

Nationwide HOUSE PRICE INDEX



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Q2 2012

Embargoed until 0700 Thur 28 Jun 2012

House price growth falters across most UK regions

- 9 out of 13 UK regions saw annual price falls in Q2
- North/south divide persists for English house price performance
- Northern Ireland continues to see largest price falls

Commenting on the figures, Robert Gardner, Nationwide's Chief Economist, said:

"Average house prices in the UK fell by 1.0% in the second quarter of the year, after allowing for usual seasonal effects. Prices were down 1.1% compared with the same quarter in 2011.

"London saw the strongest quarterly growth rate, with prices up 1.0% quarter-on-quarter. Whilst the annual rate of growth moderated a little from 2.3% to 1.2%, average prices in the capital have now virtually recovered to their 2007 peak.

"The north/south divide amongst the English regions continued in Q2, with house price growth in southern England (South West, Outer South East, Outer Metropolitan, London and East Anglia) exceeding that of northern England (West Midlands, East Midlands, Yorkshire & Humberside, North West and North) for the thirtieth consecutive quarter. The North West was the worst performing English region, with prices down 4.1% year-on-year.

"Scotland was the worst performing area on a quarterly basis, with prices falling 2.0% during the second quarter. This pushed the annual rate of change down to -2.3%.

"Wales saw a third successive quarter of price falls, with a seasonally adjusted fall of 1.1% in Q2. On an annual basis, prices were down 5.3% compared with 2011.

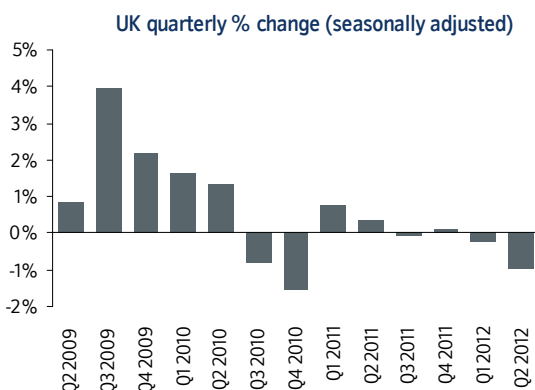
"Northern Ireland continued to see price falls, with average prices down 10.6% year-on-year.

UK Fact File	
Average UK House Price	£164,955
Annual percentage change	-1.1%
Quarterly change*	-1.0%
Most expensive region	London
Least expensive region	N Ireland
Strongest annual price change	Outer Metropolitan
Weakest annual price change	N Ireland

* Seasonally adjusted
(Note that quarterly % changes are revised when seasonal adjustment factors are re-estimated)

Please note that these figures are for the three months to June, therefore will show a different UK average price and annual percentage change to our *monthly house price report*.

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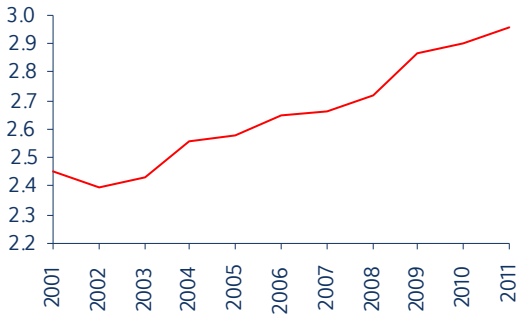


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Record number of young adults still live at home

Data from the Office for National Statistics reveals that a record number of 20 to 34 year olds still live at home. In 2011, there were nearly three million young adults living at home, a 20% increase since 1997, even though the number of people aged 20-34 in the period has remained fairly stable.

