

Nationwide HOUSE PRICE INDEX



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April 2019

UK house price growth remained weak in April

- Annual house price growth remained subdued at 0.9% in April
- Prices rose 0.4% month-on-month, after taking account of seasonal factors

Headlines	Apr-19	Mar-19
Monthly Index*	428.8	427.2
Monthly Change*	0.4%	0.2%
Annual Change	0.9%	0.7%
Average Price (not seasonally adjusted)	£214,920	£213,102

* 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 price growth remained subdued in April, with prices just 0.9% higher than the same month last year.

"Indicators of housing market activity, such as the number of property transactions and the number of mortgages approved for house purchase, have remained broadly stable in recent months, even though survey data suggests that sentiment has softened.

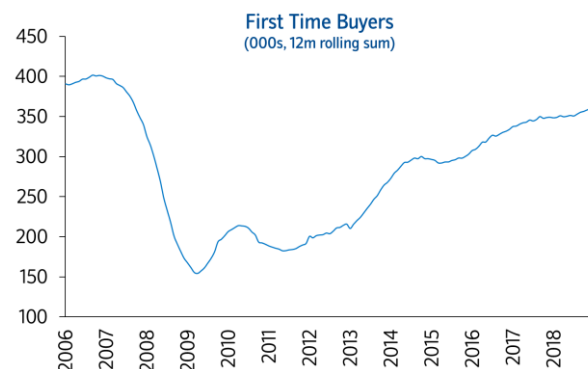
"Measures of consumer confidence weakened around the turn of the year and surveyors report that new buyer enquiries have remained subdued.

"While the number of properties coming onto the market has also slowed, this doesn't appear to have been enough to prevent a modest shift in the balance of supply and demand in favour of buyers in recent months. April marks the fifth month in a row in which annual house price growth has been below 1%.

First time buyer numbers recovering

"While the ongoing economic uncertainties have clearly been weighing on consumer sentiment, this hasn't prevented further steady gains in the number of first time buyers entering the housing market in recent quarters.

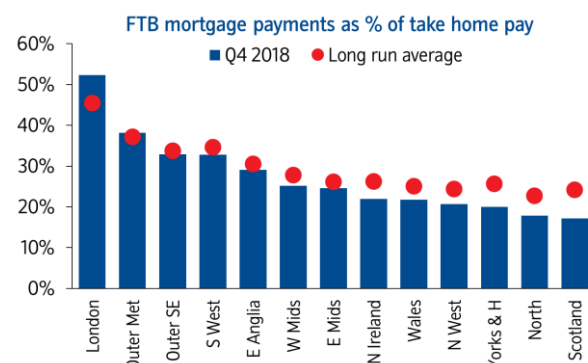
"Indeed, the number of mortgages being taken out by first time buyers has continued to approach pre-financial crisis levels in recent months, as shown in the chart below.



Source: UK Finance

"First time buyer numbers have been supported by the strength of labour market conditions, with employment rising at a healthy rate, and earnings growth slowly gathering momentum.

"While house prices remain high relative to average earnings, low mortgage rates have helped to support mortgage affordability. Indeed, raising a deposit appears to be the major barrier for prospective first time buyers, since the cost of servicing the typical mortgage remains in line with or below long-run averages as a share of take home pay in most regions of the UK (see chart below).



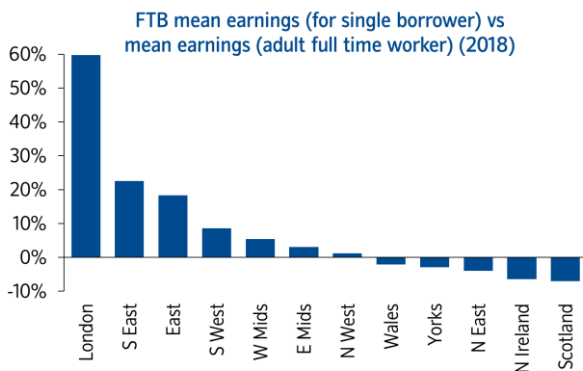
Source: Nationwide, UKF, ONS

"The exception is in London and parts of the south of England where affordability pressures are more acute, and

the monthly cost of servicing a mortgage, as well as raising a deposit, poses a greater challenge.

“Indeed, comparing the incomes of actual first time buyers in 2018 with average incomes in each region highlights how affordability pressures vary across the UK.

