

Nationwide HOUSE PRICE INDEX



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October 2019

Little change in UK house price growth in October

- Annual house price growth remained subdued at 0.4%
- Modest 0.2% rise month-on-month, after taking account of seasonal factors

Headlines	Oct-19	Sep-19
Monthly Index*	429.1	428.4
Monthly Change*	0.2%	-0.2%
Annual Change	0.4%	0.2%
Average Price (not seasonally adjusted)	£215,368	£215,352

* 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:

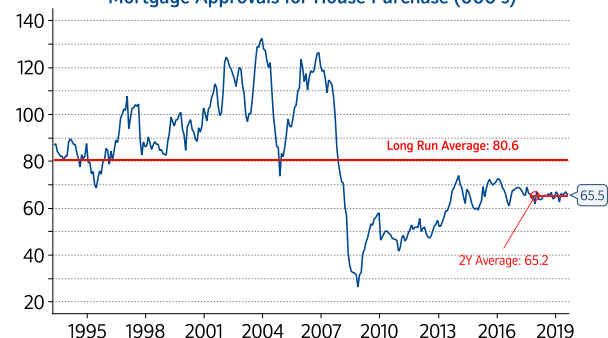
"Annual house price growth remained below 1% for the 11th month in a row in October, at 0.4%. Average prices rose by around £800 over the last 12 months, a significant slowing compared with recent years – for example, in the same period to October 2016, prices increased by £9,100.

"Indicators of UK economic activity have been fairly volatile in recent quarters, but the underlying pace of growth appears to have slowed as a result of weaker global growth and an intensifying of Brexit uncertainty. To date, the slowdown has centred on business investment, while household spending has been more resilient.

Offsetting forces keep housing activity stable

"The underlying pace of housing market activity has remained broadly stable, with the number of mortgages approved for house purchase continuing within the fairly narrow range prevailing over the past two years.

Mortgage Approvals for House Purchase (000's)

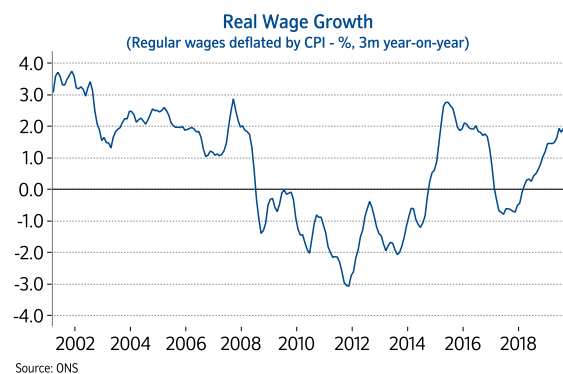


Source: Bank of England

"Solid labour market conditions and low borrowing costs appear to be offsetting the drag from the uncertain economic outlook. The question is whether this pattern will continue.

"There were tentative signs of a softening in the jobs market in the three months to August, as employment fell, unemployment rose, and wage growth slowed a little. If this trend continues it would be a significant concern, as the labour market has been the key factor underpinning the resilience of the household sector in recent years.

"However, monthly data is often volatile and the unemployment rate remains close to 40 year lows and real earnings growth (i.e. after taking account of inflation) is close to levels prevailing before the financial crisis.



Source: ONS

"If Brexit uncertainty lifts in the months ahead, hiring is likely to recover, although there may be some upward pressure on mortgage rates as investors once again contemplate the potential for UK rate increases in the years ahead. However, in the near term such increases are likely to be capped by trends in global financial markets. Weak global economic prospects continue to exert downward pressure on long-term interest rates around the world – including the UK.

"Moreover, mortgage rates remain close to all-time lows – more than 95% of borrowers have opted for fixed rate deals in recent quarters, around half of which have opted to fix for five years."

