

**Fine & Country Market Report – December 2020**

**Stay Safe this Christmas**

“Perhaps a little overused this year, but 2020 can only be described as anunprecedented year in history and one in which the housing market has yet again proved its resilience, “ says Nicky Stevenson, MD of Fine & Country UK, who adds that house price growth has strengthened over the course of the year across both the mainstream and prime markets, with a record number of sales in progress for this time of year.

Stevenson continues, “it’s hard to believe that this time last year the country was waiting with baited breath to see who would occupy Number 10 for Christmas, after the third election in just five years. Europe was top of the agenda. A year of Covid-dominated headlines has seen Brexit slip down the priority list, although with final ties set to be cut from 1st January, it’s back on the agenda.”

She adds that the impact of the Covid-19 pandemic has resulted in a year like no other, and one which has impacted our lives and how we use our homes significantly. ‘Garden’ has proved the most popular search term across the housing market throughout 2020; ‘detached’, ‘rural’ and ‘secluded’ also make it into Zoopla’s top 10 list. “With nearly a quarter of the workforce currently working from home, and many predicting that a full-time return to the office is unlikely, additional space continues to be a priority, with larger homes seeing the most significant rise in interest,” Stevenson comments.

“Activity across the housing market this autumn has set new records. The number of sales agreed was up 50% in October with properties selling in just 49 days, 15 days faster than a year ago, according to Rightmove. According to HMRC, it is estimated over 105,000 transactions completed in October, the highest monthly figure since March 2016, and up 8.1% year-on-year,” she says. “Data from the Bank of England reveals that mortgage approvals remain robust, with gross mortgage lending at its highest level since the housing market entered lockdown in March. Despite the availability of fewer mortgage products across the market place, at 2.12% the average mortgage rate is historically low, and demand levels remain high. The NAEA report the number of prospective buyers per branch reached an average of 451, the highest ever recorded for the month of October. The Dataloft Demand Index and Rightmove both reported an uptick in demand during the first week of Lockdown 2 across England.”

According to Stevenson, against the backdrop of a resilient housing market, the Chancellor’s spending review on 25th November made sober reading. Covid-19 has caused the economy to shrink by 11.3% this year, with public borrowing at record highs and unemployment anticipated to reach 2.6 million (7.5%) by the middle of 2021– the highest since the Global Financial Crisis. Continued government financial support and the extension to the furlough scheme to March will help many, and the introduction of a successful vaccine programme will undoubtedly aid economic recovery. As it stands, the Office for Budget Responsibility forecast the economy will grow by 5.5% over 2021 and 6.6% in 2022, with the country set to return to pre-pandemic levels by Quarter 4 in 2022. Inflation and interest rates are forecast to remain low.

So, what does the New Year bring? “Rightmove asserts there are currently 650,000 more home purchases in the pipeline than a year ago as buyers seek to make the most of property taxation savings before the March 31st deadline. Forthcoming changes to capital gains tax and for overseas purchasers in the form of a 2% surcharge from April are also impacting activity across the capital,” says Stevenson. “The unanswerable question at present is what will happen to the market post March, with many calling for an extension to the stamp duty holiday due to the number of sales caught in the conveyancing process. A consensus of independent forecasts suggests price growth will soften over the the course of 2021, with stronger capital growth expected to return in 2022,” she concludes.

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**Editors Notes:**

Fine & Country specialises in the sale and rental of prime residential properties. The company has offices in 300 locations around the world, including in the UK, Cyprus, Ireland, Germany, Mauritius, The Channel Islands, France, Namibia, Portugal, Spain, South Africa, West Africa, Hong Kong, Australia, and Hungary. Fine & Country has won Best Estate Agency Marketing and Best International Estate Agency Marketing seven times in the past ten years at the International Property Awards.