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# Housing Market Intelligence Conference 2022

- Steve Wood, Chief Executive



# About NHBC

Raising standards in  
house building

- Championing high quality homes
- Protecting homeowners



# What's going on?

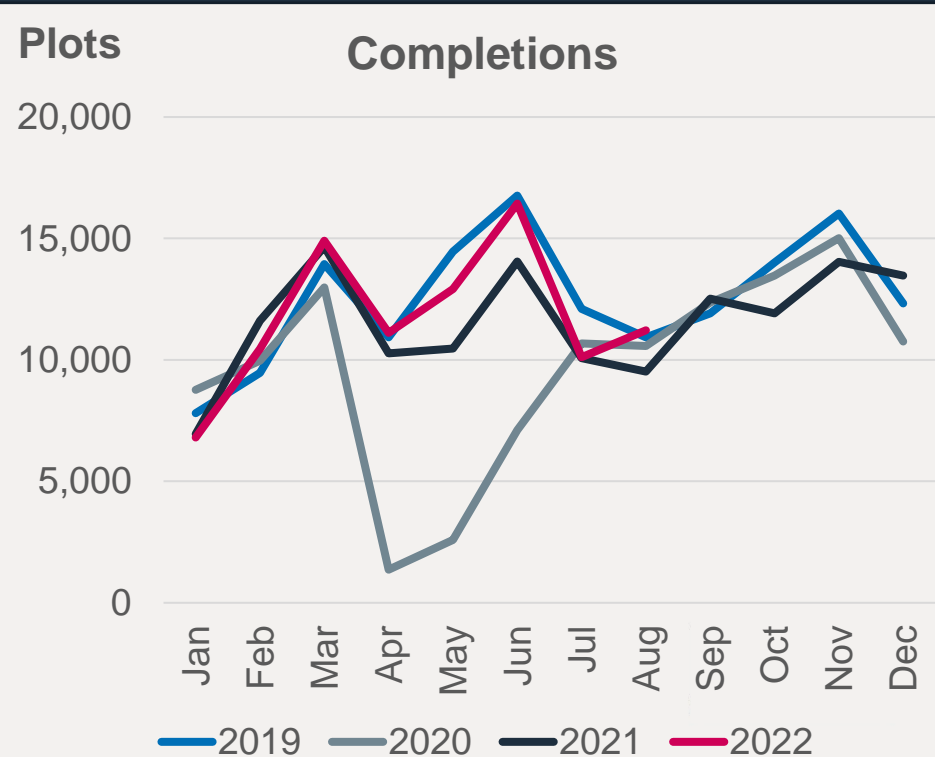
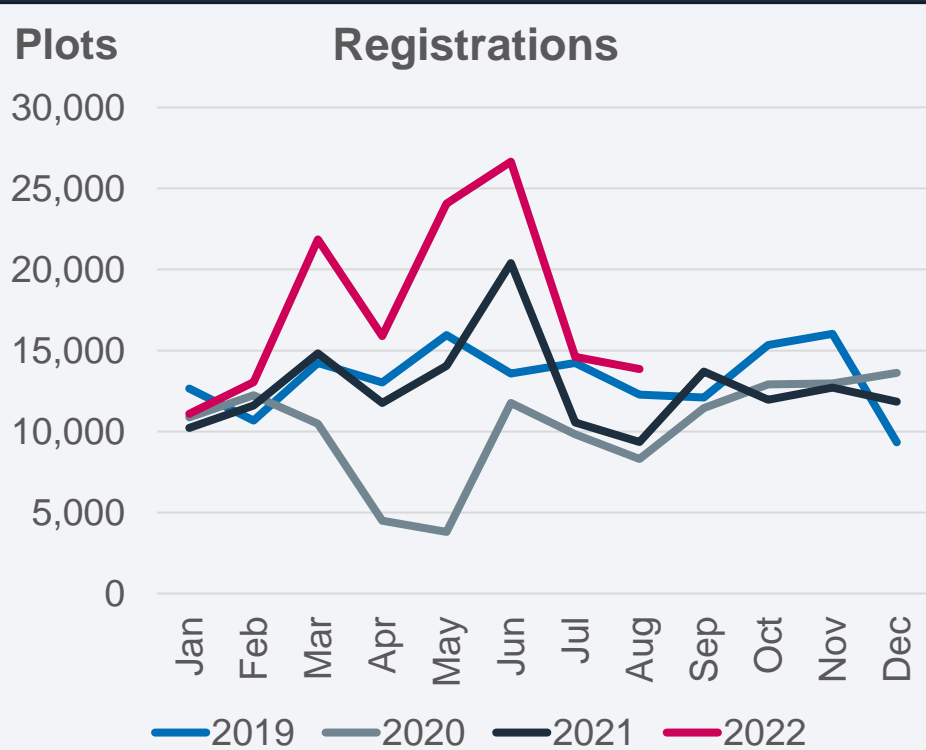


