



UK House prices	July 2011 (seasonally adjusted)
Annual change	-2.6%
Quarterly change	0.5%
Monthly change	0.3%
Average Price	£163,981

Commenting, Martin Ellis, housing economist, said:

"House prices in the three months to July were 0.5% higher than in the previous three months. This was the first increase in this key measure of underlying price movements for 14 months. Prices rose for the third consecutive month, increasing by 0.3% in July.

"Overall, there has been little change in either the level of house sales or the number of properties on the market for sale since late 2010. These steady market conditions have helped to stabilise house prices in 2011 following last year's modest decline.

"This pattern is expected to continue over the rest of the year with little genuine direction in either house prices or sales. Sustained low interest rates and a slowly improving economy should help to support demand in the face of pressures from weak earnings growth, relatively high inflation and higher taxes."

Key facts

- **House prices in the three months from May to July were 0.5% higher than in the preceding three months.** This is the first increase in this measure of the underlying trend since May 2010 (0.1%).
- **The average UK house price in July was marginally higher (0.7%) than in December 2010 on a seasonally adjusted basis, at £163,981.**
- **On an annual basis, prices in July were 2.6% lower as measured by the average for the three months to July against the same period a year earlier.** This was the second successive improvement in the annual rate from a low of -4.2% in May.
- **Little change in housing activity trend.** The number of mortgages approved to finance house purchase - a leading indicator of completed house sales – increased by 4% between May and June to 48,421; the highest monthly total since May 2010. Despite this encouraging rise, the industry-wide number of approvals remains within the range of 45,000-50,000 per month where it has been since the beginning of 2010. Approvals in the second quarter were unchanged from the previous quarter on a seasonally adjusted basis.

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

- **Steady market conditions help to stabilise house prices and sales.** Market conditions - as measured by the ratio of house sales to the stock of unsold properties on surveyors' books (according to RICS) – have been largely unchanged over the past eight months. This is an improvement on much of 2010 when weakening conditions, led by falling demand, accompanied a gentle decline in house prices. There has been little change in either the stock of unsold properties or the number of sales since November 2010. The current stock of unsold properties is in line with the average over the past decade.

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 2011.

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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						
Jul 2010	542.1	167,497	1.1	-0.7	4.9	4.64
Aug	544.1	168,124	0.4	-0.6	4.6	4.65
Sep	524.2	161,974	-3.7	-1.2	2.6	4.47
Oct	533.9	164,949	1.8	-1.1	1.2	4.55
Nov	532.8	164,622	-0.2	-1.9	-0.7	4.53
Dec	526.9	162,803	-1.1	-1.1	-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	-0.7	-2.9	4.45
Apr	519.1	160,393	-1.4	-1.2	-3.7	4.39
May	521.2	161,039	0.4	-1.1	-4.2	4.39
Jun	528.9	163,430	1.5	-0.5	-3.5	4.47 ^e
Jul	530.7	163,981	0.3	0.5	-2.6	4.45 ^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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