

Housebuilding market study

Local concentration and land banks
working paper

15 November 2023

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The Competition and Markets Authority has excluded from this published version of the report information which the inquiry group considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [X]. Some numbers have been replaced by a range. These are shown in square brackets.

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Summary

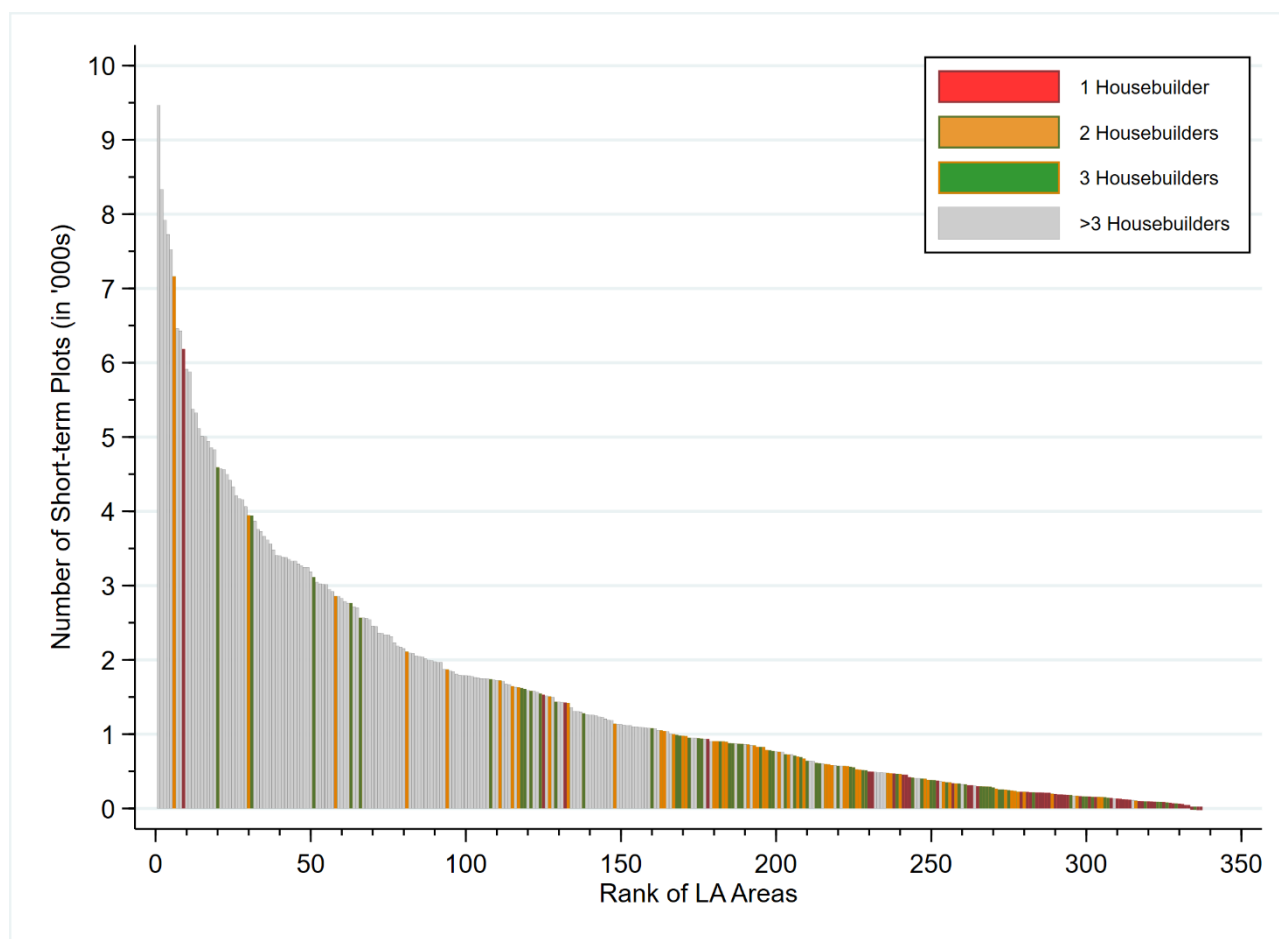
1. Land banks are portfolios of land that are held by certain types of public or private organisations, either for future development such as residential use, commercial or employment developments, or for maintenance purposes (such as protected woodland).
2. For the purpose of our Housebuilding Market Study, we focus on land held by housebuilders that is intended for residential housing development. Such land is classed as either 'short-term', land that has some form of planning permission, or 'long-term', which is land that does not yet have planning permission.
3. Holding land banks ensures a housebuilder has a forward pipeline of sites that have, or are likely to have, planning permission and are ready to go when needed. A housebuilder's land bank influences and is influenced by a number of strategic choices, including their plans for growth, their efforts to enhance profitability and expectations for future developments in the land and housing markets. Housebuilders have also highlighted the planning system as an important driver of the need to hold land banks.
4. However, a number of stakeholders have voiced concerns, both prior to us commencing this market study and in the course of our engagement, around the impact of housebuilders' land banks on the way the housebuilding market functions.
5. We are exploring a number of potential concerns in relation to land banks and their impact on the housebuilding market, including:
 - (a) Whether the widespread practice of holding land in land banks reduces the availability of developable land, and whether this may act as a barrier to entry;
 - (b) Whether there is concentration in certain local markets through the control of a significant proportion of developable land by a small number of housebuilders; and
 - (c) The extent to which land banks compound the negative impacts of any lack of transparency as to the ownership (and control via options) of land.
6. This Working Paper focuses on the second of these: whether there is concentration in local markets through the control of developable land.
7. To analyse concentration at the local level, we have examined the land holdings of 11 of the largest housebuilders (covering a significant proportion of recent housebuilding activity present across England, Scotland and Wales) alongside local planning permissions data. Using our information-gathering powers, we have

gathered data on the size and exact location of more than 5,800 individual sites held in the land banks of 11 of the largest housebuilders, giving us a more detailed overview of land banks across Great Britain than is possible from public data alone. To examine planning permissions at the local level, we have used commercially available data from the provider Glenigan.

8. We have used Local Planning Authority (LPA) and/ or Local Authority (LA) areas as a proxy for local housing market areas (HMAs). We acknowledge that LPA and LA areas are not perfect proxies for HMAs. However, using LPA/LA areas provides a consistent set of boundaries which can be easily applied across datasets, and allows us to compare against other data produced by LPAs/LAs.
9. Our analysis suggests that the 11 housebuilders together own or control land equivalent to c.1.17m plots across England, Scotland and Wales. The quantum of land in long-term land banks is equivalent to c.658,000 plots, while the short-term land bank is smaller, at c.522,000 plots.¹
10. For most LA areas, short-term land ownership is distributed among several housebuilders, and this is particularly true for those areas where the total amount of land in land banks is largest. To see this, in Figure 1 we show the quantum of land held in land banks in each LA area, with LAs ordered from largest land bank to smallest. It shows that, for the areas with the largest land banks (to the left of the chart), the norm is for more than three housebuilders to be present in the market with land holdings. In 53 LA areas there is a single housebuilder from our dataset present in short-term land, while in 230 LA areas there are at least three.

¹ Note figures do not sum due to rounding.

Figure 1: Number of short-term plots held in land banks, by LA, and number of the 11 housebuilders present in the market



Source: CMA analysis of the large housebuilders' land banks data.

11. We have used two methodologies to take this analysis a step further and identify local areas that could be concentrated, ensuring we make full use of the data available to examine both market presence today and longer-term prospects in local areas. Both methods have used the data obtained on individual sites and the planning permissions data, and combined them with other contextual information, including desk research on recent development activity and local housing need. A full description of the methodology used to identify potentially concentrated areas is set out in Section 4.
12. Our analysis so far has identified 26 areas to probe further (note we removed areas already considered under Method 1 from consideration under Method 2):
 - (a) Under Method 1, we identified 11 areas: East Dunbartonshire; East Renfrewshire; Great Yarmouth; Halton; Hammersmith & Fulham; Harlow; Harrow; Kingston-On-Thames; Moray; Malvern Hills; and Oadby & Wigston.
 - (b) Under Method 2, we identified 15 areas: Aberdeenshire; Broadland; Havant; Hounslow; Lambeth; Newcastle-under-Lyme; North Ayrshire; North East

Lincolnshire; Oxford; Pembrokeshire; Scarborough; South Tyneside; Tower Hamlets; Watford; West Dunbartonshire.

13. To date, our analysis has focused on interrogating the datasets described above and some limited desk research. As such, we recognise that there may be important local dynamics we need to factor into our analysis. Acknowledging that LPAs are a relatively crude approximation to local housing markets, we are considering how to identify and take into account constraints from neighbouring areas. We also intend to conduct further evidence gathering from stakeholders active in these areas to understand the competitive position they see on the ground. We will take several factors into account in our further analysis, including:
 - (a) The degree to which internal documents of housebuilders or feedback from stakeholders active in these areas indicate housebuilders face limited competition, and whether and how this impacts local outcomes such as build out rates;
 - (b) Whether the geography and demographics of the local area make concentration more likely e.g., whether it has a small local population and so likely low demand; whether it is a small or otherwise land constrained area and so less able to support multiple sites; and
 - (c) Whether housing delivery in the area against targets appears to be challenging (where available).
14. As part of the consultation on this working paper, we welcome input from housebuilders and local authorities in and around the areas where we have not yet ruled out concentration issues. We also welcome input from those active in other areas who consider the market is more concentrated than our analysis has found.
15. We have also published today a [working paper setting out our emerging thinking on the impact of the planning system on housebuilding market outcomes](#), and potential options for reforming it in ways that may improve market outcomes.
16. In our Final Report, we will report our conclusions as to whether and to what extent land banks create problems for how the market works, what drives any such problems should we find them and what measures could alleviate them where appropriate.
17. We are continuing with our analysis of the broader issues, including the barriers to entry facing small and medium sized businesses and the role land plays in these, as well as wider analysis of factors which influence how quickly land is built upon once it receives planning permission. We intend to include this analysis in our Final Report.

1. Introduction

1.1 This working paper is focused on the widespread practice of holding land in land banks on the part of the largest housebuilders. In the Update Report we published in August 2023, we highlighted that we were exploring a number of potential concerns in relation to land banks and their impact on the housebuilding market, including:

- (a) Whether the widespread practice of holding land in land banks reduces the availability of developable land, and whether this may act as a barrier to entry, particularly for small and medium sized housebuilders;
- (b) Whether there is concentration in certain local markets through the control of a significant proportion of developable land by a small number of housebuilders; and
- (c) The extent to which land banks compound the negative impacts of any lack of transparency as to the ownership (and control via options) of land.

1.2 The analysis presented in this working paper focuses on the extent to which we observe concentration in local markets – the second of these concerns. We explore whether there are any areas in which a small number of housebuilders appear to control a significant proportion of developable land. We have not yet reached a view as to whether we have concerns as to how the market is functioning in these areas – this is something we will continue to explore. The purpose of this paper is to:

- (a) Gather views on our methodology for exploring land banks, and whether there are alternative ways of analysing the data we have collected which could shed further light on the issues.
- (b) Gather views from stakeholders on the areas identified as potentially concentrated as to how this impacts the market functioning (for example, in terms of the strength of competition between housebuilders, ability for new or small housebuilders to enter and expand, or outcomes such as how much or how quickly housing is produced). We particularly welcome views from smaller housebuilders as to whether they experience any difficulties in securing land in these areas.

1.3 We are continuing with our analysis of the broader issues, including the barriers to entry facing small and medium sized businesses and the role land plays in these, as well as wider analysis of factors which influence how quickly land is built upon once it receives planning permission. We intend to include this analysis in our Final Report.

- 1.4 We have also published today a [working paper setting out our emerging thinking on the impact of the planning system on housebuilding market outcomes](#), and potential options for reforming it in ways that may improve market outcomes.

Structure of working paper

- 1.5 The working paper is set out as follows:
- (a) First, we set out background on what land banks are, what purpose they serve for housebuilders, and the nature of the concerns in relation to them.
 - (b) Next, we examine the current state of land claims across England, Scotland and Wales, using data on the amount and distribution of land held by 11 of the largest housebuilders.
 - (c) We then set out our methodologies for examining local area concentration, including the data we have used and the steps we have taken to analyse it.
 - (d) Finally, we set out our findings so far and the further work we intend to undertake to explore, and sense check these findings.

2. Background

What are land banks?

- 2.1 Land banks are portfolios of land that are held by certain types of public or private organisations, either for future development such as residential use, commercial or employment developments, or for maintenance purposes (such as protected woodland):
- (a) The types of public organisations that might hold land in land banks are public authorities or government departments under the UK government that are tasked to acquire, hold, manage or redevelop land. Examples include the Forestry Commission; the Ministry of Defence; the Department for the Environment, Food and Rural Affairs (DEFRA); the Crown Estate, and Homes England.
 - (b) The types of private organisations that might hold land in land banks are individuals, housebuilders or other companies (e.g., investment companies, land promotion companies or land holding companies) that have an interest in holding developable land.
- 2.2 This working paper looks only at land held² by housebuilders that is intended for residential housing development. Land intended for non-residential purposes is outside the scope of our study.
- 2.3 We recognise that non-housebuilders may also hold relatively large amounts of potentially developable land. We also recognise that such landowners may have an incentive to delay development of that land, particularly where there is an expectation that rising land and house values mean they would earn more by selling or developing the land further in the future rather than now. We focus on land banks of housebuilders specifically because:
- (a) Housebuilders would generally be the last 'link in the chain' to bring land forward and develop it into houses. Housebuilders can therefore more directly influence how fast land could be built out than those who hold land at earlier stages in the process.
 - (b) Much of the debate as to the potential negative effects of land banks, particularly in political discourse, has focused on the role of housebuilders in

² Where we refer to land 'held' by housebuilders, this includes both land which is directly owned and land where the housebuilder has some control over it through holding an option, as discussed at paragraph 2.5.

holding such land.³ We discuss previous research in relation to this debate in paragraphs 2.14 to 2.17.

