

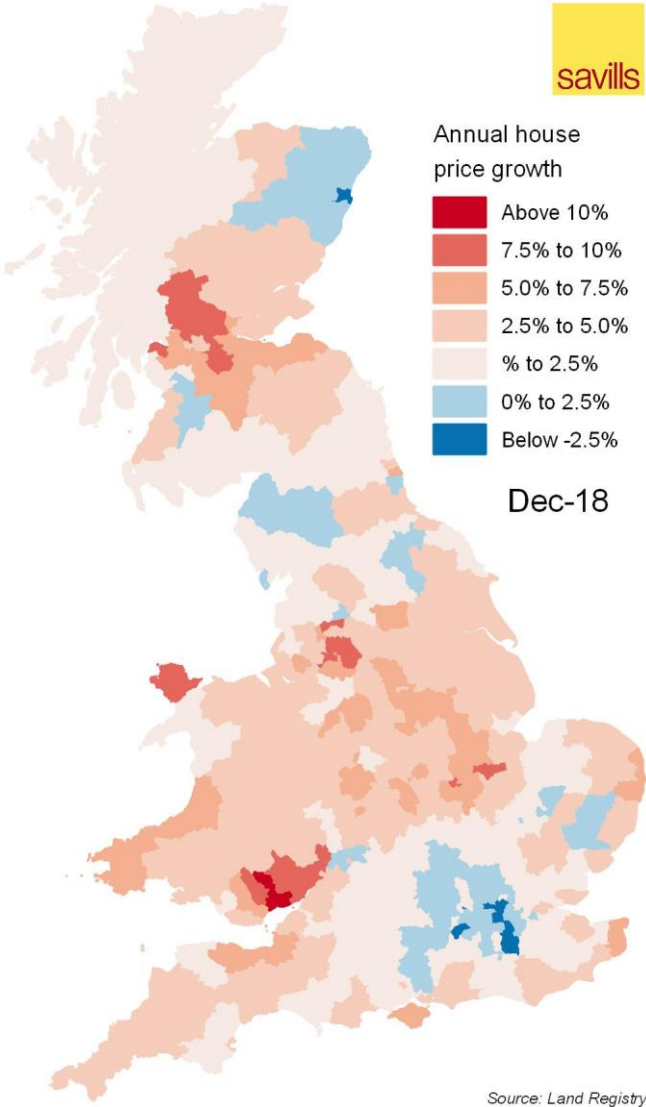


# Where now and where next?

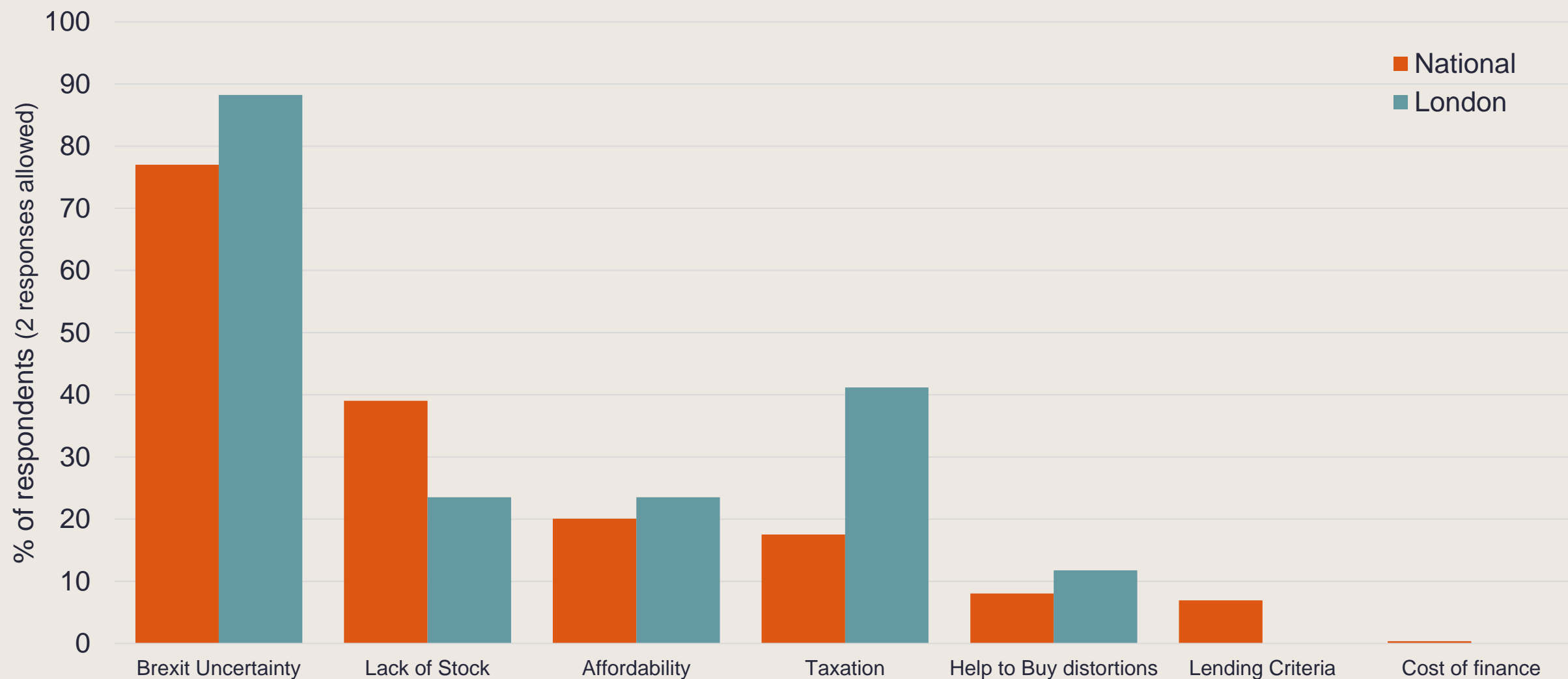
Lucian Cook, Head of UK residential research

# Building a picture of the market with statistics

	<b>361,971</b> planning consents (year to Sept 2018)	<b>238,197</b> EPC certificates (2018)	
<b>50,302</b> Help to Buy completions (England year to Sept 18)	<b>13%</b> increase year on year	<b>25%</b> increase in London	
	<b>11%</b> fall in mortgaged buy to let in 2018	<b>5%</b> rise in first time buyers in 2018	
<b>0.4%</b> annual house price growth (Nationwide Feb 19)	<b>1,193,020</b> transactions (year to Jan 2019)	<b>-7.9%</b> versus pre Brexit vote	
	<b>-13</b> consumer confidence index (Feb 19)	<b>0.2%</b> GDP growth (Q4 2018)	
<b>4.0%</b> unemployment rate (2018)	<b>+3.5%</b> wage growth (2018)	<b>2.03%</b> Five year fixed rate (Feb 19)	



