

LSL Property Services/Acadametrics England & Wales House Price Index

OCTOBER 2012

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 9TH NOVEMBER



Housing market returns to growth in October as prices and transactions climb

- **Transactions increase by 24% in October compared to previous month**
- **House prices see first monthly increase since May, rising by 0.1%**

House Price	Index	Monthly Change %	Annual Change %
£225,954	230.0	0.1	2.3

David Newnes, Director of LSL Property Services plc, owner of Your Move and Reeds Rains estate agents, comments: “There were welcome signs of life in October’s housing market as house prices rose on a monthly basis for the first time since May and transactions jumped up to their second highest level in over two years. Following the post-Olympic slump in September, the housing market has been playing catch-up, benefitting from the pent up sales activity of those who delayed moving decisions in early summer. But we’ve also seen tentative indications of a slight thaw in the mortgage market in the last month. Although the number of borrowers able to secure a mortgage remains far from healthy by historic standards, lenders are starting to pass along cheaper finance provided by the Funding for Lending scheme.

“While we are likely to see the scheme play an increasingly prominent role in coming months, the capital banks are required to set aside for each higher risk loan is likely to act as a drag on high LTV lending, a factor which may prevent a return to anything like the number of first-time buyers in the market before the initial credit crunch in the foreseeable future. Nevertheless, any future easing of borrowing conditions will be welcomed with open arms by prospective buyers who are looking to leave increasingly expensive rented accommodation. It is crucial that lenders redouble their efforts to boost the amount of cheaper funds reaching the lower end of the housing market, and loosening cautious criteria would go some way towards preventing October’s improvement in buyer activity from being a flash in the pan.

“Despite the positive developments in the mortgage market, equity rich and wealthier buyers remain key to monthly sales activity and are underpinning the local and regional variation in the housing market. As a rule of thumb, areas with the most expensive homes are seeing the largest increases, with the average house price in London increasing by 8.3% annually, compared to falls in regions such as the North West, Wales and the West Midlands. Even in London, this remains the case, with the five boroughs with the most expensive average house prices featuring in the seven boroughs with the fastest house price inflation. We won’t see this pattern change until the mortgage market recovers sufficiently for the lower tier to spring into action, and competition to be hot enough among first-time buyers to buoy prices at the opposite end of the market.”

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 November 2011 - October 2012

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
November	2011	£219,732	223.7	-0.6	-0.8
December	2011	£219,923	223.9	0.1	-0.7
January	2012	£220,550	224.5	0.3	-0.7
February	2012	£221,385	225.4	0.4	-1.2
March	2012	£223,345	227.4	0.9	-0.5
April	2012	£224,410	228.5	0.5	1.0
May	2012	£226,834	230.9	1.1	3.5
June	2012	£226,863	231.0	0.0	4.3
July	2012	£226,591	230.7	-0.1	3.5
August	2012	£225,857	229.9	-0.3	2.4
September	2012	£225,684	229.8	-0.1	2.4
October	2012	£225,954	230.0	0.1	2.3

Press Contacts:

Melanie Cowell, LSL Property Services
David Pickles, Acadametrics
Flora Spens, Wriglesworth PR

01904 715 326
020 8392 9082
020 7427 1416

melanie.cowell@slps.co.uk
david.pickles@acadametrics.co.uk
f.spens@wriglesworth.com



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

House prices

The LSL Acad E&W House Price Index shows a very small rise of £270 or 0.1% in the average price of properties sold in England & Wales during October, as compared with September. The rise this month offsets the fall of £173 seen in the previous month and points to the remarkable stability of house prices in England & Wales at the moment, despite continuing problems in the financial markets. On an annual basis house prices have risen by 2.3%, an almost constant rate over the last three months.

This price stability on a national basis does however mask the movement in prices at regional and more local levels. Figure 5 on page 8 shows a regional variance in the annual house price change of +8.3% in Greater London to -1.5% in the North West. At the more local level Table 3 shows that the annual change in prices in the Greater London boroughs varies from +27.3% in the City of London to -0.5% in neighbouring Tower Hamlets. Table 4, which shows prices at a Unitary level, indicates a variance from +13.0% in Reading to -7.3% in the City of Nottingham. Clearly the reality of little movement in house prices over the year only applies at a national average level.

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 time. However, prices from August 2012 onward have been below trend, demonstrating the slow-down in the rate of house price inflation since the summer.

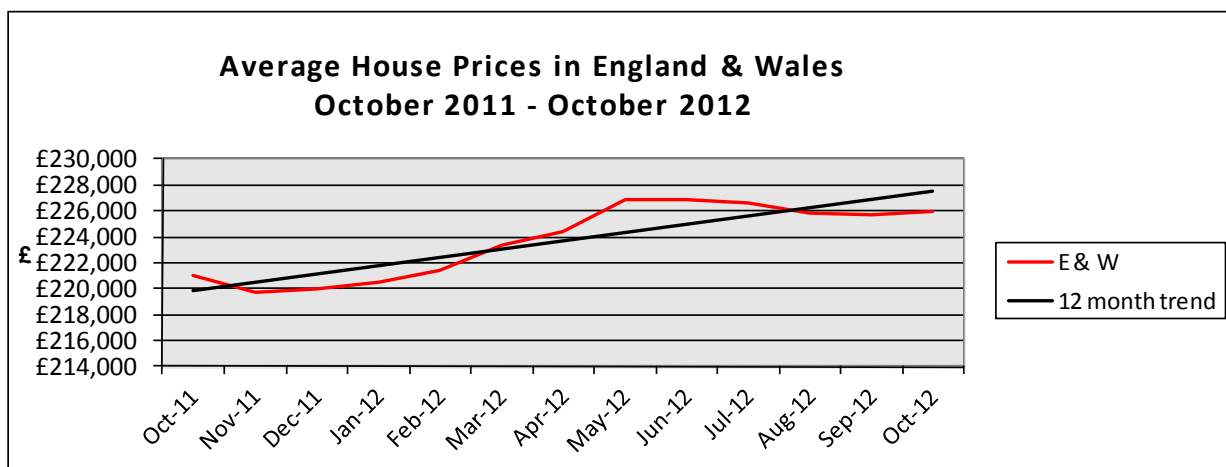


Figure 1. The Average House Price in England & Wales, October 2011 - October 2012

[link to source Excel](#)

One of the main features of the housing market last month was the low number of transactions. Our current estimate of the final number of September transactions is 53,125, which is the second lowest number of properties sold in the month of September since the Land Registry first computerised its records in 1995. The cause of the September slow-down in the housing market was the Olympics. Although this may have triggered a ‘feel-good’ factor, it also resulted in more people watching TV in August, with few property viewings and hence offers being made. This had a knock-on effect on the number of transactions completed in September.

