



Regulator of
Social Housing

Quarterly survey for Q1

April to June 2025

September 2025



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Introduction

1. This quarterly survey report is based on regulatory returns from 198 private registered providers (PRPs) and PRP groups who own or manage more than 1,000 homes.
2. The survey provides a regular source of information regarding the financial health of PRPs, in particular with regard to their liquidity position. The quarterly survey returns summarised in this report cover the period from 1 April 2025 to 30 June 2025.
3. The regulator reviews each PRP's quarterly survey. It considers a range of indicators and follows up with the PRP where a risk to 12-month liquidity is identified, or where there is a risk to loan covenant compliance. Further assurance is sought where there is increasing exposure to risks from activities carried out within non-registered entities. Findings will be reflected in regulatory judgements where appropriate.
4. PRPs have a responsibility to both their current tenants, in ensuring that their homes are safe and decent, and to the many individuals in housing need. PRPs need to be able to manage the risks and opportunities that are evolving around them and continue to drive efficiencies if they are to be able to fulfil their ambitions without compromising financial viability.
5. Figures have been rounded to the nearest £billion to one decimal place. This can result in rounding differences in totals and percentages as the individual returns are denominated in £000s.

Summary

Liquidity

Cash balances reduce to the lowest level in 12 years, as 70% of PRPs report a net cash outflow during the quarter.

Capital market issuances are at the lowest level in six years, however investment in the sector remains robust with new finance of £1.8 billion being arranged in the quarter.

- 27 PRPs arranged new finance during the quarter, with bank lending accounting for 84% of new facilities.
- Loan repayments were £0.9 billion in the quarter, consistent with the quarterly average over the last three years.
- Available cash balances reduced by £0.8 billion during the quarter to £3.4 billion. Balances are expected to reduce to £2.9 billion by June 2026.
- Including both cash and undrawn agreed facilities, total available liquidity (£33.5 billion) remain sufficient to cover forecast expenditure on net interest costs (£4.7 billion), loan repayments (£3.5 billion) and net development (£12.2 billion) for the next year.
- Gross mark-to-market (MTM) exposure on derivatives increased to £232 million at the end of the quarter (March: £168 million).

Performance in the quarter

12-month outturn cash interest cover (excluding sales) in the year to June was 81% (March: 82%), but median 12-month interest cover was 97% (March: 102%).

Forecast interest cover over the next 12 months remains low, with a projected sector total of 67% and with almost 60% of PRPs forecasting interest cover below 100%.

- Quarterly cash interest cover (excluding sales) reduced to 61% (March: 83%), but was above the forecast of 58%.
- Cash interest cover typically drops in the first quarter of the financial year as year-end accruals are settled – the 61% quarterly outturn compares to 67% in Q1 of 2024, and 51% in Q1 2023.
- Total repairs and maintenance (capital + revenue) spend was £2.2 billion in the quarter, 6% higher than the same quarter of the previous year.
- Expenditure on capital works totalled £0.9 billion in the quarter; 16% higher than the same quarter of the previous year, and the highest Q1 spend on record.
- Higher repairs and maintenance costs have resulted in net operating cashflows alone being insufficient to fund increasing net interest payments, with an average cash shortfall of £210 million per quarter experienced in the year to June 2025.
- Development spend in the quarter was £3.4 billion, broadly comparable to an average of £3.5 billion per quarter over the last three years.

Investment in new and existing stock

Outturn and forecast spend on repairs and maintenance continues to increase.

- 12-month spend on repairs and maintenance totalled £9.1 billion, compared to £8.2 billion in the previous year.
- Forecast 12-month spend has increased by a further 3% to £10.3 billion.
- 12-month budgeted expenditure on repairs and maintenance has increased every quarter since revenue repairs expenditure was first separately reported in June 2022.

In contrast 12-month development spend up to June 2025 totalled £13.6 billion, a slight decrease on the £14.2 billion in the year to June 2024.

- 12-month forecast development spend is consistent with the previous quarter at £14.8 billion. Projections remain at the lowest levels seen since the start of the Covid pandemic.
- Total pipeline AHO units have reduced by 4%. Uncommitted pipeline units remain at the lowest amount recorded since data was first collected in 2015.
- Development projections and budgets for the next 12-18 months are unlikely to have been revisited immediately following the announcements made at the June Spending Review.
- Many PRPs are still in the process of reviewing and updating business plans and forecasts.
- Although forecasts for development spend remain suppressed, forecasts for development grant have increased by 17% up to £2.6 billion (March forecast: £2.2 billion). Prior to this, forecasts for grant had reduced for three consecutive quarters.

Sales

Both AHO first tranche and market (current asset) sales have fallen in the quarter – AHO sales are the lowest in five years, and market sales are the lowest ever recorded.

- AHO sales were 28% lower than in the previous quarter and 19% below the three-year average. The margin on AHO sales stood at 13.5% in the quarter – the lowest level recorded in thirteen years.
- Market sales were 62% lower than in the previous quarter and 61% below the three-year average.
- Unsold market sale units increased by 6%, with units unsold for more than six months increasing by 8%. Total unsold AHO units decreased slightly in the quarter.
- Total current asset sales amounted to £2.9 billion in the year to June; a 6% decrease on the £3.1 billion recorded in the year to June 2024.

In contrast, total fixed asset sales amounted to £3.4 billion in the year to June; a 16% increase on the £2.9 billion recorded in the year to June 2024.

- For the next 12 months, £4.9 billion worth of fixed asset sales have been forecast. We will continue to engage with PRPs where they are reliant on sales to maintain viability and liquidity positions.
- Of the £4.9 billion fixed asset sales forecast, £2.3 billion relates to sales of housing properties to tenants or other individuals, and £2.6 billion relates mainly to bulk sales of both social housing and non-social housing assets.

Operating environment

6. Consumer Price Index (CPI) inflation in the UK rose by 3.6% in the 12 months to June 2025¹, an increase on the 2.6% recorded in the year to March and the highest level since January 2024, when the rate was 4.0%. Post quarter end, inflation continued to increase to 3.8% in the 12 months to July 2025². The Bank of England expects inflation to increase slightly further to peak at 4.0% in September and to fall back thereafter towards the 2% target in the medium term³.
7. The Bank of England (BoE) base rate reduced by 25 basis points to 4.25% on 8 May 2025, where it remained unchanged at the end of June⁴. Post quarter-end the BoE further reduced the Bank Rate to 4.0%, the lowest level since February 2023⁵.
8. The average interest rate for a typical 5-year mortgage stood at 4.3% at the end of June⁶, similar to levels seen at the end of March. Net mortgage approvals for house purchases increased by 900 in June to 64,200⁷ compared to 60,000 in June 2024⁸.
9. Stamp duty changes came into place on 1 April 2025. The nil-rate threshold, which had been £250,000, returned to the previous level of £125,000. For first-time buyers, the nil-rate threshold, which was previously £425,000, returned to £300,000.
10. House prices in England increased by 3.3% in the year to June 2025⁹. The largest annual growth was experienced in the North East, where prices increased by 7.8% over the year. The lowest growth was in London, where prices increased by 0.8% over the same period.
11. The UK unemployment rate increased from 4.5% to 4.7%¹⁰ in the quarter to June. The number of job vacancies in the quarter fell by 56,000 to reach 727,000¹¹, decreasing for the 36th consecutive period. The total number of people claiming Universal Credit in England was around 6.8 million in June 2025¹² compared to 5.9 million a year earlier, as the managed migration from legacy benefits continues.

