

# New build housing landscape

**British New Homes Mortgage Senate**  
**11 September 2018**

**1** Context for new housing delivery in 3-5 years

**2** Housing market liquidity and the unfolding housing cycle

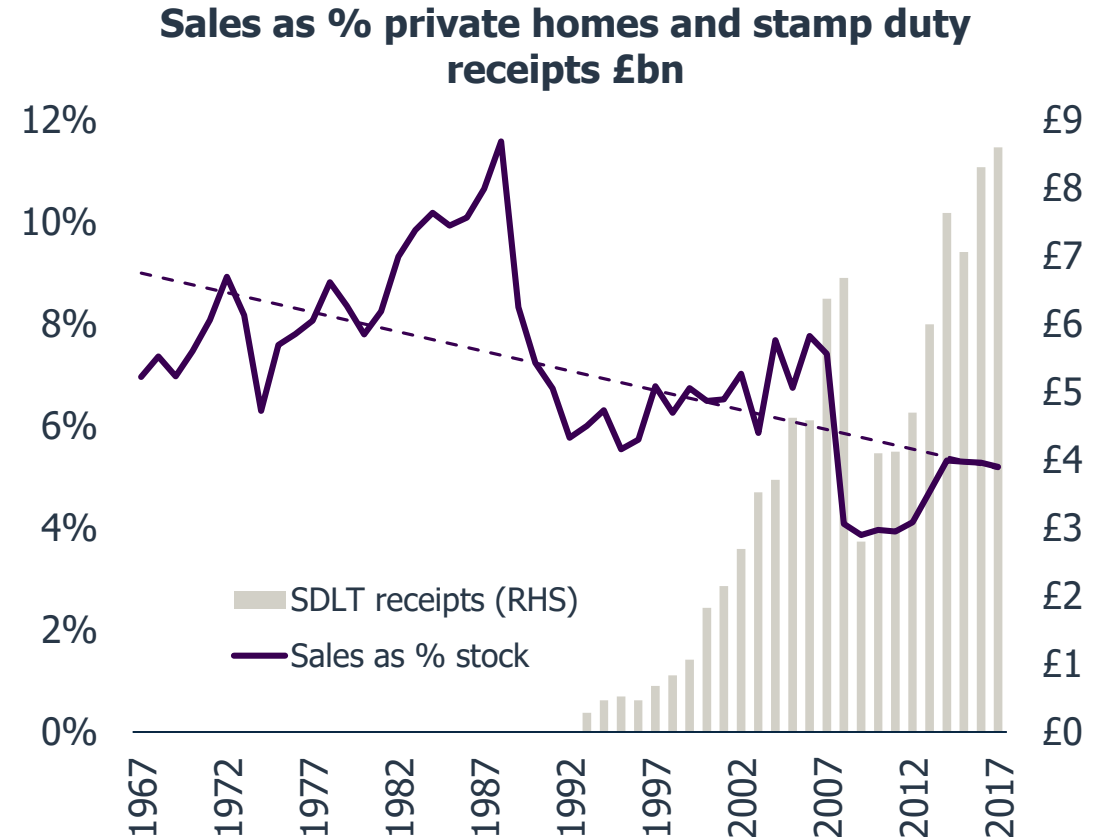
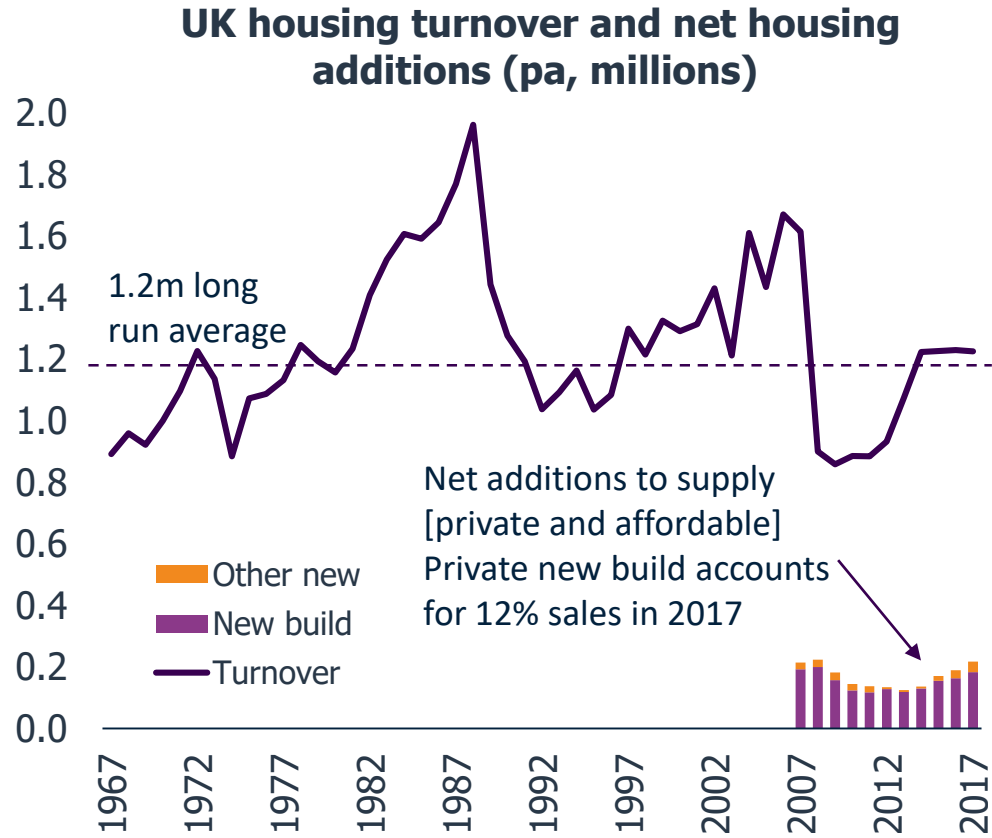
**3** Trends in new build delivery

