

## House prices continue London-driven rise

UK house prices jumped 6.8 per cent in January 2014 compared to a year earlier, according to the latest Office for National Statistics figures.

The latest results indicated that house prices grew by just over seven per cent in England, just under seven per cent in Wales, 1.4 per cent in Scotland and 2.7 per cent in Northern Ireland.

Overall annual house price growth in England was driven in particular by rises in London (13.2 per cent), the South East (7.1 per cent) and the West Midlands (5.3 per cent) - excluding London and the South East, UK house prices increased by 3.8 per cent.

**Rory Penn, partner at London estate agency VanHan, said: 'House-price growth continues to accelerate, with parts of the UK performing particularly strongly, but talk of a house price bubble on a national level is still overplayed. Property prices are being boosted by a structural lack of supply, a growing mortgage market and improving consumer confidence. While central London storms ahead, regional house prices will play catch up for a few years as mortgage-financed buyers re-enter the market, taking advantage of the cheap rates available.'**

The ONS figures show that in January 2014, prices paid by first time buyers were 7.6 per cent higher on average than in January 2013.

"With new mortgage lending and approvals up 50 per cent on a year ago to the highest level since August 2008, demand for borrowing continues to soar," commented Jonathan Harris, director of mortgage broker Anderson Harris. "Rising property prices are a concern for buyers, particularly first-timers who have saved hard for a modest deposit and are worried about being priced out further. The lack of stock is the main issue and while the Budget emphasised the need to build more homes, they simply can't be built quickly enough."

Simon Crone, Vice President – Mortgage Insurance Europe for Genworth, added: "House prices may be rising, but it's a mistake to suggest this is down to the Help to Buy mortgage guarantee scheme which is being used sensibly and moderately to improve access to the property market. Far from stoking a house price bubble, today's ONS figures highlight the fact that in almost every UK region, people using Help to Buy 2 are buying properties worth less than the average first time buyer home."