Regulator of Social Housing

Financial forecasts 2026

Large Private Registered Providers of Social Housing



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Executive summary

The latest set of financial forecast returns submitted by large private registered providers of social housing indicates some stabilisation of the sector's financial position. In aggregate, the level of interest cover over the first five years of plans is broadly in line with that seen in the previous set of forecasts. This key metric had previously been declining in each successive set of forecasts for a number of years. Key factors influencing this appear to be a slowing rate of increase in repairs and maintenance expenditure combined with increased income growth.

Development plans show a modest increase across the first five years of plans, reversing the trend seen in previous sets of forecasts. There is a larger increase in development over the longer (ten year) term which for some providers likely reflects bids made under the Social and Affordable Homes Programme (SAHP). The first wave of funding for this was announced in August, after these plans had been submitted.

Development is predominantly funded by a combination of borrowing and grant funding. Consequently there is a larger increase in debt in this set of plans than has been seen in recent years with £54.7bn of new borrowing required over the first five years of plans and additional grant of £16.3bn anticipated over the same time frame.

There is substantial variation within the business plans which make up the dataset. The largest providers, owning more than 40,000 social homes each, generally have a tighter financial position. In part this is due to having more homes in London and the South East where costs are generally higher and there is a greater concentration of high-rise blocks and associated on-going building safety costs. Where these largest providers do have substantial development plans they appear to be more back-loaded reflecting shorter term financial pressures.

Business plans evolve each year in response to a range of internal and external factors. These plans were prepared in early 2026 and as such do not reflect the global financial impact of the war between the United States and Iran. As business plans may have been prepared before the grant programme was announced, we are unable to confirm whether, or to what extent, the forecasts incorporate potential bids to the programme, reflect the outcomes of SAHP bid submissions, or capture any changes to delivery priorities arising from the appointment of the new Prime Minister.

1. Introduction

1.1 Financial forecast returns (FFRs) are collected from all private registered providers (providers) of social housing owning and/or managing more than 1,000 social homes. The returns set out the financial elements of providers' business plans in a standardised form and include 30-year projections of the key financial statements plus further details of development plans and the key financial assumptions used.

1.2 The data in this report is based on FFRs submitted by 195 individual providers. The vast majority of these were submitted in June 2026 with the first forecast year ending in March 2027. The dataset also includes a small number of providers which work to a different financial year where the data was not available to include in the last publication.

1.3 An accompanying data release includes the aggregated sector data from the FFRs which underpins this report. The disaggregated data source will not be published as providers' business plans are considered commercially sensitive.

1.4 Providers' business plans show how their business is likely to continue given a known starting point and a comprehensive set of assumptions covering known expenditure and investment plans, and factors such as inflation and interest rates. Both the starting point and the assumptions applied can vary significantly between years as businesses respond to events and changing priorities, business plans should not therefore be seen as predictions of the future.

1.5 Typically providers will include more detailed information in the short to medium term sections of their plans. This particularly applies to future development which many providers will only include for the period where they have relatively firm plans, often the first five years.

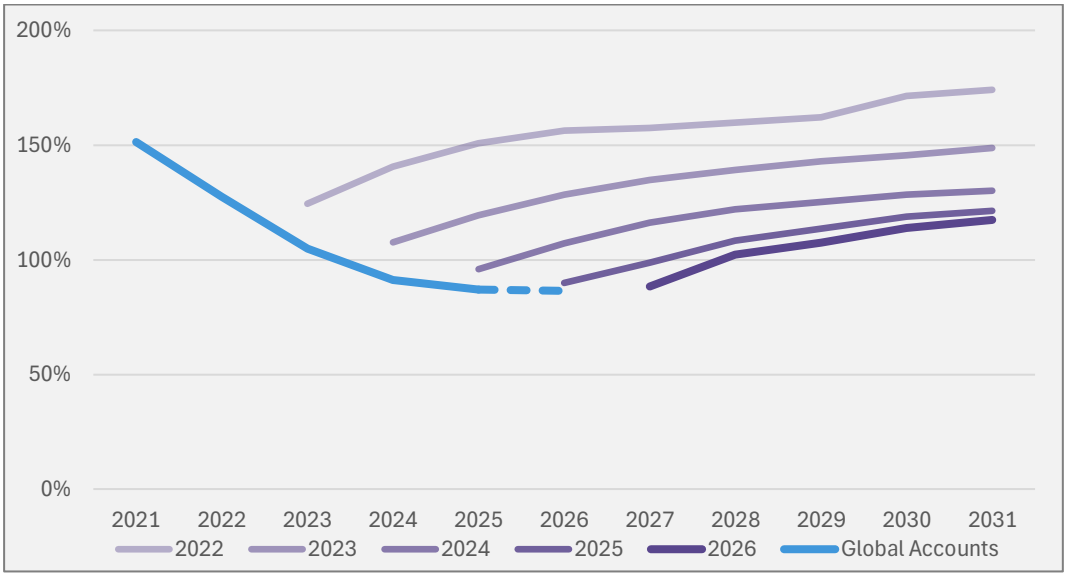
1.6 Effective stress-testing of business plans is a key factor in good corporate governance. All providers will have put their plans through a number of stress-tests applying a range of adverse scenarios and identifying appropriate mitigating actions.

