

PROPERTY PRICES AFTER BREXIT

THE COMPLETE GUIDE



5	Brexit House Prices: Will House Prices Drop After Brexit in the UK?
6	The Brexit Timeline – What’s Happened So Far?
12	Brexit and House Prices in 2016: Property Prices After the Brexit Vote
14	What is the Effect of Brexit Vote on Real Estate Prices in the UK? <H3>
16	The Boris Bounce of 2019/20
18	What Do the Experts Predict For the Housing Market After Brexit?
19	What will Brexit do to the property market if there is no Brexit deal?
20	What will happen to property prices in London if the Brexit deal doesn’t pass?
21	What will happen to property prices after Brexit?
22	How will Brexit affect property investment?
24	Brexit and House Prices: What About Mortgage Rates?
26	The Effect of Covid-19 on Brexit and House Prices
28	Should I Invest in UK Property? The Key Points On Brexit and House Prices



Brexit House Prices: Will House Prices Drop After Brexit in the UK?

The issue of house prices after Brexit is one that's been dominating both property news and the UK press for many years now. Ever since the Brexit vote in June 2016, many UK residents and overseas investors have been left wondering – will property prices drop after Brexit? This state of mind remained for many years following the vote, provoking a lot of uncertainty. In 2019, the UK was set to leave the EU in March, and then again in October, leading many to question 'will house prices drop after Brexit in 2019?'.


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As of October 2020, the UK is well into the Brexit transition period, and uncertainty over house prices after a no deal Brexit is not the only concern the country faces. The Covid-19 pandemic, and the resulting nationwide lockdown, has brought further economic instability and property market anxiety.

For those eager to find out whether the final outcome will affect their finances and investments, we've compiled this in-depth guide to Brexit house prices, with expert advice on everything you need to know about property prices after Brexit. This includes whether or not there will be a drop in the average house price after a no deal Brexit, a recap of the key Brexit news from the past five years, and all the top predictions for the property market after Brexit. We also discuss the combination of Covid-19 and Brexit uncertainty, and how this is likely to affect the UK property market moving forward. Interested in learning more? Keep reading for our detailed Brexit housing market guide.

The Brexit Timeline – What’s Happened So Far?

There’s no denying that Brexit, and the negotiations involved, have been a long and tiresome process. Before thinking about what will happen to property prices after Brexit, you might want to refresh your memory on the key Brexit events that have happened over the last five years. Here’s a Brexit timeline to remind you of what’s happened so far.





22nd
February

2016



23rd
June

2016

The Date for The EU Referendum Vote Announced

In February 2016, David Cameron announced that the UK would vote in an EU Referendum on 23rd June, officially launching the Brexit campaign.

UK votes to leave the EU

In June 2016, the UK voted to leave the EU, with the leave campaign having won by 51.9% to 48.1%. David Cameron announced his resignation as prime minister the following day. In the month following the vote for Brexit, property prices in the UK fell by 1%, which was a bad sign for the Brexit effect on house prices, but a much less drastic drop than first expected.



13th
July

2016

Theresa May Announced as Prime Minister

Less than a month after the Brexit vote, Theresa May was appointed as the new Prime Minister, having won the Conservative Party leadership contest by default.



18th
April

2017

Theresa May Announced Plans to Hold a Snap General Election

Theresa May called a snap general election in a bid to increase her authority in both the House of Commons and the public eye. This launched an electoral campaign between Conservative, Labour, SNP, Lib Dems, DUP and Sinn Féin.



15th
January

2019

May's Withdrawal Deal Draft Rejected

In January 2019, the UK Parliament held a vote to decide whether or not they accepted the Withdrawal Deal offered by Theresa May. This deal was rejected with just 202 votes for and 432 votes against.



10th
April

2019

Deadline Pushed Back to 31st October

Despite the aim to leave the EU on 29 March this year, a new Brexit deadline of 31st October was announced due to the fact that Theresa May's withdrawal agreement was rejected three times in total.



13th
March

2017

May Triggered Article 50 of the Lisbon Treaty

On 29th March 2017, Theresa May triggered article 50 of the Lisbon Treaty, prompting Brexit with a notice period of two years.



8th
June

2017

General Election Saw May Lose Majority and Make a Deal With the DUP

The final result of the 2017 general election saw no seats win a majority, with the conservatives losing seats to Labour and the Lib Dems in England and Wales. As a result, Theresa May was forced to make a deal with the DUP in order to stay in power.



13th
March

2019

MPs say No to a No-Deal Brexit

Parliament voted in favour of a motion which aimed to rule out the UK leaving the EU without a deal, although the result of this vote was not legally binding.



24th
May

2019

Theresa May Resigns as PM

On the 24th May 2019, Theresa May announced that she was standing down as Prime Minister. On 24th July, May headed to Buckingham Palace to tender her resignation to the Queen.



