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What does Rachel Reeves have in store for the UK property market?

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With the Autumn Budget now just days away, speculation is mounting that the Chancellor, Rachel Reeves, will use property taxation as a central tool to address the widely reported fiscal shortfall of between £20bn and £40bn. As a result, the housing market has entered a period of caution, with asking prices falling 1.8 percent in November, the steepest drop for this time of year since 2012, as buyers and sellers wait to understand how extensive the reforms may be.

Stamp Duty and Transaction Taxes

The most disruptive rumours centre on Stamp Duty Land Tax. Several proposals suggest far-reaching structural reform, including the potential replacement of both Stamp Duty and council tax with two new land based taxes, one national and one local. Other possibilities include shifting Stamp Duty from buyers to sellers, allowing payments to be made over time rather than upfront, or introducing a proportional annual levy on higher value homes. Early examples indicate that such a levy could begin at around 0.54 percent for homes above £500,000 and rise to around 0.81 percent for homes above £1 million.

Damien Jefferies, Founder of Jefferies London, commented: “Stamp Duty has become one of the biggest structural barriers to housing market mobility, slowing transactions at every price level and adding significant friction to the process of moving home. Our research shows that buyers in England have paid £62.6 billion in Stamp Duty over the past ten years, a figure that has weighed heavily on market activity and affordability.

London has carried a disproportionate share of this burden, contributing £25 billion of that total, with prime purchasers in particular absorbing some of the highest tax bills in the country. Reforming or removing Stamp Duty would not only help unlock movement across the national market, it would also deliver a much needed boost to a fatigued prime London sector that has been under sustained pressure for several years.

What the market needs now is a tax environment that supports liquidity, encourages buyers to transact and strengthens confidence rather than suppressing it."

Verona Frankish, CEO of Yopa, commented: "Stamp Duty is an outdated tax that should have been abolished long ago. It creates an unnecessary financial barrier for buyers who are already spending years saving for a deposit, and at a time when affordability is so stretched, it makes little sense to penalise people further for simply wanting to own a home.

What the market needs is full, permanent reform – not another temporary Stamp Duty holiday. We've seen repeatedly that short-term relief only triggers a surge in demand that pushes prices higher, making it even harder for future buyers to get on the ladder.

Abolishing Stamp Duty altogether would remove one of the biggest upfront hurdles facing movers, support long-term market stability, and avoid artificially inflating prices in the process.

If the Chancellor genuinely wants to improve affordability, meaningful Stamp Duty reform must come first rather than another sticking-plaster solution."

Council Tax, High-Value Homes and Mansion Tax Speculation

Council tax reform is another major area under consideration. Reports suggest the government may revisit the top end of the system, with proposals to double rates for the highest value properties or introduce new bands altogether. This has been accompanied by renewed discussion of a mansion tax, with some briefings pointing to a one percent annual charge on homes valued above £2 million. A further proposal involves revaluing 2.4 million homes in bands F, G and H, with around 300,000 of the most valuable potentially facing an additional surcharge.

Islay Robinson, CEO of Enness Global, commented: "The high end of the market has endured several difficult years and the latest speculation around further taxes on valuable homes risks deepening the slowdown at precisely the wrong moment. Proposals to double council tax for top band properties, introduce new higher value bands or apply a one percent annual mansion tax on homes over £2 million would place a significant additional burden on buyers who already contribute disproportionately to overall transaction revenues.

International purchasers in particular are extremely sensitive to the tax environment, and London's appeal as a global destination relies heavily on stability and predictability. Rumours that Capital Gains Tax could be applied to main residences valued above £1.5 million have created fresh uncertainty for those considering a move in 2026 and would represent a major departure from the long standing principles of the UK tax system.

The prime and ultra prime sectors are not fringe segments; they are essential drivers of liquidity, inward investment and confidence across the wider market. A policy approach that continues to single out high value homes runs the risk of deterring global buyers, suppressing activity and weakening the very part of the market that supports substantial tax receipts. What London needs is a framework that encourages long term investment rather than short term revenue grabs."

Marc von Grundherr, Director of Benham and Reeves, commented: "The rumours around a mansion tax, higher council tax bands and even CGT on main residences will fall disproportionately on London homeowners, who already shoulder the largest tax burden in the country. The capital's high value properties mean that any new levy aimed at the top end inevitably targets London first, and it is hard to see how this supports a market that has already endured several years of subdued activity.

We have seen international investment all but disappear from London in recent years, despite it being a vital component of the capital's housing ecosystem. If the government wants to attract these buyers back and restore confidence in a sector that underpins so much economic activity, the answer cannot be to layer even more tax on top of an already overloaded segment.

London needs stability, competitiveness and a clear long term framework that encourages high value buyers rather than discouraging them. Punitive measures aimed at the prime market may appear politically convenient, but the wider impact is felt across the entire housing chain. A strong, functioning prime market supports liquidity at every level and any policy that undermines it risks holding the whole market back."

