savills

SPOTLIGHT

SCOTLAND PLANNING

NAVIGATING NPF4 AND VIABILITY CHALLENGES

RESEARCH

Introduction

The Scottish Government declared a national housing emergency in 2024, but questions remain about whether planning and development policy is doing enough to help deliver the homes Scotland needs.

Scotland has been undergoing a significant change of direction over the last three years about where housebuilding should be located and what kind of development will be supported.

Key to this is the National Planning Framework 4. Introduced in 2023, the consequences of the new framework are now beginning to be felt, as councils prepare new Local Development Plans (LDPs) and new rules begin to embed themselves into the planning and development cycle. For residential development, there are three principles that will prove particularly important:

- First, councils should have adopted a new, NPF4-compliant LDP, covering the next ten years of development, by no later than May 2028. It is already clear that most councils will not meet this deadline.
- Second, new housing should as a rule only occur on sites allocated within Local Development Plans. This change, backed by recent decisions at the Court of Session, essentially means that sites that are not allocated for housing are unlikely to gain planning permission, even in areas of where there is a critical need to boost housing supply or where it is known that new Local Development Plans will not be in place by May 2028.
- The result is an increased demand for strategic housing land, as developers and landowners must obtain or option their sites and successfully promote it to receive an allocation within the ongoing Local Development Plan reviews, or risk being effectively shut out of the development land market for ten years.
- Third, development should focus on previously developed sites as part of a brownfield-first approach, with greenfield sites playing a minimal role in housing delivery. Due to higher costs, this will likely require new development to be at higher densities and pricing to ensure viability.

Combined, these changes are already having a major impact on residential housing supply in Scotland which could continue over the next decade. They also raise several questions about whether such an approach will help deliver the homes Scotland needs. Key questions remain:

Can robust Local Development Plans be ready by 2028 or, where this is not possible, with minimal further delay?

Can brownfield sites really deliver enough homes to meet housing need?

Will relying only on sites allocated within the local plan-making process deliver enough homes, or leave supply at risk of disruption?

Finally, how will these changes affect the wider viability of development, which is already holding back housebuilding in parts of Scotland?

Residential development in Scotland is at an inflection point. There is reason for cautious optimism in the new homes sales market, with rising site visitors and stable sales rates. But applications and completions of new homes have fallen two years in a row, and many local authorities are now behind schedule for adopting new local plans. Whether NPF4 and the planning system can enable more housebuilding and unlock development activity is therefore critical to whether Scotland can make progress on tackling the housing emergency, and delivering the homes it needs.

CONTENTS

Local Development Plan progression

ON THE CLOCK

The introduction of the National Planning Framework 4 in February 2023 has led to several changes to how development will be planned in Scotland. Most importantly, all local planning authorities in Scotland should have a new Local Development Plan (LDP) in place by May 2028, and private for-sale housing is only permitted on sites allocated for housing in adopted LDPs.

With a little over two years to prepare and adopt a new LDP, the timeline envisaged by the Scottish Government is notably more condensed than previously. Reaching the stage where an LDP is ready for adoption within the time allowed may therefore prove a challenge.

