

English Housing Supply Update



Housing delivery under strain as new planning rules yet to translate into more homes

Planning reforms yet to bear fruit as consents drop

Since the election of a new Government last summer, several significant reforms to the planning system in England have been introduced amid ambitions to boost housebuilding. Given the timescales involved in planning, however, these changes will not produce a major effect immediately. The limited capacity of many planning departments also makes rapid increases in delivery a challenge, with planning delays still the greatest constraint on housebuilding according to the latest Home Builders Federation (HBF) survey of developers.

In the meantime, the most recent figures highlight the difficulties facing the Government. Only c. 225,000 homes gained full planning consent in the year to March 2025, according to the latest estimates from Glenigan and the HBF – down 8% compared to the previous year and well below the 367,000 new homes per annum called for by the Government's most recent calculation of housing need.

Starts continue to recover, but SMEs face challenges

More positively, the number of new homes starting construction continues to increase, after a sharp contraction across much of 2023 and early 2024. The recovery has not been evenly spread, however, emphasising the ongoing challenges facing smaller housebuilders. Starts on sites by major housebuilders are now higher than a year ago on an annualised basis, but smaller developers are still over a fifth below that level, per the National House Building Council (NHBC). The availability and price of land, along with planning delays, are

likely disproportionately affecting SMEs, who are more dependent on a small number of sites and can't spread development risk as broadly.





Housing delivery at lowest point since 2016

A more positive picture on construction starts has yet to feed into the completion numbers, however, as the lack of new building over much of the previous two years is being felt. The first quarter of 2025 saw the lowest number of new homes built in a twelve month period for over eight years, according to Energy Performance Certificate (EPC) data. Total completions in the 12 months to Q1 2025 were just over 204,000 – a 9% decrease compared to the same time last year, and the fourth consecutive quarter of falling annualised completions. As with starts, the NHBC reports that while the major housebuilders actually saw a slight uptick in quarterly completions, small and medium-sized builders continue to struggle.

Looking ahead to 2024's Housing Delivery Test

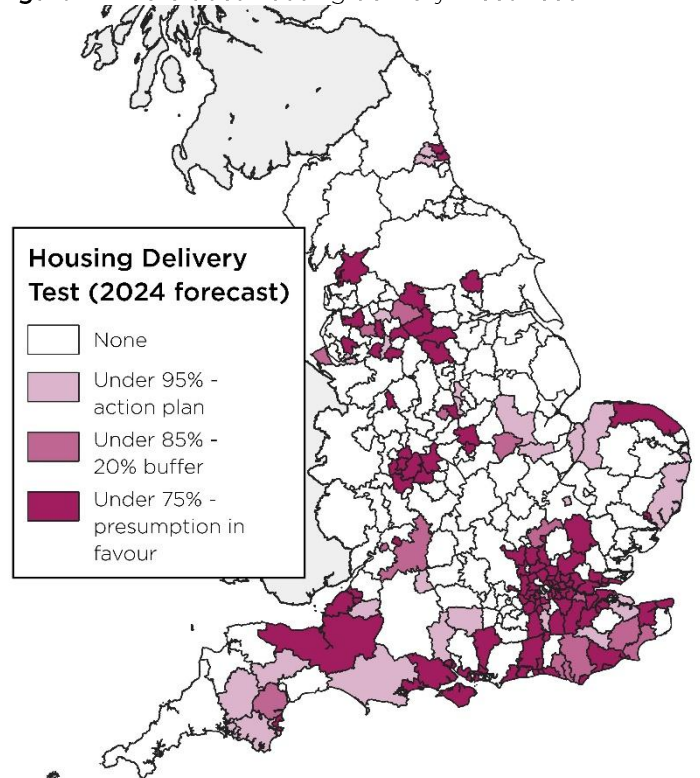
The Government recently reinstated the Housing Delivery Test. Districts that do not meet housing requirements 'fail' the test, and have an escalating series of sanctions imposed upon them when making planning decisions. The HDT is essentially backwards-looking: the most recent version covers until March 2023. We have modelled what the 2024 test may look like (which will be applied from November 2025). Overall, ending Covid allowances (which reduced overall targets) will land more authorities with a sanction. 157 districts – up from 105 in 2023 – are projected to fail the Test, with 99 risking a presumption in favour of sustainable development.

