

HBF POLICY CONFERENCE 2025

# Market and Policy Drivers

# HBF

These two people are **very different**

savills



# Piecing together the jigsaw

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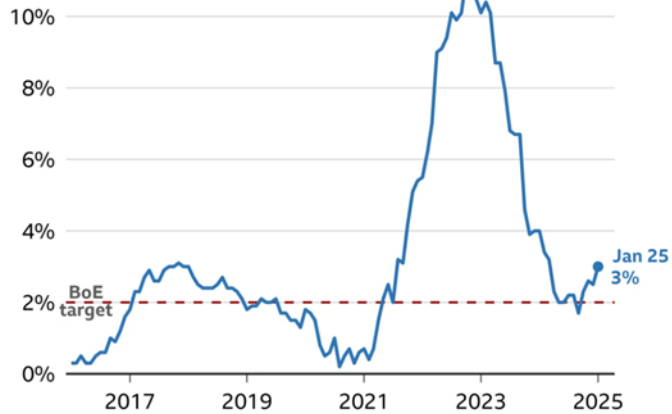




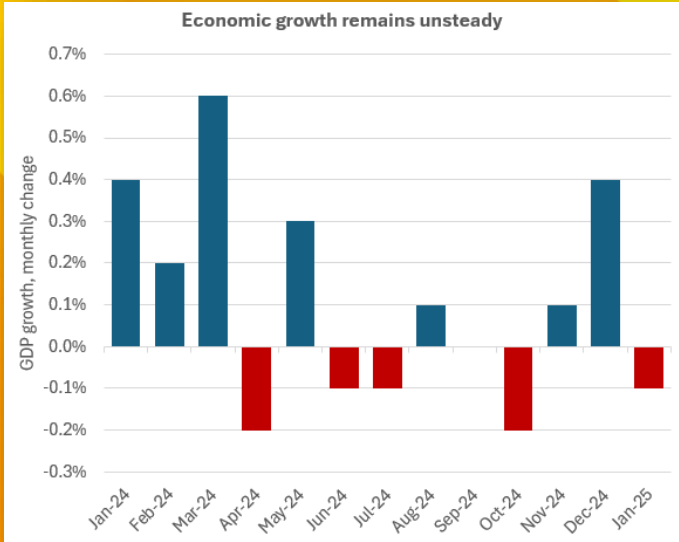
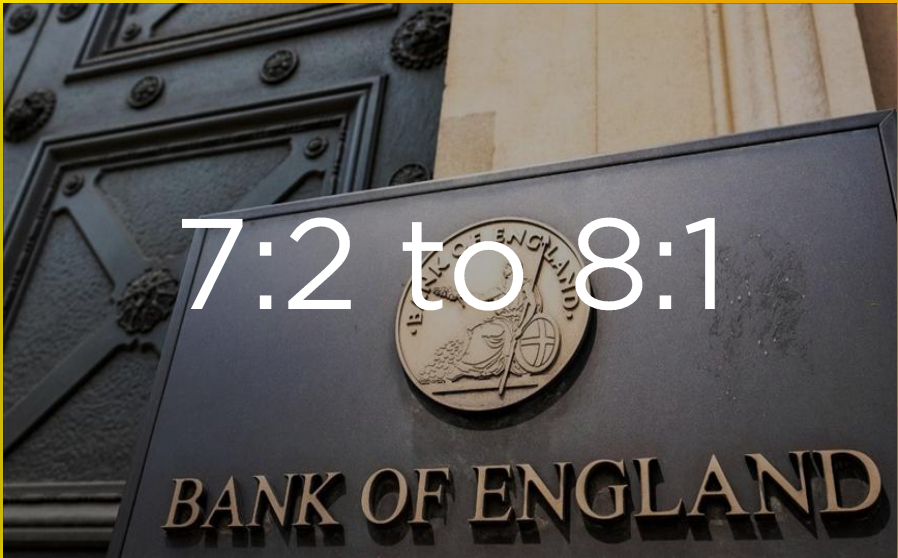
# Current housing market drivers



UK inflation at 3% in January 2025



Source: Office for National Statistics



## Ministers push for easier mortgage rules to help first-time buyers

Financial experts said rules about lending are too restrictive and a new approach could let banks issue more loans to buyers with smaller deposits

Oliver Wright, Policy Editor | Chris Smyth, Whitehall Editor  
Thursday February 13 2025, 9.25pm, The Times

Ministers have backed plans to make it easier for banks to lend money to first-time buyers, calling on regulators to ease mortgage restrictions.

UK Parliament

Parliamentary Bills

HOUSE OF LORDS

UK Parliament > Business > Legislation > Parliamentary Bills > Renters' Rights Bill

Bill feed

Renters' Rights Bill

Government Bill

Originated in the House of Commons, Session 2024-25

Last updated: 27 February 2025 at 17:13

Commons Lords Final stages

See full passage

Details News Stages Publications

Long title

A Bill to make provision changing the law about rented homes, including provision abolishing fixed term assured tenancies and assured shorthold tenancies; imposing obligations on landlords and others in relation to rented homes and temporary and supported accommodation; and for connected purposes.

Sponsoring departments

Ministry of Housing, Communities and Local Government

Angela Rayner  
Labour, Ashton-under-Lyne

Ministry of Housing, Communities and Local Government

Baroness Taylor of Stevenage  
Labour, Life peer

Current version of the Bill

HL Bill 60 (as brought from the Commons)

