Appendix G: Identifying concentrated areas

Identifying local areas

G.1 We used two methods to identify local areas that could be concentrated, using a combination of the permissions data and the land banks data (see Appendix C for a description of the data sources used), as well as other research and datasets. The two methods have each given us a shortlist of areas to examine in more detail.

Method 1

G.2 There are four steps to our first method to identifying potentially concentrated local areas.

G.3 First, we identified a long list of areas to consider, which met one or more of the following criteria:

(a) Using the permissions data, local areas where more than 50% of permissions have been granted to one applicant in the 2021 to 2023 period.

(b) Using the land banks data, local areas where there are three or fewer of the top 11 housebuilders who have short-term and/or long-term land banks for the calendar year 2022.

(c) In addition to the previous steps, we also include local areas that are close to national parks in GB. Each national park has its own LPA but is likely to be covered by more than one LA area. The land banks data did not cover these areas specifically, and we did not want to exclude these areas by default as they may or may not be located close to built-up areas covered by LA boundaries.

G.4 Second, we examined the following factors to identify if local areas that may or may not be concentrated appear potentially concerning, based on the permissions data:

(a) Whether many units have been granted planning permission to one or a few applicants over consecutive 3-year periods;

(b) Whether a large proportion of planning permissions granted across all 3-year periods have gone to one or a small number of housebuilders; and

(c) We also considered the total number of planning applications granted approval in each 3-year period. If a local area granted only a small number of planning permissions, what may look like 'concentration' could in fact be a feature of a small local market. However, did not rule out areas solely based on this factor.

G.5 Third, the local areas with concentrated permissions activity are cross-checked with the land banks data to see:

(a) whether there are three or fewer top 11 housebuilders present with short-term and/or long-term sites, and

(b) The total number of plots held by each housebuilder across their short-term and/or long-term sites. The short-term plots provide a cross check with the permissions data as well as an indication of current development activity. Long-term plots provide an indication of anticipated future development activity by the same top 11 housebuilders or other top 11 housebuilders who do not own short-term land in the area.

G.6 As a final step, for those areas identified as potentially concentrated based on the method outlined above, we explored at a high level the following qualitative factors based on desk research:

(a) Geographic factors such as Travel to Work Areas, whether they are rural areas that include green belt land or Areas of Outstanding Natural Beauty, and their proximity to urban centres; and

(b) Whether there were any recent news stories indicating the application was no longer progressing to build and/ or held by the same company as indicated by the permissions data.

Method 2

G.7 Our second method also followed four steps, albeit slightly different. This method put greater emphasis on the land banks data, as this is data which has not previously been utilised to understand the land banks of the top 11 housebuilders and provides a more current snapshot of the size and location of their land claims.

G.8 First, we use the land banks data to identify areas where three or fewer of the top 11 housebuilders have land in short-term and/or long-term land banks for the calendar year 2022 (ie, filtering areas out based only on G.5(b) above).

G.9 Second, we remove the areas that we identified in method 1 (this equates to 32 LA areas that had already been examined under that approach) and we retain local areas if:

(a) the same large housebuilder has both long-term and short-term land (which implies they are likely to have an ongoing strong position in the area); or

(b) where one large housebuilder has a large number of short-term or long-term plots (more than 1,000 plots across sites) relative to other top 11 housebuilders with a presence.

G.10 Third, we use the permissions data as a cross check to retain:

(a) local areas where the same top 11 housebuilders have been granted permission for a high proportion of units that aligns with the land banks data; or

(b) local areas where applicant(s) that are not the top 11 housebuilders, have been granted permission for a high proportion of units in each period or overall.

G.11 Finally, we also look at the local need for housing in each area where this data is available as a cross check.[1] We keep local areas where the total number of plots held in short-term and/or in long-term land banks are high relative to local need, as this implies other housebuilders may be 'crowded out' by the holdings of the top 11 housebuilders. We have used a threshold of more than 2x the local need for housing in an area.

