

Statistical bulletin

# UK House Price Index: October 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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## Table of contents

1. [Main points](#)
2. [UK house prices](#)
3. [House prices by country](#)
4. [House prices by region](#)
5. [House Price Index data](#)
6. [Glossary](#)
7. [Measuring the data](#)
8. [Strengths and limitations](#)
9. [Related links](#)

# 1 . Main points

- UK average house prices increased by 5.4% over the year to October 2020, up from 4.3% in September 2020, to stand at a record high of £245,000; this is the highest annual growth rate the UK has seen since October 2016.
- Average house prices increased over the year in England to £262,000 (5.4%), Wales to £176,000 (5.8%), Scotland to £163,000 (6.0%) and Northern Ireland to £143,000 (2.4%).
- The East Midlands, North West and Yorkshire and The Humber experienced the joint highest annual growth in average house prices (6.6%).
- 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 5.4% over the year to October 2020

The [latest house price data published on GOV.UK by HM Land Registry for October 2020](#) show that average house prices in the UK increased by 5.4% in the year to October 2020, up from 4.3% in the year to September 2020 (Figure 1).

During July 2020, changes were made to Stamp Duty Land Tax, Land Transaction Tax and Land and Buildings Transaction Tax. The UK House Price Index (HPI) is based on completed housing transactions. Typically, a house purchase can take six to eight weeks to reach completion. Therefore, the price data feeding into the October 2020 UK HPI will reflect those agreements that occurred after the tax changes took place.

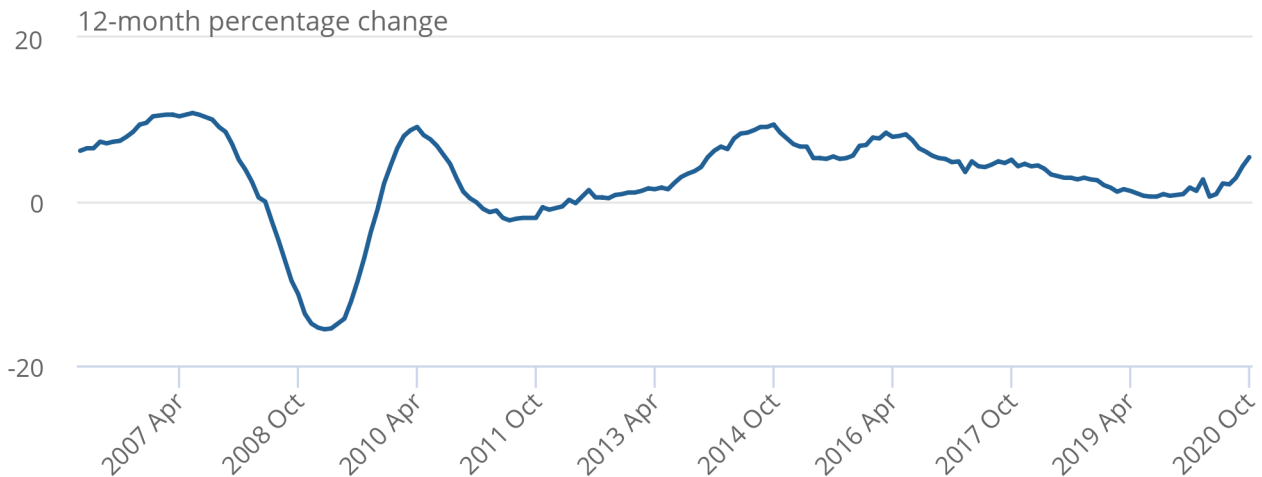
Because of the impact of the coronavirus (COVID-19) pandemic on both the number and supply of housing transactions, we might see larger revisions to the published HPI estimates than usual. Further information on this can be found in [Section 7: Measuring the data](#).

## Figure 1: October 2020 saw UK house price growth at its highest level since October 2016

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

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Annual house price rates of change for all dwellings, UK, January 2006 to October 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. 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 October 2020](#) release reported that mortgage approvals for house purchases (an indicator of future lending) increased further in October 2020 to 97,500, the highest since September 2007.

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 6.8% in the year to October, in comparison to flats and maisonettes increasing by 2.3% 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 £245,000 in October 2020

Average house price, UK, January 2005 to October 2020

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Average house price, UK, January 2005 to October 2020



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#### 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.

The average UK house price was £245,000 in October 2020; this is £13,000 higher than in October 2019 (Figure 2).

On a non-seasonally adjusted basis, average house prices in the UK increased by 0.7% between September and October 2020, compared with a decrease of 0.3% in the same period a year ago.

On a seasonally adjusted basis, average house prices in the UK increased by 0.9% between September and October 2020, following an increase of 1.5% in the previous month.

