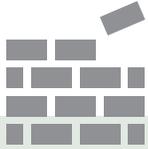


The Case for Demand Support

Savills Research Report for LPDF

3rd March 2026



Sales Rates

Average sales rate reported by **PLC housebuilders** show signs of recovery.

But smaller firms, delivering less than 1,000 homes per year, have been hit much harder, seeing no improvement in sales rates over recent months.

Sales rates at the current level are a major threat to the survival of many of these smaller housebuilders.

The SME sector is shrinking. Housebuilders outside the top 50, are a declining share of the new build market.

North / South divide: Sales rate are lowest in South East, especially for smaller builders, despite this being where housing need is highest.



Unlocking homeownership

First Time Buyers are at recent highs (though still below 1990s levels).

But deposit requirements remain a major barrier to home ownership for many, while support for first time buyers has declined.

Mortgage lending rules have recently been relaxed, but **reducing deposit requirements (via an equity loan) would provide additional support** for those with limited savings or without access to the Bank of Mum and Dad.

Propensity to rent has remained static for the key First Time Buyer age group since the end of Help to Buy. This group no longer has the support enjoyed by the previous generation.



Estimating the impact

Nearly one in four (c. 375,000) family households currently living in private rented accommodation could be supported to buy a home using an equity loan scheme (assuming they have a 5% deposit) but would struggle to afford the mortgage repayments at 95% LTV.

A renewed equity loan scheme could support up to **85,000 additional completions by March 2029.**

The boost to housebuilding enabled by an equity loan scheme could create **nearly £24 billion in additional GDP over three years to March 2029.**

As house prices vary substantially within regions, any price caps should recognise this to ensure **maximum impact.**

Introduction

In October 2025 we prepared [a report for LPDF setting out the case for a new equity loan scheme](#) to support the Government's ambitions to build 1.5 million homes by March 2029 and increase homeownership.

Our report showed how a crisis in housebuilder sales rates had developed during the middle of 2025, why an equity loan scheme would be the most effective remedy and how a new scheme could avoid some of the perceived problems with Help to Buy.

Housebuilder sales rates have shown little sign of recovery since our previous report. And no form of demand support for new homes was forthcoming in the Autumn Budget.

This report therefore sets out the latest data on sales rates and demonstrates how many families could be helped into homeownership if a new equity loan scheme were to be made available.

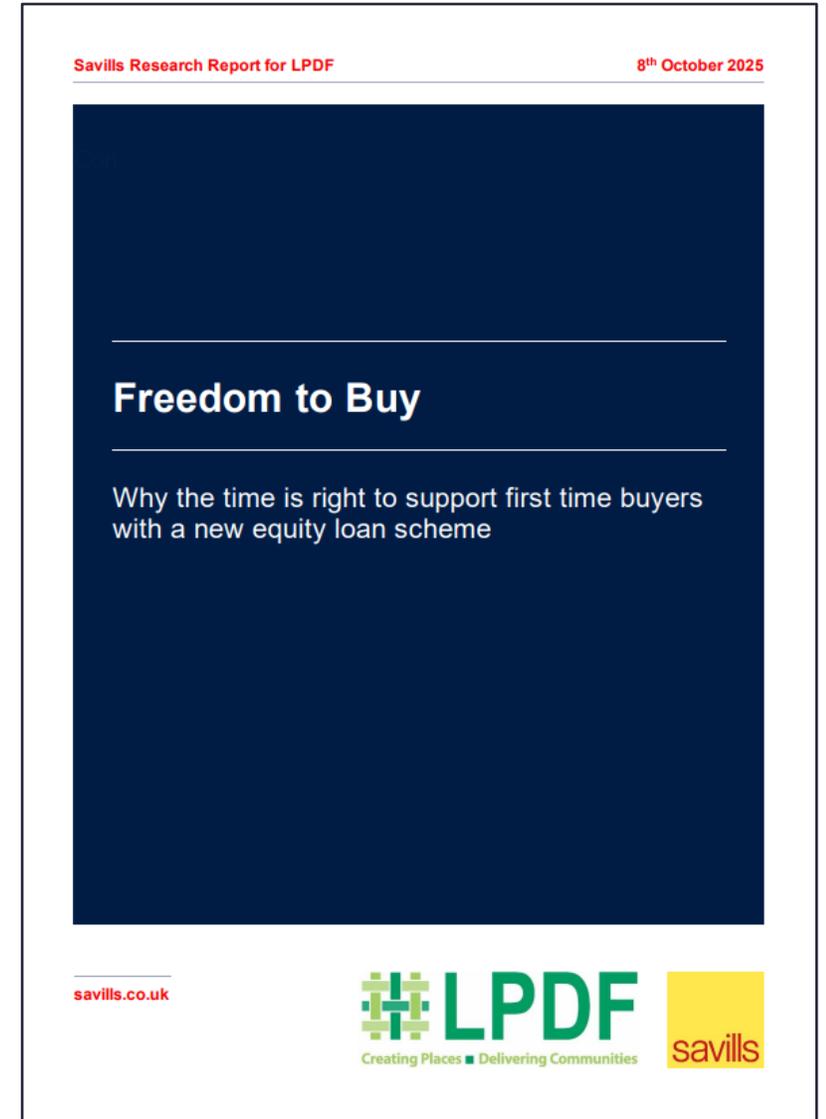
It therefore adds to the case that a new equity loan scheme could both boost housebuilding volumes and support an increase in homeownership, both key priorities for the Government.

Contents:

The first section of this report looks at the latest data from NHBC on sales rates.

The second section sets out some analysis of affordability, showing how many families currently living in the PRS might be able to afford a suitable home were an equity loan scheme made available.

The final section updates our estimate of how many completions could be supported by a new equity loan scheme and shows the wider economic impact this could have.



