

Where And How To Build 1.5 Million Homes

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Where and how should 1.5 million new homes be built?

- ▶ Where do people want to live, and in what types of housing?
 - ⇒ Where should new housing be built to meet demand? → **Mapping tool**
- ▶ What barriers prevents homes from being built where people want to live?

Data: Search and Listings Data from Housing Search Platform

- ▶ Demand: Micro data on every search (including search filters), click, save and contact between 2019-2024 (today's focus is on 2024)
- ▶ Supply: Data on every listing, unit characteristics, final listed sale price/rent on site, and price change between 2019-2024
- ▶ For the rental sector and the owned sector
- ▶ Filtering of bots based on total number of searches & time spent
- ▶ As close as we can get to unconstrained housing preferences

Key novel measure of housing demand

- ▶ The **housing gap** $\approx$ **excess demand**: $\text{Searchers} - \text{Listings}$
- ▶ Note: Searchers only counted once, and allocated to OAs according to search intensity [▶ Details](#)

Why use search data to measure housing demand?

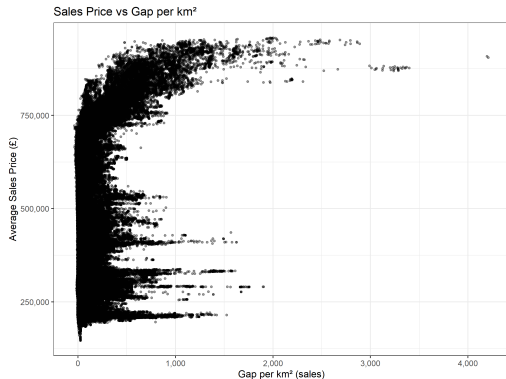
Advantages

1. Fine spatial location (search location)
2. Searches occur in places without listings $\approx$ Unconstrained preferences
3. Direct measure of housing demand

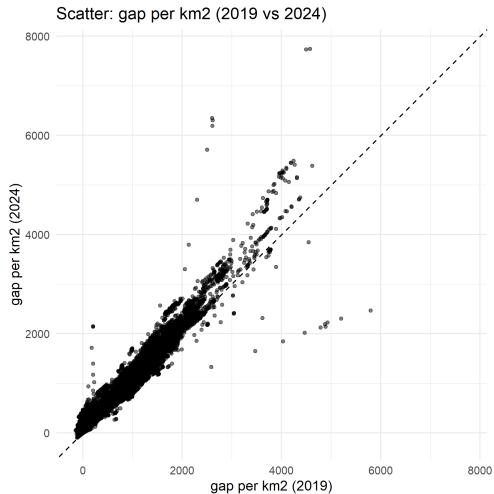
Concerns

1. Aspirational searchers $\rightarrow$ Use serious searchers for robustness
2. Strict self-censoring $\rightarrow$ Individuals vary their price filters $\approx$ People search around their affordability
3. Supply induced demand $\rightarrow$ 1 new searcher for a new build development of 100 units

