

ANNUAL HOUSE PRICE GROWTH STABLE AT 1.3%



+1.3%

Annual change

-0.4%

Quarterly change

+2.2%

Monthly change

£229,729

Average Price

- Prices in the three months to December were 1.3% higher than in the same three months a year earlier – up from the 0.3% annual growth rate recorded in November
- House prices in the latest quarter (October-December) were 0.4% lower than in the preceding three months (July - September)
- On a monthly basis, house prices increased by 2.2% in December, following a 1.2% fall in November
- The average house price is now £229,729

Russell Galley, Managing Director, Halifax, said:

"In December the average cost of a home was £229,729 and annual house price growth stood at 1.3%. A stronger monthly growth figure for December improved from a weaker November. Overall, house price growth in 2018 was very much within the range of 0-3% as we forecast at the start of the year.

In 2019, we're expecting continued stability in house prices with between 2% and 4% price inflation. This is slightly stronger than 2018, but still fairly subdued by modern comparison. However, this expectation will clearly be dependent on the Brexit outcome, with risks to both sides of our forecast.

Of course, there are a number of other factors that will impact the market in 2019. The need to raise a significant deposit still acts as a restraint for those looking to buy a new home, limiting the number of potential purchasers.

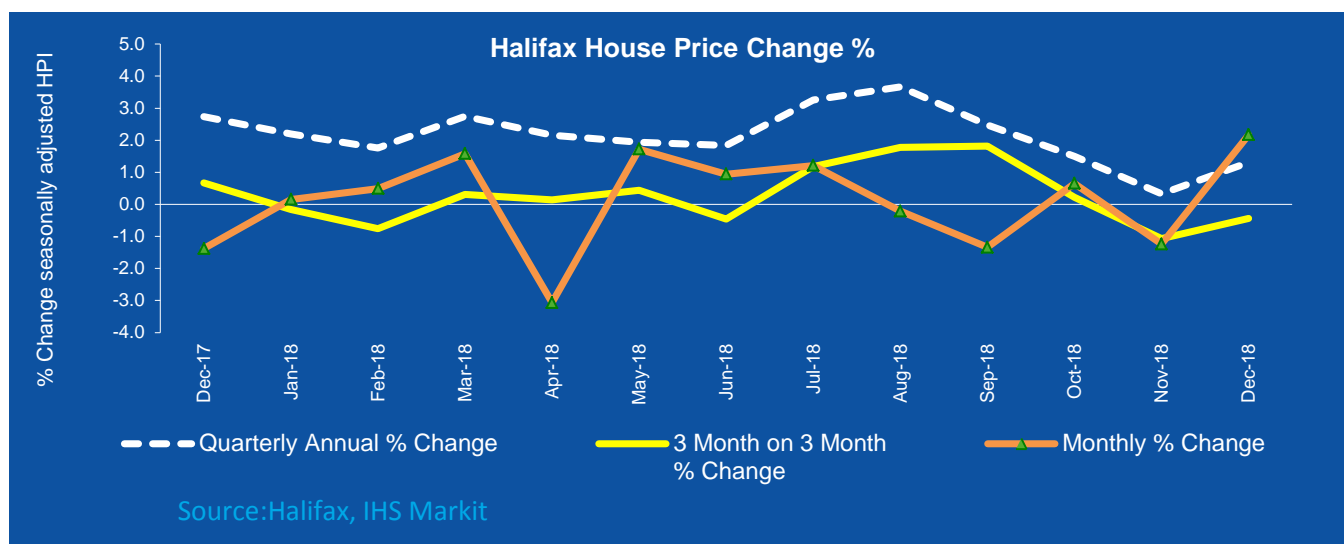
This year, mortgage payment affordability is more difficult to predict. There are competing pressures with signs of positive annual pay growth supporting affordability, but risks associated with the potential for higher interest rates are pulling in the other direction. On balance we do not see affordability pushing house price growth significantly in either direction.

The shortage of homes for sale and continuing low levels of housebuilding both constrain the supply of houses, and in turn support high prices, which will continue to inhibit demand in 2019."

KEY FACTS

HOUSING ACTIVITY

- **Monthly UK home sales maintain slight rise in latest quarter.** The November home sales figure of 100,930 was 100 above the October sales figure. November sales were also 1.8% above the previous 12 month average. There has also been a 2.1% rise when compared to the previous quarter in 2018. However, on a longer view less change is evident as the November figure of 100,930 is marginally below the 5 year average of 101,587. (Source: HMRC, seasonally-adjusted figures)
- **In November mortgage approvals fell to the lowest rate since April 2018.** Bank of England industry-wide figures show that the number of mortgages approved to finance house purchases – a leading indicator of completed house sales fell 4.5% to 63,728. October had seen a relatively high approval rate for 2018, and while there is a drop in November, it is still not far below the 2018 average of 64,955. (Source: Bank of England, seasonally-adjusted figures)
- **Demand for housing and the number of sales both fall.** The November 2018 RICS UK Residential Market Survey showed a drop on nearly every measure reviewed. The New Buyer Enquiries gauge fell to -21% in the latest results from -15% previously, indicating property purchasers are more cautious. Further to this the Newly Agreed Sales net balance moved to -15% from -10% indicating a decline in national sales transactions. (Source: Royal Institution of Chartered Surveyors' (RICS) monthly report)





UK HOUSE PRICES

HISTORICAL DATA

All Houses, All Buyers (Seasonally Adjusted)

Period	¹ Index 1983=100	² Standardised Average Price £	Monthly Change %	Quarterly Change %*	Annual Change %**
Dec 2017	722.1	223,116	-1.4	0.7	2.7
Jan 2018	723.2	223,462	0.2	-0.2	2.2
Feb	726.8	224,564	0.5	-0.8	1.8
Mar	738.3	228,102	1.6	0.3	2.7
Apr	715.6	221,108	-3.1	0.1	2.2
May	727.9	224,909	1.7	0.4	1.9
Jun	734.8	227,027	0.9	-0.5	1.8
Jul	743.7	229,776	1.2	1.2	3.3
Aug	742.1	229,284	-0.2	1.8	3.7
Sep	732.2	226,219	-1.3	1.8	2.5
Oct	736.9	227,694	0.7	0.2	1.5
Nov	727.8	224,860	-1.2	-1.1	0.3
Dec	743.5	229,729	2.2	-0.4	1.3

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. 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:

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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.

For more information on our housing market research, visit <http://www.halifax.co.uk/house-price-index>

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