2. Some stabilisation of financial position

2.1 The latest set of forecasts indicate that in aggregate, the financial position of the sector may be beginning to stabilise. For several years, each successive set of forecasts has shown a weakening of financial performance as measured by EBITDA MRI interest cover[1]. This is a key measure of the ability to cover finance costs from operating income whilst funding all maintenance costs for existing stock.

2.2 Chart 1 below shows how the sector aggregate forecast for EBITDA MRI interest cover has weakened across successive FFRs with the forecast curve shifting down and to the right each year. The latest set of forecasts has shifted only to the right with the aggregate forecast for years 1 to 5 at 107%, (2025 106%, 2024 114%).

Chart 1: EBITDA MRI Interest Cover (Source: Global Accounts[2] and FFRs 2022-26)



2.3 Analysis of the three key elements which determine the interest cover calculation indicates that this stabilisation has been driven by slightly improved margins on operating activity.

- **EBITDA MRI Margin.** This is the proportion of operating income that remains after the deduction of operating expenses and the cost of capitalised major repairs. This element shows some improvement on the previous set of forecasts with the aggregate margin for the first five years up slightly from 19% in 2025 to 20% in the latest forecasts. Key factors in this are a slowing in the rate of increase of repairs expenditure coupled with an increase in forecast rental income.

[1] Earnings before interest, taxation, depreciation and amortisation. Including all major repairs expenditure.
[2] Estimate for 2026 based on FFR submissions, out-turn to be published in the 2026 Global Accounts.

- **Debt to turnover.** This is a measure of the total indebtedness of the sector. The ratio has increased from 3.9 times turnover in 2025 to 4.0 times in the latest plans.

- **Effective interest rate.** This is the amount of interest paid expressed as a proportion of total debt. The aggregate forecast for the first five years is effectively unchanged from the 2025 forecasts at 4.65%. Although much of the sector's debt is held at fixed rates, a factor in this will be providers' forecasts of the rate at which they can obtain new debt during this period.

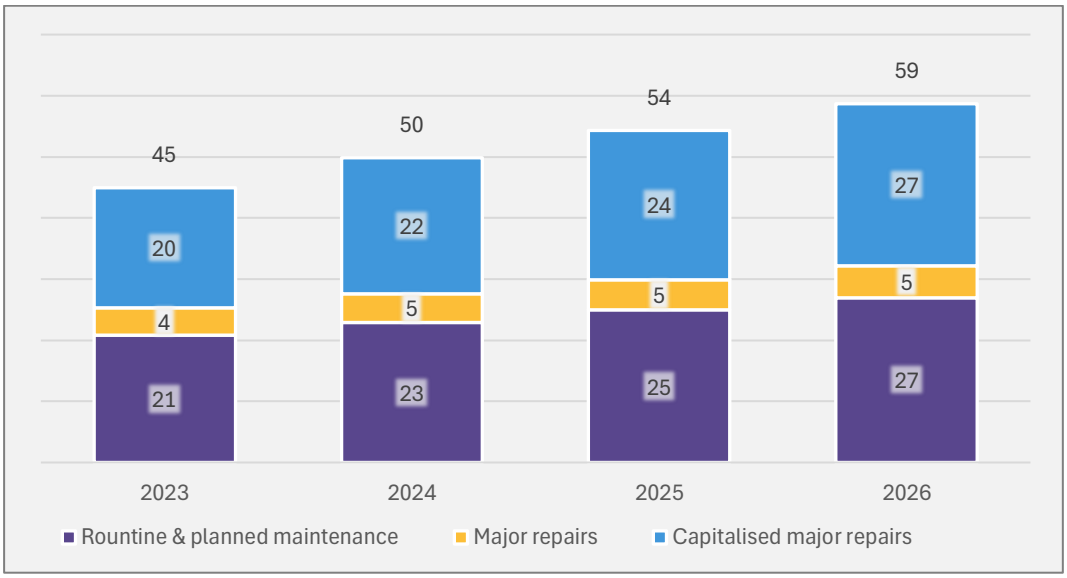
2.4 Two key factors influencing the operating margin are rental income and expenditure on repairs and maintenance. The annual rent increase for social housing is linked to the Consumer Price Index (CPI) reported in the previous September. In June 2025 a ten-year rent settlement was confirmed[3] which allowed rents to continue to increase at CPI+1%. This provides a boost to rental income in the latter period of plans as a substantial proportion of providers had previously assumed rent increases at CPI only beyond year 5.

