

New house price figures show London continues to be a driving force

Annual house price increases in England were driven by a 7.6% rise in London and a 3.3% increase in the South East

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Figures from the Office for National Statistics out today show that in the 12 months to March 2013 UK house prices rose by 2.7 per cent (compared to a 1.9% increase in the 12 months to February 2013).

Overall, the year-on growth was 3 per cent in England and 1.2 per cent in Wales, offset by drops of 1.7 per cent in Scotland and 2 per cent in Northern Ireland. Excluding London and the South East, UK house prices increased by 0.6 per cent in the 12 months to March 2013.

The figures also show that in March 2013, prices paid by first-time buyers were 1.3 per cent higher on average than in March 2012.

Christopher Down, CEO Hearthstone Investments said: "The latest ONS figures are encouraging, showing a recovery and continued stability of returns from the housing sector across most of the UK. This is certainly positive news for the wider economy given the link between property values and consumer sentiment.

"Those who aren't yet homeowners can still benefit from positive market movements without owning property, by investing in residential investment fund . This also allows people nationwide to benefit from the strong performances both in their local area and across the country"

Giles Hannah, managing director of London estate agency VanHan, said: "The national average figures demonstrate a clear divide between London, the home counties and the UK as a whole. In London house prices are likely to continue on an upwards trend over the next three years with a severe lack of supply of new homes actually ready and completed. Buyers from Singapore and Hong Kong are snapping up properties off plan in new developments, particularly in Covent Garden. This is not a bubble, the market is simply rising with increased demand, a severe lack of supply and an improving economy in the UK, which shows no signs of slowing.

"In prime central London we are seeing a swathe of wealthy French nationals keen to evade France's tax hikes, who are fuelling the market as they relocate their families in time for the new school year in September. Subsequently, prices are rising in Holland Park, Notting Hill and South Kensington."