

**Title:** How the General Election Result affects the Property Market

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The shock result of the general election in which Conservative leader, Theresa May, lost her majority has left many in the country reeling and questioning: 'what's next for the political leadership in the UK?

But what does this mean for the UK property market? Are we right to predict a period of increased volatility or will house price growth continue to rise regardless of what's currently happening in the political world?

Leading property professionals seem to have conflicting opinions regarding what to expect in the property markets in the coming weeks and months. Let's examine the implications of a hung general election.

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## Light at the End of the Tunnel

What is clear is that financial markets do not respond well to economic instability, and the property market is no different. Having been promised a period of stability after the referendum, resignation of David Cameron and snap general election, Thursday's results have only served to reinforce the fact that, politically at least, the UK is as divided as ever.

Nick Leeming, chairman of Jackson-Stops & Staff stated, 'The priority for politicians now should be to provide reassurance (to the British people and economic markets) by forming a government as quickly as possible.'

What is clear with both the Conservative and Labour manifesto is that both political parties understand that the UK property market is a priority, and that a clear strategy is required to tackle the issues of affordability, transaction costs and supply.

These intentions bode well for the future of the UK property market as, regardless of the political landscape, both Theresa May and Jeremy Corbyn have committed to tackling the current shortcomings for a better and prosperous future.

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## The Resiliency of the UK Property Market

Despite the changing economic and political climates, the UK property market has remained steadfastly resilient – and there is no reason to suspect the election results will disrupt that ongoing resiliency.

Let's be frank, homeowners do not choose to buy or sell property based solely made based on an election result. For many, the results of a general election barely factor into their decision-making process.

The greater concern amongst investors, and homeowners alike, is the supply and demand of UK property. The lack of affordable housing for first-time buyers still exists in the immediate aftermath of the general election.

There may be some market instability in the coming weeks, but that's that homeowners should anticipate. In the long-term, property investment will endure, continuing to be the preferred long-term investment strategy.

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## A New Housing Minister

The 8<sup>th</sup> June saw the Housing Minister, Gavin Barwell, lose his seat. Only appointed as the Housing Minister in 2016, Mr. Barwell's position will now be taken by Labour's Sarah Jones.



During his tenure as housing minister, Mr. Barwell published his housing whitepaper. This outlined how he intended to tackle the shortcomings in housing supply, and included several strategies, from encouraging smaller builders to having less stringent planning regulations. His successor, Sarah Jones now has an opportunity to address the ongoing supply and demand issues by supporting new methods of delivery, such as Build to Rent that will increase the pace of housing delivery.

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#### No New Policies

One of the key political factors that affects the UK property market is whether the elected government adopts a policy that directly affects buyer motivation. In the wake of a hung parliament, it seems safe to assume that, for the moment at least, no new policies will be adopted that will directly affect buyer motivation.

Brian Murphy, head of lending at Mortgage Advice Bureau said, 'If you look past the sentiment and shock, very little has changed.'

He continues, 'No new laws have been passed overnight and for those people that are already in the process of buying or selling (their homes) nothing has changed overnight either. It's quite likely that, as far as the UK property market is concerned, it is business as usual.'

Without a doubt, the general election results have come at a great shock, but there's no need to assume any there will be any dramatic changes to the UK property market.

Property is still viewed as the strongest long-term financial investment. With both the Conservative and Labour parties committed to addressing the property market's shortcomings, regardless of who takes residency in number 10 in the coming weeks, there is little reason to assume that, as far as buyer and seller intentions go, it's business as usual.

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