Price growth strong outside of London

UK property prices continue to grow strongly outside of London, with the capital city dragging average growth downwards. Following a traditionally strong start to the year, the capital has reminded investors why they should continue to look elsewhere.

By Alex Timperley, 30 May 2019

The latest data from Hometrack's April 2019 UK Cities House Price Index shows that the average UK house price inflation was 1.7% as momentum slowed across cities. However, as always, the headline figure does not tell the whole story.

An annual fall of 0.5% in London property prices obscures impressive growth elsewhere. At the other end of the scale is Glasgow where property prices grew 5.1% year-on-year, with Northern cities like Manchester (4.5%) and Sheffield (4.4%) following closely behind.

Once again it is clear to see that a supposed slowdown across the UK's cities does not apply to all equally. Anyone looking to invest in UK buy to let is advised to dig more deeply into the numbers and note that regional cities are still performing strongly. Moreover, projected future economic and population growth outside of London makes it likely that this growth will continue into the future.

For instance, recent research from JLL shows that new job creation in Manchester is outpacing other regional UK cities. The city is projected to have at least 10,000 more office workers by 2021 than it did in 2018 and, coupled with the highest wage growth since 2008, this will provide a major economic boost. As Manchester grows, more and more people will move to the city and the knock-on effects for the housing market will continue to stack up.

With that in mind, investing in Manchester looks to be a strong bet for the future – certainly more so than investing in London.

Another area in which we can see the underlying weakness of London's property market concerns discounts to asking prices. These increased across all cities, but they are larger and more widespread in London than anywhere else.

The average discount from the asking price in London is 7.6% - several percentage points higher than the national average – and buyers in most central London areas are achieving discounts of more than 10%, according to Hometrack. In contrast, Northern hotspots such as **Manchester** and **Sheffield** recorded average discounts far below the national average at approximately 2% each.

From this we can see that the capital is either in the middle of a serious price correction or it is entering one. Either way, the result of this is likely to be continuing falls in house prices over a sustained period. It is no wonder that so many buy to let investors are abandoning London and looking elsewhere for more stable capital appreciation prospects.