HOWARD
WEALTH MANAGEMENT

Fareham Innovation Centre,
Merlin House, 4 Meteor Way,
Lee-On-The-Solent, Hampshire PO13 9FU

T 02393 877630
E info@howardwealth.com
W www.howardwealth.com

News in Review

8 January 2025

"The underlying pace of housing market activity is likely to continue to strengthen gradually as affordability constraints ease"

House prices increased by 4.7% over the year to December 2024, to finish only slightly below an all-time high, according to new data released last week by Nationwide Building Society. Having accelerated by 0.7% month-on-month, the average house price finished the year at £269,426.

Commenting on the release, Robert Gardner, Nationwide's Chief Economist, said, *"UK house prices ended 2024 on a strong footing, up 4.7% compared with December 2023, though prices were still just below the all-time high recorded in summer 2022."*

Even so, analysts noted that upcoming changes to Stamp Duty Land Tax (SDLT), due to be implemented this spring, could lead to a quieter period for the housing market. The temporary nil rate threshold for first-time buyers, currently set at £425,000, will return to £300,000 on 1 April.

In the coming months, therefore, there could be *"volatility as buyers bring forward their purchases to avoid the additional tax,"* Mr Gardner added, which will *"make it more difficult to discern the underlying strength of the market."*

On the whole, however, the latest data suggests that the outlook for house prices is robust going into 2025. Mr Garner concluded, *"Providing the economy continues to recover steadily, as we expect, the underlying pace of housing market activity is likely to continue to strengthen gradually as affordability constraints ease through a combination of modestly lower interest rates and earnings outpacing house price growth."*

Savers optimistic for 2025

Carrying on the new year cheer, research by Tesco Bank revealed a more positive outlook among savers for their finances in the year ahead. In total, some 39% of Britons feel they will have more control of their finances in 2025, up from 34% a year earlier.

Almost two in five have added to their savings in the past six months, the research showed, with the average saver stashing away £1,572. Amid persistent cost-of-living pressures, this financial resilience is impressive, analysts noted.

The younger generations are especially eager to prioritise their finances in the New Year: nearly three in five savers between 18 and 34 said they are determined to be in control of their finances in 2025.

Shoppers snub Boxing Day sales

Footfall data for the Boxing Day sales showed that more people stayed at home than last year, with high streets (down 6.2%) and shopping centres (down 4.2%) both attracting less shoppers than in 2023.

Analysts pointed to the continuing trend towards online shopping dominating the traditional Boxing Day sales as the major reason for lower footfall. Indeed, some major retailers including John Lewis and Next chose not to open most of their stores on Boxing Day.

Jenni Matthews, of MRI Software, which gathered the data, commented, *"This [drop] could be reflective of the shift in consumer behaviour influenced by the ongoing cost-of-living crisis."*

Spring Forecast test for government

Looking ahead in 2025, Chancellor Rachel Reeves has confirmed that the Office for Budget Responsibility (OBR) has been commissioned for an Economic and Fiscal Forecast, due to be published on 26 March.

The release will be accompanied by a statement to Parliament by Ms Reeves, though the Chancellor also confirmed her commitment to holding only one major fiscal event a year. According to the government this is *'to give families and businesses stability and certainty on upcoming tax and spending changes and, in turn, to support the government's growth mission.'*

Energy prices rise again

The second increase in Ofgem's price cap this winter took effect last Wednesday, sending domestic energy prices £21 a year higher for the average billpayer.

In total, under the new price cap, someone paying by direct debit and using a typical amount of gas and electricity will pay £1,738 a year. Bills are now 50% higher than pre-pandemic levels.

Analysts predict that the price cap will rise by a further 3% in April. Longer term, they foresee a small drop in July, before another rise in October. Yet, almost three years since Russia's invasion of Ukraine sparked global volatility, uncertainty still reigns, making future movements hard to predict.

Here to help

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