

Nationwide HOUSE PRICE INDEX



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December 2020

Annual house price growth rose to a six-year high of 7.3% at the end of 2020

- Prices up 0.8% month-on-month, after taking account of seasonal factors
- All regions saw a pickup in house price growth rates in Q4, with East Midlands the strongest region

Headlines	Dec-20	Nov-20
Monthly Index*	462.0	458.2
Monthly Change*	0.8%	0.9%
Annual Change	7.3%	6.5%
Average Price (not seasonally adjusted)	£230,920	£229,721

* 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 further in December, reaching a six year high of 7.3%, up from 6.5% in the previous month. Prices rose by 0.8% month-on-month, after taking account of seasonal effects, following a 0.9% rise in November. House prices ended the year 5.3% above the level prevailing in March, when the pandemic struck the UK.

"The resilience seen in recent quarters seemed unlikely at the start of the pandemic. Indeed, housing market activity almost ground to a complete halt during the first lockdown as the wider economy shrank by an unprecedented 26%.

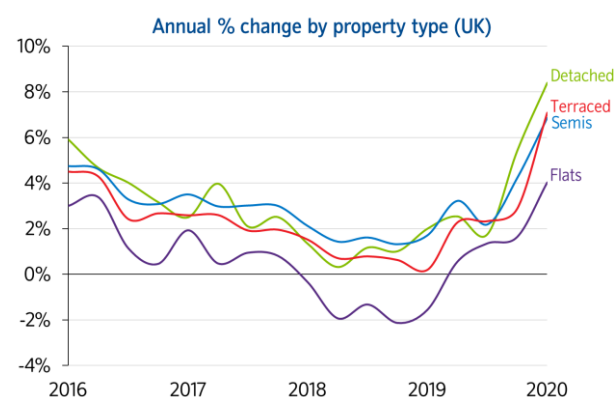
"But, since then, housing demand has been buoyed by a raft of policy measures and changing preferences in the wake of the pandemic.

"The furlough and Self Employment Income Support schemes provided vital support for the labour market, while a host of measures helped to keep down the cost of borrowing and keep the supply of credit flowing¹. The stamp duty holiday also stimulated housing demand, by bringing

¹ These included, but were not limited to; a reduction in Bank Rate to 0.1%, the expansion of the Bank of England's Asset Purchase Scheme, which helped lower longer term interest rates, and the provision of low cost funding for lenders through the Bank's Term Funding Scheme with incentives for lending to Small and Medium Enterprises)

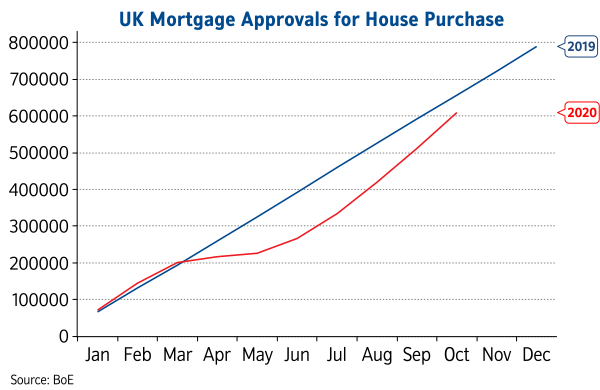
forward peoples' home-moving plans. Lenders also responded by offering payment holidays to borrowers impacted by the pandemic, helping people stay in their homes rather than potentially being forced to sell.

"The pandemic itself also boosted activity, as life in lockdown and changes to working patterns led many to re-evaluate their housing needs. Our research earlier this year indicated increased demand for less densely populated locations and different property types. This helps to explain why detached properties have seen greater price gains in recent quarters, while flats have underperformed (as illustrated in the chart below).



"Housing market conditions have remained robust in recent months, even as the wider economic recovery lost momentum and the UK economy faced the prospect of further lockdowns and continued uncertainty about the UK's future international trading relationships.

