# Speculation over potential property taxes dampens UK housing market ahead of autumn budget



Speculation surrounding potential new property taxes in the upcoming autumn budget is already casting a shadow over the UK housing market, heightening uncertainty and dampening enthusiasm among buyers and sellers alike. Estate agents have reported a noticeable slowdown, particularly affecting higher-value properties, as prospective buyers adopt a cautious "wait-and-see" approach amid the uncertainty.

Rachel Reeves, the Chancellor, is reportedly considering implementing a tax on the sale of homes priced over £500,000, alongside proposals to remove the capital gains tax exemption on primary residences valued above £1.5 million. These measures are intended to bolster government revenues but have sparked immediate concern across the property sector. According to Zoopla, a third of homes currently on the market exceed the £500,000 threshold, with London and the South East set to bear the brunt of such tax changes.

The latest market data from Zoopla shows a mixed picture: while the number of sales agreed in July increased by 5% year-on-year and average prices edged up by 1.3%, the proportion of homes reduced in price climbed to 10%—well above the five-year average of 6%. Zoopla’s executive director Richard Donnell warned sellers must be realistic about their pricing strategies, as over-ambitious asking prices have resulted in properties languishing on the market for more than twice as long as those priced appropriately.

Jeremy Leaf, an estate agent and former chair of the Royal Institution of Chartered Surveyors, confirmed that although sales are progressing, the summer period had already led to a natural slowdown in activity. However, he emphasised how even the mere speculation of new property taxes has weighed heavily on market confidence, citing a tangible drop in buyer activity since reports of potential tax changes emerged. This echoes concerns articulated by Tom Bill of Knight Frank, who described the market as having become "a whole lot more price-sensitive" in light of these developments. He suggested that in the lead-up to the budget announcement, this speculation could prolong subdued transaction volumes and restrict stamp duty revenues.

This chilling effect on the housing market follows a broader context of fiscal uncertainty and tax pressures on property owners. Earlier this year, landlords demonstrated a rush to sell amid fears of capital gains tax hikes, with up to 18% of homes listed in September having previously been rented out, reflecting anxieties about possible increases from current CGT rates of up to 24% to as high as 39%. The government has also signaled a crackdown on long-term empty homes by doubling the council tax premium from April 2024, aiming to address housing shortages by encouraging owners to bring vacant properties back into use. This reflects a wider strategy to temper property market imbalances and raise additional revenue.

Economic headwinds and policy uncertainty have already begun to depress activity in the UK housing market over recent months. For example, in February, buyer demand hit its lowest point since late 2023, influenced by uncertainty around stamp duty deadlines and persistently high interest rates. Concurrently, UK house prices saw an unexpected small decline, defying earlier expectations of growth amid a potential rush to beat tax increases. Nonetheless, earlier in the year, house prices reached record highs before the anticipated rise in stamp duty prompted some buyers to hasten purchases, illustrating the market's sensitivity to fiscal policy shifts.

In sum, the looming prospect of new property taxes is compounding existing challenges in the UK housing market, intensifying price sensitivity and dampening buyer confidence. Stakeholders from estate agents to researchers caution that prolonged uncertainty ahead of the budget could result in subdued transaction levels, further tempering what has already been a cautious market environment. Sellers, in particular, may face tougher conditions and longer selling times if they fail to adjust their expectations to these rapidly evolving fiscal signals.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.theguardian.com/business/2025/aug/28/property-tax-threat-slow-down-housing-market-uk-agents), [[2]](https://www.theguardian.com/business/2025/aug/28/property-tax-threat-slow-down-housing-market-uk-agents)
* Paragraph 2 – [[1]](https://www.theguardian.com/business/2025/aug/28/property-tax-threat-slow-down-housing-market-uk-agents), [[2]](https://www.theguardian.com/business/2025/aug/28/property-tax-threat-slow-down-housing-market-uk-agents)
* Paragraph 3 – [[1]](https://www.theguardian.com/business/2025/aug/28/property-tax-threat-slow-down-housing-market-uk-agents), [[2]](https://www.theguardian.com/business/2025/aug/28/property-tax-threat-slow-down-housing-market-uk-agents)
* Paragraph 4 – [[1]](https://www.theguardian.com/business/2025/aug/28/property-tax-threat-slow-down-housing-market-uk-agents), [[2]](https://www.theguardian.com/business/2025/aug/28/property-tax-threat-slow-down-housing-market-uk-agents)
* Paragraph 5 – [[4]](https://www.theguardian.com/business/2024/oct/16/uk-landlords-rush-to-sell-ahead-of-budgets-possible-capital-gains-tax-rise), [[3]](https://www.gov.uk/government/news/crack-down-on-long-term-empty-homes)
* Paragraph 6 – [[5]](https://www.theguardian.com/business/2025/mar/13/stamp-duty-deadline-and-economic-gloom-dampen-uk-housing-market), [[6]](https://www.theguardian.com/business/2025/mar/07/uk-house-prices-fall-unexpectedly-says-halifax), [[7]](https://www.theguardian.com/business/2025/feb/07/uk-house-prices-jump-to-new-high-as-stamp-duty-rise-looms-says-halifax)
* Paragraph 7 – [[1]](https://www.theguardian.com/business/2025/aug/28/property-tax-threat-slow-down-housing-market-uk-agents), [[2]](https://www.theguardian.com/business/2025/aug/28/property-tax-threat-slow-down-housing-market-uk-agents), [[4]](https://www.theguardian.com/business/2024/oct/16/uk-landlords-rush-to-sell-ahead-of-budgets-possible-capital-gains-tax-rise), [[5]](https://www.theguardian.com/business/2025/mar/13/stamp-duty-deadline-and-economic-gloom-dampen-uk-housing-market)

