

LSL Property Services/Acadametrics

# House Price Index

FEBRUARY 2011

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 11TH MARCH 2011



## OPTIMISM AMONG BUYERS AS PRICES AND TRANSACTIONS ARE UP

- February saw monthly house prices increase by 0.3%, although annual prices have fallen by 0.5% as the strong gains of early 2010 drop out of the figures ([page 5](#)).
- Signs of a recovery in mortgage lending as the proportion of low LTV product numbers hits a 2-year low
- The number of transactions in February increased by 2.4% to 41,200 – but this is still only 61% of the long term average ([page 4](#)).

**Richard Sexton, business development director of e.surv comments:** "After falls throughout the final quarter of 2010, prices have been bolstered by strong demand in London and the South-East. The best performance has been in the market for prime property in London and the south-east, but there are also encouraging signs from the mortgage industry which could bring about a more widespread and sizeable recovery. The proportion of mortgage products requiring more than a 25% deposit is at a 2-year low and many of these new products are for high LTVs. Nevertheless, product numbers alone can be misleading. Lending is still constraining demand as mortgage lenders are concerned about the possibility of rising unemployment as the public spending cuts continue. These concerns are particularly focused on areas with high levels of public sector employment, such as northern England and Wales.

"However, the fact that prices are rising shows there is plenty of pent-up demand in the market. Currently, a large proportion of buyers are those able to muster sizeable deposits, but if the economic horizon clears and the barrier of tight lending criteria is lifted, we could see both demand and prices pick up relatively quickly. As the big price gains seen at the beginning of 2010 have dropped out of the figures, annual growth has slipped into negative territory and until mortgage lending gathers pace we can expect further falls in the annual rate of growth in 2011."

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

# House prices show marginal increase in month



		House Price	Index	Monthly Change %	Annual Change %
March	2010	£222,137	226.2	-0.6	10.6
April	2010	£221,293	225.3	-0.4	10.5
May	2010	£221,511	225.5	0.1	10.2
June	2010	£222,402	226.4	0.4	9.8
July	2010	£223,349	227.4	0.4	9.4
August	2010	£224,072	228.1	0.3	8.5
September	2010	£223,991	228.0	0.0	7.0
October	2010	£222,950	227.0	-0.5	5.3
November	2010	£221,566	225.6	-0.6	4.4
December	2010	£221,249	225.3	-0.1	2.2
January	2011	£221,799	225.8	0.2	0.9
February	2011	£222,456	226.5	0.3	-0.5

Figure 1. Average House Prices in England & Wales for the period Mar 2010 – Feb 2011

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

“The average price of a home in England & Wales rose by a modest 0.3% in February to £222,456 (see Figure 1) building on the 0.2% rise in January. Over the last twelve months, prices have risen in six months, fallen in five and remained flat in one. On an annual basis, this month’s figure is down £1,037, or -0.5%, on the average price of February 2010.

“In the intervening months between February last year and this, we have seen the average house price fluctuate between £224,072 and £221,249, a maximum change of £2,823, or 1.3% over the year. Given that in the last six months of 2008, during the depths of the housing recession, average prices were falling by a monthly rate of -1.7%, we can see how relatively stable the current market has become, with little change in house prices being observed month on month.

“This month’s annual rate of change in house prices of -0.5% is the first time we have seen the rate go negative since October 2009. However the negative figure this month is more to do with a large monthly increase of 1.6% seen in February 2010 dropping out of the statistics, to be replaced by the more modest 0.3% increase this year, than with any significant turnaround in the market. We anticipate that the annual rate in the change in house prices will fluctuate around zero for at least the next few months.

“As ever the movement in the ‘average’ house price for England and Wales as a whole masks the different behaviour patterns occurring in the regions. As we show in Figure 5 on page 6 prices in the north of England, Wales, the Midlands and East Anglia are now falling, whilst in London and the south of England they continue to rise but at a slowing rate.

“For January, we reported that four regions were recording price falls on both a 3 monthly and annual basis. In February, there were seven regions where this was the case – the North, North West, Yorkshire and Humberside, East and West Midlands, East Anglia and Wales. Only Greater London, the South East and the South West are now showing annual price increases. There is a sense here of a gathering momentum around a falling annual index; however fluctuations around zero % are likely to become the norm for most of the regions as the effect of strong growth recorded in early 2010 drops out of the figures. Any further prognosis must be on the downside.

“Our analysis of London Boroughs, Unitary Districts and Counties as shown in Figures 7 and 8 below gives a clear sense of the varied movements in prices and transactions across England and Wales. London remains a strong performer compared to other areas although, exceptionally, Tower Hamlets as well as some 52 districts and counties are now recording price falls on an annual basis.

“This month’s special analysis on page 9 concerns the market for flats and this very clearly highlights the importance of flats in the London market (51% of sales in the 3 month period November 2010 to January 2011) with these flats making up over 38% of the overall sales of flats in England and Wales during this period (see Figure 9).

“Overall, the LSL/Acadametrics index for February 2011 paints a picture of a market that continues to experience modest monthly changes in prices but with strong regional and local variations. In that respect it is very much in line with other indices as evidenced by the Comparison of Indices on page 5. Prior to Easter, we are expecting to see the National Statistician publish her final report on house price and wider housing market statistics heralding we hope a more definitive stance on the use and quality of house price statistics.

