RESEARCH

BRIEFING NOTE

Housing Completions Forecast for England

Residential – UK Development – June 2026

savills

Further falls in housing delivery as viability becomes increasingly challenging

The key headlines

- We think that new homes completions in England will average 167,500 per year over the five years to 2029/30, well below the Government's target of 300,000 per year, but roughly on par with the 20-year average for delivery.
- There are both supply and demand-side pressures limiting housing delivery. On the supply side, the number of new planning consents has dropped by -39% in three years to around 180,000 in 2025, limiting the supply of land on which to build.
- Demand for new homes is also constrained by affordability, and rising mortgage rates and debt costs since March have only exacerbated this. At the same time, build costs have continued to rise. This means there is limited demand to buy houses at the prices at which developers can afford to build them.

New homes completions fell by -4.1% to 190,602 in the year to March 2025, according to the latest figures from MHCLG. This means that in the two years since the Help to Buy (HtB) scheme has ended, completions have fallen by -10.2%.

This represents a more robust figure than might be expected given that the HtB scheme accounted for 20.8% of all new homes completions in the decade to March 2023. Demand in the last year was instead supported by grant-funded Affordable Housing (which reached its highest in a decade, at 35,000), Build to Rent (which fell slightly year-on-year but still delivered 18,200 homes) and the continued use of sales incentives, particularly by larger housebuilders.

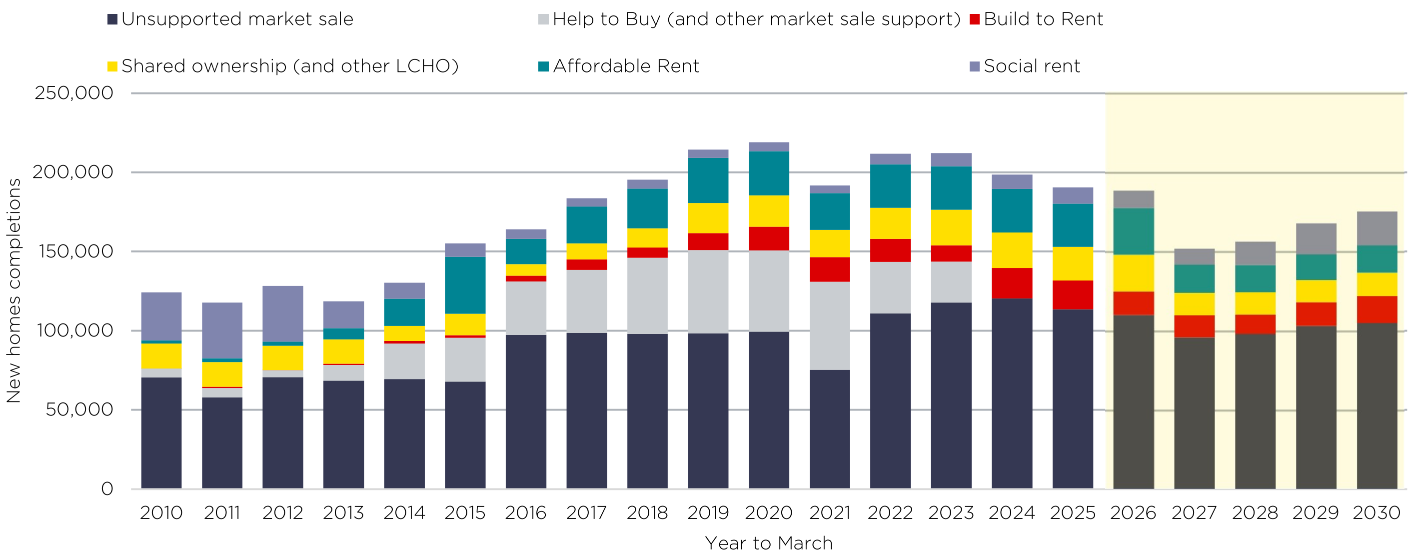
Sentiment in the development world remains weak, but recent new homes completion volumes have held up reasonably well. We estimate that around 189,000 new homes were built in 2025/26, based on EPC data. We know that around 15,000 of these were Build to Rent completions. Affordable Housing likely formed a large share again, given that a lot of grant funding from the previous 2021-26 programme remained unspent by March 2025. And falling mortgage rates over the year to March 2026 improved affordability for home buyers.

But the recent trends in starts and planning consents suggest a further supply squeeze is imminent. While EPCs for new homes have fallen by -16% in the three years to December 2025, starts are down -31% and annual consents have fallen by -39% to 180,000, according to MHCLG and the HBF respectively. As a result, we expect that completion volumes will drop sharply from current levels over the next two years, falling to just over 150,000 homes in 2026/27 and 2027/28.

Development viability is the key factor behind this. Costs have risen across the board, but this has not been met by increases in house prices. In the four years to February 2026, build costs rose by 17.5%, and by more for more complicated urban development. At the same time, house prices have only risen by 4.5%. Alongside heightened planning uncertainty and long delays in decision-making, it is very challenging for developers to get schemes off the ground.

