

House Price Index



07/06/21

House prices soar as market remains buoyant heading into the summer

£261,743

Average price

+1.3%

Monthly change

+2.4%

Quarterly change

+9.5%

Annual change

- **Annual house price inflation now at its strongest level in nearly seven years**
- **Average UK property price of £261,743 a new record high**
- **Wales continues to be the region with the strongest price growth**

Russell Galley, Managing Director, Halifax, said:

“House prices reached another record high in May, with the average property adding more than £3,000 (+1.3%) to its value in the last month alone. A year on from the first easing of national lockdown restrictions, and the gradual reopening of the housing market, annual growth surged to 9.5%, meaning the average UK home has increased in value by more than £22,000 over the past 12 months.

“Heading into the traditionally busy summer period, market activity continues to be boosted by the government’s stamp duty holiday, with prospective buyers racing to complete purchases in time to benefit from the maximum tax break ahead of June’s deadline, after which there will be a phased return to full rates. For some homebuyers, lockdown restrictions have also resulted in an unexpected build-up of savings, which can now be deployed to fund bigger deposits for bigger properties, potentially pushing property prices even higher.

“Whilst these effects will be temporary, the current strength in house prices also points to a deeper and long-lasting change as buyer preferences shift in anticipation of new, post-pandemic lifestyles – as greater demand for larger properties with more space might warrant an increased willingness to spend a higher proportion of income on housing.

“These trends, coupled with growing confidence in a more rapid recovery in economic activity if restrictions continue to be eased, are likely to support house prices for some time to come, particularly given the continued shortage of properties for sale.”

Regional analysis

“All UK regions bar the North East saw an acceleration in year-on-year house price inflation last month. The strongest growth was once again recorded in Wales (up 11.9% over the past year), closely followed by the North West and Yorkshire & Humber, both of which posted double-digit annual growth. For Wales and the North West, these are the biggest percentage gains since April 2005, and for Yorkshire & Humber since June 2006.

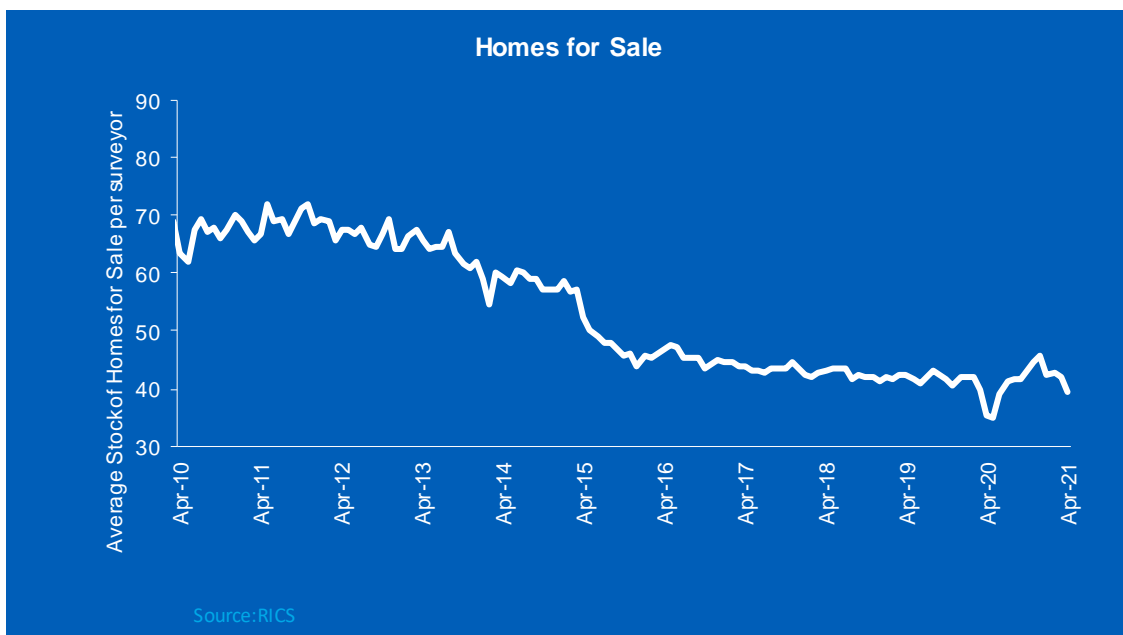
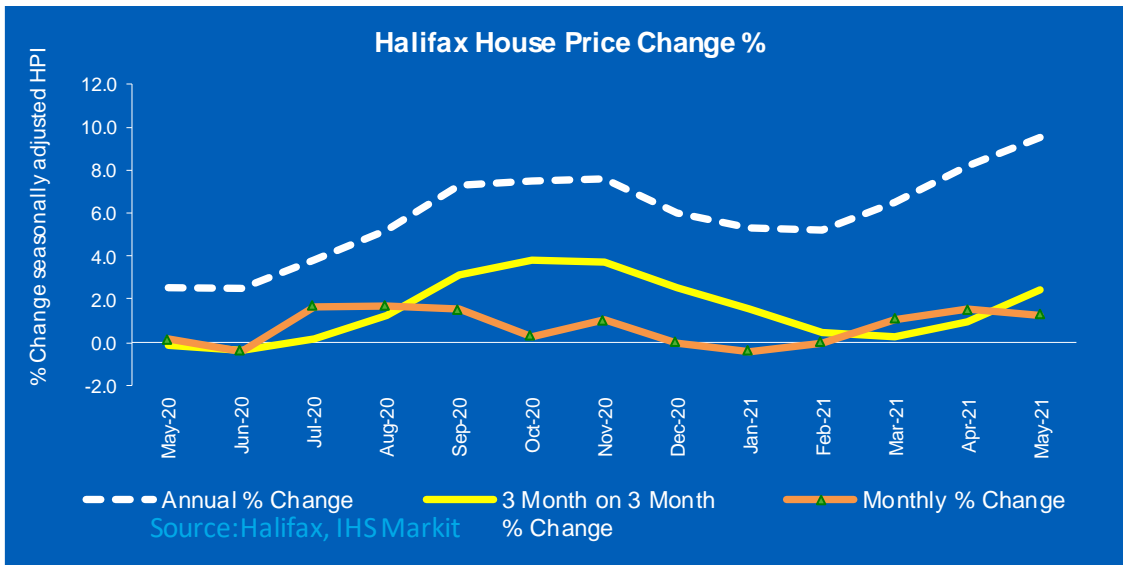
“The South of England, traditionally the driving force of national house price performance, is for once lagging somewhat behind the rest of the country. This is especially the case in Greater London, where average prices are still 3.1% higher than a year ago but growing more slowly than the rest of the country. This likely reflects a weakness in city prices given the shift in preference for properties with more space, whilst recent surcharges on stamp duty for non-UK residents and Brexit concerns will also have weighed on the capital’s market.

