

A report on the UK Self Build Industry: "Past, Present and Future".

By: Barry Sutcliffe (M.D - Building & DIY.com)*.

- 1) Introduction (p1)
- 2) About the Author (p2)
- 3) The Self Build Industry – Past. (p2)
- 4) The Self Build Industry – Present. (p3)
- 5) The Self Build Industry – Future. (p15)
- 6) Conclusion. (p19)

Introduction:

This report has been written to bring to the attention of the "main players" in the Self Build Industry, the fact that things are not as they should be in 2010.

The Self Build Industry has not been growing at anything like its "potential rate" for some time.

Growth over the past 20 years based on "completions" averages around just 1.5% per annum.

This, despite the **massive** boom in the overall housing market during the same period, and also despite the **very significant** advantages that Self Building can offer over buying a property from one of the "Volume House Builders".

The supply "infrastructure" of the industry is geared up to cope with far higher volumes of business.

The Latent demand for the industry's "product" product is **very high**.

The quality of the product of "the opposition" (the volume house builders) has got poorer and poorer over the past 20 years.

So, why is the industry not growing as it should?

Why will things get worse if we carry on as we are?

And:

How can we fix the problem?

*www.Buildinganddiy.com

This document should not be published or re published in whole or in part without the written permission of the author.

About the Author:

The author of this report has been involved in the UK Self Build Industry for around 30 years. He has completed around 20 Self Build projects, either for himself, or acting as a Project Manager.

10 Years ago he set up a "Bespoke Housing Development" company, designing and building large, high quality homes in South Wales.

He has also built / refurbished / renovated around 250 houses for various Building Contractors and Councils, and has worked on many varied projects in the "Commercial Building and Civil Engineering Industries" (including Factories, Schools, Hotels, Hospitals, Retail, Civils and Infrastructure).

Around 1990, He was a "Co Founder" and was on the original "Executive Committee" of "The Association of Self Builders" (ASB), where he took on the role of "Regional Coordinator" for the UK, running regular meetings in the North West, where he would present talks on various subjects, and give free help and advice to Self Builders from around the region.

The Self Build Industry – Past.

To understand the present, we need to start in the past.

The Self Build Industry became a significant sector of the building Industry, probably around the late sixties to early seventies.

There have always been people interested in, and actually managing to build their own homes, but the numbers of completions started to hit "interesting levels" around this time.

There was no real "form" to the industry and no real leadership. People just basically "had the idea" to Self Build, found out how they could do it, and got on with it.

The choice in the "product and supply" market was nothing like it is today, but people managed to "get by" and create some very nice properties (*far better than they would have been able to afford by buying from one of the National Housing Developers*), whilst also making a considerable saving on the cost at the same time. – the old adage used to be "**Your third one is free!**".

The biggest problem people had at the time was that they were very much "**on their own**" when they set about starting to plan a project.

The Association of Self Builders:

Formed around 1990, the Association of Self Builders (ASB) was a voluntary organisation, whose core intention was to promote the growth of the Self Build Industry and to give some backing to the people who were "giving it a go"!

The people who formed the Committee of the Association realised that there was very little "free and unbiased" help available at the time, for the thousands of people who were now embarking on one of these major projects every year, and very little to stop them making major mistakes which could possibly jeopardise their projects.

They decided to try to help, by forming the ASB and offering free and impartial advice and other forms of assistance to anyone starting out on a project.

The main sources of information at the time were Murray Armor's book "Building Your Own Home", and Bob Mathews book "Practical House Building". There were also 2 yearly "Self Build Trade Shows" One in London and one usually in Birmingham, which were usually very well attended by the many thousands of people who realised that this "Self Build" idea was a pretty good one!

The monthly magazines had either not been launched, or were in fairly limited circulation. There was no internet. There was no easy to access mobile phone networks. Phones that were available were the size and weight of a *house brick* and were very expensive.

There were very few companies who embraced the idea of Self Build and who built it into the core of their businesses, and although there were a few specialist Self Build Mortgages available, they were not widely marketed and were often found only after considerable research.

Anyone who started out on a Self build project at that time was pretty much on their own, and would need to put in a lot of work hard, do a lot of running around, gathering all the information, finding all the people they needed, and going through the "myriad" of necessary processes to be able to get a project "up and running".

The ASB intended to help to improve the way the industry worked. – To create "lines of communication" between Self Builders and the professional people they needed to be able to plan and complete their projects. – To be a *place to go*, just to get some support and ideas, and to know that there were people there at the other end of a phone, who would help them, without necessarily wanting anything from them in return.

At that time we marketed the ASB, saying that: There are presently around **13,000 – 14,000** Self Build completions a year. - That there are **major benefits** to be gained from Self Build, and that people should think seriously about having a go themselves".

Ok, that was around 20 years ago. How have things changed since then?

The Self Build Industry – Present.

Well, unfortunately, things are not as they should be!

If we take the level of completions in the early 90's at (around) 13,500 per annum, and using figures from a couple of years ago, before the recession hit, of around 18,000 completions, we find that in around 16 years there has only been an increase in completions, of around **280 each year!**

This despite:

- The growth of the internet and the "*explosion*" of information now available.
- The fantastic improvement in the way we can communicate with each other and with businesses across the UK (and the world) via the mobile network.
- The exponential growth in the number of companies who now "encompass" Self Build as part of their core business. – From "Architects" to "Carpet suppliers" and who market their product directly to the Self Build sector.
- The huge increase in the number of lenders and the ease of procuring a range of Self Build Mortgage products, - each designed to suit different types of people
- The growth of the "specialist literature" market, with numerous regular publications now widely available, offering up to date information and advice. - Plus the dozens of specialist books which have been written on the subject and which are freely and widely available at reasonable cost.
- The increase in the number of Trade Shows (large and small) around the country.
- The growth of "Buildstore", and the launch of the Superb "National Self Build Centre" in Swindon.
- The improved "land finding" tools such as "Buildstore" and the various other internet / property sales web sites, plus the wider inclusion by Estate Agents of building plots as part of their itinerary.

