

Nationwide HOUSE PRICE INDEX



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June 2021

Annual house price growth accelerates above 13% in June, with all UK regions recording a pickup in Q2

- Annual house price growth rises to 13.4%, the highest level since November 2004
- Prices up 0.7% month-on-month, after taking account of seasonal factors
- Northern Ireland sees strongest growth in Q2, Scotland the weakest, closely followed by London

| Headlines | Jun-21 | May-21 |
|--|----------|----------|
| Monthly Index* | 486.8 | 483.5 |
| Monthly Change* | 0.7% | 1.7% |
| Annual Change | 13.4% | 10.9% |
| Average Price (not seasonally adjusted) | £245,432 | £242,832 |

* 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:

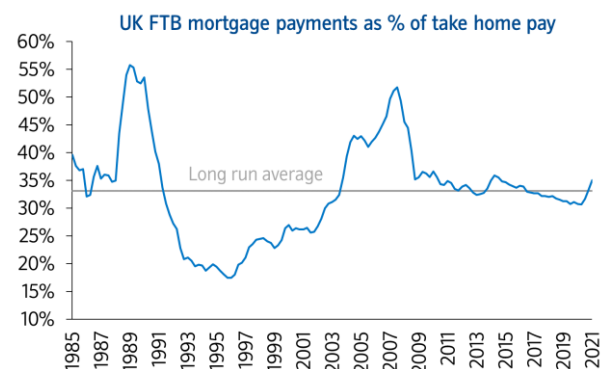
“Annual house price growth accelerated to 13.4% in June, the highest outturn since November 2004. While the strength is partly due to base effects, with June last year unusually weak due to the first lockdown, the market continues to show significant momentum. Indeed, June saw the third consecutive month-on-month rise (0.7%), after taking account of seasonal effects. Prices in June were almost 5% higher than in March.

“Regional data for the three months to June indicates that all parts of the UK saw an acceleration in annual house price growth. Northern Ireland and Wales saw the largest gains, at 14% and 13.4% respectively in Q2. By contrast Scotland saw the weakest rate of annual growth, at 7.1% closely followed by London at 7.3% (see page 4 for more regional data and analysis).

Mortgage payments still affordable - deposit the major hurdle for most first time buyers

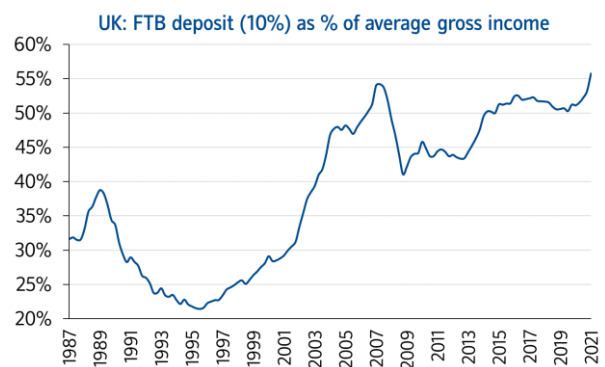
“Despite the increase in house prices to new all-time highs, the typical mortgage payment is not high by historic standards compared to take home pay, largely because mortgage rates remain close to all-time lows – in fact, on this

measure affordability remains broadly in line with its long run average, as shown in the chart below.



Source: Nationwide, UKF, ONS

“However, house prices are close to a record high relative to average incomes. This is important because it makes it even harder for prospective first time buyers to raise a deposit. For example, a 10% deposit is over 50% of typical first time buyer’s income. A potential buyer earning the average wage and saving 15% of take home pay would now take five years to raise a 10% deposit.



Source: Nationwide, ONS

“The improving availability of mortgages for those with a small deposit (and the continued availability of the government’s Help to Buy equity loan scheme) is helping some people over the deposit hurdle, but it is still very challenging for most.

