The countryside charity CPRE

ENGLISH RURAL

RURAL SERVICES NETWORK

Rural recovery and revitalisation

The economic and fiscal case for investing in rural affordable housing to drive post-pandemic recovery

October 2020

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A report for CPRE, English Rural and Rural Services Network

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With research support from
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Disclaimer

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Executive summary

Pragmatix Advisory has been commissioned by CPRE, English Rural and Rural Services Network to evaluate the case for building more new affordable homes in rural areas.

Building more affordable homes in rural communities makes sense economically, socially and fiscally. It will provide a needed boost to the post-covid recovery of some of the most seriously impacted local economies, support the longer-term sustainability of fragile rural communities and deliver to the Treasury substantial savings in public sector expenditure.

Affordable housing delivers rural sustainability

Building more affordable homes in rural communities …

… makes economic sense

Ten new rural homes provide £1.4 million boost to help level up disadvantaged local economies

Building new homes is an effective economic stimulus to help communities and regions recover from the impacts of the covid recession.

Ten new affordable rural homes cost just under £1.1 million to build and directly support the equivalent of around nine full-time jobs in the construction sector. The economic boost is multiplied along the supply chain as employees in the construction sector and its supply chain spend their incomes, while small businesses and self-employed traders become more economically active. Across this wider ecosystem, a total of 26 jobs are supported, £250,000 of new tax receipts are generated and an overall £1.4 million extra gross value added (GVA) is created.

With a greater dependence on construction, as well as tourism and retail, rural economies have been among the hardest hit by the business and financial consequences of the pandemic. Rural communities have seen the highest rates of furloughed employees. Building new homes could bring workers into employment who would otherwise be unemployed and receiving benefits – saving the government up to a further £12,000 per new home built.

Rural challenges
Economic vulnerability. Commercial activity concentrated in relatively few sectors.
Homebuilding rate per head of population lower in rural than in urban areas.
Second homes increase pressure on housing availability and push up prices.
Rural wages are lower than those earned in urban areas.
Lower-income families face house price-to-income ratio of almost 9.5.
Farms employ 70,000 seasonal workers each year, mostly EU nationals, and will now need to recruit more locally.

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… makes societal sense

124,000 extra rural households as covid prompts families to move out from the cities

New affordable homes will help ease existing pressures on rural communities which are likely to be compounded by the long-term impacts of covid.

Even before covid, rural families faced some of the least affordable homes outside of London. Rural key workers and lower income employees spend a greater proportion of their incomes on housing – if they can find accommodation at all.

The potential longer-term implications of covid will further compound the difficulties faced by rural workers finding and affording rural homes. Although it is too early to make reliable predictions of the post-pandemic 'new normal', likely future trends are becoming clearer. Current town and city dwellers have begun to seek homes with more space and fresh air; remote and flexible working will become a permanent way for some office-type jobs to be carried out; and interest in 'staycation' domestic tourism will increase. All will add to demand for rural homes and services.

On conservative assumptions about the proportions of current city and town workers who may relocate to rural communities given the 'new normal', we estimate a further 124,000 homes may be needed in rural England over the next decade, over and above pre-existing demand. This is the equivalent to three years of additional homebuilding at current rates.

Features of the rural economy
England's rural economy contributes an estimated £229 billion to national output.
Key workers represent 33 per cent of the rural employed population.
Rapidly ageing demographic, with a higher proportion of retirement-age residents than in urban areas.
More people aged 16 to 30 years are leaving rural areas than migrating into them.

… makes fiscal sense

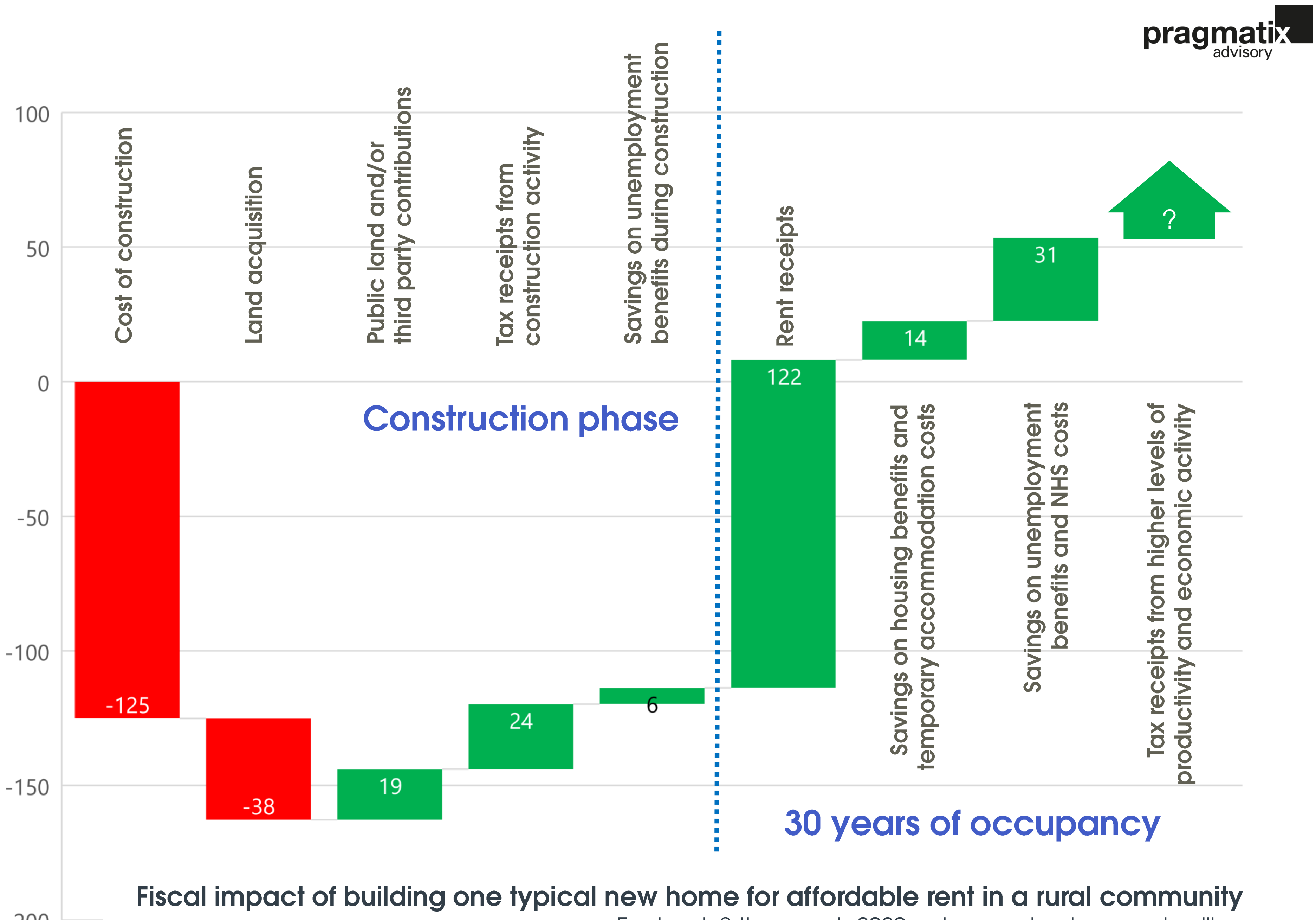
Each new rural affordable home pays for itself and returns an extra £54,000 to Treasury coffers

Building new affordable homes will improve public sector finances. Upfront costs to councils and housing associations are partially mitigated by higher central government tax receipts from the construction sector as well as reduced unemployment and welfare spend on builders who may otherwise have been without work.

Once built, every new home will save the government money through a reduction in housing and unemployment benefits, spending on the health service, and costs of providing temporary accommodation. Each new home will reduce the annual deficit by an average of £6,500.

A programme of building affordable rural homes will improve public finances over 30 years by the equivalent of £54,000 per house in today's money – even after taking account of the cost of construction and land acquisition.

New rural affordable homes deliver benefits
Improve health and wellbeing and save the National Health Service money.
Cut spending on housing benefit.
Enable key workers to live close to work.
Keep family networks together, reducing social care bill.
Support rural businesses, with local customers and workforce.
Help to keep village schools, pubs and post offices open.
Improve social mobility and level-up.



Fiscal impact of building one typical new home for affordable rent in a rural community

England. £ thousands 2020 net present value per dwelling

Source: Pragmatix Advisory Social and Council Accommodation Long-term Evaluation model

1. Rural challenges

Population and sustainable communities

Demographic shifts over time are changing the shape of rural communities with a growing population, a steadily increasing average age, and the outward migration of younger families. Appropriate, affordable housing is in short supply.

Economic vulnerability

Most jobs in rural locations are concentrated in a smaller number of industry sectors than in urban settings. This makes rural economies more volatile and at greater risk from sectoral downturns. Further vulnerability comes from the reliance on seasonal employment, particularly in agriculture and tourism, and the large number of small businesses and self-employed people.

Rural incomes and housing affordability

Salaries earned from jobs based in rural locations are, on average, lower than those earned from jobs in urban locations. This puts market-rate house prices and private rental costs out of reach of many residents, including many key workers performing essential roles in rural areas.

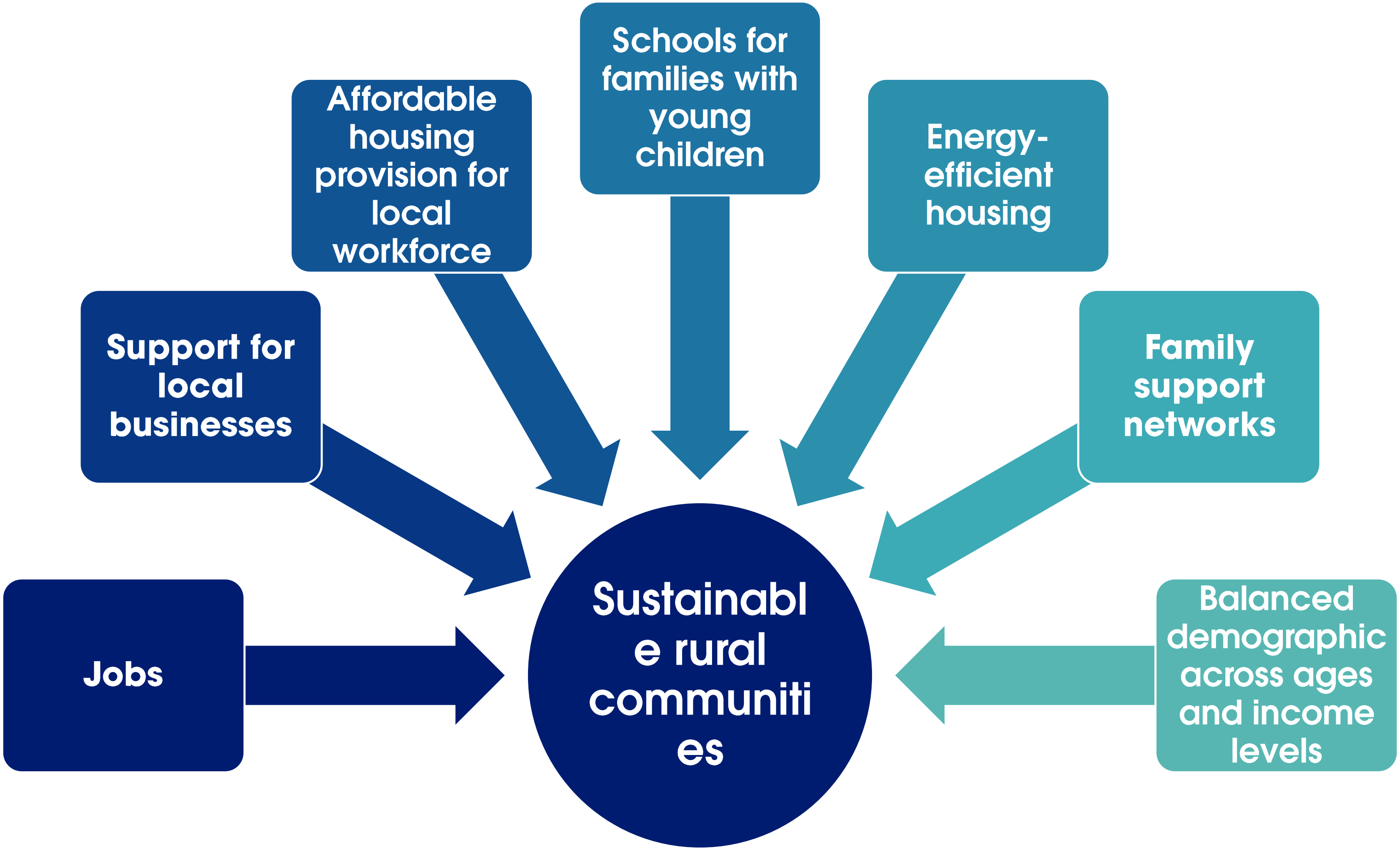
Population and sustainable communities

Housing is central to the sustainability and viability of rural communities and economies.

Homebuilding is not keeping pace with the rise in the rural population. A national under-supply of new homes is more pronounced in rural areas, with fewer new builds per head than in urban areas.

Although rural communities are increasing in overall size, outward migration of young families to urban locations is leading to an increasingly ageing population in the countryside.

Availability and quality of homes has far-reaching effects, not least in public service expenditure. For example, illness and injury as a result of poor housing costs the National Health Service over £1 billion a year.

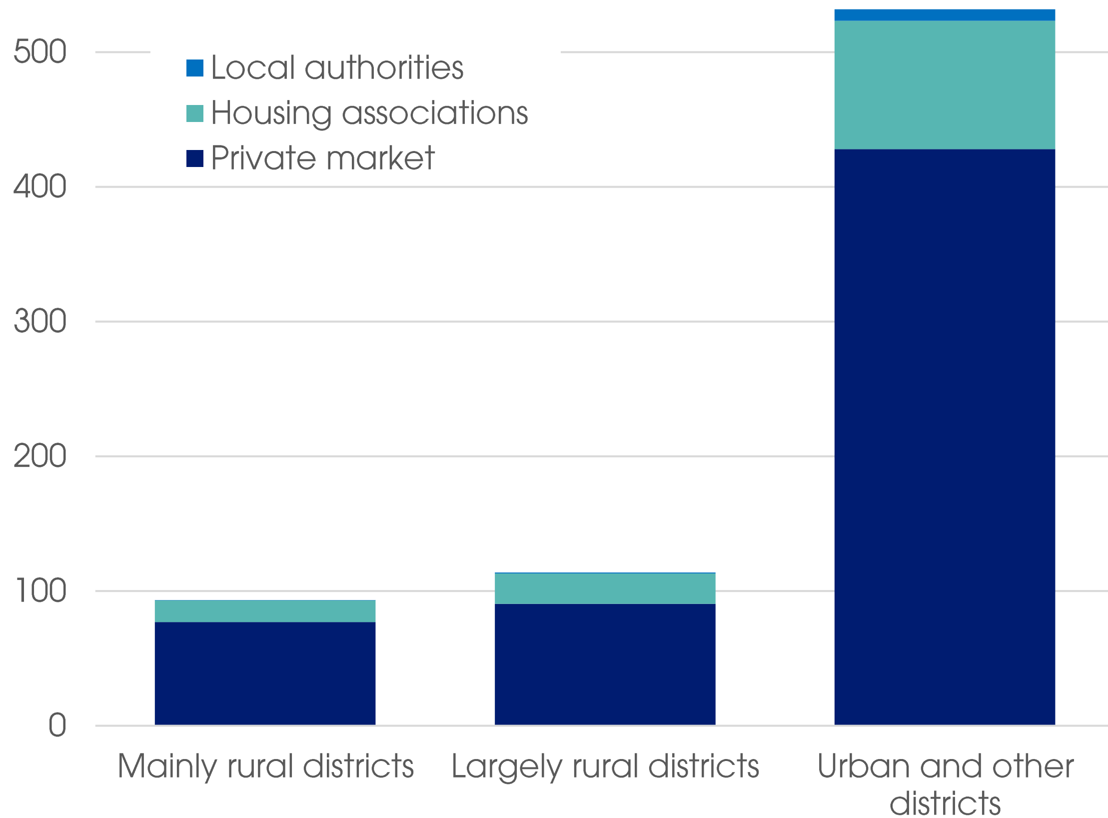

Schools for families with young children
Affordable housing provision for local workforce
Energy-efficient housing
Support for local businesses
Family support networks
Jobs
Sustainable rural communities
Balanced demographic across ages and income levels

Rural build rates failing to keep up

The rate at which new houses are being built fails to meet demand across all regions of England. Both rural and urban locations require substantially more new homes for affordable and social rent, to meet not only the existing demand from households on housing association and council waiting lists, but also the increased accommodation need that is expected to arise from covid.

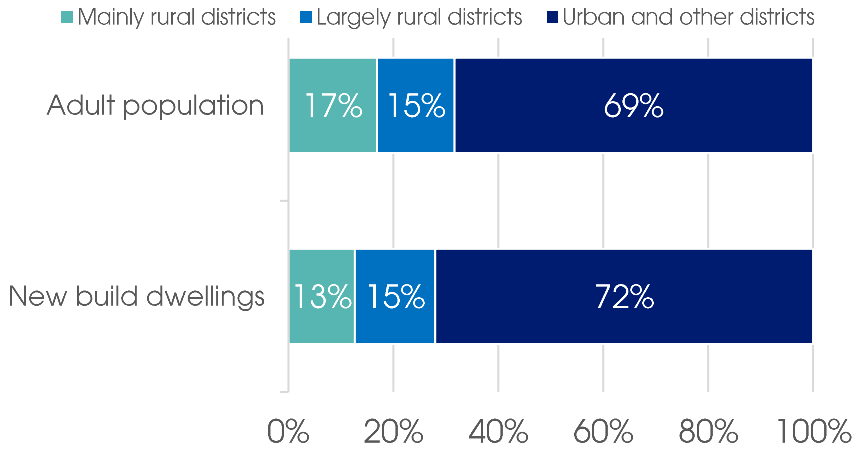
Increased unemployment, lifting of the eviction ban and inability to meet housing costs will result in additional households requiring more affordable homes.

New build dwelling completions
England, 2014-15 to 2018-19, thousands



Source: Ministry for Housing, Communities and Local Government

Share of new build dwellings compared with share of adult population
Rural and Urban districts, England, 2019



Rural build per head lower than in urban areas

The rate at which new homes are being built in rural settings falls behind that in urban areas.

Urban locations have seen an extra 250 dwellings completed per 100,000 adults over the past five years, in comparison with rural completions.

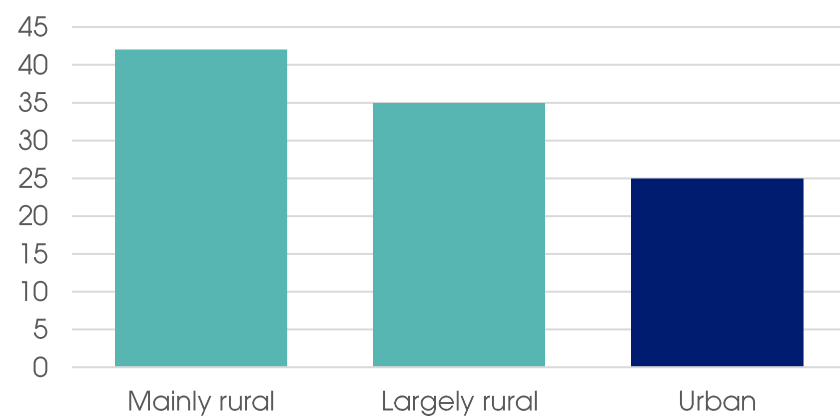
Fewer new dwellings in rural England will further drive up the cost of existing homes, as demand outstrips supply.

Rural areas popular as second addresses

Housing supply in rural areas is further restricted by the purchasing of second homes. Bought as investments, for work or as holiday homes, second addresses are more common in rural areas.

Rural local authority areas tend to have a higher incidence of properties listed as a second address by those usually resident in a different local authority area.

