

English Housing Supply Update



New home delivery stable amid signs of planning reform taking effect

Housing delivery stable in Q2 as construction rebounds

Total new home completions in England in the 12 months to Q2 2025 were just over 201,000, according to Energy Performance Certificate (EPC) data. This means completions have remained broadly stable across H1 2025. Nevertheless, delivery is now 8% below Q2 last year.

The outlook is more positive for the next twelve months thanks to a recovery in new home starts. Starts in the year to June were 40% higher than the same time last year, per NHBC data, which should boost future completions. For now, though, growth in delivery remains restricted to major housebuilders. NHBC figures showed that the ten largest housebuilders enjoyed a third consecutive quarter of growth in annual completions, while SMEs ([who struggle to secure suitable sites and consents](#)) saw completions fall.

Possible early signs of planning reform yielding results

The last twelve months has seen considerable reform to the planning system in England, but so far results have been limited. Around 225,000 homes gained full planning permission in the year to Q2 2025, per Glenigan and the HBF – a drop from Q1's c. 235,000.

A close look at the data, however, suggests the Government's efforts may be starting to bear fruit. Provisional figures from Glenigan shows that on a *quarterly* basis, consent numbers grew by around 25%. There are also positive signals from the appeals system, [with 80% of residential capacity determined at appeal in Q1 2025 granted consent, compared to an average over the last ten years of 57%](#). Together, these could be early signs that reform is bedding in, and planning permissions will increase over the course of the year.

Planning issues remain, though land supply is improving





Despite signs that the planning system is beginning to respond to new rules and targets, for many developers it remains a source of considerable frustration. 80% of developers cited planning delays as a key constraint on development – a near-record reading – in the most recent NHBC developer survey. On the other hand, land prices have declined as an issue, possibly due to NPPF changes and 'Grey Belt' rules unlocking sites and [putting downward pressure on land values](#).

Alongside this, the return of the Housing Delivery Test is also likely to help boost land supply. Looking ahead to the results of the 2024 Test (due late 2025), we estimate that 137 districts (46%) are currently on course to fail the Test. Of those, a large share – 97 – are likely to fall short of their target by 25% or more. This means these districts will be required to apply the presumption in favour of sustainable development when making planning decisions in order to boost their delivery rates closer to housing need, which should lead to more sites gaining consent, especially at appeal.

Weak market conditions continue to hold developers back

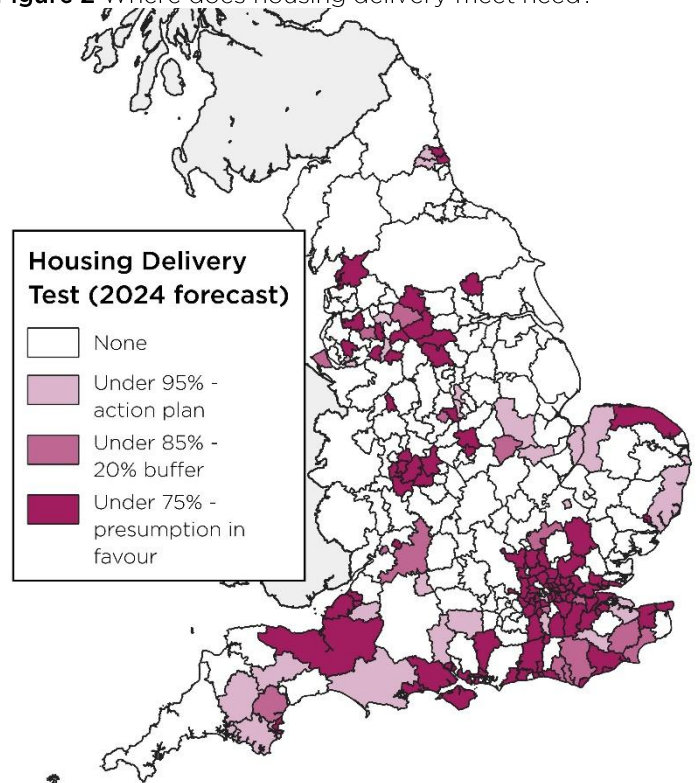
In the new build market, conditions have definitely improved since last year but nevertheless remain challenging. Across the publicly-listed housebuilders, sales per outlet per week averaged 0.57 in Q2, per recent trading statements. Bulk deals have declined as a source of sales, which has helped boost profit margins, but several major developers have struggled to increase sale prices in line with inflation. Heavy use of financial incentives remains, hinting at stretched buyer finances and weaker demand.

