

# LSL Property Services/Acadameetrics England & Wales House Price Index

OCTOBER 2011

STRICTLY UNDER EMBARGO UNTIL 00.01 FRIDAY 11TH NOVEMBER

## 0.2% price rise masks sharp fall in transactions

- Property transactions see sharp fall of 6% in year to October as market activity seizes up
- House prices up 0.2% in October, but down 1.3% on the year
- 2-tier market develops as average price outside London falls 2.7% in last 12 months

**David Newnes, director of LSL Property Services, owners of Your Move and Reeds Rains comments:** “The sharp rise in transactions in September has given way to an October slump. At the end of the summer, a flurry of buyers jumped at the chance to take advantage of some extraordinarily low mortgage rates, rolled out at the end of the summer. But, last month, growing fears about the Eurozone crisis caused lenders to rein themselves in and that has reduced the volume of transactions. Nonetheless, the market has been supported strongly by buyers who have large enough deposits to satisfy lending criteria, which accounts for the modest price rise seen last month. For these buyers, the currently subdued market along with ultra-low mortgage rates means now is a great time to make a purchase.

“In London, prices rose 2.5% in the three months to October, but in all other regions, annual prices fell in the same period. The strength of London’s economy combined with a massive influx of foreign investors, caused primarily by the Arab Spring and the Eurozone crisis, has pushed the capital’s prices in the opposite direction to those in the rest of the country, where tight mortgage finance and an uncertain economic future have convinced lenders not to come out of their shells. Outside the capital, prices have fallen by an average of 2.7% since October 2010. By far the biggest falls were seen in the North of England, where annual prices in the three months to October fell by 7.9%. The next fastest fall was seen in the West Midlands at 4.5%, meaning prices in the North are falling about twice as fast as any other region. This is primarily due to lenders’ fears about the impact public spending cuts will have on the region, which has led to tight mortgage finance and reduced buyer confidence.

“It is testament to the resilience of the national market that the ongoing economic problems the nation faces have not caused property prices to fall further in the last 12 months. This shows that, where mortgage finance is made available, buyers still have a strong desire to step onto the ladder.”

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



Table 1. Average House Prices in England & Wales for the period November 2010 - October 2011

		House Price	Index	Monthly Change %	Annual Change %
<b>November</b>	<b>2010</b>	£221,540	225.6	-0.7	4.3
<b>December</b>	<b>2010</b>	£221,561	225.6	0.0	2.3
<b>January</b>	<b>2011</b>	£222,155	226.2	0.3	1.0
<b>February</b>	<b>2011</b>	£223,934	228.0	0.8	0.2
<b>March</b>	<b>2011</b>	£224,338	228.4	0.2	1.0
<b>April</b>	<b>2011</b>	£222,075	226.1	-1.0	0.3
<b>May</b>	<b>2011</b>	£219,077	223.0	-1.3	-1.1
<b>June</b>	<b>2011</b>	£217,512	221.5	-0.7	-2.2
<b>July</b>	<b>2011</b>	£218,630	222.6	0.5	-2.0
<b>August</b>	<b>2011</b>	£219,804	223.8	0.5	-1.9
<b>September</b>	<b>2011</b>	£219,698	223.7	0.0	-1.9
<b>October</b>	<b>2011</b>	£220,056	224.0	0.2	-1.3

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## Press Contacts:

Melanie Cowell, LSL Property Services  
David Pickles, Acadametrics  
Tom Cartlidge, Wriglesworth PR

01904 715 326  
020 8392 9082  
020 7427 1440

[melanie.cowell@slps.co.uk](mailto:melanie.cowell@slps.co.uk)  
[david.pickles@acadametrics.co.uk](mailto:david.pickles@acadametrics.co.uk)  
[t.cartlidge@wriglesworth.com](mailto:t.cartlidge@wriglesworth.com)



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

### House prices

“House prices edged up by 0.2% during the month and the average price of a property in England & Wales now stands at £220,056. It is £19,822, or 9.9%, above the price at the April 2009 trough of the last housing recession and £11,772, or 5.1%, below the price peak of £231,828 recorded in February 2008. The increase of 0.2% this month and 0.0% last month indicates that, to all intents and purposes, the market has been broadly ‘flat’ in the last few months as measured by the LSL/Acadametrics index and this is in line with other indices (see the comparison of indices chart below). However, as we show later in this report, this average figure for the country as a whole hides the very different patterns that currently exist at regional and county levels.

“Over the last twelve months, house prices in England & Wales have fallen by -1.3%, suggesting a slowing in the rate of annual decline from a maximum of -2.2% which was seen in June 2011. Figure 4 shows the annual house price growth for each of the regions in England & Wales over the last three months and demonstrates that house prices are falling in all regions except for Greater London. Figure 4 also demonstrates that prices have fallen, in relation to last month, on a quarterly basis for all regions except the West Midlands and Greater London. Quite clearly, the London housing market is behaving in a different manner to the rest of the country. Without London, the annual rate of house price decline would be -2.7%.

“With a slowing economy, squeezed real incomes and high inflation, there can be little expectation of any rapid recovery in the housing market overall. Buyers and sellers need to be aware of local and regional variations and reflect this in the prices asked or paid. Charlie Bean, the Deputy Governor of the Bank of England reminded us in a speech on 3rd November that the housing market is in transition to “a more sustainable equilibrium with lower ratios” – this implied saving to buy extra equity, low transactions and falling rates of home ownership, although these effects might be offset by falling inflation and some easing in the pressure on household incomes. The government is expected to publish its housing policy review this month and this may well announce some new measures to stimulate activity in the housing market; however, given the squeeze on expenditure they are likely to be small scale. Indeed, the government has expressed a wish to see a stable housing market and that is also a position supported by the Bank of England. The new Financial Policy Committee is exploring what macro-prudential tools might be used to manage down asset bubbles, such as in the housing market, and policing loan to value ratios has been mentioned as one device. This has the potential to usher in a new reality although we know, from previous forays into this territory, that it is one fraught with difficulty.

“Thus, as we move towards the New Year, we have a flat market with average prices down modestly in 2011. Considering the turbulence in markets and the economy as a whole house prices have held up quite well, even though the number of transactions has been low and some first time buyers have struggled to get a mortgage. There has been competition around rates and products but overall lending volumes have remained low. Is this a consequence of weak supply or weak demand? The reality is that it is the result of both, with reduced confidence and expectations standing at the heart of it. Clearly, there is a great deal of uncertainty but the simple fact is that there is a growing population and a shortage of housing supply - an imbalance which will underpin property values into the future.”

