

House Price Index



07/07/21

Average house price dips for the first time since January as stamp duty holiday winds down

£260,358

Average price

-0.5%

Monthly change

+2.9%

Quarterly change

+8.8%

Annual change

- **Annual house price inflation at 8.8% compared to 9.6% in May**
- **Average UK property price now £260,358**
- **Scotland and Northern Ireland amongst areas seeing strongest growth**

Russell Galley, Managing Director, Halifax, said:

“The average UK house price slipped by -0.5% in June, the first monthly fall since January. As a result annual house price inflation also eased back slightly from May’s 14-year high of +9.6% to stand at +8.8% in June. It is important to put such a moderate decrease in context, with average prices still more than £21,000 higher than this time last year, following a broadly unprecedented period of gains.

“With the stamp duty holiday now being phased out, it’s was predicted the market might start to lose some steam entering the latter half of the year, and it’s unlikely that those with mortgages approved in the early months of summer expected to benefit from the maximum tax break, given the time needed to complete transactions.

“That said, with the tapered approach, those purchasing at the current average price of £260,358 would still only pay about £500 in stamp duty at today’s rates, increasing to around £3,000 when things return to normal from the start of October.

“Government support measures over the last year have helped to boost demand, particularly amongst buyers searching for larger family homes at the upper end of the market. Indeed, the average price of a detached home has risen faster than any other property type over the past 12 months, up by more than 10% or almost £47,000 in cash terms. At a cost of over half a million pounds, they are now £200,000 more expensive than the typical semi-detached house.

“That power of homemovers to drive the market, as people look to find properties with more space, spurred on by increased time spent at home during the pandemic, won’t fade entirely as the economy recovers. Coupled with buyers chasing the relatively small number of available properties, and continued low borrowing rates, it’s a trend which can sustain high average prices for some time to come.

“However, we would still expect annual growth to have slowed somewhat more by the end of the year, with unemployment expected to edge higher as job support measures unwind, and the peak of buyer demand now likely to have passed.”

Regions and nations house prices

Whilst the two Midlands regions and Greater London saw slightly slower annual price gains compared to May, all the other regions and nations saw a strengthening of inflation.

Wales (12.0%) continues to lead the way on annual house price growth, registering its strongest performance since April 2005, whilst Northern Ireland (11.5%), the North West (11.5%), Yorkshire and Humberside (10.9%) and Scotland (10.4%) all registered double-digit gains.

For Northern Ireland and Scotland, the annual price rises were the highest recorded since late 2007, while for the North West and Yorkshire, inflation was the strongest since early 2005.

At the other end of the scale, the South of England continues to lag somewhat behind the rest of the country (Eastern England and the South East recording inflation rates of around 7%).

However, once again it's Greater London that is somewhat of an outlier: house price inflation there was just 2.9% year-on-year, though as we've noted previously, there are several unique factors likely to be weighing on the capital's property market.

Key facts

Housing activity

- **HMRC monthly property transactions data for UK home sales decreased in May 2021.** UK seasonally adjusted residential transactions in May 2021 were 114,940 – down by 3.8% from April (down 8.7% on a non-seasonally adjusted basis). The latest quarterly transactions (March-May 2021) were approximately 7.1% higher than the preceding three months (December 2020-February 2021). Year on year, transactions were 138.2% higher than May 2020 (123.4% higher on a non-seasonally adjusted basis). (Source: HMRC, seasonally-adjusted figures)
- **Mortgage approvals rose in May for the second month in a row.** The latest Bank of England figures show the number of mortgages approved to finance house purchases rose in May 2021 by 1% to 87,545. Year-on-year, the May figure was 827% above May 2020 (which was during the first lockdown period). (Source: Bank of England, seasonally-adjusted figures)
- Results from the latest (May 2021) **RICS Residential Market Survey** show a wide disparity between buyer demand and supply across the market. New buyer enquiries recorded a net balance of +32%, although this eased from April's figure of +45%. Newly agreed sales also rose over the month to a net balance of +30%. New instructions fell to -23%, down from -4% previously. The gap between the new buyer enquires and new instructions is now at its widest since November 2013. Stock levels have also dropped in recent months, with the average number of properties on estate agents books now at 40. (Source: Royal Institution of Chartered Surveyors' (RICS) monthly report)