**4** Snapshot of delivery and affordability metrics across 10 markets

# Market context for new build in 3 years time?

1. Low mortgage rates fully priced into capital values, regulation caps buying power
2. Housing turnover flat at c1m - a household move every 20 years
3. Operating in a more affordability constrained market
4. Less direct Government support for home ownership e.g. Help to Buy?
5. New sources of external capital support and enable diversification of new products
6. More diversity in sources of new supply – more public/private JVs
7. Delivering a broader balance of homes and tenures (return of grant funding?)
8. Greater share of new homes sales to corporate landlords/investors
9. Supply more aligned to demand - property search transformed through personalisation/big data and analytics
10. Changing consumer expectations around new homes?

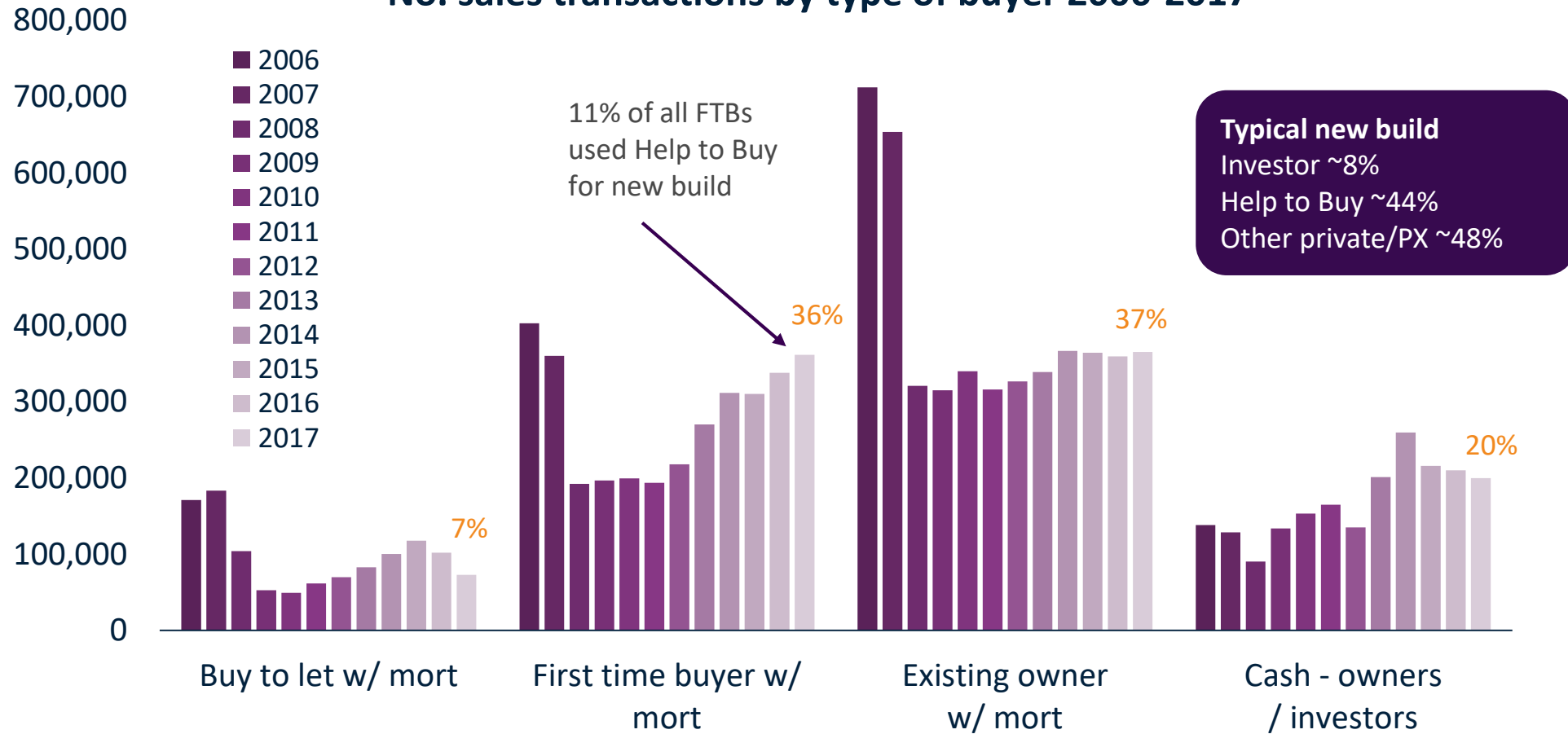
# Housing market illiquidity supports new housing supply

