



Nathaniel Lichfield
& Partners
Planning. Design. Economics.



THE ECONOMIC FOOTPRINT OF UK HOUSE BUILDING

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Structure

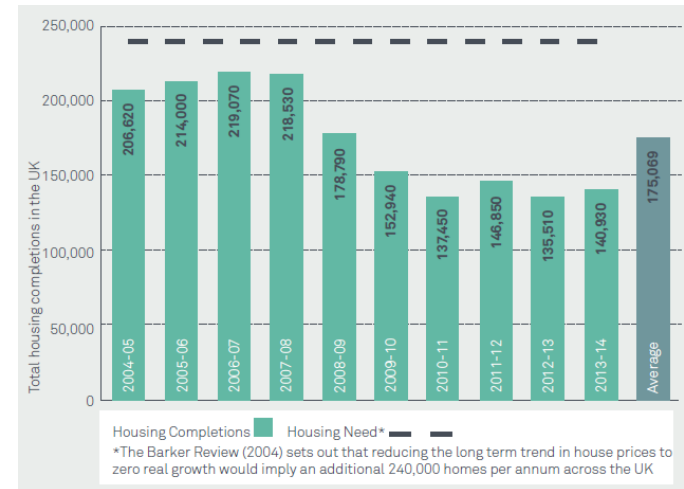
- Background and Approach
- Overview of the House Building Industry in the UK
- The Economic Role of House Building
- The Industry's Economic Footprint
- The Economic Benefits of Increasing Supply
- Conclusions

Background

- Economic contribution of house building long recognised
- More recently reinforced by
 - recession
 - ongoing housing crisis
 - national planning policy
- But not fully measured.
- HBF commissioned NLP to research the footprint
- Triangulated approach:
 - Literature Review
 - ‘Top down’ view based on official Govt statistics
 - ‘Bottom up’ view based on bespoke survey

The House Building Industry

- Long term under-delivery of housing in the UK,
 - Not keeping pace with c. 240,000 p.a. additional homes required).
- Sector multi-faceted. 3,000 'house builders' but up to 30,000 organisations in a complex supply chain
 - Developers
 - Sub-contractors
 - Suppliers
- The industry comprises a range of organisations, from large-scale national volume house builders, through to medium size and regional companies, local builders, housing associations and local authorities.



The Economic Benefits of House Building

- Housing is inextricably linked to the wider health of the economy:
 - **Housing as a Driver of Economic Growth:** helping to stimulate economic growth and increase the pace of recovery, due in part to its significant and complex network of supply chains and contracting relationships.
 - **Delivering 'Real' Jobs and Economic Value:** the house building industry is a major source of national employment and provides a crucial labour market entry point for young, lower skilled workers and those moving out of unemployment.
 - **Labour Market Mobility and Wellbeing:** supporting a healthy labour market by providing a good supply of housing that is affordable for local people to enable them to move jobs freely and match up skills supply with employer demand.
 - **Enhancing Place Competitiveness and Local Economic Development:** a well-functioning housing market enables areas to remain competitive and attractive to business and economic activity.

The Industry's Economic Footprint (#1)

Capital Investment

The value of capital investment and expenditure generated by the industry on acquiring new land for housing development is significant.



The majority of expenditure through the supply chain is retained in the UK.



Jobs and Growth

House building plays an important role in generating economic output as well as creating and supporting employment.



of Economic Output
based on the last quarter of
construction sector orders

3,700 apprentices,
400 graduates and
500 other trainees

each year, excluding those in
contractors and suppliers

**More than
600,000 jobs**

233,000 directly employed in the industry
(18% of the construction industry)



**4.3 jobs for every
home built**

The Industry's Economic Footprint (#2)

Resources for Public Services

House building makes a significant contribution to UK plc through tax revenues generated by house builders and their supply chains. This helps to fund new infrastructure and services in local communities.



