

English Housing Supply Update

UK Residential – Q4 2025



Housing delivery remains challenged

2025 saw home completions fall to their lowest level since 2015

Fewer new homes were built in 2025 than any other calendar year since 2015. 202,800 homes were built last year, nearly 3% fewer than in 2024 and 18% fewer than in 2019, according to Energy Performance Certificate (EPC) data. This is nearly 100,000 homes short of what is needed on average to meet the Government's policy target, and accounts for a little over half (55%) of what is required according to the Government's Standard Method for calculating housing need.





Worse, with the recovery in construction starting to lose momentum, there is little immediate cause for a substantial increase in completions. While starts were up 5% in 2025 compared to the previous year, this was from a very low level, and the year-end figure was actually 2% below the annualised figure for Q3, per data from the National House Building Council (NHBC). This levelling-off in starts will limit how quickly housing delivery can grow in the near-term.

Planning consents continue to decline

Around 180,000 homes gained planning consent in 2025, per Savills estimates using figures from Glenigan and the Home Builders Federation (HBF). That marks a 27% decrease compared to 2024. Despite reforms to the planning system, the number of homes gaining full planning permission on an annualised basis fell in every quarter of 2025. In London, the picture is particularly concerning, as the number of homes gaining consent more than halved in 2025 compared to 2024.

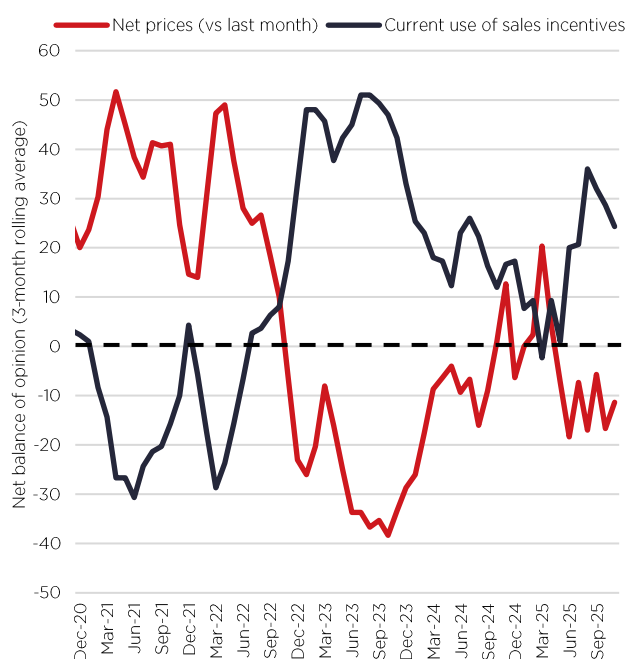
More hopefully, there is evidence that the volume of planning applications has risen, with c. 320,000 homes going in for planning in the year to Q3 2025. Even accounting for unsuccessful applications, the increase suggests that the number of homes gaining consent could soon rise. Against this, planning delays remain by far the leading barrier to development according to developers, with four out of five citing them as 'a major constraint' in the latest NHBC sentiment survey. It will therefore be a while before additional applications are converted into consents, and even longer still before this feeds into the number of new homes being built.

FIGURE 1 – HOUSING SUPPLY (VS LAST QUARTER)

	370,200 Number of new homes required per year under Standard Method local housing need assessment, May 2025
	300,000 Number of new homes required on average each year to meet government policy target
	202,800 (+2%) Number of new home completions, 12 months to December 2025 (EPCs)
	c. 180,000 (-12%) Number of homes estimated to have gained full planning consent, 12 months to December 2025 (using HBF & Glenigan)

Source: MHCLG Live Tables 122, NB1, SM Housing Need; HBF, Glenigan

FIGURE 2 - NHBC SITE SENTIMENT SURVEY



Source: NHBC Site Sentiment Survey from [NHBC Residential Construction Statistics Portal](#)

Lack of demand in new build market is major barrier to delivery

Low sales rates among housebuilders are raising concerns for housing delivery. In the absence of a demand-side stimulus, sales rates reported by the major housebuilders across the country have plateaued at c. 0.6 sales per outlet per week.

In response, housebuilders are increasingly using price cuts and incentives to boost sales, masking weaker demand. In November 2025, the NHBC site sentiment survey showed a positive net balance of 24 reporting higher use of incentives, and a majority reported no increases in prices. Smaller housebuilders typically lack the financial capacity for sustained price cuts or heavy use of incentives, and are struggling with lower sales rates as a result. While overall housing delivery was largely flat in 2025, beyond the fifty largest housebuilders by volume, completions actually fell by 17%, highlighting the difficulties faced by SMEs.

