

Lessons from **the stamp duty holiday**

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for Family Building Society

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To enable research participants to express their views frankly we have not named individual contributors. Much of this document was informed by our interviews and discussions, but the final report is the work of the research team and may not reflect the views of all participants.

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Foreword

One Government holiday that's worked!?

The vaccination program has been a great success.

What else?

Large numbers of people have taken advantage of the Stamp Duty holiday since it was introduced in July 2020. It has been a great success. It has generated desperately needed jobs and economic activity. It's started tapering off. Maybe the Chancellor would be better to keep it going?

Stamp duty is an easy tax to avoid. You just don't move. People move much less nowadays than they used to. Stamp duty receipts have not turned out to be at levels that George Osborne hoped for when he introduced the rates that we went into the pandemic with. There is a real emotional issue for many in writing out a big cheque to the Inland Revenue out of what is already post-tax income.

You may want to move because you need more space, or less, or want to be somewhere else, nearer work or family. Moving helps to optimise the housing stock – you don't have empty nesters in larger family homes or people unnecessarily commuting long distances. And when you move you generate a lot of economic activity. People spend money on the moving process and movers are improvers. They spend money on their new home--perhaps 5% of the cost of the home in the first year.

As this report says, that adds up to anywhere between £1.8- £2.7bn being injected into the economy – probably more by the time you add the multiplier effect.

The stamp duty holiday has been a very elegantly crafted experiment

- In the first quarter of 2021 there were 50% more transactions than in the first quarter of 2020, ie before the pandemic struck.
- The £500,000 ceiling covers up to 90% of purchases. At that level, it saved people £15,000. Above that level you still pay high rates. Second homeowners still pay an extra 3%. So do buy-to-let investors.
- The holiday supports the Government's levelling up agenda, given that house prices are higher in London and the South East.
- Increased transactions mean better use of the housing stock.
- And, best of all for the Government, the economic multiplier of pre- and post-sale purchases and the extra transactions mean that it's probably quids in anyway! And it is richer people who are paying it all.

Releasing this demand does push up house prices. But the way to deal with this is not to suppress demand by taxing it but to improve the supply side – just build more houses.

"We need people feeling confident – confident to buy, sell, renovate, move and improve. That will drive growth. That will create jobs." Who said that? Rishi Sunak, the Chancellor.

The experiment has worked. Don't stop now.



Mark Bogard
CEO
Family Building Society

Executive summary

The stamp duty holiday

The stamp duty holiday announced last July raised the threshold for tax payment to £500,000 until end-March 2021. It was then extended to the end of June, followed by a £250,000 threshold until end-September. The most existing homeowners could save was £15,000, reduced to £2,500 from 1 July 2021. First-time buyers gained at most £4,000 because they already had a higher threshold.

The government had two main objectives for the holiday: to stimulate the housing market and to increase expenditure on goods and services related to housing transactions. Indeed, it was Rishi Sunak's expressed aim that the policy would help create and sustain jobs.

Our objectives and methodology

The research addressed three issues:

- i. To what extent does moving house generate additional economic activity?
- ii. Has the holiday been worthwhile for the economy (despite possibly increasing house prices)?
- iii. Is there a case for maintaining the nil rate at £500,000 or other more radical reforms?

Our methodology had three strands: a review of academic evidence on the impact of stamp duty and the empirical evidence on its effects; analysis of data on the numbers of transactions and the tax take since last July as compared to 2019; and two surveys, one of Family Building Society customers who had taken out mortgages between August 2020 and March 2021 and one of intermediaries.

Findings

Literature: The academic literature presents a near-universal consensus that stamp duty is a bad tax. There are three main reasons: first, it reduces mobility which means that the housing stock is inefficiently used: in particular, it reduces the incentive to older households to downsize which leaves younger family households with restricted choices. Secondly, it reduces productivity as people have less incentive to move house to take on a better job. Third, fewer moves mean commensurately lower consumption related to moving, which impacts negatively on economic activity. The literature is also clear that removal of existing stamp duty would increase house prices because it would reduce the overall cost of moving.

The empirical evidence on holidays is relatively limited. Two studies of the stamp duty holiday put in place at the time of the global financial crisis found that transactions and house prices both increased, as did consumption, but that the effects were short term and activity declined after the end of the holiday. Other research suggests that extending the holiday in perpetuity might generate a net increase in government revenues because of greater economic activity and higher house prices, but the estimation range was very large and included the possibility of significant revenue reductions.

Statistics: The statistical evidence shows that the housing market had begun to pick up in May 2020, well before the stamp duty holiday was introduced--probably because of the backlog arising from the first lockdown. The impact of the holiday could be seen from September 2020. Transactions increased by about 10,000 per month as compared to 2019 until February and March 2021, when transactions were 50% and then 100% above the levels of early 2020. As a result, by March 2021, the number of transactions in the financial year 2020/2021 were comparable to those in 2019/20. Since March, transactions have been variable but are still probably positively affected by the holiday.

The impact on government revenue was initially very negative, but by March 2021 stamp duty revenues were back to the levels seen the previous year. This was for two reasons: the increase in

transactions near the end of the initial holiday and the rapid increase in house prices. These rose by over 10% in the year to March 2021 – far more than in the previous year, which had seen increases of 3%. The rate of house-price change varied considerably across regions, with the highest rises in areas where the benefit from the stamp duty holiday was least.

Survey evidence: Evidence from the survey of Family Building Society customers indicated that stamp duty was only one element in why people had chosen to move. Most important were family reasons and wanting a larger home or a different location. Intermediaries, on the other hand, said the holiday had generated a frenzy of activity both among buyers and sellers, almost all of whom wanted to complete before the stamp duty holiday ended.

The surveys suggested that there were three main reasons for moving:

- The easing of lockdown, which had delayed many purchases and moves,
- Changing property requirements--significantly because of the pandemic--with people wanting to move away from cities and purchase more space, including access to outside space both private and public, and
- The stamp duty holiday, which both made it easier to move and changed people's attitudes to moving. Its role as a catalyst mattered more than the amount of money people saved. Many buyers paid more in higher prices than they saved on stamp duty.

Importantly, average induced expenditure of £16,000 (moving expenses + spend on the new home) per transaction across 140,000 transactions (our rough estimate of the additional transactions generated) would generate total induced expenditure in the order of £2.2 billion—or within the range of £1.8 to £2.7 billion, given the very large uncertainties around these figures. There would also be a multiplier effect on general expenditure by those who receive the payments.

Conclusions

Our research with Family customers and intermediaries makes clear that many people find stamp duty an unacceptable form of taxation and that it distorts decisions, particularly about moving.

Economists consistently argue that stamp duty is a poor tax that reduces residential and job mobility and contributes to inefficient use of the housing stock. It has negative impacts on employment and productivity because it makes people unable or unwilling to adjust their housing.

There is a strong case for a more fundamental assessment of property taxes to reduce economic distortions arising from the impact of disincentives to move on the housing market, productivity and economic growth.

There is also a case for extending the holiday in its initial form, as some of the impact on house prices has already occurred, so future more fundamental reform would be less costly.

