

LSL Property Services/Acadata England & Wales House Price Index

DECEMBER 2013

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 10TH JANUARY 2014



House prices up by £11,920 in 2013 – the highest December yearly rise since 2007

- Average prices rise £1,489 in December to £240,134, a new record for England & Wales
- West Midlands shows second highest regional price growth after London

House Price	Index	Monthly Change %	Annual Change %
£240,134	244.5	0.6	5.2

David Newnes, director of LSL Property Services plc, owner of Your Move and Reeds Rains estate agents, comments: “As we step into 2014, the recovery of the property market shows no sign of slowing down, with buyer demand growing swiftly and competition rising. Average prices reached a new record high in December after a yearly increase of £11,920, the highest since 2007, along with a monthly increase of £1,489. Without doubt, the market is moving full steam ahead towards widespread recovery. However, we’re certainly not in the bubble zone here, with price growth and sales both still some way off their pre-crisis peaks.

“Momentum is sweeping across the board with new record-high house prices in areas beyond the capital, ranging from the West Midlands to East Anglia. Attention is moving away from the north-south divide and other regions are stepping out of the shadow of London’s more buoyant property market. Now the universal recovery is really taking hold. For the fourth successive month, all ten regions in England & Wales witnessed positive price rises over the past twelve months.

“The coming year looks bright for the UK market, thanks to the government’s schemes and record low interest rates. Cheaper mortgages, along with an easing of availability of high LTV mortgages and wider product choices to consumers, have made life drastically easier for new buyers looking to get a foot on the property ladder. The rise in prices is matched by an impressive boost in sales with a 34% increase in sales since December 2012, which is keeping confidence levels up. There are scores of first-time buyers moving towards the market at lightning pace to explore the raft of attractive mortgage deals on offer.

“Record low mortgage rates - combined with the boost in activity from first-time buyers at the bottom end of the market - have unlocked chains further up. The rise in activity among second steppers in recent months, along with 16% of home movers taking out mortgages compared to a year ago, suggests sales growth will continue at a healthy pace.

“On closer inspection by region, East Anglia and the North West saw the greatest rise in sales over the past year, over 26%, but London ranked as the third lowest, despite being the area with the largest rise in prices. This shows the underlying issue that many first-time buyers are unable to afford to live in the capital, as properties are moving into a league of their own. This is not helped by growing demand from both domestic and overseas buyers left unmatched due to the gross dearth of housing supply in London.

“The ending of the Funding for Lending scheme, and the arrival of the new mortgage market rules in April, might have a slowing effect further into 2014. However the Help to Buy scheme will become even more pivotal in the coming months and the Government’s ability to stimulate housing development will be crucial in addressing the chronic shortage of housing supply.”

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 December 2012 – December 2013

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
December	2012	£228,216	232.3	0.3	3.8
January	2013	£229,113	233.3	0.4	3.9
February	2013	£231,013	235.2	0.8	4.3
March	2013	£232,084	236.3	0.5	3.9
April	2013	£232,686	236.9	0.3	3.6
May	2013	£232,615	236.8	0.0	2.5
June	2013	£232,799	237.0	0.1	2.5
July	2013	£233,673	237.9	0.4	2.9
August	2013	£235,123	239.4	0.6	3.8
September	2013	£236,317	240.6	0.5	4.1
October	2013	£237,560	241.9	0.5	4.5
November	2013	£238,645	243.0	0.5	4.8
December	2013	£240,134	244.5	0.6	5.2

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

House prices

With the Prime Minister offering his own views on the state of the housing market in recent days, it is clear this is an area which is becoming increasingly higher profile, both politically and economically. He argued that although prices were rising, they were still below the peak of 2007. Of course, that depends on the measure used (he was citing the mortgage based indices and the OBR forecast). Indeed, 2007 was no normal year, so at best his comments offer only modest reassurance. By contrast, the LSL Acadata index shows the average price of a home in England & Wales has set another new record at £240,134. The average price has thus increased by £1,489, or 0.6%, during December. Prices rose throughout 2013 (leaving aside May 2013 where a minor £70 fall was recorded). 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 for the second month running, the West Midlands takes second place in the regional house price growth league, behind Greater London.

In 2013, house prices have risen by a nominal £11,920, or 5.2%. This percentage increase is 2.6% above November's 12 month RPI of 2.6%, and all the evidence from the Office for Budget Responsibility (OBR) and elsewhere suggests that house prices will accelerate ahead of inflation in 2014. Is the Prime Minister being unduly optimistic about the state of the market? The withdrawal of the Funding for Lending Scheme (FLS) and the arrival in April of the new mortgage market rules may have a dampening effect on the market in 2014 - albeit Help to Buy probably counteracts some of this. The OBR forecast of a 5% rise in 2014 is at the bottom of the spread of forecasts which range from 5% to 10%, though clearly there will be significant variations across England & Wales.

Figure 1 gives a quick sense of how prices evolved during 2013. It shows the average house price per month in England & Wales during 2013. The black line shows the trend over the period, with the red line indicating the actual movement in prices on a monthly basis. To be noted is the apparent stability in the rate of price change over the period, despite the volatility that has been experienced in the various financial markets during the year. Over the last twelve months, the monthly change in prices has remained within a relatively tight band of between 0.0% and 0.8%, albeit with some acceleration towards the end of the period.

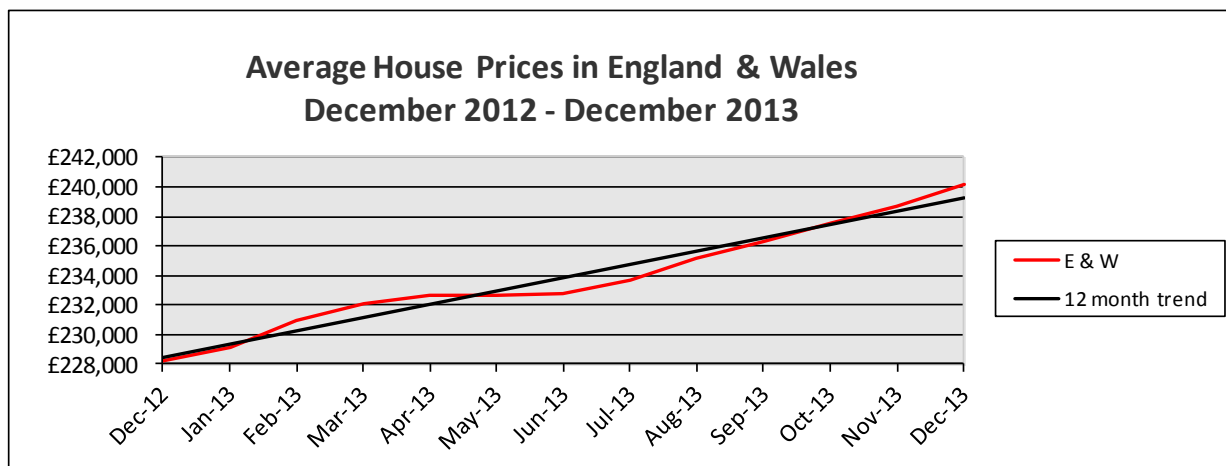


Figure 1. The average house price in England & Wales, December 2012 – December 2013.

