

Nationwide HOUSE PRICE INDEX



www.nationwidehousepriceindex.co.uk

January 2021

Annual house price growth slows for first time in six months as end of stamp duty holiday approaches

- Annual house price growth slowed to 6.4%, from 7.3% in December
- Prices down 0.3% month-on-month, after taking account of seasonal factors
- Home ownership rises for third year running

Headlines	Jan-21	Dec-20
Monthly Index*	460.7	462.0
Monthly Change*	-0.3%	0.9%
Annual Change	6.4%	7.3%
Average Price (not seasonally adjusted)	£229,748	£230,920

* 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:

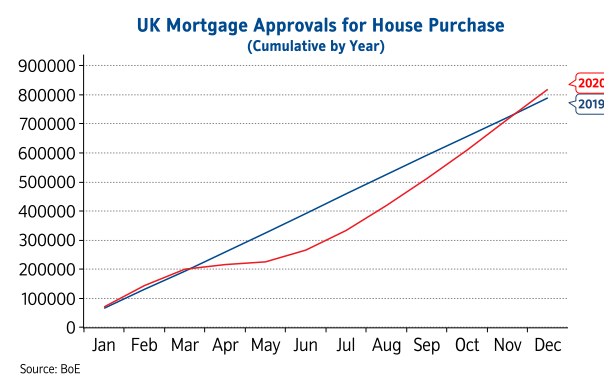
"January saw the annual rate of house price growth slow modestly to 6.4%, from 7.3% in December. House prices fell by 0.3% month-on-month, after taking account of seasonal effects – the first monthly decline since June.

"To a large extent, the slowdown probably reflects a tapering of demand ahead of the end of the stamp duty holiday, which prompted many people considering a house move to bring forward their purchase. While the stamp duty holiday is not due to expire until the end of March, activity would be expected to weaken well before that, given that the purchase process typically takes several months (note that our house price index is based on data at the mortgage approval stage).

"The typical relationship between the housing market and broader economic trends has broken down over the past nine months. This is because many peoples' housing needs have changed as a direct result of the pandemic, with many opting to move to less densely populated locations or property types, despite the sharp economic slowdown and the uncertain outlook.

"Indeed, the total number of mortgages approved for house purchases in 2020 actually exceeded the number approved in 2019, and house price growth ended 2020 at a six-year

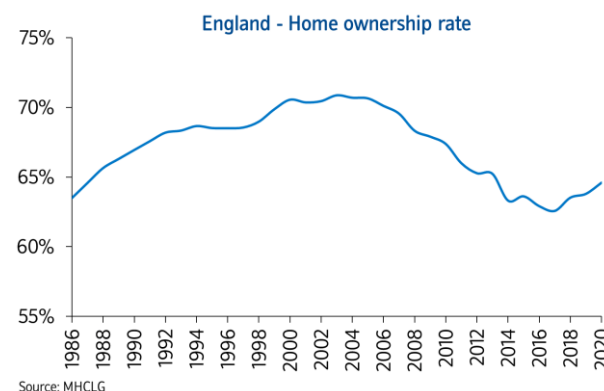
high, even though the economy was probably around 10% smaller than at the start of 2020, with the unemployment rate around a percentage point higher.



"Looking ahead, shifts in housing preferences are likely to continue to provide some support for the market. However, if the stamp duty holiday ends as scheduled, and labour market conditions continue to weaken as most analysts expect, housing market activity is likely to slow, perhaps sharply, in the coming months.

Home ownership update

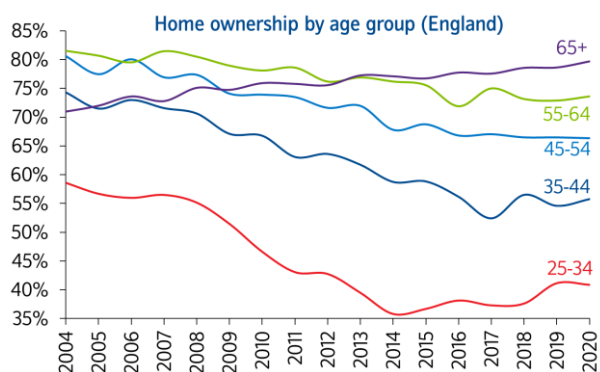
"The latest English Housing Survey published by the Ministry of Housing, Communities & Local Government (MHCLG) indicated a slight increase in the home ownership rate in 2020, to 64.6% (from 63.8% in 2019). This is the third year in a row that the home ownership rate has increased, though it remains well below its 2003 peak of 70.9%.



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“Both the number of people owning their home with a mortgage and those owning outright increased compared with a year ago. More than half (54%) of the 15.4 million households in England own their home outright, with the majority (5.2 million or 63%) aged 65 or over.

“Indeed, as the chart below shows, the 65+ age group has the highest rate of home ownership, at 80%.



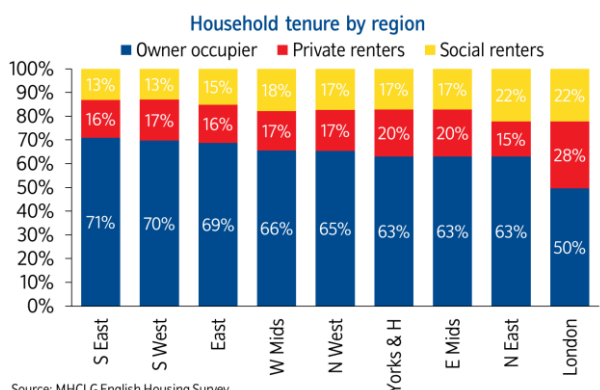
Source: MHCLG

“There was also a slight uptick in home ownership rates for those aged 35 to 44 and 55 to 64. The rise in the home ownership rate for those aged 25 to 34 seen in the last couple of years held broadly steady at 41% in 2020.

