

Nationwide HOUSE PRICE INDEX



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June 2018

Annual house price growth slows to a five-year low in June

- UK annual house price softened to 2%
- Prices up 0.5% during the month, after taking account of seasonal factors
- London was the weakest performing region in Q2, with prices down 1.9% year-on-year

Headlines	Jun-18	May-18
Monthly Index*	425.9	423.6
Monthly Change*	0.5%	0.2%
Annual Change	2.0%	2.4%
Average Price (not seasonally adjusted)	£215,444	£213,618

* 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:

"Annual house price growth fell to its slowest pace for five years in June. However, at 2% this was only modestly below the 2.4% recorded the previous month.

"Indeed, annual house price growth has been confined to a fairly narrow range of c2-3% over the past 12 months, suggesting little change in the balance between demand and supply in the market over that period.

"There are few signs of an imminent change. Surveyors continue to report subdued levels of new buyer enquiries, while the supply of properties on the market remains more of a trickle than a torrent.

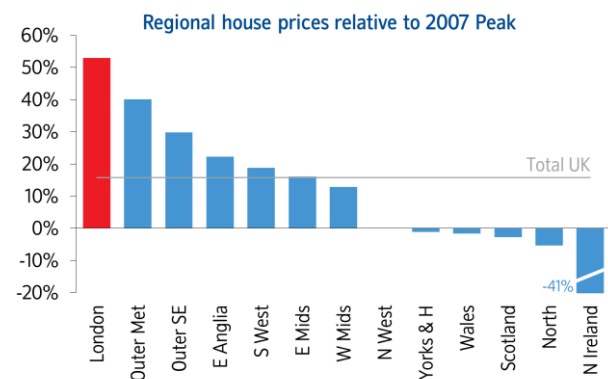
"Looking further ahead, much will depend on how broader economic conditions evolve, especially in the labour market, but also with respect to interest rates.

"Subdued economic activity and ongoing pressure on household budgets is likely to continue to exert a modest drag on housing market activity and house price growth this year, though borrowing costs are likely to remain low.

"Overall, we continue to expect house prices to rise by around 1% over the course of 2018.

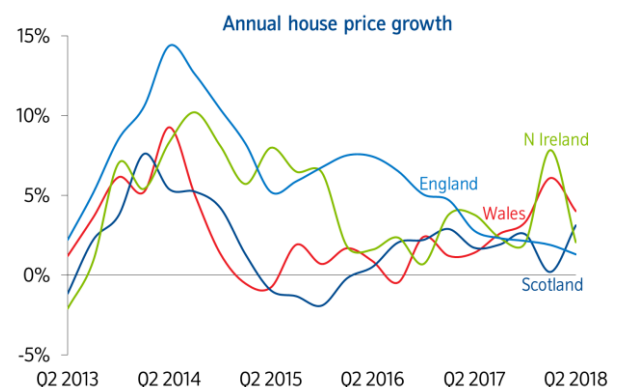
Further modest house price fall in London

"Most regions recorded a slowing in their annual rate of house price growth in Q2. Once again, London was the only region to see a decline, having seen modest year-on-year price falls in each of the last four quarters. Prices in the capital were down 1.9% year-on-year in Q2. But despite the recent underperformance, prices in the capital are still more than 50% above their 2007 peak, while prices in the UK overall are only 15% higher (see chart below).



"The East Midlands was the strongest performing region in England, and also the UK, with prices up 4.4% year-on-year. Scotland was the only region to see a notable pickup in annual price growth this quarter – to 3.1%. Wales saw a softening in price growth to 4%, though it was the best performing home nation.

