



09/01/2017

Annual house price growth rises to 6.5%

- House prices in the three months to **December** were 6.5% higher than in the same three months of 2015
- Prices in the last three months (October-December) were 2.5% higher than in the preceding quarter

UK House prices December 2016 (seasonally adjusted)

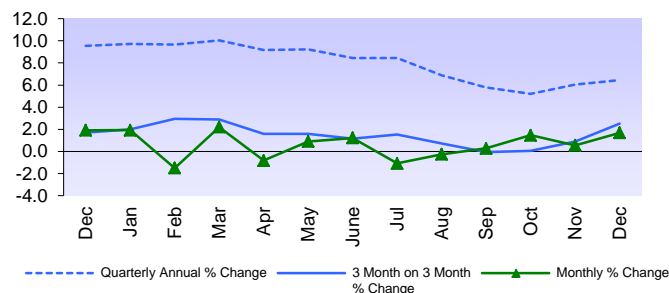
Annual change	+6.5%
Quarterly change	+2.5%
Monthly change	+1.7%
Average Price	£222,484

Martin Ellis, Halifax housing economist, said:

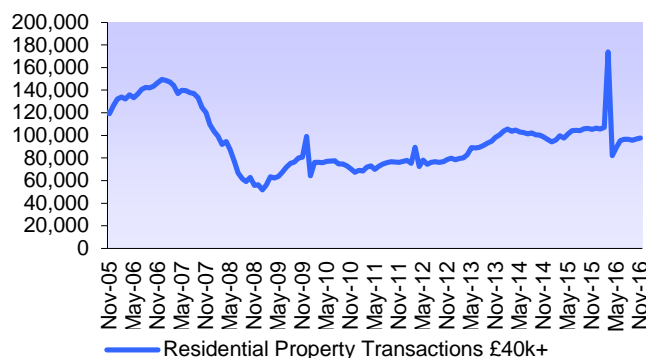
"House prices finished 2016 strongly. Prices in the final quarter of the year were 2.5% higher than in the previous quarter. The annual rate of growth increased, rising for the second consecutive month, from 6.0% in November to 6.5%.

"Slower economic growth, pressure on employment and a squeeze on spending power, together with affordability constraints, are expected to reduce housing demand during 2017. UK house prices should, however, continue to be supported by an ongoing shortage of property for sale, low levels of housebuilding, and exceptionally low interest rates. Overall, annual house price growth nationally is most likely expected to slow to 1-4% by the end of 2017. The relatively wide range for the forecast reflects the higher than normal degree of uncertainty regarding the prospects for the UK economy this year."

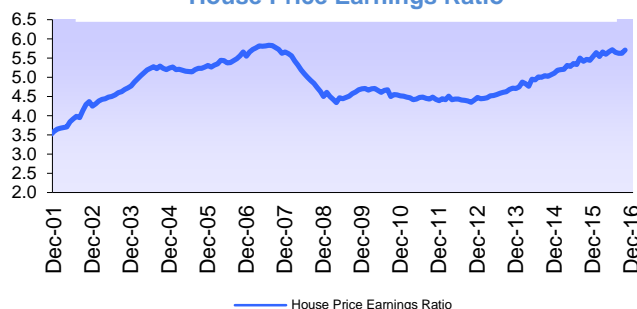
UK House Prices



Residential Property Transactions £40,000+



House Price Earnings Ratio



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 final three months of 2016 were 2.5% higher than in the previous three months.** This compared to the 0.9% quarterly rate of change in November. The quarterly rate of change in December was the highest since March 2016 (+2.9%).
- **Prices in the three months to December were 6.5% higher than in the same three months a year earlier.** This was the second consecutive increase in the annual rate from a 2016 low of 5.2% in October and compared to 6.0% in November. Despite the increases in November and December, the annual rate remains significantly below the 10.0% peak reached in March 2016.
- **House prices increased by 1.7% between November and December.** This was the fourth successive monthly rise and the biggest since March 2016 (2.2%).
- **Luton recorded the biggest percentage rise in house prices among major UK towns and cities over the past year, according to recent separate research by Halifax.** The average house price in the Bedfordshire town was 19.4% higher than in the previous year, increasing from £214,934 to £256,636 in 2016. Luton is within easy commuting distance of London and has relatively low property prices. The outer London borough of Barking and Dagenham experienced the second biggest rise in average house prices with an increase of 18.6%. Dunstable – Luton's near neighbour – completed the top three with a 17.9% rise.

Housing Activity

- **Total UK home sales in 2016 set to be broadly unchanged from 2015 and 2014 at 1.2 million.** Sales have largely stabilised since the middle of 2016 with a 1% increase between October and November. Sales in the three months from September to November were, however, 9% lower than in the same period last year. (Source: HMRC, seasonally-adjusted figures)
- **Mortgage approvals were 6% higher in the three months to November compared with the preceding three months.** The volume of mortgage approvals for house purchases – a leading indicator of completed house sales – slightly increased (+0.2%) on a monthly basis from October to November, following a 6% rise between September and October; indicating homes sales could increase over the coming months. (Source: Bank of England, seasonally-adjusted figures)
- **Supply remains very low.** There are no signs that the acute shortage of stock of homes available for sale is easing. The number of new instructions for November was flat, with the figure for unsold stock at a record low. (Sources: 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 1	Standardised Average Price £ 2	Monthly Change %	Quarterly Change %*	Annual Change %**
Period					
Dec 2015	674.7	208,474	1.9	1.7	9.5
Jan 2016	687.8	212,502	1.9	2.0	9.7
Feb	677.5	209,334	-1.5	2.9	9.7
Mar	692.4	213,945	2.2	2.9	10.0
Apr	686.8	212,204	-0.8	1.6	9.2
May	693.0	214,115	0.9	1.6	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	694.0	214,418	0.3	-0.1	5.8
Oct	704.2	217,567	1.5	0.1	5.2
Nov	708.1	218,785	0.6	0.9	6.0
Dec	720.1	222,484	1.7	2.5	6.5

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.

For further information please contact:

Email: housingeconomics@lloydsbanking.com

For historical data or for technical queries contact
economics@markit.com

PRESS OFFICE CONTACTS:

Halifax press team:

Angus Cheyne: 0131 655 7019/ 07970 566 594 angus.cheyne@lloydsbanking.com

Sarika Thanki: 07557 661 569 sarika.thanki@lloydsbanking.com

Kimberley Hamilton: 07557 257 298 kimberley.hamilton@lloydsbanking.com

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