



# Regulator of Social Housing

## Quarterly Survey for Q4

January to March 2026

03/06/2026



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# Introduction

1. This quarterly survey report is based on regulatory returns from 197 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 January 2026 to 31 March 2026.
3. This quarter four report includes additional information on private finance, impairment, and non-registered related companies, data on which is submitted annually.
4. 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.
5. PRPs have a responsibility to both their current tenants, in ensuring that their homes are safe and decent, and to the more than one million people on housing waiting lists with an unmet housing need. PRPs need to be able to manage the risks and opportunities that are evolving around them and find innovative solutions to enable them to fulfil their ambitions without compromising financial viability.
6. 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

**PRPs continue to secure funding to support investment in new and existing stock – new finance in the quarter included £2.7 billion worth of bank lending.**

- 42 PRPs arranged new finance totalling £4.6 billion during the quarter, compared to an average of £3.2 billion per quarter over the last three years. The increase was mainly driven by a recent merger and an intercompany loan.
- Loan drawdowns of £8.6 billion are forecast over the next 12 months, of which £3.2 billion is from facilities not yet agreed.
- Cash balances reduced by 2% over the quarter to £4.1 billion; consistent with the average cash balance reported over the last three years.
- Cash balances are expected to reduce to £3.7 billion by March 2027, with 78% of PRPs forecasting a net cash outflow during this period.
- The value of debt repayable over the next two years is £8.2 billion, representing 7.4% of the sector debt.
- Long-term debt continues to account for the majority of the sector's borrowing with 74% of debt being due for repayment in over five years' time.
- Fixed rate debt (greater than one year) comprises 76% of the sector's drawn borrowings (2025: 77%). Just over half of total drawn debt is at rates fixed for over 10 years, providing a degree of certainty in forecasting the costs of borrowing.

## Performance in the quarter

**12-month outturn cash interest cover (excluding sales) in the year to March 2026 stood at 79%, with the median standing at 92%.**

- Forecast interest cover over the next 12 months remains low, with a projected sector total of 67% - consistent with forecasts from the previous three quarters.
- Quarterly cash interest cover (excluding sales) increased to 87% (December: 68%), boosted by higher net cashflows from operating activities linked to working capital movements.
- Total spend on repairs and maintenance in the quarter was £2.6 billion; with both revenue and capital expenditure being the highest amounts ever recorded.
- PRPs are forecasting that impairment charges of £375 million will be reported in 2025/26 year-end accounts (2024/25: £407 million), of which £257 million relates to social housing assets.
- 122 PRPs have reported investment or on-lending in non-registered subsidiaries, special purpose vehicles or joint ventures, with a total value of £9.9 billion (2025: £9.6 billion).
- 50 PRPs are expecting a joint venture or non-registered subsidiary to report a loss in their 2025/26 accounts. Estimated losses are £366 million – the highest amount since data was first collected in 2015 – although around one-quarter of this figure relates to the timing of Gift Aid payments.

## Investment in new and existing stock

**Outturn and forecast spend on repairs and maintenance continues to increase. Forecasts for development expenditure show a slight increase in investment.**

- 12-month spend on repairs and maintenance totalled £9.5 billion, 5% higher than the £9.0 billion incurred in the previous year.
- Forecast 12-month repairs and maintenance spend has increased from £10.6 billion to £10.7 billion; £5.8 billion of which relates to revenue expenditure, and £4.9 billion relating to capitalised works.
- Annual spend on development totalled £13.4 billion, compared to £13.6 billion in the year to March 2025.
- Development spend in the quarter amounted to £3.5 billion, compared to a total of £3.1 billion in both the quarter to March 2025 and March 2024.
- Total 12-month forecast development has increased to £15.1 billion (December 12-month forecast: £15.0 billion); the fourth consecutive quarter where forecasts have increased. This includes £4.4 billion relating to uncommitted development – an increase of 7%, and the highest level in 18 months.
- Forecasts for development grant have increased by a further 11% to £3.0 billion (December forecast: £2.7 billion); the highest amount ever forecast.

## Sales

**AHO first tranche sales have risen in the quarter, with market (current asset) sales having fallen. The 18-month sales pipeline figures have also declined, for both AHO and market sale, and remain at historically low levels.**

- AHO sales were 11% higher than in the previous quarter and 6% above the three-year average. The margin on AHO sales lowered in the quarter to 11.4% and remains at historically low levels.
- Market sale completions rose in the quarter, remaining substantially below the three-year average.
- Total current asset sales were £0.8bn in the quarter. In the year to March sales of £2.6 billion were achieved, compared to £3.1 billion in the year to March 2025.

**In contrast, both 12-month outturn and 12-month forecast fixed asset sales are the highest amounts ever recorded.**

- In the 12 months to March 2026 fixed asset sales totalled £4.2 billion, compared to £2.9 billion in the year to March 2025.
- For the next 12 months a further £5.3 billion worth of fixed asset sales have been forecast. This includes £2.2 billion for sales of housing properties to tenants or other individuals, and £3.2 billion relating mainly to bulk sales of both social housing and non-social housing assets.
- We will continue to engage with PRPs where they are reliant on sales to maintain cashflows or covenant compliance.

# Operating environment

## Economic environment

7. Consumer Price Index (CPI) inflation in the UK rose by 3.3% in the 12 months to March 2026, a reduction on the 3.4% recorded in the year to December 2025, while monthly CPI increased by 0.7% in March 2026 compared with 0.4% in December 2025, primarily driven by higher fuel and transport costs<sup>1</sup>.
8. On 28 February conflict broke out in the Middle East. This had an immediate impact on global oil and energy prices, with petrol and diesel costs increasing sharply. The wider economic consequences of the conflict have the potential to adversely affect the social housing sector, although PRPs have reported limited impact during the quarter covered by this report.
9. The Bank of England (BoE) expects inflation to rise further in the near term, driven in part by higher energy prices linked to the Middle East conflict. The BOE base rate has therefore been maintained at 3.75%, with a commitment to return inflation to the 2% target over the medium term<sup>2</sup>.
10. The average interest rate for a typical 5-year mortgage stood at 4.43% in March 2026, up from 3.99% December 2025<sup>3</sup>. Mortgage approvals for house purchases rose to 63,500 in March<sup>4</sup>, up from 61,000 in December, although levels remain below those recorded in December 2024 (66,600).
11. Annual house prices in England decreased by 0.6% in the year to March 2026<sup>5</sup>. The largest annual growth was experienced in the East Midlands, where prices increased by 0.7% over the year. The lowest growth was in London, where prices decreased by 2.1%.
12. The UK unemployment rate decreased from 5.2% to 5.0%<sup>6</sup> in the quarter to March. The number of job vacancies in the quarter decreased by 29,000 to reach 711,000, this is the lowest level of vacancies since the quarter to April 2021<sup>7</sup>. The total number of people claiming Universal Credit in England was around 7.3 million in March 2026<sup>8</sup> compared to 6.6 million a year earlier.

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<sup>1</sup> Consumer price inflation, UK - Office for National Statistics

<sup>2</sup> Interest rates and Bank Rate: our latest decision | Bank of England

<sup>3</sup> Quoted household interest rates - a visual summary of our data | Bank of England

<sup>4</sup> Money and Credit - March 2026 | Bank of England

<sup>5</sup> UK House Price Index for March 2026 - GOV.UK

<sup>6</sup> Employment in the UK - Office for National Statistics

<sup>7</sup> Vacancies and jobs in the UK - Office for National Statistics

<sup>8</sup> Total number of people on Universal Credit in England | LG Inform

## Social housing landscape

13. The King's Speech on 13 May<sup>9</sup> confirmed that the Government will bring forward legislation to increase long-term investment in social housing, including reforms to the Right to Buy scheme (Social Housing Renewal Bill) and to reform the leasehold system, including the capping of ground rents (Commonhold and Leasehold Reform Bill).
14. The government published its response on the implementation of the Supported Housing (Regulatory Oversight) Act 2023, on 16 April 2026, confirming proposals on licensing requirements, "fit and proper person" tests, and minimum standards. The responses will inform secondary legislation and guidance, with implementation to be phased as Parliamentary time allows<sup>10</sup>.
15. The 2026 rent policy for social housing<sup>11</sup> in England permits an annual rent increase of the Consumer Price Index (CPI) plus 1% for a period of ten years, which started in April 2026.
16. From 1 April 2027 rent convergence will commence with a £1 per week permitted increase above the standard CPI + 1% social rent cap, for properties currently below formula rent. From 1 April 2028, this rises to £2 per week above CPI + 1% until properties reach their formula rent<sup>12</sup>.
17. Bidding under the Social and Affordable Homes Programme 2026 to 2036 commenced in February 2026, offering funding for new affordable homes through Continuous Market Engagement (CME) and Strategic Partnership routes<sup>13</sup>, with a target to deliver at least 60% of the homes under the programme as Social Rent.
18. Rent convergence along with the Social and Affordable Homes Programme (SAHP) are intended to support long term investment in the sector and provide PRPs with greater certainty in the regulatory environment whilst new requirements such as the Decent Homes Standard (DHS), Minimum Energy Efficiency Standards (MEES), and Awaab's Law set the framework within which providers must operate.
19. PRPs should ensure their plans evolve in line with emerging opportunities and regulatory changes. It is essential that providers understand and manage any additional risks, identify potential liquidity and covenant constraints, and maintain robust contingency strategies.