Capital Gains Tax and Main Residence Reform

Capital Gains Tax has featured prominently in pre-Budget speculation, particularly the unprecedented idea that CGT could apply to main residences above a certain value. Reports suggest that homes over £1.5 million could become liable for CGT upon sale, marking a significant departure from the long standing exemption for primary homes. Talk of reduced allowances and higher rates for second homes and investment properties has added further uncertainty for those planning moves in 2026.

Adam Day, Head of eXp UK and Europe, commented: "Downsizers play a vital role in keeping the housing market moving, yet the rumours around Capital Gains Tax being applied to main residences above certain thresholds risk discouraging exactly the group we need to support. If older homeowners fear a CGT bill simply for moving to a smaller property, many will delay that decision for years, and the result would be a further squeeze on the family sized homes that the market desperately needs.

Any measure that deters downsizing will intensify the supply and demand imbalance at every level of the market, limiting mobility, pushing up prices and making it even harder for growing families to find suitable homes.

Encouraging downsizers to make that move is one of the most effective ways to free up larger properties without relying solely on new home delivery. What we need from the Budget is a framework that removes barriers rather than creates new ones, so that rightsizing becomes an attractive and accessible option rather than a potential tax liability."

Shepherd Ncube, CEO of Springbok Properties, commented: "The market has already slowed sharply and fall throughs have increased as buyers hesitate while waiting for clarity, but the rumours around Capital Gains Tax being applied to higher value main residences have added an entirely new layer of uncertainty. If homeowners believe they could face a CGT bill simply for moving, many will stay put for longer, and that has the potential to clog the market from the top down.

When the upper tiers stall, chains break more easily, stock stops circulating and the effects ripple through every price bracket. Applying CGT to primary homes would restrict mobility at a time when transaction flow is already fragile. It risks trapping people in properties that no longer suit their needs and further reducing the supply available to the next wave of buyers.

If this were then coupled with measures designed to stimulate demand, such as significant changes to Stamp Duty, the market could become severely unbalanced. More buyers chasing even fewer homes is a recipe for increased competition, higher fall through rates and greater volatility. What the market needs now is stability and fluidity in the transaction process, not policies that create additional bottlenecks or put the entire system out of kilter."

Landlords and a Potential National Insurance Charge

Landlords face particular concern following reports that rental income could be brought within the scope of National Insurance for the first time. This would align rental income more closely with earned income and create a considerable additional burden at a time when many landlords are already adjusting to the Renter's Rights Act. Industry observers warn that such a measure could accelerate landlord exits, place further pressure on rental supply and contribute to rising rents across the private rented sector.

Sián Hemming-Metcalfe, Operations Director at Inventory Base, commented: "Talk of pushing more tax onto landlords – particularly the idea of applying National Insurance to rental income – is hitting the sector at exactly the wrong moment. Landlord numbers haven't collapsed, but the early signals aren't reassuring: new buy-to-let activity remains sluggish, smaller landlords are stepping back, and the sector is already bracing for the operational and compliance overhaul brought in by the Renter's Rights Act. Instead of clarity, what they're getting is a steady drumbeat of new financial threats.

This level of uncertainty has consequences that go far beyond investor sentiment. It stalls upgrades, pushes back essential maintenance, and erodes confidence in long-term planning. It also chips away at the very thing the market can't afford to lose: rental stock. Smaller landlords, who shoulder much of the day-to-day responsibility for providing safe, decent homes, are the first to retreat when the goalposts keep shifting.

If the ambition is a safer, more professional, more compliant rental sector, then policy needs to support stability – not squeeze it out of existence. Landlords can meet higher standards, but they can't do it while navigating an ever-changing maze of new costs and untested reforms. The Budget needs to steady the ground, not shake it further."

Sam Humphreys, Head of M&A at Dwelly, commented: "Talk of bringing rental income into the scope of National Insurance has caused understandable concern ahead of the Autumn Budget, particularly among independent and accidental landlords who are already carrying a heavy burden of change. While this may not be the final financial nail in the coffin for the sector, it would represent yet another layer of cost at a time when landlords are dealing with the monumental shift introduced by the Renter's Rights Act.

Our research shows that 57 percent of landlords do not feel prepared for the incoming legislative changes of the Renters' Rights Act, which highlights just how stretched many already are. What the sector needs now is stability and clear direction, not further penalisation or measures that undermine the financial viability of buy to let investment. If the government wants a compliant and professionally run rental market, it must ensure that policy changes support landlords rather than push them away."

Colin Stokes, Founder and MD of Adiuvo, commented: "The proposed National Insurance charge on rental income may not apply to the professional landlord who runs their portfolio as a business, nor to the new wave of Build to Rent investors. But the government continues to overlook the wider knock on effect of policies that deter investment in the rental sector. Whether the landlord is accidental, amateur or professional, fewer investors entering or remaining in the market means fewer homes available for renters.

