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# **HBF Housing Policy Conference Housing Market Outlook**

**Lucian Cook**

March 21 2018

# Key market drivers

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Political  
uncertainty



Weak consumer  
confidence



Prospect of increasing  
interest rates



Buy to let  
under pressure



Stamp duty  
a (blunt) policy tool

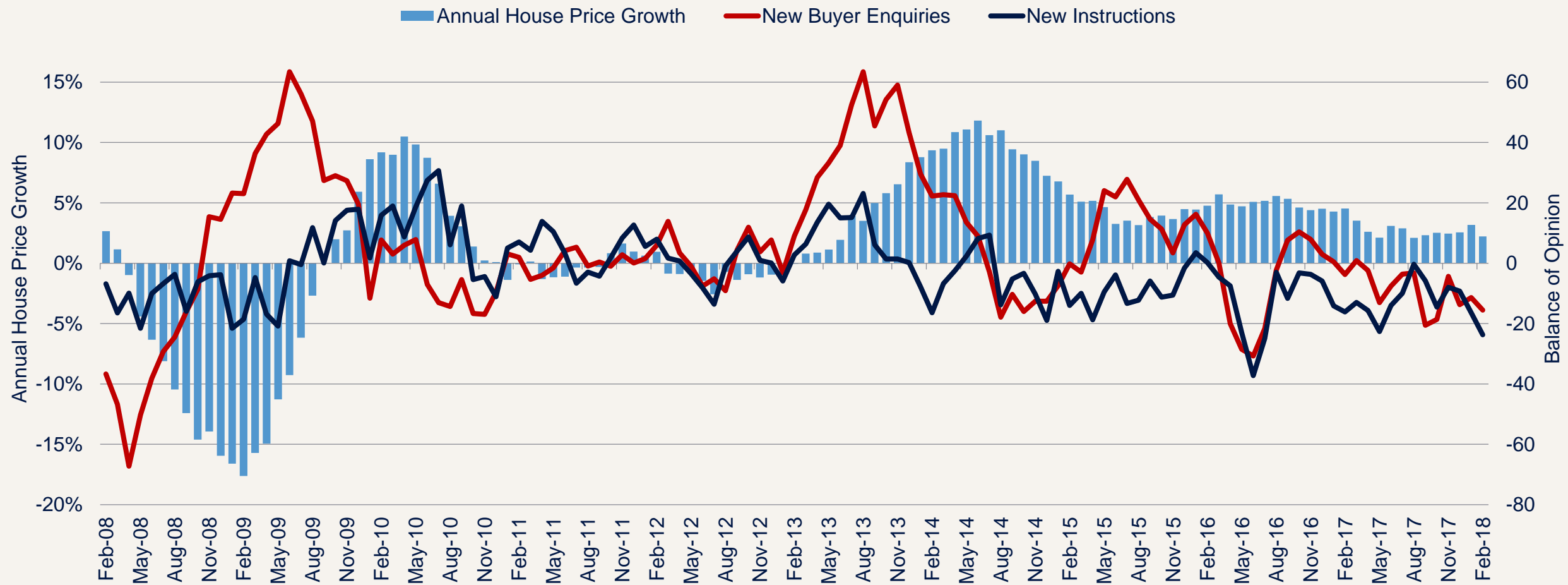


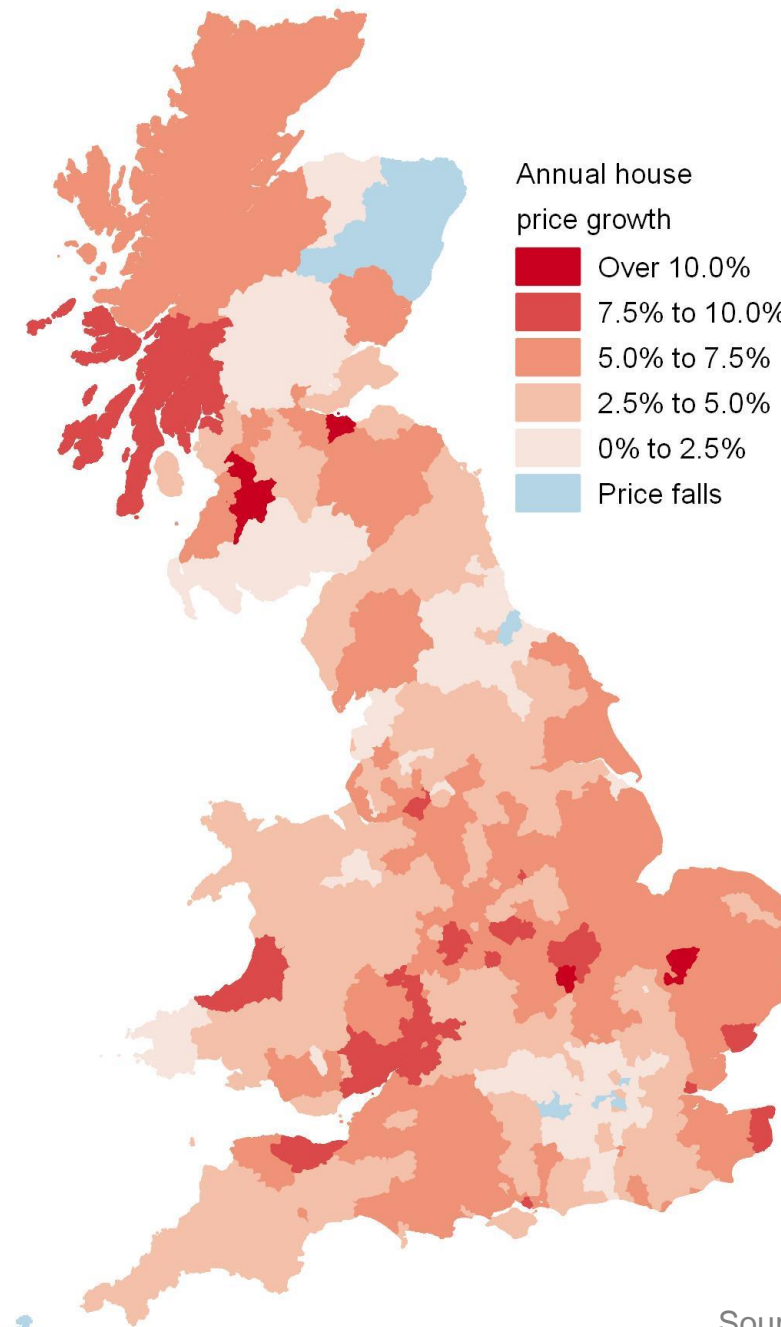
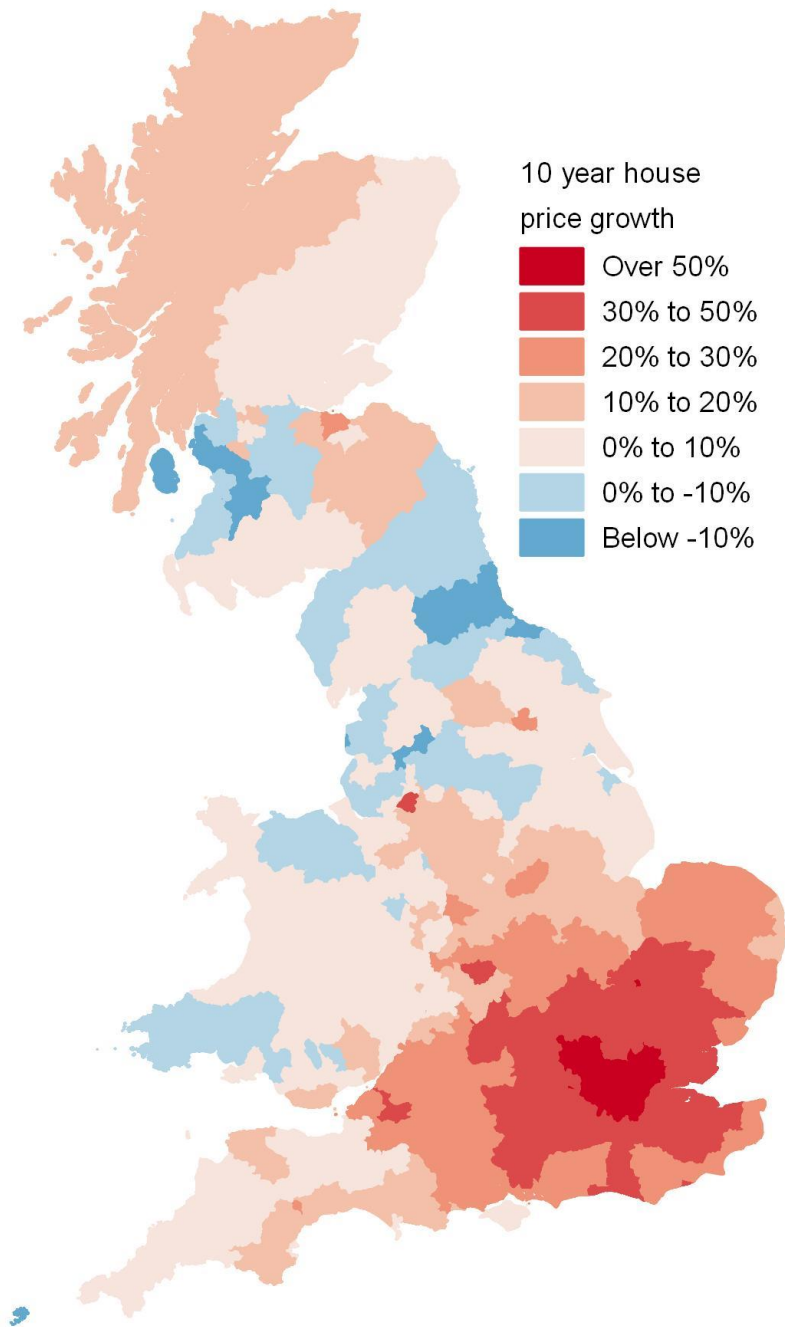
Significant government  
policy focus & support

