

House Price Index

August 2022



Average house price
£294,260



Monthly change
+0.4%



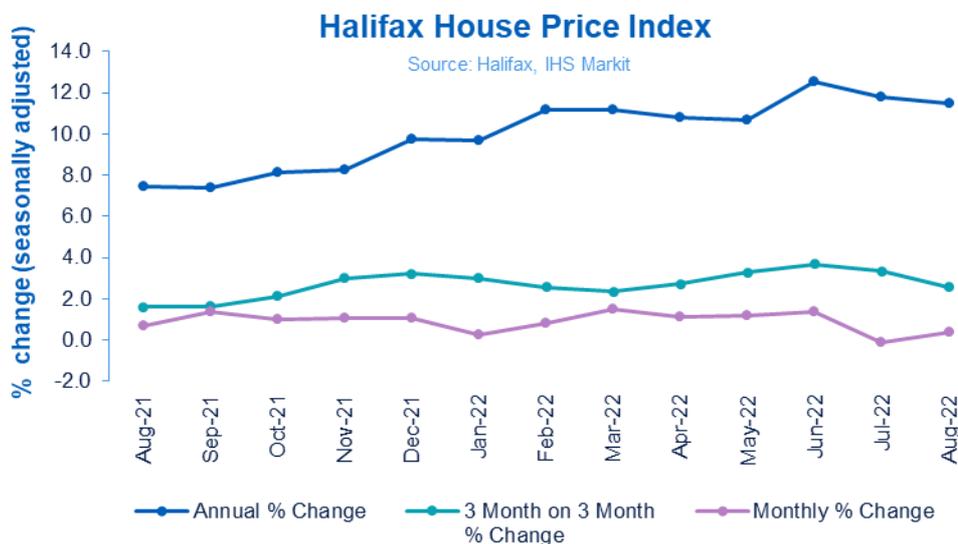
Quarterly change
+2.6%



Annual change
+11.5%

Average house price edges higher – but rate of annual growth slows again

- House prices increased by **+0.4%** in August (vs **-0.1%** in July)
- Annual rate of growth eased to **+11.5%** (from **+11.8%**)
- A typical UK property now costs a record **£294,260**
- Wales still showing the strongest annual growth in the UK
- London records highest annual house price inflation in six years



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Kim Kinnaird, Director, Halifax Mortgages, said:

“The slight fall seen in average house prices in July (-0.1%) was offset by a return to growth during August – although the increase (+0.4% month-on-month) was relatively modest compared to the rapid inflation we’ve witnessed in recent times. Over the last year the rate of monthly house price inflation has averaged around +0.9%.

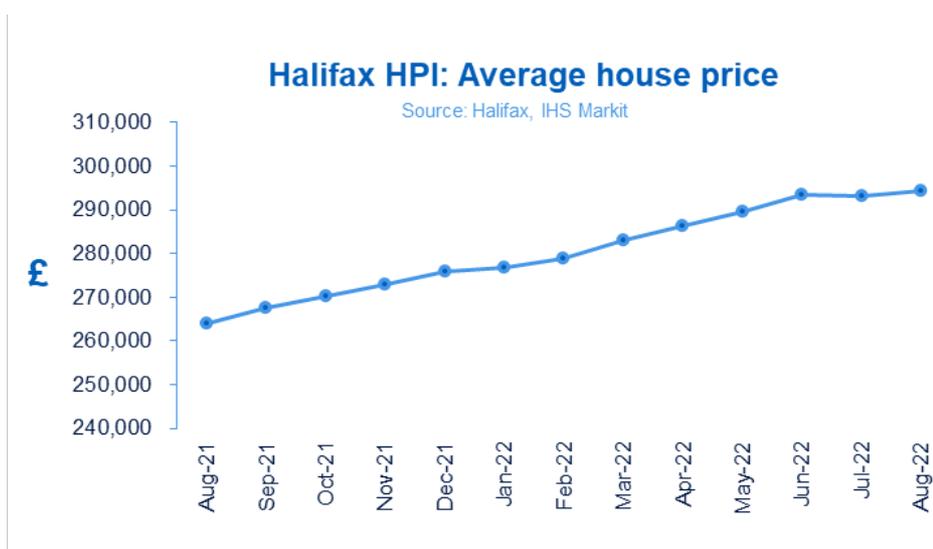
“The typical house price reached another record high in August (£294,260) – as it has done in seven out of the eight months so far this year. However, the annual rate of growth dropped to +11.5%, from +11.8% in July, the lowest level in three months.

