

LSL Property Services/Acadata England & Wales House Price Index

AUGUST 2014

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 12TH SEPTEMBER 2014



Mind the gap: London and South East skew average house prices by record £89,000

- Overall average house price now £274,302 – but only £185,496 omitting London and the South East
- Represents the biggest price disparity since 1995 due to cooling house prices in regions
- Slowdown outside of London and the South East as annual rise drops to 4.3%
- Contrasts with average house price growth of 10.7% in past year across all of England & Wales

House Price	Index	Monthly Change %	Annual Change %	Annual Change % (excluding London & SE)
£274,302	263.0	0.9	10.7	4.3

David Newnes, director of Reeds Rains and Your Move estate agents, comments: “A game of two halves is being played out in the UK property market. In terms of average house price growth, a gap has developed between the South East corner and the rest of the country. If we exclude the key players of London and the South East from the game, a whole different playing field is revealed.

“House prices across the remaining parts of England and Wales have only increased 4.3% in the past year, or less than half of the overall measure of 10.7% when we include London and the South East. In absolute terms the difference would seem to add £88,806 to the average price tag for a home across England and Wales – the highest absolute difference since 1995.

“This obscures cooler prices in much of the country. Further afield, it is critical that support mechanisms like Help to Buy aren’t dismantled. In July, house price growth slowed across all regions except for London, the South East and East Anglia. While these three regions continue to set new house price highs, the rest of the country is nowhere near these levels of growth.

“Compared to the nadir of 2008-2012, activity in the housing market has improved, but is not completely out of the woods yet, and still needs to recapture some of the vitality of its pre-recession health.

“There is also much more to be said beyond the headlines for London. The annual rate of growth in London house prices is the fastest witnessed since 2000. Most recently we’re seeing asking prices in the capital start to be reined in, which will apply the brakes on annual house price inflation as the market steadies.

“What’s happening in London may be eye-catching, but it is akin to looking through a kaleidoscope – and skews any view of the current total housing landscape. Peeling back the regional layers gives a much more informed view of the core reality of the current housing market. With evidence of London starting to cool off after strong growth earlier in the year, it is critical that the underlying momentum that has stimulated much needed increased volume in the rest of the market is allowed freedom to keep moving, whilst any price rises are kept steady and under control.”

NB: The LSL/Acadata house price index incorporates all transactions, including cash.

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

House price index: historical data



Table 1. Average House Prices in England & Wales for the period August 2013 – August 2014

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
August	2013	£247,891	239.5	0.7	4.1
September	2013	£249,378	240.8	0.6	4.4
October	2013	£250,882	242.1	0.6	5.0
November	2013	£252,104	242.9	0.5	5.3
December	2013	£254,563	244.1	1.0	6.0
January	2014	£258,511	247.8	1.6	7.1
February	2014	£260,974	250.2	1.0	7.2
March	2014	£263,609	252.7	1.0	7.7
April	2014	£265,129	254.2	0.6	8.1
May	2014	£267,905	256.8	1.0	9.3
June	2014	£269,912	258.8	0.7	10.1
July	2014	£271,821	260.6	0.7	10.4
August	2014	£274,302	263.0	0.9	10.7

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

House prices

In terms of both absolute prices and the rate of price growth, the differential between the housing markets in the South East of England, including London, and the remainder of the country continued to widen in August. During the month, house prices in the whole of England & Wales rose by an average £2,500, or 0.9%. If we exclude Greater London from the calculations, then the increase in prices throughout the remainder of England & Wales was on average £1,125, or 0.5%, while if we exclude both Greater London and the South East region, then the increase for the remaining parts of England & Wales was on average £500, or 0.3%. The inclusion of Greater London and the South East thus contributed £2,000 of the £2,500 change in the average house price seen over the month, giving a real sense of the differences that exist across the market.

The average price paid for a property in England & Wales during August, including Greater London and the South East, was £274,302. This figure falls to an average £185,496 if we exclude Greater London and the South East, a difference of £88,806. This is the largest differential in these average prices since our records began in 1995.

Similarly, as Figure 1 below shows, the rate of annual change in house prices is 10.7% for England and Wales as a whole, an increase of 0.3% from last month and the highest rate recorded since May 2010 (when the market was recovering from the then recent decline in prices during the 2008/9 housing crisis). Excluding Greater London, this annual rate in house price change reduces to 6.7%, the same rate of growth as seen last month. Finally, excluding both Greater London and the South East, the annual rate of house price growth was 4.3%, which represents a reduction of 0.5% from that recorded in the previous month. The difference in the annual rates of growth, of 10.7% including Greater London and the South East, and 4.3% when these regions are excluded, is 6.4%; this is as noted above the largest divergence between these two rates since our records began in 1995.

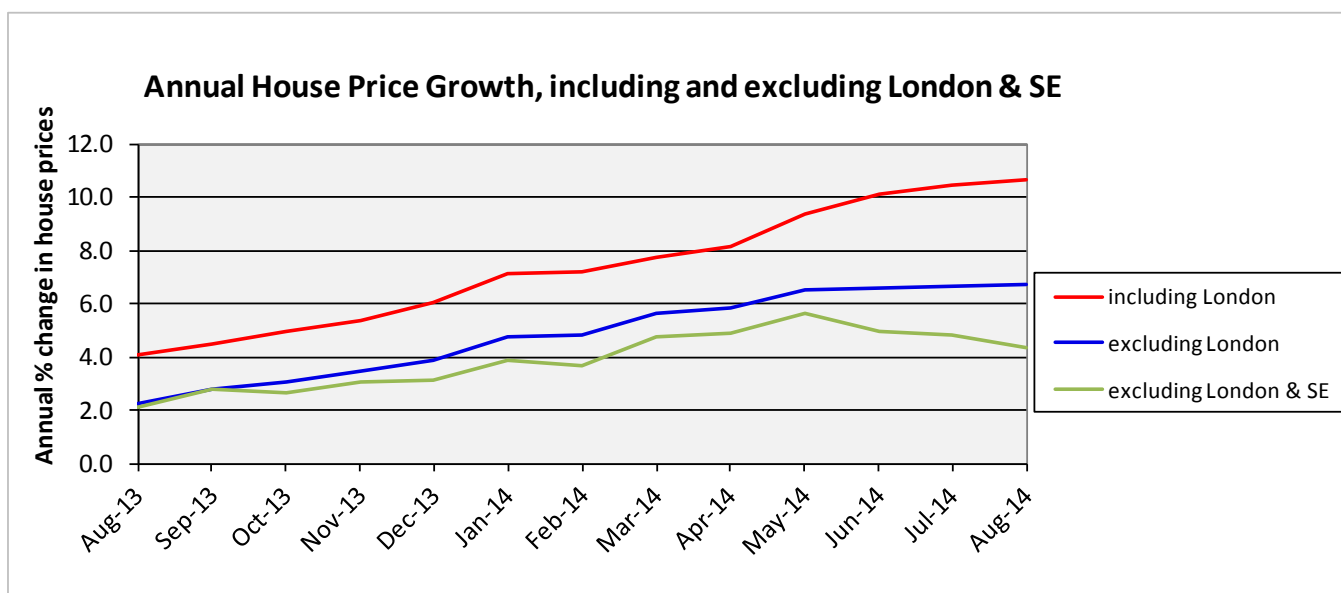


Figure 1. The Annual Rate of House Price Growth by month August 2013 – August 2014, including and excluding London & SE [link to source Excel](#)

So why are these differentials at a record level in today's market? As we report on page 9, at 20.6% the rate of growth in annual house prices in London is currently the highest since our records for the capital began in 2000. Some of the reasons for the growth in prices in London are the strong economy, substantial and continuing pent-up demand from the many 'forced' renters still coming forward to buy, and not least stimulated by reports of London prices slowing. This demand is then supplemented by overseas investors also seeing an opportunity, with some feeling real pressure now to find safe haven investments, reflecting increasing global uncertainty. With continued under-supply in the capital, rising prices reflect sustained effective demand and which for the most part has little to do with measures such as Help to Buy.