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<sup>9</sup> The King's Speech 2026 - GOV.UK

<sup>10</sup> Supported Housing regulation: consultation - government response - GOV.UK

<sup>11</sup> Policy statement on rents for social housing

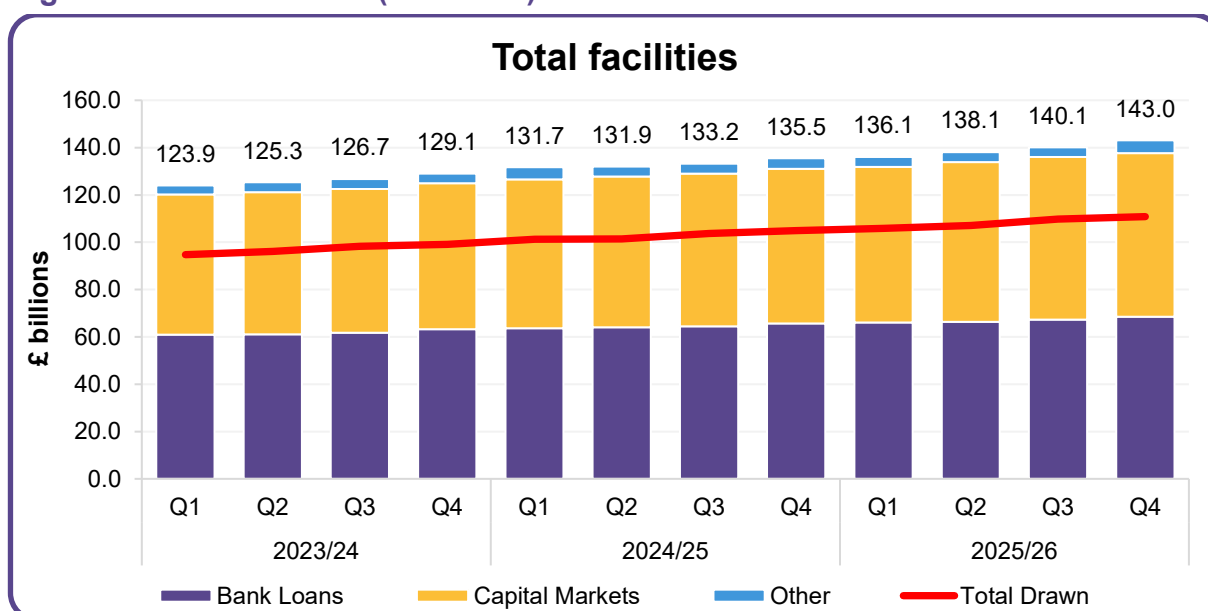
<sup>12</sup> Outcome to consultations on future social housing rent policy and Social Rent convergence - GOV.UK

<sup>13</sup> Social and Affordable Homes Programme (SAHP) 2026 to 2036 - GOV.UK

## Private finance

20. The sector's total agreed borrowing facilities increased by £2.9 billion over the quarter, to reach £143.0 billion at the end of March (December: £140.1 billion).

**Figure 1: Total facilities (£ billions)**



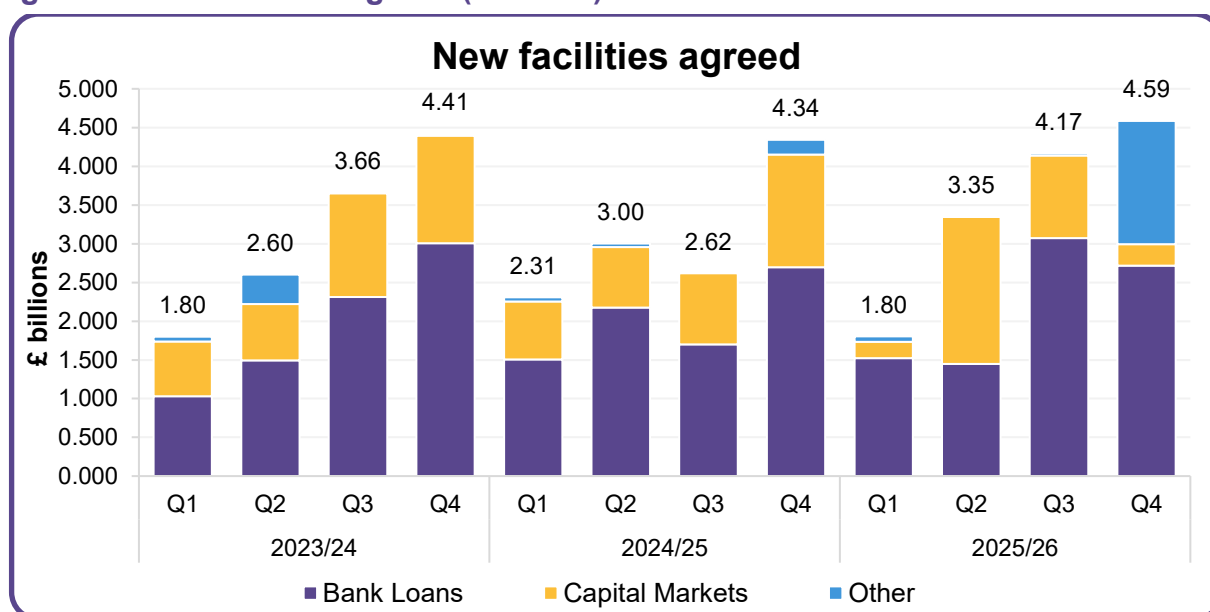
**Table 1: Total facilities – drawn and secured**

£billions	Previous quarter	Current quarter	% change
Drawn	109.8	110.8	0.9%
Undrawn	30.4	32.2	6.1%
Secured	126.6	128.3	1.3%
Security required	2.6	2.8	6.8%
Security not required	10.9	12.0	9.4%

21. At the end of March, 97% of PRPs (September: 98%) were forecasting that debt facilities would be sufficient for 12 months or more.
22. A total of 42 PRPs arranged new finance during the quarter (December: 39), with 16 of these arranging facilities worth £100 million or more, and two providers arranging facilities over £500 million. The total agreed, including refinancing, amounted to £4.6 billion in the quarter (December: £4.2 billion); compared to an average of £3.2 billion per quarter over the last three years.
23. Bank lending accounted for 59% (£2.7 billion) of new funding in the quarter. Capital market funding, including private placements and aggregated bond finance, accounted for 6% (£0.3 billion) of the total, whilst other funding accounted for 35% (£1.6 billion) of the total. The total “other” amount was the highest recorded, compared with an average of £0.2 billion per quarter over the last three years. Four providers accounted for the £1.6 billion of other funding, with two providers refinancing more than £500

million each. However, it should be noted that one of these providers' refinancing activity was driven by a recent merger, while the other reflected intercompany financing arrangements.

**Figure 2: New facilities agreed (£ billion)**



24. Aggregate undrawn facilities and cash increased from the previous quarter, with a total of £36.3 billion (December: £34.5 billion) available as at the end of March. This amount would be sufficient to cover the sector's forecast expenditure on net interest costs (£4.9 billion), loan repayments (£3.5 billion) and net development for the next year (£12.1 billion), even if no new debt facilities were arranged and no sales income were to be received.
25. Loan drawdowns of £2.3 billion were made during the quarter, which after repayments, resulted in a £1.0 billion net increase in the value of drawn facilities. Over the next 12 months drawn debt is forecast to increase by a net total of £5.1 billion.

**Table 2: 12-month forecasts**

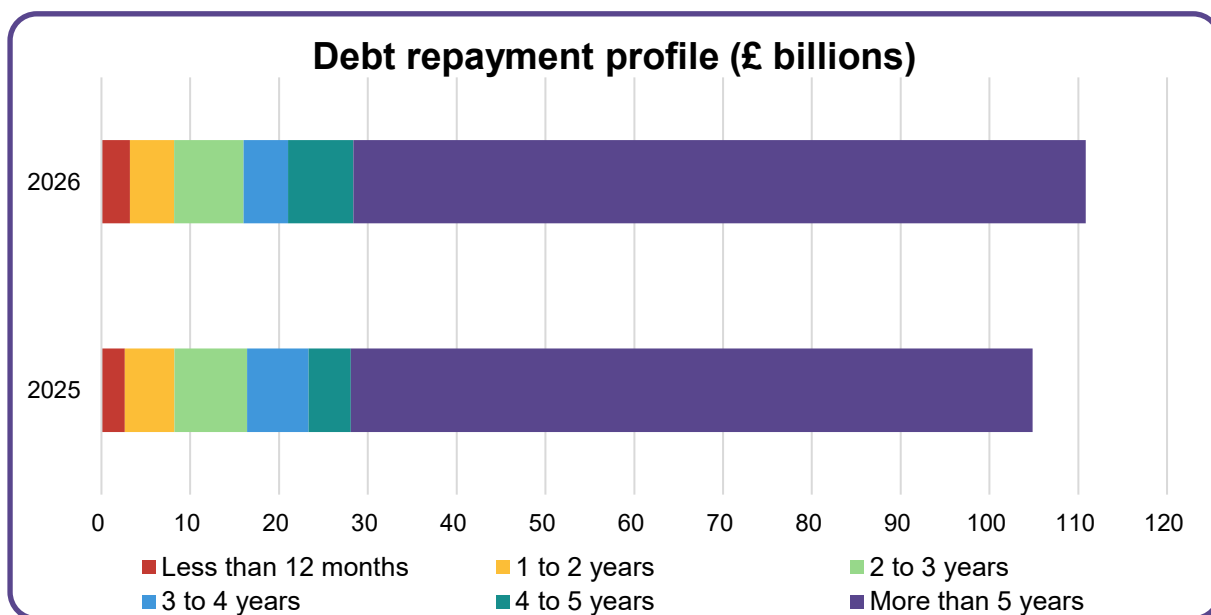
<i>£billions</i>	<i>Previous quarter</i>	<i>Current quarter</i>	<i>% change</i>
Drawdown from facilities agreed	5.1	5.4	6.4%
Drawdown from facilities not yet agreed	3.1	3.2	3.0%
Loan repayments	3.9	3.5	(9.3%)
<b>Net movement in drawn debt</b>	<b>4.3</b>	<b>5.1</b>	<b>18.0%</b>

26. Loan repayments of £1.4 billion were made during the quarter, above the quarterly average recorded over the last three years of £1.0 billion. For the next twelve months, a further £3.5 billion worth of loan repayments are forecast to be made. Four PRPs have each forecast over £150 million worth of loan repayments, together accounting for 50% of the sector total.