“There is little in the wider environment from which to take comfort in terms of the future direction of prices. The government has argued the case for house price stability but there are major question marks as to whether its current plans will achieve anything more than is currently the case. Expectations regarding interest rate movements still point to rises through the year but events keep impacting upon the possible timetable. The FSA’s recent Retail Conduct Risk Outlook (<http://www.fsa.gov.uk/pubs/other/rcro.pdf>) points to the scale of uncertainty and vulnerability in the system at present. It is certainly going to take time for the underlying drivers of this environment to become less powerful.”



“In a typical year, housing transactions increase by 3% in February, over January levels. This year the increase is closer to 5%, but this higher percentage figure is a reflection of the low level of January transactions rather than February 2011 having seen particularly strong sales. We estimate that the number of transactions in February 2011 will be 41,200, which will be the second quietest February since 1995, when Land Registry began computerising its housing data. The previous February with transactions below this level occurred in 2009. The current total of 41,200 properties sold in February is 61% of the long term trend observed over the last sixteen years which showed an average of 67,980 properties sales in the month.”

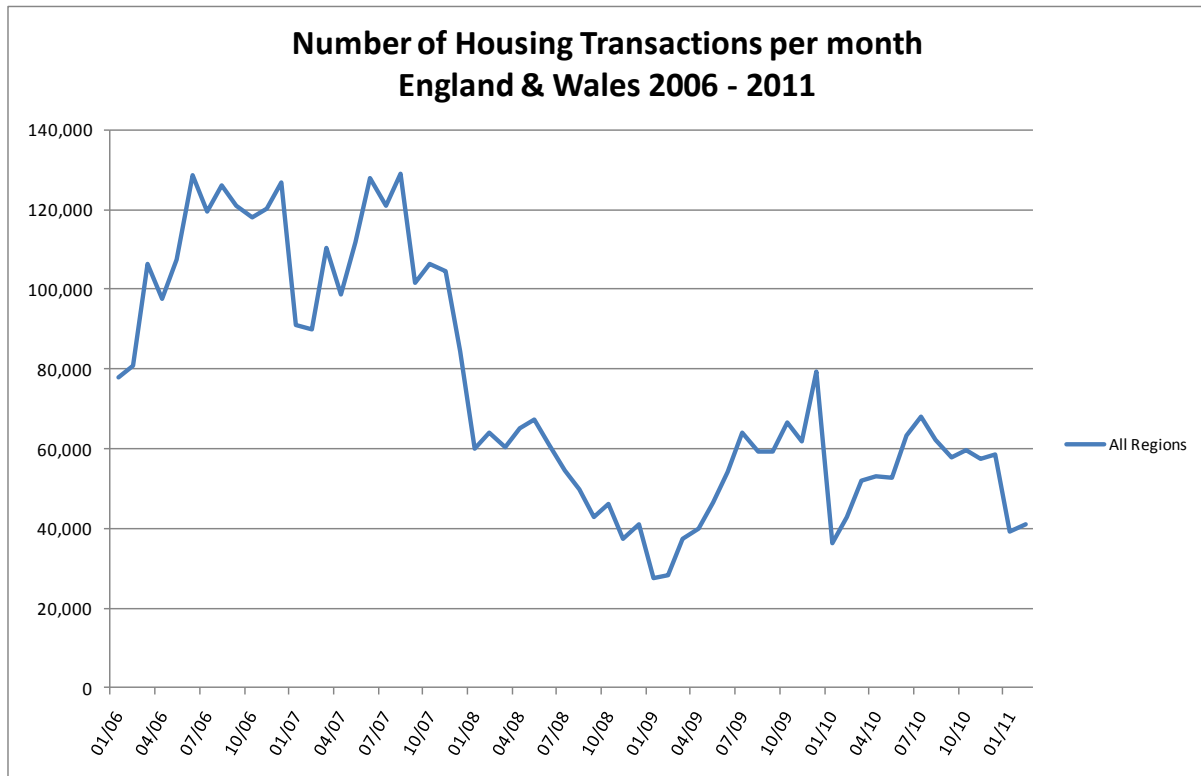


Figure 2. The number of housing transactions by month in England and Wales, 2006 - 2011

## NOTES

- 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.
- 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.
- 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.
- the accuracy of our forecasts is shown monthly on the Acadametrics website [www.acadametrics.co.uk](http://www.acadametrics.co.uk) in our “[Development of Forecasts](#)” and in our “[Comparison of Indices](#)”, which shows how each index, including the LSL Acad HPI “forecast”, compares with the 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.
- the Acadametrics website enables comparisons of selected indices over selected timescales to be undertaken [here](#) with ease and provides historic results and other information.
- 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.
- 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

