

House Price Index

July 2023



Average house price
£285,044



Monthly change
-0.3%



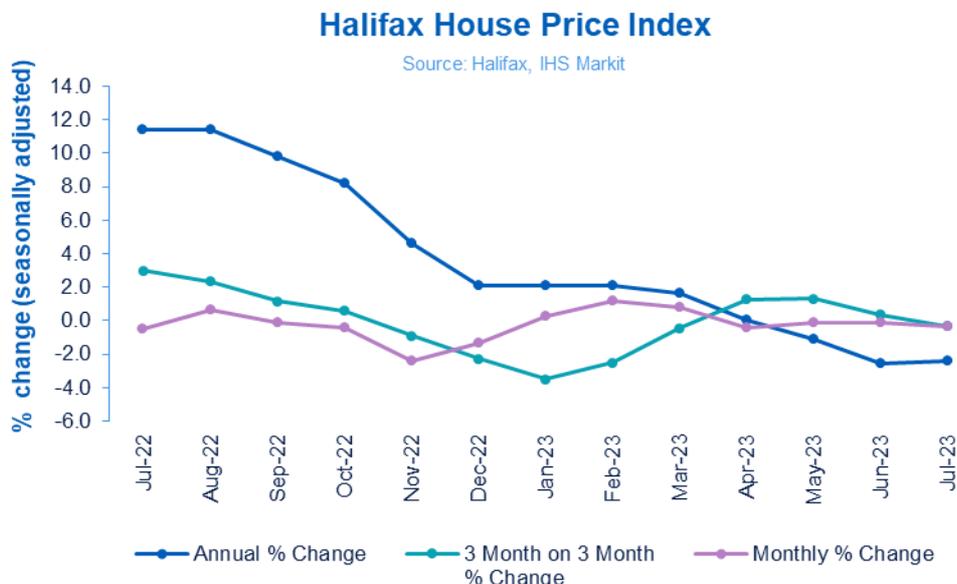
Quarterly change
-0.3%



Annual change
-2.4%

Slight monthly fall in property prices but housing market displays resilience

- Average house price fell by -0.3% in July, a fourth consecutive monthly decline
- Property prices dropped by -2.4% on an annual basis, easing from -2.6% in June
- Typical UK home now costs £285,044 (vs peak of £293,992 last August)
- Market displaying some resilience with industry data showing increased activity
- Southern England and Wales see most downward pressure on property prices



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Kim Kinnaird, Director, Halifax Mortgages, said:

“Average UK house prices edged down slightly in July, with the monthly fall of -0.3% equivalent to a drop of around £1,000 in cash terms. While this was the fourth consecutive monthly decrease, all have been smaller than -0.5%.

“In reality, prices are little changed over the last six months, with the typical property now costing £285,044, compared to £285,660 in February. The pace of annual decline also slowed to -2.4% in July, versus -2.6% in June. These figures add to the sense of a housing market which continues to display a degree of resilience in the face of tough economic headwinds.

“In particular, we’re seeing activity amongst first-time buyers hold up relatively well, with indications some are now searching for smaller homes, to offset higher borrowing costs. Conversely the buy-to-let sector appears to be under some pressure, though elevated interest rates are just one factor impacting landlords’ business models, together with considerations of future rental market reforms. It remains to be seen how many may choose to exit and what that could mean for the supply of properties available to buy.