This month - October - has seen a ‘catch-up’ effect. Whereas on average there is usually a small increase of 2.0% in transactions between September and October, this year we estimate it will be +24.0%, with some 65,675 transactions in the month. If this estimate proves correct it will be the second highest level of monthly sales for over two years. However, we see this increase in sales as a one-off adjustment as opposed to a fundamental shift in demand resulting from an increase in mortgage availability.

Last month we showed the effect of inflation on the purchase of a property for the years 2002 to 2010. The conclusion reached was that only those purchasing a property prior to 2004 would have seen a ‘real’ return on their investment. At the request of one of our readers, we are showing this month the year-on-year change in house prices when expressed in ‘real’, i.e. post inflation, terms.



Table 2. The calculation of year-on-year house price inflation expressed in 'real' terms for the ten years September 2003 to September 2012 for the average house price in England & Wales. [link to source Excel](#)

September House Prices 2002 - 2012

A	B	C	D	E	F	G
Year	House Prices	% change Yr on Yr	September RPI Index	Constant 2002 prices	Constant 2012 prices	% change 'real' prices
2002	£143,109		177.6	£143,109	£196,775	
2003	£162,752	13.7%	182.5	£158,382	£217,775	10.7%
2004	£186,874	14.8%	188.1	£176,442	£242,608	11.4%
2005	£193,237	3.4%	193.1	£177,726	£244,374	0.7%
2006	£207,594	7.4%	200.1	£184,252	£253,346	3.7%
2007	£229,234	10.4%	208.0	£195,730	£269,129	6.2%
2008	£217,546	-5.1%	218.4	£176,906	£243,245	-9.6%
2009	£209,282	-3.8%	215.3	£172,636	£237,375	-2.4%
2010	£223,880	7.0%	225.3	£176,481	£242,661	2.2%
2011	£220,474	-1.5%	237.9	£164,591	£226,313	-6.7%
2012	£225,684	2.4%	244.2	£164,133	£225,684	-0.3%

Column B in the Table above shows the average house price in England & Wales for the period September 2002 to September 2012. Column C shows the year-on-year percentage change in prices, as measured in nominal terms. Thus house prices in September 2012 were, in money or nominal terms, 2.4% higher than in the previous year, and in accordance with Table 1 above. In Column D, the RPI Index as published by the ONS is shown for each September for the years 2002 to 2012. In Columns E & F prices from Column B are converted into constant 'real' amounts, using 2002 and 2012 constant prices. Finally in Column G the year-on-year percentage change in prices is shown, expressed in 'real' terms. So for example, the fall in price in 2008 expressed in money terms was -5.1%, but expressed in 'real' terms was -9.6%, i.e. after taking inflation into account. We can see from Column G that the yearly changes in house prices have exceeded inflation in six out of the last ten years. However, analysis of Columns E & F reinforces the view expressed last month that the current average house price in 2012, when shown in real terms, remains below that seen in the years 2004 to 2011. Only those having purchased a property prior to September 2003 will have seen a positive 'real' return on their investment, and we see a 16% fall in house prices in real terms since 2007.

The weakness of the housing market and the uncertainty being felt by buyers and sellers is supported by a range of other recent commentaries published in October, all of which substantiate what is undoubtedly a complex issue. A consumer confidence report by Rightmove suggested that more than one in five home owners who bought between 2007 and 2012 thought their property was worth less than what they had paid for it (with 49% of those who bought in 2007 taking that view). The Council of Mortgage Lenders in its latest *News and Views* estimates that the number of borrowers who owe more than their mortgage now stands at 719,000, some 7% of mortgage holders, but that 90% of borrowers taking out loans since 2005 now have some equity in their homes. As always the detailed picture is complex depending on a wide range of variables but the general message is that these pressures have a dampening effect on a market which is already constrained because of the shortage of mortgage finance. Sellers have been adjusting prices downwards but there are clearly limits to how far they can go. The Which? Quarterly Consumer report (October 2012) found that 66% of mortgage holders are worried about future rate increases, with some seeing themselves as 'mortgage prisoners', unable to move between products if this should happen. Indeed the FSA has recently estimated that 55% of first time buyers who have taken out a mortgage since 2005 might be in this position.

Perhaps it should therefore be no surprise that the recent GFK UK Consumer Confidence index fell by 2 points in October to -30. The reality is that with relatively high unemployment and falling wages, along with the very different patterns of regional growth (and decline) as shown by Experian, many households are either unable or unwilling to move home even if they wanted to. All of this puts downward pressure on the market. Perhaps somewhat surprising therefore are the results of the latest Bank of England Credit Conditions Survey for the 3rd Quarter. This indicated a modest increase in demand for credit in the third quarter and also that this would be sustained to the end of the year. The latest Halifax *Housing Market Confidence Tracker* showed over a third of respondents thought prices would rise in 2013 (albeit modestly) compared to a fifth who thought they might fall; this balance is unchanged since June and still positive.



Housing Transactions

In an average year, housing transactions usually rise by a marginal 2% between September and October, as families return from their summer holidays and contemplate moving home. However, this year we estimate that the number of property transactions completed in the month rose by 24%, compared to September, with just over 65,000 properties sold. This rise of 24% almost exactly matches the fall in transactions seen last month, ascribed to the Olympics, with potential house purchasers remaining at home during the games watching TV, rather than looking at available properties. We therefore see the increase in transactions in October as a catch-up on the 'missing' sales in September, rather than a fundamental shift in demand for owning a property.

