

## ANNUAL HOUSE PRICE GROWTH RISES TO 4.5%



**+4.5%**

Annual change

**+0.3%**

Monthly change

**+2.3%**

Quarterly change

**£225,826**

Average Price

- House prices in the last three months (August-October) were 2.3% higher than in the previous three months (May-July). This is the fastest price growth, on this measure, since January.
- Prices in the three months to October were 4.5% higher than in the same three months a year earlier. The annual rate in October is higher than in September (4.0%) and at its highest growth rate since February.
- House prices rose by 0.3% between September and October, following a 0.8% increase in September. The average price of £225,826 is the highest on record and 2.8% higher than in January (£219,741).

**Russell Galley, Managing Director, Halifax Community Bank, said:**

*“The annual rate of growth has continued to rise for the third month in succession, rising from 4.0% in September to 4.5% in October. The average house price is now £225,826 – exceeding last month’s previous high. House prices in the three months to October were 2.3% higher than in the previous quarter, the fastest quarterly increase since January.*”

*“The fact that the supply of new homes and existing properties available for sale remains low, combined with historically low mortgage rates and a high employment rate, continues to support house prices and is likely to do so over the coming months. Increasing pressure on household finances and continuing affordability concerns are some of the factors likely to dampen buyer demand. That said we do not anticipate the Base Rate rise will be a barrier to buying a house.”*

# KEY FACTS

## HOUSING ACTIVITY

- **Monthly UK home sales continue to exceed 100,000.** Despite home sales recording a modest fall of 2% to 100,850 in September they have remained just above 100,000 each month since January. In the three months to September home sales were 6% higher than in the same period a year earlier. *(Source: HMRC, seasonally-adjusted figures)*
- **Mortgage approvals for house purchases fell in September.** Mortgage approvals – a leading indicator of completed house sales – edged downwards for a second consecutive month in September to 66,232 loans. In the three months to September mortgage approvals were around 3% higher than in the preceding three months. *(Source: Bank of England, seasonally-adjusted figures)*
- **Both new sales instructions and buyer enquiries fall in September.** Shortage of homes for sale continues to limit activity with the balance of new sales instructions for home sales falling for the 19<sup>th</sup> consecutive month in September. The average stock levels on estate agents' books, on the other hand, remain broadly stable. New buyer enquiries declined in September for the sixth month in succession – and the lowest level since July 2016. *(Sources: Royal Institution of Chartered Surveyors' (RICS) monthly report)*
- **Despite the recent rise in house prices confidence in UK house prices has fallen to its lowest level since December 2012, according to the latest Halifax Housing Market Confidence Tracker.** The survey, which tracks House Price Optimism (HPO<sup>1</sup> – consumer sentiment on whether house prices will be higher or lower in a year's time – has dropped 14 points from April 2017 (+44) to October (+30), matching the record fall seen following the EU referendum result.

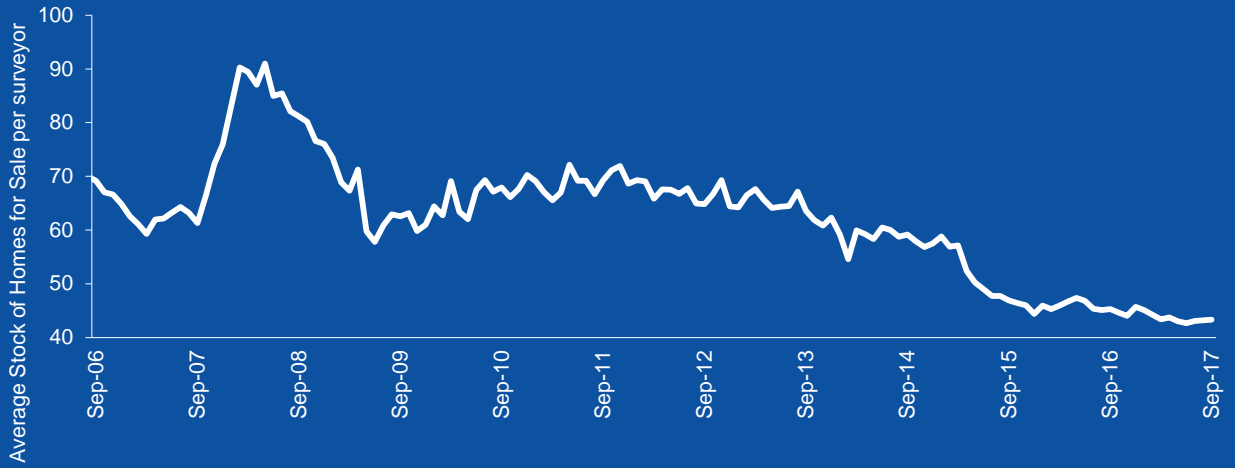
The HPO index has also fallen by 38 points since the peak of +68 in May 2015 around the time of the General Election. Half (50%) of those surveyed now expect house prices to rise over the next year, the lowest level since April 2013 (45%), whilst one in five think house prices will fall, the highest point since October 2012 (20%).