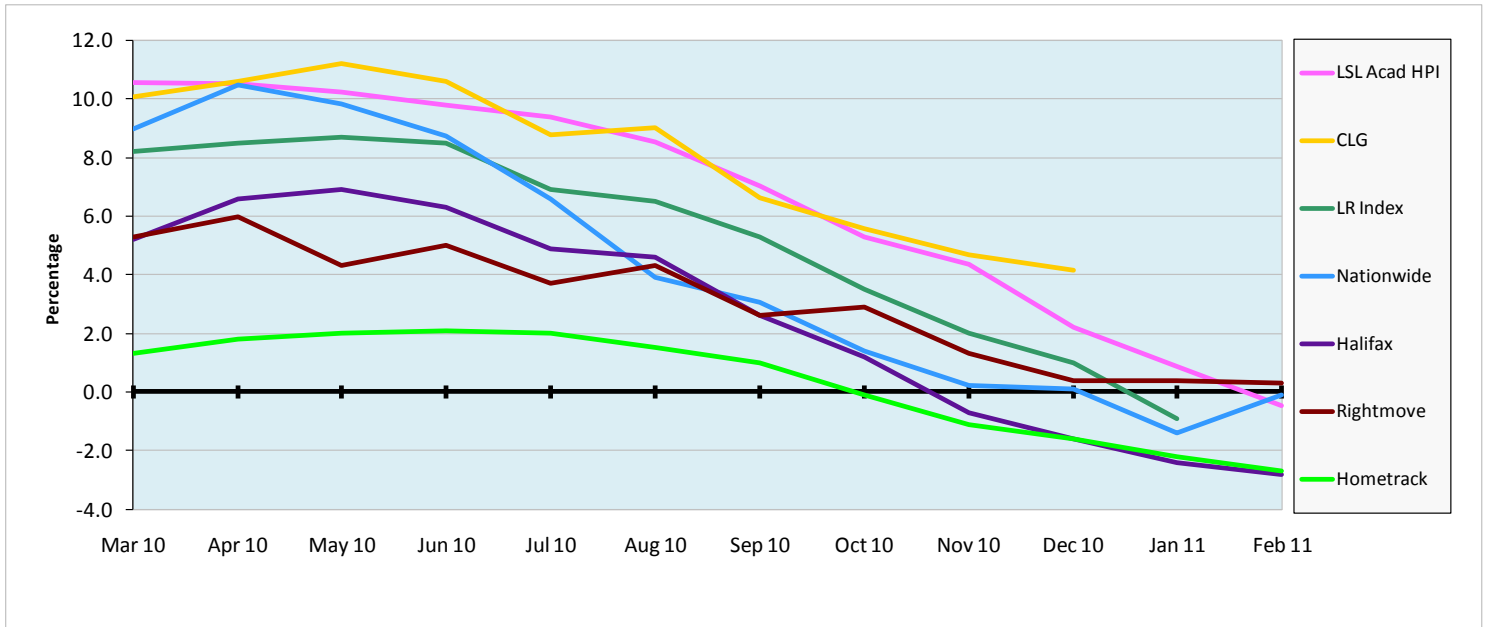


Figure 3. A comparison of the annual change in house prices, by Index provider

## MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

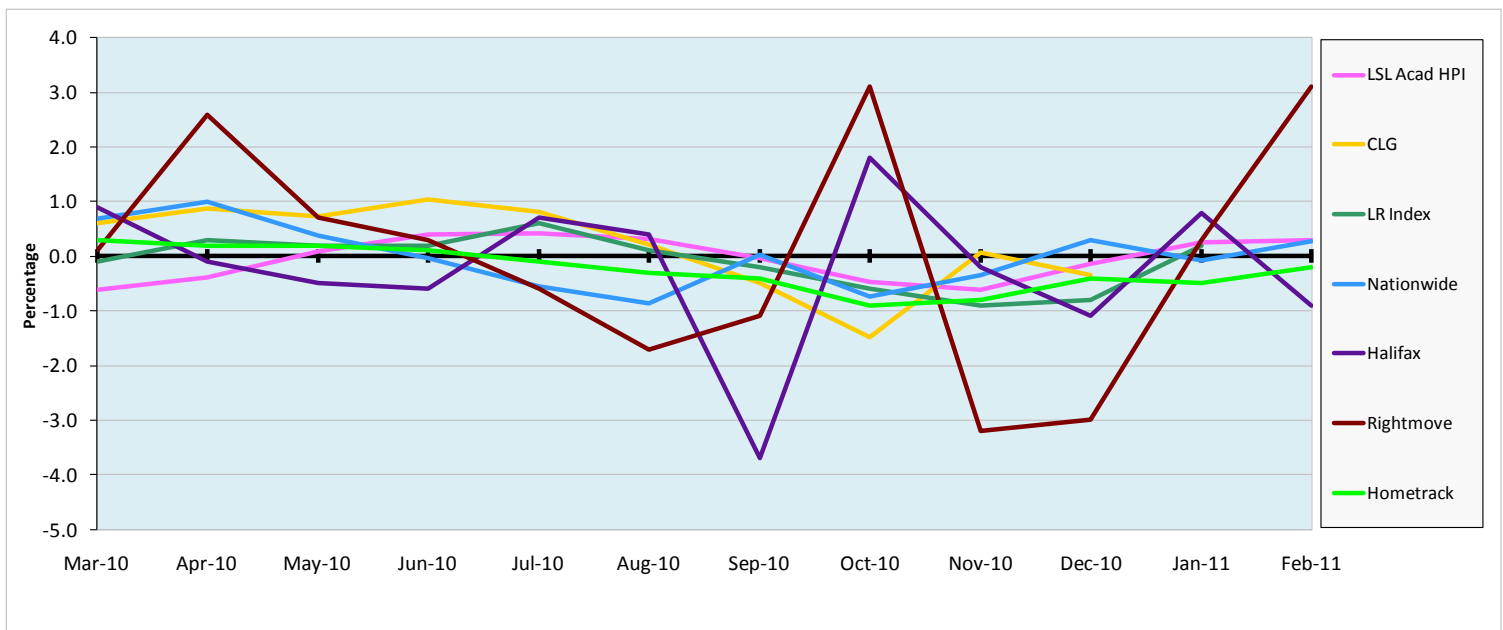


Figure 4. A comparison of the monthly change in house prices, by Index provider

# Regional analysis of house prices and transactions



Based on the average annual change over the last three months, seven regions are now experiencing negative growth in house prices. Our expectation is that, with the exception of the North, these seven regions will show less negative growth next month, when the relatively large fall in prices in March of 2010 drops out from the annual statistics and is not matched by a similar fall in March 2011, though there is little to suggest that the generalised downward pressure will continue.

