Regulator of Social Housing

Quarterly Survey for Q2

July to September 2026

24/11/2026



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Introduction

1. This quarterly survey report is based on regulatory returns from 195 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 July 2026 to 30 September 2026.

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 refinancing risk, or 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 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.

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

PRPs continued to secure funding to support investment in new and existing stock, with total agreed facilities reaching £146.6bn during the quarter.

Cash balances are at their lowest levels reported in almost 14 years.

- Cash balances reduced by 4% during the quarter to £3.3 billion (June: £3.4 billion). Cash levels are forecast to reduce to £2.8 billion by September 2027.
- 35 PRPs arranged new finance totalling £4.3 billion during the quarter, compared to an average of £3.6 billion per quarter over the last three years.
- Loan drawdowns of £11.1 billion are forecast over the next 12 months, of which £3.2 billion is from facilities not yet agreed.
- Loan repayments of £1.5 billion were made during the quarter, with PRPs forecasting a further £3.8 billion in repayments over the next 12 months.
- Gross mark-to-market (MTM) exposure on derivatives decreased to £166 million at the end of the quarter (June: £177 million).

Performance in the quarter

Further reductions in 12-month outturn cash interest cover (excluding sales), as interest and repairs costs remain at historically high levels.

- Quarterly cash interest cover (excluding sales but including grant in respect of capitalised major repairs) stood at 97%.
- When grant funding is excluded, quarterly interest cover stood at 90% (June: 49%). The increase is attributable to higher net operating cashflows, which are typically higher in the second quarter.
- Forecast interest cover over the next 12 months stands at 72% (including grant). When grant funding is excluded, forecast interest cover has reduced slightly from 64% to 63%, due to an increase in forecast interest payable.
- Total spend on repairs and maintenance in the quarter was £2.5 billion; 4% more than in the previous quarter, and 10% higher than in the same quarter of the previous year.
- Total current asset sales were £0.5bn in the quarter; 29% below the amount previously forecast. In the year to September sales of £2.5 billion were achieved, compared to £2.8 billion in the year to September 2025.

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 £9.9 billion; 7% higher than in the year to September 2025, and 18% higher than in the year to September 2024.
- Forecast 12-month repairs and maintenance spend has increased to £11.4 billion, an increase of 15% compared to actual spend in the year to September 2026.
- Annual spend on development totalled £13.2 billion, in line with the annual spend in the year to September 2025.
- Development spend in the quarter amounted to £2.9 billion, compared to a total of £2.8 billion in the quarter to September 2025 and £3.2 billion in the quarter to September 2024.
- Total 12-month forecast development has remained the same as the quarter to June forecast at £16.0 billion. This includes £5.4 billion relating to uncommitted development – an increase of 5%, and the highest level in three years.
- Forecasts for development grant remain higher than the three-year quarterly average of £2.6 billion, at £2.7 billion (June forecast: £2.7 billion).

Sales

Both AHO 1st tranche sales and market sales increased compared to the previous quarter, but they remain at historically low levels. Pipeline figures have seen further reductions.

- AHO unit sales have increased by 10%, and market sales by 21%; however, sales of both tenures are below the average numbers achieved over the last three years.
- The 18-month pipeline for market sale units has reduced by 7%. The pipeline of AHO units has reduced by 12% to the lowest level in almost ten years.
- In contrast to 1st tranche sales, AHO staircasing receipts have been increasing and proceeds of £249m were recorded in the quarter. In the year to September, staircasing receipts of £999 million were recorded, compared to £869 million in the year to September 2025 and £594 million in the year to September 2024.
- The overall margin on asset sales increased to 30%; slightly above the average margin of 26% recorded over the last three years.
- In the 12 months to September 2026 fixed asset sales totalled £5.0 billion; 48% higher than in the year to September 2025.
- For the 12 months to September 2027 a further £4.7 billion worth of fixed asset sales has been forecast. This includes £2.4 billion relating mainly to bulk sales of both social housing and non-social housing assets.

Operating environment

Economic environment

6. Consumer Price Index (CPI) inflation in the UK rose from 2.6% in the 12 months to June 2026 to 3.5% in the 12 months to September 2026. Monthly CPI increased by 0.4% in September 2026, compared with 0.1% in June 2026. Transport, particularly motor fuels, made the largest upward contribution to the monthly change[1].

7. Gross Domestic Product (GDP) is estimated to have increased by 1.9% in the quarter to September 2026, compared with the same period a year ago[2]. This was driven by an increase in services (2.3%) and production (1.5%), offset by a fall in construction (1.7%). The quarterly increase was last higher four years ago in the three months to October 2022, compared with the previous year, when it grew by 2.0%.

8. Conflict continues in the Middle East, bringing uncertainty to global oil and energy prices, with petrol and diesel costs fluctuating during the period. The wider economic consequences of the conflict have the potential to adversely affect the social housing sector, and with inflation continuing to increase, the Bank of England (BoE) announced on 5 November that the base rate will increase by 0.25 percentage points to 4%[3]. Inflation is expected to rise even further than the current rate of 3.5% to around 5% by mid-2027.

9. The average interest rate for a typical 5-year mortgage stood at 4.98% in September 2026, up from 4.62% in June[4]. Mortgage approvals for house purchases reduced to 53,400, down from 58,200 in June 2026, below the average of 58,800 over the previous 6 months[5].

10. Annual house prices in England increased by 0.8% in the year to September 2026[6]. The largest annual growth was experienced in the North East, where prices increased by 4.6% over the year. The lowest growth was in London, where prices decreased by 3.5%.

11. The UK unemployment rate decreased by 0.3 percentage points in the quarter to September 2026, to 4.6%[7]. The number of job vacancies decreased by an estimated 21,000 in the quarter to 691,000; the first time that this has fallen below 700,000 since the quarter of February to April 2021[8]. The total number of people claiming Universal

[1] Consumer price inflation, UK - Office for National Statistics
[2] GDP monthly estimate, UK - Office for National Statistics
[3] Interest rates and Bank Rate: our latest decision | Bank of England – the UK's central bank
[4] Quoted household interest rates - a visual summary of our data | Bank of England – the UK's central bank
[5] Money and Credit - September 2026 | Bank of England – the UK's central bank
[6] UK House Price Index for September 2026 - GOV.UK
[7] Employment in the UK - Office for National Statistics
[8] Vacancies and jobs in the UK - Office for National Statistics

Credit in England was around 7.2 million in August 2026[9] compared to 7.0 million a year earlier, with the increase partly driven by the transition from legacy benefits.

Social housing landscape

12. The Autumn Budget 2026 took place on 28th October[10] which confirmed a further £1.5 billion increase in funding for the Social and Affordable Homes Programme, taking the total investment under the programme to more than £40 billion over 10 years. The chancellor also reaffirmed the announcement made last year that an additional £432 million will be committed to tackle rough sleeping by Christmas[11].

13. The Building Safety Levy took effect on 1 October[12], impacting major new residential developments in England, The Levy will be paid by developers on schemes that result in new dwellings or involve a change of use to residential properties.

14. The 2026 rent policy[13] permits an annual rent increase of the CPI plus 1% for a period of ten years from April 2026. Rent convergence will be introduced from April 2027 for properties below formula rent, allowing additional weekly increases above the standard CPI + 1% cap, rising from £1 in 2027 to £2 from 2028 until formula rent is reached[14].

15. Following the government's consultation launch in April on the overhaul of tenancy reforms, the Secretary of State has responded by issuing a Tenure Direction[15] for the Regulator of Social Housing (RSH). This will require the RSH to revise the Tenancy Standard and update the Consumer Standards Code of Practice to reflect the changes.

16. PRPs should ensure their plans evolve in line with emerging opportunities and regulatory changes. It is essential that PRPs understand and manage any additional risks, identify potential liquidity and covenant constraints, and maintain robust contingency strategies.

