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Housing Market Intelligence

7 October 2021

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— Agenda

Housing market

**Land market
and planning
environment**

**Build resources
and
sustainability
regulation**

**People and
culture**

**Customer
service, build
quality and
reputation**

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Housing market



Market performance – to 1 August 2021

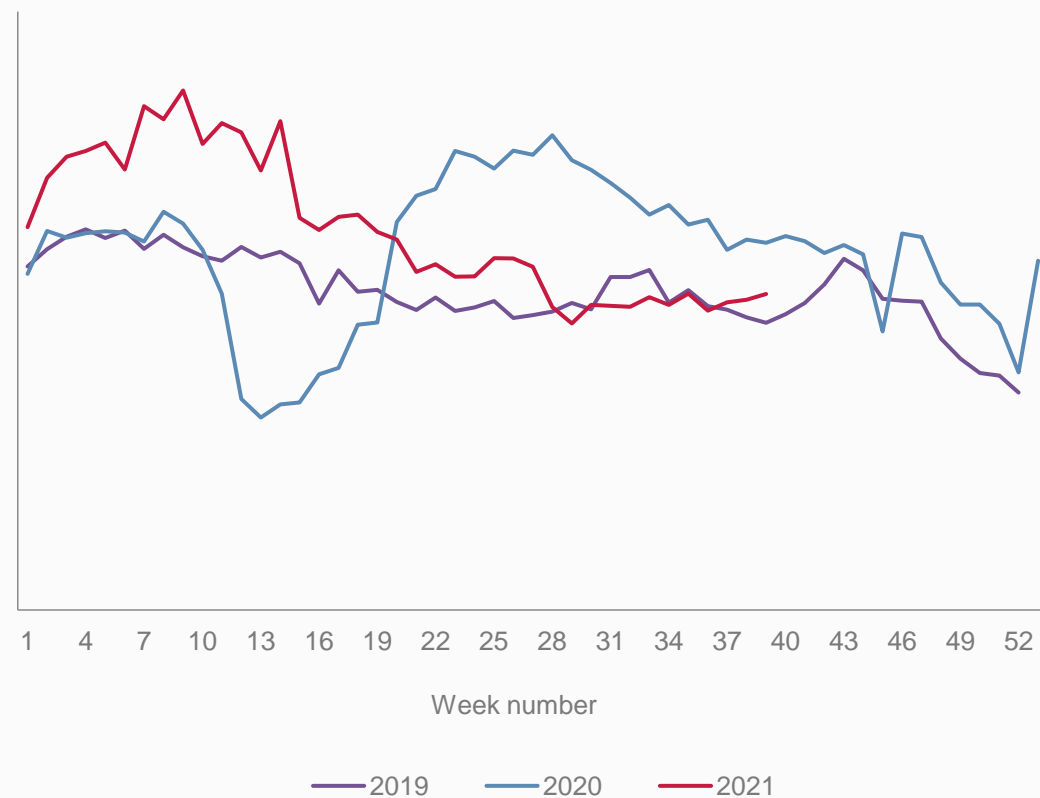
	H2 2021 (w/e 1 August 2021)	H1 2021	H2 2020	H1 2020	H2 2019	H1 2019
Average outlets open	220	228	244	237	243	257
Private sales rate (net)	0.81	0.97	0.81	0.70	0.92	1.00
Private sales price £000	323	322	320	320	314	298
Cancellation rate (private)	16%	14%	19%	21%	16%	14%

- Total order book of 10,589 homes as at w/e 1 August 2021 (2020 equivalent period: 12,014)
- Help To Buy transition completed without major disruption, during the first half of 2021 approximately 27% of private reservations used the Help to Buy scheme (H1 2020: c.53%)
- As at 1 August 2021, c.99% forward sold for private completions for 2021 (2020 equivalent period: c.97%; 2019 equivalent period: c.87%)
- Strong Q1 and Q2 means H2 sales pressure lower than normal, focus remains on good order book and WIP position going into 2022

