

Nationwide HOUSE PRICE INDEX



www.nationwide.co.uk/hpi

February 2020

Annual house price growth strongest since July 2018

- Annual house price growth edges up to 2.3%, the strongest rate for 18 months
- 0.3% rise month-on-month, after taking account of seasonal factors

Headlines	Feb-20	Jan-20
Monthly Index*	435.8	434.4
Monthly Change*	0.3%	0.5%
Annual Change	2.3%	1.9%
Average Price (not seasonally adjusted)	£216,092	£215,897

* 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:

"UK annual house price growth continued to edge higher in February rising to 2.3%, from 1.9% in January – the strongest rate for 18 months.

"While overall economic growth ground to a halt in the final three months of 2019, labour market conditions remained buoyant and borrowing costs low. The decisive election outcome may have provided a boost to buyer sentiment.

"Recent data releases indicate that the housing market has gathered momentum in recent months and the latest house price figures are in line with that trend. The number of residential property transactions and mortgages approved for house purchase increased around the turn of the year and surveyors have reported an increase in new buyer enquiries.

"Looking ahead, economic developments will remain the key driver of housing market trends and house prices. Business surveys suggest that activity recovered in the New Year, but there are still significant uncertainties that threaten to exert a drag on the economy in the coming quarters.

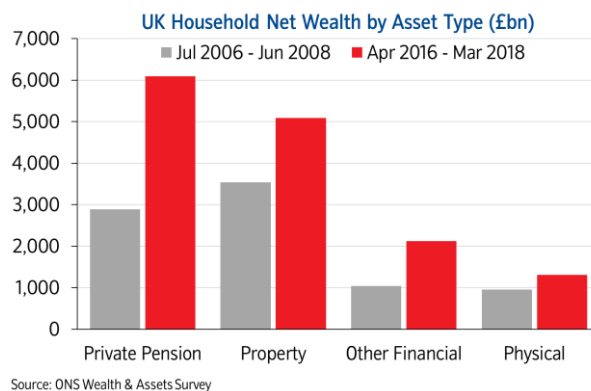
"The global economic backdrop remains challenging, with the coronavirus outbreak expected to weigh on global activity in the coming quarters. Investment is likely to remain subdued until the UK's future global trading relationships become clearer, which is unlikely until early next year.

"Overall, we expect the UK economy to continue to expand at a modest pace in 2020, with house prices remaining broadly flat in 2020 as a whole.

Property accounts for over a third of households' net wealth

"The latest detailed data from the ONS Wealth and Assets Survey shows that total household net wealth (i.e. after deducting outstanding debt) amounted to almost £14.6 trillion over the April 2016 to March 2018 period. This is equivalent to around 6.8 times the value of the UK economy's total output in 2018.

"The chart below shows that net property wealth is the second largest store of household wealth, after private pension wealth, and amounted to c.£5.1 trillion over the April 2016 to March 2018 period¹. (The gross value of property wealth was around £6.3 trillion over the period, but net mortgage debt of c£1.2 trillion must be subtracted to obtain the net property wealth figure.)



"Property wealth also includes other properties owned by households, such as second homes and buy to lets, as well as land. More than one in ten (12%) households have additional property wealth – buy to let is the most common form, with

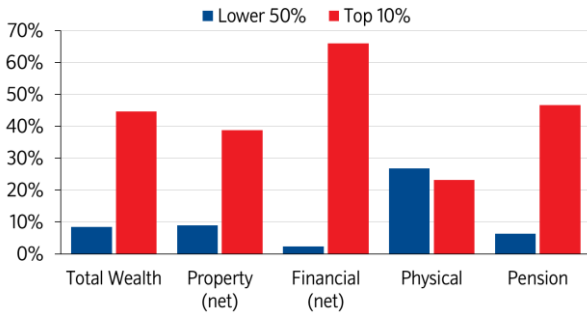
¹ The ONS classify wealth into the following categories: private pension, property, other financial, and physical. Private pension includes occupational pensions, personal pensions and AVCs. Net property wealth is the value of any land and properties held, less outstanding mortgage debt. Net financial 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.

1.4 million households owning rental property, while nearly a million have a second home.

“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 45% of total household wealth, 47% of private pension wealth, 39% of net property wealth and 66% 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).”

