

## ANNUAL HOUSE PRICE GROWTH SLOWS TO 2.2%



**+2.2%**

Annual change

**-0.6%**

Monthly change

**+0.0%**

Quarterly change

**£223,285**

Average Price

- Prices in the last three months to January were 2.2% higher than in the same three months a year earlier, although the annual change in January was lower than in December (2.7%)
- House prices remained unchanged in the recent quarter (November-January) from the previous quarter (August-October); on this measure prices are down from the 1.3% quarterly rise recorded in December
- On a monthly basis, prices fell for the second consecutive month in January (by 0.6% following a 0.8% decrease in December)
- The average price of £223,285 at the beginning of the year is 1.9% higher than in January 2017 (£219,217), however, the current price has edged down after recording £226,408 – highest on record – in November

**Russell Galley, Managing Director, Halifax Community Bank, said:**

*“Annual house price rises have slowed from 2.7% in December to 2.2% in January - the lowest rate since July last year. We've seen a monthly decline as well as the quarterly rate of growth flattening out.*

*“Although employment levels grew by 102,000 in the three months to November, household finances are still under pressure as consumer prices continue to grow faster than wages. Additionally, it's still too early to see any impact for first-time buyers from the abolition of stamp duty on purchases of up to £300,000, which was announced in the November Budget.*

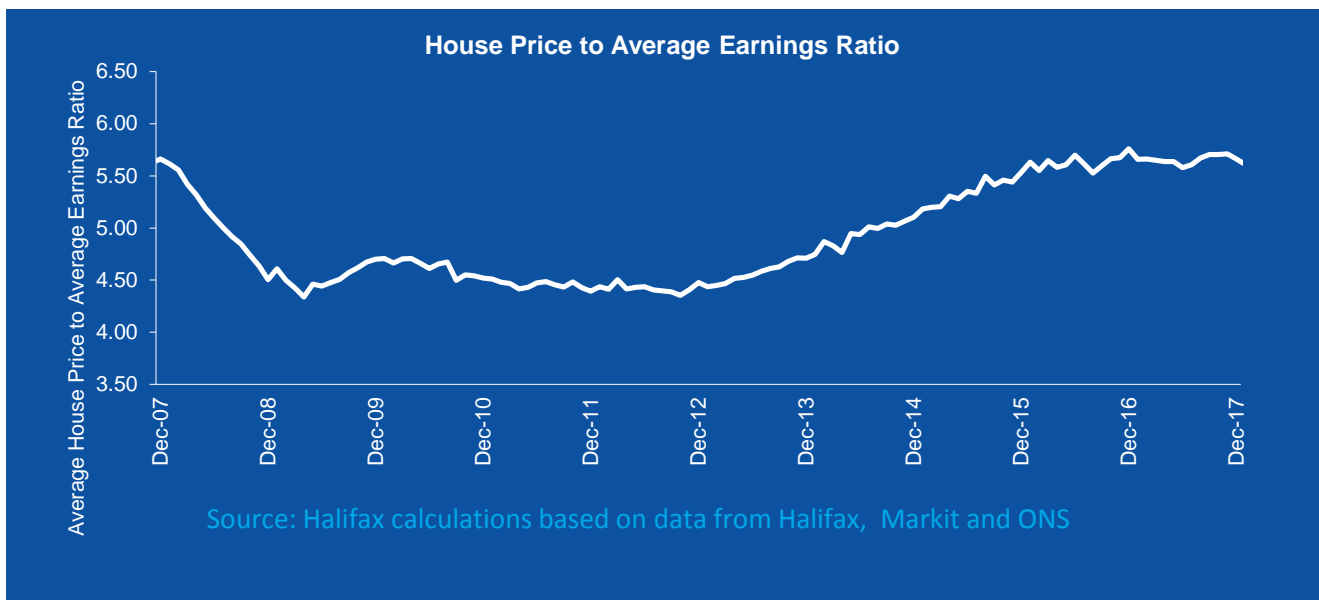
*“Despite the recent rise in the Bank of England Base Rate, mortgage rates are still very low. This, combined with an ongoing acute shortage of properties for sale, will continue to underpin house prices over the coming months.”*

