

A series of overlapping, wavy, horizontal lines in various colors (red, blue, green, orange, purple) that create a sense of motion and depth across the top half of the slide.

Boosting margins and reducing risk in a low turnover market

A vertical bar on the left side of the slide, composed of a series of small, colored squares in a repeating pattern of yellow, green, blue, purple, red, orange, and yellow.

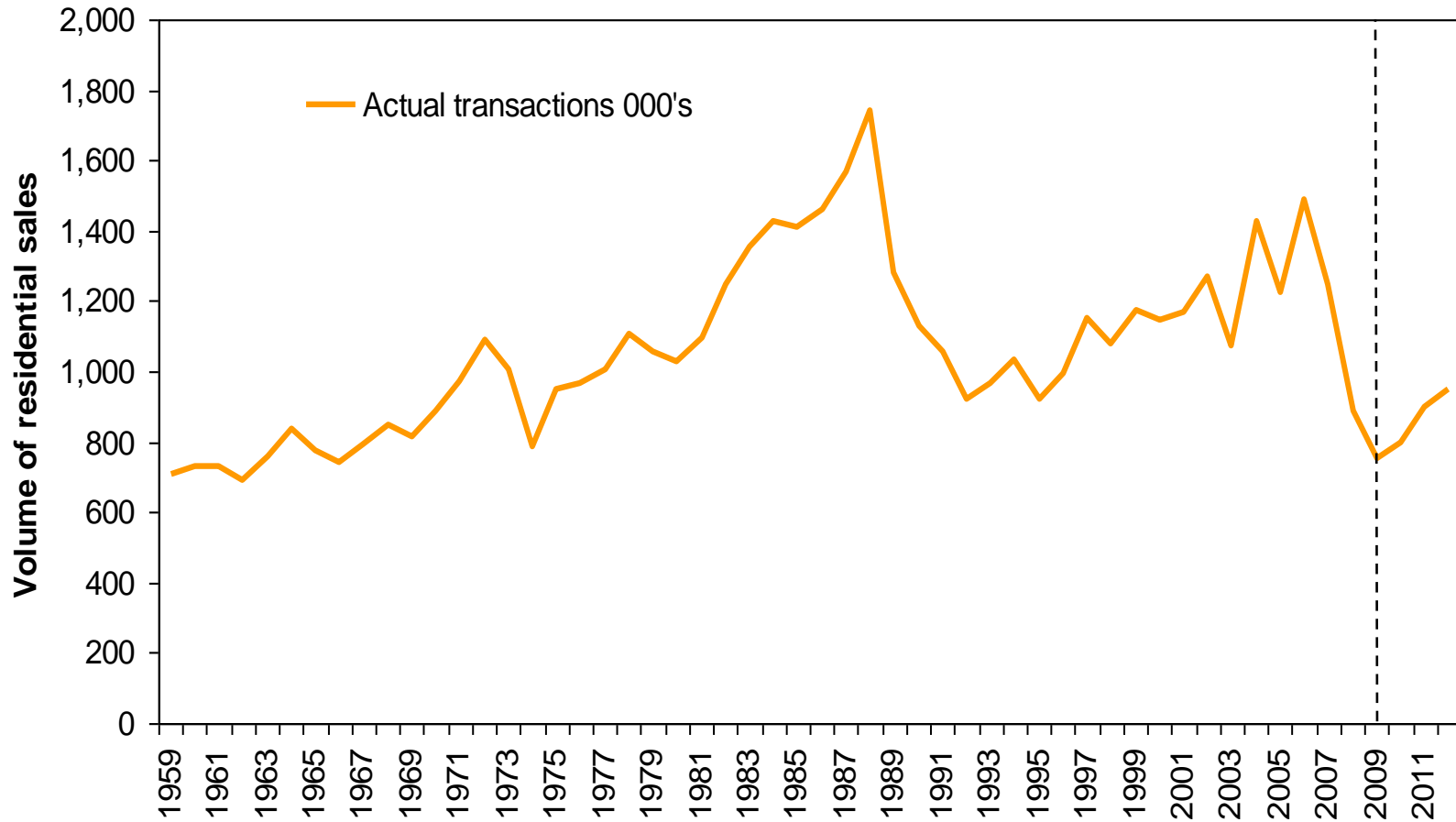
HMI Conference

Richard Donnell, Director – 13 October 2009

Context for the next 12-36 months

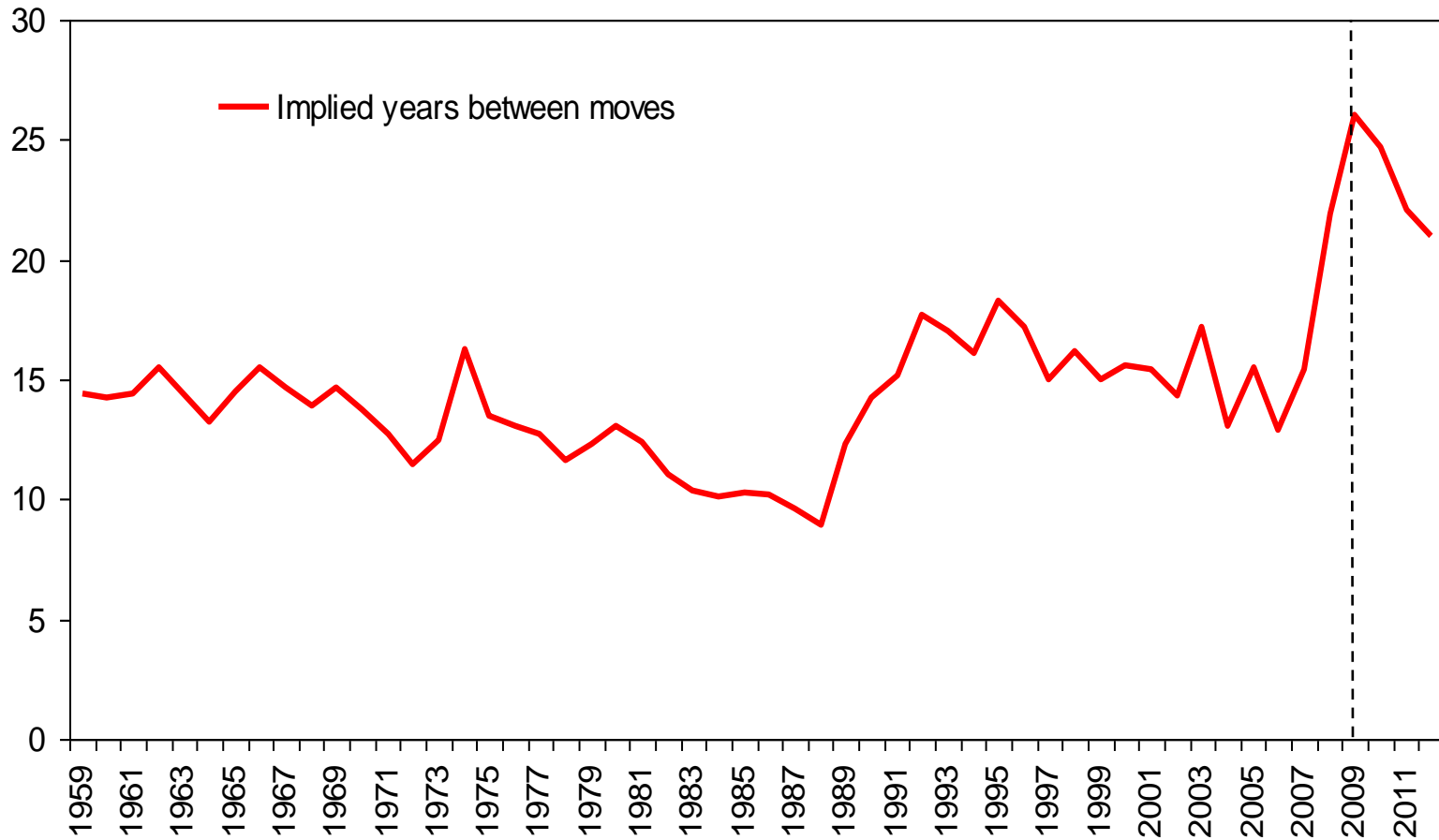
- A low risk approach to new development
- Re-structuring of land banks and tentative return to the land market
- Low housing turnover and a lack of supply - major strategic opportunity
- Lingering uncertainty over outlook and the demand for housing
- How to plan for the recovery?
 - Sites under construction, in the planning process, land bank and new acquisitions
- 2 options
 1. Back to the trusted old ways of informing decisions
 2. Look for quick and cost effective ways to access quality market intelligence to secure a competitive advantage and/or reduce risk