UK population aged 18-34 living with their parents (mil)

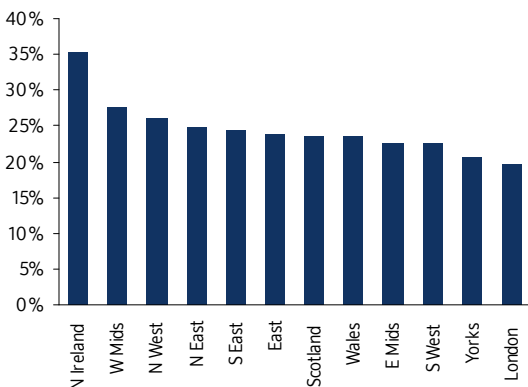


Source: ONS

There are a number of potential factors at work. There are significant affordability challenges for perspective first time buyers at present, in particular raising a sufficient deposit. Those living at home are arguably in a stronger position to save, with relatively lower outgoings compared with those privately renting. But there are also lifestyle changes which may help account for this. For example, the rise in the proportion of young people remaining in education for longer means that it is taking longer for new households to form.

London has the lowest percentage of young adults living in their parental home. Whilst this may appear counter-intuitive, given the high level of house prices in the capital, London has a large influx of young adults from other areas of the UK and abroad due to increased employment and study opportunities. These groups tend to share a household with friends or housemates as a way of reducing the cost of housing.

% aged 20-34 living with parents by Government Office Region



Northern Ireland has the highest proportion living at home. There are indications that due to the size of the province, it is more feasible to commute to work or university whilst living at home, compared with other parts of the UK.

Regional Headlines

Prices are calculated on a mix adjusted basis

Regions over the quarter

Region	Average Price	Quarterly % change*
London	£302,399	1.0%
West Midlands	£147,089	0.4%
Outer Metropolitan	£249,067	0.2%
East Anglia	£166,527	-0.1%
South West	£186,172	-0.1%
East Midlands	£140,278	-0.4%
Yorks & Humberside	£134,362	-1.0%
Wales	£131,840	-1.1%
Outer South East	£198,112	-1.3%
North West	£134,905	-1.6%
North	£114,882	-1.8%
Northern Ireland	£110,422	-1.9%
Scotland	£136,182	-2.0%
UK	£164,955	-1.0%

* Seasonally adjusted

Regions over the last 12 months

Region	Average Price	Annual % change
Outer Metropolitan	£249,067	1.8%
East Anglia	£166,527	1.3%
London	£302,399	1.2%
West Midlands	£147,089	0.6%
South West	£186,172	0.0%
East Midlands	£140,278	-0.2%
Outer South East	£198,112	-0.4%
Scotland	£136,182	-2.3%
North	£114,882	-2.4%
Yorks & Humberside	£134,362	-2.8%
North West	£134,905	-4.1%
Wales	£131,840	-5.3%
Northern Ireland	£110,422	-10.6%
UK	£164,955	-1.1%

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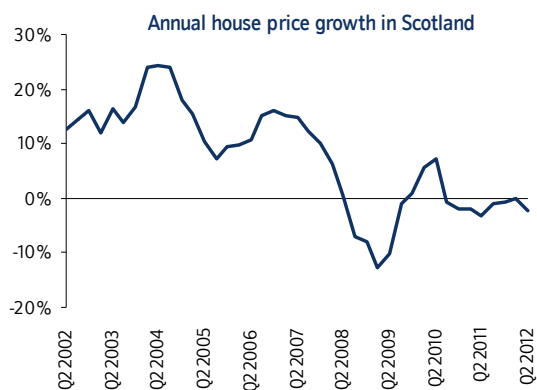
Scotland	
Average house price	£136,182
Annual percentage change	-2.3%
Quarterly change*	-2.0%
Most expensive area	Aberdeen City
Least expensive area	Fife
Strongest annual price change	Highlands & Islands
Weakest annual price change	Perthshire & Stirling

* Seasonally adjusted

Scotland saw a 2.0% seasonally adjusted fall in the second quarter, while the annual rate of change also deteriorated from -0.2% to -2.3%.

Aberdeen City nudged ahead of Edinburgh to become Scotland's most expensive area.

