

# English Housing Supply Update



## Housing supply in England remains flat, with Housing Delivery Test expected to put pressure on authorities

### Housing delivery stable at c. 200k homes per year

Just over 200,000 new homes were built in England in the 12 months to September 2025, according to Energy Performance Certificate (EPC) data. Although well below Government aspirations or recent peaks of over 240,000 per annum in 2020-23, it does mark the third quarter where delivery has remained essentially unchanged at 200,000 homes, suggesting the decline in housebuilding volumes seen over the past two years may be coming to an end.

There's also some positive news around build costs and other inputs, with the availability and price of land, labour and materials all remaining subdued compared to 2022-23, according to the [Savills Development Land Index](#), housebuilder trading statements, and the latest National House Builders Council (NHBC) developer survey.

### Planning permissions fall, but rate of decline is slowing

Around 220,000 homes are estimated to have gained full planning permission in the 12 months to September 2025, using data from Glenigan and the HBF. The figures mean the number of homes being granted consent has fallen further in each of the last three annualised quarters. Nevertheless, the rate of decline has slowed substantially, suggesting the fall in planning permissions seen over recent years may be close to bottoming out.

### Lack of demand holding back housebuilding

Despite stability in housing completions, the new build market faces serious challenges from a lack of buyer demand. [Savills analysis of new homes sales data](#) has found that sales rates in England have fallen by a third, from around 0.5 sales per week per outlet at the end of 2024, to just 0.3 in the three months to August 2025. By

comparison, major housebuilders in the wake of the 2008-09 financial crisis reported sales rates of c. 0.4. Demand is particularly weak in less affordable locations, but even more affordable regions such as the North East have seen sales rates drop below 0.4.





### HDT projections suggest over 60% of districts in England may fail by 2024/25 due to higher targets

As part of changes to the English planning system, the Government restored the Housing Delivery Test (HDT) in December 2024. The HDT determines whether local authorities have additional planning conditions imposed upon them depending on their track record on housing delivery. The targets are set using a complex mixture of local, regional and national targets. Historically the gap between targets and delivery has been relatively small: delivery across England was about 8% below target in the most recent iteration of the HDT (2022/23).

This is likely to change, however, due to a lack of new Local Plans being adopted and changes to how the Government's assessment of housing need (the Standard Method) is calculated, increasing national targets. Authorities without an up-to-date Local Plan (i.e. less than five years old) must in most cases use the Standard Method to provide their target; at the same time, new Local Plans are expected to have housing targets that conform to the new Standard Method.

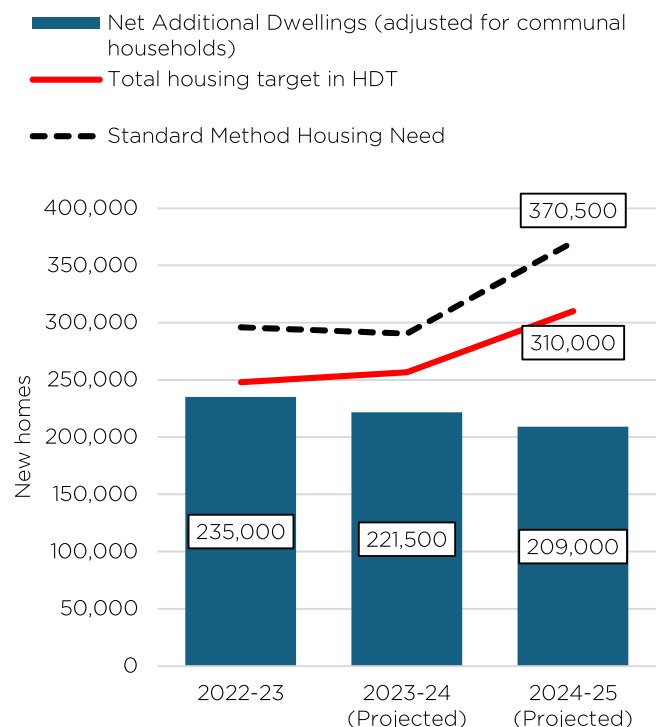
This means many authorities will face higher targets essentially by default as current Local Plans fall out of date and the changes are phased in. Our projection for the next two iterations of the Test shows the result: using the latest delivery figures and the new targets, the gap between the two will grow rapidly, and the number of districts failing could potentially reach over 60% by the 2024-25 Test.

