House prices up £11,219 from a year ago, fastest rise in three years

- **Prices up by £1,394 in November, a new record**
- **On an annual basis prices increase in all regions for the second consecutive month**
- **By the end of the 2013 sales set to be 16% higher than 2012**

House Price	Index	Monthly Change %	Annual Change %
£238,839	243.2	0.6	4.9

David Brown, commercial director of LSL Property Services, comments: "The housing market is almost unrecognisable from twelve months ago. Not only have average prices climbed to a new record high - with an annual rise of £11,219 and a monthly increase of £1,394 - but we've also seen an increase in every region for the second month running – a true sign that the nationwide recovery is really taking off. The LSL/Acad house price index incorporates all transactions including cash.

"Competition is strong as a result of rising demand and supply of new instructions not growing, a factor that will continue to prop up prices in the long term. Confidence is higher throughout the market, with the Help to Buy scheme and record low interest rates contributing to the positivity. Over the second part of this year, consumer confidence has snowballed as the economic picture improves, leading to a significant rise in sales. The increased availability of mortgages - in part thanks to the government's schemes - along with the greater range of mortgage deals on offer has opened the door to a new host of first-time buyers, making the dream of homeownership now a reality for thousands.

"Strong headway is finally being made towards a universal recovery. All ten regions in England & Wales experienced positive movement in prices on an annual basis for the second time in three years. Annually, prices have increased in over 80% of local areas up and down the country - the highest percentage since September 2010. The trajectory is clearly upwards. Record high house prices have been recorded not only in the capital, but also in areas of the South East including Oxfordshire and Hertfordshire, and also in Cardiff.

"However, there is still uneven growth in property values across the country. London prices continue to race ahead in a different gear with 9.2% annual growth in the capital vastly outshining the rest of the UK. Between August and October, sales in London were up 27% on the same three months in 2012, reflecting intense demand for properties in that city, both from domestic and overseas buyers.

"In his Autumn Statement the Chancellor unveiled plans to unleash a further £1 billion to unblock housing development, to address the critical shortage in supply. This will play a role in preventing prices rising too far too fast. But this is only the beginning, and it's vital that house building is given greater attention in 2014 and beyond, in order to ensure the recovery rolls forward at a sustainable level."

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 November 2012 – November 2013 link to source Excel

		House Price	Index	Monthly Change %	Annual Change %
November	**2012**	£227,620	231.7	0.1	3.7
December	**2012**	£228,204	232.3	0.3	3.8
January	**2013**	£229,101	233.2	0.4	3.9
February	**2013**	£231,011	235.2	0.8	4.3
March	**2013**	£232,083	236.3	0.5	3.9
April	**2013**	£232,599	236.8	0.2	3.6
May	**2013**	£232,466	236.7	-0.1	2.4
June	**2013**	£232,633	236.8	0.1	2.4
July	**2013**	£233,580	237.8	0.4	2.8
August	**2013**	£234,909	239.2	0.6	3.7
September	**2013**	£236,053	240.3	0.5	4.0
October	**2013**	£237,445	241.7	0.6	4.4
November	**2013**	£238,839	243.2	0.6	4.9

Press Contacts:

Melanie Cowell, LSL Property Services 01904 715 326 melanie.cowell@lslps.co.uk
Richard Sumner, Acadata 020 8392 9082 richard.sumner@acadata.co.uk
Adam Kirby, Wriglesworth PR 020 7427 1440 a.kirby@wriglesworth.com

Further commentary by Dr Peter Williams

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

House prices

House prices, as well as the housing market generally, have been prominent in the media in the last weeks, and recent government actions suggest that the green light has now changed to amber as evidence continues to accumulate of a market recovery stronger than anticipated. This month, the Acadata average price of a home in England & Wales has set another new record at £238,839. The average price has thus increased by £1,394, or 0.6%, during November. Prices have now risen for six months in succession, with only May 2013 recording a modest price fall of 0.1% during the month. The main impetus for the increase in prices comes from the south of England, with Greater London and the South East continuing to establish their own record price levels. However, as we show in Figure 6, this month the West Midlands takes second place in the regional house price growth league, behind Greater London.

Over the 12 months, house prices have risen by a nominal £11,220, or 4.9%. This percentage increase is 2.3% above October's RPI of 2.6%, showing that owners could now be making a real return on the capital invested in their properties. Much depends on when the property was bought and for how much, and as Table 4 on pages 11-13 shows, house price inflation in 58 of the 108 unitary authorities in England & Wales is still below that of the October RPI figure.

In its latest Financial Stability report released on 28th November, the Bank of England comments;

> The upturn in UK house prices has gathered momentum since the June Report, with average prices nationally rising by 6.8% in October on a year earlier…The recovery also broadened regionally, with prices in nearly all regions rising. Surveys indicate that prices are expected to increase further in the period ahead. Activity also increased, but remains at relatively low levels. Further support to the housing market will come in the months ahead, including from the Help to Buy scheme…measures of valuation are below the levels reached in 2007. But some metrics, such as house price to income and house price to rent measures are above historical averages.

The Bank then continued;

> Rising house prices — and any subsequent falls — need not in themselves pose a threat to financial stability. It is the interaction of developments in the housing market with a range of factors, including household indebtedness and leverage in the banking sector, which gives rise to financial stability risks.

The Financial Policy Committee (FPC) of the Bank of England will be closely monitoring the housing market looking at a number of measures including developments in house price inflation relative to indicators of affordability and sustainability. In addition, they will be looking at a range of indicators covering the 'tail' of borrowers with particularly high indebtedness, underwriting standards in the residential mortgage market, the exposure of lenders to highly indebted households, and the reliance of lenders on short-term wholesale funding. All this gives a clear sense of central bank engagement with the UK's housing and mortgage markets, and in a far more explicit way than previously.

These measures are on the back of others flowing through the system both to assess and to develop the resilience of the banking system - including close examination of the capital adequacy of major UK banks to risks arising from housing-related portfolios and stronger mortgage underwriting standards. This as part of the Mortgage Market review including an affordability assessment with an interest rate test to gauge borrowers' resilience to rising rates.

The FPC has considered what steps it should take to address potential risks in the housing market and it has made a series of recommendations, including one that the FCA should require mortgage lenders to have regard to any future FPC recommendation on appropriate interest rate stress tests to use in the assessment of affordability. It also set out possible interventions - these include taking action to enhance lenders' balance sheets by varying capital requirements and/or the capital buffer, and by applying requirements to specific types of mortgage lending, i.e. only to new lending or to the entire portfolio of loans. It could also recommend that regulators curtail the extension of mortgages with certain characteristics, e.g. high LTV loans or loan to income ratios of mortgages.

All of this highlights the way housing issues are now at the core of government thinking about the economic recovery. Having stimulated the housing market as a mechanism to restart economic growth quickly, there are now concerns that it needs reining in. The Bank has now curtailed the use of Funding for Lending support for residential mortgages and refocused it on small businesses. It will also be keeping a close eye on the Help to Buy mortgage guarantee scheme which is now building up quite strongly.

