

Key drivers of the housing market and building industry

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Chapter 25. Key drivers of the housing market and building industry

25.1 Introduction

As outlined in chapter 22, *Planning context for housing delivery*, targets and trajectories are useful tools to plan, monitor and manage housing delivery in the Cambridgeshire sub-region. However it is worth noting some of the factors affecting the housing market and the building industry, both crucial drivers for housing delivery.

To identify the factors we have first summarized Kate Barker's review of housing supply, published in March 2004, and some of the responses to the review. Although this does not provide an exhaustive analysis, it aims to help consider the issues and any interventions or strategies which will help us deliver the housing numbers projected in future.

25.2 The Barker review

Kate Barker, a member of the Government's monetary policy committee, was asked in March 2003 by Gordon Brown and the then deputy prime minister John Prescott to carry out a review of the housing market in the UK.

She was specifically required to look at what was behind the lack of supply of housing in the UK and the inability of the housing market to respond to this. Also within her remit was the role of the house-building industry, the level of competition within it, its capacity, technology and level of finance.

Click here for a link to the final report's recommendations: http://www.hm-treasury.gov.uk/media/3/A/barker_finalreport051206.pdf

25.3 The findings

- In 2001, around 175,000 houses were built in the UK. This was the lowest number since the Second World War. Over the past 10 years, the number of new houses built has fallen and is now 12.5% lower than in the previous decade.
- In the last 30 years, UK house prices have gone up at double the average rate of increase in the EU. In real terms, prices have increased by 2.4% a year in real terms - compared to the EU average of 1.1%.
- A weak supply in housing means a less stable economy. This has an impact on the flexibility of the labour market, which in turn puts a strain on economic growth.
- Low availability of properties pushes prices up, making housing increasingly unaffordable. In 2002 only 37% of new households in England could afford to buy a house, compared with 46% in the late 1980s.
- These pressures mean a greater divide between "haves and have-nots", driving a gulf between people who can afford housing and those who cannot. According to the review, in 2003 there were 93,000 households in temporary accommodation compared to 46,000 in 1995.
- One way to reduce the pressure on house prices is to increase the number of houses available. According to the review, a total of 70,000 new private sector houses would be needed to reduce the price trend in real house prices to 1.8%.

- To get that inflation down to 1.1%, house builders would need to get busy building an additional 120,000 private sector homes per year.
- Just to meet the needs of social housing, 17,000 more homes need to be made available each year.
- To make real differences to the present backlog of people in most need, along with the other recommendations, would require up to 23,000 additional social homes a year.
- All of this would mean additional investment of between £1.2bn and £1.6bn.

25.4 The recommendations

- The recommendations are presented under the following headings:
 - A more responsive planning system.
 - More efficient use of land.
 - Delivering major projects.
 - Streamlining the planning system.
 - Improving the performance of local planning authorities.
 - Enhancing the appeals process.
 - Improving incentives.
- Ms Barker said the government and the bodies responsible for planning need to take more notice of changes in house prices and levels of affordability when setting targets for housing and allocating land.
- A regional planning executive should be set up to bring together regional planning and housing boards.
- The allocation of land needs to be more in line with the needs of the local area. If demand for housing is unexpectedly high, reserves of land should be released for development.
- A Community Infrastructure Fund of £100m-200m should be set up to cover infrastructure blockages and facilitate development.
- Land for housing can be worth as much as 300 times its value as agricultural land. Landowners and developers generally see big windfalls when planning permission is granted, and these increases in value should be shared with the community. This would mean considerable reforms and to simplify the current system.
- The house building industry needs to improve. It should deliver better service and improve on investment in skills and innovation.¹

Appendix 1 gives the CLG's summary of the Barker Review.

25.5 Government's response

The Government's Response to Kate Barker's Review of Housing Supply was published in December 2005. It signaled the Government's commitment to build more homes for future generations by bringing forward an ambitious package of measures to reform the planning system and deliver increased investment in infrastructure to support sustainable housing growth.

¹ <http://www.guardian.co.uk/money/2004/mar/17/business.housing>

The full response document (and the *Planning Gain Supplement* or PGS consultation) can be found on the [HM Treasury](#) website.

A key part of the Government's response to Kate Barker's review was a consultation paper on her proposal, published in the 2005 Pre-Budget Report, for PGS. On 7 November 2006, the Parliamentary Select Committee on Communities and Local Government published its report on PGS. The full Government Response to the Communities and Local Government Committee's Report on the Planning-gain Supplement was published on 19 December 2006.

