House prices growing at fastest rate since 2004

House prices in the UK are growing at their fastest rate since 2004, posting their eight consecutive monthly increase.

Last month, annual house price growth increased to 14.3%, from 12.6% in February, according to Nationwide.

Wales remained the strongest performing region in the first three months of this year, while London remained the weakest.

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Nicky Stevenson, managing director at Fine & Country estate agents, discusses house prices with Sky's Ian King Live

Meanwhile, detached properties have increased by nearly

£68,000 since the onset of the pandemic, with average flat prices up £24,000.

The average price of a house in the UK is now £265,312, around 21% higher than before the pandemic struck in 2020.

"The housing market has retained a surprising amount of momentum given the mounting pressure on household budgets and the steady rise in borrowing costs," said Robert Gardner, Nationwide's Chief Economist.

"The number of mortgages approved for house purchase remained high in February at around 71,000, nearly 10% above pre-pandemic levels," he added. "A combination of robust demand and limited stock of homes on the market has kept upward pressure on prices."

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The continued buoyancy of housing demand may in part be explained by strong labour market conditions, Mr Gardner said, with unemployment levels low and wages relatively high.

“Nevertheless, we still think that the housing market is likely to slow in the quarters ahead,” he said.

The UK is in the midst of a cost of living crisis, as people across the country face growing household bills which have been exacerbated by the war in Ukraine.

As a result of the invasion, the Bank of England now thinks inflation will top 8% in April and go even higher in the autumn.

A document released by the OBR (Office for Budget Responsibility) – the public body which provides independent economic forecasts – said the rise in inflation is expected to cause “the biggest fall in living standards in any single financial year since records began in 1956-57”.

Mr Gardner added that if the labour market remained strong, the Bank of England was likely to raise interest rates, which could feed through to mortgages and hurt demand for houses.