

How they see it.....industry reacts to big tax Budget



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Property professionals deliver their verdict

Michael Cook, CEO, LRG

Well, Rachel Reeves has hit the market with a Budget that lands with impact, hasn't she? Today's Budget reaches into every part of how people live, move and make decisions about their homes. We knew there would be little in the way of good news, and in many respects, it delivered exactly what had been signposted. This comes at a time when the UK is already carrying the highest tax burden in 70 years, and growth remains flat, with GDP rising by just 0.2 % last quarter. With interest rates still elevated and real household disposable income up by only 1.2%, households were already feeling the strain. And with income tax thresholds frozen since 2021 and remaining unchanged for the rest of the decade, people will continue to pay more tax each year even if earnings only rise with inflation; by 2028, someone on £40,000 will be paying around £900 more annually as a result of that freeze alone.

The new High Value Council Tax Surcharge is the headline measure for property. While it is undeniably a tax on aspiration, it is notably less severe than previously floated. Council tax bandings have not been reviewed since 1991, so change is overdue, but tackling only the very top end risks feeling punitive rather than proportionate. We should also question how viable this surcharge will be in practice: monitoring valuations and collecting the charge will be challenging, and with implementation not due until 2028, this Government may not even be in office to see it through. There is every chance the measure could be revisited or scrapped long before it takes effect. Even so, any shift in behaviour among owners of higher-value homes will feed into the wider market, as activity at this level plays an important role in unlocking chains further down."



Michael Cook, CEO, LRG

Neil Cobbold, Commercial Director UKI, Reapit

"Today's Budget will affect sales and lettings differently across the UK, but it will finally bring clarity after months of speculation that have hampered transactions. The 'mansion tax' on properties worth £2m or more will create a cliff-edge on valuations and potentially pause some high-end sales, particularly in London suburbs and the South East.

"The 2% increase in property income tax will dent landlord income and risk rental property attrition at a time when we need more supply. However, it also creates an opportunity for expert agents to advise on alternative strategies, such as higher-yield tenancy types including student rentals and HMOs, refinancing options to reduce mortgage payments, or even transitioning properties to sales.

"Beyond property taxes, lower energy prices will improve affordability for tenants and potential homeowners – a welcome boost in a challenging market. The funding allocated in this Budget to improving the planning system is another welcome step towards accelerating the delivery of the 1.5 million homes the government has committed to.

"Meanwhile, with large increases in the national minimum wage, agencies looking to hire for entry-level jobs may be forced to reconsider and instead focus on AI and technology designed to make existing teams more efficient."



Neil Cobbold, Commercial Director UKI, Reapit

Craig Vile, Director, The ValPal Network

"Obviously it was disappointing that the Chancellor chose not to offer specific support to first time buyers. Affordability is still an issue and the heavier tax burden isn't going to help that.

"However, we should all welcome measures like the freeze on rail fares and the reductions in energy bills. They will help in controlling inflation and should make it even more likely that the Bank of England will cut interest rates next month.

"If that happens, we should see a gradual pick up in the market come the New Year – especially in homes over £500,000. There was strong speculation before the Budget that those properties might be subject to a new property tax. With that threat lifted, we expect to see more buyers entering the market which, in turn, should encourage more sellers to list.

"In the end, the Chancellor did not interfere with Stamp Duty or Capital Gains Tax, so there should be more stability in the market which is a good thing. The so-called Mansion Tax will affect comparatively few properties – mostly in the South East.

"The other measure that could affect agencies is the increase in the minimum wage. Business owners might well be thinking twice about recruitment and should be considering investment in AI technology instead. Automation is going to be the key to success in 2026."



Craig Vile, Director, The ValPal Network

Trevor Abrahmsohn, Glentree International

Despite the febrile debate about the Mansion Tax over the last 4-5months, it has actually turned out to be a 'damp squib' and will only raise circa £400million for the Exchequer from 2028 onwards, which with a bit of luck, will be in the next electoral term, administered by a new government. Hope springs eternal!

Overtures of the 'Pasty Tax', which George Osborne tried to introduce in 2012, and would have raised zippos for the Exchequer, springs to mind.

The damage that all the posturing on this subject has done to property transactions, which have remained in suspension or not taken place, is incalculable and the secondary effects on public spending and growth during this time, will be immense.



Trevor Abrahmsohn, Glentree International

David Adams, Managing Director, Cavendish

Accidental landlords will be among those impacted by the Budget following the announcement that landlords face a 2% increase in income tax rates.

From April 2027, the property basic rate will be 22%, the property higher rate will be 42% and the property additional rate will be 47%. It will apply to landlords in England, Wales and Northern Ireland.

The consequences of the tax raid by the Chancellor will either be that landlords compensate by increasing rents or they decide this is the final straw and withdraw from the market.

The tax increase comes just days after the Renters Rights Act became law which represents the biggest upheaval in the landlord and tenant sector in a generation.

The combination of the Renters Rights Act and the Budget announcement will inevitably present opportunities for landlords to grow their portfolios as others reduce their portfolios or exit completely from the sector.

We are already seeing an increase in enquiries from landlords seeking a health check and we expect this trend to only intensify as landlords continue to take stock.



David Adams, MD of Cavendish