[link to source Excel](#)

Housing Transactions

The rise in prices over the year is also matched by a rise in transaction numbers. We estimate, on the basis of Land Registry rather than HMRC figures, that the number of transactions in December 2013 in England & Wales will total some 77,000. Although this figure represents a 2% decrease on November 2013 sales - when seasonally one expects to see parity between the two months - we should recall that November 2013 was an exceptionally busy month for sales. Perhaps a better indication for December 2013 sales is to compare the figure with 12 months previously, which shows an increase of 34% in transactions over December 2012. We estimate that in 2013 as a whole, transactions in England & Wales will total 785,000, which is the highest annual figure since 2007, and is a 17% increase on 2012.



As Figure 2 shows, the year started with transactions over the first four months being broadly in line with the monthly totals for the previous three years. However, transactions in May 2013 began to climb and have subsequently maintained a higher level in each month than the equivalent period since 2007. From May 2013 onwards, monthly sales have been 27% higher than the same month averaged over the previous five years.

One of the main reasons for the rise in transactions in 2013 is the increased activity by first time buyers. The mortgage lenders, encouraged by the Bank of England (BoE)'s FLS, have offered more competitive products to this sector of the market, along with an easing of availability of higher loan to value mortgages. The results have been dramatic. For example, the CML reported that in October 2013 the number of loans to first time buyers had increased by 33% compared to October 2012, with similar growth patterns being experienced during the previous three months.

The increased activity among first time buyers had the anticipated effect further up the property ladder. The freeing-up of housing chains, alongside mortgage rates at record lows, has seen an increase in activity by home movers. Again, the CML October 2013 figures report that the number of home movers taking out mortgages increased by 16% compared to the previous year. The combination of the increase in first time buyers and home movers has resulted in a 27% expansion in property sales during the last eight months of 2013.

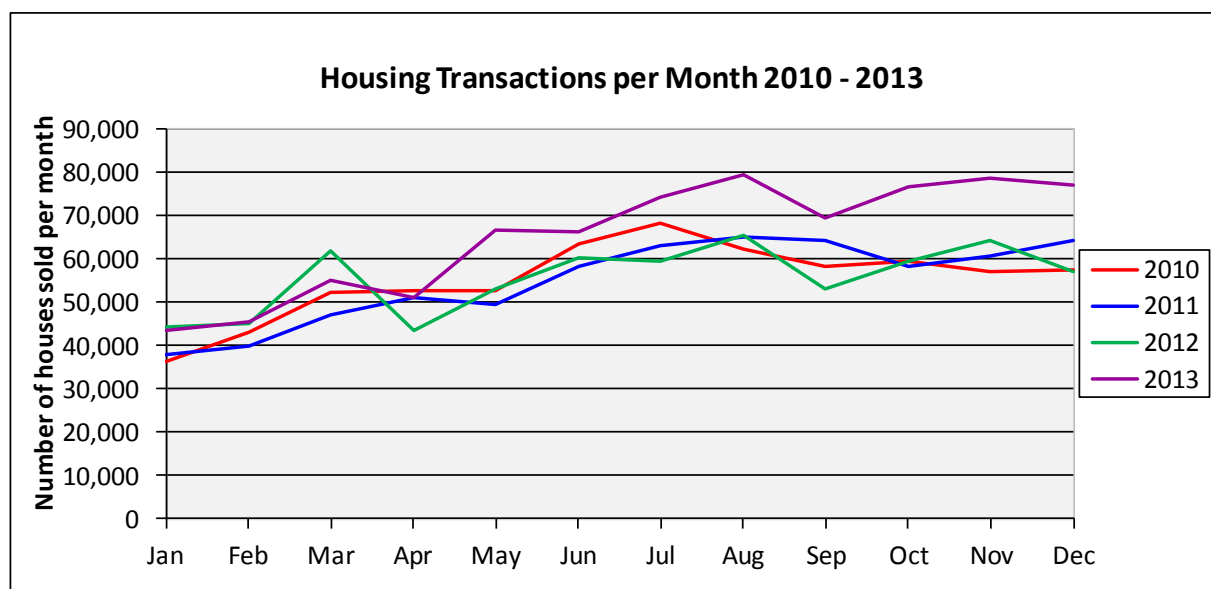


Figure 2. Number of properties sold per month in England & Wales, Jan 2010 – December 2013. Source Land Registry [link to source Excel](#)

Given the dominance of Greater London in terms of price increases over the last year, one might assume that Greater London has also seen the largest increases in property transactions over the same period. However, this inference would be wrong. Table 2 below shows a regional breakdown of the change in transactions between Q3 2012 and Q3 2013.



Table 2. Number of housing transactions during Q3 2012 and Q3 2013, analysed by region

[link to source Excel](#)

REGION	EAST ANGLIA	NORTH WEST	EAST MIDLANDS	YORKS & HUMBERSIDE	NORTH	WALES	SOUTH WEST	GREATER LONDON	SOUTH EAST	WEST MIDLANDS	ENGLAND & WALES
Q3 2012	8,678	16,582	14,130	14,404	8,051	7,881	20,354	25,469	45,973	14,633	176,155
Q3 2013	11,242	20,970	17,830	18,085	10,083	9,868	25,462	31,821	57,306	18,131	220,798
% change	29.5%	26.5%	26.2%	25.6%	25.2%	25.2%	25.1%	24.9%	24.7%	23.9%	25.3%

Source: Land Registry data

Comparing the period Q3 2012 with Q3 2013 there has been an overall 25.3% increase in transactions in England & Wales over the year. The highest increase in transactions has been experienced in East Anglia where the increase totalled 29.5%, followed by the North West up 26.5%. The smallest increase in transactions was experienced in the West Midlands where the total increased by 23.9%, with the South East having the next lowest percentage increase at 24.7%. Greater London is ranked the third lowest region in terms of the increase in housing sales, despite being the region with the highest rise in house prices. This gives a strong sense of how momentum has built up across England and Wales as a whole.

Table 3. Number of housing transactions in England & Wales during Q3 2012 and Q3 2013, analysed by property type

[link to source Excel](#)

	Detached	Semi	Terraced	Flats	All Types
Q3 2012	44,848	48,379	51,461	31,467	176,155
Q3 2013	55,565	60,593	64,005	40,635	220,798
% change	23.9%	25.2%	24.4%	29.1%	25.3%

Source: Land Registry data

In Table 3 we analyse the change in transactions in England & Wales over the period Q3 2012 to Q3 2013, by property type. Flats have seen the highest increase in sales over the period, up by 29% in volume terms; this is consistent with the observation that first time buyers have been the main driving force in the increase in sales over this last year. Detached properties have experienced the lowest increase in sales over the year at just under 24%, marginally behind terraced properties with a 24% increase in sales, and semi-detached properties up by 25% in volume terms. The sale of semi-detached properties has made a comeback from the start of 2013, when sales of this property type were typically 5% below those of detached properties.

Finally, we need to see transactions in an historic perspective. Our current estimate of 785,000 transactions in England & Wales in 2013 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 the market recovery this year should be viewed.

