

London Strategic Housing Market Assessment

Part of the evidence base of the London Plan

2026

Contents

1. Executive summary	5
Purpose and scope	5
Key findings	5
Context: Why need is so high	6
Methodology	6
Scenario comparison	7
Housing needs of specific groups.....	7
Implications for the London Plan	8
Conclusions	8
2. Introduction	9
National policy and guidance	9
The role of the SHMA	10
Structure	10
3. Economic trends.....	11
Economic output and employment	11
Earnings and income	14
Poverty	14
Employment projections.....	17
4. Housing trends.....	18
Context	18
Tenure.....	19
Mobility.....	20
Market listings	23
Short-term rentals.....	24
Private rents.....	24
House prices.....	29
Social housing rents	32
Homelessness.....	33
Overcrowding.....	35
Non-dependent children	36
Housing conditions	37
Empty homes	39
Overseas buyers	40
Housing floorspace and occupation	41

Attitudes	43
5. Demographic trends.....	44
Current and past population.....	44
Population structure	46
Drivers of population change	48
Births	49
Deaths.....	50
Migration	51
Domestic migration	53
International migration.....	53
Domestic and international migration dynamics.....	54
Demographic projections	55
6. Household formation trends	57
Introduction	57
Definitions	57
Findings from surveys	57
Findings from the Census.....	59
7. Methodology	63
Introduction	63
Establishing overall housing need	63
The standard method	63
Demographic Modelling-Based Method (DMBM)	64
Interaction of the standard method and DMBM	65
Assessing need breakdown: Tenure and Size.....	65
Microsimulation methodology.....	65
Affordability and Size Tests.....	66
Backlog and “Concealed” Households.....	70
Limitations of the overall housing needs methodology	72
Limitations of the standard method	73
Limitations of the Demographic Modelling-Based Method	73
Housing needs of specific groups.....	73
8. Analysis of housing need by tenure and size	75
Introduction	75
Current unmet need (backlog)	75
The Demographic Modelling-Based Method – household formation scenarios.....	75
Headline analysis: The standard method-aligned scenario	76

Comparison of scenarios	77
Conclusion	79
9. Housing needs of specific groups.....	80
Introduction	80
Supported housing.....	81
Older people	81
Disabled people	83
Building regulations and accessibility standards.....	83
Projecting need for accessible housing	85
Families with children.....	86
Private renters.....	87
Students.....	88
Gypsies and Travellers.....	89
Armed forces.....	90
Looked after children and care leavers	90
Self-build and custom housebuilding	91
Conclusions	92
10. Conclusions	93
The role of this SHMA.....	93
Annex 1: Standard method calculation.....	95

1. Executive summary

Purpose and scope

1. **This Strategic Housing Market Assessment (SHMA) provides the evidence base for understanding London's housing need for the period 2026-2036.** It has been prepared in accordance with the National Planning Policy Framework (NPPF) and government guidance and informs the development of policy and housing targets in the London Plan. The SHMA assesses total housing need, the breakdown of need by tenure and bedroom size, and the housing requirements of specific population groups.
2. **The SHMA is an assessment of need, *not* a housing target.** Housing need is defined as an unconstrained assessment of the minimum number of homes required to meet an acceptable standard of housing consumption. The translation of need into targets – which takes account of land availability, suitability and potential viability – is the role of the London Plan.

Key findings

3. **According to our headline scenario, London needs approximately 89,300 new homes per year to meet housing need over the period 2026-2036.** This figure largely aligns in scale with the government's standard method (84,800) and represents the level of delivery required to accommodate population growth, clear the backlog of unmet need, and enable concealed households to live independently. This figure is net of any demolitions and changes of use.

Table 1. Summary breakdown of annual housing need by tenure type in the headline scenario.

Tenure	Annual need
Low-cost rent (social rent and equivalent)	31,300
Intermediate (Shared Ownership, London Living Rent, etc.)	14,200
Market (owner-occupation and private rent)	43,800
Total	89,300

4. In this scenario, **affordable housing accounts for 51% of total need.** The combined requirement for low-cost rent and intermediate tenures is approximately 45,500 homes per year. This is substantially higher than current delivery: in 2024/25, London delivered 13,354 affordable homes. The need for homes for market sale and rent is also much larger in absolute numbers than what is currently delivered, underlining the importance of expanding housing delivery of all tenures to contribute to meeting need.
5. **The need for 1 bedroom and 2 bedroom homes is significant, accounting in this scenario for 88% of the total need.** This is because a large part of the backlog (concealed households, rough sleepers and single adults, couples and smaller families in temporary accommodation) all need homes. Furthermore, a growing population of older people living alone or in couples and need smaller homes.
6. **However, the need for family-sized affordable housing is acute.** Within the low-cost rent sector, there is a critical requirement for homes of 3 bedrooms and larger to address severe overcrowding and rehouse families currently in unsuitable temporary accommodation. At the same time, there is also a larger numerical need for 1-bedroom affordable homes to house single homeless people and concealed households – families, couples and individuals currently living as part of a larger household but who could live in their own home if more housing was available.

Context: Why need is so high

7. **London's population and economy have grown faster than housing demand for decades, contributing to increased house prices and rents.** The city's population reached 9.09 million in mid-2024 – its highest level in history – while housing delivery has consistently fallen short of demand. Population does not tell the whole story – there is pressure on rents and prices from everyone who would like to move to London, even if they are currently unable to do so. This is because the market price reflects the amount needed to pay to outbid everyone else who might be interested in that property. Furthermore, as real incomes increase, people also want to consume more and better-quality housing, which means that a certain number and size of homes that could house a certain population in the past might not be able to do so in the present.
8. **The backlog of acute housing need is at historically high levels.** Over 70,000 households are living in temporary accommodation, including bed and breakfast hotels and hostels. This figure has risen sharply in recent years and now exceeds the peak seen in the 2000s. In addition, an estimated 13,200 people were seen sleeping rough in London in 2024/25.
9. **Household formation has been suppressed by high housing costs.** Falling affordability has forced many adults to delay forming independent households. The number of households with non-dependent adult children living at home increased significantly in the 2010s. The proportion of households where one person lives alone fell from 31.6% in 2011 to 29.3% in 2021 – despite an ageing population that would normally increase single-person households.
10. **The headline need figure facilitates the reversal of this suppression of household formation.** The 89,300 needs figure is based on a scenario where household formation rates return to the levels observed in 2001 over a 10-year period. 2001 is chosen as a benchmark year for two main reasons. One is data availability (household formation data can only be obtained from Census years). The second is that it represents a point in time in the not too distant past where the availability and affordability of housing was better. It is also the scenario that is closest to the Government's 84,800 standard method needs figure, thereby allowing us to establish what breakdown of tenure and size best meets housing need at this level of delivery. This approach is consistent with an "unconstrained" assessment of need as required by the NPPF. Lower household formation scenarios produce lower need figures, but they effectively project a continuation of key aspects of the housing crisis rather than its resolution.

Methodology

11. **The SHMA uses two complementary methodologies that converge on a similar result.** The government's standard method provides the overall scale of need based on existing housing stock and affordability ratios. The GLA's Demographic Modelling-Based Method (DMBM) provides the detailed breakdown by tenure and size. When household formation rates in the DMBM are set to return to 2001 levels over 10 years, the two methods produce approximately the same total need figure.
12. **Tenure and size requirements are assessed using microsimulation.** The methodology takes individual households from the English Housing Survey and re-weights them to match projected demographic change to 2036. Each household is then assessed against the bedroom standard (to determine size need) and an affordability test

(to determine tenure need). This approach preserves the complex relationships between household characteristics, income, and housing circumstances.

Scenario comparison

13. **The SHMA models four scenarios to illustrate the range of possible outcomes.**

Table 2. Annual housing need by scenario.

Scenario	Annual need	Description
Trend-based	22,500	Continues declining household formation; projects ongoing suppression
Maintenance	41,100	Holds household formation rates at 2021 levels; no improvement or deterioration
Slow Growth	65,200	Moderate improvement; 20-year return to 2001 household formation rates
Rapid growth (headline)	89,300	Rapid improvement; 10-year return to 2001 household formation rates

14. **Even the lowest scenario requires substantial affordable housing delivery.** The Trend-based scenario still identifies a need for approximately 15,400 low-cost rented homes per year (accounting for 68% of the total need), driven by the backlog of homeless households that must be addressed regardless of future growth trends.

Housing needs of specific groups

15. **The SHMA provides evidence on the housing requirements of specific groups as required by the NPPF.** For most groups, their needs are already captured within the overall household projections; the purpose of the specific group analysis is to provide additional evidence for targeted policy interventions.

16. **Key findings for specific groups include:**

- **Older people (65+):** The population of Londoners aged 65+ is projected to grow by 50% by 2046. The majority (61%) are projected to be owner-occupiers, but 33% are projected to need social housing. An ageing population means that demand for accessible and adaptable housing will increase substantially.
- **Disabled people:** In the present, approximately 563,000 households include someone with a mobility impairment. Around 204,000 households require home adaptations. These numbers are likely to grow as society ages.
- **Families with children** face the highest overcrowding rates. 16.8% of families with children in social housing are overcrowded, as are 15.1% in the private rented sector (PRS). There is a critical need for family-sized affordable housing (3+ bedrooms).
- **Students:** An additional 3,700 Purpose-Built Student Accommodation (PBSA) bedspaces per year are recommended, totalling 37,000 over the plan period.
- **Gypsies and Travellers:** A separate Gypsy and Traveller Accommodation Needs Assessment (GTANA)¹ has been conducted and was published in November 2025.

¹ GLA (2025), '[London GTANA 2025](#)'

Implications for the London Plan

17. **Meeting London's housing need would require an unprecedented step-change in delivery.** The 89,300 annual need figure is more than double recent delivery rates and represents a scale of housebuilding not seen in London for nearly a century. This has significant implications for:
 - **Land supply:** The Strategic Housing Land Availability Assessment (SHLAA) assesses capacity, but meeting need will require intensification of existing urban areas, development of some green belt land, and dedicated measures in national planning policy.
 - **Affordable housing funding:** Delivering 45,500 affordable homes per year would require significant increases in public investment (and/or developer contributions). The latter has to be balanced in a difficult macroeconomic environment for developers, and the need also for market housing.
 - **Borough targets:** The distribution of the London-wide need figure across boroughs will need to balance capacity, deliverability, and policy objectives.
18. **The SHMA does not prescribe policy solutions.** These decisions involve trade-offs that are the domain of planning policymakers, the Mayor, the London Assembly, local authorities, and the government.

Conclusions

19. **London faces a housing challenge of historic proportions.** The evidence in this SHMA demonstrates the scale of need and the consequences of failing to meet it in the past: rising homelessness, severe overcrowding, falling home ownership rates, and young Londoners unable to form independent households.
20. **Meeting this challenge will require coordinated action across all levels of government.** National policy, London Plan and Local Plans policy, housing investment, and infrastructure funding must all align towards the common goal of delivering the homes London needs. The gap between need and delivery has been growing for decades; closing it will require sustained commitment over many years.
21. **This SHMA provides the evidence base for that effort.** There is a need for constructive debate about how London should respond to its housing crisis and catalyse the policy changes necessary to ensure that everyone who lives and works in the capital can find a suitable, affordable place to call home.

2. Introduction

National policy and guidance

22. **The National Planning Policy Framework (NPPF), as updated in December 2024, requires planning authorities to determine the minimum number of homes needed in their area using the ‘standard method’ formula set out in guidance.**² Within the overall total, the size, type and tenure of housing needed should also be assessed. In areas with responsibility for strategic planning, such as Greater London, the NPPF states that the strategic authority (in this case the Mayor of London) should ‘establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period.’ The NPPF also requires assessments of the housing needs of a variety of groups in society, including ‘families with children; looked after children; older people students; people with disabilities; service families; travellers; people who rent their homes’ and people who want to self-build.
23. **The concept of housing need is fundamental to the assessment.** The housing and economic needs assessment guidance published by MHCLG defines housing need as ‘an unconstrained assessment of the minimum number of homes needed in an area’ and the first step in arriving at a housing *requirement* figure, which considers the number of homes that can practically be provided in an area.
24. **The MHCLG definition of ‘need’ itself includes the term ‘needed’, which therefore warrants further explanation.** We define housing need as the amount and type of housing required to meet an acceptable minimum standard of housing consumption amongst the households in consideration. The minimum acceptable standards are dependent on policy and judgment. For the purposes of this SHMA, the standards are set out in terms of numbers of homes, tenure and bedroom size required, as well as additional properties based on the needs of special groups (e.g. visitable and accessible homes.) For more detail see Chapter 7: Methodology.
25. **Housing need is distinguished from economic “demand” for housing.** Demand for housing services expresses the ability of households to pay for housing, but unconstrained by the availability of housing. For example, near places of great natural beauty there is a lot of demand for very few homes, and it is difficult to build new ones. Demand is still high, but supply cannot meet it, driving up prices. On the flip side, if ability to pay is unevenly distributed between households, then market demand will not reflect the needs of those households who are unable to pay market rates to meet them.
26. **It is the role of the Mayor through the London Plan to arrive at the total housing requirement figure and to distribute that to the local planning authorities across London.** The NPPF guidance sets out the government’s standard method for assessing total housing need. Relating to the application of the standard method the guidance also makes it clear that in areas (such as London) where spatial development strategies are prepared by elected Mayors “the housing need for the defined area should at least be the sum of the local housing need for each local planning authority within the area.”

² [National Planning Policy Framework - GOV.UK](https://www.gov.uk/government/publications/national-planning-policy-framework)

The role of the SHMA

27. **This Strategic Housing Market Assessment (SHMA) seeks to meet the requirements of the NPPF and government guidance by setting out the total housing need for London as a whole, and within that, estimates of need by tenure and size.** It also provides context on the London housing market and social provision, and assessments of the housing needs of specific groups.
28. **The SHMA results are not housing targets.** They are estimates of need which inform the development of housing targets and policies of the London Plan (and any other Mayoral strategy that may draw on the results). The SHMA is complemented by a Strategic Housing Land Availability Assessment (SHLAA) that provides evidence on the potential capacity for new homes to meet London's housing needs.

Structure

29. **The rest of this document is structured in two parts.**
30. **Part I: Context provides an overview of London's current housing situation.** **Chapter 3: Economic trends** describes the macroeconomic context of London's housing delivery. **Chapter 4: Housing trends** includes a range of statistics on London's housing markets and the existing pattern of need, supply and consumption. This chapter sets the basis for the backlog need calculations later on. **Chapter 5: Demographic trends** and **Chapter 6: Household formation** present and analyse the population and household projections that needs calculations are based on.
31. **Part II: Housing need presents the core analysis and its outputs.** **Chapter 7: Methodology** details how the results were obtained. **Chapter 8: Analysis of housing need** and **Chapter 9: Housing needs of specific groups** present the outputs.
32. **Chapter 10** concludes the whole assessment.

Part I: Context

3. Economic trends

33. **This chapter highlights economic and employment trends that influence London's housing market, including factors relevant to affordability.**

Economic output and employment

34. **Since 2015, London's economic output growth as measured by real Gross Value Added (GVA) has consistently been higher than the UK average, if only marginally.** Between Q1 2015 and Q4 2024, GVA in London is estimated to have grown by 15%, compared to 13% for the UK overall. GVA both in the UK and London plummeted during the pandemic but returned to pre-pandemic trends by 2022.

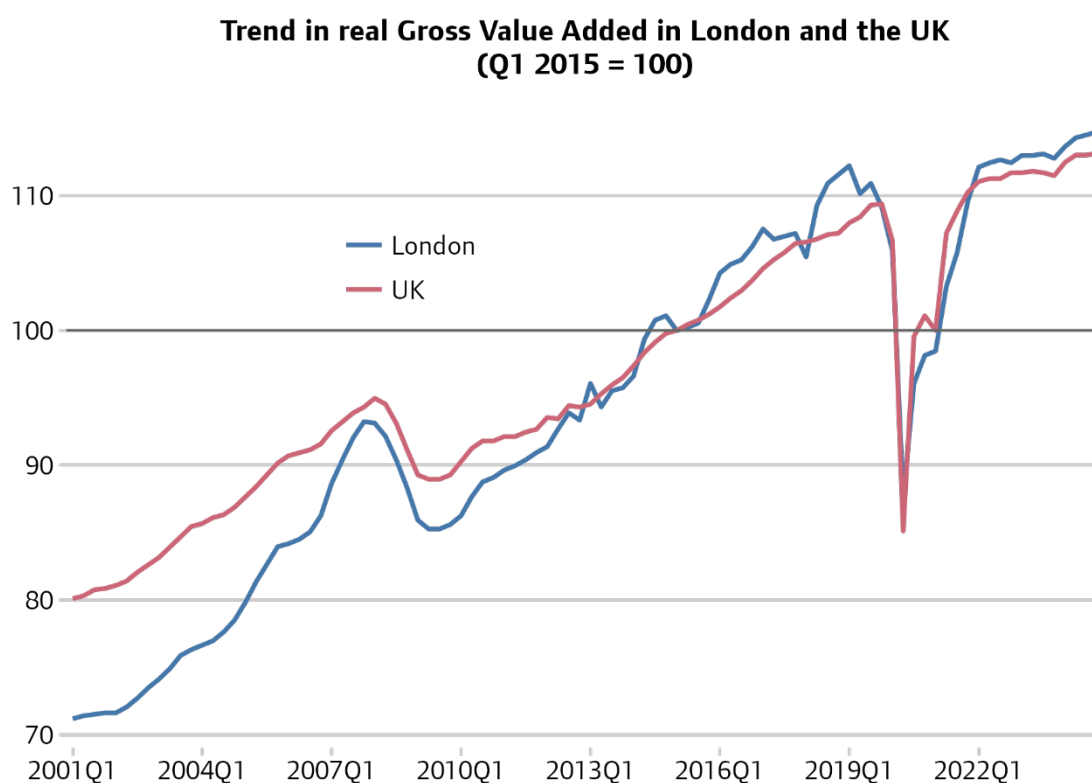


Figure 1.

35. **This subdued growth in output is reflected in relatively weaker increases in employment between 2016 and 2019, compared to growth seen earlier in the decade.** However, after the pandemic, London saw substantial increase in the number of workforce jobs, which increased by 12% between March 2021 and March 2025, compared to a 7% increase across the UK.

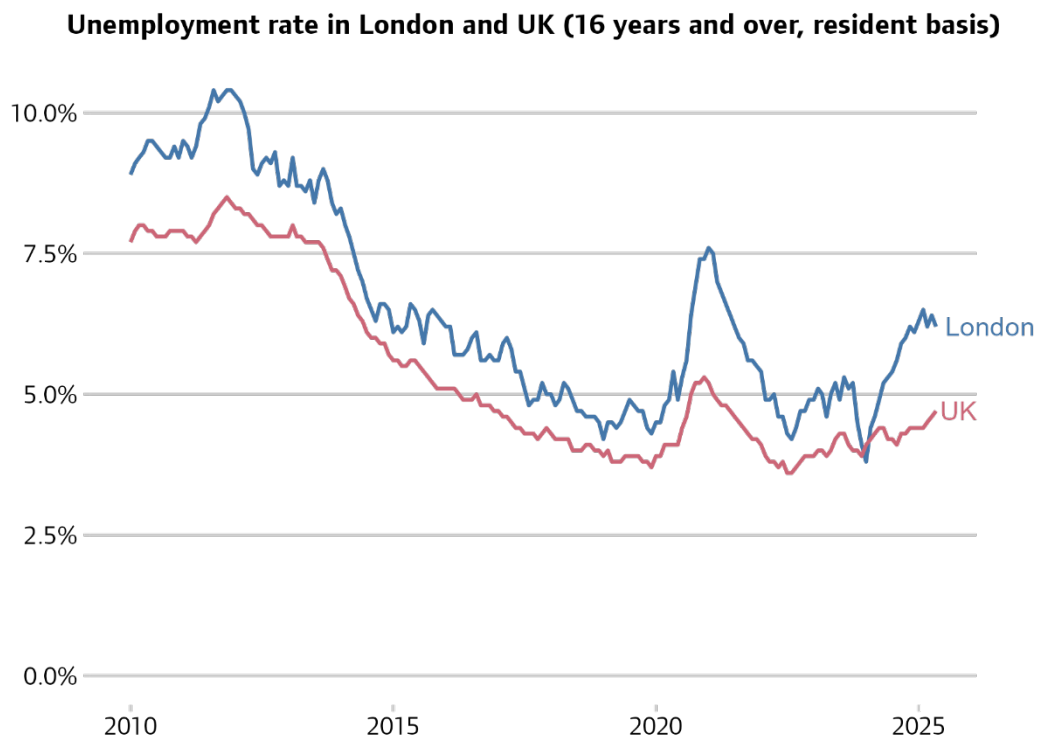


Figure 2.

36. **By the end of the 2010s, London's unemployment rate had more than halved from its 2011 peak, aligning closely with the national average.** However, the pandemic triggered a sharp rise, reaching 7.5% in 2021. While the rate eased through to 2023, it has since climbed rapidly, diverging from national trends. As of May 2025, London's unemployment rate stood at 6.2%, notably higher than the national rate of 4.7%. The rising unemployment rate in London suggests the labour market has been somewhat weaker in London over the last two years than in the rest of the UK, with jobs growth slowing after very fast post-pandemic expansion. However, it has been offset by a decline in the rate of economic inactivity, leaving the 16-64 employment rate at around its multi-decade highs of around 74%-76%.

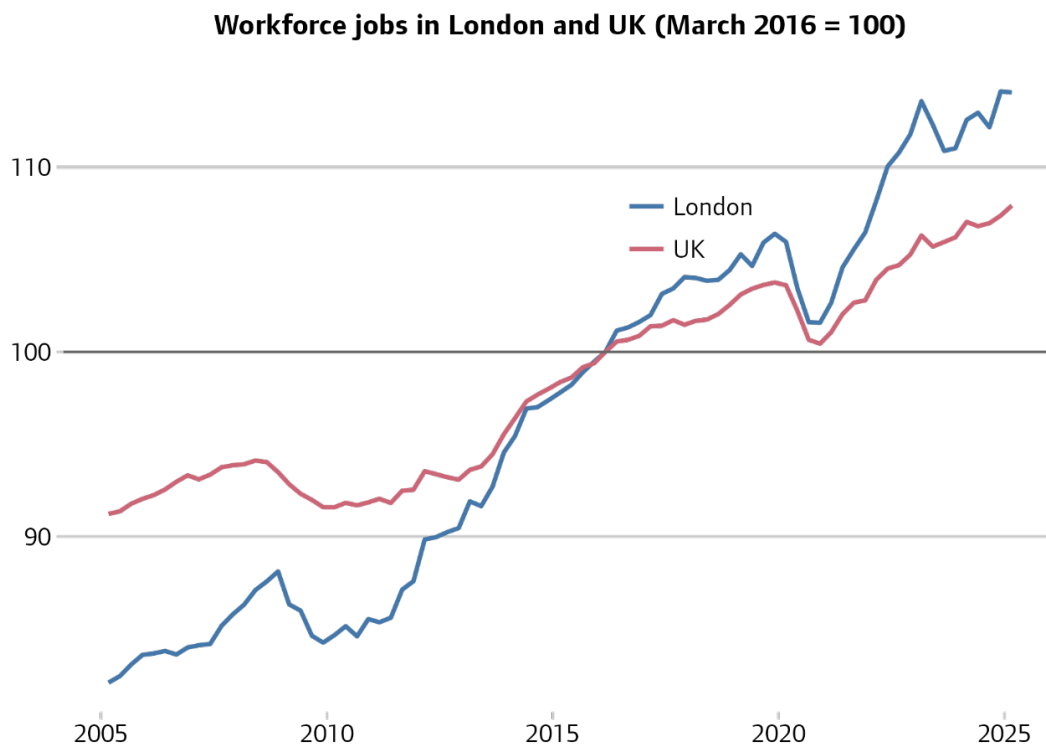


Figure 3.