The housing gap can be high in low-cost areas



The housing gap is persistent over time

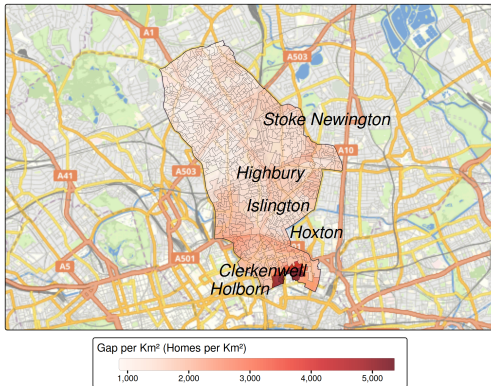


Highest in cities

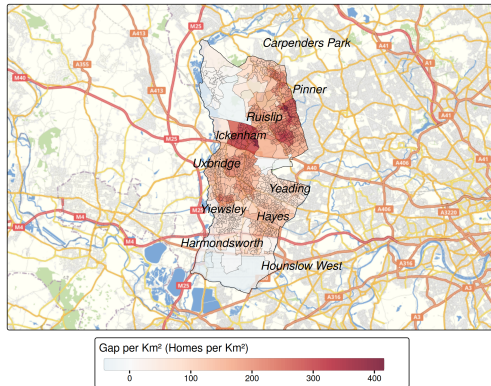


Two thirds of excess demand variation occurs within LAs

Islington

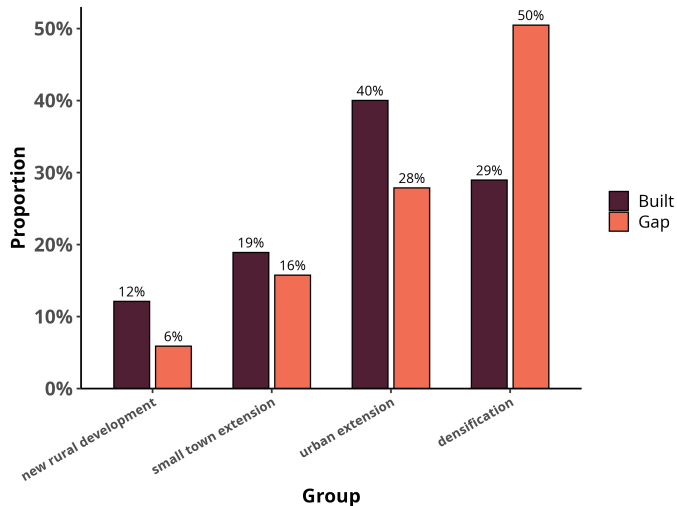


Hillingdon



- ▶ LA level targets do not adequately address excess-demand variation

Half the housing gap is in inner cities...



► but building is not

Higher amenities ↑ housing gap ; Unattractive infrastructure ↓ housing gap

PCA Regression Results

	(1)	(2)
	Non-Residualised PCA	LA-Residualised PCA
Urban Amenity Index	93.807*** (0.260)	27.097*** (0.338)
Natural Amenity Index	-39.567*** (0.636)	-13.882*** (0.796)
Recycling centre (within OA)	-46.404*** (9.015)	-68.969*** (11.563)
Refuse Disposal Facilities (within OA)	-19.061* (10.864)	-55.735*** (13.927)
Waste Storage, Processing and Disposal (within OA)	-115.742*** (2.273)	-195.381*** (2.869)
Motorway Road (50 metres)	-21.146 (18.238)	-42.540* (23.392)
LA FE	No	Yes
Num.Obs.	188 749	188 749