With very different levels of housing affordability across England, there is also significant regional variation in sales rates. Demand is currently lowest in least affordable markets such as London, South East and South West. It is therefore not surprising that these regions also saw the widest gulf between new home delivery and their housing need in 2025, at -65%, -50%, and -50%, respectively.

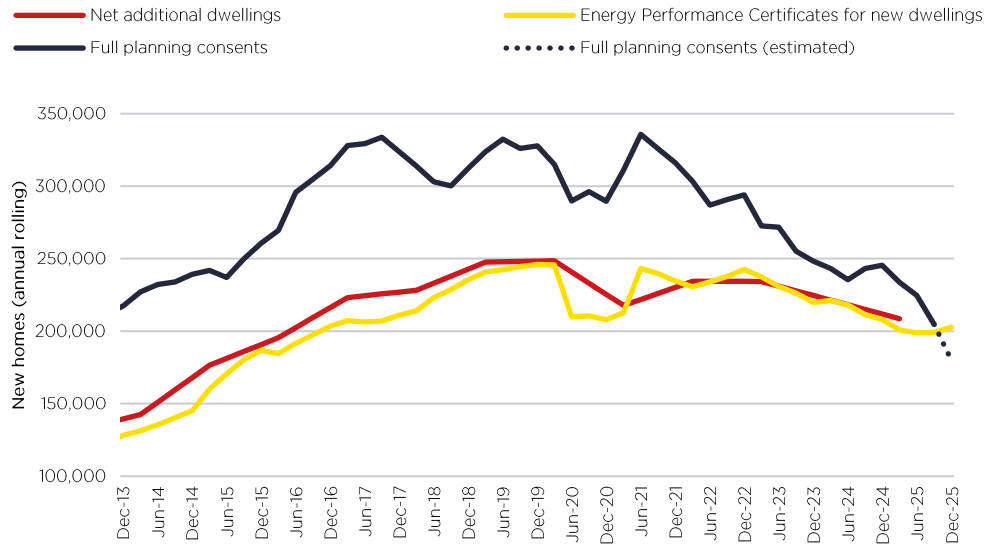
Lower mortgage rates and relaxed regulation have started to ease some of these affordability pressures. The housing market faces a challenging year, however, and our [transaction forecasts](#) suggest market activity will remain limited in 2026, with only 1.15 million transactions projected across the whole UK housing market. Given that new homes sales are typically proportional to the total number of transactions and remain the key driver of housing delivery, the sustained growth in housing completions required to meet the Government target looks unlikely.

ENGLISH HOUSING SUPPLY UPDATE

202,800 new homes were built in 2025, according to EPC data. Although this marks a slight uptick in annual completions compared to Q3 (2%), it is nevertheless the lowest number of completions in a single calendar year since 2015, even when including the pandemic. It is also 2.5% below the level achieved in 2024.

Around 180,000 new homes gained full planning consent in 2025, according to initial estimates using figures from Glenigan and the HBF. This represents a significant drop (12%) compared to the annualised figures for Q3. Although this figure may be revised upwards in future quarters, the number of homes gaining full permission is likely to remain at levels last seen in the early 2010s, indicating that completions will fall further in the near future.

