OFFICE OF FAIR TRADING

Homebuilding market study

Annexe U - Land ownership databases

September 2008

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CONTENTS

U.1 LAND OWNERSHIP DATABASES

U.1.1 The property services firm Savills[1] maintains a significant development land database. The database comprises current schemes with a total area of 24,554 hectares, 6,452 hectares of which has planning permission[2] for residential use in the UK. The number of homes this area would support is 254,909 based on the permissions granted for each site. Information regarding ownership is held for 75 per cent of the sample. Where ownership details are known, the ownership of schemes with residential planning permission is divided between:

- developers[3] - 47 per cent
- public sector bodies - 38 per cent
- private landowners - 15 per cent.

U.1.2 Figure 1 gives a detailed breakdown of the ownership of large sites on the Savills database including the ownership of sites by different types of developers.

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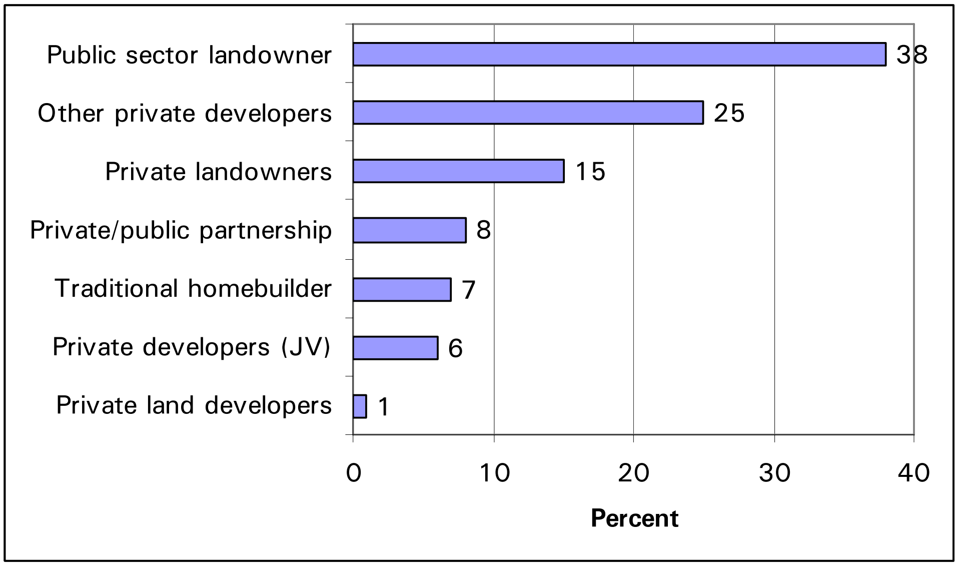
1 www.savills.co.uk

2 Savills does not record if the planning permission granted is outline or detailed.

3 Defined as anyone involved in the business of development including private developers, private developer joint ventures, traditional homebuilders, private land developers, private/public partnerships and RSLs. It excludes private landowners and public sector landowners.

Figure 1 Ownership of large sites (where known), UK

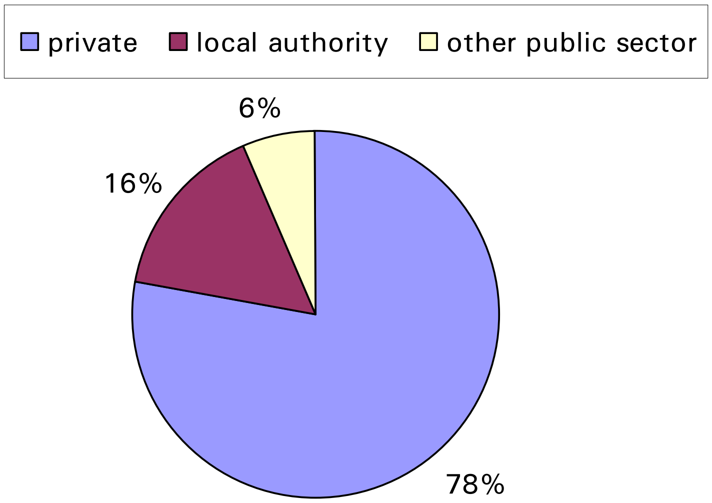


Source: Savills Research

U.1.3 The NLUD database contains information about English sites covering a total area of 45,766 hectares, 19,093 hectares of which is classed as being suitable for housing. Information about ownership is held for a sample of 79 per cent of all the sites on the database. Of this sample ownership is broken down as follows:

- local authorities - 16 per cent
- other public bodies - six per cent
- privately owned either by a corporation or individual - 78 per cent.