[9] Stat-Xplore - Home
[10] Budget 2026 (HTML) - GOV.UK
[11] PM confident every rough sleeper will have route off the street by Christmas as funding doubles - GOV.UK
[12] Updates - Building Safety Levy: Guidance - Guidance - GOV.UK
[13] Policy statement on rents for social housing
[14] Outcome to consultations on future social housing rent policy and Social Rent convergence - GOV.UK
[15] Social Housing Tenure Standard: Direction to the Regulator of Social Housing - government response - GOV.UK

Private finance

17. The sector's total agreed borrowing facilities increased by £2.1 billion over the quarter, to reach £146.6 billion at the end of September (June £144.5 billion).

Figure 1: Total facilities (£ billions)

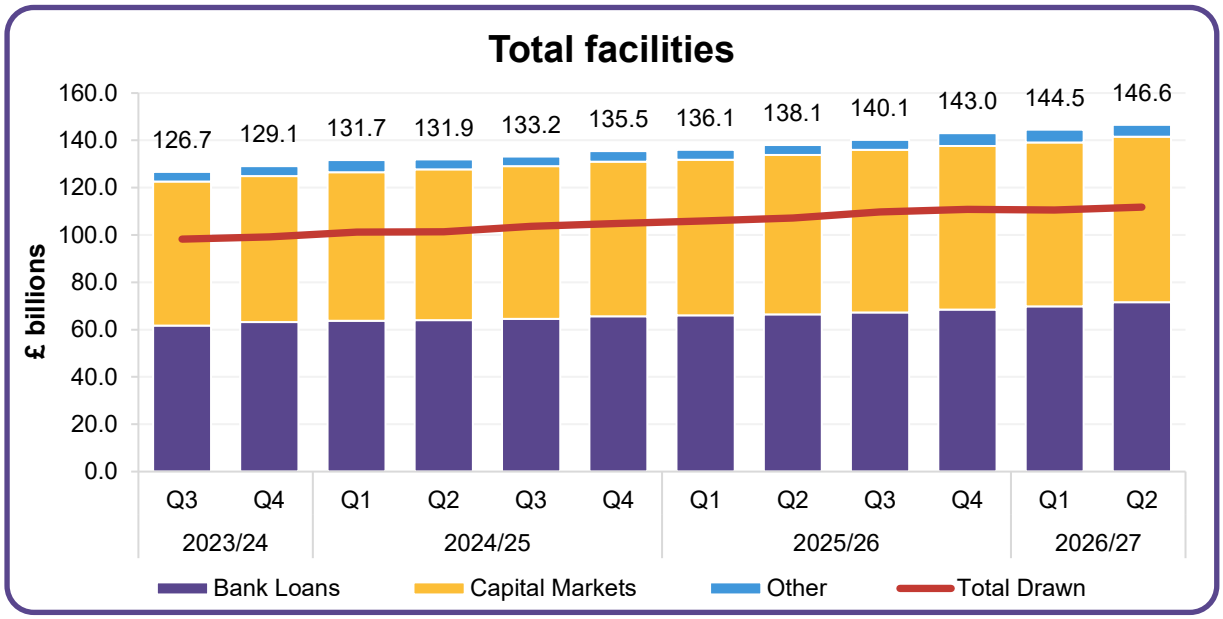


Table 1: Total facilities – drawn and secured

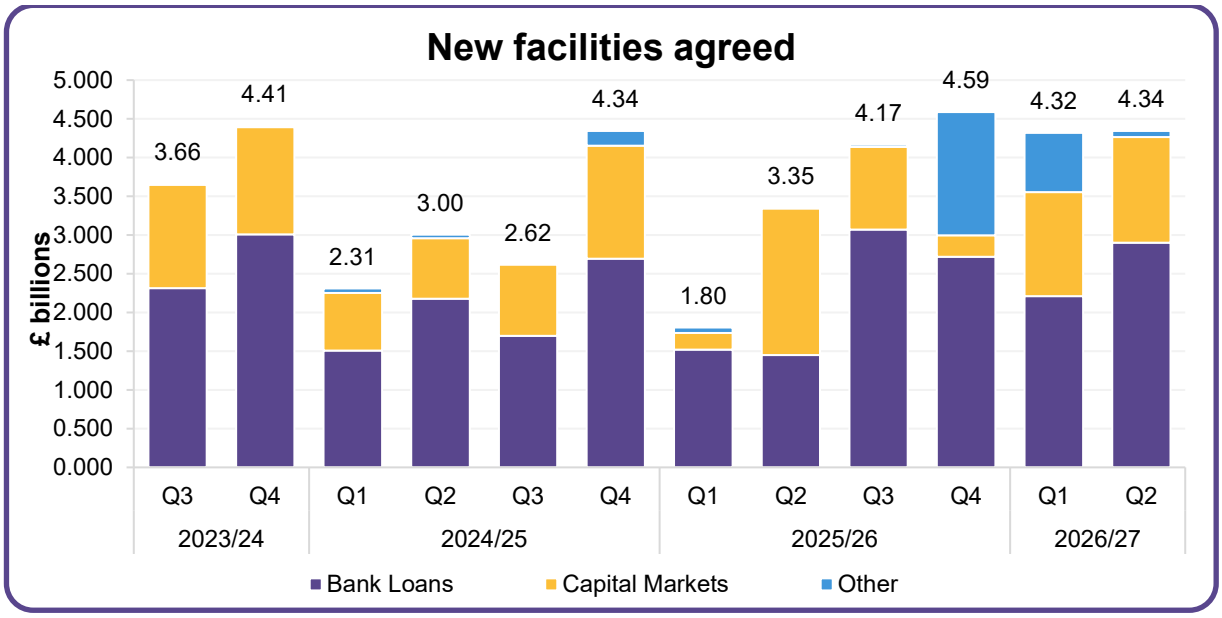
£billions	*Previous quarter*	*Current quarter*	*% change*
Drawn	110.6	111.8	1.1%
Undrawn	33.9	34.8	2.8%
Secured	128.8	131.1	1.8%
Security required	3.5	3.5	2.3%
Security not required	12.2	11.9	(1.8%)

18. At the end of September, 98% of PRPs (June: 99%) were forecasting that debt facilities would be sufficient for 12 months or more.

19. A total of 35 PRPs arranged new finance during the quarter (June: 46), with 12 of these arranging facilities worth £100 million or more, and three providers arranging facilities of £350 million or more. The total agreed, including refinancing, amounted to £4.3 billion in the quarter (June: £4.3 billion); compared to an average of £3.6 billion per quarter over the last three years.

20. Bank lending accounted for 67% (£2.9 billion) of new funding in the quarter. Capital market funding, including private placements and aggregated bond finance, accounted for 31% (£1.4 billion) of the total. Other funding accounted for 2% (£0.1 billion) of the total (June: £0.8 billion), which is below the average £0.3 billion over the last two years.

Figure 2: New facilities agreed (£ billion)



21. Aggregate undrawn facilities and cash increased from the previous quarter, with a total of £38.1 billion (June: £37.3 billion) available as at the end of September. This amount would be sufficient to cover the sector's forecast expenditure on net interest costs (£5.3 billion), loan repayments (£3.8 billion) and net development for the next year (£13.3 billion), even if no new debt facilities were arranged and no sales income were to be received.

22. Loan drawdowns of £2.7 billion (including revolving credit facilities) were made during the quarter, which after repayments, resulted in a £1.2 billion net increase in the value of drawn facilities. Drawn debt increased by £4.7 billion over the last 12 months, with a further increase of £7.3 billion forecast over the next 12 months, of which £3.2 billion is from facilities not yet agreed.

