Senedd Finance Committee Consultation – Welsh Government Draft Budget Proposals for 2027-28

Response from Propertymark

September 2026

Background

1. Propertymark is the UK's leading professional body for property agents, with 19,000 members representing over 12,800 branches. We are member-led, with a Board made up of practising agents, and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development[1].

Introduction

2. The Senedd Finance Committee is seeking information to inform its scrutiny of the Welsh Government's 2027-28 Draft Budget proposals, including expectations for the year ahead and financial readiness for the remainder of the Senedd term.
3. Propertymark represents estate and letting agents across Wales and the wider UK. Our response therefore focuses on how taxation, regulation, housing supply, business costs and investment decisions affect the operation of the housing market and the businesses that support it.
4. The central message from our members is that the Welsh Government should use the 2027-28 Budget to increase housing supply, improve housing quality and support investment across all tenures, while avoiding additional costs and regulation that could make it more difficult to provide homes.

Questions - Feedback from Propertymark

Question 1. What are the main financial pressures you, your family or your organisation are facing between now and the end of this Senedd term in 2030?

5. Propertymark members are facing a combination of rising operating costs, increasing regulatory requirements and a challenging housing market. For the housing market more broadly, the most significant concern is the cumulative impact of taxation and regulation on the cost and availability of homes to rent and buy.

   - **Operating costs -** estate and letting agents continue to face higher employment costs, increased compliance requirements, anti-money laundering obligations, technology and digital investment costs, insurance and professional training costs. These pressures are particularly significant for smaller independent agencies, which make up a substantial part of the property sector in Wales. We strongly support measures that improve professionalism and consumer protection, but new requirements need to be accompanied

[1] https://www.propertymark.co.uk/

by consideration of their impact on business viability. Regulation should be proportionate, consistently enforced and designed to deliver clear benefits for consumers and the wider housing market.

- **Regulation** - the cost of regulation has also increased. Propertymark recognises the important role Rent Smart Wales has played in raising standards and professionalism within the private rented sector. However, regulation must provide value for money and should not place disproportionate costs on responsible landlords and agents. In addition, licensing fees, training requirements and wider compliance costs ultimately increase the cost of managing property. This is particularly important at a time when the private rented sector is already under pressure and tenants are experiencing affordability challenges.

- **Property taxation** - we think property taxation is another significant pressure. In particular, the higher rates of Land Transaction Tax (LTT) applied to additional residential properties create a substantial upfront cost for property investors and landlords. The current higher rates start at 5 per cent and rise to 17 per cent at the highest band[2]. We recognise that the policy intention behind higher rates includes discouraging second-home ownership. However, the policy also applies to many landlords and investors providing homes for rent. The key issue is not necessarily whether buy-to-let purchases have fallen. Rather, the tax system changes the relative attractiveness of different housing choices. It can make it cheaper and easier for some people to move into owner-occupation while making it more difficult and expensive to provide and remain in the private rented sector. This has consequences for both sides of the market. Landlords face higher costs when purchasing property, while tenants who remain in the rental sector may face higher rents as landlords seek to recover increased costs. The Welsh Government should therefore consider the effect of taxation on the whole housing market rather than treating owner-occupation and renting as separate policy issues.

- **Business rates** - business rates are also an important consideration for property businesses. From April 2026, Wales introduced different non-domestic rates multipliers, including a lower multiplier for smaller retail properties and a higher multiplier for properties with a rateable value above £100,000, alongside targeted hospitality relief[3]. While we recognise the rationale for targeted support, the increasing complexity of the business rates system can create uncertainty and additional administrative burdens for businesses. The Welsh Government should review whether the current system is delivering its intended economic outcomes and whether it supports investment, high streets and businesses operating from commercial property.

Question 2. How should the Welsh Government prioritise funding based on its stated priorities, and what areas of current spending could be de-prioritised?

6. We think the Welsh Government should prioritise spending that increases housing supply, improves housing quality and supports economic growth. The most important principle should

[2] https://www.gov.wales/land-transaction-tax-rates-and-bands

[33] https://businesswales.gov.wales/topics-and-guidance/business-tax-rates-and-premises/business-rates-wales

be to increase the supply of homes across all tenures – social, private rented and owner-occupied. Investment should not focus solely on one tenure when households move between different parts of the housing market throughout their lives.

