Regulator of Social Housing

Quarterly survey for Q4

January to March 2025

June 2025

Contents

Introduction

1. This quarterly survey report is based on regulatory returns from 200 private registered providers (PRPs) and PRP groups who own or manage more than 1,000 homes.

2. The survey provides a regular source of information regarding the financial health of PRPs, in particular with regard to their liquidity position. The quarterly survey returns summarised in this report cover the period from 1 January 2025 to 31 March 2025.

3. From 1 April 2024 the remit of the regulator was extended to allow an integrated approach to social housing regulation, with stronger, proactive regulation of consumer standards. Boards must continue to ensure that economic standards are met as they work towards implementing the new consumer standards, and that they maintain strong and effective control over financial performance.

4. The regulator reviews each PRP’s quarterly survey. It considers a range of indicators and follows up with the PRP where a risk to 12-month liquidity is identified, or where there is a risk to loan covenant compliance. Further assurance is sought where there is increasing exposure to risks from activities carried out within non-registered entities. Findings will be reflected in regulatory judgements where appropriate.

5. PRPs continue to face pressure to improve stock quality and energy efficiency, which is increasingly resulting in boards having to make difficult decisions as to how to use cash resources most effectively, as well as limiting their ability to further manage additional costs. In general, we have assurance that PRPs are taking action to manage their position, which for a number of PRPs includes the deferral of uncommitted development and/or the arrangement of loan covenant waivers.

6. Figures have been rounded to the nearest £billion to one decimal place. This can result in rounding differences in totals and percentages as the individual returns are denominated in £000s.

Summary

Liquidity

Investment in the sector remains robust. New finance of £4.3 billion was arranged in the quarter, the second highest level in almost five years. This brought the total raised in the year to March up to £12.3 billion.

Available liquidity increased to the highest level in two years, as both undrawn facilities and cash balances increased in the quarter. Although cash balances increased, they remain at historically low levels.

- 42 PRPs arranged new finance during the quarter, with bank lending accounting for 62% of new facilities.
- Loan repayments were £1.1 billion in the quarter, bringing the total for the year up to £3.8 billion; 10% higher than in the previous year.
- Available cash balances increased by £0.3 billion during the quarter to £4.2 billion. Balances are expected to reduce to £3.2 billion by March 2026.
- Total cash and undrawn facilities are still sufficient to cover forecast expenditure on net interest costs (£4.6 billion), loan repayments (£3.5 billion) and net development (£12.6 billion) for the next year.
- Debt repayable over the next five years has increased by 13% to £28.1 billion compared to 2024 (£25.0 billion).

Performance in the quarter

12-month outturn cash interest cover (excluding sales) to March was 82%, consistent with previous quarter. Performance varies across the sector; median 12-month interest cover was 102% (in line with December).

Forecast interest cover over the next 12 months remains low, with a projected sector total of 65% and over half of PRPs forecasting interest cover below 100%.

- Quarterly cash interest cover (excluding sales) increased to 83%, above the forecast of 38%, due to a £0.3 billion favourable variance on net cashflows from operating activities.
- Revenue repairs spend was £1.4 billion; 3% higher than the previous quarter although 3% lower than forecast. Capitalised repairs and maintenance spend exceeded £1.0 billion for the second consecutive quarter; a 12% increase on the previous quarter.
- Higher repairs and maintenance costs have resulted in net operating cashflows alone being insufficient to fund increasing net interest payments, with an average cash shortfall of £194 million per quarter experienced in the year to March 2025.
- 38% of PRPs reported delays or changes to repairs and maintenance programmes during the quarter, the lowest level recorded since data collection for this commenced in quarter one 2022/23.
- PRPs have forecast that impairment charges of £407 million will be recognised in the 2024/25 accounts, of which £276 million relates to social housing assets.

Investment in new and existing stock

12-month spend on repairs and maintenance totalled £9.0 billion, a 13% increase on the previous year. Forecast 12-month spend has increased to a record £9.9 billion.

12-month development spend up to March 2025 totalled £13.6 billion, a decrease on the £14.4 billion in the period up to March 2024.

12-month forecast development spend is consistent with the previous quarter at £14.8 billion. However, this level of investment in new supply is lower than the £15.2 billion and £16.8 billion projected in March 2024 and March 2023 respectively.

- Total repairs and maintenance (capital + revenue) spend stood at £2.5 billion in the quarter, 7% higher than previous quarter.
- Record levels reported for the 12-month expenditure on capitalised repairs of £3.7 billion. A further £4.5 billion worth of investment is forecast over the next 12 months.
- Following record spend in Q3, development spend fell to £3.1 billion compared to an average of £3.4 billion per quarter over the last three years.
- AHO completions in the quarter decreased by 5%. In the year to March 2025 17,349 new AHO units were completed, an 8% drop relative to the previous year.
- Total pipeline AHO units have reduced by 4%. The uncommitted pipeline units are at the lowest amount recorded since data was first collected in 2015.
- Pipeline market sale units have decreased by 1% and remain at historically low levels.

Sales

AHO first tranche sale performance remained robust both in the quarter and in the year to March 2025. The number of market sale units sold remained at historically low levels.

Total fixed asset sale receipts in the quarter of £1.0 billion brought the 12-month total up to £2.9 billion, a slight decrease on the £3.0 billion reported in the previous year.

For the next 12 months, a further £5.1 billion worth of fixed asset sales have been forecast. We will continue to engage with PRPs where they are reliant on sales to maintain viability and liquidity positions.

- Of the £5.1 billion fixed asset sales forecast, £2.5 billion relates to sales of housing properties to tenants or other individuals, and £2.7 billion relates mainly to bulk sales of social housing and non-social housing assets.
- In the year to March 2025, 18,155 AHO sales were recorded, compared to 17,204 in the previous year.
- Market sales of 2,533 units were recorded in the year to March 2025; 16% less than in the year to March 2024.
- Unsold AHO units decreased slightly in the quarter and were 6% below the level reported in March 2024.
- Unsold market sale units were 11% below the level reported in March 2024.

Operating environment

7. Consumer Price Index (CPI) inflation in the UK rose by 2.6% in the 12 months to March 2025[1]. This was an increase on the 2.5% to December 2024, but lower than the previous year (12 months to March 2024 3.2%). Post quarter end, inflation continued to increase to 3.5% in the 12 months to April 2025[2], rising above 3% for the first time since March 2024. The Bank of England expects inflation to rise to around 3.7% by September 2025.

8. The Bank of England (BoE) base rate reduced by 25 basis points to 4.5% on 6 February 2025, where it remained unchanged at the end of March[3]. Post quarter-end, progress in reducing inflationary pressures allowed the BoE to announce a reduction in the Bank rate to 4.25%, the lowest level since March 2023[4].

9. The average interest rate for a typical 5-year mortgage stood at 4.32% at the end of March 2025[5], down from 4.37% at the end of December. Although net mortgage approvals for house purchases fell for the third consecutive month in March, they were up 4% year-on-year reaching 64,300[6], compared to 61,566 in March 2024.

10. Stamp duty changes came into place on 1 April 2025. The nil-rate threshold, which had been £250,000, returned to the previous level of £125,000. For first-time buyers, the nil-rate threshold, which was previously £425,000, returned to £300,000.

11. House prices in England increased by an estimated 6.7% in the 12 months to March 2025[7]. The largest annual growth was experienced in the North East, where prices increased by 14.3% over the year. The lowest growth was in London, where prices increased by 0.8% over the same period.

12. The UK unemployment rate for the quarter to March 2025 increased to 4.5%[8] compared to 4.4% in the previous quarter. The number of job vacancies fell by 26,000 to reach 781,000[9], decreasing for the 33rd consecutive quarter. The total number of people claiming Universal Credit in England was around 6.6 million in March 2025[10]

[1] Consumer price inflation, UK - Office for National Statistics
[2] Consumer price inflation, UK - Office for National Statistics
[3] Bank Rate maintained at 4.5% - March 2025
[4] Bank Rate reduced to 4.25% - May 2025 | Bank of England
[5] Quoted household interest rates - a visual summary of our data | Bank of England
[6] Money and Credit - March 2025 | Bank of England
[7] UK House Price Index summary: March 2025 - GOV.UK
[8] Labour market overview, UK - Office for National Statistics
[9] Labour market overview, UK - Office for National Statistics
[10] Total number of people on Universal Credit in England | LG Inform

compared to 5.7 million a year earlier, as the managed migration from legacy benefits continues.

13. To support the development of new homes in the sector the Affordable Homes Programme was allocated an additional £500 million following the Autumn Budget and on 12 February 2025, a further £300 million of investment was confirmed[11].

14. The Spring Statement[12] was presented to Parliament on 26 March and confirmed a number of measures aimed at boosting housebuilding and the construction industry. This includes a £625 million fund to address skills shortages in the construction sector, and £2 billion in additional grant funding to deliver up to 18,000 homes[13].

15. Successful bids for funding from wave 3 of the Warm Homes: Social Housing Fund were announced on 11 March[14]. A total of £1.29 billion has been allocated to local authorities and social housing landlords to carry out retrofit works to improve the energy efficiency of existing social homes.

16. The existing 5-year social housing rent settlement, which allows for a maximum permissible rent increase of CPI + 1%, was extended for a further year[15], linking rent increases for the 2025/26 financial year to the 1.7% CPI rate as at September 2024, resulting in a maximum increase of 2.7%. This applies to general needs Social Rent, Affordable Rent and supported housing, with the exception of certain specialised supported housing categories. The consultation on future social housing rent policy closed in December 2024 and remains a future area of uncertainty[16].

