

Nationwide HOUSE PRICE INDEX



www.nationwide.co.uk/hpi

December 2013

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House prices continued to gain momentum as 2013 drew to a close

- UK house prices increased by 1.4% in December and were 8.4% higher than December 2012
- House prices are still around 5% below 2007 peak

Headlines	Dec-13	Nov-13
Monthly Index*	353.3	348.4
Monthly Change*	1.4%	0.7%
Annual Change	8.4%	6.5%
Average Price (not seasonally adjusted)	£175,826	£174,566

* 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 UK housing market followed the trajectory of the wider economy through 2013, gaining momentum as the year progressed. The average monthly increase in house prices rose from 0.4% in the first half of the year to 1% in the second half of 2013. Overall, prices increased by 8.4% in 2013, though they remain around 5% below the all-time highs recorded in late 2007.

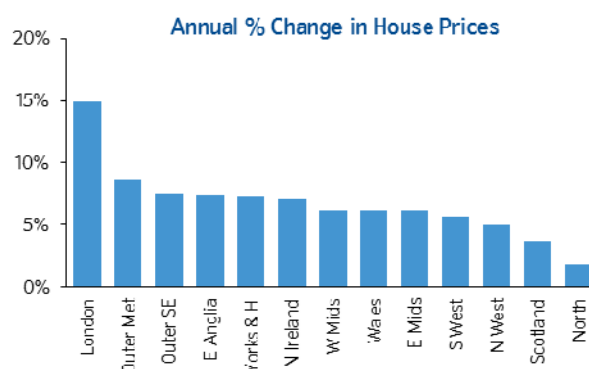
"The upturn also became increasingly broad based over the course of 2013. For the second successive quarter, all thirteen UK regions saw positive annual house price growth in Q4, though London and the South East continued to record the strongest pace of growth ([click here for our quarterly report on regional house price developments](#)).

"A large part of the pickup in the housing market can be attributed to further improvements in the labour market and the brighter economic outlook, which helped to bolster sentiment amongst potential buyers. Policy measures also played an important supporting role by helping to keep mortgage rates close to all-time lows and improving the

availability of credit, especially for those with smaller deposits.

"Part of the reason for the acceleration in house price growth is that the supply side of the market has not kept pace with the upturn in demand, even though buyer numbers remain subdued by historic standards. For example, in Q3 2013 the number of housing transactions in England was around 25% below pre-crisis levels, while the number of new homes built was around 45% lower. Moreover, even in the pre-crisis period, the pace of construction was below that required to keep pace with the increase in the number of households, adding further weight to the notion that the supply side of the market remains constrained.

"Affordability is being supported by the ultra-low level of interest rates. A typical mortgage payment for a first time buyer is currently equal to around 29% of take home pay, close to the long term average. However, the risk is that if demand continues to run ahead of supply in the quarters ahead, affordability may become stretched. House price growth has been outstripping average earnings growth since the middle of the year."



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Monthly UK House Price Statistics

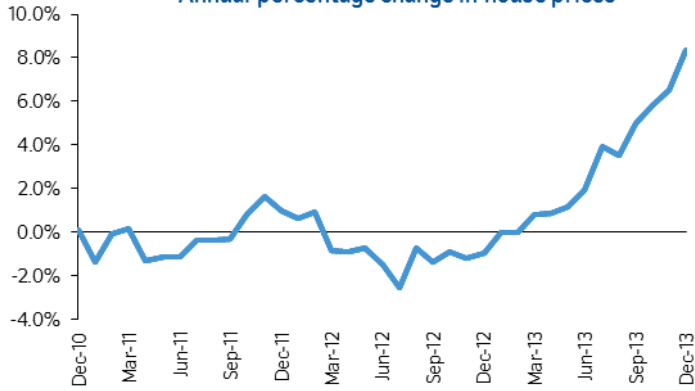
	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Apr-12	0.0	-0.6	-0.9	164,134
May-12	0.3	-0.6	-0.7	166,022
Jun-12	-0.4	-0.3	-1.5	165,738
Jul-12	-0.9	-0.5	-2.6	164,389
Aug-12	1.1	-0.4	-0.7	164,729
Sep-12	-0.5	-0.5	-1.4	163,964
Oct-12	0.4	0.2	-0.9	164,153
Nov-12	0.0	0.2	-1.2	163,853
Dec-12	-0.3	0.4	-1.0	162,262
Jan-13	0.6	0.1	0.0	162,245
Feb-13	0.3	0.3	0.0	162,638
Mar-13	0.2	0.6	0.8	164,630
Apr-13	0.1	0.7	0.9	165,586
May-13	0.5	0.8	1.1	167,912
Jun-13	0.4	0.8	1.9	168,941
Jul-13	1.0	1.3	3.9	170,825
Aug-13	0.7	1.8	3.5	170,514
Sep-13	1.0	2.3	5.0	172,127
Oct-13	1.1	2.6	5.8	173,678
Nov-13	0.7	2.7	6.5	174,566
Dec-13	1.4	2.9	8.4	175,826

