RESEARCH

BRIEFING NOTE

Stability in Planning and Housebuilding

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External disruption

The delivery of residential and commercial space in England is becoming more and more challenging. An increased cost of construction, reduced demand from buyers and occupiers, regulatory changes and planning delays have all contributed to a decline in activity.

Infrastructure presents complications over and above these issues, with water resourcing, energy availability, and transport connectivity each presenting further hurdles to the delivery of new homes and employment space.

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Rising pressures on housing delivery

Housing delivery in England has fallen in recent years with just 204,000 homes completed in the past year, well below rate of delivery needed to meet lofty ambitions from central Government for 1.5 million new homes over the course of Parliament. The first quarter of the year saw a slight uptick in delivery, but construction has been on an overall downward trend since 2022.

Residential development in England has faced a series of challenges over the past decade. Supply chain disruption from the COVID-19 pandemic and various global conflicts has driven inflation in recent years. An increase in the cost of materials, labour, energy and fuel has driven the rate of build cost inflation over and above house price growth. This has created viability challenges, particularly on brownfield sites and amongst SME developers.

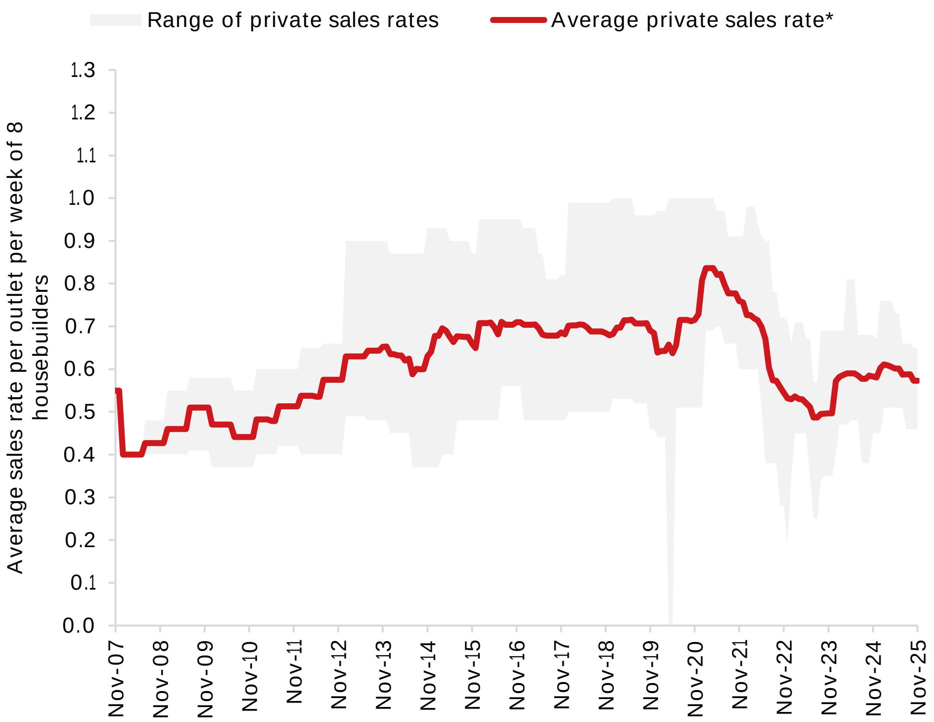
At the other end of the development process, buyers have been less active in the market. The removal of the Help to Buy scheme in 2023 reduced new build home affordability and instability arising from Brexit and successive changes to central Government have reduced consumer confidence. An increase to the base rate intended to curb inflation has driven an increase in the rates that mortgage lenders are willing to offer. The impact on accessibility and affordability of mortgage debt has reduced the pool of prospective buyers, further impacting appetite for new homes.

Sales rates dictate delivery

The rate of new home delivery is mainly driven by levels of demand amongst buyers, and sales rates are a key factor affecting levels of delivery. Reduced affordability of mortgage debt and confidence amongst buyers has had an impact on rates of sale, particularly within the new homes market.

Over the last year, open market sales rates reported by the top housebuilders across the country have averaged at or just below 0.6 sales per outlet per week, which is in line with the pre-GFC average and where we expected sales rates to plateau in the absence of Help to Buy Bulk sales are also being used to increase overall sales. Major housebuilders have however reported an increased use of incentives and discounts to support open market sales rates in the current market, masking lower demand. SME developers are less well-equipped to do this and on average are delivering at a slower rate as a result. Lower levels of activity amongst smaller players has a negative impact on the variety of size, type and tenure of homes, putting further downward pressure on overall new home absorption rates.

FIGURE 1 – MAJOR HOUSEBUILDER SALES RATES



Source: Savills Research using housebuilder trading statements and annual reports (based on a basket of major PLC housebuilders

Demand-side stimulus

With different levels of housing affordability across the country, there is also significant regional variation in sales rates. Savills' analysis of NHBC data indicates that the North East has the highest sales rates, whereas the South East and South West have the lowest, both achieving less than 0.4 sales per outlet per week as of December 2025. Lower affordability headroom amongst buyers is reducing new build demand in these areas, which in turn is slowing new home delivery.

A form of demand-side support would help to increase new build sales rates across the country. During the period of the Help-to-buy scheme, sales rates reported by the major PLCs increased and averaged 0.68 sales per outlet per week. New build sales were also well above a tenth of total market sales during the period, which is significant as new homes delivery had only ever been one tenth of total housing sales since the 1970s. The increase in new build sales increased developer confidence and cash flow, enabling further land purchases and development.

