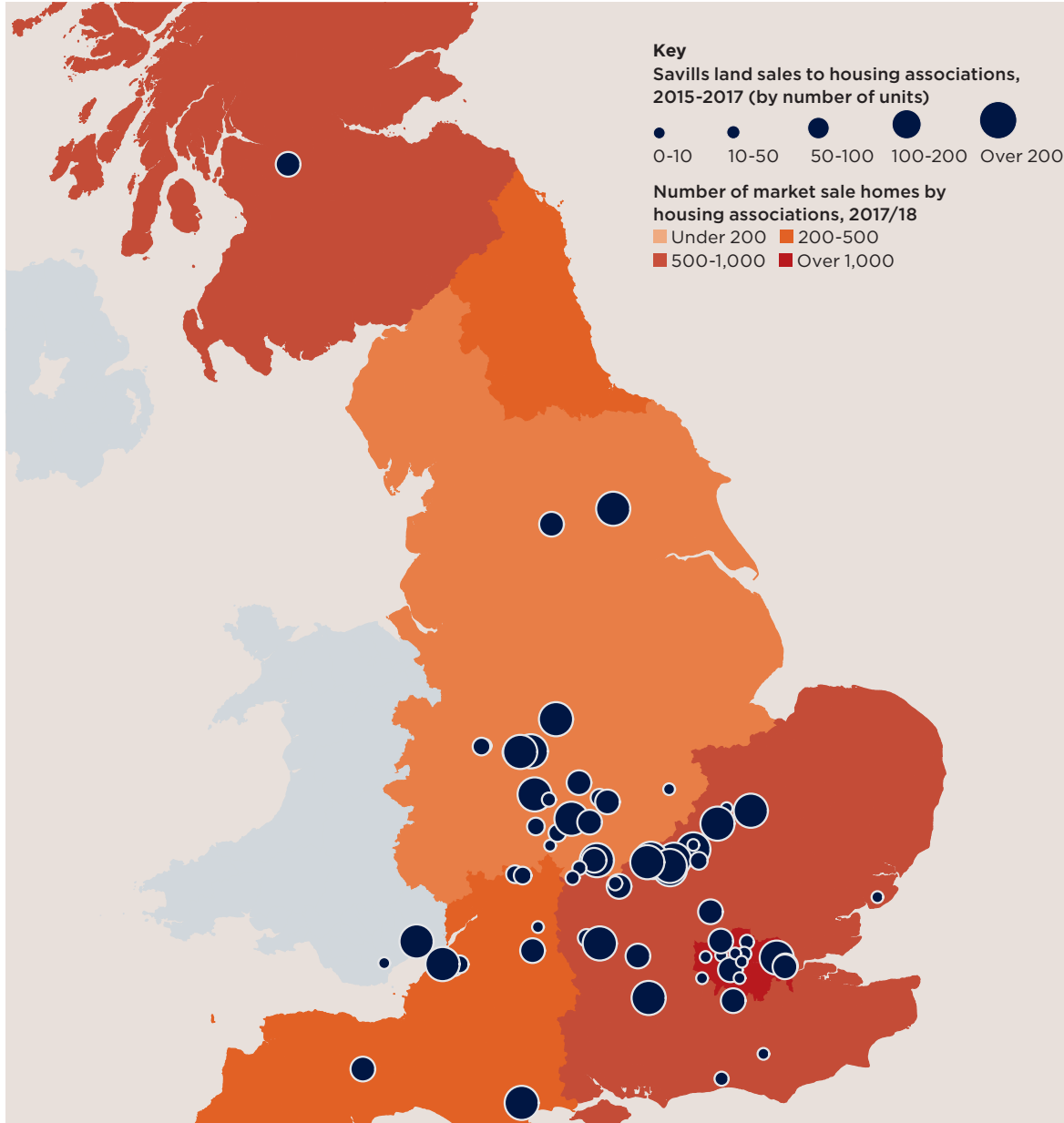


New homes and housing associations



Across the country Savills land sales to housing associations, and number of market sale homes



Source Savills Research, NHF, Scottish Government, Housing Investment

Housing associations increase their share of homes for market sale

To increase the output of affordable homes, many housing associations are having to cross-subsidise their affordable development programme with homes for market sale.

The Letwin Review identified that, to maximise potential build-out rates and absorption rates, there is a need for greater product diversity through type, tenure and design.

One way the Government hopes to achieve this increase in supply is by supporting house-building by non-traditional builders. Housing associations have received particular focus recently, with the announcement of an additional £2 billion-worth of funding for affordable and social housing from 2021 onwards.

On top of the £9 billion-worth of existing funding, this gives housing associations confidence in the medium term.

But to build enough affordable housing to meet need, it is necessary to also cross-subsidise with the sale of private homes.

In our recent survey of senior directors of housing associations and local authority housing teams, 64% of respondents said their main priority was to build more homes. And in terms of who these homes are for, one-third of respondents believe demand from aspiring homeowners is on the increase.

For more information, see *The Savills Housing Sector Survey 2018* in association with *Social Housing* magazine.

