

Nationwide HOUSE PRICE INDEX



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November 2016

Annual price growth slowed further in November

- Annual house price growth slowed slightly to 4.4%, from 4.6% in October
- House prices increased by 0.1% month on month in November

Headlines	Nov-16	Oct-16
Monthly Index*	410.2	410.0
Monthly Change*	0.1%	0.0%
Annual Change	4.4%	4.6%
Average Price (not seasonally adjusted)	£204,947	£205,904

* 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 prices increased by 0.1% in November, after taking account of seasonal factors. As a result, the annual rate of house price growth slowed slightly to 4.4%, from 4.6% in October, though this is still in line with the growth rates prevailing since early 2015.

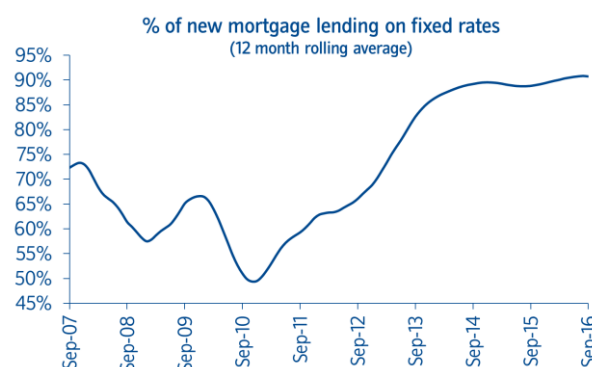
"There are some signs that, despite the uncertain economic outlook, demand conditions have strengthened a little in recent months, reflecting the impact of solid labour market conditions and historically low borrowing costs. Mortgage approvals increased in October, and surveyors report that new buyer enquiries have increased modestly.

"The relatively low number of homes on the market and modest rates of housing construction are likely to keep the demand/supply balance fairly tight in the quarters ahead, even if economic conditions weaken, as most forecasters expect.

Fixed rate mortgages remain most popular

"Fixed rate mortgages have remained the most popular product type by a considerable margin in recent years. Data from the Council of Mortgage Lenders suggests that over 90% of new mortgages were contracted on fixed rates over the past twelve months. This may be driven by a desire to lock in record low interest rates.

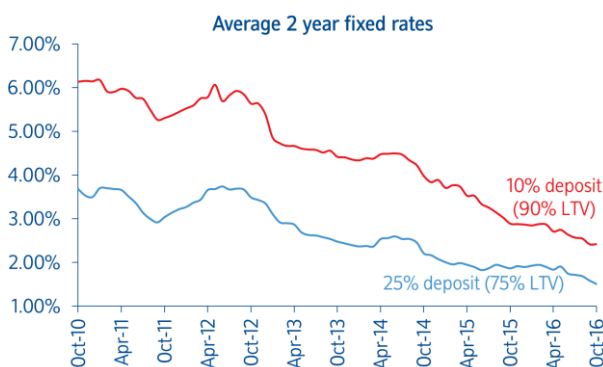
"The proportion of new mortgage lending contracted on fixed rates has increased considerably since the low point in 2010, when less than half of lending was on fixed rates. In recent years, the proportion of lending accounted for by fixed rate deals has persisted at levels well above those prevailing before the financial crisis (see chart below).



Source: CML Regulated Mortgage Survey

"Fixed rate deals are most popular amongst first time buyers for whom certainty over monthly payments is likely to be particularly important. Indeed, over the past twelve months 95% of new mortgage lending to first time buyers was on fixed rates.

"Borrowers taking out fixed rate mortgages have benefited from historically low interest rates. For example, in October the average two year fixed rate (for those with a 25% deposit) was 1.51%, over two percentage points below the level prevailing in 2012 (see chart below). Moreover, for borrowers with a 10% deposit, two year fixed rates are currently the lowest on record, at 2.42%."

