

House Price Index



07/09/21

House prices hit record high in August – but pace of annual growth continues to slow

£262,954

Average price

+0.7%

Monthly change

+1.2%

Quarterly change

+7.1%

Annual change

- **Average UK property price now £262,954, highest on record**
- **Annual house price inflation slows further to 7.1%**
- **Wales remains strongest region or nation, London continues to lag**

Russell Galley, Managing Director, Halifax, said:

“Average house prices climbed again in August, with the cost of a property increasing by 0.7% or £1,789. Back-to-back monthly price gains have now pushed the cost of a typical home to a record of £262,954, topping the previous high (£261,642) recorded in May this year.

“Given the rapid gains seen over the past 12 months, August’s rise was relatively modest and the annual rate of house price inflation continued to slow, hitting a five-month low of 7.1% (versus 7.6% in July). However, compared to June 2020, when the housing market began to reopen from the first lockdown, prices remain more than £23,600 higher (or +9.9%).

“Much of the impact from the stamp duty holiday has now left the market, as highlighted by the drop in industry transaction numbers compared to a year ago. However, while such Government schemes have provided vital stimulus, there have also been other significant drivers of house price inflation.

“We believe structural factors have driven record levels of buyer activity – such as the demand for more space amid greater home working. These trends look set to persist and the price gains made since the start of the pandemic are unlikely to be reversed once the remaining tax break comes to an end later this month.

“Moreover, the macroeconomic environment is becoming increasingly positive, with job vacancies at a record high and consumer confidence returning to pre-pandemic levels. Coupled with a supply of properties for sale that looks increasingly tight, and barring any reimposition of lockdown measures or a significant increase in unemployment as job support schemes are unwound later this year, these factors should continue to support prices in the near-term.”

Regions and nations house prices

As would be expected given the trends at a UK level, annual house price inflation is slowing in most nations and regions.

Wales remains the strongest performing area, with annual house price inflation at 11.6% and the only double-digit rise recorded in the UK during August. The South West is also still experiencing strong growth at 9.6%, likely reflecting the ongoing demand for rural living within the region.

Some areas do appear to have headroom for even stronger price growth, with annual house price inflation in the North East now up to 8%. Northern Ireland has also seen prices rise further with annual house price inflation of 9.3% in August, though Scotland has seen price growth slow to 8.4%.

Greater London continues to lag the rest of the country, registering just a 1.3% annual increase in prices in August and, over the latest rolling three-monthly period, was the only region or nation to record a fall in prices (-0.3%). The year-over-year rise in London was also the weakest seen in 18 months. Though at a cost of £508,503, typical properties in the capital remain far above the national average national price.

Key facts

Housing activity

- **HMRC monthly property transactions data for UK home sales decreased in July 2021.** UK seasonally adjusted residential transactions in July 2021 were 73,740 – down by 62.8% from June's figure of 198,420 (down 61.5% on a non-seasonally adjusted basis). The latest quarterly transactions (May-July 2021) were approximately 14% lower than the preceding three months (February 2021-April 2021). Year on year, transactions were 4.2% higher than July 2020 (1.8% higher on a non-seasonally adjusted basis). (Source: HMRC, seasonally-adjusted figures)
- The latest **Bank of England** figures show the number of mortgages approved to finance house purchases fell in July 2021 by 6% to 75,152. Year-on-year, the July figure was 14% below July 2020. (Source: Bank of England, seasonally-adjusted figures)
- Results from the latest (July 2021) **RICS Residential Market Survey** show a slightly softer month for new activity as the stamp duty holiday started to be phased out. New buyer enquiries dipped to a net balance of -9% in July, down from +10% previously and ending a four-month positive run, with newly agreed sales moving further into negative territory with a net balance of -21% (-1% previously). New instructions continue to decline as the latest net balance was -46% (-35% previously). (Source: Royal Institution of Chartered Surveyors' (RICS) monthly report)