Types of land banks

- 2.4 There are two main types of land banks held by housebuilders for residential housing. The precise terminology and definitions can vary, but for our analysis we use the terms ‘short-term land’ and ‘long-term land’, as defined below.
- (a) Short-term land is also referred to as current, immediate, controlled or consented land. These are sites that have some form of planning permission and where construction may not be far from commencing.
 - (b) Long-term land is also referred to as strategic land. This is land housebuilders have acquired (or taken out an option on) for future development but which does not yet have planning permission. This land requires long-term investment to secure planning permission, at which point it would move into the firm’s short-term land bank, forming a pipeline of developable sites.
- 2.5 Another point of difference between short- and long-term land is the way in which it is generally controlled by the housebuilder. Short-term land is more often owned by the housebuilder, while long-term land can be either owned by the housebuilder, or it can be the subject of an option agreement, where the housebuilder has ‘first refusal’ on the site on pre-agreed terms (usually set in relation to the prevailing market price).

Measuring land bank size

- 2.6 Methods for measuring the size of land banks vary across housebuilders, but there are two main metrics used to measure the size of short-term and long-term land banks:
- (a) The number of plots: This is a measure of how many houses could be built on all the land in the housebuilder’s land bank; and
 - (b) The number of years of supply: This measure estimates how long it would take for the housebuilder to construct houses on all the land in their land bank at their current build-out rate.
- 2.7 For the purposes of this working paper we focus on the number of plots. This is a measure that is reported by most large housebuilders, as well as in industry reporting. It is also less likely to be influenced by housebuilders’ individual growth

³ See for example, [Michael Gove sets out plans to end house-building 'cartel' - London Post \(londonpost.co.uk\)](https://www.londonpost.co.uk/news/politics/michael-gove-sets-out-plans-to-end-house-building-cartel-20180614).

strategies and capacity than the years of supply measure. As such, it can be seen as a more objective and comparable measure across builders.

Question 2.1

- a) Do you agree with our focus on plots as a measure of land banks? What other measures should we take into account?

Why do housebuilders hold land banks?

- 2.8 One of the primary reasons for a housebuilder to hold land is to ensure it has a steady supply of land to feed into its business. Without the supply of developable land, no new houses can be built, and the housebuilder's business cannot exist. Land banks ensure a forward pipeline of sites that have or are likely to have planning permission and are ready to go when needed. Many housebuilders flagged in their Statement of Scope responses how important land banks were for managing their development pipelines.⁴
- 2.9 More specifically, a housebuilder's land bank influences and is influenced by a number of strategic choices, including:
- (a) **Planned future growth.** Housebuilders may seek to increase or decrease the size of their land banks according to their growth plans: housebuilders seeking to grow will tend to expand the size of their land holdings to allow for this.⁵ By contrast, where prospects for the future are uncertain, housebuilders are likely to reduce their expected future output and so also reduce their investment into land: for example, many housebuilders withdrew from buying land in late 2022 as economic conditions deteriorated.⁶
 - (b) **Managing land market exposure.** Housebuilders will use their land bank to manage their need to purchase land in future. Housebuilders will generally try to avoid having to buy land when the land market is 'hot', seeking to buy when others are less active and so reduce how much they will need to pay to secure a given site. For example, one housebuilder's annual report noted

⁴ See for example, Taylor Wimpey, [Statement of Scope Response](#), pages 9-10 and Barratt, [Statement of Scope Response](#), pages 5-6.

⁵ For example, board documents from one housebuilder include a forecast that their annual opening land bank (including all sites it has an interest in) would increase from around 17,500 in 2022/23 to over 49,000 in 2026/27, with corresponding increases in their expected completions. Another concluded a land teach-in document by noting that their strategy regarding their land bank varies over time and "very much depends what part of the market cycle we are in".

⁶ For example, Miller's 2022 end of year trading update showed that, following the economic outlook in the second half of 2022, they took a more cautious approach to land purchases and reduced their spending on land. Miller, [Trading Update Year End](#), 2022. Taylor Wimpey's 2022 end of year trading statement also showed that they significantly reduced land commitments as market conditions changed in the third quarter. Taylor Wimpey, [Trading Statement](#), January 2023.

that their strong short-term land position “has also allowed [them] to be very selective with land acquisitions throughout 2022 and reduce [their] spend as the land market became more competitive.”^{7 8}

- (c) **Enhancing profitability.** Acquiring land at the right time, place and price is a fundamental lever for securing profitability and outperforming rivals. One aspect of this is the balance housebuilders strike between buying long-term land with the aim of securing planning permission themselves, compared to buying short-term land which is closer to being ready to develop but also tends to be more expensive. Several of the large housebuilders target bringing a certain proportion of their completions from land which had started in their strategic land banks: for example, one housebuilder targets sourcing more than 40% of their completions from the strategic pipeline in the medium term, as “[t]he strategic pipeline enhances our ability to increase the contribution per legal completion because of the inherent margin uplift from strategic plots. It also allows us to take a long-term view of sites.”⁹ Another housebuilder noted that acquiring strategic land “allowed us to secure and control land with less capital investment and more flexibilities.”¹⁰

- 2.10 Housebuilders have also highlighted the planning system as an important driver of the need to hold land in land banks.¹¹¹² There is some support for this in internal documents, with one housebuilder noting a “frustrating planning environment, means beneficial to have a slightly longer land bank”. The same document highlights that as well as being “Able to adapt to changes in Government approach”, other benefits to their strategic land pipeline include “Control of an efficient balance sheet” and “Delivers added value across the market cycle”. While these latter two points are likely to be linked to managing planning or government policy changes, they also appear to be wider financial benefits from holding strategic land. Another housebuilder noted a number of reasons they would need to continue investing in land, of which planning was one: “...need to continue to invest as (a) some divisions have a short land bank, (b) we need more outlets to mitigate against a hardening market and (c) it is going to get harder to secure DPP [detailed planning permission], so we need more sites in the pipeline to secure future plots for build.” The planning system is therefore clearly a factor, although

⁷ Taylor Wimpey, <https://www.taylorwimpey.co.uk/-/twdxmedia/files/head-office/corporate/annual-reports/2022/spreads/taylor-wimpey-annual-report-2022.pdf>, p.23.

⁸ Similarly, Bellway noted in its annual report that “The strengthened overall land bank enables the Group to reinforce its disciplined financial land buying criteria in the year ahead, while retaining its long-term capacity to grow volume output to over 16,000 homes per annum.” Bellway, [annual-report-2022.pdf](https://www.bellwayplc.co.uk/annual-report-2022.pdf) (bellwayplc.co.uk), p.5.

⁹ Taylor Wimpey, <https://www.taylorwimpey.co.uk/-/twdxmedia/files/head-office/corporate/annual-reports/2022/spreads/taylor-wimpey-annual-report-2022.pdf>, p.31

¹⁰ Bellway, [annual-report-2022.pdf](https://www.bellwayplc.co.uk/annual-report-2022.pdf) (bellwayplc.co.uk), p.14.

¹¹ See for example [Barratt response to Statement of Scope](#), paragraph 4.8 and 4.9; [Taylor Wimpey response to Statement of Scope](#) paragraph 5.5; [Bellway response to MIR consultation](#) paragraphs 3.5 and 3.6.

¹² For example, in their land and planning strategy slides, one housebuilder states: “ensuring a strong and resilient land bank will be pivotal to hedge against political interference”.

not the only factor, influencing housebuilders' decisions on the size of their land banks.

- 2.11 We would therefore expect housebuilders' land banks to vary over time and between companies according to their future plans for growth (both in aggregate and in different locations), their reading of current and likely future prospects for both the land and housing markets and their approach to managing exposure to risk in changes in market conditions, including through changes in planning policies.

Concerns around the impact of land banks

- 2.12 A number of stakeholders have voiced concerns, both prior to us commencing this market study and in the course of our engagement, around the impact of housebuilders' land banks on the way the housebuilding market functions.

- 2.13 We categorise these concerns into three interrelated issues:

- (a) First, that land banks have the effect of reducing the amount of land available for development, as a result of their size and geographical reach. For example, one response to our statement of scope stated 'The greatest barriers to competition in the land market are probably the options which can be negotiated between sellers and buyers. These options serve the purpose for buyers of sterilising land, preventing others from acquiring it, and thus directly increasing scarcity. If options are widespread in a locality they would be a barrier to entry for SME developers.'¹³
- (b) Second, that the control of large amounts of developable land, with minimal competition to sell new homes at the local level, allows housebuilders to slow the delivery of houses. In this regard, stakeholders highlight the large numbers of planning permissions which have not been built out, and the large amount of land without planning permission held by housebuilders, and query why this is the case.¹⁴
- (c) Finally, we have heard that land ownership is not transparent, and that this lack of transparency hinders small and medium sized housebuilders from identifying and securing suitable land for development, as well as making it more difficult for them to appraise the nature of competition in a given local area. For example, one response to our Statement of Scope noted '[t]he lack of transparency in the land market, and the prevalence of opaque option agreements in the south east in particular, make it difficult for self-

¹³ [Highbury_Group.pdf \(publishing.service.gov.uk\)](#), page 1.

¹⁴ See for example [Land banking: what's the story? \(part 1\) | Shelter](#); [Over 1.1 million homes with planning permission waiting to be built – new LGA analysis | Local Government Association](#).

commissioned housebuilders to buy land, and increase the search costs for under-capitalised organisations'.¹⁵ While this point was not directly linked to land banks, the effect is likely to be more pronounced the more land banking occurs.

- 2.14 To evidence these concerns, academics and interested stakeholder groups have used data on the aggregate size of housebuilders' land banks available from their annual accounts, or data on planning permissions granted, to argue that land is being 'hoarded' and not developed as promptly as it could be. Key pieces of research and reporting undertaken in this area include:
- (a) Analysis by Shelter in 2016 found the top 10 listed developers had more than 400,000 plots in their current land banks (representing 6 years of supply) and nearly 500,000 plots in their strategic land banks (representing a further 6 or 7 years of supply).¹⁶ However, it concluded that large land banks were a symptom rather than the cause of issues, with the root cause being a reliance on speculative housebuilding.¹⁷
 - (b) Analysis by the Local Government Association in 2021 found that more than 1.1 million homes granted planning permission in England in the last decade are yet to be built. It highlighted that while 2,782,300 homes were granted planning permission by councils between 2010/11 and 2019/20, over the same period only 1,627,730 had been built.¹⁸
 - (c) A report by i in June 2023 found that 'the top 10 housebuilders listed on the London Stock Exchange are sitting on 700,000 plots, many of which have planning permission'. It further reported that 'the housebuilding industry is estimated by experts to be sitting on more than one million plots of usable land that could provide new homes'.¹⁹
- 2.15 While we have not attempted a comprehensive review of international research, we note one interesting example from Murray (2020), which analysed data on home sales and land banks from the annual reports of Australia's top eight publicly listed residential developers from 2001 to 2018 and state-level planning approvals and lot production data in Queensland, Australia. He found that the results do not support a static interpretation that all profitable housing is built out immediately and that land banks serve only as inventories and are minimised. Instead, he found (1) 13 years of new supply are held by the eight largest housing development companies, and eight years of these landbanks are held in housing

¹⁵ [Community_Land_Trust_Network.pdf \(publishing.service.gov.uk\)](#), page 5.

¹⁶ [Land banking: what's the story? \(part 1\) | Shelter](#);

¹⁷ [Land banking: what's the story? \(part 2\) | Shelter](#)

¹⁸ [Over 1.1 million homes with planning permission waiting to be built - new LGA analysis | Local Government Association](#)

¹⁹ [Gove slams housebuilders hoarding almost a million plots of land as 'completely unacceptable' \(inews.co.uk\)](#)

subdivisions that are approved and already for sale, that (2) the amount of zoned supply in a region is unrelated to the rate of new housing supply, and that (3) housing developers routinely delay housing production to capitalise on market cycles. Dynamic incentives to maximise total returns, including capital gains in the option value of undeveloped land, could be related to observed behaviour.²⁰

2.16 Other research has come to a different conclusion to those studies referred to at paragraph 2.14 above:

- (a) Lichfields analysis for the Land Promoters and Developers Federation and the Home Builders Federation argued that focusing on unbuilt permissions is too simplistic. It compared the land banks of the 10 largest housebuilders to delivery timelines, identifying that land with implementable planning permissions was equivalent to 3.3 years of supply for these firms, while including land in the process of getting planning permission gave a pipeline equivalent to 5.3 years of supply.²¹ It compared this to LPAs needing to demonstrate five years' worth of deliverable supply and an estimate that housebuilders would need to hold 5.7 year pipelines to secure annual growth in their housing output.²² Further work looked at case studies in five Local Planning Authority areas which showed that after five years, few planning permissions had lapsed altogether, with the majority either built out or on larger sites which were in the process of being built out.²³ In response to the article referenced above, Lichfields highlighted the analysis it had carried out in these studies to argue that the article had overstated how much of the land was readily deliverable, and that 'any house builder with an immediate land bank of less than three years would run out of plots and have to stop building because they would not be able to replenish it with new sites taken through the planning process'.²⁴
- (b) Built Place argued that focusing on unbuilt permissions is 'not an accurate representation of the housebuilding process in the current planning environment', for a variety of reasons, including that such figures overstate planning permissions (e.g. due to double-counting re-submissions), understate new homes (as it includes only new build completions where the permissions include conversions) and do not take into account time lags and lapse rates. However, it suggested such analysis does raise questions about

²⁰ Murray, C (2020) Time is money: How landbanking constrains housing supply, *Journal of Housing Economics*, Vol. 49, p. 101708, available at: [Time is money: How landbanking constrains housing supply - ScienceDirect](#)

²¹ [Feeding the Pipeline Research.pdf \(lpdf.co.uk\)](#).

