

House price growth edged up in July

- UK house prices rose 0.3% month on month in July
- Annual growth rate picked up to 2.1%, from 1.5% in June
- Marks fastest pace of growth since December 2022

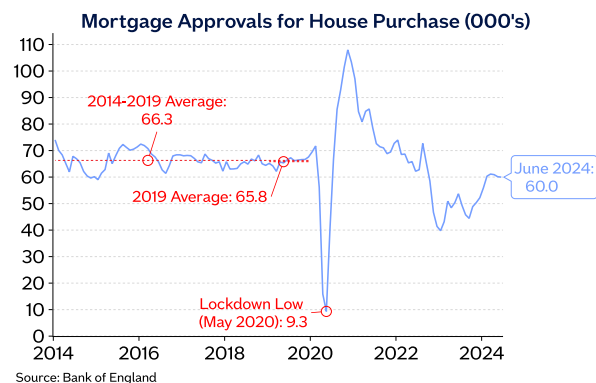
Headlines	Jul-24	Jun-24
Monthly Index*	526.6	524.9
Monthly Change*	0.3%	0.2%
Annual Change	2.1%	1.5%
Average Price (not seasonally adjusted)	£266,334	£266,064

* 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 prices increased by 0.3% month on month in July, after taking account of seasonal effects. This resulted in a slight pickup in the annual rate of house price growth from 1.5% in June, to 2.1% in July - the fastest pace since December 2022. However, prices are still around 2.8% below the all-time highs recorded in the summer of 2022.

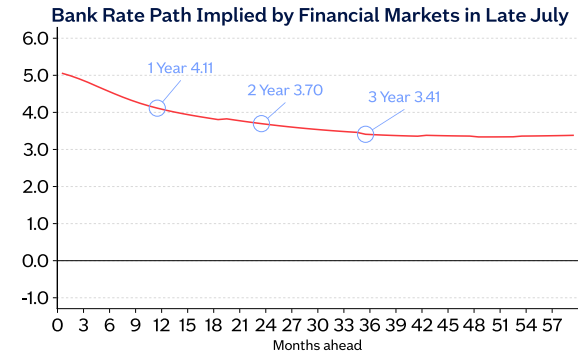
“Housing market activity has been holding relatively steady in recent months with the number of mortgages approved for house purchase at around 60,000 per month (see chart below). While this is still c.10% below the level prevailing before the pandemic struck, it is still a respectable pace given the higher interest rate environment.



“For example, for borrowers with a 25% deposit, the rate on a five-year fixed rate deal has been around 4.6% in recent months, more than double the 1.9% average recorded in 2019. As a result, affordability is still stretched for many prospective buyers. Indeed, for an average earner buying a typical first-time buyer property, the monthly mortgage payment is equivalent to around 37% of take-home pay, well above the 28% prevailing pre-Covid and the long-run average of c.30%.

“Investors expect Bank Rate to be lowered modestly in the years ahead, which, if correct, will help to bring down borrowing costs. However, the impact is likely to be fairly modest as the swap rates which underpin

fixed-rate mortgage pricing already embody expectations that interest rates will decline in the years ahead.



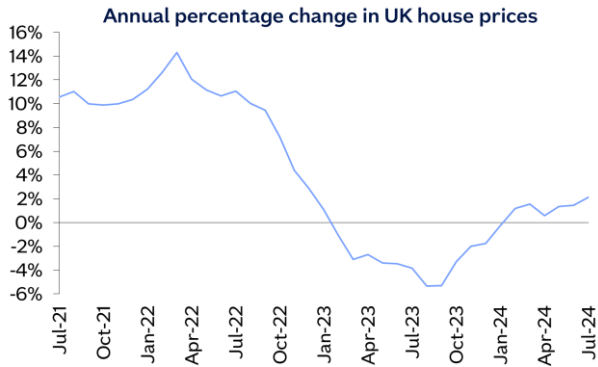
Source: Bank of England

“As a result, affordability is likely to improve only gradually through a combination of wage growth outpacing house price growth (which is expected to remain fairly flat), with some support from modestly lower borrowing costs.”