As 10th December 2007, a Planning Bill has recently been launched which aims to consult stakeholders on a variety of issues, including a new roof tax. This paper and responses to it will be built into the SHMA as it is updated and launched early in 2008.

In 2007 a Housing Green Paper was launched, and later in the year a new Housing Bill, which intend to help implement the outcomes of the Barker Review, among other issues. New targets for house building across the country are being set, which we foresee being fed into the new Integrated Regional Strategies to be launched by Regional Development Agencies (in our case, EEDA) following the Sub National Review.

25.6 Reviewing house building delivery and the house building market

In 2007, two separate reviews were running into house building delivery (led by John Callcutt) and the house building market (led by the Office of Fair Trading, OFT).

One significant element of a Strategic Housing Market Assessment is to aim for a more "balanced" housing market. As vital part of this equation is the supply of land, the ability of the house building industry to deliver the homes needed in the area, and the constraints on the industry to provide what the market demands. Although the two reviews are still running at the time of publishing Cambridge's first SHMA, there is a significant amount of information and advice from various organisations which help inform our view of this part of the housing market.

The Callcutt Review reported in Autumn 2007 and a summary is included in 24.7. The OFT review was launched in June 2007, and is due to reporting Summer 2008. For this reason there is less feedback from stakeholders available at the time of publishing the SHMA. However an awareness of the review, its reasons, aims and objectives will help set the context for further information as it is released, which will support the future development of the SHMA.

25.7 The Callcutt Review of house building delivery

In December 2006 Ruth Kelly (Secretary of State for Communities and Local Government) announced she had asked John Callcutt, then Chief Executive of English Partnerships "to take on a new role, working with industry, to improve housebuilding delivery in a low carbon environment" in her speech at the 'Towards Zero Carbon Development' event. Link to... <http://www.callcuttreview.co.uk/default.jsp>

In March 2007, John Callcutt called for evidence from the house building industry in his Review of House building Delivery. The Review made its report in Autumn 2007.

25.8 Terms of reference

The purpose of the Review was to

- Examine how the supply of new homes is influenced by the nature and structure of the housebuilding industry, the business models and its supply chain, including land, materials and skills.
- Consider how these factors influence the delivery of new homes to achieve the Government's target (200,000 new homes per annum), meeting housebuyers' requirements and aspirations, achieving high standards of energy efficiency and sustainability as set out in the Code for Sustainable Homes, and progressing to a zero carbon standard.
- Make recommendations.

The Review aimed to examine how the supply of new homes is influenced by the nature and structure of the house building industry, its business models and its supply chains and considered the use of land, materials and skills within the house building industry.

25.9 Call for evidence

The Review asked for submission of evidence on the questions set out below:

- What published or private sources of information are used by housebuilders, suppliers, analysts and others to determine current and future demand for housing, in terms of volume, type, price and location, and over the near, medium and longer term?
- Does the prevailing business model of the housebuilding industry constrain how it responds to demand? Is that model evolving or likely to evolve to meet changing patterns of demand? What would encourage a shift towards greater responsiveness?
- What are the alternatives to the prevailing business model? What are the constraints on the development of those alternative models, and what advantages might accrue from the development of other models?
- To what extent is the housebuilding industry exposed to competitive pressures? Are there barriers to competition, including to new entrants? If so, what might be done to reduce or remove these barriers?
- To what extent is the volume and responsiveness of housebuilding constrained by limits in the supply of capital (including land), labour, skills or materials? Is this likely to change as a result of sustainability or other constraints? What steps might be taken to mitigate any effects?
- What constitutes good quality in housebuilding? To what extent is the housebuilding industry, as currently structured, well adapted to deliver well designed, good quality homes? What steps might be taken to improve quality?
- To what extent is sustainability, in any sense, a factor in the choices made either by housebuilders, suppliers and other providers, or by housebuyers? What impact is being achieved by the Code for Sustainable Homes and the agenda set out in the Government's consultation document "Building a Greener Future: Towards Zero Carbon Development"?
- There is a clear public interest in the operation of a free market, in securing an adequate supply of new homes, and in sustainability. How, and how far, does the housebuilding industry respond to considerations of public interest? What public

policy instruments are available to influence the performance of the industry, and how effective are they?

