TIME TO REFORM THE STRUCTURE AND DETERMINANTS OF THE HOUSING MARKET NOT ITS SYMPTOMS

Response of Asocialdemocraticfuture to November 2023 Competition and Market Authority (CMA) Joint summary overview of its landbanking and planning working papers

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On the supply side, the decades-long tenure switch in favour of owner occupation driven by a private speculative market has failed to propel greater competition and efficiency and optimal economic and social outcomes.

The December 2003 Interim Barker Review of Housing Supply identified that during the previous thirty years UK house prices rose in real terms by around an average two and a half per cent per annum, oscillating around a volatile cyclical pattern.

This was in clear contrast to OECD peer countries including France, Sweden, and Germany, where real house prices remained broadly constant or even declined. In those countries, supply proved more much responsive to changing demand conditions. This is as one would expect from a properly functioning market.

Barker noted that successive housing peaks exhibited reducing levels of private supply in the UK. Monetary housing demand had risen proportionately faster than supply and was more elastic (sensitive) in response to price and income changes than the progressive muted or weak (inelastic) supply response to house prices.

Changes in demand levels also tend to more elastic or proportionately higher than are precipitating changes in housing credit availability (increased mortgage supply due to financial market deregulation) at lower cost (interest rates had been on a downward path since the early nineties – a secular trend that continued or stabilised until 2022, while increased mortgage market competition also provided a price headwind).

Her report also included evidence that inelastic housing supply was a secular long-term trend, noting that before the 1939-45 war, that housing supply was up to four times as responsive to price than it was through most of the post-war period. Th responsiveness (elasticity) of housing supply fell further in the 1990s "*almost to zero*".

The volatility of UK house prices (a one per cent change in house prices was cited as capable of increasing or reducing profits by up to eight per cent), partly explained the reluctance of the housebuilding industry to make long term fixed commitments for fear of being caught out by unexpected nominal house price falls, which punctuated the secular post 1960 rise in real house prices, most notably in 1974-75 and the early nineties

Barker's Review found little evidence, however - at least across the country as a whole - to substantiate concerns "*that option contracts and the practice of landbanking allow housebuilders to erect barriers to entry into the market".*

She yet concluded that once land is acquired competitive pressure in the industry is reduced, with single housebuilders in some localities possibly possessing significant market power during built out, causing many of them to "*trickle-out*" houses, so controlling production rates to protect themselves against price volatility and any adverse influence on prices in the local housing market. In this, her report anticipated the 2018 Letwin Report.

The Barker Review terms focused on ensuring a positive step change in the supply of new housing to further domestic macro-economic objectives.

Other near concurrent government-commissioned reviews, most notably, the 2007 Callcutt Review, focused more on the structure, underlying business model(s) and development of the housebuilding industry itself.

Callcutt was very much an insider's review, sympathetic to the industry and overall, it, save for the industry's lack of attention to quality or consumer complaints, rebutted much prevailing criticisms levelled at the industry.

It emphasised that housebuilders were not in business to serve the public interest, except incidentally; their primary concern was rather to deliver profits for their investors, now and in the future. By the same token, housebuilding executives were and are answerable to their investors, not to Ministers or to the wider public.

It followed, according to this review, that government should not place general delivery obligations on housebuilders in contrast to the fostering and incentivising of partnership arrangements.

Regulation should likewise come with a light touch, as " *it creates cost and risk*", more likely to put production at risk than to deliver growth.

The point was also made that the industry's access to private investment funds far exceeded the Government's ability to buy housing outputs with public money..

Therefore, according to Callcutt, it should concentrate on creating a framework in which its freely taken investment decisions deliver desired new supply and other public policy objectives, including those set out in the Review's own terms of reference.

In short, while government can and should specify desired outcomes, such as good quality or environmental performance, it should allow the housebuilding industry to determine the best means: leaving it, in effect, 'to get on with the job'.

Soon afterwards, a September 2008 market study by the erstwhile Office of Fair Trading (OFT) also declaimed evidence of competition problems retarding the delivery of new homes in the UK, or that barriers to entering the market were significant, or that individual homebuilders possess persistent or widespread market power sufficient to restrict supply in order to inflate prices.

