House Price Index

07/10/2020

House price growth continues to beat expectations as mortgage applications surge to 12-year high



£249,870	+1.6%	+3.3%	+7.3%
Average price	Monthly change	Quarterly change	Annual change

- **On a monthly basis, house prices in September were 1.6% higher than in August**
- **In the latest quarter (July to September) house prices were 3.3% higher than in the preceding three months (April to June)**
- **House prices in September were 7.3% higher than in the same month a year earlier – the strongest growth since June 2016**

Russell Galley, Managing Director, Halifax, said:

“The average UK house price is now approaching £250,000 after September saw a third consecutive month of substantial gains. The annual rate of change will naturally draw attention, with the increase of 7.3% the strongest since mid-2016. Context is important with the annual comparison, however, as September 2019 saw political uncertainty weigh on the market.

“Few would dispute that the performance of the housing market has been extremely strong since lockdown restrictions began to ease in May. Across the last three months, we have received more mortgage applications from both first time buyers and homemovers than anytime since 2008. There has been a fundamental shift in demand from buyers brought about by the structural effects of increased home working and a desire for more space, while the stamp duty holiday is incentivising vendors and buyers to close deals at pace before the break ends next March.

“It is highly unlikely that the housing market will continue to remain immune to the economic impact of the pandemic. The release of pent up demand and indeed the stamp duty holiday can only be temporary fillips and their impact will inevitably start to wane. And as employment support measures are gradually scaled back beyond the end of October, the spectre of increased unemployment over the winter will come into sharper relief.

“Therefore while it may come later than initially anticipated, we continue to believe that significant downward pressure on house prices should be expected at some point in the months ahead as the realities of an economic recession are felt ever more keenly.”

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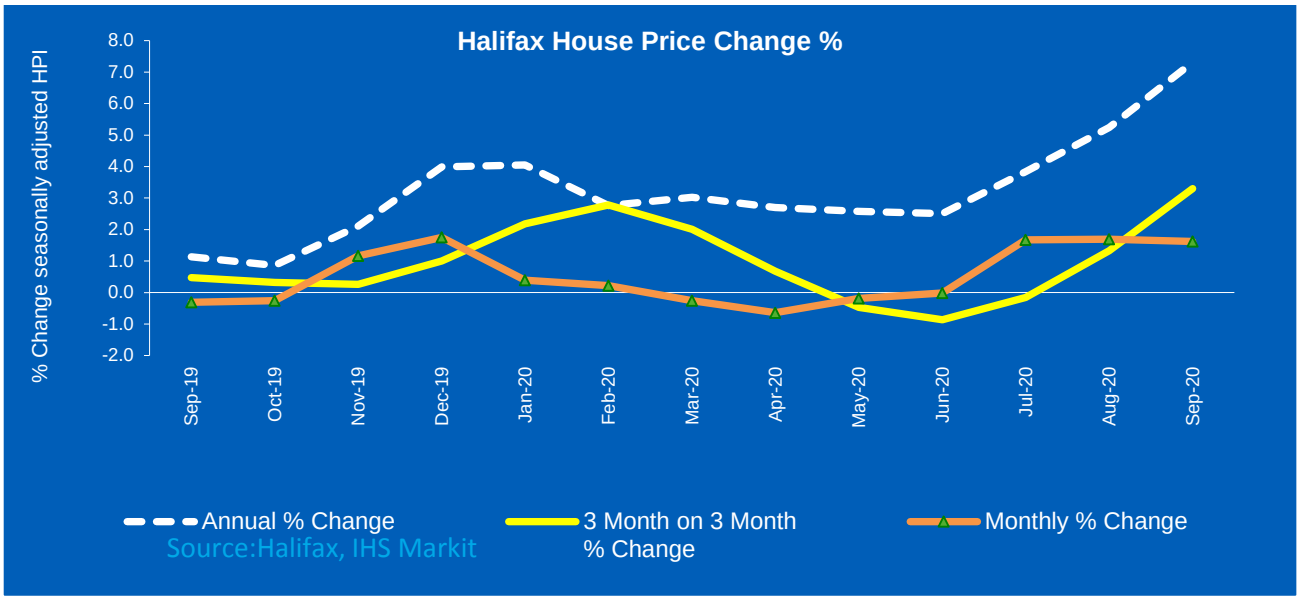
Key facts

Housing activity

- **HMRC Monthly property transactions data shows a fourth consecutive monthly rise in UK home sales in August.** UK seasonally adjusted residential transactions in August 2020 were 81,280 – up by 15.6% from July. The latest quarterly transactions (June-August 2020) were approximately 15.7% higher than the preceding three months (March-May 2020). Year on year, transactions were 16.3% lower than August 2019 (-23.9% on a non seasonally adjusted basis). (Source: HMRC, seasonally-adjusted figures)

- **Mortgage approvals rise to the highest level since October 2007.** Bank of England figures show that the number of mortgages approved to finance house purchases was 84,715 in August 2020 – this represents a rise of 28% from July. Year-on-year, the August figure was 29% above August 2019. Source: Bank of England, seasonally-adjusted figures)

- Results from the latest (August 2020) **RICS Residential Market Survey** continue to show the strength of the current sales market. The trend in new buyer enquiries has softened to a net balance of +63% from +75% last month. New instructions continue to be positive with a net balance of +46% (+58 previously). Alongside this, there was growth in agreed sales for the third consecutive month, with a net balance of +61% (+58% previously). (Source: Royal Institution of Chartered Surveyors' (RICS) monthly report)





UK house prices

Historical data

All Houses, All Buyers (Seasonally Adjusted)

Period	[1]Index Jan 1992=100	[2]Standardised Average Price £	Monthly Change %	Quarterly Change %*	Annual Change %**
Sep 2019	401.5	232,806	-0.3	0.5	1.1
Oct	400.4	232,201	-0.3	0.3	0.9
Nov	405.0	234,886	1.2	0.3	2.1
Dec	412.1	238,998	1.8	1.0	4.0
Jan 2020	413.7	239,927	0.4	2.2	4.1
Feb	414.7	240,461	0.2	2.8	2.8
Mar	413.6	239,838	-0.3	2.0	3.0
Apr	410.9	238,314	-0.6	0.7	2.7
May	410.2	237,855	-0.2	-0.5	2.6
Jun	410.1	237,834	0.0	-0.9	2.5
Jul	417.0	241,808	1.7	-0.2	3.8
Aug	424.0	245,889	1.7	1.3	5.2
Sep	430.9	249,870	1.6	3.3	7.3

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 non-seasonally adjusted year-on-year figures.

Mortgage application data based on all new business mortgage applications received by Lloyds Banking Group between 1st July and 30th September 2020.

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 on the methodology follow this link to IHS Markit's website

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For historical data or for technical queries please contact economics@ihsmarkit.com

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 figure is calculated by comparing the current month non-seasonally adjusted figure with the same month a year earlier.

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

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