²² This estimate was produced by Chamberlain Walker for Barratts: [CWEconomicsReport_Land_Banking.pdf](#)

²³; [Tracking Progress: Monitoring the build-out of housing planning permissions in five local planning authority areas \(lichfields.uk\)](#).

²⁴ [Losing the plots: the misdirected exhumation of housebuilder land 'hoarding' \(lichfields.uk\)](#)

the transparency of housing delivery and the lack of control by LPAs over the delivery of houses once planning permission has been granted.²⁵

- (c) In a response to the Update Report and Market Investigation Reference consultation, Professor Pat Macallister submitted an analysis of the land holdings of the leading volume house builders in the UK.²⁶ Among other findings, this found that overall, for the three largest housebuilders (in terms of completions), there is little evidence of any significant changes in their land inventories since the OFT report in 2008, while the smaller listed housebuilders (Redrow, Bellway and Vistry), have grown their land holdings as their number of completions has increased. He found there seems to be more variation between the firms in their focus on strategic land. While their annual reports show a clear trend of them emphasising and tracking the growing share of their short-term land supply pipeline generated from their strategic land portfolios, assuming that most of the strategic land is controlled through option agreements rather than being owned, increases in land prices are not in the interest of housebuilders who have the option to purchase land at a discount to the future market value and so will ultimately have to pay more for the land. He also stated that although the evidence is limited, it generally indicates that UK housebuilders tend to have smaller land inventories relative to their output compared to residential developers in the US, Australia, and Ireland. Although not conclusive, this finding challenges arguments that specific features of the UK planning system compel UK housebuilders to hold excessively large land inventories.
- (d) A report by Molior for the London Mayor in 2012 found of the 210,000 existing planning permissions for new homes in London, 55% were in the control of building firms, while 45% were in the control of non-building firms such as investment funds, historic landowners, government and 'developers' who do not build. Molior concluded accusations of land banking directed at builders were 'misplaced', as site-by-site interviews suggested builders intended to build their sites, while non-builders did not. It argued that the fact that non-builders control almost half of the planning pipeline is a constraint on housing development in London.²⁷ A 2014 update found a smaller percentage of planning permissions held by non-developers and the majority of those held by developers in 2012 had since progressed to full construction commencement.²⁸
- (e) The Letwin review sought to explain the gap between housing completions and the amount of land allocated or permissioned in areas of high housing

²⁵ [Digging Deeper – Unbuilt Planning Permissions – BuiltPlace](#)

²⁶ [Professor Pat MacAllister Update report and MIR consultation submission.](#)

²⁷ [Barriers to Housing Delivery 2012.pdf \(london.gov.uk\)](#)

²⁸ [Barriers to Housing Delivery Update Report - July 2014_0.pdf \(london.gov.uk\)](#)

demand, and make recommendations for closing it. As part of this, the review considered whether there is “land banking” ‘in the sense of major builders or others attempting to influence the market by “locking up” land before they seek final implementable permissions to build’. It concluded ‘Their [major housebuilders’] business models depend on generating profits out of sales of housing, rather than out of the increasing value of land holdings; and it is the profitability of the sale of housing that they are trying to protect by building only at the ‘market absorption rate’ for their products. I have heard anecdotes concerning land owners who seek to speculate in exactly this way by obtaining outline permission many years before allowing the land to have any real development upon it – and I am inclined to believe that this is a serious issue for the planning system. But it is not one that is consistent with the business model of the major house builders.’²⁹ However, the review did find that once implementable planning permission is in place, the major house builders proceed to build at a rate designed to protect their profits by constructing and selling homes only at a pace that matches the market’s capacity to absorb those homes at the prices determined by reference to the local second-hand market.

- 2.17 Some of the examination of land banks has therefore been based on relatively simple analysis of the number of plots or years of supply represented by the land held by large housebuilders, either in isolation or in comparison to the number of planning permissions issued. Other studies have tried to put this into context, either by reference to what this data does and does not cover or the business models of housebuilders. These have generally weighed against land banks per se being an issue, although we note that the Murray (2020) study referenced above did indicate land banks could be consistent with an incentive to hold onto land to maximise returns. Many of these papers identify that land banks may be a symptom of another issue – most commonly either concerns over the functioning of the planning system or regarding the incentives of housebuilders to build out sites expeditiously. We are examining both of these issues as part of our broader Market Study.
- 2.18 To better-understand the role and impact of land banks within housebuilding, we have: gathered data on the more than 5,800 individual sites held in the land banks of 11 of the largest housebuilders; examined local-level data on planning applications; analysed national data on planning application outcomes and how land progresses through the planning system; examined internal documents gathered from the largest housebuilders; and undertaken extensive engagement with academic experts, devolved governments in Wales and Scotland, and market participants.

²⁹ [Independent review of build out rates: Draft analysis, June 2018](#), p.29.

2.19 In this paper, we focus on a subset of our data analysis, and look specifically at local land holdings and local planning permissions, to understand local-level concentration in land claims. We are seeking feedback on our methodology, as well as on our findings so far. We will present the full extent of our evidence on land banks and their impact on the housebuilding market in our Final Report.

3. Data

3.1 We have used the following datasets to analyse the land banks and development activity of a selection of large housebuilders in GB:

- (a) Site-level data on all short-term and long-term land held by 11 of the largest housebuilders, obtained directly from these housebuilders ('land banks data');
- (b) Data on planning permissions, obtained from the data provider Glenigan ('permissions data');
- (c) Data on mid-year population estimates dated June 2021³⁰; and Standard Area Measurements for administrative areas dated April 2023³¹ from ONS and
- (d) Publicly available datasets on various administrative-level boundaries in GB. These datasets are used to define the local areas where people live, travel to work or access local services in the community using mapping software³²:
 - (i) Local Planning Authority (LPA) areas, Local Authority (LA) areas, Travel to Work Areas (TTWA), urban areas for England and Wales from ONS;³³
 - (ii) The 2016 urban- and rural-area classifications for Scotland³⁴; and
 - (iii) The December 2022 boundary-line dataset for built-up areas covering GB from the Ordnance Survey.³⁵

Land banks data

3.2 We selected 11 large housebuilders ('the 11 housebuilders') for the purpose of analysing site-level land holdings. These housebuilders, which together accounted for c.40% of new homes built in 2022,³⁶ were selected both on the basis of their size (measured in terms of homes built per year), their likely significant land holdings (since larger housebuilders are likely to have more substantial land

³⁰ Website: [ONS's Mid-year population estimates for UK dated June 2021](#)

³¹ Website: [ONS's Standard Area Measurement dated April 2023](#)

³² CMA analysis has used ArcGIS Pro - Version: 3.0.2.

³³ Website: [Open Geography Portal \(statistics.gov.uk\)](#)

³⁴ Website: [Scottish Government SpatialData urban rural classification](#)

³⁵ Website: [Ordnance Survey Open Built Up Areas data dated December 2022](#)

³⁶ Based on annual reports of housebuilders, [England: Live tables on housing supply: net additional dwellings - GOV.UK \(www.gov.uk\)](#), [Scotland: Housing statistics quarterly update: new housebuilding and affordable housing supply - gov.scot \(www.gov.scot\)](#), [Wales: New dwellings completed by period and tenure \(gov.wales\)](#). These figures are an approximation as different housebuilders have different financial year ends which do not always align with the dates used for compiling housing statistics.

banks), and to ensure we had good geographical coverage across the regions of England and the nations of Scotland and Wales.

3.3 We asked the 11 housebuilders to provide us with the following information for the calendar year 2022:³⁷

- (a) Location details of the short-term and long-term sites they own or (in the case of long-term sites) on which they have an option;
- (b) The number of plots remaining to be completed for short-term sites, and an estimate of the number of plots on each long-term site;
- (c) The name of the LA area where the sites are located; and
- (d) Other details that relate to the type of land (e.g. greenfield/ brownfield land) for all sites, the ownership status of each long-term site, the type of contract that is in place to purchase each long-term site, and whether each long-term site is allocated in a LPA's local plan.³⁸

3.4 Although this data gives us a more granular picture of land ownership than is possible with publicly available data, there are some limitations. First, it does not capture any changes in the ownership of sites since the end of 2022. Second, the plot number estimate for each long-term site is tentative, since by their nature long-term sites' development potential is less certain. However, analysed together with our other sources, it helps us build a picture of land control across the regions and nations of GB.

Permissions data

3.5 Glenigan is a company that collates and provides construction project sales leads, market analysis, forecasting and company intelligence in the UK. They collect and update data on planning applications, non-planning projects and live construction projects.³⁹

3.6 We have purchased and used the following data collated at the LPA area level on:

- (a) Planning applications currently live and going through the planning process;
- (b) Projects where construction has started but is not yet completed, and
- (c) Projects that were completed over the period 2020 to 2022.

³⁷ Berkeley Group provided data for the financial year 2021/2022.

³⁸ CMA analysis of the land banks data finds 19 per cent of all plots are allocated in a LPA's local plan; 76 per cent of all plots are not allocated in a LPA's local plan and 5 per cent of all plots have no stated status of being allocated or not being allocated to a LPA's local plan.

³⁹ Website: [Construction sales leads and industry insight | Glenigan](#)

- 3.7 The data is available for four three-year time periods: 2012 to 2014; 2015 to 2017; 2018 to 2020; and 2021 to 2023.
- 3.8 There are some limitations to this data. First, this data is collated from commercially available public sector data sources that may not be fully up to date. Second, the data is collated on development sites of at least 10 units and so does not hold all planning approvals granted in each year. Third, this data provides the planning permissions granted but not yet complete by the first quarter of 2023. This means that some of the planning permissions granted, particularly in earlier years, may have potentially been built out in the meantime, while larger projects that take longer to complete remain in the dataset. As a result, some developers may appear to have a larger number of permissions than they currently do.
- 3.9 In spite of these limitations, we have concluded that this is the best available data on planning permissions and is widely used by organisations with an interest in the sector, and therefore that it is a useful supplement to our other sources. In particular, the permissions data gives us important information about the presence of housebuilders besides the largest 11 in local areas, and therefore helps us understand more fully competitive dynamics at the local level.

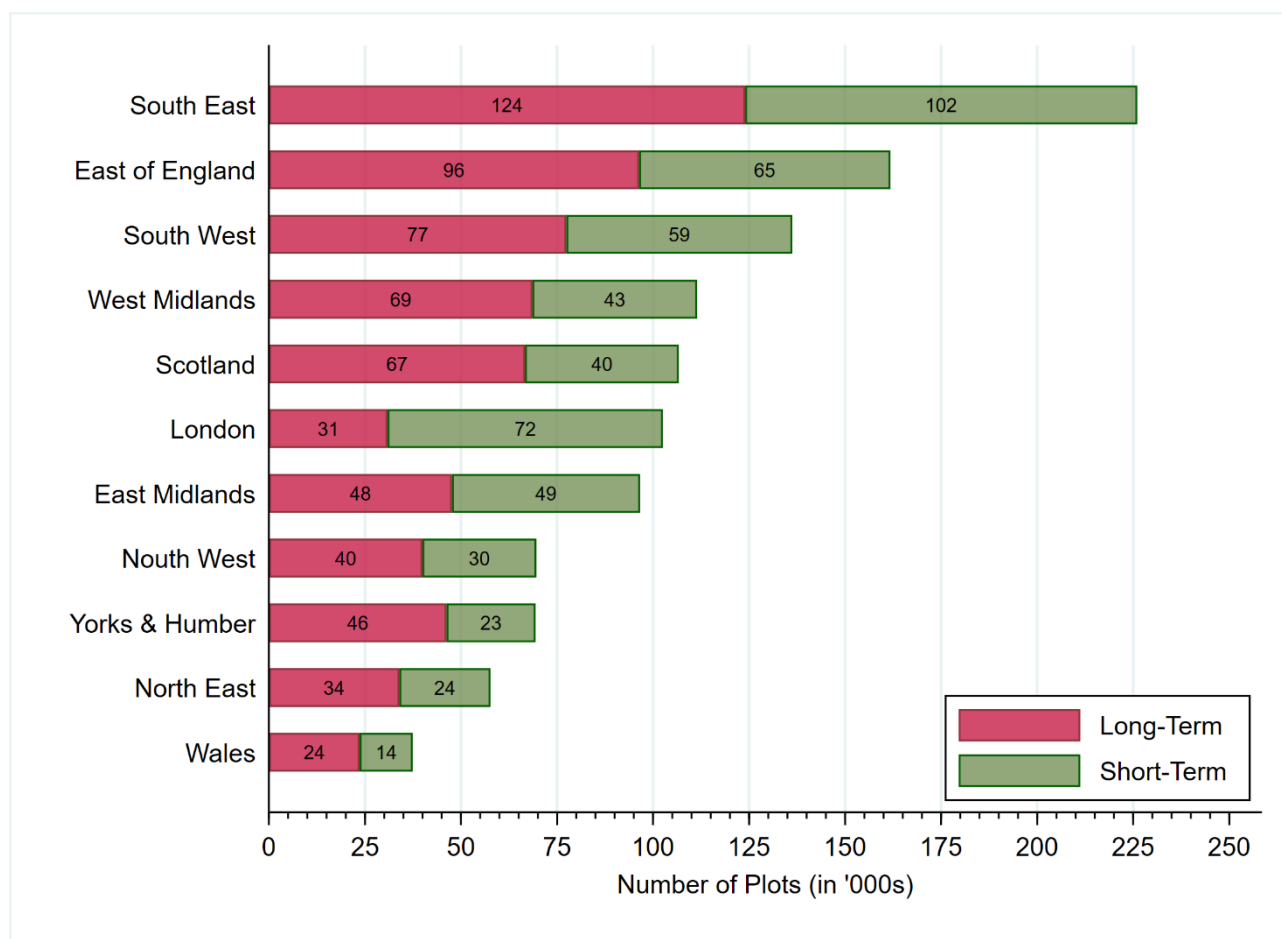
Size and geographical distribution of large housebuilders' land banks

- 3.10 Estimates of the size of housebuilders' land banks, drawing on publicly available data for 8 of the 11 housebuilders, puts the total land bank size for these housebuilders at roughly 900,000 plots in 2021.⁴⁰ As we noted in our Update Paper, these land holdings are distributed across the regions and nations of GB, and in plot-terms have been growing over time.
- 3.11 To make our own estimate of the amount of land held in land banks across GB, we have gathered data on the exact location and size of more than 5,800 individual sites held in the short-term and long-term land banks of the 11 housebuilders as described in paragraphs 3.2 to 3.4 above. This gives us an estimate of 1.17m plots held in the land banks of the 11 housebuilders, as of 2022. Our estimate is therefore in broad alignment with estimates made on the basis of publicly available information.
- 3.12 At Figure 3.1, we show how the plots held by the 11 housebuilders are distributed across England, Scotland and Wales. Across each nation, the total number of plots in long-term land banks is greater than in short-term land banks. By nation, England has the most plots in long-term and short-term land banks (c.565,000 long-term and c.466,000 short-term plots) followed by Scotland (c.67,000 long-term and c.40,000 short-term plots) and then Wales (c.24,000 long-term and c.14,000 short-term plots).⁴¹ Within England, land claims are weighted towards the south and midlands of England, and lower in the north of England.
- 3.13 Considering the distribution of housebuilders' land banks across regions, most (8 out of 11) hold both short-term and long-term land across most regions of England. Fewer hold land in Scotland and Wales, with five holding no land in Scotland and four holding no land in Wales. In addition, some of those that do hold land in Wales have relatively low numbers of plots compared to their holdings in English regions or Scotland. By contrast, three of the housebuilders concentrate their land holdings mainly in two or three regions of England or Scotland/Wales.

