

Housebuilder News

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Brexit prompts housebuilding share price crash

Housebuilder share prices fell by around 20% today on the back of the UK's vote to leave the European Union.

Housebuilders' shares were among the worst hit as the markets reacted adversely to the vote and the subsequent resignation of prime minister David Cameron.

However Peter Andrew, deputy chairman of the Home Builders Federation, looked to remind the market that the medium to long term outlook for the industry is sound. "It is too early to understand all the implications of the Brexit vote for housebuilders," he said. "However, it is clear that after decades of undersupply we face an acute housing crisis and demand for new homes will remain high. We will continue working with government and others to ensure we can deliver the number of homes the country needs in the coming years."

Richard Donnell, insight director at Hometrack, said: "The immediate impact of Brexit is likely to be a fall in housing turnover and a rapid deceleration in house price growth as buyers wait and see what the short term impact is on financial markets and the economy at large.

"The decision to leave the EU will be most keenly felt in the London housing market which is fully valued and already facing headwinds."

But John Elliott, managing director of Millwood Designer Homes, welcomed the vote: "I am delighted that today is 'independence day' for Britain. One of the UK's biggest assets is our home grown housing market and this will now be much better off out of EU regulation.

"For many years, the EU Habitats Directive has had an unnecessary impact on housebuilding. The mere hint of great crested newts or slow worms on a site, which are prolific in the south east of England, can delay building for months.

"Most recently the EU's Mortgage Credit Directive effectively means that no housebuilders are able to lend money to buyers unless they register as a regulated financial adviser. When times are difficult, this has been a traditional way for housebuilders to help buyers overcome mortgage downvaluations and other issues, and keep the market moving.

"Our exit from the EU will stop the continual flow of red tape and see our housing market grow and flourish without unnecessary constraints placed on building much needed new homes."

Monika Slowikowska, founder of Golden Houses Developments, a contractor in London's high end residential market, said that Britain leaving the EU will have a catastrophic effect on the construction industry. "Everyone is in shock. Property analysts are predicting an immediate slowdown in transactions. By leaving the EU, and based on our projects, we predict that the cost of labour could increase by an extra 15 to 20%."

Tom Curtin of community consultation firm Curtin & Co said that skills could be hit by the vote: "Housebuilders could now find it harder to recruit workers from the EU to address the skills shortfall in the development industry. This would likely then have a knock-on effect on the number of houses built every year, making it harder for the government to meet their very ambitious targets." He also

said challenges could be made to high housing targets in emerging Local Plans and Strategic Housing Markets Assessments “as growth forecasts are now outdated.”

Julie Hirigoyen, ceo of the UK Green Building Council, said: "Both economic and political uncertainty will have some people asking whether the green agenda needs to be de-prioritised while business goes into firefighting mode. This must and need not happen."