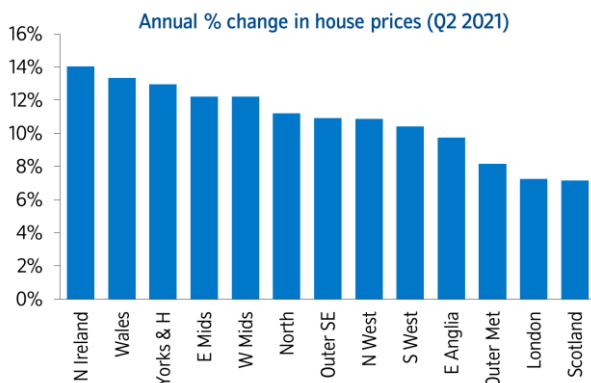
Outlook clouded beyond the near term

“Underlying demand is likely to remain solid in the near term as the economy unlocks. Consumer confidence has rebounded while borrowing costs remain low. This, combined with a lack of supply on the market, suggests further upward pressure on prices. But as we look toward the end of the year, the outlook is harder to foresee.

“Activity will almost inevitably soften for a period after the stamp duty holiday expires at the end of September, given the strong incentive for people to bring forward their purchases to avoid the additional tax. Nevertheless, underlying demand is likely to soften around the turn of the year if unemployment rises as most analysts expect, as government support schemes wind down. But even this is far from assured. Even if the labour market does weaken, there is also scope for shifts in housing preferences as a result of the pandemic to continue to support activity for some time yet.

House price growth up in all regions in Q2

“There was a considerable pick up in overall UK annual house price growth in Q2 and all regions saw an increase in their annual growth rate.



“Northern Ireland was the strongest performing region, with prices up 14% year-on-year, the highest rate of growth since 2007. Wales also saw a significant acceleration in annual house price growth to 13.4%, the largest rise since 2005.

“But conditions were more muted in Scotland, which saw a modest increase in annual growth to 7.1% (from 6.9% last quarter) and was also the weakest performing part of the UK. This may reflect that the stamp duty (LBTT) holiday in Scotland ended on 31 March.

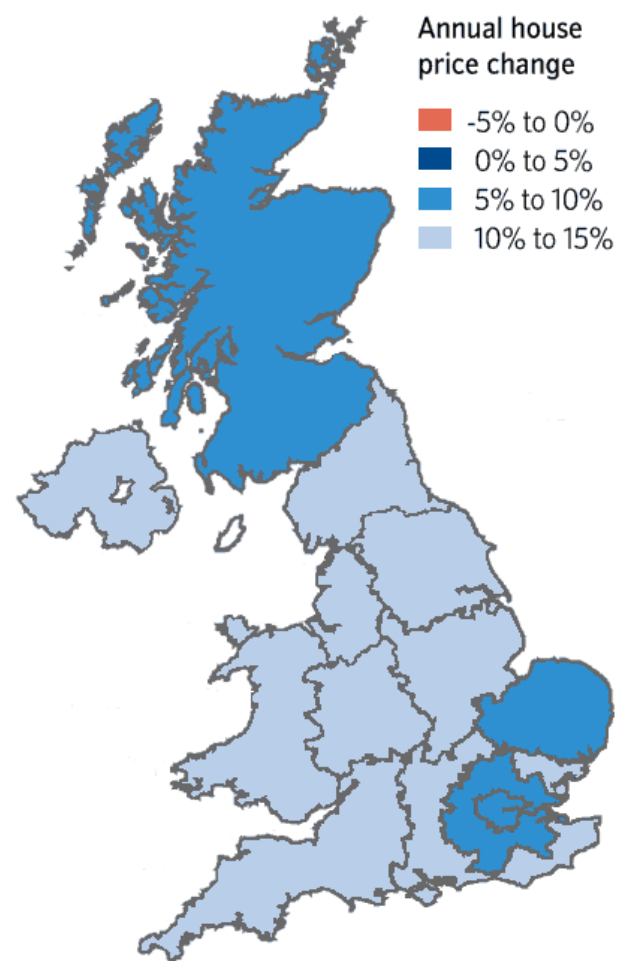
“England saw annual house price growth increase to 9.9%, from 6.4% in the first quarter of the year. Within England, Yorkshire & Humberside was the strongest performing region, with prices up 13.0% year-on-year. This is the strongest price growth seen in the region since 2005 and pushed average prices to a record high of £183,982.