"The number of mortgages approved for house purchase each month reached their highest level for a decade in October, nearly 50% above the monthly average recorded in 2019. Indeed, by the end of October, the total number of mortgages approved for house purchase in 2020 was only 7% below the total recorded over the same period in 2019 (as shown in the chart on the next page).



Where next?

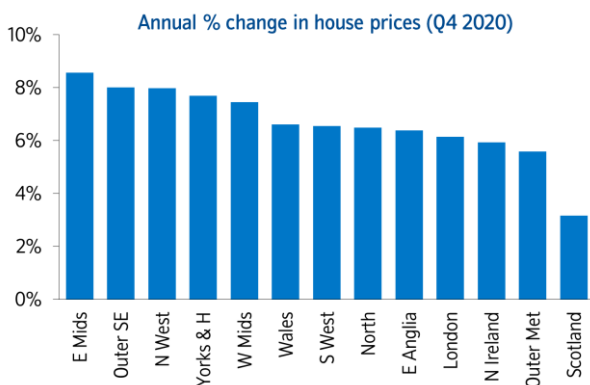
“The outlook remains highly uncertain. Much will depend on how the pandemic and the measures to contain it evolve as well as the efficacy of policy measures implemented to limit the damage to the wider economy.

“Behavioural shifts as a result of Covid-19 may continue to provide support for housing market activity, while the stamp duty holiday will continue to provide a near-term boost by bringing forward home moves.

“However, housing market activity is likely to slow in the coming quarters, perhaps sharply, if the labour market weakens as most analysts expect, especially once the stamp duty holiday expires at the end of March.

Annual price growth picks up across all regions in Q4

“Annual house price growth increased in all regions in Q4 (October, November & December) compared with Q3 (July, August & September).



“The East Midlands was the strongest region in 2020, with prices up 8.6% over the year (see full table of regional house price data on page 4).

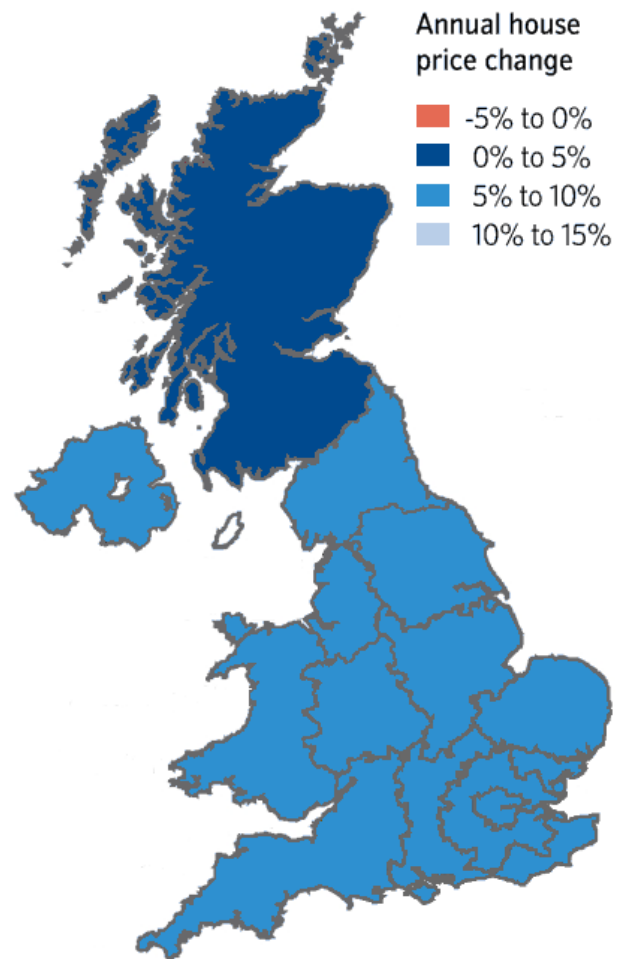
“England saw the highest growth amongst the home nations in 2020, with prices up 6.9%. This is a sharp contrast with 2019 when England was the weakest nation with minimal annual growth.