It is noteworthy that the Office for Budget Responsibility (OBR) has now developed a model of the housing market. In its *Economic and Fiscal Outlook* published alongside the Chancellor's *Autumn Statement* on 5th December, OBR concurs with a view that house prices and transactions will continue to rise in 2014/15 and 2015/16. It comments;

> Our house price inflation forecast has been revised upwards significantly, reflecting the momentum in house prices this year and supportive mortgage financing conditions. We expect house price inflation to be above 5 per cent in 2014 and 7 per cent in 2015. Relative to our March forecast, we have revised the level of house prices up 10 per cent by 2017-18.

As we have suggested in previous commentaries, it was important to wait until it was clear that there was sustained momentum behind the market. That evidence is now quite strong and the commentary below sets out the details.

Housing Transactions

One of the main features of the housing market in 2013 has been the increase in the number of monthly transactions. We estimate that the number of properties sold in November exceeded 77,000, which is the highest figure for this month since 2007, when sales totalled 104,500. Since May 2013 sales have been higher each month than in the same month of the previous three years. We estimate that on the basis of Land Registry data, which excludes Scotland & Northern Ireland, the total number of transactions in 2013 will be 16% ahead of 2012, thus taking the total to more than 780,000 properties sold. This will still be a long way short of the average 1.2 million transactions per annum recorded by the Land Registry over the 10 year period 1998 – 2007, which gives a clear sense of the context in which this market recovery should be viewed.

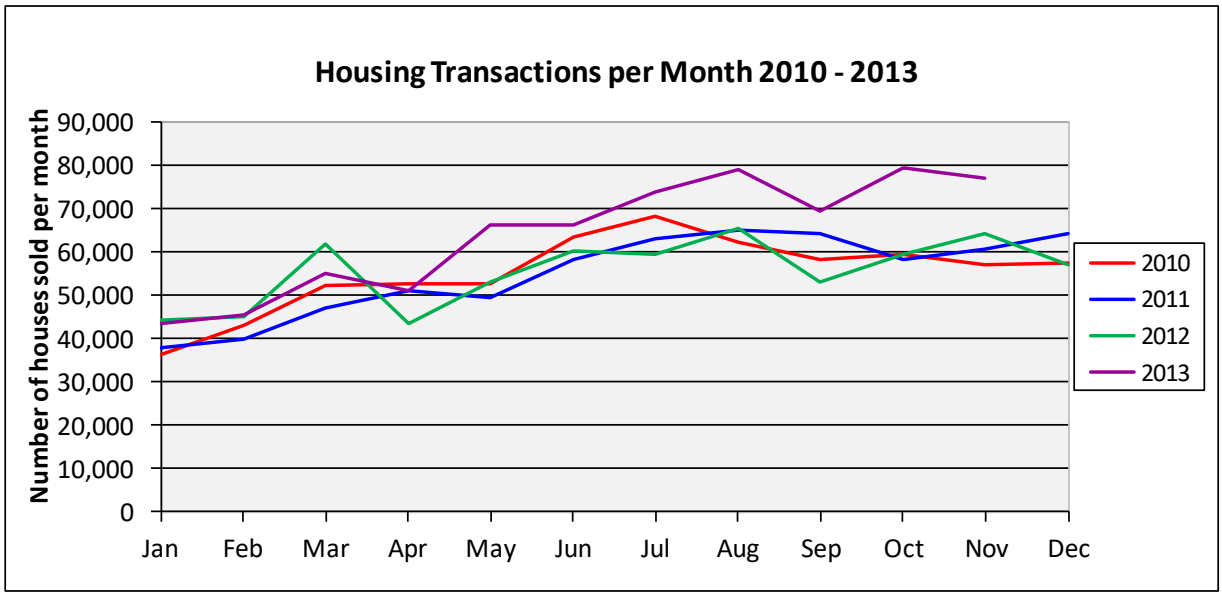


Figure 1. Number of properties sold per month in England & Wales, Jan 2010 – November 2013. Source Land Registry link to source Excel

The above graph does however show that we are seeing sustained momentum over the second part of the year, with renewed consumer confidence alongside general economic recovery, and of course government assisted increased mortgage availability. All of these factors support the increasing activity as reflected in the transaction figures.

Figure 2 below puts the current levels of housing transactions into an historical perspective. Although housing transactions are likely to increase by 16% over 2012 levels for the year as a whole, the market is still only running at 66% of the average 1.2 million transactions per annum seen over the ten year period from 1998 - 2007 – there is therefore still plenty of catching up to be done before the market can be described as having returned to its previous norm. As we argued earlier, we are still in recovery mode across much of England & Wales.

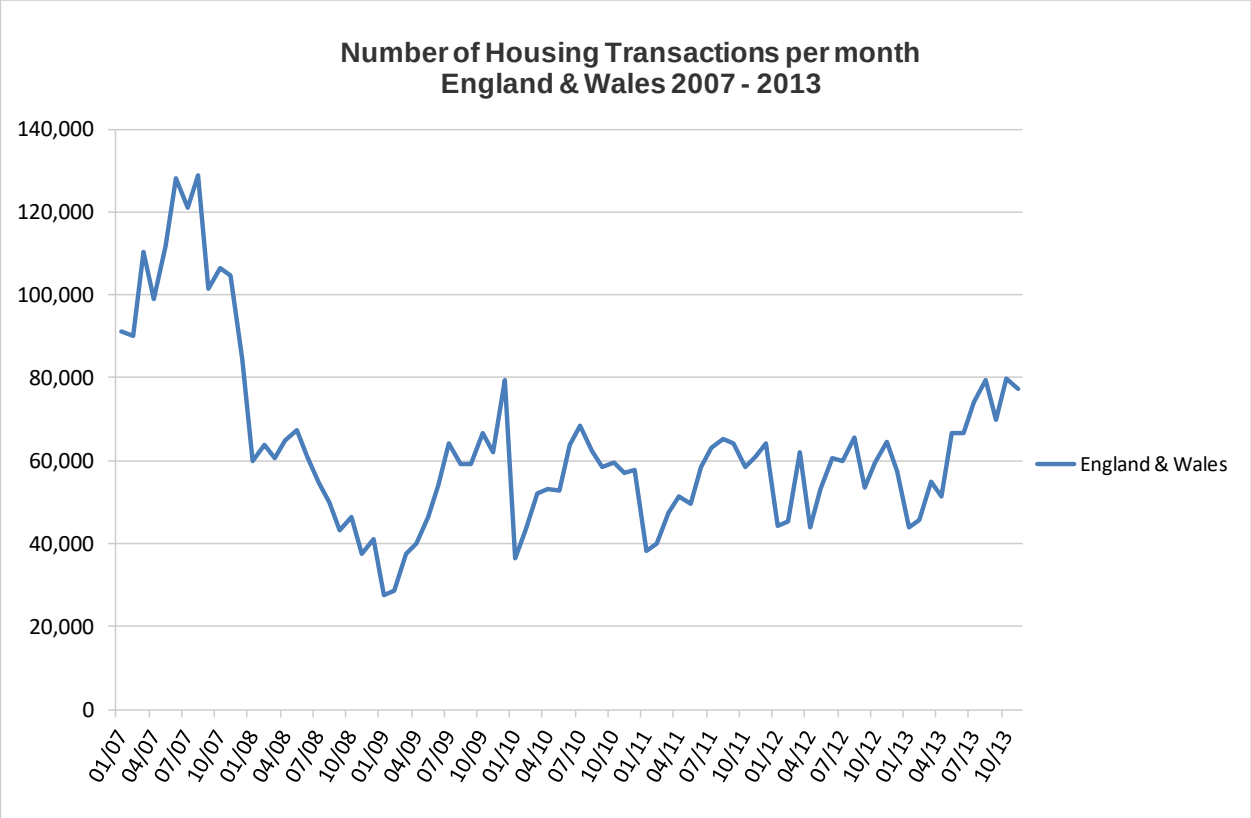


Figure 2. The number of housing transactions by month in England & Wales, 2007-2013 (not seasonally adjusted) link to source Excel

Analysing sale price bands

This month we include an analysis of the frequency distribution by price of the sale of properties in England & Wales during the first six months of 2013. The data source for this frequency distribution analysis is the Land Registry price paid dataset, which lists every arms-length transaction in the domestic property markets of England & Wales, but excludes repossessions, properties sold to commercial organisations and properties sold by auction.

