

# Press Release



## Homebuyers race to beat stamp duty holiday deadline as house prices jump £57,000 in lockdown

- **Homemovers' stamp duty savings £11,566 on average**
- **Average house price increased by £57,790 during the same time**
- **First-time buyers in London and South East saving as 'holiday' offsets increase in deposit**

Homeowners in England and Wales in the race to move home during the stamp duty holiday period are saving on average £11,566 – offsetting the cost of house price increases as a result of the pandemic property market mini-boom.

The average house price for homemovers in the 6 months to June 2020 was £373,537, but this increased by £57,790 during the stamp duty holiday period to £431,327 in the 6 months to Dec 2020. While the threshold for stamp duty was increased to £500,000, based on the average house price for homemovers, this meant in England, only those in London and the South East still had to pay on average £9,848 and £925 respectively. In Wales, where the devolved nation's rules differ, the average stamp duty paid was £379.

While homemovers saved money on stamp duty, they have faced the challenge of even bigger deposits (on average £11,558) thanks to the increase in house prices during that time.

Those who moved home in London have lower upfront costs of around £12,188, as the amount of deposit increased by an average £2,812 and fully offset by stamp duty holiday savings of £15,000. But this is the only region where the stamp duty savings offset the rise in average house price deposits.

Those moving home in the South East are £7,437 better off, with the growth in average deposit (£7,564) covered by stamp duty savings of £15,001. In West Midlands, the deposit rise of £5,686 has been fully offset by stamp duty savings of £6,225, with £539 to spare.

In the South West, where the average deposit has risen by £9,311, homemovers are £378 up after stamp duty savings of £9,689. Homemovers in all other regions have seen the savings in stamp duty partially offset the increase in average deposit cost.

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**Andy Bickers, Mortgages Director, Halifax, said:** *“Since the summer we have seen a huge surge in mortgage applications, as people raced to make much sought after stamp duty savings.*

*“We know that lockdown restrictions have made it more practically challenging for those buying and selling, but the stamp duty ‘holiday’ has been one of the main drivers of continued demand for sales and purchases during the pandemic and we will wait to see if further steps are taken that could give people more time.”*

The proportion of homemovers paying stamp duty on transactions dropped from 93% in the six months to June 2020 to 26% in the six months to December, while the threshold was temporarily raised from £125,000

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to £500,000.

There was also a significant drop in the number of first-time buyers paying stamp duty holiday – from 29% to 10% in the same period – although these are predominantly concentrated in London and the South East.

During the holiday period, 67% of homemovers in London paid stamp duty on their home purchase, followed by the South East (39%) – down from 100% in both regions. In the South West, 21% of those moving house and 19% in East Anglia paid stamp duty, compared to 98% in both regions prior to the 'break' taking effect.

The smallest proportion of homemovers in the North (4%) paid stamp duty – down from 74% pre-holiday, followed by Yorkshire and the Humber – from 84% down to 8% and East Midlands – from 93% to 10%.

## Impact on first-time buyers

Before the stamp duty holiday, people buying their first home in London and the South East – where the price tags top the UK average of £266,381 (£480,221 and £310,986 respectively) – paid on average £9,011 in stamp duty, while those in the South East paid £549 in the six months to June 2020.

Those in the capital would have paid more than £712 more (£9,723) in stamp duty and those in the South East would have paid more than double – £1,417 in the six months to Dec 2020 because of an increase in house prices, had the temporary relief measures not been introduced.

While the 'holiday' has saved money for those first-time buyers, the increase in house prices in the second half of the year – up £19,858 to £286,239 – has meant that they will need a bigger deposit of around £57,248 to take their first step on the property ladder.

Only first-time buyers in London and the South East are saving money as a result of the stamp duty relief – in London the increase in deposit (£2,848 on average) offset by savings of £9,723 is leaving them £6,875 better off.

In the South East, first-time buyers are on average saving £2,054 as the increase in deposit (£3,471) has been partially offset by the stamp duty holiday savings of £1,417.

Almost four in 10 (38%) of first-time buyers in London paid stamp duty during the second half of 2020 – down from 86% before the holiday period started. Meanwhile in the South East this was down from 42% to 9%, followed by those in East Anglia and South West dropping from 18% and 15% respectively to 3% during the same period.