## Debt repayment profile

27. The following two sections, debt repayment profile and interest rate profile, relate to the annual questions included in the quarter four Quarterly Survey. The total value of sector debt increased by 6% to £110.8 billion (2025: £104.9 billion) in the year, with 63% of PRPs reporting an increase since March 2025. Ten PRPs have increased their debt by over £0.2bn each, together accounting for 58% of the overall increase, with one PRP increasing by £1.0bn due to merger activity.
28. The value of debt repayable over the next two years is £8.2 billion, representing 7.4% of the sector debt (2025: £8.2 billion, 7.8%, 2024: £5.9 billion, 6.0%). The sector's immediate refinancing risk has slightly increased over the year, with 2.9% of loans due for repayment within 12 months (2025: 2.5%, 2024: 2.2%).
29. Long-term debt continues to account for the majority of the sector's borrowing with 74% of debt being due for repayment in over five years' time (2025: 73%, 2024: 75%). £28.4 billion (2025: £28.1bn, 2024: £25.0 billion) is repayable over the next five years as profiled in the chart below; remaining in line with previous year.

**Figure 3: Debt repayment profile (£ billions)**

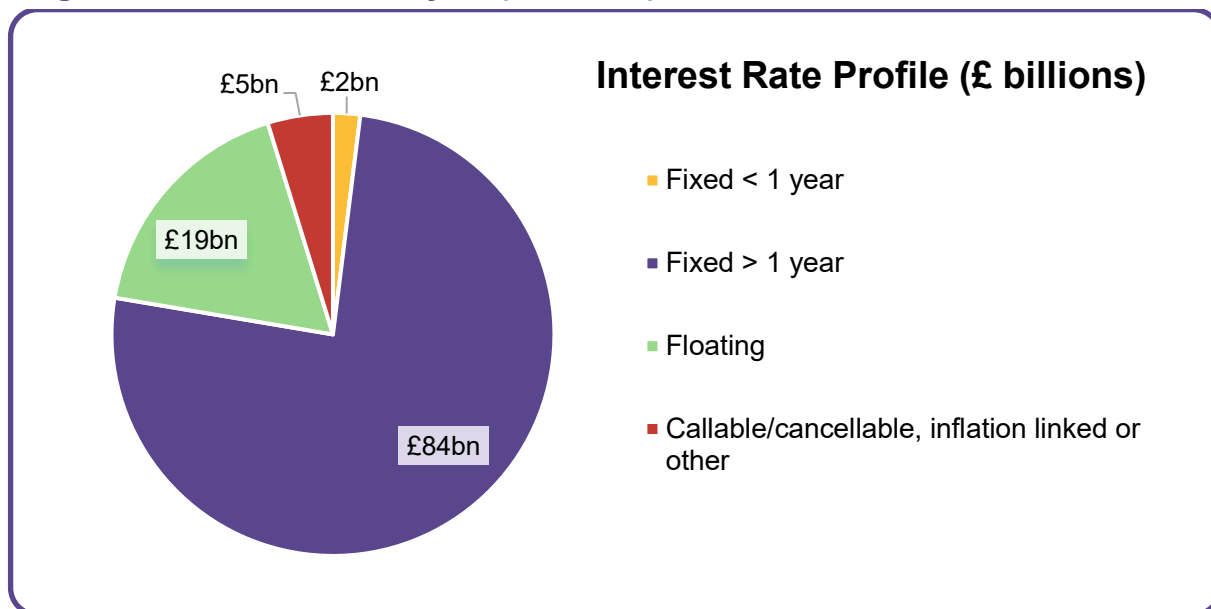


30. For 87% of PRPs, more than half of total debt is due for repayment in more than five years (2025: 90%, 2024: 90%). However, 6 PRPs have 10% or more of total debt due for repayment within 12 months (2025: 12, 2024: 5) with one PRP requiring new finance within this period. It is the responsibility of PRPs' boards to ensure that arrangements are in place for the effective management of refinancing risk.

## Interest rate profile

31. The chart below provides an analysis of the sector's £110.8 billion drawn debt (2025: £104.9 billion) by interest rate type and the period over which rates have been fixed.

**Figure 4: Interest rate analysis (£ billions)**



32. Fixed rate debt (greater than one year) comprises 76% of the sector's drawn borrowings (2025: 77%, 2024: 78%) and just over half of total drawn debt is at rates fixed for over 10 years, providing the sector with a degree of certainty in forecasting the costs of borrowing.
33. The total amount of debt reported as floating, fixed for less than a year, or otherwise exposed to fluctuation through inflation linking or callable/cancellable options, amounts to £27.0 billion. This represents 24% of drawn debt (2025: £24.4 billion, 23%, 2024: £22.3 billion, 22%).
34. Drawn debt with a variable interest rate amounted to £19.5 billion in the year (2025: £17.8 billion, 2024: £16.2 billion), accounting for 18% of total drawn debt. Of this amount, 47% is attributable to nine PRPs reporting over £0.5 billion of floating interest rate debt each, with 47% of the sector reporting an increase in variable debt in the year.
35. The regulator continues to engage with PRPs to monitor treasury management arrangements and risk exposure to fluctuating interest rates, as part of the assessment of compliance with the governance and financial viability standard.

## Cashflows

36. 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 March 2026.

**Table 3: Summary cashflow performance<sup>14</sup>**

<i>£billions</i> <sup>15</sup>	3 months to 31 March 2026 (forecast)	3 months to 31 March 2026 (actual)	12 months to 31 March 2026 (actual)
Operating cashflows excluding sales	3.3	3.6	13.0
Repairs & maintenance (capital & revenue)	(2.8)	(2.6)	(9.5)
Net operating cashflows excluding sales	<b>0.5</b>	<b>1.0</b>	<b>3.5</b>
Interest cashflows	(1.2)	(1.1)	(4.5)
Payments to acquire and develop housing	(4.4)	(3.5)	(13.4)
Current assets sales receipts	0.9	0.8	2.6
Disposals of housing fixed assets	2.4	1.7	4.2
Other cashflows	(0.3)	(0.1)	(0.4)
Cashflows before resources and funding	<b>(2.0)</b>	<b>(1.2)</b>	<b>(8.0)</b>
Financed by:			
Net grants received	0.7	0.8	2.6
Net increase in debt	1.0	0.2	5.3
Use of cash reserves <sup>16</sup>	0.3	0.2	0.1
Total funding cashflows	<b>2.0</b>	<b>1.2</b>	<b>8.0</b>

37. Cash interest cover<sup>17</sup>, based on net operating cashflows excluding all current asset and fixed asset sales, stood at 87% in the quarter to March 2026, compared to 68% in the quarter to December (March 2025: 83%). Total repairs and maintenance costs

<sup>14</sup> 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.

<sup>15</sup> There may be rounding differences in the calculated totals; figures are reported by PRPs in £000.

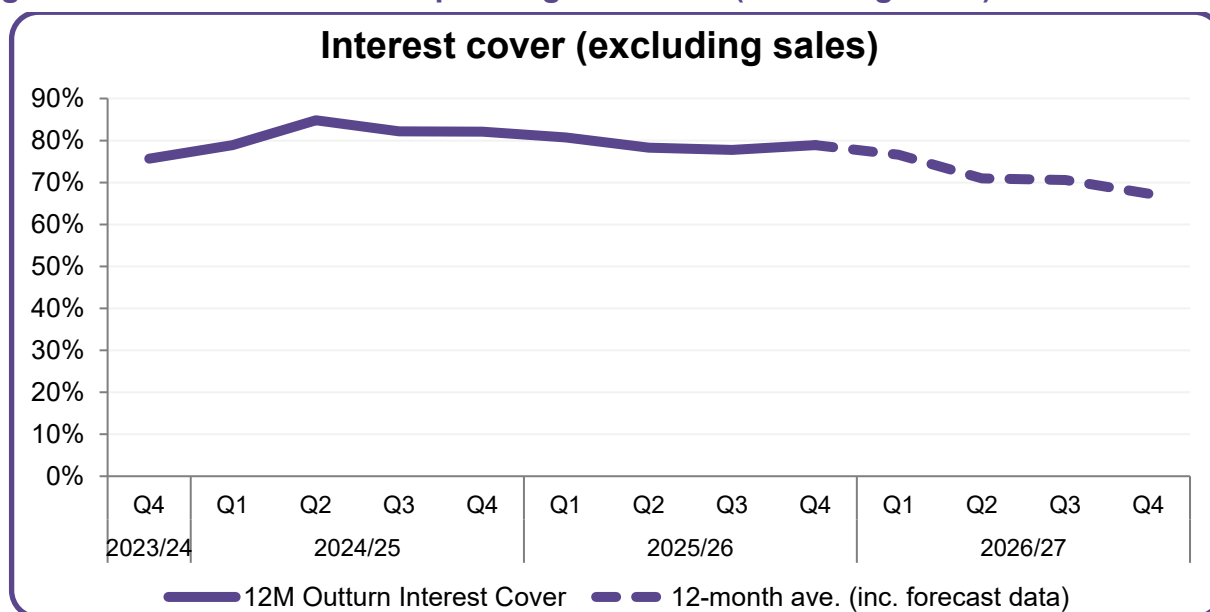
<sup>16</sup> Includes the movement in both available cash, and cash that is unavailable for use.

