

# The Berkeley Group's Economic Contribution

July 2014

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**Berkeley**  
Designed for life

**St Edward**  
Designed for life

**St James**  
Designed for life



# Introduction

The Berkeley Group builds homes and neighbourhoods. It focuses on creating beautiful, successful places in London and the South East of England. Berkeley works with other people to tackle the shortage of good quality homes and makes a lasting contribution to the landscape and to the communities it helps to create.

In 2012 Berkeley commissioned EY to review its economic contributions to the UK economy. This initial work allowed us to put in place a framework for measuring and understanding Berkeley's economic contribution and now, 2 years later, we are pleased to provide an updated analysis.

This report looks at Berkeley's contribution over 5 financial years, from 1st May 2009 to 30th April 2014. The analysis is based on Berkeley's own data, both published and internal, and on publicly available statistics.

For more details on EY's methodology please go to [www.ey.com/uk/economicadvisory](http://www.ey.com/uk/economicadvisory).

## HIGHLIGHTS

### Economy

Overall contribution to UK GDP - **£5.5 billion**



### Houses

New homes built - **15,750**



### Jobs

Jobs supported in 2014 - **21,000**



### Tax

Contribution to public finances - **£1.6 billion**



### Communities

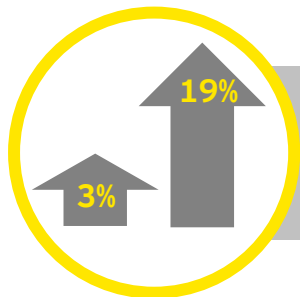
Impact on local communities - **£1.5 billion**



# £5.5bn – Berkeley's contribution to UK GDP



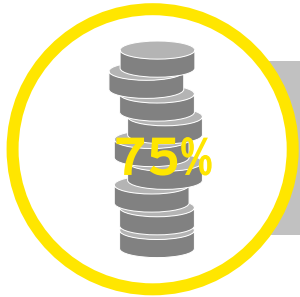
Berkeley's contribution to UK GDP was nearly **£1.4 billion** in 2014, an increase from 2013 and the 6th consecutive year of growth.



Berkeley's contribution to GDP has grown by an average of **19%** each year, compared with an annual average GDP<sup>1</sup> growth over the same period of **3%**.



In addition, Berkeley has spent **£1.5 billion** on land purchases, injecting further cash into the UK economy.



**75%** of profit generated in the last 5 years has been reinvested in the business to buy land, build homes and create jobs.

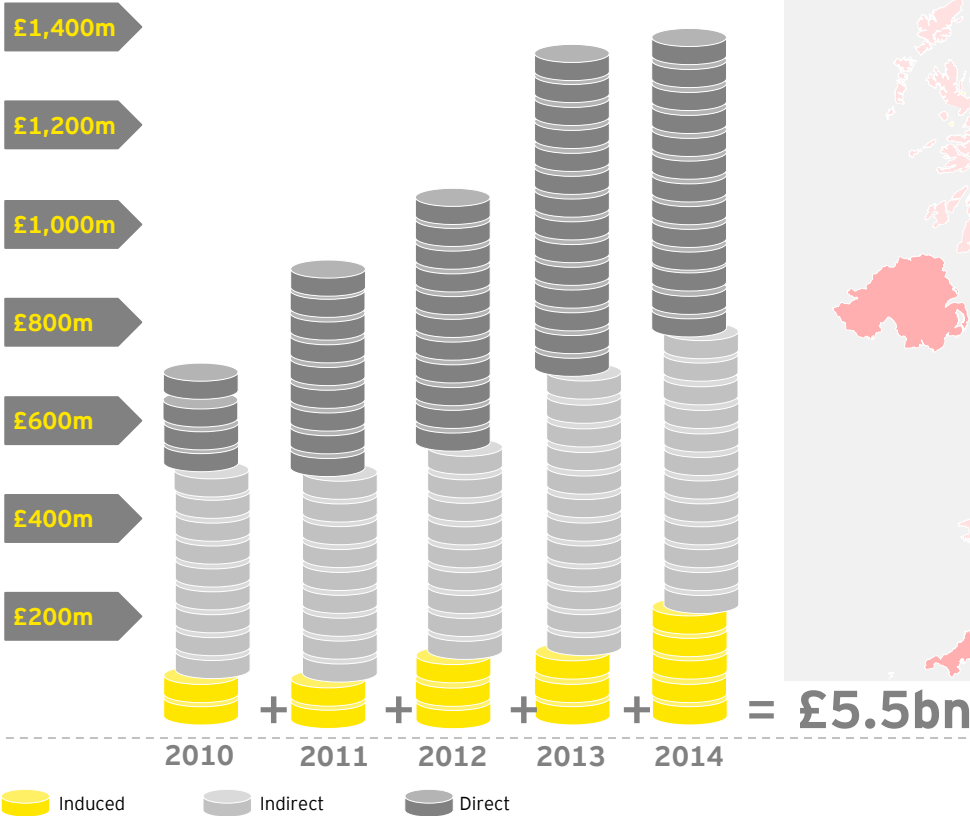
Contribution to GDP, or Gross Value Added (GVA), is assessed through direct activities by Berkeley and indirectly through its spending down the supply chain:

- ▶ **DIRECT CONTRIBUTION:** Berkeley's pre-tax profits and wages paid to staff
- ▶ **INDIRECT CONTRIBUTION:** Resulting from spending with Berkeley's 7,500 subcontractors and suppliers
- ▶ **INDUCED CONTRIBUTION:** The multiplier effect of Berkeley's employees and the employees in the supply chain spending their wages in the wider economy

Notes:

1: Nominal GDP growth

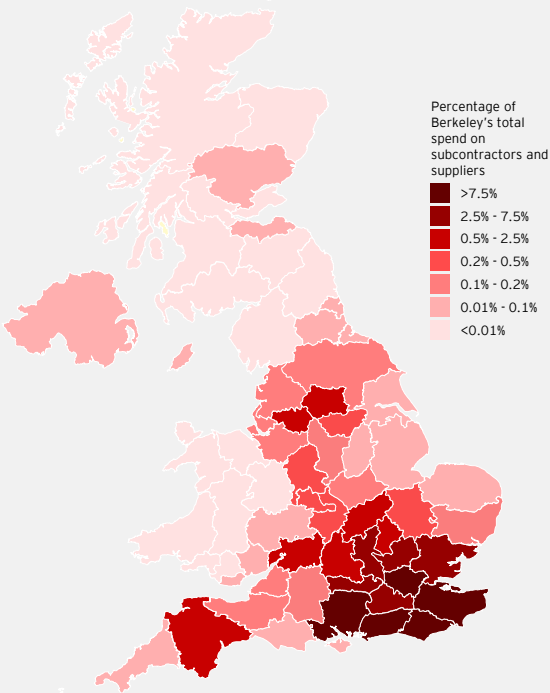
# Annual Contribution to UK GDP



Source: Berkeley Group Holdings plc, EY Analysis

## Supply Chain

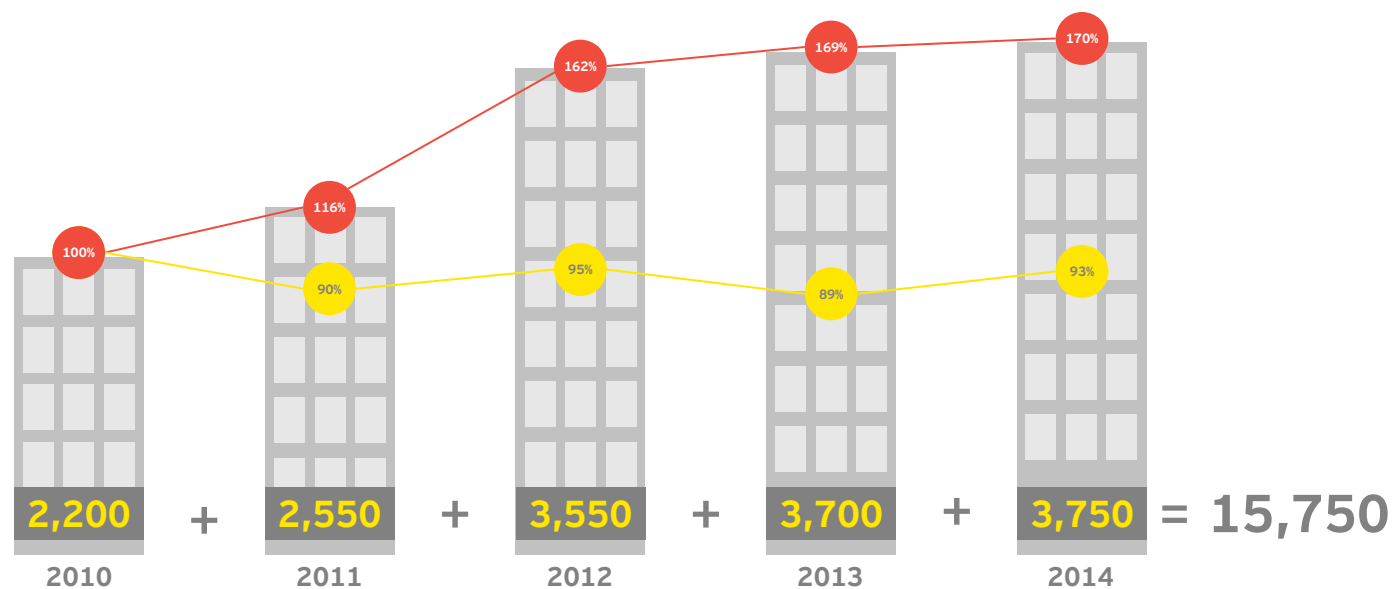
While most of Berkeley's activity is located in London and the South East, its supply chain sources from across the entire UK.