Figure 1 Housing Supply at a glance (vs last quarter)

	370,200 Number of new homes required per year under Standard Method assessment, May 2025
	300,000 Number of new homes required on average each year to meet government policy target
	201,049 (-1%) Number of new home completions, 12 months to June 2025 (MHCLG)
	c. 225,000 (-3%) Number of homes estimated to have gained full planning consent, 12 months to June 2025 (HBF, Glenigan)

Source MHCLG Live Tables 122, NB1, SM Housing Need; HBF, Glenigan (10+ homes)

Figure 2 Where does housing delivery meet need?

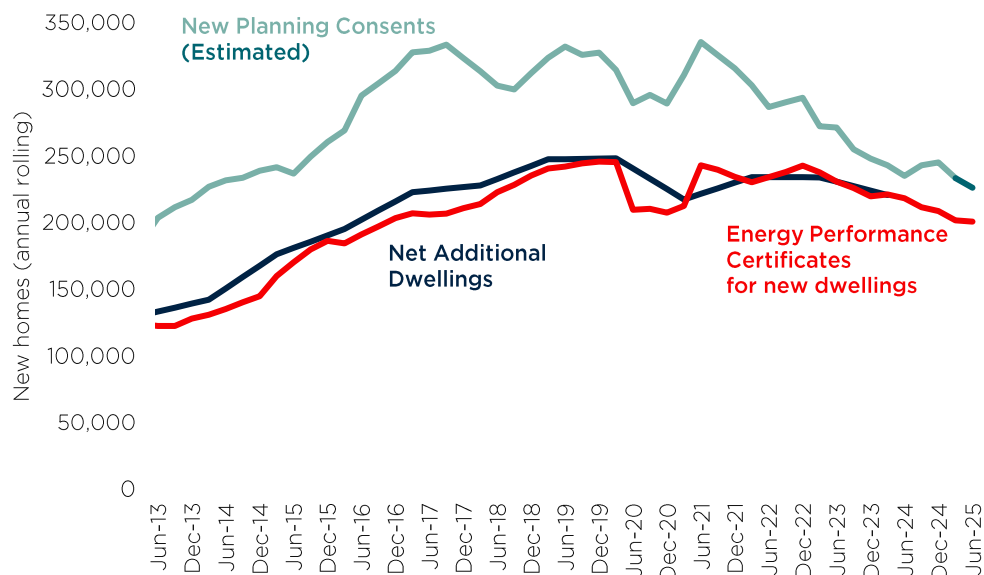


Source Savills using MHCLG Housing Delivery Test (2023), Live Table 122, Local Plan data

201,000 new homes were built in the twelve months to June 2025, according to EPC data. That leaves completions broadly unchanged since the previous quarter, with the smallest quarterly fall in over a year. Nevertheless, the number of new homes completed remains 8% lower than 12 months ago and lower than at any point since 2016.

Around 225,000 new homes gained full planning consent in the year to Q2 2025, according to initial estimates from Glenigan and the HBF.

