



UK House prices	APRIL 2009 (seasonally adjusted)
Annual change	-17.7%
Monthly change	-1.7%
Average Price	£154,716

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

"The average UK house price declined by 1.7% in April, slightly less than the 1.9% monthly fall in the previous month.

The house price to earnings ratio – a key measure of housing affordability – is at its lowest level since the autumn of 2002 at 4.26. Mortgage rate cuts have reduced monthly payments for the average existing borrower by £111 since October 2008, also boosting affordability. Mortgage approvals remain at historically very low levels.

Rising unemployment, low consumer confidence and the reduced availability of credit are all expected to exert downward pressure on the housing market over the next few months. As a result, further house price declines are likely."

### Key facts

- **House prices declined by 1.7% in April.** This was slightly less than the 1.9% fall in March. The UK average price has returned to where it was five years' ago in April 2004 (£154,511).
- **House prices in April were 17.7% lower on an annual basis.**
- **The house price to earnings ratio – a key affordability measure - is at its lowest for more than six years.** The house price to average earnings ratio has declined by 27% from a peak of 5.84 in July 2007 to an estimated 4.26 in April 2009. The ratio is at its lowest level since September 2002 (4.14). The long-term average is 4.0.
- **Prices in the three months to April compared to the previous three months - an indicator of the underlying trend - were 3.3% lower.** This is slightly below the quarterly rate of decline of 5-6% recorded consistently between June 2008 and January 2009.
- **Mortgage debt servicing costs for all borrowers have eased in recent months.** Monthly repayments for the average mortgage borrower have fallen from a peak of 26.9% of average gross household income in October 2008 to 22.0% in March 2009. The decrease in the

### 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

average mortgage rate paid by existing borrowers from 5.82% in October 2008 to 3.83% in March 2009 (source: Bank of England) is the main cause of this reduction. A borrower with the average outstanding mortgage of £107,000 has seen their monthly repayments fall by £111 since October 2008.

- **Tentative signs of a stabilisation in activity albeit at a very low level.** 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 by 19% between the final quarter of 2008 and the first quarter of 2009, on a seasonally adjusted basis. Approvals in March, at 39,230, were the highest since May 2008, but were still 34% lower than in March 2008.
- **Temporary increase in the lowest stamp duty threshold from £125,000 to £175,000 extended to the end of the year announced in the Budget.** According to Halifax estimates, around 45,500 homebuyers in England and Wales (26% of the total) were exempt from paying stamp duty over the five months between September 2008 and January 2009 because the threshold was £175,000 rather than £125,000. Nearly six in every ten (57%) home sales during the period were below £175,000 compared with three in ten (31%) below £125,000.
- **Increasing the lowest stamp duty threshold has benefited buyers in all regions, but it has had a more pronounced impact outside the south east.** For example, only 18% of total sales were below £175,000 in London during the period September 2008 to January 2009 compared to 79% in the North.

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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
Apr	608.4	187,980	-1.5	-0.9	5.35
May	595.5	183,984	-2.1	-3.8	5.22
Jun	583.9	180,417	-1.9	-6.1	5.10
July	574.2	177,421	-1.7	-8.8	5.00
Aug	564.1	174,293	-1.8	-10.9	4.90
Sep	556.8	172,027	-1.3	-12.4	4.82
Oct	543.5	167,934	-2.4	-13.7	4.70
Nov	529.0	163,458	-2.7	-14.9	4.59
Dec	520.6	160,861	-1.6	-16.2	4.54
Jan 2009	531.2	164,126	2.0	-17.2	4.70
Feb	519.1	160,390	-2.3	-17.7	4.60
Mar	509.2	157,320	-1.9	-17.5	4.34 <sup>e</sup>
Apr	500.7	154,716	-1.7	-17.7	4.26 <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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