Sales rates

Understanding the market beyond the PLCs

PLC headline sales rates remain stable

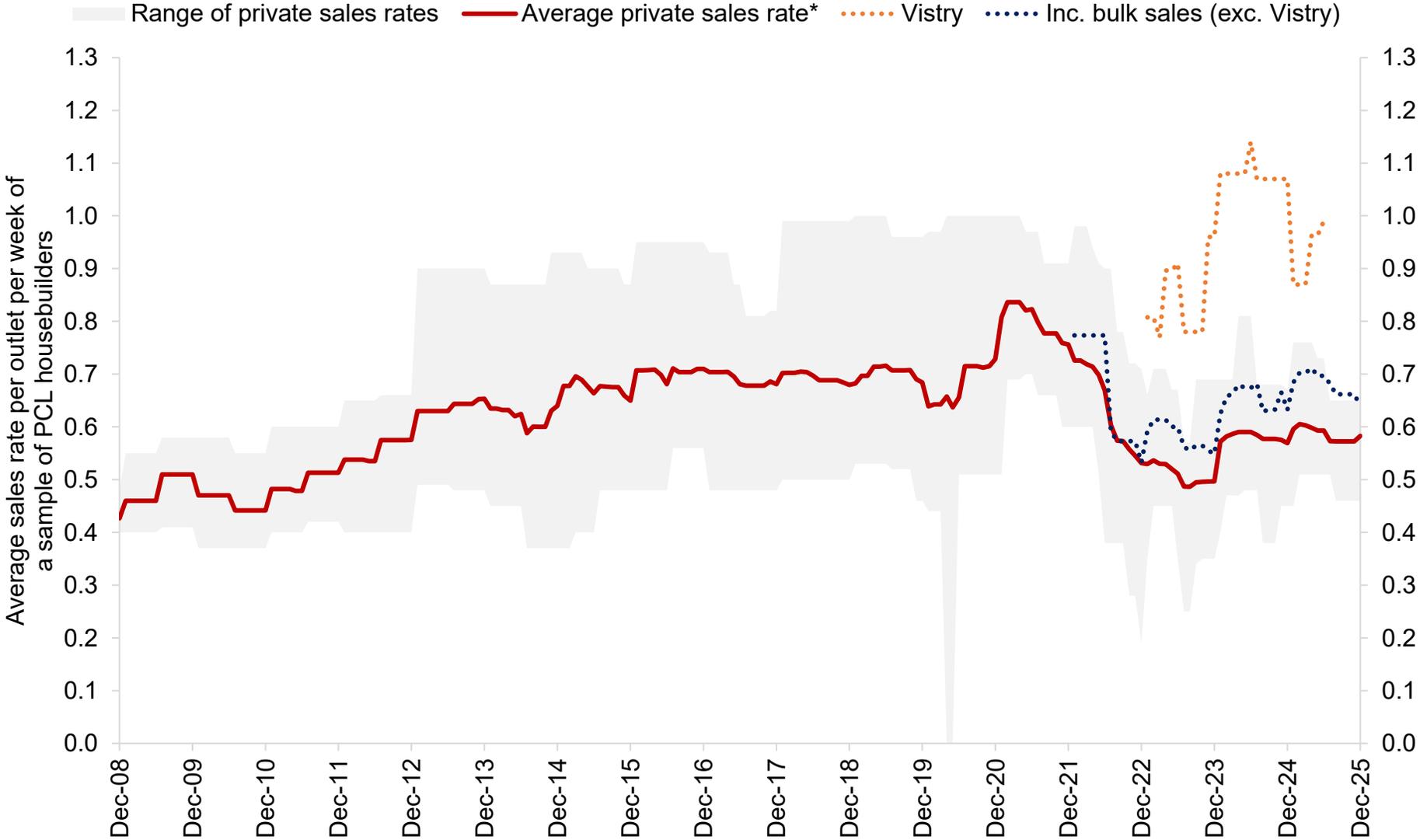


The average sales rate reported by the PLC housebuilders remained stable at 0.57 during the second half of 2025.

This approximate level of sales rates has prevailed since the beginning of 2024, as anticipated in our report for LPDF and Richborough in March 2023: [“A New Normal for Housebuilding?”](#)

The analysis in that report showed that sales at this kind of rate were likely to prevail in stable market conditions but in the absence of Help to Buy, which supported the higher rate of sale experienced between 2014 and 2022.

The headline rate of sale reported by the PLCs therefore gives relatively little concern, being broadly stable and in line with expectations. But this is not representative of the wider housebuilding market.



For smaller builders there has been no improvement in sales rates

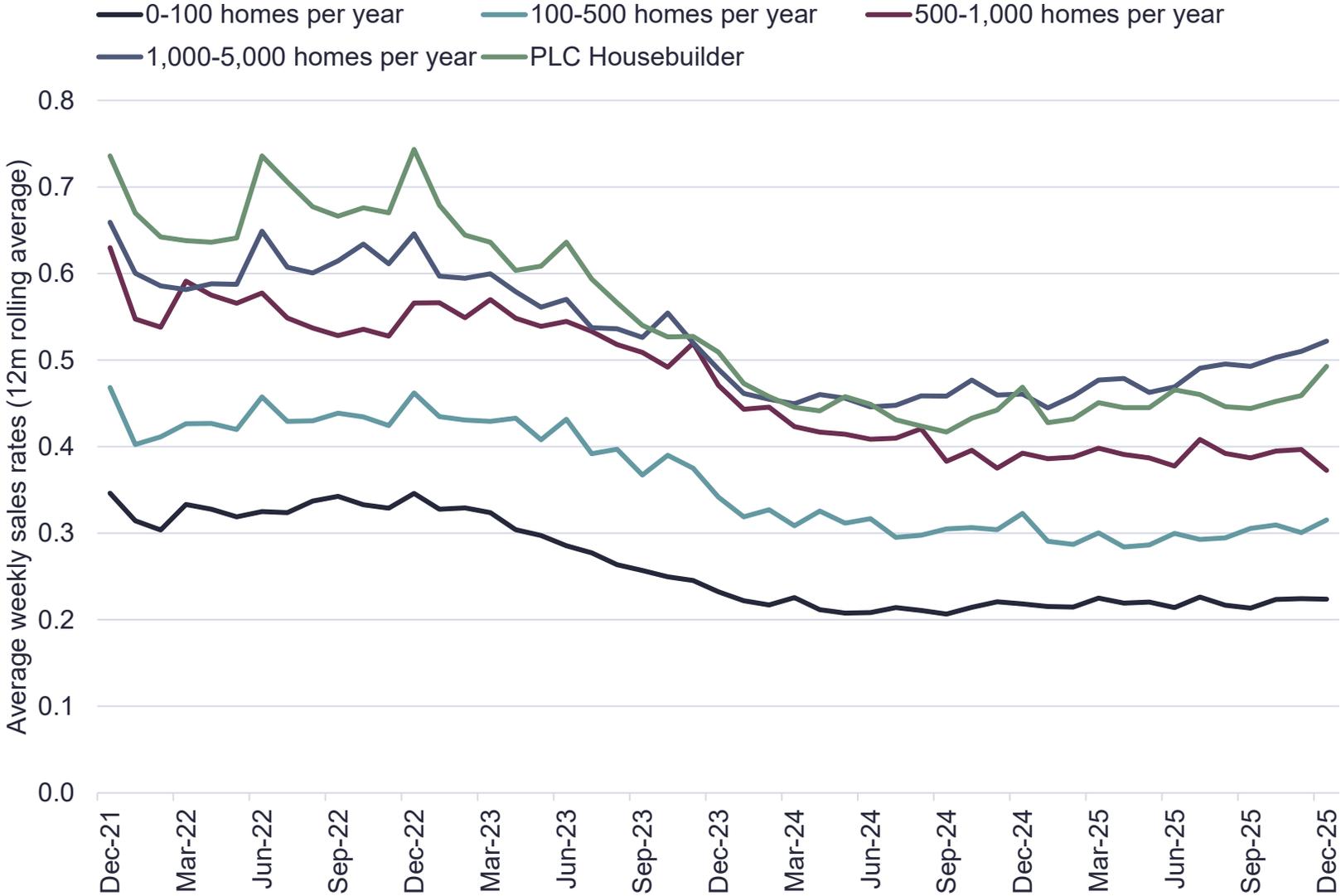
There is a divide in sales rates by size of housebuilder, with smaller firms hit hardest.

We analysed sales per outlet per week across all developments where NHBC are the warranty provider. While not directly comparable to the previous slide, it shows a similar trend.

Larger firms (delivering 1,000+ homes per year) have seen sales rates recover somewhat during 2025. But for housebuilders delivering fewer than 1,000 homes per year, there has been little or no recovery in sales rates.

Builders delivering 500-1,000 homes per year were worst hit. From 33 homes per year from the average outlet in 2021, they sold just 19 in 2025, down 40%. Builders delivering under 500 homes per year have seen sales rates fall by a third.

Homes per year	Sales per year per outlet		
	2021	2025	Change 2021-25
0-100	18	12	-35%
100-500	24	16	-33%
500-1,000	33	19	-41%
1,000-5,000	34	27	-21%
PLC Housebuilder	38	26	-33%



Use of incentives is high, while prices are down

Housebuilders continue to use financial incentives to plug gaps in demand.

As interest rates rose and Help to Buy closed to new reservations in 2022, use of sales incentives increased quickly. As quickly, reports of net price falls increased.

Confidence had improved by the end of 2024 and in early 2025, but by the middle of the year, things had changed. Use of incentives increased significantly and price falls returned.

The use of incentives is likely to be dominated by the larger housebuilders, who have the financial capacity to absorb the cost while maintaining volumes.

Smaller builders will have less capacity to do this.



Smaller housebuilders occupy an ever-smaller share of the market



New homes by SME developers makes up an increasingly small share of new build delivery.