Low turnover set to remain a key feature



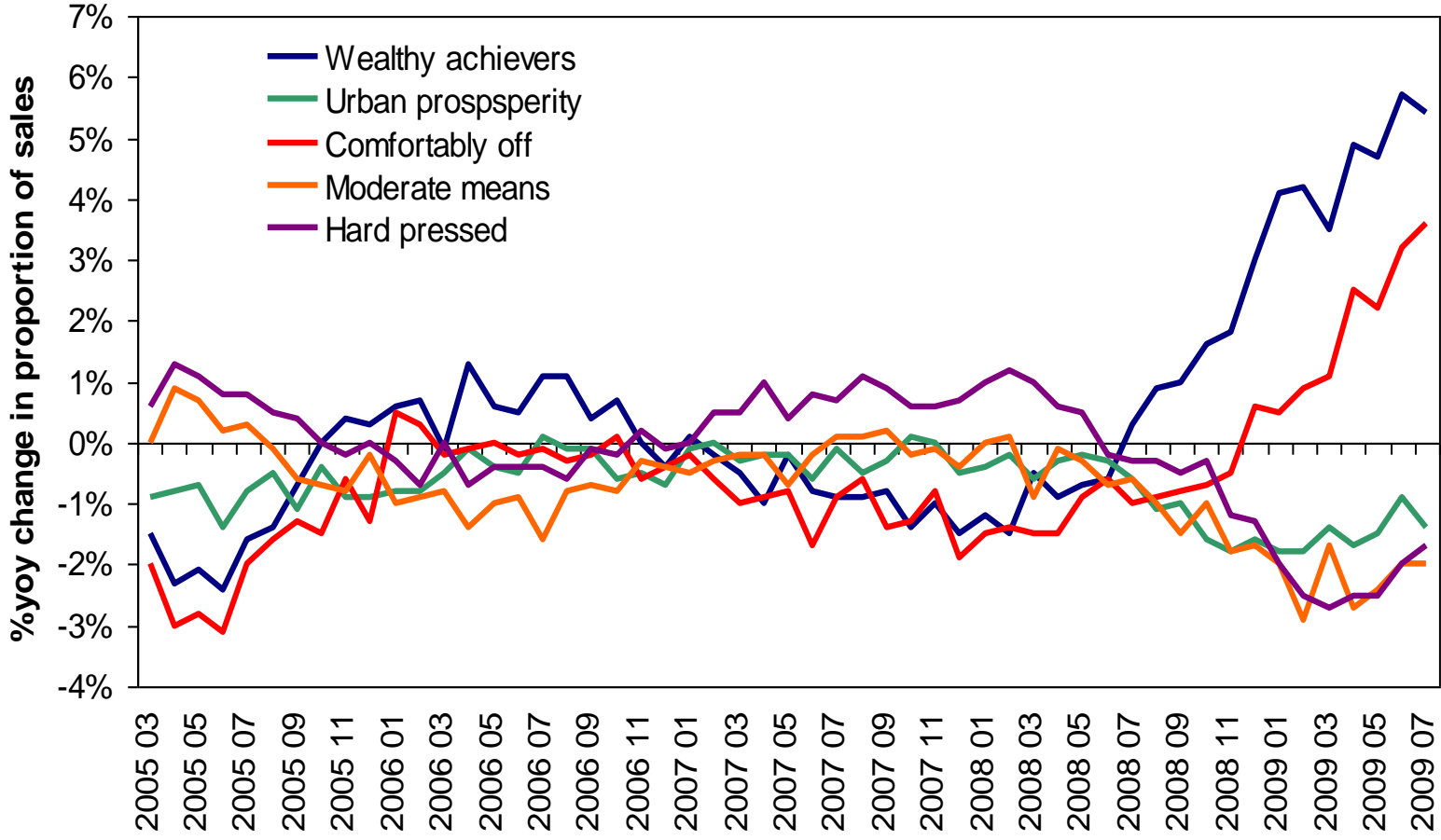
Source: Hometrack

Long period between moves!



Source: Hometrack

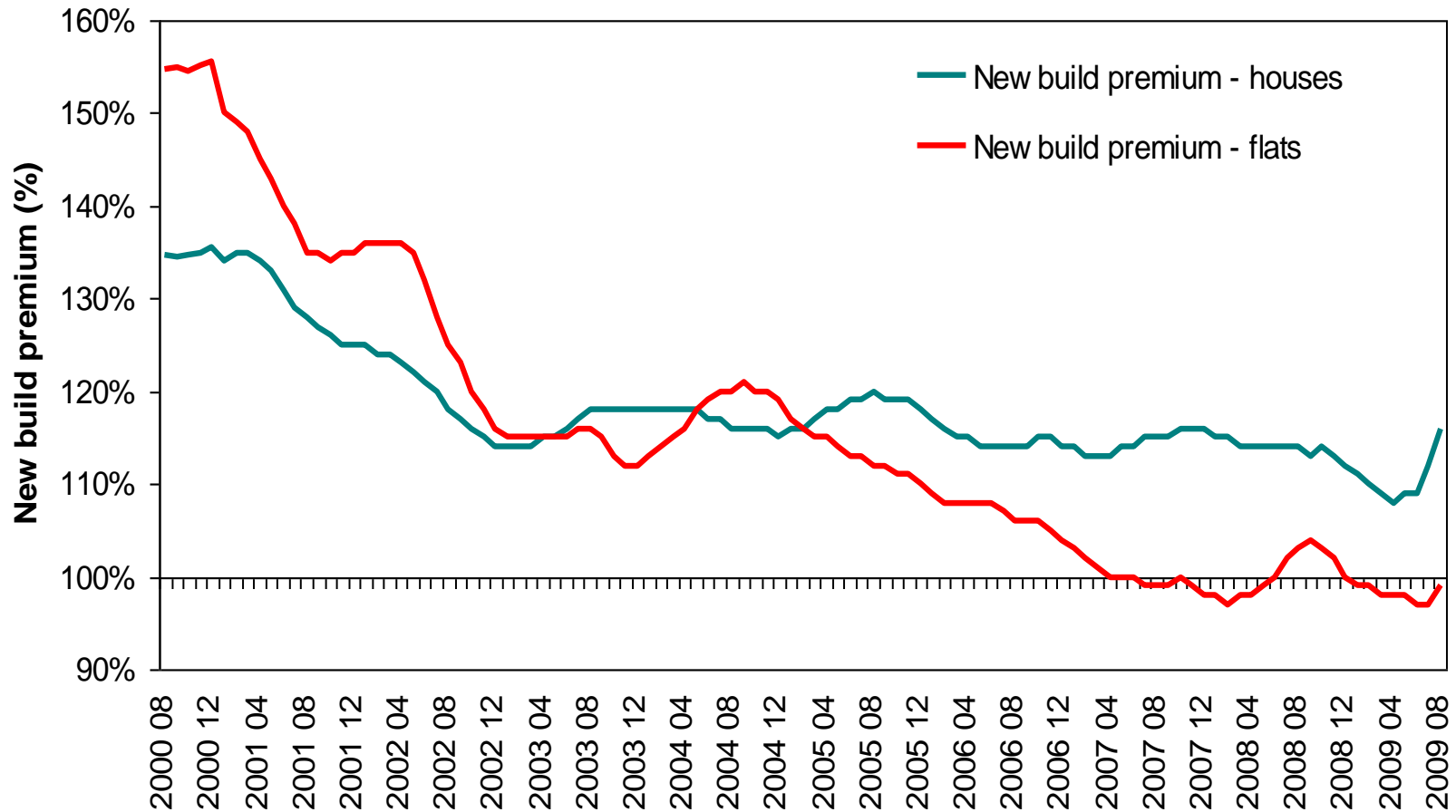
Turnover shifting towards low LTV markets



