

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

December 2023

# House prices fall 1.8% over the course of 2023

- House prices down 1.8% compared with a year ago
- Northern Ireland and Scotland the only parts of the UK to see prices rise in 2023
- East Anglia the weakest performing region with prices down 5.2% over the year

Headlines	Dec-23	Nov-23
Monthly Index*	517.5	517.8
Monthly Change*	0.0%	0.2%
Annual Change	-1.8%	-2.0%
Average Price (not seasonally adjusted)	£257,443	£258,557

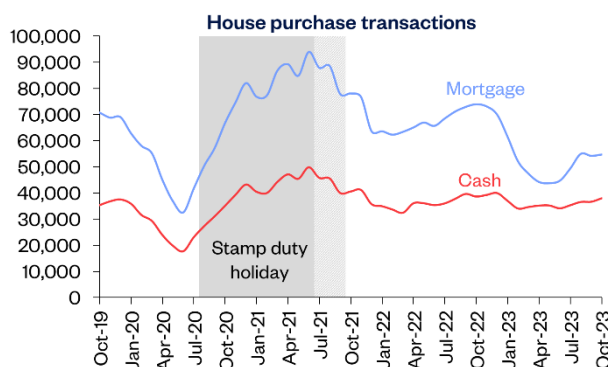
\* Seasonally adjusted figure (note that monthly % changes are revised when seasonal adjustment factors are re-estimated)

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

"UK house prices ended 2023 down 1.8% compared with December 2022, leaving them almost 4.5% below the all-time high recorded in late summer 2022. Prices were flat compared with November, after taking account of seasonal effects.

## Looking back on 2023

"Housing market activity was weak throughout 2023. The total number of transactions has been running at c10% below pre-pandemic levels over the past six months, with those involving a mortgage down even more (c20%), reflecting the impact of higher borrowing costs. On the flip side, the volume of cash transactions has continued to run above pre-Covid levels.



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

"Even though house prices are modestly lower and incomes have been rising strongly, at least in cash terms, this hasn't been enough to offset the impact of higher mortgage rates, which in recent months were still more

than three times the record lows prevailing in 2021 in the wake of the pandemic.

"As a result, housing affordability has remained stretched. A borrower 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 38% of take-home pay – well above the long run average of 30%.

"At the same time, deposit requirements remain prohibitively high for many of those wanting to buy – a 20% deposit on a typical first-time buyer home equates to c105% of average annual gross income – down from the all-time high of 116% recorded in 2022, but still close to the pre-financial crisis level of 108%.

## Where next in 2024?

"There have been some encouraging signs for potential buyers recently, with mortgage rates edging down. Investors have become more optimistic that the Bank of England has already raised rates far enough to return inflation to target and will reduce rates in the years ahead. This shift in view is important, as it has brought down longer-term interest rates, which underpin fixed mortgage rate pricing.

"Nevertheless, a rapid rebound in activity or house prices in 2024 appears unlikely. While cost-of-living pressures are easing, with the rate of inflation now running below the rate of average wage growth, consumer confidence remains weak and surveyors continue to report subdued levels of new buyer enquiries. Moreover, while markets are projecting that the next Bank Rate move will be down, there are still upward risks to interest rates. Inflation is declining, but measures of domestic price pressures remain far too high.

"It appears likely that a combination of solid income growth, together with modestly lower house prices and mortgage rates, will gradually improve affordability over time, with housing market activity remaining fairly subdued in the interim. If the economy remains sluggish and mortgage rates moderate only gradually, as we expect, house prices are likely to record another small decline or remain broadly flat (perhaps 0 to -2%) over the course of 2024.