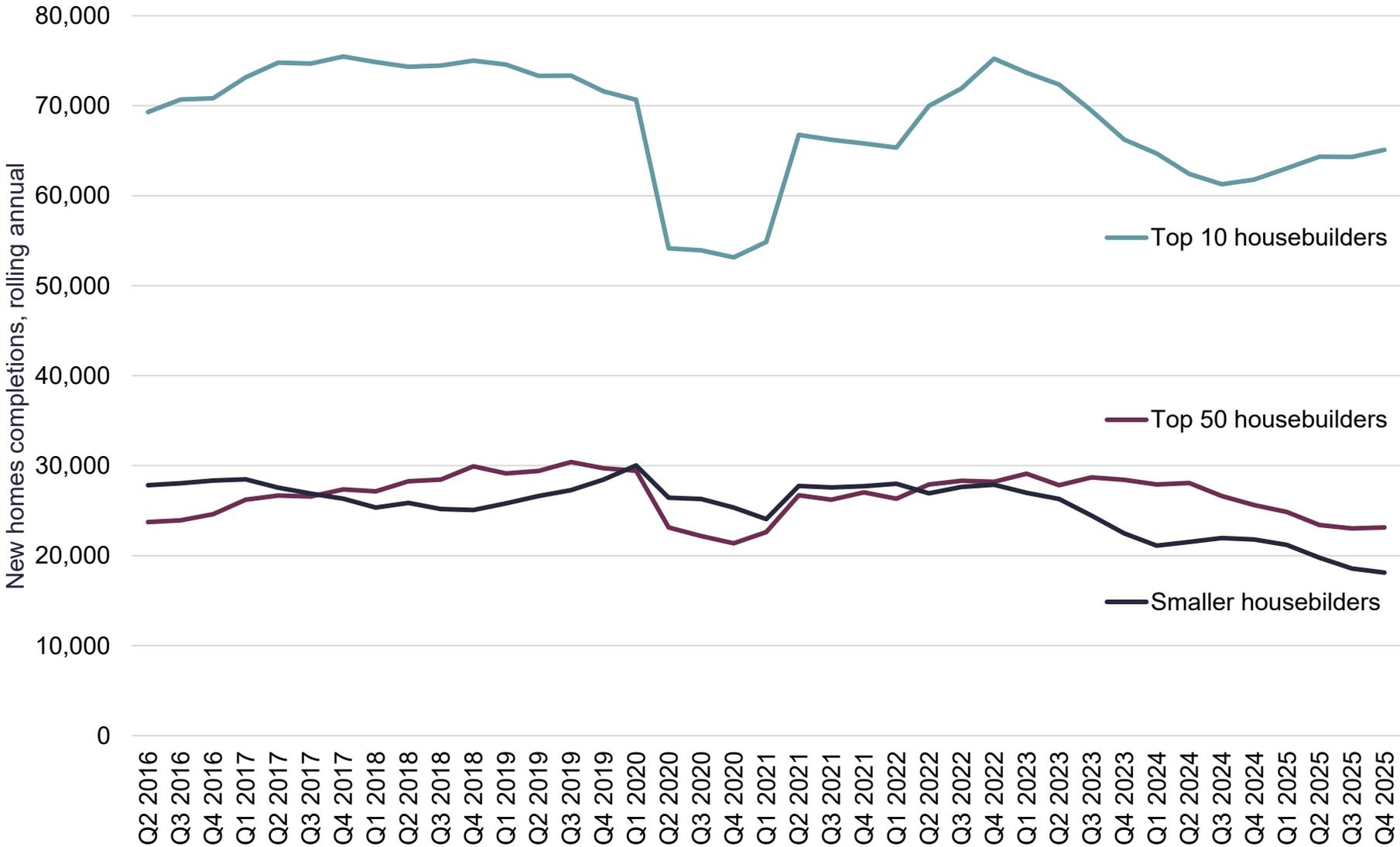
The top 10 housebuilders have seen completions volumes increase since their low in Q3 2024.

Smaller housebuilders, outside the top 10, have seen aggregate completions volumes decline consistently since 2022.

The biggest fall is for housebuilders other than the top 50, which have seen completion numbers fall 38% from their pre-Covid peak in the year to Q1 2020.

2025 saw renewed falls for these smaller builders, after volumes had stabilised during 2024. From 22,000 completions in 2024, there were just 18,000 in 2025, a drop of 17% in one year.

Sales rates at this level are a major barrier for the Government in delivering its housebuilding ambitions.



Slowest sales rate is now in the south east region

Sales rates are also diverging by region, with less affordable regions seeing the slowest sales rates.

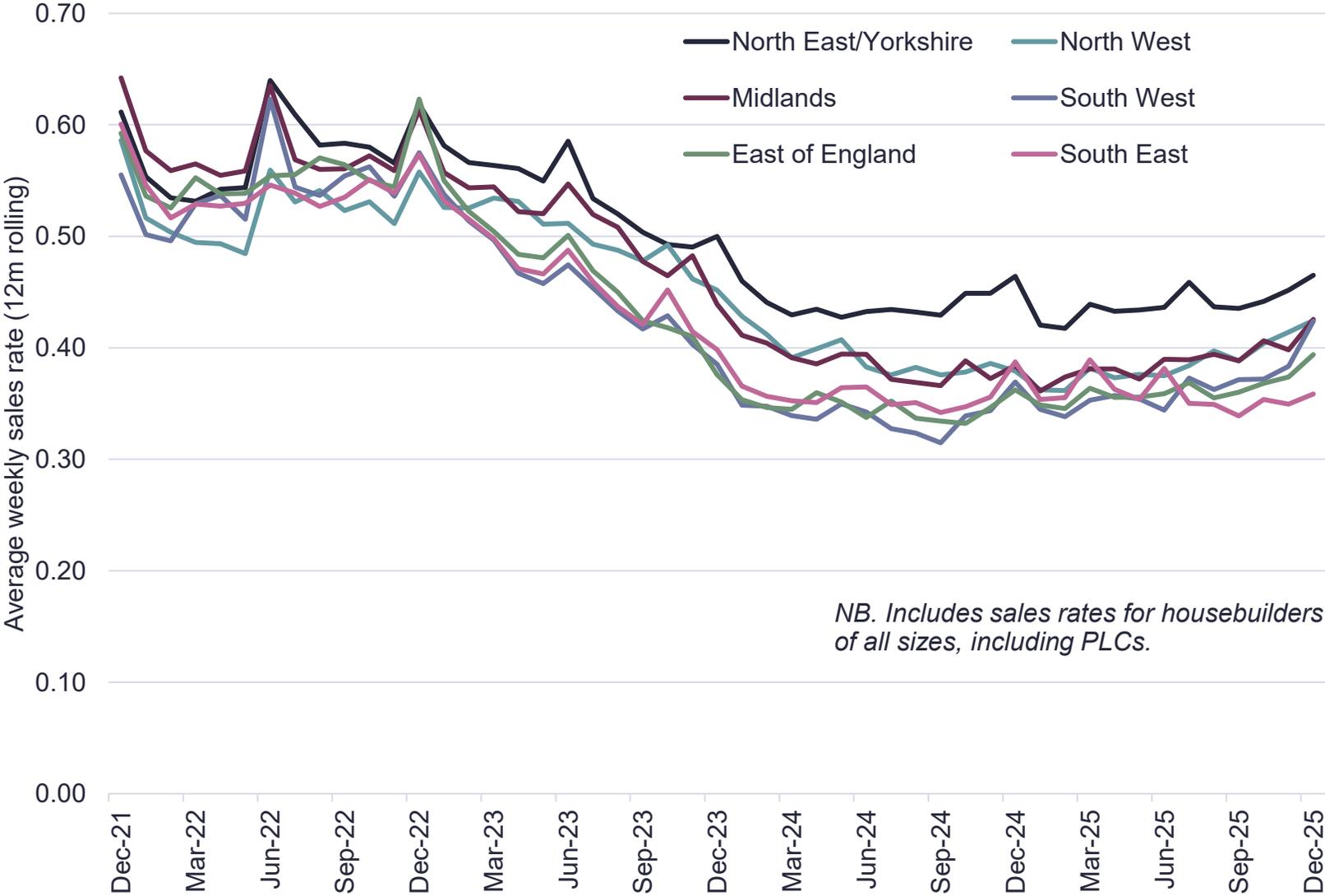
By recent historical standards, this is unusual: most regional markets generally achieved weekly sales rates of c. 0.5 to 0.6 across 2022 and 2023.

Since then, the South East, the South West, and East of England have seen sales rates decline further than other regions, as rising interest rates have affected less affordable regions more (all three have above-average ratios of house prices to incomes).

While sales rates have improved a little in the North and Midlands, the South East and East of England remain below 0.4 sales per outlet per week.

When combined with the size of housebuilder, the effect is even more dramatic. For example, **housebuilders building fewer than 500 homes have seen sales rates in the South East half, from c. 0.4 in early 2022 to just c. 0.2.** Sales rates at this level are not sustainable for businesses funded by debt.

A similar divergence between sizes of builder has also occurred in more affordable regions, which is also likely to be an unsustainable trend.



