

**Fine & Country Market Report – January 2021**

**Moving into the new year**

While we are only a few days into 2021, so much has already happened, with the start of the UK’s journey as an independent trading nation, vaccine roll outs and a new lockdown.

Nicky Stevenson, MD of Fine & Country, says: “We are only out the gate of 2021 and already there is much to be discussed. The UK voted to leave the EU in 2016 and officially left the trading bloc on 31st January 2020. The vaccine role out has begun, with the first dose of the Pfizer vaccine given on 8th December 2020 and the first dose of the Oxford/AstraZeneca vaccine received on 4th January 2021. With the vaccine rollout under way and a Brexit deal agreed, 2021 is looking far more optimistic despite a new lockdown.”

She adds that the housing market has all but recovered following the forced closure in spring 2020. “According to the Bank of England, mortgage approvals are only down -0.9% when comparing January to November 2020 to the same period in 2019 and according to Zoopla, new sales agreed in 2020 were 9% above 2019. The remarkable recovery was thanks to households re-evaluating their housing requirements and was fueled by the stamp duty holiday,” says Stevenson.

Continuing she says that last year ended with the housing market in a strong position.According to Zoopla,demand in 2020 was 40% higher than in 2019 and although demand has slowed since summer, it remains 33% higher than last December, a previous peak following the general election.

“The Bank of England figures reveal that 104,969 mortgages were approved in November 2020, the highest since August 2007, pre-Global Financial Crisis. According to HMRC the number of transactions continued to rise with 115,190 sales recorded in November 2020, 19.3% higher than November 2019. Rightmove has reported that an estimated 650,000 properties are still changing hands and therefore transaction figures will continue to increase in early 2021,” comments Stevenson.

She adds that with demand outweighing supply, house prices rose throughout 2020. Nationwide reported a 7.3% annual increase in house prices in December 2020, the strongest house price growth in six years.  House prices ended the year 5.3% above the level prevailing in March, when the pandemic struck the UK.

The UK economy has been recovering from a record slump in 2020 when the UK faced its first lockdown. The economy was 7.9% (ONS) smaller in October than it had been pre-lockdown, and recovery in November and December is expected to have slowed as increased UK restrictions were put in place. “Now that the UK has officially left the EU and the vaccine program is underway, we hope to see continued recovery of the economy throughout 2021. The Financial Times Survey of 90 leading economists expects it will take at least 18 months for the UK economy to return to its pre-pandemic size,” adds Stevenson.

So, what does year have installed for the property market? “Looking at the year ahead,2021 will be host to a lot of housing market changes and deadlines. The stamp duty holiday is set to finish at the end of March 2021, the same deadline for Help to Buy changes. A 2% surcharge for overseas purchasers will be introduced from 1st April and potential changes to Capital Gains Tax are set to be introduced. These changes will no doubt impact transaction volumes and house prices,” Stevenson answers.

“House price forecasts for 2021 range from mildly positive to greatly negative, reflecting uncertainties facing the economy and the housing market. The Dataloft consensus house price forecast, based on the average from five leading commentators, expects 0.9% growth in 2021. The Office for Budget Responsibility (OBR) forecast 1,111,000 residential transactions to complete in the year to March 2021, rising to 1,279,000 in the year to March 2022,” Stevenson 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.