Table 2: 12-month forecasts

£billions	*Previous quarter*	*Current quarter*	*% change*
Drawdown from facilities agreed	7.3	7.8	7.4%
Drawdown from facilities not yet agreed	3.3	3.2	(2.2%)
Loan repayments	3.9	3.8	(3.7%)
Net movement in drawn debt	**6.7**	**7.3**	**9.1%**

23. Loan repayments of £1.5 billion were made during the quarter, above the quarterly average recorded over the last three years of £1.1 billion. Repayments in the quarter included refinancing arrangements, contractually scheduled repayments and an early loan repayment. For the next twelve months, a further £3.8 billion worth of loan repayments are forecast to be made. Eight PRPs have each forecast over £100 million worth of loan repayments, together accounting for 65% of the sector total.

Cashflows

24. 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 September 2026.

Table 3: Summary cashflow performance[16]

£billions[17]	3 months to 30 Sept 2026 (forecast)	3 months to 30 Sept 2026 (actual)	12 months to 30 Sept 2026 (actual)
Operating cashflows excluding sales	3.5	3.5	13.3
Repairs & maintenance (capital & revenue)	(2.7)	(2.5)	(9.9)
Net operating cashflows excluding sales	**0.8**	**1.0**	**3.4**
Interest cashflows	(1.2)	(1.1)	(4.6)
Payments to acquire and develop housing	(4.0)	(2.9)	(13.2)
Current assets sales receipts	0.8	0.5	2.5
Disposals of housing fixed assets	0.8	0.8	5.0
Other cashflows	(0.2)	(0.1)	(0.4)
Cashflows before resources and funding	**(3.0)**	**(1.8)**	**(7.4)**
Financed by:			
Net grants received	0.5	0.4	2.5
Net increase in debt	1.8	1.2	4.3
Use of cash reserves[18]	0.7	0.1	0.4
Total funding cashflows	**2.9**	**1.8**	**7.2**

25. Cash interest cover[19] (including major repairs grant), based on net operating cashflows excluding all current asset and fixed asset sales, stood at 97% in the quarter to September 2026 (June: 59%). This is higher than the previous forecast of 76%, mainly driven by lower repairs and maintenance costs in the quarter. Grant receipts of £76

[16] 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.

[17] There may be rounding differences in the calculated totals; figures are reported by PRPs in £000.

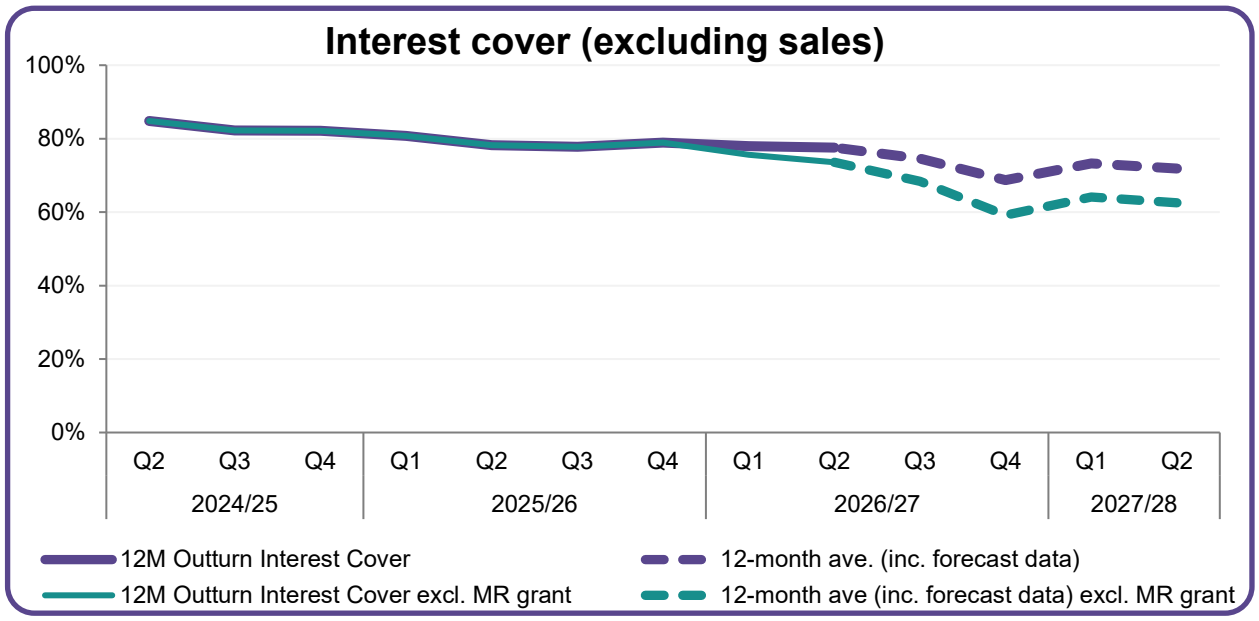
[18] Includes the movement in both available cash, and cash that is unavailable for use.

[19] 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.

million were recorded (June: £109 million), which includes funding from the Building Safety Fund, Cladding Safety Scheme, Social Housing Decarbonation Fund, and Warm Homes: Social Housing Fund.

26. When grant funding is excluded, cash interest cover stood at 90% in the quarter to September 2026 (June: 49%). The increase in interest cover compared to the previous quarter is wholly attributable to higher net operating cashflows, which at £3.5 billion, were £0.5 billion (18%) higher than the amount recorded in June. This figure tends to fluctuate each quarter due to movements in working capital and is typically higher in quarter two after large expenses are paid out in the first quarter. At £1.1 billion, net interest payable was broadly in line with the previous quarter, and repairs and maintenance costs were £0.1 billion higher, mainly due to an increase in capitalised works.

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



27. Rolling interest cover in the 12 months to September stood at 74% (June: 76%), increasing to 78% when capitalised major repairs grant received is included for the previous two quarters. Interest cover varies between different types of PRPs.

- Median 12-month outturn interest cover excluding sales and grant was 80% (June: 86%)
- Lower quartile performance was 34% (June: 36%) and upper quartile performance was 129% (June: 138%).
- The eleven PRPs that comprise the G15 group of London-based providers[20] reported aggregate 12-month outturn cash interest cover of 51%.

[20] G15 | Home

28. Cash interest cover is expected to remain restricted. Projections for the year to September 2027 (including grant associated with capitalised major repairs) give forecast interest cover of 72%, with 136 of the 195 PRPs in the dataset forecasting that performance will be below 100% over this period.

29. When grant funding in respect of capitalised major repairs is excluded, 12-month forecast interest cover reduces to 63%. This is a slight reduction on the 64% forecast from the previous quarter and is mainly due to an increase in interest costs - forecasts for net interest payable now stand at £5.1 billion, compared to average forecasts of £4.9 billion over the previous three quarters. This is mainly driven by four RPs who have increased their forecast by over £10m each. Net interest payable has increased by 23% over the last three years, from £3.7 billion in the year to September 2023 to £4.6 billion in the year to September 2026.