**Figure 1** Housing supply at a glance (vs last quarter)

	<b>370,200</b> Number of new homes required per year under Standard Method local housing need assessment, May 2025
	<b>300,000</b> Number of new homes required on average each year to meet government policy target
	<b>201,200 (-1%)</b> Number of new home completions, 12 months to September 2025 (EPCs)
	<b>c. 220,000 (-1%)</b> Number of homes estimated to have gained full planning consent, 12 months to September 2025 (using HBF & Glenigan)

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

**Figure 2** Housing Delivery Test projections



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

201,200 new homes were built in the twelve months to September 2025, according to EPC data. That marks little change from the previous quarter's 199,900 new homes. Completions remain flat compared to six months ago and are 5% lower than a year ago.

Around 220,000 new homes gained full planning consent in the year to Q3 2025, according to initial estimates using data from Glenigan and the HBF. At 1% lower than Q2, this marks the smallest drop in annualised completions recorded in 2025, although permissions are still estimated to be at their lowest level since 2013.

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

In the North West, fewer homes were consented than completed in the twelve months to Q3 2025. Other regions granted consent for more homes than were completed; in four regions, however, the margin between the two was 10% or less. [Previous Savills analysis](#) found that c. 26% of consented homes were not built out in the decade to 2024, suggesting these four regions still risk seeing delivery fall.

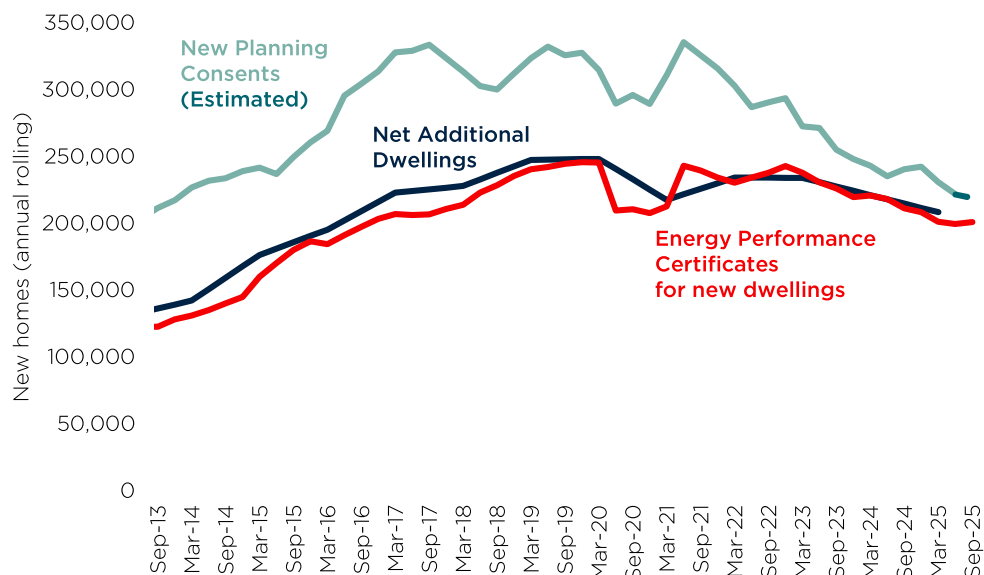
No region granted consent for enough homes to meet the latest (May 2025) Standard Method Housing Need.

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 continue to recover, albeit at a slowing pace. Total starts in the year to Q3 2025 were up 20% compared to a year earlier, although the growth rate was half that of Q2. The recovery is now driven entirely by growth in private starts, with alternative starts (which includes affordable housing and Build to Rent) falling by 7% on an annualised basis.

