

Statistical bulletin

UK House Price Index: December 2020

Monthly house price inflation in the UK, calculated using data from HM Land Registry, Registers of Scotland, and Land and Property Services Northern Ireland.



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1 . Main points

- UK average house prices increased by 8.5% over the year to December 2020, up from 7.1% in November 2020, to stand at a record high of £252,000; this is the highest annual growth rate the UK has seen since October 2014.
- Average house prices increased over the year in England to £269,000 (8.5%), in Wales to £184,000 (10.7%), in Scotland to £163,000 (8.4%) and in Northern Ireland to £148,000 (5.3%).
- The North West was the English region to see the highest annual growth in average house prices (11.2%), while London saw the lowest (3.5%).
- The Office for National Statistics (ONS) has released a [public statement](#) on the coronavirus (COVID-19) and the production of statistics; [Section 7: Measuring the data](#) describes the situation in relation to the UK House Price Index (HPI).

2 . UK house prices

UK average house prices increased by 8.5% over the year to December 2020

The [latest house price data published on GOV.UK by HM Land Registry for December 2020](#) show that average house prices in the UK increased by 8.5% in the year to December 2020, up from 7.1% in the year to November 2020 (Figure 1).

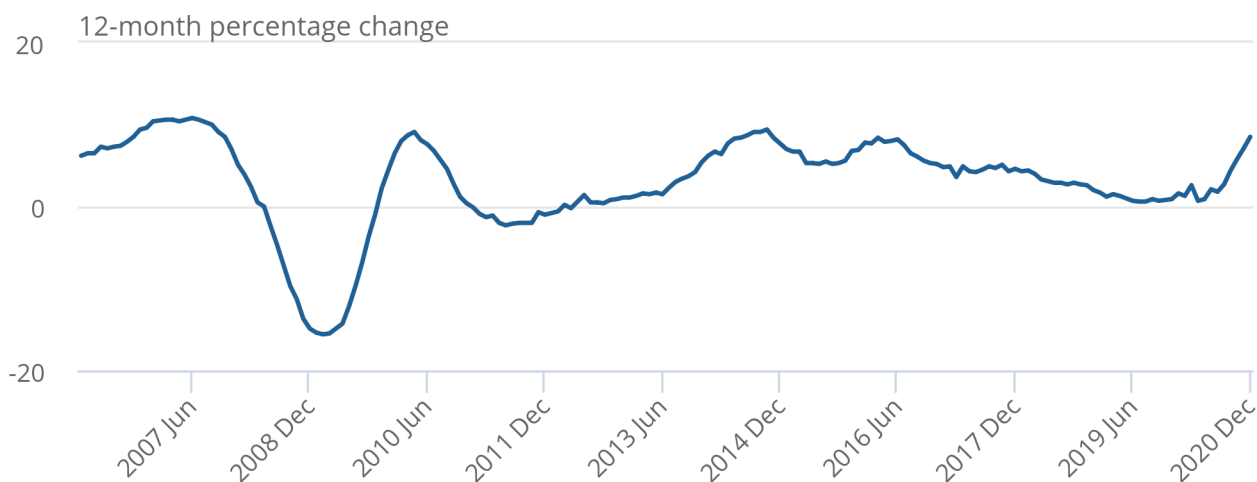
Because of the impact of the coronavirus (COVID-19) pandemic on both the number and supply of housing transactions, we might see larger revisions to the published House Price Index (HPI) estimates than usual. Further information on this can be found in [Section 7: Measuring the data](#).

Figure 1: December 2020 saw UK house price growth at its highest level since October 2014

Annual house price rates of change for all dwellings, UK: January 2006 to December 2020

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Annual house price rates of change for all dwellings, UK: January 2006 to December 2020



Source: HM Land Registry, Registers of Scotland, Land and Property Services Northern Ireland, and Office for National Statistics – UK House Price Index

Notes:

1. Not seasonally adjusted.
2. The [full UK House Price Index \(HPI\) release](#) is available to download from HM Land Registry at GOV.UK.

Over the past four years, there has been a general slowdown in UK house price growth, driven mainly by a slowdown in the south and east of England. The beginning of 2020 saw a pick-up in annual growth in the housing market before the coronavirus restrictions were put in place at the end of March 2020.