People with a second address in a local authority, who are usually resident outside of that local authority, per 1,000 usual residents
England, 2011, median



Source: Ministry for Housing, Communities and Local Government (bottom); Office for National Statistics (top);

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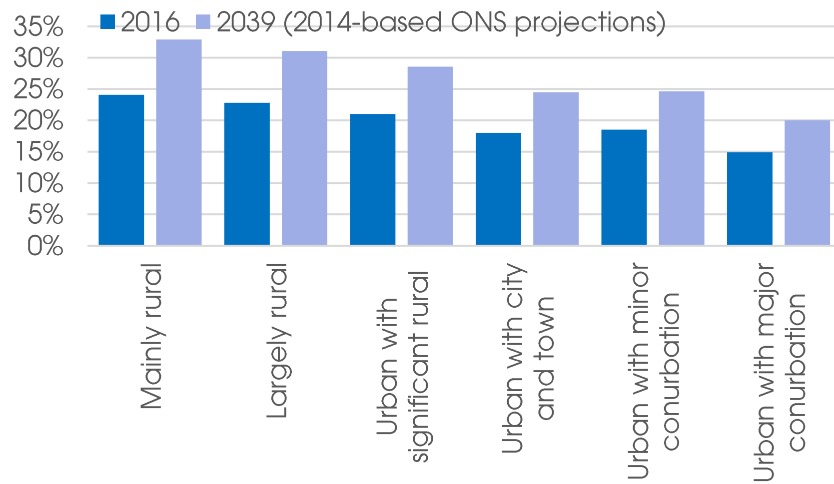
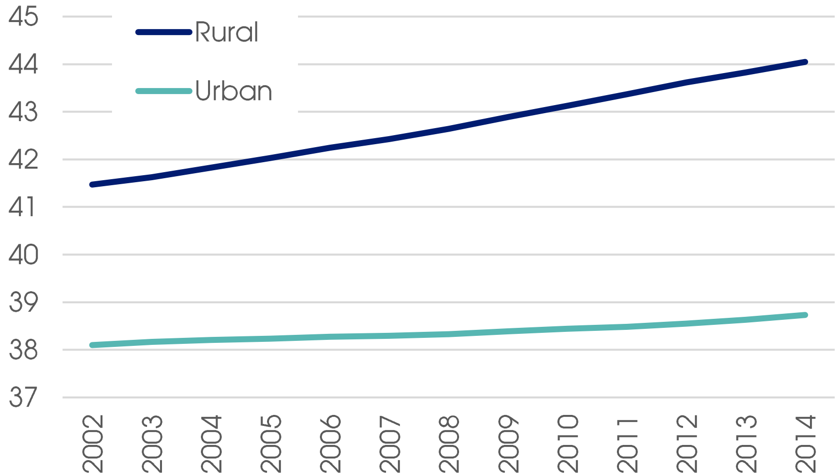
Rural areas are home to a rapidly ageing population

The proportion of people in rural areas over the age of retirement was more than eight percentage points higher in rural areas than in major conurbation areas in 2016. This gap is set to increase to eleven percentage points in the next two decades – and places additional strains on not just the quantum of new housing required but also its specification.

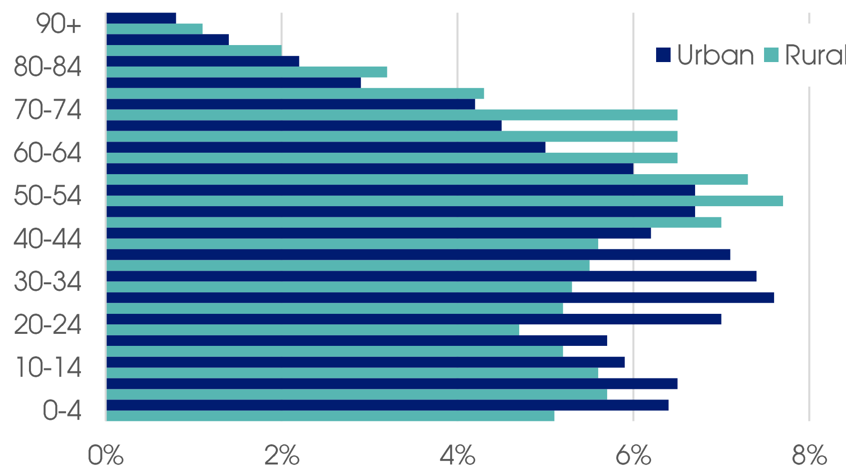
Proportion of population aged 65+ years
England, 2014, per cent



Average age of population
England, years

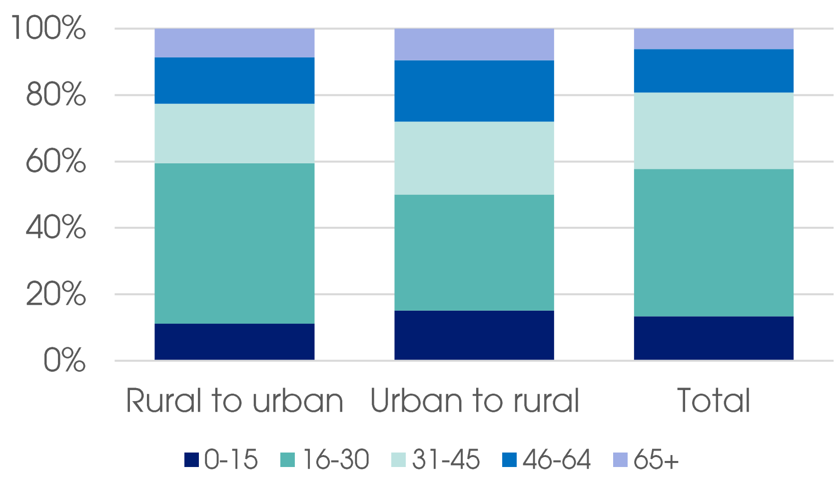


Age bands as percentage of population
England, 2018, per cent

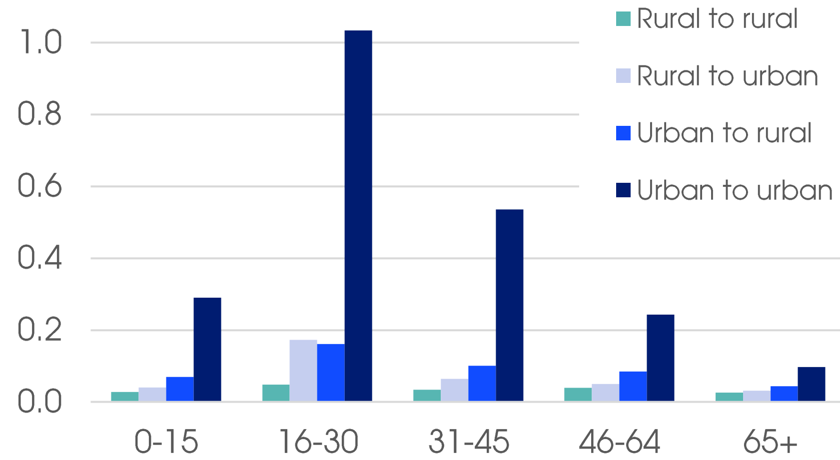


Source: Office for National Statistics (bottom left); Department for Environment, Food and Rural Affairs (top and bottom right)

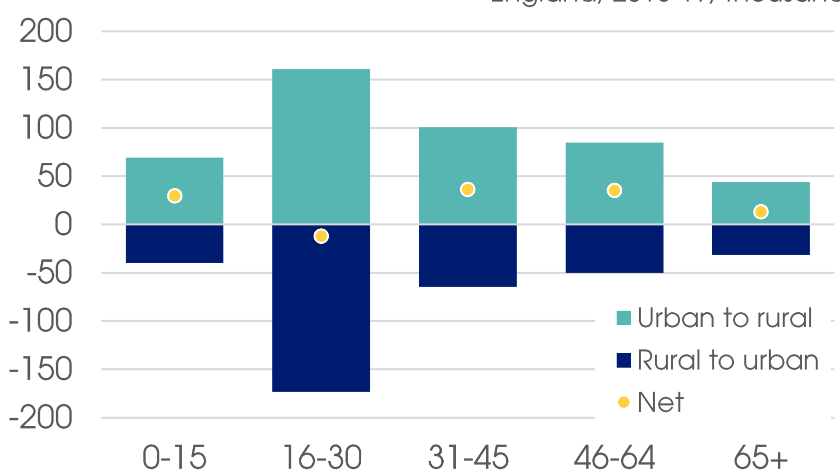
Internal migration by age of movers
England, 2018-19



Internal migration: number of moves per age
England, 2018-19, millions



Internal migration: number of moves between rural and urban local authorities by years of age
England, 2018-19, thousands



Greater outward migration to urban areas by young people

Although household net migration flows are typically from urban to rural, the flow is out of the countryside for those in the sixteen to thirty years age bracket, which has an impact on the scale and nature of the workforce available to rural employers.

Source: Office for National Statistics

Poor homes cost NHS over £1 billion a year

Rural housing is often characterised as traditional, historic dwellings. However, residents who cannot afford the upkeep on older properties are likely to live in increasingly poor-quality homes.

Rural housing tends to offer less scope for 'right-sizing' than urban housing, leading to either overcrowding or to people living in homes too big to manage.

Department for Environment, Food and Rural Affairs data shows that, in 2018, 425,000 rural households were 'fuel poor' with the cost of energy pushing residents below the poverty line. A large proportion of rural homes are not connected to the gas grid and rely on costly oil or liquefied petroleum gas.

In England, an estimated 3.5 million homes are regarded as poor, both in rural and urban areas. The total estimated annual cost to the National Health Service of this poor housing is £1.4 billion.

Hazards	Annual cost to NHS
Excess cold	850
Falls on stairs	200
Dampness	16
Overcrowding	2
Pests	3.5
Structural collapse	1.5
Electrical problems	1.5
Carbon monoxide	1.5
Lead	14
Water supply	1

Annual cost to National Health Service of hazards arising from poor housing
United Kingdom. £ millions

Sources: Department for Environment, Food and Rural Affairs 2020; Building Research Establishment 2011

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Economic vulnerability

Rural economies are prone to greater volatility and are more vulnerable to shocks, like the covid pandemic, than their urban counterparts.

Sparsely populated areas unsurprisingly have a less diverse range of businesses and job options than urban locations. Rural communities rely on a narrower range of sectors. And their fortunes depend more heavily on the prospects for these limited economic activities, such as tourism and agriculture.

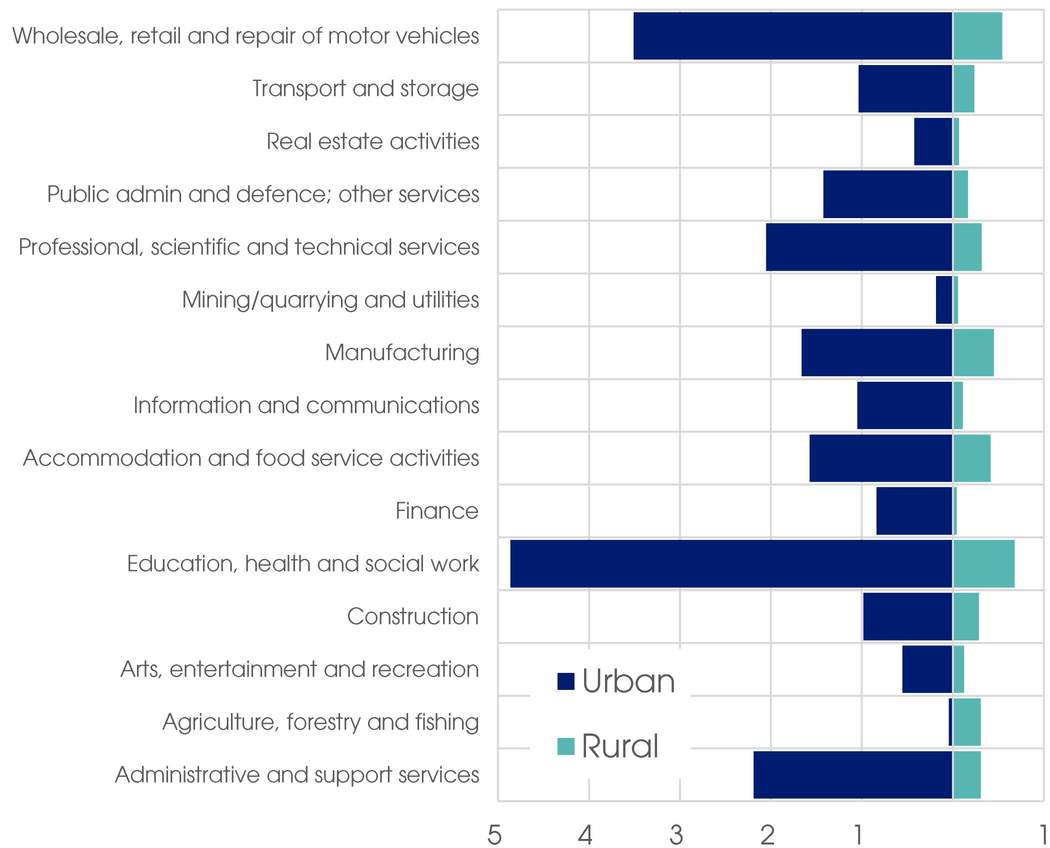
Many of the key rural sectors depend on a high proportion of seasonal workers, while self-employed craftspeople or tradespeople represent a larger share of jobs than in the cities and conurbations.

Rural business vulnerable to economic shocks

The pandemic rapidly exposed vulnerabilities in a number of commercial sectors, with hospitality, leisure, tourism, and the arts among the most visibly affected.

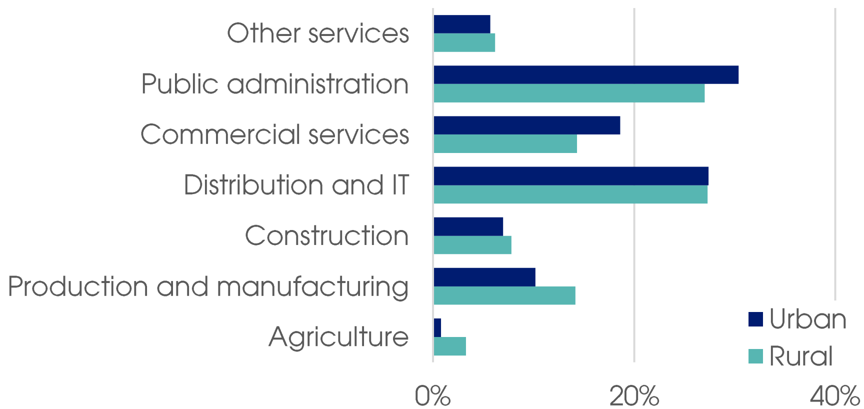
In rural communities the vulnerability is more pronounced, as businesses are commonly concentrated in fewer sectors than in urban areas. The impacts of a downturn in a particular sector would be more keenly felt in rural settings, where jobs in alternative industries are more scarce than in urban locations.

Employees by industry
England 2018-19, millions



Source: Office for National Statistics

Percentage of urban and rural jobs by industry
England, 2019

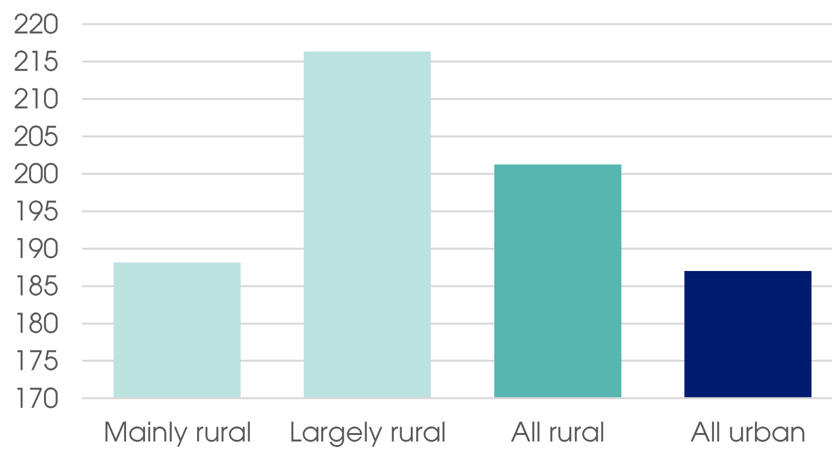


Farming and food disproportionately rural, but still only a small employer in the countryside

Agriculture, manufacturing and construction provide a greater proportion of rural jobs than urban occupations, making countryside economies more dependent on the prosperity of those sectors.

Communications and information roles, which include those that are not location-dependent, are almost equally commonplace in both rural and urban settings.

Median standard deviation of local authority gross value added by industry
England, 2018, £ million



Rural economies are more dependent on particular sectors than urban economies

There is a greater spread—depicted here as a higher standard deviation—in the value added by industries within rural local authorities than in urban local authorities. Urban areas have a more diverse and balanced industrial structure to their economies; rural areas less.

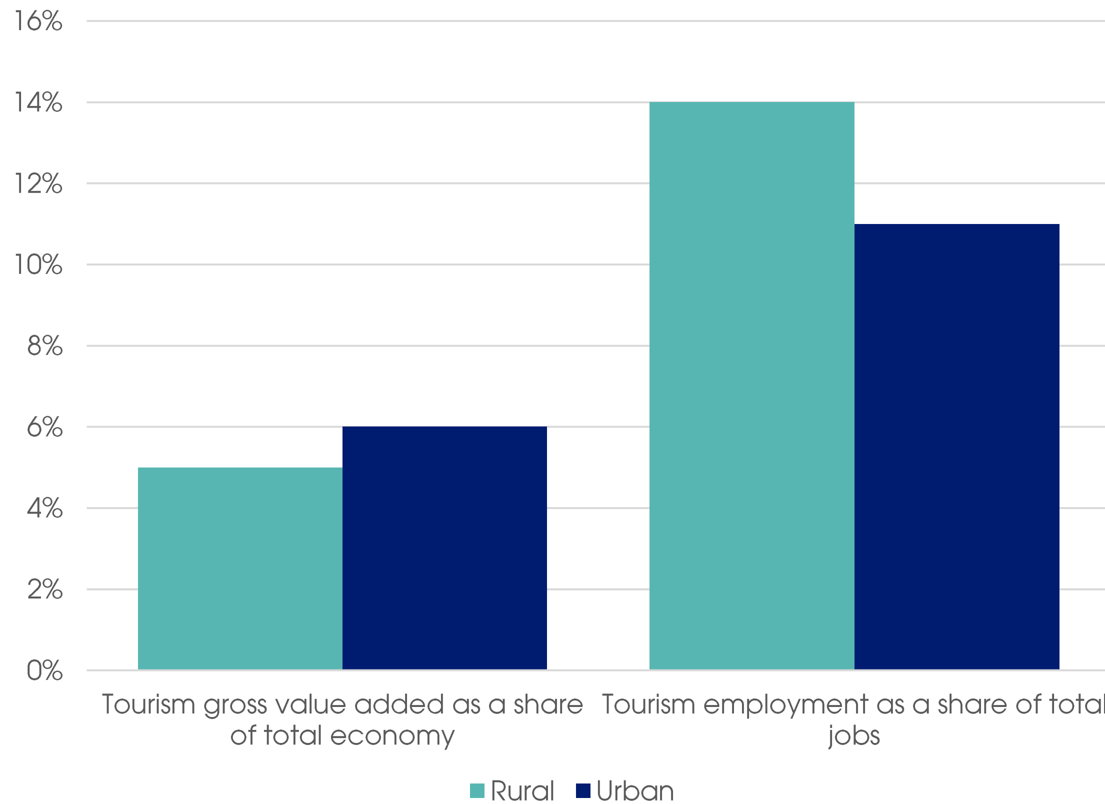
Source: Office for National Statistics and Pragmatix Advisory

Tourism important for rural jobs

Tourism is an important sector for many rural communities.

It may account for a smaller share of rural gross value added than in urban areas, but its share of rural jobs is higher.

