

## Autumn Leaves Us Guessing

**Jason Stubbs of Phillips and Stubbs assesses the property market as we enter a crucial time in the property calendar.**

Throughout the UK property industry all eyes are now set firmly on the autumn market. Historically August has never been a very good month for house sales. This August in particular, against the backdrop of a poorer economy, ailing confidence, higher unemployment, wet weather and compulsive Olympics, has been one many property people would rather forget.

So will the market improve in the UK this autumn? It is certainly hard to see how it could get much worse. However, there are several factors that point to better times ahead. Slowly, almost imperceptibly, mortgage rates are inching down as lenders re-enter the market after the sub-prime debacle. Also, property prices have fallen by over ten per cent in most areas and these falls are prompting first time buyers to eye up some of the many good deals now on offer across the country – especially as rents have been rising steadily throughout the year.

Another major factor to help the market was directly up to the UK government. Their recent murmurings about a Stamp Duty tax adjustment at a time of such uncertainty - and then naively doing nothing about it - had a disastrous effect on sales volumes throughout the summer holiday period.

Far from helping the market, this clumsy inaction harmed it. Now that particular uncertainty is over with the announcement that, for the next twelve months, first time buyers purchasing property under £175,000 will be exempt from Stamp Duty. Whether this concession will help or is simply tinkering around the edges of the problem is, in many ways, neither here nor there. The point of real significance is that a decision of any sort has

been made. It was the not knowing that contributed to the stalling market.

Asking homebuyers to anticipate a government with such a record for Treasury indecision was no way to stimulate the market. Now the announcement has been made at least buyers can make decisions based on their lives rather than on their taxes.

With the stamp duty position clear and some tax benefits for first time buyers, then this autumn could kick-start the market back into some activity. It won't be the sort of activity we saw in 2006, and any improvement will certainly be driven from the bottom up, rather than from the top down. Fortunately there are signs that there is pent-up demand from first time buyers who have been deterred from the market for a number of years - firstly from prices spiralling upwards and then through funding difficulties. Increasing mortgage availability, the rising cost of rents and house prices reaching the end of their decline will, sooner or later, unleash demand. It is at this point that the market will begin to recover. As recover it will.

As Winston Churchill said, "Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning."

So, armed with enough deposit, now is a good time to be looking for that first step on to the property ladder. Even for those a few rungs higher on the ladder there are some great opportunities about. Trying to second-guess the market is hardly better than second-guessing the government, but there are some signs that for those keen on buying a home rather than just making a property investment this autumn could be one to remember.