

MARKET SENSITIVE INFORMATION
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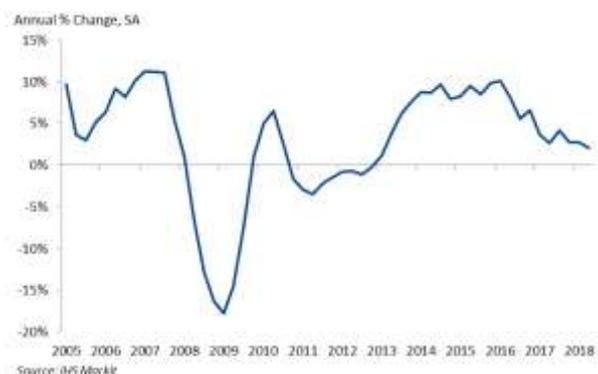
Halifax House Price Index – Q2 UK Regional Breakdown

West Midlands a bright spot in otherwise weak second quarter for UK house prices

Key points for Q2 2018:

- UK house prices rise by 2.1% on an annual basis in Q2 (weakest growth since Q1 2013)
- West Midlands records the fastest year-on-year increase in house prices (+7.0%)
- Scotland and Wales both outperform the UK-wide level (+3.7% annual house price rises)
- Three of the twelve UK regions experience a year-on-year decline in house prices, led by Yorkshire & Humber (-3.1%)

UK summary:



A soft patch for UK property prices continued during Q2 2018, according to the latest figures provided by the **Halifax House Price Index**. The index, which is administered by IHS Markit, revealed that the standardised UK property price increased by 2.1% when compared to the same period a year earlier.

The latest **year-on-year** rise in UK house prices was weaker than in Q1 (+2.7%) and the slowest seen since Q1 2013.

On a **quarter-on-quarter** basis, the latest data indicate that the standardised UK house price dropped by 0.3% in Q2 2018, which represents a faster pace of decline than seen in Q1 (-0.1%).

In **cash terms**, the standardised UK house price now stands at £227,494. Compared to Q2 2017, prices have increased by £4,583.

Mixed picture for price trends across UK regions

There remained a wide divergence in terms of annual house price changes across the UK regions in Q2 2018.

Nine of the twelve UK regions registered an increase in property prices over the past year. The strongest rate of inflation was seen in the **West Midlands** (+7.0%), followed by **Scotland** (+3.7%) and **Wales** (+3.7%).

London experienced a shift in momentum, with house prices rising on annual basis in Q2 2018 (+0.6%). This was the first increase in prices across the capital since Q3 2017.

Three regions experienced a fall in house prices on a year-on-year basis in Q2 2018. This was led by **Yorkshire & Humber**, which posted the sharpest rate of decline for six-and-a-half years (-3.1%). The **North of England** (-2.6%) and the **South West** (-1.2%) also saw lower house prices in Q2 2018 compared to the same period one year ago.

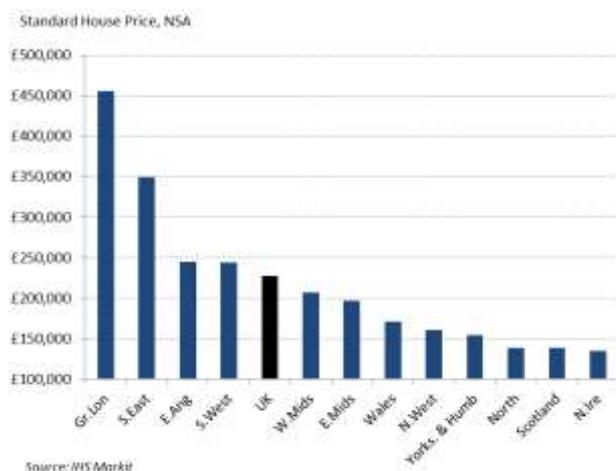
House prices by region continue to vary

The standardised house price in **London** was £455,975, almost exactly double the UK-wide level in Q2 2018 (£227,494).

At £348,930, the figure for the **South East** was the second-highest in the UK, while **East Anglia** (£245,235) replaced the **South West** (£243,673) in third position.

Looking at the change over the past year, the greatest cash terms increase in house prices has been recorded in the **West Midlands** (up by £13,337), followed by the **South East** (up by £6,980) and **Wales** (£6,064).

UK standardised house price Q2 2018, by region



Comment:

Tim Moore, Associate Director at IHS Markit said:

“The latest figures confirm a further cooling of the UK housing market heading into the summer, with annual price inflation easing to its weakest since the start of 2013. Affordability constraints, the prospect of higher interest rates and heightened economic uncertainty all appear to have held back house prices in the second quarter of this year.”

“A wide regional divergence in house price trends continued in Q2, highlighting that market conditions remain overwhelmingly driven by local supply and demand fundamentals. Against this backdrop, the West Midlands recorded the fastest annual house price rise of any UK region, supported by a resilient regional economy, a tailwind from internal migration and future transport infrastructure spending.”

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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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