Figure 3 New homes completions fall to lowest level since 2016

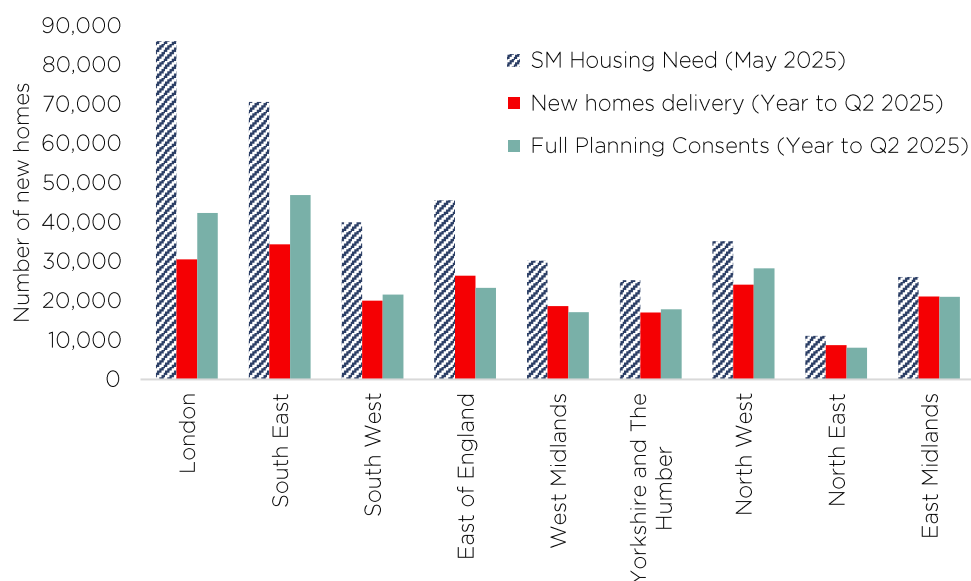


Source MHCLG Live Tables 122, NBI, HBF, Glenigan (only 10+ homes)

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

Four English regions granted consent for fewer homes than were delivered in the year to Q2 2025, while a further two regions consented less than 10% more than current delivery. Given the drop-out rate for consents, this suggests six regions, or two-thirds across England, are at risk of falling supply in the near-term. All regions failed to grant consent to enough homes to meet the latest (May 2025) Standard Method Housing Need figures.

Figure 4 Six regions at risk of falling supply



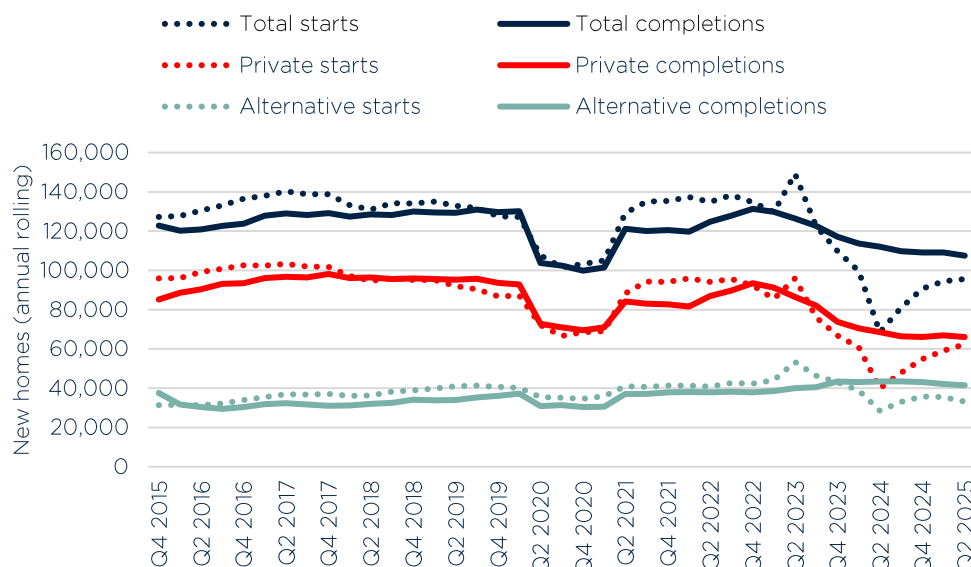
Source MHCLG Table NBI, HBF, Glenigan (only 10+ units)

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.

Total starts in the year to Q2 2025 were 40% above their level last year, as construction starts continue to recover from their lowest point in 2024. Total and private annual construction starts continued to recover in Q2 2025, although the rate of growth has slowed. By contrast, alternative starts (which includes affordable housing and Build to Rent) fell by 6.4% compared to Q4.

