

House prices hit record high and barriers to ownership will become 'more acute'

House prices hit a record high last month, according to a report which warned that barriers to ownership – especially among young people – will become “more acute” in the coming months.

The index, compiled by Halifax, showed average prices were 9.7% – or £24,500 – up over the 12 months to the end of January.

It registered a 0.3% increase on December's total, taking the average cost to a new record high of £276,759.

Halifax said it marked a slowdown in growth from more than 1% achieved in both November and December.



Image:

The pandemic sparked high demand for properties with outdoor space and damaged construction of new homes

It could be explained, the report said, by transactions returning to more normal levels following a frenetic 2021 that culminated in the end of government support for the [COVID](#)-hit market.

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A separate report by rival lender [Nationwide](#) last week had suggested the strongest start to a year since 2005 for values – with the market yet to see a sign of downward movement.

However, both Nationwide and Halifax agreed that pressures were intensifying from the surge in living costs, led by higher energy bills, and the prospect of additional interest rate hikes this year to combat the effects of inflation.

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Halifax managing director Russell Galley said affordability was already stretched as house price growth remained easily above the pace of wage rises.

“Despite record levels of first-time buyers stepping on to the ladder last year, younger generations still face significant barriers to home ownership as deposit requirements remain challenging.

“This situation is expected to become more acute in the short term as household budgets face even greater pressure from an increase in the cost of living, and rises in interest rates begin to feed through to mortgage rates.

“While the limited supply of new housing stock to the market will continue to provide some support to house prices, it remains likely that the rate of house price growth will slow

considerably over the next year," he concluded.