

Nationwide HOUSE PRICE INDEX



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March 2018

Annual house price growth remained subdued in March

- UK annual house price growth steady at 2.1%
- London again weakest performing region, with house prices down 1% year-on-year

Headlines	Mar-18	Feb-18
Monthly Index*	423.9	424.8
Monthly Change*	-0.2%	-0.4%
Annual Change	2.1%	2.2%
Average Price (not seasonally adjusted)	£211,625	£210,402

* 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:

"UK house price growth remained broadly stable in March at 2.1%, little changed from the 2.2% recorded the previous month. House prices fell by 0.2% over the month, after taking account of seasonal factors.

"On the surface, the relatively subdued pace of house price growth appears at odds with recent healthy rates of employment growth, a modest pick-up in wage growth and historically low borrowing costs. However, consumer confidence has remained subdued, due to the ongoing squeeze on household finances as wage growth continues to lag behind increases in the cost of living.

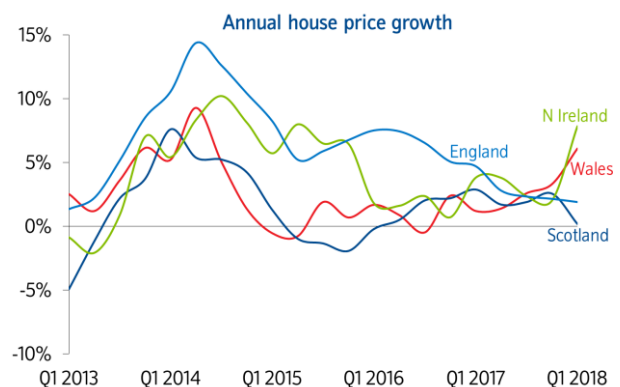
"Looking ahead, much will depend on how broader economic conditions evolve, especially in the labour market, but also with respect to interest rates. Subdued economic activity and the ongoing squeeze on household budgets is likely to continue to exert a modest drag on housing market activity and house price growth this year.

"But historically low unemployment and mortgage interest rates together with the lack of properties on the market is likely to provide some support for house prices. Overall, we expect house prices to be broadly flat, with a marginal gain of around 1% over the course of 2018.

Northern Ireland leads house price growth in first quarter

"Northern Ireland saw the strongest annual rate of growth, with a substantial 7.9% gain, though prices in the region are still furthest below their pre-crisis levels, some 38% below their 2007 levels, while overall UK prices are 16% above.

"Wales also recorded a pick-up in house price growth, with a 6.1% year-on-year increase, the highest since 2014. England recorded annual house price growth of 1.9%. Amongst the home nations, only Scotland saw weaker price growth than England, with prices up just 0.2% compared to the same period of last year.

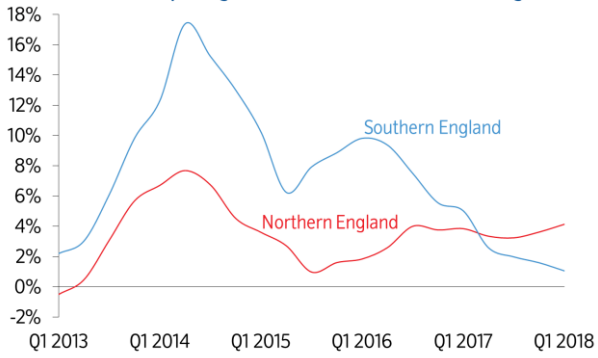


North-South divide narrows.....a little

"For the fourth quarter in a row, regions in the North of England recorded stronger annual house price growth than those in the South.

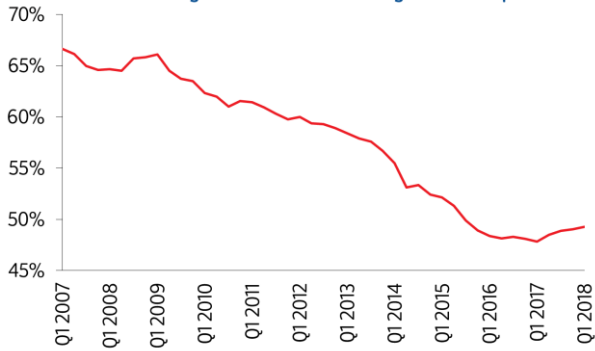
"Over the past two years the Southern English regions have seen a steady deceleration in price growth, which is now running at its slowest pace since 2012. By contrast, the Northern English regions have recorded a gradual acceleration and recorded their strongest growth rate since 2014 in the first three months of this year (see chart on next page).

