

Nationwide HOUSE PRICE INDEX



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January 2020

Modest pick-up in house price growth in January

- Annual house price growth edged up to 1.9%
- 0.5% rise month-on-month, after taking account of seasonal factors

Headlines	Jan-20	Dec-19
Monthly Index*	434.4	432.2
Monthly Change*	0.5%	0.1%
Annual Change	1.9%	1.4%
Average Price (not seasonally adjusted)	£215,897	£215,282

* 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 a further modest pick-up in annual UK house price growth to 1.9%, from 1.4% in December. This follows twelve successive months in which annual price growth had been below 1%.

"Indicators of UK economic activity were fairly volatile for much of 2019, but the underlying pace of growth slowed through the year as a result of weaker global growth and an intensification of Brexit uncertainty.

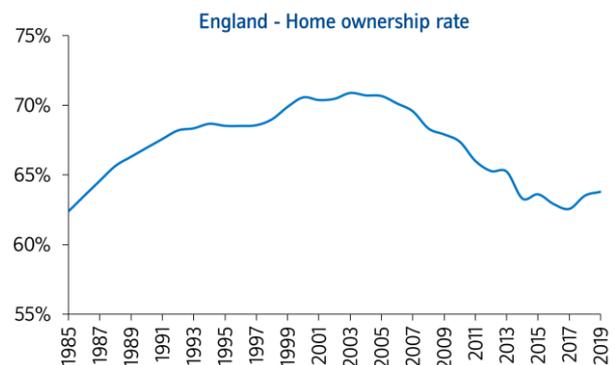
"Recent data continue to paint a mixed picture. Economic growth appeared to grind to a halt as 2019 drew to a close, though business surveys point to a pickup at the start of the New Year. Labour market data was surprisingly upbeat in the three months to November, with the economy adding over 200,000 jobs - the largest gain since the end of 2018.

"The underlying pace of housing market activity has remained broadly stable, with the number of mortgages approved for house purchase continuing within the fairly narrow range prevailing over the past two years. Healthy labour market conditions and low borrowing costs appear to be offsetting the drag from the uncertain economic outlook.

"Looking ahead, economic developments will remain the key driver of housing market trends and house prices. Much will continue to depend on how quickly uncertainty about the UK's future trading relationships lifts, as well as the outlook for global growth. Overall, we expect the economy to continue to expand at a modest pace in 2020, with house prices remaining broadly flat over the next 12 months.

Small uptick in the home ownership rate

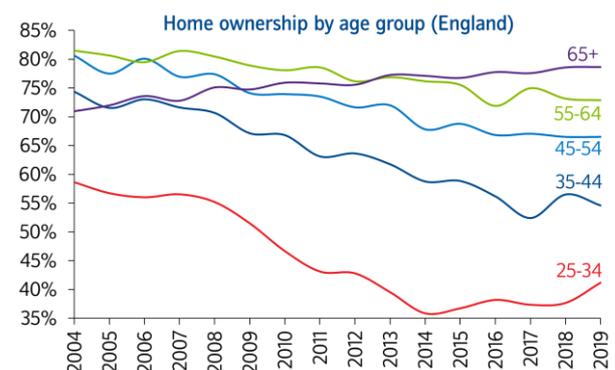
"The latest English Housing Survey compiled by the Ministry of Housing, Communities & Local Government (MHCLG) showed a slight uptick in the home ownership rate in 2019 to 63.8% (from 63.5% in 2018).



Source: MHCLG

"There was a marginal increase in the number of people owning their home with a mortgage, but most of the rise in the homeownership rate was driven by those owning outright, which is largely due to demographic trends. The number of privately rented households increased a little to 4.6 million, though there was a slight decline in the proportion of households that rent privately (to 19.3%, one percentage point lower than the 2017 peak).