2.5 What is having a bigger impact in the first five years of these plans is that CPI was 3.8% in September 2025, allowing a maximum rent increase of 4.8% in the first forecast year. This was higher than what most providers had assumed in their previous business plans. In addition to this, providers have started to factor rent convergence into their plans following the policy paper published in January[4], giving a further boost to operating margins. Rental income per home is £8k by 2031 (year 5 of these forecasts) an increase of 4.1% from £7.7k in the 2025 forecasts.

2.6 Total expenditure on repairs and maintenance over the first five years of plans is £59bn (Chart 2), an increase of 8% (£4bn) from the previous forecasts. In real terms this represents an increase of around 5% (2025 6%, 2024 9%). This slowing rate of real terms increase may indicate that less new work is being identified.

[3] Letter from Housing Minister to registered providers of social housing: Spending Review 2025 - GOV.UK
[4] January 2026 progress update: Delivering a decade of renewal for social and affordable housing - GOV.UK

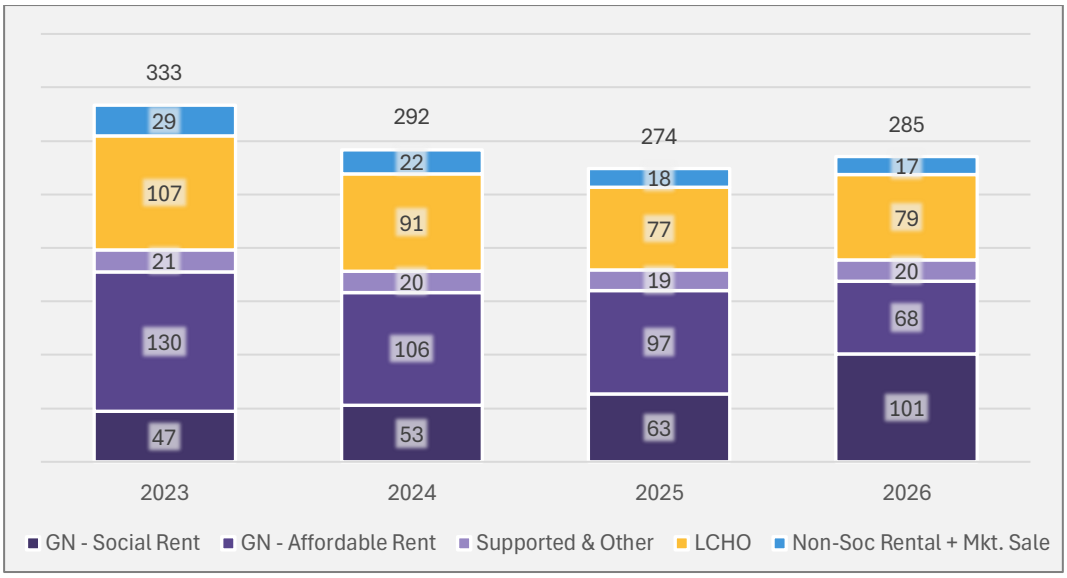
Chart 2: Repairs & Maintenance Spend FY1-5 (Source: FFRs 2023-26)



3. Modest increase in development forecasts

3.1 There has been a modest increase in forecast development over the first five years of plans. In aggregate, the sector is forecasting completion of 285,000 homes over the five years. This is an increase of 11,000 (4%) on the previous set of plans but remains below the total in the 2024 plans.