⁴⁰ CMA analysis of data from Jeffries UK Building, Construction & Housebuilders, Equity Research, October 2022.

⁴¹ Note figures do not sum up due to rounding.

Figure 3.1: The number of plots in long-term and short-term land banks by English regions, Scotland and Wales



Source: CMA analysis of the large housebuilders' land banks data.

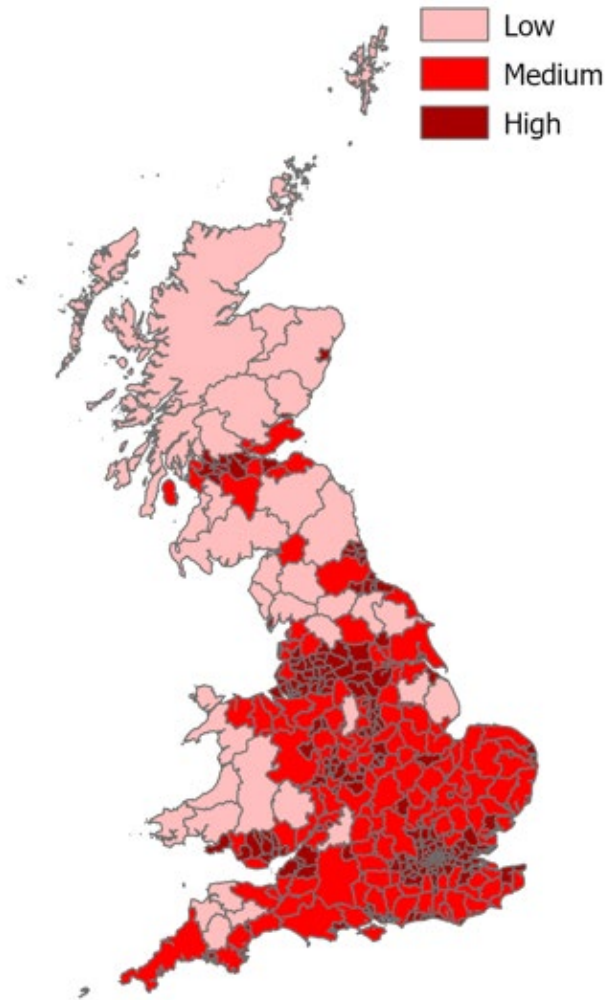
- 3.14 As noted above, several studies have sought to put the aggregate size of (particularly) short-term land banks in context against housebuilders' business models, and particularly factors such as the amount of land necessary to support growth or time taken to receive planning permission and start on site, with the aim of concluding on the appropriateness of their scale.
- 3.15 We are still considering how the size of these housebuilders' land banks compare to what we might expect if their primary purpose is to allow housebuilders to manage their development pipelines. There will necessarily be some lag between permission being granted and sites being built out, and this is likely to be greater for larger sites. In addition, not all land in short-term land banks is immediately ready to build out, given some will have only outline planning permission. Both of these things will imply a need for a land bank to some degree. However, we are yet to come to any conclusions on the overall scale of short-term land banks in GB, and what impact they might have on market functioning.
- 3.16 It is even more difficult to draw conclusions on the proportionality of the long-term land bank, given that it is more speculative (not all of it may be developed) and

there is no obvious benchmark against which to assess it (since its 'distance' from obtaining planning permission is unknown). We set out in the planning working paper that planning applications can take a considerable amount of time to determine, and 15-20% of major planning applications are rejected in England (and around 10% of all applications are rejected in Scotland).⁴² We also understand that land allocated in an LPA's local plan is more likely to receive planning permission. CMA analysis of the land banks data finds only 19% of all long-term plots are allocated in an LPA's local plan, implying the majority face uncertainty as to whether planning permission will be granted. In addition, long-term land banks are likely to include some sites which are ultimately determined to be unviable and so may not make it as far as a planning application.

- 3.17 We have considered how this land is distributed across GB at a more granular level. Using our land bank dataset, we have mapped the geographical distribution of both short-term and long-term land holdings to LPA/LA areas. We have also included a chart of population density for reference.
- 3.18 Figures 3.3 to 3.10 presents maps at the LA/LPA area level (and for England also identifies Government Office Regions (GORs)). Figures 3.3 to 3.6 show the number of plots in short-term land holdings, which provides an indication of current/ forthcoming housebuilding activity. Figures 3.7 to 3.10 present the number of plots in long-term land holdings, which indicate (more tentatively) where longer-term housebuilding may occur. We also show the population density at LA area level in Figure 3.2 to provide context for where most people live in Great Britain.

⁴² CMA analysis of data provided by the Scottish Government.

Figure 3.2: Population density: number of persons per square kilometre at LA area level



Source: CMA analysis of ONS's mid-year population estimates data and ONS's standard area measurement data using ArcGIS Pro.

Notes:

[1] Population density per square kilometre thresholds:

[a] Low population density: Fewer than 100 persons per square kilometre.

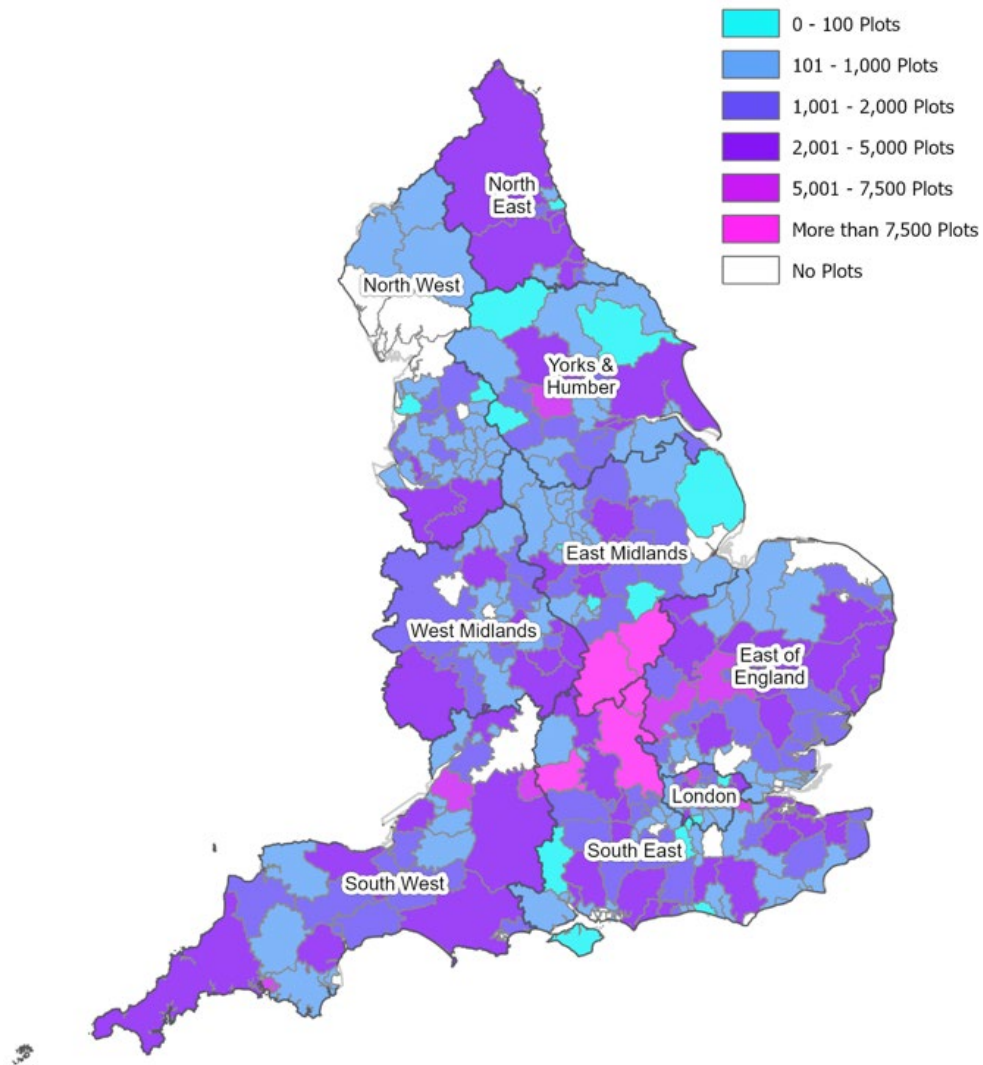
[b] Medium population density: 100 or more persons and up to and including 500 persons per square kilometre.

[c] High population density: more than 500 persons per square kilometre.

[2] Standard area measurement used to calculate population density: Area to mean high water excluding area of inland water.

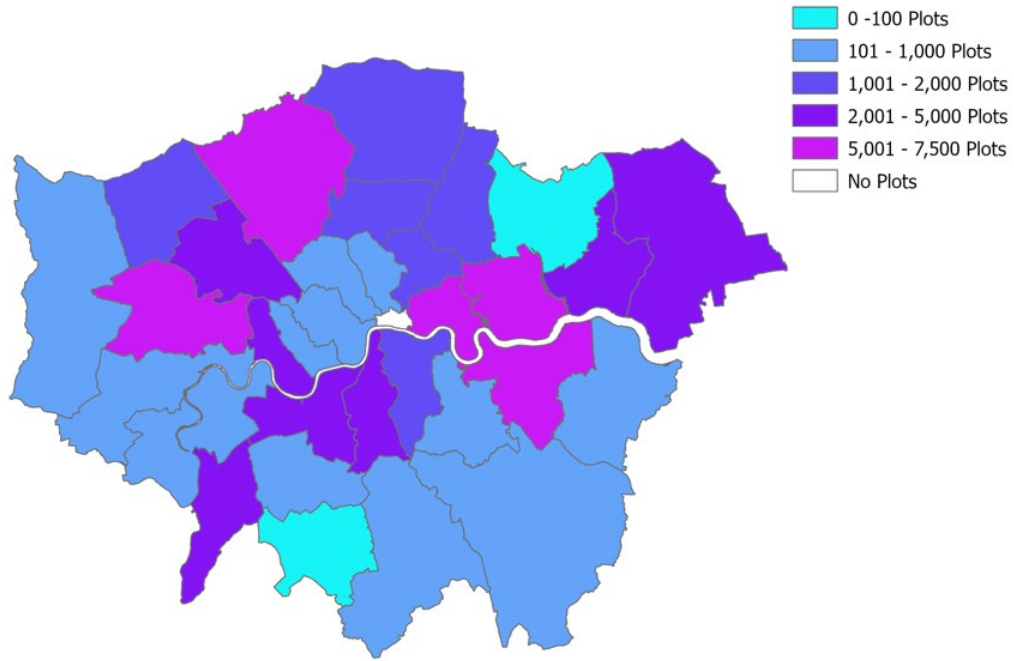
[3] All areas in Greater London are classed as high population density.