# Consumer sentiment & house prices



Source: RICS, Nationwide





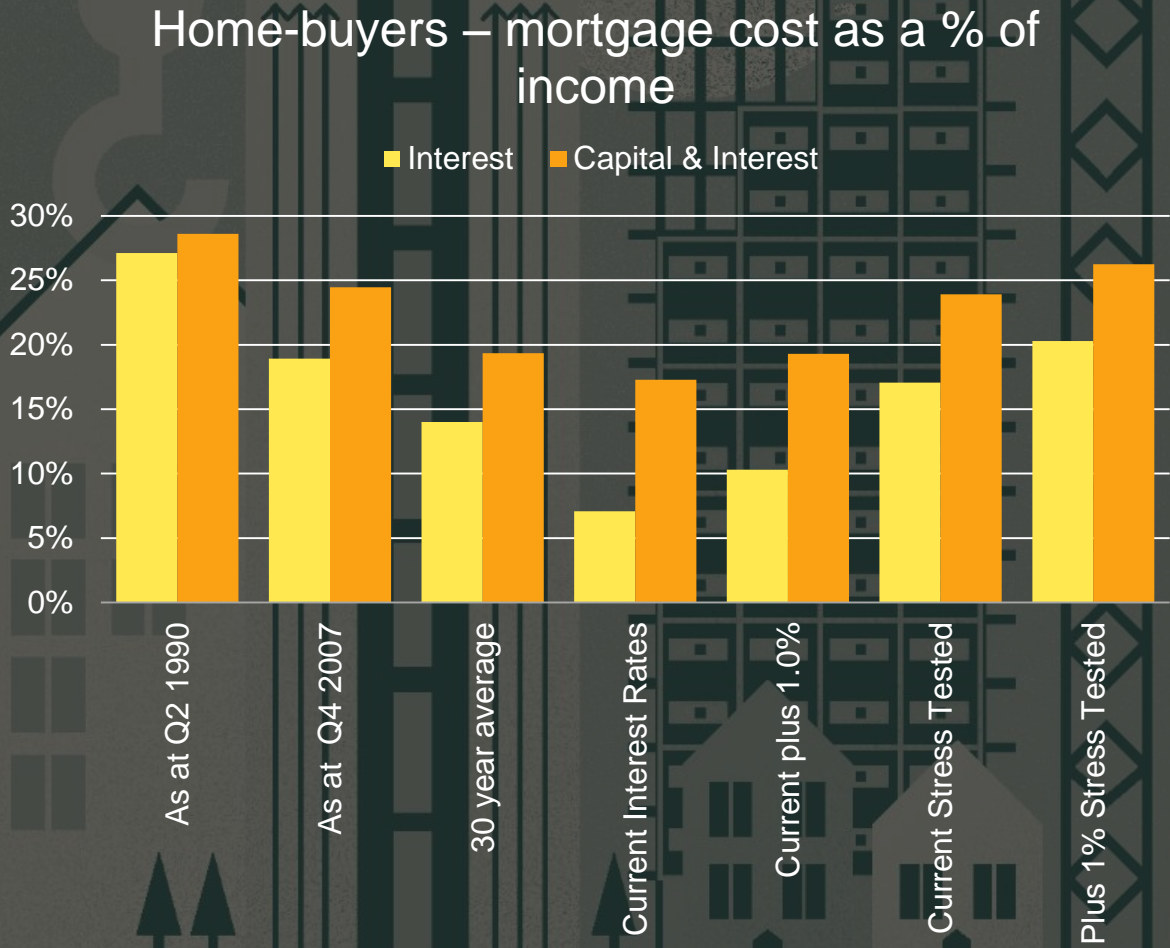
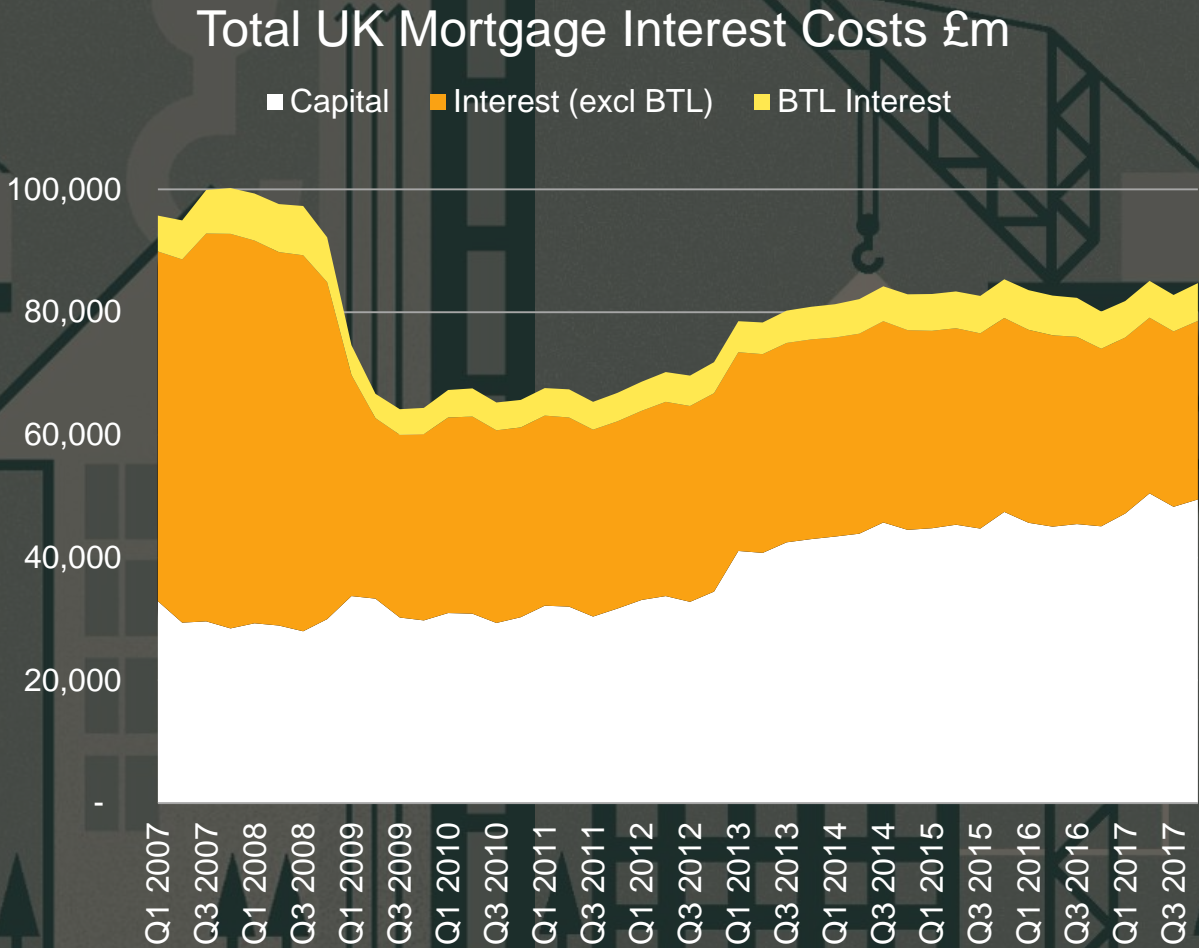
Source: Savills