- **Housing supply** - we think it is very important that the Welsh Government looks to Increase housing supply across all tenures. Wales continues to experience a shortage of homes to buy and rent. Funding should support planning departments to determine applications promptly; ensure local development plans can respond to identified housing need and provide the infrastructure required to support sustainable new communities.

- **Empty homes** - the Welsh Government should continue to support empty homes initiatives and expand support to the private rented sector. Local authorities should have sufficient resources, including dedicated empty homes officers, to identify vacant properties and work with owners to return them to use. We also think that council tax premiums can form part of the policy response to long-term empty and second homes, but taxation alone will not bring properties back into use. Grants, officer support and tailored incentives should be used alongside taxation to address the underlying barriers.

- **Energy Efficiency** - we support improving the energy performance of Welsh housing. However, financial support must reflect the characteristics of the Welsh housing stock. Many properties in Wales are older and more difficult and expensive to retrofit, particularly older solid-wall homes in rural and former industrial communities. Without realistic financial support, there is a risk that some landlords will choose to leave the private rented sector rather than make significant investment in properties. The Welsh Government should therefore prioritise grants, low-interest finance and practical advice to support landlords and homeowners with retrofit, while ensuring that energy-efficiency policy does not unintentionally reduce the supply of rented homes.

- **Professional standards** - we think that it is essential that the Welsh Government funds improvements in professional standards for housing professionals including property professionals and agents. Essentially, we think funding should support higher professional standards within the property sector, including mandatory regulation of property agents and minimum qualification requirements. Propertymark believes that a Level 3 qualification requirement would provide a clear baseline for professionalism and consumer protection. Secondly, the Welsh Government must resource enforcement effectively. Local authorities and enforcement bodies such as Rent Smart Wales need sufficient resources to ensure that legislation is properly implemented. Enforcement should be proportionate, targeted and supported by clear guidance so that responsible landlords and agents are not subjected to unnecessary additional burdens. Thirdly, the Welsh Government should ensure that sufficient funding is available to deal with building safety defects and cladding remediation. Residents should not be left living in unsafe buildings or facing prolonged uncertainty over remediation. The implementation of the

Building Safety (Wales) Act 2026 should be supported by adequate resources to ensure that eligible buildings can be identified and remediation progressed effectively[4].

7. In relation to areas that the Welsh Government should de-prioritise, given the constraints on public finances, the Welsh Government should be cautious about introducing further major regulation of the private rented sector before existing reforms have been fully implemented and evaluated. The Renting Homes (Wales) Act 2016[5] and subsequent amendments represented major changes for landlords, agents and tenants. The focus should now be on implementation, enforcement and understanding the impact of these reforms before introducing another significant layer of regulation. In particular, proposals relating to rent controls or 'fair rents' should be approached with caution. Restricting rents without addressing the underlying shortage of homes risks reducing investment and limiting supply. The better long-term solution is to increase the availability of homes and support households that need help with housing costs.

Question 3. Given the limits on the amount of funding available, do you have any views about how the budget could be allocated more efficiently?

8. With public finances under pressure, spending should be directed towards policies that deliver measurable improvements in housing supply, housing quality and economic activity. We do not believe that further major housing legislation should be the immediate priority. Resources would be better directed towards ensuring that existing legislation is implemented effectively, enforcement is properly resourced and the impact of existing policies is evaluated. If the Welsh Government proceeds with further rental reform, including proposals on fair rents or the abolition of no-fault evictions, it should undertake robust impact assessments and consider the potential consequences for landlords, tenants and agents. We also think that in order to achieve value for money and effectiveness, every significant housing intervention should be tested against three questions. Firstly, will it increase or reduce the supply of homes? Secondly, will it make housing more or less affordable for households? Thirdly, will it encourage or discourage long-term investment? We think this would provide a clearer framework for determining whether limited public funding is being directed towards policies that improve housing outcomes.

Question 4. Do you have any views on how the Welsh Government should use its current tax raising powers?

9. Yes, we think the Welsh Government should use its current tax raising powers in five ways:

   - **Firstly, to modernise housing data to support evidence-based policy making.** We think the Welsh Government should use its tax powers to support a housing market that provides choice, encourages investment and enables people to move when they need to.

[4] https://www.gov.wales/implementing-building-safety-wales-act-2026
[5] https://www.legislation.gov.uk/anaw/2016/1/contents

Essentially, the Welsh Government should deliver its commitment to introduce a modern Welsh Housing Survey. Reliable and timely data is essential for effective policy-making.

