



Autumn Statement 2023

Property

What does the Autumn Statement mean for the property sector?

In what felt very much like a pre-election Autumn Statement, the Chancellor Jeremy Hunt announced 110 measures intended to ‘stimulate growth in the economy, cut taxes and reward work’.

The announcements included a number of measures affecting both the rental market and the wider property industry but excluded major changes to SDLT or corporation tax, albeit an extension to the ‘full expensing’ regime is likely to be well received by large owner-occupiers.

The mooted changes to the inheritance tax regime, which may have benefited many buy-to-let landlords and property investors, did not receive a mention.

Here are the key announcements that we feel will impact the sector:

- The **Local Housing Allowance** will be increased next year to the 30th percentile of local market rents. Hunt says this will help some 1.6m households currently renting in both the private and social housing sectors.
- The government-backed **95 per cent Mortgage Guarantee Scheme** has been extended by a further 18 months until the end of June 2025, in a measure intended to support a new generation in realising the dream of home ownership. The announcement should continue to increase the availability of 95% loan-to-

value mortgage products, enabling more households to access mortgages without the need for prohibitively large deposits.

- On planning, there will be consultation on a change to **Permitted Development Rights to allow any house to be converted into two flats**, so long as there is no change to the external appearance.
- **Households close to new electricity infrastructure** (pylons and sub-stations) will receive up to £1,000 off energy bills per year.
- Additionally Hunt says that, from 2024, local authorities will be able to recover the full cost of successful large-scale planning applications in return for a **guaranteed date for a planning decision**.

75%

business rate relief will be extended until 2023 for the retail, hospitality and leisure sectors.



In addition, a number of the wider measures announced today are also likely to impact businesses operating in the real estate sector. Specifically:

- **Employee National Insurance will be cut by 2.0** per cent to 10 per cent from January 2024.
- **Class 2 National Insurance payments by self-employed to be abolished**, saving the average self-employed person £179 a year, and Class 4 NI for self-employed cut from 9.0 per cent to 8.0 per cent from April, saving £377 per self-employed person.
- In a flagship announcement, the Chancellor announced that **the current temporary ‘Full Expensing’ incentive will be made permanent**. However, as full expensing is only available for expenditure on new plant and machinery (expenditure on buildings, structures, and land will not usually be

- eligible). And as the rules currently exclude many assets used for leasing, it seems likely that the measure will be of more value to large owner-occupiers, rather than developers, landlords and property investors
- The National Minimum Wage will rise to £11.44 an hour, a 9.8 per cent rise, supporting the poorest in society but potentially adding to businesses’ wage bills.

Overall, there were certainly a number of helpful measures announced for businesses operating in the property sector. Companies in the retail, leisure and hospitality sectors are likely to be particularly relieved to see an extension to the business rate relief, and the changes to the planning system are to be welcomed. However, it remains to be seen whether there was enough to stimulate the growth the Chancellor seeks.

If you’re unsure how the Autumn Statement will impact you, speak to a **team member today!**

If you have any questions in relation to what we have mentioned here, please get in touch with your usual BHP contact.

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