

Eitan Eldar: UK House Prices Hit an All-time High After an 8.1% Surge in a Year

Shortage of homes for sale and a thriving labor market will most likely support the housing market in the UK since most consumers appear to always be under pressure from increasing inflation and higher interest rates



London, United Kingdom Dec 27, 2021 (Issuewire.com) - In October alone, the [cost of an average UK home rose](#) by 0.9 percent to an all-time high of US\$365,000. According to [Eitan Eldar, Founder, and CEO of EEH Ventures](#), “The housing market is currently at its peak, and expected measures such as rising interest rates will affect mortgage prices which are expected to rise as well. This should invariably affect the market and demand but not dramatically as it’s noteworthy that raising the interest rate would also affect the price of the mortgage, and the terms of loans today should be more favorable.”

As a result, housing value is a whopping 8.1 percent higher than the previous year, with the most rapid record annual gain since June. The demand for property remained extremely strong in the last month regardless of the [discontinuation of the temporary tax cut](#) on purchases initiated by the government in 2020. With this, it is noteworthy that other essential factors are why house hunters looked for apartments outside cities.

Eitan Eldar continues: “This trend is expected to continue even after raising the expected interest rate and in addition to discontinuation of the assistance and benefits that encouraged the purchase of houses. The UK housing market demand remains buoyant due to various factors that strengthen and affect the housing market, including a strong economy, employment, and COVID. Most house hunters even seek homes for their families outside the crowded city centers.”

Plans to Tackle Inflation Risks

There is a huge possibility that the market will lose momentum since house prices already substantially impact living standards. The Bank of England is currently projecting a means to build inflation risks with a proposed increased rate from the coming month with further rise over the next 12 months. This increase in inflation risks is expected to rub off on house demand because of the surge in borrowing costs.

Though borrowing costs will be increased, they will still be low by historical standards. While raising a deposit will likely remain the primary obstacle for many to acquire their choice property, the limited supply of properties available on the market will also affect property prices.

According to the Central Bank, the inflation rate is projected to increase to 5 percent by April 2022 as interest rates remain on the rise going forward. These and other factors contributing to inflation risks will mostly pile pressure on family budgets making house price inflation skyrocket to a five-month all-time high of 9.2 percent.

[Eitan Eldar concluded](#): “My opinion is that it’s worth buying a residential or investment apartment today when the housing market is at a critical point where moves are being made in an attempt to curb the accuracy of the market from rising prices. Moreover, foreign investors are already returning to invest in the UK.”

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Source : EEH Ventures

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