<sup>17</sup> 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.

increased by £0.2 billion since the previous quarter; however, this was more than offset by a £0.4 billion increase in net operating cashflows.

38. Net operating cashflows are subject to volatility due to the timing of creditor payments and rent receipts, and a number of PRPs have attributed increases in operating cash to high year-end rent collection rates, in addition to general working capital movements. A small number of PRPs have also referred to cost savings, including on management and service costs.
39. Quarterly interest cover of 87% was also significantly higher than the forecast of 42%. Although repairs and maintenance expenditure reached record levels, the total was £0.2 billion below the amount previously forecast. This was combined with a positive variance of £0.3 billion on net operating cashflows, due in part to the fact that PRPs do not typically attempt to forecast the quarter-end debtor and creditor balances that determine working capital movements. A small number of PRPs have also attributed favourable variances to contingencies that were held within budgets but were unutilised at the year-end.

**Figure 5: Interest cover from operating cashflows (excluding sales)**



40. Rolling interest cover in the 12 months to March stood at 79% (December: 78%), compared to 82% in the 12 months to March 2025. Interest cover varies between different types of PRPs.
  - Median 12-month outturn interest cover excluding sales was 92% (December: 93%)
  - Lower quartile performance was 45% (December: 44%) and upper quartile performance was 142% (December: 140%).

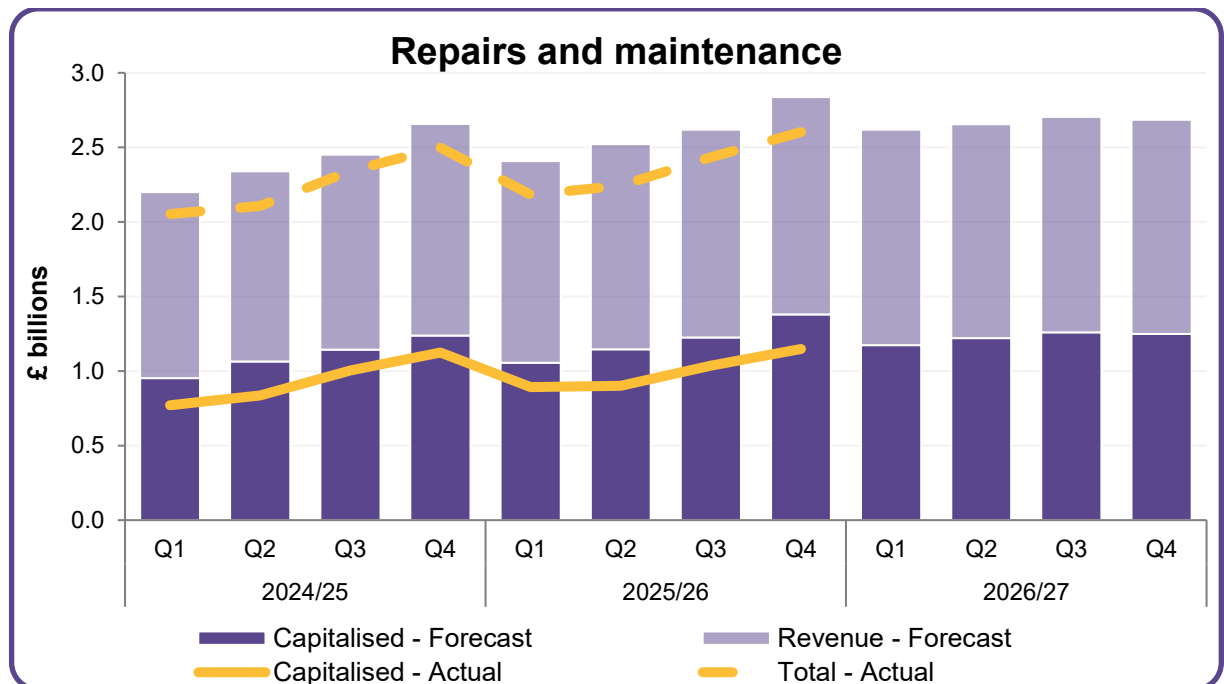
- The eleven PRPs that comprise the G15 group of London-based providers<sup>18</sup> reported aggregate 12-month outturn cash interest cover of 61%.
41. Whilst interest cover remains below 100%, operating cashflows, net of both capital and revenue repair costs, are insufficient to fund net interest payments. On average, a cash shortfall of £237 million per quarter was experienced in the year to March 2026, compared to an average deficit of £194 million per quarter in the previous year. The restriction in operating cash is reflected by increasing fixed assets sale receipts across the sector, and a greater reliance on debt and cash reserves. Over the last three years, while annual interest cover has remained below 100%, total debt facilities in the sector have increased by £20 billion (16%).
  42. Cash interest cover is expected to remain restricted. Forecasts for the year to March 2027 give an estimate of 67%; consistent with the forecasts from the previous three quarters. Over 60% of PRPs are forecasting that interest cover will be below 100% over the next 12 months.
  43. A total of 27 PRPs have reported having one or more loan covenant carve-outs or waivers in place at the end of March (December: 29). The agreements in place include carve-outs to exclude fire or other building safety works from loan covenant calculations, reported by 10 PRPs, and carve-outs of energy efficiency or decarbonisation works, reported by 9 PRPs. Although the overall number of PRPs reporting a waiver or carve-out has reduced since December, three PRPs have reported arranging a new agreement in the quarter that will apply to the March 2026 year-end.
  44. Including both revenue and capital expenditure, total repairs and maintenance spend in the quarter amounted to £2.6 billion. This was 7% higher than the total from the previous quarter (£2.4 billion), and 4% higher than in the same quarter of the previous year (£2.5 billion). The total consisted of revenue works of £1.5 billion, and capital works of £1.1 billion. Both revenue and capital expenditure are the highest levels recorded since data was first collected in 2022 and 2015 respectively.
  45. Revenue repairs increased by 4% in comparison to the previous quarter, and were consistent with the forecasts from the end of December. Capitalised expenditure was 11% higher than in the previous quarter, however was 17% below the amount previously forecast. PRPs have attributed delays in capitalised works to factors including access issues, delays in gaining approval for works from the Building Safety Regulator, and complications around grant agreements for decarbonisation works. In terms of revenue works, a small number of PRPs have reported additional demand for repairs following the implementation of Awaab's Law in October 2025, and in some cases PRPs have re-allocated resources to this area.

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<sup>18</sup> G15 | Home

46. In the 12 months to March 2026 total repairs and maintenance spend was £9.5 billion; of which £5.5 billion related to revenue works and £4.0 billion related to capital works. The total was 5% higher than the £9.0 billion recorded in the year to March 2025, and 19% higher than the £7.9 billion recorded in the year to March 2024. For context, over the three-year period from April 2023 to March 2026, output prices for housing repair and maintenance increased by 3.8%<sup>19</sup>. For the 12 months to March 2027 the sector has forecast expenditure to increase to £10.7 billion (December 12-month forecast: £10.6 billion).

**Figure 6: Total repairs and maintenance expenditure (£ billions)**



47. Of the £10.7 billion total repairs and maintenance forecast for the next 12 months, £5.8 billion relates to revenue expenditure and £4.9 billion relates to capitalised works (December forecast: £5.6 billion revenue, £5.0 billion capital). Half of the forecast capitalised expenditure is attributable to just 20 PRPs. This includes 10 of the 11 PRPs that comprise the G15 group of London-based providers, which on its own accounts for 30% of the total 12-month forecast capital spend.
48. Current asset sales of £2.6 billion were achieved in the 12 months to March 2026; compared to £3.1 billion in both the years ending March 2025 and March 2024. For the 12 months to March 2027 the sector has forecast a further £3.3 billion worth of current asset sales (December forecast: £3.2 billion), of which £3.1 billion relates to properties for which development is contractually committed (December: £3.0 billion). Seven PRPs have each forecast current asset sales of £100 million or more over the next 12 months, together accounting for 46% of the sector total.