# KEY FACTS

## HOUSING ACTIVITY

- **Total UK home sales in 2017 were marginally lower (-0.6%) than in 2016 at 1.23 million.** Annual sales have averaged 1.2 million homes in the five years since 2013, compared to an annual average of 890,000 in the previous five years. Transactions in 2017 Quarter 4 were 0.5% lower than in the previous quarter. (Source: HMRC, seasonally-adjusted figures)
- **Mortgage approvals for house purchases ended the year with a sharp fall.** The number of mortgage approvals – a leading indicator of completed house sales – fell by 5.7% month on month in December to 61,039, the lowest level since January 2015. Over the year to December 2017 total mortgage approvals were 2% lower than in the same period in 2016. (Source: Bank of England, seasonally-adjusted figures)
- **Decline in instructions for sale continues.** New instructions to sell continued to deteriorate at the headline level and have now fallen for 23 consecutive months – the worst sequence for almost eight years. Although average supply per agent remained broadly stable, it is still close to historic lows. On the demand side, new buyer enquiries fell marginally, having been broadly stable in the previous months. (Source: Royal Institution of Chartered Surveyors' (RICS) monthly report)
- **The number of first-time buyers is estimated to have reached 359,000<sup>1</sup> in 2017, according to the Halifax First-Time Buyer Review.** The number of first-time buyers has gone up by 6% in the last 12 months, continuing an upward trend of six years. First-time buyers now account for half of all house purchases with a mortgage, an increase from 36% a decade ago. This increase in numbers has come despite the average deposit nearly doubling from £17,740 in 2007 to £33,339 a decade later. <http://static.halifax.co.uk/assets/pdf/mortgages/pdf/2018-01-27-number-of-ftb-highest-since-2007-HPI.pdf>

<sup>1</sup> Total number of first home purchasers with a mortgage estimated by Halifax



## UK Property Transactions



Source: HMRC

# UK HOUSE PRICES

## HISTORICAL DATA

All Houses, All Buyers (Seasonally Adjusted)

	Index 1983=100	Standardised Average Price £	Monthly Change %	Quarterly Change %*	Annual Change %**
	1	2			
Period					
Jan 2017	709.5	219,217	-1.6	2.5	5.7
Feb	711.5	219,839	0.0	1.5	5.1
Mar	711.3	219,788	0.0	-0.1	3.8
Apr	711.6	219,855	0.0	-0.2	3.8
May	713.7	220,515	0.3	-0.2	3.3
Jun	707.1	218,477	-0.9	0.0	2.6
Jul	711.8	219,918	0.7	-0.1	2.1
Aug	722.6	223,271	1.5	0.2	2.6
Sep	728.4	225,070	0.8	1.4	4.0
Oct	730.4	225,664	0.3	2.3	4.5
Nov	732.8	226,408	0.3	2.3	3.9
Dec	726.7	224,540	-0.8	1.3	2.7
Jan 2018	722.7	223,285	-0.6	0.0	2.2

### 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. 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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## FOR FURTHER INFORMATION PLEASE CONTACT:

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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 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.

From January 2018, the sample of mortgage transaction data used to calculate the Halifax House Price Indices (HHPI) will also include Lloyds Bank branded mortgages. This is to replace a small proportion of Halifax mortgage transactions which are based on its Automated Valuation Model (AVM), which are not included in the transaction data. Lloyds Banking Group (the sole Submitter to the HHPI) extended the use of Halifax's AVM to certain first-time buyer and homemover mortgage transactions at this time. Based on historical analysis, the average number of mortgage transactions used to calculate the HHPI following this change will be broadly unmoved from the average number used throughout 2017, with Halifax-branded mortgages continuing to comprise the vast majority of all transactions used to calculate the HHPI. An impact assessment showed no notable differences in terms of Index levels and, by definition, rates of change.

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

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