

Nationwide HOUSE PRICE INDEX



www.nationwidehousepriceindex.co.uk

April 2022

House price growth slows in April but remains in double digits

- Annual UK house price growth slowed modestly to 12.1% in April, down from 14.3% in March
- Prices up 0.3% month-on-month after taking account of seasonal effects
- Poll reveals 38% actively moving or considering move

Headlines	Apr-22	Mar-22
Monthly Index*	531.0	529.3
Monthly Change*	0.3%	1.1%
Annual Change	12.1%	14.3%
Average Price (not seasonally adjusted)	£267,620	£265,312

* 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:

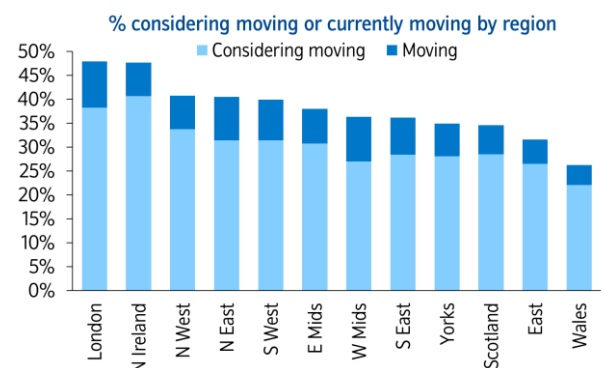
"Annual house price growth slowed modestly to 12.1% in April, down from 14.3% in March – nevertheless, this is the 11th time in the past 12 months that the annual growth rate has been in double digits. Prices rose by 0.3% month-on-month, after taking account of seasonal effects – the ninth successive monthly increase, though this is the smallest monthly gain since September last year.

"Housing market activity has remained solid with mortgage approvals continuing to run above pre-Covid levels. Demand is being supported by robust labour market conditions, where employment growth has remained strong and the unemployment rate has fallen back to pre-pandemic lows. With the stock of homes on the market still low, this has translated into continued upward pressure on house prices.

"Nevertheless, it is surprising that conditions have remained so buoyant, given mounting pressure on household budgets which has severely dented consumer confidence. Indeed, consumers' expectations of their own personal finances over the next twelve months has dropped to levels last seen during the depths of the global financial crisis more than a decade ago. Moreover, housing affordability has deteriorated because house price growth has been outstripping income growth by a wide margin over the past two years, while more recently borrowing costs have increased (though they remain low by historic standards).

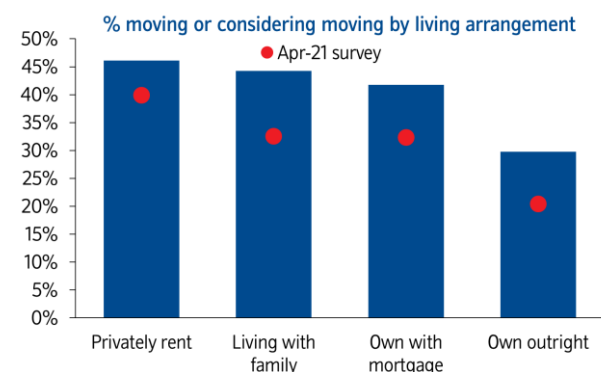
Why is activity so buoyant?

"This month, we conducted a survey of c3,000 consumers across the UK to better understand current market conditions¹. It was striking that 38% of respondents stated that they were either in the process of moving or considering a move. The proportion was particularly high in London, where almost half said they were moving or considering a move. But even in Wales, where the share was lowest, more than 25% were either moving or considering a move - very high, given that only c5% of the housing stock turns over in a typical year in the UK.



Source: Censuswide survey on behalf of Nationwide (Apr-22)

"The proportion of people considering a move was highest amongst private renters (at 45%) but was also elevated amongst those living with family (44%) and those owning their own home (30% of those owning their property outright and 42% of those owning with a mortgage). Interestingly, despite mounting pressure on household finances, the share of people moving or considering a move was higher than during the height of the pandemic in April last year across all tenure types, as shown below.



Source: Censuswide survey on behalf of Nationwide (Apr-22)

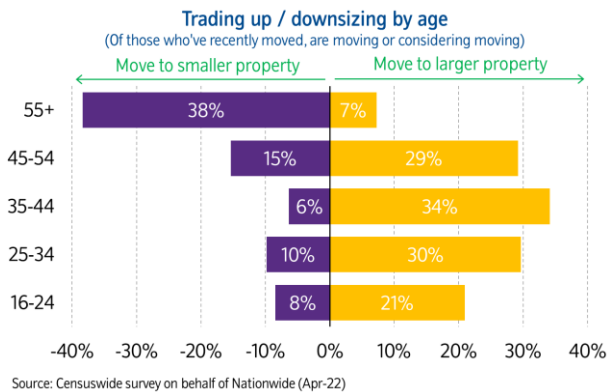
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Are households still ‘racing for space’?

“The survey results suggest that shifts in housing preferences as a result of the pandemic are continuing to support housing market activity, though to less of an extent than at this time last year. For example, around a quarter (24%) of those moving or considering a move said that this was to move to a larger property (a similar outturn to April 2021), and for most age cohorts a majority are still looking to move to less urban environments.

“However, the proportion of those citing a desire to get away from the hustle and bustle of urban life or access to garden / more outside space has declined substantially – to 12% and 15% respectively, down from 25% and 28% in April 2021.

“For most movers and potential movers, the majority of those surveyed are looking to trade up – the exception being amongst those aged 55 and above, where nearly 40% are looking to move to a smaller property compared to just 7% looking to move to a larger property.