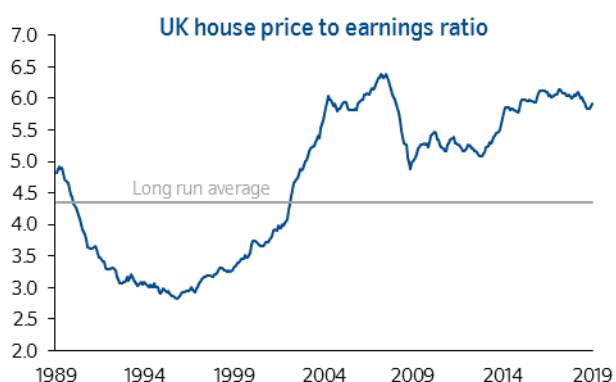
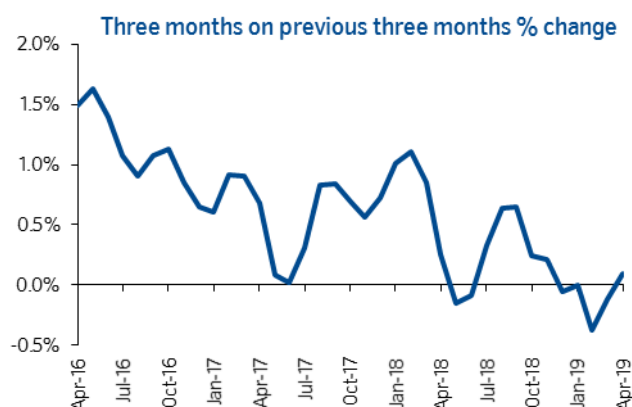
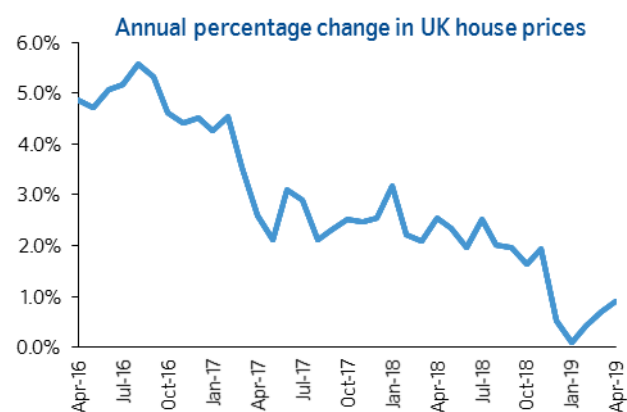
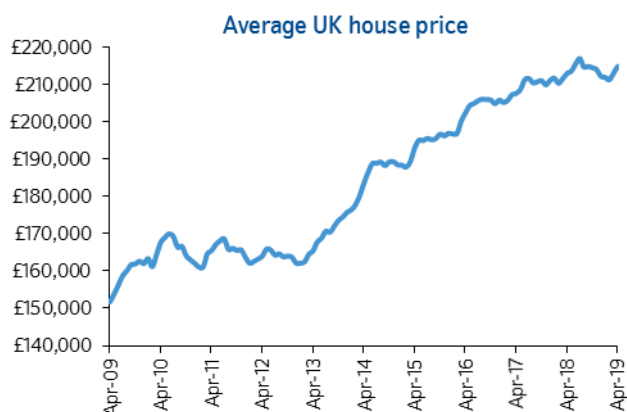
“In 2018, first time buyer incomes were in line with or below average incomes in most regions. However, in the East, South East and London, first time buyers’ incomes were significantly higher than average incomes in those regions (60% higher in London), illustrating the extent to which many prospective buyers are priced out of the market in those areas.”



Source: UKF RMS/Mortgage Clarity, ONS ASHE. Note: Data for Government Office Regions

Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Apr-17	-0.4	0.7	2.6	207,699
May-17	-0.1	0.1	2.1	208,711
Jun-17	0.9	0.0	3.1	211,301
Jul-17	0.2	0.3	2.9	211,671
Aug-17	0.0	0.8	2.1	210,495
Sep-17	0.3	0.8	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	0.6	0.7	2.6	211,156
Jan-18	0.7	1.0	3.2	211,756
Feb-18	-0.4	1.1	2.2	210,402
Mar-18	-0.1	0.8	2.1	211,625
Apr-18	0.1	0.3	2.6	213,000
May-18	-0.3	-0.1	2.4	213,618
Jun-18	0.5	-0.1	2.0	215,444
Jul-18	0.7	0.3	2.5	217,010
Aug-18	-0.5	0.6	2.0	214,745
Sep-18	0.2	0.6	2.0	214,922
Oct-18	0.0	0.2	1.6	214,534
Nov-18	0.4	0.2	1.9	214,044
Dec-18	-0.7	-0.1	0.5	212,281
Jan-19	0.2	0.0	0.1	211,966
Feb-19	0.0	-0.4	0.4	211,304
Mar-19	0.2	-0.1	0.7	213,102
Apr-19	0.4	0.1	0.9	214,920



Source: Nationwide, ONS

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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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