



LSL Property Services/Acadametrics

House Price Index

AUGUST 2011

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 9TH SEPTEMBER



Housing market defies August dip

- **Prices rise further in August, buoyed by a 1.6% rise in London**
- **Transactions up 1.5%, bucking the seasonal trend**
- **Sales of flats now 80% below market peak**

Richard Sexton, business development director of e.surv comments:

“The property market bounced back this summer, with consecutive months of price rises following falls between April and June. While some regions have seen prices fall, the rate of fall has shrunk. The housing market across the country is moving in the right direction. Prices in London rose most, thanks to all the cash buyers pushing up demand. In London, there are more buyers with large deposits and they are less exposed to the squeeze on mortgages that is hitting first time buyers so hard.

“Transactions also rose 1.5% which completely defies the classic summer slowdown. Transactions usually fall about 1.5% between July and August. 2011 looks significantly better than usual. People who already own property are driving these sales. Mortgage finance is very cheap at the moment – it’s just hard to get if you don’t have a hefty deposit. With major lenders like Santander cutting their mortgage rates by 1pc this week, buyers who are able to put up at least a quarter of the value of their purchase can pick up bargains. The fact that the properties are so reasonably priced is also helping allay lenders’ fears about borrowers’ ability to pay for their loans.

“But first timers with less money can’t get a mortgage easily and that’s obviously a major hurdle to getting a foot on the property ladder. The ratio of flat to detached house sales has changed radically. The number of flats sold has fallen almost twice as far from 2007 as detached homes. While the large number of newly built flats that came onto the market in 2007 boosted transactions, this is largely the result of the slowing of the market for first-time buyers in the last four years and the limited availability of mortgage finance at higher LTVs. The UK housing market is now not only fragmented by region, but also by property type, with owners of larger detached property holding much more equity since the credit crisis than those of more modest homes.”

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

House prices continue to fall on an annual basis



Table 1. Average House Prices in England & Wales for the period September 2010 - August 2011

		House Price	Index	Monthly Change %	Annual Change %
September	2010	£223,886	227.9	0.0	7.0
October	2010	£223,026	227.1	-0.4	5.3
November	2010	£221,513	225.5	-0.7	4.3
December	2010	£221,529	225.5	0.0	2.3
January	2011	£222,116	226.1	0.3	1.0
February	2011	£223,883	227.9	0.8	0.2
March	2011	£224,283	228.3	0.2	0.9
April	2011	£222,174	226.2	-0.9	0.4
May	2011	£219,296	223.3	-1.3	-1.0
June	2011	£217,443	221.4	-0.8	-2.2
July	2011	£218,404	222.4	0.4	-2.1
August	2011	£219,078	223.0	0.3	-2.2

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

“The average price of a home in England & Wales increased by a marginal 0.3% during August and now stands at £219,078. London prices moved ahead more sharply on the month rising 1.6% after three months of fall and, in each of the other nine regions, prices showed small positive movements, if only in slowing monthly falls. Hence, the headline monthly national rise of 0.3% masks a range of price movements, both up and down, in individual regions and localities.

“This is the second month of marginal increase in the national average price on a monthly basis. This average at £219,078 is some £18,844, or 9.4%, above the price observed at the trough of the last housing recession in April 2009. However, it is also still £12,751, or 5.5%, below the house price peak of £231,828 recorded in February 2008.

“Despite the monthly increase, prices on an annual basis have now fallen for the fourth month in row, dropping -2.2% in August. As Figure 4 shows, Greater London is the only region in England & Wales where prices on an annual basis remain positive and, given the relatively strong August rise on a monthly basis, it is possible that London prices as a whole have largely stopped falling and that a recovery phase is underway.

“Figure 1 below shows that housing transactions may be steady at around half previous peaks. Figure 2 shows that all house price indices have trended down on an annual basis since September 2010 and are still in negative territory even though the monthly picture shown in Figure 3 is more confusing. As we report in this month’s News Release, there are clearly a number of areas where the market is performing more strongly and the question is whether these will translate into a stronger performance across the market as a whole.

“There are a number of modest positives that might assist that process. One positive is that the easing of house prices has aided affordability. A recent Halifax study suggests that affordability has hit a new 12 year high with typical mortgage payments for a new borrower standing at 28% of average disposable earnings in the second quarter of 2011; down from 48% in the third quarter of 2007. With increasing confidence that interest rates will remain lower for longer, indicated by the fact that fixed rate mortgages have been falling in price, it is clear that opportunities are emerging for buyers, and the second positive is that mortgage lending supply does show signs of sustained improvement from a very low base. Oxford Economics in a report for the National Housing Federation (July 2011) shows how credit supply and standards have improved in recent months. Thus, although confidence may remain low with limited access to mortgages for some potential borrowers, opportunities for others may well improve in due course.

“Investors have returned to the market quite strongly in recent months reflecting in part the above increase in credit supply; the question now is whether owner-occupiers will do the same? We would not suggest anything other than a slow recovery and it is quite clear that lenders will remain cautious, not least whilst debates continue as to the capital which they must hold and is available for their access. However, we are seeing an increase in the number of 95% LTV loan products on offer and one that is deposit-free announced this week. The 95% plus LTV loan is the long term benchmark product for the first time buyer and its disappearance triggered the contraction of that market. If the regional recovery, upon which we touched earlier, continues there is a possibility of more momentum coming back into the market. Much now turns on the overall state of the economy but we should not understate the importance of the housing sector itself - a modest recovery there can contribute substantially to wider economic upturn.”



Housing Transactions - quarter on quarter movement

Based on the average number of transactions per quarter over the last 15 years, we might have expected the number of properties sold in England & Wales to increase by 24% for the three month period May - July, when compared with the previous three months February - April. Table 3 shows how, although transaction numbers remain some 40% below the long term average, the market increased by 23% suggesting normality in this respect.

