

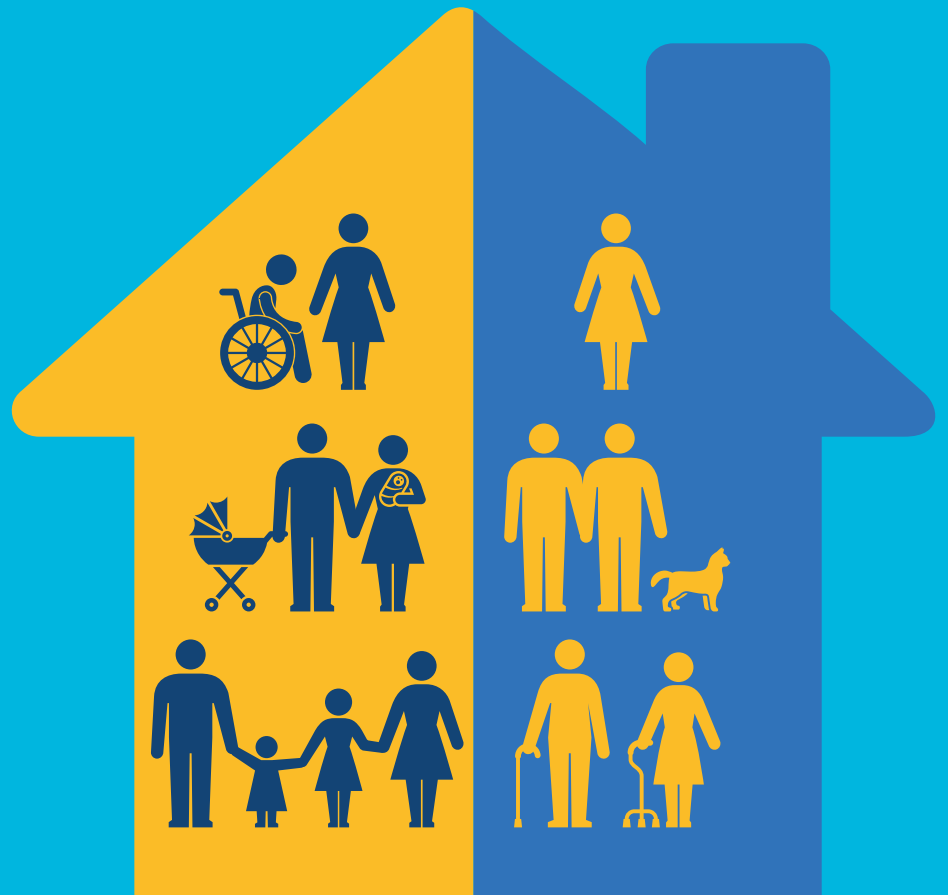
England

NATIONAL  
HOUSING  
FEDERATION

# home truths

2013/14

..... the housing market  
..... in England



## An unbalanced recovery

**England appears to be finally emerging from recession and there is much to be positive about. But the recovery is distorted, with some parts of the country struggling with an overheated housing market while other communities remain at a standstill and are seeing little economic growth.**

The UK economy grew by 0.8% in the third quarter of 2013<sup>1</sup> – the strongest period of growth in three years. Green shoots are evident in many towns and cities. London is sprinting forward, creating 11.4% more new businesses since 2011<sup>2</sup>. In the last year alone the capital saw about 13,000 new businesses form, a rise of 3.5%<sup>3</sup>.

The knock-on effect has seen the housing market stir. But while rising house prices and Help to Buy are positive for some, many others are losing out.

House prices are now so far out of reach that many local people and families are struggling to raise a deposit for a mortgage. Demand for homes remains as high as ever, but this isn't being matched by an increase in supply, pushing prices up more.

England is already extremely short of housing and needs around 240,000 new homes a year just to meet demand. Currently we're not even building half that amount and the numbers are falling. In 2012/13, around 107,000 new homes were completed, 11% fewer than in 2009<sup>4</sup>.