Source: Hometrack



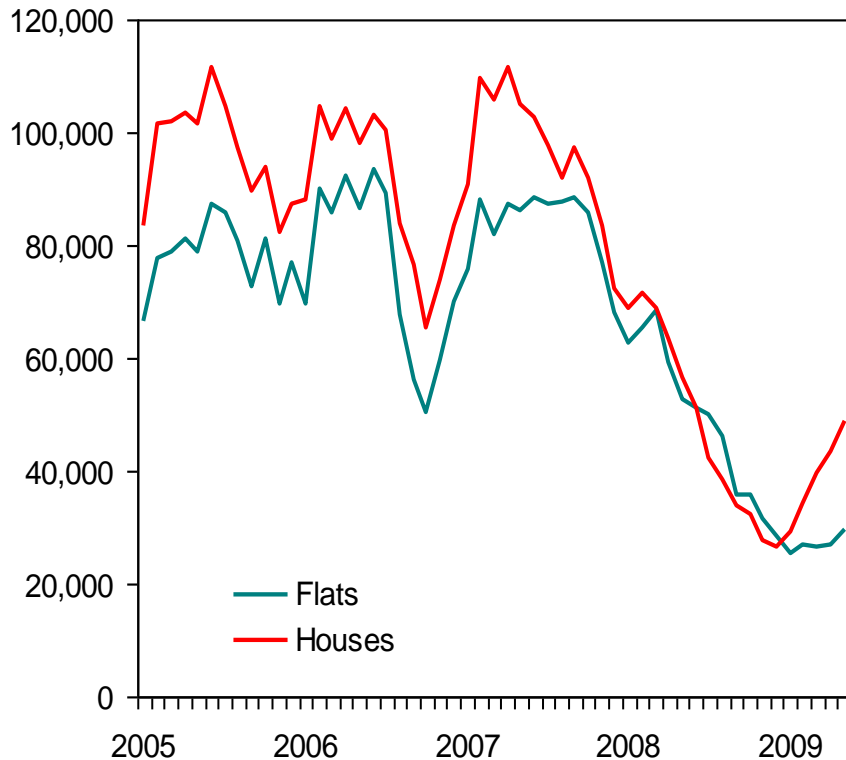
New build premium for houses but not flats