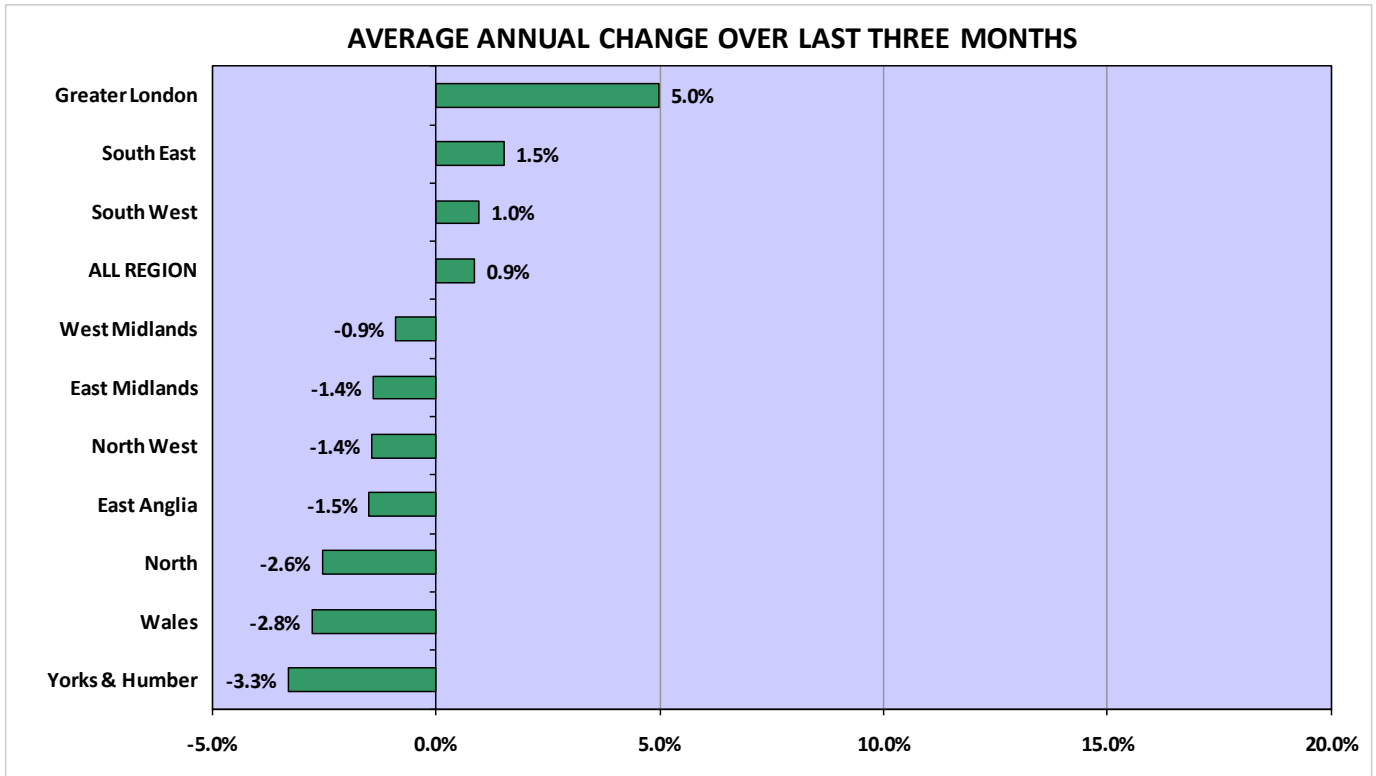


Figure 5. The annual change in the average house price, analysed by region

## ANNUAL CHANGE IN PRICE BY REGION

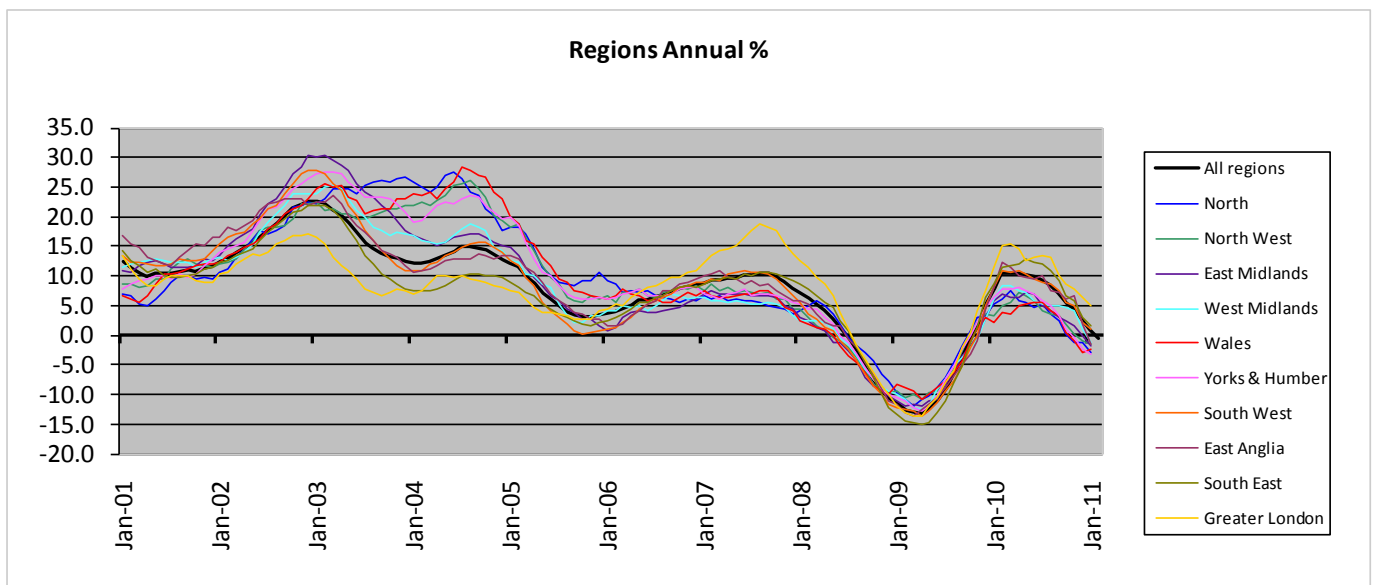


Figure 6. A comparison of the annual change in house prices, by region for the period Jan 2001 - Feb 2011

Note that individual regions can be compared using our "National and Regional series from 1995 with Interactive Charts", linked from page 4 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

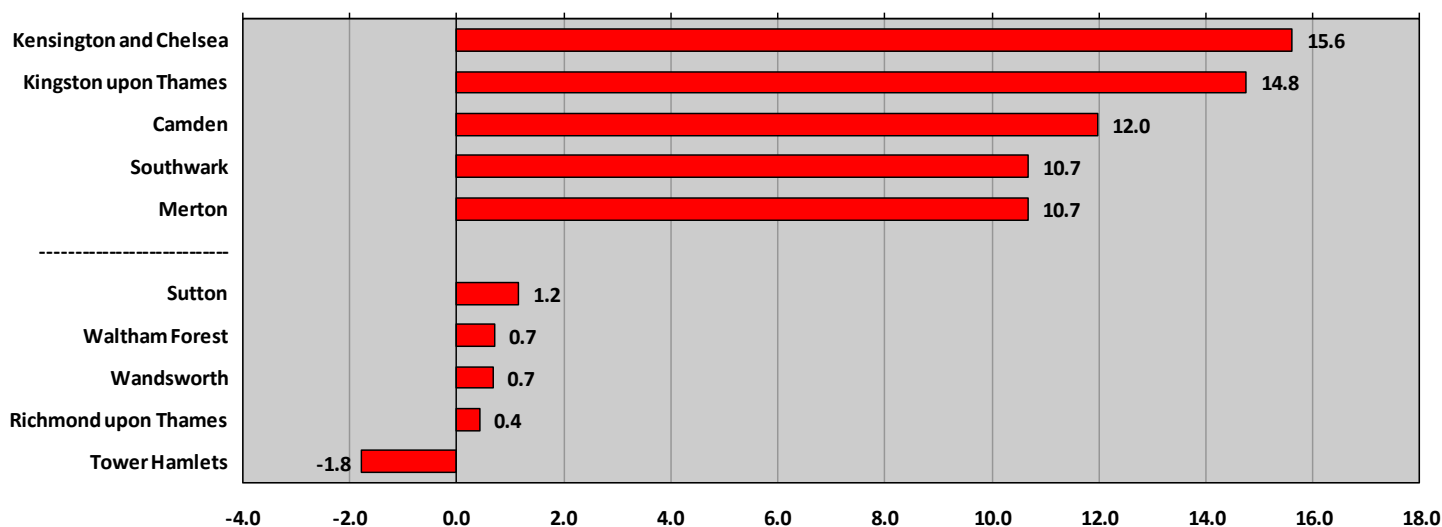


Figure 7. The annual change in house prices, based on a three month average, for the London Boroughs

### House prices

The chart above shows the % **annual** price change in ten London boroughs, averaged over three months, for those with the highest and lowest growth. Three of the top five London boroughs by house price growth, Kensington & Chelsea, Kingston upon Thames and Southwark are now experiencing an all time high in terms of their average property price. In Kensington & Chelsea the average property price is currently over £1.2 million.