The Help-to-Buy scheme ended in England in 2023. Wales continues to run the Help-to-Buy scheme and Scotland has just announced a First Home Fund scheme, leaving England the only country without a significant first-time buyer support scheme, even though affordability is most constrained a demand-side support scheme would help to increase new build delivery across the country.

Viability as a growing barrier

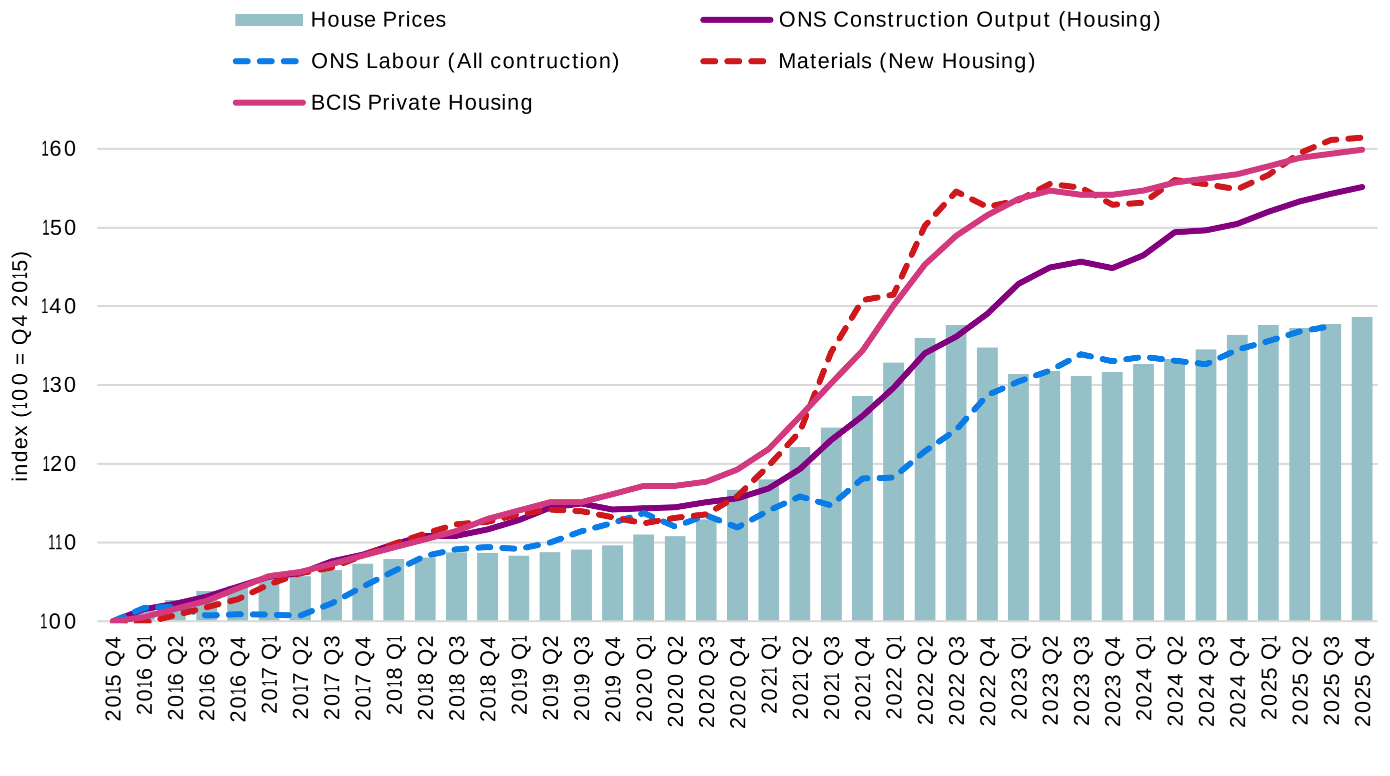
Worsening development viability is a key reason for the low levels of housing delivery. The HBF has estimated that the cost of building a home has increased by around £76,000 on average since 2020. Significant material and labour cost inflation, along with additional regulatory costs, all contributed to this rise.

Biodiversity Net Gain (BNG) requirements became mandatory in 2024 and can add significant costs to housing developments. On top of this the Future Homes Standard will come into effect in 2027 and developers have already started to implement some of the requirements in preparation for the changes in regulation. Taxes such as the Residential Property Developer Tax and the Landfill Tax are also significantly increasing the costs to developers and the Building Safety Levy, coming into effect at the end of 2026, will push costs up further.

With a push for development and increased housing targets, there has been an increase in the number of planning applications coming forwards. As a result, approval wait times have increased, with the median full application in England taking almost 57 weeks in the final quarter of 2025. Combined with the greater costs of development finance, these wait times are also affecting viability. Increased resource in planning departments and more simple planning policy could help this reduce these wait times.

For developments on brownfield land, viability is even more stretched. Increased costs and longer approval waiting times for high-rise buildings under changes from the Building Safety Regulator have significantly reduced developers interest in these types of sites. Diminishing appetite for flats amongst buyers has put further pressure on the delivery of new homes in city centre locations.