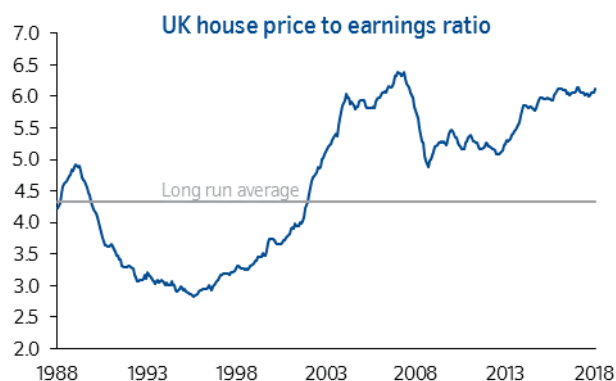
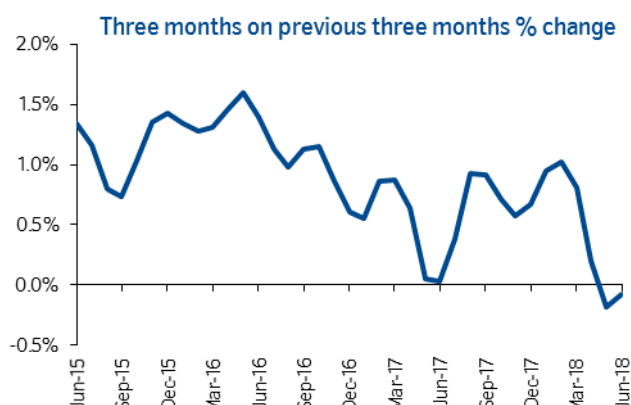
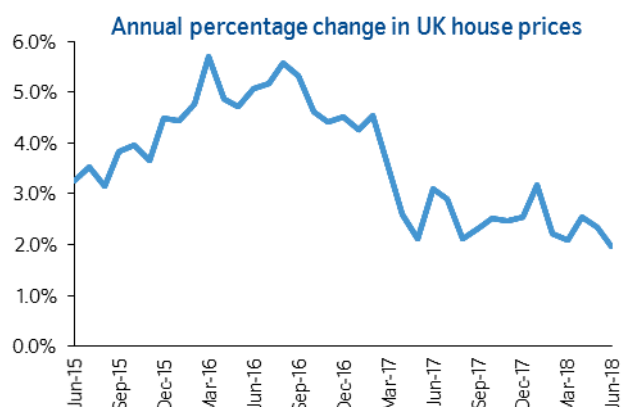
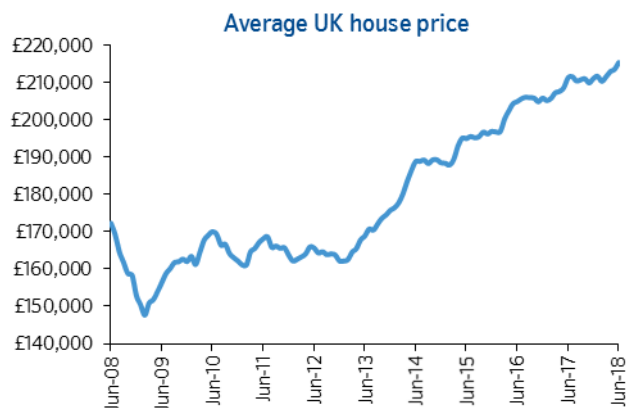
"Northern Ireland saw annual price growth of 2.1%, similar to the UK average, while England saw the weakest growth, with prices up 1.3% year-on-year."



Media enquiries to: Robert Gardner, Chief Economist, robert.gardner@nationwide.co.uk
Mike Pitcher, Media Relations Manager, mike.pitcher@nationwide.co.uk

Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Jun-16	0.1	1.4	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	1.1	5.3	206,015
Oct-16	0.0	1.1	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	0.0	0.1	2.1	208,711
Jun-17	1.0	0.0	3.1	211,301
Jul-17	0.2	0.4	2.9	211,671
Aug-17	-0.1	0.9	2.1	210,495
Sep-17	0.4	0.9	2.3	210,801
Oct-17	0.2	0.7	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	0.9	3.2	211,756
Feb-18	-0.4	1.0	2.2	210,402
Mar-18	-0.2	0.8	2.1	211,625
Apr-18	0.1	0.2	2.6	213,000
May-18	-0.2	-0.2	2.4	213,618
Jun-18	0.5	-0.1	2.0	215,444



Source: Nationwide, ONS

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Quarterly Regional House Price Statistics

