



The Economic Footprint of House Building in England and Wales

July 2018



Employment Summary

In combination, then, the house building industry is estimated to support up to almost 698,000 people across a range of organisations, operations and occupations in England and Wales. As summarised in **Table 4.2** below, around a third (34% or 239,000) of these employees are directly employed by house building firms and organisations and their subcontractors. The remaining 458,690²³ is split between indirect employees (i.e. those working within the house building supply chain) and other employees working across the wider economy, for example providing goods and services to house builder, subcontractor and supplier employees.

This scale of employment supported by house building is equivalent to between 2.4 and 3.1 direct, indirect and induced jobs per new permanent dwelling built.²⁴ This figure will vary year-on-year depending upon the exact nature of new units built (such as an increasing proportion of new supply coming from permitted development change of use which is inevitably less labour intensive than new build housing, per unit delivered) and will also reflect increasing productivity within the sector.

Public Finances

The house building industry makes a significant contribution to public finances through tax revenues generated by house builders and their supply chains.

Stamp Duty Land Tax (SDLT) is charged on all purchases of houses, flats and other land and property in the UK over a certain price. In 2016/17, the tax generated £11.5 billion of revenue for the exchequer in England and £210 million in Wales. House builders alone are estimated through our survey sample to generate over £392 million of Stamp Duty Land Tax per year through sales of new build homes; this includes £375 million in England and £17 million in Wales.²⁵

Corporation tax is levied on profit generated by house builders and provides a direct revenue stream for the public purse. Based on our sample survey, it is estimated that house builders incurred over £1.6 billion of corporation tax last year; £1.5 billion in England and £0.1 billion in Wales. Of this, £1.3 billion was "paid" in the most recent year.²⁶

	Total
Direct employment supported (i.e. by house builders and their subcontractors)	239,000
Indirect employment supported (i.e. in the house building supply chain)	119,500–186,420
Induced employment supported (i.e. in the wider economy)	174,470–272,270
Total Employment Supported (direct, indirect and induced)	532,970–697,690

Table 4.2: Summary of house building employment.

Source: Lichfields analysis (based on the range of sources and employment multipliers outlined above).

²³ Based on the top end of the employment multiplier range.

²⁴ Based on a total of 224,054 net additional dwellings completed in 2016/17 in England and Wales.

²⁵ HMRC, Annual Stamp Tax 2016–17 (September 2017).

²⁶ The difference between corporation tax incurred and paid relates to the accounting processes associated with carrying forward losses.

