

# Nationwide HOUSE PRICE INDEX



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April 2012

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## House prices edged down by 0.2% in April

- The price of a typical UK house fell by 0.2% in April
- Prices remain 0.9% lower than one year ago
- Price of a typical home is now £164,134

Headlines	Apr-12	Mar-12
Monthly Index*	326.6	327.3
Monthly Change*	-0.2%	-1.0%
Annual Change	-0.9%	-0.9%
Average Price (not seasonally adjusted)	£164,134	£163,327

\* 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:

"The price of a typical UK home fell by 0.2% in April, following a 1.0% decline in March. This is the fourth time in five months that prices have declined. House prices were 0.9% lower than April 2011.

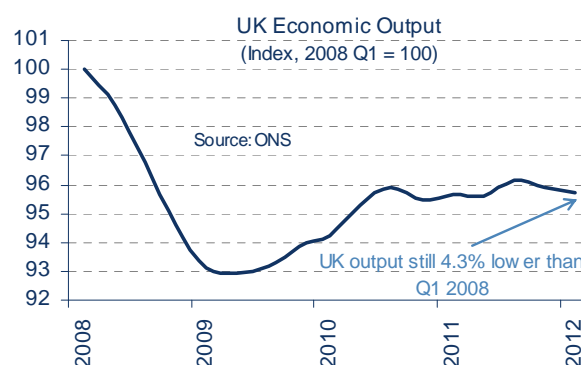
"Much of the recent softness in measures of housing market activity and house prices is likely to relate to the expiry of the stamp duty holiday in late March. This provided a temporary boost to house prices in early 2012 as buyers brought forward purchases that would otherwise have taken place later in the year.

"This effect should fade in the months ahead, and measures such as the Government's NewBuy scheme should provide some support to buyer demand. However, the challenging economic backdrop suggests that a significant acceleration in prices or activity is unlikely in the near term.

### Weak economic backdrop likely to weigh on housing market activity through 2012

The UK economy contracted by 0.2% q/q in the first three months of the year, after falling by 0.3% in Q4 2011. In economic terms the difference between a small rise in output and a fall of 0.2% over the quarter is not particularly significant. Nevertheless, a return to technical recession is

likely to undermine already fragile confidence and weigh down on business investment and consumer spending in the near term.



At the margin, the weak growth data increases the chances that the Bank of England will inject more money into the financial system in the months ahead. However, this is not guaranteed. Although the recovery is a little weaker than policymakers anticipated, inflation is still well above target and is declining more slowly than expected, which will argue against an immediate additional policy stimulus.

The Monetary Policy Committee's (MPC) job is not set to get any easier in the months ahead. The Queen's Jubilee (and associated bank holiday) and the Olympics will create significant volatility in the economic data, making it even harder to judge the underlying strength of the economy. Even if the MPC does decide to increase the size of the asset purchase scheme, it is unclear how much of a boost this will provide to the wider economy, or the housing market, since long-term interest rates are already close to their all time lows.

Looking past the volatility, we expect the UK economy to gradually gather pace in the second half of the year. Monetary policy remains supportive and a gradual decline in inflation should provide some support for real household spending in the quarters ahead.

Nevertheless, it will take time for this to translate into a significant improvement in labour market conditions and for the feel good factor to filter through to households. As a result, housing market activity is also likely to remain subdued, with prices showing little growth or moving modestly lower over the next twelve months.