Tower Hamlets is the only London Borough currently recording price falls on an annual basis. There has also been a 15% fall in the number of flats sold in Tower Hamlets over the last year, which suggests that demand has been weak although, over the last three months, activity levels have begun to increase.

Over the last year, we have seen prices increase by 5% in Greater London with the average property now costing £385,386. At this level the current price comfortably exceeds the highest price experienced during the previous property boom in 2007/08 of £375,857, which was recorded in February 2008, just prior to the slide in London house prices from March 2008 to April 2009.

Comparing the three month period Aug - Oct 2010, with the three month period Nov - Jan 2011, prices have remained virtually static in London. Over this period twenty-one of the thirty-three London boroughs have experienced price falls, but mainly of a minor nature. There is some evidence to suggest that semi-detached properties have seen the most significant falls in price over the period, but this fall may be short-lived as the Stamp Duty increase on house prices in excess of £1 million, coming into force in April 2011, is likely to create a small increase in the sales of semi's and other properties at the higher end of the price range, which will result in the 'average' price paid increasing over the short term.

### Transactions

In terms of transactions, comparing Nov 2010 - Jan 2011 with the same three months in 2009 - 2010, the number of properties sold in London has declined by 9% but Dec 2009 saw an unusually high level of transactions, due to the then impending abolition of the Stamp Duty holiday on properties having a value of £175,000 or less. The observation that the decline in sales in London this year is less than that experienced in the rest of the country can be explained by the fact that there are proportionately fewer houses in London priced below £175,000 and, hence, the impact of the Stamp Duty holiday on sales in London in December 2009 was also proportionately less than in the rest of the country.

Comparing the three months Nov 2010 - Jan 2011, with the prior three months Aug 2010 - Oct 2010, sales volumes in London have declined by 14%, but this figure is very much in line with the seasonal variation one would expect for this time of year. Sutton, Bexley and Havering have experienced higher than average declines in the number of properties sold over this period at -24%, whilst the City of London and Tower Hamlets have bucked the trend with an increase in property sales over this same period.



## AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - COUNTIES

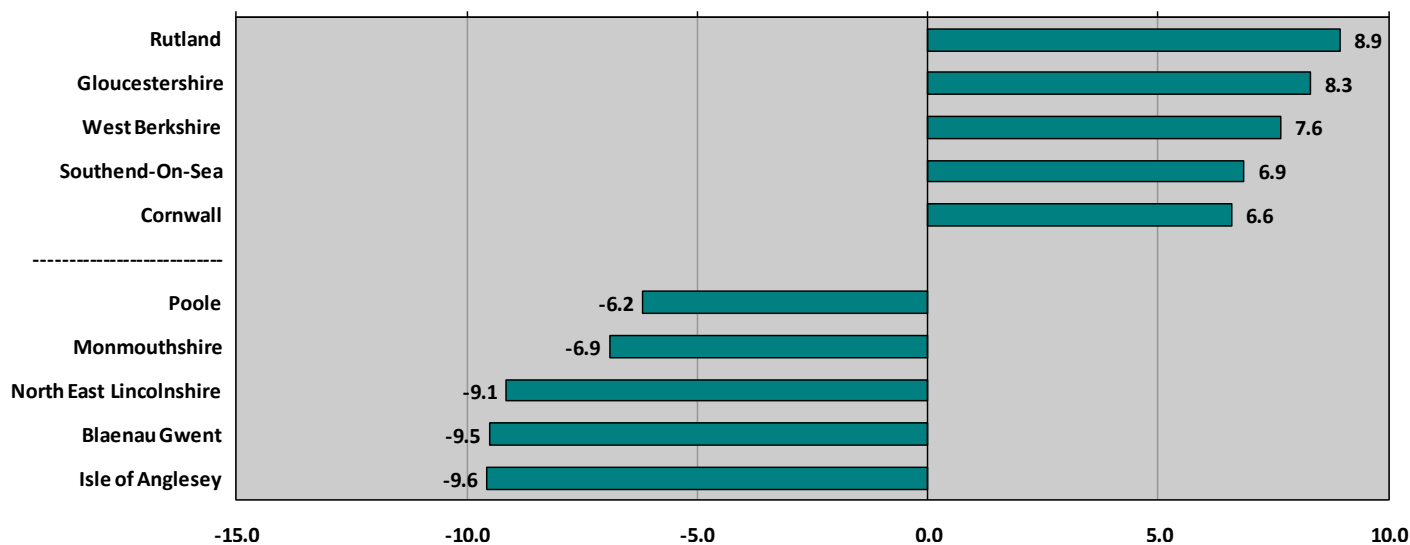


Figure 8. The annual change in house prices, based on a three month average, for the unitary districts

### House Prices

The chart above shows the % **annual** price change for unitary districts and counties, measured over three months and ranked by the highest and lowest 5 districts. Last month, we reported that **thirty-three** 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 **fifty-two** which is indicative of the spread of the fall in prices being experienced across the country, although it should be noted that twenty-four of these districts had falls of less than 2%. This month, two of the unitary districts and counties identified in the above chart, West Berkshire and Gloucestershire, are experiencing record levels in their average house prices, at £309,093 and £244,025 respectively.