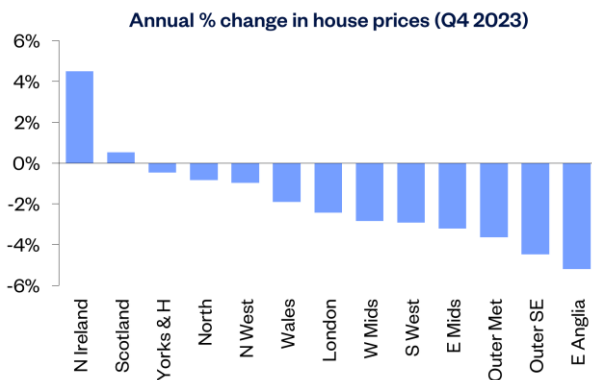
## Most regions saw house price falls in 2023

"Our regional house price indices are produced quarterly, with data for Q4 (the three months to December) showing

house price declines in all but two areas over the year (see full table on page 4).

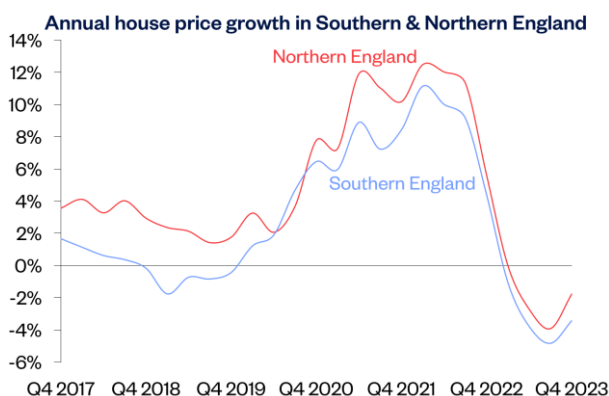
“Northern Ireland was the best performer in 2023, with prices up 4.5% over the year. Scotland also recorded a modest annual increase of 0.5% last year.

“East Anglia was the weakest performing region, with prices down 5.2% year on year. Across England overall, prices were down 2.9% compared with Q4 2022, while Wales saw a 1.9% decline.



“Across northern England (which comprises North, North West, Yorkshire & The Humber, East Midlands and West Midlands), prices were down 1.8% year on year. Yorkshire & The Humber was the best performing northern region with an annual rate of change of -0.5%.

“Meanwhile southern England (South West, Outer South East, Outer Metropolitan, London and East Anglia) saw a 3.4% year-on-year fall. London was once again the best performing southern region with a 2.4% annual decline.

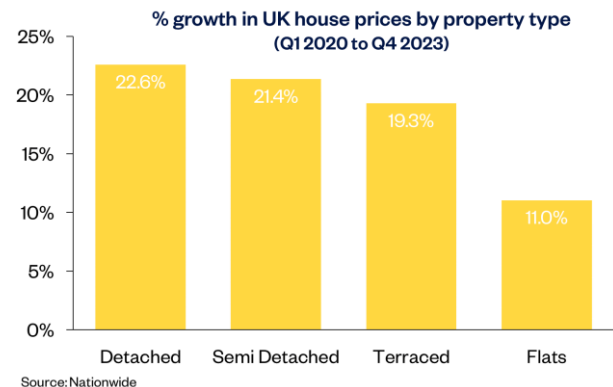


## Property type review

“During 2023, there were signs that more buyers were looking towards smaller, less expensive properties, with transaction volumes for flats holding up better than other property types.

“This may be because affordability for flats has held up relatively better as they experienced less of a price increase over the pandemic period. This is illustrated in

