Claire Higgins, head of research at BNP Paribas Real Estate, the leading property adviser, shares her views on the UK’s housing market:

“So, George Osborne was booed at the Paralympic Games. Some say this is because of the cuts to disability benefits. Lord Coe suggested it was because politicians are akin to pantomime villains. Personally, I like to think it’s because of Mr Osborne’s frequent reference to giving things 110% (he is going to work “110% harder” and will focus “110% on the economy”).

This is barely excusable from contestants on The Apprentice and The X Factor. It’s unforgivable in a Chancellor of the Exchequer responsible for a country’s finances. As social entrepreneur Alberto Nardelli succinctly tweeted, “Osborne is 110% focused on the economy. 26.4 hours a day, 7.7 days a week, 401.5 days a year.”

But I digress. Despite his growing unpopularity, and apparent inability to do basic maths, Mr Osborne has returned to the new Parliament with a raft of measures aimed at stimulating housebuilding.

In the main, the proposals have been positively received. There’s £40bn of government guarantees to underwrite infrastructure projects and £10bn for housebuilding, a relaxation on affordable housing, the potential to build on green belt land, penalties for sluggish planning authorities and a fast-tracking of applications.

Though it’s rather immodest to point this out, these in fact are many of the recommendations we set out in our Housing the Nation report launched before the summer. But what’s missing from the Government’s list compared with ours could prove to be crucial.

Has development stalled because of the slow-moving planning regime and its costly demands on housebuilders? Certainly this hasn’t helped, and the measures are welcome in trying to address this. But the Local Government Association points out that there is a backlog of 400,000 new homes which have planning permission but have yet to be built.
The phrase “credit crunch” has become so much part of our vernacular that its true meaning has come to have less impact. In terms of affordability, many people already pay the higher costs associated with renting as opposed to servicing mortgage debt. The constraint on mortgage finance from a buyer’s perspective is not affordability but prohibitive deposit levels and lending criteria. Importantly, public and private sector initiatives to tackle restrictive mortgage conditions are essential to get the housing market moving.

After all, developing a new home is only viable if someone buys it. Boosting the housing market by 110% may be too big an ask even of Mr Osborne.”

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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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