“While house prices have so far proved to be resilient in the face of growing economic uncertainty, industry surveys point towards cooling expectations across the majority of UK regions, as buyer demand eases, and other forward-looking indicators also imply a likely slowdown in market activity.

“Firstly, there is the considerable hit to people’s incomes from the cost-of-living squeeze. The 80% rise in the energy price cap for October will put more pressure on household finances, as will the further increases expected for January and April. At the levels being predicted, this is likely to constrain the amounts that prospective homebuyers can afford to borrow, on top of the adverse impact of higher energy prices on the wider economy.

“While government policy intervention may counter some of these impacts, borrowing costs are also likely to continue to rise, as the Bank of England is widely expected to continue raising interest rates into next year.

“With house price to income affordability ratios already historically high, a more challenging period for house prices should be expected. However, this should be viewed in the context of the exceptional growth witnessed in recent years, with average house prices having increased by more than £30,000 over the last 12 months alone.”



Regions and nations house prices

Wales remains at to the top of the table for annual house price inflation, up by +16.1%, the strongest level of growth since early 2005. This means average prices have risen by £31,246 over the last year, with an average property now costing £224,858.

The South West of England also continues to record a strong rate of annual growth, up by +14.5%, with an average property cost of £313,003.

The rate of annual growth in Northern Ireland eased back further last month to +12.5%, with a typical home now costing £185,505.

Scotland also saw another slowdown in the rate of annual house price inflation, to +9.4% from +9.5%. A Scottish home now costs an average of £204,362, another record high for the nation.

While London has continued to lag behind other nations and regions, the rate of annual house price inflation in London rose again to now stand at +8.8%, its highest level in over six years. With a typical property costing a record £554,718 the capital's average house price has risen by £44,669 over the last 12 months.

Housing activity

- **HMRC monthly property transactions data shows UK home sales increased in July 2022.** UK seasonally adjusted (SA) residential transactions in July 2022 were 104,470 – up by 3.2% from June's figure of 101,190 (up 7.2% on a non-SA basis). Quarterly SA transactions (May-July 2022) were approximately 3.9% lower than the preceding three months (February 2022 - April 2022). Year-on-year SA transactions were 36.7% higher than July 2021 (32.9% higher on a non-SA basis). (Source: HMRC)
- Latest **Bank of England figures** show the number of mortgages approved to finance house purchases increased in July 2022, by 0.9% to 63,770. Year-on-year the July figure was 14.4% below July 2021. (Source: Bank of England, seasonally-adjusted figures)
- The latest **RICS Residential Market Survey** in July show a continued easing in demand and sales. The net balance score for new buying enquiries was -25%, broadly in line with -27% previously, the third consecutive month in negative territory. Agreed sales have a net balance of -13% (-14% previously) and new instructions returned a net balance score of -5% (previously -1%). (Source: Royal Institution of Chartered Surveyors' (RICS) monthly report)

UK house prices Historical data

National: All Houses, All Buyers (Seasonally Adjusted)

Period	¹ Index Jan 1992=100	² Standardised Average Price £	Monthly Change %	Quarterly Change %	³ Annual Change %
August 2021	455.2	263,955	0.7	1.6	7.5
September	461.3	267,516	1.4	1.6	7.4
October	465.9	270,184	1.0	2.1	8.2
November	470.8	273,028	1.1	3.0	8.2
December	475.9	275,996	1.1	3.2	9.7
January 2022	477.0	276,645	0.2	3.0	9.7
February	480.9	278,894	0.8	2.6	11.2
March	488.0	283,001	1.5	2.4	11.1
April	493.6	286,242	1.2	2.7	10.8
May	499.5	289,666	1.2	3.3	10.7
June	506.3	293,586	1.4	3.7	12.5
July	505.5	293,173	-0.1	3.3	11.8
August	507.4	294,260	0.4	2.6	11.5

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](#).

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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>

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