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## Bibliography

1. <https://www.theguardian.com/business/2025/aug/28/property-tax-threat-slow-down-housing-market-uk-agents> - Please view link - unable to able to access data
2. <https://www.theguardian.com/business/2025/aug/28/property-tax-threat-slow-down-housing-market-uk-agents> - Estate agents in the UK have expressed concerns that proposed property tax changes, including a potential tax on homes over £500,000 and the removal of capital gains tax exemptions on primary residences above £1.5 million, could dampen the housing market. Zoopla noted that a third of homes for sale are priced above £500,000, with London and the south-east likely to be most affected. The number of sales agreed in July increased by 5% year-on-year, and average prices rose by 1.3%. However, one in ten homes listed had been reduced in price, exceeding the five-year average of 6%.
3. <https://www.gov.uk/government/news/crack-down-on-long-term-empty-homes> - The UK government has announced plans to double the council tax premium on long-term empty properties from 1 April 2024. This measure aims to address housing shortages by encouraging owners to bring vacant homes back into use. Exceptions include properties uninhabitable due to extensive renovation, second homes not available year-round due to planning restrictions, and inherited homes, where the tax will be deferred for up to a year to support grieving families.
4. <https://www.theguardian.com/business/2024/oct/16/uk-landlords-rush-to-sell-ahead-of-budgets-possible-capital-gains-tax-rise> - UK landlords are reportedly selling properties at record rates, with 18% of homes for sale in September having previously been rented out, according to Rightmove. This surge is attributed to fears of a potential rise in capital gains tax (CGT) in the upcoming budget. The tax on gains from property is currently up to 24%, but speculation suggests it could increase to as much as 39%, prompting landlords to sell sooner rather than later.
5. <https://www.theguardian.com/business/2025/mar/13/stamp-duty-deadline-and-economic-gloom-dampen-uk-housing-market> - The UK housing market experienced a slowdown in February, with buyer demand falling to its lowest level since November 2023. This decline is attributed to concerns over a looming stamp duty deadline and high interest rates. The Royal Institution of Chartered Surveyors reported that approximately 14% of property professionals noted a decrease in demand, indicating a dampened market sentiment.
6. <https://www.theguardian.com/business/2025/mar/07/uk-house-prices-fall-unexpectedly-says-halifax> - UK house prices unexpectedly declined in February, with the average property price dipping by 0.1% to £298,602. This downturn occurred despite expectations of a rush to complete purchases before stamp duty increases in April. Analysts had anticipated a 0.3% increase, highlighting a more cautious market sentiment amid economic uncertainties.
7. <https://www.theguardian.com/business/2025/feb/07/uk-house-prices-jump-to-new-high-as-stamp-duty-rise-looms-says-halifax> - UK house prices reached a new high in January, with the average price rising to £293,999. This surge is partly attributed to buyers rushing to complete transactions before the anticipated stamp duty increase in April. However, the annual growth rate has slightly eased to 3% from 3.4% in December, indicating a potential slowdown in the market.