It will be a close call between August and October of this year as to which month will have had the highest number of sales. Over the last seventeen years, October has only once been the month with the highest level of sales in the year, which was back in 2003 when the number of October sales in England & Wales reached 126,775. Our expectation this year of 65,000 sales once again makes the point that transaction levels are currently approximately half that experienced prior to the credit crunch of 2007/8.

The main causes of the decline in transactions remain the difficulties in obtaining mortgage finance, with high deposit levels and an excellent credit record still being paramount in the eyes of the lender. In addition, uncertainties in the economic outlook are causing buyers to remain cautious about any commitment to the purchase of a high value asset. The Bank of England recently reported on progress on the Funding for Lending scheme through which lenders have access to cheap loan finance from the Bank, with built in incentives to use the funds to boost under-served markets. The number of participating lenders has now gone up to 30 but we have no sense yet of a flow of funds being triggered. Inevitably it takes time for schemes such as these to have an impact, and in all likelihood we will see no significant effect on mortgage market volumes until 2013, though funding costs and some mortgage rates have fallen.

Following the decline in GDP in the second quarter there was a sharp 1% increase in the third quarter, though partly accounted for by a single event - the Olympics. With recent increases in employment and real incomes there may be some grounds for optimism but as we have seen sentiment largely remains stubbornly downbeat. The MPC has suggested inflationary pressures might pick up again later this year on the back of anticipated rises in food and fuel bills, and we know that wide-ranging welfare cuts will start to work their way through the system over the next 12 months. All of this uncertainty and constraint acts to hold back consumers, and there now seems little likelihood of any sustained recovery in housing market sentiment until late 2013 or 2014 at the earliest.

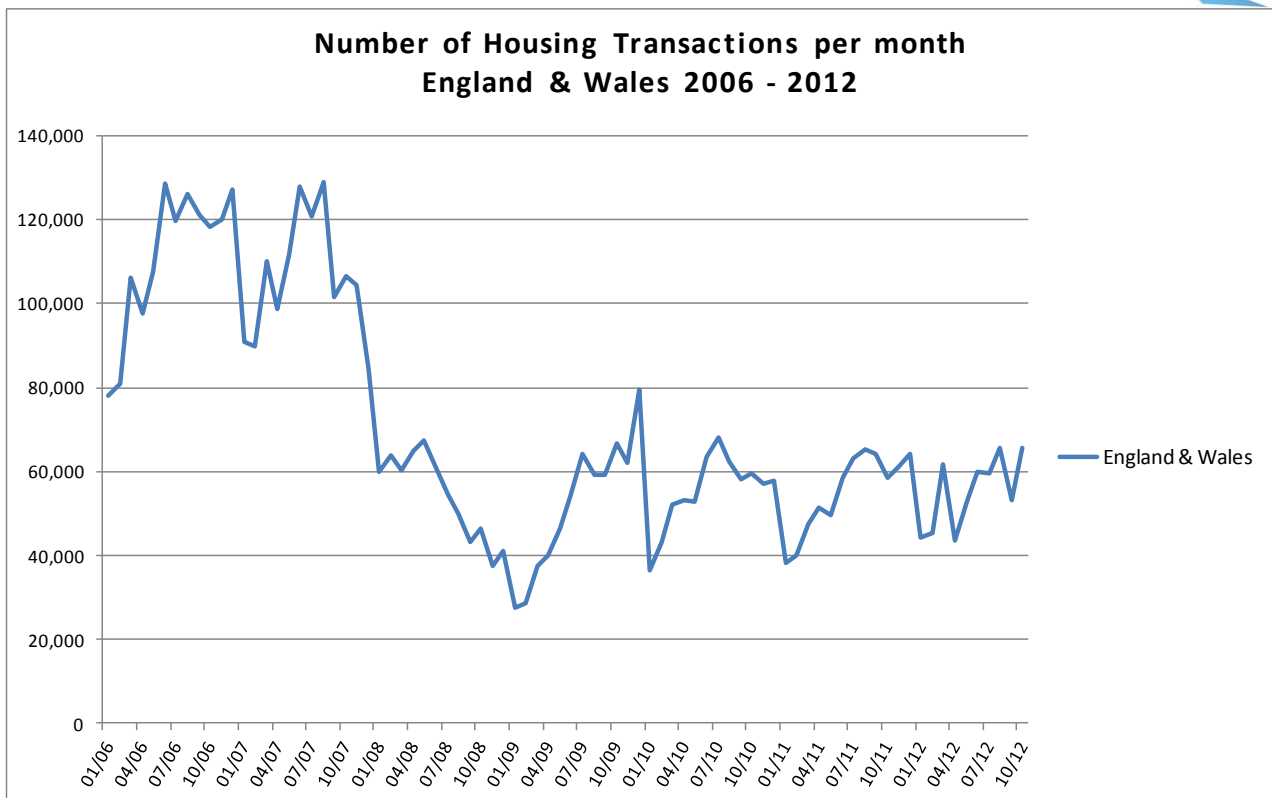


Figure 2. The number of housing transactions by month in England & Wales, 2006- 2012 (not seasonally adjusted) [link to source Excel](#)

