

**MARKET SENSITIVE INFORMATION**  
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## Halifax House Price Index – Q3 UK Regional Breakdown

### House price inflation edges higher in third quarter

#### Key points for Q3 2018:

- UK house prices up by 2.7% year-on-year in third quarter of 2018
- Scotland and Northern Ireland comfortably outperform UK average
- Subdued house price inflation persists in the South of England...
- ...but prices here remain comfortably highest within the UK

#### UK summary:



The UK housing market continued to record relatively subdued price inflation during the third quarter of 2018, according to the latest figures provided by the **Halifax House Price Index**.

The index, which is administered by IHS Markit, signalled that prices rose by 2.7% on a year-on-year basis, up from 2.2% in the previous quarter and matching the level seen over the first three months of the year.

On a **quarter-on-quarter** basis, house prices were up by 1.6%. That helped to offset marginal falls seen earlier in the year and represented the best quarterly increase in prices since the final three months of 2016.

In **cash terms**, the standardised UK house price improved to a new record level of £230,309. Compared to the same period a year earlier, prices were up by £6,108.

#### UK regional price trends remain varied

Price trends continued to vary across the UK in the third quarter.

Ten out of the twelve regions registered annual price inflation, with **Northern Ireland** (+9.0%), **Scotland** (+7.0%) and the **West Midlands** (+7.6%) leading the way.

In the South of England, price inflation remained relatively subdued as, despite improving since the previous quarter, rates remained well down on the averages seen since 2010. The **South East** (+2.7%) led the way, followed by **East Anglia** (+2.5%), **London** (+2.2%), and then the **South West** (+1.2%).

Meanwhile, two regions continued to experience declines in house prices on a year-on-year basis in Q3 2018. The **North of England** (-5.5%) experienced its steepest fall since the end of 2012, whilst **Yorkshire & Humber** (-2.7%) recorded a second successive year-on-year decline.

#### Prices still highest in southern England

Looking at the nominal cash change over the past year, the **West Midlands** recorded the largest increase in prices (£15,134) of all UK regions.

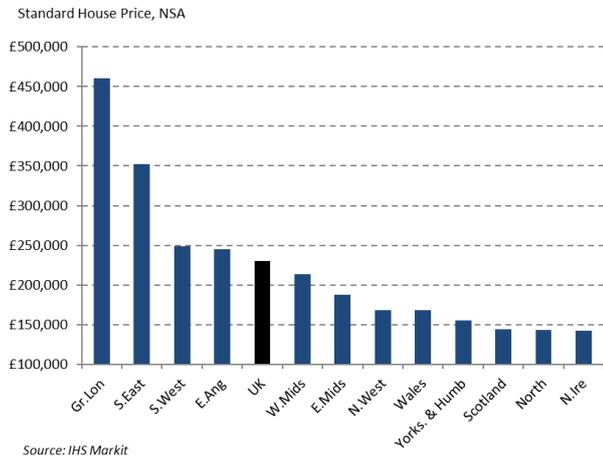
This contrasted markedly with declines of £8,043 and £4,321 in the **North of England** and **Yorkshire & Humber** respectively.

However, standardised house prices remain comfortably highest in **London** (£460,791), a level around double the UK-wide level (£230,309).

Although price trends in the capital have been more subdued during recent quarters, in cash terms prices are some 73% higher than 10 years ago when the

collapse of Lehman Brothers marked the intensification of the global financial crisis.

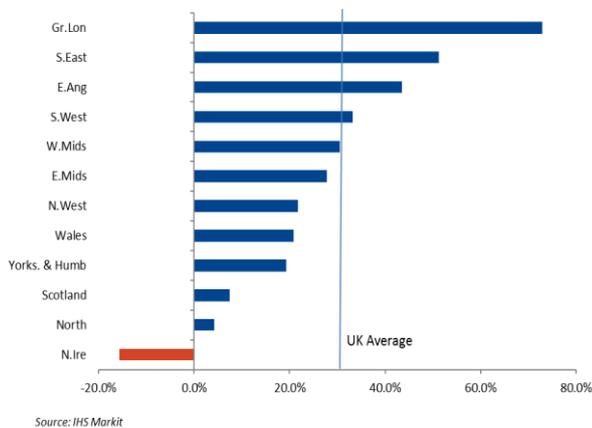
## UK standardised house price Q3 2018, by region



Meanwhile, the **South East** (£352,114) remained in a comfortable second place during the third quarter of 2018, whilst the **South West** (£248,680) moved marginally ahead of **East Anglia** (£245,029).

In contrast, **Northern Ireland** (£142,420), the **North of England** (£142,946) and **Scotland** (£143,974) continued to record house price levels well below the national average. Moreover, prices in Northern Ireland are still well down on decade ago levels (-16%), whilst there has been only marginal growth seen in the North of England (4%) and Scotland (7%).

## Change in house prices since Q3 2008, by region



## Comment:

**Paul Smith, Economics Director at IHS Markit** said:

*“The UK housing market continued to tread water during the third quarter of 2018. Although prices were up at a slightly faster rate, underlying inflation remains stuck in a narrow range of 2-3% and subsequently amongst the weakest seen over the past five years.*

*“And this trend is likely to persist in the near-term.*

*“Whilst limited supply, high levels of employment, various government incentives and still low borrowing rates provide ongoing price support, these will continue to be broadly offset by stagnant real wages, the potential for higher borrowing costs and, perhaps most crucially, ongoing Brexit uncertainty.”*

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E-mail [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)For any technical queries, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com)**Note to Editors:**

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In relation to the above, please note that due to difficulties in identifying the partial coefficient for the 'Central Heating: Other' variable, and the associated destabilising impact on the determination of house prices, this variable was removed from the hedonic regression specifications for all Northern Ireland indices relating to the fourth quarter of 2016.

**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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