17. Although decreasing, interest rates are likely to remain elevated compared to historic low levels. Expectations of stock decency, decarbonisation, and new home provision will continue to evolve, necessitating PRPs to identify potential liquidity and covenant restrictions and maintain robust contingency plans.

18. The government has indicated that it intends to announce further long-term investment into the social housing sector at the conclusion of the Spending Review in June. The emerging economic and operating environment brings both challenges and opportunities for the housing sector, and PRPs must ensure that they understand and manage any additional risks.

[11] Thousands to benefit from the security of a safe home - GOV.UK
[12] Spring Statement 2025 - GOV.UK
[13] £2bn new investment to support biggest boost in social and affordable housebuilding in a generation - GOV.UK
[14] Warm Homes: Social Housing Fund Wave 3 – successful Social Housing Landlords including local authorities and housing associations - GOV.UK
[15] Limit on annual rent increases 2025-26 from April 2025
[16] Consultation on future social housing rent policy - GOV.UK

Private finance

19. The sector's total agreed borrowing facilities increased by £2.3 billion over the quarter, to reach £135.5 billion at the end of March (December: £133.2 billion).

Figure 1: Total facilities (£ billions)

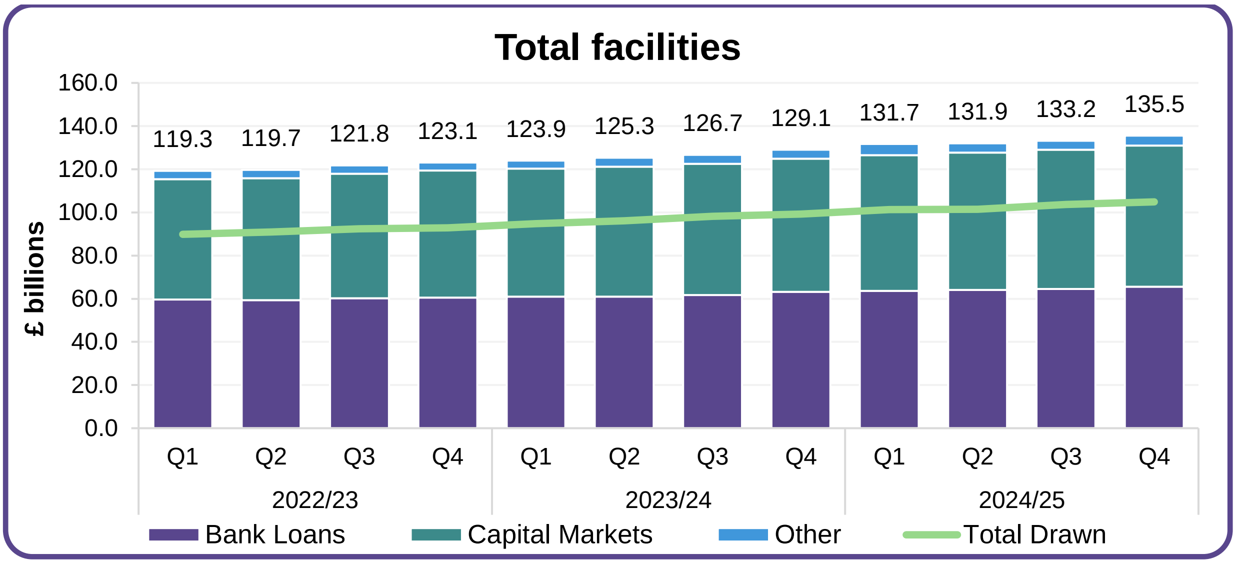


Table 1: Total facilities – drawn and secured

£billions	*Previous quarter*	*Current quarter*	*% change*
Drawn	103.7	104.9	1.1%
Undrawn	29.5	30.6	3.9%
Secured	120.2	121.7	1.2%
Security required	3.1	3.6	14.3%
Security not required	9.8	10.2	4.1%

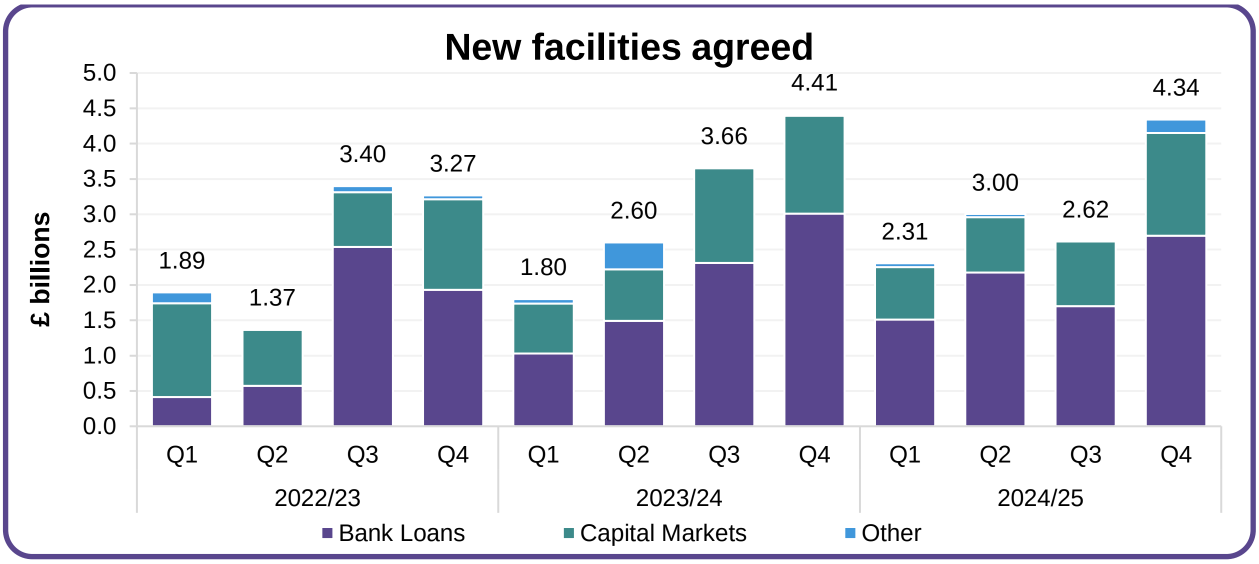
20. At the end of March, 97% of PRPs (December: 98%) were forecasting that debt facilities would be sufficient for 12 months or more.

21. A total of 42 PRPs arranged new finance during the quarter (December: 35), with 14 of these arranging facilities worth £100 million or more. The total agreed, including refinancing, amounted to £4.3 billion in the quarter; the second highest level in almost five years. This brings the amount raised in the year to March 2025 up to £12.3 billion, a slight decrease on the £12.5 billion raised in the previous year.

22. Bank lending accounted for 62% of new funding in the quarter. Capital market funding, including private placements and aggregated bond finance, accounted for 34% (£1.5 billion) of the total, which included around £0.2 billion worth of funding through the

Affordable Homes Guarantee Scheme[17]. Other finance accounted for 4%, which mainly includes borrowed facilities from subsidiaries and a joint venture loan.

Figure 2: New facilities agreed (£ billion)



23. Available liquidity increased to the highest level in two years, as both undrawn facilities and cash balances increased in the quarter. The level of cash and undrawn facilities would be sufficient to cover the sector's forecast expenditure on net interest costs (£4.6 billion), loan repayments (£3.5 billion) and net development for the next year (£12.6 billion), even if no new debt facilities were arranged and no sales income were to be received.

Table 2: 12-month forecasts

£billions	*Previous quarter*	*Current quarter*	*% change*
Drawdown from facilities agreed	6.3	4.7	(26.2%)
Drawdown from facilities not yet agreed	1.9	3.4	83.9%
Loan repayments	3.4	3.5	5.3%

24. Drawdowns from facilities not yet agreed have been forecast by 24 providers that are either increasing borrowing capacity, typically to fund uncommitted development programmes, or are refinancing existing facilities. The latter can be either to replace expiring facilities, or to secure more favourable terms.

25. Loan repayments of £1.1 billion were made during the quarter, bringing the total for the year up to £3.8 billion. Repayments were 10% higher than in the previous year, when a total of £3.5 billion was reported. For the next twelve months, a further £3.5 billion worth of loan repayments are forecast to be made. Ten PRPs have each forecast over £100 million worth of loan repayments, together accounting for 63% of the sector total.

