



UK House prices	JULY 2010 (seasonally adjusted)
Annual change	4.9%
Monthly change	0.6%
Average Price	£167,425

Commenting, Martin Ellis, housing economist, said:

"House prices increased by 0.6% in July, reversing the fall in June. Overall, there has been little change in prices during 2010 so far. The mixed pattern of monthly rises and falls over the first seven months of the year is consistent with a slowing market. It is also in line with our view that house prices will be broadly unchanged over 2010 as a whole.

The increase in the number of properties for sale over the past few months, boosted by the recent abolition of HIPs, has relieved much of the pressure that was driving up prices in 2009. Low interest rates and a recovering economy, however, are underpinning demand and continue to support the market."

Key facts

- **House prices increased by 0.6% in July.** This modest rise offset the 0.6% fall in June.
- **House prices in July were 4.9% higher on an annual basis as measured by the average for the latest three months against the same period a year earlier.** This was below the 6.3% increase in June and compares with a recent high of 6.9% in May.
- **Prices in July were marginally (0.8%) lower than at the end of 2009 but are 8.3% above their April 2009 trough.** The average house price is now £167,425; 16% below its August 2007 peak.
- **Housing market activity broadly stable.** Bank of England industry-wide figures show that the number of mortgages approved to finance house purchase in the three months to June – a leading indicator of completed house sales – were modestly (2%) higher than in the previous quarter, on a seasonally adjusted basis. Activity remains significantly lower than a few years ago with approvals 56% lower in 2010 Quarter 2 compared with 2007 Quarter 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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House price index

- **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 30% in 2010 Quarter 2. This key measure of affordability is at a more favourable level than the long-term average over the past 25 years (37%) and is a key factor supporting housing demand.
- **In separate research to be released later this week, Halifax has found that the total value of privately owned housing stock in the UK more than doubled over the past decade.** There was a 118% increase from £1,719 billion in 1999 to an estimated £3,755 billion in 2009. During the same period, the retail price index rose by 29%. However, since 2007 the value of housing stock in the UK has declined by 8%. This reflects the reduction in house prices between mid 2007 and early 2009. The improvement in house prices in 2009 saw housing value grow by an estimated 2% during 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 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
Jul 2009	517.0	159,749	0.8	-12.1	4.53
Aug	521.1	161,022	0.8	-10.1	4.55
Sep	529.1	163,487	1.5	-7.4	4.61
Oct	535.1	165,349	1.1	-4.7	4.65
Nov	542.0	167,451	1.3	-1.6	4.71
Dec	546.2	168,763	0.8	1.1	4.75
Jan 2010	548.5	169,484	0.4	3.6	4.78
Feb	539.5	166,703	-1.6	4.5	4.66
Mar	545.1	168,433	1.0	5.2	4.60
Apr	544.4	168,212	-0.1	6.6	4.73
May	541.4	167,287	-0.5	6.9	4.72
Jun	538.4	166,351	-0.6	6.3	4.72 ^e
Jul	541.9	167,425	0.6	4.9	4.75 ^e

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 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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ISDN facilities are available for broadcast media interviews

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