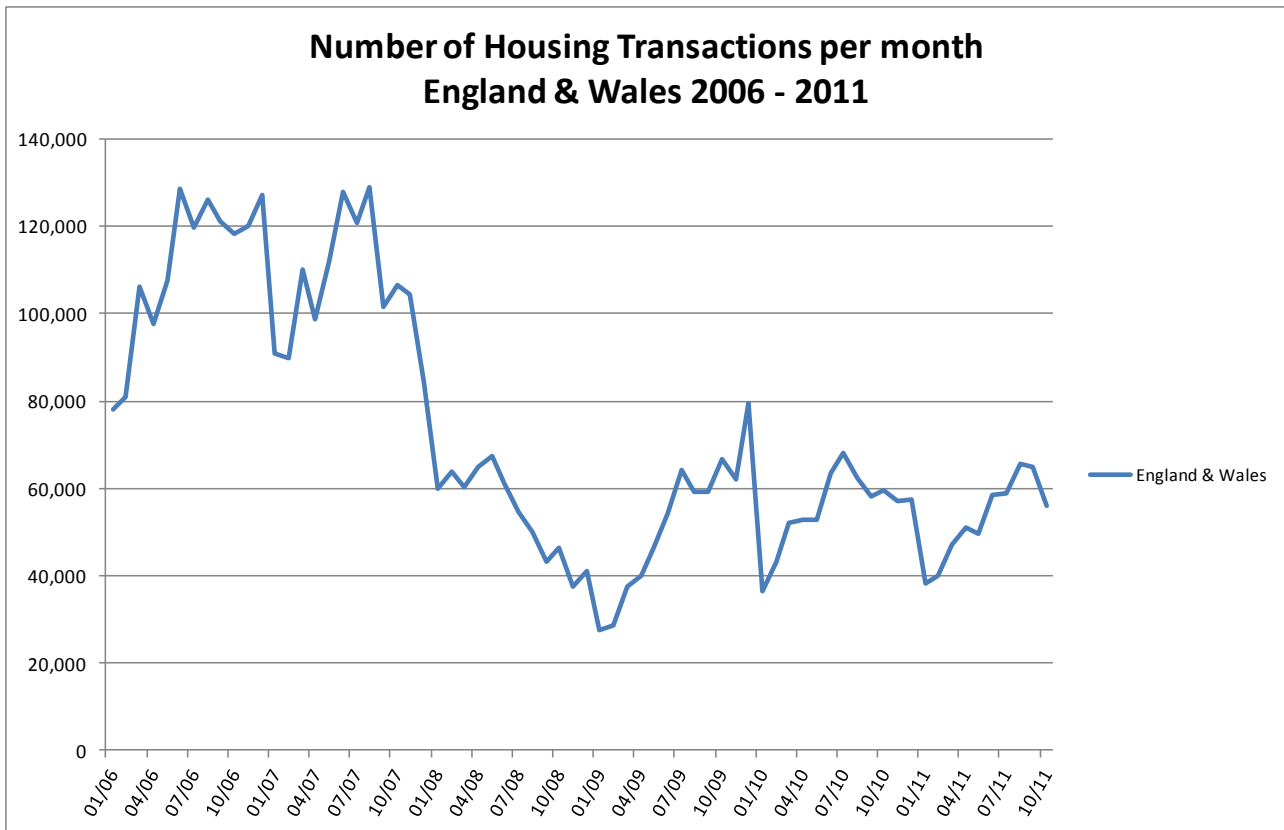


Figure 1. The number of housing transactions by month in England & Wales, 2006 – 2011 (not seasonally adjusted)

In our reports for both August and September of this year, we showed that housing transactions were up on 2010 levels and that the respective number of properties sold in the two months represented 65% and 71% of the long term average. In October, this resurgence in sales appears to have dissipated, with our estimated figure of 56,000 property sales being down some 6% on 2010 levels and 60% of the long term average. Ordinarily, one would expect housing transactions in October to marginally increase (+2.5%) over September levels. However, our estimated figure for October is some -5.7% below last month’s total.

**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 Acadametrics website [www.acadametrics.co.uk](http://www.acadametrics.co.uk) in our “[Development of Forecasts](#)” and in our “[Comparison of Indices](#)”, which shows how each index, including the LSL Acad 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 Acadametrics website enables comparisons of selected indices over selected timescales to be undertaken [here](#) with ease and provides historic results and other information.
6. Acadametrics is an independent privately owned consultancy working with Dr Stephen Satchell, Economics Fellow Trinity College Cambridge, and specialises in the assessment of risk in property and mortgage portfolios.
7. Acadametrics 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

