

# Nationwide HOUSE PRICE INDEX



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

May 2021

## Annual house price growth hits double digits in May

- Annual house price growth rises to 10.9%, the highest level in nearly seven years
- Prices up 1.8% month-on-month, following a 2.3% rise in April
- New record average price of £242,832, up £23,930 over the past twelve months

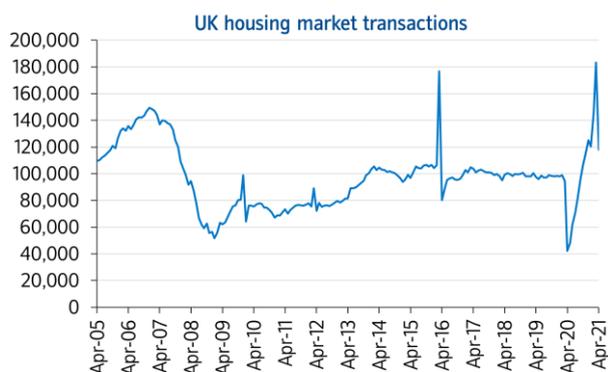
Headlines	May-21	Apr-21
Monthly Index*	483.7	474.9
Monthly Change*	1.8%	2.3%
Annual Change	10.9%	7.1%
Average Price (not seasonally adjusted)	£242,832	£238,831

\* 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:

"May saw a further acceleration in annual house price growth to 10.9%, the highest level recorded since August 2014. In month-on-month terms, house prices rose by 1.8% in May, after taking account of seasonal effects, following a 2.3% rise in April.

"The market has seen a complete turnaround over the past twelve months. A year ago, activity collapsed in the wake of the first lockdown with housing transactions falling to a record low of 42,000 in April 2020. But activity surged towards the end of last year and into 2021, reaching a record high of 183,000 in March, as shown in the chart below.



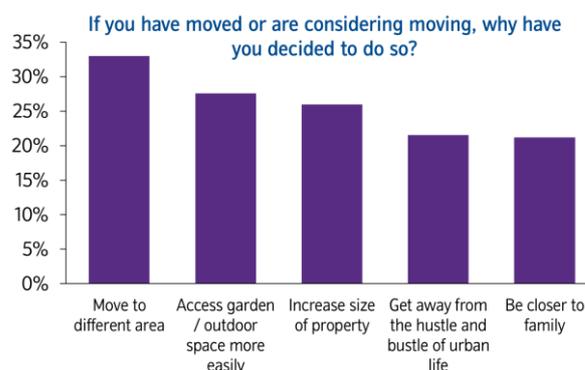
"While March's spike in transactions was driven by the original end date of the stamp duty holiday, a lot of momentum has been maintained. Our research indicates that the extension to the stamp duty holiday is not the key factor, though it is clearly impacting the timing of transactions.

"Amongst homeowners surveyed at the end of April<sup>1</sup> that were either moving home or considering a move, three quarters (75%) said this would have been the case even if the stamp duty holiday had not been extended. It is shifting housing preferences which is continuing to drive activity, with people reassessing their needs in the wake of the pandemic.

"At the end of April, 25% of homeowners surveyed said they were either in the process of moving or considering a move as a result of the pandemic, only modestly below the 28% recorded in September last year. Given that only around 5% of the housing stock typically changes hands in a given year, it only requires a relatively small proportion of people to follow through on this to have a material impact.

### The 'race for space' continues...

"Of those moving or considering a move, around a third (33%) were looking to move to a different area, while nearly 30% were doing so to access a garden or outdoor space more easily (see chart below).



"Consistent with this, the majority of people are looking to move to less urban areas, with this preference particularly

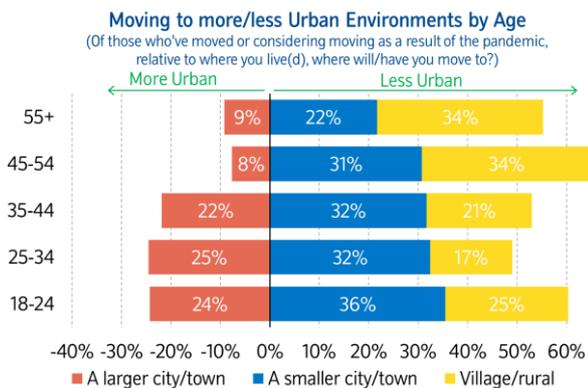
<sup>1</sup> Research conducted online by Censuswide, 23-27 April 2021, with a nationally representative 3,012 general consumers aged 18+ across the UK.

