

MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 07:30 (UTC) July 10th 2020

Halifax House Price Index – UK Regional Breakdown

House prices turn downwards in second quarter of 2020

Key points for Q2 2020:

- Prices fall at sharpest rate on a quarterly basis since the height of the global financial crisis in 2009
- Annual price inflation falls to +2.6% during second quarter of 2020
- Prices generally down across the UK, with Scotland registering both quarterly and annual price declines

	Q1 2020	Q2 2020
Quarterly % Change*	2.0%	-0.9%
Annual % Change	3.3%	2.6%
Std. House Price*	£240,080	£238,025

*seasonally adjusted

Commenting on the latest figures, Paul Smith, Economics Director at IHS Markit said:

“The second quarter of the year was one characterised by opposing forces acting on the housing market.

“On the one hand, transactions put on hold towards the end of March were brought back online, whilst those buyers fortunate enough to have seen incomes protected and savings rise over the pandemic were able to move forward with purchasing plans. With listings for houses for sale remaining low, the release of residual demand from earlier in the year is currently providing crucial market support.

“However, there are signs of growing uncertainty amongst buyers as worries mount over the effect on incomes and employment from the COVID-19 economic shock.

“As the macroeconomic landscape in the UK becomes clearer in the coming months, especially with regards the impact of the pandemic on the labour market, it’s hard to look past the downward risks to prices over the medium-term.

“Whilst low mortgage costs, quantitative easing by the Bank of England, and government measures to lessen the impact of COVID-19 should soften the blow, on balance further price falls seem most likely in the second half of the year.”

House prices drop on quarterly basis

Following a strong start to 2020, **UK house prices** fell on a seasonally adjusted quarterly basis for the first time in a year during the second quarter as activity was curtailed by the coronavirus disease 2019 (COVID-19) pandemic.

According to the latest data from the Halifax House Price Index, prices slipped by -0.9% compared to the first quarter of the year. That was the sharpest fall recorded by the index since the first quarter of 2009 – the height of the global financial crisis.

Despite the fall on the quarterly measure, prices were nonetheless still up by +2.6% compared to the same period a year earlier.

UK House Prices: Annual % Change



Prices remain comfortably higher than 12 months ago thanks to the strong price rises seen during the final months of 2019 and into the start of 2020, when demand was driven higher by greater clarity around Brexit and the decisive general election result. This led to a surge in activity and buying prior to COVID-

Administered by

19, leading market transactions to be placed broadly on hold from late March onwards.

Whilst activity has broadly since resumed, and the market is benefiting from a release of this residual demand from earlier in the year, greater uncertainty amongst households regarding employment and income has placed downward pressure on prices in the second quarter of the year.

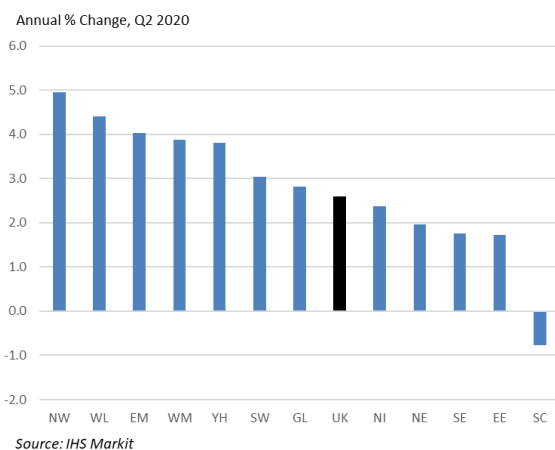
Annual price inflation sustained across England, but price falls in Scotland

At the regional level, all English regions and Wales registered higher prices compared to a year ago according to the latest data.

The strongest inflation was seen in the North West, where prices were reported to have risen by 5.0% on the year, followed by Wales and then the East and West Midlands.

Once again, relatively subdued gains were seen in southern England, with the South East and Eastern England registering rates of inflation below +2.0%. Greater London recorded an increase of +2.8%, which was the best gain in over three years. However, prices were little changed since the first quarter peak in London and were noticeably lower in Eastern England and the South East.

