



UK House prices	JUNE 2010 (seasonally adjusted)
Annual change	6.3%
Monthly change	-0.6%
Average Price	£166,203

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

"House prices fell by 0.6% in June following a similar decline in May. Prices in the April to June quarter were largely unchanged compared with the first three months of the year. This continued the slowdown in house price growth since the beginning of the year following the moderate recovery in prices during much of 2009. This pattern is in line with our view that house prices will be broadly unchanged over 2010 as a whole.

A shortage of properties for sale in 2009 contributed to an imbalance between supply and demand and was a key factor driving up house prices last year. An increase in the number of properties available for sale in recent months has helped to reduce the imbalance, relieving the upward pressure on prices. The low level of interest rates, however, continues to support housing demand."

#### Key facts

- **House prices fell by 0.6% in June.** This followed a 0.5% decline in May.
- **Prices in the second quarter of 2010 were 0.1% lower than in the first quarter of 2010.** This continued the slowdown in the pace of house price growth since the beginning of the year and compared with a 0.6% rise in 2010 Quarter 1.
- **House prices in June were 6.3% higher on an annual basis as measured by the average for the latest three months against the same period a year earlier.** This was below the 6.9% increase in May, which was the highest since October 2007 (8.9%).
- **Prices are 7.5% above their April 2009 trough despite the modest decline over the past few months.** The average house price is now £166,203; 17% below its August 2007 peak.
- **The increase in the number of properties for sale is curbing the upward pressure on house prices.** Estate agents have reported a sharp increase in instructions from new vendors following the recent abolition of HIPs, reinforcing the recent trend as more

#### 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

homeowners have been encouraged to sell following the improvement in house prices in 2009. The ratio of house sales to the stock of unsold properties on surveyors' books fell for the fifth time in the past six months in May. (*Source: RICS monthly survey, May 2010.*) The easing in this ratio indicates a moderate loosening in market conditions, reducing the support for house prices.

- **Housing market activity has eased.** Bank of England industry-wide figures show that the number of mortgages approved to finance house purchase – a leading indicator of completed house sales – were largely unchanged between April and May, at a seasonally adjusted 49,800. Approvals in the three months to May, however, were 3% lower than in the preceding three months, indicating a modest softening in housing market activity.
- **In separate research, Halifax has found that the cost of owning and running a home in the UK has declined by 6% over the past two years.** Between April 2008 and April 2010, the average annual cost associated with owning and running a home fell by £544 from £9,564 to £9,020. In real terms (i.e. after allowing for retail price inflation), the cost of housing has fallen by 9%. Housing costs in the UK are now equivalent to 27% of gross average full-time earnings, down from 30% in 2008.
- **The fall in the cost of housing since 2008 has been driven by a 19% (£881) decline in mortgage payments (interest and capital repayments).** The average mortgage rate paid by existing borrowers fell by 2.13 percentage points between April 2008 and April 2010 from 5.80% to 3.67%.

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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 %	Annual Change %*	Price/ Earnings Ratio 3
<b>Period</b>					
Jun 2009	512.8	158,445	-0.4	-15.0	4.48
Jul	516.9	159,709	0.8	-12.1	4.53
Aug	521.1	161,022	0.8	-10.1	4.55
Sep	529.1	163,487	1.5	-7.4	4.61
Oct	535.1	165,349	1.1	-4.7	4.65
Nov	542.0	167,451	1.3	-1.6	4.71
Dec	546.2	168,763	0.8	1.1	4.75
Jan 2010	548.5	169,484	0.4	3.6	4.78
Feb	539.5	166,703	-1.6	4.5	4.66
Mar	545.1	168,433	1.0	5.2	4.59
Apr	544.4	168,212	-0.1	6.6	4.73
May	541.4	167,287	-0.5	6.9	4.72 <sup>e</sup>
Jun	537.9	166,203	-0.6	6.3	4.72 <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.

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