# 15,750 – new homes built in the last 5 years

Berkeley has built a total of 15,750 homes over the last 5 years. In 2014 the number of homes built was 70% higher than in 2010 and 30% more than the number provided at the peak of the market in 2007.



Note:  
Berkeley's financial year runs from 1st May to 30th April  
2014 UK Index is an estimate based on latest ONS data



Berkeley number of new homes built



UK Index



Berkeley Index

The Government provides further funding to local authorities through its new homes bonus scheme, based on the number of homes built in each borough. Berkeley's contribution equates to an estimated **£101m** over the last 5 years.

## Building homes for everyone

Over the last 5 years, 65% of all the homes built by Berkeley were sold for less than £250,000, which is below the threshold for Stamp Duty.

In this same period Berkeley has delivered more than 10% of all new homes built across every tenure in London.

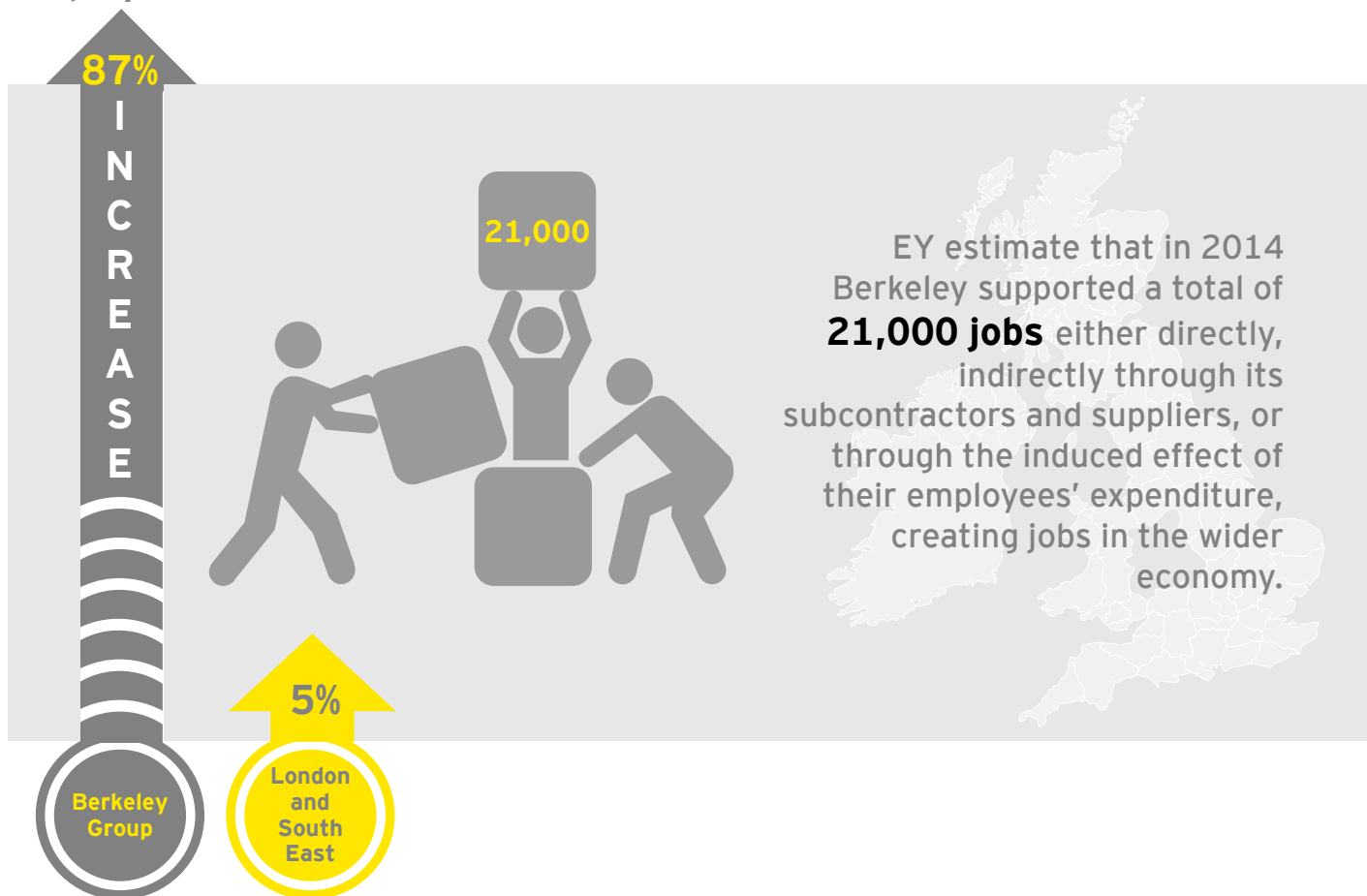
**All Berkeley's sites with an implementable planning consent are currently in construction.**