Annual house price growth in Southern & Northern England



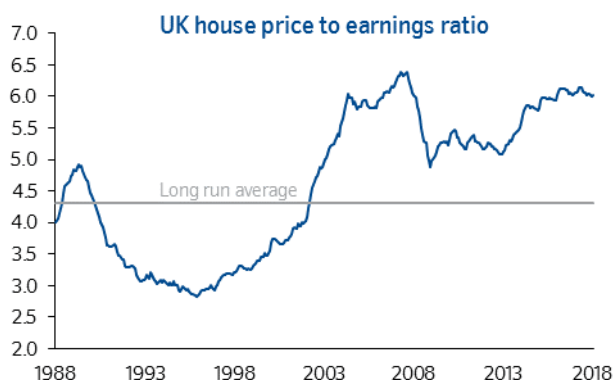
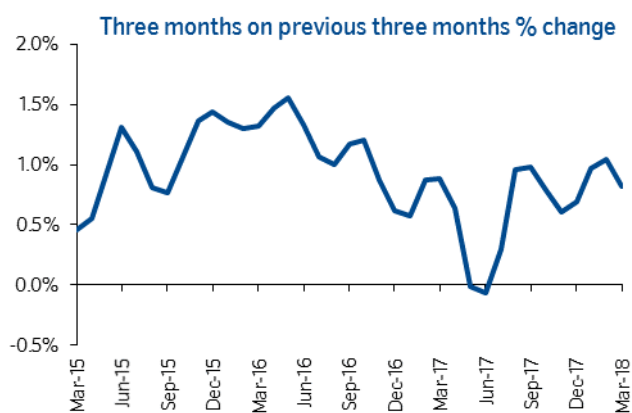
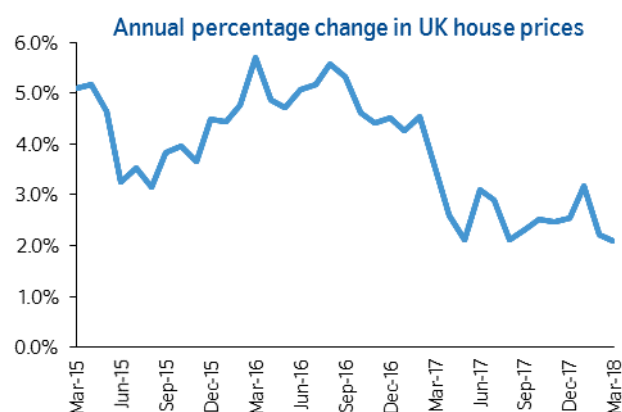
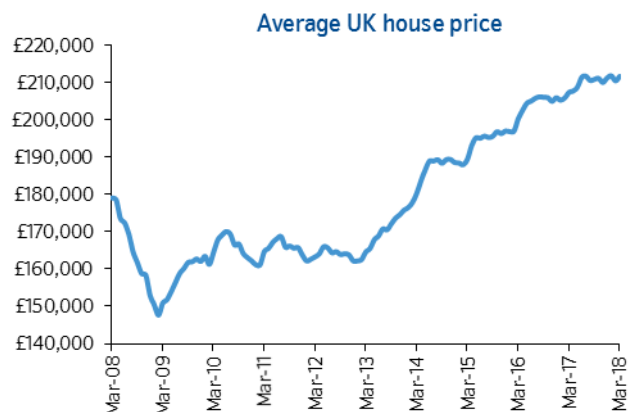
“However, these trends have so far made only small inroads in narrowing the North-South divide. House prices in the North of England are, on average, still less than half of those prevailing in the South (see chart). A typical house in the North of England now costs £163,138, compared to £331,047 in the South.”

Northern England as % Southern England house prices



Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Mar-16	0.8	1.3	5.7	200,251
Apr-16	0.5	1.5	4.9	202,436
May-16	0.2	1.6	4.7	204,368
Jun-16	0.2	1.3	5.1	204,968
Jul-16	0.4	1.1	5.2	205,715
Aug-16	0.7	1.0	5.6	206,145
Sep-16	0.2	1.2	5.3	206,015
Oct-16	0.0	1.2	4.6	205,904
Nov-16	0.1	0.9	4.4	204,947
Dec-16	0.5	0.6	4.5	205,898
Jan-17	0.2	0.6	4.3	205,240
Feb-17	0.6	0.9	4.5	205,846
Mar-17	-0.1	0.9	3.5	207,308
Apr-17	-0.4	0.6	2.6	207,699
May-17	-0.2	0.0	2.1	208,711
Jun-17	1.1	-0.1	3.1	211,301
Jul-17	0.2	0.3	2.9	211,671
Aug-17	-0.1	1.0	2.1	210,495
Sep-17	0.4	1.0	2.3	210,801
Oct-17	0.2	0.8	2.5	211,085
Nov-17	0.1	0.6	2.5	209,988
Dec-17	0.5	0.7	2.6	211,156
Jan-18	0.8	1.0	3.2	211,756
Feb-18	-0.4	1.0	2.2	210,402
Mar-18	-0.2	0.8	2.1	211,625



