

An overview of Home Building in England

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Overview

- Current industry position
- General election – implications for the industry?
- What does the industry need to deliver?

Industry outlook improving

- Government supply and demand initiatives are working
- Economic recovery is strong
- Consumer confidence has increased
- Housing market has recovered
- Bubble is a myth and BOE approach is sensible

Policies delivering

- Supply side
 - ❑ NPPF is leading to more consents
 - ❑ Permissions granted approaching 200k p/a - up from 115k in 2011
- Demand side
 - ❑ H2B1 had been a game changer for most
 - ❑ c.40,000 reservations
 - ❑ 85% of sales to FTBs with average purchase price of £210k
 - ❑ 1200 registered builders (mainly SMEs)

Output increasing

- The industry has responded
 - ❑ Indicators pointing to increases of c.25%
- However, growth not without challenges
 - ❑ Materials initially difficult but will resolve
 - ❑ Skills and labour shortages longer term issue
- Image is key
 - ❑ Vital for increasing recruitment; planning decisions; preventing negative headlines and policy interventions – and sales
 - ❑ We all have a responsibility

Election

- Polls show election too close to call
- All parties agree UK has a housing crisis
- All parties committed to building 200k+p/a
- Housing will be a big issue during the election campaign
- Private sector will remain as the key delivery vehicle
- Post election greater focus on our industry than ever

Election

- Conservative
 - Policies easier to predict – likely to largely be continuation of existing
 - Greater emphasis on home ownership and ‘Starter Homes’
- Labour
 - We await Lyons
 - Unlikely to propose major reform of planning system
 - Probably keep H2B1 – but may modify
 - Concern over ‘Use it or lose it’ & Mansion Tax proposals
 - Reality check – remember 2009!

What does the industry need to deliver?

- Economic stability - critical to business planning
- Properly functioning mortgage and finance markets
- Policy evolution, not revolution
 - Allow existing demand/supply side measures to deliver
 - H2B1 to 2020 - and probably beyond
 - Tweak and improve NPPF

Policy –what more can be done?

- Planning system
 - ❑ Shorten and simplify planning system - currently 150k plots 'stuck'
 - ❑ Establish 'Principle of development' once
 - ❑ Outsource some aspects of Local Authority work
 - ❑ Create simplified arbitration procedure to replace some appeals
 - ❑ Strengthen Duty to Co-operate / clarify role of neighbourhood plans
 - ❑ Encourage LAs to identify wider range of sites in Local Plans
- Fast-track release of public land
- Reduce barriers to entry for SMEs
- Continue to deliver on promises to cut red tape
- Provide clarity around regulatory framework

Summary

- Still uncertainties ahead that will determine the rate of private sector growth
- Much improved operating environment – supply increasing, confidence returning, planning permissions growing and demand/need is there
- The industry is well placed to take advantage of the improving economy