“Both the East and West Midlands saw annual price growth rise to 12.2% in Q2. Meanwhile in the North, prices were up 11.2% year-on-year (see full table of regional house price data on page 4).

“London was the weakest performing English region, though still saw a pickup in annual price growth to 7.3%, from 4.8% last quarter. The surrounding Outer Metropolitan region, which includes places such as Luton, Watford, Sevenoaks and Woking, saw annual price growth rise to 8.2%.

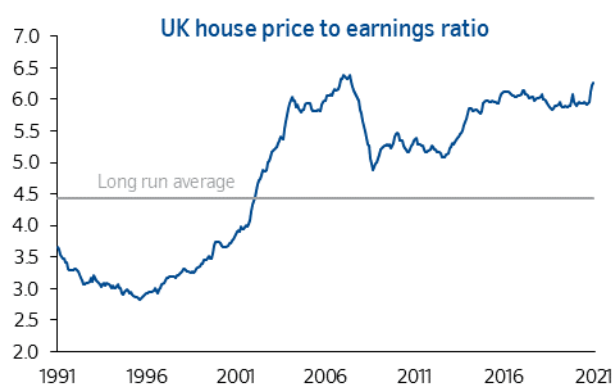
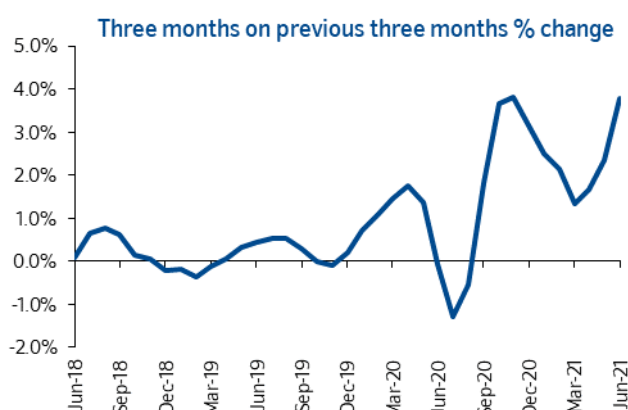
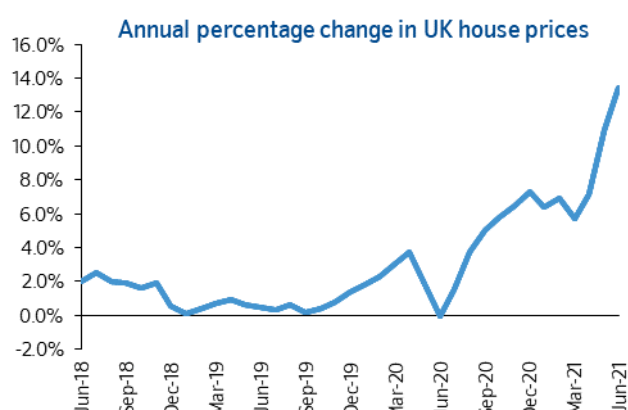
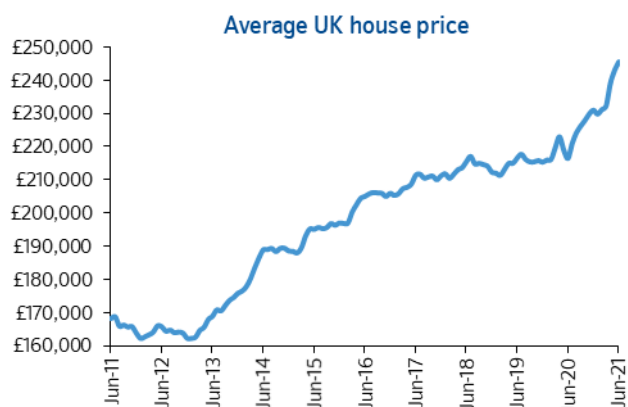
“Meanwhile, house price growth in the Outer South East region, which includes cities such as Brighton & Hove, Oxford, Winchester and Southampton, increased to 10.9%, the first time the region has seen double digit growth since 2014.

“And in the South West region, annual house price growth reached its highest level since 2010, with prices up 10.4% year-on-year.”