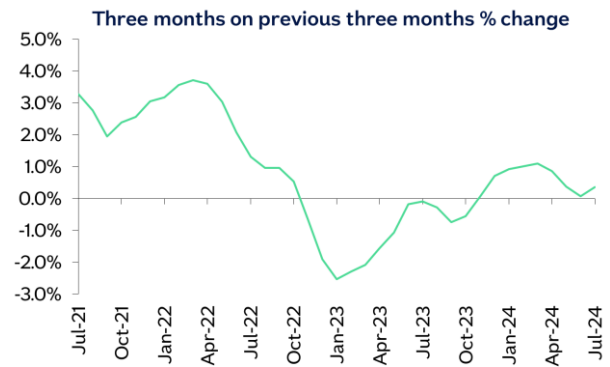
Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 month on 3 month % Change	Annual % Change	Average Price
Jul-22	0.1	1.3	11.0	271,209
Aug-22	0.9	1.0	10.0	273,751
Sep-22	-0.0	1.0	9.5	272,259
Oct-22	-1.3	0.5	7.2	268,282
Nov-22	-1.2	-0.7	4.4	263,788
Dec-22	-0.3	-1.9	2.8	262,068
Jan-23	-0.8	-2.5	1.1	258,297
Feb-23	-0.7	-2.3	-1.1	257,406
Mar-23	-0.7	-2.1	-3.1	257,122
Apr-23	0.6	-1.6	-2.7	260,441
May-23	-0.3	-1.1	-3.4	260,736
Jun-23	0.1	-0.2	-3.5	262,239
Jul-23	-0.3	-0.1	-3.8	260,828
Aug-23	-0.7	-0.3	-5.3	259,153
Sep-23	0.0	-0.7	-5.3	257,808
Oct-23	0.8	-0.6	-3.3	259,423
Nov-23	0.2	0.1	-2.0	258,557
Dec-23	-0.1	0.7	-1.8	257,443
Jan-24	0.7	0.9	-0.2	257,656
Feb-24	0.7	1.0	1.2	260,420
Mar-24	-0.2	1.1	1.6	261,142
Apr-24	-0.4	0.9	0.6	261,962
May-24	0.4	0.4	1.3	264,249
Jun-24	0.2	0.1	1.5	266,064
Jul-24	0.3	0.4	2.1	266,334

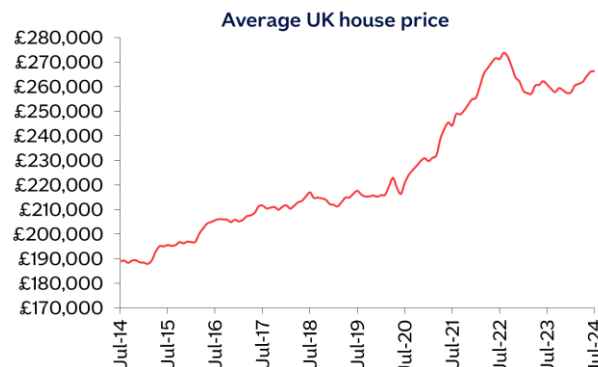
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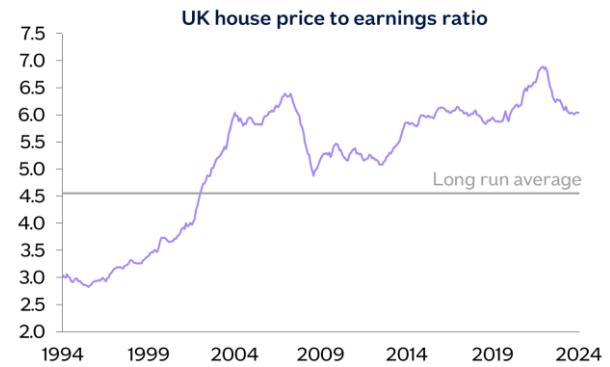
Source: Nationwide



Source: Nationwide



Source: Nationwide



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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