FIGURE 3 - LOWEST NUMBER OF COMPLETIONS SINCE 2015



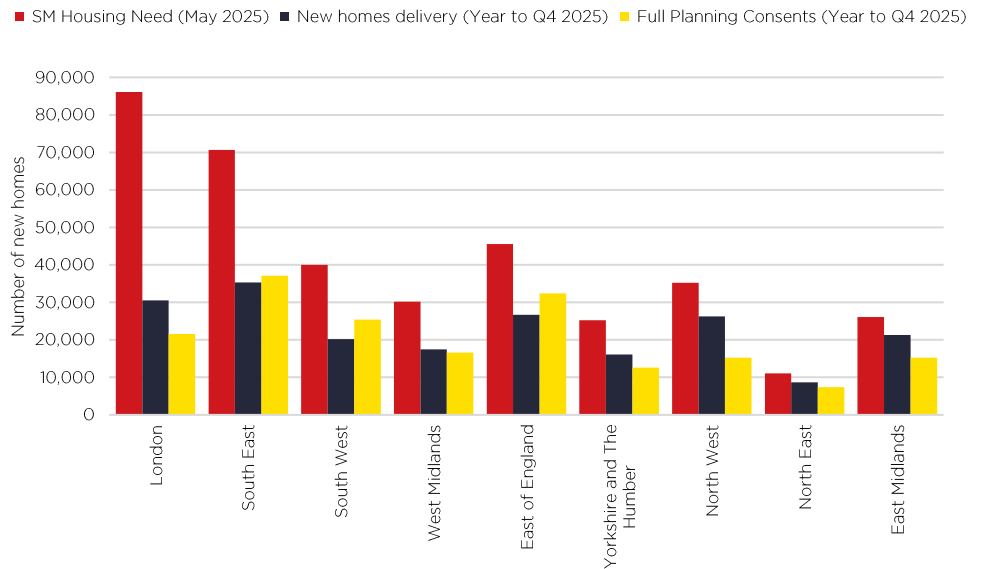
Source: MHCLG Live Tables 122, NB1, HBF, Glenigan

By comparing the number of homes granted planning permission with the number being completed, we can roughly gauge whether supply is growing or falling.

Throughout 2025, six out of nine English regions granted consent for fewer new homes than were completed, indicating that the pipeline of new homes is likely to contract. In the South East, the number of homes gaining consent was higher than completions, but with a margin of just 5%, this region also remains at risk of supply falling.

All regions are failing to meet their housing need as per the Standard Method. London remains the furthest behind, with only 30,500 homes completed in the capital across 2025 – a mere 35% of what is required. More concerning still, the number of homes gaining consent more than halved in 2025 compared to 2024, indicating delivery in London will remain very low.

FIGURE 4 - SIX OUT OF NINE REGIONS ARE AT RISK OF FALLING SUPPLY



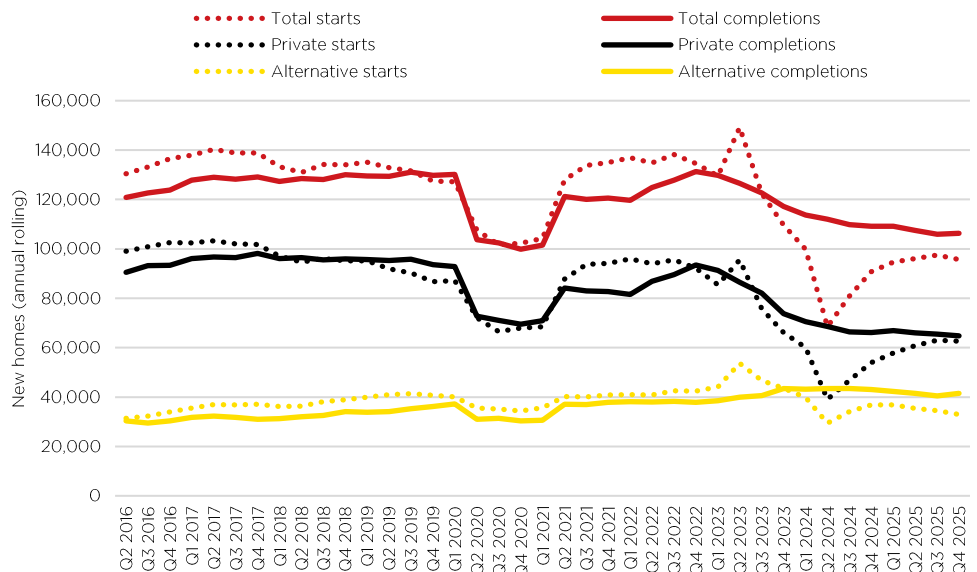
Source: MHCLG Table NB1, HBF, Glenigan (only 10+ units)

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.

Construction starts have begun to tail off after a sustained period of recovery. Total starts in 2025 were up 5% compared to a year earlier, but decreased by 2% on the quarter. The drop-off has been mainly driven by larger falls in alternative starts (which includes affordable housing and Build to Rent). This sector saw starts fall by 11% compared to 2024. In contrast, private starts increased by 16% compared to last year.

Overall completions were down, with a decline of 3% in 2025 compared to 2024. Alternative completions experienced a slight uptick this quarter, increasing by 3%, whereas private completions decreased by 1%.