Tourism-related gross value added and employment
England, 2017-18



Source: Office for National Statistics

Rural incomes and housing affordability

With wages and salaries in rural locations tending, on average, to be lower than those earned in urban settings, it is no surprise that housing affordability is a problem in rural England as well as in cities and towns.

The problem is especially acute when considering low income households and key workers upon which many rural industries and communities rely.

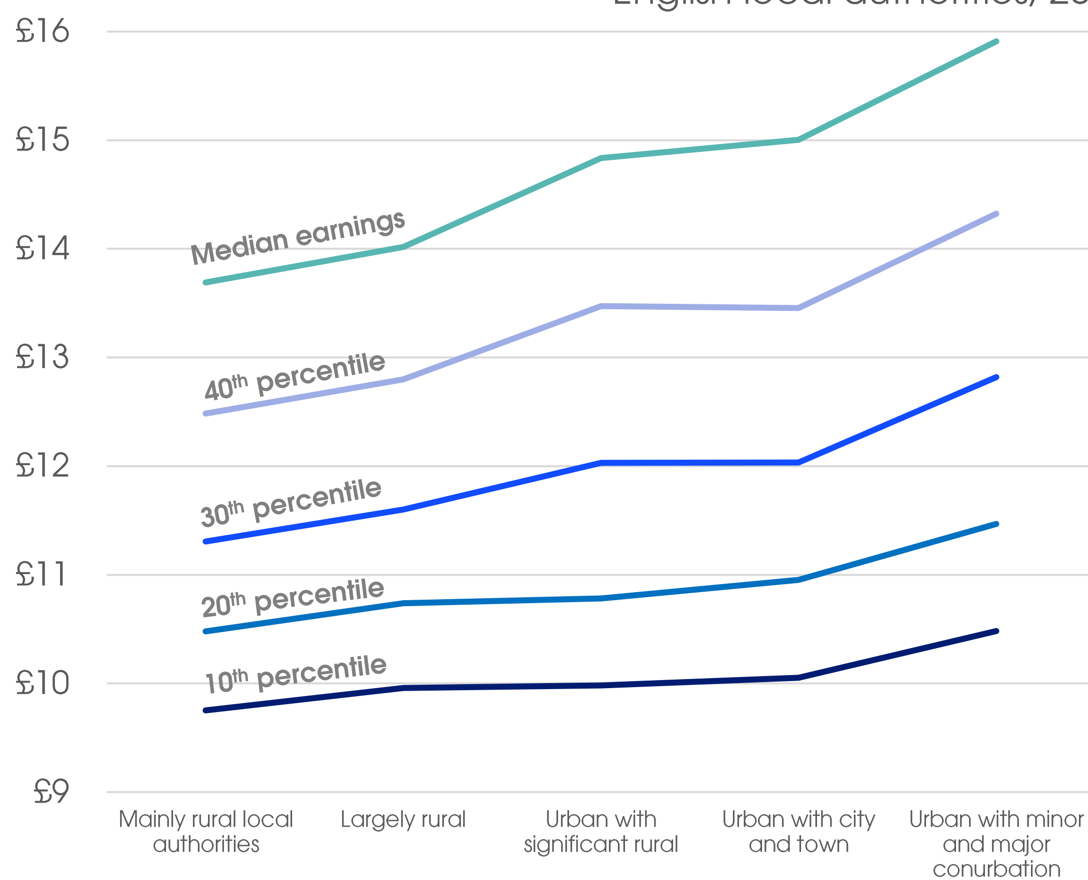
Workers' wages lower in rural locations

Wages and salaries paid by employers in rural areas are, on average, lower than those paid in towns, cities and conurbations.

Whereas the average median full-time gross wage in an English 'mainly rural' local authority is just under £14, it is just under £16 in the conurbations.

This difference is seen throughout the income distributions – with the lowest paid in rural areas being paid less than the lowest paid in urban jobs.

Hourly wage of full-time workers
English local authorities, 2019



Source: Office for National Statistics

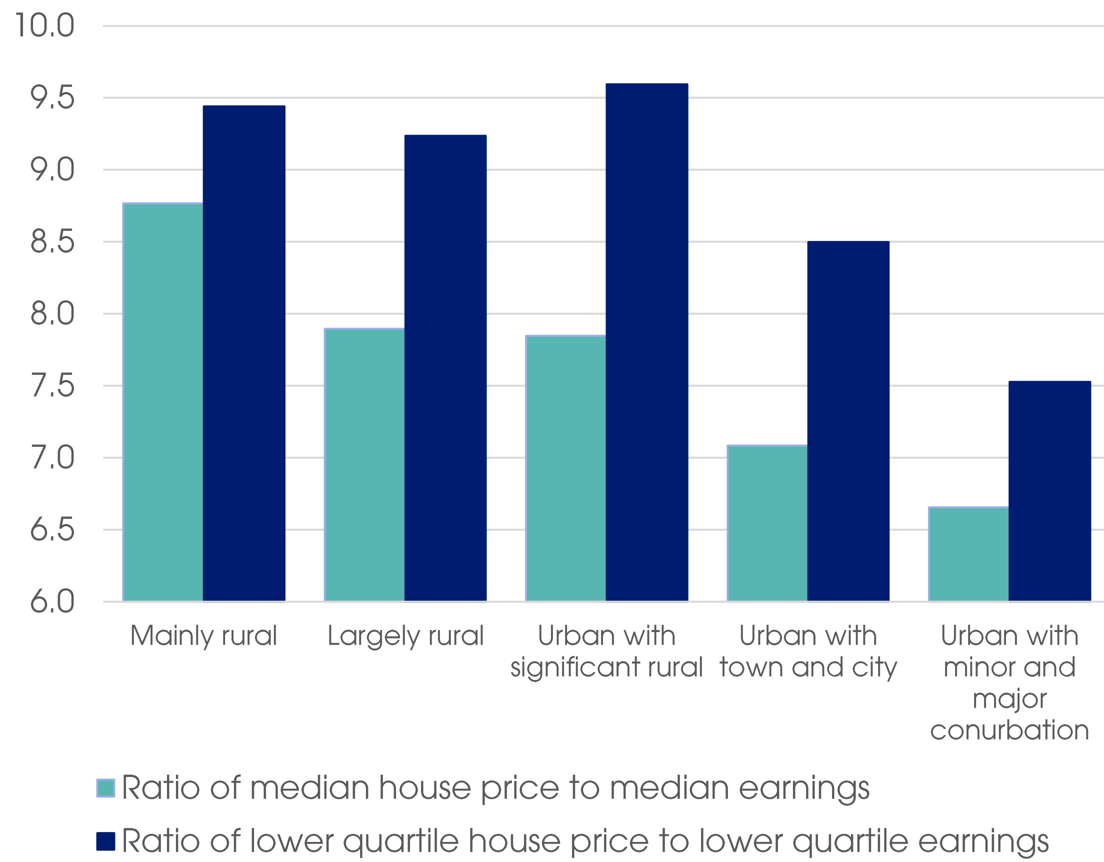
Rural house price to earnings ratios are high

Lower wages mean market-rate house prices and private rental costs are unaffordable for many local people.

Excluding London, the ratio of house prices to local wages is higher in rural or significantly rural areas of England than in urban locations.

This is the case both for the 'typical' household and those on lower incomes.

House price to earnings ratio
England (excluding London), 2019



Source: Officer for National Statistics

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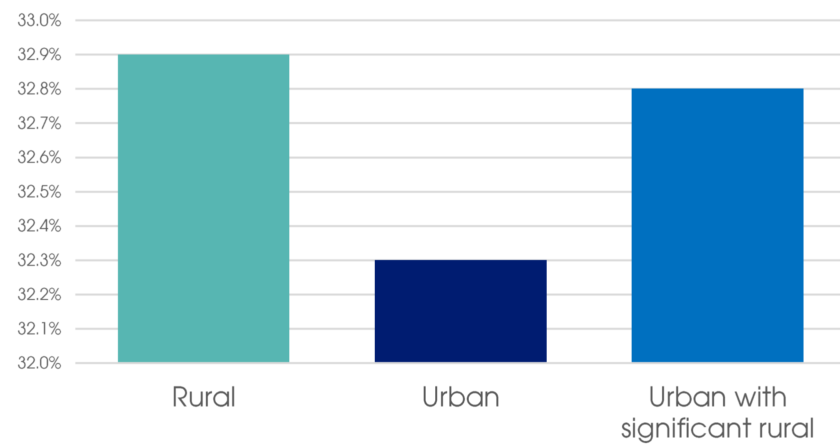
Covid has shone a light on the wide-ranging role of key workers

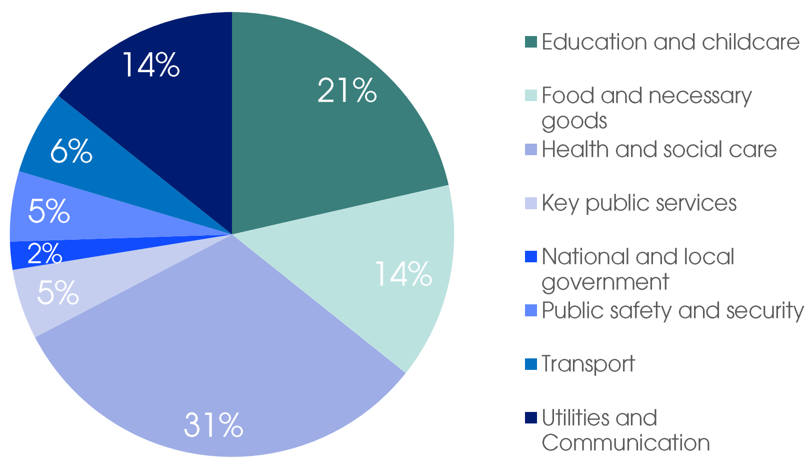
Prior to the pandemic, those working in the National Health Service, education, public safety and security were generally regarded as the key workers in England.

Lockdown has shown the vital role that workers doing 'unskilled' jobs play in keeping the country safe and functioning. Supermarket employees, delivery drivers, postal workers, social care staff, and cleaners, to name but a few, have all been essential.

Key workers as a proportion of working-age people in employment
United Kingdom, 2019



Key workers by occupation groups
United Kingdom, 2019



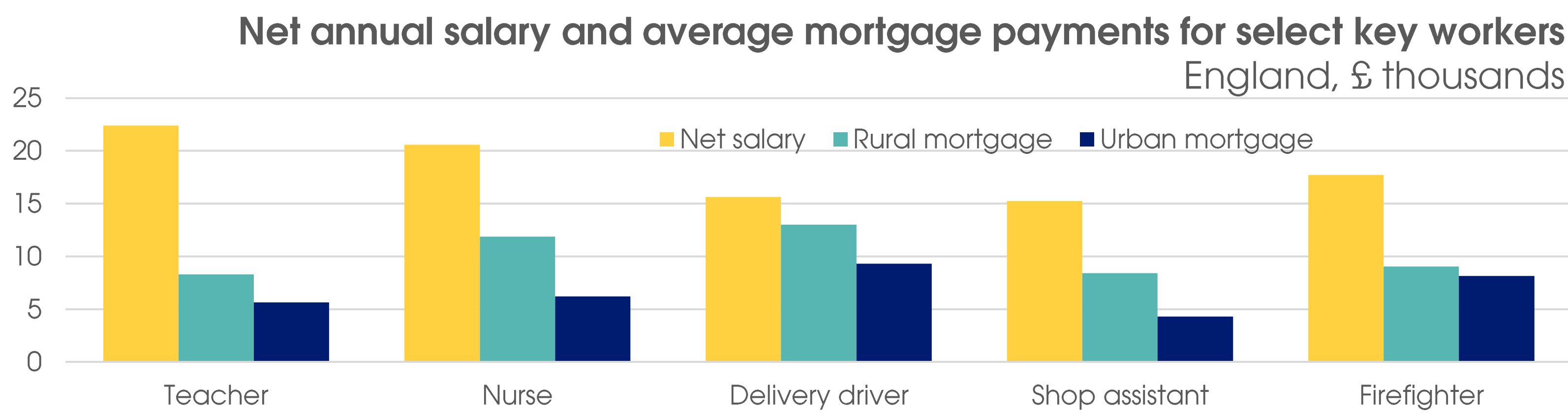
Key worker occupations important for employment in rural and urban areas

Key workers make up just under a third of employed people in rural settings – marginally higher than in urban areas. Rural safety can rely on the likes of retained firefighters and RNLI volunteers, who must live and work within minutes of their station.

Housing costs are often higher in rural areas than in nearby urban locations. The following page compares incomes of key workers whose jobs are in rural districts with property prices in both the places where they work and neighbouring towns and cities within a 30-minute car journey.

Source: Office for National Statistics Annual Population Survey 2019

Mortgages unaffordable for rural key workers



	Primary school teacher	Nurse	Delivery driver	Shop assistant	Retained firefighter & part-time receptionist
Case study	Qualified one year. Works in **East Riding of Yorkshire**	Newly qualified. Works in **South Hams**	Delivers for food retailer in **Stratford-upon-Avon**	Works in a village shop in **Staffordshire Moorlands**	Must live in five minute radius of fire station in **High Peak**
Net salary	£22,408	£20,577	£15,631	£15,245	£17,713
Average flat or house price	Rural: £133,500 Urban: £100,000	Rural: £210,000 Urban: £110,000	Rural: £230,000 Urban: £165,000	Rural: £149,000 Urban: £76,000	Rural: £160,000 Urban: £144,000

Sources: UK House Price Index; Office for National Statistics; Glassdoor; NUWUT; Fire Brigades Union; nurses.co.uk; Royal College of Nursing

2. Covid challenges

The economy

The latest Office for Budget Responsibility 'central' case analysis says the government should plan on the basis of losing around £1 trillion of economic output by 2024-25 because of covid. The depth of this downturn is compounded by the ongoing risks and uncertainties around the public health emergency. In these circumstances, effective fiscal loosening requires emphasis on increased government expenditure rather than tax cuts.

Construction

The outlook for builders is tougher than for those in many other industries. Property development is characterised by projects with long lead times, large risks and significant up-front financial outlays; in uncertain and volatile economic times, homebuilding schemes are more likely to be slowed, paused or axed than activity in other sectors.

Private housing output is not expected to return to the 2019 level of 145,000 new homes per year until 2023 and many in the industry believe that, without further intervention and funding, the recovery of new public housing will take even longer.

The 'new normal'

It is likely that covid will result in long-term shifts in social behaviour, public policy and business practices. A number of 'new normal' trends, such as rural population growth, domestic tourism and increased pressure on food supply, will have implications for rural economies.

The economy

Nobody knows what the eventual impact of the coronavirus pandemic will be on the economy. There has been a sharp drop in output through lockdown; we wait to see what will happen to employment once the government's new job support scheme is up and running. The speed, shape and robustness of any recovery remains unclear.

But we can make educated guesses – and we do know the likely nature and broad scale of the challenges we face.

The latest Office for Budget Responsibility `central' case analysis says the government should plan on the basis of losing around £1 trillion of economic output by 2024-25 because of covid. The depth of this downturn is compounded by the ongoing risks and uncertainties around the public health emergency. Lockdown and social distancing physically suppresses demand; traditional fiscal and monetary loosening measures, such as tax and interest rate cuts, are blunted.

During the lockdown, direct government spending, such as on the furlough scheme, was necessary to keep businesses afloat and workers in employment and continues to be essential. Similar direct intervention will be needed to establish and sustain the economic recovery. In this economic emergency, effective fiscal loosening requires emphasis on increased government expenditure rather than tax cuts.

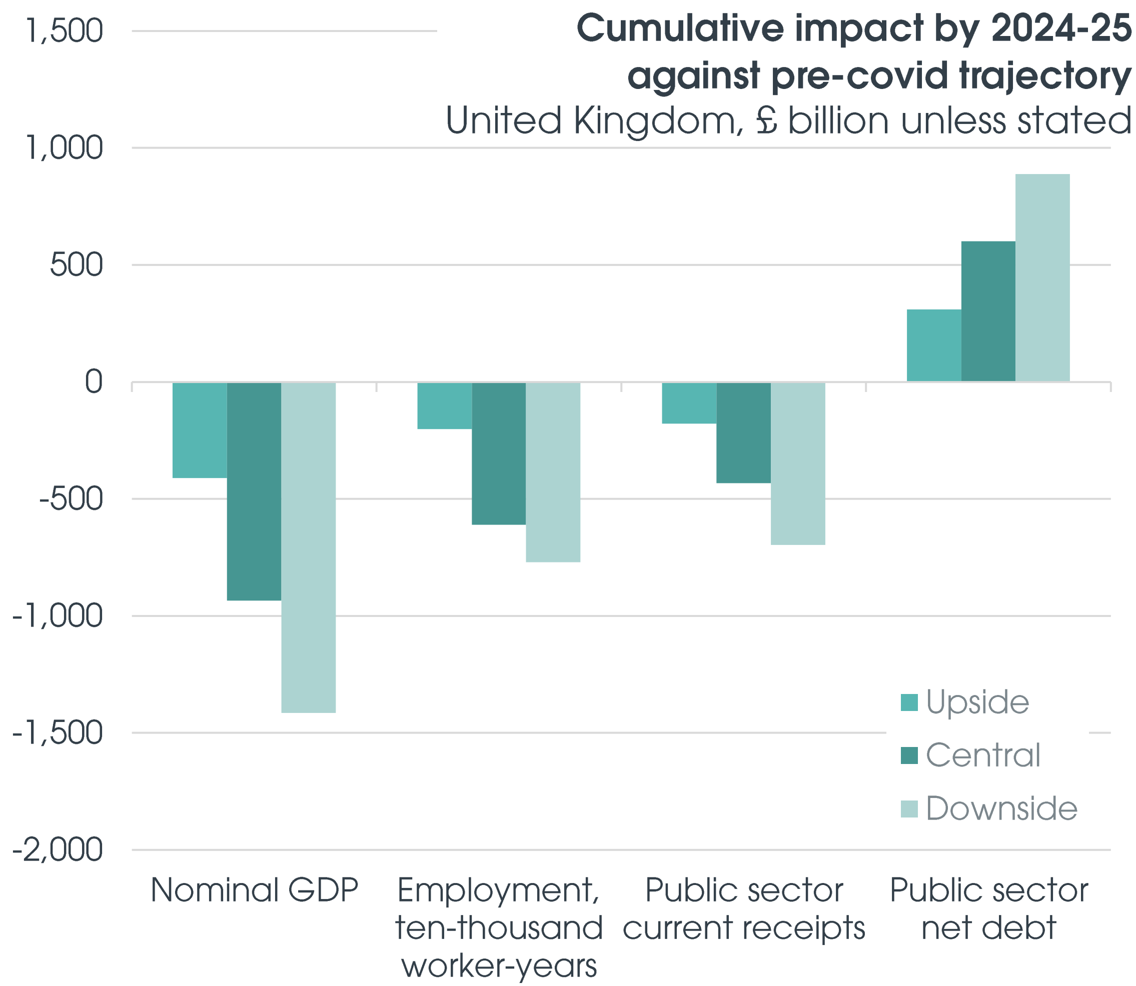
An economy that's lost almost half a year

Covid will set the economy back substantially – not only this year, but over the multiple years of recovery.

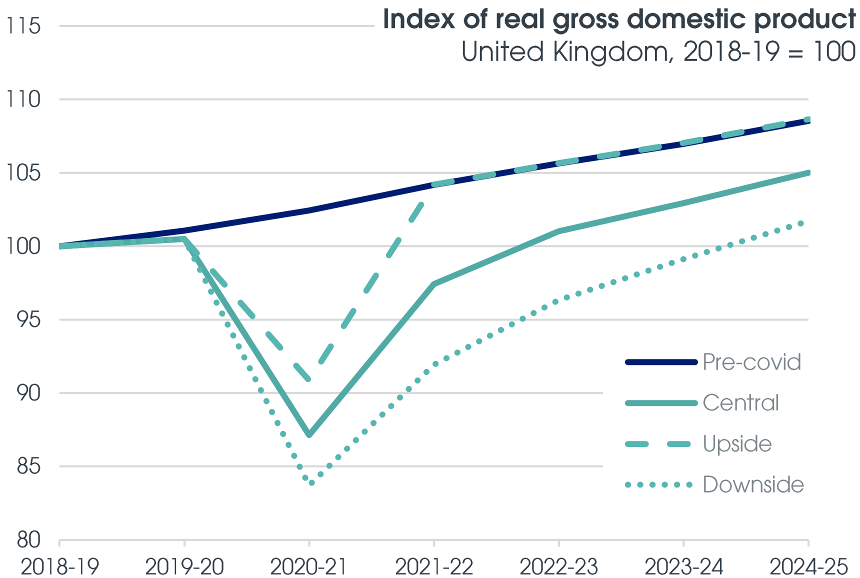
Compared with its pre-covid trajectory, by 2024-25, the pandemic will likely cause a cumulative loss to gross domestic product of almost £1 trillion, which is the equivalent of over five months of the national output.

