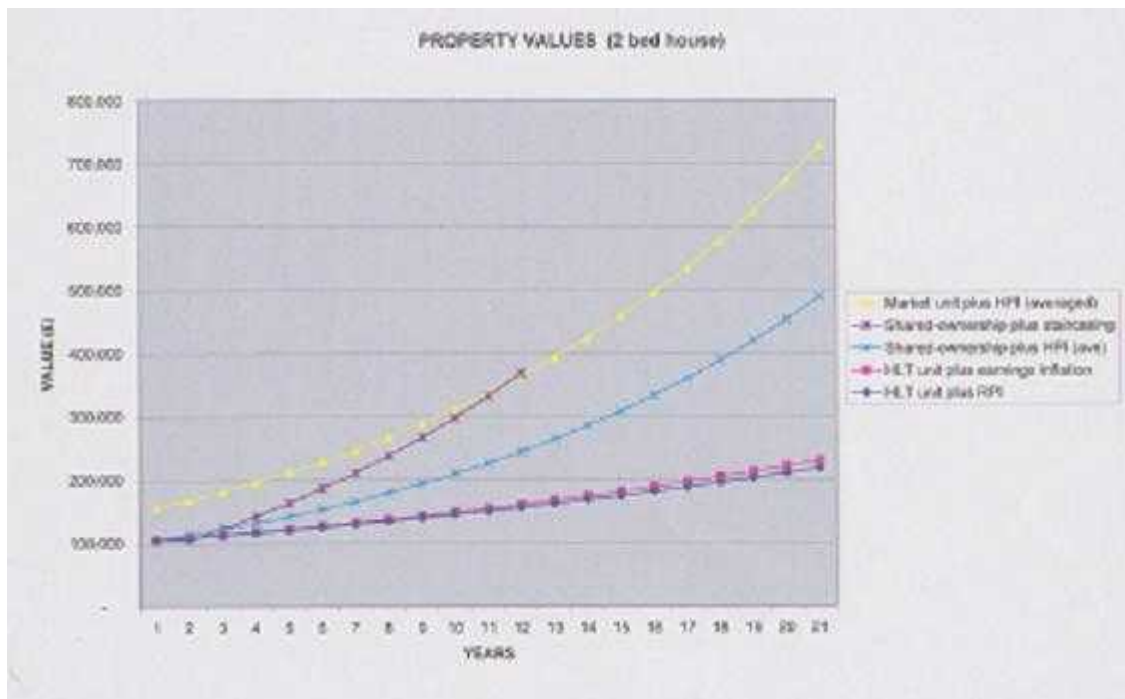


Example of completely woolly headed thinking in the Ikon report



This report was commissioned on my behalf by English Partnerships and was published at a meeting in June 2008. I walked out of the meeting saying the premise of the entire report was misconceived and the figures were unsustainable. The wheels would come off. Six months later the wheels came off in a big way.

The diagram is supposed to demonstrate that house purchase on the open market by any means is a more profitable “investment” than buying LandHold, and this makes LandHold less attractive.

The fundamental flaw is that they are predicting 8% House Price Inflation (HPI) and cost of living or earnings increase at 3.5%.

Firstly, this is precisely why staircasing has proved so difficult for so many “shared equity” purchasers.

Secondly, we really have got to stop looking at our homes as a commercial investment.

Thirdly, look at what the diagram shows to those who want to enter the market in future years. In twenty years time no wage earner will be able to buy a house.

These numbers are clearly nonsense and unsustainable, in which case why use them?

In fact, the housing market will not become sustainable until HPI and earnings growth are on a par.

As long as housing land prices are kept artificially high by restricting its availability there will be a need for schemes such as LandHold for the less well off first time buyer.