

Nationwide HOUSE PRICE INDEX



www.nationwide.co.uk/hpi

December 2018

House price growth slows to just 0.5% in 2018, down from 2.6% in 2017

- Annual house price growth slows to its weakest pace since February 2013
- Prices fell 0.7% in the month of December, after taking account of seasonal factors
- Outer Metropolitan and London regions both recorded small house price declines in 2018

Headlines	Dec-18	Nov-18
Monthly Index*	425.7	428.8
Monthly Change*	-0.7%	0.4%
Annual Change	0.5%	1.9%
Average Price (not seasonally adjusted)	£212,281	£214,044

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

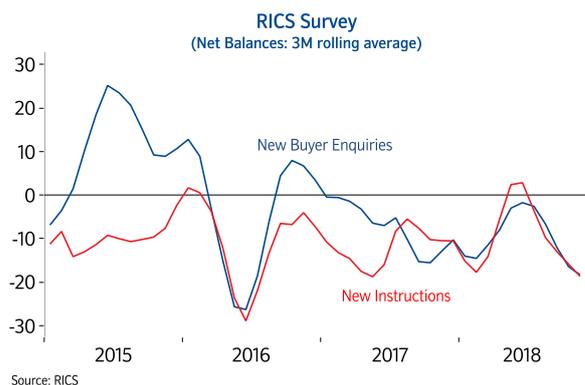
Commenting on the figures, Robert Gardner, Nationwide's Chief Economist, said:

"UK house price growth slowed noticeably as 2018 drew to a close, with prices just 0.5% higher than December 2017.

"This marks a noticeable slowdown from previous months, where prices had been rising at a c2% pace. However, it is broadly in line with our expectations (since the start of the year we had been anticipating a price rise of c1% in 2018).

"Indicators of housing market activity, such as the number of property transactions and the number of mortgages approved for house purchases, have remained broadly stable in recent months, but forward-looking indicators had suggested some softening was likely.

"In particular, measures of consumer confidence weakened in December and surveyors reported a further fall in new buyer enquiries towards the end of the year. While the number of properties coming onto the market also slowed, this doesn't appear to have been enough to prevent a modest shift in the balance of demand and supply in favour of buyers.



Uncertainty exerting a drag on the market

"It is likely that the recent slowdown is attributable to the impact of the uncertain economic outlook on buyer sentiment, given that it has occurred against a backdrop of solid employment growth, stronger wage growth and continued low borrowing costs.

"Near term prospects will be heavily dependent on how quickly this uncertainty lifts, but ultimately the outlook for the housing market and house prices will be determined by the performance of the wider economy – especially the labour market.

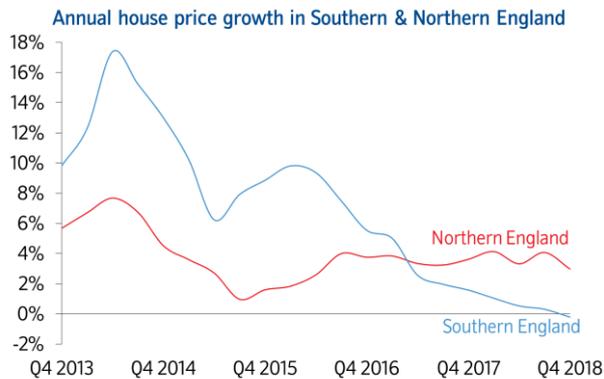
"The economic outlook is unusually uncertain. However, if the economy continues to grow at a modest pace, with the unemployment rate and borrowing costs remaining close to current levels, we would expect UK house prices to rise at a low single-digit pace in 2019.

Mixed picture across the regions

"Amongst the home nations Northern Ireland recorded the strongest growth in 2018, with prices up 5.8%, though Wales also recorded a respectable 4% gain. By contrast, Scotland saw a more modest 0.9% increase, while England saw the smallest rise of just 0.7% over the year.

"One of the more prominent regional trends in 2018 was the further narrowing of the north-south house price divide in England. Price growth in the south (London, Outer

Metropolitan, Outer South East, East Anglia, South West) moderated throughout the year, while in the northern regions (the North, North West, East and West Midlands, and Yorkshire & Humberside), price growth remained broadly stable in the 3% to 4% range.

