# Property market stalls as UK prepares for major tax reforms in upcoming Budget



Talk of significant property tax hikes ahead of the UK government's upcoming Budget has created a pronounced chill in the housing market. Last week, TV presenter Kirstie Allsopp described the market as effectively ‘dead’ ahead of Chancellor Rachel Reeves’s speech slated for 26 November. This perception stems from widespread rumours that the government is planning sweeping tax reforms targeting property owners, which is already impacting buyer behaviour and sales activity.

According to estate agents particularly in London, around 20% of prospective buyers have withdrawn from ongoing purchases since late August after speculation intensified over potential tax rises. Zoopla data reveals a 4% decline in enquiries for homes valued at £500,000 or above over the past month compared with the same period last year. The crux of the uncertainty surrounds proposals reportedly under consideration to scrap stamp duty in favour of a new annual property tax on homes valued over £500,000. Additionally, there are suggestions that homeowners of properties worth £1.5 million or more could become liable for capital gains tax on profits when selling. Rachel Reeves is also thought to be contemplating council tax reforms and requiring landlords to pay National Insurance contributions on rental income.

For sellers, this challenging market environment presents difficult choices: hold out for an acceptable offer, significantly reduce asking prices to attract buyers, or temporarily withdraw properties from sale until post-Budget conditions become clearer. Amy Reynolds, an estate agent from Antony Roberts in Richmond, advises sellers to consider local market activity. “If similar properties that are slightly cheaper are selling, then a price reduction will work. If nothing is moving and the area is cautious, taking the home off the market and making improvements can help future sales,” she said. Price adjustments vary widely, with some sellers needing to reduce asking prices by 2% to 10% depending on local comparables and the property type. Research from London estate agent Hamptons shows over two-thirds of homes sold this summer went for less than the initial asking price.

Property expert Phil Spencer highlights the psychological challenge sellers face, noting that “it's human nature to see your home as better than others on the market, but pricing it slightly lower than comparable homes can attract more viewings and offers.” Those keen to sell swiftly are also advised to look beyond price to buyer reliability—prioritising purchasers who are ‘chain-free’ or demonstrably ‘proceedable,’ meaning they have their finances firmly in order and are serious about completing the transaction.

The timing of a sale is critical, with November and December generally regarded as the poorest months to list property due to the Christmas lull. Rightmove data underlines February and March as peak months for putting homes on the market. Given these seasonal patterns and the late Budget timing, many sellers might find strategic advantage in withdrawing temporarily and returning to the market early next year. As Ms Reynolds puts it, “We know buyers are waiting for the Budget, and the current environment isn’t a sellers’ market. The market may worsen before improving, so a long-term approach may be necessary.”

Those opting to wait have the opportunity to enhance their home’s appeal. Decluttering, fresh decorating, and improving kerb appeal—such as maintaining windows, roofs, gardens, and frontages—can make a significant difference, according to Angela Kerr from the HomeOwners Alliance. Sellers should also time their property photographs carefully to avoid signalling prolonged market presence with off-season or dated images.

For chain-free buyers who do not need to sell first, the advice is to remain proactive. “Many are waiting for the Budget to see what doom and gloom might unfold, but if you can afford to move now, you’re less likely to face competition,” says Ms Reynolds. However, Mr Spencer advises caution, noting that with more homes listed than buyers, purchasers are in a strong negotiating position and should take their time.

Separately, the Autumn Budget, announced recently by Chancellor Rachel Reeves, confirmed some tax changes that reinforce these market dynamics, particularly for landlords and second home buyers. The stamp duty surcharge on additional properties is set to rise from 3% to 5%, effective from 31 October 2024, a move intended to ease pressure on first-time buyers by discouraging speculative property purchases. This increase means higher tax on purchases of second homes—ranging from 5% on homes up to £250,000, moving up to 17% on values exceeding £1.5 million. Meanwhile, capital gains tax rates overall have increased, with the lower rate rising from 10% to 18% and the higher rate from 20% to 24%. These changes affect most asset types and align capital gains tax rates on property sales with these new thresholds. Notably, the rates for landlords selling properties remain unchanged at 18% and 24%, respectively.