Our regional figures give clear support to a view of a two speed market (or at least two speeds!). In July prices fell or were static on an annual basis in all regions, except for Greater London, the South East and East Anglia (see Figure 5, page 7). On page 4 we show that the number of properties sold in England & Wales in August totalled 85,000, the second highest level in a single month since November 2007, some seven years ago. As noted last month, in those areas where supply is available to meet this increased demand, the change in house prices has remained modest. However, in locations where the supply of housing is more limited, which is especially true of



London and to a lesser extent the South East, there has been increased competition for the properties on the market, leading to stronger house price inflation in these areas.

Last month we commented on the range of uncertainties in the market and how it might evolve, and this remains the case this month. Setting aside the issue of whether the London market is cooling or not, there are divergent views about, for example, the impact of the new mortgage market rules and the recent Bank of England's interventions. It will take a run of months to establish clearly whether and how the market is being impacted and what it will look like in structural terms.

A recent Genworth report (After Help to Buy: reconciling a healthy mortgage market and safe lending) argued that some 1.8 million first time buyers had been excluded from the market since 2007, and that if current trends continued, by 2032 renting would become the dominant tenure. What we are seeing very clearly is recovery on an annual basis compared to the downturn, but with considerable monthly variation reflecting both new policy instruments and actions alongside seasonal effects. Sorting out how this will settle in the medium to long term is difficult.

Housing Transactions

As noted earlier, we estimate that the number of housing transactions in England & Wales in August 2014 totalled some 85,000; this is up 6% on August 2013 though it represents a fall of 0.9% from the previous month. Having established that this is the first fall in sales in six months, we should perhaps add that, on average, and based on housing statistics for the last 19 years, sales in August are 0.6% lower than the immediately preceding July. Hence transactions in the summer of 2014 are following a typical seasonal pattern for the time of year. Sales of 85,000 properties in the month represent the second highest number of transactions in a single month since November 2007, with the highest number having been recorded one month earlier in July. However, there is some evidence that sales are now beginning to falter, especially in the Greater London and East Anglia regions.

Figure 2 below shows the number of housing transactions in England & Wales for the period January 2010 – August 2014. We can see that the monthly level of transactions in 2014 has been consistently higher than the previous four years, but the graph shows that the gap between the level of monthly sales in 2014 and 2013 is beginning to narrow, reflecting a slowdown in the current market.

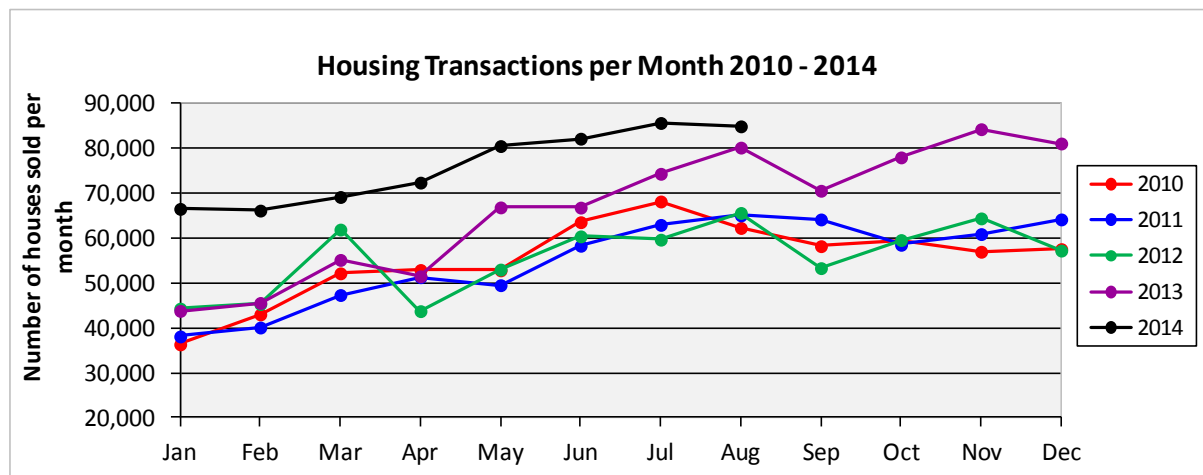


Figure 2. Number of properties sold per month in England & Wales, January 2010 – August 2014. Source Land Registry [link to source Excel](#)

The CML has recently published its analysis of the number of loans taken out for house purchase during the second quarter of 2014, compared to the second quarter of 2013. The CML data show that the number of loans made to first time buyers over this period increased by 24% compared to the previous year, totalling some 79,900. Similarly, the number of loans issued to home movers increased by 15% over this period, totalling some 91,000. And finally the number of loans issued to buy to let landlords for the purchase of a property increased by 24% over the period, totalling some 24,000. Our own statistics, which include cash sales, suggest an increase in transactions of 27% in Q2 2014, compared to a year earlier. The slightly higher growth in transactions recorded by Acadata compared to CML is likely to be a result of the bottleneck which occurred in the processing of mortgage applications at the time of the introduction of the new MMR rules in April/May, which did not affect cash sales.

Our current estimate of the total number of transactions in England & Wales for the year is 920,000, which represents 91% of the long term average number of transactions per year recorded by Land Registry since 1995. If



this level of sales is achieved in 2014, then it will be highest number of transactions in a year since 2007, but will still be lower than each of the years during the period 1996 – 2007. The housing market is therefore still in recovery mode, although it is in better shape now than it was during 2008 – 2012.

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 samplesLSL 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 Acadata website enables comparisons of selected indices over selected timescales to be undertaken [here](#) with ease and provides historic results and other information.
5. Acadata is an independent privately owned consultancy working with Dr Stephen Satchell, Economics Fellow Trinity College Cambridge, and specialist in the assessment of risk in property and mortgage portfolios.
6. Acadata Prices and Transactions ([sample here](#)), which exclude any forecast element, underlie the LSL Acad E&W HPI data and are available upon subscription for organisations needing the factual month by month Land Registry prices, at county/London borough level by property type, for e.g. property portfolio valuation, planning and advisory purposes.