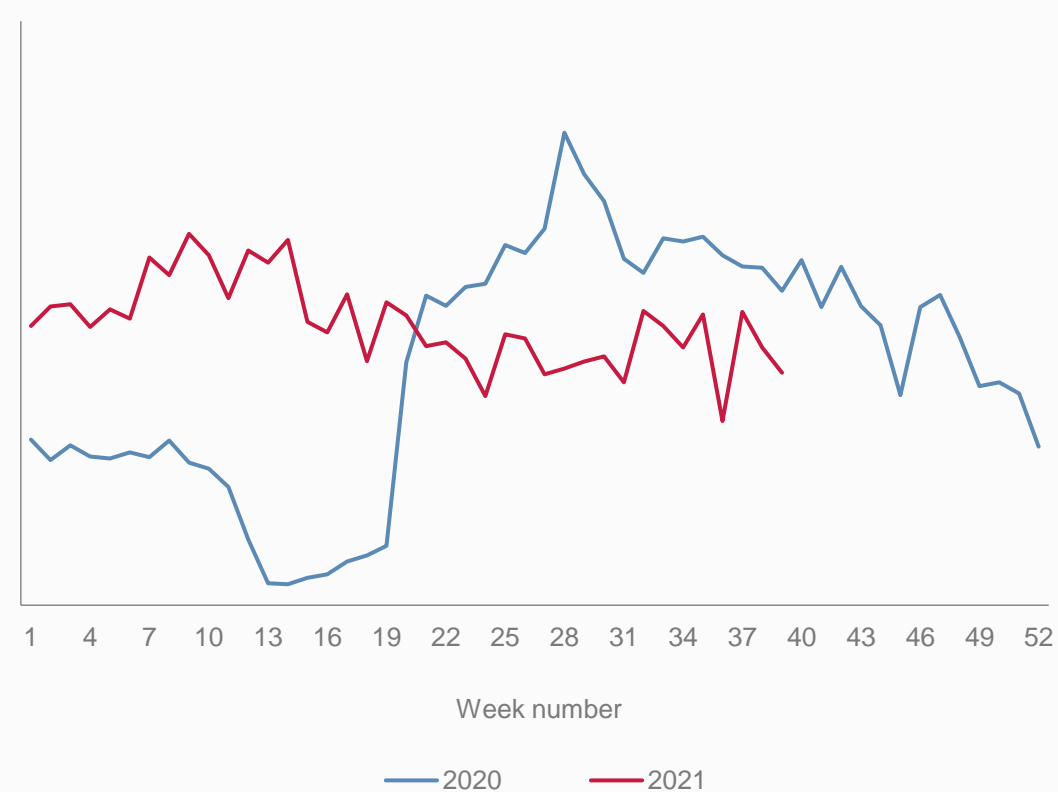
Data based on reservations excluding JVs

Positive sales momentum and forward indicators

Customer interest*



Appointments



* Organic traffic i.e. traffic via a search engine, to our plot and development pages

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Land market and planning environment

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TW land investment to H1 2021