Comments on methodology received from Land Banks Working Paper

G.12 Below we summarise the responses we received to the Land Banks Working Paper. We outline the issues raised with the methodology based on four commonly raised themes, and we briefly provide our response.[2]

G.13 First, many stakeholders raised points on the length of and the time period we used to identify local concentration. Several respondents said the length of the time period used in the first step of Method 1 (see paragraph G.3(a)) and the coverage of the land banks data (as described in Appendix C where we set out the data sources used) was too short. Additionally, looking at the period of the data that we consider, the most recent years will, to some extent, have been distorted by the Covid pandemic. Further, the data sources we use, in particular the land banks data, will now be out of date. The implication from these points is that the data we use will identify a local area as concentrated without considering the wider context of factors such as the local planning departments trying to clear through

[1] We have used Lichfields (2022) Standard method for local housing needs as our source for local housing need. We discuss targets and housing need further in Sections 2 and 6 of the supporting evidence document.

[2] We note that respondents to our Land Banks Working Paper raised a number of other points, for example, about the weight which should be attached to the different methods, whether land should be accounted for in different stages in the development pipeline more granularly and the thresholds used for identifying possible concern. We have considered these comments but have decided against making changes to our methods for identifying initial concern. Instead, we consider such factors are better taken into account in our consideration of the areas identified for further examination.

the backlogs of applications, the housebuilders trying to recover from a reluctance to bring land forward and the data not accounting for regulatory developments, such as nutrient neutrality constraints.[3] It may also not represent the true forward-looking picture as of today. We acknowledge that over the course of a market study lasting a year, ensuring data is as up to date as possible presents a challenge. However, our analysis represents a snapshot of the position at a point in time. We have used our further evidence gathering and analysis to try to understand how far this snapshot is likely to represent the position going forward. In addition, while Method 1's first step looks at a short period, the subsequent steps consider more periods as outlined at paragraph G.4(a). Finally, the wider context described by respondents is likely to vary to some degree by area, and so is best accounted for by looking more closely at the situation in particular areas. We have sought to done this through our further information gathering following the Land Banks Working Paper.

G.14 Second, we received a mixed response to the use of LPA/LA areas to approximate HMAs (see Appendix E where we discuss identifying housing market areas). We acknowledge that LPA/LA areas are imperfect approximations to HMAs; however, when we considered each of the 26 local areas, we have taken account of the alternative area definitions suggested.

G.15 Third, several respondents highlighted that by focusing on the land banks of the top 11 housebuilders, Method 2 in particular does not take into account competition for and from land by other actors, such as other builders and master developers (although other respondents also felt our approach in general focused too much on the top 11 housebuilders, for example ignoring land brought forward by promoters). It was also raised that these builders do not have as strong a presence in Scotland and so the data may be too narrow to properly consider local concentration there. We acknowledge that Method 2 in particular focuses more on land held by the top 11 housebuilders. We explain in Section 8 of the supporting evidence document our reasons for focusing on land holdings by housebuilders specifically, and in Appendix C that we chose the top 11 in part to ensure good geographic coverage across GB. We note other housebuilders outside the top 11 will be a competitive constraint, and this may be stronger in some parts of GB than others; we have sought to understand this through our further information gathering to assess the areas identified as requiring further examination. As to whether we may have missed any areas of high concentration as a result of this focus, we note no respondents to our Land Banks Working Paper identified any areas they considered to be concerning.

G.16 Finally, some respondents said both methods use a data driven approach to identify local concentration that does not account for the depth of the market. We

[3] Nutrient neutrality is discussed further in Section 6 of the supporting evidence document.

acknowledge the approach we have taken is data led; however, with each successive stage of our analysis, we have sought and considered a targeted and wider pool of evidence that has tried to account for the local market conditions, such as the extent of local demand, the availability of land, and the impact from changes to the planning/regulatory environments. Additionally, many respondents said the methodology did not account for the constraint from the second-hand housing market. On this latter point, Section 9 of the supporting evidence document discusses the role of existing housing stock in housebuilders' price setting. However, as we have noted, we have considered a wider pool of evidence in subsequent the phase of our analysis outlined in Appendix H.