Price variations at the beginning of 2020 may reflect the unusual conditions in the housing market at the time. People were advised not to move house during the tightest restrictions in April and May 2020. As such, property transactions completed during that time may have been more concentrated than usual among those without complicating factors, such as a chain. For example, first-time buyers – typically at the lower end of the price scale – may have been freer to complete transactions than former owner-occupiers, who may have had to co-ordinate multiple sales during lockdown.

Recent price increases may reflect a range of factors including pent-up demand, some possible changes in housing preferences since the pandemic and a response to the changes made to property transaction taxes across the nations.

Pent-up demand may have contributed towards an increase in house prices. The [Bank of England's Money and Credit December 2020](#) release reported that mortgage approvals for house purchases (an indicator of future lending) was 103,400 in December 2020, this is slightly lower than it was in November 2020 (105,300) but well above the February 2020 level (73,400).

The pandemic may have also caused house buyers to reassess their housing preferences. In our UK HPI data, we have seen the average price of detached properties increase by 10.0% in the year to December 2020, in comparison with flats and maisonettes increasing by 5.0% over the same period.

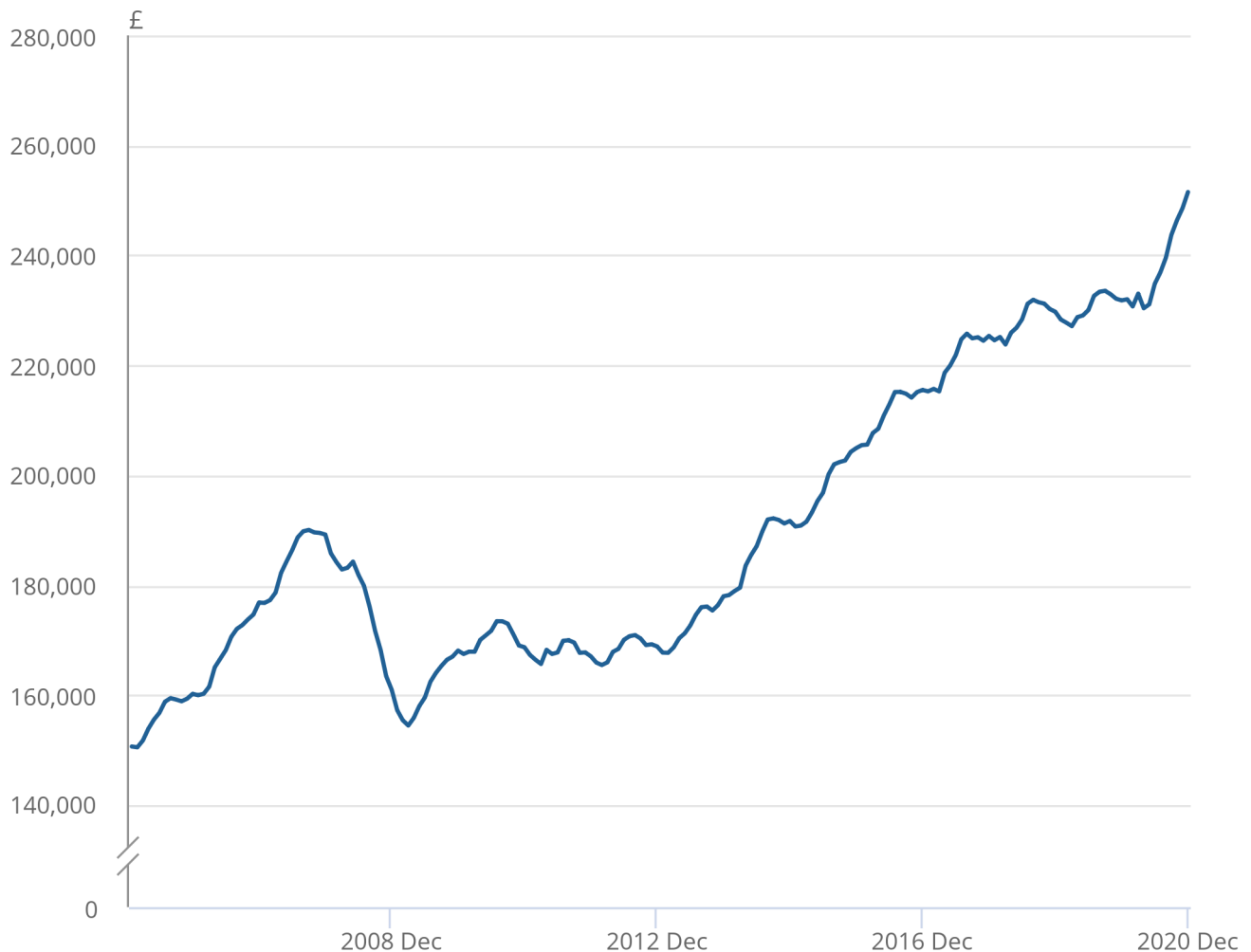
On 8 July 2020, the Chancellor of the Exchequer announced a suspension of the tax paid on property purchases with immediate effect in England and Northern Ireland, coming into effect slightly later, on 15 July in Scotland and 27 July in Wales. In England and Northern Ireland, properties up to the value of £500,000 would incur no tax, while the thresholds for Scotland and Wales were £250,000. The tax holiday is due to end on 31 March 2021 across the whole of the UK. This may allow sellers to request higher prices as buyers' overall costs are reduced.