- The generally improved road and rail networks which allow us to travel further to work, and therefore to consider buying plots in more rural locations than maybe we would have been able to consider 20 years ago. *(These more rural plots often come with lower asking prices, so should be more "in demand" than plots closer to the centres of population).*
- The increase in the number of "specialist" and "bespoke" products designed *just* for this market which allow Self Builders to produce **a far superior** "individual" product to anything that the "volume builders" offer.
- The increase in the popularity and availability of "**Timber Frame**" "**Package Build**" "**Project Management**" and "**Turnkey**" products which make the whole process **so much easier** for the clients.
- The fact that the "offerings" from the main "Volume Builders" have given us **smaller and smaller** buildings on **smaller and smaller** plots, whilst getting **more and more expensive** (relatively speaking) and giving a poorer quality finished product year after year.
- The increased choice of Structural Warranties and Guarantees.

Add those changes to the *original* "Good reasons to Self Build", such as:

- A "personalised" finished product.
- Higher Quality (generally).
- Larger living space for less money.
- The "Buy 2 get one free" theory *(which IS still possible in the right circumstances).*
- Larger plots.
- The VAT refund system.

Taking all those points into consideration, the question has to be asked:

Why has there only been an increase in completions of around 280 per year in the UK? – That equates to around just 5 (five) extra completions / County / year!

If the Self Build Industry **as a whole** was classed as a ***single business***, with ***so many*** "USP's" (unique selling points), and such a **strong** base of potential clients, all hungry to buy its product, - and it only showed an increase in turnover of around **1.5% per annum**, the "boss" would not only have been sacked, he would probably have been **shot!** *(for his own good!!)*

As an industry, we have to admit that our progress is *pretty pathetic*, given everything we have to work with.

So why is the industry in such a poor state?

There are many reasons why our progress has been so poor, and I am afraid we can't simply place the blame on "lack of available land".

The Self Build industry is possibly one of the most disparate and disjointed industries in the UK. There are literally tens of thousands of individual businesses / trades people / service providers / suppliers / advisors etc. – All of them acting as "single entities", and all vying for their "little slice" of the market.

You may say: "*Ok, but why is that so different from other types of industries? - That is how most business sectors work. - Individual companies, all in competition with each other for a "certain level" of trade.*"

Unfortunately for us, the Self Build industry is not like other sectors!

For example: If I want a haircut, I know that if I head into any town in the country, I'll find a selection of suitable establishments who can offer the service. - In other words, everyone knows where to go for that service and how to find exactly what they need. – The fact that these businesses are small and spread out all over the country does not really matter. – There is “form” to the industry which the public can easily understand and adapt to wherever they happen to be located in the UK (or even abroad).

However, If I want to find a “Project Manager” for my Self Build project in the South East of England, although there are plenty of Project Managers “out there”, I have a completely different set of factors to:

- a) Research.
- b) Understand.
- c) Act upon.

Once I have gone through this initial process, I will be confronted with another set of variables which I must choose from, which will involve me in more research, and more decisions on subjects which I may have very limited knowledge of and limited ability to understand.

Here is an example of what I mean, using the “Project Manager” scenario as a basis:

My project is in the South East of England. Someone has told me that if I don't have the time to plan and build it myself, I can take on a Project Manager to look after it for me. – So I start to ask my first questions to “find out” about the possibilities of finding and taking on such a person. My questions go along the lines of:

- What is a Project Manager?
- What do they do?
- Do they do everything? Or just some things?
- Do they do the designs and drawings?
- Do they get the Planning Permission and Building Regulations for me?
- Do they give me a “Structural Warranty” on the finished house?
- How much do they cost?
- Where do you find one?
- Do they guarantee the work like Builders do?
- Do they have insurance like Builders do?
- Why are they better to use for this type of project than a Builder?
- Do they give you the “Stage Certificates” that I have heard the mortgage companies need?
- Do they buy the materials or do I?
- Etc!

I go on the internet and I find that the results I am presented with from a search on the term “Project Managers” is not quite as straightforward as I had thought. – There are *individual* “Self Employed Project Managers”. There is something called “Package Build” which comes *with* a Project Manager included in the cost, and something else called “Turnkey Project Management” which sound very similar to “Package Build” but I suppose it *must* be different in some way!

Some of the Project Managers who are "Individual" Self Employed people, say they can do the same as the big package build companies but a lot cheaper. – How is that so? And can they really offer the same service as a large company? – How would I be able to compare the two?

There are some who say they will do the "Designs" and the Site Management, but nothing else? *(does that mean that they will get the Planning Permission for me or not?)* – Some say they will look after all the "cost" side of the project, keeping me in touch with everything I spend, and some others say they will *guarantee* a "finished price" for the completed building. – Which of those included the Structural Warranty?

Some will let me *choose and buy* all the materials and take them to site ready for building in to the job. – I like the idea of that because I can look around for bargains. Some say *they* need control over all the materials ordering while the job is in progress so they can make sure everything they need is there on time. – Some say that they will buy all the materials, and that I simply go and choose them all at their offices at the start of the job. – Which ones were they now? Were they the ones who did the warranty? – Oh damn, I've forgotten. – I'll have to start again!!

Unfortunately that is only the start of it! – Say (for another example), that I decide that "Underfloor Heating" is something that interests me. - I need to find out about it and get an idea about how much it will cost:

I start by going on the internet. – I find hundreds of web sites, all offering similar products. Some "supply only", some "supply and fix". Some have expensive glossy web sites, some are just Plumbers Merchants. The big companies are a long way from me, but they must be good mustn't they? – Otherwise they wouldn't have these glossy ads saying they can cover my area? – Will the distance make them more expensive? – Or because they are large, will they be cheaper? How do I find out how much they are without committing myself to having to buy their products? How does the guarantee work if you buy from a Merchant? Do they have fitters? Can a normal plumber fit Underfloor heating? – Or is it a specialist job?