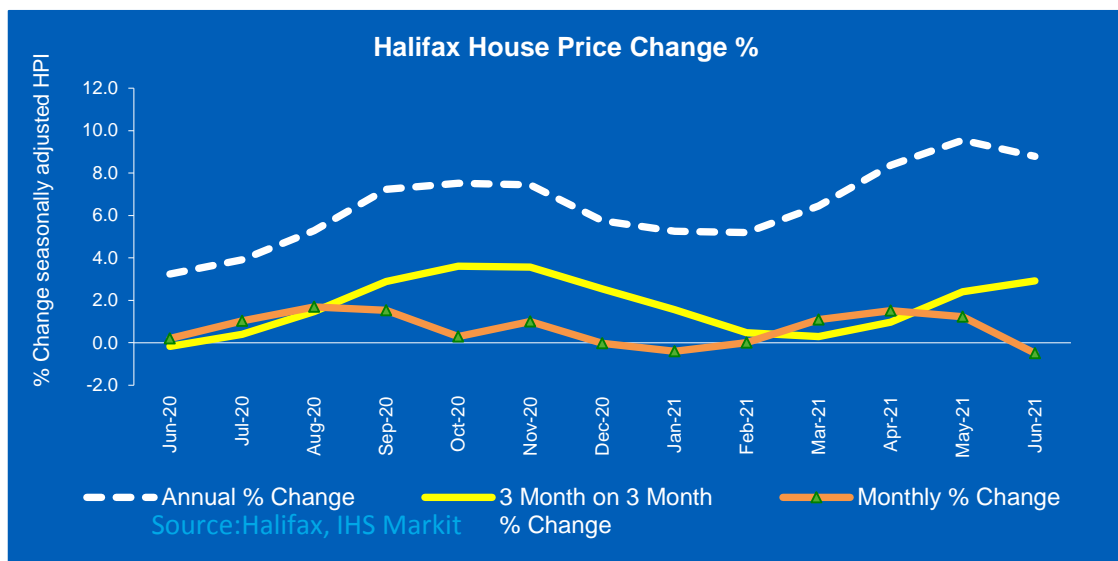
UK house prices

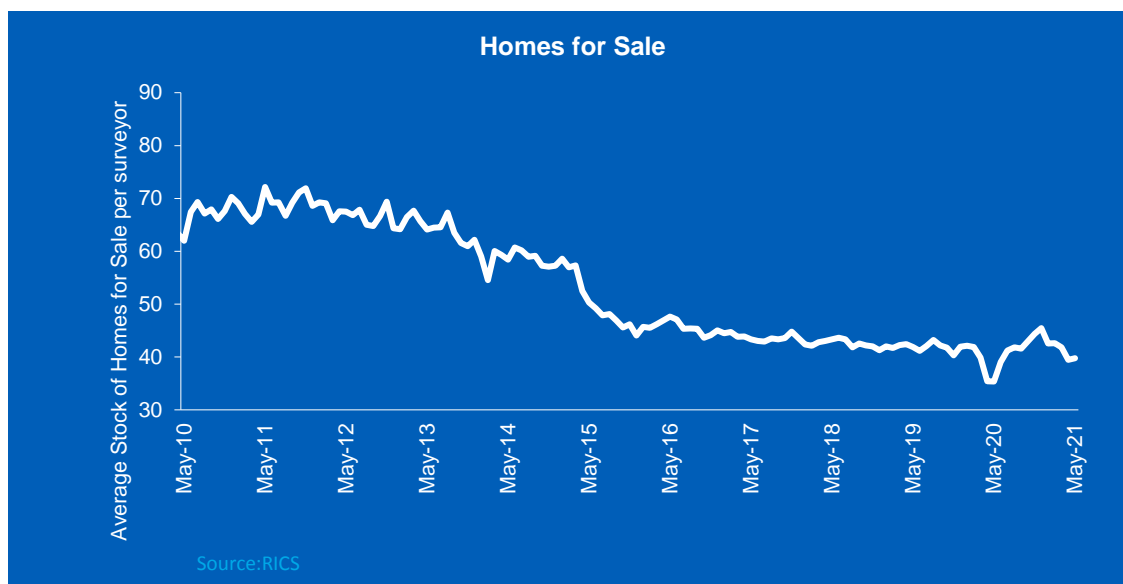
Historical data

UK National: All Houses, All Buyers (Seasonally Adjusted)

Period	¹ Index Jan 1992=100	² Standardised Average Price £	Monthly Change %	Quarterly Change %	³ Annual Change %
Jun 2020	412.7	239,317	0.2	-0.2	3.2
Jul	417.0	241,808	1.0	0.4	3.9
Aug	424.0	245,889	1.7	1.5	5.3
Sep	430.5	249,655	1.5	2.9	7.2
Oct	431.7	250,367	0.3	3.6	7.5
Nov	436.1	252,890	1.0	3.6	7.5
Dec	436.0	252,833	0.0	2.5	5.8
Jan 2021	434.3	251,832	-0.4	1.6	5.3
Feb	434.3	251,856	0.0	0.5	5.2
Mar	439.0	254,604	1.1	0.3	6.5
Apr	445.7	258,472	1.5	1.0	8.4
May	451.2	261,642	1.2	2.4	9.6
Jun	449.0	260,358	-0.5	2.9	8.8

Charts





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.

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.

3. National annual change figure

National annual change figures are the seasonally adjusted year-on-year figures.

4. Regional annual change figure

The regional annual change figures are based on the most recent three months of approved mortgage transaction data.

For further information on the methodology follow this link to [IHS Markit's website](#)

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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 annual change figure is calculated by comparing the current month non-seasonally adjusted figure with the same month a year earlier.

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

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