The Chancellor’s measures, while designed to shore up public finances and promote housing market fairness, are adding to perceptions of an uncertain and restrictive property environment. This confluence of tighter tax regimes, market caution, and consumer reticence may well prolong the current downturn in activity until clearer post-Budget signals emerge.

### 📌 Reference Map:

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1. <https://www.dailymail.co.uk/money/mailplus/article-15161639/How-YOU-beat-property-freeze-rumours-swirl-significant-tax-hikes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.simplybusiness.co.uk/knowledge/landlord-and-business-news/autumn-budget-for-landlords/> - In the 2024 Autumn Budget, Chancellor Rachel Reeves announced significant tax changes affecting landlords. The stamp duty surcharge on additional properties will increase from 3% to 5%, effective from 31 October 2024. Capital gains tax rates for landlords remain unchanged, with the lower rate at 18% and the higher rate at 24%. These measures aim to address a £22 billion shortfall in public finances and support first-time homebuyers by making it more expensive for landlords to purchase additional properties.
3. <https://www.reuters.com/world/uk/uks-reeves-announces-rise-capital-gains-tax-most-assets-2024-10-30/> - British Finance Minister Rachel Reeves announced an increase in capital gains tax rates for most assets, raising the lower rate from 10% to 18% and the higher rate from 20% to 24%. These changes are expected to raise £2.5 billion and align with existing property sale rates. Additionally, capital gains tax on carried interest will rise to 32% from 28%. The lifetime limit for Business Asset Disposal Relief remains at £1 million, with rates increasing to 14% in April 2025 and 18% in 2026-2027.
4. <https://www.reuters.com/world/uk/uk-increases-stamp-duty-tax-second-homes-2024-10-30/> - Britain will increase the stamp duty tax on second home purchases by 2 percentage points to a total of 5%, starting 31 October 2024. This measure aims to support first-time homebuyers and is expected to facilitate over 130,000 additional transactions within the next five years. The current stamp duty thresholds, implemented in September 2022, require payment on homes valued over £250,000 or £425,000 for first-time buyers, and these are scheduled to expire at the end of March 2025.
5. <https://www.tbagroup.uk/news/tax-increases-whats-new-in-the-autumn-budget-2024/> - The 2024 Autumn Budget introduced several tax changes, including a 4.1% increase in the state pension, raising the full new state pension to £230.30 per week. The stamp duty surcharge for purchasing a second property was raised from 3% to 5%, effective from 31 October 2024. Capital gains tax rates for landlords remain unchanged, with the lower rate at 18% and the higher rate at 24%. These measures aim to address a £22 billion shortfall in public finances and support first-time homebuyers.
6. <https://www.forbes.com/uk/advisor/personal-finance/2024/10/30/autumn-budget-2024/> - The Chancellor announced an increase to the stamp duty tax surcharge paid on the purchase of second homes in England and Northern Ireland from 3% to 5%, effective from 31 October 2024. This change means the stamp duty charge on second homes worth up to £250,000 will rise from 3% to 5%, and the charge on a property’s value between £250,001 and £925,000 will rise from 8% to 10%. The charge on value over and above £1.5 million will be levied at 17%.
7. <https://www.gov.uk/government/publications/autumn-budget-2024-overview-of-tax-legislation-and-rates-ootlar/autumn-budget-2024-overview-of-tax-legislation-and-rates-ootlar> - The UK government has announced an increase in the higher rates of Stamp Duty Land Tax (SDLT) for purchasers of additional dwellings and by companies, from 3% to 5% above the standard residential rates. The single rate of SDLT payable by companies and non-natural persons acquiring dwellings for more than £500,000 will also increase from 15% to 17%. These changes will apply to transactions with an effective date on or after 31 October 2024.