

MARKET SENSITIVE INFORMATION
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Halifax House Price Index – UK Regional Breakdown

House price inflation hits four-and-a-half year high at end of 2020

Key points for Q4 2020:

- Prices up 7.0% compared to a year earlier
- Cumulative price gain over past six months at 6.0%
- South West and West Midlands record sharpest inflation rates
- Affordability constraints tighten across several regions during fourth quarter

	Q3 2020	Q4 2020
Quarterly % Change*	3.3%	2.6%
Annual % Change	5.5%	7.0%
Std. House Price*	£245,784	£252,211

*seasonally adjusted

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

“Despite the notable economic headwinds facing the country, the UK housing market enjoyed another stellar quarterly performance in the final three months of 2020.

“Driven by both the temporary stamp duty holiday and the emerging structural shifts in preferences amongst buyers for more space and reduced urban living, typical UK house prices have risen by 6.0% in just six months. In cash terms that equates to over £14,000. Gains are widespread across the UK, although most notably in the past three months the south of England has enjoyed some especially notable gains.

“However, with the ending of the stamp duty holiday and scaling back of Help to Buy at the end of March, plus the ongoing macroeconomic challenges related to dealing with the pandemic, it’s unlikely that such positive market momentum can be sustained for too much longer.”

Upward price momentum continues

The UK housing market continued to experience a strong uplift in prices during the final three months of 2020, building on the momentum that began in the third quarter.

Amid evidence of continued strong demand amongst buyers for greater space and for properties in rural and lower density urban areas, UK house prices rose by 2.6% since the previous quarter on a seasonally adjusted basis.

Compared to 12 months ago, prices were up by 7.0%, compared to the 5.5% annual rise in the previous quarter. That was the strongest pace of inflation recorded since mid-2016.

UK House Prices: Annual % Change



Highlighting the strong momentum in the market over the past two quarters, prices have risen by a cumulative 6.0%. This helped to drive up the price of a typical UK house to over £250,000 for the first time in the index’s history.

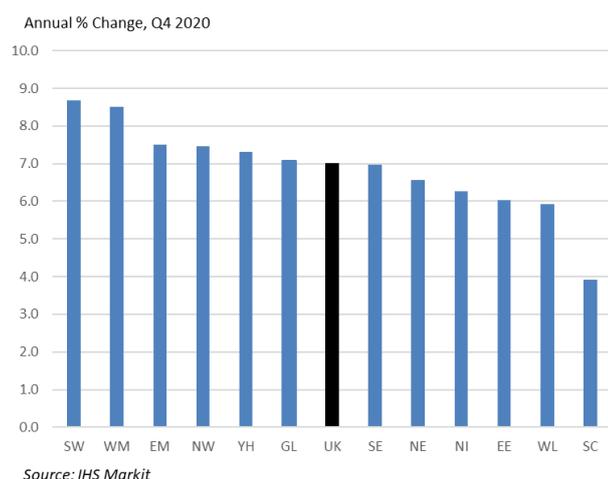
Highlighting how market activity is being primarily driven by homemovers, this cohort of buyers saw prices rise (+7.6%) at a much quicker rate than first-time buyers (+5.3%) in December. Moreover, homemovers can now typically expect to pay over £300,000 for a property.

Administered by

Inflation up across majority of UK, with South West and West Midlands leading the way

Annual house price inflation accelerated across all regions and nations during the fourth quarter of the year, except for Northern Ireland where a slight softening was observed.

Regional House Prices: Annual % Change (Q4 2020)



The strongest increases in prices were seen in the South West (+8.7%) and the West Midlands (+8.5%), where respective gains were the strongest seen since early 2010 and 2005 respectively.

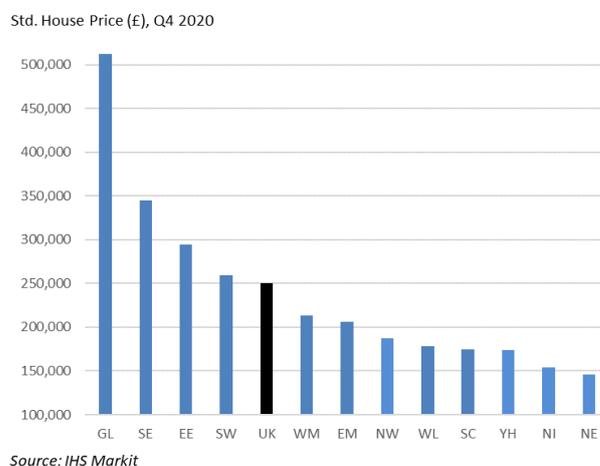
There were also above UK average gains seen in the East Midlands, the North West, Yorkshire and Greater London. Notably, the price rises seen in the North West and Yorkshire were the best since 2007, for the East Midlands since 2005.

Scotland continued to record by far the lowest price gains, with prices here up just 3.9% compared to a year ago. Wales recorded the second-weakest rise in prices.

In cash terms, Greater London remains by far the most expensive region to purchase houses. Prices in the capital are now typically well over £500,000 and nearly £170,000 more than the next most expensive region (the South East). Eastern England and the South West also recorded typical house prices above the UK average.

At the other end of the scale, the North East (£146,077) and Northern Ireland (£153,895) remained the cheapest places in the UK to purchase property.

Regional Standardised House Prices Q4 2020



Affordability remains a challenge for buyers

Notwithstanding historically low mortgage rates in the UK, the ongoing strength of house prices means that affordability constraints in terms of income metrics remained tight during the final quarter of 2020. This was highlighted by the price-to-earnings ratio remaining unchanged at 6.36, its highest level since mid-2007.

At the regional level, Greater London continues to record the highest ratio (rising above 9), with neighbouring regions in the south of England recording ratios above 8 and up since the third quarter.

With house price earnings below 5.0, the North East, Northern Ireland, Scotland and Yorkshire are the most affordable regions to purchase property.

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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