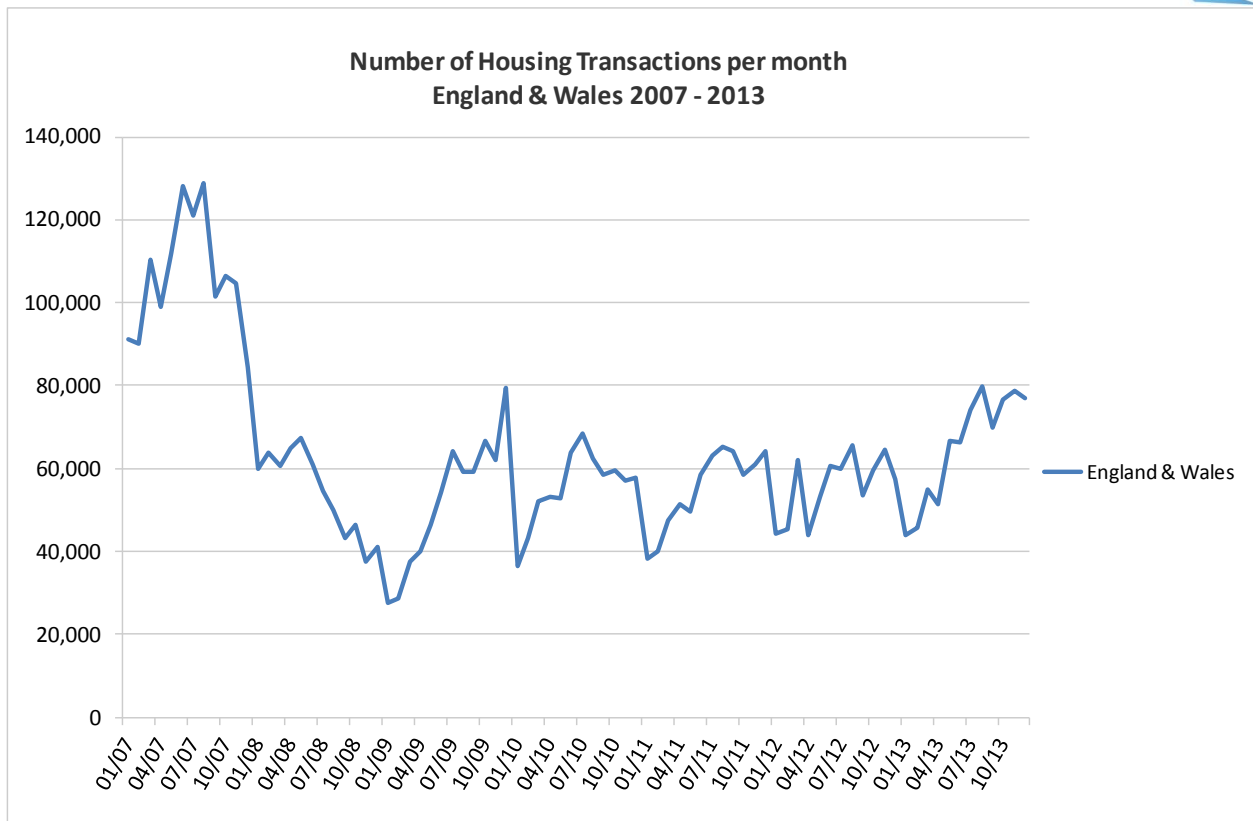


Figure 3. The number of housing transactions by month in England & Wales, 2007-2013 (not seasonally adjusted) [link to source Excel](#)

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.

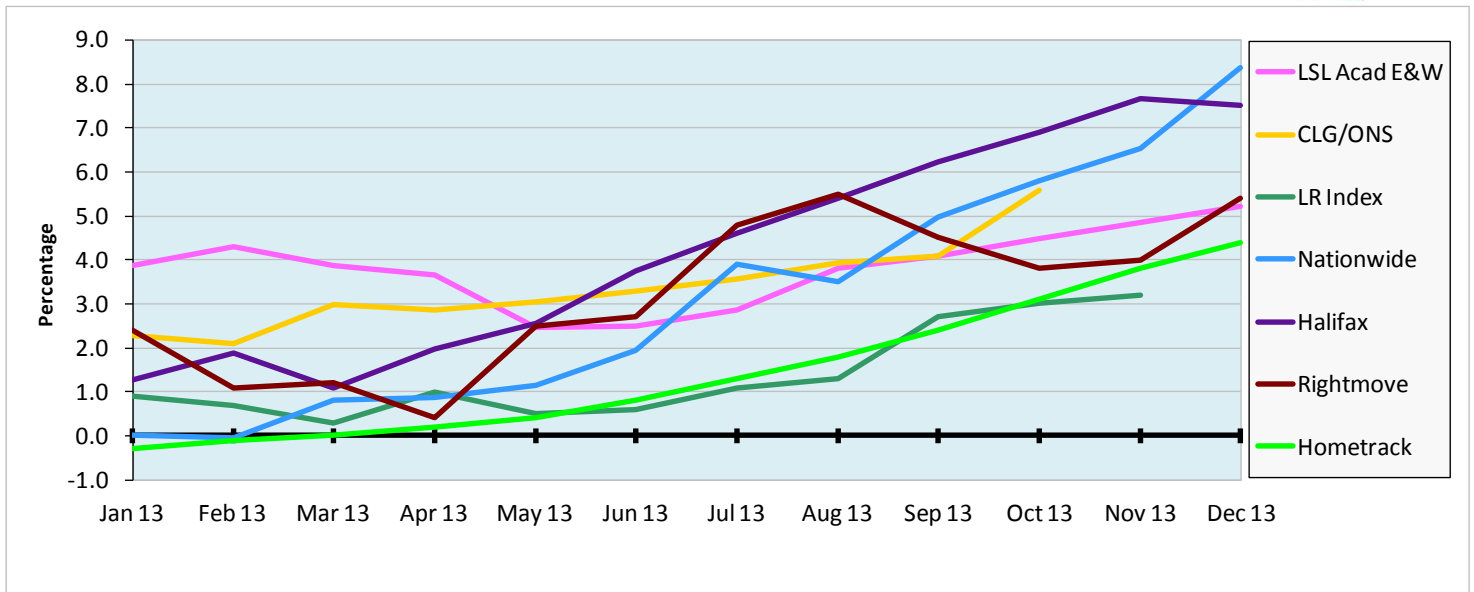


Figure 4. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[link to source Excel](#)