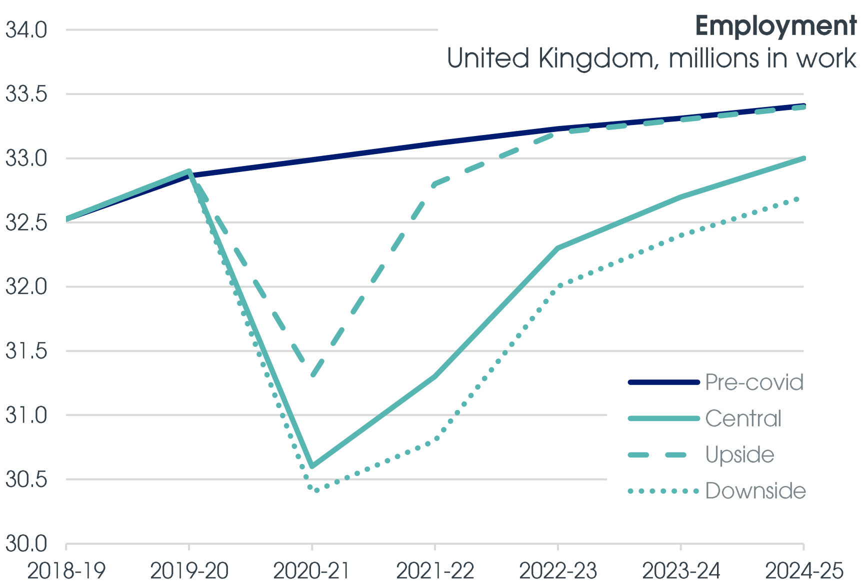
Although a return to the pre-covid trajectory is likely to be a major milestone in the United Kingdom's covid recovery, an exclusive focus on economic growth ignores the severe impact to the economy that results from years spent below pre-covid forecast levels.

We expect to see a loss of more than one million full-time equivalent jobs on average each year until 2024-25.



Source: Office for Budget Responsibility





Uncertainty remains regarding the economic impacts of covid

It remains unclear how the pandemic will play out from here and how that will translate into economic recovery.

We use the latest Office for Budget Responsibility forecast as the basis for our calculations. We have no reason to believe that their numbers are any better or worse than those of any other forecaster, but they are the basis on which the government plans expenditure.

2.4 million fewer jobs because of covid

Covid will lead to the loss of millions of jobs in the coming year. At best, employment will draw close to its pre-covid trend in 2022-23. However, it is more likely that this will take well over half a decade to come to fruition.

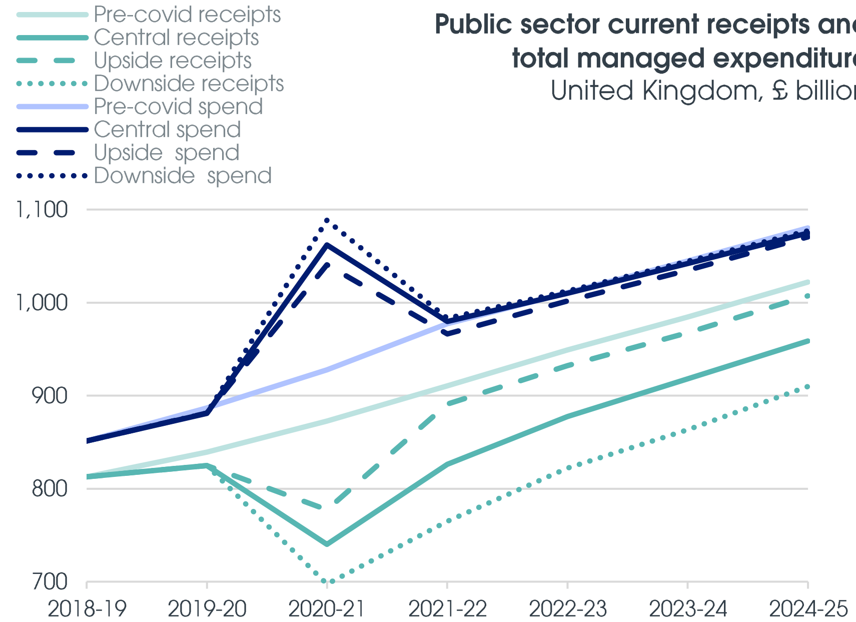
Real gross domestic product is expected to reach a low of fifteen per cent below its pre-covid forecast level in 2020-21. Though it is set to rebound in the following years, it is likely to fall short of its pre-covid growth path.

Source: Office for Budget Responsibility

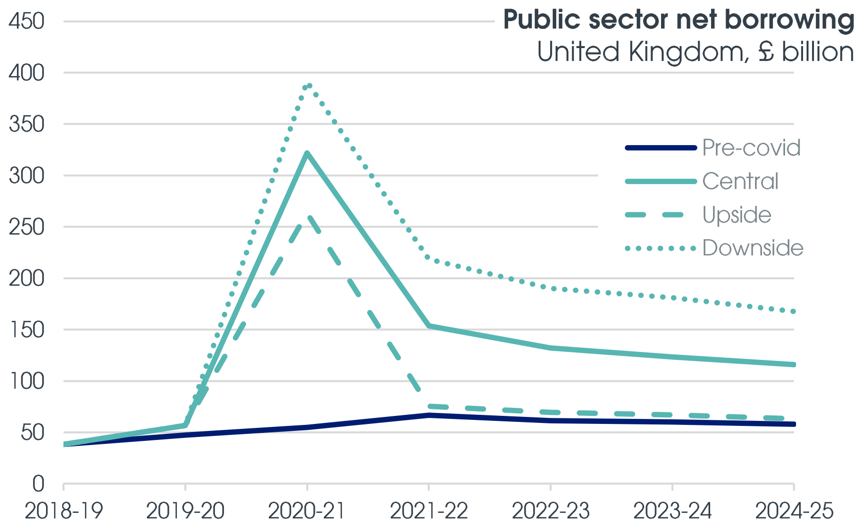
Public debt set to be worse than after the global financial crisis

Covid has required government to significantly increase public sector borrowing in order to prop up the economy during lockdown measures. Income support schemes and business grants were essential in order to prevent mass unemployment and business failures, but have left the country with high levels of public sector net debt and lower than expected public sector current receipts.

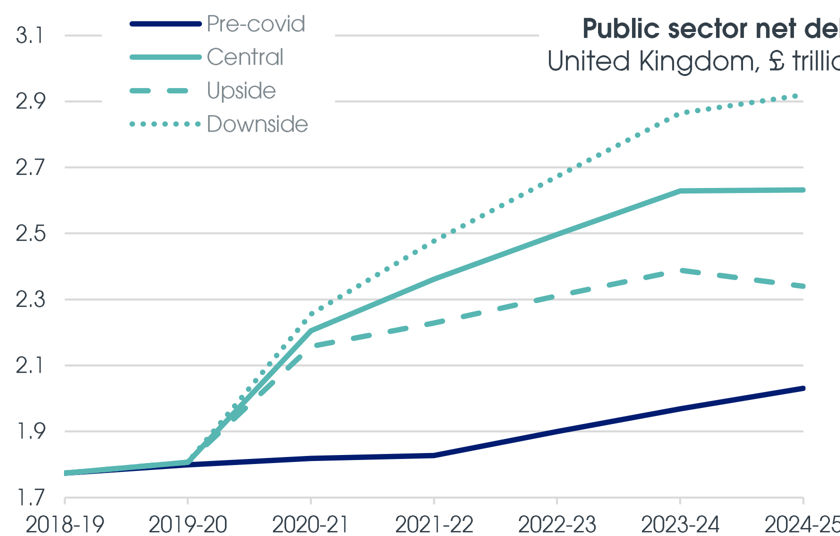
Public sector current receipts and total managed expenditure
United Kingdom, £ billion



Public sector net borrowing
United Kingdom, £ billion



Public sector net debt
United Kingdom, £ trillion



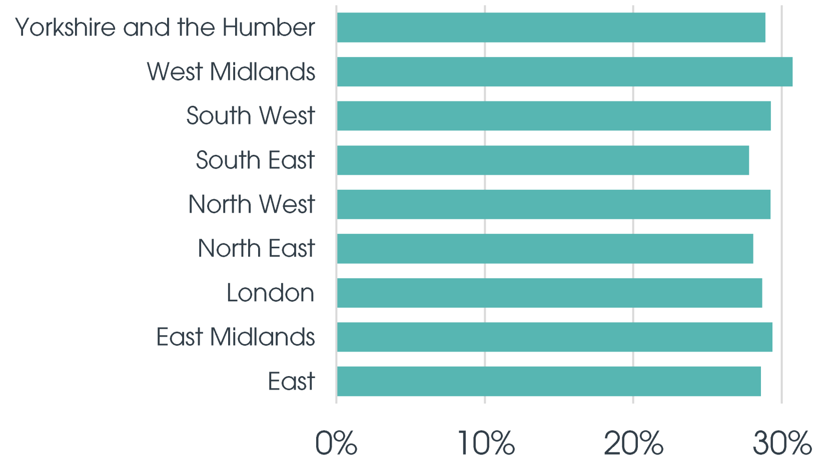
Source: Office for Budget Responsibility (all)

Covid impacted whole country, but some communities and regions hit harder

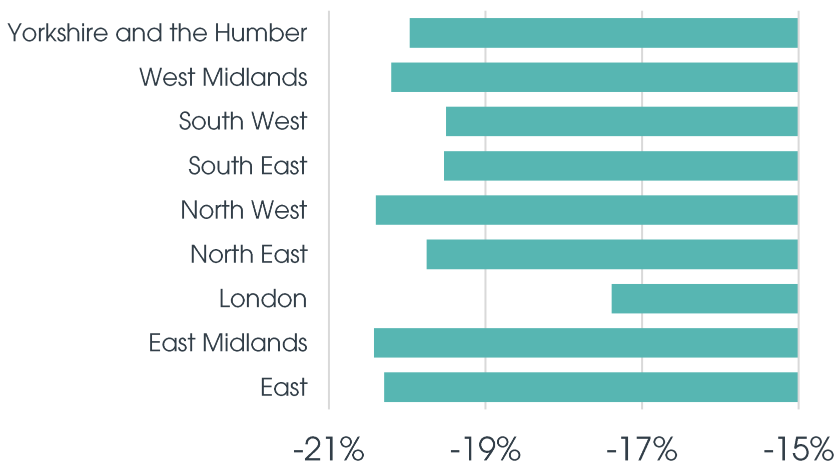
The North West and Midlands regions have been particularly affected, with the highest proportions of employees furloughed, over twenty per cent drops in gross value added from the first to second quarter of 2020, and large shares of employees working in high-risk industries.

By contrast, London has fared notably better in terms of quarter-to-quarter reduction in nominal gross value added in the region. It also has the lowest share of employees in high-risk industries of any region.

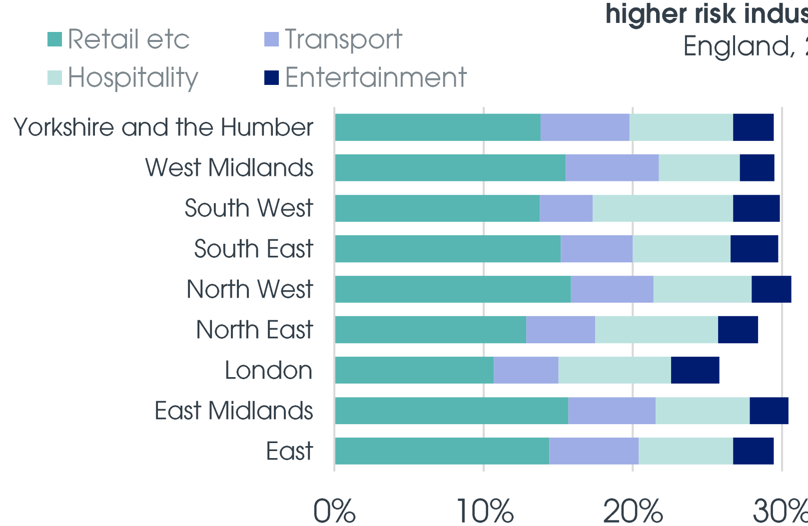
Percentage of employees furloughed
England, August 2020



Change in nominal gross value added
2020 Q1 – 2020 Q2



Percentage of employees in selected higher risk industries
England, 2020



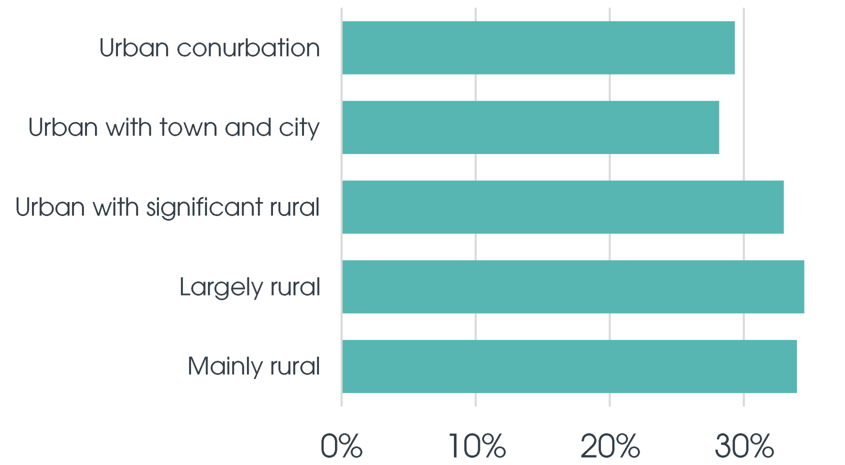
Source: Office for National Statistics (top and bottom right). Pragmatix Advisory *Community Foresight Model* (bottom left)

Uptake of furlough scheme greater in rural England

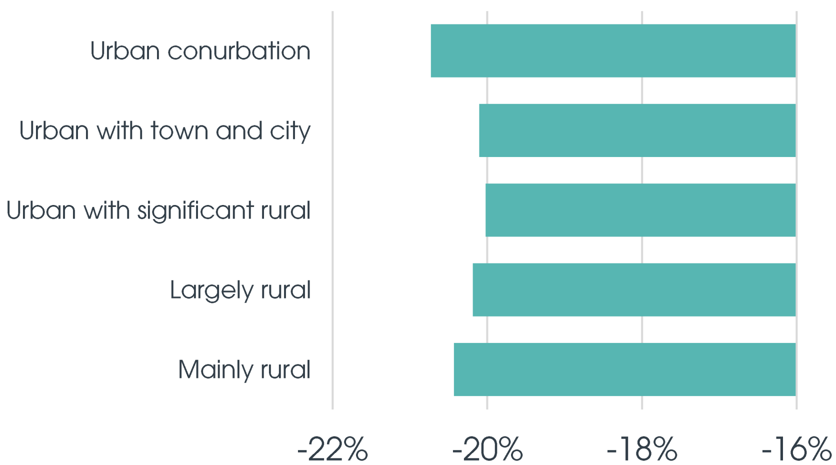
Whilst uptake of the government's covid income support scheme was high across the country, the number of businesses paying their employees through furlough was several percentage points higher in rural areas than in urban.

Workers in rural areas are more likely to be employed in industries worst hit by the crisis, including retail and hospitality.

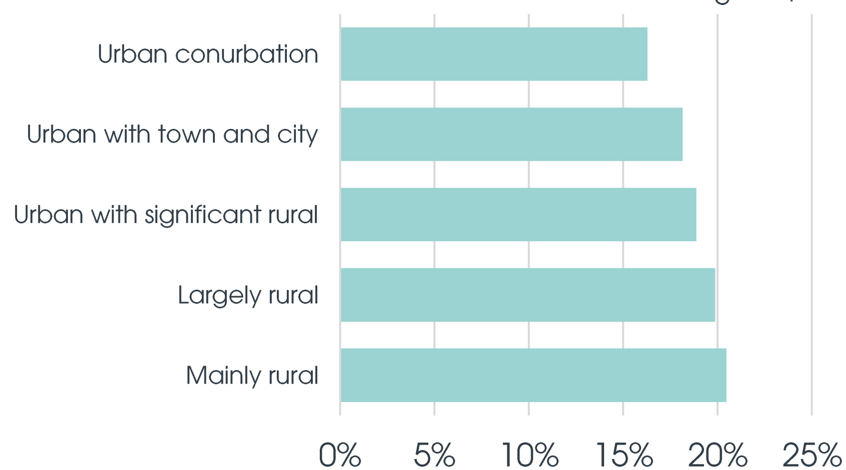
Percentage of employees furloughed
England, August 2020



Change in nominal gross value added
2020 Q1 – 2020 Q2



Percentage of employees in higher risk retail and hospitality industries
England, 2020



Source: Office for National Statistics (top and bottom right). Pragmatix Advisory *Community Foresight Model* (bottom left)

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Covid reinforces patterns of local deprivation

Covid's disproportionate current and future impact on deprived areas and regions

Local authorities with highest levels of deprivation mirror those that will be impacted most by rising unemployment. (Although we do not believe that the Office for National Statistics' index of multiple deprivation reflects fully the nature and scale of rural poverty, it does provide a basis for comparison.)

Pre-covid levels of deprivation by local authority
England, 2019

Covid employment Impacts by local authority
England

Source: Office for National Statistics (left). Pragmatix Advisory *Business and Local Outlook model* (right)

Construction

The impact of covid on and the post-pandemic outlook for builders is tougher than for those in many other industries.

Lockdown closed many building sites. Social distancing rules make operations on site difficult and inefficient, especially when multiple trades are required for internal fit-out and tasks are more hands-on. Property development is characterised by projects with long lead times, large risks and significant up-front financial outlays; in volatile economic times, homebuilding is more likely to pause than activity in many other sectors. Private housing output is not expected to return to the 2019 level of 145,000 new homes per year until 2023 and many in the industry believe that, without further intervention and funding, the recovery of new public housing will take even longer.

The falls in construction activity will have a disproportionate impact on micro, small and medium sized enterprises, the self-employed, and rural communities – where the sector accounts for a higher proportion of employment than in more urban areas.

Covid makes it even tougher to finance the construction of needed affordable homes. Private developer contributions, through 'Section 106' agreements, can be expected to drop – by as much as 47 per cent cumulatively by 2024.

In this context, housing associations play a valuable, counter-cyclical role, as they build when market development activity stalls. Through partnerships with developers they de-risk housebuilding activity, supporting cash flow by buying homes as clients.