13 January 2025

Get File

Bill passage

Bill started in the House of Commons

1st reading

2nd reading

Committee stage

Report stage

3rd reading

Bill in the House of Lords

1st reading

2nd reading

Committee stage

Report stage

3rd reading

Final stages

Consideration of amendments

Royal Assent

Key

Complete

In progress

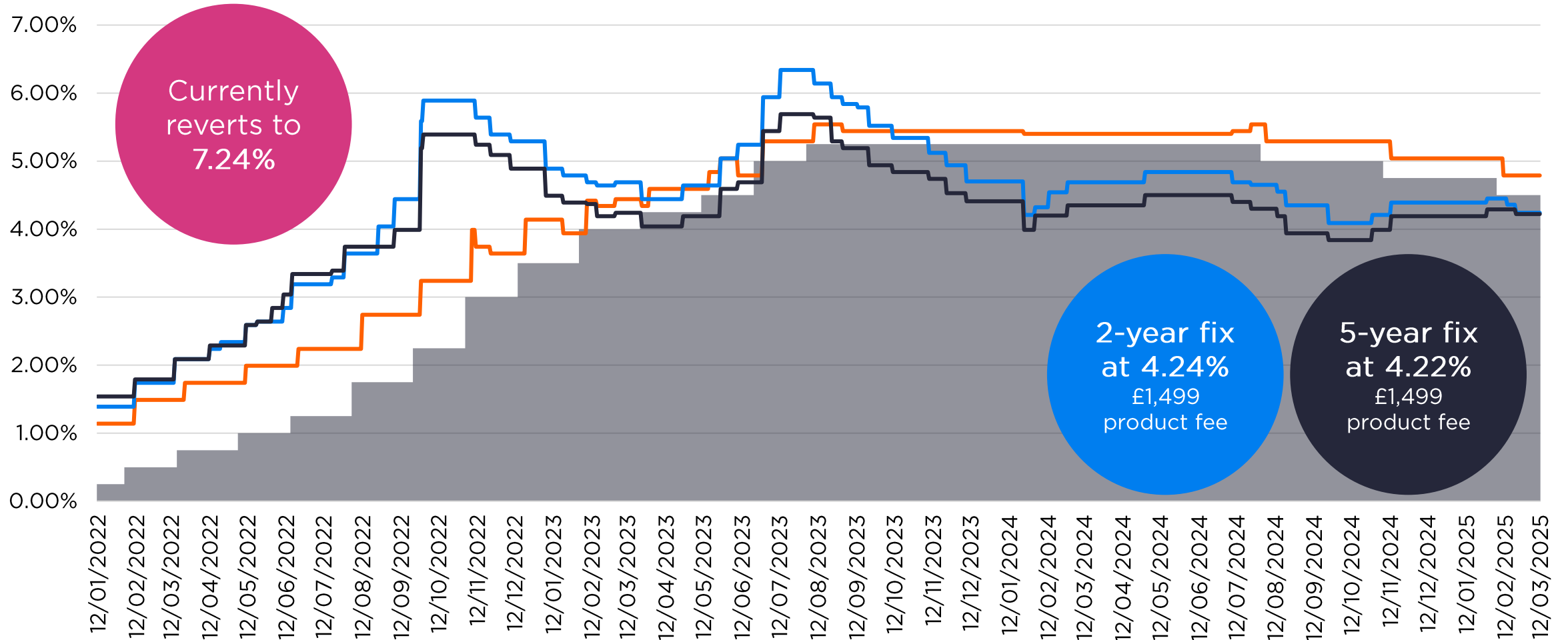
Not applicable

Not yet reached

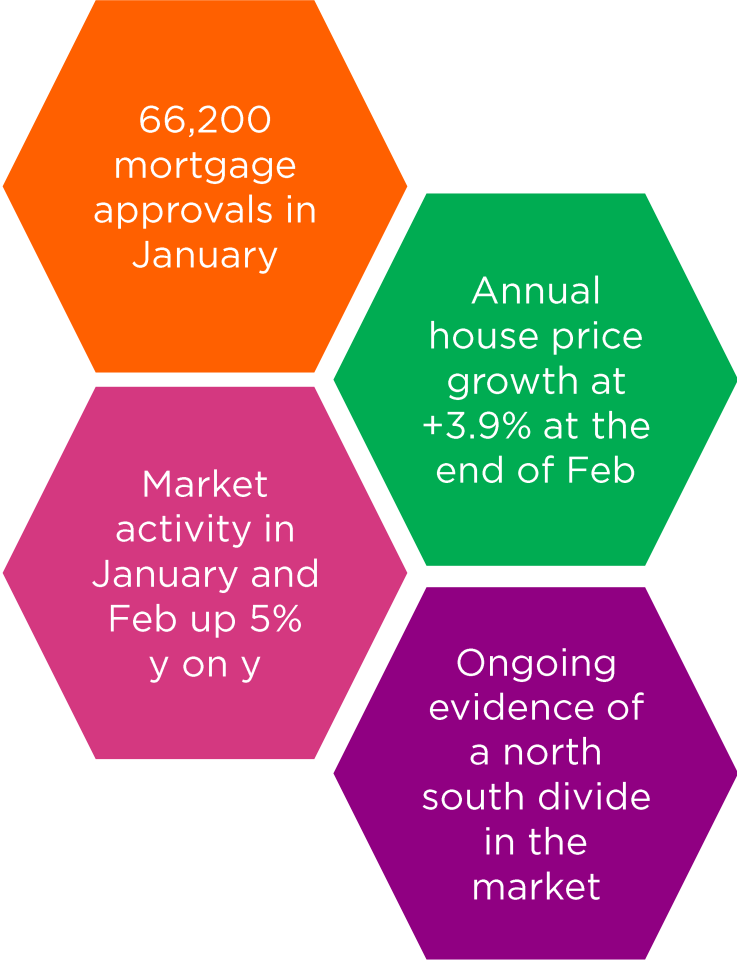
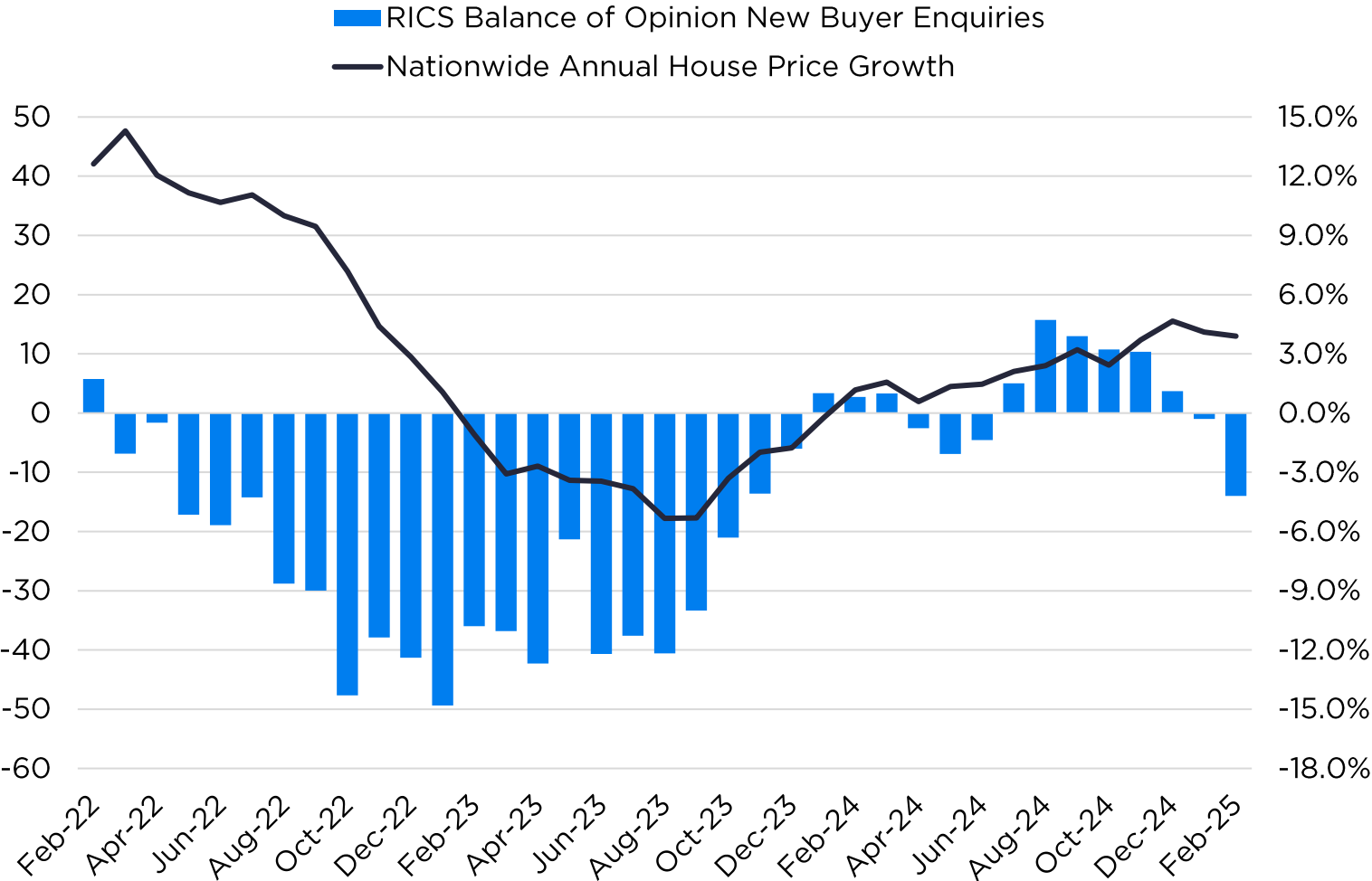
# Mortgage costs in context