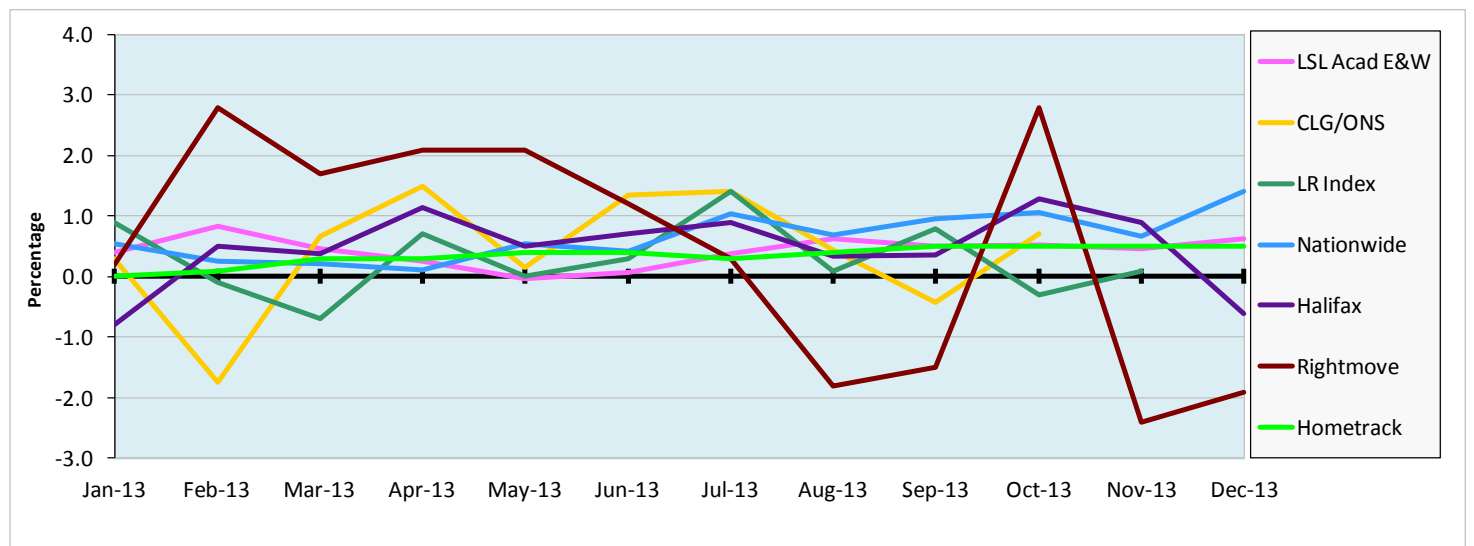


Figure 5. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

[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. It is evident from Figure 4 that the indices showing this month's highest annual growth in prices are all mortgage based (Halifax, Nationwide and ONS), whereas the indices incorporating cash purchases (LSL Acad, Land Registry and Rightmove) are reporting lower rates of house price inflation. In the current market, offers of a cash purchase can secure discounts in the sellers' asking prices in return for a prompt sale, consequently reducing the price growth incorporated into the cash inclusive indices when compared to the lenders' indices.

This raises an important question about the measures the BoE 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 1993 (Nationwide) i.e. some years ago. With the BoE probably taking a more interventionist stance in relation to the housing market, the question of how it assesses the state of the market becomes far more important than in the past, and the BoE has questions to answer on this front.



For the fourth successive month, 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. There continues to be the vestige of a North/South divide in terms of regional house price growth, although the West Midlands is breaking this trend being the region with the second highest price growth for the second month running. The star performer in the West Midlands is Warwickshire, which is ranked in 5th place in terms of house price growth of all the unitary authorities in England & Wales, showing annual price rises of 7.3%. This is followed by the unitary authority of the West Midlands (Birmingham & environs) with house price growth at 4.8%.

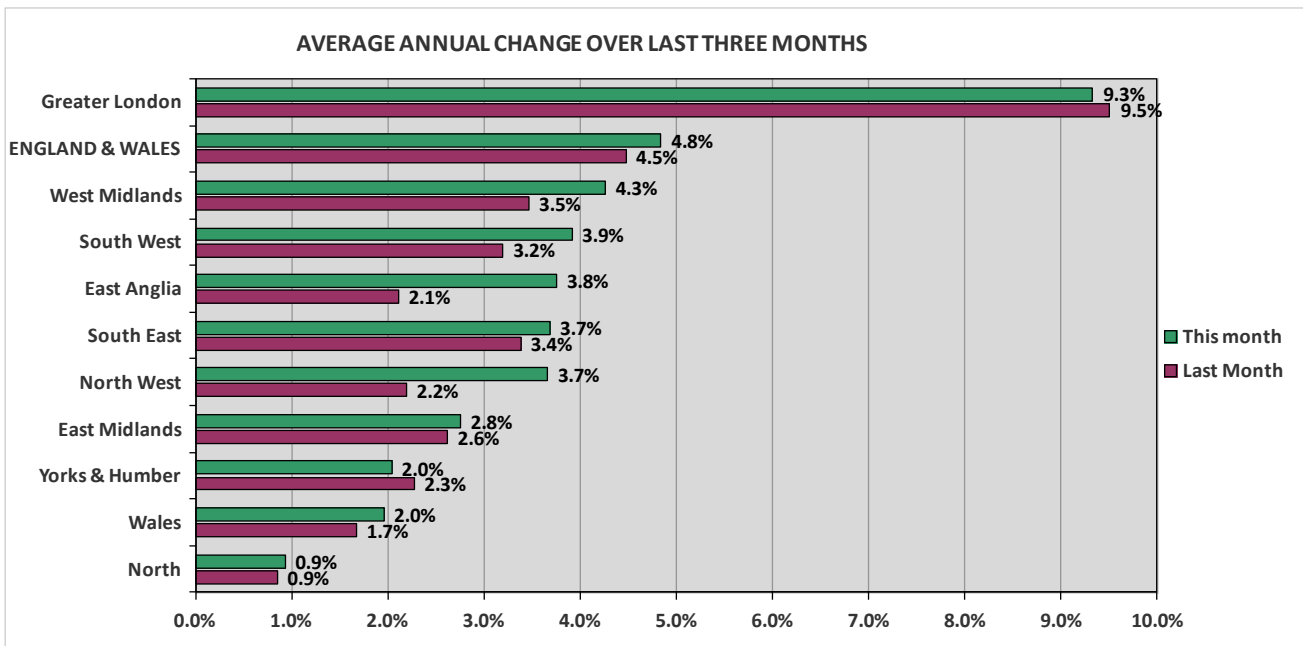


Figure 6. The annual change in the average house price, analysed by region

[link to source Excel](#)

This month seven regions are showing positive real growth in house prices, that is the increase in prices is greater than November's RPI figure of 2.6%. Record average house prices have again been achieved for Greater London and the South East region, with 22 London boroughs and 7 Unitary Authorities surpassing their previously recorded highs. Eight regions are showing an increase in the rate of price growth this month, with only Greater London, and Yorkshire & Humberside seeing their respective price growth diminish relative to last month.

Although the rise in prices in Greater London has been a dominant feature of the housing market in 2013, analysis of the statistics shows that the behaviour of the market in terms of annual house price growth has seen a similar pattern over the year irrespective of whether one includes or excludes London. The inclusion of Greater London causes the percentage increases in England & Wales to be 1.8% higher than they otherwise would have been, but the overall increase in prices since May 2013 follows a broadly matching trajectory, even when Greater London is excluded from the figures (see figure 7 below).