25.10 Executive summary of the Callcutt Review

England's housebuilding industry is in shape to deliver the homes we need for future generations and is capable of delivering 240,000 homes a year by 2016. Our challenge is to deliver a supply of housing where it is needed, for those who need it, at a price which is affordable for the homebuyer, which is commercially viable and which contributes to our ambitious zero carbon targets.

Land is key to housing delivery. Our Review has reached the conclusion that given sufficient land, and subject to our recommendations, the industry and its supply chain has the capacity to meet the Government's objectives on volume, quality, environmental performance and affordability.

Planning Policy Statement 3 (PPS3), published in late 2006, provides a sound policy framework for ensuring that an adequate supply of development land is available. A number of our recommendations build on measures already introduced by PPS3. We recognise that it will take time for the effects of PPS3 to work their way through the system and have made only minor recommendations designed to underpin its objectives.

New settlements and edge-of-town development will be needed if the target is to be met, but we must avoid urban sprawl: it is wasteful, both of valuable green space and of potential value in our urban areas. Edge-of-town developments can often entail a less environmentally sustainable lifestyle with commuting to work, access to services, and leisure. We can do better.

Much more previously developed land particularly in our towns and cities, should be used and the proportion of green field development minimised. The strong imperative for this is that unless we continue to regenerate our towns and cities they will decline and in turn force more development out into our countryside.

Our towns and cities offer a huge potential for housing development and renewal: some on former commercial or industrial land which can be brought into housing use, some where the existing housing is of poor quality or makes poor use of the land. The scale can range from a scattering of small sites to large areas where redevelopment can not only contribute to housing goals but will make a major difference to the quality of life.

For the housebuilder or developer many of these previously developed urban sites are not immediately attractive to build on. They are generally slower and more expensive to redevelop and they may not deliver the returns which investors in housebuilding expect. Such sites are also much more sensitive to cost increases, whether through build inflation or increased regulatory standards and costs.

At a time when resources are stretched, the challenge for the Review has been to set out the means by which we capture the potential of some of our nonviable inner city areas and transform them into desirable places to live whilst at the same time, making them commercially attractive to investors. This in turn will help secure private investment funding for regeneration, and community management on a much larger scale and at a faster pace than can be achieved with public resources alone. It should be a primary goal of public policy to secure that investment.

Developers and their shareholders consider such redevelopment as risky. They are concerned that both housing and commercial value growth will not be delivered, or sustained

in the longer term. It is strongly in the interests of central government and local authorities alike to address these risks, since that is the key to unlocking that urban land, which is low in commercial viability. We have made a number of recommendations that should provide developers and their shareholders with the confidence that they require.

To secure the required increase in housing numbers with the maximum use of brownfield land, local authorities will need to work much more closely with developers. Historically their relationship has often been one of mutual suspicion and mistrust. That must change but can only do so if the basis of their commercial relationship is agreed and fixed at the very beginning of the site identification process.

From that point, the local authority and the developer should have a common interest in value creation and the delivery of projects that offer both physical and social regeneration. Experience in the housing market renewal partnerships, and from a number of progressive local authorities elsewhere has shown the potential of such partnership especially in areas of low land value. We believe that this is key to housing delivery and that partnership working between local authorities, developers and others should be taken up much more widely.

Already more enlightened developers, housebuilders and local authorities – have recognised the opportunities that this kind of mature partnership can provide. Many of our recommendations focus on creating this new partnering approach between government and industry not as the exception but as the normal working culture. Many local authorities have demonstrated strong leadership and expertise in working with developers to deliver regeneration. Not all have the same skills; and there is a danger, too, of delay while delivery structures are reinvented. We are recommending specific roles for the new Homes and Communities Agency in facilitating partnership working between the public and private sectors.

Value growth in regeneration areas does not occur immediately; it is secured over time as values catch up. For this reason, some developers are looking at alternative business models in which they retain a financial interest in the property, either through market renting or shared ownership schemes. This is a familiar approach from the commercial property sector and may generate interest among commercial developers. It has the potential to introduce a significant element of affordability into new housing supply. However, both developers and local authorities have expressed concern that regulatory issues may inhibit its growth. We are recommending additional work to examine whether these obstacles are real and how best they may be addressed.

The growth in housing values from a redevelopment scheme can quickly go into reverse unless integrated within a settled and well-managed community. This requires organisation, long term resources and fully funded proposals for community management which must be an essential part of a local authority's brief to its preferred partner. We do not expect housebuilders necessarily to engage in community management themselves, but to look for partners with the necessary expertise. Consequently we expect many of the local authority's "preferred partners" to consist of consortia of deliverers such as housing associations, management companies and financiers.