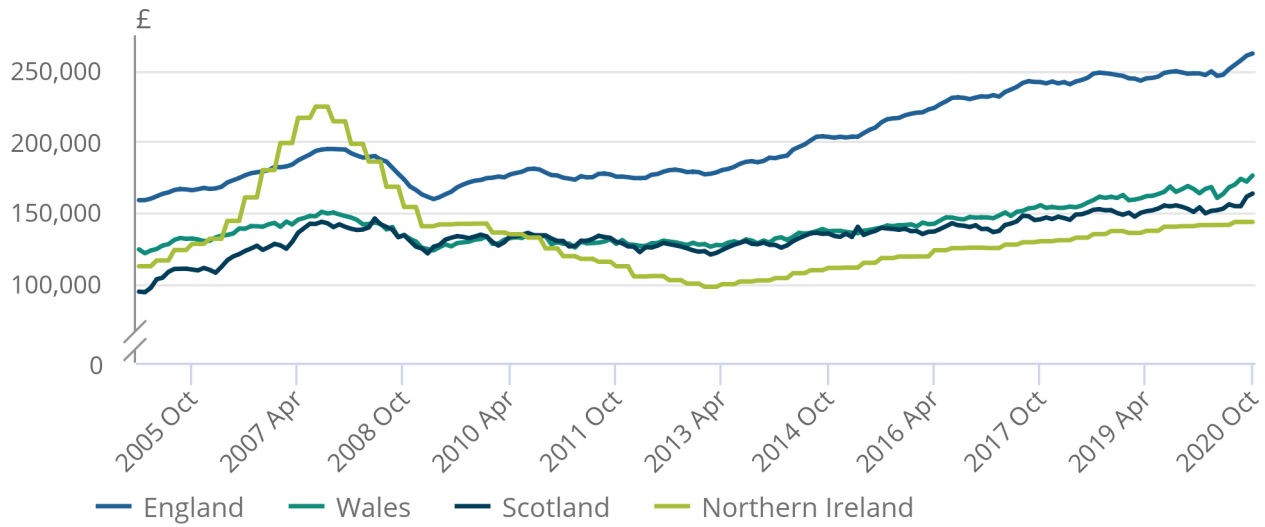
### 3 . House prices by country

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

Average house price by country, UK, January 2005 to October 2020

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Average house price by country, UK, January 2005 to October 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 December 2020 bulletin to be released on 17 February 2021.

England, Scotland and Wales all saw record high average prices in October 2020. Northern Ireland's average house price in Quarter 3 (July to Sept) 2020 is the highest since Quarter 4 (Oct to Dec) 2008.

The average house price in Scotland increased by 6.0% over the year to October 2020, up from an increase of 4.0% in the year to September 2020, with the average house price in Scotland now at £163,000.

House price growth in Wales increased by 5.8% over the year to October 2020, up from 4.4% in September 2020, with the average house price in Wales at £176,000.

The average house price in England increased by 5.4% over the year to October 2020, up from 4.4% in the year to September 2020, with the average house price in England now at £262,000.

The average house price in Northern Ireland increased by 2.4% over the year to Quarter 3 (July to Sept) 2020. Northern Ireland remains the cheapest UK country to purchase a property in, with the average house price at £143,000 (Figure 3).

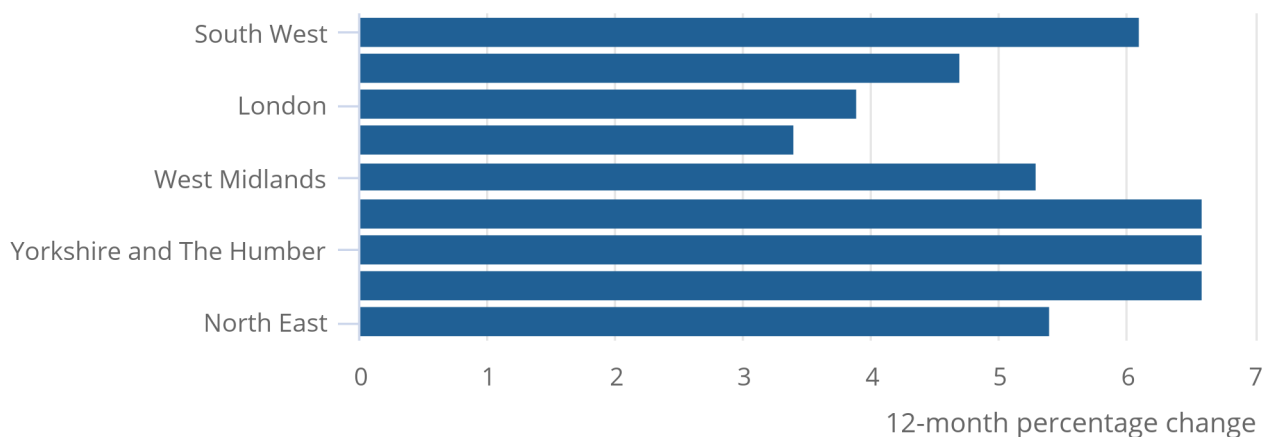
## 4 . House prices by region

**Figure 4: The lowest regional house price growth was in the East of England**

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

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



Source: HM Land Registry 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.

The East Midlands, North West and Yorkshire and The Humber were the English regions with the joint highest annual house price growth, with average prices increasing by 6.6% in the year to October 2020. These were up from 4.5% (East Midlands), 5.1% (North West) and 4.6% (Yorkshire and The Humber) in the year to September 2020 (Figure 4).