Chart 3: Forecast development – new homes (thousands) FY1-5 (Source: FFRs 2023-26)

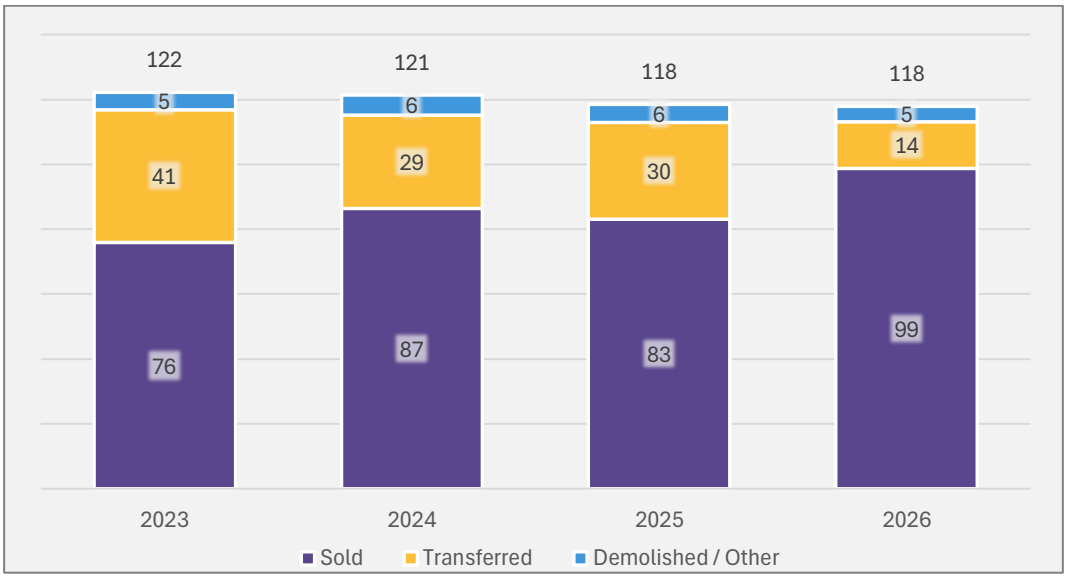


3.2 There has been a notable change in tenure with a reduction of 29,000 general needs homes for Affordable Rent and an increase of 37,000 for Social Rent. Development of non-social housing, whether for sale or rent continues to decline with the latest forecasts containing less than two thirds of the homes seen three years ago.

3.3 The total net increase of social homes forecast over the first five years is 150,000. This comprises 268,000 homes developed less 118,000 other stock movements (see Chart 4 below). This represents an increase of 9% on the net movement of 138,000 in the previous set of forecasts.

3.4 It should be noted that the 14,000 homes showing as a net loss due to transfers are not expected to ultimately be lost to the sector. Where a stock transfer is being considered it is more likely to be included in the business plan of a prospective vendor at an early stage than it is of a prospective purchaser.

Chart 4: Stock disposals (thousands) FY1-5 (Source FFRs 2023-26)



3.5 Most providers include a number of fixed asset sales within their financial forecasts. The majority of these are very small numbers reflecting anticipated demand from sitting tenants[5] or specific strategic disposals. A limited number of providers have more substantial asset sales in their plans. There are 25 providers with at least 1,000 sales of social homes forecast in the first five years of their plans. Collectively these account for almost three quarters of the sector total. For most of these providers, the disposals are more than balanced by additions to their social housing stock over the same period. A minority (9 of the 25) expect to have fewer social homes at the end of the five years.