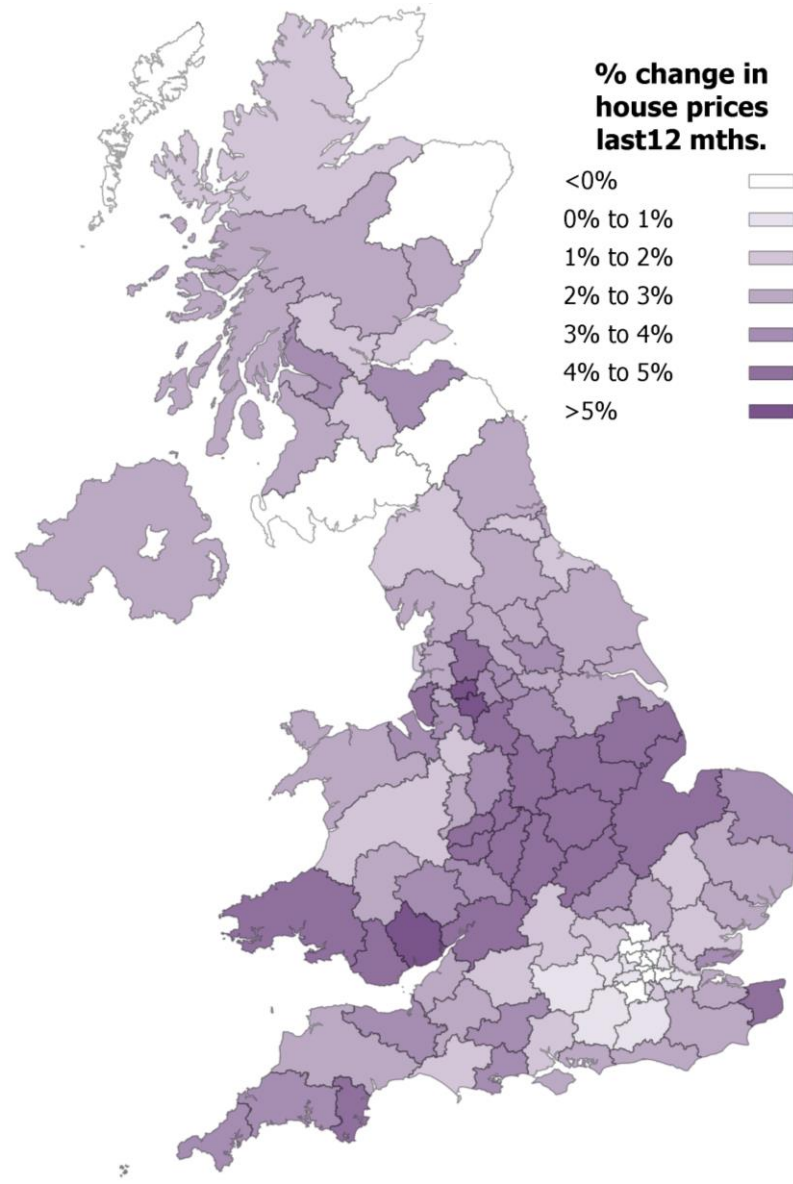
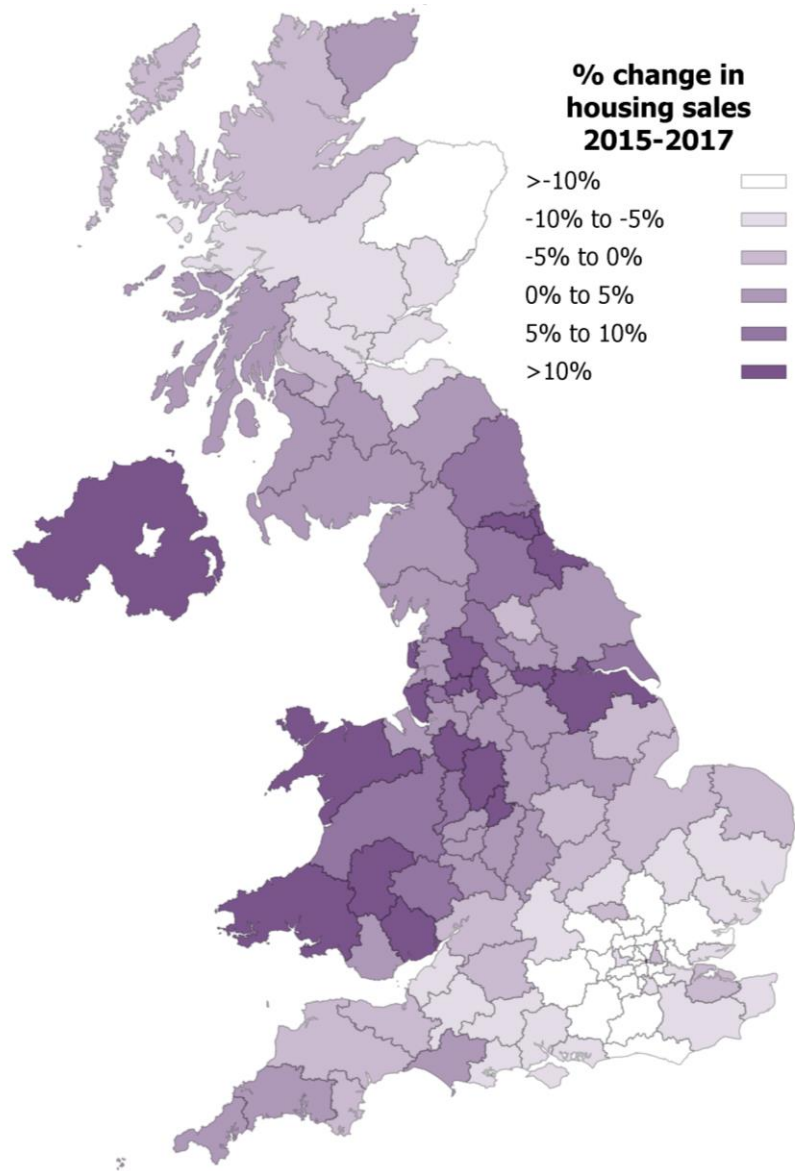


