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January 2025

House price growth softens at the start of 2025

- Annual rate of house price growth slowed to 4.1% in January, compared with 4.7% in December
- House prices up 0.1% month on month
- Little change in overall rate of home ownership in recent years despite affordability pressures

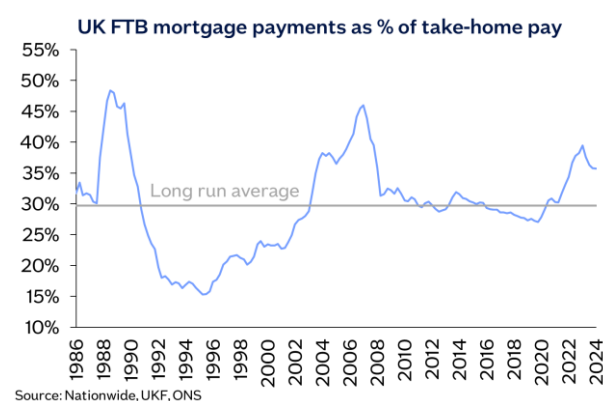
Headlines	Jan-25	Dec-24
Monthly Index*	541.0	540.5
Monthly Change*	0.1%	0.7%
Annual Change	4.1%	4.7%
Average Price (not seasonally adjusted)	£268,213	£269,426

* 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:

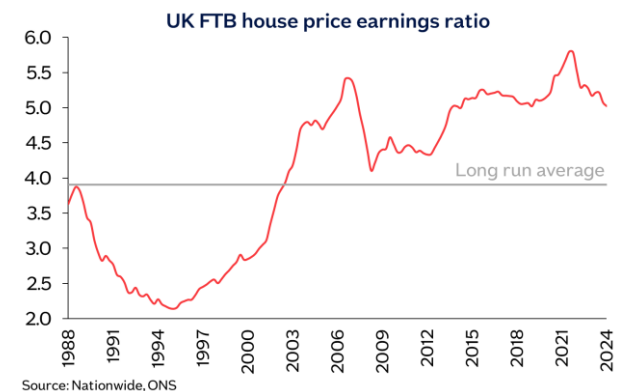
"The price of a typical UK home rose by 4.1% year on year in January, a modest slowing in the annual pace of growth compared with December. House prices increased by 0.1% month on month, after taking account of seasonal effects.

"The housing market continues to show resilience despite ongoing affordability pressures. As we highlighted in our recent [affordability report](#), while there has been a modest improvement over the last year, affordability remains stretched by historic standards. A prospective buyer earning the average UK income and buying a typical first-time buyer property with a 20% deposit would have a monthly mortgage payment equivalent to 36% of their take-home pay – well above the long-run average of 30%.

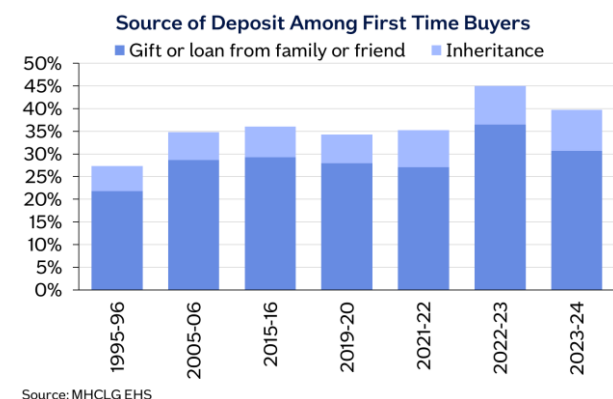


"Furthermore, house prices remain high relative to average earnings, with the first-time buyer house price to earnings ratio standing at 5.0 at the end of 2024, still well above the long run average of 3.9. Consequently, the deposit hurdle remains high. This is a challenge that has been made worse by the record increase in rents in recent years, which, together with the cost-of-

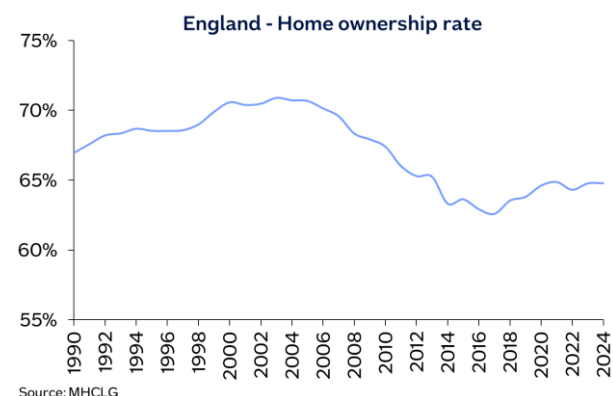
living crisis more generally, has hampered the ability of many in the private rented sector to save.



