



Annual house price growth eases to 6.9%

- Prices in the three months to August were 6.9% higher than in the same three months of 2015
- House prices in the last three months (June-August) were 0.7% higher than in the preceding three months

UK House prices	August 2016 (seasonally adjusted)
Annual change	+6.9%
Quarterly change	+0.7%
Monthly change	-0.2%
Average Price	£213,930

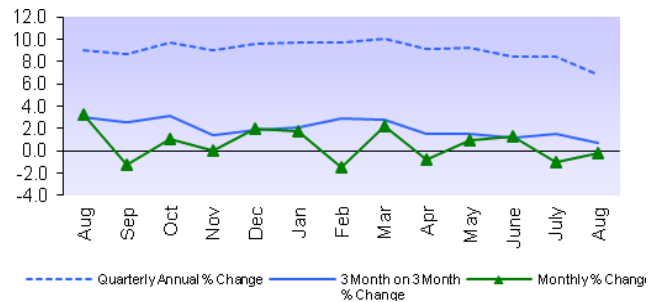
Martin Ellis, Halifax housing economist, said:

"House prices in the three months to August were 0.7% higher than in the previous quarter; down from 1.5% in July. The annual rate of growth fell from 8.4% in July to 6.9%.

"House price growth continued the trend of the past few months in August with a further moderation in both the annual and quarterly rates of increase. There are also signs of a softening in sales activity.

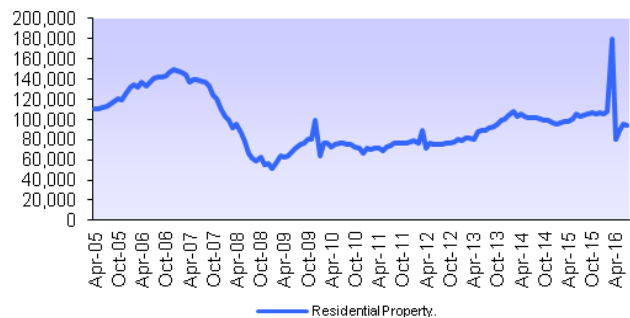
"The slowdown in the rate of house price growth is consistent with the forecast that we made at the end of 2015. Increasing difficulties in purchasing a home as house prices continued to increase more quickly than earnings were expected to constrain demand, curbing house price growth."

UK House Prices



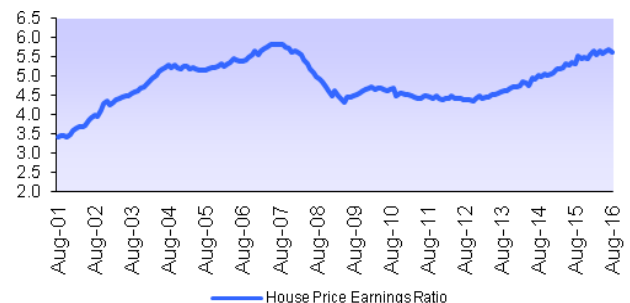
Sources: Halifax, Markit.

Residential Property Transactions £40,000+



Source: HMRC.

House Price Earnings Ratio



Sources: Halifax calculations based on data from Halifax, Markit and ONS.

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



07/09/2016

Key facts

House Prices

- **House prices in the three months to August were 0.7% higher than in the previous three months (March-May).** This compared with 1.5% in July and is the lowest quarterly rate since December 2014 (0.5%). The quarterly rate of increase has been on a downward trend over the past six months since peaking at 3.0% in February.
- **Prices in the three months to August were 6.9% higher than in the same three months a year earlier.** This was down from 8.4% in July, continuing the downward trend since March when the annual rate reached 10.0%. August's 6.9% is the lowest yearly growth rate since October 2013 (6.9%).
- **House prices declined by 0.2% between July and August.** This modest decrease was the smallest of the four monthly falls so far this year. The quarter on quarter change is a more reliable indicator of the underlying trend.

Housing Activity

- **Home sales fell slightly in July.** UK home sales declined marginally (by 1%) between June and July following successive increases in the two preceding months. Sales have been heavily distorted in recent months by the introduction of higher stamp duty tax rates for buy to let and second home purchases in April. (*Source: HMRC, seasonally-adjusted figures*)
- **Mortgage approvals down for the second consecutive month.** The stamp duty change has also affected mortgage approvals since early in the year. The volume of mortgage approvals for house purchases – a leading indicator of completed house sales – fell by 5% between June and July. Approvals, at 60,912, were the lowest since January 2015. (*Source: Bank of England, seasonally-adjusted figures*)
- **Instructions to sell fall again.** New instructions by home sellers declined for the fifth successive month in July. This contributed to a further drop in the stock of homes available for sales, which remains close to record low levels. (*Source: Royal Institution of Chartered Surveyors' (RICS) monthly report*)

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

Period	Index 1983=100	Standardised Average Price	Monthly Change	Quarterly Change	Annual Change
	1	£ 2	%	%*	%**
Aug 2015	665.4	205,593	3.3	3.0	9.0
Sep	656.8	202,931	-1.3	2.5	8.7
Oct	663.3	204,932	1.0	3.1	9.7
Nov	662.9	204,830	-0.1	1.4	9.0
Dec	676.2	208,943	2.0	1.8	9.5
Jan 2016	687.8	212,502	1.7	2.1	9.7
Feb	677.5	209,334	-1.5	3.0	9.7
Mar	692.4	213,945	2.2	2.8	10.0
Apr	686.8	212,204	-0.8	1.5	9.2
May	693.0	214,115	0.9	1.5	9.2
Jun	701.4	216,726	1.2	1.1	8.4
Jul	693.8	214,378	-1.1	1.5	8.4
Aug	692.4	213,930	-0.2	0.7	6.9

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 non seasonally adjusted 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 X-11 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 HPI's mix adjusted methodology.

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