“However it should not be forgotten that London property prices were already extremely expensive, having experienced a boom following the global financial crisis, a phenomenon not felt by many other UK regions and nations to anywhere near the same extent.”

Key facts

Housing activity

- HMRC monthly property transactions data for UK home sales decreased in April 2021.** UK seasonally adjusted residential transactions in April 2021 were 117,860 – down by 35.7% from March (down 35.8% on a non-seasonally adjusted basis). The latest quarterly transactions (February-April 2021) were approximately 23.7% higher than the preceding three months (November 2020-January 2021). Year on year, transactions were 179.6% higher than April 2020 (197.8% higher on a non-seasonally adjusted basis). (Source: HMRC, seasonally-adjusted figures)
- Mortgage approvals rose in April for the first time in five months.** The latest Bank of England figures show the number of mortgages approved to finance house purchases rose in May 2021 by 4% to 86,921. Year-on-year, the April figure was 439% above April 2020 (which was during the first lockdown period). Source: Bank of England, seasonally-adjusted figures)
- Results from the latest (April 2021) **RICS Residential Market Survey** show buyer demand remaining high across the market, while new instructions lost impetus. New buyer enquiries increased to a net balance of +44%, up from +43% in March. Newly agreed sales also rose over the month to a net balance of +34% (a slight easing on +48% in March). New instructions fell to -4%, down from +21% previously. Stock levels have 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

National: All Houses, All Buyers (Seasonally Adjusted)

Period	¹ Index Jan 1992=100	² Standardised Average Price £	Monthly Change %	Quarterly Change %	³ Annual Change %
May 2020	411.8	238,829	0.1	-0.2	2.6
Jun	410.1	237,834	-0.4	-0.4	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	3.1	7.3
Oct	431.7	250,367	0.3	3.8	7.5
Nov	436.1	252,890	1.0	3.8	7.6
Dec	436.0	252,833	0.0	2.5	6.0
Jan 2021	434.3	251,832	-0.4	1.6	5.4
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	8.2
May	451.4	261,743	1.3	2.4	9.5

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 numbers are the non-seasonally adjusted year-on-year figures.

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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