[Click here for Scotland's sub-regional data](#)



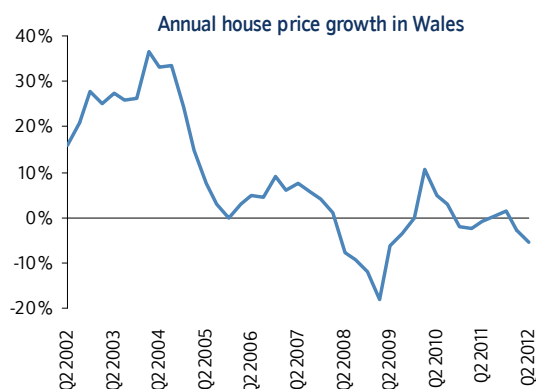
Wales	
Average house price	£131,840
Annual percentage change	-5.3%
Quarterly change*	-1.1%
Most expensive area	Cardiff
Least expensive area	Mid & West Wales
Strongest annual price change	South Wales (West)
Weakest annual price change	North Wales

* Seasonally adjusted

Wales recorded its third successive quarter of price falls in Q2, with a seasonally adjusted fall of 1.1%. On an annual basis, prices were down 5.3% compared with 2011, making Wales the second weakest region behind Northern Ireland.

There was relatively little variation amongst the Welsh areas, with all seeing price falls compared with last year.

[Click here for Wales' sub-regional data](#)



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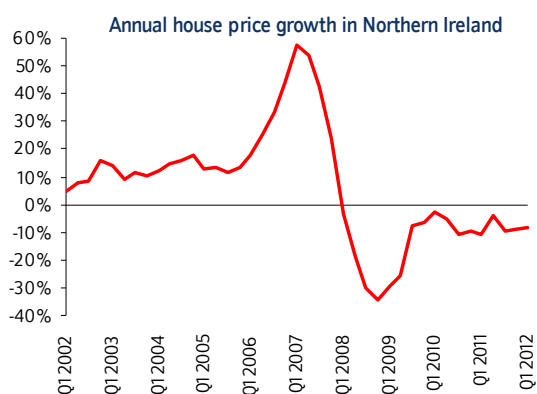
Northern Ireland	
Average house price	£110,422
Annual percentage change	-10.6%
Quarterly change*	-1.9%
Most expensive area	City of Belfast
Least expensive area	Northern Ireland (West)
Strongest annual price change	Northern Ireland (South East)
Weakest annual price change	City of Belfast

* Seasonally adjusted

House prices continue to fall in Northern Ireland, with prices in the second quarter of 2012 down 10.6% year-on-year.

All areas have seen prices fall over the past 12 months with the largest declines seen in the City of Belfast, with prices down 15% year-on-year.

[Click here for Northern Ireland's sub region data](#)



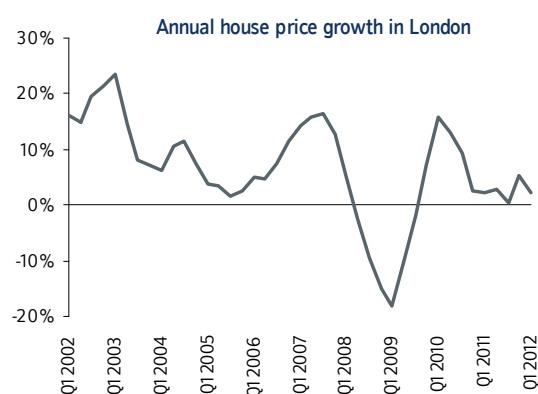
London	
Average house price	£302,399
Annual percentage change	1.2%
Quarterly change*	1.0%
Most expensive area	Westminster
Least expensive area	Barking & Dagenham
Strongest annual price change	Greenwich
Weakest annual price change	Hackney

* Seasonally adjusted

Annual house price growth in London slowed to 1.2% in Q2, from 2.3% in Q1. Average prices broke back through the £300,000 barrier and are now just 0.4% below their 2007 peak.

Greenwich saw the strongest growth, with prices up 14% year-on-year, whilst Hackney was the weakest performing borough.