Land approvals

- Approved c.32k plots in the year to 4 July 2021

Land acquisition

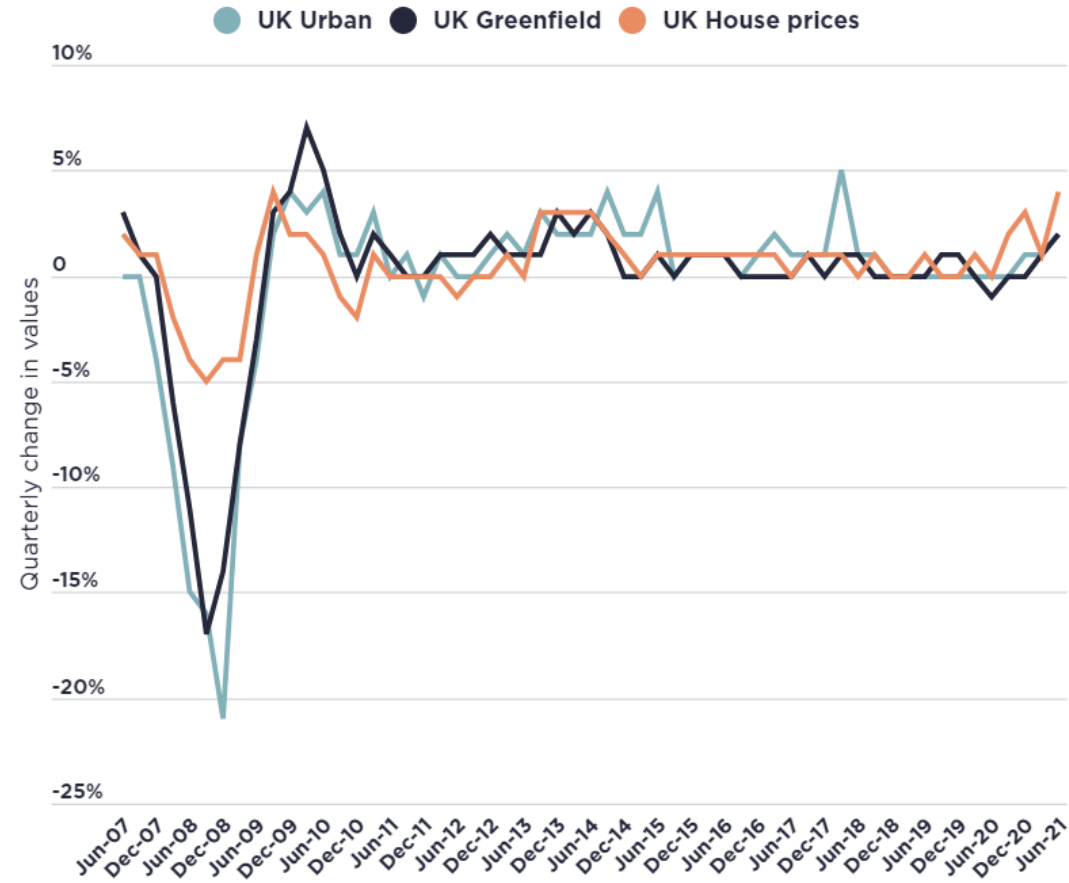
- Increased landbank by c.5k units in the year to 4 July 2021, expect landbank to grow by >10k units as recent acquisitions flow through
- Great mix of sites secured including smaller additions, broad geographic spread and good land values before land market competition returned strongly in 2021
- Acquired 8,675 plots in the short term land market during H1 2021 (H1 2020: 2,015)
- Converted 3,232 strategic pipeline plots into the short term landbank in H1 2021 (H1 2020: 2,501)

Outlet progression

- Progressing newly acquired land as planned to deliver high quality outlets from late 2022 for completions in 2023+
- Continue to expect to end 2021 on a similar number of outlets to those at the beginning of the year, 37 outlets opened in H1 2021, 73 outlets opened in 2020
- Plan to grow number of outlets by around 50, over the next 24 months, without adding meaningfully to our operating structure

Land market

UK greenfield land values grow at their highest rate since 2014



Source: Savills Research, Nationwide

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Build resources and sustainability regulation

