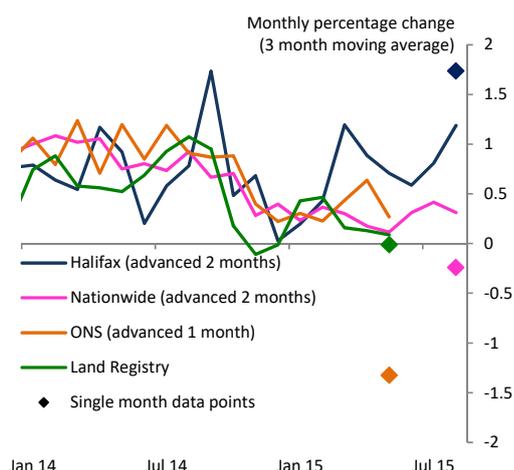


## HOUSING INDICATOR: June 2015

All data are seasonally adjusted	Percentage change:					
	<i>(previous month's figures in parentheses, with revisions in red)</i>					
	Month on month	Three-month on three-month	Month on a year ago			
Halifax house price index (Jun)	+1.7	(+0.3)	+2.6	(+2.1)	+9.4	(+7.3)
Nationwide house price index (Jun)	-0.2	(+0.2)	+1.0	(+0.8)	+3.3	(+4.7)
Average of lenders (Jun)	+0.7	(+0.2)	+1.7	(+1.4)	+6.0	(+5.8)
Loan approvals for house purchase (May)	-4.7	(+10.1)	+5.8	(+5.8)	+3.8	(+7.7)
HMRC property transactions (May)	+1.0	(-1.4)	+0.5	(+0.9)	-3.1	(-5.3)

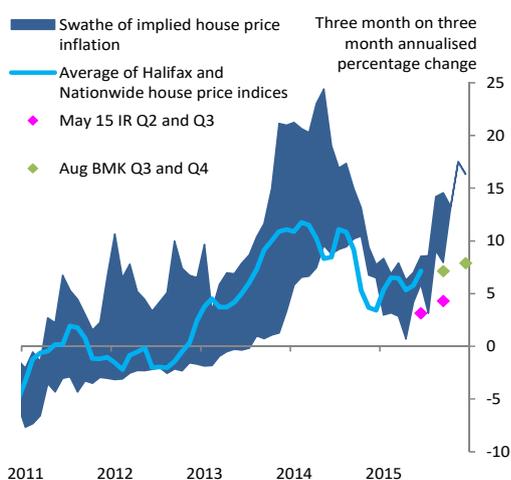
**Chart 1: House prices**



House price data released this month have shown a very mixed picture (**Chart 1**). For June, the Halifax index rose by 1.7% while the Nationwide index fell by 0.2%. The Land Registry index was flat in May and the ONS index for April fell by 1.3%. Using a three month moving average to abstract from the volatility, the Nationwide, ONS and Land Registry indices are showing a consistent picture of a gentle strengthening in prices.

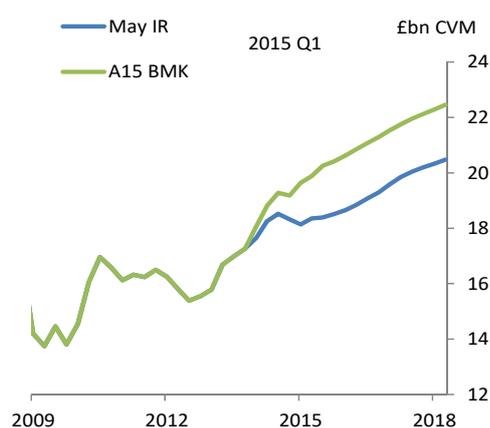
Taking the average of Halifax and Nationwide over Q2 suggests that house prices have risen by more than we had forecast. Quarterly inflation in Q2 was 2.1% compared to our May *IR* expectation of 0.8%. While some of this strength may have been driven by excessive volatility and prove erratic, the leading indicators of prices suggest that some strength may continue (**Chart 2**). Recent data from the RICS survey show that new buyer enquiries are increasing while new instructions to sell are weak and falling. This wedge between demand and supply implies that prices are likely to rise in the future. This is supported by the RICS house price expectations balance which has now picked up to +40, the highest level for a year. Taking a signal from the recent strength in the data and the leading indicators, we have revised up the house price forecast (as presented at pre-MPC). We now expect quarterly inflation in Q3 and Q4 of 1.7% and 1.9% respectively. By the end of the forecast period annual house price inflation is projected to be a little less than 6%, higher than in the May *IR*.

