CAN THE UK GOVERNMENT FIND A WAY TO HOUSE THE NATION?

Tim Cann, Head of Residential at BNP Paribas Real Estate, the leading property adviser, summaries the findings from the third annual Housing the Nation report, which revealed that the UK is set to lose 85,000 new homes:

“A year ago, when we launched our second Housing the Nation report, we highlighted the UK’s ongoing housing shortage and how this has been compounded by a steady reduction in housebuilding since the start of the economic downturn. A year on, and I am sadden to report that the situation has worsened.

In England, prior to 2008 the average number of quarterly starts was in excess of 42,000. Since then, it has dropped by nearly 40%, to less than 26,000 per quarter. Of even greater concern is that, after some improvement during 2010 and most of 2011, starts in the two latest quarters have fallen back towards the levels seen in 2009 – the lowest point in recent times for housebuilding.

This problem is reflected across all England’s regions, but the position has deteriorated to a greater extent in the Northern regions, where housebuilding levels have more than halved in the North East and North West since 2007. In the Midlands, housebuilding levels have fallen to a little over half and in the South East and South West, completions have fallen by nearly a third.

With forecast housing delivery figures of less than 100,000 in 2012, we estimate that the Government could miss its targets by 85,000 homes compared to the original Regional Spatial Strategies (RSS) target for England, which equated to around 185,000 new homes. To put this into perspective, losing 85,000 homes is like losing a town the size of Bournemouth.

Currently, new home completions in Q1 2012 are 18% lower than Q1 2011. This could lead to annual completions in 2012 falling below 100,000 for the first time since the height of the recession.

At this rate, the UK will continue to lack the new housing it requires for many years to come, unless effective changes are made in order to accommodate those still waiting for affordable housing – and with more than 1,800,000 households currently on council waiting lists for new homes, this is undoubtedly a serious problem.
Looking forward, we appreciate that the UK economy continues to struggle, but the Government cannot afford to be complacent when it comes to the creation of new homes. In order to keep the housing market alive, it needs to introduce swift changes which will ensure that current housing targets are not only met, but that they are not further reduced.

To support housing development, my colleagues at BNP Paribas Real Estate and I put together seven recommendations, which were delivered directly to the Government. These are:

1. Release green belt land in the constricted South East and pump prime development in the North
2. Publicise league tables on housing targets and delivery by Local Authorities with penalisation for those falling below
3. Public and private sector initiatives needed to tackle restrictive mortgage conditions
4. Plan makers and developers to be more creative in the way they engage with communities and young people to outweigh the anti-development groups within these local communities
5. CIL money raised to be spent quickly and visibly on community facilities to secure community buy-in to new development in their areas
6. Planning application fees should be increased but on the provision that the quality and speed of service is made better in return
7. Create special ‘development projects team’ within the Government to prevent major schemes being stalled by burdensome local demands

Although we are hopeful that the NPPF may make a positive impact, it is too early to say how significant this will be, which is why it is crucial for the Government to seriously consider these recommendations and act now, in order to halt this lamentable decline.”

For further information about BNP Paribas Real Estate’s residential team, please visit the [website](http://www.bnpparibas-real-estate.com).

**About the report**

The third annual Housing the Nation report, was put together by a group of property experts led by public and community affairs consultants Tristan Fitzgerald Associates (TFA) and BNP Paribas Real Estate, the leading property adviser. Other experts who gave input to the report included: Liz Peace, Chief Executive of the British Property Federation; Ian Baker, MD of Linden Homes; Peter Truscott, Divisional Chairman at Taylor Wimpey; Pete Redfern, Group Chief Executive of Taylor Wimpey and Steve Morgan, Chairman of Redrow Homes.
About BNP Paribas Real Estate
BNP Paribas Real Estate is a leading international real estate provider. It offers to its clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management.
BNP Paribas Real Estate has local expertise on a global scale through its presence in 30 countries (15 wholly owned subsidiaries and 15 by its Alliance network, that represent today more than 2,500 people) with 3,400 employees. BNP Paribas Real Estate is a subsidiary of BNP Paribas with more than 150 offices.
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