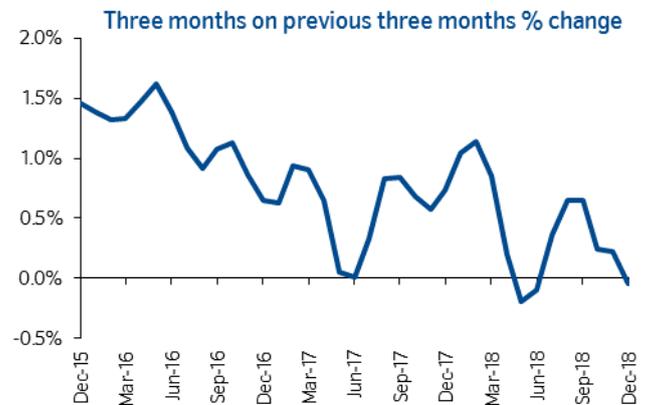
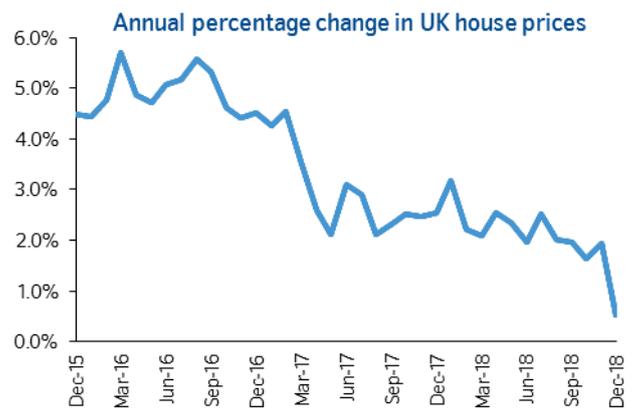
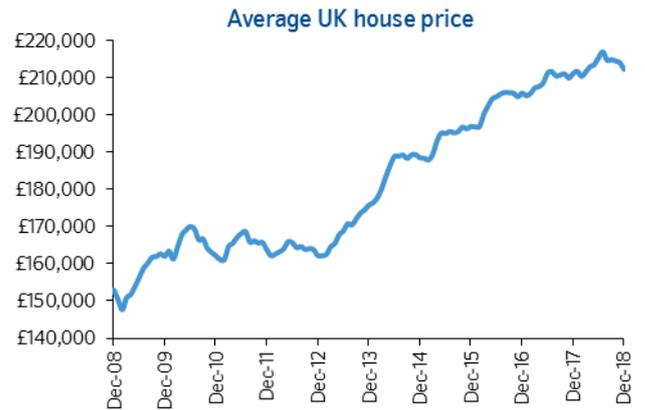


“This trend was not entirely unexpected, however, as it followed several years of sustained outperformance by the south (especially London and Outer Metropolitan) which left affordability more stretched in these areas.

“Indeed, even though house prices have been rising more quickly in the north of England since Q2 2017, price levels are still significantly higher in the south. The price of a typical home in the south of England (£329,240) is still almost double that in the north (£166,642).”

Monthly UK House Price Statistics

	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Dec-16	0.6	0.7	4.5	205,898
Jan-17	0.2	0.6	4.3	205,240
Feb-17	0.5	0.9	4.5	205,846
Mar-17	-0.1	0.9	3.5	207,308
Apr-17	-0.4	0.6	2.6	207,699
May-17	-0.1	0.1	2.1	208,711
Jun-17	0.9	0.0	3.1	211,301
Jul-17	0.2	0.3	2.9	211,671
Aug-17	-0.1	0.8	2.1	210,495
Sep-17	0.4	0.8	2.3	210,801
Oct-17	0.3	0.7	2.5	211,085
Nov-17	0.1	0.6	2.5	209,988
Dec-17	0.7	0.7	2.6	211,156
Jan-18	0.7	1.0	3.2	211,756
Feb-18	-0.4	1.1	2.2	210,402
Mar-18	-0.2	0.8	2.1	211,625
Apr-18	0.2	0.2	2.6	213,000
May-18	-0.2	-0.2	2.4	213,618
Jun-18	0.5	-0.1	2.0	215,444
Jul-18	0.7	0.4	2.5	217,010
Aug-18	-0.5	0.6	2.0	214,745
Sep-18	0.2	0.7	2.0	214,922
Oct-18	0.0	0.2	1.6	214,534
Nov-18	0.4	0.2	1.9	214,044
Dec-18	-0.7	0.0	0.5	212,281