Answering the 3 questions:

- Yes, economic activity increased;
- Yes, the holiday has helped the economy but also increased house prices; and
- Yes, having started there is a case for continuing the holiday, as it would help reduce distortions in the housing and labour markets. The case would be stronger if more fundamental tax reform were envisaged.

1 Introduction

This is the third in a series of LSE London reports for the Family Building Society on the effects of Stamp Duty Land Tax (henceforth stamp duty) on the UK housing market. The two earlier reports examined the impact of stamp duty on the housing market (Scanlon et al, 2017) and monitored how this was changing (Whitehead et al, 2018).¹

The stamp duty holiday

In July 2020 the Chancellor introduced a stamp duty holiday aimed at stimulating economic activity by boosting transactions in the housing market so as to offset the expected effects of the coronavirus pandemic on transactions. Initially, this was to last until the end of March 2021 but was later extended to the end of June 2021, with a lower threshold until the end of September and reversion to the normal thresholds on 1 October 2021.

This holiday was expected to mean that some 90% of those buying would be exempt from stamp duty for the period up to the end of June 2021 – although increases in house prices have brought some additional homes into the tax.

The form the stamp duty holiday took was straightforward. The first £500,000 of any purchase would be exempt from stamp duty tax but above that amount, rates would be as normal – ie 5% on the amount between £500,000 and £950,000; 10% on the amount to £1.5 million; and 12% thereafter.

The result of the initial phase of the holiday (until 30 June) was that those buying a home for half a million pounds or more would save £15,000. Purchasers of buy-to-let properties and second homes would save the same amount, although they would not be completely exempt as they were still liable for the additional 3% paid by those not purchasing a principal residence. Importantly, first-time buyers would save less, as they had already been exempt from stamp duty up to £300,000 and paid 2% on the next £200,000. Their maximum saving would therefore be £4,000.

As a proportion of house prices, the stamp duty saving would be 3% for most of those buying at £500,000, declining as the price of the home increased. For first-time buyers the proportion would be less than 1%. Importantly, especially perhaps for first-time buyers, all households affected would gain cash flow.

The holiday is being phased out over three months. From 1 July 2021 to 30 September, the exemption limit has been reduced to £250,000 so the maximum saving falls to only £2,500. On 1 October the holiday is due to end and the previous rate structure will apply.

The Treasury regarded the stamp duty holiday as an element of its Plan for Jobs (HM Treasury, 2020a). In a speech to the House of Commons in July 2020, the Chancellor said, ‘We need people feeling confident - confident to buy, sell, renovate, move and improve. That will drive growth. That will create jobs’ (HMT 2020b). The goal of the holiday was thus not just to support housing transactions but also to incentivise consumption on move-related expenditures. In an October 2020 press release, the Treasury noted that the rise in sales was helping to support hundreds of thousands of jobs through both the activities associated with moving and expenditure on furnishings, decorating and appliances. HMT noted that ONS National Accounts data in 2019 showed home-move-related expenditure accounted for 5% of consumption, and a survey had suggested that

¹ Two other reports for Family Building Society have examined borrowing in later life (Scanlon et al, 2018) and the Bank of Mum and Dad (Scanlon et al, 2019).

a third of all movers intended to spend what they saved in stamp duty on home improvements (HM Treasury, 2020a).

Arguments for and against stamp duty

The main argument in favour of stamp duty is a revenue one: residential property is the single most valuable asset owned by British households, and stamp duty is currently the major tax levied on that value. It is also very easy to collect. It is also very easy to avoid, as households can simply refrain from moving.

However, there is a strong economic case that stamp duty is a bad tax because it reduces the incentive to move and therefore leads to a more inefficient use of the housing stock. Lower mobility also means fewer people moving to better employment, which has a negative impact on productivity.

There are also practical arguments for the removal of stamp duty altogether because of its behavioural effects on market participants. In particular, older people who may wish to downsize or move to more appropriate accommodation see it as a major disincentive to moving. In addition, it increases the effective down-payment requirement because the tax payment cannot be covered by the mortgage. Therefore, the tax hinders more efficient use of the housing stock and reduces residential mobility and with it labour mobility.

Some commentators suggest that stamp duty actually damages employment, and that abolishing the tax would actually increase government revenues overall. Increasing mobility would stimulate demand for goods and services – and investment – related to moving. It would therefore generate employment, increasing tax revenues and reducing unemployment costs. The removal of stamp duty would also tend to increase house prices so those who pay capital gains tax on investment properties or inheritance tax on the value of their homes would be paying more. Overall, they argue, abolishing stamp duty on residential property would remove a major distortion from the housing and employment markets and support the growth agenda.

The research questions

The objectives of this paper are to examine the evidence on how the stamp duty holiday operated to date, to look at how consumers responded to the opportunity to move more cheaply, and to assess the case for extending the holiday or abolishing the tax entirely. In this paper we explore what happened to tax revenues and transactions during the stamp duty holiday, look at consumer attitudes to the tax, and ask what might be the most appropriate way forward.

The three research questions are:

- iv. To what extent does moving house generate additional economic activity?
- v. Has the tax holiday been worthwhile for the economy (despite possibly increasing house prices)?
- vi. Is there a case for maintaining the nil rate at £500,000 or other more radical reforms?

2 The research approach

Our starting point was to examine the numbers, comparing trends before the pandemic with the numbers since the initial lockdown, including the pattern of prices and the split between buyer types.

To address the potential positive impacts of reducing the number of transactions affected by stamp duty, we then undertook a review of the economic, financial and policy literature on stamp duty and related taxes. This involved two elements: the impact of taxation on transactions; and the relationship between transactions and expenditure on the process of moving, on repairs and improvements to the home and on related purchases such as furniture.

We also carried out a survey of Family Building Society customers who had taken out mortgages during the period from August 2020 to March 2021. We asked them about why they moved, the impact of the holiday on their decisions, and how much they expected to spend on the moving process and on their new home – as well as their views on the future of stamp duty. In addition, we undertook a survey of intermediaries in the market who worked with Family and their views on the level of activity, the impact of stamp duty and what should happen to the tax.

The main objective was to clarify the extent to which the reduction or removal of stamp duty might increase the overall level of housing-market transactions in the longer term, and to identify and estimate the potential economic benefits that might flow from that—both for individual households and for the economy as a whole.

Finally, we came to some conclusions about the net effects of continuing the holiday in terms of increased taxation from economic activity; other benefits; and direct tax losses.