Nationwide Quoted Rates: 75% LTV with standard product fee

Bank Base Rate   2 year tracker   2 year fix   5 year fix



# Current market metrics



Sources: RICS, Nationwide, BoS, TwentyCI

# UK mainstream house price forecast



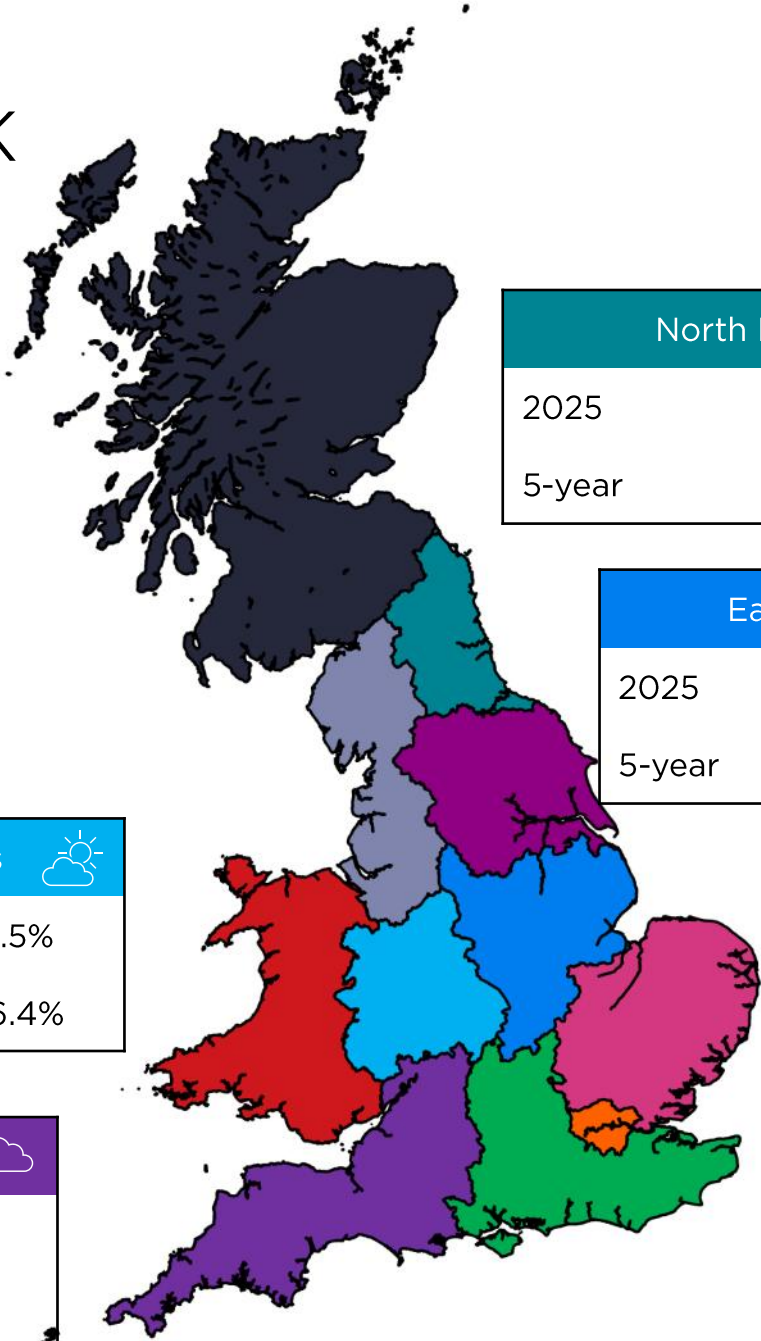
2025

+4.0%

2025-29

+23.4%

# Regional outlook



Scotland ☀️	
2025	+5.0%
5-year	+25.8%

North East ☀️	
2025	+5.0%
5-year	+28.2%

Y & H ☀️	
2025	+5.0%
5-year	+28.2%

North West ☀️	
2025	+5.0%
5-year	+29.4%

East Midlands ☁️	
2025	+4.0%
5-year	+24.6%

East of England ☁️	
2025	+2.5%
5-year	+19.9%

Wales ☁️	
2025	+3.5%
5-year	+25.2%

West Midlands ☁️	
2025	+4.5%
5-year	+26.4%

London ☁️	
2025	+3.0%
5-year	+17.1%

South West ☁️	
2025	+2.5%
5-year	+21.6%