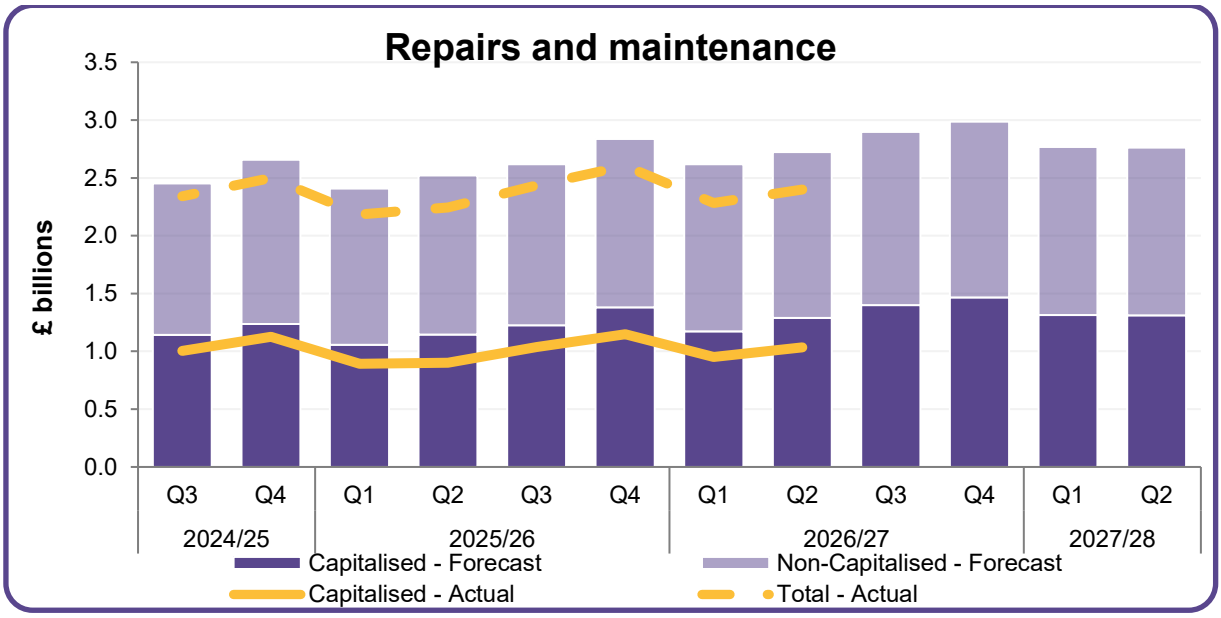
30. A total of 21 PRPs have reported having one or more loan covenant carve-outs or waivers in place at the end of September (June: 20). The agreements in place include carve-outs to exclude fire or other building safety works from loan covenant calculations, reported by 12 PRPs, and carve-outs of energy efficiency or decarbonisation works, reported by seven PRPs. Three PRPs have agreed for certain pension-related costs to be excluded, two PRPs have agreed to temporarily exclude general major repairs costs from covenants, and a further two have excluded general impairment costs from their calculations. Other one-off exclusions include breakage costs and site-specific demolition costs.

31. Including both revenue and capital expenditure, total repairs and maintenance spend in the quarter amounted to £2.5 billion. This was 4% more than the total from the previous quarter (£2.4 billion), and 10% higher than in the same quarter of the previous year (£2.2 billion).

32. A total of £1.4 billion was incurred in the quarter in respect of revenue repairs. This was consistent with both the forecast made in June, and the actual expenditure in the previous quarter. Capitalised expenditure amounted to £1.0 billion in the quarter; 20% below the previous forecast, but 9% above the amount spent in the previous quarter, and the highest quarter two amount reported to date.

33. In the 12 months to September 2026 total repairs and maintenance spend was £9.9 billion; 7% higher than in the year to September 2025, and 18% higher than in the year to September 2024. For the 12 months to September 2027 the sector has forecast expenditure to increase to £11.4 billion (June 12-month forecast: £11.1 billion), an increase of 15% compared to actual spend in the year to September 2026. Repairs and maintenance costs have increased significantly in recent years due to increased focus on building safety and energy efficiency, which are expected to be maintained for the foreseeable future.

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



34. Of the £11.4 billion total repairs and maintenance forecast for the next 12 months, £5.9 billion relates to revenue expenditure and £5.5 billion relates to capitalised works (June forecast: £5.8 billion revenue, £5.3 billion capital). Almost 40% of the forecast capitalised expenditure is attributable to 12 PRPs, each forecasting over £100 million of spend over the next 12 months. This includes 8 of the 11 PRPs that comprise the G15 group of large London-based providers. This group accounts for 31% of the total 12-month forecast capital spend.

35. Current asset sales of £2.5 billion were achieved in the 12 months to September 2026; compared to £2.8 billion in the year ending September 2025 and £3.1 billion in the year ending September 2024. For the 12 months to September 2027 the sector has forecast current asset sales of £3.0 billion (June forecast: £3.5 billion), of which £2.7 billion relates to properties for which development is contractually committed (June: £2.8 billion). This is a 14% reduction compared to previous quarter and was driven by one PRP where a large intercompany transfer has been removed from their plans. Seven PRPs have each forecast current asset sales of over £100 million over the next 12 months, together accounting for 39% of the sector total.

36. In the 12 months to September 2026 fixed asset sales totalled £5.0 billion; an increase of 48% compared to the £3.4 billion total recorded in the year to September 2025. For the 12 months to September 2027 the sector has forecast a further £4.7 billion worth of fixed asset sales (June 12-month forecast: £4.9 billion). The reduction compared to previous quarter is mainly driven by two PRPs decreasing their forecast by over £100 million each.

37. Of the total forecast fixed asset sales, £2.4 billion relates to ‘other’ fixed asset sales, including bulk sales to other organisations (June 12-month forecast: £2.6 billion). There are 37 PRPs that are forecasting sales of this type, with four PRPs each

reporting over £100m of forecast bulk sales, accounting for 78% of the total, and 44% of the total attributable to just one PRP forecasting over £1.0 billion in sales.

38. A further £2.4 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), 2% higher than the forecast from June. Six PRPs have each forecast tenant or open market sales of over £100m, and together account for 38% of the sector total. These sales include additional void disposals, home ownership sales and higher staircasing proceeds.

39. Available cash, excluding amounts held in secured accounts, reduced further by 4% during the quarter to £3.3 billion (June: £3.4 billion); the lowest amount reported in almost 14 years. Available cash is forecast to reduce to £2.8 billion by the end of September 2027, 13% below the forecast in June, with 72% of PRPs forecasting cash levels to reduce over this period.

40. In addition to the £3.3 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 (June: £0.9 billion). These amounts include debt servicing reserve accounts, leaseholder sinking funds, and cash held on long-term deposit.

41. 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.

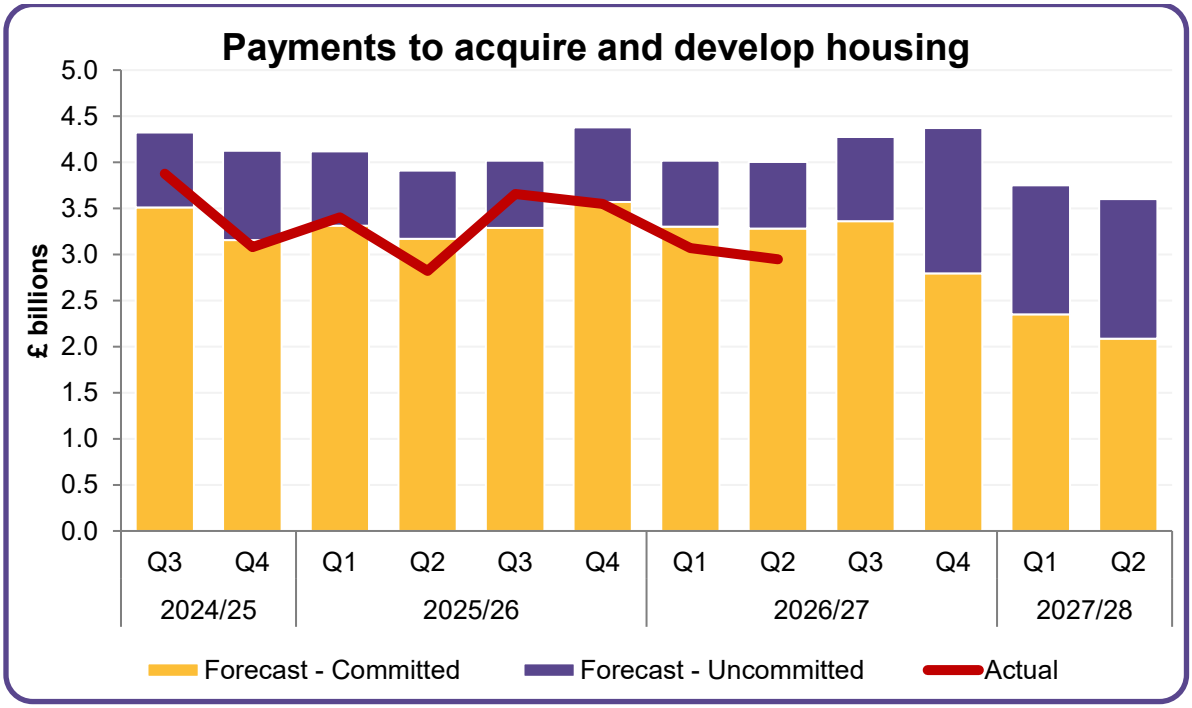
Development

42. In the 12 months to September 2026, £13.2 billion was invested in the acquisition and development of housing properties. This was in line with investment in the year to September 2025 (£13.2 billion) and slightly below the £13.7 billion invested in the year to September 2024. Total expenditure for the year was 11% below the total forecast reported at the start of the period, but 24% above the forecast for contractually committed schemes.