With house prices set to rocket by 35% by 2020<sup>5</sup>, an entire generation will be locked out of home ownership forever and be forced to rent for life. A stable and affordable rental market would ease the pressure and be a good alternative, but England's housing market is broken.

Tenancy agreements are short-term and insecure. And as house prices rise, rents do too. On average they currently take up half of an English person's disposable income but in 10 years that will have risen to 57%<sup>6</sup>. By 2020, rents are expected to soar by an average of 39%<sup>7</sup>.

The dysfunctional housing market is having severe financial consequences for the taxpayer. As rents rocket, many people are turning to the state for help because they can't pay their rent.

Since 2009, an extra 310 working people a day – one person every five minutes – have asked for help with housing costs to keep a roof over their head. Every day this adds an extra £1.7m<sup>8</sup> to the annual housing benefit bill which the Government is desperately trying to cut.

Meanwhile, in parts of the country where there is little or no growth, people are facing very different problems. While London flourishes, the majority of other regions, even in the last three years combined, haven't managed to match the number of new businesses the capital created in 2012 alone.

## An extra 310 working people a day are claiming housing benefit to keep the roof over their heads.



London has twice as many businesses per person as the North East, while the South West and East Midlands have seen a 3-4% decrease over the past year<sup>9</sup>.

Unemployment in many areas has risen by over 40% over the last four years while wages in other areas have shrunk by between 2% and 18%<sup>10</sup>. Hundreds of thousands of young people can't find work, education or training. As the country pulls out of the recession these are England's forgotten communities, stagnant and stuck in limbo.

The Government is now spending £24bn of taxpayers' money on housing benefit – most of which is going to landlords rather than towards building new homes. This is an economic and social sticking plaster rather than a solution. For a fraction of that wasted money, the Government could support areas of economic growth and build more affordable homes.

<sup>1</sup> Office of National Statistics (ONS): Gross Domestic Product Preliminary Estimate, Q3 2013

<sup>2</sup> ONS, UK Business: Activity, Size and Location, 2013

<sup>3</sup> ONS, UK Business: Activity, Size and Location, 2013

<sup>4</sup> Department for Communities and Local Government: Permanent dwelling completions, 2013

<sup>5</sup> Oxford Economics projections, 2013

<sup>6</sup> Oxford Economics and National Housing Federation calculations, 2013

<sup>7</sup> Oxford Economics projections, 2013

<sup>8</sup> Average figures taken from Department of Work and Pensions (DWP) statistics and National Housing Federation calculations, 2013

<sup>9</sup> ONS, UK Business: Activity, Size and Location, 2013

<sup>10</sup> ONS: Model-based unemployment estimates (unemployment by local authority), 2013

## What the Government must do

**For every £1 spent on housing, £2.41 is generated in the wider economy and every new home creates 2.3 jobs.**

**Addressing these skewed recoveries will require different solutions. In areas where there is economic growth, house prices and rents are soaring because for decades successive governments have failed to invest in enough homes to meet demand.**

If this is not tackled, it could also act as a brake to sustained growth. In a recent poll, the National Housing Federation found that nearly 80%<sup>11</sup> of businesses said the lack of affordable housing is stalling economic growth in local communities, with 70% warning it would affect their ability to attract and keep workers.

Increased house building in areas that need homes drives local economic growth further and faster than any other industry. For every £1 spent on housing, £2.41 is generated in the wider economy; and every new home creates 2.3 jobs<sup>12</sup>.

The Government must invest in building more homes that people on all incomes can afford. Local Enterprise Partnerships (LEPs) are finalising their strategic economic plans now, plans which will determine the amount of investment and funding they secure from Government to promote local economic development and growth.

The Government must also carefully assess the strategic economic plans by LEPs to ensure the local economic impact of housing is taken into account.

In areas with little or no economic growth, LEPs should work with housing associations, local authorities and other partners to invest in revitalising communities, creating jobs and supporting social enterprise. This will give a massive boost to impoverished areas and ensure a fair and balanced economic recovery for people and families around the country.

