

A scenic view of Glasgow University buildings and the Glasgow Science Centre reflected in the water. The image shows a mix of modern and traditional architecture along a waterfront. The Glasgow Science Centre, a large, curved, metallic building, is prominent in the center. To its left is the Glasgow Tower, a tall, dark structure. To the right are older, red-brick university buildings. The water in the foreground is calm, reflecting the buildings and the sky. The sky is blue with some light clouds.

**Glasgow University**

**Urban Studies**

**15 May 2009**

**Kate Barker**



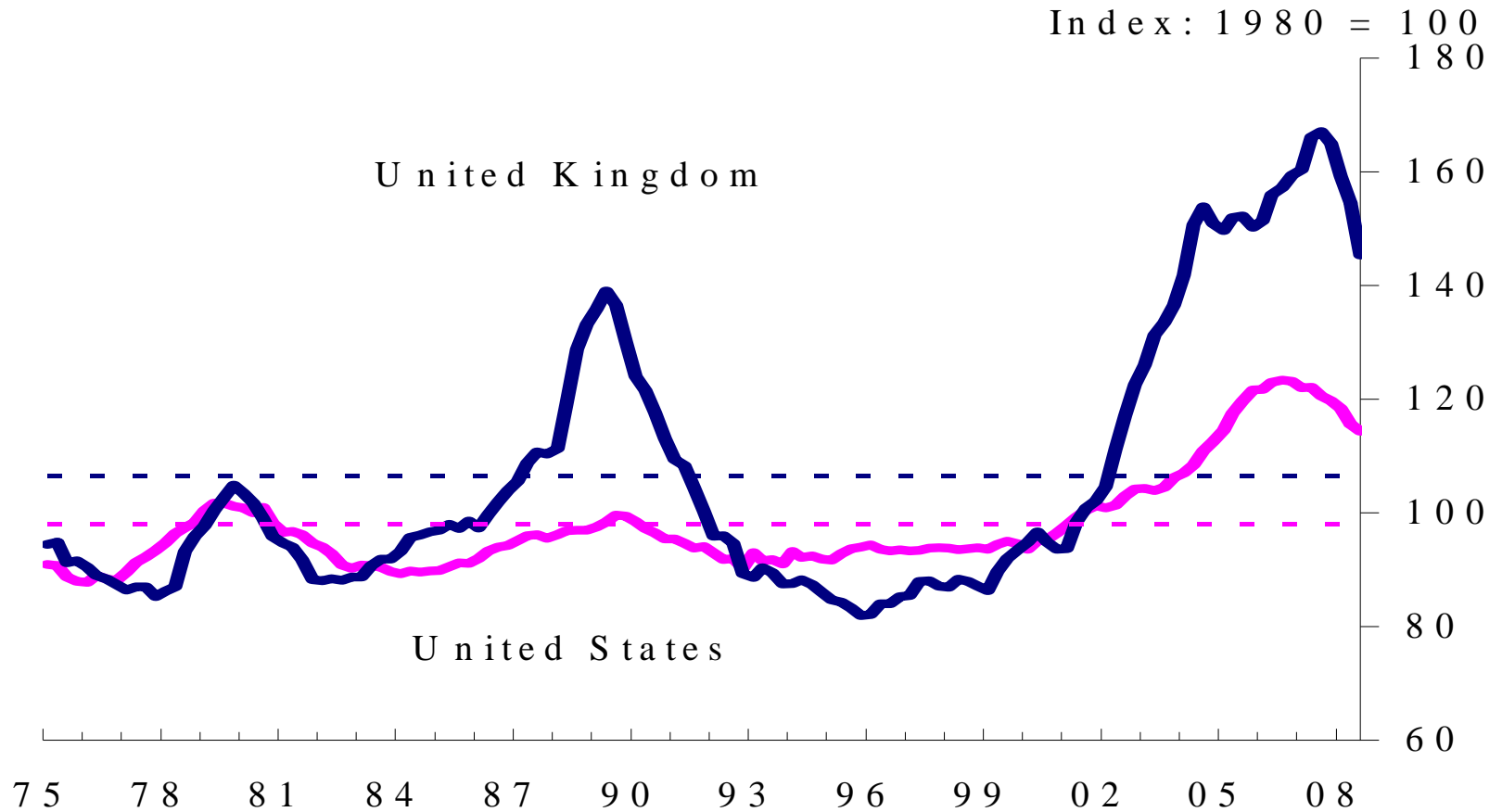
# Issues

- Did poor lending cause the crisis?
- Why has supply fallen so sharply?
- Does low supply matter?
- Policy questions.





# House price to income ratio



Sources: BEA, BLS, MOD, Thomson Financial Datastream and Bank calculations.

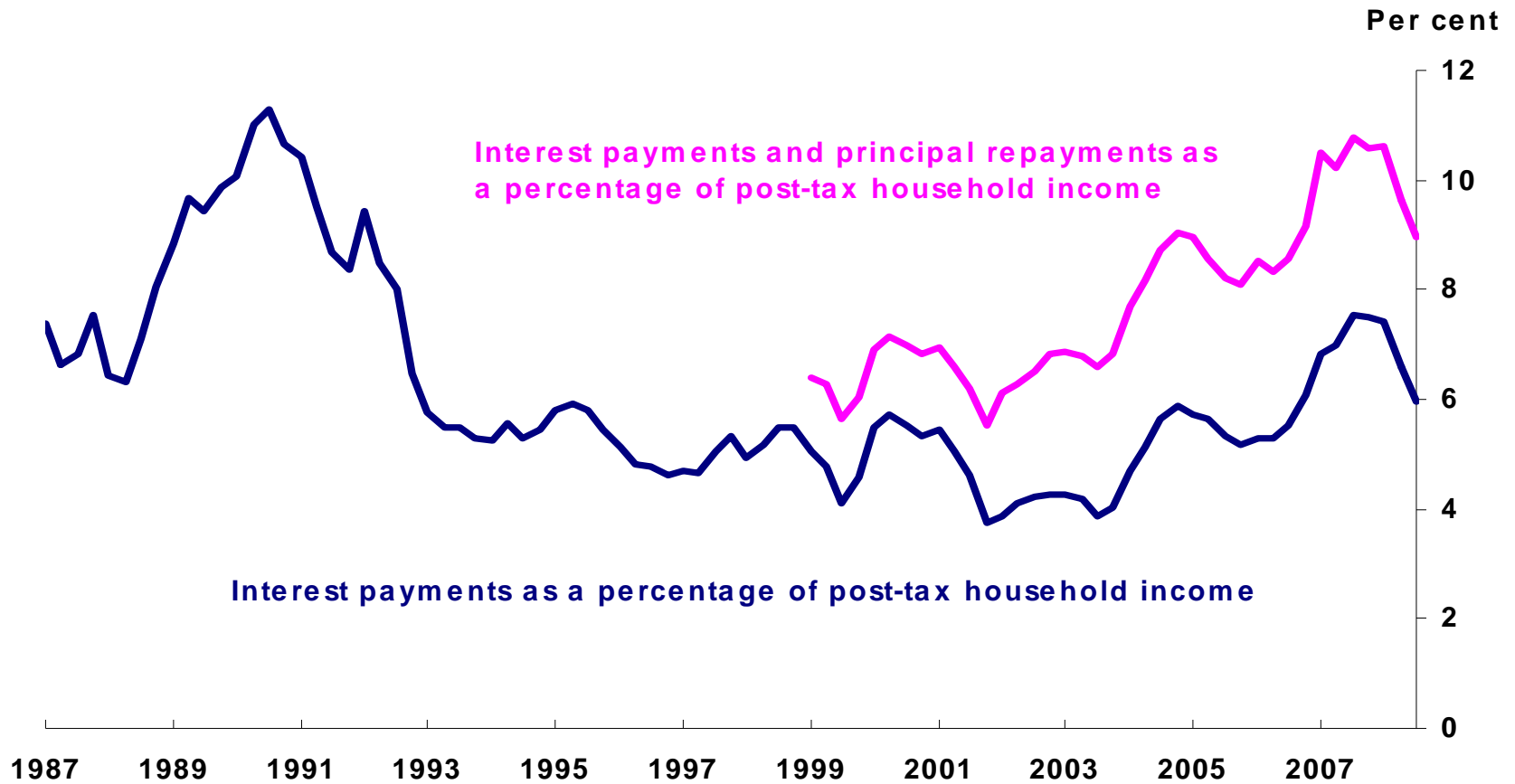
(a) Calculated as HPI / compensation per employee.