FIGURE 5 - CONSTRUCTION STARTS BEGIN TO DROP OFF



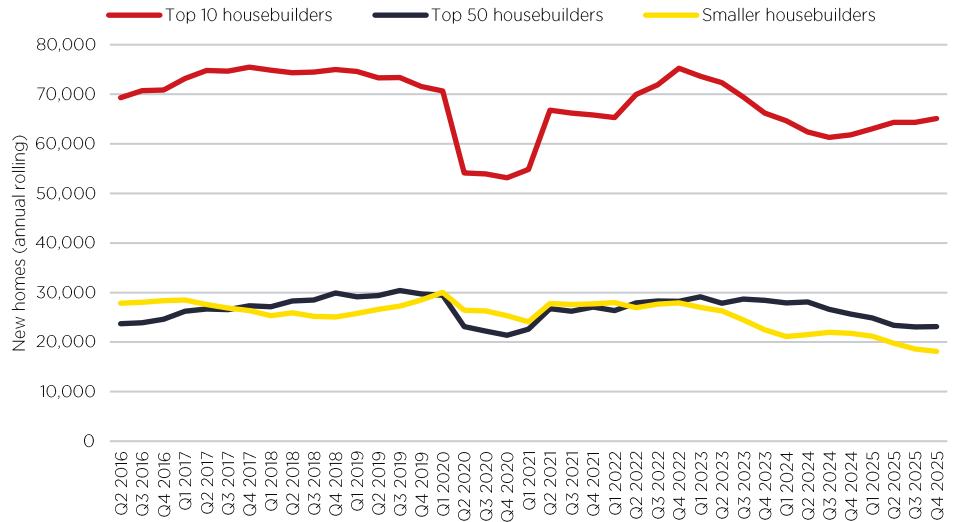
Source: NHBC Residential Construction Statistics Portal

ENGLISH HOUSING SUPPLY UPDATE

The gap in housing delivery between the very largest housebuilders in England and the rest continues to widen. The proportion of homes delivered by the 10 largest housebuilders increased by 8% in 2025, with 13 months of consistent growth in annualised completions.

By contrast, the rest of the housebuilding sector makes up a declining source of housing supply. Among the top 11 to 50 largest housebuilders by volume, new home completions fell by 10% in 2025. For those outside the top fifty, completions fell by 17% over the same period, and are now over a third lower (35%) than in 2021.

FIGURE 6 - PROPORTION OF HOMES DELIVERED BY PLCS CONTINUES TO INCREASE



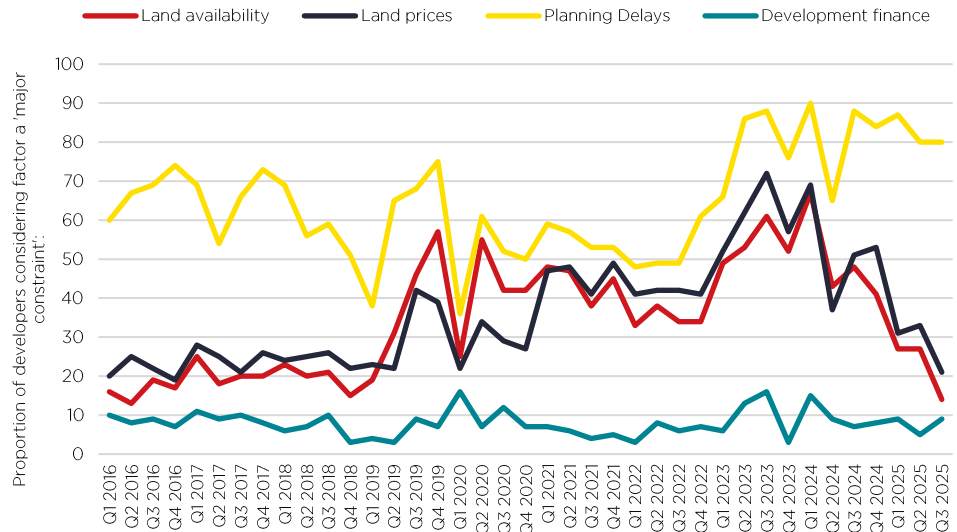
Source: NHBC Residential Construction Statistics Portal

FIGURE 7 - PLANNING CONTINUES TO BE A KEY CONSTRAINT WHILST LAND ISSUES SUBSIDE

The NHBC sentiment survey provides qualitative data on the major constraints affecting housebuilding.