“All regions in England saw prices rise over the year, within a fairly narrow range of 5% to 9%. The Outer South East region, which includes cities such as Brighton, Southampton and Oxford, saw a significant change in fortunes – prices were up 8% in 2020, following a 1% decline in 2019.

“The neighbouring Outer Metropolitan region, which includes places such as Slough, Guildford, Crawley and Chelmsford, was the weakest performing English region, but still saw prices rise by 5.6% over the year. Meanwhile, London saw a 6.2% increase, with average prices reaching their highest ever at £486,562.

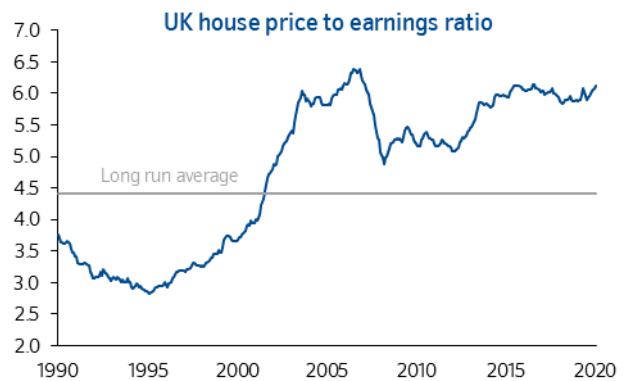
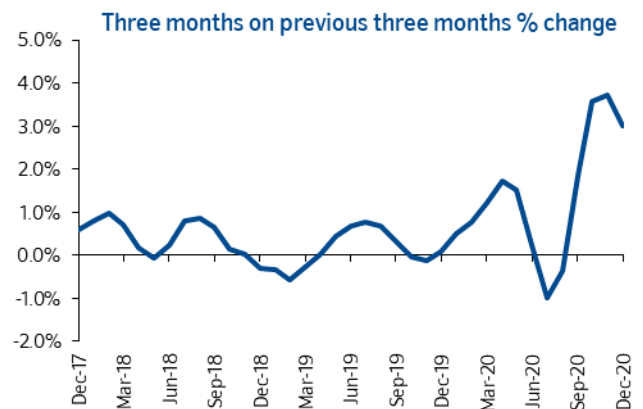
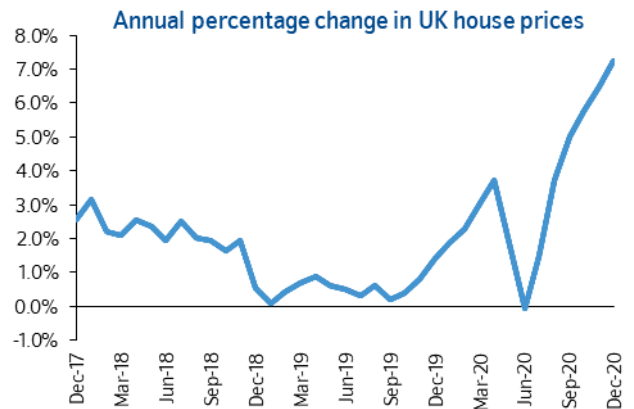
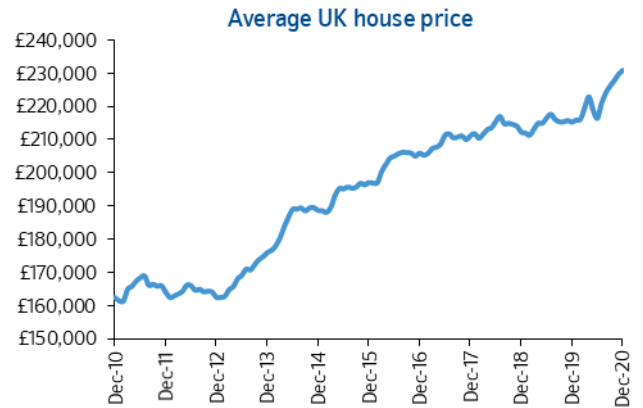
“We also saw a marked rise in annual price growth in Northern England in the fourth quarter, in particular in the North West and Yorkshire & Humberside, where annual price growth increased to 8.0% and 7.7%, respectively.

