

All UK regions see house prices rise in third quarter

- House prices rose in all regions during the third quarter of 2009
- Southern regions saw stronger growth than northern regions
- Prices in Northern Ireland increased for the first time in two years

UK fact file

Average house price: **£160,159**
 Annual percentage change: **-3.0%**
 Quarterly change (seasonally adjusted): **3.7%**
 Most expensive region: **London**
 Least expensive region: **North**
 Region with strongest annual price change: **Scotland**
 Region with weakest annual price change: **Northern Ireland**

Quarterly Index – Headlines	Q3 2009	Q2 2009
Average price	£160,159	£154,066
Annual change % ¹	-3.0%	-11.7%
Quarterly change % *	3.7%	1.4%

* seasonally adjusted

Text in [Blue](#) indicates a hyperlink

Commenting on the figures Martin Gahbauer, Nationwide's Chief Economist, said:

"The third quarter saw a continued improvement in house price trends across all UK regions, but especially in the South East, South West and Northern Ireland. Whilst the annual rates of change are still negative across all UK regions, most regions saw a substantial improvement this quarter. Indeed all regions saw an increase in prices between the second quarter and third quarter. For the UK as a whole, prices rose by 3.7% in the third quarter, leading to an increase in the annual rate of change from -11.7% in the second quarter to -3.0%.

"House prices in [Greater London](#) rose by a seasonally adjusted 3.8% in the third quarter of 2009. This increase pushed the annual rate of change up from -10.2% to -1.9%. New buyer interest appears to have increased significantly in recent months but the supply of property for sale continues to be very limited, thus helping to support prices in the capital.

"Within [England](#), the strongest performance was seen in the South West, where prices rose by 4.9% over the quarter and the annual rate of change moved up from -13.2% to -1.6%. The Outer South East and Outer Metropolitan regions continued to see fairly strong improvements, with prices rising 4.1% and 4.7% in the quarter respectively. The East & West Midlands and Yorkshire and Humberside saw weaker growth in the quarter, and along with the North and North West, have weaker annual rates of change than southern England.

"House prices in [Scotland](#) rose 3.4% during the quarter, similar to the UK average. The annual rate of change improved from -10.1% to -1.0%, making Scotland the best performing region (on an annual basis) in the third quarter. In contrast to the second quarter, [Wales](#) saw the weakest quarterly price increase of any UK region at just 0.1% in the third quarter. However, short-term price movements in Wales have historically been very volatile, and the weaker increase this quarter should be seen in the context of the

¹ The annual change is calculated based on quarterly average figures rather than end of quarter figures, and will therefore differ from the annual change for September 2009 in the monthly release.

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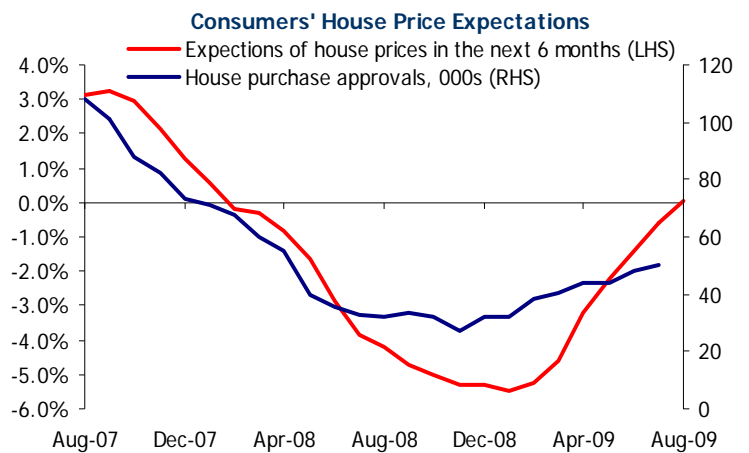
relatively large increase of 7.6% in the second quarter. On an annual basis, house prices in Wales fell by 3.5%, a modest improvement from the 6.2% year-on-year decline last quarter.

"At 9.7% quarter-on-quarter, **Northern Ireland** saw the strongest house price growth of all UK regions over the last three months. The increase represents the first rise in eight quarters and a substantial improvement from the 4.3% quarter-on-quarter fall seen in the second quarter. However, Northern Ireland has experienced by far the largest peak-to-trough fall in prices across the regions, with prices down 35% from their 2007 Q3 level. On an annual basis, house prices in the province are still down 8.0%, although this is substantially smaller than the 26.0% year-on-year fall in the second quarter.