¹ Consumer price inflation, UK - Office for National Statistics

² Consumer price inflation, UK - Office for National Statistics

³ BOE Monetary Policy-summary and minutes August 2025

⁴ Bank Rate maintained at 4.25% - June 2025 | Bank of England

⁵ Bank Rate reduced to 4.0% - August 2025 | Bank of England

⁶ Quoted household interest rates - a visual summary of our data | Bank of England

⁷ Money and Credit - June 2025 | Bank of England

⁸ Money-and-Credit -June 2024

⁹ UK House Price Index summary: June 2025 - GOV.UK

¹⁰ Labour market overview, UK - Office for National Statistics

¹¹ Labour market overview, UK - Office for National Statistics

¹² Total number of people on Universal Credit in England | LG Inform

12. The Spring Statement¹³ was published in March, and confirmed a number of measures aimed at boosting housebuilding and the construction industry. This included a £625 million fund to address skills shortages in the construction sector.
13. The Spending Review concluded in June, and included a number of significant announcements of relevance to the sector. A new 10-year £39 billion¹⁴ Social and Affordable Homes Programme (SAHP 2026-36) is intended to kickstart social and affordable housebuilding at scale across the country. This was further to additional allocations to the existing programme of £500 million in the Autumn Budget and £300 million on 12 February 2025¹⁵. The Spending Review also set out £2.5 billion in low-interest loans to support new development, to complement commercial lending.
14. The Spending Review¹⁶ also confirmed that social housing rents will be permitted to increase by CPI+1% each year from April 2026 and to give Registered Providers, lenders, and investors greater long-term certainty, the length of the rent settlement will increase from five to ten years. Additionally, it was announced that a rent convergence mechanism will be implemented as part of the new rent settlement, with details to be confirmed in the Autumn Budget.
15. Successful bids for funding from wave 3 of the Warm Homes: Social Housing Fund were announced on 11 March¹⁷. A total of £1.29 billion has been allocated to local authorities and social housing landlords to carry out retrofit works to improve the energy efficiency of existing social homes.
16. The Ministry of Housing, Communities and Local Government is consulting on reforms to the Decent Homes Standard¹⁸ (DHS). The consultation is open until 10 September 2025 and should be considered alongside the consultation on minimum energy efficiency standards for the social housing sector¹⁹.
17. The measures implemented in the Spending Review are intended to enable long-term investment in the sector and give PRPs greater certainty in the regulatory environment, enabling them to better manage their finances and increase ambitions on new supply. Further challenges and opportunities will arise as the DHS, Minimum Energy Efficiency Standard, implementation of rent convergence and details on Awaab's Law emerge. PRPs should ensure that plans are adapted to reflect emerging opportunities and new requirements. It is vital they understand and manage any additional risks, identify potential liquidity and covenant restrictions, and maintain robust contingency plans.

¹³ Spring Statement 2025 - GOV.UK

¹⁴ <https://www.gov.uk/government/publications/spending-review-2025-document>

¹⁵ Thousands to benefit from the security of a safe home - GOV.UK

¹⁶ [social-housing-spending-review-2025/letter-from-housing-minister-to-registered-providers](https://www.gov.uk/social-housing-spending-review-2025/letter-from-housing-minister-to-registered-providers)

¹⁷ Warm Homes: Social Housing Fund Wave 3

¹⁸ <https://consult.communities.gov.uk/decent-homes-team/a-reformed-decent-homes-standard/>

¹⁹ <https://www.gov.uk/improving-the-energy-efficiency-of-socially-rented-homes-in-england>

Private finance

18. The sector's total agreed borrowing facilities increased by £0.6 billion over the quarter, to reach £136.1 billion at the end of June (March: £135.5 billion).

Figure 1: Total facilities (£ billions)

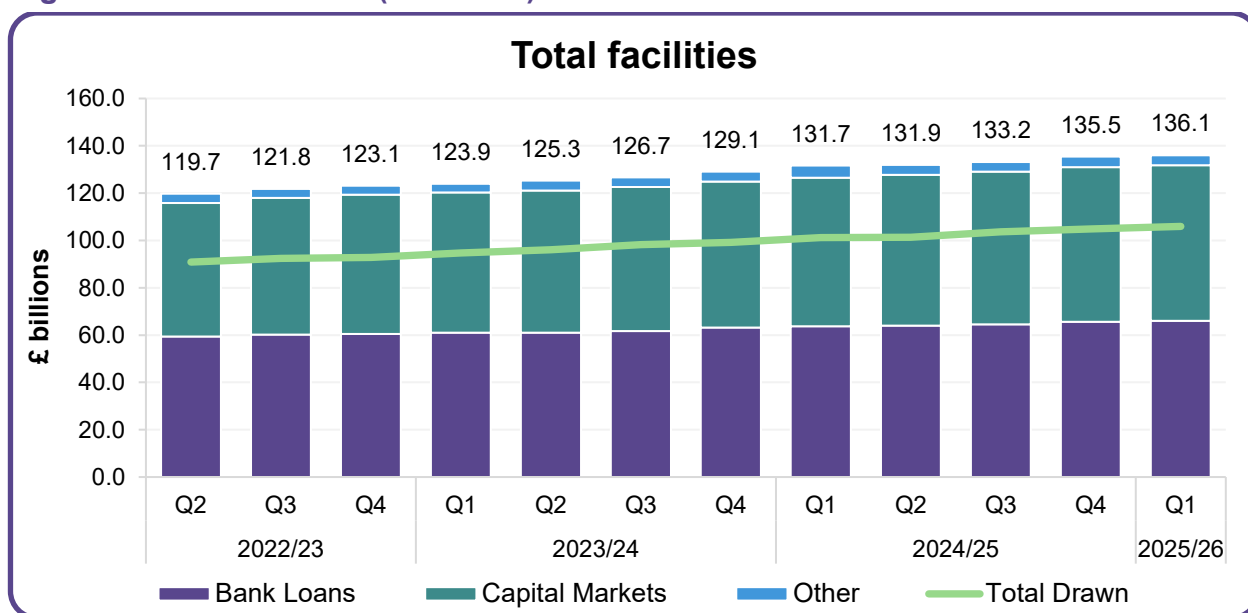
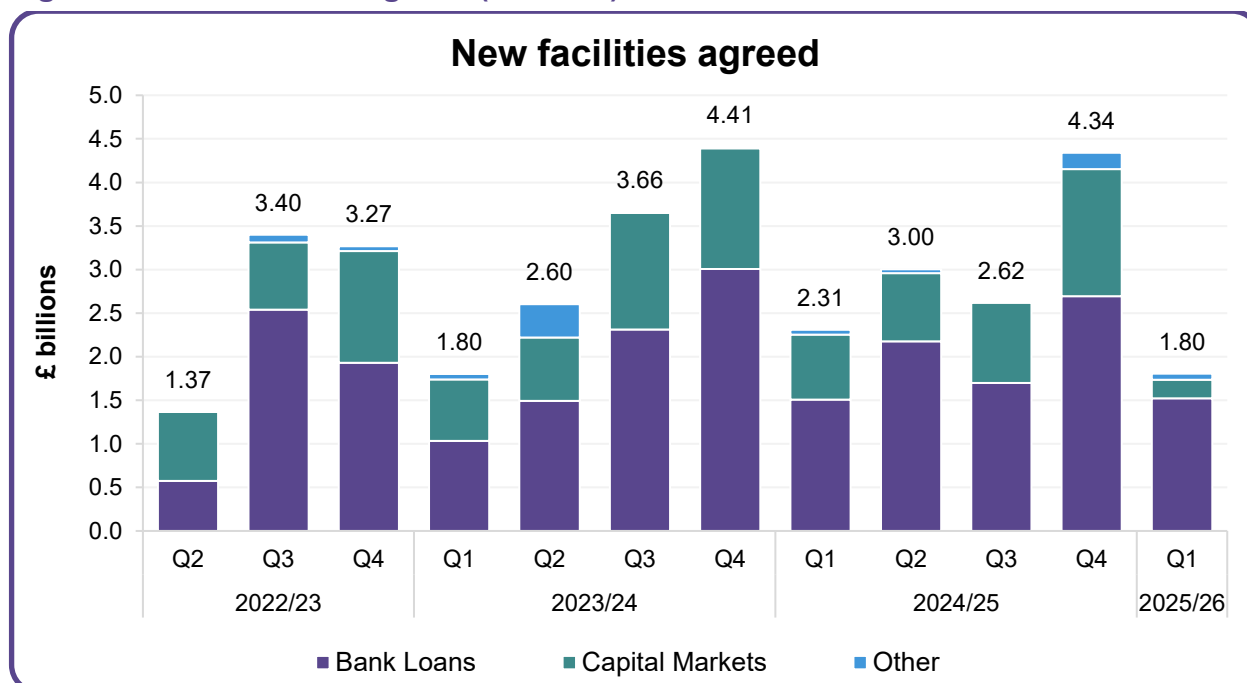


