Nationwide

HOUSE PRICE INDEX

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Q3 2010

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House prices fall in most regions during the third quarter

- House prices fell in nine out of thirteen UK regions in the third quarter
- London market cooling down but still outperforming other regions
- Purchase activity higher in most regions than one year ago, but housing market turnover still very weak

UK Fact File	
Average UK House Price	£167,354
Annual percentage change	4.5%
Quarterly change*	-1.0%
Most expensive region	London
Least expensive region	North
Strongest annual price change	London
Weakest annual price change	N Ireland

* Seasonally adjusted

Text in blue indicates hyperlink

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

"The third quarter of 2010 saw house prices fall in nine out of 13 UK regions. For the UK as a whole, prices fell by 1.0% in the quarter, leading to a fall in the annual growth rate from 9.5% to 4.5%.

"Surprisingly, the region that performed best during the third quarter was Northern Ireland, with prices rising by a seasonally adjusted 1.6%. However, this increase was not enough to offset the declines of previous periods, so that the annual rate of house price falls actually accelerated from 5.2% to 11.1%.

"Scotland was the worst performing region in the third quarter, with a 3.4% quarter-on-quarter fall, pushing the annual rate of change into negative territory. Prices were down 0.6% year-on-year compared with Q3 2009.

"London continued to outperform, maintaining its position as the top performing region on an annual basis. Annual house price growth in the capital was 9.2% in the third quarter, a slight softening from 13.2% in the previous quarter. London saw its sixth consecutive quarterly rise in prices, with a 0.4% increase recorded in the third quarter.

"Continuing the trend seen so far this year, the northern and midland regions generally saw weaker price growth than the southern regions. Yorkshire & Humberside saw the weakest performance out of the English regions, with a quarterly fall of 2.7%. The North remained the weakest region on an annual basis, with prices up 1.0% year-on-year. The Outer Metropolitan was the best performing English region in the quarter, with a 0.7% quarter-on-quarter increase.

"The quarterly price change in Wales was similar to the rest of the UK, with a 1.2% fall in the quarter. This resulted in a slowing in annual house price growth from 4.7% to 2.9%.

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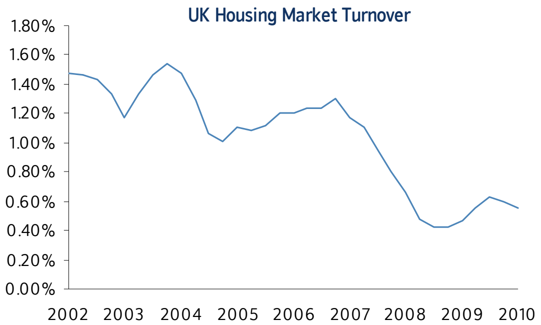
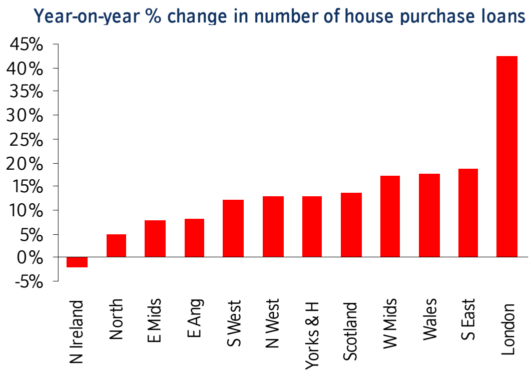
Purchase activity higher in most regions than one year ago

"The total number of house purchase loans in the UK was up 17% in the second quarter of 2010 compared with the same period in 2009. However, measured as a proportion of the total housing stock, housing market turnover still remains very weak by historic standards. The current turnover rate is around one third of the level at the peak of the purchase activity in 2004. Excluding cash purchases, currently only 2% of UK houses are changing hands each year compared with 6% in 2004.



Source: CML, CLG, Nationwide

"The largest percentage increase in activity has been in London, where the number of house purchase loans was up 42% year-on-year. Activity is higher than one year ago in all regions except Northern Ireland, which saw a 2% fall. Parts of northern and eastern England have seen less of a pick-up in activity, with a 5% increase in the North and 8% increases in East Anglia and the East Midlands."