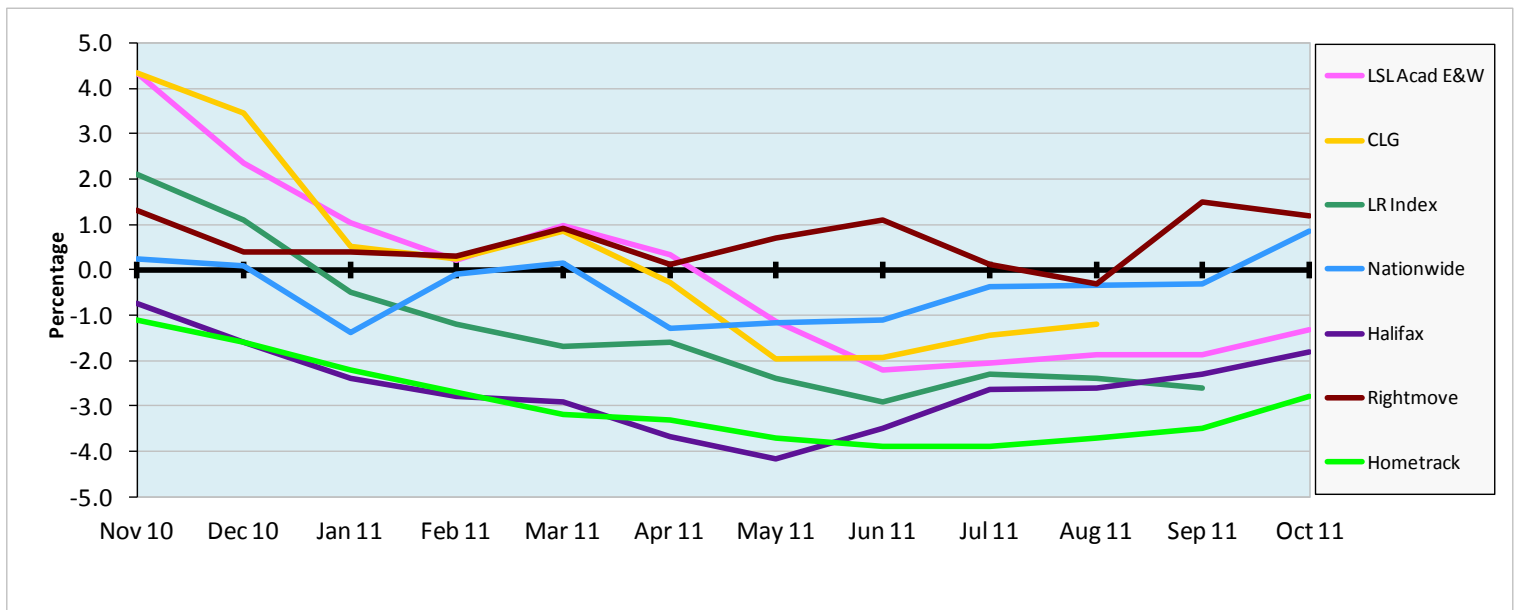


Figure 2. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART

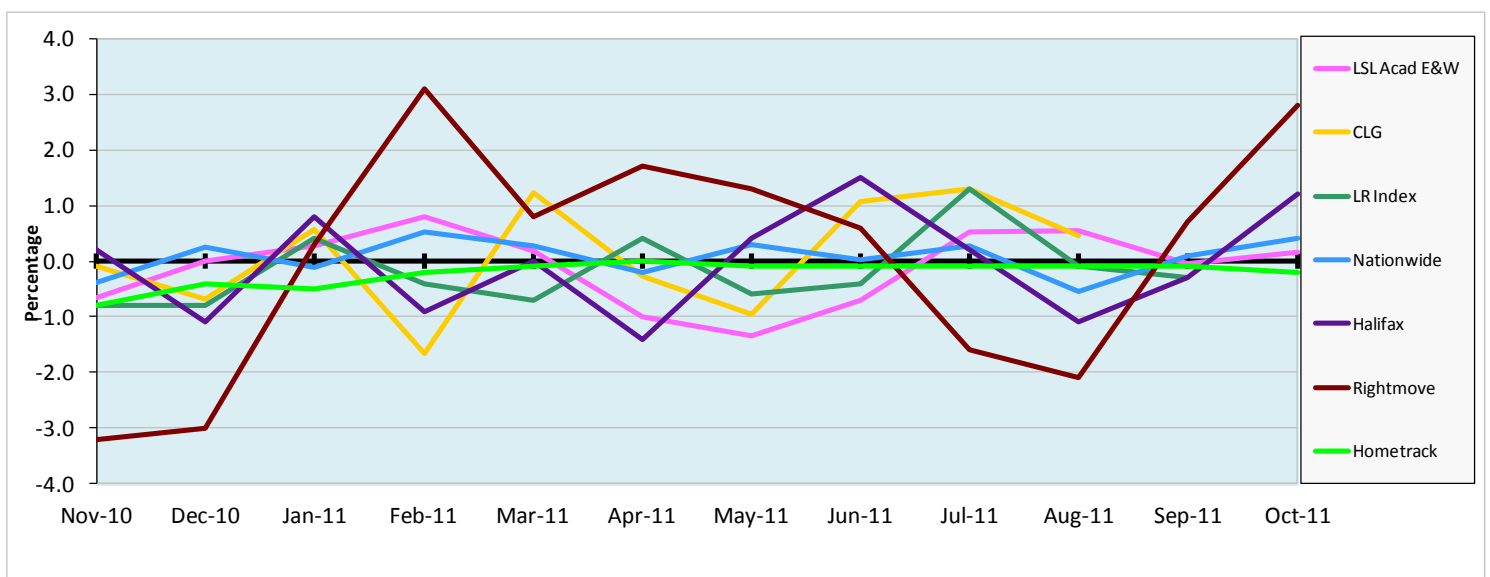


Figure 3. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES CHART



Based on the average change over the last three months, Greater London, as it was last month, is the only region in England & Wales that is currently experiencing a rise in annual house prices. Figure 4 below shows both this month's and last month's annual percentage change in price by region. As can be seen, only one region has shown any significant improvement in prices compared with last month whilst, in nine regions, prices are either remaining at the same negative level or worsening, compared with five regions reported in September. The fall of -7.9% in prices in the North represents the largest annual % fall observed in any region since August 2009.

