

# Nationwide HOUSE PRICE INDEX



www.nationwide.co.uk/hpi

March 2015

## Annual house price growth continues to soften

- Annual house price growth slowed to 5.1% in March from 5.7% in February
- Annual house price growth slowed for the seventh month in a row
- UK house prices rose by 0.1% in March

Headlines	Mar-15	Feb-15
Monthly Index*	380.4	380.0
Monthly Change*	0.1%	-0.1%
Annual Change	5.1%	5.7%
Average Price (not seasonally adjusted)	£189,454	£187,964

\* 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 edged up by 0.1% in March though the annual pace of growth slowed for the seventh month in a row to 5.1% from 5.7% in February. UK house prices are currently around 2% above their pre-crisis levels.

“Economic conditions have remained supportive, with labour market conditions continuing to improve and mortgage interest rates close to all-time lows. Nevertheless, the pace of housing market activity has remained subdued, with the number of mortgages approved for house purchase in January around 20% below the level prevailing one year ago.

“While house price growth has moderated across the UK, there is still significant regional variation. Prices in London and the South of England continued to see the strongest rates of annual growth, though there was a noticeable softening this quarter, particularly in London.

“Price growth also continued to cool in the North West of England, Scotland and Wales, even though prices in these regions remain some way below their 2007 peak. Indeed, in annual terms, prices in Wales declined by 0.5% in Q1.

[For our regional house price report please click here.](#)

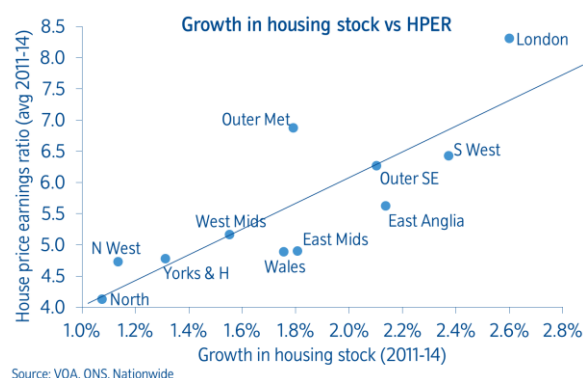
### Housing supply slow to respond

“Despite relatively strong rates of house price growth in recent years, there has only been a modest pickup in house building after the sharp fall seen in the wake of the financial crisis. For example, in 2014 around 119,000 houses were built in England. This is 11% higher than the low point seen in 2010, but 25% below the average rate of building in the five years before the financial crisis. Moreover, official estimates suggest that even before the crisis, building activity was running below that required to keep up with the natural growth in the population.

“Hopefully, construction activity will strengthen further in the period ahead. The major house builders appear to have capacity to expand supply, with most reporting land banks, which, at current rates of building activity, could support construction for more than five years. Demand prospects remain favourable thanks to the strength of the labour market, continued low mortgage rates and schemes such as Help to Buy, which are helping to provide those with smaller deposits access to mortgage finance. This in turn should help to provide house builders with confidence that there will be demand from buyers if the homes are built.

### Regional building trends suggest that activity is not completely insensitive to price signals

“The sluggish recovery in housebuilding in recent years reinforces the view that UK housing supply is slow to respond to price signals. However, there is some evidence that more building is taking place in regions where affordability is more stretched.



Media enquiries to: Robert Gardner, Chief Economist, [robert.gardner@nationwide.co.uk](mailto:robert.gardner@nationwide.co.uk)  
Mike Pitcher, 01793 657225, [mike.pitcher@nationwide.co.uk](mailto:mike.pitcher@nationwide.co.uk)



“The chart on the previous page shows that there is a relationship between the rate of increase in the housing stock in recent years and the level of house prices relative to local earnings. For example, regions that were more affordable, such as the North and North West, have seen the smallest increases in housing stock, with a rise of 1.1% over the 2011 to 2014 period, well below the average increase of 1.9% recorded in England and Wales as a whole.

“By contrast, areas such as the South East and South West, where house prices were relatively expensive, at more than six times average incomes, have seen the housing stock rise by 2.1% and 2.4% respectively over the same period.

“London remains something of an outlier, with housing stock increasing by 2.6% over the 2011 to 2014 period, above the national average. However, we would have expected a rise of around 3.1% in housing stock over this period given the experience in other regions.”