It instead offered the bald reassurance that homebuilders compete for sales against each other and from existing homes, without specifically setting out the nature or results of such competition.

The OFT also specifically found no evidence that homebuilders anti-competitively hoard land or withhold a large amount of land attached with planning permission on which they have not started to build, concluding rather that '*Landbanking*' reflects rather the need for firms to possess a pipeline of land across different stages of the development process.

Entry and exit into the top ten builders, it did note, however, was almost entirely dependent upon merger and acquisition activity, rather than organic business growth, and it also recognised that homebuyers experienced some key problems.

These included delays in moving in; faults in new homes; and issues around the sales process, such as reservation fees, as well as on the clarity of information provided to homebuyers, involving potentially unfair terms and conditions in contracts. Such complaints have proved constant over time.

Soon afterwards, however, in an 2009 investigation and decision, the same Office of Fair Trading (OFT) concluded on the back of its analysis of 199 tenders dating from 2000 to 2006, that that illegal anti-competitive bid-rigging activities characterised the wider construction industry, although some housebuilding or refurbishment contracts were also included in its investigation.

This was mostly in the form of 'cover pricing', where one or more bidders in a tender process obtained an artificially high price from a competitor, priced so as not to win the contract, to give a misleading impression to clients as to the real extent of competition that existed.

In eleven tendering rounds, the OFT investigation found that the lowest bidder faced no genuine competition because all other bids were cover bids, leading to an even greater risk that the client may have unknowingly paid a higher price than would have been the case if genuine competitive winning bid(s) had been submitted.

The OFT also found six instances where successful bidders had paid an agreed sum of money to the unsuccessful bidder (known as a 'compensation payment'), involving payments of between £2,500 and £60,000, facilitated by the raising of "*false invoices*".

86 out of the 103 firms subject to the OFT investigation received reductions in their penalties apparently because they admitted their involvement in cover pricing prior to the OFT conclusion/decision.

The OFT subsequently then cautioned procurers against excluding the infringing firms from future tenders. This was because "*the practice of cover pricing was widespread in the construction industry*" and those that faced investigation could "*now be expected to be particularly aware of the competition rules*".

Readers may draw their own conclusions as to the leniency shown by the OFT investigation in this case despite the seriousness of the acknowledged uncompetitive practices (to all intents and purposes corrupt criminal behaviour – but not labelled as such by the OFT) - costing the taxpayer potentially millions.

After all, welfare cheats are not spared prosecution on the ground that when caught they in the future are a better position to 'understand society's requirements not to cheat the system.'

As was noted earlier, the Barker Report did not, nor was it intended, to primarily lead to substantive reforms to the structure of the housebuilding industry, nor to any changes conducive to more competitive and market efficient behaviour, notwithstanding some of its recommendations did impinge on those areas.
Its flagship proposal, a national tax levy on planning gain – the Planning Gain Supplement (PGS) failed to leave the runway and was discarded in 2007. New Labour when Brown became prime minister did, however, increase its funding of social housing supply in accord with a Barker recommendation.

A December 2011 comprehensive study by Matt Griffith for the Institute of Public Policy Research (IPPR) pinpointed continuing failures across the housebuilding industry board, including on quality, price, size and consumer delivery, as well on output growth alongside a growing cyclicality and vulnerability to external shocks. A puny price elasticity of supply of 0.3 for the United Kingdom was reported, compared to 0.45 for the Netherlands, 1.1 for France, 1.4 for the US and 2.0 for Germany,

Residential land prices he noted had risen much faster than house prices causing the proportion of the cost of new housing taken by land to progressively rise, thereby adding to pressures on builders to reduce the size and quality of homes built.

Griffiths highlighted that these trends reinforce themselves, making for a consistent decrease in supply relative to demand, exacerbating volatility and worsening quality: outcomes that, in turn, can lead to lower supply.