**Nearly 80% of businesses say the lack of affordable housing is stalling economic growth.**



## Housing associations

Housing associations are already responding to the nation's challenges. In parts of the country with high house prices and rents, they have been delivering homes that people can afford for rent, sale and shared ownership so that families on all incomes can live in a home of their own. They have been building the majority of the new affordable homes delivered in this country over the last 20 years and are ready and willing to build more.

In parts of the country still paralysed by the recession, housing associations are playing an equally vital role. They are investing in people and communities, creating jobs and apprenticeships, and are working hard with local businesses and partners to revitalise struggling neighbourhoods.

In 2011, housing associations spent more than half a billion pounds investing in communities and into projects that help people manage their money and get out of debt as well as into job skills classes and youth enterprise projects. In the space of three years, they have provided more than 7,300 apprenticeships<sup>13</sup>.

For every two pounds of their own money spent, housing associations pull in around a further one pound of investment in community services from other organisations.

In total, housing associations provide more than two and a half million homes for more than five million people. They employ more than 155,000 people<sup>14</sup>. The additional economic impact of housing associations is worth an extra £13.9bn a year to England's economy – equivalent to 1.1% of the nation's total economic output<sup>15</sup>.

Housing associations are in it for the long term. With more support, they can be real catalysts for change for communities around the country and help drive forward a balanced economic recovery for England.

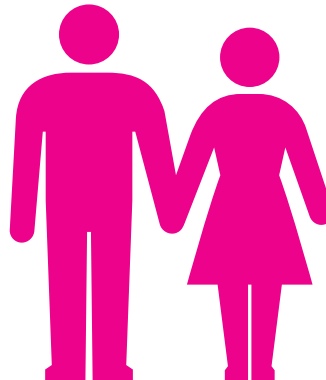
<sup>11</sup> ComRes survey for National Housing Federation, 2013

<sup>12</sup> National Housing Federation analysis of Centre for Economic and Business Research (CEBR) Economic Impact Database, 2013

<sup>13</sup> National Apprenticeship Service, 2013

<sup>14</sup> Regulatory and Statistical return, 2011

<sup>15</sup> National Housing Federation analysis of CEBR's Economic Impact Database, 2013



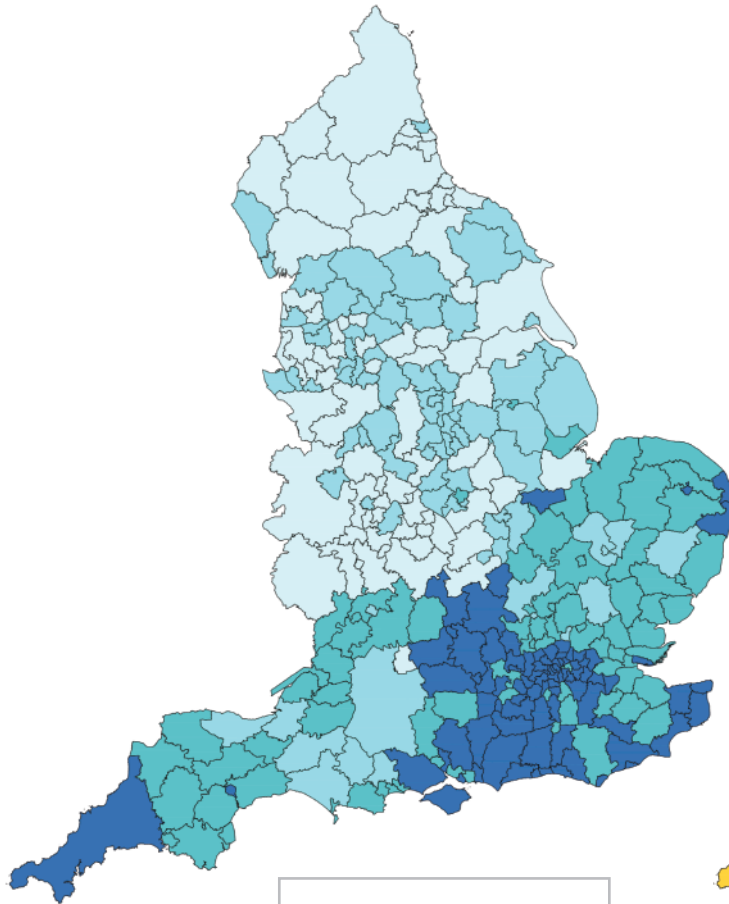
**For every two pounds of their own money spent, housing associations pull in around a further one pound of investment in community services from other organisations.**