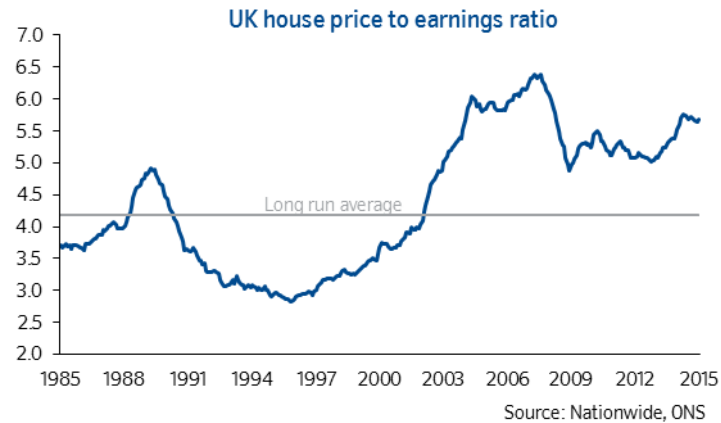
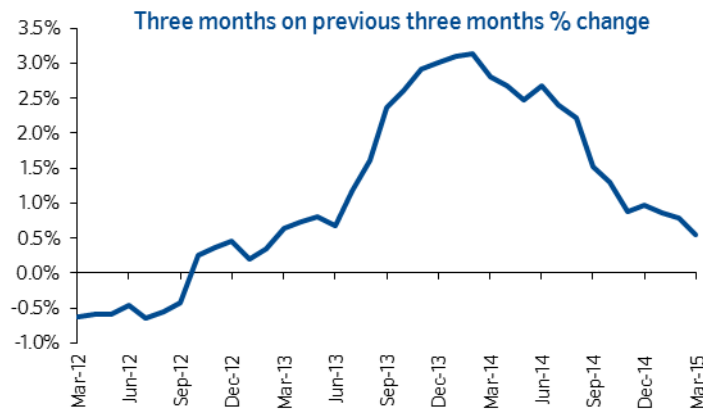
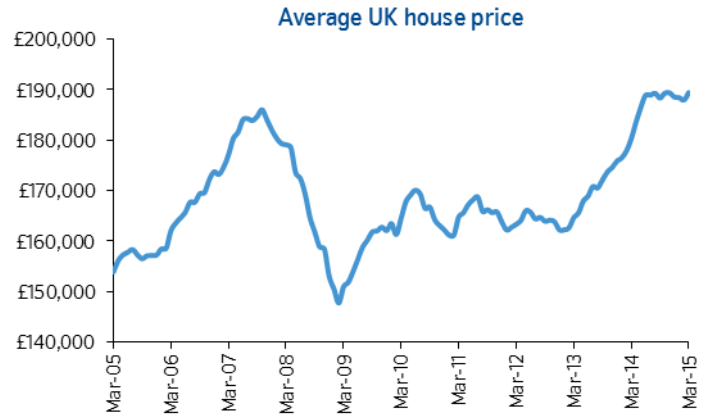
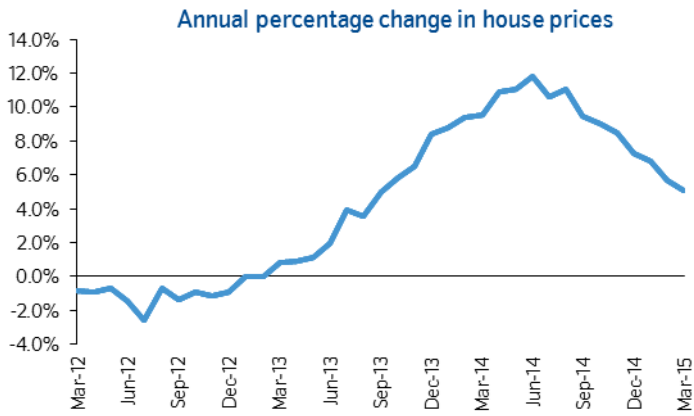
## Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Mar-13	0.3	0.6	0.8	164,630
Apr-13	-0.1	0.7	0.9	165,586
May-13	0.5	0.8	1.1	167,912
Jun-13	0.3	0.7	1.9	168,941
Jul-13	1.3	1.2	3.9	170,825
Aug-13	0.5	1.6	3.5	170,514
Sep-13	1.2	2.4	5.0	172,127
Oct-13	1.0	2.6	5.8	173,678
Nov-13	0.8	2.9	6.5	174,566
Dec-13	1.4	3.0	8.4	175,826
Jan-14	0.8	3.1	8.8	176,491
Feb-14	0.9	3.1	9.4	177,846
Mar-14	0.6	2.8	9.5	180,264
Apr-14	1.2	2.7	10.9	183,577
May-14	0.7	2.5	11.1	186,512
Jun-14	1.0	2.7	11.8	188,903
Jul-14	0.2	2.4	10.6	188,949
Aug-14	0.8	2.2	11.0	189,306
Sep-14	-0.2	1.5	9.4	188,374
Oct-14	0.5	1.3	9.0	189,333
Nov-14	0.3	0.9	8.5	189,388
Dec-14	0.2	1.0	7.2	188,559
Jan-15	0.3	0.9	6.8	188,446
Feb-15	-0.1	0.8	5.7	187,964
Mar-15	0.1	0.5	5.1	189,454

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

Media enquiries to: Robert Gardner, Chief Economist, [robert.gardner@nationwide.co.uk](mailto:robert.gardner@nationwide.co.uk)  
Mike Pitcher, 01793 657225, [mike.pitcher@nationwide.co.uk](mailto:mike.pitcher@nationwide.co.uk)





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/>

Photographs of our economist are available at: <http://www.nationwide.co.uk/about/media-centre-and-specialist-areas/media-centre/photo-library>

## Legal Information

The Nationwide House Price Indices are prepared from information that we believe is collated with care, but no representation is made as to their accuracy or completeness. We reserve the right to vary our methodology and to edit or discontinue the indices at any time, for regulatory or other reasons.

**Persons seeking to place reliance on the Indices for any purpose whatsoever do so at their own risk and should be aware that various factors, including external factors beyond Nationwide Building Society's control might necessitate material changes to the Indices.**

The Nationwide House Price Indices may not be used for commercial purposes including as a reference for: 1) determining the interest payable, or other sums due, under loan agreements or other contracts relating to investments 2) determining the price at which investments may be bought or sold or the value of investments or 3) measuring the performance of investments.

Nationwide Building Society is the owner of the trade mark "Nationwide" and all copyright and other rights in the Nationwide House Price Indices.

The application of the IOSCO Principles on financial benchmarks to the NHPI is more fully set out in our [statement regarding IOSCO Principles](#). Nationwide considers that its arrangements for administration of the NHPI comply with the IOSCO Principles in a proportionate manner having regard to the nature of the index.

Media enquiries to: Robert Gardner, Chief Economist, [robert.gardner@nationwide.co.uk](mailto:robert.gardner@nationwide.co.uk)  
Mike Pitcher, 01793 657225, [mike.pitcher@nationwide.co.uk](mailto:mike.pitcher@nationwide.co.uk)