

Nationwide HOUSE PRICE INDEX



www.nationwide.co.uk/hpi

October 2013

Embargoed until 0700 31 October 2013

House prices continue to rise in October

- UK house prices increased by 1% in October and were 5.8% higher than October 2012
- House prices around 7% below 2007 peak

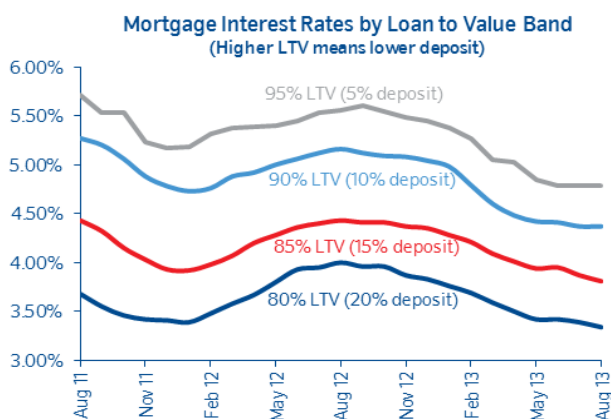
Headlines	Oct-13	Sep-13
Monthly Index*	345.4	341.9
Monthly Change*	1.0%	0.9%
Annual Change	5.8%	5.0%
Average Price (not seasonally adjusted)	£173,678	£172,127

* 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:

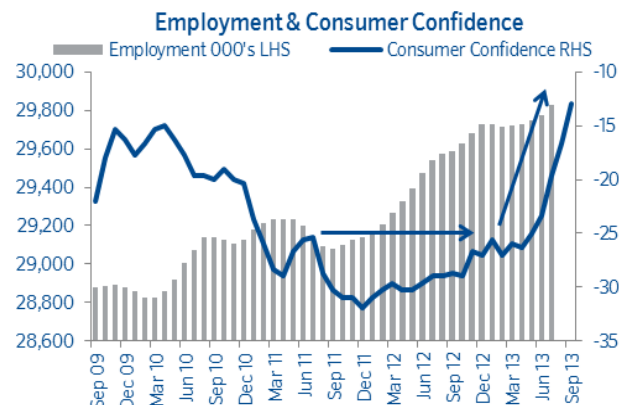
"The UK housing market appears to be following the more resilient upward trend evident in the wider economy in recent quarters. House prices increased by 1% over the month in October, maintaining the momentum that has been building in the second half of 2013. After averaging less than 1% in the first half of the year, the annual pace of house price growth accelerated to 5.8% in October from 5% the previous month.

The ability and willingness of potential buyers to transact has been steadily increasing. The ability to buy has been supported by continued gains in employment and policy measures such as the Help to Buy and Funding for Lending schemes which have improved the availability and lowered the cost of credit. Mortgage rates are close to all time lows.



Source: CML Regulated Mortgage Survey/Mortgage Clarity

The willingness of potential buyers to step into the market has also been increasing. While employment has been rising steadily for some time, it is only in the last few quarters that consumer sentiment has improved markedly (see chart). This may in part be the result of the improved performance of the wider economy. The UK economy expanded at a healthy 0.8% q/q pace in Q3 - the third consecutive increase and the fastest pace of growth for three years.



Source: ONS/GfK

House price growth has accelerated as buyer demand has picked up more quickly than the supply of new homes. The risk is that if demand continues to strengthen while the supply of property remains constrained affordability could become stretched. Indeed, average wages have continued to decline in real terms even though employment growth has been fairly robust in recent years.

Nevertheless, while house price growth has picked up, at a national level prices remain around 7% below their 2007 peak. Moreover, typical mortgage servicing costs remain modest by historic standards thanks to 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, in line with the long term average."

