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News in Review

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"This is the fourth consecutive month that house prices have risen"

Last week the latest data from the Halifax House Price Index for January showed that the average house price increased by 1.3% in the month, the fourth consecutive monthly rise. The average home in the UK now costs £291,029.

The pace of annual growth is up 2.5%, representing the highest rate since January 2023. From a national growth perspective, Northern Ireland recorded the strongest growth, with annual house prices increasing by 5.3% and properties averaging £195,760. Wales and Scotland both experienced growth over the year of 4%, bringing average prices to £219,609 and £206,087 respectively. In England, from a regional perspective, over the last year the North West (+3.2%) and Yorkshire and Humber (+2.8%) have seen the biggest uptick in average prices. The top spot for the highest average house price across all regions is retained by London, despite prices in the capital reducing by 0.4% annually, standing at £529,528.

Director of Halifax Mortgages, Kim Kinnaird commented on the momentum in the market, *"This is the fourth consecutive month that house prices have risen... The recent reduction of mortgage rates from lenders as competition picks up, alongside fading inflationary pressures and a still-resilient labour market has contributed to increased confidence among buyers and sellers. This has resulted in a positive start to 2024's housing market."*

She continued, *"Looking ahead, affordability challenges are likely to remain and further modest falls should not be ruled out, against a backdrop of broader uncertainty in the economic environment."*

The soaring cost of retirement

Last week the Pensions and Lifetime Savings Association (PLSA) released its latest Retirement Living Standards report which highlighted a shift in the cost of retirement living. The rising cost of living, combined with an expectation on retired people to provide financial assistance to their family has pushed up the cost of a 'moderate' retirement by £8,000 to £31,300 (for a single person), up from £23,300 in 2022/23.

Calculated by the Centre for Research in Social Policy at Loughborough University on behalf of the PLSA, the research focuses on three different retirement lifestyles: minimum, moderate and comfortable. The updated Standards revealed increased costs across all levels. The minimum level increased to £14,400 for a single person and to £22,400 for a couple. The moderate level increased to £31,300 for a single person and to £43,100 for a couple. And the cost of the comfortable level increased to £43,100 for a single person and to £59,000 for a two-person household.

Director of Policy and Advocacy at PLSA, Nigel Peale, commented, *"The cost of living has put enormous pressure on household finances over the last year and, as the research shows, this is no different for retirees. It's important for workers saving for retirement to remember the standards are not prescriptive targets, they are a tool to help you engage with the type of spending you think you will do in retirement and to help you plan for it."*

Some positive news in the construction industry

Construction companies in the UK experienced an improvement in business activity expectations in January, with optimism reaching its highest level for two years, according to the latest S&P Global UK Construction Purchasing Managers' Index. The headline PMI registered 48.8 in January, up from 46.8 in December, the highest reading since August 2023. Although order books have been subdued, this data shows expectations are optimistic, with over half of the survey panel forecasting an uptick in business activity during the year ahead, while only 12% predicted a decline.

Wall Street and Nikkei highs

Last week, the S&P 500 index in the US broke through the 5,000 market for the very first time. The index was boosted by strong earnings and technology stocks which have performed well. Japan's Nikkei hit fresh 34-year highs last week, breaching the 37,000 mark, following a report that the Bank of Japan was not planning aggressive monetary policy tightening.

Wage growth continues to outpace inflation

According to latest official figures from the Office for National Statistics (ONS) wage growth continues to slow but is still outpacing price rises. Pay, excluding bonuses, grew by 6.2% in the last three months of 2023 compared with the same period a year before. After taking price rises into account, pay went up by 1.8%.

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 (14 February 2024)