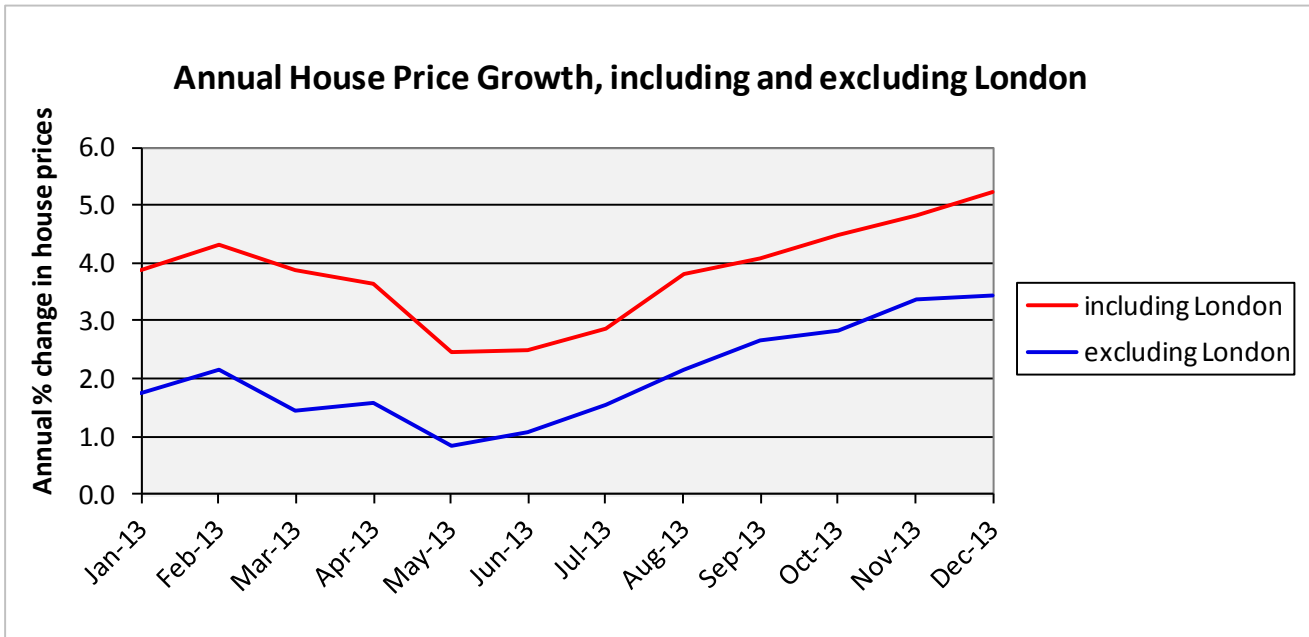


Figure 7. The Annual Rate of House Price Growth by month in 2013, including and excluding London

[link to source Excel](#)

ANNUAL CHANGE IN PRICE BY REGION

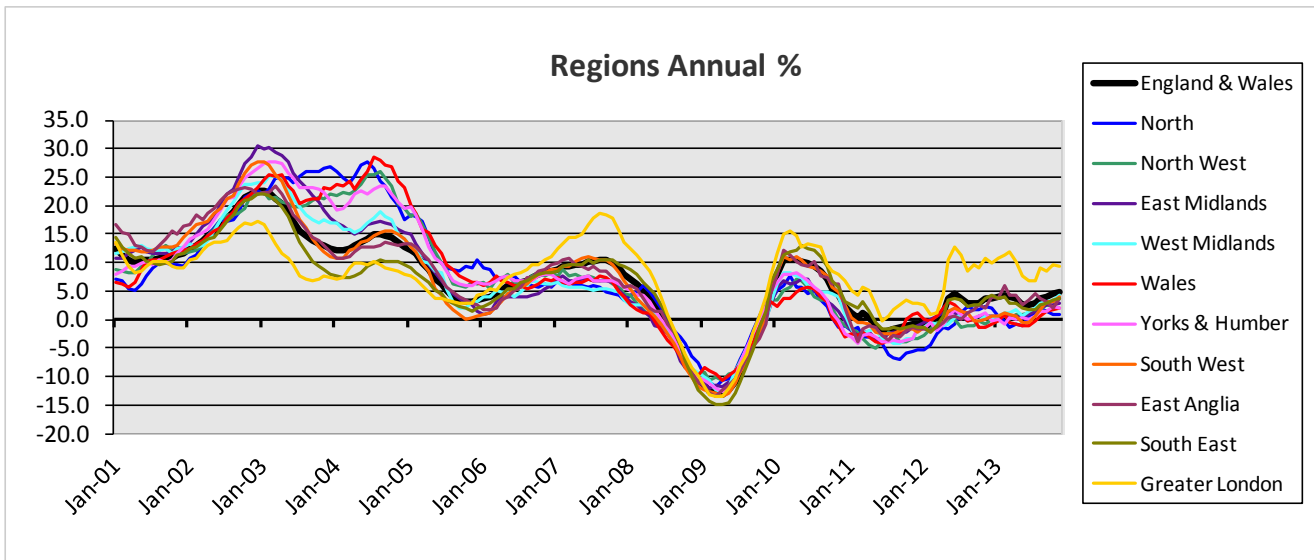


Figure 8. A comparison of the annual change in house prices, by region for the period January 2001 – November 2013

[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 6 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.



Table 4. The change in mix adjusted house prices, for the 33 London boroughs, comparing November 2012 with October and November 2013. [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LONDON BOROUGH	Nov-12	Oct-13	Nov-13	Month % Change	Annual % Change
1	1	KENSINGTON AND CHELSEA	1,411,295	1,543,732	1,565,869	1.4%	11.0%
2	2	CITY OF WESTMINSTER	1,211,183	1,195,918	1,172,594	-2.0%	-3.2%
3	3	CAMDEN	796,312	811,519	806,952	-0.6%	1.3%
4	4	HAMMERSMITH AND	694,192	781,297	790,151	1.1%	13.8%
8	5	CITY OF LONDON	494,357	712,665	663,101	-7.0%	34.1%
5	6	RICHMOND UPON THAMES	609,674	648,392	659,489	1.7%	8.2%
6	7	WANDSWORTH	537,371	618,757	624,686	1.0%	16.2%
7	8	ISLINGTON	528,741	594,936	603,197	1.4%	14.1%
12	9	HARINGEY	425,780	498,013	507,686	1.9%	19.2%
9	10	BARNET	463,244	493,065	505,261	2.5%	9.1%
15	11	LAMBETH	398,653	472,571	486,400	2.9%	22.0%
13	12	HACKNEY	424,135	484,757	481,515	-0.7%	13.5%
14	13	MERTON	418,237	469,054	468,386	-0.1%	12.0%
16	14	BRENT	396,349	449,323	464,046	3.3%	17.1%
11	15	SOUTHWARK	427,810	463,269	457,995	-1.1%	7.1%
10	16	EALING	434,202	442,107	442,764	0.1%	2.0%
19	17	HOUNSLOW	353,475	424,640	440,615	3.8%	24.7%
18	18	TOWER HAMLETS	377,546	407,203	416,858	2.4%	10.4%
17	19	KINGSTON UPON THAMES	386,073	409,776	413,362	0.9%	7.1%
20	20	HARROW	351,162	370,961	371,102	0.0%	5.7%
21	21	BROMLEY	326,241	357,085	361,974	1.4%	11.0%
23	22	GREENWICH	296,753	325,008	336,972	3.7%	13.6%
25	23	ENFIELD	291,592	306,816	319,307	4.1%	9.5%
24	24	LEWISHAM	292,701	312,005	314,821	0.9%	7.6%
26	25	REDBRIDGE	290,624	311,640	313,450	0.6%	7.9%
22	26	HILLINGDON	297,299	300,491	308,294	2.6%	3.7%
29	27	WALTHAM FOREST	243,617	283,734	289,360	2.0%	18.8%
27	28	SUTTON	263,313	284,250	285,972	0.6%	8.6%
28	29	CROYDON	245,758	264,248	266,043	0.7%	8.3%
30	30	HAVERING	242,260	254,858	252,130	-1.1%	4.1%
32	31	NEWHAM	220,287	239,000	236,559	-1.0%	7.4%
31	32	BEXLEY	224,326	234,232	235,725	0.6%	5.1%
33	33	BARKING AND DAGENHAM	184,385	183,736	186,004	1.2%	0.9%
		ALL LONDON	431,883	467,655	472,166	1.0%	9.3%

Table 4 above shows the average house price by London borough for November 2012, October 2013 and November 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 22 London boroughs - highlighted in grey above - are seeing peak prices (four more than last month and 15 more than a year ago), as is Greater London as a whole. The area with the highest change in prices over the year is the City of London, up 34.1%, but low transaction numbers for the borough tend to result in volatile percentage changes in price. The second highest rise in prices on the year was in Hounslow, up 24.7%. This increase is particularly interesting, as it shows that rising prices on such a scale are no longer limited to the Prime Central London areas, but have migrated towards the outer suburbs. The main property type in Hounslow with these price rises has been the semi-detached house, which is up in value by almost £100k over the year, to an average £540k.