Findings on local concentration

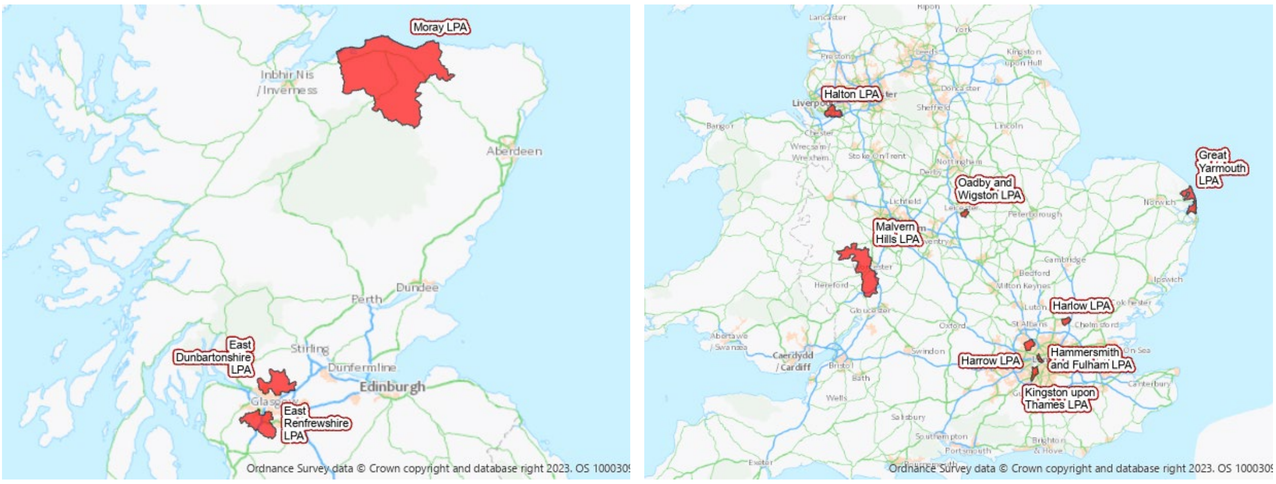
Method 1

G.17 Using the permissions data, we found 107 LPA/LA areas that had granted one applicant more than 50% of the unit permissions in the 2021 to 2023 period. This is roughly 28% of the 387 LPAs in England, Scotland and Wales.[4]

G.18 Checks of these areas using the permissions data and land banks data (see paragraph G.5), identified 68 LPA/LA areas that required further investigation.

G.19 Further desk research with the inclusion of qualitative factors (see paragraph G.6) and consideration of the different metrics in the round identified 11 areas to probe. These areas are shown in the maps in Figure G.1. and a summary table outlining the issues we have identified in each of these areas can be found in Table G.1.

Figure G.1: Map showing the 11 LPA areas identified using method 1



Source: CMA analysis of LPA boundary files from ONS using ArcGIS Pro.

[4] There are 326 LPAs in England, 36 in Scotland and 25 in Wales.

