

House Price Index



08/01/2021

House prices end 2020 at record high, but pace of growth has slowed



£253,374

Average price

+0.2%

Monthly change

+2.6%

Quarterly change

+6.0%

Annual change

- On a monthly basis, house prices in December were 0.2% higher than in November
- In the latest quarter (October to December) house prices were 2.6% higher than in the preceding three months (July to September)
- House prices in December were 6.0% higher than in the same month a year earlier

Russell Galley, Managing Director, Halifax, said:

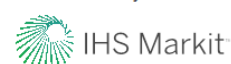
“Average houses prices rose again in December, stretching the current run of continuous gains to six months. However, the monthly rise of 0.2% was the lowest seen during this period and significantly down on the 1.0% increase in November. The average house price was therefore little changed, but nonetheless still reached a fresh record of £253,374.

“2020 was a tale of two distinct halves for the housing market. Following a strong start, the first half was dominated by the restrictions on movement due to COVID-19, and prices were subsequently down 0.5% at mid-year as the market effectively ground to a halt. However, when the market reopened, prices soared as a result of pent-up demand, a desire amongst buyers for greater space and the time-limited incentive of the stamp duty holiday.

“All this left average prices sitting some 6.0% higher at the end of 2020 when compared to December 2019, a notably strong performance given the anticipated impact of the pandemic earlier in the year. Whilst the annual rate of inflation did fall compared to November (+7.6%) to stand at its lowest level since August, it should be noted that this also reflects a particularly strong period for house prices towards the end of 2019 as political uncertainty at that time began to ease.

“In the near-term, and with mortgage approvals still sitting at a 13-year high, there may be enough residual strength in the market to sustain prices up to the deadline for the stamp duty holiday and the scaling back of Help to Buy at the end of March. However, with the pace of the UK's economic recovery expected to be constrained by the renewed national lockdown, and unemployment widely predicted to rise in the coming months, downward pressure on house prices remains likely as we move through 2021.”

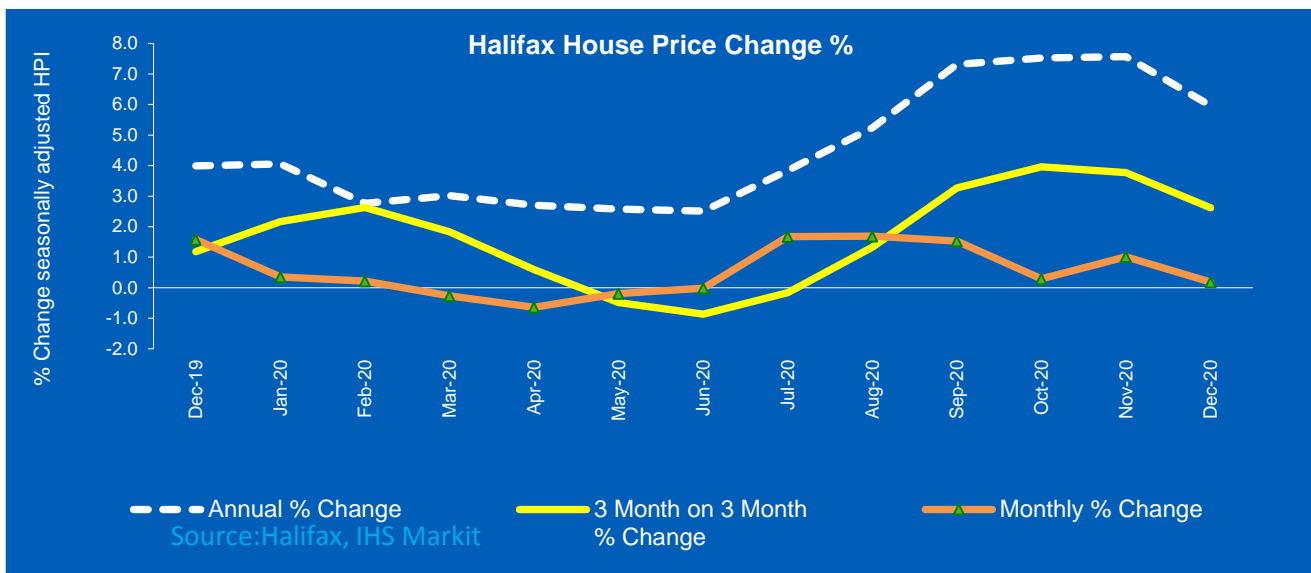
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Key facts

Housing activity

- **HMRC Monthly property transactions data for UK home sales rose for the seventh consecutive month in November.** UK seasonally adjusted residential transactions in November 2020 were 115,190 – up by 8.6% from October (up 3.3% on a non-seasonally adjusted basis). The latest quarterly transactions (September-November 2020) were approximately 46.9% higher than the preceding three months (June-August 2020). Year on year, transactions were 19.1% higher than November 2019 (22.0% higher on a non-seasonally adjusted basis). (Source: HMRC, seasonally-adjusted figures)
- **Mortgage approvals rose in November to the highest level seen in over 13 years.** The latest Bank of England figures show the number of mortgages approved to finance house purchases rose by 6.7% to 104,969. Year-on-year, the November figure was 56.4% above November 2019. Source: Bank of England, seasonally-adjusted figures)
- Results from the latest (November 2020) **RICS Residential Market Survey** remain positive but show an easing in momentum for housing market activity. New buyer enquiries displayed a net balance of +27% (previously +42% in October), new instructions +16% (+30% previously) and agreed sales +25% (+41% previously). (Source: Royal Institution of Chartered Surveyors' (RICS) monthly report)



UK house prices

Historical data

All Houses, All Buyers (Seasonally Adjusted)

| Period | ¹ Index Jan 1992=100 | ² Standardised Average Price £ | Monthly Change % | Quarterly Change %* | Annual Change %** |
|----------|------------------------------------|---|------------------------|---------------------------|-------------------------|
| Dec 2019 | 412.3 | 239,079 | 1.6 | 1.2 | 4.0 |
| Jan 2020 | 413.7 | 239,927 | 0.4 | 2.2 | 4.1 |
| Feb | 414.7 | 240,461 | 0.2 | 2.6 | 2.8 |
| Mar | 413.6 | 239,838 | -0.3 | 1.8 | 3.0 |
| Apr | 410.9 | 238,314 | -0.6 | 0.6 | 2.7 |
| May | 410.2 | 237,855 | -0.2 | -0.5 | 2.6 |
| Jun | 410.1 | 237,834 | 0.0 | -0.9 | 2.5 |
| Jul | 417.0 | 241,808 | 1.7 | -0.2 | 3.8 |
| Aug | 424.0 | 245,889 | 1.7 | 1.3 | 5.2 |
| Sep | 430.5 | 249,655 | 1.5 | 3.3 | 7.3 |
| Oct | 431.7 | 250,367 | 0.3 | 4.0 | 7.5 |
| Nov | 436.1 | 252,890 | 1.0 | 3.8 | 7.6 |
| Dec | 436.9 | 253,374 | 0.2 | 2.6 | 6.0 |

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 non-seasonally adjusted year-on-year figures.

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.

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

Halifax press office contacts:

Gregor Low / 07500 078 879 / gregor.low@lloydsbanking.com

For historical data or for technical queries please contact economics@ihsmarkit.com

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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