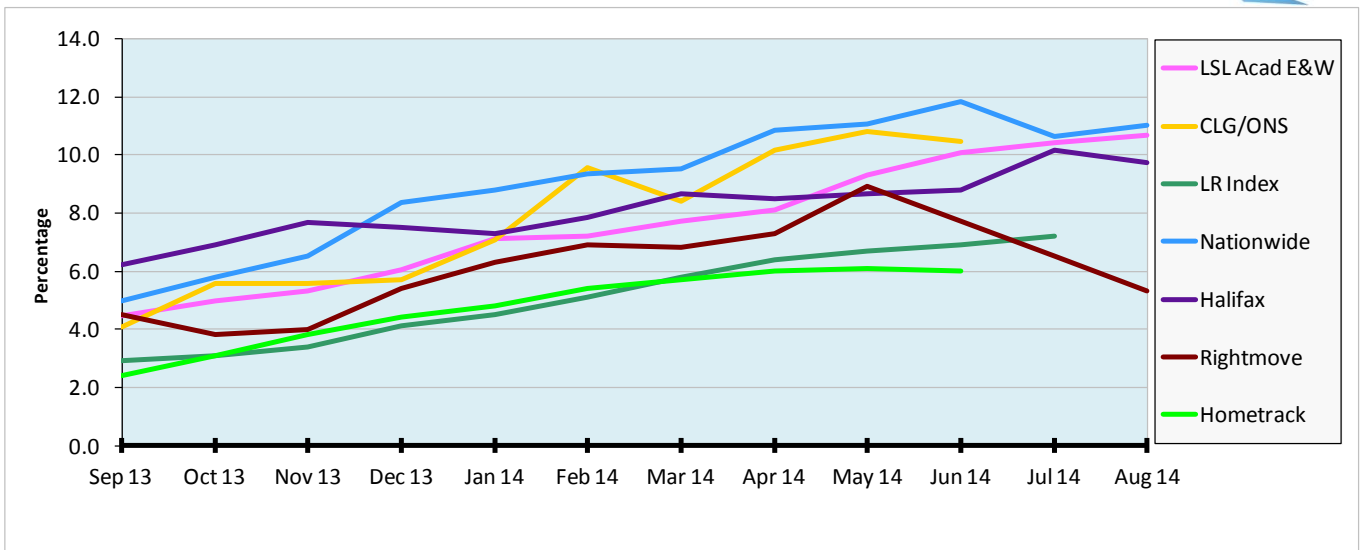


Figure 3. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)

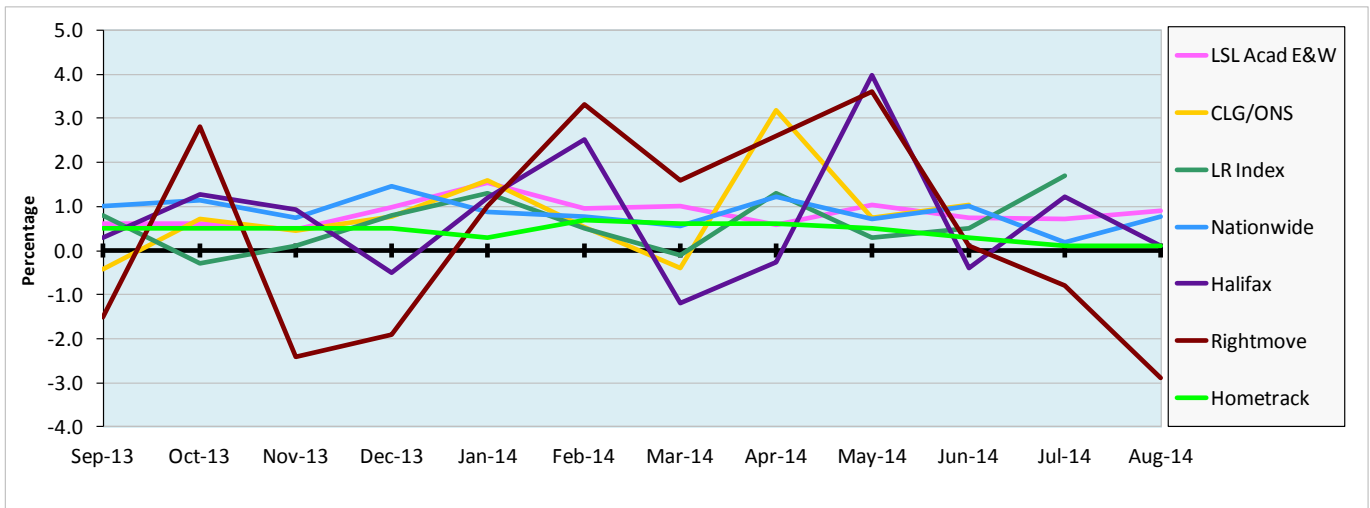


Figure 4. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)

The comparison of indices chart, Figure 3, shows that across the different indices, which between them cover asking prices, mortgage approval prices and completion prices, the pattern of price change over the first nine months of the year has been similar - universally rising on an annual basis, albeit at differing rates. However, over the last three months we can observe that four of the indices, Rightmove and to a lesser extent Halifax, Nationwide and the ONS are beginning to show a decline in the rate of change in house prices, while LSL Acad continues to show increases in the annual rate. Halifax and Nationwide use their mortgage valuations as the source data for their index calculations, which in terms of timing are likely to be one or two months ahead of the ONS and LSL Acad indices, which are based on the dates when mortgage approval and contract completion take place. This needs to be taken into account.

On a monthly basis, as shown in Figure 4, there is considerable divergence between the indices. In August we can see that the Rightmove index has moved into strongly negative territory at -1.9%, whilst LSL Acad and Nationwide are much in agreement with a positive 0.9% and 0.8% respectively, with Halifax and Hometrack just remaining positive at 0.1%. The Rightmove figures are based on sellers' asking prices, so largely reflect current diminished expectations of how prices are likely to move in the future. The Halifax monthly figures continue to be volatile, suggesting they are based on small sample numbers.

Acadata has published a [briefing note](#) on the different house price indices and their performance over time. Readers are invited to download this document from the Acadata website in order to develop a fuller perspective on house price analysis. This is now a key area for both debate and intervention.

