

Nationwide HOUSE PRICE INDEX



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November 2012

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UK house prices unchanged in November

- Price of a typical home unchanged over the month in November
- Prices just 1.2% below the level prevailing twelve months ago
- The typical home is now worth £163,853

Headlines	Nov-12	Oct-12
Monthly Index*	327.6	327.5
Monthly Change*	0.0%	0.6%
Annual Change	-1.2%	-0.9%
Average Price (not seasonally adjusted)	£163,853	£164,153

* 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 annual rate of house price inflation remained in negative territory for the ninth month in a row in November. However, the pace of decline remained extremely slow, with prices just 1.2% below the level prevailing in November 2011.

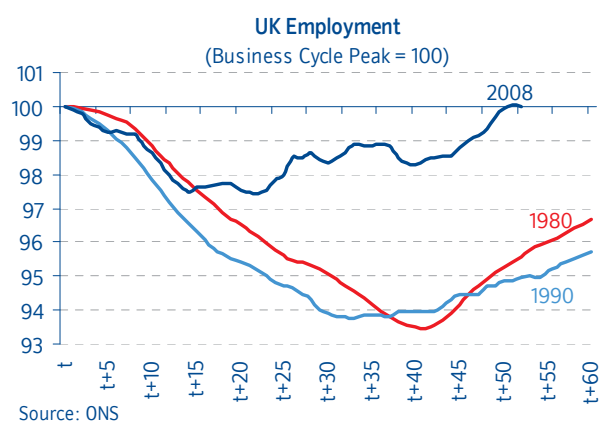
"The predominant theme remains one of stability. Indeed, UK house prices were unchanged over the month in November, after taking account of normal seasonal factors. Moreover, annual price growth has remained in a narrow band between +1.5% and -1.5% on all but two occasions over the past two years.

Labour market trends - pluses and minuses for the housing market

"In a number of respects the UK labour market has performed much better than expected since the onset of the financial crisis, and this in turn has provided significant support to the housing market.

"The initial surprise was that employment declined by far less over the 2008 to 2010 period than in previous downturns,

even though the recession was the deepest and longest on record.



"The surprises didn't end there, however, with employment rising strongly over the past twelve months even though the economy was back in recession for much of the period. Indeed, in the three months to September the annual pace of employment growth reached 1.8% - the strongest outturn since 1997.

"While the stronger than expected employment performance helped to support the demand for homes, the most powerful influence on prices has probably been on the supply side of the market.

"The resilience of employment together with the ultra low level of interest rates has been instrumental in preventing a glut of unsold homes from building up on the market and exerting sustained downward pressure on house prices.

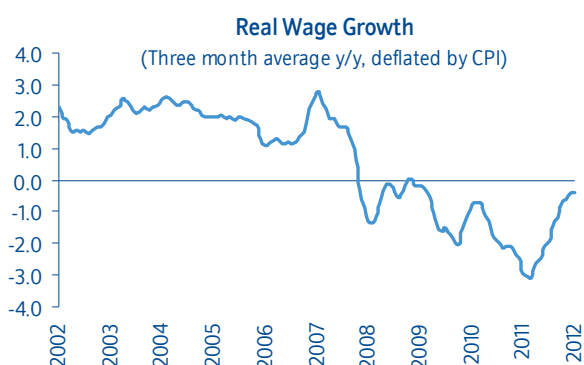
Better than expected, but still hard going for households...

"This is not to suggest that labour market conditions imply an easy time for households. While employment has surpassed its pre-crisis peak, the unemployment rate is still well above "normal" levels, at 7.8% in the three months to September, compared to an average of 5.4% in 2007. This is because the economy still hasn't been generating jobs fast enough to absorb the natural growth in the labour force.

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“Moreover, even for those people in employment, average wage growth hasn’t been keeping up with the increase in the cost of living, suggesting that household budgets have been under sustained pressure since 2008 (see chart below).



Source: ONS

What happens next?

“The ability of the economy to generate jobs will remain a key determinant of housing market conditions in the period ahead. The fact that the economy is expected to gradually gather pace in the years ahead should provide continued support to employment levels.