43. Although development activity is widespread across the sector, expenditure remains concentrated among a small number of PRPs. In the year to September 2026, seven PRPs each reported development expenditure of more than £400 million, together accounting for 28% of the total sector expenditure.

44. Actual expenditure in the three months to September 2026 was £2.9 billion, compared to a total of £2.8 billion in the quarter to September 2025 and £3.2 billion in the quarter to September 2024. Expenditure in the quarter was 10% below the forecast for contractually committed development, and 26% below the total forecast including uncommitted expenditure. In addition to general scheme delays and timing differences, PRPs attributed underspends to delays starting on site, slower development progress, and deferred expenditure. Planning and approval delays, contractor and developer-related slippage, delayed handovers, grant approval delays and utility constraints also affected development activity and the timing of expenditure.

Figure 5: Payments to acquire and develop housing



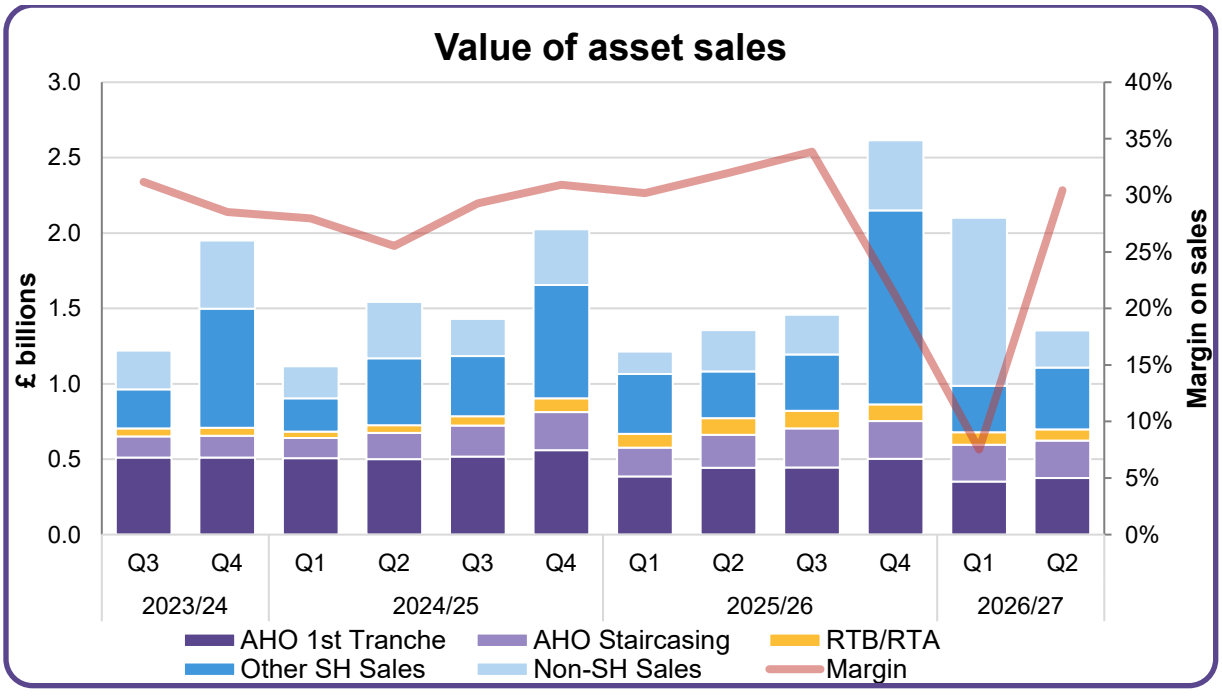
45. For the next 12 months a further £16.0 billion worth of investment has been forecast (June 12-month forecast: £16.0 billion). This is the sixth consecutive quarterly increase in the forecast and the highest forecast level in two years. Within this, forecasts for committed expenditure have decreased by 2% to £10.6 billion, but forecasts for uncommitted development have increased by 5% up to £5.4 billion. This is the highest level of forecast uncommitted development in three years.

46. Forecasts for development grant were £2.7 billion, in line with the previous quarter and above the three-year quarterly average of £2.6 billion. PRPs continue to revise grant and development expenditure forecasts to reflect recent bids and allocations under the Social and Affordable Homes Programme (SAHP) 26-36[21]. Three PRPs reduced their 12-month grant forecasts by more than £50 million. However, these reductions were partially offset by other PRPs increasing their forecasts, including one PRP that increased its 12-month forecast by over £90 million in the quarter.

Housing market

47. 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 £1.4 billion in the quarter to September (June: £2.1 billion). This compares to an average of £1.6 billion per quarter over the last three years.

Figure 6: Value of asset sales



48. Following a record level of sales in quarter one, driven by a large one-off transaction, sales proceeds from non-social housing sales reduced to £248 million (June: £1,115

[21] Social and Affordable Homes Programme (SAHP) 2026 to 2036 - GOV.UK

million); below the average of £369 million per quarter over the last three years. AHO 1st tranche sales proceeds increased to £375 million in the quarter (June: £351 million); however, sales proceeds from this source remain low compared to longer-term trends, reflecting a reduced level of units being developed. Although 1st tranche sales have been falling, AHO staircasing receipts have increased over the last three years and proceeds of £249m were recorded in the quarter (June: £244 million). In the year to September, staircasing receipts of £999 million were recorded, compared to £869 million in the year to September 2025 and £594 million in the year to September 2024.

49. The overall surplus from asset sales stood at £413 million for the quarter (June: £158 million), resulting in a combined margin of 30% (June: 8%). The margin in the previous quarter was distorted by a large one-off business disposal; however, the margin recorded in the current quarter is slightly above the average margin of 26% recorded over the last three years.

50. Total fixed asset sales amounted to £814 million (June: £1,602 million), against a forecast of £820 million. 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 £600 million (June: £549 million), 4% above the amount previously forecast and slightly above the average of £560 million per quarter reported over the last three years. Fourteen PRPs recorded sales of over £10 million each, together accounting for 56% of the sector total.

- Bulk fixed asset sales to other organisations amounted to £214 million (June: £1,053 million), 12% below the amount previously forecast. This follows two quarters where particularly large single transactions have inflated the overall sector figures; in the two years prior to this bulk fixed asset sales averaged £260 million per quarter. Total sales receipts in the quarter included proceeds from the sale of student accommodation, sheltered housing blocks, and other social housing located outside of core operating areas.

51. Total cash receipts in respect of current asset sales (market sales and first tranche AHO sales) amounted to £538 million in the quarter; 11% higher than in the previous quarter. Ten PRPs each reported sales of over £15 million in the quarter, accounting for 47% of the sector total. Sales receipts were 29% below the amount previously forecast, and PRPs have referred to development and handover delays contributing to sales receipts being below forecast. Other comments refer to hesitancy amongst prospective purchasers due to uncertain economic conditions and affordability issues, and strong competition from other development sites.

