House prices ‘rise for third month in a row’

House prices have risen for the third month in a row, according to new figures from Halifax.

The bank said the average cost of a UK home was £287,105 in December. The figure is up 1.1% from the month before and is also the highest level since March 2023.

Halifax’s director of mortgages, Kim Kinnaird, said the market also beat expectations in 2023, growing by 1.7% on an annual basis.

However, this differs from analysis by other lenders. A similar report by Nationwide last week reported that average prices fell by 1.8% over the course of the year, with no change month-on-month.

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Ms Kinnaird said Halifax’s figures, based on Lloyds Banking Group mortgage lending, showed that the average property price was now £4,800 higher than it was in December 2022.

She added: “While it’s encouraging that we saw growth in the last three months of the year, this was preceded with property price falls for six consecutive months between April and September.”

The bank also cautioned that recent growth was likely driven by a shortage of properties on the market, rather than by the strength of buyer demand.

But Ms Kinnaird added: “With mortgage rates continuing to ease, we may see an increase in confidence from buyers over the coming months.”

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Halifax also said house prices could fall by between 2% and 4% in 2024 but said there was high uncertainty over its forecast “given the current economic climate”.

It comes after several high street names reduced their rates earlier this week, **[including Halifax and HSBC]**, with experts predicting other lenders will soon follow suit.

Imogen Pattison, an assistant economist at Capital Economics, said Halifax’s figures “confirm that falls in mortgage rates are translating into renewed increases in house prices”, with rises expected to continue in the first quarter.

She added year-on-year house price growth could increase by 3%

in the third quarter, in contrast to Halifax’s forecast of a fall.

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Start of mortgage price war?

Alice Haine, an analyst at Bestinvest, said: “While house buying activity was sluggish in the second half of 2023 as many movers put their buying and selling plans on pause while they waited for conditions to improve, the new year has delivered fresh optimism for the year ahead.

“With inflation on the retreat and mortgage rates on the decline from their summer 2023 highs amid hopes the Bank of England (BoE) will push ahead with rate cuts this year, confidence appears to have returned to the market.”

The BoE is expected to cut **interest rates** later this year

following recent easing in the rate of **inflation**.

Interest rates are currently at a 15-year-high of 5.25% after being held steady **three times in a row**.