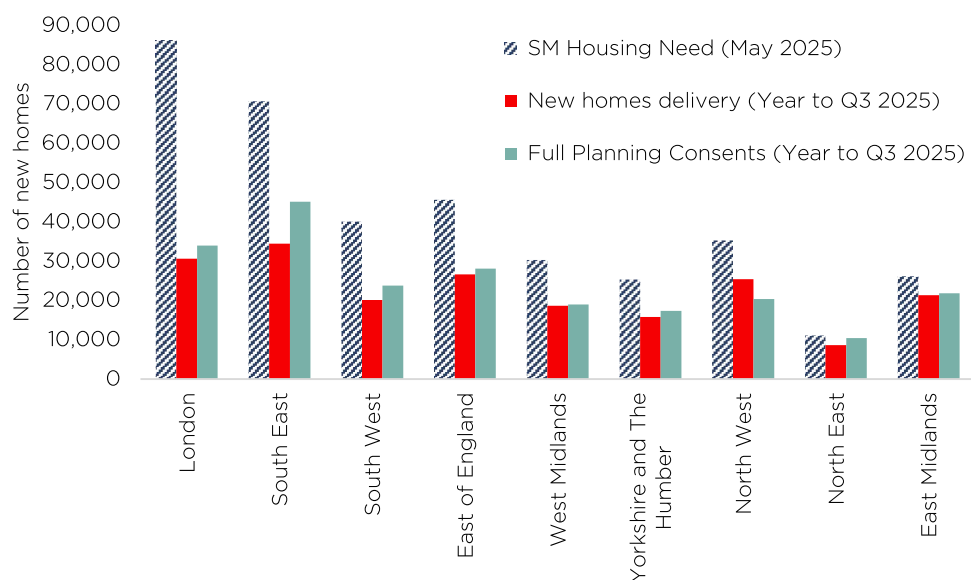
Completions across all tenures were down slightly, with an overall decline of 3.6% in the year to Q3 2025.

**Figure 3** No increase in housebuilding as completions and consents remain flat



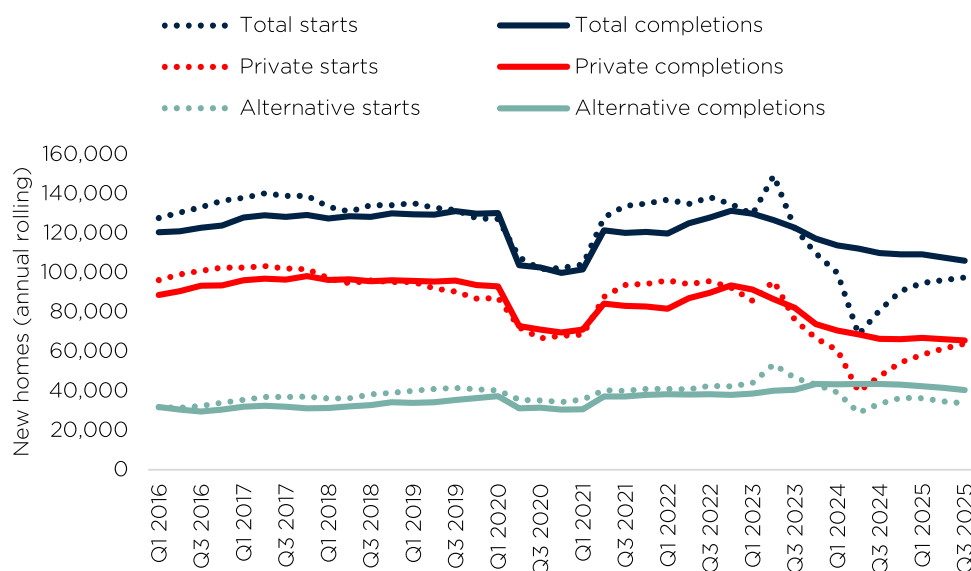
Source MHCLG Live Tables 122, NB1, HBF, Glenigan

**Figure 4** Five regions at risk of falling supply of housing



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

**Figure 5** All tenures see small fall in completions, but private starts continue to recover



Source NHBC Residential Construction Statistics Portal

The gap in housing delivery between the very largest housebuilders in England and the rest continues to widen. The top 10 housebuilders by volume of completions delivered 9% in the year to Q3 2025. That marks 12 months of consistent growth in annualised completions.

By contrast, the rest of the sector makes up a declining source of housing supply. Among the top 11 to 50 housebuilders ranked by volume, new home completions fell by 10% in the twelve months to Q3 2025. For those outside the top fifty, completions fell by 13% over the same period, and are now over a third lower (34%) than in 2021.

