

# Strong demand for property, life & pension and investment products in H1

Contributed by JGFR  
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The recent slowdown in the housing market may be a pause for breath before a surge in activity takes place in the coming months.

More people (1 in 10 of adults) are intending putting a deposit down on a property to buy than at any time since 2002 when the JGFR/GfK Financial Activity Barometer (FAB)\* started. Similarly the proportion of people considering taking out a mortgage or extending a mortgage is at the highest since June 2009. Many people will seek to be well towards property purchase completion before the general election.

Overall over 8 out of 10 adults intend to save, invest, borrow or pay down debt in the coming months, the highest proportion since Q1 2006.

Most of the 18 activities covered by the FAB show increased activity in the coming months, with more people intending to contribute to regular pensions, reaching a 12-year high. Overall 38% of adults intend to contribute (58% of people in work), up from 31% a year ago (49% of people in work) suggesting that auto-enrolment is having some impact.

In Q3 2014 ISA demand reached a survey high with 43% of adults intending to put money into an ISA as the new ISA limits took effect; this quarter the proportion fell slightly but is still well above the long-term average and is the most popular of financial services products covered.

Despite the increased stock market volatility in Q4, more people (15%) than average (12%) intend to invest in shares, either directly or through collective investments, double the proportion of people who intend to sell investments.

Record numbers of people have been regular savers in the past 18 months, with many saving up for housing deposits which may be being activated in many cases in the coming months. This quarter the proportion intending to save regularly is at its lowest since Q4 2013.

With a continuing focus on government spending cuts, a greater burden falls on individuals in areas such as education and health. Family finance is becoming a growing inter-generational consideration, with more people having to contribute in support of other family members. This year has seen a big jump in the proportion of adults intending making contributions to Junior ISAs / Child Trust Funds, up to 17% from 13% a year ago.

Demand for consumer credit has picked up strongly during 2014 with strong overdraft and credit card borrowing intentions. Overall approaching 1 in 4 adults intend to borrow in the coming months; as well as very strong mortgage demand, car purchase plan demand is also well above average.

During the past year more people have intended to save, invest and borrow, with a fall in people intending repaying debt. The net repayment gap is at its narrowest since September 2007.

The headline JGFR / GfK Financial Activity Barometer gained 5 points on Q1 2014 rising to its best level (103.6) since Q3 2006, helped by a 12-point jump in the JGFR Borrowing Intentions Index to its best measure (94.5) since Q2 2006.

More people intending saving or investing pushed the Savings/investment Intentions Index to its highest Q1 level (109.5), slightly below the survey record high of last quarter (110.6).

Only the JGFR Debt repayment index fell back since Q1 2014, down from 100.7 to 96.9.

Commented John Gilbert, Chief Executive of JGFR:

“Consumers are keen to get their finances in order in the coming months, with much greater uncertainty following the May general election. Improving employment and household incomes have boosted financial wellbeing in the past year, a trend set to continue as pay rises outstrip inflation and the cost of living drops on the back of falling fuel prices. As well as more money in consumers’ bank accounts, Budget changes in the past year have provided a timely boost to savings / investment, pensions and housing market activity in the run up to the election”