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

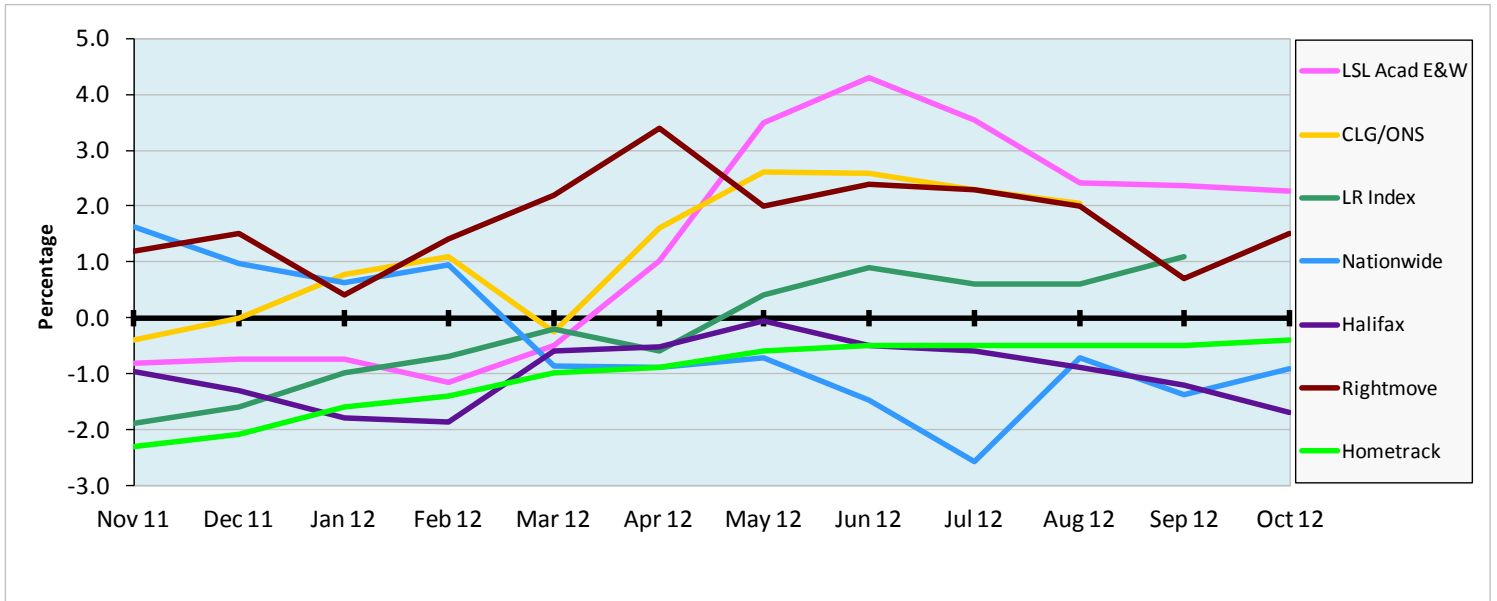


Figure 3. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)

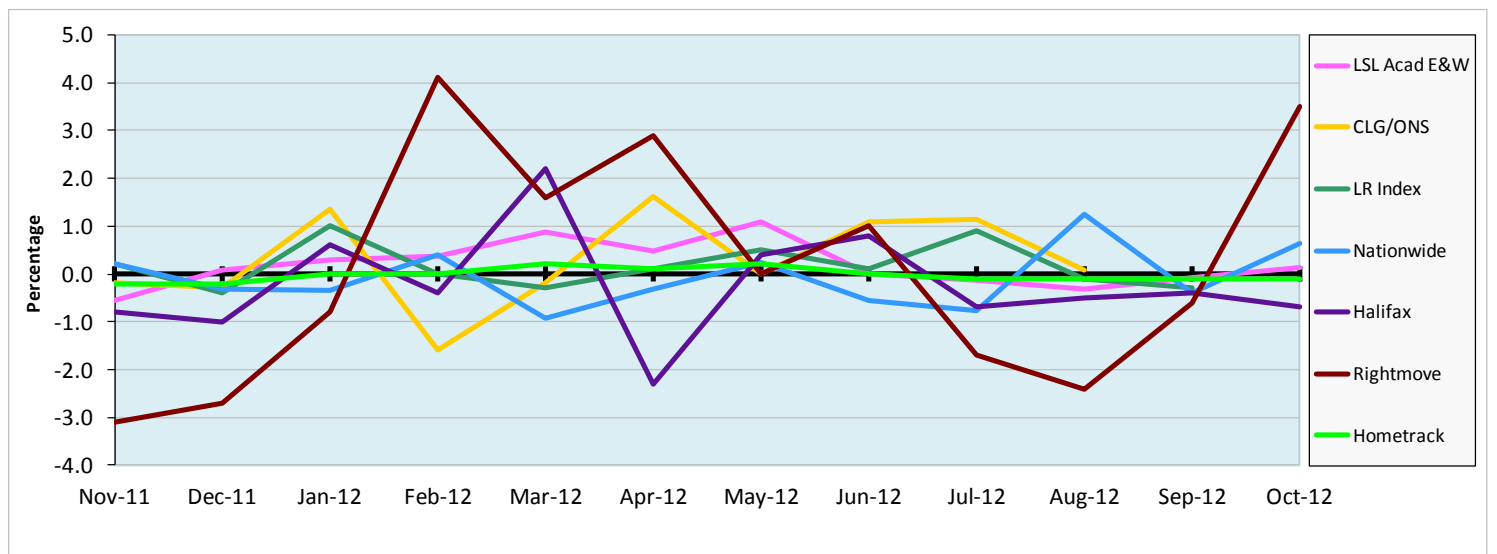


Figure 4. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)



Greater London continues to dominate the housing market in terms of annual price change. Figure 5 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 2.4% average rate. This month, as last month, five regions report positive increases in house price growth. However, this month we have also seen more regions, now five in number, with an increase in the rate of annual price change when compared to last month, when only the North showed a positive movement in the rate of change.

