**The return to normal**

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In many ways October marks a return to ‘normal’ for the economy and the property market, says Nicky Stevenson, MD of Fine & Country UK. “The final stamp duty holiday has ended, travel restrictions are easing, and the furlough scheme has drawn to a close,” she adds.

Stevenson says that as certain aspects revert back to some semblance of pre-Covid life, the annual growth in UK house prices remains solid but month-on-month prices have stabilised. “An average of independent forecasters expect prices will end the year 5.8% higher than where they started, with price growth of 3.9% predicted for 2022,” she notes. “At 8.3%, annual price growth across the prime markets of England and Wales has pushed the average price of a prime market property to over £1.15 million. Double-digit annual price growth is evident across all regions except London. The reopening of many international travel corridors, along with a return to the office, should lead to a busy final quarter of the year for agents in the capital.”

According to Stevenson, the search for space is set to be a legacy of the pandemic, with many homeowners still taking stock of their current homes and lifestyles as they readjust to new hybrid working patterns. “Although it has fallen from the heady days of the spring, buyer demand remains above normal levels. At just under 74,500, the Bank of England report monthly mortgage approvals in August were at their lowest level in over a year, but still over 10% higher than the long-term monthly average recorded between 2015 and 2019. According to the Dataloft Demand Index, demand for property in September was 12% higher year on year, with few signs of any significant drop off as autumn takes hold,” she adds.

Stevenson continues saying that while demand remains high, supply continues to be constrained. “There is little sign of any substantial change to the shortage of supply that has beset the market since the start of the year. According to RICS, stock levels per agent remain historically low. Zoopla have reported that compared to 2020, the year-to-date volume of homes for sale is 28% lower and the flow of new supply some 5% lower. Home movers who have already sold subject to contract, cash purchasers and first-time buyers are in the best position to benefit from such a competitive marketplace,” notes Stevenson. “In the first eight months of 2021, it is estimated 1.06 million property sales have taken place across the UK, a higher total than throughout the whole of 2020. Transaction volumes in August were over 10% higher than the long-term August average recorded by HMRC from 2015 to 2019. To date in 2021, 2.6% of all property sales across England and Wales have been for £1 million or more, with more than half taking place outside of the capital.”

Looking at the month ahead and beyond, Stevenson says The Chancellor, Rishi Sunak, is likely to announce the government’s plans for taxation and spending over the next three years in the Autumn Budget on 27th October. “With government borrowing as a proportion of GDP at its highest ratio since the end of World War II, rebalancing the books will be a tricky task. Consumer confidence reached its pre-pandemic level in August, the same month the ONS reported employee numbers were back to pre-Covid levels. However, this has pared back in recent weeks, a result of concerns over the rising price of food and fuel and the end of government support via the furlough scheme,” she comments.

In conclusion, Stevenson adds that rising inflation, although likely to be temporary, may lead to interest rates nudging higher over the final quarter of the year, with the Bank of England Monetary Policy set to have two further meetings before 2021 draws to a close.

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Editors Notes:**
Fine & Country specialises in the sale and rental of prime residential properties. The company is in over 300 locations worldwide including Hong Kong, South Africa and Australia. 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.