Annual House Price Growth Rises to 6.0%

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• House prices in the three months to November were 6.0% higher than in the same three months of 2015

• Prices in the last three months (SeptemberNovember) were 0.8% higher than in the preceding quarter

Martin Ellis, Halifax housing economist, said: “House prices in the three months to November were 0.8% higher than in the previous quarter. This increase followed little movement in prices on this quarterly measure in both September and October. The annual rate of growth also increased, rising for the first time for eight months, from 5.2% in October to 6.0%.

“Despite November's pick-up, the annual rate has been on a steady downward trend in recent months since reaching a peak of 10.0% in March. Heightened affordability pressures, resulting from a sustained period of house price growth in excess of earnings rises, appear to have dampened housing demand, contributing to the slowdown in house price inflation. Very low mortgage rates and an ongoing, and acute, shortage of properties available for sale should help support price levels although annual house price growth may slow over the coming months.”

Key facts

House Prices Housing Activity

• House prices in the three months to November were 0.8% higher than in the previous three months (JuneAugust). This is an improvement on the two previous months when the quarterly rate was broadly unchanged. Nonetheless, the quarterly rate of change remains well below the 3.0% increase recorded in February.

• Prices in the three months to November were 6.0% higher than in the same three months a year earlier. This was the first increase for eight months and compared to 5.2% in October. Overall, the annual rate has been on a steady downward trend in recent months since reaching a peak of 10.0% in March. November's 6.0% is the highest since August 2016 (6.9%).

• House prices increased by 0.2% between October and November. This was the third successive monthly rise.

• Confidence in the UK housing market has fallen to its lowest point in three years but majority still expect prices to rise, according to the latest Halifax Housing Market Confidence Tracker. The survey, which tracks consumer sentiment on whether house prices will be higher or lower in a year's time, shows a decline of 14 points from March 2016 (+56) to a net +42 in the latest survey*. Nonetheless, a clear majority (57%) expect the average UK price to be higher in a year's time; more than three times the proportion that expects a lower average price (15%).

Housing Activity

Home sales have steadied in recent months but are lower than a year ago. Home sales in the UK increased by 1% between September and October. Overall, sales have largely stabilised in recent months following the distortions earlier in the year due to the increase in stamp duty on second home and buy to let purchases in April. Nonetheless, sales during the three months from August to October were 8% lower than in the same period last year. (Source: HMRC, seasonally-adjusted figures)

• Mortgage approvals have also stabilised. The volume of mortgage approvals for house purchases – a leading indicator of completed house sales – were unchanged in the three months to October compared with the preceding three months. On a monthly basis, approvals increased for the second successive month, rising by 6% between September and October; indicating a likely increase in home sales over the coming months. (Source: Bank of England, seasonally-adjusted figures)

• Supply remains historically very low. The stock of homes available for sale fell in October; offsetting the previous month's modest rise and taking the stock to its lowest ever recorded level. There was more encouraging news regarding the building of new homes. Completions and starts in England in 2016 Quarter 3 were respectively 7% and 9% higher than in 2015 Quarter 3. (Sources: Royal Institution of Chartered Surveyors)

*The latest wave of the survey, conducted by Ipsos MORI on behalf of Halifax, was undertaken between 23 September and 19 October 2016 across Britain.

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

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