For many people considering moving, the arrival of March subconsciously marks the beginning of spring and the time to start turning thoughts into action. However, factors such as unseasonal weather and an early Easter have tested the resolve and commitment of many buyers over the last month and sellers have postponed launching fresh stock into the market.

Despite this, Garrington has noted a continuation of the positive sentiment seen in the first two months of the year.

Highest price rises in 3 years

House prices once again hit the headlines in March off the back of Hometrack's surprise data suggesting average values have risen by 0.3%, their highest monthly rate of growth since March 2010. This is supported by Halifax's data which also points to growth of 0.2%. Rightmove's data suggests that growing consumer confidence has led to an increase in buyer demand, which has, somewhat inevitably, resulted in a rise in asking prices of 1.7% in March. The latest Land Registry data points to a 15% drop in annual transaction volumes at the end of 2012. However it is important to note that, whilst four of the last twelve Land Registry reports show decreased annual volumes, the overall trend is one of growth.

London continues to lead price rises

London continues to lead the way in terms of an uplift in values, with Nationwide indicating that the recent quarterly growth of 4.6% in the Capital leaves house prices at their highest level since their peak in October 2007. The Land Registry's latest data shows that the Prime Market in particular continues to out-perform, with the volume of sold properties worth over £2m up 35% compared to this time last year. This serves to underline the fact that, whilst price growth above £2m may be faltering, the Government's recent increase in stamp duty has done little to subdue transaction volumes in the market at this level.

The price rises seen in London so far this year are defying previous predictions made by industry analysts. There is a distinct lack of supply of new property entering the market and purchaser demand in central London is buoyed by international buyers, who remain confident in the capital's prime market as a safe haven for wealth preservation. Whilst this trend is not a new phenomenon, Garrington's London office has seen a notable resurgence of enquiries from such clients.

Budget measures

The Budget focused on easing the bottle-neck in the mainstream property market. The Help to Buy scheme broadens the reach of the existing NewBuy and FirstBuy scheme with two upgraded initiatives. January 2014 will also see the launch of the Help to Buy Mortgage Guarantee which will help those struggling to raise more than a 5% deposit by guaranteeing up to 20% of the loan.

It is believed that the Mortgage Guarantee scheme could account for as many as 550,000 additional house sales once it is introduced, an increase of 34% on the total number of sales currently reliant on mortgage funding.

Garrington believes that these two initiatives will support the mainstream market and are likely to have a positive effect on volumes and values at the higher end of the market.

Investment property market evolves

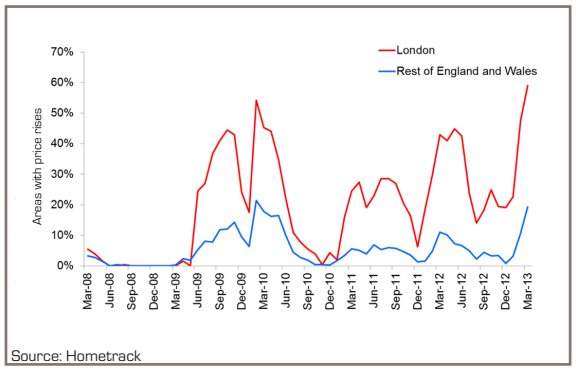
The Chancellor also announced plans to increase government investment in the 'build to let' market from £200m to £1bn. Following the budget, a pension fund operated by Prudential has already announced its plan to enter the residential investment market, having agreed terms to acquire 500 new homes from Berkeley Homes. This is seen as a significant first step in corporate institutions supporting the private rented sector.

On the face of it this is good news for the investment market, but high-net-worth private landlords need to carefully evaluate how it might affect their own onward strategy, both for acquiring and holding investment properties, as they simply will not be able to compete with this new profile of residential investor which will enjoy significant competitive advantages due to its considerable buying power.

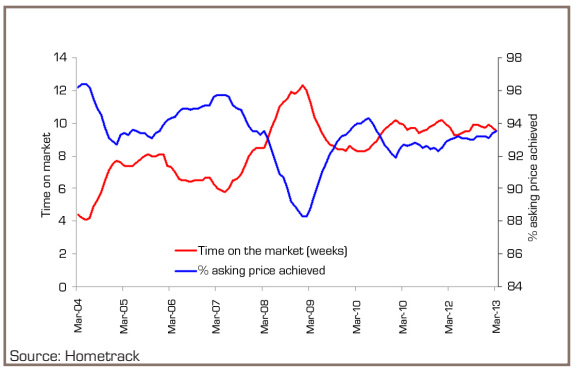
A buyer's or a seller's market?

Our feedback as to whether this is currently a buyer's or a seller's market is varied depending on locality and the property in question. London appears to be as short on quality stock as ever. The lower end of the prime market is competitive but the upper end is largely void of inspiring or interesting property, leaving buyers frustrated. Outside of London if a property is without a significant flaw and is sensibly priced it will sell rapidly.

PROPORTION OF AREAS REGISTERING HIGHER PRICES OVER MONTH



TIME ON MARKET AND % ASKING PRICE ACHIEVED



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