# What is the biggest challenge affecting the market?



**BREXIT**

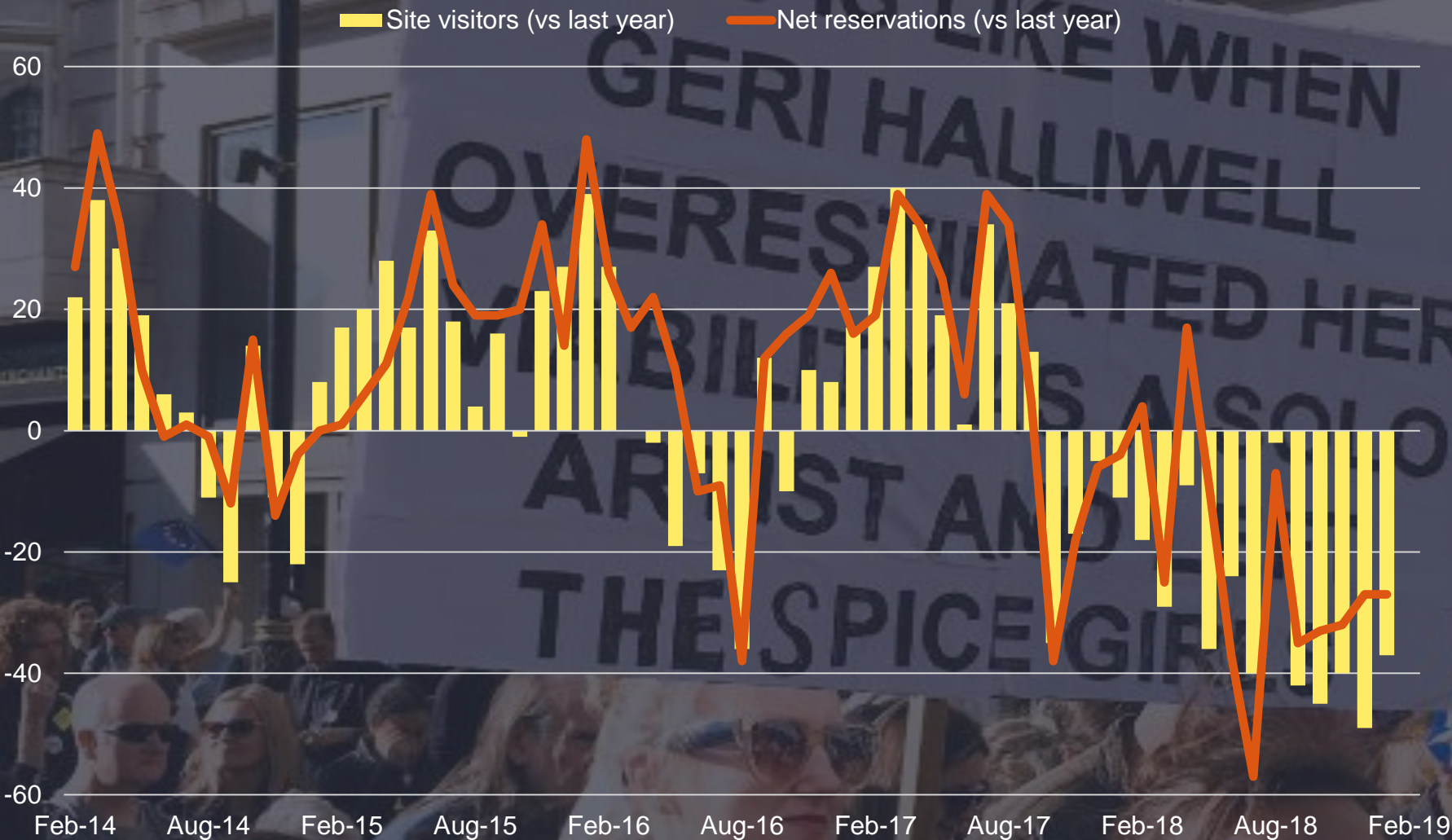


**THIS IS LIKE WHEN  
GERI HALLIWELL  
OVERESTIMATED HER  
VIABILITY AS A SOLO  
ARTIST AND LEFT  
THE SPICE GIRLS**





# Impact of Brexit on sentiment



Buyer confidence as a major constraint

9%

June 2018

48%

Dec 2018

Highest figure for five and a half years

Increased importance of Help to Buy

# The future of Help to Buy

- 1 In its current form the scheme ends in April 2021
- 2 A “new” scheme will operate for 2 years until March 2023
- 3 which will only be available to first time buyers
- 4 ....and subject to regional value caps