1.3 million worker-years of building lost by 2024

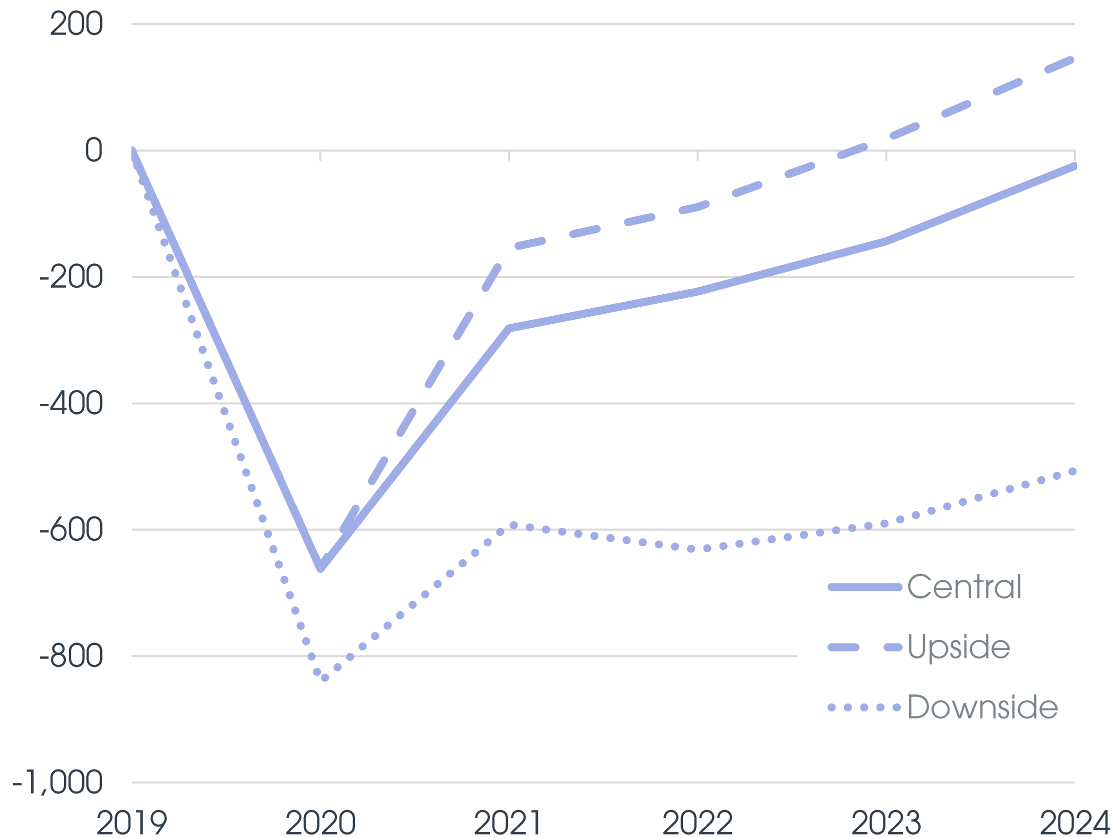
Construction has already been hit hard by the pandemic – and it will continue to suffer.

Building activity is strongly 'pro-cyclical' (albeit with a time lag); builders do disproportionately well during periods of high economic growth, but suffer more exaggerated downturns.

By 2024, on central forecast, the equivalent of the annual output of 1,335,000 construction workers will have been lost to covid unless there is further government intervention.

On the downside scenario, this loss will be as much as 3,160,000 worker-years and still rising.

Forecast change in construction employment
United Kingdom, thousands of jobs,
pre-covid forecast = 0



Source: Pragmatix Advisory calculations using Office for Budget Responsibility and industry forecasts

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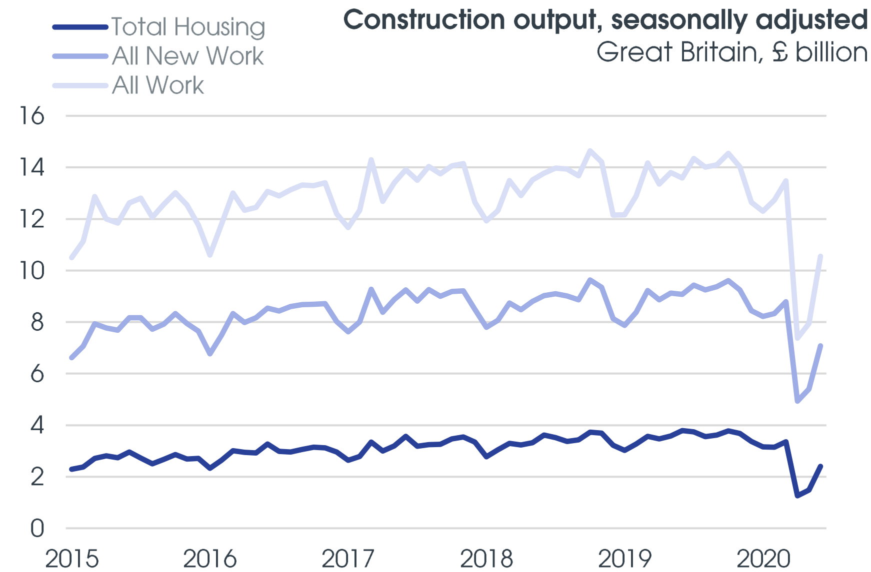
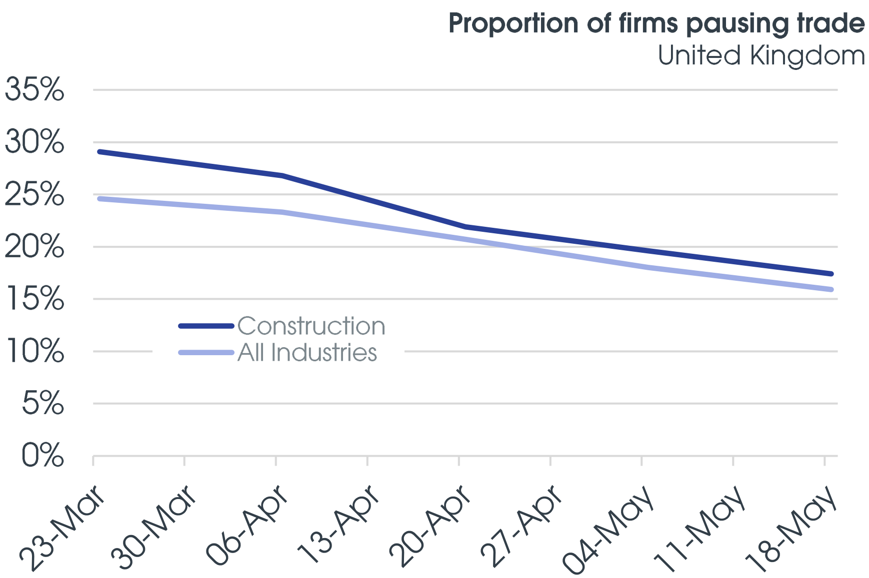


Construction of new homes dropped 60 per cent from March to April

Monthly construction output in Great Britain almost halved from March to April 2020. Although it has since begun to recover, output remains far below previous trend levels.

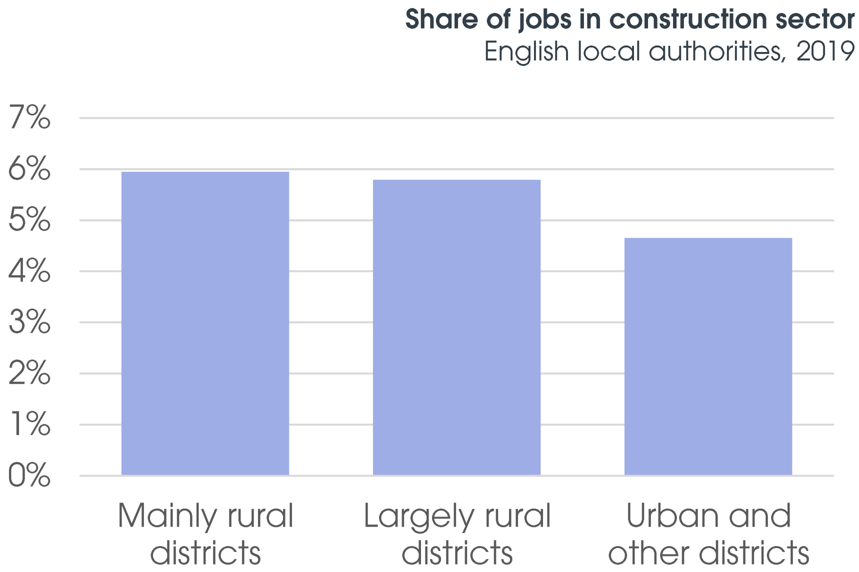
New housing construction remains particularly low. Total new housing output in the second quarter was 53.3 per cent lower than the same period last year.



Third of construction firms paused trading at start of lockdown

The proportion of firms reporting pausing trading has been consistently higher than that of other industries since March.

Source: Office for National Statistics



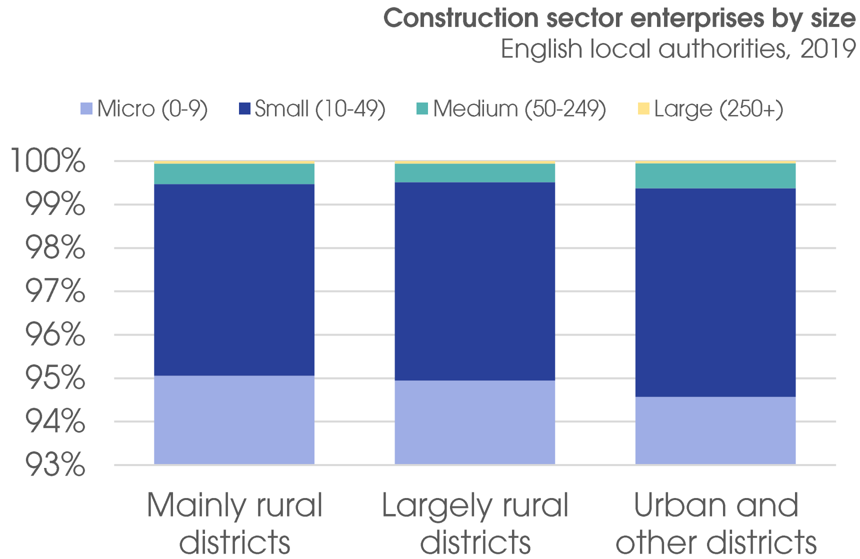
Greater dependence on construction jobs in rural areas

Weak construction activity will have a greater impact on rural communities where the sector accounts for a higher proportion of employment than in more urban communities.

Covid's hit on construction impacts micro and small business disproportionately

More than 80 per cent of construction industry employees work for micro, small and medium sized enterprises. Around 95 per cent of all construction firms are micro-businesses, with fewer than ten employees.

Targeted affordable house building will allow small businesses to continue trading and retain employees.



Source: Office for National Statistics, Pragmatix Advisory

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Equivalent of ½ million new homes lost by 2024

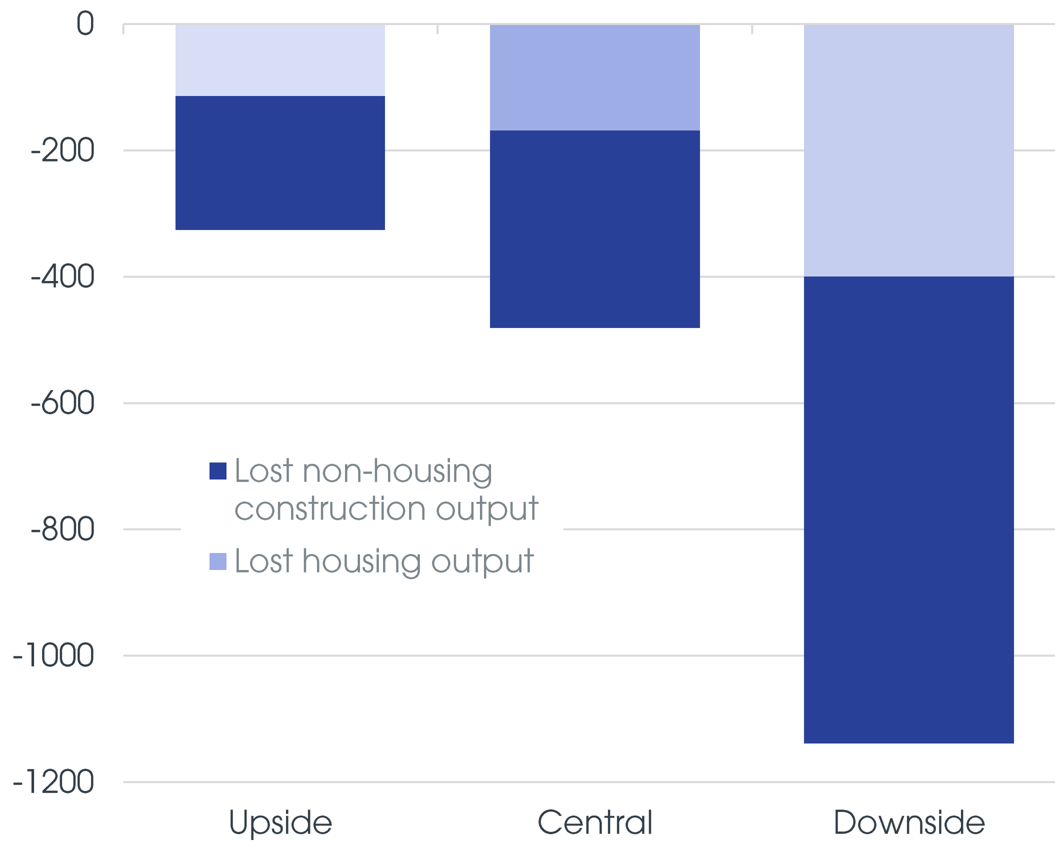
The loss of construction output will have a significant impact on the government's ability to hit the target of 300,000 homes a year by 2025.

By 2024, the construction sector as a whole will have lost the equivalent of around ½ million new homes in output. Industry experts expect the homebuilding sector, both private and public, to be hit harder by the pandemic than the wider industry.

We estimate, using the Office for Budget Responsibility's central scenario, that the United Kingdom will have 169,000 fewer homes than would have been the case without covid by 2024.

The recent slew of housing policies in England will do little to tackle this shortfall. Policies are needed to stimulate development and construction, and not (just) the resale property market.

Cumulative loss of construction output by 2024
United Kingdom, thousands of new build homes (equivalents)

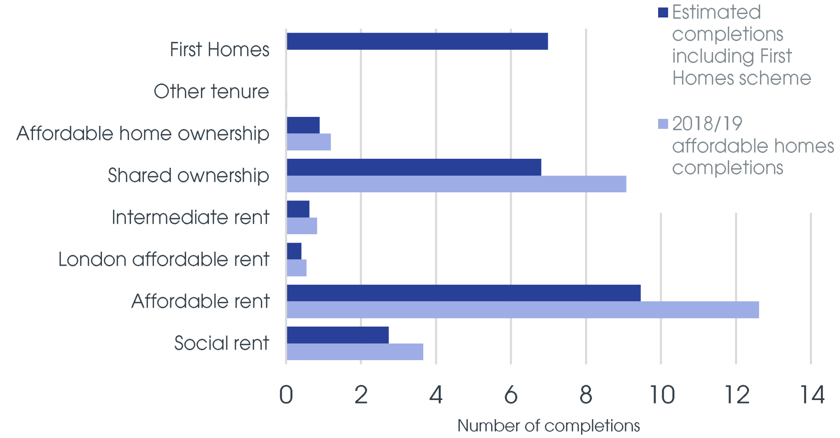


Source: Pragmatix Advisory calculations using Office for Budget Responsibility and industry forecasts

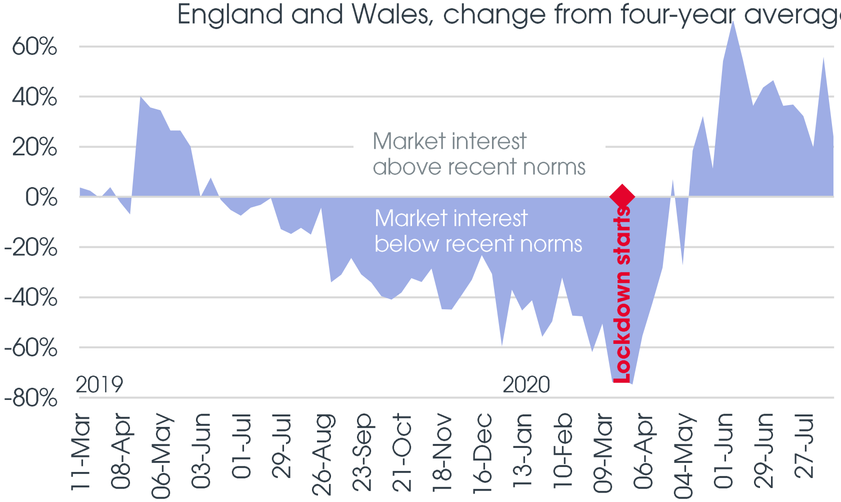
Private developers need confidence in sector before they will commit to building

Current policies are unable to give private developers confidence in the medium-term time horizon, which is the basis on which they make decisions about new developments. There is a disjoint between trends in resale property market and developer activity. Policies such as the Help to Buy scheme do not address the current need for social and affordable rental properties or expected increase in demand resulting from the economic and social impacts of covid.

Impact of 'First Homes' scheme on Section 106 contributions
England, 2019, thousands



Weekly online valuations by home movers using Property Price Advice website
England and Wales, change from four-year average

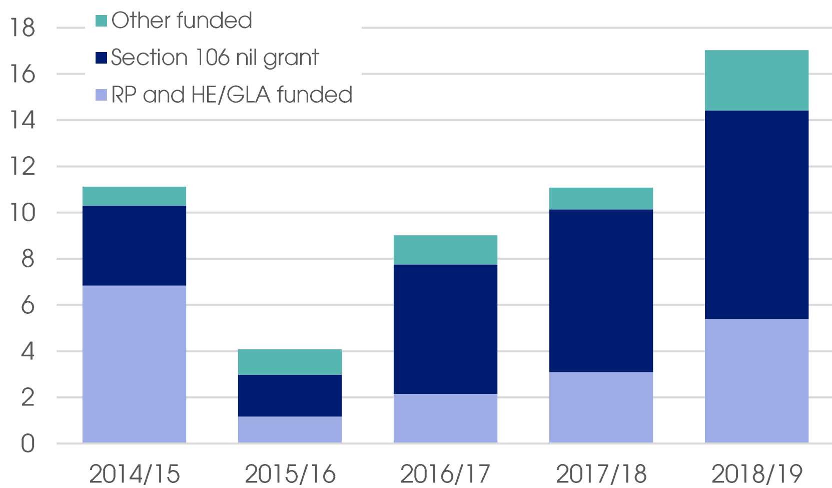


Current policies target stabilising the property resale market or widening access to homeownership

The temporary reduction in Stamp Duty Land Tax may be supporting a sharp recovery in the property market now, but this policy alongside 'First Homes' and the proposed changes to planning regulations do little to stimulate real economic activity in the construction sector.

Source: Ministry of Housing, Communities & Local Government (top). propertyadvice.co.uk (bottom)

Number of shared ownership housing completions
England, thousands



Job creation and retention is essential given unemployment forecasts

Many of the potential jobs created as a result of existing schemes rely on the private construction sector or resale market. Though buoyant now, the resale market is likely to be impacted by rising unemployment, falling incomes and the increased requirements on first time buyer deposits.

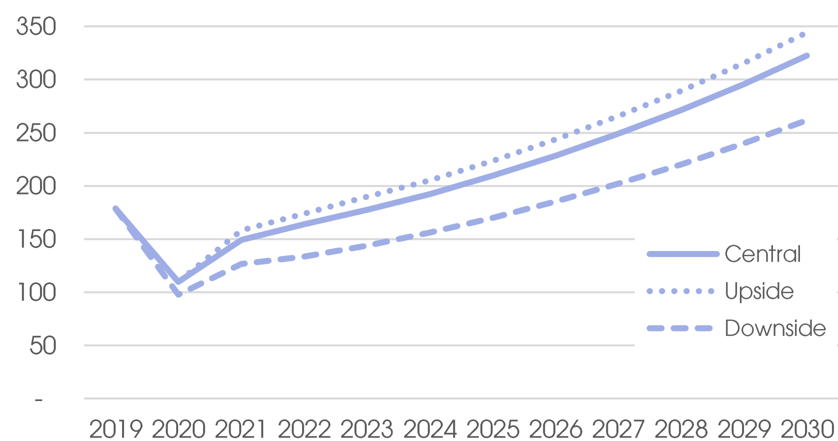
Uncertainty for developers and the reduction in construction output mean jobs are at risk in the private sector. A policy of significant affordable house building will guarantee work for construction firms.