24th
July

2019

***Boris Johnson
New PM***

Boris Johnson is appointed as the new leader of the conservative party, now heading up the Brexit campaign.



12th
December

2019



29th
October

2019

***UK Parliament
Approve General
Election***

In a similar turn of events to the 2017 election, Boris Johnson calls for another snap general election. Parliament approves this and a new election campaign is launched ahead of the December election.



31st
January

2020

Departure Day

The UK departed from the EU at 11 pm on 31st January 2020. The country has now reached the Brexit transition period before all agreements between the EU and the UK are made by the end of the year.



9th
January

2020

***MPs back
Withdrawal
Agreement Bill***

The Commons voted 330 to 231 in favour of Boris Johnson's Withdrawal Agreement Bill – the bill that will implement the UK's Brexit deal.



17th
May

2020

***EU Urged to
Show Flexibility***

Michael Gove urges the EU to show 'flexibility', as signs continue to point towards a no deal Brexit.



21st
August

2020

***UK Will Not
Extend Trade Talks***

Negotiator Michel Barnier states that he believes a UK-EU Brexit trade deal is 'unlikely'. The UK says it will not extend trade talks, even if an agreement cannot be reached by the 31st December deadline.



13th
June

2020

***Support For
Transition Period
Extension***

A survey reveals that over half of Britons support a Brexit transition period extension, while three-quarters of British people believe that the UK should work closely with the EU to combat coronavirus.



23rd
October

2020

***Trade Talks
Continue in
London***

Trade talks continue as negotiators meet in London. Liz Truss, International Trade Secretary, insists that a deal can still be done due to a new round of intensified daily meetings.

Brexit and House Prices in 2016: Property Prices After the Brexit Vote

One way that we can try and find out about the overall Brexit effect on house prices in the UK is to look at past property price changes. In the months leading up the Brexit vote in June 2016, there was a lot of uncertainty in the press. Many remainers were fearful of an outcome in which the UK voted to leave the EU, resulting in articles asking ‘will house prices drop after Brexit?’ and ‘should I buy a house before or after Brexit?’

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So what actually happened in the months following the Brexit vote? While the UK economy did slow down throughout the second half of 2016, the country’s property market didn’t immediately suffer from the so-called ‘Brexit Armageddon’ that was initially feared. The GBP had one of the biggest drops that the UK economy has experienced after the Brexit vote, with the pound sinking to a 31-year low against the dollar on Wednesday 6th July 2016. By 24th August, however, the pound rose to £1.32 against the US dollar – the highest rate it had been at in three weeks.





What is the Effect of Brexit Vote on Real Estate Prices in the UK?

After months of ‘will house prices fall after Brexit?’ and ‘how will the Brexit vote affect my investment?’, it became evident that fears of a declining housing market after Brexit’s vote were not living up to expectations. Findings from a Bank of England regional agents survey revealed that while there was a dip in UK property market activity following 23rd June, the market had proved to be far more resilient than first expected.

By October 2016, house prices had risen by £2,623 in just one month, boosting the average UK house price to £309,122. In the year from October 2016 to October 2017, property prices in the UK as a whole grew by 4.5%, revealing an optimistic outlook for the UK’s housing market. So, just how drastically have property prices after Brexit’s vote grown from 2016 to 2019? According to data from the Land Registry House Price Index, UK house prices increased by 11% in the 40 months following the European Union Referendum. The highest level of growth was seen in England, followed by Wales, Scotland, and Northern Ireland. Specific regions in the UK also saw higher growth in house prices after the Brexit vote in 2016, with the highest rises coming from the West Midlands, East Midlands, and the North West.

These promising house price statistics were definitely good news to those investing in UK property, but there was also the question of rental prices, and how fluctuations in the rental market could impact buy to let investments. With buy to let, rental yields are one of the key factors that investors look for in their property ventures, and many were left wondering whether their rental income would be affected by the 2016 Brexit vote. Thankfully, this wasn’t the case, with average rental yields in Northern UK areas having increased by up to 4.3% by the end of 2016.

While these statistics by no means provide a solid answer to the question on so many people’s lips – ‘will the housing market crash after Brexit?’, they do suggest that the uncertainty brought on by Brexit may not damage the property market as much as many predicted. Judging by how well the UK property market held up following the EU Referendum vote, it’s hopeful that our final exit from the EU will bring similar levels of certainty to the market.

The Boris Bounce of 2019/20

The lead up to the 2019 referendum was a tense time for the UK government, with many fearful of Boris Johnson's intentions for Brexit. One of the biggest concerns was that with Johnson leading the country, we would end up with a no-deal Brexit – prompting many to question whether the average house price after a no deal Brexit would suffer.

