

### House prices edge up further in November, the Nationwide has said.

- House prices rose by 0.5% in November, the same rate as in October
- Year-on-year house price inflation increased from 2.0% to 2.7%
- Labour market has so far held up better than expected

The monthly rate of house price inflation was unchanged in November at a seasonally adjusted 0.5%, leaving the average price of a typical property 2.7% higher than a year earlier. At £162,764, the average house price is at a similar level to where it was in early 2006. The 3 month on 3 month rate of change - generally a smoother indicator of the near term trend - dropped to 2.8% from 3.5% in October and 3.8% in September. This suggests that house prices are now rising at a more moderate pace than in the spring and summer months, when they experienced a very strong bounce from the early 2009 lows.

The outlook for the housing market remains crucially dependent on labour market conditions, and here recent developments have been somewhat more encouraging than might have been expected. With the UK experiencing its longest and deepest recession since WWII, most economists expected unemployment to increase very sharply in 2009, perhaps breaching the psychologically important three million mark by the end of the year. While unemployment has indeed increased noticeably, the rise has not been as rapid and pronounced as previously feared. Based on the latest labour market figures from September, it now looks unlikely that the jobless total will reach three million before the year is up.

**Source: Nationwide Building Society**