“Turning to the other home nations, Wales saw prices rise by 6.6%, whilst Northern Ireland saw a 5.9% increase. Scotland saw the weakest growth of the home nations, with prices only up 3.2% in 2020. This contrasts with 2019, where Scotland ended the year on top, with growth of 2.8%.”



Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Dec-18	-0.6	-0.3	0.5	212,281
Jan-19	0.1	-0.3	0.1	211,966
Feb-19	0.0	-0.6	0.4	211,304
Mar-19	0.1	-0.3	0.7	213,102
Apr-19	0.4	0.0	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	0.0	0.4	215,368
Nov-19	0.3	-0.1	0.8	215,734
Dec-19	0.1	0.1	1.4	215,282
Jan-20	0.5	0.5	1.9	215,897
Feb-20	0.4	0.8	2.3	216,092
Mar-20	0.9	1.2	3.0	219,583
Apr-20	1.1	1.7	3.7	222,915
May-20	-1.6	1.5	1.8	218,902
Jun-20	-1.5	0.2	-0.1	216,403
Jul-20	1.8	-1.0	1.5	220,936
Aug-20	2.0	-0.4	3.7	224,123
Sep-20	0.9	1.8	5.0	226,129
Oct-20	0.8	3.6	5.8	227,826
Nov-20	0.9	3.7	6.5	229,721
Dec-20	0.8	3.0	7.3	230,920



Source: Nationwide, ONS

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Quarterly Regional House Price Statistics

Q4 2020

Please note that these figures are for the three months to December, therefore will show a different UK average price and annual percentage change to our *monthly* house price statistics.

Regions over the last 12 months

Region	Average Price (Q4 2020)	Annual % change this quarter	Annual % change last quarter
East Midlands	£200,951	8.6%	4.0%
Outer S East	£296,291	8.0%	4.8%
North West	£176,925	8.0%	3.0%
Yorks & H'side	£172,326	7.7%	4.6%
West Midlands	£207,603	7.5%	3.1%
Wales	£169,846	6.6%	3.8%
South West	£264,512	6.6%	5.5%
North	£137,531	6.5%	4.2%
East Anglia	£242,804	6.4%	2.7%
London	£486,562	6.2%	4.4%
N Ireland	£149,382	5.9%	1.5%
Outer Met	£377,677	5.6%	5.0%
Scotland	£156,768	3.2%	2.0%
UK	£229,819	6.4%	3.5%