Q2 2018

Please note that these figures are for the three months to June, 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 (Q2 2018)	Annual % change this quarter	Annual % change last quarter
East Midlands	£181,549	4.4%	4.5%
West Midlands	£188,516	4.3%	4.9%
Wales	£153,964	4.0%	6.1%
Scotland	£148,161	3.1%	0.2%
North West	£160,419	3.0%	3.2%
Outer SE	£281,752	2.5%	2.1%
East Anglia	£225,768	2.5%	2.5%
South West	£243,182	2.4%	2.9%
N Ireland	£136,211	2.1%	7.9%
Yorks & H'side	£155,075	2.1%	4.1%
North	£127,266	1.6%	4.1%
Outer Met	£365,514	0.9%	1.8%
London	£468,845	-1.9%	-1.0%
UK	£214,578	2.2%	2.5%

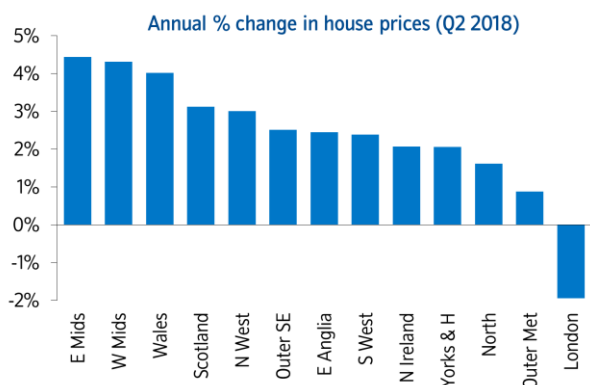
Most regions saw slowing in house price growth

Most regions saw a slowing in the annual rate of house price growth in the second quarter. Indeed, the only region to see a notable pickup was Scotland, where price growth accelerated to 3.1%.

Northern Ireland recorded annual price growth of 2.1%, similar to the UK average, after posting an unusually strong growth rate in the first quarter (7.9%). Wales also saw a softening in price growth to 4% (from 6.1% in Q1).

The East Midlands was the region that saw the strongest pace of growth in Q2, with prices up 4.4% year-on-year, just nudging ahead of the West Midlands at 4.3%.

Meanwhile, London recorded a further modest decline, with average house prices down 1.9% compared with the same period a year ago.

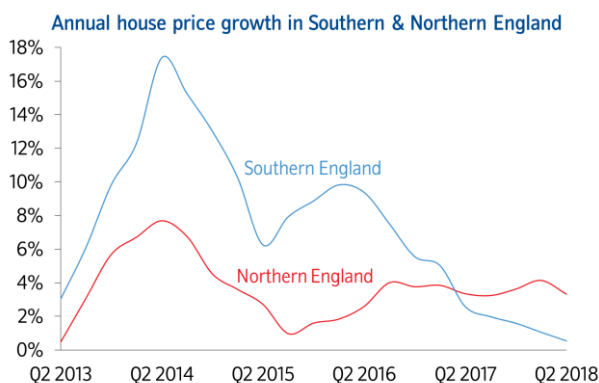


England: home ownership rates have declined

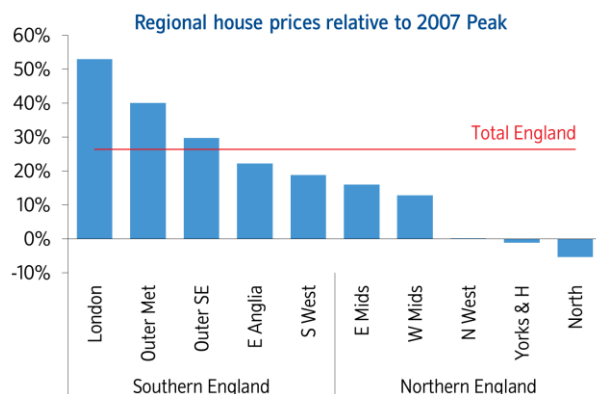
England (Q2 2018)	
Average house price	£259,269
Annual percentage change	1.3%
Quarterly change*	-0.4%
Most expensive region	London
Least expensive region	North
Strongest annual price change	East Midlands
Weakest annual price change	London

* Seasonally adjusted

Overall, England saw a 0.4% quarter-on-quarter fall in Q2, although average prices were still up 1.3% compared with a year ago. For the fifth successive quarter, price growth in Northern England exceeded that in Southern England, though most areas saw a slowing in annual price growth. Northern England saw a 3.3% year-on-year increase, while in the South prices were up just 0.5%.