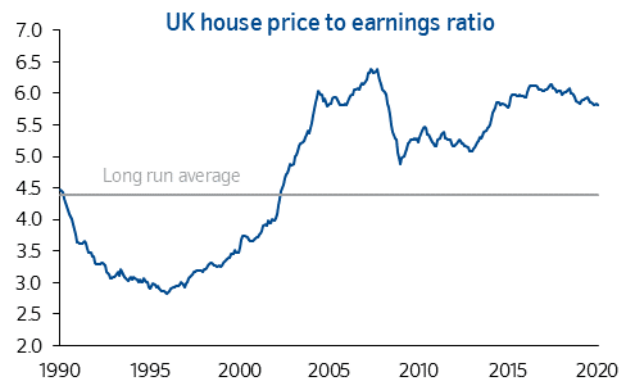
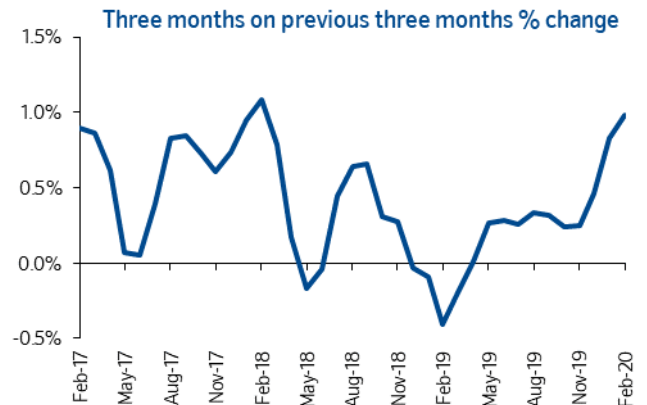
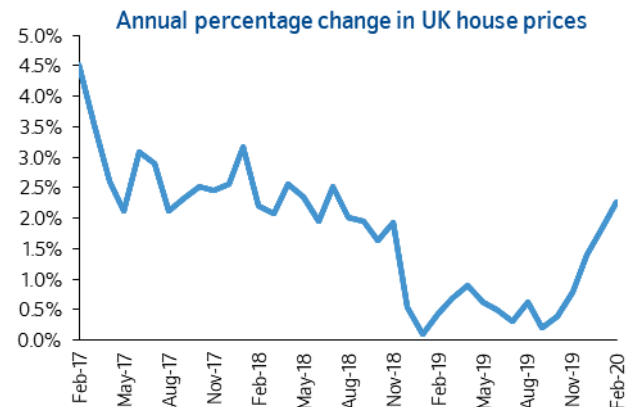
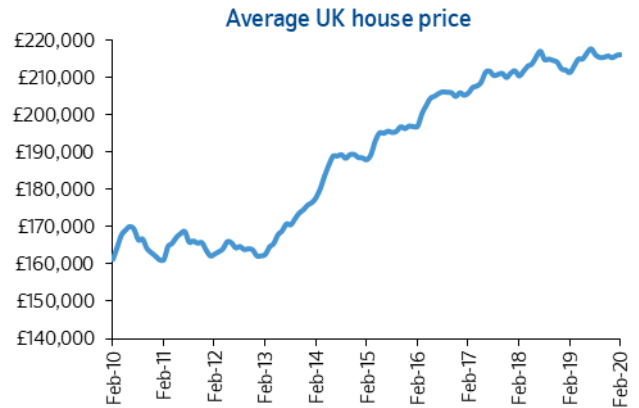
Share of Household Wealth held by Wealthiest 10% and Bottom 50% of Households



Source: ONS Wealth & Assets Survey (Apr 2016 - Mar 2018)

Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Feb-18	-0.4	1.1	2.2	210,402
Mar-18	-0.2	0.8	2.1	211,625
Apr-18	0.1	0.2	2.6	213,000
May-18	0.0	-0.2	2.4	213,618
Jun-18	0.3	0.0	2.0	215,444
Jul-18	0.6	0.4	2.5	217,010
Aug-18	-0.4	0.6	2.0	214,745
Sep-18	0.3	0.7	2.0	214,922
Oct-18	0.0	0.3	1.6	214,534
Nov-18	0.2	0.3	1.9	214,044
Dec-18	-0.6	0.0	0.5	212,281
Jan-19	0.1	-0.1	0.1	211,966
Feb-19	-0.1	-0.4	0.4	211,304
Mar-19	0.2	-0.2	0.7	213,102
Apr-19	0.3	0.0	0.9	214,920
May-19	-0.2	0.3	0.6	214,946
Jun-19	0.2	0.3	0.5	216,515
Jul-19	0.3	0.3	0.3	217,663
Aug-19	0.0	0.3	0.6	216,096
Sep-19	-0.1	0.3	0.2	215,352
Oct-19	0.2	0.2	0.4	215,368
Nov-19	0.5	0.3	0.8	215,734
Dec-19	0.1	0.5	1.4	215,282
Jan-20	0.5	0.8	1.9	215,897
Feb-20	0.3	1.0	2.3	216,092



Source: Nationwide, ONS

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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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