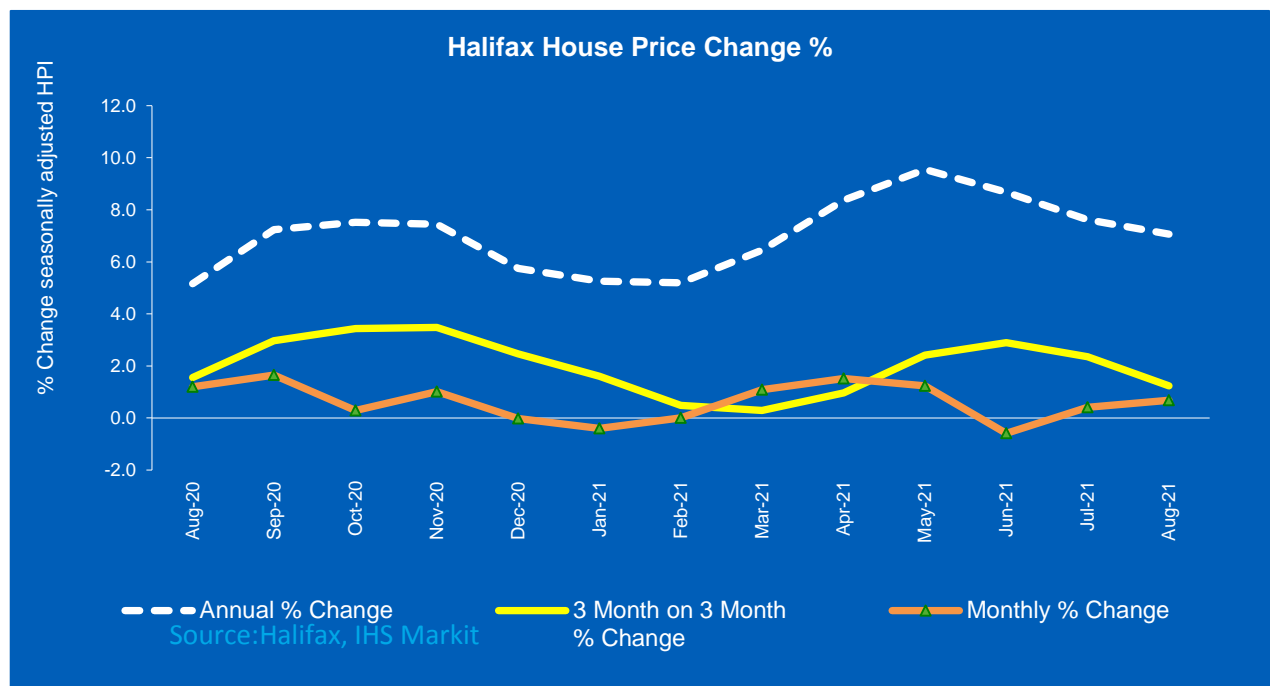
UK house prices

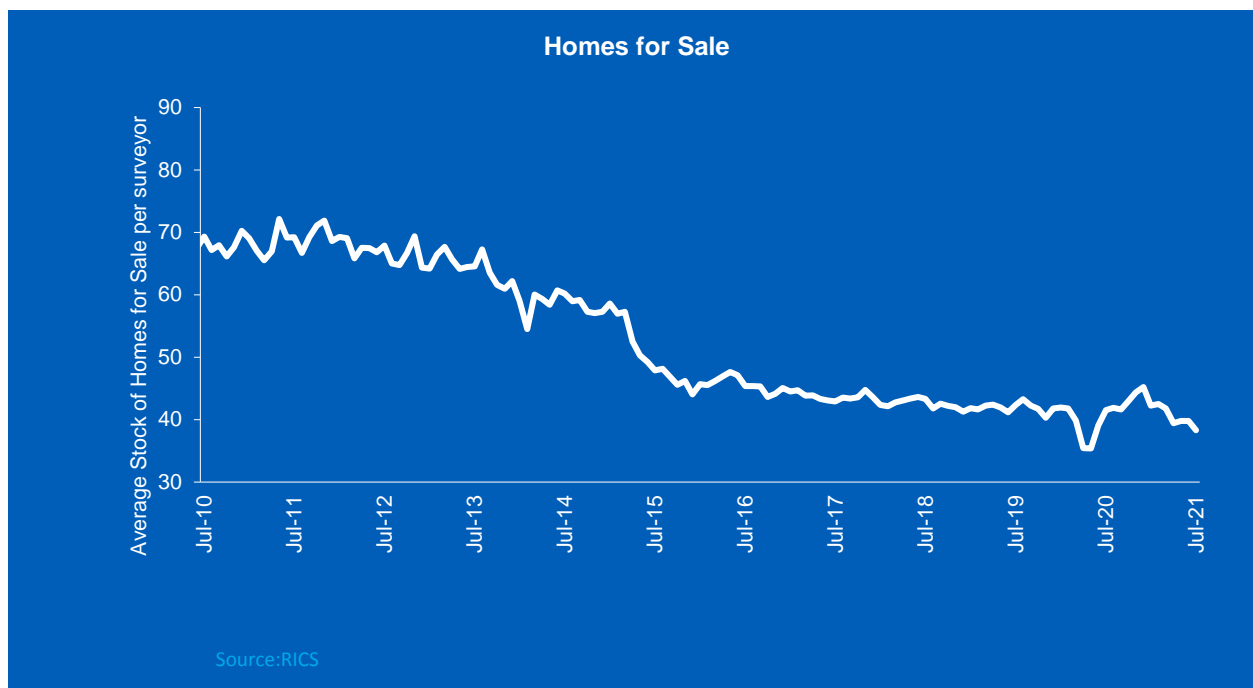
Historical data

UK National: All Houses, All Buyers (Seasonally Adjusted)

Period	¹ Index Jan 1992=100	² Standardised Average Price £	Monthly Change %	Quarterly Change %	³ Annual Change %
Aug 2020	423.5	245,602	1.2	1.6	5.2
Sep	430.5	249,655	1.7	3.0	7.2
Oct	431.7	250,367	0.3	3.4	7.5
Nov	436.1	252,890	1.0	3.5	7.5
Dec	436.0	252,833	0.0	2.5	5.8
Jan 2021	434.3	251,832	-0.4	1.6	5.3
Feb	434.3	251,856	0.0	0.5	5.2
Mar	439.0	254,604	1.1	0.3	6.5
Apr	445.7	258,472	1.5	1.0	8.4
May	451.2	261,642	1.2	2.4	9.6
Jun	448.5	260,099	-0.6	2.9	8.7
Jul	450.4	261,165	0.4	2.4	7.6
Aug	453.4	262,954	0.7	1.2	7.1

Charts





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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