Please see page 5 for definitions of English regions

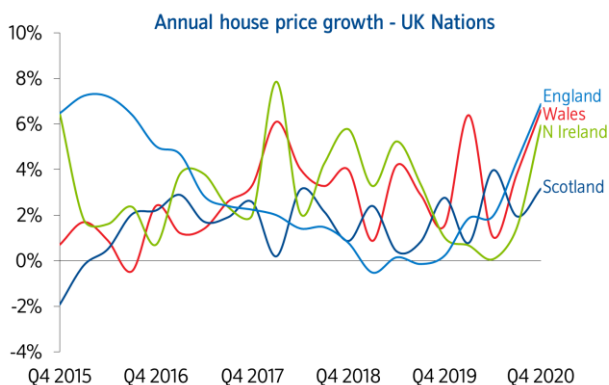
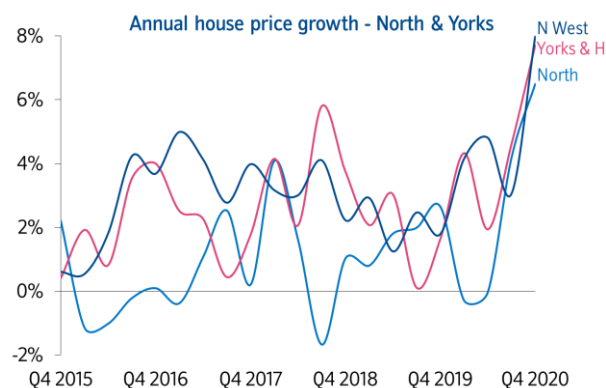
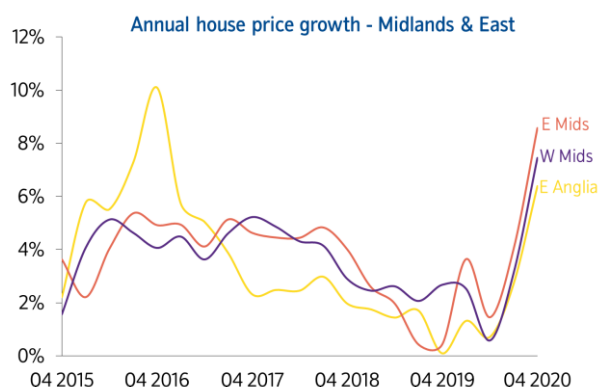
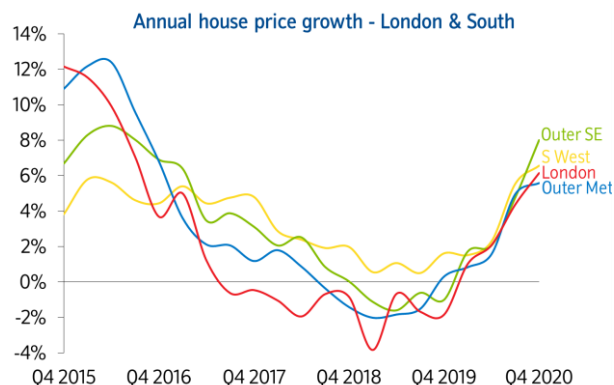
UK Fact File (Q4 2020)	
Quarterly average UK house price	£229,819
Annual percentage change	6.4%
Quarterly change*	2.9%
Most expensive region	London
Least expensive region	North
Strongest annual price change	East Midlands
Weakest annual price change	Scotland

* Seasonally adjusted

Nations – annual & quarterly price change

Nation	Average Price (Q4 2020)	Annual % change this quarter	Quarterly % change*
England	£269,603	6.9%	2.4%
Wales	£169,846	6.6%	2.7%
N Ireland	£149,382	5.9%	3.2%
Scotland	£156,768	3.2%	2.0%

* Seasonally adjusted



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English Region Definitions

East Anglia: Cambridgeshire (Cambridge, East Cambridgeshire, Fenland, Huntingdonshire, South Cambridgeshire), Norfolk (Breckland, Broadland, Great Yarmouth, King's Lynn & West Norfolk, North Norfolk, Norwich, South Norfolk), Peterborough, Suffolk (Babergh, East Suffolk, Ipswich, Mid Suffolk, West Suffolk)

East Midlands: Derby, Derbyshire (Amber Valley, Bolsover, Chesterfield, Derbyshire Dales, Erewash, High Peak, North East Derbyshire, South Derbyshire), Leicester, Leicestershire (Blaby, Charnwood, Harborough, Hinckley & Bosworth, Melton, North West Leicestershire, Oadby & Wigston), Lincolnshire (Boston, East Lindsey, Lincoln, North Kesteven, South Holland, South Kesteven, West Lindsey), Northamptonshire (Corby, Daventry, East Northamptonshire, Kettering, Northampton, South Northamptonshire, Wellingborough), Nottinghamshire (Ashfield, Bassetlaw, Broxtowe, Gedling, Mansfield, Newark & Sherwood, Rushcliffe), Rutland

London: Barking & Dagenham, Barnet, Bexley, Brent, Bromley, Camden, City of London, Croydon, Ealing, Enfield, Greenwich, Hackney, Hammersmith & Fulham, Haringey, Harrow, Havering, Hillingdon, Hounslow, Islington, Kensington & Chelsea, Kingston upon Thames, Lambeth, Lewisham, Merton, Newham, Redbridge, Richmond upon Thames, Southwark, Sutton, Tower Hamlets, Waltham Forest, Wandsworth, Westminster