### The homes delivered by Berkeley include:

- ▶ Private housing
- ▶ Social housing for Registered Providers (Housing Associations)
- ▶ Housing sold to qualifying residents under a discount scheme agreed with the local authority
- ▶ Student accommodation
- ▶ Senior living and housing with care

# 21,000 – total number of jobs supported by Berkeley in 2014

2010 - 2014  
Change in  
employment



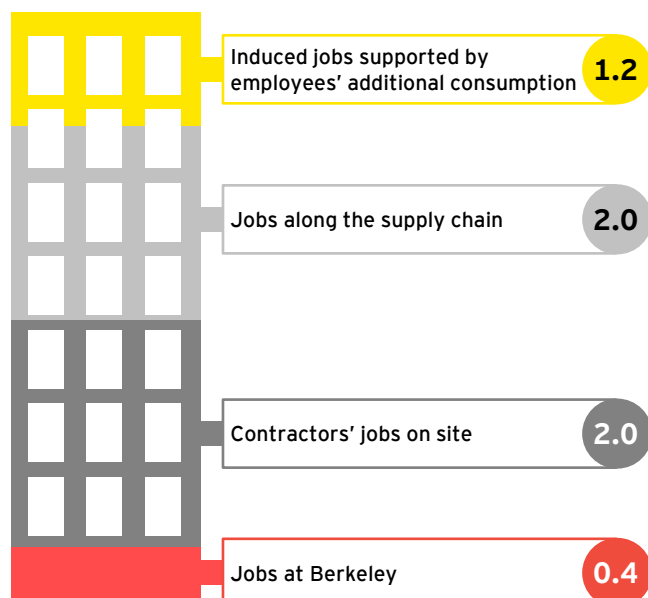


## Job Opportunities

Berkeley provides structured training to over 700 young adults, either directly through its graduate scheme, as construction apprentices, or working on GNVQ or equivalent qualifications.

Through the Berkeley Foundation Job Creation Programme, a further 170 young people not in education, employment or training (NEET) have been given job opportunities. These have arisen through direct employment with Berkeley or through a grant to assist with finding a job elsewhere.

If each of these people were paid Job Seeker's Allowance for a year it would cost the taxpayer up to £507,000<sup>1</sup>.