South East ☁️	
2025	+3.0%
5-year	+17.6%

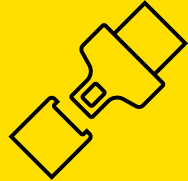




Housing targets  
increased by  
80%



New Towns  
Taskforce



New approach  
to Grey Belt



Streamlined  
process for  
major  
infrastructure



Return of the  
Housing  
Delivery Test

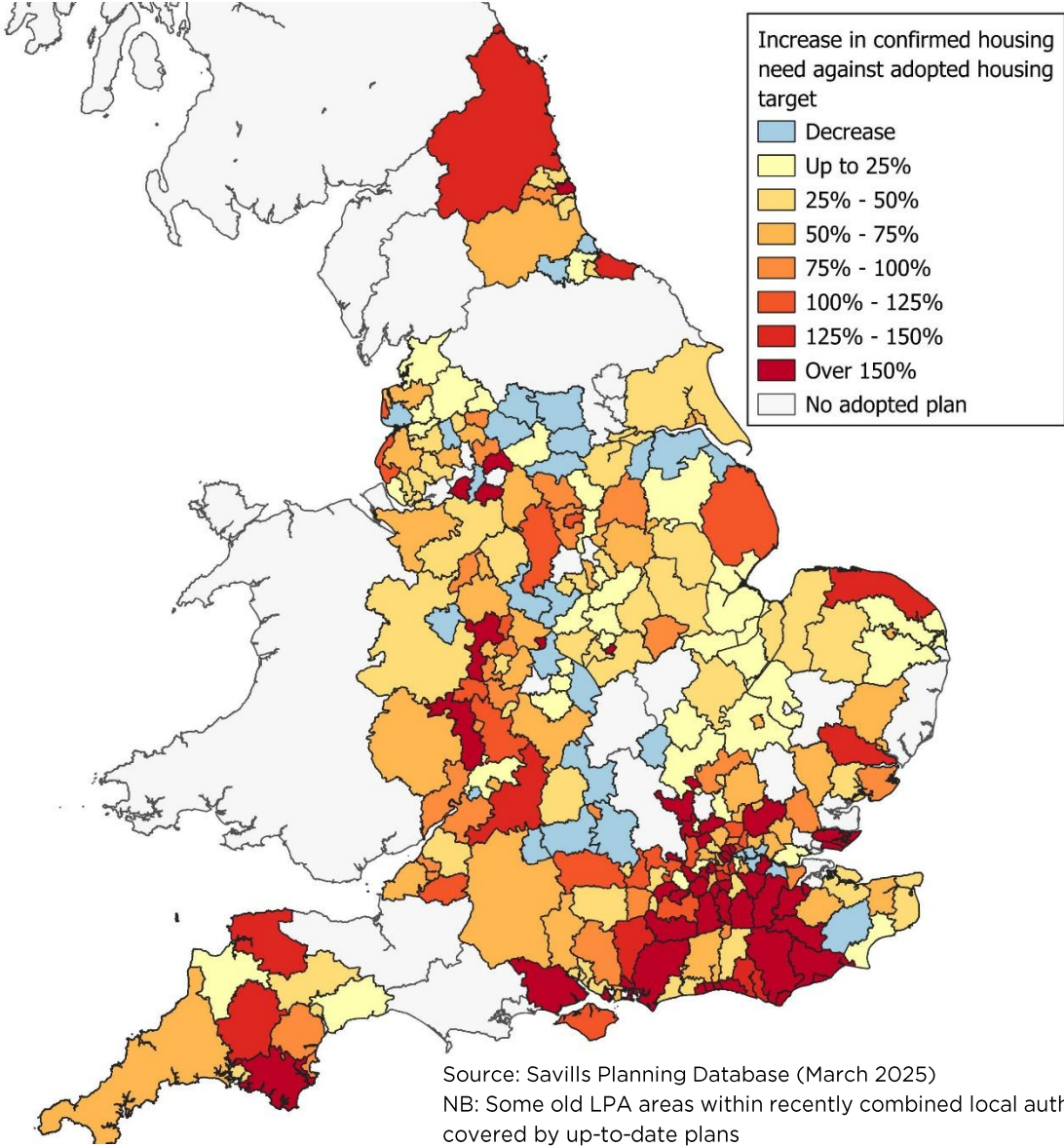
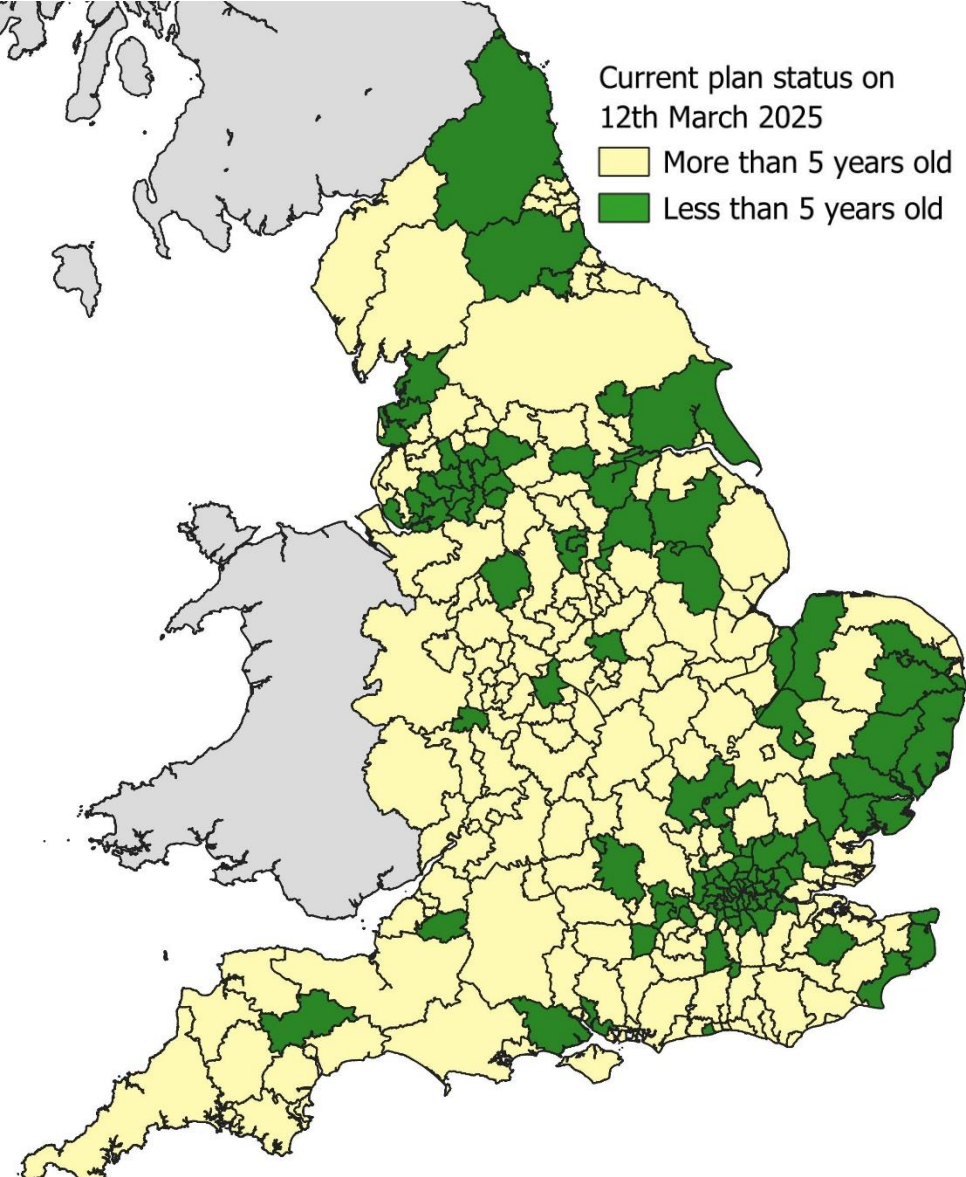


Opportunity  
areas for growth



Resource &  
training for LA  
planning teams

# Low number of **up-to-date plans** leading to immediate increased housing requirements

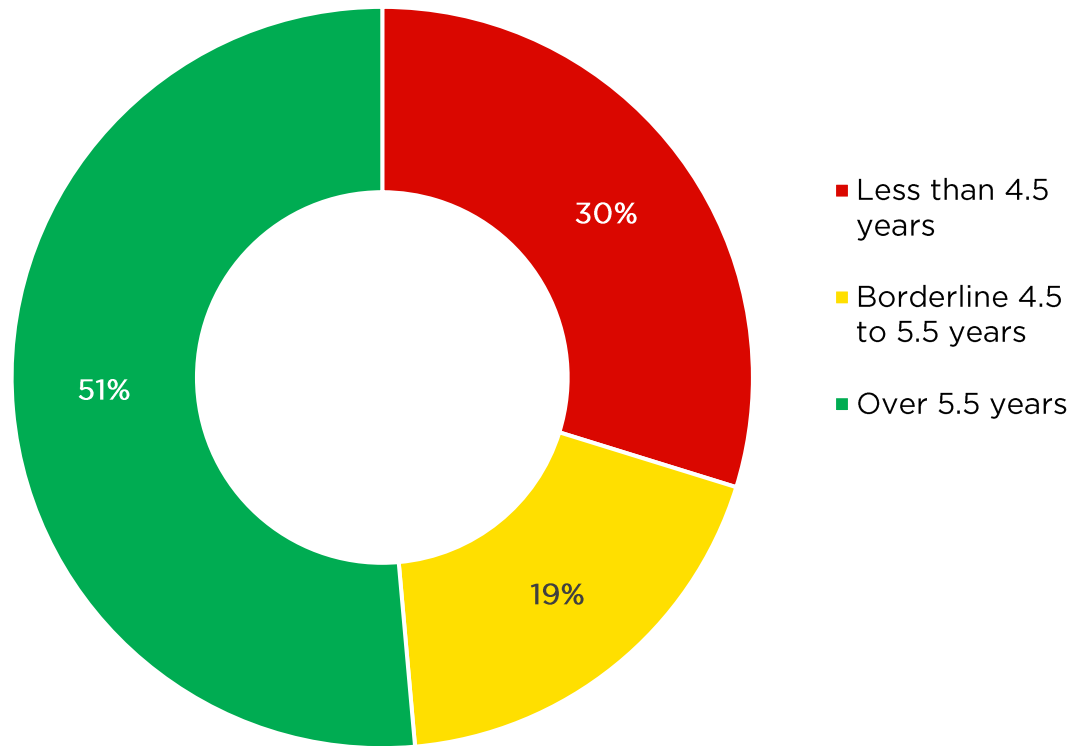


Source: Savills Planning Database (March 2025)  
NB: Some old LPA areas within recently combined local authorities will also be covered by up-to-date plans