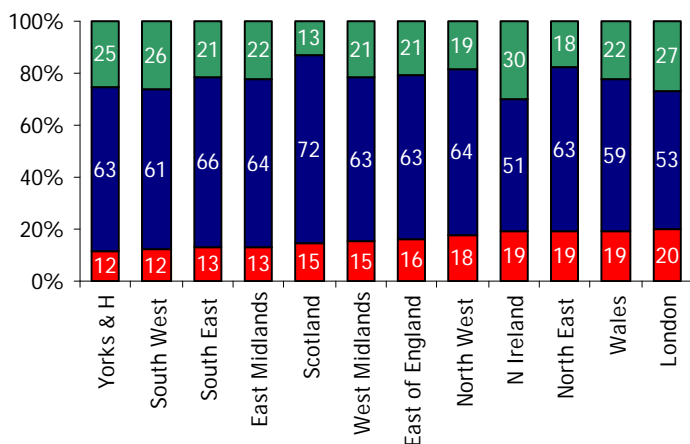
Consumer house price expectations much more upbeat than at start of year

"Consumer expectations about future house price trends have risen considerably since the start of the year. In January, 60% of consumers expected house prices to fall over the following six months, while in August only 16% expected further declines. The majority of consumers (62%) now expect house prices to remain at their current level, whilst a further 22% anticipate price rises over the next six months. The growth in house prices seen since the spring are likely to have helped boost consumer confidence.

"There appears to be a correlation between consumers' expectations of house price growth and the number of house purchase approvals. The sharp fall in expectations between summer 2007 and winter 2008 was accompanied by a 75% fall in house purchase activity. However, the recent pick up in house price expectations has been considerably stronger than the rise in activity from last year's lows. It is possible that factors such as rising unemployment and tighter credit conditions are still constraining the pace of recovery in transactions.



Consumers' expectations of house prices in six months



Source: Nationwide Consumer Confidence Survey ■ Lower ■ Same ■ Higher

"In all regions the majority of consumers expect house prices to remain at their current level over the next six months. Those in Northern Ireland are the most optimistic about the outlook, with 30% expecting prices to rise in the next six months, despite the fact that the province has been hardest hit by price falls over the last two years. But in Scotland, which has been the best performing region through the downturn, consumers are actually far less positive about the outlook, with only 13% expecting prices to rise over the next six months.

The East Midlands has seen the biggest improvement in house price expectations since the start of the year. In January, 69% of consumers expected house prices to fall, whilst only 13% now do so."

Regional Headlines*

Region	Average Price	Quarterly % change	Annual % change
North	£116,051	3.5%	-5.7%
Yorkshire & Humberside	£134,584	1.8%	-4.3%
North West	£137,890	3.8%	-4.6%
East Midlands	£133,973	1.9%	-5.4%
West Midlands	£142,969	2.3%	-4.7%
East Anglia	£159,223	3.0%	-2.2%
Outer South East	£188,701	4.1%	-1.7%
Outer Metropolitan	£227,208	4.7%	-2.1%
London	£268,847	3.8%	-1.9%
South West	£178,208	4.9%	-1.6%
Wales	£134,690	0.1%	-3.5%
Scotland	£140,175	3.4%	-1.0%
Northern Ireland	£147,204	9.7%	-8.0%
UK	£160,159	3.7%	-3.0%

* Prices calculated on a mix-adjusted basis.

Major Towns and Cities**

Five hottest regional towns/cities

Rank	Town / City	Annual % Change	Average Price
1	Carlisle	8%	£140,694
2	Sheffield	4%	£170,485
3	Liverpool	-2%	£139,742
4	Cardiff	-4%	£188,326
5	Norwich	-4%	£169,831

Five coolest regional towns/cities

Rank	Town / City	Annual % Change	Average Price
1	Leicester	-16%	£132,508
2	Belfast	-15%	£198,583
3	Oxford	-12%	£284,021
4	Nottingham	-11%	£125,384
5	Bradford	-10%	£138,267

** See notes 3 & 4 below

Scotland

Average house price: £140,175
Annual percentage change: -1.0%
Quarterly change (seasonally adjusted): 3.4%
Most expensive area: Edinburgh City
Least expensive area: South Lanarkshire
Area with strongest annual price change: Dundee & Angus
Area with weakest annual price change: Aberdeen City

House prices in Scotland rose 3.4% during the third quarter, up from a 0.5% rise in the second quarter. There was a significant rise in the annual rate of change from -10.1% to -1.0%, restoring Scotland to its position as the UK region with the smallest annual price declines. It is also the region that has seen the smallest overall decline over the last two years, with prices now down only 8% from their peak in the third quarter of 2007, compared with the UK average of 13%.

