



UK House prices	December 2012 (seasonally adjusted)
Annual change	-0.3%
Quarterly change	+0.6%
Monthly change	+1.3%
Average Price	£163,845

**Commenting, Martin Ellis, housing economist, said:**

*"There was evidence of a firming in the housing market in the final few months of 2012. Prices in the three months from October to December were 0.6% higher than in the preceding three months. This was the first increase in this measure of the underlying trend for seven months.*

*"Overall, last year saw an even mix of monthly rises and falls as prices lacked any real direction as both demand and supply pressures remained largely unchanged during 2012. On an annual basis, prices in the final quarter of 2012 were marginally lower than in the last three months of 2011.*

*"We expect continuing broad stability in house prices nationally in 2013 with prices likely to end the year at levels close to where they begin."*

### Key facts

- **House prices in the final quarter of 2012 (October-December) were 0.6% higher than in the previous quarter (July-September).** This was the first increase in this measure of the underlying trend since May 2012 following six consecutive falls.
- **Prices in the three months to December were slightly lower (-0.3%) than in the last three months of 2011.** This marked an improvement over the previous few months and was the smallest annual decline since May 2012 (-0.1%).
- **House prices increased by 1.3% in December.** Overall, there were six monthly rises and six decreases during 2012.
- **Activity has picked up a little.** Home sales have improved modestly in recent months, from 75,000 in July to 80,000 in November, according to the latest figures. Overall, sales in the three months to November were 2% higher than in the same period last year. *(Source: HMRC, seasonally adjusted)*

#### 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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- **We expect continuing broad stability in house prices nationally in 2013.** The outlook for the UK economy and house prices, however, remains more unclear than usual. Subdued economic growth, sustained high unemployment and pressures on household finances will constrain housing demand. The relatively low level of mortgage payments in relation to income, however, should provide support for house prices.
- **More people expect house prices to rise than fall over the coming twelve months, according to the latest Halifax Housing Market Confidence tracker.** Nearly four in ten (38%) respondents predict the average UK house price will rise over the next year, whilst less than a fifth of respondents (18%) forecast a decline in prices.
- **The headline House Price Outlook balance (i.e. the difference between the proportion of people that expect house prices to rise rather than fall) stood at +20 in December.** This is the highest reading since the survey began in April 2011, surpassing the previous high of +19 in March 2012. Optimism has risen since the last survey in October when the House Price Outlook balance stood at +15.



# House price index

## 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 %**	Price/ Earnings Ratio 3
Dec 2011	516.6	159,629	-0.8	-0.2	-1.3	4.40
Jan 2012	520.8	160,925	0.8	-1.0	-1.8	4.44
Feb	518.9	160,328	-0.4	-0.9	-1.9	4.43
Mar	530.1	163,796	2.2	-0.1	-0.6	4.53
Apr	518.1	160,073	-2.3	0.6	-0.5	4.43
May	520.4	160,781	0.4	0.8	-0.1	4.44
Jun	524.6	162,104	0.8	-0.4	-0.5	4.46
Jul	520.9	160,961	-0.7	-0.1	-0.6	4.43
Aug	518.3	160,142	-0.5	-0.3	-0.9	4.40
Sep	516.1	159,467	-0.4	-0.4	-1.2	4.39
Oct	515.6	159,313	-0.1	-1.0	-1.7	4.39
Nov	523.6	161,795	1.6	-0.5	-1.3	4.46 <sup>e</sup>
Dec	530.3	163,845	1.3	0.6	-0.3	4.52 <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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