The potential of both physical renewal and community management will not be fully realised, and may fail altogether, if it stops at the boundary of the estate. Where appropriate the scope of an area designated for physical regeneration should bring in the wider community. This will not only facilitate community integration but will also pump prime a market-led process of conversion, gentrification and smaller scale "piggy-back" commercial and residential development, which is an essential component of a market-led recovery.

This raises potentially difficult questions about overlap with services provided by the local authority. We are recommending further work to ensure that this overlap does not become an obstacle.

While we see partnerships between local authorities and developers as key to unlocking the urban land supply that is needed to deliver housing growth, it is essential not to neglect other parts of the market. In the past, it has been the smaller and medium sized housebuilders who have delivered much of the volume growth. We must continue to support and encourage this segment of the market and provide opportunities for the small and medium sized firms to be part of the industry's growth. We have made a variety of recommendations to achieve this, including securing a supply of smaller sites and ensuring that they are viable.

We have recommended that no general action should be taken to force the faster build-out of land banks; we are clear that this will put production at risk, not add to it. However, there is no reason why Government or other public agencies should not stipulate faster build-out rates when disposing of land for housebuilding or within partnering agreements, so long as they can justify any loss of value this may incur. We have also made some recommendations for more transparency in the use and status of land for future housebuilding.

Similarly we have not recommended that Government stipulate the use of specific methods of construction. Our view is that over time the industry itself will determine what are the most cost-effective techniques. We welcome the new higher performance standards now being required by both the Housing Corporation and English Partnerships. This is certainly the right approach to promoting innovation and quality. In the current housebuilding market, however, there are insufficient incentives for quality. The returns to housebuilders for investing in quality barely justify the effort.

In the drive for increased quality, we are recommending that within the next two years, housebuilders seeking Government grants or other public subsidy must achieve customer satisfaction standards which have been established by an independent led survey. Efforts should be made to make sure this stipulation does not inhibit small and medium size builders and developers. The existing regulatory and warranty frameworks are an inadequate substitute for market disciplines. We are therefore recommending new arrangements for design review and for construction which incentivise good quality and impose real penalties for poor quality.

One of the most challenging aspects of our Review was to consider the increase in housebuilding alongside the Government's aspiration to be world class in the delivery of zero-carbon homes by 2016. We conclude that with multiple technical options and long lead times in the production supply chain, the industry itself will be stretched to meet the goals in this very tight timeframe but with the Government demonstrating strong leadership, direction and being firm in its commitment, the industry and its supply chain, including construction products manufacturers and energy suppliers, can meet zero carbon targets.

We have provided a delivery timetable which shows a number of actions that need to be set in hand now to make this happen. In particular we consider it is essential to establish a delivery body which will lead and co-ordinate the efforts of all parties towards the zero carbon target.

In conclusion, our Review shows clearly that the housebuilding industry and its supply chain have the potential to deliver 240,000 new good quality homes a year by 2016 and to achieve the zero carbon targets. However, the industry is answerable only to its investors and shareholders and not to the public interest. This is why most of our recommendations are addressed to central and local government. It is their business, not that of the industry, to

deliver public goals. We are clear, however, that by following our recommendations Government will put in place a framework of incentives and opportunities which will create a strong commercial motive on the part of the sector and its shareholders to deliver the Government's targets for 2016 and beyond.

Link: <http://www.callcuttreview.co.uk/default.jsp>

25.11 Office of Fair Trading (OFT) study into UK house building market

In June 2007 the OFT announced a market study into the £20bn per annum UK house building industry. The study will seek to understand constraints on the ability of the market to deliver sufficient quantities of cost-effective high quality new houses, and will allow the OFT to consider the potential competition and consumer concerns within the market. It will focus on two principal areas:

- Delivery of housing - whether land which is suitable for development is being effectively brought through to the planning approval stage and whether land with planning permission is being converted effectively into homes, and
- Customer satisfaction - the homebuyer's satisfaction with the properties available.

For many people, buying a house is the largest purchase they will ever make and the study will look for ways to improve their experience of buying a new-build home as well as the quality of those homes.