# 5.6

Each home built by Berkeley supports a total of 5.6 jobs in the UK

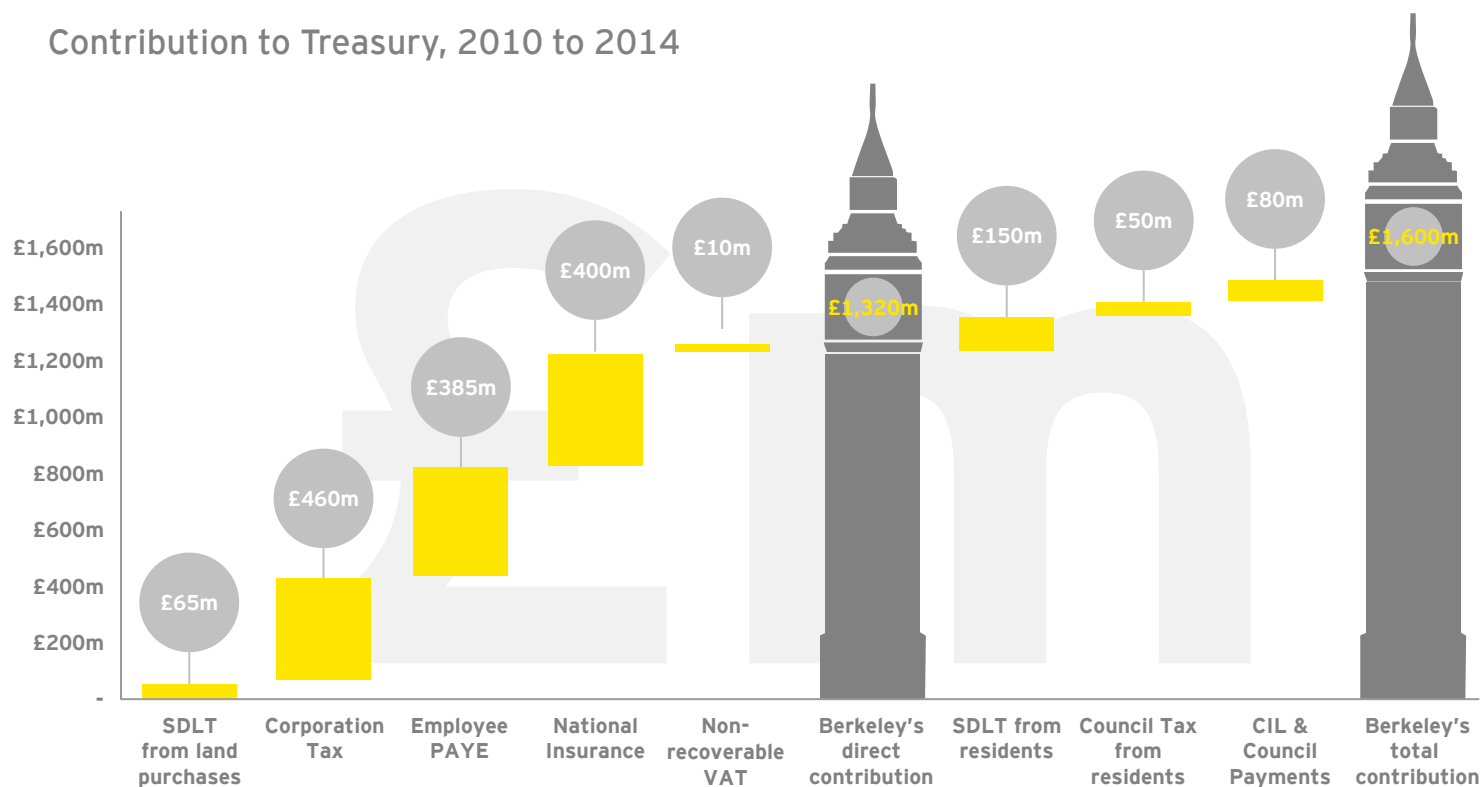
Source: EY calculations based on employment records provided by Berkeley and data on purchases and operational costs provided by Berkeley.

Notes: <sup>1</sup>Maximum annual job seekers allowance for 16 - 24 year olds sourced from <https://www.gov.uk/jobseekers-allowance/what-youll-get>

# £1.6bn contributed to Public Finances in the last 5 years

Berkeley contributes to the UK public finances both through the taxes it pays directly and the taxes paid by its suppliers and customers. In 2014 the total tax paid was **£472m**, an increase of **167%** from 2010.

## Contribution to Treasury, 2010 to 2014



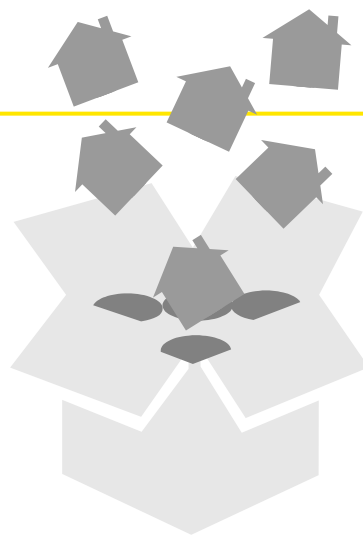
Source: Berkeley Group Holdings plc, EY Analysis

Note: SDLT is Stamp Duty Land Tax

## International Purchasers

Over the last 5 years **£1.2bn** of new capital has entered the UK through sales to international customers on Berkeley developments.