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

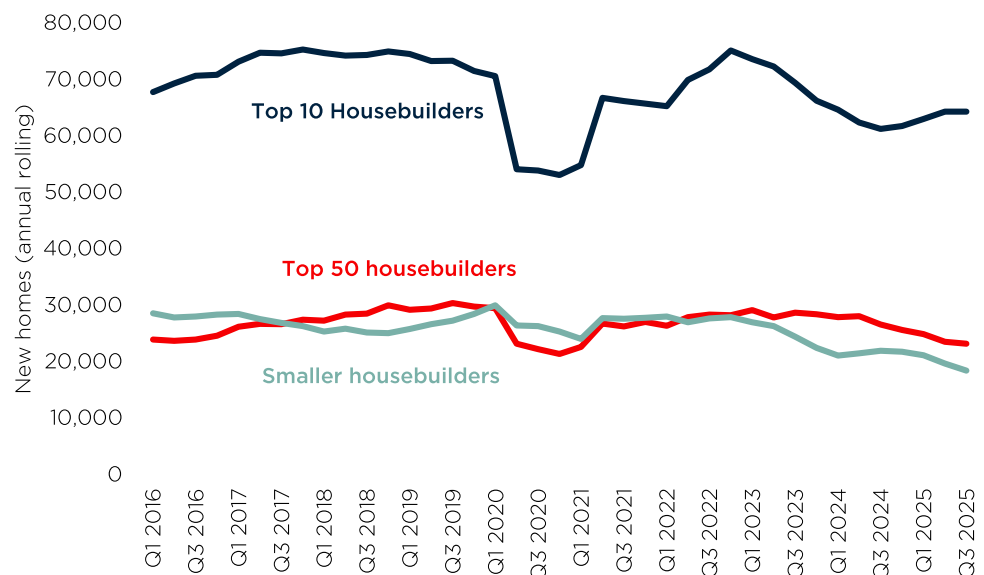
Planning delays remained by far the leading barrier to development. 80% of developers cited them as a constraint in Q3 2025, a reading unchanged from last quarter.

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.

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

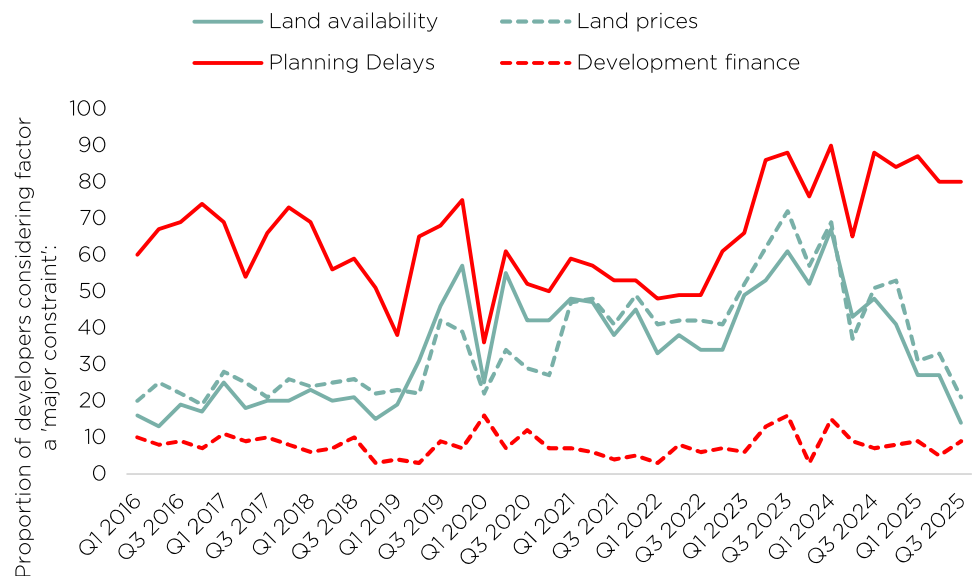
Labour costs in particular have cooled from Q2, which saw over one in five developers cite them as a major constraint in the aftermath of changes to the National Minimum Wage and National Insurance Contributions in April. Labour availability has also declined as a constraint, with only one in ten citing 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.

