

Nationwide HOUSE PRICE INDEX



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July 2020

House price growth rebounds in July as activity bounces back

- Annual house price growth recovers to 1.5% in July
- Prices up 1.7% month-on-month, after taking account of seasonal factors, reversing last month's fall
- Stamp duty holiday likely to provide further support in the near term

Headlines	Jul-20	Jun-20
Monthly Index*	435.9	428.8
Monthly Change*	1.7%	-1.6%
Annual Change	1.5%	-0.1%
Average Price (not seasonally adjusted)	£220,936	£216,403

* 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 house prices rose by 1.7% in July, after taking account of seasonal effects, offsetting the 1.6% fall in June. As a result, annual house price growth recovered to 1.5%, from -0.1% last month. On a seasonally adjusted basis, house prices in July were 1.6% lower than in April.

"The bounce back in prices reflects the unexpectedly rapid recovery in housing market activity since the easing of lockdown restrictions.

"The rebound in activity reflects a number of factors. Pent up demand is coming through, where decisions taken to move before lockdown are progressing.

"Behavioural shifts may be boosting activity, as people reassess their housing needs and preferences as a result of life in lockdown. Our own research, conducted in May ([link](#)), indicated that around 15% of people surveyed were considering moving as a result of life in lockdown.

"Moreover, social distancing does not appear to be having as much of a chilling effect as we might have feared, at least at this stage.

"These trends look set to continue in the near term, further boosted by the recently announced stamp duty holiday, which will serve to bring some activity forward.

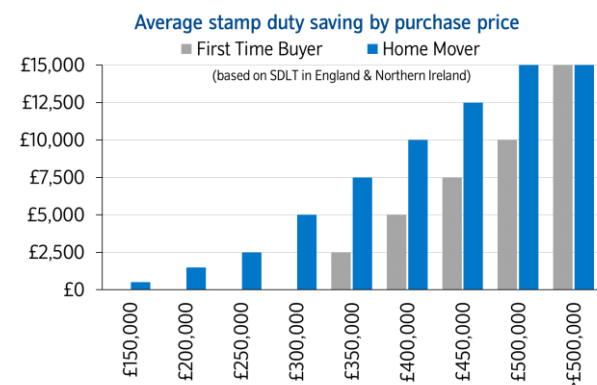
"However, there is a risk this proves to be something of a false dawn. Most forecasters expect labour market conditions to weaken significantly in the quarters ahead as a result of the aftereffects of the pandemic and as government support schemes wind down. If this comes to pass, it would likely dampen housing activity once again in the quarters ahead.

Stamp duty holiday savings greatest for those in London & South

"The temporary increase in the Stamp Duty Land Tax (SDLT) threshold in England and Northern Ireland to £500,000 (until 31 March 2021) should mean that around 90% of owner occupier transactions in England will pay no SDLT over the next nine months.

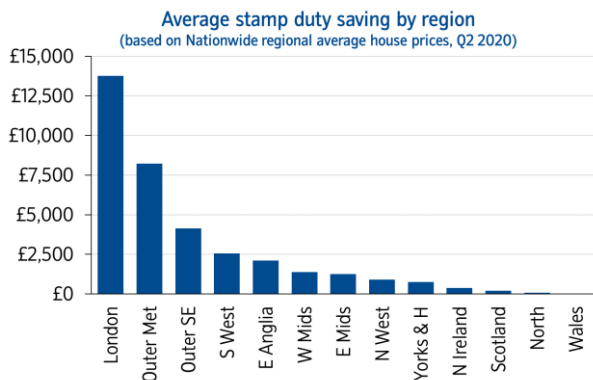
"The Scottish Government has raised the threshold for its equivalent Land & Buildings Transaction Tax (LBTT) to £250,000, which means that 80% of home purchasers in Scotland will pay no LBTT. The Welsh Government has also raised the threshold for its Land Transaction Tax (LTT) to £250,000.

"The chart below shows the average saving for different borrower types at a range of price points in England and Northern Ireland. First time buyers were already exempt from SDLT on purchases up to £300,000, so these changes have a greater benefit to home movers.



Media enquiries to: Mike Pitcher, Media Relations Manager, mike.pitcher@nationwide.co.uk

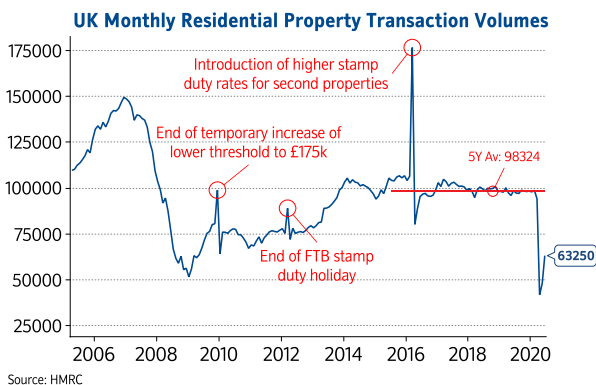
“There is also a significant skew in the beneficiaries towards wealthier households which are disproportionately in London and the South of England, where average house prices are significantly higher (see chart below).



“Typical savings are likely to be fairly modest for the majority of buyers in the north of England, Scotland and Northern Ireland. In Wales, the previous lower threshold for LTT of £180,000 was already above the average house price in the principality.