Table 1: Total facilities – drawn and secured

£billions	Previous quarter	Current quarter	% change
Drawn	104.9	105.9	1.0%
Undrawn	30.6	30.1	(1.6%)
Secured	121.7	122.5	0.7%
Security required	3.6	3.3	(8.5%)
Security not required	10.2	10.3	0.7%

19. At the end of June, 97% of PRPs (March: 97%) were forecasting that debt facilities would be sufficient for 12 months or more.
20. A total of 27 PRPs arranged new finance during the quarter (March: 42), with 9 of these arranging facilities worth £100 million or more. The total agreed, including refinancing, amounted to £1.8 billion in the quarter; the lowest level in two years.
21. Bank lending accounted for 84% (£1.5 billion) of new funding in the quarter. Capital market funding, including private placements and aggregated bond finance, accounted for 12% (£0.2 billion) of the total, the lowest amount of capital market funding in six years. Other funding accounted for 4% (£0.1 billion) of the total, the majority of which related to Local Authority finance.

Figure 2: New facilities agreed (£ billion)

22. The value of new facilities arranged during the quarter was exceeded by the level of loan drawdowns, resulting in a net reduction in undrawn facilities. Cash balances also reduced over the quarter, leaving a total of £33.5 billion worth of cash and undrawn facilities available as at the end of June. This amount would be sufficient to cover the sector's forecast expenditure on net interest costs (£4.7 billion), loan repayments (£3.5 billion) and net development for the next year (£12.2 billion), even if no new debt facilities were arranged and no sales income were to be received.

Table 2: 12-month forecasts

£billions	Previous quarter	Current quarter	% change
Drawdown from facilities agreed	4.7	5.3	14.9%
Drawdown from facilities not yet agreed	3.4	3.2	(6.0%)
Loan repayments	3.5	3.5	(0.9%)

23. Drawdowns from facilities not yet agreed have been forecast by 21 PRPs that are either increasing borrowing capacity, typically to fund uncommitted development programmes, or are refinancing existing facilities. The latter can be either to replace expiring facilities, or to secure more favourable terms.
24. Loan repayments of £0.9 billion were made during the quarter, consistent with the quarterly average recorded over the last three years. For the next twelve months, a further £3.5 billion worth of loan repayments are forecast to be made. Nine PRPs have each forecast over £100 million worth of loan repayments, together accounting for two-thirds of the sector total.

Cashflows

25. It is essential that PRPs have access to sufficient funds at all times. The regulator engages with PRPs that have low liquidity indicators. Table 3 below shows the actual performance for the quarter compared to forecast, and the 12-month performance for the year to June 2025.

Table 3: Summary cashflow performance²⁰

£billions²¹	3 months to 30 June 2025 (forecast)	3 months to 30 June 2025 (actual)	12 months to 30 June 2025 (actual)
Operating cashflows excluding sales	3.1	2.9	12.6
Repairs & maintenance (capital & revenue)	(2.4)	(2.2)	(9.1)
Net operating cashflows excluding sales	0.6	0.7	3.5
Interest cashflows	(1.1)	(1.1)	(4.4)
Payments to acquire and develop housing	(4.1)	(3.4)	(13.6)
Current assets sales receipts	0.8	0.5	2.9
Disposals of housing fixed assets	2.0	0.9	3.4
Other cashflows	(0.2)	(0.1)	(0.0)
Cashflows before resources and funding	(2.0)	(2.5)	(8.1)
Financed by:			
Net grants received	0.6	0.5	2.6
Net increase in debt	0.8	1.2	5.1
Use of cash reserves	0.5	0.8	0.5
Total funding cashflows	2.0	2.5	8.1

26. Cash interest cover²², based on net operating cashflows excluding all current asset and fixed asset sales, stood at 61% in the quarter to June 2025 (March: 83%); slightly above the forecast of 58%. Quarterly interest cover figures are subject to a degree of

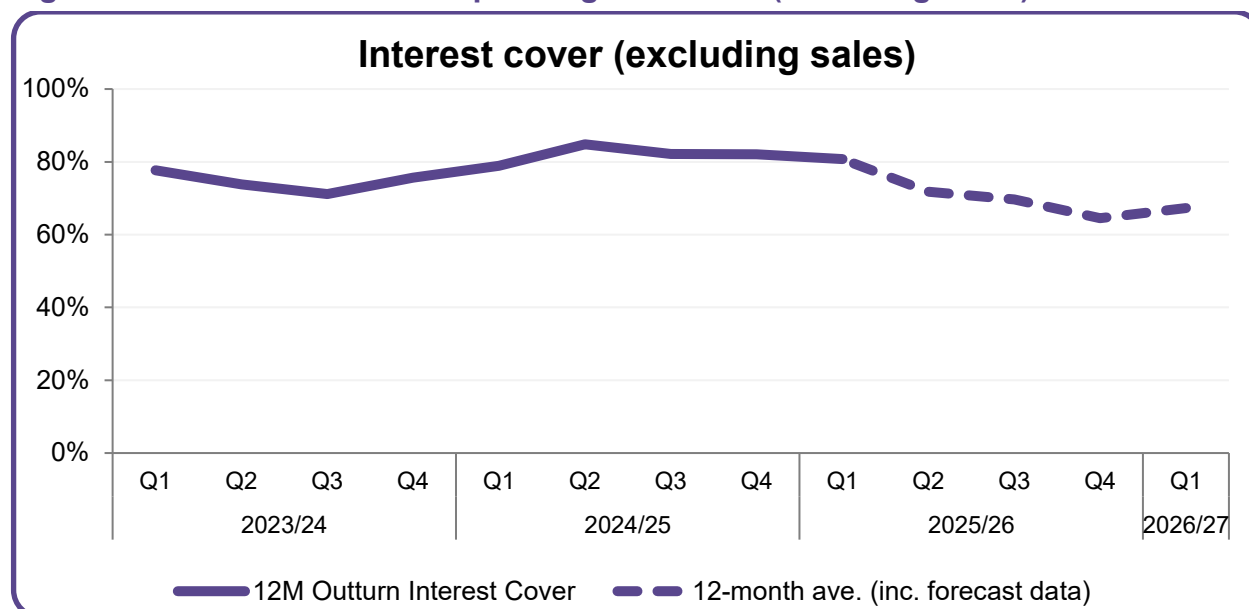
²⁰ Operating cashflow excludes current asset sales receipts and costs of sales. 'Payments to acquire and develop housing' include payments in respect of both current and fixed assets.

²¹ There are rounding differences in the calculated totals; figures are reported by PRPs in £000.

²² The calculation of cash interest cover prudently excludes operating surpluses from properties developed for sale (either 1st tranche shared ownership sales or outright market sales). Calculations include all interest and repairs costs, without the deduction of capitalised interest or grant funding.

volatility, and it is common for performance to drop in the first quarter of the financial year as year-end accruals are settled. The quarterly outturn of 61% compares to 67% in the same quarter of 2024, and 51% in the quarter to June 2023.