Source: HMRC and Hometrack calculations

# Mix of buyers driving transactions (new and re-sale)

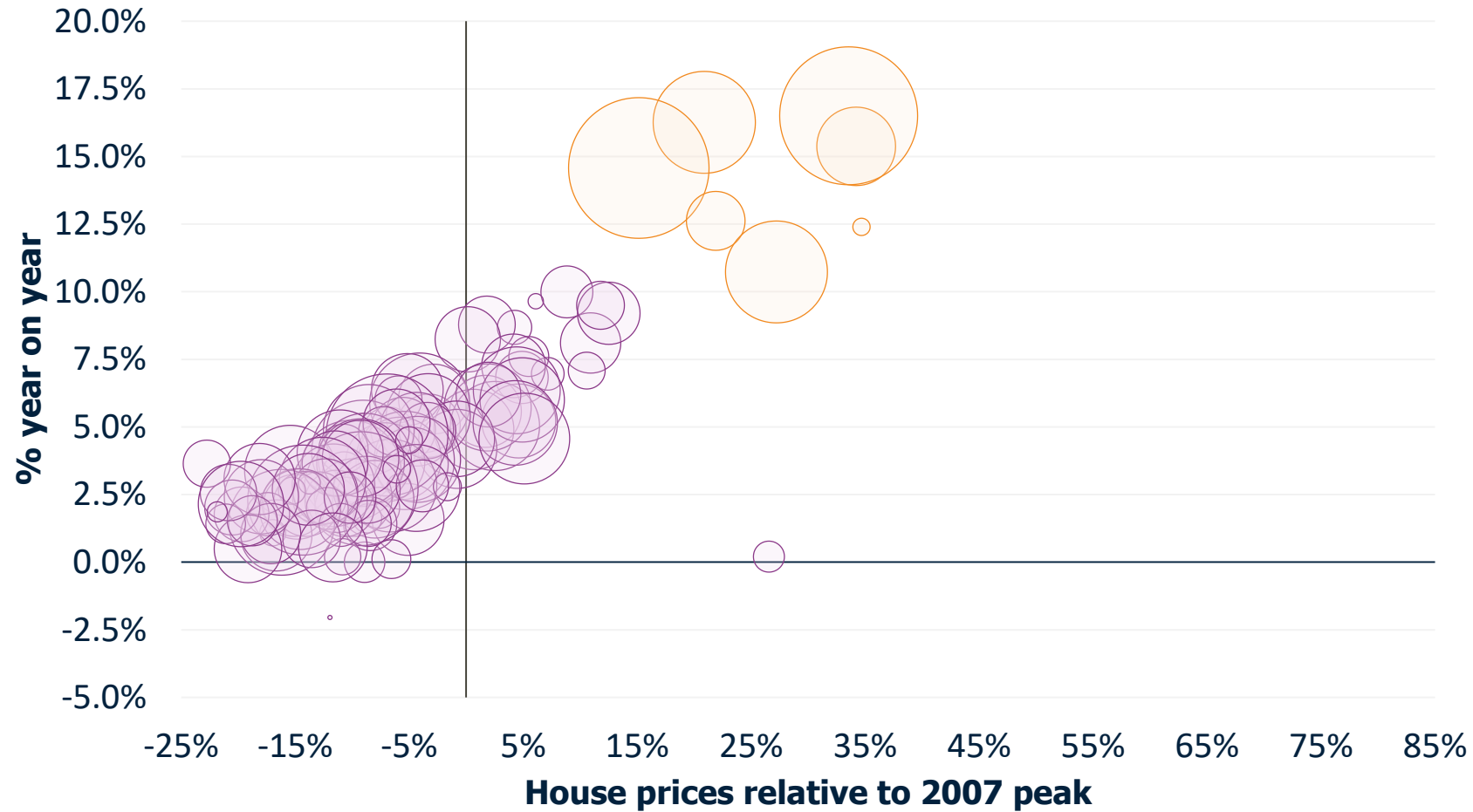
No. sales transactions by type of buyer 2006-2017





