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LSE Spatial Economics Research Centre

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Time to Build

I'm still grappling with figures around land hoarding and completion times. Prompted by a colleague (who tells me that yesterday's numbers were 'hard follow') I took a look at the US figures on completion times to provide a comparison to figures for England and Wales.

For England and Wales, average completion time is 25 months which breaks down as:

- 10 months from obtaining permission to starting on the site
- 15 months from starting to completion

For the US as a whole, average completion time is about 9.5 months which breaks down as:

- 1 months to start
- 8.5 months start to completion

So, we look quite slow. But we know that the US market as whole is very lightly regulated compared to the UK. What happens if, instead, we compare with the figures for the North East (which is the more heavily regulated market in the US - and also more metropolitan). For the North East, average completion time is about 12 months which breaks down as:

- 1 month to start
- 11 months start to completion

12 months is a lot lower than 25 months so does this suggest developers here are slow? The problem is that the US numbers are presented by housing unit broken down by the size of the unit whereas the England and Wales numbers are broken down by scheme and size of scheme. Our average time completion would look considerably lower if we looked at the completion rate for individual houses within schemes (rather than dating completion when the last unit in the scheme is built). It's also important to note that the time to completion various a lot depending on whether you are building single unit or multi-unit buildings (with the latter taking much longer in the US). If most England and Wales permitting is for flats, our completion rates would compare reasonably favourably with the North East.

In short, the international comparison doesn't seem to get us much further other than to show that i) we are slow to start and that ii) in the US at least, as regulations increase, it takes developers longer to complete.

Either way, simply pointing to the headline figures for England and Wales of 400,000 permissions 'unimplemented' and average completion times of 25 months doesn't tell us much about the source of any problem and what we might do about it.

[NB: If anyone knows of something more systematic on this, I'd be happy for pointers.]

Posted by Prof Henry G. Overman on Tuesday, June 25, 2013   G+1 Recommend this on Google

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