On a monthly basis, house prices have risen in 25 boroughs and fallen in 8, with an overall average increase of 1.0%, the same as last month. The area with the highest increase in prices in the month was Enfield, again an outer borough suburb, up by 4.1%, followed by Hounslow at 3.8% and Greenwich at 3.7%. The largest fall in the month, aside from the City of London, was recorded in the City Of Westminster, down 2.0%, suggesting perhaps that the froth is disappearing from the top end of the London market.

Across Greater London, as we showed in Table 2, transactions for Q3 2013 have increased by 25% over the same period in 2012. The largest increases were in the sale of detached properties and flats, both up by 28%, followed by semi-detached and terraced properties up 25% and 19% respectively. The highest increase in sales in a borough was in Newham, up 66%, where terraces and flats are the most popular property types. The inclusion of Newham as having the highest increase in transactions is again indicative that activity has not been limited to the Prime Central London areas.

Counties and unitary authorities



Table 5. The annual percentage change in mix adjusted house prices, for the 108 Counties and Unitary Authorities in England & Wales, comparing November 2012 with October and November 2013 [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	COUNTY / UNITARY AUTHORITY / REGION	Nov-12	Oct-13	Nov-13	Monthly change	Annual Change
17	17	CAMBRIDGESHIRE	239,331	254,911	254,231	-0.3%	6.2%
81	77	CITY OF PETERBOROUGH	145,726	151,053	150,652	-0.3%	3.4%
48	46	NORFOLK	184,656	189,696	191,118	0.7%	3.5%
40	42	SUFFOLK	202,060	203,178	205,364	1.1%	1.6%
		EAST ANGLIA	200,724	207,298	208,263	0.5%	3.8%
85	88	CITY OF DERBY	137,495	141,559	141,250	-0.2%	2.7%
98	96	CITY OF NOTTINGHAM	117,951	117,628	120,817	2.7%	2.4%
64	63	DERBYSHIRE	162,297	160,603	162,006	0.9%	-0.2%
83	81	LEICESTER	138,852	145,616	147,848	1.5%	6.5%
46	47	LEICESTERSHIRE	186,295	188,281	188,650	0.2%	1.3%
70	70	LINCOLNSHIRE	152,285	158,875	157,815	-0.7%	3.6%
51	48	NORTHAMPTONSHIRE	177,307	185,611	187,158	0.8%	5.6%
68	69	NOTTINGHAMSHIRE	155,423	157,592	158,058	0.3%	1.7%
10	12	RUTLAND	276,481	287,556	287,996	0.2%	4.2%
		EAST MIDLANDS	161,521	165,244	165,973	0.4%	2.8%
		GREATER LONDON	431,883	467,655	472,166	1.0%	9.3%
57	61	CUMBRIA	169,495	167,955	168,503	0.3%	-0.6%
90	84	DARLINGTON	128,033	143,962	143,264	-0.5%	11.9%
94	97	DURHAM	123,272	117,120	117,114	0.0%	-5.0%
97	99	HARTLEPOOL	118,838	114,130	114,822	0.6%	-3.4%
101	101	MIDDLESBROUGH	110,911	106,792	108,092	1.2%	-2.5%
54	53	NORTHUMBERLAND	170,695	176,520	177,317	0.5%	3.9%
96	93	REDCAR AND CLEVELAND	120,229	126,138	126,257	0.1%	5.0%
80	79	STOCKTON-ON-TEES	146,134	149,325	149,666	0.2%	2.4%
86	89	TYNE AND WEAR	137,287	140,235	139,941	-0.2%	1.9%
		NORTH	141,836	143,005	143,161	0.1%	0.9%
99	102	BLACKBURN WITH DARWEN	113,946	108,706	107,774	-0.9%	-5.4%
104	105	BLACKPOOL	101,514	100,565	99,770	-0.8%	-1.7%
42	35	CHESHIRE	199,972	214,105	215,129	0.5%	7.6%
78	76	GREATER MANCHESTER	147,336	151,795	153,702	1.3%	4.3%
91	91	HALTON	127,015	134,704	133,484	-0.9%	5.1%
79	82	LANCASHIRE	147,103	148,600	147,478	-0.8%	0.3%
88	87	MERSEYSIDE	135,518	143,110	141,395	-1.2%	4.3%
49	49	WARRINGTON	181,140	186,649	186,155	-0.3%	2.8%
		NORTH WEST	149,810	155,055	155,296	0.2%	3.7%
26	27	BEDFORDSHIRE	217,316	223,322	224,247	0.4%	3.2%
11	11	BRACKNELL FOREST	270,286	285,246	289,779	1.6%	7.2%
9	10	BRIGHTON AND HOVE	277,326	293,789	297,210	1.2%	7.2%
3	3	BUCKINGHAMSHIRE	350,603	361,711	360,384	-0.4%	2.8%
20	21	EAST SUSSEX	234,748	236,225	238,772	1.1%	1.7%
16	16	ESSEX	247,358	253,451	254,988	0.6%	3.1%
14	14	HAMPSHIRE	265,153	273,023	273,887	0.3%	3.3%
6	5	HERTFORDSHIRE	316,508	335,426	336,473	0.3%	6.3%
44	43	ISLE OF WIGHT	187,744	200,932	201,080	0.1%	7.1%
19	18	KENT	237,105	247,196	248,153	0.4%	4.7%
67	66	LUTON	156,899	158,176	159,401	0.8%	1.6%
55	57	MEDWAY	170,250	174,374	174,827	0.3%	2.7%
30	33	MILTON KEYNES	212,677	218,477	219,654	0.5%	3.3%
5	6	OXFORDSHIRE	320,926	333,165	334,639	0.4%	4.3%
60	60	PORTSMOUTH	166,449	166,907	168,905	1.2%	1.5%