Figure 2 Ownership of brownfield sites (where known), England



Source: NLUD 2006.

U.1.4 In total, NLUD records 14,277 sites deemed suitable for housing which in total are estimated to be able to accommodate 702,579 homes. Of these sites 19 per cent have no residential planning permission. The remaining 81 per cent with planning permission[4] account for 16,844 hectares of brownfield land. 90 per cent of the land owned by private land owners which is deemed suitable for housing has planning permission and 87 per cent[5] of potential residential land owned by the public sector has planning permission. The current stock of available brownfield residential development land is equivalent to about five and a half years of supply based on the approximately 121,000 homes built on brownfield land in England in 2006.[6]

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[4] We use the term 'planning permission' here to include land which has: been allocated in a local plan, received detailed planning permission, received outline planning permission, has planning permission subject to further legal agreement or with draft allocation.

[5] Percentage calculation based on the estimated number of residential units.

[6] Number achieved by calculating the number of completions in England during 2006, 161,000, (from live table 222) multiplied by 0.75 (the proportion of new homes built on brownfield land in 2006).

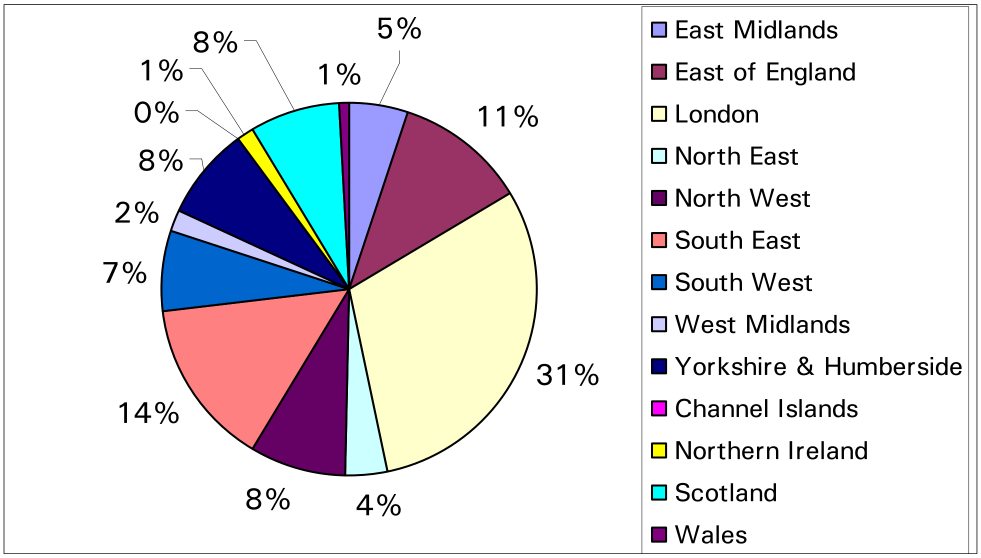
U.1.5 The SVDLS covers 10,240 hectares of derelict or urban vacant land in 2007, of which 2,660 hectares is urban vacant land and 7,580 hectares is derelict. The SVDLS identifies approximately 1,316 hectares or 20 per cent of derelict land as suitable for residential development and 972 hectares or 37 per cent of urban vacant land as similarly suitable for residential development. In total the SVDLS identifies that a quarter of all derelict or urban vacant land in Scotland would be suitable for residential development, representing 2,287 hectares on 1,487 sites. At a residential density of 25 homes per hectare this land would support over 57,000 new homes equivalent to more than two years of supply in Scotland based on approximately 24,000 homes being built in Scotland in 2006.