Unlocking homeownership

How many families could a new equity loan scheme help into homeownership?

First time buyer numbers are on the up

Several 'push' and 'pull' factors have caused the number of First Time Buyers to increase.

It has been a volatile few years for First Time Buyers. The 'race for space' following the first Covid-19 lockdown was quickly cut off by rising interest rates, the Truss/Kwarteng mini-Budget, and the end of Help to Buy.

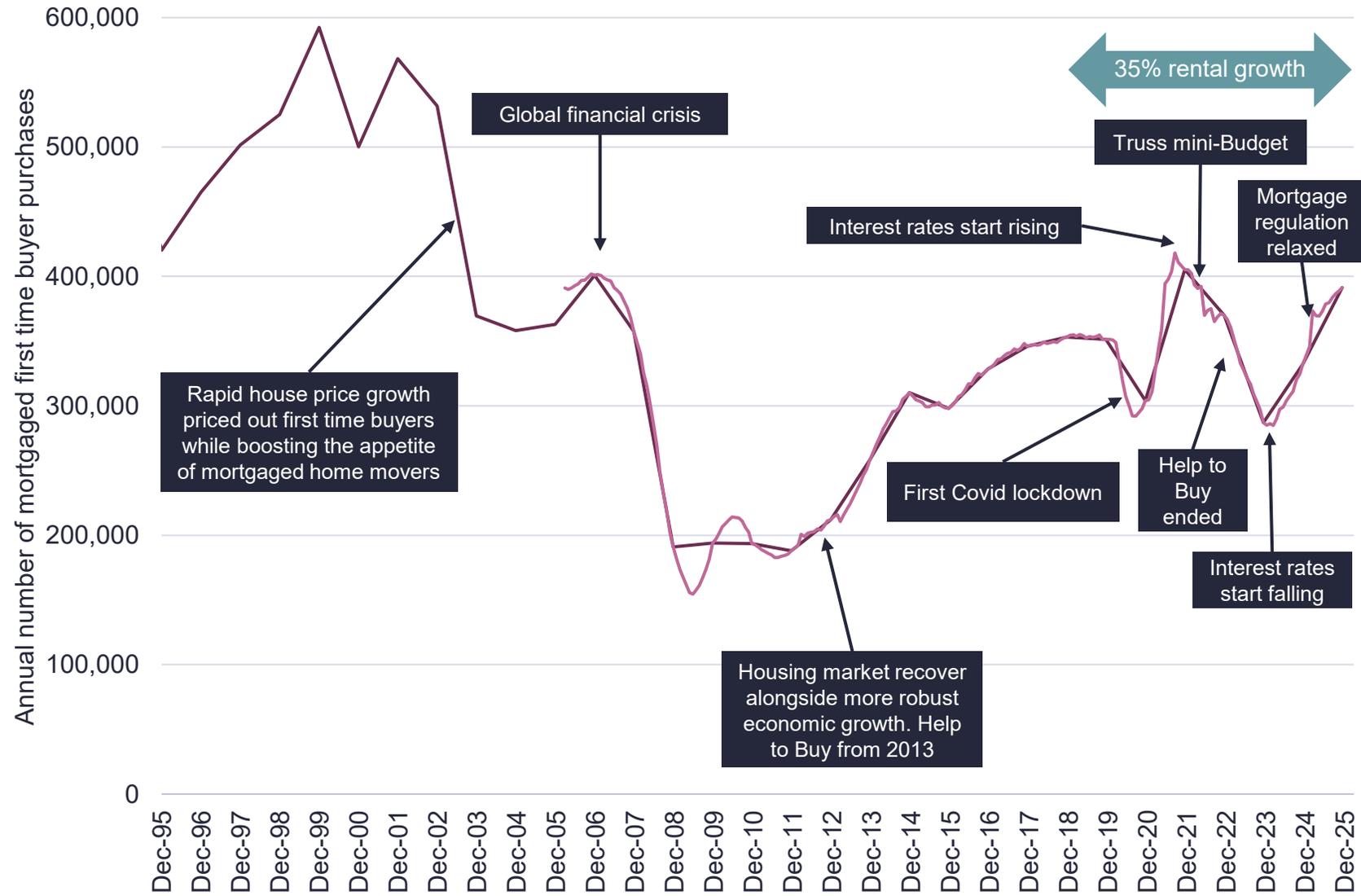
One 'push' factor intensified, however: private rents rose rapidly due to high levels of demand and, at best, static supply.* Rents are now 35% higher than in March 2020, according to Zoopla.

When interest rates started to fall from early of 2024, first time buyer numbers rose again.

Although numbers are now as high as they were in the mid-2000s, they are still substantially lower than the 1990s before the rapid house price inflation of the early 2000s priced many households out of homeownership.

More relaxed mortgage regulation, allowing higher LTV and LTI lending, was introduced in April 2025. It is too early to see a clear trend, but there are early signs that this is supporting a continued increase in first time buyer activity.

First time buyers have had the advantage of many landlords exiting the private rented sector in many markets, making their homes available for sale.



But support for first time buyers has declined

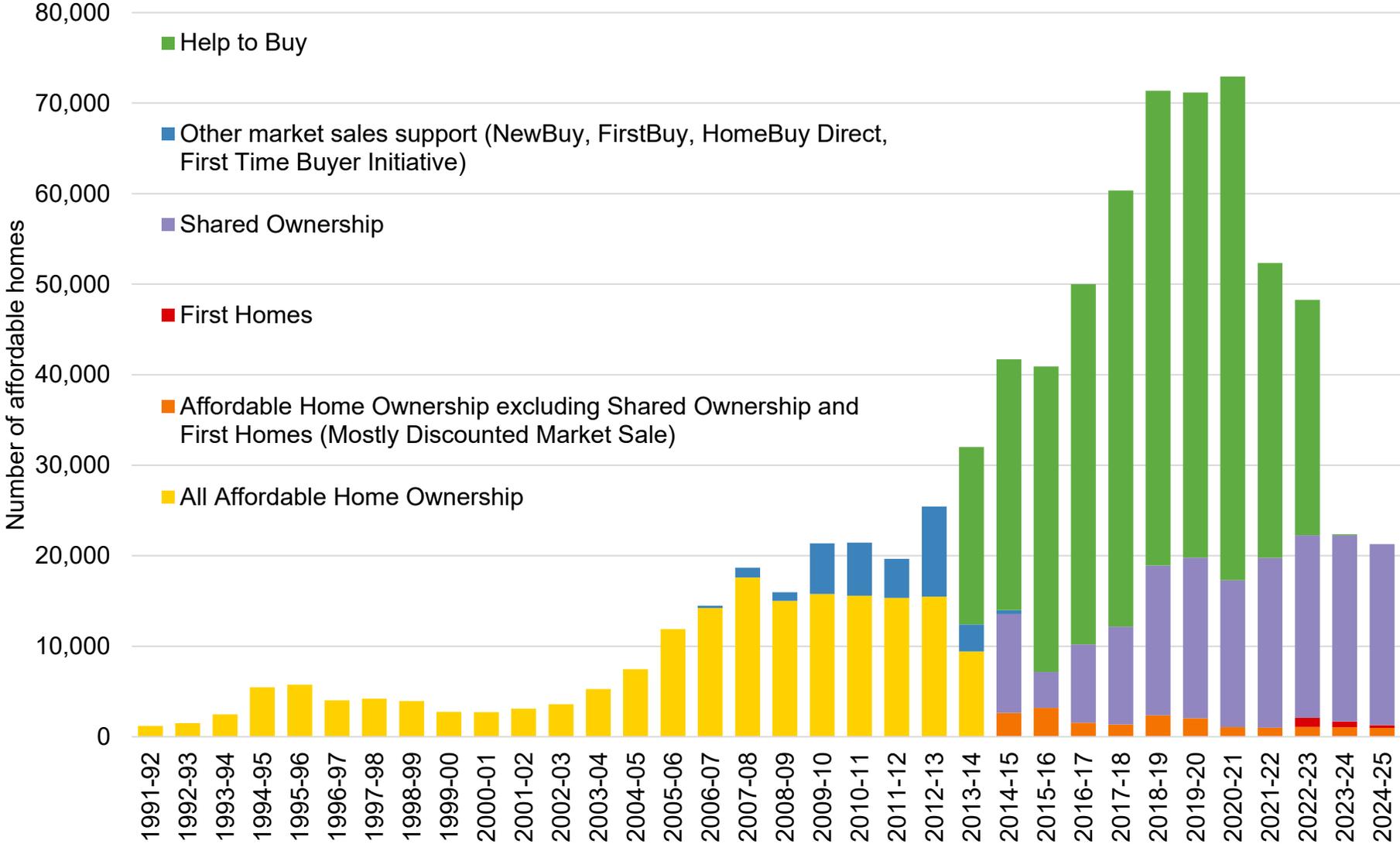
The major barrier for first time buyers trying to purchase a home remains the deposit.

