

# Nationwide HOUSE PRICE INDEX



[www.nationwide.co.uk/hpi](http://www.nationwide.co.uk/hpi)

April 2014

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## Annual house price growth now into double digits

- UK house prices increased by 1.2% in April and were 10.9% higher than April 2013
- Annual growth reaches double digits for first time since April 2010

| Headlines                                  | Apr-14   | Mar-14   |
|--|----------|----------|
| Monthly Index*                             | 365.4    | 361.2    |
| Monthly Change*                            | 1.2%     | 0.5%     |
| Annual Change                              | 10.9%    | 9.5%     |
| Average Price<br>(not seasonally adjusted) | £183,577 | £180,264 |

\* 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:

"After several months of moderation, the pace of house price growth picked up in April, with prices rising by 1.2% during the month. As a result, annual house price growth has reached double digits for the first time in four years, with the price of a typical home 10.9% higher than April 2013.

"The introduction of Mortgage Market Review (MMR) measures could have an impact on activity levels in the months ahead as the new measures bed down. However, underlying demand is likely to remain robust, as mortgage rates remain close to all-time lows and as consumer confidence improves further on the back of stronger labour market conditions and the brighter economic outlook.

"Earnings growth is beginning to pick up, with wage increases finally outpacing the rise in the cost of living in February. Nevertheless, house price growth is outstripping income growth by a wide margin. The risk is that unless supply accelerates significantly, affordability will become stretched.

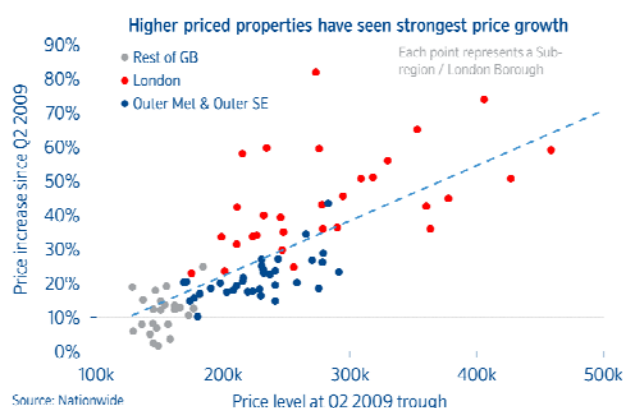
"The upturn in construction of new homes continues to lag far behind the upturn in demand, with the number of new homes being built in England still around 40% below pre-

crisis levels (and this was already insufficient to keep up with the increase in the number of households being formed). MMR measures, which place a greater emphasis on affordability, should help to ensure that prices do not become detached from earnings.

### Higher priced areas of London and South East have experienced larger price gains

"A notable feature of the upturn in the housing market is that price growth has been significantly stronger in the South of England, especially in London and the South East. In the first quarter of 2014, prices in the capital were around 20% higher than their pre-crisis levels, while in the UK as a whole prices were still around 2% lower.

"Interestingly, price growth in London and the South East appears to be being driven by the top end of the market, with higher priced locations recording stronger price growth. This is illustrated in the chart below, which shows that higher priced areas have seen larger price increases in percentage terms since prices were at their trough in mid-2009.

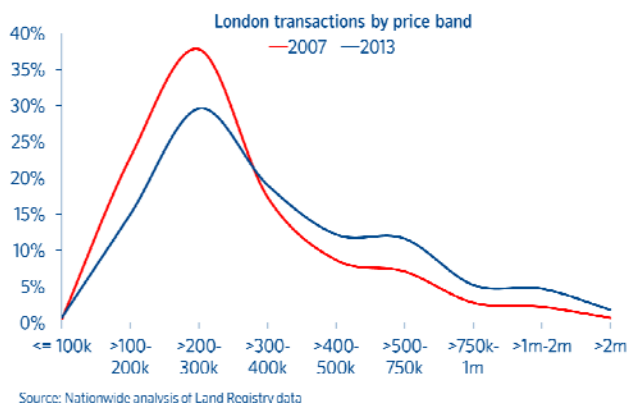


"This pattern accords with housing transactions data, which shows that higher priced properties in London and the South East have accounted for a higher proportion of transactions. For example, in London the proportion of housing transactions involving properties over £500,000 has

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increased from 13% in 2007 to around 25% in 2013. The share involving properties of over £1m has more than doubled from 3% to more than 6%.”