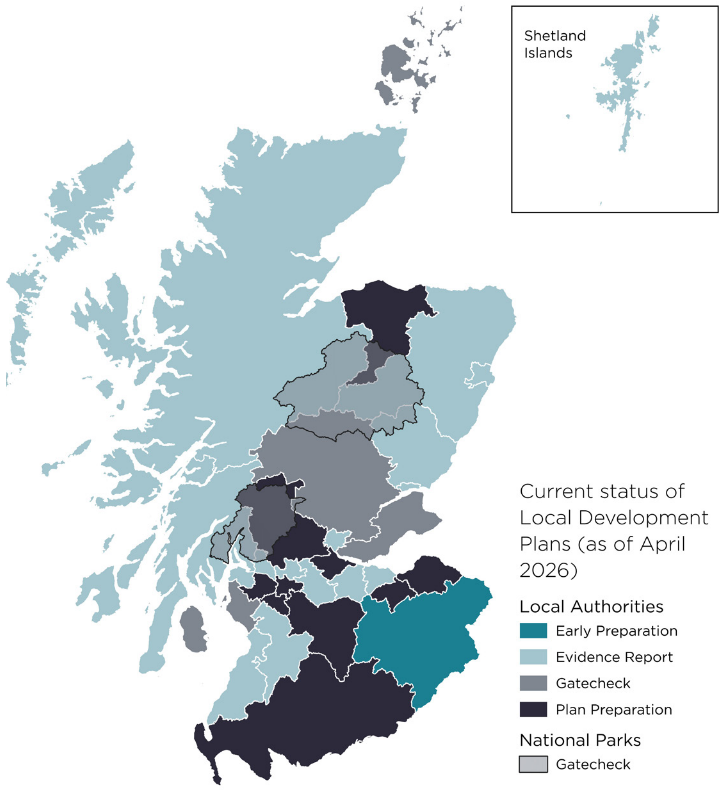
As of March 2026, a large majority of Scottish councils are only at the stage of gathering evidence to inform their LDPs or still undergoing early preparatory work. Many are still actively looking for sites to allocate for development. Only nine councils have had their initial plans approved by the "Gatecheck" system, and are ready to begin preparing a formal Local Development Plan in earnest.

MAY 2028

TARGET DATE FOR EVERY LPA IN SCOTLAND TO HAVE A NEW LOCAL DEVELOPMENT PLAN

LOCAL DEVELOPMENT PLAN PROGRESSION

FIGURE 1: PROGRESS TOWARDS NPF4-COMPLIANT LOCAL DEVELOPMENT PLANS



Source: Savills using Council data

ARE WE THERE YET?

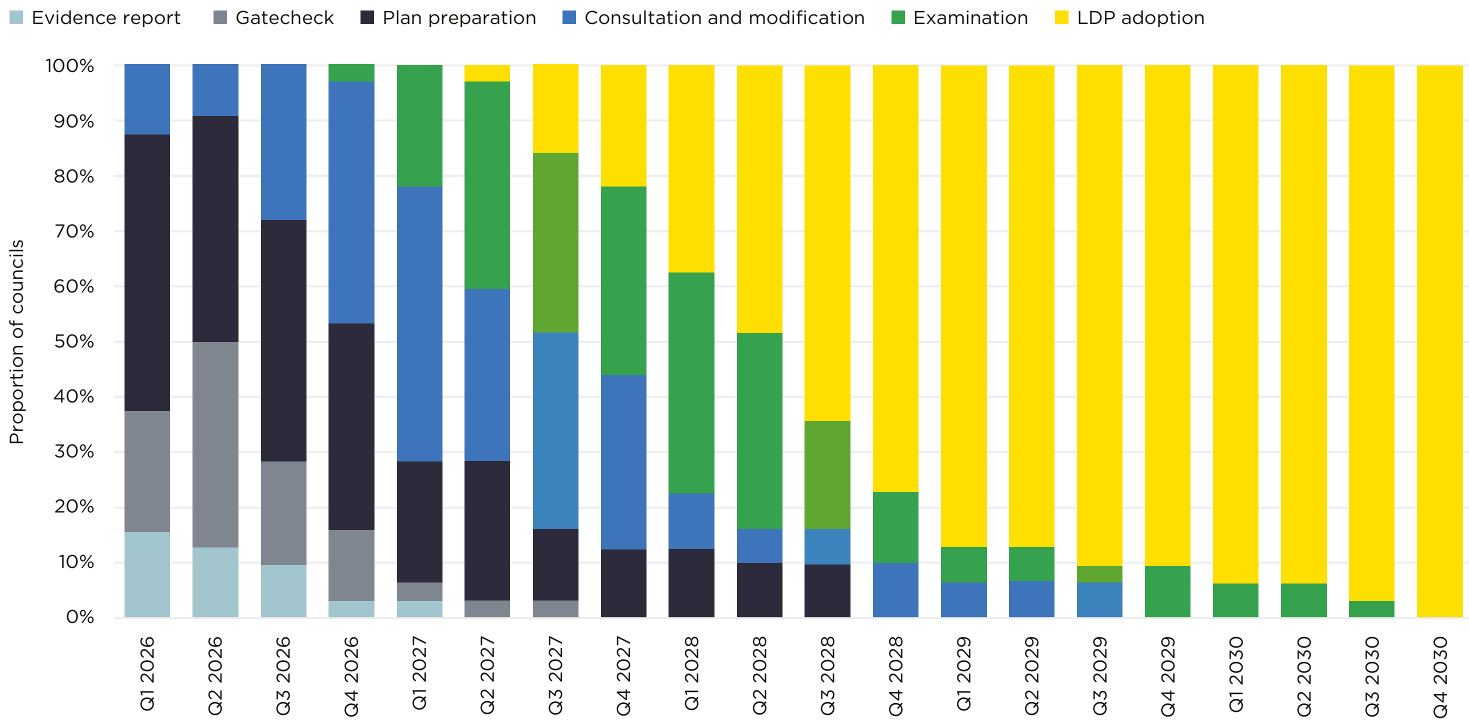
As it stands, public consultation and examination processes still await every council, with only a little over two years left to go before the deadline. This is a highly accelerated timeline for the adoption of new LDPs, especially with regards to resourcing in the inspection process.