[Click here for London borough data](#)



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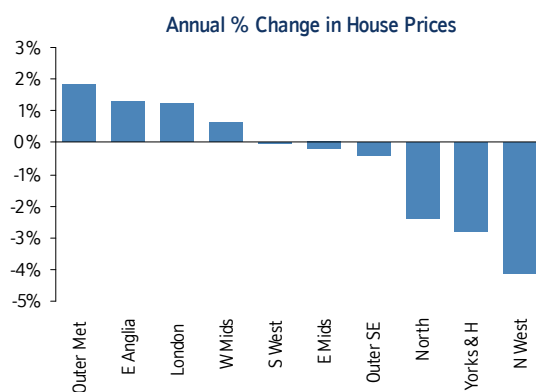
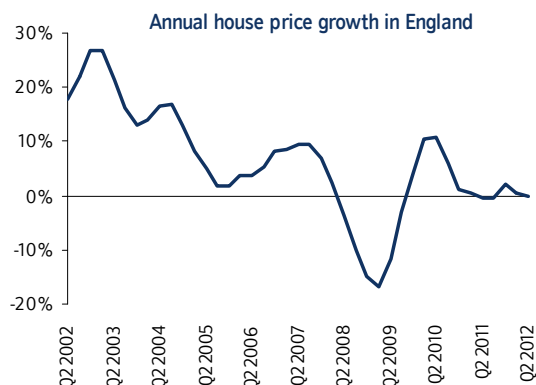
England	
Average house price	£186,671
Annual percentage change	-0.1%
Quarterly change*	0.0%
Most expensive region	London
Least expensive region	North
Strongest annual price change	Outer Metropolitan
Weakest annual price change	North West

* Seasonally adjusted

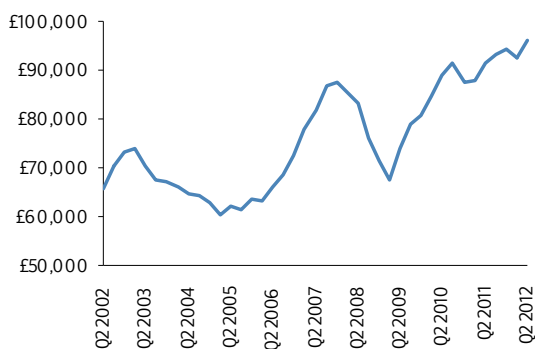
Average house prices in England were unchanged during the second quarter, and marginally lower than one year ago.

The Outer Metropolitan was the best performing region, with prices up 1.8% year-on-year. The North West continued to be the worst performing English region, with prices down 4.1% compared with Q2 2011.

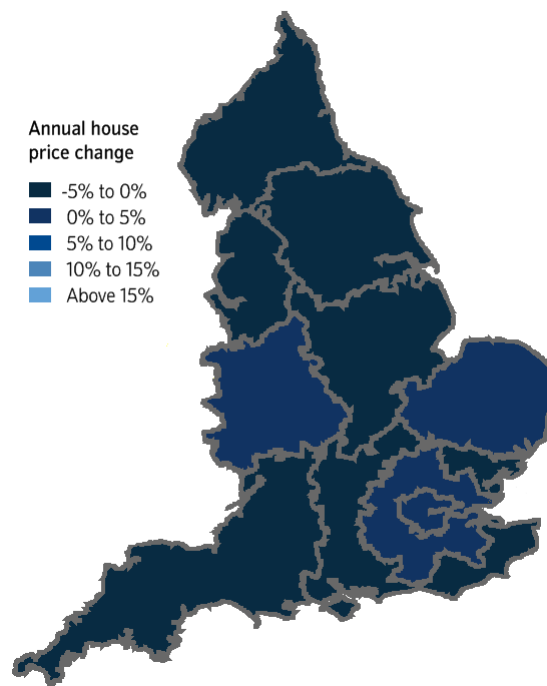
The gap in house prices between southern England (South West, Outer South East, Outer Metropolitan, London and East Anglia) and northern England (West Midlands, East Midlands, Yorkshire & Humberside, North West and North), has continued to widen, with the south seeing stronger growth for the thirtieth consecutive quarter. Average house prices in the south are now around £96,000 higher than those in the north, a record high.