Affordable housebuilding will help government reach 300,000 homes a year target

At current build levels and construction output, the UK government target to build 300,000 new homes a year by 2025 will not be met.

A commitment to build new affordable homes would help the government reach its homebuilding target while providing a much-needed boost to construction output and jobs within the sector. It also allows government to target building in the areas where it will have the most impact.

New build house completions (without further government intervention)
England, thousands



Source: Ministry of Communities, Housing and Local Government (top); Pragmatix Advisory from RICS construction forecast (bottom)

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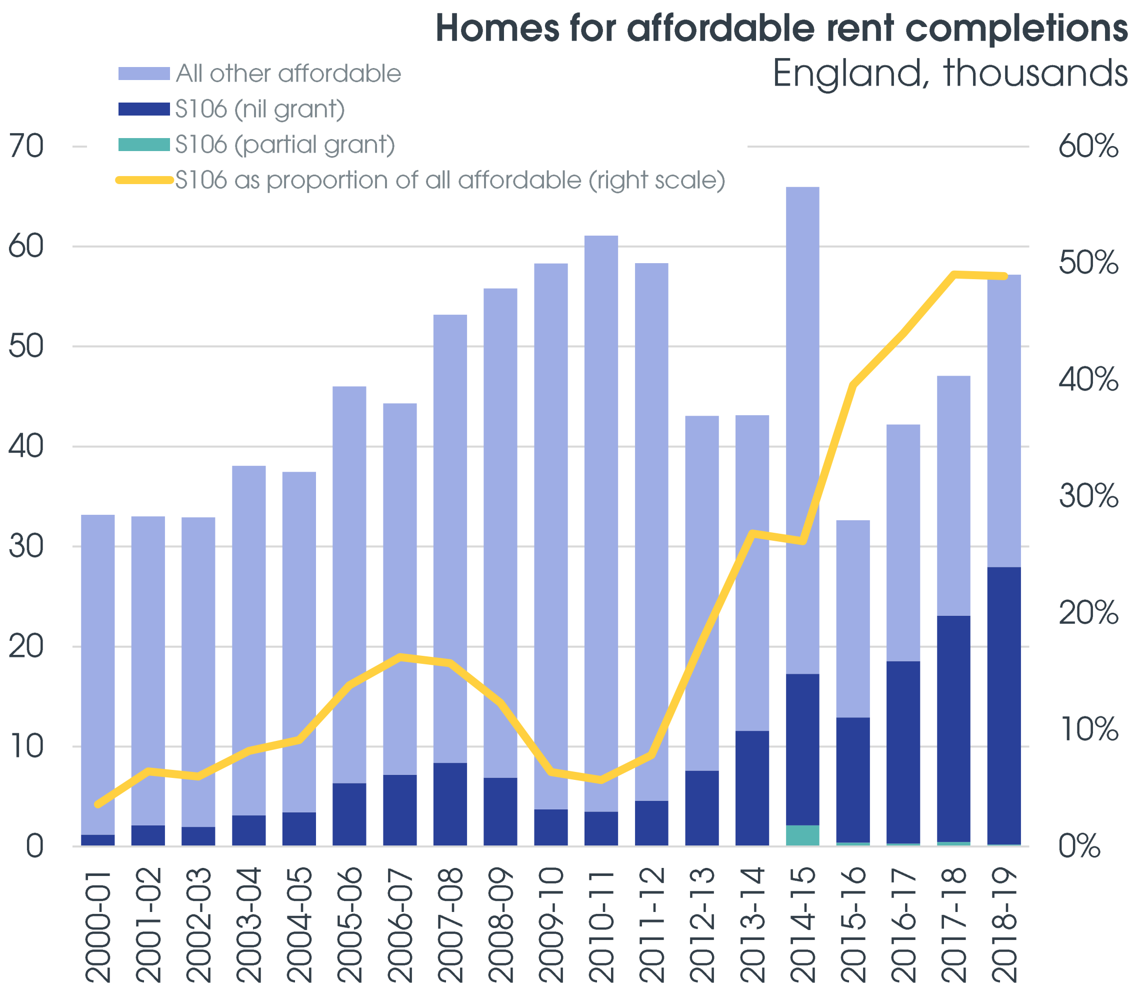
Affordable homes contributions under pressure

The current funding model for building affordable homes will be threatened by a likely collapse in developer contributions.

In 2018/19, half of new affordable homes were built through section 106 developer contributions. The construction sector downturn will have a direct impact on the number of affordable homes built.

The fall in construction output will reduce the number of new homes available through developer contributions in the coming years.

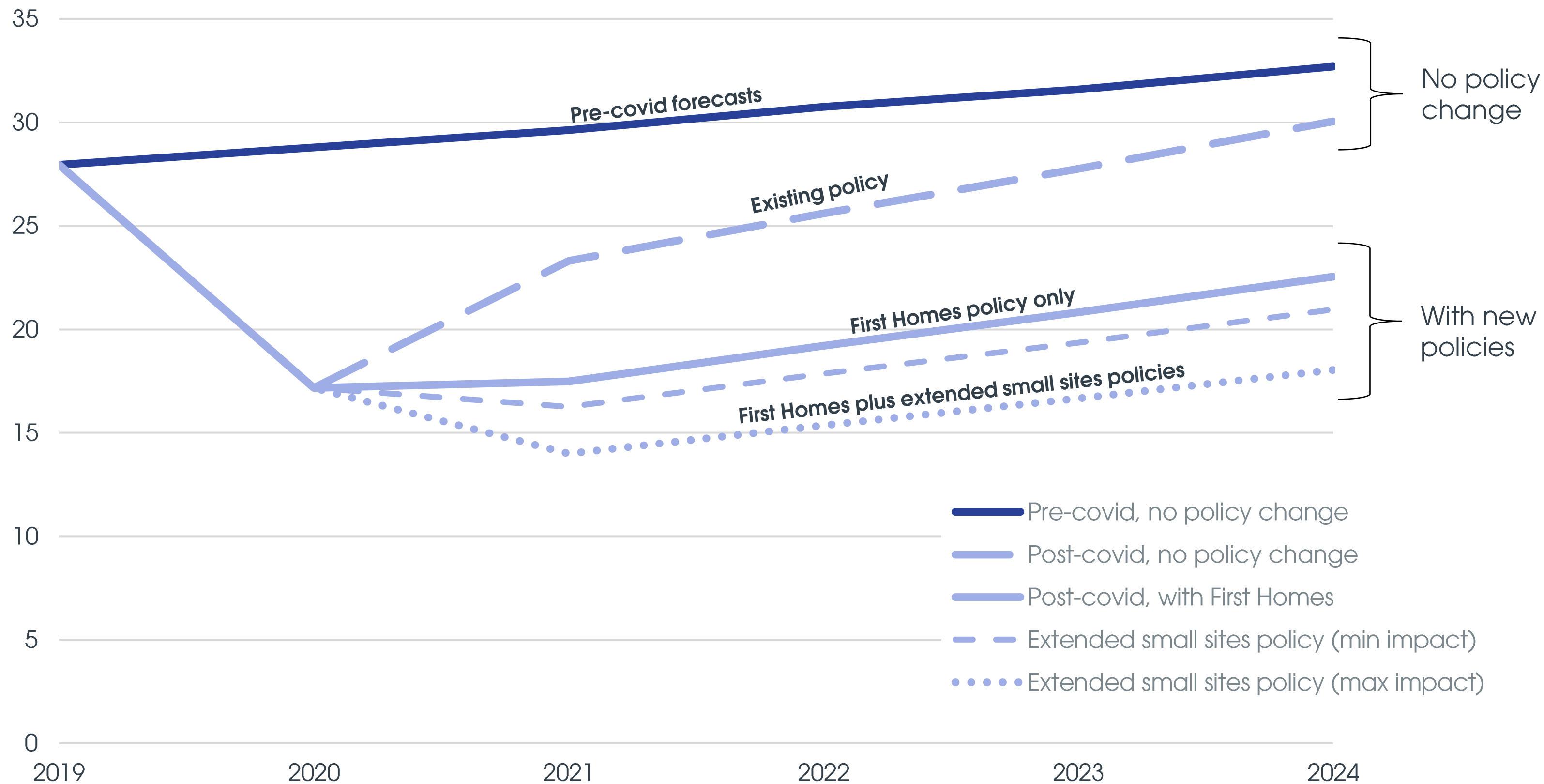
Recent government policy proposal, such as 'The First Homes' scheme and the planning white paper, will further reduce the funding available for affordable rent housing through developer contributions.



Source: Ministry of Housing, Communities & Local Government

Developer contributions must not be relied upon for affordable housebuilding

Homes built under developers' section 106 obligations
England, thousands



Source: Pragmatix Advisory

The 'new normal'

Covid has had a significant impact on life in 2020. What may be a temporary situation is likely to result in some permanent changes to the ways in which families, businesses and government go about their 'normal' lives.

Potential future 'new normal' trends – such as increased urban to rural migration, higher level of domestic tourism and new pressures of agriculture and food supply – will have implications for rural economies.

Covid set to increase urban to rural migration

Urban flight

- Four in ten United Kingdom home buyers are considering moving from urban to rural areas, with reasons including covid-related home working, the wish for a garden and a desire to be in less crowded environments.

Home working

- Already higher in rural than in urban locations, home working will drive greater demand for home office space (including building extensions and converting existing outbuildings or loft spaces) as well as better communications infrastructure and a shift in daytime activities, including spending money with rural businesses.

The result

- Greater demand for houses to buy and privately rent in rural areas, further increasing pressure on supply.

Source: Savills; Rightmove

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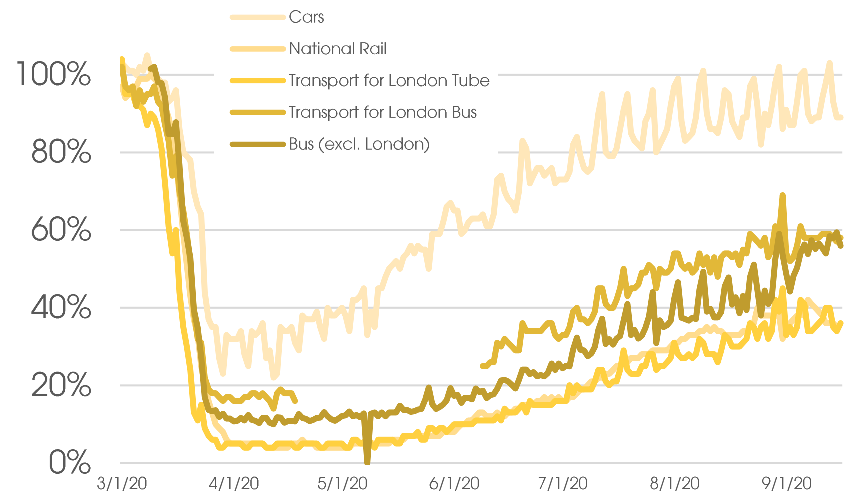
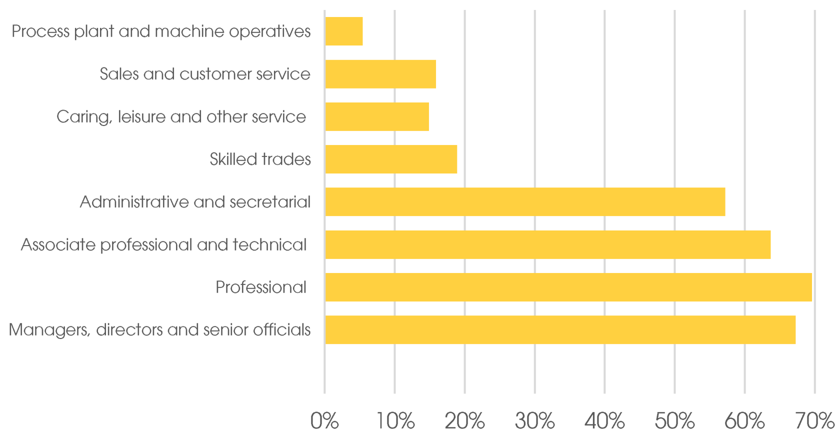
Commuting numbers remain low despite easing of restrictions

The introduction of lockdown measures in March saw transport usage plummet. With the exception of cars, all other modes of transport saw usage rates of less than twenty per cent for three months. Even once lockdown was eased, and the government temporarily encouraged workers back into the office, public transport usage remained below 60 per cent of pre-covid use, with National Rail and London Underground passenger numbers remaining particularly low. One mode of transport has thrived: cycling saw peak usage of 384 per cent in May.

Transport usage (excluding bicycles)
United Kingdom, March to September 2020



Homeworking rates by occupation of those in employment
United Kingdom, April 2020



Large numbers working from home during lockdown

The covid lockdown has necessitated millions working from home. Of those in employment, almost 47 per cent did some form of home working in April 2020. For those in professional occupations, it was as high as 70 per cent. Given the uncertainty of covid, the unknown timescales and intermittent restrictions, it is likely that a significant number of workers will continue to work from home for a prolonged period.

Source: Office for National Statistics

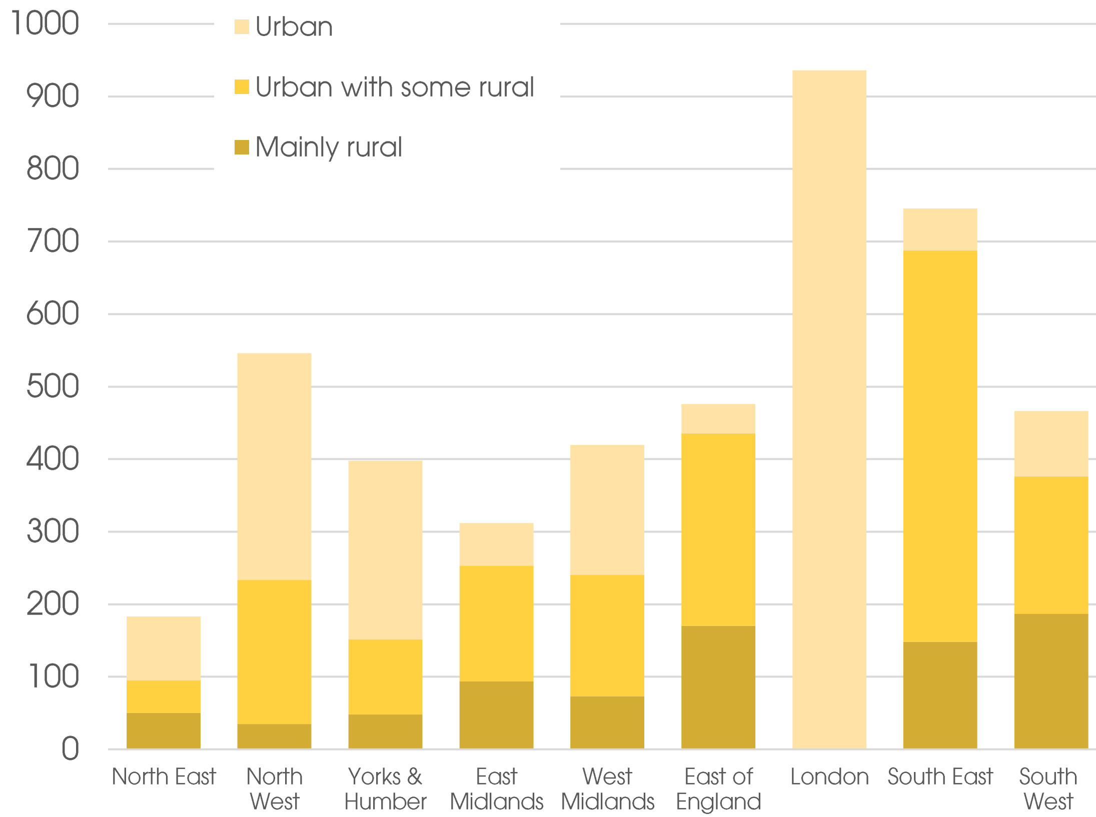
Longer term move towards flexible working

The realisation by some businesses that it is possible for employees to work from home without sacrificing productivity will likely lead to a more flexible approach to working. The opportunity to reduce spend on costly office space will be appealing to some businesses.

Continuing to work from home will also appeal to some workers – less time commuting, money saved on travel costs and better flexibility for those with childcare requirements. The long-term implications of home-working remain to be seen, but it is unlikely we will fully return to the pre-covid model of working.

Our calculations assume that of those working from home in April 2020, post-covid, five per cent will switch to permanent home-working, fifteen per cent to partial home-working, and 25 per cent to flexible working.

Workers switching to flexible, partial or permanent home working over the next decade
English regions, thousands



Source: Pragmatix Advisory

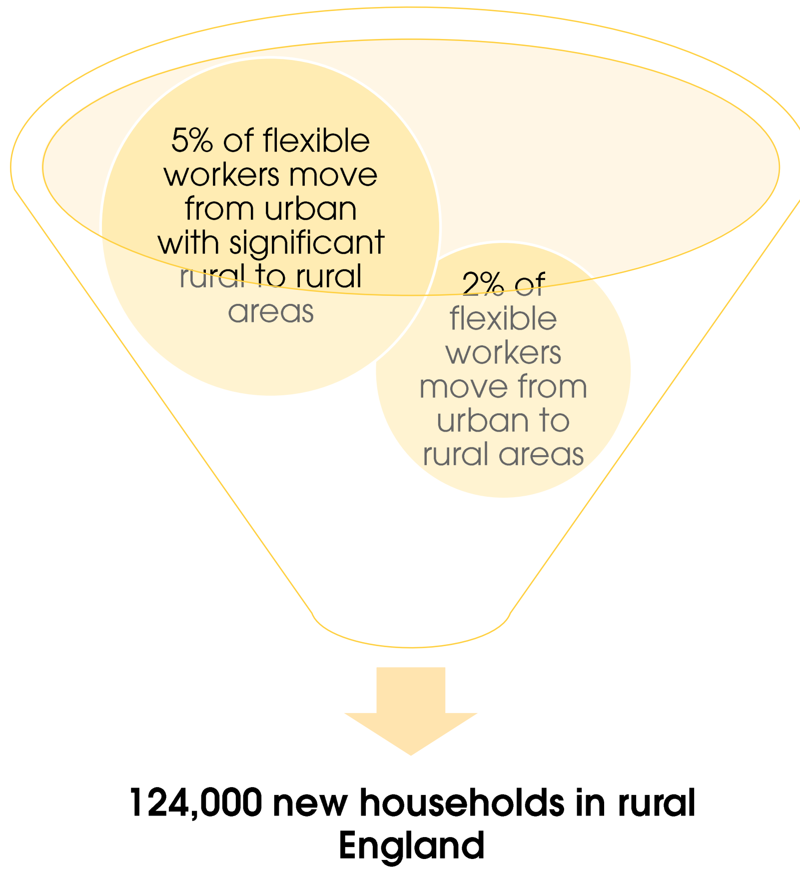
Rural living more attractive in the new normal

More flexible working will offer workers the chance to live in an area that would otherwise have been located too far from their day job.

While not everyone will wish to move home, even a small percentage of households relocating from an urban to rural setting will have significant impact on housing in the rural area.

Despite the current uptick in demand, an urban to rural move will take time. While estate agents are reporting increased enquiries from home-movers looking to relocate, it will likely take several years for the full impact of the post-covid relocation trend to be known.

Over the next decade we expect an additional 124,000 households to move into rural areas – three times the current annual new build rate.



Source: Pragmatix Advisory

Staycations spark possible tourism renaissance

Covid is likely to have an impact on how we holiday beyond 2020.

United Kingdom residents made 58.7 million visits abroad for holidays in 2019, spending £62.3 billion. As concerns over the virus, quarantine measures and last minute cancellations linger, 2021 will likely see many families decide to switch foreign trips to staycations.

Indeed, there are good reasons to believe that holiday behaviours may be altered permanently. Only a relatively small proportion of families deciding to swap a foreign holiday for a staycation can have a big impact on the English rural tourism business.