FIGURE 2 – VIABILITY CHALLENGES FACING RESIDENTIAL DEVELOPMENT



Source: BCIS, ONS, Nationwide, HM Land Registry

Infrastructure disrupting delivery?

Currently, infrastructure planning is at odds with local planning. Energy and transport connectivity are also key on every large development but are planned within the wider policy context of the NPPF. There are several examples across the country where infrastructure projects are disrupting local planning and delaying larger housebuilding projects.

The development of the HS2 Rail Link, for example, has experienced prolonged delays and planning changes, leaving planners in London boroughs and the Midlands unable to accurately project future transport connectivity and population influx needed to justify large housing developments. The East West Rail, a proposed rail route between Oxford and Cambridge, is currently disrupting spatial planning across Bedfordshire and Cambridgeshire because of tensions between strategic transport corridors and allocations progressing through local plans. The development of the Lower Thames Crossing has sterilized large parts of land planned for housing developments, also delaying the allocation of thousands of homes.

Strategic planning should be directed to aligning housebuilding with investment in water, transport and energy in order to limit the risk of sites being delayed or disrupted by infrastructure, but this is challenging in practice. Existing statutory infrastructure planning frameworks do not align with emerging strategic planning boundaries, which could continue to cause issues in the future. The availability of water is also not guided by administrative boundaries, which again makes strategic planning more complex .

Source: Getty Images

Commercial development constraints

Commercial development faces similar challenges to residential development, with regards to build cost inflation and higher borrowing costs. A small number of schemes in mixed use developments are also seeing extended lead-in times due to additional obligations from the Building Safety Act.

In recent years, however, some commercial sectors have been comparatively more resistant in terms of development viability. Since the return to work after the pandemic, the office market has become saturated and there is particularly strong demand for prime offices. Rental growth has been increasing and so scheme viability has been improving. Across the regions, rents are close to achieving £60 per sq ft, which is the threshold commonly deemed necessary to reestablish viability. In London, prime offices are particularly sought after and viability of these schemes is outperforming residential development.

Across retail, overall vacancy rates remain high in a historical context but are trending downwards and there has been more confidence reported among occupiers. Development is however highly location-dependent. Secondary locations are struggling with lower vacancy rates but in city centres, there has been a shift to repurposing some areas to food and drink. This is increasing the variety of uses for a greater placemaking role and supporting footfall, which is increasing viability.

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Policy disruption

Consistency in the first six years of the 2012 National Planning Policy Framework (NPPF) drove strong rates of growth in the delivery of consents and new homes across England. Disruption to policy has had the opposite effect, resulting in uncertainty in the market and slowing down activity

The 2024 NPPF reforms are encouraging in pushing forward housing need and routes to supply, but the true impact of the changes will depend on the longevity of the planning system in its current state.

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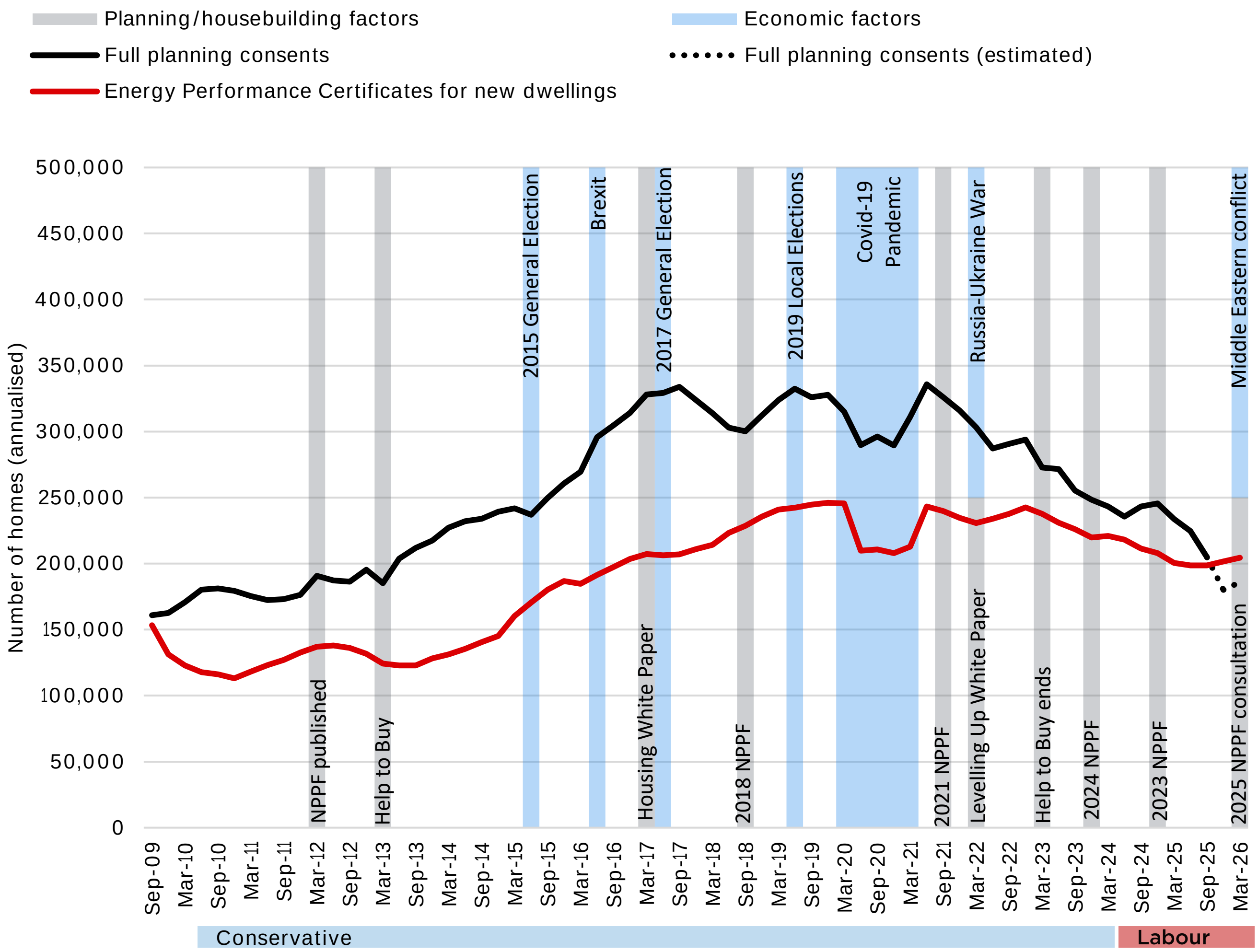
Planning stability success