Deposit requirements are still approximately equivalent to one year's income according to UK Finance data, something that has not changed substantively since the Global Financial Crisis.

It was this barrier that Help to Buy principally sought to lower, supporting first time buyers in large numbers from 2013 onwards.

Since Help to Buy closed to reservations in October 2022, shared ownership has been the only option of scale available to those looking for support to buy a home.

The annual number of supported home ownership sales over the two years to March 2025 has been back at the volumes seen between 2007 and 2013. But the number of families in the PRS in England is now substantially higher, up from 1.3 million in 2011 to 1.6 million in 2021 according to Census data.



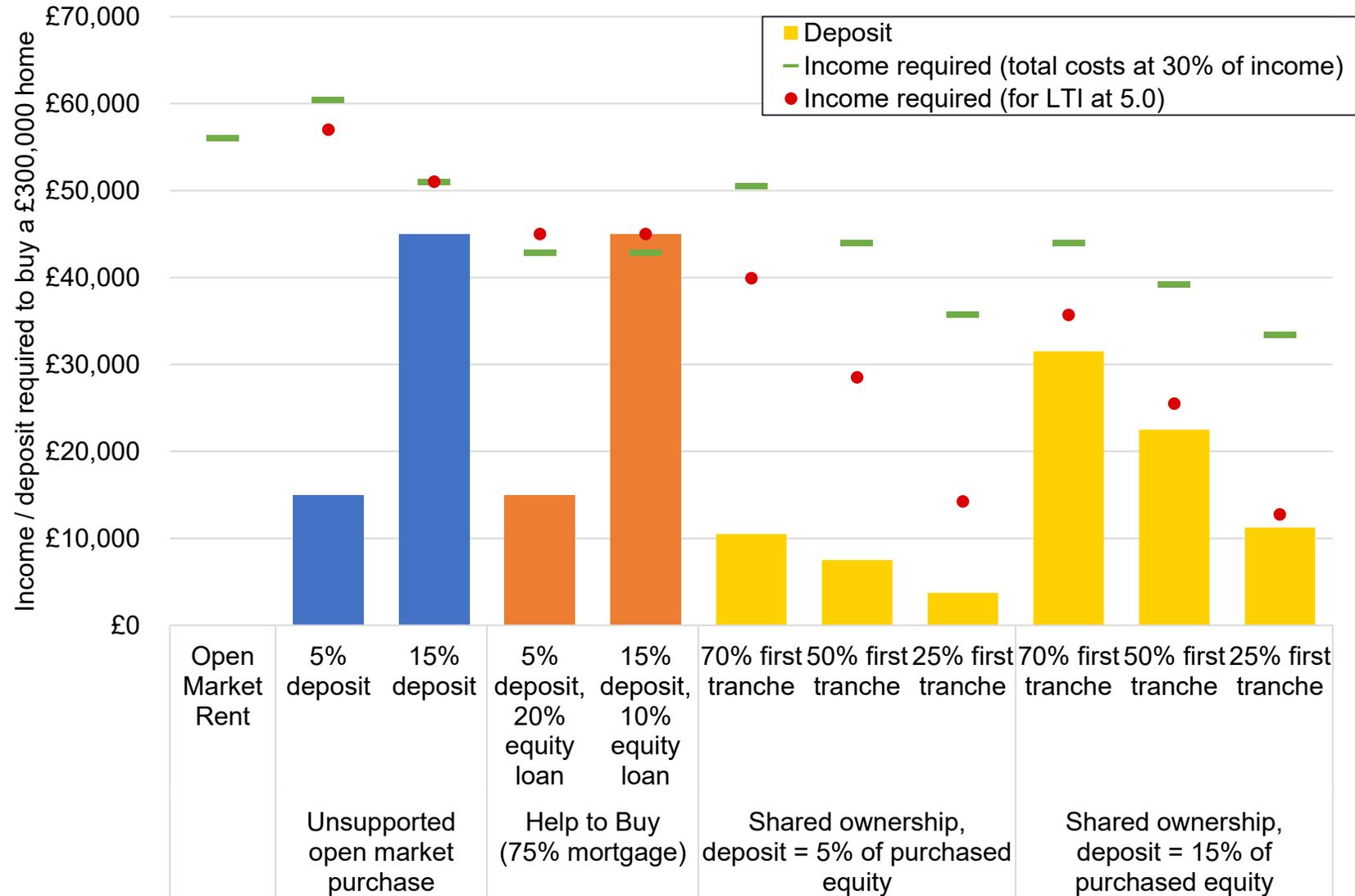
Impact that an equity loan has on affordability versus 95% LTV

Reducing deposit requirements (such as through an equity loan) is more effective than high LTV products.

Mortgages have become more available at 95% LTV, but the ongoing cost of ownership is comparable to market rent and comes with the additional responsibility to repair and maintain the property. A higher deposit reduces the monthly mortgage cost, but not all potential first time buyers have the necessary level of savings.

An equity loan reduces the ongoing cost of owning a home substantially for those with just a 5% deposit, cutting the size of the loan and unlocking a lower interest rate mortgage. The impact is similar to higher first tranche shared ownership purchases but is a much less complex financial product.

The chart shows that a new **Help to Buy scheme could make a £300,000 new home affordable to those with an income of £43,000 per year** (assuming they can borrow at a high LTI ratio) and a 5% (£15,000) deposit. Those buying the same house with a 95% mortgage need an income of £60,000.



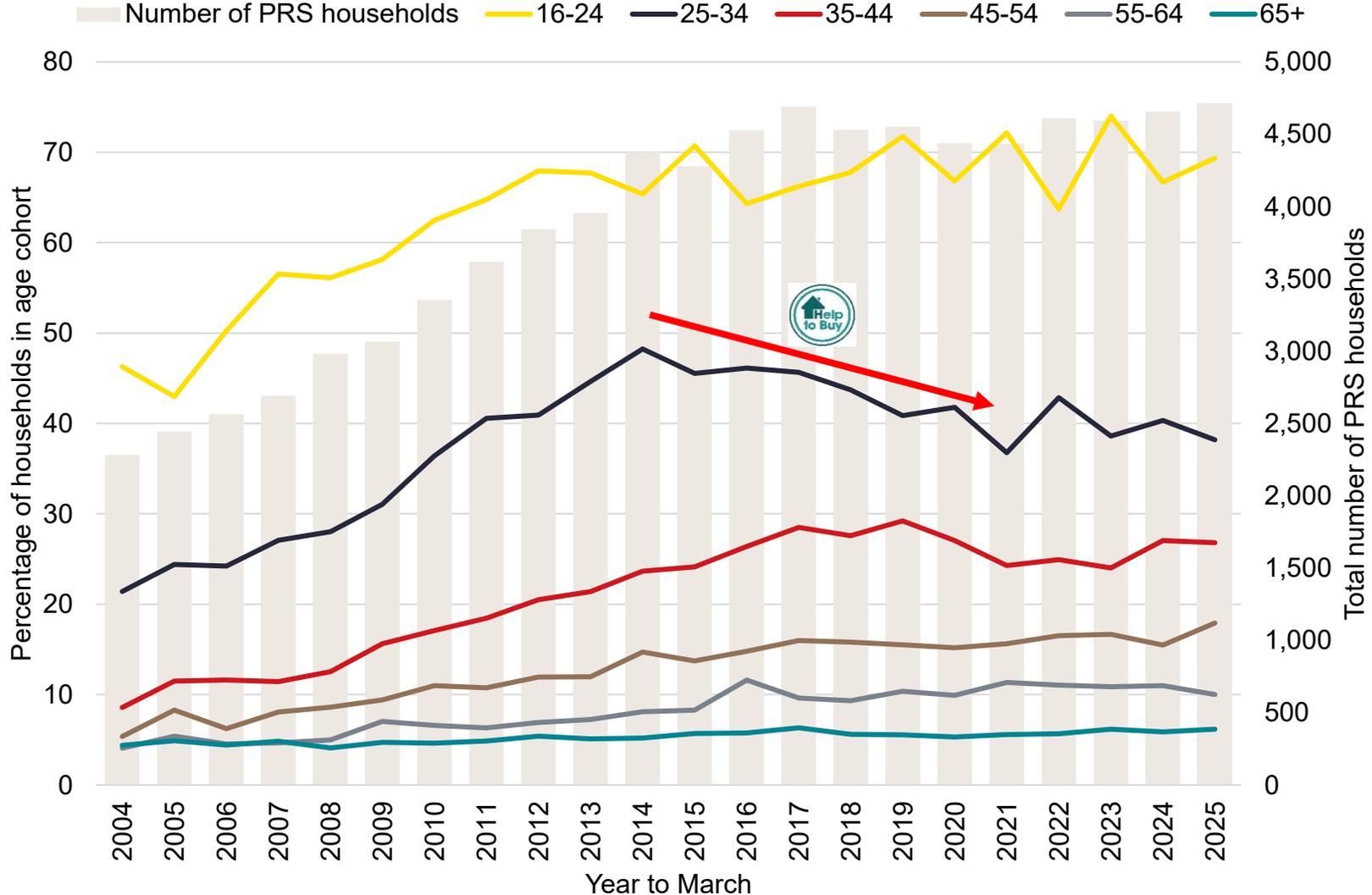
Who is an equity loan scheme likely to help?

