

# Nationwide HOUSE PRICE INDEX



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June 2017

## House price growth regains momentum in June

- Prices rose 1.1% month-on-month in June, reversing the previous three months' falls.
- Annual house price growth rises to 3.1%
- Gap in house price growth between strongest and weakest performing regions in Q2 is the smallest on record

Headlines	Jun-17	May-17
Monthly Index*	417.5	412.8
Monthly Change*	1.1%	-0.2%
Annual Change	3.1%	2.1%
Average Price (not seasonally adjusted)	£211,301	£208,711

\* 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:

"UK house prices rebounded in June, with prices rising by 1.1% during the month, erasing the decline recorded over the previous three months. However, monthly growth rates can be volatile, even after accounting for seasonal effects.

"The annual rate of house price growth, which gives a better sense of the underlying trend, continues to point to modest price gains. Annual house price growth edged up to 3.1% from 2.1% in May. In effect, after two sluggish months, annual price growth has returned to the 3-6% range that had been prevailing since early 2015.

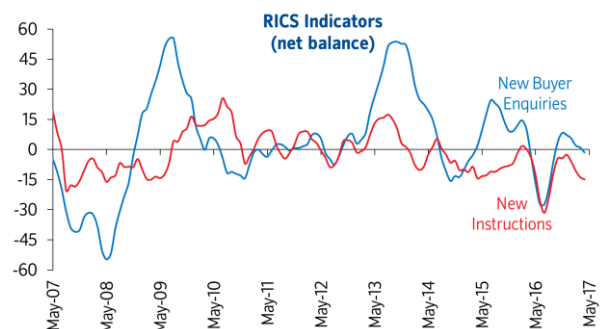
"There has been a shift in regional house price trends. Price growth in the South of England has moderated, converging with the rates prevailing in the rest of the country. In Q2 the gap between the strongest performing region (East Anglia, which saw 5% annual growth) and the weakest (the North, with 1% growth) was the smallest on record, based on data going back to 1974. Nevertheless, when viewed in levels, the price gap between regions remains extremely wide.

"London saw a particularly marked slowdown, with annual price growth moderating to just 1.2% - the second slowest pace of the 13 UK regions and the weakest pace of growth in the capital since 2012 (see page 3 for more information on regional house price trends).

### How does the uptick in prices accord with other signs of a slowdown?

"The emerging squeeze on household incomes appears to be exerting a drag on housing market activity in recent months. The number of mortgages approved for house purchase has slowed a little in recent months and surveyors report that new buyer enquiries have softened.

"At this point it is unclear whether the increase in house price growth in June reflects strengthening demand conditions on the back of healthy gains in employment and continued low mortgage rates, or whether the lack of homes on the market is the more important factor. While survey data suggests that new buyer enquiries have softened, it also indicates that this has been matched by a decline in new instructions (see chart). Indeed, the number of properties on estate agents' books remains close to all-time lows.



