

Nationwide HOUSE PRICE INDEX



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June 2011

Embargoed until 0700 30 June 2011

House prices stable in June

- House prices were unchanged in June
- Price of a typical home in June is 1.1% lower than one year ago
- Demand remains subdued, but so does supply

Headlines	Jun-11	May-11
Monthly Index*	330.2	330.3
Monthly Change*	0.0%	0.3%
Annual Change	-1.1%	-1.2%
Average Price (not seasonally adjusted)	£168,205	£167,208

* 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:

"Stability remained the theme in June, with house prices flat over the month. This left house prices 1.1% below the level prevailing in June 2010.

"At 0.3%, the three month on three month measure of house prices was slightly weaker than the 0.6% pace of increase recorded in May.

"The property market has moved sideways over the past six months, and June's data suggest that trend is being maintained through the summer months.

Sluggish demand, sluggish supply

"Housing market demand has remained subdued of late, as evidenced by the still weak level of mortgage applications in recent months and the sluggish pace of new buyer enquiries reported by surveyors.

"There have been a few encouraging developments for households, but to date this hasn't been enough to reinvigorate the housing market. Employment has been edging up and consumer confidence surged in May – although the latter may have had more to do with unusually warm weather and extra bank holidays, rather than signalling the arrival of any recovery-related feel good factor.

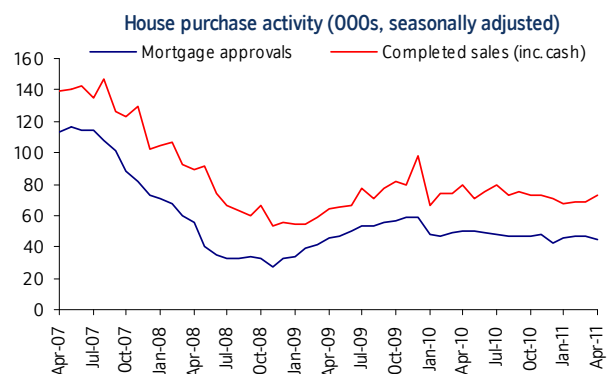
"Ultimately, these positives have not been enough to make up for the ongoing squeeze on households. With debt levels still high, the need to repair household finances is undiminished. However, sluggish economic growth, and wages rising at less than half the rate of inflation, means that consumers are struggling to make progress in repairing their finances.

"Developments on the supply side of the housing market are also failing to drive the market one way or the other. The low rate of building in recent years has limited the flow of new properties available for sale, while low interest rates are helping to support mortgage affordability and reduce the number of distressed sales. This has meant that the market has not become over supplied, despite the weak state of buyer demand.

More of the same?

"It's hard to make the case for prices rising or falling sharply over the remainder of 2011 if the economy develops as we expect. Economic growth looks set to gather pace in the months ahead, but is likely to remain unspectacular. This in turn points to only modest gains in employment and sluggish wage increases, which will continue to keep many potential buyers on the sidelines.

"At the same time, the chances of a near term increase in interest rates appear to have diminished. Ultra-low interest rates should continue to support affordability for some time yet and keep a lid on forced sales. Overall, a combination of low transaction volumes, still tight housing supply and flattish house prices looks set to stay for the remainder of the year."



Source: Bank of England, HMRC

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Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 month on 3 month % change	Annual % Change	Average Price
Jun-09	1.1	0.7	-9.3	156,442
Jul-09	1.5	2.3	-6.2	158,871
Aug-09	1.7	3.2	-2.7	160,224
Sep-09	0.9	4.0	0.0	161,816
Oct-09	0.8	3.9	2.0	162,038
Nov-09	0.7	3.3	2.7	162,764
Dec-09	0.4	2.6	5.9	162,103
Jan-10	1.4	2.4	8.6	163,481
Feb-10	-0.9	1.9	9.2	161,320
Mar-10	0.3	1.5	9.0	164,519
Apr-10	1.2	0.8	10.5	167,802
May-10	0.2	1.0	9.8	169,162
Jun-10	0.0	1.2	8.7	170,111
Jul-10	-0.4	1.0	6.6	169,347
Aug-10	-0.9	-0.1	3.9	166,507
Sep-10	0.0	-0.9	3.1	166,757
Oct-10	-0.8	-1.4	1.4	164,279
Nov-10	-0.3	-1.3	0.2	163,133
Dec-10	0.3	-1.1	0.1	162,249
Jan-11	0.0	-0.6	-1.4	161,211
Feb-11	0.5	0.0	-0.1	161,183
Mar-11	0.4	0.5	0.1	164,751
Apr-11	-0.2	0.7	-1.3	165,609
May-11	0.3	0.6	-1.2	167,208
Jun-11	0.0	0.3	-1.1	168,205

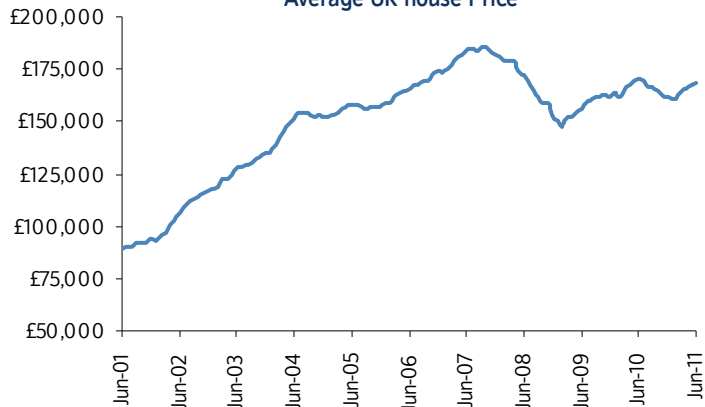
Note: Historical figures including index levels can be viewed using the following link:

www.nationwide.co.uk/hpi/downloads/Monthly.xls

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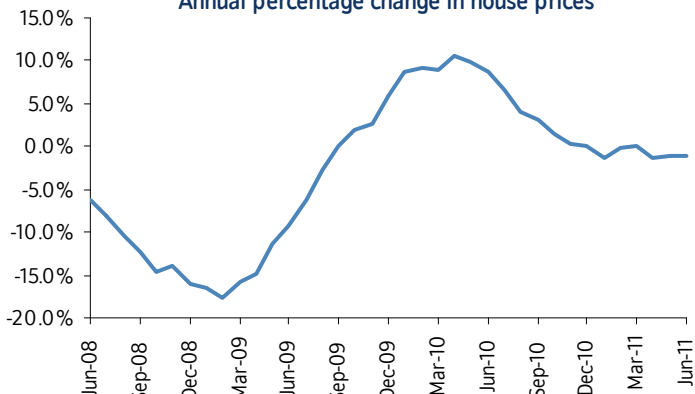


Average UK house Price

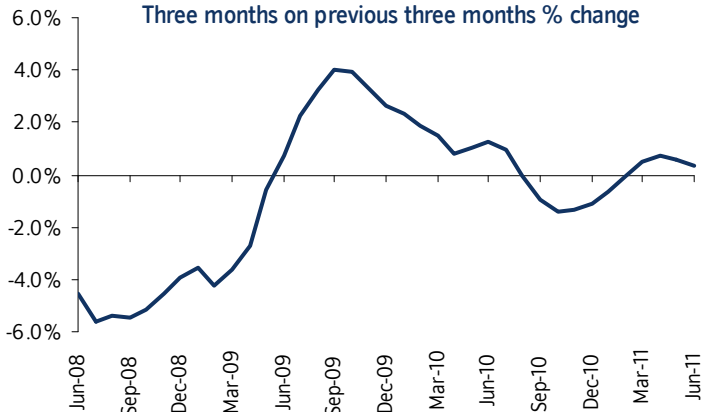


Source: Nationwide Building Society

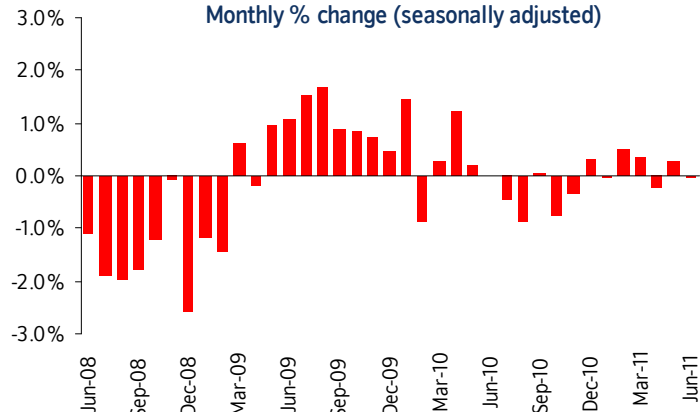
Annual percentage change in house prices



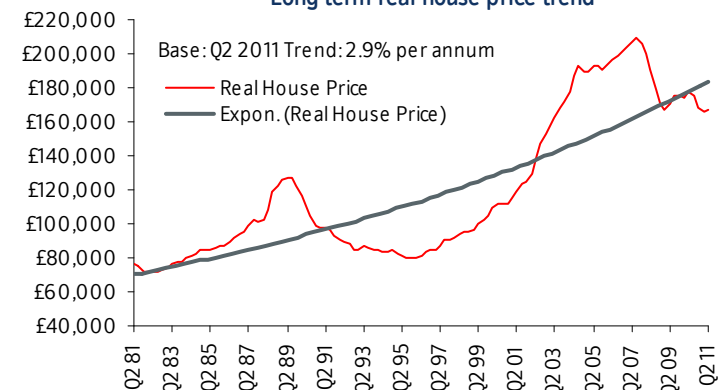
Three months on previous three months % change



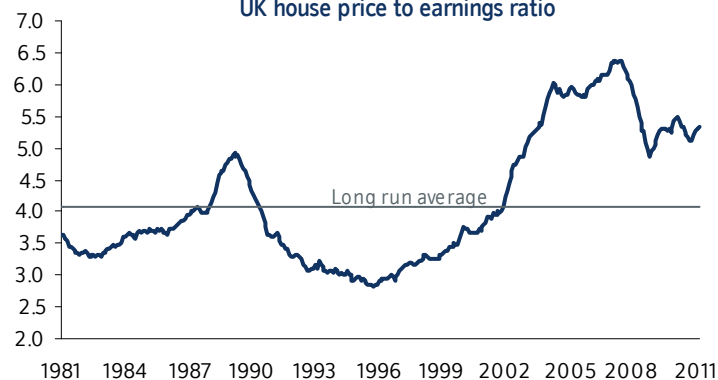
Monthly % change (seasonally adjusted)



Long term real house price trend



UK house price to earnings ratio



Source: Nationwide, ONS

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 are 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.

The Nationwide Monthly House Price Index is prepared from information which we believe is collated with care, but no representation is made as to its accuracy or completeness. We reserve the right to vary our methodology and to edit or discontinue the whole or any part of the Index at any time, for regulatory or other reasons. Persons seeking to place reliance on the Index for their own or third party commercial purposes do so entirely at their own risk. All changes are nominal and do not allow for inflation.

More information on the house price index methodology along with time series data and archives of housing research can be found at www.nationwide.co.uk/hpi

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