I find the web site for the "Self Build Exhibition" in Swindon and see that they have some companies there who have a display of underfloor heating – I probably need to go and see that before I make any decisions.

I go. – Its brilliant, there are loads of displays, and you just click your laser "thingy" at the bar code and you will get lots of information sent to you. – I've learnt a lot about how underfloor heating works now and found companies who do it. – I'll wait for the info and then I might be able to make up my mind what to do. *(Unfortunately, the info can take up to 3 weeks to arrive sometimes).*

I go back home and carry on planning the project. – I start talking to a plumber and he says that underfloor heating is a bad idea. – If you get a leak in the system its "hell" to repair, and that it is very slow to heat up, so you have to leave it on most of the time, and then it warms the house

after you have gone away for a weekend – wasting energy and costing you money. He also says it's expensive to install. – I didn't think of that!

Hang on! – I've met another Plumber who actually installs underfloor heating and he says it's the best thing since sliced bread! – He's given me a price but it is very expensive. – He says that's because it's more expensive to do upstairs than it is to do downstairs! – Why would that be? – Maybe he's "pulling the wool"!

Hang on again, the post has just brought the info from the show. I'll contact a couple of these companies before I decide.

3 weeks later: They came to the house, I gave them the drawings and I have now got a quote. – Its dearer than any of the local guys, but they seemed very professional and explained everything to me. – They say that if I have a problem they will attend to it promptly, but how can they from 100 miles away? – Is that what I am paying the extra for?

Do I pay the extra to bring them in because I like their system, or do I use the local guy and save money, knowing that they at least live locally? – Or do I take the advice of the first guy who said the whole thing is a bad idea, and stick with radiators?

I am confused!

Now take those two scenarios and multiply them by 50 to 100 times, to cover all the different areas of the project you have to research before you start, and while you build.

- It all becomes VERY daunting, VERY time consuming, VERY confusing and can also become very expensive, and you haven't even started building yet!

Many people simply give up half way through the "research phase" because it all becomes too much for them.

Unfortunately, if they DO manage to get through that process, they are STILL nowhere near to being able to start. They then have to move on to:

"Finding Land":

There seems to be a growing misconception that the problem with the Self Build Industry is the "lack of available good quality land". - **I'm sorry, but that is not the problem with the industry.** – There is however a major problem with the process of "land supply" to Self Builders:

There are presently around 6700 building plots listed with Buildstore. This suggests to me that across the UK there are probably around 30,000 Building Plots presently available. Many of those plots have been for sale for some time.

These days we can build on *most* land. Where there is poor ground, we use rafts or piles. Existing drains and services can usually be diverted or "built around". Overhead cables can often be diverted or taken underground.

The reason that there are thousands of plots for sale which have been sitting there for months or years is simply that they are **overpriced for what they are.**

The best “nice, flat, clear plots in good locations sell quickly and can often sell for considerably more than they are really worth, whilst still allowing a profit to be made at the end of the project. – That is one of the benefits of the Self Build process.

Poorer quality / complicated / difficult plots often either don't sell or take a long time to find a suitable buyer who is prepared to take on all the problems that come along with it. – However, the problem is not actually with the poor quality of the land, but with **the price** of the poor quality land and the complicated and sometimes protracted process of solving the problems. I will explain:

Any Self Builder is looking to buy land, plan, and build a new home. In the process they want to give themselves something better than they will buy from the “Volume House Builders” and at lower cost.

However, say for example, I go and look at a plot of land which has a drain running across it, and some old foundations in one corner, with a “building line” which prevents me from building on part of it, and some planning restriction or other and with a “ransom strip” across the access. - In an area where the adjacent properties are selling for £140,000. - And the asking price for the plot is £60,000.

I'll probably get out of the car, have a quick look, laugh, and get back in the car.

However if that same plot of land had an asking price of £15,000, I'd probably look more closely.

The problem with the land was not the “inherent difficulties”. It was the fact that someone (either the Agent or the owner) has put far too high a value on it. – If it was priced attractively, so that there was still a healthy potential profit after all the problems were solved, then many more people would be interested in buying it. – Self Builders don't mind hard work, they just don't like paying for something that is not giving them value for money!

Presently, Estate Agents generally have very little idea how to value land. They just give it their “best guess”. – This is not their fault. - Plots of land come onto the market fairly rarely. – And when they do they will be in areas of differing housing types and qualities from the previous plot “a few months ago”. The agent does not have a magic wand which can be used to give them a picture the finished house! – Therefore they can't give an accurate valuation of what it could be worth. – They can't judge how good and efficient the Self Builder will be, so they can't work out how much the house will cost to build or what the quality of finish could be. – They simply have to hold their finger in the air, guess and hope they are right (Another problem with the valuing process is that often the person doing the valuing will not be experienced in **land** values, or will not understand the **building process**, and will basically go along with whatever the seller (who also has no experience of the market) wants to value it at.

If the plots that are presently available that have been on the market for some time, all had their prices lowered considerably to make them more realistic, many of them would sell.

If 18,000 of them sold tomorrow, the number of “Self Build Completions” next year would double!

The next part of the process which presently scares people away from “having a go” is:

Planning Permission:

There are probably many thousands (possibly “tens of thousands”) of people in the UK who have land adjacent to their properties, or who own parcels of land, who, if there was a simple, straightforward way to see if they can get Planning Permission, without risking all their savings, would probably “go for it”. Unfortunately at present there is no such system.

Unless they “have a go” themselves (*which most people would not even think about attempting*), they presently have to find, talk to, hire, and pay specialist Planning Consultants. Sometimes the fees can be in the £1,000's, and most people have not got £1,000's lying round to throw at a venture which only stands a fairly slim chance of succeeding.

So, those thousands of potential Building plots stay as vacant land.

