

Nationwide HOUSE PRICE INDEX



www.nationwidehousepriceindex.co.uk

February 2022

House price growth accelerated in February, with average price up £29,000 over the last year

- Annual UK house price growth increased to 12.6% in February, from 11.2% in January
- Prices up 1.7% month-on-month
- Average house price exceeds £260,000 for first time
- Price of typical home 20% higher than February 2020

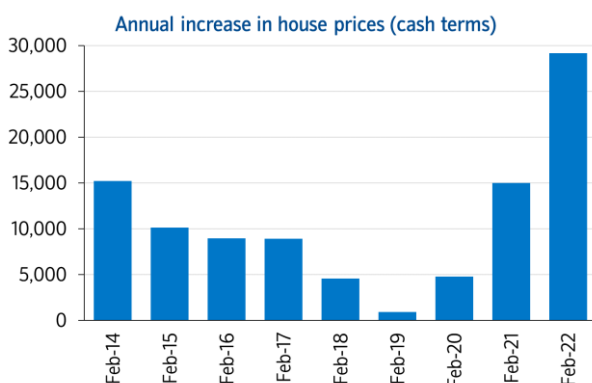
Headlines	Feb-22	Jan-22
Monthly Index*	523.4	514.5
Monthly Change*	1.7%	0.8%
Annual Change	12.6%	11.2%
Average Price (not seasonally adjusted)	£260,230	£255,556

* Seasonally adjusted figure (note that monthly % changes are revised when seasonal adjustment factors are re-estimated)

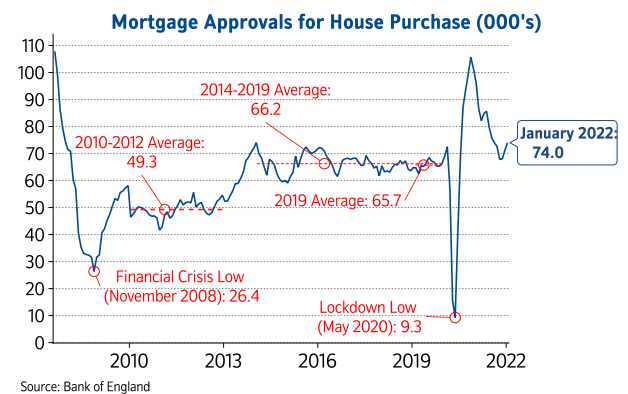
Commenting on the figures, Robert Gardner, Nationwide's Chief Economist, said:

"Annual house price growth accelerated to 12.6% in February, up from 11.2% in January and the strongest pace since June last year. Prices rose by 1.7% month-on-month, after taking account of seasonal effects, the seventh consecutive monthly increase.

"The price of a typical home rose above £260,000 for the first time in February, an increase of £29,162 over the past 12 months. This is the largest ever annual increase in cash terms since the start of our monthly index in 1991. The price of a typical home is now £44,138 (20%) higher than in February 2020 - the month before the pandemic struck the UK.

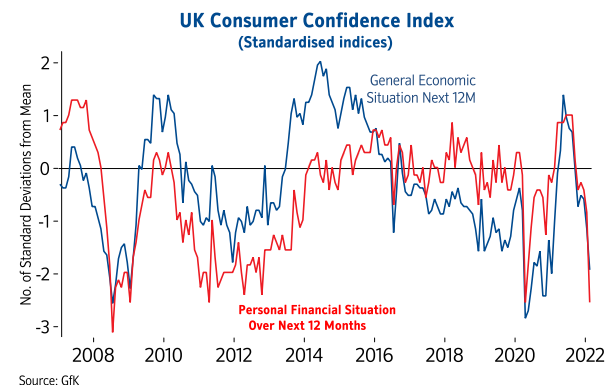


"Housing market activity has remained robust in recent months, with mortgage approvals continuing to run above pre-pandemic levels at the start of the year. A combination of robust demand and limited stock of homes on the market has kept upward pressure on prices.



"The continued buoyancy of the housing market is a little surprising, given the mounting pressure on household budgets from rising inflation, which reached a 30-year high of 5.5% in January, and since borrowing costs have started to move up from all-time lows in recent months.

"The strength is particularly noteworthy since the squeeze on household incomes has led to a significant weakening of consumer confidence. Indeed, consumers' view of the general economic outlook and prospects for their own financial circumstances over the next 12 months have plunged towards levels prevailing at the start of the pandemic, as shown in the chart below.