£10.7bn

lent up to the end of September 2018

£3.3bn

in the past year

£11.3bn

available for the remaining 2.5 years

£8.7bn

Available under the new scheme



# Impact of the restrictions

100% of the **18%** home movers

**22%** of the 72% first time buyers

With a distinct geographical  
impact

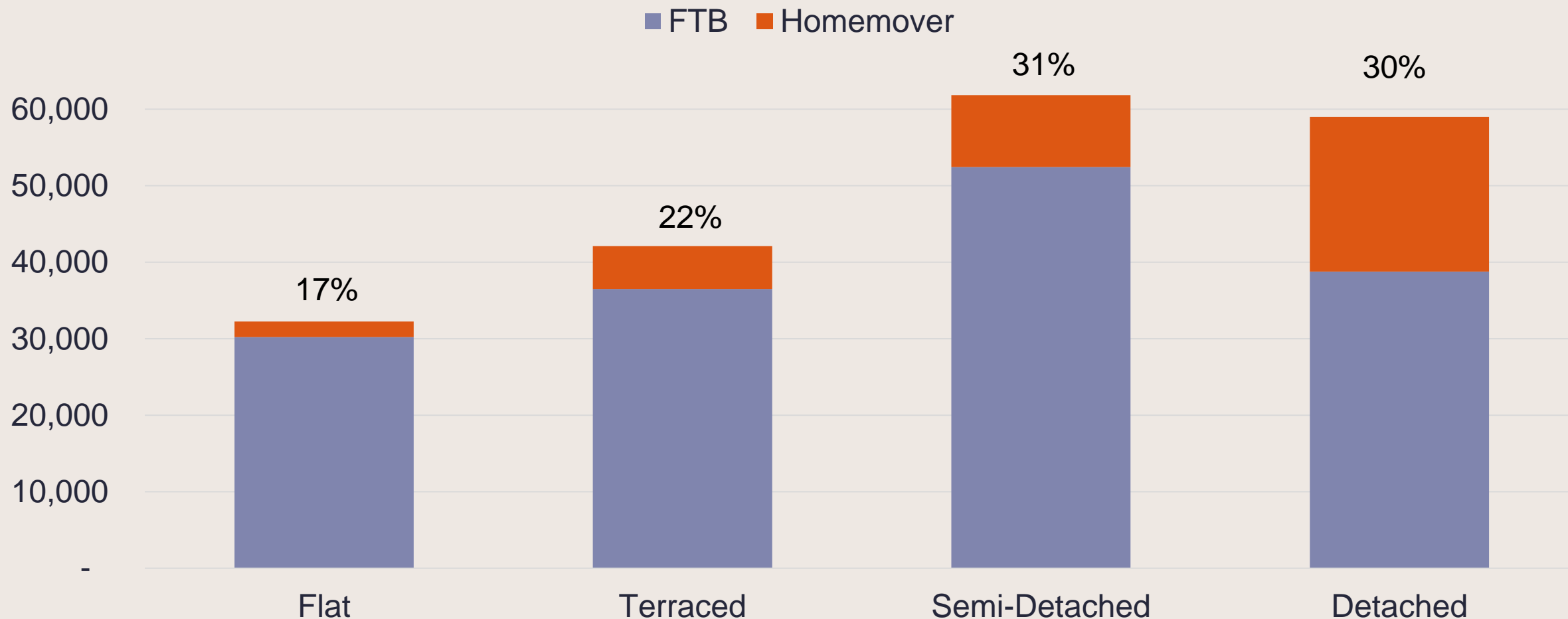
Potentially affecting

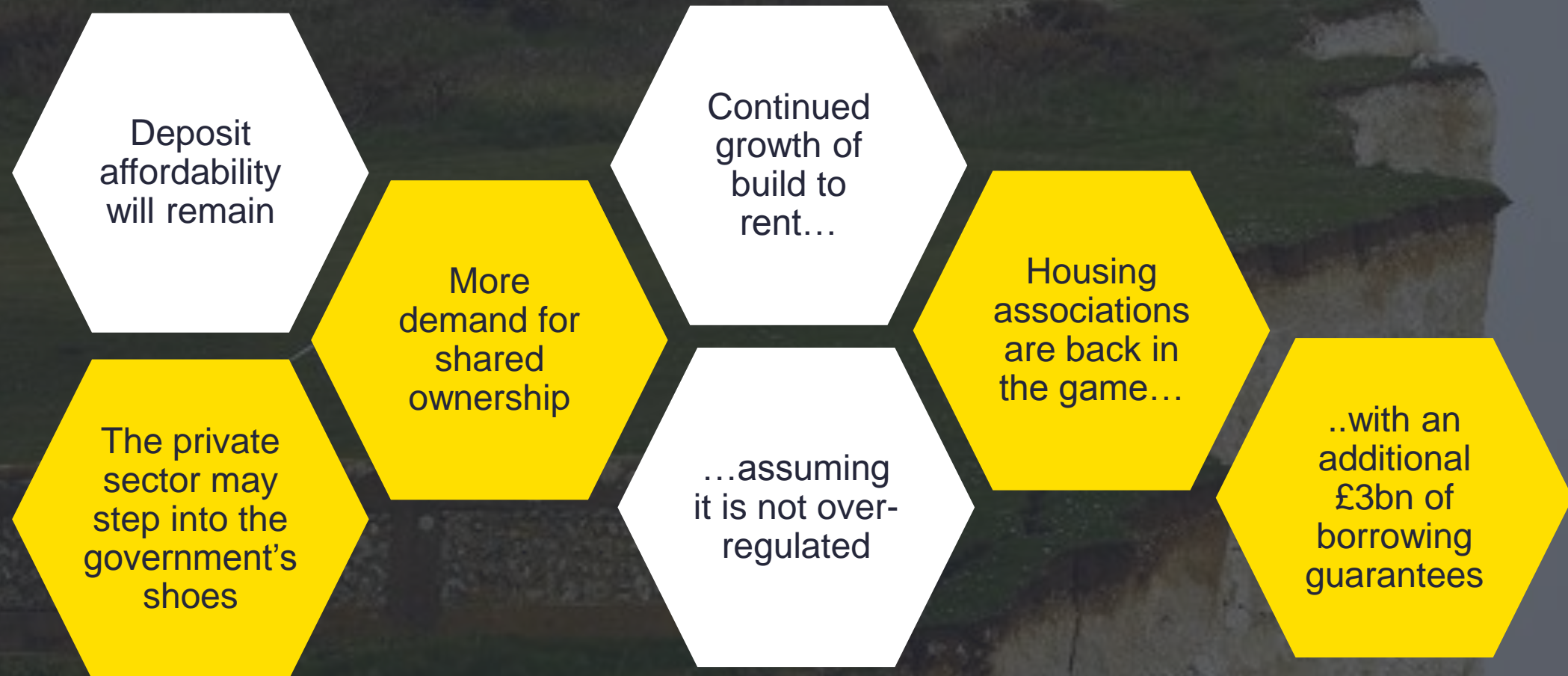
**34%**

of current Help to Buy  
transactions

# With possible implications for housing mix

## Help to Buy Transactions by Property Type







A large black number 1 inside a white circle with an orange border.

1

Higher market absorption requires more diversity of types and tenures

A large black number 2 inside a white circle with an orange border.

2

Sites over 1,500 units in areas of high demand need different planning rules.....

A large black number 3 inside a white circle with an orange border.

