

# Leasehold and freehold residential property transactions QMI

Quality and Methodology Information for leasehold and freehold residential property transaction statistics, detailing the strengths and limitations of the data, methods used, and data uses and users.

Contact:

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# 1 . Methodology background

<b>National Statistic</b>	No
<b>Data collection</b>	Administrative data
<b>Output name</b>	Leasehold and freehold residential property transactions
<b>Frequency</b>	Annual
<b>How compiled</b>	Uses data from HM Land Registry (LR) to provide statistics on the residential property transactions of leaseholds and freeholds in England and Wales
<b>Geographic coverage</b>	Middle layer Super Output Area, local authority, county and unitary authority, combined authority, region, and England and Wales
<b>Related publications</b>	<a href="#">Experimental estimates of the total stock of leasehold properties</a>
<b>Last revised</b>	15 July 2019

## 2 . About this Quality and Methodology Information report

This Quality and Methodology Information report contains quality characteristics of the data (including the [European Statistical System five dimensions of quality \(PDF, 1.19MB\)](#)) as well as the methods used to create it. The information in this report will help you:

- understand the strengths and limitations of the data
- learn about existing uses and users of the data
- understand the methods used to create the data
- help you decide suitable uses for the data
- reduce the risk of misusing data

## 3 . Important points

- Statistics relate to leasehold and freehold residential property transactions at full market value in England and Wales from 1995 as recorded by HM Land Registry, the body responsible for recording changes in property ownership.
- Statistics include the number of transactions by property type for a range of geographies between the Middle layer Super Output Area level and the England and Wales level.
- We revise the statistics in each annual release, where the revised statistics supersede previously published statistics.
- Revisions are made for the entire time series, covering the year 1995 to the latest year.
- Revisions help reduce the impact of registration lag, whereby transactions can be registered by the Land Registry sometime after the date of completion.

## 4 . Quality summary

### Overview

This report provides information about leasehold and freehold residential property transaction statistics, produced by the Office for National Statistics (ONS) since July 2019. Some of these statistics were previously published as part of the House price statistics for small areas release, but on a one-off basis.

Leasehold and freehold residential property transactions are determined using open data from HM Land Registry, a source of comprehensive record-level administrative data on residential property transactions.

These statistics are also reported for:

- newly built and existing dwellings
- detached, semi-detached and terraced houses
- all house types combined
- flats and maisonettes

Leasehold and freehold residential property transaction data are available from 1995 to the most recently completed calendar year. The reference periods used for these statistics are calendar years (from January to December).

### Uses and users

Information about leasehold and freehold residential property transactions in England and Wales is an area of growing public and policy interest. Statistics on this topic can be used by housing policymakers, including central and local government, to assess the number of leasehold and freehold properties that exist, and in developing and monitoring housing policies by local, regional, and national level.

We engaged with the Ministry of Housing, Communities and Local Government (MHCLG) to understand the users and uses for such detailed statistics on leasehold and freehold property sales. The following broad groups of users have been identified.

## **Central government**

Monitoring trends in sales of leasehold houses and the potential impact of regulating leasehold house sales.

## **Local government**

Monitoring and developing their housing policies to meet the current and future needs of their areas, and to understand how changes and policies at the national level affect housing at the local authority level.

## **Devolved administrations**

Supporting policymaking and monitoring changes at the country level, like those requirements of central government; also used for comparisons with wider UK policies.

## **House-builders**

House-builders are likely to be interested in whether there are changing trends and practices for sales of leasehold houses.

## **Housing industry specialists**

These include organisations, such as estate agents, seeking information on small area trends.

## **Housing bodies**

These include organisations such as the Home Builders Federation.

## **Media**

Make use of the data to inform and aid journalistic coverage of new leasehold house sales.

## **Social researchers and academics**

Data may be used in the development of further statistics and social analysis.

## **Strengths and limitations**

Information on leasehold and freehold residential property transactions can be useful when identifying changes in the total number, and percentage share, of leasehold and freehold properties sold in a given period and area. This information can also be used to identify changes in the composition of leasehold and freehold residential property transactions by property type.

The Land Registry Price Paid Data only include records for single residential properties sold for full market value (including some sales made under the government's [Help to Buy](#) scheme). The Land Registry excludes records of sales that were not at full market value, as these would detract from a meaningful average house price figure.

