

# Nationwide HOUSE PRICE INDEX



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

August 2023

## August sees further weakness in house prices

- House prices fell 0.8% month on month in August
- House prices now 5.3% below August 2022 peak
- Represents annual fall of c£14,600 on a typical home

Headlines	Aug-23	Jul-23
Monthly Index*	512.1	516.0
Monthly Change*	-0.8%	-0.3%
Annual Change	-5.3%	-3.8%
Average Price (not seasonally adjusted)	£259,153	£260,828

\* 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:

“August saw a further softening in the annual rate of house price growth to -5.3%, from -3.8% in July, the weakest rate since July 2009. Prices fell by 0.8% over the month, after taking account of seasonal effects.

“The softening is not surprising, given the extent of the rise in borrowing costs in recent months, which has resulted in activity in the housing market running well below pre-pandemic levels. For example, mortgage approvals have been around 20% below the 2019 average in recent months and mortgage application data suggests the weakness has been maintained more recently (we explore the evolving composition of transactions in more detail below).

“Nevertheless, a relatively soft landing is still achievable, providing broader economic conditions evolve in line with our (and most other forecasters’) expectations.

“In particular, unemployment is expected to remain low (below 5%) and the vast majority of existing borrowers should be able to weather the impact of higher borrowing costs, given the high proportion on fixed rates, and where affordability testing should ensure that those needing to refinance can afford the higher payments.

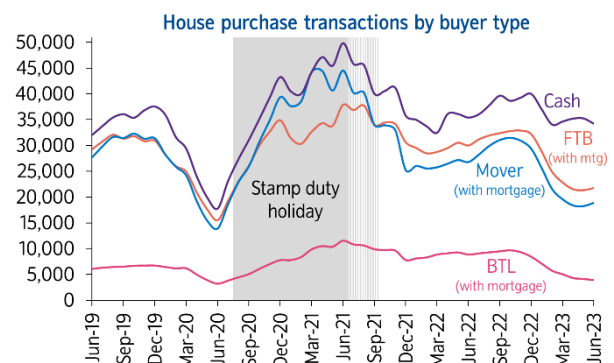
“While activity is likely to remain subdued in the near term, healthy rates of nominal income growth, together with modestly lower house prices, should help to improve housing

affordability over time, especially if mortgage rates moderate once Bank Rate peaks.

### Cash transactions proving more resilient in a sluggish market

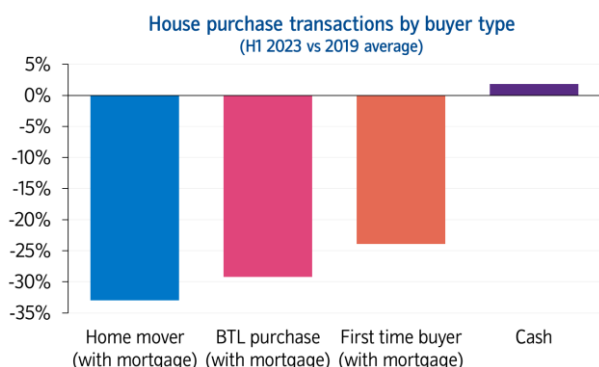
“In the first half of 2023, the number of completed housing transactions was nearly 20% below pre-pandemic (2019) levels and c.40% lower than in the first half of 2021 - though the latter reflects the boost to activity from pandemic-related shifts in housing preferences, the stamp duty holiday and ultra-low borrowing costs.

“An examination of the composition of transactions reveals that cash purchases, though down from the 2021 highs, have been remarkably resilient, while purchases involving a mortgage have slowed much more sharply, as shown in the chart below.



Source: HMRC, UK Finance, Nationwide estimates (3m rolling average)

“Home mover completions (with a mortgage) in the first half of 2023 were 33% lower than 2019 levels, whilst first-time buyer numbers were c.25% lower. Buy-to-let purchases involving a mortgage were nearly 30% below pre-pandemic levels. By contrast, cash purchases were actually up 2%.



