

# PROPERTY MARKET

It is strange to think that, as I write this in November, it will not be read until the Christmas and New Year holidays. I hope that you are having a lovely seasonal break and are ready to face the challenges of 2023, whatever they may be!

The day that I wrote the last article for this magazine was the day that Kwasi Kwarteng lost his job as the Chancellor of the Exchequer and now, of course, Liz Truss is no longer Prime Minister. The (hopefully!) safer hands of Rishi Sunak and Jeremy Hunt seem to be bringing some semblance of stability to economy in the UK, and this can only be a good thing for the housing market.

One of the key issues that always affects the housing market is the level of interest rates and the impact on the affordability of mortgages. The global economic problems and the mini-budget caused interest rates to rise sharply.

The mortgage market is certainly not what it was. However, it must be said, that this was always going to happen and we are now seeing fixed rate mortgage deals beginning to reduce following the spike after the mini-budget. We have been used to the cost of borrowing being incredibly low for a long time, and this was never going to continue indefinitely.

A client of mine reflected last week that, when he bought the house he currently lives in, his mortgage rate was 18%! We are nowhere near that position now, and it is incredibly unlikely that we will see that level of rate return, so *maybe* now is the time to reassess our spending habits and accept that mortgages, whilst not as cheap as they were, are not as bad as they could be!

One sector of the market that is struggling somewhat is the Private Rented Sector (PRS) and the Autumn Statement from the Chancellor has not helped private landlords. The exempt amount for Capital Gains Tax has been more than halved from £12,300 to £6,000 - and then to £3,000



from April 2024. This follows recent changes including slashing mortgage rate relief and an extra three per cent of stamp duty being payable on properties bought to rent. It is estimated more than 250,000 properties have already been taken out of the sector at a time of record demand. The latest change in the rules is likely to encourage more private landlords to leave the field, which is only going to exacerbate problems for tenants and also for councils who are seeing their social housing lists rising. I genuinely feel that more thought should be given to helping private landlords who are, in fact, providing much needed housing.

2023 is nearly upon us and it remains to be seen how the year will unfold. Will the cost of living continue to rise and how will the economy fare? We also need to see what occurs within the housing market. Whatever happens I hope that 2023 treats you well and I wish you, and yours, all of the best for the year ahead!



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