Annual completions remain broadly flat, recording a slight fall of 1.4% in the quarter to Q2 2025. They remain 17% below their 2017/19 average.

Figure 5 Starts are recovering, but completions are yet to follow



Source NHBC Residential Construction Statistics Portal

Recovery amongst England's housebuilders remains uneven, with the gap in delivery between large housebuilders and SMEs continuing to widen.

The top 10 housebuilders saw a third consecutive quarter of growth in annual completions in Q2 2025, increasing by 2.1% in the last quarter, bringing annual growth to 2.8%.

Meanwhile, the remaining top 50 housebuilders and smaller housebuilders have seen three to four consecutive quarters of falls with annual completions falling by 5.2% and 7.2% respectively in the latest quarter. This puts annual growth at -13.7% for the top 50 and -11.0% for smaller builders.

The HBF sentiment survey (provided by NHBC) provides qualitative data on the major constraints affecting housebuilding.

Despite major planning reforms at the end of 2024, delays remained the top barrier to development in Q2 2025, with 80% of developers citing them as a key constraint. [Data from the Planning Inspectorate](#) and provisional consent numbers for Q2 suggest planning pressures may ease over the rest of the year.

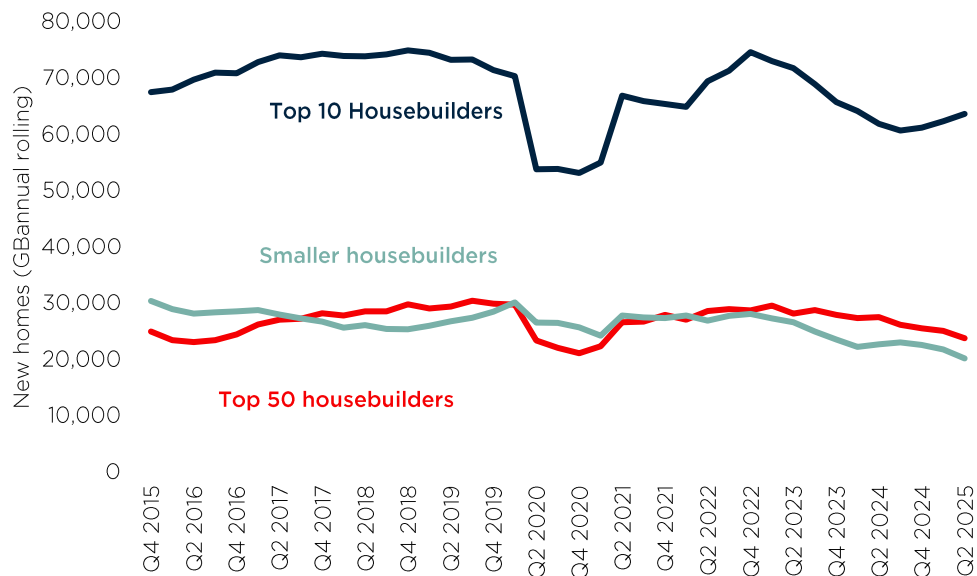
In contrast, land prices and availability have declined as a constraint over the first half of the year, partly due to NPPF revisions and new 'Grey Belt' rules unlocking land. Values may soften further as more sites come onto the market.

Rising workforce costs have emerged as an increasing issue for developers, although overall levels remain muted compared to recent years.

Across labour and materials, labour costs were the most reported issue, with over one in five developers (22%) citing them as a major constraint. That's up from 10% a year ago and likely driven by a rise in the National Minimum Wage and National Insurance Contributions in April this year.

In contrast, materials pressure has eased considerably, with prices and availability declining by 15% and 5% from Q1, respectively.