Dundee & Angus was the strongest performing area in the third quarter, with prices up 2% year on year, and along with neighbouring Perthshire & Stirling and Aberdeenshire & Moray, is amongst the areas that have only experienced relatively modest price falls over the past two years. Aberdeen City remains one of the areas experiencing greater price falls, with a continued impact felt from the drop in world oil demand and oil prices from their 2008 peak.

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

Wales

Average house price: £134,690
Annual percentage change: -3.5%
Quarterly change (seasonally adjusted): 0.1%
Most expensive area: Cardiff
Least expensive area: North Wales
Area with strongest annual price change: South Wales (East)
Area with weakest annual price change: North Wales

House prices in Wales were broadly unchanged in the third quarter of 2009. Prices rose by 0.1% quarter-on-quarter, bringing the annual rate of change up from -6.2% in the second quarter to -3.5% in the third. House prices in Wales have tended to be relatively volatile on a quarterly basis, and the modest increase this quarter appears to be at least in part a correction of the large 7.6% increase seen in the second quarter. Looking at the year-on-year decline however, the price falls in Wales are broadly in line with trends seen in the rest of the UK.

North Wales saw the greatest price declines this quarter and has also been the weakest performing area over the past two years. The South Wales (East) sub-region saw the strongest price rises this quarter, which is surprising given that includes some of the South Wales valleys that have suffered from mounting unemployment such as Blaenau Gwent and Merthyr Tydil. This casts doubt on whether the recovery can be sustained.

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

Northern Ireland

Average house price: £147,204
Annual percentage change: -8.0%
Quarterly change (seasonally adjusted): 9.7%
Most expensive area: City of Belfast
Least expensive area: Northern Ireland (West)
Area with strongest annual price change: Northern Ireland (South East)
Area with weakest annual price change: Northern Ireland (West)

The third quarter saw a rise in house prices in Northern Ireland for the first time in two years. Prices rose by 9.7%, the highest of any UK region, and a substantial improvement from the 4.3% quarter-on-quarter fall seen in the second quarter. However, prices are still down 8.0% on Q3 2008, and have fallen 35% from their peak in Q3 2007. The softening in the year-on-year rate of decline this quarter might reflect that affordability has improved considerably given the sharp price falls experienced over the last two years. The ratio of house prices to earnings is now broadly in line with that for the UK as a whole, having been well above the UK average for most of the last two years.

The Northern Ireland (West) sub-region saw the largest annual fall in house price this quarter and has also been the worst performing area over the last two years. Elevated levels of unemployment in parts of the area are likely to have had a negative impact on prices.

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

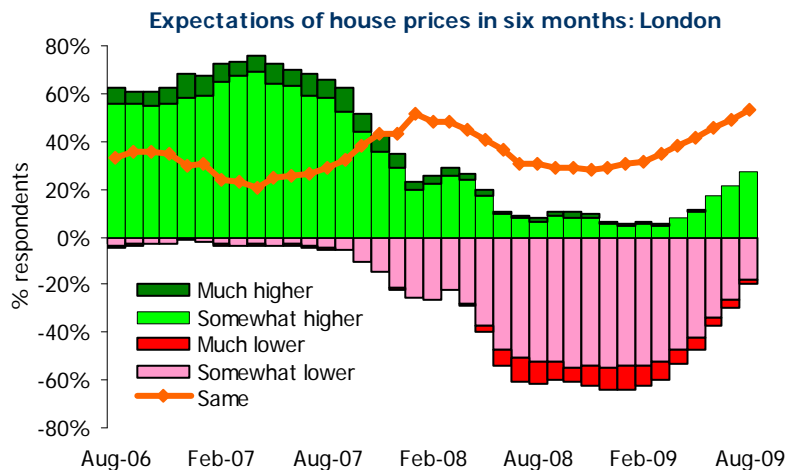
London

Average house price: £268,847
Annual percentage change: -1.9%
Quarterly change (seasonally adjusted): 3.8%
Most expensive borough: Westminster
Least expensive borough: Barking and Dagenham
Area with strongest annual price change: Hackney
Area with weakest annual price change: Merton

House prices in London rose by 3.8% quarter-on-quarter in the third quarter, resulting in an improvement in the annual rate of change from -10.2% to -1.9%. Hackney saw the strongest growth with prices up 4% year-on-year, and has also been the best performing borough over the past two years.

