

Nationwide HOUSE PRICE INDEX



www.nationwidehousepriceindex.co.uk

May 2022

House prices post tenth successive monthly increase in May to keep annual price growth in double-digits

- Annual UK house price growth slowed modestly in May to 11.2%, from 12.1% in April
- Prices up 0.9% month-on-month after taking account of seasonal effects

Headlines	May-22	Apr-22
Monthly Index*	536.3	531.8
Monthly Change*	0.9%	0.4%
Annual Change	11.2%	12.1%
Average Price (not seasonally adjusted)	£269,914	£267,620

* 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 slight slowing in the rate of annual house price growth to 11.2%, from 12.1% in April. Prices rose by 0.9% month-on-month, after taking account of seasonal effects – the tenth successive monthly increase, which kept annual price growth in double digits.

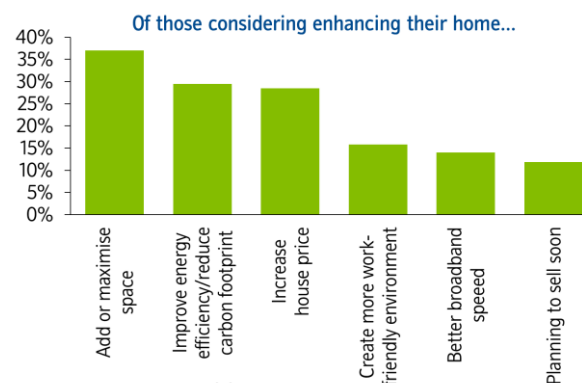
"Despite growing headwinds from the squeeze on household budgets due to high inflation and a steady increase in borrowing costs, the housing market has retained a surprising amount of momentum. Demand is being supported by strong labour market conditions, where the unemployment rate has fallen towards 50-year lows, and with the number of job vacancies at a record high. At the same time, the stock of homes on the market has remained low, keeping upward pressure on house prices.

"We continue to expect the housing market to slow as the year progresses. Household finances are likely to remain under pressure with inflation set to reach double digits in the coming quarters if global energy prices remain high. Measures of consumer confidence have already fallen towards record lows. Moreover, the Bank of England is widely expected to raise interest rates further, which will also exert a cooling impact on the market if this feeds through to mortgage rates.

Home improvement

"Our recent housing market survey¹ revealed that, as well as more people looking to move, over half of those surveyed (54%) are considering enhancing their home.

"The most popular option for those looking to make improvements was to add or maximise space, with more than a third (37%) citing this as a motivating factor. Interestingly, 29% of those surveyed wanted to improve energy efficiency or reduce the carbon footprint of their home. This consideration has become increasingly relevant in light of surging energy costs, though decarbonising and adapting the housing stock is also important if the UK is to meet its 2050 emissions target.



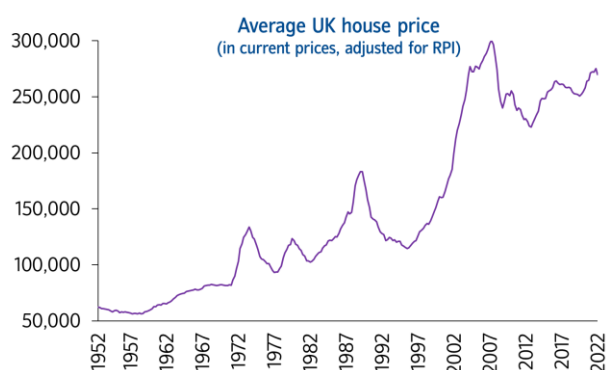
House prices since 1952

"2022 marks the Queen's Platinum Jubilee and it is also 70 years since we produced our first house price data. The housing market was very different back in 1952, with just 32% of households owning their own home, compared to 65% today.

"The UK average house price in 1952 was £1,891 - which is around £62,000 in today's money. This means that current average house prices are 4.3 times higher than 1952 levels in real terms (adjusting for retail price inflation).

¹ Research conducted online by Censuswide, 6-7 April 2022, with a nationally representative 3,003 general consumers aged 16+ across the UK.