- Economic pressures
- Political uncertainties
- Effect of Bank of England and Government decisions

# Current situation

## 2019 - 2022

- Registrations at pre-pandemic levels
- New home completions up in England and Scotland
- Detached homes up



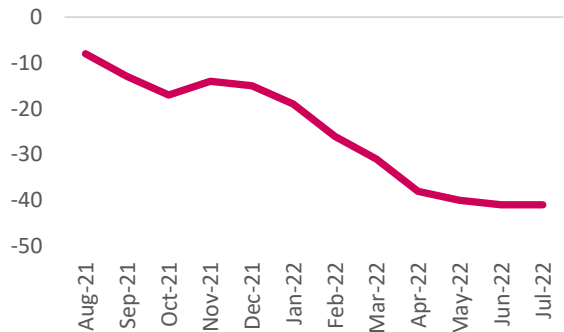
# Tough challenges ahead

- Demand for new homes remains strong, but evidence of consumer confidence waning
- Economic outlook
  - Energy to mortgage costs crisis
  - Recession predicted
  - Unpredictable recovery path and period
- Political instability

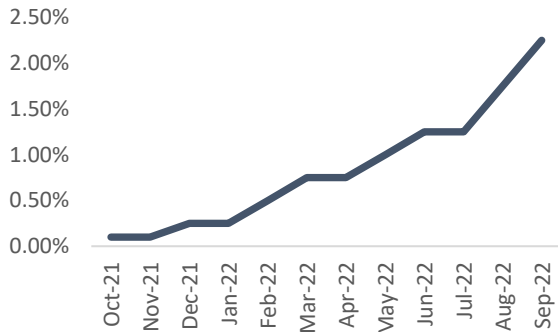