Londoners are the most divided consumers in the English regions with respect to their house price expectations. 27% of consumers expect house prices to rise over the next six months, the highest percentage amongst the English regions. However, a further 20% expect prices to fall – also the highest across the regions. Nonetheless, overall confidence appears to have improved substantially since the start of the year when 64% of London consumers expected house prices to fall.

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



Source: Nationwide Consumer Confidence Survey

England

Average house price: £176,611
Annual percentage change: -2.9%
Quarterly change (seasonally adjusted): 3.7%
Most expensive area: London
Least expensive area: North
Area with strongest annual price change: South West
Area with weakest annual price change: North

House prices in England rose by a seasonally adjusted 3.7% during the period July-September, pushing the annual rate of change up from -11.5% to -2.9%.

All regions within England saw prices increase over the quarter, although the southern regions generally performed better than the northern ones, echoing the pattern seen in the second quarter. The South West was the strongest performing region, with prices increasing by 4.9% in the third quarter. This resulted in an improvement in its annual rate of change from -13.2% to -1.6%, the least negative of the English regions. Close behind was the Outer South East, where the annual rate of change improved from -11.1% to -1.7%.

Yorkshire and Humberside saw the smallest increase in prices in the quarter of 1.8%, although the annual rate of change improved from -9.9% to -4.3%. The East and West Midlands also experienced weaker growth, with quarterly rises of 1.9% and 2.3% respectively. The East Midlands has been the worst performing English region over the last two years, with prices currently 14.6% below their peak in Q3 2007. By contrast, London has seen the smallest peak-to-trough decline within England, with prices down only 11.1% from their 2007 peak.

Sub-regional analysis²

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 2009 Q3	% change over 10 years	Annual Chg - Last quarter	Annual Chg - This quarter
Aberdeen City	£202,217	131%	-14%	-9%
Aberdeenshire & Moray	£160,686	145%	-8%	-2%
Dunbartonshire & North Lanarkshire	£144,061	107%	-9%	0%
Dundee & Angus	£150,621	144%	-4%	2%
Edinburgh City	£232,632	120%	-14%	-7%
Fife	£133,416	121%	-9%	-2%
Glasgow City	£154,197	108%	-13%	-6%
Highlands & Islands	£143,325	135%	-10%	-2%
Lothian & Falkirk	£156,291	118%	-4%	0%
Perthshire & Stirling	£156,990	121%	-6%	-2%
Renfrewshire & Inverclyde	£156,519	122%	-5%	1%
South Lanarkshire	£130,350	95%	-11%	-7%
Southern Scotland	£131,010	119%	-8%	-4%

Northern Ireland ([click here to return to commentary](#))

Nationwide Sub-Regions	Price in 2009 Q3	% change over 10 years	Annual Chg - Last quarter	Annual Chg - This quarter
City of Belfast	£198,583	121%	-29%	-15%
Northern Ireland (North East)	£159,938	142%	-22%	-12%
Northern Ireland (South East)	£176,913	134%	-20%	-4%
Northern Ireland (West)	£124,330	100%	-25%	-22%

Wales ([click here to return to commentary](#))

Nationwide Sub-Regions	Price in 2009 Q3	% change over 10 years	Annual Chg - Last quarter	Annual Chg - This quarter
Cardiff	£188,326	123%	-13%	-4%
Mid & West Wales	£154,860	157%	-8%	0%
North Wales	£149,916	134%	-11%	-6%
South Wales (East)	£155,277	131%	-10%	8%
South Wales (West)	£157,869	139%	-1%	5%

North ([click here to return to commentary](#))

Nationwide Sub-Regions	Price in 2009 Q3	% change over 10 years	Annual Chg - Last quarter	Annual Chg - This quarter
County Durham	£125,385	111%	-12%	-11%
Cumbria	£150,926	128%	2%	0%
Northumberland	£142,404	107%	-13%	-11%
Teeside	£139,032	136%	-9%	-4%
Tyne and Wear	£141,236	110%	-11%	-7%