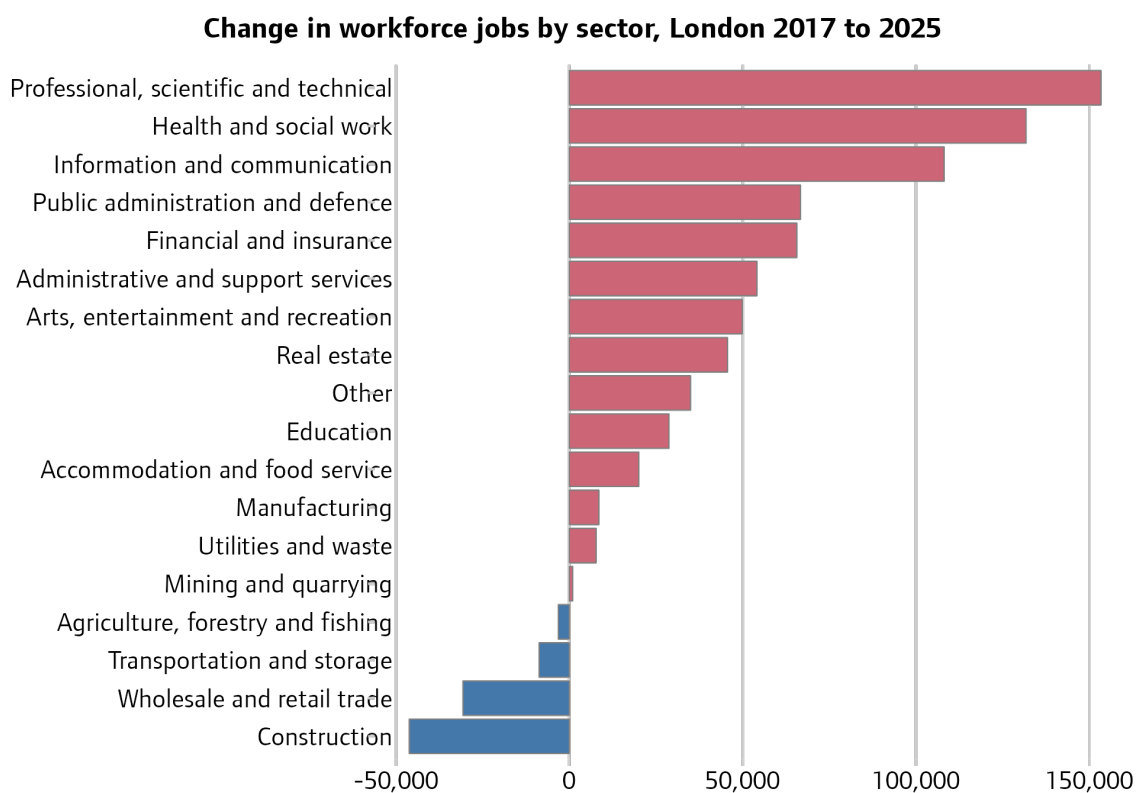


Figure 4.

37. **Since 2017, job growth in London has continued to be driven by service-oriented sectors, reflecting patterns seen earlier in the decade.** The professional, scientific

and technical sector contributed the largest increase, adding 153,000 jobs, followed by health and social work, which saw a rise of 132,000 jobs. However, this period also saw notable declines in certain industries. The construction sector experienced a significant reduction of 46,000 jobs, while the wholesale and retail trade sector lost 31,000 jobs. Overall, London added 687,000 jobs between March 2017 and March 2025, a slightly lower number than in the 892,000 in the eight years up to March 2017.

Earnings and income

38. **While the number of jobs grew very fast throughout the 2010s, average earnings in London stagnated during the period.** Since 2016, nominal full-time earnings (by workplace) have risen from £671 to £906 per week, an increase of 35%, with most of this growth occurring after the pandemic, largely driven by elevated inflation. However, in real terms, earnings rose by just 2.7% over the same period, slightly below the UK average at 2.9%. By contrast the years from 1997-2008 saw real wages rise by 25% in London, compared to 21% in the UK.

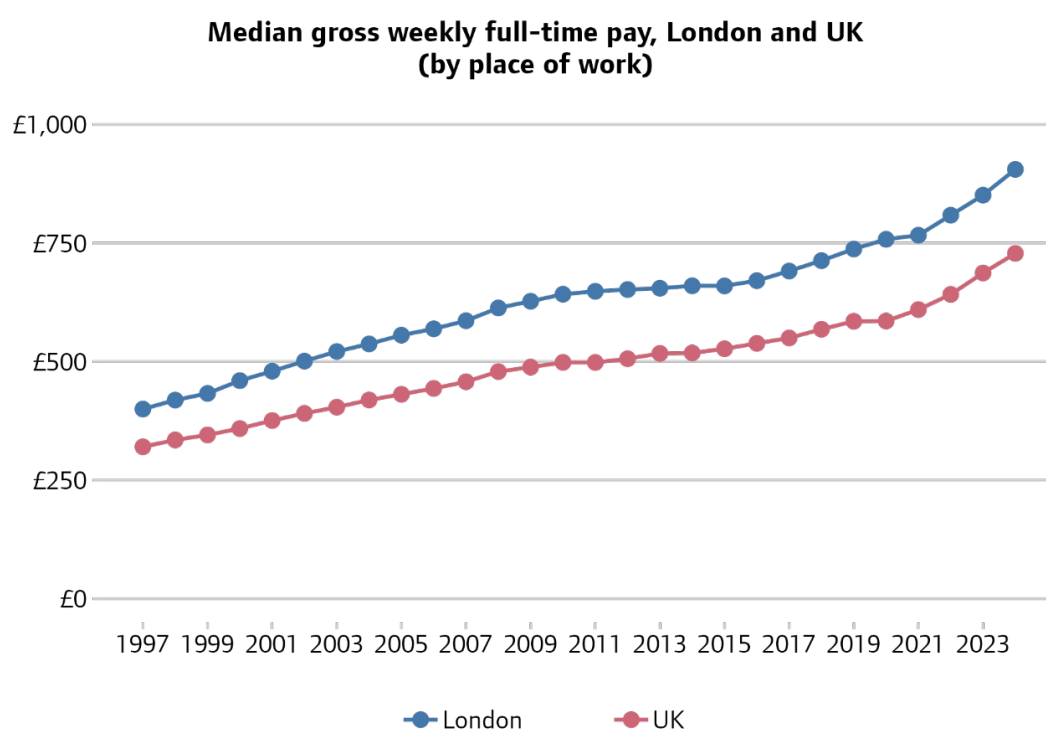


Figure 5.

Poverty

39. **While average income in London remains higher than the UK average, this is offset by a substantial gap in housing costs.** Although London's poverty rate after housing costs has fallen from a peak of 30% in 1999 to 26% in 2024, it is higher than the UK average of 21% of households in poverty. Poverty is defined here as a household income below 60% of the national median, after adjusting for household size.
40. **The poverty rate in London fell sharply during the pandemic years but rose again in 2024.** This initial fall was partly due to a drop in housing costs, but the reversal also reflects the greater reliance of Londoners on Universal Credit and Housing Benefit.

As a result, London households were more exposed to the withdrawal of targeted cost-of-living support payments in 2024, alongside the freezing of the Local Housing Allowance rate, which has further strained affordability.

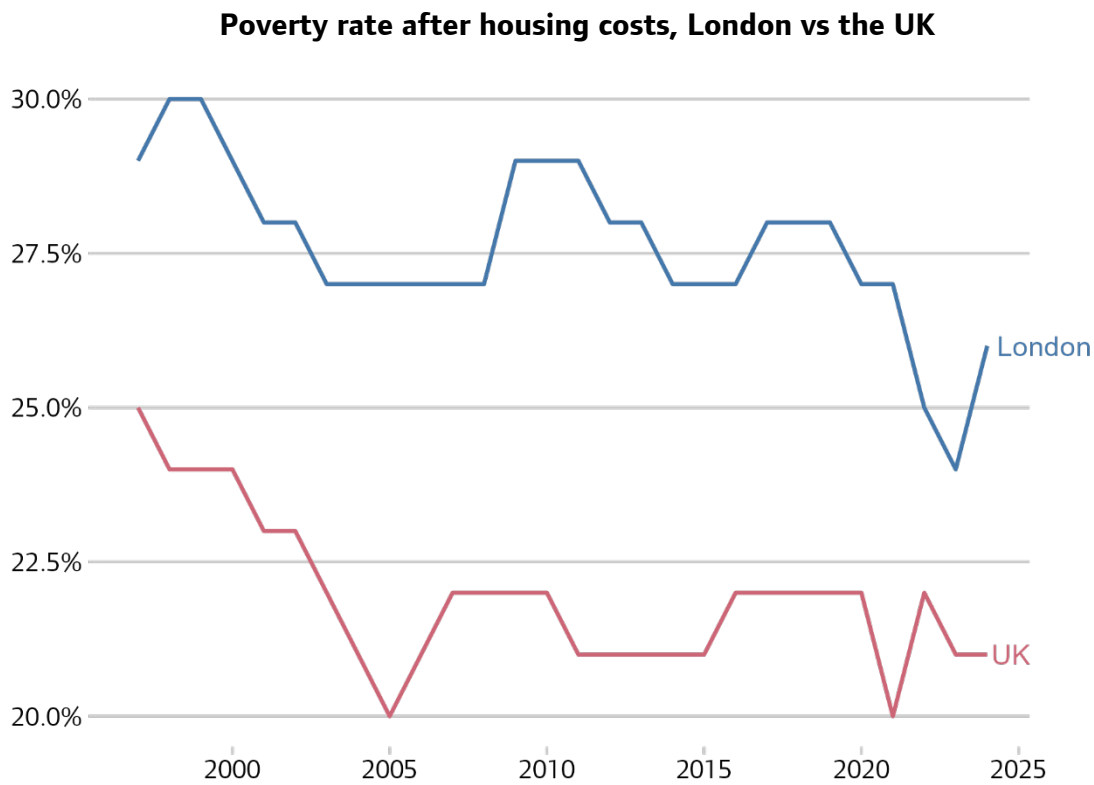


Figure 6.

41. **Household income inequality for the rest of the UK has remained stable, while London saw a trend of gradual increase until 2020.** Figure 7. below shows the trend in inequality of household income in London and the rest of the UK, measured by the ratios between the 90th and 10th percentiles of equivalised household income after housing costs. Following this, the pandemic caused a significant decrease in housing costs in the capital, but quickly returned to pre-pandemic levels in 2024.

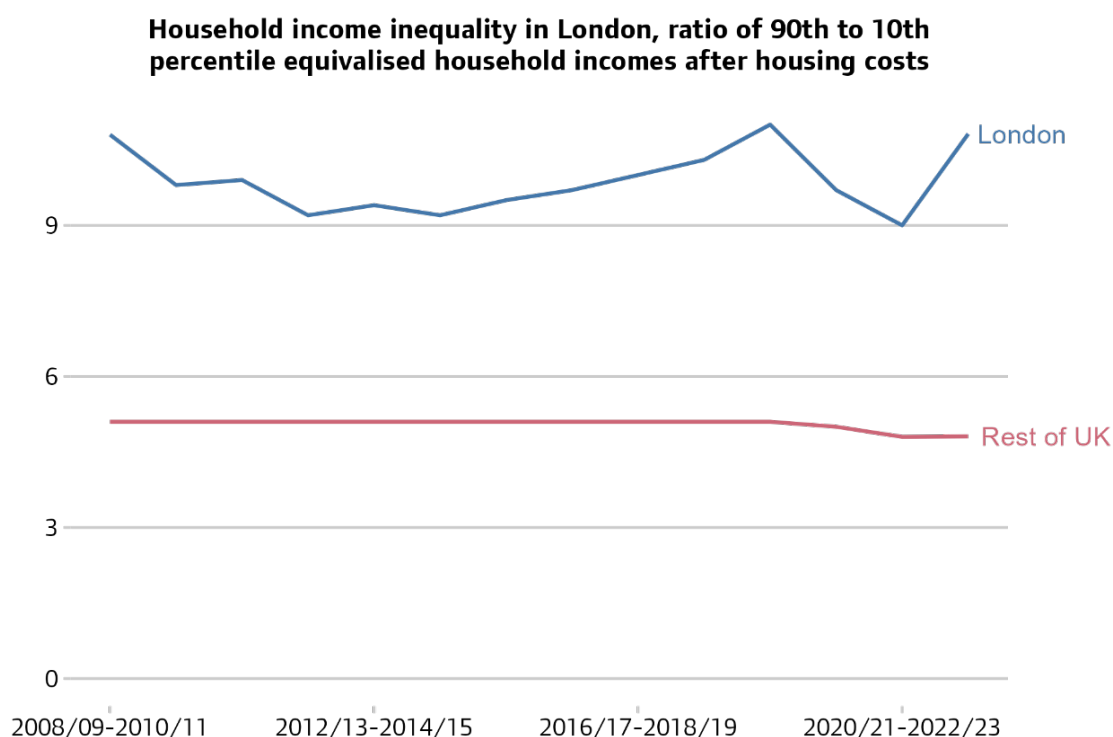


Figure 7.

Employment projections

42. **GLA Economics produces long-term employment projections that cover all jobs in the capital, including commuters from outside London.** Projections were last produced in 2017 and updated in 2022. Provisional projections predict that in London will reach 7.3 million by 2050, 860,000 higher than the 6.4 million in 2024. This is equivalent to around 33,000 jobs a year.

1. workforce jobs



Figure 8.

43. **GLA Economics' projections are not forecasts and are not intended to predict the exact number of jobs in any particular year.** The methodology behind these projections makes the assumption that past trends are guide to the future path of jobs growth – in other words, that economic, social and policy changes will (on average) affect growth in the same way in the future that they have in the past. They do not model potential impacts of policy changes – in particular, they do not take into account of housing targets or population changes which might have impacts on employment growth.

4. Housing trends

44. **This section sets out a range of trends and patterns relevant to the assessment of London's current and future housing needs.**

Context

45. **London's population rose to 8.62 million in 1939 and then fell for nearly five decades, reaching a new low of 6.73 million in 1988 before beginning a resurgence that has been uninterrupted since the early 1990s.** Population growth has accelerated in recent decades: the number of Londoners increased by 778,000 between 1991 and 2001, by 1,032,000 between 2001 and 2011, and by another 539,000 between 2011 and 2016 alone. In absolute terms, London's population growth since 2016 (an extra 542,000 people) has slowed compared to previous trends, partly caused by the Covid-19 pandemic. Since 2012, the single largest population growth of 144,400 people was recorded in 2024.³

Historical trend in London's population, 1801 to 2024

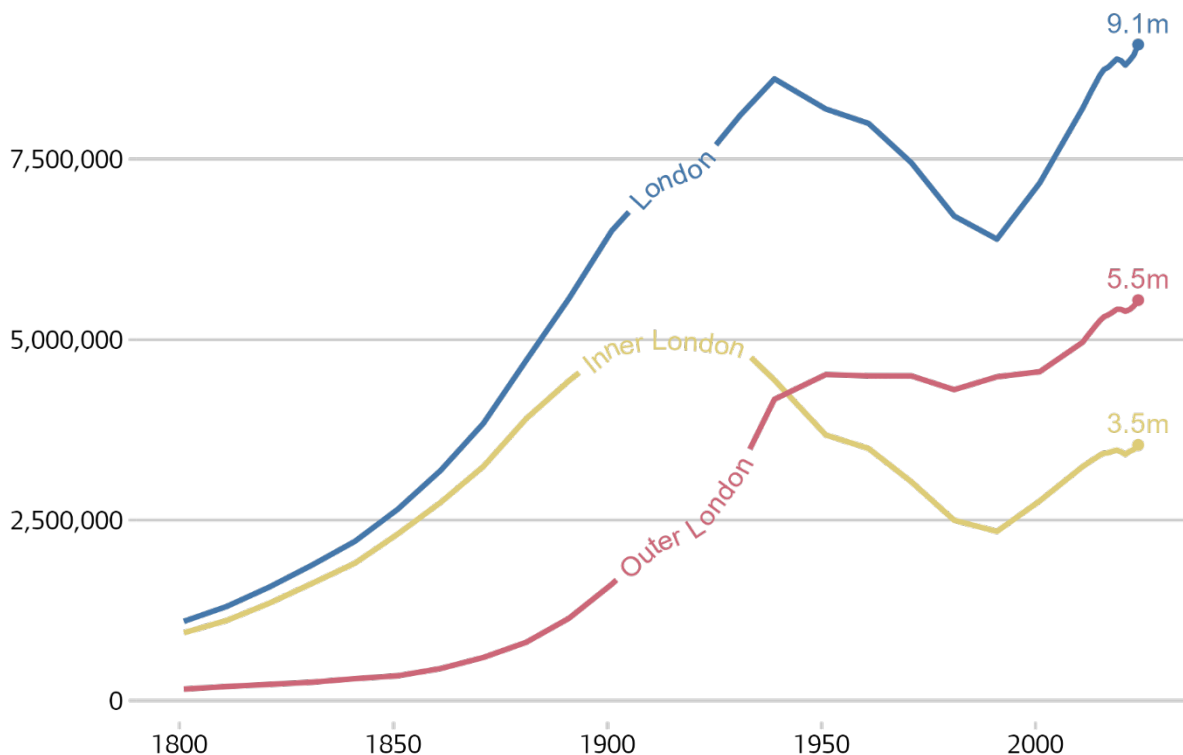


Figure 9.

46. **Since 2008, the growth in the housing stock and population have not kept pace with growth in jobs.** The growth of London's population is accelerated by economic growth. Between 2000 and 2008, population growth remained on par with growth of number of homes. However, recovering from the 2008 financial crisis, the number of jobs began to rise rapidly throughout the 2010s, which was followed by a significant expansion of the population, outpacing previous trends until the onset of the pandemic. Despite this surge in population, the rate of housing development has remained relatively

³ [Housing in London annual report | London Datastore](#)

unchanged, creating a growing imbalance between demand and supply which was only mitigated by the pandemic.⁴

**Indexed trend in number of jobs, people and homes in London, 1996 to 2024
(2001 = 100)**

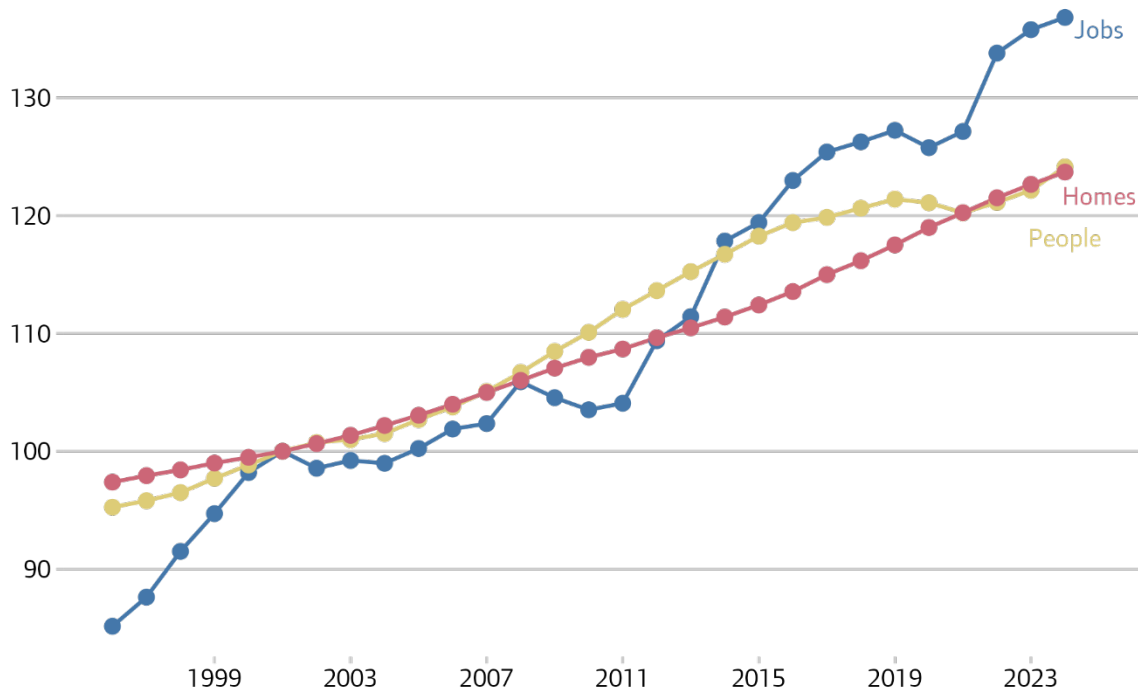


Figure 10.

Tenure

47. **Over the past 25 years, the proportion of households that rent from a social landlord has fallen while the proportion renting privately has grown.** According to estimates from the English Housing Survey, 21% of households in London lived in social housing in 2022-23, a figure that has fallen from 26% in 2002-3.⁵ Around 31% of households rented their homes in the private sector (up from 16% in 2002-3) and 47% were owner occupiers, down from 58% in 2002-03. 49% of owner-occupied households owned their home outright (up from 37% in 2002-03) while 51% owned it with a mortgage (down from 62% in 2002-03).
48. **“Affordable housing” means individual homes that are sold or rented below their market price, usually by a local authority or housing association.** They include social rented homes, various forms of intermediate rent, discount market sales and shared ownership.⁶ The number of affordable homes should not be confused with the broader concept of “housing affordability,” which is determined by the prevailing level of rents and prices and household incomes.⁷

⁴ [Housing in London annual report | London Datastore](#)

⁵ MHCLG (2025), ‘[English Housing Survey 2023 to 2024: headline findings on housing quality and energy efficiency](#)’

⁶ [Policy 3.10 Definition of affordable housing | London City Hall](#)

⁷ [K. B. Anacker \(2019\), Introduction: housing affordability and affordable housing](#)

49. **From 851,000 units in 1991, the overall stock of affordable housing in London fell to a low of 756,000 in 2007 and has been gradually increasing since, with 804,000 units in 2024.** This means that around 20% of London's housing stock is affordable. Over the same period the share of affordable homes in London owned by housing associations has grown from 17% in 1991 to 51% in 2024, driven by a combination of new supply, the Right to Buy scheme and stock transfers from council ownership.⁸

Mobility

50. **Housing mobility among Londoners is high, but declining, likely due to general affordability constraints and the interaction of growing prices with the Stamp Duty Land Tax (SDLT).** Figure 11 shows that the proportion of London's households that have moved in the previous year has fallen over the last two decades, but still remains higher than in other regions. This mobility rate fell from around 15% in the mid-1990s to 11% in 2023, with the sharpest drop among owners and social renters.⁹
51. **In the 1990s, the mobility of homeowners in London was generally higher than in other English regions, but it has fallen by more than two thirds since then to become amongst the lowest.** Homeowner mobility might be impacted by the high costs of SDLT which is tied to increased home values and penalises moving home.
52. **While the mobility rate for London's private rented households fell from 42% in 2000 to 24% in 2023, it remains higher than the regional average.** The higher mobility rate in this tenure, combined its large relative size, accounts for London's overall mobility rate remaining high.

⁸ [Housing in London annual report | London Datastore](#)

⁹ Ibid.

