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WEEK ENDING 1 NOVEMBER 2026

The Budget Helps Buyers In April 2027. It Taxes Landlords The Same Month.

£4.7bn | Your First Home scheme

44% | higher rate on property income from April 2027

0.5% | Nationwide annual price growth, October



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Week ending Sunday 1 November 2026 · sandhutel.com

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THIS WEEK AT A GLANCE

- First-time buyers gain a route to cheaper mortgage tiers, but only where prices sit under the caps.
- Individual landlords face a higher tax bill on unchanged rent from April.
- Renters risk carrying the cost while rental stock keeps shrinking.

The Budget chose who it wants to help and who it expects to pay. Your First Home offers first-time buyers in England an equity loan worth 20% of the price. Property income will be taxed 2 percentage points above the rates already planned. Both arrive in April 2027.

None of the housing package takes effect for 5 months, and that gap matters. Buyers who qualify now have a reason to wait for the scheme. Landlords have a reason to review what they hold before the new rates start on 6 April 2027. Both groups have a date to plan around, and planning moves a market before policy does.

What the Budget did not lower is the cost of money. The 2-year swap rate closed Thursday 29 October at 4.65%, up from 4.61% a week earlier, while the 5-year held at 4.75%. Funding sets the price of every mortgage this scheme will sit beside.

This edition reads the Budget for what it will move, for whom, and when.

RATES AND LENDING

Lenders priced Budget week in both directions. The Co-operative Bank cut selected purchase fixes by up to 14 basis points and remortgage fixes by up to 20, and TSB trimmed selected rates by 5 to 10 basis points. Clydesdale went the other way, raising product transfer rates by up to 19 basis points.

The average borrower saw little of it. Podium's average 2-year fix at 75% loan-to-value edged up to 5.43% from 5.41%, and the effective rate on newly drawn mortgages rose to 4.63% in September from 4.60%. The Bank of England's market curve puts the SONIA forward rate 1 year out near 4.90%, well above Bank Rate at 3.75%. Nothing in that curve invites lenders to cut hard.

That is why the scheme's design matters more than its size. A buyer with a 2.5% deposit and a 20% equity loan needs a mortgage for 77.5% of the price. Without the scheme, the same buyer shops at 95% loan-to-value or higher, where the average 2-year fix is 6.01% against 5.43% at 75%. Its real value is the pricing tier it unlocks, and that needs no help from Bank Rate.

DEMAND AND TRANSACTION ACTIVITY

Demand went into the Budget soft and in no hurry. Nationwide's annual growth slowed to 0.5% in October from 0.8%, with prices flat on the month. Purchase approvals slipped to 53,400 in

September while remortgage approvals jumped to 42,600 from 34,000. Borrowers are refinancing, not moving.

Supply is outpacing buyers. Zoopla reports homes for sale up 7% on a year ago and sales agreed down 7%, with the typical home taking 44 days to find a buyer. HMRC counted 94,800 completions in September, 4% fewer than a year earlier, and the RICS price balance fell to minus 32 from minus 28.

The OBR expects more than this. Its Budget forecast has house prices growing 2.1% on average in 2026 and 2.4% in 2027. That needs buyers who are not yet in the market. Your First Home will supply some of them, but not before April, and the wait is likely to hold eligible first-time buyers back this winter.

LONDON

In London the price caps decide who the scheme reaches. Homes qualify up to £650,000 in inner London and £500,000 in outer London, with a household income cap of £140,000. The average London flat sold for £427,000 in August, inside both caps. Most houses do not.

So in the capital this is largely a flat buyer's scheme, pointed at the weakest part of the market, where prices fell 5% over the year to August. Support can steady a falling segment. It can also carry new owners into losses if values keep sliding.

Renters face the tighter squeeze. Rightmove reports London rental stock down 9% year on year and new listings down 7%, with renter demand up 6%. ONS London rents rose 3.5% in the year to September, to £2,338 a month. A higher tax on landlord income lands on a market already short of homes to let.

COMMERCIAL PROPERTY

The new rates are aimed at individuals' property income. Institutional build-to-rent is a separate market, and it is still growing. Knight Frank recorded £1.6bn of build-to-rent investment in Q3 and £4.3bn in the year to date, with single-family homes taking 67% of the quarter's investment. Completed build-to-rent stock reached 173,399 homes, up 22% on a year earlier.

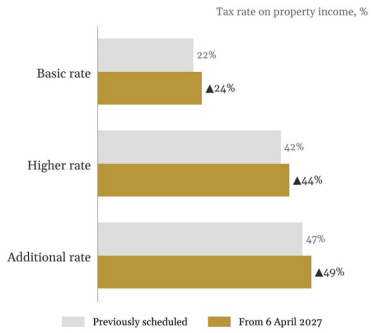
Wider commercial credit is tightening. The RICS credit conditions balance fell to minus 37 in Q3 from minus 23, and its investment sentiment index to minus 13 from minus 8. Savills puts urban residential land values down 1.7% in the quarter and outer London land down 5.5% over 6 months. Weaker development appetite shows first in the price of land.