**Figure 6** Gap in completions between major housebuilders and SMEs widens



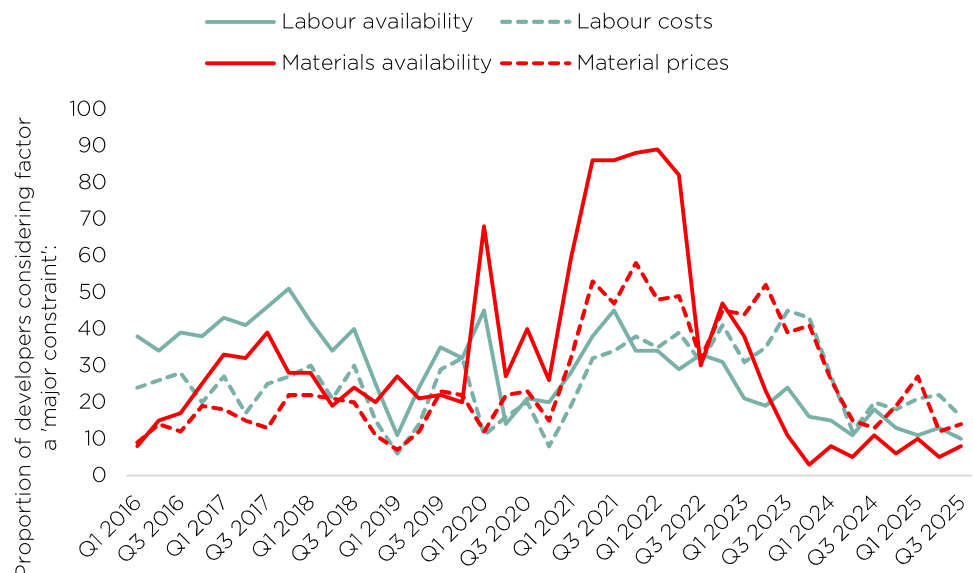
Source NHBC Residential Construction Statistics Portal

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



Source NHBC Residential Construction Statistics Portal

**Figure 8** Labour costs rise but materials prices ease considerably



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 expectation for sales rates without demand-side stimulus. Recent months show a more mixed picture. Two housebuilders have issued updates covering July to November 2025. Taylor Wimpey saw sales rates fall to 0.61 (from 0.73 in Q2), while Persimmon was effectively unchanged from H1 at 0.63.

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

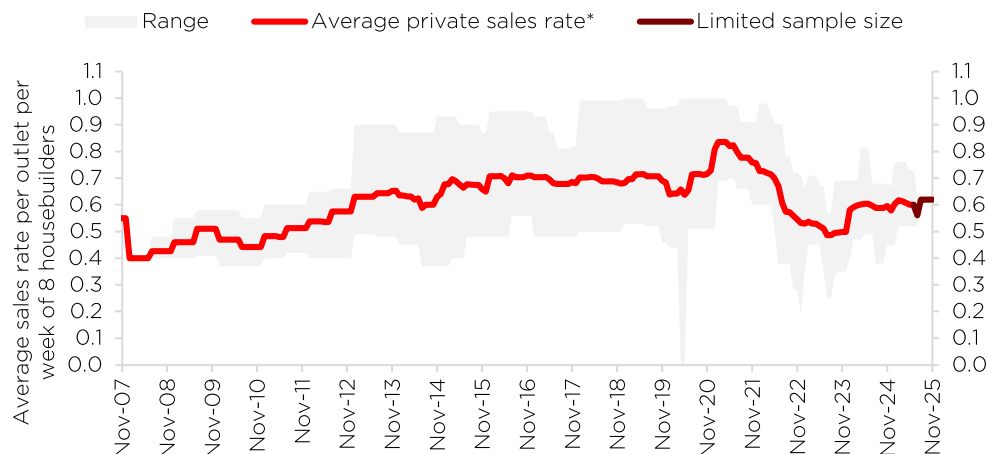
Starts continue to lag completions, meaning that the pipeline is shrinking. 13% fewer homes were under construction in the twelve months to September 2025 compared to the same period last year. The precise scale of the contraction is hard to gauge due to the difficulty of tracking starts in the single family rental sector, where homes are often initially planned for other tenures and switched later.