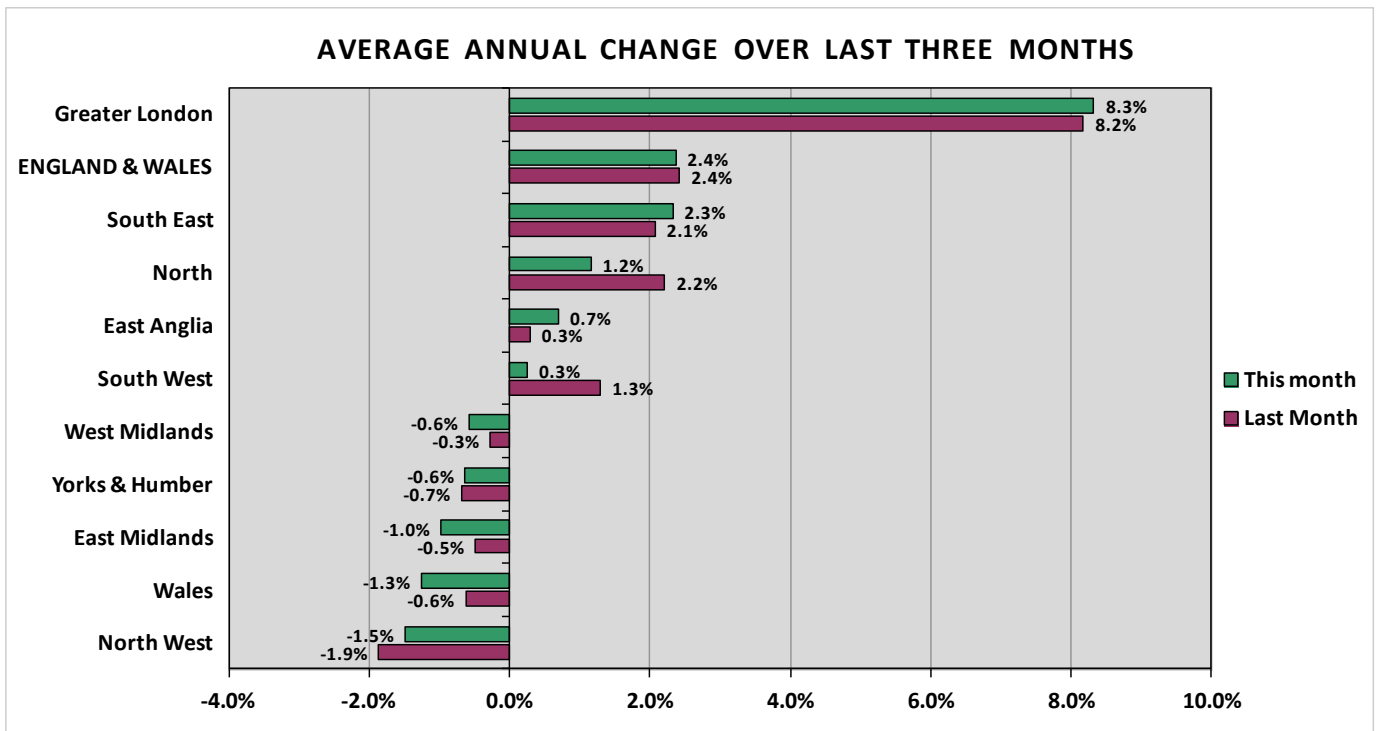


Figure 5. The annual change in the average house price, analysed by region

[link to source Excel](#)

ANNUAL CHANGE IN PRICE BY REGION

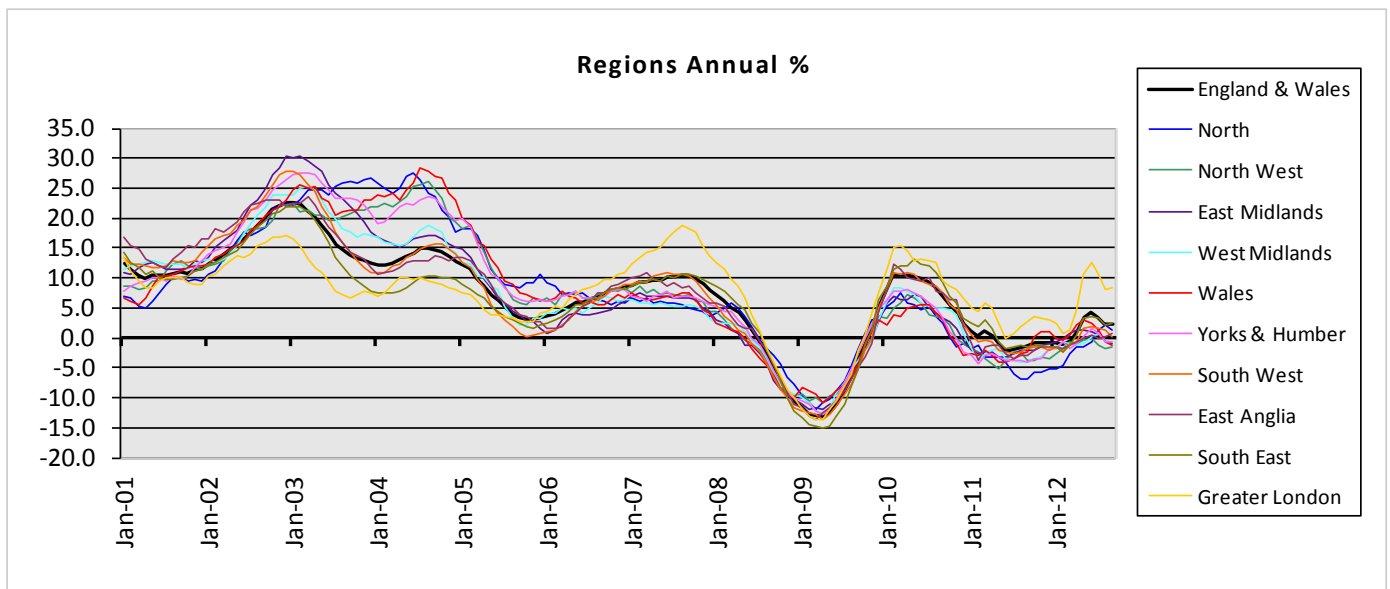


Figure 6. A comparison of the annual change in house prices, by region for the period January 2001 - September 2012