This was thus a mixed-methods piece of research, bringing together the analytic framework with both objective evidence and consumer understanding of the policy and its implications. The research took place in five overlapping stages:

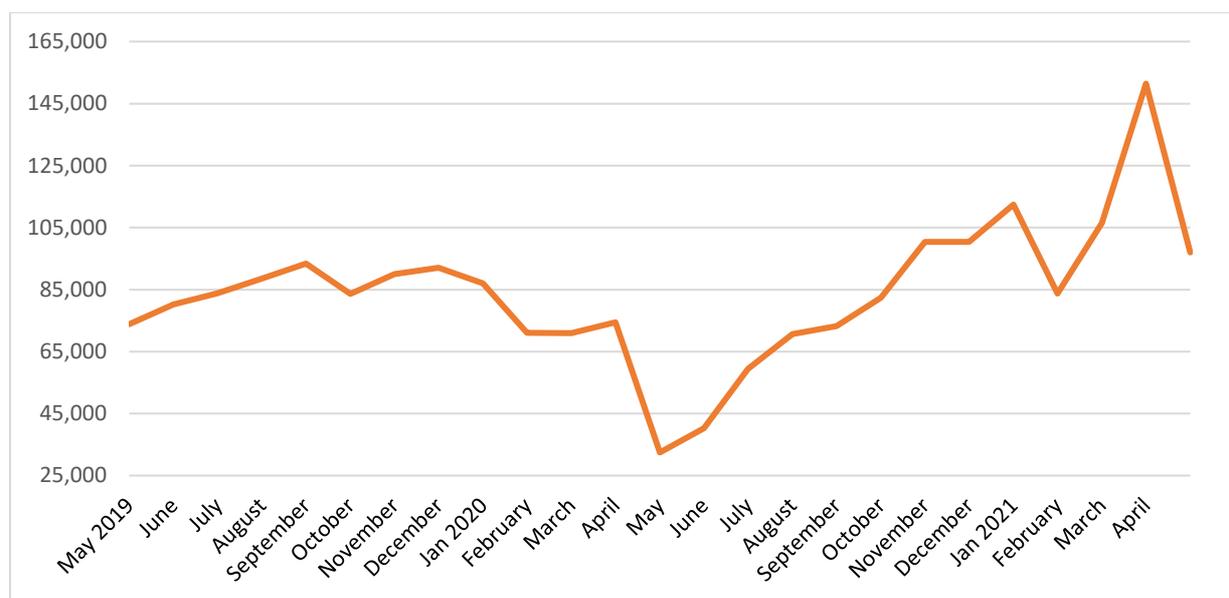
- i. Reviewing and analysing the statistics on housing transactions and Stamp Duty revenues;
- ii. Reviewing the literature on stamp duty and its effects on house prices, mobility and employment, as well as on the relationship between moving and economic activity;
- iii. Surveying Family Building Society customers who took out mortgages during the stamp duty holiday, to explore the effects of the policy on their decision to buy;
- iv. Surveying mortgage intermediaries to explore their views on the impact of stamp duty on the market; and
- v. Pulling the findings together into this report.

3 The numbers: transactions and revenues

To understand what has happened during the stamp duty holiday, we start by looking at trends in property transactions since before the pandemic and particularly since the holiday was announced.

Figure 1 shows how transactions moved over the last two years. During 2019, property transactions in England varied between around 66,000 and 93,000– but once the figures are seasonally adjusted there was surprisingly little variation, suggesting an average of around 80,000 per month. The first three months of 2020 were somewhat lower.

Figure 1: Monthly residential property transactions completed in England with value of £40,000 or above: April 2019 – April 2021



Data source: HM Revenue & Customs

The immediate effect of the lockdown was to reduce transactions by about 60% in April 2020. Thereafter they rose to 50% of 2019 levels in May; over 70% in June; and almost 80% in July.

The stamp duty holiday was announced on 8 July 2020 but could hardly have affected the July transactions figures significantly. In August there was still little direct evidence of a stamp duty holiday impact. However, by September the transaction rate was running at 2019 levels and in each of the next two months transactions were running at around 10,000 above 2019 rates.

As originally designed, the scheme was due to end at the end of March 2021, and unsurprisingly the highest levels of transactions were in December, February and March 2021: transaction levels were almost 30% higher in December 2020 as compared to December 2019; 50% higher in February 2021 than in February 2020; and 100% higher in March 2021 than the same month in 2020.

Looking at the totals for 2019/20 and 2020/21, the high March 2021 figures pull the annual financial year number up to just above a million transactions (of properties selling for £40,000 plus), as compared to the pre-pandemic 2019/20 figure of just below one million. So, by April 2021 one could argue that the system was back on track. The April 2021 provisional figures suggest that transactions were still above 2019 rates, but the estimated figures for May 2021 are back to 2019 levels (there are of course no comparable figures for 2020). The April figures, at least, probably include sales that would not have completed before the first deadline but did go through in the

extended time. However, the time taken to complete sales--especially where there are chains involved--suggests that June transactions will not reach the level attained in March.

The statistics show that transactions had started to rise well before the stamp duty holiday could have had any impact, and that the year's holiday at least helped the market to match pre-pandemic transactions levels.

The key question is whether the time-limited nature of the stamp duty holiday stimulated higher transaction levels in the short term only, or created a step change in activity that will continue as the economy improves. Did the holiday act as a catalyst to make people think about moving for quite other reasons, such as higher savings during lockdown or changing preferences for space inside and outside the home? If so, the impact of the holiday will be seen in continued higher levels of transactions long after the tax break ends.

Stamp duty receipts

The government's goal for the holiday was to stimulate housing transactions and with them, associated economic activity. It accepted that revenues would be significantly reduced at a time when many other sources were also adversely affected.

Table 1 shows that net residential receipts tend to rise more than transactions because of house-price increases. Receipts peaked in 2017/18 and then fell, as did transactions. In 2020/21 transactions stabilised but receipts fell by more than a quarter as a result of the stamp duty holiday.

Table 1: Net residential receipts and residential transactions from 2014/5 annually

Financial year	Net residential tax receipts		Residential transactions	
	£million	% change from previous year	Number	% change from previous year
2014-15	7,499		1,206,500	
2015-16	7,310	-3%	1,183,700	-2%
2016-17	8,590	18%	1,093,700	-8%
2017-18	9,276	8%	1,106,200	1%
2018-19	8,373	-10%	1,035,900	-6%
2019-20	8,422	1%	1,022,900	-1%
2020-21	6,081	-28%	1,027,600	0%

Data source: HM Revenue & Customs

However, the quarter-by-quarter changes shown in Table 2 indicate the effect of increasing transactions. In 2021 quarter 1, transactions were over 50% higher than the same quarter in 2020 – and that was just enough to bring receipts back to their level in the previous year. A continuing healthy housing market -- in terms of both the number of transactions and house price increases -- could therefore mean that receipts would continue to rise, at least in money terms, if the holiday were to be maintained.

**Table 2: Summary of recent quarter-to-quarter changes (residential transactions and receipts) –
Holiday period shaded**

	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1
Residential transactions: Number	240,500	278,000	285,300	219,100	133,300	228,800	329,900	335,600
Percentage change	-3%	0%	0%	-3%	-45%	-18%	16%	53%
Residential receipts (£million)	1,897	2,366	2,322	1,837	1,087	1,352	1,809	1,833
Percentage change	-4%	1%	0%	7%	-43%	-43%	-22%	0%

Data source: HM Revenue & Customs

The impact on house prices

It is generally well understood that stamp duty impacts house prices – and of course that house prices modify the receipts obtained. Importantly the average house price in England in March 2021, at £273,000, was almost 10% higher than in March 2020. In the previous year, prices had only risen by 3%.

A recent report by CEBR which uses government estimates of elasticities suggests that if the holiday were to be made permanent there would be a roughly 2% increase in housing wealth because of house price increases (CEBR 2020). More generally, the CEBR report suggests that such an extension might actually increase overall tax revenues, not just through higher house prices but also through the knock-on effect of increased housing wealth on consumption.