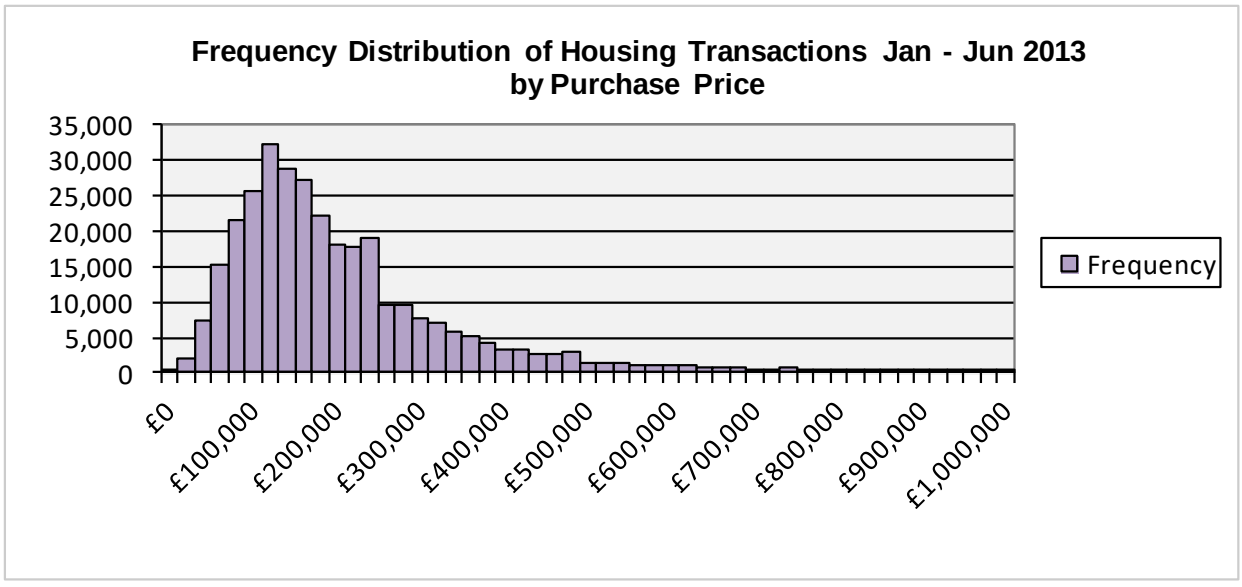


Figure 3. The frequency distribution of housing transactions from January to June 2013, analysed by purchase price link to source Excel

Unsurprisingly, the distribution as shown in Figure 3 is left skewed, with a long tail of the most expensive properties to the right. The total number of properties sold during the 6 month period was 321,900. In the interests of space we have truncated the scale along the bottom (x) axis to £ 1 million (the highest valued property sold during the first six months of 2013 was £29.3 million).

The main measures used by statisticians to describe such a distribution are the mode (the most frequent price), the median (the half-way price) and the mean (the arithmetic average price). In the above distribution the mode is £125,000, the median is £180,000 and the arithmetic mean is £240,000.

It is worth pointing out that the mode price at £125,000 corresponds to the level at which stamp duty becomes payable on the sale of a property. It would thus appear that the most frequent price at which a property is sold matches the highest price at which stamp duty remains at a zero rate. Stamp duty thresholds have an influence on the distribution of property prices right up the price scale. There is an observable hump/cliff edge in the distribution at £250,000, where SDLT rates change from 1% to 3% and a similar, although smaller, hump can be observed at £500,000 when SDLT rates change from 3% to 4%. This is almost inevitable given the current slab system for stamp duty which means buyers will negotiate hard at those price points so that they pay a lot less stamp duty.

So how do the various house price indices compare with the frequency distribution for the first six months of 2013? Table 2 uses a simple average of the house prices reported by the different Index providers:-

Table 2. The average house price reported by the Indices providers for the period Jan – June 2013

Source	Average Jan – June 2013 prices
Frequency distribution Mode (see Figure 3)	£ 125,000
Frequency distribution Median (see Figure 3)	£ 180,000
Frequency distribution Mean (see Figure 3)	£ 240,000
Land Registry	£ 161,500
Nationwide	£ 165,300
Halifax	£ 165,300
LSL / Acadata	£ 231,700
Rightmove	£ 242,000
ONS	£ 244,000

As can be seen, the prices reported by Land Registry, Nationwide and Halifax fall somewhere between the Mode and Median price of the frequency distribution produced by an analysis of all housing transactions in England & Wales over the same six month period. The Nationwide and Halifax indices are both based on the concept of a 'standardised average price' for a home, which takes account of the costs of purchasing a defined 'average home', as opposed to calculating the average price paid for an actual home. The Land Registry figure is based on the geometric mean of homes purchased in April 2000, adjusted by its repeat sales methodology for all subsequent dates. The remaining three indices are calculated using an arithmetic average of house prices weighted by various factors.

The LSL/Acadata Index is slightly lower than the arithmetic mean for the period, but we are aware that our weightings have a small bias against Greater London. We also exclude prices of detached and semi-detached properties in Prime Central London, and have for example not included the £29.3 million home in our average price calculations. The Rightmove price is calculated from sellers' expectations of the price they will receive, which in the first six months of the year were close to that actually achieved. The ONS price uses figures provided by the building societies. The ONS figures do not therefore include cash sales which are likely to have lowered the average house price, due to the discounts obtained by purchasers in being able to offer cash payments.

Notes

NOTES

1. LSL Acad E&W HPI is the only house price index to use:
   - the **actual** prices at which every property in England & Wales was transacted, including prices for properties bought with cash, using the factual Land Registry data as opposed to valuation estimates or asking prices
   - the price of **every** single relevant transaction, as opposed to prices based upon samples

   LSL Acad E&W HPI is a price series as opposed to a value series.
2. the current month LSL Acad E&W HPI comprises a forecast of the LR outcome, using an academic "index of indices" model, pending release of sufficient real data from the Land Registry.
3. LSL Acad E&W HPI forecasts are progressively replaced with real data, until every transaction reported to the Land Registry has been recorded and we have provided our LSL Acad E&W HPI "ultimate" data. All LSL Acad E&W HPI numbers, published prior to receipt of all transaction data, are subject to change; in publishing precise numbers for a number of reasons, we do not claim precision.
4. the accuracy of our forecasts is shown monthly on the Acadata website www.acadata.co.uk in our "Development of Forecasts" and in our "Comparison of Indices", which shows how each index, including the LSL Acad E&W HPI "forecast" , compares with the LSL Acad E&W HPI, once sufficient factual Land Registry data have replaced forecast data, to enable LSL Acad E&W HPI to approach the "ultimate" results.
5. the Acadata website enables comparisons of selected indices over selected timescales to be undertaken here with ease and provides historic results and other information.
6. 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.
7. 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.