[17] Affordable Homes Guarantee Scheme 2020 - GOV.UK

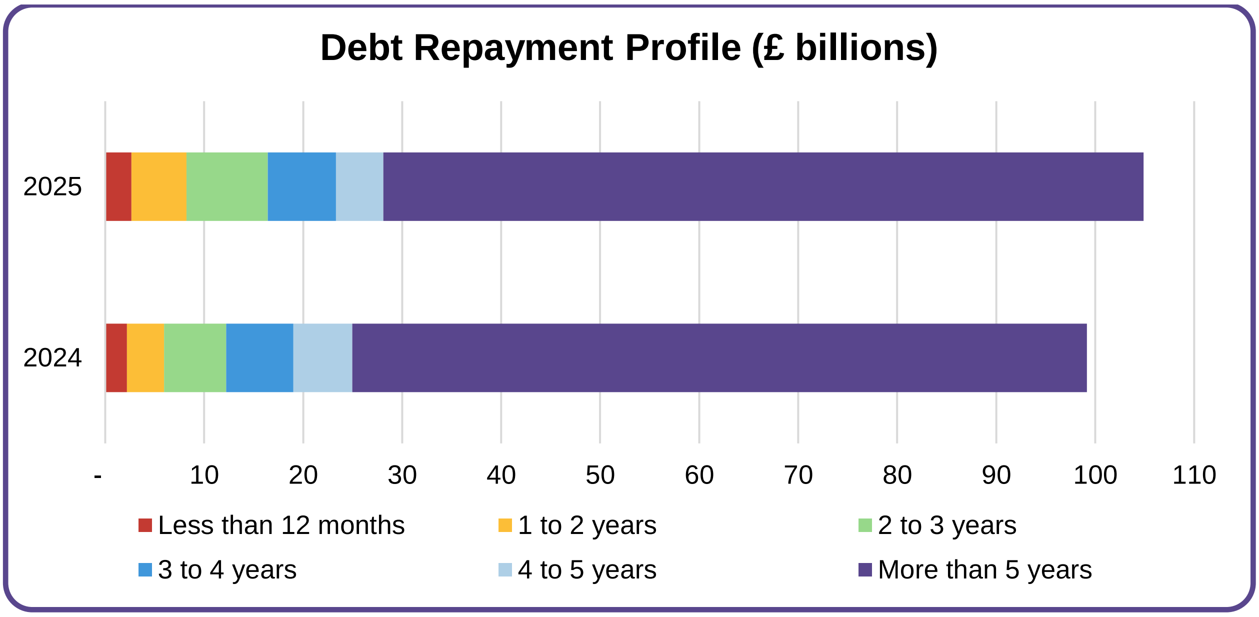
Debt repayment profile

26. The following two sections, debt repayment profile and interest rate profile, relate to the annual questions included in the quarter four Quarterly Survey. The total value of sector debt increased by 6% to £104.9 billion (2024: £99.2 billion) in the year, with 67% of PRPs reporting an increase since March 2024. Nine PRPs have increased their debt by over £0.2bn each, which combined with the addition of one for-profit PRP to the dataset, together accounts for 73% of the overall increase.

27. The value of debt repayable over the next two years is £8.2 billion, representing 7.8% of the sector debt (2024: £5.9 billion, 6.0%, 2023: £5.0 billion, 5.4%). The sector's immediate refinancing risk has remained fairly stable in comparison with previous year, with 2.5% of loans due for repayment within 12 months (2024: 2.2%, 2023: 2.3%).

28. Long-term debt continues to account for the majority of the sector's borrowing with 73% of debt being due for repayment in over five years' time (2024: 75%, 2023: 79%). £28.1 billion (2024: £25.0 billion, 2023: £19.8 billion) is repayable over the next five years as profiled in the chart below; an increase of 13% compared to the previous year.

Figure 3: Debt repayment profile (£ billions)

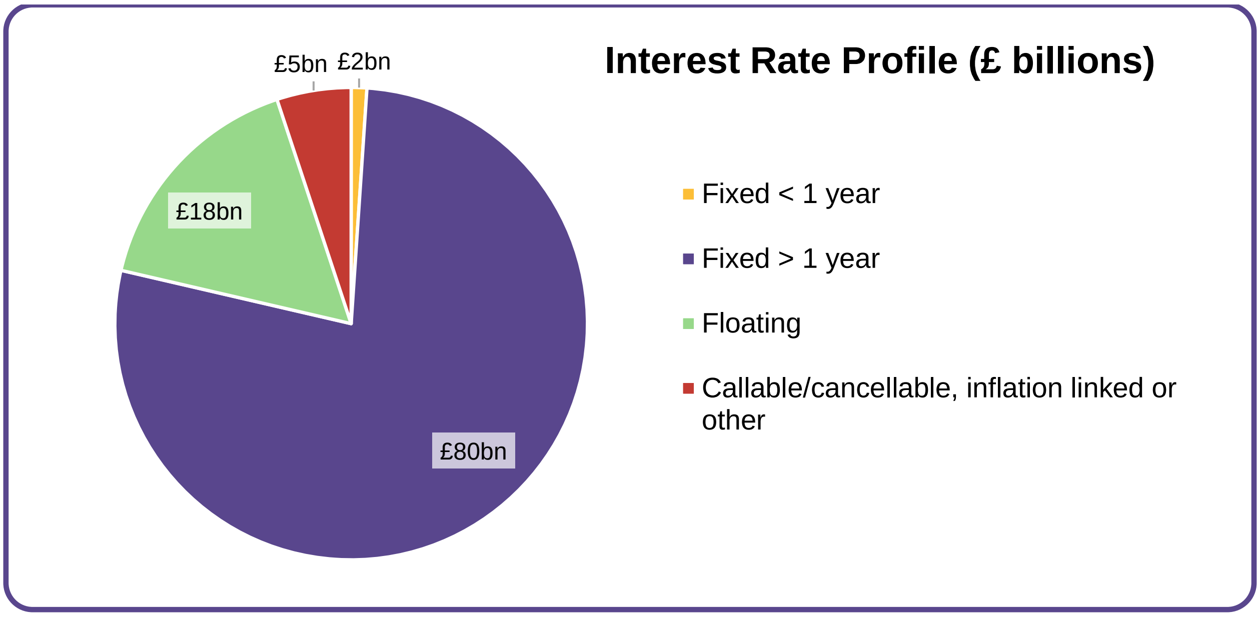


29. For 90% of PRPs, more than half of total debt is due for repayment in more than five years (2024: 90%, 2023: 93%). However, 12 PRPs have 10% or more of total debt due for repayment within 12 months (2024: 5, 2023: 9) with two PRPs requiring new finance within this period. It is the responsibility of PRPs' boards to ensure that arrangements are in place for the effective management of refinancing risk.

Interest rate profile

30. The chart below provides an analysis of the sector's £104.9 billion drawn debt (2024: £99.2 billion) by interest rate type and the period over which rates have been fixed.

Figure 4: Interest rate analysis (£ billions)



31. Fixed rate debt (greater than one year) comprises 77% of the sector's drawn borrowings (2024: 78%, 2023: 79%), and 55% of total drawn debt is at rates fixed for over 10 years, providing the sector with a degree of certainty in forecasting the costs of borrowing.

32. The total amount of debt reported as floating, fixed for less than a year, or otherwise exposed to fluctuation through inflation linking or callable/cancellable options, amounts to £24.4 billion. This represents 23% of drawn debt (2024: £22.3 billion, 22%, 2023: £19.8 billion, 21%).

33. Drawn debt with a variable interest rate amounted to £17.8 billion in the year (2024: £16.2 billion, 2023: £13.4 billion), accounting for 17% of total drawn debt. Of this amount, 45% is attributable to eight PRPs reporting over £0.5 billion of floating interest rate debt each, with 46% of the sector reporting an increase in variable debt in the year.

34. The regulator continues to engage with PRPs to monitor treasury management arrangements and risk exposure to fluctuating interest rates, as part of the assessment of compliance with the governance and financial viability standard.

Cashflows

35. It is essential that PRPs have access to sufficient funds at all times. The regulator engages with PRPs that have low liquidity indicators. Table 3 below shows the actual performance for the quarter compared to forecast, and the 12-month performance for the year to March 2025.

Table 3: Summary cashflow performance[18]

£billions[19]	3 months to 31 Mar 2025 (forecast)	3 months to 31 Mar 2025 (actual)	12 months to 31 Mar 2025 (actual)
Operating cashflows excluding sales	3.1	3.4	12.6
Repairs & maintenance (capital & revenue)	(2.7)	(2.5)	(9.0)
Net operating cashflows excluding sales	**0.4**	**0.9**	**3.6**
Interest cashflows	(1.1)	(1.1)	(4.3)
Payments to acquire and develop housing	(4.1)	(3.1)	(13.6)
Current assets sales receipts	1.1	0.9	3.1
Disposals of housing fixed assets	1.0	1.0	2.9
Other cashflows	(0.1)	(0.0)	(0.1)
Cashflows before resources and funding	**(2.9)**	**(1.5)**	**(8.4)**
Financed by:			
Net grants received	0.6	0.8	2.5
Net increase in debt	1.3	1.0	5.6
Use of cash reserves	0.9	(0.3)	0.3
Total funding cashflows	**2.9**	**1.5**	**8.4**

36. Cash interest cover[20], based on net operating cashflows excluding sales, stood at 83% in the quarter to March 2025 (December: 70%). Quarterly interest cover figures are subject to a degree of volatility. Current quarter performance was above the forecast of 38%, due to a £0.1 billion underspend on capitalised major repairs, combined with a £0.3 billion favourable variance on net cashflows from operating activities. In addition to general working capital movements, a small number of PRPs have reported