“Conversely, the number of privately rented households fell to 4.4 million (from 4.6 million in 2019), resulting in a slight decline in the proportion of households that rent privately to 18.7% (from 19.3%).

“The chart below shows how tenure patterns vary across the UK. Note these are government office regions as opposed to Nationwide’s house price regions.

“London stands out as having a significantly different mix, with only 50% owning their own home and 28% privately renting. Indeed, London accounts for nearly a quarter of all privately rented households, though it only accounts for 15% of all households.



Source: MHCLG English Housing Survey

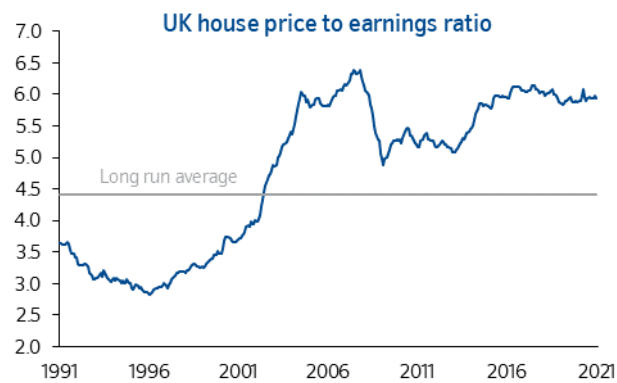
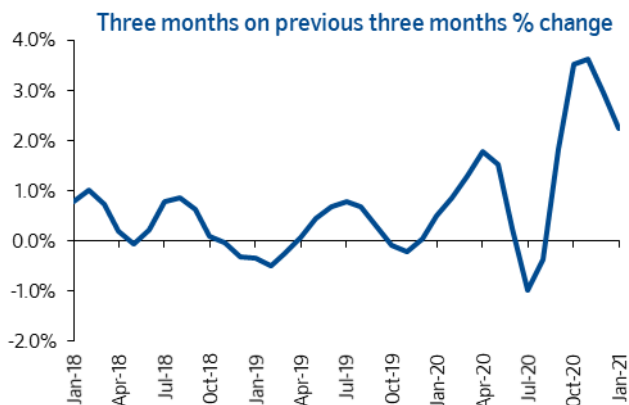
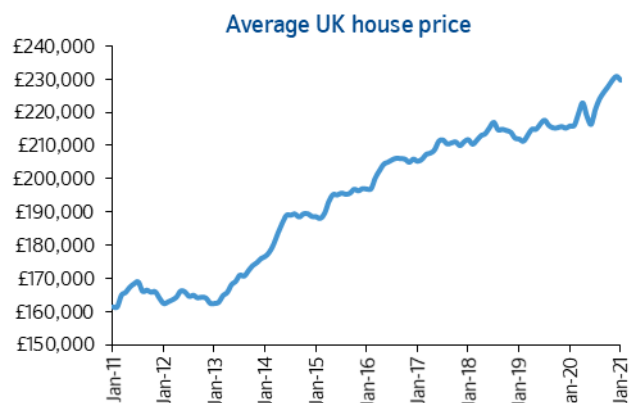
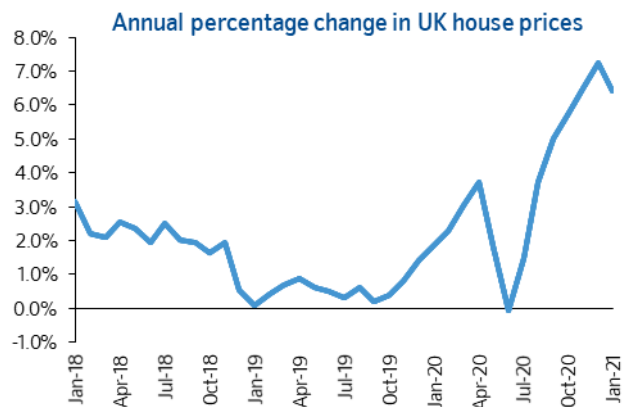
“The South East region has the highest level of home ownership at 71%, while the North East has the lowest rate outside of London, at 63%.”

Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Jan-19	0.1	-0.3	0.1	211,966
Feb-19	0.0	-0.5	0.4	211,304
Mar-19	0.1	-0.2	0.7	213,102
Apr-19	0.4	0.1	0.9	214,920
May-19	0.2	0.4	0.6	214,946
Jun-19	0.3	0.7	0.5	216,515
Jul-19	0.3	0.8	0.3	217,663
Aug-19	-0.2	0.7	0.6	216,096
Sep-19	-0.3	0.3	0.2	215,352
Oct-19	0.1	-0.1	0.4	215,368
Nov-19	0.3	-0.2	0.8	215,734
Dec-19	0.1	0.0	1.4	215,282
Jan-20	0.5	0.5	1.9	215,897
Feb-20	0.4	0.9	2.3	216,092
Mar-20	0.8	1.3	3.0	219,583
Apr-20	1.1	1.8	3.7	222,915
May-20	-1.5	1.5	1.8	218,902
Jun-20	-1.5	0.3	-0.1	216,403
Jul-20	1.8	-1.0	1.5	220,936
Aug-20	1.9	-0.4	3.7	224,123
Sep-20	0.9	1.8	5.0	226,129
Oct-20	0.8	3.5	5.8	227,826
Nov-20	0.9	3.6	6.5	229,721
Dec-20	0.9	3.0	7.3	230,920
Jan-21	-0.3	2.2	6.4	229,748

New website

A full series of this data and the rest of our house price data, alongside our monthly and quarterly reports can now be found at www.nationwidehousepriceindex.co.uk



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 www.nationwidehousepriceindex.co.uk

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