

THE EVOLUTION AND FUTURE OF NEW BUILDS IN THE UK

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The UK's New Build housing sector remains a pivotal component of the nation's property market, reflecting both historical significance and future potential. As of 2025, the landscape is characterised by ambitious government targets, innovative ownership schemes, and evolving demographic demands. For mortgage brokers, a nuanced understanding of these dynamics is essential to effectively guide clients through the growing New Build market.



Historical Context of New Builds in the UK

Post-Second World War, the UK initiated extensive housebuilding programs to address significant housing shortages. The 1960s and 1970s witnessed the rise of mass-produced council housing and high-rise developments. The 1980s introduced the Right to Buy scheme, leading to a substantial reduction in social housing stock as many tenants purchased their homes. At its peak, public house building accounted for over 220,000 properties being built in the early 60's, which was closely matched by private house building. In the 1980's we saw public house building drop to below 50,000 properties a year with private house building making up the shortfall. Since this, in recent decades, private developers have dominated the New Build sector, focusing on suburban estates and urban apartments. Despite these efforts, the UK continues to face a housing shortfall. A 2024 report by UK Finance highlighted that the UK has fewer homes per capita compared to other OECD (The Organisation for Economic Co-operation and Development) countries, underscoring the ongoing demand for new housing¹.



New Build Initiatives: Shared Ownership and 'Own New' Schemes

When we first entered the New Build market back in 2018, 63% of our New Build customers used the Help to Buy scheme to help get them onto the property ladder. After eligibility changes to the scheme made it only available to first time buyers, we saw applications on the scheme reduce, as mortgage advisers had to look at a wider range of options to satisfy customer borrowing needs and to support them onto the property ladder. Now 2 years on from the end of the Help to Buy Scheme, the New Build market has had to shift.

To enhance housing affordability, the government has implemented schemes like Shared Ownership and businesses have found opportunities to support the wider market, with propositions like 'Own New Rate Reducer' mortgages.

Whilst Shared Ownership itself has been available in its current form since the 1980s, the scheme has seen enhancements which have opened it up to help even more borrowers who would otherwise not be able to own their own home. Shared Ownership allows buyers to purchase a portion of a property (typically between 25% and 75%) and pay rent on the remaining share, lowering the initial financial barriers to homeownership and offering the option to increase ownership over time through a process known as staircasing. Notably, Shared Ownership is not exclusively for first-time buyers; it also caters to previous homeowners and older individuals seeking to downsize.

The 'Own New' scheme, introduced to fill the gap left by the conclusion of Help to Buy, offers flexible mortgage solutions for New Build homes. [Own New Rate Reducer](#) launched in February 2024 with Barratt Developments, and there are now more than 200 housebuilders either signed up, or in the process of signing up, to the scheme. The proposition offers lower mortgage rates for New Build home buyers. While still gaining traction, it aims to assist all buyers in securing New Build properties with a lower monthly interest commitment.



Demographic Drivers in 2025: First Time Buyers and Investors

In 2025, first time buyers (FTBs) remain a significant force in the New Build market. The average age of FTBs has risen to 34, reflecting the challenges younger individuals face in accumulating deposits amidst high property prices. Government schemes like Shared Ownership have been pivotal in assisting this demographic to enter the property market. According to Leeds Building Society data, over 80% of shared ownership mortgages are to FTBs².

But New Build properties are not just for the first time buyers. Investors continue to play a crucial role. Despite regulatory changes and tax adjustments in recent years, the demand for rental properties remains robust. Cities like Manchester and Birmingham have become hotspots for New Build developments being snapped up by Buy to Let (BTL) investments, driven by strong rental yields and ongoing urban regeneration projects. Potential changes around green homes in the BTL sector may have influenced landlords to look at New Build for opportunity in this space.



Challenges and Future Outlook

The government's plan for change includes a milestone to build 1.5 million homes over five years. Recent analyses suggest a potential shortfall of up to 500,000 homes³, attributed to factors such as market absorption rates, available grey belt and brown belt land and the conclusion of the Help to Buy scheme. To mitigate this, increased investment in affordable housing and support for first time buyers are deemed essential.

UK New Build sector faces challenges such as rising costs, skilled labour availability and regulatory hurdles.

Affordability remains a pressing concern. While initiatives like Shared Ownership provide pathways to homeownership, high property prices and interest rates continue to challenge buyers.

In conclusion, the UK's New Build housing sector in 2025 is characterised by a blend of opportunities and challenges. Many industry professionals welcome the government's focus on the housing sector. Government schemes and demographic trends are shaping demand, while economic factors influence market dynamics. For mortgage brokers, staying informed about these developments is crucial to guide clients effectively through the evolving landscape of New Build homeownership.

1: <https://www.ukfinance.org.uk/system/files/2024-09/Homes%20We%20Need.pdf>
2: <https://todaysconveyancer.co.uk/single-first-time-buyers-struggle-buy-house/#:-text=Shared%20ownership%20has%20very%20quickly,ownership%20sales%20were%20to%20FTBs.>
3: <https://www.housing.org.uk/news-and-blogs/news/government-to-miss-1.5m-homes-target-by-half-a-million-homes-without-funding-and-policy-intervention-industry-bodies-warn/>



Eloise Hall – Head of National Accounts

Eloise joined Kensington Mortgages in 2019, bringing a wealth of experience from both Leeds Building Society and Principality Building Society, she has supported, nurtured and grown many of our key account relationships across the UK. Eloise has won an array of awards in her tenure at Kensington Mortgages, including Woman in Specialist Lending at Women's Recognition Awards and Head of National Accounts at both the 2022 and 2023 British Specialist Lending Awards. Most recently Eloise has been recognised in the Mortgage Introducer Global Top 100 Mortgage Professionals and named as an Elite Woman in 2024.

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