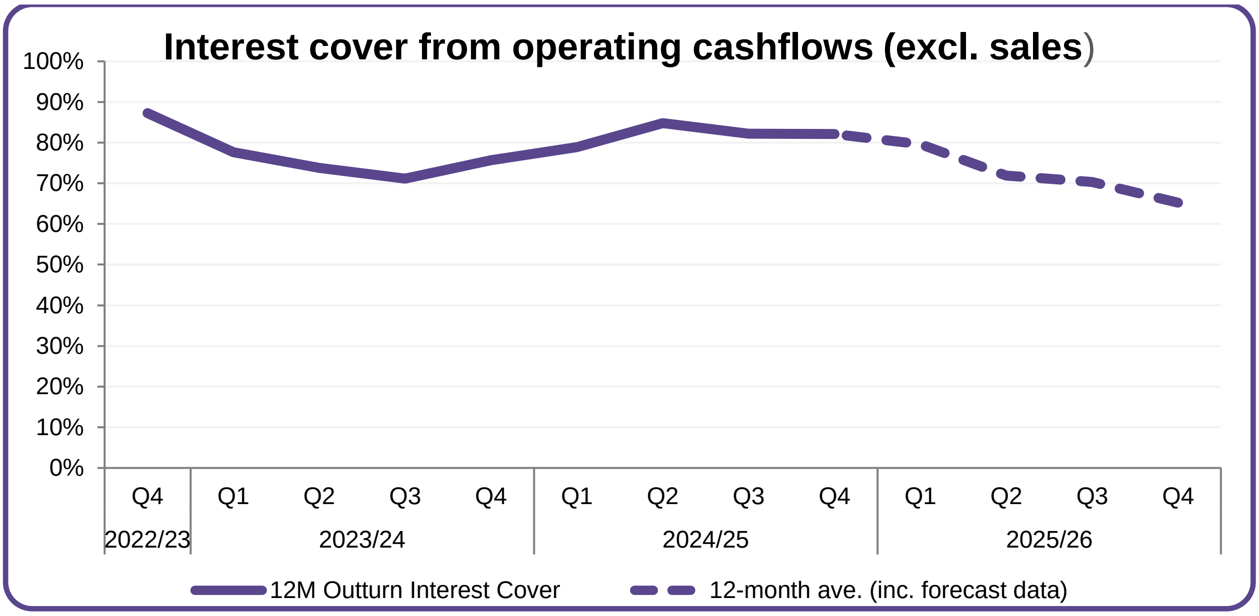
[18] Operating cashflow excludes current asset sales receipts and costs of sales. 'Payments to acquire and develop housing' include payments in respect of both current and fixed assets.

[19] There are rounding differences in the calculated totals; figures are reported by providers in £000.

[20] The calculation of cash interest cover prudently excludes operating surpluses from properties developed for sale (either 1st tranche shared ownership sales or outright market sales). Calculations include all interest and repairs costs, without the deduction of capitalised interest or grant funding.

favourable variances on net cashflows due to funding received for building safety and retrofit work, and additional rental income not previously forecast.

Figure 5: Interest cover from operating cashflows (excluding sales)



37. 12-month rolling interest cover stood at 82% in the year to March 2025, consistent with previous quarter, and higher than the level reported in quarter four 2023/24 of 76%. Cash interest cover is expected to remain restricted, with forecasts for the year to March 2026 giving an estimate of 65%, and with over half of PRPs forecasting interest cover to be below 100% in this period.

38. Interest cover varies between different types of PRPs. Median 12-month outturn interest cover excluding sales was 102% (in line with previous quarter), lower quartile performance was 48% (December: 55%) and upper quartile performance was 148% (December: 140%). Levels of interest cover are constrained in some of the largest PRPs in the sector. This is particularly true in respect of those active in the London area.

39. Annual interest cover last exceeded 100% in December 2022, when it stood at 102%. Since then, net interest payable has increased by £0.9 billion (26%), and capitalised major repairs costs have increased by £1.2 billion (47%). In contrast, net operating cashflows (net of revenue repair costs) have increased by £1.3 billion over the same period (21%). These increasing costs result in net operating cashflows alone being insufficient to fund net interest payments, with an average cash shortfall of £194 million per quarter being experienced in the year to March 2025. In comparison, in the year to December 2022 surplus cash of £15 million per quarter was generated.

40. The measures of interest cover and net operating cashflows referenced above exclude all surpluses from current asset sales, which reduce the shortfall to a more sustainable

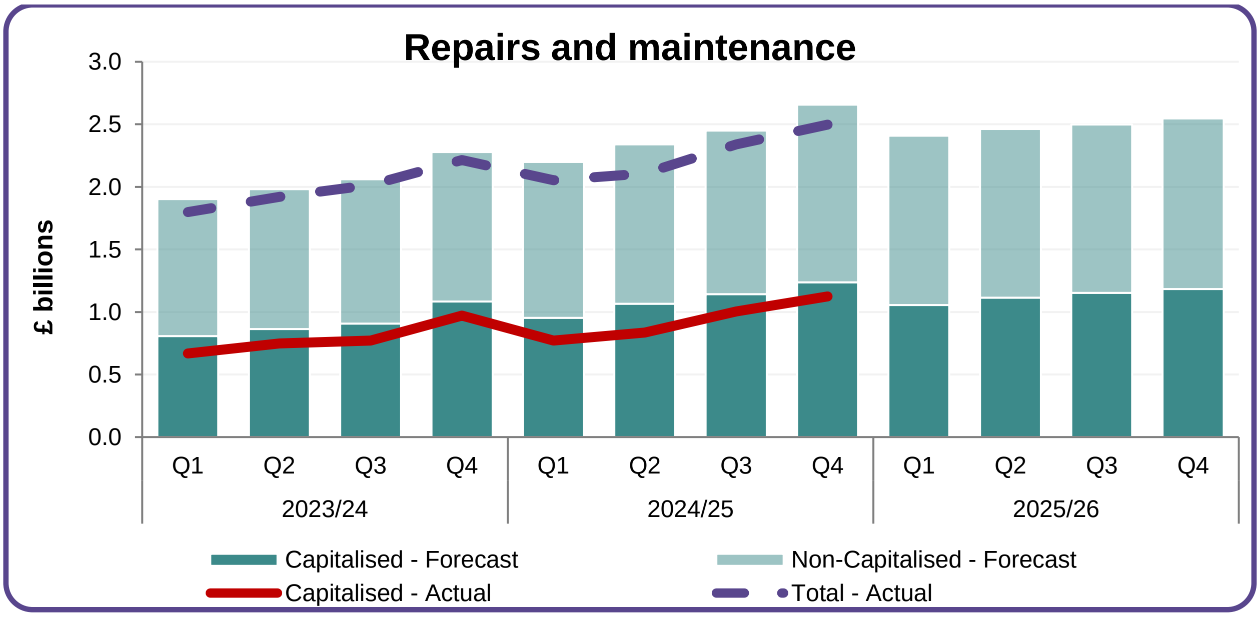
level. However, the remaining shortfall in operating cash is increasingly being managed by way of fixed asset sales receipts; the ten providers with the highest fixed asset sales forecasts for the next 12 months are all forecasting interest cover (excluding sales) of below 100% for the same period.

41. The impact of lower interest cover on loan covenants is also being managed by way of covenant carve-outs or waivers. A total of 46 PRPs reported having one or more loan covenant carve-outs or waivers in place at the end of March (December: 40). The agreements include carve-outs to exclude energy efficiency works from loan covenant calculations, reported by 21 PRPs, and carve-outs of fire or building safety works, reported by 18 PRPs. Other agreements include the removal of pension exit costs, loan breakage fees, impairment costs and specific regeneration or remediation project costs.

42. Both capital and revenue repairs expenditure continued to reach record amounts during the quarter. The aggregate repairs and maintenance spend amounted to £2.5 billion, 7% higher than in the previous quarter. This was comprised of £1.4 billion worth of revenue works, and £1.1 billion worth of capital works. Revenue repairs were 3% higher than in the previous quarter, although also 3% lower than forecast. Capitalised repairs and maintenance spend was 12% higher than in the previous quarter, and exceeded £1.0 billion for the second consecutive quarter.

43. In the 12 months to March 2025 total repairs and maintenance spend was £9.0 billion (£5.3 billion revenue works and £3.7 billion capitalised works); a 13% increase on the £7.9 billion incurred in the previous year. For the 12 months to March 2026 the sector has forecast expenditure of £9.9 billion; a 1% increase on the 12-month forecast made in December, and a 9% increase on March 2024 forecast.

Figure 6: Total repairs and maintenance expenditure (£ billions)



44. Of the total £9.9 billion repairs and maintenance forecast for the next 12 months, £4.5 billion relates to capitalised works (December forecast: £4.5 billion). Nine large PRPs have each forecast capitalised expenditure of £100 million or more over the next 12 months, together accounting for 30% of the sector total. 12-month actual expenditure is the highest level recorded, and 12-month forecast expenditure also continues to be at record levels.

45. The proportion of PRPs reporting delays or changes to repairs and maintenance programmes during the quarter stood at 38% (December: 48%), the lowest level recorded since data collection for this commenced in quarter one 2022/23. Although repairs expenditure is regularly reaching new records, PRPs continue to experience delays to programmes or have re-prioritised works to meet evolving operational requirements.

46. Current asset sales of £3.1 billion were achieved in the 12 months to March 2025; compared to £3.1 billion in the year to March 2024 and £4.2 billion in the year to March 2023. For the 12 months to March 2026 the sector has forecast a further £3.3 billion worth of current asset sales (December: £3.7 billion), of which £3.1 billion relates to properties for which development is contractually committed (December: £3.4 billion). Seven PRPs have each forecast current asset sales of £100 million or more over the next twelve months, together accounting for almost 40% of the sector total.

47. In the 12 months to March 2025 fixed asset sales totalled £2.9 billion. For the 12 months to March 2026 the sector has forecast a further £5.1 billion worth of fixed asset sales (December 12-month forecast: £4.3 billion), an 18% increase on previous quarter.

