

# Residential Development In London

Developments With 20+ Private Homes

Q2 2025

**MOLIOR**

## Private Housing Starts Are Only 4.9% Of The Government's London Delivery Target

In London, 2,158 private homes began construction during the first half of 2025. This is just 4.9% of the Government's 44,000 half-year target.

During April, May and June, 23 London boroughs saw zero starts on developments with 20 or more private homes.

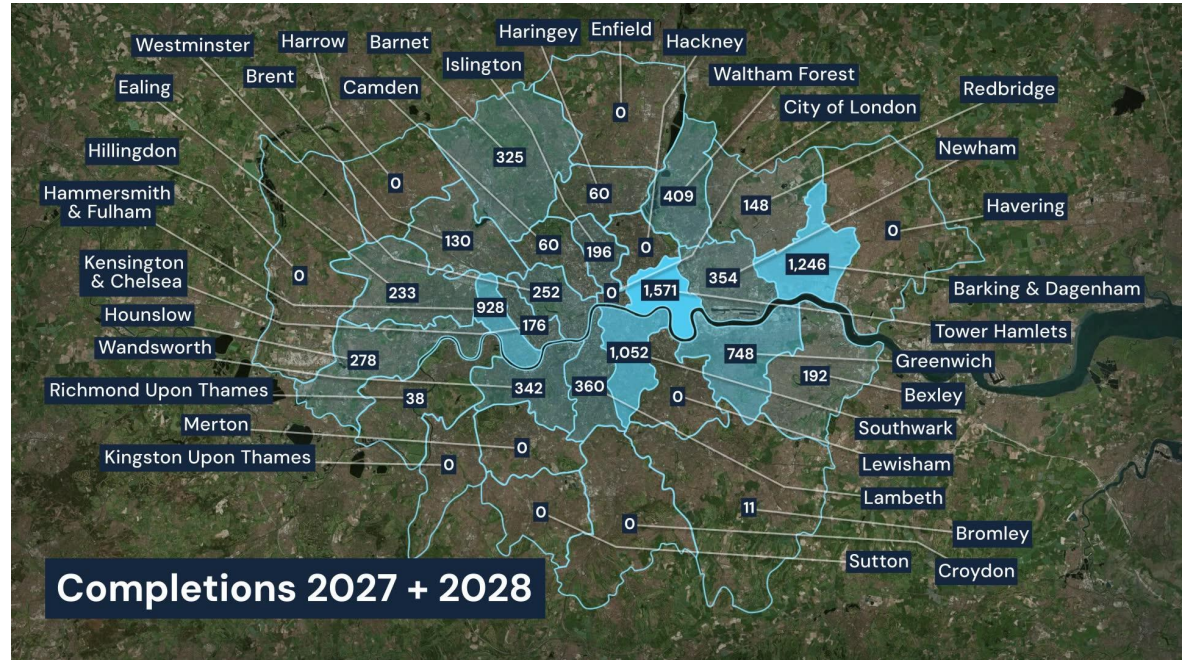


## Just 9,100 Private Completions Are Expected During 2027 and 2028

Only 9,100 private homes are forecast to complete in London during the 24 months of 2027 and 2028. This is dismal.

Future completions will increase because more schemes will start construction. But time is tight, 100-unit projects typically take more than two years to deliver.

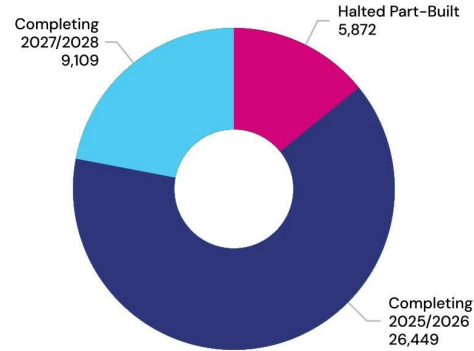
So, there is limited time to address issues with the Building Safety Regulator.



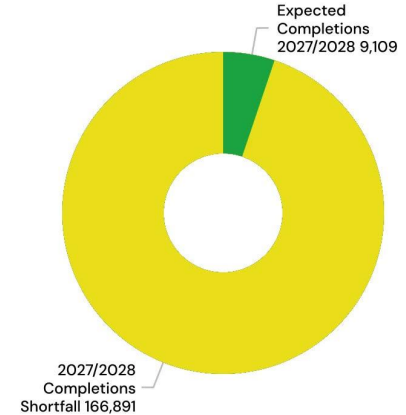
## Expected 2027 and 2028 Completions Are Just 5.2% Of The Government's Target

Completions forecast for 2027 and 2028 account for only 5.2% of the Government's 176,000-home two year London target.