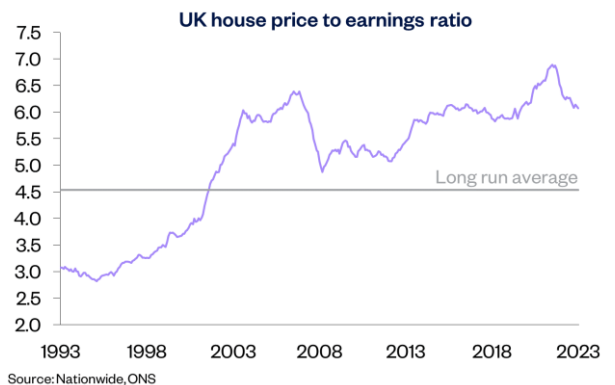
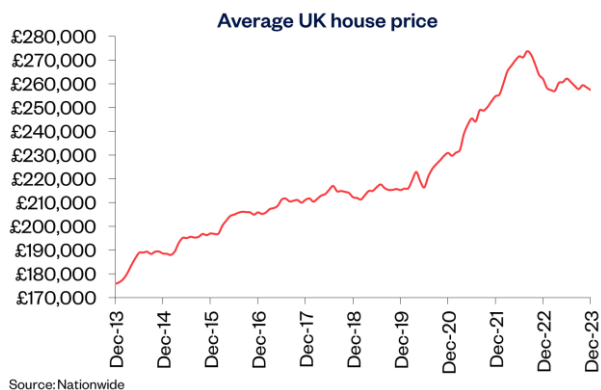
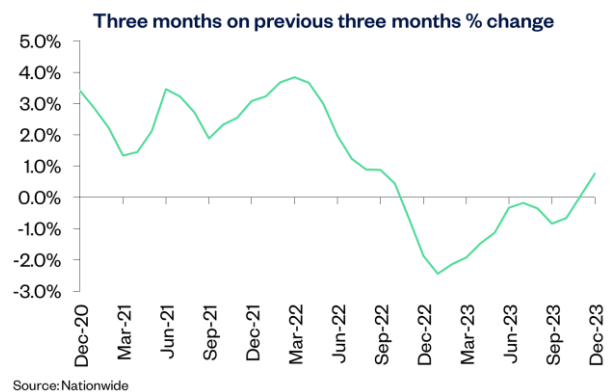
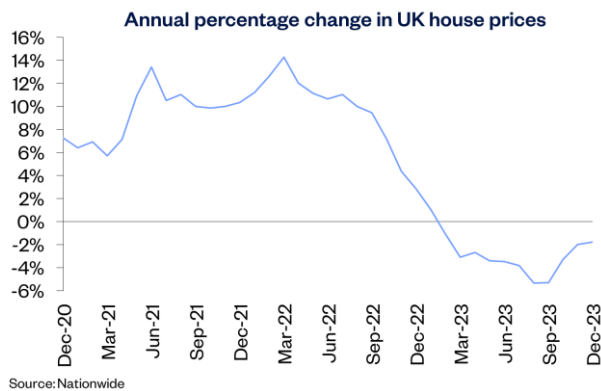
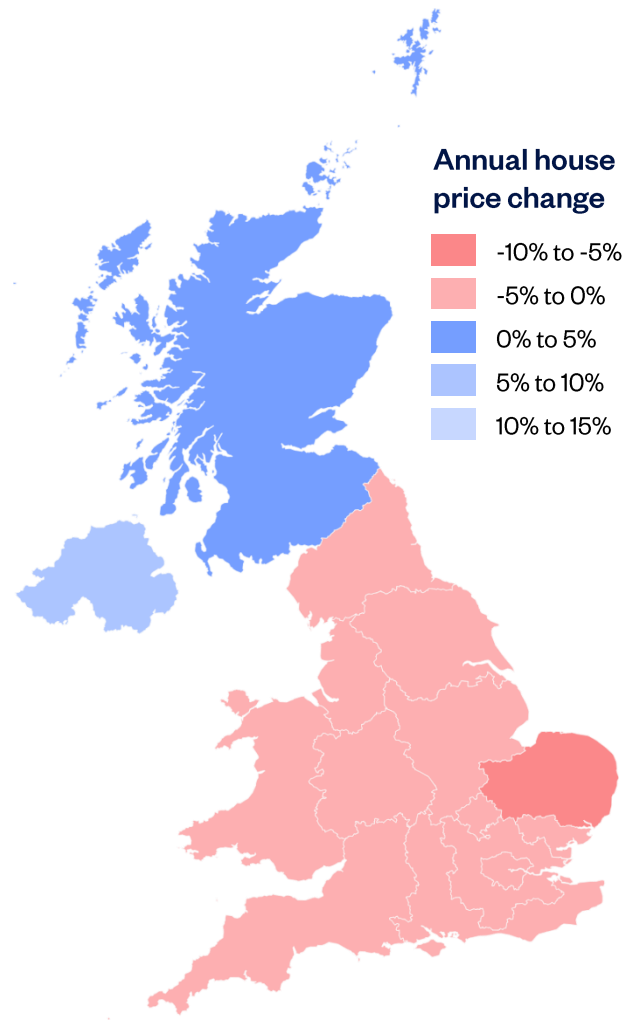
the chart on the below, which shows that average prices for flats have increase by 11.0% since Q1 2020 – around half the 22.6% increase for detached properties over the same period.



