

*** STRICTLY EMBARGOED UNTIL 7.00AM THURSDAY 2ND APRIL 2009 ***

Surprise bounce to March house prices

- House prices increased by 0.9% in March
- House purchase activity reaches highest level since May 2008
- Welcome signals of market improvement but too early to talk of house price recovery

Headlines	March 2009	February 2009
Monthly index * Q1 '93 = 100	301.5	298.7
Monthly change*	0.9%	-1.9%
Annual change	-15.7%	-17.6%
Average price	£150,946	£147,746

* seasonally adjusted

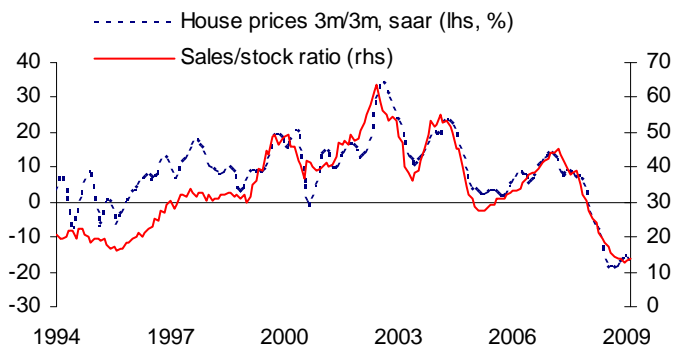
Commenting on the figures Fionnuala Earley, Nationwide's Chief Economist, said:

"Spring brought a surprise bounce to house prices in March. The price of a typical house increased for the first time since October 2007, rising by 0.9% during the month and reducing the annual rate of fall from -17.6% to -15.7%. This brings the price of a typical house to £150,946. The moderation in the annual rate of fall is somewhat distorted by conditions last year and so it would be unwise to draw strong conclusions from the significant slowdown in the annual rate of fall. Equally, while the rise in prices in March is welcome, it is far too soon to see this as evidence that the trough of the market has been reached. The Bank of England has already taken strong measures to ease the tensions in economic and financial markets by cutting rates and commencing quantitative easing. However it will take time for these to work through into the housing market before we can expect a sustained recovery in house prices.

Mortgage Approvals highest since May 2008

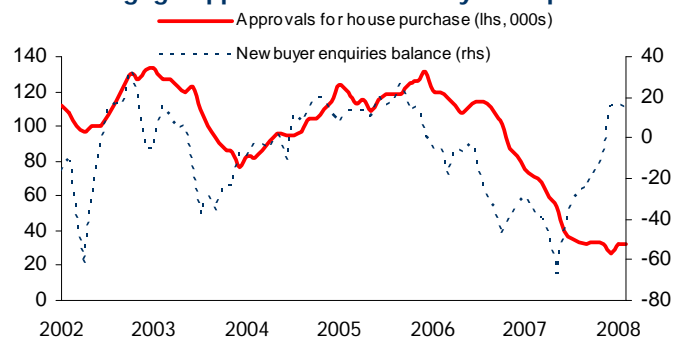
"Mortgage approvals have started to increase after reaching levels which were thought out of the question two years ago. February saw the number of monthly approvals increase to 37,900, its highest level since May 2008. This is still far below the long run average of the series which started in 1993 of 94,000 per month, but is a significant improvement on the average for the second half of 2008, which was only 32,000. The upturn is welcome and is certainly a signal that there is some movement in the market. The sales-to-stock ratio, which is a good indicator of movements in house prices, has begun to stabilise in 2009. However, it is still too soon to say that this will be the beginning of sustained house price rises and a reflection of a wholesale return of confidence to the market. The ratio remains at very low levels and house price expectations are still very weak. The current upturn in activity is therefore more likely to reflect the return of buyers who have delayed purchasing through the worst of the financial turbulence at the end of 2008 rather than the beginnings of a swift recovery. Nevertheless, the willingness of borrowers to return to the market is