Figure 1 Housing Supply at a glance (vs last quarter)

	367,000 Number of new homes required under Standard Method assessment, 2025
	300,000 Number of new homes required on average each year to meet government policy target
	204,611 (-9%) Number of new home completions, 12 months to Mar 2025 (MHCLG)
	c. 225,000 (-8%) Number of homes estimated to have gained full planning consent, 12 months to Mar 2025 (HBF, Glenigan)

Source MHCLG Live Tables 122, NB1, SM Housing Need; HBF, Glenigan (10+ homes)

Figure 2 Where does housing delivery meet need?



Source Savills using MHCLG Housing Delivery Test (2023), Live Table 122, Local Plan data

204,600 new homes were built in the twelve months to March 2025, according to EPC data. That's down 9% from the previous year, and the lowest number of new homes built in a twelve month period since September 2016.

Around 225,000 new homes gained full planning consent in the year to Q1 2025, according to initial estimates from Glenigan and the HBF. This is 8% lower than last year, although moderate revisions are likely, potentially on the upside.

10% more homes gained consent in the year to March than were built; as 10% to 30% of consented homes typically fail to be built out, this suggests future supply will at best be static, or possibly even falling.

In March 2025, the Standard Method for calculating housing need was updated to reflect new housing affordability data. Even with many areas now having lower housing need figures than in December, every region failed to build enough homes.

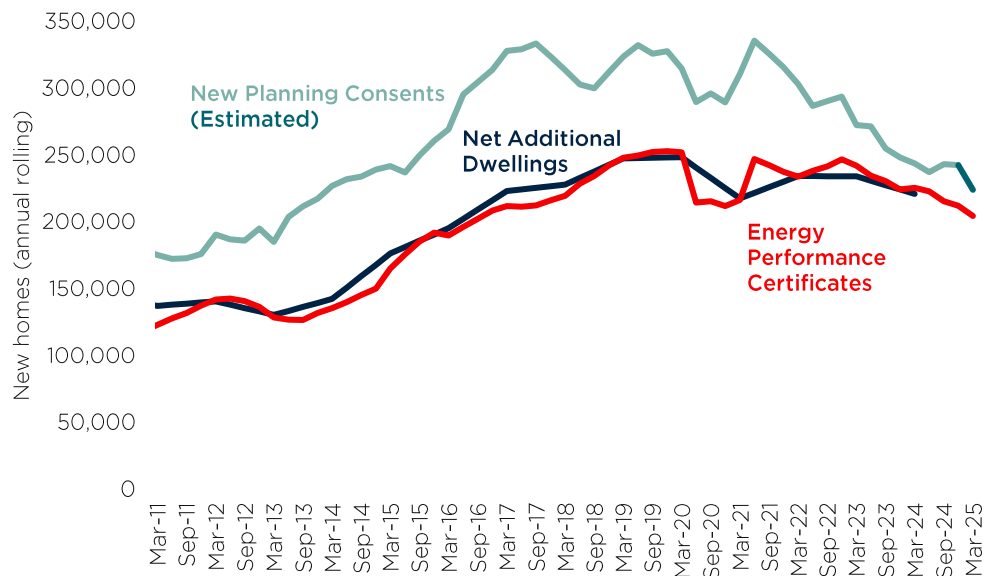
By comparing the number of homes granted planning permission with the number being completed, we can roughly gauge whether supply is growing or falling. All regions granted consent for more homes than were delivered in the year to Q1 2025. This suggests that while supply may increase somewhat in the future, with the exception of the North West it will still be well below what is required according to housing need figures.

The NHBC starts and completions data does not capture all new homes being built, but does give an update on the direction of travel for new build delivery.

Total and private construction starts continued to recover in Q1 2025, although the rate of growth has slowed somewhat. Alternative starts (which includes affordable housing and Build to Rent) fell very slightly compared to Q4. Total starts remain 6% below the equivalent level last year.

