HBF REPORT:

GOODNESS SPACIOUS ME

DECEMBER 2016

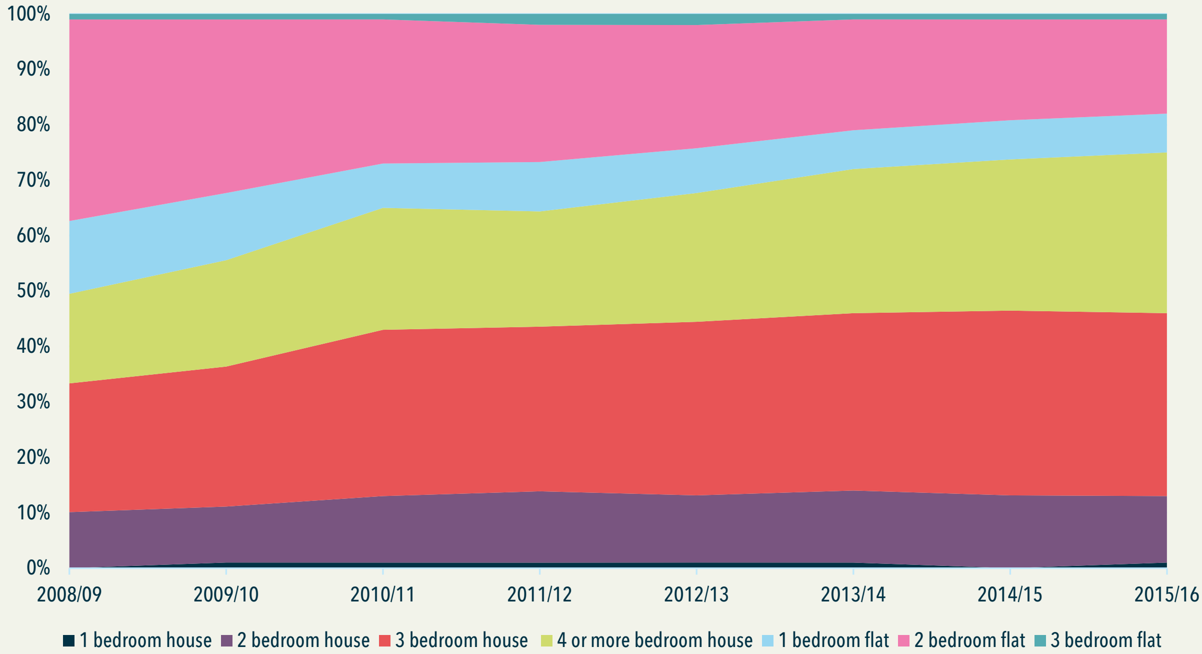
HOME BUILDERS FEDERATION

INTRODUCTION

Following the financial crisis in 2008, housing supply took several years to recover but once the recovery took hold the house building industry's output increased at unprecedented rates, particularly in the three years to 2015/16. In just three years the number of new build completions has grown by 38 per cent contributing to an increase in net housing supply of more than 50 per cent. However, over the last decade or so the ***type*** of housing that the industry is delivering has also changed.