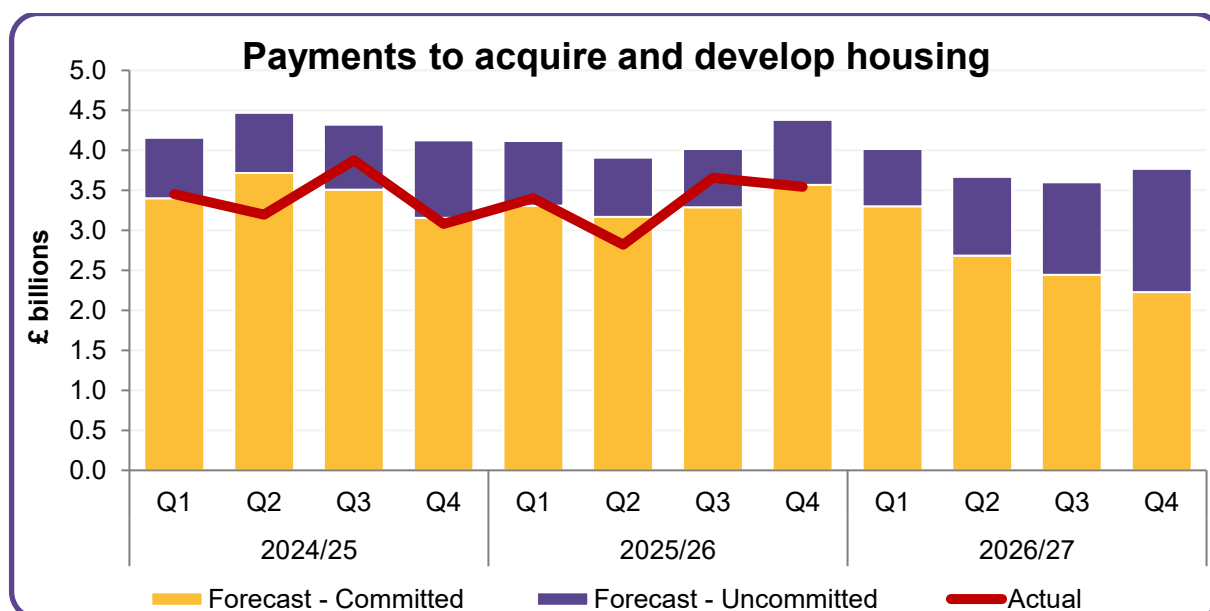
<sup>19</sup> Construction output price indices - Office for National Statistics

49. In the 12 months to March 2026 fixed asset sales totalled £4.2 billion. This is the highest amount recorded since cashflow data was first collected in 2015, and compares to a total of £2.9 billion in the year to March 2025, and £3.0 billion in the year to March 2024. For the 12 months to March 2027 the sector has forecast a further £5.3 billion worth of fixed asset sales (December 12-month forecast: £4.9 billion); also the highest amount ever forecast.
50. Of the total forecast fixed asset sales, £3.2 billion relates to 'other' fixed asset sales, including bulk sales to other organisations. This is an increase of 16% compared to the £2.7 billion forecast from December. There are 30 PRPs that are forecasting sales of this type, however, over 60% is attributable to just two PRPs. The bulk sales included within forecasts include the sale of student accommodation, market rent portfolios, and Extra Care schemes.
51. A further £2.2 billion has been forecast in relation to sales to tenants or other open market sales (including mainly staircasing, RTB/RTA and sale of void properties), consistent with the forecast from December. Five PRPs have each forecast tenant or open market sales of over £100m, and together account for one-third of the sector total.
52. Available cash, excluding amounts held in secured accounts, reduced by 2% during the quarter to £4.1 billion (December: £4.2 billion). This is consistent with the average cash balance reported over the last three years, over which period cash balances have reduced in comparison to longer-term averages. Available cash is forecast to reduce to £3.7 billion by the end of March 2027, with 78% of PRPs forecasting cash levels to reduce over this period.
53. In addition to the £4.1 billion worth of available cash, cash held in secured accounts or otherwise unavailable for use by PRPs stood at £0.9 billion at the end of the quarter (December: £1.1 billion). These amounts include cash held on long-term deposit, leaseholder sinking funds, and debt servicing reserve accounts.
54. 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

55. In the 12 months to March 2026, £13.4 billion was invested in the acquisition and development of housing properties. This compares to £13.6 billion in the year to March 2025, and £14.4 billion in the year to March 2024. Total expenditure for the year was 9% below the total forecast reported at the start of the period, but 26% above the forecast for contractually committed schemes.
56. 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 March, together accounting for over one-quarter of the sector total. Half of the sector spend in this period is attributable to just 17 PRPs.
57. Actual expenditure in the three months to March 2026 was £3.5 billion, compared to a total of £3.1 billion in both the quarter to March 2025 and to March 2024. Expenditure was in line with the forecast for contractually committed development, although 19% below the total forecast including uncommitted expenditure. In addition to general scheme delays and timing differences, PRPs have attributed underspends to delays with planning applications and legal works, issues with utility connections, and adverse weather conditions interrupting construction activity.

**Figure 7: Payments to acquire and develop housing**



58. For the next 12 months a further £15.1 billion worth of investment has been forecast (December 12-month forecast: £15.0 billion). This is the fourth consecutive quarter where development forecasts have increased. Within this, forecasts for committed expenditure have reduced by 2% to £10.7 billion, however, forecasts for uncommitted

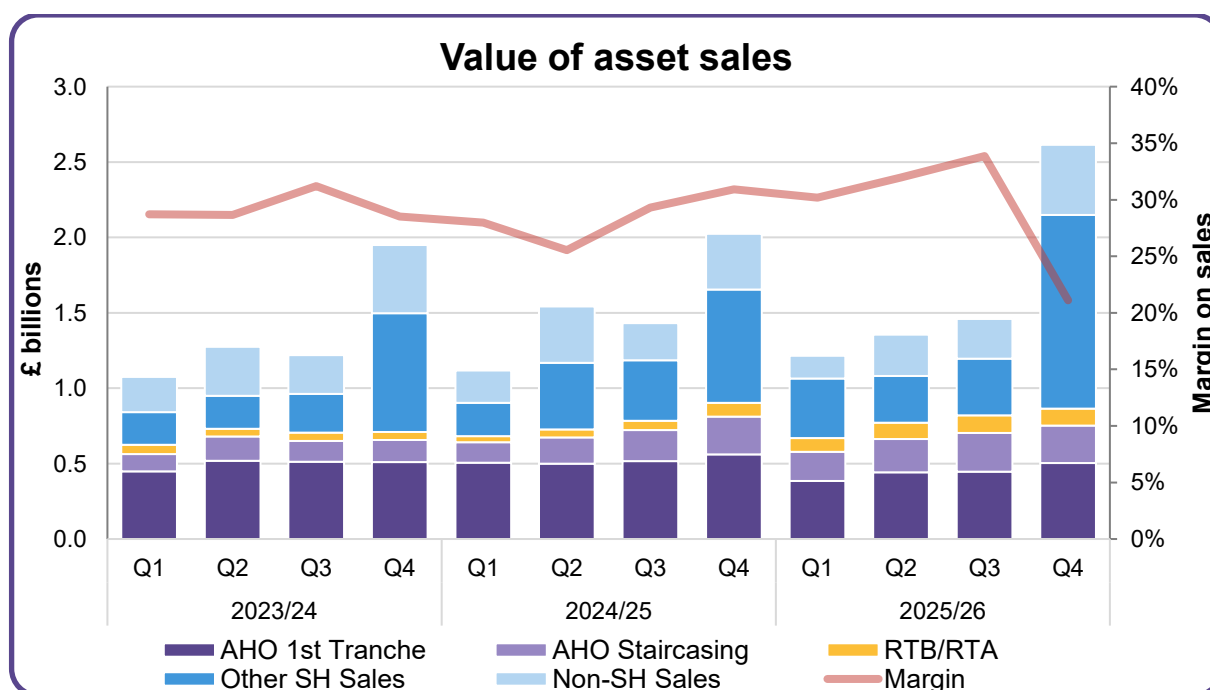
development have increased by 7% up to £4.4 billion; the highest level in the last 18 months.

59. Six large PRPs have each forecast over £400m of development expenditure over the next 12 months, and together account for just under one-quarter of the sector total. Half of the sector's total forecast expenditure is accounted for by 19 PRPs.
60. Forecasts for development grant have increased by a further 11% to £3.0 billion (December forecast: £2.7 billion); the highest amount ever forecast. Forecasts for grant relating to both committed and uncommitted development have increased since the previous quarter, by 8% and 13% respectively, and a small number of PRPs have stated that forecasts have been updated to reflect bids for funding from the new Social and Affordable Homes Programme 26-36<sup>20</sup>. Other forecasts include the remaining additional bridge funding from the Affordable Homes Programme 21-26<sup>21</sup>, and funding from local authorities.

## Housing market

61. 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 £2.6 billion in the quarter to March (December: £1.5 billion). This is the highest value recorded since data was first collected in 2011.