**Chart 2: House price swathe**



There were around 64,000 mortgage approvals in May which, while less than in April, is still higher than the May *IR* forecast and a level we hadn't expected to reach until the end of this year. This upside news has led us to revise up the near term outlook for approvals so that we now expect an average of 68,000 per month in Q3. The level in the medium term remains similar to the May forecast.

**Chart 3: Housing investment**



Housing investment rose by 2.4% in Q1, higher than our forecast of -1%. The level of housing investment since 2013 has been revised up significantly (10% higher in Q1) due to largely methodological revisions to the construction output series (**Chart 3**). In line with other forecast revisions and anecdote from market contacts and the Agents, we have strengthened growth in private dwellings investment a little. The path for growth in housing investment is therefore only slightly stronger than in the May *IR* over the forecast but from a higher starting point. Calendar year growth in housing investment is now projected to be 6.5% in 2015.

All data are seasonally adjusted, unless otherwise stated.

**UK HOUSING MARKET: PRICE AND ACTIVITY INDICATORS**

**Table 1 - House prices**

	HALIFAX		NATIONWIDE		AVERAGE OF LENDERS		ONS		LAND REGISTRY		LSL ACAD		RICS			HBF
	% Change on year		% Change on year		% Change on year		% Change on year		% Change on year		% Change on year		Current price balance (past 3 months)	Price expectations (3 months ahead)	Price expectations (12 months ahead NSA)	Change in house prices over the month (Net balance)
2008	-8.6		-6.7		-7.6		-1.0		-3.7		-0.9		-79	-69		-67
2009	-9.9		-7.4		-8.6		-7.8		-10.0		-7.5		-18	-11		-14
2010	3.0		5.8		4.5		7.2		5.4		8.0		-8	-15		-7
2011	-2.6		-0.2		-1.3		-1.0		-1.9		-0.7		-24	-23	-18	-13
2012	-0.6		-0.8		-0.7		1.7		0.3		2.2		-14	-11	-6	-11
2013	4.7		3.1		3.8		3.6		1.8		3.8		27	30	47	22
2014	8.8		9.7		9.3		10.0		6.8		8.7		40	27	63	23
	Annualised % change on quarter		Annualised % change on quarter		Annualised % change on quarter		Annualised % change on quarter		Annualised % change on quarter		Annualised % change on quarter		Quarterly average			Quarterly average
2014Q3	11.2		5.8		8.2		11.2		12.4		9.8		38	16	55	15
2014Q4	1.3		4.2		2.9		3.8		0.2		4.2		17	9	49	12
2015Q1	10.7		2.7		6.3		5.3		4.3		1.8		15	11	62	14
2015Q2	14.4		4.0		8.7								35	32		
	3 month on 3 month % change		3 month on 3 month % change		3 month on 3 month % change		3 month on 3 month % change		3 month on 3 month % change		3 month on 3 month % change		Monthly net balance			Monthly net balance
January	1.9	1.8	0.4	0.9	1.1	1.3	-0.2	0.8	1.0	0.3	0.4	0.5	8	3	53	16
February	-0.4	2.5	-0.1	0.8	-0.2	1.6	0.8	1.0	0.1	0.9	0.4	0.3	15	11	65	14
March	0.6	2.8	0.1	0.6	0.3	1.6	1.3	1.3	-0.6	1.1	0.0	0.5	23	17	70	13
April	1.6	2.2	1.0	0.6	1.2	1.3	-1.3	1.3	0.9	0.7	0.1	0.5	31	17	72	
May	0.3	2.1	0.2	0.8	0.2	1.4			0.0	0.4	0.5		34	38	73	
June	1.7	2.6	-0.2	1.0	0.7	1.7							42	40		

\*Halifax data are confidential until 7th July

\*RICS data are provisional and confidential until 9th July

All data are seasonally adjusted, unless otherwise stated.

