



Positive... price increases

House price rise 'shows decline has been halted'

By Vicky Shaw

HOUSE prices rose by 0.7% month-on-month in January amid a "more positive" outlook for the property market.

But values were down 0.2% compared with a year earlier, Nationwide Building Society said.

The average price last month was £257,656.

Experts said the report adds to evidence price falls are "bottoming out".

Robert Gardner, Nationwide's chief economist, said: "While a rapid rebound in activity or house prices in 2024 appears unlikely, the outlook is looking a little more positive."

"The most recent Royal Institution of Chartered Surveyors survey suggests the decline in new-buyer inquiries has halted, while there are tentative signs of a pick-up in the number of properties coming on to the market."

Evidence
"How mortgage rates evolve will be crucial, as affordability pressures were the key factor holding back housing market activity in 2023."

Samuel Tombs, economist at Pantheon Macroeconomics, said: "Nationwide's data add to evidence that mortgage rates already have fallen far enough to arrest the downturn in house prices."

"Caution, as well as an increase in the supply of homes being put up for sale this year, will likely ensure the price upturn does not get out of hand."

Tom Bill, head of UK residential research at estate agent Knight Frank, said: "UK house price declines are bottoming out as the economic news improves."

"Mortgage approvals are creeping up and we expect UK house prices to rise by 3% this year."

"A general election later rather than sooner would allow more momentum to build."



Pointed comment... Sir Keir claimed PM does not understand hardship

PLEA TO EASE

By Martyn Brown

RISHI Sunak accused Sir Keir Starmer of using the "politics of envy" in a battle of words over mortgages.

The Labour leader claimed the Tories were responsible for rising payments and said the Prime Minister did not understand the strain on some hard-up families.

But Mr Sunak hit back at the personal slight, blasting Labour over its sudden U-turn on the removal of a cap on bankers' bonuses.

During a fiery Prime Minister's Questions, Sir Keir said: "[The PM] is just so out of touch, it is unbelievable. Finding hundreds of pounds extra a month, that may not seem like a big deal to the PM but...most people don't have that sort of money knocking around."

The PM retorted: "Again, he resorts as always to the politics of envy here."

"But after recently and repeatedly attacking not just me but the Government for lifting the bonus cap, I was genuinely surprised to see that the Shadow Chancellor just today announced she now supports the Government's policy."

The Commons clash had kicked off following the revelation from Mid-Norfolk

MORTGAGE BURDEN

Sir Keir hit by 'politics of envy' barb at heated PMQs

Tory MP George Freeman that he was forced to quit his £120,000-a-year ministerial role last November because he could not afford soaring mortgage repayments.

Sir Keir claimed that the Government had "forfeited the right to be lecturing others about the economy".

But the Leader of the Opposition remains under pressure over his green prosperity plan to invest £28 billion a year until 2030 in eco projects if Labour wins the next election.

And Mr Sunak yesterday warned the pledge would have the "biggest impact" on the cost-of-living squeeze still affecting households.

The PM added: "He has no plan to pay for this £28 billion and that's typical Labour economics, because they want to keep the spending but drop the payment plan."



EXCLUSIVE

By Sarah O'Grady Social Affairs Editor

A FORMER Cabinet minister has called on the Bank of England to boost Britain by slashing interest rates today.

Sir David Davis, former Brexit Secretary, urged the Bank's Governor Andrew Bailey to cut the current 5.25% base rate to "help everyone from business owners to mortgage payers".

He added: "The Bank's imperative right now for our country must be to develop growth. We have to have higher salaries and payments for public services."

"The Bank's part of that should be a cut in interest rates to help everyone from business owners to mortgage payers."

And his call was echoed by a host of businesses who warned of the damage high interest rates were doing to the economy.

David Hannah, group chairman of Cornerstone Tax, said: "To stave off a recession and get Britain buying again, it's clearer than ever the BoE must urgently rethink their macroeconomic strategy."

Celebrate

"With inflation nearing its 2% target, policymakers should look towards cutting the base rate by at least half a percentage point in order to signal optimism within the wider UK economy."

He pointed to poor shopping figures from the British Retail Consortium and rising mortgage rates squeezing homeowners.

Gary Bush, of MortgageShop.com, said an interest rate cut would be reason for the hard-pressed British public to celebrate.

He added: "These economists are right to come out raging for an interest rate cut as soon as possible."

"It seems that they are very much listening to the people on the street and rightly fearing the possibility of us following Germany into a recession."