Note: Historical figures including index levels can be viewed using the following link: www.nationwide.co.uk/hpi/datadownload

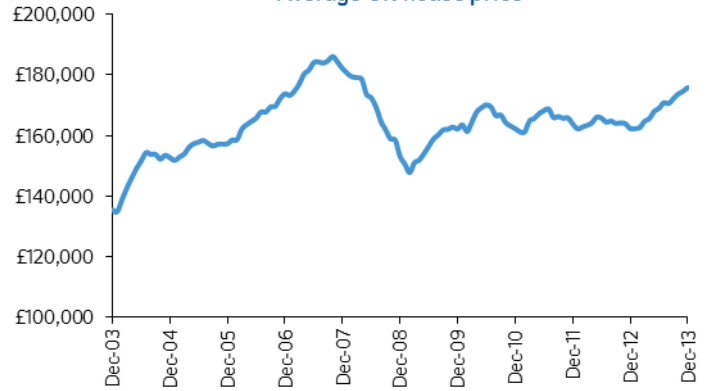
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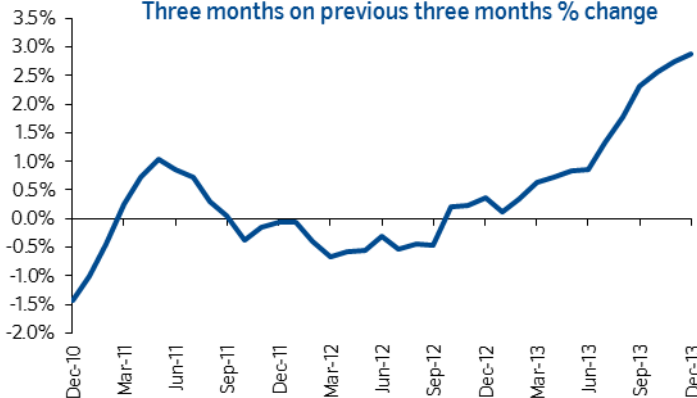
Annual percentage change in house prices



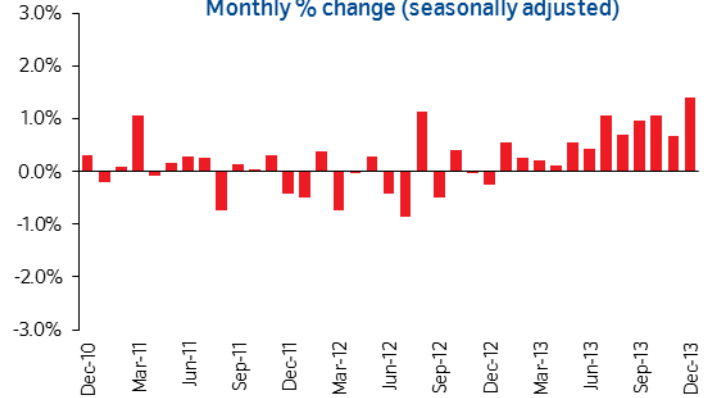
Average UK house price



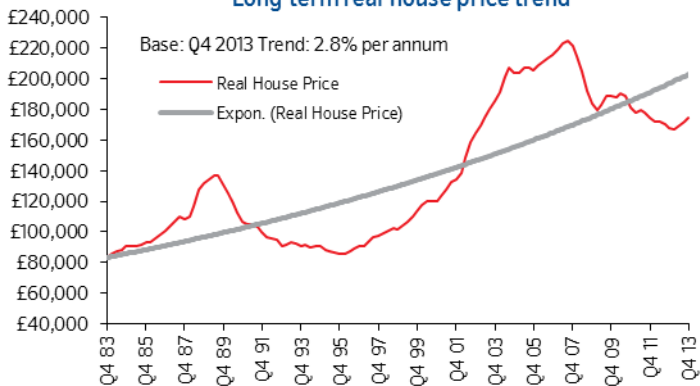
Three months on previous three months % change



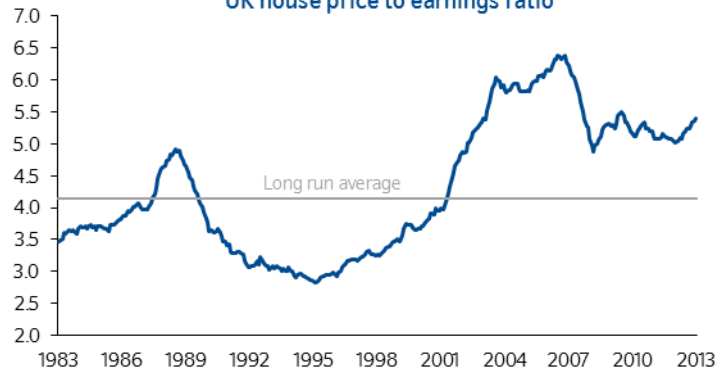
Monthly % change (seasonally adjusted)



Long term real house price trend



UK house price to earnings ratio



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.

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

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