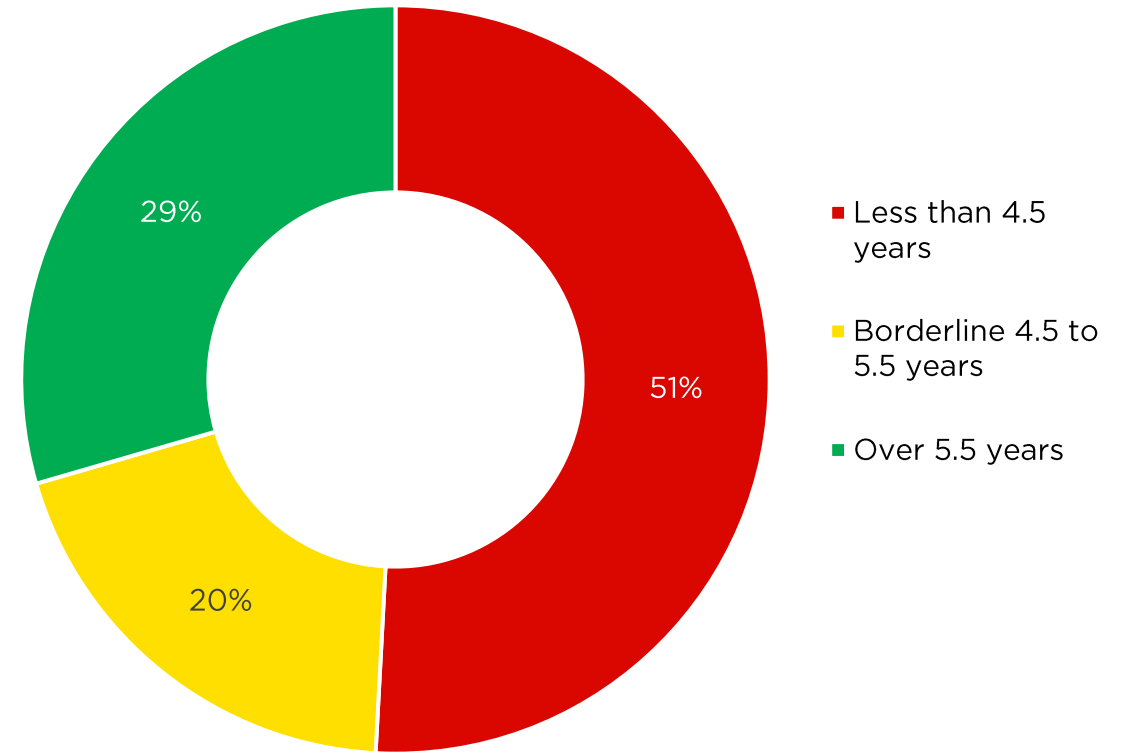
# Big swings in **5 year land supply** positions



Most recent published land supply position



Position after 12<sup>th</sup> March

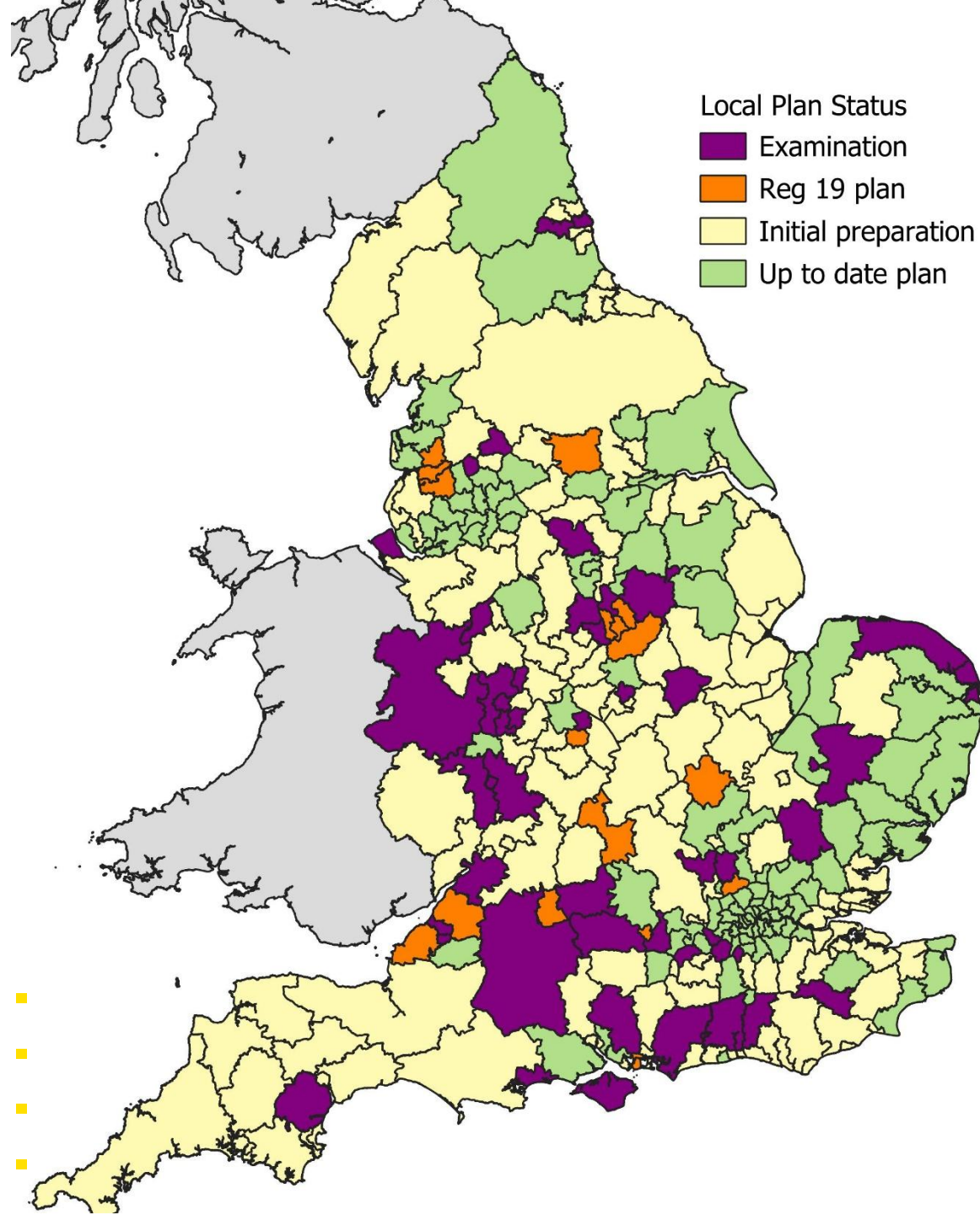


Based on most recent published 5 year land supply statement

Source: Savills Planning Database (March 2025)



