

Nationwide HOUSE PRICE INDEX



www.nationwidehousepriceindex.co.uk

July 2022

Annual house price growth stays in double-digits as July sees twelfth successive monthly increase

- Annual UK house price growth increased slightly in July to 11.0%, from 10.7% in June
- Prices up 0.1% month-on-month after taking account of seasonal effects

Headlines	Jul-22	Jun-22
Monthly Index*	538.0	537.5
Monthly Change*	0.1%	0.2%
Annual Change	11.0%	10.7%
Average Price (not seasonally adjusted)	£271,209	£271,613

* 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:

"July saw a modest increase in the rate of annual house price growth to 11.0%, from 10.7% in June. Prices rose by 0.1% month-on-month, after taking account of seasonal effects – the twelfth successive monthly increase, which kept annual price growth in double digits for the ninth month in a row.

"The housing market has retained a surprising degree of momentum given the mounting pressures on household budgets from high inflation, which has already driven consumer confidence to all-time lows. While there are tentative signs of a slowdown in activity, with a dip in the number of mortgage approvals for house purchases in June, this has yet to feed through to price growth.

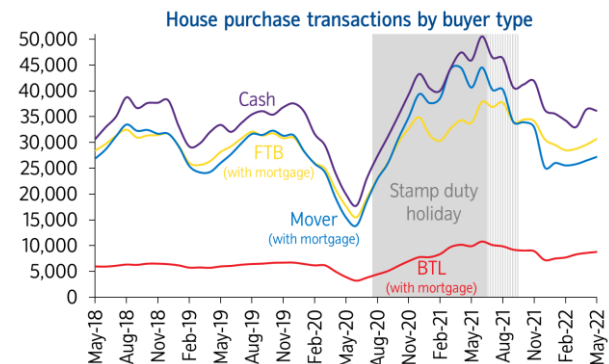
"Demand continues to be supported by strong labour market conditions, where the unemployment rate remains near 50-year lows and with the number of job vacancies close to record highs. At the same time, the limited stock of homes on the market has helped keep upward pressure on house prices.

"We continue to expect the market to slow as pressure on household budgets intensifies in the coming quarters, with inflation set to reach double digits towards the end of the year. Moreover, the Bank of England is widely expected to

raise interest rates further, which will also exert a cooling impact on the market if this feeds through to mortgage rates.

Strength in transactions across buyer types

"Total housing market transactions in the three months to May were c.20% below the elevated levels resulting from the stamp duty holiday, but 5% above pre-pandemic levels.



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

"Home mover transactions (with a mortgage) have slowed more than other sectors. This probably reflects that the stamp duty holiday had more of an impact encouraging home movers to bring forward purchases, particularly for higher value properties, with no Stamp Duty Land Tax (SDLT) payable up to £500,000 for completions by the end of June 2021. Behavioural shifts due to the pandemic are also likely to have provided more of a boost to home mover activity, where such drivers have now faded.

"First time buyer mortgage completions have remained resilient, and are now c.5% above pre-pandemic levels, despite growing affordability pressures. Indeed, house price growth has continued to outpace earnings by a wide margin, increasing the deposit hurdle, and, together with higher interest rates, has pushed up mortgage repayments relative to incomes.

