Overview: UK property prices have now reached historical highs, exceeding their peak values of 2007, but there are still no signs of exuberance at the national level. There is, however, variation across regions in the UK. London house prices, which rose by 11.6% in the past year only, are even closer to entering an exuberant phase relative to the previous release of the Observatory. Historical evidence suggests that London is leading the UK National Housing market (the so-called ripple effect) and there is therefore a risk of exuberance spreading to surrounding regions, and from there to the rest of the UK. Such concerns are supported by the indicators of the London Outer Metropolitan area, which have been increasing over the past year. If real house prices in London continue growing at 2.9% per quarter, they will enter into an exuberant (or bubble-type behaviour) phase in three quarters, before the end of 2016.