

Broadlands

Dear Stephanie

Firstly I must say thank you for taking the trouble to seek our opinion. It is a well-known fact that trying to influence any free market force never works and usually backfires with disastrous consequences. You have probably read in the national press that UK property sales have crashed since George Osborne's stamp duty increase. This has left the UK Treasury with £1 billion in lost potential revenue for 2018.

I answer your points 1 - 7 as follows:-

1. Increasing first time buyer relief up to £500K is a nice gesture but will not make one iota of difference to the availability of lower end property.
2. The answer in short is no.
3. An increase in stamp duty for property over £500K I believe would cause a lower market blockage as prospective sellers under £500K wanting to trade up would have second thoughts at the higher stamp duty at the next level and decide to stay put. Moving house is an expensive exercise at the best of times. All you would be doing is creating a lack of availability for first times buyers as you will have stymied the market. Therefore the kind gesture in No.1 would be self-defeating.
4. It's the old saying 'you can keep some of the people happy some of the time but not all of the people, all of the time'. Stamp duty is a percentage of a purchase price and is therefore self-adjusting. It should be the same across the board. Every part of the market is a cog that is greased by movement of all sectors in that market. It must be remembered that supply is the problem in the lower market place, only 2 things create that supply 1) People trading up into the above £500K market or 2) new developments which at present do not keep up with demand.
5. Yes, definitely. As previously mentioned stamp duty is a percentage of a purchase price. In my opinion the first band should up to £1M. This would keep the cogs of the whole market moving.
6. I think this is a non-question. We are not competing internationally at all.
7. It will certainly hinder the property market.

I believe Mr Trower will respond separately.

With kind regards,

Erica Zonta - *Director*