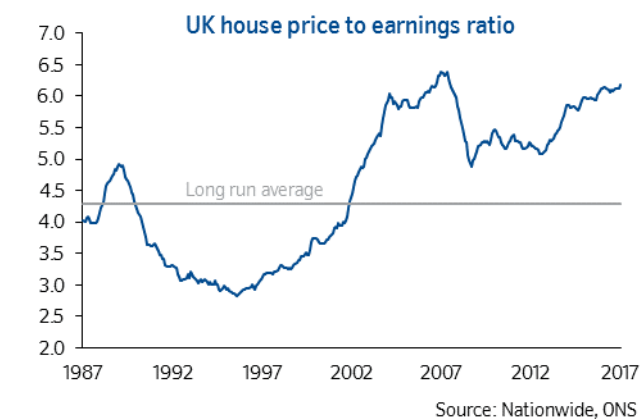
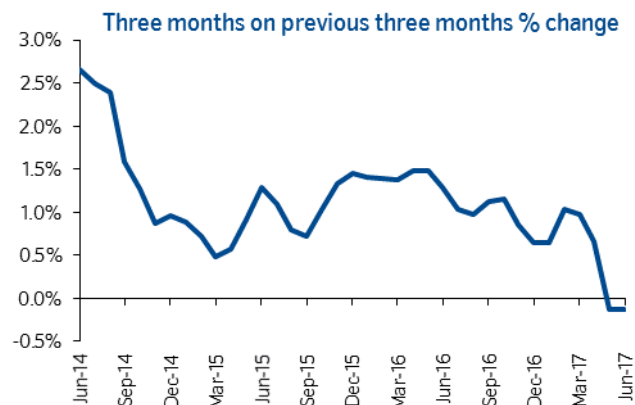
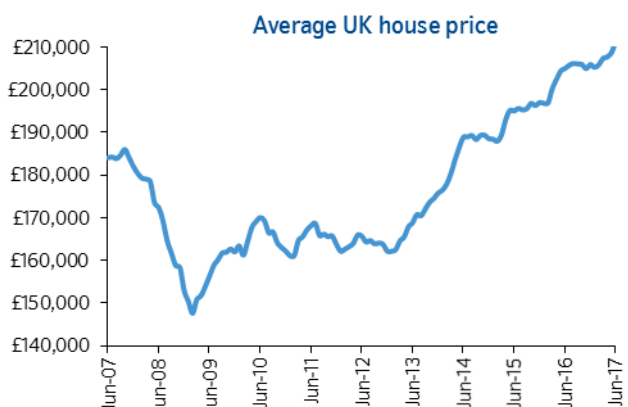
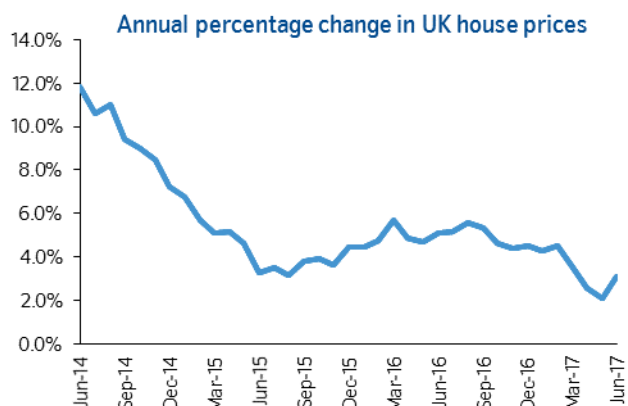
"Given the ongoing uncertainties around the UK's future trading arrangements, the economic outlook remains unusually uncertain, and housing market trends will depend crucially on developments in the wider economy.

"Nevertheless, in our view, household spending is likely to slow in the quarters ahead, along with the wider economy, as rising inflation squeezes household budgets. This, together with ongoing housing affordability pressures in key parts of the country, is likely to exert a drag on housing market activity and house price growth in the quarters ahead.

"However, the subdued level of building activity and the shortage of properties on the market are likely to provide support for prices. As a result, we continue to believe that a small increase in house prices of around 2% is likely over the course of 2017 as a whole."

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## Monthly UK House Price Statistics



	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Jun-15	-0.1	1.3	3.3	195,055
Jul-15	0.4	1.1	3.5	195,621
Aug-15	0.2	0.8	3.2	195,279
Sep-15	0.5	0.7	3.8	195,585
Oct-15	0.6	1.0	3.9	196,807
Nov-15	0.2	1.3	3.7	196,305
Dec-15	0.6	1.5	4.5	196,999
Jan-16	0.4	1.4	4.4	196,829
Feb-16	0.4	1.4	4.8	196,930
Mar-16	0.7	1.4	5.7	200,251
Apr-16	0.5	1.5	4.9	202,436
May-16	0.2	1.5	4.7	204,368
Jun-16	0.2	1.3	5.1	204,968
Jul-16	0.4	1.0	5.2	205,715
Aug-16	0.6	1.0	5.6	206,145
Sep-16	0.3	1.1	5.3	206,015
Oct-16	0.0	1.2	4.6	205,904
Nov-16	0.0	0.9	4.4	204,947
Dec-16	0.7	0.7	4.5	205,898
Jan-17	0.2	0.6	4.3	205,240
Feb-17	0.6	1.0	4.5	205,846
Mar-17	-0.3	1.0	3.5	207,308
Apr-17	-0.4	0.7	2.6	207,699
May-17	-0.2	-0.1	2.1	208,711
Jun-17	1.1	-0.1	3.1	211,301

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# Quarterly Regional House Price Statistics

