

*** STRICTLY EMBARGOED UNTIL 7.00AM THURSDAY 30TH APRIL 2009 ***

House prices fall slightly in April

- The price of a typical house fell by 0.4% in April
- Housing measures in the budget are welcome, but are unlikely to turn things around
- Economic fundamentals will continue to dominate housing market prospects

Headlines	April 2009	March 2009
Monthly index * Q1 '93 = 100	300.0	301.1
Monthly change*	-0.4%	0.9%
Annual change	-15.0%	-15.7%
Average price ¹	£151,861	£150,946

* seasonally adjusted

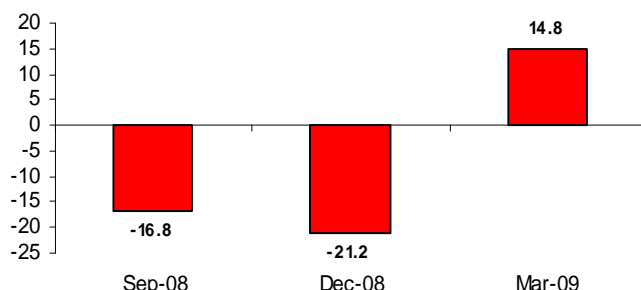
Commenting on the figures Fionnuala Earley, Nationwide's Chief Economist, said:

"The price of a typical house fell by 0.4% in April. This reverses some of the rise seen in March, but is in line with our expectations, given the current economic conditions. April's decline leaves the average price of a typical house at £151,861, down 15% from 12 months ago. The 3-month on 3-month rate of change, generally a smoother indicator of the short-term trend in prices, improved to -3.1% in April from -4.1% in March.

Budget measures unlikely to boost housing market

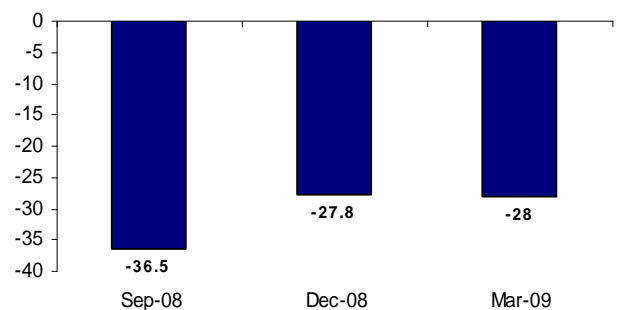
"The chancellor announced several measures aimed at boosting the housing market in his Budget. The scheme for government guarantees for new, high-quality residential mortgage backed securities are welcome and may help to boost the amount of mortgage credit available. However, since the availability of credit is only part of the reason why the housing market is in the doldrums it is unlikely to lead to a swift turnaround in its fortunes. Lenders have already indicated that the availability of credit is less of an issue than it has been, but at the same time expect that the demand for secured lending will fall further. Given the weakness of the economy and the expected further increase in unemployment this comes as no surprise.

Expected change in availability of secured credit to households over next 3 months (net balance of responses)



Source: Bank of England Credit Conditions Survey

Expected change in demand for all secured lending over next 3 mths (net balance)



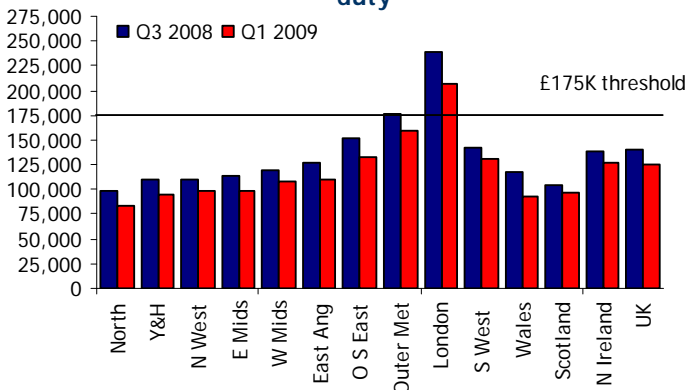
Source: Bank of England Credit Conditions Survey.

¹ Actual average house prices are higher even though the monthly index shows a fall because of seasonal adjustment. It reflects that prices in April did not rise as much as we would have expected them to given the seasonal pattern in prices.

Falling prices mean more first-time buyers are exempt from stamp duty ...