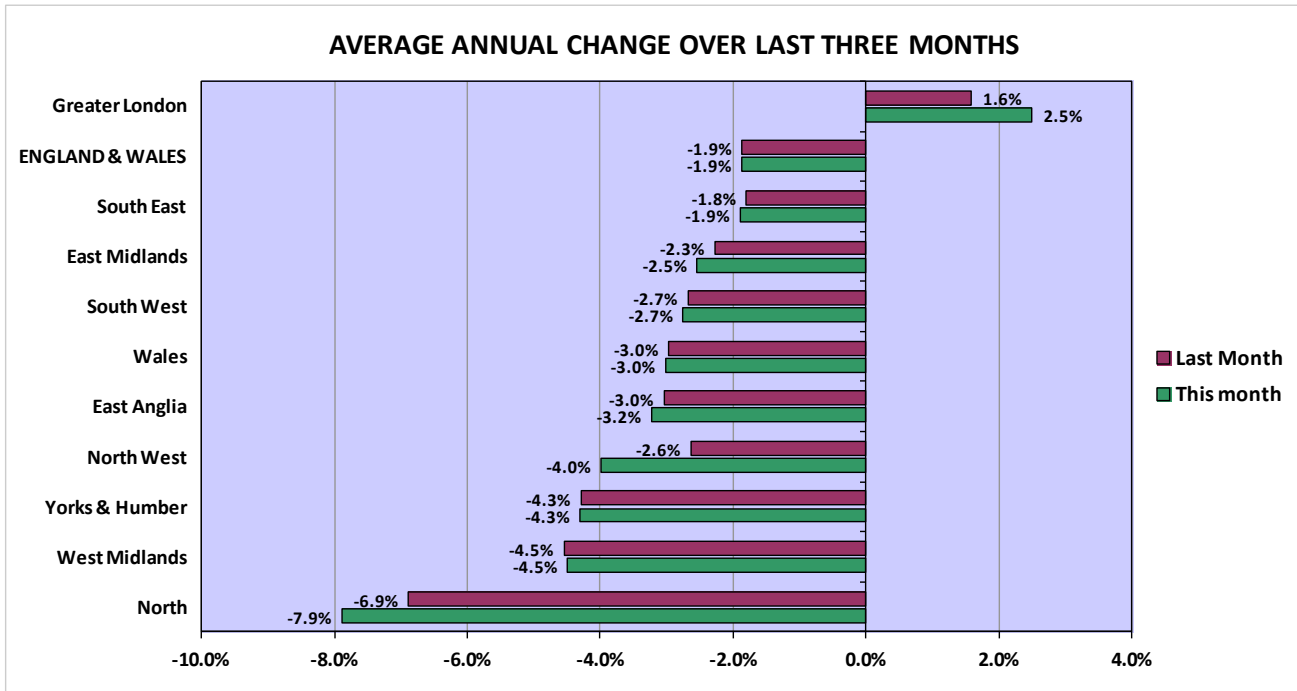


Figure 4. The annual change in the average house price, analysed by region

## ANNUAL CHANGE IN PRICE BY REGION

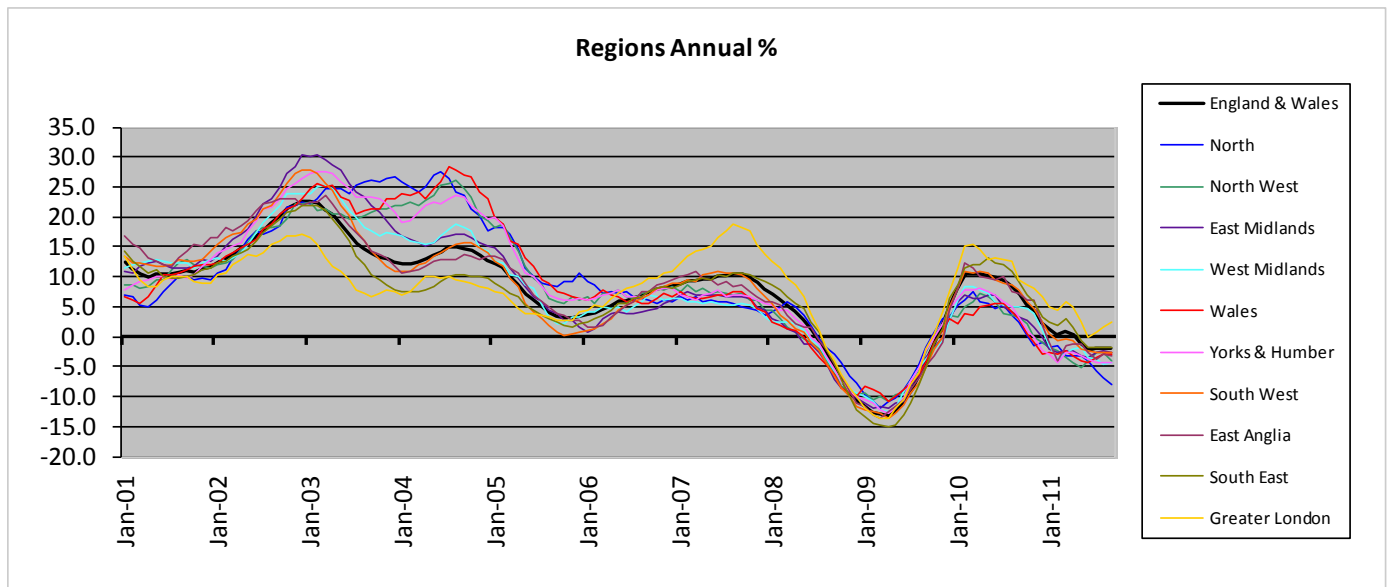


Figure 5. A comparison of the annual change in house prices, by region for the period Jan 2001 - Sep 2011

Note that individual regions can be compared using our "National and Regional series from 1995 with Interactive Charts", linked from page 4 NOTE 5 above and from our covering email; timescales can be varied for clarity. Numerous other comparisons are facilitated in this and other interactive charts available through the same links.



## AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - LONDON BOROUGHS

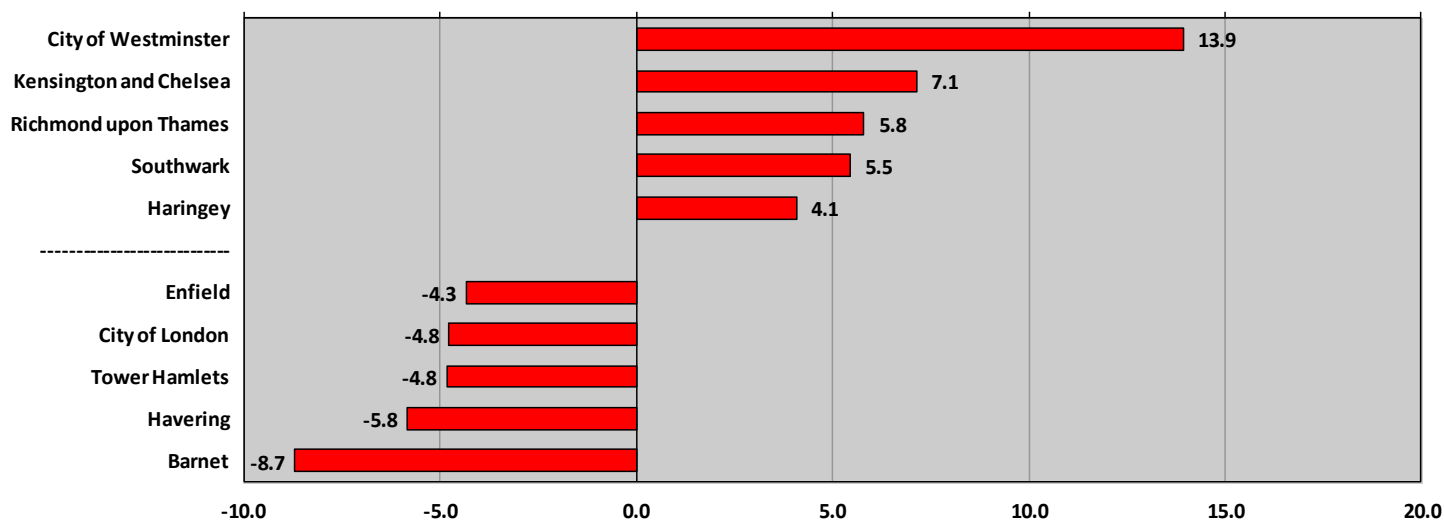


Figure 6. The annual change in house prices, based on a three month average, for the London boroughs

### House prices

Figure 6 shows the % **annual** price change, averaged over three months, in the ten London boroughs with the highest and lowest growth. The three boroughs with the strongest growth depicted above are also ranked within the top five London boroughs in terms of price. This observation continues to highlight the trend seen over the last year that it is the high priced areas in London that are experiencing the strongest demand for properties, particularly at the top end of the market.

Last month, **sixteen** of the thirty-three London boroughs were recording price falls on an annual basis; this month that number has fallen to **fourteen**, which suggests a strengthening of prices in the London market. Certainly, the summer months appear to have seen a bounce in prices, although the current turmoil and uncertainties in the financial markets may have a dampening effect. Looking at the last quarter, July - September 2011, compared with the previous quarter, April - June 2011, only four boroughs experienced a fall in average prices, led by the City of London where prices fell 10%. However, one suspects this was likely to be due to a lack of high priced properties being available in the market, as opposed to a fundamental collapse in demand for dwellings in the area.

### Transactions

Firstly, comparing the three months July - September 2011 with the same three months in 2010, the number of London properties sold has increased by 1.7%. This positive figure reflects a general increase in the England & Wales market where the number of property sales strengthened during the summer months. That said, as we report on page 4, housing transactions in October have once again declined from the more buoyant levels seen during the quarter. The boroughs which have seen the highest growth over the year in terms of property transactions are Greenwich +28%, Hackney +18% and Harrow +13%. The boroughs showing the largest falls in the number of properties sold over the year are Camden -10%, Barnet -9% and Enfield -9%, although, for Camden especially, one suspects this is more to do with a shortage of available properties than with a decline in demand.

Secondly, comparing the three months July - September 2011 with the preceding three months April - June 2011, sales volumes in London have risen 28%, which is considerably higher than the average 8% seasonal increase which one would expect for this time of year. The boroughs that have seen the highest increase in sales across the two quarters are Hackney + 55%, Islington +43% and Lewisham +42%.

Given the above, it is unsurprising that four London boroughs are currently experiencing record average property prices; the four being City of Westminster, Hackney, Lambeth and Merton.