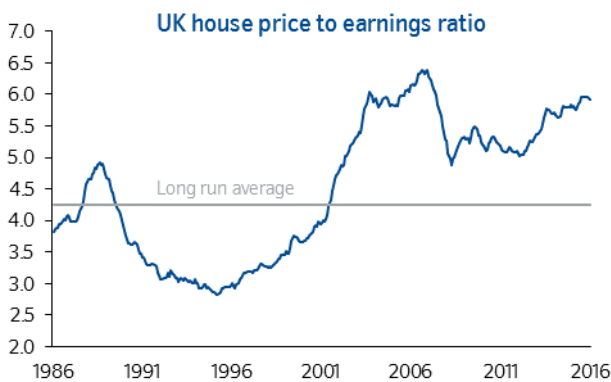
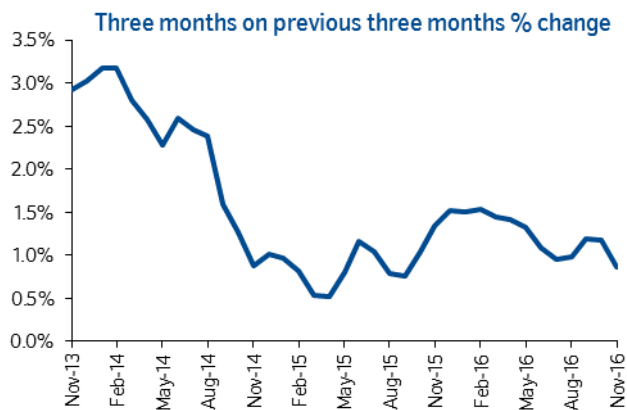
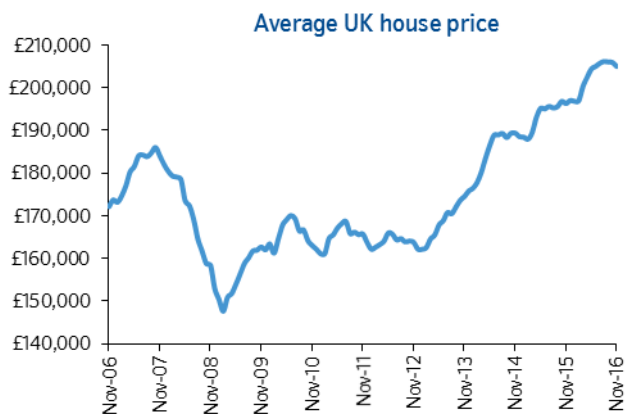
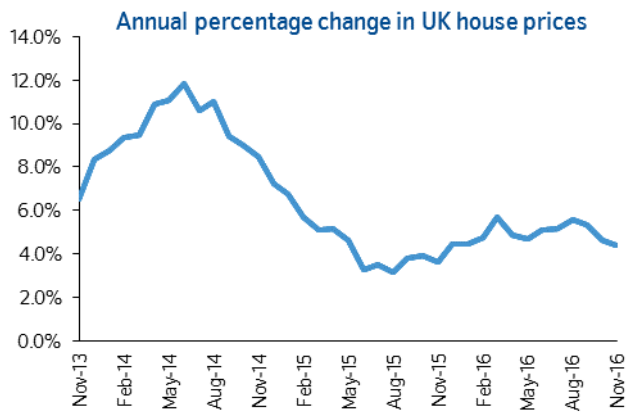


Source: Bank of England

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Charts



Source: Nationwide, ONS

Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Nov-14	0.5	0.9	8.5	189,388
Dec-14	0.1	1.0	7.2	188,559
Jan-15	0.4	1.0	6.8	188,446
Feb-15	0.0	0.8	5.7	187,964
Mar-15	-0.1	0.5	5.1	189,454
Apr-15	1.1	0.5	5.2	193,048
May-15	0.3	0.8	4.6	195,166
Jun-15	-0.1	1.2	3.3	195,055
Jul-15	0.4	1.0	3.5	195,621
Aug-15	0.2	0.8	3.2	195,279
Sep-15	0.5	0.8	3.8	195,585
Oct-15	0.6	1.0	3.9	196,807
Nov-15	0.2	1.3	3.7	196,305
Dec-15	0.8	1.5	4.5	196,999
Jan-16	0.3	1.5	4.4	196,829
Feb-16	0.4	1.5	4.8	196,930
Mar-16	0.7	1.4	5.7	200,251
Apr-16	0.3	1.4	4.9	202,436
May-16	0.2	1.3	4.7	204,368
Jun-16	0.2	1.1	5.1	204,968
Jul-16	0.4	1.0	5.2	205,715
Aug-16	0.6	1.0	5.6	206,145
Sep-16	0.3	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

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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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