A retrospective check of the ONS house price index indicates that the average price of a home in England was 60,750 in August 1997; ten years later it was 194,329. Real house price inflation, indeed, accelerated during the New Labour period until boom imploded into bust in the face of the Credit Crunch.

Nominal house prices provide only one part of the picture, however. Affordability depends on the relationship of house prices to earnings and/or household incomes.

In that light, the ONS publishes a dataset on the ratio of median/lower quartile house prices to residence-based earnings. *Table 1c* of that dataset indicates that the ratio between local earnings and house prices median house prices sharply rose in from an average of 5.11 (6.9 in London) in 2002 to 7.14 (8.38) in 2007 during the peak New Labour (or house price boom) years. By 2022, it had reached 8.28 in England (rising disproportionately in London to 13.33).

Government measures to mitigate the impact of the Credit Crunch on the housebuilding industry then helped to put a floor on house prices, by allowing major housebuilders to sell equity shares of unsold dwellings and then recover the market value of those shares when then sold, proportionately to the equity share lent. In short, homebuyers, as a trio of Bartlett School academics explained in 2022 were helped into new-build homeownership, so they could support the housebuilding industry.

According to Griffiths, 64% spent on HomeBuy Direct (homebuyers had to purchase minimum 70% share of a new build dwelling) between 2008 and 2011 went to the then four largest housebuilders, while 84 per cent went to the largest twelve: one in four sales at Persimmon were undertaken through HomeBuy Direct and Shared Equity in 2009.

Under the government coalition, over 50 per cent of government allocations of the successor FirstBuy scheme (the then Housing and Communities Agency and the house builder each provided up to ten per cent equal equity shares of the purchase price, repayable when the home was sold) funding in 2011 went to the top four largest building companies. Taylor Wimpey, Barratt, and Persimmon alone captured 47 per cent of available funding, while 75 per cent of allocated FirstBuy funding went to the top 15 UK housebuilders.

Sure, it was desirable that some major UK housebuilders did not in go bankrupt with attendant medium-term capacity and hysteresis effects on future housing supply; although a counter argument could be made on the possible positive effects of creative destruction, as previous generation of economists such as Schumpeter, had argued; yet what did happen was that the successor 2013 Help to Buy (HtB) scheme underpinned the exponential growth of profit, dividend, and director remuneration packages that marked the same housebuilders during the ensuring decade, who, to all intents and purposes, and, in combination with other reasons, progressively squeezed out SME's from the market (see *chart 1)*.

Instead of public policy shaping a sustainable housing market aligned to national and social needs, it had become captured by supplier/producer interests.

As the decade progressed then, it was less than surprising, therefore, that cross-party murmurings against a 'rigged' housing market gathered apace.

These grew in intensity after the Brexit referendum vote and the consequent departure of the Cameron-Osborne power duo and their replacement by Theresa May and Philip Hammond, who shifted away from austerity, moving instead towards a more interventionist housing policy.

The May Conservative government in February 2017 published a Housing White Paper (HWP) pointedly sub-titled, "*Fixing our broken housing market*".

The prime minister herself in its foreword picked up on some of the ONS affordability data cited above, stating unequivocally: "*Our broken housing market is one of the greatest barriers to progress in Britain today. Whether buying or renting, the fact is that housing is increasingly unaffordable – particularly for ordinary working class people who are struggling to get by. Today the average house costs almost eight times average earnings – an all-time record. As a result it is difficult to get on the housing ladder, and the proportion of people living in the private rented sector has doubled since 2000. These high housing costs hurt ordinary working people the most. In total more than 2.2 million working households with below-average incomes spend a third or more of their disposable income on housing".*

The HWP drew on the 2004 Barker Report to diagnose under-supply as the main cause of such outcomes; this time calling for between 225,000 to 275,000 or more homes per year to be provided in England to keep up with population growth and to make inroads into an accumulated under-supply backlog.

It diagnosed continuing problems were diagnosed with the planning system, despite the positive impact of the National Planning Framework (NPF) first published in 2012 as a consolidation of planning guidance, and other reforms helping to secure a large increase in the number of homes being given planning permission.