Price rises have differed very considerable between regions. For the period April 2020 – April 2021, they rose most rapidly in the North East (almost 17%) and Yorkshire and the Humber (around 12%), and least in London (3%) and the South East (5%). Southern regions have in general experienced lower increases than the rest of the country.

These price increases appear to be negatively correlated with the average amount of stamp duty saved, because house prices are so much lower in the North than the South. Part of the increase in activity is clearly to do with pandemic-related changes in attitudes to space and locality, and it also suggests that the holiday may have modified behaviour through acting as a catalyst to make people get on with moving, rather than directly by reducing the amount purchasers would have to pay. But it will take a great deal of further research to understand all the contributing factors.

There are thus well evidenced concerns that an extended holiday would tend to increase house prices and reduce affordability. So the government might well benefit in terms of revenues, but some of those trying to enter owner-occupation might be disadvantaged. The following section summarises some relevant academic findings on how stamp duty affects residential mobility, consumer expenditure and tax revenue.

4 Some direct and indirect effects of stamp duty: evidence from existing research

The direct effect on residential mobility

The buyer of the property is legally responsible for the payment of stamp duty, but economists distinguish between the legal responsibility for tax payment and the incidence of the tax. Although the actual payment falls on the buyer, part of it is effectively 'paid for' by the seller as they receive a lower price than they otherwise would. The question is therefore how the total is allocated. According to Davidoff and Leigh

From a theoretical perspective, inelastic factors bear the economic burden of taxes. Therefore, if buyers are more price-inelastic than sellers, then buyers will bear most of the tax burden and house prices will not change much in response to a change in house sales taxes.... Regardless of incidence, theory also predicts that higher taxes...reduce total sales.' (2013, p.396)

This tax wedge means that buyers pay more than they otherwise would and sellers receive less, reducing the incentives for both parties to transact.

In addition, stamp duty effectively raises the down payment requirement for buyers, as the tax cannot be financed with a mortgage but must be paid for out of savings. The dampening effects of stamp duty reduce transactions and residential mobility (particularly among those with higher-value homes) and inhibit market mechanisms that would lead to more efficient use of the housing stock.

Extensive work has been done in the UK and elsewhere on the broad principles of good taxation and specifically on property transfer taxes. The consensus is that transfer taxes are poor taxes because they are less efficient than other types of property tax because they reduce transactions (Mirrlees et al, 2011; Henry et al, 2010; Southwood, 2017), meaning that some desirable and welfare-enhancing reallocations of the housing stock do not take place. The implication is that it would be better to replace stamp duty by another less distortionary land or property tax proportionate to housing wealth.

Stamp duty may discourage older owner-occupiers from moving to smaller homes, especially as these smaller homes may well be no cheaper (Wood et al 2012). This was also recognised by the House of Lords Economic Affairs Committee (2016) and the House of Commons Housing, Communities and Local Government Committee (2018).

Making housing transactions more expensive may reduce productivity, as the lock-in effect reduces the likelihood that home owners will move to better paying jobs (Van Ommeren 2008). Housing market frictions and inefficiencies can generate labour market rigidities and increase unemployment (van Ewijk and van Leuvensteijn, 2009; Rupert and Wasmer, 2012; Blanchflower and Oswald, 2013).

Finally, stamp duty appears to deter discretionary moves more than necessary moves (for job reasons or moving into care) (Hilber & Lyytikäinen 2017; IPC 2016).

Importantly, the economic literature on taxation policy generally compares stamp duty with alternative, more efficient, taxes. During the stamp duty holiday there have been a number of policy-oriented papers (eg by Fairer Share [2021] and Gerard Lyons [2021]), which have suggested replacing stamp duty with alternatives such as a modified council tax or a wealth tax.

The indirect effect on expenditure associated with home moves

Economists have long been interested in the wealth effects of increasing house prices, which enable home owners to spend more through the mechanism of equity withdrawal, but there has been less written on the effect of housing *transactions* on expenditure.

Littlewood and Munro (1997) analyse the decision process between moving and improving, and find that it is not a binary choice: in fact, many movers *are* improvers, as recent movers frequently undertake a programme of improvements to bring the new dwelling in line with their aspirations. Some movers 'intentionally move into the "wrong" housing, with the intention of transforming it into the "right" housing' (p 1773). Using 1991 data on the Scottish housing market, the authors found that about one-third of home buyers had undertaken works costing at least £500 in the year since moving in (in today's money about £1000). The categories of work showing the biggest differences between movers and non-movers were bathroom and kitchen fitting; gas, water and electrics; and heating. Recent movers were found to be 1.38 times as likely to do major improvement or repair work on their homes in the last year as non-movers. Those who had done works tended to have higher incomes and wealth than those who had not, suggesting that it was not necessarily affordability concerns that caused them to buy homes that needed improvement but rather a positive choice.

Several studies have shown that moving home is associated with higher levels of expenditure on both consumer durables and certain services in the year after moving. Benito and Wood (2005) found that 'moving home does directly stimulate durables spending' (p. 157), as home movers (of all tenures) were two to three times more likely to buy white goods in the year after moving than were non-movers. In addition, that their total spend on such items tended to be slightly higher than that of stayers. The paper estimated the potential effect of a UK-wide reduction in housing transactions of 100,000 and found that it could reduce spending on the durables sectors most affected (household and audio-visual goods) by 0.9%, equivalent to a fall of 0.2% in overall durable and semi-durable spending. If the effect were symmetrical, an equivalent *rise* in housing transactions could be expected to increase expenditure on durables by the same amount. Benito and Wood said any transaction-related effects would alter the short-term profile of spending but not the overall quantum, as they mainly bring forward expenditure that would have happened in any case.

Using US data on home owners in the wake of the GFC, Benmelech et al (2017) found that movers spent \$3700 more than non-movers in the year following their move. Whereas Benito and Wood said the stimulus merely moved the timing of expenditure, Benmelech et al disagreed: much of this expenditure would not have taken place without a home move.

"Owing to search frictions, households cannot find homes that match their specific taste and stock of durable goods. Buyers therefore tailor their newly purchased home to their preferences by altering the physical structure and by buying new furnishings and appliances. ... These purchases and alterations are at least in part irreversible. Home renovations and additions, for example, cannot be moved from one place to another. Many fixtures, appliances and furnishings are also purchased to complement a particular physical space and so are purchased anew after a move. Given these assumptions, aggregate demand will expand and contract with the number of transactions during housing cycles" (p.3).

The additional expenditure associated with transactions came not only after a move but also before, as sellers readied their homes for sale. The authors found that home buyers spent on average \$5900 more (in 2009 dollars) in the period from three months before purchase to a year afterwards than non-purchasers: twice as much on home improvement and maintenance, and three times more on durables. Spending peaked in the quarter after purchase, falling to more normal levels after the first

year. Expenditure on non-housing related items fell slightly during the period after house purchase, but not by enough to offset the increased housing-related expenditure.