Figure 6 Gap in completions between major housebuilders and SMEs widens



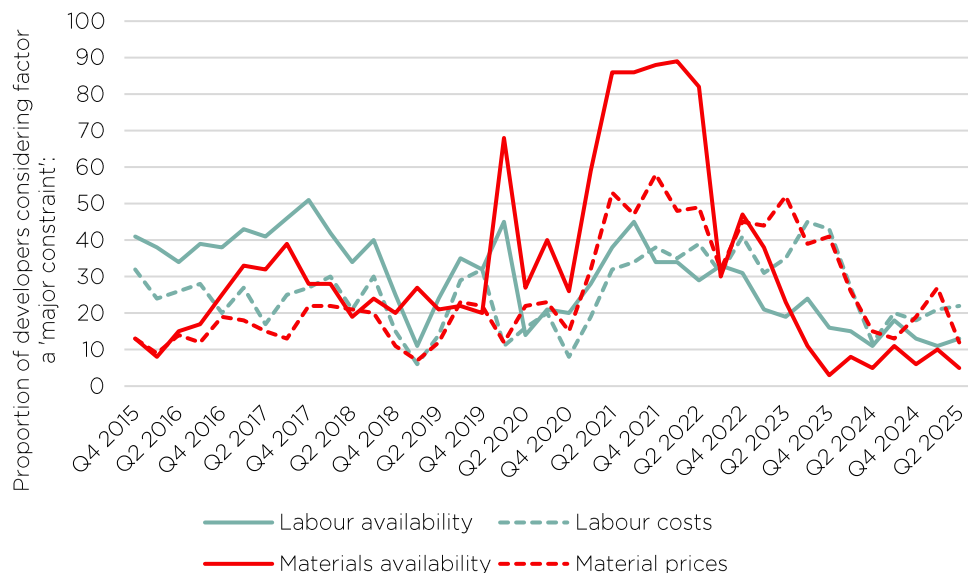
Source NHBC Residential Construction Statistics Portal

Figure 7 Planning continues to be a key constraint whilst issues around land subsides



Source HBF Survey, NHBC Residential Construction Statistics Portal

Figure 8 Labour costs rise but materials prices ease considerably



Source HBF Survey, 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 major housebuilders averaged 0.60 sales per outlet per week in the first 4 months of 2025, in line with pre-Help to Buy trends and where sales rates will likely remain without a significant demand-side stimulus.

A few housebuilders have issued updates for Q2 2025. Average sales rates fell to 0.57, as a subdued market (as indicated by the RICS agent survey) weighs on activity.

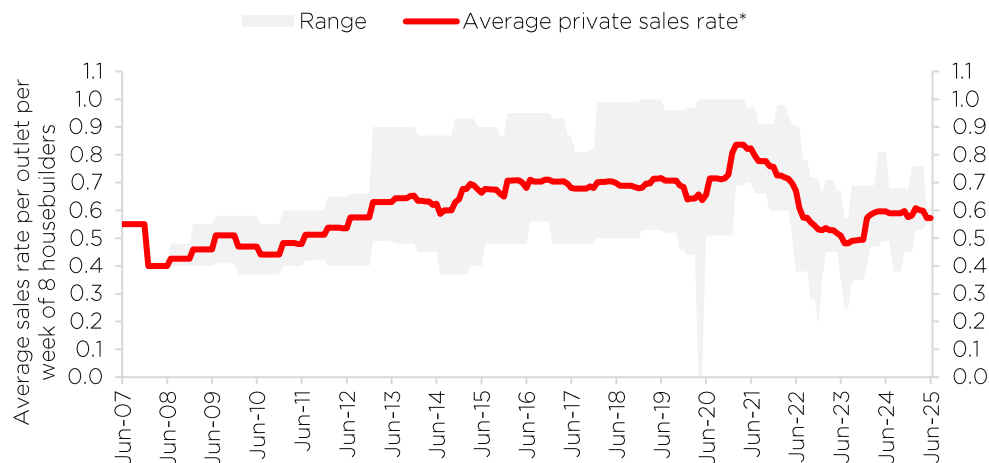
13,300 new Build to Rent homes were completed in the year to June 2025 - down 35% compared to the previous year. Only 8,200 homes started on site, down 43% over the same period. Homes under construction also shrank, with 9.5% fewer homes in the pipeline in the year to June 2025 compared to the same period in 2024.