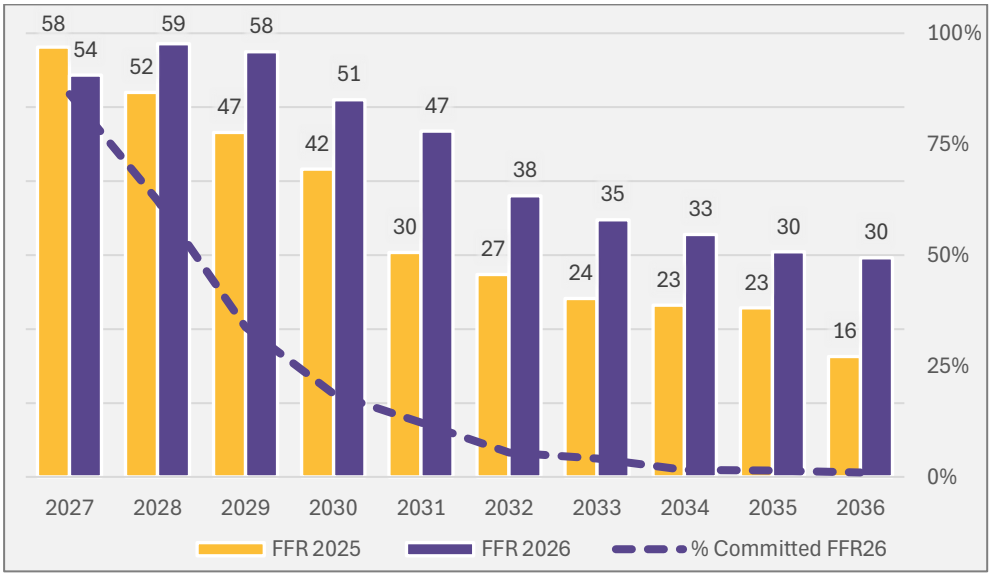
Social and Affordable Homes Programme (SAHP) 2026 to 2036

3.6 The latest plans contain a more significant increase in development over the longer time frame covered by the SAHP. Bids for this programme were being put forward at the time that these business plans were being prepared. The first wave of funding from the programme was not announced until August[6], after they had been submitted.

3.7 The plans contain a total of 434,000 social homes (including low-cost home ownership) over the ten years of the programme. This is an increase of 27% from the previous forecasts. As illustrated in Chart 5 the increase is concentrated towards the end of the programme period.

[5] Such as Right to Buy/Acquire sales or final staircasing of shared ownership properties.
[6] Historic council housebuilding comeback to help families into secure homes - GOV.UK

Chart 5: Forecast social housing development (thousands) and proportion contractually committed 2026-2036. (Source: FFRs 2025-26)



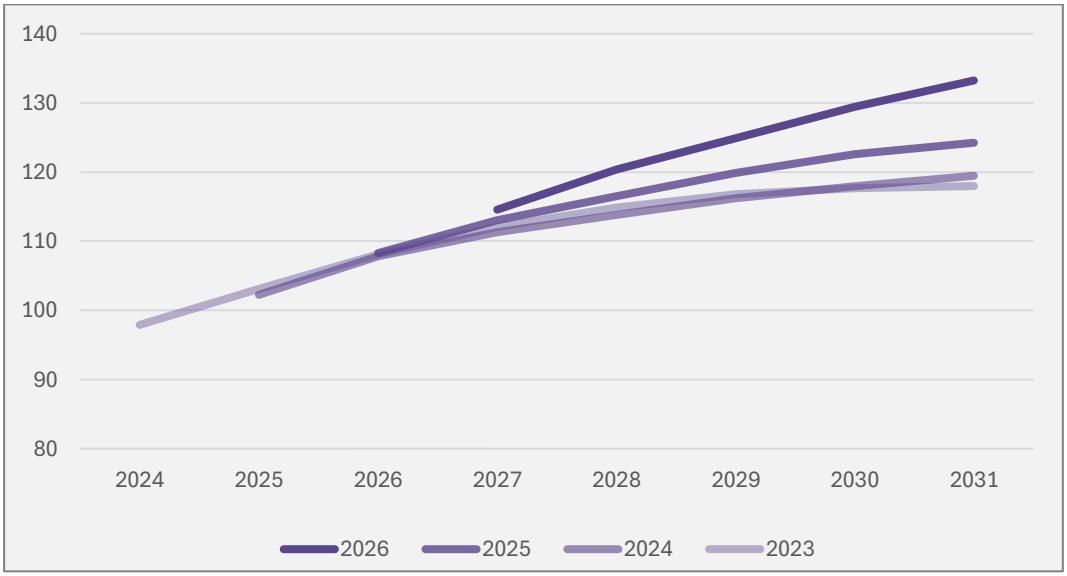
3.8 As is typical of these forecasts, the vast majority of development over this timescale is not contractually committed. The proportion falls from over 85% to around a third after the second forecast year and to less than 5% beyond the fifth forecast year. The ability to delay or cancel development programmes is a key mitigation often cited by providers as part of their stress-testing enabling them to maintain their financial position in adverse circumstances.