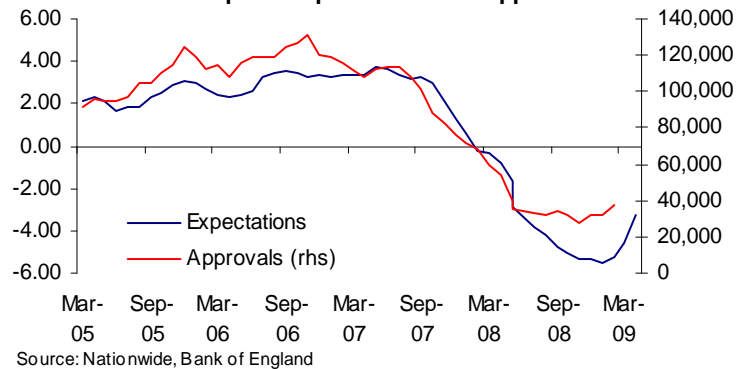
"The extension of the stamp duty holiday is also welcome in so far as it reduces the transactions costs for borrowers at the least expensive end of the market. While there has been no further increase in the amount of the tax free threshold, the impact of falling prices since the initial extension was announced in September 2008 means that more buyers could now benefit. Before the increase in the threshold the typical house price was above the old £125k limit everywhere except the Northern region. As house prices have come down, the typical house price is now below the new £175k threshold everywhere but in London and the Outer Metropolitan region. And for first-time buyers, only London has a typical house price above the threshold.

Typical first-time buyer house prices and stamp duty



Source: Nationwide

House price expectations and approvals



Source: Nationwide, Bank of England

...but this is unlikely to be enough to stimulate significant activity

"It is possible that the extended period of the higher threshold will be more of an incentive for first-time buyers to enter the market now that affordability has improved due to falling interest rates and house prices. But it seems more likely that, for the most part, buyers will remain cautious as long as they think that prices will continue to fall. The latest data from Nationwide's Consumer Confidence Survey shows that consumers still think that prices will fall over the next six months. However, there has been a significant moderation in the rate at which they think prices will fall. This, along with the recent pick up in buyer enquiries and the increase in house purchase approvals in February, has encouraged some to suggest that this is the turning point in the market. While affordability is indeed more favourable and there does seem to be some cautious optimism from some quarters, it is still far too soon to say that this is the start of a solid revival in the market.

Wider economic conditions will dictate the outlook for the housing market

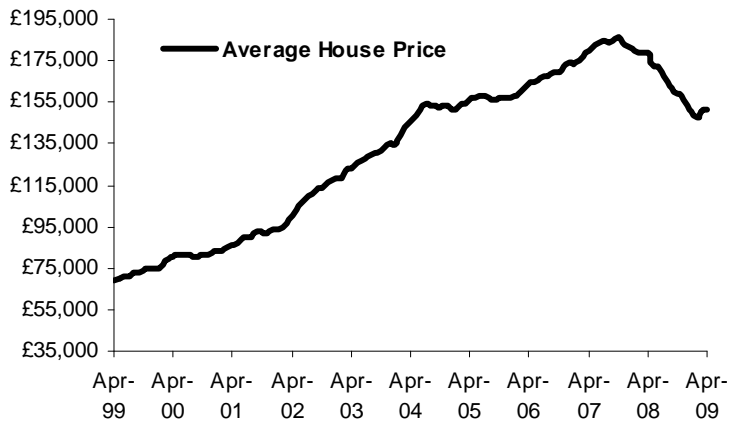
"The housing market is very sensitive to income and, as a result, conditions in the labour market are crucial to its performance. The economy is now in the deepest recession since the Second World War and unemployment is continuing to increase, with the latest data showing that it breached the two million mark. Even though negative inflation will mean that real earnings will be increasing, it is likely to be some time before this feeds into a strong enough change in sentiment to encourage a full scale revival in the housing market. That said, the correction in house prices and improved affordability conditions provide a good grounding for the market once domestic and global economic conditions once again become more favourable."