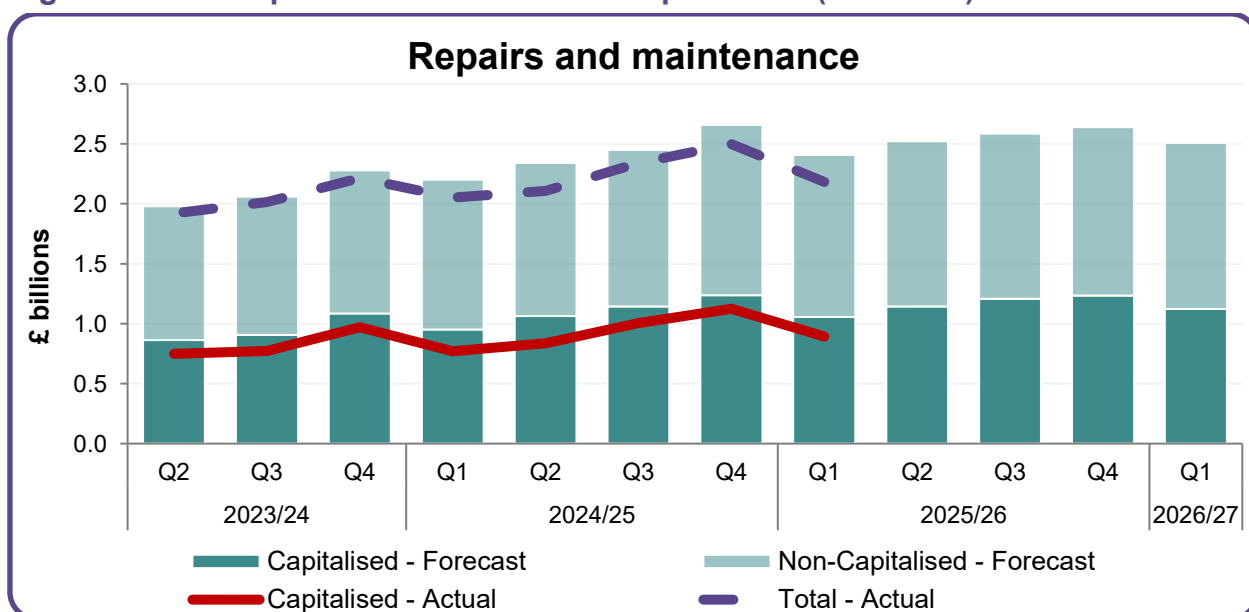
Figure 3: Interest cover from operating cashflows (excluding sales)



27. 12-month rolling interest cover stood at 81% in the year to June 2025 (March: 82%); the tenth consecutive quarter where interest cover on this basis has been below 100%. Interest cover varies between different types of PRPs; median 12-month outturn interest cover excluding sales was 97% (March: 102%), lower quartile performance was 51% (March: 48%) and upper quartile performance was 144% (March: 148%).
28. Annual interest cover last exceeded 100% in December 2022, when it stood at 102%. Since then, annual net interest payable has increased by £0.9 billion (27%), and capitalised major repair costs have increased by £1.3 billion (52%). Net operating cashflows (net of revenue repair costs) have increased by £1.3 billion (22%) over the same 12-month period, thereby keeping pace with the increasing expenditure on capitalised major works, but insufficient to also fund the increase in interest costs. On average, a cash shortfall of £210 million per quarter was experienced in the year to June 2025. In comparison, in the year to December 2022 surplus cash of £15 million per quarter was generated. The restriction in operating cash is reflected by increasing fixed assets sale receipts (see para.35) and reducing cash balances across the sector (see para.37).
29. Cash interest cover is expected to remain restricted, with forecasts for the year to June 2026 giving an estimate of 67% (March 12-month forecast: 65%). Almost 60% of PRPs are forecasting interest cover to be below 100% in this period.

30. The number of PRPs managing interest cover loan covenants by way of a temporary carve-out or waiver is decreasing. A total of 34 PRPs reported having one or more loan covenant carve-outs or waivers in place at the end of June (March: 46). The reduction relates mainly to agreements which were time-limited and expired at the end of the financial year. Three PRPs have also reported negotiating a permanent change to loan covenants in the quarter by removing capitalised major repair costs from the calculation of interest cover. The waivers remaining at the end of June include carve-outs to exclude energy efficiency works from loan covenant calculations, reported by 16 PRPs, and carve-outs of fire or building safety works, reported by 15 PRPs.
31. Both capital and revenue repairs expenditure were lower than the record amounts incurred in the previous two quarters, however they remain at historically high levels. Aggregate repairs and maintenance spend amounted to £2.2 billion, 13% less than in the previous quarter, but 6% higher than in the same quarter of the previous year. The total was comprised of £1.3 billion worth of revenue works, and £0.9 billion worth of capital works.
32. In the 12 months to June 2025 total repairs and maintenance spend was £9.1 billion (£5.3 billion revenue works and £3.9 billion capitalised works), compared to £8.2 billion in the year to June 2024. For the 12 months to June 2026 the sector has forecast expenditure of £10.3 billion; a 3% increase on the £9.9 billion 12-month forecast made in March. Total 12-month forecast expenditure on repairs and maintenance has increased every quarter since revenue repairs expenditure was first separately reported in June 2022.

Figure 4: Total repairs and maintenance expenditure (£ billions)



33. Of the total £10.3 billion repairs and maintenance forecast for the next 12 months, £5.5 billion relates to revenue expenditure and £4.7 billion relates to capitalised works (March forecast: £5.4 billion revenue, £4.5 billion capital). Ten large PRPs have each

forecast capitalised expenditure of £100 million or more over the next 12 months, together accounting for one-third of the sector total.

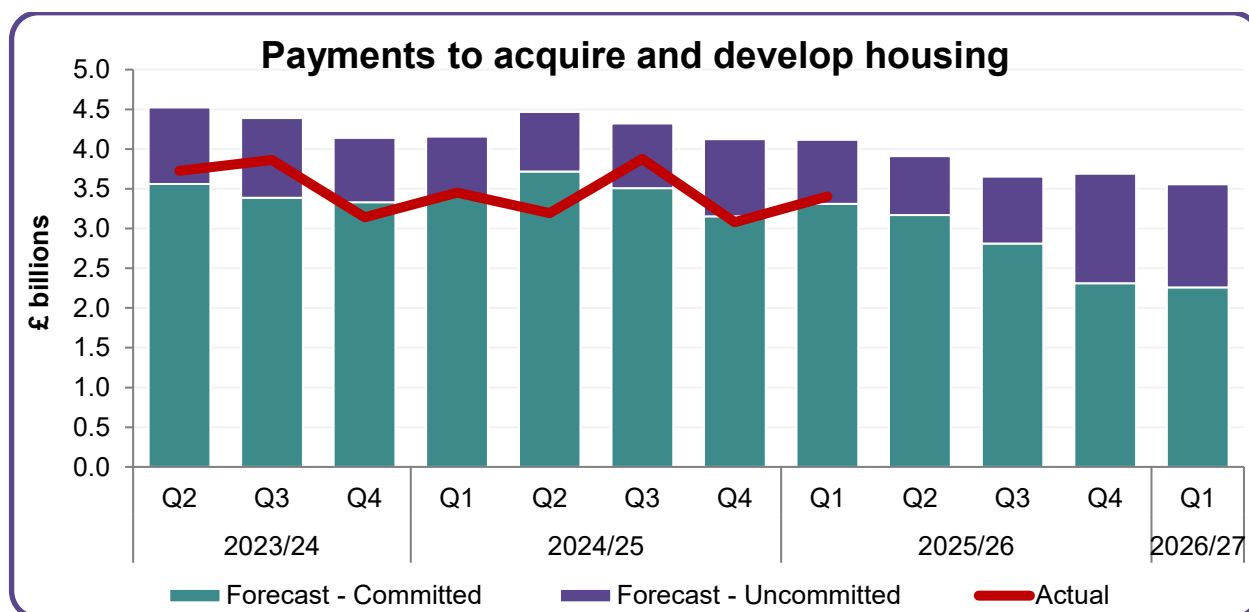
34. Current asset sales of £2.9 billion were achieved in the 12 months to June 2025; compared to £3.1 billion in the year to June 2024 and £3.9 billion in the year to June 2023. For the 12 months to June 2026 the sector has forecast a further £3.7 billion worth of current asset sales (March forecast: £3.3 billion), of which £3.4 billion relates to properties for which development is contractually committed (March: £3.1 billion). Ten PRPs have each forecast current asset sales of £100 million or more over the next 12 months, together accounting for just under half of the sector total.
35. In the 12 months to June 2025 fixed asset sales totalled £3.4 billion; a 16% increase on the £2.9 billion recorded in the year to June 2024. For the 12 months to June 2026 the sector has forecast a further £4.9 billion worth of fixed asset sales (March 12-month forecast: £5.1 billion). Fixed asset sales are increasingly being used to support operating cashflows; over 90% of the fixed asset sales that are forecast over the next 12 months are reported by the almost 60% of PRPs that are forecasting interest cover (excluding sales) of below 100% for the same period.
36. Of the total forecast fixed asset sales, £2.3 billion relates to sales to tenants or other open market sales (including mainly staircasing, RTB/RTA and sale of void properties). These types of sales are widespread across the sector, with 85% of PRPs forecasting receipts within this category. In contrast, a further £2.6 billion has been forecast by 29 PRPs in relation to other fixed asset sales, including bulk sales to other registered PRPs. Over 85% of this total has been forecast by just six PRPs, each with bulk sales forecasts in excess of £100 million.
37. Available cash, excluding amounts held in secured accounts, reduced by £0.8 billion during the quarter to £3.4 billion (March: £4.2 billion); the lowest level in 12 years. One PRP accounted for a third of the overall net reduction in cash; however, reductions in cash were widespread, with 70% of PRPs in the sector reporting a net cash outflow during the quarter. Available cash is forecast to reduce to £2.9 billion by the end of June 2026. Cash balances peaked at £7.4 billion in the quarter ending March 2021 and have gradually reduced since then; averaging £4.5 billion over the last three years.
38. In addition to the £3.4 billion worth of available cash, cash held in secured accounts or otherwise unavailable for use by PRPs remained at £0.9 billion. These amounts relate mainly to amounts in escrow, leaseholder sinking funds, debt servicing reserve accounts, and cash held on long-term deposit.
39. The regulator will continue to monitor the financial viability of PRPs that are forecasting low liquidity levels or restricted interest cover and will engage with PRPs as necessary, especially if there is reliance on fixed asset sales to support operating cashflows or to