Source: Nationwide, ONS

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Quarterly Regional House Price Statistics

Q1 2018

Please note that these figures are for the three months to March, 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 (Q1 2018)	Annual % change this quarter	Annual % change last quarter
N Ireland	£137,965	7.9%	2.0%
Wales	£151,971	6.1%	3.3%
West Midlands	£184,727	4.9%	5.2%
East Midlands	£177,656	4.5%	4.6%
Yorks & H'side	£154,121	4.1%	1.8%
North	£128,432	4.1%	0.2%
North West	£156,954	3.2%	4.0%
South West	£240,361	2.9%	4.8%
East Anglia	£222,061	2.5%	2.3%
Outer S East	£277,242	2.1%	3.1%
Outer Met	£363,263	1.8%	1.2%
Scotland	£144,250	0.2%	2.6%
London	£473,776	-1.0%	-0.5%
UK	£211,792	2.5%	2.7%

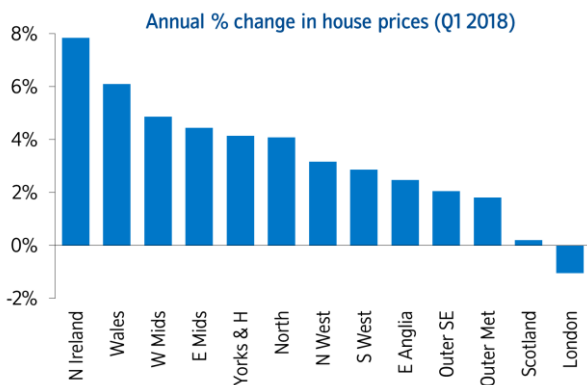
Northern Ireland sees acceleration in growth

Northern Ireland was the strongest performing region in the first quarter, with annual price growth accelerating from 2.0% to 7.9%. Nonetheless, in contrast with other parts of the UK, price levels in the province are still well below their 2007 peak.

Wales also saw a pick-up in annual house price growth, from 3.3% to 6.1%. But conditions remained more subdued in Scotland, where prices were essentially unchanged compared with a year ago.

The West Midlands, the top performing region in 2017, had the strongest price growth amongst the English regions, with prices up 4.9% year-on-year.

Meanwhile, London continued to experience modest annual price declines, with average house prices down 1% compared with a year ago.



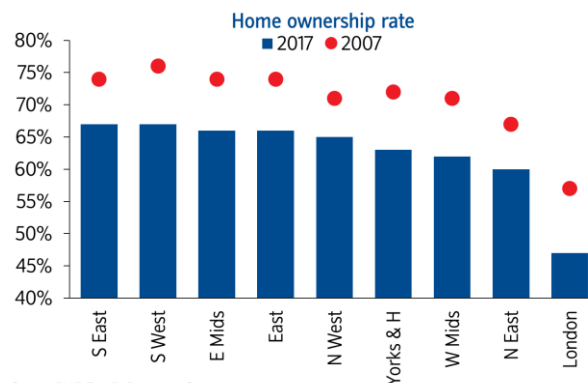
England: home ownership rates have declined

England (Q1 2018)	
Average house price	£257,417
Annual percentage change	1.9%
Quarterly change*	0.9%
Most expensive region	London
Least expensive region	North
Strongest annual price change	West Midlands
Weakest annual price change	London

* Seasonally adjusted

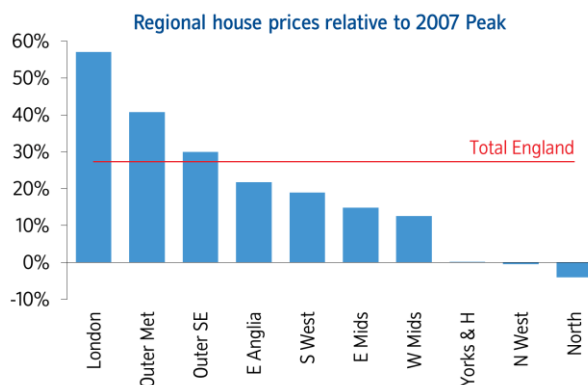
Average house prices in England increased by 0.9% in the first quarter of 2018 and were up 1.9% year-on-year.

