

Housebuilding Market Study
Competition and Markets Authority
The Cabot
25 Cabot Square
London
E14 4QZ

20 March 2023

HOUSEBUILDING MARKET STUDY: REPRESENTATION TO STATEMENT OF SCOPE

This representation responds to the Competition and Markets Authority's published Statement of Scope of the Housebuilding Market Study, pursuant to the Market Study Notice published on 28 February 2023.

I am responding on behalf of Custom Build Homes. We are the preeminent enabler of custom and self-build development projects in the UK and bring deep national and international experience in the delivery of this form of housing. As an 'enabler' we specialise in the delivery of all aspects of self-build and custom housebuilding (SBCH), offering an all-encompassing service to help landowners, developers and local authorities to progress large scale projects on their land and prepare suitable delivery strategies. Our projects range from small scale sites of a few homes to hundreds on larger sites. We are presently implementing an investor-backed business plan to enable 7,500 new homes each year by 2031, with a clear mission to champion the growth of the SBCH sector to help diversify our housing market by offering greater choice to homebuyers while creating beautifully designed places, irrespective of tenure. We also bring strong links to the Government supported Right to Build Task Force and engage closely with Government Ministers and Homes England.

The UK housing market is in a state of crisis, facing multiple challenges that need innovative and fundamental interventions to solve them. Top of this list is a critical undersupply of new homes each year, which is driving house price inflation and creating an affordability gap that has alienated a whole generation of homebuyers from achieving homeownership. We are clear that the market has an unhealthy dependency on a select few volume suppliers, that deliver little to no design choice, resulting in copy and paste style homes irrespective of location. This removes consumer choice and presents barriers to entry, but also creates market opportunities.

A central pillar of Government housing policy to address these challenges is to irreversibly diversify the housing market as far as possible. A key delivery model being promoted through primary legislation (the Self-build and Custom Act 2015, as amended) and national housing and planning policy is SBCH (also termed self-commissioned housing).

The Government is increasingly committed to increasing the number of SBCH plots nationally and establish it as a mainstream option for people to choose to get on the housing ladder or when moving home.

In April 2021 it published a Self and Custom Build Action Plan which made clear that whilst the SBCH sector is under-developed in the UK compared to other developed countries, with only some 7% of homes in UK built via the SBCH route (delivering an estimated 13,000 units in 2018, on par with our volume housebuilders), it has capacity to expand to deliver 30-40,000 SBCH units annually. The Action Plan therefore set out a range of initiatives to scale up delivery which in our experience is beginning to have an impact, with hundreds of new sites coming to market. This is being accelerated by local planning authorities supporting SBCH on small and large sites in a range of ways. From permissive planning policies favouring such housing in specific circumstances, to targeted percentage policies requiring large sites to include SBCH homes, to specific land allocations and new planned garden communities making

provision for hundreds of such homes. Land promoters are also realising that by extending their proposition to become a “Promoter Developer” they can achieve significantly greater returns on their investments if they bring forward sites for SBCH.

This scaling opportunity was underlined in the Prime Minister commissioned independent review into scaling up self-build and custom housebuilding (the Bacon Review, July 2021) which identified a series of specific actions to accelerate sector delivery to a potential 120,000 homes nationally on an annual basis, driven by significant and growing consumer demand for this form of housing. Our company alone, for example, has over 100,000 customers registered on our databases seeking an opportunity to self-commission their own homes.

Within this context, it is our informed position that the CMA's market study cannot reach a sensible conclusion about the state of the supply of new homes ('housebuilding') in England, Scotland, and Wales, and whether to make a market investigation reference under the Enterprise Act 2002, without fully considering the current and potential role that the SBCH sector can play to support the interests of consumers and whether it is being disadvantaged by the present housebuilding industry structure and, if so, how the sector can be effectively unlocked.

We note that Paragraph 1.19 of the Statement of Scope says, “Housing completions differ in respect of the tenure by which they are occupied: the private sector accounted for 80% of UK housing completions in 2021, with the public sector (ie housing associations (18%) and local authorities (2%)) delivering the remaining 20%.” Footnote 24 to that Paragraph says, “An additional number of new homes are delivered via self-build; we have not included this as the data is not readily available and it is believed to be a very small proportion” (emphasis underlined).

This Statement fails to recognise the present state of the SBCH market in the UK as an important and growing sub-sector within the housebuilding market.

We therefore request that the Study fully considers the role of the SBCH market when looking at constraints on home buyer choice; its operation and interaction within the housing market; the extent to which the SBCH sector is being held back by some participants in the market; and the barriers to entry of new firms seeking to supply the market, including the role that custom build housing enablers can play to radically scale delivery of this form of housing.

We will be making further representations to the Study on these matters in due course when the opportunity arises.

Sincerely,



Mario Wolf MRTPI

Director of Planning and Strategic Engagement