

Julie James MS
Minister for Climate Change
Welsh Government
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From: Sarah Cardell
Chief Executive

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Dear Minister,

It was a pleasure to speak to you in January to update you on some of the work that the CMA is currently doing that relates to your portfolio.

We have now completed our [Housebuilding Market Study](#) and we are very grateful to your officials for working with us.

Housebuilding has, in some form, been at the forefront of UK government policy since the end of the Second World War and has been closely scrutinised in numerous research papers and reviews by academics and others. While government policy, both at the GB level and – since devolution – at the Welsh Government level, has been an important driver of the availability of adequate housing, the economic environment, demographics and other factors have had a large influence on market outcomes. However, across Great Britain the amount of housing built has been below UK government targets and assessments of need and this under delivery has contributed to increasing pressures on affordability.

Following extremely useful engagement with your officials and other engagement our team have had with Welsh stakeholders in the housing sector, we have produced a [Wales-specific executive summary of our report](#), which outlines the approach we took to complete our market study. This included examining the overall nature of the market, the factors that determine what homes are built, the key players in the market and the market shares of private housebuilders.

We have examined the potential drivers of problems in the market we identified, including the nature of the planning system, the operation of the land market, and the incentives and behaviour of housebuilders. This has allowed us to set out a range of actions to address these problems. These fall into three broad categories:

- Where the problem falls clearly within the operation of the market, we offer firm recommendations to the Welsh Government for actions it should take to address these.
- Where there are complex interactions with wider policy aims, which are not for the CMA to resolve, as is the case with planning systems, we offer options for the Welsh Government to consider.
- Where there are more fundamental actions that policymakers could take that would affect housing market outcomes, but these have implications beyond the CMA's core remit and expertise, we note how the Welsh Government may wish to take these interactions into account, but do not offer recommendations or set out specific policy options.

The market study team will be available to help your officials digest and understand our findings and recommendations and will follow up on your consideration of these in due course.

We have put a considerable amount of time and effort into this market study and are doing everything within our gift to make sure this market operates as effectively as possible. As a result, whilst the final report marks the end of the market study, the CMA has also today opened a new investigation into the way information is being shared between housebuilders and whether this amounts to anti-competitive behaviour. The CMA will not be commenting further on this until it has fully investigated the issue. This work does not affect the status of our market study recommendations, which seek to address the problems and their drivers set out in our report.

If there is anything in our report that you would like to discuss with the CMA then please do not hesitate to get in touch.

Yours sincerely

Sarah Cardell
Chief Executive