Monthly UK House Price Statistics

| | Monthly % Change Seasonally Adjusted | 3 Month on 3 Month % Change | Annual % Change | Average Price |
|--------|--------------------------------------|-----------------------------|-----------------|---------------|
| Jun-19 | 0.2 | 0.4 | 0.5 | 216,515 |
| Jul-19 | 0.3 | 0.5 | 0.3 | 217,663 |
| Aug-19 | -0.1 | 0.5 | 0.6 | 216,096 |
| Sep-19 | -0.3 | 0.3 | 0.2 | 215,352 |
| Oct-19 | 0.2 | 0.0 | 0.4 | 215,368 |
| Nov-19 | 0.3 | -0.1 | 0.8 | 215,734 |
| Dec-19 | 0.2 | 0.2 | 1.4 | 215,282 |
| Jan-20 | 0.7 | 0.7 | 1.9 | 215,897 |
| Feb-20 | 0.3 | 1.1 | 2.3 | 216,092 |
| Mar-20 | 0.8 | 1.5 | 3.0 | 219,583 |
| Apr-20 | 1.0 | 1.7 | 3.7 | 222,915 |
| May-20 | -1.7 | 1.4 | 1.8 | 218,902 |
| Jun-20 | -1.6 | -0.1 | -0.1 | 216,403 |
| Jul-20 | 1.8 | -1.3 | 1.5 | 220,936 |
| Aug-20 | 2.1 | -0.6 | 3.7 | 224,123 |
| Sep-20 | 0.9 | 1.8 | 5.0 | 226,129 |
| Oct-20 | 0.9 | 3.7 | 5.8 | 227,826 |
| Nov-20 | 1.0 | 3.8 | 6.5 | 229,721 |
| Dec-20 | 1.0 | 3.1 | 7.3 | 230,920 |
| Jan-21 | -0.1 | 2.5 | 6.4 | 229,748 |
| Feb-21 | 0.8 | 2.1 | 6.9 | 231,068 |
| Mar-21 | -0.3 | 1.3 | 5.7 | 232,134 |
| Apr-21 | 2.3 | 1.7 | 7.1 | 238,831 |
| May-21 | 1.7 | 2.3 | 10.9 | 242,832 |
| Jun-21 | 0.7 | 3.8 | 13.4 | 245,432 |



Source: Nationwide, ONS

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Quarterly Regional House Price Statistics

Q2 2021

Please note that these figures are for the three months to June, 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 (Q2 2021) | Annual % change this quarter | Annual % change last quarter |
|----------------|-------------------------|------------------------------|------------------------------|
| N Ireland | £163,576 | 14.0% | 7.4% |
| Wales | £183,728 | 13.4% | 7.2% |
| Yorks & H'side | £183,982 | 13.0% | 7.0% |
| East Midlands | £210,753 | 12.2% | 6.0% |
| West Midlands | £218,334 | 12.2% | 7.6% |
| North | £144,014 | 11.2% | 7.2% |
| Outer S East | £313,815 | 10.9% | 7.2% |
| North West | £188,730 | 10.9% | 8.2% |
| South West | £277,603 | 10.4% | 7.2% |
| East Anglia | £253,107 | 9.7% | 6.1% |
| Outer Met | £394,295 | 8.2% | 5.6% |
| London | £509,935 | 7.3% | 4.8% |
| Scotland | £165,745 | 7.1% | 6.9% |
| UK | £242,709 | 10.3% | 6.3% |