Share of households who have moved in the last year by region and tenure, 1994 to 2023-24

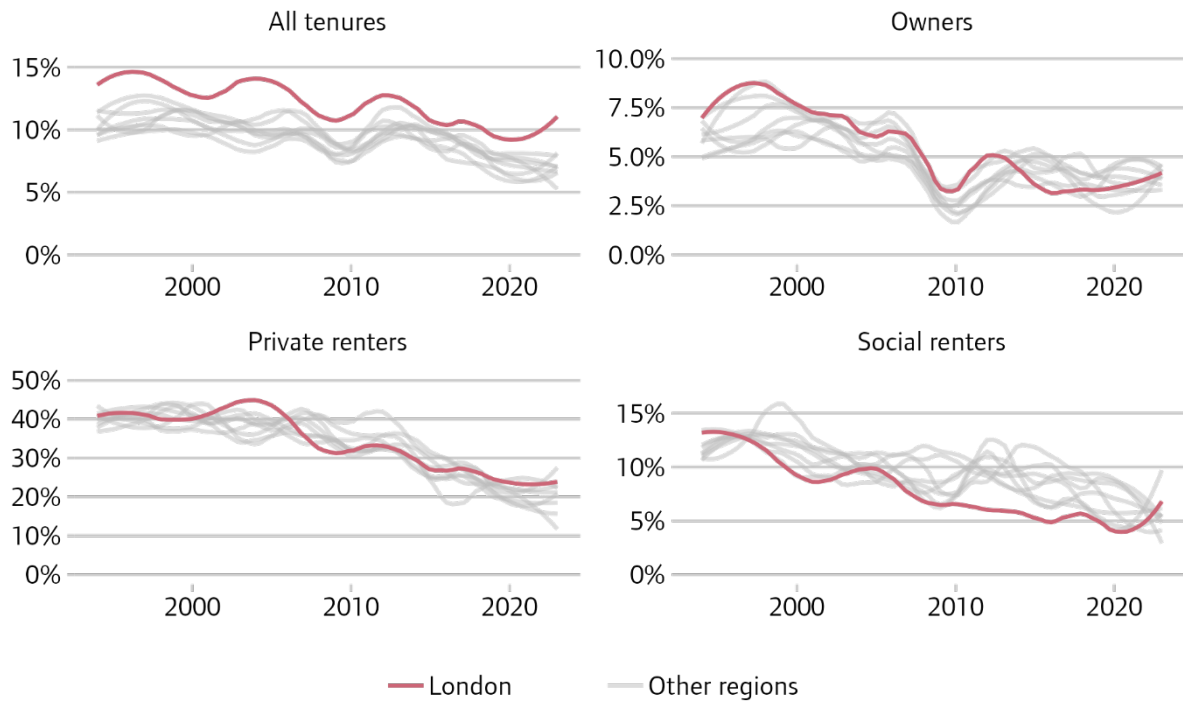


Figure 11.¹⁰

53. **The most cited reasons for Londoners to move are “pull” factors, where the main motivation to move was the greater appeal of the target location.** Some of the most cited factors include wanting to move to a bigger place (17% of recent moves), to a more attractive area (13%) or to buy (12%). Less common “pull” factors included to be in a district with better schools (2%).

¹⁰ Ibid.

Reasons for recent moves by tenure, London 2014 to 2022

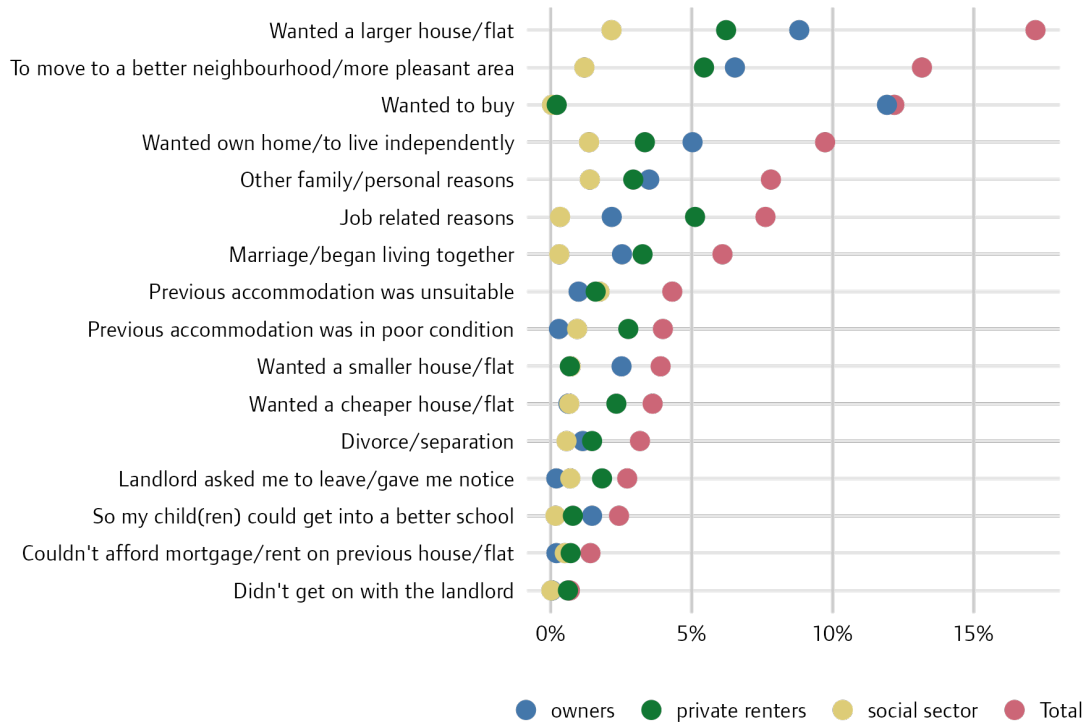


Figure 12.¹¹

54. **While less common than “pull” factors, “push” factors also drive moves – particularly among private renters.** Reasons given in this category include “Previous accommodation was unsuitable” (4%), not having a good relationship with the landlord (1%), being unable to afford mortgage or rent payment (1%) and the landlord giving notice to leave (3%). Given declining mobility rates, it is likely that more households are constrained by factors such as unaffordable housing near their workplace, the high upfront costs of home ownership and the high costs involved in moving between owner-occupied homes, preventing them from relocating even when they have strong reasons to do so.
55. **During the Covid-19 pandemic, the government put a temporary halt on all repossession activity, but mortgage and social landlord repossession claims have since recovered and private and accelerated landlord possession claims exceeded pre-pandemic levels.** In 2024, private landlord possession claims were twice as high as at the start of 2020, while accelerated possession claims (also known as Section 21 or “no-fault” evictions) were 85% higher.

¹¹ GLA analysis based on the English Housing Survey

Mortgage and landlord possession claims in London, 2003 Q1 to 2025 Q1

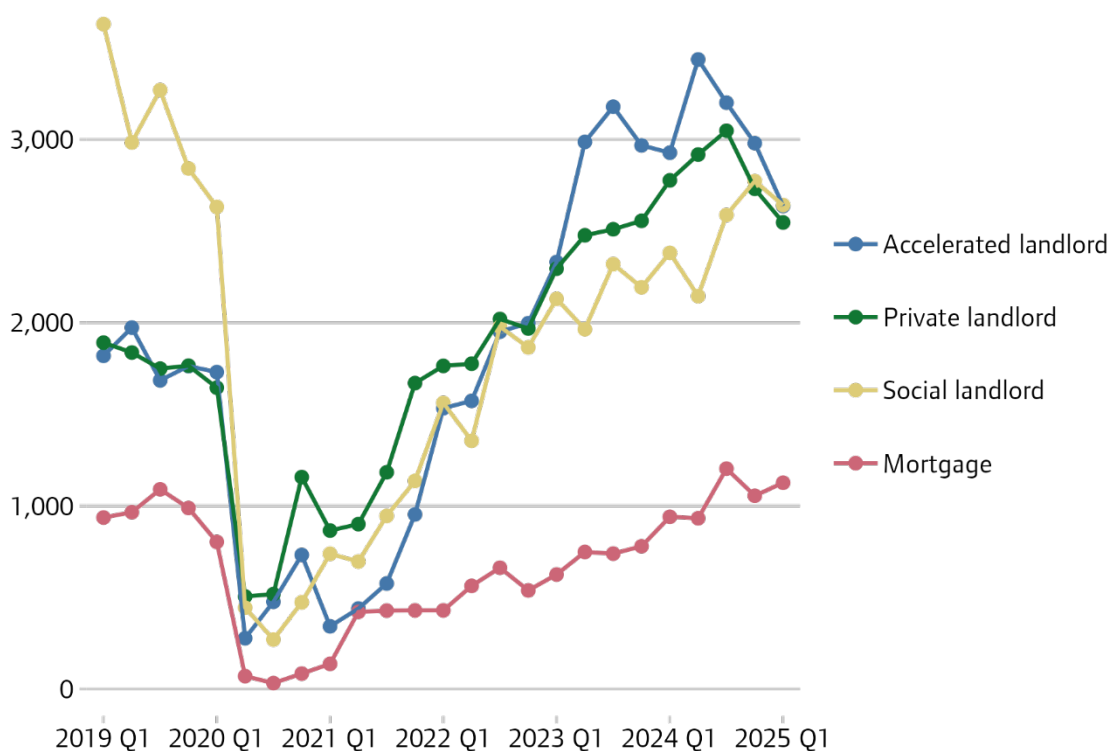


Figure 13.¹²

Market listings

56. **Market listings for both rentals and sales have fluctuated significantly since 2017.** The availability of rental and sales listings fell substantially during the pandemic. The number properties listed on Rightmove for sale fell by 71% from 2020 to 3,500 listings at the end of 2021. Rental listings also saw a dramatic decrease of 85%, falling from 25,500 listings to just under 4,000 over the same period. These changes coincided with the resumption of population and economic growth in London, and rapid increases in private rents. Availability for rental and sales have since returned close to pre-pandemic levels, although more so for sales than rental listings. As of July 2025, there were 14,600 properties availability to rent, and 10,300 available for sale.

¹² GLA, Housing in London Annual Report

Short-term rentals

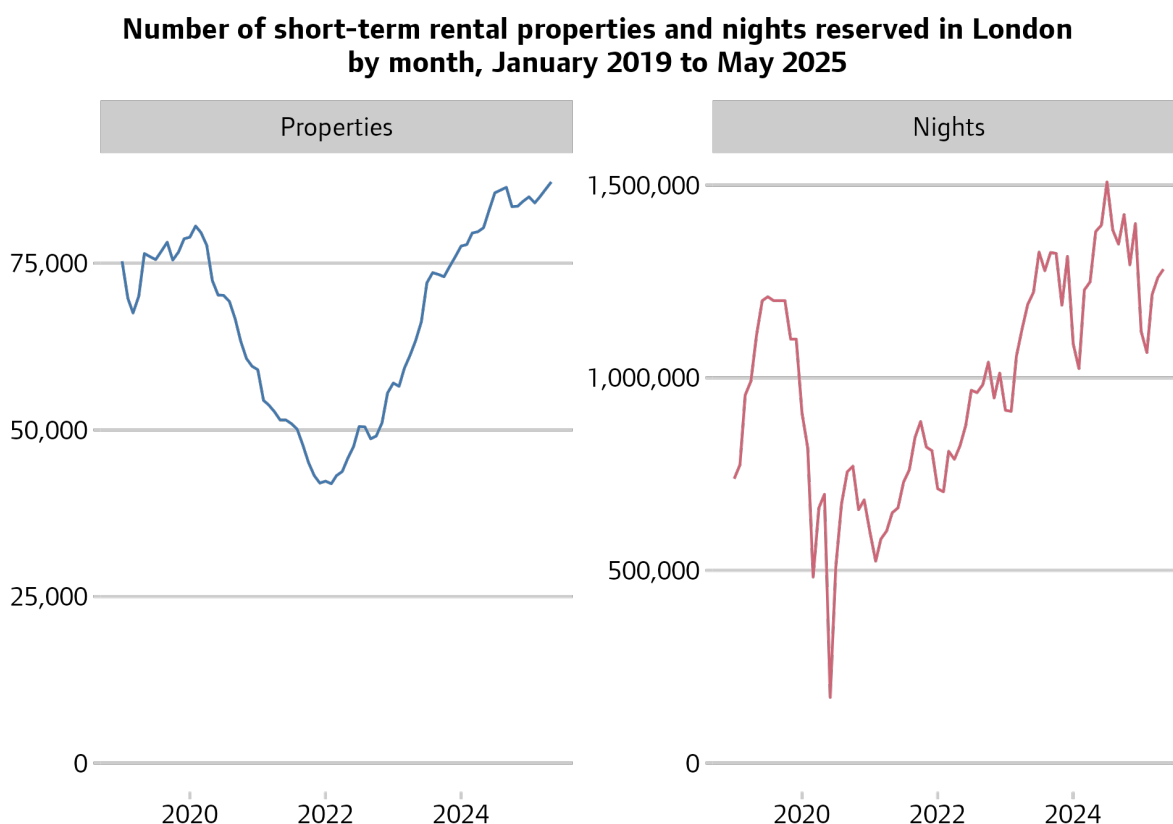


Figure 14.¹³

57. **London's short-term rental market experienced a shock during the Covid-19 pandemic, with reservations dropping from 1.2 million nights in June 2019 to just 170,000 in June 2020.** The market adjusted through a steady decrease in the number of properties listed online, falling from a peak of 83,050 to a low of 41,920 in early 2022.
58. **Since early 2022, the short-term rental market has recovered.** The number of nights reserved began recovering in early 2021 and has now exceeded pre-pandemic levels, reaching 1,281,600 reservations in May 2025, some 16% higher than in May 2019. Property listings have also risen to 87,200 in May 2025, a 14% increase from 2019.
59. **The proliferation of short-term rentals have been linked to reduced supply of long-term rentals and higher rents.**¹⁴ Landlords might switch properties over to short-term rather than long-term rentals in hope of higher revenue. Evidence suggests that this puts pressure on rents, especially in areas that are already expensive and invite higher rates of tourism.

Private rents

60. **Private rents in London are significantly higher than in other English regions.**

¹³ Ibid.

¹⁴ Hill et al (2023), [The Airbnb rent premium and the crowding-out of long-term rentals](#)

The Price Index of Private Rents (PIPR) reported the average monthly private rent for a two-bedroom home in the year to June 2025 was £1,246 in England as a whole and £2,106 in London. Three-bedroom properties had the largest regional difference: three-bed homes in London were on average 80% more expensive than England as whole. One-bed properties had the smallest difference of 49%.

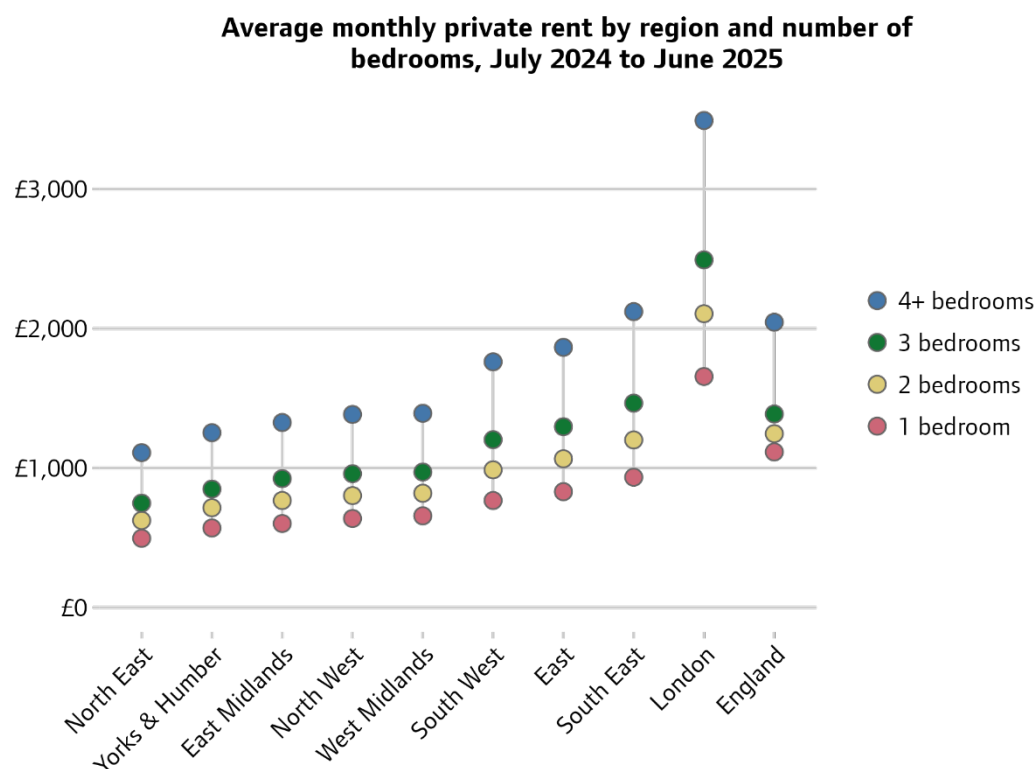


Figure 15.¹⁵

61. **Private rents have been volatile in the past decade.** As shown in Figure 16, average private rent fell over two periods – firstly in 2018, and secondly during the Covid-19 pandemic, when many Londoners left the city. Rental prices grew rapidly as renters returned, by as much as 10.4% for a two-bed property in January 2025. In 2025, prices continued to rise quickly but the rate of increase shows signs of falling, particularly among the largest properties.

¹⁵ Ibid.

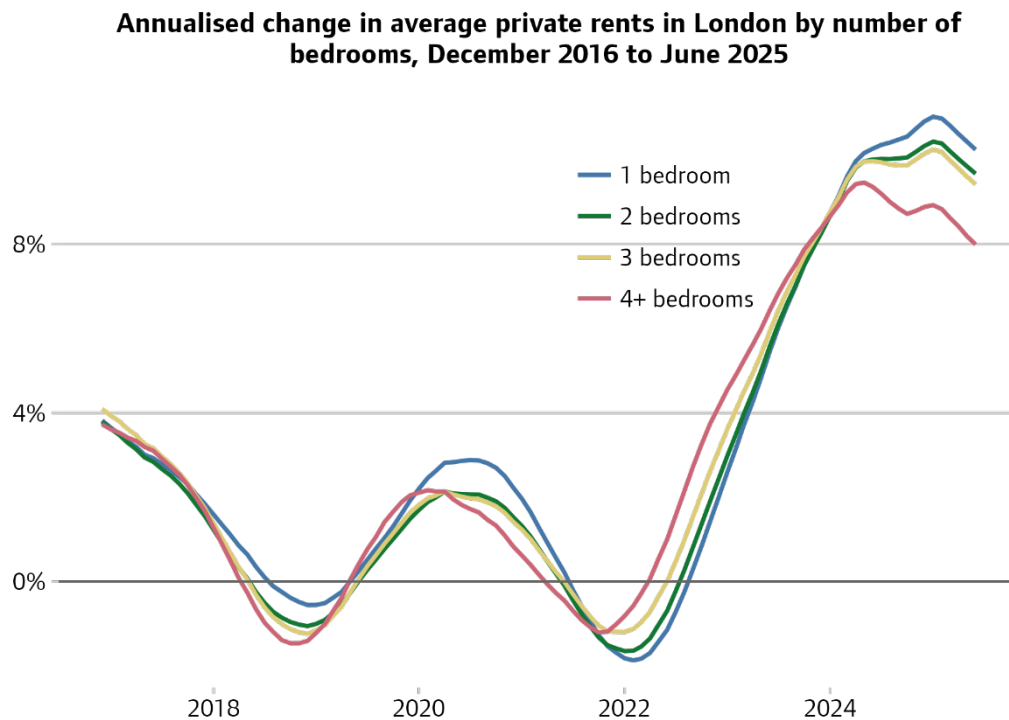


Figure 16.¹⁶

62. **PIPR data measures both existing and new tenancies.**¹⁷ Rightmove statistics have shown rents for new lets in London rising at a significantly slower rate than previous years, which we can expect to see reflected in future iterations of PIPR.
63. **Rents for properties with between one and three bedrooms have increased at broadly similar rates since January 2023.** Larger properties, with four or more bedrooms have followed roughly the same trend, but with significantly slower rates of increase beginning around 2023 (following faster growth between 2015 and 2023).

¹⁶ Ibid.

¹⁷ [Price Index of Private Rents, UK: monthly price statistics - Office for National Statistics](#)

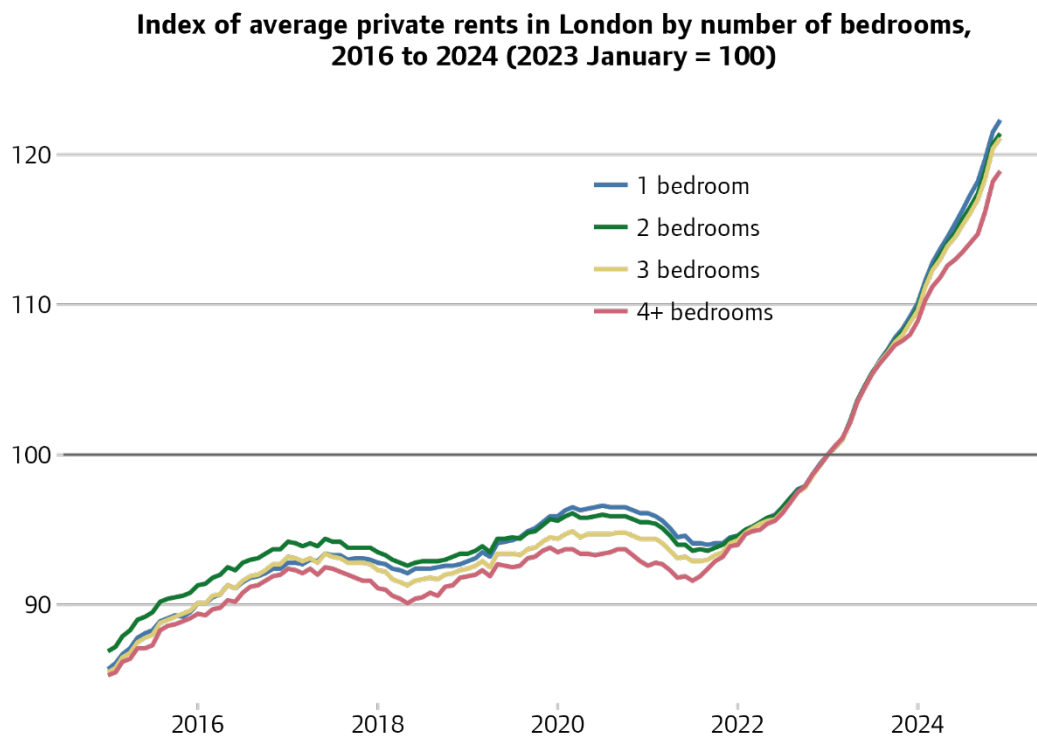


Figure 17.

64. **Data from Rightmove shows that the supply of private rented properties fell substantially between 2021 and 2023, while the annual change in rents rose sharply, reaching as high as 15% over the same period.** Figure 18 illustrates a clear inverse relationship: as rental supply declined, rent inflation accelerated, suggesting that reduced supply places upward pressure on rents, and vice versa. More recently, as the number of listings returns toward pre-pandemic levels, annual rent increases have eased accordingly, highlighting the role of new supply in moderating rental growth.