Nevertheless, with 15,891 new homes delivered in the year to September 2025, completions remain stable and total BtR stock is up 14% since Q3 2024.

Recent MHCLG figures confirmed that affordable delivery held up in 2024/25, with almost precisely the same number of homes delivered as the previous year. A small decrease in the number of affordable rent and ownership homes was offset by a rise in social rent delivery, which rose 13% to over 14,600 completions.

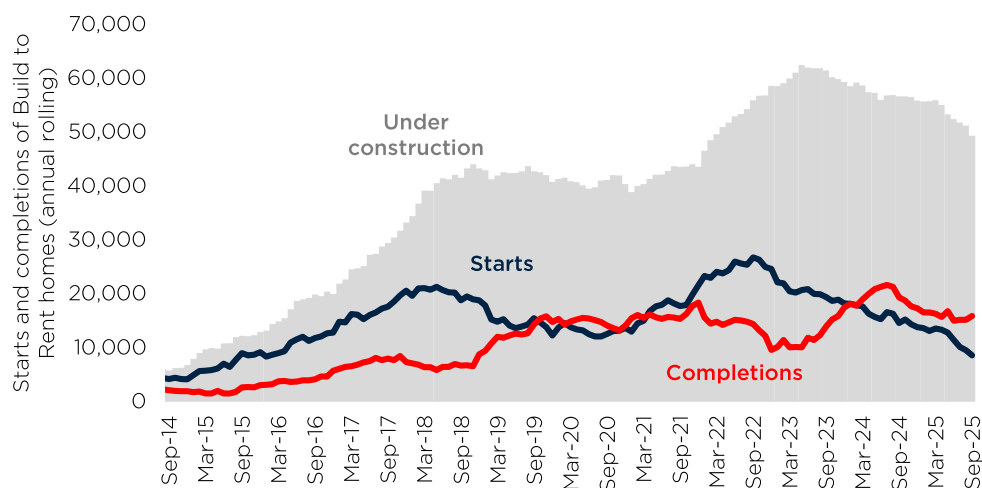
Our current estimate using NHF figures suggests affordable housing delivery will decline in 2025/26, by around c. 8%.

**Figure 9** PLC housebuilder sales rates show signs of softening



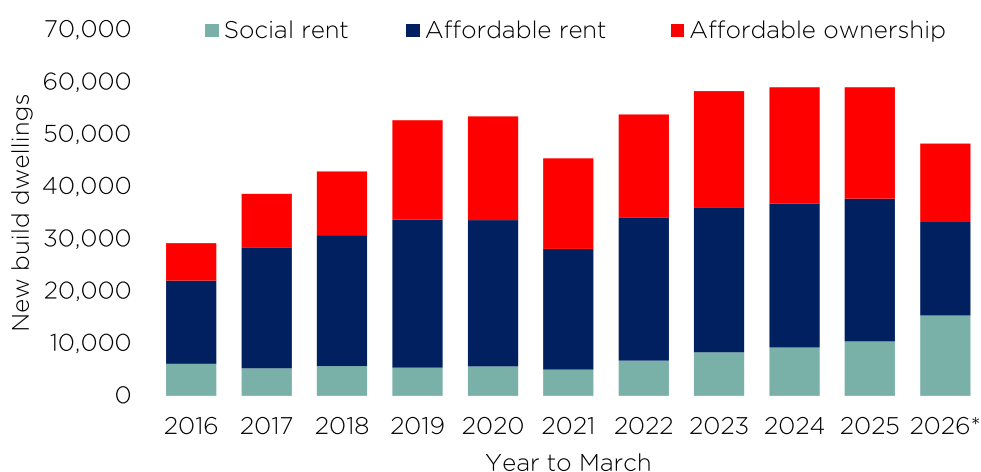
Source Savills Research \*Excluding bulk sales to provide accurate representation of market activity from individual homebuyers.

**Figure 10** Build to Rent starts continue to fall while completions remain subdued



Source Savills, British Property Federation, Molior

**Figure 11** Affordable delivery unchanged in 2024/25, but future falls likely



Source MHCLG Live Table 1009 \*estimated using NHF

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