£1.4bn

of tax paid

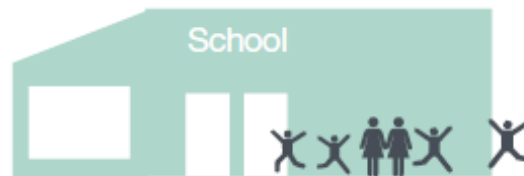
Stamp Duty Land Tax, Corporation Tax, NI, PAYE, and Residents' Council Tax



£3.1bn

of new 'affordable housing'

38% of all new homes built in the UK are 'affordable'



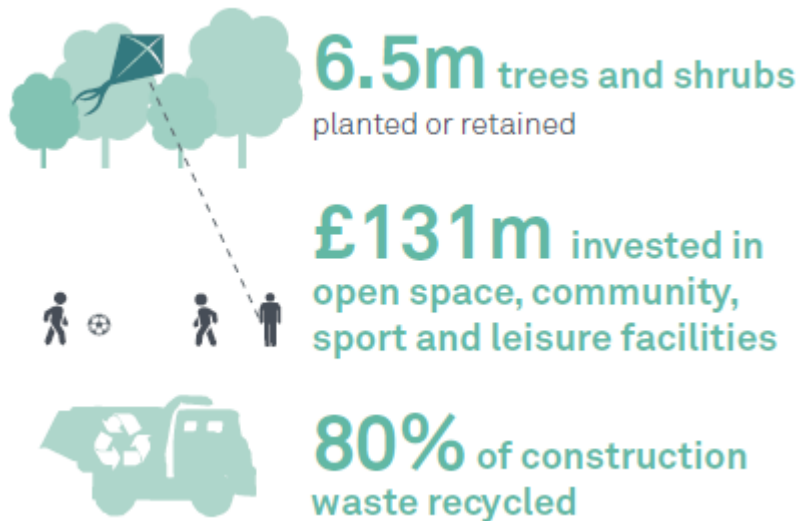
£576m for infrastructure

including £225m on new and improved schools

The Industry's Economic Footprint (#3)

Stronger Local Communities and Environment

Benefits for local communities through financial and other contributions made through the planning system. These wider benefits are often harder to quantify or assign a monetary value to, but are equally important to recognise.



£3.8bn spent in local shops and services by residents of new homes

Another £705m is spent to make each house “feel like home”



The Economic Benefits of Increasing Supply

- UK housing delivery is falling short of recognised need by at least 100,000 new homes each year.
- Although the national house building industry generates significant economic benefits to the UK economy, this is being constrained by under-delivery.
- If housing supply were to increase by around 100,000 per year across the country, the benefits could be substantial.



These extra benefits would be additional to the economic footprint of the current supply of 140,000 new homes.

Conclusions

- The economic benefits of securing a better balance of supply and demand for homes have long been recognised.
- This research takes the debate one step further by providing an assessment of the current economic footprint of the house building industry, based on the c.140,000 new homes built across the UK last year.
- The need to increase the supply of housing is high on the agenda for most policy makers; If UK house building output increased by 100,000 units to achieve the c.240,000 homes requirement there will be a significant economic as well as housing dividend.
- It is important that the economic dimension and contribution of house building is properly referenced in debates on planning, housing, and economic policy and given due consideration in the local planning balance.

LAST YEAR THE UK HOUSE BUILDING INDUSTRY BUILT AROUND 140,000 NEW HOMES. ITS ECONOMIC FOOTPRINT WAS SIGNIFICANT

Investment



£12.5bn
invested in land and buildings for homes



£5.5bn
spent on suppliers [90% stays in the UK]

Jobs and Growth



£19.2bn
of Economic Output
based on the last quarter of construction sector orders



More than 600,000 jobs

233,000 directly employed in the industry (18% of the construction industry)

4.3 jobs for every home built
3,700 apprentices,
400 graduates and
500 other trainees

each year, excluding those in contractors and suppliers

Resources for Public Services



£1.4bn of tax paid
Stamp Duty Land Tax, Corporation Tax, NI, PAYE, and Residents' Council Tax



£3.1bn
of new 'affordable housing'
38% of all new homes built in the UK are 'affordable'

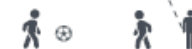
£576m for infrastructure
including £225m on new and improved schools



Stronger Local Communities and Environment



6.5m
trees and shrubs
planted or retained



£131m invested in
open space, community,
sport and leisure facilities



80% of
construction
waste recycled



£3.8bn spent in local
shops and services by residents
of new homes

Another £705m is spent to make each house "feel like home"

The UK should increase annual supply of homes by at least 100,000. Achieving this would mean:

£1.1bn

more net capital
expenditure

£13.6bn

increase in
economic
output

430,000

extra jobs

£1.2bn

more tax paid

£432m

extra investment in
local infrastructure

£3.2bn

resident spending
on goods and
services

These extra benefits would be additional to the economic footprint of the current supply of 140,000 new homes.



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