

FOR IMMEDIATE RELEASE APRIL 2010

Flats and Apartments Market – UK 2010-2014

New AMA report Reviews Developments in the UK Flats and Apartments Market

“In overall terms, the housing market in the UK has experienced a period of strong growth in the 5 years to 2007 when output reached a peak of over 225,000 dwellings. The volume of newly constructed flats also reached a peak in 2007 at 99,000 in the UK – about 44% of total new family housing. In England, the share of flats also reached a high in that year with just over 82,000 flats constructed. However, in the last 2 years there has been a severe decline in flat volumes to an estimated 57,000 in England and 67,000 in the UK in total in 2009.”

A brief summary of the report is included on the following page.

Priced at £650, the report is currently available from AMA Research Ltd, Telephone 01242 235724 or e-mail at sales@amaresearch.com.

Editors Note:

Attached is a summary of the report. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission.**

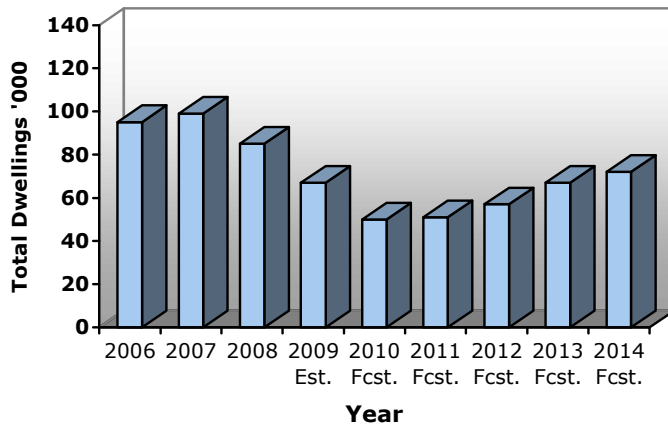
If you would like to receive an editorial review copy or would like to speak to an author of this report, please contact Andrew Hartley or Chris Moore on (01242) 235724.

Please include our web address and telephone number on any review printed; it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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Flats and Apartments Market UK 2010-2014

UK Flats Market - Completions 2006-2014



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Figures up to early/mid-2009 show no decline in the share of flats within the housebuilding market, but this has been changing since mid-

2009 and into 2010. Some of the major housebuilders have recently started to reduce the share of flats they build in favour of family housing indicating that many of their customers prefer houses to flats and the more positive impact on cash-flow.

The volume of newly constructed flats in the UK has declined from a peak of about 99,000 in 2007 to an estimated 67,000 in 2009 and is likely to experience further decline in the short term due to:

- Lack of sustained or substantial recovery and growth in the housing market
- Existing over supply of flats with many lying empty – particularly in Northern urban England.
- The major housebuilders prefer to change their 'mix' to favour family housing rather than flats which in turn will increase their margins and are easier and quicker to sell.
- Collapse of 'buy to let' market

It is expected that the volume of flats will decline to about 50,000 in 2010 – around 50% of the 2007 figure and share in the UK could fall towards 40% over the next few years. However, in the medium term, demand for flats will inevitably recover more strongly as fundamental drivers begin to impact on the market.

So what are these drivers?? Firstly, the targets for new housebuilding in England, set in the 2007 CSR (Comprehensive Spending Review), are:

- 2 million new homes to be built by 2016
- A further 1 million homes to be constructed in the 4 years to 2020

Given the rapid decline in housebuilding activity in 2008-09, these targets are now generally accepted as unachievable. However, in general, demand continues to outstrip supply on a substantial scale and this will support the longer-term growth of the overall housebuilding sector. The focus is expected to increase on the 'affordable' homes sector and apartments in order to address the mis-match between supply and demand. For many areas of England, in particular, apartments represent the only viable way to overcome major problems of planning approval, and availability and cost of suitable building land to meet 'volume' building targets over a sustained period.

The outcome of the Election will shed some light on the future direction of the sector. While policies on housing are unclear, the Conservatives seem destined to allow greater freedom to local authorities to control their own housing requirements by abolishing RDAs. However, in the longer term, no matter which Party gains power, the fundamental problem of a shortage of housing supply will need to be addressed and a large-scale programme of new build implemented – with flats representing a cornerstone of plans.

AMA Research's "**Flats and Apartments Market – UK 2010**" report is available in hard copy or electronic format for £650 and can be ordered online at www.amaresearch.co.uk or by calling 0871 3103450.