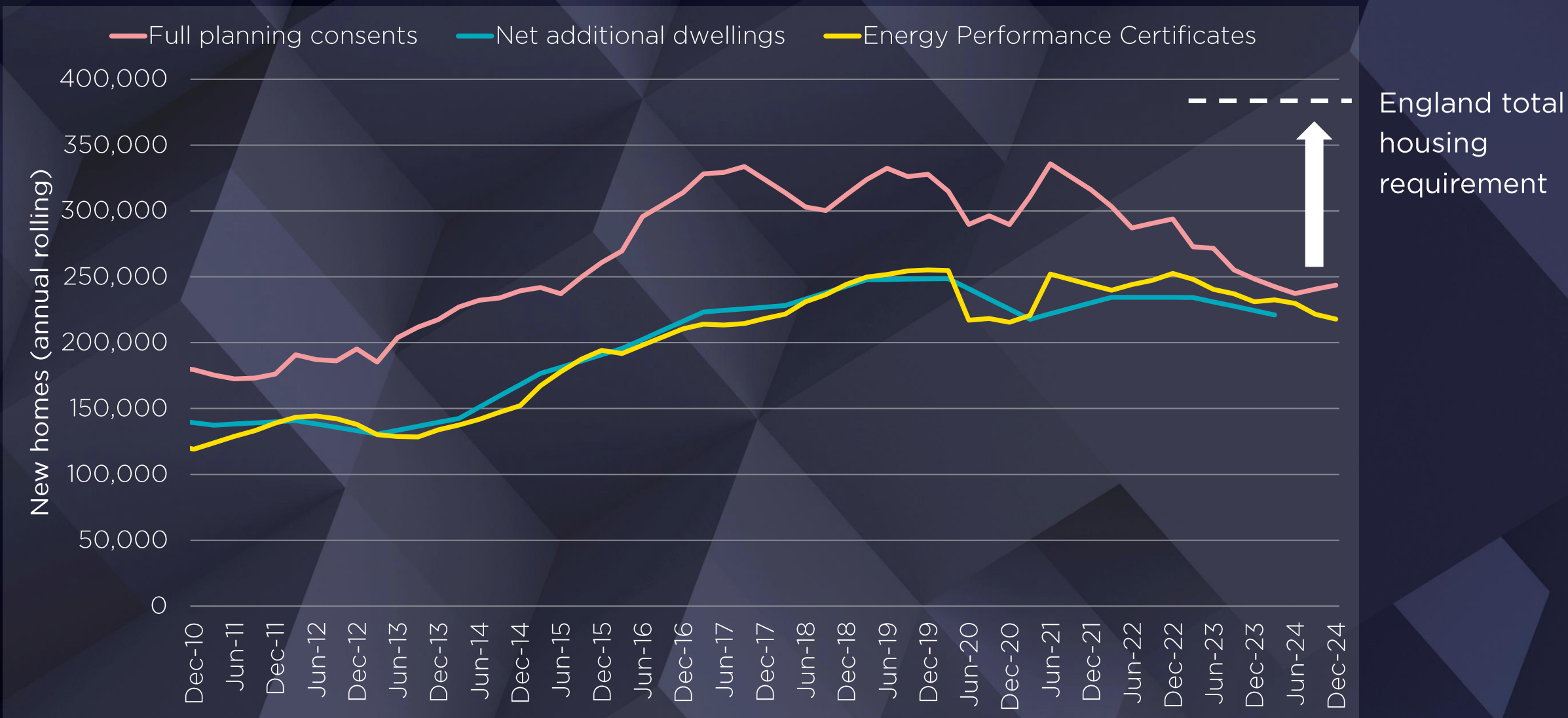
# Short window of opportunity in some locations



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# Is it **enough** to turn this around?



Source: MHCLG, HBF/Glenigan



“1,500,000 new homes  
over the next 5 years”

“Delivering 1.5 million homes is  
going to be more difficult than  
we expected in opposition”.



Slow open  
market sales  
rates



Lack of finance  
in the RP sector



Shrinking BTR  
pipeline

Market  
capacity and  
demand side  
support



# New build sales rates **stable, but lower**

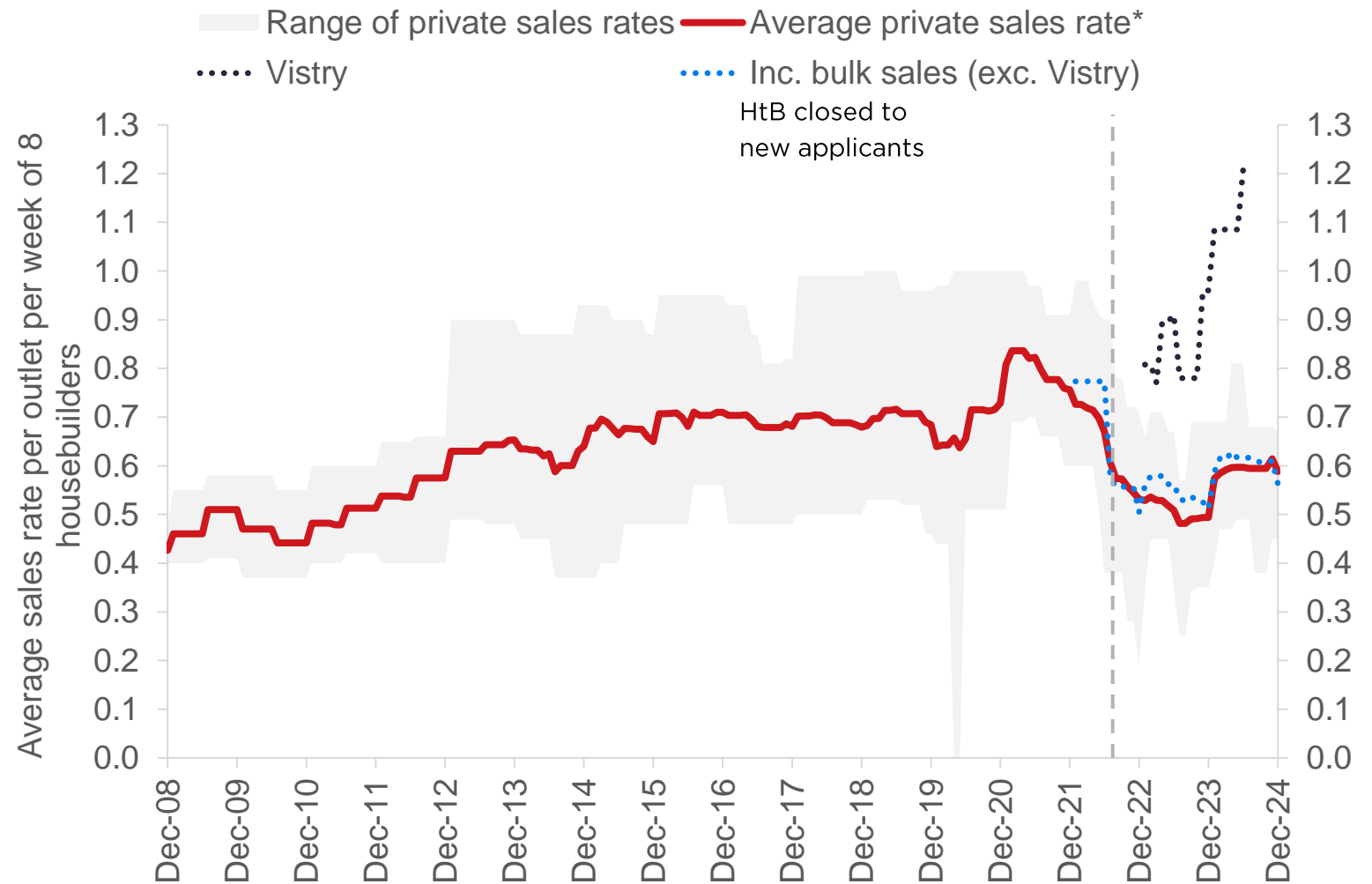
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**0.6**

