



UK House prices	SEPTEMBER 2009 (seasonally adjusted)
Annual change	-7.4%
Monthly change	1.6%
Average Price	£163,533

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

"House prices increased by 1.6% in September; the third consecutive monthly increase and the fifth so far this year. House prices nationally have risen by 1.7% since the end of 2008.

The combination of increased demand and a low level of properties available for sale has pushed up house prices in recent months. The marked improvement in affordability due to the reduction in both property prices and interest rates since mid 2007 has been a key factor in stimulating higher demand.

Continuing increases in unemployment and low earnings growth are likely to constrain the rise in demand. There are also some signs that the improvement in market conditions is encouraging more people to put their properties up for sale. This development could loosen market conditions by alleviating the current shortage of supply and curb the pace of house price growth evident in recent months."

### Key facts

- **House prices rose by 1.6% in September.** This was the third consecutive monthly increase and the fifth so far in 2009.
- **House prices increased by 2.8% in Quarter 3.** This was the first quarterly rise for two years (2007 Quarter 3) and the biggest since 2007 Quarter 1 (2.9%).
- **The UK average house price in September was 1.7% (£2,672) higher than at the end of 2008.** Prices have risen by 5.9% since reaching a trough in April 2009; an increase in the average price of just over £9,000. The national average price is currently at a similar level to that in mid 2005.
- **House prices in September were 7.4% 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) has fallen markedly from a low of -17.7% in April. It is at its lowest since June 2008 (-6.1%).

### 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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- **The combination of increased demand and a low level of properties available for sale has pushed up house prices in recent months.** The ratio of house sales to the stock of unsold properties on surveyors' book rose for the eighth successive month in August, indicating a tightening in market conditions, according to the latest RICS monthly survey.
- **The proportion of disposable earnings devoted to mortgage payments has fallen significantly over the past two years.** Nationally, typical mortgage payments for a new borrower have fallen from a peak of 48% of average disposable earnings in 2007 Quarter 3 to 30% in 2009 Quarter 3. This key measure of affordability is at a more favourable level than the average over the past 25 years (37%) and has been a major factor pushing up housing demand.
- **Housing market activity has picked up in recent months but remains low on an historical basis.** The number of house sales in England and Wales has increased during 2009 with the annual rate of decline improving from a low of -64% in November 2008 to -17% in June 2009, according to the Land Registry. Bank of England industry-wide figures show that the number of mortgages approved to finance house purchase – a leading indicator of completed house sales – has almost doubled from 27,400 in November 2008 to 52,300 in August 2009, on a seasonally adjusted basis. Approvals in August 2009, however, were 51% lower than in August 2007 (106,770).

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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
Sep 2008	556.2	171,857	-1.4	-12.4	4.78
Oct	543.5	167,934	-2.3	-13.7	4.66
Nov	529.0	163,458	-2.7	-14.9	4.56
Dec	520.6	160,861	-1.6	-16.2	4.50
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	4.37
Apr	500.0	154,490	-1.8	-17.7	4.25
May	513.1	158,541	2.6	-16.3	4.38
Jun	511.0	157,876	-0.4	-15.0	4.36
Jul	516.9	159,709	1.2	-12.1	4.42
Aug	521.1	161,022	0.8	-10.1	4.42 <sup>e</sup>
Sep	529.3	163,533	1.6	-7.4	4.48 <sup>e</sup>

#### 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). <sup>e</sup> Halifax estimates.

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