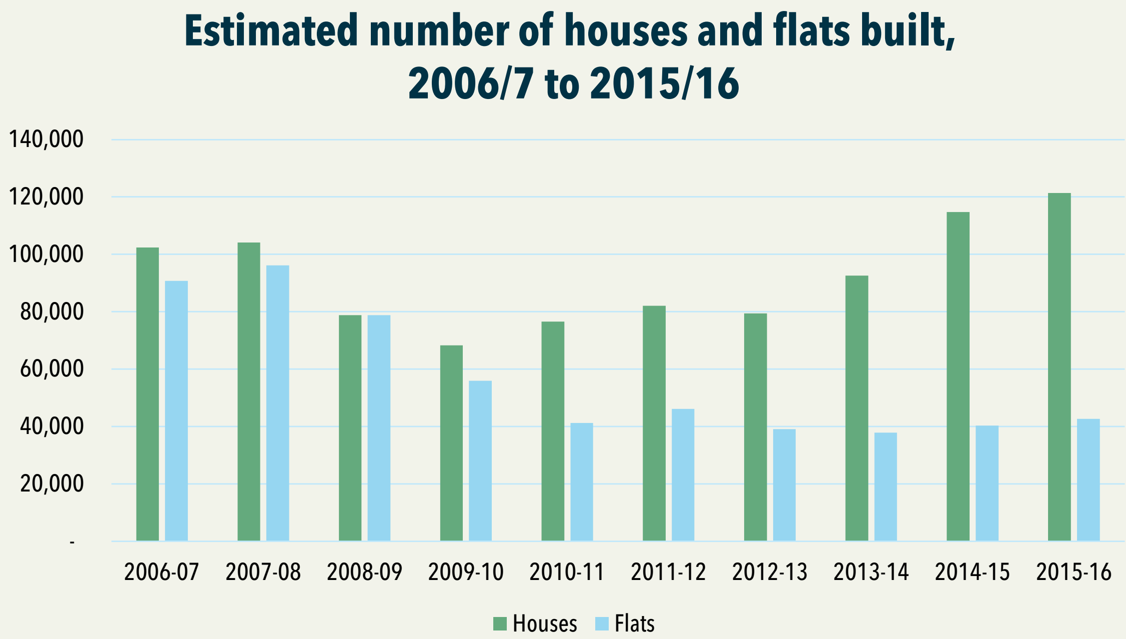
Throughout the early 2000s, home builders were criticised for building small homes and politicians urged the industry and others to plan for more family housing rather than the "glut" of one and two-bed flats that were talked about in political speeches. The trend towards flatted development – peaking in 2008/9 when 50 per cent of all new homes were flats – was driven by Government policy and guidance which concentrated development on urban brownfield sites and imposed stringent density guidelines.

Type of housing built by percentage, 2008-2016



PRODUCTION OF HOUSES

As discussed above, responding to policy and to consumer demand the industry has stepped up the building of new houses in recent years, moving away from the predominance of apartments completed in the 2000s.

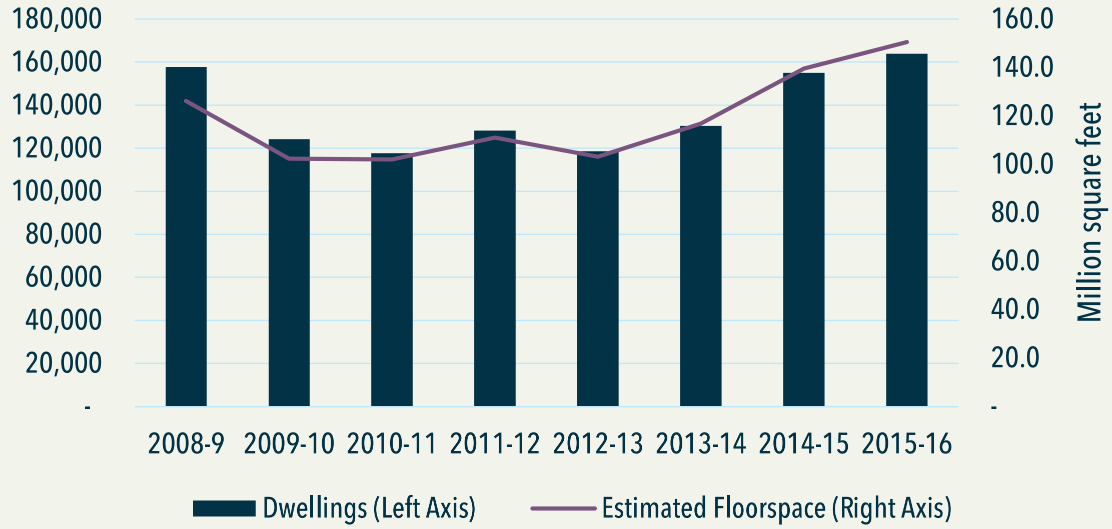


It is estimated that of the 163,940 new build completions in 2015/16, more than 120,000 were houses. This compares with 2008/9 when 157,630 completions produced just under 80,000 houses. Indeed, even compared with figures from 2006/7 and 2007/8 when new build completions were as high as 193,080 and 200,300 respectively, the number of houses built was around 15 per cent fewer than in 2015/16.