Most pertinently, the large and growing gap between permissions granted and new homes built meant that the pace of new development had become far too slow relative to national requirements: more than a third of new homes granted planning permission between 2010-11 and 2015-16 remained yet to be built in 2017.

Moreover, according to the HWP, the structure of the housebuilding industry itself constituted a constraint. Ten of the largest housebuilding firms built around 60 per cent of new homes.

It also heaped scorn on the industry's productivity record, connecting that with the commercial risks that private speculative production at scale involved and the attendant supplier imperative to navigate demand and price risk.

The HWP was more notable for its ambitious rhetoric than the sustained policy substance that followed it, although, to be fair, the same point could be made against most if not all of government's flagship reports on housing since the eighties, including the Barker Report, with the NPF providing the possible exception to that rule.

In its wake, the Conservative parliamentarian, Sir Oliver Letwin, who had been Head of Policy for David Cameron, was commissioned in Autumn 2017 to: "*explain the significant gap between housing completions and the amount of land allocated or permissioned in areas of high housing demand, and* (to) *make recommendations for closing it*".

Letwin published his draft report in June 2018, based on a sample of 'large sites' in England attached with permission for at least 1,500 dwellings. These he found were associated with a median build out rate of 15.5 years, or an average median release of 6.8percent of the entire scheme development size each year.

His focus was on the existing speculative market housebuilding business model, the core commercial driver of which is to limit releasing dwellings for purchase to a level (the market absorption or build out rate) commensurate with the main housebuilding companies maintaining target sales prices and hence their target capital return.

It is worthwhile to consider Letwin's definition of the absorption rate, as he himself described it: "*the rate at which newly constructed homes can be sold into (or are believed by the house builder to be able to be sold successfully into) the local market without materially disturbing the market price*".

That rate, in turn, was largely determined by the type of home being constructed (including size, design, context and tenure) and the pricing of the new homes built.

Put a slight different way, once a house builder working on a large site has paid a price for the land predicated on the assumption that the sale value of the new homes provided will be close to the current value of second-hand homes in the same locality, that builder will not be inclined to build more homes "*of a given type in any given year on that site that it can sell at that value"*.

Moreover, the house builder's first customers (and indeed their mortgage lenders) may tend to be unenthusiastic if they see the prospect of homes of the same type on the same site being sold in such quantities as to reduce the prices obtained for those homes in the market after they have bought (and thus incur negative equity/ mortgage default).

According to Letwin, the principal reason why house builders can exercise control over the market absorption rate is the apparent limited opportunities available for rivals to enter large sites and to compete "*by offering different types of homes at different price-points and with different tenures"*.

With respect to tenure, Letwin reported that the absorption of any 'affordable homes' (including shared ownership home) and of 'social rented housing' on such large sites each year was additional to those sold to the open market: the rate of completion of the 'affordable' and 'social rented' homes was itself constrained by the requirement for cross-subsidy from the open market housing on the same site(s).

Insofar that the rate of sale of open market housing is limited by a given absorption rate for the character and size of home being sold by the house builder consistent with at or near to the price of comparable second-hand homes in the locality, this limits the correspondingly scope to provide cross-subsidies and hence the rate at which the house builder can and will build out the 'affordable' and 'social rented' housing, as may be required by any applicable Section 106 Agreement (affordable housing S106).

Certainly, according to Letwin, this was the case of large sites where the non-market housing is either mixed in with the open market housing as an act of conscious policy (as Letwin reportedly frequently found) or where the non-market housing is sold to the housing association at a price reflecting only construction cost (also observed by the study).

If such overarching supply constraints could be lifted, the supply and demand for the 'affordable' homes (including for shared ownership) and for the 'social rented' accommodation could be increased.

This would assume presumably a higher market absorption rate and/or the sourcing of alternative funding sources for the affordable dwellings: a crucial public policy issue not really picked up subsequently or within the Competition and Market Competition Authority (CMA) studies subject to this submission.