[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 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 3. The change in mix adjusted house prices, for the 33 London boroughs, comparing September 2011 with September 2012. [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LONDON BOROUGH	Sep-11	Sep-12	% Change
1	1	KENSINGTON AND CHELSEA	1,191,403	1,436,124	20.5%
2	2	CITY OF WESTMINSTER	900,131	1,101,096	22.3%
3	3	CAMDEN	682,113	757,665	11.1%
4	4	HAMMERSMITH AND FULHAM	584,182	668,202	14.4%
7	5	CITY OF LONDON	486,602	619,577	27.3%
5	6	RICHMOND UPON THAMES	566,746	565,820	-0.2%
6	7	ISLINGTON	495,550	526,466	6.2%
8	8	WANDSWORTH	478,993	519,770	8.5%
10	9	BARNET	414,433	435,326	5.0%
9	10	MERTON	426,519	431,367	1.1%
12	11	HARINGEY	386,173	419,021	8.5%
19	12	BRENT	346,969	416,742	20.1%
11	13	SOUTHWARK	396,445	410,962	3.7%
14	14	HACKNEY	373,594	402,798	7.8%
17	15	KINGSTON UPON THAMES	352,741	401,864	13.9%
15	16	EALING	366,023	396,831	8.4%
13	17	LAMBETH	383,280	395,634	3.2%
18	18	HOUNSLOW	352,416	366,753	4.1%
16	19	TOWER HAMLETS	365,177	363,389	-0.5%
20	20	HARROW	335,218	346,487	3.4%
21	21	BROMLEY	320,859	332,092	3.5%
22	22	REDBRIDGE	284,042	302,488	6.5%
25	23	ENFIELD	270,701	293,564	8.4%
24	24	HILLINGDON	278,265	289,749	4.1%
23	25	GREENWICH	280,876	282,372	0.5%
26	26	LEWISHAM	262,081	279,076	6.5%
27	27	SUTTON	258,278	260,257	0.8%
30	28	WALTHAM FOREST	232,861	244,134	4.8%
28	29	CROYDON	238,582	242,472	1.6%
29	30	HAVERING	237,812	239,255	0.6%
32	31	BEXLEY	214,386	222,967	4.0%
31	32	NEWHAM	218,930	220,534	0.7%
33	33	BARKING AND DAGENHAM	176,454	176,497	0.0%
		ALL LONDON	389,212	421,599	8.3%

This month there are two significant movers by price up the ranks of London boroughs. The first is the City of London, which moves to fifth position, with a 27% increase in the average price of flats purchased over the year (virtually all of the City of London properties are flats). Caution is necessary however, since the City of London has the smallest number of property transactions of any London borough, with about 200 units being sold in a year. As a result, the quoted average prices tend to be more volatile than those of any other borough. The second significant change is the borough of Brent, which has moved up seven places from nineteenth to twelfth position. Brent has seen price rises of 20% over the year, with particularly large increases in detached and terraced properties, which have increased by 52% and 25% respectively. The figures above include some 12 detached properties sold in Brent with a value in excess of £1 million, of which six were located in West Hampstead.

With a few exceptions, the London housing market continues to be sharply differentiated by price, with the boroughs having the highest priced homes seeing the largest price gains, whilst price growth in the lower priced areas is more modest. This month the top five boroughs ranked by price are among the top seven boroughs when ranked by price growth, being joined by Brent and Kingston upon Thames. In September there are nine boroughs where average prices have reached a new peak, (highlighted in grey above), compared with only seven last month. There does appear to be a trend towards record prices being achieved lower down the price league than previously seen; as example Lewisham is included in that category this month, ranked 26th in terms of house prices. Last month, Bromley was the lowest priced borough seeing record prices and was ranked 21st. This may suggest that buy-to-let landlords in the capital are concentrating on areas where higher rental yields can be obtained, which is not necessarily in central London locations.

Counties and unitary authorities



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

PRIOR YR RANK	RANK BY PRICE	COUNTY / UNITARY AUTHORITY / REGION	Sep-11	Sep-12	Change
17	16	CAMBRIDGESHIRE	241,065	242,999	0.8%
79	68	CITY OF PETERBOROUGH	146,207	152,982	4.6%
50	48	NORFOLK	179,025	179,073	0.0%
41	40	SUFFOLK	198,803	199,797	0.5%
		EAST ANGLIA	198,204	199,577	0.7%
87	84	CITY OF DERBY	138,027	142,348	3.1%
98	100	CITY OF NOTTINGHAM	116,965	108,430	-7.3%
70	64	DERBYSHIRE	152,988	158,933	3.9%
89	86	LEICESTER	135,069	138,129	2.3%
46	46	LEICESTERSHIRE	186,916	180,431	-3.5%
71	73	LINCOLNSHIRE	151,497	150,002	-1.0%
51	51	NORTHAMPTONSHIRE	177,774	174,531	-1.8%
64	69	NOTTINGHAMSHIRE	157,872	153,789	-2.6%
10	14	RUTLAND	271,136	274,690	1.3%
		EAST MIDLANDS	160,201	158,636	-1.0%
		GREATER LONDON	389,212	421,599	8.3%
62	57	CUMBRIA	163,355	162,938	-0.3%
91	95	DARLINGTON	130,432	127,637	-2.1%
97	97	DURHAM	118,577	118,121	-0.4%
99	96	HARTLEPOOL	116,664	123,866	6.2%
102	98	MIDDLESBROUGH	104,467	115,261	10.3%
58	61	NORTHUMBERLAND	167,430	164,157	-2.0%
96	94	REDCAR AND CLEVELAND	119,013	120,818	1.5%
76	71	STOCKTON-ON-TEES	148,165	152,112	2.7%
90	88	TYNE AND WEAR	132,462	136,001	2.7%
		NORTH	137,929	139,525	1.2%
95	99	BLACKBURN WITH DARWEN	119,262	119,833	0.5%
103	104	BLACKPOOL	103,738	99,612	-4.0%
31	35	CHESHIRE	209,991	202,964	-3.3%
78	74	GREATER MANCHESTER	147,806	147,417	-0.3%
85	90	HALTON	138,776	131,943	-4.9%
80	78	LANCASHIRE	146,201	142,401	-2.6%
84	87	MERSEYSIDE	141,265	140,138	-0.8%
45	45	WARRINGTON	187,704	185,234	-1.3%
		NORTH WEST	152,615	150,338	-1.5%
30	31	BEDFORDSHIRE	211,184	212,718	0.7%
11	12	BRACKNELL FOREST	264,582	269,853	2.0%
14	10	BRIGHTON AND HOVE	259,500	277,626	7.0%
3	3	BUCKINGHAMSHIRE	357,432	362,540	1.4%
21	21	EAST SUSSEX	228,541	235,537	3.1%
18	19	ESSEX	240,372	241,893	0.6%
12	13	HAMPSHIRE	263,255	266,225	1.1%
6	5	HERTFORDSHIRE	310,435	326,017	5.0%
44	43	ISLE OF WIGHT	193,948	197,570	1.9%
19	20	KENT	234,966	241,542	2.8%
69	70	LUTON	153,792	153,515	-0.2%
60	60	MEDWAY	163,650	163,382	-0.2%
40	30	MILTON KEYNES	199,377	212,556	6.6%

