

# Nationwide HOUSE PRICE INDEX



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

February 2023

## Annual house price growth turns negative in February, falling to its weakest level since 2012

- House prices down 1.1% year-on-year in February - the first annual decline since June 2020 and the weakest since November 2012
- February sees 0.5% month-on-month fall, with prices 3.7% lower than the August 2022 peak

Headlines	Feb-23	Jan-23
Monthly Index*	520.7	523.0
Monthly Change*	-0.5%	-0.6%
Annual Change	-1.1%	1.1%
Average Price (not seasonally adjusted)	£257,406	£258,297

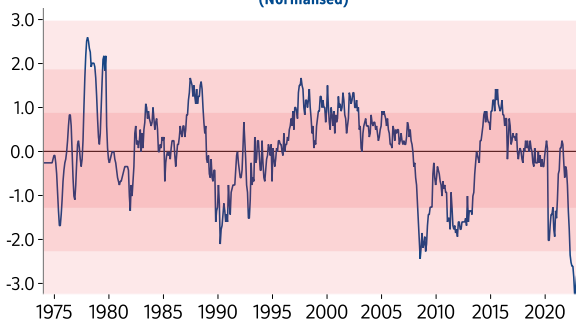
\* Seasonally adjusted figure (note that monthly % changes are revised when seasonal adjustment factors are re-estimated)

### Commenting on the figures, Robert Gardner, Nationwide's Chief Economist, said:

"Annual house price growth slipped into negative territory for the first time since June 2020, with prices down 1.1% in February compared with the same month last year. Moreover, February saw a further monthly price fall (-0.5%) – the sixth in a row – which leaves prices 3.7% below their August peak (after taking account of seasonal effects).

"The recent run of weak house price data began with the financial market turbulence in response to the mini-Budget at the end of September last year. While financial market conditions normalised some time ago, housing market activity has remained subdued.

**Total Consumer Confidence Index**  
(Normalised)



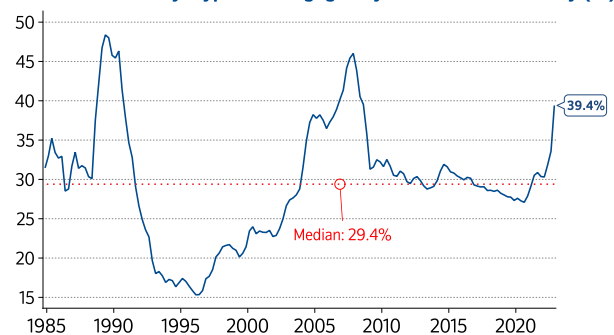
Source: GfK

"This likely reflects the lingering impact on confidence as well as the cumulative impact of the financial pressures that have been weighing on households for some time. Indeed, inflation has continued to outpace wage growth and mortgage rates remain significantly higher than the lows recorded in 2021. Even though consumer sentiment has improved in recent months, it is still languishing at levels prevailing during the depths of the financial crisis (see chart below, left).

### Where next?

"It will be hard for the market to regain much momentum in the near term since economic headwinds look set to remain relatively strong, with the labour market widely expected to weaken as the economy shrinks in the quarters ahead, while mortgage rates remain well above the lows prevailing in 2021.

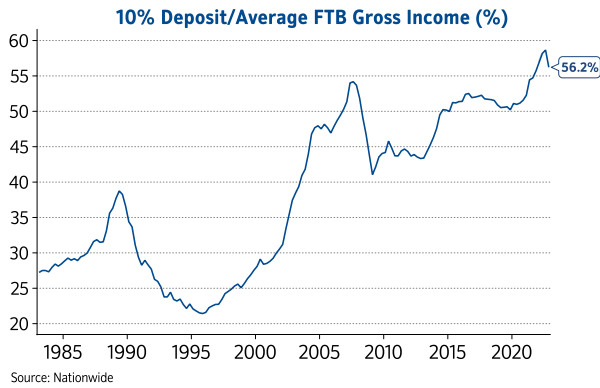
**FTB Affordability: Typical Mortgage Payments/Take home Pay (%)**



Source: Nationwide

"Indeed, despite the modest fall in house prices, for a prospective first-time buyer earning the average income looking to buy the typical home, mortgage payments remain well above the long run average as a share of take-home pay. In addition, deposit requirements remain prohibitively high for many and saving for a deposit remains a struggle given the rising cost of living, especially for those in the private rented sector, where rents have been rising strongly.