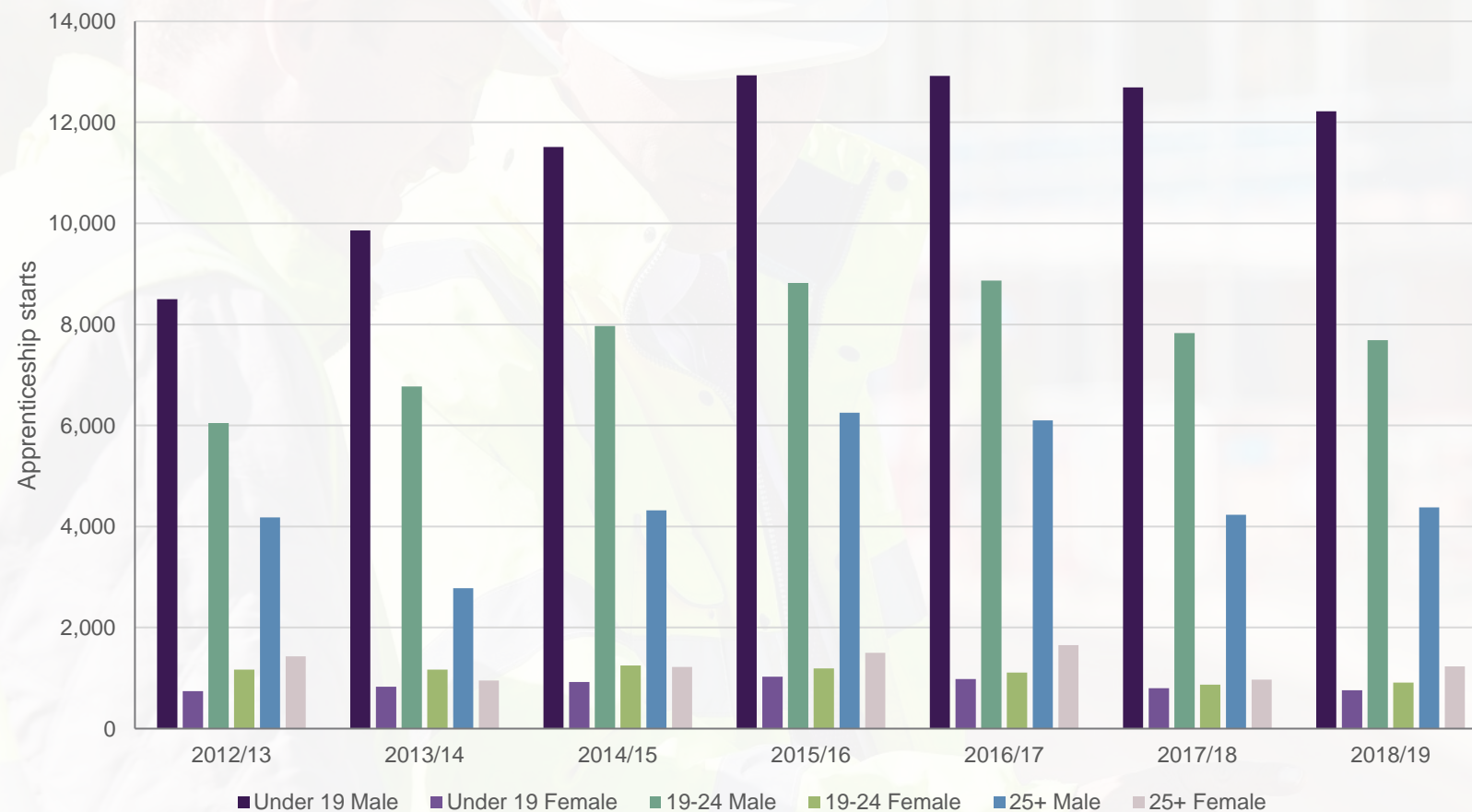


Build resources

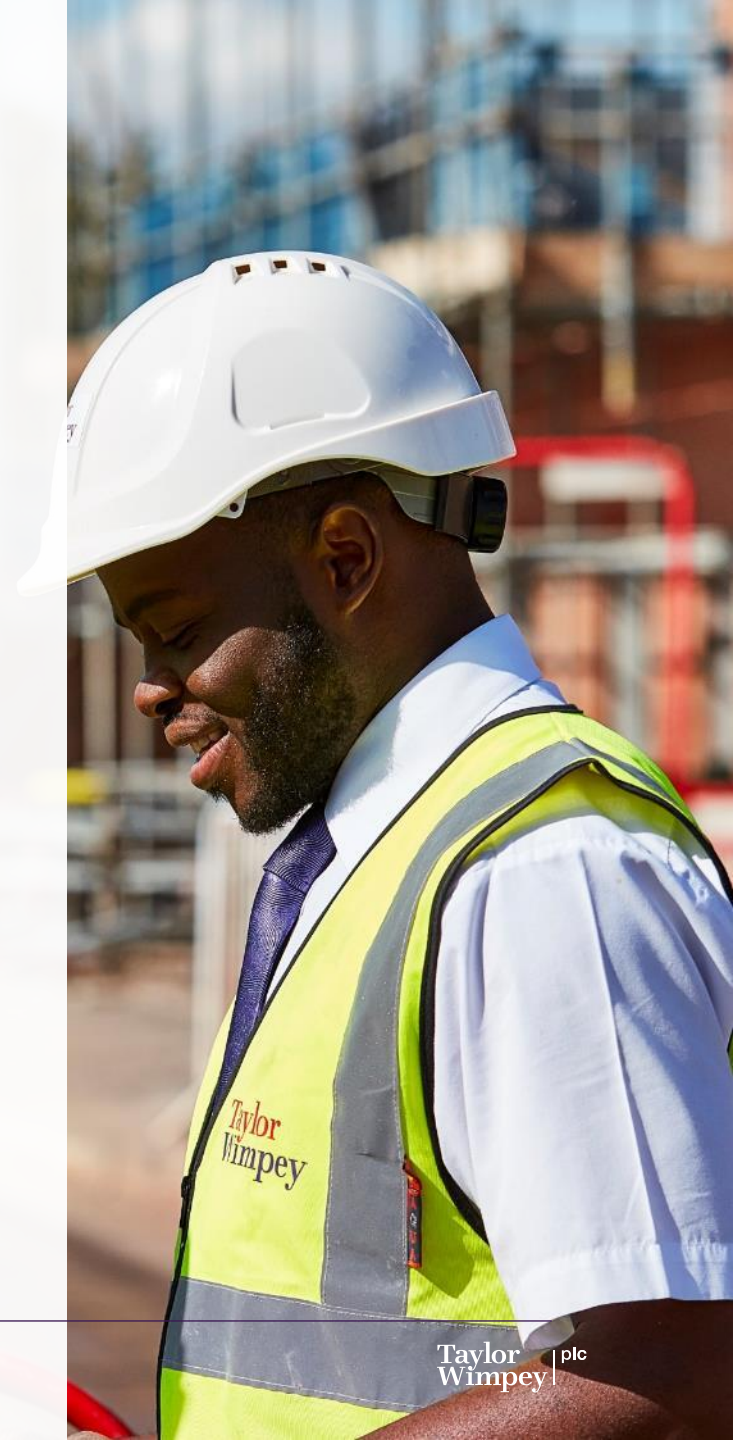


Skills and apprentices

Number of construction apprenticeship starts



Source: Department for Education



Sustainability and regulation

Barclays: UK Homebuilding and its role in decarbonisation 4 October 2021

- The UK residential new-build sector is undergoing the most significant changes to building regulations in decades as the move towards decarbonisation intensifies. This is being driven by the UK Government through the Future Homes Standard (FHS).
- To meet the costs of the interim Part L uplift, costs have been estimated by the UK Housebuilders at c£3.50 per square foot of build, or a range of £3-5k for typical three and four-bedroom homes.
- The costs of meeting the full regulations of the FHS in 2025 remain a relative unknown as technical consultation on the proposed specification for the FHS won't take place until Spring 2023. Despite this, the larger required reduction in carbon is likely to lead to higher build costs than expected for the interim Part L uplift.
- Potential barriers to meeting the Future Homes Standard
 - New technologies and a skills gap – UK requires a significant step up in both manufacturing capability and installer numbers*.
 - Timeframe and potential planning delays – SMEs don't typically have the resources and in-house expertise of the larger developers to deal as efficiently with regulatory change.
 - Reduced land availability – Further cost increases to meet the FHS may lead to a reduction in the availability of land if developers attempt to maintain margins. This could lead to the unintended consequence of reducing land availability for residential development as land vendors may not accept such falls in prices for their assets and look for alternative uses/buyers.