Exclusions cover:

- all commercial transactions including operational farms
- transfer, conveyances, assignments or leases at a premium with nominal rent, which are:
  - “right to buy” sales at a discount
  - subject to a lease
  - subject to an existing mortgage
  - purchased with an identifiable buy to let mortgage
  - to affect the sale of a share in a property
  - by way of a gift
  - by way of exchange
  - under a compulsory purchase order
  - under a court order
  - to trustees
- vesting deeds transmissions or assents of more than one property
- leases for seven years or less
- purchased through a company

The Land Registry Price Paid Data do not include all transactions of newly built properties. For example, buildings that have been converted from commercial use to residential use and very small new housing developments may not be listed as transactions of newly built properties by the Price Paid Data. Therefore, newly built leasehold and freehold residential property transaction statistics principally refer to the number of newly built leasehold and freehold residential property sales in larger housing developments.

Also, sales of new properties where the use of the land has changed, and small developments, are more likely to be counted as sales of existing properties in the Price Paid Data. Therefore, the total sum of newly built leasehold and freehold residential property sales that we report does not reflect the entirety of new leasehold and freehold residential property sales stock.

## **5 . Quality characteristics of the data**

### **Relevance**

The issue of new leasehold house sales has received increased attention from the media and policymakers in recent years. So, there is demand for up-to-date information about trends in the sales of leasehold houses.

Furthermore, the Office for Statistics Regulation (OSR) published in 2017 a report on the [public value of housing and planning statistics](#). This report recommended that producers of official housing statistics aimed to fill gaps in understanding and sought to produce statistics at a geographically granular level. The leasehold and freehold residential property transaction statistics help fill our gap in understanding leasehold housing and are available at the small area level.

## Accuracy and reliability

HM Land Registry Price Paid Data, used in the production of these statistics, are comprehensive in that these capture changes of ownership for individual residential properties (that have sold for full market value) and cover both cash sales and those involving a mortgage. Land Registry Price Paid Data have been in existence since April 2000, with the Land Registry collecting data back to the year 1995. Every change of ownership that is listed in Land Registry Price Paid Data can be used to determine the annual number of leasehold and freehold residential property transactions.

Registration of a property transaction with HM Land Registry is compulsory for all changes of ownership except for leases with less than seven years to run. Solicitors acting for purchasers invariably register the transaction as quickly as possible after completion. It is the view of the Land Registry that under-recording is negligible, and so unlikely to affect the statistics significantly.

Recent residential property transactions can be registered with the Land Registry after the first publication of the monthly Price Paid dataset, an occurrence known as registration lag.

Regarding our leasehold and freehold residential property transaction statistics, this lag will affect the latest year available the most.

The data that we report for leasehold and freehold residential property transactions uses the HM Land Registry Price Paid Data published in April 2019. However, because of the registration lag, it is possible for property transactions that took place in 2018 to be added to Price Paid Data after April 2019. In this instance, therefore, the number of leasehold and freehold residential property transactions in our report for 2018 is lower than the actual number of leasehold and freehold residential property transactions that took place during this time.

However, when the next data are published, all previous periods will be updated to reflect any additional registrations. This means the effect of registration lag on the number of leasehold and freehold residential property transactions is minimised as much as possible. Registration lag is not thought to affect one house type more than any other.

## Coherence and comparability

Our leasehold and freehold residential property transactions are fully comparable throughout the time series, going back to 1995, because a single method and data source was used to produce statistics for all available periods, geographies and property types.

The statistics in our bulletin relate to leasehold properties that were sold in a given year, rather than the [experimental estimates of the total stock of leasehold properties](#) published by the Ministry for Housing, Communities and Local Government (MHCLG). For example, MHCLG estimated that the total stock of leasehold dwellings in England was 4.3 million in 2016 to 2017. This compares with the number of transactions of leasehold properties in England for 2018 that we report, which was 188,914. The differences and uses of these outputs are summarised in Table 1.

Table 1: Summary of differences between Leasehold and freehold residential property transactions (ONS) and Estimating the number of leasehold dwellings in England (MHCLG)

	<b>Leasehold and freehold residential property transactions (ONS)</b>	<b>Estimating the number of leasehold dwellings in England (MHCLG)</b>
Period covered	Calendar year	Financial year
Frequency of publication	Annual	Annual
What is it designed to measure?	The number of property transactions that were leasehold and freehold	Estimate of the number of leasehold dwellings
Coverage	England and Wales: several geographies by property type	England (there are no equivalent figures for Wales)
Source	HM Land Registry	English Housing Survey; HM Land Registry; Ministry of Housing Communities and Local Government Dwelling Stock Estimate 2016; Valuation Office Agency Council Tax Stock of Properties 2016
Uses	Used by housing policy makers, including central and local government in developing and monitoring policies and practices in the sale of new housing by local, regional and national level	Intended to be used as evidence in policymaking by both central and local government and allow for the tracking of total number of leasehold dwellings over time

Additionally, there are also the following sources of residential property transaction data.

