

Nationwide HOUSE PRICE INDEX



www.nationwidehousepriceindex.co.uk

August 2021

August upturn as UK house price growth increases to 11%

- Annual house price growth rose to 11.0% from 10.5% in July
- Prices up 2.1% month-on-month, the second largest gain in 15 years
- Average house price nudges towards £250k mark

Headlines	Aug-21	Jul-21
Monthly Index*	494.5	484.4
Monthly Change*	2.1%	-0.6%
Annual Change	11.0%	10.5%
Average Price (not seasonally adjusted)	£248,857	£244,229

* 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 increased to 11% in August, from 10.5% in July. Prices rose 2.1% in month-on-month terms, after taking account of seasonal effects. House prices are now around 13% higher than when the pandemic began.

"The bounce back in August is surprising because it seemed more likely that the tapering of stamp duty relief in England at the end of June would take some of the heat out of the market. Moreover, the monthly price increase was substantial – at 2.1%, it was the second largest monthly gain in 15 years (after the 2.3% monthly rise recorded in April this year).

"The strength may reflect strong demand from those buying a property priced between £125,000 and £250,000 who are looking to take advantage of the stamp duty relief in place until the end of September, though the maximum savings are substantially lower (£2,500 compared to a maximum saving of £15,000 on a property valued at £500,000 before the stamp duty relief in England tapered).

"Lack of supply is also likely to be a key factor behind August's price increase, with estate agents reporting low numbers of properties on their books.

Outlook – still clouded

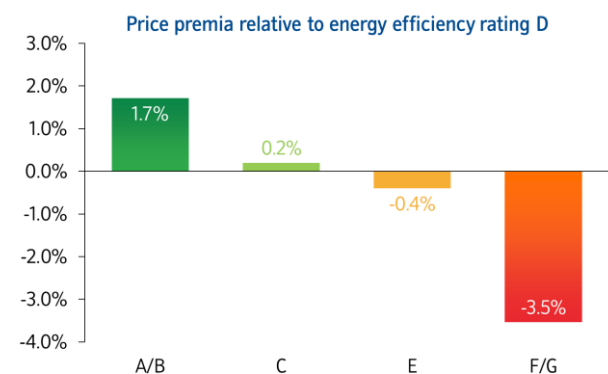
"Underlying demand is likely to remain solid in the near term. Consumer confidence has rebounded in recent months while borrowing costs remain low. This, combined with the lack of supply on the market, suggests continued support for house prices. But, as we look towards the end of the year, the outlook is harder to foresee. Activity will almost inevitably soften for a period after the stamp duty holiday expires at the end of September, given the incentive for people to bring forward their purchases to avoid the additional tax.

"Moreover, underlying demand is likely to soften around the turn of the year if unemployment rises, as most analysts expect, when government support schemes wind down. But even this is far from assured. The labour market has remained remarkably resilient to date and, even if it does weaken, there is scope for shifts in housing preferences as a result of the pandemic to continue to support activity for some time yet.

Energy efficiency ratings currently having limited impact on house prices despite push to go green

"Decarbonising and adapting the UK's housing stock is critical if the UK is to meet its 2050 emissions targets, especially given that the housing stock accounts for around 15% of the UK's total carbon emissions. With this in mind, we used our house price dataset to explore the extent to which owner occupiers pay a premium or discount for a home due to its energy performance rating.

"In our recent special report, we included energy efficiency ratings from energy performance certificates (EPCs) alongside the usual property characteristics data we use in our House Price Index. This allowed us to isolate the impact of energy efficiency ratings from other factors that can influence the value of a house or flat.



Source: Nationwide analysis based on England & Wales data (2019)

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

“Our analysis suggests that a more energy-efficient property (rated A or B) attracts a modest premium of 1.7% compared to a similar property rated D - the most commonly occurring rating. There is little difference for properties rated C or E compared with D, as shown in the chart above.

“There is a more noticeable discount for properties rated F or G - the lowest energy efficient ratings. Indeed, an F or G rated home is valued 3.5% lower than a similar D rated property.

“Overall, our research suggests that, for now at least, energy efficiency has only a modest influence on house prices for owner occupiers, where an impact is only really evident for the best and worst energy efficiency ratings.