House price gap between Southern & Northern England



Amongst England's major towns and cities, Liverpool saw the strongest price growth over the last twelve months, with prices up 10%. Carlisle remained the worst performing city, with prices falling 13% over the same period.



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Major Towns and Cities

Best performing regional towns / cities

Rank	Town / City	Annual % change	Average Price
1	Liverpool	10%	£154,348
2	Nottingham	9%	£149,696
3	Brighton	8%	£313,797
4	Cambridge	4%	£328,694
5	London*	4%	£344,198

Worst performing regional towns / cities

Rank	Town / City	Annual % change	Average Price
1	Belfast	-15%	£144,804
2	Carlisle	-13%	£133,424
3	Newcastle	-8%	£154,794
4	Manchester	-7%	£186,701
5	Edinburgh	-6%	£229,449

* This figure is on a different basis to the London regional index to enable a direct comparison with other towns and cities

Sub Regional Analysis

Just as the national data disguises differences in house prices throughout the UK, looking at the regions disguises movements in local house prices. To look at these developments more closely the areas can be divided into sub-regions.

Scotland

[click here to return to commentary](#)

Nationwide Sub Regions	Price in 2012 Q2	% change over 10 years	Annual % change last quarter	Annual % change this quarter
Aberdeen City	£229,843	139%	1%	3%
Aberdeenshire & Moray	£167,288	134%	-6%	-2%
Dunbartonshire & North Lanarkshire	£145,842	82%	-6%	-4%
Dundee & Angus	£141,239	105%	1%	1%
Edinburgh City	£229,449	63%	-6%	-6%
Fife	£126,511	77%	-2%	-6%
Glasgow City	£156,610	73%	-4%	-3%
Highlands & Islands	£149,565	93%	-5%	3%
Lothian & Falkirk	£155,419	80%	-1%	2%
Perthshire & Stirling	£148,000	79%	-8%	-8%
Renfrewshire & Inverclyde	£153,367	79%	-2%	-1%
South Lanarkshire	£132,000	81%	-1%	0%
Southern Scotland	£126,768	78%	-4%	-5%

Yorkshire & Humberside

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Nationwide Sub Regions	Price in 2012 Q2	% change over 10 years	Annual % change last quarter	Annual % change this quarter
Bradford	£146,987	88%	2%	-2%
East Yorkshire	£147,368	79%	5%	2%
Leeds	£174,803	59%	-1%	-2%
North Lincolnshire	£128,069	89%	-1%	-1%
North Yorkshire	£184,191	69%	1%	-4%
Sheffield	£166,552	77%	2%	0%
South Yorkshire	£130,075	81%	1%	-3%
West Yorkshire	£143,078	72%	-4%	-4%
York	£208,914	61%	-2%	-3%

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Northern Ireland

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Nationwide Sub Regions	Price in 2012 Q2	% change over 10 years	Annual % change last quarter	Annual % change this quarter
City of Belfast	£144,804	25%	-15%	-15%
Northern Ireland (North East)	£118,089	36%	-13%	-12%
Northern Ireland (South East)	£135,985	31%	-12%	-7%
Northern Ireland (West)	£112,178	46%	-12%	-9%

Wales

[click here to return to commentary](#)

Nationwide Sub Regions	Price in 2012 Q2	% change over 10 years	Annual % change last quarter	Annual % change this quarter
Cardiff	£197,640	66%	1%	-1%
Mid & West Wales	£147,336	98%	-6%	-2%
North Wales	£154,210	75%	-5%	-4%
South Wales (East)	£147,548	76%	0%	-1%
South Wales (West)	£151,480	93%	0%	0%

South West

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Nationwide Sub Regions	Price in 2012 Q2	% change over 10 years	Annual % change last quarter	Annual % change this quarter
Bath	£245,203	48%	5%	-5%
Bournemouth	£237,157	49%	8%	4%
Bristol	£224,154	68%	3%	2%
Cheltenham	£226,188	45%	-1%	1%
Cornwall and Isles of Scilly	£201,746	72%	1%	1%
Dorset	£234,276	54%	4%	0%
Gloucestershire	£189,960	43%	3%	0%
North Devon	£182,721	48%	-2%	-8%
Plymouth	£162,934	59%	2%	-2%
Poole	£238,069	44%	1%	-6%
Somerset	£191,023	54%	2%	-3%
South Devon	£215,080	63%	0%	3%
South Gloucestershire	£211,953	53%	0%	1%
Swindon	£176,591	23%	3%	1%
Wiltshire	£209,780	40%	-1%	-4%

