



UK House prices	JANUARY 2010 (seasonally adjusted)
Annual change	3.6%
Monthly change	0.6%
Average Price	£169,777

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

"House prices rose by 0.6% in January. This was the seventh successive monthly increase and takes the average price to 9.9% above its trough in April 2009. January's rise, nonetheless, was more modest than in any of the previous six months.

The marked reduction in interest rates over the past 15 months has, from a low base, boosted housing demand from those with a sufficient deposit to enter the market. Increased demand has combined with a low supply of properties available for sale to push up prices.

There are some signs that more people are putting their homes on the market. A further increase in the supply of property is possible over the coming months, which would help to curb upward pressure on prices. Overall, our current view is that house prices will be flat during 2010."

### Key facts

- **House prices increased by 0.6% in January.** Prices rose for the seventh consecutive month, but January's rise was the lowest during this period and was significantly below the 1.1% average over the previous six months.
- **Prices have risen by 9.9% since reaching a low in April 2009; an increase in the average price of £15,287 over this period.** This follows a decline of 23% between August 2007 and April 2009. The average house price is now £169,777.
- **House prices in January were 3.6% higher on an annual basis.** This is the largest increase in the annual rate of change - measured by the average for the latest three months against the same period a year earlier – since February 2008. The comparable rate a year ago was -17.2%.

### 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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- **Housing market activity continues to pick up albeit from a low base.** House sales in England and Wales in October were 34% higher than a year earlier, according to the latest Land Registry figures. Bank of England industry-wide figures show that the number of mortgages approved to finance house purchase – a leading indicator of completed house sales – in the final three months of 2009 was significantly up on the number in the same period a year earlier (176,517 against 91,221). This was despite a marginal monthly fall (-1.7%) in December; the first decline since November 2008. Approvals were still 22% lower than in December 2007.
- **Low mortgage rates have reduced the burden of servicing mortgage debt.** Nationally, typical mortgage payments for a new borrower have fallen from a peak of 48% of average disposable earnings in 2007 Quarter 3 to 32% in 2009 Quarter 4.
- **Low supply of properties for sale has been another factor pushing up house prices.** There are, however, some signs that the improvement in market conditions since last spring is leading more homeowners to try to sell their property. Instructions to sell increased for the seventh successive month in December, helping to increase the stock of properties available for sale. (Source: RICS monthly survey, December 2009.)
- **Separate research recently released by Halifax demonstrated that the 'Noughties' were a significant period for the UK housing market.** Despite a fall of more than one-fifth between mid 2007 and mid 2009, house prices increased by more in real (i.e. inflation adjusted) terms than in any other decade over the last 50 years. House prices increased by 105% during the 2000s, taking the UK average house price from £81,596 in 1999 quarter 4 to £167,020 in 2009 quarter 4.
- **Redruth recorded the biggest price rise during the last decade (207%).** Three of the four towns that delivered the largest gains are in Cornwall; Redruth, Penzance and Helston. All ten towns recording the fastest house price growth in the 2000s are on, or close to, the coast. The majority of towns that experienced the strongest price growth began the decade with lower than average property prices, which provided the platform for bigger price gains.

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 2010.

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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
Jan 2009	530.6	163,945	2.4	-17.2	4.67
Feb	519.1	160,390	-2.2	-17.7	4.62
Mar	509.2	157,320	-1.9	-17.5	4.32
Apr	500.0	154,490	-1.8	-17.7	4.33
May	513.1	158,541	2.6	-16.3	4.45
Jun	511.0	157,876	-0.4	-15.0	4.43
Jul	516.9	159,709	1.2	-12.1	4.49
Aug	521.1	161,022	0.8	-10.1	4.51
Sep	529.1	163,487	1.5	-7.4	4.57
Oct	535.1	165,349	1.1	-4.7	4.60
Nov	542.0	167,451	1.3	-1.6	4.65
Dec	546.2	168,763	0.8	1.1	4.68 <sup>e</sup>
Jan 2010	549.5	169,777	0.6	3.6	4.86 <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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