

FOR IMMEDIATE RELEASE January 2011

Housebuilding Market – UK 2010-2014

New AMA report Reviews Developments in the Housebuilding Market

“Given the current volatile climate, it is difficult to forecast prospects in the housebuilding sector in the short-medium term. Undoubtedly, underlying demand remains strong which bodes well for the long term, but the industry is set for a bumpy ride over the next 2-3 years until confidence and funding availability is more robust”.

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

Priced at £665, the report is currently available from AMA Research Ltd.
Telephone 01242 235724 or e-mail at sales@amaresearch.com.uk.

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.**

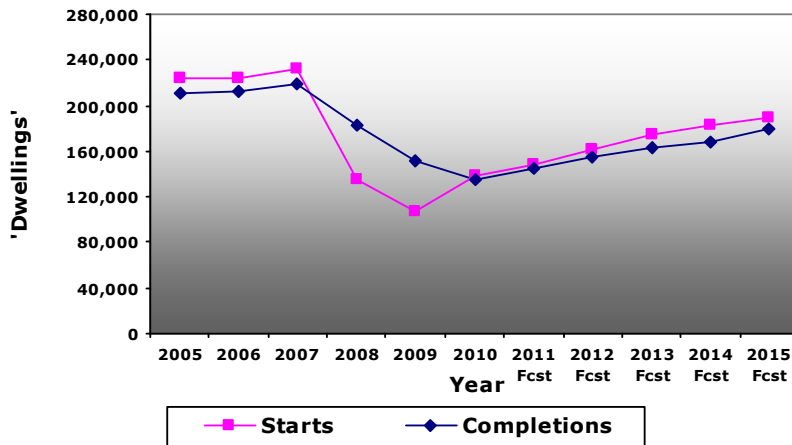
If you would like to receive an editorial review copy or would like to speak to an author of this report, please contact Andrew Hartley or Chris Moore on (01242) 235724.

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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UK Housebuilding Starts and Completions Forecast 2005-2015



Prior to the change of Government in May 2010, the previous government identified a target of 240,000 new homes a year with a view to achieving 2m new homes by 2016 and a further 1m by 2020. The top down targets set by the previous government through the regional spatial strategy plans were abolished by the new Coalition government with the intention to give decision-making powers on housing and planning to local councils.

The current government, by introducing the New Homes Bonus, intends to incentivise local planning authorities to increase house building and be responsible for establishing the right level of local housing provision in their area. Whether councils will retain their existing targets, or review them, will no doubt emerge over the coming year since the government are anxious that communities are made aware of new targets as soon as possible – though some authorities have already announced the reduction of some commitments.

Whatever new targets emerge, the key fact remains that housebuilding volumes in England are at exceptionally low levels by any historical standards. We estimate that, in 2010, the number of **housing starts for residential housing in the UK was around 130,000** which is an increase over depressed 2008/09 levels but still well down on recent historical levels.

However, while there has been some recovery in 2010, activity levels were already flattening out in late 2010, reflecting a combination of low consumer confidence, falling disposable incomes and the lack of mortgage availability for first-time buyers in particular.

Underlying demand for new housing remains strong due to a range of factors including population growth, new household formations, and the need to replace old low-quality stock. As a result, the medium-term prospects for the sector remain fundamentally positive and output levels of at least 200,000 new dwellings per annum should be achieved, but recovery over the next 3-4 years is likely to be slow and steady at best.

The new Government has made radical changes to the planning and development process but it's too early to assess the effectiveness of these changes. Cutbacks in social/affordable housing are anticipated as a result of reductions in budgets, with the private sector dependent on improving consumer confidence and mortgage availability to drive increasing demand and output.

Following a period of rapid growth in apartment building, 2009/10 has seen a swing back to traditional housing, though the lack of available building land in many parts of England is likely to sustain the share of apartments in the longer term.

Building standards are set to rise further as the demands for greater energy-efficiency impact on insulation, heating/ventilation, water consumption and waste management etc, which are driving design and specification processes.

Given the current volatile climate, it is difficult to forecast prospects in the housebuilding sector in the short-medium term. Undoubtedly, underlying demand remains strong which bodes well for the long term, but the industry is set for a bumpy ride over the next 2-3 years until confidence and funding availability is more robust.

AMA Research's report "**Housebuilding Market – UK 2010-2014**" is available in hard copy or electronic format for £665 and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.