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WHAT IS THE 'NEW NORMAL' FOR THE HOUSING MARKET?

Property industry views from the HSBC Great Housing Market Debate

Industry leaders from the property world gathered in Central London last week (19th April) to debate issues facing the industry. The debate, sponsored by HSBC, included a panel of distinguished experts from the property industry:

- Hugh Pym, BBC's Chief Economics Correspondent
- Paul Lewis, presenter of BBC's Radio 4's Money Box
- Nigel Terrington, Chief Executive of The Paragon Group of Companies and Deputy Chairman of the Council of Mortgage Lender
- Yolande Barnes, Director of Residential Research at Savills
- Peter Dockar, Head of [Mortgages](#) at HSBC

Housing Transactions and House Prices

Members of the panel agreed that house prices are likely to remain broadly flat over the next 12 months and that it is unlikely that we will return to the previous 'normal' number of transactions experienced over the past decade. The 150 strong audience was divided when asked to vote, with half believing house prices would rise over the next 12 months, whilst the other half felt prices would remain stable. A second audience vote revealed that the majority felt that there will be another house price boom within the next 10 years.

First Time Buyers

On the subject of the Government's NewBuy initiative, the panel was in agreement that 25,000 homes is just a drop in the ocean for first time buyers (FTBs) and that the scheme is more likely to help the housebuilding industry. The audience was in agreement, with 86% believing NewBuy is not the answer to helping FTBs on to the property ladder.

Buy to Let

The property landscape in the UK is changing with an increasing proportion of the population renting rather than buying as they delay home ownership. The panel was divided, with some arguing renting is the most appropriate form of living arrangement while for others, such as older generations who may be unable to pay rent from a pension, home ownership is important. Two thirds of the audience voted that boosting the supply of FTB homes is more important than a healthy supply of private rented accommodation.

Housing Supply

The panel was divided on the Government's national planning policy framework. While Paul Lewis said we need to build more homes, Hugh Pym argued in favour of respecting the greenbelt and building homes where there are jobs. The audience vote yielded the closest result; 55% do not think that the new planning reform will lead to a significant increase in housing stock.

Right to Buy

The panel was in agreement that the extension of Right to Buy was ill-advised, with Yolande Barnes calling it an 'outdated scheme.' Both Paragon and HSBC agreed that it is difficult to put a value on council homes. Two thirds of the assembled audience voted that the Government was wrong to extend the Right to Buy scheme.

Stamp Duty

The panel agreed that the 'slab' system currently in place for stamp duty is unfair. Peter Dockar suggested that a more suitable method would be a progressive tax system like income tax, while Yolande Barnes argued that the property tax should only be payable by a vendor on the property sale. Paul Lewis suggested that landlords and investors should pay stamp duty, while it should be exempt at the lower bands of tax for those who are buying the property to live in.

Most of the panel agreed with the policy of raising stamp duty to 7% on properties valued over £2m. Almost two-thirds (62%) of the audience said that the Government was right to introduce the 7% duty.

Property is still the place to the invest

To round off the event the audience was asked what they would invest in if they were to win the lottery. The overwhelming response was property (83%), showing that the majority in the industry still think this is the best way to receive returns on investment.

To see a detailed account of the debate please visit <http://www.hsbc.co.uk/newsroom> for the live blog.

ENDS

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