Number of properties listed as available to rent on Rightmove and annual change in rents for new tenancies reported by Homelet

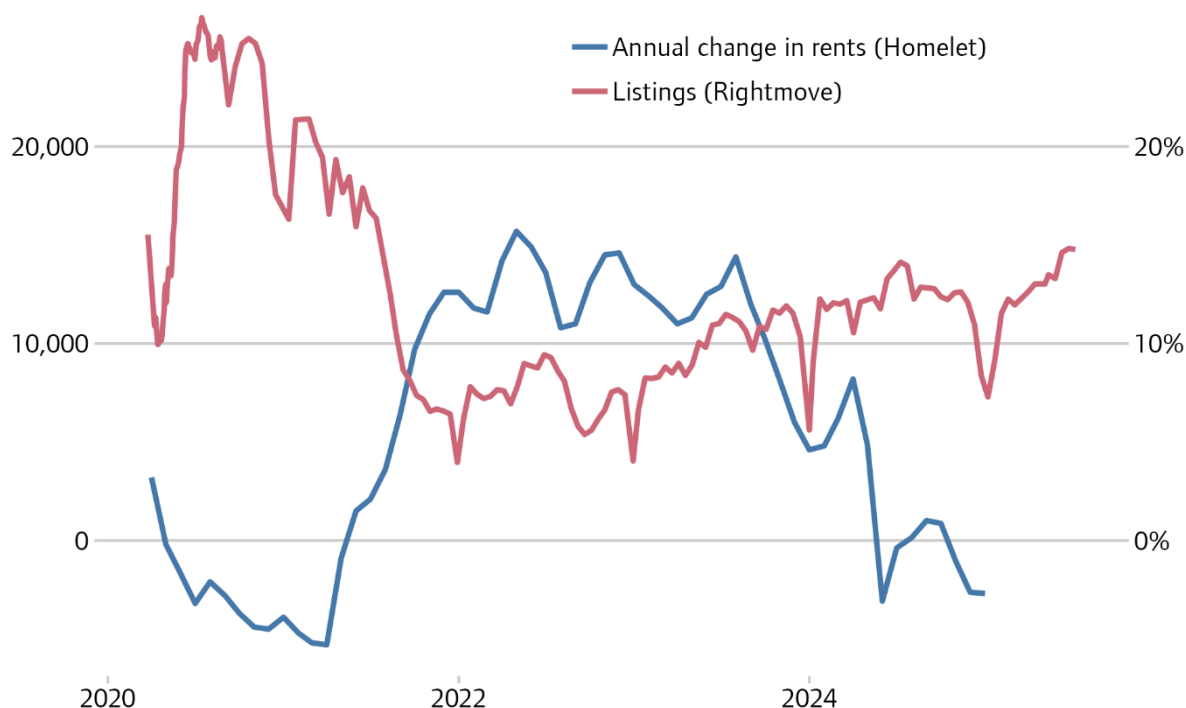


Figure 18.¹⁸

65. **The affordability of private rents in London, as measured by the index of rents divided by the index of earnings, remained largely static between 2015 and 2020. In April 2020, at the onset of the pandemic, average earnings in London stood at £2,165 per month, while average rents were £1,742.** Affordability temporarily improved during this period as reduced demand and tenant relocations drove rental prices down. However, this trend was short-lived, as rents surged in 2023. While earnings grew substantially in 2024, the increase did not meaningfully improve affordability, given rising rents. Note that average earnings statistics include only individuals paid through PAYE or payroll, which includes full-time and part-time employees.

¹⁸ GLA analysis based on Rightmove lettings data

Index of cumulative change in private rents (on all tenancies), earnings and implied affordability in London, January 2015 to June 2025 (2015 January =100)

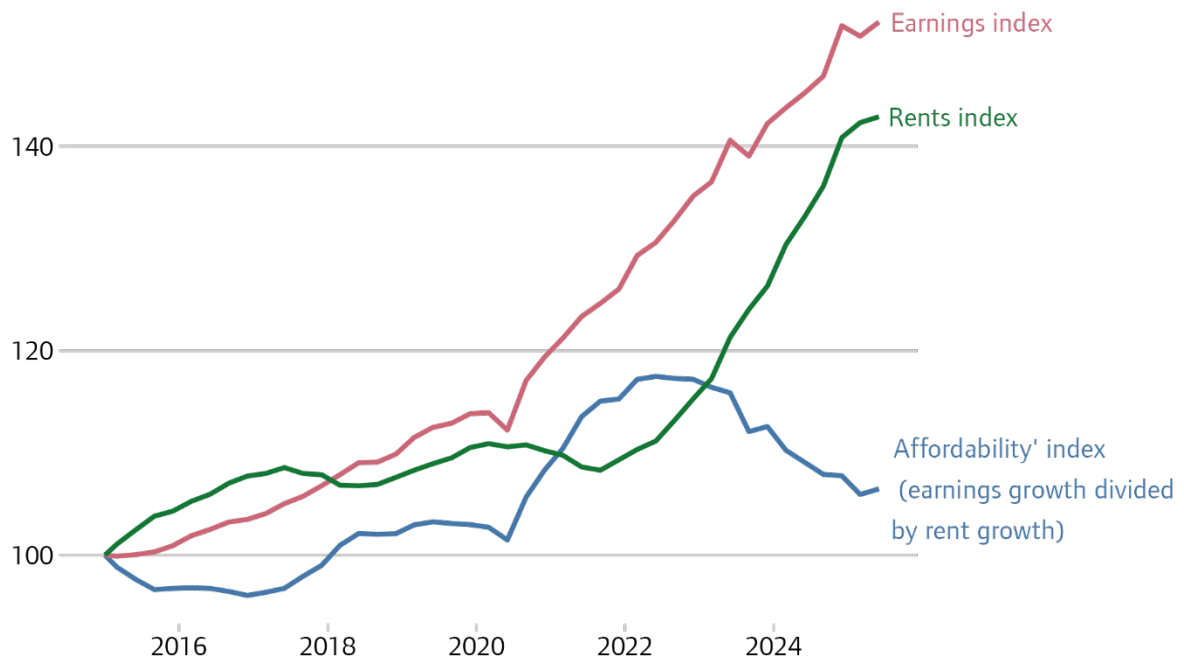


Figure 19.

House prices

66. **London's high rents and house prices are a result of high demand (driven partly by strong growth in employment and population) not being matched by sufficient housing supply, as well as financial factors such as interest rates and credit conditions.** Rising housing costs consume large proportions of Londoners' wages, making housing less affordable, pushing homeownership out of reach for many and putting those under the most acute pressures at increased risk of homelessness.
67. **The average house price in London was £566,000 in May 2025, according to data from the ONS.** There have been two periods of decline in the average price, first in 2018 and 2019, then in 2023 and 2024, but the average price has overall increased 27% compared to a decade ago.

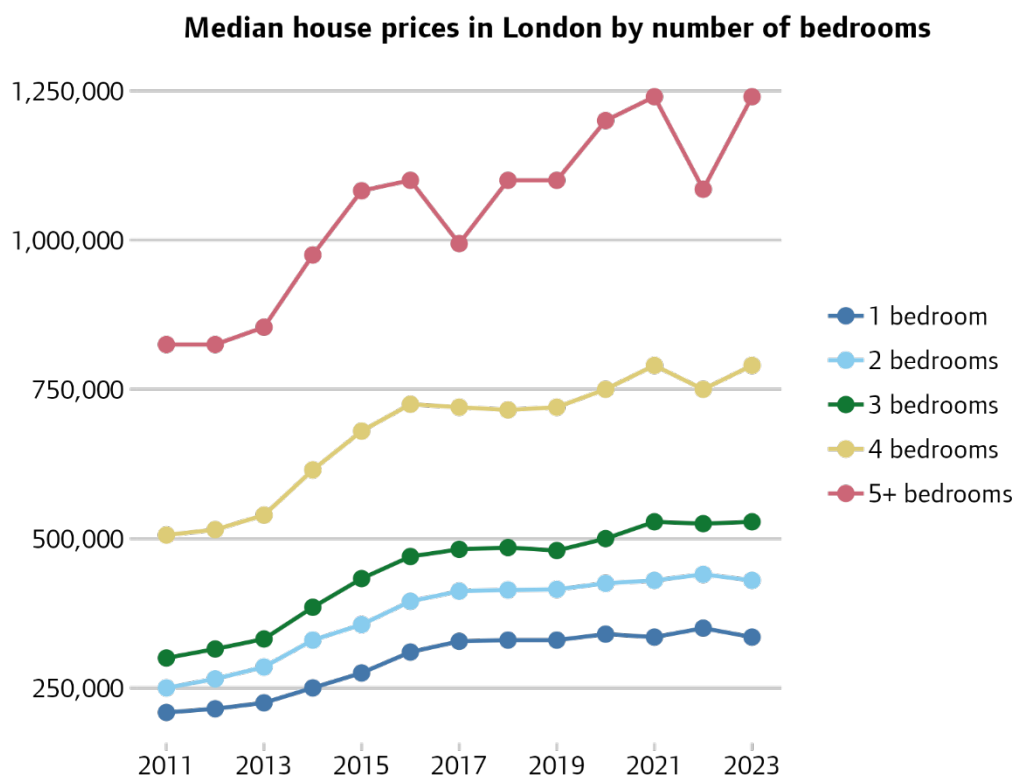


Figure 20.

68. **The Bank of England increased the base rate from 0.1% to 5.25% between late 2021 and 2023, after it had remained below 1% since the financial crisis.** This, in turn, fuelled a sharp rise in lending rates, which peaked in June 2023 before gradually declining. The Bank of England base rate fell by 1% between July 2024 and July 2025.

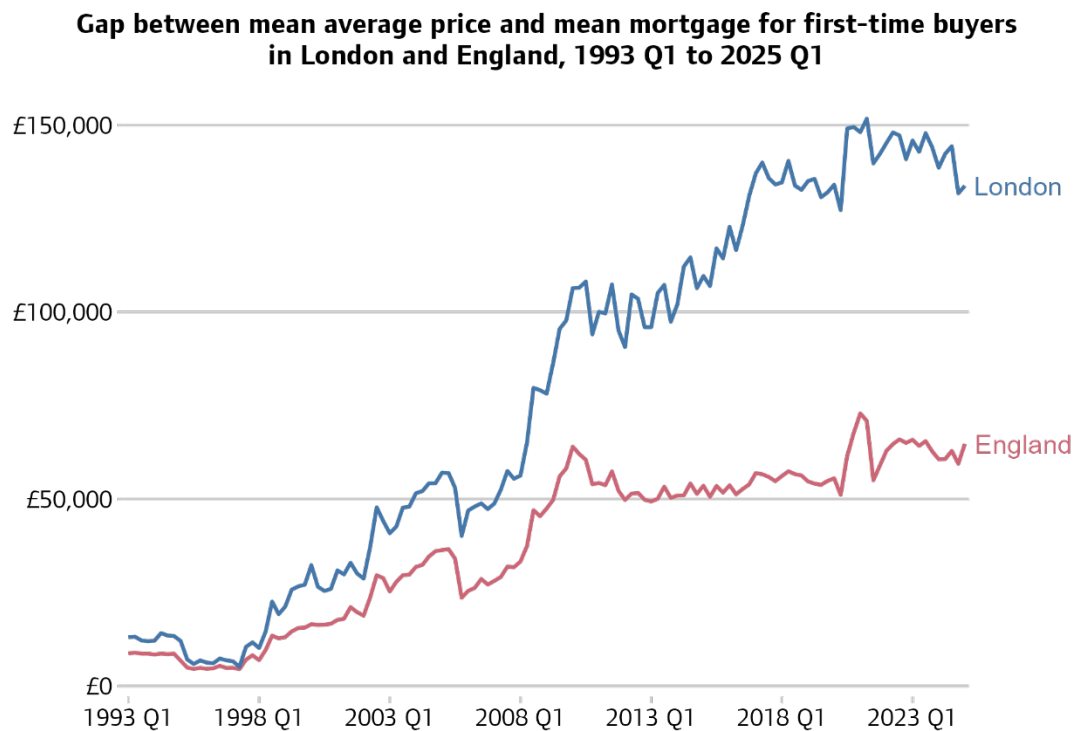


Figure 21.¹⁹

69. **Despite a slowdown in prices driven partly by rising interest rates, first-time buyers are facing increasing upfront costs when purchasing a home.** As shown in Figure 21, the gap between the mean average house price and the mean mortgage for first-time buyers in London was £5,919 in 1995, slightly higher than the £4,599 gap across England as a whole. Since then, this gap has widened significantly, putting London out of step with the rest of England. By Q1 2025, the gap in London had surged to £133,800, more than 10 times larger than in 1995. In England, it reached £64,800, an increase of 8 times over the same period. Notably, the gap in England remained relatively stable throughout the 2010s, only beginning to increase from 2019 onward. In contrast, the gap in London has consistently widened over time. This trend suggests that first-time buyers in London are required to provide significantly larger mortgage deposits compared to those in the rest of England.
70. **Due to prolonged, if inconsistent, increases in house prices and a range of policy reforms, the average SDTL on transactions has increased over time.** The average tax collected per transaction has grown significantly in London and to a lesser extent in the rest of England, primarily due to higher average prices in the capital. Additionally, the extra SDLT levied on overseas buyers and additional property purchasers has widened this gap, as London has a higher rate of purchase by overseas buyers and investors.

¹⁹ GLA, Housing in London Annual Report

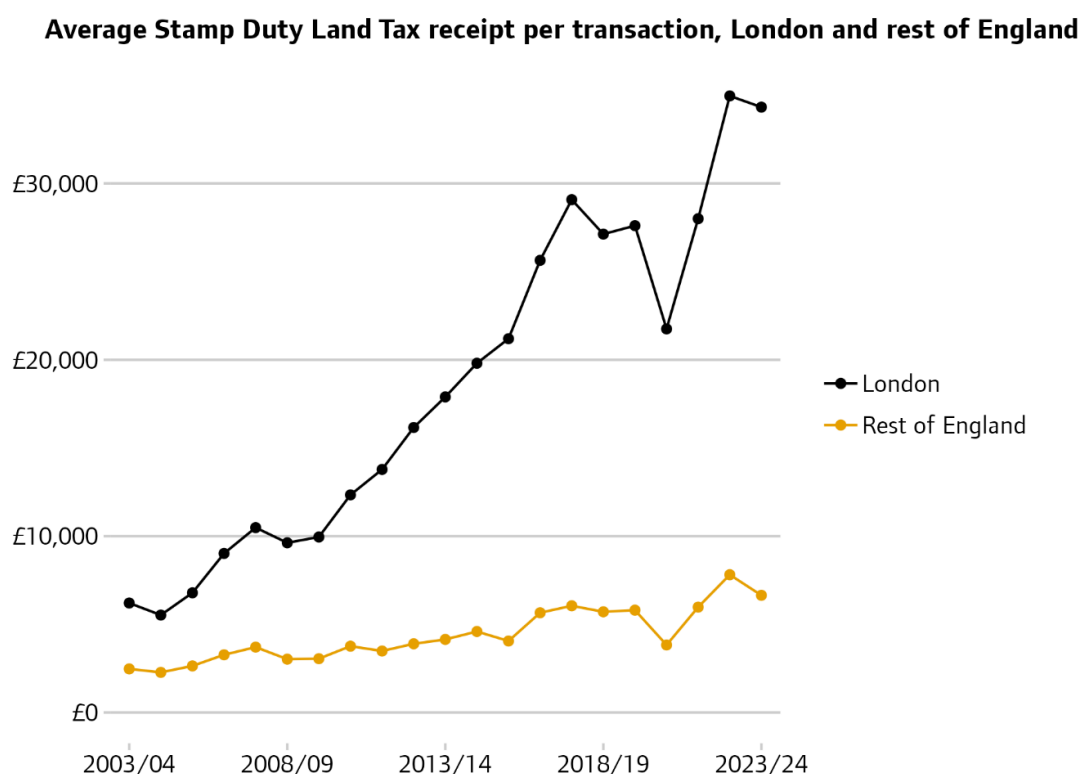


Figure 22.

71. **Between 2020 and 2021 a stamp duty holiday was introduced, temporarily eliminating standard tax charges on the first £500,000 of a property's value to stimulate housing market activity during the pandemic.**²⁰ This resulted in a decline in tax receipts during that period. However, receipts recovered shortly afterward, reaching an average of £34,146 per transaction in 2023/24.²¹

Social housing rents

72. **Social housing rents for new lettings increased consistently between 2007/2008 and 2015/2016 and remained steady in nominal terms until 2019/2020, due to a combination of legislated rent reduction for existing units and the buildout of new units at higher rent levels.** Rents have started to increase since 2019 after this policy was eased. The median weekly rent of a newly-let two-bedroom social home was £111.48 in 2019/20 and £133.69 in 2023/24, a 20% increase.

²⁰ [Stamp Duty Land Tax: temporary reduced rates - GOV.UK](https://www.gov.uk/government/news/stamp-duty-land-tax-temporary-reduced-rates)

²¹ GLA, Housing in London Annual Report

Median weekly rents for new social rent and Affordable Rent lettings in London, 2007-08 to 2023-24 (nominal terms)

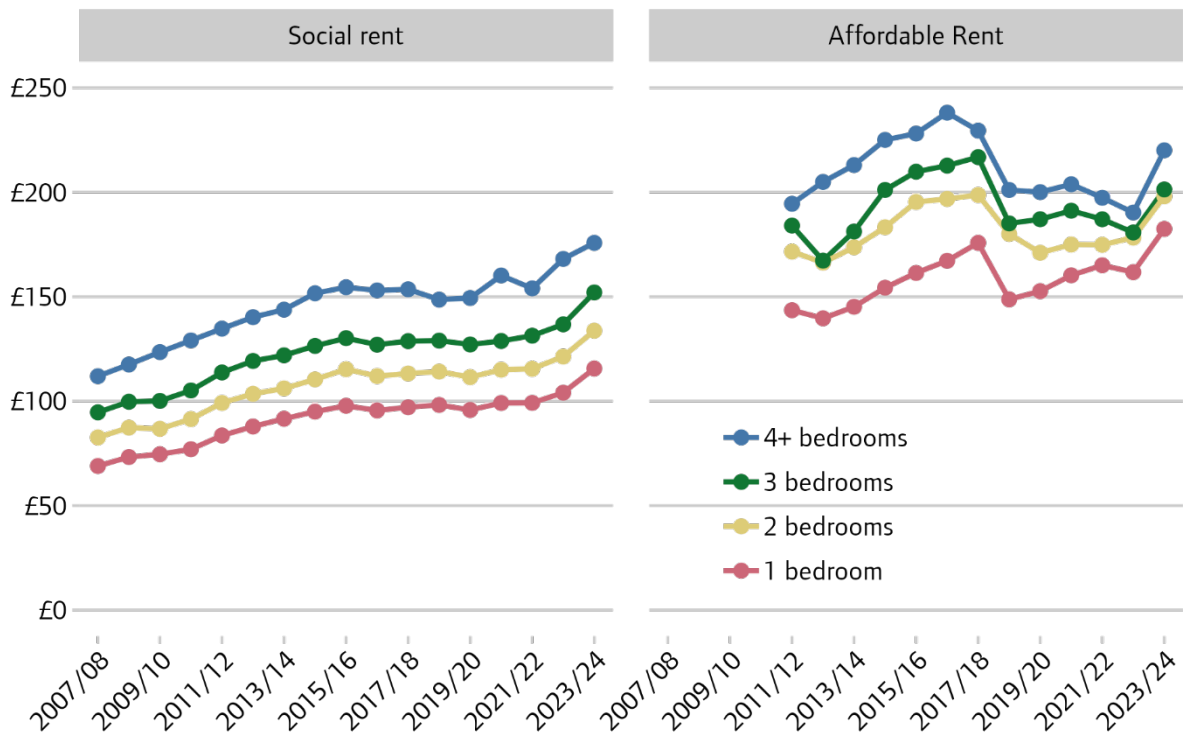


Figure 23.²²

73. **Affordable Rent homes, introduced by the coalition government, can be let at up to 80% of the equivalent market rent.** The average rent for a two-bedroom Affordable Rent home in London peaked at £199 a week in 2017/18, and fell to £178.23 in 2022/23. This fall is due to the introduction of the Mayor's London Affordable Rent tenure, which benchmarked rents to social rents instead of the market rent. In 2023/24 the equivalent saw a 11% rent increase to £198.01 reflecting a reduced supply of new LAR homes.

Homelessness

74. **As shown in Figure 24, the number of homeless households placed in temporary accommodation has increased sharply and has recently surpassed the peak seen in the 2000s.** The number of homeless households in temporary accommodation reached 70,440 in the third quarter of 2024. 69% of these households were placed in the private sector, where the number of households in "other" (not leased) private sector accommodation doubled in the last decade, from 17,060 in 2015 Q1 to 34,150 in 2025 Q1.

²² Ibid.

Homeless households placed in temporary accommodation by London boroughs by type of accommodation, 1988 to 2025 Q1

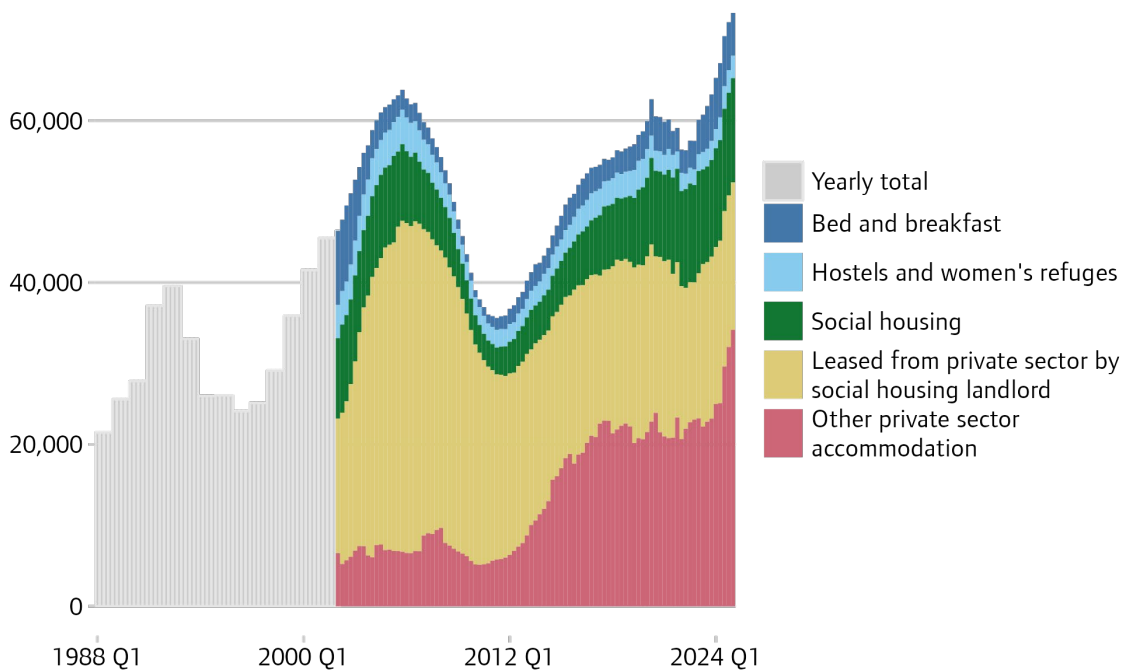


Figure 24.²³

75. **The most significant recent changes to the reasons for households becoming at risk of homelessness are related to changing patterns over the Covid-19 pandemic.** During the pandemic, the proportion of households at risk of homelessness due to a landlord wishing to sell or re-let their property fell to from 8% in Q4 2019 to between 4 and 5% over 2020 due to a government-mandated freeze on evictions. Following the pandemic, this rate increased again to 16%, in line with greater pressures on the private rented market. During the pandemic, homelessness risks instead became driven by issues with family and friends, rising from 27% of the total in Q4 2019 to 28-39% during 2020, and recovering again to 28% in the most recent figures. A more recent trend has been a rise in the proportion of households at risk of homelessness due to leaving asylum accommodation or institution, which rapidly rose from 4% in Q1 2022 to 12% in Q1 2025.

²³ Ibid.