**Table 2 - Housing market activity**

	HMRC LAND TRANSACTION RETURNS (000's Monthly)	LOAN APPROVALS FOR HOUSE PURCHASE		RICS				HBF				DCLG					
		Value, £m (monthly)	Number, (000's monthly)	Net balance (change on the month)	New buyer enquiries	New instructions to sell	Number of properties sold (over past 3 months per branch)	Stock of unsold houses on books per branch	Ratio of sales to stocks	Net balance (change on the month)	Site visits	Net reservations	Number of Site visitors (000's)	Number of Net reservations (000's)	Housing starts in England, Private enterprise (000's)	Housing completions in England, Private enterprise (000's)	*Housing starts in the UK, Private enterprise (000's)
Long run average	122 1987M1-2007M12	99 1987Q1-2007Q4	3 April 1999 - June 2015	2 April 1999 - June 2015	33 January 1978 - April 2015	101 January 1978 - April 2015	0.35	-4 April 1992 - March 2015	3 April 1992 - March 2015	78 February 1993 - May 2015	6 February 1993 - May 2015	Annualised	118 2000 Q1 - 2014 Q4	115 2000 Q1 - 2014 Q4	155 1980 Q1 - 2014 Q4	153 1980 Q1 - 2014 Q4	
2008	76	5,926	44	-27	-9	16	84	0.19	-29	-28	44	3.3	2008	82	122	108	156
2009	71	6,464	49	37	-2	14	64	0.23	-9	-1	36	3.7	2009	65	98	85	123
2010	73	6,663	48	-6	11	17	66	0.25	-16	-13	28	3.0	2010	84	84	105	106
2011	74	6,855	49	0	4	15	69	0.21	-8	-3	32	3.4	2011	88	86	108	106
2012	78	7,572	51	2	0	15	67	0.23	-4	0	34	3.8	2012	80	89	101	110
2013	89	9,423	61	37	8	18	64	0.28	8	11	37	4.7	2013	99	87	119	109
2014	102	10,412	64	4	-5	22	59	0.37	-2	-2	35	4.5	2014	112	93	133	115
	Quarterly average	Quarterly average			Quarterly average				Quarterly average				Annualised				
2014Q3	101	10,368	64	-10	-4	23	59	0.38	-6	-2	34	4.3	2012Q3	82	84	102	108
2014Q4	99	9,750	60	-12	-8	20	57	0.35	-5	-6	36	4.4	2012Q4	84	87	108	109
2015Q1	98	10,405	61	-1	-6	20	58	0.34	-3	1	37	4.9	2013Q1	91	79	107	100
2015Q2				13	-19						38	5.1	2013Q2	97	89	119	111
January	97	10,708	61	-4	2	20	59	0.33	0	-1	36	4.7	2013Q3	104	89	125	112
February	99	10,304	62	3	-9	20	57	0.35	-7	2	37	4.9	2013Q4	103	91	124	112
March	99	10,202	61	-2	-10	19	57	0.34	0	3	37	5.0	2014Q1	118	91	143	113
April	98	11,020	68	3	-21	19	54	0.35			36	4.9	2014Q2	120	93	142	115
May	99	10,593	64	19	-19	19	52	0.37			39	5.1	2014Q3	108	93	130	115
June				17	-18								2014Q4	103	97	119	118
													2015Q1	134	104	159	132

\*RICS data are provisional and confidential until 9th July

\* UK figures are calculated as the sum of all constituent countries where the data are available and where this is not the case, the UK figures are extrapolated from the England growth rates. Since 2011 Q2 private housing starts in Wales are grown in line with total housing starts