² See notes 3 & 4

North West ([click here to return to commentary](#))

Nationwide Sub-Regions	Price in 2009 Q3	% change over 10 years	Annual Chg - Last quarter	Annual Chg - This quarter
Cheshire	£168,592	100%	-9%	-5%
City of Manchester	£176,847	106%	-10%	-6%
Greater Manchester	£153,107	110%	-8%	-3%
Lancashire	£137,333	112%	-16%	-8%
Merseyside	£143,938	134%	-12%	-3%
Warrington & Halton	£148,367	100%	-8%	-6%

Yorkshire & Humberside ([click here to return to commentary](#))

Nationwide Sub-Regions	Price in 2009 Q3	% change over 10 years	Annual Chg - Last quarter	Annual Chg - This quarter
Bradford	£138,267	106%	-21%	-10%
East Yorkshire	£140,882	143%	-11%	-5%
Leeds	£166,449	111%	-13%	-5%
North Lincolnshire	£126,920	144%	-14%	-4%
North Yorkshire	£177,709	129%	-11%	-9%
Sheffield	£170,485	158%	-3%	4%
South Yorkshire	£128,412	121%	-10%	-8%
West Yorkshire	£136,764	108%	-18%	-11%
York	£194,187	142%	-12%	-7%

East Anglia ([click here to return to commentary](#))

Nationwide Sub-Regions	Price in 2009 Q3	% change over 10 years	Annual Chg - Last quarter	Annual Chg - This quarter
Cambridgeshire	£184,311	94%	-18%	-10%
Norfolk	£163,234	133%	-15%	-7%
Peterborough	£148,886	113%	-16%	-9%
Suffolk	£173,674	119%	-10%	-2%

East Midlands ([click here to return to commentary](#))

Nationwide Sub-Regions	Price in 2009 Q3	% change over 10 years	Annual Chg - Last quarter	Annual Chg - This quarter
Derby	£143,316	113%	-14%	-9%
Derbyshire	£147,982	110%	-12%	-7%
Leicestershire	£159,132	114%	-12%	-7%
Mid Lincolnshire	£139,855	138%	-9%	-5%
Northampton Town	£155,119	100%	-16%	-8%
Northamptonshire	£157,413	105%	-14%	-9%
Nottingham	£125,384	84%	-14%	-11%
Nottinghamshire	£142,498	105%	-10%	-6%
South Lincolnshire	£134,523	114%	-20%	-13%

West Midlands ([click here to return to commentary](#))

Nationwide Sub-Regions	Price in 2009 Q3	% change over 10 years	Annual Chg - Last quarter	Annual Chg - This quarter
Birmingham	£152,966	108%	-9%	-9%
Coventry	£145,378	111%	-13%	-10%
Greater Birmingham	£154,856	103%	-10%	-7%
Herefordshire	£174,654	123%	-15%	-7%
Shropshire	£160,538	119%	-12%	-5%
Staffordshire	£147,624	104%	-9%	-6%
Warwickshire	£179,049	99%	-10%	-5%
Worcestershire	£172,246	103%	-12%	-9%

South West ([click here to return to commentary](#))

Nationwide Sub-Regions	Price in 2009 Q3	% change over 10 years	Annual Chg - Last quarter	Annual Chg - This quarter
Bath	£208,495	101%	-16%	-9%
Bournemouth	£228,316	138%	-10%	-3%
Bristol	£196,430	105%	-17%	-8%
Cheltenham	£205,550	99%	-13%	-6%
Cornwall and Isles of Scilly	£195,321	159%	-11%	-3%
Dorset	£219,976	120%	-12%	-3%
Gloucestershire	£186,168	105%	-12%	-7%
North Devon	£178,621	139%	-18%	-9%
Plymouth	£153,742	153%	-11%	-9%
Poole	£217,578	104%	-14%	-8%
Somerset	£182,531	125%	-13%	-8%
South Devon	£200,366	148%	-9%	-8%
South Gloucestershire	£193,065	109%	-12%	-7%
Swindon	£167,744	77%	-18%	-7%
Wiltshire	£198,685	102%	-12%	-5%

Outer South East ([click here to return to commentary](#))