Notwithstanding that accelerating the build out or absorption rate should significantly increase housing supply, Letwin went on to conclude that the "*homogeneity of the types and tenures of the homes on offer on these sites, and the limits on the rate at which the market will absorb such homogeneous products, are the fundamental drivers of the slow rate of build out*" that his study had identified.

Letwin, however, rejected the notion that housebuilders sought deliberately to maximise their profits from landholding or speculation: their business models depended upon generating profits from housing sales, not from increasing value of their land holdings; it is the profitability of the sale of housing that housebuilders endeavour to protect by building in accordance with the applicable 'market absorption rate'.

Letwin's final report with policy recommendations was published two months later in October 2018.

Suffice to say, it was soon overtaken by the continuing melodrama of Brexit. Until the decisive "get Brexit done' election of December 2019, that not only consumed the attention of a fractured parliament but resulted in Letwin – amongst others – under Boris Johnson losing the Conservative whip, before retiring from parliament at that election.

The 2023 Levelling Up and Regeneration Act (LARA), however, includes provision for LPAs to take account of unimplemented but extant planning applications when considering new planning applications submitted by the same applicant.

Hopefully this short appraisal of previous reviews helps to provide policy and institutional context to this consultation.

Its initial scoping study reiterated that the Great Britain (GB) housebuilding market was and is sub-optimal across a range of outcomes. Given "*that everyone needs a place to live, and that housing is the* *single biggest expenditure faced by most consumers*", the CMA highlighted two "*particularly concerning market outcomes*".

First, a continuing shortfall of market delivery below the assessed level of need - expressed in government targets and other officially endorsed assessments.

Second, what homes that are built are not necessarily where people want to live, insofar that the under delivery of housing has been especially concentrated across areas of high demand.

It went on to point out that in a well-functioning market, under-supply accompanied by fast rising prices would attract more supply to the market, so dampening (and potentially reversing) price increases.

Across the English, Scottish and Welsh housebuilding markets this, however, has not happened over recent decades, and far from experiencing entry and expansion, the industry has seen a decline in the number of suppliers, especially in small and medium (SME) enterprises.

With respect to landbanks - land held by housebuilder intended for residential housing development, whether 'short-term', that is attached with some form of planning permission - or 'long-term', sometimes called 'strategic', without planning permission.

Land banks ensures a housebuilder has a forward pipeline of sites that have or could in future possess planning permission and – as Letwin had pointed out in 2018 – their existence and management is integral to the delivery of housebuilders' business models.

In its November 2023 Joint summary overview of its landbanking and planning working papers the CMA focused on three investigatory questions in connection with landbanks:

1. Whether the widespread practice of housebuilders holding land in land banks reduces the availability of developable land, and whether this may act as a barrier to entry or expansion to the market;
2. Whether there is concentration in certain local markets through the control of a significant proportion of developable land by a small number of housebuilders; possibly a symptom of wider concentration of suppliers and such landbanks possibly serving as a barrier to market entry;
3. The extent to which land banks compound the negative impacts of any lack of transparency as to the ownership (and control via options) of land.

Based on an analysis of the land banks held by the eleven housebuilders across England, Scotland, and Wales), the CMA analysis indicated that in 2022 they together owned or controlled land equivalent to c.1.17m plots: 658,000 long term plots; c.522,000 short term plots.

Across most local authority planning areas, several of these housebuilders were identified as present – for example, in 230 LPAs surveyed, at least three of these large housebuilders owned or controlled short-term land.

With respect to planning, the CMA recognises that the planning system involves trade-offs with other important objectives, including environmental protection and the availability of green space, as well on the consideration of local views and on the allocation of public funding, all of which lie outside the CMA's remit on the efficient functioning of competitive markets.

Instead, its stated intention was and is to gather and analyse evidence about the housebuilding market to map a range of policy options to reform the planning system in support of better market outcomes, including overcoming the difficulties involved in navigating and meeting ever more complex planning and regulatory requirements faced by SMEs especially; itself a likely barrier to entry.

