



AUTUMN BUDGET 2018 FACTSHEET

Chancellor Philip Hammond has delivered the 2018 Autumn Budget – the last major fiscal statement before the UK's departure from the European Union on 29 March 2019. With Prime Minister Theresa May boldly claiming that austerity is over at the Conservative Party Conference in early October, expectations were heightened – would the Government really deliver a Budget geared towards spending and credits to consumers and investors? Or would it deliver a safe Budget light on reforms?

Real estate demand continues to outpace supply, and the Autumn Budget was an ideal opportunity to address the housing crisis – a pressing issue that has so far been overshadowed by Brexit negotiations for the majority of 2018. Matters were made more complicated by a string of high-profile cabinet resignations and the appointment of a new housing minister.

For the past 12 months, real estate proposals have been light on the ground, while touted reforms have taken a back seat. As a result, the struggles faced by those seeking to get on or move up the property ladder have persisted. Furthermore, affordability constraints, a lack of supply and economic uncertainty pose challenges for those seeking to pursue property investments.

Set against this backdrop, the Autumn Budget only took small steps to tackle some of the principal challenges facing the property market. While some issues were addressed, the announcements fell short of delivering the creative measures needed for more people to jump and progress up the property ladder.

Market Financial Solutions' team of experienced underwriters has reviewed the key policy announcements, highlighting the reforms the property market and investors need to be aware of.

What policies did the Chancellor reveal?

Economic forecast

- The 2018 economic growth forecast was upgraded from 1.3% to 1.6%. It stands at 1.4% in 2019 and 2020, 1.5% in 2021, and 1.6% in 2022
- An extra £500 million has been set aside for preparations for leaving the EU

Tax changes

- Stamp duty was abolished for first-time buyers purchasing shared ownership homes valued at up to £500,000
- Personal Allowance will rise to £12,500 while the Higher Rate Threshold will rise to £50,000 in April 2019
- Lettings relief limited to properties where the owner is in shared occupancy with the tenant

Housing and infrastructure

- A £30 billion package was unveiled for England's roads, including repairs to motorways and potholes
- A further £500 million has been added to the Housing Infrastructure Fund, expanding it to £5.5 billion, in a bid to reach the target of building 650,000 new homes
- SME house builders will be allocated £1 billion to help them build new homes
- A report is to be published, showing that large housing developers are not land-grabbing

The Autumn Budget contained a series of reforms that will likely affect property buyers, brokers, investors and developers. As outlined above, this includes an increase in the Housing Infrastructure Fund, investment in physical and digital infrastructure, and finances allocated to help SME developers.

However, when it came to addressing the housing crisis, other areas were overlooked and the Budget was light on measures needed to alleviate market demand for property. Specifically, there was a lack of detail when it came to the need for derelict homes across the UK to be renovated and put back on the market, and innovative measures to inject greater mobility into the housing market. Moreover, whether the Government will achieve its new-build targets also remains a matter for debate.

There remains a broader issue: Brexit. While Number 10 has stated that Brexit will not affect the spending measures included in the 2018 Autumn Budget, the Chancellor conversely said that there will be economic interventions should there be a change in the UK's economic circumstances, which Brexit is likely to cause.

In the highly competitive property market, awareness of how to navigate the challenges in this sector will remain vital. One such challenge is how to access finance in a timely manner so individuals and businesses can act on investment opportunities. MFS will play its role by ensuring its network of brokers and property buyers are made aware of the alternative lending options on offer, providing them with access to the capital they need.

To find out more about MFS' bridging options, speak to a member of our team on 020 7060 1234, or email info@mfsuk.com.



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