Counties and unitary authorities



5	6	OXFORDSHIRE	311,414	321,156	3.1%
61	58	PORTSMOUTH	163,400	164,018	0.4%
26	18	READING	213,509	241,356	13.0%
42	42	SLOUGH	197,877	203,612	2.9%
55	53	SOUTHAMPTON	169,499	168,353	-0.7%
43	44	SOUTHEND-ON-SEA	194,163	199,166	2.6%
2	2	SURREY	385,226	391,073	1.5%
53	49	THURROCK	176,265	175,544	-0.4%
7	8	WEST BERKSHIRE	298,334	293,956	-1.5%
13	11	WEST SUSSEX	261,856	270,230	3.2%
1	1	WINDSOR AND MAIDENHEAD	445,996	431,715	-3.2%
4	4	WOKINGHAM	315,151	325,322	3.2%
		SOUTH EAST	264,034	270,160	2.3%
9	7	BATH AND NORTH EAST SOMERSET	276,426	311,020	12.5%
24	25	BOURNEMOUTH	218,124	226,510	3.8%
34	24	CITY OF BRISTOL	208,178	220,114	5.7%
68	65	CITY OF PLYMOUTH	155,248	155,825	0.4%
23	26	CORNWALL	224,684	216,474	-3.7%
20	22	DEVON	234,383	233,514	-0.4%
15	15	DORSET	254,673	257,900	1.3%
22	23	GLOUCESTERSHIRE	227,930	227,750	-0.1%
29	27	NORTH SOMERSET	212,251	213,178	0.4%
8	9	POOLE	283,862	286,116	0.8%
38	39	SOMERSET	203,106	201,379	-0.8%
32	32	SOUTH GLOUCESTERSHIRE	209,679	207,531	-1.0%
57	56	SWINDON	168,269	166,460	-1.1%
48	50	TORBAY	182,498	179,065	-1.9%
16	17	WILTSHIRE	245,914	238,889	-2.9%
		SOUTH WEST	222,268	222,828	0.3%
108	108	BLAENAU GWENT	85,924	80,663	-6.1%
86	89	BRIDGEND	138,589	133,886	-3.4%
94	93	CAERPHILLY	124,719	123,144	-1.3%
47	47	CARDIFF	184,959	180,605	-2.4%
83	83	CARMARTHENSHIRE	141,876	140,684	-0.8%
52	52	CEREDIGION	177,308	183,768	3.6%
63	72	CONWY	159,607	154,733	-3.1%
82	85	DENBIGHSHIRE	142,374	138,001	-3.1%
66	63	FLINTSHIRE	156,820	154,564	-1.4%
67	77	GWYNEDD	156,182	146,475	-6.2%
65	67	ISLE OF ANGLESEY	157,119	153,822	-2.1%
107	106	MERTHYR TYDFIL	93,120	96,639	3.8%
28	38	MONMOUTHSHIRE	213,049	208,088	-2.3%
101	103	NEATH PORT TALBOT	110,389	105,114	-4.8%
81	81	NEWPORT	143,573	149,358	4.0%
56	59	PEMBROKESHIRE	168,761	164,711	-2.4%
49	55	POWYS	182,017	169,572	-6.8%
104	102	RHONDDA CYNON TAFF	103,684	104,699	1.0%
74	80	SWANSEA	149,619	144,946	-3.1%
39	34	THE VALE OF GLAMORGAN	201,687	211,793	5.0%
92	91	TORFAEN	129,035	124,082	-3.8%
77	66	WREXHAM	148,030	159,396	7.7%
		WALES	152,077	150,163	-1.3%
33	29	HEREFORDSHIRE	208,933	209,486	0.3%

Counties and unitary authorities



37	41	SHROPSHIRE	204,034	199,499	-2.2%
54	54	STAFFORDSHIRE	171,753	169,230	-1.5%
106	107	STOKE-ON-TRENT	94,180	92,998	-1.3%
27	33	WARWICKSHIRE	213,079	215,350	1.1%
75	75	WEST MIDLANDS	149,027	148,705	-0.2%
36	37	WORCESTERSHIRE	205,925	203,580	-1.1%
72	79	WREKIN	151,279	147,070	-2.8%
		WEST MIDLANDS	169,501	168,523	-0.6%
105	105	CITY OF KINGSTON UPON HULL	97,874	94,449	-3.5%
59	62	EAST RIDING OF YORKSHIRE	165,641	160,673	-3.0%
100	101	NORTH EAST LINCOLNSHIRE	114,595	108,949	-4.9%
93	92	NORTH LINCOLNSHIRE	127,071	127,170	0.1%
25	28	NORTH YORKSHIRE	214,046	211,942	-1.0%
88	82	SOUTH YORKSHIRE	137,249	141,203	2.9%
73	76	WEST YORKSHIRE	149,691	147,697	-1.3%
35	36	YORK	207,599	206,886	-0.3%
		YORKS & HUMBER	153,860	152,888	-0.6%
		ALL ENGLAND & WALES	220,474	225,684	2.4%

Although in England & Wales as a whole the average rise in prices over the year has been 2.4%, we find far more significant changes in price at the county and unitary authority level, ranging from +13.0% in Reading to -7.3% in the City of Nottingham. Of the 108 authorities in England & Wales, 58 showed September price falls, compared with only 54 in August, so the decline in house prices continues to spread out across the country.

This month there is only one unitary authority area which is witnessing peak average house prices, being Reading, although the City of Bristol is only £13 short of this level. Both areas have seen large increases in the average price of detached properties, with the price of flats in the City of Bristol continuing to climb over the autumn months.