Source: Barclays Equity Research

* Refers to heat pumps



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People and culture



TW people and culture

**Named in Glassdoor's
top 10 companies for
work life balance
during COVID-19**



**In 2020, the mean pay
for women was 6%
higher than that of
men**

(2019: 2% lower)



**96% of employees
agree or strongly
agree
“I can be my authentic
self at work without a
need to cover my
Identity”**



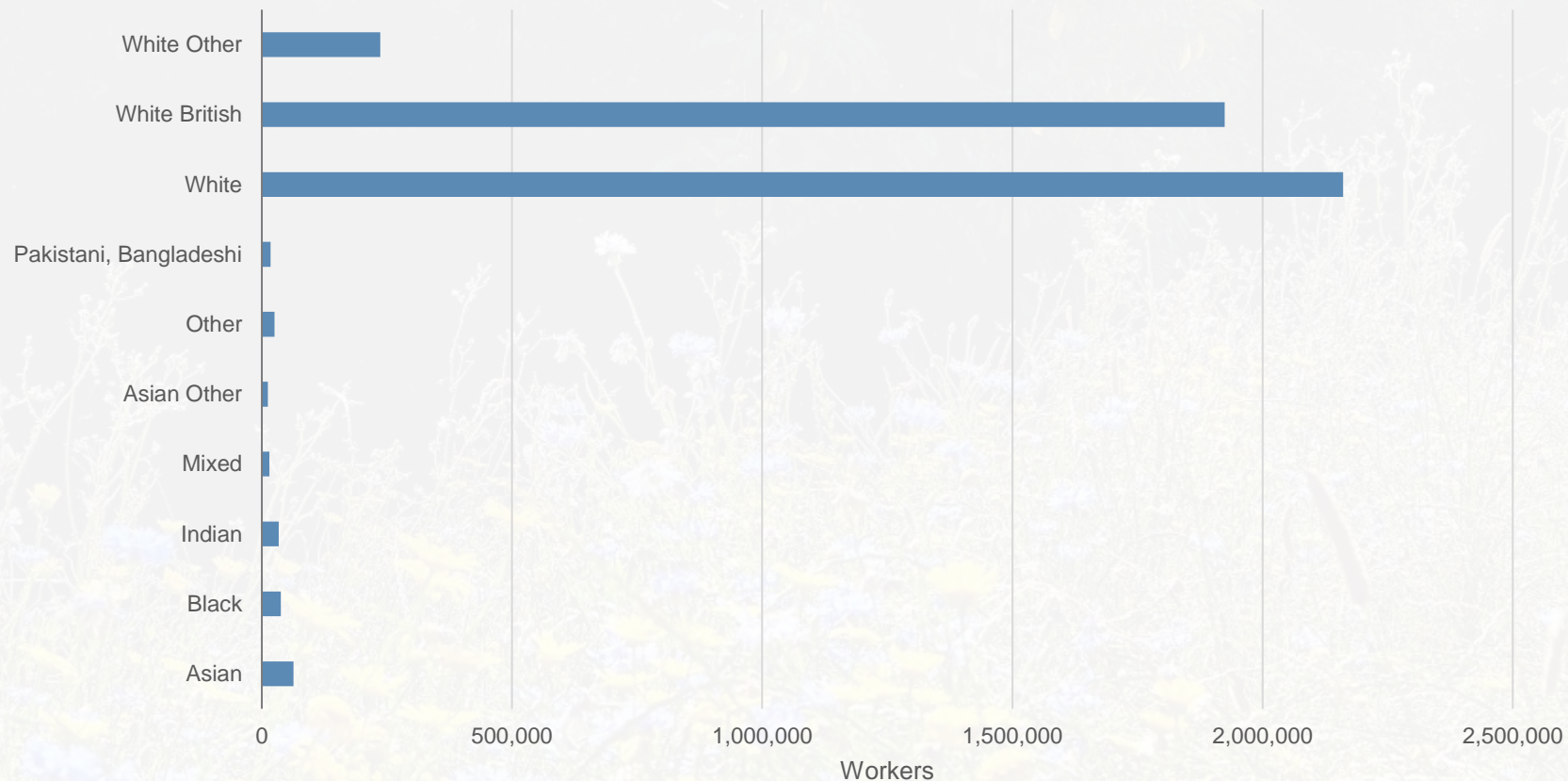
**In 2020, our Annual
Injury Incidence Rate*
was 151 per 100,000
employees and
contractors**