The findings of Best and Kleven (2017) are particularly relevant, as they use stamp duty data covering the 16-month stamp duty holiday in 2008-09, which moved the floor for stamp duty from £125,000 to £175,000. They found that cuts stimulated additional transactions in the housing market, and not only brought forward transactions that would have happened in any case, but also generated *additional* transactions. Best and Kleven (2017) also estimated that a housing transaction stimulated expenditure of 5% of the purchase price of the house in the first year and 1% in the second year, and that for every pound of tax cut, an equal amount of consumer spending resulted—that is, the tax multiplier was around 1. The biggest categories of expenditure were repairs and improvements and furnishings. Expenditure on appliances, a major focus of some other articles, was found to be much less important.

Another study of the effect of the 2008 stamp duty holiday suggested that transactions rose by 8% during the holiday but this increase was reversed after the policy was withdrawn. It also suggested that the buyer gained 60% of the benefit, reflecting the fact that the holiday was introduced in the light of low activity on the housing market (Besley et al, 2014). In the current holiday, given that the market was already moving by July 2020, the proportion gained by the buyer might well be less.

Research by the CEBR (CEBR, 2020) used government estimates of elasticities etc to look at the potential fiscal effects of extending the stamp duty holiday in perpetuity. Their analysis suggested that the initial reduction in revenues could well be offset by additional revenues coming from (i) more transactions; (ii) higher house prices; (iii) capital gains tax receipts coming from these higher prices; (iv) the tax on rising consumption generated by the reduced stamp duty burden and (v) tax revenues from additional consumption generated by higher house prices. However, the range of estimates is very large, from significant reductions in net revenue to large increases, with the variation concentrated in the consumption effects. Most importantly a large proportion of these consumption benefits come from the higher house prices arising from the extended holiday.

5 Effects on the market and consumer behaviour: survey findings

We carried out two online surveys between late May and mid-June 2021. Survey invitations were sent to 1,328 customers of Family Building Society who had taken out a mortgage during the stamp duty holiday period (8th July 2020 – 31st March 2021) and to 6,182 mortgage intermediaries across the country. We received 72 usable answers from Family Building Society customers (5.4% response rate), and 49 from intermediaries (0.8%). The texts of the survey questionnaires can be found in Appendix A.

Consumer views: How the holiday affected behaviour

About the respondents

Reflecting the Family Building Society customer base, 53% of respondents were retired and 44% were working (full time and part time). 67% of respondents were 61 years old and older. 41% had household annual incomes (before tax) of between £25,000 and £50,000.

About purchasing a property during the stamp duty holiday

Most respondents had purchased a main home during the stamp duty holiday (85%). Only a small minority had purchased a Buy to Let property (7%) or a second home (4%). The main homes purchased were mainly in the price range between £200,000 and £500,000, while 30% were more expensive and only 19% were cheaper. Prices of buy to let properties ranged from below £200,000 to more than £1.5 million whilst all second homes cost less than £925,000.

Table 3: Purchase prices of properties bought during stamp duty holiday

N=72

	Less than £200,000	Between £200,001 and £500,000	Between £500,001 and £925,000	Between £925,001 and £1.5 million	More than £1.5 million
Main home	19%	51%	23%	6%	1%
Buy to Let	25%	25%	25%	0%	25%
Second home	25%	25%	50%	0%	0%

Source: Survey of Family Building Society customers

A majority of respondents (84%) knew about the stamp duty holiday when they decided to purchase their property. Most respondents said the holiday was not at all important or only somewhat important in their decision to buy, although 11 respondents (17% of those replying) said it was the decisive factor.

Those who said it was not at all important had other personal reasons to purchase a property at that time. Comments included 'I needed somewhere to live after divorce after 23 years married', 'First time buyer' and 'Extremely necessary to purchase a property. Personal circumstances.' Most (71%) had already decided to purchase a property before the stamp duty holiday was announced.

In principle, the holiday should have led house prices to rise, offsetting some of the tax savings, but this may not be apparent to individual consumers: more than half (54%) thought that buying during the stamp duty holiday did not affect the purchase price they paid, although some did express concern about price effects:

I believe properties were selling at a premium because sellers believe they could achieve more - accessing the buyers saving. We honestly believe we sold at a fair price but that we did pay a premium for securing our new home. I know "we would think that wouldn't we", but we didn't press our purchaser for more than the range of valuations determined.

Market is limited by supply due to finite/limited resource and population growth. Stamp duty holiday has just increased demand-pull inflation.

Most (58%) had sold a residential property during the holiday. For those who sold a property, most (71%) said that that completing during the holiday was important for the purchaser. 47% of our respondents were not sure if the holiday affected the price their purchaser was willing to pay.

Table 4: Whether sellers thought stamp duty holiday affected how much buyers would pay N=15

	%
Yes	40%
Don't know/ Not sure	47%
No	13%

Source: Survey of Family Building Society customers

Direct costs associated with moving were relatively modest: the median costs were £5000-£7,500, with 48% saying they spent £5000 or less (Table 5). Note that this did not include estate agents' fees or investment in the property itself, addressed below.

Table 5: Costs associated with moving (conveyancing, solicitor, removal company, etc) N=57

£	%
0-2,500	25%
2,501 - 5,000	23%
5,001-7,500	5%
7,501-10,000	14%
10,001-12,500	4%
12,501-15,000	5%
15,001+	15%

Source: Survey of Family Building Society customers

63% of respondents said they had spent or planned to spend money on improvements. The median amount was in the range of £10,000 to £20,000, with 12% saying they planned to spend more than £50,000.

Table 6: Expected expenditure on improvements within a year of purchase N=59

	%
0- £1,000	5%
£1,001 - £5,000	22%
£5,001 - £10,000	14%
£10,001 - £20,000	27%
£20,000- £50,000	20%
Over £50,001	12%

Source: Survey of Family Building Society customers

Some said that saving on stamp duty allowed them to pay for more home improvements:

Even though we would have proceeded without the holiday, the money saved has allowed us to make necessary home improvements sooner than we expected.

Since we moved here, we installed solar panels and heat pumps. We funded all of this on the difference between what it cost to us to move and what we sold the house for. Certainly savings on the stamp duty have contributed, covering around half the cost.

Another interviewee said that his son had expected to spend £5,000 to £10,000 but had probably ended up spending twice as much. Two more who had bought cheaper homes than those they sold said they had spent a lot of money – one on making their home carbon neutral and one on meeting listed building requirements.

Reasons for moving

Respondents picked three main reasons (out seven) for moving: family reasons (29%), moving to a different area (29%) and change in property size (25%). Some 13% said the stamp duty holiday was among their main reasons for moving.

Table 7: Main reasons for moving (multiple responses permitted)

N=72

	%
Family reasons	29%
Moving to a different area	29%
Change in property size	25%
First time property purchase	15%
Opportunity with stamp duty holiday	13%
Retiring	10%
Moving for work	6%

Source: Survey of Family Building Society customers

Several customers had sold their property in the South East in order to purchase a cheaper property in Northern England.

'We bought this house for £105k less than we sold our old home. We've got roughly the same square meterage, but it's a different configuration. It's only two of us now so we didn't need 4 bedrooms necessarily, we have a bigger garden, and we are in a rural setting.'

58% of respondents said the holiday had some bearing on the timing of their property purchase, while 42% said it was not at all important.