We are already operating within a severely imbalanced system where demand far outstrips supply, and any measure that pushes landlords away will only intensify the issue, reduce available stock and inevitably drive rents higher. This arrives at a time when tenants are already navigating rising costs and when the sector is entering an uncertain transitional period under the Renter's Rights Act, with many operational details still bedding in.

If the government genuinely wants to support renters, it must avoid policies that further destabilise the supply of rental homes. The priority should be protecting and expanding the availability of good quality rental stock, not squeezing the very people who provide it in an attempt to plug the fiscal gap."

Land Value Taxes and Long-Term Structural Reform

There has also been renewed debate around broader land value taxation, which would shift the focus from taxing property to taxing the land itself. While the concept has gained traction, particularly among academics and policy advisers, experts caution that introducing such a system too quickly could destabilise the market and lead to a fall in property values.

Market Sentiment and the Road Ahead

Collectively, these proposals have created a climate of uncertainty, particularly across higher value markets in London and the South East where the impact of any new property taxes would be most acute. Transaction delays, reduced new listings and an increase in off-market activity all point to households delaying decisions until the policy landscape becomes clearer. At the same time, measures that reduce upfront costs, such as Stamp Duty reform, could support mobility among first time buyers and movers if introduced with long-term stability in mind.

With inflation easing and mortgage rates beginning to stabilise, the sector now awaits clarity. The upcoming Budget is expected to define the direction of the housing market well into 2026 and could usher in some of the most significant changes to property taxation in a generation.

However, the overarching feeling is one of optimism across the property market. 2025 has been a year of resilience where the property market is concerned. Mortgage approval levels have remained consistently strong over the last 12 months, whilst transaction levels have also remained robust and, as a result, house prices have continued to climb at a measured pace.

Whilst the market may be enveloped in Autumn Budget uncertainty at present, this positivity is expected to continue once the dust has settled, regardless of what Rachel Reeves has planned for the year ahead.

Richard Merrett, Managing Director of Alexander Hall, commented: "There is no doubt that any change to Stamp Duty that reduces the high upfront cost of homeownership would help boost activity, but many homebuyers will also be hoping to see some form of relief in the way of a reintroduction of the Help to Buy scheme or a similar initiative. We have seen previously how beneficial such schemes can be in improving the mortgage eligibility of buyers who would otherwise be priced out of the market.

Unfortunately, it does not appear that the return of such support is on the cards, but the encouraging news is that many of the positive outcomes delivered by Help to Buy are now being replicated through recent lender innovation, particularly at higher loan to value levels.

Our latest analysis shows that the average homebuyer in England is effectively £41,000 better off due to the shift towards higher income multiples. Under the previous 4.5 times income limit, a typical buyer earning £40,954 could borrow around £184,000. With 5.5 times income now increasingly available, their borrowing potential rises to just over £225,000. In London, the uplift exceeds £54,000.

These gains are being supported by genuine structural changes. The permanent Mortgage Guarantee Scheme, relaxed flow rate rules and more flexible lender policies have created far greater opportunities for lower deposit buyers. Enhanced income multiples, reduced stress tests, expanded 95 percent LTV ranges and a variety of specialist propositions are enabling borrowers who might previously have struggled to access the market to make meaningful progress.

What we need from the Budget is a stable environment that allows these improvements to continue without artificially overheating demand. Sustainable affordability, combined with accessible lending options, is the most effective path to long term recovery for first time buyers and the wider market."

Jonathan Samuels, CEO of Octane Capital, commented: "Stamp Duty reform would certainly help improve mobility, but tax changes alone will not deliver a functioning market. What we are hearing from brokers and borrowers is that even with improving affordability, access to finance remains a hurdle for many people who fall outside the very narrow parameters of mainstream lending. This includes self employed buyers, those with complex income, investors, developers and anyone trying to transact quickly in an uncertain environment.

If the Budget introduces measures that increase demand without ensuring that the lending landscape can support it, the market could find itself bottlenecked. Specialist finance plays a critical role in keeping transactions moving, particularly when buyers need speed, flexibility or funding that reflects real world circumstances rather than rigid affordability models.

We need a balanced approach that lowers frictional costs like SDLT, while also maintaining a stable regulatory environment that allows specialist lenders to continue providing liquidity. Improving access to finance without inflating demand unsustainably is the most effective way to support recovery across the entire market, from homeowners to professional investors."

Colby Short, CEO of GetAgent, commented: "From the conversations we're having every day with our partner agents, the market is quieter, but the deals are moving. Buyer and seller appetite is still there, but big announcements like the Budget naturally cause a degree of hesitation, which can slow chains and drag out transactions.

How quickly things pick back up will depend on what the Chancellor announces. If we see meaningful stamp duty reform that reduces the upfront cost of moving, we could see an unseasonal surge in activity as pent up demand is released.

At GetAgent we're paid on completion, so we understand how stressful it can be when slowdowns in transactions impact the pipeline. What's needed now is consistency and direction from the top to keep momentum going into 2026 and beyond."