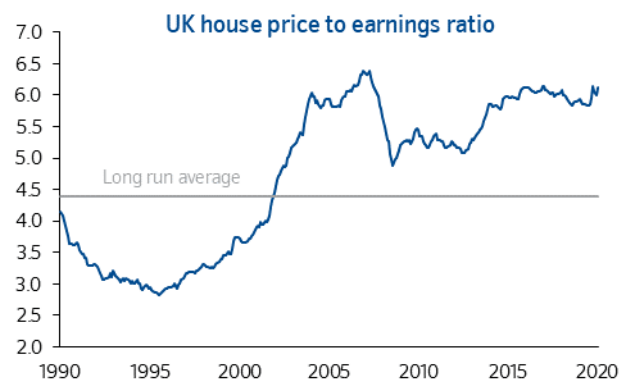
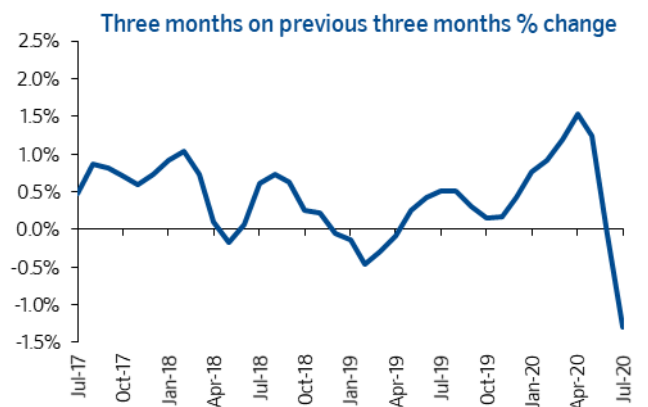
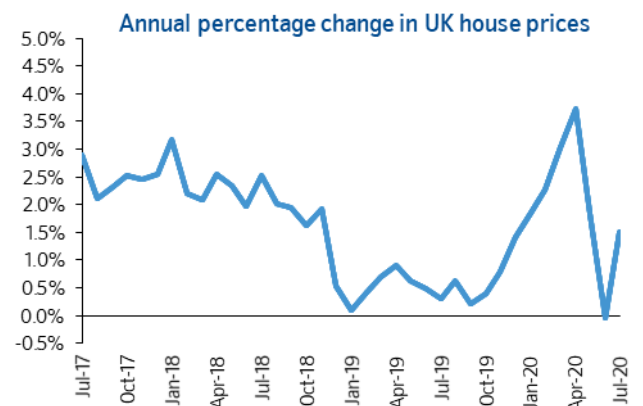
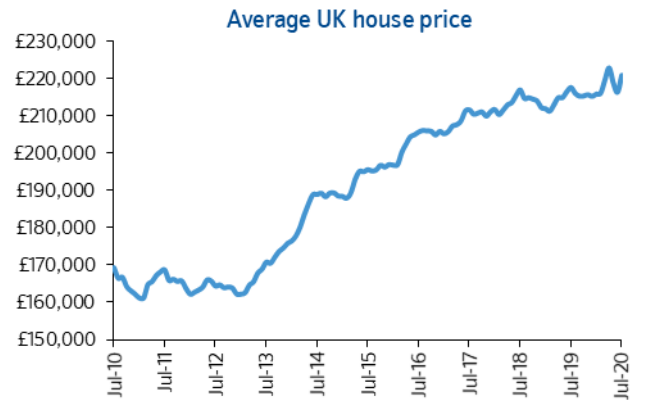
“Moreover, some of the stamp duty saving is likely to get passed on in terms of higher house prices.

“The stamp duty holiday is also likely to lead to increased volatility in transactions levels, especially around the end of the holiday, which in the past has led to significant spikes in activity, as illustrated in the chart below.”



Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Jul-18	0.4	0.6	2.5	217,010
Aug-18	-0.3	0.7	2.0	214,745
Sep-18	0.3	0.6	2.0	214,922
Oct-18	0.0	0.3	1.6	214,534
Nov-18	0.1	0.2	1.9	214,044
Dec-18	-0.6	-0.1	0.5	212,281
Jan-19	0.1	-0.1	0.1	211,966
Feb-19	-0.1	-0.5	0.4	211,304
Mar-19	0.1	-0.3	0.7	213,102
Apr-19	0.3	-0.1	0.9	214,920
May-19	0.1	0.2	0.6	214,946
Jun-19	0.2	0.4	0.5	216,515
Jul-19	0.2	0.5	0.3	217,663
Aug-19	0.0	0.5	0.6	216,096
Sep-19	-0.2	0.3	0.2	215,352
Oct-19	0.2	0.1	0.4	215,368
Nov-19	0.5	0.2	0.8	215,734
Dec-19	0.1	0.4	1.4	215,282
Jan-20	0.5	0.8	1.9	215,897
Feb-20	0.3	0.9	2.3	216,092
Mar-20	0.8	1.2	3.0	219,583
Apr-20	0.9	1.5	3.7	222,915
May-20	-1.7	1.2	1.8	218,902
Jun-20	-1.6	-0.1	-0.1	216,403
Jul-20	1.7	-1.3	1.5	220,936



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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