

# Nationwide HOUSE PRICE INDEX



[www.nationwide.co.uk/hpi](http://www.nationwide.co.uk/hpi)

February 2018

## House price growth falls back in February

- Annual house price growth slows to 2.2%
- Prices fall 0.3% month-on-month

Headlines	Feb-18	Jan-18
Monthly Index*	425.1	426.6
Monthly Change*	-0.3%	0.8%
Annual Change	2.2%	3.2%
Average Price (not seasonally adjusted)	£210,402	£211,756

\* Seasonally adjusted figure (note that monthly % changes are revised when seasonal adjustment factors are re-estimated)

### Commenting on the figures, Robert Gardner, Nationwide's Chief Economist, said:

"After picking up unexpectedly in January, UK house price growth fell back in February, to 2.2% from 3.2% the previous month. House prices fell by 0.3% over the month, after taking account of seasonal factors.

"Month-to-month changes can be volatile, but the slowdown is consistent with signs of softening in the household sector in recent months. Retail sales were relatively soft over the Christmas period and at the start of the new year, as were key measures of consumer confidence, as the squeeze on household incomes continued to take its toll.

"Similarly, mortgage approvals declined to their weakest level for three years in December, at just 61,000. Activity around the year end can often be volatile, but the weak reading comes off the back of subdued activity in October and November (approvals were around 65,000 per month compared to an average of 67,000 over the previous 12 months). Surveyors report that new buyer enquiries have remained soft in recent months.

"How the housing market performs in the year ahead will be determined in large part by developments in the wider economy and the path of interest rates. Brexit developments will remain a key factor, though these remain hard to foresee. We continue to expect the UK economy to grow at modest pace, with annual growth of 1% to 1.5% in 2018 and 2019. Subdued economic activity and the ongoing squeeze on household budgets is likely to exert a modest drag on housing market activity and house price growth.

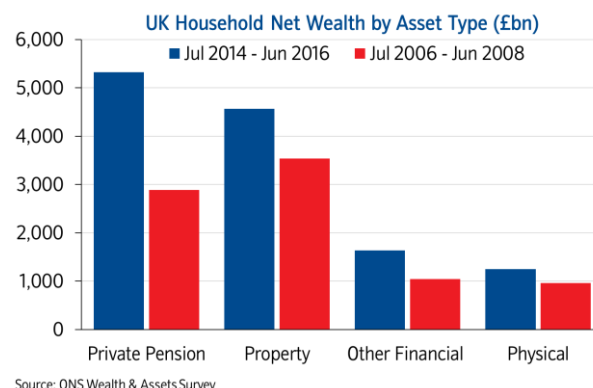
"Nevertheless, housing market activity is anticipated to slow only modestly, since unemployment and mortgage interest rates are expected to remain low by historic standards. Similarly, the lack of properties on the market is likely to provide ongoing support for house prices. Overall, we expect house prices to be broadly flat, with a marginal gain of around 1% over the course of 2018.

### Property accounts for over a third of UK households' net wealth

"Data from the ONS Wealth and Asset Survey provide interesting insights into household wealth, the types of assets held by UK households, and how this wealth is distributed.

"Total household net wealth (i.e. after deducting outstanding debt) amounted to almost £12.8 trillion over the July 2014 to June 2016 period. This is equivalent to around six and a half times the value of the UK economy's total output in 2016.

"The chart below shows that net property wealth is the second largest store of household wealth after private pension wealth and amounted to c.£4.6 trillion over the July 2014 to June 2016 period - equivalent to around two and a half times UK output in 2016. (The gross value of property wealth was around £5.7 trillion over the period, but net mortgage debt of c.£1.1 trillion must be subtracted to obtain the net property wealth figure.)<sup>1</sup>

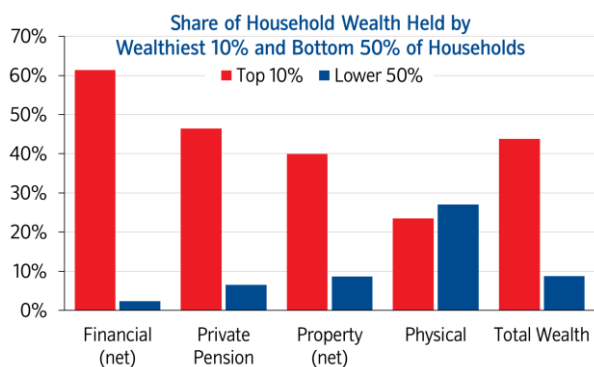


<sup>1</sup> The ONS classify wealth into the following categories; private pension, property, other financial and physical. Private pension includes occupational pensions, personal pensions and AVCs. Net property wealth is the value of any land and properties held, less outstanding mortgage debt. Net financial wealth is the value of financial assets (such as savings and investments) less financial debts (such as credit cards, overdrafts and loans). Physical wealth is the value of a household's possessions and valuables.

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“The ONS Wealth and Assets Survey also provides an interesting insight into the distribution of asset holdings. In the latest survey, the wealthiest 10% of households held around 44% of total household wealth, 46% of private pension wealth, 40% of net property wealth and 60% of other financial wealth.

“By contrast, the lower 50% of households held less than 10% of total wealth, property wealth and private pension wealth, and just 2% of other financial wealth (see chart below).”