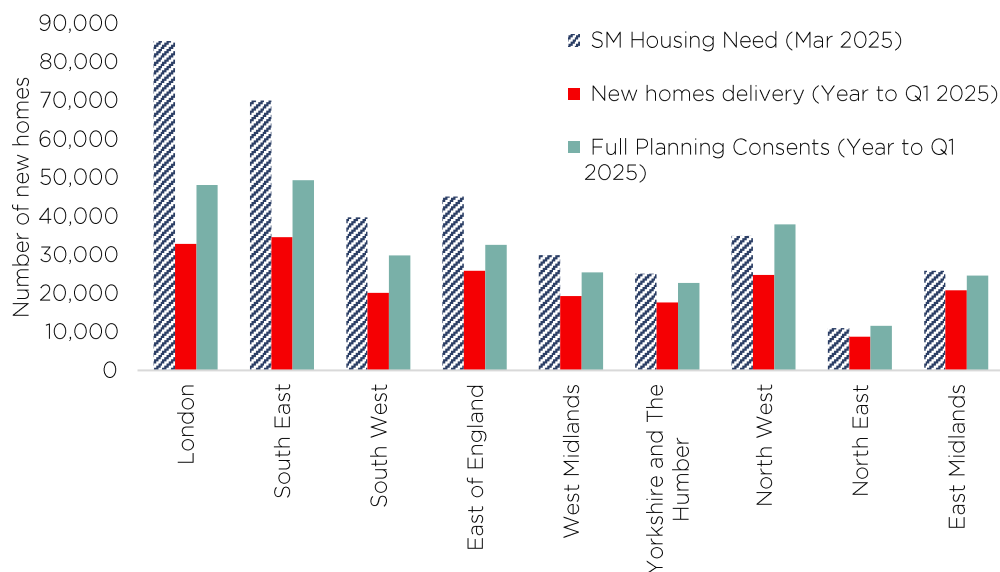
Completions have plateaued across all tenures, with overall annual completions in Q1 2025 0.1% lower than last quarter. Overall, completions remain 16% below the same point two years previously.

Figure 3 New homes completions fall to lowest level since 2016



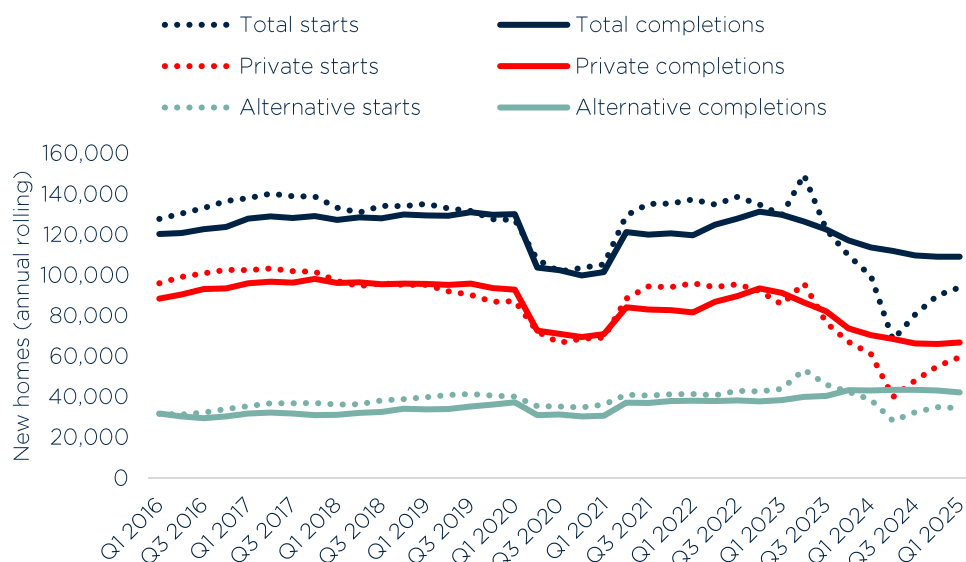
Source MHCLG Live Tables 122, NB1, HBF, Glenigan (only 10+ homes)

Figure 4 Small rise in future supply but still well short of housing need in most regions



Source MHCLG Table NB1, HBF, Glenigan (only 10+ units)

