

Chain reaction: stamp duty rise causing heartache for buyers and sellers

The overnight tax hike for landlords in the budget is causing mayhem, with property chains collapsing all over the country and estate agents facing abuse

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David Byers, Deputy Property Editor, The Times and The Sunday Times
Friday November 08 2024, 12.01am, The Times

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Recently engaged Eleanor Vale, 29, had given little thought to politics when, on Monday last week, she gratefully accepted an offer on her one-bedroom flat in Ealing, west London.

After months of trying to sell in a sluggish market, the £315,000 offer from a landlord seemed like the opportunity she had craved to start looking for a place with her fiancé in Godalming, Surrey, where they plan to start a family.

Then, two days later, something happened that would upend everything. In the

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which came into effect from midnight. The move meant Eleanor's buyer instantly faced the prospect of an extra tax bill of £6,300.



Eleanor Vale was "devastated" after the buyer for her property pulled out in the face of higher taxes

First thing on Thursday morning, Eleanor received a call from her estate agent,

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“I was devastated,” says Eleanor, who bought the flat in 2022 for £365,000.

When in March she put the flat on the market with the agency Dexters for £400,000, she had been confident about selling it at a profit: it was, she thought, a highly desirable home [a mile from Ealing Broadway](#).

- [Fewer landlords, higher rents: how the stamp duty rise will hit the market](#)

As offers failed to materialise, she quickly had to reassess, repeatedly cutting the price to offers over £300,000 — and reconciling herself to making a loss.

“I was told a lot of buyers were nervous about the budget and money was tight because of higher mortgage rates. I dropped the price over and over again because there wasn’t much interest. The area is at the upper end for first-time buyers in terms of price, and landlords are hesitating.



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Eleanor's one-bedroom flat in Ealing, west London

“Now, I’m told the stamp duty rise is the final straw. Even though I am prepared to make a loss, I can’t sell it. The process has been brutal.”

Eleanor and her fiancé, who has been trying to sell his own flat at the same time in Croydon, south London, are far from alone in having their fragile chain broken or sale renegotiated in the days after the budget.

Estate agents say Reeves’s stamp duty hike — which had a stated aim of freeing up [130,000 homes for first-time buyers](#) in the next five years — has had the unintended consequence of triggering a slew of broken chains.

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On the one hand, mortgage rates remain high at an average of 5.21 per cent for a five-year fixed-rate deal, although the best deal on the market is a competitive [3.94 per cent](#). Even though the Bank of England cut interest rates for the second time this year yesterday to 4.75 per cent, a 25 basis-point reduction, the Office for Budget Responsibility predicted last week they will stay higher for longer.

Then there is the chancellor's decision not to continue the stamp duty discount, which was introduced in 2022, beyond April next year. This means the stamp duty-free threshold for everyone will lower to £125,000 from £250,000, and for first-time buyers it will be cut to £300,000 from £425,000 — boosting stamp duty across the board.

Even before the budget, buyers were showing reluctance to commit. Analysis from Landmark shows that there were 115 per cent of the homes advertised for sale in September compared with the same month of 2019. However, fewer homes were sold, with just 76 per cent of the number of property deals done in the same period. It is particularly slow in the southeast, where homes are more expensive and so buyers are already more stretched. Yesterday, the high street lender Halifax said house prices in the UK are now higher than they have ever been, averaging £293,999, surpassing the previous record set in summer 2022. Prices rose by an average of 0.2 per cent in October, the fourth consecutive monthly increase.

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Homes left languishing on the market

The number of properties on the market is far higher than in 2019, the year before the pandemic, but far fewer actually reach the point of completion

	Listings compared to 2019 (%)	Completions compared to 2019 (%)
Oct 23	123	92
Nov 23	111	76
Dec 23	110	62
Jan 24	125	72
Feb 24	125	65
Mar 24	107	69
Apr 24	130	67
May 24	112	83
Jun 24	112	77
July 24	118	78
Aug 24	109	83
Sep 24	115	76

Data for England and Wales
Chart: The Times and The Sunday Times • Source: Landmark Information Group

Meanwhile, deals are also taking longer to complete — a problem partly exacerbated by a national shortage of conveyancers. The number of days between instructing an estate agent to complete a property sale has rocketed from 119 days in 2019 to 159 today.