Regional House Prices: Annual % Change (Q2 2020)



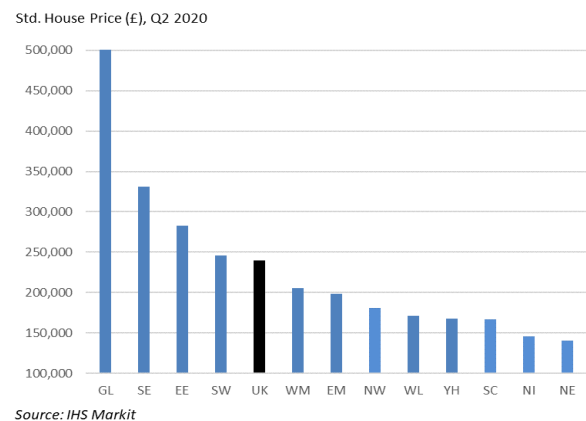
In stark contrast to England and Wales, Scotland registered a drop in prices on an annual basis for the first time in seven years (-0.8%). Prices in Scotland were also down on a quarterly basis (by over -4.0%),

There remained considerable variance in terms of actual property prices across the UK in the second quarter of 2020. By far the most expensive place to

buy remains Greater London, with prices here typically 1.5 times higher than in the South East, the second most expensive region to purchase residential property.

In contrast, the North East remains the cheapest place to purchase property, with prices here typically less than a third of those seen in London.

Regional Standardised House Prices Q2 2020



Affordability constraints ease slightly

The fall in house prices during the second quarter of 2020 has led to a mild easing in the **house price-to-earnings ratio**, although it remains at a historically elevated level. The ratio averaged 6.18 during Q2, compared to 6.20 in the first quarter but still amongst the highest recorded since before the global financial crisis.

Affordability constraints remain most acute in southern England where typical prices remain more than eight times earnings (and deposit requirements also much higher than elsewhere in the UK).

UK House Price to Earnings Ratio



UK House Price Statistics

	Quarterly % Chg (SA)	Annual % Change	Std. House Price (SA)
Q2 2019	-0.4	1.8	£231,915
Q3 2019	0.4	1.5	£232,916
Q4 2019	1.1	2.3	£235,361
Q1 2020	2.0	3.3	£240,075
Q2 2020	-0.9	2.6	£237,928

Regional Statistics – Q2 2020

	Quarterly % Change (SA)	Annual % Change	Std. House Price
East. England	-0.7	1.7	£282,706
East. Midlands	1.0	4.0	£198,150
G. London	0.0	2.8	£500,632
N. Ireland*	-2.7	2.4	£145,971
North East	0.3	2.0	£140,147
North West	-0.2	5.0	£180,923
Scotland	-4.2	-0.8	£167,132
South East	-0.8	1.8	£331,547
South West	0.3	3.0	£246,340
Wales	1.8	4.4	£171,331
West Midlands	-0.3	3.9	£205,947
Yorks & Humb	0.0	3.8	£167,337

*due to low transaction volumes, Northern Ireland figures for second quarter of 2020 were based on four months of approved mortgage transactions (March, April, May and June 2020)

Contact Information:**IHS Markit**

Paul Smith, Economics Director

Telephone +44 1491 461 038

E-mail paul.smith@ihsmarkit.com

Katherine Smith, Corporate Communications

Telephone +1 781 301 9311

E-mail katherine.smith@ihsmarkit.comFor any technical queries, please contact economics@ihsmarkit.com**Note to Editors:**

The Halifax House Price Index is prepared from information that IHS Markit and Halifax believe is collated with care, but IHS Markit and/or Halifax do not make any warranty, guarantee or representation as to its accuracy, timeliness or completeness, or its fitness for any particular purpose. The Index is provided on an "as is", "where is" basis.

IHS Markit reserves the right to vary or discontinue the Index at any time for regulatory or other reasons. Various factors, including external factors beyond IHS Markit and Halifax's control might necessitate material changes to the Index.

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

About IHS Markit (www.ihsmarkit.com)

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and expertise to forge solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2020 IHS Markit Ltd. All rights reserved.

The intellectual property rights to the Halifax House Price Index (the "Index") provided herein is owned by IHS Markit. The use of the Halifax name and logo on the Index by IHS Markit is under licence from Lloyds Banking Group and its affiliates. IHS Markit and the IHS Markit logo are registered trademarks of IHS Markit Ltd.

Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. For the avoidance of doubt, the Index and the data cannot be used as a "benchmark" under the Principles for Financial Benchmarks published by the International Organization Of Securities Commissions in July, 2013 or the European Union Regulation for Financial Benchmarks any other similar or comparable framework, principles, guidelines, rules, regulations or laws governing the administration of, submission of data to or the management of benchmarks and indices, including for the purposes of measuring the performance of a financial instrument or determining the interest payable, or other sums due under financial contracts or financial instruments or determining their value or the price at which they be bought, sold, traded or redeemed. A licence from IHS Markit is required for benchmark and all other uses of the Halifax House Price Index.

###

If you prefer not to receive news releases from IHS Markit, please email katherine.smith@ihsmarkit.com. To read our privacy policy, [click here](#).