The National Housing Federation's 'Yes to Homes' campaign is calling on local people who want more homes in their communities to contact their local councillors and support more housing. For more information, visit [www.yestohomes.co.uk](http://www.yestohomes.co.uk).

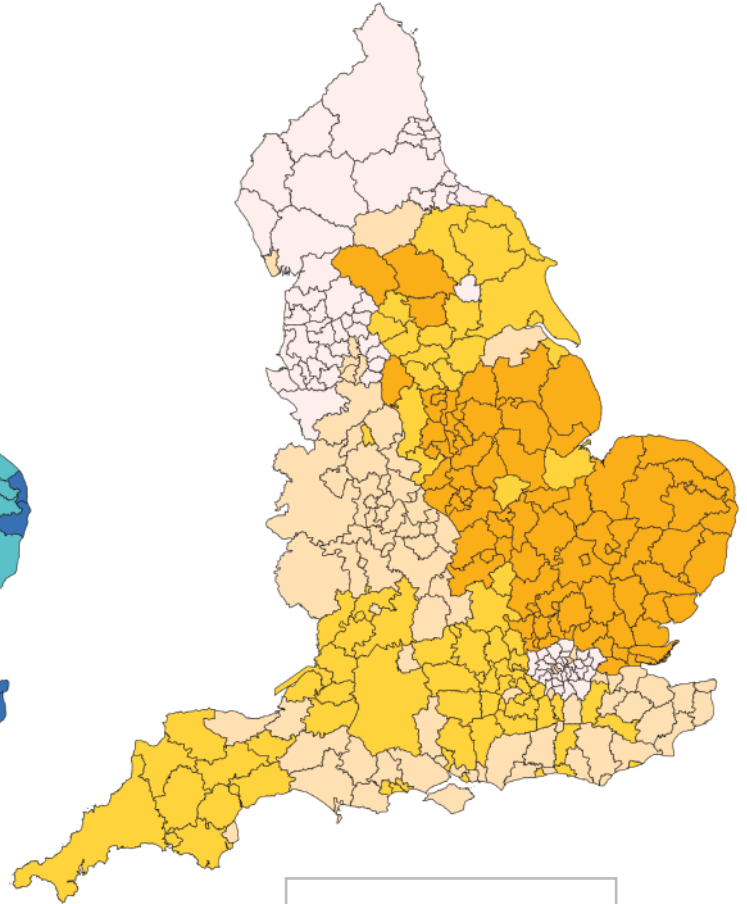
**We need the right homes, in the right places at the right price.**

## Increase in house prices 2013 to 2020



■ 38.6% to 54.3%	(87)
■ 29.4% to 38.5%	(84)
■ 22.5% to 29.3%	(79)
■ 8.6% to 22.4%	(76)

## Increase in rental prices 2013 to 2020



■ 43.0% to 55.6%	(86)
■ 39.6% to 43.0%	(80)
■ 33.2% to 39.6%	(84)
■ 24.2% to 33.2%	(76)

The above figures represent projected percentage increases. The figures in brackets represent the number of local authorities projected to experience each increase.