Since the introduction of the National Planning Policy Framework (NPPF) in 2012, the planning system has undergone multiple phases of reform, with significant implications for residential development in England. Policy consistency in the first few years of the framework created a positive environment for new home delivery, resulting in strong levels of activity across the residential development market.

The policy landscape since 2018 has been very different, with a revolving door of housing ministers and inconsistencies in the planning system creating uncertainty and limiting activity in the new homes market. Recent changes to the planning system have been positively received by the industry, but policy stability in the coming years will be pivotal if this positivity is to translate into new home delivery.

FIGURE 3 – NEW HOME AND FULL CONSENT DELIVERY IN ENGLAND AGAINST MAJOR EXTERNAL AND POLICY CHANGES



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

The changing face of planning policy

POST NPPF GROWTH (2012-2016)

The four years to March 2016 were characterised by a significant increase in new home delivery. The steady adoption of NPPF-compliant Local Plans increased the extent to which local authorities had up-to-date housing targets. The strategic policies in these plans helped ensure growth in national land supply and, by extension, the volume of consents coming through the planning system in sustainable locations with high levels of housing demand.

31.4% ↑
NPPF compliant plans (2015/16)

5.38 years ↑
Land supply (2015/16)

EFFECTIVE OPERATIONS (2016-2020)

Between 2016 and 2019, the English planning system was delivering a consistently high volume of consents – over 300,000 homes per annum. The system benefited from affordability-based housing need measurement and a delivery test that held local authorities accountable for new home delivery, introduced in the 2018 NPPF revision. The boost in new home completions was noticeable, reaching a peak of 245,600 in the year to March 2020, based on Energy Performance Certificates issued for new dwellings.

There was some indication of the planning system stalling towards the end of this period, with fewer local authorities either adopting or reviewing their Local Plans, resulting in an early reduction in both land supply and the number of new consents granted.

46.3% ↑
NPPF compliant plans (2019/20)

5.52 years ↑
Land supply (2019/20)

MARKET UNCERTAINTY (2020-2024)

From 2020, the housebuilding industry faced increasingly challenging market conditions. These were compounded by policy constraints, with land availability and nutrient neutrality beginning to have an impact on the number of consents granted. While there was a clear case for reform, the direction of policy became uncertain.

A revised NPPF was published in 2021, giving greater weight to design and place-making in decisions. While this shift was important in ensuring the delivery of high-quality communities, it also added further complexity at the application stage and expanded the role of subjective judgement in decision-making, contributing to longer determination times and a slower flow of consents. The Levelling Up White Paper, published in 2022, set out broad ambitions for further planning reform to support the levelling up agenda, particularly around devolution and strategic plan-making, but lacked detail around implementation.

Revisions to the NPPF in late 2023 relaxed elements of the Housing Delivery Test and five-year housing land supply requirements, contributing to a decline in the average land supply to 5.19 years by 2023/24 and a reduction in consents granted.

Ahead of the 2024 general election, ongoing uncertainty around issues like housing need and Green Belt release led many local authorities to stall or withdraw Local Plans at very late stages of production. In turn, this reduced land supply, consented land and the number of new homes delivered.

39.2% ↓
NPPF compliant plans (2023/24)

5.19 years ↓
Land supply (2023/24)

A NECESSARY SHAKE-UP (2024-2026)

The 2024 NPPF marked a clear shift in policy direction, with housing targets restored and increased to 370,000 new homes per year. At the same time, housing delivery and land supply policies that had been relaxed in the year before were reinstated. While these changes helped hold LPAs to account for new home delivery, the impact of previous policy was still filtering through, with land supply falling to 4.38 years.

The latest draft NPPF focuses on distinguishing local plan-making from decision-making, with the aim of increasing consistency in decision-making and streamlining the plan-making process. As with plan-making reforms, it is expected that it will take time for LPAs to adjust as new processes become embedded.