Table G.1: Summary of concerning factors for concentrated areas using method 1

Name of LPA/LA Area	Concentrated for Multiple Periods	Concerning Factors – Permissions Data	Concerning Factors – Land banks Data
East Dunbartonshire	Yes	Company A has [50–60] per cent overall share units granted planning permission. Next highest share held by non-housebuilder (Company B with [10–20] per cent)	[✂]
East Renfrewshire	Yes	Company A in consecutive periods with [40-50] per cent overall share. Other top 11 present but their shares < 10%	[✂]
Great Yarmouth	Yes	Company A has [50–60] per cent overall share units granted planning permissions and the highest share latest period. No other top11 present. Many applicants granted permission for less than 100 units.	[✂]
Halton	Yes	Company A has the largest overall share of unit planning permission granted at [30–40] per cent and it has the highest share of unit permissions granted in the recent period. Other top11 include Company B and Company C with [10–20] per cent and [5–10] per cent overall shares of permission granted. Less than 5 planning applications approved in each period.	[✂]
Hammersmith & Fulham	Yes	Company A the only top11 present with [50–60] per cent overall share. Less than 10 approvals in each period with Company A having the largest shares of units in each period. Likely to be a high proportion of Brownfield sites plus other restrictions to building in London.	[✂]
Harlow	Yes	Company A and Company B appear in consecutive periods with each have the highest shares of permissions in each period. Overall, Company B has [30–40] per cent share and Company A [20–30] per cent. But other applicants also have significant units granted permission.	[✂]
Kingston-On-Thames	Yes	Company A is the only top11 present with an overall share of unit permission granted at [60–70] per cent for >2K units – all granted permission in most recent period. Other applicants present with <100 units granted permission.	[✂]
Moray	Yes	Two applicants outside the top11 have the highest overall shares of unit permissions granted: Company A with [40–50] per cent for >1.8K units spread across two periods Company B with [30–40] per cent share for 1.5K units. Company C is the only top11 present with and overall share of [0–5] per cent for unit permission granted.	[✂]
Malvern Hills	No	Company A, Company B, Company C and Company D present with Company B granted permission in consecutive periods and it has 2nd highest overall share of granted unit permission at [20–30] per cent. Two strategic land companies present, with the highest overall share granted to Company E ([20–30] per cent) with all units granted in the 21/23 period.	[✂]
Harrow	Yes	No top11 present but Company A appears in consecutive periods. Company A has the highest overall share at [40–50] per cent. Company A looks to be a subsidiary of Company	[✂]

Name of LPA/LA Area	Concentrated for Multiple Periods	Concerning Factors – Permissions Data	Concerning Factors – Land banks Data
		B. Company A indicates other housebuilders (top11 and outside involved) but this not indicated by land banks data for top 11.	
Oadby & Wigston	Yes	Company A and Company B present in more than one period. Company A has the highest overall share at [40–50] per cent followed by Company B at [30–40] per cent. Company C and Company D also present with an overall share of [10–20] per cent and [0–5] per cent. Few other applicants with the units granted permission > 100.	[✂]

Source: CMA analysis of the permissions data.
Notes:
[1] The names of companies in each LPA/LA have been anonymised.
[2] Each anonymised company within each LPA/LA.is unique to that area and it is not the same anonymised company across the other named LPA/LA areas.
[3] [✂] = confidential material has been redacted.

Method 2

G.20 Using the land banks data, we found 115 LA areas that had three or fewer large housebuilder present with short-term and/or long-term land banks. This equates to roughly 30% of 387 LPAs in England, Scotland and Wales. We removed 32 LA areas that had been checked using method 1 (see paragraph G.9). In total, we had 92 areas for further checks.[5]

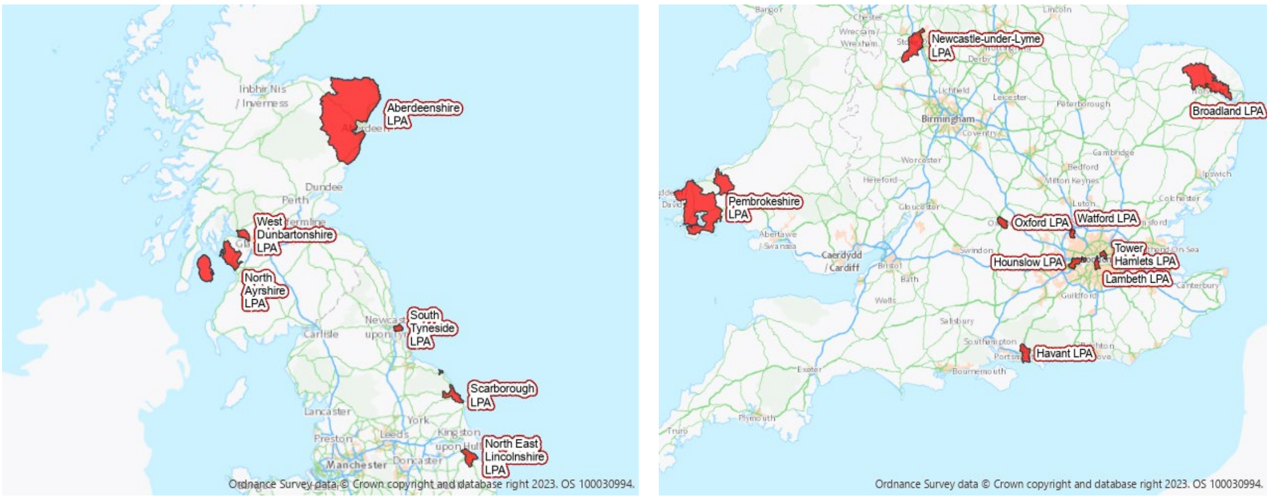
G.21 Cross-checks of these 92 LA areas with the permissions data retained 54 LA areas for further investigation.

