



# HOUSE PRICE INDEX



07/02/2017

## Annual house price growth eases to 5.7%

- House prices in the three months to **January** were 5.7% higher than in the same three months a year ago
- Prices in the last three months (November-January) were 2.4% higher than in the preceding quarter

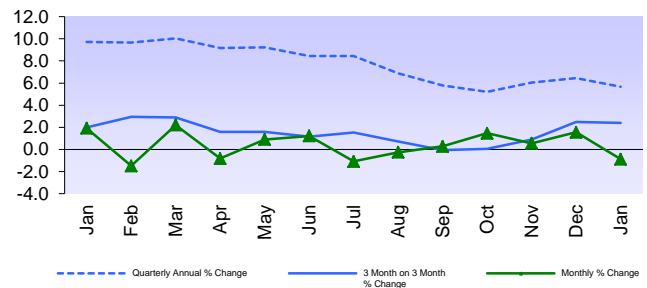
UK House prices	January 2017 (seasonally adjusted)
Annual change	+5.7%
Quarterly change	+2.4%
Monthly change	-0.9%
Average Price	£220,260

### Martin Ellis, Halifax housing economist, said:

“House prices in the three months to January were 2.4% higher than in the previous quarter; marginally down on 2.5% in December. The annual rate of growth eased to 5.7% from December’s 6.5%, and is well below last March’s peak of 10.0%.

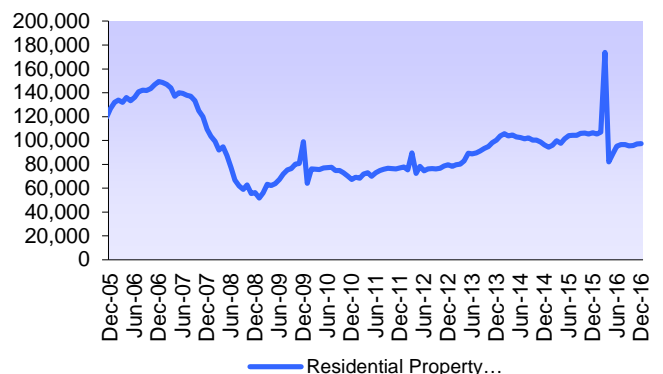
“The quarterly and annual rates of house price growth remain robust even though they are lower than in spring 2016. UK house prices continue to be supported by an ongoing shortage of property for sale, low levels of housebuilding, and exceptionally low interest rates. These factors are unlikely to change materially during 2017. Nonetheless, weaker economic growth and increasing pressure on spending power, along with affordability constraints, are expected to dampen housing demand, resulting in some downward pressure on annual house price growth during the year.”

### UK House Prices



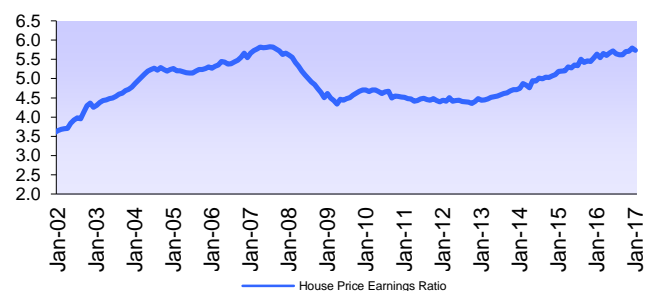
Sources: Halifax, Markit.

### 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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For more information on our housing market research, click on <http://www.halifax.co.uk/house-price-index>



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## Key facts

### House Prices

- **House prices in the last three months (November 2016-January 2017) were 2.4% higher than in the previous three months (August-October 2016).** This compared to the 2.5% quarterly rate of change in December, which was the highest since March 2016 (+2.9%).
- **Prices in the three months to January were 5.7% higher than in the same three months a year earlier.** This was lower than December's 6.5% and followed two consecutive increases in the annual rate from a low of 5.2% in October 2016. The annual rate is well below the 10.0% peak reached in March 2016.
- **House prices fell by 0.9% between December and January.** This was the first monthly fall since August 2016 (-0.3%) and came after four successive monthly increases.
- **The number of first-time buyers is estimated to have risen by 7% in 2016 to 335,750<sup>1</sup> in 2016, according to the recent Halifax First-Time Buyer Review.** This was the highest level since the start of the financial crisis in 2007 (359,900). First-time buyer numbers still remain 17% below the immediate pre-crisis peak of 402,800 in 2006.

<sup>1</sup> Total number of first home purchasers with a mortgage estimated by Halifax

### Housing Activity

- **Total UK home sales in 2016 were marginally higher (+0.4%) than in 2015 at 1.23 million.** Sales in 2016 Quarter 4 were 0.5% higher than in 2016 Quarter 3. Despite this modest quarterly improvement, sales in 2016 Quarter 4 were 9% lower than in 2015 Quarter 4. (Source: HMRC, seasonally-adjusted figures)
- **The volume of mortgage approvals for house purchases – a leading indicator of completed house sales – increased by 1% between November and December 2016, to 67,900.** This was the highest level since March 2016 when approvals were boosted ahead of the increase in stamp duty on second homes and buy to let properties in April. Approvals in 2016 Quarter 4 were 9% higher than in 2016 Quarter 3; indicating that homes sales could increase over the coming months. (Source: Bank of England, seasonally-adjusted figures)
- **Supply remains very low.** Nationally, new instructions to sell failed to pick-up in December, marking the tenth successive month without any improvement in the flow of new listings. As a result, stock levels remain close to a record low, severely restricting choice for would-be buyers and constraining market activity. (Sources: 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 1	Standardised Average Price £ 2	Monthly Change %	Quarterly Change %*	Annual Change %**
Jan 2016	687.7	212,477	1.9	2.0	9.7
Feb	677.5	209,334	-1.5	2.9	9.7
Mar	692.4	213,945	2.2	2.9	10.0
Apr	686.8	212,204	-0.8	1.6	9.2
May	693.0	214,115	0.9	1.6	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	708.1	218,785	0.6	0.9	6.0
Dec	719.1	222,190	1.6	2.5	6.5
Jan 2017	712.9	220,260	-0.9	2.4	5.7

### 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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