

PRESS RELEASE

10th February 2016

Property Buyers in Short Supply For Larger Homes in Central London

With its strong economy and increasing wage growth London remains an attractive investment prospect and place to live, yet buyers for larger homes priced at £1.5 million or more seem to have deserted Central London.

There are a number of factors that have effected this segment of the property market and a buyers' market is emerging in the £1.5 million and above price bracket.

There is no doubt the introduction of a 12% rate of Stamp Duty (SDLT) for purchases over £1.5 million, introduced in 2014, has had a profound impact and is the major factor in keeping a lid on activity in the prime residential markets. Properties priced at £937,500 or less benefited from a reduced stamp duty bill. Those above this price point have been hit by higher taxes and as a result transactions in this higher price bracket fell in 2015. Additionally the Chancellor announced in his 2015 November Autumn that from April 2016 the cost of acquiring residential investment properties or second homes will be subject to an extra 3% SDLT. This only adds to the tax burden for pied-a-terre buyers and investors.

According to David Salvi of Hurford Salvi Carr, who specialise in the central London property market: "we do not see the additional SDLT adversely impacting on the number of second home or pied-a-terre buyers in London. It is the buy-to-let investors who are less inclined to accept high purchase costs and lower returns. Overseas buyers are also being affected, including those in the Far East who see the increased SDLT and other tax burdens announced by the UK Government as a measure directly targeted at them. It is this group of buyers who are beginning to actively look beyond London and the UK for the property investments in other parts of the globe".

Hurford Salvi Carr believe that a shortage of buyers will continue through 2016 for properties priced over £1.5 million as SDLT continues to weigh on the market. According to David Salvi “The simple truth is that the pendulum has swung in favour of buyers above £1.5 million who have an abundance of choice. This only increases above £2 million.”

To see the full Hurford Salvi Carr 2016-Q4 Housing Market Research Brochure go to:
<http://www.hurford-salvi-carr.co.uk/research/2015-Q4.pdf>

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About Hurford Salvi Carr:

Hurford Salvi Carr are an independent firm of property advisors and development consultants who specialize in the Central London property market. They have been selling and letting residential and commercial property in London since 1996 and pride themselves on our customer service and in depth knowledge of the local markets that make up the West End, City and Docklands.

