



UK House prices	April 2011 (seasonally adjusted)
Annual change	-3.7%
Quarterly change	-1.2%
Monthly change	-1.4%
Average Price	£160,395

Commenting, Martin Ellis, housing economist, said:

"The latest figures show that the underlying trend in house prices continues to be one of modest decline. Prices in the three months to April were 1.2% lower than in the previous three months. There was a 1.4% fall in prices in April following no change in March.

"Weak confidence amongst households, partly due to uncertainty over the economic outlook, is constraining housing demand and resulting in some downward movement in prices. Signs of a modest tightening in housing market conditions, a relatively low burden of servicing mortgage debt and an increase in the number of people in employment are all likely to be providing support for house prices, curbing the pace of decline. There are signs that house sales are stabilising albeit at a level lower than the historical average."

Key facts

- **House prices in the three months to April were 1.2% lower than in the previous three months.** This continues the modest decline in prices recorded since the middle of last year on this measure of the underlying trend.
- **The average UK house price in April was 1.5% lower than in December 2010 on a seasonally adjusted basis.** The current average house price of £160,395 is 4% above its April 2009 low, but remains 20% below its August 2007 peak.
- **Prices in April were 3.7% lower than a year ago as measured by the average for the three months to March against the same period a year earlier.** This is the biggest annual decline since October 2009 (-4.7%).
- **Modest tightening in housing market conditions.** The ratio of house sales to the stock of unsold properties on surveyors' books – according to the RICS monthly survey - is a measure of market conditions that has historically proved to be a good predictor of short-term house price movements. This ratio increased slightly in March for the second consecutive month, suggesting a modest tightening in market conditions. Moreover, 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

ratio remains higher than the levels recorded during the second half of 2008 and early 2009 when house prices fell sharply. A lower level of properties available for sale largely explains why current market conditions are tighter than in this period. (Source: RICS monthly survey, March 2011.)

- **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 the first quarter of 2011. 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.
- **A recent increase in employment, particularly those in full-time jobs, may have been an important factor supporting the market.** The number of people in employment increased by 143,000 in the three months to February compared with the previous three months, according to the latest figures from the ONS. This rise was almost entirely due to a 140,000 increase in the number in full-time employment.
- **House sales show further signs of stabilising.** The number of mortgages approved to finance house purchase – a leading indicator of completed house sales – increased by 2% between February and March on a seasonally adjusted basis, according to Bank of England industry-wide figures. Approvals in 2011 Quarter 1 were also 2% higher than in 2010 Quarter 4.

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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
Period						
Apr 2010	545.6	168,593	0.1	0.1	6.6	4.71
May	541.4	167,287	-0.8	0.2	6.9	4.67
Jun	538.4	166,351	-0.6	-0.2	6.3	4.63
Jul	542.2	167,536	0.7	-0.6	4.9	4.65
Aug	544.1	168,124	0.4	-0.5	4.6	4.65
Sep	524.2	161,974	-3.7	-1.0	2.6	4.47
Oct	533.9	164,949	1.8	-1.2	1.2	4.55
Nov	532.8	164,622	-0.2	-2.1	-0.7	4.53
Dec	526.9	162,803	-1.1	-0.9	-1.6	4.48
Jan 2011	531.3	164,145	0.8	-0.7	-2.4	4.49
Feb	526.6	162,697	-0.9	-0.4	-2.8	4.46
Mar	526.6	162,712	0.0	-0.6	-2.9	4.44 ^e
Apr	519.1	160,395	-1.4	-1.2	-3.7	4.42 ^e

EDITORS' NOTES

* House price data on a quarterly basis provides the clearest indication of overall market trends, smoothing out the monthly volatility caused by the reduced number of monthly transactions used to calculate all house price indices.

** 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). ^e Halifax estimates.

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