**Figure 8: Value of asset sales**



<sup>20</sup> Social and Affordable Homes Programme (SAHP) 2026 to 2036 - GOV.UK

<sup>21</sup> Affordable Homes Programme (AHP) 2021 to 2026 - GOV.UK

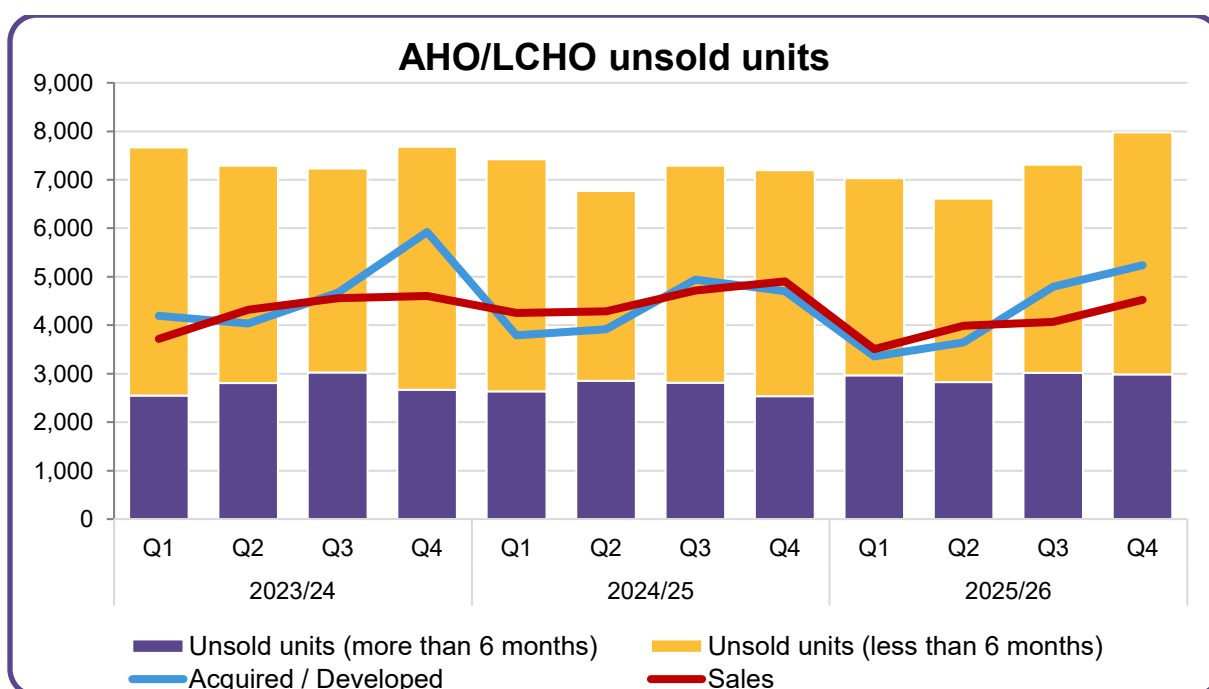
62. Affordable home ownership 1<sup>st</sup> tranche sales increased by £57 million to £503 million. Other social housing sales generated proceeds of £1.3 billion in the quarter to March, compared to £374 million in the previous quarter. This category of sales includes strategic disposals of void social 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.
63. The overall surplus from asset sales stood at £552 million for the quarter (December: £494 million), resulting in a combined margin of 21% (December: 34%); the lowest ever recorded, and which compares to an average margin of 28% over the last three years. This is driven by one PRP with a deficit of £13 million for other social housing sales.
64. Total fixed asset sales amounted to £1.7 billion (December: £0.8 billion), against a forecast of £2.4 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 £821 million (December: £685 million), 29% above the amount previously forecast. Twelve PRPs recorded sales of over £20 million each, together accounting for 56% of the sector total.
  - Bulk fixed asset sales to other organisations amounted to £925 million (December: £122 million), 49% lower than the £1.8 billion previously forecast. The negative variance compared to the previous forecast is driven by one PRP whose disposal of a subsidiary has been reforecast to the next quarter. In the current quarter a total of 22 PRPs reported sales of this type, with three PRPs accounting for 82% of the sector total.
65. Total cash receipts in respect of current asset sales (market sales and first tranche AHO sales) amounted to £0.8 billion in the quarter; a 22% increase compared to the previous quarter, with the top 10 PRPs accounting for 57% of the total. Current asset sales were 13% below the amount previously forecast, with adverse variances being attributed to delays in sales and development handovers. Besides for the odd quarter, 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	4,793	5,235	9.2%
Sold	4,066	4,526	11.3%
Margin on first tranche sales	14.7%	11.4%	(22.0%)
Unsold	7,313	7,977	9.1%
Unsold for more than 6 months	3,016	2,983	(1.1%)
18-month pipeline	28,505	25,600	(10.2%)

- 66. AHO completions have increased by 9.2% in comparison to the previous quarter, at 5,235 units (September: 4,793). However, the last 12 months have seen a reduction in units developed, with a total of 17,027 units completed, compared to 17,349 in the year to March 2025.
- 67. AHO sales increased by 11% in the quarter and were 6% higher than the three-year average of 4,287, at 4,526 units. 16 PRPs each reported sales of more than 100 AHO units in the quarter, together accounting for 56% of the sector total. A total of 16,085 AHO sales were recorded in the year to March, compared to 18,155 in the year to March 2025.
- 68. The overall number of unsold units increased by 9% to 7,977, with the number of units unsold for over six months decreasing slightly to 2,983 units. Nine PRPs each held more than 100 units that were unsold for over six months, together accounting for 58% of the sector total.

**Figure 9: AHO/LCHO units**



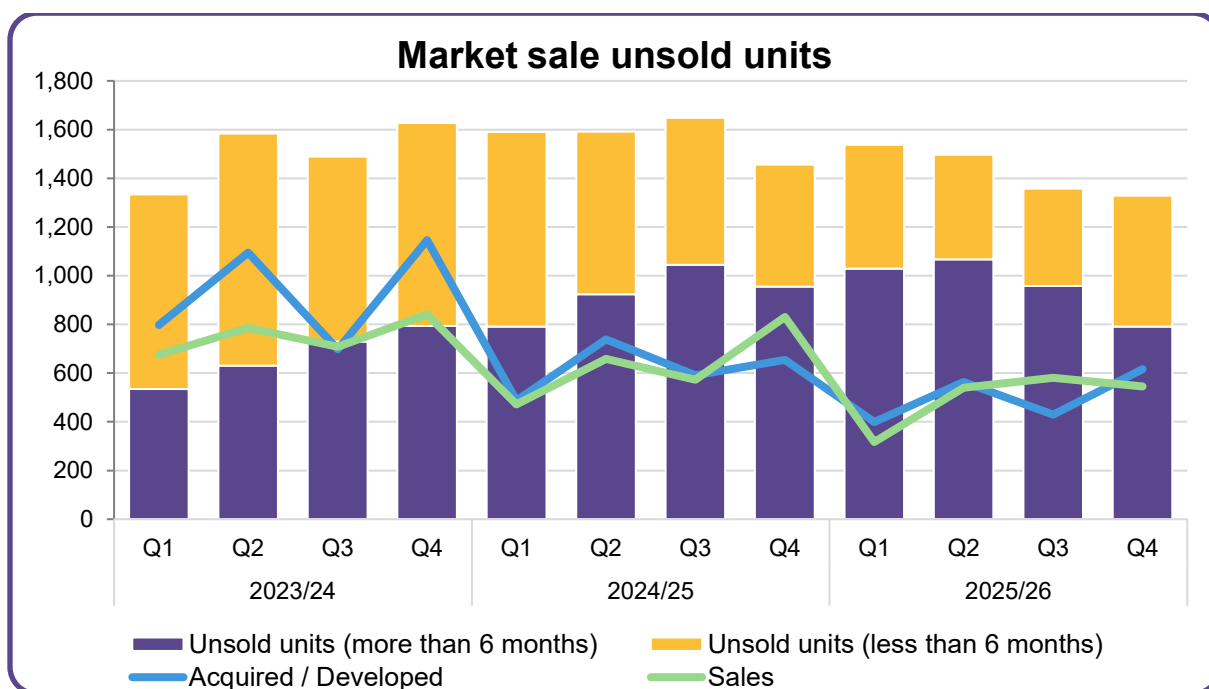
69. Sales proceeds from 1<sup>st</sup> tranche AHO sales amounted to £503 million during the quarter (December: £446 million), with an overall surplus of £58 million being reported (December: £65 million). This resulted in an average margin of 11.4% (December: 14.7%), the lowest level recorded since data was first collected in 2011, and compares to an average margin of 16.7% over the last three years.
70. The pipeline of AHO completions expected in the next 18 months has decreased by 10% to 25,600 units (December: 28,505), the lowest in almost nine years, of which 23,321 units are contractually committed (December: 25,723). The committed pipeline remains below the average quarterly committed pipeline over the last three years of 27,750 units, with the pipeline of uncommitted units (2,279) being 10% below the average of the last year (2,541).

**Table 5: Market sale units**

<i>Market sale units</i>	<i>Previous quarter</i>	<i>Current quarter</i>	<i>% change</i>
Completed	430	616	43.3%
Sold	581	545	(6.2%)
Unsold	1,357	1,329	(2.1%)
Unsold for more than 6 months	958	791	(17.4%)
18-month pipeline	6,195	5,414	(12.6%)

71. The number of market sale completed units (616) increased by 43% compared to the previous quarter but remains below the average of 685 units per quarter over the last three years. A total of 2,008 units were completed in the year to March 2026, compared to 2,470 units in the year to March 2025, and 3,737 units in the year to March 2024.
72. Market sale activity continues to be concentrated in a small number of PRPs, with only 17% of PRPs recording market sale handovers over the last 12 months. Seven PRPs each developed over 100 market sale units in this period, together accounting for 65% of the sector total. The three PRPs with the highest sales in this period accounted for 41% of the total.