If there was a central organisation where anyone could go, which operated something similar to the “**No Win / No Fee**” system that the “Injury Claims Solicitors” now operate successfully, this could all change. – The hub of this organisation could possibly (initially) be in the Swindon Centre, and could then go regional as new centres opened. “Anyone and everyone” would be able to bring or send details of their potential plot to the centre.

The centre would have a nationwide database of “Planning Specialists”, all of whom worked on a “pre agreed system”.

The land details that come in would be offered to various specialists in the local area. – Whoever accepts the contract first would go to the site, and (**based on a set formula**) do a quick appraisal of the potential of the land, to ascertain the likelihood of it gaining Planning Permission, and if so, what would be the most appropriate type of development. They would also estimate the likely land value once the Planning Permission was granted. – They would do this, either free of charge, or for a small fee (maybe £100 - £150).

They would return their findings to the centre, who then, based on the results, contact the potential seller:

- If there is NO likelihood of Permission being granted they return the documents with a covering letter informing them that “*In our view this land would not be suitable for development*”.
- If there is the potential for Permission to be granted they make them two offers:
 - 1) The seller can pay all the fees as they accumulate, with a deposit being paid upfront.
 - 2) The seller can agree a “set commission” when the Planning Permission is granted. (This could possibly be up to 20% of the land value).

The advantages to the seller are:

- That the process is very easy and stress free for them
- They can do it with very little outlay and little risk if they wish
- Although, if they opt for the “commission” option they pay a larger fee of possibly 20%. The fact is: **20% of £100,000 or £200,000 is FAR better than 100% of nothing!**

This could prove to be an *extremely lucrative* operation for the central body organising it, and it could increase the numbers of plots becoming available “exponentially”.

Once the Planning Permissions were gained on plots, the chances are that they would then be marketed through the centre’s own “In house” Land Agent, thus bringing in *further income* to the “organising body”. - This would then also put the **potential buyers** in touch with the centre, who could also then offer them assistance with mortgages etc.

Other areas of the planning process for Self Builders include the “Design” and the “Building Regulations”. - Presently, although there could be a significant improvement in the processes involved for both of these operations, they are not a **major** problem area and do not need to be covered in this report.

There are, however, plenty more questions that need answers, including: “Do we try to build it ourselves / or use Sub Contractors or a Builder / Package Build / or a Project Manager?” These are all areas where the quality of information and guidance freely available needs to be improved significantly, along with the **standardizing** and **simplifying** of the answers to **many** other questions such as: “What about Finance?” “Which guarantee will be most suitable?” “What about Insurance?” “How do we programme the work” “When is the best time to start” “How do we design a house?” “How much will it cost to build?” “How much profit can we expect?” etc.

It's actually surprising when you take all the factors into consideration, that ANY Self Build projects get started! - But, eventually some of these people do actually manage to complete the whole process and be ready to start building. The problem is that by the time they are ready to start, they are mentally and physically exhausted!

It's all a bit of a mess!

Why is this how things are? And why does it seem to be harder now to get a project going, than it was 20 years ago?

Answer? - In two words: "The internet".

Now you think: *"Well up to now he seemed to be making sense, but he's just lost it! – How can such a wonderful communication tool like the internet be responsible for holding back the growth of the Self Build market?"*

Easy:

TOO MUCH INFORMATION / TOO MUCH CHOICE!

If you glance back to the previous section where I go through the "Project Manager" and "Underfloor Heating" scenarios, you will notice that it was, in fact the "multitude of choices" that left the person confused and ready to give up.

- Too many sources of information written by too many different people with too many different agendas.
- Too many variables for how each product or service can be presented, and no way to easily compare "like for like"
- Too many different sections of the project to have to consider **all these** variables in, *individually*, in order to pull the whole planning process together.

If I went on the internet for a few hours with a printer and a stack of paper, I could print out literally thousands of pages on pretty much EVERY subject related to Self Build.

How do I know:

- Which ones are telling me the truth?
- Which ones are reputable companies?
- Which have good guarantees?
- Which are reliable?
- Which is the best value?
- Which is the best product?
- Which would be most suitable for my project?

The answer is that "I don't"!

20 years ago, this was not a problem: - There were two books. - You bought one or both, - or you didn't!

Murray Armor's and Bob Matthews way of planning and building was pretty straightforward and simple, and if you got yourself well organised you could go through the planning process in 6 - 9 months, and be on site working. - With your house finished in a further 6 months to a year depending on your circumstances.

This "Disparate & Disjointed Industry".

One of the biggest factors creating the difficulties and the confusion in the industry is that there is presently nothing "pulling it all together".

Theoretically, The Self Build Centre in Swindon could be "The hub of a much larger industry". – Presently however, although (*as I have already said*), it is a **superb** place, it is very "underused".

It is an excellent showcase for probably around 300 suppliers / manufacturers. It promotes its 3 "core" products of Land / Finance and a Trade card, and it runs "seminars" and "courses", but apart from that, its sphere of influence is limited.

It has links to some "affiliates" (*which is a small step in the right direction*), but has no other real and useful interaction with the tens of thousands of relevant businesses (small and large) across the UK, and it does not presently use its position as probably "the most dominant single organisation" in the market, to push the industry "**as a whole**" forward.

As a "static entity", it also has the problem that once people have visited the centre and seen the products; they then go away, knowing more about *those particular products*. They may then see *other similar products* locally or on the internet, which they now know will do the job just as well, possibly from a supplier who is cheaper and closer to home than the exhibitors at the show. – Although there are obviously good reasons for exhibitors to be at the show, if some changes were made, things could be a lot better.

The place should be "buzzing" every day. – In fact there should be at least 3 of these centres across the UK! – I know how to make this happen, but I will come to that later.

Self Build - "Present". – Conclusions:

1) We need to start to pull everything together. We need to "standardize", "simplify" and "clarify" the whole industry:

Until we start to pull all those thousands of individual businesses together and until we start and get some standardisation of product / service / supply we will always have the present problems, and in fact the problems will get worse as information of *all types* becomes more and more freely available.

