

Constructing a new era: Labour's property market makeover

Opinions

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Duncan Kreeger, Founder and CEO:

Following Labour's decisive victory in the 2024 General Election, securing a strong majority government, the Party now has a once-in-a-generation opportunity to pass new laws and impact the real estate sector for the long term. The relatively small majority of recent Governments has meant that the Conservatives have been somewhat limited in what they can achieve. But with a landslide of over 170 now is the time to act.

Labour's ambitious pledge to build 1.5 million homes over five years stands at the forefront of their housing strategy. The Chancellor, in her first major speech since the election, immediately reimposed housing targets and the Secretary of State for Housing backed this up by calling in applications for data centres that had previously been stuck in the planning process. The message was clear, we are going to take action.

But working within the current broken system is only so helpful. We need the Government to rip apart the current frameworks and lay the foundations for a fit-for-purpose planning system. A changed planning framework, together with the New Towns initiative could accelerate development projects, stimulating economic growth, invigorating the construction sector simultaneously boosting employment. However, we must be cautious about the potential strain on existing infrastructure and the environmental impact of large-scale development.

Labour's focus on affordable housing and local buyer priority could reshape the market dynamics. The 40% affordable housing target and the Freedom to Buy scheme may increase mortgage lending to previously underserved demographics. This shift could lead to a more inclusive property market, but it may also prompt adjustments in the buy-to-let sector as landlords reassess their portfolios. While Labour's government has not explicitly stated they will raise Capital Gains Tax, uncertainty around potential changes could influence investor behaviour.

The proposed increase in stamp duty for non-UK residents could cool the high-end property market, particularly in London. While this might create opportunities for domestic buyers, it could also lead to a short-term dip in property values in certain areas. However, the potential for interest rate cuts and the historical trend of post-election market boosts could counterbalance this effect.

Labour's emphasis on sustainable housing and retrofitting existing stock aligns well with growing environmental concerns. This focus could spur innovation in green lending products and create opportunities for eco-friendly developers. It may also lead to a surge in home improvement lending

as homeowners seek to upgrade their properties' energy efficiency.

The shift towards institutional investment in the Build-to-Rent sector, coupled with the expansion of shared ownership schemes, could alter the rental landscape. This change might provide more stable, high-quality rental options while also offering alternative routes to property ownership.

While Labour's plans promise a reshaping of the property market, their success will hinge on effective implementation and the government's ability to navigate potential economic headwinds. The ambitious house-building targets will require significant investment and a boost in construction sector skills and capacity.

Labour's victory could mark the beginning of a transformative period for UK property finance. While challenges remain, the potential for increased stability, improved affordability and a more inclusive market offers reason for cautious optimism. As the new policies unfold, stakeholders across the property sector will need to adapt swiftly to capitalise on emerging opportunities in this evolving landscape.

A brief comment was published in [The Intermediary](#) - page 51

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