

**Lifestyle change driving demand**

As we head towards spring 2021, market conditions are beginning to soften, however, with lifestyle change continuing to drive demand, the market remains brisk. This is according to Nicky Stevenson, MD of Fine & Country UK, who adds that the property market was a highlight of the economy during 2020, with some of the momentum carrying through to the first months of this year.

She adds that according to HMRC more than 129,000 homes changed hands in December, which is 32% higher than in December 2019 and total sales volumes in 2020 are predicted to be just 11% lower than in 2019, despite the enforced pause in the market. Mortgage approvals in 2020 hit their highest annual total since 2007, approvals in the second half of the year up 39% year on year.  “With a significant number of sales in the pipeline, many hoping to complete before the end of the March Stamp Duty deadline, activity in the market remains brisk. Demand exceeding supply has also undoubtedly helped support prices. At 7.6%, UK house price growth is at its strongest since June 2016 and the EU Referendum. The average price of a prime market property now exceeds £1 million, up 9% year-on-year. Price growth is evident in all regions, with significant growth recorded in the South East and London,” says Stevenson.

She notes that while activity continues across the market ahead of the current Stamp Duty deadline, it is perhaps not surprising that there are signs the pace of growth is beginning to soften. “Although new demand remains high with Rightmove reporting that demand was up 12% in January, this has moderated and supply to the market in recent weeks has eased. Zoopla report a 12% fall in new supply and a 6% fall in the number of homes currently for sale, as new sellers remain cautious while restrictions remain,” Stevenson comments. “Rightmove report that average asking prices fell marginally in January and Nationwide reported prices fell 0.3% month on month, the first monthly decline since the market re-opened in June last year. It remains to be seen whether the Chancellor will announce any extension or form of tapered relief of Stamp Duty following the debate in parliament on 1st February. This will undoubtedly impact sales activity in April and May, and the ability of buyers and sellers to negotiate on price will be critical to avoid sales falling though.”

According to Stevenson the Chancellor’s Budget early next month will set the tone for the country for the year ahead, with many of the current economic support measures for individuals and businesses currently due to finish at the end of April. Reforms to Capital Gains Tax are likely to be included. Over 15 million people are set to have received their first vaccine dose by March and once Lockdown restrictions start to ease, consumer confidence and spending is likely to rise quickly. At present the Office for Budget Responsibility currently forecast the economy will return to its pre-pandemic levels within two years, with growth of 5.5% in 2021 and 6.6% in 2022.

“Looking specifically at the premium sector, the lifestyle changes sought by many in the wake of the pandemic are likely to ensure continued interest in the prime markets of the UK from both domestic, as well as overseas purchasers,” says Stevenson. “Virtual viewings are proving a lifeline for those seeking to purchase before the introduction of the 2% overseas purchaser surcharge in April. According to Wealth-X, the UK remains a location of choice for residential property purchases by the world’s wealthy and ranks in the global top 10 for its population of Ultra-High Net Worth Individuals. Property prices across the prime market are predicted to rise in the region of 4% over the course of 2021,” 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, Cape Verde, Cyprus, Ireland, Germany, Mauritius, Morocco, Romania, The Channel Islands, USA, Dubai, Egypt, 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 10 years at the International Property Awards.