Table 4: AHO units

AHO units	*Previous quarter*	*Current quarter*	*% change*
Completed	3,240	3,496	7.9%
Sold	3,337	3,687	10.5%
Margin on first tranche sales	13.3%	14.0%	5.7%
Unsold	7,877	7,616	(3.3%)
Unsold for more than 6 months	3,439	3,731	8.5%
18-month pipeline	26,815	23,472	(12.5%)

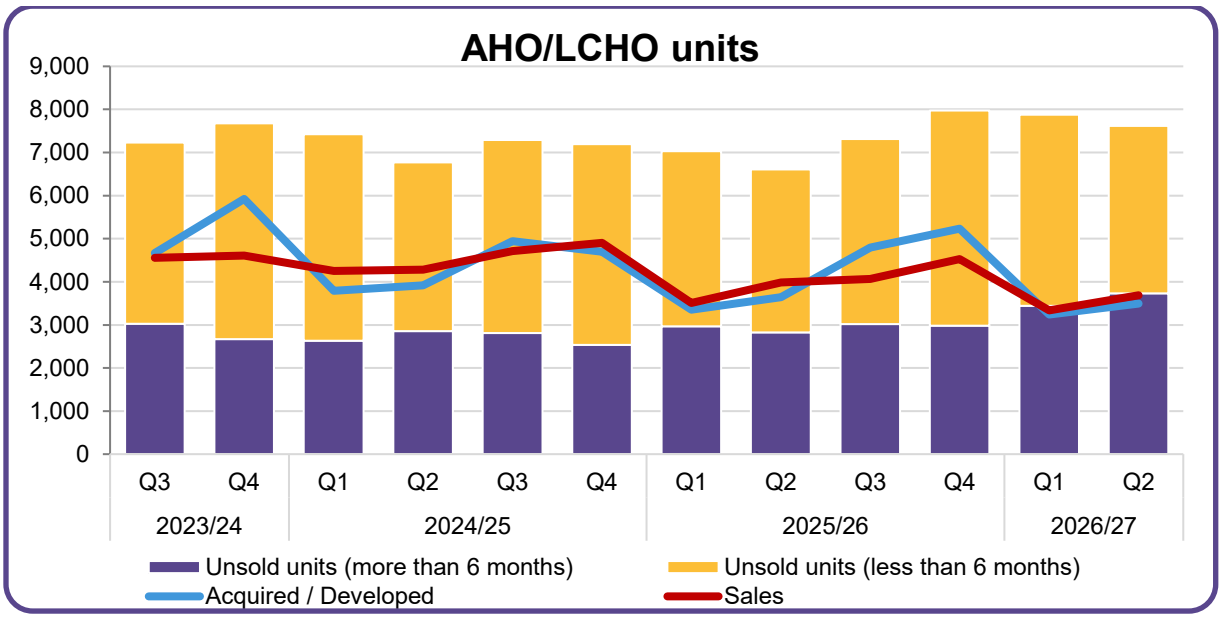
52. AHO completions have increased by 8% to 3,496 units (June: 3,240), however this remains amongst the lowest levels seen since the start of the Covid pandemic in 2020. Over the last three years, an average of 4,309 AHO units have been completed each quarter. AHO development activity continues to be relatively widespread, with 71% of PRPs reporting AHO completions over the last 12 months.

53. AHO sales increased by 10% in the quarter to reach 3,687 units, however this remains below the average of 4,202 sales per quarter achieved over the last three years. Eight PRPs reported sales of more than 100 AHO units each in the quarter, together accounting for one-third of the sector total. A total of 15,616 AHO sales were recorded in the year to September, compared to 17,111 in the year to September 2025.

54. The overall number of unsold AHO units decreased by 3% to 7,616. However, the number of units unsold for over six months increased by 8% to 3,731 units, meaning that almost half of all unsold units now fall within this category; the highest proportion in six years. Ten PRPs each reported 100 or more units that were unsold for over six months, together accounting for 62% of the sector total.

55. A net total of 97 properties were converted from shared ownership to other tenures during the quarter, reducing the overall number of unsold properties. The majority of this total is reported by two PRPs, where difficult sales conditions have been experienced on two specific sites.

Figure 7: AHO/LCHO units



56. Sales proceeds from 1st tranche AHO sales amounted to £375 million during the quarter, with an overall surplus of £53 million being achieved (June: £47 million). This resulted in an average margin of 14.0% (June: 13.3%), and compares to an average margin of 15.8% over the last three years. PRPs have noted pressure on margins due to high marketing costs, contractor administration, and higher rates of capitalised interest.

57. The total pipeline of AHO completions expected in the next 18 months has reduced by 12% to 23,472 units (June: 26,815), the lowest level in almost ten years. This compares to an average pipeline of 29,550 units over the last three years. Both committed and uncommitted pipeline numbers have reduced, with the committed pipeline reducing by 13% to 20,668 units (June: 23,642), and uncommitted pipeline reducing by 12% to 2,804 (June: 3,173).

Table 5: Market sale units

Market sale units	*Previous quarter*	*Current quarter*	*% change*
Completed	311	502	61.4%
Sold	379	457	20.6%
Unsold	1,223	1,272	4.0%
Unsold for more than 6 months	751	906	20.6%
18-month pipeline	6,107	5,659	(7.3%)

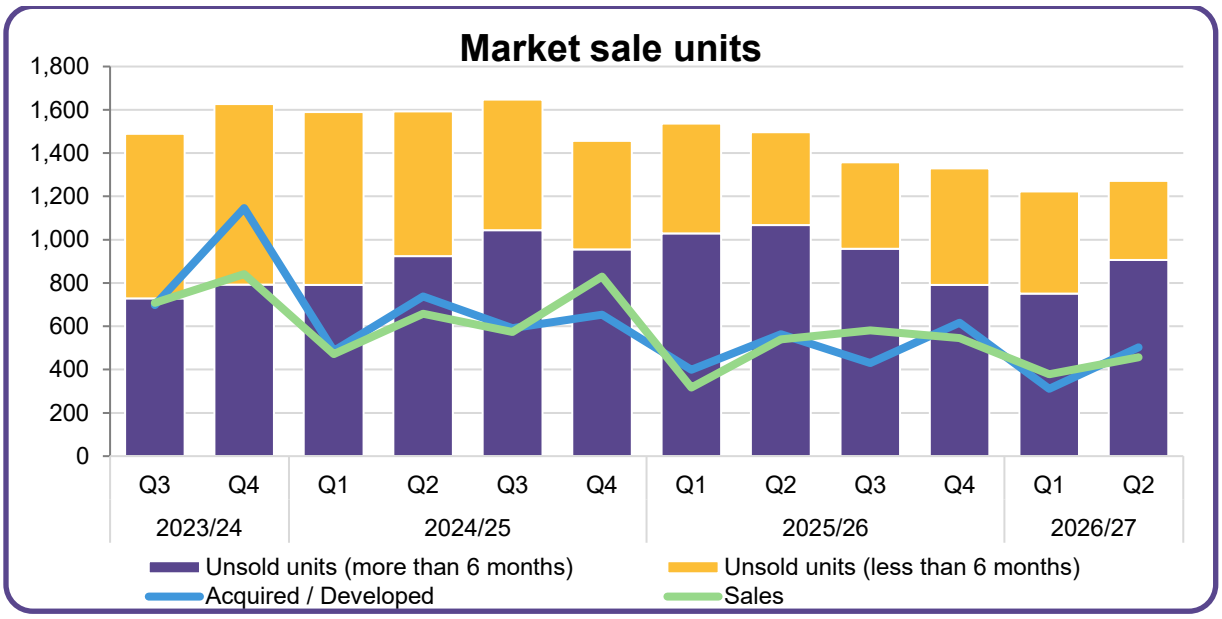
58. The number of market sale units acquired or developed in the quarter increased by 61% compared to the previous quarter, however the 502 completions remain below the average of 595 units per quarter over the last three years. Market sale activity has been decreasing steadily over the last few years; a total of 1,859 units were completed

in the year to September 2026, compared to 2,207 units in the year to September 2025, and 3,069 units in the year to September 2024.