Comparison of indices

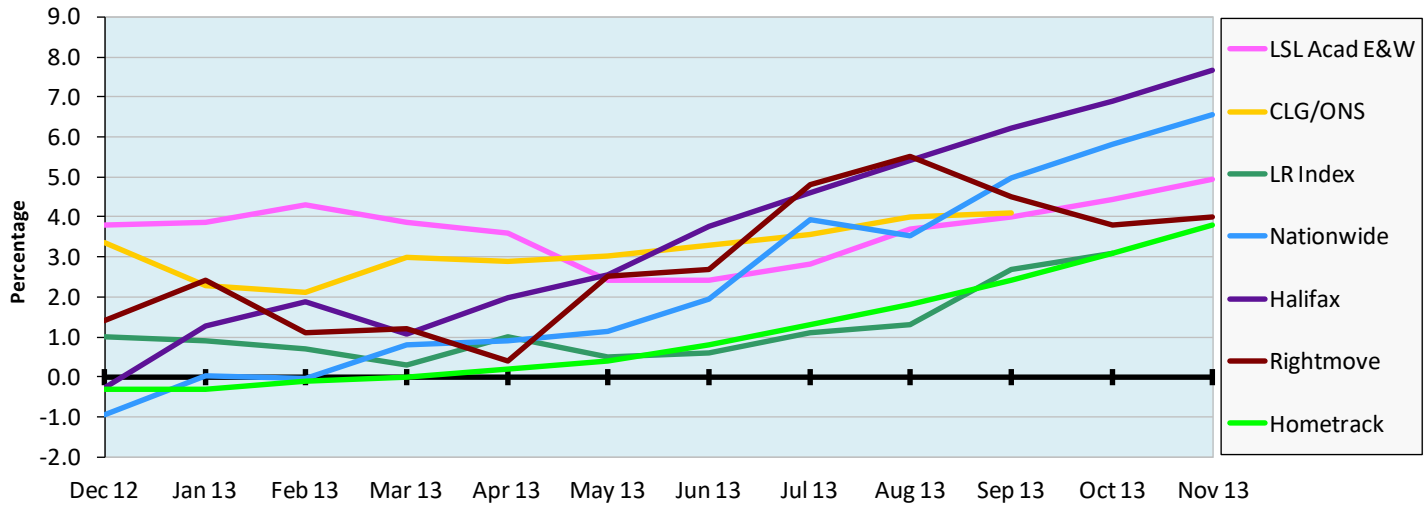


Figure 4. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART link to source Excel

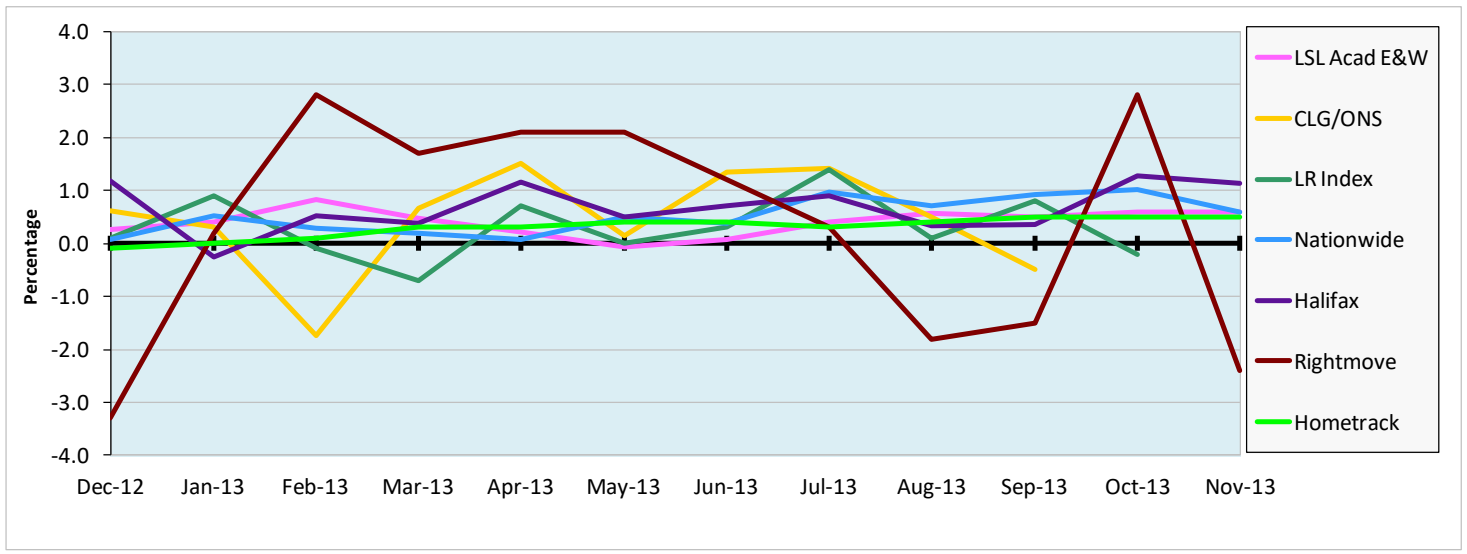
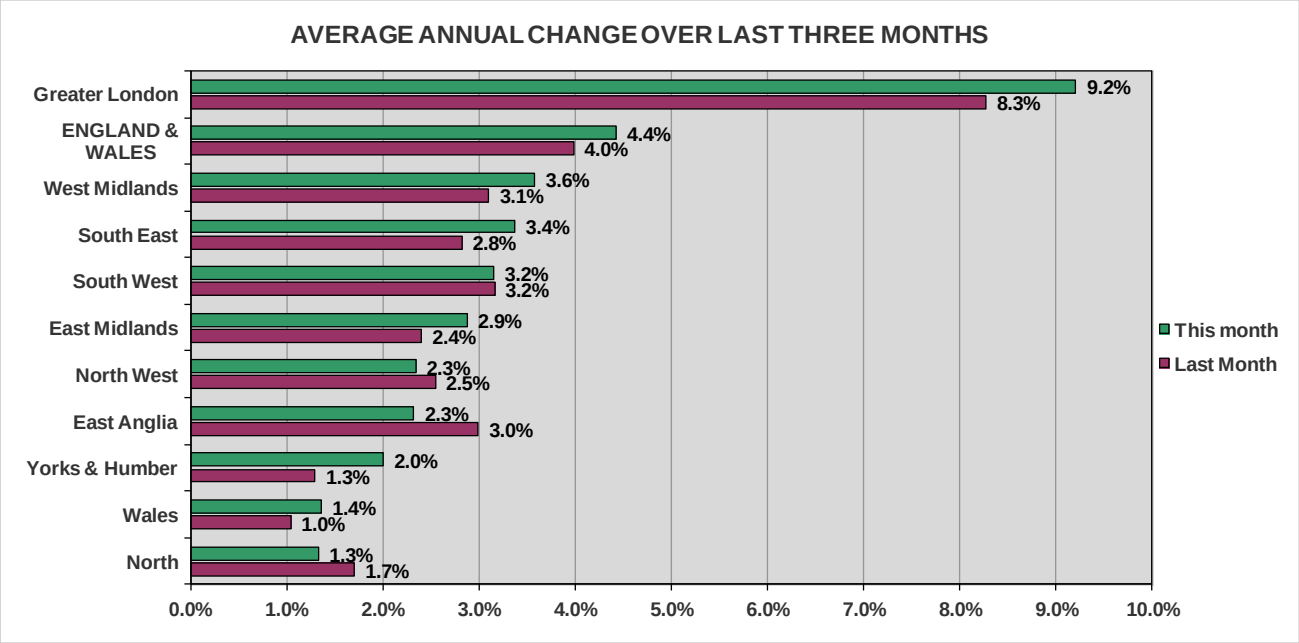


