

House Price Index

October 2022



Average house price
£292,598



Monthly change
-0.4%



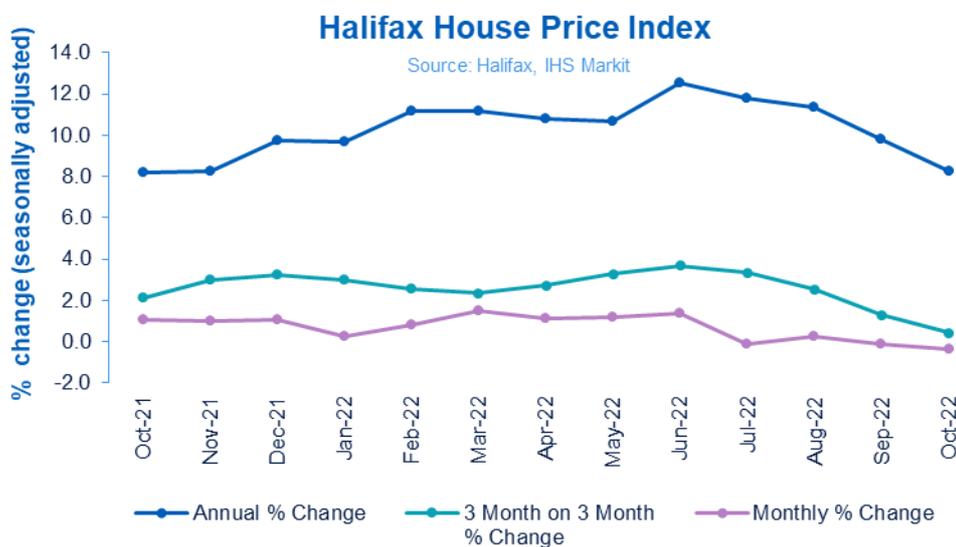
Quarterly change
+0.4%



Annual change
+8.3%

UK house prices fall as market continues to cool

- Average house prices fell by **-0.4%** in October (vs. **-0.1%** in September)
- Annual rate of growth dropped to **+8.3%** (from **+9.8%**)
- Typical UK property now costs **£292,598** (down from **£293,664** last month)
- Rate of growth slowed in all but one region in England during October
- Similar slowing trend in Northern Ireland, Scotland, and Wales



66

Kim Kinnaird, Director, Halifax Mortgages, said:

“Average house prices fell in October, the third such decrease in the past four months. The drop of **-0.4%** is the sharpest we have seen since February 2021, taking the typical property price to a five-month low of **£292,598**. While the pace of annual growth also continued to ease, to **+8.3%** compared to **+9.8%** in September, average prices remain near record highs.

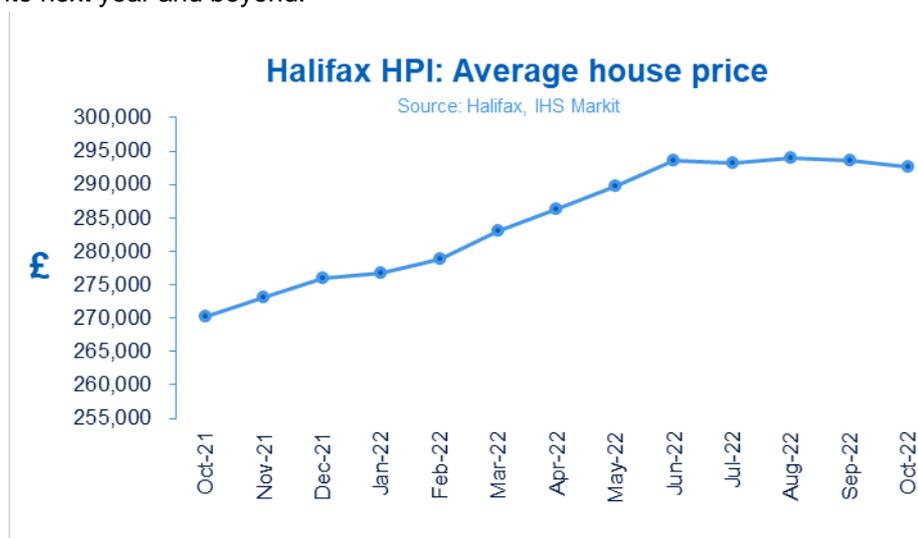
“Though the recent period of rapid house price inflation may now be at an end, it’s important to keep this in context, with average property prices rising more than £22,000 in the past 12 months, and by almost £60,000 (+25.7%) over the last three years, which is significant.