"Therefore, it's not surprising that a significant proportion of first-time buyers have to draw on help from friends and family to raise a deposit. In 2023/24, around 40% of first-time buyers had some assistance raising a deposit, either in the form of a gift or loan from family or friends, or through an inheritance.

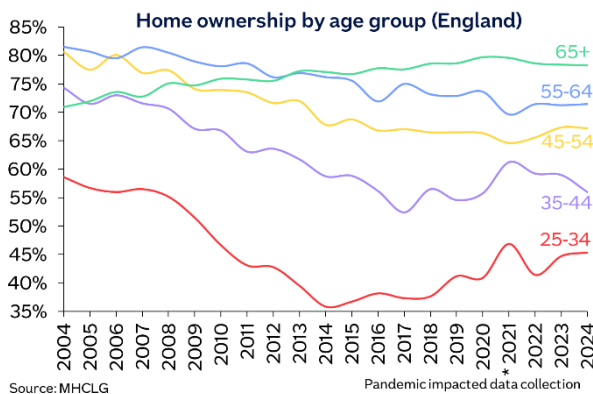


"Despite these challenges, there has been relatively little change in overall levels of home ownership in recent years. The latest English Housing Survey produced by the Ministry of Housing, Communities & Local Government (MHCLG) showed homeownership rate remained stable in 2024 at 65%.

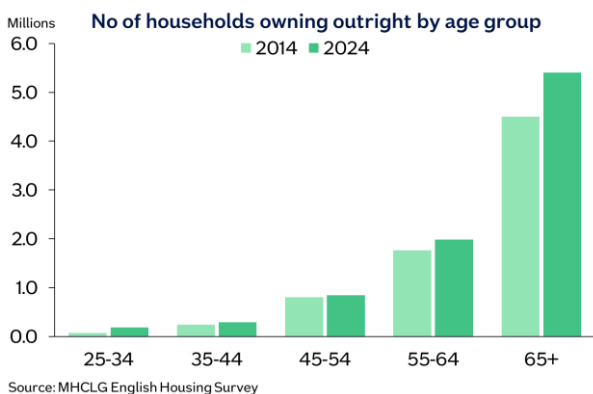


“There was a slight increase in the number of people owning their home with a mortgage, although the majority of homeowners (around 55%) own outright, which is largely a reflection of demographic trends. The proportion of households in the private rented sector remained stable at 19%.

“Looking at trends over the long term, homeownership rates among younger age groups, in particular those aged 25-34 and 35-44, remain well below their 2004 peaks. Homeownership amongst those aged 25-34 has been gradually improving over the last decade however and now stands at 45%, compared to 36% in 2014, though still below 2004 peak of 59%.