Over the year, we have been reporting that it is in the higher priced districts and counties that we have seen the largest percentage growth in house prices, with the lowest price areas having the least growth. This trend continues this month with the top quartile of districts by price experiencing annual house price increases of 5.3%, whilst the districts in the lowest quartile by price saw a decline in their prices of 3.4%. However when comparing the latest three months, Nov 2010 - Jan 2011, with the previous three months, Aug - Oct 2010, this trend appears no longer to apply, with the top quartile of districts by price experiencing a 4.1% decline in prices, whilst prices in the lowest quartile of districts fell by 3.2%.

### Transactions

In terms of housing transactions, comparing the three months Nov 2010 - Jan 2011 with the same three months in 2009 - 2010, there has been a 12% fall in the number of properties sold across England and Wales. The main reason for this level of decline in transactions over this period is the one-off increase in sales that occurred in December 2009; a consequence of purchasers seeking to take advantage of the Stamp Duty holiday on properties valued below £175,000, which ceased at the end of that year. Flats have seen the largest decline in transactions over these last twelve months, with a decline of 18% in the number of units being sold, compared with an average 11% fall in other property types.

Comparing the three months Aug - Oct 2010 with the three months Nov 2010 - Jan 2011, there has been a decline in sales of 14.2%. This is broadly in line with the long term average decline in sales of 13.8% that occurs over these three winter months. The fall in sales over this last quarter has not been uniform across the regions, with the largest declines in sales being experienced in the southern areas of England of between 14% and 16%, whilst the decline in volumes in the northern regions has been between 11% and 14%.

There is a possibility that sales will rebound more than the norm next month as the 1% increase in Stamp Duty on properties priced in excess of £1 million is due to take effect from 6th April 2011. Although some buyers may be able to avoid the tax, it is likely that this will encourage many at the top end of the market to bring forward their purchases, not least because of the fact that many will be making discretionary moves.





The following tables have been derived from our APAT data series (Acadometrics Prices and Transactions), which are based on Land Registry figures. This month we focus on Flats.

## FLATS

REGIONS	Nov 2010 - Jan 2011			% of All Flats
	FLATS	ALL TYPES	% FLATS	
North	685	7,069	9.7%	2.6%
North West	1,539	14,507	10.6%	5.8%
Yorks & Humberside	998	11,866	8.4%	3.8%
Wales	507	6,841	7.4%	1.9%
West Midlands	1,379	12,415	11.1%	5.2%
East Midlands	750	11,977	6.3%	2.8%
East Anglia	666	7,570	8.8%	2.5%
South West	2,790	16,668	16.7%	10.5%
South East	7,061	36,809	19.2%	26.7%
Greater London	10,103	19,979	50.6%	38.2%
England & Wales	26,478	145,701	18.2%	100.0%

Figure 9. Number of transactions by Region for the period Nov 2010 - Jan 2011

Figure 9 shows the number of property transactions by region, giving both the percentage of flats sold compared with the sale of all property types and the distribution of flats sales across England & Wales. The period selected for analysis is the three months Nov 2010 - Jan 2011. Looking first at the density of flats sales per region, we can note that property sales in Greater London are dominated by flats (50.6%), with the next highest densities occurring in the South East and South West of 19.2% and 16.7% respectively. Outside these three regions, flats sales represent less than 12% of all property types, with the lowest concentration of flats sales being in the East Midlands at 6.3%. Secondly we can observe the distribution of flats transactions across England & Wales. Greater London dominates the market with 38.2% of all flats sales, followed by the South East and the South West. These three regions account for 75% of all flats sold in England and Wales.

## FLATS

REGIONS	Average Price by Region				
	Ave Price	Max Price District	Max ave price	Min Price District	Min ave price
North	£ 107,140	Stockton on Tees	£ 152,519	Middlesbrough	£ 86,925
North West	£ 120,393	Cheshire	£ 132,108	Blackpool	£ 79,593
Yorks & Humberside	£ 118,927	North Yorkshire	£ 139,967	North Lincolnshire	£ 58,050
Wales	£ 125,181	Vale of Glamorgan	£ 154,906	Blaenau Gwent	£ 38,500
West Midlands	£ 117,633	Warwickshire	£ 150,936	Stoke on Trent	£ 71,145
East Midlands	£ 100,076	Leicestershire	£ 121,934	Leicester	£ 87,428
East Anglia	£ 129,367	Cambridgeshire	£ 157,401	City of Peterborough	£ 89,420
South West	£ 157,436	Poole	£ 230,228	Swindon	£ 109,078
South East	£ 164,401	Windsor & Maidenhead	£ 228,863	Luton	£ 97,000
Greater London	£ 354,726	Kensington & Chelsea	£ 842,353	Bexley	£ 139,891
England & Wales	£ 224,645	Kensington & Chelsea	£ 842,353	Blaenau Gwent	£ 38,500

Figure 10 Average Price by Region; showing the maximum & minimum prices by district within each region

Figure 10 shows the average price of flats within a region, and also highlights the maximum and minimum average price of flats by district, within each region. The period selected for analysis is the three months Nov 2010 - Jan 2011. The data show the highest priced area for flats in England and Wales is Kensington & Chelsea, with an average price of £842,353 and the lowest priced area in England & Wales is Blaenau Gwent, with an average price of £38,500.

