



UK House prices	OCTOBER 2010 (seasonally adjusted)
Annual change	+1.2%
Quarterly change	-1.2%
Monthly change	+1.8%
Average Price	£164,919

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

"Prices in the three months to October were 1.2% lower than in the preceding three months. This measure gives a better indication of the underlying trend in house prices than the monthly changes. There has been a very mixed picture of monthly house price rises and falls throughout 2010, which continued in October with prices rising by 1.8% following September's decline, reflective of flat house prices. The rate of decline in prices on the three month-on-three month measure is markedly less than the quarterly declines of more than 5% recorded during the second half of 2008.

"An increase in the number of properties available for sale in recent months, together with a decline in demand, has put some downward pressure on prices in recent months. We do not believe that prices are set to fall sharply over a sustained period. Interest rates are likely to remain very low for an extended period, which will continue to support the improved mortgage affordability position for homeowners. Low rates and stable employment levels are benefiting homeowners."

**Key facts**

- **Prices in the three months to October were 1.2% lower than in the preceding three months.** House price data on a quarterly basis provides a clearer indication of the overall market trends, smoothing out the volatility caused by the reduced number of monthly transactions in all house prices indices' monthly figures. All the major house price indices are indicating an underlying slowdown in house prices notwithstanding a divergence in monthly reporting.
- **Prices in October were 2.3% lower than at the end of 2009 on a seasonally adjusted basis (-1.2% unadjusted).**
- **The underlying pace of house price growth has turned moderately negative in recent months.** The rate of decline, however, is significantly lower than the quarterly rate of decline of -5% to -6% during the second half of 2008.

**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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### Key facts cont'd

- **House prices remain higher than a year ago.** Prices in October were 1.2% higher on an annual basis as measured by the average for the latest three months against the same period a year earlier. This continues the recent downward trend from a high of 6.9% in May.
- **House prices in October were 6.6% higher than in April 2009.** Despite the recent downturn, prices remain above the trough reached in spring 2009. The average price is now £164,919; £10,256 higher than in April 2009.
- **Housing market activity is softening.** Bank of England industry-wide figures show that the number of mortgages approved to finance house purchase – a leading indicator of completed house sales – fell for the fifth consecutive month in September. The number of approvals in Quarter 3 was 3% lower than in Quarter 2.

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)

	Index 1983=100 1	Standardised Average Price £ 2	Monthly Change %	Quarterly Change %	Annual Change %*	Price/ Earnings Ratio 3
<b>Period</b>						
Oct 2009	534.0	164,990	1.0	2.5	-4.7	4.60
Nov	542.0	167,451	1.5	3.5	-1.6	4.67
Dec	546.2	168,763	0.8	3.2	1.1	4.70
Jan 2010	548.5	169,484	0.4	3.4	3.6	4.70
Feb	539.5	166,703	-1.6	1.9	4.5	4.62
Mar	545.1	168,433	1.0	0.6	5.2	4.65
Apr	544.4	168,212	-0.1	-0.5	6.6	4.65
May	541.4	167,287	-0.5	-0.2	6.9	4.62
Jun	538.4	166,351	-0.6	-0.3	6.3	4.59
Jul	542.2	167,536	0.7	-0.4	4.9	4.60
Aug	544.1	168,124	0.4	-0.4	4.6	4.60
Sep	524.2	161,974	-3.7	-0.9	2.6	4.44 <sup>e</sup>
Oct	533.8	164,919	1.8	-1.2	1.2	4.50 <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 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.

For further information please contact:

**Helpline No** 08456 045404  
**Email** [housingeconomics@lloydsbanking.com](mailto:housingeconomics@lloydsbanking.com)

**Press Office Contacts:**

Clare Mortimer Tel: 0207 356 2305 Mobile: 07768 541555  
Jessica Lord Tel: 0207 356 1714 Mobile: 07872 819065

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