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House Price Growth 2017

# Cost of mortgage finance

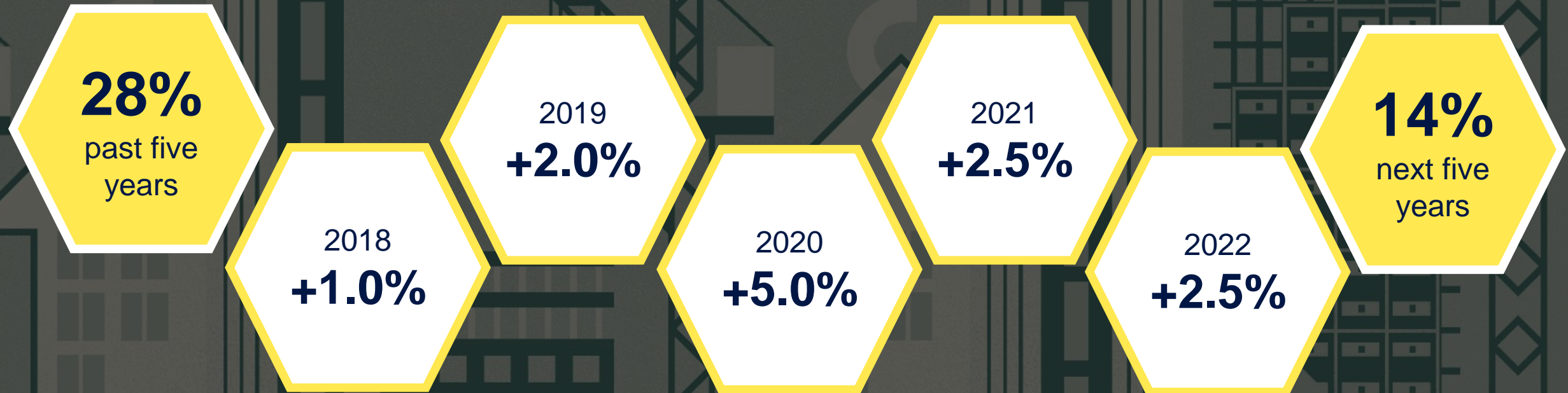
Source: Savills using UK Finance



# UK house price outlook

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Source: Savills



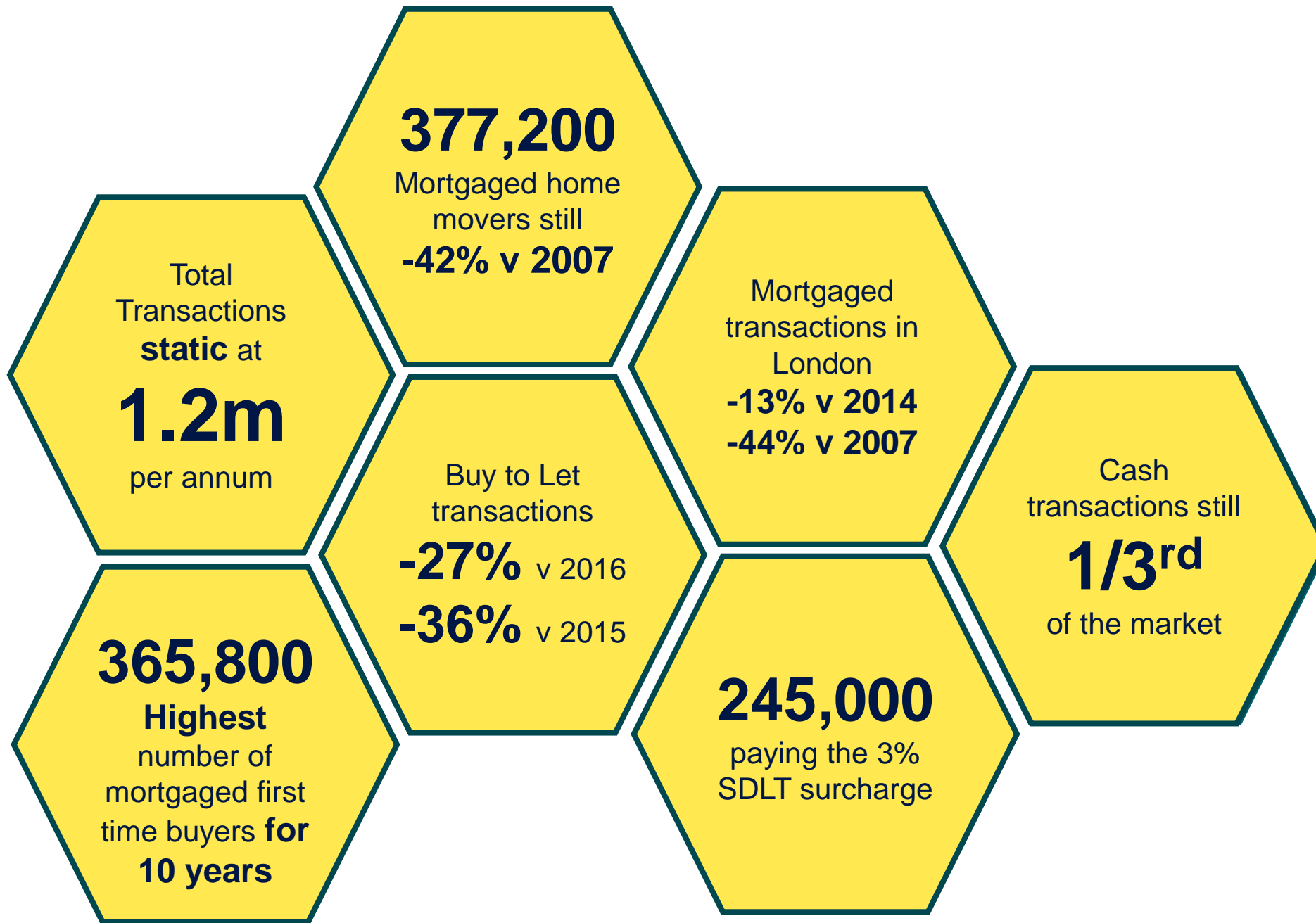
# UK house price outlook

Source: Savills

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London  
+7%

North West  
+18%



# Help to Buy (England)

Source: MHCLG

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**44,419**

equity loans  
year to Sep  
2017

**+20%**

year on year  
growth

**7.3%**

of owner  
occupier  
mortgaged  
purchases

**4 out of 5**

to First Time  
Buyers

**£53,586**

average  
household  
income

**+96%**

year on year  
growth in  
London  
(4,211)