It is by of means clear that in the wake of the Letwin Report, the 2017 HWP and the 2020 Planning White Paper, as well as the Levelling up and Regeneration Bill now LARA, what value added these studies can make; some spinning of the same wheels does seem to be taking place.

This website also has some concern that the unequal power and lobbying of the housebuilding industry could taint these latest CMA studies as they apparently did the 2007 Callcutt and the 2008 OFT Reviews: the clean chits both gave to the housebuilding industry have been belied in spades by subsequent market performance.

It assesses that the very nature of housing as a good means that a speculative housing market is intrinsically incapable of achieving optimality because it:

- is a long-term durable purchase (the most important that most people make) that is highly cyclically sensitive to credit and wider economic conditions, subject also to an overarching secular upward shifting demand curve driven by rising population, net migration, incomes, and related demographic change;
- possesses mixed investment and consumption characteristics, subject to information imbalances between suppliers and buyers;
- its production involve long gestation periods between inception and completion of developments that can accentuate boom-bust tendencies intertwined with changing demand conditions that are much more price elastic than the corresponding inelastic land and dwelling supply responses;
- institutional features, most notably the planning system, can add to supply rigidities originating from the fact that housing requires development land whose supply is constrained and made inelastic by public policy and public preferences, as well as by landowner and producer behaviour.

The operation of the private speculative market and system (acknowledging that it comprises many different local and sub-markets where the conclusions that follow can apply with different force) should be taken in the round: it is inherently inefficient and subject to multiple market failures that make it unstable and conducive to capture by an oligarchy of major firms (notwithstanding that the pack of cards in terms of members if not overall outcome terms can be shuffled, every so often, by merger, and/or shift in strategic or operational priority/performance). The market is contestable, not competitive.

This chart researched and produced by BuiltPlace – an independent group of housing analysts and researchers - highlights how the listed housebuilders have managed to capture the majority of the uplift in house prices in their profits. Gross profits and land costs combined accounted for c43% of the total outgoings and gross profits per plot of Persimmons, compared to c38% back in 2010.

Such evidence that major housebuilders have booked demonstrably excess profits, itself provides tangible, even overwhelming, evidence, of the housebuilding market failure.

Volatile and under supply of housing relative to household demand is an inevitable result that itself contributes to continuing rising real price and unaffordability over the medium-to-long term, within an industry possessing a pitiable even negative medium term productivity record.

Market suppliers also demonstrably ride over consumer needs, producing a product that has become inexorably more expensive and unaffordable for first time buyers, offered at a standard and quality that in some key characteristics including space and building quality has regressed.

In stark comparison, take the personal computer market, where prices have plummeted while standards have immeasurably improved over time.

The deployment of uncompetitive consumer practices, such as requiring purchasers (desperate to purchase before rising prices cause them to 'miss the boat' so trumping any latent desire to exercise choice or their preferences) to take on leases with escalating ground rent charges, or to pay unreasonable and unjustified service charges, simply so to add to supplier super profits, have been a common uncontested theme of all reviews considered in this submission.

It really is time that the market power and imbalances between housebuilder and individual consumer are redressed. Accordingly, this website strongly recommends that the CMA devotes attention in its final report – and regarding the latest legislative developments – how this reoccurring sore can be finally and effectively remedied.

www.asocialdemocraticfuture.org suggests that the CMA is looking the wrong way or missing the key point, as the title of this submission suggests; the development of landbanks is an inevitable feature or symptom of the current speculative housing market; logically speaking, increasing the numbers of housebuilders competing for land in a local area is just as likely to increase land prices by providing more competition and choice for landowners than it is to achieve desired economic and social outcomes – at least in the absence of the wider reforms discussed below.

What is important, is the overall availability of land, its location, its cost, and its planning status within a reformed housing system, realigned to achieve increased supply of affordable accommodation, subject to public specification and purchase at lower cost and profit levels.

This website shares the central conclusion made by Griffiths in 2011, therefore, and largely shared at least ostensibly by recent Conservative governments, that development industry reform must become an integral part of housing policy. The stakes were too high in 2011 to let housebuilders underperform any longer; they have become even higher during the ensuing decade in the aftermath of the longstanding UK productivity problem and the more recent cost of living crisis.