Although there will likely be fewer foreign tourists visiting here for the same reasons, any reduction will disproportionately impact the urban tourism sector; increased domestic tourism will boost rural more.

2.9 million

Number of additional visitors if five per cent of British residents **who took holidays overseas in 2019 opted instead for a UK break in 2021**

£5.3 billion

Wider economic gain to United Kingdom GDP

Housing demand

130,000 extra jobs in tourism and the wider supply chain would be created – with many homes required in rural holiday locations

Source: Office for National Statistics

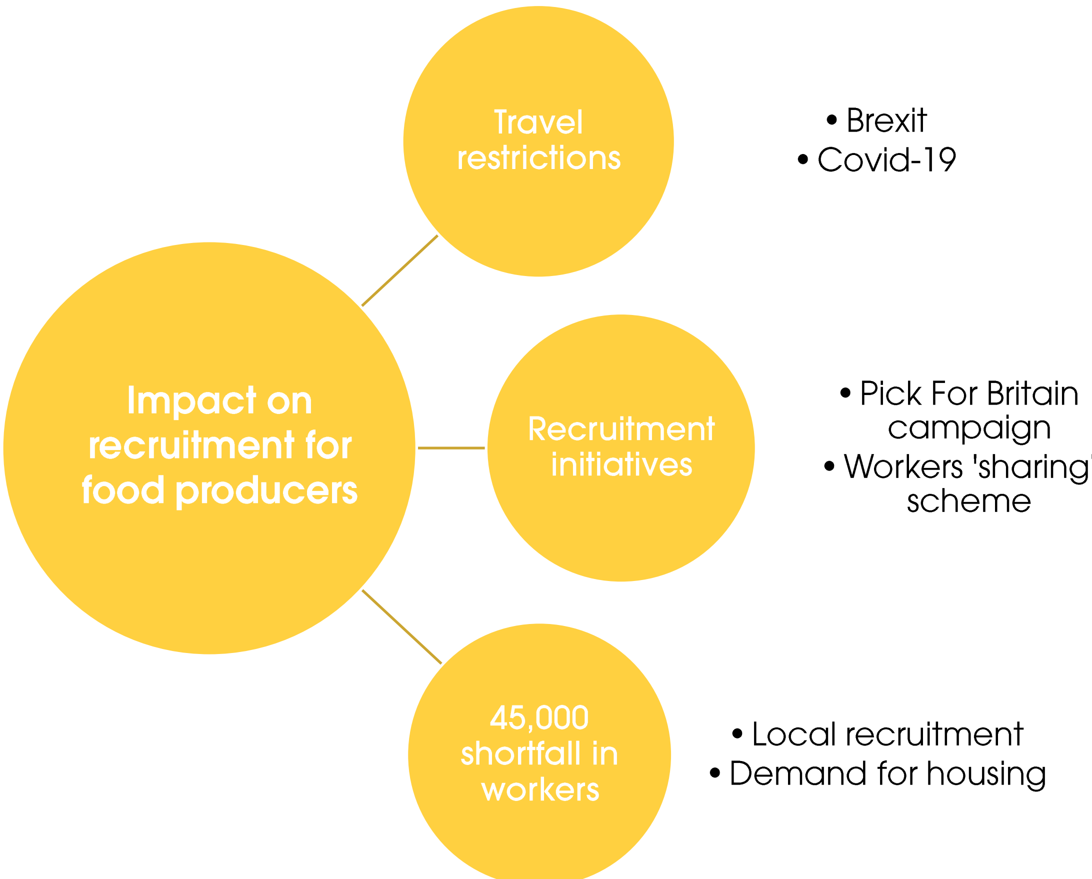
Pressures intensify on farms and food supply

United Kingdom farms employ about 70,000 seasonal workers each year, with almost all roles filled by European Union nationals.

Fears of a Brexit-related shortfall – compounding pre-existing shortages of workers – were accelerated with restrictions on travel imposed in response to the pandemic.

Solutions have been introduced to help farmers recruit from within the United Kingdom, such as the Pick For Britain campaign, and the introduction of a licensing scheme to enable businesses to 'share' workers.

Ultimately, farms will need to recruit more workers locally, placing further pressure on rural housing capacity.



Source: National Farmers Union

3. Homebuilding as a solution

Sustaining rural communities

Building affordable housing benefits rural communities in a variety of ways and far beyond the impacts on the lives of those living in the new homes. New affordable homes help to improve the viability of businesses, schools and local services, while maintaining the vibrancy and activity of the community.

Boosting the economy by building

Expenditure on construction, especially new homes, is a highly effective way to boost the domestic economy – with little money lost to importing foreign goods and services, and benefiting a large number of small and micro businesses right across the country.

Improving public finances

The government will save money with each new affordable home built. Vulnerable and disadvantaged individuals and families will have the opportunity to move out of expensive private sector rented properties and temporary accommodation, and into affordable rent homes, reducing expenditure on housing benefit and universal credit. Pressure on the health service, too, will decrease with a reduction in the incidents of health issues associated with substandard housing.

Government investment in rural affordable housing more than pays for itself. While affordable rent receipts alone can rarely fund housebuilding, savings in public sector expenditure on benefits and the National Health Service mean that it makes fiscal sense for the Exchequer to help fund construction.

Sustaining rural communities

The societal and community benefits of rural affordable housing are broad and significant.

These are clearly articulated and quantified in scheme-by-scheme social impact assessments made using recognised and consistent approaches.

Two case studies demonstrate the social value

English Rural Housing Association: Dadson Court, Kent

English Rural Housing Association assessed the value of a twelve-home housing development, studying residents' economic activity.

In line with principles set out by the *Public Services (Social Value) Act 2012*, the study also included a financial proxy, placing a monetary value on each change brought about by the new housing to the residents' lives.

These included estimates of how much money each household had either gained or saved in their longer-term welfare, lifestyle and employment prospects, and which would not have come about without the affordable housing development.

Overall, the analysis estimates that every £1 invested in this affordable housing development results in £30.48 of social value created over five years.

These twelve homes are estimated to have delivered over £1 million of social value in five years.

Trent and Dove Housing: Himley Lane, Staffordshire

Trent & Dove Housing built fourteen affordable homes in rural Staffordshire. As with the English Rural study, the organisation used established Social Return on Investment principles to calculate the monetary equivalent value of the changes brought about by the new homes.

While the figures in both of these studies do not take into account additionality, or the likelihood that these benefits would have occurred in any location where the houses were built, they do demonstrate how a mixture of age groups, incomes and housing types can play an important role in sustaining rural communities and will be integral to fulfilling any levelling-up policies.

Overall, the analysis estimates that every £1 invested in this affordable housing development results in £8.54 of social value created over five years.

These fourteen homes are estimated to have delivered £1.6 million of social value over five years.

Sources: English Rural; Trent & Dove

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New homes mean new money for villages

Value per dwelling per annum	Dadson Court Kent	Himley Lane Staffordshire
Size of development	*12 homes*	*14 homes*
Spend in village shops and pubs	£1,212	£1,200
Public funding for local schools	£2,333	£2,286
Benefit of living closer to work, and better able to find jobs	£250	£250
Reduced rental costs compared to private rent	£4,680	£3,082
Reduced care costs: Living near support network	£217	
Value of improved security of tenure		£2,571
Council tax revenue for local authority	£1,500	£1,200

Exemplar benefits accruing locally from two rural affordable housing developments
Value per dwelling per annum

Sources: English Rural; Trent & Dove

Some social returns are unique to rural settings

Affordable housing in both rural and urban areas will deliver social benefits.

Specific socio-economic benefits are unique to rural settlements. Most often, they prevent a negative change, such as the closure of village schools through lack of numbers, failing local businesses such as shops and pubs, or unemployment caused by lack of public transport or support networks for childcare.

Prioritising rural areas for increased investment in social and affordable housing will produce additional benefits that will increase the sustainability of rural communities and support levelling-up policies.

Impact of 12 new affordable homes in rural Kent	£ Value per home (mean)
Expenditure at village shops, pubs and post offices	1,212
Increased viability of village schools through government funding	2,333
Access to work: removing lack of public transport in rural areas	250
Care costs: Local support network without reliance on car	217
Volunteers: community projects, school support, transport for vulnerable residents*	390
Total socio-economic value to the local rural settlement per new affordable home (mean)	**4,402**

Benefits of housing expenditure that are significant to rural areas
English Rural Return on Investment case study, 2013
*Supplementary estimated figure from Trent & Dove study, 2015

Sources: English Rural; Trent & Dove

Boosting the economy by building

Building, especially new homes, brings a raft of benefits, with money kept primarily in the domestic economy. There is a low reliance on imported goods or services, while small businesses throughout England will benefit from the opportunities that arise from the construction phase and beyond.

Spending on construction has a high multiplier effect, as its effect on the supply chain results in more increased activity in the wider economy than most other sectors.

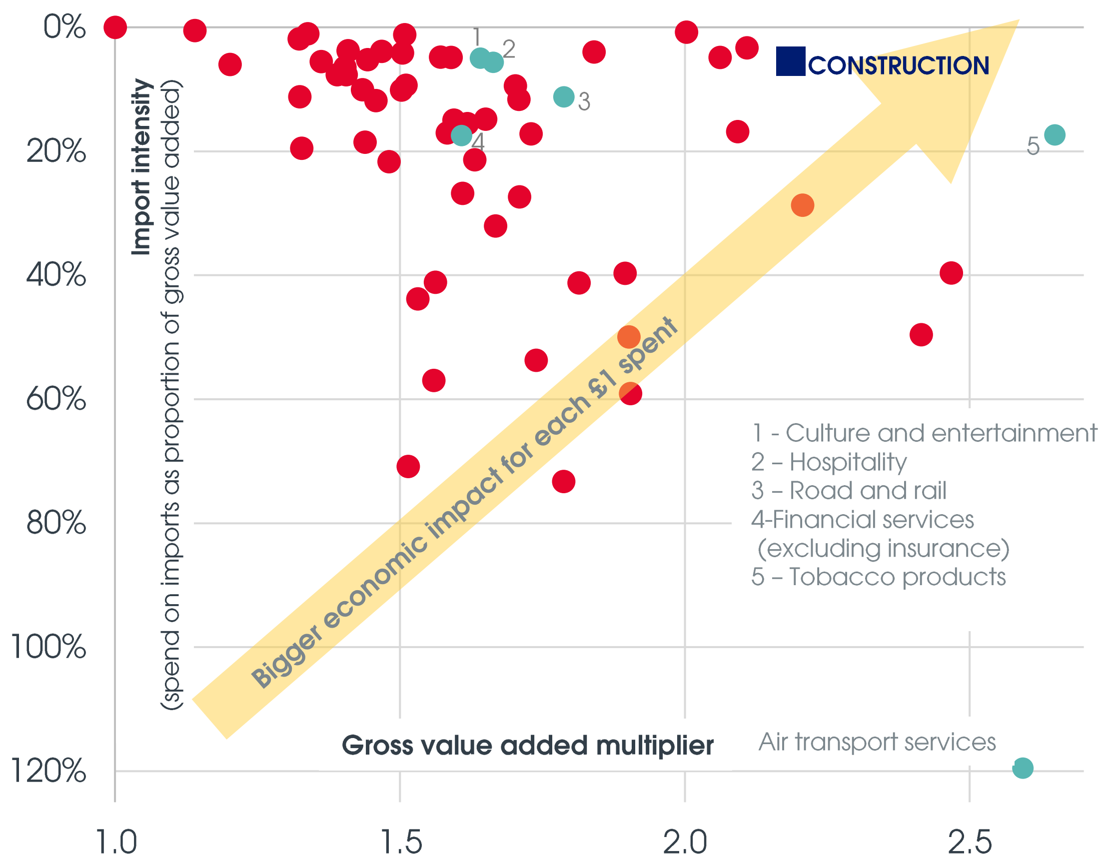
There's a big bang for every construction buck

Recovery requires government to shift policy from minimising the economic damage caused by lockdown to simulating economic growth as the country gets back to work in the 'new normal'.

An expansionary fiscal position will be needed, and is anticipated, for the coming few years.

Focus is needed on public expenditure that has the greatest chance of stimulating wider economic growth. Spend on areas with high rates of imports will needlessly leak British taxpayers' money to fund foreign growth. Certain sectors, like construction, have higher 'multiplier effects', reflecting how spend in that area compounds through the supply chain to support higher levels of domestic economic activity and jobs.

Sectors by import intensity and GVA multipliers
United Kingdom, 64 sectors, 2016



Source: Office for National Statistics. Note: three sectors not shown: two beyond 120 per cent import intensity and one over 3.0 multiplier

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£143k economic boost per rural home

Building ten affordable rural homes costs just under £1.1 million. Every ten homes built will support around nine jobs and contribute £½ million of 'value added' to the construction sector.

The economic boost of these ten homes is also felt along the supply chain, and where those employed in the construction sector and its supply chain spend their incomes. Taking into account this wider ecosystem, a total of 26 jobs are supported, generating £250,000 of new tax receipts.

The overall impact on gross value added will be £1.4 million. Moreover, during recovery, building new homes could bring workers into employment who would otherwise be unemployed and receiving benefits – saving the government up to a further £120,000.

	Construction sector	Supply chain	Employee spend	TOTAL
Output	122	128	88	338
Gross value added	48	57	39	143
Jobs (full time equivalent)	0.88	1.02	0.70	2.59
Wages, salaries, etc.	21	31	22	76
Tax receipts	8	10	7	24
Unemployment benefits saved (max)	4	5	3	12

Economic and fiscal impact of building a new rural home
United Kingdom. £ thousands (unless otherwise stated)

Source: Pragmatix Advisory calculations using Office for National Statistics data and Capital Economics estimates of 'induced effects'

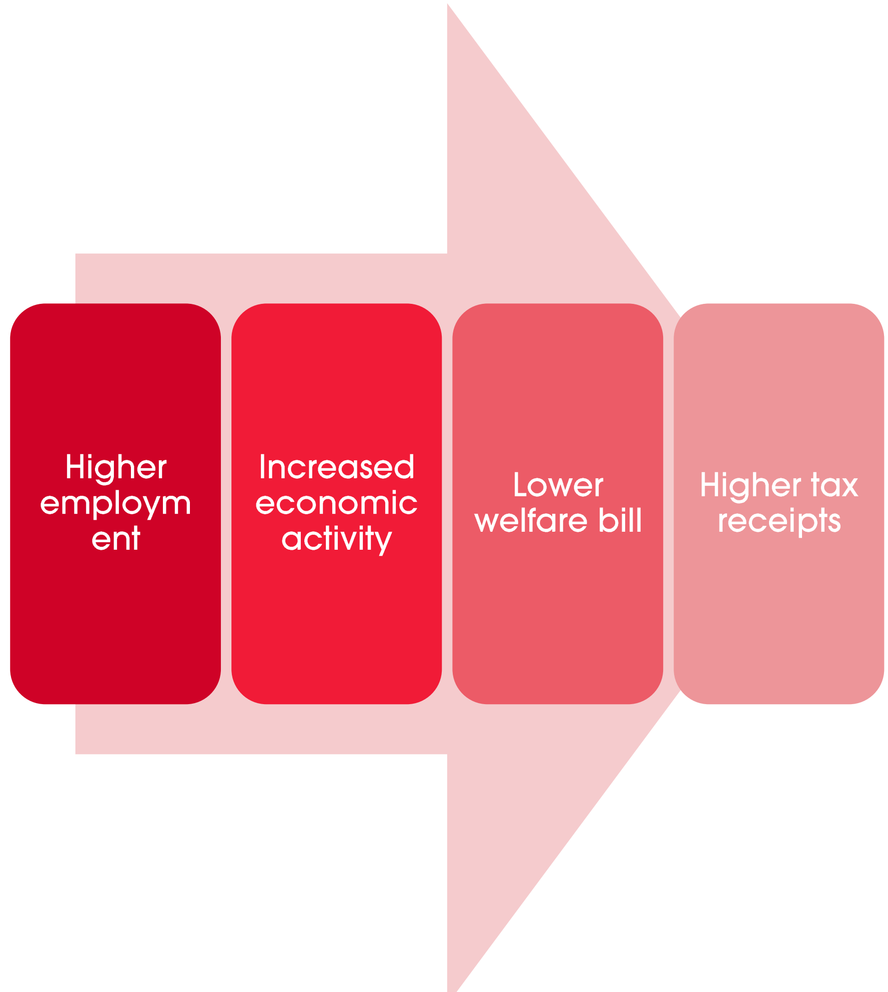
Long-term productivity boost from new homes

As well as an immediate fiscal stimulus to the economy's post-covid recovery, building new affordable homes will provide a longer-term boost to the macroeconomy.

This 'levelling up' will see otherwise disadvantaged and displaced families enjoying increased levels of economic activity and employment, while the government will experience a lower welfare bill and higher tax receipts.

This report does not quantify these longer-term macroeconomic improvements through social mobility and does not include them in appraisal calculations and results.

However, these outcomes provide an appropriate broader context for calculations and forecasts when considering the value of new affordable homes to the macroeconomy.



Improving public finances

Public investment in rural affordable housing more than pays for itself.

In the immediate post-covid recovery phase, public sector finances will operate at a large deficit, first to cover direct costs of the pandemic and, next, to stimulate the economy. An efficient and highly visible way to deliver this vital boost will be to build new affordable homes.

The government will save money with each new affordable home built. Vulnerable and disadvantaged individuals and families will have the opportunity to move out of expensive private sector rented properties and temporary accommodation, and into affordable rent homes, reducing expenditure on housing benefit and universal credit.

Better homes, secure tenures and affordable rents will improve the employment prospects of people in rural locations, further easing public finances with fewer unemployment benefit claims. Pressure on the health service, too, will decrease with a reduction in the incidents of health issues associated with substandard housing.

While affordable rent receipts alone can rarely fund housebuilding, savings in public sector expenditure on benefits and the National Health Service mean that it makes fiscal sense for the Exchequer to help fund construction.

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Strong fiscal case for investment in new homes

Building new affordable homes will improve public sector finances. Upfront costs to councils and housing associations are partially mitigated by higher central government tax receipts from the construction sector as well as reduced unemployment and welfare spend on builders who may otherwise have been without work.

Once built, every new home will save the government money through a reduction in housing and unemployment benefits, spending on the health service, and costs of providing temporary accommodation. Each new home will reduce the annual deficit by £6,500.