Table 3 - House price indices by region

	East Anglia (EA)				East Midlands (EM)				Greater London (GL)				North (N)				North West (NW)			
	Halifax	Nationwide	ONS	Land Registry	Halifax	Nationwide	ONS	Land Registry	Halifax	Nationwide	ONS	Land Registry	Halifax	Nationwide	ONS	Land Registry	Halifax	Nationwide	ONS	Land Registry
	<b>Latest average house price</b>	<b>£203,967</b>	<b>£196,955</b>	<b>£289,332</b>	<b>£199,133</b>	<b>£169,881</b>	<b>£155,931</b>	<b>£189,077</b>	<b>£133,063</b>	<b>£323,104</b>	<b>£304,412</b>	<b>£499,736</b>	<b>£462,799</b>	<b>£157,080</b>	<b>£134,245</b>	<b>£155,882</b>	<b>£97,444</b>	<b>£154,471</b>	<b>£159,192</b>	<b>£175,012</b>
<b>Pre crisis peak</b>	Sep 07	Dec 07	Oct 07	Nov 07	Sep 07	Jan 00	Dec 07	Jul 07	Sep 07	Dec 07	May 08	Jan 08	Jun 07	Sep 07	Jan 08	Oct 07	Dec 07	Dec 07	Dec 07	Nov 07
<b>% change since pre-crisis peak</b>	4%	7%	3%	21%	-3%	3%	7%	-9%	21%	39%	44%	32%	-14.2%	-8%	3%	-24%	-4%	-8%	6%	-18%
<b>Post crisis trough</b>	Jun 09	Mar 09	Mar 09	Apr 09	Jun 11	Mar 09	Apr 09	Mar 09	Jun 09	Mar 09	Apr 09	May 09	Mar 11	Jun 09	Apr 09	Oct 13	Sep 12	Jun 09	May 09	Jan 13
<b>% change since trough</b>	41%	35%	27%	44%	27%	25%	27%	12%	63%	73%	74%	59%	16%	11%	20%	3%	26%	12%	24%	5%
<b>% change</b>																				
2012	0	0	1	1	1	0	1	-1	2	2	5	5	-1	-1	0	-3	-3	-3	0	-2
2013	1	4	3	2	3	3	2	1	9	9	9	7	4	0	2	-2	6	2	1	-1
2014	10	10	9	9	9	7	7	6	17	21	17	16	1	6	5	3	8	6	5	3
<b>% change on a year ago</b>																				
2013 Q3	3	8	5	4	8	6	2	3	15	15	12	10	4	2	4	-1	11	5	2	1
2013 Q4	7	9	6	6	8	7	5	5	16	18	16	13	1	6	2	3	12	7	4	3
2014 Q1	7	9	8	8	6	8	7	6	17	26	19	17	3	8	5	2	9	7	5	3
2014 Q2	17	11	12	10	12	8	8	6	19	21	19	19	-2	4	7	2	6	6	7	5
2014 Q3	9	10	11	10	8	6	7	6	15	18	15	16	3	5	5	3	6	4	5	3
2014 Q4	6	8	11	10	9	6	6	4	16	13	11	12	3	5	5	0	6	2	5	2
2015 Q1	15	5			10	4			18	7			5	0			8	1		
<b>Annualised % change 3MO3M</b>																				
November 2014			14	9			6	5			6	4			5	-5			4	1
December 2014	-17	2	9	7	-2	0	1	2	2	10	3	0	10	5	3	-7	4	-1	1	-5
January 2015			7	5			3	2			1	0			7	-5			-1	-4
February 2015			7	8			5	3			2	3			4	0			1	-3
March 2015	-2	5	7	7	5	7	8	5	16	5	6	4	15	12	5	2	15	0	4	0
April 2015			10	7			7	3			4	7			1	6			6	1
May 2015				6				2				10				2				4
June 2015	57	1			14	2		2	26	9			8	-7			9	3		

