

# House Price Index

September 2023



Average house price  
**£278,601**



Monthly change  
**-0.4%**



Quarterly change  
**-1.8%**



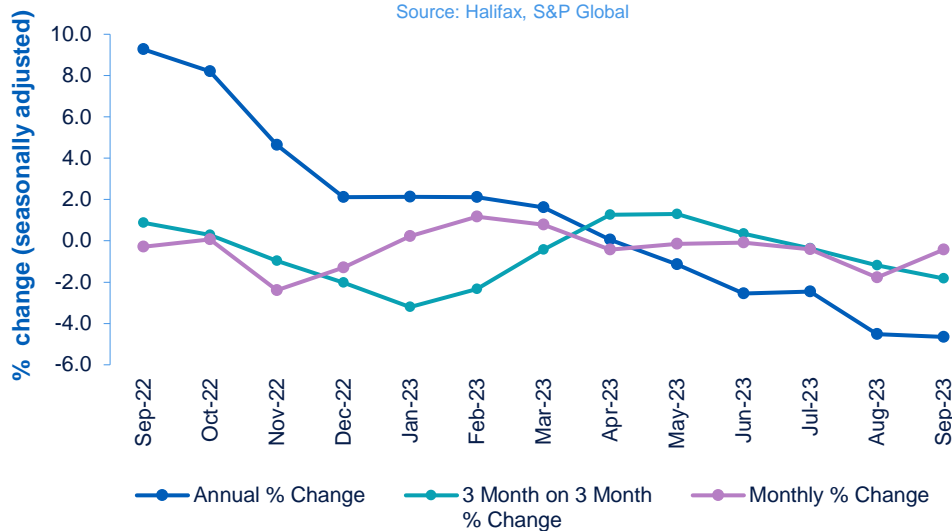
Annual change  
**-4.7%**

## UK house prices fell again in September, but pace of monthly decline slows

- Average house price fell by -0.4% in September, compared to -1.8% in August
- Property prices dropped by -4.7% on an annual basis (vs -4.5% last month)
- Typical UK home now costs £278,601, around the level seen in early 2022
- Property prices still up by +1.0% since initial Base Rate rise in December 2021
- Average prices remain more than £39,000 above pre-pandemic levels
- South of England continues to see most downward pressure on property prices

### Halifax House Price Index

Source: Halifax, S&P Global



66

**Kim Kinnaird, Director, Halifax Mortgages, said:**

“UK house prices fell further in September, edging down by -0.4% on a monthly basis. This was a sixth consecutive monthly fall, though the pace of decline slowed markedly compared to August (-1.8%). The average home now costs £278,601, a drop of around £1,200 since last month. On an annual basis prices are down by

-4.7%, largely unchanged from -4.5% in August. Nonetheless they remain some £39,400 higher than in March 2020, such was the extraordinary growth seen during the pandemic.

“Activity levels continue to look subdued compared to recent years, with industry data showing lower levels of new instructions to sell homes and agreed sales. Borrowing costs are the primary factor, given the impact of higher interest rates on mortgage affordability. Against this backdrop, homeowners inevitably become more realistic about their target selling price, reflecting what has increasingly become a buyer’s market.

“However, with Base Rate now likely to be at or around its peak, we are seeing fixed rate mortgages deals ease back from recent highs. Wage growth also remains strong, which has helped with affordability, with the house price to income ratio now at its lowest level since June 2020 (6.2 in September vs 6.3 in August).

“Many economists and financial markets predict that Base Rate will remain higher for longer, with any significant cuts appearing unlikely until inflation gets closer to the Bank of England’s 2% target. Overall, these factors are likely to keep mortgage rates elevated in comparison to recent years, constraining buyer demand and putting downward pressure on house prices into next year.”

## House price resilience despite rate increases

The Bank of England’s decision to hold Base Rate at 5.25% at the most recent MPC meeting ended a run of 14 consecutive increases. This was the fastest monetary policy tightening cycle in recent history.

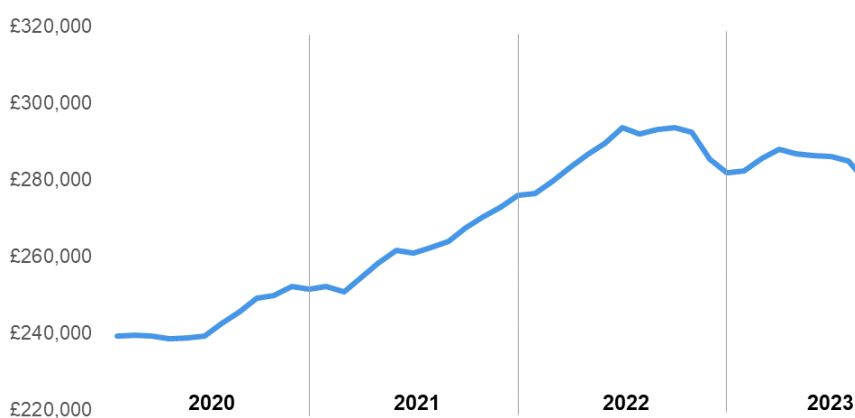
House prices have proven more resilient than expected over that period, despite higher mortgage rates suppressing market activity.