59. Market sale activity continues to be concentrated in a small number of PRPs, with only 33 PRPs (17%) recording market sale handovers during the last 12 months. Seven PRPs each acquired or developed over 100 market sale units in this period, and together accounted for 73% of the sector total.

60. Market sale units sold in the quarter increased by 21% to 457 units. However, sales levels remain below the average achieved over the last three years of 575 units per quarter, and are the third lowest amount recorded since data was first collected in 2014.

Figure 8: Market sale units



61. The total number of unsold market sale units increased by 4% to 1,272 units; the first increase in unsold units in over a year. Five PRPs each held over 100 unsold market sale units at the end of the quarter, and together accounted for 68% of the sector total. The number of units unsold for over six months increased by 21% to 906; equivalent to 71% of the total unsold market sale units. This is the second highest percentage of stock unsold for over six months that has been reported since data was first collected in 2014.

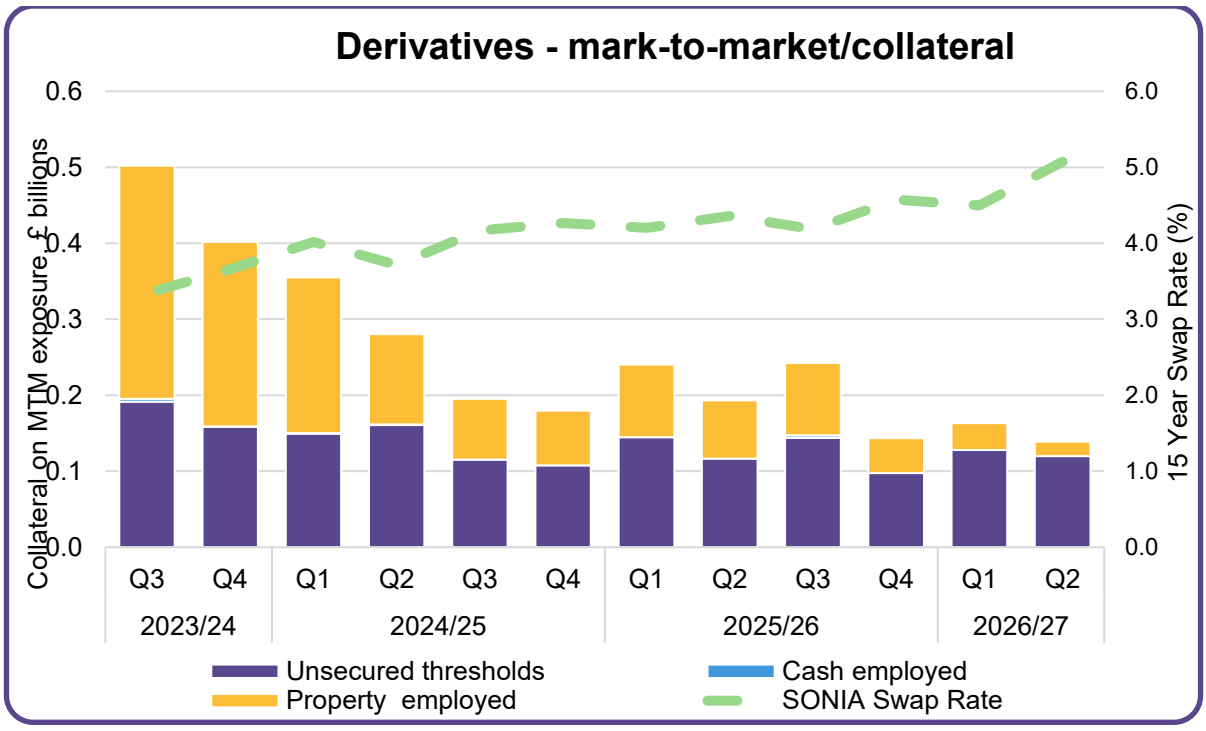
62. The pipeline of market sale completions expected over the next 18 months has reduced by 7% to 5,659 units (June: 6,107), of which 5,496 units are contractually committed (June: 6,008). This is below the quarterly average of 5,846 units reported over the last three years. The pipeline of market sale units is restricted to just 32 PRPs (16% of the dataset), with three PRPs accounting for over half of the total pipeline units.

Derivatives

63. In recent years PRPs have opted to obtain fixed rates with loan-linked derivatives which share the security pledged to the underlying loan. These are not subjected to margin calls, unlike standard standalone derivatives, therefore have a reduced liquidity risk. At the end of September, 45 PRPs reported making use of loan-linked derivatives. The notional value of these amounted to £3.6 billion in the quarter (June: £3.4 billion).

64. 40 PRPs reported using free-standing derivatives in September 2026. The notional value of standalone derivatives increased from £10.5 billion to £10.8 billion over the quarter. The majority of standalone 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 4.50% at the end of June to 5.07% at the end of September, resulting in a net decrease in MTM exposure to £166 million at the end of the quarter (June: £177 million).

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



65. 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 September the total headroom of collateral and unsecured thresholds available over gross MTM exposure was £2.1 billion (June: £2.1 billion).

66. Of the 40 PRPs that were making use of free-standing derivatives, 36 had collateral pledged that equalled or exceeded their level of gross exposure. The remaining four PRPs were not required to provide security to cover their position. At sector level,

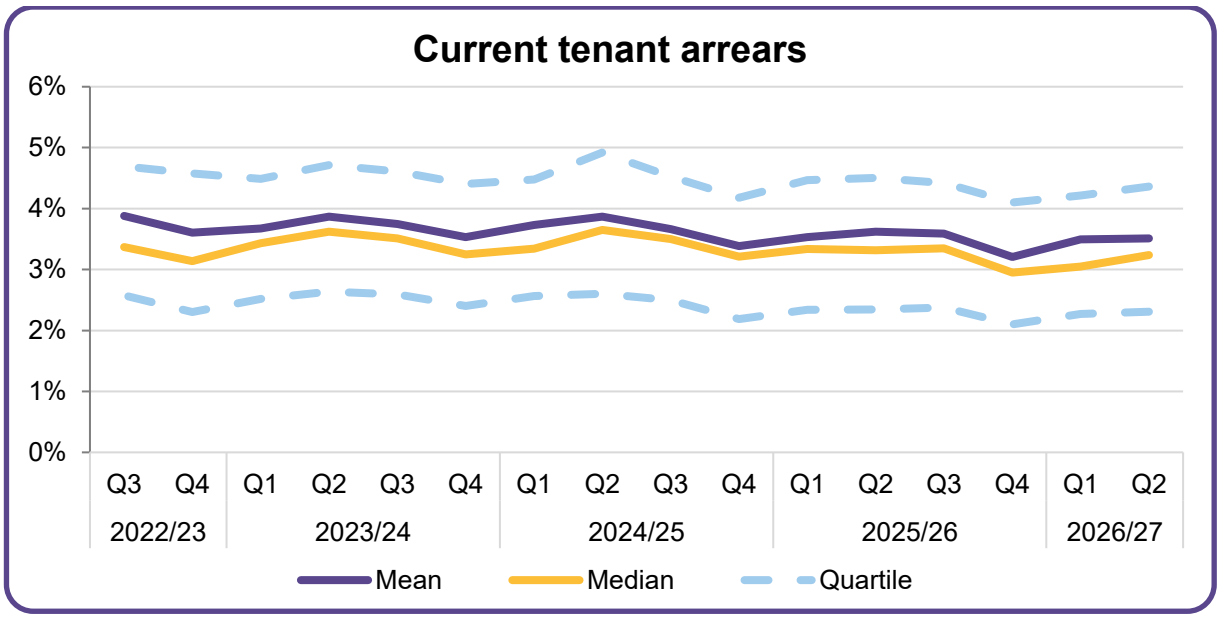
unsecured thresholds and available security pledged to swap counterparties remained in line with the previous quarter at £2.3 billion.