	West Midlands (WM)				Yorkshire and the Humber (YH)				South East (SE)				South West (SW)				
	Halifax	Nationwide	ONS	Land Registry	Halifax	Nationwide	ONS	Land Registry	Halifax	Nationwide	ONS	Land Registry	Halifax	Nationwide	ONS	Land Registry	
	<b>Latest average house price</b>	<b>£177,535</b>	<b>£165,183</b>	<b>£197,897</b>	<b>£136,761</b>	<b>£143,892</b>	<b>£147,137</b>	<b>£177,676</b>	<b>£120,914</b>	<b>£290,435</b>	<b>£313,423</b>	<b>£242,512</b>	<b>£334,506</b>	<b>£243,512</b>	<b>£200,752</b>	<b>£213,615</b>	<b>£248,462</b>
<b>Pre crisis peak</b>	Dec 07	Dec 07	Oct 07	Oct 07	Sep 07	Sep 07	Dec 07	Dec 07	Sep 07	Dec 07	Dec 07	Dec 07	Jan 08	Jun 07	Dec 07	Oct 07	Nov 07
<b>% change since pre-crisis peak</b>	-4%	0%	9%	-10%	-4%	-5%	6%	-16%	10%	21%	13%	21%	7%	-1%	5%	8%	-4%
<b>Post crisis trough</b>	June 09	March 09	March 09	April 09	December 11	March 09	March 09	April 13	March 09	June 09	June 09	April 09	April 09				
<b>% change since trough</b>	21%	20%	28%	9%	27%	14%	25%	7%	40%	48%	39%	42%	31%	14%	27%	28%	17%
<b>% change</b>																	
2012	-1	0	1	-1	0	-2	1	-2	1	0	0	2	1	1	0	1	0
2013	2	3	3	1	4	2	1	-1	6	4	3	3	3	2	3	1	1
2014	6	8	6	4	6	5	6	4	11	13	12	10	9	8	9	7	5
<b>% change on a year ago</b>																	
2013 Q3	7	6	4	3	9	7	2	1	6	9	8	4	4	3	6	3	3
2013 Q4	9	7	5	3	7	6	5	3	6	10	10	7	6	9	7	5	4
2014 Q1	3	8	6	4	8	7	6	5	11	16	14	9	8	9	10	6	5
2014 Q2	3	9	7	5	10	5	6	4	13	14	13	12	10	8	9	9	6
2014 Q3	9	7	5	4	2	1	6	4	14	13	11	11	11	5	8	7	6
2014 Q4	7	5	6	3	8	1	4	3	12	12	8	9	9	7	6	6	5
2015 Q1	14	3			11	3			10	7	6			4	4		
<b>Annualised % change 3MO3M</b>																	
November 2014			3	3			5	1				8	9			6	5
December 2014	37	4	2	3	-9	-2	5	1	4	6	9	7	6	-11	7	3	0
January 2015			4	2			2	0				4	5			3	0
February 2015			4	1			2	1				4	4			5	2
March 2015	8	0	6	0	23	1	1	-1	3	5	10	3	4	18	1	3	5
April 2015			4	2			5	0				7	4			5	5
May 2015				2				1					6				5
June 2015	7	3			22	11			17	6	4			5	3		

	Wales (W)				Northern Ireland (NI)				Scotland (SC)				UK			
	Halifax	Nationwide	ONS	Land Registry	Halifax	Nationwide	ONS	Land Registry	Halifax	Nationwide	ONS	Land Registry	Halifax	Nationwide	ONS	Land Registry (England and Wales)
Latest average house price	£149,813	£142,917	£169,906	£117,828	£113,453	£125,425	£153,157		£138,003	£139,152	£197,093		£198,722	£192,729	£270,416	£178,007
Pre crisis peak	Mar 07	Dec 07	Oct 07	Nov 07	Jun 07	Sep 07	Aug 07		Dec 07	Dec 07	Apr 08		Sep 07	Dec 07	Oct 07	Nov 07
% change since pre-crisis peak	-11%	-8%	-1%	-15%	-51%	-45%	-38%		-5%	-9%	18%		-1%	5%	23%	-2%
Post crisis trough	June 11	March 09	June 09	February 09	June 13	December 12	October 12		March 12	March 13	March 09		June 09	March 09	April 09	April 09
% change since trough	17%	14%	19%	4%	22%	19%	22%		28%	7%	31%		26%	27%	43%	19%
% change																
2012	-3	-4	1	-2	-4	-9	-10		-4	-2	0		-1	-1	2	0
2013	10	3	3	0	-10	1	0		4	0	0		5	3	4	2
2014	3	5	5	3	12	8	5		7	6	5		9	10	10	7
% change on a year ago																
2013 Q3	13	6	4	2	2	7	4		0	4	2		8	7	5	4
2013 Q4	5	5	6	1	10	5	2		-1	7	1		9	9	8	5
2014 Q1	1	9	4	3	10	8	2		9	6	5		9	12	10	7
2014 Q2	4	5	6	4	18	10	9		7	5	7		10	10	12	8
2014 Q3	2	1	4	2	9	8	8		12	4	5		8	8	10	7
2014 Q4	6	0	4	2	-3	6	11		9	1	9		8	6	8	6
2015 Q1	3	-1			13	8			11	-1			9	4		
Annualised % change 3MO3M																
November 2014			6	3			12				2		4	4	7	4
December 2014	6	-3	5	-1	14	7	8		17	2	-1		3	4	5	0
January 2015			7	-1			12				0		8	4	3	1
February 2015			5	2			11				3		10	3	4	4
March 2015	-4	0	6	3	-31	1	9		-11	-3	14		12	2	6	4
April 2015			-1	4			3				11		9	2	6	3
May 2015				-5									9	3		1
June 2015	-4	3			51	13			39	-7			11	4		