Table 2 Reported number of transactions at the end of August 2011 for May to July 2011 compared with the reported number of transactions at the end of May 2011 for February 2011 to April 2011

3 months	EAST MIDLANDS	EAST ANGLIA	SOUTH EAST	SOUTH WEST	YORKS & HUMBERSIDE	ENGLAND & WALES	WEST MIDLANDS	NORTH	WALES	NORTH WEST	GREATER LONDON
Q1 2011	10,597	6,468	31,828	14,407	11,017	129,716	10,971	6,620	6,070	13,401	18,337
Q2 2011	13,449	8,186	39,831	17,967	13,571	159,033	13,401	8,081	7,267	15,852	21,428
% change	27%	27%	25%	25%	23%	23%	22%	22%	20%	18%	17%

Table 3 As Table 2 by property type

3 months	Detached	Semi	Terraced	Flats	All Types
Q1 2011	29,543	36,690	39,066	24,418	129,716
Q2 2011	38,023	46,262	47,114	27,634	159,033
% change	29%	26%	21%	13%	23%

Tables 2 & 3 show the quarter on quarter percentage change in the number of housing transactions, analysed by region and by property type. In four of the ten regions, the numbers of properties being sold have exceeded the anticipated increase of 24%. East Midlands and East Anglia showed the most growth in sales at 27% and Greater London the least at 17%. By property type, detached and semi-detached houses showed above average sales whilst sales of flats remained subdued. We compare the number of detached properties and flats sold in the first six months of each year for the period 2007 – 2011 in Tables 4 & 5 below.

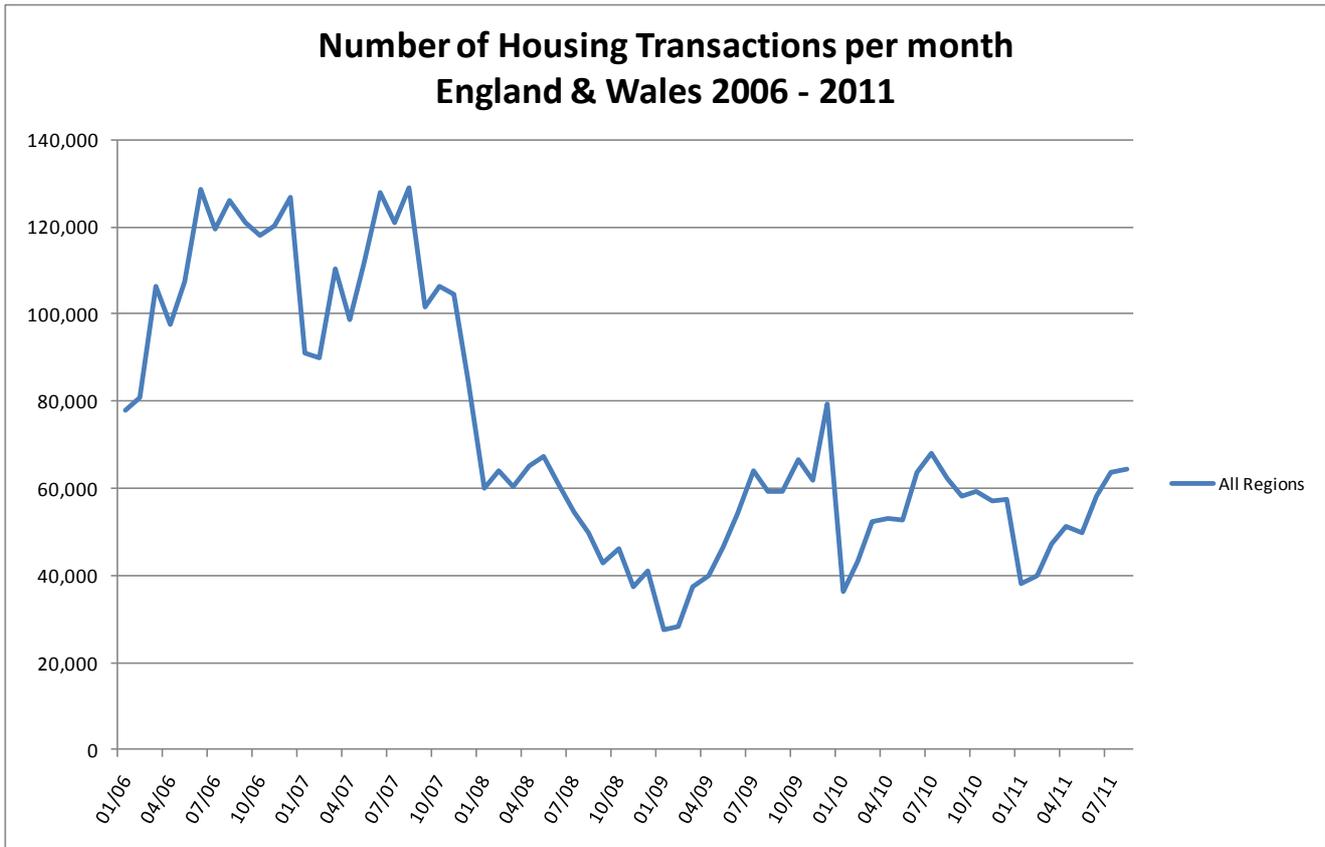


Figure 1. The number of housing transactions by month in England and Wales, 2006 – 2011 (not seasonally adjusted)

We estimate that housing transactions in England & Wales in August 2011 will total 64,500. This level represents a 1.5% increase over our revised estimate for July and goes against trend as August sales are usually marginally lower than July. It remains to be seen whether the fall in the Stock Market during August has unsettled the housing market, which in turn would have a negative impact on the number of properties purchased in September.