G.22 Finally, we cross-checked the remaining 54 areas with local need for housing data and identified 15 areas to probe further. These areas are shown in Figure G.2.

G.23 A summary table outlining the issues we have identified in each of these areas can be found in Table G.2.

[5] An additional 9 LA areas were included during an intermediate step where more than three top 11 housebuilders operate because they were identified through having a similar name to LA areas where three or fewer top 11 housebuilders are present.

Figure G.2: Maps showing the 15 LPA areas identified using method 2



Source: CMA analysis of LPA boundary files from ONS using ArcGIS Pro.

G.24 In summary: using the two methods to identify concentrated local LPA/LA areas, we identified a total of 26 local areas. By nation, these local areas are distributed as follows:

(a) 19 local areas were identified in England;

(b) 6 local areas were identified in Scotland; and

(c) 1 local area was identified in Wales.

Table G.2: Summary of concerning factors for concentrated areas using method 2

Name of LPA/LA Area	Local Plan Requirements	ST and/or LT land accounts for x2 Local Plan Requirements	Concerning Factors – Land banks Data	Concerning Factors – Permissions Data
Aberdeenshire	N/A – Scotland	N/A	[✂]	Company A and Company B present. Company A present in the last 2 periods, Company B in the most recent period. Neither has the highest overall share of unit permissions. The highest overall share at [50–60] per cent was granted to Company C for >12K units. Most of these units were granted permission in the 2012/14 and 2015/17 periods that accounts >12K units.
Broadland	706	Yes	[✂]	Company A, Company B and Company C are present. Company B has the highest overall share of granted unit permissions at [10–20] per cent for more than 1K units granted permission in 2015/17 period. Company A has the joint second highest share at [10–20] per cent.
Havant	315	Yes	[✂]	Company A, Company B, Company C and Company D are the top11 present where Company A has the highest overall share of units granted permission at [30–40] per cent. Applicant Company E has the second highest overall share of unit granted permission at 16%. Other top 11 include Company B ([5–10]

Name of LPA/LA Area	Local Plan Requirements	ST and/or LT land accounts for x2 Local Plan Requirements	Concerning Factors – Land banks Data	Concerning Factors – Permissions Data
				per cent), Company C ([5–10] per cent) and Company D ([0–5] per cent). There are less than 10 planning applications granted in each period.
Hounslow	1,782	Yes	[✂]	Company A and Company B are the top 11 present. Neither has the highest overall share of units granted permission. Company C has the highest overall share of units granted permission at [10–20] per cent for >1.6K units granted in the 2021/23 period. The latest period saw nine planning applications granted permission, excluding Company C, the number of units granted permission ranged from 100 to 850 units.
Lambeth	1,335	Yes	[✂]	Company A is the only top 11 housebuilder present. Applicant Company B has the highest overall share at [20–30] per cent for >2.5K units granted permission in the 2018/20 period. Company A has the second highest share at [10–20] per cent for >1.3K unit. There are >20 planning applications that have been granted permission in the last two periods.
Newcastle-Under-Lyme	285	Yes	[✂]	Company A is the only top11 present with the 4th highest overall share at [5–10] per cent. The top 3 applicants with the highest overall shares are: Company B ([30–40] per cent), Company C ([20–30] per cent) and Company D ([5–10] per cent). Up to 10 planning applications granted permission in the latest period.
North Ayrshire	N/A – Scotland	N/A	[✂]	Company A, Company B and Company C are the top11 present. Company B has the highest overall share unit permissions at [40–50] per cent. Company C has the third highest overall share of unit permissions ([5–10] per cent) and Company A the seventh highest share at ([0–5] per cent). Other applicants present but for <100 units for most applicants.
North East Lincolnshire	750	No - but it is two-thirds of the requirement	[✂]	Company A, Company B and Company C are the top11 present. Applicant with the highest overall share of unit permissions is Company D at [20–30] per cent for >1.4K units with all these units' granted permission in 2018/20 period. Company B ([10–20] per cent) and Company A ([5–10] per cent) have the third and fourth highest overall shares of unit permissions. Many applicants outside top11 present with most granted permission <100 units.
Oxford	431	Yes	[✂]	Company A, Company B and Company C are the top11 present. Top two applicants are outside the top11: applicant Company D has the highest overall share of unit permission at [20–30] per cent for ~900 units, with all units granted permission in 2012/14 period. And the second highest applicant is Company E with [10–20] per cent.