48. From the total forecast, £2.5 billion relates to sales to tenants or other open market sales (including mainly staircasing, RTB/RTA and sale of void properties). The other £2.7 billion has been forecast by 31 PRPs and relates to other fixed asset sales, including bulk sales to other registered PRPs. Over 60% of total forecast fixed asset sales have been reported by seven large PRPs, each forecasting sales in excess of £200 million, most of which hold stock in London.

49. Available cash, excluding amounts held in secured accounts, increased by £0.3 billion during the quarter to reach £4.2 billion (December: £3.9 billion). Available cash is forecast to reduce to £3.2 billion by the end of March 2026. Cash held in secured accounts or otherwise unavailable for use by PRPs totalled £0.9 billion. Typically, these amounts relate to amounts in escrow, leaseholder sinking funds, debt servicing reserve accounts, and cash held on long-term deposit.

50. In aggregate, liquidity within the sector remains robust, and the sector continues to attract high levels of new financing from lenders and investors. The regulator will

continue to monitor the financial viability of PRPs that are forecasting low liquidity levels or restricted interest cover and will engage with PRPs as necessary, especially if there is reliance on fixed asset sales to support cashflows or to meet loan covenants. Findings will be reflected in regulatory judgements where appropriate.

Development

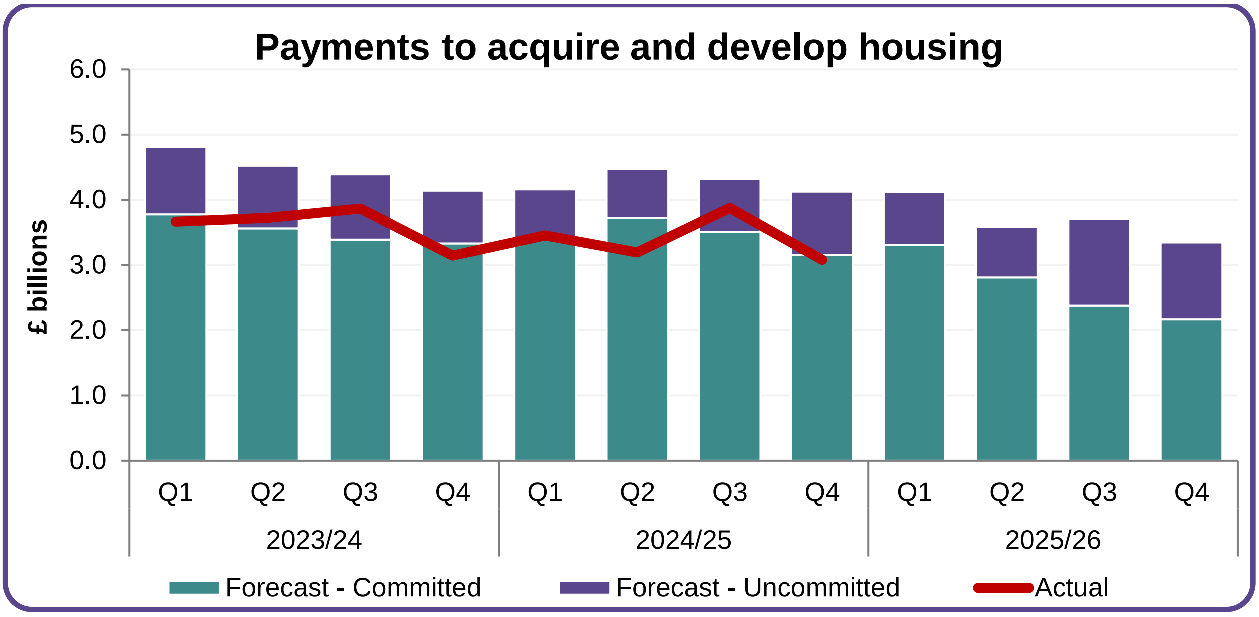
51. In the 12 months to March 2025, £13.6 billion was invested in the acquisition and development of housing properties. This compares to £14.4 billion in the year to March 2024, and £13.0 billion in the year to March 2023. Total expenditure for the year was 11% below the total forecast for development that was reported at the start of the period, but 23% higher than the forecast for contractually committed schemes.

52. Although development activity is widespread across the sector, expenditure is concentrated in a small number of PRPs. A total of 10 PRPs each reported development expenditure of over £300 million in the year, together accounting for 35% of the sector total.

53. Actual expenditure in the three months to March 2025 stood at £3.1 billion; 21% below the record £3.9 billion expenditure reported in the previous quarter and also less than the average expenditure of £3.4 billion per quarter recorded over the last three years. Expenditure was 2% below the forecast for contractually committed development, and 25% below the total forecast including uncommitted expenditure.

54. Three of the PRPs with the greatest underspends have reported delays in large stock transfers, which have been moved into future quarters. General scheme delays and timing differences are widely reported, and in addition to this, PRPs have attributed underspends to issues with planning applications and conveyancing before construction work can commence. A small number of PRPs continue to report being affected by cost increases and contractor insolvency or are awaiting further information on grant availability before entering into or finalising plans for new development sites.

Figure 7: Payments to acquire and develop housing



55. For the next 12 months a further £14.8 billion worth of investment has been forecast. This is consistent with the amount forecast in the previous quarter, however the amount classed as contractually committed has increased by 2% to £10.7 billion (December: £10.5 billion) and uncommitted expenditure forecasts have reduced by 7% to £4.1 billion, the lowest level since the start of the Covid pandemic in March 2020 when 12-month forecasts dropped to £3.6 billion.

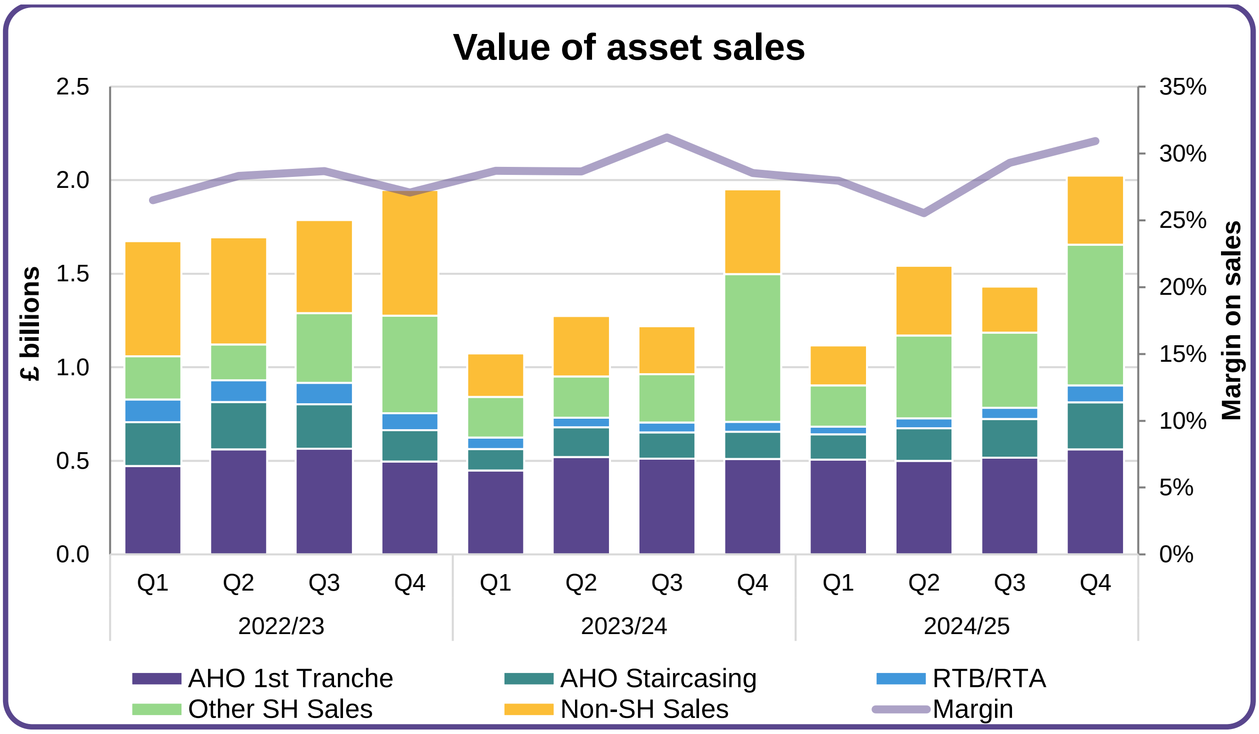
56. The total forecast of £14.8 billion is £0.5 billion (3%) lower than the £15.2 billion forecast at the same point in 2024, and £2.0 billion (12%) lower than the £16.8 billion that was forecast in March 2023. The pipeline decrease is most prevalent amongst the largest PRPs active in the sector; of the 17 PRPs with more than 40,000 social homes, 13 now have a lower amount included in their 12-month development forecast than they had forecast in March 2024.

57. A total of 20 PRPs have each forecast over £200m worth of expenditure over the next 12 months, together accounting for half of the sector total. For-profit PRPs account for £0.7 billion of the overall forecast; equivalent to 5% of the total.

Housing market

58. Total asset sales, including staircasing, RTB/RTA and voluntary sales, as well as Affordable Home Ownership (AHO) first tranche sales and market sales, amounted to £2.0 billion in the quarter to March (December: £1.4 billion). This is the highest total asset sales value recorded since the data was first collected in 2008.