[UK House Price Index \(UK HPI\)](#): The UK HPI is a monthly publication that includes all residential properties purchased for market value in the UK. However, as sales only appear in the UK HPI once the purchases have been registered, there can be a delay before transactions feed into the index.

[Land Transaction Tax Statistics for Wales](#): Since April 2018, Land Transaction Tax (LTT) has replaced Stamp Duty Land Tax (SDLT) in Wales. LTT is broadly consistent with SDLT; however, the residential tax rates differ. This change in the tax system may have affected house prices and transactions in Wales, particularly around the time of LTT's introduction. Statistics on the number of property transactions subject to the LTT are published monthly, and on a quarterly basis with accompanying commentary.

[Registers of Scotland official Quarterly housing market statistics](#): Registers of Scotland records all the property transactions in Scotland.

[Northern Ireland Residential Property Price Index](#): The Land and Property Services assisted by the Northern Ireland Statistics and Research Agency publish a quarterly Residential Property Prices Index (RPPI) for Northern Ireland, which contains information on the number of property transactions in Northern Ireland. This statistic was first published in Quarter 1 (Jan to Mar) 2012.

HM Revenue and Customs (HMRC) [Quarterly Stamp Duty Statistics](#): The Quarterly Stamp Duty Statistics provide local authority district and Westminster Parliamentary constituency-level data showing the number of property transactions in each Stamp Duty Land Tax band.

However, none of these sources provide information on leasehold and freehold residential property transactions. Property law in Scotland is different to the other UK countries in that most property is owned under “outright or absolute ownership”, which is comparable with freehold ownership in the other countries. The number of leasehold properties in Scotland was reduced following the Long Leases (Scotland) Act 2012, where leases of over 175 years were automatically converted to outright ownership.

## Accessibility and clarity

The data for these statistics are available from our website; users can also download the statistical bulletin in PDF format. For further information, please email us at [better.info@ons.gov.uk](mailto:better.info@ons.gov.uk).

Regarding conditions of access to data, please refer to:

- [terms and conditions \(for data on the website\)](#)
- [accessibility](#)

## Timeliness and punctuality

The leasehold and freehold residential property transaction statistics can be produced and published within four months of the latest complete Price Paid Data being published by the Land Registry (itself available monthly). The Price Paid Data are a complete record of registered residential property transactions, although additional registrations can occur after the first publication of the monthly Price Paid Data. See the Accuracy and reliability subsection for more information about this.

For more details on related releases of Land Registry data, the [GOV.UK release calendar](#) provides 12 months' advance notice of release dates. We will notify you in the unlikely event of a change to the announced release schedule, as set out in the [Code of Practice for Statistics](#).

## Concepts and definitions

### Freehold property

If you own a freehold property, you own the building and the land it stands on outright. You are referred to in the Land Registry as the freeholder.

### Leasehold property

If you own a leasehold property, you have a fixed-term lease from the freeholder (also referred to as the landlord) to use that property. These leases are usually long-term (often between 90 and 120 years, but can be as long as 999 years), but some exist that are shorter (40 years).

### Transaction

The Land Registry records transactions when a property changes hands. The transaction covers both the property and the land on which it stands. Operational farms and other commercial properties are excluded from the Land Registry Price Paid Data. Other exclusions are described in the Strengths and limitations subsection.

## Transactions at market value

Transactions that are included in the Price Paid Data are usually an accurate reflection of the market value for the individual property, but this is not always the case. Refer to the Strengths and limitations subsection for information on property transactions that are excluded from the Land Registry Price Paid Data.

## Stamp Duty Land Tax and Land Transaction Tax

[Stamp Duty Land Tax](#) is the tax imposed by the UK government when you buy a property or land over a certain price in England and Northern Ireland. The current threshold is £125,000 for residential properties and £150,000 for non-residential land and properties.

Since April 2018, [Land Transaction Tax \(LTT\)](#) has replaced Stamp Duty Land Tax (SDLT) in Wales. LTT is broadly consistent with SDLT, however, [the residential tax rates differ](#). This change in the tax system may have affected house prices and transactions in Wales – particularly around the time of LTT's introduction.

## Geography

Statistics are reported for a range of subnational geographies in England and Wales (see the Methodology background section).