Location of development land

U.1.6 Of course, land cannot be moved to regions where there is high demand and the profile of available development land will not necessarily map directly onto the demand for new homes. The regional distribution of homes recorded on each of the three databases we have examined can be seen in Figure 3.

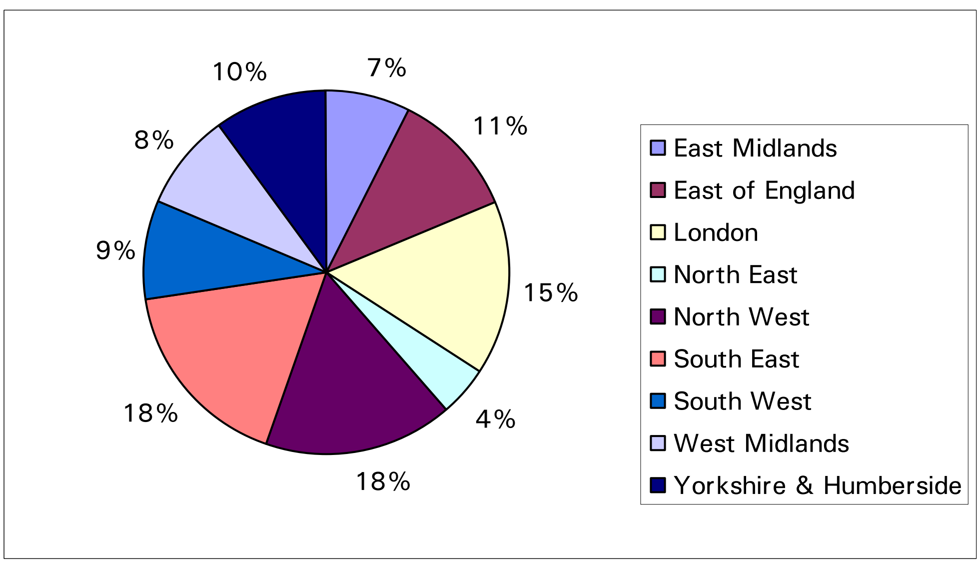
Figure 3 Distribution of homes by region

UK



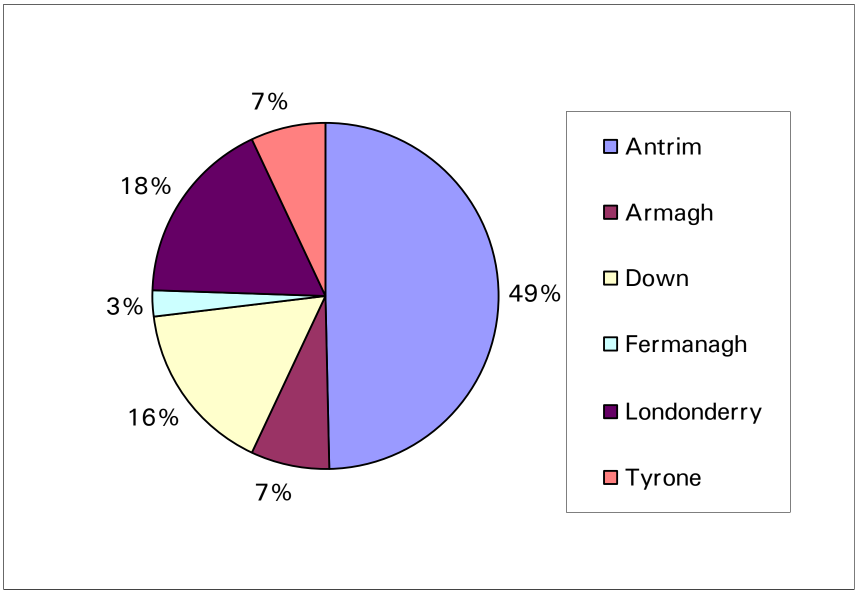
Source: Savills Research, total units est. 254,909