Figure 5. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART link to source Excel

The comparison of indices charts (figures 4 and 5) show that asking prices, mortgage approval prices and completion prices have been generally rising on an annual basis since the beginning of the year. We need to make a correction to the figures we quoted last month concerning Rightmove. Last month the Rightmove website showed an annual increase in prices of 13.8%, which has been corrected this month to a more reasonable 3.8%. As can be seen from the above graphs, this month Halifax and Nationwide are showing the highest annual rate of house price inflation, followed by the LSL/Acad index. The LSL/Acad index includes cash purchases whereas Halifax and Nationwide do not. We believe that in the current market, offers of a cash purchase are being used to discount the sellers' asking prices in return for a prompt sale, consequently reducing our own price growth when compared to the lenders indices.

This raises an important question about the measures the Bank of England employs to judge activity in the housing market. It now uses the average of the Nationwide and Halifax indices to guide its thinking and actions regarding the market. However, although this means that the changing mix is captured, Halifax and Nationwide use only the valuations provided by surveyors for mortgage offers to estimate the price of a representative 'average house' . This does raise questions in a market where cash transactions are 30% of the total and where the average house was defined in 1983 (Halifax) and Nationwide (1993) i.e. some years ago.

For the second month in succession all ten regions in England & Wales are showing positive movement in their annual rate of house price change. As figure 6 shows, Greater London continues to dominate the housing market with house price inflation more than double that of any other region in England & Wales. Five regions are showing positive real growth in house prices, with the East and West Midlands joining Greater London, the South East and the South West having house price inflation in excess of October's RPI figure of 2.6%. This month, record average house prices have again been achieved for Greater London and the South East region, with 18 London boroughs and 3 Unitary Authorities surpassing their previously recorded highs. Six regions are showing an increase in price growth this month, in one region price growth is at the same level as last month, and three regions have seen price growth fall relative to last month; so whilst it is true to say that all regions are recording price increases, the rate of growth of the change in house prices varies



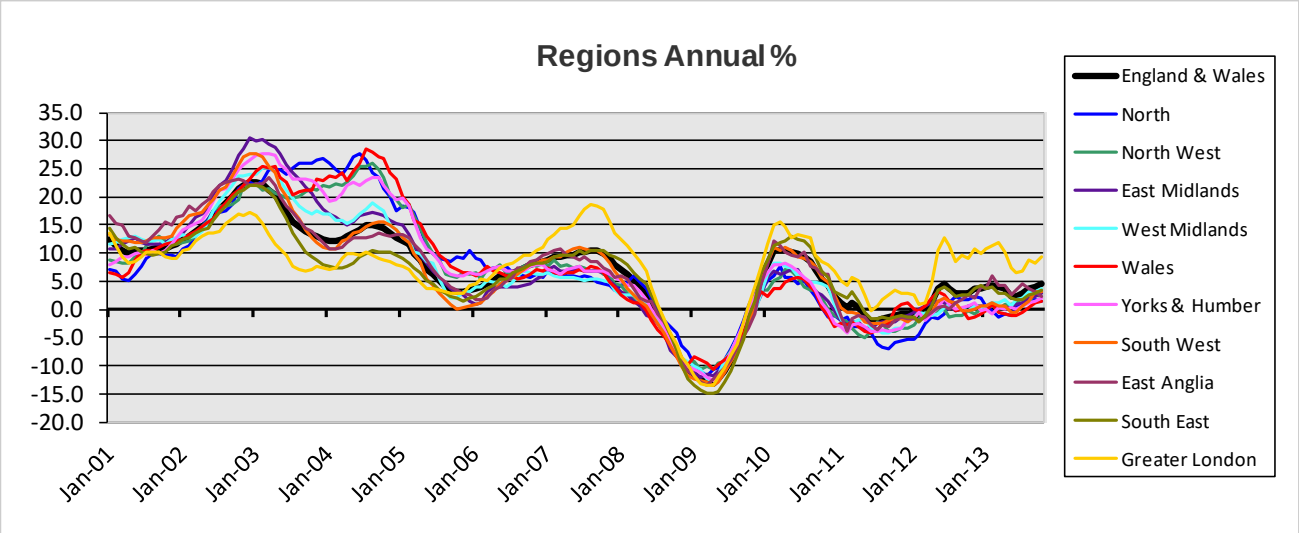
depending upon locality.

Figure 6. The annual change in the average house price, analysed by region link to source Excel

ANNUAL CHANGE IN PRICE BY REGION

Figure 7. A comparison of the annual change in house prices, by region for the period January 2001 – October 2013 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 7 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.



London boroughs

Table 3. The change in mix adjusted house prices, for the 33 London boroughs, comparing October 2012 with September and October 2013. link to source Excel

PRIOR YR RANK	RANK BY PRICE	LONDON BOROUGH	Oct-12	Sep-13	Oct-13	Month % Change	Annual % Change
1	1	KENSINGTON AND CHELSEA	1,484,155	1,579,640	1,548,115	-2.0%	4.3%
2	2	CITY OF WESTMINSTER	1,190,284	1,157,422	1,175,052	1.5%	-1.3%
3	3	CAMDEN	754,578	828,446	821,023	-0.9%	8.8%
4	4	HAMMERSMITH AND FULHAM	658,438	760,828	780,825	2.6%	18.6%
6	5	CITY OF LONDON	528,681	749,382	740,014	-1.3%	40.0%
5	6	RICHMOND UPON THAMES	587,389	646,996	646,747	0.0%	10.1%
8	7	WANDSWORTH	519,996	602,621	617,219	2.4%	18.7%
7	8	ISLINGTON	523,666	584,597	591,893	1.2%	13.0%
13	9	HARINGEY	412,703	494,278	501,900	1.5%	21.6%
9	10	BARNET	438,452	477,003	488,477	2.4%	11.4%
11	11	HACKNEY	419,482	476,938	481,446	0.9%	14.8%
12	12	MERTON	416,531	476,256	478,245	0.4%	14.8%
14	13	SOUTHWARK	410,203	462,957	467,821	1.1%	14.0%
15	14	LAMBETH	403,903	443,075	465,985	5.2%	15.4%
16	15	BRENT	396,884	456,931	452,307	-1.0%	14.0%
10	16	EALING	429,009	437,978	441,864	0.9%	3.0%
20	17	HOUNSLOW	348,550	411,065	428,704	4.3%	23.0%
17	18	KINGSTON UPON THAMES	382,613	400,355	402,286	0.5%	5.1%
18	19	TOWER HAMLETS	373,661	383,323	398,397	3.9%	6.6%
19	20	HARROW	349,235	368,212	372,756	1.2%	6.7%
21	21	BROMLEY	330,344	348,994	355,145	1.8%	7.5%
26	22	GREENWICH	283,200	314,711	316,695	0.6%	11.8%
22	23	REDBRIDGE	301,603	314,408	316,405	0.6%	4.9%
25	24	LEWISHAM	290,262	307,187	309,695	0.8%	6.7%
23	25	ENFIELD	295,535	307,849	305,294	-0.8%	3.3%
24	26	HILLINGDON	294,272	293,766	297,269	1.2%	1.0%
27	27	SUTTON	259,247	280,347	284,695	1.6%	9.8%
30	28	WALTHAM FOREST	241,887	280,108	282,379	0.8%	16.7%
29	29	CROYDON	245,084	262,638	262,240	-0.2%	7.0%
28	30	HAVERING	246,765	259,505	258,975	-0.2%	4.9%
32	31	NEWHAM	219,457	238,268	239,368	0.5%	9.1%
31	32	BEXLEY	219,514	229,357	231,031	0.7%	5.2%
33	33	BARKING AND DAGENHAM	179,815	185,560	182,980	-1.4%	1.8%
		ALL LONDON	427,055	461,762	466,359	1.0%	9.2%