While property prices are now around £14,000 below the August 2022 peak, they remain +1.0% above the level seen in December 2021 (£275,889), the month when Base Rate first edged up from 0.1% to 0.25%.

However, as we have highlighted previously, there is often a lag-effect between rate increases and the full impact of higher mortgage costs on house prices.

## Halifax House Price Index

Average UK house price: January 2020 to September 2023



Source: Halifax, S&P Global

## Nations and regions house prices

All UK nations and the nine English regions registered a decline in house prices on an annual basis. Prices are under the greatest downward pressure in the South East of England, falling by -5.7% over the last year (average house price of £376,450).

Northern Ireland currently has the most resilient house prices, down by just -0.2% compared to this time last year (average house price of £184,108), a fall of less than £400. Scotland also experienced a relatively modest

annual decline of -0.8% (average house price of £201,594). Wales saw property prices fall by -3.6% over the last year (average house price of £214,585).

London remains the most expensive place in the UK to purchase a home, with an average property price of £525,678. With prices down by -4.8% over the last year, it has seen the biggest fall of any region in cash terms (-£26,514).

## Housing activity

- **HMRC monthly property transaction data** shows UK home sales increased slightly in August 2023. UK seasonally adjusted (SA) residential transactions in August 2023 totalled 87,010 – up by 1.1% from July's figure of 86,070 (up 11.4% on a non-SA basis). Quarterly SA transactions (June 2023 - August 2023) were approximately 1.5% higher than the preceding three months (March 2023 - May 2023). Year-on-year SA transactions were 15.6% lower than August 2022 (15.9% lower on a non-SA basis). (Source: HMRC)
- Latest **Bank of England figures** show the number of mortgages approved to finance house purchases decreased in August 2023, by 8.4% to 45,354. Year-on-year the August figure was 37.3% below August 2022. (Source: Bank of England, seasonally-adjusted figures)
- The **RICS Residential Market Survey** results for August 2023 remain downbeat. New buyer enquiries returned a net balance of -47%, down slightly from -45% in July, agreed sales -47% (down from -45% previously) and new instructions -26% (previously -17%). (Source: Royal Institution of Chartered Surveyors (RICS) monthly report)

## UK house prices Historical data

National: All Houses, All Buyers (Seasonally Adjusted)

Period	<sup>1</sup> Index Jan 1992=100	<sup>2</sup> Standardised Average Price £	Monthly Change %	Quarterly Change %	<sup>3</sup> Annual Change %
September 2022	503.9	292,197	-0.3	0.9	9.3
October	504.2	292,406	0.1	0.3	8.2
November	492.2	285,425	-2.4	-1.0	4.6
December	485.8	281,713	-1.3	-2.0	2.1
January 2023	486.9	282,360	0.2	-3.2	2.1
February	492.6	285,660	1.2	-2.3	2.1
March	496.4	287,891	0.8	-0.4	1.6
April	494.3	286,662	-0.4	1.3	0.1
May	493.6	286,234	-0.2	1.3	-1.1
June	493.2	286,011	-0.1	0.4	-2.6
July	491.2	284,852	-0.4	-0.4	-2.5
August	482.5	279,793	-1.8	-1.2	-4.5
September	480.4	278,601	-0.4	-1.8	-4.7

## 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.

### 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.

### 3. National annual change figure

National annual change figures are the seasonally adjusted year-on-year figures.

### 4. Regional annual change figure

The regional annual change figures are based on the most recent three months of approved mortgage transaction data.

For further information on the methodology follow this link to [IHS Markit's website](#).

## Halifax press office contacts

Gregor Low, 07500 078 879, [gregor.low@lloydsbanking.com](mailto:gregor.low@lloydsbanking.com)

For historical data or for technical queries please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com)

### 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 figure is calculated by comparing the current month non-seasonally adjusted figure with the same month a year earlier.

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

## ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500<sup>®</sup> and the Dow Jones Industrial Average<sup>®</sup>. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies, and governments to make decisions with confidence. For more information, visit <https://www.spglobal.com/spdji/en/>.

The intellectual property rights to the Halifax House Price Index (the "Index") provided herein is owned by IHS Markit. The use of the Halifax name and logo on the Index by IHS Markit is under licence from Lloyds Banking Group and its affiliates. IHS Markit and the IHS Markit logo are registered trademarks of IHS Markit Ltd.

Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty, or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions, or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. For the avoidance of doubt, the Index and the data cannot be used as a "benchmark" under the Principles for Financial Benchmarks published by the International Organization Of Securities Commissions in July, 2013 or the European Union Regulation for Financial Benchmarks any other similar or comparable framework, principles, guidelines, rules, regulations or laws governing the administration of, submission of data to or the management of benchmarks and indices, including for the purposes of measuring the performance of a financial instrument or determining the interest payable, or other sums due under financial contracts or financial instruments or determining their value or the price at which they be bought, sold, traded or redeemed. A licence from IHS Markit is required for benchmark and all other uses of the Halifax House Price Index.

## S&P Dow Jones Indices

A Division of **S&P Global**