Reasons given for loss of last settled home by households in London assessed as owed a homelessness prevention or relief duty, 2018 Q2 to 2025 Q1

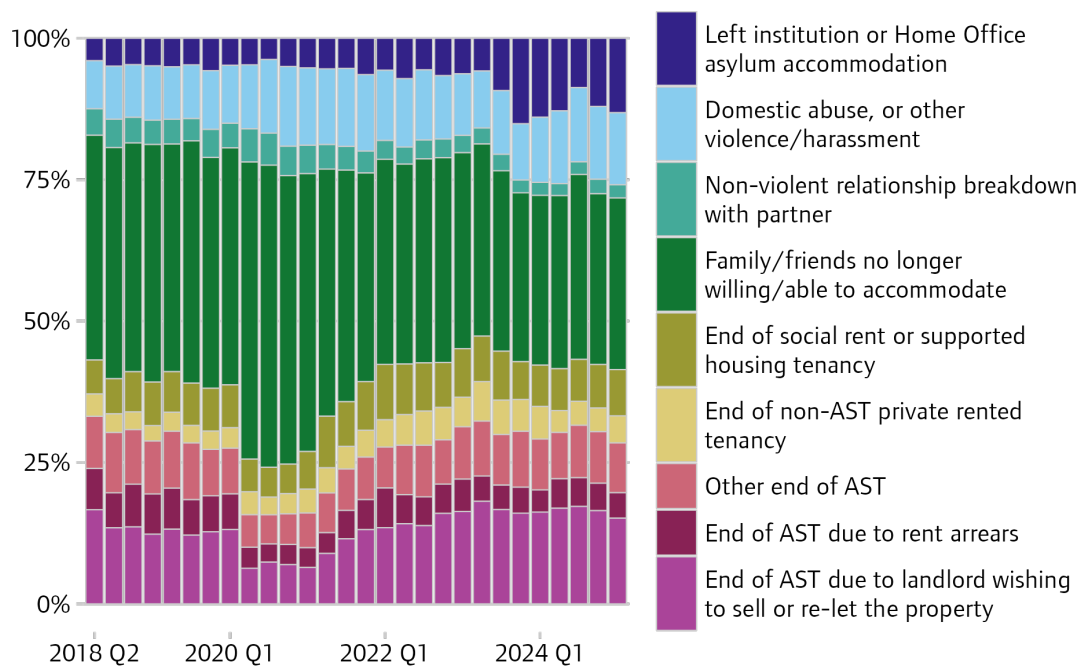


Figure 25.²⁴

Overcrowding

76. **Overcrowding is when a household is unable to meet minimum acceptable standards of space and privacy for its size and composition.** Overcrowding is measured using the “Bedroom Standard”.²⁵ The Bedroom Standard specifies the number of bedrooms on the basis of individuals or groups that are required to have their own bedroom (usually: adult couples, single adults, two children of the same sex etc.)²⁶ If a home has fewer bedrooms than the Bedroom Standard, it is considered overcrowded.
77. **Overcrowding rates in London broadly mirror trends in temporary accommodation, with the proportion of overcrowded households rising to 8% across all tenures in 2010, easing, and then peaking at 9% just before the pandemic.** Data for 2020/21 to 2023/24 is likely to underestimate the true figures due to disruptions in data collection caused by the pandemic. The latest figures from 2023/24

²⁴ Ibid.

²⁵ ONS (2023), [Occupancy rating for bedrooms variable: Census 2021](#)

²⁶ “The number of bedrooms the household requires is calculated according to the Bedroom Standard, where the following should have their own bedroom:

1. adult couple
2. any remaining adult (aged 21 years or over)
3. two males (aged 10 to 20 years)
4. one male (aged 10 to 20 years) and one male (aged 9 years or under), if there are an odd number of males aged 10-20
5. one male aged 10-20 if there are no males aged 0-9 to pair with him.
6. repeat steps 3-5 for females
7. two children (aged 9 years or under) regardless of sex
8. any remaining child (aged 9 years or under)” (ibid.)

still reflect the ongoing impact of the pandemic on data collection. In 2019/2020, there were 39,900 overcrowded owner-occupied households, 167,400 overcrowded private-rented households, and 156,500 overcrowded social sector households. At that time, 2.4% of owner-occupied households in London were overcrowded, compared to 16.8% in the social sector and 15.1% in the private rented sector. By contrast, England's overcrowding rates were lower, with 1.4% in owner-occupied homes, 8.7% in the social sector, and 6.7% in the private rented sector, meaning London's overcrowding rate was roughly double the national average.

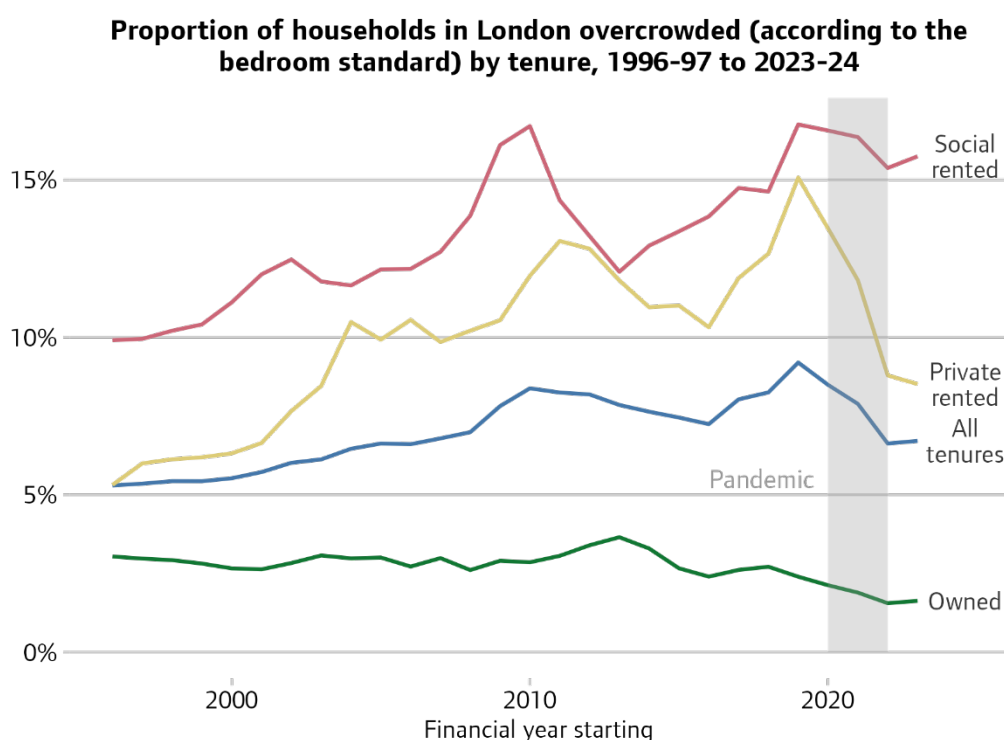


Figure 26.

78. **Overcrowding rates in London vary significantly by ethnicity.** A 2022 Housing Research Note published by the GLA examined the relationship between housing and race. It found that Black, Asian, and mixed/other minority ethnic households are much more likely to live in overcrowded homes than White households, across all tenures. Among these groups, Asian households experience the highest rates of overcrowding, followed by Black and mixed/other households. There are also notable differences within these broad ethnic categories – for example, the 2011 Census recorded that 15% of Indian households in London had too few bedrooms, compared to 25% of Pakistani and 36% of Bangladeshi households, and just 7% of White households.

Non-dependent children

79. **The English Housing Survey defines non-dependent children as people aged over 18, or those aged 16-18 who are not in full-time education, who live with their parents or grandparents.** This includes people who would have otherwise formed their own household but are unable to do so. The 2010s saw by far the largest increase in number of households with non-dependent children, rising by 56% from 450,900 to a peak of 704,500 in 2019, reflecting trends of young adults staying at home longer. This is likely driven by factors including high housing costs and the rising cost of living. The

majority of households with non-dependent children are in owner occupier homes, however we are also seeing a substantial increase in the private rented sector given the expansion of the sector over the last decade.

Number of households with non-dependent children by tenure, 1993 to 2023

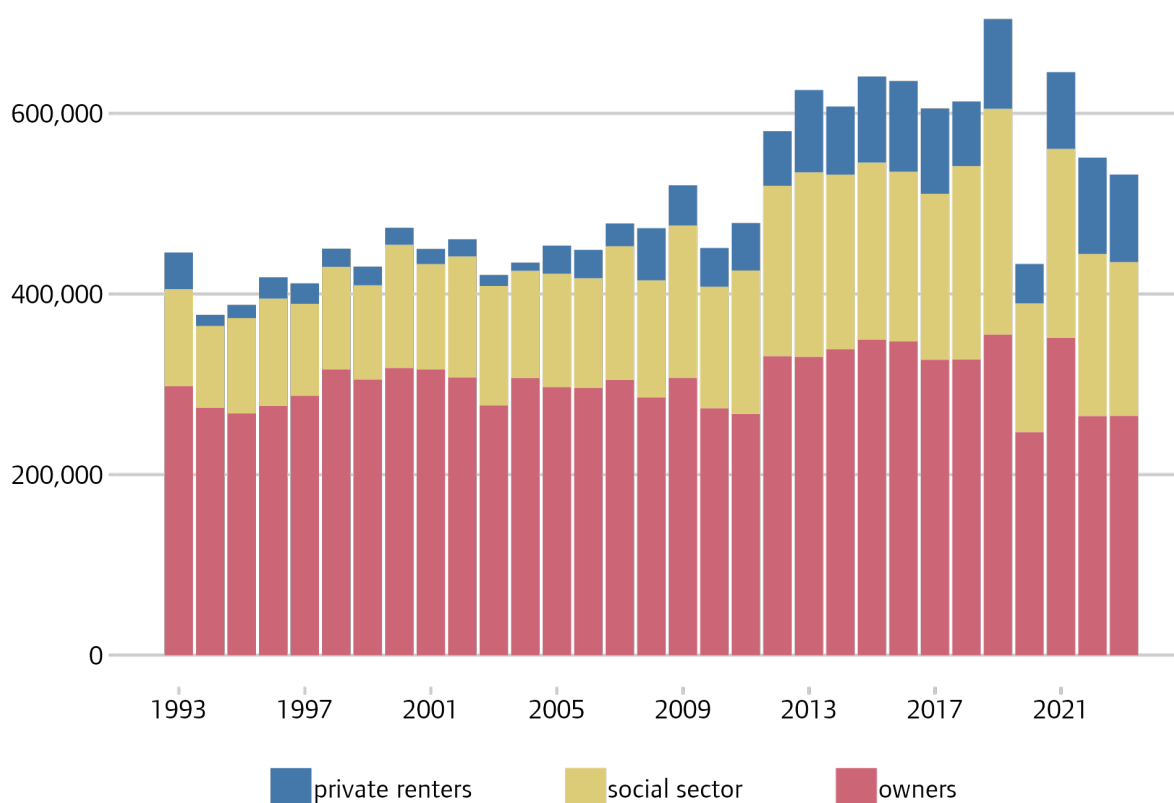


Figure 27.²⁷

Housing conditions

80. **The Decent Homes Standard is a measure of housing conditions which applies to the social rented sector.** It is used in the English Housing Survey to assess conditions across tenures. For a home to meet the Decent Homes Standard it must satisfy four criteria: it must not contain any serious “Category 1” health hazards²⁸, it must be in a reasonable state of repair, it must have reasonably modern facilities or services and it must provide a reasonable degree of thermal comfort, meaning effective insulation and efficient heating.
81. **Between 2006 and 2023, the proportion of homes in London estimated to be below the Standard across all tenures fell from 37% to 11%.** The lowest recorded share of non-decent homes was in 2021, with 9%. The uptick in 2022 and 2023 was driven by an increase of the share of non-decent homes in the social housing and owner-

²⁷ GLA analysis based on the English Housing Survey

²⁸ This is based on the housing health and safety rating system (HHSRS) which evaluates health and safety hazards from deficient dwellings. The HHSRS assesses hazards across 29 weighted categories, giving the overall rating to the property as either in category 1 (serious hazards) or category 2 (other.) See MHCLG (2006), [Housing health and safety rating system \(HHSRS\) operating guidance: housing inspections and assessment of hazards](#)

occupied sectors. However, data from 2020 and 2021 (and part of 2022) comes with more uncertainty; it was modelled by MHCLG as surveyors were unable to carry out internal inspections due to the Covid-19 pandemic.

82. **The impact of poor and non-decent homes is evaluated in a GLA Housing Research Note, The Cost of Poor Housing in London, published in 2023.** The research estimates that it would cost over £1.2 billion to repair London's poor housing across all tenures. It estimates that the per annum cost to the NHS of poor housing in London is £100.1m.²⁹

²⁹ [HRN 11 \(2023\) - The cost of poor housing in London | London Datastore](#)

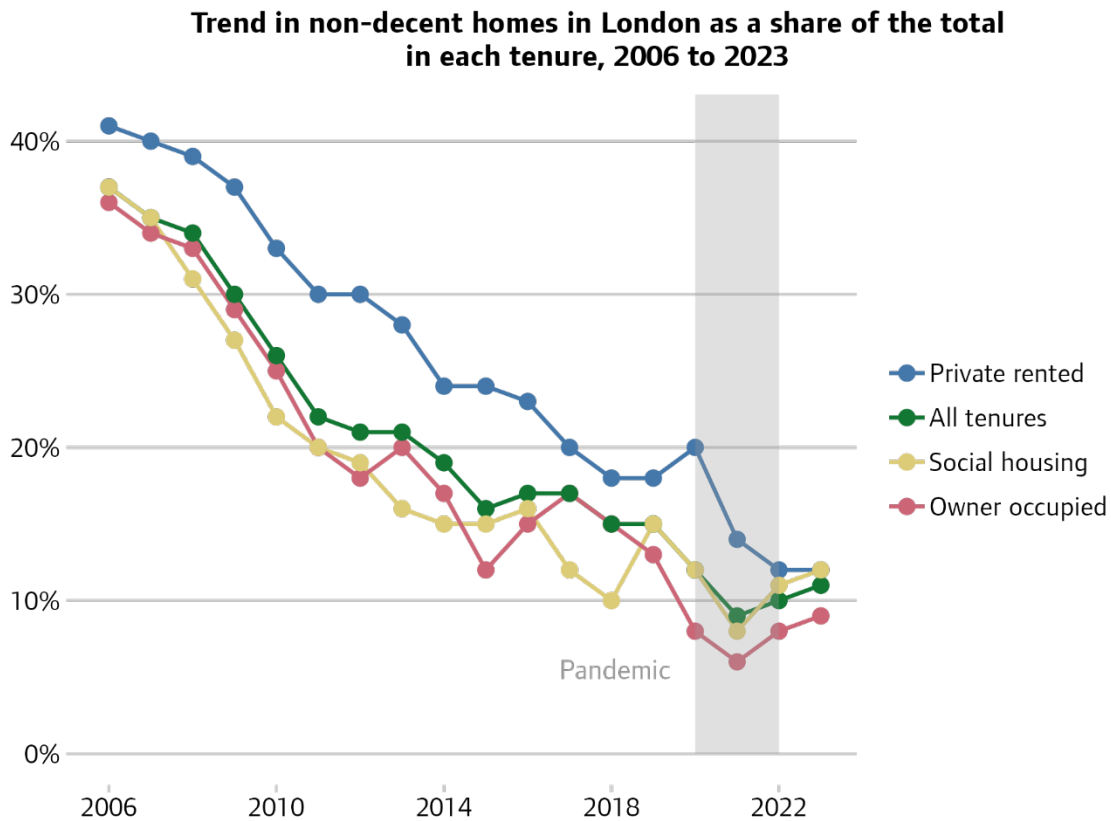


Figure 28.³⁰

Empty homes

83. **The number of empty homes in London is low today compared to its historical levels.** Data provided by MHCLG recorded a peak of 160,000 empty homes in 1993, 5.4% of total housing stock, falling to a low of 0.6-2% (depending on the measure used) in the mid-2010s, and slightly rising in recent years. According to MHCLG statistics, 1% of London's total housing stock was empty for more than six months in 2024. The longer-term trend may reflect economic conditions: when rents are high, owners are incentivised to let their properties out, as the opportunity cost of leaving them empty is higher.

³⁰ GLA analysis based on the English Housing Survey

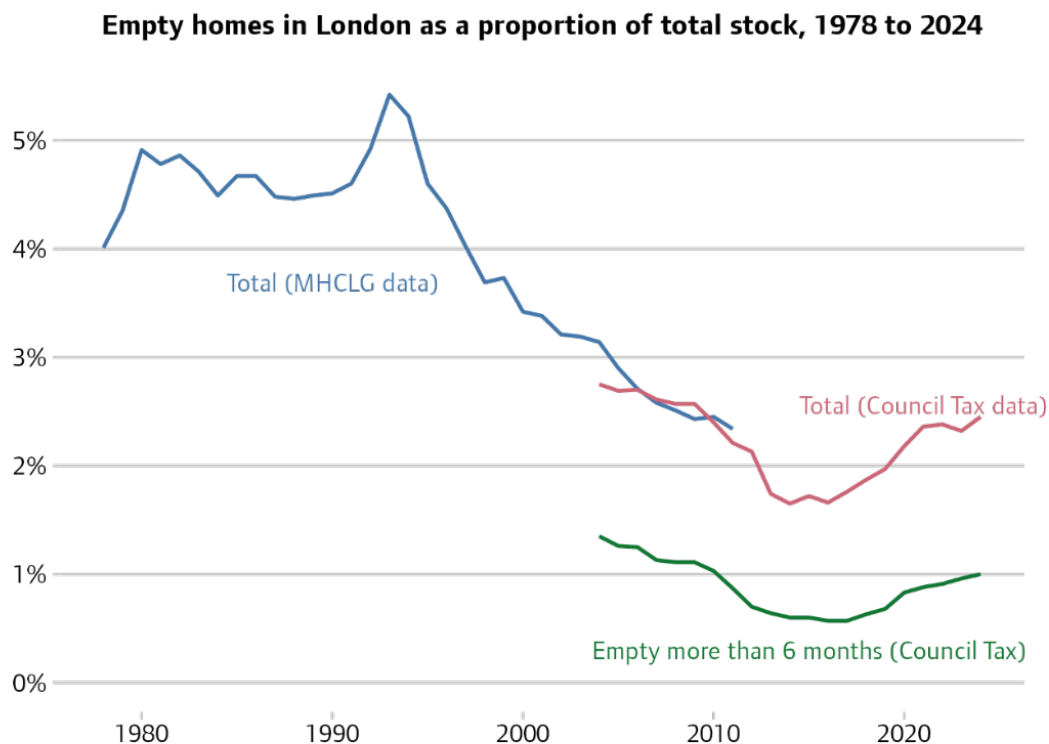


Figure 29.³¹

84. **Likely reasons for the recent increase in empty homes include delays in probate and social housing re-letting.** When someone dies, their property often cannot be sold or reoccupied until probate (legal permission to deal with the estate) is granted. The average wait time for probate reached up to 14 weeks in November 2023, according to HM Courts and Tribunals Service. There have also been increased delays in re-letting social housing properties; according to social lettings data published by MHCLG, the median number of vacant days for a general needs council home in London was 56 days in 2023/24, compared to 32 days in 2019/20.³²

Overseas buyers

85. **London has historically received a disproportionate share of overseas real estate investment.** Recent academic research finds London accounted for two thirds of overseas-owned UK real estate as of 2018³³, and in 2024 overseas buyers accounted for 15% of sales (1,686 units) on large developments in London. This is down from the recent numerical peak in 2022 of 3,071, and a proportional peak in 2023 of nearly 25%.
86. **Underneath the headline figures, the composition of overseas buyers is more complex.** Around a quarter of UK real estate holdings by “offshore” companies are estimated to be ultimately owned by UK residents via tax havens.³⁴ Analysis from Hamptons also noted the profile of international buyers in the UK is shifting from

³¹ GLA, Housing in London Annual Report

³² See: [Social housing lettings - GOV.UK](https://www.gov.uk/social-housing-lettings)

³³ Jeanne Bomare and Ségal Le Guern Herry (2024), ‘[Avoiding Transparency through Offshore Real Estate: Evidence from the United Kingdom](#)’

³⁴ Ibid.

investment-focus buyers largely located in Asia, to buyers in North America with a focus on owner-occupation. Recently there has been particular growth in the number of North American buyers, who Hamptons report currently represent 14% of international purchasers in London, up from only 1% ten years ago.³⁵

Housing floorspace and occupation

87. **According to research published by the GLA in 2021, the average housing floorspace per person in London was 32.6 m² in 2018, compared to 38.1 m² in England.** Average floorspace per person in London had risen from 31.4 m² in 1996, but the increase was unevenly distributed: average floorspace per person increased for owner occupiers and older households, while private renting households and younger households saw little or no increase. Over this period the average floorspace per person fell for households in the private rented sector and rose for owner occupiers, while remaining fairly steady for social housing tenants. Most of the increase in floorspace per person since 1996 is accrued to households headed by someone aged 65 or over, while younger households saw little or no change on average.³⁶ The data comes from the English Housing Survey, and figures from during the pandemic period are less reliable due to changes in how the survey recorded household members.
88. **Under-occupation is commonly defined as when a household has at least two more bedrooms than it is considered to need according to the bedroom standard.** These households are sometimes described as having two or more 'spare' bedrooms. Over the last three decades, the proportion of households under-occupying their homes in London has remained steady at around 25%, according to Figure 31³⁷. This varies significantly by tenure; the share of homeowner households who are under-occupying has risen from 33% in the mid-1990s to 46% in 2023. This trend is linked to the increasing average age of homeowners in London, as the typical under-occupying household consists of older people remaining in family homes after their children move out.

³⁵ Hamptons (2024), '[What housebuilders should watch out for in 2025](#)'

³⁶ GLA (2021), '[Housing Research Note 6: An analysis of housing floorspace per person](#)'

³⁷ MHCLG 'Survey of English Housing' and 'English Housing Survey' data, using three-year rolling averages.

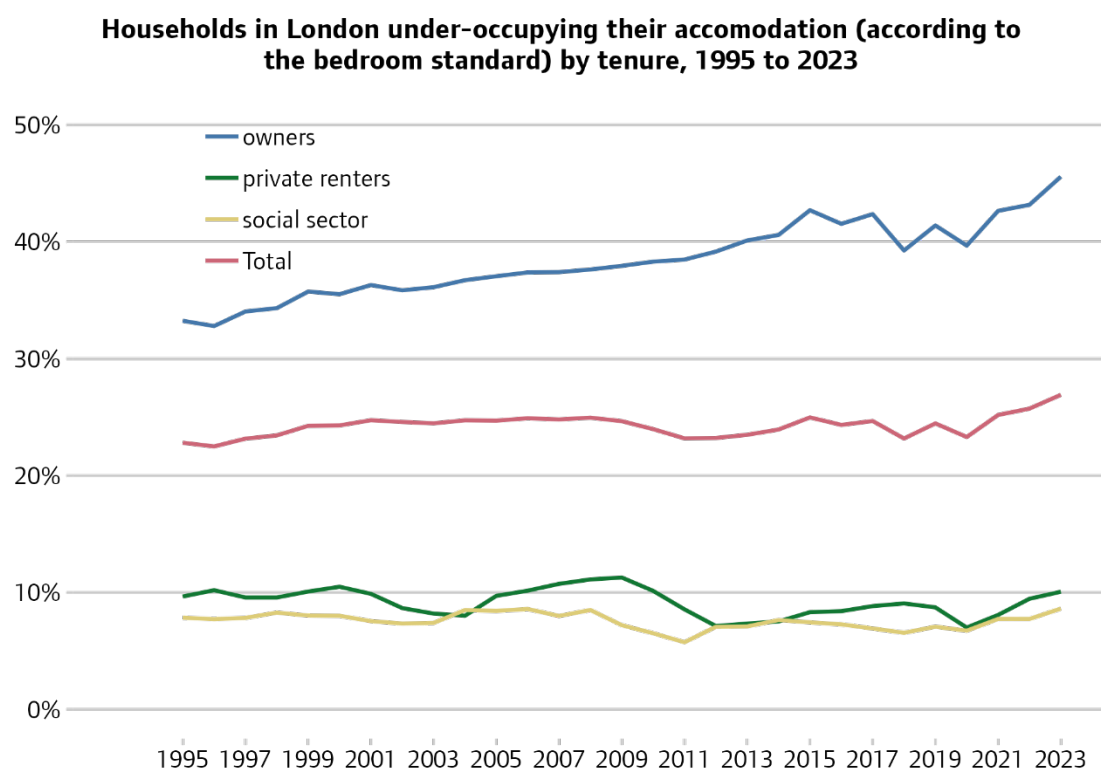


Figure 30.