Source: CML

Regional Headlines

Prices calculated on a mix adjusted basis

Best performing regions over the quarter

Region	Average Price	Quarterly % change
Northern Ireland	£130,877	1.6%
Outer Metropolitan	£246,538	0.7%
London	£293,582	0.4%
Outer South East	£201,999	0.2%
South West	£189,603	-0.2%
East Midlands	£141,804	-0.2%
West Midlands	£149,778	-0.9%
East Anglia	£165,706	-1.1%
North	£117,234	-1.2%
Wales	£138,603	-1.2%
North West	£140,217	-2.0%
Yorks & Humberside	£136,906	-2.7%
Scotland	£139,313	-3.4%
UK	£167,354	-1.0%

Best performing regions over the last year

Region	Average Price	Annual % change
London	£293,582	9.2%
Outer Metropolitan	£246,538	8.5%
Outer South East	£201,999	7.0%
South West	£189,603	6.4%
East Midlands	£141,804	5.8%
West Midlands	£149,778	4.8%
East Anglia	£165,706	4.1%
Wales	£138,603	2.9%
Yorks & Humberside	£136,906	1.7%
North West	£140,217	1.7%
North	£117,234	1.0%
Scotland	£139,313	-0.6%
Northern Ireland	£130,877	-11.1%
UK	£167,354	4.5%

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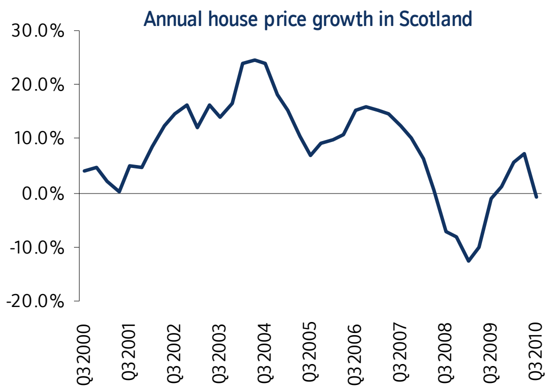
Scotland	
Average house price	£139,313
Annual percentage change	-0.6%
Quarterly change*	-3.4%
Most expensive area	Edinburgh
Least expensive area	South Lanarkshire
Strongest annual price change	Aberdeenshire & Moray
Weakest annual price change	Lothian & Falkirk

* Seasonally adjusted

Scotland was the worst performing region in the third quarter, with prices falling 3.4%. The annual rate of change fell from 7.2% to -0.6%, making Scotland the first region this year to slip back from positive into negative territory (Northern Ireland has experienced annual house price falls throughout).

Aberdeen City and surrounding Aberdeenshire were the strongest performing areas in the third quarter, with annual growth around 8%. Aberdeenshire benefits from the lowest unemployment rate of all Scottish authorities. Lothian & Falkirk remained the weakest performing area, with prices down around 2% year-on-year.

Click here for Scotland's sub-regional data



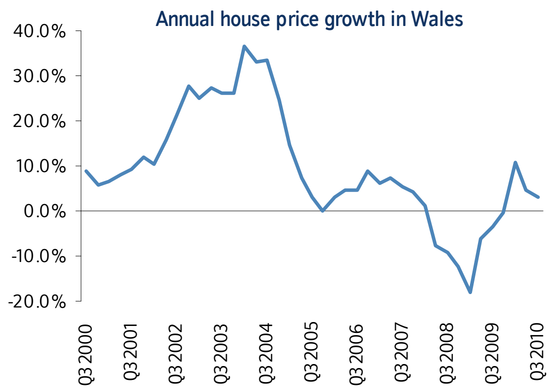
Wales	
Average house price	£138,603
Annual percentage change	2.9%
Quarterly change*	-1.2%
Most expensive area	Cardiff
Least expensive area	South Wales (West)
Strongest annual price change	Cardiff
Weakest annual price change	South Wales (West)

* Seasonally adjusted

Wales saw a 1.2% quarter-on-quarter fall in prices, similar to the UK average. The annual rate of change continued to decline, from 4.7% in the second quarter to 2.9% in the third quarter.

Cardiff remains the most expensive area and also experienced the largest price rises, with 10% year-on-year growth. The South Wales (West) sub-region, which includes Neath, Port Talbot, Swansea and Vale of Glamorgan, continued to be the weakest performing area, with prices down 4% year-on-year.

