

# CHART OF THE WEEK

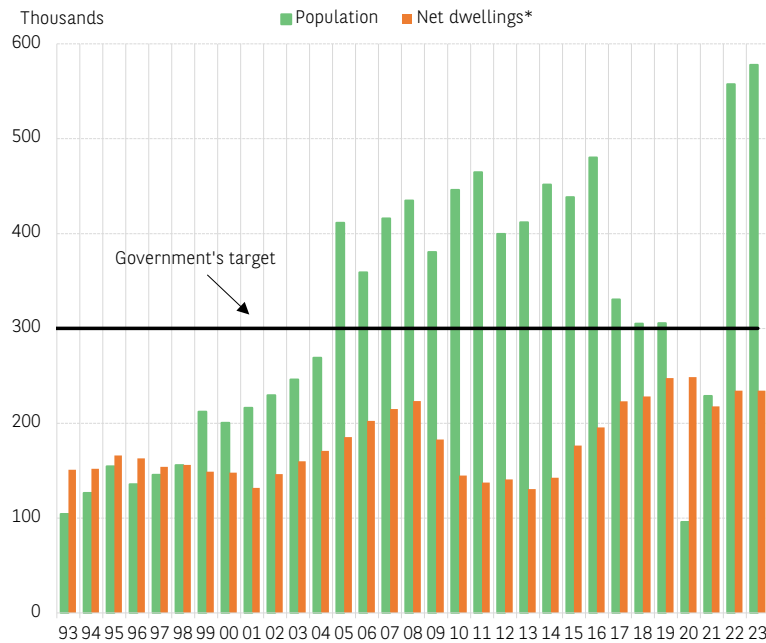


25 July 2024

## HOUSING SHORTAGE, A MAJOR CHALLENGE FOR THE LABOUR PARTY

Guillaume Derrien

### Dwelling target and population growth in England



Source: ONS, British Government, BNP Paribas

\* According to the methodology used by the UK Government, the net number of new homes includes completed new built dwellings as well as the conversion of buildings into housing, minus demolitions.

The newly elected Labour Party has set a target of 1,500,000 extra homes in five years, or 300,000 a year, in an attempt to reduce the shortage in England. This is not a new figure; it was already the one put forward in the Conservative Party manifesto when Boris Johnson was elected in 2019. By creating on average 250,000 homes a year between 2019 and 2023,<sup>1</sup> the target was far from having been achieved by the Tories, who admittedly came up against a succession of shocks (health crisis, soaring costs of materials and interest rates, labour shortages exacerbated by Brexit). Among the measures targeted by the Labour Party, the most important is arguably that aimed at reforming the rules around housing planning in the country (National Planning Policy Framework), which, as well as reintroducing quotas, aims to simplify and speed up the process of obtaining planning permission.

«Get Britain building again» would mean a change of gear never seen before. With the exception of the Covid-19 crisis in 2020, when population growth fell sharply as a result of restrictions on mobility to the UK, the creation of new housing in England has failed for almost 25 years to keep pace with population growth. While construction activity will benefit from the forthcoming fall in interest rates and the normalisation of production costs, the lack of available workers will limit these effects.

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<sup>1</sup> Fiscal year (April-March).

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