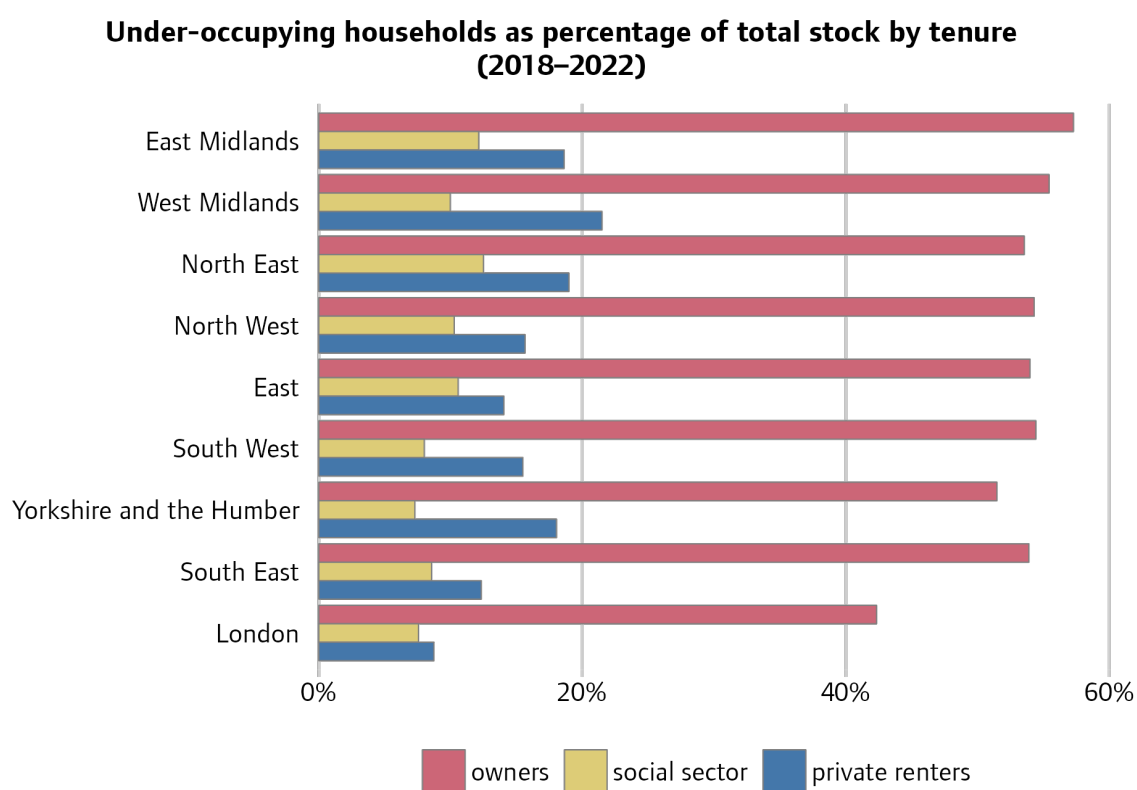


Figure 31.

Attitudes

89. **Owner occupiers generally reported the highest levels of satisfaction with both their accommodation and tenure, with the majority stating they were “very satisfied” in response to questions on the English Housing Survey.** Social sector tenants are generally the least satisfied with their accommodation (68%), while relatively satisfied with their tenure (72%). Private rents expressed the lowest satisfaction with tenure (67%) but reported a high level of satisfaction with accommodation (82%). Satisfaction with landlord services was highest among private renters (71%), followed by social sector tenants (59%), while only 52% of owner occupiers were satisfied with the services provided by their leaseholders.³⁸

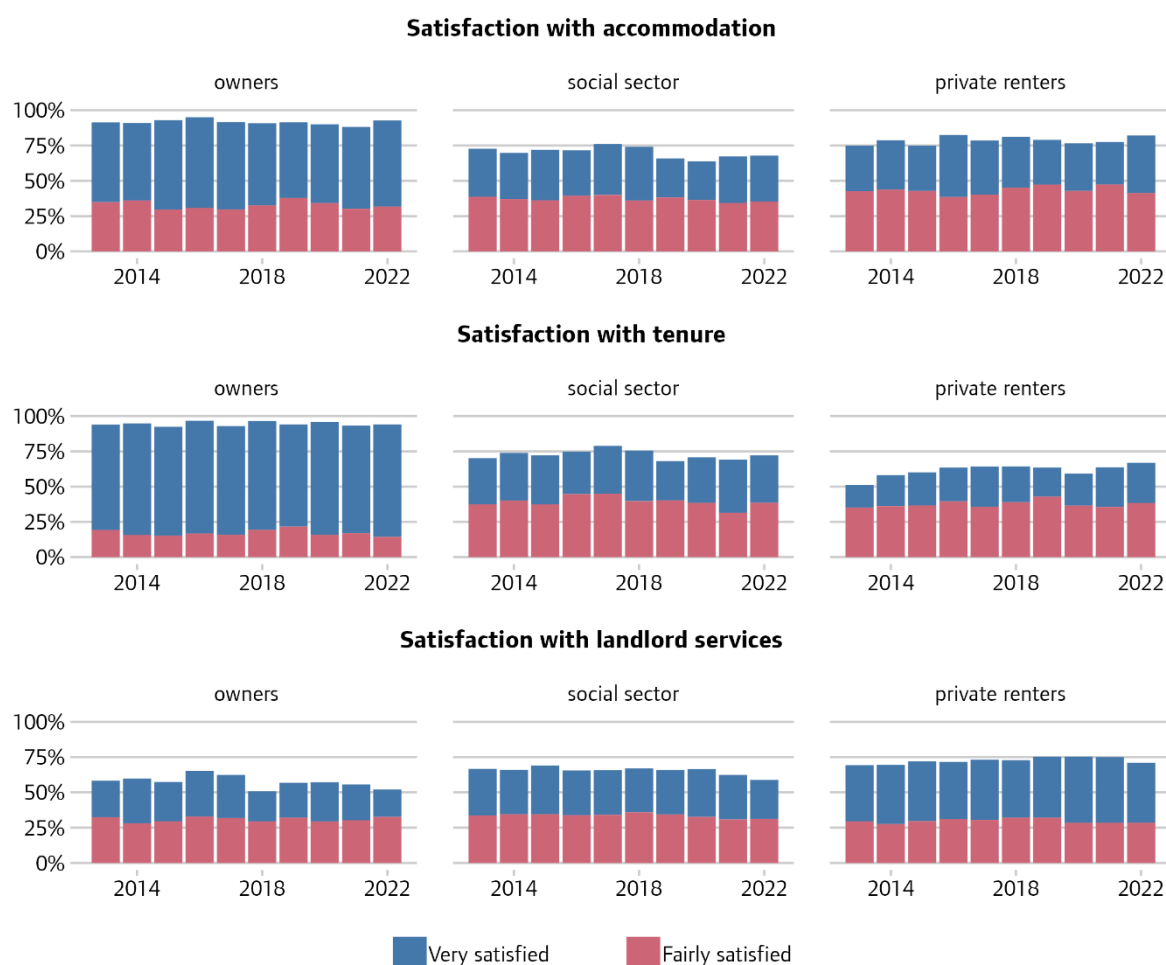


Figure 32.

³⁸ GLA analysis based on the English Housing Survey

5. Demographic trends

90. **This chapter sets out the key demographic trends and patterns influencing London's housing market and housing requirements.**

Current and past population

91. **Following a period of decline in the post-war era, London's population is now at a historical high, surpassing its earlier peak in 1939.** Estimates of London's population are available as far back as the UK's first census in 1801, when it was a city of a little over one million residents. The city grew rapidly over the next century, passing a recorded seven million in the 1911 census, on its way to a peak of 8.6 million at the start of the Second World War in 1939. Official estimates put London's population for mid-2024 at 9.09 million, surpassing nine million for the first time.³⁹

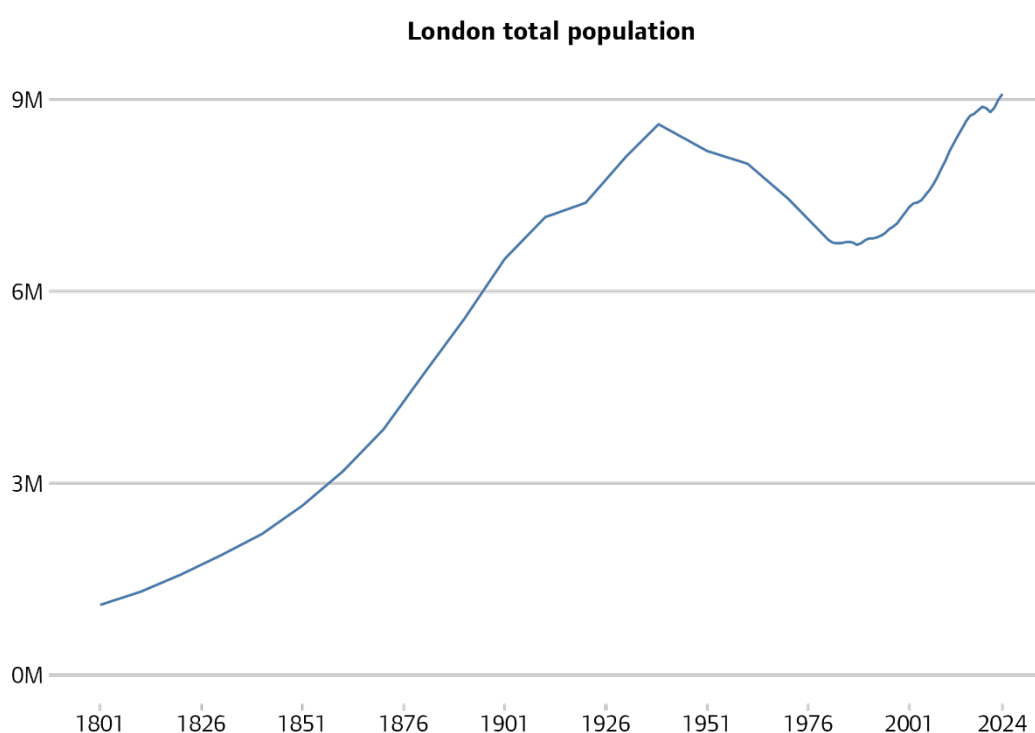


Figure 33.

92. **The second world war marked a turning point for London.** Deindustrialisation, slum clearances, and relocations from the city to surrounding towns resulted in an extended period of demographic contraction, with the population falling by almost two million by the end of the 1970s.
93. **The decades of decline ended in the 1980s as the economic boom brought jobs, investment, and workers back to the city.** London's growth continued and accelerated through the 1990s and 2000s, with young adults drawn to London by the economic opportunities on offer and its rising cultural appeal. Increased international migration – particularly from Eastern European countries that joined the EU in the enlargements of 2004 and 2007 – rising numbers of births, and falling mortality rates

³⁹ [Annual population survey \(APS\) QMI - Office for National Statistics](#)

together helped fuel rapid growth during the 2000s.

94. **The 2008 financial crisis only served to further boost population growth.** London's resilient economy drew in greater numbers of international migrants from Southern European countries with high rates of youth unemployment. At the same time, domestic outflows from London – which had previously offset net inflows from overseas – dropped sharply as the UK housing market stalled. By the end the decade, London was growing at a rate of around 120,000 residents per year.
95. **In the 25 years from 1991 to 2016, London's population grew by 1.9 million (28 percent), surpassing its pre-war peak.** This rate was far higher than that of the rest of England and Wales which grew by less than 13 percent over the same period. The next fastest growing regions were London's neighbours: the East of England (20 percent) and South East (19 percent). Together, the South East and London accounted for 57 percent of all growth in England and Wales.

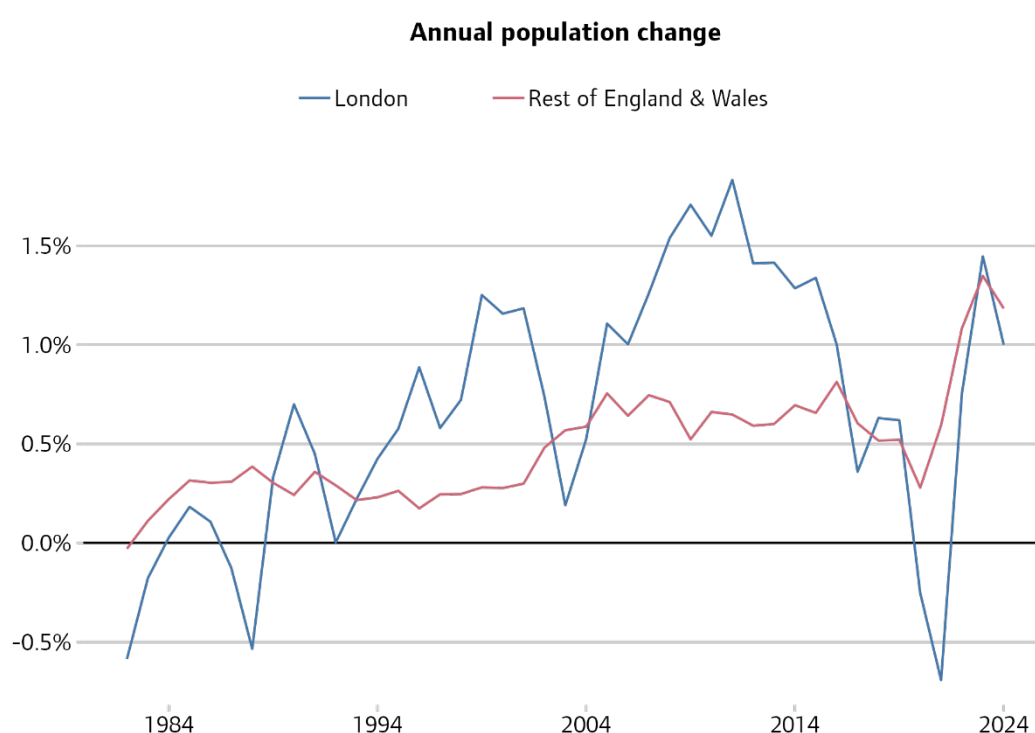


Figure 34.

96. **London's growth finally slowed in the second half of the 2010s due to a combination of factors.** These include falling annual births following their peak in 2012, rising domestic outflows from London, as the housing market recovered from the shock of the 2008 Financial Crisis and a fall in net international migration to London following the result of the referendum to leave the EU.
97. **In the three years from 2016 to 2019, London's population grew by less than 50,000 per year – a similar rate to the rest of England and Wales.** From March 2020, the COVID-19 pandemic triggered lockdowns and widespread disruption that affected every facet of life⁴⁰. COVID-19 caused over 20,000 deaths in London over the first two waves of the pandemic. Even beyond the direct loss of lives, the pandemic

⁴⁰ GLA City Intelligence (2022), '[Population change in London during the COVID-19 pandemic](#)'

dramatically affected London's population:

- Travel restrictions led to a sharp decrease in the arrival of new immigrants.
 - Many young adults working in hospitality and tourism left London for other parts of the UK or overseas in response to the temporary shuttering of those industries.
 - Higher education providers switched to delivering courses online, leading to thousands of students remaining at their non-term-time addresses.
 - Outflows of families from London to surrounding regions accelerated in response to increased remote working and the partial suspension of stamp duty on property sales.
 - Annual births – already declining – dropped further still, as plans to start families were postponed, assisted fertility services were disrupted, and opportunities for young adults to meet and form partnerships were reduced.
98. **London's population is estimated to have fallen during the pandemic years of 2020 and 2021 – the first annual decreases since the 1980s.** The exact size of this drop is difficult to quantify – in part due to the impact of the pandemic on the production of population statistics – but a reasonable working assumption might be that, at its nadir in spring 2021, the population was around 100,000 to 150,000 lower than it had been at the start of the pandemic.
99. **This drop proved to be temporary, with young workers and international students returning as restrictions were lifted.** International migration rebounded rapidly, with net inflows to the UK for the year ending September 2021 higher than any previous estimate at 467,000. Inflows continued to rise, establishing new records along the way, finally peaking in the year ending June 2023 with a net inflow of 906,000 – a level nearly three times higher than seen in previous decades. The ONS estimated the population in London to be 9,089,700 in mid-2024, the highest figure in the history of the city.

Population structure

100. **London's age structure has shifted significantly over time.** In 2024, the median age in the capital reached 36, up from 33 in 1991. The city now has a noticeably larger population in their 30s, 40s, and 50s. The number of residents aged 45 to 64 has grown by nearly 60% since 1991, with most of this increase occurring from 2010 onwards. Similarly, the 30 to 44 age group saw a 45% rise. Meanwhile, the population aged 65 and over has experienced accelerating growth since the financial crisis, now exceeding a 20% increase since the start of the 2010s.

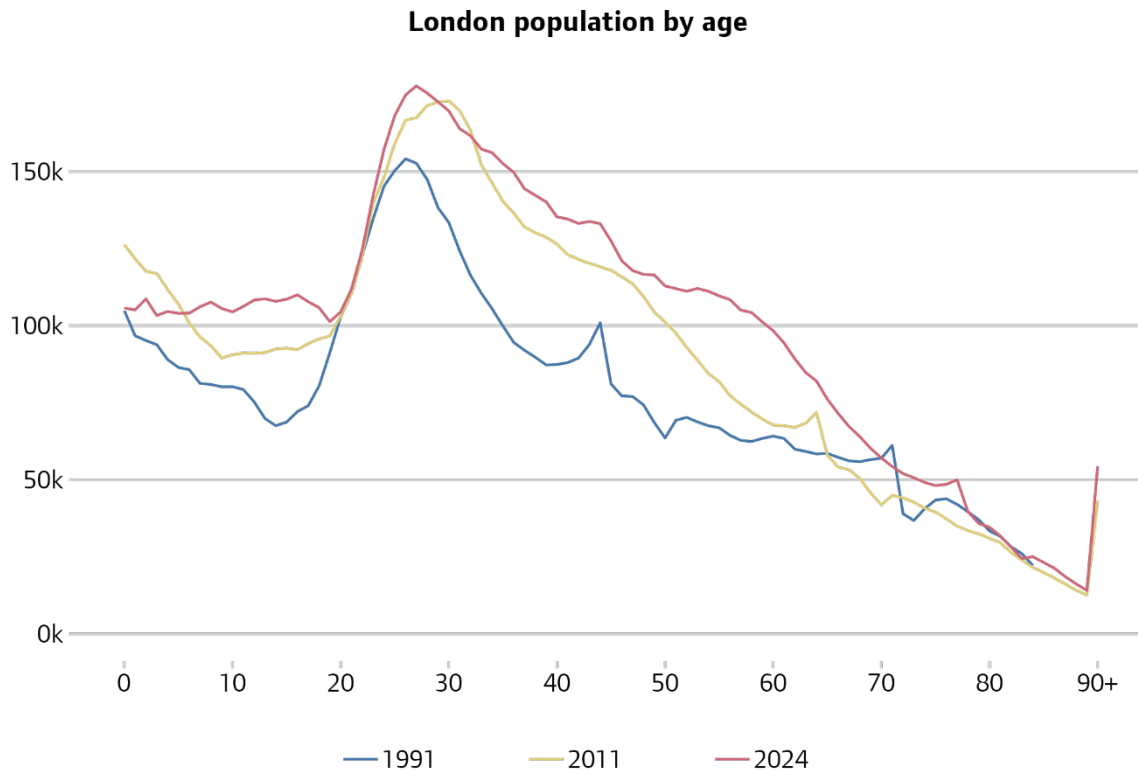


Figure 35.

101. **Despite changes in its population structure, London continues to have a notably younger demographic compared to the rest of England and Wales.** This is largely driven by a higher concentration of residents aged 20 to 45. In contrast, London has a significantly smaller proportion of people aged 50 and over than elsewhere in the country.

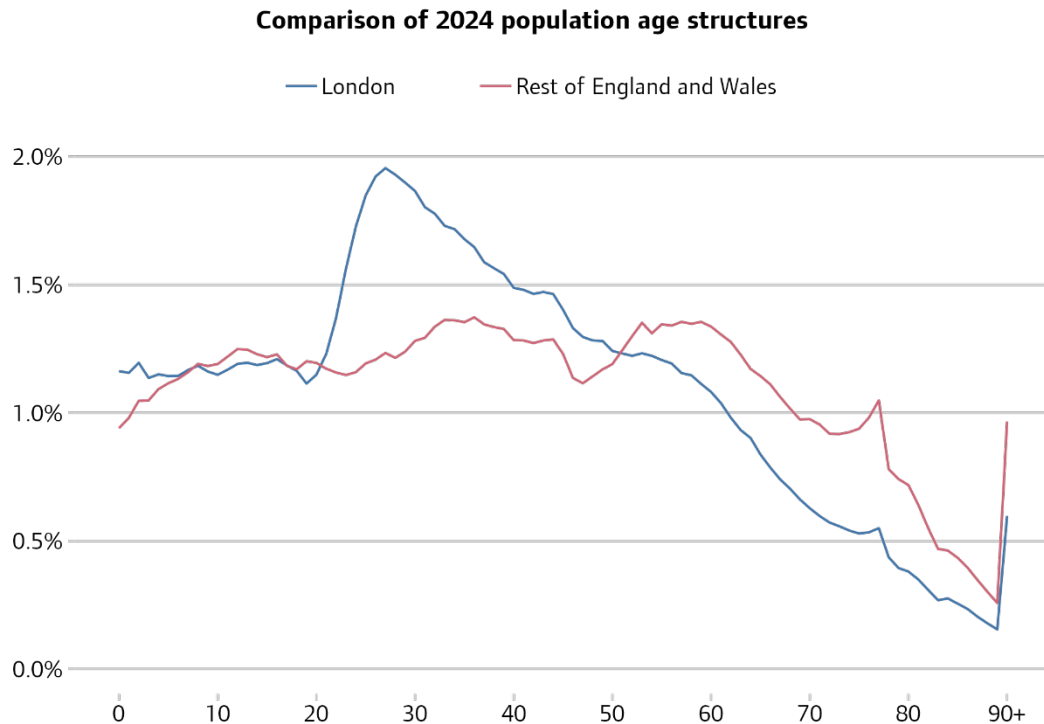


Figure 36.

Drivers of population change

102. **Population change occurs through three mechanisms, often referred to as components of change.** These are births, deaths, and migration. These are not independent of each other, instead interacting, and each component requires careful understanding. The difference between births and deaths is often labelled “natural change”.
103. **A simplistic view of London’s population would be that almost all its recent growth is the result of natural change, accounting for over 1.5 million of London’s 1.6 million increase in population since 2001, as compared to less than 100,000 as a result of migration.** In reality, the distinctive structure of London’s population and its rapid growth has been driven by complex migration dynamics.