Source: Hometrack

New house building – ‘low risk’ growth

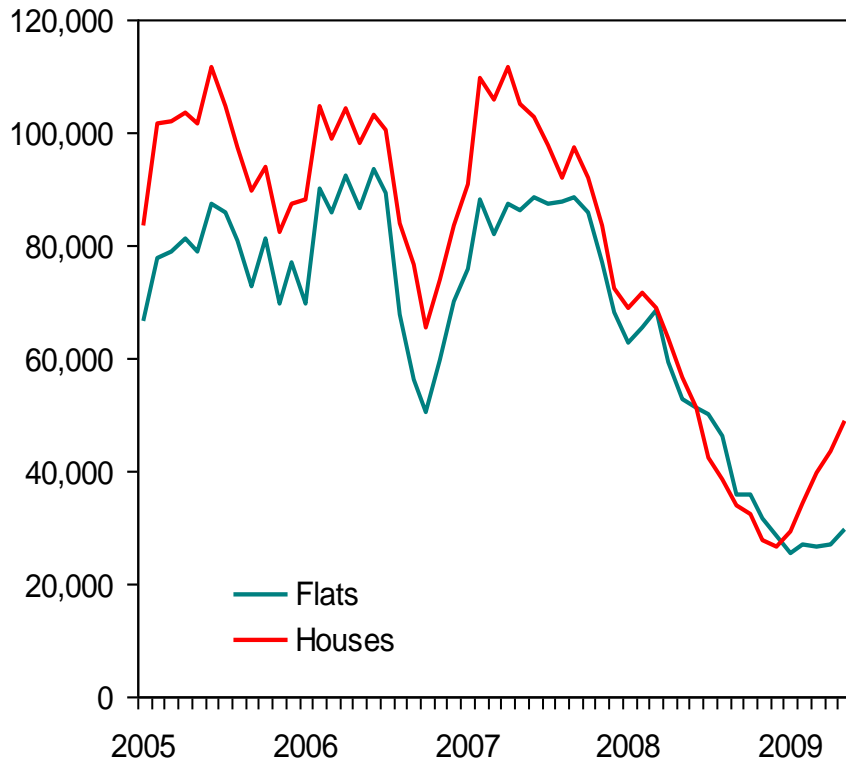
3mnth starts - annualised by type



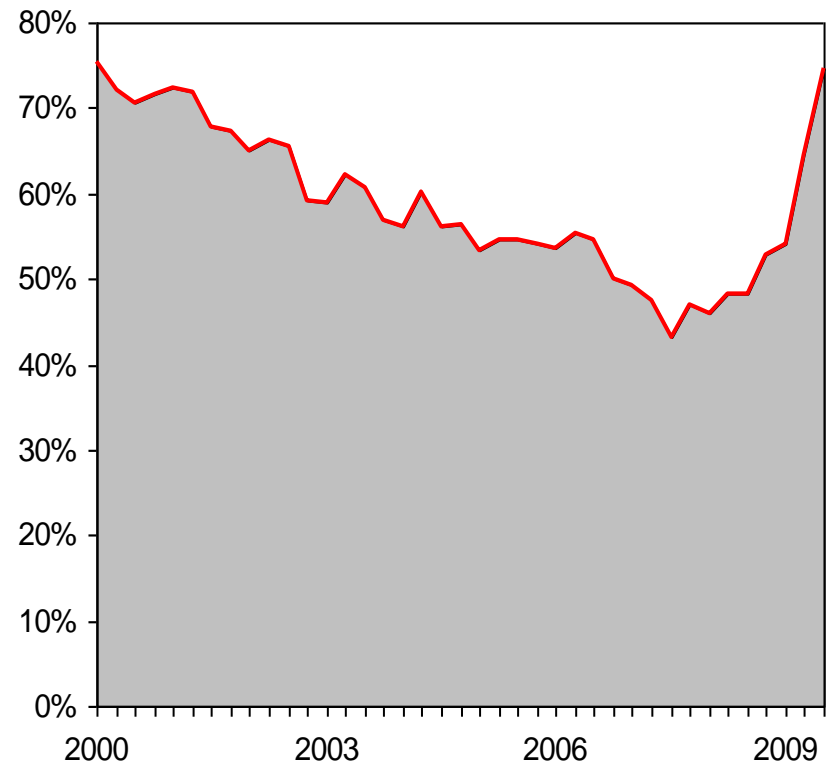
Source: Hometrack using NHBC data

New house building – ‘low risk’ growth

3mnth starts - annualised by type



Starts on small <25 unit schemes

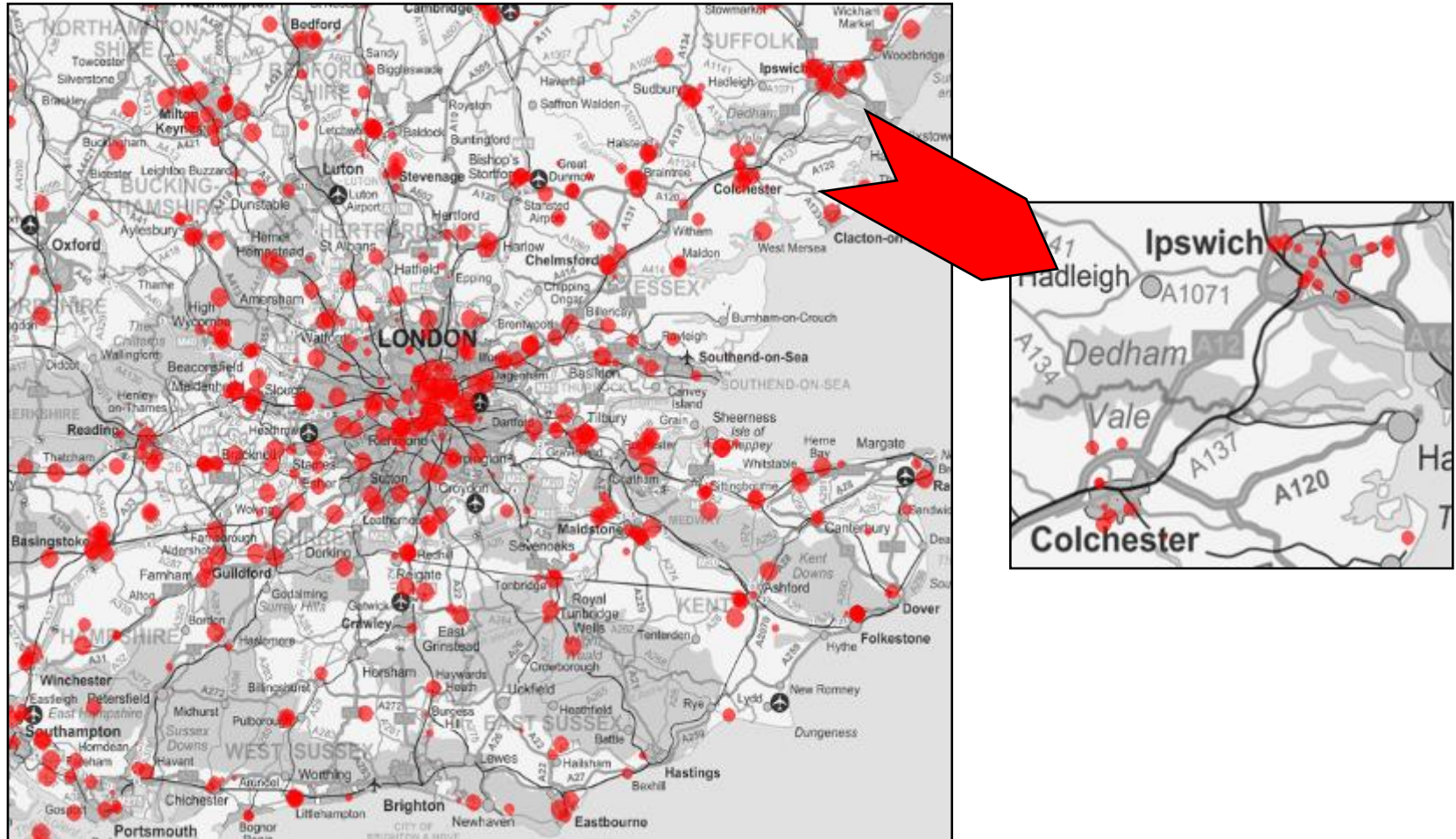


Source: Hometrack using NHBC data

Basics of any scheme based analysis

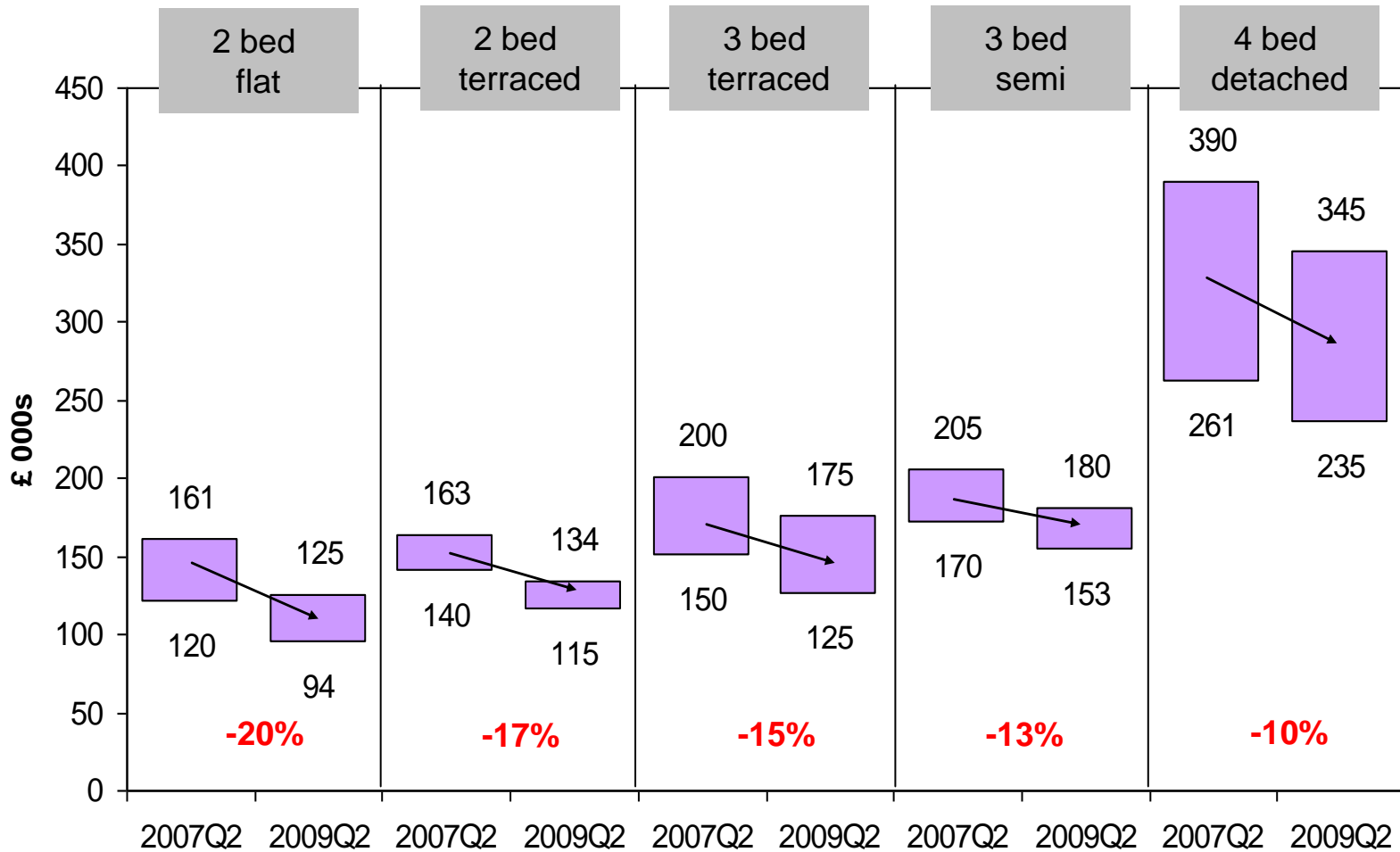
- Informing development with the right information is not complex
 - Akin to spending some marketing budget earlier in the process
 - Analytical not estate agency style
- Getting the brief right – the basic questions
 - Where does my scheme fit into the local market?
 - Where do target buyers live? Motives to move? What can they afford?
- Three basic features of any site analysis
 - Pricing points in local market
 - Liquidity of the market - turnover
 - Demand – identifying the target buyers
- More than just acquisition and sales – planning, mortgage valuations