But there is more positivity if we look at the start of the planning process. Residential applications have risen by 44% in the last year according to Glenigan, back to the level seen in 2022 and 2023. This is encouraging and suggests that consents should increase in turn. A higher success rate at appeal in the last year also suggests that the recent reforms to the planning system are beginning to bear fruit in terms of more positive decision-making. Both of these factors will eventually result in higher completion volumes, but it will take at least 18 months for the impact to be felt.

HISTORIC AND FORECAST HOUSING DELIVERY IN ENGLAND



Source: Savills Research, MHCLG

Forecast delivery by tenure

Private sale

Despite an increasingly challenging market, sales to private individuals continue to form the bulk of new home completions in England. There is a remarkably consistent pattern whereby unsupported new homes sales make up about 10% of sales in the market as a whole. In fact, the share of transactions involving unsupported new home purchases has been between 7% and 11% in 27 of the last 33 years.

For our forecast, this means that new homes sales will be heavily reliant on wider transactional activity. Falling mortgage rates in 2025 and into early 2026 gave some confidence that transaction volumes would improve, and certainly the last ten months to April saw reasonable sales volumes, roughly on par with their 2017-19 level.

But the conflict in the Middle East is likely to derail this outlook. Rising interest rates have made mortgages more expensive. By way of example, although the scale of the recent rate shock has not been as significant as in 2022 following the Mini-Budget rate shock, transactions in England fell by -19% over 18 months, from over 1 million to 840,000.

So transactions will likely fall. But the scale of that fall will greatly depend on the length and severity of the conflict. The current Oxford Economics outlook for inflation and interest rates suggests that transactions might drop in 2026/27 by approximately half as much as they did in 2023/24 to around 915,000.

We think this would equate to around 96,000 unsupported new homes completions in 2026/27, the lowest figure since 2015. This matches with the weak sales rates which many housebuilders have reported in the last year of between 0.3 and 0.4 per outlet per week, particularly in the more affordability-constrained markets of the south. Beyond 2027, new homes sales should improve gradually as the economic backdrop eases. On average, we expect 102,700 unsupported sales over the five years to 2029/30.

Build to Rent

Build to Rent has grown in importance in the last few years, contributing around 18,200 new homes in 2024/25. But as with wider construction volumes, viability concerns and planning difficulties have caused starts on site to fall precipitously over the last couple of years. Our data from 2025/26 suggests that completed homes dropped by -19% to around 14,700. But a -66% fall in starts to just 5,300 homes presents a real risk to future delivery.

Build to Rent starts have now lagged completions for nine consecutive quarters. As a result, there are only 50,000 Build to Rent homes currently under construction, compared to almost 70,000 at the end of 2023. The planning pipeline has remained relatively robust, with consents only down -16% year on year. But these consents need to translate to starts on site soon to prevent a more significant slide in delivery.

We expect completions in the sector to fall further in the next two years, as issues around viability continue to hamper development. Urban multifamily funding transactions have been particularly muted over the last year, and the sector is increasingly looking to simpler single family suburban schemes as the best avenue for development, increasingly delivered in partnership with major housebuilders.

An easing in the cost of debt and a stronger economic outlook from 2028/29 should enable activity to increase, although a sustained rise in completions will take a number of years to come through. We expect Build to Rent completions to reach around 17,000 homes by 2029/30, a 3,000 home increase against the most recent year of delivery.

Affordable housing

The new Social and Affordable Homes Programme provides a record amount of funding, £39bn over ten years. This presents an opportunity to substantially increase the delivery of much-needed Affordable Housing. But the degree to which it results in a near-term increase in delivery will depend on the tenures chosen, when the funding is spent and the areas in which homes are built.

When funding increases, it enables either the delivery of more homes or the provision of a larger discount to market housing for each new tenant. By seeking to deliver 60% of new grant-funded Affordable homes as Social Rent (up from 16% in the last five years), the Government appears to be favouring the latter of these options. They estimate that, with this tenure split target, the new programme can deliver 300,000 homes over the next decade, 4% higher per year than the five years to 2024/25. Within this, grant-funded Social Rented delivery is expected to increase fourfold by 2030 compared to the previous five year average.

This desire for more grant-intensive tenures, alongside a phased ramping up of funding over the 10 year programme, means we do not expect to see a drastic increase in the amount of Affordable delivery over the next five years. However, the programme places a particular focus on homes which can deliver by March 2029. We have therefore assumed in our forecast that there is a greater focus on the total volume of delivery up to this deadline, switching to a focus on Social Rented delivery later on.

The transition between grant funding programmes in the past has usually resulted in fluctuating delivery, as Housing Associations focus on completing commitments under the winding down programme, rather than maintaining an ongoing pipeline. We think that affordable delivery was probably strong in 2025/26 at around 40,000 homes, given that a large amount of grant from the previous 2021-26 programme was still available. But we expect delivery to drop back to around 24,000 homes in 2026/27 as the new programme takes time to ramp up. Overall, we are forecasting an average of 29,200 grant-funded completions per year over the next five years, with a peak in 2028/29 as the Government's deadline looms.

