

London's house price growth rate beaten by the home counties

House prices are often the talk of town across London, which is home to some of the highest average valuations in the country, but new research shows that prices in areas outside the capital have been rising faster, for longer.

Saxo, the investment platform, has crunched the numbers on average house price data going back to 2010 and found that the increases in the home counties are outpacing those within London itself. Buckinghamshire's average house price was up 70% over the last 12 years, taking it to over £491,000. Over the same period, London's rose 34%, but remained higher at almost £533,000.

There were increases of over 50% across much of the stockbroker belt – within easy reach of central London but outside the M25 – including West Sussex, Surrey and Hertfordshire. The trend, revealed by analysis of government house price index data, implies that the so-called “race for space” seen since the pandemic, with people leaving the city for more distant properties with gardens and more room, has deeper roots.

Saxo's Anaam Raza said: “Many home counties have seen higher price rises than the capital suggesting more London-based homeowners have been leaving their city homes for the suburbs.”

London was also behind the national average rise for England of almost 50%.

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The research followed the Bank of England's announcement last week to raise interest rates from 2.25% to 3% last week – the biggest jump since the 1980s. It stoked concern that home ownership would move out of reach for many more people as mortgage costs rise, a worry that has shown up in a range of trading updates from house builders.

Saxo's analysis also found that the rates of house price inflation were similar in areas with contrasting socio-economic characteristics. House prices in the wealthiest areas of England have increased by 43%, a similar figure to the poorest areas where properties have increased by 38%.

"The average home in the 10 poorest housing markets in the UK in 2010 have risen by £53,000 in 12 years – raising concerns for the affordability of properties in less affluent areas," said Raza.

People keen to get on the housing ladder will welcome and drop in prices, while talk of a slowdown will send shivers down homeowners' spines, even while the fundamental supply and demand conditions in the market should be supportive in the long-term.