Source: Nationwide, ONS

Media enquiries to: Robert Gardner, Chief Economist, robert.gardner@nationwide.co.uk
Mike Pitcher, Media Relations Manager, mike.pitcher@nationwide.co.uk

Quarterly Regional House Price Statistics

Q4 2018

Please note that these figures are for the three months to December, 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 (Q4 2018)	Annual % change this quarter	Annual % change last quarter
N Ireland	£139,599	5.8%	4.3%
East Midlands	£184,283	4.0%	4.8%
Wales	£156,891	4.0%	3.3%
Yorks & H'side	£157,436	3.7%	5.8%
West Midlands	£188,163	2.9%	4.1%
North West	£160,984	2.2%	4.1%
South West	£244,304	2.0%	1.9%
East Anglia	£228,014	2.0%	3.0%
North	£125,813	1.0%	-1.7%
Scotland	£147,856	0.9%	2.1%
Outer SE	£277,117	0.0%	0.8%
London	£466,988	-0.8%	-0.7%
Outer Met	£356,531	-1.4%	-0.3%
UK	£214,178	1.3%	2.1%

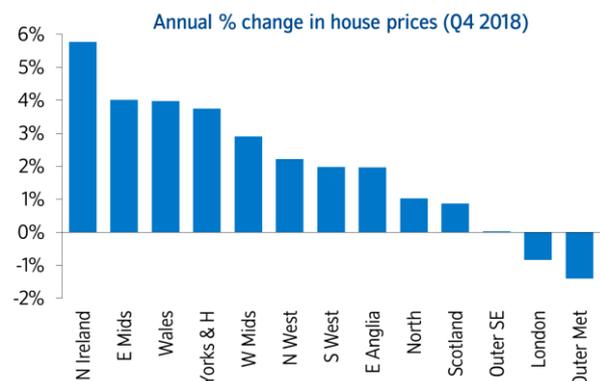
Northern Ireland top performing region

Regional house price performance was slightly more varied over 2018 compared with 2017, although outside of London and the South East all regions continued to see annual price growth.

Northern Ireland saw a noticeable pick up in price growth and was the top performing region over the year, with a 5.8% increase.

Wales also outperformed the UK average with prices up 4% over 2018 (compared with a 3.3% increase in 2017). Meanwhile, price growth in Scotland remained relatively subdued, with a 0.9% year-on-year rise.

The Outer Metropolitan was the weakest performing region, with prices down 1.4% over the year. London also continued to see modest price falls, with prices declining 0.8% during 2018 (the sixth quarter in a row in which the capital has recorded an annual house price decline).



England: Softer price growth in South

England (Q4 2018)	
Average house price	£257,938
Annual percentage change	0.7%
Quarterly change*	-0.1%
Most expensive region	London
Least expensive region	North
Strongest annual price change	East Midlands
Weakest annual price change	Outer Metropolitan

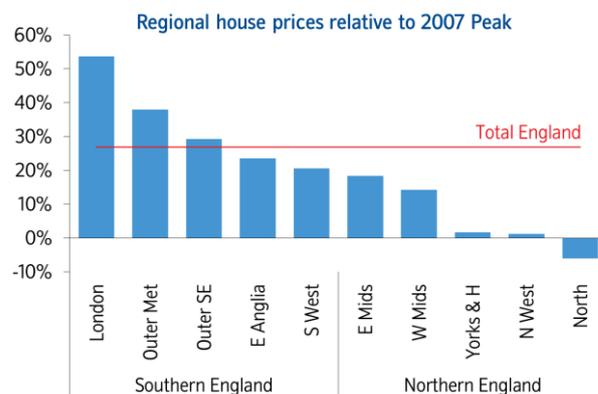
* Seasonally adjusted

Average house prices in England fell by 0.1% quarter-on-quarter in Q4, with prices up 0.7% over the year as a whole.