**12.1%**

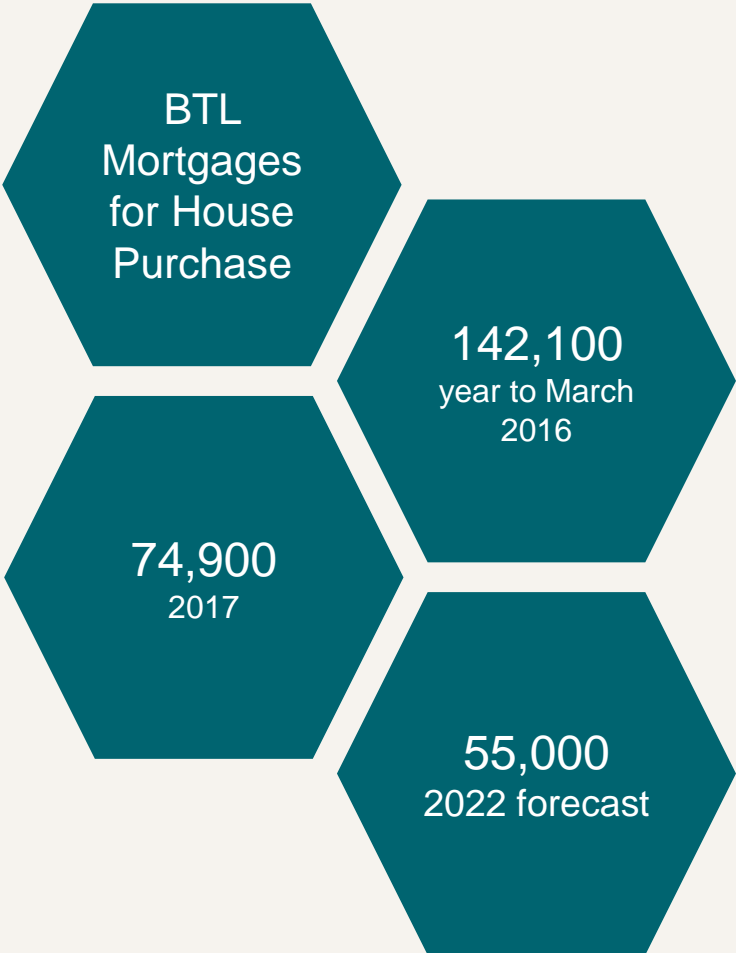
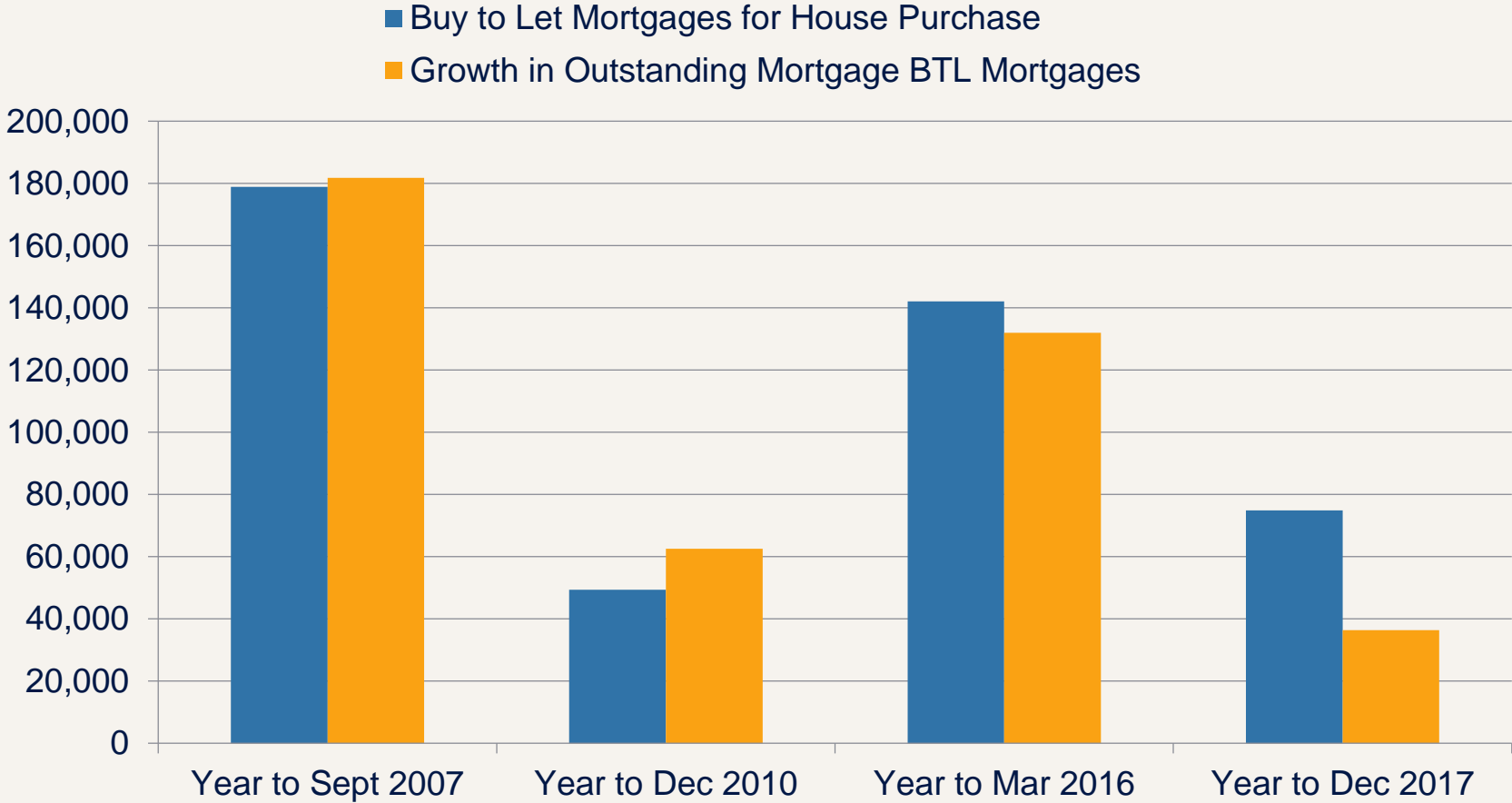
of mortgaged  
FTB  
transactions