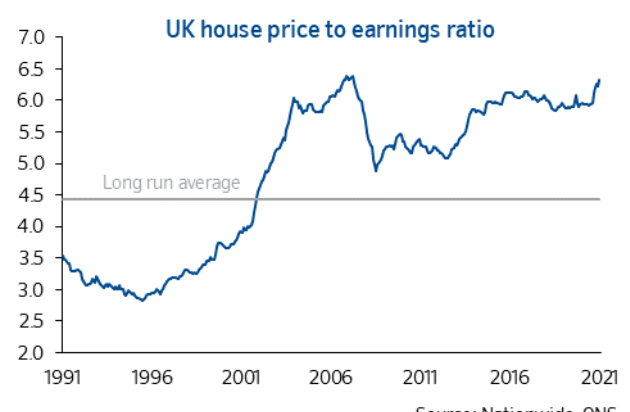
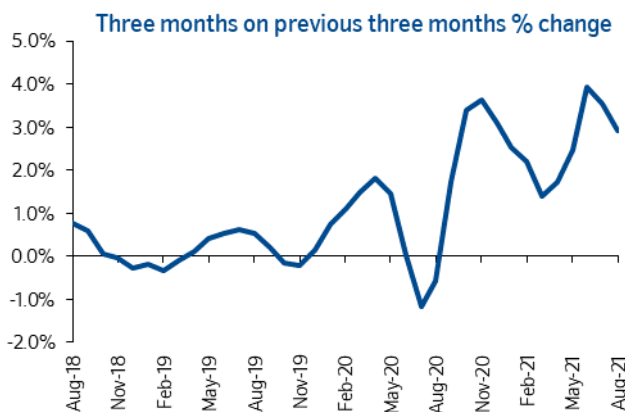
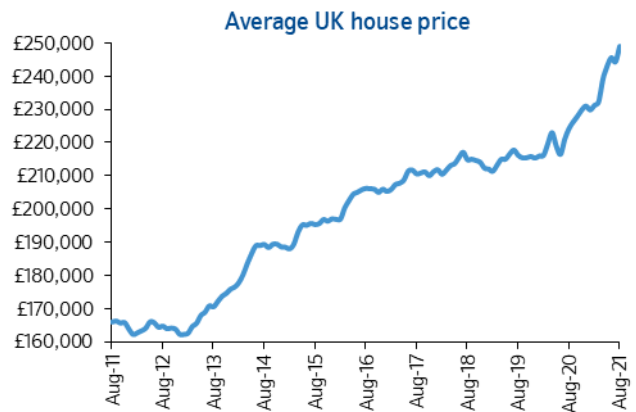
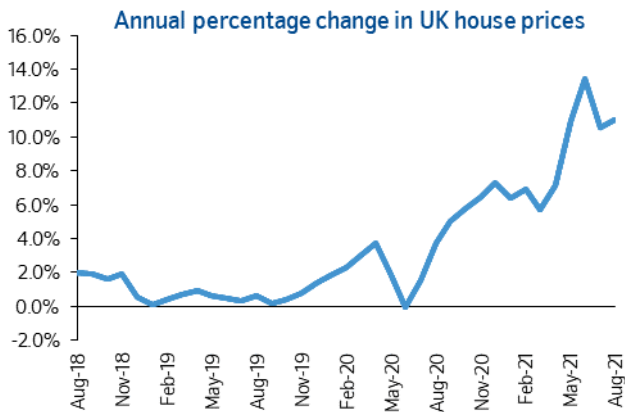
“However, the value that people attach to energy efficiency is likely to change over time, especially if the government takes measures to incentivise greater energy efficiency in future to help ensure the UK meets its climate change obligations.”

For further analysis about the energy efficiency of the UK housing stock and potential for improvement, please see our [Energy Efficiency special report](#).

Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Aug-19	-0.3	0.5	0.6	216,096
Sep-19	-0.4	0.2	0.2	215,352
Oct-19	0.2	-0.2	0.4	215,368
Nov-19	0.3	-0.2	0.8	215,734
Dec-19	0.2	0.1	1.4	215,282
Jan-20	0.7	0.7	1.9	215,897
Feb-20	0.3	1.1	2.3	216,092
Mar-20	0.9	1.5	3.0	219,583
Apr-20	1.0	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	1.9	-1.2	1.5	220,936
Aug-20	1.8	-0.6	3.7	224,123
Sep-20	0.8	1.7	5.0	226,129
Oct-20	0.9	3.4	5.8	227,826
Nov-20	1.0	3.6	6.5	229,721
Dec-20	1.0	3.1	7.3	230,920
Jan-21	-0.1	2.5	6.4	229,748
Feb-21	0.8	2.2	6.9	231,068
Mar-21	-0.3	1.4	5.7	232,134
Apr-21	2.3	1.7	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

Please see our new website for full timeseries data:
<https://www.nationwidehousepriceindex.co.uk/download/uk-monthly-index>



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