

**The road ahead – What does 2021 look like for the property market?**

The year 2020 will forever be remembered as the year that changed the world. As this unprecedented year comes to an end, many are wondering what the New Year will bring for the property market with the stamp duty holiday ending, the introduction of a 2% surcharge for foreign buyers and of course Brexit.

We spoke to a few Members of The Guild of Property Professionals about their predictions for 2021 and the property market moving forward.

**What do you predict will happen in the property market in the first quarter of 2021 leading up to the Stamp Duty deadline?**

Craig Reynolds, Owner of Urban & Rural in Bedfordshire and Buckinghamshire, says: “I think there will be a gradual cooling of buyers who were specifically tempted by the incentive as the opportunity to take advantage fades. However, I expect a reasonable level of seasonal buyers to enter the market as usual, potentially buoyed by a Brexit deal should one be forthcoming. I expect lenders to respond favourably to the economic benefits of the vaccine roll out and new incentives to be introduced to help first time buyers, all factors which could stabilise the property market in our region for the foreseeable future.”

Simon Bentley, Partner at Mundys in Lincolnshire believes that unless the deadline is postponed, sales in the first quarter of the year will slow down.

Nick Manson, Owner of Mansons Property Consultants based in Jesmond, says that traditionally the first quarter is slow to build momentum, however, with demand still being steady, a general undersupply of stock and some buyers hoping to complete before the end of the stamp duty holiday, we might see a strong start to the year.

**What are your views on what will happen to property transactions after the deadline?**

Reynolds believes there will be a reduction in transactions, due partly to a drop in available stock as the number of sellers attracted by the incentive reduces along with those buyers who were tempted by the same. “That said, whether the drop will be lower than the increase we have witnessed in 2020 remains to be seen,” he adds.

Bentley comments, “I believe that the market will slow down compared to the surge we have seen in the last quarter.”

Manson comments: “Looking back at previous years where changes have been made to stamp duty there is always a bit of a lull, but I have a feeling that due to the high demand caused by the Covid-19 log jam in 2020 it should bounce back quite sharply.”

**In your opinion, what will be the major challenges facing the property market in 2021?**

“As usual I expect key factors that need to be overcome are overall confidence in the economic recovery particularly given the impact of the pandemic, whether or not we leave the EU with a deal and the impact that has on sterling and interest rates, lenders diversity of product range and improving the speed of transactions once agreed,” Reynolds answers.

According to Bentley, one of the problems currently facing the market is the long conveyancing times and mortgage approval times. “I think this could be a problem going forward into next year,” he adds.

Manson agrees saying that time it takes to get a property to completion after agreeing a sale is taker longer. “We are seeing this growing from 12 to 14 weeks up to 18 to 20 weeks, choosing an experienced conveyancer is vital and will ensure getting the property over the line,” he advises.

**What do you think will happen with property prices next year?**

According to Reynolds, in his area there was a small increase in property prices, but nothing compared to what they would have expected with such high numbers. He believes this is due partly because for the first time they had identical supply and demand. Looking to 2021, Reynolds says: “I expect prices to stabilise or at worst to drop back one or two percentage points, cancelling out the gains of 2020 in our region.”

Bentley agrees with more stabilised pricing in 2021. “I don’t’ think we will see a major increase or decrease nationally in property prices but a more settled time throughout the year.  However, within the Lincolnshire area we are quite optimistic that there could be some growth in prices as Lincoln has seen a lot of publicity over the last two years and property offers excellent value for money,” he adds.

Manson notes that many commentators believe property prices might fall in 2021, but this really depends on quite a few factors such as further lockdowns, roll out of vaccines, Brexit transition, mortgage rates remaining competitive and general supply of new stock coming to the market. He continues, “the North East property market generally does not see the dramatic peaks and troughs of other parts of the country and feel that price growth may slow a little but unlikely to drop.”

**How will Brexit affect the property market in your region?**

“From a confidence standpoint alone, I think no deal will reduce the number of people prepared to commit to further borrowing or upward moves, certainly until we are six to nine months into the new normal. With a deal I expect it might be similar to business as usual,” says Reynolds.

Bentley believes that Brexit will not affect the property market in Lincolnshire given the limited number of overseas purchasers - the same reason the introduction of the 2% surcharge will not really impact the local market.

According to Manson, it’s unlikely to effect the property market in the short term, in the longer term, house prices will be determined by the balance of supply of new housing and the demand for it and also interest rates will have a significant part to play.

**How to do think the introduction of the 2% surcharge will impact overseas buyers purchasing property in the UK?**

“Firstly, I think this is a positive step,” Reynolds comments. “Given the attraction to UK property as a safe investment and long-term gains if history repeats itself, I doubt it will make a huge difference overall. If someone with the money wants something, they buy it regardless. It may help stabilise prices in higher brackets for UK buyers to secure purchases that might otherwise have been out of reach.”

Manson agrees that the UK will remain an attractive investment haven for foreign investors. “There is no doubt that there will have been an increase in the number of transactions prior to the 2% surcharge on property purchases by overseas buyers coming into force from 1st April 2021. This will result in what will look like a sharp decline post April 2021, but the UK has always been a very attractive place to invest and depending which countries buyers are purchasing from, they may be able to absorb some of the 2% within the currency exchange trade,” he comments.

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**Editors’ Notes**

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