

MARKET SENSITIVE INFORMATION
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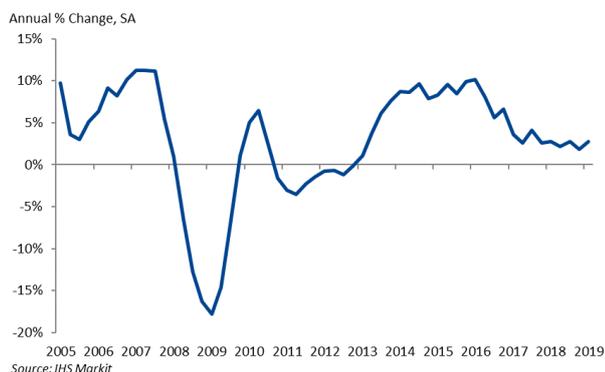
Halifax House Price Index – UK Regional Breakdown

House price inflation picks up but remains subdued in Q1 2019

Key points for Q1 2019:

- UK house price inflation improves to annual rate of +2.8%
- Standardised house price increases to new record level of £231,891
- Price trends subdued in South of England and Midlands...
- ...but strength seen in the North West, Wales, and Northern Ireland

UK summary:



According to the latest figures provided by the **Halifax House Price Index**, UK house price inflation improved during the first quarter of 2019, reaching an annual rate of +2.8% (Q4 2018: +1.9%).

Although an improvement since the end of 2018, and the highest year-on-year increase since the third quarter of 2017, inflation nonetheless maintained its recent trend of moving within a historically subdued range of 2-3%.

On a quarterly basis, the index, which is administered by IHS Markit, also indicated that prices rose by +1.0% since the end of the year. A third successive quarterly rise helped to take the standardised house price in cash terms up to a new record level of £231,891, from £229,675. Compared to a year ago, UK house prices have increased by +6,298.

Regional divergences apparent in first quarter

There were notable divergences in regional house price trends during the first quarter of 2019.

Despite a near +3% increase in prices in the **Greater London** area over the quarter, market conditions were relatively subdued in the South of England, especially those neighbouring the capital.

Indeed, compared to a year ago, prices in the **South East** were up only fractionally (+0.5%), whilst those in **East Anglia** declined by -0.9%.

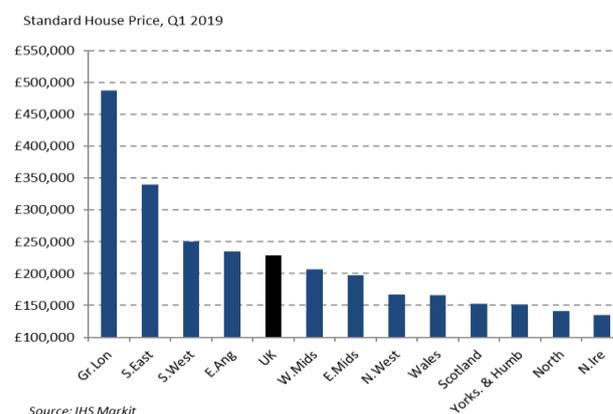
Prices in the Midlands were also relatively subdued. The **East Midlands** saw prices rise by just +1.8% on the year, whilst those in the **West Midlands** were down by -0.6%.

In contrast, the **North West** registered a notable acceleration in the rate of inflation to +6.2%, its highest level in a year-and-a-half, whilst **Northern Ireland** maintained its recent strong trend to record inflation of +5.6% and there was an improvement in house price inflation in **Wales** to +5.9%.

Prices remain comfortably highest in London

Latest data continued to show that London remained by far the most expensive region to purchase a house in the first three months of the year.

UK standardised house price, by region



Administered by

Q1 2019's regional price data revealed that a standardised house price in **London** was just below £488,000, more than double the UK average. The **South East** registered a standardised price of £339,483, followed by the **South West** (£250,487) and **East Anglia** (£234,299).

At the other end of the scale, it was in **Northern Ireland** where prices were lowest of all UK regions (£134,980). Despite enjoying robust inflation in recent months, prices here remain some 41% lower than they were just prior to the start of the financial crisis in 2007.

The only other region to have failed to have surpassed pre-financial crisis peaks is the **North of England**, where prices remain some 10.7% lower.

Comment:

Paul Smith, Economics Director at IHS Markit said:

“Despite the improvement in house price inflation during the quarter, market conditions overall remain soft.

“National house price levels are being supported primarily by a limited supply of properties flowing into the market, rather than any fundamental uplift in demand. Although labour market conditions are positive, with record levels of employment and rising wages, the inevitable political and economic uncertainty created by Brexit is weighing on confidence heading into the second quarter of the year.

“These influences are, however, tending to vary across the country, with aforementioned headwinds impacting most noticeably on the housing markets of the South of England, where prices are fairly flat compared to a year ago. In contrast, the North West, Wales and Northern Ireland are experiencing robust levels of house price inflation.”

Contact Information:**IHS Markit Press Office**

Joanna Vickers, Corporate Communications

Telephone +44207 260 2234

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

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In relation to the above, please note that due to difficulties in identifying the partial coefficients for the 'Central Heating: Other', 'Central Heating: Partial' and 'Road Charge' variables, and the associated destabilising impact on the determination of house prices, these variables have been removed from the hedonic regression specifications for a number of regional indices.

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.

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