Source: Oxford Economics projections, 2013

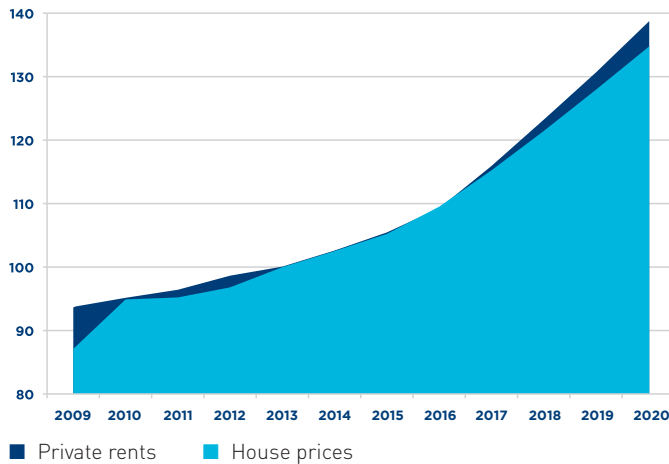
## House price forecasts

	2013	2014	2015	2016	2017	2018	2019	2020
England	245,879	252,180	258,848	269,273	283,266	298,474	314,395	331,387
East of England	243,600	249,900	256,000	267,100	280,500	294,800	309,900	326,100
East Midlands	169,200	171,800	174,400	179,500	187,000	195,000	203,400	212,300
London	452,400	468,400	484,900	508,700	539,900	573,700	609,200	647,500
North East	146,000	146,800	147,700	150,600	155,400	160,500	165,800	171,400
North West	155,600	157,500	159,400	163,500	169,800	176,600	183,500	191,000
South East	298,000	307,000	317,100	332,000	351,800	373,000	395,400	419,600
South West	241,300	247,600	255,100	264,500	276,900	291,600	306,600	321,300
West Midlands	184,000	186,000	187,900	192,500	199,500	207,100	215,000	223,400
Yorkshire and Humber	167,100	169,300	171,400	176,000	182,900	190,300	198,000	206,300

## Annual private rents forecast

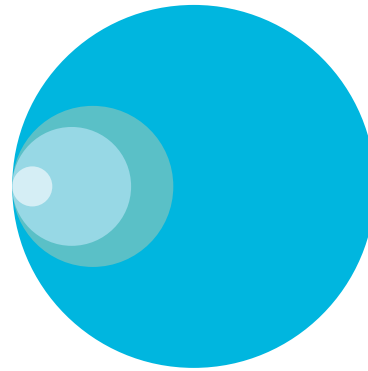
	2013	2014	2015	2016	2017	2018	2019	2020
England	8,691	8,909	9,159	9,489	10,074	10,708	11,349	12,059
East of England	8,135	8,340	8,560	8,843	9,577	10,394	11,219	12,160
East Midlands	6,414	6,576	6,764	7,035	7,547	8,099	8,657	9,279
London	16,796	17,239	17,720	18,344	19,254	20,224	21,200	22,249
North East	5,771	5,887	6,020	6,199	6,447	6,705	6,965	7,234
North West	6,388	6,500	6,627	6,812	7,198	7,608	8,015	8,479
South East	10,124	10,426	10,771	11,238	11,927	12,660	13,406	14,204
South West	7,970	8,102	8,326	8,592	9,154	9,795	10,457	11,190
West Midlands	6,692	6,834	6,987	7,190	7,656	8,173	8,695	9,296
Yorkshire and Humber	6,681	6,848	7,036	7,304	7,800	8,332	8,872	9,490

## House prices and private rents – relative to 2013 levels



Source: Oxford Economics projections, 2013

## Housing supply and demand\*



### Supply in England

■ Private – 78,643  
 ■ Housing associations – 26,547  
 ■ Local authorities – 1,310  
 Total = 106,500

