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## **NEW REPORT FINDS ADDITIONAL LOCAL HOUSING HAS LITTLE EFFECT ON LOCAL HOUSING MARKETS**

**Release time: immediate**

A new study has shown that new housebuilding has little discernible and consistent impact on local house price patterns.

The report by LSE London at the London School of Economics and Political Science entitled 'Understanding the Local Impact of New Residential Development' was jointly commissioned by Barratt Developments, the largest housebuilder in the UK, and the NHBC Foundation, and addressed the question of whether a new development will always reduce prices or reduce the rate of increase in prices in the immediately surrounding area.

Examining the impacts of eight recent residential Barratt developments on their local areas, the research concluded that prices did not decline as a result of development, although sometimes there may be some limited impact during construction. Once the developments were completed, the local areas generally moved with the market.

One of the most common concerns of homeowners across the UK is that a new build residential development nearby will reduce property values in the local area. For many people their new home is their largest single investment.

The selected sites all involved fewer than 300 units and were substantially completed within the last five years. Spread across the South and Midlands these sites are typical of housing development outside city centres or wholly rural areas. The aim was to exemplify 'ordinary' developments mainly on sites where there had been objections (some significant) at planning permission stage prior to development. Five sites were built on land with previously higher amenity value, and three were built on land that previously had lower amenity value including derelict industrial land.

Specifically, the research found:

- House price changes in the surrounding streets and the broader three/four-digit postcode districts suggest that new developments may stabilise or even increase prices in the immediate areas once development is complete where the market is generally stable and rising. They also suggest that there is almost no evidence of longer-term negative impacts.
- For sites where a high level of opposition was experienced throughout the planning and construction processes, this opposition tended to decrease once the development is completed. In one case where there were high levels of opposition, at least half of all eventual purchasers of the new homes previously lived within 5 miles of the development.

Neil Smith, Head of Research and Innovation at NHBC said:

“Few would argue that the UK needs to build substantially more homes to avoid a housing crisis, but despite this, local opposition remains one of the main obstacles to achieving this. It is understandable that homeowners will be anxious to protect their investment in their homes, and concerns about the negative effects of new developments have compounded the issue. While there are clearly a number of factors affecting property values in specific areas, this research challenges the assumption that new build developments will adversely affect local house prices.”

Philip Barnes, Group Land and Planning Director, at Barratt Developments Plc commented:

"One of the understandable fears of new development is that it might adversely affect existing house prices in a local area. We were keen to understand this potential impact and with the NHBC Foundation jointly commissioned research by the London School of Economics. Whilst this is a small sample it is reassuring that new housing developments appear to have little discernible impact on local house price patterns, indeed in some areas can boost local market confidence."

A copy of the summary report is attached.

**Ends**

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**About Barratt Developments PLC**

- Barratt Developments PLC is a FTSE100 company
- Barratt Group sold 14,838 homes in the year to June 2014, making it the biggest housebuilder by volume in Britain
- Barratt Group was awarded a maximum five star rating for the sixth consecutive year in the 2015 Home Builders Federation Customer Satisfaction Survey

- Site managers working for Barratt Group won 90 awards for quality workmanship in the 2014 NHBC Pride in the Job Awards. Barratt has won more Pride in the Job awards than any other housebuilder for the last ten years
- Barratt Group is the only housebuilder to provide a five year warranty to the first owner or purchaser direct from the company of its new build homes, on the fixtures and fittings installed at the time of purchase