

# Nationwide HOUSE PRICE INDEX



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March 2017

## House price growth softens in March

- Annual house price growth softens to 3.5%
- Prices fall 0.3% month-on-month in March
- Some convergence in regional price growth, with gap between weakest and strongest performing regions narrowest since 1978

Headlines	Mar-17	Feb-17
Monthly Index*	415.3	416.7
Monthly Change*	-0.3%	0.6%
Annual Change	3.5%	4.5%
Average Price (not seasonally adjusted)	£207,308	£205,846

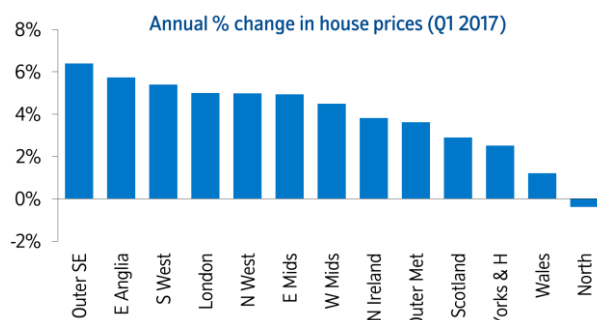
\* Seasonally adjusted figure (note that monthly % changes are revised when seasonal adjustment factors are re-estimated)

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

"The annual rate of house price growth slowed in March to 3.5%, from 4.5% in February. House prices fell by 0.3% in the month, after taking account of seasonal effects.

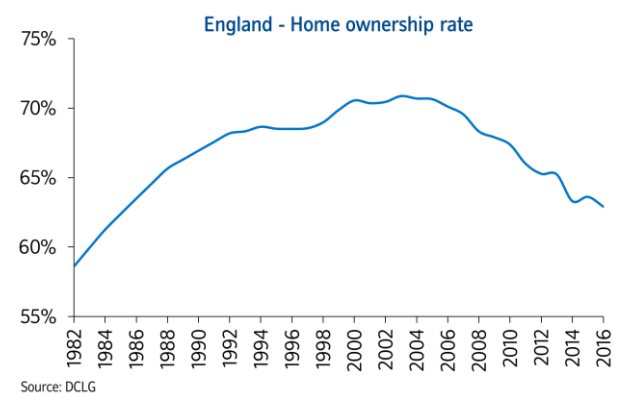
"There was a mixed picture across the UK in Q1. Six regions saw the pace of house price growth accelerate, six saw a deceleration and one (East Midlands) recorded the same rate as the previous quarter. Interestingly, the spread in the annual rate of change between the weakest and strongest performing regions was at its narrowest since 1978 at 6.8 percentage points – the second smallest gap on record.

"The South of England continued to see slightly stronger price growth than the North of England, but there was a further narrowing in the differential. Northern Ireland saw a slight pickup in annual house price growth, while conditions remained relatively subdued in Scotland and Wales (see page 3 for more detail on regional house price trends).



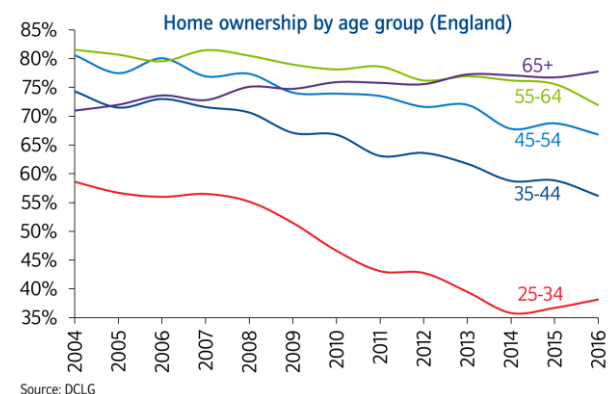
## Home ownership rate at lowest since 1985

"The latest English Housing Survey from DCLG revealed a further decline in the home ownership rate to 62.9% in 2016 – the lowest recorded since 1985 (see chart below).



"Over the past decade, there has been a particularly marked decline in the home ownership rate amongst young adults (those aged 25-34), traditionally the segment containing most first time buyers (see chart below).

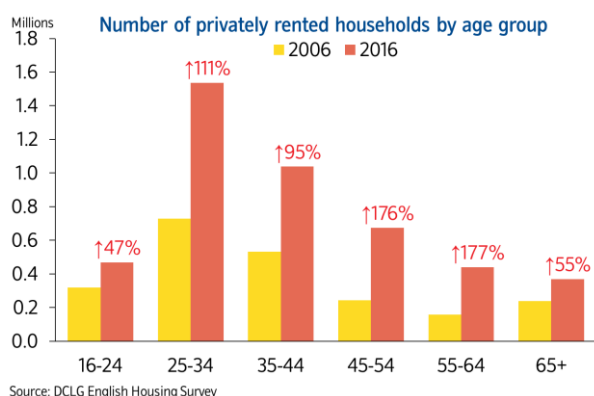
"While the last couple of years have seen a slight improvement in the proportion of young adults owning their own home (currently 38%), this remains considerably lower than was the case ten years ago. The data also reveals a significant fall in home ownership rates amongst those aged 35-44 to just 56% (down from 74% in 2006).