NOTES

1. LSL Acad HPI is the only house price index to use:
 - the **actual** prices at which every property in England and 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 HPI is a price series as opposed to a value series.
2. the current month LSL Acad 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 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 HPI “ultimate” data. All LSL Acad 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 HPI “forecast”, compares with the LSL Acad HPI, once sufficient factual Land Registry data have replaced forecast data, to enable LSL Acad 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 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.



ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

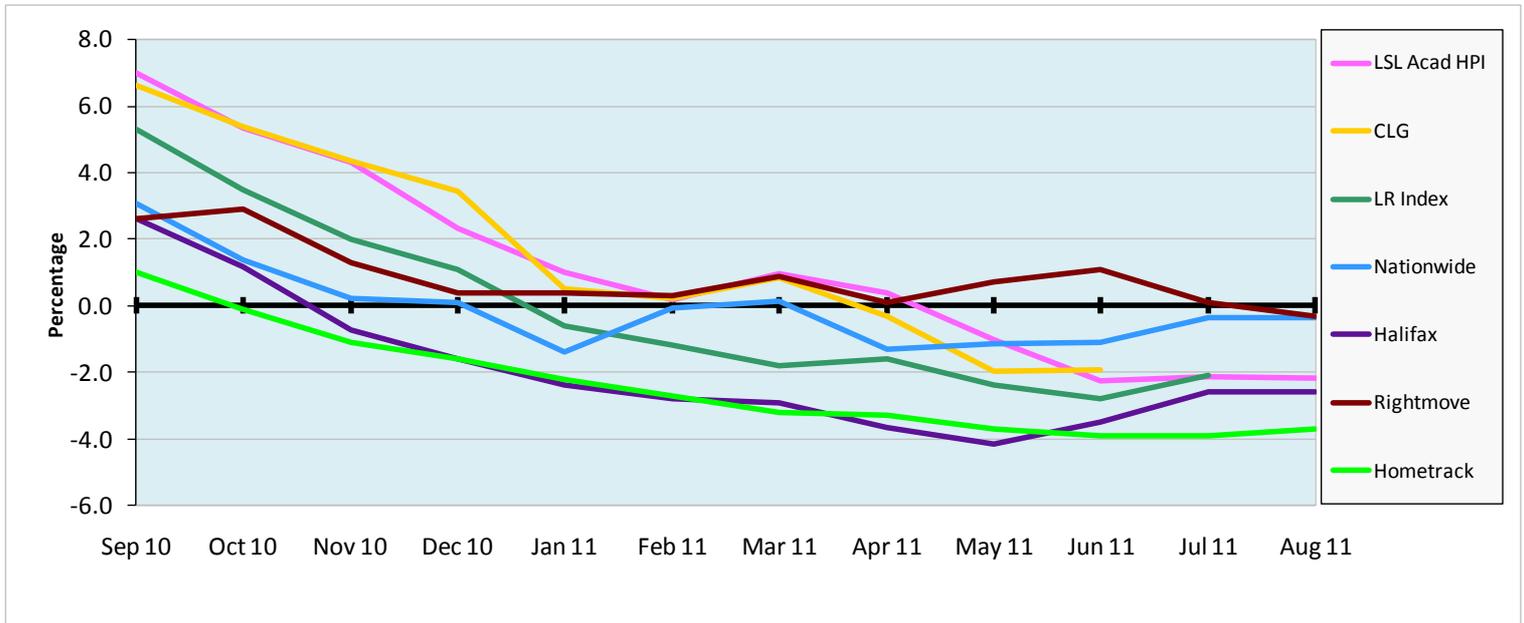


Figure 2. A comparison of the annual change in house prices, by Index provider

MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