It follows that structural not piecemeal reform is necessary. Indeed, in its absence, government set supply targets, including the commitment of the present government to build 300,000 new homes each year by the middle of this decade or the Starmer goal to build 1.5m new homes during the lifetime of a new Labour government, will simply remain eyewash.

Indeed, it is curious that the CMA has taken at face level such supply targets, or even higher assessments of housing need that simply will not be achieved given the foreseeable public policy environment. This leaves it open to criticism for not rigorously analytically distinguishing and defining different categories of need and demand along with the associated policy, and, to the precise point of its remit, market development implications.

Private housebuilders, as the Callcutt Review pointed out, cannot be expected to meet non-market determined needs at least as part of its core commercial activity; rather, (contrary to what that Review went on to conclude) public policy needs to determine effectively and efficiently what should be delivered and with what impacts on set core desired public outcomes.

Commentators have pointed out for a long time that to achieve a sustainable annual new supply level of 300,000 dwellings, it must be underpinned by a much-enlarged state sector providing at least 100,000 dwellings a year, whether comprising social rented or intermediate tenure – 50,000 more than the average level of affordable gross supply that was achieved over the last decade.

At one level, this is simple arithmetic: the highest annual new supply (net additions in total) recorded since 2006-07 (when the most accurate and comprehensive official statistical series to measure new completions and net additions was established) was c248,500 achieved in 2019-20**.** The annual average for the 2006-23 period was c195,000 dwellings.

Table 1: Net new housing supply (net additions), England, financial year, 2006-23

	DLUHC Table 120: Total new net additions (new supply	**Total new supply as % of peak:*2019-20=100***
2006-07	214,940	*86.5*
2007-08	223,530	*89.9*
2008-09	182,770	*73.5*
2009-10	144,870	*58.3*
2010-11	137,390	*55.3*
2011-12	140,790	*56.6*
2012-13	130,610	*52.5*
2013-14	142,490	*57.3*
2014-15	176,580	*71.0*
2015-16	195,530	*78.7*
2016-17	223,230	*89.8*
2017-18	228,170	*91.8*
2018-19	247,770	*99.7*
2019-20	248,590	*100.0*
2020-21	217,750	*87.6*
2021-22	234,460	*94.3*
2022-23	234,400	*94.3*
Average 2006-23	***195,522***	

Table 1 also shows the proneness of net new supply to fluctuate in a lagged response to the wider macro-economic and housing market conditions, with 2012-13 net supply (reflecting the collapse of private speculative activity during and in the wake of the 2008-10 global financial recession), barely half of the level that was subsequently achieved during 2018-20.

Annual net supply has fluctuated with both wider economic conditions and public funding cycles: expanded public delivery of affordable housing at a steady rate would help to stabilise and smooth out the cyclical fluctuations.

Such an outcome would generate an immense macro-economic overall dividend; especially if it was meshed with effective supply side workforce planning and training interventions. The housing system provided an epitome example of the need for modern supply side economics to be applied.

Simply put, this should comprise the central conclusion of the CMA study; micro-findings on landbanking and the such-like will otherwise risk providing distractions from recommendations that could and need to drive change, akin to most of the other reports surveyed here that have gathered dust instead.

Of course, future fiscal constraints and rules may prevent that: but if so, proclaimed government targets will be stymied, and the opportunity to strategically reform the housing system will be lost yet again for another generation, amidst and despite a broad consensus that such reform should play an integral part in resetting the UK onto a higher growth and productivity trajectory.

That, if not realised will sooner or later undercut its welfare state foundations while keeping economically inefficient and sapping taxes high.

This website also acknowledges the danger of ‘throwing out the private housebuilding baby with its bathwater’, and the danger of unintended consequences associated with public capacity and implementation failures.

However incremental changes that go with the policy grain, such as the possible partnership arrangements proposed in this archive **asocialdemocraticfuture** paper with supporting planning policy changes, should help to navigate around and mitigate such dangers.