Figure 5 Starts continue to recover, while completions bottom out

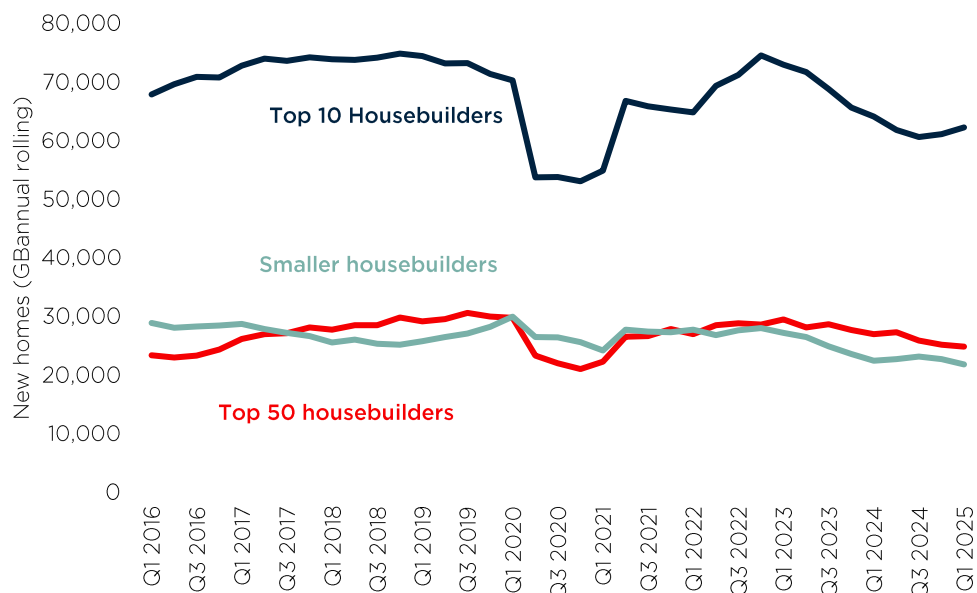


Source NHBC Residential Construction Statistics Portal

The ten largest housebuilders in England saw a small uptick in housing completions at the start of 2025, but smaller developers saw new home completions fall further, suggesting any recovery in development activity is being unevenly felt.

Annual completions by the top 10 housebuilders rose by 2% in Q1. By contrast, among the top 50 housebuilders, completions fell by 1%; this segment is now delivering 8% fewer homes than a year earlier, with signs of a recovery still remote. Smaller firms also saw a drop in new homes, with 4% fewer annual completions in Q1 than the previous quarter.

Figure 6 Major housebuilders recover, but SME developers are stagnating



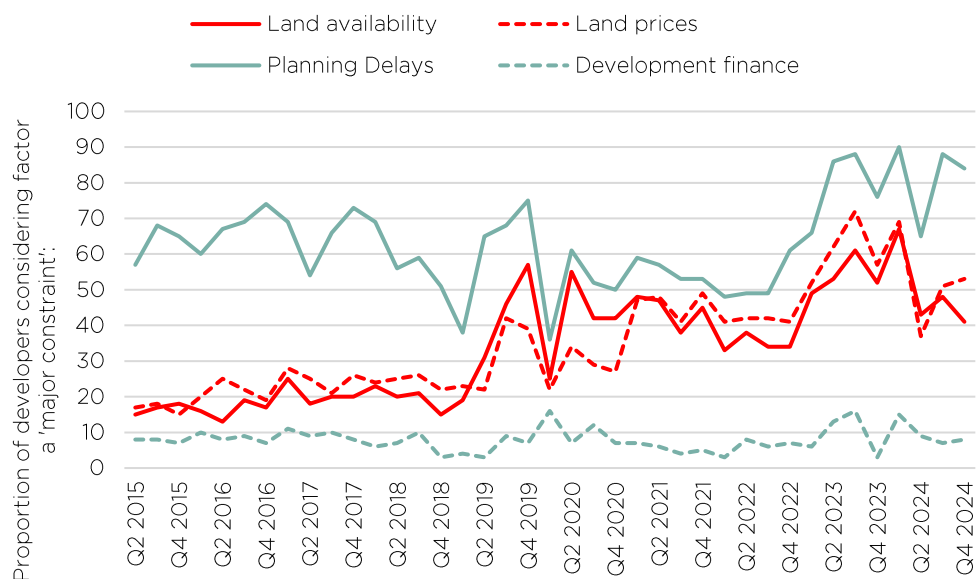
Source NHBC Residential Construction Statistics Portal

The HBF sentiment survey (provided by NHBC) provides qualitative data on the major constraints affecting housebuilding.

Planning delays remained the leading constraint at the end of 2024, albeit at a slightly lower level than seen in Q3, highlighting how even with rising planning permissions and the Government's reform agenda, this issue will take time to fully resolve.