“However, in our most recent data, we have seen a convergence in the annual rate of price growth for different property types. During 2023, the price of semi-detached properties held up best, recording a 1.8% year-on-year fall. Meanwhile, flats and terraced houses both saw a 2.1% annual decline, while detached properties were the weakest performing with prices down 2.7% over the year.”

## Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 month on 3 month % Change	Annual % Change	Average Price
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	2.0	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	0.0	0.9	9.5	272,259
Oct-22	-1.2	0.4	7.2	268,282
Nov-22	-1.2	-0.7	4.4	263,788
Dec-22	-0.3	-1.9	2.8	262,068
Jan-23	-0.7	-2.4	1.1	258,297
Feb-23	-0.5	-2.1	-1.1	257,406
Mar-23	-0.8	-1.9	-3.1	257,122
Apr-23	0.5	-1.5	-2.7	260,441
May-23	-0.2	-1.1	-3.4	260,736
Jun-23	0.1	-0.3	-3.5	262,239
Jul-23	-0.3	-0.2	-3.8	260,828
Aug-23	-0.8	-0.4	-5.3	259,153
Sep-23	0.0	-0.8	-5.3	257,808
Oct-23	0.9	-0.7	-3.3	259,423
Nov-23	0.2	0.1	-2.0	258,557
Dec-23	0.0	0.8	-1.8	257,443



## Quarterly Regional House Price Statistics

Q4 2023

Please note that these figures are for the three months to December, therefore will show a different UK average price and annual percentage change to our monthly house price statistics.

### Regions over the last 12 months

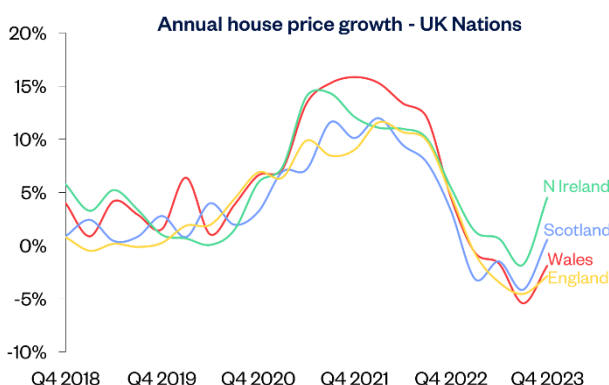
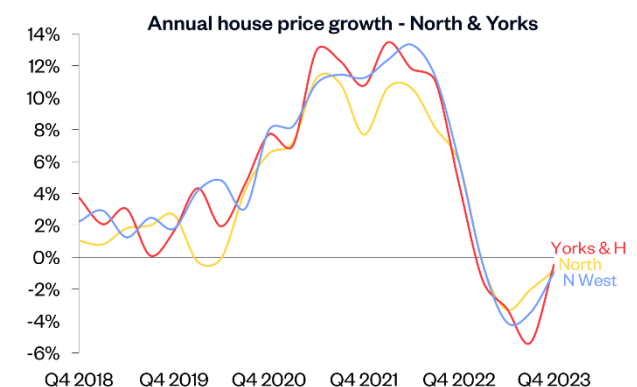
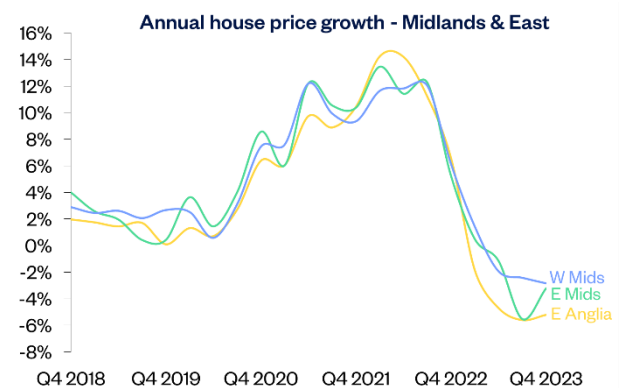
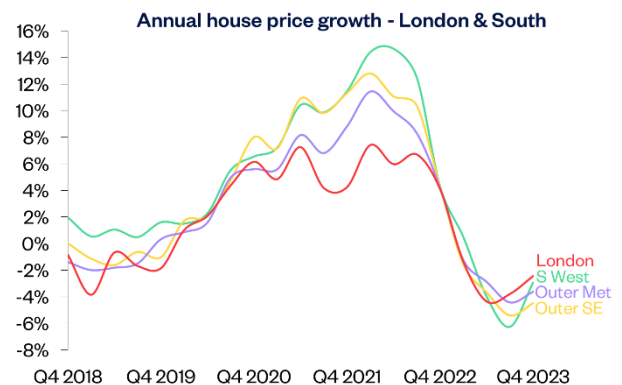
Region	Average price (Q4 2023)	Annual % chg this quarter	Annual % chg last quarter
N Ireland	£184,593	4.5%	-1.8%
Scotland	£179,208	0.5%	-4.2%
Yorks & The H	£198,692	-0.5%	-5.4%
North	£155,577	-0.8%	-2.0%
North West	£206,584	-1.0%	-3.5%
Wales	£201,730	-1.9%	-5.4%
London	£515,132	-2.4%	-3.8%
West Midlands	£234,115	-2.8%	-2.4%
South West	£298,597	-2.9%	-6.3%
East Midlands	£225,970	-3.2%	-5.5%
Outer Met	£412,623	-3.6%	-4.4%
Outer S East	£328,661	-4.5%	-5.4%
East Anglia	£270,903	-5.2%	-5.6%
UK	£259,157	-2.3%	-4.7%

