



UK House prices	September 2011 (seasonally adjusted)
Annual change	-2.3%
Quarterly change	0.1%
Monthly change	-0.5%
Average Price	£161,132

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

*"House prices in Quarter 3 (July to September) were slightly higher than in Quarter 2 (April to June). The 0.1% increase between the two quarters was the first quarterly rise since Quarter 1 2010.*

*"The more volatile monthly figures showed a 0.5% decline in prices in September. This continued the mixed monthly picture experienced so far this year with four rises, four falls and one no change since January. This mixed pattern is consistent with a market where prices are lacking genuine direction.*

*"Greater uncertainty about economic and personal financial circumstances, together with pressure on householders' finances from weak earnings growth, higher inflation and increases in taxes, are likely to be constraining housing demand. Despite these pressures, low interest rates and a rise in employment over the past year, have been supporting the market, resulting in broad stability in both prices and activity. We expect little change over the remainder of this year."*

### Key facts

- **House prices in 2011 Quarter 3 (July to September) were 0.1% higher than in the previous quarter.** This was the first quarterly rise since 2010 Quarter 1 (0.6%).
- **On a monthly basis, house prices fell by 0.5% in September.** There has been a very mixed pattern of monthly price movements so far this year with four monthly rises, four falls and one month when prices were unchanged.
- **The average UK house price in September was 1.0% lower than in December 2010 on a seasonally adjusted basis, at £161,132.**
- **On an annual basis, prices in September were 2.3% lower as measured by the average for the three months to September against the same period a year earlier.** The annual rate is slightly lower than in August (-2.6%) and continues the improvement seen since May when prices were 4.2% lower annually.

### 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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- **Some signs of a slight pick-up in housing activity.** Property sales have been broadly unchanged during 2011 to date, remaining within a narrow range around 70,000 per month on a seasonally adjusted basis, according to HMRC figures. The industry-wide number of mortgages approved to finance house purchase - a leading indicator of completed house sales – increased for the fourth consecutive month in August, to 52,400 on a seasonally adjusted basis, according to the latest Bank of England figures. This was the highest since December 2009.
- **Higher employment and low mortgage rates are likely to have been important factors supporting the market.** The number of people in employment in the three months to July was 24,000 higher than a year earlier, according to the latest figures from the ONS. Typical mortgage payments for a new borrower have fallen from a peak of 48% of average disposable earnings in mid 2007 to 26% in 2011 Quarter 3. This is significantly below the average of 37% over the past 25 years and is at its lowest since 1997.

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
<b>Period</b>						
Sep 2010	525.3	162,307	-3.6	-1.2	2.6	4.48
Oct	533.9	164,949	1.6	-0.9	1.2	4.55
Nov	532.8	164,622	-0.2	-1.9	-0.7	4.53
Dec	526.9	162,803	-1.1	-1.1	-1.6	4.48
Jan 2011	531.3	164,145	0.8	-0.8	-2.4	4.49
Feb	526.6	162,697	-0.9	-0.5	-2.8	4.46
Mar	526.6	162,712	0.0	-0.7	-2.9	4.45
Apr	519.1	160,393	-1.4	-1.2	-3.7	4.39
May	521.2	161,039	0.4	-1.1	-4.2	4.39
Jun	528.9	163,430	1.5	-0.5	-3.5	4.46
Jul	530.0	163,765	0.2	0.5	-2.6	4.47
Aug	524.1	161,926	-1.1	1.0	-2.6	4.39 <sup>e</sup>
Sep	521.5	161,132	-0.5	0.1	-2.3	4.36 <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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