UK HOUSING GAP CONTINUES TO WIDEN

BNP Paribas Real Estate’s national head of residential, Adrian Owen, explains why the UK’s housing shortfall is getting worse, as new home completions continue to fall:

“With more than 1.7 million households currently waiting for social housing within the UK, the fourth Housing the Nation report revealed that the Government is again on track to miss its housing delivery targets, by a worryingly large number - a shortfall of 51,000 new homes. This is like losing a town of a similar size to Eastleigh, Hampshire.

As local authorities persevere with setting their own targets in line with the Localism Bill, they continue to downgrade levels of completions, which is a major issue as the country lacks the new housing it requires.

Local authorities in England have now reduced their new housing targets to around 170,000 per year, a reduction of 7% from the original Regional Spatial Strategies (RSS), which equated to around 185,000 new homes per year, according to our new research.

In April 2013, the Department for Communities and Local Government (DCLG) produced new forecasts for household formation, downgrading their previous forecasts. Nonetheless, they expect an average of 221,000 new households will form in England each year over the next decade. This reflects a loss of 51,000 new homes if only 170,000 are completed this year. However, in 2012, only 115,000 new homes were actually completed in England, while completions in Q1 2013 were 23% lower than Q1 2012.

Positively, two regions are now estimated to have marginally increased targets, relative to the RSS figures, with the North East showing a 8.8% increase, equating to 2,773 new homes, and the North West showing a 2.4% increase, equating to 801 new homes.

However, all other English regions show a loss. Proportionally, the greatest loss is in the Midlands, where targets have been cut by 13.7%, equating to a reduction of 5,293 new homes. In absolute numbers, the highest cut has been in the South East, with a reduction of just over 7,000 houses per year.

This issue is still clearly at the forefront of the Government’s plans, however swift action does need to be taken in order to tackle the major shortfall, whether it is in the form of encouraging PRS in London and the South East, while the Help to Buy scheme is further supported within the regional markets, or other initiatives, such as releasing more land from the public sector.
We have put together seven recommendations for the Government, in order to help solve this crisis – to find out more about these or to access the full Housing the Nation research report, please visit our website: www.realestate.bnpparibas.co.uk.”

About the report
The fourth annual Housing the Nation report was put together by a group of property experts led by BNP Paribas Real Estate, the leading property adviser, and Local Dialogue, a leading stakeholder engagement consultancy. The report looks at the challenge of delivering housing and puts forward recommendations to the Government on how to improve delivery. Other experts who gave input to the report included: Andrew Cunningham, Chief Executive at Grainger Plc, Harry Downes, Managing Director of FizzyLiving, John Howell MP for Henley and Lucy Thornycroft, Head of Construction at the Confederation of British Industry (CBI).

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BNP Paribas Real Estate, leading international real estate provider, 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 34 countries with more than 180 offices and 3,300 employees (17 wholly owned subsidiaries and 17 by its Alliance network, that represents today more than 3,000 people).

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