While we have confusing trade names which all basically deal with the same subject, like: "Project Managers" / "Package Build" / "Design and Build" / "Turnkey Build" / "System Build" etc, or "Built in Vacuums" / "Central Vacuums" / "Whole House Cleaning Systems" / "Hidden Vacuums" etc, there will always be confusion that will be to the detriment of the industry.

Why not bring everything to do with "Project Management", under one heading (*"Project Management" being as good a name as any!*), with a simple explanation (found *wherever* anyone may look for it), telling people that it means "**Other people looking after your project in one form or another**". – We can then sub divide it down into the various "options" and "sub headings" **within and under** the overall heading, in a *logical* manner. – That way **EVERYONE** would know that **THIS** is where we go if we want to get someone to look after our project, and **THESE** are the options we have if we want to consider the idea.

The same would go for "Built in Vacuum systems" along with **many hundreds** of other misleading "terms and titles".

Once these logical changes are made and brought together with "centralisation" of the industry (*see below*) then the system that we would create would be FAR superior to the one that exists at the moment.

Until the public can take on a Self Build project **without** being expected to understand literally **thousands** of things that they may have previously had **no experience of**, - and be expected to work out for themselves what **every product** does, - and understand **all** the different services and trades, - and to be able to make **all the right decisions - at the right time**, the industry will stay in the same poor state that it is in now!

2) Centralisation:

Just as important as "standardising" "simplifying" and "clarifying" the whole the system, is **Centralising** it.

- What good is a company who can provide me with the "specialist" item or service that I need, if I can't **find it** because they *don't have a web site, don't advertise widely*, or if they happen to be *out of my "phone book" area*?
- What good is an Internet Trade Directory that limits my searches to "My town" or "My County", or "My Post code", when the people I need may well be outside those limited search parameters?
- Although the internet is a fantastic tool, when I need to find a Plumber because my tap is leaking water all over my kitchen floor, I don't want to be shown **half a million** "search results", including stuff about: "**Plumbing the Depths**" "**Christopher Plumber**" "**Dr Smiths**" latest paper "**Research into the problems of the Plumbing Industry**", and I definitely **don't** want details of **Gardeners** or **Bricklayers!!** – **I need a bloody Plumber!! - And I need one NEAR ME, and I need him NOW!!**
- If searching for trades, services and suppliers brings up a **completely different set of contacts** each time you use a different "search tool", the chances are that you are never going to get to see some **ideal local contacts**, and that you therefore possibly won't get access to the company that could give you the best deal.
- If **anyone** can market themselves in any **directory**, under sometimes **misleading headings**, then there are always going to be plenty of people who will misuse that system (*in other words "Cowboys"*).
There is presently no **real control** on poor quality companies being able to abuse the system. – Why? – because there is no **MONITORED INDEPENDANT CENTRAL SYSTEM WITH CENTRAL CONTROL**. - If there were, it would be easy to have a "complaints procedure system" which could lead to companies being deleted from the main directory database. – If their deletion from the database meant that they then suffered because they lose the ability to make the new contacts that they need, then they would be more likely not to *do things* to cause their clients to complain in the first place! (OK, this system will never be perfect because there will always be "other directories" and other places they can advertise, BUT if the general public get to know that if they use the **CENTRAL TRADE DATABASE**, they will: a) Easily and quickly find *what they need / where they need it*, and b) Know that there are "safety" and "complaint" systems in place to protect their interests, then they are more likely to stick with that **central database** for all their searching.

Centralising the information available for **EVERY** Trade, Service Provider and Supplier "**under one roof**" is of **ABSOLUTELY CRITICAL IMPORTANCE** if we are to move the Self Build Industry forward as a whole.

The National Exhibition at Swindon has made a start on this. They have provided a number of good "*starting points*", including **the roof!** – Unfortunately, there is still a long way to go before they would be able to be called "The Centre of information for the **WHOLE** of the Self Build Industry".

I need to mention my web site "**Building & DIY.com**" here. – This is not an advert, but I am using this example to show how things **could change**:

I, along with colleagues, am presently launching a major new web site which has been design to help tackle some of the problems in the industry, including this matter of "centralisation".

When a potential Self Builder thinks about starting out on a project, they usually begin with some research. – They want to find out a bit about the subject and the possibilities it can create for them.

Someone might have told them about a book that they should read, which they will want to find and order. Or, they will go to the Newsagent and find what they can on the magazine shelves. Most people nowadays will go on the internet, type in "Self Build" and then peruse the results for half an hour, listing anything interesting.

I have just done exactly that.

I was shown all the monthly magazines, mortgage products, the Centre in Swindon, various sites selling land, Range cookers, insurance, "dial before you dig", and quite a few case studies (along with lots of other "stuff").

However, **NOWHERE** was I given any idea of "**WHERE TO START**"! – The reason for that is because **everyone** on there is **paying money** to be there and needs to **sell something** to justify being there.

That's fine as it is, but it's no good to **me** when I want to start to find out **what I need to do first!** (OK, as I drill down into **some** sites, I find "snippets" and "nuggets" of useful information, but there is nothing for me to sit down and "get stuck into" to start to learn about the processes I will need to go through to plan and build a new home.

Building & DIY.com has been designed to start to change that.

The site offers the FREE TO ACCESS "**Essential Guide to Building & DIY**". – I am still writing this. – It is turning into a mammoth task, - but once it is finished it will offer **the best place to go** to learn about **EVERYTHING** the Self Builder needs to know, from **day one to completion**. – We give it away **free**, and it is right there as soon as you enter the site, in the **middle section** of the "Home page". – **In other words, - it's What they need – Where they need it!!**

The whole site is designed on the same basis. There is a **Trade Directory** which actually does what a Trade Directory should do! – You give it a location, and it shows you who can give you that service / product. – NOT just in your Post Code, or County, or alphabetically, but **LOGICALLY** (*who is there nearby, who can supply that product or service? - and if there isn't anyone suitable nearby, then who is there further away?*)

The Directory does not just work on "Trade Titles" (e.g. "Plumbers", "Electricians" it is also "Products" and "Services" based. So, if you want a rooflight, you search for rooflights, and you will be shown companies who **actually sell** rooflights, - **near to you** (not just companies called "*Rooflights are us*" at the other side of the country, who can't supply your area!).

