



| UK House prices | FEBRUARY 2010 (seasonally adjusted) |
|-----------------|-------------------------------------|
| Annual change | 4.5% |
| Monthly change | -1.5% |
| Average Price | £166,857 |

Commenting, Martin Ellis, housing economist, said:

"House prices fell by 1.5% in February, the first decline since June 2009 following seven consecutive monthly increases. Despite this fall, the average price is 8.0% above the trough reached in April 2009.

There has been a decline in the underlying rate of house price inflation – measured by a comparison of the latest three months with the previous quarter – over the last few months. An increase in the number of properties available for sale has helped to reduce slightly the imbalance between supply and demand. At the same time, the bad weather in the first two months of 2010, together with the return of the lowest stamp duty threshold to £125,000, are likely to have had an adverse impact on housing demand. The combination of these factors appears to have helped to curb the upward pressure on house prices."

Key facts

- **House prices fell by 1.5% in February.** This was the first decline since June 2009 following seven consecutive monthly increases.
- **Prices in the three months to February were 1.8% higher than in the preceding quarter.** This compared with a 3.2% increase on the same basis in January.
- **House prices in February were 4.5% higher on an annual basis.** This was the largest increase in the annual rate of change - measured by the average for the latest three months against the same period a year earlier – since January 2008. The annual rate increased from 3.6% in January despite February's monthly fall, partly because February's decline was lower than the decline in February 2009.
- **Prices are 8.0% above the low reached in April 2009; an increase in the average price of £12,367 over this period.** This follows a decline of 23% between August 2007 and April 2009. The average house price is now £166,857.

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 supply of properties for sale has been a key factor pushing up house prices.** The recent improvement in market conditions has encouraged more homeowners to attempt to sell their property. The stock of properties available for sale increased for the second successive month in January. Additionally, the ratio of completed sales to stock eased, indicating a modest loosening in market conditions. (Source: RICS monthly survey, January 2010.)
- **Housing market activity affected by stamp duty change and bad weather.** 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 by a seasonally adjusted 17% between December and January following a modest (1.8%) decline in the previous month. The return of the lowest stamp duty threshold to £125,000 and the bad weather are likely to have been the main causes of this fall in activity. Approvals in January were still 43% higher than in January 2009, but remained 33% lower than in January 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 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 |
|----------|------------------------|---|------------------------|------------------------|----------------------------------|
| Feb 2009 | 518.2 | 160,104 | -2.3 | -17.7 | 4.61 |
| Mar | 509.2 | 157,320 | -1.7 | -17.5 | 4.32 |
| Apr | 500.0 | 154,490 | -1.8 | -17.7 | 4.33 |
| May | 513.1 | 158,541 | 2.6 | -16.3 | 4.45 |
| Jun | 511.0 | 157,876 | -0.4 | -15.0 | 4.43 |
| Jul | 516.9 | 159,709 | 1.2 | -12.1 | 4.49 |
| Aug | 521.1 | 161,022 | 0.8 | -10.1 | 4.51 |
| Sep | 529.1 | 163,487 | 1.5 | -7.4 | 4.57 |
| Oct | 535.1 | 165,349 | 1.1 | -4.7 | 4.61 |
| Nov | 542.0 | 167,451 | 1.3 | -1.6 | 4.66 |
| Dec | 546.2 | 168,763 | 0.8 | 1.1 | 4.69 |
| Jan 2010 | 548.5 | 169,484 | 0.4 | 3.6 | 4.86 ^e |
| Feb | 540.0 | 166,857 | -1.5 | 4.5 | 4.84 ^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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