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Time to sell

The number of days between instructing an estate agent to completion of a property sale has rocketed from 85 days to 159 days since 2007, taking 79% longer on average

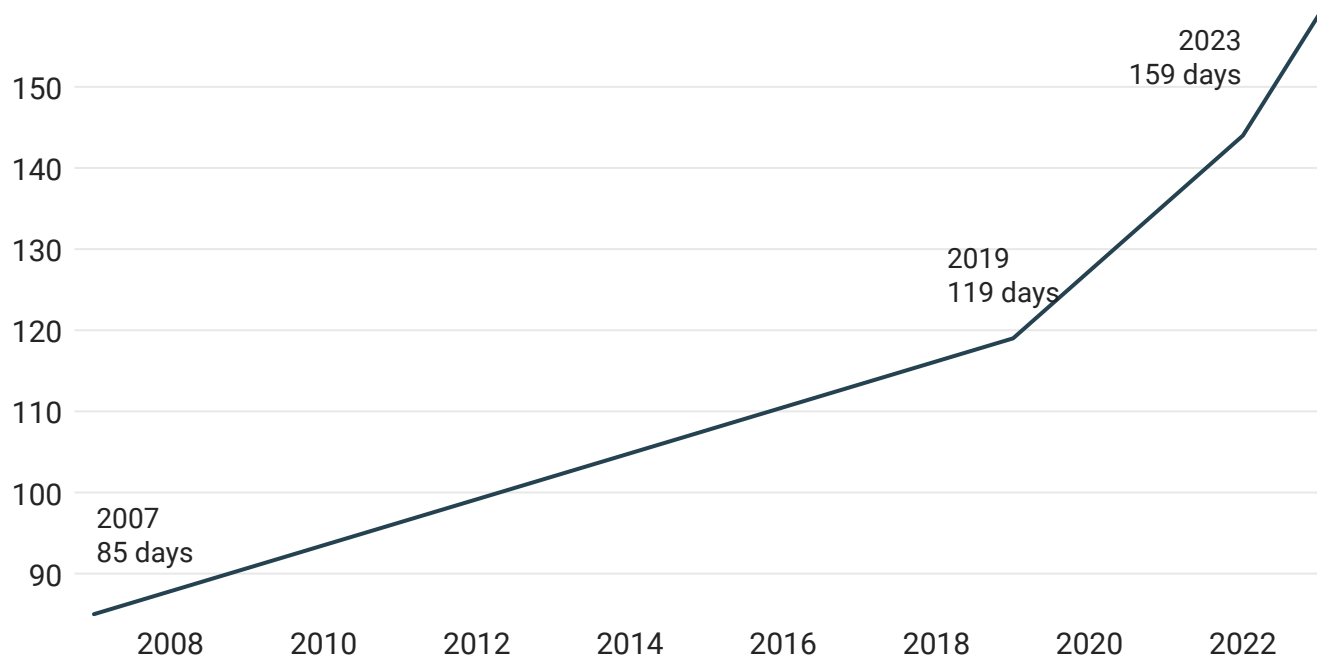


Chart: The Times and The Sunday Times • Source: Landmark information group

“Desperate” agents face abuse from clients

Since the budget, agents have spoken of thousands of pounds being lost by victims in collapsed deals — and potential stamp duty revenue lost for the government as a

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Sophie Arnold, managing director of Sandersons UK

In a furious letter to her MP, Sophie Arnold, managing director of the estate agency Sandersons UK, who employs 40 people across Kent and Somerset, accused Reeves of “incompetence” for not anticipating the fallout.

