

# BLOG: What will Labour really mean for the property market?

Trevor Abrahmsohn of Glentree Estates takes a look at what a more left-leaning government may mean for fellow estate agents.



Well, well, well, who would have ‘thunk’ it? In December 2019, when Boris Johnson came storming in on a white charger, with an 80-seat majority it looked as though the Tories would be in power for not just one, but two electoral terms.

After four and a half years and three Prime Ministers later, having squandered this opportunity, the Tories are looking down the barrel of a shotgun and a Labour landslide.

But what is a Labour government planning to do? While they have bound themselves to the mast on income tax, VAT, National Insurance and Council Tax, they have been circumspect about Capital Gains Tax, Inheritance Tax, private pensions and have been similarly obscure about a possible mansion tax.

Although they have tried to make their manifesto as ‘vanilla’ as any socialist led government can tolerate, nevertheless, the invasive tentacles of left-wing activists interfering in markets and trying to exacerbate a class war, has not gone away.

By the first Budget, in November 2024, I predict they will raise Capital Gains Tax, in parity with Income Tax levels, and immediately drop the higher tax allowance for private pensions, just before they crank the thumb screw on Inheritance Tax and possibly a Mansion Tax.

One can’t ignore the whispers that suggest Labour will be giving **more power to private tenants**, which will scare off private landlords even more so than at present, and low and behold, the supply of rental properties will shrink, and rents will rise exponentially, further disenfranchising the vulnerable.

I’m afraid that Labour’s instinctive desire to interfere in markets usually means that the ‘medicine is far worse than the ailment’.

## PARADOX

Housing was conspicuous by its absence in Starmer’s ‘six pledges’. Although both the main parties have promised more new homes, paradoxically, I think that the Labour Party will do more than their predecessors to reform nimbysm in the planning system, which should release a greater number of new homes on the market, which hopefully will stabilise prices.

Despite their rhetoric, the Tories have failed to build more than 150,000 homes per annum and, although reviving Help-to-Buy and eliminating Stamp Duty for first time buyers may be a good thing, it will stimulate demand, which will drive up prices if the supply of new homes doesn’t increase commensurably.

While the supply of properties in the higher range brackets has been constrained, the number of cash buyers around has been steadily reducing and all the more so in view of the non-Dom changes that have been put in place by the Tories, as a feeble attempt to ‘steal the Labour Party’s clothes’.

If the supply of properties increases, then I would imagine values must drop in a market which is already very price sensitive.

## FROTH

Although there have been some notable asking price reductions in prime central London, frankly this is an adjustment to marketing froth, since the underlying values have so far, remained reasonably resilient. However, this may change if the trend continues.

There are fewer ‘uber tenant’ enquiries but very few properties for them to rent and therefore values are fairly stable. Today, we are presiding over two significant deals. One of £30,000 and the other, £20,000 a week.

Having said this, in the micro markets in NW London there have been some interesting sales which have exceeded our expectations and in one particular case, after two rounds of a bidding war, a notable property is about to be sold for 10% more than value.

## STAMPEDE

As the Election result is ‘baked in’ to people’s expectations, there isn’t a stampede of buyers or sellers looking for the exit doors and for the moment few exchanges of contracts are being delayed until after the General Election date of July 4<sup>th</sup>, which would normally be the case where a change of political direction is about to take place.

Let’s hope that Mr Starmer, who is being mentored by Tony Blair, continues to aspire to the left of center of the political spectrum where, let’s face it, sustainable power is always assured.

The UK does not respond well to extremes of political views and this is why the Reform Party, who may be momentarily in the ascendancy, fueled by Mr. Farage and his rhetoric will, in the end, precipitate very few MPs at the General Election and in the aftermath, will be a ‘busted flush’.

Just my views from a pensive estate agent with 50 years in the saddle.

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