The Barker Review of Housing Supply 2004, which was set up to look at the reasons for the lack of supply and low responsiveness of housing in the UK, called on the industry to increase levels of customer satisfaction and to introduce a code of conduct. It said that if they did not rise substantially in the next three years, the OFT should conduct a wide-ranging review of the market. Following these recommendations the OFT has been monitoring the house building market and is concerned that it may not be working well for consumers. The OFT will be working with the industry, and the study will complement other reviews across government to minimise the burden on the sector. It will not look at the overall question of where development should occur or the environmental impact of new homes. It is expected to report back by summer 2008.

Possible outcomes of a market study include:

- Giving the market a clean bill of health
- Publishing information to help consumers
- Encouraging firms to take voluntary action
- Encouraging an industry code of practice
- Making recommendations to the Government or sector regulators
- Investigation and enforcement action against companies suspected of breaching consumer or competition law, or a market investigation reference to the Competition Commission.

The OFT is confident that this market study complements and is distinct from the Callcutt Review of House building Delivery and the recently set up National Housing and Planning Advice Unit.

25.12 Why the OFT is conducting a market study

The OFT's market study guidance outlines the factors that the OFT takes into account when selecting markets for review.²

The reasons the OFT has decided to proceed with a market study into house building are:

- The OFT is concerned that the market for housebuilding is not working well and there appears to be significant consumer detriment in the form of low supply response to sustained rising prices, low levels of quality and a lack of innovation.
- The importance of housebuilding to the economy. This is a significant market. In 2006 the value of the private housebuilding market in Great Britain was estimated at around £20 billion and accounted for around 35% of construction activity. Construction is one of the OFT's priority sectors. Weak housing supply contributes to macroeconomic instability and hinders labour mobility, constraining economic growth.
- Customer satisfaction has not increased substantially since the Barker Review of Housing Supply³ looked at the reasons for the lack of supply and low responsiveness of housing in the UK. Its final report in March 2004 called on the industry to increase levels of customer satisfaction and develop a code of conduct for new house sales⁴. It called on the OFT to conduct a review of the market if progress was unsatisfactory or if customer satisfaction levels did not rise substantially in the next three years. A code of conduct has not been developed. Although there has been some progress in raising customer satisfaction with the buying process, satisfaction with the quality of new homes has actually decreased since 2003.
- The housebuilding sector has a significant level of Government involvement and regulation which is another OFT priority area. Launching a market study at this time would allow the OFT to make a substantial contribution to policy formulation in this area, in conjunction with the 'Planning For a Sustainable Future' White Paper, the Callcutt Review, the DTI review of the wider property market and the recently established National Housing and Planning Advice Unit.
- Prospect of obtaining evidence. The OFT proposes to conduct this market study working together with firms, trade associations, central and local government, and independent experts. The OFT envisages that the co-operation of these interested parties will enable us to obtain the information required for the study.
- Prospect of identifying remedies. The OFT is well placed to identify and recommend remedies to empower consumers to drive competition. In keeping with OFT's competition advocacy role it would also look to feed directly into policy formulation in this area.
- The OFT is the most appropriate body to undertake a study. An OFT market study under the Enterprise Act 2002 facilitates a market-wide consideration of both competition and consumer issues together. As stated above, the OFT is well-placed to obtain evidence and propose remedies with the cooperation of stakeholders. Therefore the OFT does not consider it appropriate to make a market investigation reference to the Competition Commission at this time. However, the OFT does not rule out the possibility of such a reference as an outcome of the OFT's study, particularly if the OFT finds that the Competition Commission's powers to gather information and impose remedies are required.

²OFT Market studies: Guidance on the OFT Approach November 2004

³HMT/DCLG Review of Housing Supply Final Report March 2004

Link: <http://www.of.gov.uk/news/press/2007/90-07> news story and http://www.of.gov.uk/shared_of/reports/comp_policy/of934.pdf for "*Housebuilding – reasons for a market study*".

Appendix 2 sets out the scope of the study and it's geographic coverage.

Appendix 1: CLG's Summary of the Barker Review

The Government's response to Kate Barker's Review will make housing more affordable for the next generation so that young families can afford a home of their own in the future.

Three Key Goals

- A step on the housing ladder for future generations.
- Quality and choice for those who rent.
- Mixed, sustainable communities.

Despite continued increases in demand for home ownership and new housing over the past few decades, with growing numbers of people living alone, the level of house building has been significantly lower than in previous decades.