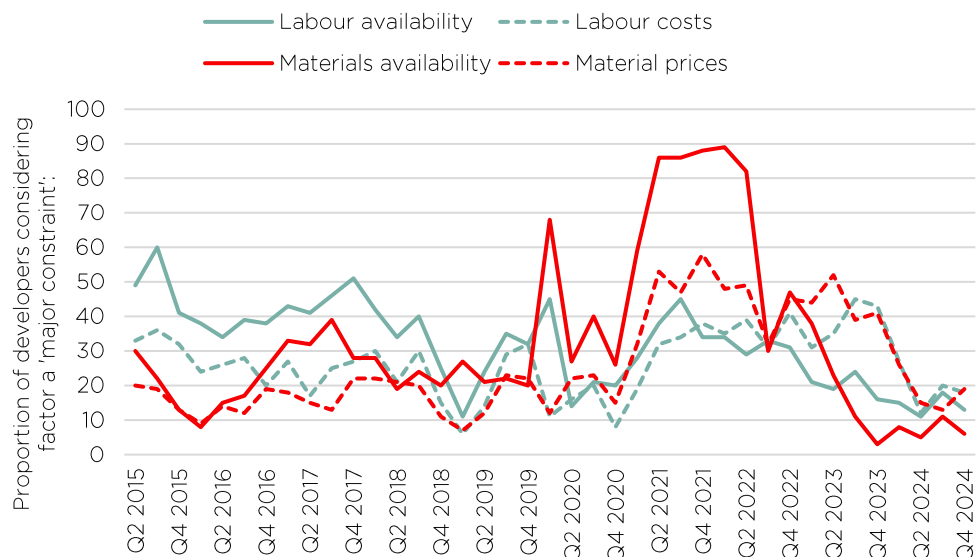
Over half of developers surveyed also cited land prices as a constraint, possibly reflecting rising activity and bids in the land market in recent months. At the same time, land availability as an issue declined to its lowest level for two years.

Figure 7 Despite reforms, planning continues to be the key constraint on developers



Source HBF Survey, NHBC Residential Construction Statistics Portal

Figure 8 Labour and material pressures remain subdued



Source HBF Survey, NHBC Residential Construction Statistics Portal

Cost and supply pressures remain low for labour and materials in Q4 2024. Material prices were the most reported issue, with 19% of developers citing them as a major constraint, up from 13% last quarter.

By contrast, labour availability, labour costs and materials availability all declined as an issue since last quarter, with 13%, 18% and 6% of developers citing them as issues respectively.

Using trading statements and financial accounts, we track the average private sales rate per outlet per week across major PLC housebuilders.

Private sales averaged 0.59 sales per outlet per week in 2024, in line with pre-Help to Buy trends and where sales rates will likely remain in the long-term without a new demand-side scheme or significant change in affordability. A few housebuilders have already issued updates for Q1 2025, showing a spike in sales rates, likely caused by buyers attempting to beat the rise in stamp duty from April 2025.

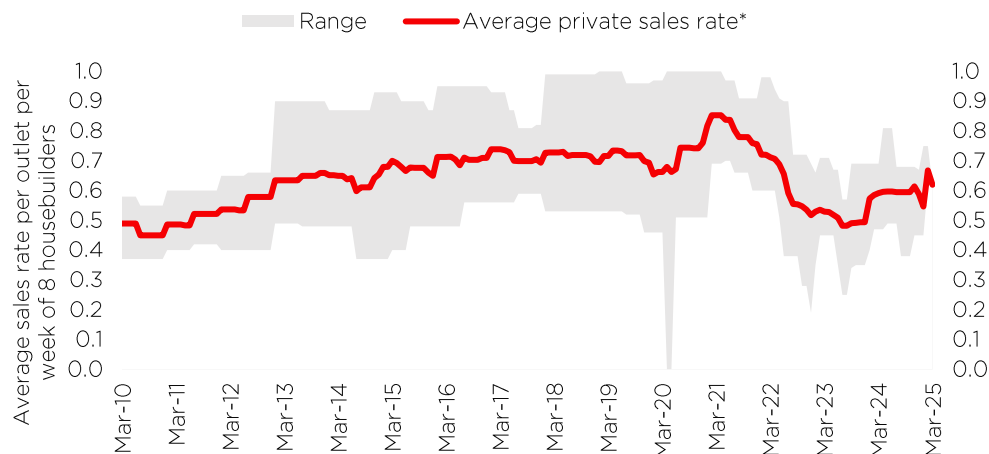
Over 15,700 new Build to Rent homes were completed in the year to March 2025 – down 13% compared to the previous year. Starts have also continued to fall. A little over 8,500 homes started on site in the year to March 2025, down nearly half (46%) compared to 2024. Future revisions may improve this figure, but are unlikely to turn it around.