30.4% ↓
NPPF compliant plans (2025/26)

4.38 years ↓
Land supply (2025/26)

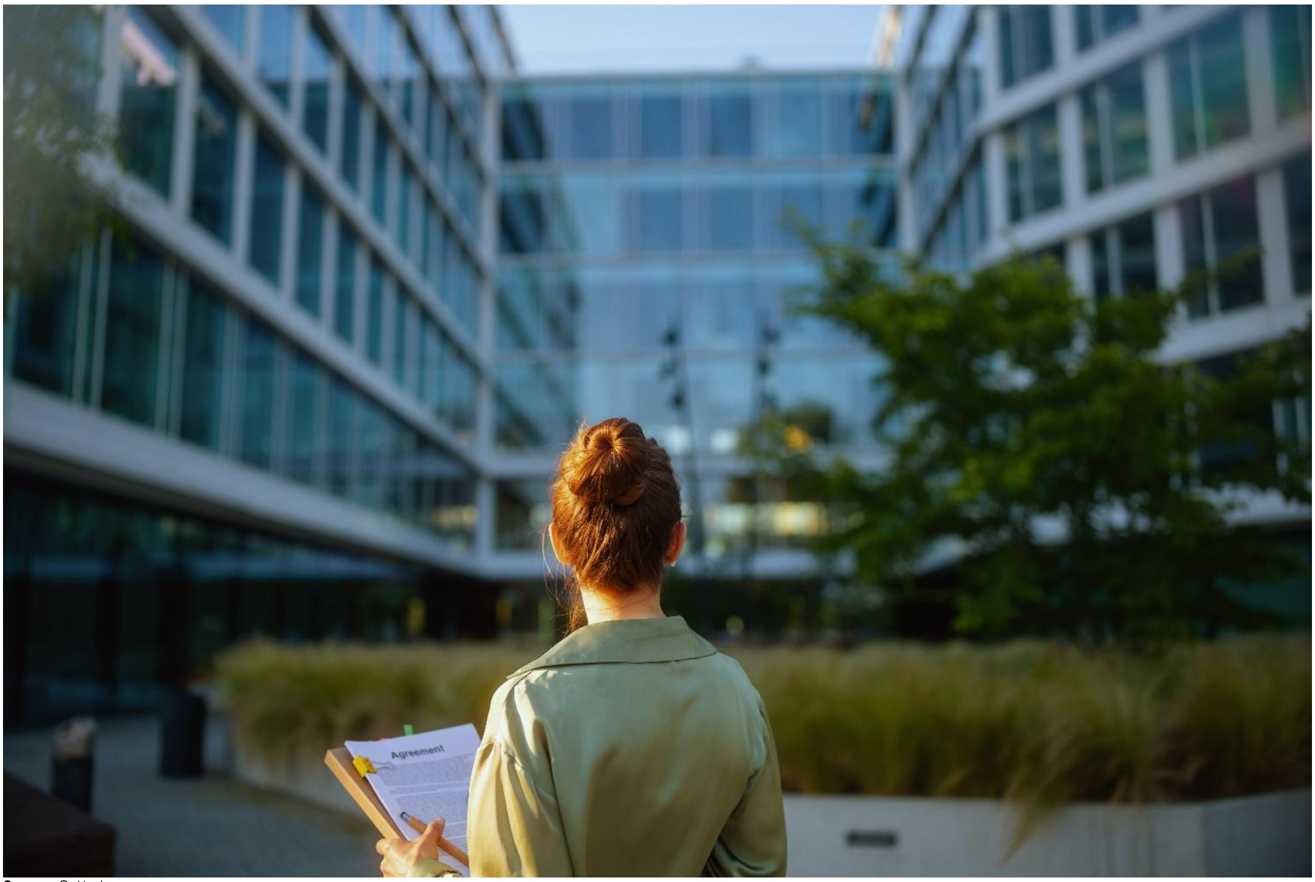
Looking forward...

High rates of delivery going forward will require the right market conditions and the right planning framework to be in place. After the publication of the NPPF in 2012, new home delivery increased substantially due to up-to-date housing targets. High levels of activity continued for just under a decade, with the introduction of the Housing Delivery Test in 2018 helping to maintain delivery. However, this period was also underpinned by lower interest rates and the Help-to-Buy scheme, keeping new-build demand high.

From 2020 onwards, delivery started to decline, likely primarily due to complexity being added to planning applications and the relaxation of the HDT. The market was also met with increasing inflation, which contributed to a decrease in delivery.

The reforms and increased housing targets introduced over the last two years should help to strengthen the planning system and support higher housing delivery. Planning applications are already on the way up, increasing by 44% in the year to Q3 2025. However, increased costs to developers through BNG and the FHS continue to weigh on scheme viability. Geopolitical uncertainty, higher inflation and higher interest rates are also reducing developer confidence and demand. Annual completions remain stagnant, totalling 204,000 in the year to Q1 2026. Meanwhile, consents have continued to decline, reaching 205,000 in Q3 2025, with provisional estimates suggesting a further decline to 186,000 in the year to Q1 2026.

Against this backdrop, it is important that there is now a sustained period of stability to allow the new policy framework to become the established norm, especially during this period of high debt costs and lower sales rates. This will substantially aid the planning process, feeding through to delivery in due course.



Source: Getty Images

Summary and recommendations

Planning policy has had a clear impact on housing delivery since the introduction of the NPPF in 2012. The early years of the framework created a more stable planning environment, supporting higher Local Plan adoption, stronger land supply and a sustained increase in consents. This helped completions rise through the second half of the 2010s, supported by affordability-based housing need, the Housing Delivery Test, lower interest rates and Help to Buy.