Geographic referencing is carried out using the [National Statistics Postcode Lookup \(NSPL\)](#) file, available on the [ONS Open Geography Portal](#). The version used is the most up-to-date file at the time of production. In accordance with National Statistics geography policy, each record is allocated to a Middle layer Super Output Area (MSOA) and all other geographies on which we report using its address and postcode, which are fitted using the NSPL.

## Output quality

Part of the process of obtaining leasehold and freehold residential property transactions is joining Land Registry Price Paid Data with the NSPL. This process does not always achieve a 100% match rate as not all property sale records have postcodes attributed to them, and there are some that do have erroneous or invalid postcodes that do not appear on the NSPL. However, these unmatched records are infrequent and show no bias to specific areas, price ranges or house types.

## Output quality trade-offs

(Trade-offs are the extent to which different dimensions of quality are balanced against each other.)

This output is not subject to scheduled revisions. However, the raw data used for these statistics are occasionally revised to maintain the highest-possible quality. The latest release of leasehold and freehold residential property transactions will be created using the revised data, and any revised historic data will be included in such release.

## Why you can trust our data

The Land Registry data behind the leasehold and freehold residential property transactions are record-level data with several variables relating to the property type and sale, but not personal data on the seller or buyer. This is explained further on the [Land Registry's guidance page on accessing the Price Paid Data](#). There is more detail in the Land Registry [Privacy Impact Assessment Review and the Review report: April 2013](#). The [Land Registry Price Paid Data](#) or the [Land Registry Price Paid Report Builder](#) have more information on an individual sale.

## 6 . Methods used to produce the data

### How we collect the data, main data sources and accuracy

HM Land Registry has provided the publicly available, open data used in the production of these statistics. The data relate to residential dwelling transactions together with information on the prices paid and type of dwelling (newly built and existing stock, detached, semi-detached, terraced and flat or maisonette). This is known as Price Paid Data.

Land Registry Price Paid Data are used to produce leasehold and freehold residential property transactions. The Price Paid Data can be accessed for free via the [GOV.UK website](#) as a whole dataset, for individual years or months, or by other specific search criteria.

HM Land Registry is a government department responsible to the Lord Chancellor for maintaining the Land Register, a record of land ownership in England and Wales. The Land Registry was established in 1862 and now operates under the provisions of the Land Registration Act of 1925.

It is a statutory requirement for all relevant property transaction details to be sent to the Land Registry whenever a person transfers ownership of a property or takes a mortgage out against it. This change must be registered with the Land Registry to make it legally effective. Over half of the applications for registration are received electronically; the rest are on paper forms, which are keyed into an electronic register. Historic data are retained within the files but are not shown on the Land Register.

### How we process the data

To link Land Registry Price Paid Data to geographic information, we match the postcode of each transaction to a postcode lookup file. This in turn can be used to determine which Middle layer Super Output Area (MSOA) and other geographies transactions took place in.

The postcode lookup file used in the production of these statistics is the [National Statistics Postcode Lookup \(UK\) \(NSPL\)](#). The NSPL is a complete list of current and historic postcodes in the UK alongside the statistical geographies these postcodes are situated within. The NSPL is produced by the Office for National Statistics (ONS) Geography team and is freely available for download. Where possible, the most recently available version of the NSPL is used when the statistics are produced.

The NSPL dataset is matched to the Land Registry Price Paid Data using postcodes to assign the relevant statistical geographies to each property transaction. This allows groups of sales with the same geographies to be formed.

### How we analyse and interpret the data

Using the above-mentioned data, we calculate the number of leasehold and freehold residential property transactions. Outputs are made into tables and published as leasehold and freehold residential property transactions.

### How we quality assure and validate the data

The datasets for the number of transactions are checked to ensure that they are internally additive to other geographies (where possible). We also do checks to ensure that the data are consistent with that published in the House price statistics for small areas release.

The datasets also undergo a range of manual checks to ensure there are no missing data and that titles and notes are up to date and correct.

## How we disseminate the data

We produce leasehold and freehold residential property transaction statistics annually. However, the data to produce leasehold and freehold residential property transactions are available each month when these are published by HM Land Registry.

## How we revise the data

Leasehold and freehold residential property transaction statistics contain annual data going back to 1995. We will revise the statistics in each annual release, where revised statistics supersede previously published statistics, to ensure that:

- residential property transactions added to or edited in the Land Registry Price Paid Data are included, especially in the latest periods to which changes are more likely to relate
- if a geography change is made, the entire series reflects the new structure, therefore, avoiding geographic breaks in the time series

## 7 . Other information

More information about Land Registry Price Paid data is available on the [How to access HM Land Registry Price Paid data guidance](#) page.