London Leads Residential Construction Growth In The UK

Friday 24 January, 2014

Residential construction continued to grow in London at the end of 2013 according to a report released today. However, experts fear that the rate of house building will not keep pace with increased demand created by schemes such as Help to Buy.

The value of residential construction contracts in London totalled more than £506 million in December, accounting for 31.2 per cent of the overall contracts awarded for the sector - an increase of 11.7 per cent from the same month last year. This is largely attributable to key projects such as the The Glebe, a £300 million housing complex in Chelsea, the Tidal Basin Road scheme near Royal Docks worth £55m and the £30 million Putney Plaza development.

These latest figures, taken from Barbour ABI's Economic & Construction Market Review, are reflective of the sharp upturn in activity in the UK's residential construction sector throughout 2013. UK-wide, the value of residential construction contracts has increased by a significant 88.2 per cent in the last 12 months, with the total value of projects totalling £1.86 billion in December.

On the findings of the report, Michael Dall, lead economist at Barbour ABI, commented: "Residential construction continued to grow in London at the end of 2013 and is a positive sign as we head into the first quarter of 2014. Private housing projects dominated the sector, accounting for three quarters of residential contracts awarded in December, while only a minority were for housing association or local authority projects.

"It is clear that, on a national level, Government initiatives such as Help to Buy and other measures designed to boost the private housing sector are clearly having a strong impact, with demand for secured lending for house purchases at its highest level since 2007. However, there is a concern that the demand for affordable homes in the public housing sector is outpacing the rate of construction, and at this rate, it is difficult to see how the Government will meet its aim of delivering up to 150,000 new affordable homes over the spending review period.

"Furthermore, while the increase in residential construction activity has had a positive impact on house prices elsewhere, the rise in prices for properties in London was recorded at 11.6 per cent – nearly double the UK average. This has led some senior business figures to declare that Help to Buy is increasing demand for housing at a disproportionate rate, bumping up prices in the capital and fuelling concerns that the North-South housing divide is widening."

The Economic & Construction Market Review is a monthly report designed to give valuable, current insight into UK construction industry performance. The Review is compiled from Barbour ABI's records of construction data for every UK planning application, and key indicators, such as the Office for National Statistics' Construction New Orders data.

The Economic & Construction Market Review will be published monthly and is available to download at: http://bit.ly/1eUKB9P

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About Barbour ABI:

Barbour ABI is a leading provider of construction intelligence services. With a team of in-house research specialists and a dedicated lead economist, it provides commercially relevant insight and unique analysis of trends and developments within the building and construction industry.

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Barbour ABI is the chosen provider of industry data and indicators for Government bodies including the Office for National Statistics and the UK Government's Construction and Infrastructure Pipeline, which outlines future construction and infrastructure projects where public funding is agreed.

Barbour ABI also provides data for independent organisations, such as the Construction Products Association.

Barbour ABI is part of global events-led marketing services and communications company, UBM, and is headquartered in Cheshire Oaks, Cheshire.

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