

House prices rise for first time in over a year

For the first time in over a year house prices are more expensive than they were 12 months previously as high mortgage bills have not dampened demand for homes, according to the UK's largest building society.

While the cost of buying a house or flat [slightly increased](#) from month to month at certain points during the last year, houses were generally cheaper on an annual basis.

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But annual house-price growth returned in February, increasing 0.7% month on month, Nationwide said – something that had not been recorded since January 2023.

The average house price is £260,420, a 1.2% rise from February 2023.

Just a month ago prices fell 0.2% annually.

The reversal comes as mortgage rates continued to come down.

More on House Prices



Investigation launched into eight homebuilders after 'persistent under delivery' of new houses



House prices up 0.7% from December to January, Nationwide says



NatWest boss who earns £764,000 says not 'that difficult' to buy a house

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“For months at the end of 2023, buyers were sitting on their hands, waiting for a break in the clouds,” said Sarah Coles, head of personal finance at Hargreaves Lansdown. “Now they’ve snapped up cheaper deals and are hunting for a new home.”

Mortgage rates on rise

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This may not mean the cost of a new property continues to go up, as mortgage rates have been back on the rise as banks reassess their expectation of an imminent interest-rate cut by the rate-setters at the Bank of England.

The typical mortgage rate for a 5-year fixed deal is 5.33% and 5.75% for an average 2-year deal, according to financial information company Moneyfacts.

House prices are still roughly 3% below the all-time highs of summer 2022 when pent-up COVID-era demand coupled with high savings levels were unleashed and drove prices upwards.

A 5% rise over the 12 months is forecast in line with the likely increase in wages, according to the chief UK economist Pantheon Macroeconomics, Samuel Tombs.

Revival expected to slow

“There is some risk, however, this housing revival will take a breather in the next couple of months as markets have pushed back their expectations for interest-rate cuts, leading some mortgage rates to tick up. Yesterday’s [money and credit data](#) suggest that households continue to manage their finances cautiously.”

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On Monday the competition watchdog [launched an inquiry](#) into eight major housebuilders and said too few new homes are being delivered due to a “complex and unpredictable” planning system

and the gap between what private developers are building and what people need is widening.

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Fewer than 250,000 new homes were built last year across Britain – well below the 300,000-target for England alone, the Competition and Markets Authority said.