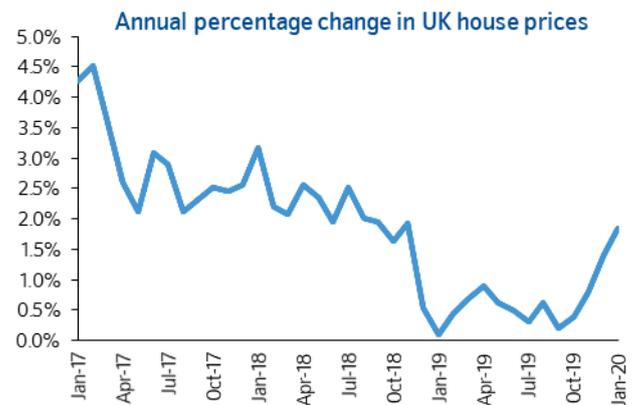
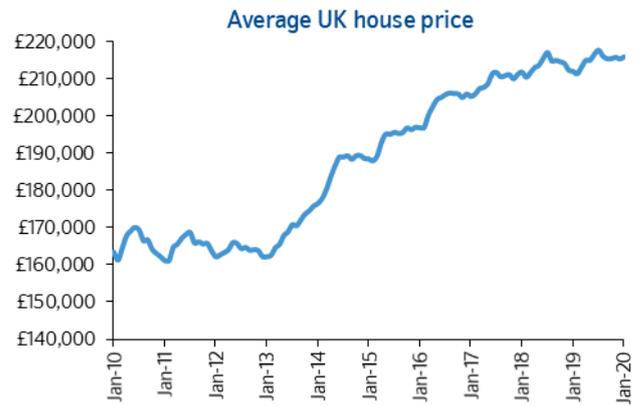
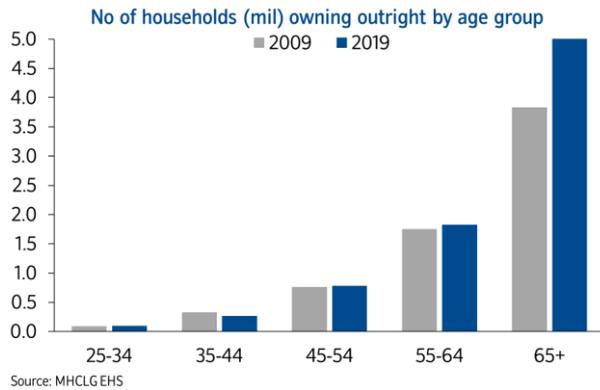
"Encouragingly, there was a rise in home ownership amongst those aged 25-34, helping to reverse some of the decline seen over the past 15 years. Supportive labour market conditions and government schemes, such as Help to Buy equity loan, have helped to boost first time buyer activity. Nonetheless, at 41%, the home ownership rate amongst this age group is still well below its 2004 peak of 59%.



Source: MHCLG

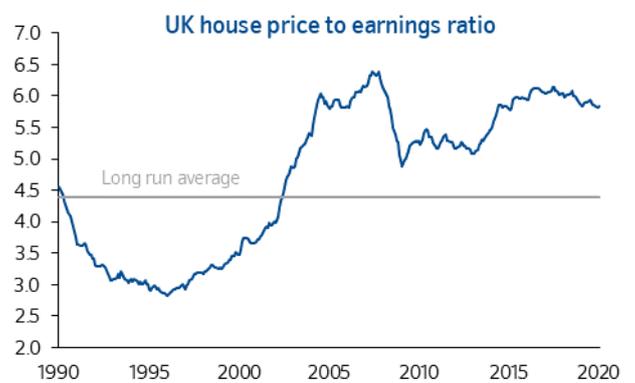
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“The number of households owning their homes outright reached a record high of 8.1 million (up from 7.9m a year ago). Continuing the trend seen in recent years, the increase was driven by those aged 65 or above and reflects a rise in the overall proportion of older households (from 25% in 2009 to 29% of total households in England in 2019).”



Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Jan-18	0.6	0.9	3.2	211,756
Feb-18	-0.4	1.1	2.2	210,402
Mar-18	-0.1	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	0.6	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	0.1	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	0.2	0.8	215,734
Dec-19	0.1	0.5	1.4	215,282
Jan-20	0.5	0.8	1.9	215,897



Source: Nationwide, ONS

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Building Society

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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