Focal points

Sector news and analysis in brief

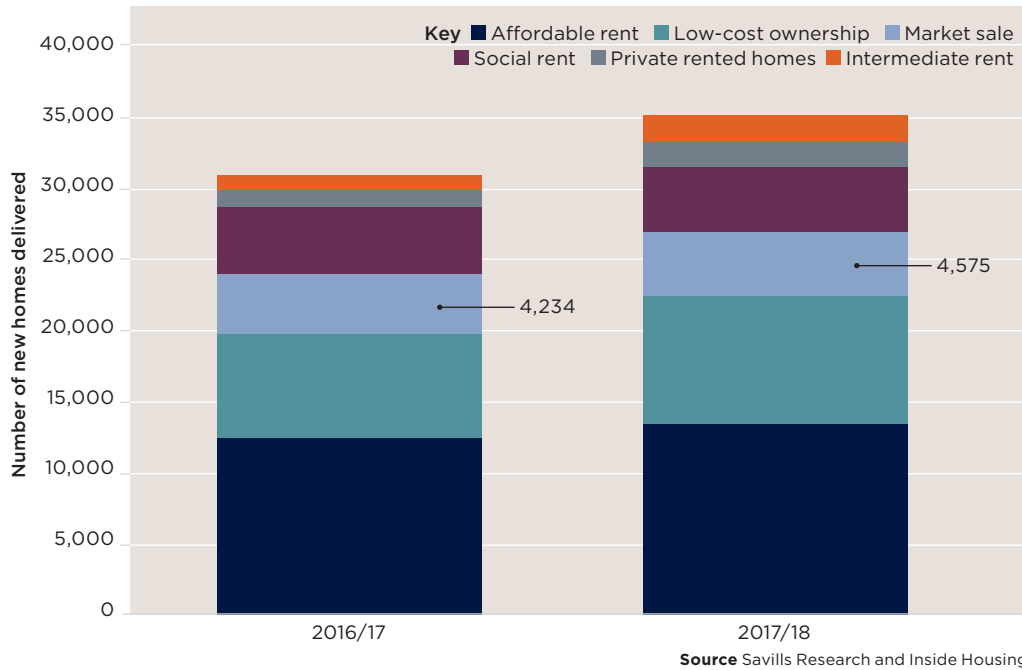
The highest levels of housing association homes for market sale are being delivered in London, the South and Scotland. According to the National Housing Federation, 40% of completed homes for market sale in 2017/18 were in London – some 1,750 homes. Yet, across all tenures, completions in London accounted for only 21%.

Across all tenures, housing associations contributed to 17% of all housing completions in 2017/18.

With more players in the market, there is, of course, more potential to deliver homes, but also more competition for land. Of those housing associations surveyed in *The Savills Housing Sector Survey 2018*, 45% said the main barrier to building more homes is the availability of land. There is particular competition for land for schemes of 100 to 200 units.

Housing associations accounted for 29% of all the residential units in land sales by Savills between 2015 and 2017. Of these, 58% were in London, the South East or the East of England. A further 22% were in the West Midlands. This includes the significant strategic land acquisitions made by L&Q last year.

Homes for market sale The proportion of homes for market sale by the top 50 housing associations is increasing



HOME-BUILDING BY THE TOP 50 HOUSING ASSOCIATIONS
 The top 50 housing associations across the UK delivered 4,575 homes for market sale in 2017/18, according to Inside Housing.
 This represented 13% of the 35,370 total homes delivered by these top 50 associations across all tenures.
 Overall, the number of homes delivered by the top 50 associations increased by 15% since the previous year, with those for market sale increasing by 8%.

LOOKING FORWARD
 Even with numbers of new housing association homes for market sale increasing, they still represent only 2.1% of all new housing supply estimated to have been delivered during 2017/18.
 In terms of future supply, the National Housing Federation found that, during the first quarter of 2018/19, a total of 8,741 homes across all tenures were started by housing associations across the UK.
 This was down by 5.5% compared with the same quarter the previous year, but the proportion of starts that are for market sale has increased.
 During the first quarter of 2018, starts for market sale accounted for 1,397 homes, compared with 1,093 a year before.

Savills team
 Please contact us for further information

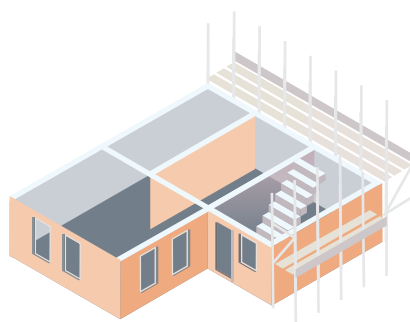
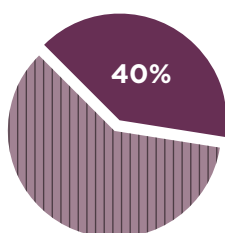
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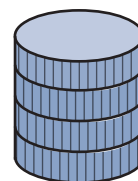
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“Of the housing associations and local authority teams surveyed by us, more than 60% of respondents planned to continue delivering homes for market sale over the next five years, alongside other tenures”

In 2017/18, 40% of completed housing association homes for market sale were in London



43%
 The top 50 housing associations plan to build 43% more homes a year in 2020/21 than they did in 2016/17



+£2 billion
 Additional government funding for affordable and social housing projects beyond 2021

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