Has The Stamp Duty Rise Caused A Buy-To-Let Bubble?

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The reason Chancellor George Osborne gave for increasing the stamp duty to second home owners – especially hitting out at profits made by buy-to-let investors – was to prevent a 'bubble' forming. His fear, backed up by Mark Carney, governor of the Bank of England, was that buy-to-let investors would buy too much property, apparently at a high price, driving up prices more during a boom and causing them to fall more during a recession.

To some extent they are right and this happened during the last property price recession with investors overpaying for some city centre flats up to 2007, which are now selling for up to half the price paid and probably won't regain their value for another generation.

However, the latest property price news shows that the introduction of the 3% stamp duty has actually, in the short term at least, potentially caused the very bubble the government and Bank of England have just tried to avoid. Genius!

Download the attached pdf for the full price report

The latest headlines from my comprehensive, straightforward property price report for May 2016

The key takeaways from reading the property price reports are:

1. Property price inflation jumped during March, with increases of 5-9% year on year;
2. *"There were 165,400 transactions in March, an all-time high, some c.11% higher than the previous peak of c.149,000 recorded in January 2007."* – Nationwide;
3. *"The distortion caused by this stamp duty change appears to be larger than any previous stamp duty change we've seen."* – CML.

The rush for sales in March – and of course lots of chats about the doom and gloom surrounding Brexit – have now led to confidence in the UK housing market being *"at its lowest level in over a year,"* according to the Halifax, so although high now, price growth may well recede over the summer.

Without political intervention, it's likely the property market would have just rumbled along this year. Instead, even though we aren't even halfway through the year, we've ended up with a mini boom and, as confidence is a key driver of this market, are probably heading for a bit of a mini stagnation, all thanks to politics!

For regional, city and town price analysis, plus property supply and demand - **Download the attached pdf for the full price report**

For Media Professionals
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About Kate Faulkner
Kate has written six property books including four for the consumer organisation Which? – Buy, Sell and Move House; Renting and Letting; Develop your Property and Property Investment Handbook. Kate presents at a seminar almost every week to landlords, investors, first time buyers and is often asked to present at industry conferences and chair debates.

From a media perspective, Kate's appearances include BBC Breakfast News, Your Money, GMTV, ITV, Radio 4 You and Yours, The Big Questions and 5Live. In the last 12 months, Kate has carried out over 20 TV and radio interviews, has been quoted every month in major newspapers and magazines and being featured in many local newspapers.

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