- The survey should provide a detailed understanding of the private rented sector, including landlord practices, use of agents, management arrangements, property characteristics, investment decisions, time properties spend on the market and the use of technology. It should also capture information on leasehold and Build-to-Rent developments. We welcomed the Welsh Government's commitment to introduce a survey in 2028. However, if data is not available until 2029 at the earliest, there is a risk that policy will continue to be developed without sufficiently current intelligence. The Welsh Government should consider whether data can be collected and published more quickly.

- **Secondly, review taxation affecting landlords and the private rented sector.** The Welsh Government should undertake a comprehensive review of the costs and taxes affecting private landlords. The higher rates of LTT create a significant upfront cost for additional property purchases. We believe the Welsh Government should review whether the current rates are achieving their policy objectives without creating unintended consequences for the supply and affordability of rented homes.

- The Welsh Government should reduce the higher rates of LTT applied to additional residential properties. This would reduce the upfront cost of investment in the private rented sector and make it easier for existing landlords to invest and for new landlords to enter the market. More broadly, the Welsh Government should consider the long-term case for reducing and ultimately phasing out LTT on property transactions. Lower transaction taxes would support housing market mobility and have wider economic benefits through increased spending associated with moving home, including on trades, removals, furnishings and other services.

- **Thirdly, support first-time buyers.** Wales does not currently provide a specific first-time buyer relief from LTT. Propertymark believes this should be reconsidered as part of a wider affordability strategy. The Welsh Government should explore targeted measures to help first-time buyers overcome the upfront costs of purchasing a home, particularly those who can afford mortgage payments but struggle to accumulate the deposit and meet transaction costs. Our wider work on home ownership has highlighted the need for a joined-up approach to affordability, considering housing supply, deposits, mortgage access, taxation and the costs associated with buying and selling a home[6].

- **Fourthly, review business rates.** The Welsh Government should also review the operation of business rates and the impact of recent changes on businesses, including those operating from high-value commercial properties. The introduction of differential multipliers and targeted reliefs has made the system more complex. A review should consider whether the current structure is supporting investment and economic growth, whether reliefs are effectively targeted and whether businesses face unnecessary administrative costs.

[6] https://www.propertymark.co.uk/resource/what-must-change-to-make-more-home-ownership-dreams-a-reality.html

- The Welsh Government should also continue to examine alternatives to the current local taxation system, including Land Value Tax. Welsh Government research has already examined the feasibility of a local Land Value Tax, and further work published in 2026 has considered land valuation methods and the practical challenges involved. We are not proposing an immediate replacement of existing taxes with Land Value Tax. However, given the Welsh Government's existing work in this area, we think it is appropriate to continue assessing whether a better-designed local taxation system could support economic growth, investment and efficient use of land while maintaining stable revenues for public services.

- **Fifthly, communicating council tax reforms.** We also welcome the planned 2028 council tax revaluation and the opportunity it provides to update the tax base. The process should be communicated clearly and implemented in a way that minimises uncertainty for households and local authorities. The Welsh Government should ensure that the revaluation is accompanied by clear information on its impact and does not create unnecessary additional administrative costs.

Question 5. Do you think the Welsh Government can link funding for policies to outputs and outcomes and, if so, how?

10. Yes. Public funding should be more closely linked to measurable outcomes. The Welsh Government can do this in three ways:

    - **Firstly, we think that housing programmes should have clear objectives, measurable targets and regular evaluation**. For example, where funding is intended to increase housing supply, the Welsh Government should publish evidence showing the number and type of homes delivered, where they have been delivered and whether they meet identified local housing need. Essentially, we think the same approach should apply to energy-efficiency programmes, empty homes initiatives, planning resources and enforcement.

    - **Secondly, we think that new legislation should also be subject to post-implementation review.** This should assess whether the policy has achieved its intended outcomes and identify unintended consequences, including reduced housing supply, increased costs or reduced investment. We also think this evaluation should involve meaningful consultation with membership organisations and other stakeholders directly affected by the policy.

    - **Thirdly, we also think there should also be greater scrutiny of Rent Smart Wales.** As the body responsible for overseeing significant parts of the private rented sector in Wales, its work should be transparent, accountable and linked to a clear national strategy. Its activities and expenditure should be subject to regular evaluation so that the Welsh Government and stakeholders can assess whether it is delivering value for money and improving outcomes.

Question 6. What actions would you like to see in the Welsh Government budget to support economic growth in Wales?

11. We would like to see the Welsh Government take action in six areas in their budget to support economic growth in Wales.