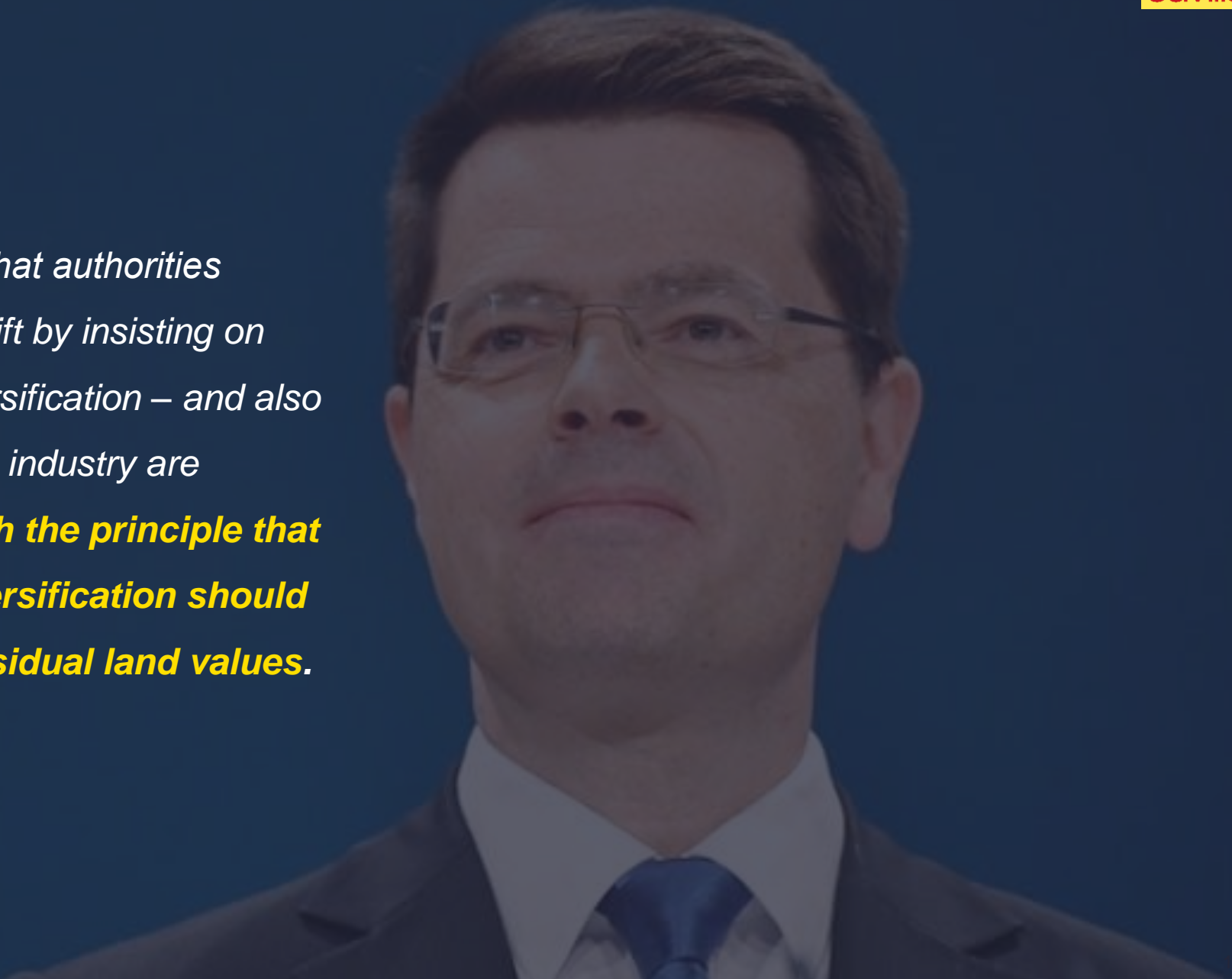
3

...to meet local housing demand for different groups in the community

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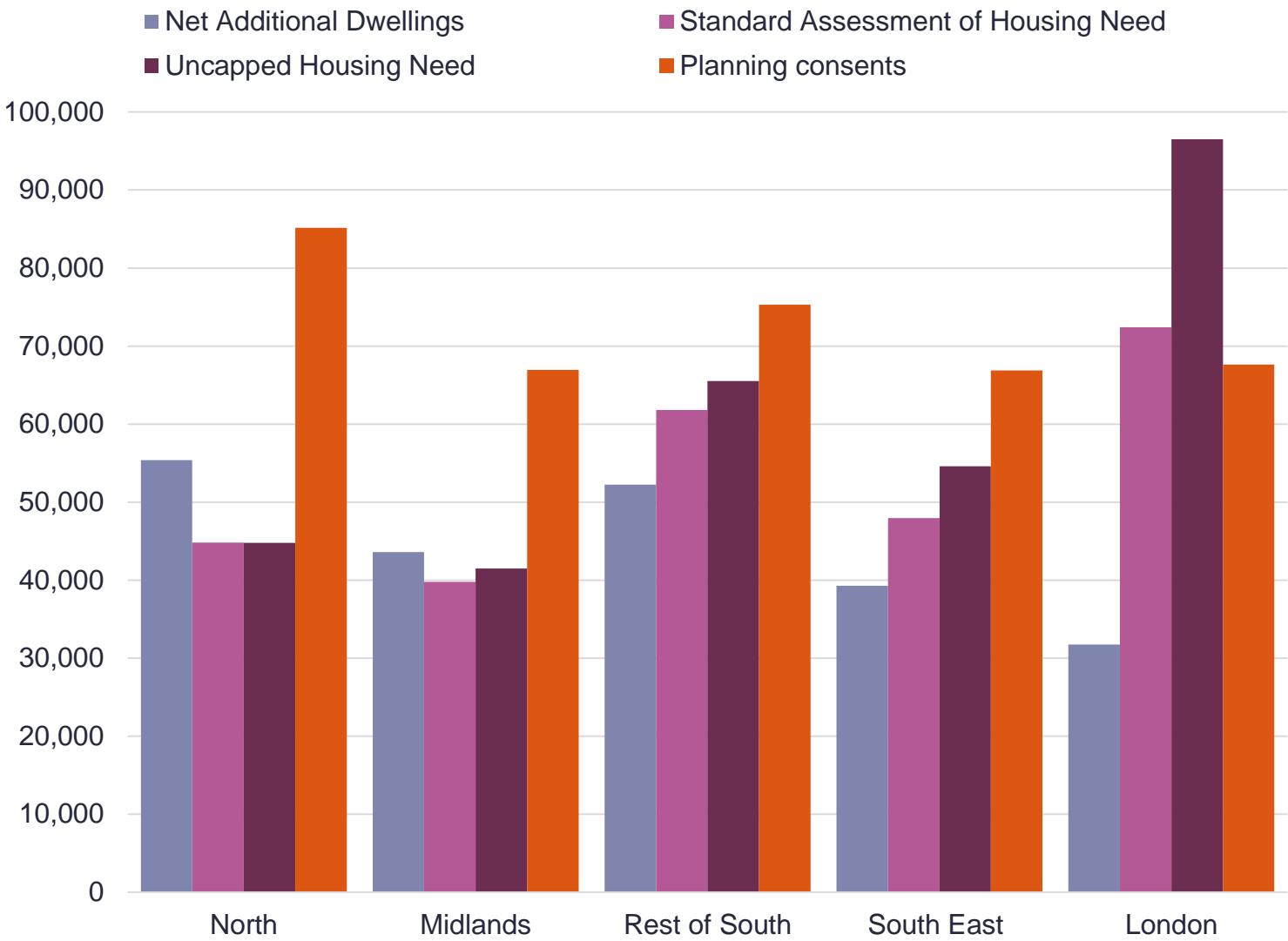
4

As much diversity as supports a residual value of 10 x Existing Use Value (max)



*“I note Sir Oliver’s recommendations that authorities should further **capture land value** uplift by insisting on specific levels of greater housing diversification – and also note that many in the housing-building industry are sceptical of this approach. **I agree with the principle that the costs of increased housing diversification should be funded through reductions in residual land values.**”*

# But it's still about the right homes in the right places





# The London development market



**66,000** pa

**50%** affordable  
(intermediate & low cost rent)

**35%**  
minimum for private  
developers

