



| UK House prices  | October 2011 (seasonally adjusted) |
|------------------|------------------------------------|
| Annual change    | -1.8%                              |
| Quarterly change | -0.3%                              |
| Monthly change   | +1.2%                              |
| Average Price    | £163,311                           |

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

*"House prices in the three months to October were 0.3% lower than in the preceding three months. There was a 1.2% increase between September and October, according to the more volatile monthly figures, continuing the highly mixed monthly picture. Whilst there have been five monthly price rises, four falls and one month of no change, there has been little change in prices during 2011 overall.*

*"The housing market has proved highly resilient in recent months despite the weak economic recovery and the deterioration in the outlook for both the UK and global economies. Despite these developments, house sales and the supply of properties for sale have remained very stable since late 2010. The prospect of exceptionally low official interest rates over the foreseeable future is likely to continue to support the market in the face of a very difficult economic climate. Both prices and activity levels are expected to remain close to current levels over the coming few months."*

### Key facts

- **House prices in the three months to October were 0.3% lower than in the preceding three months.** This measure of the underlying trend has turned negative for the first time since June.
- **On a monthly basis, house prices increased by 1.2% in October.** This continues the highly mixed pattern of monthly price movements this year. There have been five monthly rises, four falls and one month of no change.
- **The average UK house price in October was marginally higher than at the end of last year.** The average price in October was £508 (or +0.3%) higher than in December 2010 on a seasonally adjusted basis, at £163,311.
- **Annually, prices in October were 1.8% lower as measured by the average for the three months to October against the same period a year earlier.** This is the lowest annual fall since December 2010 (-1.6%) and continues the improvement since May when prices were 4.2% lower.

#### 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

- **Some signs of a slight pick-up in housing activity.** Property sales have stayed within a narrow range around 70,000 per month so far this year, according to HMRC figures. The industry-wide number of mortgages approved to finance house purchase - a leading indicator of completed house sales – has, however, nudged higher in recent months. There was an 8% rise between Quarter 2 (April-June) and Quarter 3 (July-September), on a seasonally adjusted basis, despite the first monthly fall since April in September. (*Source: Bank of England*).
- **Overall, housing market conditions have been broadly unchanged since the end of 2010.** The ratio of house sales to the stock of unsold properties on surveyors' books – as measured by RICS's monthly survey – has shown little change since November 2010 with both the stock of unsold properties and the number of sales largely static over this period. These steady market conditions have helped to stabilise house prices and sales.

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<br>1983=100<br>1 | Standardised<br>Average Price<br>£<br>2 | Monthly<br>Change<br>% | Quarterly<br>Change<br>%* | Annual<br>Change<br>%** | Price/<br>Earnings<br>Ratio<br>3 |
|----------|------------------------|---|------------------------|---------------------------|-------------------------|----------------------------------|
| Period   |                        |   |                        |                           |                         |                                  |
| Oct 2010 | 531.8                  | 164,320                                 | 1.2                    | -1.1                      | 1.2                     | 4.53                             |
| Nov      | 532.8                  | 164,622                                 | 0.2                    | -2.1                      | -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                   | -0.3                      | -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                    | 4.46                             |
| Jul      | 530.0                  | 163,765                                 | 0.2                    | 0.5                       | -2.6                    | 4.47                             |
| Aug      | 524.1                  | 161,926                                 | -1.1                   | 1.0                       | -2.6                    | 4.41                             |
| Sep      | 522.3                  | 161,368                                 | -0.3                   | 0.1                       | -2.3                    | 4.37 <sup>e</sup>                |
| Oct      | 528.6                  | 163,311                                 | 1.2                    | -0.3                      | -1.8                    | 4.43 <sup>e</sup>                |

### 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). <sup>e</sup> Halifax estimates.

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