Figure 2: Average UK house prices peaked at £252,000 in December 2020

Average house price, UK: January 2005 to December 2020

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Average house price, UK: January 2005 to December 2020



Source: HM Land Registry, Registers of Scotland, Land and Property Services Northern Ireland, and Office for National Statistics – UK House Price Index

Notes:

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2. The [full UK House Price Index \(HPI\) release](#) is available to download from HM Land Registry at GOV.UK.

The average UK house price was £252,000 in December 2020; this is £20,000 higher than in December 2019 (Figure 2).

On a non-seasonally adjusted basis, average house prices in the UK increased by 1.2% between November and December 2020, compared with a decrease of 0.1% in the same period a year ago.

On a seasonally adjusted basis, average house prices in the UK increased by 1.3% between November and December 2020, following an increase of 1.2% in the previous month.

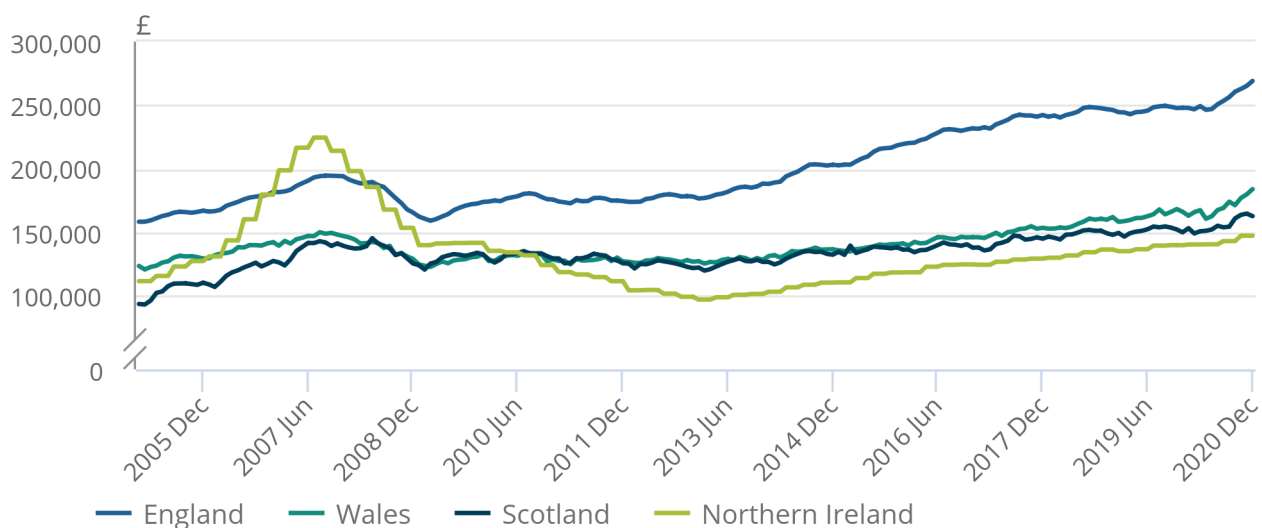
3 . House prices by country

Figure 3: England house prices remain the highest in the UK

Average house price by country, UK: January 2005 to December 2020

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Average house price by country, UK: January 2005 to December 2020



Source: HM Land Registry, Registers of Scotland, Land and Property Services Northern Ireland, and Office for National Statistics – UK House Price Index

Notes:

1. Not seasonally adjusted.
2. The [full House Price Index \(HPI\) release](#) is available to download from HM Land Registry at GOV.UK.
3. Northern Ireland data are only available on a quarterly basis. Northern Ireland data are copied forward until the next quarter's data are available, which will be in the March 2021 bulletin to be released on 19 May 2021.

