

Residential Development Land



Land market holds firm

UK greenfield land values remained flat this quarter, bringing annual growth to 0.3%. The quiet Summer has played a role in slowing transactions, but September has seen an increase in activity across the land market, setting a more positive outlook for the tail end of the year and into 2026.

Sentiment dipped in Q3, with a net balance of +22% of Savills development agents reporting

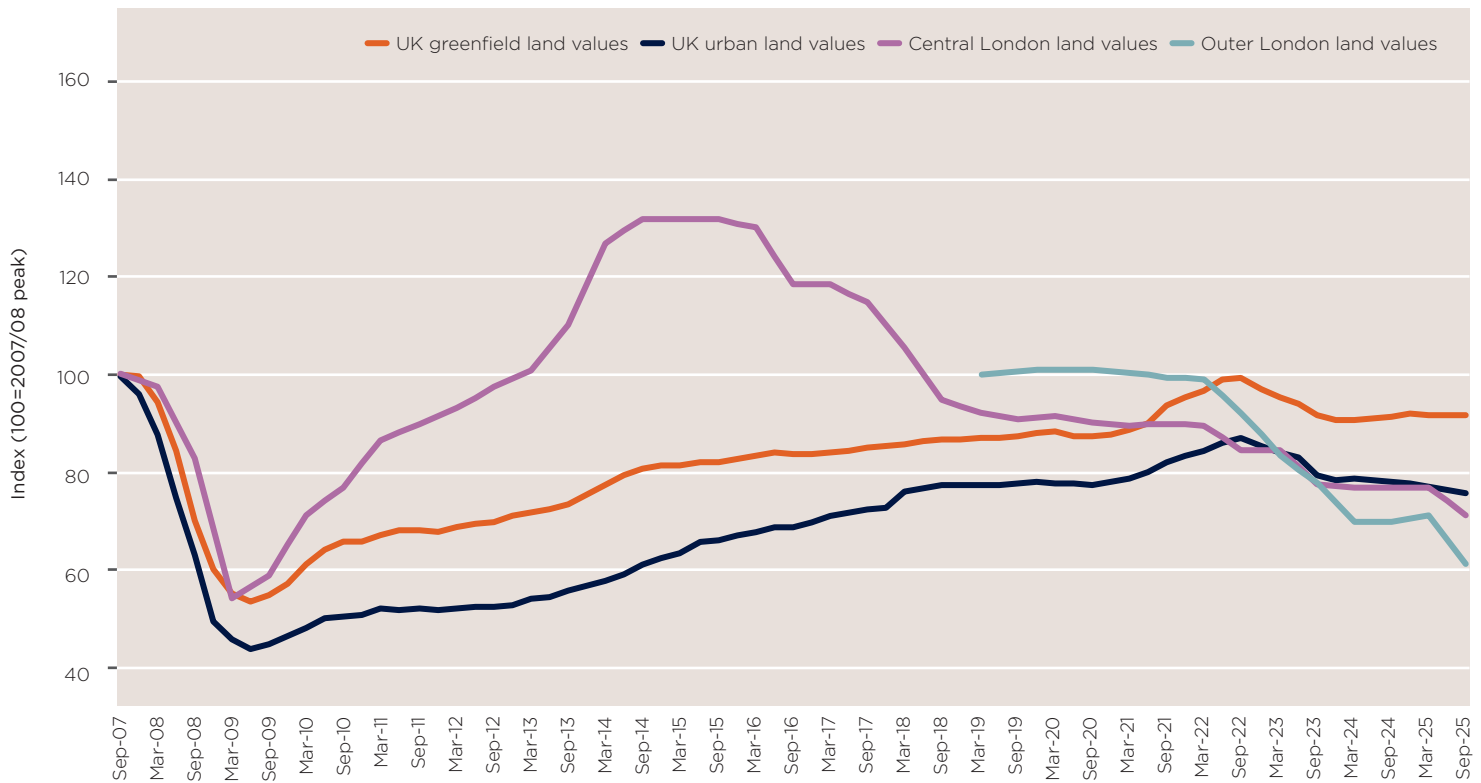
positive greenfield market sentiment, compared to a balance of +47% in the previous quarter. Urban land is under greater pressure, with continuing viability challenges coupled with a drop in developer demand leading to price adjustments across the country, with falls most heavily concentrated in London.