3.9 Approaches to development forecasts will vary between providers with some only including homes where plans are relatively well developed. This results in falling numbers in the later forecast years.

4. Increased indebtedness and grant funding

4.1 The latest forecasts show that total sector debt drawn and repayable is forecast to reach £133bn by 2031 (year 5 of plans). This is an increase of £9bn (7%) in comparison to the same date in the previous plans. Chart 5 below illustrates that this is a more substantial increase than seen in previous years. This will reflect the funding required for the increase in development included in these plans.

Chart 6: Debt drawn and repayable in forecasts £bn (Source: FFRs 2023-26)



4.2 Achieving this level of debt requires substantial financing activity. In aggregate the latest forecasts show £54.7bn in new facilities being raised during the first five years (2025 £48.8bn, 2024 £48.2bn). This total will include the refinancing of existing facilities reaching term as well as additional borrowing. A total of £34.7bn in loan repayments are forecast over the same period which suggests that of the total at least £20bn is new borrowing to fund additional expenditure.

4.3 The raising of new facilities is weighted towards the end of the period, with £14bn (25%) required in the first two years. This reflects the profile of development plans.

4.4 Cash flow forecasts show the receipt and repayment of grant in each year. The latest plans show a positive net movement of grant amounting to £16.3bn over the first five years. This is a substantial (£6.8bn, 72%) increase in comparison to the previous set of forecasts. This increase will largely reflect bids made under the SAHP. Development plans, together with the associated debt and grant figures will be revised in future submissions to reflect the outcome of these bids.

5. Segmentation

5.1 The 195 providers whose returns make up the dataset for this report are a diverse range of businesses. They range in size from the smallest owning just over 1,000 homes to the largest owning over 120,000 and with annual turnover ranging from around £7 million to £1.2 billion.

5.2 This section of the report will segment some of the key financial outputs by the size of provider. Three categories have been used based on the number of social homes owned at the end of the first forecast year of plans. For profit providers are also shown separately as they have a very different business model to the rest of the sector which impacts on some of the key metrics used.

Table 1: Segmented Groups (Source: FFR 2026)

Group (No. homes)	No. RPs	Homes (% Total)	Turnover (% Total)
Large (>40,000)	20	45%	50%
Medium (10,000 - 40,000)	53	38%	31%
Small (<10,000)	112	16%	17%
For Profit	10	1%	1%
Sector	**195**	**100%**	**100%**

5.3 The sector is dominated by the largest 20 providers, each owning in excess of 40,000 social homes. Collectively these account for 45% of social homes and 50% of turnover. Medium-sized providers (10,000 to 40,000 social homes) of which there are 53 account for approximately a further third of the sector. That leaves 112 small and 10 for profit providers which account for the remainder of the sector.

5.4 The largest providers are generally distinct from the broader sector in that at this scale they are almost all operating across multiple regions if not nationally. These providers also hold a high proportion of the total social homes within London and the South East. This group includes all except one of the members of the G15 group of housing associations[7].

5.5 Table 2 below shows how EBITDA MRI Interest Cover and its constituent parts vary across these groupings of providers. The largest providers exhibit the lowest level of interest cover. This is driven by a lower margin than the medium providers and greater indebtedness than the small providers.

[7] The G15 is an informal collective made up of 11 of London's largest not-for-profit housing associations: g15.london

Table 2: Financial Performance (FY1-5) by grouping (Source: FFR 2026)

Group	EBITDA MRI Interest Cover	EBITDA MRI Margin	Debt to Turnover	Effective Interest Rate
Large	101.9%	19.2%	4.0	4.7%
Medium	108.3%	19.8%	4.0	4.5%
Small	116.8%	19.1%	3.7	4.4%
For Profit	116.8%	48.9%	6.0	7.0%
Sector	**106.6%**	**19.8%**	**4.0**	**4.7%**

5.6 The for-profit providers have a similar level of interest cover to the small providers, but this is a result of higher debt and interest rates combined with much higher margins. Several of the for-profit providers specialise in low-cost home ownership which has significantly lower operating costs due to the combination of a more limited liability for repairs and the new-build nature of the stock.

5.7 This is further illustrated in Table 3 below where the for-profit providers are collectively forecasting an annual spend of £939 per home on repairs and maintenance compared to the sector aggregate of £4,245.