She cites an example of a chain of ten properties, ranging from £200,000 to £1.4

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“Nine parties, all of them selling their principal residence and moving from one home to another, are now left in a position of their chain having collapsed. Many of these people would have started the process some months ago and have packed their belongings and booked their removals. In this transaction alone, aside from the upset, the government has lost circa £320,000 in stamp duty in this one chain. This scenario will have been repeated up and down the country.

- [Landlords race to exchange contracts and avoid stamp duty rise](#)

“I have an entire team of staff being subjected to abuse from people,” she adds, in her letter addressed to Tessa Munt, the Liberal Democrat MP who serves her constituency of Wells and Mendip Hills.

“We are looking to lose revenue out of our pipelines in the region of £120,000 in just one day and we are not a large outfit. These transactions take us between three to six months to put together, to lose them in a day is pretty catastrophic for us and all the people concerned.”

The difference for a buyer subject to the stamp duty surcharge change is stark: someone making a £500,000 property purchase would face an extra bill of £10,000, up from £27,500 to £37,500. A second-homer buying a £1 million house will pay an extra £20,000 — up from £71,250 to £91,250.

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Roarie Scarisbrick, who owns Property Vision, a buying agency, described the stamp duty rise as “a kick in the teeth” for the market.

Post-budget crisis talks

Since last Wednesday, buyers who haven’t pulled out are now seeking to renegotiate — demanding their sellers drop the price by the same amount they would have to pay in extra stamp duty.

Citing one transaction immediately after the budget, Marc Schneiderman, a director at the estate agency Arlington Residential, says: “The price increase [faced by the buyer at the start of the chain] is being absorbed by the next link of the chain who have waited for over a year for their dream home to become available and they simply don’t want to lose it.”

Neal Wood, director of sales at Hamptons in Bath, saved two deals by arranging for emergency exchanges on the afternoon of the budget. “Had they not taken place the buyers would have had to foot an additional £11,000 and £10,000 each in stamp duty.”

But Scarisbrick says many attempts at renegotiation are failing. “I have heard of several collapsed deals this week,” he adds.

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rushed to get their purchases exchanged.

TwentyCi, which tracks transactions, found in August and September that the number of people accepting offers on properties reached its highest since the autumn of 2022, while the number of fall-throughs reached their lowest point since that time.

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Falling through the cracks

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Date	Sold subject to contract	Sales that fell through	Fall-through rate
September 2024	85,733	19,060	22%
August 2024	86,165	18,905	22%
July 2024	79,709	18,189	23%
June 2024	70,029	16,211	23%
May 2024	72,805	17,163	24%
April 2024	65,649	15,958	24%
March 2024	65,796	16,004	24%
February 2024	63,547	15,446	24%
January 2024	64,342	15,980	25%
December 2023	70,504	16,550	23%
November 2023	74,258	18,979	26%
October 2023	79,870	20,099	25%
September 2023	76,815	18,505	24%
August 2023	77,629	18,626	24%
July 2023	72,388	18,199	25%
June 2023	66,640	17,152	26%
May 2023	65,308	17,203	26%
April 2023	57,574	15,302	27%

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Data is for England and Wales only

Table: The Times and The Sunday Times • Source: TwentyCi

Of course, the market in the pricier areas will be hit hardest by the extra taxes. Savills says price growth next year, for example, will range from a healthy 5 per cent in the northwest, northeast, Yorkshire and the Humber and Scotland, down to 2.5 per cent in the more expensive southwest and east, and 3 per cent in the southeast and London. It cites as damaging the lack of help for first-time buyers.