Active housing development sites



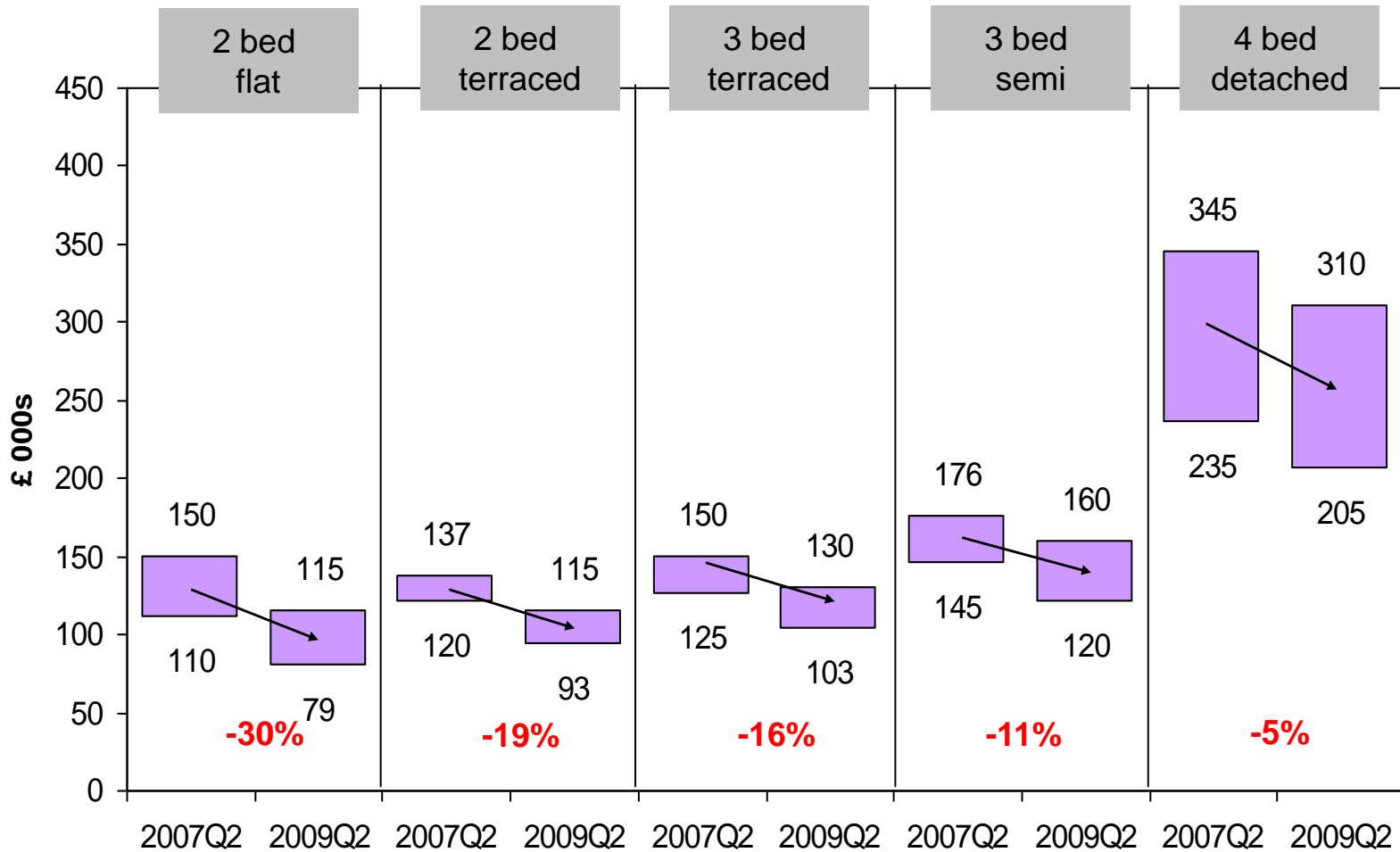
Source: Hometrack / NHBC

Changes in pricing structure - Colchester



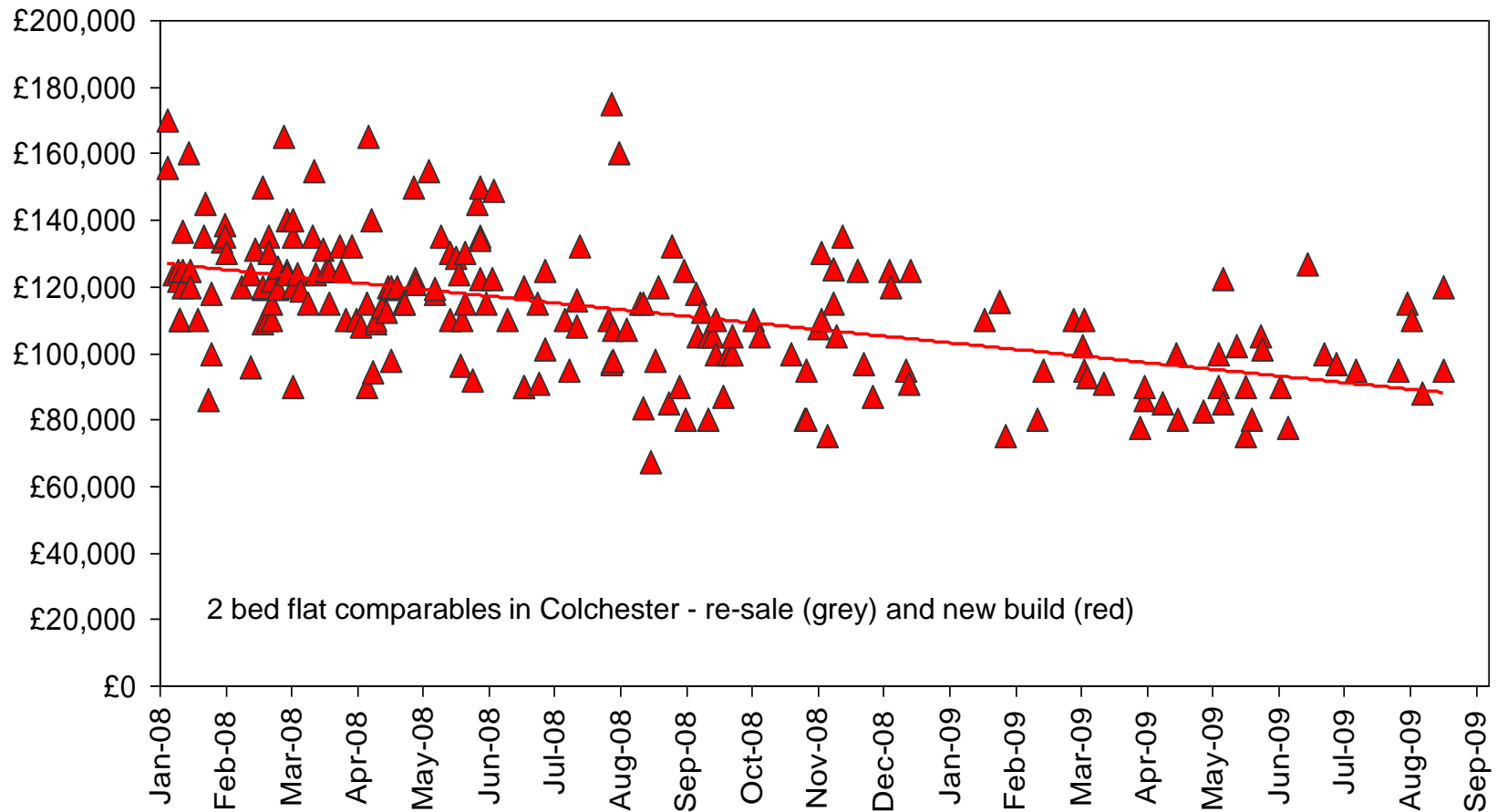
Source: Hometrack

... different to Ipswich a few miles away



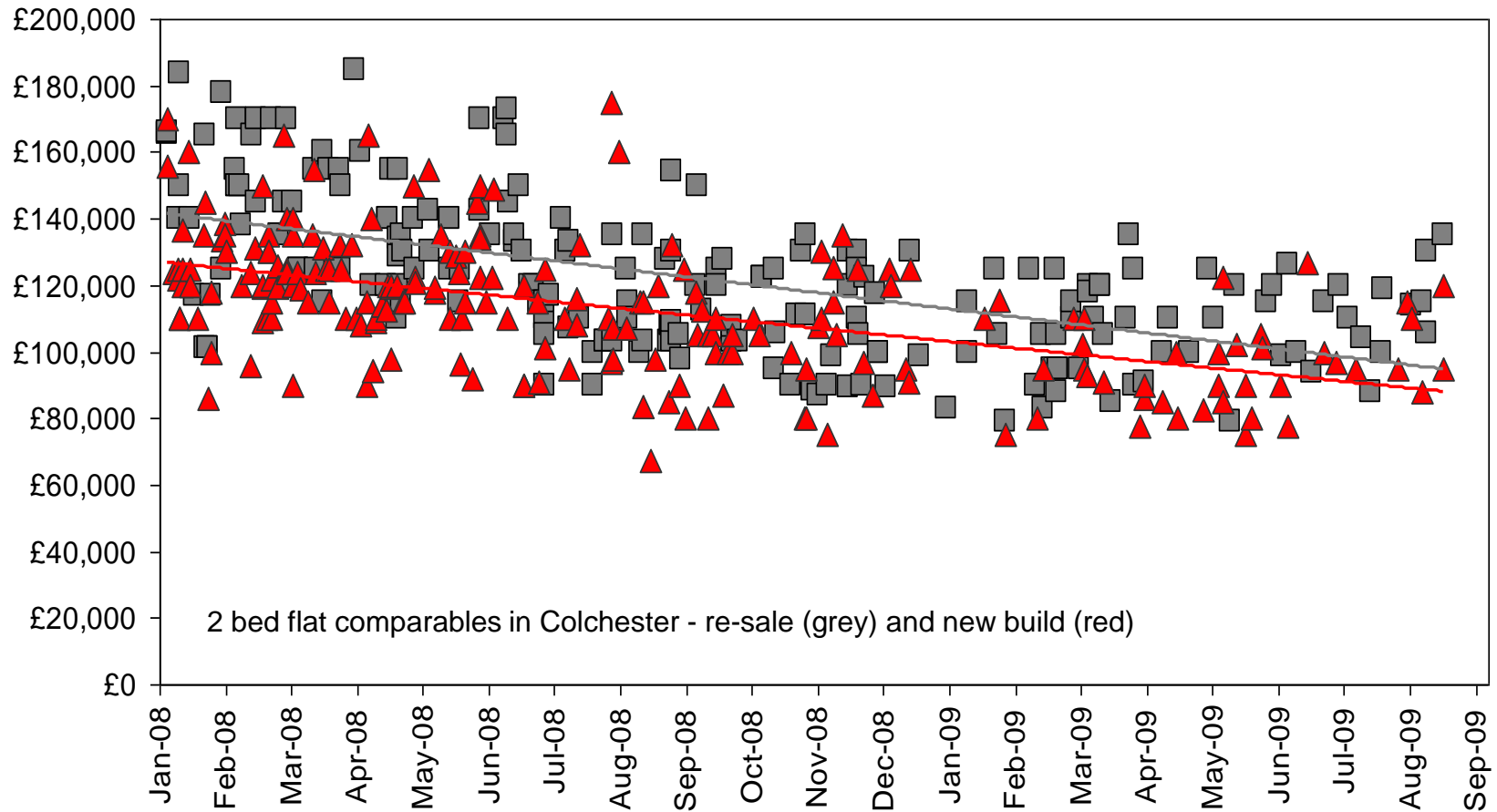
Source: Hometrack

What are site specific sustainable price levels?