While we're still unsure of the latter, it's evident that Boris Johnson's election had, in fact, strengthened confidence in both Brexit, the UK economy, and the UK property market. It is for this reason that Boris Johnson's election victory in 2019 has led to what's now being referred to as the 'Boris Bounce'. Ever since Boris Johnson won the 2019 general election with a large Tory majority, a number of improvements have been noted.

As soon as the result of the General Election was announced in December 2019, the GBP reached a rate of 1.35 USD – the highest level it's been at since May 2018. This massively increased confidence in the UK economy, especially since the GBP reached lows of 1.22 USD after Boris Johnson first became Prime Minister back in July 2019.

At the same time following the 2019 general election, investment sectors witnessed significant growth in share prices. The share prices of FTSE 100 and FTSE 250 companies grew by 1.1% and 3.4%, while Barclays, RBS and Lloyds all saw share prices increase by 6%, 8% and 5%. Property developers and contractors in the UK also saw their share prices grow, such as Barrett and Permisson who reported increases of 14% and 12%.

The International Monetary Fund, an international financial organisation, has even predicted that thanks to the 'Boris bounce', the UK will see stronger growth than Germany, Japan, and France in 2020/21. So what do the house price growth figures say?

According to Halifax data, December house prices reportedly leapt by 1.8% compared to the previous month, boosting the annual increase to 4%. Additional research also shows that as of January 2020, average asking prices for properties in the UK had risen by 2.3% since 12th December. According to Rightmove, this increase has added around £6,785 to the value of the average UK property, boosting the average property price to £306,810. Interestingly, this increase is the largest monthly rise for this time of year recorded by Rightmove since 2002.

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If you're an investor that's wondering 'how will property prices be affected by Brexit?', figures like these, paired with the overall evidence of stability in the UK economy, should be enough to put your worries at ease. While we still don't know what will happen to property prices post Brexit's transition period, particularly whether or not we can expect a drop in the average house price after a no deal Brexit, recent patterns following major Brexit-related events have revived property market confidence as a whole.





What will Brexit do to the property market if there is no Brexit deal?

A question on many people's lips is 'Will house prices crash after Brexit without a deal?'. In July 2019, The Office for Budget Responsibility predicted that a no-deal Brexit could cause property prices in the UK to drop by almost 10% by mid-2021. While we can't completely ignore the possibility of drops in house prices after a no deal Brexit, investors shouldn't be immediately put off by these predictions. We're now within a transition period of twelve months, which is plenty of time for a deal to be agreed. These predictions of a 10% drop in house prices also fail to specify the exact locations which will be impacted. The North West region, for instance, has remained strong over recent years in the face of stagnant or declining property markets in other UK areas.

What Do the Experts Predict For the Housing Market After Brexit?

If you're still unsure about the possible outlook for the housing market post-Brexit, we've compiled a selection of thoughts and predictions from some of the top industry experts. This section also includes more up to date house price predictions post Brexit, which incorporate the impact of the Covid-19 pandemic.

What will happen to property prices in London if the Brexit deal doesn't pass?

Despite not knowing whether or not we will leave the EU with a deal, property experts JLL predict that the London housing market after Brexit is set to see some progress over the coming years. In a recent study, JLL have predicted house price growth of 1% across Greater London in 2020, followed by 2.5% growth in 2021 and 4.5% growth by 2022. While London is still considered less of an attractive investment when compared to opportunities in the North, these predictions suggest a positive future for the capital.

What will happen to property prices after Brexit?

So, will Brexit affect house prices? Here's what the experts expect for house price predictions post Brexit. Property experts behind the popular estate agents portal, Rightmove, predicted that house prices in the UK would grow by 2% on average in 2020 due to an increase in market and consumer confidence. As of October 2020, it's evident that the UK market has exceeded the predicted rise in house prices after Brexit negotiations began. New research from Rightmove has revealed that UK property prices are now 5.5% higher than they were a year ago, which is the largest increase in four years. Property market activity from both homeowners and investors also hit new records in September, and the number of active buyers was recorded as 66% higher than a year ago. These are all fantastic signs that after the final outcome of Brexit, house prices will remain strong despite any economic uncertainty that may remain. Much like in previous years, the North West region is expected to dominate the housing market post Brexit, while the South is likely to see less growth.



How will Brexit affect property investment?

Predictions from the Royal Institution of Chartered Surveyors suggest that rents in the UK will increase by 2.5% due to an ongoing gap between supply and demand in the UK property market, paired with average house price growth of around 2%. If true, this suggests that 2020 is a great year to go ahead with your buy to let investment, allowing you to purchase your investment property before it rises in value while also benefiting from attractive returns.



Brexit and House Prices: What About Mortgage Rates?

The majority of lenders began to close their 95% mortgages, which were common with first time buyers.