# Regional data table



	North			North West			East Midlands			West Midlands		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Feb-10	£150,338	0.7	6.0	£158,242	0.5	5.1	£165,938	0.6	6.9	£178,873	1.5	8.2
Mar-10	£152,478	1.4	7.6	£158,699	0.3	5.7	£164,371	-0.9	6.2	£176,405	-1.4	8.2
Apr-10	£150,248	-1.5	5.8	£159,303	0.4	7.2	£163,450	-0.6	6.4	£174,475	-1.1	7.5
May-10	£149,271	-0.7	5.6	£158,701	-0.4	6.7	£164,053	0.4	7.1	£173,714	-0.4	7.1
Jun-10	£148,341	-0.6	4.6	£157,238	-0.9	5.7	£164,928	0.5	7.1	£175,290	0.9	5.8
Jul-10	£148,332	0.0	5.2	£156,407	-0.5	4.0	£163,980	-0.6	5.1	£175,104	-0.1	5.3
Aug-10	£147,311	-0.7	3.5	£157,107	0.4	3.5	£163,746	-0.1	4.2	£176,900	1.0	4.9
Sep-10	£148,341	0.7	2.4	£158,713	1.0	3.3	£163,608	-0.1	3.1	£176,861	0.0	5.0
Oct-10	£148,076	-0.2	0.1	£157,989	-0.5	2.0	£163,496	-0.1	2.5	£176,854	0.0	4.7
Nov-10	£147,211	-0.6	-1.3	£156,623	-0.9	0.2	£162,718	-0.5	1.5	£175,045	-1.0	4.0
Dec-10	£145,402	-1.2	-1.2	£155,301	-0.8	-1.1	£161,984	-0.5	0.0	£173,770	-0.7	1.0
Jan-11	£144,813	-0.4	-3.0	£155,271	0.0	-1.4	£161,861	-0.1	-1.9	£174,147	0.2	-1.2

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Feb-10	£157,407	0.8	3.8	£162,678	0.5	7.8	£227,964	1.7	11.0	£206,843	3.2	12.2
Mar-10	£156,147	-0.8	3.6	£160,809	-1.1	7.7	£225,222	-1.2	10.6	£203,477	-1.6	11.3
Apr-10	£155,382	-0.5	4.9	£159,989	-0.5	8.1	£225,659	0.2	11.0	£202,223	-0.6	10.1
May-10	£155,140	-0.2	5.3	£159,223	-0.5	7.6	£226,797	0.5	10.5	£202,628	0.2	9.6
Jun-10	£155,493	0.2	5.6	£158,874	-0.2	7.0	£226,167	-0.3	9.4	£203,606	0.5	9.3
Jul-10	£155,383	-0.1	5.4	£159,071	0.1	5.8	£226,474	0.1	8.9	£205,237	0.8	10.0
Aug-10	£155,725	0.2	4.0	£160,051	0.6	4.9	£226,190	-0.1	8.5	£203,946	-0.6	7.5
Sep-10	£155,892	0.1	3.2	£160,084	0.0	3.3	£226,601	0.2	7.6	£204,138	0.1	7.2
Oct-10	£154,977	-0.6	0.5	£158,777	-0.8	1.1	£225,857	-0.3	5.7	£201,664	-1.2	6.1
Nov-10	£153,285	-1.1	-0.9	£157,817	-0.6	-0.3	£224,634	-0.5	4.9	£199,963	-0.8	6.5
Dec-10	£152,083	-0.8	-2.8	£156,849	-0.6	-2.4	£225,750	0.5	2.1	£198,483	-0.7	1.9
Jan-11	£152,481	0.3	-2.4	£156,565	-0.2	-3.2	£226,123	0.2	0.9	£197,474	-0.5	-1.5

	South East			Greater London			ALL REGION			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Feb-10	£264,625	2.0	11.4	£375,269	2.3	15.0		£223,493	1.6	10.3
Mar-10	£263,458	-0.4	11.9	£373,579	-0.5	15.5		£222,137	-0.6	10.6
Apr-10	£263,398	0.0	12.1	£370,468	-0.8	14.6		£221,293	-0.4	10.5
May-10	£265,248	0.7	13.0	£369,467	-0.3	12.7		£221,511	0.1	10.2
Jun-10	£266,512	0.5	12.3	£374,340	1.3	13.1		£222,402	0.4	9.8
Jul-10	£267,871	0.5	12.1	£379,717	1.4	13.3		£223,349	0.4	9.4
Aug-10	£268,712	0.3	10.9	£382,329	0.7	13.0		£224,072	0.3	8.5
Sep-10	£268,084	-0.2	9.1	£380,625	-0.4	10.0		£223,991	0.0	7.0
Oct-10	£266,702	-0.5	6.7	£378,689	-0.5	8.5		£222,950	-0.5	5.3
Nov-10	£264,276	-0.9	5.7	£378,624	0.0	7.8		£221,566	-0.6	4.4
Dec-10	£263,862	-0.2	3.0	£380,939	0.6	6.4		£221,249	-0.1	2.2
Jan-11	£263,831	0.0	1.7	£385,386	1.2	5.1		£221,799	0.2	0.9
Feb-11								£222,456	0.3	-0.5



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.