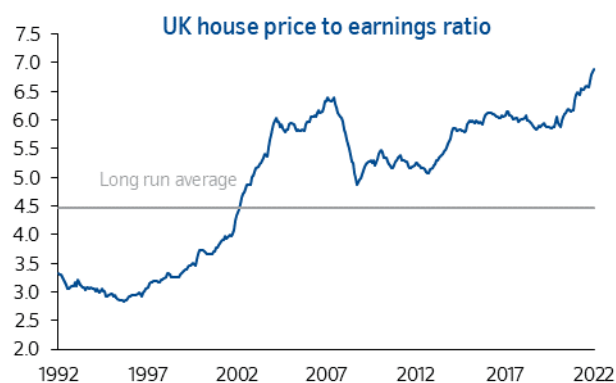
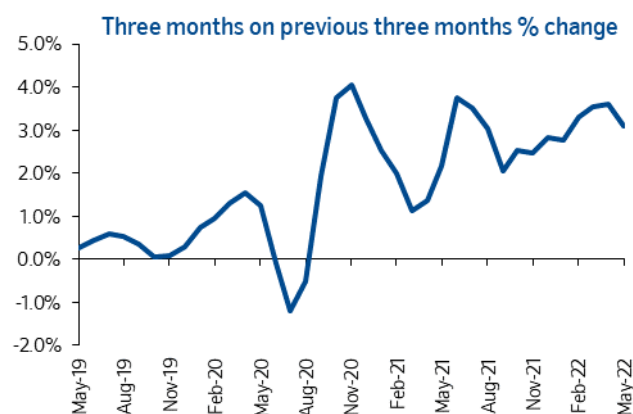
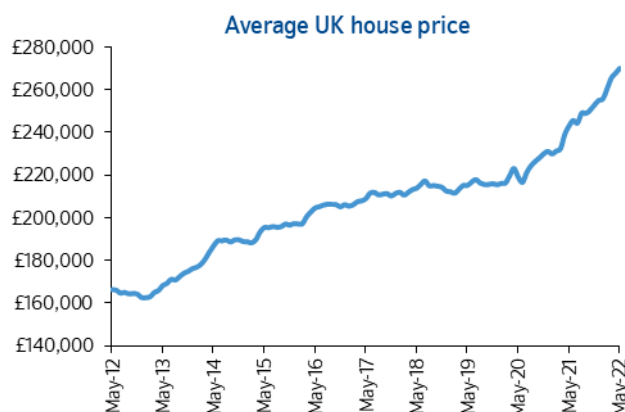
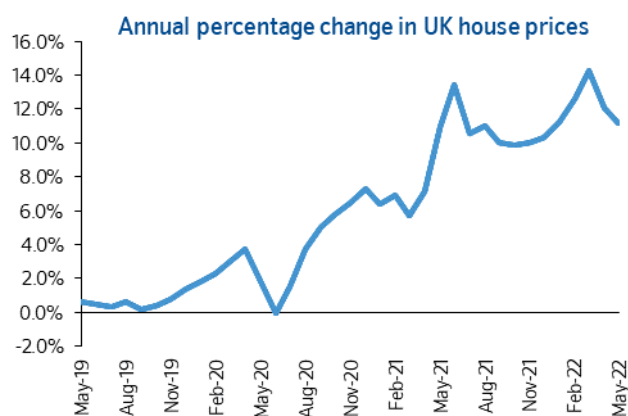


“In 1952 the typical house cost four times average annual earnings, but today the average home costs 6.9 times earnings - a record high. However, borrowing costs were higher back then, with Bank Rate at 4.0%, compared to 1.0% currently.

“In the early 1950s, almost all mortgages were advanced by building societies, where the overwhelming majority were small, locally-based lenders. In 1952, there were 800 societies operating in the UK, compared to 43 today.”

Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
May-20	-1.7	1.2	1.8	218,902
Jun-20	-1.6	-0.1	-0.1	216,403
Jul-20	2.0	-1.2	1.5	220,936
Aug-20	1.8	-0.5	3.7	224,123
Sep-20	1.2	1.9	5.0	226,129
Oct-20	0.9	3.7	5.8	227,826
Nov-20	0.9	4.1	6.5	229,721
Dec-20	0.9	3.3	7.3	230,920
Jan-21	0.0	2.5	6.4	229,748
Feb-21	0.5	2.0	6.9	231,068
Mar-21	-0.4	1.1	5.7	232,134
Apr-21	2.4	1.4	7.1	238,831
May-21	1.7	2.2	10.9	242,832
Jun-21	0.7	3.7	13.4	245,432
Jul-21	-0.5	3.5	10.5	244,229
Aug-21	2.1	3.0	11.0	248,857
Sep-21	0.3	2.1	10.0	248,742
Oct-21	0.8	2.5	9.9	250,311
Nov-21	1.0	2.5	10.0	252,687
Dec-21	1.2	2.8	10.4	254,822
Jan-22	0.9	2.8	11.2	255,556
Feb-22	1.7	3.3	12.6	260,230
Mar-22	1.1	3.5	14.3	265,312
Apr-22	0.4	3.6	12.1	267,620
May-22	0.9	3.1	11.2	269,914



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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