



# HOUSE PRICE INDEX



07/10/2016

## Annual house price growth eases further to 5.8%

- House prices in the three months to **September** were 5.8% higher than in the same three months of 2015
- Prices in the last three months (**July-September**) were 0.1% lower than in the preceding quarter

### UK House prices

**September 2016**  
(seasonally adjusted)

Annual change	+5.8%
Quarterly change	-0.1%
Monthly change	+0.1%
Average Price	£214,024

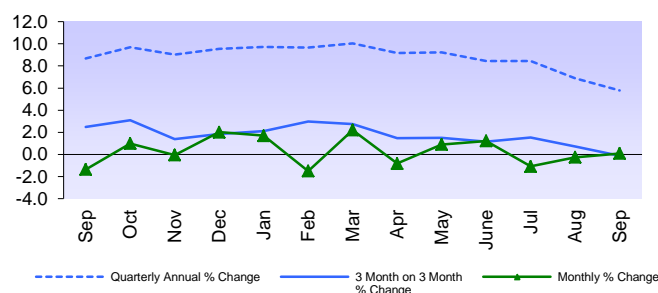
**Martin Ellis, Halifax housing economist, said:**

"House prices in the three months to September were largely unchanged compared with the previous quarter. The annual rate of growth eased from 6.9% in August to 5.8%.

"The housing market has followed a steady downward trend over the past six months with clear evidence of both a softening in activity levels and an easing in house price inflation.

"The reduction in annual house price growth from a peak of 10.0% in March to 5.8% six months later remains in line with our forecast at the end of 2015. A lengthy period where house prices have risen more rapidly than earnings has put pressure on affordability, therefore constraining demand. Very low mortgage rates and a shortage of properties available for sale should, however, help support price levels over the coming months."

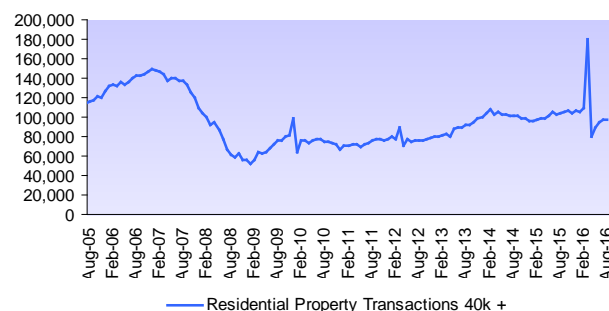
UK House Prices



Sources: Halifax, Markit.

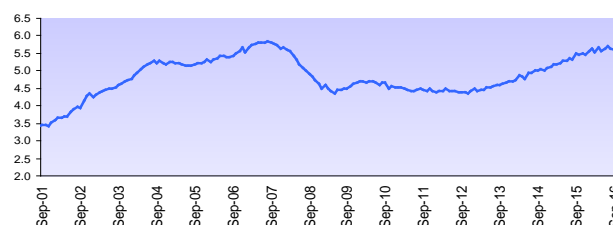
Residential Property Transactions £40,000+

Residential Property Transactions 40k +



Source: HMRC.

House Price Earnings Ratio



Sources: Halifax calculations based on data from Halifax, Markit and ONS.

### ABOUT THE HALIFAX HOUSE PRICE INDEX

The Halifax House Price Index is the UK's longest running monthly house price series with data covering the whole country going back to January 1983. From this data, a "standardised" house price is calculated and property price movements on a like-for-like basis (including seasonal adjustments) are analysed over time. The annual change is calculated as an average for the latest three months compared with the same period a year earlier. These figures provide a better picture of the underlying trend compared to a monthly year-on-year number as they smooth out any short-term fluctuations.

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## Key facts

### House Prices

- **House prices in the three months to September were 0.1% lower than in the previous three months (April-June).** This compared with a 0.7% rise in August and is the lowest quarterly rate since November 2012 (-0.3%). The quarterly rate of change has been on a downward trend since reaching 3.0% in February.
- **Prices in the three months to September were 5.8% higher than in the same three months a year earlier.** This compared to 6.9% in August and continues the downward trend seen over the past six months after the annual rate reached 10.0% in March. September's 5.8% is the lowest yearly growth rate since August 2013 (5.4%).
- **House prices increased by 0.1% between August and September.** This small increase followed two consecutive monthly falls. The quarter on quarter change is a more reliable indicator of the underlying trend.
- **The average age of a UK first-time buyer is now 30, but this masks a seven-year age gap among those coming on to the housing ladder, according to separate recent research from Halifax.** The youngest first-time buyers are in Carlisle in Cumbria and Torfaen in south Wales where the average age is 27. The oldest average first-time buyer age (34) is in areas including Slough in Berkshire and the London boroughs of Barnet and Ealing.

### Housing Activity

- **Home sales stable in August.** UK home sales were largely unchanged between July and August, at 97,660. Sales were, however, 6% lower than in August 2015. (*Source: HMRC, seasonally-adjusted figures*)
- **Mortgage approvals on a steady downward trend.** The volume of mortgage approvals for house purchases – a leading indicator of completed house sales – fell by 1.4% between July and August; the third successive monthly decline. Approvals in the three months to August were 11% lower than in the same three months last year. (*Source: Bank of England, seasonally-adjusted figures*)
- **Supply remains very low.** The stock of homes available for sale fell for the third month in a row in August, and remains around the lowest levels ever recorded. (*Source: Royal Institution of Chartered Surveyors' (RICS) monthly report*)

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## UK House Prices: Historical Data

All Houses, All Buyers (Seasonally Adjusted)

	Index 1983=100	Standardised Average Price £	Monthly Change %	Quarterly Change %*	Annual Change %**
	1	2			
Period					
Sep 2015	656.4	202,825	-1.4	2.5	8.7
Oct	663.3	204,932	1.0	3.1	9.7
Nov	662.9	204,830	-0.1	1.4	9.0
Dec	676.2	208,943	2.0	1.8	9.5
Jan 2016	687.8	212,502	1.7	2.1	9.7
Feb	677.5	209,334	-1.5	3.0	9.7
Mar	692.4	213,945	2.2	2.8	10.0
Apr	686.8	212,204	-0.8	1.5	9.2
May	693.0	214,115	0.9	1.5	9.2
Jun	701.4	216,726	1.2	1.1	8.4
Jul	693.8	214,378	-1.1	1.5	8.4
Aug	692.1	213,829	-0.3	0.7	6.9
Sep	692.7	214,024	0.1	-0.1	5.8

### EDITORS' NOTES

\* House price data on a quarterly basis provides the clearest indication of overall market trends, smoothing out the monthly volatility caused by the reduced number of monthly transactions used to calculate all house price indices.

\*\* The annual change numbers are the quarterly non seasonally adjusted year-on-year figures. These figures provide a better picture of underlying trends compared to a monthly year-on-year number as they smooth out any short-term fluctuations.

#### 1. INDEX

The standardised index is seasonally adjusted using the U.S. Bureau of the Census X-11 moving-average method based on a rolling 84-month series. Each month, the seasonally adjusted figure for the same month a year ago and last month's figure are subject to revision.

#### 2. STANDARDISED AVERAGE PRICE

The standardised average price is calculated using the HPI's mix adjusted methodology.

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