REGULATORY AND POLICY DEVELOPMENTS

Every Budget housing measure is announced, not yet in force, and the timetable is the detail to hold. Your First Home opens for pre-registration by December 2026, takes applications from February 2027 and makes its first loans in April 2027. Deposits run from 2.5% to 15%, and the scheme still needs legislation and regulatory changes.

The property income rates of 24%, 44% and 49% apply from 6 April 2027 to individuals in England, Wales and Northern Ireland, subject to the Finance Bill. England's high-value council tax surcharge now has a published consultation outcome, but it is not yet payable. A further £1.5bn goes to the Social and Affordable Homes Programme, which the government expects to deliver around 10,000 homes.

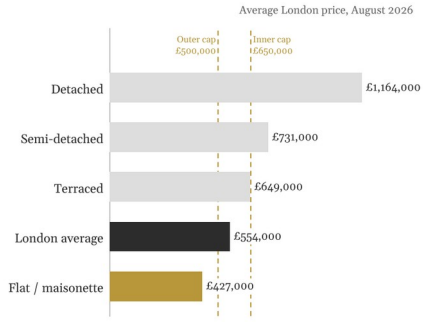
Only the lending change is already live. Since 28 October, individual lenders no longer face their own 15% cap on high loan-to-income lending, while the system-wide 15% limit remains. Parliament debated the draft Private Rented Sector Database regulations the same day; they are not yet made.



THE SAME APRIL, A HIGHER BILL

From 6 April 2027 each band on property income is set 2 percentage points higher than planned: basic 24%, higher 44%, additional 49%.

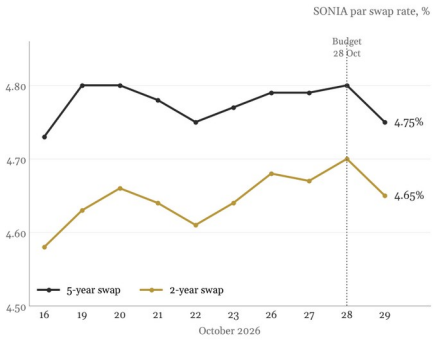
Source: HMRC / HM Treasury, property income tax rates (29 Oct 2026)



LONDON'S CAPS FIT FLATS, NOT HOUSES

The caps sit at £500,000 for outer London and £650,000 for inner London. Only the average flat clears both; semi-detached and detached averages clear neither.

Source: HM Treasury Budget 2026; HM Land Registry UK HPI, London by property type (Aug 2026)



BUDGET WEEK DID NOT LOWER FUNDING

Swap rates rose into Budget day and eased the day after. The 2-year ended Thursday 4 basis points above a week earlier; the 5-year was flat.

Source: BlueGamma, SONIA par swap rates (16 to 29 Oct 2026)

YOUR FIRST HOME	HIGHER PROPERTY RATE	2-YEAR SWAP	NATIONWIDE ANNUAL
▲ £4.7bn	▲ 44%	▲ 4.65%	▼ 0.5%
Announced 28 Oct; first loans Apr 2027	*From Apr 2027, up from 42% scheduled*	*29 Oct, up from 4.61% on 22 Oct*	*Oct, down from 0.8% in Sep*

Sources: HM Treasury Budget 2026; HMRC (29 Oct 2026); BlueGamma (29 Oct 2026); Nationwide (Oct 2026)

DAVID'S VIEW

This Budget did not make property cheaper. It changed who carries the cost.

I spent years running credit products, and the first question was always who bears the risk. Your First Home answers it plainly: the state stands behind the buyer with a 20% equity stake.

Read the London and Regulatory sections together and the target narrows. In the capital the caps fit flats, and flats are where prices are falling. The scheme will support demand where it is weakest, and ask new owners to trust a segment still finding its floor.

Read the Commercial Property section beside them and the bill becomes clear. Individual landlords pay more tax on identical rent from April 2027, while London rental stock shrinks and institutional build-to-rent grows. The help reaches a capped group of buyers. The cost reaches every renter whose landlord passes it on.

Rates and Lending adds the timing risk. Swaps finished Budget week close to where they started, and the forward curve sits above Bank Rate. A buyer waiting for April 2027 is also betting on where mortgage pricing will be by then, and nothing in this week's evidence settles that bet.

At Sandhütel, we are underwriting every rental holding on the April 2027 tax position now. For clients buying, the scheme is worth waiting for only where the home sits under the cap and the price already reflects today's market.

> *"The Budget lowered the buyer's loan-to-value. It did not lower anyone's interest rate."*

THE WEEK AHEAD

Thursday 5 November is the decision that matters. The MPC announces at 12.00pm alongside its first Monetary Policy Report since the Budget. Bank Rate stands at 3.75%, and 3 members voted for 4.00% in September. The vote split will move swap rates more than the decision itself.

On Friday 6 November, Huw Pill and Fergal Shortall give the Bank's post-decision Agency briefing at 12.15pm. Lloyds' October house price index is expected the same morning, though Lloyds has not yet confirmed the date. Together they will show whether the Budget changed the Bank's view or only the Treasury's.



David R. Sandhu

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