House price growth in Wales increased by 10.7% over the year to December 2020, up from 6.9% in November 2020. This has brought the average house price in Wales to a record high at £184,000.

The average house price in England increased by 8.5% over the year to December 2020, up from 7.0% in the year to November 2020, with the average house price in England now at a record high of £269,000.

The average house price in Scotland increased by 8.4% over the year to December 2020, up from an increase of 8.1% in the year to November 2020, with the average house price in Scotland now at £163,000.

The average house price in Northern Ireland increased by 5.3% over the year to Quarter 4 (Oct to Dec) 2020. Northern Ireland remains the cheapest UK country to purchase a property in, with the average house price at £148,000 (Figure 3).

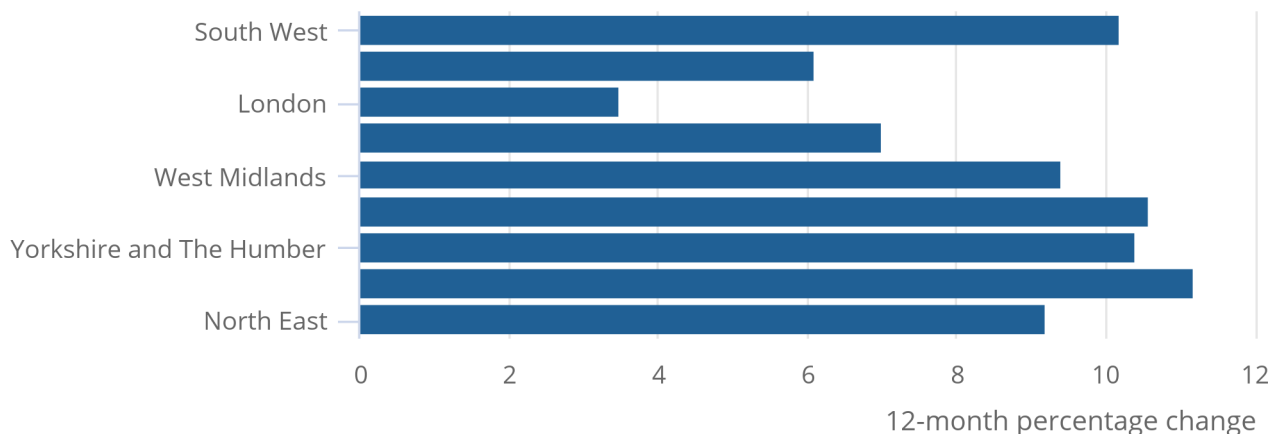
4 . House prices by region

Figure 4: The highest regional house price growth was in the North West

All dwellings annual house price rates of change, by English region, year to December 2020

Figure 4: The highest regional house price growth was in the North West

All dwellings annual house price rates of change, by English region, year to December 2020



Source: HM Land Registry and Office for National Statistics – UK House Price Index

Notes:

1. Not seasonally adjusted.
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The North West was the region with the highest annual house price growth, with average prices increasing by 11.2% in the year to December 2020. This was up from 8.0% in November 2020 (Figure 4).

The lowest annual growth was in London, where average prices increased by 3.5% over the year to December 2020, down from 7.0% in November 2020. This slowing in London's annual growth is partly a base effect. London saw average house prices decrease by £5,000 between November and December 2020, while this time last year they increased by £10,000.

London's average house prices remain the most expensive of any region in the UK at an average of £496,000 in December 2020.