Data not on FSCDB.

(b) Dotted lines show averages over the period.

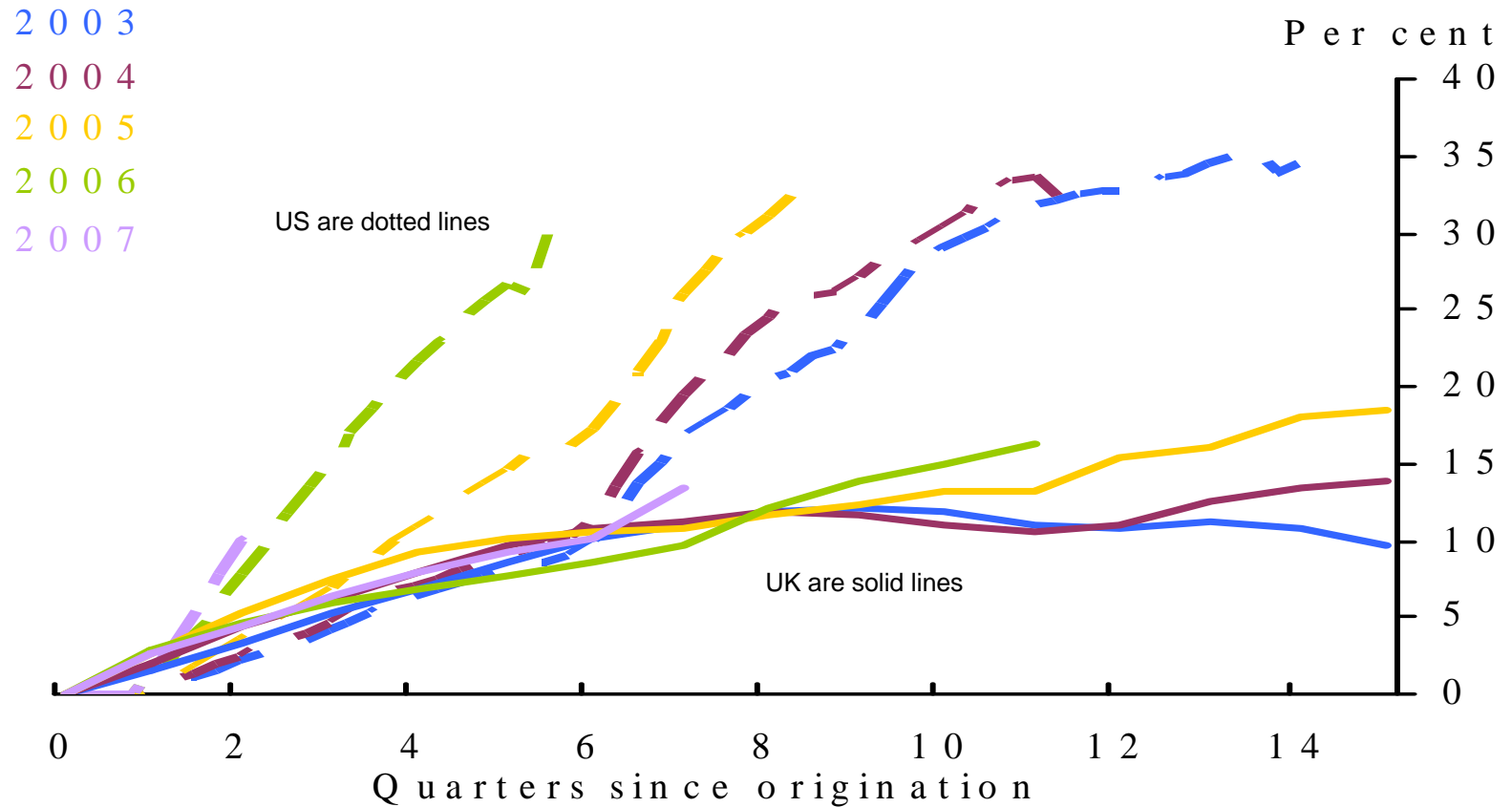


# Impact of lower interest rates



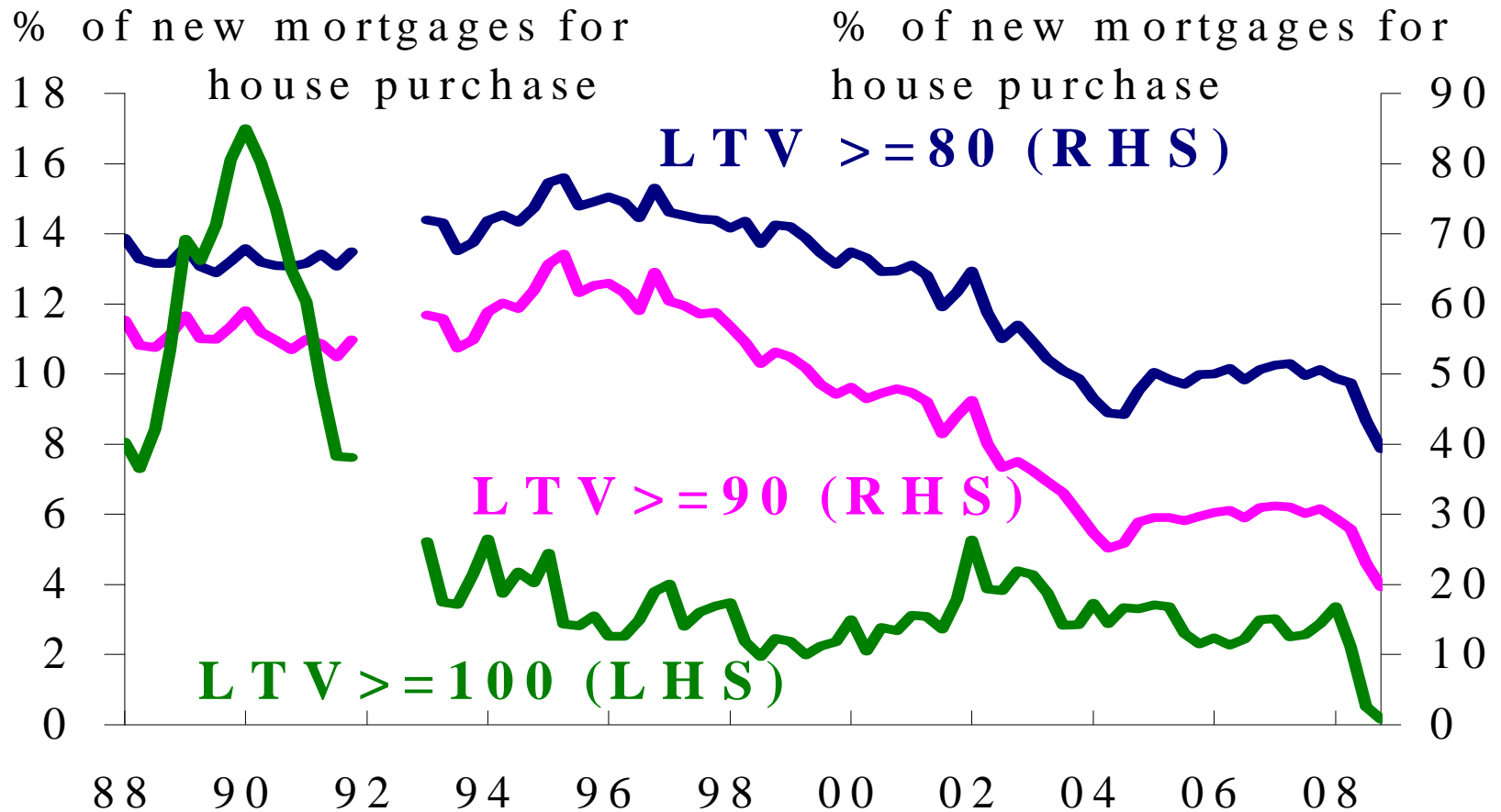
Sources: ONS and Bank calculations.

