



UK House prices	FEBRUARY 2009 (seasonally adjusted)
Annual change	-17.7%
Monthly change	-2.3%
Average Price	£160,327

Commenting, Martin Ellis, housing economist, said:

"The average UK house price declined by 2.3% in February. This monthly decrease more than offset January's 2.0% increase. Prices in the three months to February compared to the previous quarter, which provides a better indicator of the underlying trend, were 3.6% lower.

Whilst market activity remains at very low levels, there are some tentative signs that activity may be beginning to stabilise. The house price to earnings ratio – a key measure of housing affordability – has fallen to its lowest level for six years.

Continuing pressures on incomes, rising unemployment and the negative impact of the dislocation of the financial markets on the availability of mortgage finance are, however, likely to mean that 2009 will be another difficult year for the housing market."

Key facts

- **House prices declined by 2.3% in February.** This fall more than offset January's 2.0% increase (revised from 1.9%). Historically, house prices have not moved in the same direction month after month even during a pronounced downturn. For example, prices fell for seven successive months in 1989 but subsequently increased in three of the first ten months in 1990 even though the overall trend in prices was downwards.
- **Prices in the three months to February compared to the previous three months - an indicator of the underlying trend - were 3.6% lower.** This is slightly below the quarterly rate of decline of 5-6% recorded consistently between June 2008 and January 2009.
- **House prices in February were 17.7% 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) fell from 17.2% in January to 17.7%. The UK average price has returned close to the level in August 2004 (£159,799).

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. This provides a better picture of the underlying trend compared to a monthly year-on-year number as it smoothes out any short-term fluctuations.

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House price index

- **The house price to earnings ratio – a key affordability measure - is at its lowest for six years.** The house price to average earnings ratio has declined from a peak of 5.84 in July 2007 to an estimated 4.42 in February 2009; a fall of 24%. The ratio is at its lowest level for six years (February 2003: 4.41). The long-term average is 4.0.
- **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 was unchanged between December 2008 and January 2009. Approvals in January, at a seasonally adjusted 31,000, were also identical to the monthly average recorded in the second half of 2008.

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.

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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
Feb 2008	631.0	194,953	-0.7	4.2	5.56
Mar	620.1	191,590	-1.7	1.1	5.46
Apr	610.7	188,704	-1.5	-0.9	5.37
May	595.5	183,984	-2.5	-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	4.69
Nov	529.0	163,458	-2.7	-14.9	4.57
Dec	520.6	160,861	-1.6	-16.2	4.48
Jan 2009	531.2	164,126	2.0	-17.2	4.55 ^e
Feb	518.9	160,327	-2.3	-17.7	4.42 ^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.

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ISDN facilities are available for broadcast media interviews

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