Please see page 4 for definitions of English regions

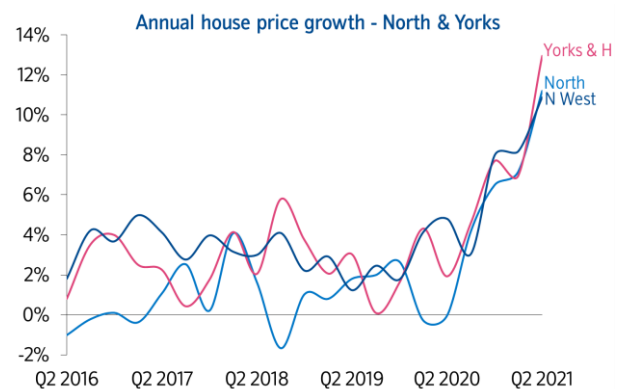
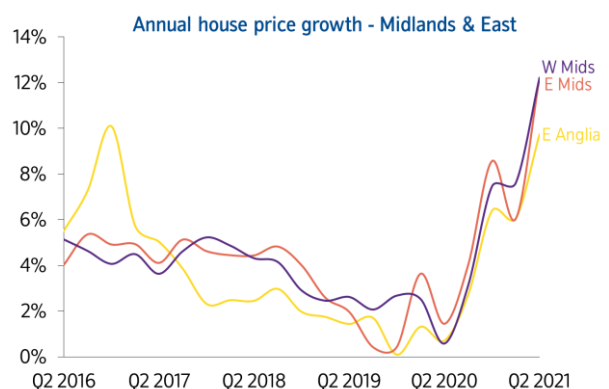
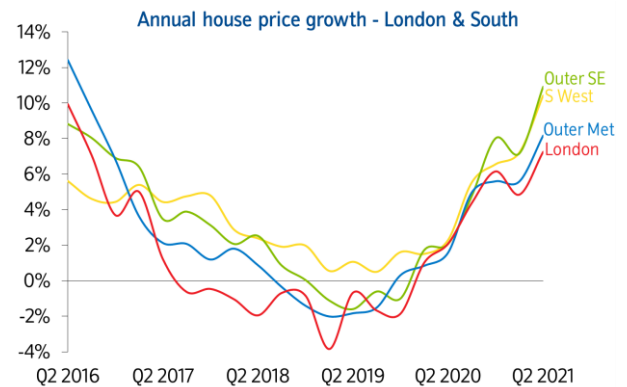
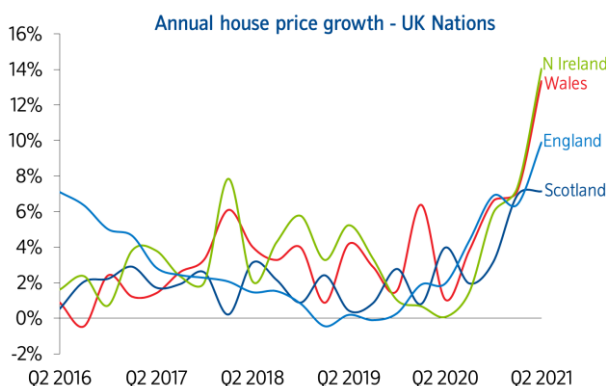
| UK Fact File (Q2 2021) | |
|----------------------------------|------------------|
| Quarterly average UK house price | £242,709 |
| Annual percentage change | 10.3% |
| Quarterly change* | 3.7% |
| Most expensive region | London |
| Least expensive region | North |
| Strongest annual price change | Northern Ireland |
| Weakest annual price change | Scotland |

* Seasonally adjusted

Nations – annual & quarterly price change

| Nation | Average Price (Q2 2021) | Annual % change this quarter | Quarterly % change* |
|-----------|-------------------------|------------------------------|---------------------|
| N Ireland | £163,576 | 14.0% | 5.4% |
| Wales | £183,728 | 13.4% | 3.0% |
| England | £279,837 | 9.9% | 3.8% |
| Scotland | £165,745 | 7.1% | 2.5% |

* Seasonally adjusted



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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), Northamptonshire (Corby, Daventry, East Northamptonshire, Kettering, Northampton, South Northamptonshire, Wellingborough), Nottingham, Nottinghamshire (Ashfield, Bassetlaw, Broxtowe, Gedling, Mansfield, Newark & Sherwood, Rushcliffe), Rutland

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 (Allerdale, Barrow-in-Furness, Carlisle, Copeland, Eden, South Lakeland), 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, Chester 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 (Broxbourne, 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 (Mendip, Sedgemoor, Somerset West & Taunton, South 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 & Humberside: Barnsley, Bradford, Calderdale, Doncaster, East Riding of Yorkshire, Kingston upon Hull, Kirklees, Leeds, North East Lincolnshire, North Lincolnshire, North Yorkshire (Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby), 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

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