



HOUSE PRICE INDEX



07/06/2017

Annual house price growth eases again to 3.3%

- House prices in the three months to May were 3.3% higher than in the same period of 2016.
- Prices in the three months to May were 0.2% lower than in the preceding quarter.

UK House Prices

UK House Prices	May 2017 (seasonally adjusted)
Annual change	+3.3%
Quarterly change	-0.2%
Monthly change	0.4%
Average Price	£220,706

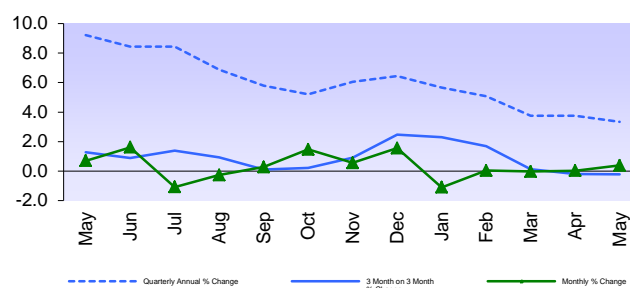
Martin Ellis, Halifax housing economist, said:

"After reaching a recent peak of 10% in March 2016, the annual house price growth has since fallen to 3.3% in May."

"House prices have again fallen over the past three months. Overall, prices in the three months to May were -0.2% lower than in the preceding three months; the same rate as in April."

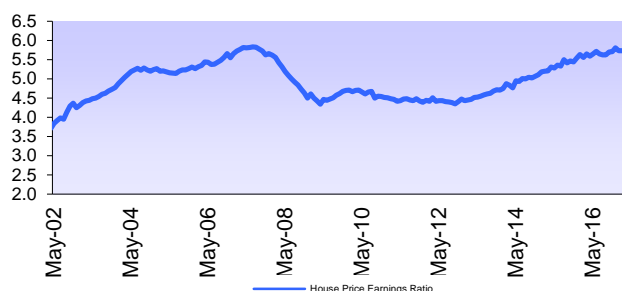
"The fact that the supply of new homes and existing properties available for sale remains low, combined with historically low mortgage rates and a high employment rate, is likely to support house price levels over the coming months."

UK House Prices



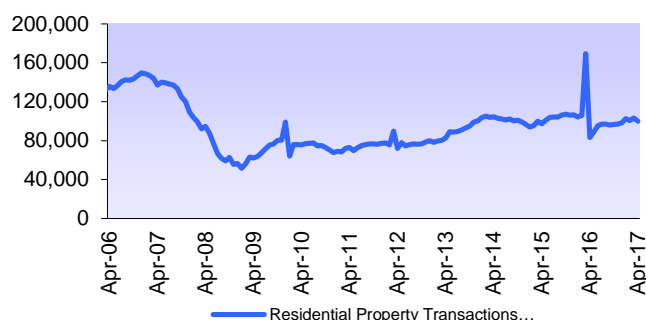
Sources: Halifax, Markit.

House Price Earnings Ratio



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

Residential Property Transactions £40,000+



Sources: HMRC

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 last three months (March-May) were 0.2% lower than in the previous three months (December-February).** This was the second quarterly fall since November 2012 (-0.3%).
- **Prices in the three months to May were 3.3% higher than in the same three months a year earlier.** This was lower than April and is the lowest annual rate since May 2013 (2.6%). The annual rate is around a third of the 10.0% peak reached in March 2016.
- **House prices rose by 0.4% between April and May.** There has been virtually no change in prices over the past three months.
- **Nationally, house prices in May 2017 were 11% above their August 2007 peak.** The average house price of £220,706 is £66,043 (43%) higher than its low point of £154,663 in April 2009.

Housing Activity

- **Drop in UK home sales.** Sales fell by 3% between March and April, to 99,910. This followed three successive months when sales were above 100,000. Nonetheless, sales in the three months to April were 2% higher than in the preceding three months. *(Source: HMRC, seasonally-adjusted figures)*
- **The volume of mortgage approvals for house purchases** – a leading indicator of completed house sales – fell by 2% between March and April, to 64,600. Approvals have been in a narrow range between 64,600 and 68,600 per month over the past six months; indicating that homes sales are unlikely to change significantly over the next few months. Rising inflation and weak wage growth, together with higher stamp duty tax rates for buy to let and second home purchases have weakened market activity. *(Source: Bank of England, seasonally-adjusted figures)*
- **Supply remains very low.** The number of properties coming on to the market fell for the 14th consecutive month in April. This kept the average stock levels on estate agents' books close to an historic low. *(Sources: Royal Institution of Chartered Surveyors' (RICS) monthly report)*
- **Rise in private sector housebuilding.** Private enterprise new build housing completions were 12% higher in the January-March quarter (Quarter 1) in 2017 than in the previous quarter. In contrast, completions by housing associations were 5% lower. All completions are 57% above the trough in 2013 Quarter 1, but remain 18% below their 2007 Quarter 1 peak. *(Source: DCLG, seasonally adjusted)*

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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					
May 2016	690.3	213,300	0.7	1.3	9.2
Jun	701.4	216,726	1.6	0.9	8.4
Jul	693.8	214,378	-1.1	1.4	8.4
Aug	692.1	213,829	-0.3	0.9	6.9
Sep	694.0	214,418	0.3	0.1	5.8
Oct	704.2	217,567	1.5	0.2	5.2
Nov	708.1	218,785	0.6	0.9	6.0
Dec	719.1	222,190	1.6	2.5	6.5
Jan 2017	711.2	219,741	-1.1	2.3	5.7
Feb	711.5	219,839	0.0	1.7	5.1
Mar	711.3	219,788	0.0	0.1	3.8
Apr	711.6	219,855	0.0	-0.2	3.8
May	714.3	220,706	0.4	-0.2	3.3

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. They are calculated as an average of the monthly year-on-year % changes over the latest three months. 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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