Counties and unitary authorities



23	22	READING	223,121	236,374	234,765	-0.7%	5.2%
36	36	SLOUGH	207,149	213,637	212,159	-0.7%	2.4%
56	56	SOUTHAMPTON	169,754	173,210	174,942	1.0%	3.1%
41	38	SOUTHEND-ON-SEA	200,106	209,113	209,440	0.2%	4.7%
2	2	SURREY	405,940	413,834	412,907	-0.2%	1.7%
50	50	THURROCK	180,957	186,900	185,491	-0.8%	2.5%
7	8	WEST BERKSHIRE	313,850	307,780	312,270	1.5%	-0.5%
13	13	WEST SUSSEX	266,259	279,800	279,681	0.0%	5.0%
1	1	WINDSOR AND MAIDENHEAD	437,699	442,492	456,956	3.3%	4.4%
4	4	WOKINGHAM	331,249	341,185	337,124	-1.2%	1.8%
		SOUTH EAST	270,464	279,498	280,434	0.3%	3.7%
8	7	BATH AND NORTH EAST SOMERSET	284,308	314,004	320,011	1.9%	12.6%
35	32	BOURNEMOUTH	207,774	222,064	219,726	-1.1%	5.8%
32	25	CITY OF BRISTOL	212,422	222,340	225,714	1.5%	6.3%
73	71	CITY OF PLYMOUTH	151,462	159,014	157,290	-1.1%	3.8%
24	26	CORNWALL	221,747	224,909	225,416	0.2%	1.7%
21	20	DEVON	233,783	238,235	240,403	0.9%	2.8%
15	15	DORSET	258,132	266,206	265,526	-0.3%	2.9%
25	23	GLOUCESTERSHIRE	220,915	234,011	232,503	-0.6%	5.2%
27	28	NORTH SOMERSET	215,702	221,490	223,841	1.1%	3.8%
12	9	POOLE	270,024	310,217	304,859	-1.7%	12.9%
33	41	SOMERSET	209,002	207,968	207,666	-0.1%	-0.6%
34	31	SOUTH GLOUCESTERSHIRE	208,718	218,225	220,652	1.1%	5.7%
62	59	SWINDON	164,006	172,148	171,751	-0.2%	4.7%
47	54	TORBAY	185,178	179,931	176,936	-1.7%	-4.5%
18	19	WILTSHIRE	237,146	246,886	247,188	0.1%	4.2%
		SOUTH WEST	220,738	229,095	229,379	0.1%	3.9%
108	108	BLAENAU GWENT	81,083	79,592	82,177	3.2%	1.3%
89	86	BRIDGEND	134,694	142,952	141,407	-1.1%	5.0%
95	95	CAERPHILLY	122,686	125,145	124,484	-0.5%	1.5%
45	45	CARDIFF	186,560	197,388	199,372	1.0%	6.9%
87	90	CARMARTHENSHIRE	136,220	136,374	138,122	1.3%	1.4%
53	51	CEREDIGION	172,312	179,171	179,931	0.4%	4.4%
65	64	CONWY	162,209	161,507	161,271	-0.1%	-0.6%
84	85	DENBIGHSHIRE	138,040	145,282	142,233	-2.1%	3.0%
66	78	FLINTSHIRE	160,565	150,785	149,776	-0.7%	-6.7%
72	67	GWYNEDD	151,465	159,807	158,997	-0.5%	5.0%
63	68	ISLE OF ANGLESEY	162,644	159,098	158,097	-0.6%	-2.8%
106	104	MERTHYR TYDFIL	97,454	99,972	100,216	0.2%	2.8%
22	30	MONMOUTHSHIRE	231,646	214,968	222,474	3.5%	-4.0%
103	100	NEATH PORT TALBOT	104,404	106,757	108,141	1.3%	3.6%
69	72	NEWPORT	152,443	157,609	157,184	-0.3%	3.1%
58	58	PEMBROKESHIRE	168,330	169,961	171,975	1.2%	2.2%
52	52	POWYS	174,386	175,157	179,088	2.2%	2.7%
102	103	RHONDDA CYNON TAFF	108,680	107,697	105,910	-1.7%	-2.5%
76	80	SWANSEA	149,460	151,315	148,422	-1.9%	-0.7%
38	37	THE VALE OF GLAMORGAN	205,022	208,950	211,019	1.0%	2.9%
93	94	TORFAEN	124,642	125,764	125,983	0.2%	1.1%
77	73	WREXHAM	147,413	154,806	156,244	0.9%	6.0%
		WALES	152,565	155,198	155,557	0.2%	2.0%
29	29	HEREFORDSHIRE	214,202	222,103	223,339	0.6%	4.3%
43	44	SHROPSHIRE	197,312	202,070	200,453	-0.8%	1.6%
59	55	STAFFORDSHIRE	167,907	174,434	175,019	0.3%	4.2%
107	107	STOKE-ON-TRENT	93,976	95,726	95,191	-0.6%	1.3%



28	24	WARWICKSHIRE	214,269	226,610	229,896	1.5%	7.3%
71	65	WEST MIDLANDS	152,238	157,555	159,533	1.3%	4.8%
39	40	WORCESTERSHIRE	204,402	208,558	208,102	-0.2%	1.8%
74	74	WREKIN	150,779	151,946	154,482	1.7%	2.5%
		WEST MIDLANDS	170,053	175,997	177,300	0.7%	4.3%
105	106	CITY OF KINGSTON UPON HULL	101,302	100,656	99,067	-1.6%	-2.2%
61	62	EAST RIDING OF YORKSHIRE	165,089	167,987	166,875	-0.7%	1.1%
100	98	NORTH EAST LINCOLNSHIRE	113,558	114,981	115,267	0.2%	1.5%
92	92	NORTH LINCOLNSHIRE	126,164	132,406	130,348	-1.6%	3.3%
31	34	NORTH YORKSHIRE	212,525	214,406	215,191	0.4%	1.3%
82	83	SOUTH YORKSHIRE	139,574	142,943	143,610	0.5%	2.9%
75	75	WEST YORKSHIRE	150,033	154,307	153,792	-0.3%	2.5%
37	39	YORK	205,646	211,335	208,211	-1.5%	1.2%
		YORKS & HUMBER	154,314	157,780	157,464	-0.2%	2.0%
		ALL ENGLAND & WALES	227,625	237,560	238,645	0.5%	4.8%

Table 5 shows the average house price for each of the 108 unitary authorities and counties in England & Wales, together with a regional summary for November 2012, October 2013 and November 2013. It also records the percentage change in these prices over the last month and year.

We can highlight several trends from Table 5. On an annual basis, prices have increased in 91 unitary authority areas (last month 89) and fallen in 17 (last month 19). Thus prices have risen over the year in 84% 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. If we compare the annual rate of change in house prices with the November 2013 RPI of 2.6%, we find that 62 of the 108 unitary authorities (some 57%) now have house price increases in excess of the RPI.

Despite the general upward trend in prices on an annual basis, and looking at the change in prices over the last month from October 2013 to November 2013, there have been falls in 46 of the 108 unitary authority areas. This is nine more than last month, suggesting that the gains being made on an annual basis are not assured over a shorter time frame.

The area with the highest increase in average house prices among the unitary authorities on an annual basis is Poole, up 12.9%, where the prices of detached properties have risen by an average £70k. The area with the largest fall in annual prices is Flintshire, where the prices of detached properties have been steadily dropping over the year.

The unitary authority area with the highest change in monthly average prices is Monmouthshire, where prices rose by 3.5%, with terraced properties seeing the highest increase. Monmouthshire is followed by Windsor & Maidenhead, up 3.3%, a result of the price of detached properties edging upwards. The unitary authority area with the largest decline in house prices over the month was Denbighshire, down 2.1%, where prices of detached properties have fallen from their recent highs.

This month there are seven unitary authorities where a new peak price has been set (last month there were three); in the South East region we have Bracknell Forest, Brighton & Hove, Hertfordshire, Milton Keynes and Oxfordshire (which includes the Prime Minister's constituency, Witney in West Oxfordshire); in the South West there is the City of Bristol; and in Wales Cardiff. In percentage terms, 7 out of the 108 (6.5%) unitary authorities are experiencing record prices, compared to Greater London's 22 out of 33 London boroughs with record prices, being 67% of the total number - a tenfold difference between London and the remainder of the country.

Finally, in terms of transactions we note that of the 108 Unitary Authorities in England & Wales, Windsor & Maidenhead recorded the highest increase in sales between Q3 2012 and Q3 2013, up 45%, with the sale of terraced properties showing a 74% increase over the year. Somewhat surprisingly Wokingham, a neighbouring area to Windsor & Maidenhead, is showing the lowest increase in sales over the same period at 14%.



