



UK House prices	May 2011 (seasonally adjusted)
Annual change	-4.2%
Quarterly change	-1.2%
Monthly change	0.1%
Average Price	£160,519

Commenting, Martin Ellis, housing economist, said:

"House prices continue to drift modestly downwards as measured by the underlying trend. Prices in the three months to May were 1.2% lower than in the previous three months; unchanged from April. There was a 0.1% rise in prices in May following April's 1.4% decline.

"Low earnings growth, higher taxes and relatively high inflation are all putting pressure on household finances. Confidence is also weak as a result of uncertainty about the economic and employment outlook. These factors are probably constraining housing demand and applying some downward pressure on prices.

"Overall, we expect a moderate improvement in the economy during the remainder of 2011, which combined with continuing low interest rates, is likely to support housing demand. This should prevent a further marked fall in prices and help to stabilise property values later in the year."

Key facts

- **House prices in the three months from March to May were 1.2% lower than in the preceding three months.** This measure of the underlying trend shows that prices are in modest decline as has consistently been the case over the past 12 months.
- **The average UK house price in May of £160,519 was 1.4% lower than in December 2010 on a seasonally adjusted basis.**
- **On an annual basis, prices in May were 4.2% lower as measured by the average for the three months to May against the same period a year earlier.**

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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- **Modest improvement in the balance between supply and demand.** The ratio of house sales to the stock of unsold properties on surveyors' books edged up for the third successive month in April, according to the latest RICS monthly survey. This ratio is a measure of market conditions that has historically proved to be a good predictor of short-term house price movements. Evidence of a slight tightening in market conditions suggests that there may be an improvement in the house price trend over the coming months.
- **House sales remain subdued.** The number of properties sold in the first four months of 2011 was 5% lower than in the same period last year – 279,000 against 293,000 – according to the latest figures from the HMRC.
- **But tentative signs of an improvement in activity.** The number of mortgages approved to finance house purchase is a leading indicator of completed house sales. Industry-wide approvals in the three months from February to April were 2% higher than in the preceding three months on a seasonally adjusted basis, according to the latest Bank of England figures.
- **A slowly improving economy and continuing low interest rates should support housing demand.** GDP increased by 0.5% between the final quarter of 2010 and the first quarter of 2011, offsetting a similar sized decline in the previous quarter, according to the ONS. Overall, we expect a moderate improvement in economic activity during the remainder of 2011. This, combined with continuing low interest rates, is likely to support housing demand, which should prevent a further marked fall in prices and help to stabilise property values later in the year.

Halifax House Price Index is prepared from information that we believe is collated with care, but we do not make any statement as to its accuracy or completeness. We reserve the right to vary our methodology and to edit or discontinue/withdraw this, or any other report. Any use of this report for an individual's own or third party commercial purposes is done entirely at the risk of the person making such use and solely the responsibility of the person or persons making such reliance. © Bank of Scotland plc all rights reserved 2011.

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

	Index 1983=100 1	Standardised Average Price £ 2	Monthly Change %	Quarterly Change %*	Annual Change %**	Price/ Earnings Ratio 3
Period						
May 2010	541.2	167,207	-0.8	0.1	6.9	4.67
Jun	538.4	166,351	-0.5	-0.2	6.3	4.63
Jul	542.2	167,536	0.7	-0.6	4.9	4.65
Aug	544.1	168,124	0.4	-0.4	4.6	4.65
Sep	524.2	161,974	-3.7	-1.0	2.6	4.47
Oct	533.9	164,949	1.8	-1.2	1.2	4.55
Nov	532.8	164,622	-0.2	-2.1	-0.7	4.53
Dec	526.9	162,803	-1.1	-0.9	-1.6	4.48
Jan 2011	531.3	164,145	0.8	-0.7	-2.4	4.49
Feb	526.6	162,697	-0.9	-0.4	-2.8	4.46
Mar	526.6	162,712	0.0	-0.6	-2.9	4.45
Apr	519.1	160,393	-1.4	-1.2	-3.7	4.43 ^e
May	519.5	160,519	0.1	-1.2	-4.2	4.43 ^e

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). ^e Halifax estimates.

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