**Figure 10: Market sale units**

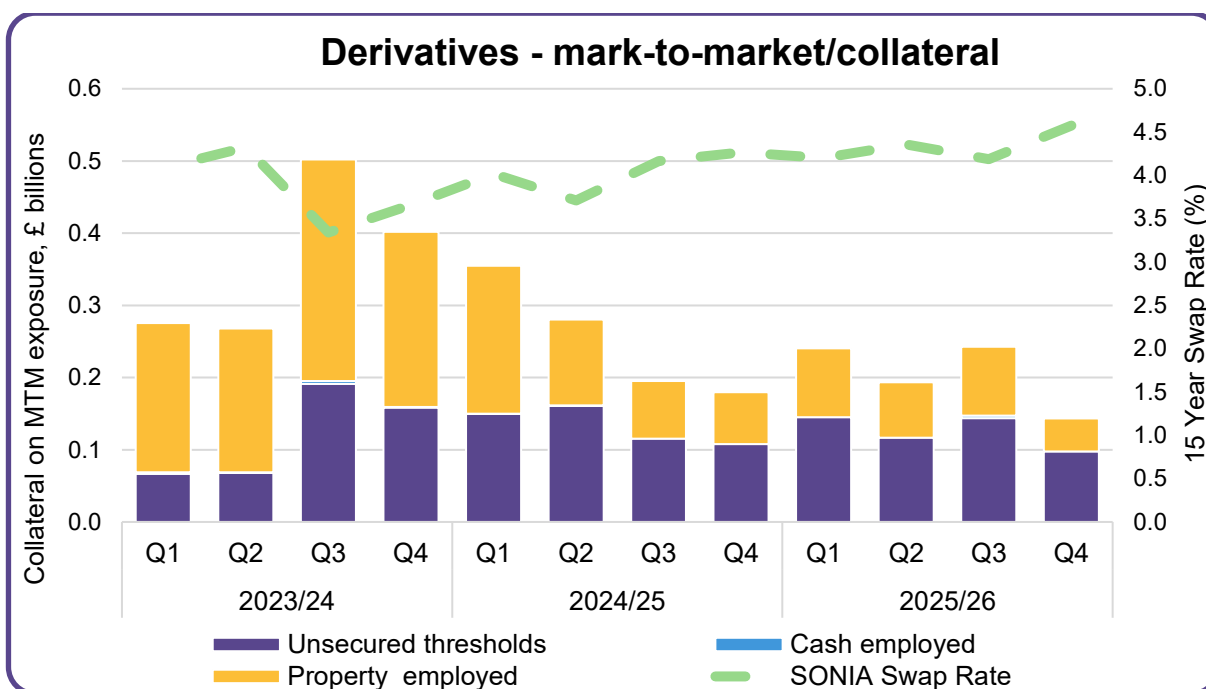


73. The total number of unsold market sale units decreased again to 1,329, 2% below the previous quarter. Five PRPs each held over 100 unsold market sale units at the end of the quarter and together accounted for 66% of the sector total. The number of units unsold for over six months also decreased, to 791 (December: 958).
74. The pipeline of market sale completions expected over the next 18 months has decreased by 13%, to 5,414 units (December: 6,195), of which 5,350 units are contractually committed (December: 6,076). Pipeline figures are at their lowest levels in over eleven years. Although 32 PRPs have reported an active pipeline for market sale units, just three PRPs with pipelines over 500 units make up almost a half of the sector total.

## Derivatives

75. At the end of March, 53 PRPs (December: 54) reported making use of free-standing derivatives. The notional value of standalone derivatives increased from £11.7 billion to £11.9 billion over the quarter.
76. 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 increased from 4.19% at the end of December to 4.58% at the end March of resulting in a net decrease in MTM exposure to £138 million at the end of the quarter (December: £235 million).

**Figure 11: Derivatives – Mark-to-market/collateral**



77. 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 March the total headroom of collateral and unsecured thresholds available over gross MTM exposure was £2.4 billion (December: £2.4 billion).
78. Of the 53 PRPs that were making use of free-standing derivatives, 49 had collateral pledged that exceeded or equalled their level of gross exposure, and the remaining four PRPs were not required to provide security to cover their position. At sector level, unsecured thresholds and available security pledged to swap counterparties remained consistent with quarter three at £2.6 billion available.
79. 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.

## Non-registered entities

80. Information on non-registered entities is collected through the additional annual questions that are included in the year-end Quarterly Survey.
81. A total of 122 PRPs (2025: 127) reported investment in, or lending between, non-registered subsidiaries, special purpose vehicles or joint ventures, with an aggregate value of £9.9 billion (2025: £9.6 billion). Of this total, £4.0 billion relates to investment in non-registered entities, and the remaining £5.9 billion is attributable to on-lending between registered and unregistered entities.

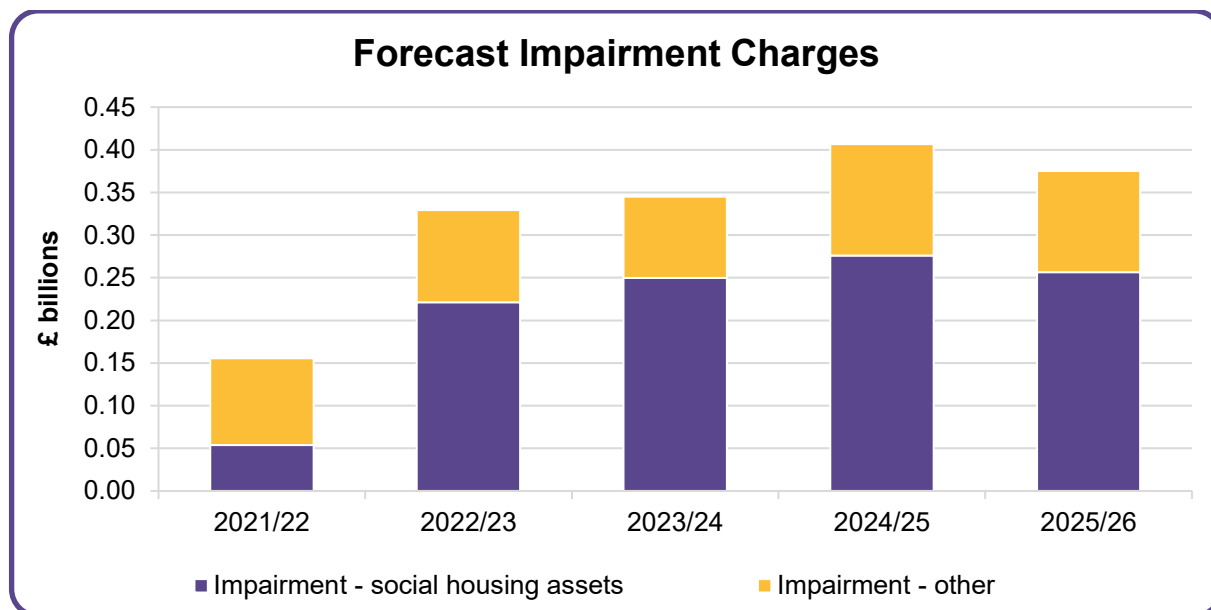
82. Investment and indebtedness remains concentrated in a small number of PRPs. Five PRPs have each reported a total value of over £700 million each, and together account for half of the sector total. Over 70% of the sector total is reported by just 10 PRPs.
83. There are 22 PRPs (2025: 24) that have given guarantees over the obligations or liabilities of other parties, up to a total estimated value of £3.1 billion (2025: £2.8 billion). Two-thirds of this amount is reported by just 2 PRPs; each of which has given guarantees worth over £900 million. Of the total 22 PRPs, 7 (2025: 7) have given security.
84. A total of 50 PRPs (2025: 53) have reported that a joint venture or non-registered subsidiary is forecasting a loss in their 2025/26 accounts, the total value of which is estimated to be £366 million (2024/25: £146 million); the highest value recorded since annual data was first collected in 2015. Around two-thirds of the total is attributable to just three PRP groups, each of which is estimating losses in excess of £40 million to be reported.
85. Around one-quarter of the overall forecast loss has been attributed to the timing of Gift Aid payments, where profits made by a non-registered entity are distributed to a charitable group member. The non-registered entity recognises the expense of the Gift Aid payment in the year after it reports the profit. Losses are also frequently experienced in development subsidiaries and joint ventures where revenue costs such as interest and marketing fees are incurred before sales receipts are realised. PRPs have stated that development activity has also been affected by site delays, increased construction costs, and slow sales rates.
86. Where PRPs engage in activities through non-registered entities, the regulator expects boards to fully understand the associated risks. This includes the potential impact of cross-guarantees, and any possible recourse to social housing assets.

## Impairment

87. Information on impairment is collected through the additional annual questions that are included in the year-end Quarterly Survey. In total, 59 PRPs are anticipating reporting an impairment charge in their 2025/26 accounts; equivalent to 30% of PRPs in the dataset. This compares to 75 PRPs (38%) in 2024/25 and 66 PRPs (33%) in 2023/24.
88. The total anticipated impairment charge is £375 million (2024/25: £407 million), of which £257 million relates to social housing assets (2024/25: £276 million). Just under 80% of the sector total is reported by just 11 PRPs, each with an estimated charge of more than £10 million. A total of 26 PRPs, equal to 44% of the PRPs that are

anticipating an impairment charge, are forecasting that the total charge will be below £1 million (2024/25: 43%).

