



UK House prices	OCTOBER 2009 (seasonally adjusted)
Annual change	-4.7%
Monthly change	1.2%
Average Price	£165,528

Commenting, Martin Ellis, housing economist, said:

"House prices increased by 1.2% in October, marking the fourth consecutive monthly increase. Nationally, house prices have risen by 2.9% since the end of 2008. They are now 7.1% higher than six months ago when prices reached a trough in April.

Demand for houses has risen in recent months due to the very low level of interest rates, the decline in property prices since the summer of 2007 and a pick-up in consumer confidence on the back of better economic news. Higher demand has combined with a low level of properties available for sale to result in rising house prices over the past few months.

There are some indications that more people are deciding to put their homes on the market, encouraged by the recent improvement in market conditions. A continuation of this trend could help to improve the balance between supply and demand, curbing the strength of the stimulus to house prices resulting from the current imbalance."

Key facts

- **House prices increased by 1.2% in October.** This was the fourth successive monthly increase.
- **Prices in the three months to October were 2.9% higher compared to the previous three months.**
- **Nationally, the average house price has risen by 2.9% (£4,667) since December 2008.** Prices have increased by 7.1% during the past six months since reaching a trough in April 2009; an increase in the average price of just over £11,000. This follows a decline of 23% between August 2007 and April 2009.
- **House prices in October were 4.7% 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 sharply from a low of -17.7% in April. It is at its lowest since May 2008 (-3.8%).

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.

For more information on our housing market research, click on www.Lloydsbankinggroup.com





- **Higher demand and supply shortages have pushed up house prices.** A further rise in sales, combined with virtually no change in the stock of properties available for sale, caused the ratio of house sales to the stock of unsold properties on surveyors' book to increase for the ninth successive month in September. The increase in this ratio to its highest level since December 2007 indicated a continuing tightening in market conditions. New instructions to sell increased for the fourth successive month, suggesting that more homeowners are being encouraged to try and sell in light of the improvement in market conditions. (Source: RICS monthly survey, September 2009.)
- **Lower interest rates have reduced mortgage payments.** Monthly repayments accounted for an estimated 21.5% of average gross household income in October 2009 for existing mortgage borrowers. This is the lowest proportion of income devoted to mortgage repayments since mid 2004 and compares with a peak of 26.9% a year ago in October 2008.
- **Housing market activity improves again but remains very low.** Bank of England industry-wide figures show that the number of mortgages approved to finance house purchase – a leading indicator of completed house sales - increased for the tenth successive month in September, on a seasonally adjusted basis. Approvals were 68% higher than in September 2008, at 56,215, but were still 44% lower than in September 2007 (100,095).

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 2009.

For more information on our housing market research, click on www.Lloydsbankinggroup.com

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
Oct 2008	544.1	168,112	-2.2	-13.7	4.68
Nov	529.0	163,458	-2.8	-14.9	4.55
Dec	520.6	160,861	-1.6	-16.2	4.46
Jan 2009	531.2	164,126	2.0	-17.2	4.70
Feb	519.1	160,390	-2.3	-17.7	4.65
Mar	509.2	157,320	-1.9	-17.5	4.35
Apr	500.0	154,490	-1.8	-17.7	4.26
May	513.1	158,541	2.6	-16.3	4.37
Jun	511.0	157,876	-0.4	-15.0	4.35
Jul	516.9	159,709	1.2	-12.1	4.41
Aug	521.1	161,022	0.8	-10.1	4.43
Sep	529.1	163,487	1.5	-7.4	4.49 ^e
Oct	535.7	165,528	1.2	-4.7	4.54 ^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'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). ^e Halifax estimates.

For further information please contact:

Helpline No 08456 045404

Email Groupeconomics@hbosplc.com

ISDN facilities are available for broadcast media interviews

For more information on our housing market research, click on
www.Lloydsbankinggroup.com