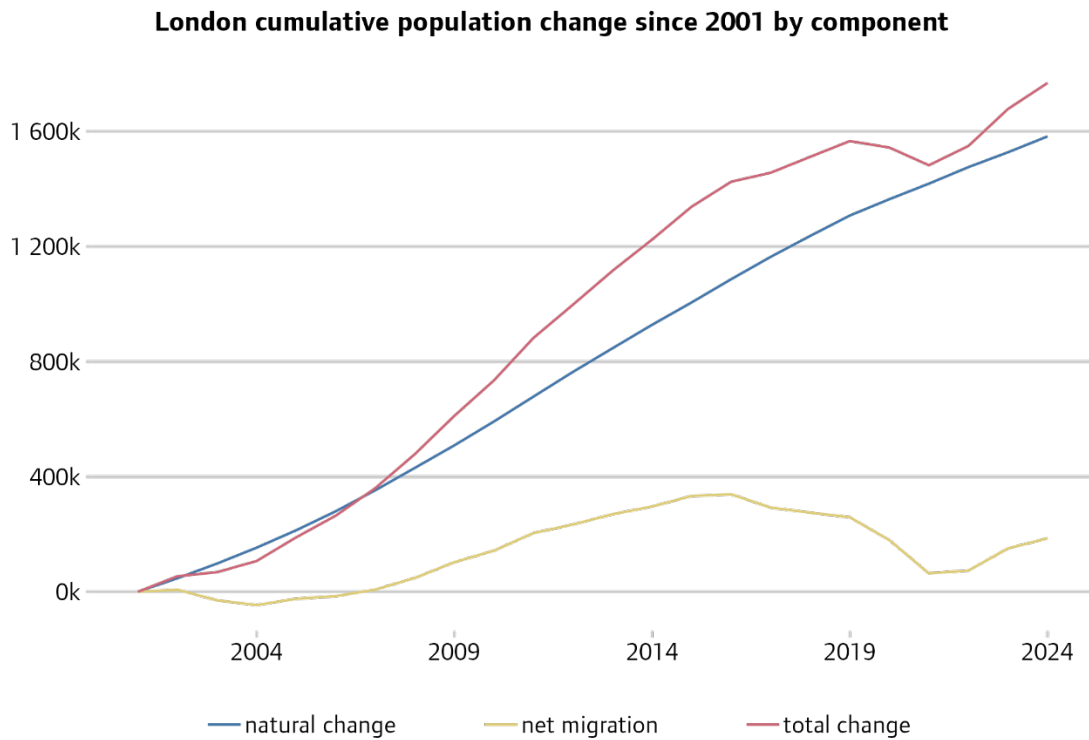


Figure 37.

Births

104. **There were around 105,000 births per year in London in the early 1990s, and they remained steady over the course of the decade.** After 2001, annual births began to increase rapidly, reaching a peak of 134,000 in the year to mid-2012, and have fallen back to 106,000 for the year to mid-2024.

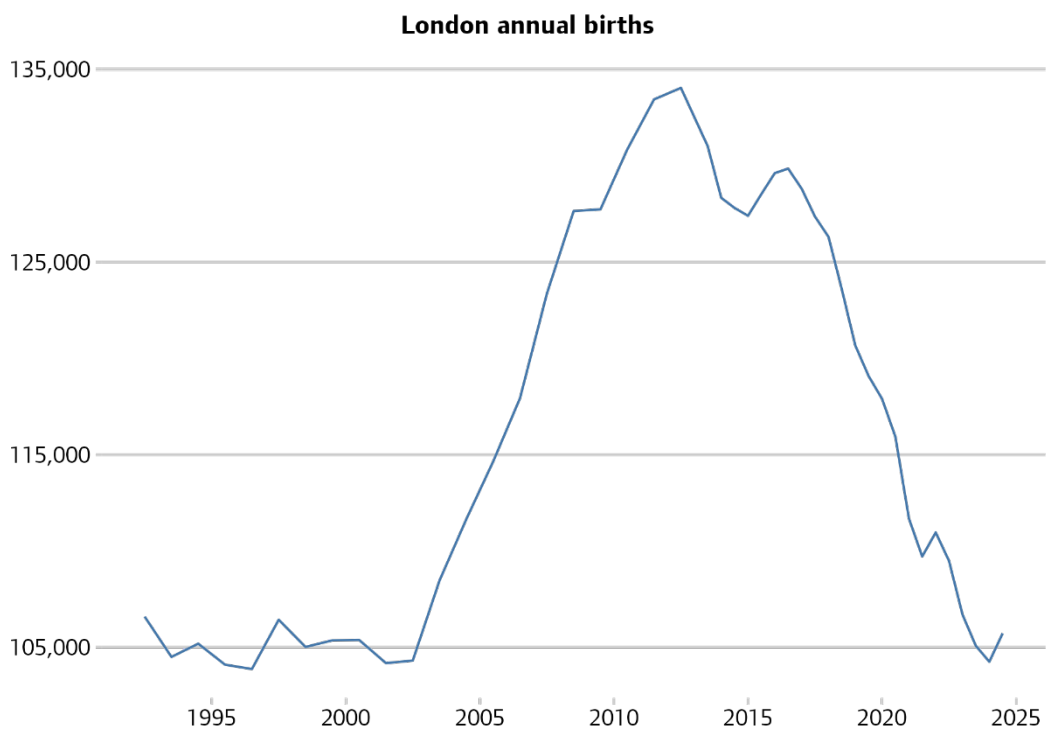


Figure 38.

105. **Much of the low fertility rate in the 1990s, as measured by the Total Fertility Rate (TFR) in the UK, is a result of women postponing having children until older ages.** However, the average number of children women have in their lifetime remained relatively stable in this period. In the 2000s came around, the cohort of women who delayed having children in their twenties began giving birth in their thirties. This trend had largely played out by the 2010s, and London returned to a period of sustained decline in birth rates.
106. **Fertility rates of younger women have fallen sharply again in the last decade, while fertility rates for women in their late 30s and early 40s have remained relatively stable.** As the age at which women have their first child continues to rise, as well as a decrease in births per thousand women, this shift has not been accompanied by a corresponding increase in fertility at older ages as seen in Figure 40 below. The Total Fertility Rate has continued to decline as a result, such that delayed childbirth is now less likely to be “made up for” later in life.

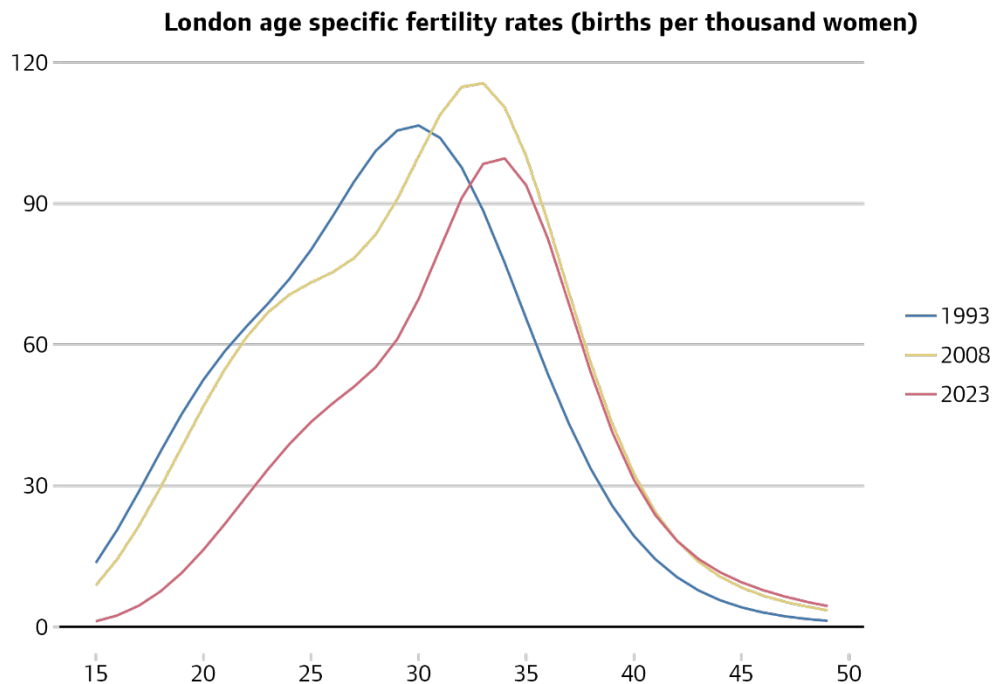


Figure 39.

Deaths

107. **The number of deaths in London has declined steadily since the 1960s, reflecting broader national trends of rising life expectancy.** By 2019, life expectancy had reached a peak of just over 84 years for women and just over 80 years for men. However, this has largely stalled in the last decade, with a marked dip between 2020 and 2022 due to the Covid-19 pandemic. The consensus among experts is for continued improvements in mortality for the foreseeable future, and this assumption is embodied in the projections produced by both ONS and the GLA, although at a slower pace than previously projected.
108. **While mortality rate is assumed to continue falling in the coming years, the**

absolute number of deaths in London each year has been gradually increasing since the 2010s. This is largely a result of an ageing population, as larger cohorts enter older age, rather than a reversal of long-term mortality trends. Nevertheless, current death counts remain below those observed in the 1990s. The increase in the population of older people is a result both of improvements to life expectancy and the ageing of the large cohort of “baby boomers” born after the Second World War.



Figure 40.

Migration

109. **Annual net migration to London is the typically quite small difference between two very large flows of people: in recent years, around 500,000 to 600,000 people came to London from elsewhere, and a similar number left.** After over a decade of net-inflow migration, London has recorded a net out-migration since 2016. Outflow peaked in 2021 at just over 100,000, reflecting pandemic-related factors such as temporary job losses, remote working and a slowdown in overseas arrivals. However recent data tentatively show that the net balance is positive.
110. **However, beneath stable net figures the volume of migration turnover continues to grow.** Total inflows and outflows have both risen from roughly 500,000 moves in 2014 to 565,000 in outflow and 600,000 in inflow in 2024.

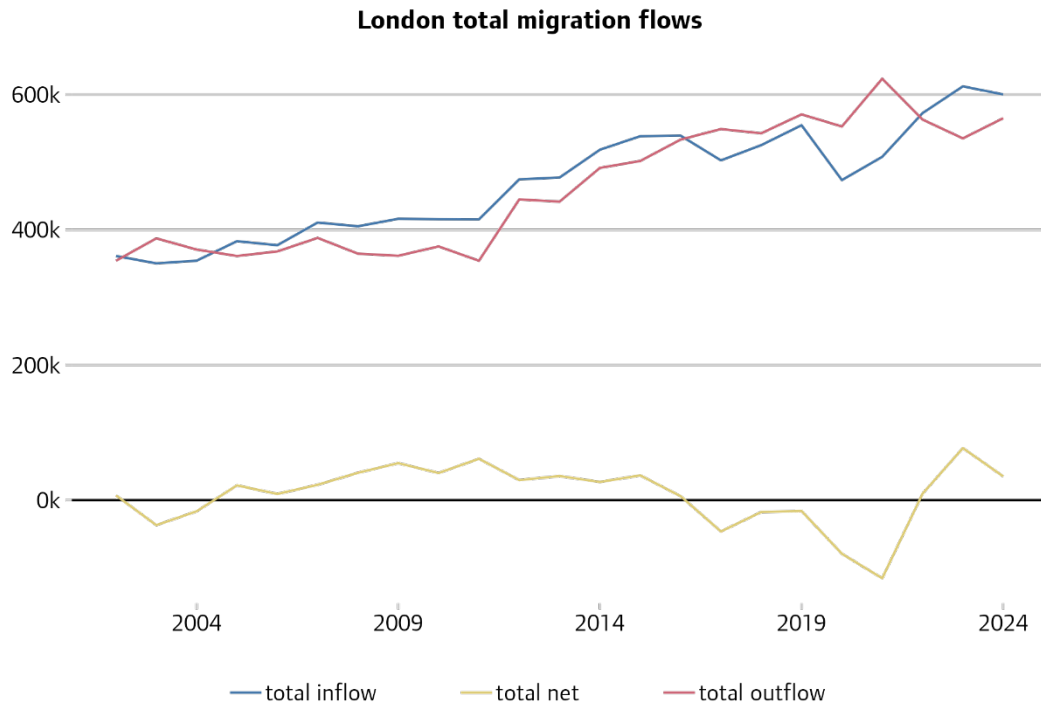


Figure 41.

111. **Net migration to London from abroad is typically more than offset by net migration to the rest of the UK.** This gap has widened significantly over the decades mainly caused by a sustained increase of people migration to the rest of the UK in the 2010s, while international migration into London has remained relatively stable until the pandemic.

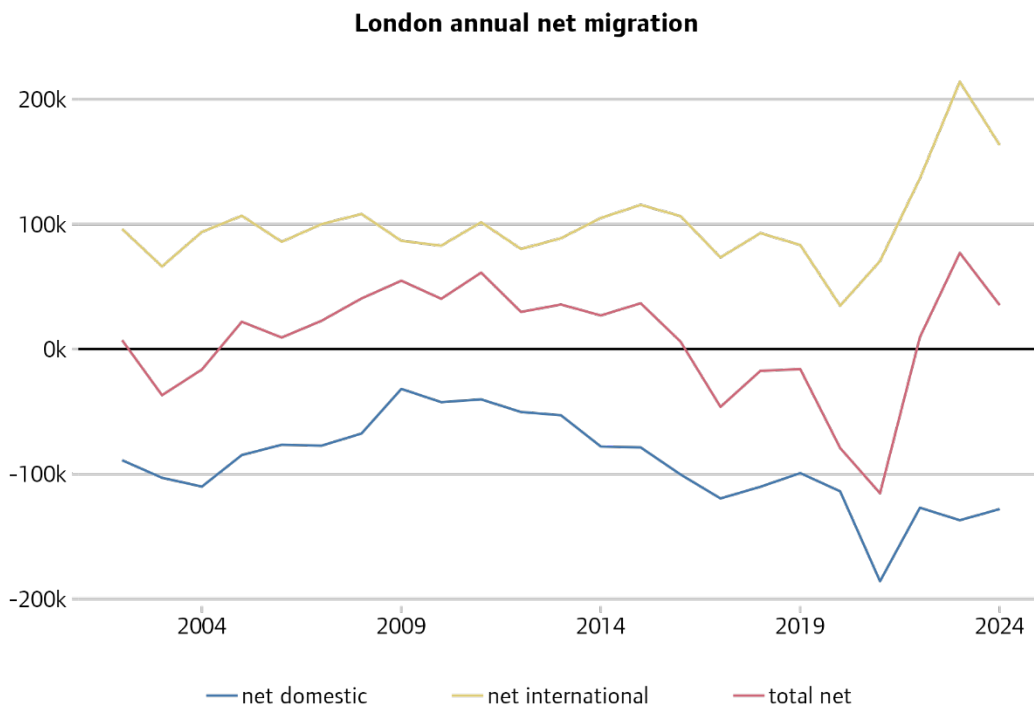


Figure 42.

Domestic migration

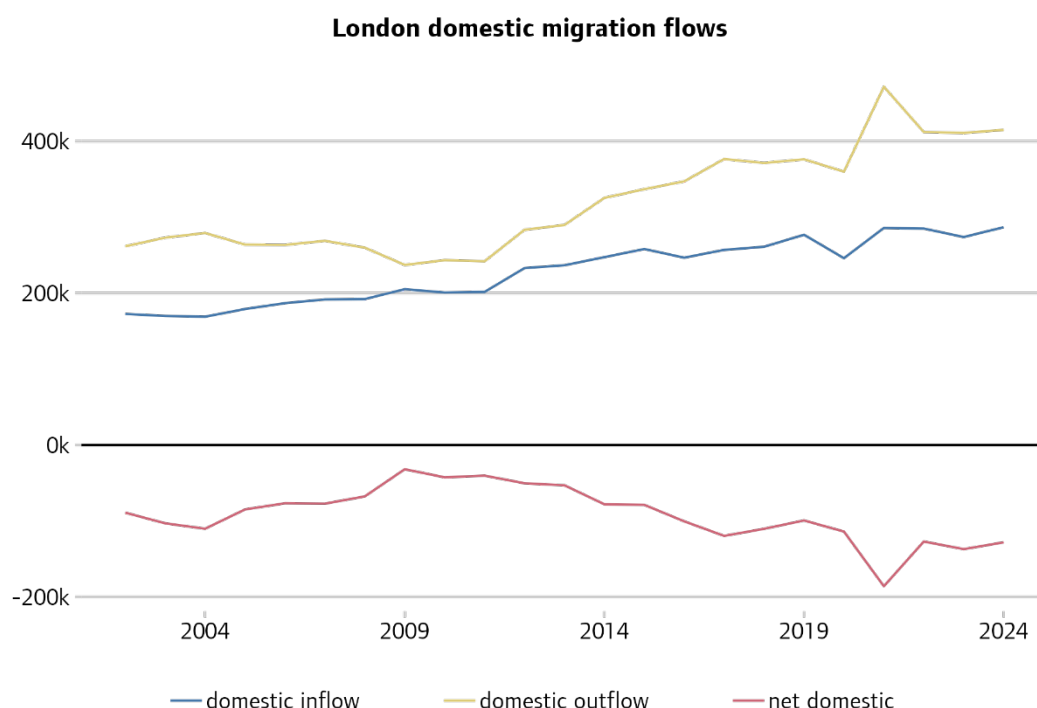


Figure 43.

112. **The 2008 financial crisis triggered a drop in net outflows of middle-aged adults and children from London.** These flows steadily recovered in the following years, until the 2020 pandemic triggered a large increase in outflow. There are a number of narratives that might fit with this data, including: increased desire for outdoor space following lockdowns, people taking advantage of the partial suspension of stamp duty, and more people relocating further away from their workplace in response to increased remote working. Over the last decade there has been a decrease in net domestic out-migration by children, an increased net outflow at college-starting age, an increased net inflow among those in their 20s and an increased net outflow among older working-age adults.

International migration

113. **International inflows and outflows have both increased since the turn of the century, resulting in net inflow maintaining at relatively stable levels throughout most of the 2000s and 2010s at around 100,000.** Following a significant decrease in international in-migration during the pandemic, net inflows rebounded in 2022 and reached a record high in the year to mid-2023, before falling back to 163,000 in 2024.

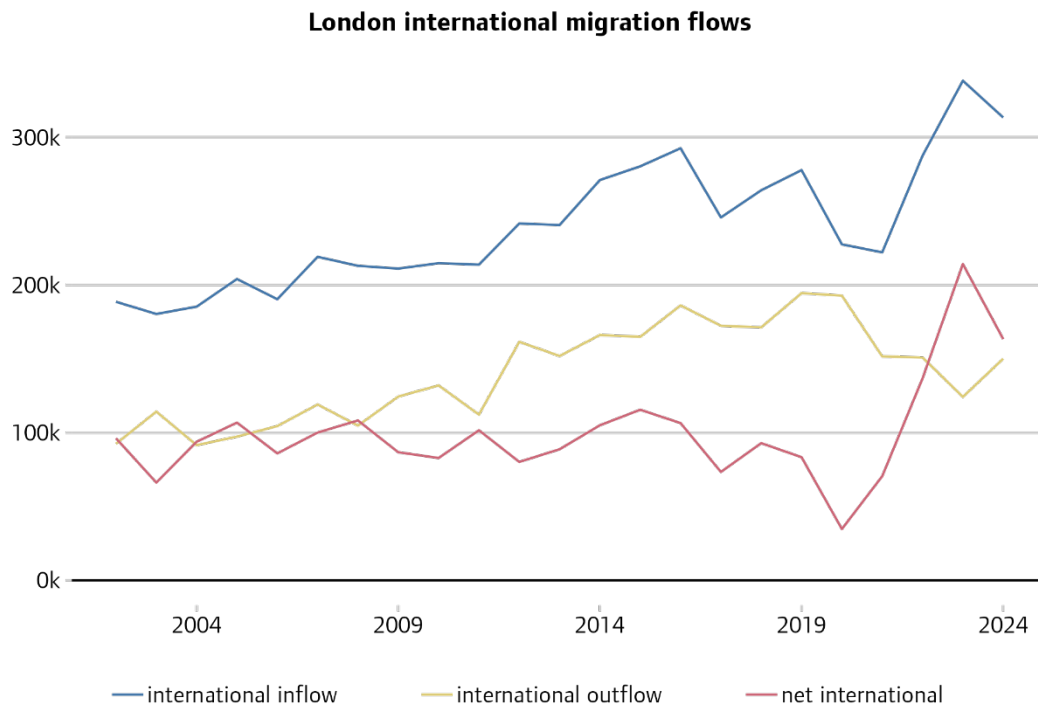


Figure 44.

114. **The reasons for migration to the UK has also shifted over time, marked by increases in study-related visas and humanitarian visas. However, changes in immigration policy reforms are expected to influence future volume of work-related and study-related immigration.** For a comprehensive analysis of long-term international migration trends, reference should be made to the 2024 long-term international migration estimates published by the ONS, which provide further insight into the drivers and patterns of migration.

Domestic and international migration dynamics

115. **Though the magnitudes of flows in to and out of London are similar, differences in their composition give them an influence on London's population structure that is greater than the direct impact on total population.** The long-standing pattern is one of net inflows among young adults, particularly those in their 20s, and net outflows among children and older adults, reflecting common life-course transitions such as moving to London for education or early career opportunities and leaving to raise families elsewhere. But for working-age adults there are significant numbers of people moving to and from London each year throughout the age spectrum.
116. **This pattern became more pronounced in recent years.** Net inflows among 20- to 29-year-olds reached notably higher levels than in previous years – possibly a delayed effect of the pandemic, when mobility was restricted. At the same time, there was an increase in the number of people aged 40 to 60 leaving the capital. These shifts have sharpened the age gradient in London's migration profile, reinforcing its relatively young demographic character.

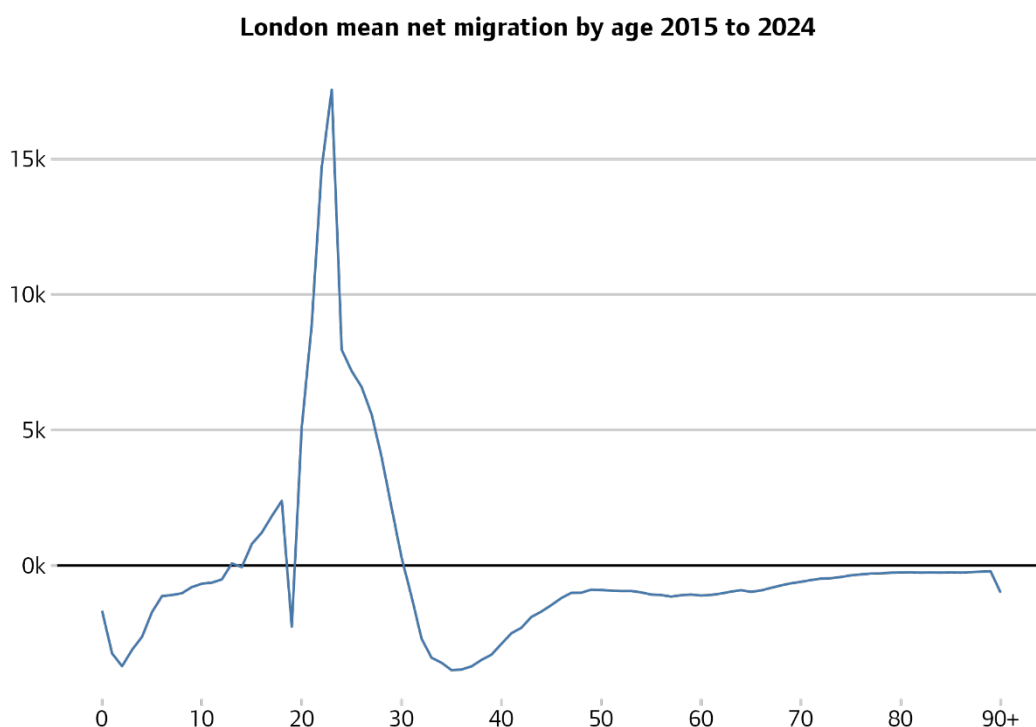


Figure 45.