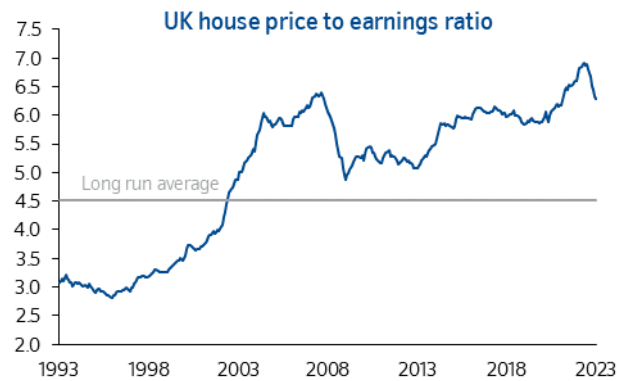
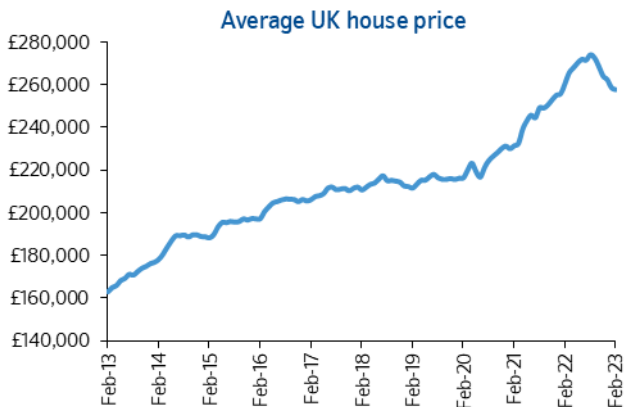
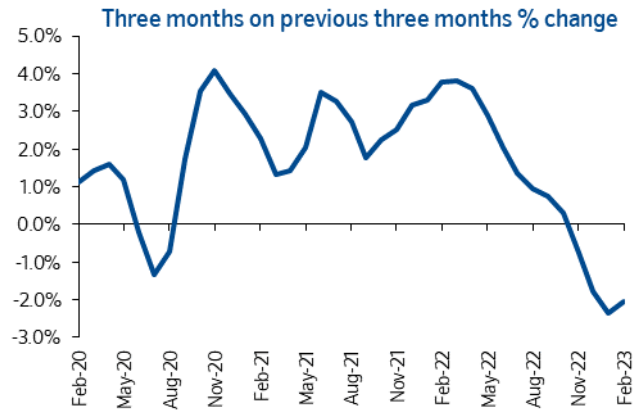
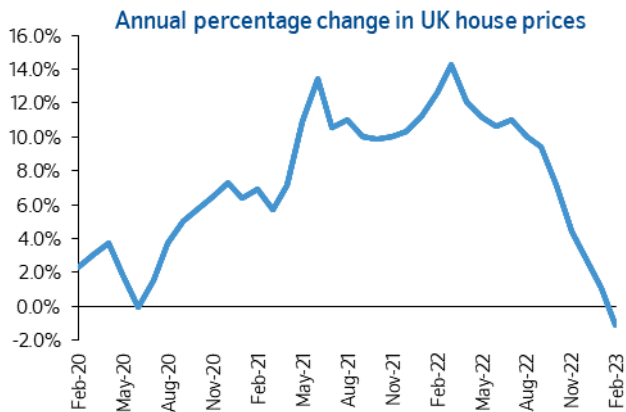
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“However, conditions should gradually improve if inflation moderates in the coming months as expected, easing pressure on household budgets. Solid gains in nominal incomes together with weak or declining house prices will also support housing affordability, especially if mortgage rates edge lower in the coming months.”

## Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Feb-21	0.6	2.3	6.9	231,068
Mar-21	-0.5	1.3	5.7	232,134
Apr-21	2.4	1.4	7.1	238,831
May-21	1.6	2.1	10.9	242,832
Jun-21	0.5	3.5	13.4	245,432
Jul-21	-0.4	3.3	10.5	244,229
Aug-21	1.7	2.7	11.0	248,857
Sep-21	0.3	1.8	10.0	248,742
Oct-21	1.1	2.2	9.9	250,311
Nov-21	1.3	2.5	10.0	252,687
Dec-21	1.2	3.2	10.4	254,822
Jan-22	1.1	3.3	11.2	255,556
Feb-22	1.8	3.8	12.6	260,230
Mar-22	0.9	3.8	14.3	265,312
Apr-22	0.3	3.6	12.1	267,620
May-22	0.7	2.9	11.2	269,914
Jun-22	0.1	2.0	10.7	271,613
Jul-22	0.0	1.3	11.0	271,209
Aug-22	0.6	1.0	10.0	273,751
Sep-22	-0.1	0.7	9.5	272,259
Oct-22	-1.0	0.3	7.2	268,282
Nov-22	-1.3	-0.8	4.4	263,788
Dec-22	-0.3	-1.8	2.8	262,068
Jan-23	-0.6	-2.3	1.1	258,297
Feb-23	-0.5	-2.0	-1.1	257,406



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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