



Annual house price growth eases again to 5.2%

- House prices in the three months to **October** were 5.2% higher than in the same three months of 2015
- Prices in the last three months (August-October) were 0.1% higher than in the preceding quarter

UK House prices	October 2016 (seasonally adjusted)
Annual change	+5.2%
Quarterly change	+0.1%
Monthly change	+1.4%
Average Price	£217,411

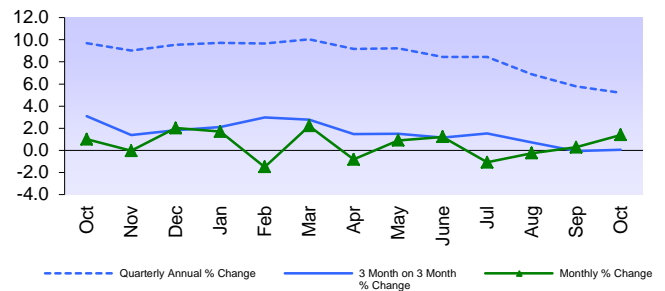
Martin Ellis, Halifax housing economist, said:

“House prices in the three months to October were largely unchanged compared with the previous quarter. The annual rate of growth continued on its recent downward trend, easing to 5.2%.”

“Activity levels, like house price growth, have softened compared with a year ago. Home sales, however, appear to have stabilised in recent months following the distortions earlier in the year due to the changes to stamp duty in April.”

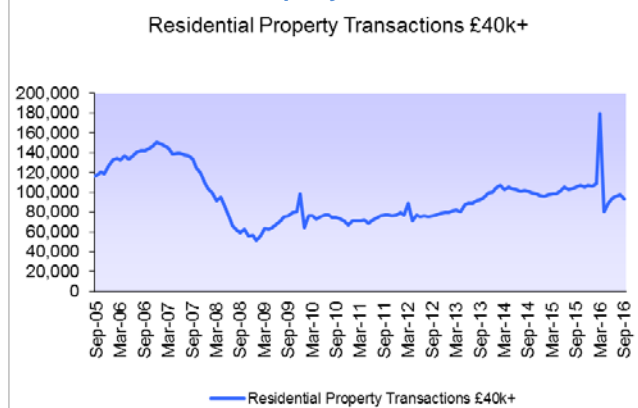
“Annual house price growth has nearly halved from a peak of 10.0% in March this year, but remains robust at 5.2%. This expected slowdown appears to have been largely due to mounting affordability pressures, which have increasingly constrained housing demand. Whilst house price growth may ease further in the coming months, very low mortgage rates and a shortage of properties available for sale should help support price levels.”

UK House Prices



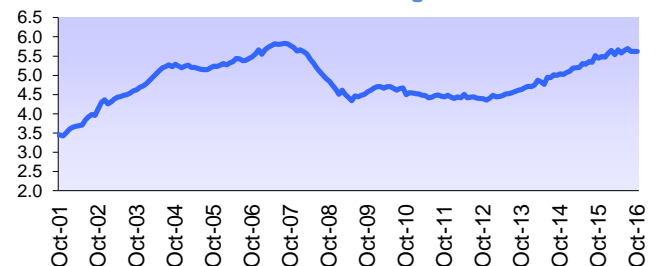
Sources: Halifax, Markit.

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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Key facts

House Prices

- **House prices in the three months to October were 0.1% higher than in the previous three months (May-July).** This is a slight improvement on last month's rate of -0.1%. The quarterly rate of change has fallen from a peak of 3.0% in February.
- **Prices in the three months to October were 5.2% higher than in the same three months a year earlier.** This compared to 5.8% in September and continues the downward trend seen over the past six months after the annual rate reached 10.0% in March. October's 5.2% is the lowest yearly growth rate since July 2013 (4.6%).
- **House prices increased by 1.4% between September and October.** This is the second consecutive monthly increase. The quarter on quarter change, however, is a more reliable indicator of the underlying trend.

Housing Activity

- **Home sales have broadly stabilised in recent months.** Notwithstanding, monthly fluctuations, sales have largely plateaued in the past few months following the distortions earlier in the year due to the increase in stamp duty on second home and buy to let purchases. Nonetheless, UK home sales in 2016 Quarter 3 (July to September) were 8% lower than in the same period last year, indicating an overall softening in activity. *(Source: HMRC, seasonally-adjusted figures)*
- **Mortgage approvals have also steadied.** The volume of mortgage approvals for house purchases – a leading indicator of completed house sales – increased in September; the first monthly rise for four months. Overall, the level of approvals appears to have broadly stabilised over the past three months albeit at a lower level than a year ago. Approvals in 2016 Quarter 3 were 12% lower than in 2015 Quarter 3. *(Source: Bank of England, seasonally-adjusted figures)*
- **Supply remains historically very low.** The stock of homes available for sale was largely flat over the three months from July to September, but it remains around the lowest levels ever recorded. *(Source: Royal Institution of Chartered Surveyors' (RICS) monthly report)*

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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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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 %**
Oct 2015	663.1	204,882	1.0	3.1	9.7
Nov	662.9	204,830	0.0	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	692.1	213,829	-0.3	0.7	6.9
Sep	694.0	214,418	0.3	-0.1	5.8
Oct	703.7	217,411	1.4	0.1	5.2

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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