# Key market indicators

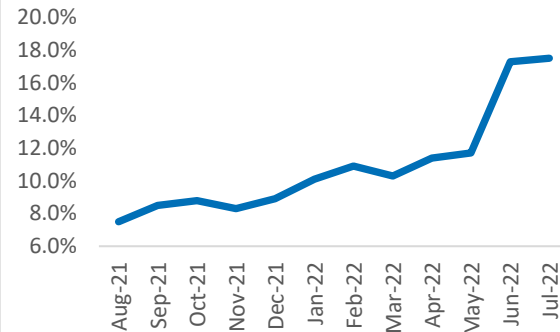
## Consumer confidence



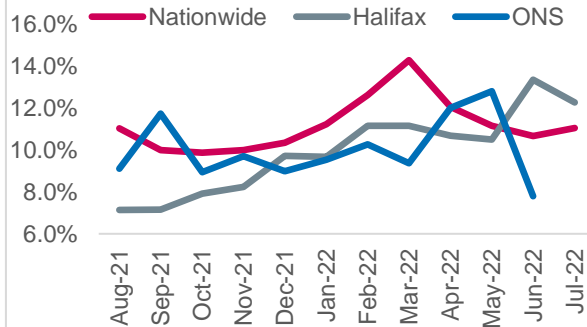
## Interest rates



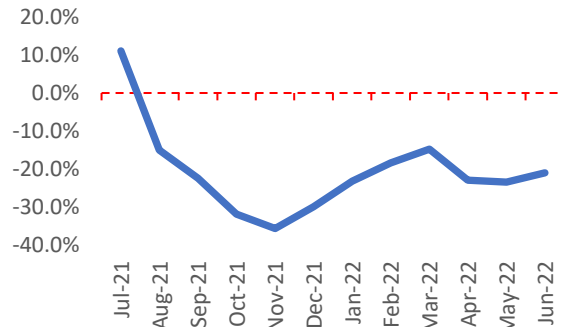
## HRCI



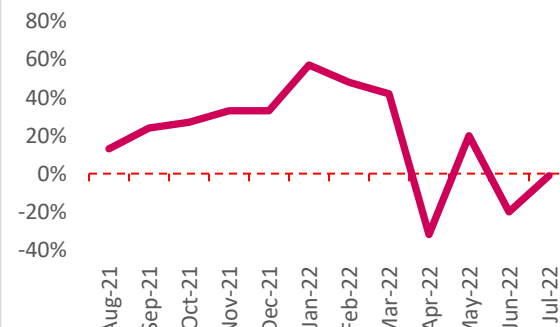
## House prices YoY



## Mortgage approvals YoY



## New-build registrations YoY

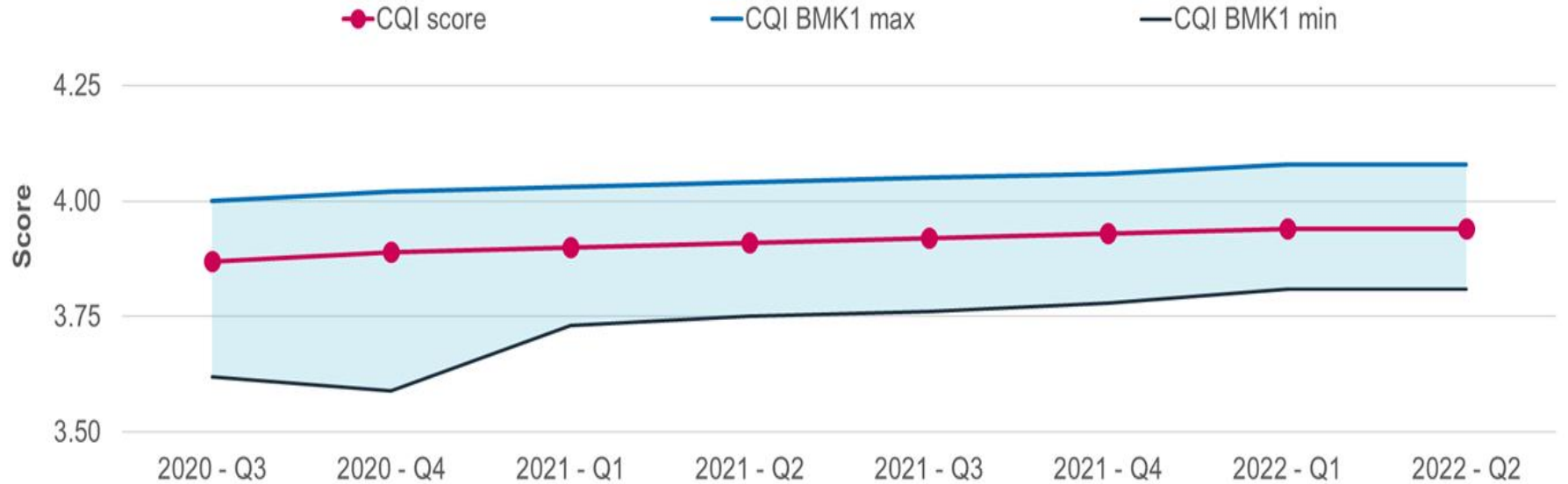


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# Construction quality and NHBC insights

# Construction Quality Index

Construction Quality Index (CQI) – Benchmark Group 1 (BMK1)