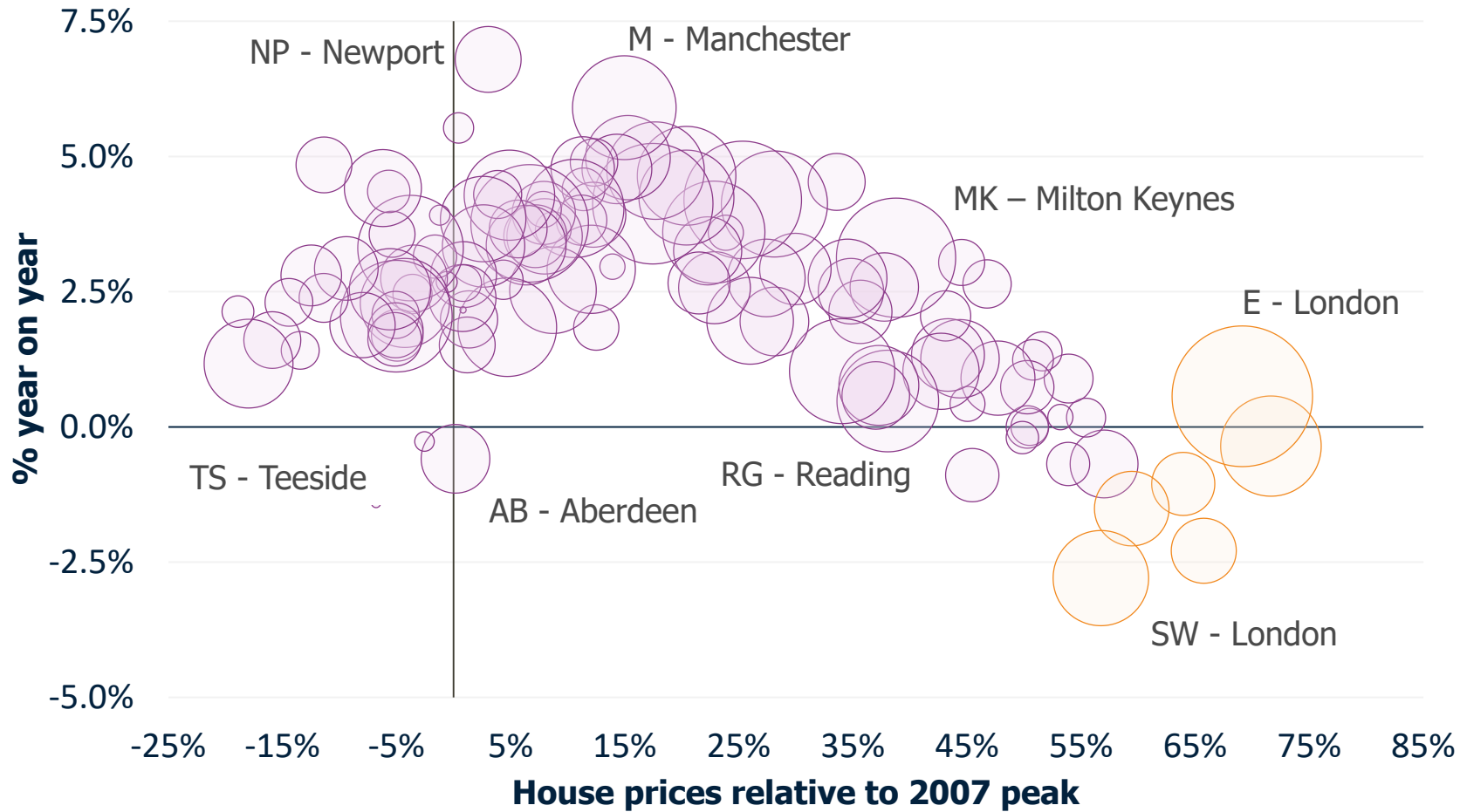
Source: Hometrack, UK Finance

# Housing cycle unfolds – 2014, early stages of current cycle



Source: Hometrack house price indices, outstanding mortgage balances 2016Q4 ex N Ireland

# ... London and inner south east register nominal price falls

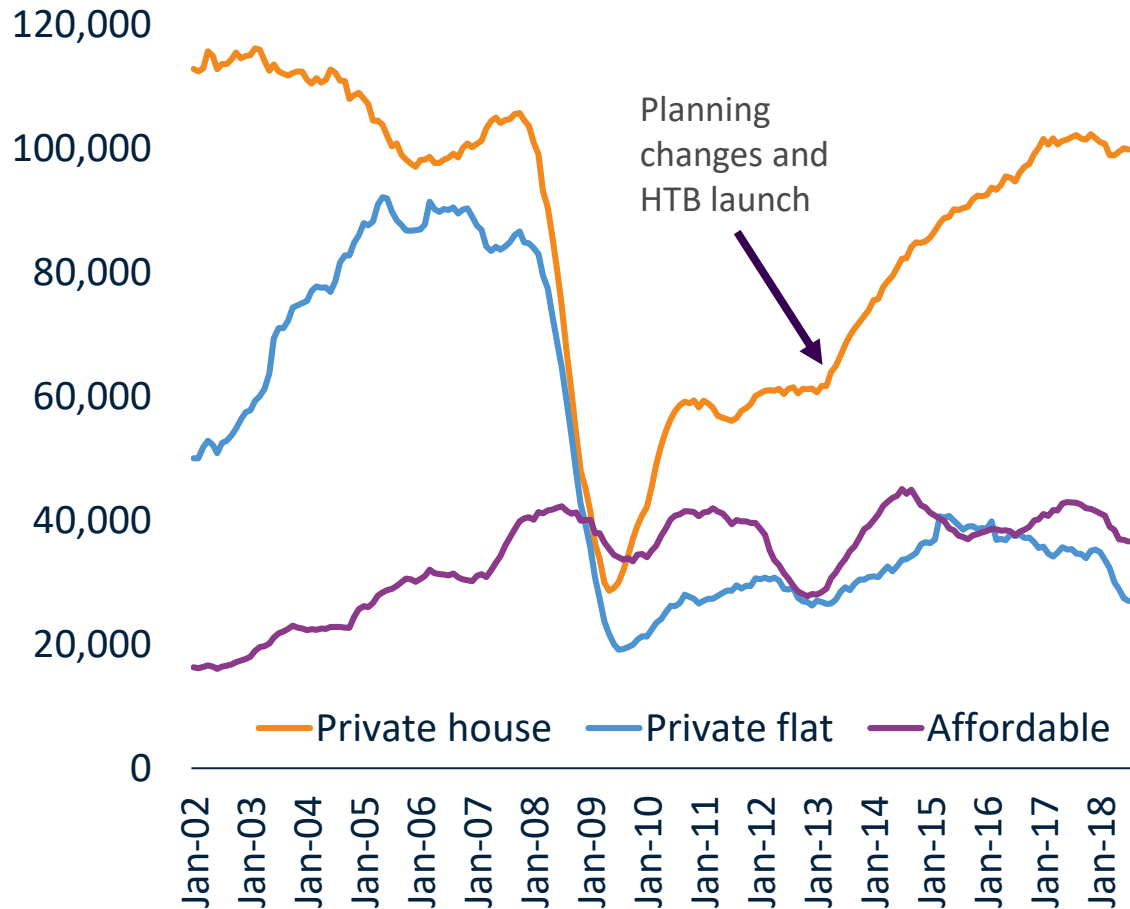


Source: Hometrack house price indices, outstanding mortgage balances 2017Q4 ex N Ireland