### Demand

■ Required – 240,000

## New homes built 2012/13\*

	Private sector	Housing associations	Local authority	Total
<b>England</b>	<b>78,643</b>	<b>26,547</b>	<b>1,310</b>	<b>106,500</b>
<b>East of England</b>	<b>11,129</b>	<b>2,591</b>	<b>50</b>	<b>13,770</b>
<b>East Midlands</b>	<b>7,790</b>	<b>1,350</b>	<b>10</b>	<b>9,150</b>
<b>London</b>	<b>10,744</b>	<b>8,376</b>	<b>500</b>	<b>19,620</b>
<b>North East</b>	<b>2,830</b>	<b>930</b>	<b>330</b>	<b>4,090</b>
<b>North West</b>	<b>7,751</b>	<b>2,689</b>	<b>50</b>	<b>10,490</b>
<b>South East</b>	<b>15,130</b>	<b>4,640</b>	<b>90</b>	<b>19,860</b>
<b>South West</b>	<b>11,073</b>	<b>2,827</b>	<b>10</b>	<b>13,910</b>
<b>West Midlands</b>	<b>6,501</b>	<b>1,969</b>	<b>150</b>	<b>8,620</b>
<b>Yorkshire and Humber</b>	<b>5,695</b>	<b>1,175</b>	<b>120</b>	<b>6,990</b>

\*Source: DCLG, Permanent Dwellings Completed (Live Table 253), adjusted using GLA Funding Housing Completions and HCA totals for housing associations, 2013



## Rise in housing benefit claims by working people (since 2009)

	Employed	Not employed	Total
England	103.9%	4.0%	15.7%
East of England	96.0%	5.0%	16.8%
East Midlands	109.9%	6.0%	16.6%
London	110.0%	-2.1%	15.2%
North East	107.5%	4.6%	12.8%
North West	123.2%	5.2%	15.0%
South East	83.8%	4.9%	17.2%
South West	107.7%	4.0%	17.1%
West Midlands	98.9%	3.9%	13.4%
Yorkshire and Humber	105.3%	9.5%	17.5%

Every day this adds an extra £1.7m to the annual housing benefit bill.