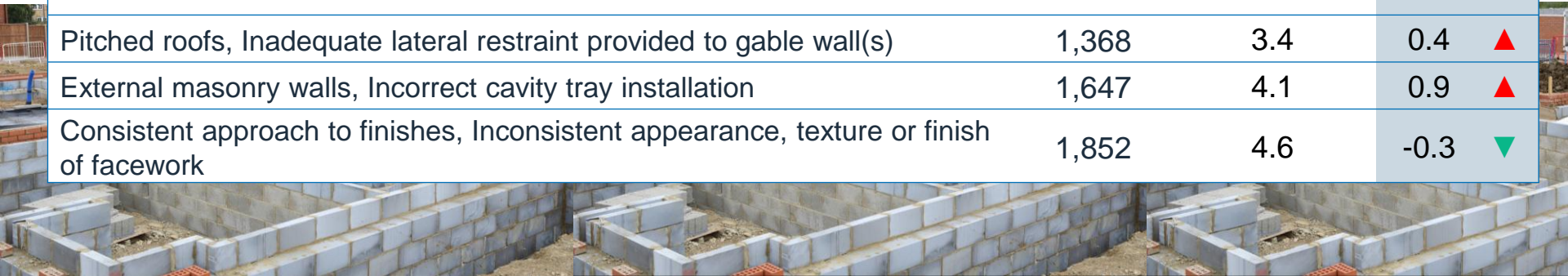




# Inspections

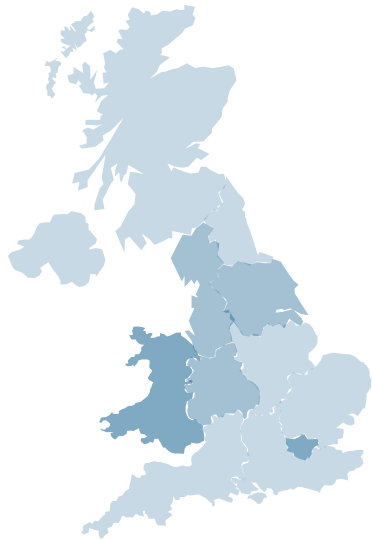
2022 YTD Reportable items (RIs) – Benchmark Group 1 (BMK1)

REPORTABLE ITEM	Total RIs for BMK 1	RIs for BMK1 / 1000 inspections	Movement on 2021
Consistent approach to finishes, Inadequate quality of finish	7,489	18.4	3.8 ▲
Painting and decorating, Unsatisfactory finish of completed work	6,578	16.2	1.3 ▲
External masonry walls, Remove mortar debris from cavity areas, ties	4,781	11.8	3.2 ▲
Doors, windows and glazing, Inadequate weathertightness	2,359	5.8	1.5 ▲
Consistent approach to finishes, Inadequate quality of finish to joint sealant	2,521	6.2	1.5 ▲
External masonry walls, Joints not fully filled	2,390	5.9	1.4 ▲
Strip and trench fill foundations, Prepare trench bottom prior to concreting	1,753	4.3	-0.7 ▼
Pitched roofs, Inadequate lateral restraint provided to gable wall(s)	1,368	3.4	0.4 ▲
External masonry walls, Incorrect cavity tray installation	1,647	4.1	0.9 ▲
Consistent approach to finishes, Inconsistent appearance, texture or finish of facework	1,852	4.6	-0.3 ▼

