



UK House prices	JULY 2009 (seasonally adjusted)
Annual change	-12.1%
Monthly change	1.1%
Average Price	£159,623

Commenting, Martin Ellis, housing economist, said:

"There was a 1.1% increase in the average UK house price in July. This was the second rise in the past three months and prices in the three months to July were 0.8% higher than in the previous three months. So far this year, house prices have fallen by less than 1%.

Demand for homes has risen, albeit from a very low base, since the start of the year, driven by improvements in affordability and low interest rates. Higher demand has combined with the low levels of property available for sale to boost sales activity from exceptionally low levels and support prices over the past few months."

Key facts

- **House prices increased by 1.1% in July.** This was the second increase in the last three months and the third in the first seven months of 2009.
- **Prices in the three months to July compared to the previous three months - an indicator of the underlying trend - were 0.8% higher.** This slight increase was the first rise on this quarterly basis since October 2007.
- **Prices fell by 0.8% over the first seven months of 2009.** The average house price in July was £159,623 compared to £160,861 in December 2008.
- **House prices in July were 12.1% lower on an annual basis.** The annual rate of change (measured by the average for the latest three months against the same period a year earlier) improved for the third consecutive month and has eased from -17.7% in April.
- **The house price to earnings ratio – a key affordability measure - has declined from a peak of 5.84 in July 2007 to an estimated 4.36 in July 2009.** The long-term average is 4.0.

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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House price index

- **Further signs of an improvement in housing market activity, but less than half the level in mid 2007.** Bank of England industry-wide figures show that the number of mortgages approved to finance house purchase – a leading indicator of completed house sales - increased by 22% between the first and second quarters of 2009, on a seasonally adjusted basis. Approvals increased for the fifth successive month in June and were 35% higher than in June 2008, but were nonetheless 58% lower than in June 2007.
- **Lower interest rates have reduced mortgage payments.** Monthly repayments accounted for an estimated 21.4% of average gross household income in July 2009 for existing mortgage borrowers. This compares with a peak of 26.9% in October 2008 and is the lowest proportion of income devoted to mortgage repayments since mid 2004. The long-term average for income accounted for by mortgage repayments is 20.4%.

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UK House Prices: Historical Data

All Houses, All Buyers (Seasonally Adjusted)

Period	Index 1983=100 1	Standardised Average Price £ 2	Monthly Change %	Annual Change %*	Price/ Earnings Ratio 3
Jul 2008	573.4	177,164	-1.8	-8.8	4.97
Aug	564.1	174,293	-1.6	-10.9	4.87
Sep	556.8	172,027	-1.3	-12.4	4.79
Oct	543.5	167,934	-2.4	-13.7	4.67
Nov	529.0	163,458	-2.7	-14.9	4.56
Dec	520.6	160,861	-1.6	-16.2	4.51
Jan 2009	531.2	164,126	2.0	-17.2	4.65
Feb	519.1	160,390	-2.3	-17.7	4.52
Mar	509.2	157,320	-1.9	-17.5	4.38
Apr	500.0	154,490	-1.8	-17.7	4.26
May	513.1	158,541	2.6	-16.3	4.37
Jun	511.0	157,875	-0.4	-15.0	4.33 ^e
Jul	516.6	159,623	1.1	-12.1	4.36 ^e

EDITORS' NOTES

* The annual change numbers are the quarterly 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 XII 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's month figure are subject to revision.

2. STANDARDISED AVERAGE PRICE

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

3. PRICE/EARNINGS RATIO

Ratio of the Halifax standardised average price to national average earnings for full-time male employees. Price Earnings ratios revised to reflect new data in the Annual Survey of Hours and Earnings (ASHE). ^e Halifax estimates.

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ISDN facilities are available for broadcast media interviews

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