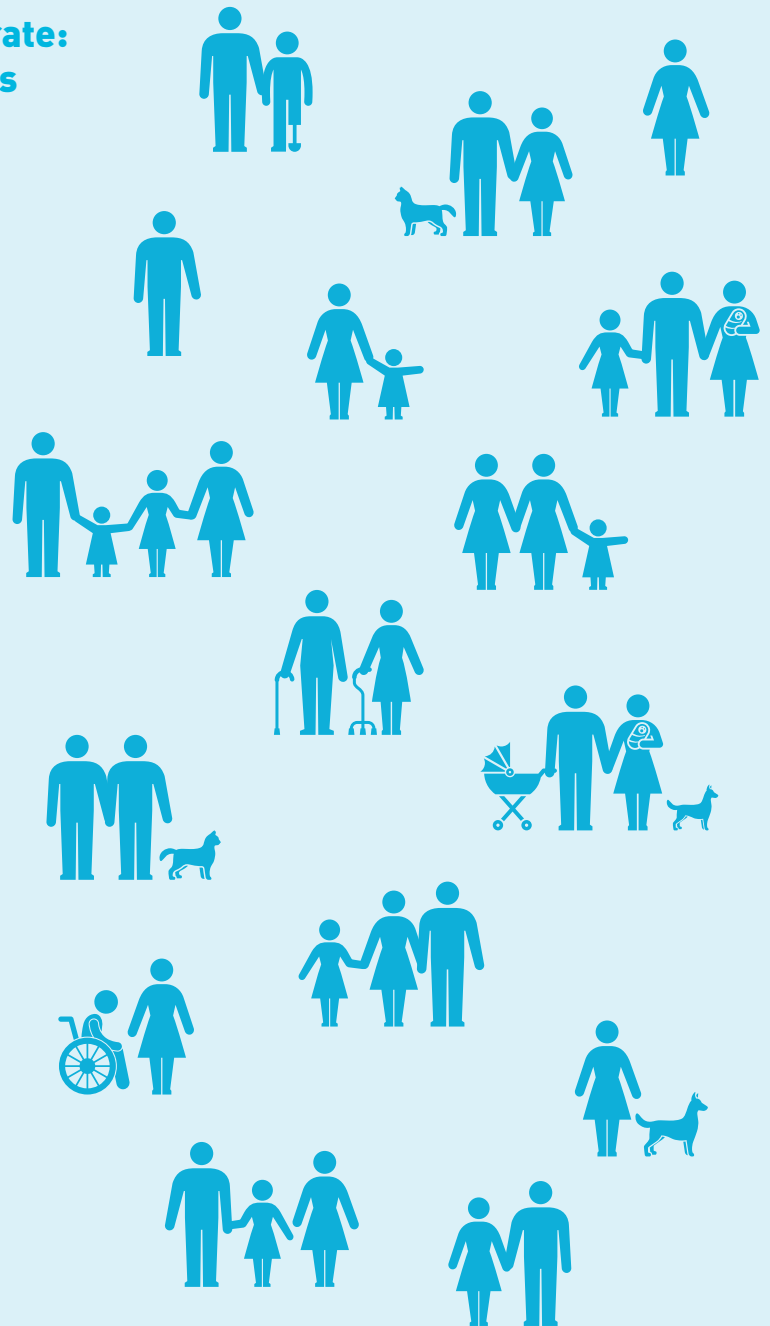
Source: DWP Statistical Summaries, 2013



## Five-year change in unemployment rate: Top 10 and bottom 10 local authorities

	Five year change 2008/09 - 2012/13
<b>Maidstone</b>	<b>56.1%</b>
<b>Canterbury</b>	<b>55.3%</b>
<b>Barking and Dagenham</b>	<b>52.3%</b>
<b>Gravesham</b>	<b>49.9%</b>
<b>Havering</b>	<b>46.5%</b>
<b>Isle of Wight</b>	<b>45.7%</b>
<b>Middlesbrough</b>	<b>44.9%</b>
<b>Ashford</b>	<b>43.6%</b>
<b>Thanet</b>	<b>43.3%</b>
<b>Mole Valley</b>	<b>43.2%</b>
<b>Bromsgrove</b>	<b>-13.3%</b>
<b>Warwick</b>	<b>-14.4%</b>
<b>Tamworth</b>	<b>-14.5%</b>
<b>East Dorset</b>	<b>-15.6%</b>
<b>Stratford-on-Avon</b>	<b>-16.0%</b>
<b>Harborough</b>	<b>-16.2%</b>
<b>Mid Devon</b>	<b>-16.5%</b>
<b>South Northamptonshire</b>	<b>-17.3%</b>
<b>North Warwickshire</b>	<b>-20.6%</b>
<b>Stafford</b>	<b>-20.8%</b>

Source: Nomis official labour market statistics



## Number of UK VAT and/or PAYE based enterprises by region

	2011	2012	2013	% growth 11-13
<b>England</b>	<b>2,081</b>	<b>2,149</b>	<b>2,168</b>	<b>4.2%</b>
<b>East of England</b>	<b>211</b>	<b>217</b>	<b>218</b>	<b>3.3%</b>
<b>East Midlands</b>	<b>141</b>	<b>145</b>	<b>145</b>	<b>2.8%</b>
<b>London</b>	<b>334</b>	<b>360</b>	<b>372</b>	<b>11.4%</b>
<b>North East</b>	<b>55</b>	<b>56</b>	<b>56</b>	<b>1.8%</b>
<b>North West</b>	<b>201</b>	<b>206</b>	<b>207</b>	<b>3.0%</b>
<b>South East</b>	<b>328</b>	<b>338</b>	<b>340</b>	<b>3.7%</b>
<b>South West</b>	<b>197</b>	<b>201</b>	<b>201</b>	<b>2.0%</b>
<b>West Midlands</b>	<b>168</b>	<b>171</b>	<b>172</b>	<b>2.4%</b>
<b>Yorkshire and Humber</b>	<b>147</b>	<b>150</b>	<b>151</b>	<b>2.7%</b>

Count given to the nearest thousand.

Source: Inter Departmental Business Register (IDBR), ONS



The National Housing Federation is the voice of affordable housing in England. We believe that everyone should have the home they need at a price they can afford. That's why we represent the work of housing associations and campaign for better housing.

Our members provide two and a half million homes for more than five million people. And each year they invest in a diverse range of neighbourhood projects that help create strong, vibrant communities.

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