**£275,807**

average  
purchase  
price

# The death of buy to let?

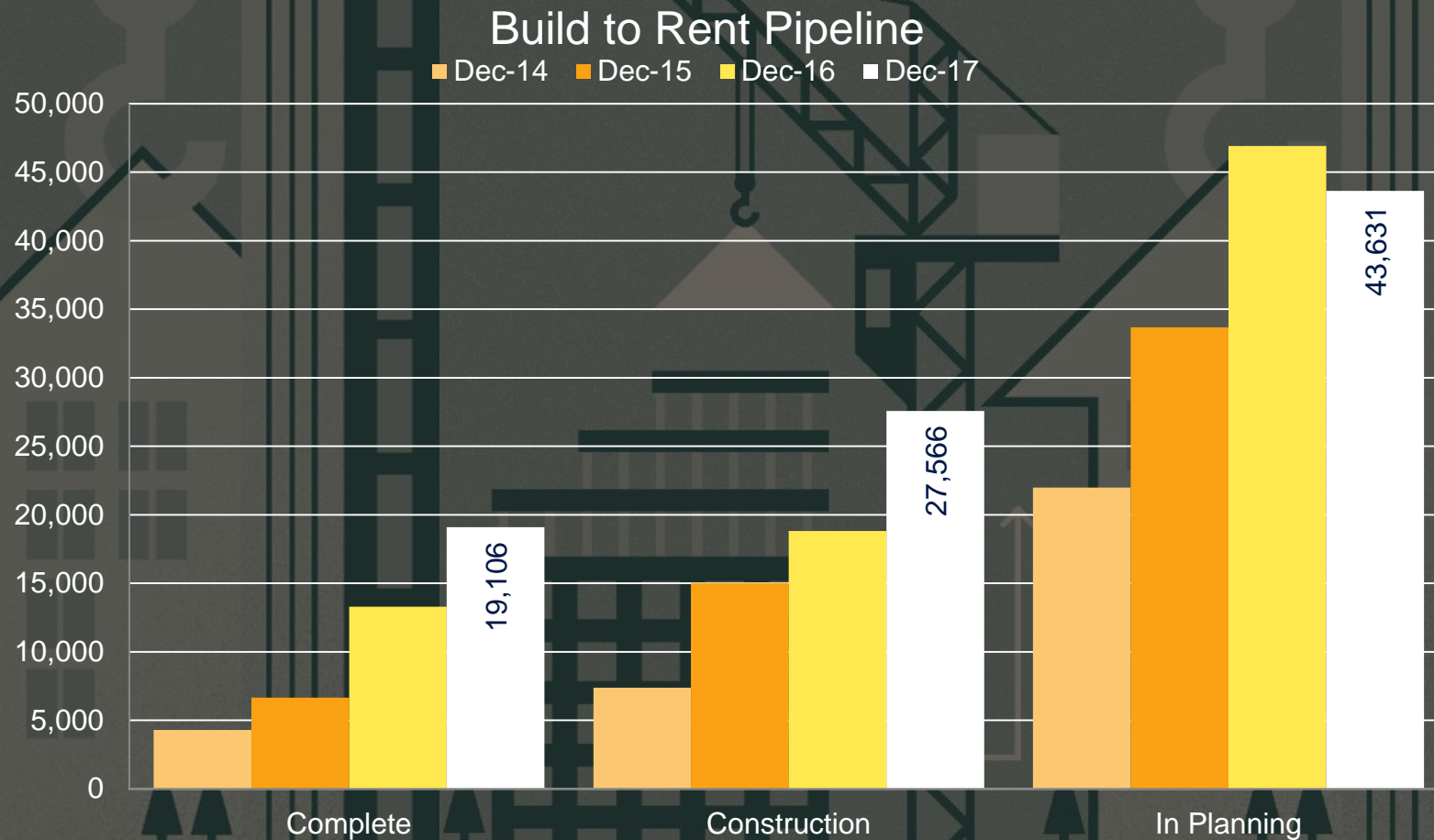
Source: UK Finance



# The rise & rise of Build to Rent

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Source: Savills, BPF



**45%**

annual increase in  
units complete or  
under  
construction

**29,100**

more have  
detailed  
planning

**55%**

of the pipeline  
is in London

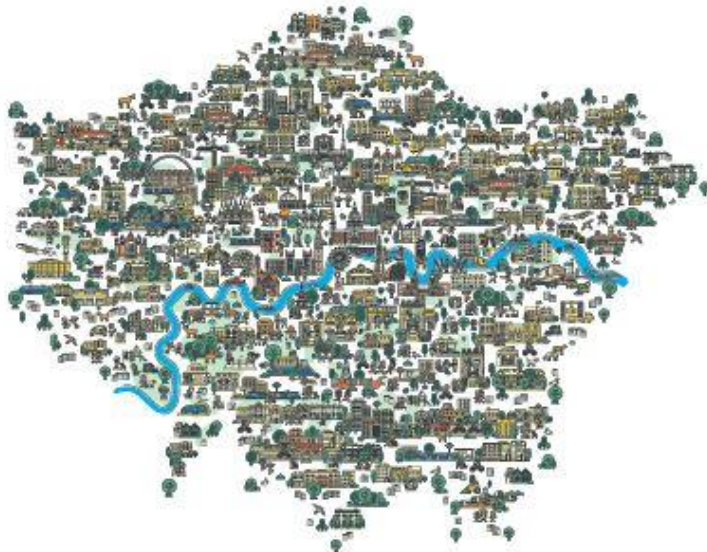


MAYOR OF LONDON

# THE LONDON PLAN

THE SPATIAL DEVELOPMENT  
STRATEGY FOR GREATER LONDON  
DRAFT FOR PUBLIC CONSULTATION

DECEMBER 2017



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“I have a plan so  
cunning you could  
stick a tail on it and  
call it a weasel”

