

Housing market slows in February but average price holds steady



£251,697

Average price

-0.1%

Monthly change

+0.5%

Quarterly change

+5.2%

Annual change

- On a monthly basis, house prices in February were 0.1% lower than in January
- In the latest quarter (December to February) house prices were 0.5% higher than in the preceding three months (September to November)
- House prices were 5.2% higher than in February last year

Russell Galley, Managing Director, Halifax, said:

“Having enjoyed an extremely strong period of activity in the second half of last year, the housing market continued its softer start to 2021, with average prices down very slightly (-0.1%) compared to January. However, with annual house price inflation currently at +5.2%, property values remain comfortably higher than 12 months ago, when February was the last full month before lockdown.

“The housing market has been at something of a crossroads at the start of this year, with upcoming events key to determining the path of activity and prices over the next few months. The government’s decision to extend the stamp duty holiday – one of the main drivers of demand from homemovers during the pandemic – has removed a great deal of uncertainty for buyers with transactions yet to complete.

“The new mortgage guarantee scheme is another welcome development from this week’s Budget. Whilst mortgage approvals have reached record highs in recent months, hitting levels not seen since before the financial crisis of 2008, raising a deposit continues to be the single biggest hurdle for first-time buyers to overcome.

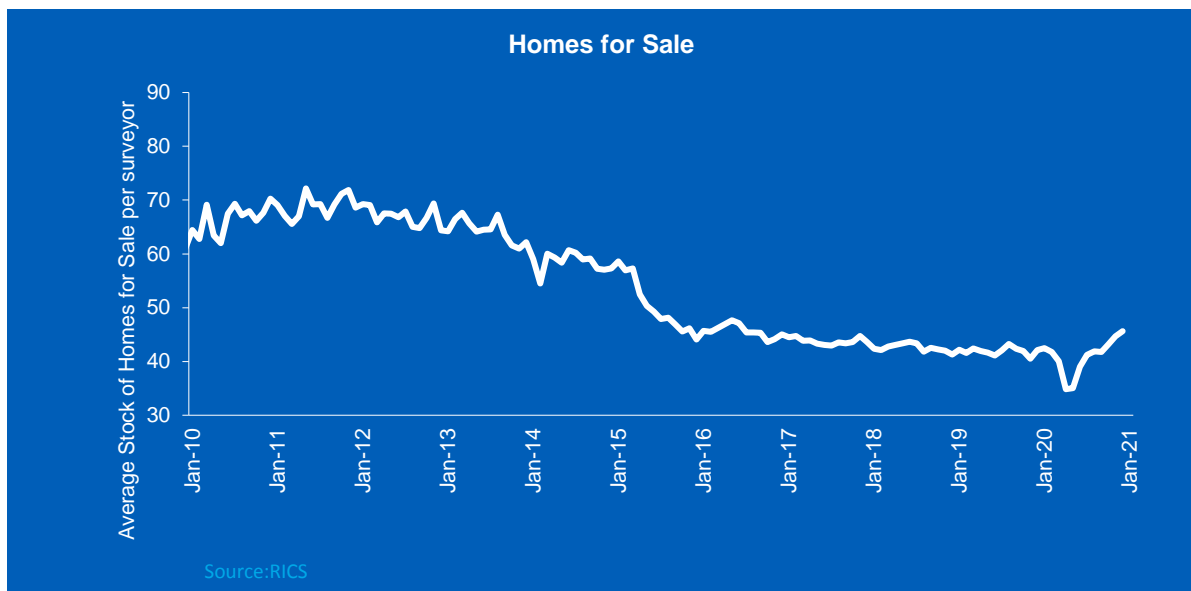
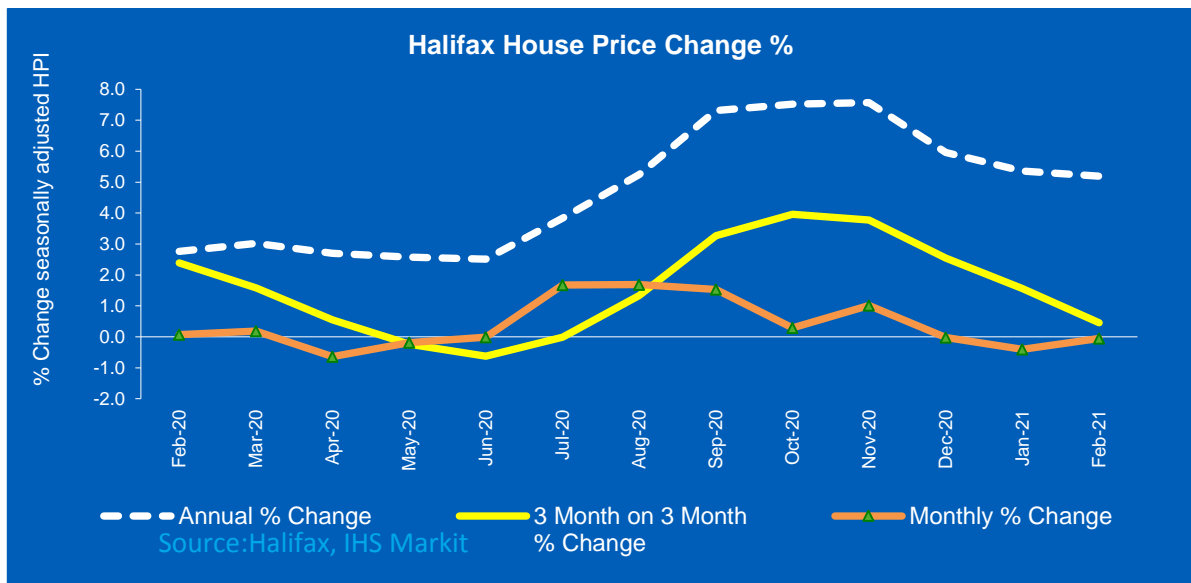
“In the longer-term, the performance of the housing market remains inextricably linked to the health of the wider economy. The pace and extent of recovery are still highly uncertain, and much will depend on the ongoing success of the UK’s vaccination roll out.