## AVERAGE ANNUAL CHANGE OVER LAST THREE MONTHS - COUNTIES

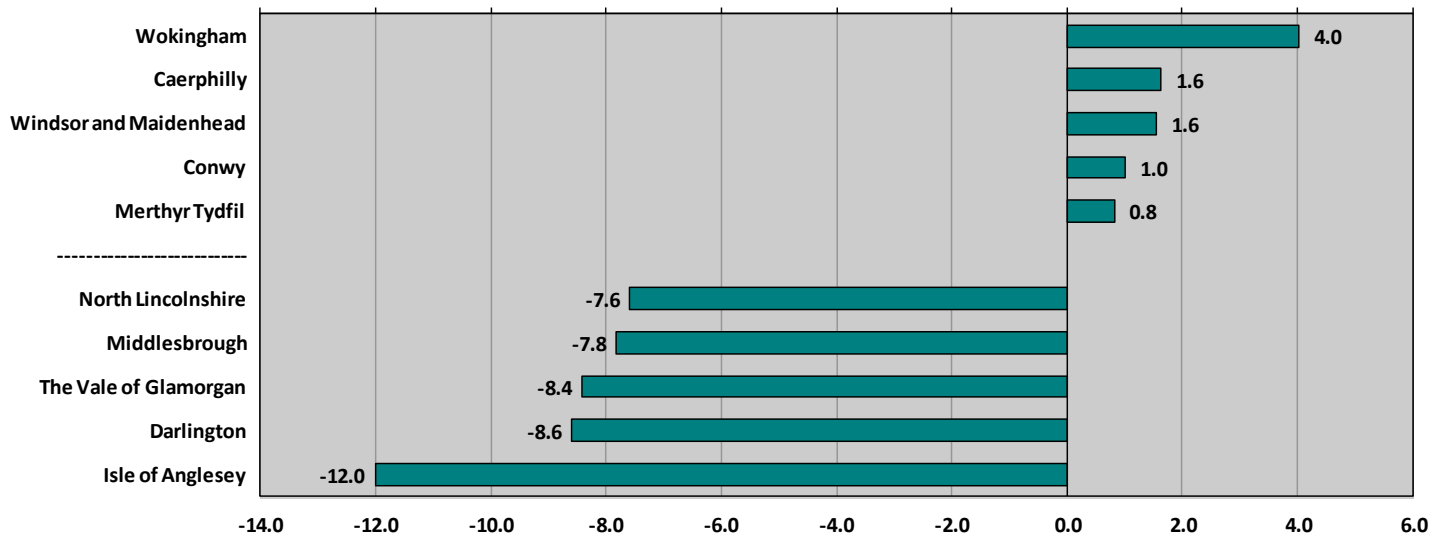


Figure 7. The annual change in house prices, based on a three month average, for the unitary districts

### House Prices

Figure 7 shows the % **annual** price change for unitary districts and counties, measured over three months and ranked by the highest and lowest five districts. Of the ten unitary districts and counties listed above, five are in Wales, with three Welsh districts in the top five and two in the bottom five places of our 'league table'. This is mainly due to the small number of property transactions taking place in these districts, which makes the average property price more volatile, as opposed to a more deep seated trend occurring in the Welsh countryside.

Last month, we reported that **ninety-seven** of the one hundred and eight counties and unitary districts in England & Wales were recording price falls on an annual basis. This month that number has reduced to **ninety-four**, suggesting that the market has seen a small recovery, albeit falling house prices are still being experienced in over 90% of the unitary districts and counties across England & Wales.

Comparing the three months July - September 2011 with the same three months in 2010, average prices in England & Wales are showing a fall of -1.9%. Over this period, flats have seen price increases of 2%, mainly due to the market in central London, whilst other property types across the country have seen falls of -1% to -3%. Outside Greater London, all regions have seen price falls across all property types, except in the North West where the average price of flats has marginally increased - the result of a 4% rise in the price of flats in the Greater Manchester area.

Comparing the summer months, July - September 2011 with the preceding three months April - June 2011, we find a 6% uplift in prices on a non-seasonally adjusted basis, with price rises being experienced across all the regions and property types, except in the North where prices have continued to fall.

### Transactions

Comparing the three months July - September 2011 with the same three months in 2010, property transactions have increased by 2.2% in England & Wales, with all regions showing an increase, except for the South West where there has been a 1.0% decline in sales. The unitary district with the highest increase in sales over the year is Blackpool +37%, followed by Redcar & Cleveland + 31% and Newport +24%; whilst the area experiencing the greatest decline in sales is Merthyr Tydfil -17%, followed by Pembrokeshire and Leicester at -13%.

Comparing the three months July - September 2011 with the preceding three months April - June 2011, we find that housing transactions have increased by 23%, against an anticipated increase of 8% for the time of year. The above average increase in sales has been experienced across all regions, with the biggest gain being seen in the South East +29% and the smallest in the North + 16%. Semi-detached properties have seen the largest increase in sales over the quarter +62%, whilst terraced properties have only seen sales growth of +10%.





This month our focus is on “The North” as a region. Much has been written about the two nations emerging in the England housing market - the prosperous South versus the weaker North. Here, we explore in more detail the property characteristics of what was the former Standard Statistical Region of the North of England, comprising the counties of Northumberland, County Durham, Tyne and Wear, Teesside (including parts of North Yorkshire) and, perhaps somewhat controversially, Cumbria.<sup>1</sup> This is much smaller than the bigger cultural region, also described as “The North”, used in the popular press. It is an area which is currently experiencing the fastest decline in average house prices of all the ten regions in England & Wales. The source of the data is the Acadametrics APAT series, which is based on Land Registry data. It includes all property sales in England & Wales and is not seasonally adjusted. APAT average prices for “all property types” are not mix adjusted.

As a starting point we compare the house prices in The North, as we have defined it above, with the other regions in England & Wales.

Table 2. The average house price by Region in England & Wales Q3 2010 – Q3 2011

ALL PROPERTY TYPES	AVERAGE HOUSE PRICES						
REGION	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q on Q	Y on Y
NORTH	£148,328	£145,719	£147,499	£142,176	£136,640	-3.9%	-7.9%
NORTH WEST	£158,693	£155,461	£153,235	£150,979	£152,373	0.9%	-4.0%
YORKS & HUMBERSIDE	£160,199	£156,730	£156,515	£152,697	£153,310	0.4%	-4.3%
WALES	£155,778	£151,890	£152,500	£148,931	£151,082	1.4%	-3.0%
WEST MIDLANDS	£176,808	£173,682	£171,851	£169,292	£168,880	-0.2%	-4.5%
EAST MIDLANDS	£163,810	£161,632	£160,646	£159,260	£159,654	0.2%	-2.5%
EAST ANGLIA	£204,282	£198,176	£200,209	£198,147	£197,689	-0.2%	-3.2%
SOUTH WEST	£226,624	£226,435	£224,187	£220,555	£220,398	-0.1%	-2.7%
SOUTH EAST	£268,289	£264,423	£271,443	£261,724	£263,203	0.6%	-1.9%
GREATER LONDON	£379,259	£382,044	£394,885	£374,571	£388,733	3.8%	2.5%
<b>ENGLAND &amp; WALES</b>	<b>£223,884</b>	<b>£221,561</b>	<b>£224,338</b>	<b>£217,512</b>	<b>£219,698</b>	<b>1.0%</b>	<b>-1.9%</b>

Source: Acadametrics HPI (seasonally and mix adjusted)

Table 2 shows the average house price by region for England & Wales for the period Q3 (Jul - Sep) 2010 to Q3 2011. The two columns on the right give the percentage change between Q2 (Apr - Jun) 2011 and Q3 2011 (Q on Q) and also the annual change between Q3 2010 and Q3 2011 (Y on Y). Perhaps one of the first things to note is that the average house price in The North is the lowest of all regions in England & Wales. The second point to note is that, year on year, the North has seen the fastest decline in prices of the ten regions; at -7.9% this is four times greater than the average of -1.9% for England & Wales as a whole. Lastly, we can observe that, over the last quarter, The North has missed out on a small resurgence, seen by six regions, in prices over the summer months of 2011 and has witnessed a decline in prices of -3.9%.

