

Nationwide HOUSE PRICE INDEX



www.nationwidehousepriceindex.co.uk

April 2021

House price growth springs back in April

- Annual house price growth rebounded to 7.1% in April, from 5.7% in March
- Prices up 2.1% month-on-month, the biggest monthly rise since February 2004
- Annual growth will reach double digits in June if prices are flat over next two months
- New record high average price of £238,831, up £15,916 over the past 12 months

Headlines	Apr-21	Mar-21
Monthly Index*	473.7	464.0
Monthly Change*	2.1%	-0.3%
Annual Change	7.1%	5.7%
Average Price (not seasonally adjusted)	£238,831	£232,134

* 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 accelerated to 7.1% in April, only slightly below the peak of 7.3% recorded in December and up from 5.7% in March. In month-on-month terms, house prices rose by 2.1% in April, after taking account of seasonal effects, the biggest month rise since February 2004.

"Just as expectations of the end of the stamp duty holiday led to a slowdown in house price growth in March, so the extension of the stamp duty holiday in the Budget prompted a reacceleration in April.

"However, our research suggests that while the stamp duty holiday is impacting the timing of housing transactions, for most people it is not the key motivating factor prompting them to move in the first place. For example, amongst homeowners surveyed at the end of April¹ that were either moving home or considering a move, three quarters said this would have been the case even if the stamp duty holiday had not been extended.

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

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 and with many people still motivated to move as a result of changing housing preferences in the wake of the pandemic.

"With the stock of homes on the market relatively 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. Indeed, if house prices remain flat in month-on-month terms over the next two months, the annual rate of growth will reach double digits in June.

"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.

"However, shifts in housing preferences may continue to support activity, even if labour market conditions weaken. Indeed, 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.

Will the rise in household savings help ease the deposit burden?

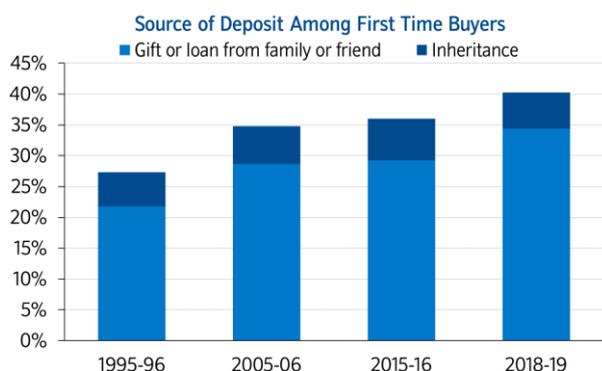


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“There has been a surge in household deposits since the pandemic struck in early 2020, in large part as people were unable to go out and spend on the things they would normally purchase. In the 12 months to February 2021, household deposits increased by £196 billion, equivalent to around £7,000 per household, and almost three times the amount accumulated in the same period the previous year.

“Given that raising a deposit is the main challenge for most prospective first time buyers, where a 10% deposit on the typical first time buyer home is c£19,500, or around 50% of gross earnings, this might suggest that the recent rise in savings balances will help more first time buyers to enter the housing market.

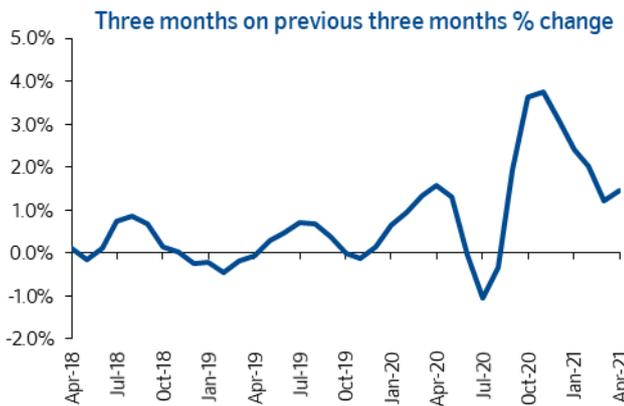
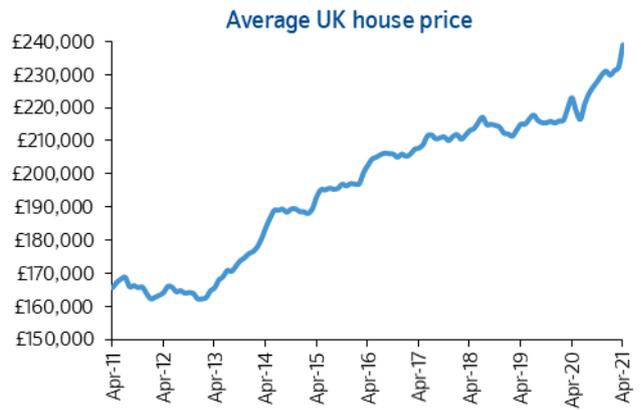
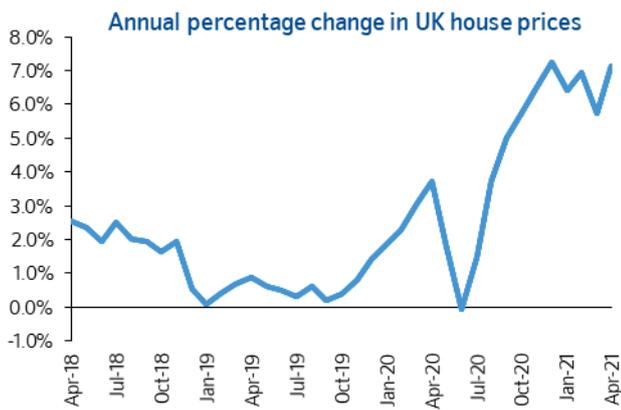
“However, the increase in savings has been concentrated amongst older, wealthier households. The fact that around a third of first time buyers in England in 2018/19 said that friends or family helped them to raise a deposit through a loan or gift suggests that the recent surge in savings will help some, but that the impact won’t be spread evenly.”



Source: MHCLG EHS

Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Apr-19	0.2	-0.1	0.9	214,920
May-19	0.2	0.3	0.6	214,946
Jun-19	0.3	0.5	0.5	216,515
Jul-19	0.3	0.7	0.3	217,663
Aug-19	-0.1	0.7	0.6	216,096
Sep-19	-0.3	0.4	0.2	215,352
Oct-19	0.1	0.0	0.4	215,368
Nov-19	0.4	-0.1	0.8	215,734
Dec-19	0.1	0.2	1.4	215,282
Jan-20	0.7	0.7	1.9	215,897
Feb-20	0.2	1.0	2.3	216,092
Mar-20	0.8	1.3	3.0	219,583
Apr-20	0.8	1.6	3.7	222,915
May-20	-1.4	1.3	1.8	218,902
Jun-20	-1.5	0.0	-0.1	216,403
Jul-20	1.8	-1.0	1.5	220,936
Aug-20	2.0	-0.3	3.7	224,123
Sep-20	0.9	1.9	5.0	226,129
Oct-20	0.9	3.6	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	2.4	6.4	229,748
Feb-21	0.7	2.0	6.9	231,068
Mar-21	-0.3	1.2	5.7	232,134
Apr-21	2.1	1.5	7.1	238,831



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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