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## News in Review

6 December 2023

*"A critical turning point"*



**World leaders gathered in Dubai, United Arab Emirates (UAE), last Thursday for the 28th United Nations climate change conference (COP28). At the invitation of UAE President, Sheikh Mohamed bin Zayed Al Nahyan, King Charles addressed heads of state, leaders of governments and delegates at the opening ceremony.**

The King called on those attending the conference to make COP28 *"a critical turning point"* and gave this warning, *"We are carrying out a vast, frightening experiment of changing every ecological condition, all at once, at a pace that far outstrips nature's ability to cope ... our choice is now a starker, and darker, one: how dangerous are we actually prepared to make our world?"*

President of the European Council, Charles Michel, called for increased and rapid global action to keep the global temperature rise within 1.5 degrees saying, *"The Earth belongs to our children. This is not an advertising slogan; it is an existential reality. The decade ahead is crucial, and we are fully mobilised to work with each of you to protect humanity."*

On Monday, the gap in climate finance took centre stage, with UAE pledging \$270bn in green finance by 2030 through its banks. Several development banks made fresh moves to scale up their funding efforts, including agreeing to pause debt repayments when disaster strikes. COP28 President Ahmed Al-Jaber said, *"The scale of the climate crisis demands urgent and game-changing solutions from every industry. Finance plays a critical role in turning our ambitions into actions."*

### **Automotive industry sees remarkable recovery**

Following a few difficult years for the automotive industry, things appear to be looking brighter. According to the Society of Motor Manufacturers and Traders (SMMT), UK car manufacturing output was up by 31.6% in October, with factories producing over 91,000 units. Production for the home and overseas markets were revealed to have risen by 23.9% and 33.4% respectively, whilst exports were shown to be responsible for driving a 16.7% uptick in year-to-date volumes. Investment is currently flooding into the industry, with around £4bn committed by the government and industry combined in November alone.

Mike Hawes, SMMT Chief Executive, said, *"These figures, coming on the back of a series of significant investment announcements, signpost a bright 2024 for the UK automotive sector. Government and industry are committing billions to transform the industry for a decarbonised future... automotive remains one of the country's most critical industries, delivering jobs, productivity and economic growth across the country."*

### **House price recovery continues into November**

Despite predictions of a housing market crash, house prices continued to recover in November with 0.2% growth month-on-month, according to the latest Nationwide House Price Index.

While year-on-year growth remained sluggish in November (at -2.0%), this is up over a percentage point from -3.3% in October and represents the strongest annual growth in house prices since February 2023.

There have also been significant changes in expectations for the future of Bank Rate, with many investors now believing that rates have peaked at 5.25% and could fall to around 3.5% in the coming years. Experts believe that this will relieve some of the pressure on affordability that has dampened housing market activity over the past year.

Robert Gardner, Nationwide's Chief Economist, commented, *"While mortgage rates are unlikely to return to the lows prevailing in the aftermath of the pandemic, modestly lower borrowing costs, together with solid rates of income growth and weak/negative house price growth, should help underpin a modest rise in activity in the quarters ahead."*

### **Second home market**

New research from GetAgent, analysing data from the Office for National Statistics (ONS), has revealed that there are 141,245 second homes in England and Wales, the estimated total value of which is £43.5bn. Looking at the analysis, flats are the most common property type for a second home, with 42% of the market allocated to this type. Followed by detached homes (23%), which although accounting for just under a quarter of the market, have the largest share of the market by value (£15.9bn). Terraced properties follow closely behind, representing 21% of the overall market, with semi-detached homes the least prevalent (13% of market stock).

### **Here to help**

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.

***The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.***

***All details are correct at time of writing (6 December 2023)***