This report looks at the following areas:

- How the housing market recovered from the pandemic and how it is now reacting to the cost of living crisis and constantly increased interest rates and mortgage levels.
- The implications for the sector going forward, and how the sector previously recovered from similar circumstances
- How net zero targets are influencing the sector and the marketing advantages that arise
- The fragmentation of the industry in total, despite the role of several national and regional major house builders.
- The emerging opportunities for SMEs through repurposing vacant commercial properties.

Housing affordability has become stretched for those looking to buy a home with a mortgage. A prospective buyer, earning the average wage and looking to buy the typical first-time buyer property with a 20% deposit, now see monthly mortgage payments account for 43% of their take home pay (assuming a 6% mortgage rate). By comparison the level was 32% in July 2022 and the long-run average is 29%. As a result, housing market activity has been subdued in mid-2023.

The house building performance in 2022 was robust given the deteriorating economic conditions, but 2023 is seeing a reduced level of completions as demand is restricted by increased mortgage rates and widespread consumer uncertainty. There were 86,000 completed housing transactions in June, some 5% below the levels at the same time in 2022 and around 10% below the period just before the pandemic and 20% below 2019 levels.

House building has long been cyclical, and the critical issue now is how quickly the market will recover from these adverse conditions. Past evidence suggests the challenges will be medium-term.

“After a prolonged period of growth, the COVID-19 disruption is now being followed by economic turmoil and the sector is returning to its cyclical roots.”

– Terry Leggett, Principal Analyst
The industry is also undergoing changes relating to net zero. Some of the notable regulations concerning the decarbonisation of the built environment include the Future Homes Standard. This requires the delivery of homes that are “zero carbon ready” by 2025. While in the shorter term this involves further costs of construction, the cost of living crisis is also having the impact of heightening the importance of energy efficiency in the minds of consumers.
Table of Contents

OVERVIEW
• Key issues covered in this Report
• Products covered in this Report

EXECUTIVE SUMMARY
• The five-year outlook for house building
  Figure 1: Category outlook, 2023-27
• The market
• Market size and forecast
  Figure 2: Market size for new housing completions, 2018-27 (£ billion at sales price)
• Major emphasis on private sector
  Figure 3: Housing completions in England, by sector, 1962-2022 (number)
• Regional breakdown
  Figure 4: Private housing completions, by region, 2018-2022 (Number)
• Housing association activity
  Figure 5: Housing Association completions, 2018-22 (number)
• How the previous financial recession impacted the market
• Learnings from the last income squeeze
  Figure 6: Housing completions, 2006-14 (number)
• Companies and brands
• A fragmented industry
  Figure 7: Turnover segmentation of house builders, by size of company (% of turnover by number of employees), 2021

ISSUES AND INSIGHTS
• When will house prices recover?
• Net Zero Homes
• Net Zero buildings – a target lacking a system

MARKET SIZE AND PERFORMANCE
• Construction activity
  Figure 8: The new housebuilding market, 2017-22 (£ million and indexed against 2017)
• Housing completions
  Figure 9: Housing completions, 2018-22 (Number)
  Figure 10: Value of new housing completions, 2018-22 (£ billion at sales price)
• An historic context

What’s included
Executive Summary
Full Report PDF
Infographic Overview
Powerpoint Presentation
Interactive Databook
Previous editions

Did you know?
This report is part of a series of reports, produced to provide you with a more holistic view of this market.
All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world’s leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now
Visit store.mintel.com
EMEA +44 (0) 20 7606 4533
Brazil 0800 095 9094
Americas +1 (312) 943 5250
China +86 (21) 6032 7300
APAC +61 (0) 2 8284 8100
Figure 11: Housing completions in England, by sector, 1962-2022 (number)

- The housing deficit continues to grow
- The short-term economic issues
- The extent of the issue
- The long-term issue

MARKET FORECAST

- Deteriorating conditions in 2023
  Figure 12: Category outlook, 2023-27
- Difficult period
  Figure 13: Market forecast value of new housing completions, 2022-27 (£ billion at 2022 sales prices)
- Learnings from the last income squeeze
  Figure 14: Housing completions, 2006-14 (number)
  Figure 15: Interest rates, 2006–2014 (%)

MARKET SEGMENTATION

- Construction activity
  Figure 16: Segmentation of the new housebuilding market, 2017–22 (£ million)
- Housing completions
- Private housing volume
  Figure 17: Private housing completions, 2018–22 (number)
- Private housing regional segmentation
  Figure 18: Private housing completions, by region, 2018–2022 (Number)
- Housing Association volume
  Figure 19: Housing Association completions, 2018–22 (number)
- Housing Association regional segmentation
  Figure 20: Housing Association completions, by region, 2018–2022 (Number)
- Local Authority volume
  Figure 21: Local Authority completions, 2018–22 (number)
- Local Authority regional segmentation
  Figure 22: Local Authority completions, by region, 2018–2022 (Number)

MARKET DRIVERS

- The economy
- Inflation will continue to eat into consumer spending power over the course of 2023
- Further interest rate increases will hit mortgage-holders
High inflation and rising interest rates will compound the impact of the slowing recovery.