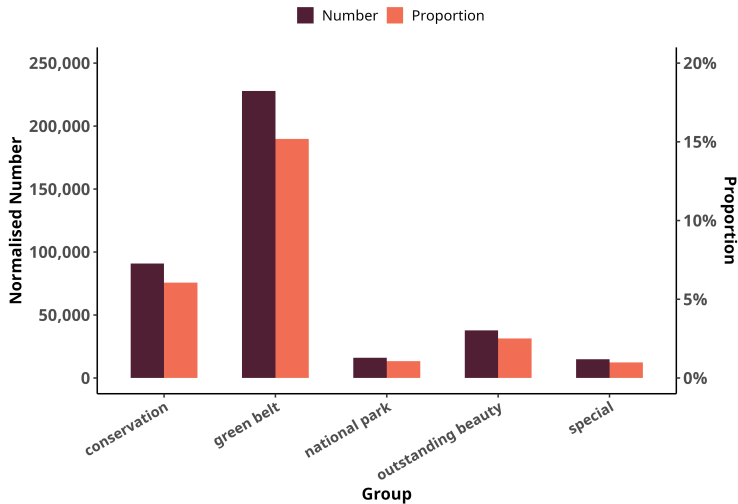
WhereToBuild Mapping Tool

<https://wheretobuild.warwick.ac.uk/>

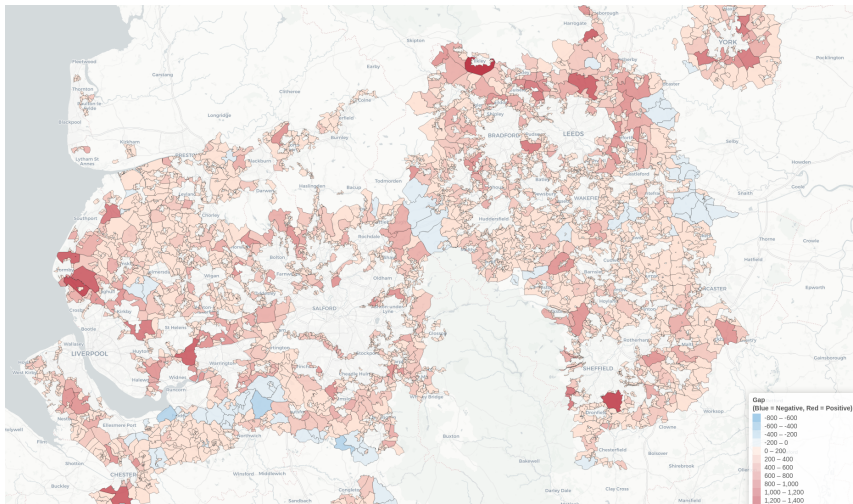


Planning Barriers

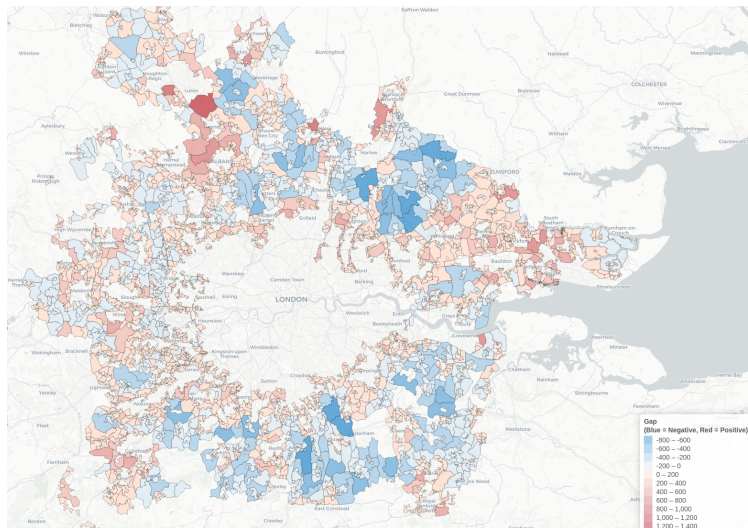
25% of excess demand lies in areas with restrictive planning designations



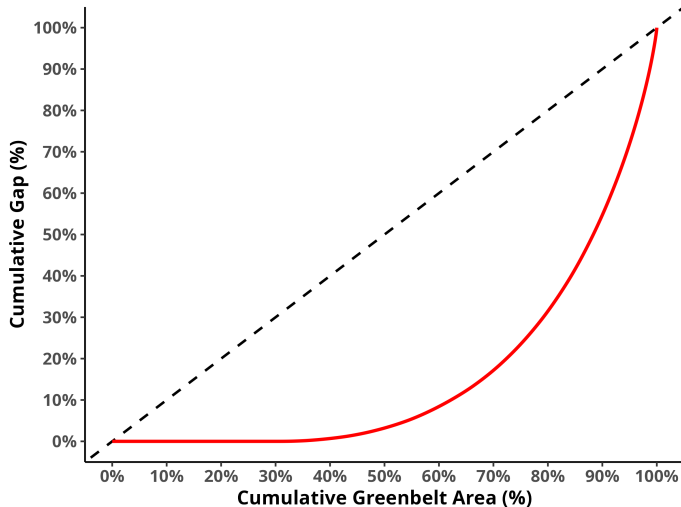
The North-West Greenbelt is particularly restrictive



Less excess demand in the London Greenbelt



Allowing development on 10% of greenbelt land facing highest excess demand could meet the majority of the gap within greenbelts



Takeaways

1. Focus on where to build within local authorities
2. Identify sites for densification and increase proportion of housing delivered in the form of densification by 70%
3. Planning reform: Allowing building on parts of the greenbelt with the highest excess demand could unlock growth particularly in cities across the North and Northwest
4. Mapping tool visualizes these results at the output area level and provides customised LA-level reports