Over the last 30 years the number of households has increased by 30% while the level of house building fell by 50%. In 2004, even at the peak of the housing cycle, 150,000 new homes were provided. Yet the ageing and growing population means household growth is at 189,000 per year (about the same level as in the eighties).

The Barker Review said that the market is not sufficiently responding to housing demand and that as a result house price increases are the highest in Europe. If we carry on at current building rates, then by 2026 less than a third of thirty year old couples will be able to afford their own home on the basis of their earnings. That is why the Government is committed to supplying new homes and more affordable homes to support families in the future.

We need to build these homes in a sustainable way. Today's announcement sends a clear signal from the Government that the new homes will only be built if the right level of infrastructure - transport links, leisure facilities, services, schools and hospitals - is in place and in a way that limits impacts on the environment.

Key Announcements

- **Housing Supply** - A commitment to increase the rate of house building from 150,000 per year today to 200,000 by 2016, and to set out the pace of change in the Spending Review.
- **Shared Equity and Social Housing** - A commitment to increase affordable housing for ownership and rent. A new partnership with the private sector to promote shared equity schemes. Working with mortgage lenders, private house builders and housing associations, the Government will promote a wider range of shared ownership schemes to help families get a first foot on the housing ladder. In addition we will increase new building of social housing, making it a priority for the Comprehensive Spending Review and piloting new ways for local authorities to increase social housing in their area.
- **Planning** - Reforms to make planning more responsive to local housing needs by ensuring that regional and local plans set out measures to prepare and release more land, encourage local authorities to demand high standards of design of housing and the publication of a new Green Belt Direction to guard against urban sprawl. Also work with local authorities in order for them to take account of affordability alongside other factors
- **Delivering Infrastructure** - Launch a consultation on the Planning Gains Supplement to help finance infrastructure, carry out a cross-cutting, Government wide review to

look at how to deliver infrastructure in the long-term and consult on planning and housing delivery incentives for local government.

- Environment - Launch of a new draft Code for Sustainable Homes to improve the efficiency of new homes, saving water and energy, new planning policies to help manage flood risk, a commitment to regulate water efficiencies and new Site Waste Management Plans.
- New Growth Points - A £40 million fund available to support housing growth in areas of high demand. (The then) ODPM will be inviting areas to volunteer to be new points for housing growth.

Facts about affordability

- One million more home owners since 1997 thanks to lower mortgage rates making homeownership more affordable
- A more stable housing market in contrast to the recession and repossession in the late 90s
- 70% of new homes are already built on previously developed land compared to 56% in 1997

We face growing housing demand with an increasing number of people living alone relative to previous decades and others marrying later in life. Single person households, according to ODPM's latest household projections, will account for 67% of household growth between 2001-2021. By 2026 only three out of ten of today's ten year olds will be able to afford to buy a home when they have families of their own if we stick with current building rates.

Average deposits for first time buyers have gone up from £5,000 in 1996 to £34,000 in the first half of 2005. In 1980 only 4% of first time buyers relied on gifts or loans from friends or relatives to help with finding a deposit. That figure has now shot up to 23%.

Social housing waiting lists are also affected by lack of new housing across the board. The long-term impact on low income households with pressures on social housing waiting lists, overcrowding and homelessness could be considerable if we don't act.

There are currently 150,000 fewer workers than jobs in the South East and this number could treble if we continue building at current rates - a sign that the mismatch between supply and demand could seriously damage local economies if left unchecked.

<http://www.communities.gov.uk/housing/housingsupply/barkerreview/>

Appendix 2: OFT study into UK house building market

The scope of the study

The issues the OFT intends to work with the industry to examine will include:

- The extent to which consumers have power to drive competition. Consumers' purchases of houses are often constrained in timing and location and there may be information asymmetries between homebuyers and housebuilders.
- The level of consumer protection and redress. This would consider consumer legislation and will include an investigation of building regulation standards and the efficacy with which they are enforced. The OFT will also investigate whether new home warranties adequately insure homebuyers against poor quality housing.
- The extent of competition in housebuilding and barriers to entry and expansion including whether available land is being effectively brought through the planning process in a timely manner, scarcity of key inputs, and the effects of landbanks and option agreements.

Geographic coverage

The OFT proposes to consider consumer issues across the UK, and issues relating to competition and the impact of the planning framework primarily within England. To the extent that Scotland, Wales and Northern Ireland face similar issues to England on these latter aspects, this will be considered and these administrations will be encouraged to take account of the issues raised and recommendations made in framing policy for their respective areas.