



UK House prices	NOVEMBER 2010 (seasonally adjusted)
Annual change	-0.7%
Quarterly change	-2.1%
Monthly change	-0.1%
Average Price	£164,708

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

"Prices fell by only 0.1% in November, and in the three months to November were 2.1% lower than in the preceding three months. The rate of decline in prices on the three month-on-three month measure has picked up over the past few months, but it remains well below the declines of 5-6% in the second half of 2008. The highly mixed picture of monthly house price rises and falls recorded this year continued. Such a varied monthly pattern is consistent with a relatively flat underlying trend for house prices.

"Higher numbers of properties for sale, combined with reduced demand, have caused the recent decrease in prices. There are, however, some tentative signs that homeowners are becoming more reluctant to put their properties on the market which, if continued, will help to relieve the current downward pressure on prices. Interest rates are likely to remain very low for an extended period, which will support the improved mortgage affordability position for homeowners. As a result, we do not expect to see a significant fall in house prices."

**Key facts**

- **Prices in the three months to November were 2.1% lower than in the preceding three months.** The rate of decline, however, is significantly lower than the quarterly rate of decline of -5% to -6% during the second half of 2008. House price data on a quarterly basis provides a clearer indication of the overall market trends, smoothing out the volatility caused by the reduced number of monthly transactions in all house prices indices' monthly figures.
- **Prices in November were 2.4% lower than at the end of 2009.**
- **House prices are now marginally lower than a year ago.** Prices in November were 0.7% lower on an annual basis as measured by the average for the latest three months against the same period a year earlier. This was the first annual decline since November 2009 and continues the recent downward trend from a high of 6.9% in May.

**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

- **House prices in November were 6.5% higher than in April 2009.** Despite the recent downturn, prices remain above the trough reached in spring 2009. The average price is now £164,708; £10,045 higher than in April 2009.
- **The low interest rate environment has reduced the burden of servicing mortgage debt.** Typical mortgage payments for a new borrower have fallen from a peak of 48% of average disposable earnings in mid 2007 to 29% in 2010 Quarter 3. This key measure of affordability is at a better level than the long-term average over the past 25 years (37%) and is an important factor supporting housing demand.
- **Housing market activity is softening.** Bank of England industry-wide figures show that the number of mortgages approved to finance house purchase – a leading indicator of completed house sales – continued on its gentle downward trend, falling for the sixth successive month in October. The number of approvals in October (47,200) was 5% lower than in April (49,700). The ending of the stamp duty holiday on properties between £125,000 and £175,000 at the end of 2009 boosted the number of approvals during 2009 Quarter 4. This will have an adverse impact on annual comparisons over the next couple of months.

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)

	Index 1983=100 1	Standardised Average Price £ 2	Monthly Change %	Quarterly Change %	Annual Change %*	Price/ Earnings Ratio 3
<b>Period</b>						
Nov 2009	540.6	167,032	1.2	3.4	-1.6	4.66
Dec	546.2	168,763	1.0	3.2	1.1	4.70
Jan 2010	548.5	169,484	0.4	3.3	3.6	4.70
Feb	539.5	166,703	-1.6	1.9	4.5	4.62
Mar	545.1	168,433	1.0	0.6	5.2	4.65
Apr	544.4	168,212	-0.1	-0.4	6.6	4.70
May	541.4	167,287	-0.5	-0.2	6.9	4.67
Jun	538.4	166,351	-0.6	-0.3	6.3	4.63
Jul	542.2	167,536	0.7	-0.4	4.9	4.65
Aug	544.1	168,124	0.4	-0.4	4.6	4.65
Sep	524.2	161,974	-3.7	-0.9	2.6	4.47
Oct	533.9	164,949	1.8	-1.2	1.2	4.54 <sup>e</sup>
Nov	533.1	164,708	-0.1	-2.1	-0.7	4.54 <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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