	-0.5	£169,033	-0.3	-0.3
Oct-12	£140,662	0.5	0.8	£151,168	0.5	-0.5	£159,727	0.2	-0.2	£169,496	0.3	-0.7

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Nov-11	£154,541	-0.3	0.9	£152,698	-0.3	-3.4	£220,888	-0.7	-1.5	£196,646	-0.7	-1.5
Dec-11	£153,611	-0.6	1.1	£153,844	0.8	-1.8	£221,669	0.4	-2.1	£195,329	-0.7	-1.6
Jan-12	£152,069	-1.0	0.0	£154,035	0.1	-1.9	£221,699	0.0	-1.5	£195,325	0.0	-1.6
Feb-12	£152,263	0.1	-0.4	£154,694	0.4	-0.7	£221,419	-0.1	-2.3	£194,972	-0.2	-1.9
Mar-12	£153,429	0.8	0.5	£153,461	-0.8	-1.9	£221,834	0.2	-1.1	£197,472	1.3	-1.4
Apr-12	£153,768	0.2	2.1	£154,471	0.7	-0.9	£222,815	0.4	-0.6	£198,636	0.6	-0.6
May-12	£153,455	-0.2	3.1	£154,527	0.0	0.2	£225,529	1.2	1.5	£200,086	0.7	0.0
Jun-12	£152,815	-0.4	2.5	£155,468	0.6	1.7	£224,709	-0.4	1.9	£198,894	-0.6	0.4
Jul-12	£152,109	-0.5	1.5	£153,945	-1.0	0.7	£223,783	-0.4	1.5	£197,878	-0.5	-0.1
Aug-12	£151,178	-0.6	-0.3	£153,603	-0.2	-0.4	£223,313	-0.2	1.1	£199,335	0.7	0.6
Sep-12	£150,907	-0.2	-0.7	£153,392	-0.1	-0.3	£222,003	-0.6	-0.1	£200,011	0.3	0.9
Oct-12	£150,512	-0.3	-2.9	£153,455	0.0	0.2	£222,024	0.0	-0.1	£200,580	0.3	1.3

	South East			Greater London			ENGLAND & WALES		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Nov-11	£261,096	-0.9	-1.2	£391,401	-0.3	3.2	£219,724	-0.6	-0.8
Dec-11	£260,506	-0.2	-1.5	£393,979	0.7	3.1	£219,915	0.1	-0.8
Jan-12	£262,397	0.7	-1.4	£394,408	0.1	2.4	£220,539	0.3	-0.7
Feb-12	£263,789	0.5	-2.3	£394,646	0.1	0.9	£221,377	0.4	-1.2
Mar-12	£268,458	1.8	-1.1	£399,927	1.3	1.2	£223,330	0.9	-0.5
Apr-12	£269,069	0.2	0.6	£407,214	1.8	4.6	£224,372	0.5	1.0
May-12	£272,128	1.1	3.2	£418,982	2.9	10.5	£226,807	1.1	3.5
Jun-12	£271,314	-0.3	3.6	£421,060	0.5	12.6	£226,931	0.1	4.3
Jul-12	£272,169	0.3	3.3	£421,955	0.2	10.8	£226,789	-0.1	3.6
Aug-12	£270,844	-0.5	2.1	£419,413	-0.6	8.2	£226,008	-0.3	2.5
Sep-12	£270,171	-0.2	2.3	£423,149	0.9	8.7	£226,041	0.0	2.5
Oct-12	£269,544	-0.2	2.3	£425,780	0.6	8.4	£226,453	0.2	2.5
Nov-12							£226,918	0.2	3.3



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.33% (20,000) of these will be reported to LR by month end. When monthly sales were c.100,000, we found that using the initial 15,000 transactions then reported to LR, introduced volatility into our first LSL Acad 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.85% 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 “update” result. A further month later, LR provides c.90% of transactions, used to replace the first, with a second, LSL Acad E&W HPI “update” result. Three months after any given month, LR provides c.95 % of the month’s transactions, sufficient to enable us to describe our next update as an LSL Acad 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 first LSL Acad E&W HPI “update” now uses c.37,000 real transactions for the month (as well as, by smoothing, c.40,000 transactions for the prior month); only CLG/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.85% sample and provide monthly results one month in arrears of the most recent month. In our Regional data table, **red** data represent LSL Acad E&W HPI “forecast” results, **blue** data represent LSL Acad E&W HPI “update” 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 95% 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