“While a post-pandemic slowdown was expected, there’s no doubt the housing market received a significant shock as a result of the mini-budget which saw a sudden acceleration in mortgage rate increases. While it is likely that those rates have peaked for now – following the reversal of previously announced fiscal measures – it appears that recent events have encouraged those with existing mortgages to look at their options, and some would-be homebuyers to take a pause.

“Understandably we have also seen consumer caution grow, as industry data shows mortgage approvals and demand for borrowing declining. The rising cost of living coupled with already stretched mortgage affordability is expected to continue to weigh on activity levels. With tax rises and spending cuts expected in the Autumn Statement, economic headwinds point to a much slower period for house prices.

“While certain longer-term, structural market factors which support higher house prices – like the shortage of available properties for sale – are likely to remain, how significantly prices might ultimately adjust will also be determined by the performance of the labour market.

“Currently joblessness remains historically low, but with growing expectations of the UK entering a recession, unemployment is expected to rise. Whilst it may not spike to the same extent as seen in previous downturns, history tells us that how this picture develops in the coming months will be a key determinant of house price performance into next year and beyond.”



First-time buyers vs homemovers

Property price inflation weakened across all buyer types during October, with annual price growth among homemovers falling to +8.9% from +10.3% in September.

More notable was the drop in property prices for first-time buyers. Annual growth fell to +7.5% in October from +10.1% in September. Given the greater challenges for first-time buyers in deposit-raising, plus tighter requirements for higher loan-to-value mortgages, the relatively faster slowdown in prices is not surprising.

Nations and regions house prices

All English regions with the exception of the North East experienced weaker annual price inflation during October compared to September. However the West Midlands now has the joint highest annual growth of any UK region at +11.7% (average property price of £254,962) down from +13.2% the previous month.

Wales saw the same rate of annual growth at +11.7%, though this was a fall from +14.4% (average property cost of £222,852).

Scotland has also seen its pace of annual house price inflation slow to +7.5% (from +8.3%) with a typical property now costing £203,820.

House prices in Northern Ireland are up +9.5% year-on-year, easing back from +10.9% last month. At £184,440 the average house price remains some £46,500 below its pre-financial crisis peak in mid-2007.

The pace of annual property price inflation also slowed in London, which continues to lag the other UK regions and nations. House prices have risen +6.8% over the last 12 months. However, given the cost of the capital's average property (£551,320), London still recorded the biggest cash increase of any UK region over the past year (+£34,900).

Housing activity

- **HMRC monthly property transactions data shows UK home sales increased in September 2022.** UK seasonally adjusted (SA) residential transactions in September 2022 were 103,930 – up by 0.2% from August's figure of 103,720 (down 0.2% on a non-SA basis). Quarterly SA transactions (July-September 2022) were approximately 0.6% lower than the preceding three months (April 2022 - June 2022). Year-on-year SA transactions were 36.8% lower than September 2021 (32.2% 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 September 2022, by 10.3% to 66,789. Year-on-year the September figure was 7.3% below September 2021. (Source: Bank of England, seasonally-adjusted figures)
- The latest **RICS Residential Market Survey** in September continues to show a loss in momentum in the sales market. New buyer enquiries fell for a fifth month in a row to a net balance of -36%, compared to -38% previously. Agreed sales had a net balance of -27% (-22% previously) and new instructions returned a net balance score of -13% (previously -15%). (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 %
October	466.0	270,248	1.1	2.1	8.2
November	470.8	273,028	1.0	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	507.0	293,992	0.3	2.5	11.4
September	506.4	293,664	-0.1	1.3	9.8
October	504.6	292,598	-0.4	0.4	8.3

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

Ellie Morris | 07788 352 541 | ellie.morris@lloydsbanking.com

Gregor Low | 07500 078 879 | gregor.low@lloydsbanking.com

For historical data or for technical queries please contact 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 IHS Markit (www.ihsmarkit.com)

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics, and solutions to customers in business, finance, and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2020 IHS Markit Ltd. All rights reserved.

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.