As this shortage is unlikely to reduce selling prices or rents, there could be significant opportunity for developers able to get building now.



**41,430 Homes Are Under Construction**

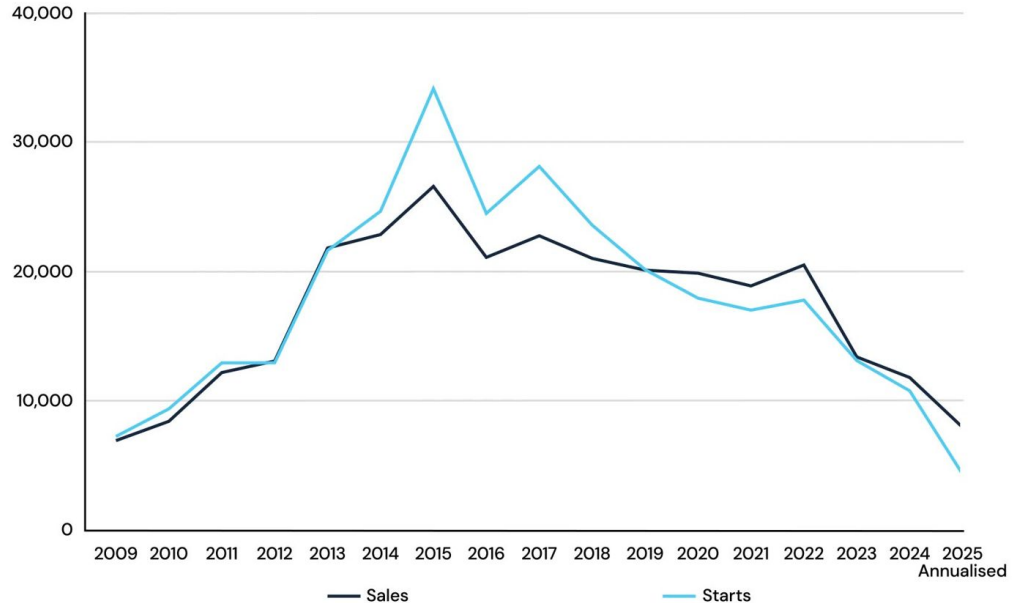


**Expected Completions Shortfall = 94.8%**

## Off-Plan Investors, Taxed Out Of The Market, Are Sorely Missed

Just 3,950 new homes were sold in London during the first half of 2025. Sales rates are now as low as they were in early 2009.

Investors used to kick-start developments by buying off-plan early in the construction process. But successive tax changes, first enacted by the Conservatives over a decade ago, have driven them out of the market.



## Sales Segmentation: The Bottom Line Falls Far Short Of 22,000 Each Quarter

Quarterly sales remain low across all absorption segments, well below the 22,000 homes per quarter the Government wants.

Most industries boost output by cutting costs and lowering prices.

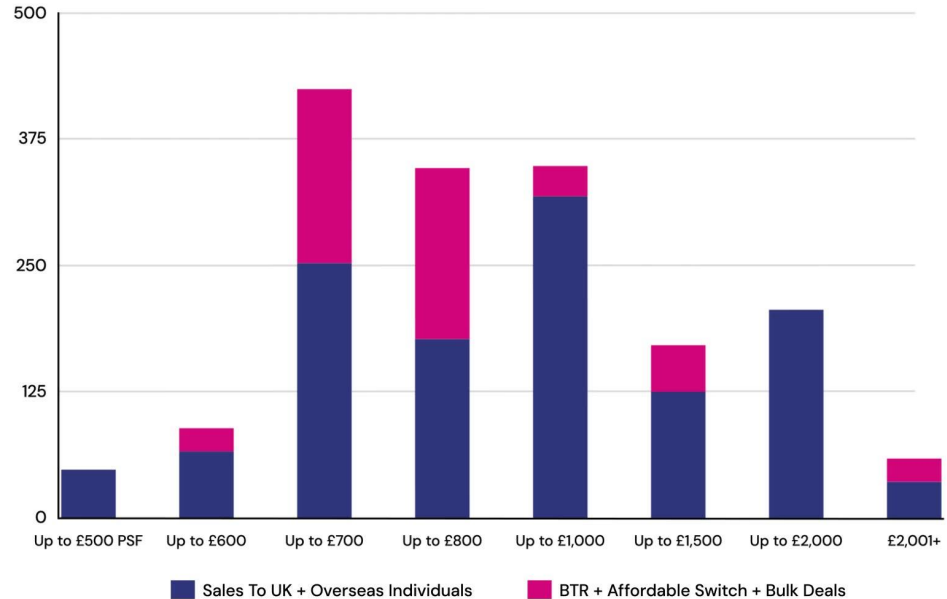
But Government policy changes keep pushing costs up, whilst selling prices are trapped by mispriced s106 viability agreements.

