



New Jobs Created By House Building



JOBS

Building Communities, Boosting Employment

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EXECUTIVE SUMMARY



- A growing body of research now attests to the widespread and near unrivalled economic and social benefits derived from house building. Based on independent research into the economic impact of house building, this report reveals the huge boost to employment brought about by last year's unprecedented increase in housing supply
- Over the last two years, construction of new homes has increased by one-third, including a huge year-on-year increase of around 20% last year. The speed of this turnaround is illustrated by the trend in preceding years when completions contracted in four of the five years prior to 2013-14, by 20% year-on-year in two of those years.
- The rapid turnaround and, in particular, the massive increases in new build completions last year, supported the creation of 106,000 new jobs bringing the total employed in England to 667,000
- House building in London alone now supports more than 100,000 jobs after more than 10,000 jobs were estimated to have been created last year
- Development in Greater Manchester supported the creation of more than 5,000 jobs, with Essex's house building boom also resulting in the creation of a similar number of new jobs
- Outside of London, the area with most jobs supported by house building is the West Midlands (Metropolitan County)
- Proportionally, new house building activity in Warwickshire, North Yorkshire and Oxfordshire saw sector create 40-50% more employment





INTRODUCTION



House building is almost unrivalled in its economic and social value to local communities. Each new house or flat built not only creates a long-term home for a family and helps foster a sustainable and healthy local housing market, it brings vital new jobs to communities around the country. Because the benefits are often highly localised and suffer from very little import leakage, supporting the construction of new homes either through direct investment or by creating a favourable environment for private investment is an extremely expedient approach.

In 2014, the Home Builders Federation commissioned consultants, Nathaniel Lichfield and Partners (NLP) to evaluate the national economic benefits derived from house building and estimate the multiplier benefit effect for communities as a result of each additional home built. The result of NLP's detailed research was the report, *The Economic Footprint of UK House Building*, published by HBF in March 2015.

Using those estimates in combination with the latest statistics for current housing supply this report reveals the huge employment boon brought about by the enormous increase in house building activity recorded last year as the house building industry responded swiftly to both an improved market environment and Government measures to increase housing delivery.



CURRENT HOUSING SUPPLY: A SHARP TURNAROUND

The most comprehensive figures for housing supply record 170,690 net additions to the housing stock during 2014/15. This represented an increase of almost 25% on the 134,610 net additions in 2013/14. The main component of this new stock was from 155,080 new build completions. For the analysis contained within this report, this is the element of net supply that we have focused on as it is more reflective of the employment multiplier estimates that we have. This will undeniably underestimate the employment effect of the industry but does provide a more robust figure.

Over the last two years, following the introduction of the National Planning Policy Framework (NPPF) and the highly successful Help to Buy Equity Loan scheme, house builders have increased output by around one-third. To put this into context, in four of the five previous years, output had receded, including year-on-year contraction of more than 20% in both 2008-09 and 2009-10, after which annual completions effectively flatlined. During this period, the industry lost many skilled workers either through lack of work or retirement. The recent increases are, therefore, even more striking given the significant loss of labour that was experienced by the industry during the recession.





NEW HOUSE BUILDING JOBS



The rapid turnaround in housing supply has led to the creation of new jobs, both directly employed house building companies on site and elsewhere, and also in the extensive – and mainly domestic – supply chain.

It is estimated that in England alone the house building industry created 106,000 new jobs in 2014/15. This means that there are now around 667,000 people employed directly or indirectly by house building in England.

SUBNATIONAL TRENDS

Accelerated output in London contributed to the creation of more than 10,000 new jobs in the capital during 2014/15. Within London, house building increases in Brent, Lewisham and Hammersmith and Fulham particularly drove this employment boon. Overall, traditional home building is now responsible for more than 100,000 jobs in London. In addition, there were almost 5,000 changes of use or conversions to residential use in London during 2014/15 which would have boosted employment even more but it is more difficult to draw conclusions on the number of jobs this activity has supported.

Rapid increases in new build housing supply in Greater Manchester, Essex and Oxfordshire, contributed to around 5,000 new jobs in each of these three areas. In the midlands, Warwickshire, Leicestershire and the West Midlands Metropolitan County Area also saw thousands of new jobs created as a result of the boost in house building activity.

TOP 15 AREAS FOR HOUSE BUILDING JOB CREATION, 2014/15

| | Total estimated jobs | Additional jobs created in 14/15 |
|---------------------------------|----------------------|----------------------------------|
| London Boroughs | 103,673 | 10,105 |
| Greater Manchester (Met County) | 25,112 | 5,418 |
| Essex | 17,329 | 5,031 |
| Oxfordshire | 10,105 | 4,988 |
| West Midlands (Met County) | 27,907 | 4,472 |
| Warwickshire | 9,331 | 4,386 |
| Leicestershire | 13,760 | 4,257 |
| Tyne and Wear (Met County) | 13,072 | 4,214 |
| North Yorkshire | 8,471 | 4,085 |
| Kent | 18,232 | 3,913 |
| Somerset | 11,438 | 3,784 |
| Staffordshire | 10,148 | 3,354 |
| Lancashire | 14,921 | 3,225 |
| South Yorkshire (Met County) | 14,792 | 3,182 |
| Merseyside (Met County) | 15,179 | 3,096 |





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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