Since 2020, weaker market conditions have been compounded by greater policy uncertainty and added complexity in the planning system. Nutrient neutrality, reduced land availability, design-led reforms, slower decision-making and the relaxation of land supply and delivery requirements all contributed to falling consents. Uncertainty ahead of the 2024 election also led some local authorities to stall or withdraw plans, weakening the pipeline further.

The 2024 NPPF has restored a clearer direction on housing need, land supply and accountability, and applications are already rising. However, completions remain flat and consents are still falling, while viability is being constrained by BNG, the Future Homes Standard, higher inflation and debt costs. A sustained period of policy stability is now needed so recent reforms can become embedded and feed through into higher delivery.

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Plan-making

The 2012 NPPF created a more stable planning environment, supporting higher levels of plan adoption, land supply and housing consents. This helped increase delivery through the second half of the 2010s, supported by stronger housing market conditions.

Since 2020, the combination of weaker market conditions, additional policy complexity and uncertainty over reform has reduced activity. The 2024 NPPF has restored a clearer direction on housing need and land supply, but the impact will depend on allowing the new framework time to become embedded within the wider market.

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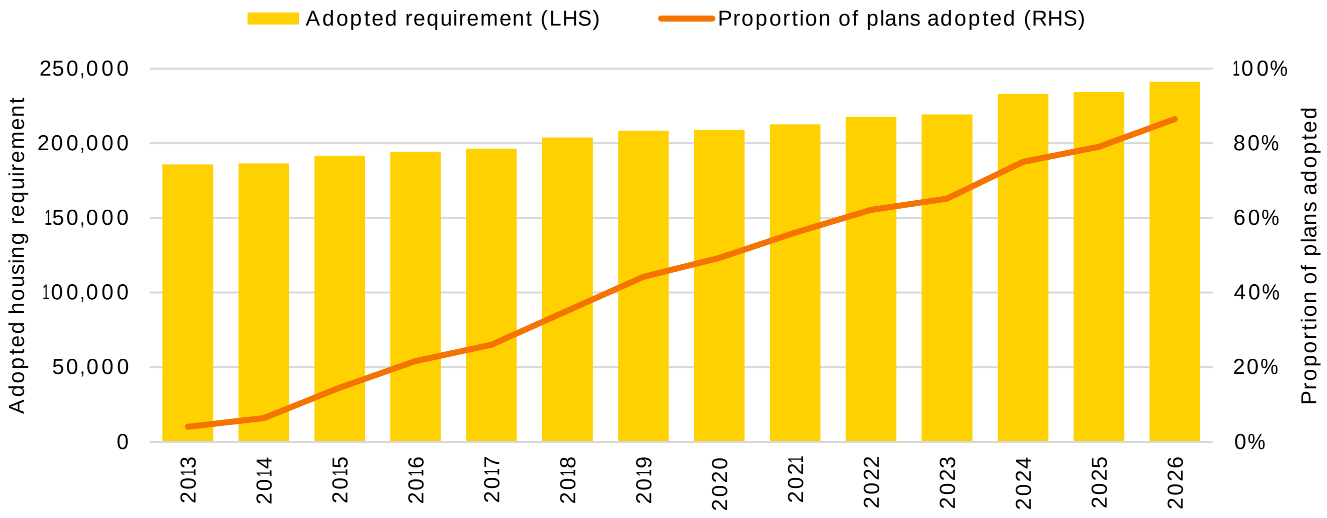
Local Plan adoption

The 2012 planning policy shift radically reshaped the way in which the English planning system operated. The introduction of the presumption in favour of sustainable development, shift towards a plan-led system, and stricter land supply rules for local authorities were key pillars of the new system, driving adoption of new local plans with higher housing requirements. Since 2012, almost 90% of local authorities have adopted a new plan. Within those plans, the housing requirement has increased by 30% to just over 240,000 homes per annum.

FIGURE 4 – DELIVERY FLAT WHILE CONSENTS TICK UPWARDS FOR FIRST TIME SINCE 2024



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

Local Government Reform

Structural changes to plan-making system in England have been proposed and refined over the better part of the past decade, with the changes going live as of March this year. Plan production is more efficient under the new system, with local authorities expected to produce and adopt plans within a 30-month window. Historically, councils have not been successful in meeting plan production deadlines, with just 26% of local authorities adopting a new plan within the initial five-year window proposed in the NPPF 2012.

There are features in place to help accelerate plan production under the new system. 'Gateway Assessments' will be in place to ensure plan-making is on track and to catch any key issues earlier on in the process; early stakeholder engagement and greater transparency in plan preparation is encouraged to support this. Local authorities are also advised to follow standard plan formats and increase the use of digital and interactive plans where possible, all of which will help accelerate plan-making.

The process is further complicated through Local Government Reorganisation, which involves abolishing the two-tier system of councils and replacing them with single unitary authorities. Alongside this, mayoral "Strategic Authorities" will be created or expanded, with powers over housing, transport, and economic development. New authority boundaries have already been decided across the South of England, with two unitary authorities in Surrey confirmed and expected to go live by April next year.

At the most fundamental level, local government reorganisation will help simplify governance and improve service delivery and efficiency across council areas. Removing split responsibilities between district and council councils should accelerate decision making, delivering housing and infrastructure at a faster rate, and supporting economic growth at scale. However, with many unitary authorities expected to emerge in 2027 and 2028, local authorities currently leading on plan-making under the new system may be abolished by the time their plans are adopted.