Figure 3.3: Number of short-term plots in England at LA area level



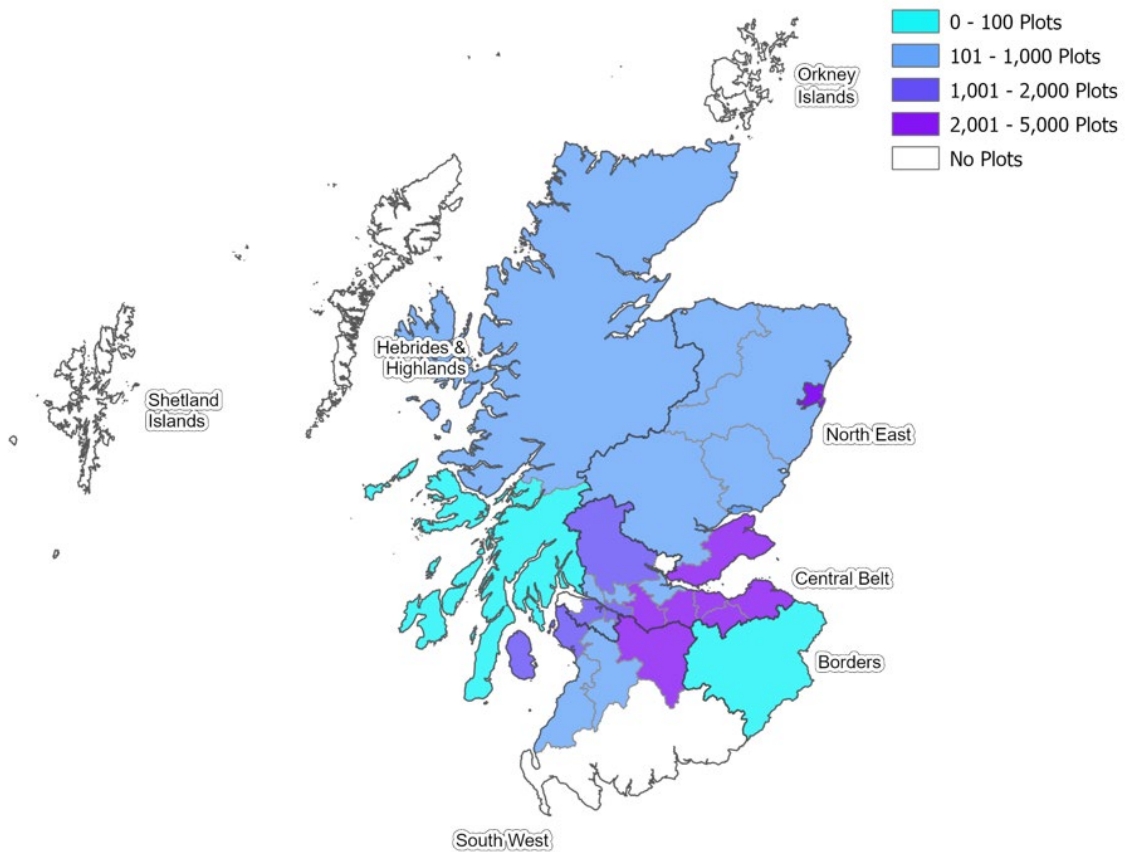
Source: CMA analysis of the large housebuilders' land banks data using ArcGIS Pro.

Figure 3.4: Number of short-term plots in Greater London at LA area level



Source: CMA analysis of the large housebuilders' land banks data using ArcGIS Pro.

Figure 3.5: Number of short-term plots in Scotland at LA area level

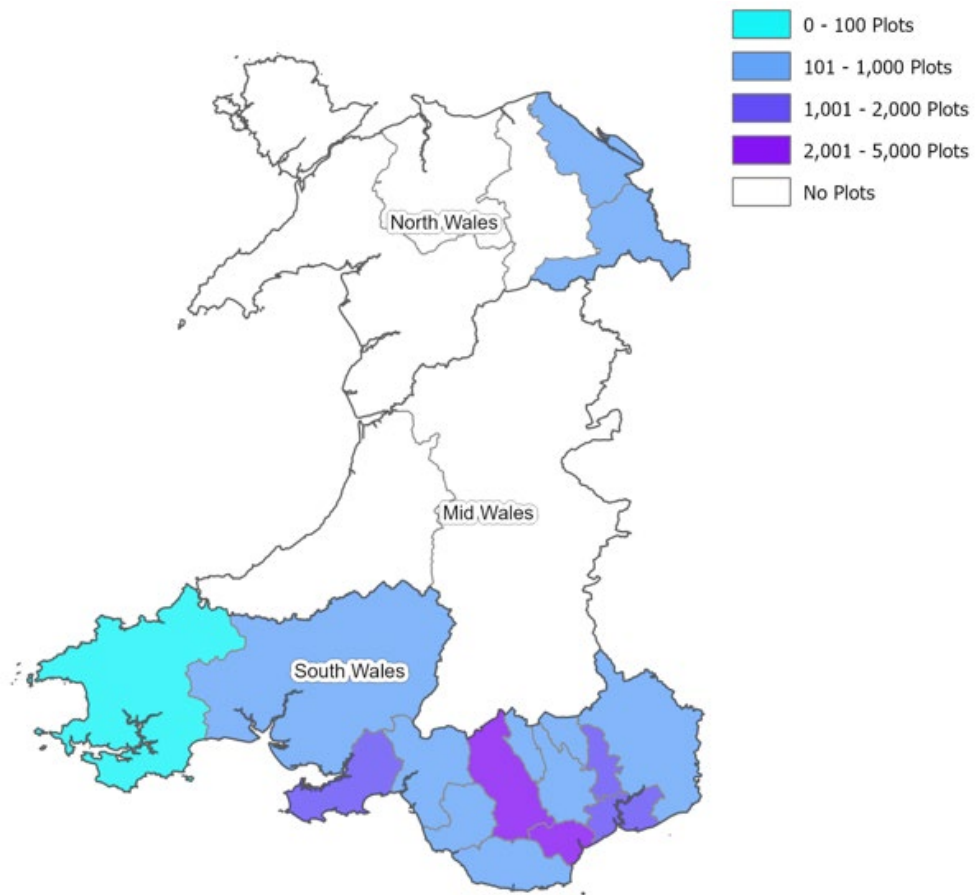


Source: CMA analysis of the large housebuilders' land banks data using ArcGIS Pro.

Notes:

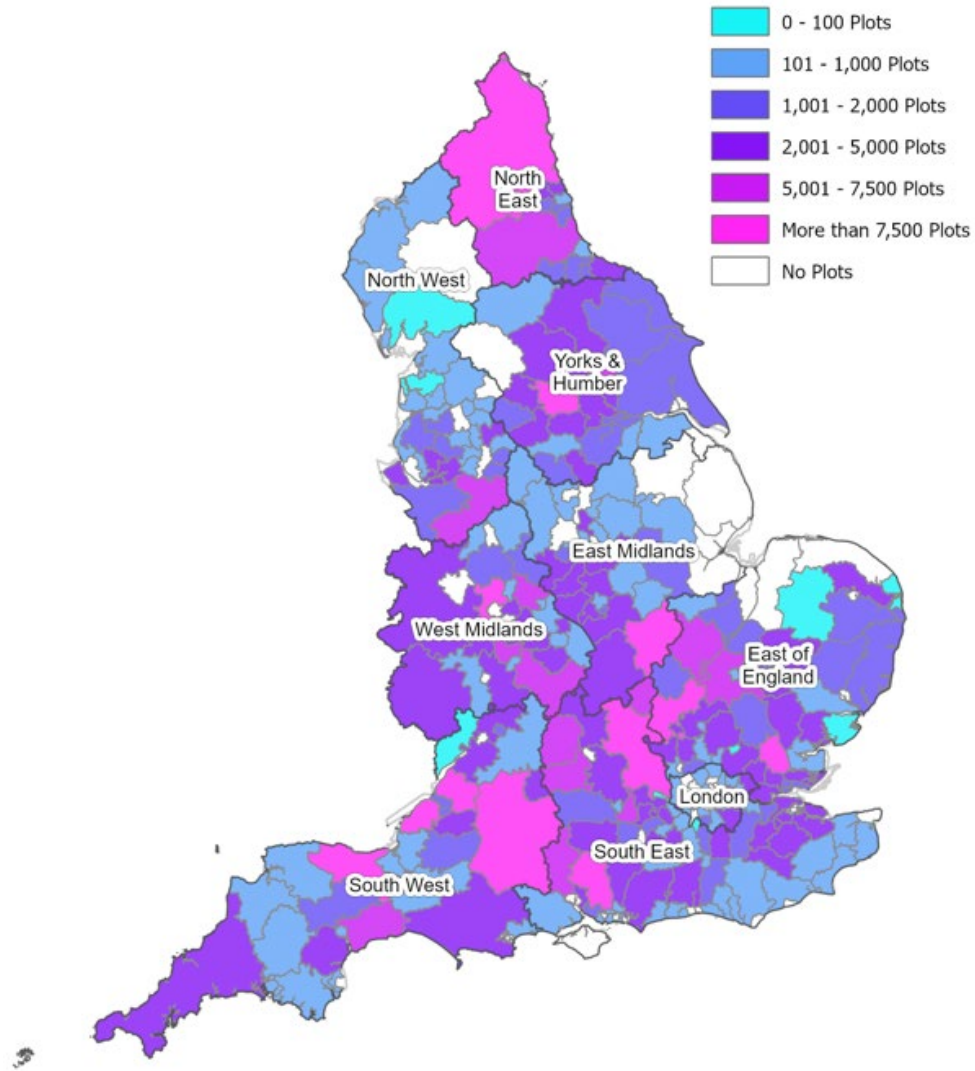
[1] The Shetland Islands have been placed to the left of the Hebrides & Highlands region to allow all regions to fit onto a single map frame.

Figure 3.6: Number of short-term plots in Wales at LA area level



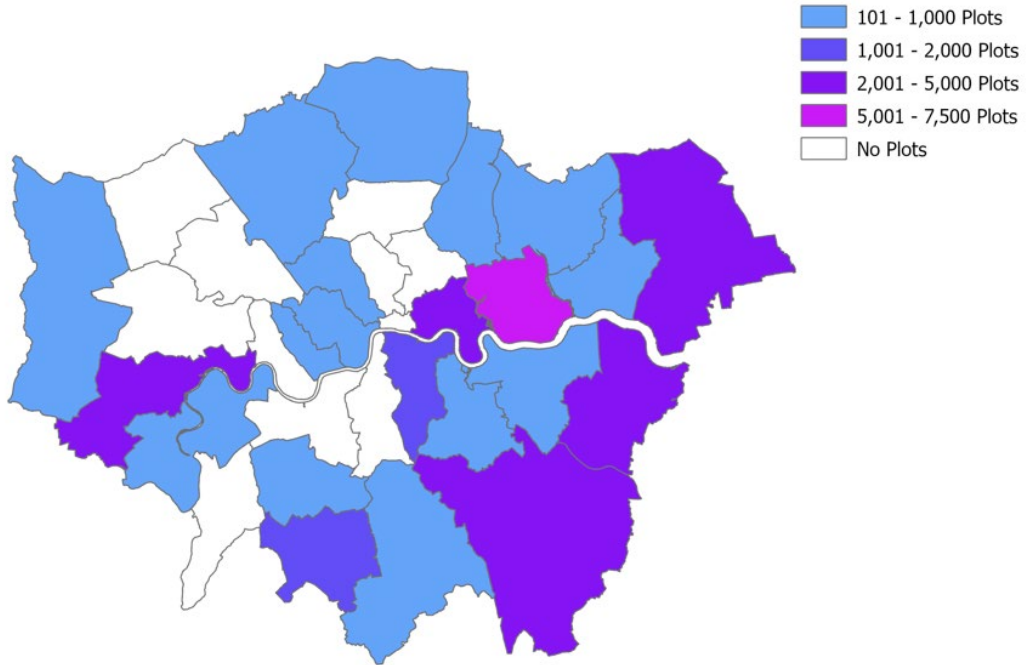
Source: CMA analysis of the large housebuilders' land banks data using ArcGIS Pro.

Figure 3.7: Number of long-term plots in England at LA area level



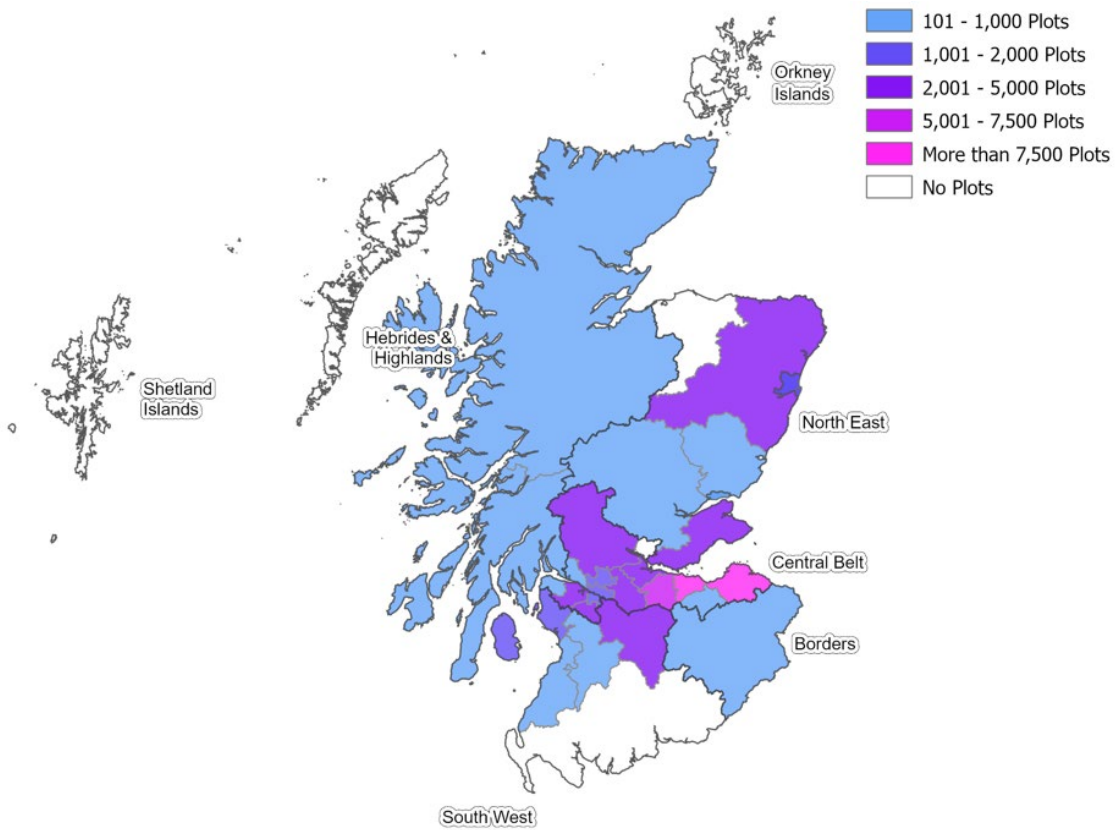
Source: CMA analysis of the large housebuilders' land banks data using ArcGIS Pro.