meet loan covenants. Findings will be reflected in regulatory judgements where appropriate.

Development

40. In the 12 months to June 2025, £13.6 billion was invested in the acquisition and development of housing properties. This compares to £14.2 billion in the year to June 2024, and £13.8 billion in the year to June 2023. Total expenditure for the year was 16% below the total forecast reported at the start of the period, but 16% higher than the forecast for contractually committed schemes.
41. Although development activity is widespread across the sector, expenditure is concentrated in a small number of PRPs. A total of six PRPs each reported development expenditure of over £400 million in the year to June, together accounting for 23% of the sector total, and 18 PRPs account for half of the total sector spend in this period.
42. Actual expenditure in the three months to June 2025 was £3.4 billion, compared to an average of £3.5 billion per quarter over the last three years. This was 3% higher than the forecast for contractually committed development, although 17% below the total forecast including uncommitted expenditure. The majority of variances in expenditure have been attributed to general scheme delays and timing differences, in addition to which PRPs have reported issues with planning applications and legal works.

Figure 5: Payments to acquire and develop housing



43. For the next 12 months a further £14.8 billion worth of investment has been forecast. This is the third consecutive quarter where forecasts have been at this level; the lowest

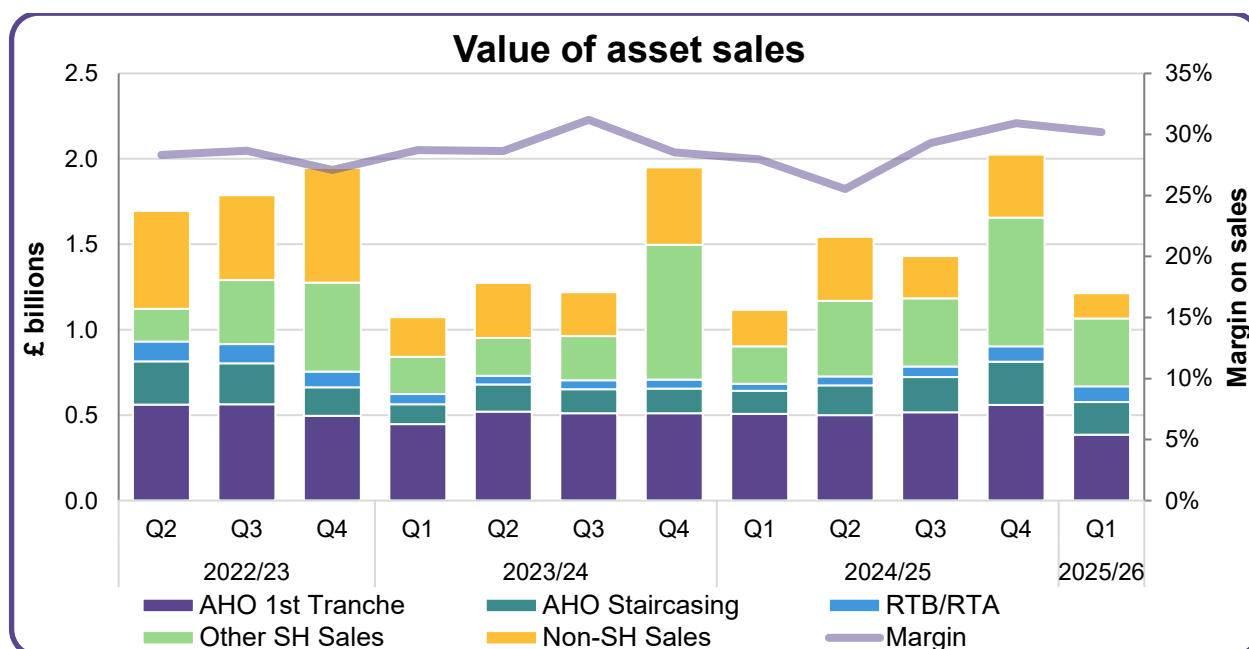
projections since the start of the Covid pandemic. Over the last three years development forecasts have averaged £16.0 billion. Forecast expenditure includes £10.5 billion in relation to contractually committed schemes (March forecast: £10.7 billion), and £4.3 billion for uncommitted development (March forecast: £4.1 billion).

44. Although forecasts for development expenditure have remained in line with the previous quarter, forecasts for development grant have increased by 17% up to £2.6 billion (March forecast: £2.2 billion). Prior to this, forecasts for grant had reduced for three consecutive quarters. Grant forecasts include funding from the Affordable Homes Programme²³, as well as funding from local authorities.
45. Five large PRPs have each forecast over £500m of development expenditure over the next 12 months, together accounting for 20% of the sector total, and half of the sector's forecast expenditure is accounted for by 20 PRPs. For-profit PRPs account for £0.4 billion of the overall forecast; equivalent to 3% of the total.

Housing market

46. Total asset sales, including staircasing, RTB/RTA and voluntary sales, as well as Affordable Home Ownership (AHO) first tranche sales and market sales, amounted to £1.2 billion in the quarter to June (March: £2.0 billion).

Figure 6: Value of asset sales



47. Affordable home ownership 1st tranche sales decreased by £175 million to £386 million, the lowest amount over the last five years. Other social housing sales

²³ Apply for affordable housing funding - GOV.UK

generated proceeds of £397 million in the quarter to June, compared to £752 million in the previous quarter. This category of sales includes strategic disposals of void social housing properties on the open market, as well as other bulk disposals of existing social housing units. Sales receipts can fluctuate between quarters due to the low number and potentially high value of bulk sale transactions.