The core target market for a new equity loan scheme would be families in the private rented sector, seeking the greater stability that home ownership provides.

The Help to Buy scheme previously provided very substantial support to this buyer group. The propensity to rent amongst 25-34 year olds fell back during the lifetime of the scheme. This age bracket contains the age of the average first time buyer: 34.

This reflects the fact that most people would like to buy their own home and will do so if they can. Analysis of the 2023 British Social Attitudes Survey shows that 90% of respondents said they would prefer to buy over rent, if given a free choice. This was a higher proportion than when this question had been asked previously, in 2018, 2017 and 2010.

With the assistance that Help to Buy provided no longer available, the propensity to rent has remained static for the key first time buyer age group. Help to Buy filled a key gap in the opportunity households have to become homeowners. Many of the barriers to homeownership that caused propensity to rent to increase still exist. But the current generation is not enjoying the support that was previously available to overcome them.



An equity loan scheme could enable families to buy suitable homes

An equity loan scheme could increase homeownership among those who struggle to save for a deposit or cannot afford a home that meets their requirements.

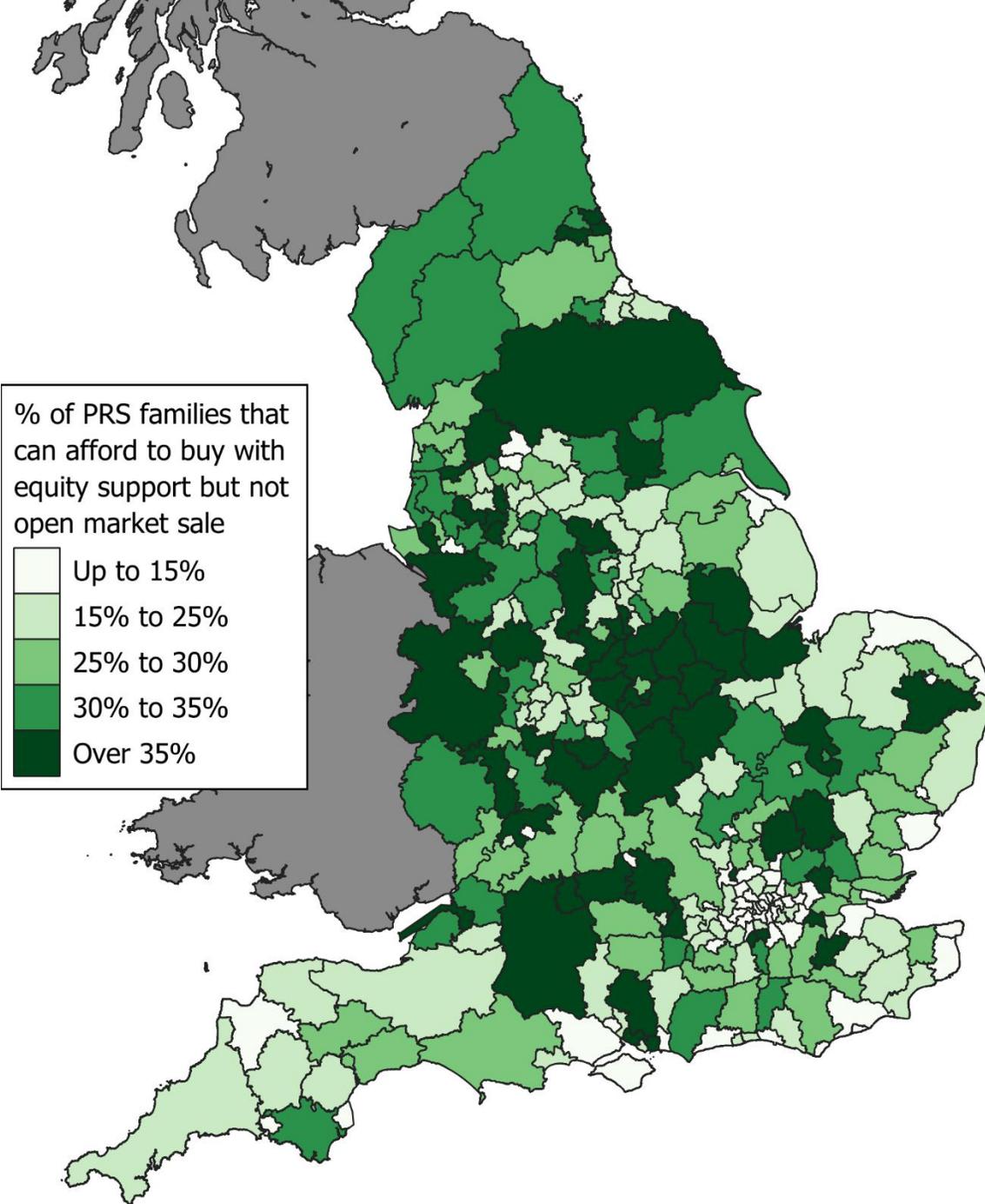
For example, a family of four may only be able to afford to buy a two bedroom home, and therefore choose to rent a three bedroom home. An equity loan could enable them to buy the home they need to comfortably accommodate their family. This may also be a consideration for smaller households planning to have children in future.

The desire for accommodation that meets these needs is likely a key reason why first-time buyers strongly prefer houses over flats, [with 81% preferring a house according to survey data from Barratt Redrow](#).*

The change in age profile of first time buyers reinforces this. The English Housing Survey shows that **the average age of recent first time buyers (those who have bought within the last three years) has risen to 34 over the last 20 years**. This relatively small rise hides the change in age distribution, with many fewer buyers in their 20s.



How many renting families could an equity loan scheme help?



Our modelling found that 375,000 family households in the PRS could be supported to buy a home using an equity loan scheme, assuming they have a 5% deposit – equivalent to 24% of all families living in the PRS.

We calculated the number of families living in the PRS who would benefit from an equity loan scheme. The analysis uses the income distribution of households with dependent children, derived from Experian MOSAIC data. It segments them into three groups:

- Those who can afford a new family home of at least 900 square feet (sq ft) in the local authority where they live, with a 95% mortgage, spending up to 25% of their gross income. Households in this group (c. 7% of PRS families) with a 5% deposit are likely to buy without the assistance of an equity loan scheme.
- Those who cannot afford a new family home with a 95% mortgage, but can with a 75% mortgage and spending up to 35% of their gross income. Any household in this group with a 5% deposit would be able to afford a new home, with an equity

loan scheme covering the remaining 20% of the purchase price. This group (c. 24% of PRS families) is shown on the map.

- Those who cannot afford a new family home with a 75% mortgage. This group (c. 70% of PRS families) would not be helped by an equity loan scheme.