England



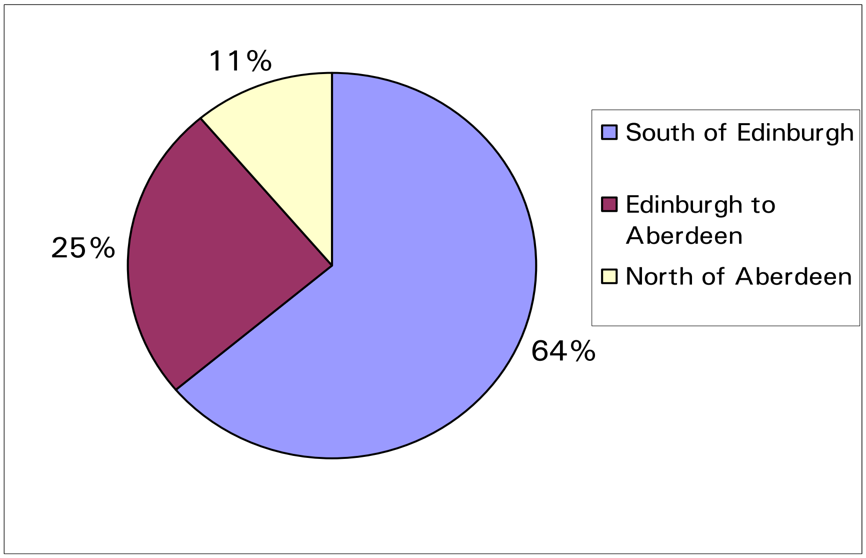
Source: NLUD, total units est. 702,579

Northern Ireland



Source: NIHE, total units est. 11,269

Scotland[7]

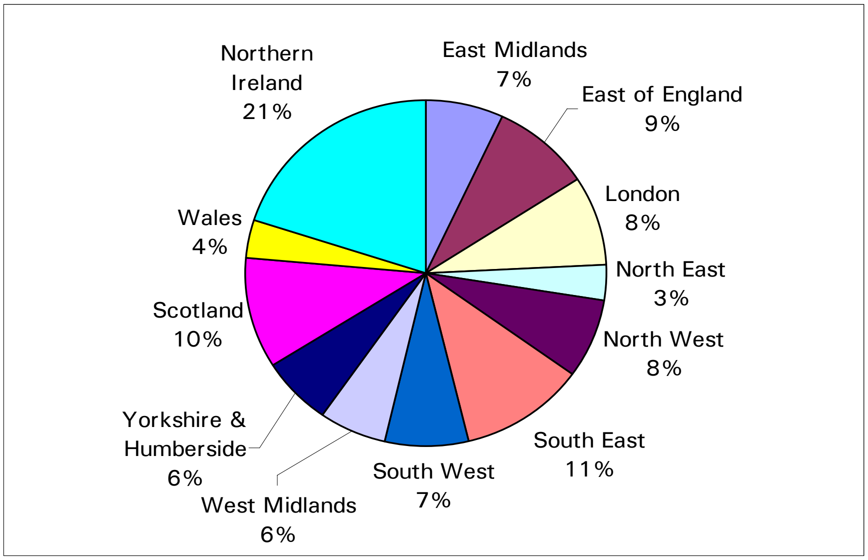


Source: SVDLS

U.1.7 On the NLUD database 18 per cent of available sites are in the North West but only eight per cent of housing completions in 2006 were in the same region. This suggests there may be some mismatch between where land is available and where housing demand is highest. Changing prices do appear to have some effect on the amount of land supplied, for example the London and the South-East have the largest proportion of available sites on the NLUD and the Savills' databases, 33 per cent and 45 per cent respectively. This is the area where land prices are most expensive so we would expect the supply to be the highest.

[7] The data given about the location of available land in SVDLS is very detailed so we divided the locations into three broad categories: South of Edinburgh, Edinburgh to Aberdeen and North of Aberdeen. The Local Authorities contained in each category are as follows; south of Edinburgh: Dumfries & Galloway, East Ayrshire, East Lothian, East Renfrewshire, Glasgow City, Midlothian, North Ayrshire, North Lanarkshire, Renfrewshire, Scottish Borders, South Ayrshire, South Lanarkshire and West Lothian. Edinburgh to Aberdeen: Aberdeen City, Angus, Argyll & Bute, Clackmannanshire, Dundee City, East Dunbartonshire, City of Edinburgh, Falkirk, Fife, Inverclyde, Perth & Kinross, Stirling and West Dunbartonshire. North of Aberdeen: Aberdeenshire, Eilean Siar, Highland, Moray, Orkney Islands and Shetland Islands.

