

Fine and Country Housing Report – March 2021

**Housing market springing into action**

Consumer confidence in the economy rose to an eleven-month high in February, no doubt bolstered by the impact of the swift vaccine rollout across the UK. Market research institute, GfK report that consumer views on the economy in general as well as their personal financial situation have both improved, as did their willingness to make major purchases. This bodes well for consumer spending as restrictions are lifted. Despite the economy shrinking by 9.9% over 2020, the UK looks set to avoid its first double dip recession since the 1970s.

Nicky Stevenson, MD of Fine & Country UK, says although many expected activity in the housing market to falter during the start of 2021, with the Stamp Duty deadline too close to benefit new buyers, the market continued to show resilience. “According the HMRC, sales volumes in January this year were 24.1% higher than in January 2020, with an estimated 121,640 transactions completed, it is the highest January total since 2007. Although mortgage approvals were 3.7% lower than in December 2020, still 98,994 mortgages were approved, 50% higher than in January 2020,” she adds. “Data from the Bank of England reveals that gross lending was at its highest monthly figure since March 2016. Zoopla also reported that buyer demand in the six weeks to mid-February was up 12.4% year on year, with Rightmove seeing a 45% increase in visitors to its site in the first week of February and enquiries up 18%. New seller numbers were 21% lower at the start of February, which continues to exert pressure on prices. According to the UK HPI, the average price of a property in the UK is now over £250,000.”

Stevenson notes that the Chancellor’s Budget offered a sober assessment of the legacy of the Covid-19 pandemic and despite the increase in borrowing there were few immediate significant tax changes. The extension of the furlough scheme until the end of September will support many, with the economy expected to return to its pre-pandemic level by mid-2022, six months earlier than forecast in November.

“The extension of the Stamp Duty Holiday in England until the end of June is welcomed, as is a 0% SDLT levy on properties up to £250,000 until the end of September 2021. Another positive for the housing market is the new government-backed mortgage guarantee scheme, which is set to launch on 1 April across the UK. The scheme will be available to those seeking to purchase up to £600,000 and will support purchasers who require a 95% mortgage. Unlike many schemes, support will be available to all purchasers and not restricted to first-time buyers or new build homes,” Stevenson comments.

Looking specifically at the upper end of the market, Stevenson says that the average price of a prime property across the UK has risen to £1.1 million, up 10% year on year. “Price performance in the prime market is currently outpacing the general market, with growth of 8.5% in the year to December. While HMRC report income from residential property tax receipts fell by 27% year on year in 2020, 10.6% more liable sales took place priced £1 million+. Homes over £1 million account for 2.3% of all sales recorded by the Land Registry to date in 2020, compared to 1.8% in 2019. With the UK remaining a location of choice for buyers from overseas, activity once travel restrictions are lifted is anticipated to be buoyant,” 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.