# US 60+ and UK 90+ arrears on 'subprime' mortgages





# Loan-to-value ratios

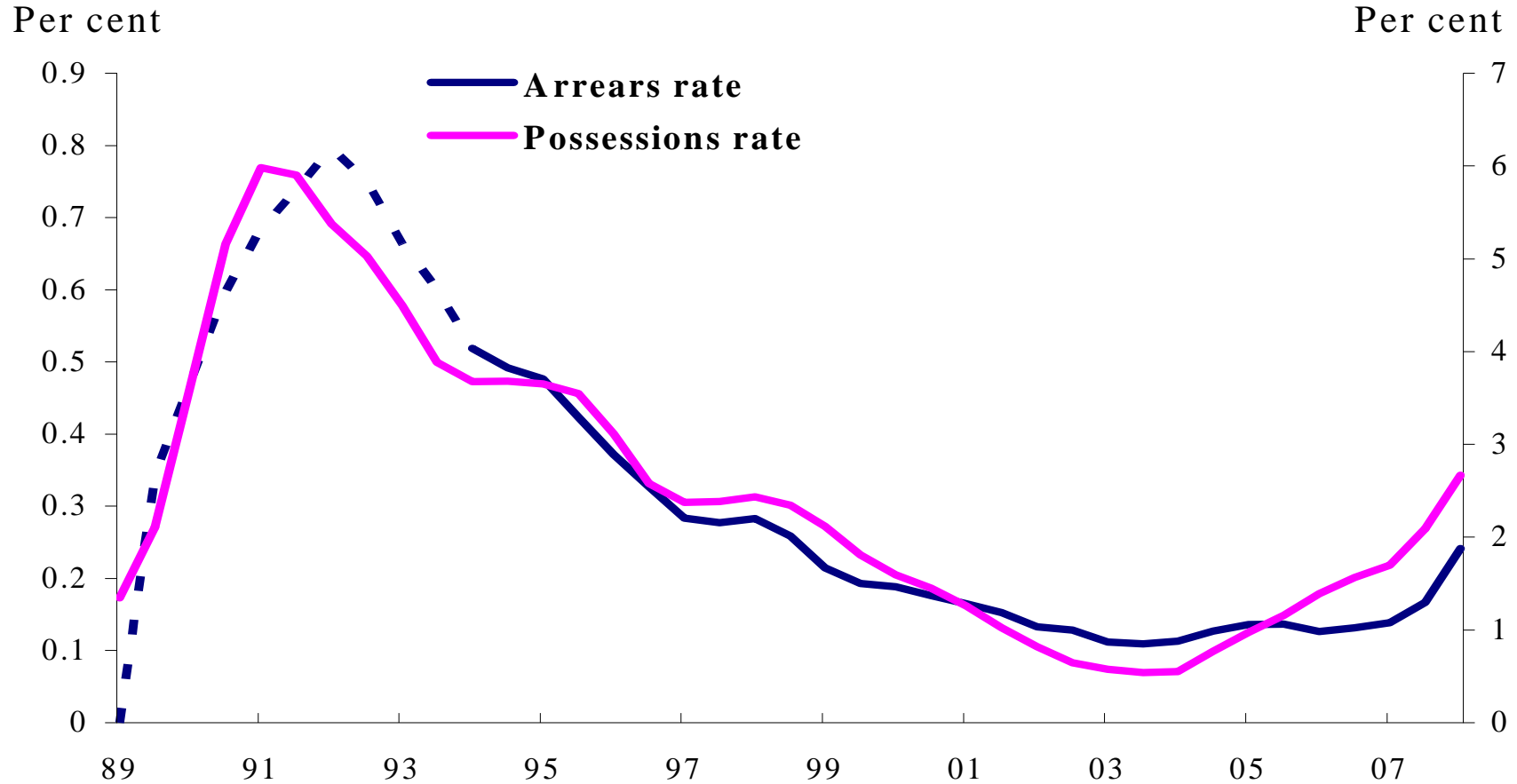


Source: FSA





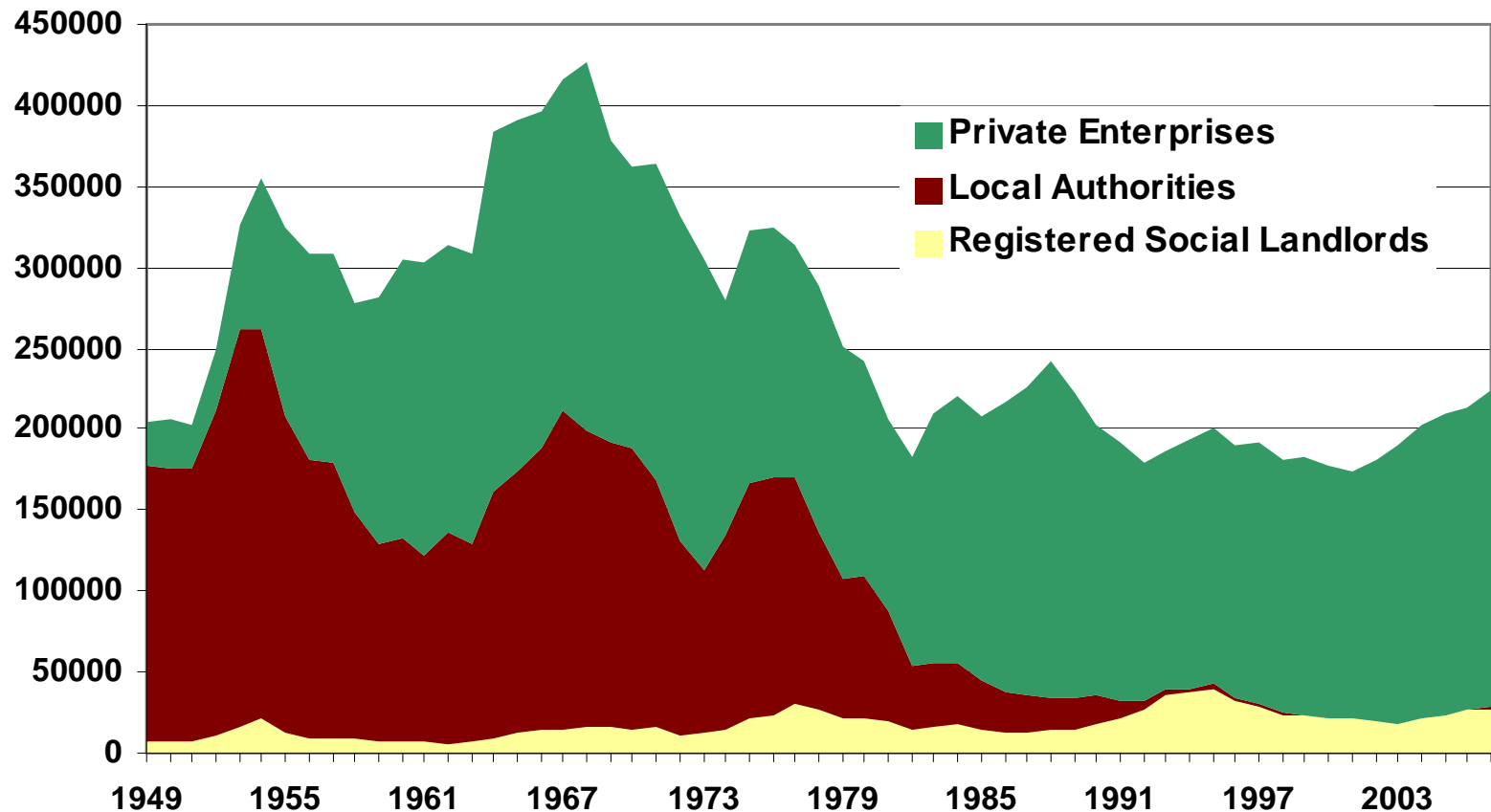
# Arrears and repossessions



Source: CML.