48. The overall surplus from asset sales stood at £367 million for the quarter (March: £626 million), resulting in a combined margin of 30% (March: 31%); above the average margin achieved over the last three years (29%).
49. Total cash fixed asset sales amounted to £0.9 billion (March: £1.0 billion), compared to a forecast of £2.0 billion. Fixed asset sales are categorised as either sales to tenants/open market sales, or other sales (bulk disposals to other organisations, including stock transfers and rationalisation).
 - Sales to tenants and other open market sales (including staircasing, RTB/RTA and voluntary sales) amounted to £525 million (March: £703 million), 3% below the amount previously forecast. Twelve PRPs recorded sales of over £10 million each, together accounting for 55% of the sector total.
 - Bulk fixed asset sales to other organisations amounted to £351 million (March: £254 million), over 75% lower than the amount previously forecast. The adverse variance compared to the previous quarter is almost entirely attributable to one PRP, where a large bulk disposal has been deferred until a later period. In the current quarter a total of 29 PRPs reported sales of this type, with one PRP accounting for 54% of the sector total.
50. Total cash receipts in respect of current asset sales (market sales and first tranche AHO sales) amounted to £0.5 billion in the quarter; a 43% decrease compared to the previous quarter, reflecting the low level of unit sales. Current asset sales were 36% below the amount previously forecast, with adverse variances being attributed to delays in development handovers, and with the legal process. Forecasts for current asset sales have been gradually decreasing over the last three years, consistent with a reduction in development forecasts over the same period.

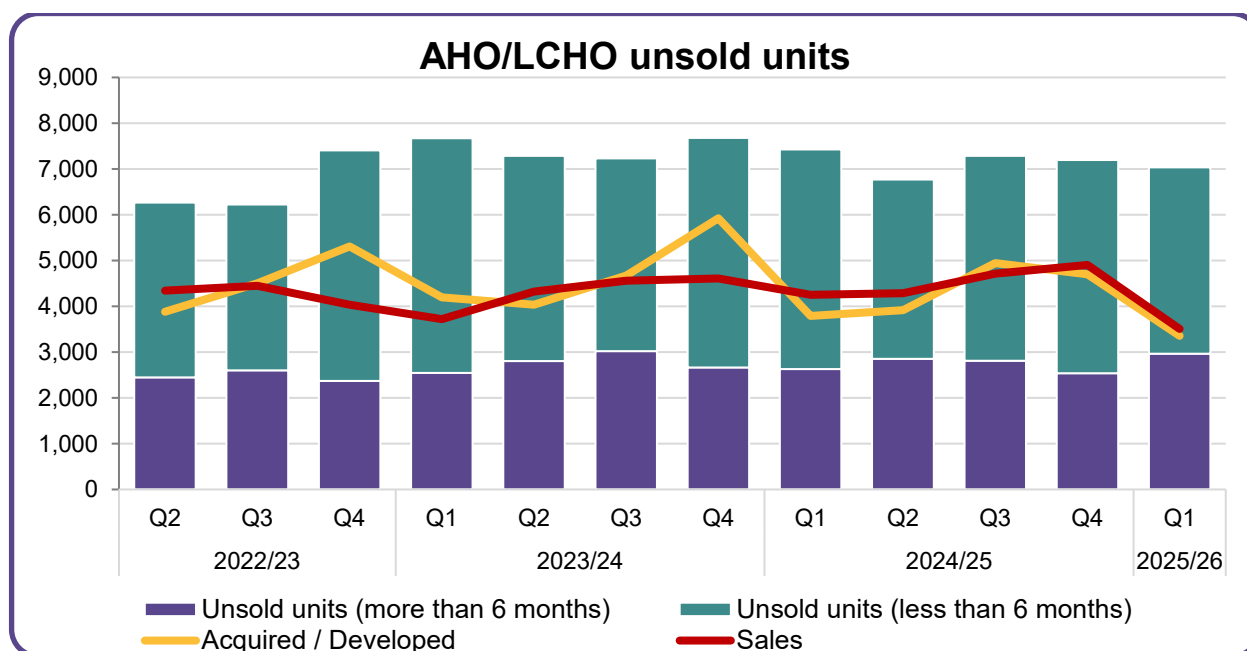
Table 4: AHO units

<i>AHO units</i>	<i>Previous quarter</i>	<i>Current quarter</i>	<i>% change</i>
Completed	4,700	3,355	(28.6%)
Sold	4,904	3,507	(28.5%)
Margin on first tranche sales	15.3%	13.5%	(11.7%)
Unsold	7,196	7,033	(2.3%)
Unsold for more than 6 months	2,539	2,968	16.9%

18-month pipeline	31,356	30,001	(4.3%)
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51. AHO completions have decreased by 29% in comparison to the previous quarter and at 3,355 units, are the lowest volume since June 2020. The last 12 months has seen a downward trajectory in units developed, with a total of 16,914 units completed, compared to 18,416 in the year to June 2024.
52. AHO sales decreased by 28% in the quarter and were 19% under the three-year average of 4,307, at 3,507 units; the lowest amount in five years. Seven PRPs each reported sales of more than 100 AHO units in the quarter, together accounting for 30% of the sector total. A total of 17,410 AHO sales were recorded in the year to June, compared to 17,736 in the year to June 2024.
53. The overall number of unsold units decreased slightly to 7,033. The number of units unsold for over six months has increased by 17% to 2,968 units. Six PRPs each held more than 100 units that were unsold for over six months, together accounting for 45% of the sector total.

Figure 7: AHO/LCHO units



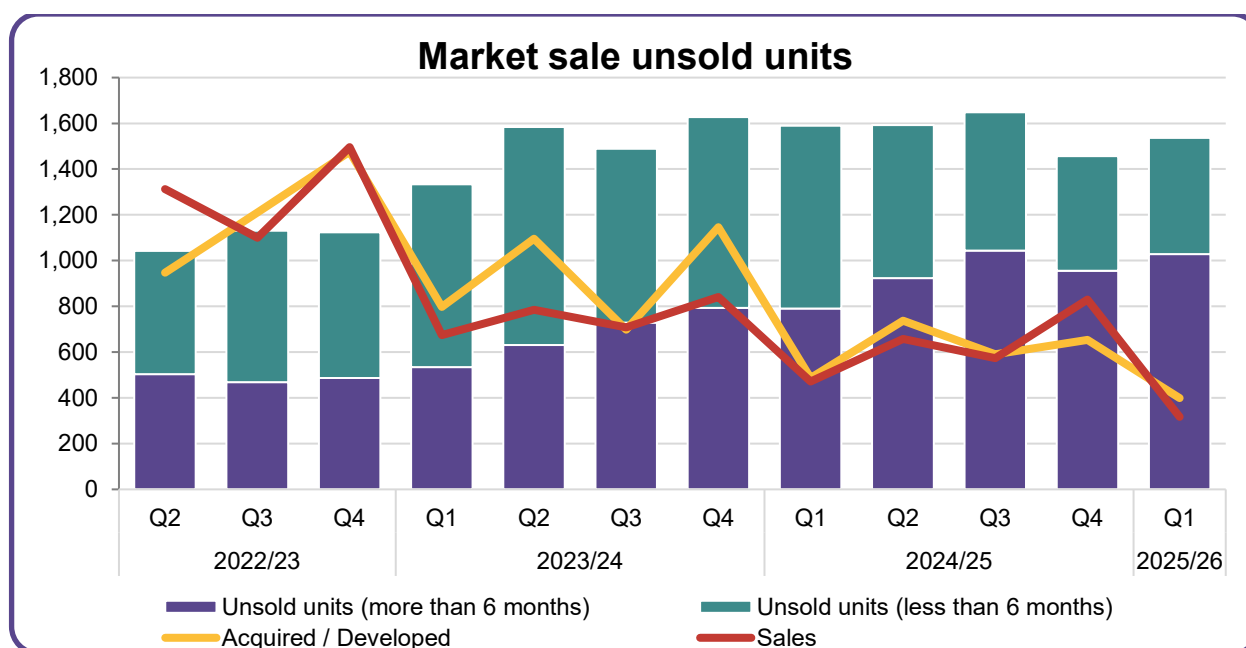
54. Sales proceeds from 1st tranche AHO sales amounted to £386 million during the quarter (March: £561 million), with an overall surplus of £52 million being reported (March: £86 million). This resulted in an average margin of 13.5% (March: 15.3%), the lowest level recorded in thirteen years, and compares to an average margin of 18.4% over the last three years.
55. The pipeline of AHO completions expected in the next 18 months has decreased by 4% to 30,001 units (March: 31,356), of which 27,493 units are contractually committed

(March: 28,672). The committed pipeline remains below the average quarterly committed pipeline over the last three years of 29,452 units. The pipeline of uncommitted units (2,508) is at the lowest number recorded since the data was first collected in 2015.