“Though there is the likelihood of an economic ‘bounceback’ from lockdown, with households not unduly impacted by the pandemic deploying the significant reserves of savings that they have built-up, higher unemployment is likely to limit new buyer demand. Therefore, we would not expect the level of growth seen in house prices over the past year to be sustained throughout 2021.”

Key facts

Housing activity

- **HMRC monthly property transactions data for UK home sales fell for the first time in January 2021 following eight months of positive growth.** UK seasonally adjusted residential transactions in January 2021 were 121,640 – down by 2.4% from December (down 25.2% on a non-seasonally adjusted basis). The latest quarterly transactions (November-January 2021) were approximately 27.2% higher than the preceding three months (August-October 2020). Year on year, transactions were 22.9% higher than January 2020 (19.3% higher on a non-seasonally adjusted basis). (Source: HMRC, seasonally-adjusted figures)
- **Mortgage approvals fell in January for the second consecutive month.** The latest Bank of England figures show the number of mortgages approved to finance house purchases fell in January 2021 by 3.7% to 98,994. Year-on-year, the January figure was 40% above January 2020. Source: Bank of England, seasonally-adjusted figures)
- Results from the latest (January 2021) **RICS Residential Market Survey** show market activity softening. New buyer enquiries declined to a net balance of -28%, bringing to an end a run of seven consecutive positive monthly readings (previously +12% in December). Alongside this, there were also declines in new instructions at -38% (+4% previously) and agreed sales at -18% (+15% previously). (Source: Royal Institution of Chartered Surveyors' (RICS) monthly report)



UK house prices

Historical data

All Houses, All Buyers (Seasonally Adjusted)

Period	¹ Index Jan 1992=100	² Standardised Average Price £	Monthly Change %	Quarterly Change %*	Annual Change %**
Feb 2020	412.8	239,414	0.1	2.4	2.8
Mar	413.6	239,838	0.2	1.6	3.0
Apr	410.9	238,314	-0.6	0.5	2.7
May	410.2	237,855	-0.2	-0.2	2.6
Jun	410.1	237,834	0.0	-0.6	2.5
Jul	417.0	241,808	1.7	0.0	3.8
Aug	424.0	245,889	1.7	1.3	5.2
Sep	430.5	249,655	1.5	3.3	7.3
Oct	431.7	250,367	0.3	4.0	7.5
Nov	436.1	252,890	1.0	3.8	7.6
Dec	436.0	252,833	0.0	2.5	6.0
Jan 2021	434.3	251,832	-0.4	1.6	5.4
Feb	434.0	251,697	-0.1	0.5	5.2

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.
- The annual change numbers are the non-seasonally adjusted year-on-year figures.

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.

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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