This funding very often underpins the capital investment that Berkeley needs to commit to a project early on. As a result, it directly supports the provision of on-site public amenities, affordable housing and generates significant revenue for local and national government.



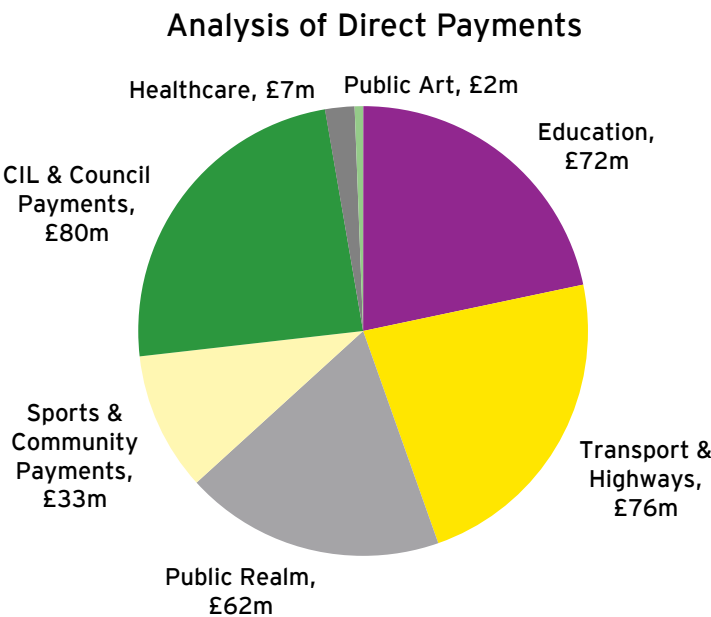
Berkeley has a 'UK First' policy to market all its developments in the UK first and offer every individual home brought to the market to UK-based customers first or at the same time as overseas.

We estimate that over the last 5 years Berkeley's international purchasers have:

- ▶ Spent **£70m** on goods and services in the UK economy
- ▶ Generated **£55m** in stamp duty and land tax
- ▶ Supplied an additional **4,000** properties into the UK private rental market

# £1.5bn – Berkeley's impact on local communities in the last 5 years

Through s106 agreements with local authorities, Berkeley has contributed **£1.2bn** as a subsidy to pay for affordable housing<sup>1</sup> and made direct payments of **£300m** to pay for a wide range of facilities and services in the community.



Source: Berkeley Group Holdings plc, EY Analysis

1. The affordable housing subsidy is calculated as the difference between the average selling price of the equivalent private housing and the affordable housing sold to registered providers (Housing associations)

Berkeley has committed to build 5 schools which will create 1,946 new school places, an increase of 5% in total school numbers across the 5 boroughs concerned.

