



UK House prices	November 2014 (seasonally adjusted)
Annual change	+8.2%
Quarterly change	+0.7%
Monthly change	+0.4%
Average Price	£186,941

**Commenting, Martin Ellis, housing economist, said:**

*"House prices in the three months to November were 0.7% higher than in the preceding three months. The quarterly rate of increase has now declined for four consecutive months. Annual price growth in the three months to November slowed further, to 8.2% from 8.8% in October."*

*"Receding buyer interest combined with a revival in private housing completions has brought supply and demand into better balance. These factors have in turn contributed to the easing in house price growth since the summer. But housing demand continues to be supported by a strengthening economy, rising employment levels, still low mortgage rates and the first gain in 'real' earnings for several years. We expect a further moderation in house price growth over the next year with prices nationally expected to increase in a range of 3-5% in 2015."*

#### Key facts

- House prices in the latest three months (September-November 2014) were 0.7% higher than in the previous three months (June-August 2014). This quarterly rate was marginally down from 0.9% in the previous month.
- Prices in the three months to November were 8.2% higher than in the same three months a year earlier. On this measure, annual house prices are now growing at their slowest rate since February.
- House prices grew by 0.4% between October and November. This reverses the 0.4% monthly decline recorded in October.
- **Home sales fell below 100,000 in October - to 98,490 - for the first time in 2014.** Nonetheless, current estimates suggest that housing transactions in 2014 will total in excess of 1 million for the second consecutive year. This is the first time since 2006 and 2007 that home sales have exceeded 1 million in successive years (*Source: HMRC, seasonally-adjusted figures*)

#### 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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- **Mortgage approvals continue to fall.** The volume of mortgage approvals for house purchases – a leading indicator of completed house sales – fell in October, to 59,426. Approvals have now fallen by 22% from 76,574 in January 2014. (Source: Bank of England, seasonally-adjusted figures.)
- **Private housing completions up by 10%.** Private housing completions in the first three quarters of 2014 were 10% higher compared with the same period in 2013, at 68,930. (Source: CLG) Whilst levels of housebuilding remain well below those required to keep up with the pace of household formation, these latest figures show signs of a revival. A continuation of this upward trend in housebuilding would help to bring demand and supply into better balance, curbing upward pressure on house prices.
- **We expect a further moderation in house price growth over the next year.** House prices nationally are expected to increase in a range of 3-5% in 2015. The prospect of higher interest rates at some point in the year and the deterioration in affordability over the past year are expected to be key factors curbing housing demand. But housing demand should be supported by solid economic growth, higher employment, still low mortgage rates and the first gain in 'real' earnings for several years. We expect to see a more even regional pattern in house price growth during 2015.



# House price index

## UK House Prices: Historical Data All Houses, All Buyers (Seasonally Adjusted)

Period	Index 1983=100	Standardised Average Price	Monthly Change	Quarterly Change	Annual Change	Price/ Earnings Ratio
	1	£ 2	%	%*	%**	3
Nov 2013	564.1	174,290	0.8	2.2	7.7	4.72
Dec	562.1	173,677	-0.4	2.1	7.5	4.70
Jan 2014	568.8	175,736	1.2	1.9	7.3	4.75
Feb	583.1	180,163	2.5	2.2	7.9	4.87
Mar	576.1	177,996	-1.2	2.3	8.7	4.81
Apr	574.6	177,524	-0.3	2.3	8.5	4.79
May	597.3	184,566	4.0	2.0	8.7	4.98
Jun	594.9	183,825	-0.4	2.3	8.8	4.95
Jul	602.2	186,073	1.2	3.5	10.2	5.00
Aug	602.3	186,101	0.0	2.9	9.7	4.99
Sep	604.9	186,898	0.4	2.7	9.6	4.98
Oct	602.7	186,223	-0.4	0.9	8.8	5.01 <sup>e</sup>
Nov	605.0	186,941	0.4	0.7	8.2	5.02 <sup>e</sup>

### 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 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 month's 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). <sup>e</sup> Halifax estimates.

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