Table 8: Importance of stamp duty holiday in timing of property purchase N=65

	%
The decisive factor	12%
Very important	15%
Somewhat important	31%
Not at all important	42%

Source: Survey of Family Building Society customers

Characteristics of the new property

There was no clear pattern in terms of moving to a bigger, smaller or similar sized property. In terms of price, 58% stated that the purchase price of their new home was higher than what their previous home sold for. The vast majority of our respondents purchased a house (detached or semi-detached) with a private garden, which is in part a reflection of Family Building Society's lending policies.

Table 9: Type of property purchased during the stamp duty holiday N=72

	%
Detached house	35%
Semi-detached house	28%
Terraced house	18%
Other (please specify)	11%
Flat in a block that was originally built as flats	7%
Flat in a converted house	1%

Source: Survey of Family Building Society customers

The properties purchased were located across England, with a concentration in London and the Home Counties (Annex Figure A1).

Views on the future of stamp duty

Most consumer respondents said the stamp duty holiday should be made permanent, though 23% said they didn't know. The main reasons given were that it puts money in the economy (in line with the academic literature about housing transactions and associated spending). Other main reasons were that it encourages right sizing and mobility (Table 10).

Table 10: Reasons to abolish stamp duty

Respondents who say stamp duty holiday should be made permanent, N=45

	%
It puts money in the economy	62%
It encourages mobility	53%
It encourages rightsizing	53%
It simplifies the process of moving	44%
Other	16%

Source: Survey of Family Building Society customers

Stamp duty as a concept for a homeowner is frustrating because you are paying the government for the privilege to work hard to buy a home, and being in a position to upgrade it.

A small minority of respondents thought stamp duty should be kept, mainly saying that government needed the revenue.

As far as the government is concerned, I support stamp duty. If you going to buy a multi-million-pound property, you should pay stamp duty. But people tend to pay to the maximum they can afford and there should be a mechanism with staged payments for these people (perhaps taking a charge over the property).

First-time buyers generally were not directly affected by the stamp duty holiday as most would not have been liable for the tax in any case, but some said the holiday had increased competition from investors:

As a first time buyer we would have been priced out if we had had to pay the stamp duty (which I don't think we would have been liable for even without the virus). Our housing choices though are decreased by people already able to purchase additional properties taking advantage of the suspension and making it again harder to get on the ladder.

Intermediaries' views: How the holiday affected the market

58% of intermediaries said transactions had gone up a bit during the stamp duty holiday period, whilst 23% said they had gone up substantially. Only one of this group was in greater London. Those who saw increases attributed them to the easing of lockdown, the need for a better home for living and working and the stamp duty holiday. Although most said the stamp duty holiday should be made permanent, some expressed concern about the impact that would have on the stability of the market.

Most intermediaries said the biggest proportion of transactions (between 75 and 100%) was for properties worth under £500,000. 61% of intermediaries said a quarter of their transactions were for properties worth between £500,000 and £925,000, and 29% of intermediaries said a quarter of their transactions were for homes selling for between £925,000 and £1.5 million. Only a very small

number of respondents (14%) said they handled transactions for properties worth £1.5 million and more; these generally accounted for less than a quarter of their transactions.

All intermediaries said their customers were aware of the stamp duty holiday, and said some or most of them saw it as a factor in their decision to buy and/or in the timing of the purchase.

Table 11: Whether stamp duty holiday affected decision to buy and timing of purchase

Proportion of purchasers for whom stamp duty holiday affected	Decision about whether to buy	Timing of purchase
None	2%	0%
A few	15%	15%
Some	27%	34%
Most	50%	38%
All	6%	13%

Source: Survey of Family Building Society intermediaries

Most (67%) of the intermediaries' customers sold a home when they bought one. It was then seen as very important for the buyer to complete during the holiday period (46%) and this could have affected the prices they were willing to pay (48% said so).

53% of intermediaries said the stamp duty holiday should be made permanent, saying for example 'It needs restructuring' and 'stamp duty is just theft by the government', but 22% disagreed. Those who did not support making the holiday permanent said it could cause market disruption: 'Anything that artificially inflates house prices is not good for the market'; 'It creates short term chaos in the market'; 'Its fuelling an unsustainable house price rise'; 'We cover the whole of the UK – and in general see the benefits from potential savings with the stamp duty as being offset by the fact that my clients are paying over the true market value of the property'.

Echoing the comments of some consumers, an intermediary said the stamp duty holiday negatively affected first-time buyers: 'It does benefit BTL portfolio holders as they are in better position to profit from this. Resulting price increase only makes it harder for the first-time buyers.'

Intermediaries reported that combined with the changes in working arrangements occasioned by the pandemic, the holiday had put severe pressure on the conveyancing system—and said they were often blamed for resulting delays.

'The holiday came completely at the wrong time: lenders' staff were all on furlough and unable to process the applications fast enough. In 2019, if I put in a mortgage application on a Monday I often had an offer by the Friday; the average time to process was 10-14 days. Since the holiday it's been at least four weeks. And conveyancing would usually take 12 weeks and now it's almost four months. Some of the major lenders still only have 1/3 to 1/2 of their staff working, and I can be on hold for 45 or 50 minutes waiting to speak to someone. Local searches took 10-14 days before, more like 21 now.'

'With the original deadline it was fine, but with the extension there was an influx of people definitely moving. They had a 3-month window to move out. In these cases, it's not only them, it's a chain of people that needs to move. Sudden pressure of having high value cases coming at the same time, same date, same amount of money saved. Many couldn't find solicitors, because they were refusing to take more business.'

6 Conclusions

What happened?

The stamp duty holiday introduced in July 2020 and extended to the end of June 2021 was aimed at increasing activity in the housing market and helping the wider economy by increasing demand for goods and services associated with moving. These goals are stated in the Treasury press release of October 2020 (HM Treasury, 2020). It was expected to work in three main ways: by directly reducing purchase costs for almost everyone buying during the holiday period (first-time buyers buying property for £300,000 or less were already exempt); by limiting the holiday so that people would move their plans forward to gain the benefits; and by freeing up funds for buyers to spend on improvements, furnishings white goods etc.

The housing market had started to pick up as soon as pandemic restrictions permitted people to move, so by the time the stamp duty holiday was announced it seemed already relatively healthy. From September 2020 there was clearer evidence that the holiday might be helping to increase transactions as these went above 2019 levels by about 10,000 per month. In February and March 2021, which were expected to be the final months of the holiday, transactions were very significantly above 2019 levels – to the point that the financial year ending March 2021 saw more transactions than the previous year.

Why did activity increase?

The evidence suggests that there were three main reasons why people decided to move:

- The easing of lockdown, which had delayed many purchases and moves;
- Changing property requirements--significantly because of the pandemic--with people wanting to move away from cities and purchase more space, including access to outside space both private and public, and
- The stamp duty holiday, which both made it easier to move and changed people's attitudes to moving.

In addition, people who were reasonably well off were often saving large amounts of cash which helped them to buy not just a different main home but also perhaps a more expensive one. It also incentivised the purchase of buy-to-let or second homes.

