

JUST.

NEWS RELEASE

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Property accounts for half the wealth of estates paying Inheritance Tax in London, FOI reveals

- Breakdown of estate assets by region shows areas where property is the biggest proportion
- Rising house prices and frozen thresholds are likely to have tipped many more estates over IHT threshold

An HMRC Freedom of Information request from retirement specialist **Just Group** reveals that property makes up half the wealth of estates in London paying Inheritance Tax (IHT) – around twice as much as most other regions.

In 2019-20 (the latest financial year of available data) property accounted for 50% of the wealth in estates in London paying IHT, with an average value of over £820,000. The average estate value in the capital was over £1.4 million, nearly £200,000 higher than the South East which was the region with the second highest average estate values.

The proportion of housing wealth in IHT-paying estates drops to 39% in the South East (£604,000), 36% in the East of England (£524,000), 32% in the South West (£474,000) and 31% in the West Midlands (£398,000) but then falls to a quarter or less in all other regions.

As such, cash and securities make up a far larger proportion of estates in other regions although substantially fewer estates are liable for IHT in these areas. It suggests that high house prices in London and the South East have been largely responsible for pushing more estates into paying IHT.

Region	Total No. of Estates	Av. Estate Value	Av. Value of Securities & Cash	Proportion of Average Estate	Av. Value of Property	Proportion of Average Estate
London	4,190	£1,439,141	£464,396	39%	£820,163	50%
South East	4,990	£1,244,489	£430,233	47%	£604,478	39%
East of England	2,540	£1,188,976	£414,815	48%	£524,272	36%
South West	2,440	£1,213,115	£456,019	50%	£474,372	32%
West Midlands	1,310	£1,045,802	£352,212	53%	£398,095	31%
North West	1,540	£1,077,922	£454,074	60%	£336,800	25%
North East	371	£929,919	£357,143	60%	£307,420	25%
Yorkshire & Humber	982	£1,262,729	£542,294	58%	£388,747	25%
East Midlands	1,070	£1,252,336	£516,985	57%	£383,803	24%
Wales	699	£1,054,363	£443,124	60%	£302,655	23%
Scotland	1,240	£1,056,452	£498,198	61%	£304,629	22%
Northern Ireland	235	£1,038,298	£418,367	59%	£230,769	17%

FOI request from Just Group to HMRC for the Asset Breakdown by Region for Taxpaying Estates in 2019-20 – latest available data

Stephen Lowe, group communications director at the retirement specialist **Just Group**, said: “In London, where average property prices are far higher than the rest of the country, housing wealth makes up a bigger proportion of the wealth of estates that pay inheritance tax.

“This data was taken from the period up to the outbreak of Covid-19 and house prices rose significantly during the pandemic, with homeowners over the age of 55 benefitting from £1 billion of property value growth every single day between March 2020 and June 2022. This is likely to have tipped many more estates over the IHT threshold, perhaps without the homeowners even realising.

“It is another reminder of why it is so important that people regularly assess the value of their estate, including an up-to-date valuation of their property.

“Professional, regulated advice can help people work out the full value of their estate and any tax they may be likely to pay on that wealth, along with suggestions on how to manage that tax bill and the most efficient way to pass on an inheritance to their loved ones.”

Enquiries

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Notes to Editors:

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