People believe the biggest barriers to buying a house are the ability to raise a deposit (61%) and job security (42%), with household finances recording the biggest increase (+7) since the last survey. An increase in the Base Rate was the main barrier for 15% of people, though the survey was taken before the recent decision by the Bank of England to increase the Base Rate. When asking existing mortgage borrowers about their concern in rising interest rates affecting their ability to meet their repayments, only a third (36%) show concern. This has decreased by six percentage points, down from 42% in 2014.

<sup>1</sup> HPO is calculated as the net balance of the % of respondents that expect the average UK house price to rise over the next 12 months less those that expect house prices to fall.

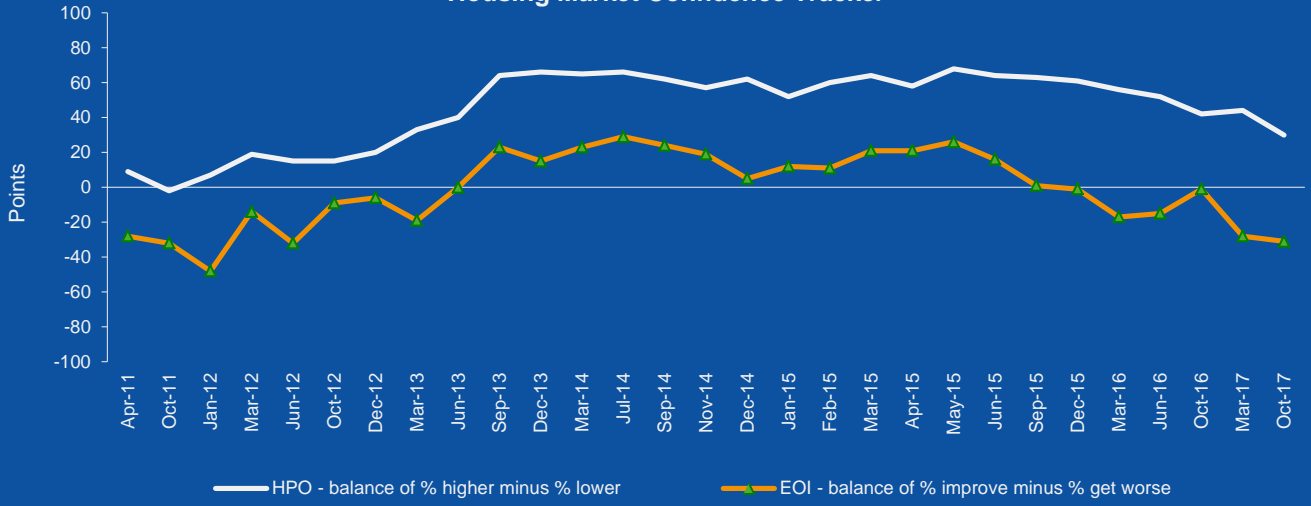
<http://www.lloydsbankinggroup.com/globalassets/documents/media/press-releases/halifax/2017/confidence-in-uk-housing-market-slips-to-lowest-level-in-five-years.pdf>

### Homes for Sale



Source:RICS

### Housing Market Confidence Tracker



Source: HPO-Halifax Ipsos MORI Housing Market Confidence Tracker

# UK HOUSE PRICES

## HISTORICAL DATA

All Houses, All Buyers (Seasonally Adjusted)

	Index 1983=100	Standardised Average Price £	Monthly Change %	Quarterly Change %*	Annual Change %**
	1	2			
Period					
Oct 2016	705.6	218,012	1.5	-0.1	5.2
Nov	708.1	218,785	0.4	1.3	6.0
Dec	719.1	222,190	1.6	2.8	6.5
Jan 2017	711.2	219,741	-1.1	2.5	5.7
Feb	711.5	219,839	0.0	1.5	5.1
Mar	711.3	219,788	0.0	0.1	3.8
Apr	711.6	219,855	0.0	-0.2	3.8
May	713.7	220,515	0.3	-0.2	3.3
Jun	707.1	218,477	-0.9	-0.1	2.6
Jul	711.8	219,918	0.7	-0.1	2.1
Aug	722.6	223,271	1.5	0.2	2.6
Sep	728.4	225,070	0.8	1.4	4.0
Oct	730.9	225,826	0.3	2.3	4.5

### 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.

### FOR FURTHER INFORMATION PLEASE CONTACT:

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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.

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

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