The impact of the holiday

It would require more detailed analysis to distinguish between the impact of the stamp duty holiday and the other factors affecting the demand to move. A starting point might be to estimate the number of additional transactions associated with the holiday, as compared to 2019/20 (the most recent normal year). The holiday was announced in July, and the additional transactions start to become apparent in September 2020. From then until January 2021 the maximum difference seems to have been around 10,000 per month for a total of 40,000 'extra' transactions. The final few months of the initial holiday period, as people rushed to complete, arguably included around 100,000 additional transactions associated with the stamp duty holiday. The total annual difference associated with the holiday is thus about 140,000 units. It should however be recognised that many of these were delayed transactions and it is as yet unclear how many were purchases brought forward to benefit from the holiday.

The additional transactions will have generated increased expenditure by sellers on pre-sales cosmetic improvements; on the process of moving; and post-move on improving and furnishing the new home. Surveyed customers said they spent on average £6,000 on moving expenses (solicitors'

fees, removals etc) and expected to spend a further £10,000 to £20,000 in the first year on the new home itself. Given that Family Building Society's customers are on average more affluent than home buyers as a whole, we use the lower end of the range. Average induced expenditure of £16,000 (moving expenses + spend on the new home) per transaction across 140,000 transactions would generate total induced expenditure in the order of £2.2 billion—or within the range of £1.8 to £2.7 billion, given the very large uncertainties around these figures. There would also be a multiplier effect on general expenditure by those who receive the payments.

The most important impact of increasing demand was that house prices rose, particularly in favoured areas and for certain types of dwelling. On average, house prices in England rose by more than 10% in the year to March 2021 as compared to 3% in the year before. This is an important reason why government revenues from stamp duty were back at 2019 levels despite the holiday.

Importantly, the maximum amount of savings from the stamp duty holiday was 3% of £500,000—that is, £15,000 (or £4,000 for a first-time buyer). House prices have in many cases risen by far more than this, suggesting that the increases reflect a wide range of factors to do with the market and the pandemic, not just the stamp duty holiday.

In addition, it should be noted that the holiday gave people additional cash flow even though house prices rose, because a larger mortgage can be raised to cover the increased price while stamp duty cannot be included in the mortgage.

One issue that cannot be evidenced at this time is whether the holiday has simply acted as a catalyst to shift the timing of moves that would have taken place during the lockdown or brought forward moves that would have occurred over the next few months/years. If so the benefits of the holiday are relatively limited.

The case for the holiday and its extension would be very much greater if it has provided an incentive to increase the total number of moves going forward. Such moves have the potential to improve the operation of the housing market and to increase productivity in the labour market.

The case against stamp duty

Our research with Family Building Society's customers and intermediaries makes clear that many people find stamp duty an unacceptable form of taxation and that it distorts decisions, particularly about moving.

Economists consistently argue that stamp duty is a poor tax which results in reduced residential and job mobility and the inefficient use of the housing stock. It has negative impacts on employment and productivity because it makes people unable or unwilling to adjust their housing. Economists argue not just for a continued holiday but for the complete removal of stamp duty and its replacement by a more efficient property tax.

It has also been suggested by some analysts (eg CBRE, 2020) that the removal of stamp duty could be fiscally desirable in that overall it would increase rather than decrease government revenues -- although the main channel would be through the resulting increase in house prices and the consequent increases in consumption.

The inadequacies of stamp duty are among the many problems of our current system of property taxation. In particular council tax does not adequately reflect the value of residential dwellings, and has many practical flaws which distort decisions about location and housing decisions.

Taken together these arguments suggest that there is a strong case for a more fundamental assessment of property taxes to reduce economic distortions arising from the impact of disincentives to move on the housing market, productivity and economic growth.

There would also be a case for extending the holiday in its initial form as some of the negative impact on house prices has already been built into current house price levels, so future more fundamental reform would be less costly. In the short term, returning to pre-pandemic levels of stamp duty could result in house price declines which would almost certain slow the market – offsetting earlier benefits.

The 3 questions answered

To what extent does moving house generate additional economic activity?

The evidence suggests that people who move do spend more, so economic activity is increased – although sometimes over a longer period. Other research suggests that people spend about 5% of the value of the property on improvements and furnishings in the first year, and that anything up to 5% of consumption expenditure might be related to house purchase/moving over the longer term. The results of our survey were in line with this: on average the (relatively affluent) Family customers said they would spend £10,000 - £15,000 on improvements in the first year.

Has the tax holiday been worthwhile for the economy (despite possibly increasing house prices)?

The holiday has certainly contributed to house price rises but is by no means the only reason for them. Because of the price increases and additional transactions, tax receipts are now back to pre-pandemic levels. Whether the holiday has been worthwhile to the economy almost certainly depends on the extent that it has led to more expenditure on the dwellings purchased – which is thought to be significant. But it should also be noted that these increases in investment in the home arise from all the factors affecting mobility at present.

Is there a case for maintaining the nil rate at £500,000 or other more radical reforms?

Having started, there is a case for continuing the holiday because it will have some positive effects effect on reducing distortions in the housing and labour markets. In fiscal terms the case rests on a permanent 'holiday' maintaining the increase in house prices and therefore wealth-related expenditure and government revenues. The case would be stronger if more fundamental reform that encourages transactions and mobility which would further reduce distortions were envisaged.

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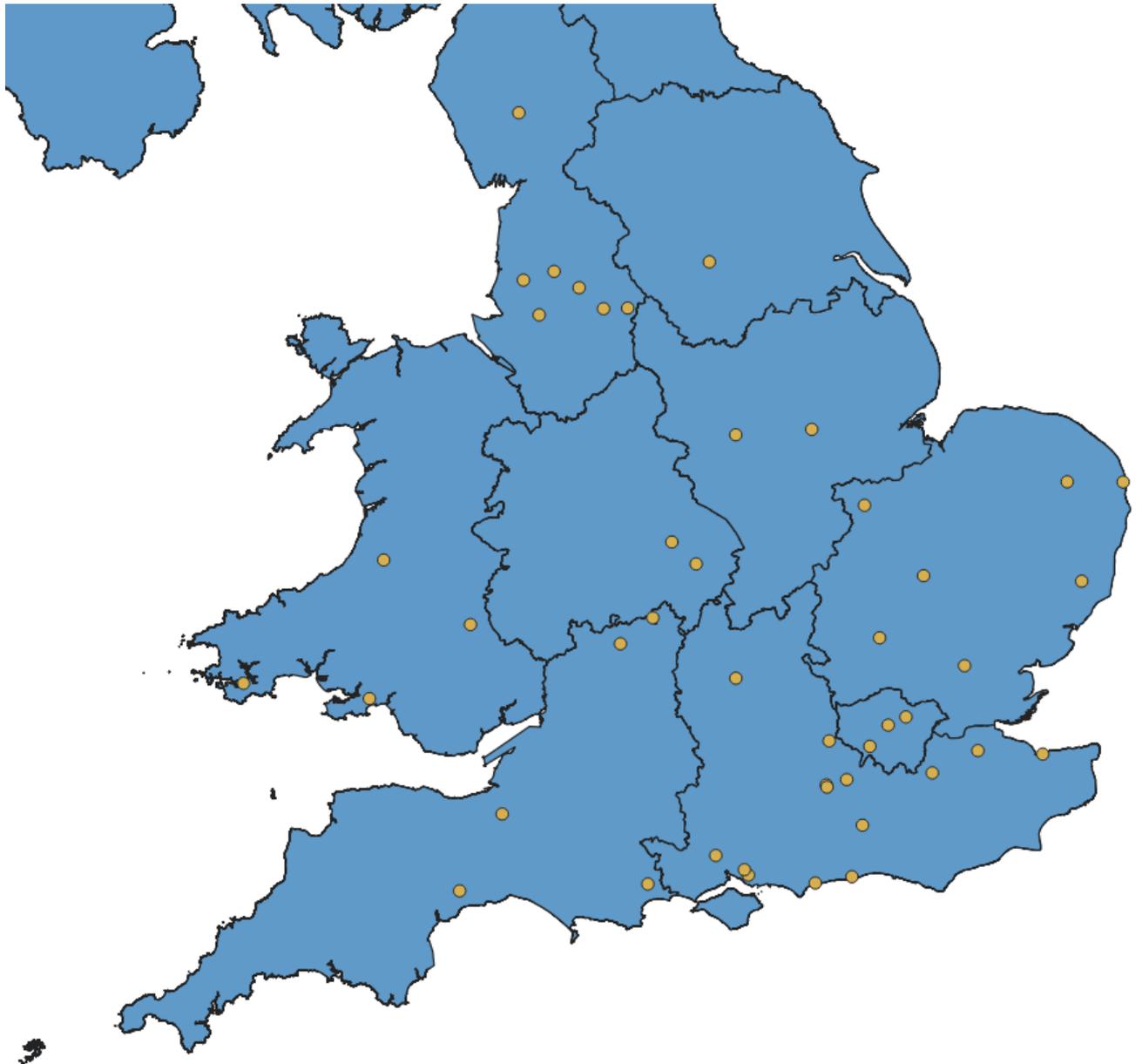
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Annex A: Maps of survey respondents