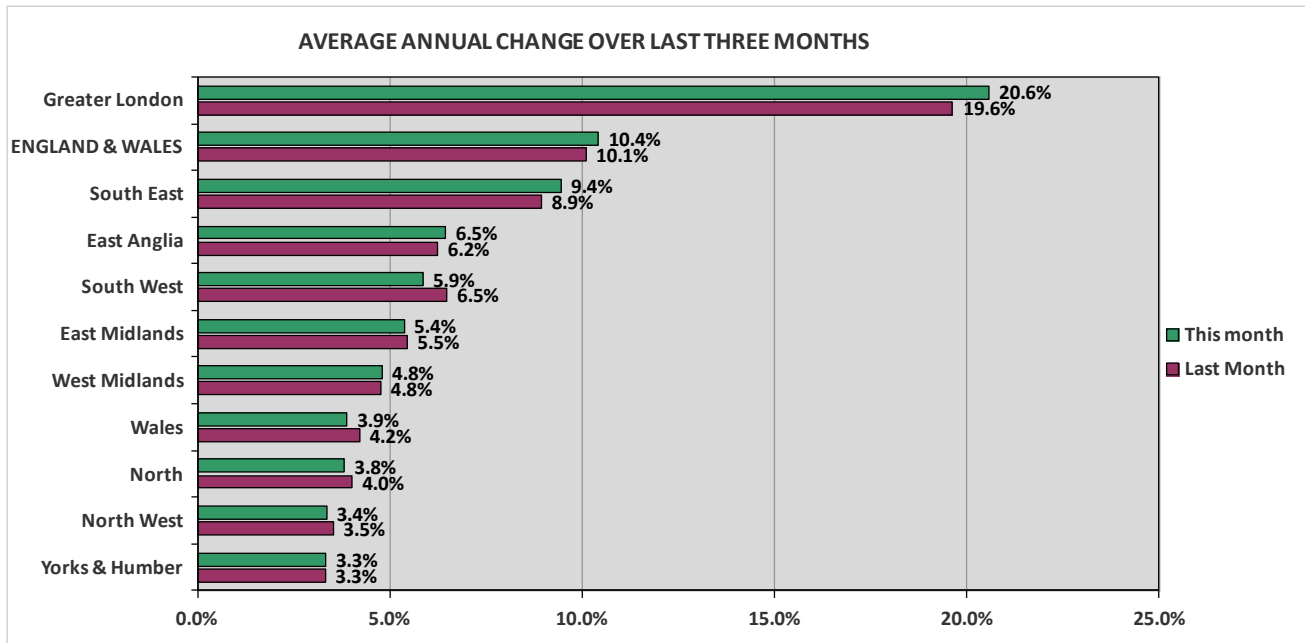


Figure 5. The annual change in the average house price, analysed by region

[link to source Excel](#)

Figure 5 above shows the annual rate of change, averaged over three months, for each of the ten regions in England & Wales. All ten regions are showing a positive quarterly movement in house prices, but this month five regions are showing a decrease in the averaged annual rate of change compared to the previous month, and two regions are level pegging with last month's rates. However, the top three regions in terms of the highest rates of growth in house prices have all reported an increase in prices compared to last month. These three regions are Greater London, the South East and East Anglia. Perhaps as a consequence of the continued increase in average prices in these areas, each of these regions are recording new peak average prices in July. Greater London continues to dominate the regional league table in terms of house price growth, with house price inflation double that of any other region in England & Wales.

London and the South East v the Rest

This month, as we discussed above, we have been analysing the extent to which house price inflation in England & Wales would differ if we were to exclude Greater London and the South East from the HPI calculations. The results of this analysis are shown in Table 2 below. The inclusion of Greater London and the South East causes the annual percentage increases in average house prices in England & Wales, at 10.7%, to be 6.4% higher than they otherwise would have been. Without Greater London and the South East the rate of house price inflation is 4.3%. Significantly, this is the largest disparity between the two figures that we have seen since we started recording these figures some fourteen years ago. The question is whether the scale of this disparity will decline over time or become further entrenched.

% change in annual price	including London	excluding London	excluding London & SE
Aug-13	4.1	2.2	2.1
Sep-13	4.4	2.8	2.8
Oct-13	5.0	3.1	2.7
Nov-13	5.3	3.5	3.1
Dec-13	6.0	3.8	3.1
Jan-14	7.1	4.8	3.9
Feb-14	7.2	4.8	3.6
Mar-14	7.7	5.6	4.8
Apr-14	8.1	5.8	4.9
May-14	9.3	6.5	5.6
Jun-14	10.1	6.6	5.0
Jul-14	10.4	6.7	4.8
Aug-14	10.7	6.7	4.3

Table 2. The annual percentage change in house prices in England & Wales, from August 2013 – August 2014, including and excluding Greater London and the South East.

[link to source Excel](#)



ANNUAL CHANGE IN PRICE BY REGION

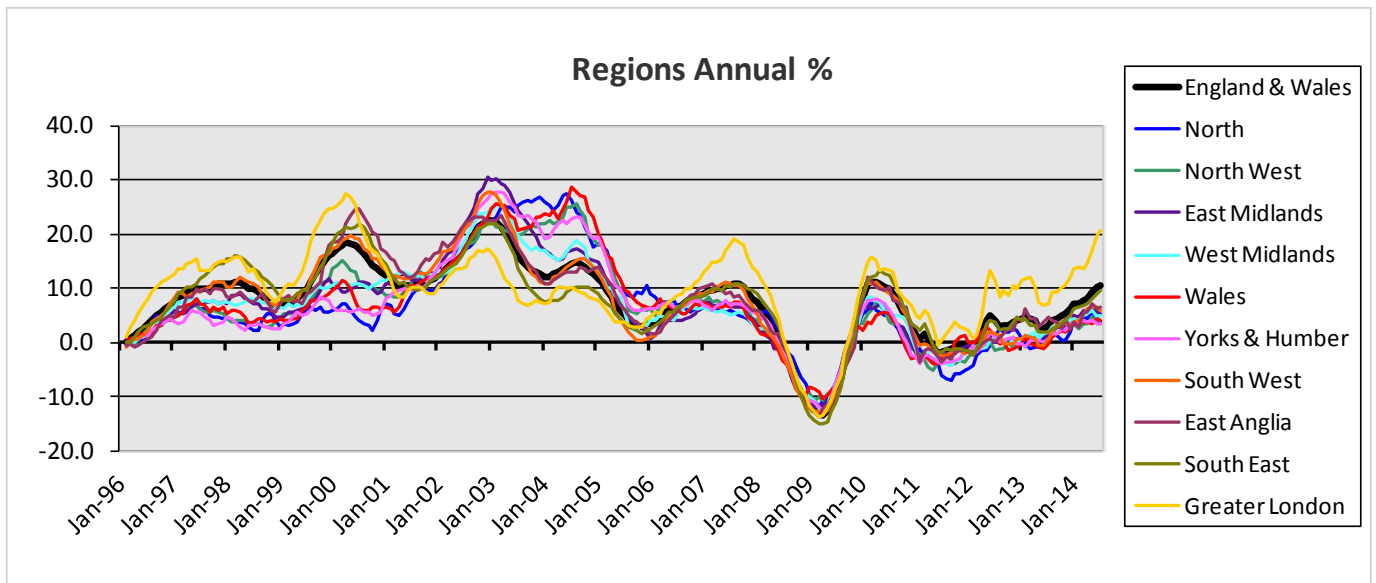


Figure 6. A comparison of the annual change in house prices, by region for the period January 2001 – July 2014

[link to source Excel](#)

Note that individual regions can be compared using our “National and Regional series from 1995 with Interactive Charts”, linked from page 5 NOTE 4 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.