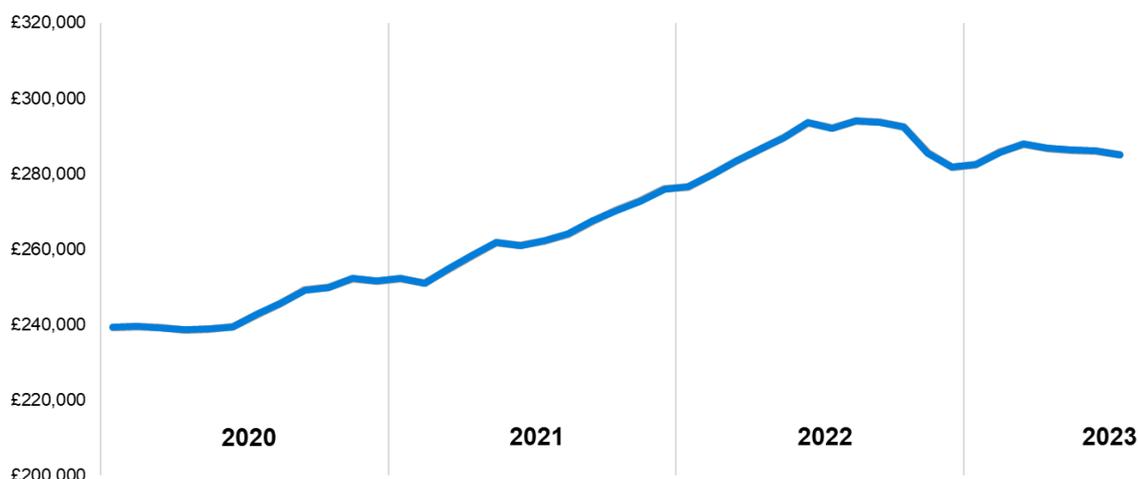
“Prospects for the UK housing market remain closely linked to the performance of the wider economy. Several factors are providing support, notably strong wage growth, running at around +7% annually. And, while the uptick in unemployment is likely to restrain that somewhat, it seems unlikely to reach levels that would trigger a sharp deterioration in conditions.

“Expectations of further Base Rate increases from the Bank of England were tempered by a better-than-expected inflation report for June. However, while there have been recent signs of borrowing costs stabilising or even falling, they will likely remain much higher than homeowners have become used to over the last decade.

“The continued affordability squeeze will mean constrained market activity persists, and we expect house prices to continue to fall into next year. Based on our current economic assumptions, we anticipate that being a gradual rather than a precipitous decline. And one that is unlikely to fully reverse the house price growth recorded over recent years, with average property prices still some £45,000 (+19%) above pre-Covid levels.”

Halifax House Price Index

Average UK house price: January 2020 to July 2023



Source: Halifax, IHS Markit

Nations and regions house prices

Average house prices fell on an annual basis in almost all parts of the UK in July, with the only exception being the West Midlands (+0.0%, average house price of £250,285), where they remained effectively flat.

The South East remains the area where house prices are facing the most downward pressure. Down -3.9% on an annual basis, just over £15,500 has been taken off the value of a typical property in the region over the last year (average house price now £382,489).

Greater London mirrors that trend, with average property prices down by -3.5% annually in the capital (average house price now £531,141).

Wales – home to some of the most rapid growth in house prices witnessed during the pandemic ‘boom’ – experienced a -3.3% reduction on an annual basis (average house price now £214,495).

In Scotland, prices were down by less, at -0.7% over the last year (average house price of £201,501) while in Northern Ireland they were down by just -0.3% annually (average house price of £185,322).

Housing activity

- **HMRC monthly property transaction data shows UK home sales increased in June 2023.** UK seasonally adjusted (SA) residential transactions in June 2023 totalled 85,870 – up by 6.1% from May’s figure of 80,960 (up 28.3% on a non-SA basis). Quarterly SA transactions (April 2023 - June 2023) were approximately 8.1% lower than the preceding three months (January 2023 - March 2023). Year-on-year SA transactions were 15.4% lower than June 2022 (8.8% lower on a non-SA basis). (Source: HMRC)
- Latest **Bank of England figures** show the number of mortgages approved to finance house purchases increased in June 2023, by 6.9% to 54,662. Year-on-year the June figure was 13.5% below June 2022. (Source: Bank of England, seasonally-adjusted figures)
- The **RICS Residential Market Survey** results for June 2023 show key metrics slipping further into negative territory. New buyer enquiries returned a net balance of -45%, down from -20% in May, agreed sales -34% (down from -8% previously) and new instructions -1% (previously +14%). (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 %
July 2022	503.5	292,009	-0.5	3.0	11.4
August	507.0	293,992	0.7	2.3	11.4
September	506.4	293,664	-0.1	1.2	9.8
October	504.2	292,406	-0.4	0.6	8.2
November	492.2	285,425	-2.4	-0.9	4.6
December	485.8	281,713	-1.3	-2.3	2.1
January 2023	486.9	282,360	0.2	-3.5	2.1
February	492.6	285,660	1.2	-2.5	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	491.5	285,044	-0.3	-0.3	-2.4

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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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>

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