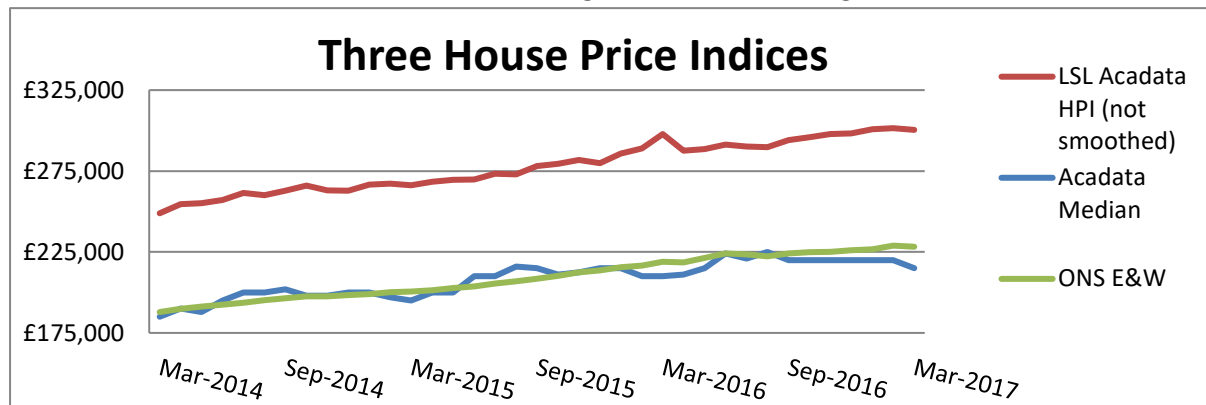


MEDIANS – MARCH 2017

Below we show 3 indices for the March 2017 England & Wales housing market:-



The LSL Acadata HPI is calculated using an arithmetic mean, the new ONS Index uses a geometric mean, while the Acadata Median is calculated from the Land Registry Price Paid Dataset. The median, for those unfamiliar with the term, is the middle value of a set of numbers - half the numbers will fall below the median and half above.

An interesting feature of the LSL Acadata HPI is the blip in prices observed in March 2016, when the average house price rose by 3.0% in the month. It will be recalled that a new 3% surcharge on stamp duty would apply to second homes and buy-to-let properties from April 2016 onwards, which resulted in a surge of sales taking place immediately prior to this tax coming into force. Transactions in the month of March 2016 were double those of February, when in a more normal year one might expect to see a seasonal increase closer to 20% than the actual 100%.

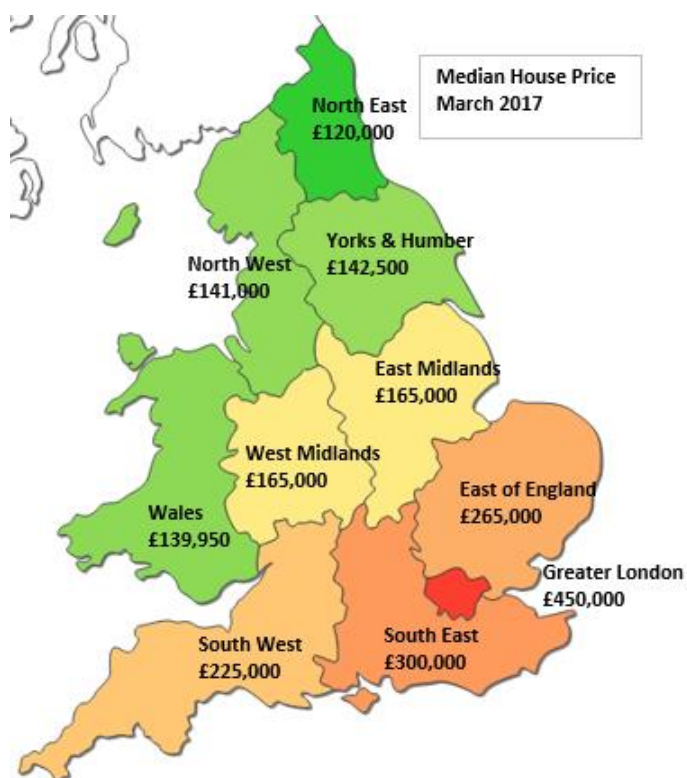
The median value in February and March 2016 dipped by £5,000 from January's £215,000, as the number of lower-value properties sold increased – the opposite movement to that of the arithmetic average. This contrary movement can occur when a small number of high-value properties are purchased - which raises the average price - at the same time as a larger number of lower-priced properties are purchased, which may shift the median value to a lower level.

