

# Homebuilding market study

Annexe P - Planning permissions database

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## **P.1 PLANNING PERMISSIONS DATABASE**

- P.1.1 The planning permissions data used in our analysis of industry concentration was purchased from Emap Glenigan.<sup>1</sup> This data was used on the basis that it was the best information available at a reasonable cost for the study.
- P.1.2 The dataset used for the analysis provided information on a large majority of the planning approvals granted in the UK between 1996 and 2007 on development sites of at least 10 units. While the dataset does not hold all planning approvals, we have not found reason to suppose that the data is systematically biased.
- P.1.3 The data was purchased in two stages – England first, and then later on the other countries of the United Kingdom. As a result, the data for Scotland, Wales and Northern Ireland is slightly more up to date than that for England.

### **Data cleaning**

- P.1.4 It was necessary to 'clean' the database before it could be analysed. First, we created a new field in the database to record the number of residential units granted permission on each development. We also updated and completed the existing fields for: the awarding LPA; the county of the development and the country of the development.
- P.1.5 In order to use the data for an analysis of industry concentration it was necessary to identify the ultimate parent company of each of the homebuilders listed on the database. The database contained a parent company field, which we updated to take account of recent mergers and takeovers. For the purpose of our analysis, all homebuilders within a group are treated as being a single company.

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<sup>1</sup> [www.gleniganonline.com/asp/aboutus.asp](http://www.gleniganonline.com/asp/aboutus.asp)

P.1.6 About a third of the approvals in the dataset, mostly the more recent ones, do not identify a homebuilder. We refer to these entries as 'blanks'.

## Data analysis

P.1.7 In most cases our data analysis **included** blanks – in the report we state where it does not. This means that if half of the units built in a LPA during a given period had no named parent business, then the biggest market share available to named homebuilders under the analysis was 50 per cent, with the other 50 per cent recorded as 'blank'.

P.1.8 We calculated basic background statistics to inform the rest of the analysis. This came in two sections: first, looking at how many 'blanks' were in the data, and hence what proportion of the market could not be attributed to named homebuilders and second, looking at the number of active firms in each LPA in the UK.

P.1.9 The next stage of our analysis was to look at the number of LPAs where one homebuilder had permission to build more than 50 per cent of the units approved. We decided to use a 50 per cent threshold since when a firm has a market share of more than 50 per cent there is a legal presumption of dominance in the absence of evidence to the contrary.<sup>2</sup> This was calculated across the whole dataset and across all the three year periods from 1998-2000 through to 2004-2006.

P.1.10 Where we have used three year rolling time periods we have not included the two periods 1997-1999 and 2005-2007. The former was excluded since we were concerned that the database may have been less complete for 1997 than for other years. The latter was excluded since the data was purchased during the course of 2007 and so was incomplete for that year.

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<sup>2</sup> See OFT Guideline 415, 'Assessment of market power.'

P.1.11 The last stage of analysis was to calculate what proportion of units and approvals were granted within concentrated<sup>3</sup> LPAs. This was done for each three year rolling period for each country and also for the UK as a whole. We also calculated the mean number of residential units per approval in concentrated LPAs and the mean number of residential units per approval in those LPAs that were not concentrated, again for each three year period.

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<sup>3</sup> We defined an LPA as 'concentrated' if one firm received permission for over half of the units there in a given period.