

Department of Marketing



Research Seminars Series Yiting Deng, University College London (UK)

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Holiday or Hangover? Housing Market Responses to a Temporary Tax Cut

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Abstract: Temporary transaction tax relief is frequently used to stimulate housing markets, yet its implications beyond short-run activity remain unclear. We examine how the 2020–2021 UK Stamp Duty Land Tax Holiday affected housing market behavior and subsequent resale outcomes. Using property-level listing data from the UK's largest online housing platform combined with administrative transaction records, and applying propensity score matching with a difference-in-differences design, we compare properties exposed to the tax cut with otherwise similar properties that were already exempt. We find that the tax holiday tightened market conditions in the short run: properties eligible for the tax relief sold at higher prices, transacted more quickly, and were more likely to sell, with price effects concentrated in more deprived areas, where buyers face tighter credit constraints and are more sensitive to upfront transaction costs. However, these short-run gains did not persist. Properties purchased during the holiday experienced weaker resale price growth than comparable exempt properties, indicating that buyers paid a temporary premium that reduced longer-run returns. Overall, the results show that temporary transaction tax relief can stimulate housing market activity while disproportionately raising prices for more credit-constrained buyers, delivering limited longer-run benefits to purchasers.