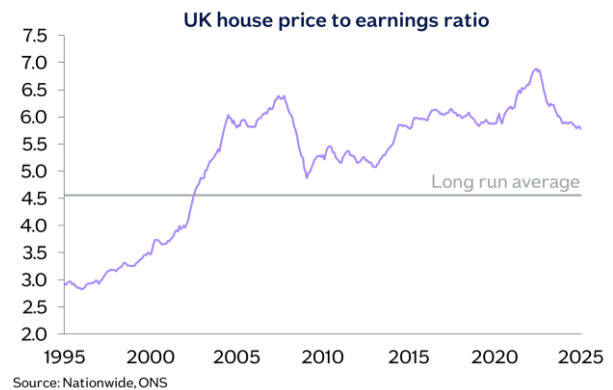
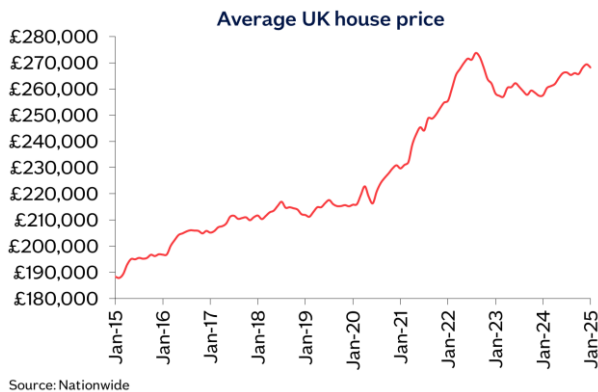
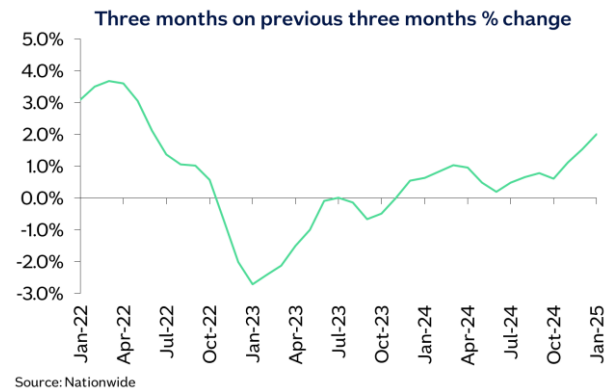
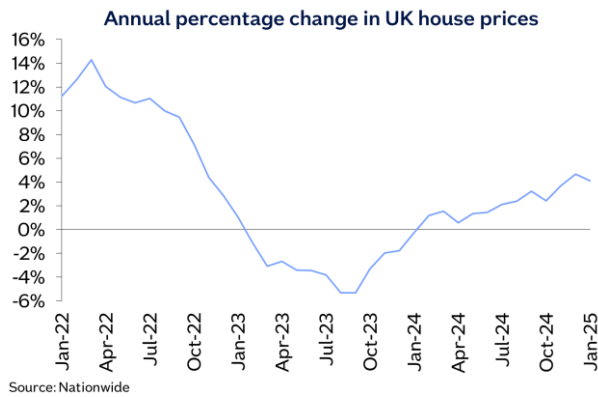
“The number of households in England owning their homes outright has increased by 1.3 million over the past ten years to reach 8.7 million. This reflects demographic developments, in particular a rise in the number of older households (aged 65+), where the number owning outright has increased from 4.5 million to 5.4 million over the last decade.”



Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 month on 3 month % Change	Annual % Change	Average Price
Jan-23	-0.8	-2.7	1.1	258,297
Feb-23	-0.6	-2.4	-1.1	257,406
Mar-23	-0.7	-2.1	-3.1	257,122
Apr-23	0.7	-1.5	-2.7	260,441
May-23	-0.2	-1.0	-3.4	260,736
Jun-23	0.1	-0.1	-3.5	262,239
Jul-23	-0.2	0.0	-3.8	260,828
Aug-23	-0.6	-0.1	-5.3	259,153
Sep-23	-0.1	-0.7	-5.3	257,808
Oct-23	0.9	-0.5	-3.3	259,423
Nov-23	-0.0	0.0	-2.0	258,557
Dec-23	-0.2	0.5	-1.8	257,443
Jan-24	0.7	0.6	-0.2	257,656
Feb-24	0.8	0.8	1.2	260,420
Mar-24	-0.3	1.0	1.6	261,142
Apr-24	-0.3	1.0	0.6	261,962
May-24	0.5	0.5	1.3	264,249
Jun-24	0.3	0.2	1.5	266,064
Jul-24	0.4	0.5	2.1	266,334
Aug-24	-0.2	0.7	2.4	265,375
Sep-24	0.6	0.8	3.2	266,094
Oct-24	0.1	0.6	2.4	265,738
Nov-24	1.2	1.1	3.7	268,144
Dec-24	0.7	1.5	4.7	269,426
Jan-25	0.1	2.0	4.1	268,213

Note that monthly % changes are revised when seasonal adjustment factors are re-estimated.



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.

Energy efficiency analysis based on data for the period July 2023 to June 2024 for England & Wales. The methodology correlates the price paid for a property against the set of property characteristics (including the property type, age, number of bedrooms), locality (local neighbourhood as described by ACORN) and its energy efficiency rating. Only properties where an Energy Performance Certificate (EPC) was available were included. EPC data sourced from the Energy Performance of Buildings Register published by the Ministry of Housing, Communities & Local Government

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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