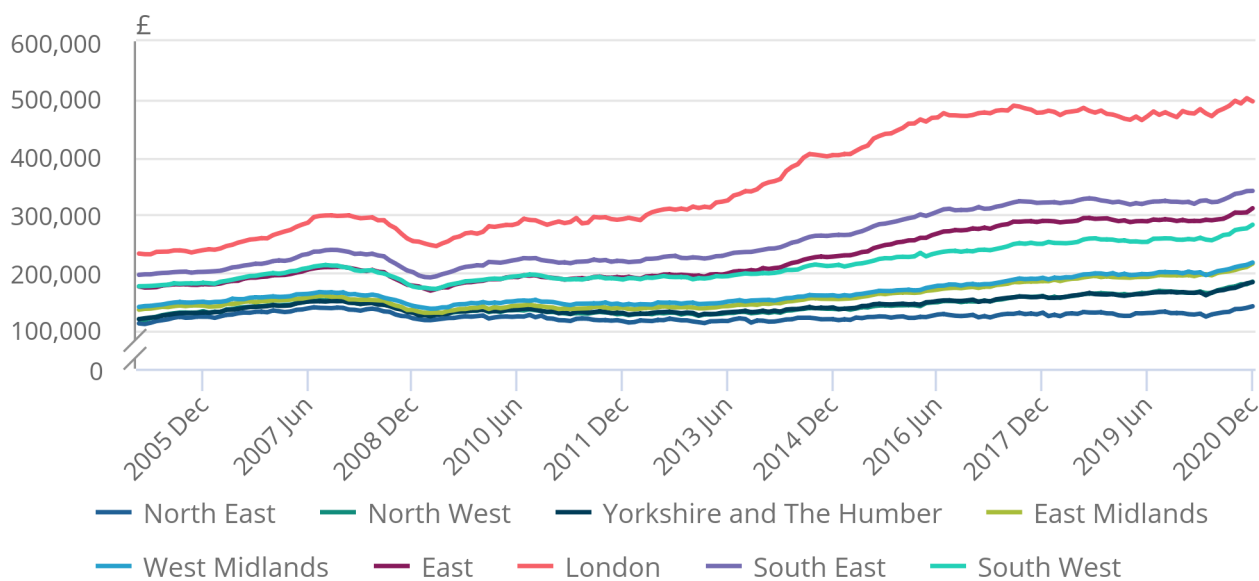
The North East continued to have the lowest average house price, at £141,000, and is the final English region to surpass its pre-economic downturn peak of July 2007 (Figure 5).

Figure 5: The North East is the final English region to surpass its pre-economic downturn peak of July 2007

Average house price, by English region: January 2005 to December 2020

Figure 5: The North East is the final English region to surpass its pre-economic downturn peak of July 2007

Average house price, by English region: January 2005 to December 2020



Source: HM Land Registry and Office for National Statistics – UK House Price Index

Notes:

1. Data at the local authority level and other breakdowns can be found in the [full House Price Index \(HPI\) release](#), available to download from HM Land Registry at GOV.UK.

5 . House Price Index data

[UK House Price Index](#)

Dataset | Released 17 February 2021

Monthly house price movements, including average price by property type, sales and cash mortgage sales, as well as information on first-time buyers, new builds and former owner occupiers. Data are collected by HM Land Registry and published on GOV.UK.

[House price data: quarterly tables](#)

Dataset | Released 17 February 2021

Quarterly house price data based on a sub-sample of the Regulated Mortgage Survey and an unrevised arithmetic mean version of the mix adjusted House Price Index (HPI) for Great Britain.

[House price data: annual tables 20 to 39](#)

Dataset | Released 19 August 2020

Annual house price data based on a sub-sample of the Regulated Mortgage Survey.

6 . Glossary

House Price Index (HPI)

The House Price Index (HPI) measures the price changes of residential housing as a percentage change from a specific time period (12 months prior or a base period, where the HPI equals 100).

House price inflation

House price inflation in the UK is the rate at which the prices of residential properties purchased in the UK rise and fall.

Non-seasonally adjusted

A non-seasonally adjusted series is one that includes seasonal or calendar effects.

Seasonally adjusted

A seasonally adjusted series is one that has been subject to a widely used technique for removing seasonal or calendar effects from time series data.

7 . Measuring the data

The UK House Price Index (HPI) is a joint production by HM Land Registry, Registers of Scotland, Land and Property Services Northern Ireland, and the Office for National Statistics (ONS). HM Land Registry publishes the [main publication of the UK HPI](#) on the GOV.UK website (9:30am, 17 February 2021). It includes full details, including commentary, historical data tables and analytical tools.

Coronavirus

The ONS is working to ensure that the UK has the vital information needed to respond to the impact of the coronavirus (COVID-19) pandemic on our economy and society, this includes how we measure the UK HPI.

As HM Land Registry work to [reduce any registration delays](#) caused by both the coronavirus (COVID-19) pandemic and those existing beforehand, we have temporarily changed the date we receive the transaction data from HM Land Registry. Because of this, we receive more transactions than what is immediately seen in the published [Price Paid Data](#). The number of transactions we are receiving to produce our initial estimate is similar to the number received for first estimates produced in 2019.