“However, the fact that employment is above pre-crisis levels while economic output is still around three percentage points below its 2008 level, suggests that the pace of job creation may not be maintained at its recent rapid pace.

“Similarly, the fact that the unemployment rate remains elevated suggests that competition for jobs will remain intense, maintaining downward pressure on wage growth. This supports our view that house prices are likely to remain broadly flat or decline modestly over the next twelve months“.

Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 month on 3 month % change	Annual % Change	Average Price
Nov-10	-0.5	-1.4	0.2	163,133
Dec-10	0.4	-1.3	0.1	162,249
Jan-11	0.0	-0.8	-1.4	161,211
Feb-11	0.1	-0.3	-0.1	161,183
Mar-11	0.9	0.4	0.1	164,751
Apr-11	-0.3	0.7	-1.3	165,609
May-11	0.1	0.8	-1.2	167,208
Jun-11	0.2	0.5	-1.1	168,205
Jul-11	0.3	0.5	-0.4	168,731
Aug-11	-0.7	0.1	-0.4	165,914
Sep-11	0.2	0.1	-0.3	166,256
Oct-11	0.2	-0.3	0.8	165,650
Nov-11	0.3	0.0	1.6	165,798
Dec-11	-0.3	0.2	1.0	163,822
Jan-12	-0.3	0.2	0.6	162,228
Feb-12	0.4	-0.1	0.9	162,712
Mar-12	-0.9	-0.5	-0.9	163,327
Apr-12	-0.3	-0.6	-0.9	164,134
May-12	0.3	-0.9	-0.7	166,022
Jun-12	-0.6	-0.8	-1.5	165,738
Jul-12	-0.8	-0.9	-2.6	164,389
Aug-12	1.2	-0.6	-0.7	164,729
Sep-12	-0.4	-0.4	-1.4	163,964
Oct-12	0.6	0.4	-0.9	164,153
Nov-12	0.0	0.5	-1.2	163,853