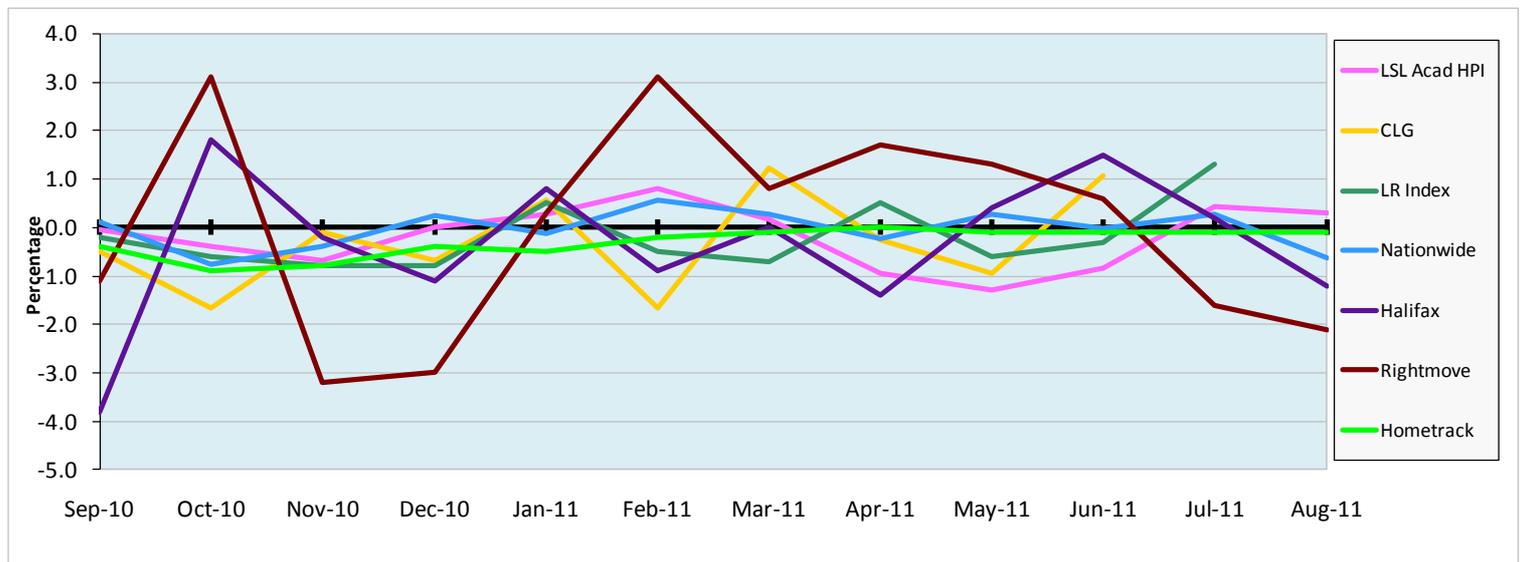


Figure 3. A comparison of the monthly change in house prices, by Index provider



Based on the average annual change over the last three months, Greater London is the only region in England & Wales that is currently experiencing a rise in house prices. Figure 4 below shows both this month's and last month's annual percentage change in price by region. As can be seen, five regions are showing an increase in prices (or at least lessening price falls) compared with last month, whilst in five regions price falls are worsening.

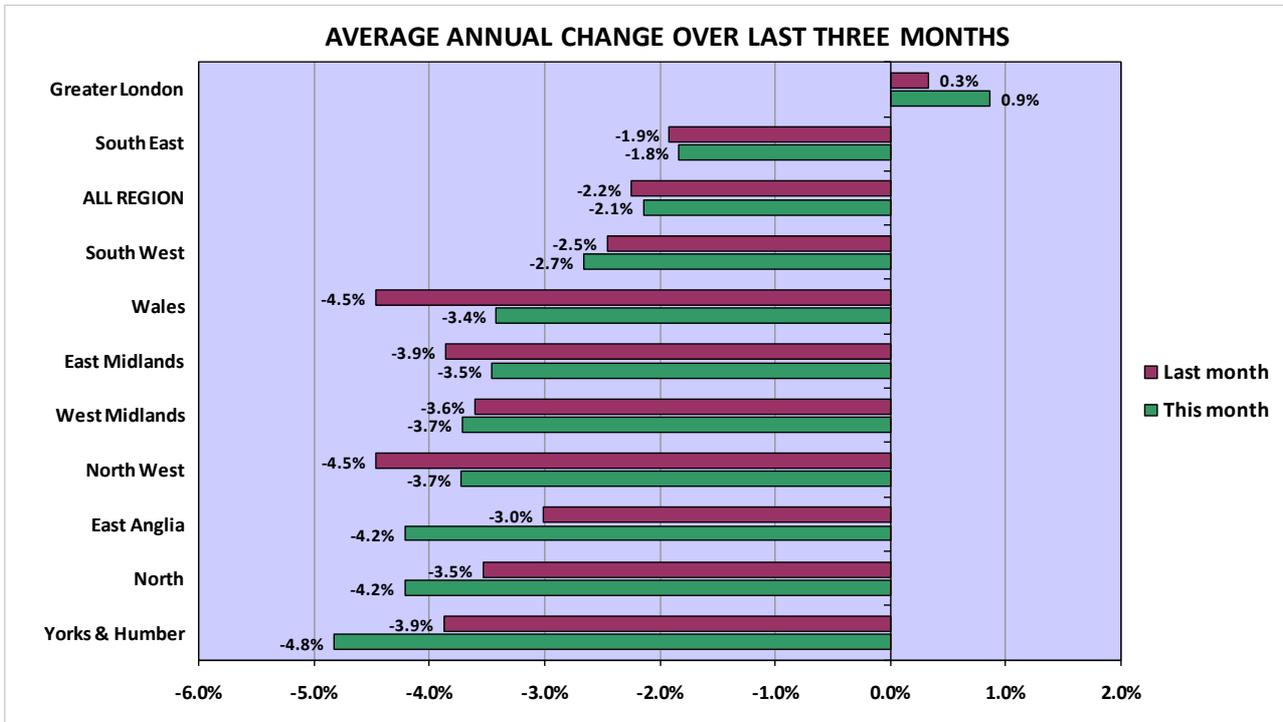


Figure 4. The annual change in the average house price, analysed by region

ANNUAL CHANGE IN PRICE BY REGION

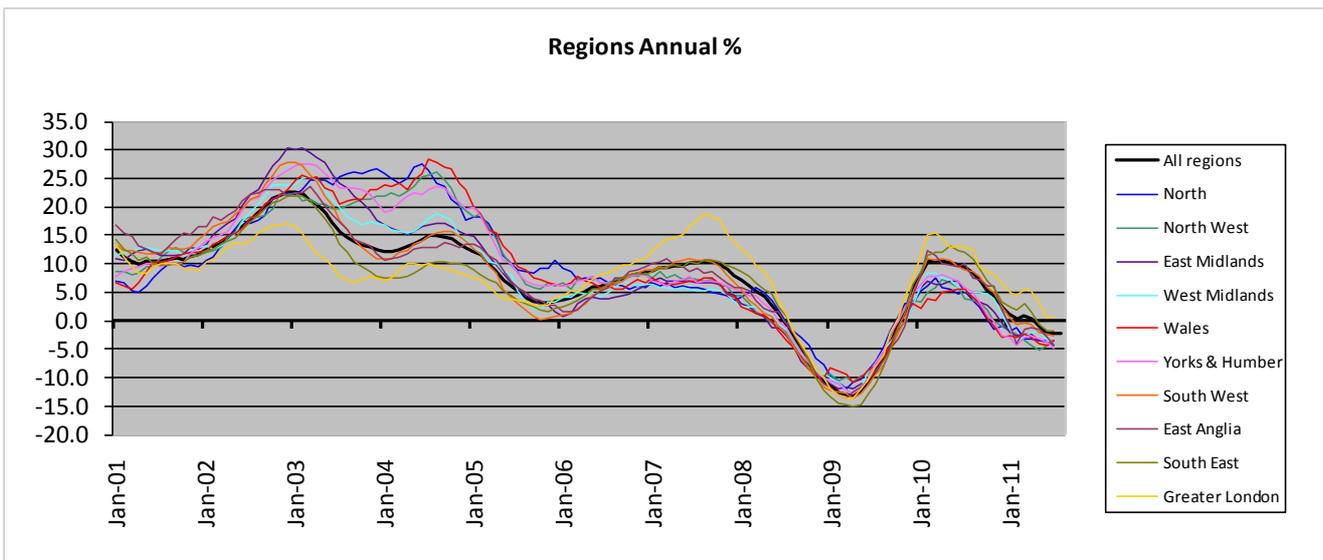


Figure 5. A comparison of the annual change in house prices, by region for the period Jan 2001 - Jul 2011

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.



AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - LONDON BOROUGHS

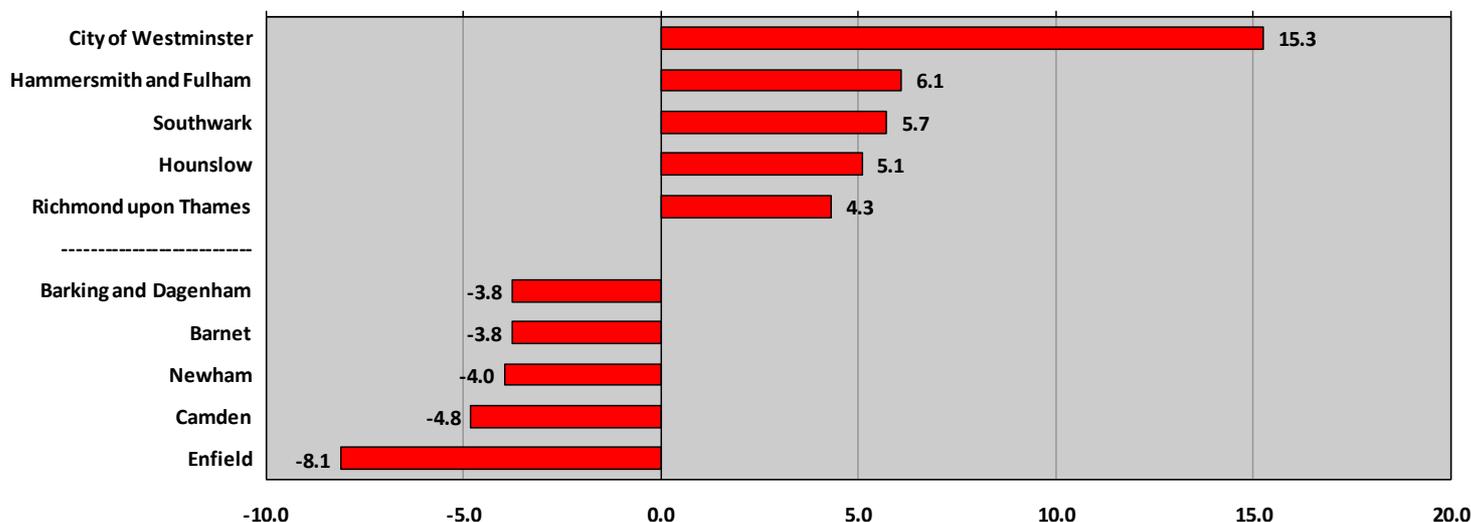


Figure 6. The annual change in house prices, based on a three month average, for the London boroughs

House prices

Figure 6 shows the % **annual** price change in ten London boroughs, averaged over three months, for those with the highest and lowest growth. Three out of the five boroughs having the highest growth are ranked in the top five boroughs by price, and similarly two of the five boroughs having the least growth are ranked as the boroughs with the lowest prices in London. Thus, the trend which we have been seeing for most of the year, with the more expensive London areas seeing the most price growth, whilst the least expensive areas experience the largest falls, continues to apply. Although Figure 6 indicates that Camden is an exception to this rule, Land Registry advise that a terraced property in Camden recently exchanged hands for £19 million, suggesting that Camden is likely to rejoin the top five boroughs by growth next month.

This month, the City of Westminster sets a new maximum average price, with the average price of a property being £950,138; if flats are excluded the average price in the borough now exceeds £2.4 million.

Last month, **eleven** London boroughs were recording price falls on an annual basis; this month that number has increased to **sixteen**, which represents nearly half of all the London boroughs. This percentage compares with the 90% of the Unitary Authorities/counties in England & Wales in which prices are falling, indicating how the behaviour of much of the London housing market differs from the rest of the country. Comparing May - July 2011 with the same three months in 2010, prices in London have increased year on year by an average 0.3%. However, comparing prices in May - July 2011 with the previous three months February - April 2011, we find that prices have fallen in London by an average -4.8%. So, despite the headline grabbing purchases of multi-million pound properties at the top end of the market, we find that prices for the majority of home owners in London have continued to fall on a three months average basis. Earlier we noted a relatively strong July price performance for the capital. Clearly much turns on whether this trend is sustained.

Transactions

Firstly, comparing the three months May - July 2011 with the same three months in 2010, the number of London properties sold declined by -8%. Amongst property types, flats suffered the biggest fall with sales down some -12%, whilst the three other property types have experienced falls of between -3% to -6%. Greenwich and Sutton were notable exceptions with the sale of flats in each borough recording an increase of 17% over the year.

Secondly, comparing the three months May - July 2011 with the preceding three months February - April 2011, sales volumes in London have risen 13%, which is well below the average 24% seasonal increase which one would expect for this time of year. Over this period, sales in Sutton showed that largest increase, up some 36%, whilst sales in Kensington and Chelsea declined by -16%.



AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - COUNTIES

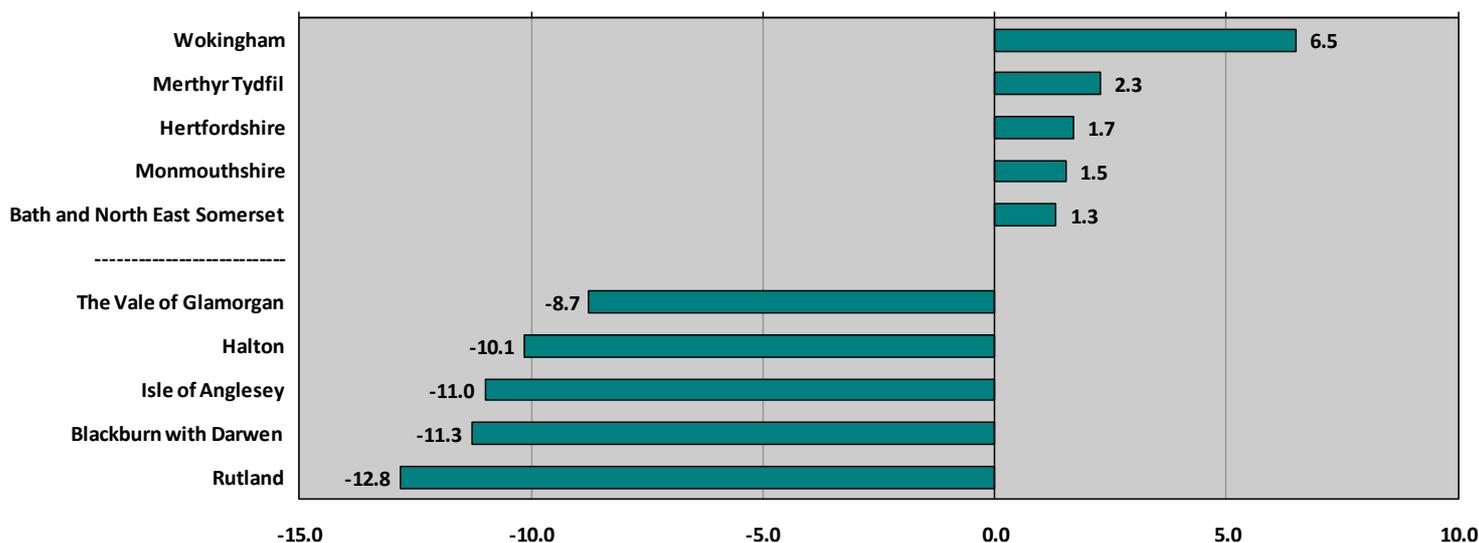


Figure 7. The annual change in house prices, based on a three month average, for the unitary districts

House Prices

Figure 7 shows the % **annual** price change for unitary districts and counties, measured over three months and ranked by the highest and lowest five districts. Last month, we reported that **eighty-five** of the one hundred and eight counties and unitary districts in England & Wales were recording price falls on an annual basis. This month that number has increased to **ninety-seven**, which indicates that falling house prices are becoming more prevalent and are being experienced by some ninety percent of the unitary districts and counties in England & Wales. Given this, it is unsurprising to discover that none of the 108 unitary districts/counties are currently experiencing record average house prices.

Comparing the three months May - July 2011 with the same three months in 2010, average prices in England & Wales are showing a fall of -2.2%. Over this period, flats have seen price increases of 1%, mainly due to the market in central London, whilst those of the other property types have seen falls of between -2% to -3%. All regions except for London have seen price falls across all property types.

Comparing the three months May - July 2011 with the preceding three months February - April 2011, we find that price changes by property type have varied between -4% for detached houses and 0% for semi-detached properties. The fall in detached prices over the last quarter, compared with the previous quarter, is mainly due to the increase in the sale of higher priced homes in March 2011 with purchasers wishing to avoid paying an extra 1% stamp duty on homes priced above £ 1 million, which was introduced in April 2011.

Transactions

Comparing the three months May - July 2011 with the same three months in 2010, property transactions have declined by -6.8% in England & Wales. All regions experienced falls - the largest being of -10% in the South West. Sales have fallen across all property types, with flats down the most at -15% and terraced properties the least at -4%.

Tables 2 & 3 above set out in some detail a comparison of the transactions in the three months May - July 2011 with those in the preceding three months February - April 2011. As we have already noted, sales in Greater London grew by less than in any other region, with the increase in the sale of flats being half that of the other property types. In the next section of this report, we compare the detached property sales with sales of flats for the period 2007 - 2011. The decline in sales of flats sold over the period shows that the decline in the last three months is not a new phenomenon.



Table 4 sets out the number of detached properties sold in England & Wales in the first half of each year (January – June) over the period 2007 - 2011. The source data is that of the Land Registry. Due to the timing of data release at Land Registry and in order to provide consistency across the years, the figures shown are those quoted by the Land Registry at the end of August for the year concerned.

Table 4. The number of detached properties sold in England & Wales, between January – June, 2007 - 2011

Region	DETACHED PROPERTIES SOLD JAN - JUNE				
YEAR	2007	2008	2009	2010	2011
NORTH	5,501	3,783	2,163	2,744	2,653
NORTH WEST	9,812	5,935	3,846	5,161	5,041
YORKS & HUMBERSIDE	10,469	5,452	4,148	5,546	5,055
WALES	7,144	4,361	3,104	4,001	3,657
WEST MIDLANDS	10,632	6,434	4,500	6,142	5,772
EAST MIDLANDS	14,885	8,019	6,547	8,370	7,948
EAST ANGLIA	8,745	5,364	4,244	5,429	5,225
SOUTH WEST	16,324	9,530	7,924	10,283	9,002
SOUTH EAST	32,286	19,951	14,342	20,061	17,937
GREATER LONDON	3,319	1,758	1,191	2,000	1,955
ENGLAND & WALES	119,117	70,587	52,009	69,737	64,245