Media enquiries to: Robert Gardner, Chief Economist, robert.gardner@nationwide.co.uk
Mike Pitcher, Media Relations Manager, mike.pitcher@nationwide.co.uk

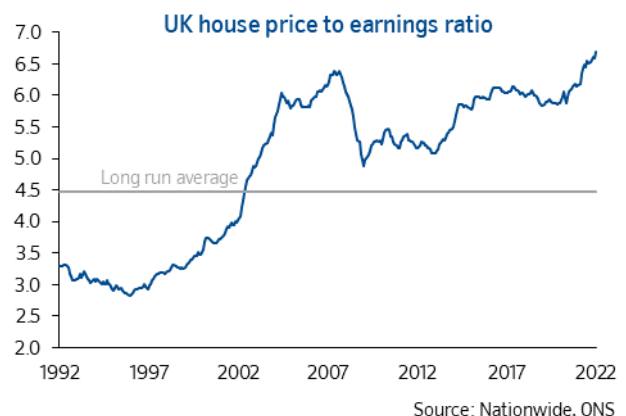
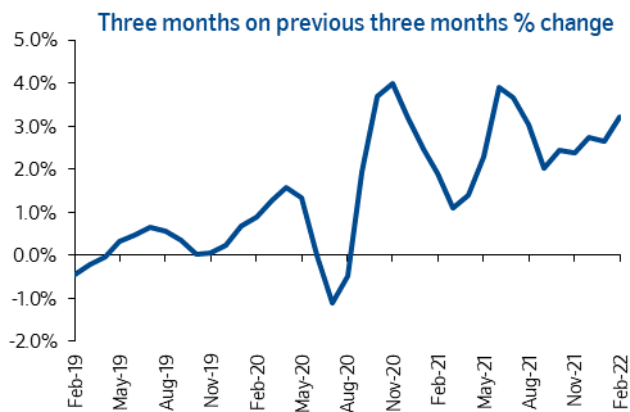
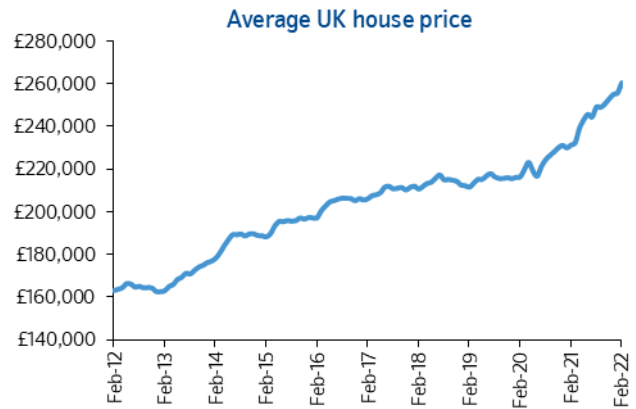
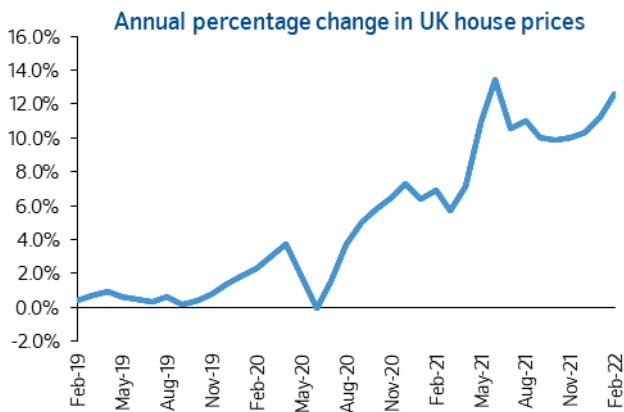
“The economic outlook is particularly uncertain at present. Nevertheless, it is likely that the housing market will slow in the quarters ahead. The squeeze on household incomes is set to intensify, with inflation expected to rise above 7% in the coming months.

“Indeed, there is scope for inflation to rise even further as events in Ukraine threaten to send global energy prices even higher. Assuming that labour market conditions remain strong, the Bank of England is also likely to raise interest rates, which will exert a further drag on the market if this feeds through to mortgage rates.

“Housing affordability has already become more stretched, in part because house price growth has been outstripping earnings growth by a wide margin since the pandemic struck. The price of a typical home is now equivalent to 6.7 times average earnings, up from 5.8 in 2019.”

Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Feb-20	0.1	0.9	2.3	216,092
Mar-20	0.8	1.3	3.0	219,583
Apr-20	1.0	1.6	3.7	222,915
May-20	-1.6	1.3	1.8	218,902
Jun-20	-1.7	0.0	-0.1	216,403
Jul-20	2.0	-1.1	1.5	220,936
Aug-20	1.8	-0.5	3.7	224,123
Sep-20	1.2	1.9	5.0	226,129
Oct-20	0.9	3.7	5.8	227,826
Nov-20	0.9	4.0	6.5	229,721
Dec-20	0.8	3.2	7.3	230,920
Jan-21	0.0	2.5	6.4	229,748
Feb-21	0.5	1.9	6.9	231,068
Mar-21	-0.3	1.1	5.7	232,134
Apr-21	2.4	1.4	7.1	238,831
May-21	1.9	2.3	10.9	242,832
Jun-21	0.6	3.9	13.4	245,432
Jul-21	-0.5	3.7	10.5	244,229
Aug-21	2.1	3.0	11.0	248,857
Sep-21	0.3	2.0	10.0	248,742
Oct-21	0.8	2.4	9.9	250,311
Nov-21	1.0	2.4	10.0	252,687
Dec-21	1.1	2.7	10.4	254,822
Jan-22	0.8	2.7	11.2	255,556
Feb-22	1.7	3.2	12.6	260,230



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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Media enquiries to: Robert Gardner, Chief Economist, robert.gardner@nationwide.co.uk
Mike Pitcher, Media Relations Manager, mike.pitcher@nationwide.co.uk