Table 4 - RICS housing market survey																									
	House prices (past 3 months), net balance												House price expectations (3 months ahead), net balance												
	EA	EM	GL	N	NW	W	WM	YH	SE	SW	SC	E&W	EA	EM	GL	N	NW	W	WM	YH	SE	SW	SC	E&W	
Jan 2015	21	18	-45	22	28	18	24	14	10	8	37	8	8	5	-24	19	25	-1	1	7	7	2	39	3	
Feb 2015	21	12	-27	10	15	10	21	27	29	31	32	15	26	-1	-10	18	22	1	17	24	14	6	49	11	
Mar 2015	34	19	-2	-23	42	3	25	35	27	36	18	23	29	11	0	8	30	-3	23	28	15	17	27	17	
Apr 2015	40	11	24	3	58	2	29	34	36	37	35	31	26	3	12	-10	36	-5	22	30	11	18	32	17	
May 2015	47	27	27	-19	61	-3	27	37	32	46	43	34	42	24	49	-4	53	-4	46	42	39	39	41	38	
Jun 2015												42												40	
	New buyer enquiries, net balance												New instructions to sell, net balance												
	EA	EM	GL	N	NW	W	WM	YH	SE	SW	SC	E&W	EA	EM	GL	N	NW	W	WM	YH	SE	SW	SC	E&W	
Jan 2015	7	-6	-17	28	-21	-1	15	1	-22	20	34	-4	14	-7	13	22	-20	-14	11	-2	-12	24	23	2	
Feb 2015	6	-2	-11	28	23	15	2	13	-8	0	20	3	14	-22	-21	6	-16	-10	-19	-15	13	-22	9	-9	
Mar 2015	17	7	-3	-3	-45	-9	10	26	-9	3	11	-2	-1	-12	-27	-4	-25	10	-16	-9	3	-8	11	-10	
Apr 2015	-34	12	8	44	10	19	17	9	-10	7	18	3	-21	-6	-36	5	-25	-7	-22	-37	-18	-18	18	-21	
May 2015	39	25	17	43	16	-3	26	11	-1	30	23	19	-15	-6	-31	-6	-57	-8	-20	-17	4	-22	30	-19	
Jun 2015												17													-18
	Sales to stock ratio																								
	EA	EM	GL	N	NW	W	WM	YH	SE	SW	SC	E&W													
Jan 2015	0.47	0.35	0.39	0.31	0.29	0.19	0.35	0.30	0.43	0.37		0.33													
Feb 2015	0.46	0.35	0.38	0.31	0.31	0.19	0.32	0.37	0.48	0.38		0.35													
Mar 2015	0.42	0.37	0.38	0.24	0.33	0.19	0.27	0.35	0.50	0.36		0.34													
Apr 2015	0.46	0.39	0.38	0.22	0.36	0.17	0.33	0.36	0.52	0.36		0.35													
May 2015	0.60	0.40	0.35	0.25	0.33	0.19	0.33	0.37	0.51	0.40		0.37													
Jun 2015																									