Both home buyers and investors are curious about not only house prices after Brexit, but also mortgage rates, and how mortgages will be affected once the exit from the EU is finalised. Over 2020, mortgages have changed in line with the coronavirus pandemic. The majority of lenders began to close their 95% mortgages, which were common with first time buyers. While 2020 has brought issues for first time buyers who favour affordability when agreeing on a mortgage deposit deal, things have looked up for investors and those buying

a second home. This group of buyers were able to benefit from some large savings through the stamp duty holiday. The stamp duty holiday was announced in July 2020, and allows those buying a second property to save money on stamp duty tax. The announcement of this tax break helped to boost UK housing market activity, which has also caused mortgage rates to rise due to demand. With the stamp duty holiday set to last until March 2021, mortgage rates could continue to rise following Brexit, in line with ongoing property market activity.



The Effect of Covid-19 on Brexit and House Prices

The threat of Covid-19's impact on the UK economy and property market has somewhat overtaken Brexit uncertainty. But just how much impact will the combination of the Coronavirus pandemic and Brexit have on the UK property market and house prices after Brexit?

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While Covid-19 has undoubtedly had a big impact on the UK economy, with many people out of work and many businesses failing, the outlook for the UK property market remains positive. With the average UK property price now at a record high, the UK property market has experienced a similar resurgence during the Coronavirus pandemic as it did back in October 2016 following the initial Brexit vote. Hopefully, the UK property market will follow a similar pattern over the coming years as it did following Brexit uncertainty. With predictions for huge growth in property prices, the market looking forward certainly looks promising in the face of both the Covid-19 aftermath and the outcome of Brexit house prices. Savills, for example, released updated property price predictions which estimate that UK property prices will grow by 20.4% by 2024. Within the same period, even higher growth of 27.3% is expected for the North West region, with Yorkshire and the Humber following behind with house price growth of 24.1%.

Should I Invest in UK Property? The Key Points On Brexit and House Prices

There's definitely a lot to think about when it comes to the issue of property prices after Brexit, and whether or not we can expect a strong housing market post Brexit's finalisation. If you're considering investing in property, here are some points to take away:



1 A Stable Asset

Following a slightly rocky period after the initial EU Referendum vote in 2016, the UK property market is now in a much more stable state, even with Covid-19 and its effect on the economy. If the UK and EU can agree on a Brexit deal prior to the end of 2020, new rules on trade, travel and business will take effect on 1st January and confidence in the housing market will surely continue for many years to come.



2 House Price Decrease

Ultimately, the question of 'Will house prices go down after Brexit?' is dependent on factors such as the Brexit deal, and the UK area you're looking to buy property in. The majority of experts, however, have confidence in the market moving forward. Recent house price predictions post Brexit have revealed an increase in property sale prices in December 2019 compared to the previous month, and experts have predicted that property prices after Brexit will continue to rise throughout the coming years.



3 North West Strength

When it comes to property prices, Brexit housing market may see some regional differences in house price growth. According to past property market patterns and expert predictions, cities in the North West region are expected to have the strongest housing market after Brexit. According to property market analysts, cities where wages are increasing in line with house prices will perform at the highest rate in the coming years. In a recent report by Hometrack, Liverpool is revealed to have rapidly growing house prices. Despite this, however, the city is also hailed as the second most affordable city in the UK, which can only mean that wages are increasing. Both before and after Brexit, property prices in Liverpool present Liverpool property investment as the most attractive UK investment opportunity



4 A Resilient Market

If there's one thing you can take from the UK housing market throughout 2020, it's that it is incredibly resilient. Even in the face of economic turmoil due to the Covid-19 pandemic, both UK property prices and property market activity have remained strong. This is a good sign that in the face of any issues that may arise, house prices after Brexit should continue moving in the right direction, whatever the outcome of the imminent EU exit.



5 Stamp Duty Holiday

With the stamp duty tax holiday lasting until March 2021, investors that are feeling apprehensive about Brexit and house prices should consider the significant savings they could make by buying property in 2020. Investors could save up to £15,000 in stamp duty tax, while enticing deals like assured rental yields are also being introduced. With the rental market and house prices after Brexit expected to increase, 2020 really is one of the best times to invest in UK property.



6 Rental Price Growth

Not only is the average house price after Brexit set to see an increase, but predictions on the housing market after Brexit also reveal rental price growth. This is a great sign for UK buy to let investors, boosting rental yields and capital growth potential. Research by JLL suggests that along with a rise in the average homes value, rental costs in Liverpool and Manchester are expected to grow by 3%.



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If you still have some questions on Brexit and the UK property market in the UK or are wondering ‘will house prices drop after Brexit in the UK?’ feel free to contact our team at RWinvest. We have experience and expertise in all things property investment and are able to talk you through our most promising investment options for 2020 and beyond.

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This guide to house prices after Brexit was last updated in October 2020. Depending on the date you’re reading this article, certain details or statistics may have changed since the content was last updated.