Savills analysis of likely timelines for plan adoption suggests this is unlikely to be achieved. Published timelines suggest 18 councils may successfully adopt an LDP by the end of Q1 2028, but even this is highly optimistic, and assumes no further delays or changes in the process. In addition, several remaining councils will still be at the plan preparation stage, with consultation and examination ahead of them. Full coverage with NPF4-compliant plans is unlikely to occur before 2030.

Progress is being made in some areas. Much of the Central Belt, including Glasgow, East Lothian, Midlothian and Renfrewshire, are on course to adopt plans before the 2028 deadline. The City of Edinburgh and other council areas with large populations such as Fife are likely to follow suit shortly after. By the end of 2028, it is likely that many of Scotland's largest settlements will be covered by a new and up to date plan.

Where progress is proving more challenging is in more suburban and rural areas, such as Angus, South Ayrshire, and Argyll and Bute, where greenfield sites typically make up a larger share of housing delivery. The lack of a new plan with accompanying allocations alongside a focus on brownfield may make identifying and bringing forward adequate sources of housing supply more challenging in these locations. Partly as a result, these councils are not expected to adopt new Local Development Plans until 2030 or beyond.

FIGURE 2: WHEN ARE NPF4-COMPLIANT PLANS LIKELY TO BE ADOPTED?



Source: Savills using Council data

National Planning Framework 4

Will reforms provide enough homes?

Given development under NPF4 is dependent on allocated sites and heavily focused on brownfield, it is important to understand how much housing supply these sites can deliver. Unfortunately, the evidence of recent years is mixed, and suggests that development on brownfield in particular is becoming more challenging.

Overall, between 2020 and H1 2025, homes granted consent on brownfield sites only accounted for less than half (45%) of total supply, and those on allocated sites barely over a third (34%). That greenfield and unallocated sites make up over half of housing supply over the past five years should raise significant concerns. An approach to planning that relies solely on allocations and brownfield will not provide adequate sources of housing supply.