Figure 4 Regional distribution of completed homes, 2006



Source: CLG live tables 214, 215, 216 and 217

Data limitations

U.1.8 It is very difficult to find suitable, usable data to examine the issue of land supply. There was no centralised source available which lists the details of available land that is suitable for residential use. As we explain in Chapter 4 the housing market is localised rather than national; this further complicates the issue of trying to find appropriate data because not all data is collected for the same regions. In most cases data for England is divided into government regions. Although this is more use than just data for England as a whole it is still unlikely to capture the true extent of local markets. For example within Yorkshire and the Humber there is likely to be a number of local housing markets each with a different dynamic. There is also the problem that, where it exists, data is collected for Wales, Scotland and Northern Ireland on a country basis rather than being broken down into any more detail.

U.1.9 Our four main data sources about available land are Savills' Strategic Site Database, the National Land Use Database (NLUD), the Scottish Vacant and Derelict Land Survey and the Northern Ireland Housing

Executive's (NIHE) land bank data. For land price data we used the Valuation Office Agency's (VOA) Property Market Report, January 2008.

U.1.10 The Savills' database has information about large sites across the UK and NLUD contains details of all brownfield sites in England that may be available for development, whether vacant, derelict, or still in productive use.

U.1.11 The Savills' database contains sites that are over ten acres, have a total floor space of 250,000 sq. ft or have 250 or more total residential units. Science/business/industrial/retail parks are not listed unless there are 250 or more residential units included. Schemes are listed on the database until completion – even if units are being marketed or have been sold out beforehand. This means that there could be more land on the Savills' database that is available because some of the sites have already been sold.

U.1.12 For Northern Ireland data the NIHE has given us details of the land under its control. The NIHE controls about 375 hectares of land which has potential for development. Using an average density of 30 units per hectare this is land, if fully developed, for about 11,200 homes. It is important to note that not all the sites on the NIHE database will necessarily be developed. The data is not compiled on a site by site basis so there is no information about any physical constraints on a particular site or the level of any contamination which might restrict or prevent development. The NIHE also owns 230 hectares of 'open space'[8] land.

U.1.13 Our data was limited to telling us where land was and how big each site was. It would have been useful to have the price data for each site so that we could look at the relationship between price, location and size of site in detail. However the databases we used did not contain that information so we used data on land prices from the VOA as an approximation.

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[8] 'Open space' land is land which has no development potential and is retained by the Housing Executive as amenity lands.

U.1.14 The VOA price data gives residential land prices for small sites (less than five houses), bulk sites (more than two hectares) and sites for flats and maisonettes.

U.1.15 It is impossible to know if the same site was on more that one of the databases we used. For example, a large brownfield site may well be on both the NLUD and Savills' database. It is also very difficult to know what land, and how much, is not captured in the data sources we used. For example a five acre greenfield site in England would not be captured by our data.

U.1.16 Improved data would mean that a more accurate picture of the land market could be built up. Having better data would mean that the interaction between demand and supply for land could be more accurately analysed. The data we could find enabled us to draw the conclusion that land prices and availability vary widely from region to region.

U.1.17 The overall effect of these limitations is that it not possible to estimate precisely the proportion of land suitable for residential development that is in the hands of homebuilders, the public sector and other land owners respectively. It is, however, possible to give an indication within certain broad tolerances. For example, we are confident that homebuilders own or control more land suitable for residential development than any other class of landowner. We are also confident that the public sector owns a very large proportion of the total amount of land suitable for residential development and that this could be similar to or perhaps even larger than the total residential land holdings of other non-homebuilder landowners. We would have less confidence, however, in ascribing precise numbers to these broad estimates.