



HOUSE PRICE INDEX



07/12/2016

Annual house price growth rises to 6.0%

- House prices in the three months to **November** were 6.0% higher than in the same three months of 2015
- Prices in the last three months (September-November) were 0.8% higher than in the preceding quarter

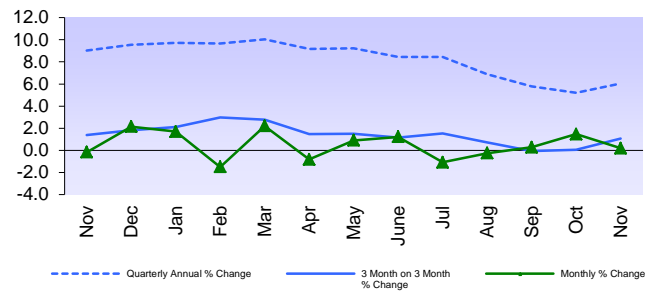
UK House prices	November 2016 (seasonally adjusted)
Annual change	+6.0%
Quarterly change	+0.8%
Monthly change	+0.2%
Average Price	£218,002

Martin Ellis, Halifax housing economist, said:

“House prices in the three months to November were 0.8% higher than in the previous quarter. This increase followed little movement in prices on this quarterly measure in both September and October. The annual rate of growth also increased, rising for the first time for eight months, from 5.2% in October to 6.0%.”

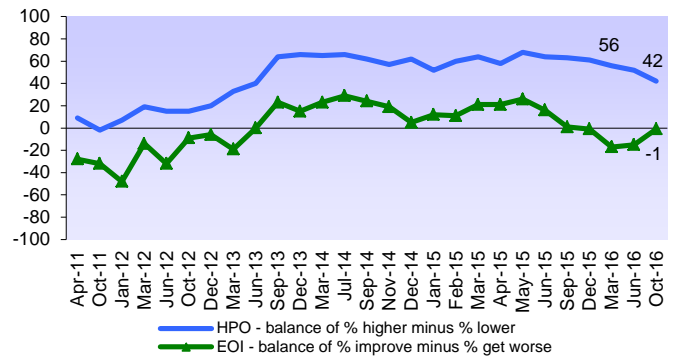
“Despite November’s pick-up, the annual rate has been on a steady downward trend in recent months since reaching a peak of 10.0% in March. Heightened affordability pressures, resulting from a sustained period of house price growth in excess of earnings rises, appear to have dampened housing demand, contributing to the slowdown in house price inflation. Very low mortgage rates and an ongoing, and acute, shortage of properties available for sale should help support price levels although annual house price growth may slow over the coming months.”

UK House Prices



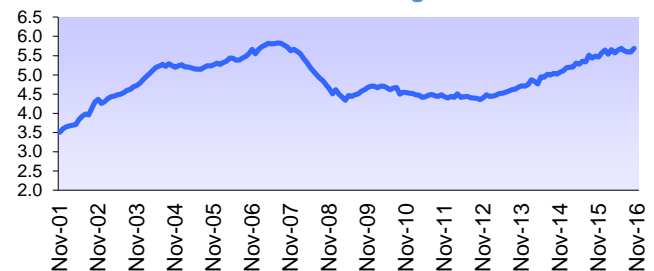
Sources: Halifax, Markit.

House Price Optimism (HPO) and Economic Optimism Index (EOI) Trends



Source: Halifax/IPSOS Mori

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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Key facts

House Prices

- **House prices in the three months to November were 0.8% higher than in the previous three months (June-August).** This is an improvement on the two previous months when the quarterly rate was broadly unchanged. Nonetheless, the quarterly rate of change remains well below the 3.0% increase recorded in February.
- **Prices in the three months to November were 6.0% higher than in the same three months a year earlier.** This was the first increase for eight months and compared to 5.2% in October. Overall, the annual rate has been on a steady downward trend in recent months since reaching a peak of 10.0% in March. November's 6.0% is the highest since August 2016 (6.9%).
- **House prices increased by 0.2% between October and November.** This was the third successive monthly rise.
- **Confidence in the UK housing market has fallen to its lowest point in three years but majority still expect prices to rise, according to the latest Halifax Housing Market Confidence Tracker.** The survey, which tracks consumer sentiment on whether house prices will be higher or lower in a year's time, shows a decline of 14 points from March 2016 (+56) to a net +42 in the latest survey*. Nonetheless, a clear majority (57%) expect the average UK price to be higher in a year's time; more than three times the proportion that expects a lower average price (15%).

**The latest wave of the survey, conducted by Ipsos MORI on behalf of Halifax, was undertaken between 23 September and 19 October 2016 across Britain.*

Housing Activity

- **Home sales have steadied in recent months but are lower than a year ago.** Home sales in the UK increased by 1% between September and October. Overall, sales have largely stabilised in recent months following the distortions earlier in the year due to the increase in stamp duty on second home and buy to let purchases in April. Nonetheless, sales during the three months from August to October were 8% lower than in the same period last year. *(Source: HMRC, seasonally-adjusted figures)*
- **Mortgage approvals have also stabilised.** The volume of mortgage approvals for house purchases – a leading indicator of completed house sales – were unchanged in the three months to October compared with the preceding three months. On a monthly basis, approvals increased for the second successive month, rising by 6% between September and October; indicating a likely increase in home sales over the coming months. *(Source: Bank of England, seasonally-adjusted figures)*
- **Supply remains historically very low.** The stock of homes available for sale fell in October; offsetting the previous month's modest rise and taking the stock to its lowest ever recorded level. There was more encouraging news regarding the building of new homes. Completions and starts in England in 2016 Quarter 3 were respectively 7% and 9% higher than in 2015 Quarter 3. *(Sources: Royal Institution of Chartered Surveyors' (RICS) monthly report, DCLG)*

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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 %**
Nov 2015	662.0	204,554	-0.2	1.3	9.0
Dec	676.2	208,943	2.2	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	692.1	213,829	-0.3	0.7	6.9
Sep	694.0	214,418	0.3	-0.1	5.8
Oct	704.2	217,567	1.5	0.1	5.2
Nov	705.6	218,002	0.2	0.8	6.0

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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