Figure 3.8: Number of plots in long-term land holdings in Greater London at LA area level



Source: CMA analysis of the large housebuilders' land banks data using ArcGIS Pro.

Figure 3.9: Number of long-term plots in Scotland at LA area level

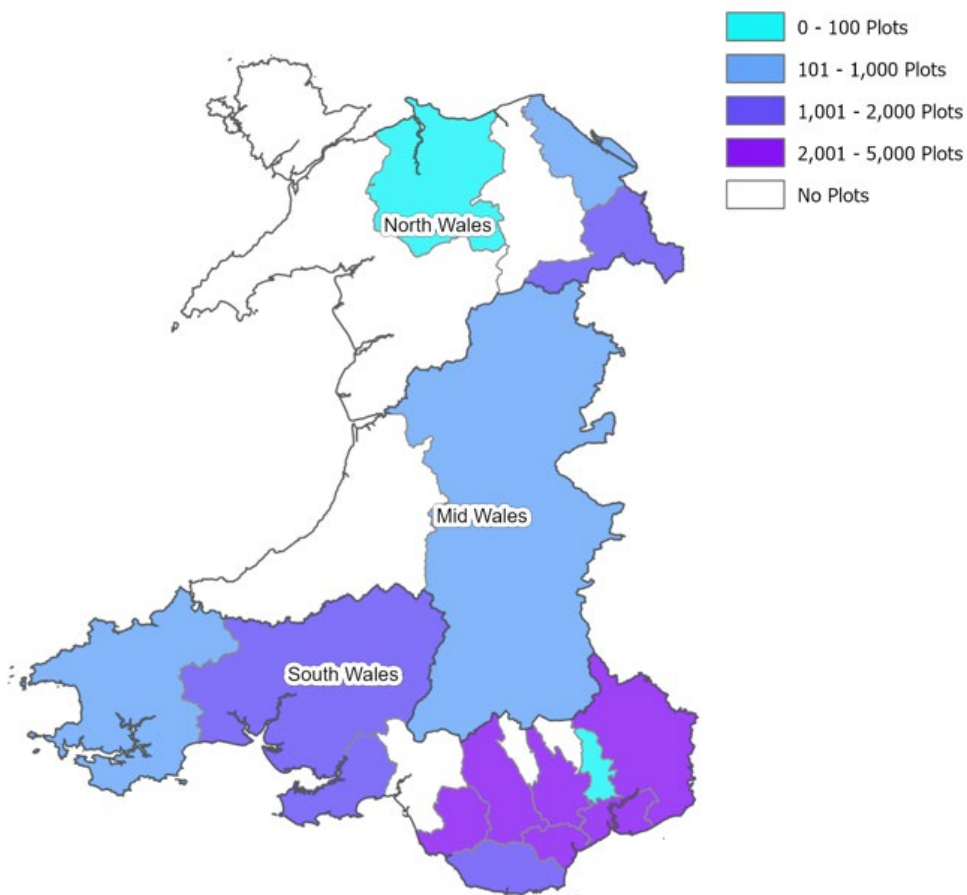


Source: CMA analysis of the large housebuilders' land banks data using ArcGIS Pro.

Notes:

[1] The Shetland Islands have been placed to the left of the Hebrides & Highlands region to allow all regions to fit onto a single map frame.

Figure 3.10: Number of long-term plots in Wales at LA area level



Source: CMA analysis of the large housebuilders' land banks data using ArcGIS Pro.

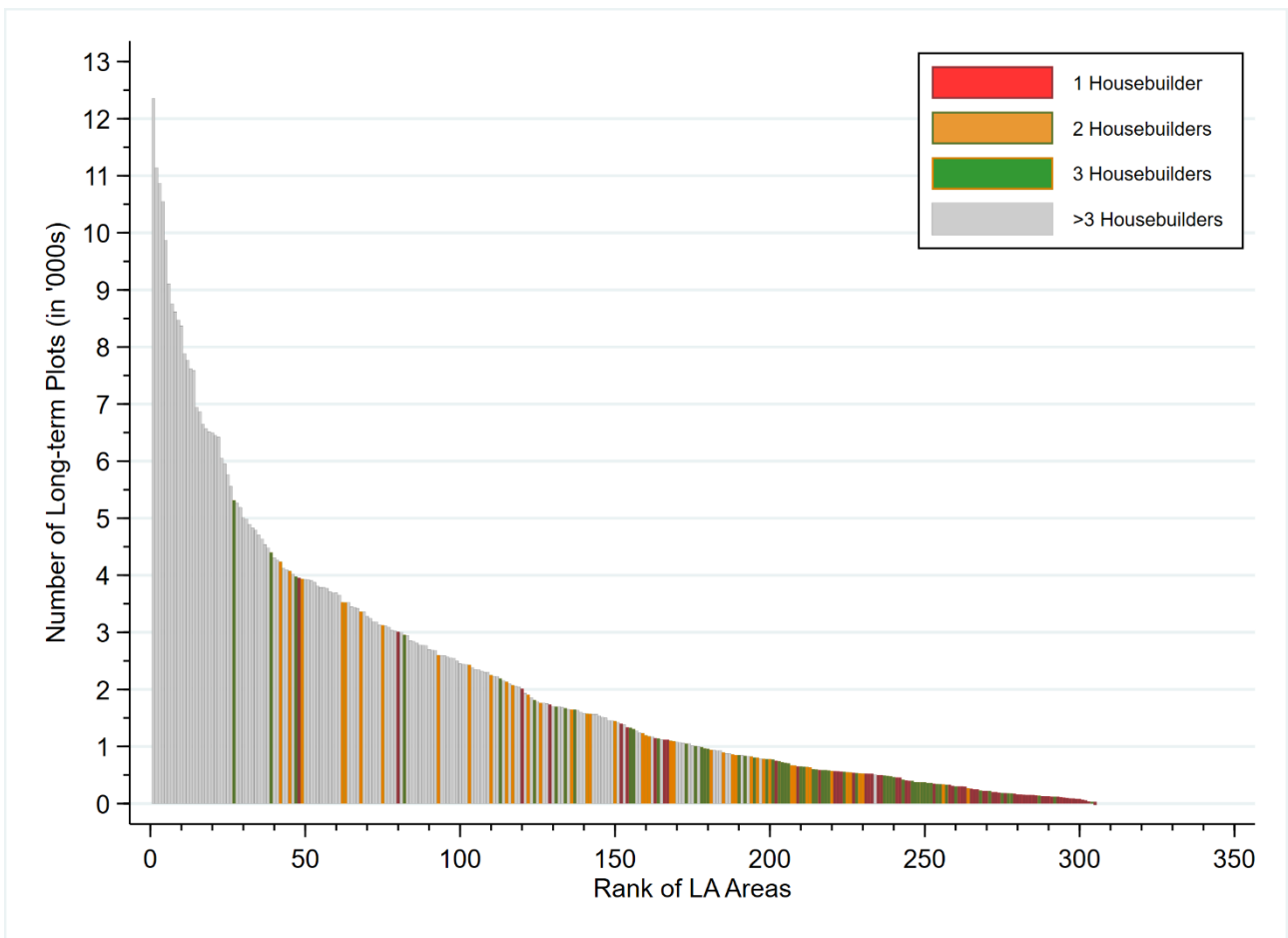
3.19 The data suggest the following:

- (a) **The large housebuilders have a broad geographic presence:** The 11 housebuilders are present to some degree in most LA areas across GB. Their collective presence is strongest in central England, but there are few areas with no land held in land banks at all.
- (b) **Short-term land banks centre around densely populated areas.** Short-term land holdings appear to map on to population density across GB:
 - (i) In England: Short-term land banks are large in several London boroughs as well as in London's vicinity, particularly to the north-west between London and Birmingham.
 - (ii) In Scotland: The largest land holdings are in and around parts of the Central Belt and southwest of Scotland.
 - (iii) In Wales: Short-term land holdings are concentrated in the more populous southern region.

- (c) **Long-term land banks look to be less closely related to population density, being spread across more of GB.** The 11 housebuilders are present in LA areas with medium and high population density, but they are also present in LA areas that are further away from major cities and where the current population density is low:
- (i) In England, housebuilders hold long-term land in land banks in most LA areas of the South of England, the Midlands, and the North of England. More areas in the North East, South East and South West have a higher number of plots in long-term land compared to the short-term land banks.
 - (ii) In Scotland and Wales, the long-term land held in land banks is distributed in areas beyond the major cities where local populations are smaller. In Wales, there are long-term plots but no short-term plots in the mid-Wales region.

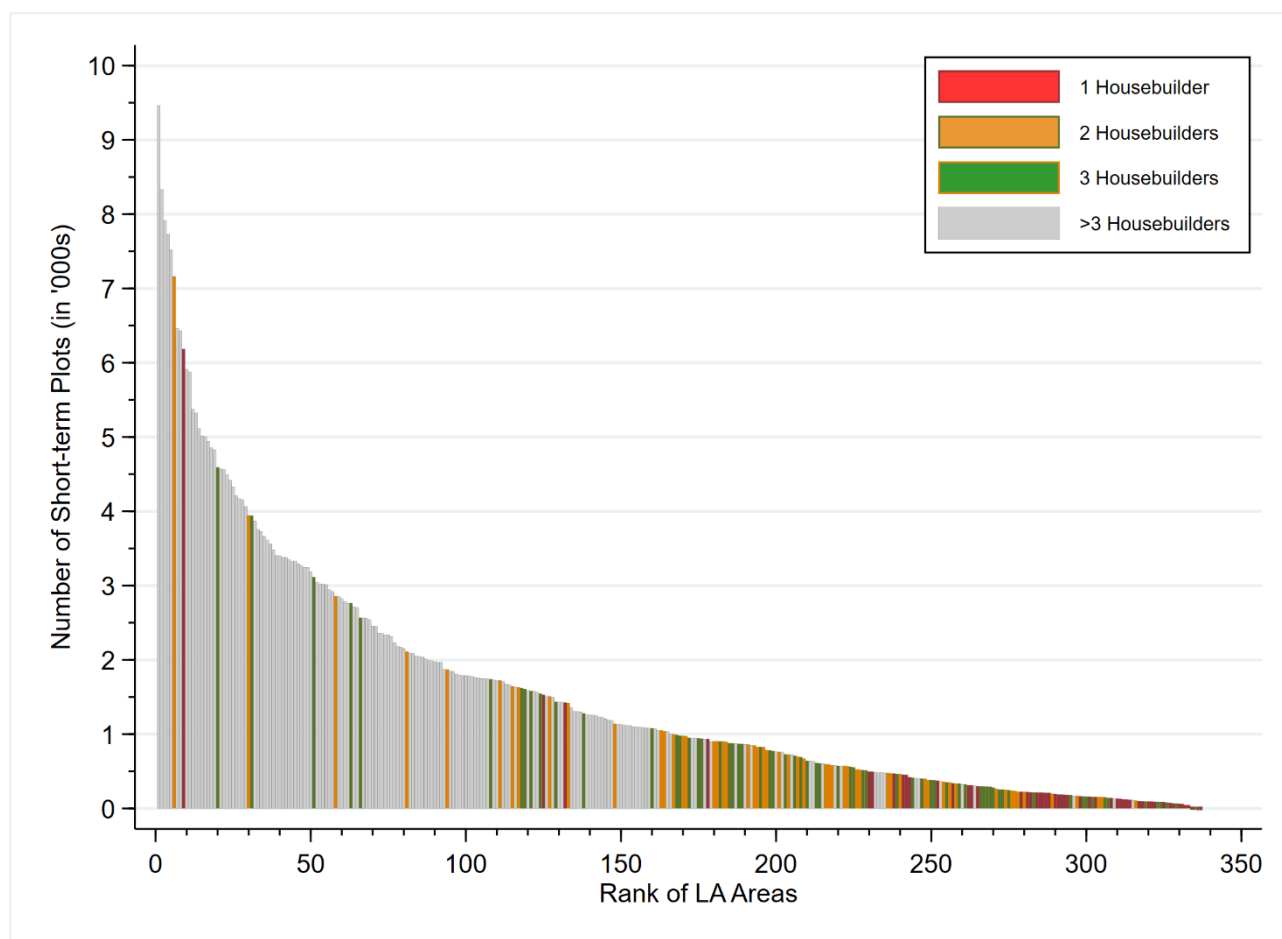
3.20 We have examined how land banks in different LAs are distributed across individual housebuilders – in particular, whether there are many LAs where only a small number of the 11 housebuilders hold either long-term or short-term land. This is shown in Figures 3.11 and 3.12: we show the quantum of long- and short-term land, respectively, held in land banks in each LA area, with LAs ordered from largest land bank to smallest.

Figure 3.11: The distribution of long-term plots in each LA area and by the number of large housebuilders



Source: CMA analysis of the large housebuilders' land banks data.

Figure 3.12: The distribution of short-term plots in each LA area and by the number of large housebuilders



Source: CMA analysis of the large housebuilders' land banks data.

- 3.21 For long-term land, in those LAs where overall land holdings are highest, that land is distributed among at least three housebuilders. By contrast, in LAs where land banks are smaller, this land tends to be held by a smaller number of housebuilders (particularly where fewer than 1,500 plots are held in long-term land banks). Out of 306 LAs, 124 have only one (65) or two (59) housebuilders present, most of which have land holdings of fewer than 500 plots.
- 3.22 For short-term land it is also the case that the LAs with the biggest overall land claims look to have several large housebuilders present in the market, although there are a small number of instances where LAs with relatively large land banks (over 5,000 plots) are held by only one or two housebuilders. There is a smaller number of LAs with only one (53) or two (55) of the 11 housebuilders present out of 338 LAs,⁴³ and more LAs where there are three or more housebuilders present even with small overall land holdings (fewer than 1,500 plots, and particularly

⁴³ There are fewer LAs with no short-term land bank holdings compared to those with no long-term land banks.

where there are fewer than 500 plots in short-term land banks). There are 17 LAs where there is only one housebuilder with both short-term and long-term land.