London boroughs, Counties and unitary authorities



Table 3. The change in house prices, for the 33 London boroughs, comparing July 2013 and June 2014 with July 2014. [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LONDON BOROUGH	Jul-13	Jun-14	Jul-14	Month % Change	Annual % Change
1	1	KENSINGTON AND CHELSEA	1,588,123	1,964,337	1,981,382	0.9%	24.8%
2	2	CITY OF WESTMINSTER	1,162,887	1,503,632	1,502,835	-0.1%	29.2%
3	3	CAMDEN	819,498	953,087	969,452	1.7%	18.3%
5	4	HAMMERSMITH AND	761,131	893,940	932,422	4.3%	22.5%
4	5	CITY OF LONDON	797,931	835,750	912,561	9.2%	14.4%
6	6	RICHMOND UPON THAMES	651,816	762,134	784,440	2.9%	20.3%
7	7	WANDSWORTH	589,186	725,555	739,111	1.9%	25.4%
8	8	ISLINGTON	574,725	670,742	673,285	0.4%	17.1%
10	9	MERTON	495,443	582,970	606,312	4.0%	22.4%
16	10	LAMBETH	415,120	565,416	579,420	2.5%	39.6%
9	11	BARNET	502,407	549,739	555,371	1.0%	10.5%
13	12	EALING	438,384	509,479	521,635	2.4%	19.0%
15	13	HACKNEY	427,485	512,768	518,630	1.1%	21.3%
14	14	SOUTHWARK	432,225	520,443	516,859	-0.7%	19.6%
11	15	HARINGEY	458,293	509,336	509,328	0.0%	11.1%
17	16	KINGSTON UPON THAMES	408,893	468,496	486,350	3.8%	18.9%
12	17	BRENT	444,797	472,579	474,968	0.5%	6.8%
18	18	HOUNSLOW	387,720	447,366	458,700	2.5%	18.3%
19	19	TOWER HAMLETS	377,512	453,947	453,434	-0.1%	20.1%
21	20	BROMLEY	351,172	421,087	426,831	1.4%	21.5%
20	21	HARROW	361,913	419,405	420,144	0.2%	16.1%
22	22	GREENWICH	325,807	383,939	384,014	0.0%	17.9%
25	23	LEWISHAM	304,486	370,386	372,375	0.5%	22.3%
23	24	REDBRIDGE	316,371	343,567	354,306	3.1%	12.0%
24	25	ENFIELD	314,375	345,190	352,539	2.1%	12.1%
28	26	WALTHAM FOREST	277,676	345,031	352,035	2.0%	26.8%
26	27	HILLINGDON	297,694	344,440	343,497	-0.3%	15.4%
27	28	SUTTON	289,106	329,297	331,378	0.6%	14.6%
29	29	CROYDON	269,173	321,324	320,802	-0.2%	19.2%
30	30	HAVERING	263,559	287,152	289,000	0.6%	9.7%
31	31	BEXLEY	236,877	272,095	276,719	1.7%	16.8%
32	32	NEWHAM	230,477	265,891	270,465	1.7%	17.4%
33	33	BARKING AND DAGENHAM	187,141	207,847	210,480	1.3%	12.5%
		ALL LONDON	473,893	563,455	571,336	1.4%	20.6%

Table 3 above shows the average house price and percentage change (over the last month and year) by London borough for July 2013, June 2014 and July 2014. The rate of house price inflation in London has now reached 20.6%, which is the highest annual rate that we have recorded since our London HPI series began in January 2001. It underlines the urgency of building more new homes. At the same time, given the continuing strong demand it would be incorrect to suggest that this is a housing bubble.

All 33 London boroughs have seen average house prices increase over the year, ranging from +39.6% in Lambeth (due to the sale of up-market flats on a new waterfront development) to +6.8% in Brent, where flats are the most frequently purchased property type. Looking at house price inflation in England & Wales excluding London, we note that average house price inflation amounted to 6.7%; this figure is exceeded in all 33 of the London boroughs.

In London, flats have seen the highest percentage rise in prices of all property types over the last year, no doubt assisted by foreign purchasers looking for a safe haven to invest their funds, as well as first time buyers who have been purchasing increasingly expensive apartments. The CML noted that in London in the second quarter of 2014, 63% of first time buyers bought properties priced at more than £250k, up from 51% in the same period last year.

Although the annual rate of house price inflation is setting new record levels, and 23 London boroughs are seeing average house prices at a new peak (highlighted in grey in the above table - last month there were 24), the London housing market is very evidently beginning to lose momentum in its sales. Last month we reported that sales for the three month period, April – June 2014, were 20.2% up on the same three months in the previous year. One month on we can report that this uplift in sales has almost halved; for the period May – July 2014 transactions are 10.3% up on the same three months in the previous year. The number of flats sold over these three months compared to the previous year continues to see growth at 17.3%, followed by detached properties up 12.1% and terraces up 4.9%. However the sale of semi-detached properties has fallen over the period by 5.2%.

London boroughs, Counties and unitary authorities



Counties and Unitary Authorities

Table 4. The annual percentage change in mix adjusted house prices, for the 108 Counties and Unitary Authorities in England & Wales, comparing July 2013 and June 2014 with July 2014. Regions, Counties and Unitary Authorities highlighted in turquoise are currently at a peak price.