The lowest annual growth was in the East of England, where average prices increased by 3.4% over the year to October 2020.

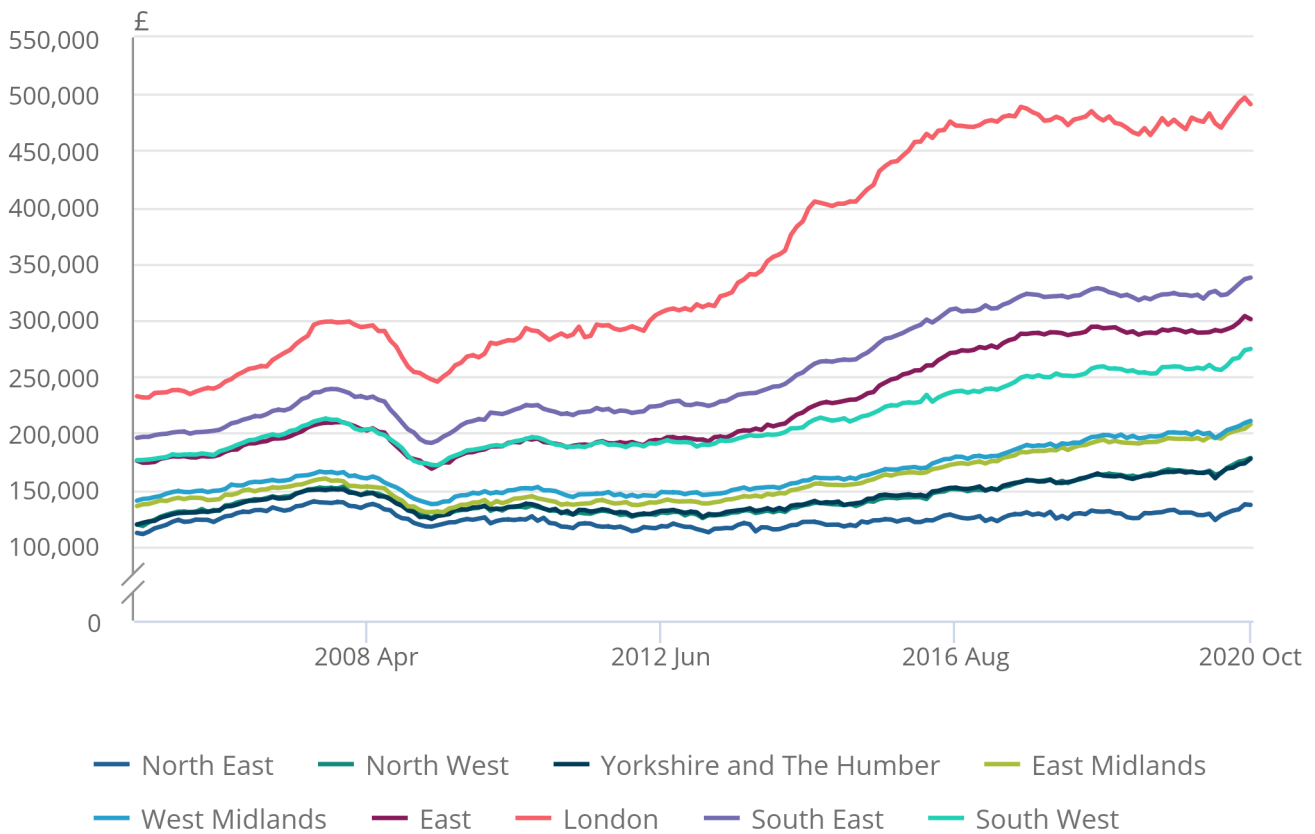
London house prices remained the most expensive at an average of £491,000. The North East continued to have the lowest average house price, at £136,000, and is the only English region yet to surpass its pre-economic downturn peak of July 2007 (Figure 5).

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

Average house price, by English region, January 2005 to October 2020

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

Average house price, by English region, January 2005 to October 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 16 December 2020

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 18 November 2020

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, 16 December 2020). 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.

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:

- August 2020 includes new build transactions from July and August 2020 for England and Wales
- September 2020 includes new build transactions from August and September 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 October 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 must be directed to the [Media Relations Office](#).

## End of EU exit transition period

After the transition period ends on 31 December 2020, the UK statistical system will continue to collect and produce our wide range of economic and social statistics. We are committed to continued alignment with international statistical standards, enabling comparability both over time and internationally and we will work with users of statistics to make sure they have the data they need to support the decisions they have to make.

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 in early 2021.

## 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 utilises 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.

## Upcoming changes

A local authority geography change will be made in the November 2020 release (release date 20 January 2021). The change is in line with the updates given by ONS Geography. This includes that Aylesbury Vale (E07000004), Chiltern (E07000005), South Bucks (E07000006) and Wycombe (E07000007) will merge to create a new local authority "Buckinghamshire" (E06000060).

## 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 16 December 2020

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 16 December 2020

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 16 December 2020

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 16 December 2020

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