

IT'S TIME TO LEARN A FEW HOME TRUTHS

Wrong size, wrong shape, wrong place: developers are building tiny inner-city flats when buyers want three-bed family houses. Meanwhile new apartments stand empty and are losing value. Susan Emmett reports

BRITAIN needs new homes and developers are more than happy to oblige. But they are not building the homes we want. Families, couples, singletons and even first-time buyers want houses, yet developers continue to build inadequately sized flats at the most astonishing rate, as Bricks and Mortar can disclose.

Almost 20,000 new flats were completed this spring, making up 44 per cent of all new housing. Six years ago, only 7,000 flats were built over the equivalent period. Flats then accounted for less than 20 per cent of the total output, while detached houses made up 53 per cent of new-builds.

But as the number of flats grows, their size shrinks. Developers are squeezing the greatest number of homes possible into the tiniest of spaces. Most new apartments are small one and two-bedders, with studios tucked into awkward corners. Three-bedroom flats are rare and are often available only as penthouses with exorbitant price tags.

Ordinary buyers are faced with new-build homes which have shrunk to such an extent that, in many developments, you can barely fit a double bed in the second bedroom, let alone a chest of drawers. The second bedroom often ends up being used as a walk-in wardrobe.

Meanwhile buyers are voting with their feet. New-build flats stand empty while house-hunters continue to compete for a limited number of three-bedroom houses. The mismatch between demand and the new properties available has never been greater. A string of recent surveys, as well as a report from a group of MPs, point to the same conclusion: that new properties are being built in the wrong shape, wrong size and sometimes nowhere near the places that buyers actually want to live.

Last week the all-party Housing, Planning and Local Government Parliamentary Select Committee raised the alarm. The MPs said: "The recent increase in two-bedroom flats in town and city centres needs to be balanced by an increase in family housing."

A further report from the Greater London Authority, due to be published next month, will highlight the extent of this imbalance in the capital. It reveals that one and two-bedroom flats now account for 80 per cent of all new homes built in London, while the proportion of three-bedroom homes has fallen from 26 per cent of total output to 11 per cent. Figures such as these raise fears that we are creating new



Many buyers snub flats for houses such as semis, right, built in a Victorian style by BMB in Stockwell, South London. Buckshaw village, left, in Chorley, Lancashire, is a good example of a brownfield scheme. This 395-acre site was owned by the Ministry of Defence

urban ghettos of tiny flats suitable only for the young. But the problem is not confined to London. According to propertyfinder.com, there is a shortage of 350,000 family homes, but an oversupply of available flats.

"British homebuyers are not getting the homes they want," says Nicholas Leeming, director of the company. "New-build is only exacerbating the problem. People actually want

'We need more land to be made available for homes

family homes. Our analysis explains why prices for two-bedroom flats are underperforming while demand for other types of housing has been so strong." Figures from the Halifax show that the price of a new flat fell by almost 5 per cent over the past year while the cost of a semi-detached house rose by nearly 6 per cent, slightly higher than the market average.

It is not just families who are pushing up the price of houses. Young first-time buyers, the very people who are supposed to want city-

centre flats, say they prefer houses. A poll of 1,400 first-time buyers by the Yorkshire Building Society showed that more than half of those over 21 preferred a house in the suburbs.

The latest building spree of apartments dates back to 1999, when the property market was still after a long period of stagnant prices. Back then, first-time buyers and property investors wanted flats, and builders did their utmost to provide homes that would attract profitable young professionals with plenty of disposable income. At the same time investors were buying flats in bulk and off-plan, which provided builders with ready cash before a single brick was laid.

However, it would be wrong to blame rising apartment sales and a glut of apartments solely on builders seeking profit. High density building has been largely propelled by government policy aimed at dealing with the overall shortage of affordable housing in Britain. Official projections suggest that the number of households is growing at about 209,000 a year, almost 90,000 more than the number currently being built.

With this in mind, the government set a target that at least 200,000 additional homes should be built a year by 2016. Environmental activists and a need to regenerate inner cities gave the policy its final shape. Since the start of the century, building anything but high-density housing on brownfield land has become next to impossible. Between 1997 and 2004, there was a 20 per cent drop in the amount of land developed, even though the number of new-builds has been rising steadily since 2001.

The Government is now revising its guide-

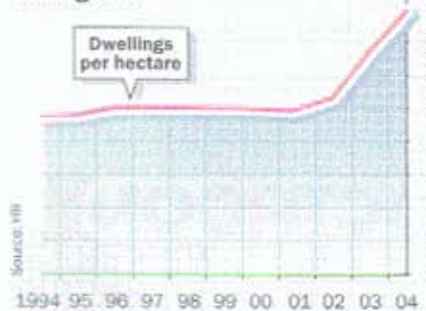
lines to allow developers greater flexibility to respond to buyers' demands in different parts of the country. Although the emphasis will still be on building high-density developments on brownfield sites, builders should have more scope to provide the houses we want. But the change could come at a price.

John Stewart, director of economic affairs at the Home Builders Federation (HBF), says "Only 8 per cent of our land is urbanised. There is no shortage of land, only a shortage of planning permission. If we are going to achieve the Government's target of building at least 200,000 homes a year, we need more land to be made available."

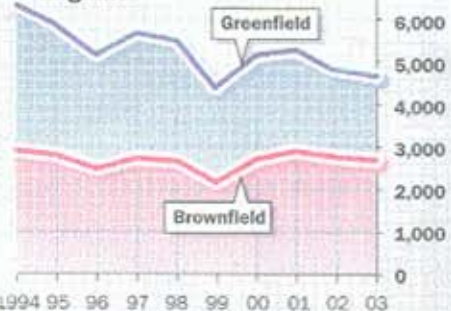
We face a tough choice. Either we learn to live in flats, or accept that developers are going to have to build on green fields to give us the homes we want.

FEEL THE SQUEEZE

Average residential density in England



Residential land use in England



JOINTHEDEBATE

What sort of homes do you think developers should be building? What needs to be done? E-mail your views to: property.consumer@thetimes.co.uk

FACTFILE

- The Government has set a target to build 200,000 new homes a year by 2016.
- The number of households is growing by 209,000 a year.
- Developers are building about 160,000 homes a year.
- The Government wants to increase owner occupation by one million households to 75 per cent over the next five years.
- A total of 44 per cent of all new homes completed this spring were flats. Only 24 per cent were detached houses.
- Developers have been building more flats than detached houses since 2003.
- At the start of 2000 flats made up less than 20 per cent of all new-builds compared with 53 per cent of detached houses.
- New homes are more expensive. The Halifax says the average home costs about £180,000 but the average price of a new built home is £196,522.
- A newly built flat costs about £169,111, nearly £800 more than a new semi.
- The price of a new flat fell by almost 1 per cent since last year while the cost of a semi rose by nearly 6 per cent.