HOMES GRANTED CONSENT ON BROWNFIELD SITES ONLY ACCOUNTED FOR LESS THAN HALF (45%) OF TOTAL SUPPLY BETWEEN 2020 AND H1 2025

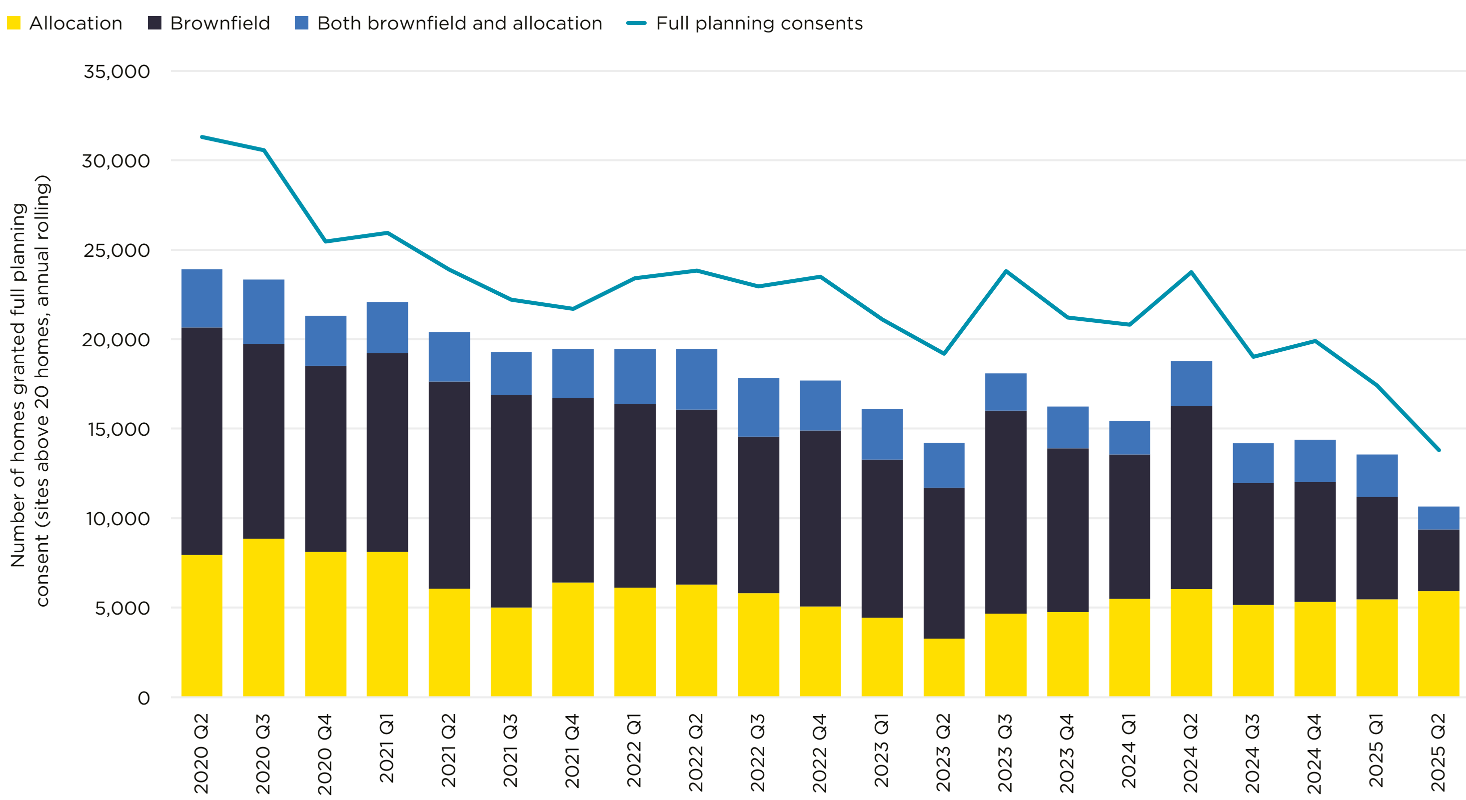
More worrying still is that headline trends for housing supply are also heading in the wrong direction. Since mid-2020, the number of homes being granted full planning consent in Scotland has more than halved, falling by 56% on an annualised basis.

