



Annual house price growth declines to 5.1%

- House prices in the three months to February were 5.1% higher than in the same period a year ago; down from 5.7% in January
- Prices in the three months to February were 1.7% higher than in the preceding quarter

UK House prices	February 2017 (seasonally adjusted)
Annual change	+5.1%
Quarterly change	+1.7%
Monthly change	+0.1%
Average Price	£219,949

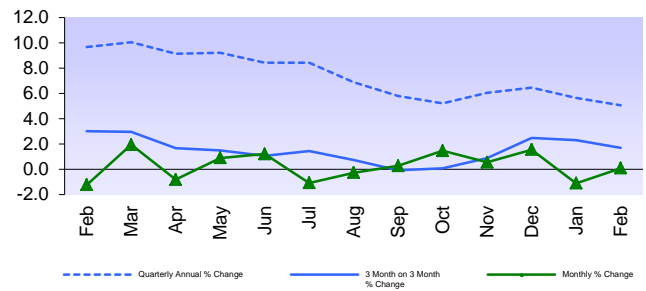
Martin Ellis, Halifax housing economist, said:

“House prices in the three months to February were 1.7% higher than in the previous quarter; down from 2.3% in January. The annual rate of growth fell to 5.1% from January’s 5.7%, the lowest since July 2013.

“Housing demand is being supported by an economy that continues to perform well with employment still expanding. Meanwhile, the supply of both new homes and existing properties available for sale remains low. This combination is pushing up prices.

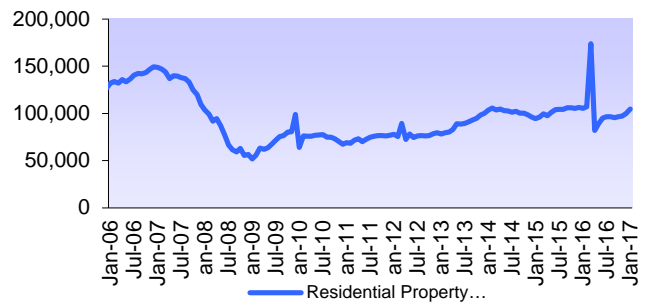
“The annual rate of house price growth has, however, nearly halved over the past 11 months. A sustained period of house price growth in excess of pay rises has made it increasingly difficult for many to purchase a home. This development, together with signs of reduced momentum in the jobs market and squeezed consumer spending power, is expected to curb house price growth during 2017.”

UK House Prices



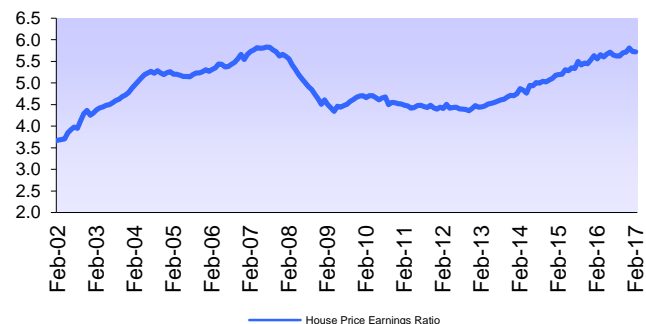
Sources: Halifax, Markit.

Residential Property Transactions £40,000+



Source: HMRC.

House Price Earnings Ratio



Sources: Halifax calculations based on data from Halifax, Markit and ONS.

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 is calculated as an average for the latest three months compared with the same period a year earlier. These figures provide a better picture of the underlying trend compared to a monthly year-on-year number as they smooth out any short-term fluctuations.



For more information on our housing market research, click on <http://www.halifax.co.uk/house-price-index>



HOUSE PRICE INDEX



07/03/2017

Key facts

House Prices

- **House prices in the last three months (December 2016-February 2017) were 1.7% higher than in the previous three months (September-November 2016).** This compared to the 2.3% quarterly rate of change in January, and was the lowest since November 2016 (+0.9%).
- **Prices in the three months to February were 5.1% higher than in the same three months a year earlier.** This was below January's 5.7% and was the lowest annual rate since July 2013 (4.6%). The annual rate is nearly half the 10.0% peak reached in March 2016.
- **House prices rose by 0.1% between January and February.** This followed January's 1.1% decline.
- **Mortgage affordability is significantly better than a decade ago, according to recent Halifax research.** Mortgage affordability – the proportion of disposable earnings devoted to mortgage payments – has improved by 18 percentage points since 2007. Typical mortgage payments for new borrowers (both first-time buyers and homemovers) at the historic average loan to value ratio stood at 30% of earnings in 2016 Quarter 4 compared to the peak of 48% in 2007 Quarter 3.

Housing Activity

- **Total UK home sales on a recent upward trend.** Sales in January were 4.9% higher than in December 2016; the fourth successive monthly increase. At 104,820, sales were the highest since March 2016 when transactions were dramatically boosted ahead of the introduction of higher stamp duty rates on second homes and buy to let purchases. In annual terms, sales in January 2017 were almost identical to those in January 2016. (*Source: HMRC, seasonally-adjusted figures*)
- **Supply remains very low.** The number of properties coming on to the market for sale fell in January after holding broadly steady over the previous three months. This indicator has now failed to increase for 11 successive months. As a result, average stock levels on estate agents' books remain close to historic lows. (*Sources: Royal Institution of Chartered Surveyors' (RICS) monthly report*)
- **Housebuilding fell by 1% in 2016.** New housing completions in England were estimated at 35,980 (seasonally adjusted) in the final three months of 2016. This was 4% lower than in the previous quarter, and 2% below their level in the same quarter in 2015. Overall, completions in 2016 were 1% lower than in 2015. Completions were 43% above their recent trough in the first quarter of 2013, but remain 26% below their recent peak in the first three months of 2007. (*Source: DCLG*)

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UK House Prices: Historical Data All Houses, All Buyers (Seasonally Adjusted)

Period	Index 1983=100 1	Standardised Average Price £ 2	Monthly Change %	Quarterly Change %*	Annual Change %**
Feb 2016	679.2	209,858	-1.2	3.0	9.7
Mar	692.4	213,945	2.0	3.0	10.0
Apr	686.8	212,204	-0.8	1.7	9.2
May	693.0	214,115	0.9	1.5	9.2
Jun	701.4	216,726	1.2	1.1	8.4
Jul	693.8	214,378	-1.1	1.4	8.4
Aug	692.1	213,829	-0.3	0.7	6.9
Sep	694.0	214,418	0.3	-0.1	5.8
Oct	704.2	217,567	1.5	0.1	5.2
Nov	708.1	218,785	0.6	0.9	6.0
Dec	719.1	222,190	1.6	2.5	6.5
Jan 2017	711.2	219,741	-1.1	2.3	5.7
Feb	711.9	219,949	0.1	1.7	5.1

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 quarterly non- seasonally adjusted year-on-year figures. They are calculated as an average of the monthly year-on-year % changes over the latest three months. These figures provide a better picture of underlying trends compared to a monthly year-on-year number as they smooth out any short-term fluctuations.

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.

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