ESTIMATED FLOOR SPACE PRODUCTION

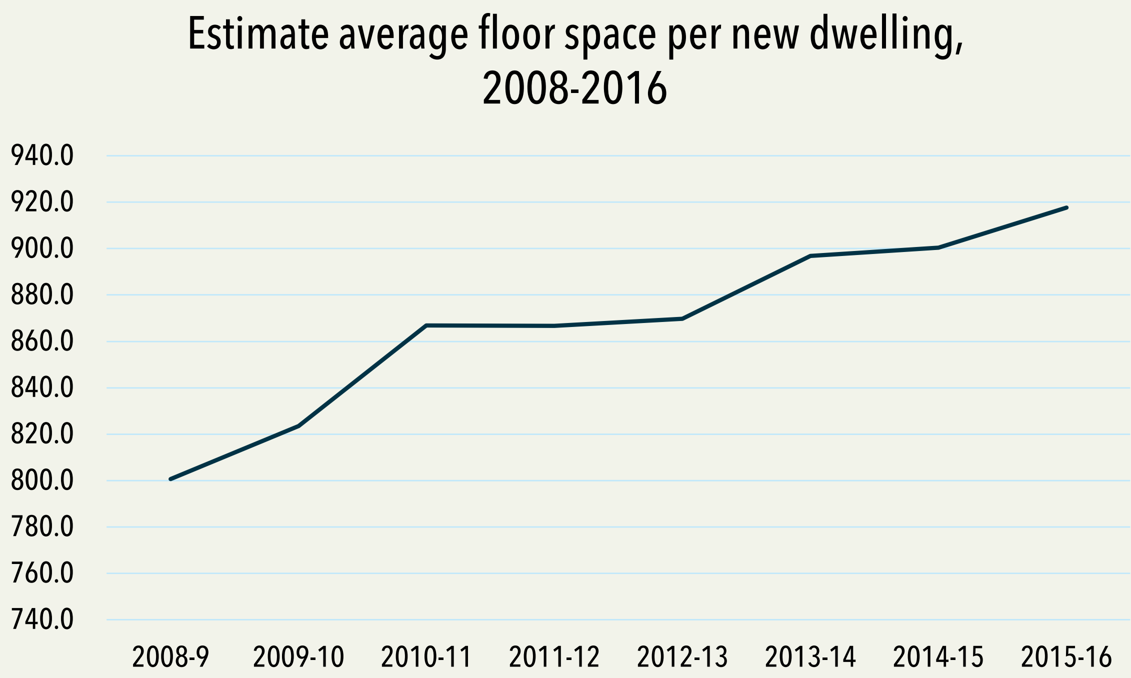
The impact of Government policies in the early 2000s to maximise densities (PPG3), followed by affordability constraints as the economy contracted at the end of the decade led to a proliferation in the number of flats being built, peaking at 50 per cent of all new homes in 2008/9 (49 per cent of all completions were one and two bedroom flats). Today, flats account for 26 per cent of all new homes. The volume of new housing produced by the industry has thus expanded even more rapidly than the number of dwellings constructed. This is a factor in the industry's forward planning with regards to skills and overall capacity.

Completions and estimated total floor space, 2008/9 to 2015/16



The effect is best illustrated by comparing industry output in 2008/9 and 2015/16. In 2015/16 the number of new build completions was 7,310 greater than in 2008/9 (+4.0 per cent). However, the estimated floor space production was 19.2 per cent greater in 2015/16, a difference of 24.2 million square feet.

The change in production away from flats towards larger family homes has resulted in an increase in the estimated average floor space per property from 801 square feet in 2008/9, to 918 square feet in 2015/16, 14.6 per cent larger.