- **Firstly, increase housing supply**. A functioning housing market supports labour mobility, enables people to move for employment and helps businesses recruit and retain workers. Investment in planning capacity, infrastructure and new homes should therefore be treated as an investment in economic growth.

- **Secondly, encourage investment in the private rented sector.** The Welsh Government should review the impact of LTT on additional residential properties and support initiatives that bring empty homes back into use.

- **Thirdly, invest in the decarbonisation of existing homes.** Financial support for landlords and homeowners can improve energy efficiency while creating employment in construction, retrofit and associated supply chains.

- **Fourthly, support skills and professional standards.** Investment in qualifications and professional standards across the property sector would improve consumer confidence, strengthen businesses and support better outcomes in the housing market.

- **Fifthly, improve digital public services.** Planning, licensing and property transactions should be supported by efficient digital systems that reduce duplication, improve access to information and speed up decision-making.

- **Sixthly, support building safety and remediation.** Ensuring that unsafe buildings are remediated efficiently will provide greater certainty for residents, leaseholders, landlords, agents and the wider property market.

Question 7. What is the single biggest issue in the budget that would make a difference to you, your family or your organisation?

12. We think the Welsh Government should review and reduce property transaction taxes, particularly the higher rates of LTT. This is because in our experience high transaction taxes can discourage people from moving, increase the cost of investment and affect the supply of homes available to rent. The effects are wider than the initial tax bill: when transactions take place, they generate economic activity through estate agents, conveyancers, surveyors, removals companies, tradespeople, furniture and other consumer spending. We think that by reducing the cost of transactions would therefore support housing market mobility and generate wider economic benefits. At the same time, the Welsh Government should consider targeted support for first-time buyers, recognising that Wales currently does not provide a first-time buyer LTT relief.

Question 8. Should budget allocations change to invest more in preventative initiatives that reduce future demand for services? If so, how can this be achieved?

13. Yes. Greater emphasis should be placed on preventative investment that addresses problems before they escalate and create greater costs for public services. Good-quality, secure and well-managed housing is a fundamental part of prevention. Poor housing conditions can contribute to poorer health, reduced educational outcomes, financial insecurity and barriers to employment and social participation. Investment in housing quality can therefore have benefits well beyond the housing sector.

14. One way to achieve this is through greater professionalisation of the property sector. Mandatory qualifications and regulation of property agents would help ensure that professionals have the skills, knowledge and responsibilities needed to manage homes effectively and protect consumers. We think a minimum Level 3 qualification requirement for property agents would provide a clear professional baseline and improve consistency across the sector.

15. We also support increased investment in local authority Environmental Health Officers. They play an important role in identifying poor housing conditions, enforcing standards and protecting residents' health and wellbeing. Hand in hand with this we think that by increasing enforcement capacity would allow local authorities to intervene earlier, helping prevent relatively minor housing problems from developing into serious and more expensive issues.

16. The Welsh Government should also ensure that sufficient funding is available to address building safety issues, including cladding and other historic building defects. Effective remediation is an important preventative measure that protects residents and provides greater certainty for the housing market.

17. More broadly, the Welsh Government should take a preventative approach to housing policy by investing in:

    - Improving housing quality;
    - Bringing empty homes back into use
    - Improving energy efficiency;
    - Strengthening professional standards;
    - Adequately resourcing enforcement; and
    - Increasing the supply of homes across all tenures.

18. These measures would help address problems earlier, reduce pressure on public services and support healthier, more resilient communities.

Additional comments

19. As the voice of property agents, Propertymark's overarching message is that the 2027-28 Budget should focus on increasing housing supply, supporting investment, improving housing quality and making the housing market work more effectively.

20. The Welsh Government should be cautious about introducing further regulation that increases costs or risks reducing supply, particularly while the effects of existing reforms are still being understood. Instead, limited public funding should be directed towards practical measures that increase the number of homes available, improve planning and enforcement capacity,

support energy efficiency and building safety, strengthen professional standards and improve affordability for people seeking to rent or buy.

21. Tax policy should form part of this approach. A review of LTT, including the higher rates applied to additional residential properties, consideration of support for first-time buyers, a review of business rates and continued exploration of alternative local taxation models would help ensure that taxation supports rather than restricts economic activity and housing supply.

22. We would be very happy to provide further information and to support the Committee, and the Senedd Local Government, Housing and Planning Committee, with oral or follow-up evidence on these issues.