Greenfield land is proving more resilient, with steady demand coupled with continuing

constrained supply. Scotland and the North of England continue to see heightened market engagement and moderate growth, according to Savills agents.

The activity in these regions comes despite a backdrop of stubborn inflation and a continued deceleration in UK house price growth, falling to 2.3% in the year to September according to Nationwide.

Urban land markets have seen the greatest price adjustments



Source: Savills Research (Outer London land values indexed to March-2019)

Key stats



+0.3%

UK Greenfield Land

Annual change to
September 2025



-3.2%

UK Urban Land

Annual change to
September 2025



34%

Fewer planning consents in England

in the 12 months to
June 2025 vs 2021 peak

Source: Savills Research, HBF

London land under strain

The relative challenges of the London development sector have endured over the past six months. A marginal improvement in the cost of debt has been offset by slower sales rates, build cost inflation and project delays due to regulatory requirements like Gateway 2. As a result, the early year optimism in the market has been eroded, with a realisation that an improvement in market conditions will take longer than hoped.

London remains a chronically undersupplied housing market, but constructive engagement between the market and policy makers is increasing, with the aim of stimulating both the supply of development sites and underpinning demand for the completed product. Central Government and the GLA have both indicated that policy announcements will be made in the coming weeks that will have positive impacts in the short-term.

However, the lack of any policy change over the past half-year and speculation around the Autumn Statement has led many developers and their funders to pause land acquisition

activity, at least until greater certainty begins to emerge.

Turning away from traditional residential sectors, co-living and PBSA are potential alternative development options. Due to the way many developers in those sectors are funded, transactions are often slow with purchasers seeking conditionality relating to planning, investment funding and Gateway 2 approval. However, this is not an option for all land owners given the specific locational requirements of the sector.

Consequently, there has been a fall over the summer in both the number and quality of bids for most sites, creating a difficult environment for sellers. Some are choosing to delay the launch of their sites in the hope that the market will improve, and the anticipated policy announcements will improve land value or mitigate potential losses. Schemes that are receiving the most interest from buyers are existing buildings, particularly with an income, located close to a station and less than 18 metres in height.

Given the decline in sentiment, it is unsurprising that land values have fallen. Central London land values have dropped by -7.2% over the last year, and outer London land values by -12.3%. The upcoming Autumn budget and resolution of the current uncertainty around property taxation will be key to underpinning any uptick in the sales market which would help in encouraging developers returning to the market. This, coupled with some form of buyer support market stimulus from Government would lead to a more positive next 6 to 12 months in terms of both market activity and values.

Land values for commercial schemes have proven more robust in core central locations, as rental growth in the office market has created some headroom. Outer London office land values have remained flat in the last six months, and Central London values have increased by 2% over the same period. However, continued slower than anticipated interest rate cuts and uncertainty around the economic outlook in the run up to the Budget are acting as limiting factors on the scale of land value growth.

Pressures continue for urban land beyond the capital

Beyond the capital, demand for urban land remains muted. Nationally, brownfield land values have decreased by 1.0% this quarter, bringing annual price falls to -3.1%. Although there hasn't been the same drop off in new build sales as in London, build cost inflation and building safety regulations are continuing to mount pressure on the viability of brownfield sites.

Developers who acquired land at the peak of the market in 2022 are facing particular challenges, with escalating construction costs diminishing developer margins, making continued investment increasingly difficult to justify.

However, demand for sites for purpose-built student accommodation (PBSA) schemes is

proving robust, despite strong recent supply in many areas of the country. In addition, the Government has recognised the impact that viability is having on new home delivery across urban areas, and are giving consideration to easing the affordable housing and infrastructure commitments that developers face on these projects.

Regional split in the greenfield market

There is a mixed picture for appetite for greenfield land across the country, driven by divergent new build sales rates and continued limited land supply in some locations. The strongest land value growth in the last quarter was in the North, with values rising by 0.6%. Scotland and the North have also had the highest 5-year increases in greenfield land values at 10.8% and 16.8%, respectively, and the North is the only region where greenfield values are above their 2007/08 peak.

This growth has been supported by a robust sales market and limited development land supply. Savills' analysis of NHBC data showed that sales rates in the North East and North West

are 40% higher than in the South East in the three months to August 2025. This is prompting more demand for immediate land from housebuilders. The scarcity of sites is driving competition from developers, with the greatest appetite for consented land.