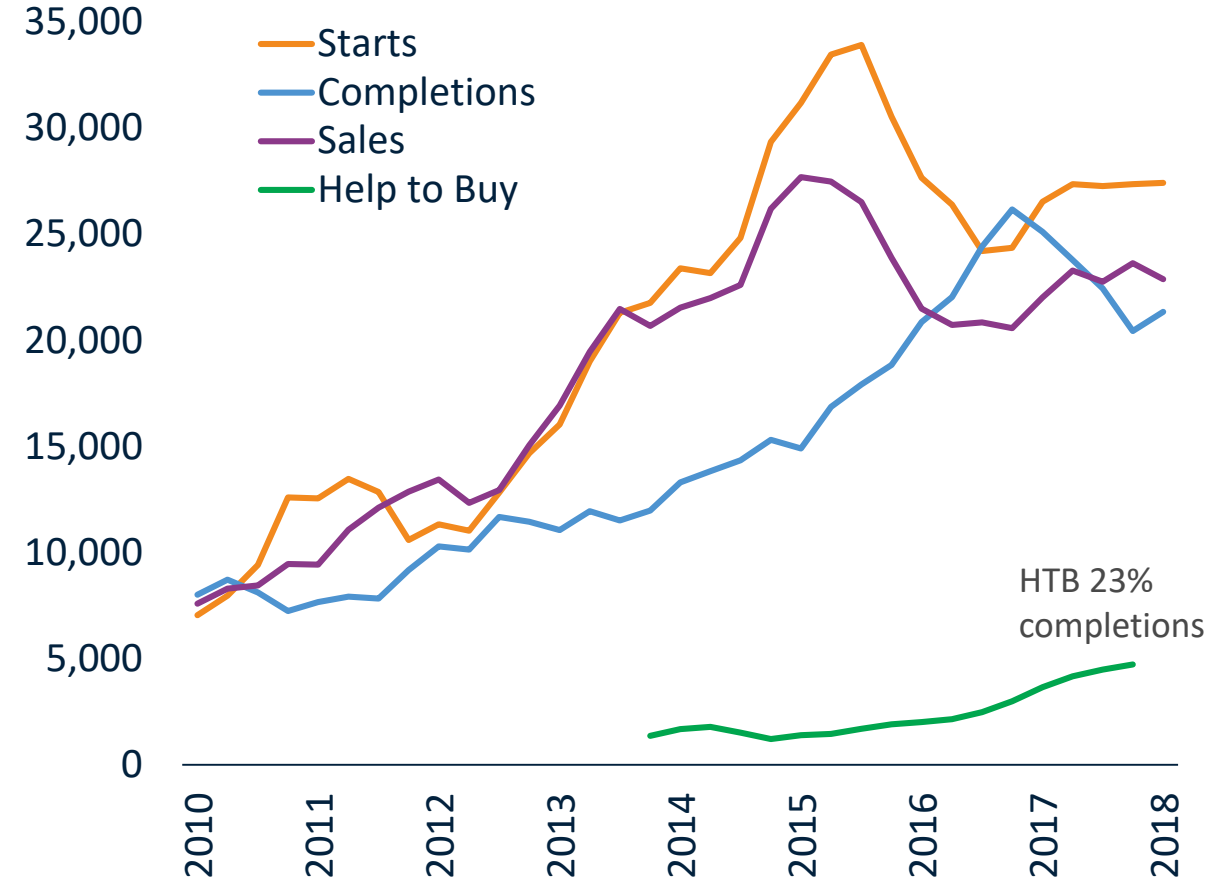


# Profile of housing delivery – UK and London

## Housing starts by type and tenure - UK



## Private housing delivery in London

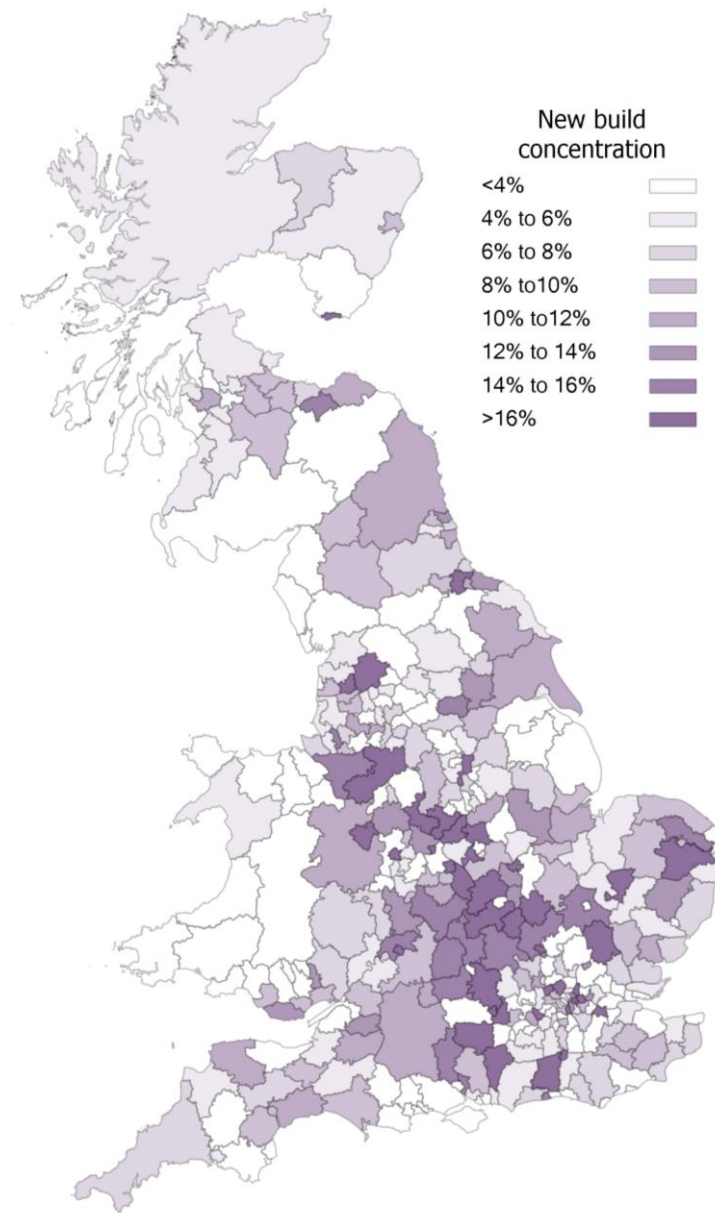
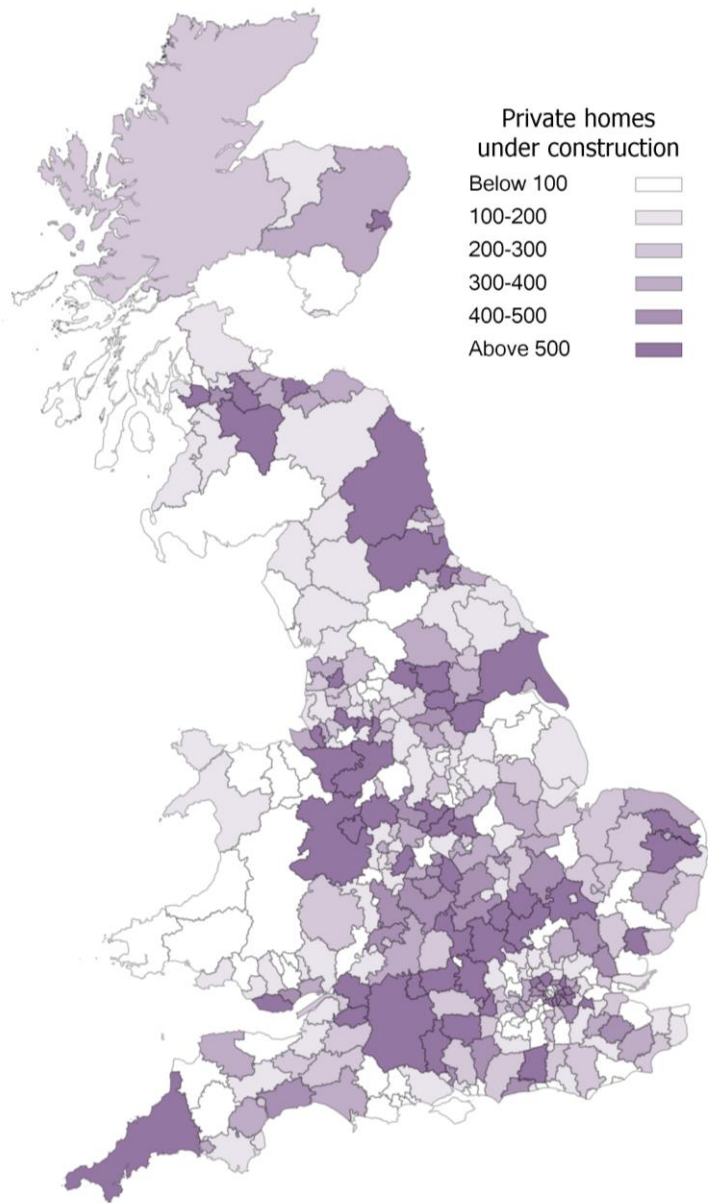


