



UK House prices	June 2012 (seasonally adjusted)
Annual change	-0.5%
Quarterly change	-0.3%
Monthly change	+1.0%
Average Price	£162,417

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

*"House prices in the three months to June were 0.3% lower than in the previous three months. Prices increased by 1.0% in June alone as house prices continue to fluctuate on a monthly basis with an even number of falls and rises over the past year."*

*"There has been a marked improvement in the annual rate of change over the past 12 months. A year ago, in May 2011, house prices were falling at an annual rate of 4.2%. In contrast, there has been broad stability recently with the annual rate between 0% and - 0.5% in each of the past three months."*

*"The ending of the stamp duty holiday at the end of March appears to have distorted house price movements and sales in recent months. Nonetheless, despite falling back in April and May, sales remain slightly higher than a year ago."*

*"Continuing low levels of mortgage payments relative to income and recent increases in employment may have helped support house prices so far this year. We expect little change in prices and sales over the remainder of the year provided that the UK's economic outlook does not deteriorate significantly."*

### Key facts

- **House prices in the three months to June were 0.3% lower than in the preceding three months (January-March).** Prices on this measure of the underlying trend slipped back into negative territory following successive small gains in the two previous months.
- **House prices increased by 1.0% in June.** Prices continue to fluctuate on a monthly basis with an even number of falls and rises in the past 12 months.
- **Prices in the three months to June were 0.5% lower than in the same period a year earlier.** There has been a marked improvement in the annual rate over the past 12 months with an annual decline of 0.5% or less in each of the past three months. The annual rate stood at -4.2% in May 2011.

#### 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

- **Home sales remained subdued in May following a significant decline in April.** Overall, sales in April and May combined were 13% lower than in the preceding two months, indicating that the ending of the stamp duty holiday for first-time buyers at the end of March encouraged some to bring forward their house purchases to beat the deadline. Sales in April and May, however, were 2% higher than in the same period a year earlier, suggesting that the underlying rate of activity has not declined. (*Source: HMRC*)
- **Mortgage payments for a new borrower remain significantly below the long-term average as a proportion of disposable earnings.** Typical mortgage payments for a new borrower - both first-time buyers and homemovers – at the long-term average loan to value ratio, stood at 26% of disposable earnings in the second quarter of 2012. This was well below the average of 36% recorded over the past 27 years. Mortgage payments have nearly halved as a proportion of income in recent years from a peak of 48% in 2007 Quarter 3. The relatively low level of mortgage payments in relation to income continues to provide support for house prices.

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 2012.



**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>						
Jun 2011	526.9	162,799	0.9	-0.5	-3.5	4.45
Jul	530.0	163,765	0.6	0.4	-2.6	4.48
Aug	524.1	161,926	-1.1	0.8	-2.6	4.41
Sep	522.3	161,368	-0.3	0.1	-2.3	4.39
Oct	528.3	163,227	1.2	-0.3	-1.8	4.43
Nov	522.9	161,556	-1.0	-0.5	-1.0	4.37
Dec	517.5	159,888	-1.0	-0.1	-1.3	4.32
Jan 2012	520.8	160,925	0.6	-0.9	-1.8	4.37
Feb	518.9	160,328	-0.4	-1.0	-1.9	4.33
Mar	530.1	163,796	2.2	-0.1	-0.6	4.40
Apr	518.1	160,073	-2.3	0.4	-0.5	4.30
May	520.4	160,781	0.4	0.7	-0.1	4.32 <sup>e</sup>
Jun	525.7	162,417	1.0	-0.3	-0.5	4.36 <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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