# UK housing completions



Source: Department of Communities and Local Government

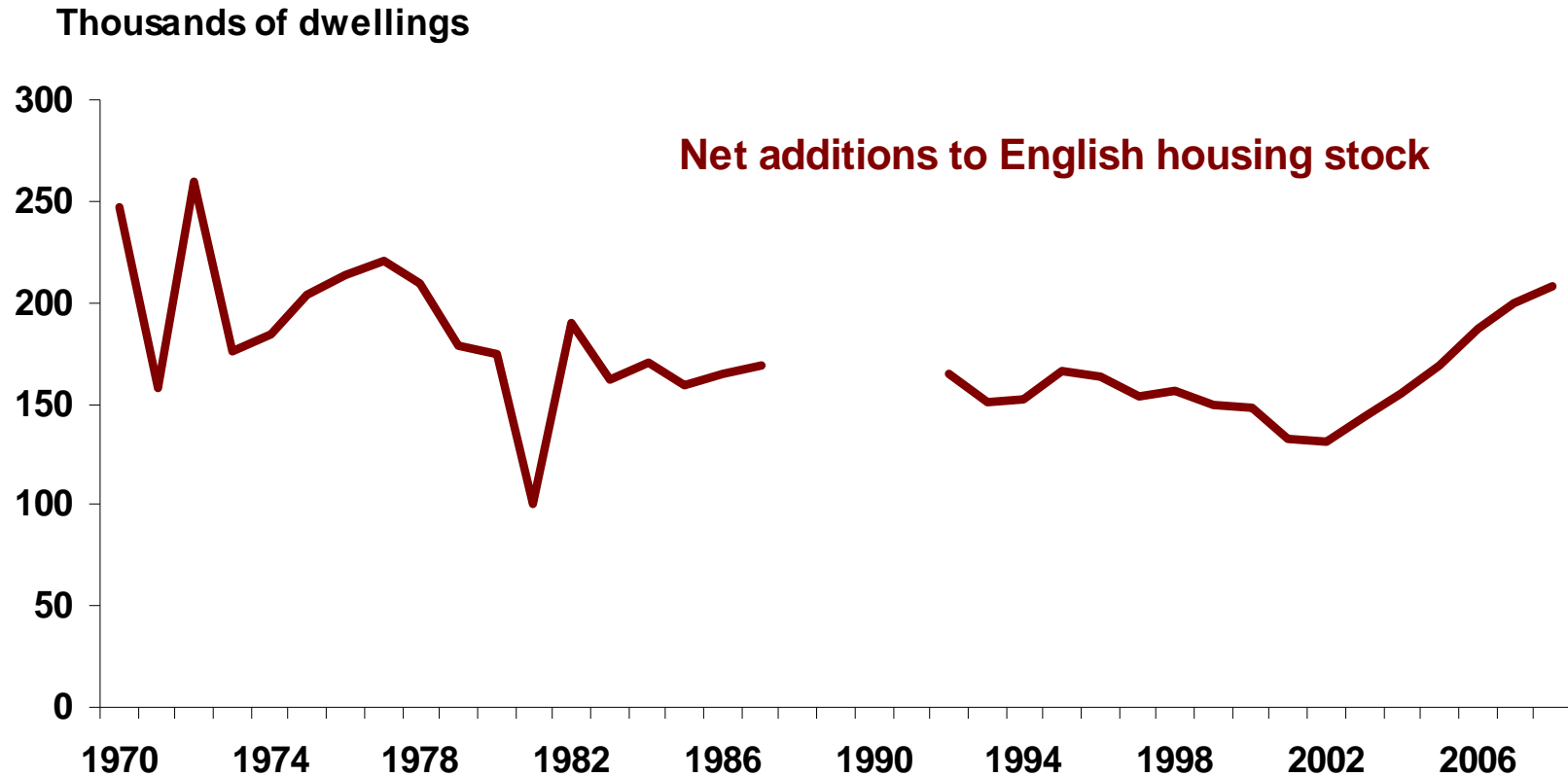
*N.B. Data may not be reliable for earlier years and definitions are inconsistent throughout*







