

Nationwide HOUSE PRICE INDEX



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November 2018

Slight uptick in annual house price growth in November

- Annual house price growth edges up to 1.9%
- Modest 0.3% increase month-on-month
- Net additions to housing stock just 0.6% below 2007 level

Headlines	Nov-18	Oct-18
Monthly Index*	429.2	427.8
Monthly Change*	0.3%	0.0%
Annual Change	1.9%	1.6%
Average Price (not seasonally adjusted)	£214,044	£214,534

* 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:

"While house price growth picked up a little in November, it remained relatively subdued at 1.9%, up from 1.6% the previous month.

"Looking forward, much will depend on how broader economic conditions evolve. In the near term, the squeeze on household budgets and the uncertain economic outlook is likely to continue to dampen demand, even though borrowing costs remain low and the unemployment rate is near 40-year lows.

"If the uncertainty lifts in the months ahead and employment continues to rise, there is scope for activity to pick-up through next year. The squeeze on household incomes is already moderating and policymakers have signalled that, if the economy performs as they expect, interest rates are only expected to rise at a modest pace and to a limited extent in the years ahead.

Housing supply picture has improved

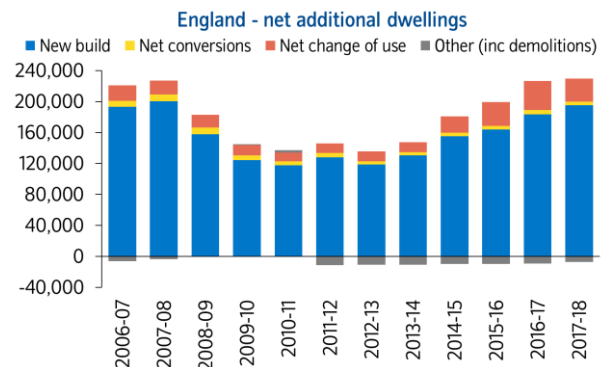
"After falling by almost 60% in the wake of the financial crisis, there has been a significant pick up in construction in recent years. New build completions in England in 2017/18 reached 195,300, around 3% below 2007/08 levels.

"Moreover, the picture improves further if we add in additional dwellings that have been created by converting larger homes into more units and those created by 'change

of use', such as turning former offices into flats. Indeed, on this broader measure, net additions to the housing stock are now just 0.6% below 2007 levels.

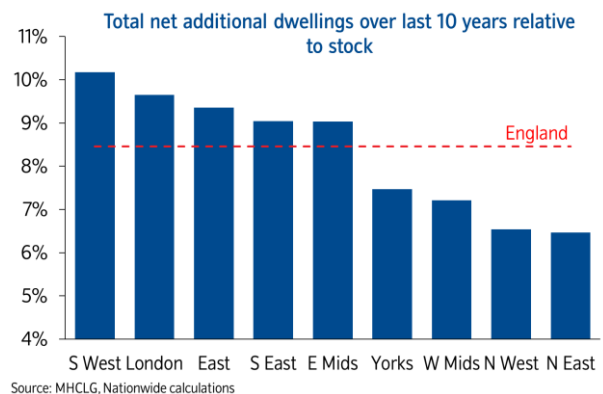
"The 'change of use' of buildings – i.e. from shops, offices and other commercial purposes, to homes – has provided a significant boost to supply in recent years. The change in government policy in 2014 to grant automatic permitted development rights to convert offices into residential properties has been a major factor, accounting for around half of dwellings created via change of use since its introduction.

"While 2017/18 saw a slowing in 'change of use' compared with the previous year, it still accounted for c30,000 dwellings, around 70% above 2007/08 level. In some areas, such as Nottingham and Bristol, 'change of use' accounted for around half of homes added over the past three years.



Where is supply being boosted?

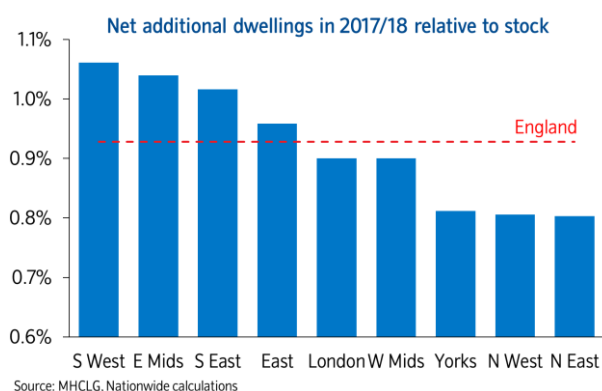
"Over the last 10 years, the total housing stock in England has grown by 1.9 million dwellings, representing an 8.5% increase relative to stock in 2007.



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

“The strongest growth has been in the South West, London and the East of England, which are amongst the areas that have seen relatively strong house price growth over this period, suggesting supply is responding to price signals. Meanwhile, in regions such as the North East and North West, where house prices are still near 2007 levels, growth in supply has been more modest.