Click here for Wales' sub-regional data



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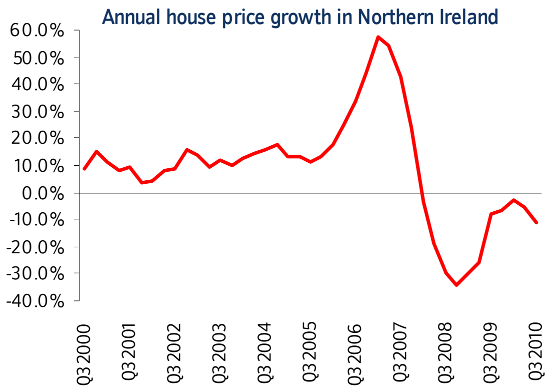
Northern Ireland	
Average house price	£130,877
Annual percentage change	-11.1%
Quarterly change*	1.6%
Most expensive area	City of Belfast
Least expensive area	Northern Ireland (West)
Strongest annual price change	City of Belfast
Weakest annual price change	Northern Ireland (North East)

* Seasonally adjusted

Northern Ireland saw a 1.6% quarter-on-quarter rise in the third quarter. However, this was not sufficient to offset declines in previous quarters, so that the annual rate of decline accelerated to 11.1%.

Unemployment has continued to rise in the province and is now the highest amongst our house price regions. Belfast remains the country's most expensive area and also saw the best performance this quarter, with prices down 4% year-on-year. The North East saw the weakest house price performance.

Click here for Northern Ireland's sub region data



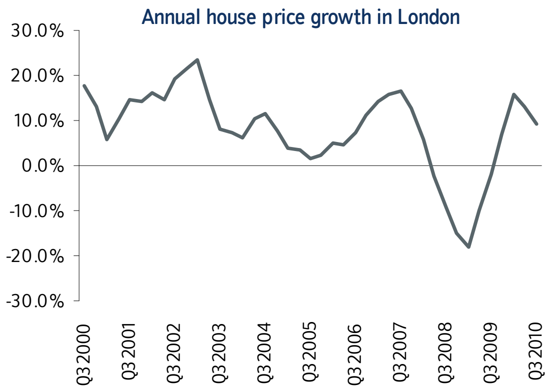
London	
Average house price	£293,582
Annual percentage change	9.2%
Quarterly change*	0.4%
Most expensive area	Westminster
Least expensive area	Barking & Dagenham
Strongest annual price change	Ealing
Weakest annual price change	Tower Hamlets

* Seasonally adjusted

House prices in London increased by 0.4% in the third quarter of 2010, somewhat weaker than the 2.4% rise last quarter. The annual rate of price growth softened to 9.2%, although London remained the top performing region in terms of annual house price inflation.

Ealing saw the strongest house price growth amongst the London boroughs, with prices up 23% year-on-year. Tower Hamlets was the weakest performing borough, with prices up 1% year-on-year. Barking & Dagenham remained the cheapest borough, with average prices around a third of the level of those in the most expensive borough, Westminster.

Click here for London borough data



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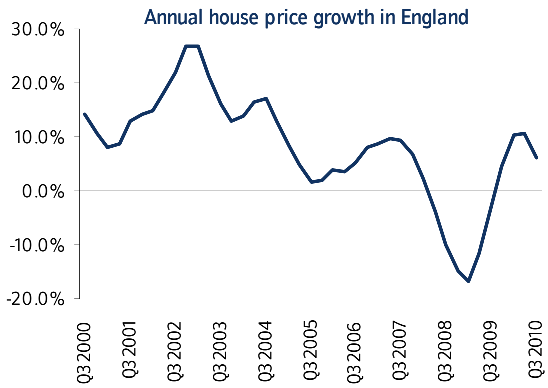
England

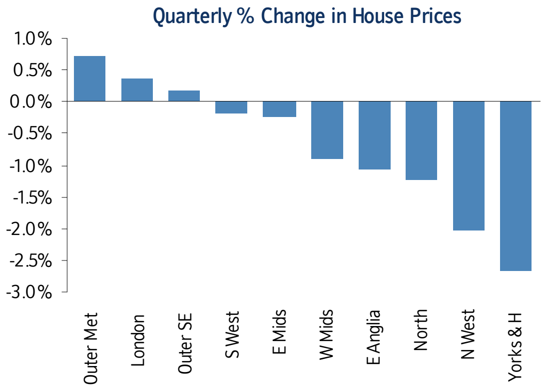
England	
Average house price	£187,386
Annual percentage change	6.1%
Quarterly change*	-0.5%
Most expensive region	London
Least expensive region	North
Strongest annual price change	London
Weakest annual price change	North

