

# Brownfield Market Signals

## Greenfield housing land supply and the viability of brownfield housing development

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### Executive Summary

**In England there has been substantial change in national planning policy over recent years, with greater market emphasis in setting housing targets since the publication of Kate Barker's *Review of Housing Supply* in 2004. Recent research focuses strongly on the national and regional dimensions of housing supply and affordability. Yet, the impact of planning policy on supply, affordability and the economics of development has received relatively little attention at the level of local housing markets.**

This report provides a significant contrast to a series of recent national and regional level housing affordability projects. It focuses on the determinants of housing development viability at the local level and explores how the supply of greenfield land with planning permission for residential development affects the economics of brownfield redevelopment. Such issues reach to the heart of the Government's brownfield land policy, especially to its continued commitment to a 60% national brownfield target and a sequential approach in determining proposals for new housing development and more recently to the encouragement it has given local authorities to adopt more interventionist strategies in pursuit of the brownfield agenda.

The quantitative work reported here draws on datasets that include information on detailed residential planning consents in nine case study local authorities, and digitised local plan data. Data preparation work included significant cross-checking of planning consents against local plan records as well as direct contact with, and advice from, local planning authorities. The research combines these data sources with information obtained from the Department for Communities and Local Government (DCLG), and with robust models estimated in the course of previous research projects (including, for example, a model of new-build house prices).

The research finds that site-specific development viability falls as competition increases – measured in terms of the supply of both planning consents and newly completed homes. At the individual local authority level, the results suggest a more complex picture. Greenfield land supply appears to reduce the viability of brownfield development in some local authorities, but not in others. Our conclusions must be tentative given the pilot nature of this study, but the results suggest that high levels of greenfield supply, particularly in areas of weaker housing demand, reduce the viability of brownfield development. Overall, these results suggest that high levels of housebuilding in one part of a local authority area might well send market signals that make development less viable in other parts of the same authority area. This would point to the need for caution in thinking carefully about the level and timing of planning consents.

These findings point to the need for those engaged with setting targets, planning or delivering new homes to:

- examine the capacity of local housing markets to absorb new supply, both in time and space;
- understand the operation of crucial market signals at the local level; and
- ensure the timing, location and level of consents is informed by an understanding of how local land and housing markets interact.

The findings also highlight the extent to which development viability is place-specific and suggest that the power of local authorities to improve relative viability through active place-making strategies should not be underestimated.

**For copies of the full *Brownfield Market Signals* report and appendices visit: [www.cpre.org.uk](http://www.cpre.org.uk)**