See page 5 for definitions of English regions

UK Fact File (Q4 2023)	
Quarterly average UK house price	£259,157
Annual percentage change	-2.3%
Quarterly change (seasonally adj.)	0.8%
Most expensive region	London
Least expensive region	North
Strongest annual price change	Northern Ireland
Weakest annual price change	East Anglia

### Nations summary table

Nations	Average price (Q4 2023)	Annual % chg this quarter	Quarterly % chg
N Ireland	£184,593	4.5%	3.9%
Scotland	£179,208	0.5%	2.4%
Wales	£201,730	-1.9%	0.7%
England	£296,231	-2.9%	0.2%



## English Region Definitions

### East Anglia

Cambridgeshire (Cambridge, East Cambridgeshire, Fenland, Huntingdonshire, South Cambridgeshire), Norfolk (Breckland, Broadland, Great Yarmouth, King's Lynn & West Norfolk, North Norfolk, Norwich, South Norfolk), Peterborough, Suffolk (Babergh, East Suffolk, Ipswich, Mid Suffolk, West Suffolk)

### East Midlands

Derby, Derbyshire (Amber Valley, Bolsover, Chesterfield, Derbyshire Dales, Erewash, High Peak, North East Derbyshire, South Derbyshire), Leicester, Leicestershire (Blaby, Charnwood, Harborough, Hinckley & Bosworth, Melton, North West Leicestershire, Oadby & Wigston), Lincolnshire (Boston, East Lindsey, Lincoln, North Kesteven, South Holland, South Kesteven, West Lindsey), North Northamptonshire, Nottingham, Nottinghamshire (Ashfield, Bassetlaw, Broxtowe, Gedling, Mansfield, Newark & Sherwood, Rushcliffe), Rutland, West Northamptonshire

### London

Barking & Dagenham, Barnet, Bexley, Brent, Bromley, Camden, City of London, Croydon, Ealing, Enfield, Greenwich, Hackney, Hammersmith & Fulham, Haringey, Harrow, Havering, Hillingdon, Hounslow, Islington, Kensington & Chelsea, Kingston upon Thames, Lambeth, Lewisham, Merton, Newham, Redbridge, Richmond upon Thames, Southwark, Sutton, Tower Hamlets, Waltham Forest, Wandsworth, Westminster