* Seasonally adjusted



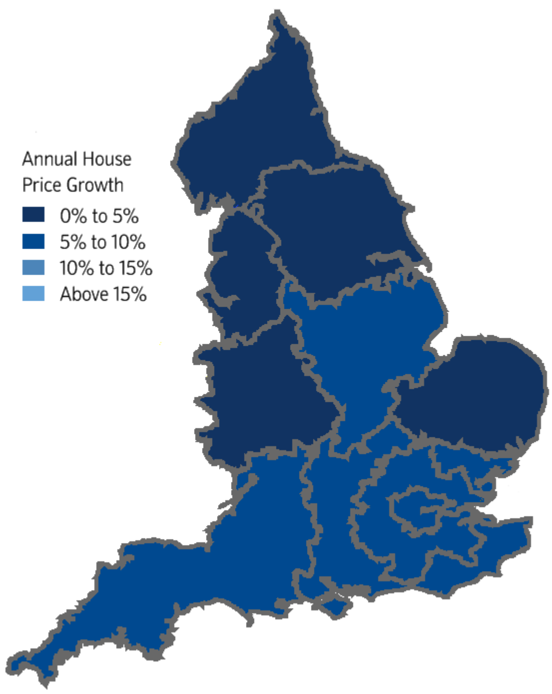
House prices fell by a seasonally adjusted 0.5% in England in the third quarter of 2010. Annual price growth declined from 10.7% in Q2 to 6.1%.

Only London, the Outer Metropolitan and Outer South East regions saw price rises in the quarter. The largest quarterly price falls were in the northern half of the country. Yorkshire & Humberside saw the largest decline, with a 2.7% quarter-on-quarter fall.



London was the top performing region for the fourth consecutive quarter, with prices up 9.2% over the past year. The Outer Metropolitan region follows close behind, with annual price growth of 8.5%. Whilst prices are still higher in all English regions compared with one year ago, annual growth rates have slowed significantly in most regions. The northerly-most regions continue to see the weakest growth on an annual basis, with the North posting just a 1.0% increase in prices over the last year.

Amongst England's major towns and cities, St. Albans was the top performer for the third consecutive quarter, with prices up 24% year-on-year. Sheffield remained the worst performing area, with prices down 5% year-on-year.



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Major Towns and Cities

Best performing regional towns / cities

Rank	Town / City	Annual % chng	Average Price
1	St. Albans	24%	£362,293
2	Oxford	23%	£353,419
3	Cambridge	16%	£295,684
4	Leicester	15%	£154,111
5	Bath	15%	£241,416

Worst performing regional towns / cities

Rank	Town / City	Annual % chng	Average Price
1	Sheffield	-5%	£163,467
2	Belfast	-4%	£193,128
3	Norwich	-1%	£170,408
4	Newcastle	1%	£154,923
5	Carlisle	2%	£143,936

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 2010 Q3	% change over 10 years	Annual % chng last quarter	Annual % chng this quarter
Aberdeen City	£219,732	152%	9%	8%
Aberdeenshire & Moray	£174,773	164%	7%	8%
Dunbartonshire & North Lanarkshire	£152,306	108%	8%	5%
Dundee & Angus	£150,208	149%	4%	-1%
Edinburgh City	£248,111	120%	11%	6%
Fife	£136,170	120%	9%	1%
Glasgow City	£164,265	113%	8%	5%
Highlands & Islands	£152,367	127%	11%	5%
Lothian & Falkirk	£154,124	99%	2%	-2%
Perthshire & Stirling	£162,165	119%	7%	2%
Renfrewshire & Inverclyde	£163,799	126%	5%	4%
South Lanarkshire	£134,029	98%	5%	2%
Southern Scotland	£141,079	129%	4%	7%