Average private sales rate  
Per outlet per week

**15%**

slower than 2016-2019  
average



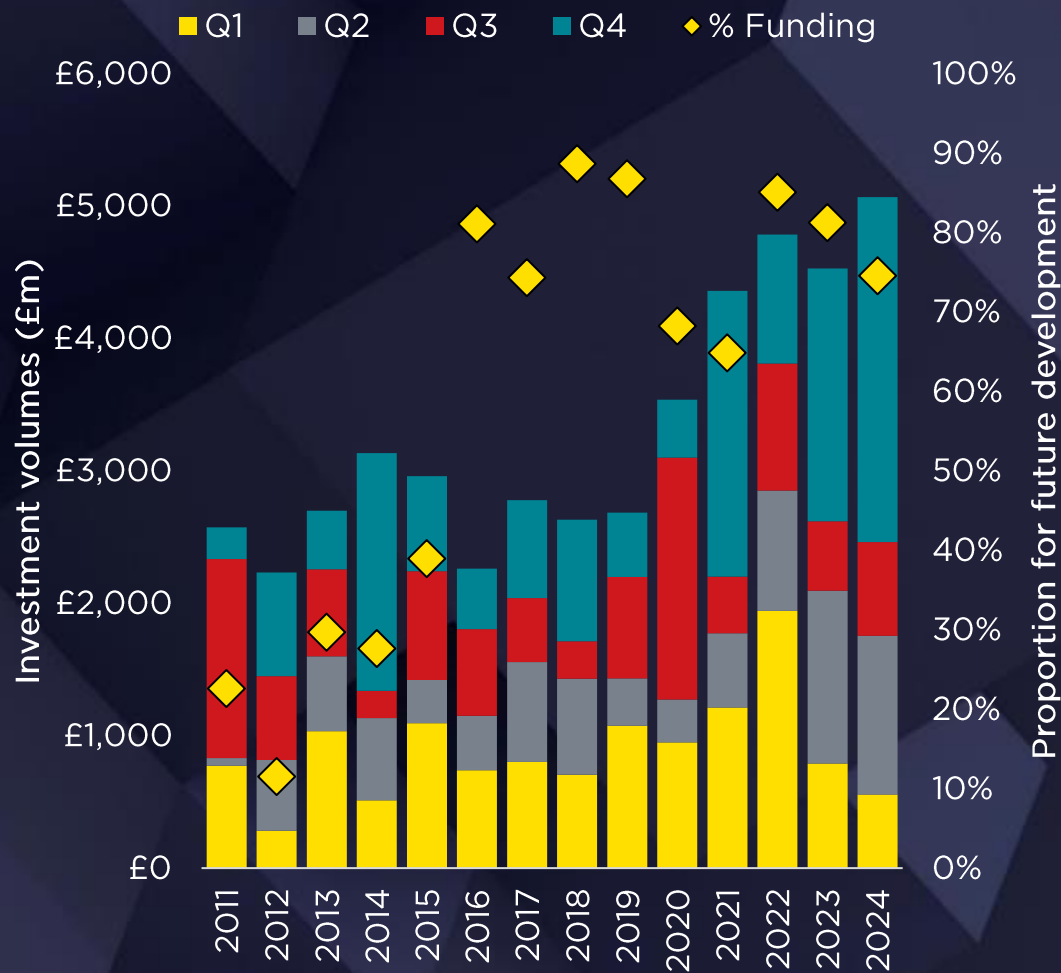


# Can you rely on the **sales market recovering?**

Savills transaction forecasts growth to 2029



Investment has totalled  
c.£5bn in 2024...



Source: Savills

... but there are challenges  
behind the big number



Only three multifamily development deals  
in 2024

£5bn includes large multi year JVs, so will  
take a while to deploy capital

Purpose built rental stock under  
construction fell by 15% in 2024





Pricing

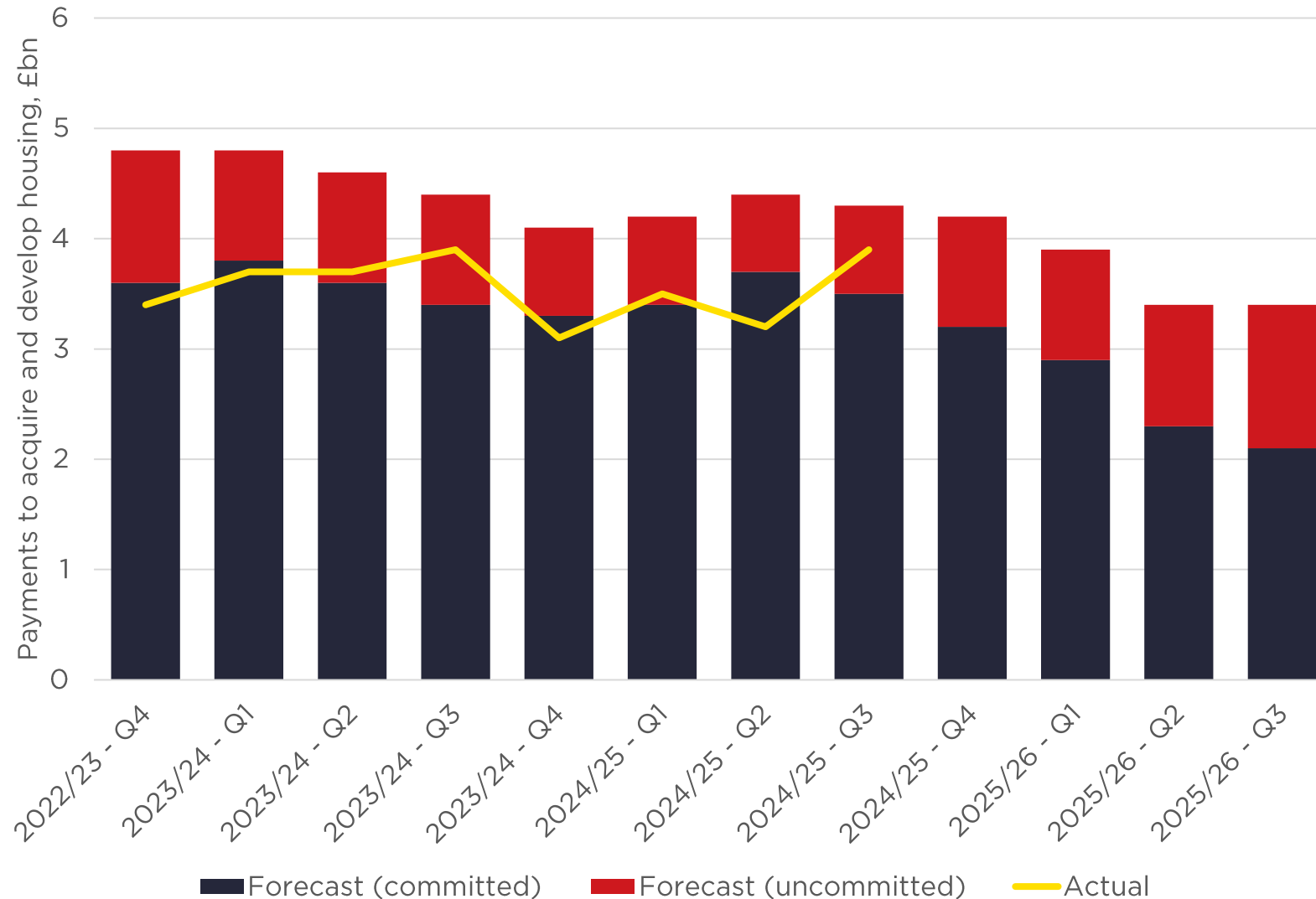


Certainty



Viability

# A sharp drop off in appetite for affordable tenures



Source: RSH, Savills survey of developing Housing Associations



**53%**

Of Housing Associations are either no longer intending to acquire Section 106 or had reduced their requirements