67. 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

68. At the end of September, 58% of PRPs reported that their levels of arrears, rent collection and voids were all within, or outperforming, their business plan assumptions (June: 63%).

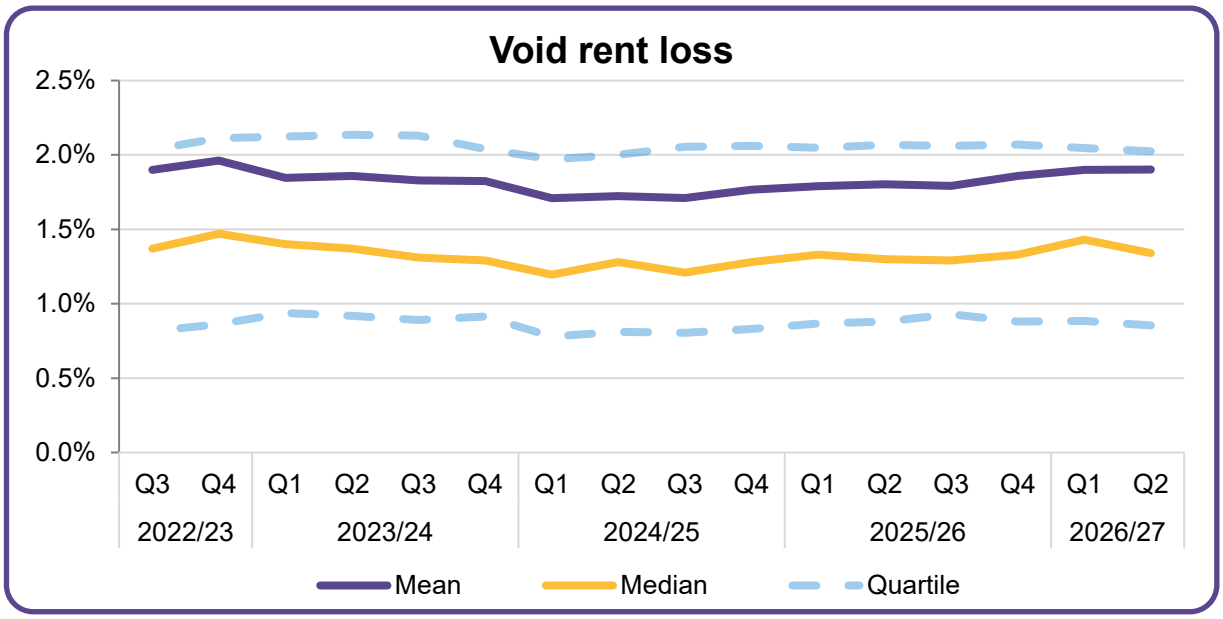
Figure 10: Current tenant arrears



69. Consistent with seasonal trends, both the mean and median level of current tenant arrears rose marginally during the quarter, reaching 3.5% and 3.2% respectively (June: 3.5% and 3.1%). Compared with the same quarter last year, both measures decreased by 0.1 percentage points, having fallen from 3.6% and 3.3% respectively.

70. Among the 58% of PRPs that reported non-social housing arrears, including those associated with student accommodation and market rent tenures, average arrears increased to 6.5% during the quarter, up from 6.2% in June but below the level reported in September 2025. Non-social housing arrears may also include leaseholder charges and commercial rents, which are often billed annually but collected through monthly payments over the year.

Figure 11: Void losses

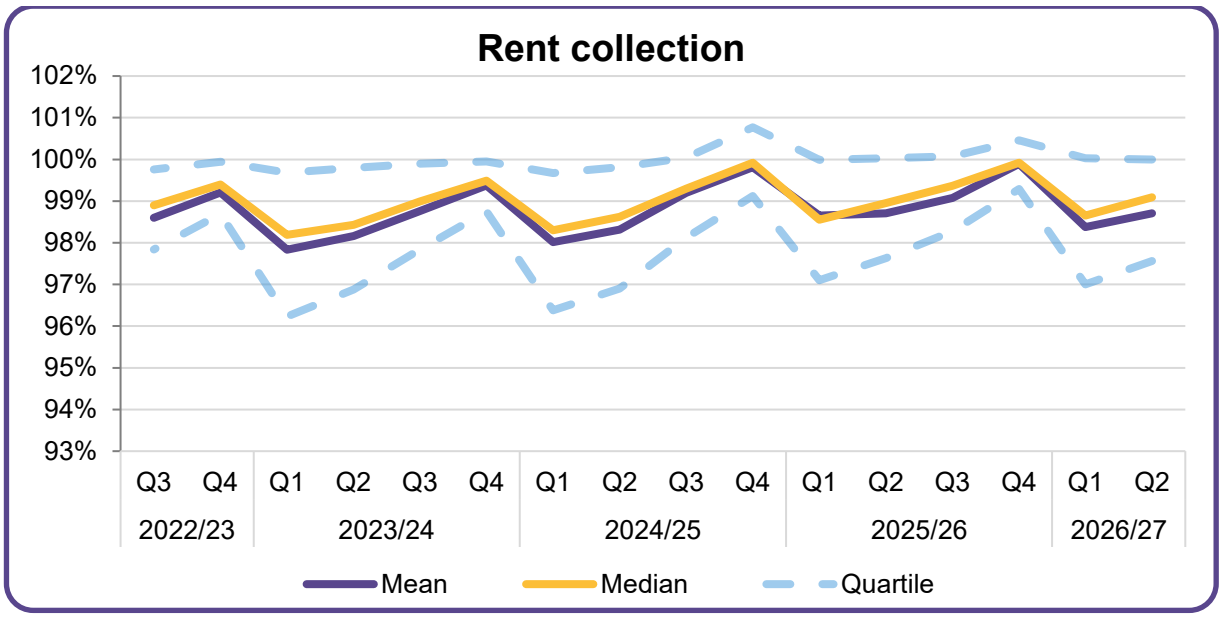


71. At the end of September, mean void losses remained in line with the previous quarter at 1.9%, with median void losses decreasing 0.1 percentage points to 1.3% since June.

72. PRPs with a large proportion of supported housing units, care home units or Housing for Older People typically experience the highest levels of void losses. A total of 11 PRPs reported void losses of 5% or more (June: 11), and of these, eight hold over 50% of their stock within these specialist categories.

73. Around 34% of PRPs reported void rent losses that were outside their business plan assumptions. PRPs continue to cite a range of factors contributing to higher void losses and longer re-let times, including delays in referrals from local authorities and social services, complex applicant needs, and affordability assessment refusals. PRPs also highlighted the impact of property condition issues, major repair and building safety works, and strategic voids associated with regeneration schemes and decanting activity.

Figure 12: Rent collection



74. Rent collection rates increased during the quarter, in line with seasonal trends and the rates reported during the same period last year. Mean rent collection rates rose from 98.4% to 98.7%, while median rent collection rates increased by 0.4 percentage points to 99.1%.

75. The number of PRPs reporting rent collection rates of less than 95% stood at 17 at the end of September (June 2026: 22, March 2026: 3). Income collection rates typically increase over the course of the financial year as Housing Benefit and Universal Credit receipts align with rent charges and, for some PRPs, as rent-free weeks are applied.



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or call 0300 124 5225.

or write to:

Regulator of Social Housing
Level 2
7-8 Wellington Place
Leeds LS1 4AP

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