



NOT FOR BROADCAST OR PUBLICATION BEFORE 00.01 HRS FRIDAY 19TH OCTOBER 2007

Halifax House Price Index

Regional House Prices

Third Quarter 2007

NORTH / SOUTH HOUSE PRICE DIVIDE RE-EMERGES

Northern England and the midlands have seen the lowest house price growth in the past year. Five regions have seen double digit growth: Northern Ireland (29.1%), Greater London (18.6%), Scotland (14.2%), the South East (13.7%) and East Anglia (11.1%). The remainder of the country has experienced single digit growth with the smallest increases in the West Midlands (4.7%) and the North West (5.2%).

The north/south¹ house price divide continued to widen in Quarter 3. The average house price in the south in Q3 2007 was £265,921, 68% higher than the average house price in the north of £158,636. The differential has increased from a low of 56% in 2006 Quarter 1, following almost four years of continuous narrowing in the north/south divide as prices rose more quickly in the north.

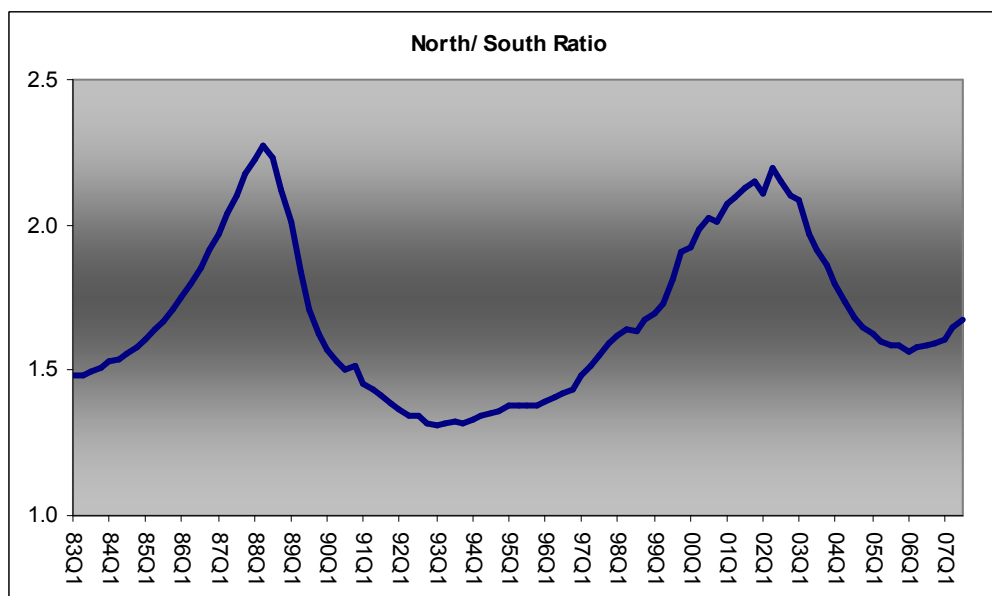
The average house price in the north has increased by nearly double that in the south over the past five years despite the recent re-emergence of the north/south divide. Prices in the north rose by 97% between 2002 Q3 and 2007 Q3, nearly double the 53% rise in the average house price in the south over the same period. As a result, prices in the south are now only 68% higher than in the north compared to 115% higher in 2002 Q3. (See Chart)

South sees highest price rises in Q3 but signs of slowing in London and the South East

House prices increased in most regions during 2007 Q3. The biggest price rises were in Greater London (2.3%) and the South East (1.8%). Despite recording the biggest price rises in the UK in Quarter 3, the gains in Greater London and South East were lower than in the previous few quarters, suggesting that the market is slowing in this part of the country.

¹ South defined as London, the South East, the South West and East Anglia. The north defined as the rest of the UK.

Chart: Ratio of House Prices in North to South



Eight of the top ten towns are in Northern Ireland

Eight of the ten towns that have seen the biggest house price rises during the last 12 months are in Northern Ireland. (See Table 1)

Newtownards and Carrickfergus are the UK's top property hotspots, recording a 62% and 58% rise in prices respectively over the past year. Average prices in Newtownards are up from £153,943 in 2006 Quarter 3 to £248,650 in 2007 Quarter 3. Average prices in Carrickfergus are up from £131,034 to £207,435.

Table 1: Top 10 UK Hotspots

Town	County	2006* Average Price	2007* Average Price	% change
Newtownards	Northern Ireland	153,943	248,650	62%
Carrickfergus	Northern Ireland	131,034	207,435	58%
Craigavon	Northern Ireland	144,906	217,806	50%
Newtownabbey	Northern Ireland	132,444	196,750	49%
Lisburn	Northern Ireland	169,270	242,873	43%
Belfast	Northern Ireland	155,567	220,783	42%
Ballymena	Northern Ireland	157,239	221,103	41%
Sandbach	North West	168,936	234,367	39%
Slough	South East	215,404	293,532	36%
Bangor	Northern Ireland	167,980	227,446	35%

*12 Months to September

Fall in Northern Ireland but this follows phenomenal growth in recent years

There were house price falls in Northern Ireland (-3.2%) and the North (-2.1%). The fall in Northern Ireland simply partly offset some of the 8.2% increase in the previous quarter and must be set against the background of a spectacular 47% rise in house prices in the year to 2007 Quarter 2. The modest decline in the North should be seen in the context of the substantial price rise (122%) recorded over the past five years.

Commenting, Martin Ellis, chief economist, said:

"Nationally, house prices in Quarter 3 were 0.9% higher than in the previous quarter. This compares with increases of 2.3% in 2007 Quarter 2 and 3.0% in 2007 Quarter 1, marking a continuing steady downward trend in the rate of house price growth since the end of 2006.

The UK economy is in a strong position. Sound market fundamentals, including high levels of employment and a shortage in the number of properties available for sale will continue to support house prices."

All Houses, All Buyers (Seasonally Adjusted) 3rd Quarter 2007 – Quarter Averages

Region	Index 1983=100	Standardised Average Price £	Quarterly Change %	Annual Change %
North	602.0	151,898	-2.1	5.4
Yorkshire & the Humber	648.3	149,695	0.4	8.2
North West	596.8	152,650	0.1	5.2
East Midlands	642.9	168,046	1.2	8.2
West Midlands	634.4	179,048	0.1	4.7
East Anglia	646.9	194,627	0.9	11.1
South West	642.4	212,400	0.5	8.0
South East	653.2	265,117	1.8	13.7
Greater London	805.8	320,847	2.3	18.6
Wales	639.4	165,472	1.2	9.5
Scotland	488.0	141,158	0.7	14.2
Northern Ireland	859.4	221,004	-3.2	29.1
UK	643.7	198,898	0.9	10.7

Prices shown in Tables are arithmetic average prices of houses – otherwise known as crude averages – on which an offer of mortgages has been granted. These prices are not standardized and therefore can be affected by changes in the sample from quarter to quarter – as such care should be taken when comparing prices. Figures include Properties sold for £1 million plus.

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. The Index is typically based on around 15,000 house purchases per month, and covers the whole calendar month. 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. Properties over £1 million are included and the index is seasonally adjusted with the seasonal factors updated monthly.

The 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 2007".

For further information please contact

Helpline No: 08456 6045404

Email Groupeconomics@hbosplc.com

ISDN facilities are available for broadcast media interviews