# Net additions to housing stock in England



Source: Department of Communities and Local Government

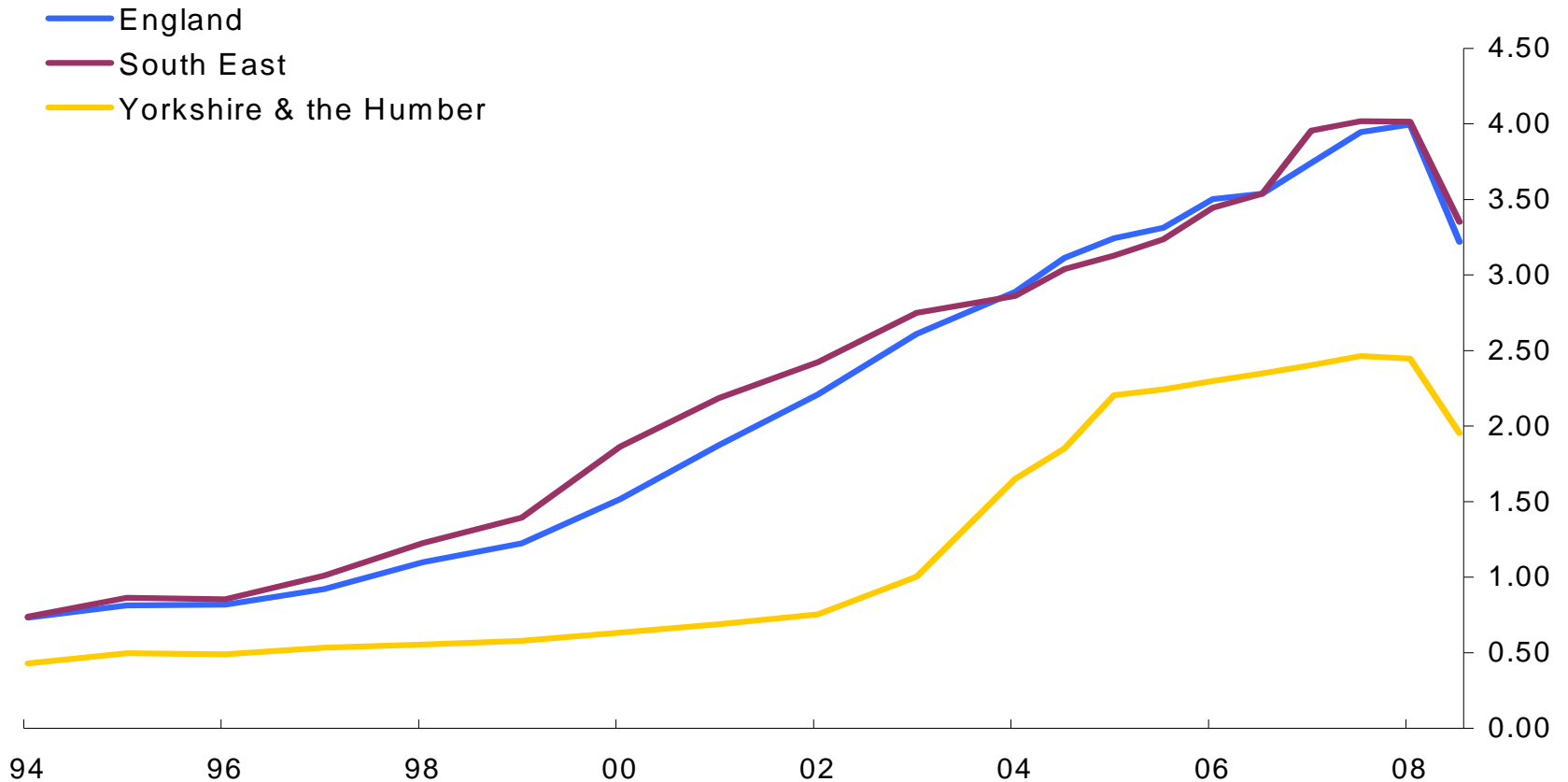
*N.B. Data prior to 1987 is from a slightly different source*





