

# Nationwide HOUSE PRICE INDEX



[www.nationwidehousepriceindex.co.uk](http://www.nationwidehousepriceindex.co.uk)

January 2022

## House price growth makes a strong start to 2022

- Annual house price growth increased to 11.2% in January, from 10.4% in December
- Prices up 0.8% month-on-month
- Strongest start to the year since 2005

Headlines	Jan-22	Dec-21
Monthly Index*	513.0	509.1
Monthly Change*	0.8%	1.1%
Annual Change	11.2%	10.4%
Average Price (not seasonally adjusted)	£255,556	£254,822

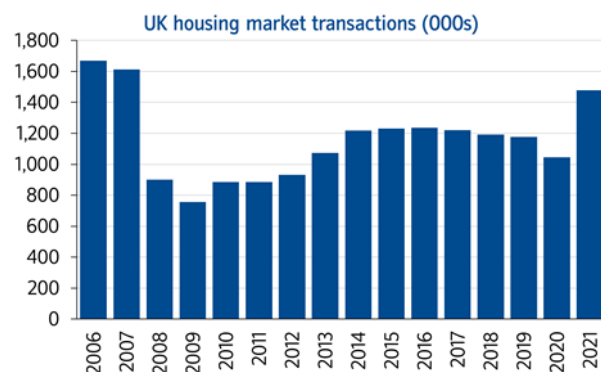
\* Seasonally adjusted figure (note that monthly % changes are revised when seasonal adjustment factors are re-estimated)

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

"Annual house price growth accelerated to 11.2% in January, the strongest pace since June last year, and the strongest start to the year for 17 years. Prices rose by 0.8% month-on-month, after taking account of seasonal effects, the sixth consecutive monthly increase.

"Housing demand has remained robust. Mortgage approvals for house purchase have continued to run slightly above pre-pandemic levels, despite the surge in activity in 2021 as a result of the stamp duty holiday, which encouraged buyers to bring forward their transactions to avoid additional tax.

"Indeed, the total number of property transactions in 2021 was the highest since 2007 and around 25% higher than in 2019, before the pandemic struck.



Source: HMRC

"At the same time, the stock of homes on estate agents' books has remained extremely low, which is contributing to the continued robust pace of house price growth.

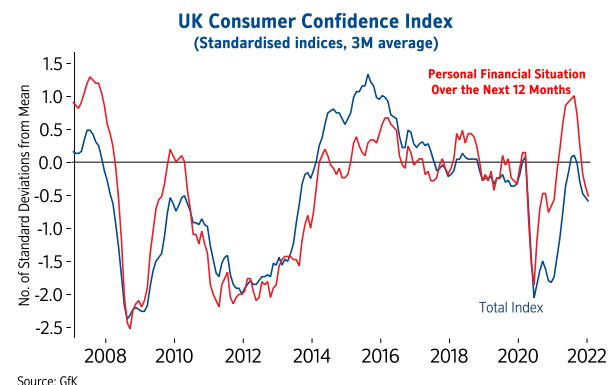
### Will the market cool in 2022?

"While the outlook remains uncertain, it is likely that the housing market will slow this year. House price growth has outstripped earnings growth by a wide margin since the pandemic struck and, as a result, housing affordability has become less favourable.

"For example, a 10% deposit on a typical first-time buyer home is now equivalent to 56% of total gross annual earnings, a record high. Similarly, a typical mortgage payment as a share of take-home pay is now above the long run average, despite mortgage rates remaining close to all-time lows.

"Reduced affordability is likely to exert a dampening impact on market activity and house price growth, especially since household finances are also coming under pressure from sharp increases in the cost of living.

"Consumer price inflation reached 5.4% in December, its fastest pace since 1992. This is more than double the Bank of England's 2% target and inflation is set to rise further in the coming months as the energy price cap is increased. This rapid rise in inflation has been an important factor denting consumer confidence in recent months, especially how people see their own personal financial situation evolving, although as yet, this has done little to dent housing market activity.