**Figure 12: Forecast impairment charges**

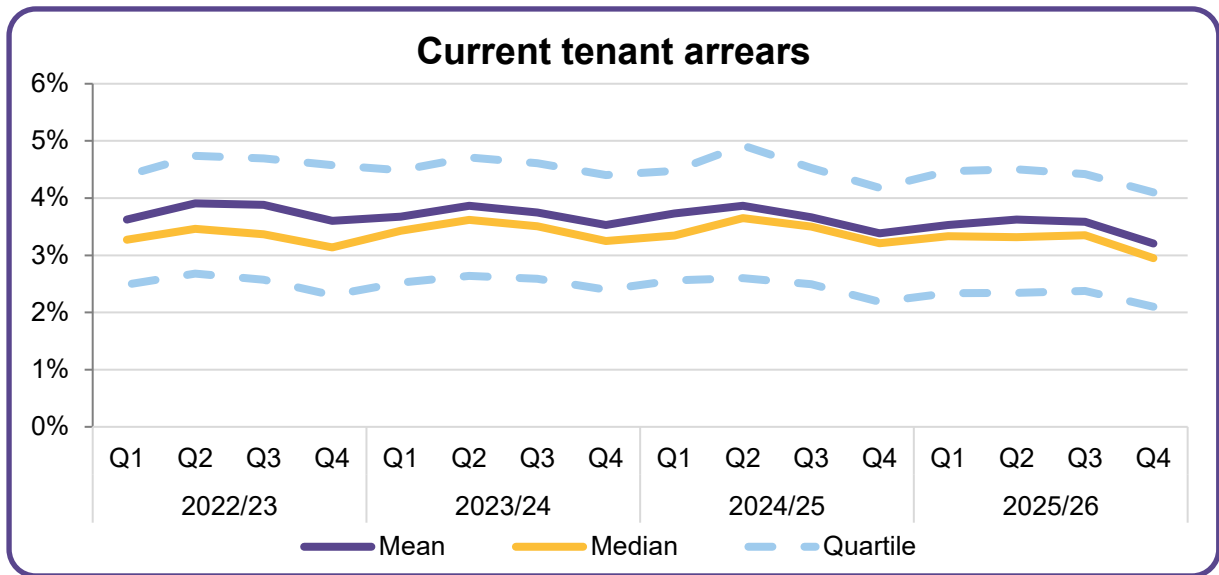


89. From the comments included within returns, it is estimated that just over half of the total impairment charges relate to sites under development, which PRPs have attributed to issues including contractor failure, planning delays, changes in legislation, and increased construction costs. Other factors that have triggered impairment charges include building safety defects, existing properties being marketed for sale and written-down to sales value, and revaluation of sites that will be subject to demolition or regeneration.
90. Impairment charges recognised by individual PRPs have the potential to result in breaches of loan covenants, and 7 of the 59 PRPs that are anticipating an impairment charge have also reported arranging a related loan covenant waiver, either as a precautionary measure or to avoid an actual breach of covenant. Where an impairment indicator is identified, we expect PRPs to assess the possible impact on loan covenants and discuss any potential issues with lenders and auditors at an early stage. We will engage with PRPs to ensure the necessary mitigations and arrangements are being put in place to maintain financial viability.

## Income collection

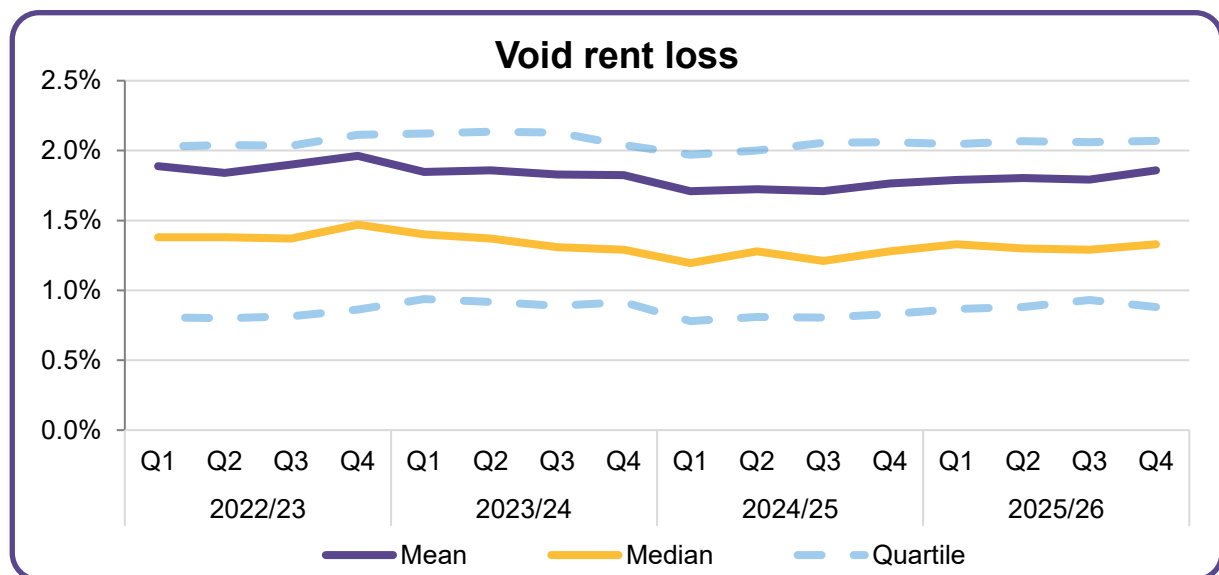
91. At the end of March, 65% of PRPs reported that their levels of arrears, rent collection and voids were all within, or outperforming, their business plan assumptions (December: 63%).

**Figure 13: Current tenant arrears**



- 92. Mean current tenant arrears dropped slightly in the quarter to 3.2% (December: 3.6%), and the median also decreased to 3.0% (December: 3.4%). Both figures were slightly lower than the amounts reported in the corresponding quarter of the previous year which stood at 3.4% and 3.2% respectively, and are at their lowest levels in the last eight years.
- 93. For the 57% of PRPs reporting non-social housing arrears, such as those relating to student accommodation and market rent tenures, the average stood at 5.3% in the quarter, a reduction on the 6.4% reported at the end of December, although consistent with quarter four of last year. 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.

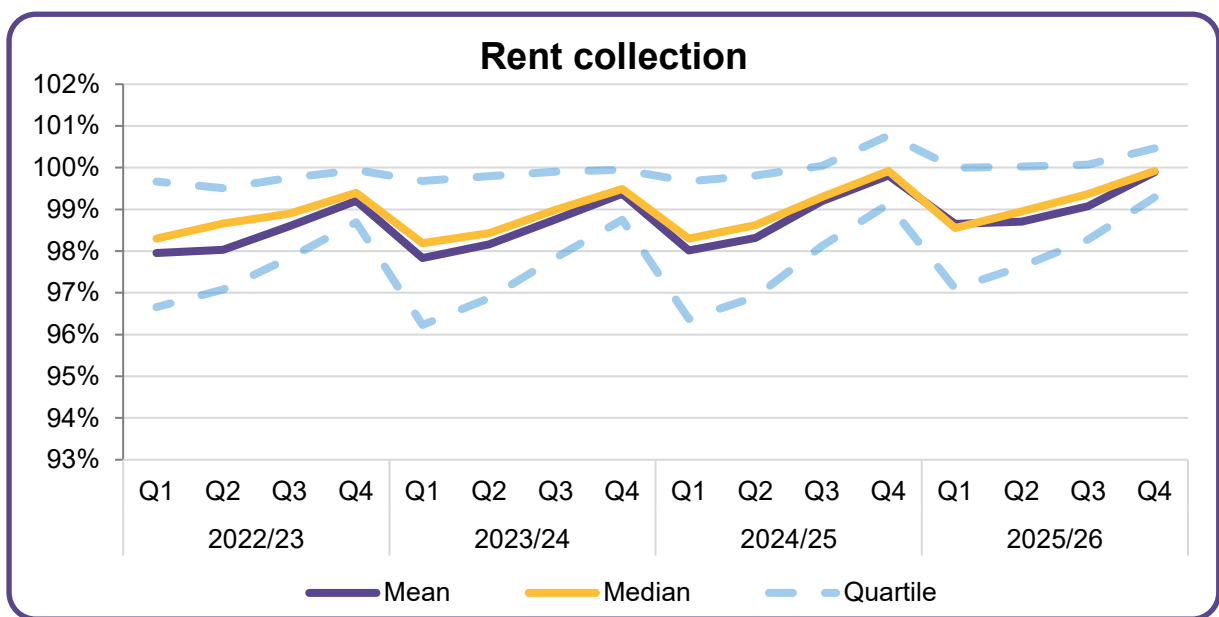
**Figure 14: Void losses**



- 94. At the end of March, median and mean void losses remained broadly in line with the last two quarters, standing at 1.3% and 1.9% respectively.

95. 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 11 PRPs reported void losses of 5% or more (December:10), and of these, eight hold over 50% of their stock within these specialist categories.
96. Almost 30% of PRPs have reported being outside their business plan assumptions for void rent loss. They cite a combination of factors affecting void re-let times, including delays on referrals from social services upon which PRPs are reliant, and complex voids with specialist needs requiring comprehensive suitability assessments leading to delays. In addition, PRPs have reported decant properties requiring major improvements such as damp and mould and safety works contributing to longer re-lets.

**Figure 15: Rent collection**



97. Rent collection rates have increased since the end of December, in line with seasonal trends. The median rent collection rate stood at 99.9%, consistent with the rate reported in March 2025. The number of PRPs reporting rent collection rates of less than 95% stood at 3 at the end of March (March 2025: 4, March 2024: 6). 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.



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