% Change from 2007

Region	DETACHED PROPERTIES SOLD JAN - JUNE				
YEAR	2007	2008	2009	2010	2011
NORTH		-31%	-61%	-50%	-52%
NORTH WEST		-40%	-61%	-47%	-49%
YORKS & HUMBERSIDE		-48%	-60%	-47%	-52%
WALES		-39%	-57%	-44%	-49%
WEST MIDLANDS		-39%	-58%	-42%	-46%
EAST MIDLANDS		-46%	-56%	-44%	-47%
EAST ANGLIA		-39%	-51%	-38%	-40%
SOUTH WEST		-42%	-51%	-37%	-45%
SOUTH EAST		-38%	-56%	-38%	-44%
GREATER LONDON		-47%	-64%	-40%	-41%
ENGLAND & WALES		-41%	-56%	-41%	-46%

Table 4 above shows that 119,117 detached properties were sold between January - June 2007. From Figure 1 page 5, we can observe that 2007 was a high activity year with annual transactions for all property types amounting to 1.28 million. 2007 was not, however, particularly unusual, with annual transactions exceeding 1 million being recorded across the eleven year period 1997 - 2007. The sales decline commenced in 2008 and reached its lowest point in 2009, with only 624,000 transactions recorded in that year.

The pattern of detached property sales shown above is typical of the general market. The fewest sales occurred in 2009, representing an average 56% downturn compared with 2007 levels. Interestingly, Greater London showed the greatest reduction in sales of detached homes, followed by the northern regions. The markets least affected by the 2008/9 downturn were East Anglia and the South West. Thereafter, the overall market picked up in 2010, but is again showing some signs of weakness during the first six months of 2011. Whilst East Anglia continues to show the greatest resilience to the downturn in detached property sales, it is notable that sales volumes are down in all ten regions, when comparing 2010 with 2011, with the North and Yorkshire and Humberside being the hardest hit.

Table 5 over the page provides a similar analysis to the above, but concerns the sale of flats.

Comparison of Detached & Flat Transactions 2007 -2011



Table 5. The number of flats sold in England & Wales, between January – June, 2007 - 2011

Region	NUMBER OF FLATS SOLD JAN - JUNE				
YEAR	2007	2008	2009	2010	2011
NORTH	9,999	7,069	3,570	1,565	1,445
NORTH WEST	20,025	13,215	7,341	3,807	3,411
YORKS & HUMBERSIDE	15,106	9,049	5,907	2,360	2,157
WALES	6,988	4,917	3,235	1,186	998
WEST MIDLANDS	14,885	10,125	5,797	2,999	2,580
EAST MIDLANDS	11,746	7,088	4,996	1,570	1,278
EAST ANGLIA	7,214	4,792	3,446	1,440	1,315
SOUTH WEST	21,623	13,625	9,629	5,863	5,329
SOUTH EAST	51,937	34,838	20,672	14,653	13,751
GREATER LONDON	46,890	29,903	14,904	21,761	19,741
ENGLAND & WALES	206,413	134,621	79,497	57,204	52,005

% Change from 2007

Region	NUMBER OF FLATS SOLD JAN - JUNE				
YEAR	2007	2008	2009	2010	2011
NORTH		-29%	-64%	-84%	-86%
NORTH WEST		-34%	-63%	-81%	-83%
YORKS & HUMBERSIDE		-40%	-61%	-84%	-86%
WALES		-30%	-54%	-83%	-86%
WEST MIDLANDS		-32%	-61%	-80%	-83%
EAST MIDLANDS		-40%	-57%	-87%	-89%
EAST ANGLIA		-34%	-52%	-80%	-82%
SOUTH WEST		-37%	-55%	-73%	-75%
SOUTH EAST		-33%	-60%	-72%	-74%
GREATER LONDON		-36%	-68%	-54%	-58%
ENGLAND & WALES		-35%	-61%	-72%	-75%

Initially, the decline in the number of flats sold during 2008, at -35%, was less than the decline in the sale of other property types. For example, sales of detached properties had declined by -41% over the same period. However, what is noticeable is that the sale of flats has continued to decline over each of the four years 2008 - 2011, whereas we have seen a rebound in sales of the other property types. In eight of the ten regions, falls in the sale of flats are now at 80% or more compared with 2007 levels. The market for flats has fallen by more than twice that of other property types.

Undoubtedly, the market for flats reflects the decline in first time buyers and buy to let investors, both previously purchasers of flats. Both sets of buyers have experienced difficulties in obtaining affordable mortgages, given a requirement for higher than average deposits and tighter underwriting standards. This lack of affordable finance has clearly impacted on these markets, though as suggested earlier there is clear evidence the problem has now eased for buy to let investors and is improving for first time buyers. What this special analysis highlights is the complex interplay between credit supply and specific sub markets, testing as always generalisations about the market overall. For activity in the housing market to return to anything approaching the levels last seen in 2007, there will clearly need to be a dramatic volte face in the number of flats being purchased. The lenders in the market would appear to be acknowledging this requirement, with more competitive products starting to emerge aimed at this sector.

Regional Data Table



Table 6. Average house prices by Region, August 2010 - July 2011, with monthly and annual % growth