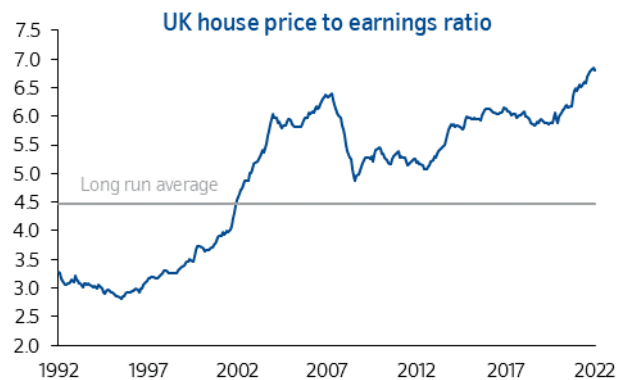
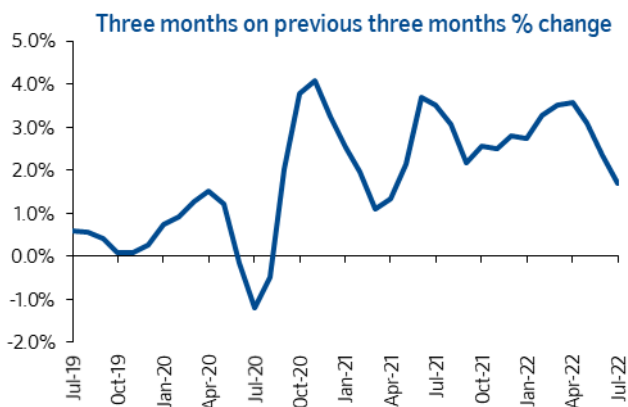
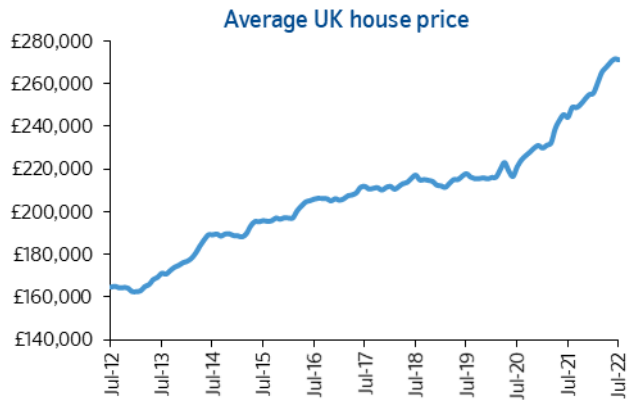
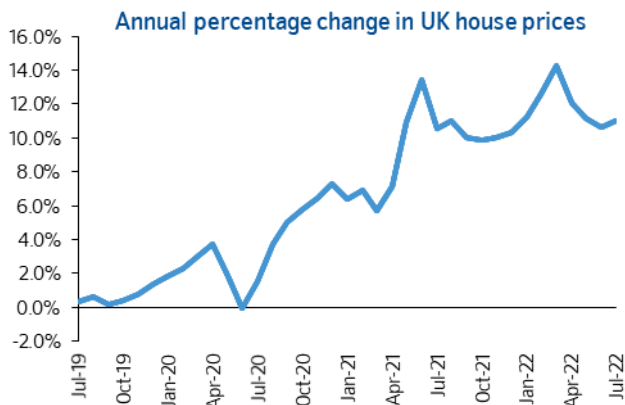
"The number of cash transactions has remained elevated, though its share of activity has remained broadly stable at c.35%. This is partly a reflection of an ageing population (where more people own their homes outright). However,

properties purchased for investment, such as a holiday home or buy to let, is also an important element of the cash market.

“Buy to let purchases involving a mortgage also remain higher than pre-pandemic levels. Sentiment is likely buoyed by the fact that rental demand remains strong, with upward pressure on rents, which may be encouraging landlords to enter the market, particularly if they view property as a hedge against inflation.”

Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Jul-20	2.1	-1.2	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	3.8	5.8	227,826
Nov-20	0.9	4.1	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	2.0	6.9	231,068
Mar-21	-0.4	1.1	5.7	232,134
Apr-21	2.4	1.3	7.1	238,831
May-21	1.7	2.1	10.9	242,832
Jun-21	0.6	3.7	13.4	245,432
Jul-21	-0.3	3.5	10.5	244,229
Aug-21	2.1	3.1	11.0	248,857
Sep-21	0.3	2.2	10.0	248,742
Oct-21	0.8	2.6	9.9	250,311
Nov-21	1.0	2.5	10.0	252,687
Dec-21	1.1	2.8	10.4	254,822
Jan-22	0.9	2.7	11.2	255,556
Feb-22	1.7	3.3	12.6	260,230
Mar-22	1.1	3.5	14.3	265,312
Apr-22	0.4	3.6	12.1	267,620
May-22	0.9	3.1	11.2	269,914
Jun-22	0.2	2.3	10.7	271,613
Jul-22	0.1	1.7	11.0	271,209



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

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.

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