Name of LPA/LA Area	Local Plan Requirements	ST and/or LT land accounts for x2 Local Plan Requirements	Concerning Factors – Land banks Data	Concerning Factors – Permissions Data
				Company C ([10–20] per cent) and Company B ([10–20] per cent) have the third and fourth highest overall share of unit permissions. There are some applicants outside the top11 with >100 units granted planning permission but based on their names do not appear to be housebuilders.
Pembrokeshire	N/A - Wales	N/A	[✂]	Company A is the only top11 present with the 3rd highest overall share of unit permissions granted at [5–10] per cent. Applicant Company B has the highest overall share at [30–40] per cent for ~700 units that were granted permission in the 2012/14 period. Other applicants present but for <100 units for most applicants.
Scarborough	450	Yes	[✂]	Company A, Company B and Company C are the top11 present with Company A and Company C granted planning permission in more than one period. Applicant Company D has the highest overall share of unit permissions granted at [30–40] per cent for >1.5K units. Company A and Company C have the second highest overall shares at [5–10] per cent. There are many other applicants outside the top11 present, with many granted permissions for <100 units.
South Tyneside	325	No - but it is two-thirds of the requirement	[✂]	Company A is the only top11 present with the 4th highest overall share of unit permissions at [5–10] per cent for ~128 units. The top 3 applicants with the highest overall shares are: Company B ([20–30] per cent), Company C ([10–20] per cent) and Company D ([10–20] per cent). There are <10 planning applications approved in each period.
Tower Hamlets	3,473	Y	[✂]	Company A and Company B are the top11 present where Company A has the highest overall share of unit permission granted permission at [10–20] per cent for >6K unit with most of these units granted permission in the last two periods. There are many other applicants outside the top11 present with many granted permission >100 units. Likely to be a high proportion of Brownfield sites plus other restrictions to building in London.
Watford	260	Y	[✂]	No top11 present. Applicant Company A has the highest overall share at [30–40] per cent for >1.2K units with all units granted permission in 2018/20 period. Other applicants outside the top11 present with most unit permission granted in the range of up to 100 units.
West Dunbartonshire	N/A - Scotland	N/A	[✂]	Company A, Company B and Company C are the top11 present with <100 units granted permission in the periods they are present. Applicant Company D has the highest overall unit permissions at [60–70] per cent for 1.2K units - all units were granted permission in the period 2015/17. Not many applicants/< 10 planning

Name of LPA/LA Area	Local Plan Requirements	ST and/or LT land accounts for x2 Local Plan Requirements	Concerning Factors – Land banks Data	Concerning Factors – Permissions Data
				applications granted planning permission.

Source: CMA analysis of the permissions data.
Notes:
[1] The names of companies in each LPA/LA have been anonymised.
[2] Each anonymised company within each LPA/LA.is unique to that area and it is not the same anonymised company across the other named LPA/LA areas.
[3] ST = Short-term land.
[4] LT = Long-term land.
[5] [✂] = confidential material has been redacted.