Source: GfK

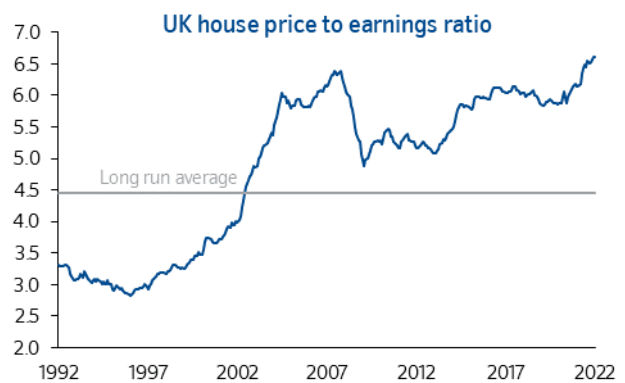
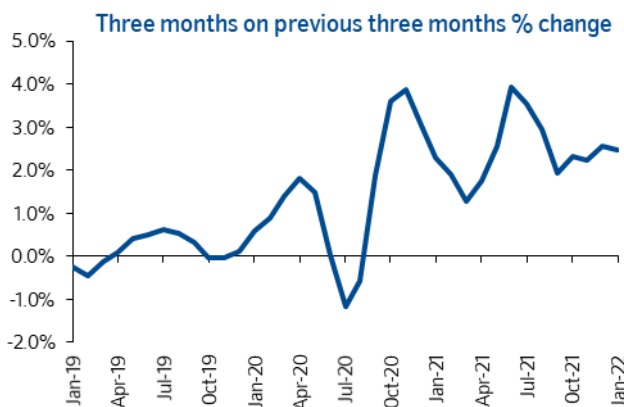
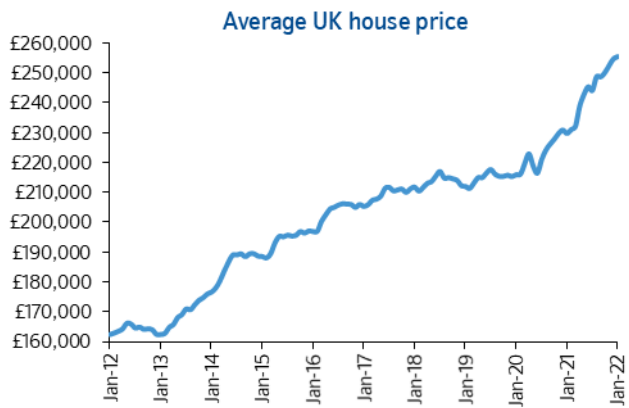
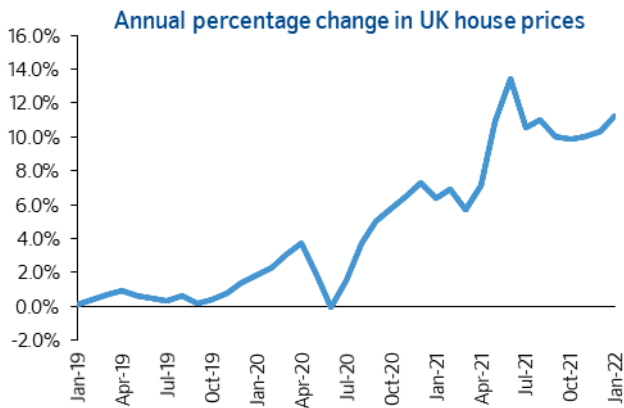
"High inflation and growing confidence that the Omicron variant will not derail the wider economic recovery has led to increased expectations that policymakers will increase

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

interest rates further in the months ahead. This will further reduce housing affordability if it feeds through to higher mortgage rates, although to date a significant proportion of the rise in longer term interest rates seen in recent months has been absorbed by lenders.”

## Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Jan-20	0.7	0.6	1.9	215,897
Feb-20	0.4	0.9	2.3	216,092
Mar-20	0.9	1.4	3.0	219,583
Apr-20	0.9	1.8	3.7	222,915
May-20	-1.7	1.5	1.8	218,902
Jun-20	-1.6	0.0	-0.1	216,403
Jul-20	2.0	-1.2	1.5	220,936
Aug-20	1.7	-0.6	3.7	224,123
Sep-20	1.2	1.9	5.0	226,129
Oct-20	0.8	3.6	5.8	227,826
Nov-20	0.8	3.9	6.5	229,721
Dec-20	0.8	3.0	7.3	230,920
Jan-21	-0.1	2.3	6.4	229,748
Feb-21	0.9	1.9	6.9	231,068
Mar-21	-0.2	1.3	5.7	232,134
Apr-21	2.3	1.8	7.1	238,831
May-21	1.8	2.5	10.9	242,832
Jun-21	0.6	3.9	13.4	245,432
Jul-21	-0.6	3.5	10.5	244,229
Aug-21	2.1	2.9	11.0	248,857
Sep-21	0.2	1.9	10.0	248,742
Oct-21	0.7	2.3	9.9	250,311
Nov-21	0.9	2.2	10.0	252,687
Dec-21	1.1	2.6	10.4	254,822
Jan-22	0.8	2.5	11.2	255,556



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](http://www.nationwidehousepriceindex.co.uk)

## Legal Information

The Nationwide House Price Indices are prepared from information that we believe is collated with care, but no representation is made as to their accuracy or completeness. We reserve the right to vary our methodology and to edit or discontinue the indices at any time, for regulatory or other reasons.

**Persons seeking to place reliance on the Indices for any purpose whatsoever do so at their own risk and should be aware that various factors, including external factors beyond Nationwide Building Society's control might necessitate material changes to the Indices.**

The Nationwide House Price Indices may not be used for commercial purposes including as a reference for: 1) determining the interest payable, or other sums due, under loan agreements or other contracts relating to investments 2) determining the price at which investments may be bought or sold or the value of investments or 3) measuring the performance of investments.

Nationwide Building Society is the owner of the trade mark "Nationwide" and all copyright and other rights in the Nationwide House Price Indices.

The application of the IOSCO Principles on financial benchmarks to the NHPI is more fully set out in our [statement regarding IOSCO Principles](#). Nationwide considers that its arrangements for administration of the NHPI comply with the IOSCO Principles in a proportionate manner having regard to the nature of the index.

Commentary and other materials posted on our website are not intended to amount to advice on which reliance should be placed or an offer to sell or solicit the purchase by you of any products or services that we provide. We therefore do not accept any liability or responsibility arising from any reliance placed on such materials by any visitor to our website, or by anyone who may be informed of any of its contents.

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