Planning delays remained by far the leading barrier to development. 80% of developers cited them as a constraint in Q3 2025, a reading unchanged from last quarter.

By contrast, land continues to fade as an issue, with just 14% of developers citing land availability as a limit. The decline is driven by low sales rates, meaning housebuilders do not need to replenish their land supply as rapidly (although this trend varies considerably by region). Looking ahead, land will likely remain subdued as an issue as revisions to the planning system are expected to increase land available for development.

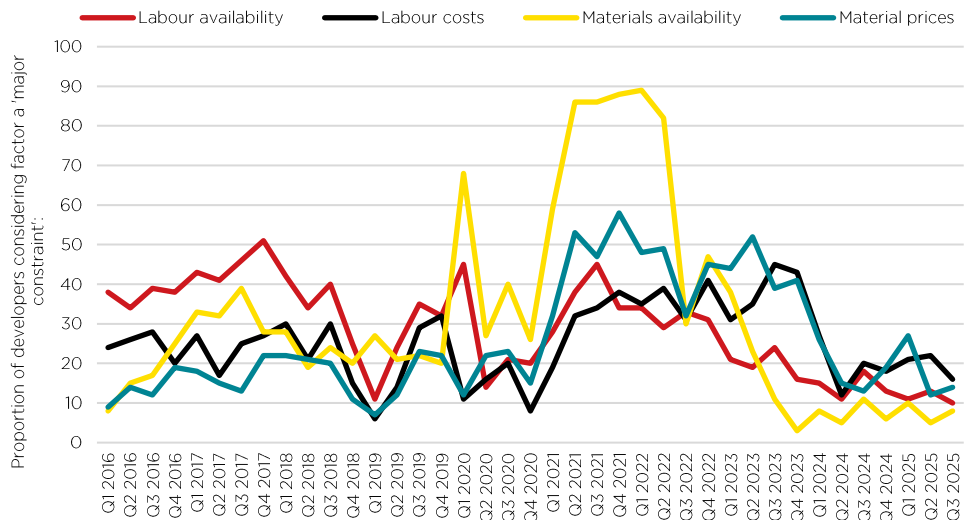


Source: NHBC Residential Construction Statistics Portal

FIGURE 8 - LABOUR COSTS RISE BUT MATERIALS PRICES EASE CONSIDERABLY

Build costs remained fairly muted in Q3 2025, posing a comparatively limited challenge to developers.

Labour costs in particular have cooled from Q2, which saw over one in five developers cite them as a major constraint in the aftermath of changes to the National Minimum Wage and National Insurance Contributions in April. Labour availability has also declined as a constraint, with only one in ten citing it as an issue in Q3. Rising unemployment and lower construction activity has likely eased pressure on hiring and retention. Materials availability and pricing also remains largely subdued as a constraint, with little change to last quarter.



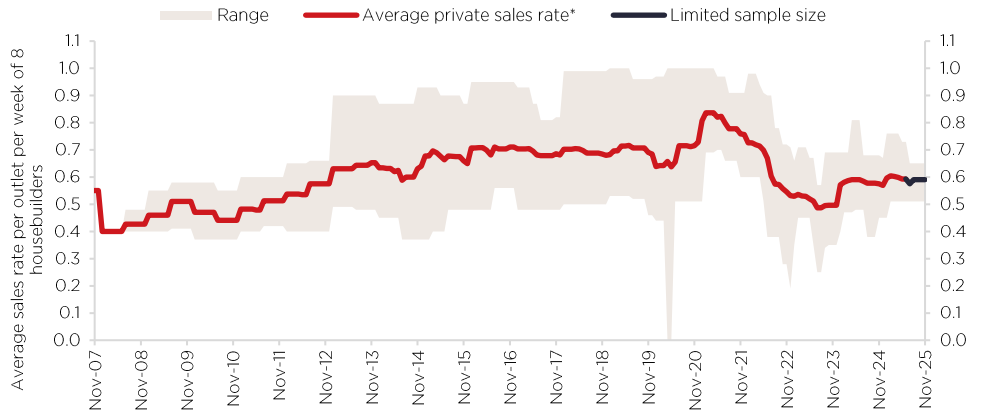
Source: NHBC Residential Construction Statistics Portal

We track the average private sales rate per outlet per week across major PLC housebuilders using trading statements and financial accounts.

The PLCs averaged 0.60 sales per outlet per week in the first 6 months of 2025, in line with our expectations for sales rates without demand support.