# Residential land values

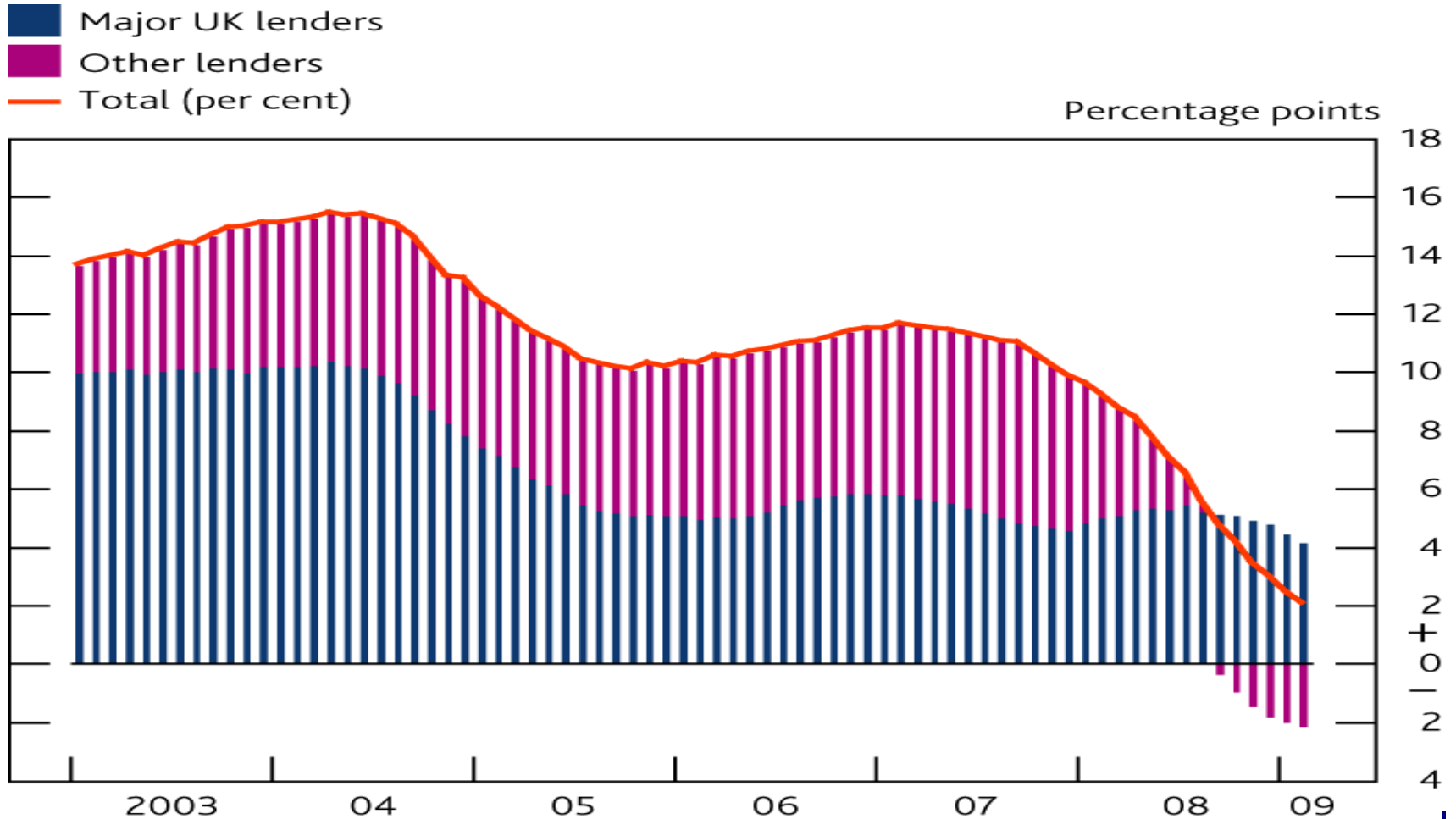
Per hectare (£mn.)



Source: Department of Communities and Local Government



# Contributions to mortgage lending growth (a)(b)

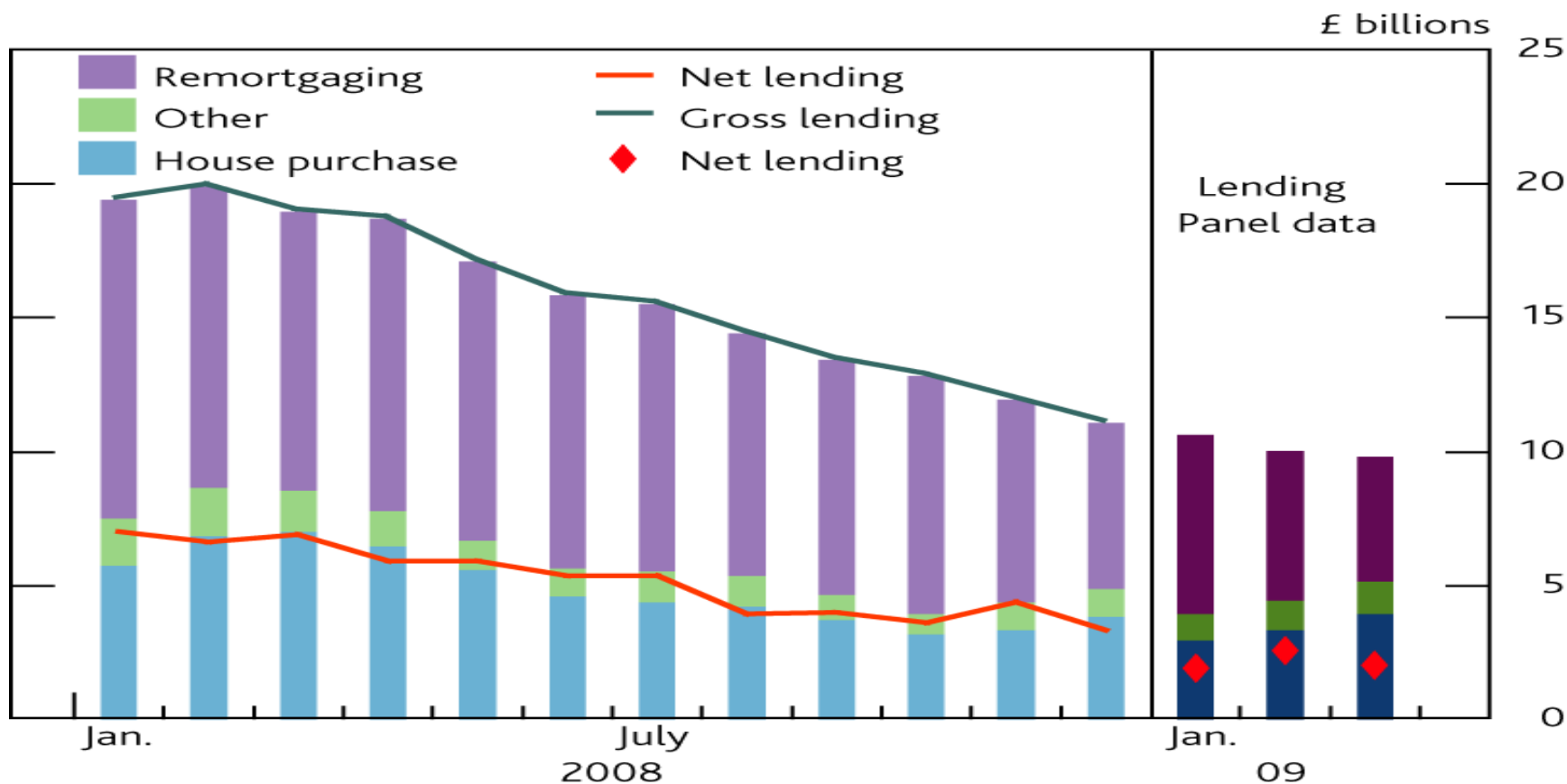


(a) 12-month growth rates in the stock of lending.

(b) Excludes housing associations.