The number of homes being granted consent on allocated sites have seen a smaller fall than overall volumes, as NPF4 limits consents to these sites. These tend to be large, strategic sites central to LDPs, so a drop of over a quarter (26%) since in five years is still cause for serious concern. Ironically, the decline in wider consents due to NPF4 Policy 16(f) has caused allocated sites to become a more important part of housing supply. Homes on allocations contributed around 65% of consented homes in the first six months of 2025, compared to one in three (33%) on average between 2020 and 2024.

This illustrates the important contribution of windfall housing sites to supply, which is currently closed off by Policy 16(f). A policy direction that excludes non-allocated sites places more and more pressure on the handful of sites that are allocated, leaving housing supply more vulnerable to delay or shocks should development challenges prevent a site from progressing.

At the same time, the focus on brownfield raises questions over how many new homes these sites can deliver. Brownfield sites have seen a much sharper contraction in the number of homes being granted consents, with less than a third of the number being permitted five years ago. Relying on brownfield also presents a risk, due to the typically higher density and prices required to make such schemes viable alongside higher build costs and longer construction periods (discussed below). Combined with a lack of planning permissions, these conditions risk deterring many developers.

FIGURE 3: FEWER HOMES ARE BEING GRANTED CONSENT ON BROWNFIELD SITES



Source: Savills using Glenigan (20+ units only), CORINE Land Cover, Landstack

Brownfield first

A sustainable approach?

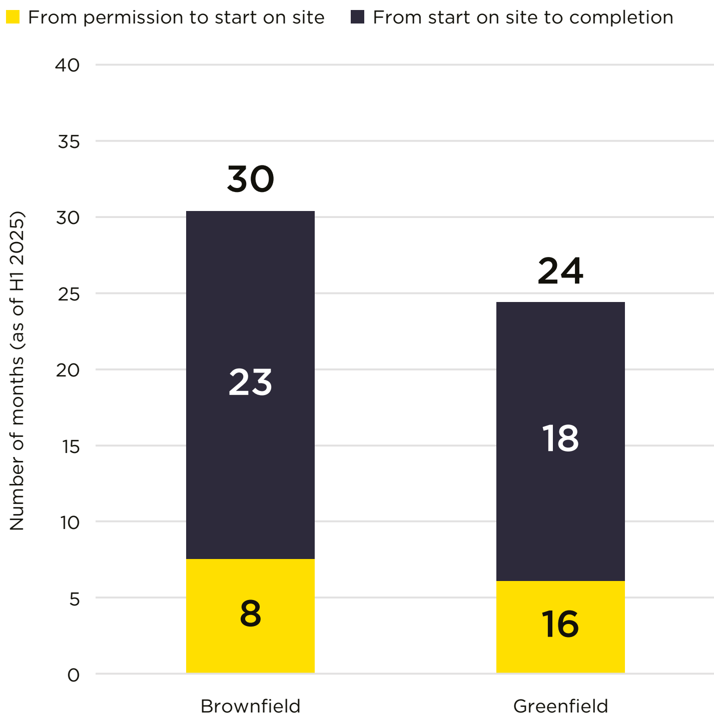
Development on existing sites, especially in large cities, often comes with additional costs and challenges compared to conventional greenfield development, despite urban development often selling for above-average values per square foot. Brownfield sites often involve additional remediation works and are typically blocks of flats, which cannot be built out gradually as with housing-led sites. As a result, the evidence suggests that brownfield sites take longer to build out and have a 'higher' attrition rate during development, yielding fewer homes overall - though it should be noted that constructions periods can vary for multiple reasons and drawing clear conclusions is challenging.

Analysis of consent and site-level data from H1 2025 (as a proxy for the current state of play for development) shows that brownfield sites take eight months to progress from being granted planning permission to starting construction, compared to six months for a greenfield site. Construction also tends to take longer, with brownfield sites taking around 23 months on average to complete, compared to 18 months for greenfield. And the gap is growing: across the data we analysed, construction times have doubled for brownfield sites since 2020, compared to an increase of 50% for greenfield sites.