That said, at nearly 48,500 homes, there is still considerable supply progressing through the construction process. Furthermore, Q1 2025 saw the highest level of Q1 investment in the sector since 2022.

2023/24 remained a strong year for Affordable delivery. Overall annual delivery in the year to March 2024 was 2% lower than the year before. This still represented the second-highest number of new Affordable homes delivered since 2014-15, however. Moreover, social rented homes increased by 5% compared to the previous year.

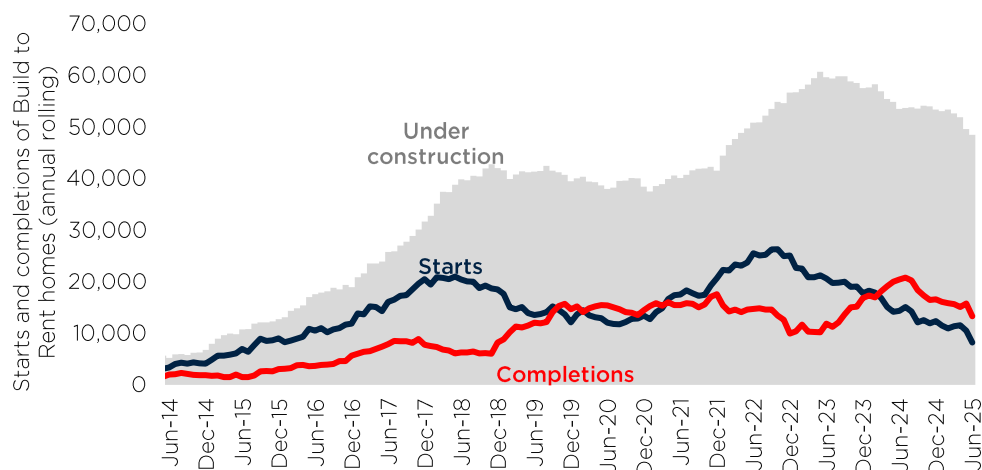
Our latest estimate using figures from the NHF suggests Affordable housing delivery will decline further by around 5% in the coming year.

Figure 9 Average PLC housebuilder sales rates show signs of softening in Q2



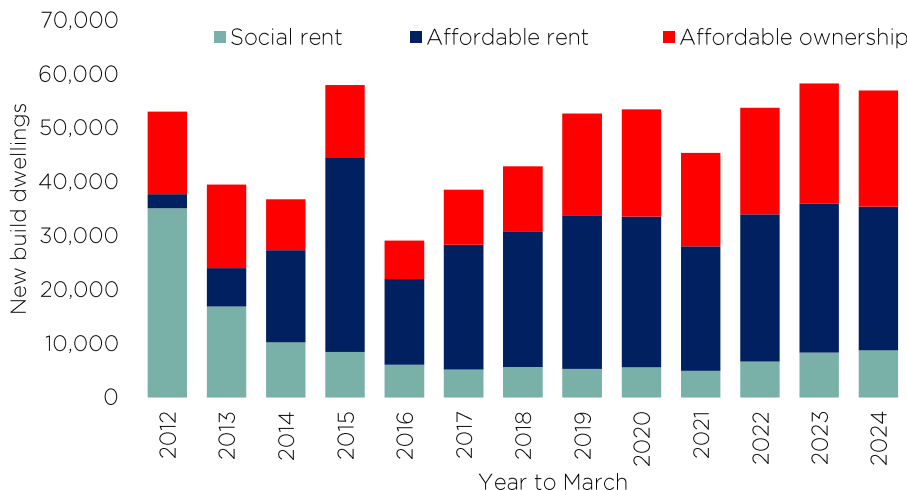
Source Savills Research *Excluding bulk sales to provide accurate representation of market activity from individual homebuyers.

Figure 10 Build to Rent starts and completions continue to fall



Source Savills, British Property Federation, Molior

Figure 11 2024/25 to see a further drop in Affordable housing delivery



Source MHCLG Live Table 1009 *estimated using NHF

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