Blackadder 1987





300,000 in England each  
year by 2022

65,000 in London each year  
at some point

# Progress to date



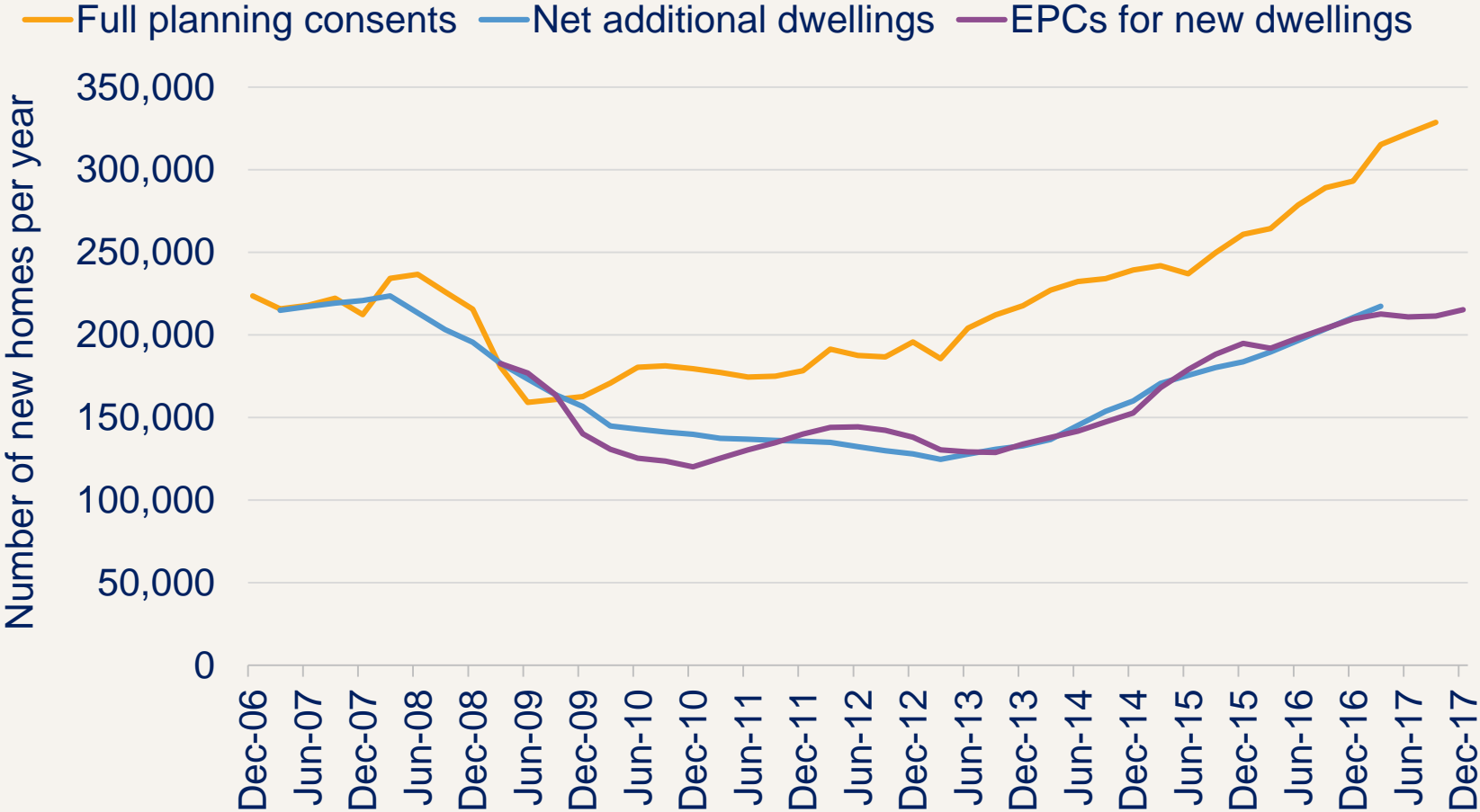
Source: MHCLG

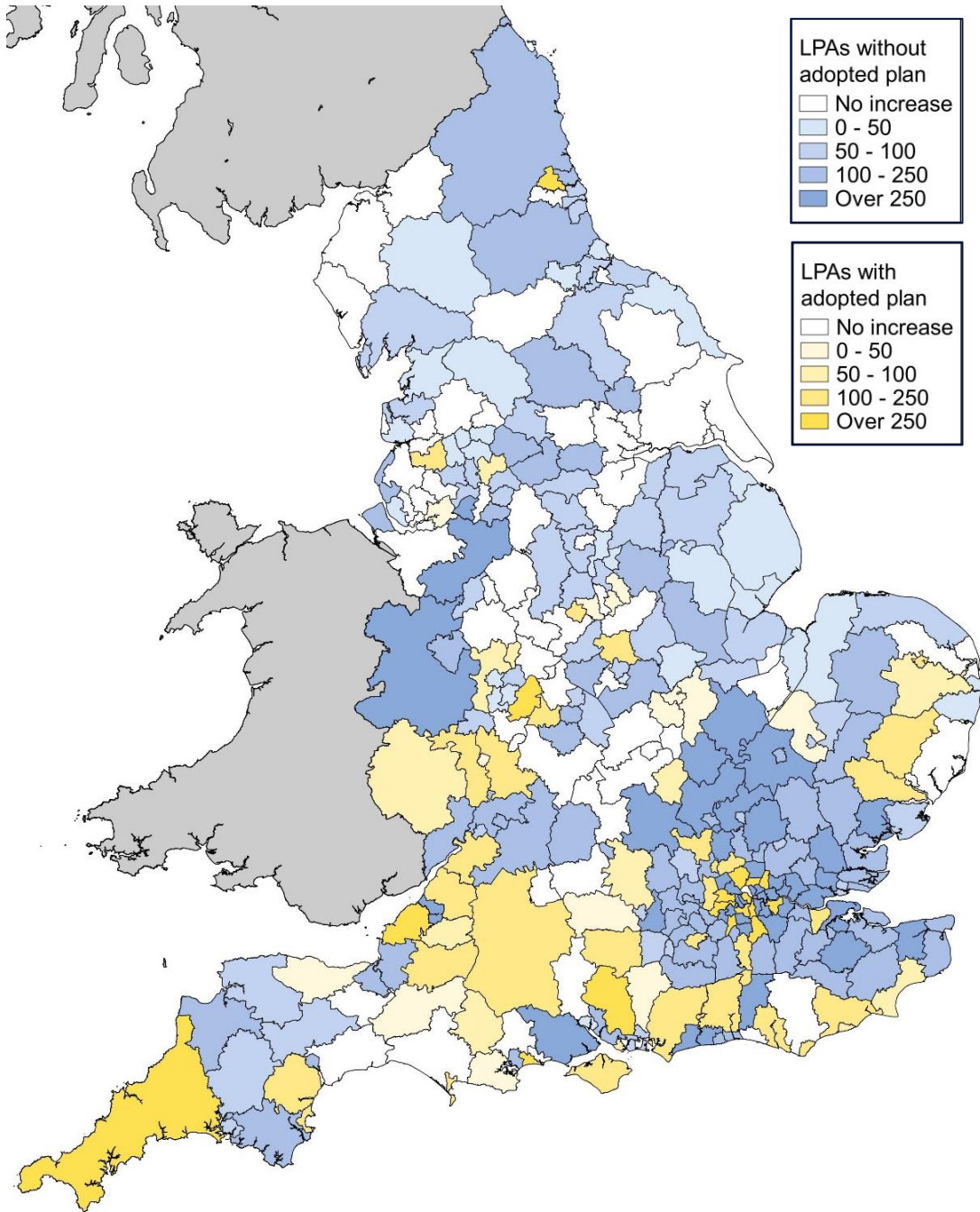
**328,547**  
Consents

**215,232**  
EPCs  
for new  
dwellings

**+40%**  
in 3 years

**+41%**  
in 3 years





Standard  
approach to  
housing need

Housing  
delivery test

Addressing  
needs of  
specific  
groups

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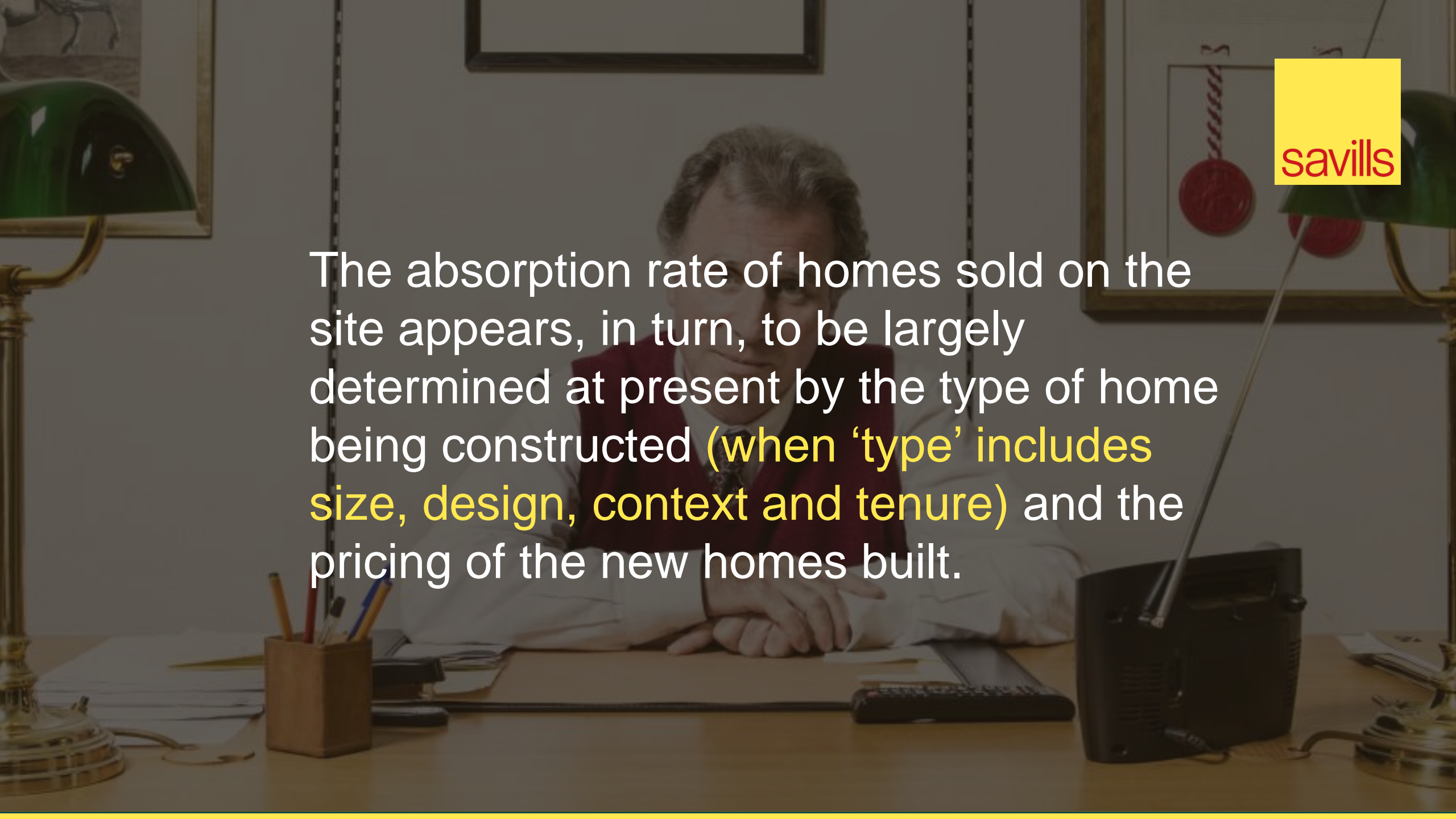
Planning Backdrop

A dark grey background featuring a stylized city skyline with various building silhouettes, cranes, and upward-pointing arrows.

£44bn

but it comes  
with strings  
attached

The fundamental driver of build out rates once detailed planning permission is granted for large sites appears to be the **‘absorption rate’** – the rate at which newly constructed homes can be sold into (or are believed by the house-builder to be able to be sold successfully into) the local market **without materially disturbing the market price.**

A man with grey hair and glasses, wearing a white shirt and a red vest, sits at a desk. His hands are clasped in front of him. The desk is cluttered with papers, a pen holder with several pens, a calculator, and a black telephone. Two green desk lamps with brass bases are on either side of the desk. The background shows a wall with a framed picture and a calendar.

The absorption rate of homes sold on the site appears, in turn, to be largely determined at present by the type of home being constructed (when 'type' includes size, design, context and tenure) and the pricing of the new homes built.

The principal reason why house-builders are in a position to exercise control over these key drivers of sales rates appears to be that there are **limited opportunities for rivals to enter large sites** and compete for customers by offering **different types of homes at different price-points and with different tenures.**

**Thank you**