Table 5: Market sale units

<i>Market sale units</i>	<i>Previous quarter</i>	<i>Current quarter</i>	<i>% change</i>
Completed	654	399	(39.0%)
Sold	830	317	(61.8%)
Unsold	1,456	1,537	5.6%
Unsold for more than 6 months	955	1,029	7.7%
18-month pipeline	5,621	5,989	6.5%

56. Market sale completions in the quarter are at the lowest level since June 2020. The number of completed units (399) decreased significantly compared to the previous quarter and remains substantially below the average of 853 units per quarter over the last three years. A total of 2,382 units were completed in the year to June 2025, compared to 3,426 units in the year to June 2024, and 4,431 units in the year to June 2023. Market sales achieved in the quarter are at the lowest level ever recorded, at 317 units, and 61% below the three-year average of 814.
57. Market sale activity continues to be concentrated in a small number of PRPs, with only 20% of PRPs recording market sale handovers over the last 12 months. Ten PRPs each developed over 100 market sale units in this period, together accounting for 66% of the sector total.

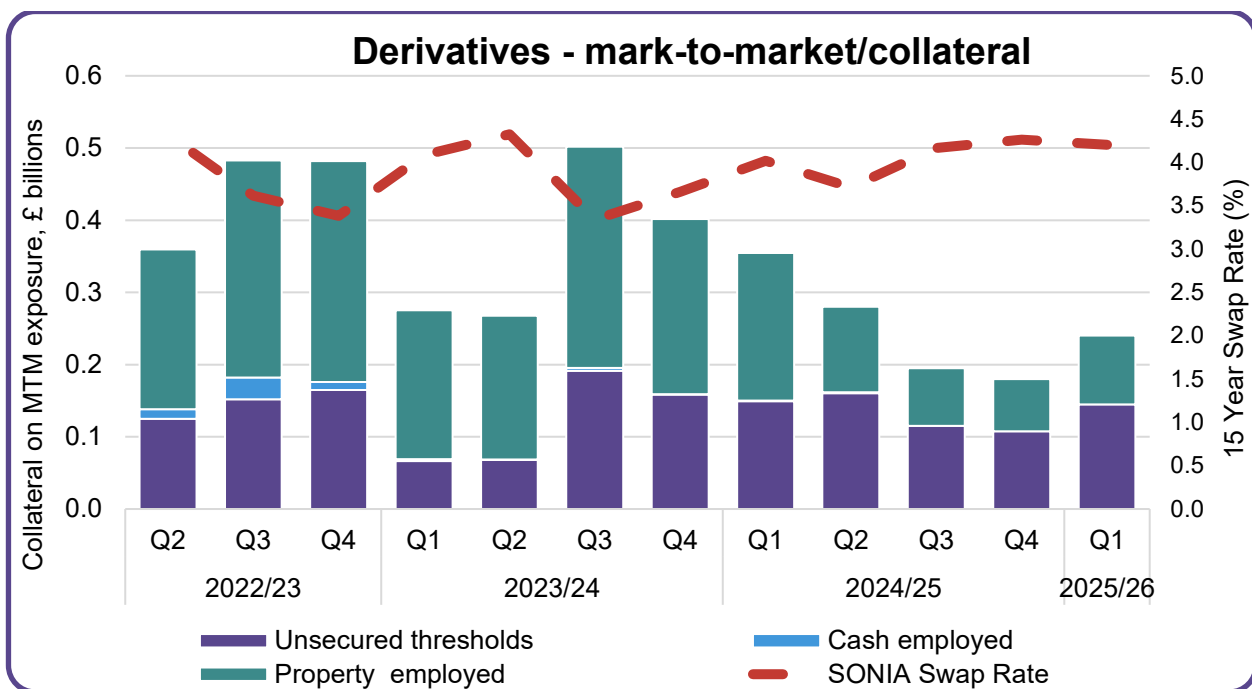
Figure 8: Market sale units

58. The total number of unsold market sale units increased to 1,537, 6% above the previous quarter and remains at elevated levels relative to recent years. Five PRPs each held over 100 unsold market sale units at the end of the quarter, and together accounted for 57% of the sector total. The number of units unsold for over six months also increased, to 1,029 (March: 955).
59. The pipeline of market sale completions expected over the next 18 months has increased by 7% and now stands at 5,989 units (March: 5,621), of which 5,704 units are contractually committed (March: 5,232). Pipeline figures remain at historically low levels. Although 37 PRPs have reported an active pipeline for market sale units, just four PRPs with pipelines over 500 units make up over 50% of the sector total.

Derivatives

60. At the end of June, 51 PRPs (March: 51) reported making use of free-standing derivatives. The notional value of standalone derivatives reduced from £9.9 billion to £9.7 billion over the quarter, mainly driven by one PRP where on re-financing an interest rate cap was terminated.
61. The majority of derivative instruments utilised by the sector are floating-to-fixed interest rate swaps, whereby MTM exposure will decrease as swap rates rise. Over the quarter the 15-year swap rate decreased from 4.26% at the end of March to 4.20% at the end of June; resulting in a net increase in MTM exposure to £232 million at the end of the quarter (March: £168 million).

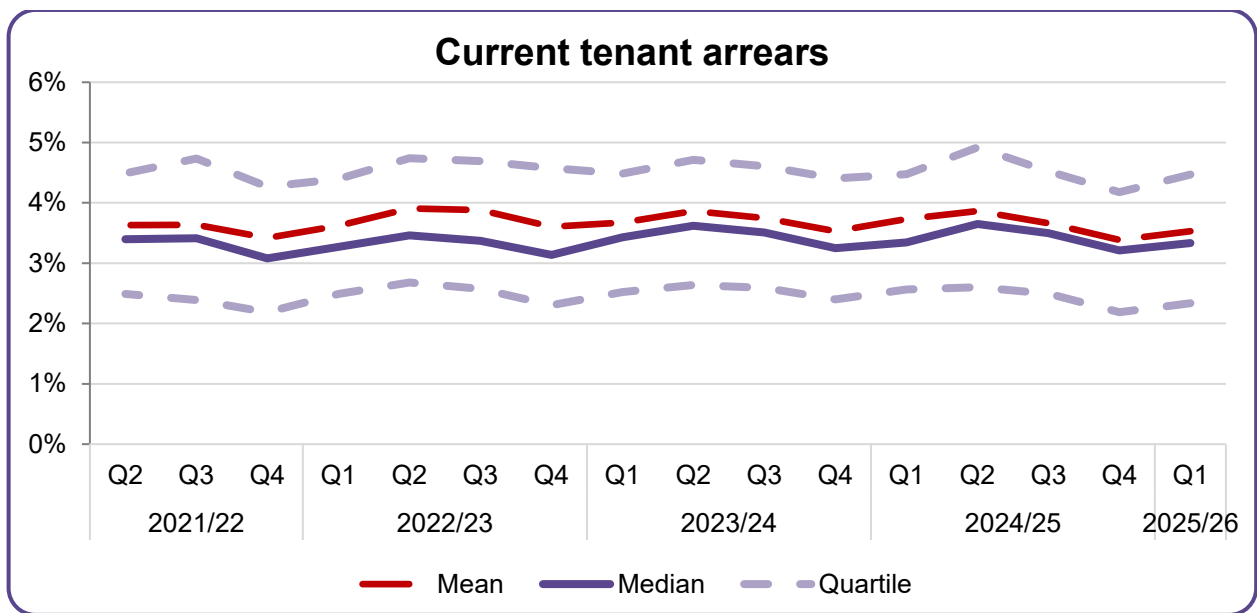
Figure 9: Derivatives – Mark-to-market/collateral