Because of the impact of the coronavirus pandemic on both the number and supply of housing transactions, some methodology changes have been made. The processing of new build properties has been more affected than the processing of “old build” properties. So, to address this, we have had to pool new build transactions for certain months:

- October 2020 includes new build transactions from September and October 2020 for England and Wales
- November 2020 includes new build transactions from September, October and November 2020 for England and Wales
- because of the nature of the processing of the new builds, these are never included in the model for the first estimate, so December 2020 has not been affected

These changes might lead to larger revisions to published estimates than usual as we reduce the reliance on pooling. Further information on how we usually process the new build properties can be found in the [Quality and methodology guidance](#).

As per our usual [revisions policy](#), the figures for all months are first estimates and are subject to revision in subsequent periods.

The ONS has released a [public statement](#) on COVID-19 and the production of statistics. Specific queries should be directed to the [Media Relations Office](#).

End of EU Exit transition period

As the transition period ends and the UK enters into a new Trade and Co-operation Agreement with the EU, the UK statistical system will continue to produce and publish our wide range of economic and social statistics and analysis. We are committed to continued alignment with the highest international statistical standards, enabling comparability both over time and internationally, and ensuring the general public, statistical users and decision-makers have the data they need to be informed.

As the shape of the UK’s future statistical relationship with the EU becomes clearer over the coming period, the ONS is making preparations to assume responsibilities that as part of our membership of the EU, and during the transition period, were delegated to the statistical office of the EU, Eurostat. This includes responsibilities relating to international comparability of economic statistics, deciding what international statistical guidance to apply in the UK context and to provide further scrutiny of our statistics and sector classification decisions.

In applying international statistical standards and best practice to UK economic statistics, we will draw on the technical advice of experts in the UK and internationally, and our work will be underpinned by the UK’s well-established and robust framework for independent official statistics, set out in the Statistics and Registration Service Act 2007. Further information on our proposals will be made available later this year.

Data sources

The main sources of data used in the UK are HM Land Registry for England and Wales, Registers of Scotland, and HM Revenue and Customs' (HMRC's) Stamp Duty Land Tax data for the Northern Ireland HPI.

Methods

The standard average house price is calculated by taking the geometric mean price in January 2015 and then recalculating it in accordance with the index change back in time and forward to the present day.

The UK HPI applies a hedonic regression model that uses the various sources of data on property price and attributes to produce up-to-date estimates of the change in house prices in each period.

Future developments

The UK House Price Index (UK HPI) was first introduced in 2016. While we update the weights underpinning the UK HPI each year so that the index remains representative of the latest housing market conditions, the time is right to review the methodology used in the modelling of house prices. We will be carrying out this methodological review over the next few months to ensure the model is working as efficiently as possible and to ensure we make the best use of the comprehensive data sources available. If there are improvements that can be made, we will look to introduce these as soon as possible. Further details of any improvements will be published in due course.

Quality

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the [guidance page](#) of the main release published by HM Land Registry on GOV.UK.

8 . Strengths and limitations

Extent of data coverage

The UK House Price Index (UK HPI) can provide a wide coverage of both cash and mortgage transactions and a large data source. Data are available at a local authority level as well as by property type, buyer status, funding statistics and property status.

Time lags

As sales only appear in the UK HPI once the purchases have been registered (based on completed sales rather than advertised or approved prices), there can be a delay before transactions feed into the index. Estimates for the most recent months are provisional and likely to be updated as more data are incorporated into the index.

While changes to estimates are small at the headline level, these can be larger changes at lower geographies owing to fewer transactions being used. Caution is therefore advised when interpreting price changes in the most recent periods.

Further information is provided in our [revisions policy](#).

9 . Related links

[UK House Price Index: report](#)

Report | Released 17 February 2021

Complete report for the UK House Price Index (HPI) for England, Scotland, Wales and Northern Ireland, including in CSV format. Includes commentary, historical data tables and analytical tools.

[Land Registry interactive tool](#)

Search tool | Released 17 February 2021

Find access to background information on the UK HPI, help and support, and other index-linked data.

[Index of Private Housing Rental Prices](#)

Bulletin | Released 17 February 2021

An experimental price index tracking the prices paid for renting property from private landlords in the UK.

[House price statistics for small areas](#)

Bulletin | Released 9 December 2020

House prices and number of transactions for property sales in England and Wales, on an annual basis, updated quarterly.

[Consumer price inflation](#)

Bulletin | Released 17 February 2021

Price indices, percentage changes and weights for the different measures of consumer price inflation.