



UK House prices	January 2013 (seasonally adjusted)
Annual change	+1.3%
Quarterly change	+1.9%
Monthly change	-0.2%
Average Price	£162,932

Commenting, Martin Ellis, housing economist, said:

"The signs of improvement in the housing market towards the end of last year continued in January. Prices in the three months to January were 1.9% higher than in the previous three months; the strongest figure in this measure of the underlying trend for three years. Prices were also 1.3% higher than in the same period a year ago, marking the first annual rise for 27 months.

"Market activity has also improved with sales in 2012 at their highest for five years. Rising mortgage approval numbers point to further increases in home sales in the coming months. The Funding for Lending scheme has helped lenders to lower interest rates and improve availability in the past few months. This is likely to have been a factor contributing to the pick-up in both home sales and prices.

"The outlook for the UK economy and house prices, however, is more unclear than usual. Subdued economic growth and pressures on household finances are expected to constrain housing demand. Overall, we expect continuing broad stability in house prices nationally in 2013."

Key facts

- **House prices in the latest three months (November 2012-January 2013) were 1.9% higher than in the preceding three months (August 2012-October 2012).** This was the second successive increase in prices on this measure of the underlying trend and the biggest rise for three years since January 2010 (2.9%).
- **Prices in the three months to January were 1.3% higher than in the same three months a year ago.** This was the first rise in this annual measure since October 2010 (1.2%).
- **House prices fell by 0.2% in January.** This followed successive rises in November and December.

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

- **Activity at its highest for five years.** Home sales increased by 5% in 2012 to 932,000; the highest annual total since 2007 (1,619,000). Sales in the final three months of 2012 were 4% higher than in the preceding quarter on a seasonally adjusted basis. (*Source: HMRC*)
- **Further rise in mortgage approvals points to continuing increase in sales.** The industry-wide number of mortgages approved to finance house purchases rose for the fifth successive month in December. Approvals for purchase – a leading indicator of completed house sales – increased by 3% to 55,800 in December. Overall, there was a 19% increase in approvals over the last five months of 2012. (*Source: Bank of England, seasonally-adjusted figures*)



House price index

UK House Prices: Historical Data All Houses, All Buyers (Seasonally Adjusted)

Period	Index 1983=100 1	Standardised Average Price £ 2	Monthly Change %	Quarterly Change %*	Annual Change %**	Price/ Earnings Ratio 3
Jan 2012	521.6	161,160	0.8	-0.9	-1.8	4.45
Feb	518.9	160,328	-0.5	-0.8	-1.9	4.43
Mar	530.1	163,796	2.2	-0.1	-0.6	4.53
Apr	518.1	160,073	-2.3	0.5	-0.5	4.43
May	520.4	160,781	0.4	0.7	-0.1	4.44
Jun	524.6	162,104	0.8	-0.4	-0.5	4.46
Jul	520.9	160,961	-0.7	-0.1	-0.6	4.43
Aug	518.3	160,142	-0.5	-0.3	-0.9	4.40
Sep	516.1	159,467	-0.4	-0.4	-1.2	4.39
Oct	515.6	159,313	-0.1	-1.0	-1.7	4.39
Nov	523.6	161,795	1.6	-0.5	-1.3	4.44
Dec	528.4	163,256	1.0	0.6	-0.3	4.50 ^e
Jan 2013	527.3	162,932	-0.2	1.9	1.3	4.49 ^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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