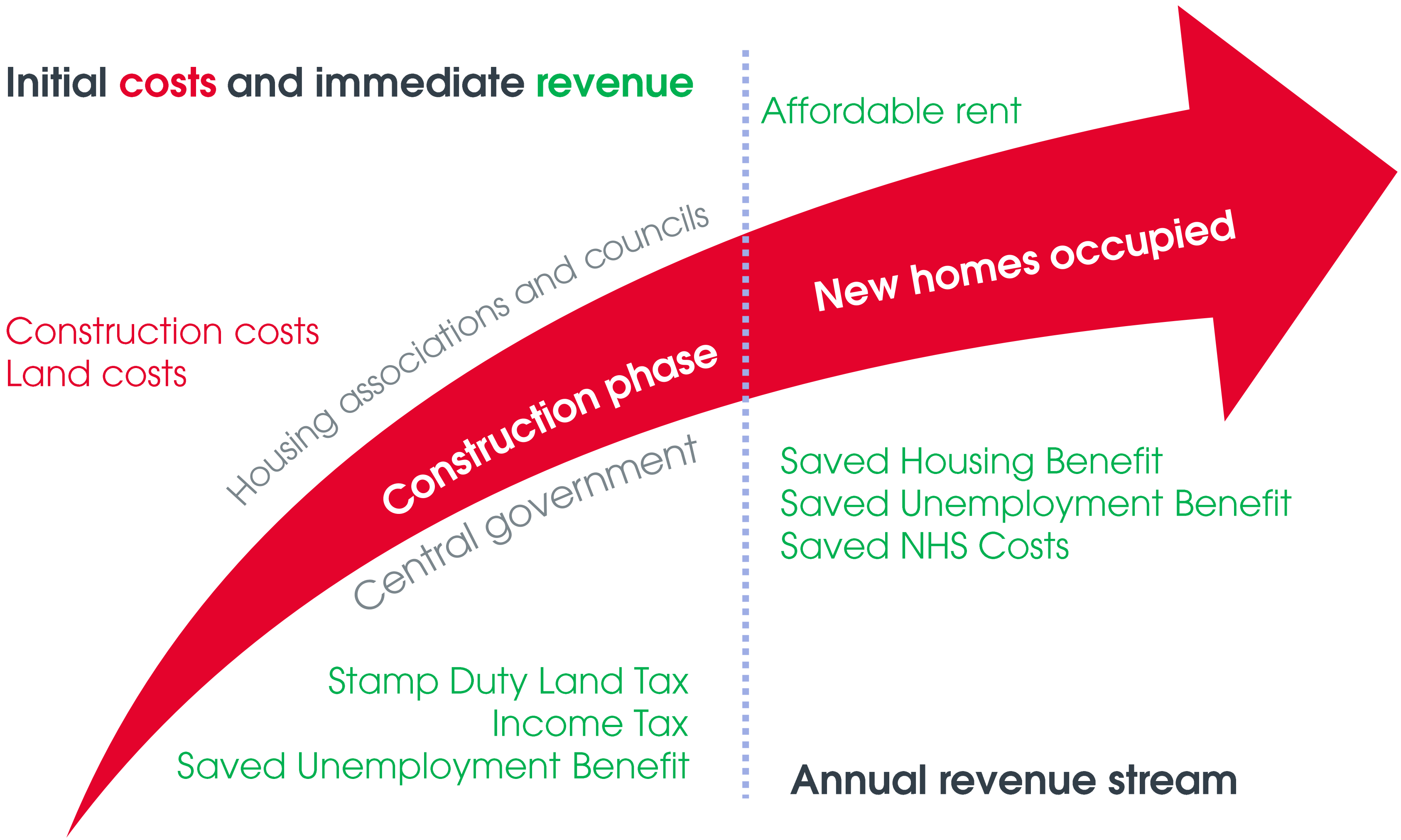
A programme of building new affordable rural homes will improve the public finances over 30 years by the equivalent of £54,000 per house in today’s money.

Construction phase costs and exchequer savings	
Construction and land costs	£144,000
Tax receipts from construction phase	£24,000
Unemployment benefits savings (covid period only)	£6,000
Total net cost of construction	£114,000
Annual net revenues and exchequer savings	
Rent revenue (less maintenance, etc.)	£5,000 p.a.
Housing benefits and temporary accommodation savings	£500 p.a.
Unemployment benefit savings	£500 p.a.
NHS and other savings	£500 p.a.
Total annual benefit	£6,500 p.a.
Net present value of public sector surplus (30 years)	+£54,000

Impact on public finances of building one typical rural affordable home (with 50 per cent land contribution)
Mainly and largely rural local authorities in England

Source: Pragmatix Advisory calculations

Advantage to public sector plugs funding gap



Whitehall boost more than offsets initial costs

Although future rental incomes alone cannot typically remunerate the construction of new affordable homes, increased tax revenues and reduced costs elsewhere in the public sector make such an investment fiscally sound.

On average, a new home requires £22,000 of additional funding over and above the discounted value of its future net rent stream. This is partially offset by the £14,000 present value of future savings to housing benefits, universal credit and temporary accommodation costs. There is a further cautiously estimated £61,000 of fiscal improvement from lower spend on unemployment benefit and health service, and higher tax receipts.

A programme of building new homes for affordable rent each year will deliver a real annual return to government coffers of 3.5 per cent.

	Rental income funding gap	Housing benefit savings	Higher tax receipts; NHS and other savings	Public sector surplus
North East	-£37,000	+£29,000	+£61,000	+£53,000
North West	-£21,000	+£9,000	+£62,000	+49,000
Yorkshire & Humber	-£32,000	+£6,000	+£60,000	+£34,000
East Mids	-£23,000	+£4,000	+£60,000	+£41,000
West Mids	-£17,000	+£6,000	+£60,000	+£49,000
East	-£20,000	+£25,000	+£61,000	+£65,000
South East	-£39,000	+£24,000	+£66,000	+£51,000
South West	-£8,000	+£8,000	+£60,000	+£59,000
England	-£22,000	+£14,000	+£61,000	+£54,000

Impact on public finances of building rural affordable homes

England, £ per dwelling net present value over 30 years (with no developer but 50 per cent public/third party land contribution)

Source: Pragmatix Advisory calculations

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New homes deliver real returns for taxpayers

	1 bed flat	2 bed flat	3 bed house	4 bed house	All
North East	4.7%	3.8%	4.0%	3.0%	4.0%
North West	4.4%	3.9%	2.7%	3.1%	3.6%
Yorkshire & Humber	3.8%	3.4%	2.1%	2.1%	3.1%
East Midlands	3.9%	3.5%	2.2%	2.7%	3.1%
West Midlands	3.9%	3.5%	2.2%	2.5%	3.2%
East of England	4.3%	4.1%	2.9%	3.2%	3.7%
South East	3.1%	3.0%	1.7%	2.2%	2.6%
South West	4.6%	4.4%	3.2%	3.4%	4.0%
England	4.1%	3.8%	2.7%	2.9%	3.5%

Real rate of return to the public sector

England, real rate of return over 30 years (with no developer but 50 per cent public/third party land contribution)

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Case stacks up on alternative assumptions

The appraisal model has been used to test a range of alternative assumptions and identify the extent to which the overall findings are sensitive to them.

Reasonable variations to the underlying assumptions do not change the key conclusions. Building new affordable homes delivers a significant positive benefit to public sector finances and generates a positive real rate of return for taxpayers.

	Public sector surplus	Real annual rate of return
Central case assumptions	+£54,000	3.5%
50-year appraisal (not 30; borrowing at 216 pbs above central rates not 209 bps above)	+£155,000	5.0%
Land acquired at no cost (not 50 per cent discount)	+£72,000	4.9%
Land acquired at market rate (not 50 per cent discount)	+£35,000	2.4%
Land acquired at rural exception site rates	+£66,000	4.3%
All borrowing at council rates (not 20 per cent)	+£87,000	3.5%
Five per cent of construction ecosystem workers otherwise unemployed (not 50 per cent)	+£48,000	3.1%
Local Housing Allowance rises at one per cent p.a. (not two per cent)	+£42,000	2.9%
Excluding indirect and induced impact of construction spend	+£33,000	2.2%
Local Housing Allowance set at twentieth percentile of local market rents (not 30th)	+£44,000	3.0%
Local Housing Allowance set at 50th percentile of local market rents (not 30th)	+£86,000	4.6%

Public sector surplus and rate of return from construction of one typical rural affordable home – different assumptions
England, £ (net present value, 2020)

Comprehensive Spending Review priorities

Investing in rural affordable housing will deliver socio-economic benefits and fiscal gains while supporting the government's spending priorities.

Post-covid recovery	'Levelling up' economic opportunity across regions of the country	Reducing the burden on public services, including the NHS	Reducing Government deficit

Appendix | Model assumptions

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Central case assumptions

Borrowing rates and evaluation:

- Central government borrowing rate 1.0% p.a.
- Housing association borrowing rate 3.5% p.a.
- Local authority borrowing rate 1.47% p.a. (1.8% p.a. after 50 years)
- 30-year evaluation period
- 80% housing association and 20% council borrowing

Construction:

- No stamp duty land tax (SDLT)
- 50% of construction workers unemployed prior to social housing build (during period of covid impact)
- Land acquired, on average, at 50 per cent discount to market rate – through public sector property transfers, section 106s or other sources
- No other section 106 or other developer contributions

Annual inflation rates:

- Private market rent (and LHA) 2.0 per cent
- Temporary accommodation costs 2.0 per cent
- Unemployment benefit 2.0 per cent
- Affordable rent 2.0 per cent
- Maintenance and management 2.8 per cent
- NHS costs 3.8 per cent

Occupancy:

- Property void and arrears 5 per cent
- Maintenance and management costs as a share of rent 15 per cent
- 75 per cent of new housing occupants previously receiving housing benefit
- 1.3 per cent of benefit claimants capped
- LHA remains set at 30th percentile of rents
- Affordable rent at 80 per cent of median local rents in rural areas averaged by region
- 1-in-10 new dwellings taken up result in an occupant not requiring previously claimed unemployment benefit

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	1 bed	2 bed	3 bed	4 bed
North East	7,500	8,438	16,875	22,500
North West	13,532	15,224	30,448	40,597
Yorkshire & Humber	20,454	23,011	46,022	61,363
East Midlands	15,441	17,372	34,743	46,324
West Midlands	21,503	24,190	48,381	64,508
East of England	26,705	30,043	60,086	80,115
South East	51,516	57,956	115,912	154,549
South West	24,655	27,737	55,474	73,966

Rural land values by region and size of dwelling
England, £ per dwelling, 2020

Source: Pragmatix Advisory calculations and estimates using Valuation Office Agency data

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	1 bed	2 bed	3 bed	4 bed
North East	83,000	106,000	135,000	158,000
North West	86,000	110,000	141,000	165,000
Yorkshire & Humber	84,000	108,000	138,000	162,000
East Midlands	87,000	112,000	142,000	167,000
West Midlands	85,000	109,000	139,000	163,000
East of England	96,000	123,000	157,000	184,000
South East	113,000	145,000	184,000	216,000
South West	87,000	112,000	142,000	167,000

Rural construction costs by region and size of dwelling
England, £ per dwelling, 2020

Source: Pragmatix Advisory calculations and estimates using Valuation Office Agency data and Council Officer interviews

	1 bed	2 bed	3 bed	4 bed
England	90	80	40	30

Rural development density by region and size of dwelling
England, dwellings per hectare, 2020

Source: Pragmatix Advisory calculations and estimates using Council Officer interviews

	1 bed	2 bed	3 bed	4 bed
North East	78.25	90.90	109.32	161.10
North West	113.92	138.08	166.85	195.62
Yorkshire & Humber	120.82	136.93	161.10	207.12
East Midlands	90.90	115.07	136.93	182.96
West Midlands	97.70	120.82	143.84	172.60
East of England	120.82	158.70	195.62	253.15
South East	155.34	195.62	241.64	299.18
South West	111.62	143.84	179.51	230.14

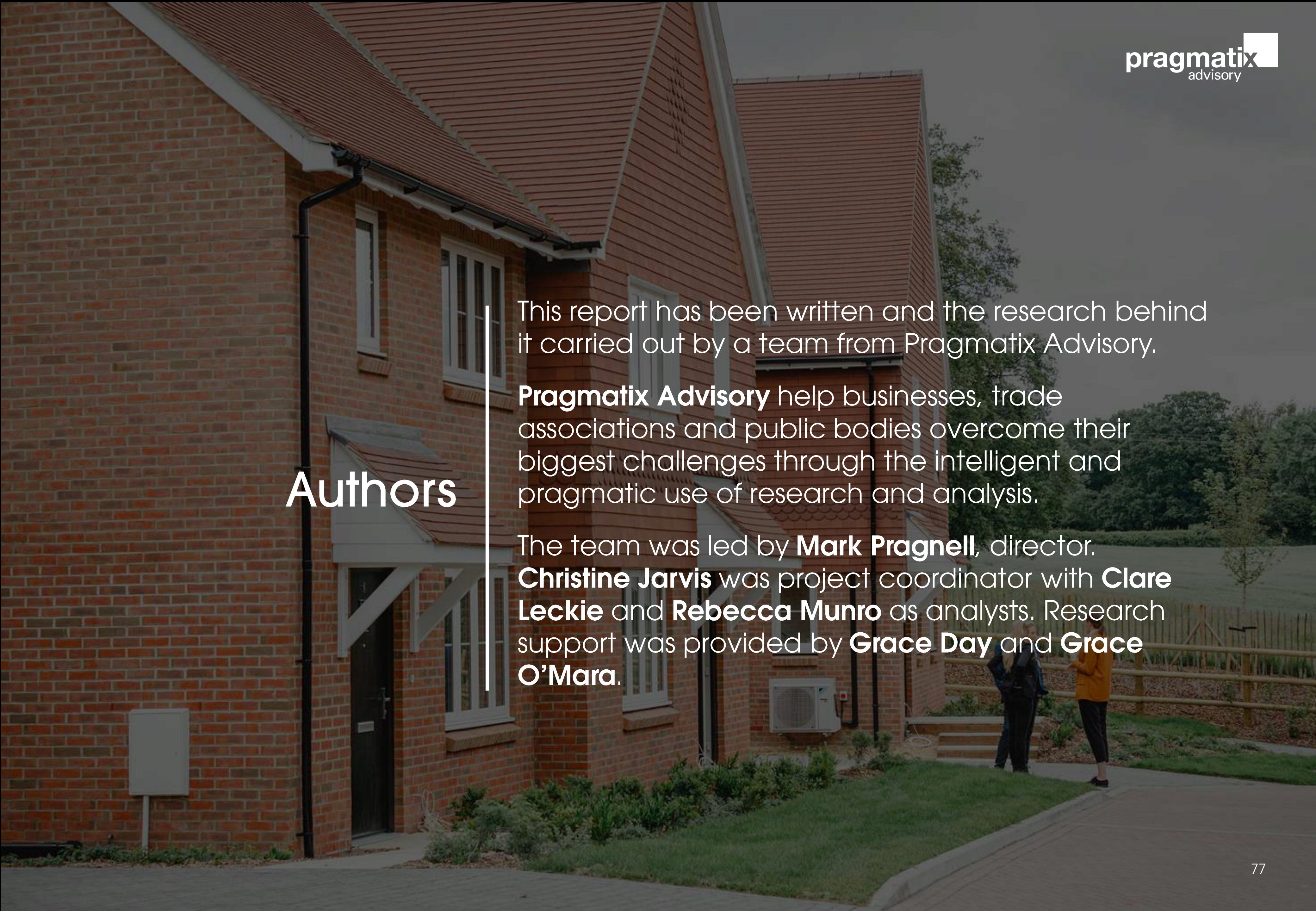
Rural LHA rates by region and size of dwelling
England, £ weekly per dwelling, 2020

Source: Pragmatix Advisory calculations and estimates using Valuation Office Agency data. Estimate of 30th percentile of market rates

	1 bed	2 bed	3 bed	4 bed
North East	66.74	76.05	94.36	131.18
North West	83.31	101.26	121.98	149.13
Yorkshire & Humber	74.33	92.74	110.47	137.85
East Midlands	77.78	101.26	119.67	164.09
West Midlands	85.30	108.32	128.57	171.37
East of England	96.43	121.97	143.07	192.39
South East	110.62	139.62	177.97	233.13
South West	95.02	120.36	146.79	194.59

Rural 'affordable' rents by region and size of dwelling
England, £ weekly per dwelling, 2020

Source: Pragmatix Advisory calculations and estimates using Ministry of Housing, Communities & Local Government data



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Authors

This report has been written and the research behind it carried out by a team from Pragmatix Advisory.

Pragmatix Advisory help businesses, trade associations and public bodies overcome their biggest challenges through the intelligent and pragmatic use of research and analysis.

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Mark Pragnell is a respected macroeconomics consultant with over 25 years' experience.

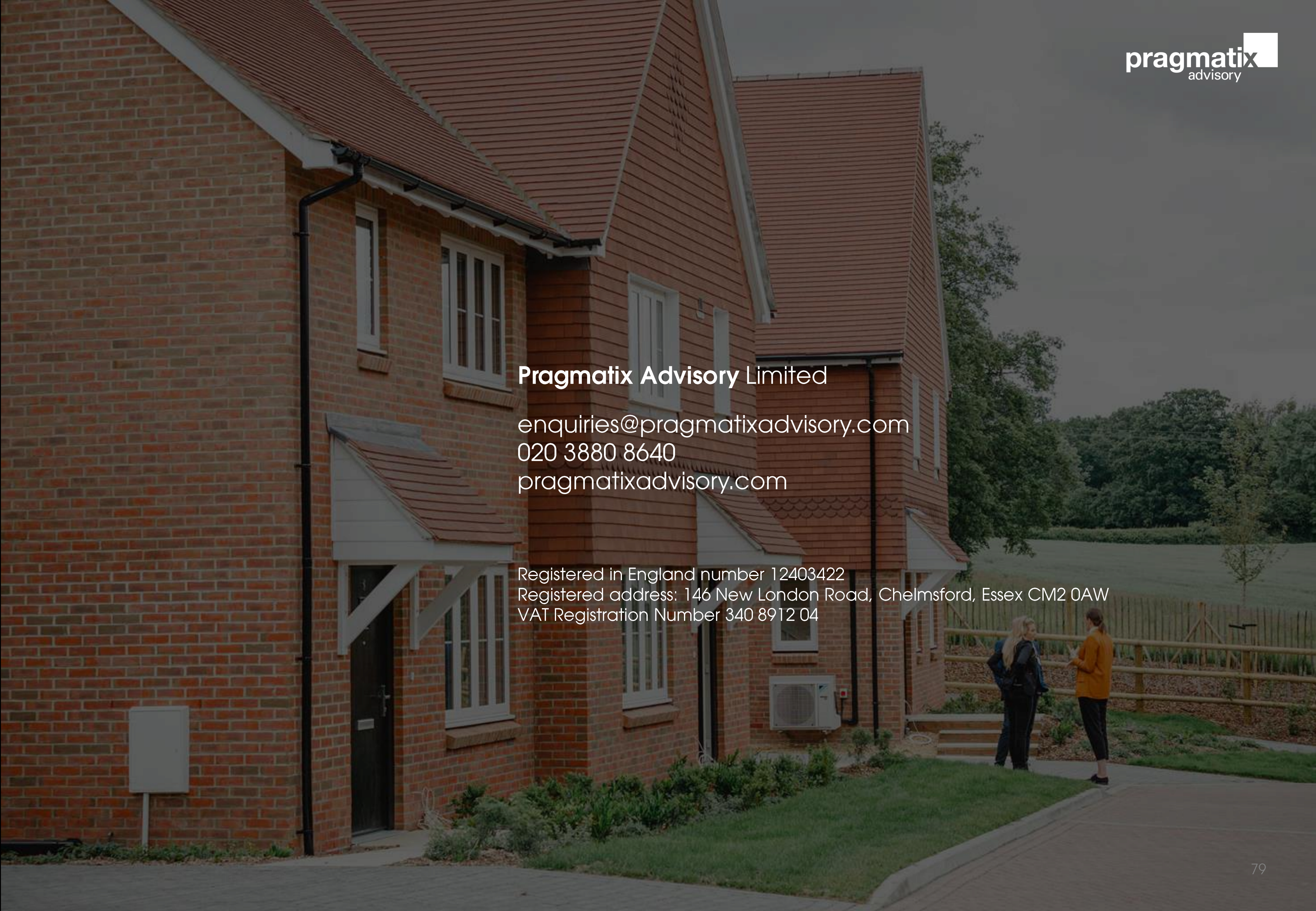
Mark Pragnell founded Pragmatix Advisory to help businesses, trade associations and public bodies around the world overcome their biggest challenges through the intelligent and pragmatic use of research and analysis.

He was previously director of strategy and consultancy at Capital Economics (2012-2020) and managing director of Centre for Economics and Business Research (2000-2009). Mark was executive director of the Thames Gateway South Essex Partnership (2009-2011).

Mark has covered a wide spectrum of topics from offshore finance through pharmaceutical pricing to small business taxation, but includes work on social housing for Shelter, the Local Government Association, National Federation of ALMOs and the SHOUT campaign, and on the housing shortage for the Joseph Rowntree Foundation.

In addition to a long track record of macroeconomic forecasting and analysis, he has extensive experience as an economist supporting the property industry. Clients have included leading developers, such as Canary Wharf and British Land, housebuilders and private equity funds. He has worked on major development schemes from Woolwich through Stockton to Glasgow. He has acted as an expert witness to examinations in public and the Lands Tribunal. He was involved in the creation of a local enterprise partnership, and is currently economics advisor to the Property Price Advice website.

He holds a BA in philosophy, politics and economics from the University of Oxford, and is governor of a respected land-based educational institution in Essex, Writtle University College.



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