Change over 1 year, 3 years and latest quarter, March 2014 – March 2017

Percentage change in House Prices					
	1 Year & 3 Year Change				Quarterly change
	2014/2015	2015/2016	2016/2017	2014/2017	
LSL Acadata HPI	7.0%	11.9%	0.9%	20.7%	0.7%
Acadata Median	5.4%	7.7%	2.4%	16.2%	-2.3%
ONS E&W	6.8%	9.1%	4.2%	21.5%	1.0%

Looking at the above table, it can be seen that the highest increases in house prices over each of the two years March 2014 – March 2016 were recorded by LSL Acadata HPI, but that in the final year, ONS recorded an increase of 4.2%, compared to the LSL Acadata HPI of 0.9%. The ONS geometric average is less responsive to the change in high value properties than the arithmetic average used by the LSL Acadata HPI, consequently the ONS Index gives less prominence to the fall in high value properties which has been taking place in Central London over the last year. The Acadata Median price shows the least growth over the last three years – this has largely occurred because sales volumes of lower value properties have been increasing over the period, while high value properties have seen falls.

Regional Medians



The heat map shows the Regional Median values for the ten GOR regions in England & Wales for March 2017. London has the highest median value at £450,000, followed by the South East at £300,000, the East of England at £265,000 and the South West at £225,000. The two Midlands regions follow with identical values at £165,000. There are then the three regions of the North West, including Manchester, Yorks and Humber, and Wales, all with median prices in the range £139,950 – £142,500, and finally we have the North East at £120,000. The overall average median value for England and Wales as a whole is £215,000, which might be seen as lying on the dividing line between the South of England and the Midlands, Wales and the North.

Change over 1 year, 3 years and latest quarter, March 2014 – March 2017

Percentage change in House Prices – Median values					Quarterly change Jan/Mar 2017
Region	1 Year & 3 Year Change				
	2014/2015	2015/2016	2016/2017	2014/2017	
London	11.3%	18.0%	2.3%	34.3%	-1.1%
South East	5.0%	10.0%	9.1%	26.1%	0.0%
East of England	11.4%	4.8%	11.9%	30.7%	-0.4%
South West	6.8%	3.7%	5.9%	17.2%	0.0%
West Midlands	2.0%	2.0%	6.5%	10.7%	-4.9%
East Midlands	4.2%	2.7%	7.8%	15.4%	-2.9%
Yorkshire and The Humber	1.1%	1.9%	5.4%	8.5%	-5.2%
North West	4.6%	-0.7%	3.7%	7.7%	-4.4%
Wales	2.2%	1.8%	-0.4%	3.7%	-5.0%
North East	-1.7%	-2.1%	-0.1%	-3.8%	-6.2%
England & Wales	5.4%	7.7%	2.4%	16.2%	-2.3%

Over the last three years, London has seen the highest growth in median house prices at 34.3%, followed by the East of England at 30.7% and the South East at 26.1%. This contrasts with the North East where the growth in median prices over the last three years has been negative at -3.8%. Over the last quarter all regions have seen either a negative movement in median house prices, or no change. This reflects current conditions where first-time buyers represent the largest sector of the market, while second movers and buy-to-let landlords have reduced in number. This shift to lower-value properties has resulted in the median price falling across most of England and Wales.