Figure 8: Value of asset sales



59. Other social housing sales increased by £352 million to £752 million in the quarter to March. One PRP accounted for over 50% of this increase. This category of sales includes strategic disposals of void social housing properties on the open market, and other bulk disposals of existing social housing units.

60. The overall surplus from asset sales came to £626 million for the quarter (December: £419 million), resulting in a combined margin of 31% (December: 29%). This increase in margin is partly attributable to a bulk disposal transaction of fixed assets in one large provider.

61. Cash receipts from fixed asset sales stood at £1.0 billion (December: £0.8 billion), to give an annual total of £2.9 billion (year to March 2024: £3.0 billion). Fixed asset sales are categorised as either sales to tenants/open market sales, or other sales (bulk disposals to other organisations, including stock transfers and rationalisation).

- Sales to tenants and other open market sales (including staircasing, RTB/RTA and voluntary sales) amounted to £703 million (December: £502 million), 24% higher than the amount previously forecast. Fifteen PRPs recorded sales of over £10 million each, together accounting for over 60% of the sector total.

- Bulk fixed asset sales to other organisations amounted to £254 million (December: £297 million), 40% lower than the amount previously forecast. In the current quarter, a total of 35 PRPs reported sales of this type, with one PRP accounting for 40% of the sector total. PRPs have reported delays with planned disposal transactions now moved into forecast quarters.

62. Total cash receipts in respect of current asset sales (market sales and first tranche AHO sales) amounted to £0.9 billion in the quarter; a 21% increase compared to the previous quarter, but 16% below the amount previously forecast. Adverse variances continue to be attributed mainly to delays in development handovers, with future forecasts being revised accordingly. A small number of PRPs noted an increase in sales taking place before the stamp duty change came into effect in April.

Table 4: AHO units

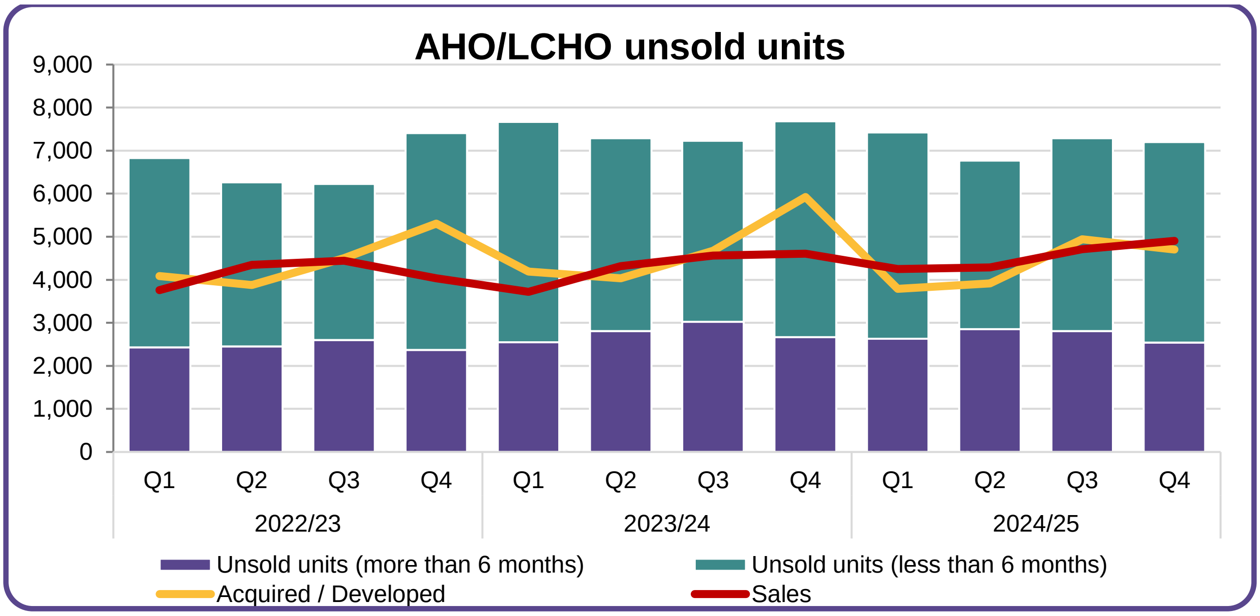
AHO units	*Previous quarter*	*Current quarter*	*% change*
Completed	4,942	4,700	(4.9%)
Sold	4,714	4,904	4.0%
Margin on first tranche sales	18.5%	15.3%	(3.2%)
Unsold	7,288	7,196	(1.3%)
Unsold for more than 6 months	2,812	2,539	(9.7%)
18-month pipeline	32,579	31,356	(3.8%)

63. AHO completions have decreased in comparison to the previous quarter. Annual completions have decreased by 8% year-on-year, with a total of 17,349 units completed in the last 12 months, compared to 18,819 units in the year to March 2024.

64. AHO sales increased in the quarter by 4%. Thirteen PRPs each reported sales of more than 100 AHO units in the quarter, together accounting for 45% of the sector total. A total of 18,155 AHO sales were recorded in the year to March, compared to 17,204 in the year to March 2024 and 16,582 in the year to March 2023.

65. AHO sales were above the number of handovers in the quarter, with the overall number of unsold units decreasing to 7,196 (December: 7,288). This is 6% below the number of unsold units reported in March 2024.The number of units unsold for over six months has decreased by 10% to 2,539 units. Three PRPs each held more than 100 units that were unsold for over six months, together accounting for 28% of the sector total.

Figure 9: AHO/LCHO units



66. Sales proceeds from 1st tranche AHO sales amounted to £561 million during the quarter (December: £517 million), with an overall surplus of £86 million being reported (December: £96 million).

67. The pipeline of AHO completions expected in the next 18 months has decreased slightly by 4% to 31,356 units (December: 32,579), of which 28,672 units are contractually committed (December: 29,431). Committed pipeline remains below the average quarterly committed pipeline over the last three years of 29,888 units. The pipeline of uncommitted units is at the lowest number recorded since the data was first collected in 2015.

Table 5: Market sale units

Market sale units	*Previous quarter*	*Current quarter*	*% change*
Completed	591	654	10.7%
Sold	573	830	44.9%
Unsold	1,648	1,456	(11.7%)
Unsold for more than 6 months	1,044	955	(8.5%)
18-month pipeline	5,701	5,621	(1.4%)

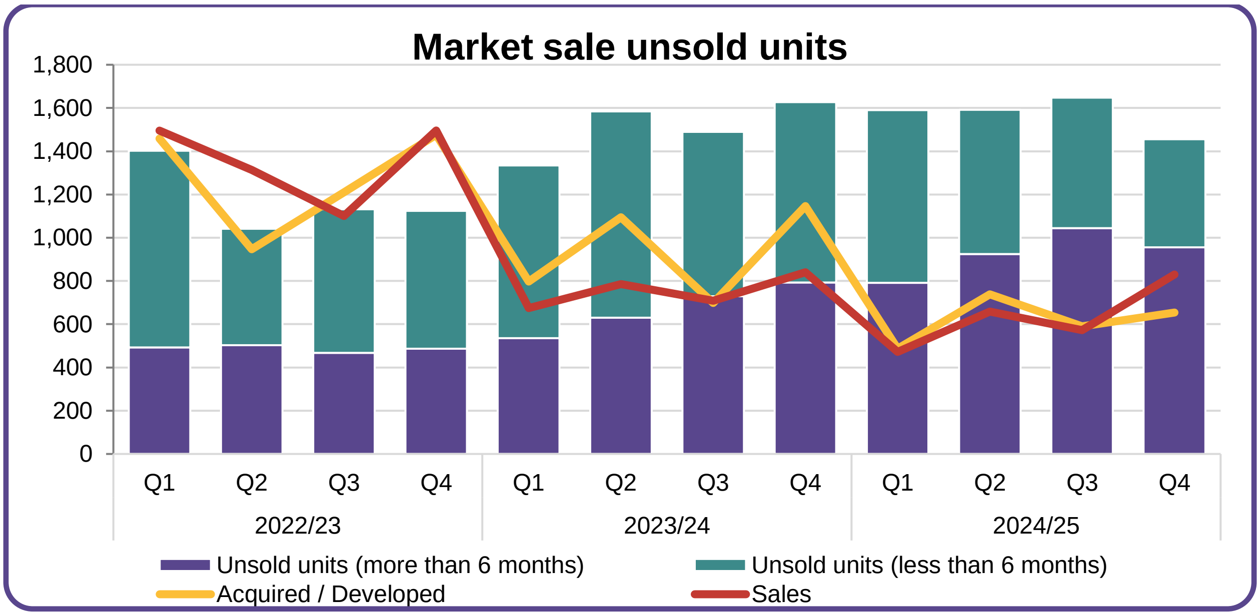
68. Market sale completions have increased by 11% during the current quarter, though remain at historically low levels. The development of market sale units has steadily declined over recent years; a total of 2,470 units were completed in the year to March 2025, compared to 3,737 units in the year to March 2024, and 5,091 units in the year to March 2023. The number of sales has also declined, with 2,533 sales recorded in

the year to March 2025, compared to 3,009 in the year to March 2024; a reduction of 16%.

69. Market sale activity continues to be concentrated in a small number of PRPs, with only 20% of PRPs recording market sale handovers over the last 12 months. Ten PRPs each developed over 100 market sale units in this period, together accounting for 67% of the sector total.

70. The total number of unsold market sale units decreased compared to the previous quarter and was 11% lower than the number reported in March 2024. The number of units unsold for over six months also decreased slightly.