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## Proportion of first-time buyers paying stamp duty 2020

FTBs	% of FTBs paying stamp duty Jun 2020 >£300k	% of FTBs paying stamp duty Dec 2020 >£500k
North	3%	0.5%
Yorkshire and Humberside	4%	0.7%
North West	7%	0.9%
East Midlands	6%	1.3%
West Midlands	10%	1.6%
East Anglia	18%	3.2%
Wales*	25%	12.4%
South West	15%	2.9%
South East	42%	9.2%
Greater London	86%	38.1%
<b>England and Wales</b>	<b>29%</b>	<b>10%</b>

Source: Halifax, 6mth rolling to June, Dec 2020\*Note wales based on land transaction thresholds >180K and >250K

## Proportion of homemovers paying stamp duty 2020

Homemovers	% of Home Movers paying Stamp Duty Jun 2020 >£125k	% of Home Movers paying Stamp Duty Dec 2020 >£500k
North	74%	4%
Yorkshire and Humberside	84%	8%
North West	86%	11%
East Midlands	93%	10%
West Midlands	94%	13%
East Anglia	98%	19%
Wales	56%	43%
South West	98%	21%
South East	100%	39%
Greater London	100%	67%
<b>England and Wales</b>	<b>93%</b>	<b>26%</b>

Source: Halifax, 6mth rolling to June, Dec 2020

\*Note wales based on land transaction thresholds >180K and >250K

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## First-time buyers average house prices and stamp duty 2020

Regions	FTB Average House Price Jun 2020	Stamp Duty Paid Pre SDLT 'Holiday' Rates June 2020 £	FTB Average House Price Dec 2020	Stamp Duty Paid SDLT 'Holiday' Rates Dec 2020 £	Stamp Duty paid if Pre 'Holiday' rates Dec 2020 £	Average House Price 6mth Growth to Dec 2020 £	Stamp Duty 'Holiday' Savings Dec 2020 £	Average House Price Growth less SDLT Savings £
North	142,333	-	150,481	-	-	8,148	-	8,148
Yorkshire and Humberside	164,311	-	171,133	-	-	6,823	-	6,823
North West	173,154	-	179,516	-	-	6,362	-	6,362
East Midlands	190,905	-	205,420	-	-	14,514	-	14,514
West Midlands	202,158	-	207,636	-	-	5,478	-	5,478
East Anglia	235,806	-	246,039	-	-	10,233	-	10,233
Wales	160,694	-	169,169	-	-	8,476	-	8,476
South West	230,138	-	246,290	-	-	16,152	-	16,152
South East	310,986	549	328,338	-	1,417	17,353	1,417	15,936
Greater London	480,221	9,011	494,459	-	9,723	14,238	9,723	4,515
England and Wales	266,381	-	286,239	-	-	19,858	-	19,858

Source: Halifax, 6mth rolling to June, Dec 2020

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## Homemovers average house price and stamp duty 2020

Region	Homemovers average house price Jun 2020	Stamp duty paid pre 'holiday' rates June 2020 £	Homemover average house price Dec 2020	Stamp duty paid during 'Holiday' rates Dec 2020 £	Stamp duty paid if pre 'Holiday' rates applied Dec 2020 £	Average house price 6mth growth to Dec 2020 £	Stamp duty 'Holiday' savings Dec 2020 £	Average house price growth less stamp duty savings £
North	213,725	1,775	228,713	-	2,074	14,988	2,074	12,914
Yorkshire and Humberside	242,186	2,344	269,463	-	3,473	27,277	3,473	23,804
North West	259,390	2,970	290,837	-	4,542	31,447	4,542	26,905
East Midlands	271,912	3,596	306,866	-	5,343	34,954	5,343	29,611
West Midlands	296,074	4,804	324,505	-	6,225	28,431	6,225	22,205
East Anglia	331,856	6,593	376,363	-	8,818	44,507	8,818	35,689
Wales	232,490	1,837	257,594	379	2,830	25,103	2,451	22,652
South West	347,219	7,361	393,775	-	9,689	46,556	9,689	36,867
South East	480,696	14,035	518,518	925	15,926	37,822	15,001	22,821
Greater London	682,903	24,145	696,961	9,848	24,848	14,059	15,000	941
England and Wales	373,537	8,677	431,327	-	11,566	57,790	11,566	46,223

Source: Halifax, 6mth rolling to June, Dec 2020

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Deposit was calculated at a simple 20% of purchase price

<https://www.gov.uk/stamp-duty-land-tax/residential-property-rates>

<https://www.benhams.com/calculator/stamp-duty/old/>

[LTT Calculator Wales \(stampdutycalculator.org.uk\)](http://LTT Calculator Wales (stampdutycalculator.org.uk))

[Stamp Duty in Wales: Land Transaction Tax Calculator \(propertyinvestmentsuk.co.uk\)](http://Stamp Duty in Wales: Land Transaction Tax Calculator (propertyinvestmentsuk.co.uk))

"This report is prepared from information that we believe is collated with care, however, it is only intended to highlight issues and it is not intended to be comprehensive. We reserve the right to vary our methodology and to edit or discontinue/withdraw this, or any other

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