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- Home
- News
- Products
- Events
- Low Carbon Homes
- Press
- Sustainability
- What's New
- Building Skills
- Resources
- Links
- Self-Build

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General

[Housing gap to rise to two cities size of Birmingham by 2021](#)

04/07/2013 - 10:39:20



General

[Persimmon lifts homes completions 7% in 2013](#)

03/07/2013 - 11:25:12



General

[House building keeps construction in growth for second month](#)

03/07/2013 - 11:11:40



General

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28/06/2013 - 08:44:30



General

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27/06/2013 - 20:08:41

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10:39:20 - 04/07/2013

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Housing gap to rise to two cities size of Birmingham by 2021

Woeful levels of house building have left the country facing a housing gap of 886,000 homes by 2021.

New research, undertaken by the Association for Consultancy and Engineering, highlights for the first time the true extent to which the number of households across the country exceeds the number of homes.

The ACE has called for urgent housing building reforms warning that tinkering with the demand side of the industry will not tackle the worsening problem.

The research, which reflects updated ONS projections, reveals that families in the UK are already facing a housing gap equivalent to a city the size of Portsmouth.

This will have grown to twice the size of Birmingham at present building rates, leaving the UK with a housing gap worth £185bn.

Dr Nelson Ogunshakin OBE, ACE's chief executive, said: "The housing market has broken down over decades because we have not built enough homes for people – and the consequences of that are already being felt.

"There are presently 650,000 over-crowded households in England.

"Meanwhile the proportion of people under 34, which includes most new parents, who own their own home has dropped from 61.5% to 39.8% in just two decades.

"Our new analysis shows that if we don't overhaul the market to enable more homes to be built, the problems will only worsen."

The research paper warns that its disturbing estimates may prove to be conservative.

Young people increasingly live in high occupancy rented housing, but this counts only as one household. This suggests a hidden demand for housing that will emerge as they form families.

Dr Ogunshakin said: "A market facing hyper inflation because of severe shortages is generally recognised to have failed.

"Yet the UK market has grown too comfortable with high inflation in housing.

"In the last 35 years house prices have risen 2035%. That is more than twice the 936% increase in wages over the same period. So the Government must now decide on the path the UK takes.

"It can subsidise unsustainably high mortgages and deposits for people buying new homes, it can prepare for the rising social harm and welfare costs associated with homelessness, transience and over-crowding, or it can overhaul the housing building market to establish a new model that will deliver enough new homes."

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