However, looking at house price developments over the longer term, the North-South divide is still very much in evidence. In Southern regions of England, house prices are now well above 2007 levels, in particular in London, where despite recent price falls, prices are over 50% above their previous peak. Meanwhile, in some Northern areas prices remain close to or even below 2007 levels.



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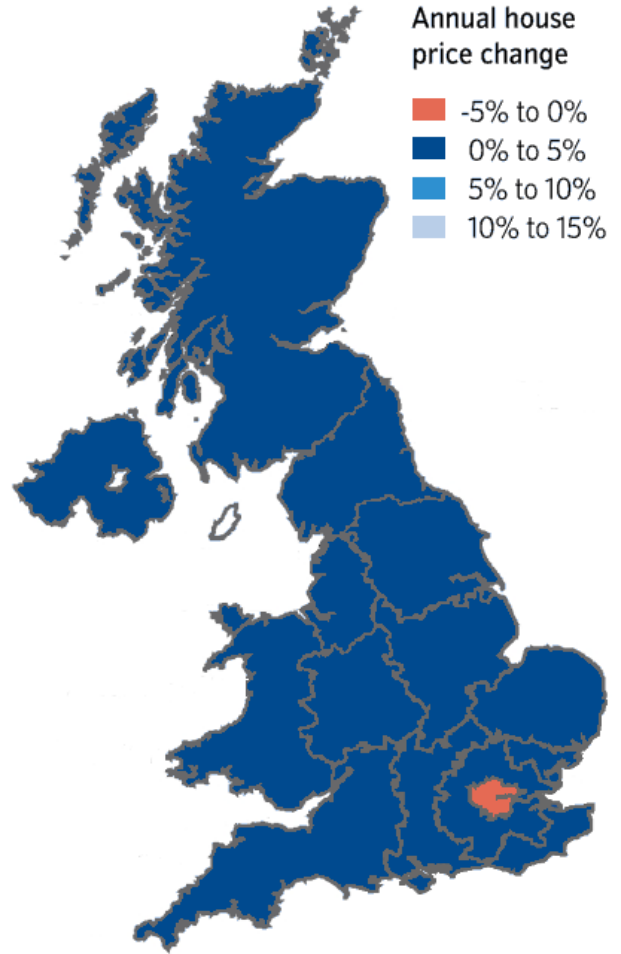
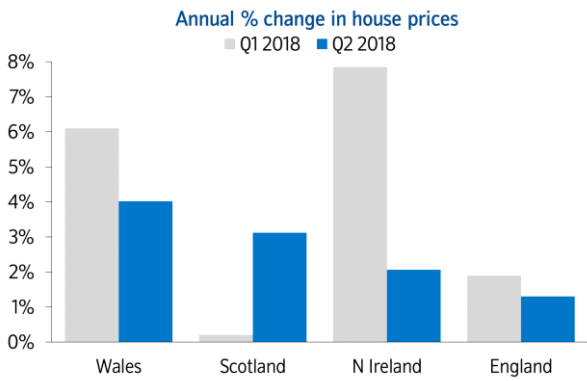
UK Fact File (Q2 2018)	
Quarterly average UK house price	£214,578
Annual percentage change	2.2%
Quarterly change*	0.0%
Most expensive region	London
Least expensive region	North
Strongest annual price change	East Midlands
Weakest annual price change	London

* Seasonally adjusted

Nations – annual & quarterly price change

Nation	Average Price (Q2 2018)	Annual % change this quarter	Quarterly % change*
Wales	£153,964	4.0%	-0.8%
Scotland	£148,161	3.1%	2.0%
N Ireland	£136,211	2.1%	-3.7%
England	£259,269	1.3%	-0.4%

* 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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