

# Nationwide HOUSE PRICE INDEX



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

May 2020

## House price growth slows sharply as the impact of the pandemic begins to filter through

- Annual house price growth slows to 1.8%
- Prices down 1.7% month-on-month, after taking account of seasonal factors

Headlines	May-20	Apr-20
Monthly Index*	435.5	442.8
Monthly Change*	-1.7%	0.9%
Annual Change	1.8%	3.7%
Average Price (not seasonally adjusted)	£218,902	£222,915

\* 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 fell by 1.7% over the month in May, after taking account of seasonal effects – this is the largest monthly fall since February 2009. As a result, the annual rate of house price growth slowed to 1.8%, from 3.7% in April.

"In the opening months of 2020, before the pandemic struck the UK, the housing market had been steadily gathering momentum. Activity levels and price growth were edging up thanks to continued robust labour market conditions, low borrowing costs and a more stable political backdrop following the general election.

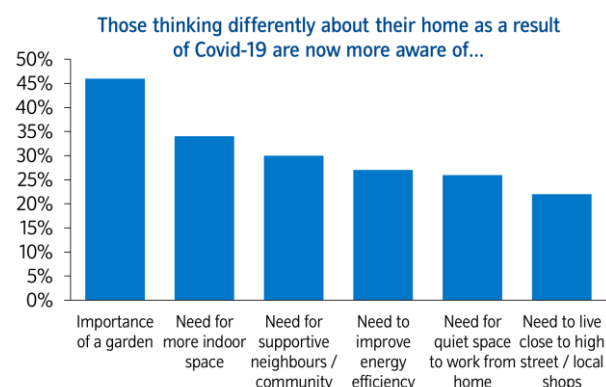
"But housing market activity has slowed sharply as a result of the measures implemented to control the spread of the virus. Indeed, data from HMRC showed that residential property transactions were down 53% in April compared with the same month in 2019.

"Mortgage activity has also declined sharply. Nevertheless, our ability to generate the house price index has not been impacted to date, as sample sizes have remained sufficiently large (and representative) to generate robust results.

"Low transaction levels may still make gauging price trends difficult in the coming months – especially for regional indices, which by their nature have lower sample sizes.

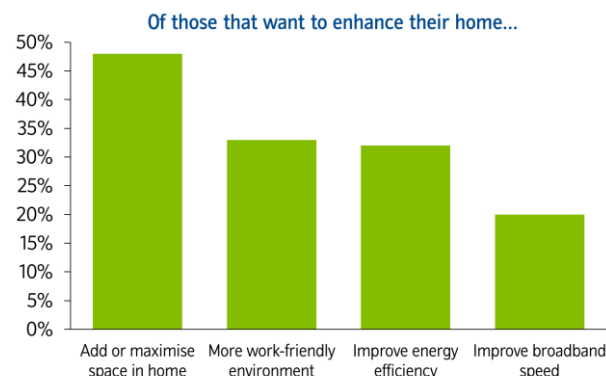
### Pandemic may impact through several channels

"Behavioural changes and social distancing are likely to impact the flow of housing transactions for some time. Our recent market research survey<sup>1</sup> suggested that c12% of the population had put off moving as a result of the lockdown. Most viewed the current situation as a temporary pause in the market, with would-be buyers now planning to wait six months on average before looking to enter the market.



"Peoples' housing preferences may also be impacted. Indeed, c15% of people surveyed said they were considering moving as a result of life in lockdown, with a third (34%) stating they think differently about their home as result of the Covid-19 outbreak, especially the importance of a garden and the need for more indoor space (see chart above).

"Moreover, 22% of people said they had changed their mind as to what constituted the most important aspects of a home and are considering improving their home as a result of Covid-19 (see chart below).



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## Where next for the housing market?

“The medium-term outlook for the housing market remains highly uncertain, where much will depend on the performance of the wider economy.

“We have already seen a sharp economic contraction as a result of the necessary measures adopted to suppress the spread of the virus. Indeed, the 5.9% decline in UK economic activity recorded in March was only a little less than the decline recorded over the entire financial crisis.