"Mortgage account holders' monthly budgets have been dramatically hit for the past 18 months and some relaxation of stress is very much needed."

"If a reduction in the Bank of England base rate comes it

It's time Bank interest rates

ANALYSIS

HARVEY JONES
Personal Finance Editor

THE nation is crying out for an early interest rate cut and the Bank of England urgently needs to get its act together and grant us one today.

I'm not holding my breath. BoE governor Andrew Bailey has been consistently behind the curve on inflation.

Incredibly, two members of the Bank's nine-strong Monetary Policy Committee voted for yet another interest hike last month.

What world are they living in? BoE forecasts have been consistently wrong throughout.

It started by failing to nip inflation in the bud with an early interest rate cut and now it's leaving rates too high for too long.

Inflation has plunged from a peak of 11.1% in October 2022



to just 4% in December. Sometimes I wonder if the BoE has even noticed.

The MPC is so detached from reality that free market think tank Institute of Economic Affairs set up its own Shadow Monetary Policy Committee in a bid to bring some real world thinking into the debate.

The group of independent economists is calling for a rate cut of 0.25 percentage points to 5% today. One member voted for a cut to 4.75%.

The SMPC reckons inflation will hit the BoE's target 2% in the second quarter of this year,

a staggering 18 months before the Bank's own forecasts.

The SMPC is not alone in predicting that inflation will soon hit target. Dutch bank ING thinks it will get there in April, and fall to 1.5% in May.

Falling energy prices, faltering economic growth, a contraction in money supply, and higher interest rates have largely done the job, but the BoE refuses to see it.

This isn't an academic debate. Refusing a rate cut will extend the agony of higher borrowing cost and potentially force the UK into a needless recession. More people will lose their jobs and homes.

An interest rate cut would be a big lift for the nation after a difficult time. Will the MPC stir from its stupor? Fat chance.

of England cut to boost Britain

HUNT COOLS ON PRE-ELECTION TAX BREAK BONANZA

By Martyn Brown

JEREMY Hunt has warned Cabinet ministers there is likely to be less room in his Budget for tax cuts than in last year's Autumn Statement.

The Chancellor has had second thoughts on a pre-election giveaway next month, after studying new forecasts.

He told colleagues: "We are not likely to have as much room for tax cuts as we had in the autumn."

Mr Hunt, right, highlighted official figures showing France, Germany and the US are more productive than Britain.

He said the UK's relatively low levels of productivity were "our major structural weakness".

The tax break blow follows a warning by the International Monetary Fund that further tax cuts could put NHS and public service investment at risk. Both

Mr Hunt and PM Rishi Sunak have talked up the prospect of slashing taxes in the hope of propelling the Tories to an election victory.

There is widespread expectation of a cut in income tax or National Insurance on March 6.

One Cabinet minister said it was difficult to know whether Mr Hunt's comments were "expectation management" ahead of the Budget.

The politician added: "Politically, I think we need to go big on tax cuts but fiscally he's constrained."

At the World Economic

Forum earlier this month, Mr Hunt dropped a heavy hint that further tax cuts were coming this year.

He said: "In terms of direction of travel, we look around the world and we note that the economies that are growing faster than us - North America, Asian economies - tend to have lower taxes."

"And I believe fundamentally that low-tax economies are more dynamic, more competitive and in the end generate more wealth for public services like the NHS."

Mr Sunak had also suggested pre-election giveaways were likely, saying there was "more to come" in terms of easing the burden on Britons.



Labour in U-turn over bonuses cap

By Martyn Brown

LABOUR hypocrisy over bankers' bonuses was laid bare after it did another U-turn by ruling out reinstating a cap.

The reversal comes just weeks after they branded the Tories "out of touch" for lifting the limit on annual payouts to twice a banker's salary.

The cap, introduced after the 2008 crash, was scrapped last year after a decision made during Liz Truss' brief spell in No 10.

Shadow Chancellor Rachel Reeves told the BBC: "The cap was introduced in the aftermath of the global financial crisis and that was the right thing to do to rebuild the public finances."

Crisis

"But that has gone now and we don't have any intention of bringing that back." But just three months ago she criticised allowing unlimited bonuses "in the midst of their cost-of-living crisis".

Ms Reeves said: "It tells you everything you need to know about this Government."

Tory Treasury minister Bim Afolami said: "After years of calling for higher taxes on the UK's financial services Labour can't say what they'd do differently because they don't have a plan of their own."

Labour denied a U-turn and said restoring the cap was not "a priority".



Call for a cut... Sir David Davis

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