	North			North West			East Midlands			West Midlands		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Aug-10	£147,340	-0.7	3.5	£157,132	0.5	3.5	£163,814	-0.1	4.2	£176,882	1.0	4.9
Sep-10	£148,343	0.7	2.4	£158,715	1.0	3.3	£163,814	0.0	3.2	£176,816	0.0	5.0
Oct-10	£148,252	-0.1	0.3	£158,005	-0.4	2.0	£163,612	-0.1	2.6	£176,695	-0.1	4.6
Nov-10	£147,079	-0.8	-1.4	£156,255	-1.1	0.0	£162,565	-0.6	1.4	£174,750	-1.1	3.8
Dec-10	£145,805	-0.9	-1.0	£155,348	-0.6	-1.1	£161,564	-0.6	-0.3	£173,643	-0.6	0.9
Jan-11	£146,453	0.4	-1.9	£154,618	-0.5	-1.8	£161,518	0.0	-2.1	£173,422	-0.1	-1.6
Feb-11	£148,242	1.2	-1.4	£154,647	0.0	-2.3	£161,474	0.0	-2.7	£172,294	-0.7	-3.7
Mar-11	£147,489	-0.5	-3.2	£153,249	-0.9	-3.5	£160,677	-0.5	-2.3	£171,803	-0.3	-2.6
Apr-11	£145,488	-1.4	-3.1	£152,259	-0.6	-4.4	£159,614	-0.7	-2.3	£170,975	-0.5	-2.1
May-11	£144,200	-0.9	-3.4	£150,604	-1.1	-5.1	£158,507	-0.7	-3.4	£170,872	-0.1	-1.7
Jun-11	£143,089	-0.8	-3.5	£150,181	-0.3	-4.5	£158,516	0.0	-3.9	£169,182	-1.0	-3.6
Jul-11	£142,070	-0.7	-4.2	£150,500	0.2	-3.7	£158,352	-0.1	-3.5	£168,598	-0.3	-3.7

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Aug-10	£155,693	0.2	4.0	£160,137	0.7	5.0	£226,159	-0.2	8.5	£204,127	-0.6	7.6
Sep-10	£155,769	0.0	3.1	£160,206	0.0	3.3	£226,625	0.2	7.6	£204,297	0.1	7.3
Oct-10	£154,929	-0.5	0.4	£158,892	-0.8	1.1	£225,870	-0.3	5.7	£201,686	-1.3	6.1
Nov-10	£153,229	-1.1	-1.0	£158,027	-0.5	-0.2	£224,387	-0.7	4.8	£199,376	-1.1	6.2
Dec-10	£151,895	-0.9	-2.9	£156,666	-0.9	-2.5	£226,370	0.9	2.4	£198,152	-0.6	1.8
Jan-11	£152,045	0.1	-2.6	£156,921	0.2	-3.0	£224,951	-0.6	0.4	£198,366	0.1	-1.1
Feb-11	£152,744	0.5	-2.9	£155,656	-0.8	-4.3	£226,459	0.7	-0.6	£198,689	0.2	-3.9
Mar-11	£152,525	-0.1	-2.3	£156,363	0.5	-2.8	£224,282	-1.0	-0.4	£200,209	0.8	-1.6
Apr-11	£150,694	-1.2	-3.0	£155,605	-0.5	-2.8	£224,007	-0.1	-0.7	£199,810	-0.2	-1.2
May-11	£148,722	-1.3	-4.1	£154,283	-0.8	-3.1	£222,150	-0.8	-2.1	£199,758	0.0	-1.4
Jun-11	£148,561	-0.1	-4.5	£152,691	-1.0	-3.9	£220,656	-0.7	-2.5	£197,544	-1.1	-3.0
Jul-11	£150,057	1.0	-3.4	£151,391	-0.9	-4.8	£220,504	-0.1	-2.7	£196,713	-0.4	-4.2

	South East			Greater London			ALL REGION			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Aug-10	£268,873	0.3	10.9	£381,167	0.7	12.7		£223,977	0.4	8.5
Sep-10	£268,278	-0.2	9.2	£379,259	-0.5	9.6		£223,886	0.0	7.0
Oct-10	£266,941	-0.5	6.8	£378,710	-0.1	8.6		£223,026	-0.4	5.3
Nov-10	£264,257	-1.0	5.7	£379,208	0.1	8.0		£221,513	-0.7	4.3
Dec-10	£264,434	0.1	3.2	£382,022	0.7	6.7		£221,529	0.0	2.3
Jan-11	£266,102	0.6	2.5	£384,926	0.8	5.0		£222,116	0.3	1.0
Feb-11	£269,827	1.4	1.9	£391,109	1.6	4.3		£223,883	0.8	0.2
Mar-11	£271,287	0.5	2.9	£394,768	0.9	5.6		£224,283	0.2	0.9
Apr-11	£267,606	-1.4	1.6	£389,757	-1.3	5.1		£222,174	-0.9	0.4
May-11	£263,771	-1.4	-0.6	£380,577	-2.4	2.9		£219,296	-1.3	-1.0
Jun-11	£261,441	-0.9	-1.9	£375,710	-1.3	0.3		£217,443	-0.8	-2.2
Jul-11	£263,047	0.6	-1.8	£381,583	1.6	0.9		£218,404	0.4	-2.1
Aug-11								£219,078	0.3	-2.2



1. LSL Acad 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 HPI includes cash purchase prices and is the only index based upon the **complete, factual**, house price data for England and 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 HPI, CLG and LR) can be prepared only when the prices at which properties have been transacted have been recorded at LR (LSL Acad HPI and LR) or when firm prices at mortgage completion (CLG) 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 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 HPI, LR and CLG are published in that order.
3. LSL Acad 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 HPI result. Rather than rely upon a small sample, likely to be unrepresentative, LSL Acad 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 HPI "forecast" with a first LSL Acad HPI "update" result. A further month later, LR provides c.90% of transactions, used to replace the first, with a second, LSL Acad 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 HPI "final" index, closely approximating the LSL Acad HPI "ultimate" results; LSL Acad HPI "ultimate" includes the price of virtually every single LR transaction for the month, smoothed, seasonally and mix adjusted; the first LSL Acad 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 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 HPI "forecast" results, **blue** data represent LSL Acad HPI "update" results and black data represent the LSL Acad 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 HPI is indicative until we are able to publish the LSL Acad HPI "final" index using the LR 95% sample. LSL Acad 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 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 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 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 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 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 HPI, together with historic data are available from Acadametrics as in page 4 NOTE 7 above.
10. LSL Acad HPI was published under the name FTHPI from September 2003 until December 2009.