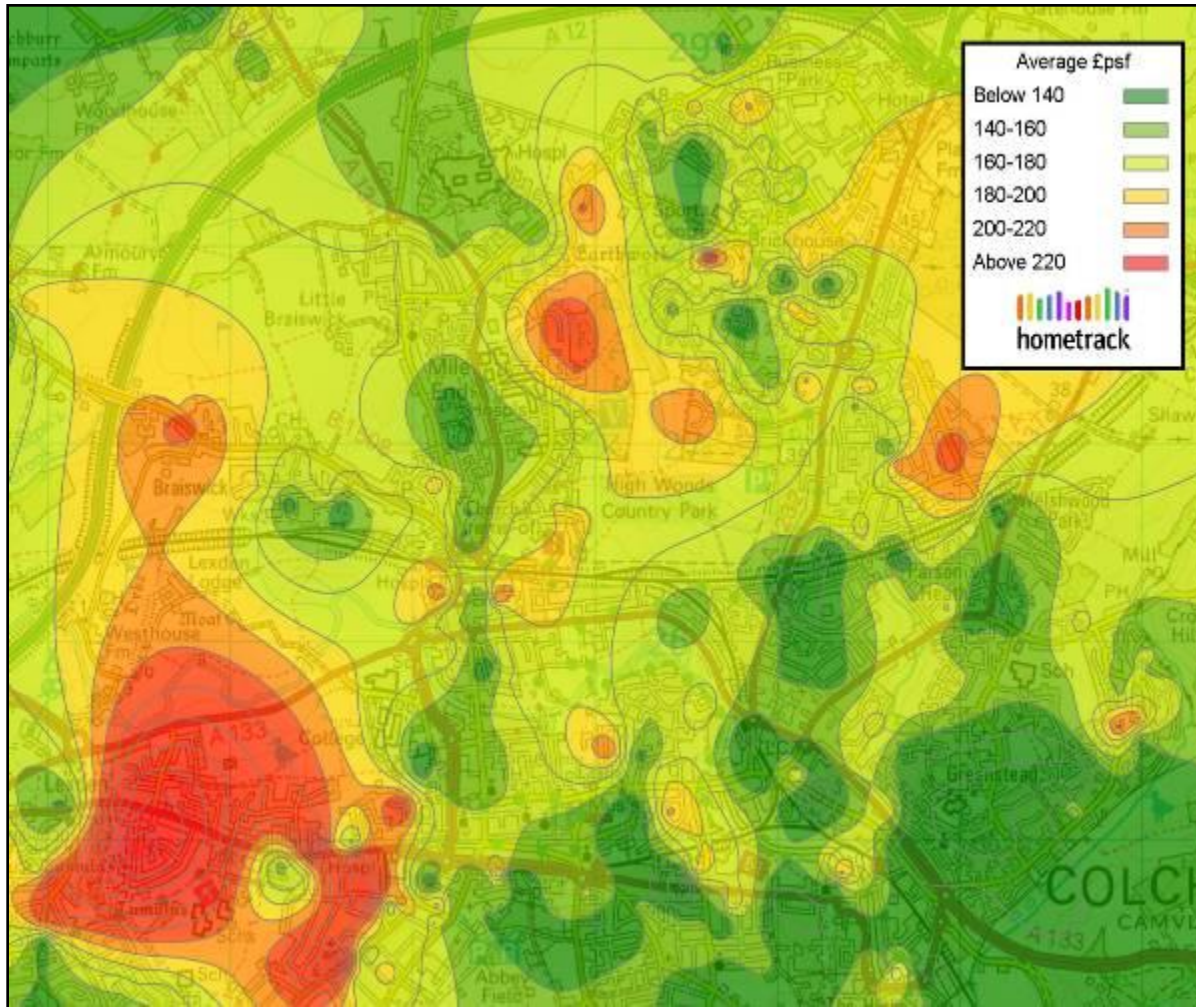
Source: Hometrack

What are site specific sustainable price levels?



Source: Hometrack

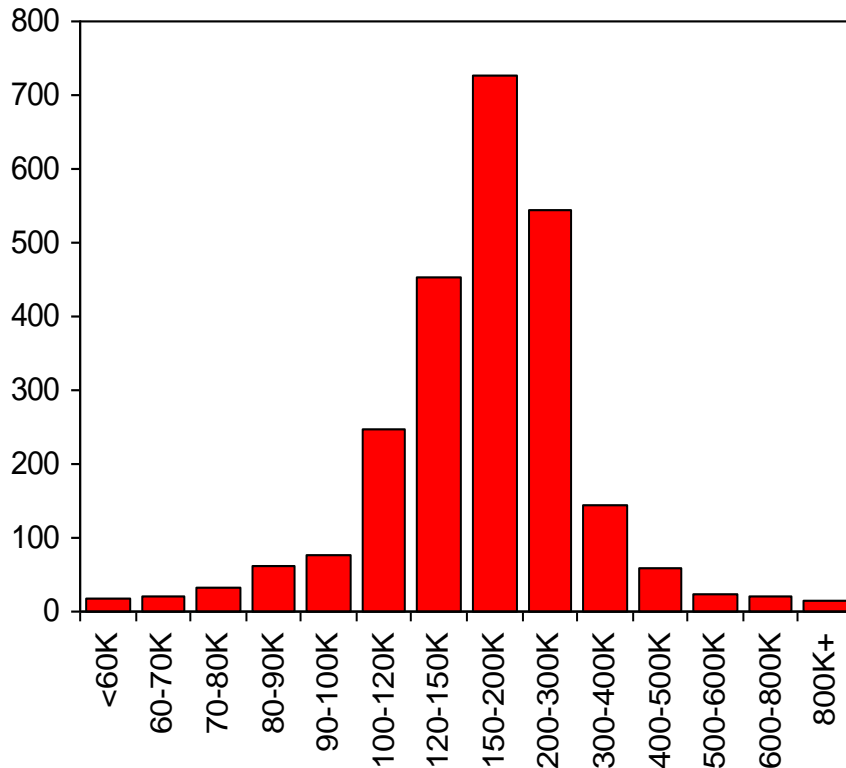
Differentials by area – new target markets?