<sup>1</sup> To provide consistency in its statistics over time the Land Registry has continued to use the Standard Statistical Regions of England & Wales as the basis for defining its regional data. The classification of regions within England & Wales was changed in 1999 to that of Government Office Regions. The main difference between the two classifications, in the context of this report, is that Cumbria, which falls into the North under the definition of Standard Statistical Regions, falls into the North West under the Government Office Regions. Because Acadametrics uses the Land Registry as its main data source, we are required to follow Land Registry practice in this matter. Readers may care to note both Nationwide and Halifax similarly classify Cumbria as being in the North.



Table 3. The number of properties sold by Region in England & Wales Q3 2010 – Q3 2011

ALL PROPERTY TYPES	TRANSACTION NUMBERS BY QUARTER						
REGION	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q on Q	Y on Y
NORTH	8,434	7,954	5,839	7,615	8,811	15.7%	4.5%
NORTH WEST	16,949	16,237	11,851	14,908	17,395	16.7%	2.6%
YORKS & HUMBERSIDE	14,481	13,423	9,562	12,847	14,981	16.6%	3.5%
WALES	7,834	7,961	5,424	6,624	8,163	23.2%	4.2%
WEST MIDLANDS	14,911	14,228	9,903	12,600	14,995	19.0%	0.6%
EAST MIDLANDS	14,391	13,768	9,306	12,407	14,917	20.2%	3.7%
EAST ANGLIA	8,876	8,484	5,986	7,471	9,391	25.7%	5.8%
SOUTH WEST	20,787	19,247	12,649	16,853	20,588	22.2%	-1.0%
SOUTH EAST	45,894	41,296	29,136	36,117	46,763	29.5%	1.9%
GREATER LONDON	24,544	21,761	17,179	19,482	24,950	28.1%	1.7%
<b>ENGLAND &amp; WALES</b>	<b>177,101</b>	<b>164,359</b>	<b>116,835</b>	<b>146,924</b>	<b>180,954</b>	<b>23.2%</b>	<b>2.2%</b>

Not seasonally adjusted

Table 3 shows the number of properties sold by region in each quarter for England & Wales for the period Q3 (Jul - Sep) 2010 to Q3 2011. The North has the second lowest number of property sales by region in England & Wales, representing some 5% of the market as a whole. Over the last year, property sales in The North experienced the second highest growth rate of all regions at 4.5%. However in the last quarter, it had the lowest increase in sales of all the regions, at 15.7%, although this was still higher than the long run average increase of 7.7% for this time of year.

In summary, the North has experienced the lowest increase in sales and the highest fall in prices of all the regions in England & Wales. Turning now to the constituent areas in the North:-

Table 4. The average house price by County/Unitary Authority in The North Q3 2010 – Q3 2011

## THE NORTH

ALL PROPERTY TYPES	AVERAGE HOUSE PRICES						
County/Unitary Authority Name	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q on Q	Y on Y
CUMBRIA	£176,171	£169,029	£166,344	£162,036	£162,204	0.1%	-7.9%
DARLINGTON	£146,758	£144,680	£153,595	£138,192	£125,730	-9.0%	-14.3%
DURHAM	£129,951	£125,228	£118,792	£122,885	£121,492	-1.1%	-6.5%
HARTLEPOOL	£119,898	£123,772	£124,200	£129,904	£119,250	-8.2%	-0.5%
MIDDLESBROUGH	£121,586	£115,290	£105,127	£114,285	£111,554	-2.4%	-8.3%
NORTHUMBERLAND	£185,170	£177,821	£171,942	£176,454	£168,654	-4.4%	-8.9%
REDCAR AND CLEVELAND	£123,167	£128,449	£122,393	£119,012	£125,889	5.8%	2.2%
STOCKTON-ON-TEES	£146,473	£145,284	£134,799	£138,571	£140,603	1.5%	-4.0%
TYNE AND WEAR	£151,084	£145,377	£141,007	£142,739	£138,698	-2.8%	-8.2%

Not seasonally or mix adjusted

Table 4 shows the average house price by county/unitary authority for The North for the period Q3 (Jul - Sep) 2010 to Q3 2011. The highest priced area in The North is currently Northumberland, with the lowest average price being found in Middlesbrough. Over the last year, prices have fallen fastest in Darlington, down 14.3%, but have been positive in Redcar and Cleveland at 2.2%. The picture over the last quarter has been similar, with the highest price rises being experienced in Redcar and Cleveland, +5.8%, and the largest falls being seen in Darlington, -9.0%.



Table 5. The number of properties sold by County/Unitary Authority in The North Q3 2010 – Q3 2011

THE NORTH							
ALL PROPERTY TYPES County/Unitary Authority Name	TRANSACTION NUMBERS BY QUARTER					Q on Q	Y on Y
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011		
CUMBRIA	1,713	1,585	1,147	1,440	1,737	20.6%	1.4%
DARLINGTON	327	273	187	247	343	38.9%	4.9%
DURHAM	1,359	1,319	926	1,274	1,385	8.7%	1.9%
HARTLEPOOL	200	217	153	210	236	12.4%	18.0%
MIDDLESBROUGH	350	277	219	330	359	8.8%	2.6%
NORTHUMBERLAND	949	869	646	735	902	22.7%	-5.0%
REDCAR AND CLEVELAND	312	344	260	310	408	31.6%	30.8%
STOCKTON-ON-TEES	542	563	391	533	559	4.9%	3.1%
TYNE AND WEAR	2,682	2,507	1,910	2,536	2,882	13.6%	7.5%

Not seasonally adjusted

Table 5 shows the number of properties sold by county/local authority in The North, by quarter, for the period Q3 (Jul - Sep) 2010 to Q3 2011. The largest percentage increase in house sales by area has been experienced in Redcar and Cleveland, which had particularly buoyant sales in Q3 2011. Of the northern districts, the only area to have seen a decline in the number of properties sold over the last year was Northumberland at -5.0%, with Hartlepool and Redcar and Cleveland seeing growth in double figures.

