

Reflecting on the Autumn Budget and the outlook ahead

By: Alpa Bhakta, CEO, Butterfield Mortgages Limited

The Autumn Budget delivered by Rishi Sunak on 27th October 2021 was uncharacteristically light on the property front. The reactions in the industry were mixed, leaving many experts underwhelmed with the lack of new policy announcements.

However, given the overall health of the property market, and the numerous challenges at 11 Downing Street's doorstep that require more urgent support, it is perhaps unsurprising that the Chancellor chose not to interfere too heavily in the sector.

In this instance, one might argue that 'no news is good news'. Following the property industry's impressive resilience throughout the pandemic and the record level of transactions recorded over the summer months, this was never going to be a Budget brimming with speed bumps, and as such, should be taken as an opportunity for the real estate sector to reset, as the market continues to adjust to the end of the stamp duty holiday.

Positively, with rumours rife regarding the possibility of a Capital Gains Tax reform, which would likely have seen property investors pay more if their asset increased in value, many will have been happy to see no such changes. Instead, the deadline to file a tax return for those selling UK residential property was extended from 30 to 60 days—a welcome acknowledgment from the Chancellor of the realistic timelines involved in these transactions and the associated paperwork.

More generally, thanks to a stronger than expected economic outlook for this year and next, the Autumn Budget was defined by capital spending announcements, no doubt designed to alleviate the critical pressures facing public services, as the nation recovers from the economic impact of the pandemic.

That said, the announced policies were not completely devoid of controversy. The Chancellor's confirmation of a 4% Residential Property Developer Tax, applied to the largest residential developers to fund work to replace unsafe cladding in high-rise buildings across the UK was met with mixed reactions within the industry. The work must be done, all would agree. But as ever, debate exists over who should pick up the bill.

All things considered, Rishi Sunak presented a Budget focused on optimism and forging a clear, but challenging roadmap to recovery. While the property sector stayed out of the limelight, I am confident that the limited government-interference is further evidence of the industry's sustained strength and optimistic outlook for the year ahead.