Source: HMRC, UK Finance, Nationwide estimates

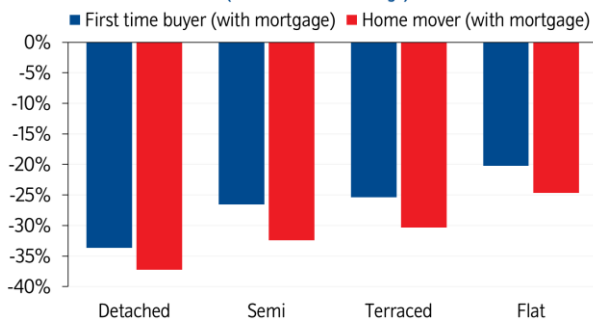
Media enquiries to: Robert Gardner, Chief Economist, [robert.gardner@nationwide.co.uk](mailto:robert.gardner@nationwide.co.uk)  
Mike Pitcher, Media Relations Manager, [mike.pitcher@nationwide.co.uk](mailto:mike.pitcher@nationwide.co.uk)

“The relative weakness of mortgage activity reflects mounting affordability pressures as a result of the sharp rise in mortgage rates since last autumn, which would not have affected cash buyers. Indeed, a first-time buyer earning the average wage and buying a typical first-time buyer property with a 20% deposit would now see their monthly mortgage payment absorb over 40% of their take-home pay (with a mortgage rate of 6%) – well above the long run average of c.29%.

“For owner-occupiers buying with a mortgage, there has also been a modest shift in the type of properties being purchased. While transactions are lower than pre-pandemic levels across all property types, the biggest decline has been in detached houses.

“There are signs that buyers are looking towards smaller, less expensive properties, with flats seeing a smaller decline. This shift may, in part, reflect the ending of the Help to Buy scheme, which helped those with a smaller deposit purchase a newly built home. Flats have also remained relatively more affordable; average prices have risen by only 13% since the onset of the pandemic, compared with 23% for detached properties.”

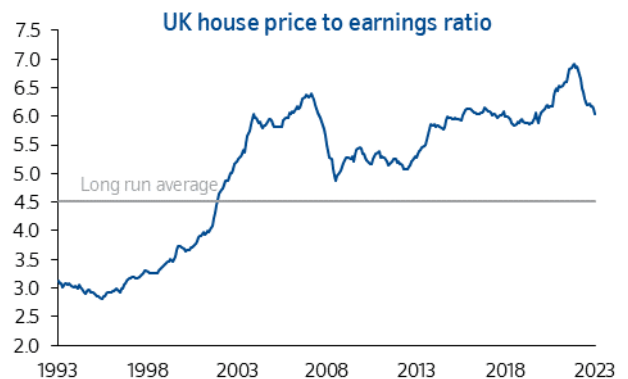
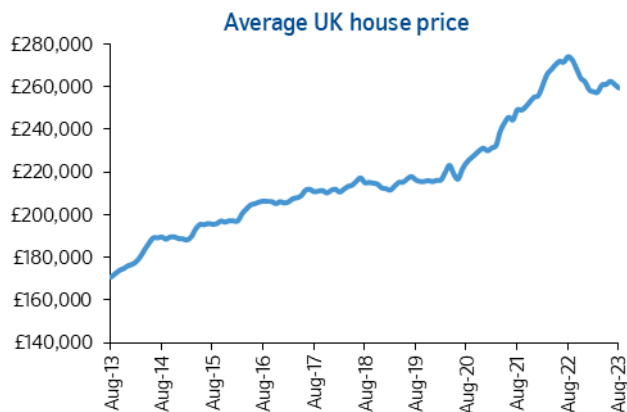
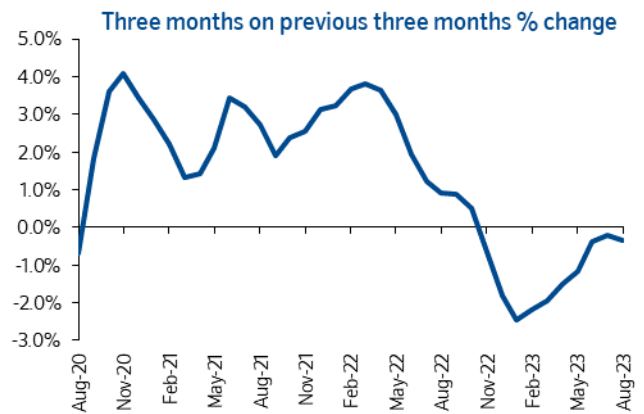
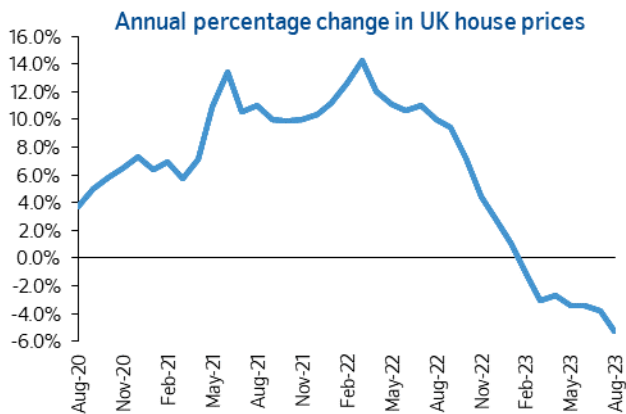
House purchase transactions by property type  
(H1 2023 vs 2019 average)