(2019: 156)

* The Annual Injury Incidence Rate (AIIR) is defined as the number of incidents per 100,000 employees and contractors, calculated on a rolling 12 month basis, where the number of employees and contractors is calculated using a monthly average over the same period.

Industry ethnic diversity

2018 construction sector workers ethnic group



Source: GOV.UK, 2018 Annual Population Survey

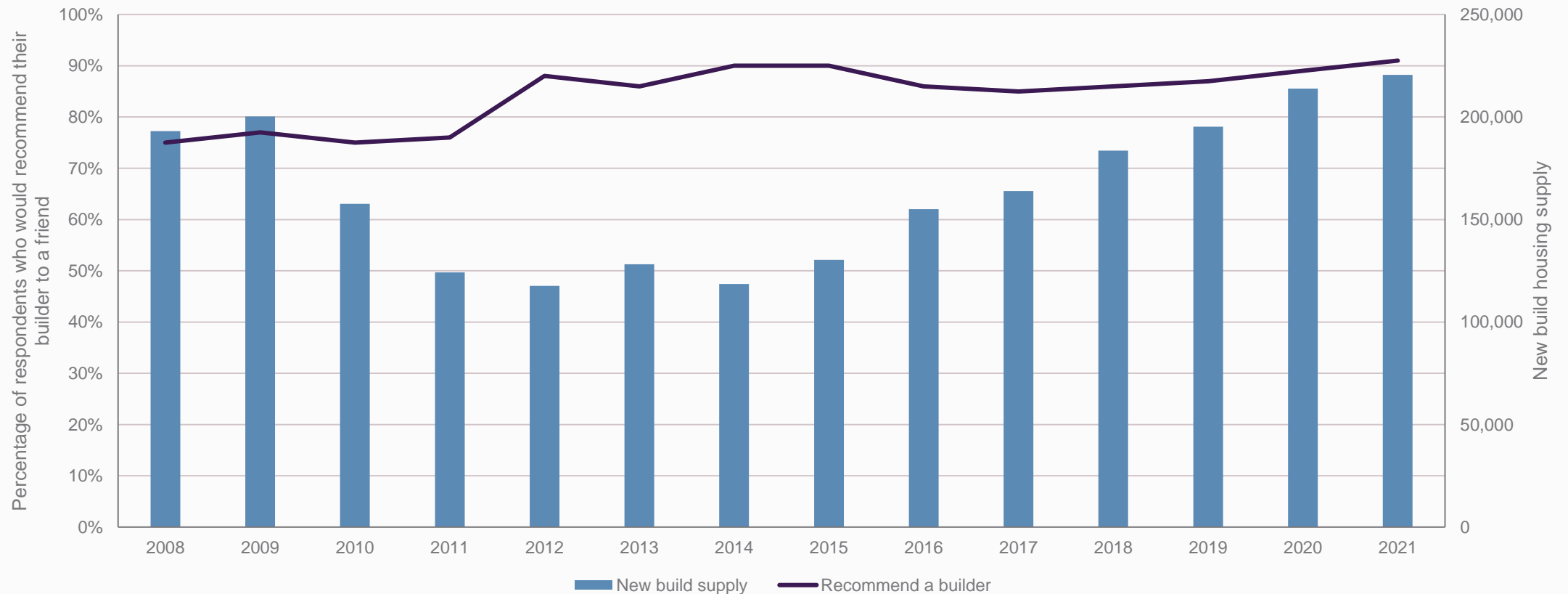
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Customer service,
build quality and
reputation



