



# HOUSE PRICE INDEX



07/07/2016

## Annual house price growth eases to 8.4%

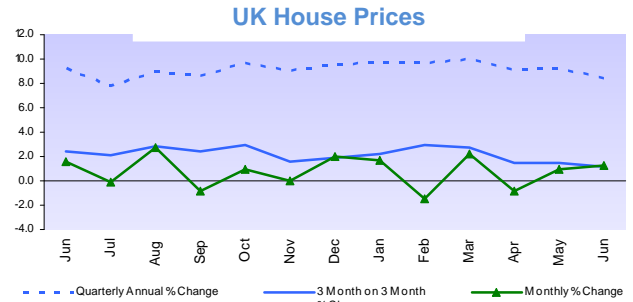
- Prices in the three months to June were 8.4% higher than in the same three months of 2015
- House prices in the last three months (April-June) were 1.2% higher than in the preceding three months

UK House prices	June 2016 (seasonally adjusted)
Annual change	+8.4%
Quarterly change	+1.2%
Monthly change	+1.3%
Average Price	£216,823

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

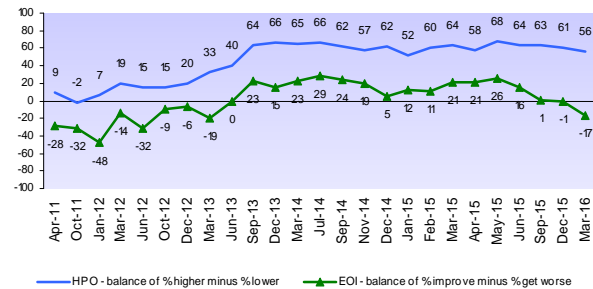
*“There is evidence that the underlying pace of house growth may be easing. House prices in the three months to June were 1.2% higher than in the previous quarter; down from 1.5% in May. The annual rate of growth fell from 9.2% in May to 8.4%; the lowest since July 2015.*”

*“House prices continue to increase, albeit at a slower rate, but this precedes the EU referendum result, therefore it is far too early to determine any impact since.”*



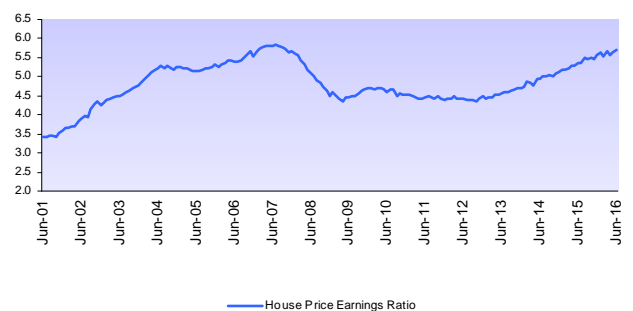
Sources: Halifax, Markit.

### House Price Optimism & Economic Optimism



Sources: 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 June were 1.2% higher than in the preceding three months (January-March).** This was slightly below May's 1.5% increase and was the lowest rise on this basis since December 2014 (1.0%).
- **Prices in the three months to June were 8.4% higher than in the same three months a year earlier.** This was down from 9.2% in May and was the lowest since July 2015 (7.8%).
- **House prices increased by 1.3% between May and June.** This followed a 0.9% rise in May. The month-on-month changes can be erratic and the quarter on quarter change is a more reliable indicator of the underlying trend.

### Housing Activity

- **Home sales stabilised in May.** The introduction of higher stamp duty tax rates for buy to let and a second home in April has had a substantial impact on house sales in recent months. A rush to complete sales ahead of the tax change caused a sharp rise in March, which was followed by a substantial decline in April. UK home sales stabilised in May, rising slightly (1.5%). Sales of 89,700 in the month, however, remained 16% below the average over the six months to February (106,750). (*Source: HMRC, seasonally-adjusted figures*)
- **Mortgage approvals rose modestly in May.** The stamp duty change has also affected mortgage approvals in recent months. The volume of mortgage approvals for house purchases – a leading indicator of completed house sales – increased by 1.3% between April and May. Nonetheless, approvals in the three months to May were 6% lower than in the preceding three months. (*Source: Bank of England, seasonally-adjusted figures*)

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## UK House Prices: Historical Data All Houses, All Buyers (Seasonally Adjusted)

Period	Index 1983=100	Standardised Average Price £	Monthly Change %	Quarterly Change %*	Annual Change %**
	1	2			
Jun 2015	645.5	199,447	1.5	2.5	9.2
Jul	645.0	199,299	-0.1	2.1	7.8
Aug	662.6	204,722	2.7	2.9	9.0
Sep	656.8	202,931	-0.9	2.4	8.7
Oct	663.3	204,932	1.0	2.9	9.7
Nov	662.9	204,830	-0.1	1.5	9.0
Dec	676.2	208,943	2.0	1.9	9.5
Jan 2016	687.8	212,502	1.7	2.2	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	701.7	216,823	1.3	1.2	8.4

### 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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