# Gross mortgage lending by the major UK lenders (a)(b)(c)



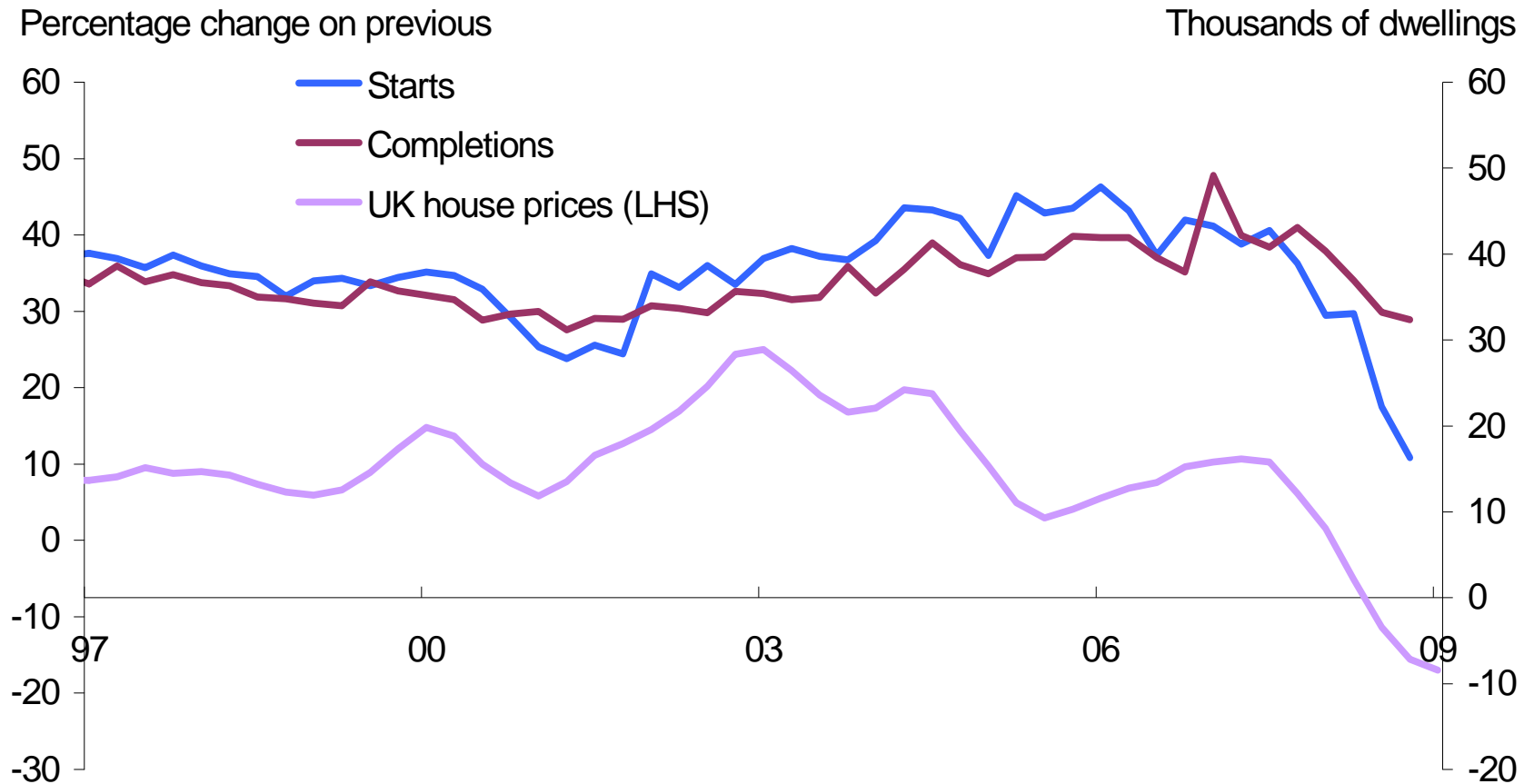
(a) Gross lending split by purpose during 2008 is estimated using gross lending data and the split of loan approvals between house purchase, remortgaging and other advances.

(b) Gross lending split by purpose in the Lending Panel data from January 2009 onwards are reported, rather than estimated, data. Lending Panel data are generally of lower quality than existing data sources and have a short history. As a result, less weight should be attached to the level of gross lending as measured by the Lending Panel data in this chart than to the level of gross lending captured by official data.

(c) Seasonally adjusted data.



