LONDON TO LEAD RECOVERY IN HOUSE PRICES WITH 41% GROWTH BY 2016

London is to lead the UK house price recovery with 41% cumulative growth between now and the end of 2016, according to the latest research by BNP Paribas Real Estate.

The leading international real estate adviser has published its latest Housing & The Economy report - its annual house price forecasts put together with Professor Patrick Minford, a former economics adviser to Margaret Thatcher and the current Professor of Economics at Cardiff Business School.

Growth last year in London was 2.7%, growth this year will be 2.65%, but in 2013 it will reach 6.6% and by 2014 is forecast to rise to 7.1%, BNP Paribas Real Estate predicts. This means that in the decade from 2006 to 2016, London house prices will have grown by an impressive 73%.

The UK picture overall is also positive with 24% cumulative growth expected between now and 2016. However, growth this year is likely to be -1.1% following last year’s marginal fall of -0.2%. Next year is looking more positive, with a forecast growth of 0.9%.

Tim Cann, head of residential at BNP Paribas Real Estate, commented: “Activity in the UK housing market continues to remain sluggish, as values in South East (outside London) have been flat or have fallen in the last nine months, but since our summer report there have been some very early tentative signs of improving market conditions. At a regional level, London and the South East remain resilient and are the only markets where we are forecasting positive house price growth this year. England’s seven remaining regions are forecast to see negative house price growth in 2012, with five of these regions expected to see greater falls than those experienced in 2011.”

The South East (outside London) is the second biggest winner behind London, in terms of house price growth, with cumulative growth of 34% forecast between now and the end of 2016, an annualised figure of 6.0%. In 2013, this figure will be 2.7%.

The South West follows with 29% predicted growth between now and the end of 2016, an annualised figure of 5.3% and growth this year of -0.3%. The Eastern regions and West Midlands follow with price growth predicted of 24% and 22%, respectively.
Between now and 2016, East Midlands will see cumulative growth of 21% and Yorkshire will see cumulative growth of 18%. The lowest growth is forecast in the North West, with only a 14% rise in house prices predicted between now and 2016. The report also predicted cumulative growth of 16% by 2016 in the North East, with -1.1% expected this year.

Debbie Taylor, head of land and new homes at BNP Paribas Real Estate, added: “Looking at the national figures, construction levels across the rest of the country are at the lowest levels for 13 years. The UK remains separated by a very distinct North/South divide - the North remains constrained by there being greater costs on remediation and infrastructure against what is achievable in terms of sales revenue, due to the region’s industrial legacies. The South is more affected by the level of affordability of the stock than by availability.”

Cann concluded: “With some very early tentative signs of some improvements in the housing market, our forecast for 2013 is more upbeat than 2012, with UK house prices forecast to grow 0.9%. Whilst this increase won’t offset the falling values experienced in 2011 and 2012, positive growth will certainly be a move in the right direction. Beyond 2014 we are expecting the UK growth rate to accelerate, with UK house prices forecast to rise 8.8% in 2015.”

-ends-

About BNP Paribas Real Estate
BNP Paribas Real Estate, one of the leading international real estate providers, offers its clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management.
BNP Paribas Real Estate has local expertise on a global scale through its presence in 36 countries with more than 150 offices and 3,400 employees (16 wholly owned subsidiaries and 20 by its Alliance network, that represents today more than 3,000 people). BNP Paribas Real Estate is a subsidiary of BNP Paribas.
For more information: www.realestate.bnpparibas.com

Press contact: Alex Tucker, UK Press Officer, +44 (0) 207338 4086 alex.tucker@bnpparibas.com