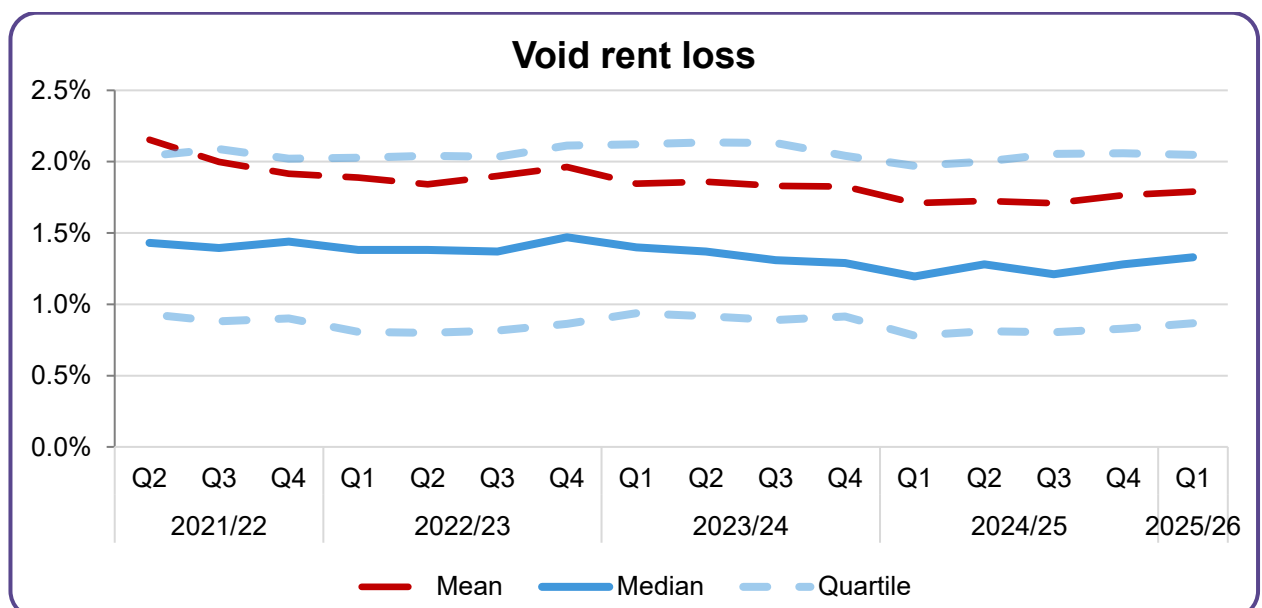
62. The above graph shows MTM exposure excluding excess collateral. Collateral pledged continues to be well above the sector's exposure levels, and at the end of June, the total headroom of collateral and unsecured thresholds available over gross MTM exposure was £2.3 billion (March: £2.3 billion).
63. Of the 51 PRPs that were making use of free-standing derivatives, 45 had collateral pledged that exceeded or equalled their level of gross exposure, and the remaining six PRPs were not required to provide security to cover their position. At sector level, unsecured thresholds and available security pledged to swap counterparties stood at £2.5 billion at the end of June (March: £2.4 billion).
64. With swap rates continuing to fluctuate, PRPs must ensure they have sufficient collateral available to cover potential increases in exposure and that they understand the sensitivity to changes in underlying rates.

Income collection

65. At the end of June, 65% of PRPs reported that their levels of arrears, rent collection and voids were all within, or outperforming, their business plan assumptions (March: 66%).

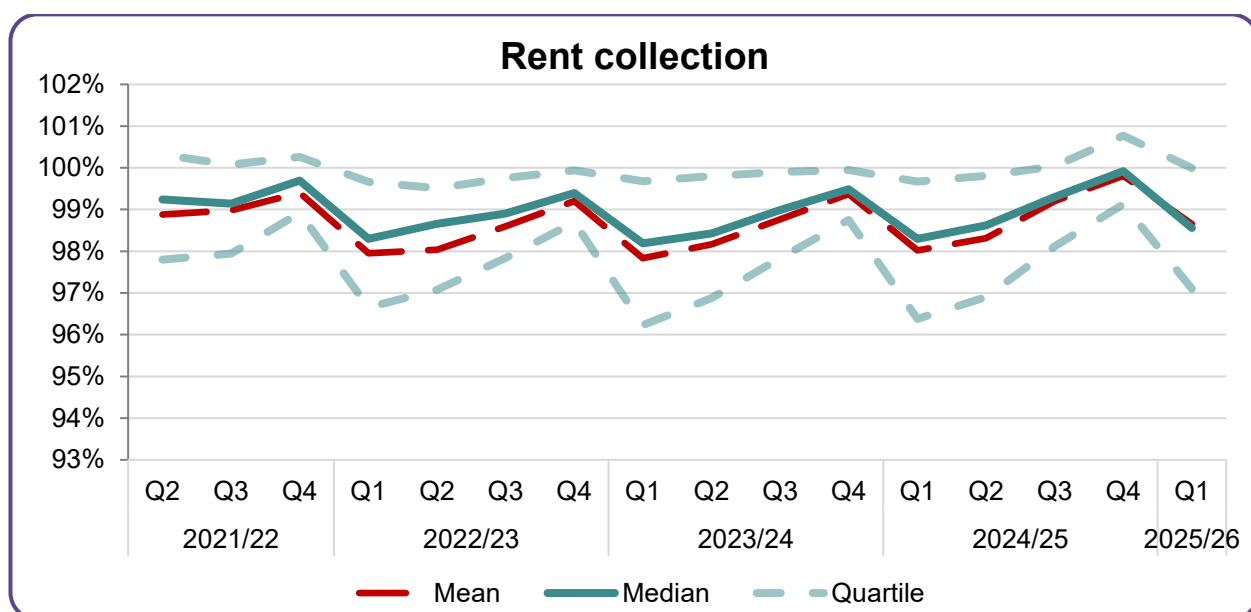
Figure 10: Current tenant arrears

66. Both median and mean current tenant arrears increased during the quarter, to stand at 3.3% and 3.5% respectively (March: 3.2% and 3.4%). Mean figures were slightly lower and the median figure was the same as the amounts reported in the corresponding quarter of the previous year.
67. For the 59% of PRPs reporting non-social housing arrears, such as those relating to student accommodation and market rent tenures, the average stood at 6.5%, an increase on the 5.3% reported at the end of March. Non-social housing arrears can also include leaseholder charges or commercial rents, which are often applied as an annual charge and then paid monthly over the course of the year.

Figure 11: Void losses

68. Median and mean void losses remained unchanged at the end of June, standing at 1.3% and 1.8% respectively. However, both levels increased slightly from levels reported in the corresponding quarter of the previous year.
69. PRPs with a large proportion of supported housing units, care home units or Housing for Older People will typically experience the highest levels of void losses. A total of eleven PRPs reported void losses of 5% or more (March: 8), and of these, seven hold over 50% of their stock within these specialist categories.
70. Around a quarter of PRPs have reported being outside of their business plan assumptions for void rent loss. PRPs have reported a combination of factors affecting void re-let times, such as properties vacated requiring major works, damp and mould works prioritised, properties held for energy efficiency works, delays in new supported units being opened as well as contractor delays. Delays in referrals from partner agencies continue to be reported.

Figure 12: Rent collection



71. Rent collection rates have decreased since the end of March, in line with seasonal trends, but are slightly above the figures reported in the same period of the previous year. Mean average rent collection rates stood at 98.7%, compared to 98.0% in the quarter to June 2024. The median rent collection rate stood at 98.6%, compared to 98.3% in the quarter to June 2024.
72. The number of PRPs reporting rent collection rates of less than 95% stood at 20 at the end of June (March 2025: 4, June 2024: 28). Income collection rates typically increase over the course of a financial year as Housing Benefit and Universal Credit receipts fall in line with rent charges, and for some PRPs, as rent-free weeks are applied. There can also be a delay in the uplift of Housing Benefit payments in the first quarter of the financial year after rent increases are applied in April.



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