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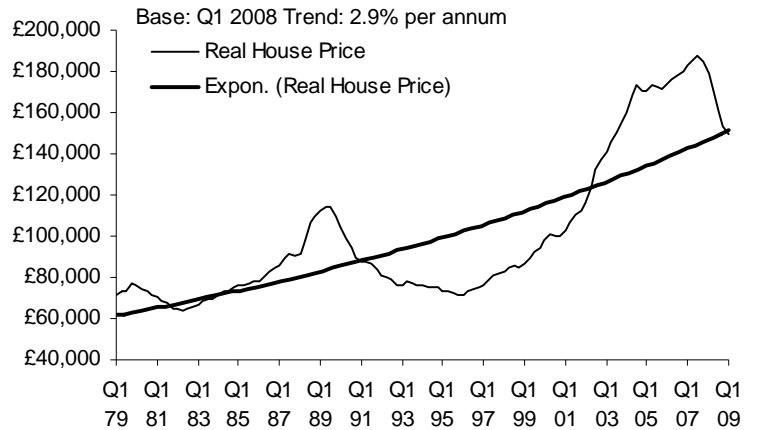
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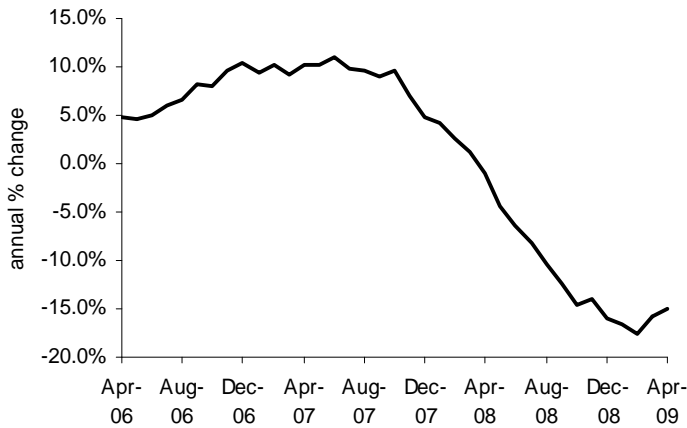
Average UK House Price



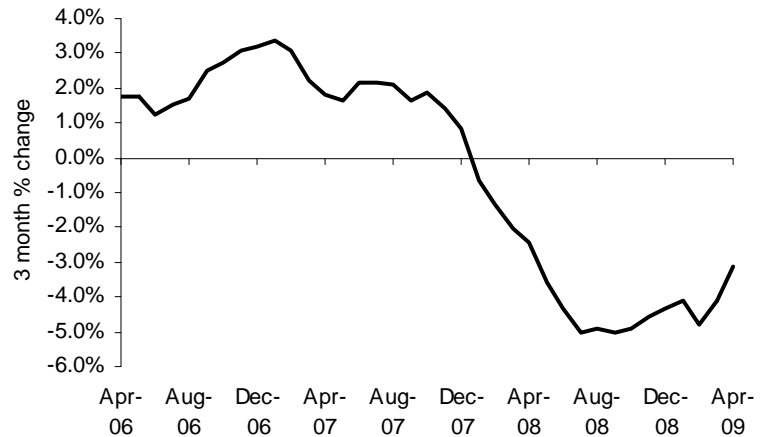
Long Term Real House Price Trend



Annual % Change in House Prices



3 Months on Previous 3 Months % change



Historical Data

Month	Monthly Index Q1 93 = 100 seasonally adjusted	Monthly Change %	Latest 3 months on previous 3 months % change	Monthly Index Q1 93 = 100 not seasonally adjusted	Annual Change %	Average Price £
2008 Apr	353.0	-1.2	-2.4	356.2	-1.0	178,555
May	344.0	-2.6	-3.6	346.3	-4.4	173,583
Jun	340.2	-1.1	-4.4	343.9	-6.3	172,415
Jul	334.3	-1.7	-5.1	337.8	-8.1	169,316
Aug	328.0	-1.9	-4.9	328.5	-10.5	164,654
Sep	322.6	-1.7	-5.0	322.8	-12.4	161,797
Oct	317.9	-1.5	-4.9	316.9	-14.6	158,872
Nov	316.4	-0.5	-4.6	316.1	-13.9	158,442
Dec	308.1	-2.6	-4.3	305.3	-15.9	153,048
Jan	304.2	-1.3	-4.1	300.2	-16.6	150,501
Feb	298.5	-1.9	-4.8	294.7	-17.6	147,746
Mar	301.1	0.9	-4.1	301.1	-15.7	150,946
2009 Apr	300.0	-0.4	-3.1	302.9	-15.0	151,861

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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. 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.

The Nationwide Monthly House Price Index is prepared from information which we believe is collated with care, but no representation is made as to its accuracy or completeness. We reserve the right to vary our methodology and to edit or discontinue the whole or any part of the Index at any time, for regulatory or other reasons. Persons seeking to place reliance on the Index for their own or third party commercial purposes do so entirely at their own risk. All changes are nominal and do not allow for inflation.

More information on the house price index methodology along with time series data and archives of housing research can be found at www.nationwide.co.uk/hpi

Photographs of our economists are available at: www.nationwide.co.uk/mediacentre/economist.asp