Table 3 above shows the average house price by London borough for October 2012, September 2013 and October 2013. It also records the percentage change in these prices over the last month and year. On an annual basis, house prices have increased in 32 of the 33 London boroughs, with only the City of Westminster showing a negative movement over the year. This month, some 18 London boroughs, highlighted in grey above, are seeing peak prices (three more than last month), as is Greater London as a whole. A new feature this month is that five of the top six London boroughs by price are not included in the listing of boroughs setting new record levels for their property values. This supports the view expressed by various estate agents in the Central London area that the market there is beginning to run out of steam.

On a monthly basis, house prices have risen in 24 boroughs and fallen in 9, with an overall average increase of 1.0%, a little up on last month. The borough with the highest increase in prices in the month was Lambeth, up by 5.2%, followed by Hounslow at 4.3% while the largest fall was recorded in Kensington & Chelsea, down 2.0%, providing further evidence that the froth is disappearing from the top end of the London market.

Across Greater London, transactions for the three month period August 2013 – October 2013 have increased by 27% over the same three months in 2012. The largest increases were in the sale of detached properties and flats, both up by 30%, followed by semi-detached and terraced properties up 29% and 20% respectively. The highest increase in sales in a borough was in Havering, up 66%, followed by Greenwich, up 56%; in both locations the number of flats sold more than doubled over the year. The lowest change in a borough over the period was in Hackney where transactions, particularly those relating to flats, decreased by 9%. Hackney was the only borough in London in which fewer flats were sold in the three month period August 2013 – October 2013, compared to the same three months twelve months earlier.

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 October 2012 with September and October 2013 link to source Excel

PRIOR YR RANK	RANK BY PRICE	COUNTY / UNITARY AUTHORITY / REGION	Oct-12	Sep-13	Oct-13	Monthly change	Annual Change
17	16	CAMBRIDGESHIRE	247,823	258,353	257,947	-0.2%	4.1%
72	75	CITY OF PETERBOROUGH	151,653	154,863	152,412	-1.6%	0.5%
49	47	NORFOLK	183,213	187,173	188,798	0.9%	3.0%
41	43	SUFFOLK	202,428	202,795	202,633	-0.1%	0.1%
		EAST ANGLIA	**202,983**	**207,475**	**207,701**	**0.1%**	**2.3%**
85	87	CITY OF DERBY	139,401	139,337	142,257	2.1%	2.0%
99	97	CITY OF NOTTINGHAM	116,468	113,124	117,197	3.6%	0.6%
63	64	DERBYSHIRE	160,835	161,019	160,999	0.0%	0.1%
83	83	LEICESTER	140,999	142,238	144,261	1.4%	2.3%
45	46	LEICESTERSHIRE	185,699	187,878	189,075	0.6%	1.8%
73	67	LINCOLNSHIRE	151,548	157,402	159,172	1.1%	5.0%
51	50	NORTHAMPTONSHIRE	177,809	183,882	185,693	1.0%	4.4%
69	68	NOTTINGHAMSHIRE	154,519	157,495	158,258	0.5%	2.4%
14	9	RUTLAND	261,483	296,279	300,664	1.5%	15.0%
		EAST MIDLANDS	**161,018**	**164,190**	**165,649**	**0.9%**	**2.9%**
		GREATER LONDON	**427,055**	**461,762**	**466,359**	**1.0%**	**9.2%**
58	59	CUMBRIA	167,986	170,400	170,677	0.2%	1.6%
93	89	DARLINGTON	124,591	135,951	141,118	3.8%	13.3%
95	96	DURHAM	122,950	117,837	118,009	0.1%	-4.0%
98	99	HARTLEPOOL	117,449	116,566	113,451	-2.7%	-3.4%
97	103	MIDDLESBROUGH	119,639	104,825	104,208	-0.6%	-12.9%
62	53	NORTHUMBERLAND	164,647	177,142	177,168	0.0%	7.6%
96	95	REDCAR AND CLEVELAND	121,755	122,430	124,386	1.6%	2.2%
75	79	STOCKTON-ON-TEES	150,679	146,245	148,526	1.6%	-1.4%
87	88	TYNE AND WEAR	138,399	140,176	141,397	0.9%	2.2%
		NORTH	**141,796**	**142,870**	**143,686**	**0.6%**	**1.3%**
100	100	BLACKBURN WITH DARWEN	116,268	114,826	112,363	-2.1%	-3.4%
104	104	BLACKPOOL	102,344	104,829	100,692	-3.9%	-1.6%
39	33	CHESHIRE	204,833	212,072	213,840	0.8%	4.4%
79	76	GREATER MANCHESTER	148,955	150,582	151,918	0.9%	2.0%
90	90	HALTON	129,426	136,452	135,133	-1.0%	4.4%
81	80	LANCASHIRE	147,568	148,577	148,217	-0.2%	0.4%
86	84	MERSEYSIDE	138,693	142,995	144,169	0.8%	3.9%
50	49	WARRINGTON	178,248	189,459	186,536	-1.5%	4.6%
		NORTH WEST	**151,723**	**154,702**	**155,276**	**0.4%**	**2.3%**
28	28	BEDFORDSHIRE	215,588	220,188	222,122	0.9%	3.0%
13	12	BRACKNELL FOREST	265,419	283,410	287,296	1.4%	8.2%
9	11	BRIGHTON AND HOVE	277,166	284,645	288,953	1.5%	4.3%
3	3	BUCKINGHAMSHIRE	349,631	361,788	362,066	0.1%	3.6%
20	23	EAST SUSSEX	235,248	234,514	233,913	-0.3%	-0.6%
16	17	ESSEX	247,928	253,609	254,146	0.2%	2.5%
12	14	HAMPSHIRE	266,999	272,312	272,615	0.1%	2.1%
5	6	HERTFORDSHIRE	321,163	334,055	335,579	0.5%	4.5%
44	44	ISLE OF WIGHT	192,017	200,825	201,796	0.5%	5.1%
19	18	KENT	235,865	247,855	248,741	0.4%	5.5%
66	69	LUTON	156,449	159,012	158,166	-0.5%	1.1%
57	55	MEDWAY	168,422	173,765	173,983	0.1%	3.3%
34	31	MILTON KEYNES	211,615	213,806	217,125	1.6%	2.6%
6	5	OXFORDSHIRE	317,820	336,515	339,549	0.9%	6.8%