Source: Hometrack estimates based on NHBC, Molior London

# Shift to 3 beds as optimal type, affordability pressures to start shifting mix ...



Source: Hometrack analysis of NHBC data



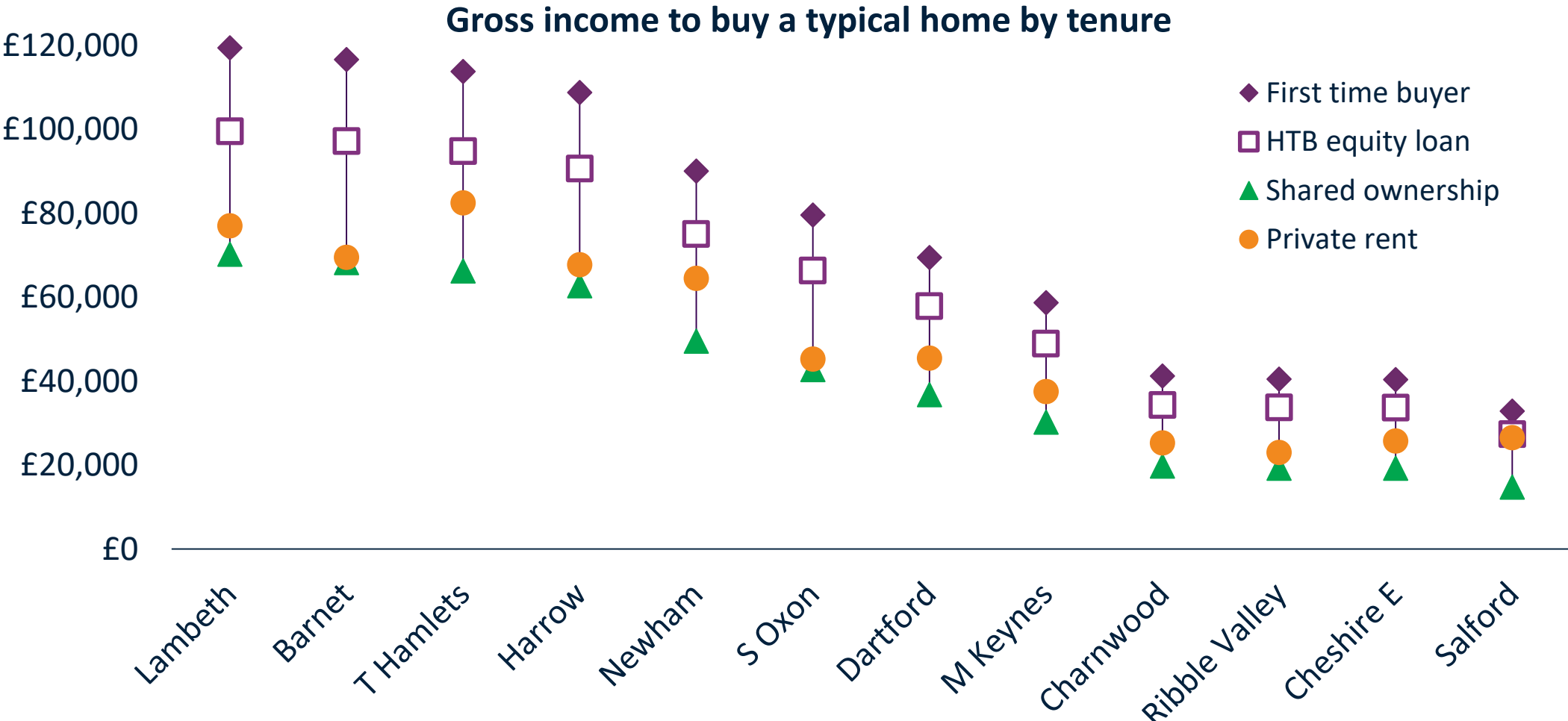
Source: Hometrack / NHBC

# Markets with strong growth/concentration in new build

Area	Price range - new +/-£50k	Price range - all +/-£50k	Help to Buy 2017	HTB share of new homes	New build conc.	Under constr.	Growth in starts
Salford	150000	100000	234000	26%	11%	574	161%
South Oxfordshire	350000	300000	340000	67%	18%	594	149%
Harrow	500000	500000	499000	30%	24%	840	142%
Newham	400000	350000	378000	9%	34%	2,818	123%
Lambeth	550000	400000	437000	16%	22%	1,664	121%
Cheshire East	200000	100000	264000	39%	18%	1,535	103%
Dartford	350000	250000	351000	44%	27%	843	102%
Milton Keynes	300000	200000	339000	51%	19%	1,339	100%
Tower Hamlets	450000	450000	464000	19%	34%	2,672	98%
Charnwood	200000	150000	264000	40%	24%	740	96%

Source: Hometrack analysis and NHBC – price range is modal price i.e. the band with the most sales by volume, growth in starts is last 2m versus last 3 year average

# Affordability and tenure optimisation



Source: Hometrack analysis

**1**

Low turnover a positive for development, housing cycle continues to unfold with south eastern England ex-growth

**2**

Builders 'moving with market' but less room for manoeuvre as affordability tightens – product innovation and new capital

**3**

Optimising demand to align to supply by product and tenure

The information and material contained in and relating to this document, and any related presentation and/or discussion, is confidential (“Protected Material”). You agree to use Protected Material solely for the purpose of internal evaluation of its subject matter (“Purpose”). You agree not to use any Protected Material for any purpose other than the Purpose and not to disclose any Protected Material to any third party other than to an employee or professional adviser who requires the Protected Material in connection with the Purpose and is subject to an obligation of confidentiality no less strict than set out in this notice. The foregoing obligations do not apply where it can be satisfactorily demonstrated that Protected Material has become public knowledge other than through breach of this notice, or was already known to you prior to disclosure by us, or has been received by you from a third party who did not acquire it in confidence from us or from someone owing a duty of confidence to us. You agree to return to us all documents and other records (whether or not provided by us) of the Protected Material promptly upon request.

Copyright (c) Hometrack Data Systems Limited. The reproduction or transmission of all or part of this work, whether by photocopying or storing in any medium by electronic means or otherwise, without the written permission of Hometrack Data Systems Limited, is prohibited.

Hometrack Data Systems Ltd  
The Cooperage, 5 Copper Row  
London, SE1 2LH

[hometrack.com](https://www.hometrack.com)