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North-South property divide

Savills says the market will move faster in more affordable regions in the coming years, as tax affects budgets of first-time buyers and landlords

	2025	2026	2027	2028	2029	Five-year verdict
North West	5	7	6.5	4.5	3.5	29.4
North East	5	6.5	6	4.5	3.5	28.2
Yorkshire and The Humber	5	6.5	6	4.5	3.5	28.2
West Midlands	4.5	6	6	4.5	3	26.4
Scotland	5	6	5.5	4	3	25.8
Wales	3.5	5.5	6	4.5	3.5	25.2
East Midlands	4	5.5	5.5	4.5	3	24.6
UK	4	5.5	5	4	3	23.4
South West	2.5	5.5	5	4	3	21.6
East of England	2.5	5	4.5	3.5	3	19.9
South East	3	4	3.5	3.5	2.5	17.6
London	3	4	3.5	3	2.5	17.1

Chart: The Times and The Sunday Times • Source: Savills

Similarly, JLL, the global real estate services company, classifies the post-budget market as variously “challenging”, practically and financially for rental investors, first-time buyers and owner-occupiers, but says prices will ultimately rise by 19.9 per cent UK-wide in five years. Intriguingly, in Greater London, the price rise will be

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Panel: Holding the chain together

Choose your conveyancer carefully. Tony Hill, commercial director at Assured Sales and Progression, a company that helps agents push transactions along, points out that there is a shortage of conveyancing companies, following mass-redundancies during and after Covid. There are also a growing number of cheap ones that are not sufficiently dexterous when dealing with challenging purchases or sales. “The shortage means that firms are handling higher numbers of caseloads, which can delay chains from progressing,” he says. Martin Edwards of the residential property department at HCB Solicitors adds: “It’s crucial to choose a solicitor you have faith in who will minimise the risk of any problems with the chain.”

Try to avoid chains in the first place. Oliver Custance Baker, head of national country house department at Strutt & Parker, says a number of sellers have sold their homes and moved into rental accommodation before proceeding with cash in their pockets — attempting to avoid the stress of chains. “They can move forward as free agents and not be reliant on the chain behind them.” Zoopla data shows a third (32 per cent) of UK homes for sale on Zoopla are currently chain-free. The biggest proportions are in cheaper towns or affordable suburbs traditionally popular with landlords where, recently, there have been a high number of sales. The area with the biggest percentage is Hull (46.2 per cent are chain-free), Uxbridge (44.7 per cent) and Dartford (44.4 per cent).

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Chain-free strongholds

Areas with the largest proportion of homes for sale that are chain-free

Hull	46.2
Uxbridge	44.7
Dartford	44.4
Bristol	44
Luton	43.9
Portsmouth	43.2
Sutton	43
Bolton	43
Croydon	42.7

Chart: The Times and The Sunday Times • Source: Zoopla

Be flexible if your chain is collapsing. Edwards says: “Explore alternative options which may include considering bridging finance, auctions, renegotiating or even chain repair services.”

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Deborah Battsek



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**Mal Smith**

6 HOURS AGO

Both The Conservatives and now Labour have finally succeeded in “milking” this cash-cow dry.

Irresponsible and totally unjustified increases in Stamp Duty Land Tax are now resulting in social disruption across the board.

Voters [and I say this to remind the politicians who are affected] can't down...

See more *(Edited)*

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**M Wilson**

44 MINUTES AGO

I think any agent that gets their clients involved in a chain of ten needs to have a long hard look at their practice.

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**J Carver**

14 MINUTES AGO

What a mess. I feel for everyone caught up in these situations, moving house can be fraught with obstacles at the best of times. Reeves doesn't seem to be able to see beyond the end of her own nose.

(Edited)

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**M Henderson**

3 HOURS AGO



Presumably these people paying the extra tax are not working people.

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**M Cook**

6 HOURS AGO



I think Sophie Arnold could do with some maths lessons and business lessons.

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**steven jones**

8 MINUTES AGO



My heart bleeds for the second homer buying a million pound home

One week every story is followed with cost of living crisis mentioned now we have 1 bed flats at £400,000 and second homes of 1 million

Ridiculous

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