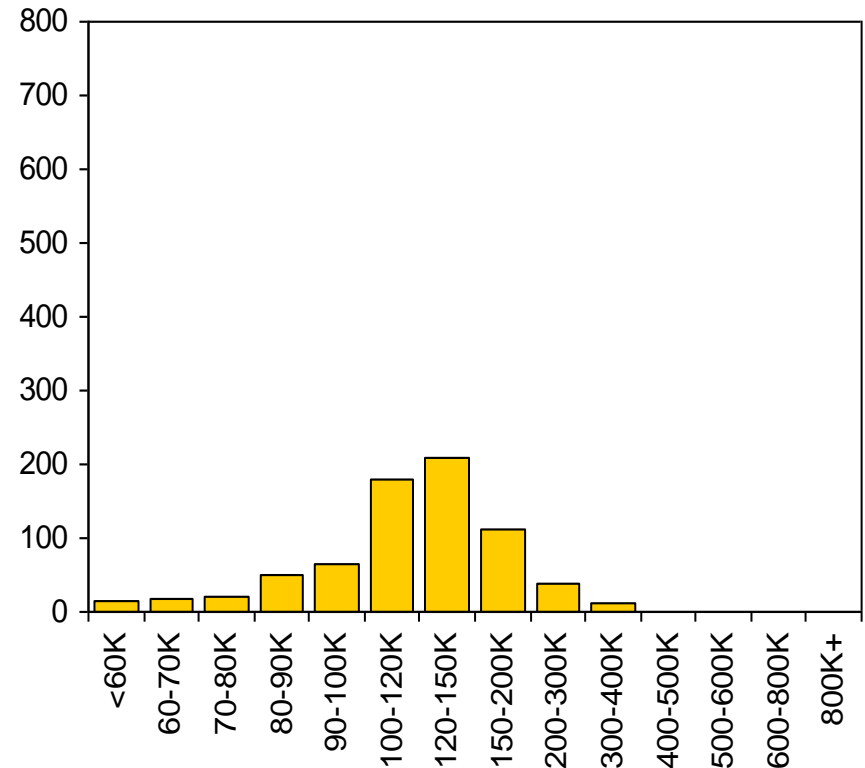
Source: Hometrack

Housing liquidity a key factor

All sales – Colchester 2008



Flat sales – Colchester 2008



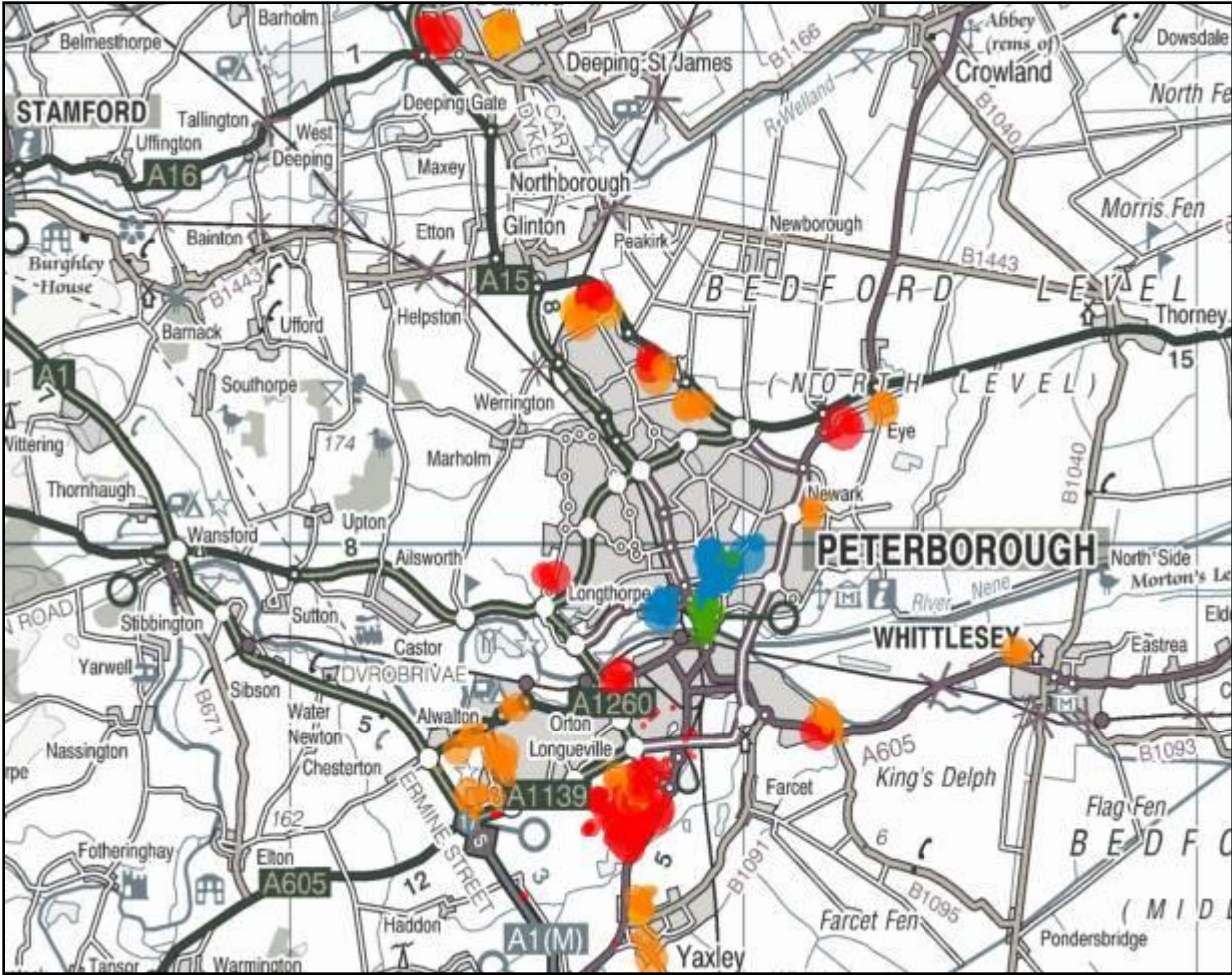
Source: Hometrack using Land Registry data

Improve marketing spend – pinpoint buyers

	Struggling	Less comfortable	Comfortable	Affluent	Total
Young single	51	-	264	77	392
Young families	169	538	320	228	1255
Families	348	-	95	610	1053
Mature families	-	226	536	1109	1871
Retired	16	550	484	321	1371
Empty nesters	17	364	1324	1110	2815
Total	601	1,678	3,023	3,455	8,757

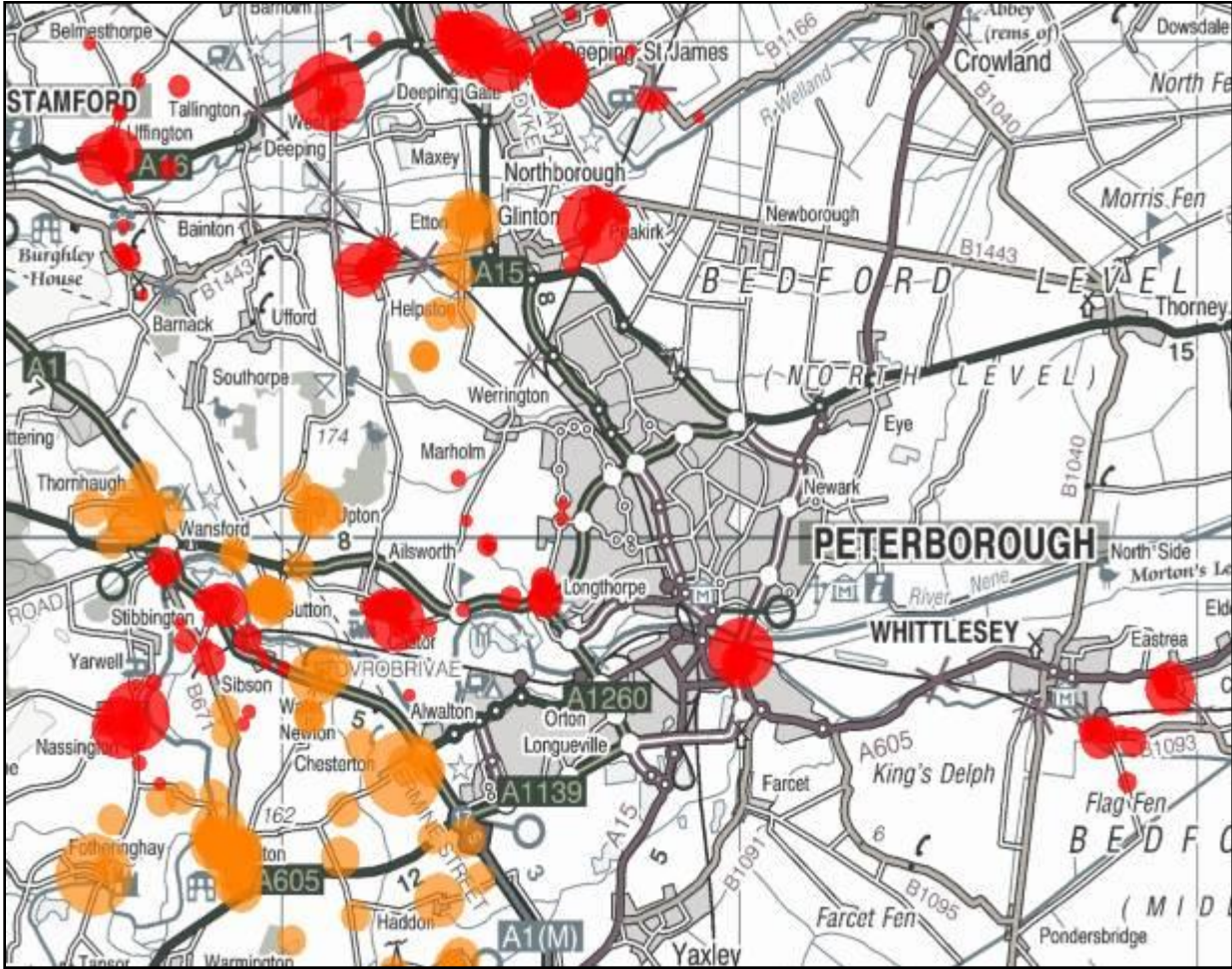
Source: SONAR by Clockworks

Affluent young singles & families



Source: Clockworks/SONAR

Targeting empty nesters



Source: Clockworks/SONAR

Summary

- Opportunities exist in a low turnover market
- Use the right market intelligence to gain an advantage / insight
 - Know what you need – get the brief right
- Benefits will spread well beyond improved returns on sales and marketing