×2

HOW MUCH LONGER IT TAKES BROWNFIELD SITES TO BE BUILT OUT COMPARED TO 2020

FIGURE 4: ON AVERAGE, BROWNFIELD SITES TAKE FOUR MONTHS LONGER TO BE BUILT OUT



Source: Savills using Glenigan (20+ units only), CORINE Land Cover

> Construction times have doubled for brownfield sites since 2020, compared to an increase of 50% for greenfield sites

Brownfield sites also have a higher attrition rate, where homes granted consent fail to be built out. Between 2020 and H1 2025, the rate of attrition of was on average 8% higher on brownfield sites than on greenfield, likely due to the greater complexity and more marginal viability that the former typically face. Long build-out times and a higher "attrition rate" highlight how relying too heavily on brownfield sites can lead to a slower rate of delivery and more schemes potentially failing to deliver any homes at all, thus risking overall housing supply.

In addition, the NPF4's focus on 'Town Centre First' essentially now requires developers to demonstrate existing use of a building is no longer viable, and thus a change of use, such as residential, would be viable and desirable, adding an additional layer of complexity to bringing forward brownfield sites even when other policy is supportive of delivering more homes on such locations. A brownfield-first approach therefore risks loading development onto sites that are more challenging and take longer to deliver, and have a higher risk of falling foul of obstacles that prevents housing delivery.

With a complete reliance on allocated sites and an excessive focus on brownfield sites, NPF4 will struggle to reverse the shrinking flow of planning consents, leading to less developer activity in the short term. On the contrary, the new framework risks excluding too many viable and deliverable sites from the overall supply of new homes, and threatens to push the weight of housing delivery onto too few sites with often limited viability and higher risk of development failure. It is therefore unlikely that NPF4 will help increase the volume of housebuilding to the levels required for Scotland to seriously meet the challenge of the housing emergency and to help grow its economy.

NPF4 IS UNLIKELY TO REVERSE THE SHRINKING FLOW OF PLANNING CONSENTS NOR LEAD TO MORE DEVELOPER ACTIVITY

The viability question

Beyond the new requirements in NPF4, the wider issue facing housebuilding in Scotland is one of viability. To work out where delivering homes was financially viable for developers, we modelled the 'all-in' cost (i.e. factoring in land, build costs, planning obligations and required margin) of delivering a new 1,100 square foot home in each postcode district in Scotland, and compared this to an estimated sale price based on average upper quartile pricing over the past twelve months.

We found that across Scotland, nearly one in four postcode districts (24%) were no longer viable to deliver homes in (excluding Eilean an Iar and Shetland Isles, which have particular reasons for difficulty of delivery). Amongst the councils with the most limited viability were Dumfries and Galloway and South Ayrshire - areas where new new build sales prices are not sufficient to support housebuilding in our model.

A further 12 councils had at least one area that was unviable using our model. In total. 20 authorities had at least one postcode district where it is unviable to deliver homes.

Using our modelling, most urban areas performed well, including Glasgow and Edinburgh. This reflects the higher values per square foot achieved in these cities, but does not account for the likely smaller size of properties being delivered, nor the additional costs of delivering more high-rise typologies or the greater challenges of brownfield development, discussed above.

24%

OF POSTCODE DISTRICTS WERE NO LONGER VIABLE TO DELIVER HOMES IN

savills

Savills Research

We're a dedicated team with an unrivalled reputation for producing well-informed and accurate analysis, research and commentary across all sectors of the UK property market. To view copies of our previous Spotlight publications, go to **www.savills.co.uk/insight-and-opinion/**

SAVILLS RESEARCH

Emily Williams
Director, Residential Research
+44 20 3618 3583
emily.williams@savills.com

Faisal Choudhry
Director, Scotland Residential Research
+44 141 248 7342
fchoudhry@savills.com

Daniel Formston
Research Analyst, Residential Research
+44 20 3810 9859
daniel.formston@savills.com

SAVILLS SCOTLAND PLANNING AND DEVELOPMENT

Awaiting contacts