Nationwide Sub-Regions	Price in 2009 Q3	% change over 10 years	Annual Chg - Last quarter	Annual Chg - This quarter
Basingstoke & Deane	£215,546	86%	-12%	-7%
Bedford	£170,260	103%	-17%	-9%
Brighton & Hove	£262,926	148%	-15%	-7%
Central Bedfordshire	£198,790	99%	-15%	-6%
East Kent	£180,901	122%	-16%	-8%
East Sussex	£207,037	133%	-15%	-7%
Isle of Wight	£182,700	153%	-16%	-6%
Mid Hampshire	£235,657	103%	-13%	-5%
Milton Keynes & Aylesbury	£207,541	104%	-12%	-7%
New Forest	£234,297	112%	-11%	-8%
North Essex	£188,538	110%	-14%	-7%
Oxfordshire	£241,143	101%	-12%	-5%
Portsmouth Area	£179,902	124%	-13%	-3%
Southampton Area	£199,938	115%	-13%	-6%

Outer Metropolitan ([click here to return to commentary](#))

Nationwide Sub-Regions	Price in 2009 Q3	% change over 10 years	Annual Chg - Last quarter	Annual Chg - This quarter
Bracknell Forest	£224,420	76%	-15%	-7%
Central Kent	£215,770	100%	-18%	-9%
East Surrey	£270,248	97%	-17%	-10%
Hart & Rushmoor	£228,782	87%	-15%	-6%
Hertfordshire	£240,929	97%	-15%	-8%
Luton	£173,385	120%	-21%	-11%
Medway	£166,961	115%	-17%	-8%
North Surrey	£280,440	91%	-12%	-7%
Reading	£217,860	91%	-14%	-9%
Slough	£221,197	89%	-16%	-13%
South Buckinghamshire & Chilterns	£265,313	85%	-10%	-8%
South Essex	£211,564	114%	-14%	-8%
St Albans	£287,753	82%	-21%	-7%
West Kent	£224,474	101%	-12%	-6%
West Surrey	£282,107	93%	-15%	-7%
West Sussex (North)	£234,057	100%	-13%	-6%
Windsor & Maidenhead	£278,400	81%	-19%	-9%
Wokingham	£249,820	88%	-11%	-5%

London ([click here to return to commentary](#))

London Boroughs	Price in 2009 Q3	% change over 10 years	Annual Chg - Last quarter	Annual Chg - This quarter
Barking and Dagenham	£173,532	115%	-21%	-15%
Barnet	£283,817	105%	-12%	-8%
Bexley	£201,713	104%	-18%	-11%
Brent	£307,576	126%	-7%	-6%
Bromley	£240,965	106%	-18%	-9%
Camden	£484,829	132%	-15%	3%
Croydon	£214,021	109%	-17%	-12%
Ealing	£292,440	86%	-20%	-13%
Enfield	£253,798	119%	-16%	-12%
Greenwich	£241,777	115%	-5%	-2%
Hackney	£367,776	172%	-2%	4%
Hammersmith and Fulham	£436,150	97%	-10%	2%
Haringey	£320,166	121%	-15%	-10%
Harrow	£255,709	96%	-20%	-12%
Havering	£205,567	111%	-18%	-12%
Hillingdon	£254,905	106%	-6%	0%
Hounslow	£271,813	99%	-10%	-6%
Islington	£418,360	117%	-4%	-5%
Kingston upon Thames	£291,189	100%	-17%	-9%
Lambeth	£303,045	108%	-26%	-11%
Lewisham	£236,250	124%	-20%	-13%
Merton	£282,094	93%	-26%	-18%
Newham	£220,110	169%	-26%	-8%
Redbridge	£236,976	125%	-20%	-8%
Richmond upon Thames	£365,457	97%	-13%	-5%
Southwark	£325,359	135%	-10%	-8%

Sutton	£231,679	103%	-18%	-7%
Tower Hamlets	£373,357	130%	-11%	3%
Waltham Forest	£222,586	131%	-21%	-13%
Wandsworth	£370,903	100%	-19%	-7%
Westminster	£540,181	129%	-8%	-4%

Text in blue indicates hyperlinks to move throughout this document.

Martin Gahbauer, CFA
Chief Economist
Tel: 01793 655434
martin.gahbauer@nationwide.co.uk

Roy Beale
External Communications Officer
Tel: 01793 655689
roy.beale@nationwide.co.uk

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