Counties and unitary authorities

60	62	**PORTSMOUTH**	165,483	168,409	166,899	-0.9%	0.9%
22	21	**READING**	230,695	237,973	236,729	-0.5%	2.6%
37	34	**SLOUGH**	206,391	212,965	213,582	0.3%	3.5%
53	60	**SOUTHAMPTON**	173,560	170,186	170,674	0.3%	-1.7%
43	38	**SOUTHEND-ON-SEA**	193,985	210,060	209,484	-0.3%	8.0%
2	2	**SURREY**	403,896	408,545	411,277	0.7%	1.8%
48	48	**THURROCK**	183,460	186,403	188,039	0.9%	2.5%
7	8	**WEST BERKSHIRE**	300,209	307,863	306,571	-0.4%	2.1%
11	13	**WEST SUSSEX**	267,713	280,454	280,612	0.1%	4.8%
1	1	**WINDSOR AND MAIDENHEAD**	428,164	439,632	432,838	-1.5%	1.1%
4	4	**WOKINGHAM**	325,510	346,277	344,930	-0.4%	6.0%
		SOUTH EAST	**270,360**	**278,574**	**279,478**	**0.3%**	**3.4%**
8	7	**BATH AND NORTH EAST SOMERSET**	297,764	330,664	323,592	-2.1%	8.7%
27	25	**BOURNEMOUTH**	216,351	226,563	225,982	-0.3%	4.5%
32	27	**CITY OF BRISTOL**	212,236	225,226	222,368	-1.3%	4.8%
71	66	**CITY OF PLYMOUTH**	152,076	157,794	159,314	1.0%	4.8%
24	26	**CORNWALL**	220,240	226,113	225,255	-0.4%	2.3%
21	20	**DEVON**	233,110	237,283	238,323	0.4%	2.2%
15	15	**DORSET**	257,362	266,213	265,704	-0.2%	3.2%
23	22	**GLOUCESTERSHIRE**	223,538	232,552	234,830	1.0%	5.1%
29	30	**NORTH SOMERSET**	214,828	213,342	218,109	2.2%	1.5%
10	10	**POOLE**	276,827	292,641	300,379	2.6%	8.5%
36	40	**SOMERSET**	207,605	209,249	208,298	-0.5%	0.3%
35	32	**SOUTH GLOUCESTERSHIRE**	209,887	212,358	216,909	2.1%	3.3%
61	57	**SWINDON**	165,145	172,384	172,470	0.0%	4.4%
46	52	**TORBAY**	184,875	179,840	180,222	0.2%	-2.5%
18	19	**WILTSHIRE**	241,915	243,881	244,752	0.4%	1.2%
		SOUTH WEST	**222,001**	**228,422**	**229,002**	**0.3%**	**3.2%**
108	108	**BLAENAU GWENT**	77,393	83,084	79,695	-4.1%	3.0%
89	85	**BRIDGEND**	134,522	142,023	143,631	1.1%	6.8%
94	94	**CAERPHILLY**	123,344	124,108	124,662	0.4%	1.1%
47	45	**CARDIFF**	184,132	193,752	197,730	2.1%	7.4%
88	91	**CARMARTHENSHIRE**	137,243	131,955	134,907	2.2%	-1.7%
54	51	**CEREDIGION**	172,831	180,828	182,881	1.1%	5.8%
68	63	**CONWY**	155,545	162,398	162,725	0.2%	4.6%
84	82	**DENBIGHSHIRE**	140,230	144,124	144,378	0.2%	3.0%
64	81	**FLINTSHIRE**	160,601	146,275	147,654	0.9%	-8.1%
70	72	**GWYNEDD**	152,857	152,774	156,316	2.3%	2.3%
59	65	**ISLE OF ANGLESEY**	166,243	161,617	159,622	-1.2%	-4.0%
106	105	**MERTHYR TYDFIL**	95,909	100,975	99,703	-1.3%	4.0%
25	35	**MONMOUTHSHIRE**	219,064	214,626	213,543	-0.5%	-2.5%
103	102	**NEATH PORT TALBOT**	103,487	105,857	105,199	-0.6%	1.7%
67	70	**NEWPORT**	156,125	154,011	157,708	2.4%	1.0%
56	58	**PEMBROKESHIRE**	170,208	172,908	170,751	-1.2%	0.3%
52	56	**POWYS**	176,535	175,150	173,966	-0.7%	-1.5%
102	101	**RHONDDA CYNON TAFF**	107,883	106,347	106,911	0.5%	-0.9%
77	77	**SWANSEA**	149,811	148,393	151,746	2.3%	1.3%
30	41	**THE VALE OF GLAMORGAN**	214,349	208,224	207,032	-0.6%	-3.4%
91	93	**TORFAEN**	126,797	127,048	124,982	-1.6%	-1.4%
80	74	**WREXHAM**	148,186	153,943	153,962	0.0%	3.9%
		WALES	**152,616**	**153,571**	**154,696**	**0.7%**	**1.4%**
26	29	**HEREFORDSHIRE**	217,032	216,840	220,549	1.7%	1.6%
42	42	**SHROPSHIRE**	199,991	204,113	204,001	-0.1%	2.0%

55	54	**STAFFORDSHIRE**	171,521	173,795	175,394	0.9%	2.3%
107	107	**STOKE-ON-TRENT**	94,749	96,835	96,488	-0.4%	1.8%
33	24	**WARWICKSHIRE**	211,924	227,535	226,796	-0.3%	7.0%
74	71	**WEST MIDLANDS**	150,861	155,559	157,421	1.2%	4.3%
38	39	**WORCESTERSHIRE**	205,467	206,031	208,630	1.3%	1.5%
78	78	**WREKIN**	149,409	151,053	151,656	0.4%	1.5%
		WEST MIDLANDS	**170,105**	**174,786**	**176,195**	**0.8%**	**3.6%**
105	106	**CITY OF KINGSTON UPON HULL**	101,029	98,363	99,614	1.3%	-1.4%
65	61	**EAST RIDING OF YORKSHIRE**	160,575	167,389	168,163	0.5%	4.7%
101	98	**NORTH EAST LINCOLNSHIRE**	110,462	112,350	114,273	1.7%	3.4%
92	92	**NORTH LINCOLNSHIRE**	125,810	132,767	134,423	1.2%	6.8%
31	36	**NORTH YORKSHIRE**	212,937	212,332	212,852	0.2%	0.0%
82	86	**SOUTH YORKSHIRE**	141,765	140,485	142,321	1.3%	0.4%
76	73	**WEST YORKSHIRE**	149,960	153,511	154,141	0.4%	2.8%
40	37	**YORK**	203,705	210,143	210,654	0.2%	3.4%
		YORKS & HUMBER	**154,268**	**156,358**	**157,361**	**0.6%**	**2.0%**
		ALL ENGLAND & WALES	**227,384**	**236,053**	**237,445**	**0.6%**	**4.4%**

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 October 2012, September 2013 and October 2013. It also records the percentage change in these prices over the last month and year.