If you want "**Ground Source Heating**" it shows you any businesses that can provide **YOUR AREA** with a "*Supply only*" service or a "*Supply and Install*" service. - In most cases, starting with "*local companies*" and "*moving out*".

Every business can advertise under as many **relevant** headings as they wish **FREE OF CHARGE** (with upgrade options). - But **only** as long as they can **readily offer that particular product or service in the area where they advertise it**. (*Note: The Trade Directory is also a "work in progress". We presently have around 200,000 relevant business addresses listed, but this should hopefully grow quickly over the next few months to provide "THE" definitive, and most user friendly Trade Database" in this sector*).

I could go on and on about the various features of the site, but I don't want to hijack this report with my own product. Suffice to say, each part of it has been designed to address the problems the Self Build Industry presently faces. – If you are interested in having a look, it's at "**www.buildinganddiy.com**".

The top and bottom of it is that the Industry **NEEDS to centralise to grow**. – Between the National Exhibition and my new site we have got the basis of what we need to start pulling things together. – Where we go from here is what is important. – I am only "The new boy", and don't have the "clout" to knock heads together yet, but someone reading this might "get" what I am saying and want to take things further.

3) We need to "Network" all the Trades / Service Providers and Suppliers, so that anyone can be found from anywhere (using the "centralised system" to assist this process).

At the moment there seems to be a reluctance to make the most of the way the internet is able to "link" our businesses together (*using "web links"*). This needs to change.

Ok, A Timber Frame Company is not particularly going to want to "link" to other Timber Frame companies. - BUT where there is no "conflict of interests" why not use all of the **tens of thousands of relevant web sites** to help to

“kick start” the process of “drawing the Industry together” (*which, as I have already said, is something we **need to do** if we are going to grow*).

Timber Frame companies could have a **whole page / section**, dedicated to “links” to all sorts of other businesses which could be of great help to people who are either “just visiting” their site, or “buying their product”. – These links could be any business - from “Architects” to “Curtain sellers”!

The more we use the link system the more **weight** we would all carry in the “search engines”. – So, by linking, not only do we pull the industry together and help it to grow (which helps our individual turnover and profits), but those involved also get to appear higher up in Google and Yahoo search results in the process! – It’s “**win win**”!

This is especially important for the larger organisations, and **especially important** for whichever organisation leads the way in starting to move the industry forward.

I will be shortly creating a section within **Building & DIY.com**, **solely** for **links**. – We will monitor the links we allow and if complaints are made against people on the list they may be removed. – Other large companies should follow suit.

4) We need to “Communicate” with our market much more efficiently:

If we are going to make the changes necessary to improve the industry, it’s no good doing all that work if we don’t let our potential customers know.

We have a “**news and events**” section on **Building & DIY.com**. Something similar should be readily and clearly accessible from **all** the affiliated sites who become “linked” within the “*new improved*” networking system across the industry.

That way potential Self Builders would not end “*wandering around in the dark*”, searching for good contacts and information. - They will be “**led**” to them, simply and quickly, from **wherever** they happen to **start** looking.

5) Estate Agents need to be more informed / accurate about estimating land values:

There needs to be a “pricing formula” which is applied to each new plot of land which comes to the market, so that everyone who looks at it can work out how it has been valued and see if they agree with the figures used. (*– I could come up with this formula, given the right assistance*).

Anyone could then use this formula to work out what they can afford to offer for the plot, and, more importantly, the seller would see at the “valuation stage” what their land is actually **REALLY** worth, which might stop them coming up with stupidly high prices.

6) The Planning process needs to be simplified:

It is presently too complicated, too cumbersome, too long winded, and too risky. – I don’t think we will be able to change the “Planning System” easily, but I have many ideas which will make the system workable for us as an industry.

However, we can start to work on the Government to see if we can get some flexibility and improvement in the system for Self Build”.

(Note: there also need to be better safeguards to stop some of the larger “ugly” Self Build sites which from time to time appear. – Some Councils have just allowed **anyone to build pretty much **anything** they want on some fairly large sites, and the results are a complete mess! – This needs to be stopped, just as importantly as getting some leeway for “individualism”)**

7) We need to give the whole image of the industry a “revamp”.

TV shows have started the ball rolling and have sparked a lot of interest in the industry. – Unfortunately, when the public starts to have a look into planning their own project they are met with all the problems and complications I have thus far listed!

We need to bring **the whole of the industry** into this century, "format" and "present" ourselves better. Use our "celebrity figures", market ourselves properly, make the whole thing appear "slicker" less daunting, "simpler" and more "doable" to the public.

8) We need to invest in, and develop organisations such as "The National Self Build Association"(NaSBA).

NaSBA has recently been formed with similar aims in mind to those of the original Association of Self Builders, which are to promote and to further the growth of the industry and communication within it.

As long as it is an efficiently functioning body, it's involvement as an "*unbiased and independent partner*" to assist in planning how the industry can grow and move forward is very important at this time when things need to start to change.

However, if such an organisation exists, we should make sure that it is developed to its full potential, and that it has "teeth" so that it will be a voice that **must be** listened to.

We should make sure that it is ready to take on whatever challenges present themselves if and when the industry starts to move forward.

At the **very least** it would be an invaluable "bridge" between the "*public*" and the "*movers and shakers*" in the Industry. A "neutral ground" where ideas could be presented / problems solved and grievances aired.

To that end, the larger companies and organisations in the industry should all contribute towards the running of the Association, and expect nothing in return.

If it is seen as an important entity in its own right, it will be more likely to draw some good quality membership from both the general public and the industry and it could quickly become an integral part of the growth process of the industry as a whole.

If all this is to happen, we will all need to pull together, – and the sooner the better!