Home ownership rates have declined across all English regions over the past decade. While the decline has been fairly uniform across regions, the biggest reduction has been in London, where the home ownership rate has fallen from 57% to 47%. The counterpart to this has been robust growth in the private rental sector; for example, 30% of households in London now rent.



Source: DWP Family Resources Survey

However, house price developments since 2007 have been much more varied. London has seen modest price falls in recent quarters, though it outperformed all other regions by a significant margin over the past decade, with prices currently 57% above 2007 levels (see chart below).



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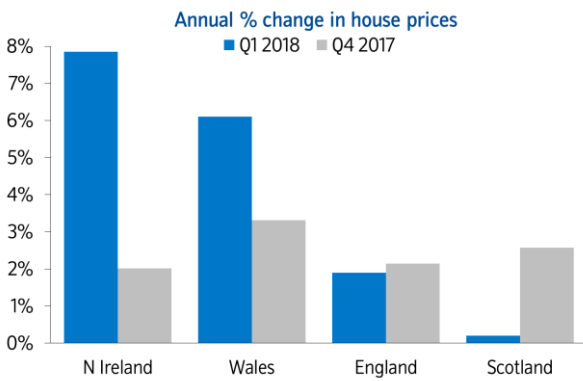
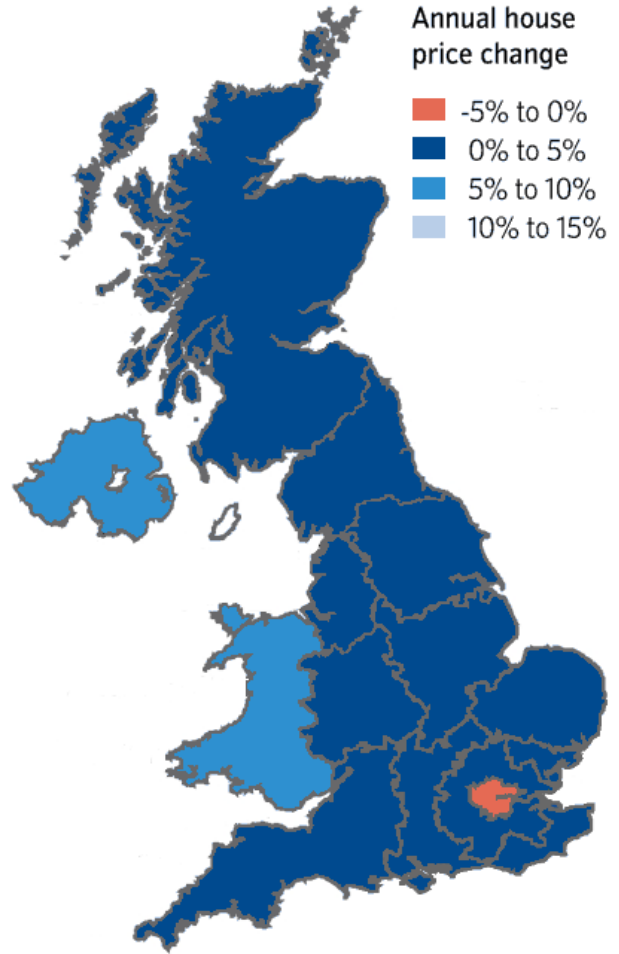
UK Fact File (Q1 2018)	
Quarterly average UK house price	£211,792
Annual percentage change	2.5%
Quarterly change*	0.8%
Most expensive region	London
Least expensive region	North
Strongest annual price change	Northern Ireland
Weakest annual price change	London

* Seasonally adjusted

Nations – annual & quarterly price change

Nation	Average Price (Q1 2018)	Annual % change this quarter	Quarterly % change*
N Ireland	£137,965	7.9%	5.8%
Wales	£151,971	6.1%	2.0%
England	£257,417	1.9%	0.9%
Scotland	£144,250	0.2%	-0.9%

* Seasonally adjusted



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 <http://www.nationwide.co.uk/about/house-price-index/headlines>

Historical figures including index levels can be viewed using the following link: <http://www.nationwide.co.uk/about/house-price-index/download-data>

Photographs of our economist are available at: <http://www.nationwide.co.uk/about/media-centre-and-specialist-areas/media-centre/photo-library>

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