

Budget Comment

Budget – what Budget?

Martyn Stubbs of Phillips & Stubbs looks at the effect that the 2009 Budget will have on the property market.

As far as the average home buyer and seller are concerned the 2009 Budget was rather a non-event.

Moves to kick-start stalled new housing projects; a beefed-up mortgage rescue scheme; added support for shared equity mortgages and much needed and very belated upgraded housing for our armed forces are all to be welcomed. But they will hardly provide great stimulus, and in the housing market with which most people are involved – the sale and purchase of established homes – there was really very little in the Chancellor's Budget to cheer about.

The government had a wonderful opportunity to re-think Stamp Duty – if only just to install a new threshold of £250,000; this would have provided a much-needed boost to property market activity. Instead the Chancellor simply chose to extend the temporary £175,000 level for another twelve months, after which the cap will fall back to £125,000. A move that only maintains the status quo and, with the best will in the world, it can't really be regarded as a stimulus package.

However, the good news is that the market is improving at a very encouraging rate without our government's help. There are sure signs of greater market activity and, in some market areas, even a levelling off of prices from the steep slide we have seen over the past months. Perhaps we are all better off sorting out the property market ourselves without intervention from our leaders. Perhaps we are better off with our free market. After all, if the Budget has done one thing it has shown that recent government involvement in many other areas of our economy hasn't helped much either.

So some crumbs of comfort for first time buyers in the Budget, but higher earners may well decide to buy now while property prices are at the bottom of a trough in order to avoid paying off larger mortgages during a time of increased income taxation.