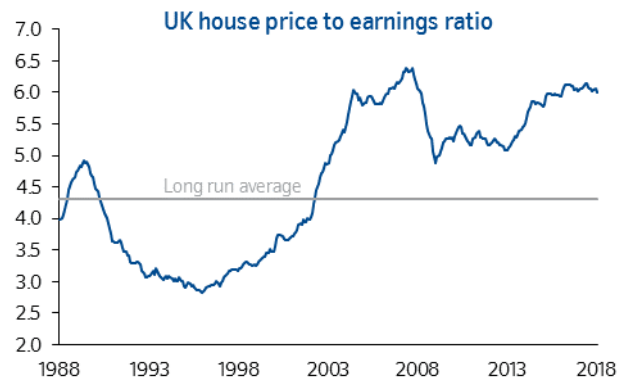
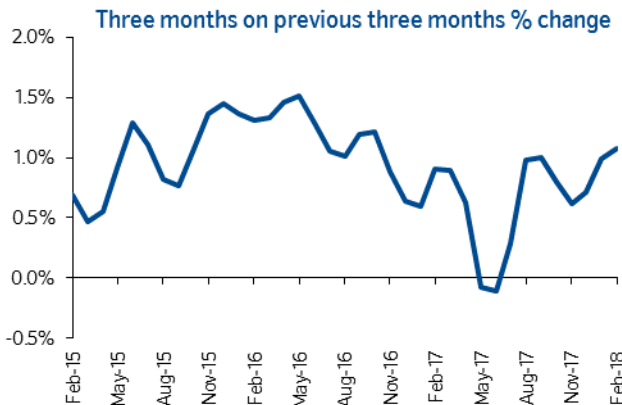
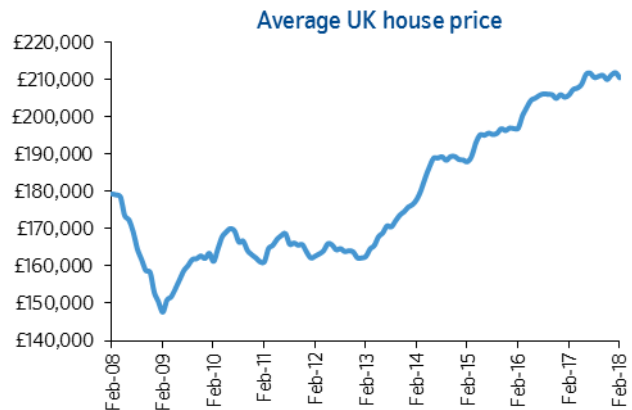
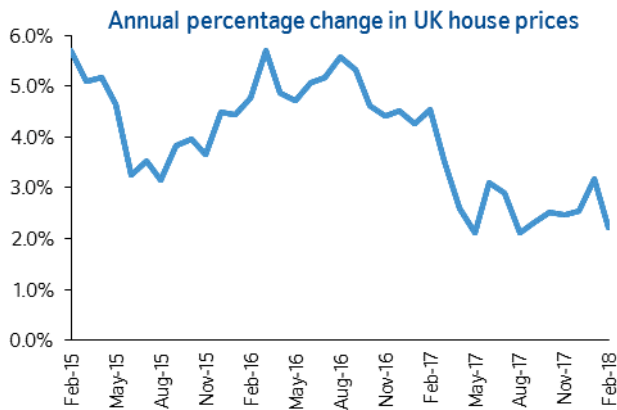


Source: ONS Wealth & Assets Survey (Jun 2014 - Jun 2016)

## Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Feb-16	0.4	1.3	4.8	196,930
Mar-16	0.8	1.3	5.7	200,251
Apr-16	0.4	1.5	4.9	202,436
May-16	0.2	1.5	4.7	204,368
Jun-16	0.2	1.3	5.1	204,968
Jul-16	0.4	1.0	5.2	205,715
Aug-16	0.7	1.0	5.6	206,145
Sep-16	0.2	1.2	5.3	206,015
Oct-16	0.0	1.2	4.6	205,904
Nov-16	0.1	0.9	4.4	204,947
Dec-16	0.5	0.6	4.5	205,898
Jan-17	0.2	0.6	4.3	205,240
Feb-17	0.6	0.9	4.5	205,846
Mar-17	-0.2	0.9	3.5	207,308
Apr-17	-0.4	0.6	2.6	207,699
May-17	-0.2	-0.1	2.1	208,711
Jun-17	1.1	-0.1	3.1	211,301
Jul-17	0.2	0.3	2.9	211,671
Aug-17	-0.1	1.0	2.1	210,495
Sep-17	0.4	1.0	2.3	210,801
Oct-17	0.2	0.8	2.5	211,085
Nov-17	0.1	0.6	2.5	209,988
Dec-17	0.5	0.7	2.6	211,156
Jan-18	0.8	1.0	3.2	211,756
Feb-18	-0.3	1.1	2.2	210,402

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Source: Nationwide, ONS

## Notes

Indices and average prices are produced using Nationwide's updated mix adjusted House Price Methodology, which was introduced with effect from the first quarter of 1995. The data is drawn from Nationwide's house purchase mortgage lending at the post survey approvals stage. Price indices are seasonally adjusted using the US Bureau of the Census X12 method. Currently the calculations are based on a monthly data series starting from January 1991. Figures are recalculated each month which may result in revisions to historical data.

More information on the house price index methodology along with time series data and archives of housing research can be found at <http://www.nationwide.co.uk/about/house-price-index/headlines>

Historical figures including index levels can be viewed using the following link: <http://www.nationwide.co.uk/about/house-price-index/download-data>

Photographs of our economist are available at: <http://www.nationwide.co.uk/about/media-centre-and-specialist-areas/media-centre/photo-library>

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