# Starts and completions in England

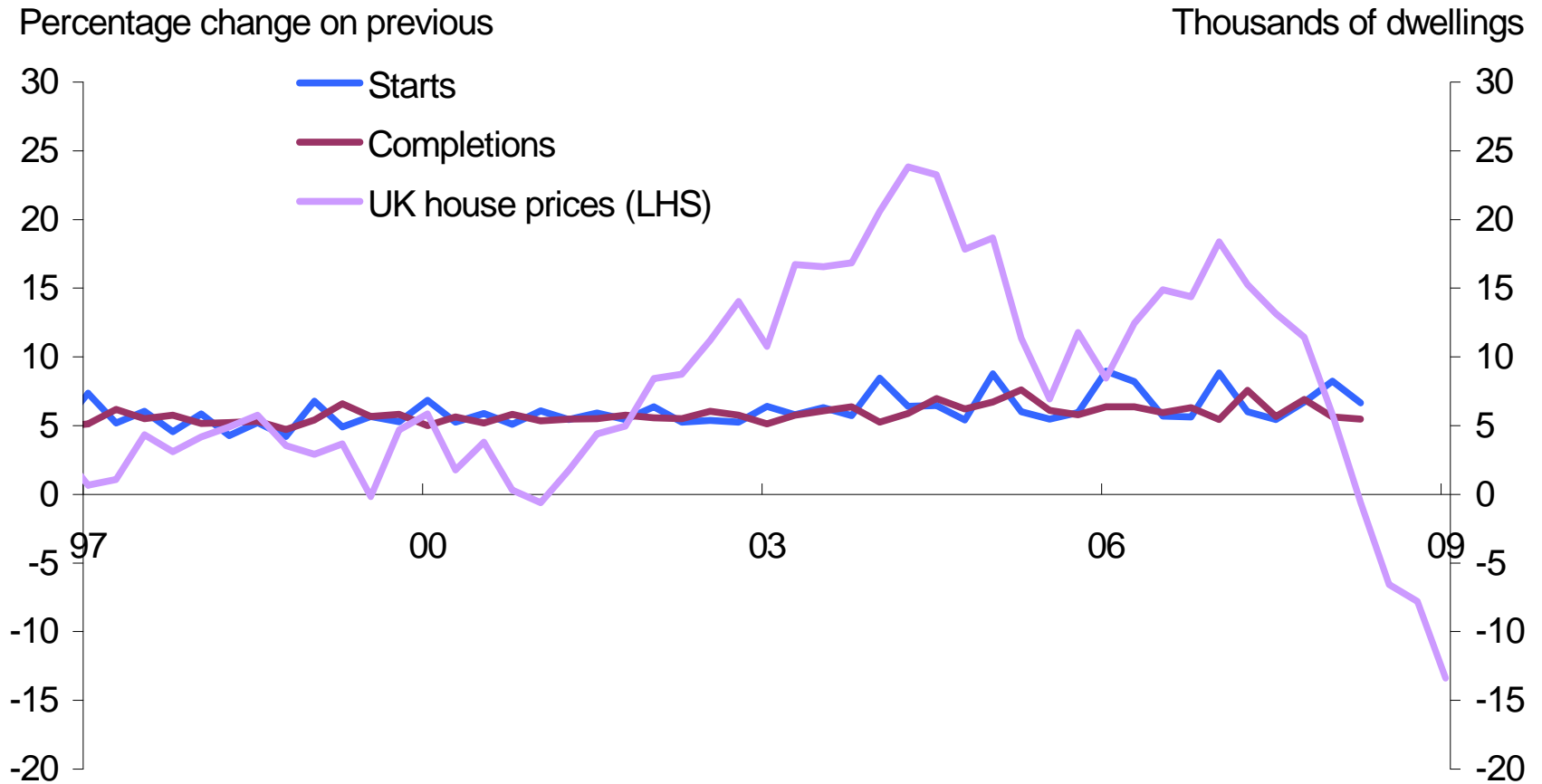


Sources: Department of Communities and Local Government and Bank calculations.

Data is seasonally adjusted.



# Starts and completions in Scotland



Sources: Department of Communities and Local Government and Bank calculations.



# Population Uncertainty

## Household Projection – Annual Growth

	<u>2001 - 2021</u>	<u>2003 - 26</u>	<u>2004 - 26</u>	<u>2006 - 26</u>	
Date published	<u>1999</u> (000s)	<u>2004</u> (000s)	<u>2006</u> (000s)	<u>2007</u> (000s)	<u>2009</u> (000s)
London	25.8	46.4	36.2	39.4	34.4
South-East	32.9	33.9	36.3	34.4	39.9
North-East	3.4	3.0	5.3	7.5	8.6
North-West	11.8	15.5	21.9	25.4	28.3
England	150.4	188.6	209.0	223.3	258.0
Scotland	15.0 <sup>(a)</sup>	11.7 <sup>(b)</sup>		14.8 <sup>(c)</sup>	15.4 <sup>(d)</sup>

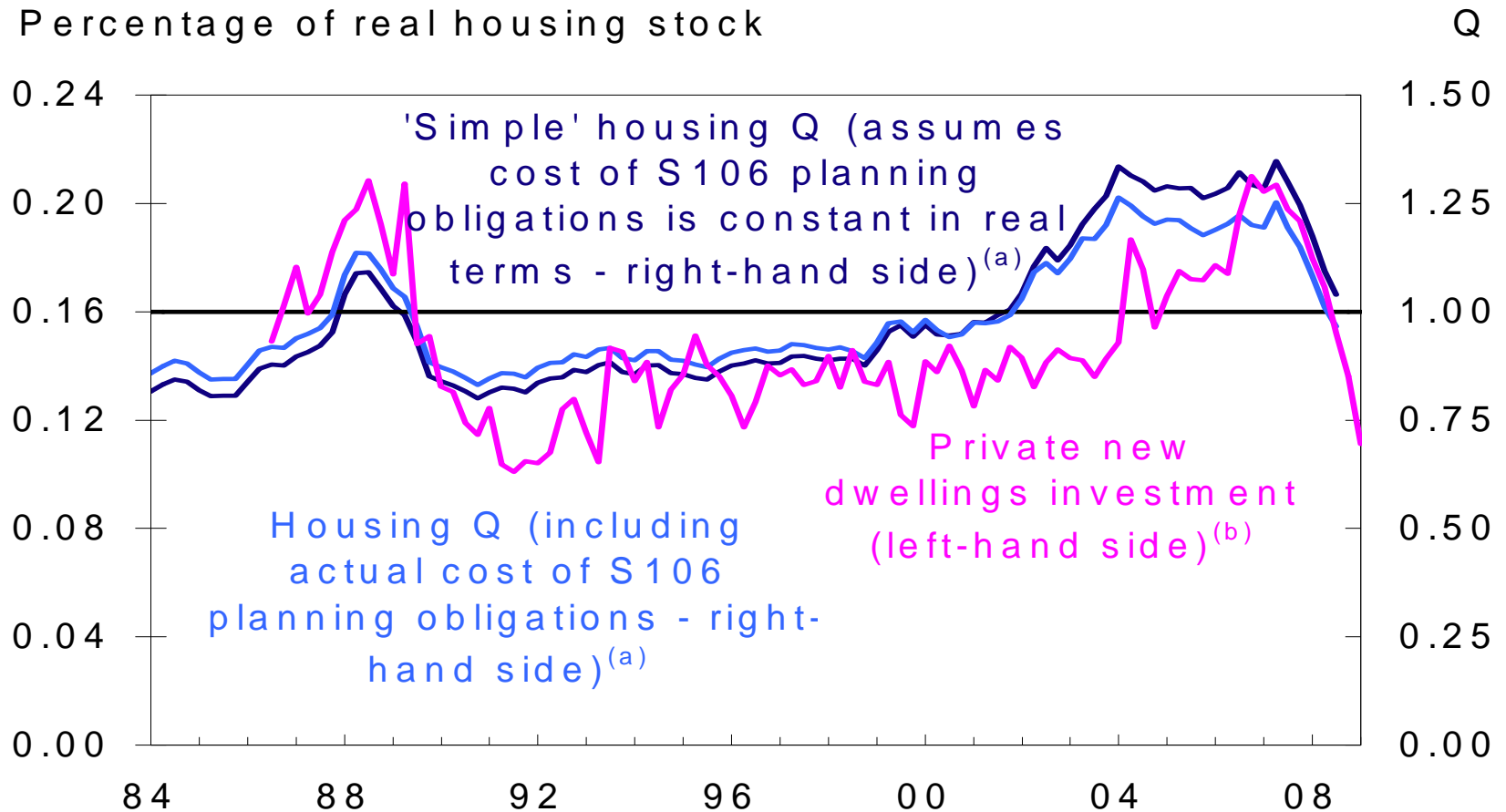
a) Published as 1996-2010

b) Published as 2002-2016

c) Published as 2004-20024

d) Published as 2006-2031

# Housing Q and real private new dwellings investment



(a) Average of both measures of Q set equal to one over the period 1986–2007.

(b) Private new dwellings investment data are provided by the ONS, but are not published. They have therefore not been subject to the same level of scrutiny as published National Accounts variables.





# **‘Regulatory’ costs**

**Code for sustainable homes**

**2016 cost estimate**

- **Level 5 £14,730**
- **Level 6 £23,685**

**S106 - 2005/06**

**£4billion: £27,598 per dwelling**





# Present and Future Policy Challenges

- **Loss of supply capacity**
- **Mortgage supply and regulation**
- **Ownership or private renting**
- **Low cost home ownership**
- **'Regulatory' burden**
  - **sustainability**
  - **infrastructure**
  - **life-time homes**
- **Social rent – role and scale**