For the second year running, price growth in northern England exceeded that in southern England. While most regions saw a softening in price growth this quarter, overall prices in northern England were up 3% year on year.

Meanwhile, in southern England both London and the Outer Metropolitan regions continued to see prices decline year on year, leading to a slight overall decline in the south of 0.2%.

However, looking at price levels relative to 2007 peaks, there is still a significant divide. In Yorkshire & Humberside, the North West and North prices are still close to 2007 levels, while in London they are more than 50% higher.



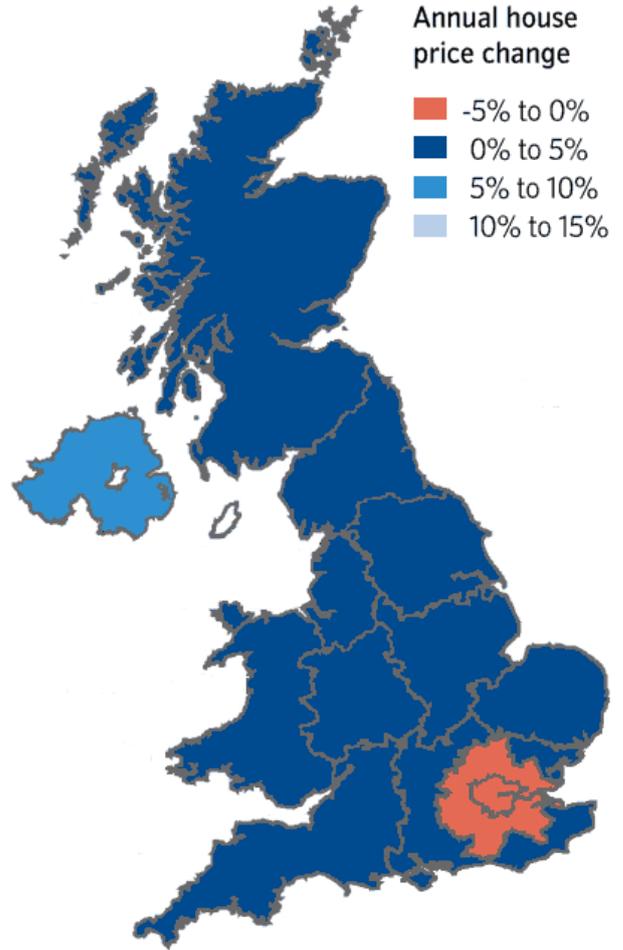
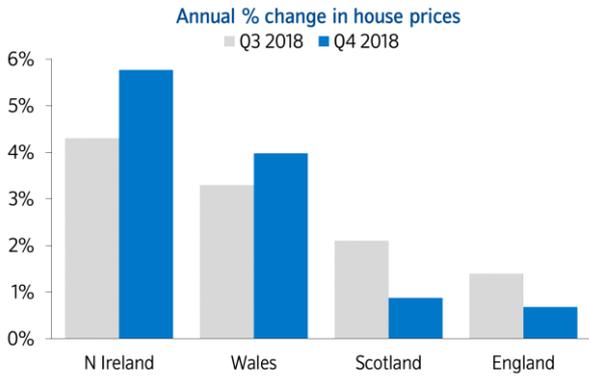
UK Fact File (Q4 2018)	
Quarterly average UK house price	£214,178
Annual percentage change	1.3%
Quarterly change*	0.0%
Most expensive region	London
Least expensive region	North
Strongest annual price change	Northern Ireland
Weakest annual price change	Outer Metropolitan

* Seasonally adjusted

Nations – annual & quarterly price change

Nation	Average Price (Q4 2018)	Annual % change this quarter	Quarterly % change*
N Ireland	£139,599	5.8%	1.1%
Wales	£156,891	4.0%	1.8%
Scotland	£147,856	0.9%	-0.3%
England	£257,938	0.7%	-0.1%

* 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>

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.

Commentary and other materials posted on our website are not intended to amount to advice on which reliance should be placed or an offer to sell or solicit the purchase by you of any products or services that we provide. We therefore do not accept any liability or responsibility arising from any reliance placed on such materials by any visitor to our website, or by anyone who may be informed of any of its contents.