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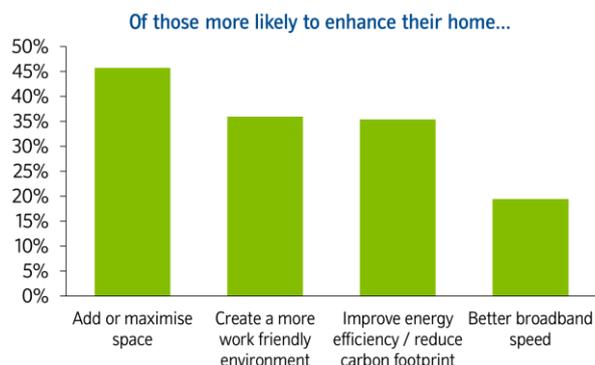
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pronounced for older age cohorts, as shown in the chart below.



“Over a third (36%) of those surveyed said they were more likely to consider enhancing their home as a result of Covid-19, with nearly half (46%) of these looking to add or maximise space. These results are very similar to those from our survey in September last year.

“It is interesting that around a third (35%) of homeowners looking to enhance their home cited an intention to improve energy efficiency or reduce the carbon footprint of their home – a key shift if the UK economy is to become carbon neutral, given that the housing stock accounts for around 15% of the UK’s carbon emissions.



Source: Censuswide survey on behalf of Nationwide (Apr-21)

### Near term outlook buoyant, but uncertain further out

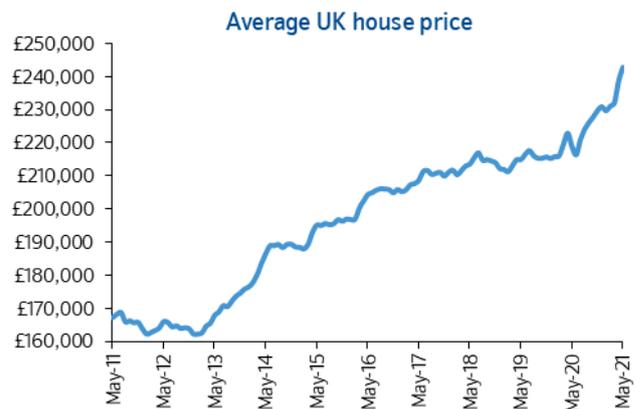
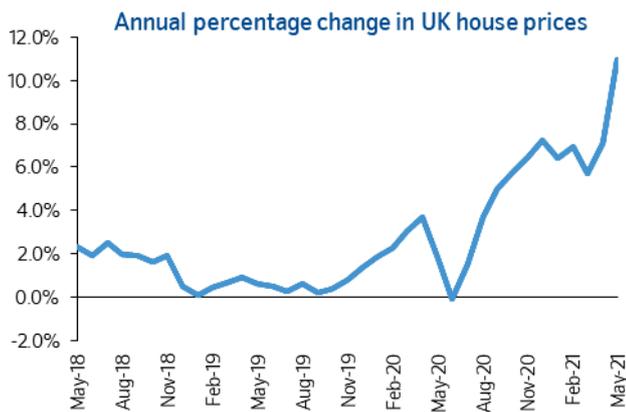
“Housing market activity is likely to remain fairly buoyant over the next six months as a result of the stamp duty extension and additional support for the labour market included in the Budget, especially given continued low borrowing costs, improving credit availability and with many people still motivated to move as a result of changing housing preferences in the wake of the pandemic, as highlighted above.

“With the stock of homes on the market constrained, there is scope for annual house price growth to accelerate further in the coming months, especially given the low base for comparison in early summer last year.

“Further ahead, the outlook for the market is far more uncertain. If unemployment rises sharply towards the end of the year as most analysts expect, there is scope for activity to slow, perhaps sharply, though even this could potentially be offset by ongoing shifts in housing preferences, if current trends are maintained.”

### Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
May-19	0.1	0.3	0.6	214,946
Jun-19	0.2	0.5	0.5	216,515
Jul-19	0.3	0.6	0.3	217,663
Aug-19	-0.1	0.6	0.6	216,096
Sep-19	-0.3	0.3	0.2	215,352
Oct-19	0.2	0.0	0.4	215,368
Nov-19	0.4	-0.1	0.8	215,734
Dec-19	0.2	0.2	1.4	215,282
Jan-20	0.7	0.7	1.9	215,897
Feb-20	0.3	1.0	2.3	216,092
Mar-20	0.8	1.4	3.0	219,583
Apr-20	0.9	1.7	3.7	222,915
May-20	-1.7	1.3	1.8	218,902
Jun-20	-1.6	-0.1	-0.1	216,403
Jul-20	1.9	-1.2	1.5	220,936
Aug-20	2.0	-0.5	3.7	224,123
Sep-20	0.9	1.9	5.0	226,129
Oct-20	0.9	3.7	5.8	227,826
Nov-20	1.0	3.8	6.5	229,721
Dec-20	0.9	3.1	7.3	230,920
Jan-21	-0.1	2.5	6.4	229,748
Feb-21	0.8	2.1	6.9	231,068
Mar-21	-0.3	1.3	5.7	232,134
Apr-21	2.3	1.6	7.1	238,831
May-21	1.8	2.3	10.9	242,832



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)

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