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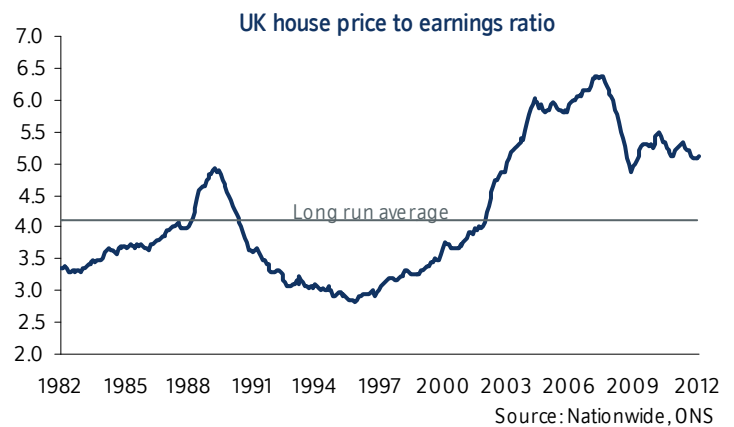
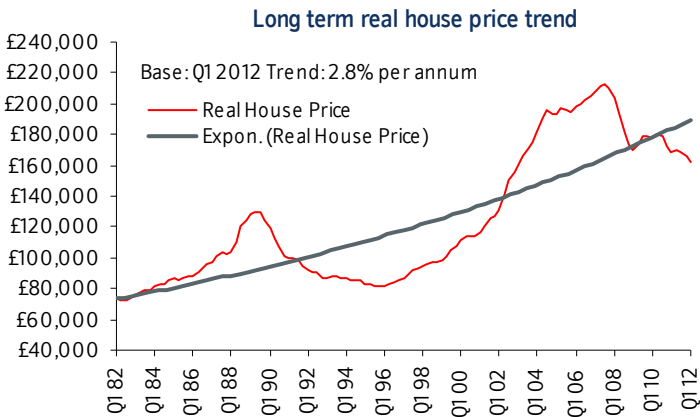
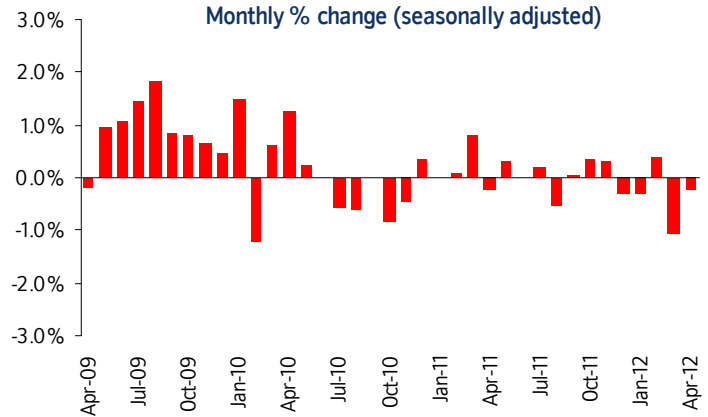
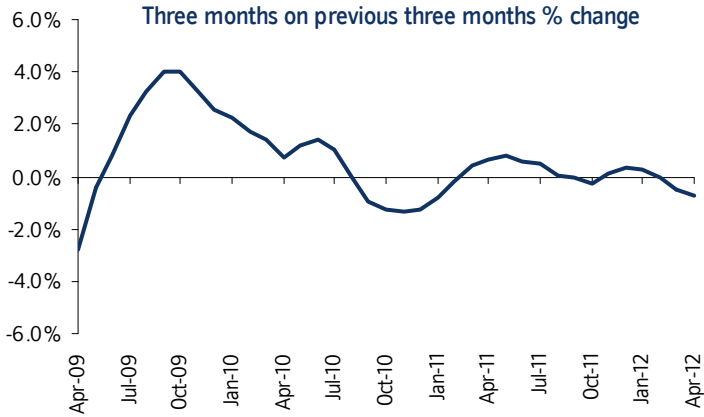
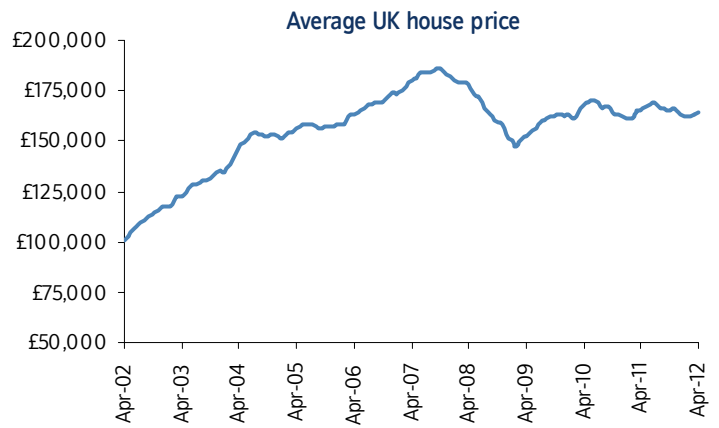
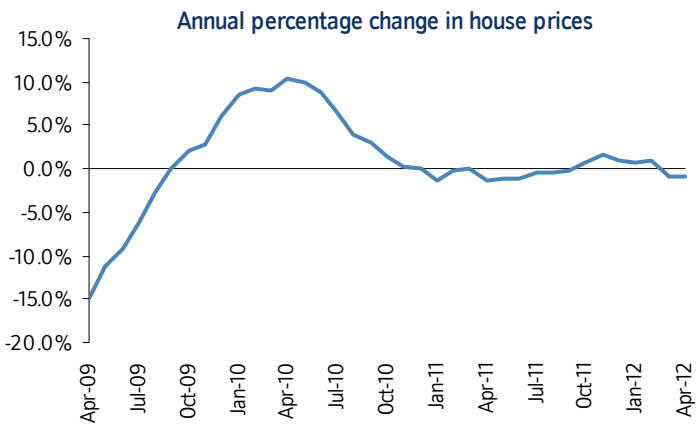
## Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 month on 3 month % change	Annual % Change	Average Price
Apr-10	1.2	0.7	10.5	167,802
May-10	0.2	1.2	9.8	169,162
Jun-10	0.0	1.4	8.7	170,111
Jul-10	-0.6	1.1	6.6	169,347
Aug-10	-0.6	0.0	3.9	166,507
Sep-10	0.0	-0.9	3.1	166,757
Oct-10	-0.8	-1.3	1.4	164,279
Nov-10	-0.5	-1.3	0.2	163,133
Dec-10	0.4	-1.2	0.1	162,249
Jan-11	0.0	-0.8	-1.4	161,211
Feb-11	0.1	-0.2	-0.1	161,183
Mar-11	0.8	0.4	0.1	164,751
Apr-11	-0.2	0.6	-1.3	165,609
May-11	0.3	0.8	-1.2	167,208
Jun-11	0.0	0.5	-1.1	168,205
Jul-11	0.2	0.5	-0.4	168,731
Aug-11	-0.5	0.1	-0.4	165,914
Sep-11	0.0	-0.1	-0.3	166,256
Oct-11	0.4	-0.3	0.8	165,650
Nov-11	0.3	0.1	1.6	165,798
Dec-11	-0.3	0.3	1.0	163,822
Jan-12	-0.3	0.3	0.6	162,228
Feb-12	0.4	-0.1	0.9	162,712
Mar-12	-1.0	-0.5	-0.9	163,327
Apr-12	-0.2	-0.7	-0.9	164,134

Note: Historical figures including index levels can be viewed using the following link:

[www.nationwide.co.uk/hpi/downloads/Monthly.xls](http://www.nationwide.co.uk/hpi/downloads/Monthly.xls)

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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 are 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.

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](http://www.nationwide.co.uk/hpi)

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