Yorkshire & Humberside

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Nationwide Sub Regions	Price in 2010 Q3	% change over 10 years	Annual % chng last quarter	Annual % chng this quarter
Bradford	£144,532	132%	12%	4%
East Yorkshire	£147,144	129%	2%	4%
Leeds	£183,265	114%	10%	9%
North Lincolnshire	£128,418	140%	5%	0%
North Yorkshire	£190,044	122%	8%	6%
Sheffield	£163,467	128%	-3%	-5%
South Yorkshire	£137,453	137%	7%	6%
West Yorkshire	£147,705	110%	11%	7%
York	£214,931	136%	11%	10%

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Northern Ireland

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Nationwide Sub Regions	Price in 2010 Q3	% change over 10 years	Annual % chng last quarter	Annual % chng this quarter
City of Belfast	£193,128	87%	-1%	-4%
Northern Ireland (North East)	£142,712	98%	-7%	-12%
Northern Ireland (South East)	£165,662	91%	-7%	-7%
Northern Ireland (West)	£111,233	62%	-10%	-11%

Wales

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Nationwide Sub Regions	Price in 2010 Q3	% change over 10 years	Annual % chng last quarter	Annual % chng this quarter
Cardiff	£207,595	121%	12%	10%
Mid & West Wales	£152,630	155%	4%	-2%
North Wales	£164,715	143%	5%	9%
South Wales (East)	£155,195	118%	9%	-1%
South Wales (West)	£152,310	127%	3%	-4%

South West

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Nationwide Sub Regions	Price in 2010 Q3	% change over 10 years	Annual % chng last quarter	Annual % chng this quarter
Bath	£241,416	82%	12%	15%
Bournemouth	£235,072	97%	3%	2%
Bristol	£215,579	108%	12%	9%
Cheltenham	£227,650	91%	9%	10%
Cornwall and Isles of Scilly	£212,289	150%	12%	8%
Dorset	£235,689	101%	8%	6%
Gloucestershire	£206,417	92%	9%	10%
North Devon	£194,290	119%	13%	8%
Plymouth	£166,498	139%	4%	7%
Poole	£248,924	88%	14%	13%
Somerset	£194,351	97%	5%	5%
South Devon	£223,895	135%	9%	11%
South Gloucestershire	£215,002	101%	13%	10%
Swindon	£181,878	54%	11%	7%
Wiltshire	£210,036	78%	8%	5%

North West

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Nationwide Sub Regions	Price in 2010 Q3	% change over 10 years	Annual % chng last quarter	Annual % chng this quarter
Cheshire	£187,642	111%	6%	10%
City of Manchester	£191,156	116%	2%	7%
Greater Manchester	£165,984	117%	9%	7%
Lancashire	£150,109	125%	10%	8%
Merseyside	£150,374	119%	4%	4%
Warrington & Halton	£167,303	117%	7%	12%

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Nationwide

West Midlands

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Nationwide Sub Regions	Price in 2010 Q3	% change over 10 years	Annual % chng last quarter	Annual % chng this quarter
Birmingham	£171,269	108%	8%	11%
Coventry	£151,874	105%	10%	3%
Greater Birmingham	£168,845	111%	6%	8%
Herefordshire	£181,281	94%	6%	3%
Shropshire	£175,106	111%	10%	8%
Staffordshire	£159,487	102%	7%	7%
Warwickshire	£191,208	94%	7%	5%
Worcestershire	£185,865	93%	4%	7%

East Midlands

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Nationwide Sub Regions	Price in 2010 Q3	% change over 10 years	Annual % chng last quarter	Annual % chng this quarter
Derby	£159,536	123%	10%	10%
Derbyshire	£166,429	131%	12%	11%
Leicestershire	£173,343	116%	10%	8%
Mid Lincolnshire	£144,050	121%	-2%	2%
Northampton Town	£169,124	81%	13%	8%
Northamptonshire	£167,649	94%	9%	5%
Nottingham	£144,603	90%	9%	14%
Nottinghamshire	£153,457	117%	8%	7%
South Lincolnshire	£147,658	101%	12%	9%