Sales/stock ratio and house prices



Source: Nationwide, RICS

Mortgage approvals and new buyer enquiries



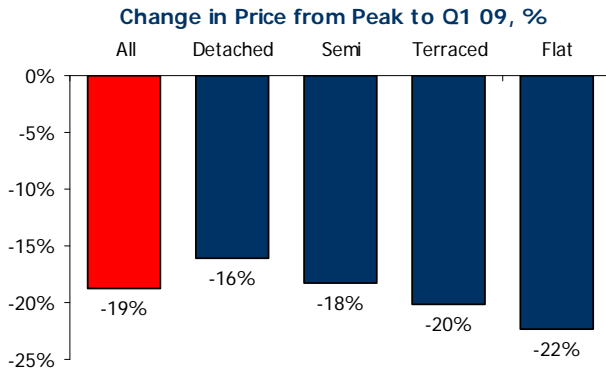
Source: Bank of England, RICS

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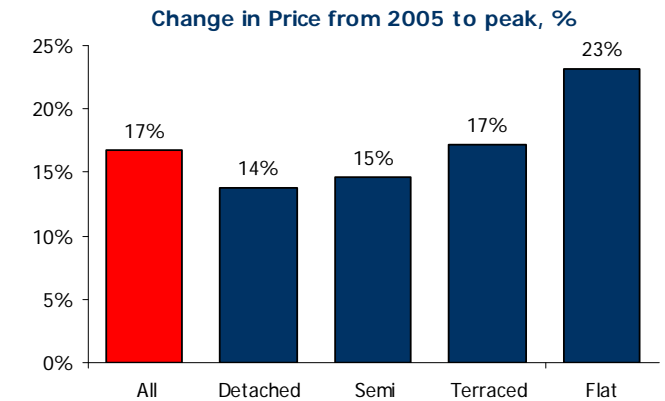
encouraging and likely to in part reflect the falling cost of borrowing.

Flat prices more volatile than other property types

“Although the prices of all types of property have fallen significantly since the autumn of 2007, there are some interesting differences within the headline numbers which may shed some light on the dynamics of the market. Whilst the price of the average house has declined by 19% since the peak of the market, detached and semi-detached properties have fallen by 16% and 18% respectively, and the price for flats has fallen by 22%. Although this indicates that flats are suffering disproportionately in the current downturn, it is important to consider their relative performance over the whole cycle.



Source: Nationwide



Source: Nationwide

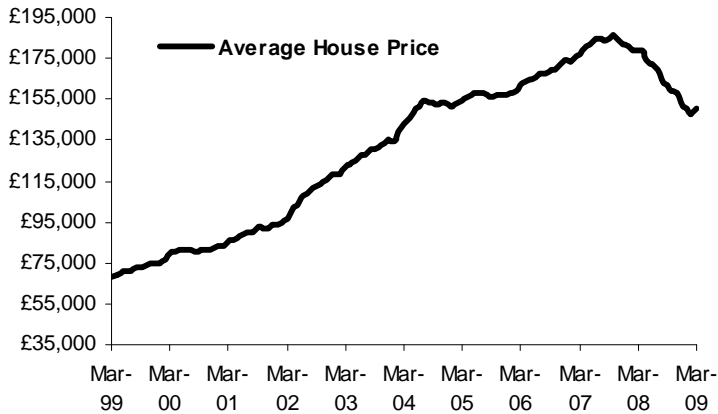
“There could be many reasons for the relative volatility in the price of flats over the longer term. It is likely that the lower absolute cost of such properties make them more attractive to investors and speculators who enter the market when prices are rising rapidly, but who then drop out when prices are falling and are expected to decline further. Given the relative price of flats they are also more likely to be purchased by first-time buyers, which can be shown by comparing the similar movement in the price of flats and that of the typical first-time buyer property. The greater volatility in prices could be due to fears of being priced out of the market causing borrowers to rush in on the way up and affordability constraints biting more severely in this sector of the market on the way down, particularly given deposit constraints. First-time buyers may also have greater discretion about when to return to the market in the light of market conditions, whereas seasoned buyers may have more pressing concerns, such as job or family requirements, which are detached from the housing cycle.”