We can highlight several trends. Firstly, on an annual basis, prices have increased in 89 unitary authority areas (last month 84) and fallen in 19 (last month 24). Thus prices are now rising in over 80% of the unitary authorities across the country, the highest percentage since September 2010, when the market was on the rebound from the trough of 2009. The area with the highest increase in average house prices among the unitary authorities on an annual basis is Rutland, up 15.0%, but low sales volumes in the area result in volatile percentage changes, masking any underlying trends. Rutland is followed somewhat surprisingly by Darlington, up 13.3%, where the prices of semi-detached and terraced properties have been moving steadily upwards. The area with the largest fall in average prices over the year is Darlington's near-neighbour Middlesbrough, where prices have fallen by 12.9%, the result of a reduction in the prices of detached and terraced properties.

Secondly, looking at the change in prices over the last month from September 2013 to October 2013, there have been falls in 37 of the 108 unitary authority areas, which is one less than last month, indicating a reasonably steady state in the recovery - or otherwise - of house prices across the country.

The unitary authority area with the highest change in monthly average prices is also Darlington, where prices rose by 3.8%, with detached properties and flats seeing the highest increase. Darlington is closely followed by the City of Nottingham where prices rose by 3.6%, a result of semi-detached prices edging upwards. The unitary authority area with the largest decline in house prices over the month was Blaenau Gwent, down 4.1%, but again low transaction numbers in the area cause volatility in average prices. Blaenau Gwent is followed by Blackpool, down 3.9%, where prices of detached properties have taken a noticeable fall.

Finally, this month there are three unitary authorities in which a new peak price has been set (last month there were four and the previous month there were six); in the South East region we have Oxfordshire and Hertfordshire, and outside of the Home Counties we have Cardiff.

Conclusion

As we commented last time the recovery is not universal, and market performance varies quite widely. However the direction of travel seems clear. Even though some measures might suggest that the market is still below the level of 2007, that was an unsustainable peak. Our December commentary will show how far the market has come in 2013, and our expectations are that the momentum that has built up will continue into 2014 - subject to further interventions by the Government and the Bank. The market is now firmly on their radar, and the evidence suggests that we can expect action alongside the words if the situation is deemed to demand it.

Regional data table

Table 5. Average house prices by region, November 2012 – November 2013, 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
Nov-12	£141,840	0.0	2.3	£149,797	-1.3	-0.9	£161,509	0.3	0.7	£170,068	0.0	0.6
Dec-12	£140,626	-0.9	2.0	£150,075	0.2	0.0	£160,959	-0.3	0.6	£170,784	0.4	0.2
Jan-13	£139,860	-0.5	0.7	£150,772	0.5	0.2	£161,351	0.2	0.5	£171,724	0.6	0.6
Feb-13	£141,403	1.1	-0.2	£152,841	1.4	0.5	£163,213	1.2	1.0	£173,192	0.9	1.2
Mar-13	£142,138	0.5	-1.3	£152,517	-0.2	0.2	£162,413	-0.5	0.4	£172,379	-0.5	1.2
Apr-13	£142,041	-0.1	-0.9	£152,294	-0.1	0.9	£162,333	0.0	0.4	£171,797	-0.3	1.6
May-13	£140,377	-1.2	-1.1	£151,642	-0.4	0.9	£161,390	-0.6	0.2	£170,743	-0.6	0.7
Jun-13	£141,671	0.9	0.3	£152,898	0.8	1.2	£162,700	0.8	0.8	£172,626	1.1	1.6
Jul-13	£142,219	0.4	1.0	£153,572	0.4	1.9	£162,761	0.0	1.3	£173,332	0.4	2.0
Aug-13	£143,053	0.6	1.7	£154,033	0.3	1.5	£162,967	0.1	2.0	£174,627	0.7	3.0
Sep-13	£142,870	-0.1	1.7	£154,702	0.4	2.5	£164,190	0.8	2.4	£174,786	0.1	3.1
Oct-13	£143,686	0.6	1.3	£155,276	0.4	2.3	£165,649	0.9	2.9	£176,195	0.8	3.6

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Nov-12	£152,550	0.0	-1.3	£154,315	0.0	1.0	£220,743	-0.6	-0.1	£200,696	-1.1	2.1
Dec-12	£152,343	-0.1	-0.8	£153,739	-0.4	-0.1	£223,094	1.1	0.7	£203,391	1.3	4.1
Jan-13	£151,559	-0.5	-0.3	£154,030	0.2	-0.1	£223,093	0.0	0.6	£202,638	-0.4	3.7
Feb-13	£153,409	1.2	0.7	£153,742	-0.2	-0.7	£224,296	0.5	1.3	£206,766	2.0	5.9
Mar-13	£152,785	-0.4	-0.5	£154,099	0.2	0.3	£223,579	-0.3	0.7	£205,952	-0.4	4.3
Apr-13	£152,594	-0.1	-0.8	£154,899	0.5	0.1	£224,123	0.2	0.5	£207,252	0.6	4.2
May-13	£151,614	-0.6	-1.1	£155,195	0.2	0.3	£224,121	0.0	-0.6	£205,475	-0.9	2.5
Jun-13	£150,944	-0.4	-1.1	£155,517	0.2	-0.1	£223,769	-0.2	-0.4	£206,103	0.3	3.4
Jul-13	£151,326	0.3	-0.4	£154,942	-0.4	0.5	£224,987	0.5	0.6	£207,051	0.5	4.4
Aug-13	£151,887	0.4	0.4	£155,893	0.6	1.1	£226,861	0.8	1.6	£207,634	0.3	3.6
Sep-13	£153,571	1.1	1.0	£156,358	0.3	1.3	£228,422	0.7	3.2	£207,475	-0.1	3.0
Oct-13	£154,696	0.7	1.4	£157,361	0.6	2.0	£229,002	0.3	3.2	£207,701	0.1	2.3

	South East			Greater London				ENGLAND & WALES		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual		Av HP	%monthly	%annual
Nov-12	£270,462	0.0	3.6	£431,859	1.1	10.6		£227,620	0.1	3.7
Dec-12	£271,940	0.5	4.3	£431,459	-0.1	9.8		£228,204	0.3	3.8
Jan-13	£272,212	0.1	3.7	£436,993	1.3	10.8		£229,101	0.4	3.9
Feb-13	£274,492	0.8	4.0	£439,960	0.7	11.4		£231,011	0.8	4.3
Mar-13	£276,096	0.6	2.8	£447,191	1.6	11.8		£232,083	0.5	3.9
Apr-13	£277,244	0.4	2.9	£448,389	0.3	10.1		£232,599	0.2	3.6
May-13	£277,824	0.2	1.9	£449,691	0.3	7.3		£232,466	-0.1	2.4
Jun-13	£276,831	-0.4	1.8	£449,073	-0.1	6.6		£232,633	0.1	2.4
Jul-13	£277,820	0.4	1.9	£452,153	0.7	6.8		£233,580	0.4	2.8
Aug-13	£278,003	0.1	2.5	£457,620	1.2	8.8		£234,909	0.6	3.7
Sep-13	£278,574	0.2	2.8	£461,762	0.9	8.3		£236,053	0.5	4.0
Oct-13	£279,478	0.3	3.4	£466,359	1.0	9.2		£237,445	0.6	4.4
Nov-13								£238,839	0.6	4.9

Footnotes on data and methodology

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.

information@acadata.co.uk