Outer Metropolitan

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Nationwide Sub Regions	Price in 2010 Q3	% change over 10 years	Annual % chng last quarter	Annual % chng this quarter
Bracknell Forest	£254,757	60%	15%	12%
Central Kent	£236,835	81%	9%	8%
East Surrey	£295,231	73%	9%	8%
Hart & Rushmoor	£254,830	60%	11%	10%
Hertfordshire	£270,938	83%	13%	11%
Luton	£189,645	100%	16%	8%
Medway	£182,519	96%	12%	8%
North Surrey	£315,346	77%	7%	11%
Reading	£245,412	68%	11%	11%
Slough	£253,914	74%	9%	13%
South Buckinghamshire & Chilterns	£301,994	74%	13%	12%
South Essex	£236,304	98%	11%	10%
St Albans	£362,293	89%	28%	24%
West Kent	£239,874	85%	7%	5%
West Surrey	£313,341	73%	15%	10%
West Sussex (North)	£259,639	79%	14%	9%
Windsor & Maidenhead	£321,819	66%	15%	14%
Wokingham	£281,432	68%	8%	11%

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London

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London Boroughs	Price in 2010 Q3	% change over 10 years	Annual % chng last quarter	Annual % chng this quarter
Barking and Dagenham	£190,987	98%	8%	9%
Barnet	£330,686	89%	16%	15%
Bexley	£213,718	77%	10%	5%
Brent	£362,825	117%	4%	17%
Bromley	£263,388	80%	13%	8%
Camden	£570,332	121%	23%	17%
Croydon	£231,259	76%	8%	7%
Ealing	£362,985	99%	20%	23%
Enfield	£288,000	102%	14%	12%
Greenwich	£284,889	121%	8%	17%
Hackney	£386,991	137%	2%	4%
Hammersmith and Fulham	£481,650	73%	28%	9%
Haringey	£359,227	103%	7%	11%
Harrow	£292,070	84%	22%	13%
Havering	£225,867	97%	13%	9%
Hillingdon	£268,563	76%	9%	4%
Hounslow	£313,284	82%	11%	14%
Islington	£447,905	99%	11%	6%
Kingston upon Thames	£329,928	77%	16%	12%
Lambeth	£352,626	94%	22%	15%
Lewisham	£274,373	101%	10%	15%
Merton	£337,026	92%	24%	18%
Newham	£236,131	124%	7%	6%
Redbridge	£267,328	114%	19%	12%
Richmond upon Thames	£397,022	81%	9%	8%
Southwark	£392,996	133%	19%	20%
Sutton	£245,847	73%	11%	5%
Tower Hamlets	£381,232	99%	7%	1%
Waltham Forest	£256,831	105%	23%	14%
Wandsworth	£416,100	95%	17%	11%
Westminster	£616,149	114%	16%	13%

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

East Anglia

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Nationwide Sub Regions	Price in 2010 Q3	% change over 10 years	Annual % chng last quarter	Annual % chng this quarter
Cambridgeshire	£208,248	83%	14%	11%
Norfolk	£171,192	106%	8%	3%
Peterborough	£151,518	93%	1%	0%
Suffolk	£185,925	102%	7%	6%

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Outer South East

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Nationwide Sub Regions	Price in 2010 Q3	% change over 10 years	Annual % chng last quarter	Annual % chng this quarter
Basingstoke & Deane	£235,864	69%	6%	8%
Bedford	£188,525	89%	11%	9%
Brighton & Hove	£295,344	104%	15%	11%
Central Bedfordshire	£212,302	80%	10%	5%
East Kent	£195,651	108%	10%	7%
East Sussex	£225,861	104%	10%	8%
Isle of Wight	£180,377	100%	5%	-2%
Mid Hampshire	£265,374	86%	11%	11%
Milton Keynes & Aylesbury	£224,059	86%	8%	7%
New Forest	£265,561	98%	9%	12%
North Essex	£206,319	96%	11%	8%
Oxfordshire	£269,074	76%	12%	10%
Portsmouth Area	£195,141	102%	15%	7%
Southampton Area	£218,452	85%	11%	8%
West Berkshire	£248,943	56%	13%	6%
West Sussex (South)	£249,188	106%	17%	13%

North

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Nationwide Sub Regions	Price in 2010 Q3	% change over 10 years	Annual % chng last quarter	Annual % chng this quarter
County Durham	£134,601	113%	4%	7%
Cumbria	£161,156	141%	5%	6%
Northumberland	£160,688	127%	8%	12%
Teeside	£144,160	140%	1%	3%
Tyne and Wear	£150,628	123%	6%	6%

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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