“Perhaps unsurprisingly, given the pressure on budgets, financial reasons are cited as a factor motivating a move by a sizeable minority. 17% of those moving or considering a move said they were doing so at least in part to reduce spending on housing, either by moving to a different area and/or by moving to a smaller property.

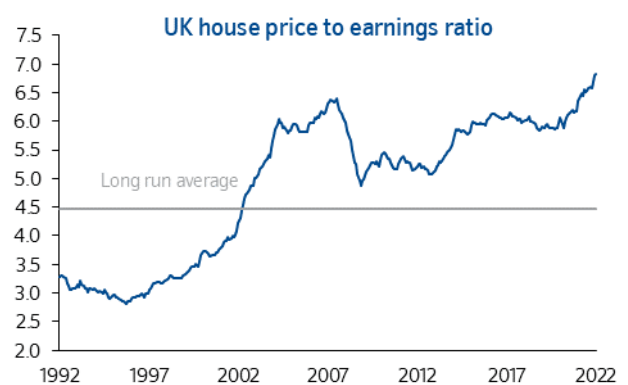
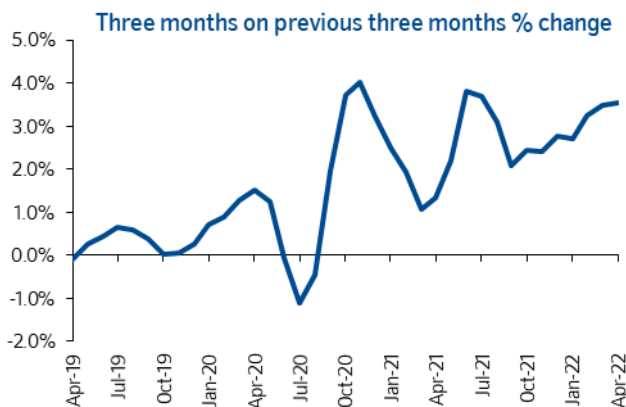
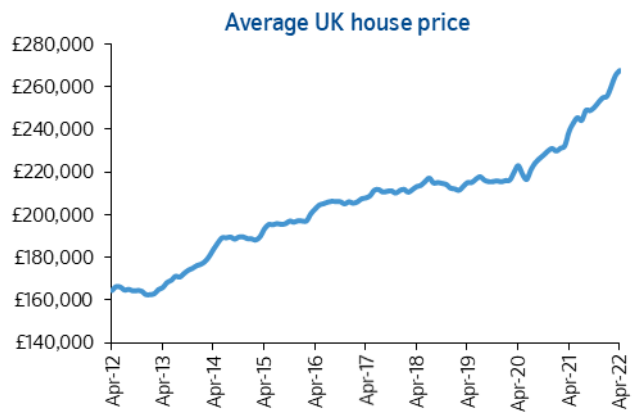
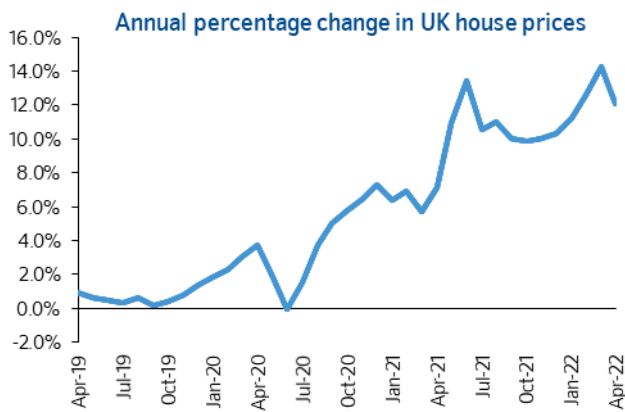
Where next for the housing market?

“We continue to expect the housing market to slow in the quarters ahead. The squeeze on household incomes is set to intensify with inflation expected to rise further, perhaps reaching double digits in the quarters ahead if global energy prices remain high. Moreover, assuming that labour market conditions remain strong, the Bank of England is likely to raise interest rates further, which will also exert a drag on the market if this feeds through to mortgage rates.”

Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Apr-20	1.0	1.5	3.7	222,915
May-20	-1.5	1.2	1.8	218,902
Jun-20	-1.7	-0.1	-0.1	216,403
Jul-20	2.0	-1.1	1.5	220,936
Aug-20	1.8	-0.5	3.7	224,123
Sep-20	1.2	2.0	5.0	226,129
Oct-20	0.9	3.7	5.8	227,826
Nov-20	0.9	4.0	6.5	229,721
Dec-20	0.8	3.2	7.3	230,920
Jan-21	0.0	2.5	6.4	229,748
Feb-21	0.5	1.9	6.9	231,068
Mar-21	-0.4	1.1	5.7	232,134
Apr-21	2.3	1.3	7.1	238,831
May-21	2.0	2.2	10.9	242,832
Jun-21	0.6	3.8	13.4	245,432
Jul-21	-0.5	3.7	10.5	244,229
Aug-21	2.1	3.1	11.0	248,857
Sep-21	0.3	2.1	10.0	248,742
Oct-21	0.8	2.5	9.9	250,311
Nov-21	1.0	2.4	10.0	252,687
Dec-21	1.1	2.8	10.4	254,822
Jan-22	0.8	2.7	11.2	255,556
Feb-22	1.7	3.2	12.6	260,230
Mar-22	1.1	3.5	14.3	265,312
Apr-22	0.3	3.5	12.1	267,620

¹ Research conducted online by Censuswide, 6-7 April 2022, with a nationally representative 3,003 general consumers aged 16+ across the UK.



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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