

**MARKET SENSITIVE INFORMATION**  
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## Halifax House Price Index – UK Regional Breakdown

### House price inflation remains elevated, despite easing in Q1

#### Key points for Q1 2021:

- Prices rise at slower rate during first quarter of 2021...
- ...but remain noticeably higher than a year ago
- Wales and North West lead the way in terms of price inflation
- London property market softens at start of 2021

	Q4 2020	Q1 2021
Quarterly % Change*	2.5%	0.3%
Annual % Change	7.0%	5.7%
Std. House Price*	£252,030	£252,765

\*seasonally adjusted

#### Commenting on the latest figures, Paul Smith, Economics Director at IHS Markit said:

*“Although house prices rose at a slower rate in the first quarter – likely reflective of some uncertainty in the early part of the year around the stamp duty holiday, plus a number of factors weighing on the London market – activity remained buoyant and overall prices were again sharply up when compared to a year ago.*

*“Market activity continues to be supported in the main by shifting preferences amongst buyers for greater space, especially amongst those in secure employment, amid expectations that working from home will continue in at least a hybrid form once the pandemic has passed.*

*“With the stamp duty holiday now extended, mortgage availability support for first-time buyers increased and growing expectations that UK economic performance will improve markedly in line with the success of the vaccination programme, price pressures are set to remain elevated into the autumn at the very least.”*

#### Slower gains in house prices over first quarter

House price inflation softened during the first quarter of 2021, though nonetheless remained amongst the strongest seen since the 2016 EU referendum as market activity and demand for larger properties remained strong.

Compared to 12 months ago, prices were up by 5.7%, down from a four-and-a-half-year high of 7.0% in the previous quarter. On a seasonally adjusted quarterly basis, prices were up 0.3%, the slowest rise in the past three quarters but coming off a cumulative gain of nearly 6% in prices during the second half of 2020.

#### UK House Prices: Annual % Change



With prices edging higher over the quarter, the typical UK house price now stands at £252,765, which is a new record level.

Maintaining recent trends, home movers continued to signal a noticeably faster rate of inflation (6.2%) than first-time buyers (4.7%) as those with access to greater equity and savings continued to drive the market in the first quarter of 2021.

In terms of property type, existing houses (6.2%) continued to record a faster inflation than new houses (4.2%). In both instances, however, rates of increase were down since the fourth quarter.

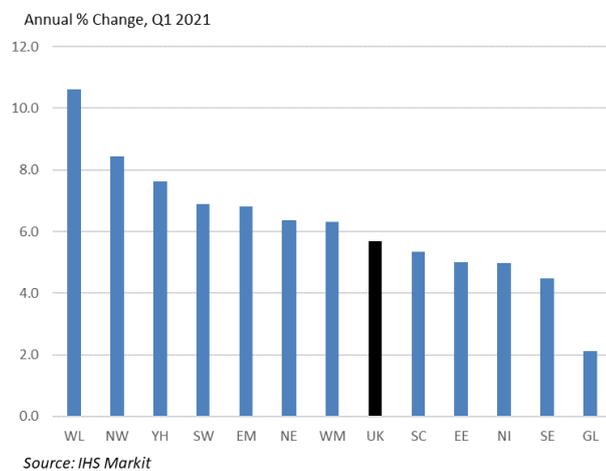
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## Wales and the North West lead the way, but house price inflation down across much of UK

Annual house price inflation weakened across most regions during the first quarter of the year, the exceptions being the North West, Scotland, Wales, and Yorkshire & Humberside where prices rose at stronger annual rates compared to the fourth quarter of last year.

For Wales, an annual gain of over 10% was the best seen since early 2005 whilst the price rise seen in the North West was the strongest for 14 years.

### Regional House Prices: Annual % Change (Q1 2021)



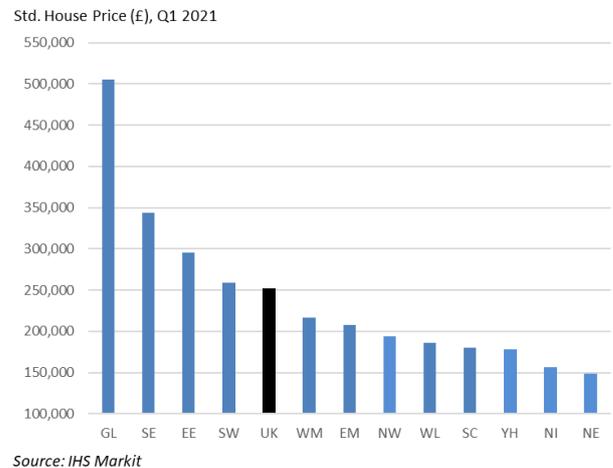
Meanwhile, highlighting the recent uplift in demand for rural properties, Yorkshire & Humberside, the South West and the East Midlands continued to record annual price gains around the 7.0% mark.

In contrast, Greater London saw a noticeable slowdown in house price inflation, with the 2.1% annual price rise the lowest in over a year. The negative effects of the pandemic on rental demand, Brexit and recent changes in stamp duty surcharges for international buyers are all likely to have weighed on demand in the first quarter.

That said, in cash terms, Greater London house prices remain by far the highest in the UK, with the typical property costing over £505,000 which is more than double the national average. The South East, Eastern England and the South West also continued to record house prices above the UK average.

The cheapest house prices were again recorded in the North East (£148,758) and Northern Ireland (£156,316).

### Regional Standardised House Prices Q1 2021



### Affordability metrics remain close to pre-financial crisis levels

Typical measures of house price affordability remain historically high, despite easing slightly over the first quarter of the year. Indeed, the price-to-earnings ratio averaged 6.27 in the first quarter, down from 6.31 but still close to levels recorded just prior to the financial crisis in 2007.

A noticeable difference between 2007 and 2021 is in mortgage rates, which are substantially lower today, whilst the pandemic has enabled many households – not withstanding labour market worries – to bolster savings substantially over the past year. These factors are likely to have provided noticeable support to property prices in recent months.

### UK House Price to Earnings Ratio



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**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 standardised average price is calculated using the HPI's mix adjusted methodology.

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