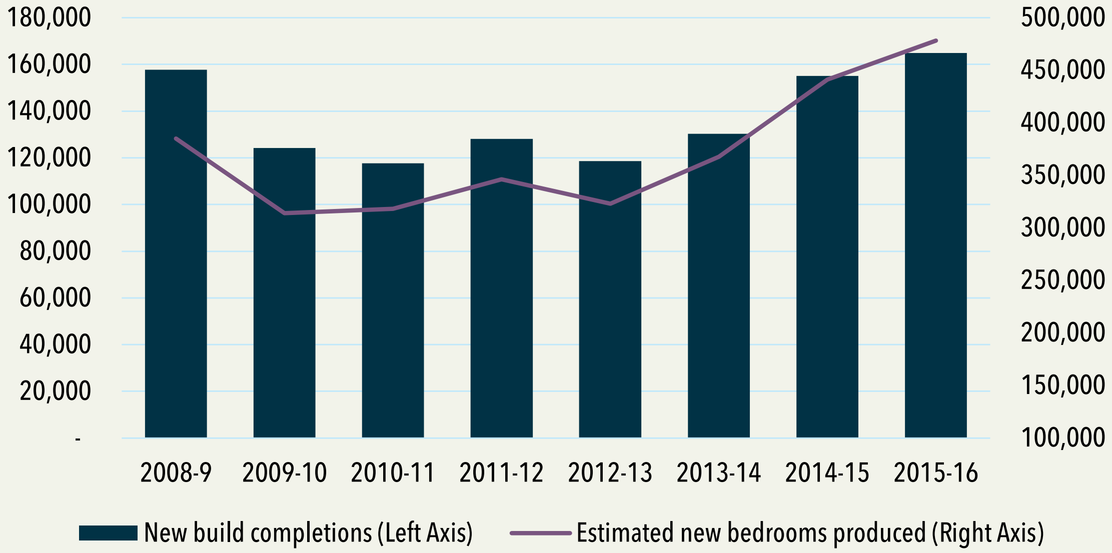


	Completions	Estimated floor space (million sq ft)	Estimated average per home (square ft)
2008-9	157,630	126.2	800.6
2009-10	124,200	102.3	823.5
2010-11	117,700	102.0	866.9
2011-12	128,160	111.1	866.8
2012-13	118,540	103.1	869.8
2013-14	130,340	116.9	896.9
2014-15	155,080	139.6	900.4
2015-16	163,940	150.4	917.7

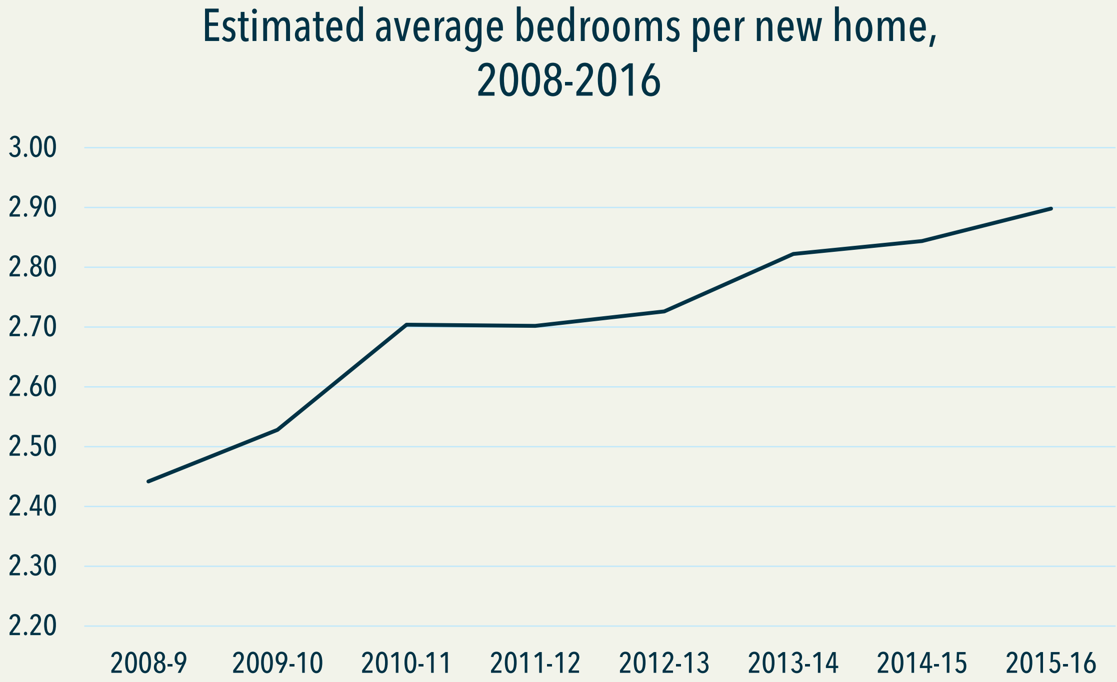
BEDROOMS

The shift in emphasis from flats to houses has generated additional bedrooms from the completions produced in later years of the period under consideration. Again, a useful comparison is the respective production achieved in 2008/9 and 2015/16. To reiterate, in 2008/9 housing supply was 4.0% lower than in 2015/16. However, from this modest rise in the number of completed dwellings, the industry produced vastly increased numbers of bedrooms – an estimated 478,000 in 2015/16 compared with 385,000 bedrooms in 2008/9, an increase of 24.2 per cent.