North West

[click here to return to commentary](#)

Nationwide Sub Regions	Price in 2012 Q2	% change over 10 years	Annual % change last quarter	Annual % change this quarter
Cheshire	£182,495	70%	2%	2%
City of Manchester	£186,701	61%	0%	-7%
Greater Manchester	£158,674	69%	-1%	-2%
Lancashire	£142,415	73%	-3%	-5%
Merseyside	£144,916	69%	1%	-3%
Warrington & Halton	£162,737	72%	0%	-2%

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West Midlands

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Nationwide Sub Regions	Price in 2012 Q2	% change over 10 years	Annual % change last quarter	Annual % change this quarter
Birmingham	£165,144	50%	1%	-1%
Coventry	£157,738	59%	-3%	1%
Greater Birmingham	£162,140	57%	-1%	-4%
Herefordshire	£176,056	49%	-1%	2%
Shropshire	£165,741	57%	-5%	-1%
Staffordshire	£156,094	62%	3%	0%
Warwickshire	£200,459	61%	6%	6%
Worcestershire	£187,303	57%	-1%	-1%

East Midlands

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Nationwide Sub Regions	Price in 2012 Q2	% change over 10 years	Annual % change last quarter	Annual % change this quarter
Derby	£162,863	85%	-1%	5%
Derbyshire	£162,001	73%	4%	2%
Leicestershire	£168,163	56%	-1%	-3%
Mid Lincolnshire	£146,805	74%	1%	1%
Northampton Town	£170,634	42%	-2%	0%
Northamptonshire	£169,850	50%	2%	-1%
Nottingham	£149,696	56%	8%	9%
Nottinghamshire	£152,073	64%	-3%	-4%
South Lincolnshire	£148,196	54%	5%	-1%

Outer Metropolitan

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Nationwide Sub Regions	Price in 2012 Q2	% change over 10 years	Annual % change last quarter	Annual % change this quarter
Bracknell Forest	£265,212	41%	5%	7%
Central Kent	£229,408	41%	1%	-4%
East Surrey	£313,628	50%	3%	2%
Hart & Rushmoor	£255,187	45%	0%	6%
Hertfordshire	£278,128	53%	6%	1%
Luton	£188,121	43%	0%	2%
Medway	£184,415	51%	4%	2%
North Surrey	£328,172	47%	5%	5%
Reading	£245,848	32%	6%	2%
Slough	£256,768	38%	-4%	-2%
South Buckinghamshire & Chilterns	£307,436	50%	4%	-3%
South Essex	£240,760	57%	4%	2%
St Albans	£360,922	61%	8%	0%
West Kent	£241,707	46%	3%	-1%
West Surrey	£314,890	42%	0%	-3%
West Sussex (North)	£264,179	45%	1%	1%
Windsor & Maidenhead	£320,787	44%	1%	2%
Wokingham	£277,028	37%	0%	-2%