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“The counterpart to this trend has been robust growth in the private rental sector, with 20% of households in England now privately rented, a record high, up from 12% ten years ago. The number of privately rented households has increased by more than 75% over the past decade and now stands at 4.5 million.

“Unsurprisingly, those in the younger age groups are most likely to rent. But interestingly, the strongest increases, in terms of the number of households renting, have been amongst those aged 45-54 and 55-64. Over the past ten years, the number of privately rented households in the 45-54 age group has nearly tripled to c.700,000.



“It is unclear what is driving the increase in private renting amongst older households. However, it is interesting to note that these age groups have also seen a decline in the proportion of people owning with a mortgage and an increase in those owning their homes outright. This suggests a growing divide between property ‘haves’ and ‘have-nots’.”

## Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Mar-15	-0.2	0.5	5.1	189,454
Apr-15	1.1	0.5	5.2	193,048
May-15	0.3	0.8	4.6	195,166
Jun-15	-0.1	1.2	3.3	195,055
Jul-15	0.4	1.1	3.5	195,621
Aug-15	0.3	0.8	3.2	195,279
Sep-15	0.6	0.8	3.8	195,585
Oct-15	0.7	1.1	3.9	196,807
Nov-15	0.2	1.4	3.7	196,305
Dec-15	0.7	1.5	4.5	196,999
Jan-16	0.4	1.5	4.4	196,829
Feb-16	0.3	1.5	4.8	196,930
Mar-16	0.7	1.4	5.7	200,251
Apr-16	0.3	1.4	4.9	202,436
May-16	0.3	1.3	4.7	204,368
Jun-16	0.3	1.1	5.1	204,968
Jul-16	0.5	1.0	5.2	205,715
Aug-16	0.6	1.1	5.6	206,145
Sep-16	0.3	1.3	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	0.8	0.7	4.5	205,898
Jan-17	0.2	0.7	4.3	205,240
Feb-17	0.6	1.1	4.5	205,846
Mar-17	-0.3	1.0	3.5	207,308

# Quarterly Regional House Price Statistics

Q1 2017

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

## Regions over the last 12 months

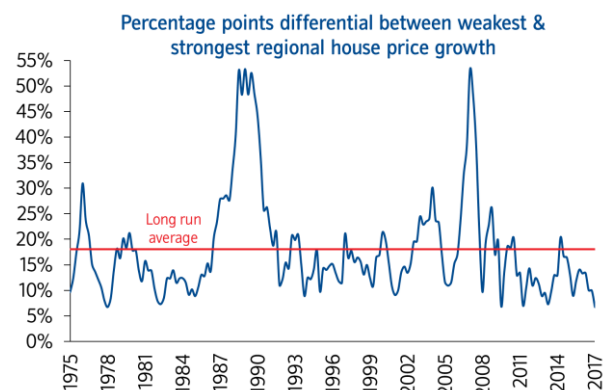
Region	Average Price (Q1 2017)	Annual % change this quarter	Annual % change last quarter
Outer S East	£271,655	6.4%	6.9%
East Anglia	£216,687	5.7%	10.1%
South West	£233,665	5.4%	4.4%
London	£478,782	5.0%	3.7%
North West	£152,142	5.0%	3.7%
East Midlands	£170,082	4.9%	4.9%
West Midlands	£176,160	4.5%	4.1%
N Ireland	£127,921	3.8%	0.7%
Outer Met	£356,812	3.6%	6.8%
Scotland	£143,964	2.9%	2.2%
Yorks & H'side	£147,983	2.5%	4.0%
Wales	£143,236	1.2%	2.4%
North	£123,397	-0.4%	0.1%
UK	£206,665	4.1%	4.5%

## Outer South East leads house price growth in Q1

The Outer South East was the strongest performing region in Q1 2017, with average prices up 6.4% year-on-year. The North continued to be the weakest performing region, with a slight decline in prices compared with Q1 2016.

Northern Ireland saw a pick-up in the rate of growth compared to the last quarter, with a 3.8% annual increase. Price growth in Scotland remained fairly steady at 2.9%, while Wales saw a slight softening in annual house price growth to 1.2%.

It is interesting to note that the gap between the weakest and strongest regions (in terms of annual price change) is now at its narrowest since 1978, at 6.8 percentage points.