New build completions and estimated new bedrooms provided, 2008-2016



Since 2008/9, the average number of bedrooms in a new build home has increased by an estimated 16.5 per cent from 2.44 to 2.90 in 2015/16.

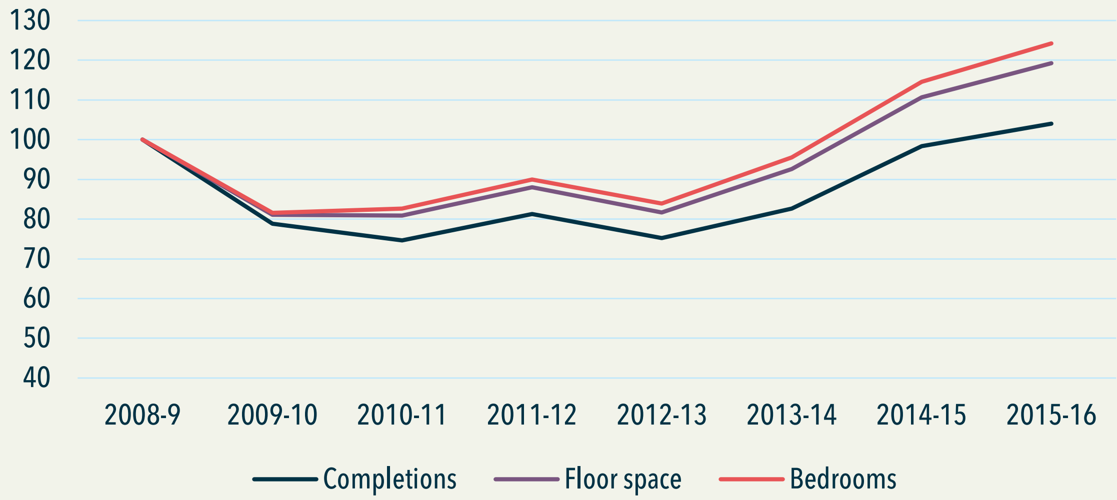


	Completions	Bedrooms	Average bedrooms
2008-9	157,630	384,932	2.44
2009-10	124,200	313,978	2.53
2010-11	117,700	318,261	2.70
2011-12	128,160	346,288	2.70
2012-13	118,540	323,140	2.73
2013-14	130,340	367,819	2.82
2014-15	155,080	441,048	2.84
2015-16	163,940	477,996	2.90

CONCLUSION

Housing supply has rebounded remarkably quickly following the shattering financial crisis of 2008. Responding to the new, more positive, planning framework and then the introduction of the overwhelmingly successful Help to Buy Equity Loan scheme in early 2013, home builders have rapidly ramped up investment in the land and labour necessary to build new homes. Since 2012/13 overall housing supply has risen by more than 50 per cent, with the most significant contribution coming from a 39 per cent increase in the number of new build completions recorded. Over the same period, the volume of housing produced and the number of bedrooms created has increased even more substantially, as we have seen an estimated 46 per cent increase in floor space provided and 48 per cent more bedrooms.

Indexed new build completions, floor space and bedroom production 2008-2016 (100=2008/9)



Since the peak of flatted development in 2008/9, housing supply by any measure has increased but the shift towards more spacious homes with additional bedrooms makes the speed of the increases in house building even more impressive with the majority of builders having further plans to expand the number of units they are completing.

SOURCES AND METHODOLOGY

- Completions are derived from the New Build Completions component of DCLG's Net Supply of Housing Statistics (Live Table 120)
- The percentage of dwelling types and bedroom numbers is taken from DCLG Live Table 254. This provides an indication of the split between types and sizes of homes rather than actual numbers. For estimates of bedroom production, an average of 4.2 has been used for the 'four bedrooms or more' category
- Floor spaces are based on estimates made by HBF. These are given below

Type	Square feet
One bedroom house	503
Two bedroom house	632
Three bedroom house	939
Four bedroom house	1269
One bedroom flat	505
Two bedroom flat	680
Three bedroom flat	796

ABOUT HBF

The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. HBF's members' accounts for 80% of all new homes built in England and Wales in any one year, and include companies of all sizes, ranging from multi-national, household names through regionally based businesses to small local companies.

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