The number of homes under construction also shrank, with 13% fewer homes in the pipeline in the year to March 2025 compared to the same period in 2024. Nevertheless, with nearly 48,000 homes under construction, there is still considerable supply coming forward.

2023/24 remained a strong year for Affordable delivery. Overall annual delivery in the year to March 2024 was 2% lower than the year before. This still represented the second-highest number of new Affordable homes delivered since 2014/15, however. Moreover, social rented homes increased by 5% compared to the previous year.

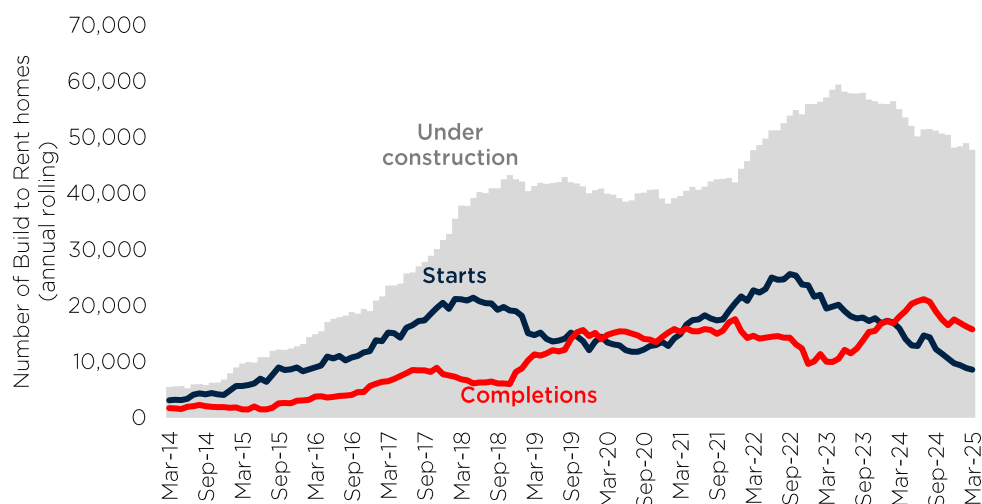
Our latest estimate using figures from the NHF suggests Affordable housing delivery will decline further by around 5% in the coming year.

Figure 9 Average PLC housebuilder sales rates return to pre-Help to Buy trends



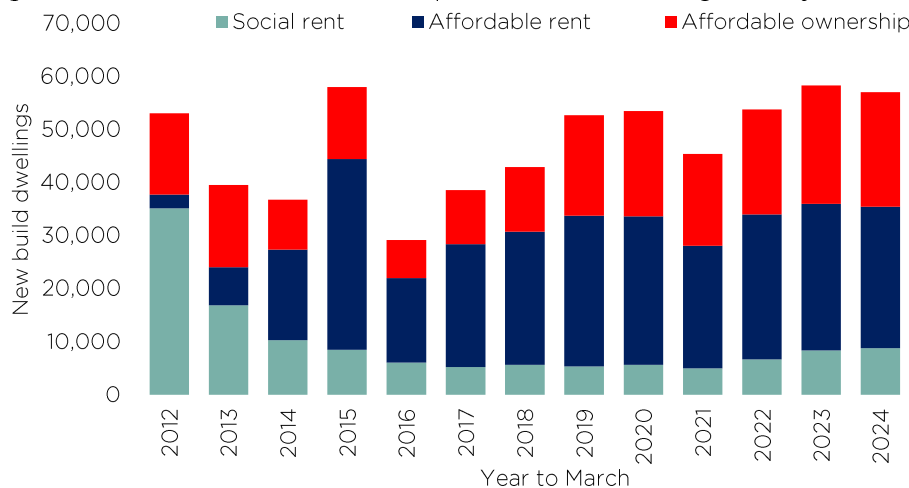
Source Savills Research *Excluding bulk sales to provide accurate representation of market activity from individual homebuyers.

Figure 10 Build to Rent starts and completions continue to fall



Source Savills, British Property Federation, Molior

Figure 11 2024/25 to see a further drop in Affordable housing delivery



Source MHCLG Live Table 1009 *estimated using NHF

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