Source: UK Finance Regulated Mortgage Survey / Mortgage Clarity

## Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Aug-21	1.8	2.7	11.0	248,857
Sep-21	0.3	1.9	10.0	248,742
Oct-21	1.0	2.4	9.9	250,311
Nov-21	1.3	2.6	10.0	252,687
Dec-21	1.2	3.1	10.4	254,822
Jan-22	1.0	3.2	11.2	255,556
Feb-22	1.7	3.7	12.6	260,230
Mar-22	1.2	3.8	14.3	265,312
Apr-22	0.1	3.7	12.1	267,620
May-22	0.7	3.0	11.2	269,914
Jun-22	0.1	1.9	10.7	271,613
Jul-22	0.1	1.2	11.0	271,209
Aug-22	0.8	0.9	10.0	273,751
Sep-22	-0.1	0.9	9.5	272,259
Oct-22	-1.0	0.5	7.2	268,282
Nov-22	-1.3	-0.7	4.4	263,788
Dec-22	-0.4	-1.8	2.8	262,068
Jan-23	-0.7	-2.5	1.1	258,297
Feb-23	-0.5	-2.2	-1.1	257,406
Mar-23	-0.8	-2.0	-3.1	257,122
Apr-23	0.4	-1.5	-2.7	260,441
May-23	-0.2	-1.2	-3.4	260,736
Jun-23	0.1	-0.4	-3.5	262,239
Jul-23	-0.3	-0.2	-3.8	260,828
Aug-23	-0.8	-0.3	-5.3	259,153



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)

## Legal Information

The Nationwide House Price Indices are prepared from information that we believe is collated with care, but no representation is made as to their accuracy or completeness. We reserve the right to vary our methodology and to edit or discontinue the indices at any time, for regulatory or other reasons.

**Persons seeking to place reliance on the Indices for any purpose whatsoever do so at their own risk and should be aware that various factors, including external factors beyond Nationwide Building Society's control might necessitate material changes to the Indices.**

The Nationwide House Price Indices may not be used for commercial purposes including as a reference for: 1) determining the interest payable, or other sums due, under loan agreements or other contracts relating to investments 2) determining the price at which investments may be bought or sold or the value of investments or 3) measuring the performance of investments.

Nationwide Building Society is the owner of the trade mark "Nationwide" and all copyright and other rights in the Nationwide House Price Indices.

The application of the IOSCO Principles on financial benchmarks to the NHPI is more fully set out in our [statement regarding IOSCO Principles](#). Nationwide considers that its arrangements for administration of the NHPI comply with the IOSCO Principles in a proportionate manner having regard to the nature of the index.

Commentary and other materials posted on our website are not intended to amount to advice on which reliance should be placed or an offer to sell or solicit the purchase by you of any products or services that we provide. We therefore do not accept any liability or responsibility arising from any reliance placed on such materials by any visitor to our website, or by anyone who may be informed of any of its contents.