Figure A1: Location of properties purchased by consumer respondents during stamp duty holiday



Figure A2: Location of intermediaries responding to the survey



Annex B: Summary of customer and intermediary interviews

Text in italics is verbatim quotes from telephone interviews of Family Building Society's customers and mortgage intermediaries, conducted July 2021.

I. Customers

Some buyers said the holiday had acted as a stimulus for them to complete the purchase at that time.

'The stamp duty holiday acted as a catalyst and made the whole process better. It did change the timing of the move but (it was) not really about the £15,000 saving.'

The funds released by the stamp duty holiday meant customers could afford to spend on refurbishments such as roof repairs and carbon-saving energy installations.

'I saved £40,000. We had to borrow more to buy the property because we did need repairs (roof of main property cost £130,000 to repair). If we had paid full stamp duty fees we would have been in trouble if we had to make further and unexpected expenses/repairs because the building is listed.'

Customers had different views about the effect of the stamp duty holiday on house prices. One customer paid 10% less than the asking price because the owner was keen to move on; another said he had paid a premium of £20,000.

'We did have to have a valuation which convinced me that we paid a premium of £20,000 to £25,000 for that house.'

Those we interviewed did not have a problem finding buyers for their properties. One said he could have pushed the price a bit higher because the demand was high but did not get good advice from his estate agent:

'None of them said, "There's going to be a £15,000 saving for your buyer so let's go in at plus £12,500 to see if we can get some of that saving".'

Customers said between four and five months elapsed from when they made an offer on the property to the moment they moved in. Some customers complained about the process, saying solicitors and estate agents took too long, whilst others praised their efficiency.

Customers perceived that they had saved up to £40,000 because of the stamp duty holiday (in fact, the maximum possible saving was £15,000). One said he would not have moved to his current property without the stamp duty holiday because he wouldn't have had enough funds to cover the cost of an unexpected repair.

Additional customer quotes:

'I have a daughter who would like to buy a flat in London but I am not sure she will manage unless we help her out, which is unlikely given our present situation. Foreign investors should pay more stamp duty. There should be a premium for when the purchase is made by a foreign investor and it should be used by the government for people who wished to access the property ladder.'

'When the restrictions were lifted between lockdowns, home buying could continue and they overlaid on that the stamp duty reduction, which was an added bonus.'

'As an older buyer with more assets, stamp duty is annoying but it is not defining whether you can proceed or not. When you are younger and because of the GFC, building societies are demanding bigger cash deposits, and that can be a significant amount of money that you have to save while paying rent. Realistically, rent is almost the same amount of money as a mortgage payment. Young people have to save considerably to meet the requirements and then have this additional tax to pay and it's not helpful.'

'It should not be abolished but rebased at a more reasonable level so it's not so punitive. The wealthiest people might be less affected. There might be a formula based on affordability. Maybe the answer to the stamp duty question is that the boundaries should be smoother, a more linear formula.'

II. Intermediaries

Intermediaries reported different patterns of activity: some saw a peak in activity at the beginning of the holiday, whilst other said the peak arrived during the extension.

All described difficulties with the trickle-down effect on conveyancing and other transaction processes. There was general agreement that pandemic conditions, plus the pressures created the stamp duty holiday deadline, created delays and mistakes.

Some intermediaries said their clients paid significantly more than they otherwise would have because of the holiday.

'For me personally it has only resulted in house price increases, often by more than the maximum savings. I have clients who have saved £5000 to £10,000 in stamp duty but have paid £25,000 to £30,000 more than the house was worth.'

Some said their customers saw the holiday as an opportunity to get a bargain and sometimes blinded them to the wider picture.

'I had four or five clients on a stamp duty rush. But ask my clients: 'Do you need to move? Do you want to move?' Buy in haste, repent at leisure!'

'I was advising a client the other day who was saving £4,000. He didn't need to buy, and I advised him to wait but he wouldn't do it as he would miss the stamp duty holiday.'

'They feel that they don't want to miss out.'

Many described a need to change the policy for first time buyers.

'Those profiting most are those who need it the least. People buying a £1 million house don't need a few thousand—it's the first-time-buyers who can't get on the market without help from mum and dad.'

'It is so difficult to get on the property ladder unless you have two good incomes and some help from family. Young single people are saving both for the stamp duty and the purchase, which is not right. The first-time buyer exemption should stay in place, and maybe they should bring it to where the market is at the moment--increase a little.'

Some suggested that the market would perform better if the seller were taxed, not the buyer.

'Personally, I think it should be a sales tax paid by the vendor, not a purchase tax paid by the buyer. Make it VAT-able. The seller could pay on completion. They would just tag it onto the purchase price but it would remove the need for the buyer to find the money up front.'

'It may be controversial but I'd say if a tax revenue needs to come from property then surely it should come from the person who has made the profit. If I make more income, I need to pay more tax. It should be the seller who pays it.'

Some post-holiday scenarios

'The potential savings from the stamp duty holiday were mitigated by inflation, the end of furlough Brexit and negative equity—which will become an issue again. There will be a market correction; I predict it will come down 10-15% by next year. The end of the stamp duty holiday may kick that off.'

'I expect prices to fall in the autumn. We still haven't felt the full impact of Brexit. There will be millions coming off furlough, and the lifting of the ban on repossessions. There are about 1.5 million homes at risk, which could flood the market. It will turn into a buyers' market rather than a sellers' market. The ending of the stamp duty holiday could exacerbate that.'

'If there is a recession, it might become worse--less disposable income plus stamp duty plus higher rates for loans'.

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