Q2 2017

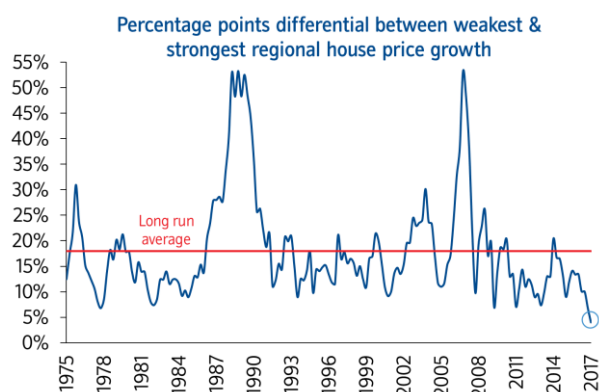
Please note that these figures are for the three months to June, therefore will show a different UK average price and annual percentage change to our *monthly* house price statistics.

## Regions over the last 12 months

Region	Average Price (Q2 2017)	Annual % change this quarter	Annual % change last quarter
East Anglia	£220,362	5.0%	5.7%
South West	£237,525	4.4%	5.4%
North West	£155,743	4.1%	5.0%
East Midlands	£173,824	4.1%	4.9%
N Ireland	£133,449	3.8%	3.8%
West Midlands	£180,722	3.6%	4.5%
Outer SE	£274,836	3.5%	6.4%
Yorks & H'side	£151,947	2.3%	2.5%
Outer Met	£362,338	2.1%	3.6%
Scotland	£143,673	1.7%	2.9%
Wales	£148,018	1.4%	1.2%
London	£478,142	1.2%	5.0%
North	£125,237	1.1%	-0.4%
UK	£209,971	2.8%	4.1%

## Gap between weakest and strongest performing regions at record low

The second quarter of 2017 saw further convergence in regional price growth. The gap between the weakest and strongest regions (in terms of annual price change) fell to just four percentage points - a record low.



East Anglia was the strongest performing region, with average prices up 5% year-on-year. London saw a notable slowing in growth to 1.2% and was the second weakest region in Q2, just above the North (1.1%).

Annual price growth in Northern Ireland was stable at 3.8%. Scotland saw a slight softening in growth to 1.7%, while Wales was similar to last quarter, at 1.4%.

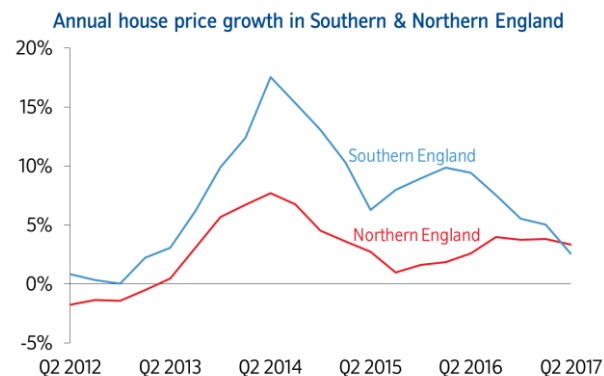
## England: House price growth in the South falls below that prevailing in the North

England (Q2 2017)	
Average house price	£260,442
Annual percentage change	2.8%
Quarterly change*	-0.3%
Most expensive region	London
Least expensive region	North
Strongest annual price change	East Anglia
Weakest annual price change	North

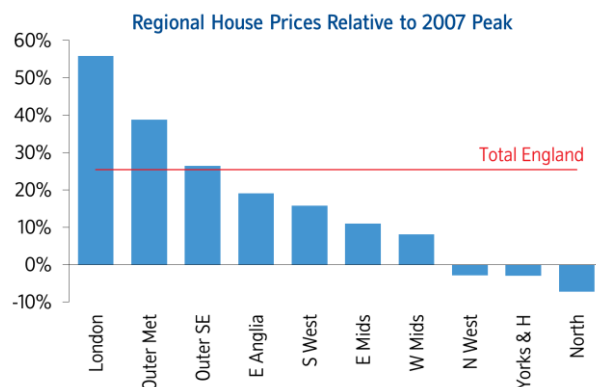
\* Seasonally adjusted

Average house prices in England fell by 0.3% during the second quarter and were up 2.8% over the last 12 months.

