

THE  TIMES

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The only way is Essex — and beyond

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COMMENT

Join the debate on prices and decor



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Despite economic uncertainty and geopolitical concerns, house prices are still rising faster than inflation, as new Office for National Statistics records show, propelled by a record shortage of homes for sale. The east of England has emerged as a hotspot (see pages 8 and 9), led by a reassessment of unfairly derided Essex.

London remains listless, as a result of stamp duty. Yet the standstill has sparked a debate on the ways in which this tax could be reformed, replaced, or modified with the introduction of a concession for first-time buyers.

The latest HM Revenue & Customs transaction figures indicate that relocation disinclination is still widespread, thanks to below-inflation wage-growth and stamp-duty race among the moneyed. Yet, as we report on page 6, there are signs of staying-pat fatigue. People who can secure the finance to move and can reconcile themselves to the tax bill are seeking out a project and familiarising themselves with the latest interior styles, such as navy (see page 9). They should be ready with a twist. This is the aesthetic of the 1940s' Soviet Union, with its geometric constructivist shapes. Our picture shows a house in a Moscow suburb,



Prepare for the arrival of 1940s-inspired constructivist chic

reconstructed in homage to this era by Oleg Klodt Architecture.

Statistic of the Week
Stock market or property? Which produced the best return between 1870 and 2015? This may not be a question that you have been obsessing over, but five economists (Oscar Jordà, Katharina Knoll, Dmitry Kuvshinov, Moritz Schularick and Alan M Taylor) have produced an answer based on research into bonds, shares and housing in the UK and other countries during that period.



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Their study, *The Real Rate of Return on Everything* (which sounds more like a whimsical film title than an academic work) reveals that, on average, "housing has been as good a long-run investment as shares, possibly better".

The results vary between nations: backing property rather than the stock market paid off in France, but in the UK the return from shares was 7.46 per cent, against 5.61 per cent for housing. This lesson of history reinforces the message that the best way to save for the long-term is to rely on the stock market, but also to diversify into property.

The abiding popularity of this last choice, regardless of recent penal tax changes, is underlined by sales of holiday homes, which have been little affected by the extra 3 per cent stamp duty levied on such deals. As we report, buyers are preferring cottages to houses, but the lure of the holiday persists, to the delight of the Treasury, which netted £1.5 billion from the stamp duty surcharge in 2016-17.

This tax is denting the appeal of buy-to-let, but not entirely. In the first three months of this year, purchases of rental homes in London were almost half their previous level, according to UK Finance, the new body representing lenders. Yet in Manchester, where yields are higher, landlords using mortgages bought 840 properties, down from a previous average of 1,000.

We chose this as our Statistic of the Week because it underlines the British affection for property, but also suggests that, even if the government has forgotten the northern powerhouse, landlords still believe that Manchester's 19th-century glory days can return.

The future may be navy, but the shade of pale pink dubbed "millennial" (because of its sway among this demographic?) may also make a pitch for paint shade supremacy in the autumn. These are a few of the things that you need to know if you wish to be the smartest participant in any late-summer housing market conversation. Here is our quick guide to the other data and decor essentials.

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