Consumer spending power will be curbed.

Low unemployment is helping underpin.

Consumers’ financial wellbeing has fallen from the highs of 2021...

...and most people are feeling the effects of price rises.

Mortgage costs.

Substantial growth in the last two years.

...but things are changing in August 2023.

Mortgage levels.

Figure 23: Household financial wellbeing index, 2016–23

Figure 24: Mortgage rates, by type, March 21–23 (%)

Figure 25: Residential loans to individuals, Q2 2022-Q1 2023 (£ billions)

Figure 26: UK house price index, 2006–23 (Annual % change)

Figure 27: Average UK house prices, 2006–23 (£s)

Figure 28: Average house prices of new and existing dwellings, by type, 2018–2023 (£s)

Figure 29: UK housing transactions, 2018–23 (number)

INDUSTRY STRUCTURE

Leading house builders

Figure 30: Development of the house building sector, 2017–21 (number of companies)

Figure 31: Turnover segmentation of house builders, by size of company (% of turnover by number of employees), 2021

Figure 32: Leading house builders, 2023 (£ million and number)

Public house building

Figure 33: Revenue segmentation in new public housebuilding, by size of company, 2022 (%)

Private house building

Figure 34: Revenue segmentation in new private housebuilding, by size of company, 2022 (%)
• Activity
• Performance
Figure 35: Financial performance of Barratt Developments, 2018-22 (£ million)
Figure 36: House completions by Barratt Developments, 2020-22 (Number)
Figure 37: House completions by Barratt Developments, by unit type, 2021-22 (%)
Figure 38: House completions by Barratt Developments, by sector, 2021 and 2022 (%)
• Strategy
• Bellway
• Activity
• Performance
Figure 39: Financial performance of Bellway, 2018-22 (£ million)
Figure 40: House completions by Bellway, by area and type, 2021 and 2022 (number)
• Strategy
• Berkeley Group
• Activity
• Performance
Figure 41: Financial performance of Berkeley Group, 2019-23 (£ million)
• Strategy
• Persimmon
• Activity
• Performance
Figure 42: Financial performance of Persimmon, 2018-22 (£ million)
• Strategy
• Redrow
• Activity
• Performance
Figure 43: Financial performance of Redrow, 2018-22 (£ million)
Figure 44: House completions by Redrow, by type, 2022 (£ million and number)
Figure 45: Revenue by region for Redrow, 2021 and 2022 (£ million)
• Strategy
• Taylor Wimpey
• Activity
• Performance
  Figure 46: Financial performance of Taylor Wimpey, 2018-22 (£ million)
  Figure 47: House completions by Taylor Wimpey, by type, H1 2022 and H1 2023 (number)
• Strategy
• Vistry Group
• Activity
• Performance
  Figure 48: Financial performance of Vistry Group, 2018-22 (£ million)
  Figure 49: Housing completions by Vistry Group, by type, 2021-22 (number)
• Strategy

APPENDIX – DATA SOURCES, ABBREVIATIONS AND SUPPORTING INFORMATION
• Abbreviations

APPENDIX – FORECAST METHODOLOGY
• Market forecast and prediction intervals
  Figure 50: Market forecast for house building completions, 2022-27 (£ billion)
• Market drivers and assumptions

FURTHER SOURCES
• Trade magazines

What’s included
Executive Summary
Full Report PDF
Infographic Overview
Powerpoint Presentation
Interactive Databook
Previous editions

Did you know?
This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world’s leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now
Visit store.mintel.com
EMEA +44 (0) 20 7606 4533
Brazil 0800 095 9094
Americas +1 (312) 943 5250
China +86 (21) 6032 7300
APAC +61 (0) 2 8284 8100
About Mintel

Mintel is the expert in what consumers want and why. As the world’s leading market intelligence agency, our analysis of consumers, markets, product innovation and competitive landscapes provides a unique perspective on global and local economies. Since 1972, our predictive analytics and expert recommendations have enabled our clients to make better business decisions faster.

Our purpose is to help businesses and people grow. To find out how we do that, visit mintel.com.