|                        | 2024 Q1 | 2024 Q2 | 2024 Q3 | 2024 Q4 | 2025 Q1 | 2025 Q2 |
|------------------------|---------|---------|---------|---------|---------|---------|
| Schemes selling 12+ PQ |         |         |         |         |         |         |
| Build to Rent          | 550     | 969     | 615     | 2,042   | 531     | 97      |
| Help to Buy            | 0       | 0       | 0       | 0       | 0       | 0       |
| Switched to Affordable | 488     | 509     | 107     | 120     | 337     | 255     |
| Overseas Sales         | 547     | 388     | 336     | 422     | 356     | 396     |
| Bulk Deal              | 118     | 67      | 210     | 147     | 50      | 111     |
| Normal UK Sales        | 426     | 331     | 461     | 428     | 385     | 406     |
| Sub Total              | 2,129   | 2,264   | 1,729   | 3,159   | 1,659   | 1,265   |
| Schemes selling <12 PQ | 550     | 622     | 708     | 541     | 596     | 426     |
| Total Homes Sold       | 2,679   | 2,886   | 2,437   | 3,700   | 2,255   | 1,691   |

## Corporate Transactions Are Notably Missing From Q2 Sales Volumes At Lower Price Points

In Q2 2025, individuals purchased more new homes than companies. However, identifying meaningful trends is futile in such a thin market.

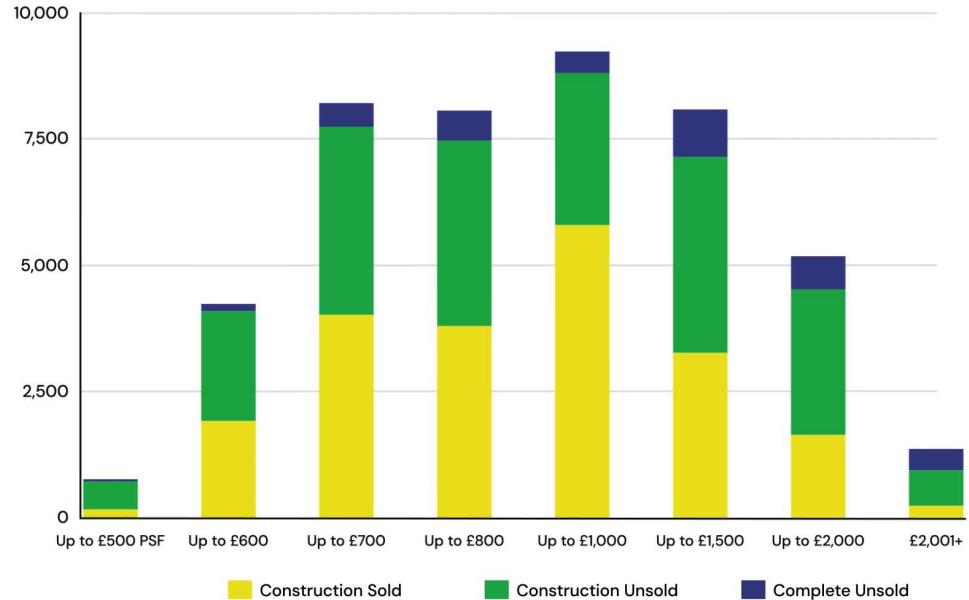
Build-to-rent multifamily investors were notably absent from the London market. Most corporate activity came from Housing Associations and Local Authorities converting private units into affordable housing.



## Very Few Homes Are Complete But Unsold And Empty, However ...

High construction costs prevent developers from offering significant discounts on unsold completed homes. Instead, many are choosing to rent these properties instead.

However, Gateway 3 is beginning to create scenarios where completed homes cannot be occupied at all. This emerging issue has not yet attracted significant media attention.



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