Media enquiries to: Robert Gardner, Chief Economist, robert.gardner@nationwide.co.uk
Mike Pitcher, 01793 657225, mike.pitcher@nationwide.co.uk



Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Oct-11	0.0	-0.4	0.8	165,650
Nov-11	0.3	-0.2	1.6	165,798
Dec-11	-0.2	0.0	1.0	163,822
Jan-12	-0.5	0.1	0.6	162,228
Feb-12	0.4	-0.2	0.9	162,712
Mar-12	-0.7	-0.5	-0.9	163,327
Apr-12	-0.1	-0.5	-0.9	164,134
May-12	0.3	-0.6	-0.7	166,022
Jun-12	-0.5	-0.4	-1.5	165,738
Jul-12	-1.0	-0.7	-2.6	164,389
Aug-12	1.2	-0.6	-0.7	164,729
Sep-12	-0.5	-0.6	-1.4	163,964
Oct-12	0.3	0.1	-0.9	164,153
Nov-12	0.1	0.2	-1.2	163,853
Dec-12	0.0	0.4	-1.0	162,262
Jan-13	0.5	0.3	0.0	162,245
Feb-13	0.3	0.6	0.0	162,638
Mar-13	0.2	0.8	0.8	164,630
Apr-13	0.0	0.8	0.9	165,586
May-13	0.5	0.7	1.1	167,912
Jun-13	0.4	0.7	1.9	168,941
Jul-13	1.0	1.2	3.9	170,825
Aug-13	0.7	1.6	3.5	170,514
Sep-13	0.9	2.2	5.0	172,127
Oct-13	1.0	2.5	5.8	173,678

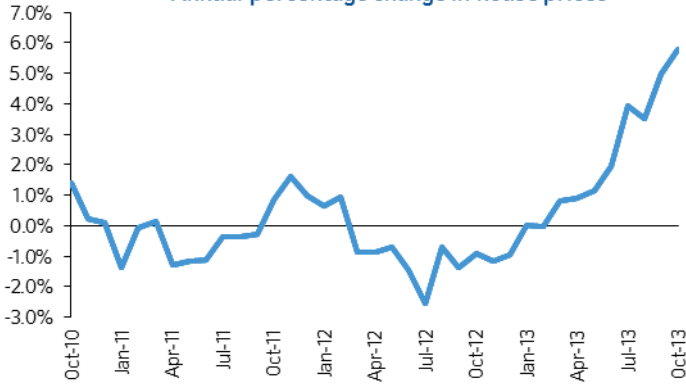
Note: Historical figures including index levels can be viewed using the following link:

www.nationwide.co.uk/hpi/datadownload

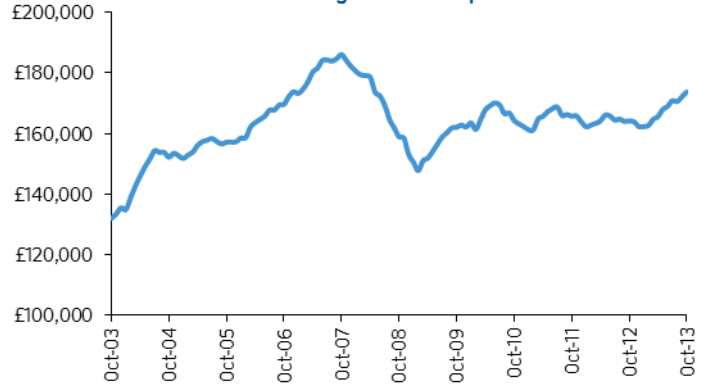
Media enquiries to: Robert Gardner, Chief Economist, robert.gardner@nationwide.co.uk
Mike Pitcher, 01793 657225, mike.pitcher@nationwide.co.uk