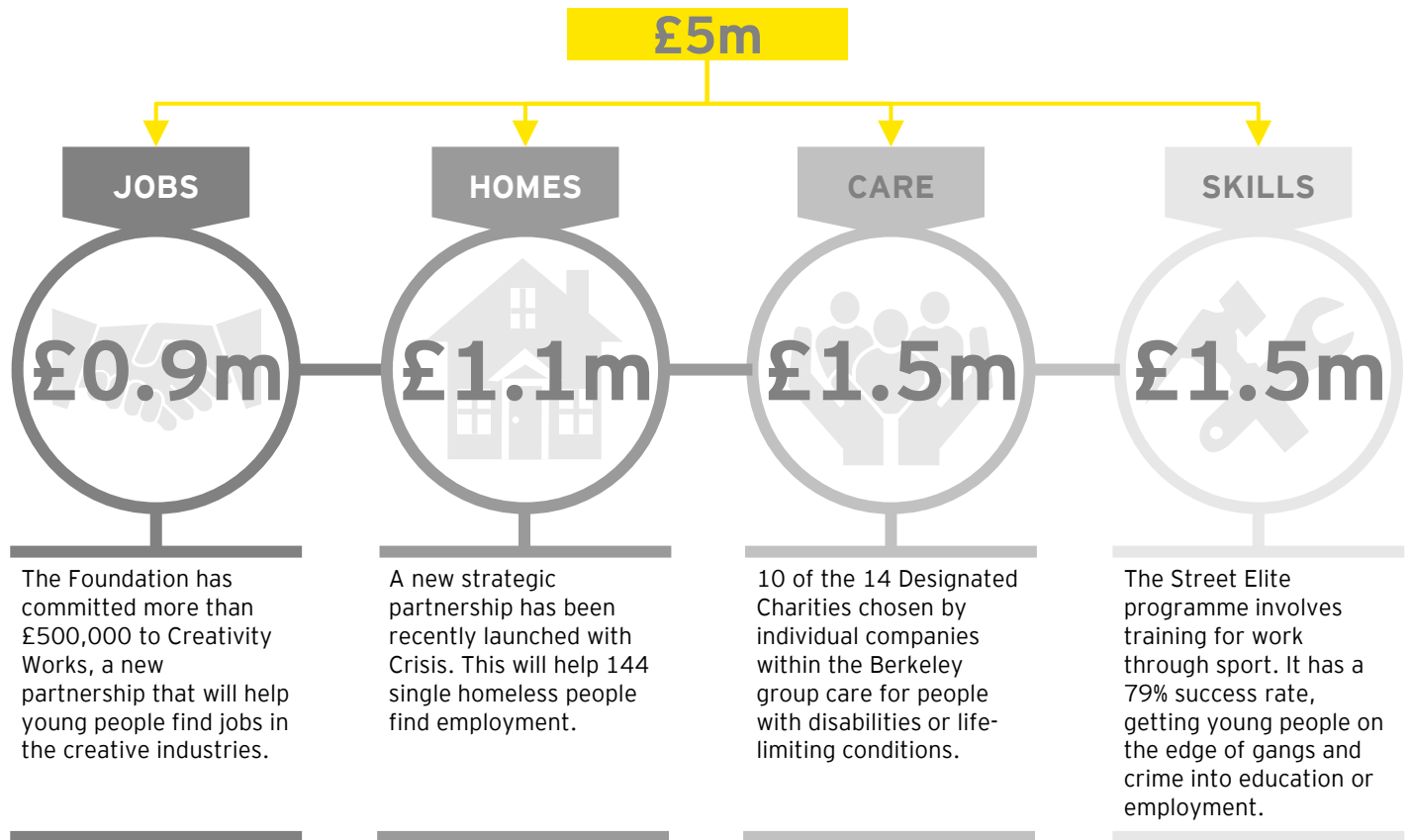
Berkeley estimates that 9 million people will pass through the ticket barriers at the Woolwich Arsenal Cross Rail station. Berkeley has already built the station box and Cross Rail has agreed a funding package of £54m with Berkeley, the Royal Borough of Greenwich and TfL to finish the project in 2018.

Further, Berkeley has committed to building **500,000 sqft** of commercial space which will provide local shops, offices and services.

We estimate that over the last 5 years, residents in new homes built by Berkeley spent an additional **£127m** on local goods and services - direct additional contributions to local economies.

# £5m – committed by the Berkeley Foundation to over 60 charities

The Berkeley Foundation was established in March 2011 and is a registered charity supported by The Berkeley Group. It aims to help young people and their families in the communities where Berkeley works. The Foundation funds organisations which operate within 4 key areas:

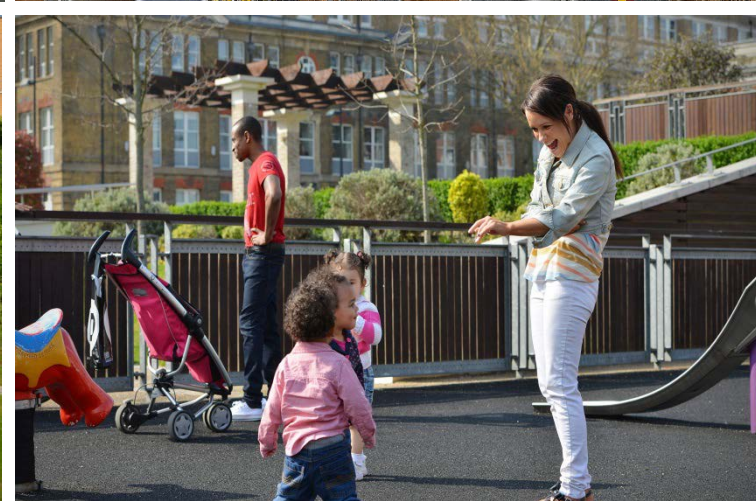
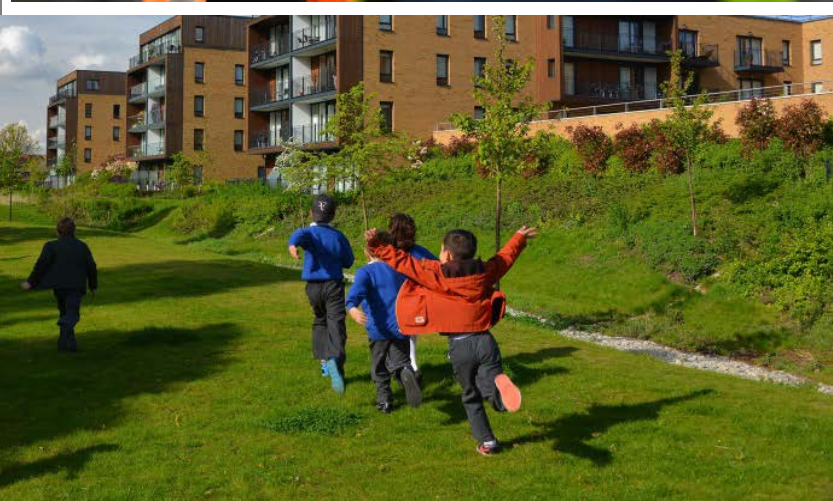
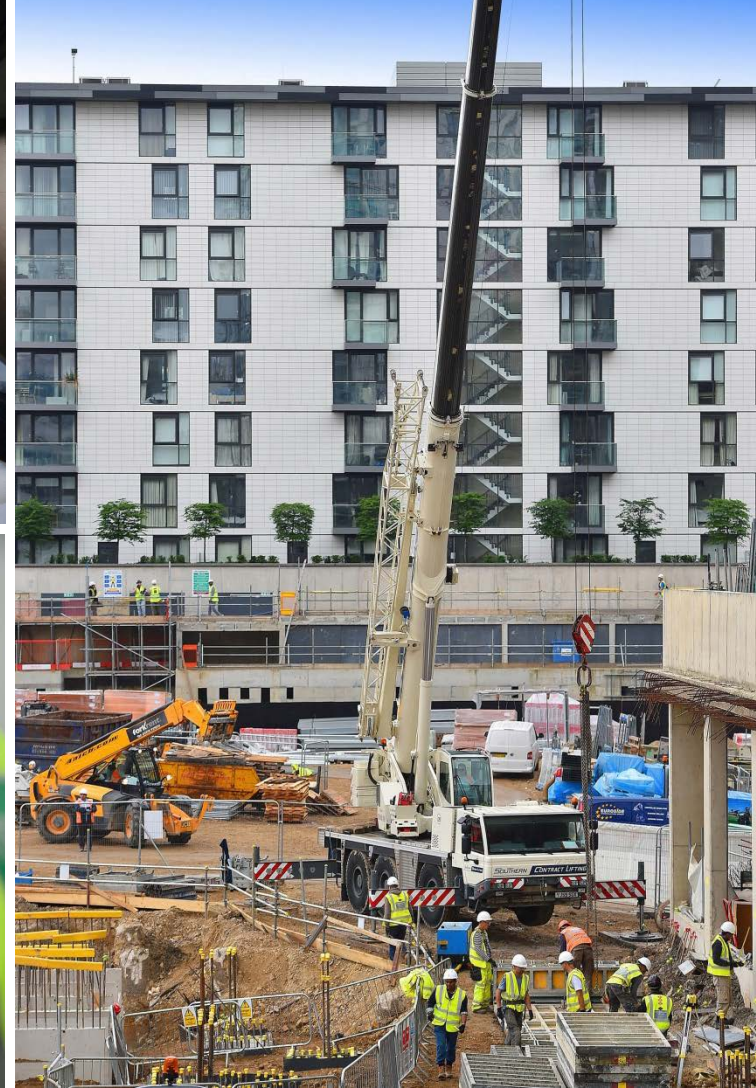


Berkeley staff have raised over **£900,000** for Berkeley Foundation in the past three years. **21%** of staff give to charity via Give As You Earn, securing the Berkeley Group a Platinum Award for payroll giving.











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