[link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	COUNTY / UNITARY AUTHORITY / REGION	Jul-13	Jun-14	Jul-14	Monthly change	Annual Change
17	18	CAMBRIDGESHIRE	251,047	265,345	264,098	-0.5%	5.2%
66	63	CITY OF PETERBOROUGH	159,804	167,385	168,951	0.9%	5.7%
46	45	NORFOLK	189,803	202,209	203,076	0.4%	7.0%
40	34	SUFFOLK	207,249	218,278	222,348	1.9%	7.3%
		EAST ANGLIA	209,417	221,602	222,927	0.6%	6.5%
79	79	CITY OF DERBY	147,110	149,928	153,235	2.2%	4.2%
99	98	CITY OF NOTTINGHAM	114,759	124,802	124,017	-0.6%	8.1%
63	66	DERBYSHIRE	163,662	168,345	167,910	-0.3%	2.6%
87	87	LEICESTER	138,552	144,056	144,504	0.3%	4.3%
47	48	LEICESTERSHIRE	187,301	197,873	198,783	0.5%	6.1%
72	71	LINCOLNSHIRE	153,619	161,743	161,865	0.1%	5.4%
51	47	NORTHAMPTONSHIRE	181,722	199,228	199,066	-0.1%	9.5%
68	70	NOTTINGHAMSHIRE	158,340	163,667	162,864	-0.5%	2.9%
14	14	RUTLAND	264,931	287,163	279,302	-2.7%	5.4%
		EAST MIDLANDS	164,130	172,945	172,947	0.0%	5.4%
		GREATER LONDON	473,893	563,455	571,336	1.4%	20.6%
61	62	CUMBRIA	167,676	173,366	172,762	-0.3%	3.0%
92	85	DARLINGTON	132,954	143,537	146,282	1.9%	10.0%
97	99	DURHAM	120,325	123,119	123,792	0.5%	2.9%
95	97	HARTLEPOOL	125,060	125,455	125,398	0.0%	0.3%
101	100	MIDDLESBROUGH	112,142	120,626	119,220	-1.2%	6.3%
59	60	NORTHUMBERLAND	169,258	175,687	179,474	2.2%	6.0%
94	95	REDCAR AND CLEVELAND	127,444	128,909	128,917	0.0%	1.2%
85	82	STOCKTON-ON-TEES	141,186	149,013	148,732	-0.2%	5.3%
83	83	TYNE AND WEAR	143,348	148,601	148,002	-0.4%	3.2%
		NORTH	144,165	149,446	149,670	0.1%	3.8%
98	102	BLACKBURN WITH DARWEN	115,415	113,248	113,004	-0.2%	-2.1%
103	104	BLACKPOOL	106,509	105,484	105,734	0.2%	-0.7%
36	39	CHESHIRE	211,495	219,964	220,857	0.4%	4.4%
75	74	GREATER MANCHESTER	150,801	156,937	157,071	0.1%	4.2%
81	86	HALTON	146,113	143,958	144,545	0.4%	-1.1%
77	80	LANCASHIRE	149,945	152,169	152,702	0.4%	1.8%
84	84	MERSEYSIDE	142,031	147,243	147,454	0.1%	3.8%
49	53	WARRINGTON	184,122	185,813	186,869	0.6%	1.5%
		NORTH WEST	156,217	161,099	161,458	0.2%	3.4%
29	25	BEDFORDSHIRE	221,026	243,632	244,547	0.4%	10.6%
9	9	BRACKNELL FOREST	292,620	312,648	319,828	2.3%	9.3%
10	7	BRIGHTON AND HOVE	282,807	340,920	339,612	-0.4%	20.1%
3	3	BUCKINGHAMSHIRE	368,153	395,921	403,416	1.9%	9.6%
19	20	EAST SUSSEX	245,227	262,853	263,235	0.1%	7.3%
16	16	ESSEX	251,339	266,550	268,161	0.6%	6.7%
12	13	HAMPSHIRE	275,808	297,331	300,704	1.1%	9.0%
4	5	HERTFORDSHIRE	337,618	372,449	374,037	0.4%	10.8%
44	43	ISLE OF WIGHT	198,622	205,857	204,616	-0.6%	3.0%
18	17	KENT	249,332	261,984	265,091	1.2%	6.3%
64	59	LUTON	162,695	179,074	179,752	0.4%	10.5%
53	49	MEDWAY	178,708	192,735	194,897	1.1%	9.1%
35	32	MILTON KEYNES	212,952	231,071	233,799	1.2%	9.8%
6	6	OXFORDSHIRE	328,041	344,040	349,756	1.7%	6.6%
56	52	PORTSMOUTH	174,052	189,564	187,368	-1.2%	7.7%
21	19	READING	240,345	261,991	263,412	0.5%	9.6%

London boroughs, Counties and unitary authorities



27	22	SLOUGH	223,597	252,599	254,702	0.8%	13.9%
60	56	SOUTHAMPTON	169,141	180,686	182,368	0.9%	7.8%
28	31	SOUTHEND-ON-SEA	222,899	232,750	234,624	0.8%	5.3%
2	2	SURREY	419,141	463,688	466,135	0.5%	11.2%
45	46	THURROCK	189,987	198,939	202,490	1.8%	6.6%
8	8	WEST BERKSHIRE	308,660	340,985	339,115	-0.5%	9.9%
11	12	WEST SUSSEX	281,815	308,016	308,815	0.3%	9.6%
1	1	WINDSOR AND MAIDENHEAD	440,416	508,430	526,348	3.5%	19.5%
5	4	WOKINGHAM	335,752	377,473	388,452	2.9%	15.7%
		SOUTH EAST	286,776	311,272	313,861	0.8%	9.4%
7	10	BATH AND NORTH EAST SOMERSET	313,487	315,830	316,226	0.1%	0.9%
24	23	BOURNEMOUTH	230,281	248,214	254,117	2.4%	10.4%
30	27	CITY OF BRISTOL	219,476	239,586	242,111	1.1%	10.3%
67	65	CITY OF PLYMOUTH	158,942	168,910	167,994	-0.5%	5.7%
25	40	CORNWALL	224,971	220,034	220,312	0.1%	-2.1%
22	24	DEVON	234,183	246,279	245,598	-0.3%	4.9%
15	15	DORSET	260,994	275,094	275,174	0.0%	5.4%
23	26	GLOUCESTERSHIRE	231,684	244,999	242,819	-0.9%	4.8%
32	30	NORTH SOMERSET	215,123	229,719	235,622	2.6%	9.5%
13	11	POOLE	268,258	311,111	313,263	0.7%	16.8%
41	35	SOMERSET	206,931	224,755	222,239	-1.1%	7.4%
38	33	SOUTH GLOUCESTERSHIRE	208,995	230,227	229,947	-0.1%	10.0%
58	55	SWINDON	172,411	183,189	182,664	-0.3%	5.9%
50	51	TORBAY	183,649	191,375	191,746	0.2%	4.4%
20	21	WILTSHIRE	241,704	257,472	256,256	-0.5%	6.0%
		SOUTH WEST	226,799	240,068	240,086	0.0%	5.9%
108	108	BLAENAU GWENT	84,588	90,667	90,474	-0.2%	7.0%
86	90	BRIDGEND	138,571	138,976	139,319	0.2%	0.5%
96	94	CAERPHILLY	124,890	131,884	129,303	-2.0%	3.5%
48	50	CARDIFF	184,868	191,565	193,020	0.8%	4.4%
90	92	CARMARTHENSHIRE	135,836	129,796	138,055	6.4%	1.6%
52	57	CEREDIGION	179,645	184,644	181,292	-1.8%	0.9%
62	68	CONWY	163,930	162,390	163,482	0.7%	-0.3%
88	88	DENBIGHSHIRE	138,544	143,032	140,481	-1.8%	1.4%
74	76	FLINTSHIRE	151,002	156,470	156,495	0.0%	3.6%
76	77	GWYNEDD	150,104	157,417	155,600	-1.2%	3.7%
69	67	ISLE OF ANGLESEY	157,272	170,977	164,994	-3.5%	4.9%
105	107	MERTHYR TYDFIL	103,551	97,065	99,424	2.4%	-4.0%
31	28	MONMOUTHSHIRE	218,070	237,058	239,021	0.8%	9.6%
102	101	NEATH PORT TALBOT	108,273	113,863	113,142	-0.6%	4.5%
78	73	NEWPORT	147,322	159,181	158,503	-0.4%	7.6%
54	58	PEMBROKESHIRE	177,081	176,108	180,488	2.5%	1.9%
55	54	POWYS	176,978	185,817	183,722	-1.1%	3.8%
104	103	RHONDDA CYNON TAFF	105,602	109,862	108,708	-1.1%	2.9%
82	78	SWANSEA	145,297	155,768	153,602	-1.4%	5.7%
39	37	THE VALE OF GLAMORGAN	207,845	220,520	221,141	0.3%	6.4%
91	91	TORFAEN	135,536	139,130	139,142	0.0%	2.7%
80	81	WREXHAM	146,228	153,057	152,369	-0.4%	4.2%
		WALES	152,402	158,212	158,336	0.1%	3.9%
33	41	HEREFORDSHIRE	214,192	220,205	219,878	-0.1%	2.7%
43	44	SHROPSHIRE	201,219	204,210	203,424	-0.4%	1.1%
57	61	STAFFORDSHIRE	172,950	176,157	177,042	0.5%	2.4%
106	105	STOKE-ON-TRENT	100,839	102,999	102,309	-0.7%	1.5%
26	29	WARWICKSHIRE	224,785	234,389	238,494	1.8%	6.1%
71	69	WEST MIDLANDS	156,096	162,933	163,316	0.2%	4.6%
42	36	WORCESTERSHIRE	201,708	221,962	221,890	0.0%	10.0%



