



# House price index

## UK House prices

|                  | March 2014 (seasonally adjusted) |
|------------------|----------------------------------|
| Annual change    | +8.7%                            |
| Quarterly change | +2.3%                            |
| Monthly change   | -1.1%                            |
| Average Price    | £178,249                         |

### Commenting, Stephen Noakes, Mortgages Director, said:

*"Although house prices fell in the month, prices in the three months to March were 2.3% higher than in the final quarter of 2013. The annual rate of increase rose with prices in the three months to March 8.7% higher than in the same three months last year."*

*"Housing demand continues to be supported by an improving economic outlook, growth in employment, rising consumer confidence and low interest rates."*

*"The recent strengthening in house price is increasing the amount of equity that many homeowners have in their home. This will potentially encourage and enable more owners to put their property on the market for sale over the coming year, therefore boosting supply and easing pressure on prices."*

### Key facts

- **House prices fell by -1.1% in March.** This was only the third monthly decline in the past fifteen months; this is in contrast to the previous fifteen months when there were eight monthly price falls. The monthly movements, however, can be volatile and the three month-on-three month change is a more reliable indicator of the underlying trend.
- **However, house prices in the latest three months (January 2014-March 2014) were 2.3% higher than in the final quarter of 2013.** This is within the range of 1.8% - 2.3% recorded for this measure since June 2013.
- **Prices in the three months to March were 8.7% higher than in the same three months a year earlier.** This continued the upward trend in the annual rate.
- **Home sales on an upward trend, but mortgage approvals ease.** Home sales increased for the tenth successive month in February to 108,940; 32% higher than in February 2013. (Source: HMRC, seasonally-adjusted figures.) In February there were 70,309 mortgage approvals for house purchases – a leading indicator of completed house sales – 8% lower

#### 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.

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than in January. However, compared to a year earlier approvals were 34% higher. (Source: Bank of England, seasonally-adjusted figures.)

- **Lack of supply coming on to the market adding upward pressure on prices.** The number of homeowners providing instructions to put their property on the market for sale continues to decline since the end of 2013. Although new buyer enquiries has also fallen since the start of the year the imbalance between housing supply and demand remains. (Source: RICS) Latest housebuilding figures show signs of improvement with the number of housing starts in England in 2013 rising by 24% to 98,610 from a year earlier. However, the numbers of homes completed fell marginally by 2% to 87,000 during the same period. (Source: DCLG)



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

|          | Index<br>1983=100 | Standardised<br>Average Price<br>£ | Monthly<br>Change<br>% | Quarterly<br>Change<br>%* | Annual<br>Change<br>%** | Price/<br>Earnings<br>Ratio |
|----------|-------------------|------------------------------------|------------------------|---------------------------|-------------------------|-----------------------------|
|          | 1                 | 2                                  |                        |                           |                         | 3                           |
| Period   |                   |                                    |                        |                           |                         |                             |
| Mar 2013 | 531.9             | 164,341                            | 0.5                    | 1.2                       | 1.1                     | 4.47                        |
| Apr      | 537.8             | 166,175                            | 1.1                    | 1.2                       | 2.0                     | 4.51                        |
| May      | 540.4             | 166,982                            | 0.5                    | 1.5                       | 2.6                     | 4.53                        |
| Jun      | 544.0             | 168,072                            | 0.7                    | 2.2                       | 3.7                     | 4.56                        |
| Jul      | 548.8             | 169,567                            | 0.9                    | 2.2                       | 4.6                     | 4.59                        |
| Aug      | 550.7             | 170,149                            | 0.3                    | 2.1                       | 5.4                     | 4.61                        |
| Sep      | 552.7             | 170,767                            | 0.4                    | 2.0                       | 6.2                     | 4.63                        |
| Oct      | 559.8             | 172,960                            | 1.3                    | 1.8                       | 6.9                     | 4.68                        |
| Nov      | 565.0             | 174,564                            | 0.9                    | 2.1                       | 7.7                     | 4.73                        |
| Dec      | 562.1             | 173,677                            | -0.5                   | 2.0                       | 7.5                     | 4.67                        |
| Jan 2014 | 568.8             | 175,736                            | 1.2                    | 2.0                       | 7.3                     | 4.72                        |
| Feb      | 583.1             | 180,163                            | 2.5                    | 2.2                       | 7.9                     | 4.84 <sup>e</sup>           |
| Mar      | 576.9             | 178,249                            | -1.1                   | 2.3                       | 8.7                     | 4.78 <sup>e</sup>           |

### 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 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 XII 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 Halifax's mix adjusted methodology.

### 3. PRICE/EARNINGS RATIO

Ratio of the Halifax standardised average price to national average earnings for full-time male employees. Price Earnings ratios revised to reflect new data in the Annual Survey of Hours and Earnings (ASHE). <sup>e</sup> Halifax estimates.

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