## England: Growth slowing in the South

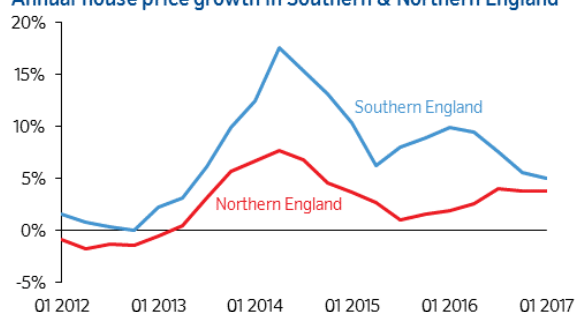
England (Q1 2017)	
Average house price	£257,176
Annual percentage change	4.7%
Quarterly change*	1.4%
Most expensive region	London
Least expensive region	North
Strongest annual price change	Outer South East
Weakest annual price change	North

\* Seasonally adjusted

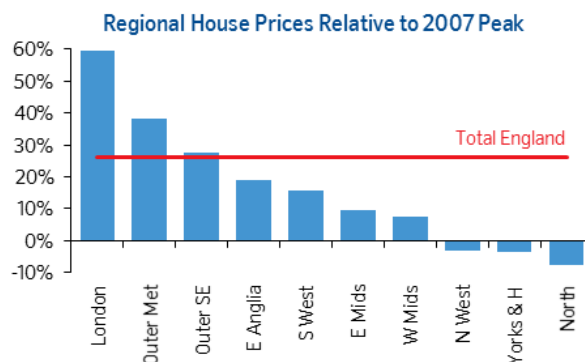
Average house prices in England increased by 1.4% in the first quarter of 2017 and were up 4.7% over the last 12 months.

The East Anglia and Outer Metropolitan regions saw a marked slowing in annual price growth compared with Q4. Overall, prices in Southern England (South West, Outer South East, Outer Metropolitan, London and East Anglia) were up 5.0% year-on-year, whilst in Northern England (West Midlands, East Midlands, Yorkshire & Humberside, North West and North), prices rose by 3.8%.

## Annual house price growth in Southern & Northern England



While regional growth rates have begun to converge, there remain significant disparities in price levels. This is particularly apparent when looking at prices relative to their 2007 peak. For example, prices in London are nearly 60% above 2007 levels, while those in the North, Yorkshire & Humberside and North West are still lower than their 2007 peaks.



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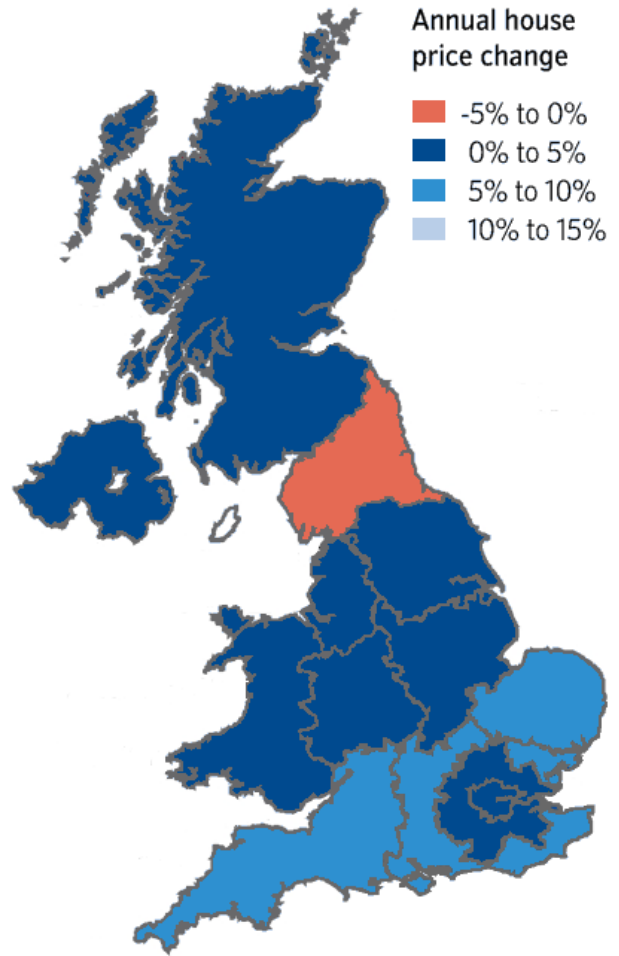
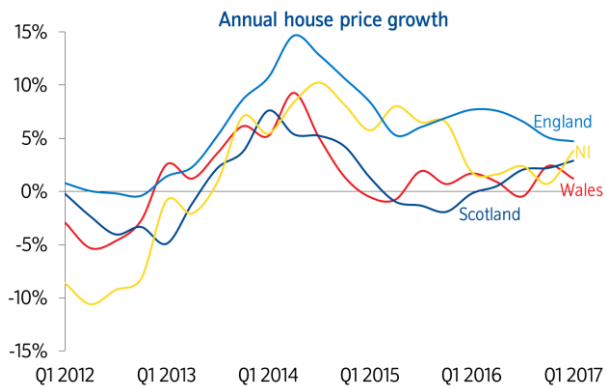
UK Fact File (Q1 2017)	
Quarterly average UK house price	£206,665
Annual percentage change	4.1%
Quarterly change*	1.1%
Most expensive region	London
Least expensive region	North
Strongest annual price change	Outer South East
Weakest annual price change	North