The Self Build Industry - Future.

If things carry on as they are, the industry will continue to drag its heels, and although it will probably always stay around the "top three or four" of the "*Volume builder chart*" for completions each year, - compared to what it **should be**, it will always be the "**lame duck**" of house builders in the UK. - Never creating an impact and never reaching its potential.

I will now give some basic details of one "vision" of the future of the Industry. – It is a fairly radical departure from where we are now, but if the industry is ever to reach anything like its potential, what I am about to detail needs to happen.

Using this system, if we can get the expertise and the funding, there is no reason why we could not double the number of Self Build completions in 5 – 7 years, and double them again within 10 years.

*This section is only going to be able to lightly "touch on" the **main** ideas.*

What I propose represents creating a whole new sector to the Building Industry, and it cannot be detailed fully in a report such as this.

Hopefully though, it may "nudge" some of the people reading it to want to investigate further).

Introducing:

“Commercial Self Build”

This may sound like a contradiction in terms, but in fact it could be what saves our industry from a future of “mediocrity” and “under achievement”.

Probably, a more “user friendly” term for it would be:

“Full Project” Self Build or “Full Management” Self Build.

The concept basically involves the creation of a new sector of the Building Industry. - Taking the best of what the Self Build industry has to offer. – Mixing it with the best aspects of Volume Residential Building, and throwing in some additional ideas from the USA.

How does it work?

I'll start with the USA:

A few years ago I built a property in Florida. I was very impressed at the time with one of the options for buying a new home:

Driving around Florida, you will regularly come across vast “sub divisions” (estates) made up of hundreds, and sometimes thousands of building plots.

As you drive around these estates, you will occasionally come across houses with tall flags poles set around the garden, or a sign saying “Model Home”. – These properties have been built by the various house builders in the region, and are open every day for viewing.

The way the system works there is that when you want to buy a new “bespoke” property, you visit as many of these “Model Homes” as you wish. - Find one that you like, and go off and find a plot from the thousands available. Each plot has a small (A5 size) plaque at its front boundary with a phone number on it. You ring the number and get through to the Agent or the owner, with whom you can discuss the purchase price.

If you wish to buy the plot, you then go to the Model Home that you like best, to discuss the possibility and price of that home (or a derivative) being built on the plot you have found.

You will, **within a couple of days**, receive a contact giving you an estimated price for your chosen home on your chosen plot!

If you decide to go ahead, you reserve the plot with a deposit, and the wheels of the purchase and planning process automatically spin into action.

Two or three weeks later you can find yourself in the Builders Head Office, spending a full day “Designing and Specifying” your new home!

These offices generally have “In house” Designers / Planning Specialists, and a full department which deals with “Fixtures / Fittings and Finishes”.

You spend a couple of hours with the Designer, telling him anything you want to change from the original layout or appearance of the house you visited, and what you want doing with the garden and the driveway. – He already has all the standard house designs on the computer and can normally make the changes in **hours**. The landscaping will be done in another office down the corridor (*The Design Department liked the ideas I had for my house, which blended two of their existing designs and enlarged the building. - They actually saved my “derivative” of their designs, called it “The Sutcliffe”, and they now offer it as one of their “Standard Designs”!*)

After finishing in the design department, you then move to the "Fixtures and Fittings section" where you are given an "Advisor" to work with, who then takes you round a large room, equipped with everything you need to make choices on: Things such as "Colour of render" "Colour and Type of "Shingles" (roof tiles to you and me), internal paint colours, ceiling styles (they use ceiling recesses a lot as architectural features), internal and external door styles, bathroom suites and equipment, kitchens, taps, electrical features and fixtures, air conditioning, wardrobes, floor tiles, carpets etc.

You then move to the "Finance" office, where you discuss the likely cost of the project (which may have *already* been updated by the Design Office). The only addition to be made to the price is for any extra fixtures and fittings (over and above the standard spec), which are all *already* individually priced, and can sometimes be calculated and added whilst you are discussing the financing of the project.

When you walk out of that office at the end of the day, you have basically done your job! (*The same job that takes us up to a year to complete in the UK!*)

Within a few days you receive your **full specification** with your **amended drawings**, a **fixed price**, a **complete breakdown** of all the fixtures and fittings costs, and a **timescale** for the build.

If you wish to change anything you do so, otherwise (if you have got your finance in place by then), you basically sign up and they get going!

Their Planning system is simpler than ours and they can start building sometimes within 3 or 4 weeks.

At the end of the contract they meet you at the new house, issue you with all your guarantees, warranty, and keys and you move in.

Now, - wouldn't it be good if we could work like that?

To be honest, I don't think our system will be that "*slick*" for a good number of years, but we can make a huge step in the right direction pretty quickly if we have the "will" to do so.

I propose taking some of the features of the Florida system and mixing it with some of our "home grown" procedures and methods to create a "hybrid" which will work in **this** country, - **NOW**.

Taking the "best bits" of our present systems:

We actually already have some very strong "Plus points" between the "Self Build Industry" and the "Volume Residential Housing Industry" (*we just aren't presently using them in the right way*).

They include:

Self Build:

- Low overheads.
- Flexibility of "design" and "fitting out".
- Larger houses for less cost.
- Larger plots.
- A huge choice of "products"
- A significant profit margin attainable at completion.

Volume House Building:

- Economies of scale
- Efficiency of large organisations
- See the product before you buy (show houses)
- Simple purchase procedure (*often with "in house" finance contacts*).
- Wide choice of locations / plots / styles.

So, how do we bring together all the benefits of our systems, with the slickness of the American system? – AND for it all still to be classed as “Self Build” (so we can still reclaim the VAT)?

The first task in this new venture would be for us to create the completely new “Housing Development System”.

This new system would work along the following lines:

We would buy large areas of land around the UK, (often competing with the “volume house builders”), with the intention of building possibly a “number of hundred” dwellings **per site**. We would also look to create “**Contract Options**” or “**Pay as you sell**” options with “Councils” or “Private Individuals” (*which would allow us to keep the amount of the investments to a minimum whilst still securing the land to develop and sell*).