Table 3: Annual Repair Spend per Home FY1-5 (Source: FFR 2026)

Group	Maintenance	Major Repairs	Total	*Of which Building & Fire Safety*
Large	£2,151	£2,488	£4,638	*£562*
Medium	£1,726	£2,143	£3,869	*£273*
Small	£1,997	£2,249	£4,247	*£390*
For Profit	£848	£91	£939	*£8*
Sector	**£1,950**	**£2,295**	**£4,245**	***£417***

5.8 The largest providers have the highest annual repairs spend, particularly in relation to their exposure to building and fire safety works. This is reflective of the exposure which many of the largest providers have to high-rise buildings, particularly in the London area. These costs will be a major factor in the lower margins shown in Table 2.

5.9 Over the ten years of the SAHP, collectively providers are planning to deliver 434,000 homes representing 15% of the opening social housing stock (Table 4 below). Over the full period, each of the groups of non-profit providers is forecasting development equivalent to 13% to 14%. For the large providers, a greater proportion of this is in the second half of the programme period. This may reflect their tighter financial position limiting development activity in the short term.

Table 4: Forecast development, thousands (Source: FFR 2026)

Group	Opening Homes	Development FY1-5		Development FY6-10		Total Development	
		Homes	% of opening	Homes	% of opening	Homes	% of opening
Large	1,334	106	8.0%	86	6.5%	192	14.4%
Medium	1,097	101	9.2%	59	5.4%	160	14.6%
Small	476	46	9.6%	18	3.8%	64	13.4%
For Profit	32	15	47.3%	2	6.5%	17	53.8%
Sector	**2,940**	**268**	**9.1%**	**166**	**5.6%**	**434**	**14.8%**

5.10 For profit providers are forecasting much more rapid growth, with development increasing by over half in the ten years with the majority of this growth in the near term.

6. Forecasts in context

6.1 The financial forecasts on which this report is based would have been prepared in the first quarter of 2026. The plans and assumptions which underpin them will have been developed based on information that was available at that time. Subsequent events will determine the extent to which these plans will evolve before next year's submissions. Some of the key factors include:

Impact of global events

6.2 These forecasts will have been prepared before the start of the conflict between the United States and Iran and the subsequent blockade of the Strait of Hormuz. The knock-on effects of these events impacting inflation rates and future borrowing costs will have an impact on these business plans.

6.3 The Regulator has conducted some initial modelling, replacing providers' assumptions in these plans with more recent central forecasts for cost inflation and interest rates.

6.4 The central forecast for interest rates at the time of writing is broadly in line with the upper quartile figure in provider forecasts. This means that replacing provider assumptions with the central forecast results in a negative impact on the sector as a whole. However, this impact is limited as the majority of the sector's debt is held at fixed rates. The Regulator estimates that the higher rates currently forecast would have a cash impact of around £640m over the first five years of plans, increasing the sector aggregate effective interest rate by 10 basis points. The impact on EBITDA MRI Interest Cover is a reduction of up to 330 basis points.

6.5 Comparing the inflation assumptions in plans to the latest Bank of England forecasts suggests that the forecasts are reasonably prudent. Central forecasts are now around the lower quartile amongst providers' cost inflation assumptions. Meanwhile, the assumptions used to uplift rental income (based on CPI in the previous September) are generally below the corresponding central forecast. This means that replacing providers' assumptions with these central forecasts would have a more substantial positive impact on plans. The Regulator estimates that the positive cash impact over five years could be £2.5bn and interest cover could improve by up to 1,100 basis points.

Changing political priorities

6.6 Since these forecasts were prepared, there has been a change in Prime Minister and Secretary of state. This has potential to impact on providers' plans as government priorities could shift, particularly in relation to which providers and types of development receive grant funding.

SAHP 2026-2036

6.7 As noted in this report, the increase in development included in these forecasts, particularly in the latter half of this ten-year period indicates that providers have started to incorporate development included in this programme into their plans.

6.8 The first wave of funding under this programme was announced in August 2026[6]. This confirmed £10 billion of funding to deliver 70,000 homes across England[8]. This will be shared between councils, housing associations and other providers. The total budget for the programme is £39 billion.

6.9 Development is a key aspect of plans that is expected to evolve in the next iteration of the business planning process as providers respond to the outcome of this first wave of funding and further develop their plans.

[8] Excluding London where the Greater London Authority intends to offer at least £6 billion through the programme with councils expected to deliver more than half of the homes.



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