

Homebuilding market study

Annexe V - Land ownership data sources

September 2008

OFT1020v

© **Crown copyright 2008**

This publication (excluding the OFT logo) may be reproduced free of charge in any format or medium provided that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as crown copyright and the title of the publication specified.

CONTENTS

<i>Chapter/Annexe</i>	<i>Page</i>
V.1 Land ownership data sources	4

V.1 LAND OWNERSHIP DATA SOURCES

V.1.1 This annexe provides further details of the data on landbanks referred to in Chapter 5.

Published data

V.1.2 Homebuilders publish information about their landbanks. We have drawn on data for the top 75 house builders collected and presented in the Housing Market Intelligence Report 2007, and editions of the Private Housebuilding Annual from 2002 to 2006.

V.1.3 The Housing Market Intelligence Report notes:

'Definitions and recording vary widely and the figures included are generally those stated by the companies. The figures in plots should be seen as indicative. The normal assumption is that the landbank is consented and either owned, controlled or contracted. The figures may include land that is not implementable and requires certain planning or contractual resolutions.'

Barker review

V.1.4 Data provided by major house builders to the Barker review suggested that core landbanks consisted of:

- land currently under construction (15-30 per cent);
- land awaiting implementable planning consent (30-50 per cent); and
- land with implementable planning consent but not yet under development (25-40 per cent). In some cases around 10 per cent of this land was awaiting completion of external infrastructure or was subject to other delay, for example due to environmental or archaeological issues.

HBF

V.1.5 The HBF collected data on 21 companies for the Callcutt review. The HBF said:

'The combined legal completions for the 21 companies in their latest reporting years were just over 76,000, representing 45% of GB private housing completions in 2006, or almost 40% of total GB housing completions. The latter is probably the better comparison because house builders' reported legal completions include S106 Affordable Housing units.

The figures show the larger home builders have an average reported land bank of 5.1 years. However this total includes land at three stages:

1. Implementable, which can be legally built on (47 per cent);
2. Allocated or with an outline consent (36 per cent) which cannot yet be developed;
3. Unallocated (17 per cent).

The key figure is the first, the number of plots with an implementable planning permission. This shows an average implementable land bank of 2.4 years.

Of the implementable land bank, only 2.6 per cent of plots were on sites where work had not started three months after permission was granted. In other words, as house builders have always argued, there is no evidence house builders sit on implementable planning permissions.'

OFT homebuilders' survey responses

V.1.6 Homebuilders were asked to give information about the amount of land in their landbank as part of our survey of homebuilders which was sent to 7,000 homebuilders. 214 responses were received and we decided to

stratify the landbank data according to firm size and use the landbank data provided by the top 25 firms. 16 of the top 25 gave a response to our survey and this is the data used to compile Figure 5.2.¹ For more information about the homebuilders' survey see Annexe D.

¹ Of the 16 responses, 14 were complete responses and where appropriate we have adjusted Figure 5.2 appropriately.