



HOUSE PRICE INDEX



05/08/2016

Annual house price growth unchanged at 8.4%

- Prices in the three months to July were 8.4% higher than in the same three months of 2015
- House prices in the last three months (May-July) were 1.6% higher than in the preceding three months

UK House prices

July 2016 (seasonally adjusted)

Annual change	+8.4%
Quarterly change	+1.6%
Monthly change	-1.0%
Average Price	£214,678

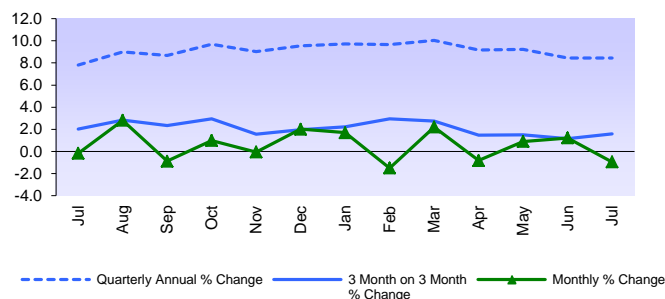
Martin Ellis, Halifax housing economist, said:

“House prices in the three months to July were 1.6% higher than in the previous quarter; up from 1.1% in June but comfortably lower than earlier in the year. The annual rate of growth was unchanged at 8.4%; the lowest since July 2015.

“There are signs that house price growth is slowing with a deceleration in both the annual and quarterly rates of increase in the past few months. Nonetheless, the current rates remain robust.

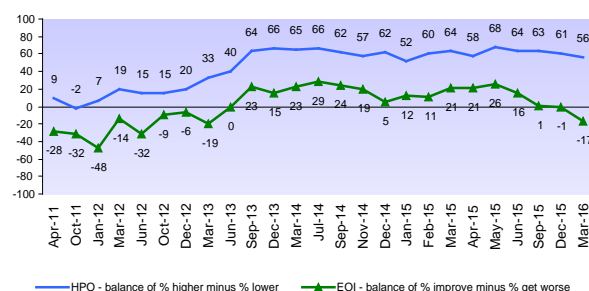
“July’s monthly decline largely offset June’s increase. The month-on-month changes, however, can be erratic and falls often occur within an upward trend. Overall, it remains too early to determine if there has been any impact on the housing market as a result of June’s EU referendum result.”

UK House Prices



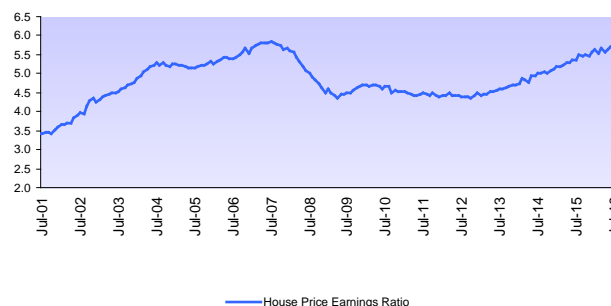
Sources: Halifax, Markit.

House Price Optimism & Economic Optimism



Sources: Halifax, Ipsos Mori.

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 July were 1.6% higher than in the preceding three months (February-April).** This was above June's 1.1% increase and similar to the rates recorded in April and May (both 1.5%), but significantly lower than in February and March.
- **Prices in the three months to July were 8.4% higher than in the same three months a year earlier.** This annual rate was unchanged from June, at the lowest since July 2015 (7.8%).
- **House prices declined by 1.0% between June and July.** This largely offset the 1.2% increase in June. The month-on-month changes can be erratic and monthly falls often occur within an upward trend. This was the third monthly fall so far this year and was smaller than February's decline (-1.5%). The quarter on quarter change is a more reliable indicator of the underlying trend.
- **The number of first time buyers (FTBs) increased by an estimated 10% in the first six months of 2016 compared with the same period in 2015, according to the latest Halifax First Time Buyer Review.** There were an estimated 154,200 FTBs in the first half of 2016 compared with 140,500 in the same period last year. This was more than double the market low in the first half of 2009 (72,700). Nonetheless, the number of FTBs in the first half of 2016 was nearly a fifth lower (36,700) than in 2006.

Housing Activity

- **Home sales continued to improve in June.** Sales have been heavily distorted in recent months by the introduction of higher stamp duty tax rates for buy to let and second home purchases in April. A rush to complete sales ahead of the tax change caused a sharp rise in March, which was followed by a substantial decline in April. UK home sales continued to recover in June with a 5% increase compared with May. Overall, sales in the first half of 2016 were 11% higher than in the same period last year. *(Source: HMRC, seasonally-adjusted figures)*
- **Mortgage approvals fell slightly in June.** The stamp duty change has also affected mortgage approvals in recent months. The volume of mortgage approvals for house purchases – a leading indicator of completed house sales – declined by 3% between May and June. Approvals in the three months to June were 9% lower than in the first three months of 2016. Nonetheless, approvals in the first six months of 2016 were 8% higher than in the first half of 2015. *(Source: Bank of England, seasonally-adjusted figures)*
- **Stock of homes for sale remains very low.** New instructions by home sellers fell for the fourth month in a row in June. This contributed to a fall in the stock of homes available for sales, which remains close to a record low. *(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					
Jul 2015	644.4	199,117	-0.2	2.0	7.8
Aug	662.6	204,722	2.8	2.8	9.0
Sep	656.8	202,931	-0.9	2.4	8.7
Oct	663.3	204,932	1.0	3.0	9.7
Nov	662.9	204,830	-0.1	1.6	9.0
Dec	676.2	208,943	2.0	2.0	9.5
Jan 2016	687.8	212,502	1.7	2.2	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	694.8	214,678	-1.0	1.6	8.4

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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