



# AUTUMN BUDGET 2021

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2021

What Does it Mean For  
the Property Market?

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# Housing Market

- Capital Gains Tax deadline extended from 30 days to 60 days.
- £24 billion for new housing, with £11.5bn spent on 180,000 new affordable homes built on brownfield sites.
- 4% levy placed on the UK's biggest property developers to create a £5bn fund to remove unsafe cladding.
- Around £640 million a year pledged to address rough sleeping and homelessness.

Despite the country being struck by three UK lockdowns, resulting in a 10% economic drop and over £100 billion spent on job support schemes, the property market has remained healthy.

Property prices across the UK have seen record-breaking growth, with the average property price surpassing £250,000 for the first time ever – the highest rate of growth since 2004. Likewise, the rental market has seen massive growth, too, with HomeLet finding that average UK rental prices are now £1,061 – the highest on record.

With all this in mind, it was unsurprising to find that Chancellor Rishi Sunak didn't offer much for the housing market, with a limited raft of changes described as "leaving a lot to be desired."

# Housing Supply to Increase With Brownfield Land Regeneration

The most significant pledge towards the housing market was the Chancellor's commitment to spend a whopping £24 billion on housing.

Around £11.5bn has been reserved for 180,000 affordable homes, with development centred on the regeneration of brownfield sites in the UK.

This is £1.8 billion more than the last budget. This commitment to further housing and urban regeneration of brownfield land has been a welcomed one, with the UK recording a severe lack of available properties on the market.

In fact, in places like Manchester, the current demand for property outweighs supply by 5:1.



While the type of housing set to be built wasn't mentioned, general consensus believes these new homes are likely to cater to first-time buyers and property investors.





# New Tax Levy for Big Property Developers

A new 4% tax levy has been issued on the UK's biggest property developers to help fund a £5 billion spend on removing unsafe cladding.

Cladding has been a huge talking point for several years, after the Grenfell tragedy in 2017. Now, developers who earn profits over £25 million will pay a 4% levy to help remove unsafe cladding. While this is welcomed for leaseholders across the UK, many experts say it isn't enough.

Talking with Housing Digital, the head of Government Affairs at the Royal Institution of Chartered Surveyors, Jonathan Hale, said: "It's still well short of the £15 billion needed that is estimated to fix every building."

# Green Revolution Underway With Extra Funding

Before the Autumn Budget, plans were announced to make UK homes greener. But during the Budget, Sunak revealed further funding, with £3.9 billion allocated to de-carbonising UK homes.

The climate crisis has become a big talking point in Europe. With these plans in place, it seems that the UK is ready to tackle environmental issues head-on.


The rise of eco-homes has already become commonplace in the UK, with the likes of ELEMENT – The Quarter – Liverpool’s first eco property – already revolutionising the UK housing and property investment market.







# No Stamp Duty Changes Despite Speculation




Perhaps the biggest news of the budget was what didn't appear. After weeks of speculation and anticipation for an increase in stamp duty land tax surcharge for property investors, no mention of stamp duty appeared in the Autumn Budget 2021.

There was also pressure to extend the Stamp Duty Holiday, which ended on October 1, 2021, after being introduced in July 2020.

A report from the Office for Budget Responsibility was published following Rishi Sunak's speech, which announced a 1% increase to the 3% surcharge seen in England and Northern Ireland.

This appears to be a mistake, with no mention of this change occurring in the budget. However, this could still happen in the future, so investors should watch this space for any potential changes to the stamp duty surcharge.



If you want to learn more about stamp duty or calculate the latest stamp duty rates, be sure to check out our free stamp duty calculator.







# Economy & Public Finances

Aside from the housing changes implemented, there are further pledges and estimations for the future of the UK economy.

Sunak has tried to paint a positive picture for the post-covid UK era. However, he warned of some tough months ahead, with inflation rising to a 4% average in 2022.

The main takeaways from the Autumn 2021 budget for the economy and public finances include:

- UK economy forecast set to return to pre-covid levels by the end of 2021.
- Unemployment to peak at 5.2% in 2022, lower than the 11.9% initially expected.
- Inflation to rise to 4% on average in 2022, up from 3.1% in September 2021.
- Wages have grown by 3.4% since February 2020.

With predictions from Savills predicting a 17% rise in rent prices and up to a 28.0% rise in house prices by 2025, the housing market's future looks exciting for UK property investors.



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We hope you've enjoyed our look at how the housing market will be impacted by the Autumn Budget 2021.

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