

Eitan Eldar: Is the UK About to Experience a New Real Estate Boom?

It appears there is about to be another real estate boom in the UK as house prices began to surge last month. The increase in the UK house prices came as a reaction to the decision of the Finance Minister to extend the tax cut on a purchased property



United Kingdom, London, May 25, 2021 (Issuewire.com) - The tax exemption was implemented last year in response to the effect of coronavirus. Now that the Finance Minister, Rishi Sunak has decided to extend the property purchase tax cut, the housing market has begun to experience some massive pump.

It was recorded that house prices rose 1.1% in monthly terms during March which represents the largest rise in six months. More so, in annual terms, house prices have risen by 6.5%, the highest that has been witnessed in four months with the average price reaching an all-time high of 254,606 pounds(\$348,683).

In the words of [Eitan Eldar, founder and CEO of EEH Ventures](#), "I believe as long as the British government continues to encourage the purchase of apartments by reducing the purchase tax and enabling loans on favorable terms, house prices will continue to rise until they reach their climax."

As much as a larger percentage of this housing market upturn is a reaction to the extension of the cut in property purchase tax due to COVID-19, the Finance Minister's announcement of a new mortgage guarantee scheme for first-time buyers also contributes to the sharp increase in price.

The new mortgage scheme caters to first-time buyers who cannot afford large deposits. This, coupled with the tax cut extension has marked a renewed surge in house prices into double figures over the summer.

Fears of Housing Market Bubble

Is the housing market in a bubble? That is not the case because as long as the housing market contributes largely to consumer wealth and serves as collateral for small business investment, the boost in the market will always affect the whole economy in the UK.

“In my opinion, at this stage, there is no fear of a real estate bubble forming. The rise in prices is due to government reliefs that encourage the purchase of properties up to £600,000. Many citizens are taking the opportunity to make a purchase on more favorable terms than before. Although, the apartment market for properties valued at over £1 million is still slow and challenging”, [Eitan Eldar commented](#).

Many believed that history is about to repeat itself as the boom in the housing market might lead to another financial crisis. However, the government’s response to the impact of COVID-19 is not a matter of loose monetary and financial policies, but a way to increase consumer confidence and sustain the economy.

[Eitan Eldar concluded](#), “The government’s policies are in the best interest of the economy. For instance, after the equity threshold needed to get a loan was lowered, then came a higher demand for a home loan and a rise in prices. In my opinion, if the equity threshold needed to get a loan continues to decrease, the demand for loans will increase further and apartment prices will continue to rise, most especially, for apartments that cost less than £ 600,000”.



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