

## What Could a Post-Pandemic World Look Like?

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12 months ago, the UK was in the height of the global pandemic, and while the economic effects of Covid-19 are still being felt across the country, we have now officially embarked on 'life after lockdown'.

July 19th was coined 'Freedom Day' by the government and brought with it many changes, including the end of social distancing, mandatory face masks and the re-opening of the hospitality industry. As we're slowly but surely on a path back to some sort of normality, what could a post-pandemic work look like? [Joseph Mews](#), a leading UK property investment company, explores what Freedom Day could mean for the economy, the property market, and more specifically, how it'll work alongside Brexit.

### **Economy**

While Covid-19 impacted nearly every inch of the UK, it's no secret that the economy bore the brunt of this. As national lockdowns imposed strict social distancing guidelines, many businesses were forced to close their doors, leading to rising unemployment rates and a 9.9% fall in GDP.

Inevitably, fluctuations in the economy largely coincided with the level of restrictions across the country – as restrictions eased, the increase in consumer spending was favourable for the economy. However, as the UK entered 2021, the third and (what we hope is the) final national lockdown was imposed, which caused a further [1.5% fall in GDP](#) and somewhat dampened our new year attitude.

As restrictions eventually eased, the economic prospects for the year began to brighten. Not only did [GDP rise by 2.3%](#) in March 2021 – the fastest monthly growth since July 2020, but this consistent growth has led to increasingly positive forecasts for the year.

The continued success of the Covid-19 vaccination programme is a driving force behind this optimism, which has seen the International Monetary Fund increase [UK economic growth to 7%](#), putting it amongst some of the fastest growing countries in the G7. With this increasing positivity, Rishi Sunak has said that there are 'positive signs that the economy is rebounding faster than previously expected'.

### **Property Market**

Aside from the initial market freeze we saw in 2020, UK property has emerged from the pandemic relatively unscathed. The consistent growth we continue to see across the property market can be largely attributed to the Stamp Duty holiday, as well as an abundance of pent-up demand.

Fuelling a storm of low supply and increasing demand, this tax saving incentive has catalysed unprecedented growth in the average property price, which according to Rightmove, has now reached £338,447. Equating to a [£21,389 increase](#) since the beginning of 2021, buyer confidence continues to go from strength to strength.

While the Stamp Duty holiday deadline is nearing, many professionals remain positive about the short-term future of the UK property market. The momentum from the past year is expected to sustain property prices for the next 12 months, with the majority of Royal Institution of Chartered Surveyors (RICS) members hopeful that [prices will continue on an upward trajectory](#).

2021 held many possibilities for the UK economy, which largely depended on the success of the Coronavirus vaccination programme. With one of the fastest vaccination rates in the world, the ripple effects of this continue to be reflected throughout both the economy and the property market, making post-pandemic life increasingly promising.

### **Brexit?**

As well as signifying the start of a new year, 1st January 2021 marked the beginning of post-Brexit Britain. However, as we continued to navigate a global pandemic, the effects of leaving the EU were largely overshadowed by the government's efforts to prop up the UK economy.

From the Stamp Duty holiday, to the furlough scheme, the measures taken to minimise the economic impact of Covid-19 are gradually coming to an end. With October marking the conclusion of all government incentives, will we see the wider effects of Brexit present themselves?

The London exodus we have seen over the past 12 months has contributed to a storm of low supply and climbing demand, but as the dust settles, the immigration changes that have come from Brexit could impact the demand for property. Combined with the increased regulations surrounding rights to rent, this could act as a deterrent amongst overseas tenants.

Similarly, the increased complications surrounding rights to rent checks, which fall largely with landlords, could provide less incentive for overseas investors. While the Stamp Duty holiday has been offering the opportunity to save thousands on this tax, these extra complications, combined with the additional 2% surcharge that was introduced in April, could see this Brexit change have ripple effects across the property market.

Despite the changes that could emerge in the coming months, the wider effects of Brexit have largely been minimised by the Free Trade Agreement, as SevenCapital discusses in their [Brexit guide](#). Nonetheless, the momentum from the past 12 months has set the property market on an upward trajectory, and as the UK economy goes from strength to strength, the post-pandemic world is promising, as the [Joseph Mews '2022 Investment Guide'](#) highlights.