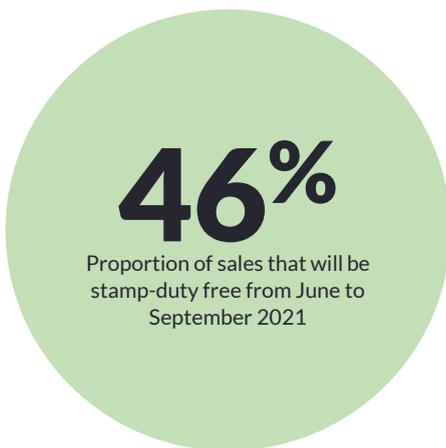


Monthly Market Briefing

The Budget Update

- Who will benefit from the stamp duty holiday extension?
- Will the 95% mortgage guarantee boost your market?
- Are landlords taking gains?
- Latest policy update
- Regional price and rental data



Who wins from stamp duty extension?

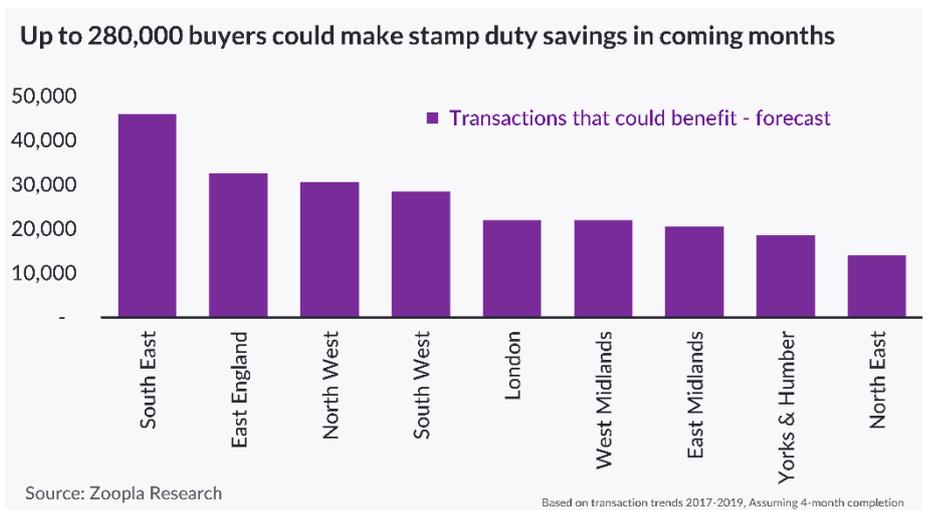
The Chancellor confirmed the stamp duty extension at the Budget, meaning that 234,000 buyers who agreed a sale from late last year to early March, who may not have expected to benefit, will now save nearly £1 billion if they complete by the end of June.

The tapering announcement of further savings on the first £250,000 of any transaction also means that hundreds of thousands of buyers will benefit from savings of up to £2,500 if they agree a sale over the Spring, allowing four months for completion.

We forecast that around 280,000 home movers could save, over and above first-time buyers who mostly pay no stamp duty on these transactions.

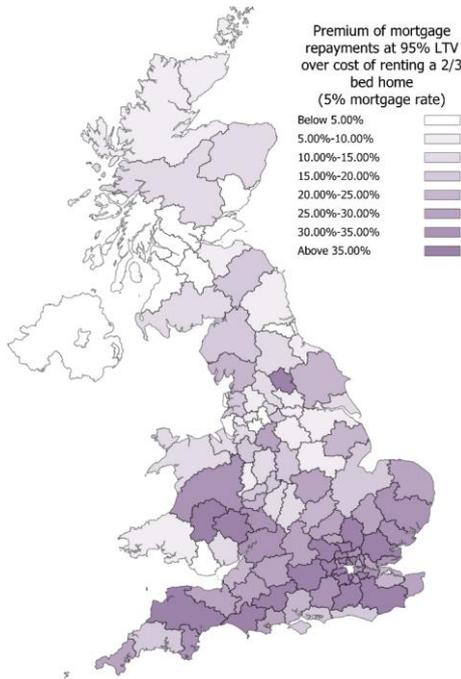
We calculate that the majority of these transactions will be in the £250,000 to £500,000 price bands followed by £125,000 and £250,000 price bands.

Your buyers can benefit from stamp duty savings if they start to progress their purchase now, and vendors will feel the benefits too.