The map shows that **a new equity loan scheme could support families to buy a home in a wide variety of places across the country.** This is particularly the case in suburban markets outside the less affordable South East. There are some locations where a low proportion of families are likely to be able to use the scheme, including coastal areas and cities, especially London.

Other assumptions:

- *Mortgage rates: 4.8% (95% LTV), 4.3% (85% LTV) and 3.9% (75% LTV).*
- *Mortgage term: 30 years*
- *LTI cap: 5x (recent changes to mortgage regulation have opened up more borrowing options at higher ratios)*

A scheme would work best where new homes are affordably priced

An equity loan scheme would have most impact where the prices of new family homes are lower relative to family household incomes.

In many areas, new homes prices are higher, perhaps targeting different segments of the market. In coastal locations, for example, low wages often mean that family incomes are relatively low. The small number of new homes coming forward may therefore be targeting equity-rich older households.

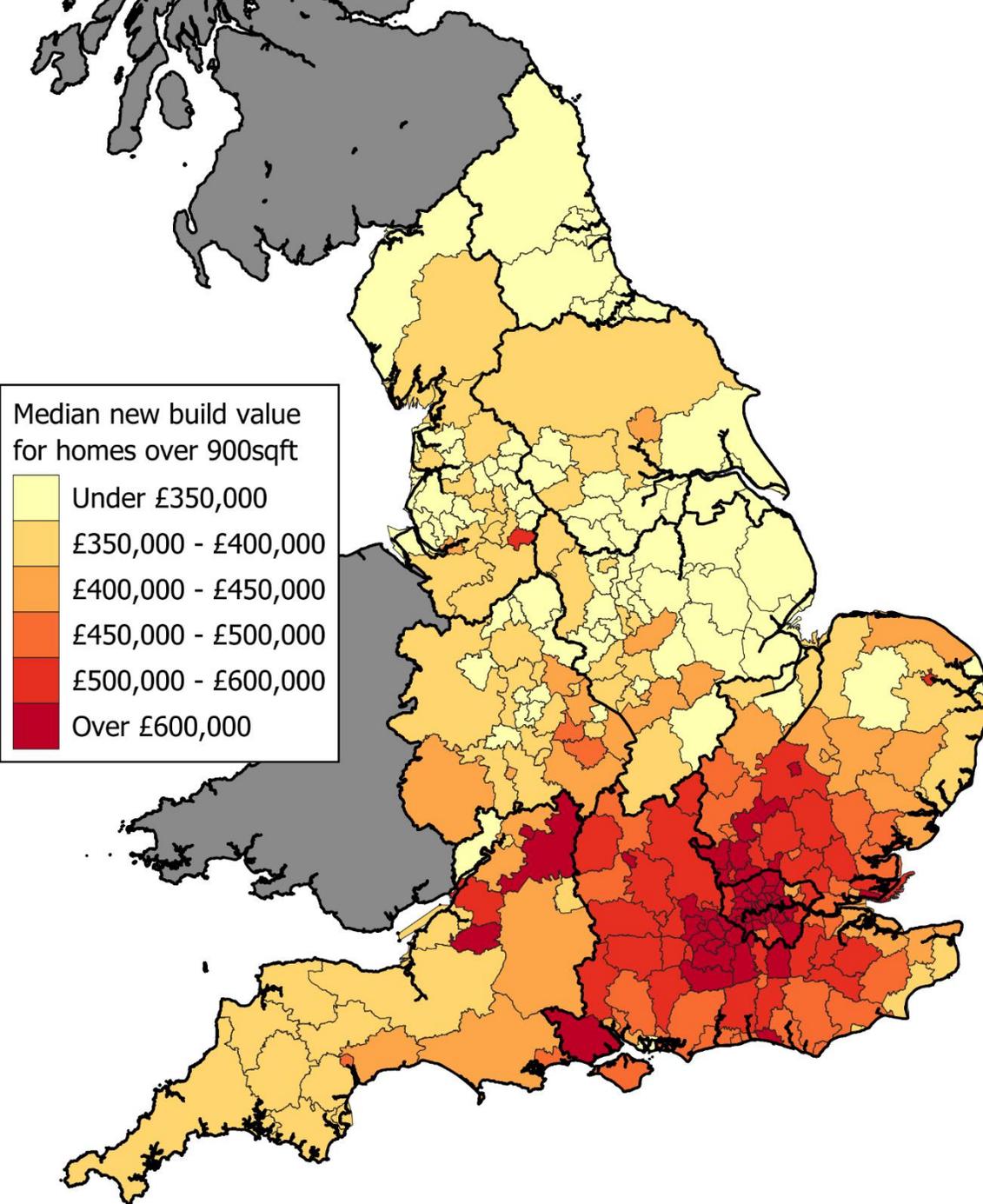
Across the country, only 7% of PRS families can afford a new family home in their local area using a 95% mortgage, making them quite a small part of the market.

The introduction of a new equity loan scheme could increase this to 30% of PRS families, a much larger pool of potential demand.

This may encourage housebuilders to target more new homes at first time buyers, where this is viable. This would further enable households, especially family households, to not just move into homeownership, but afford housing in their local area that meets their needs and preferences.



Care would be needed with any price capping



Regional price caps do not take into account different local market conditions and should be avoided.

Initially, Help to Buy was available for purchasing new homes up to a maximum price of £600,000.

For the last two years of the scheme (i.e. from 2021), regional price caps were introduced, lowering that maximum everywhere other than in London.

This had a considerable effect, effectively closing the scheme early in some local areas while having no impact in others.

This is because, as shown on the map, house prices can vary substantially within regions.

In the East of England, which has the greatest variation of house prices within any region, there is one local authority where the average new build family home costs less than £350,000.

By contrast, in parts of the region closer to London, the average new build family home costs more than £600,000.

Any price caps introduced as part of a new scheme must recognise this. Ideally, price caps should not be set at this regional level at all.

The ONS publishes data on house prices and incomes at a local authority level. There is therefore an easily available Government source of data, based on which caps could be set that are more responsive to local market conditions.

Estimating the impact

How many completions could a new equity loan scheme support by March 2029 and what could the boost to GDP be?

How many completions could a new equity loan scheme support?

A renewed equity loan scheme could support up to 85,000 completions by March 2029.

We have updated the estimate in our previous report of the number of new homes completions that could be supported by a new equity loan scheme. This is shown on the chart, assuming a new scheme started in the Spring of 2026.