**67%**

Of Housing Associations reported financial capacity would be a challenge for two to five years or longer

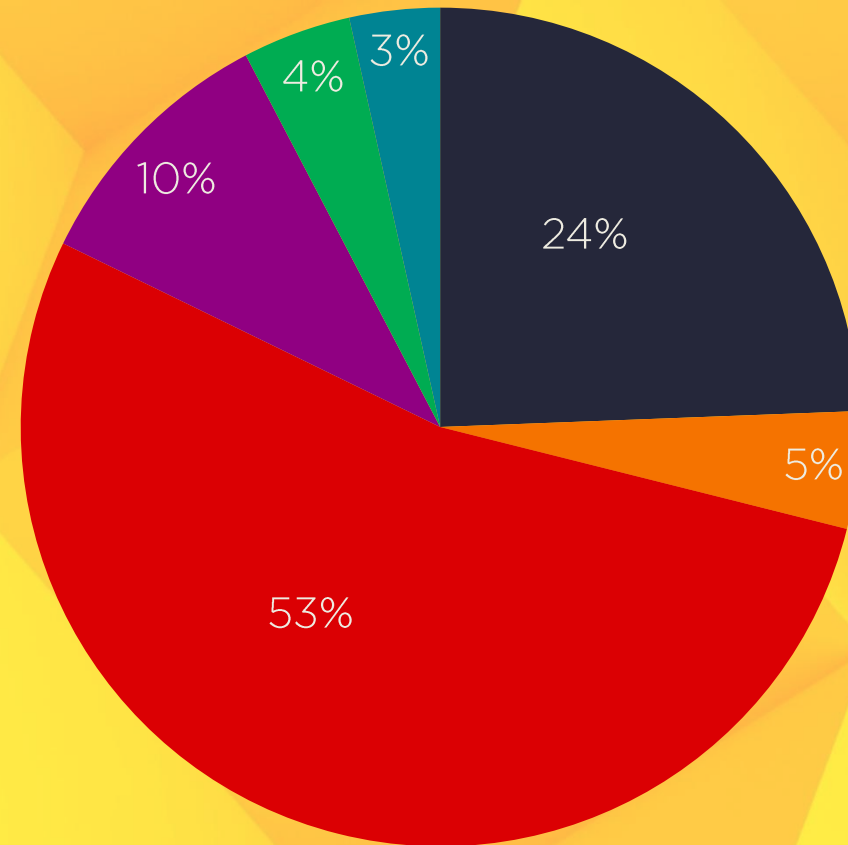


# A **rebalancing** of future affordable supply

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What proportion of your organisation's total new homes delivery over the next five years will fall into the following categories?

- Nil grant Section 106 delivery
- Part grant Section 106 delivery
- Grant-funded delivery
- Open market sale
- Other/Don't know yet
- No plans to develop



# How much can **land values** take the strain?

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## Committees

[UK Parliament](#) > [Business](#) > [Committees](#) > [Housing, Communities and Local Government Committee](#) > [Land value capture inquiry](#)

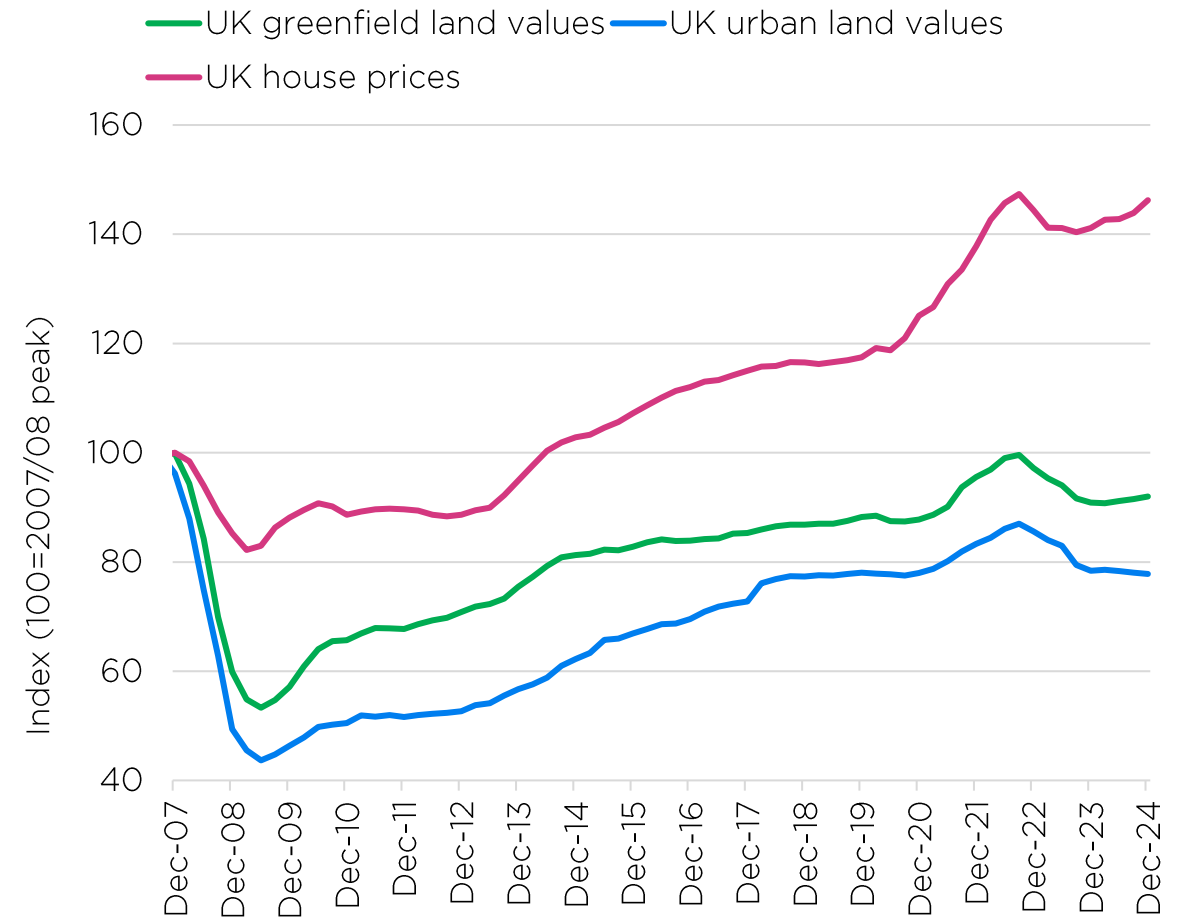
## Land value capture inquiry

### Inquiry

The Communities and Local Government Committee (CLG) Committee is to examine the effectiveness of current land value capture methods and the need for new ways of capturing any uplift in the value of land associated with the granting of planning permission or nearby infrastructure improvements and other factors.

The Committee is inviting written submissions on the following points:

- Are current methods, such as the Community Infrastructure Levy, planning obligations, land assembly and compulsory purchase adequate to capture increases in the value of land?
- What new methods may be employed to achieve land value capture and what examples exist of effective practice in this area, including internationally?
- What are the possible advantages and disadvantages in adopting alternative and more comprehensive systems of land value capture?
- What lessons may be learned from past attempts to capture the uplift in value?



Source: Savills

Increasing market strength despite economic headwinds

Planning reforms heading in the right direction...

...but will take a while to reverse land supply trends

Work still to be done on increasing market capacity

Careful balancing act to come over land value capture

# Thank you