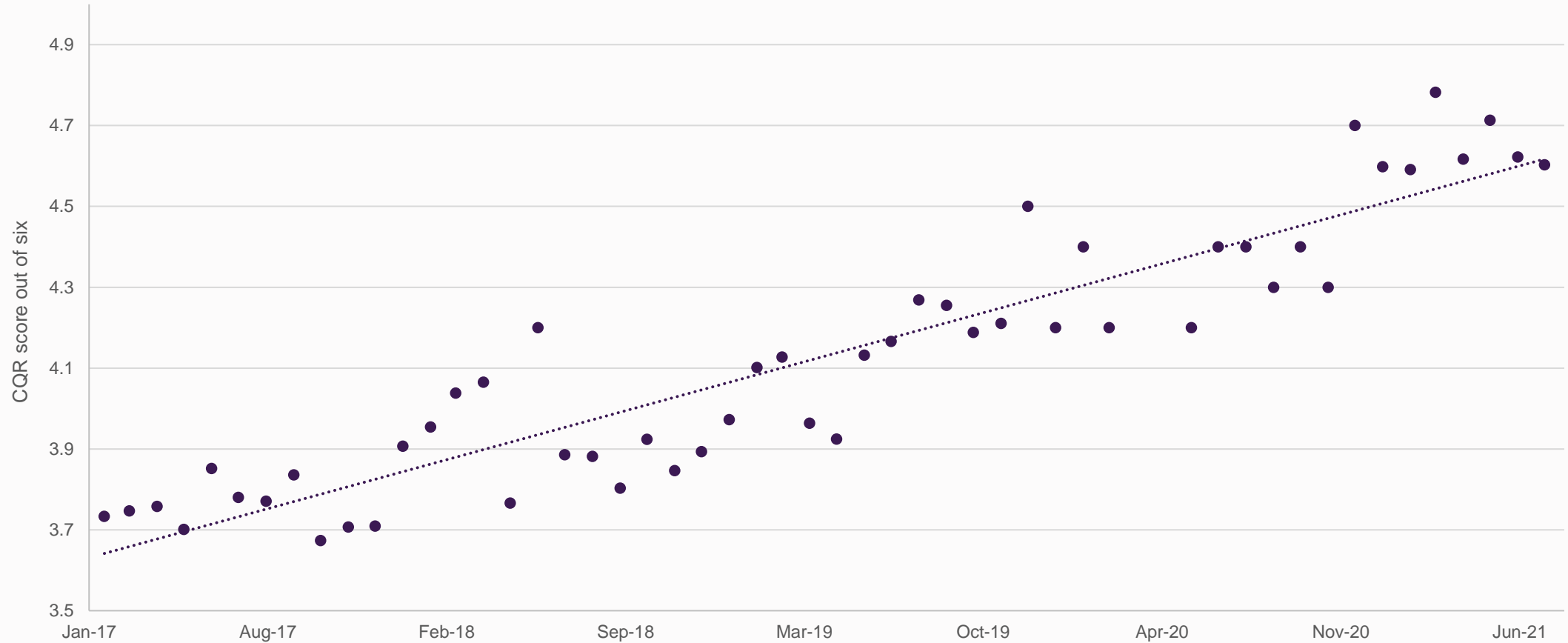
Customer satisfaction

8-week 'would you recommend?' industry average and new build housing supply



Source: HBF

Taylor Wimpey Construction Quality Review



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Industry priorities



Industry priorities

- Deeper strategic investment in skills, people and culture – including but not limited to apprenticeships
- Continue the path to consistently great customer service and build quality
- Collaborative research and development to resolve build and regulatory challenges, including...
 - ...develop a detailed, realistic path to industry environmental sustainability
 - Explain changing products well to our customers
 - Explain better how the industry works, why and what it can bring to all stakeholders





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