



UK House prices	October 2014 (seasonally adjusted)
Annual change	+8.8%
Quarterly change	+0.8%
Monthly change	-0.4%
Average Price	£186,135

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

*"House prices in the three months to October were 0.8% higher than in the preceding three months. This was the third consecutive decline in the quarterly rate of increase and the smallest rise since December 2012. Annual price growth in the three months to October slowed to 8.8% from 9.6% in September.*

*"Activity continues to decline with mortgage approvals in September falling for the third successive month to a 14 month low, whilst home sales are at their lowest level since October 2013. The associated weakening in demand has brought supply and demand into better balance.*

*"The economy is, however, continuing to grow at a healthy pace and employment is still rising. These factors should support housing demand over the coming months. However, while the chances of an imminent interest rate hike may have receded, a recent Halifax survey found that many borrowers are concerned about the impact a rise could have on their monthly mortgage repayments over the next 12 months. This concern is likely to curb buying intentions."*

### Key facts

- House prices in the latest three months (August-October 2014) were 0.8% higher than in the previous three months (May-July 2014). This is the slowest quarterly rise since December 2012 when house prices grew by 0.7%. The sharp fall in the quarterly rate from 2.7% in September is largely explained by the 4.0% monthly rise in prices between April and May dropping out of the three-month-on-three month calculation.
- Prices in the three months to October were 8.8% higher than in the same three months a year earlier. On this measure, annual house price growth has been slowing since the middle of summer after reaching a peak of 10.2% in July.
- House prices fell by 0.4% between September and October. This is the fifth monthly decline in the past year.

#### 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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- **Home sales contracted for the seventh month in succession**, falling to 97,450 in September – the lowest level since October 2013 (95,640). Sales in September were 11% below their recent in peak in February 2014 (109,530). (*Source: HMRC, seasonally-adjusted figures*)
- **Mortgage approvals at a 14 month low.** The volume of mortgage approvals for house purchases – a leading indicator of completed house sales – fell for the third consecutive month in September, to 61,300. Approvals have now fallen by 20% from 76,500 in January 2014. (*Source: Bank of England, seasonally-adjusted figures.*)
- **Signs of an improved balance between supply and demand.** Market conditions, as measured by the ratio of house sales to the stock of unsold properties - reported by the Royal Institution of Chartered Surveyors' (RICS) monthly survey – eased for the second consecutive month in September as a result of lower sales, according to the latest data. This suggests that a better balance between supply and demand may be emerging. (*Source: RICS*)



# House price index

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

Period	Index 1983=100	Standardised Average Price	Monthly Change	Quarterly Change	Annual Change	Price/ Earnings Ratio
	1	£ 2	%	%*	%**	3
Oct 2013	559.8	172,959	1.2	2.1	6.9	4.69
Nov	565.0	174,564	0.9	2.3	7.7	4.74
Dec	562.1	173,677	-0.5	2.1	7.5	4.70
Jan 2014	568.8	175,736	1.2	1.9	7.3	4.74
Feb	583.1	180,163	2.5	2.1	7.9	4.87
Mar	576.1	177,996	-1.2	2.3	8.7	4.82
Apr	574.6	177,524	-0.3	2.2	8.5	4.80
May	597.3	184,566	4.0	2.0	8.7	4.99
Jun	594.9	183,825	-0.4	2.3	8.8	4.96
Jul	602.2	186,073	1.2	3.5	10.2	5.01
Aug	602.3	186,101	0.0	2.9	9.7	5.00
Sep	604.9	186,898	0.4	2.7	9.6	5.03 <sup>e</sup>
Oct	602.4	186,135	-0.4	0.8	8.8	5.00 <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.

For further information please contact:

**Helpline No** 08456 045404

**Email** [housingeconomics@lloydsbanking.com](mailto:housingeconomics@lloydsbanking.com)

**Press Office Contacts:**

**For further information please contact the Halifax press team:**

Clare Mortimer: 0207 5748648 / 07768 541555 [ClareMortimer@halifax.co.uk](mailto:ClareMortimer@halifax.co.uk)

Ben Marquand: 0207 3561838 / 07881 311199 [Ben.Marquand@halifax.co.uk](mailto:Ben.Marquand@halifax.co.uk)

Shelley Dickinson: 0207 3561405 / 07766 924450 [Shelley.Dickinson@Lloydsbanking.com](mailto:Shelley.Dickinson@Lloydsbanking.com)

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