70	72	WREKIN	156,464	157,386	160,488	2.0%	2.6%
		WEST MIDLANDS	175,482	183,098	183,904	0.4%	4.8%
107	106	CITY OF KINGSTON UPON HULL	97,032	102,382	102,064	-0.3%	5.2%
65	64	EAST RIDING OF YORKSHIRE	162,209	169,256	168,480	-0.5%	3.9%
100	96	NORTH EAST LINCOLNSHIRE	114,304	127,091	126,414	-0.5%	10.6%
93	93	NORTH LINCOLNSHIRE	129,038	137,192	136,357	-0.6%	5.7%
34	38	NORTH YORKSHIRE	213,402	221,525	221,007	-0.2%	3.6%
89	89	SOUTH YORKSHIRE	136,290	140,831	139,551	-0.9%	2.4%
73	75	WEST YORKSHIRE	152,551	157,322	156,885	-0.3%	2.8%
37	42	YORK	211,031	215,414	218,834	1.6%	3.7%
		YORKS & HUMBER	156,867	162,593	162,106	-0.3%	3.3%
		ALL ENGLAND & WALES	246,175	269,912	271,821	0.7%	10.4%

Table 4 shows the average house price for each of the 108 unitary authorities and counties in England & Wales, together with a regional summary for July 2013, June 2014 and July 2014. It also records the percentage change in these prices over the last month and year.

Although we are showing a headline annual increase in prices for England & Wales in July of 10.4%, the average annual rate reduces to 4.8% if we exclude Greater London and the South East from the statistics. In July, there are three regions recording peak average prices, being Greater London, the South East and East Anglia. In the South East, 18 of the 25 unitary authorities/counties now have peak prices (highlighted in turquoise in the above table), which is two more than last month. Outside of the South East region, peak prices are also being recorded in Suffolk (East Anglia) – a newcomer to our list of counties having peak prices – Bournemouth and the City of Bristol (South West), and finally Warwickshire (West Midlands). The fact that only four unitary authority areas outside of Greater London and the South East are experiencing peak average prices is another indication of the differential growth in house prices in England & Wales between the south eastern areas and the remainder of the country.

On an annual basis, prices have increased in 102 of the 108 unitary authorities (last month there were 99 authorities with increases). Thus prices have risen over the year in 94% of the unitary authorities across England & Wales. Of the six unitary authorities having negative house price growth over the year, three are located in the North West (Blackburn with Darwen, Blackpool and Halton), two are located in Wales (Conwy and Merthyr Tydfil), and one is located in the South West (Cornwall).

On a monthly basis, the headline rate for price increases in England & Wales in July 2014 was 0.7%. This price increase changes to a smaller rise of 0.1% if Greater London and the South East are excluded from the figures. In July there were price rises in 62 unitary authorities and falls in 46. The similar figures for June were 53 authorities with price rises and 55 with price falls. Hence prices in July have increased marginally from previously set levels, although all the regions, including the South East, have at least one unitary authority area where prices have fallen in the month.

Looking at the unitary authority areas on an individual basis it is Brighton & Hove, followed by Windsor & Maidenhead that top the league table this month in terms of the highest price changes on an annual basis. Here, annual increases of 20.1% and 19.5% respectively have been recorded. In Brighton & Hove, it is flats that are the most popular property type, representing approximately half of all property sales in the area. The average flat in Brighton now costs just under £250k, up from £215k one year earlier. By way of contrast, the area with the largest reduction in annual prices continues to be Merthyr Tydfil, down 4.0%. Here terraced homes are the most frequently purchased property type, with the average price of a terraced house having fallen from £75k to £70k over the year.

In terms of transactions, looking at the three months May 2014 to July 2014 and comparing with the same three months in 2013, all of the 108 unitary authorities/counties in England & Wales saw an increase in transactions over this period. Conwy, in Wales, recorded the highest increase in sales of any English or Welsh unitary authority, up by 51%, with the sale of all property types, except for terraces, nearly doubling in number. Conwy was followed by Newport, Wales, where sales increased by 45% over the same period, with the sale of semi-detached and terraced properties proving to be the most popular choice. The area with the lowest increase in transactions was Caerphilly, Wales, at 2.5%. The fact that Newport and Caerphilly are adjacent local authority areas in South Wales but are ranked 2nd and 108th in terms of sales growth of the 108 unitary authorities/counties in England & Wales, indicates the difficulties for the housing analyst in attempting to establish firm behavioural patterns in the housing market on a local or regional basis – each individual area has its own particular circumstances.

Regional data table



Table 5. Average house prices by region, August 2013 – August 2014, 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
Aug-13	£144,848	0.5	1.7	£156,959	0.5	1.6	£164,409	0.2	2.1	£176,879	0.8	2.9
Sep-13	£144,088	-0.5	1.3	£157,836	0.6	2.8	£166,209	1.1	2.9	£177,465	0.3	3.3
Oct-13	£144,234	0.1	0.4	£158,174	0.2	2.4	£166,501	0.2	2.6	£178,390	0.5	3.5
Nov-13	£143,878	-0.2	0.2	£157,792	-0.2	3.5	£167,590	0.7	3.0	£178,988	0.3	3.9
Dec-13	£144,842	0.7	1.7	£157,614	-0.1	3.2	£167,221	-0.2	3.1	£180,204	0.7	4.1
Jan-14	£147,223	1.6	4.0	£158,734	0.7	3.4	£170,675	2.1	5.0	£181,488	0.7	4.2
Feb-14	£148,803	1.1	4.1	£159,383	0.4	2.3	£171,914	0.7	4.5	£183,030	0.8	4.1
Mar-14	£150,601	1.2	4.7	£160,553	0.7	3.4	£173,293	0.8	5.9	£183,415	0.2	4.9
Apr-14	£149,850	-0.5	4.2	£160,225	-0.2	3.3	£172,647	-0.4	5.5	£183,320	-0.1	5.2
May-14	£150,238	0.3	5.7	£161,368	0.7	4.6	£172,725	0.0	6.2	£183,292	0.0	5.9
Jun-14	£149,446	-0.5	4.0	£161,099	-0.2	3.5	£172,945	0.1	5.5	£183,098	-0.1	4.8
Jul-14	£149,670	0.1	3.8	£161,458	0.2	3.4	£172,947	0.0	5.4	£183,904	0.4	4.8