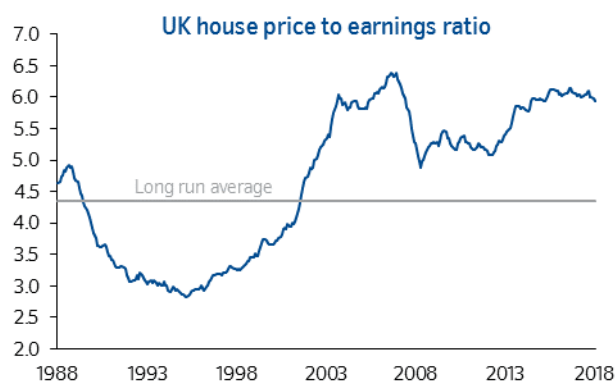
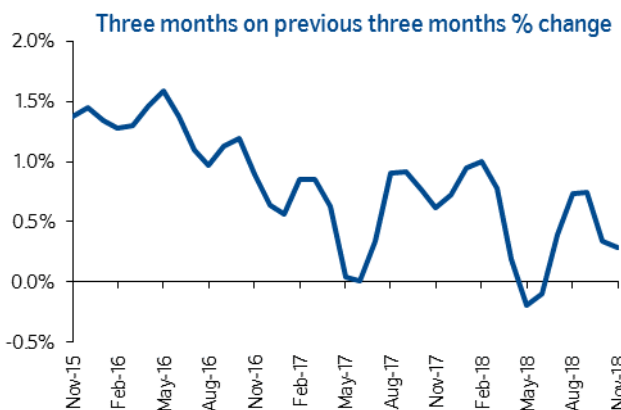
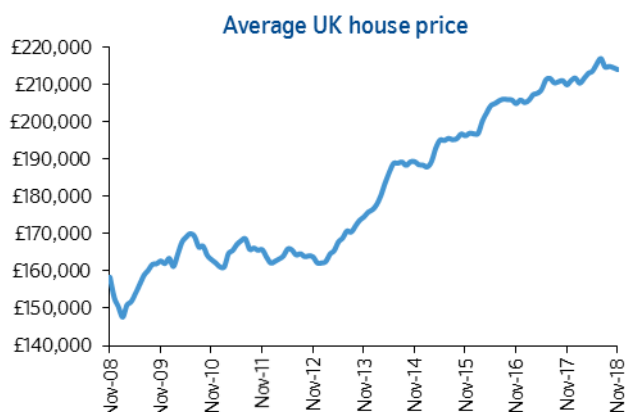
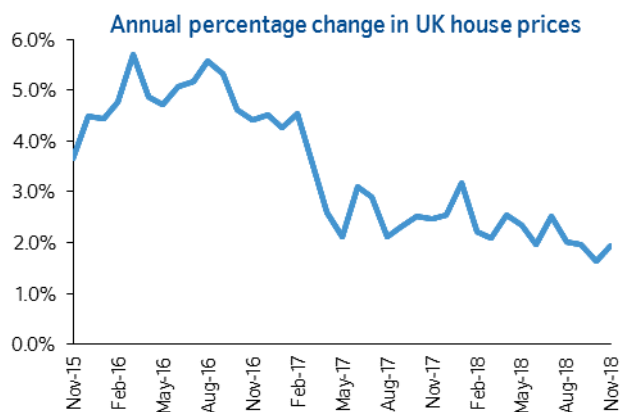
“Focussing on the most recent data, the South West also saw the strongest growth in 2017/18, with around 26,800 net additional dwellings, 1.1% of stock at the start of the period. The East Midlands was also relatively strong, boosted by a pick up in new build, with a total of 21,400 dwellings added (1% of stock).



“In contrast to most regions, London saw a slowing in net additions to stock in 2018/18, with the net increase in dwellings around 20% lower than the previous year. This was due to a reduction in new build completions and also lower ‘change of use’ additions. This is likely to be in response to changes in market conditions in the capital, with modest price falls being recorded in recent quarters and demand remaining relatively subdued.”

Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Nov-16	0.1	0.9	4.4	204,947
Dec-16	0.5	0.6	4.5	205,898
Jan-17	0.1	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	-0.1	0.0	2.1	208,711
Jun-17	1.0	0.0	3.1	211,301
Jul-17	0.2	0.3	2.9	211,671
Aug-17	0.0	0.9	2.1	210,495
Sep-17	0.4	0.9	2.3	210,801
Oct-17	0.3	0.8	2.5	211,085
Nov-17	0.0	0.6	2.5	209,988
Dec-17	0.5	0.7	2.6	211,156
Jan-18	0.7	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
Jul-18	0.7	0.4	2.5	217,010
Aug-18	-0.5	0.7	2.0	214,745
Sep-18	0.2	0.7	2.0	214,922
Oct-18	0.0	0.3	1.6	214,534
Nov-18	0.3	0.3	1.9	214,044



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.

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