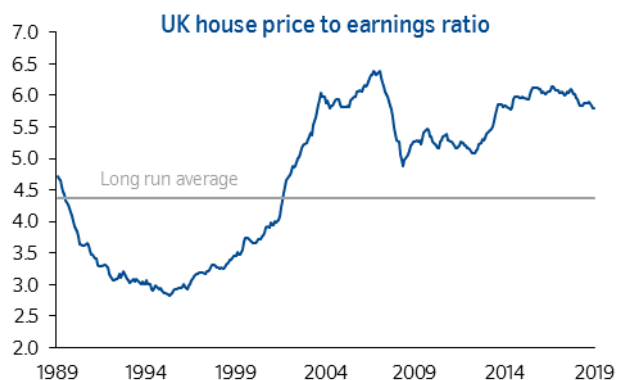
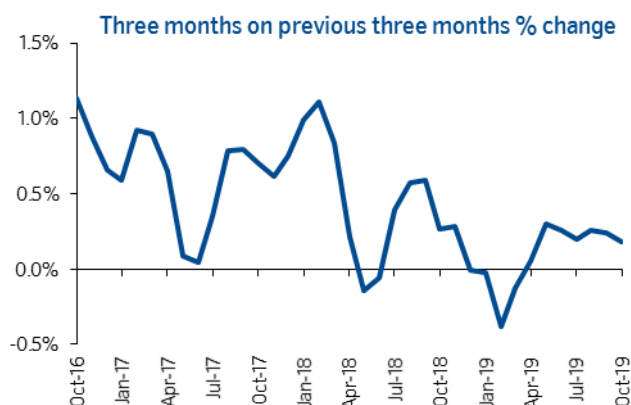
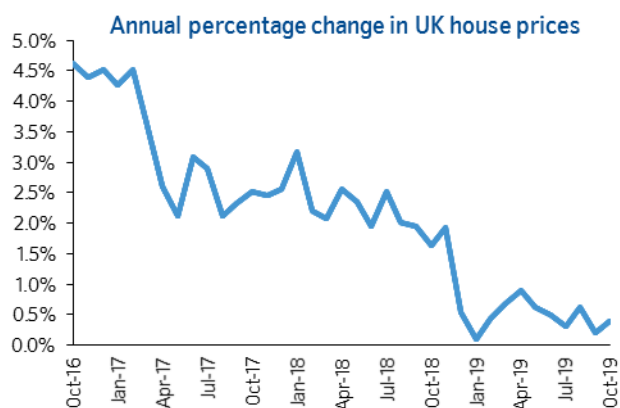
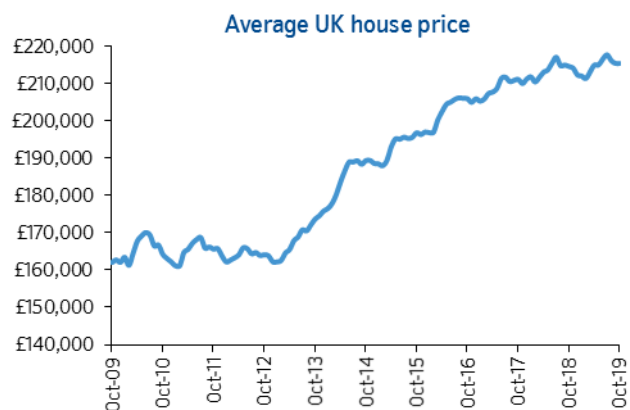
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Building Society

Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Oct-17	0.2	0.7	2.5	211,085
Nov-17	0.0	0.6	2.5	209,988
Dec-17	0.7	0.8	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	-0.2	0.8	2.1	211,625
Apr-18	0.1	0.2	2.6	213,000
May-18	0.0	-0.1	2.4	213,618
Jun-18	0.3	-0.1	2.0	215,444
Jul-18	0.5	0.4	2.5	217,010
Aug-18	-0.4	0.6	2.0	214,745
Sep-18	0.3	0.6	2.0	214,922
Oct-18	0.0	0.3	1.6	214,534
Nov-18	0.3	0.3	1.9	214,044
Dec-18	-0.7	0.0	0.5	212,281
Jan-19	0.2	0.0	0.1	211,966
Feb-19	-0.1	-0.4	0.4	211,304
Mar-19	0.2	-0.1	0.7	213,102
Apr-19	0.3	0.0	0.9	214,920
May-19	-0.2	0.3	0.6	214,946
Jun-19	0.1	0.3	0.5	216,515
Jul-19	0.3	0.2	0.3	217,663
Aug-19	0.0	0.3	0.6	216,096
Sep-19	-0.2	0.2	0.2	215,352
Oct-19	0.2	0.2	0.4	215,368



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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