Conclusion

Although it is true to say that Greater London is dominating the property market in terms of price, with 22 of the 33 London boroughs setting record levels this month, it would be incorrect to conclude that the remainder of the country has been unaffected by the changes in circumstances that have taken place over the year. If we look at the change in transactions over the 12 months, it is East Anglia and the North West that have seen the highest increase in activity, and in terms of prices the West Midlands is showing considerable growth, second only to London. 84% of the unitary authority areas in England & Wales are currently witnessing house price growth on an annual basis, with well over half of these seeing house prices rise faster than the RPI. The recovery in the housing market is therefore being seen across most of the country, although compared to the pre-crisis era, there remains considerable scope for further movement. If we compare the county of Oxfordshire's 4.3% annual increase in price with that of 8.2% in Richmond upon Thames, we may begin to see why the Prime Minister has a different view to the Business Secretary, whose Twickenham constituency is part of the latter. However, although these differences do exist, the overall picture painted here is of a market gathering pace across England & Wales. 2013 was a strong year, with significant rises in prices and transactions. Wage restraint has limited growth alongside tighter underwriting standards, but the steady expansion of high LTV lending alongside continued low interest rates means demand is becoming ever more satisfied. Expectations of interest rate rises in 2014 have strengthened, and this may be the one factor that will hold the market back, albeit that the Governor has been clear that rate changes will not be dictated by a single market indicator, but rather the state of the economy overall.

Regional data table



Table 6. Average house prices by region, December 2012 – December 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
Dec-12	£140,636	-0.8	2.0	£150,086	0.2	0.0	£160,973	-0.3	0.7	£170,814	0.4	0.2
Jan-13	£139,852	-0.6	0.7	£150,782	0.5	0.2	£161,354	0.2	0.5	£171,751	0.5	0.6
Feb-13	£141,394	1.1	-0.2	£152,821	1.4	0.5	£163,208	1.1	1.0	£173,225	0.9	1.2
Mar-13	£142,091	0.5	-1.3	£152,496	-0.2	0.1	£162,419	-0.5	0.4	£172,377	-0.5	1.2
Apr-13	£141,996	-0.1	-0.9	£152,260	-0.2	0.9	£162,350	0.0	0.5	£171,766	-0.4	1.6
May-13	£140,333	-1.2	-1.2	£151,603	-0.4	0.9	£161,391	-0.6	0.2	£170,712	-0.6	0.7
Jun-13	£141,896	1.1	0.5	£152,877	0.8	1.1	£162,744	0.8	0.8	£172,551	1.1	1.5
Jul-13	£142,471	0.4	1.2	£153,631	0.5	1.9	£162,815	0.0	1.3	£173,288	0.4	2.0
Aug-13	£143,313	0.6	1.9	£154,223	0.4	1.7	£163,127	0.2	2.1	£174,565	0.7	3.0
Sep-13	£142,641	-0.5	1.5	£154,916	0.4	2.7	£164,597	0.9	2.7	£174,944	0.2	3.2
Oct-13	£143,005	0.3	0.9	£155,055	0.1	2.2	£165,244	0.4	2.6	£175,997	0.6	3.5
Nov-13	£143,161	0.1	0.9	£155,296	0.2	3.7	£165,973	0.4	2.8	£177,300	0.7	4.3

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Dec-12	£152,364	-0.1	-0.8	£153,736	-0.4	-0.1	£223,091	1.1	0.7	£203,420	1.3	4.1
Jan-13	£151,573	-0.5	-0.3	£154,016	0.2	-0.1	£223,113	0.0	0.6	£202,610	-0.4	3.7
Feb-13	£153,411	1.2	0.7	£153,724	-0.2	-0.7	£224,325	0.5	1.3	£206,769	2.1	6.0
Mar-13	£152,762	-0.4	-0.5	£154,085	0.2	0.3	£223,646	-0.3	0.7	£205,966	-0.4	4.3
Apr-13	£152,565	-0.1	-0.8	£154,913	0.5	0.1	£224,153	0.2	0.6	£207,307	0.7	4.2
May-13	£151,679	-0.6	-1.1	£155,196	0.2	0.3	£224,158	0.0	-0.6	£205,553	-0.8	2.5
Jun-13	£151,045	-0.4	-1.1	£155,506	0.2	-0.1	£223,773	-0.2	-0.4	£206,189	0.3	3.4
Jul-13	£151,536	0.3	-0.3	£154,945	-0.4	0.6	£225,022	0.6	0.6	£207,224	0.5	4.5
Aug-13	£152,419	0.6	0.7	£156,267	0.9	1.4	£227,243	1.0	1.7	£207,704	0.2	3.6
Sep-13	£154,064	1.1	1.4	£156,684	0.3	1.5	£228,646	0.6	3.3	£207,730	0.0	3.1
Oct-13	£155,198	0.7	1.7	£157,780	0.7	2.3	£229,095	0.2	3.2	£207,298	-0.2	2.1
Nov-13	£155,557	0.2	2.0	£157,464	-0.2	2.0	£229,379	0.1	3.9	£208,263	0.5	3.8

	South East			Greater London			ENGLAND & WALES			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Dec-12	£271,945	0.5	4.3	£431,487	-0.1	9.8		£228,216	0.3	3.8
Jan-13	£272,225	0.1	3.7	£437,031	1.3	10.8		£229,113	0.4	3.9
Feb-13	£274,515	0.8	4.0	£439,929	0.7	11.4		£231,013	0.8	4.3
Mar-13	£276,114	0.6	2.8	£447,162	1.6	11.8		£232,084	0.5	3.9
Apr-13	£277,227	0.4	2.9	£449,092	0.4	10.3		£232,686	0.3	3.6
May-13	£277,792	0.2	1.9	£450,883	0.4	7.6		£232,615	0.0	2.5
Jun-13	£276,833	-0.3	1.8	£450,219	-0.1	6.9		£232,799	0.1	2.5
Jul-13	£277,788	0.3	1.8	£452,594	0.5	6.9		£233,673	0.4	2.9
Aug-13	£277,973	0.1	2.4	£458,180	1.2	8.9		£235,123	0.6	3.8
Sep-13	£278,470	0.2	2.8	£462,808	1.0	8.5		£236,317	0.5	4.1
Oct-13	£279,498	0.4	3.4	£467,655	1.0	9.5		£237,560	0.5	4.5
Nov-13	£280,434	0.3	3.7	£472,166	1.0	9.3		£238,645	0.5	4.8
Dec-13								£240,134	0.6	5.2



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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In January 2010 the acquisition of the Halifax Estate Agency (HEA) business from Lloyd Banking Group saw LSL increase in size to become the second largest UK estate agency network - with around 570 branches. It is also the largest letting agency in the UK.

Corporate Services

LSL Corporate Client Services was launched in 2008 to provide asset management and lettings property portfolio management services to corporate clients. This business has grown through the addition of St Trinity Asset Management - which previously operated as HEA Corporate Services - and Templeton LPA, which LSL acquired in February 2010.

Financial Services

LSL offers financial services across its entire branch network. In May 2010 LSL acquired over 450 advisers from leading financial services network Home of Choice - these advisers now operate under the brand of First Complete.

In October 2010 LSL also announced the acquisition of mortgage distribution company, Advance Mortgage Funding Limited (trading as Pink Home Loans) and its subsidiary business BDS Mortgage Group Limited, (together known as Pink), from Skipton Building Society. It further confirmed LSL's position as one of the largest mortgage advisory businesses in the UK today.

For further information see www.lslps.co.uk