

**Subject:** Your residential research update: September

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# Residential Research Update

September



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## Flying kites and testing waters

Over recent weeks, property taxation has generated more than its fair share of newspaper headlines. These have ranged from speculation over what the Budget may hold, to whether the now former deputy prime minister had paid the correct stamp duty bill.

The latter provides a timely reminder of the complexity of UK tax law and its application. But, the former is more salient to the outlook for the property market over the remainder of 2025 and, indeed, the next few years.

A plethora of possible changes to property taxation have been floated in the media, ranging from the possibility of capital gains tax being applied to high-value homes, to the prospect of replacing stamp duty with an annual property tax – with the risk of national insurance contributions becoming payable on investors' rental income.

Our much-watched video, unpicking what other proposals **could** mean, [can be viewed here](#). Of course, the emphasis on the word **could** is crucial. We will not really know the outcome of the Chancellors' deliberations until Budget day itself.

## Setting a date



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Rather unhelpfully, that has been set as late as 26th November. That suggests the Government needs longer to assess the effective revenue raising powers of different options and their potential impact on a delicately balanced housing market. Equally important, is their potential impact on the wider economy, especially with yield on long term government bonds recently hitting its highest level since 1998.

Closer to home, that leaves prospective buyers and sellers with the unenviable task of weighing up how to proceed, without being confident in the tax consequences of their actions. Meanwhile, landlords will be waiting to see how their finances may or may not be affected, as they watch the Renters' Rights Bill pass through its final stages in parliament.

## Sense...

If one thing is for certain, it will be prudent for buyers, sellers and investors alike to make an informed judgement after assessing how each of the proposals might apply to their personal circumstances and investigating ways to mitigate the associated risks. Good advice (in this case from a qualified tax adviser) pays for itself, particularly as our analysis shows the potential impact of rumoured proposals is not always clear cut.

Nonetheless, in the round, we expect the continuation of a price sensitive market over the remainder of the year, with prime property markets continuing to lag behind the mainstream.

## ....and Sensitivity

Price sensitivity has, perhaps, been most noticeable in the markets of prime central London, which has been no stranger to the disruption caused by changes in fiscal policy over both the short and medium term. Last week we **released our latest report** on a market where disruption has brought opportunities.

Meanwhile, across the **wider housing market mortgage approvals improved a little in July**. However, **Nationwide tells us that annual house price growth remained at just**

**+2.1%** in the year to the end of August. At the same time **the RICS Residential Market Survey** indicates that demand, in the form of new buyer enquiries, dipped again in July. And although we saw a further cut in Bank base rate in August, **inflation remains higher than the Bank of England would like at 3.8%**.

And so the market continues to be driven as much by buyer sentiment as it does on underlying economic factors.

## Changing intentions?

With that in mind, we would appreciate your help in gauging the effect of recent market activity on confidence by contributing to our **latest buyer and seller survey**. Doing so brings with it the chance of winning spending vouchers worth £250 and securing an equivalent donation to charity, which conveniently allows me to end this month's update on a positive note.



### MY TOP PICKS



## In focus: Prime central London

We combine in-depth market analysis from our dedicated research team with local insights from our agents.

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