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Strategic planning

Strategic planning helps support large-scale housing delivery by operating across wider functional economic geographies. Spatial Development Strategies (SDS) will hope to achieve this, aligning housing, employment land and infrastructure, replacing some of the coordination lost after the abolition of Regional Spatial Strategies.

The success of SDS will depend on aligning land-use planning with fragmented water, energy and transport systems. Without that coordination, infrastructure constraints could continue to delay or disrupt delivery.

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The shift in policy

LESSONS FROM REGIONAL SPATIAL STRATEGIES

Prior to the Localism Act 2011, Regional Spatial Strategies (RSS) provided a top-down, regional-level framework for planning in England, translating national policy into regional and local proposals for housing and development. A key strength of the RSS system was its role in progressing Sustainable Urban Extensions, many of which formed the backbone of large-scale new home delivery throughout the 2010's. For example, the Milton Keynes and South Midlands Sub-Regional Spatial Strategy outlines that SUEs would provide 14,900 homes up to 2016, 44% of its 33,900 target. The strategy is linked to multiple major strategic schemes in the area, such as Wixams, and Aylesbury's eastern expansion. Planning for Priors Hall Park in North Northamptonshire began on 2007 and the scheme is expected to deliver over 5,000 homes, as well as schools, retail centres and extensive parkland by 2031.

In the North East, Newcastle Great Park demonstrates how RSS-supported strategic allocations enabled large-scale urban extensions, linking housing growth with long-term infrastructure provision and providing the certainty required to deliver multi-phase developments. Similarly, in County Durham, urban extensions at Sniperley Park and Sherburn Road illustrate how RSS-directed growth allowed local authorities to plan and deliver large-scale sites supported by coordinated infrastructure provision.

SPATIAL DEVELOPMENT STRATEGIES

Another area of planning legislation that could boost activity is the national rollout of mandatory Spatial Development Strategies. These planning frameworks are designed to guide long-term land use, housing distribution and infrastructure coordination, and are the first instance of national strategic planning in England since the abolition of Regional Spatial Strategies in 2010.

The government has issued a consultation on the proposed areas of England for which Spatial Development Strategies (SDSs) should be produced. Its aim is to align strategic planning with devolution geographies.

The proposed areas cover 91% of housing need under the Standard Method. The scale of housing need covered by each area varies considerably, from 2,400 homes in Cumbria to 19,600 homes across Greater Manchester. There are a number of areas with particularly high housing need covered by a small group of potential SDS areas, and over half of national housing need under the Standard Method is captured across just eight proposed geographies.

Strategic planning should do more than identify locations for housing growth. It should also align development with investment in transport, energy and wider infrastructure, helping to address one of the main weaknesses of the current system. Better coordination would give developers and investors greater certainty by reducing the risk that otherwise deliverable sites are held back by infrastructure constraints, while also improving cross-boundary working and reducing policy conflict between neighbouring authorities.

"Strategic planning should do more than identify locations for housing growth. It should also align development with investment in transport, energy and wider infrastructure...

Strategic planning and infrastructure

51%

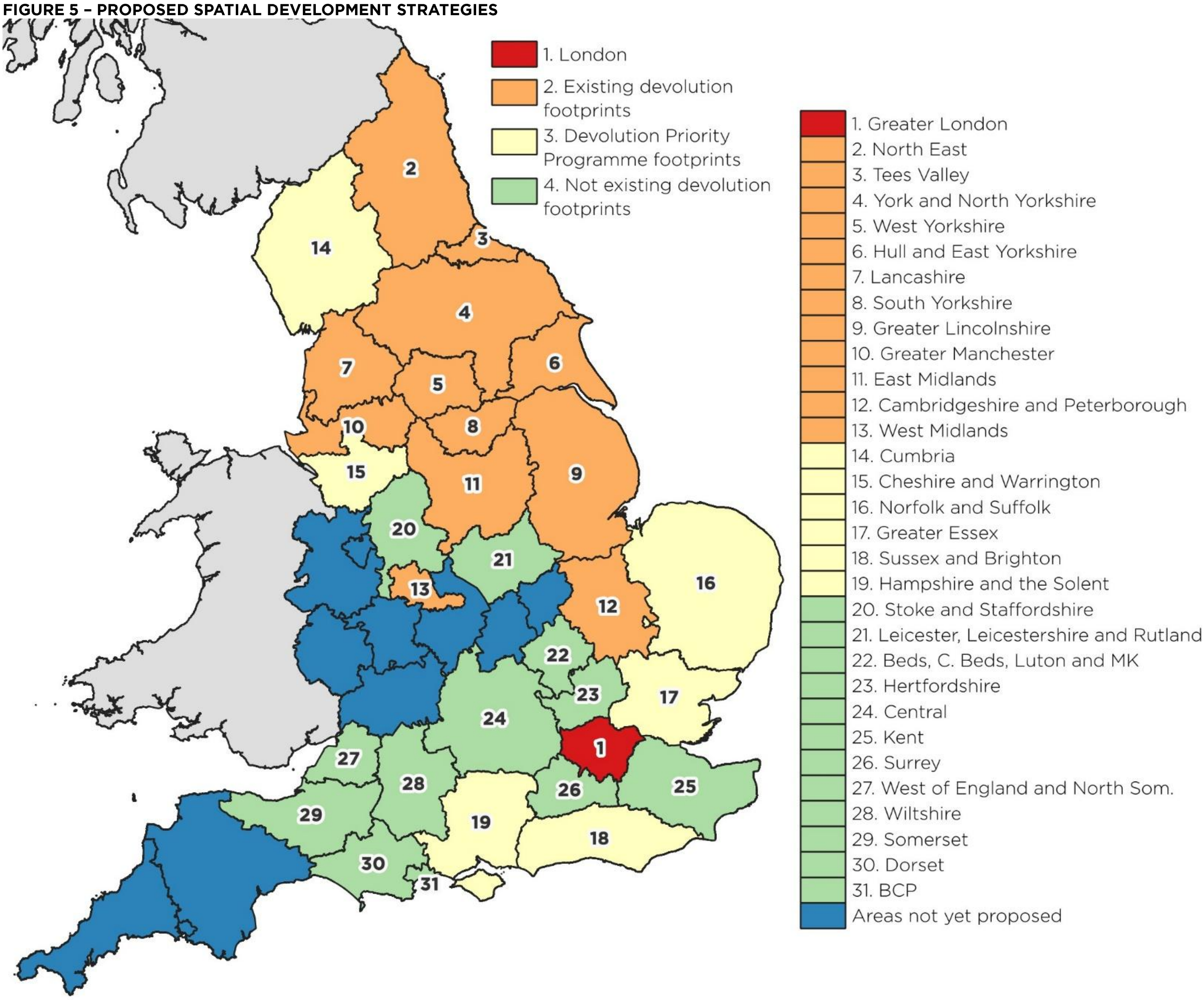
of housing need under the 2024 standard method is covered by eight proposed Spatial Development Strategies