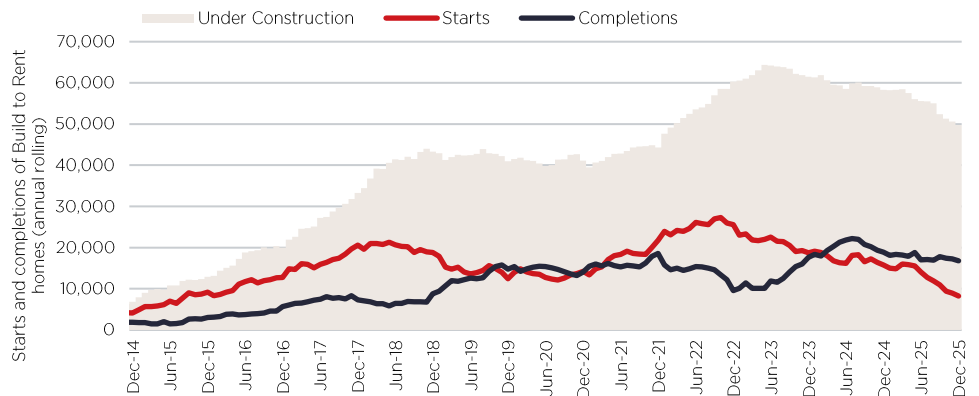
Recent months data suggests sales rates may have softened slightly. Three housebuilders have issued updates covering July to November 2025. Taylor Wimpey reported sales rates of 0.61, down from 0.68 the year before. Persimmon reported 0.63, slightly higher than 0.61 at the end of 2024. Crest reported full year results of 0.51, also slightly higher than 0.48 across 2024.

FIGURE 9 - PLC SALES RATES ARE PLATEAUING



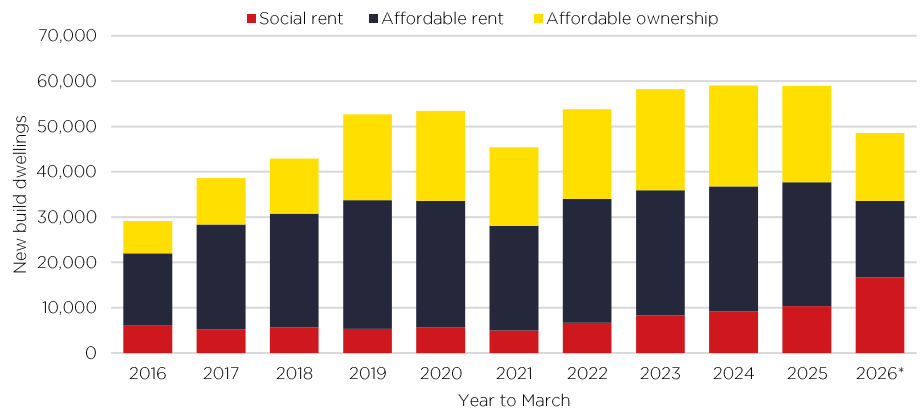
Source: Savills Research *Excluding bulk sales to provide accurate representation of market activity from individual homebuyers.

FIGURE 10 - BTR STARTS CONTINUE TO LAG COMPLETIONS, INDICATING DELIVERY WILL FALL



Source: Savills, British Property Federation, Molior

FIGURE 11 - DELIVERY OF AFFORDABLE HOMES LIKELY TO FALL IN 2025/26



Source: MHCLG Live Table 1009 *estimated using NHF

Development challenges remain for Build to Rent (BtR) delivery.

Starts continue to lag completions, with more homes built than started construction for eight consecutive quarters. This has caused the pipeline of new homes to shrink, with the number of BtR homes under construction in 2025 15% below the previous year.

As the lack of starts begins to bite, completions have started to decline. 16,759 new homes were delivered in the year to December 2025.

Affordable delivery held up in the year to March 2025, according to MHCLG data, with almost precisely the same number of affordable homes delivered as the previous twelve month period.

The current Affordable Homes Programme ends in March 2026, and we expect grant funded delivery to rise as providers rush to spend the available funding. Our current estimates using NHF figures are for a steep rise in social housing delivery, which is now majority funded by grant. Delivery of tenures that rely more heavily on developer contributions is down, reflecting lower private housebuilding. So we currently expect overall affordable housing delivery to fall in 2025/26 by around 18% (equivalent of c. 10,000 homes).



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