## Monthly UK House Price Statistics

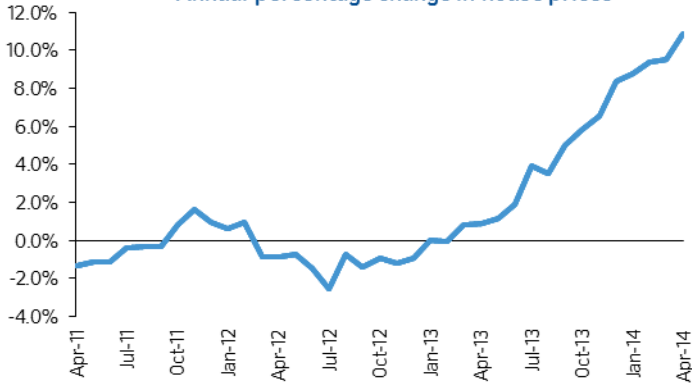
|        | Monthly % Change Seasonally Adjusted | 3 Month on 3 Month % Change | Annual % Change | Average Price |
|--------|--------------------------------------|-----------------------------|-----------------|---------------|
| Aug-12 | 1.2                                  | -0.4                        | -0.7            | 164,729       |
| Sep-12 | -0.5                                 | -0.4                        | -1.4            | 163,964       |
| Oct-12 | 0.4                                  | 0.3                         | -0.9            | 164,153       |
| Nov-12 | 0.1                                  | 0.3                         | -1.2            | 163,853       |
| Dec-12 | -0.2                                 | 0.5                         | -1.0            | 162,262       |
| Jan-13 | 0.4                                  | 0.2                         | 0.0             | 162,245       |
| Feb-13 | 0.2                                  | 0.3                         | 0.0             | 162,638       |
| Mar-13 | 0.3                                  | 0.5                         | 0.8             | 164,630       |
| Apr-13 | -0.1                                 | 0.6                         | 0.9             | 165,586       |
| May-13 | 0.6                                  | 0.7                         | 1.1             | 167,912       |
| Jun-13 | 0.5                                  | 0.7                         | 1.9             | 168,941       |
| Jul-13 | 1.1                                  | 1.3                         | 3.9             | 170,825       |
| Aug-13 | 0.7                                  | 1.8                         | 3.5             | 170,514       |
| Sep-13 | 1.0                                  | 2.4                         | 5.0             | 172,127       |
| Oct-13 | 1.1                                  | 2.7                         | 5.8             | 173,678       |
| Nov-13 | 0.7                                  | 2.9                         | 6.5             | 174,566       |
| Dec-13 | 1.4                                  | 3.0                         | 8.4             | 175,826       |
| Jan-14 | 0.8                                  | 3.1                         | 8.8             | 176,491       |
| Feb-14 | 0.7                                  | 3.1                         | 9.4             | 177,846       |
| Mar-14 | 0.5                                  | 2.7                         | 9.5             | 180,264       |
| Apr-14 | 1.2                                  | 2.5                         | 10.9            | 183,577       |

Note: Historical figures including index levels can be viewed using the following link: [www.nationwide.co.uk/hpi/datadownload](http://www.nationwide.co.uk/hpi/datadownload)

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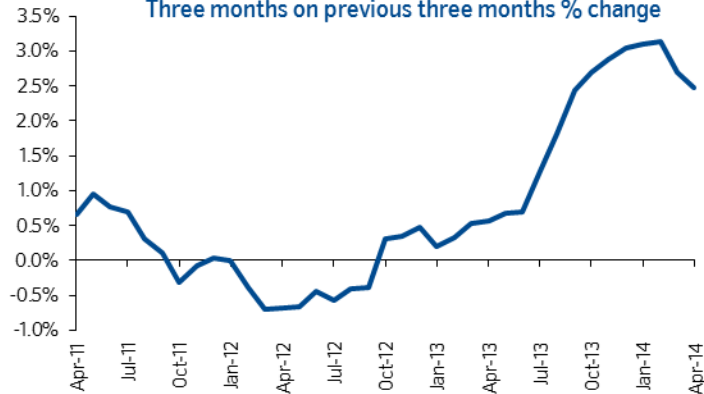
**Annual percentage change in house prices**



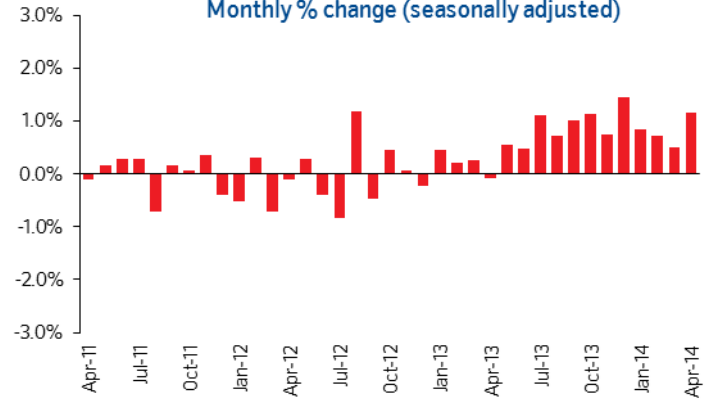
**Average UK house price**



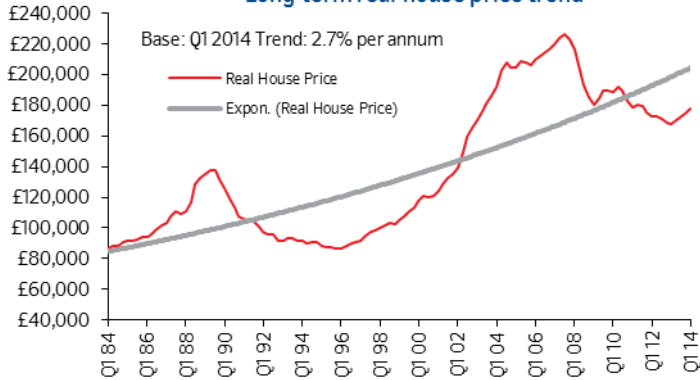
**Three months on previous three months % change**



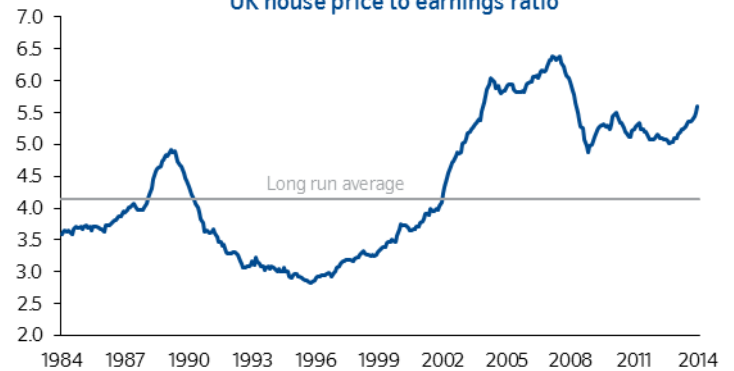
**Monthly % change (seasonally adjusted)**



**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 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.

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](http://www.nationwide.co.uk/hpi)

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