Table 6. The average house price by property type in The North Q3 2010 – Q3 2011

THE NORTH							
BY PROPERTY TYPE	AVERAGE HOUSE PRICES					Q on Q	Y on Y
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011		
DETACHED	£252,800	£248,051	£250,810	£238,929	£239,255	0.1%	-5.4%
SEMI-DETACHED	£143,679	£140,010	£134,063	£137,320	£133,286	-2.9%	-7.2%
TERRACED	£117,522	£111,794	£107,755	£110,131	£107,174	-2.7%	-8.8%
FLATS / MAISONNETTES	£111,261	£110,240	£108,387	£109,209	£102,470	-6.2%	-7.9%

Not seasonally adjusted

Table 6 shows the average house price by property type for The North for the period Q3 (Jul - Sep) 2010 to Q3 2011. Over the last year, terraced properties have seen the highest decline in prices at -8.8%, compared to a national average of -0.9%, whilst detached properties have seen the least decline, at -5.4%, compared to a national average of -3.2%. Over the last quarter, in The North, only detached houses saw an increase in prices of 0.1%, compared to a 5.9% increase nationally, and flats saw the highest decline at -6.2% compared to a national figure of +2.8%. However, it should be noted that flats represent only 10% of the property market in the North, compared with 17% nationally.



Looking at the three most predominant areas by number of property sales in the North, we observe the following:-

Tables 7, 8 & 9. The average house price for the three largest districts in The North Q3 (Jul - Sep) 2010 - Q3 2011

## TYNE & WEAR

Property Type	AVERAGE HOUSE PRICES					Q on Q	Y on Y
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011		
DETACHED	£248,139	£241,238	£257,404	£249,047	£248,863	-0.1%	0.3%
SEMI-DETACHED	£154,535	£150,205	£141,178	£145,250	£138,316	-4.8%	-10.5%
TERRACED	£138,207	£130,873	£122,650	£128,613	£126,090	-2.0%	-8.8%
FLATS / MAISONNETTES	£106,780	£101,525	£100,708	£102,981	£95,110	-7.6%	-10.9%
ALL TYPES	£151,084	£145,377	£141,007	£142,739	£138,698	-2.8%	-8.2%

Table 7: Not seasonally adjusted

## CUMBRIA

Property Type	AVERAGE HOUSE PRICES					Q on Q	Y on Y
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011		
DETACHED	£280,574	£275,135	£271,304	£259,441	£263,005	1.4%	-6.3%
SEMI-DETACHED	£160,955	£158,531	£158,709	£153,763	£151,702	-1.3%	-5.7%
TERRACED	£119,861	£117,221	£117,967	£117,401	£112,671	-4.0%	-6.0%
FLATS / MAISONNETTES	£137,122	£130,926	£139,435	£129,582	£121,380	-6.3%	-11.5%
ALL TYPES	£176,171	£169,029	£166,344	£162,036	£162,204	0.1%	-7.9%

Table 8: Not seasonally adjusted

## DURHAM

Property Type	AVERAGE HOUSE PRICES					Q on Q	Y on Y
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011		
DETACHED	£216,411	£218,214	£220,041	£210,422	£204,112	-3.0%	-5.7%
SEMI-DETACHED	£118,921	£115,817	£109,621	£112,285	£109,148	-2.8%	-8.2%
TERRACED	£93,680	£90,450	£82,327	£87,756	£87,205	-0.6%	-6.9%
FLATS / MAISONNETTES	£101,936	£112,005	£109,304	£99,484	£110,143	10.7%	8.1%
ALL TYPES	£129,951	£125,228	£118,792	£122,885	£121,492	-1.1%	-6.5%

Table 9: Not seasonally adjusted

Tables 7, 8 & 9 show the average house prices by property type for the three largest districts, in terms of property sales in The North for the period Q3 (Jul - Sep) 2010 to Q3 2011. Over the last year, only flats in Durham, +8.1%, and detached properties in Tyne & Wear, +0.3%, have seen increase in their average prices, with flats in Cumbria and Tyne and Wear seeing the largest decline in prices.

Although, overall, we know that house prices in the The North are declining at a faster rate than any other region in England & Wales, it has to be said that, when looking at the constituent parts of The North, this pattern is by no means universal. Each individual market appears to have unique characteristics and circumstances which dictate the prices to be found in a particular locality. Overall, we know that The North is likely to experience one of the highest declines in employment, a result of the announced Government spending cuts, and it is this factor which is driving the housing market in the region as a whole, but with many differences being experienced in the individual localities.

# Regional data table



Table 6. Average house prices by region, October 2010 – September 2011, with monthly and annual % growth

	North			North West			East Midlands			West Midlands		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Oct-10	£148,219	-0.1	0.2	£158,082	-0.4	2.0	£163,610	-0.1	2.6	£176,701	-0.1	4.6
Nov-10	£147,046	-0.8	-1.4	£156,339	-1.1	0.0	£162,581	-0.6	1.5	£174,777	-1.1	3.9
Dec-10	£145,719	-0.9	-1.0	£155,461	-0.6	-1.0	£161,632	-0.6	-0.2	£173,682	-0.6	0.9
Jan-11	£146,428	0.5	-1.9	£154,644	-0.5	-1.8	£161,578	0.0	-2.0	£173,435	-0.1	-1.6
Feb-11	£148,181	1.2	-1.4	£154,677	0.0	-2.2	£161,510	0.0	-2.7	£172,304	-0.7	-3.7
Mar-11	£147,499	-0.5	-3.2	£153,235	-0.9	-3.5	£160,646	-0.5	-2.3	£171,851	-0.3	-2.6
Apr-11	£145,438	-1.4	-3.2	£152,206	-0.7	-4.5	£159,598	-0.7	-2.3	£171,059	-0.5	-2.1
May-11	£144,263	-0.8	-3.3	£150,586	-1.1	-5.1	£158,575	-0.6	-3.3	£170,918	-0.1	-1.7
Jun-11	£142,176	-1.4	-4.2	£150,979	0.3	-4.0	£159,260	0.4	-3.4	£169,292	-1.0	-3.5
Jul-11	£139,604	-1.8	-5.9	£152,115	0.8	-2.7	£159,553	0.2	-2.7	£168,500	-0.5	-3.8
Aug-11	£137,209	-1.7	-6.9	£152,969	0.6	-2.6	£160,098	0.3	-2.3	£168,838	0.2	-4.5
Sep-11	£136,640	-0.4	-7.9	£152,373	-0.4	-4.0	£159,654	-0.3	-2.5	£168,880	0.0	-4.5

	Wales			Yorks & Humber			South West			East Anglia		
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual
Oct-10	£154,922	-0.5	0.4	£158,909	-0.8	1.1	£225,860	-0.3	5.7	£201,633	-1.3	6.1
Nov-10	£153,187	-1.1	-1.0	£158,069	-0.5	-0.1	£224,379	-0.7	4.8	£199,356	-1.1	6.2
Dec-10	£151,890	-0.8	-3.0	£156,730	-0.8	-2.5	£226,435	0.9	2.4	£198,176	-0.6	1.8
Jan-11	£152,059	0.1	-2.7	£156,987	0.2	-3.0	£224,965	-0.6	0.4	£198,409	0.1	-1.0
Feb-11	£152,754	0.5	-2.9	£155,790	-0.8	-4.3	£226,474	0.7	-0.6	£198,666	0.1	-3.9
Mar-11	£152,500	-0.2	-2.3	£156,515	0.5	-2.7	£224,187	-1.0	-0.4	£200,209	0.8	-1.6
Apr-11	£150,530	-1.3	-3.1	£155,903	-0.4	-2.6	£223,965	-0.1	-0.7	£199,811	-0.2	-1.2
May-11	£148,714	-1.2	-4.1	£154,168	-1.1	-3.2	£222,105	-0.8	-2.1	£200,089	0.1	-1.3
Jun-11	£148,931	0.1	-4.2	£152,697	-1.0	-3.9	£220,555	-0.7	-2.5	£198,147	-1.0	-2.7
Jul-11	£149,918	0.7	-3.5	£151,985	-0.5	-4.4	£220,390	-0.1	-2.7	£197,625	-0.3	-3.8
Aug-11	£151,099	0.8	-3.0	£153,256	0.8	-4.3	£220,101	-0.1	-2.7	£197,907	0.1	-3.0
Sep-11	£151,082	0.0	-3.0	£153,310	0.0	-4.3	£220,398	0.1	-2.7	£197,689	-0.1	-3.2