The reintroduction of sub-regional planning will a central feature of large scale development in the coming years, supporting Government ambitions to bring forward the next generation of new towns. Successful delivery will require clear alignment across a fragmented web of infrastructure planning systems.

One of the key strengths of strategic planning is the capacity to bring forward large-scale residential developments. Regional Spatial Strategies (RSS) set growth at the right scale, creating the critical mass required to justify large Sustainable Urban Extensions (SUEs). The scale of the strategies allowed for cross-boundary coordination and were set out in a way that integrated infrastructure with housing growth.

SDS will perform a similar function, identifying key growth locations for residential and employment land. Provision of infrastructure will determine whether sites in those locations are deliverable. In bringing together fragmented infrastructure planning systems to align with land-use planning, SDS will create a more favourable environment for the delivery of large developments. Timing of this will be critical, however, and success will rely on coordinating spatial plans with the longer-term and less flexible frameworks used by water, energy and transport.

FIGURE 5 – PROPOSED SPATIAL DEVELOPMENT STRATEGIES



Source: MHCLG

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Outlook for residential development

Trends in English housing market activity from 2012 to 2018 show that the industry requires stability in policy in order to effectively function and grow at a consistent rate. Against a backdrop of rapidly developing global uncertainty, stability in policy is a clear controllable input which can benefit housebuilding.

The level of planning stability will impact the rate of planning activity over the next five years. An unstable environment with further policy changes and greater uncertainty is reflected in our lower scenario below, while a continuation of existing policy is reflected in our central scenario.

Historic evidence suggests that consistency in policy will drive growth in plan adoption in line with existing trends. With stricter rules around housing need, we anticipate this could result in a total adopted housing requirement of just over 280,000 homes per annum by 2031. Within this scenario, we would expect a return to growth in consents granted comparable to historic trends, reflected in a healthy supply of deliverable sites nationally.

The scenarios below are based on existing evidence, and some adjustment to the upside could be driven by the more streamlined nature of the new planning system in accelerating the delivery of plan adoption. Conversely, activity in the market will also hinge on external factors, and general improvements in the market conditions outlined earlier in this report will be necessary to allow current policy to reach its full potential.

TABLE 1 – OUTLOOK FOR RESIDENTIAL DEVELOPMENT

Scenario	Lower	Central	Upper
Adopted housing requirement (Number of homes, March 2031)	264,800	280,200	296,500
Consents granted (plots, year to March 2031)	247,700	378,600	400,600
Land supply (number of years)	4.1 years	6.2 years	6.2 years

Source: Savills Research

The level of adopted housing requirement will vary based on the extent to which existing planning policy remains in place. An annual housing requirement of just under 265,000 homes per annum assumes that further changes to the NPPF are implemented over the next five years, reflecting experiences from 2018 onwards. Lower consents granted under this scenario are a feature of the instability and uncertainty caused by this policy shift.

Historic evidence suggests that greater consistency in policy will drive growth in plan adoption in line with existing trends. With stricter rules around housing need, we anticipate that this could result in a total adopted housing requirement of just over 280,000 homes per annum by 2031. Within this scenario, we would expect a return to growth in consents granted, comparable to historic trends and reflected in a healthy supply of deliverable sites nationally.

With the emergence of Local Government Reorganisation (LGR) and Spatial Development Strategies (SDS), planning will operate across wider functional economic geographies, with clearly established growth locations for the delivery of new homes and employment space. Alongside this, we would hope to see greater co-ordination across the current fragmented collection of infrastructure planning systems. The freedom to plan large sites in identified growth locations, alongside key infrastructure, will allow local authorities to plan above historic trends, towards Government ambitions of 300,000 homes per annum.

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