We would design the layout of the site in such a way that it can be developed with far higher efficiency and at significantly lower costs than most developers presently manage to achieve.

We will sell the plots **individually** to private buyers, as a part of the new “**Full Project Self Build**” System.

We could form “Joint Ventures” with companies in the industry, including:

- Timber frame / Mortgage providers / Major “Product” manufacturing companies / Energy suppliers / Package Build companies / Larger Builders Merchants / Plant Hire organisations / Civil Engineering companies / Warranty Providers / The “Monthly Publication” organisations. (*Many of these types of organisations will stand to gain, not only from profits from the completed ventures, but also from increased turnovers for their businesses by being “preferred suppliers” during the development of the new site*).

We would market the sites as “**Bespoke New Homes for Sale**” (under the new “**Full Project Self Build**” Banner). With plots available for anything from 2 bed semi’s to large detached properties (depending on the site layout, size and the geographical location). “**Plot**” prices and “**Build**” prices would be itemised **separately** on our itinerary.

The asking price **per plot** would be roughly equivalent to the market values of equivalent single plots in the local area. The “**completed**” price of each property, to a “**standard specification**” should be **significantly lower** than an equivalent developer’s **poorer quality** product.

The Plots would be bought first (*before any building starts*), but as the initial part of a 2 part contract, with the second part being the property itself. – This would be pretty much doing things in just the same way that we do now (as Self Builders), – i.e. we buy a plot and then we build on it (*this would also help to bring positive cash flow to each venture with the **early sales** of the plots*).

We would not use: “**Show Houses**” / “**High cost**” **Marketing and Advertising** / or **Part Time Site Sales Staff** on each site. Every site would be marketed from (initially) a single centre (similar to, or “such as” the **National Self Build Centre**) and via various communication networks (including Estate Agents). - This would keep the **marketing costs** “per plot” low. – As we grew, we would open new regional centres around the UK.

As the system becomes established across the UK, potential buyers of new homes would know **automatically** where they can find **full details** of **all our sites** (*either at a “Regional Centre”, on the dedicated web site, or via the many thousands of “affiliated” web sites*).

Our potential buyers would be able to visit the sites at *any time*, and would be able to drive around the newly installed roads. Each plot would be clearly marked, with a board giving brief details of the development planned for it. Details of all plots would be available on line (if they have access to a computer which has mobile broadband, site visitors could pull up details for each plot **as they drive around the site**).

If they are interested in any particular plot, they would contact the **Sales Centre** to either make an appointment to meet a Sales Advisor at the site or to come to the centre to discuss a particular plot. (Only serious potential buyers would travel to the centre, - but with the benefits this scheme would offer to everyone **over and above** those they can achieve with standard "volume build" properties, interest should be very high.

The next stage of the process would broadly follow the American Model (described earlier) through Planning Permission, to building and completion.

Each plot would be developed on a "Project Management" basis (as they are in Florida); with the necessary trades being brought in as and when required.

Materials would usually be purchased (*mostly from our "preferred suppliers"*) on accounts opened **specifically** for the individual purchasers. – These accounts would be **paid monthly** by the purchasers, on receipt of an invoice from us (*utilizing the "Stage Mortgage" system*). – This would keep our outgoings, and therefore our "interest on borrowing" charges down to a minimum, and also set the project up "officially" as a "Self Build" (*which would then allow the buyers to reclaim their VAT*).

Warranties would be provided at the completion, just as they are presently.

Using this system, we could continue to offer the benefits presently enjoyed by Self Builders, and would be able to add in a significant number of extra benefits which would take the pressure and stress away from the whole Self Build process.

These developments would bring many benefits including the following:

- Flexibility of design / finish / fitting out.
- Lower cost to the buyer.
- Speed of development to completion.
- Less stress for the buyer.
- A higher quality "bespoke" finished product at a lower cost than a standard developer's product.
- Simple and quick purchase process.
- Ease and speed of sorting out the financial aspects.
- Everything sorted out for the buyer in one (or two) visits to the Sales Centre.
- Economies of scale for the builder.
- Higher "Site Layout" efficiency (using new ideas).
- Better privacy levels than are presently offered by most developers.
- "Design and Build" efficiency.
- Increased "Site set up" efficiency.
- Low "Per unit prelims".
- Possible preferential prices from our "preferred suppliers".
- Low borrowing interest costs (buyers paying their own materials accounts monthly).
- Full retail prices charged for "extras".
- Profits start to be seen at an early stage (on the sale of the plot via "Stage Mortgage").
- Higher turnover for the industry generally as the number of house completions increases.
- The existing volume developers will be forced to improve their products to compete.
- The UK housing shortage could be reduced.

Conclusions:

Whether or not you agree with what I have said in this report, the fact remains that this industry is not presently doing very well, and it has not been developing as it should have been for the past 20 years! – **Things need to change** if we are to make it better.

I have put forward some ideas, based on 30+ years of experience in the Commercial / Civil / and Residential Building Industries. - I have experienced these industries from "all sides" and I have a reasonable idea what I am talking about. I also know that what I have said in this report, at least ***gets down towards the root*** of the problems within the industry.

If we now *sit and discuss* this all for a couple of years, that would be a shame. We need to start to change things NOW!

Our new site "**Building & DIY.com**" intends to start the ball rolling, but, although it might have the right ideas, at the moment it is a ***very small fish*** in a ***very big pond***, and does not presently have the "weight" to start to push things forward.

This report has been an attempt to "stir up" some action in the industry.

Let's see if it does.

Barry Sutcliffe

(Managing Director: Building & DIY.com)

If you would like to discuss the contents of this report, you can:

E mail me at: barry.sutcliffe@buildinganddiy.com

Call me on: 07773 164412

By Post: Unit 4, Rainbow Business Centre, Phoenix Way, Swansea. SA7 9EH