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Aug-13	£153,408	0.7	0.8	£158,415	1.0	1.5	£229,316	1.1	1.8	£209,990	0.3	3.9
Sep-13	£155,446	1.3	1.6	£158,696	0.2	1.6	£230,613	0.6	3.4	£210,309	0.2	3.5
Oct-13	£156,845	0.9	2.2	£160,130	0.9	2.6	£230,843	0.1	3.2	£209,932	-0.2	2.5
Nov-13	£156,616	-0.1	1.9	£159,537	-0.4	2.2	£230,064	-0.3	3.5	£211,268	0.6	4.2
Dec-13	£157,370	0.5	2.6	£160,488	0.6	3.3	£231,972	0.8	3.2	£210,653	-0.3	2.5
Jan-14	£158,095	0.5	3.5	£161,319	0.5	3.6	£233,051	0.5	3.6	£212,716	1.0	3.8
Feb-14	£159,664	1.0	3.3	£161,373	0.0	3.7	£235,388	1.0	4.0	£214,788	1.0	2.8
Mar-14	£159,504	-0.1	3.6	£162,471	0.7	4.1	£237,803	1.0	5.3	£219,677	2.3	5.5
Apr-14	£159,114	-0.2	3.6	£162,634	0.1	3.7	£240,237	1.0	6.2	£221,270	0.7	5.6
May-14	£157,754	-0.9	3.4	£163,159	0.3	3.9	£240,734	0.2	6.6	£222,271	0.5	6.9
Jun-14	£158,212	0.3	4.2	£162,593	-0.3	3.3	£240,068	-0.3	6.5	£221,602	-0.3	6.2
Jul-14	£158,336	0.1	3.9	£162,106	-0.3	3.3	£240,086	0.0	5.9	£222,927	0.6	6.5

	South East			Greater London			ENGLAND & WALES		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Aug-13	£287,022	0.1	2.5	£480,431	1.4	9.3	£247,891	0.7	4.1
Sep-13	£287,421	0.1	2.8	£486,558	1.3	9.1	£249,378	0.6	4.4
Oct-13	£289,092	0.6	3.7	£491,893	1.1	10.3	£250,882	0.6	5.0
Nov-13	£290,358	0.4	4.1	£498,289	1.3	10.5	£252,104	0.5	5.3
Dec-13	£294,535	1.4	4.9	£505,406	1.4	12.1	£254,563	1.0	6.0
Jan-14	£298,096	1.2	6.1	£520,381	3.0	13.6	£258,511	1.6	7.1
Feb-14	£301,943	1.3	6.5	£525,151	0.9	13.9	£260,974	1.0	7.2
Mar-14	£304,742	0.9	6.9	£532,084	1.3	13.4	£263,609	1.0	7.7
Apr-14	£306,832	0.7	7.2	£537,537	1.0	14.3	£265,129	0.6	8.1
May-14	£309,309	0.8	7.9	£551,270	2.6	16.9	£267,905	1.0	9.3
Jun-14	£311,272	0.6	8.9	£563,455	2.2	19.6	£269,912	0.7	10.1
Jul-14	£313,861	0.8	9.4	£571,336	1.4	20.6	£271,821	0.7	10.4
Aug-14							£274,302	0.9	10.7



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, ONS HPI and LR HPI) can be prepared only when the prices at which properties have been transacted have been recorded by the Land Registry (LSL Acad E&W HPI and LR HPI) or when firm prices at mortgage completion (ONS HPI) 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.
3. Typically, only some 38% of transactions are reported to LR at month end. LSL Acad E&W HPI overcomes this 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. LR HPI relies on the sample being reflective of all of the month’s price changes and uses c.40% of these (say c.9,000 price changes) being the prices of properties for which two prices are recorded on the Land Register and a repeat sales regression methodology based on work published by USA academics, notably for the USA S&P Case Shiller HPI. RSR was developed to prepare indices for single family homes using only the limited data volumes available for metropolitan districts, since the USA lacks a central Land Registry. LSL Acad E&W HPI, LR HPI and ONS HPI are published monthly in this order.
4. LSL Acad E&W HPI provides prices at national and regional level back to 1995 and, at county/London borough level, back to 2000; back-cast national prices for graphing are available to 1987. With only some 60,000 monthly transactions now occurring compared with at least 100,000 in past markets, reduced data volumes are a problem for every HPI. LSL Acad HPI employs not only the above “index of indices”, but also a series of auto regression and averaging models. The latter use a rolling 3 months of data to provide an average price for each month to show trends, as mentioned above. After the elapse of one month, LR provides c.88% of the transactions for the prior month, used to replace the initial LSL Acad E&W HPI “forecast” with a first LSL Acad E&W HPI “updated” result. Two months after any given month, LR provides c.96 % of the month’s transactions, sufficient to enable us to describe our next update as an LSL Acad E&W HPI “final” index, closely approximating the LSL Acad E&W HPI “ultimate” results; LSL Acad E&W HPI “ultimate” includes the price of virtually every single LR transaction for the month, smoothed, seasonally and mix adjusted; the LSL Acad E&W HPI “updated” now uses c.37,000 real transactions for the month (as well as, by smoothing, c.40,000 transactions for the prior month); LR HPI also provides an updated LR “latest” HPI shown in our monthly Comparison of Indices table. ONS HPI with, in 2013, c. 28,000 mortgage completions (and the Rightmove asking price index) are also based upon significant data volumes; lender HPI data volumes are not quantified; the Halifax HPI employs three month smoothing for annual but not for monthly change results; Hometrack provides survey data and specifies that theirs is a survey, not an index.
5. In each of the 10 **regions**, an average of only some 6,000 transactions now occur monthly; hence, we wait one month, pending receipt from LR of the c.88% sample and provide monthly results one month in arrears of the most recent month. In our Regional data table, **red** data represent LSL Acad E&W HPI “forecast” results, **blue** data represent LSL Acad E&W HPI “updated” results and black data represent the LSL Acad E&W HPI “final” index.
6. At **county and London borough** levels, c.60,000 national monthly transactions, spread over 10 regions and 108 counties and 33 London boroughs, provide an average of only c.425 house prices monthly within each sub-district. Even delayed one and smoothed over three months, LSL Acad E&W HPI is indicative until we are able to publish the LSL Acad E&W HPI “final” index using the LR 96% sample. LSL Acad E&W HPI data are calculated on a consistent basis from county and London borough through to region and ultimately to national level; at every level, the current month price represents the average of the prices for the current month and for the prior and subsequent months (“three month, centre month smoothed”). LR employs a “four month, end month smoothed”, process for county/London borough data, but not for national and regional results.
7. **Data limitations** are not confined to volumes. LSL Acad E&W HPI and the LR HPI are unable to identify different prices according to e.g numbers of bedrooms; the lender hedonic indices and the ONS mix adjusted HPI 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 prices do not.
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”; Acadata does not guarantee the accuracy of the LSL Acad E&W HPI results and Acadata 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 Acadata. 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 Acadata 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. Until the October 2013 LSL Acad E&W HPI was published, it was prepared by Acadametrics. Acadametrics then changed its name to Acadata to reflect its new focus entirely upon house price indices and data following its agreement to sell its 50% holding in MIAC Acadametrics to MIAC Analytics over a 4 year period.



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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.

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