North: County Durham, Cumbria (Allerdale, Barrow-in-Furness, Carlisle, Copeland, Eden, South Lakeland), Darlington, Gateshead, Hartlepool, Middlesbrough, Newcastle upon Tyne, North Tyneside, Northumberland, Redcar & Cleveland, South Tyneside, Stockton-on-Tees, Sunderland

North West: Blackburn with Darwen, Blackpool, Bolton, Bury, Cheshire East, Chester West & Chester, Halton, Knowsley, Lancashire (Burnley, Chorley, Fylde, Hyndburn, Lancaster, Pendle, Preston, Ribble Valley, Rossendale, South Ribble, West Lancashire, Wyre), Liverpool, Manchester, Oldham, Rochdale, Salford, Sefton, St. Helens, Stockport, Tameside, Trafford, Warrington, Wigan, Wirral

Outer Metropolitan: Basildon, Bracknell Forest, Brentwood, Castle Point, Chelmsford, Chiltern, Crawley, Dartford, Epping Forest, Gravesham, Harlow, Hart, Hertfordshire (Broxbourne, Dacorum, East Hertfordshire, Hertsmere, North Hertfordshire, St Albans, Stevenage, Three Rivers, Watford, Welwyn Hatfield), Horsham, Luton, Maidstone, Medway, Mid Sussex, Reading, Rochford, Rushmoor, Sevenoaks, Slough, South Bucks, Southend-on-Sea, Surrey (Elmbridge, Epsom & Ewell, Guildford, Mole Valley, Reigate & Banstead, Runnymede, Spelthorne, Surrey Heath, Tandridge, Waverley, Woking), Thurrock, Tonbridge & Malling, Tunbridge Wells, Windsor & Maidenhead, Wokingham, Wycombe

Outer South East: Adur, Arun, Ashford, Aylesbury Vale, Basingstoke & Deane, Bedford, Braintree, Brighton & Hove, Canterbury, Central Bedfordshire, Chichester, Colchester, Dover, East Hampshire, Eastleigh, East Sussex (Eastbourne, Hastings, Lewes, Rother, Wealden), Fareham, Folkestone & Hythe, Gosport, Havant, Isle of Wight, Maldon, Milton Keynes, New Forest, Oxfordshire (Cherwell, Oxford, South Oxfordshire, Vale of White Horse, West Oxfordshire), Portsmouth, Southampton, Swale, Tendring, Test Valley, Thanet, Uttlesford, West Berkshire, West Oxfordshire, Winchester, Worthing

South West: Bath & North East Somerset, Bournemouth, Christchurch & Poole, Bristol, Cornwall, Dorset, Devon (East Devon, Exeter, Mid Devon, North Devon, South Hams, Teignbridge, Torridge, West Devon), Gloucestershire (Cheltenham, Cotswold, Forest of Dean, Gloucester, Stroud, Tewkesbury), Isles of Scilly, North Somerset, Plymouth, Somerset (Mendip, Sedgemoor, Somerset West & Taunton, South Somerset), South Gloucestershire, Swindon, Torbay, Wiltshire

West Midlands: Birmingham, Coventry, Dudley, Herefordshire, Sandwell, Shropshire, Solihull, Staffordshire (Cannock Chase, East Staffordshire, Lichfield, Newcastle-under-Lyme, South Staffordshire, Stafford, Staffordshire Moorlands, Tamworth), Stoke-on-Trent, Telford & Wrekin, Walsall, Warwickshire (North Warwickshire, Nuneaton & Bedworth, Rugby, Stratford-on-Avon, Warwick), Wolverhampton, Worcestershire (Bromsgrove, Malvern Hills, Redditch, Worcester, Wychavon, Wyre Forest)

Yorkshire & Humberside: Barnsley, Bradford, Calderdale, Doncaster, East Riding of Yorkshire, Kingston upon Hull, Kirklees, Leeds, North East Lincolnshire, North Lincolnshire, North Yorkshire (Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby), Rotherham, Sheffield, Wakefield, York

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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