

Halifax announces house prices in the three months to September were 0.5% lower than in the preceding three months

Monday 22 October, 2012

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.

Commenting, Martin Ellis, housing economist, said:

"Overall, there has been very little change in the average UK house price so far this year. There is, nonetheless, evidence of a slight deterioration in the trend recently with prices in the three months to September 0.5% lower than in the previous quarter. The average price fell by 0.4% in September; the third successive monthly decline.

"The generally weak economic climate remains a significant constraint on housing demand. The relatively [low level of mortgage payments](#) in relation to income, however, continues to provide support for house prices. We expect house prices to be broadly unchanged over the rest of this year and into 2013.

Key facts

- House prices in the three months to September were 0.5% lower than in the preceding three months. This compared with a 0.3% decline in August.
- House prices fell by 0.4% in September. This was the third consecutive monthly fall. These declines have more than offset the two successive rises in May and June.
- Prices have fallen very slightly over the first nine months of 2012. The average UK house price in September 2012 was 0.3% lower than in December 2011, at £159,486.
- Prices in the three months to September were 1.2% lower than in the same period a year earlier. This measure of the annual rate has moved outside the narrow range of 0% to -1% for the first time in seven months.
- Activity remains subdued but stable. Home sales have been very stable in recent months, at between 75,000 and 77,000 per month between May and August. Overall, sales in the three months to August were 3% higher than in the same period last year. (Source: HMRC)
- The relatively low level of mortgage payments in relation to income continues to provide support for house prices. Mortgage payments for a new borrower remain significantly below the long-term average as a proportion of disposable earnings. Typical mortgage [payments for a new borrower - both first-time buyers](#) and homemovers - at the long-term average loan to value ratio, have nearly halved as a proportion of disposable earnings from a peak of 48% in 2007 Quarter 3 to 26% in the third quarter of 2012. This is significantly below the average of 36% recorded over the past 27 years.

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