

## Covid Two Years On: Where Are We Now?

*By Sophie Oldman*

Almost two years ago to the day, Covid-19 began spiralling throughout the UK. Little did we know, this new strain of Coronavirus would change the way we lived for the next two years, at least. From national lockdowns to strict social distancing guidelines, the ripple effects of the pandemic have impacted every inch of society.

However, as we live with new strains of the virus and continue to return to some degree of normality, it's useful to reflect on how far we've come and where we are now. Here, Sophie from Joseph Mews – a [leading UK property investment company](#) – discusses the prospects for the UK in 2022 including the economy, Brexit and the UK property market.

### The Economy

Following the impacts of Brexit and the global pandemic, the UK economy saw some turbulence throughout 2020. More specifically, the first national lockdown catalysed a downward spiral in GDP, which then saw the wider economy suffer as a result. In 2020, the UK's GDP declined by almost 10% – the 'steepest' drop on record since 1948.

Fuelled by endless struggles in the hospitality industry and rising unemployment rates, reports showed that by April 2020, [UK GDP had dropped by 25%](#) in just two months. The following quarter only saw the economy worsen, leading the UK into yet another recession.

However, as the UK eventually embarked on post-lockdown life, the prospects for the economy got increasingly brighter. 2021 held many possibilities for the UK economy, and while the [unemployment rate peaked at 5.2%](#), an economic rebound was well underway.

With the interest rate held at just 0.1% and the reopening of society, UK GDP made huge strides in recovery from 2020's 9.9% decrease. In 2021, [GDP growth reached 7.6%](#), which saw the UK economy recover within just 12 months.

As a result, the prospects for 2022 are considerably more positive, with GDP growth expected to continue on an upward trajectory. According to the latest report by JLL, [UK GDP is expected to increase by 3.5% over the next year](#), before returning to pre-pandemic rates in 2023.

### Brexit

The 2016 referendum revealed that the majority of the UK wanted to 'take back control' of its borders, and ever since, Brexit has been a weight on the nation's shoulders. While the uncertainty of leaving the European Union (EU) caused a number of societal changes, when Brexit officially took place, it was somewhat overshadowed by the pandemic.

Of course, the immediate effects of Brexit were minimised by the Free-Trade Agreement, but the measures adopted to minimise the wider impact of Covid-19 were notably stronger. This meant that on 1st January 2021 – the UK's first 'official' day outside of the EU – property prices were soaring and Brexit was an afterthought for the majority of the nation.

That said, as Covid-19 restrictions eased, the changes from Brexit have since become increasingly more apparent. While the UK's Free-Trade Agreement allows for tariff-free and quota-free access to each other's markets for goods, the new restrictions surrounding services have caused some difficulties.

As we continue to live in post-Brexit Britain, labour shortages have been a harsh reality. With new regulations surrounding EU workers and immigration, the UK has been left with an abundance of jobs, but no one to fulfil them. Although the UK's new points-based system could encourage more movement in the coming months and years, sectors that rely on free-movement are feeling the squeeze of Brexit in the meantime.

## The Property Market

In comparison to the economy, the UK property market emerged from Covid-19 relatively unscathed. In fact, the global pandemic propelled the UK market, with this momentum expected to sustain property prices for the next four years, at least.

While the temporary market closure in March 2020 fuelled fears of stagnation, a combination of pent-up demand and government incentives saw both the sales and rental markets thrive. With [UK property prices](#) experiencing consecutive growth for the best part of 12 months throughout 2020 and 2021, the average price surpassed £270,000 for the first time in history.

The property industry is an integral part of the UK economy, and although a market crash was thankfully avoided, this expansion has been a double-edged sword for buyers. The Stamp Duty holiday offered more opportunities to climb the property ladder, but for first-time buyers, the dizzying heights of property prices meant that more tenants have been anchored in the rental market.

With renting becoming more affordable than buying a property, 'Generation Rent' is only expanding. As a result, city centre rental markets are thriving. These hubs of employment opportunities, young professionals and subsequently, investors, means the UK property market is expected to go from strength to strength in 2022. The likes of [Birmingham](#) and Manchester are leading the way for this, ranking as two of the [best places to invest and live in the UK](#).

Believe it or not, Covid-19 has been a part of our lives for almost two years. Transforming the way we live, work and think, the pandemic has impacted every inch of the UK. From catalysing yet another recession, to fuelling a property boom and cushioning the impacts of Brexit, the wider effects continue to be felt. But as we continue to live with Covid-19 and embark on Post-Brexit Britain, the UK is emerging stronger than expected.