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House price confidence lowest in three years, but majority still expect prices to rise

- House price optimism now at its lowest since June 2013
- Optimism falls by 14 points since March – largest drop since survey began
- Selling sentiment at its lowest in three years
- EU vote has minimal impact on buying and selling intentions but 45% think it will affect prices

Confidence in the UK housing market has fallen to its lowest point in three years, 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 – the largest recorded drop since the survey began in 2011.

Despite this, a clear majority (57%) still expect the average UK price to be higher in a year's time, more than three times the proportion who expect a lower average (15%).

Around a third of people (33%) feel that the next 12 months will be a good time to either buy and sell – down by 6 points from the beginning of the year.

Selling sentiment is now at its lowest since September 2013 with a fall from +31 (March 2016) to +9. This is still, however, well above the lowest recorded point of -63 at the end of 2011.

The outcome of the EU Referendum appears to have had little impact on buying and selling intentions, with only 15% of those thinking of buying or selling a property before the vote (8% of the public) saying they have since delayed or cancelled their plans as a result of it.

As the Bank of England voted to keep its base rate on hold in November, over half (53%) of mortgage holders expect mortgage interest rates to be the same a year from now, the survey also finds. The proportion of those expecting rates to be higher in a year's time is 38%, compared to 52% in June 2015.

Martin Ellis, Halifax housing economist, said: *“Optimism in the housing market has taken a fall in recent months, with many people now expecting a general slowdown in the market and no, or little, change in house prices over the coming year. This sentiment is consistent with recent findings from the Halifax House Price Index which show that prices are still growing, but to a lesser extent.*

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“Confidence with the wider economy has tracked down sharply since May 2015 but encouragingly, optimism has bounced back to where it was a year ago and is broadly neutral.”

House Price Optimism (HPO)

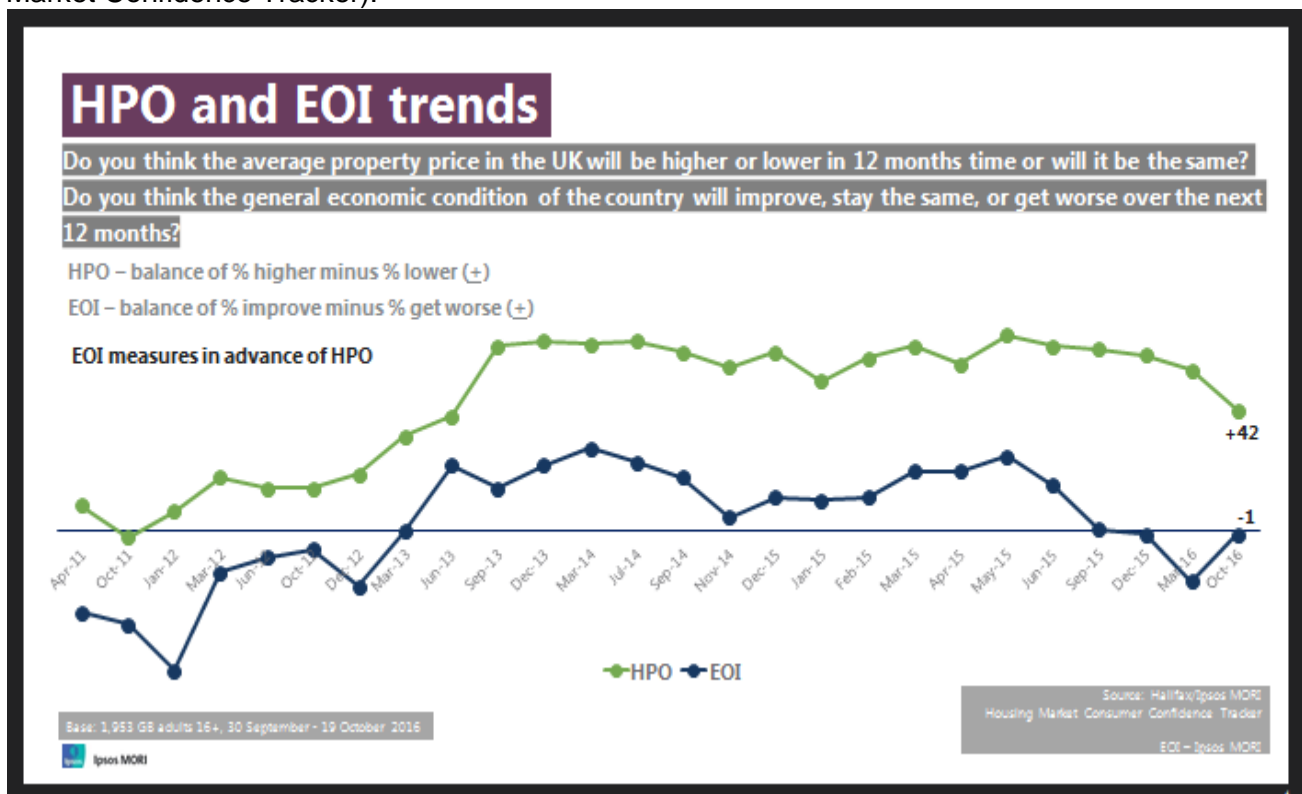
At +42, the HPO¹ is now at its lowest since June 2013 when it was +40, and compares to +63 a year ago. UK average house prices over the last year have risen by 5.2% to £217,411² (October 2016).

The HPO peaked at +68 in May 2015 around the time of the last General Election, whereas the lowest level ever recorded was -2 in October 2011, the only time it has been in net negative territory.

Whilst the fall in HPO comes after a period that included the EU referendum, nearly half (49%) expect that the vote to withdraw from the EU will make no difference to house prices in the next 12 months. One in five (20%) think that house prices will be higher as a result of the referendum, whilst one in four (25%) think they will be lower.

Economic Optimism Index (EOI)

In contrast, separate measures by Ipsos MORI have shown that confidence in Britain's wider economy (EOI³) improved from earlier in the year; to a net position of -1 in September 2016 from -17 in March 2016, then dropped again to -29 in October (after the latest Halifax Housing Market Confidence Tracker).



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Notes to editors

¹ 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.

² The October 2016 Halifax House Price Index reported that the average house price in October was £217,411.

³ EPO: Economic optimism (collected via a separate Ipsos MORI survey) is calculated as the net balance of the % of respondents that think the general economic condition of the country will improve over the next 12 months less those that expect it to get worse.

Methodology: The Halifax Housing Market Confidence tracker monitors public sentiment towards the housing market. 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.

Survey respondents were asked about property, defined as “houses, flats, apartments and all types of accommodation”. Interviews were undertaken face to face with a representative sample of 3,888 British adults aged 16+ across Britain. Data are weighted to the national population profile by age, sex, working status, social grade, region, ethnicity, and tenure.

The survey involved interviews with 1,027 mortgage holders aged 16+.

Results are subject to sampling tolerances e.g. +/-2 for a 50% finding based on 3,888 adults. Full detail on the survey methodology, questionnaire and findings can be found [here](#).

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