Figure 10: Market sale units



71. The pipeline of market sale completions expected over the next 18 months has decreased by 1% and now stands at 5,621 units (December: 5,701), of which 5,232 units are contractually committed (December: 5,496). Pipeline figures remain at historically low levels. Although 41 PRPs have reported an active pipeline for market sale units, just five PRPs make up over 50% of the sector total.

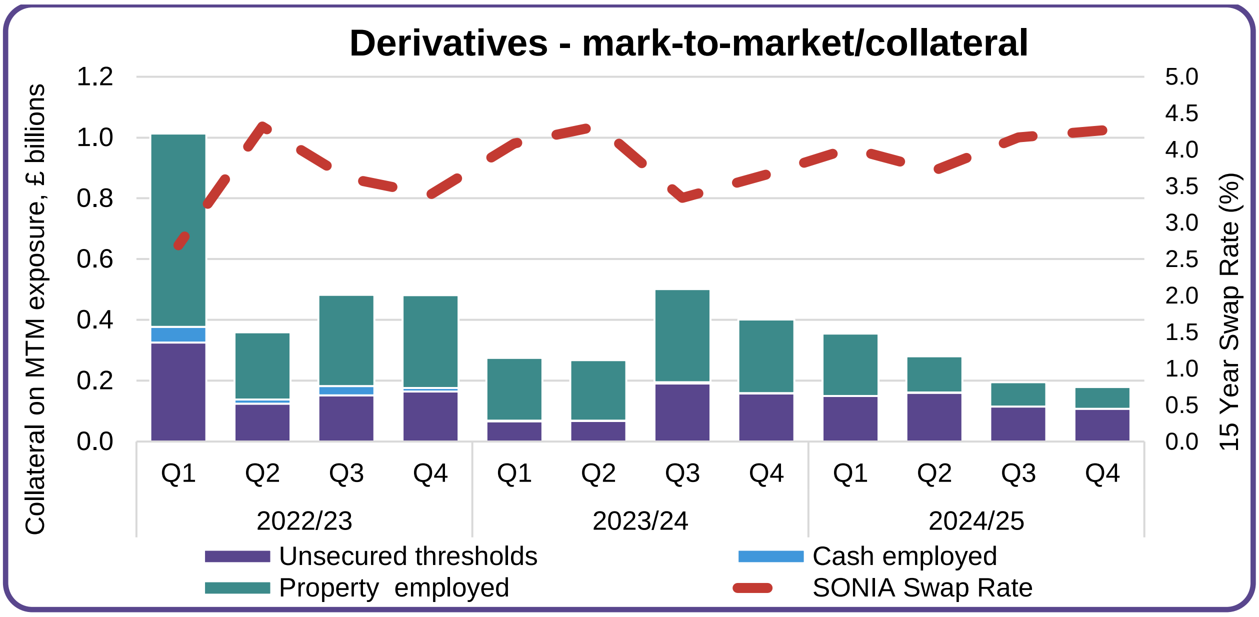
Derivatives

72. At the end of March, 51 PRPs (December: 52) reported making use of free-standing derivatives. The notional value of standalone derivatives reduced from £10.2 billion to £9.9 billion over the quarter, mainly driven by one PRP that reported a number of swaps reaching maturity.

73. The majority of derivative instruments utilised by the sector are floating-to-fixed interest rate swaps, whereby MTM exposure will decrease as swap rates rise. Over the quarter the 15-year swap rate increased from 4.17% at the end of December to 4.26% at the end of March; resulting in a net decrease in MTM exposure down to £168 million at the end of the quarter (December: £187 million).

74. Of the 51 PRPs that were making use of free-standing derivatives, 49 had collateral pledged that exceeded or equalled their level of gross exposure, and the remaining two PRPs were not required to provide security to cover their position. At sector level, unsecured thresholds and available security pledged to swap counterparties stood at £2.4 billion at the end of March (December: £2.4 billion).

Figure 11: Derivatives – Mark-to-market/collateral



75. The above graph shows MTM exposure excluding excess collateral. Collateral pledged continues to be well above the sector's exposure levels, and at the end of March, the total headroom of collateral and unsecured thresholds available over gross MTM exposure was £2.3 billion (December: £2.2 billion).

76. With swap rates continuing to fluctuate, PRPs must ensure they have sufficient collateral available to cover potential increases in exposure and that they understand the sensitivity to changes in underlying rates.

Non-registered entities

77. Information on non-registered entities is collected through the additional annual questions that are included in the year-end Quarterly Survey.

78. A total of 127 PRPs (2024: 128) reported investment in, or lending between, non-registered subsidiaries, special purpose vehicles or joint ventures, with an aggregate value of £9.6 billion (2024: £10.1 billion). Of this total, £3.5 billion relates to investment in non-registered entities, and the remaining £6.1 billion is attributable to on-lending between registered and unregistered entities.

79. Investment and indebtedness is concentrated in a small number of PRPs; six PRPs have each reported a total value of over £500 million each, together accounting for over half of the sector total.

80. There are 24 PRPs (2024: 27) that have given guarantees on the obligations or liabilities of other parties, up to a total estimated value of £2.8 billion (2024: £2.7 billion). Over 90% of this amount is reported by just 6 PRPs; each of which has given guarantees worth over £100m. Out of the total 24 PRPs, 7 (2024: 6) have given security.

81. A total of 53 PRPs (2024: 63) report that a joint venture or non-registered subsidiary is forecasting a loss in their 2024/25 accounts, the total value of which is estimated to be £146 million (2023/24: £151 million). Losses are frequently experienced in the early stages of development schemes, where revenue costs such as interest and marketing fees are incurred before sales receipts are realised. In some cases, PRPs have stated that these initial costs have been exacerbated by planning or construction delays. PRPs have also attributed losses to increasing development costs and the revaluation of investment properties.

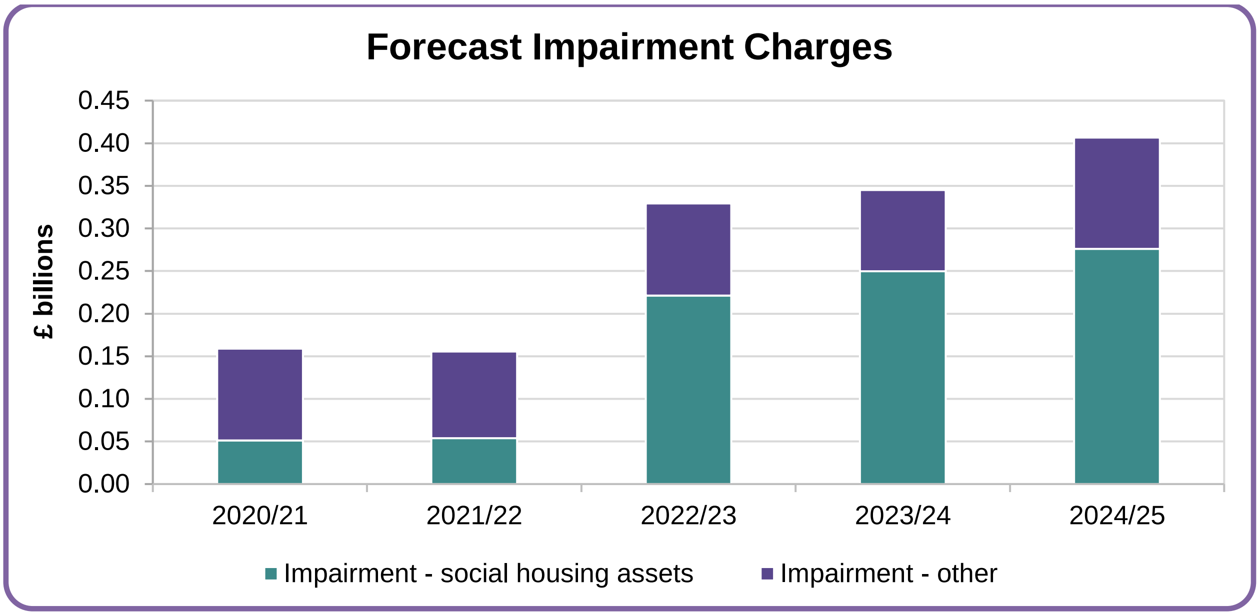
82. Where PRPs engage in activities through non-registered entities, the regulator expects boards to fully understand the associated risks. This includes the potential impact of cross-guarantees and any possible recourse to social housing assets.

Impairment

83. Information on impairment is collected through the additional annual questions that are included in the year-end Quarterly Survey. In total, 75 PRPs are anticipating reporting an impairment charge in their 2024/25 accounts, equivalent to 38% of PRPs in the sector dataset. This compares to 66 PRPs (33%) in 2023/24 and 54 PRPs (27%) in 2022/23.

84. The total anticipated impairment charge is £407 million, of which £276 million relates to social housing assets. Almost two-thirds of the sector total is reported by 11 PRPs, each with an estimated charge of more than £10 million. A total of 32 PRPs, equal to 43% of the PRPs that are expecting to report impairment, have forecast a total charge of under £1 million (2023/24: 48%).