Across much of the rest of the country, land value growth has been more limited, with minimal growth in the West and South East, and slight falls in the East of England. In less affordable markets in the South and East, demand from buyers has reduced. 47% of developers see mortgage rates as a major constraint on sales, according to the NHBC development constraints

survey. With the base rate now unlikely to be cut again until 2026, affordability may take some time to improve and consequently developers are remaining more cautious in their land buying.

At the same time, the impact of the NPPF in England is being felt as the supply of sites coming through the system further south is showing some signs of increasing. With more sites available, housebuilders can be more selective with their acquisitions, which will limit capacity for land value growth. However, longer-term prospects continue to be widely sought after, with a strong level of demand for strategic land remaining in all areas of the market.

Strong North/South divide in the greenfield market

Q2 2023	UK	South East	East	West	North	Scotland
Quarterly growth	0.0%	0.1%	-0.3%	0.1%	0.6%	0.3%
Annual growth	0.3%	-0.6%	-0.9%	1.1%	0.7%	2.3%
5 year growth	5.0%	-2.0%	4.3%	7.3%	16.8%	10.8%

“ The major housebuilders have become the most active players bidding on sites and buying land ”

Who is buying land?

PLCs are active in the market

The major housebuilders have become the most active players bidding on sites and buying land. Mergers across some of the leading housebuilders in recent years have reduced the overall number of large players in the market, but enhanced requirements to buy land amongst newly formed entities has sustained demand. There is still a general requirement to replenish land banks, particularly for mid-sized sites of 100 – 250 plots. In Wales, Housing Associations are increasingly acquisitive through partnerships with PLC housebuilders.

SMEs feeling the pressure

The high interest rate environment is still proving difficult for SME housebuilders, resulting in high cost of development finance and constraining development possibilities. Unlike the PLCs, smaller housebuilders are less able to deploy sales incentives to improve sales rates. The NHBC sentiment survey reported that, in July, the balance of smaller companies using sales incentives was 12%, in comparison to 24% for larger companies.

As a result the majority of SMEs have limited appetite for buying new land, and are instead focussing on delivering existing commitments.

Limited appetite for Section 106

In England, appetite for Section 106 (S106) from the Housing Associations (HAs) remains limited. As the Affordable Homes Programme is coming to an end, HAs are focussing on using the remaining money on existing projects, before the new Social and Affordable Homes Programme begins next year. There is still a lack of bids on S106 homes, with financial capacity, and a mismatch of available product to HA requirements serving as key barriers. However, demand for S106 units remains strong in Wales, where transfer values are fixed.

Demand is however growing across the affordable housing sector for land led schemes, with the Government's commitment of £39 billion to the sector beginning to stimulate activity and increase the ability to commit to projects amongst Registered Providers.

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Outlook

The supply of consented land remains restricted across the country, with changes to the NPPF unlikely to significantly impact supply until the second half of 2026, at the earliest. In Scotland and the north of England, reduced land availability is driving competition amongst buyers, particularly for greenfield sites in key locations. The supply of land is slightly better in the south of England, but is accompanied by lower demand from buyers.

With housebuilding high on the government's agenda, and a clear focus on planning reform, strategic land continues to be very popular across all English regions. The view

from parties is that they have better chances of achieving planning consents under the current government so there is pressure to progress planning promotion and applications as quickly as possible. Expectations for some form of demand side stimulus emerging in the near future is driving demand further.

In Scotland, the lack of supply of sites following the adoption of NPF4 is pushing headline greenfield land values upwards. The requirements to have Local Development Plans in place by May 2028 has boosted appetite for strategic land, with developers looking to promote sites and avoid exclusion from the

land market until the next round of development plans in 10 years time.

It appears unlikely that the Bank of England will be cutting the base rate again this year, according to consensus amongst economic forecasters. Any improvement in the cost of debt will arrive in 2026, meaning issues relating to developer finance and buyer appetite will persist into the tail end of this year. If cuts to the base rate continue in 2026 as predicted, we anticipate seeing an improvement in both consumer and developer confidence. This should elevate demand for land, likely coinciding with a stronger supply of sites nationally, improving activity across the land market.

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