### North

County Durham, Cumbria (Cumberland, Westmorland & Furness), Darlington, Gateshead, Hartlepool, Middlesbrough, Newcastle upon Tyne, North Tyneside, Northumberland, Redcar & Cleveland, South Tyneside, Stockton-on-Tees, Sunderland

### North West

Blackburn with Darwen, Blackpool, Bolton, Bury, Cheshire East, Cheshire West & Chester, Halton, Knowsley, Lancashire (Burnley, Chorley, Fylde, Hyndburn, Lancaster, Pendle, Preston, Ribble Valley, Rossendale, South Ribble, West Lancashire, Wyre), Liverpool, Manchester, Oldham, Rochdale, Salford, Sefton, St. Helens, Stockport, Tameside, Trafford, Warrington, Wigan, Wirral

### Outer Metropolitan

Basildon, Bracknell Forest, Brentwood, Buckinghamshire, Castle Point, Chelmsford, Crawley, Dartford, Epping Forest, Gravesham, Harlow, Hart, Hertfordshire (Brombourne, Dacorum, East Hertfordshire, Hertsmere, North Hertfordshire, St Albans, Stevenage, Three Rivers, Watford, Welwyn Hatfield), Horsham, Luton, Maidstone, Medway, Mid Sussex, Reading, Rochford, Rushmoor, Sevenoaks, Slough, Southend-on-Sea, Surrey (Elmbridge, Epsom & Ewell, Guildford, Mole Valley, Reigate & Banstead, Runnymede, Spelthorne, Surrey Heath, Tandridge, Waverley, Woking), Thurrock, Tonbridge & Malling, Tunbridge Wells, Windsor & Maidenhead, Wokingham

### Outer South East

Adur, Arun, Ashford, Basingstoke & Deane, Bedford, Braintree, Brighton & Hove, Canterbury, Central Bedfordshire, Chichester, Colchester, Dover, East Hampshire, Eastleigh, East Sussex (Eastbourne, Hastings, Lewes, Rother, Wealden), Fareham, Folkestone & Hythe, Gosport, Havant, Isle of Wight, Maldon, Milton Keynes, New Forest, Oxfordshire (Cherwell, Oxford, South Oxfordshire, Vale of White Horse, West Oxfordshire), Portsmouth, Southampton, Swale, Tendring, Test Valley, Thanet, Uttlesford, West Berkshire, West Oxfordshire, Winchester, Worthing

### South West

Bath & North East Somerset, Bournemouth, Christchurch & Poole, Bristol, Cornwall, Dorset, Devon (East Devon, Exeter, Mid Devon, North Devon, South Hams, Teignbridge, Torridge, West Devon), Gloucestershire (Cheltenham, Cotswold, Forest of Dean, Gloucester, Stroud, Tewkesbury), Isles of Scilly, North Somerset, Plymouth, Somerset, South Gloucestershire, Swindon, Torbay, Wiltshire

### West Midlands

Birmingham, Coventry, Dudley, Herefordshire, Sandwell, Shropshire, Solihull, Staffordshire (Cannock Chase, East Staffordshire, Lichfield, Newcastle-under-Lyme, South Staffordshire, Stafford, Staffordshire Moorlands, Tamworth), Stoke-on-Trent, Telford & Wrekin, Walsall, Warwickshire (North Warwickshire, Nuneaton & Bedworth, Rugby, Stratford-on-Avon, Warwick), Wolverhampton, Worcestershire (Bromsgrove, Malvern Hills, Redditch, Worcester, Wychavon, Wyre Forest)

### Yorkshire & The Humber

Barnsley, Bradford, Calderdale, Doncaster, East Riding of Yorkshire, Kingston upon Hull, Kirklees, Leeds, North East Lincolnshire, North Lincolnshire, North Yorkshire, Rotherham, Sheffield, Wakefield, York



## 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.