- 3.23 While these results give an initial indication of how far land is concentrated among a few players, we set out in the next section how we have sought to examine concentration in more detail.

4. Identifying local areas with high concentration

Identifying local Housing Market Areas (HMAs)

- 4.1 In line with the method used for the OFT (2008) report, to assess the local concentration of land holdings and development activity we have used LPA and/or LA areas as a proxy for local housing market areas (HMAs).
- 4.2 LPA and LA areas are largely very similar, the exceptions being LA areas that contain all or part of a National Park. In these areas, the National Parks will have their own LPA. We therefore use the LPA area where possible.
- 4.3 We acknowledge that LPA and LA areas are not perfect proxies for HMAs. HMAs are likely to be smaller than LPA/LA areas and may well cross LPA/LA boundaries. However, using LPA/LA areas provides a consistent set of boundaries which can be easily applied across datasets, and allows us to compare against other data produced by LPAs/LAs.

Question 4.1

- a) Do you have any comments or alternative suggestions for identifying local Housing Market Areas?

Identifying concentrated areas

- 4.4 We have used two methods to identify local areas that could be concentrated, using a combination of the permissions data and the land banks data, as well as other research and datasets. The two methods have each given us a shortlist of areas to examine in more detail.

Method 1

- 4.5 There are four steps to our first method to identifying potentially concentrated local areas.
- 4.6 First, we identified a long list of areas to consider, which met one or more of the following criteria:
 - (a) Using the permissions data, local areas where more than 50% of permissions have been granted to one applicant in the 2021 to 2023 period.
 - (b) Using the land banks data, local areas where there are three or fewer of the large housebuilders who have short-term and/or long-term land banks for the calendar year 2022.

- (c) In addition to the previous steps, we also include local areas that are close to national parks in GB. Each national park has its own LPA but is likely to be covered by more than one LA area. The land banks data did not cover these areas specifically, and we did not want to exclude these areas by default as they may or may not be located close to built-up areas covered by LA boundaries.

4.7 Second, we examined the following factors to identify if local areas that may or may not be concentrated appear potentially concerning, based on the permissions data:

- (a) Whether many units have been granted planning permission to one or a few applicants over consecutive 3-year periods;
- (b) Whether a large proportion of planning permissions granted across all 3-year periods have gone to one or a small number of housebuilders; and
- (c) We also considered the total number of planning applications granted approval in each 3-year period. If a local area granted only a small number of planning permissions, what may look like 'concentration' could in fact be a feature of a small local market. However, at this stage we have not ruled out areas solely based on this factor.

4.8 Third, the local areas with concentrated permissions activity are cross-checked with the land banks data to see:

- (a) whether there are three or fewer large housebuilders present with short-term and/or long-term sites, and
- (b) The total number of plots held by each housebuilder across their short-term and/or long-term sites. The short-term plots provide a cross check with the permissions data as well as an indication of current development activity. Long-term plots provide an indication of anticipated future development activity by the same large housebuilders or other large housebuilders who do not own short-term land in the area.

4.9 As a final step, for those areas identified as potentially concentrated based on the method outlined above, we explored at a high level the following qualitative factors based on desk research:

- (a) Geographic factors such as Travel To Work Areas, whether they are rural areas that include greenbelt land or Areas of Outstanding Natural Beauty, and their proximity to urban centres; and

- (b) Whether there were any recent news stories indicating the application was no longer progressing to build and/ or held by the same company as indicated by the permissions data.

Question 4.2

- a) Do you have any comments on Method 1?
- b) Do you have any views as to how much weight we should put on Method 1?

Method 2

- 4.10 Our second method also followed four steps, albeit slightly different. This method put greater emphasis on the land banks data, as this is data which has not previously been utilised to understand the land banks of the large housebuilders and provides a more current snapshot of the size and location of their land claims.
- 4.11 First, we use the land banks data to identify areas where three or fewer of the large housebuilders have land in short-term and/or long-term land banks for the calendar year 2022 (i.e., filtering areas out based only on 4.6(b) above).
- 4.12 Second, we remove the areas that we identified in method 1 (this equates to 32 LA areas that had already been examined under that approach) and we retain local areas if:
 - (a) the same large housebuilder has both long-term and short-term land (which implies they are likely to have an ongoing strong position in the area); or
 - (b) where one large housebuilder has a large number of short-term or long-term plots (more than 1,000 plots across sites) relative to other large housebuilders with a presence.
- 4.13 Third, we use the permissions data as a cross check to retain:
 - (a) local areas where the same large housebuilders have been granted permission for a high proportion of units that aligns with the land banks data; or
 - (b) local areas where applicant(s) that are not the large housebuilders, have been granted permission for a high proportion of units in each period or overall.

4.14 Finally, we also look at the local need for housing in each area where this data is available as a cross check.⁴⁴ We keep local areas where the total number of plots held in short-term and/or in long-term land banks are high relative to local need, as this implies other housebuilders may be ‘crowded out’ by the holdings of the large housebuilders. We have used a threshold of more than 2 x the local need for housing in an area.

Question 4.3

- a) Do you have any comments on Method 2?
- b) Do you have any views as to how much weight we should put on Method 2?

Question 4.4

- a) Do you have any other comments on our methodology for exploring land banks? What alternative or additional ways of analysing the data we have collected should we consider to shed further light on the issues?

⁴⁴ We have used [Standard method for local housing needs - April 2022 \(lichfields.uk\)](https://www.lichfields.uk) as our source for local housing need. We discuss targets and housing need further in our Planning Working Paper.

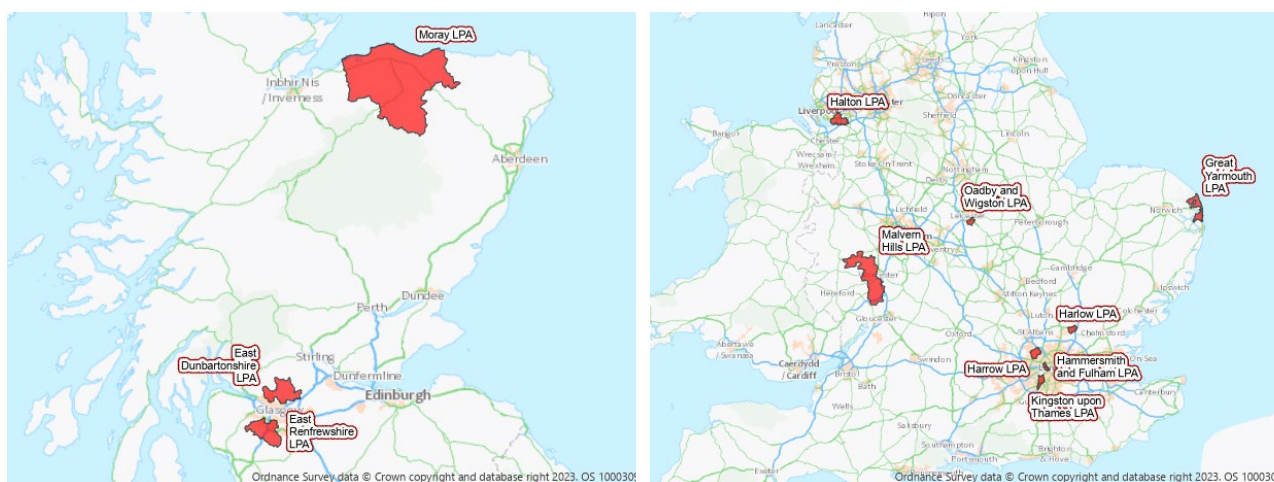
5. Findings

Initial findings on local concentration

Method 1

- 5.1 Using the permissions data, we found 107 LPA/LA areas that had granted one applicant more than 50% of the unit permissions in the 2021 to 2023 period. This is roughly 28% of the 387 LPAs in England, Scotland and Wales.⁴⁵
- 5.2 Checks of these areas using the permissions data and land banks data (step three outlined in the methodology section), identified 68 LPA/LA areas that required further investigation.
- 5.3 Further desk research with the inclusion of qualitative factors (see the final step in the methodology section) and consideration of the different metrics in the round identified 11 areas to probe. These areas are shown in the maps below and a summary table outlining the issues we have identified in each of these areas can be found in Table A.1 in Appendix A.

Figure 5.1: Map showing the 11 LPA areas identified using method 1



Source: CMA analysis of LPA boundary files from ONS using ArcGIS Pro.

Method 2

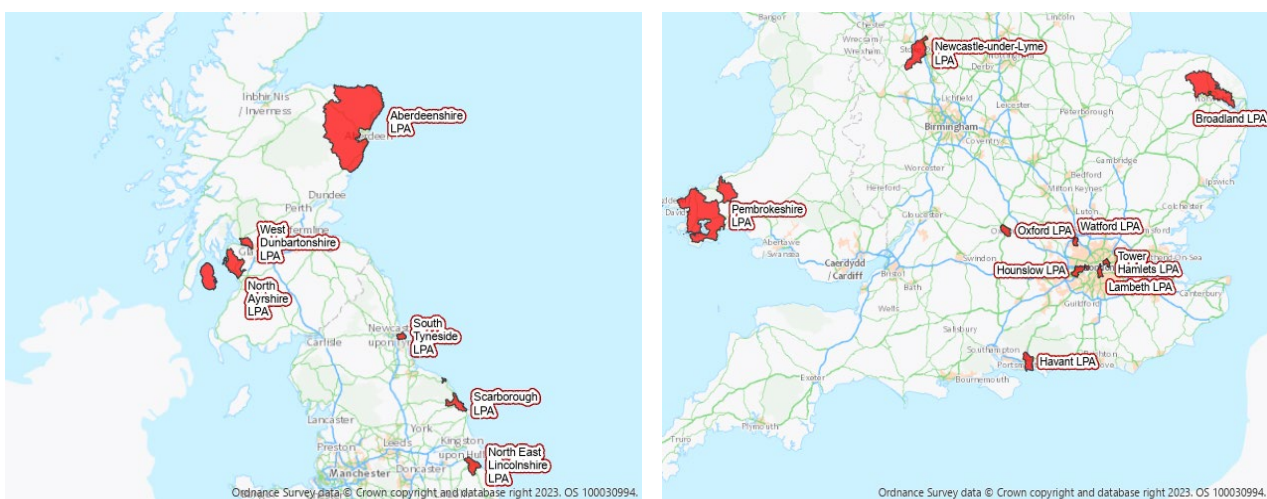
- 5.4 Using the land banks data, we found 115 LA areas that had three or fewer large housebuilder present with short-term and/or long-term land banks. This equates to roughly 30% of 387 LPAs in England, Scotland and Wales. We removed 32 LA

⁴⁵ There are 326 LPAs in England, 36 in Scotland and 25 in Wales.

areas that had been checked using method 1 (see second step). In total, we had 92 areas for further checks.⁴⁶

- 5.5 Cross-checks of these 92 LA areas with the permissions data retained 54 LA areas for further investigation.
- 5.6 Finally, we cross-checked the remaining 54 areas with local need for housing data and identified 15 areas to probe further. These areas are shown in the maps below.
- 5.7 A summary table outlining the issues we have identified in each of these areas can be found in Table B.1 in Appendix B.

Figure 5.2: Maps showing the 15 LPA areas identified using method 2



Source: CMA analysis of LPA boundary files from ONS using ArcGIS Pro.

- 5.8 In summary: using the two methods to identify concentrated local LPA/LA areas, we identified a total of 26 local areas. By nation, these local areas are distributed as follows:
 - (a) 19 local areas are identified in England;
 - (b) 6 local areas are identified in Scotland; and
 - (c) 1 local area is identified in Wales.

Question 5.1

- a) In the areas identified as potentially highly concentrated in our analysis, what are your experiences of operating in these areas? How well do you consider the market to be working, and why?

⁴⁶ An additional 9 LA areas were included during an intermediate step where more than 3 large housebuilders operate because they were identified through having a similar name to LA areas where 3 or fewer large housebuilders are present.

We particularly welcome views from

- Builders active in the area as to whether they consider the market is concentrated from their perspective, and how this affects their operations.
 - Smaller builders as to whether they experience difficulties in finding land in these areas.
 - LPAs as to whether they experience difficulties in identifying land for development and having this converted into housing in line with locally identified needs.
- b) Are there other areas of England, Scotland or Wales which you consider to be concentrated but which have not been picked up in our analysis? If so, please provide supporting information and evidence.

6. Analytical next steps

- 6.1 At this stage, our analysis has focused on interrogating the datasets described above and some limited desk research. As such, it may be the case that there are important local dynamics we have not taken into account in this analysis so far. Recognising that LPAs are a relatively crude approximation to local housing markets, we are considering how to identify and take into account constraints from the most relevant areas surrounding the LPAs in question. We also intend to conduct further evidence gathering from stakeholders active in these areas to understand the competitive position they see on the ground. We will take several factors into account in our further analysis, including:
- (a) The degree to which internal documents of housebuilders or feedback from stakeholders active in these areas indicate housebuilders face limited competition, and whether and how this impacts local outcomes such as build out rates;
 - (b) Whether the make-up of the local area makes concentration more likely e.g. small local population and so likely low demand, small or otherwise land constrained area and so less able to support multiple sites; and
 - (c) Whether housing delivery in the area against targets appears to be challenging (where available).
- 6.2 As part of the consultation on this working paper, we welcome input from housebuilders and local authorities in and around the areas where we have not yet ruled out concentration issues. We also welcome input from those active in other areas who consider the market is more concentrated than our analysis has found.
- 6.3 We are also continuing our analysis of factors which drive the size of land banks and the role they play in housebuilders' strategies. As noted in paragraph 2.10, the planning system is one such factor, and we will consider responses to our planning working paper in our further analysis of land banks, to the extent they are relevant.
- 6.4 As highlighted in paragraph 1.3, we are continuing with our analysis of the broader issues as to the barriers to entry facing small and medium sized businesses and the role land plays in these. As set out in our Update Report, we have gathered views from a number of SME housebuilders as well as drawing on existing research and analysis. We continue to analyse these information sources, as well as seeking further input from SME housebuilders and their representatives and analysing further data on their levels of activity.
- 6.5 In our Final Report, we will report our conclusions as to whether and to what extent which land banks create problems for how the market works, what drives

any such problems should we find them and what measures could alleviate them where appropriate.

