



UK House prices	December 2014 (seasonally adjusted)
Annual change	+7.8%
Quarterly change	+0.3%
Monthly change	+0.9%
Average Price	£188,858

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

*"House prices in the final three months of 2014 were 0.3% higher than in the preceding three months. The quarterly rate of increase has now fallen for five successive months. Annual price growth also eased further, to 7.8% in December. This compares with a peak of 10.2% in July.*

*"The deterioration in housing affordability as a result of rising house prices, earnings growth that has been consistently below consumer price inflation until very recently and speculation of an interest rate rise, have combined to temper housing demand since the summer. The weakening in housing demand has led to a reduction in both price growth and sales in recent months.*

*"We expect a further moderation in house price growth over the coming year with prices nationally predicted to increase in a range of 3 to 5% in 2015. Housing demand, however, should continue to be supported by a growing economy, rising employment levels, still low mortgage rates and the first gain in 'real' earnings for several years."*

#### Key facts

- House prices in the last three months of 2014 (October-December) were 0.3% higher than in the previous three months (July-September 2014). This quarterly rate of increase declined for the fifth consecutive month and was the lowest since November 2012 (-0.3%).
- Prices in the three months to December were 7.8% higher than in the same three months a year earlier. On this measure, annual house price growth has fallen from a peak of 10.2% in July and is now at its lowest rate since January 2014 (7.3%).
- House prices grew by 0.9% between 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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- **Home sales were below 100,000 in November - at 98,490 - for the first time since November 2013.** Overall, sales in the three months to November were 1% lower than in the previous three months (June-August). Despite this recent modest decline, sales during September to November were 5% higher than in the same period last year. (*Source: HMRC, seasonally-adjusted figures*)
- **Mortgage approvals continue to fall.** The volume of mortgage approvals for house purchases – a leading indicator of completed house sales – fell in November, to 59,029. Approvals have now fallen by 23% from 76,611 in January 2014. (*Source: Bank of England, seasonally-adjusted figures.*)
- **Better balance between supply and demand.** Market conditions - as measured by the ratio of house sales to the stock of unsold properties - eased for the fourth consecutive month in November, according to the latest data from the Royal Institution of Chartered Surveyors' (RICS). This indicates a better balance between supply and demand.
- **We expect a further moderation in house price growth over the coming year.** House prices nationally are predicted to increase in a range of 3-5% in 2015.



## 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	%	%*	%**
Dec 2013	563.9	174,220	0.0	2.1	7.5
Jan 2014	568.8	175,736	0.9	2.0	7.3
Feb	583.1	180,163	2.5	2.3	7.9
Mar	576.1	177,996	-1.2	2.2	8.7
Apr	574.6	177,524	-0.3	2.2	8.5
May	597.3	184,566	4.0	1.9	8.7
Jun	594.9	183,825	-0.4	2.3	8.8
Jul	602.2	186,073	1.2	3.5	10.2
Aug	602.3	186,101	0.0	2.9	9.7
Sep	604.9	186,898	0.4	2.7	9.6
Oct	602.7	186,223	-0.4	0.9	8.8
Nov	605.9	187,197	0.5	0.8	8.1
Dec	611.2	188,858	0.9	0.3	7.8

### 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.

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