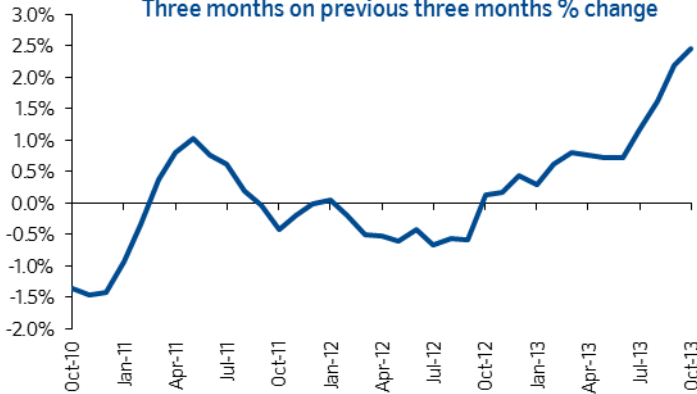
Annual percentage change in house prices



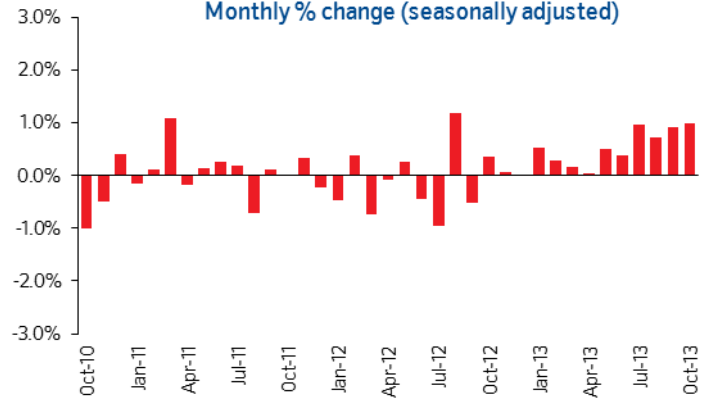
Average UK house price



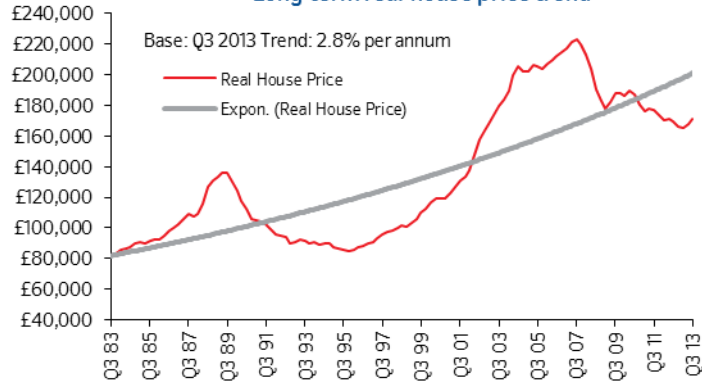
Three months on previous three months % change



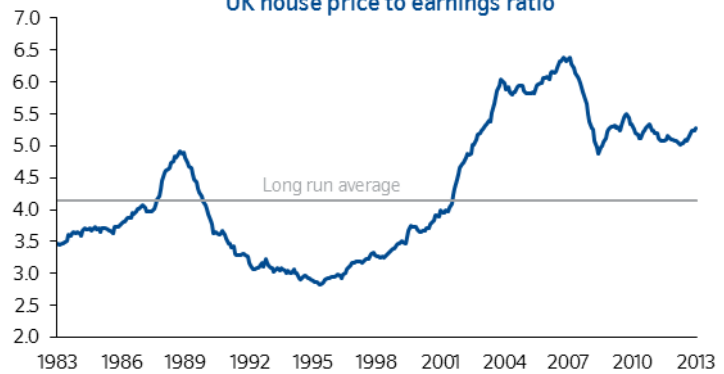
Monthly % change (seasonally adjusted)



Long term real house price trend



UK house price to earnings ratio



Source: Nationwide, ONS

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

Media enquiries to: Robert Gardner, Chief Economist, robert.gardner@nationwide.co.uk
Mike Pitcher, 01793 657225, mike.pitcher@nationwide.co.uk

