Nationwide

HOUSE PRICE INDEX



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February 2016

Slight uptick in annual house price growth in February

- House prices increased by 0.3% in February
- Slight acceleration in annual house price growth to 4.8%

Headlines	Feb-16	Jan-16
Monthly Index*	398.3	397.0
Monthly Change*	0.3%	0.3%
Annual Change	4.8%	4.4%
Average Price (not seasonally adjusted)	£196,930	£196,829

^{*} 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 price growth remained steady in February, with prices increasing by 0.3% during the month, unchanged from January's reading.

"Annual house price growth has remained in a fairly narrow range between 3% and 5% since the summer of 2015. This trend was also maintained in February, with house prices up 4.8% over the year, a slight pickup from the 4.4% increase recorded in January.

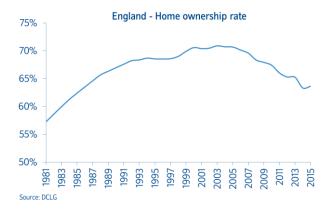
"The number of mortgages approved for house purchase increased sharply in January to almost 75,000, up from around 71,000 approvals in December and the highest number since January 2014.

"However, much of the increase is likely to be related to the impending increase in Stamp Duty on second homes which is due to take effect in April 2016. This is likely to have brought forward a significant number of purchases, which in turn will probably result in a fall back in approvals during the spring/summer.

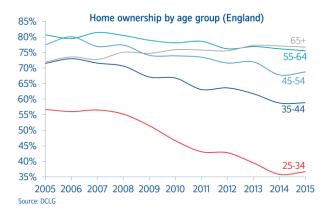
"Looking through this volatility we expect the underlying pace of activity to increase in the quarters ahead as improving labour market conditions and low borrowing costs provide ongoing support.

Home ownership rate shows signs of stabilising

"After declining gradually over the past twelve years, the rate of home ownership in England stabilised in 2014/15 (see chart below). However, at 63.6%, this is well below the peak of 70.9% recorded in 2003.



"If we look at the shift in tenure patterns by age over the past decade, we see a particularly marked decline in home ownership rates amongst the younger age groups, especially amongst 25-34 year olds, traditionally the segment containing most first time buyers (see chart below). While there was a marginal uptick in 2015, the proportion of younger adults who own their own home (currently 37%) remains considerably lower than ten years ago.





"Over the same period, the proportion of people renting (either privately or through a local authority or housing association) increased from 43% to 63%. For 16-24 year olds, the proportion renting increased from 73% to 92% over the same period.

"The increase has occurred in the private rental sector, which currently houses 19% of total households. Over the past ten years, the number of privately rented households has increased by 75% to 4.3 million.

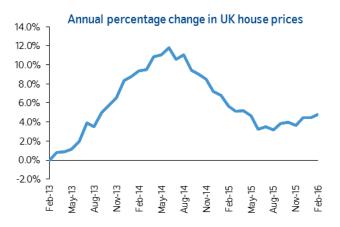
"The latest English Housing Survey showed that the proportion of private renters who expect to buy a home at some point in the future declined by four percentage points from 61% to 57% - the lowest reading since the survey began in 2008/09. Even amongst those who expect to buy a home, for most this remains a longer term aspiration, with 75% expecting it to take at least two years."

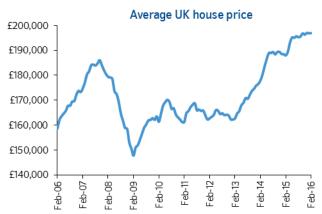
Monthly UK House Price Statistics

	Monthly 0/	2 Month on	Amound 0/	Average
	Monthly % Change	3 Month on 3 Month	Annual %	Average Price
	Seasonally	% Change	Change	FIICE
	Adjusted	/6 Change		
Feb-14	0.9	3.1	9.4	177,846
Mar-14	0.5	2.8	9.5	180,264
Apr-14	1.0	2.6	10.9	183,577
May-14	0.7	2.4	11.1	186,512
Jun-14	1.2	2.4	11.8	188,903
Jul-14	0.2	2.5	10.6	188,949
Aug-14	0.8	2.4	11.0	189,306
Sep-14	-0.2	1.7	9.4	188,374
Oct-14	0.5	1.7	9.4	
	0.5	0.8	9.0 8.5	189,333 189,388
Nov-14				
Dec-14	0.1	0.9	7.2	188,559
Jan-15	0.4	0.8	6.8	188,446
Feb-15	-0.1	0.7	5.7	187,964
Mar-15	0.1	0.5	5.1	189,454
Apr-15	1.0	0.6	5.2	193,048
May-15	0.3	0.9	4.6	195,166
Jun-15	-0.2	1.2	3.3	195,055
Jul-15	0.4	1.0	3.5	195,621
Aug-15	0.4	0.8	3.2	195,279
Sep-15	0.5	0.8	3.8	195,585
Oct-15	0.6	1.1	3.9	196,807
Nov-15	0.1	1.3	3.7	196,305
Dec-15	0.8	1.4	4.5	196,999
Jan-16	0.3	1.3	4.4	196,829
Feb-16	0.3	1.4	4.8	196,930



Charts









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/

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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