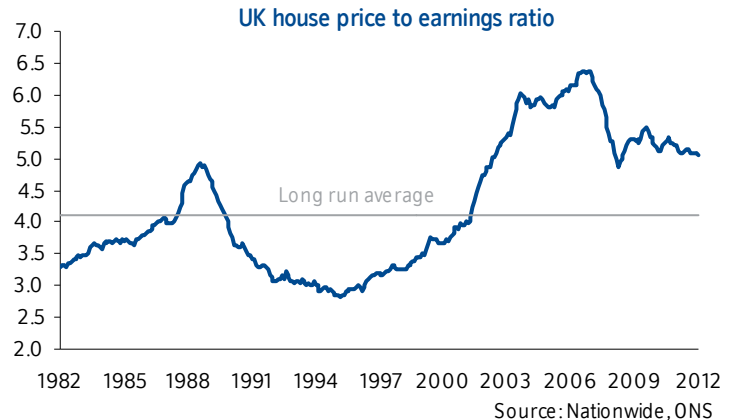
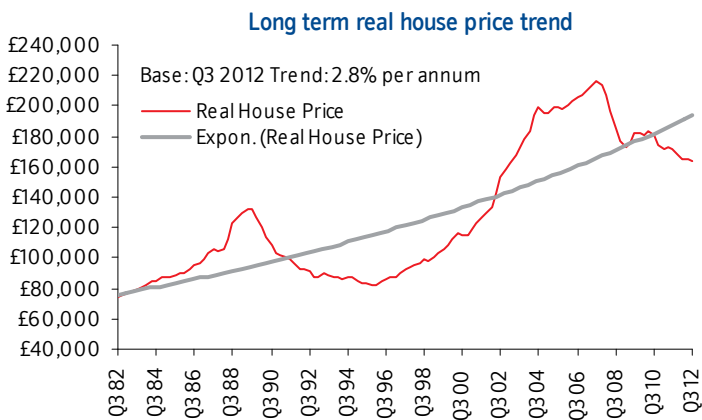
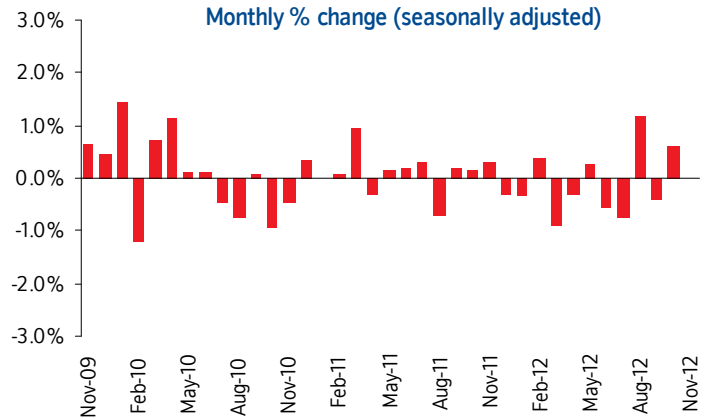
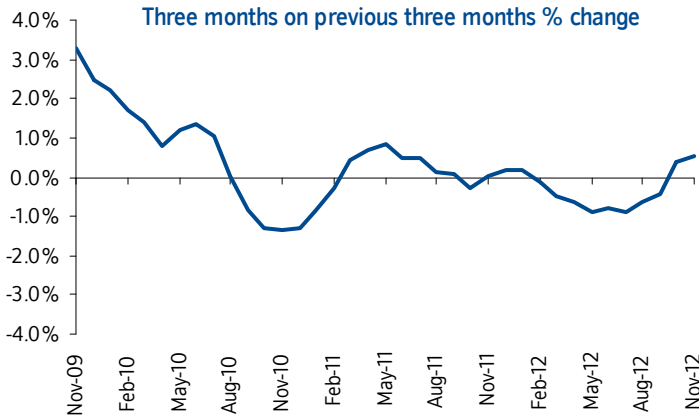
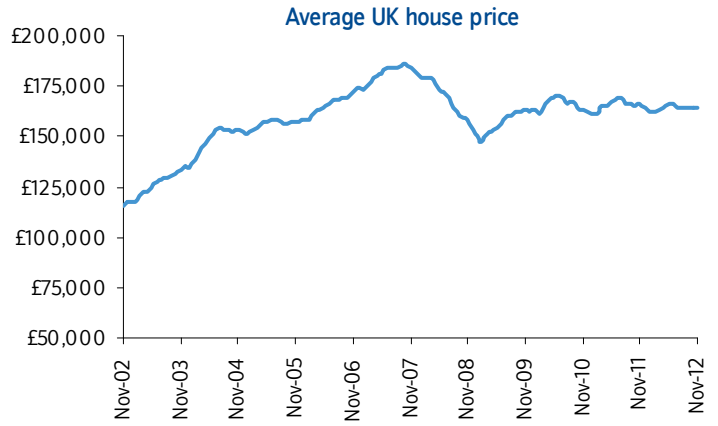
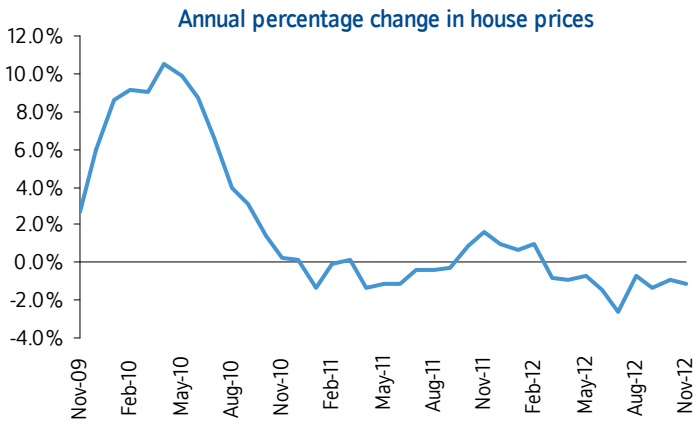
Note: Historical figures including index levels can be viewed using the following link:

www.nationwide.co.uk/hpi/downloads/Monthly.xls

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On your side



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

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