	South East			Greater London			ENGLAND & WALES			
	Av HP	%monthly	%annual	Av HP	%monthly	%annual	Av HP	%monthly	%annual	
Oct-10	£266,945	-0.5	6.8	£378,737	-0.1	8.6		£223,036	-0.4	5.3
Nov-10	£264,276	-1.0	5.7	£379,294	0.1	8.0		£221,540	-0.7	4.3
Dec-10	£264,423	0.1	3.2	£382,044	0.7	6.7		£221,561	0.0	2.3
Jan-11	£266,165	0.7	2.5	£384,970	0.8	5.0		£222,155	0.3	1.0
Feb-11	£269,901	1.4	2.0	£391,238	1.6	4.3		£223,934	0.8	0.2
Mar-11	£271,443	0.6	3.0	£394,885	0.9	5.7		£224,338	0.2	1.0
Apr-11	£267,484	-1.5	1.5	£389,120	-1.5	4.9		£222,075	-1.0	0.3
May-11	£263,690	-1.4	-0.6	£378,974	-2.6	2.5		£219,077	-1.3	-1.1
Jun-11	£261,724	-0.7	-1.8	£374,571	-1.2	0.0		£217,512	-0.7	-2.2
Jul-11	£263,309	0.6	-1.7	£381,130	1.8	0.7		£218,630	0.5	-2.0
Aug-11	£264,061	0.3	-1.8	£387,193	1.6	1.6		£219,804	0.5	-1.9
Sep-11	£263,203	-0.3	-1.9	£388,733	0.4	2.5		£219,698	0.0	-1.9
Oct-11								£220,056	0.2	-1.3



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, CLG and LR) can be prepared only when the prices at which properties have been transacted have been recorded at LR (LSL Acad E&W HPI and LR) or when firm prices at mortgage completion (CLG) have been made available by lenders; valuation series can be prepared whenever the data e.g. asking or mortgage offer prices are available to the provider; publicity accrues to those indices which are released first; indices published at or before month end are likely to employ data for the current and prior months. LR overcomes the delay in availability of full LR transaction data by using only the prices of properties for which two prices are recorded at LR and the published American Case Shiller methodology, developed to prepare indices for metropolitan districts, since the USA lacks a central Land Registry. LSL Acad E&W HPI overcomes the above delay with an “index of indices” forecasting model, purpose developed by Dr Stephen Satchell Economics Fellow Trinity College Cambridge and Dr George Christodoulakis, then at the Sir John Cass Business School; of the price series, LSL Acad E&W HPI, LR and CLG are published in that order.
3. LSL Acad E&W HPI provides prices at national and regional level to 1995 and, at county/London borough level, to 2000; back-cast national prices for graphing are available to 1987.
4. at **national** level, only some 60,000 monthly transactions now occur compared with at least 100,000 in past markets. For any given month, c.33% (20,000) of these will be reported to LR by month end. When monthly sales were c.100,000, we found that using the initial 15,000 transactions then reported to LR, introduced volatility into our first LSL Acad E&W HPI result. Rather than rely upon a small sample, likely to be unrepresentative, LSL Acad E&W HPI therefore employs the above “index of indices”, and a series of auto regression and averaging models. After the elapse of one month, LR provides c.85% of the transactions for the prior month, used to replace the initial LSL Acad E&W HPI “forecast” with a first LSL Acad E&W HPI “update” result. A further month later, LR provides c.90% of transactions, used to replace the first, with a second, LSL Acad E&W HPI “update” result. Three months after any given month, LR provides c.95 % of the month’s transactions, sufficient to enable us to describe our next update as an LSL Acad 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 first LSL Acad E&W HPI “update” now uses c.37,000 real transactions for the month (as well as, by smoothing, c.40,000 transactions for the prior month); only CLG with, this year, 28,000 mortgage completions (and the Rightmove asking price index) have specified comparable data volumes; lender index data volumes are not quantified; the Halifax HPI employs three month smoothing for annual change results but not for other results; Hometrack provides survey data and specifies that theirs is a survey, not an index; current results are showing a divide between indices with more, and indices with less, data volumes.
5. in each of the 10 **regions**, an average of only some 6,000 transactions now occur monthly; hence, we wait one month, pending receipt from LR of the c.85% sample and provide monthly results one month in arrears of the most recent month. In our Regional data table, **red** data represent LSL Acad E&W HPI “forecast” results, **blue** data represent LSL Acad E&W HPI “update” 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 95% 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 index are unable to distinguish between 3, 4 or 5 bedroom houses or between those with 2, 1 or even no bathroom; the lender hedonic indices and the CLG mix adjusted index do so. LR data exclude commercial and, thus, auction sales and do not reflect repossession prices on the grounds that such prices do not reflect those between a willing buyer and a willing seller; some feel that auction prices represent true market prices; others believe that the repossession price of a recent new build flat in Manchester is not (at least not yet) reflected in the price of a flat in an upmarket area.
8. LSL Acad E&W HPI is prepared from Land Registry data using a methodology designed to provide a “true measure of house price inflation”; Acadametrics does not guarantee the accuracy of the LSL Acad E&W HPI results and Acadametrics shall not be liable for any loss or damage, whatsoever, consequential upon any error, incorrect description of or inadequacy in the data; persons using the data do so entirely at their own risk; LSL Acad E&W HPI is freely provided for publication with due attribution to Acadametrics. Permission is required for any commercial use of the data.
9. The monthly, smoothed, average Land Registry prices at regional, county and London borough level by property type, which underlie LSL Acad E&W HPI, together with historic data are available from Acadametrics as in page 4 NOTE 7 above.
10. LSL Acad E&W HPI was published under the name FTHPI from September 2003 until December 2009.



## **LSL PROPERTY SERVICES PLC**

LSL is one of the leading residential property services companies in the UK and provides a broad range of services to a wide range of customers including mortgage lenders together with buyers and sellers of residential properties.

LSL's operations cover four key areas; surveying, estate agency, corporate services and financial services.

### **Surveying**

LSL's [surveying](#) business operates under e.surv Chartered Surveyors, Chancellors Associates and Barnwoods brands. e.surv is one of the largest employers of residential Chartered Surveyors in the UK and is the largest distributor and manager of mortgage valuations and private surveys.

### **Estate Agency**

LSL's [estate agency](#) business operates under the Your Move, Reeds Rains, Intercounty and several independent brands. Your Move is the single largest estate agency brand in the UK.

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](http://www.lslps.co.uk)