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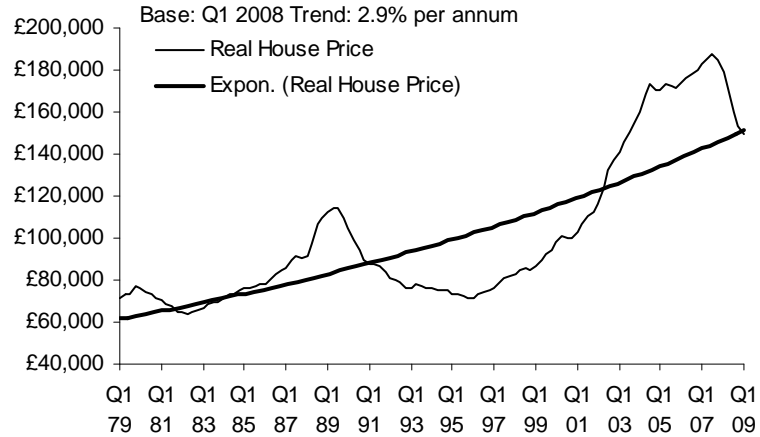
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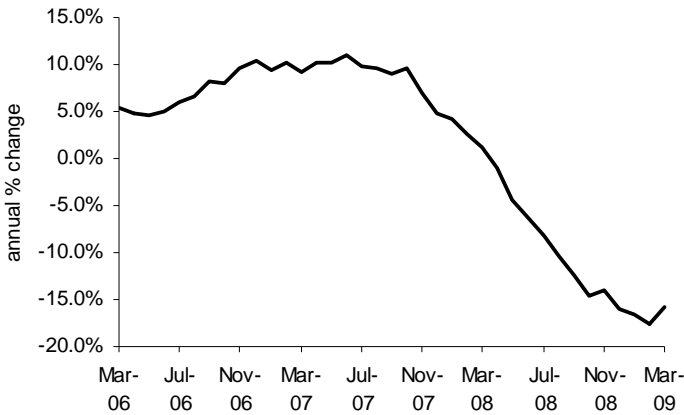
Average UK House Price



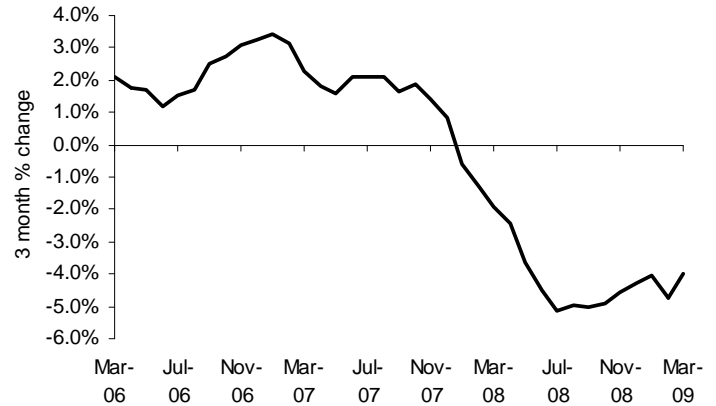
Long Term Real House Price Trend



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 Mar	357.9	-1.3	-1.9	357.3	1.1	179,110
Apr	353.0	-1.4	-2.4	356.2	-1.0	178,555
May	343.7	-2.6	-3.6	346.3	-4.4	173,583
Jun	340.1	-1.1	-4.5	343.9	-6.3	172,415
Jul	334.2	-1.7	-5.1	337.8	-8.1	169,316
Aug	327.9	-1.9	-5.0	328.5	-10.5	164,654
Sep	322.4	-1.7	-5.0	322.8	-12.4	161,797
Oct	317.8	-1.4	-4.9	316.9	-14.6	158,872
Nov	316.4	-0.4	-4.5	316.1	-13.9	158,442
Dec	308.2	-2.6	-4.3	305.3	-15.9	153,048
Jan	304.5	-1.2	-4.0	300.2	-16.6	150,501
Feb	298.7	-1.9	-4.7	294.7	-17.6	147,746
2009 Mar	301.5	0.9	-4.0	301.1	-15.7	150,946

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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