- 6.6 We are also continuing wider analysis of factors which influence how quickly land is built upon once it receives planning permission. We continue to gather and analyse documents on factors which influence build out rates, as well as assessing the wealth of existing literature on this subject.
- 6.7 We intend to include our analysis on both topics in our Final Report in February 2024.

7. Responding to this working paper

7.1 The CMA welcomes comments on this working paper, and in particular on the questions below.

7.2 We will carefully consider any feedback received in response to this working paper and take it into account as we develop our final report, which we are required to publish by 27 February 2024.

Background (section 2)

Question 2.1

- a) Do you agree with our focus on plots as a measure of land banks? What other measures should we take into account?

Identifying local areas with high concentration (section 4)

Question 4.1

- a) Do you have any comments or alternative suggestions for identifying local Housing Market Areas?

Question 4.2

- a) Do you have any comments on Method 1?
b) Do you have any views as to how much weight we should put on Method 1?

Question 4.3

- a) Do you have any comments on Method 2?
b) Do you have any views as to how much weight we should put on Method 2?

Question 4.4

- a) Do you have any other comments on our methodology for exploring land banks? What alternative or additional ways of analysing the data we have collected should we consider to shed further light on the issues?

Findings (section 5)

Question 5.1

- a) In the areas identified as potentially highly concentrated in our analysis, what are your experiences of operating in these areas? How well do you consider the market to be working, and why?
We particularly welcome views from
- Builders active in the area as to whether they consider the market is concentrated from their perspective, and how this affects their operations.
 - Smaller builders as to whether they experience difficulties in finding land in these areas.

- LPAs as to whether they experience difficulties in identifying land for development and having this converted into housing in line with locally identified needs.
- b) Are there other areas of England, Scotland or Wales which you consider to be concentrated but which have not been picked up in our analysis? If so, please provide supporting information and evidence.

7.3 Responses to this paper should be provided no later than 5pm on **6 December 2023** to:

- **Email:** housebuilding@cma.gov.uk
- **Post:** Housebuilding Market Study
Competition and Markets Authority
The Cabot
25 Cabot Square
London
E14 4QZ

7.4 Please ensure that all personal data, other than your contact details, is redacted or excised from your response and any documents you submit to us.⁴⁷

7.5 The CMA intends to publish responses to this consultation or, where appropriate, a summary. Therefore:

- (a) Please supply a brief summary of the interests or organisations you represent, where appropriate.
- (b) Please consider whether you are providing any material that you consider to be confidential and explain why this is the case. The factors that the CMA must have regard to in these circumstances are set out in Appendix A. Please provide both a confidential and non-confidential version of your response where applicable.

7.6 If you are an individual (i.e., you are not representing a business or other organisation), please indicate whether you wish your response to be attributed to you by name or published anonymously.

⁴⁷ Personal data is defined in the UK General Data Protection Regulation (Article 4(1)) as 'any information relating to an identified or identifiable natural person ('data subject'); an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person'.

7.7 An explanation of how the CMA will use information provided to us can be found in Appendix C, which is published alongside this working paper. This Appendix sets out how the CMA may use information provided to it during the course of this market study, including where it may need to refer to information in order to pursue enforcement action against a business in this sector.

Appendix A: Summary of concentrated areas identified by Method 1

Table A.1: Summary of concerning factors for concentrated areas using method 1

Name of LPA/LA Area	Concentrated for Multiple Periods	Concerning Factors – Permissions Data ⁴⁸	Concerning Factors – Land banks Data [removed for confidentiality]
East Dunbartonshire	Yes	Company A has [50–60] per cent overall share units granted planning permission. Next highest share held by non-housebuilder (Company B with [10–20] per cent)	[X]
East Renfrewshire	Yes	Company A in consecutive periods with 42% of overall share. Other top 11 present but their shares < 10%	[X]
Great Yarmouth	Yes	Company A has [50–60] per cent overall share units granted planning permissions and the highest share latest period. No other top11 present. Many applicants granted permission for less than 100 units.	[X]
Halton	Yes	Company A has the largest overall share of unit planning permission granted at [30–40] per cent and it has the highest share of unit permissions granted in the recent period. Other top11 include Company B and Company C with [10–20] per cent and [5–10] per cent overall shares of permission granted. Less than 5 planning applications approved in each period.	[X]
Hammersmith & Fulham	Yes	Company A the only top11 present with [50–60] per cent overall share. Less than 10 approvals in each period with Company A having the largest shares of units in each period. Likely to be a high proportion of Brownfield sites plus other restrictions to building in London.	[X]
Harlow	Yes	Company A and Company B appear in consecutive periods with each have the highest shares of permissions in each period. Overall, Company B has [30–40] per cent share and Company A [20–30] per cent. But other applicants also have significant units granted permission.	[X]
Kingston-On-Thames	Yes	Company A is the only top11 present with an overall share of unit	[X]

⁴⁸ Note that the labels used to denote individual companies for each region are generic (i.e. 'Company A' in East Dunbartonshire is not necessarily 'Company A' in East Renfrewshire).

Name of LPA/LA Area	Concentrated for Multiple Periods	Concerning Factors – Permissions Data ⁴⁸	Concerning Factors – Land banks Data [removed for confidentiality]
		permission granted at [60–70] per cent for >2K units – all granted permission in most recent period. Other applicants present with <100 units granted permission.	
Moray	Yes	Two applicants outside the top11 have the highest overall shares of unit permissions granted: Company A with [40–50] per cent for >1.8K units spread across two periods Company B with [30–40] per cent share for 1.5K units. Company C is the only top11 present with and overall share of [0–5] per cent for unit permission granted.	[X]
Malvern Hills	No	Company A, Company B, Company C and Company D present with Company B granted permission in consecutive periods and it has 2 nd highest overall share of granted unit permission at [20–30] per cent. Two strategic land companies present, with the highest overall share granted to Company E ([20–30] per cent) with all units granted in the 21/23 period.	[X]
Harrow	Yes	No top11 present but Company A appears in consecutive periods. Company A has the highest overall share at [40–50] per cent. Company A looks to be a subsidiary of Company B. Company A indicates other housebuilders (top11 and outside involved) but this not indicated by land banks data for top 11.	[X]
Oadby & Wigston	Yes	Company A and Company B present in more than one period. Company A has the highest overall share at [40–50] per cent followed by Company B at [30–40] per cent. Company C and Company D also present with an overall share of [10–20] per cent and [0–5] per cent. Few other applicants with the units granted permission > 100.	[X]

Source: CMA analysis of the permissions data.

Notes:

[1] The names of companies in each LPA/LA have been anonymised.

[2] Each anonymised company within each LPA/LA is unique that area and is not the same anonymised company across LPA/LA areas.

Appendix B: Summary of concentrated areas identified by Method 2

Table B.1: Summary of concerning factors for concentrated areas using method 2

Name of LPA/LA Area	Local Plan Requirements	ST and/or LT land accounts for x2 Local Plan Requirements	Concerning Factors – Land banks Data [removed for confidentiality]	Concerning Factors – Permissions Data
Aberdeenshire	N/A – Scotland	N/A	[REDACTED]	Company A and Company B present. Company A present in the last 2 periods, Company B in the most recent period. Neither has the highest overall share of unit permissions. The highest overall share at [50–60] per cent was granted to Company C for >12K units. Most of these units were granted permission in the 2012/14 and 2015/17 periods that accounts >12K units.
Broadland	706	Yes	[REDACTED]	Company A, Company B and Company C are present. Company B has the highest overall share of granted unit permissions at [10–20] per cent for more than 1K units granted permission in 2015/17 period. Company A has the joint second highest share at [10–20] per cent.
Havant	315	Yes	[REDACTED]	Company A, Company B, Company C and Company D are the top11 present where Company A has the highest overall share of units granted permission at [30–40] per cent. Applicant Company E has the second highest overall share of unit granted permission at 16%. Other top 11 include Company B ([5–10] per cent), Company C ([5–10] per cent) and Company D ([0–5] per cent). There are less than 10 planning applications granted in each period.

Name of LPA/LA Area	Local Plan Requirements	ST and/or LT land accounts for x2 Local Plan Requirements	Concerning Factors – Land banks Data [removed for confidentiality]	Concerning Factors – Permissions Data
Hounslow	1,782	Yes	[REDACTED]	Company A and Company B are the top 11 present. Neither has the highest overall share of units granted permission. Company C has the highest overall share of units granted permission at [10–20] per cent for >1.6K units granted in the 2021/23 period. The latest period saw nine planning applications granted permission, excluding Company C, the number of units granted permission ranged from 100 to 850 units.
Lambeth	1,335	Yes	[REDACTED]	Company A is the only top 11 housebuilder present. Applicant Company B has the highest overall share at [20–30] per cent for >2.5K units granted permission in the 2018/20 period. Company A has the second highest share at [10–20] per cent for >1.3K unit. There are >20 planning applications that have been granted permission in the last two periods.
Newcastle-Under-Lyme	285	Yes	[REDACTED]	Company A is the only top11 present with the 4 th highest overall share at [5–10] per cent. The top 3 applicants with the highest overall shares are: Company B ([30–40] per cent), Company C ([20–30] per cent) and Company D ([5–10] per cent). Up to 10 planning applications granted permission in the latest period.
North Ayrshire	N/A – Scotland	N/A	[REDACTED]	Company A, Company B and Company C are the top11 present. Company B has the highest overall share unit permissions at [40–50] per cent. Company C has the third highest overall share of unit permissions ([5–10] per cent) and Company A the seventh highest share at ([0–5] per cent). Other applicants present but for <100 units for most applicants.

Name of LPA/LA Area	Local Plan Requirements	ST and/or LT land accounts for x2 Local Plan Requirements	Concerning Factors – Land banks Data [removed for confidentiality]	Concerning Factors – Permissions Data
North East Lincolnshire	750	No - but it's two-thirds of the requirement	[REDACTED]	Company A, Company B and Company C are the top11 present. Applicant with the highest overall share of unit permissions is Company D at [20–30] per cent for >1.4K units with all these units' granted permission in 2018/20 period. Company B ([10–20] per cent) and Company A ([5–10] per cent) have the third and fourth highest overall shares of unit permissions. Many applicants outside top11 present with most granted permission <100 units.
Oxford	431	Yes	[REDACTED]	Company A, Company B and Company C are the top11 present. Top two applicants are outside the top11: applicant Company D has the highest overall share of unit permission at [20–30] per cent for ~900 units, with all units granted permission in 2012/14 period. And the second highest applicant is Company E with [10–20] per cent. Company C ([10–20] per cent) and Company B ([10–20] per cent) have the third and fourth highest overall share of unit permissions. There are some applicants outside the top11 with >100 units granted planning permission but based on their names do not appear to be housebuilders.
Pembrokeshire	N/A - Wales	N/A	[REDACTED]	Company A is the only top11 present with the 3rd highest overall share of unit permissions granted at [5–10] per cent. Applicant Company B has the highest overall share at [30–40] per cent for ~700 units that were granted permission in the 2012/14 period. Other applicants present but for <100 units for most applicants.

Name of LPA/LA Area	Local Plan Requirements	ST and/or LT land accounts for x2 Local Plan Requirements	Concerning Factors – Land banks Data [removed for confidentiality]	Concerning Factors – Permissions Data
Scarborough	450	Yes	[REDACTED]	Company A, Company B and Company C are the top11 present with Company A and Company C granted planning permission in more than one period. Applicant Company D has the highest overall share of unit permissions granted at [30–40] per cent for >1.5K units. Company A and Company C have the second highest overall shares at [5–10] per cent. There are many other applicants outside the top11 present, with many granted permissions for <100 units.
South Tyneside	325	No - but it's two-thirds of the requirement	[REDACTED]	Company A is the only top11 present with the 4th highest overall share of unit permissions at [5–10] per cent for ~128 units. The top 3 applicants with the highest overall shares are: Company B ([20–30] per cent), Company C ([10–20] per cent) and Company D ([10–20] per cent). There are <10 planning applications approved in each period.
Tower Hamlets	3,473	Y	[REDACTED]	Company A and Company B are the top11 present where Company A has the highest overall share of unit permission granted permission at [10–20] per cent for >6K unit with most of these units granted permission in the last two periods. There are many other applicants outside the top11 present with many granted permission >100 units. Likely to be a high proportion of Brownfield sites plus other restrictions to building in London.

Name of LPA/LA Area	Local Plan Requirements	ST and/or LT land accounts for x2 Local Plan Requirements	Concerning Factors – Land banks Data [removed for confidentiality]	Concerning Factors – Permissions Data
Watford	260	Y	[REDACTED]	No top11 present. Applicant Company A has the highest overall share at [30–40] per cent for >1.2K units with all units granted permission in 2018/20 period. Other applicants outside the top11 present with most unit permission granted in the range of up to 100 units.
West Dunbartonshire	N/A - Scotland	N/A	[REDACTED]	Company A, Company B and Company C are the top11 present with <100 units granted permission in the periods they are present. Applicant Company D has the highest overall unit permissions at [60–70] per cent for 1.2K units - all units were granted permission in the period 2015/17. Not many applicants/< 10 planning applications granted planning permission.

Source: CMA analysis of the permissions data.

Notes:

[1] The names of companies in each LPA/LA have been anonymised.

[2] Each anonymised company within each LPA/LA is unique that area and is not the same anonymised company across LPA/LA areas.

[3] ST = Short-term land.

[4] LT = Long-term land.