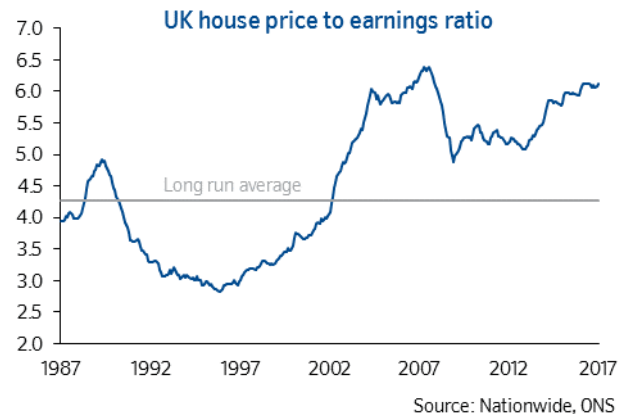
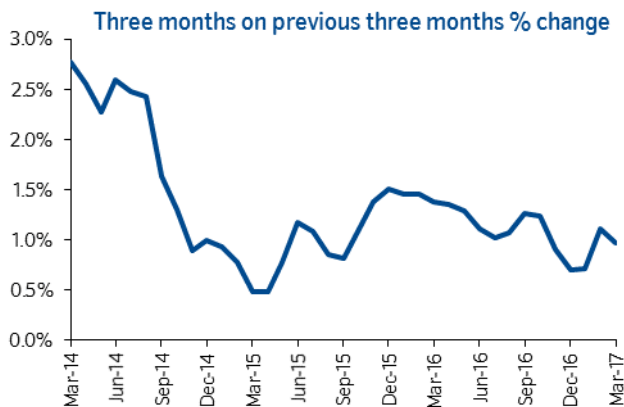
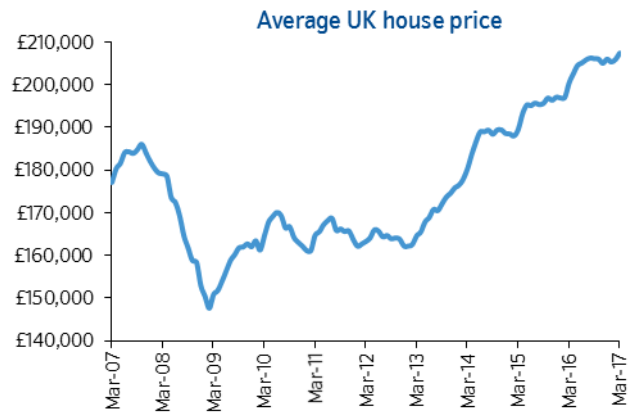
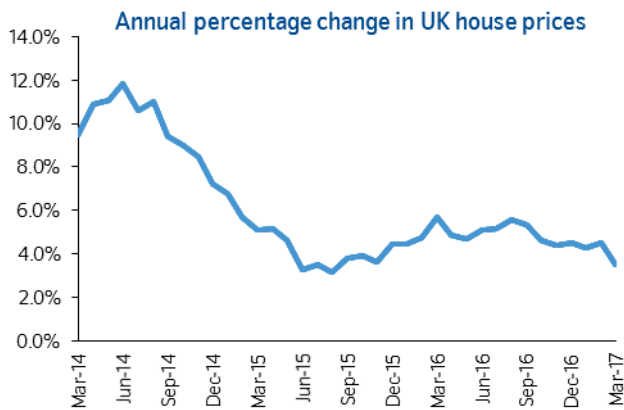
\* Seasonally adjusted

### Nations – annual & quarterly price change

Nation	Average Price (Q4 2016)	Annual % change this quarter	Quarterly % change*
England	£257,176	4.7%	1.4%
N Ireland	£127,921	3.8%	0.2%
Scotland	£143,964	2.9%	1.2%
Wales	£143,236	1.2%	-0.4%

\* Seasonally adjusted





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.

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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