The number of properties sold during the three months July to September 2012 in England & Wales is down 6% on the equivalent three months in 2011, although this includes the shortfall during the Olympics period, but not the rebound in October 2012. Over the period, the sale of detached properties, terraced properties and flats was down between 3% and 5%. However the sale of semi-detached properties was hardest hit with sales volumes declining by 12%. Over this period Bath & North East Somerset experienced the largest increase in sales (+6%), followed by Buckinghamshire (+6%), while sales volumes in Blackpool experienced the steepest decline at -32%.

Over this same period, when prices in general increased by 2.4%, the price of flats increased by 8%, terraced properties by 6%, semi-detached properties by 2%, while the price of detached properties remained the same as in the previous year.

Regional data table



Table 5. Average house prices by region, October 2011 - September 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
Oct-11	£139,519	1.2	-5.9	£151,941	-0.4	-3.9	£160,023	-0.1	-2.2	£170,659	0.7	-3.4
Nov-11	£138,686	-0.6	-5.7	£151,159	-0.5	-3.3	£160,361	0.2	-1.4	£169,129	-0.9	-3.2
Dec-11	£137,920	-0.6	-5.3	£150,049	-0.7	-3.5	£159,864	-0.3	-1.1	£170,487	0.8	-1.8
Jan-12	£138,878	0.7	-5.2	£150,418	0.2	-2.7	£160,521	0.4	-0.6	£170,836	0.2	-1.5
Feb-12	£141,562	1.9	-4.5	£152,074	1.1	-1.7	£161,535	0.6	0.0	£171,182	0.2	-0.6
Mar-12	£143,864	1.6	-2.5	£152,179	0.1	-0.7	£161,714	0.1	0.6	£170,311	-0.5	-0.9
Apr-12	£143,162	-0.5	-1.6	£150,842	-0.9	-0.9	£161,548	-0.1	1.2	£169,041	-0.7	-1.2
May-12	£141,970	-0.8	-1.6	£150,090	-0.5	-0.3	£160,855	-0.4	1.4	£169,539	0.3	-0.9
Jun-12	£141,111	-0.6	-0.8	£150,892	0.5	-0.2	£161,179	0.2	1.1	£169,755	0.1	0.2
Jul-12	£140,874	-0.2	1.2	£150,561	-0.2	-1.4	£160,374	-0.5	0.3	£169,641	-0.1	0.6
Aug-12	£140,411	-0.3	2.2	£150,523	0.0	-1.9	£159,517	-0.5	-0.5	£169,203	-0.3	-0.3
Sep-12	£139,525	-0.6	1.2	£150,338	-0.1	-1.5	£158,636	-0.6	-1.0	£168,523	-0.4	-0.6

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Oct-11	£155,015	1.9	0.0	£153,174	-0.4	-3.6	£222,367	0.0	-1.5	£198,008	-0.1	-2.0
Nov-11	£154,555	-0.3	0.9	£152,708	-0.3	-3.4	£220,908	-0.7	-1.5	£196,756	-0.6	-1.4
Dec-11	£153,625	-0.6	1.1	£153,860	0.8	-1.8	£221,683	0.4	-2.1	£195,434	-0.7	-1.5
Jan-12	£152,064	-1.0	0.0	£154,042	0.1	-1.9	£221,725	0.0	-1.5	£195,417	0.0	-1.6
Feb-12	£152,254	0.1	-0.4	£154,687	0.4	-0.7	£221,468	-0.1	-2.3	£195,098	-0.2	-1.9
Mar-12	£153,422	0.8	0.5	£153,451	-0.8	-1.9	£221,871	0.2	-1.1	£197,518	1.2	-1.4
Apr-12	£153,755	0.2	2.1	£154,509	0.7	-0.9	£222,836	0.4	-0.6	£198,692	0.6	-0.5
May-12	£153,403	-0.2	3.1	£154,571	0.0	0.2	£225,534	1.2	1.5	£200,043	0.7	0.0
Jun-12	£152,643	-0.5	2.4	£155,384	0.5	1.7	£224,744	-0.4	1.9	£198,861	-0.6	0.3
Jul-12	£151,812	-0.5	1.3	£153,751	-1.1	0.6	£224,046	-0.3	1.6	£197,691	-0.6	-0.2
Aug-12	£150,810	-0.7	-0.6	£153,156	-0.4	-0.7	£223,637	-0.2	1.3	£198,819	0.6	0.3
Sep-12	£150,163	-0.4	-1.3	£152,888	-0.2	-0.6	£222,828	-0.4	0.3	£199,577	0.4	0.7

	South East			Greater London			ENGLAND & WALES		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Oct-11	£263,441	-0.2	-1.3	£392,658	0.9	3.7	£220,965	0.2	-0.9
Nov-11	£261,090	-0.9	-1.2	£391,393	-0.3	3.2	£219,732	-0.6	-0.8
Dec-11	£260,482	-0.2	-1.5	£394,003	0.7	3.1	£219,923	0.1	-0.7
Jan-12	£262,376	0.7	-1.4	£394,472	0.1	2.4	£220,550	0.3	-0.7
Feb-12	£263,764	0.5	-2.3	£394,712	0.1	0.9	£221,385	0.4	-1.2
Mar-12	£268,454	1.8	-1.2	£400,026	1.3	1.2	£223,345	0.9	-0.5
Apr-12	£269,149	0.3	0.6	£407,294	1.8	4.6	£224,410	0.5	1.0
May-12	£272,236	1.1	3.2	£419,011	2.9	10.5	£226,834	1.1	3.5
Jun-12	£271,305	-0.3	3.6	£420,948	0.5	12.6	£226,863	0.0	4.3
Jul-12	£271,950	0.2	3.2	£421,138	0.0	10.6	£226,591	-0.1	3.5
Aug-12	£270,770	-0.4	2.1	£419,452	-0.4	8.2	£225,857	-0.3	2.4
Sep-12	£270,160	-0.2	2.3	£421,599	0.5	8.3	£225,684	-0.1	2.4
Oct-12							£225,954	0.1	2.3



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.

information@acadametrics.co.uk

© Acadametrics Limited



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