Halifax House Price Index – UK Regional Breakdown

House prices rose markedly before onset of COVID-19 pandemic

Key points for Q1 2020:

▪ First quarter saw strongest annual house price inflation for two years
▪ First-time buyers continue to experience fastest rises in prices
▪ Recoveries in prices seen across the South of England during first quarter
▪ North East and Scotland most affordable places to purchase property

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<thead>
<tr>
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<th>Q4 2019</th>
<th>Q1 2020</th>
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</thead>
<tbody>
<tr>
<td>Quarterly % Change*</td>
<td>1.1%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Annual % Change</td>
<td>2.3%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Std. House Price*</td>
<td>£235,361</td>
<td>£240,257</td>
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</tbody>
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*seasonally adjusted

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

“Although the latest data provide an indication of an improving housing market following the strong uplift to activity afforded to buyers and vendors from the greater political certainty seen at the end of 2019, it’s hard not to look ahead to the coming months given the outlook is now dominated by the COVID-19 pandemic.

“With that in mind, the first quarter data feel backward looking. Whilst confirming the market was on a positive trajectory, as activity strengthened following a clarification over Brexit and the decisive general election result, the direction of travel is now characterised by considerable uncertainty.

“Amid reports of viewings being cancelled and movers encouraged to put transactions on hold, the market is currently in deep-freeze. More worryingly, the challenging macroenvironment, with business closures, joblessness rising and cuts to incomes occurring, all points to a general downward pressure on prices in the near-term.

“The ultimate scale of the impact of the pandemic on the market will ultimately depend on the speed in which it can be brought under control.

“Encouragingly, however, actions by government and the Bank of England are likely to provide strong support to the economy – and in turn the housing market – when some form of normality resumes.”

Stronger rise in house prices during Q1 2020

UK house price inflation accelerated to a two-year high during the first quarter of 2020 as market activity strengthened prior to the lockdowns related to the COVID-19 pandemic.

According to the latest data from the Halifax House Price Index, prices rose by 3.3% compared to a year earlier, an improvement on the previous quarter’s 2.3% and the best reading since the opening three months of 2018.

UK House Prices: Annual % Change

Prices were also up notably since the end of 2019 as greater economic and political stability helped to support the market. According to seasonally adjusted figures, prices jumped by 2.1% over the first quarter compared to the preceding three-month period, when prices increased by 1.1%. The latest quarterly gain was the best seen for four years and helped to push up the standardised house price to a new record high of £240,257.
There were stronger increases in prices recorded across all buyer and property types during the first quarter of the year. Of note, first-time buyer inflation accelerated to a three-year high of +3.8%, compared to a rate of +3.0% for house movers. Existing properties (+3.4%) recorded a stronger price increase than new houses (+2.6%).

**Southern England sees marked improvement in annual inflation rates**

Regional figures for the first quarter of the year showed higher prices on an annual basis across the UK during the quarter.

**Northern Ireland** led the way in terms of outright price gains, whilst there were strong performances seen in the North West, the West Midlands and Scotland. Inflation rates in each case were at or above 4% year-on-year in the first quarter. Wales (+3.9%) and Yorkshire & Humberside (+3.5%) both registered stronger inflation rates than the national average.

**Regional House Prices: Annual % Change (Q1 2020)**

In contrast, inflation rates across the south of England remained below the UK average in the quarter.

However, there were some notable recoveries compared to performances in 2019.

Both London and the South East recorded their first annual price gains since late 2018 in the first quarter, with inflation rates of +2.3% and +2.8% the best seen for two-and-a-half years. For Eastern England (+1.2%) and the South West (+1.7%) rates of inflation were the strongest in over a year.

Despite recording the slowest annual increases, property prices in the south of England remain comfortably the highest in the UK.

London remains well ahead of all regions with typical prices moving closer to £500,000 in the first quarter. The South East saw prices rise to just below £330,000 whilst those in Eastern England have increased to £281,790.

**Regional Standardised House Prices Q1 2020**

At the other end of the scale, the North East and, despite recent strong price gains, Northern Ireland, remain the cheapest places to purchase houses in the UK. In both instances, prices remain below £150,000.

**Affordability constraints rise in early stages of 2020**

The recent pick-up in house prices has led to an associated increase in the house price-to-earnings ratio over the first quarter of 2020.

Averaging a level of 6.19, up from markedly from 6.10 at the end of last year, the ratio is currently tracking at its highest level since the third quarter of 2018.

Affordability constraints naturally remain the most acute in Greater London (over 10 times earnings) and the South East (over 8). The North East and Scotland are amongst the most affordable areas to purchase a house (earnings ratios both below 5).
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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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