Find out all the latest data for your area:

In Your Area



The 95% mortgage guarantee in detail

The guarantee to make more 95% loan-to-value (LTV) mortgages available to buyers will increase the options for many, especially first-time buyers, who don't have a large deposit.

However, the impact on local market is likely to be greater if capital values are lower. The map shows the difference between monthly rent payments on a family home and 95% LTV mortgage repayments on the same property. In the Midlands and the North of England, and Scotland and parts of Wales, the modest step-up in payments makes it a realistic jump for first-time buyers.

In the South of England and London, a 35%+ rise in monthly payments may make the move beyond reach for many.

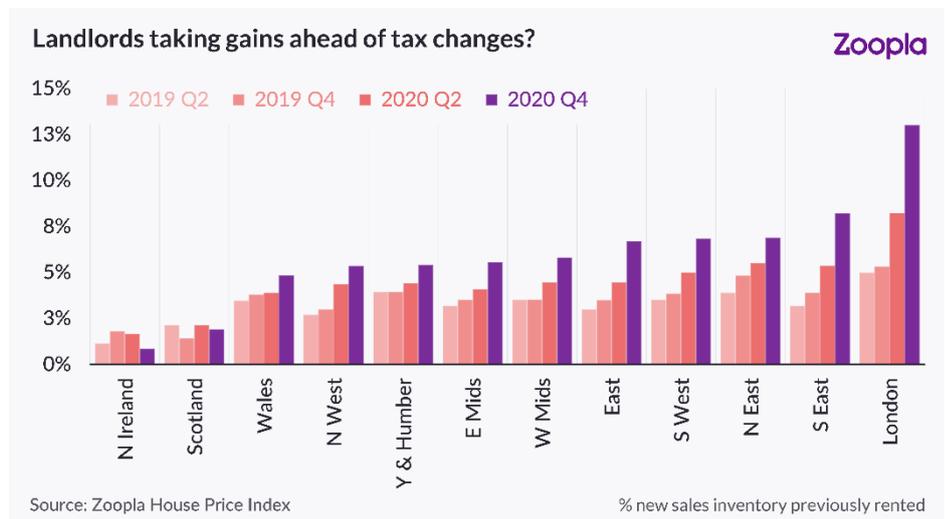
First-time buyers in the North, Midlands, Scotland and parts of Wales are in pole position to benefit from the 95% mortgage guarantee.

Landlords taking gains ahead of potential CGT changes?

The Chancellor may not have mentioned Capital Gains Tax (CGT) during the Budget, but there is still much discussion around a potential increase of CGT rates to align with income tax rates. This would mean a landlord paying the higher rate of income tax would face a higher CGT bill for the sale of an investment property. It would rise from 28% to 40% or 45%. We may find out more about the Government's direction on CGT on "Tax Day" on March 23rd.

Even so, an increasing number of previously rented properties are being put up for sale. Across the UK, an average of 7.5% of all properties listed for sale in Q4 last year were previously rented, up from around 4% in 2019. This is a trend that signals that some landlords are reviewing their portfolios and crystallising gains – before potentially reinvesting.

This may be a good time to check in with your landlords customers to chat about their future plans.



Policy Update

- The Chancellor delivered his Budget on March 3rd, confirming an extension to the stamp duty holiday and the introduction of guarantees for 95% mortgages for all buyers on homes worth up to £600,000.
- There was little mention of Capital Gains Tax in the Budget, except to announce that the tax-free thresholds would be kept in place for several years. There is speculation that there could be more detail around potential changes to tax rates on “Tax Day” on March 23rd, when the Government will publish a series of consultations on taxes.
- The Chancellor also extended furlough until September, and extended the support for self-employed people to include a further 600,000. He also announced larger incentive grants for apprenticeships and traineeships.

Data digest:

	House prices % annual change	Rents % annual change
UK	4.3%	-1.2%
North East	3.9%	4.7%
North West	5.5%	1.9%
Yorkshire & the Humber	5.2%	2.8%
East Midlands	5.2%	4.1%
West Midlands	4.6%	0.0%
East of England	3.5%	2.6%
London	2.8%	-8.3%
South East	3.1%	1.1%
South West	4.0%	3.9%
N Ireland	4.9%	4.7%
Scotland	4.1%	1.1%
Wales	5.6%	2.7%

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[In Your Area](#)

Source: Zoopla Research, prices year to January 2020, rents year to end Q4 2020

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