



UK House prices	December 2011 (seasonally adjusted)
Annual change	-1.3%
Quarterly change	-0.1%
Monthly change	-0.9%
Average Price	£160,063

Commenting, Martin Ellis, housing economist, said:

"House prices in the final quarter of 2011 were 0.1% lower than in the previous quarter. This compared with a 0.1% rise between Quarter 2 (April to June) and Quarter 3 (July to September). On a monthly basis, prices fell by 0.9% between November and December.

"Whilst there was a modest fall overall in prices during 2011 with an annual decline of 1.3% in December, house prices held up well last year in the face of the difficult and deteriorating economic climate and substantial pressure on households' finances.

"If the UK can avoid recession, we expect broad stability in house prices in 2012. There is, however, considerable uncertainty regarding the prospects for the UK economy which will, to a large extent, depend on how events in the Eurozone unfold. In addition, the extent to which households choose to reduce their debts will also affect growth. As a result, the outlook for house prices is also uncertain."

Key facts

- **House prices in the final three months of 2011 (Quarter 4) were 0.1% lower than in the previous quarter (Quarter 3).** This compared with a 0.1% rise between Quarter 2 and Quarter 3.
- **On a monthly basis, house prices declined by 0.9% in December.** There was a very mixed monthly picture during 2011 with six monthly falls, five increases and one month of unchanged prices.
- **On an annual basis, as measured by the average for the three months to December against the same period a year earlier, prices in December were 1.3% lower.** Despite this modest fall in prices during 2011, there was an improvement in the annual rate during the year from a low of -4.2% 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

- **Housing market conditions little changed over the past 12 months.** Market conditions, as measured by the ratio of house sales to the stock of unsold properties - reported by the RICS's monthly survey – have been broadly unchanged since November 2010. This stability in the overall supply/demand balance in the market helps to explain the modest movement in house prices.
- **Slight rise in house sales.** The number of completed house sales has risen to its highest levels of 2011 in October and November. The number of sales in November 2011 was the highest since December 2009, at a seasonally adjusted 79,000. Despite these recent signs of improvement, total sales in the first 11 months of 2011 were 2.5% lower than in the same period of 2010. (Source: HMRC)

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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						
Dec 2010	529.7	163,665	-0.4	-1.0	-1.6	4.50
Jan 2011	531.3	164,145	0.3	-0.6	-2.4	4.49
Feb	526.6	162,697	-0.9	-0.1	-2.8	4.46
Mar	526.6	162,712	0.0	-0.9	-2.9	4.45
Apr	519.1	160,393	-1.4	-1.3	-3.7	4.39
May	521.2	161,039	0.4	-1.3	-4.2	4.40
Jun	528.9	163,430	1.5	-0.5	-3.5	4.47
Jul	530.0	163,765	0.2	0.5	-2.6	4.48
Aug	524.1	161,926	-1.1	1.0	-2.6	4.41
Sep	522.3	161,368	-0.3	0.1	-2.3	4.39
Oct	528.3	163,227	1.2	-0.3	-1.8	4.42
Nov	522.9	161,556	-1.0	-0.6	-1.0	4.38 ^e
Dec	518.0	160,063	-0.9	-0.1	-1.3	4.33 ^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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