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London

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London Boroughs	Price in 2012 Q2	% change over 10 years	Annual % change last quarter	Annual % change this quarter
Barking and Dagenham	£186,019	47%	3%	-2%
Barnet	£344,617	59%	7%	3%
Bexley	£228,926	54%	5%	4%
Brent	£375,510	76%	-1%	1%
Bromley	£266,937	54%	1%	0%
Camden	£573,473	80%	5%	4%
Croydon	£244,377	46%	4%	5%
Ealing	£369,717	70%	9%	11%
Enfield	£280,094	51%	6%	-1%
Greenwich	£292,376	72%	11%	14%
Hackney	£423,801	96%	12%	-3%
Hammersmith and Fulham	£554,549	77%	7%	7%
Haringey	£379,485	72%	5%	0%
Harrow	£304,825	49%	6%	-1%
Havering	£220,974	45%	2%	1%
Hillingdon	£287,759	49%	4%	6%
Hounslow	£317,994	57%	10%	3%
Islington	£509,076	87%	11%	6%
Kingston upon Thames	£341,378	61%	5%	0%
Lambeth	£355,530	61%	6%	-3%
Lewisham	£291,845	68%	9%	2%
Merton	£348,786	56%	9%	2%
Newham	£231,816	58%	-1%	6%
Redbridge	£286,835	60%	4%	3%
Richmond upon Thames	£426,267	67%	2%	-1%
Southwark	£383,990	77%	4%	0%
Sutton	£258,361	44%	1%	1%
Tower Hamlets	£424,722	88%	2%	5%
Waltham Forest	£265,876	51%	4%	9%
Wandsworth	£473,201	78%	9%	9%
Westminster	£726,169	90%	11%	11%

Note: City of London and Kensington & Chelsea excluded due to low sample size

East Anglia

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Nationwide Sub Regions	Price in 2012 Q2	% change over 10 years	Annual % change last quarter	Annual % change this quarter
Cambridgeshire	£212,659	47%	8%	0%
Norfolk	£175,872	55%	2%	2%
Peterborough	£162,342	58%	8%	10%
Suffolk	£185,448	54%	3%	-2%

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Outer South East

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Nationwide Sub Regions	Price in 2012 Q2	% change over 10 years	Annual % change last quarter	Annual % change this quarter
Basingstoke & Deane	£234,917	39%	3%	2%
Bedford	£195,438	51%	7%	6%
Brighton & Hove	£313,797	61%	7%	8%
Central Bedfordshire	£206,156	37%	0%	-2%
East Kent	£189,776	55%	0%	0%
East Sussex	£218,706	59%	1%	-1%
Isle of Wight	£198,442	56%	-1%	1%
Mid Hampshire	£263,795	47%	1%	-3%
Milton Keynes & Aylesbury	£224,541	41%	5%	-1%
New Forest	£259,206	55%	3%	0%
North Essex	£210,056	53%	3%	0%
Oxfordshire	£271,366	43%	4%	0%
Portsmouth Area	£193,637	47%	4%	-2%
Southampton Area	£222,529	42%	0%	0%
West Berkshire	£259,625	34%	1%	2%
West Sussex (South)	£236,604	45%	4%	1%

North

[click here to return to commentary](#)

Nationwide Sub Regions	Price in 2012 Q2	% change over 10 years	Annual % change last quarter	Annual % change this quarter
County Durham	£131,459	89%	0%	0%
Cumbria	£154,283	85%	-6%	-3%
Northumberland	£151,526	78%	-6%	-2%
Teeside	£141,904	89%	2%	1%
Tyne and Wear	£147,902	69%	-1%	-4%

Notes

1. Indices and average prices for the UK and the regions are produced using Nationwide's updated mix adjusted House Price Methodology which was introduced with effect from the first quarter of 1995. All changes are nominal and do not allow for inflation. The methodology can be found on our website: <http://www.nationwide.co.uk/hpi/>

2. Price indices are seasonally adjusted using the US Bureau of the Census X12 method. Quarterly series are seasonally adjusted using data since 1973. The seasonal adjustment is recalculated quarterly and may lead to revisions.

3. The price changes in the sub regional, local authority and major towns and cities tables are based on the price per unit area of the properties in the sample rather than the mix-adjusted methodology used for the 13 regions. The average price per square foot in each of the sub-regions is grossed up by the average square footage in a particular region to arrive at an average house price. Unlike Nationwide's main index, this methodology does not take into account the different mix of properties transacted and is therefore a simplification.

4. Sub-regional figures are therefore not directly comparable with regional prices. Samples are substantially smaller than at a regional level and figures should not be relied upon for any critical application. Due to greater volatility, sub-regional prices are smoothed over two quarters.

5. The Nationwide 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.

Photographs of our economist are available at: www.nationwide.co.uk/mediacentre/economist.asp

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