Figure 12: Forecast impairment charges



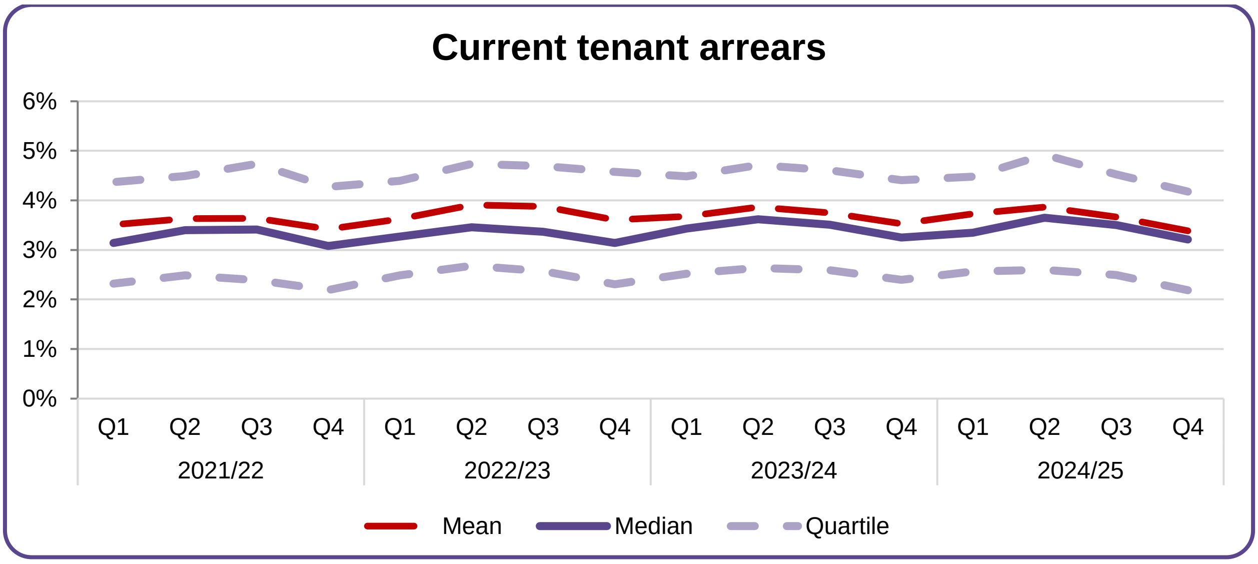
85. From the comments included within returns, it is estimated that just over half of the total impairment charges relate to sites under development, largely due to increased construction costs. In addition to inflationary costs increases, PRPs have attributed cost increases to factors including contractor insolvency, delays on site and higher interest rates leading to additional interest charges, and the identification of additional works. Other impairment indicators include building safety defects, obsolete IT systems, and existing properties being earmarked for sale or demolition.

86. Impairment charges recognised by individual PRPs have the potential to result in breaches of loan covenants. Where an impairment indicator is identified, we expect PRPs to assess the possible impact on loan covenants and discuss any potential issues with lenders and auditors at an early stage. We will engage with PRPs to ensure the necessary mitigations and arrangements are being put in place to maintain financial viability.

Income collection

87. At the end of March, 66% of PRPs reported that their levels of arrears, rent collection and voids were all within, or outperforming, their business plan assumptions (December: 67%).

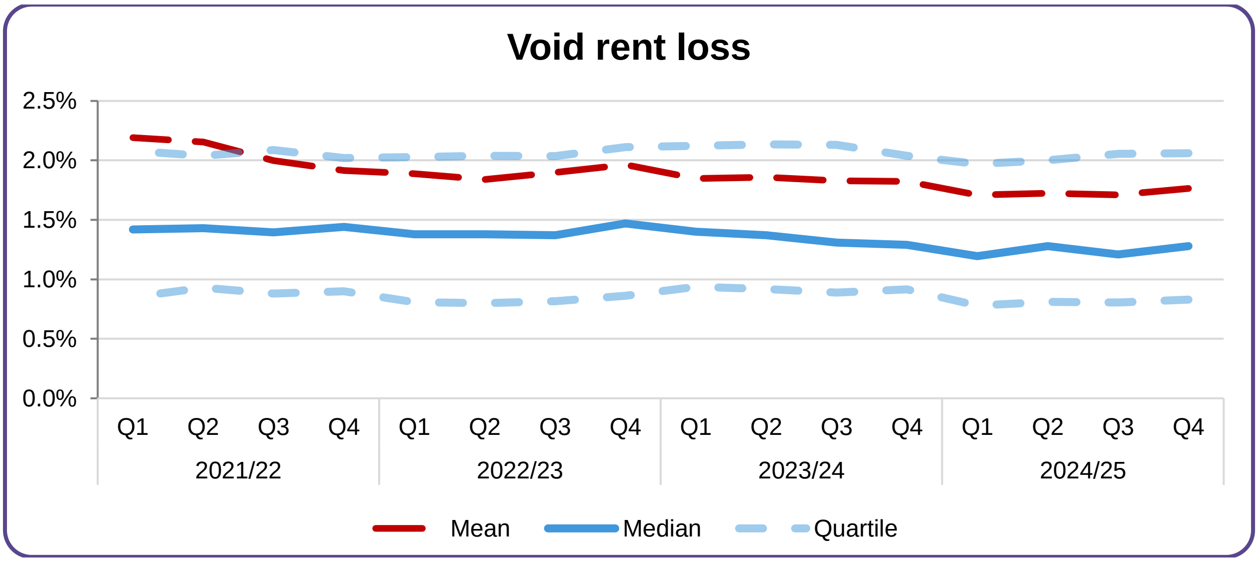
Figure 13: Current tenant arrears



88. Both median and mean current tenant arrears reduced during the quarter, to stand at 3.2% and 3.4% respectively (December: 3.5% and 3.7%). Both figures were also slightly below the amounts reported in the corresponding quarter of the previous year.

89. For the 57% of PRPs reporting non-social housing arrears, such as those relating to student accommodation and market rent tenures, the average stood at 5.3%, a reduction on the 6.1% reported at the end of December. Non-social housing arrears can also include leaseholder charges or commercial rents, which are often applied as an annual charge and then paid monthly over the course of the year.

Figure 14: Void losses

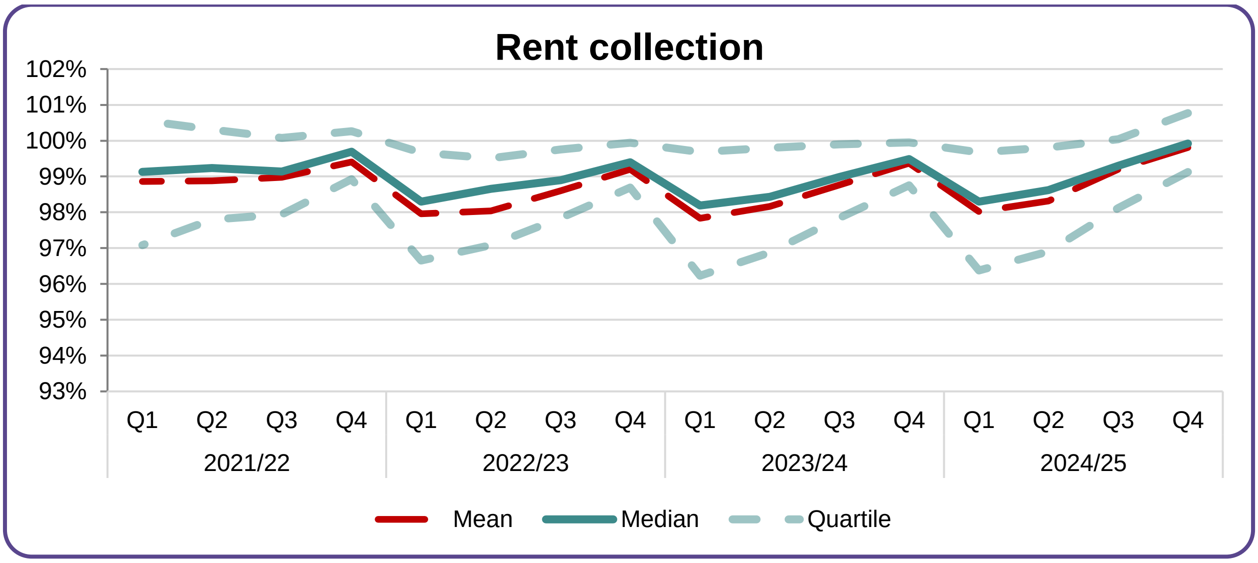


90. Median void losses increased slightly to 1.3% at the end of March (December: 1.2%), and the mean also increased to 1.8% (December: 1.7%), however both levels were in line with the corresponding quarter from the previous year.

91. PRPs with a large proportion of supported housing units, care home units or Housing for Older People will typically experience the highest levels of void losses. A total of eight PRPs reported void losses of 5% or more (December: 10), and of these, seven hold over 50% of their stock within these specialist categories.

92. Around a quarter of PRPs have reported being outside of their business plan assumptions for void rent loss. PRPs have reported returned properties vacated in conditions requiring major repair works, affecting void re-let times, such as building safety works and damp and mould remediation. Delays in referrals from partner agencies continue to be reported.

Figure 15: Rent collection



93. Rent collection rates have increased over the quarter, in line with seasonal trends. Mean average rent collection rates stood at 99.8%, compared to 99.4% in the quarter to March 2024. The median rent collection rate stood at 99.9%, compared to 99.5% in the quarter to March 2024.

94. The number of PRPs reporting rent collection rates of less than 95% stood at four at the end of March (December: 5). Income collection rates typically increase over the course of a financial year as the impact of any outstanding Housing Benefit or Universal Credit receipts becomes proportionately less significant.

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