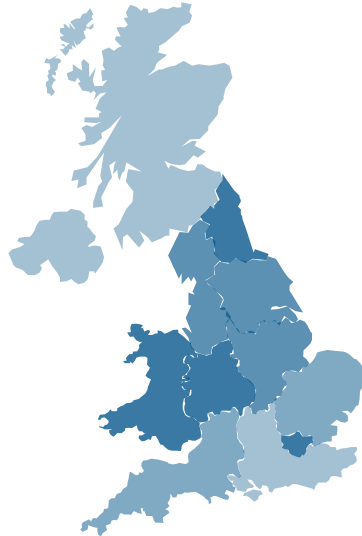


# Construction Quality Reviews

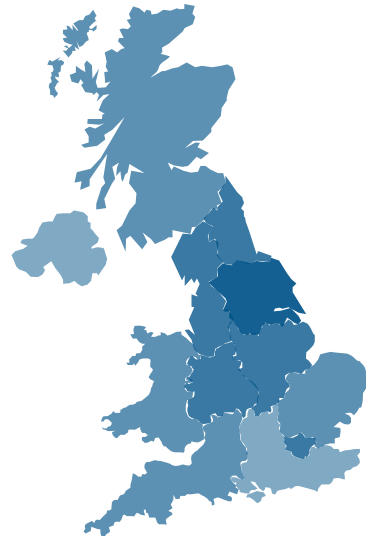
2019



2020



2021



Average score	2019	2020	2021
4.6+			Yorkshire and Humber
4.45 – 4.59		North East, London, West Mids, Wales	North East, East Mids, London, West Mids, North West
4.30 – 4.44		Yorks & Humber, East Mids, North West	East of England, Scotland, South West, Wales
4.15 – 4.29	Wales, London	South West, East of England	Northern Ireland, South East
4.0 – 4.14	Yorkshire and Humber, North West, West Mids	Northern Ireland, South East, Scotland	
3.85 - 3.99	Northern Ireland, South East, South West, East Mids, Scotland, East of England, North East		

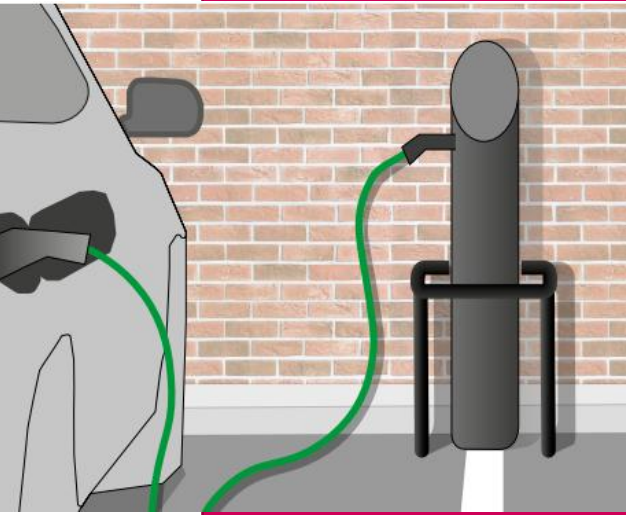
**Darker areas = Higher (better) average score**

# Building Regulation changes

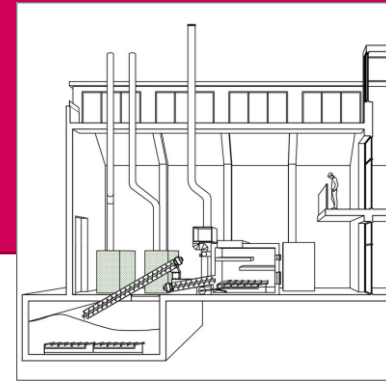


- Intense scrutiny on building safety
- New Building Safety Regulator (BSR) under HSE
  - Focus on HRBs where BSR will undertake the building control function
  - Focus on Accountable Persons through building life cycle
  - Focus on Competence across the entire industry
  - Scope is whole built environment
- 15-year warranty in primary legislation

# Future Homes Standard



- F L O S changes
- Exiting fossil fuels by 2025
- UK net zero target by 2050
- Increasing use of MMC
- Technologies and systems new to housing
- Consumer education and behavioural change needed



# The skills challenge



- Ageing sector
  - 20% of workforce over 50 years old
  - 3% of workforce retires every year
- Apprentice hubs
  - Bricklaying
  - Multi-trades
- Net zero and MMC can offer new opportunities for different skills



# Consumer

- Housing: New Homes Ombudsman
  - being implemented now
- FCA: New Consumer Duty obligations
  - effective July 2023

“

91% of new home buyers would buy new again.

”



“

A firm must act to deliver good outcomes for retail clients.

”

# NHBC's focus

- **Building safety** – supporting the introduction of the new BSR regime
- **MMC** – facilitating new systems, products and ways of working
- **Skills** – helping to attract a new generation
- **Quality** – early engagement, timely interventions - aim to build right first time
- **Partnerships** – alignment to deliver better outcomes for homeowners



# Looking forward

- Transformative time
- Economic challenges
- Political uncertainties

**BUT**

- Sector is resilient and adaptable
- Strong businesses survive and thrive





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**Thank you**