For the first time in eight years, price growth in Northern England (West Midlands, East Midlands, Yorkshire & Humberside, North West and North) exceeded that in Southern England (South West, Outer South East, Outer Metropolitan, London and East Anglia). Northern England saw a 3.3% year-on-year increase, while in the South prices were up 2.6%.



Regional growth rates may have converged, but there are still significant disparities in price levels. This is particularly apparent when looking at prices relative to their 2007 peak. For example, prices in London are c55% above 2007 levels, while those in the North, Yorkshire & Humberside and North West are still lower than their 2007 peaks.



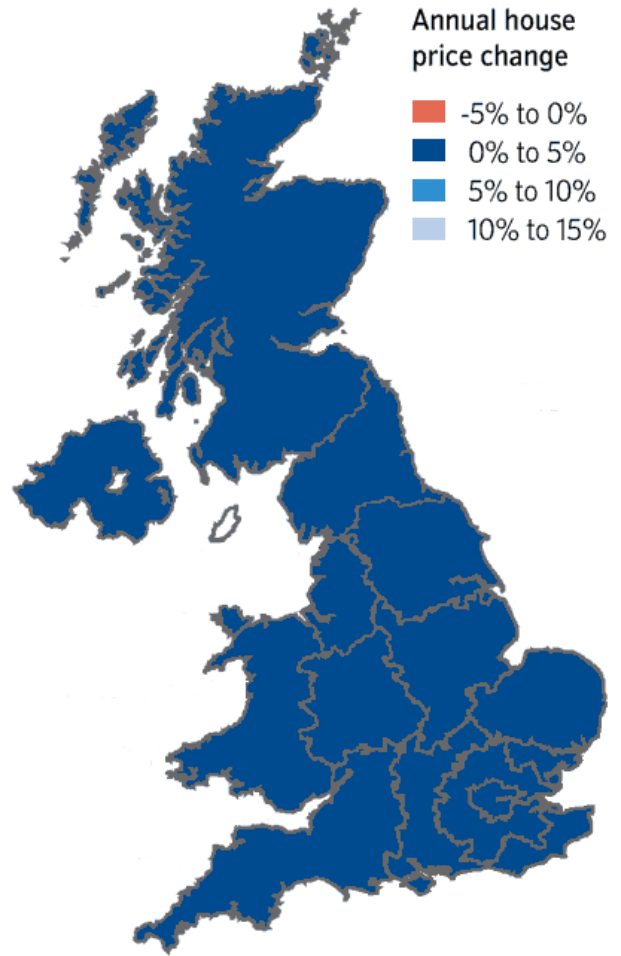
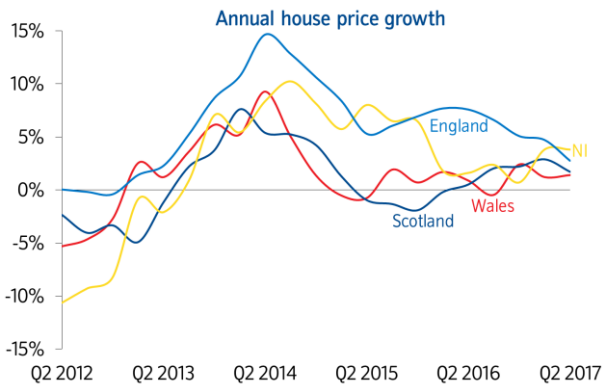
UK Fact File (Q2 2017)	
Quarterly average UK house price	£209,971
Annual percentage change	2.8%
Quarterly change*	-0.1%
Most expensive region	London
Least expensive region	North
Strongest annual price change	East Anglia
Weakest annual price change	North

\* Seasonally adjusted

### Nations – annual & quarterly price change

Nation	Average Price (Q2 2017)	Annual % change this quarter	Quarterly % change*
N Ireland	£133,449	3.8%	1.9%
England	£260,442	2.8%	-0.3%
Scotland	£143,673	1.7%	-0.7%
Wales	£148,018	1.4%	0.5%

\* Seasonally adjusted



## 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.

More information on the house price index methodology along with time series data and archives of housing research can be found at <http://www.nationwide.co.uk/about/house-price-index/headlines>

Historical figures including index levels can be viewed using the following link: <http://www.nationwide.co.uk/about/house-price-index/download-data>

Photographs of our economist are available at:

<http://www.nationwide.co.uk/about/media-centre-and-specialist-areas/media-centre/photo-library>

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