



Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

29th October 2020

Dear Chancellor,

We are writing to you with regards to our concerns about significant consumer detriment that we believe will occur next year without intervention from Government, specifically extending the Stamp Duty holiday.

Collectively we represent the home moving process: estate agency, search agents, mortgage intermediaries, conveyancing, surveying and removal companies.

In May 2020, the UK housing market emerged from lockdown re-energised by certainty that the UK would be leaving the European Union and pent up demand following two months of lockdown. There was consumer demand to move to different types of property in addition to the delayed chains in the pipeline in March. This demand was bolstered by the temporary reduction of Stamp Duty Land Tax (SDLT) and the termination of the existing Help to Buy scheme – both with deadlines of 31st March 2021. Despite two months of lockdown, property transaction levels have now accelerated and overall 2020 volumes are expected to end the year higher than last year.

We are concerned that the home buying and selling industry does not have sufficient capacity to deal with this surge in demand caused by the need for completions to be concentrated into a limited window. Movers will apply pressure to complete transactions by 31st March in order to benefit from the changes to SDLT and to meet the Help to Buy requirements. Failure to complete those transactions could see the breakdown of chains with consumers potentially financially unable to continue with the purchase, as they would have to find funds to pay Stamp Duty.

Operational constraints in all areas of the home buying industry caused by the disruption brought about by Covid-19 and the current advice to work at home where possible, have seen average property transaction times lengthen from 12 weeks to 20 weeks. We are concerned that consumers continue to offer on properties expecting to benefit from the SDLT rate reduction but in reality they may be too late.

We believe urgent action is required, and are calling on the government to:

1. Announce an extension of the Stamp Duty holiday of at least 6 months before Christmas in order to reduce the risk to the consumer.
2. Work with the industry to develop a method to help smooth the end of an extended Stamp Duty holiday to prevent another cliff edge.

By acting now, the government can release the pressure in the system to allow transactions to complete and avoid a disorderly and distressing period for movers and businesses throughout the market. Any extension or gradual phasing of the SDLT would also help mitigate sharp reductions in consumer demand. More widely, a buoyant housing market drives consumer confidence in the wider economy whereas constrictions on lending and falling house prices lead to reduced consumer confidence and a material reduction in economic activity.

Our organisations are ready to work constructively with the government to avert these risks in a timely manner and help people to move home as they grow their families, start new jobs and manage changes in their lives. We look forward to working with you and your officials to achieve this.

Yours sincerely,

Kate Faulkner
Chair
Home Buying and Selling Group



With the support of:

Association of Mortgage Intermediaries



British Association of Removers



Bold Legal Group



Conveyancing Association



CILEx



Hunters



Mortgage Advice Bureau



NAEA Property Mark



Purplebricks



Really Moving



Residential Property Surveyors Association



Simplify



Society of Licensed Conveyancers



The Guild of Property Professionals



The Law Society