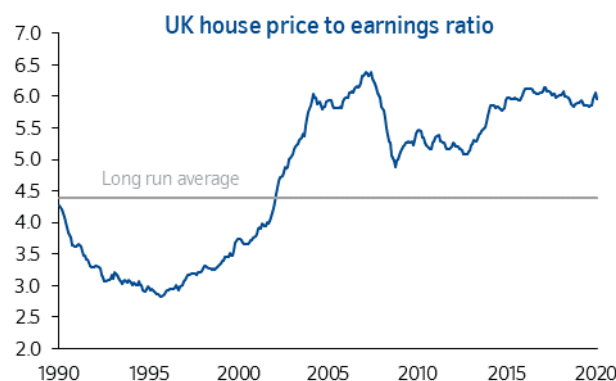
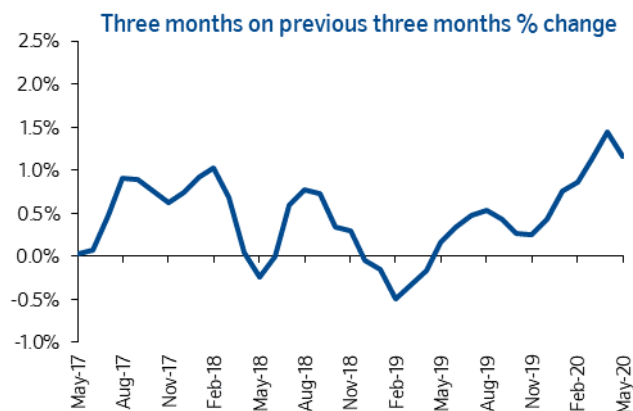
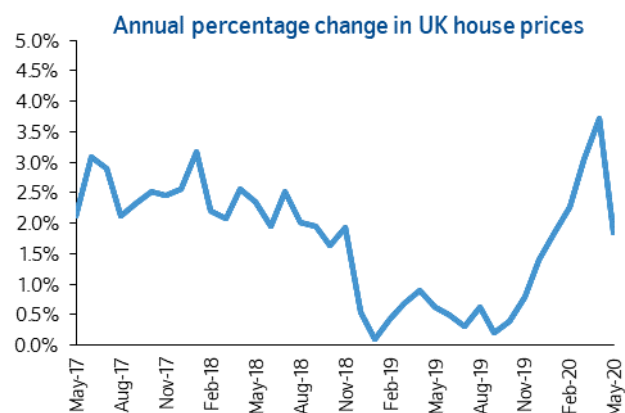
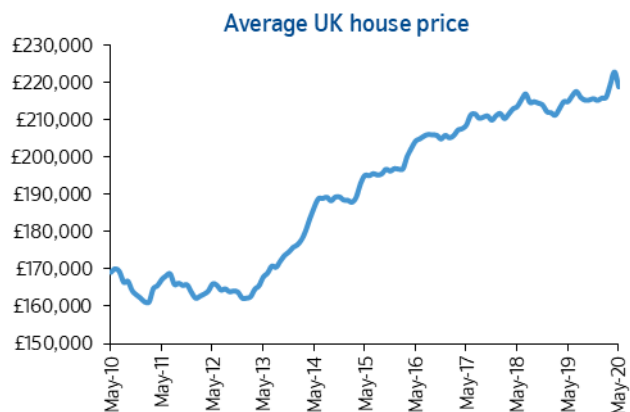
“However, the raft of policies adopted to support the economy, including to protect businesses and jobs, to support peoples’ incomes and keep borrowing costs down, should set the stage for a rebound once the shock passes, and help limit long-term damage to the economy.

“These same measures should also help ensure the impact on the housing market will ultimately be less than would normally be associated with an economic shock of this magnitude.”

<sup>1</sup>Censuswide Survey of 2001 people conducted between 20 and 22 May 2020.

## Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
May-18	0.2	-0.2	2.4	213,618
Jun-18	0.4	0.0	2.0	215,444
Jul-18	0.5	0.6	2.5	217,010
Aug-18	-0.3	0.8	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	-0.5	0.4	211,304
Mar-19	0.0	-0.3	0.7	213,102
Apr-19	0.3	-0.2	0.9	214,920
May-19	0.1	0.2	0.6	214,946
Jun-19	0.2	0.3	0.5	216,515
Jul-19	0.3	0.5	0.3	217,663
Aug-19	0.1	0.5	0.6	216,096
Sep-19	-0.1	0.4	0.2	215,352
Oct-19	0.2	0.3	0.4	215,368
Nov-19	0.5	0.3	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	1.1	3.0	219,583
Apr-20	0.9	1.4	3.7	222,915
May-20	-1.7	1.2	1.8	218,902



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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