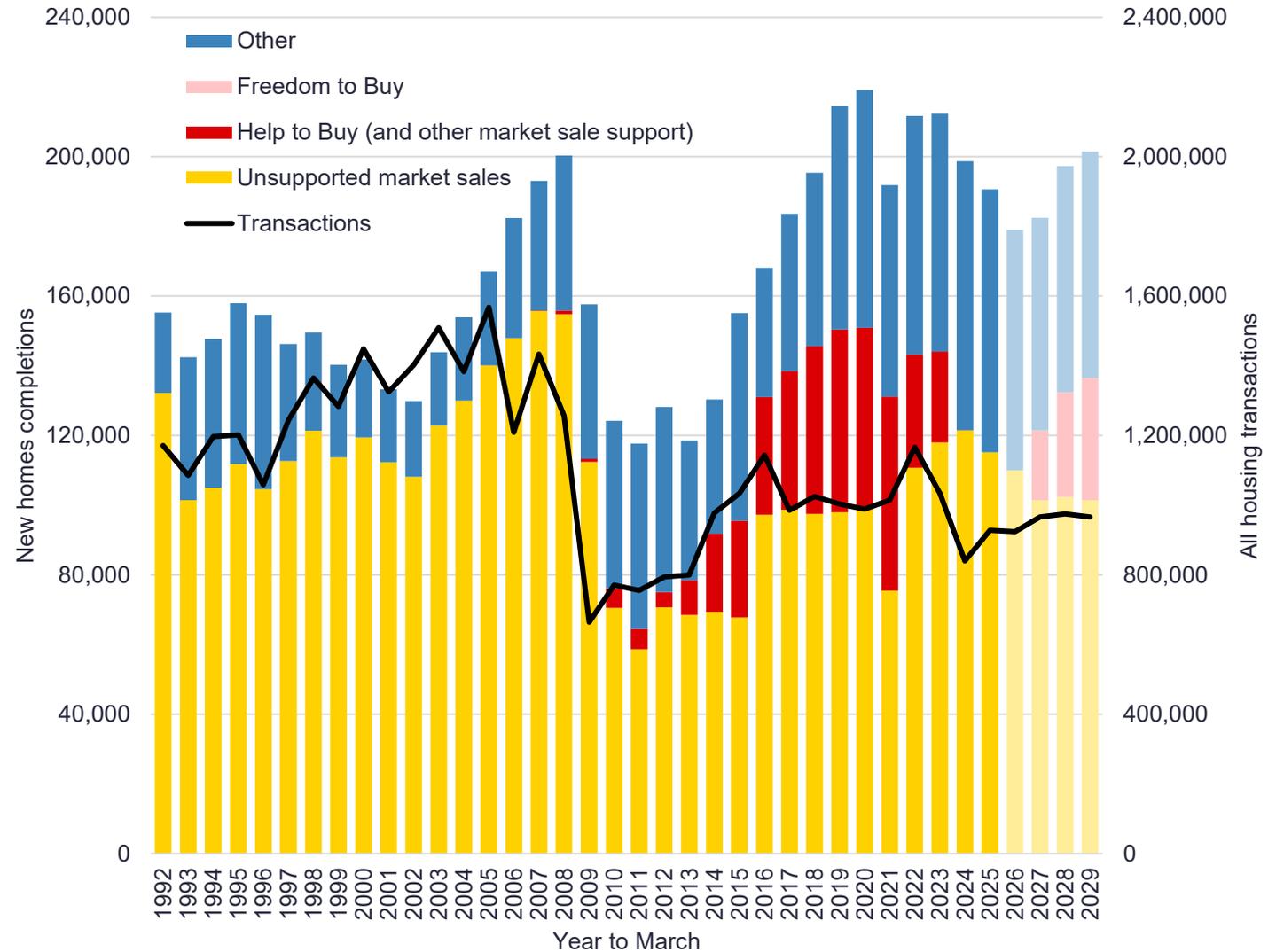
We think such a scheme could support 85,000 additional completions by March 2029. This assumes that the recovery in housebuilding can be relatively 'V-shaped', with limited loss of capacity in the sector.

Initially, completions are likely to come from faster sales rates on sites currently under construction and selling. In the longer-term, it can support additional sites through the planning system.

We have also assumed that a new scheme supports only first time buyers and that it has relatively little impact in London, where previous Help to Buy volumes were supported by a more generous 40% equity loan than was available elsewhere.

Without a boost to demand in the very near future, the industry capacity will be lost that supported 150,000 new homes sales and 220,000 total completions between 2019 and 2022.

Alongside continuing planning reforms, an equity loan scheme could stimulate renewed investment into SMEs and see the creation of new entrants. Longer term stability of demand alongside land supply could help to rebuild the SME sector, enabling this part of the industry to make a meaningful contribution to the Government's housebuilding ambitions.



What impact would an equity loan have on GDP?

The boost to housebuilding enabled by an equity loan scheme could create nearly £24 billion in additional GDP over the three years to March 2029.

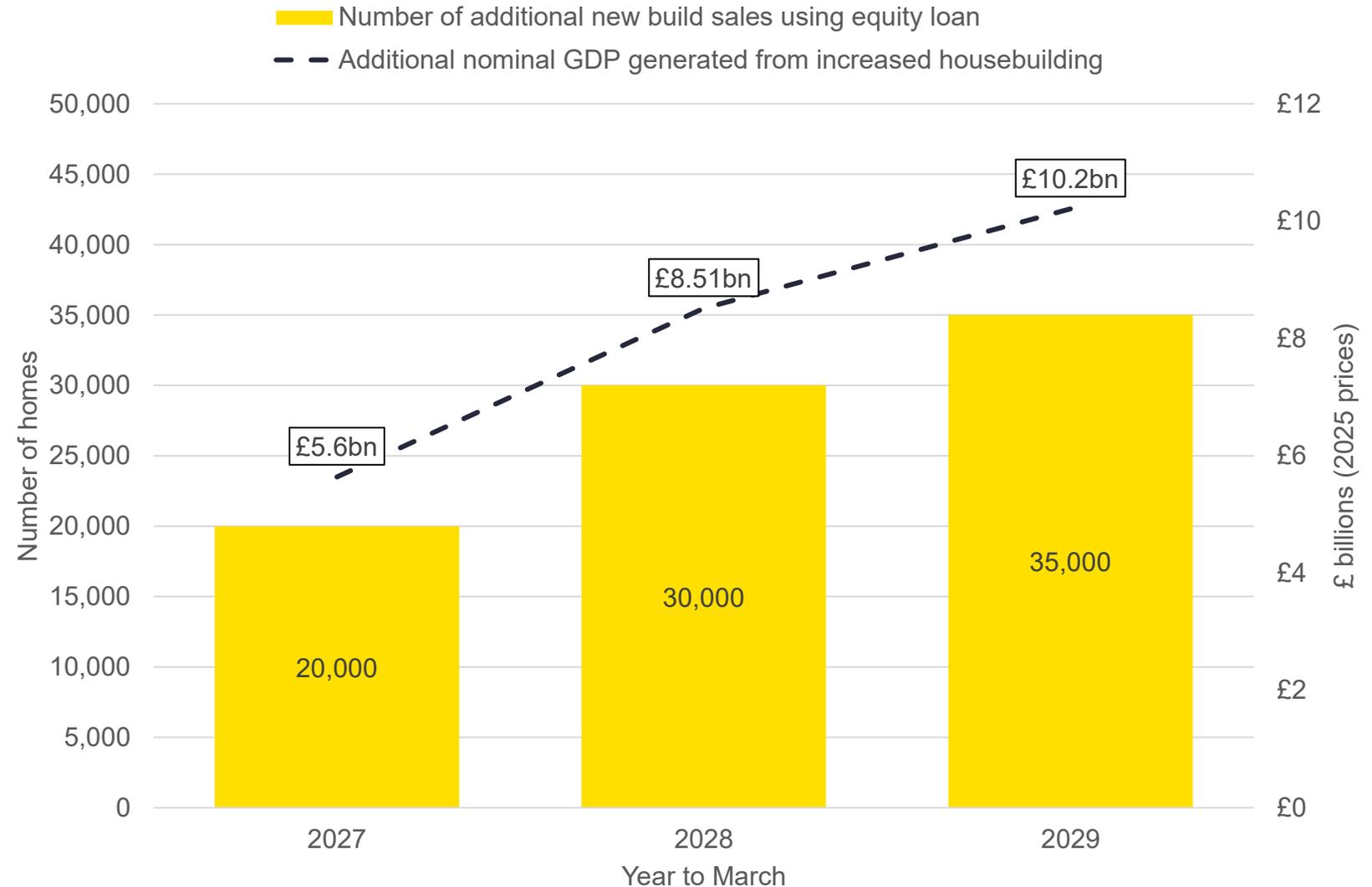
We have estimated the headline economic impact of increasing delivery by 85,000 homes between March 2025 and 2029.

Other assessments have concluded that [all housebuilding-related activity represents around 3% of GDP](#), while [Savills have previously estimated that there is a boost of c. 0.5% to GDP for every extra 50,000 homes built](#).

These measures do not specify the tenure of housing; as an equity loan scheme would be targeted at private sale housing that does not require further subsidy, the impact would likely be higher.

Including some of the wider benefits to employment and additional tax receipts generated (e.g. NI contributions, SDLT, Corporation Tax), minus the initial equity loan (as a form of subsidy), produces an estimate of £23.96 billion additional GDP.

As the subsidy is repaid, there is an additional boost to GDP that increases the longer the scheme runs. Using historic trends from Help to Buy, around 13% of the loan value was repaid by the third year of the loan.



Important Note

Finally, in accordance with our normal practice, we would state that this report is for general informative purposes only and does not constitute a formal valuation, appraisal or recommendation. It is only for the use of the persons to whom it is addressed and no responsibility can be accepted to any third party for the whole or any part of its contents. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent, which will not be unreasonably withheld.

Our findings are based on the assumptions given. As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

Whilst every effort has been made to ensure that the data contained in it is correct, no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being unavailable or inaccessible during the research period. The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.