property | reporter

Property industry reacts to the Budget

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On a day where the Bank of England dramatically stole the thunder from newly appointed Chancellor Rishi Sunak, we take a look at what today's Coronavirus dominated budget had to offer the housing industry.

With so much being needed to be done for key areas such as health, education, infrastructure and policing, you would be forgiven for thinking that there would be little left in the kitty for the housing market.

So how did we do?

The Affordable Homes Programme was extended with a new, multi-year settlement of £12bn. Nearly £1.1bn of allocations from the Housing Infrastructure Fund to build nearly 70,000 new homes in high demand areas across the country was confirmed as was around £650m of funding to help rough sleepers into permanent accommodation. Buying up to 6,000 new places for people to live and enabling a step-change in support services.

Possibly the biggest housing-related announcement was the 2% increase on Stamp Duty for non-UK residents. Many will see this having a major impact on property demand in major cities across England, potentially causing a shortage in rental homes as overseas-based landlords try elsewhere. The flip side of this, of course, is that it could also free-up competition for domestic landlords, encouraging them to invest and providing more homes for the UK's swelling tenant population.

As ever, the property industry was quick to react. Here's what they're saying:

Penny Mosgrove, CEO, Quintessentially Estates, comments: ''As expected the coronavirus emergency dominated today's budget and I was pleased to see the Chancellor's tone reflected what we're seeing in our industry – business as usual as much as possible. We've just completed on various million-pound deals in the UK and have active deals in Germany and other locations hit by the virus with requests still flowing in with property requests north of £20m for holiday homes in Europe. We also plan to announce new global office openings in the next few weeks. It was encouraging to see £30bn fiscal stimulus including spending on NHS and increased sick pay, additional government loans and business rate cuts. Interest rates were also slashed from 0.75% to 0.25% in a bid to keep the economy on track during the outbreak.''
''The announcement that non-UK-resident buyers will face a stamp duty surcharge of 2% on UK property purchases from April 2021 will send slight shockwaves across the London residential market, even though we knew it was coming. Although I welcome the news that receipts are to be used to tackle rough sleeping, it feels wholly counter-productive to target international investment, particularly as the Prime Minister continues to repeat his bold ambition that the UK is 'open for business' ahead of December's Brexit deadline.

"The new policy from Rishi Sunak comes four years after Philip Hammond introduced a 3% SDLT in 2016 for those buying second and buy-to-let properties – a measure which was aimed at curbing landlord investors. Today's announcement means overseas investors who already own a home could end up paying up to 17 per cent in stamp duty on the portion of the purchase price over £1.5m. This seems like an outright money grab by the government on foreign buyers who are vital to supporting a healthy residential market.''

''The pledge to triple the average net investment made over the last 40 years into rail and road infrastructure, as well as connectivity, is, however, a welcome boost and badly needed in parts of the UK. The road from where I'm from in Newcastle to Scotland, for example, is still a single carriageway part of the way and this simply must be improved. It’s been the same since I was a child growing up in the North East and they have always promised they would fix it – I hope this time they mean it!’’

Tom Bill, Head of London Residential Research at Knight Frank, said: “The introduction of a surcharge for overseas buyers will bring the UK into line with many other global property markets. Attempts to ease affordability pressures in the wider housing market should be welcomed, although the new measure will need to be monitored carefully to ensure there are no unintended consequences, including for the forward-funding of new-build developments. Furthermore, a wider re-think of stamp duty rates is still needed to increase housing market liquidity and maximise any stimulus the government plans to provide to the UK economy.”

Nick Sanderson, CEO, Audley Group, comments on housing investment: “The Budget has again focused on building new houses. Yet another missed opportunity to support specialist housing rather than indiscriminate building. We don’t need 70,000 new homes. We need to free up existing housing stock to bring movement to the housing market and provide more people with homes that are suitable for their current needs. The focus needs to be on long-term solutions rather than headline-grabbing numbers.”

James Kirimy, GM for rental marketplace Spotahome UK and Ireland, commented: “We were hoping for more news about the rental market from today’s budget, particularly addressing current concerns from the buy-to-let sector that have caused the appetite of UK landlords to dwindle.

"While we would have liked to see some positive focus for both UK tenants and landlords, the rental sector continues to be a thriving community supported by a backbone of UK landlords, supplying the much needed rental stock for those who would otherwise struggle to put a roof over their heads.”

Glynis Frew, CEO of Hunters, comments: "Thankfully some stability in housing when some stability is required. It’s a shame the same can’t be said when it comes to housing ministers! Some might be disappointed that a couple of rumours surrounding first-time buyer stamp duty relief didn’t come to fruition, but the reality is that it might just be too much of a hit to the Treasury. Stamp duty changes would represent a quick win but don’t address the bigger picture which is rooted in a lack of supply, and that’s where the emphasis needs to be from a policy and funding perspective.

"The support for the regional economies is a good example of that and it’s something we need to welcome with open arms as it’s crucial that those powerhouses in the regions continue on their journey after the uncertainty of the last few years. There are lots of exciting opportunities there and housebuilders and investors will be pleased to feel supported by central government.

"Today's interest rate announcement will put a few fears at ease too, and provide some confidence for both the housing market and wider business community, not least SMEs. We must never overlook the role that SMEs, many of which make up the property industry, play in the economy. Without them, we're in trouble!"