Section 106 delivery is closely tied to the level of private completions, so is likely to drop as overall completions drop. Generally, stronger viability in the Midlands means a larger share of units are delivered as S106 affordable housing than in the South (where land values are higher) and the north (where house prices are lower). Because of challenging viability elsewhere, housebuilders have focused on these Midlands markets in recent years, a trend which we expect to continue. Our forecast for private sales therefore implies an average of 21,000 S106 homes per year, -19% lower than the previous five years.

> Low levels of planning consents and new home starts mean a more limited pipeline of homes under construction, while open market demand has been limited by higher interest rates.

New homes completions	Unsupported sales	Supported Sales	Build to Rent	S106 Affordable	Grant-funded Affordable
167,400	102,700	0	14,500	21,000	29,200
Forecast average delivery (5 years to March 2030)					
201,000	107,500	23,000	15,500	26,000	29,000
Average new home completions (5 years to March 2025)					

Overall, we expect 837,500 new home completions in the five years to 2029/30. Development will be challenging in the short term. Low levels of planning consents and starts mean a more limited pipeline of homes under construction, while market demand is impacted by global instability and higher interest rates. Our forecast for 2026/27 is therefore particularly gloomy, at 152,000 new home completions. But we expect to see a fairly rapid improvement to around 169,000 by 2028/29, buoyed by increasing capacity in the Affordable Housing sector and an improving outlook for mainstream sales. This forecast falls a long way short of the Government's new homes target, but means that even in challenging market conditions, annual completions remain around 8,000 homes higher than the 30 year average.

Exceeding the forecast

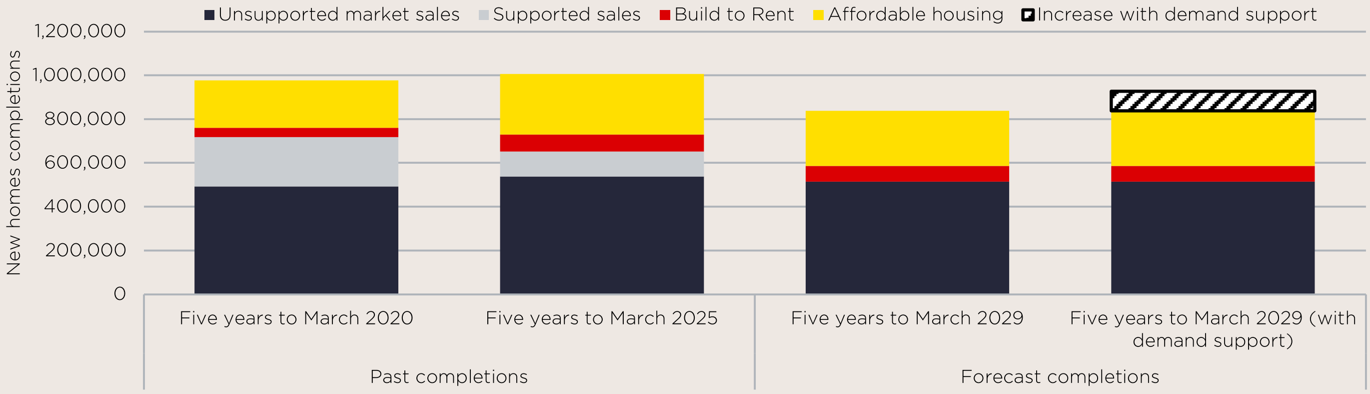
We expect demand to be the main constraining factor on delivery in the medium term. Supply constraints should ease in time as a result of recent planning reforms, although it will take a while for this to feed through into a large increase in consents. A buyer support scheme is therefore the key remaining policy lever which would generate an improvement in completions.

History has shown the impact that demand support can have – Help to Buy generated 390,000 new homes sales in the decade to 2022/23. Our previous analysis suggests that a similar scheme targeted at first time buyers would allow 375,000 rental households to buy a home, assuming they could save a 5% deposit.

If introduced today, we think a new scheme could support 85,000 completions by the Government's March 2029 deadline and 120,000 in our forecast window. We estimate that 92,000 of these homes would be additional, or around 27,000 completions a year at peak. This is consistent with the findings of the 2017 MHCLG and LSE review, which suggested that Help to Buy resulted in additional housing supply of around 16%. This comes mainly as a result of additional private sales, but also additional alternative tenures, most significantly increased Section 106 delivery.

A new scheme could therefore reliably boost completions to 198,000 homes per year by 2028/29. While this would still fall short of the Government's 300,000 home target by some distance, it would mean housebuilding would be maintained at its average rate from the last decade despite some significant headwinds.

THE ADDITIONALITY OF DEMAND SUPPORT



Source: Savills Research using MHCLG, HBF, Glenigan, Molior

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Emily Williams
Director, Residential Research
emily.williams@savills.com

Dan Hill
Associate, Residential Research
dan.hill@savills.com

Patrick Eve
Head of Regional Development
peve@savills.com

David Jackson
Head of Planning
djackson@savills.com