Demographic projections

117. **The GLA 2024-based population projections take the ONS mid-2024 population estimates as their starting point and project forward using a range of assumptions about based on different future fertility, life expectancy, and migration trend.** Projection variants are based on five, ten, and fifteen years of past migration data, with those based on the 15 years of past data giving the highest overall growth for London, and those based on five years giving the lowest. The central projection is based on 10 years of past migration trends.
118. **Figure 47 shows the projected growth of London's population for the three core scenarios of the GLA 2024-based projections.** These projections give a range for of London's 2046 population of a 9.9 to 10.3 million, equivalent of annualised growth of 35 to 53 thousand per year, with the central projection estimating a population of 9,949,000 by 2046.

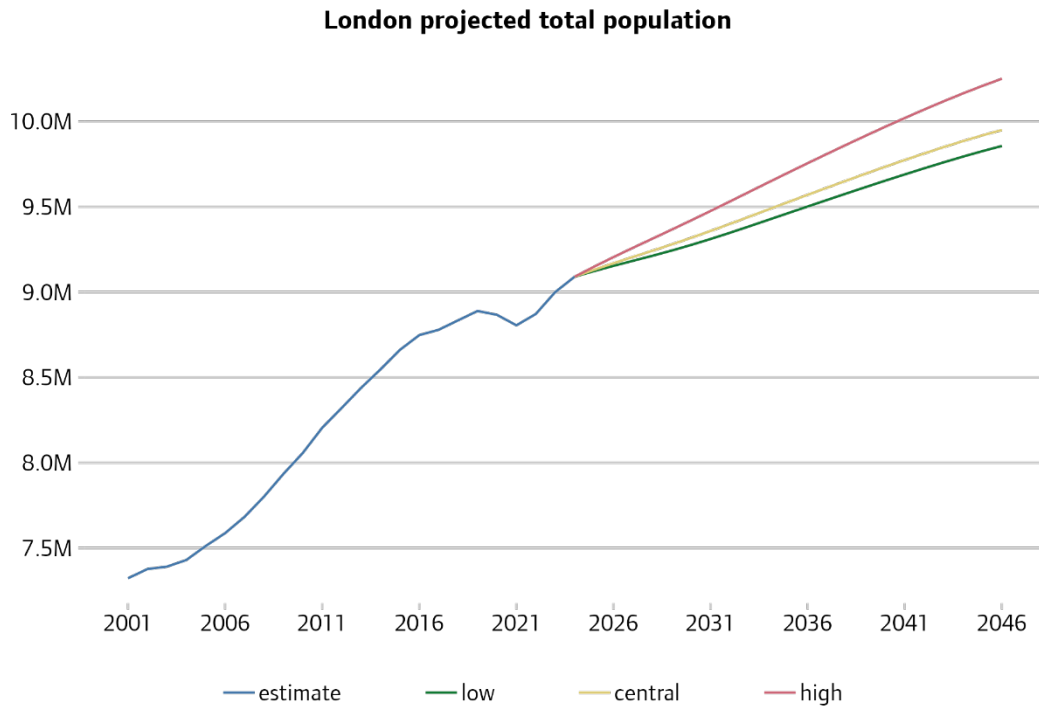


Figure 46.

119. **Figure 48 compares London’s population by age according to figures in 2024 and projections in 2046.** The majority of the projected growth is among those aged 25 to 40 and aged 60 and above, indicating a substantial rise in working age population, but also an aging population overall. The number of people aged 80 or more is projected to more than double according to all three projections.

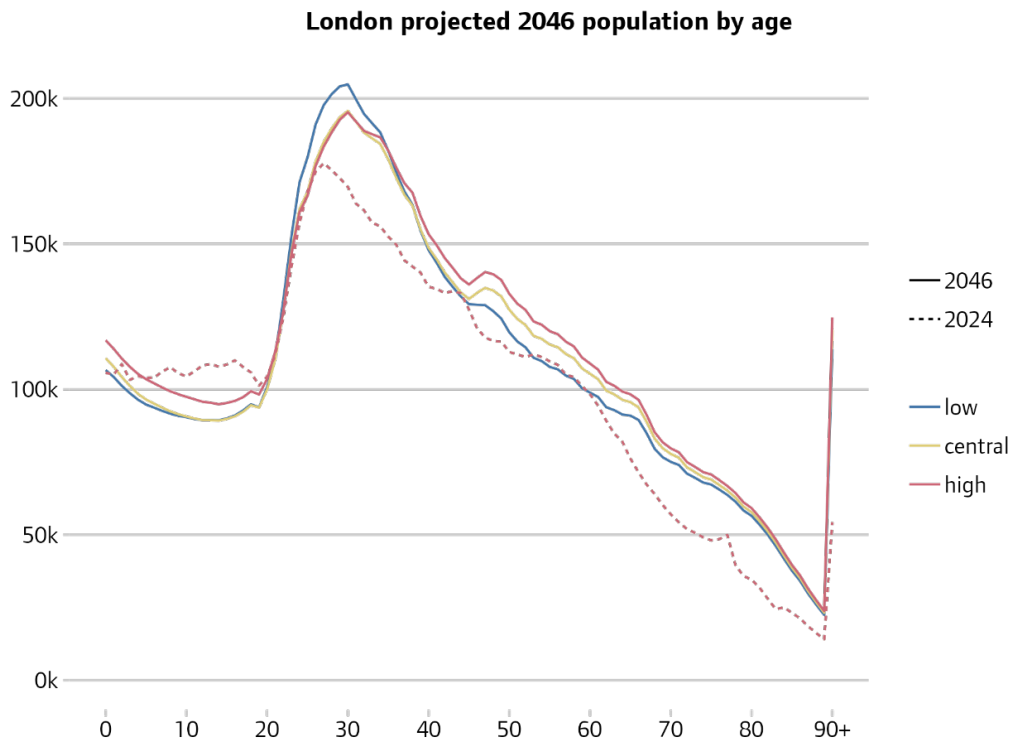


Figure 47.

6. Household formation trends

Introduction

120. **This section collates insights from a range of sources into household formation, dissolution, and movement in London in recent years, particularly during and after the Covid-19 pandemic.** Changes in household formation are by their nature very difficult to directly observe, as the “gold standard” data source, the Census, is only available once every ten years (and itself is subject to error and uncertainty).
121. **Between Censuses, the numbers and types of households are estimated from household surveys, which are subject to higher degrees of uncertainty due to non-response and the need to weight to population trends that are also subject to error.** The trends set out in this section are therefore down to some combination of:
- Changes in the size and composition of the population
 - Changes in rates of household formation for different population groups
 - Changes in the extent to which the Census and household surveys can capture real trends, especially under pandemic conditions
 - Statistical noise due to sampling and non-response.

It may not be possible to fully tease out these factors, which means interpreting the observed trends requires some level of judgement and the conclusions drawn are inevitably somewhat tentative.

Definitions

122. **The Family Resources Survey (FRS), the English Housing Survey (EHS) and the Labour Force Survey (LFS) give slightly different definitions of the concepts of “household” and “family unit.”**
123. **The LFS definition of households appears to be slightly more elastic than that used in the EHS or FRS, resulting in larger average household sizes.** Both the FRS and the EHS define household as either a) one person living alone, or b) a group of people, not necessarily related, living at the same address, who share cooking facilities and a living room or dining area⁴¹. The LFS defines a household as a single person, or a group of people living at the same address who have the address as their only or main home⁴². They also share one main meal a day or share the living accommodation or both.
124. **The FRS finds more family units than the LFS because it counts all non-dependent children as separate units.** The FRS defines a “family unit” or “benefit unit” as a single adult, or a married or co-habiting couple, and any dependent children. The LFS defines a family unit as either a single person, or a married/cohabiting couple, or a married/cohabiting couple and their never-married children who have no children of their own living with them, or a lone parent with such children. Family units by this definition can include nondependent “children” (who may be adults by their age) provided they have never married and have no children of their own living with them.

Findings from surveys

⁴¹ UK Data Service (2024), ‘[Family Resource Survey, 2022-2023: Background Information and Methodology](#)’

⁴² UK Data Service (2008), ‘[Labour Force Survey User Guide Vol.8 - Household and Family Data 2008](#)’

125. **The LFS and the FRS estimate an average household size of 2.52-2.70 before the pandemic and around 2.50 afterwards.** The LFS household dataset shows a fall in the London average household size from between 2.65 and 2.70 in the run-up to the pandemic to around 2.55 during and around 2.50 after it. Volatility was higher during the pandemic due to falling sample sizes and the challenges of weighting to an uncertain population. Average household size as measured in the FRS is lower than in the LFS in the run-up to the pandemic at 2.52 in 2018/19 and 2019/20, and appears to change relatively slightly between then and 2022/23. Across England as a whole, the LFS household dataset shows a small fall from around 2.40 in the run-up to the pandemic to 2.39 and then 2.38 during and after the pandemic.
126. **By contrast, the EHS shows a sharp fall in average household size across London and England as a whole.** In London the fall is from 2.64 in 2019/20 to 2.21 in 2020/21, recovering to 2.40 in 2021/22, and falling to 2.28 in 2022/23. The fall in average household size between 2019/20 and 2020/21, combined with relatively stable estimates of the number of households, implied a fall in London's household population of around 1.5m, far higher than suggested by any other data source. In England the fall was slightly less sharp, from 2.38 in 2019/20 to 2.17 in 2020/21, recovering to 2.26 in 2021/22 before dipping again to 2.23 in 2022/23. While the number of households recorded in the survey increased between 2019/20 and 2020/21, the fall in average household size still implied a fall in the household population of around 4.5 million people.
127. **These sharp falls in average household size in the EHS do not reflect real trends but are a result of the survey's methodology.** By design the survey does not count people who it does not consider to be permanent members of the household, a category that increased sharply during the pandemic. The 2020-21 EHS headline report stated:
- "The COVID-19 pandemic and associated restrictions resulted in a different pattern of movement between households as people "bubbled up" with friends and family. As a consequence, there was a reduction in house sharing amongst unrelated adults and there was likely an increase in multi-generational households as adult children moved in with their parents or parents moved in with their children. However, many of these "additional adults" in the household were not captured in the English Housing Survey because they were not considered by respondents to be permanent members of the household."⁴³
128. **Further evidence on household "bubbling" during the pandemic is provided by the Household Resilience Survey (HRS), which ran in three waves between June/July 2020 and April/May 2021.**⁴⁴ In the second wave of the study, carried out in November/December 2020, 8.6% of households in England reported that there had been a decrease in their household size since just before the pandemic, while 10.6% reported there had been an increase. No London-specific figures were available. There was far less change between this point and the last wave of the study in April/May 2021, with 3.8% of households reporting a decrease and 3.7% an increase.
129. **The trend of increased household sizes by winter 2020 is consistent with a sharp reported increase in overcrowding across England as a whole and particularly in London.** 10% of households in London were overcrowded before the pandemic according to the 2019/20 EHS, but according to the HRS this figure increased to 14.5%

⁴³ Department of Levelling up, Housing and Communities [now MHCLG] (2021), '[English Housing Survey 2020-21: Headline report](#)'

⁴⁴ [Citation needed]

in November/December 2020, before falling back to 12.3% in April/May 2021. Such a sharp increase in overcrowding at a time when the population was, if anything, slightly falling is consistent with some households “bubbling” during the pandemic period.

130. **According to the FRS there were 1.34 family units in each household in London in 2022/23, compared to 1.23 in the rest of England.** The FRS defines a *family unit* (also known as a *benefit unit*) as a single adult, or a married or co-habiting couple, and any dependent children. A household can contain multiple family units, especially where household formation is constrained.
131. **The FRS found that the number of family units in London increased from 4.7 million in 2015/16 to 5.0 million in 2019/20, before falling during the pandemic to 4.9 million in 2020/21 and 4.8 million in 2022/23.** The number of family units per household in London also fell, from 1.40 in 2019/20 to 1.34 in 2022/23. At the same time the number of individuals per family unit increased, possibly a sign of increased family “bubbling”. The number of family units per household fell slightly in the rest of England but the number of family units increased.

Findings from the Census

132. **When publishing findings showing an increase in dwellings without permanent residents between 2011 and 2021, the ONS noted that as the Census was carried out during the pandemic period, “some people, for example overseas students or those privately renting, may have moved back in with family members leaving more unoccupied dwellings.”**⁴⁵ The ONS has also reported that the proportion of households comprising one person living alone had fallen slightly (from 30.2% in 2011 to 30.1% in 2021) in England despite an ageing population, with a particularly sharp fall among people aged 16 to 49. It suggested this “may be linked to people in younger age groups being less likely to live alone because of the affordability of doing so.”
133. **Out of all regions, London saw the largest decrease in the proportion of households where one person lives alone, from 31.6% of households in 2011 to 29.3% in 2021.** At the other end of the household size scale, the ONS found that the number of households with four or more people increased by 8.6% in London between 2011 and 2021.⁴⁶
134. **In London, just under 2% of couple or lone parent families were counted as “concealed families” in the 2001 Census, but this increased to 3.3% in 2011 Census and 3.8% in the 2021 Census.** The ONS defines a “concealed family” for Census purposes as a “family” that does not include the “Household Reference Person” (HRP). This value seeks to capture households who might otherwise live separately but for various reasons are sharing with others. However, importantly for housing need, it excludes certain people such as single people, or adult children living with their parents.

⁴⁵ ONS (2023), ‘[Housing in England and Wales: 2021 compared with 2011](#)’

⁴⁶ ONS (2023), ‘[People’s living arrangements in England and Wales: Census 2021](#)’

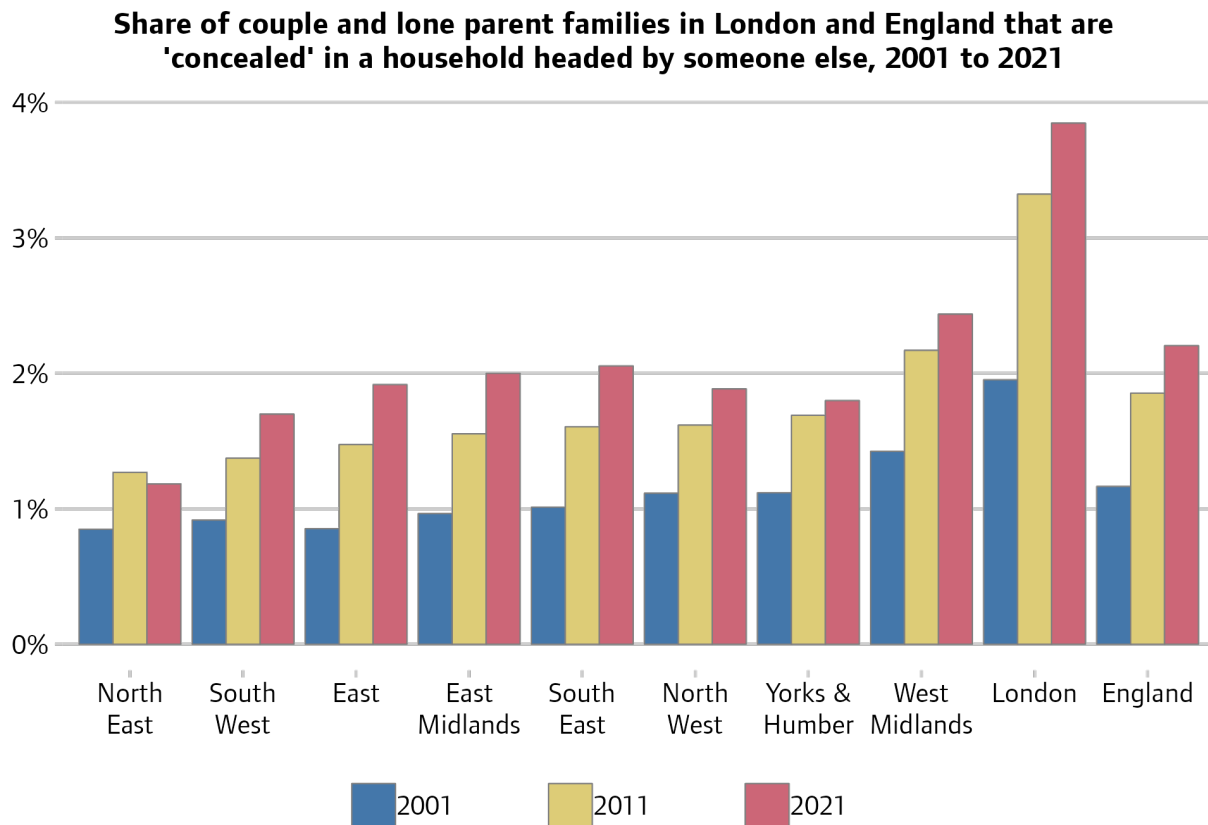


Figure 48.

135. **In addition to the increase in concealed families between Census 2011 and 2021, there was also a large increase in the number of households with non-dependent children (those aged 16+, or 19+ and in full-time education), especially in London and the wider South East.** The ONS noted that some of the increase is likely to have been a transitory effect of adult children moving back in with their parents during the pandemic, but their analysis also showed that the number of non-dependent children has risen more in places with higher house prices, suggesting an additional longer-term effect.

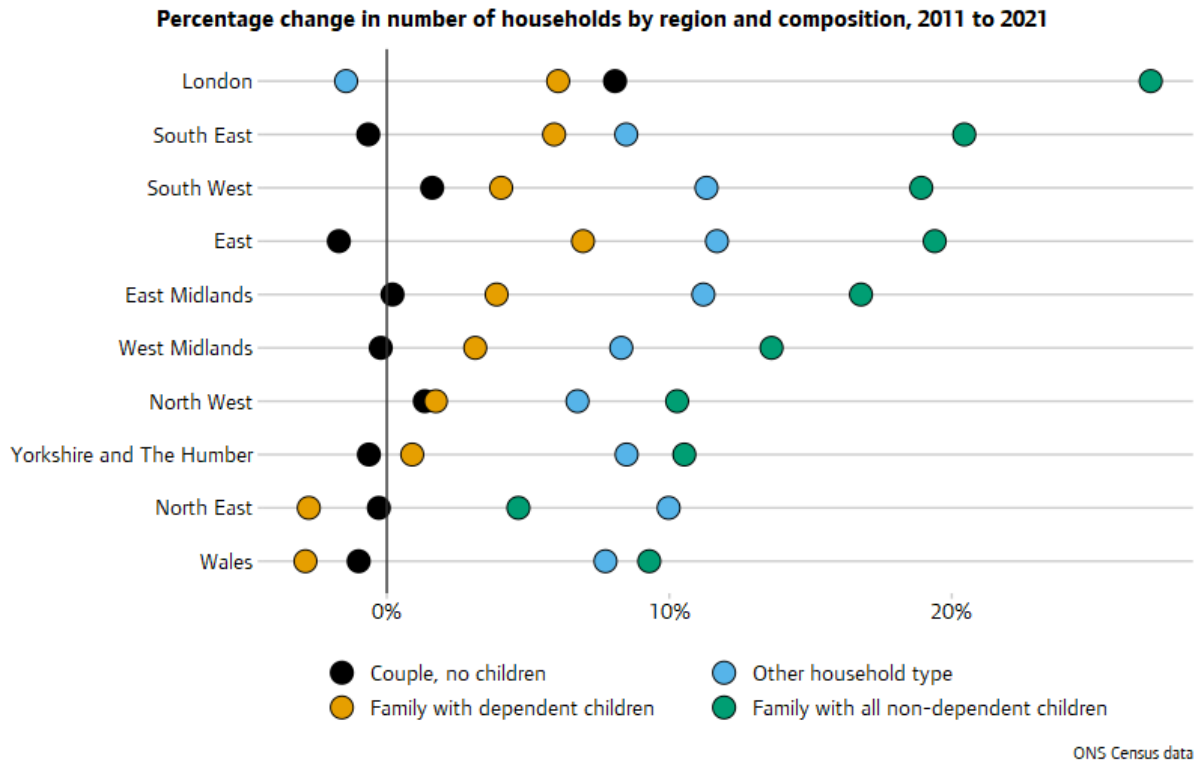


Figure 49.

136. **The insights from the data can be summarised in three key points.** First, there appears to be a long-term increase in concealed families with an additional but transitory increase during the pandemic. Second, the rate of empty homes was temporarily elevated during the pandemic (reflected in the Census results). Third, the post-pandemic increase in population appears to have been accompanied by an increase in household formation, leaving average household size below its pre-pandemic level, consistent with very low rental vacancy rates in 2023.

Part II: Housing needs

7. Methodology

Introduction

137. **This chapter sets out the comprehensive methodology used to assess London’s housing needs for the period 2026-2036.** It details the dual approach adopted in this Strategic Housing Market Assessment (SHMA), which combines the government’s standard method (SM) with a bespoke Demographic Modelling-Based Method (DMBM). The chapter explains how these two approaches interact, how specific needs by tenure and size are calculated, and how the needs of specific groups are integrated into the wider assessment.
138. **Assessing housing need requires navigating a complex landscape of statistical projections, policy requirements, and normative judgements about what constitutes acceptable housing.** While the standard method provides a fixed, formulaic target based on existing stock and affordability, it does not provide the detail necessary for strategic planning – specifically, the breakdown of need by size and tenure. To address this, the DMBM is used to build a detailed picture of London’s future households, which is then calibrated to align with the overall scale of need indicated by the standard method.

Establishing overall housing need

139. **The assessment of overall housing need in London is framed by two distinct but complementary methodologies: the government’s standard method and our bespoke Demographic Modelling-Based Method (DMBM).** The standard method establishes the minimum baseline for housing delivery as required by national policy, while the DMBM provides the analytical depth needed to understand the composition of that need.

The standard method

140. **The standard method is the government’s default formula for calculating local housing need.**⁴⁷ It relies on a relatively simple calculation that uses existing housing stock levels and local affordability ratios to generate a single annual housing requirement figure. Its primary purpose is to ensure that areas with high affordability pressures are assigned higher housing targets, thereby incentivising supply where demand is strongest.
141. **The calculation proceeds in two stages.** First, a baseline annual growth requirement is established based on a percentage of the existing housing stock (0.8 per cent). Second, this baseline is adjusted upwards based on the ratio of median house prices to median workplace-based earnings. In London, where affordability ratios are significantly higher than the national average, this adjustment results in a substantial uplift to the baseline figure.
142. **While the standard method provides a clear policy target, it has significant limitations as an analytical tool.** Crucially, it is a “top-down” figure that does not account for the specific demographic dynamics of London’s population, nor does it differentiate between the need for social rent, private rent, or owner-occupation. It tells us *how many* homes are needed in total, but not *what kind* of homes they should be.

⁴⁷ MHCLG (2025), ‘[Housing and economic needs assessment](#)’

143. **The Demographic Modelling-Based Method (DMBM) calculates housing need from the “bottom up” by projecting the future population and its household formation patterns.** This method allows for a much more detailed understanding of housing requirements, linking the number of homes needed directly to the changing size, age structure, and composition of London’s population.

144. **The DMBM process consists of five key analytical steps:**

- **Population Growth:** Determining the future size of London’s population based on trends in births, deaths, and migration.
- **Household Formation:** Converting the population into households using Household Representative Rates (HRRs). HRRs can be thought of as a measure of the likelihood that a person with given demographic characteristics will become the Household Representative for a new household. It can be thought of as telling us: for a given growth in population, how many new households will form, and what type of household will they be?⁴⁸
- **Homes:** Translating households into required dwellings, accounting for empty homes and second homes.
- **Backlog:** Adding households currently in need who are not captured by standard projections (e.g., homeless households).
- **Net Stock:** Comparing the total requirement against the existing housing stock, modelled based on EHS data and empty homes assumptions.

145. **Population growth is the foundational input for the model.** The projections used in this SHMA are consistent with the GLA’s 2024-based demographic projections, specifically the 10-year medium immigration scenarios. These projections account for recent trends in international and domestic migration, as well as natural change. However, population projections are inherently uncertain and sensitive to assumptions about future migration flows. It is possible that future population growth is itself dependent on the availability of housing. To avoid the introduction of further uncertain assumptions, population growth is considered given; the DMBM does not include alternative population growth scenarios. Further research is needed to better understand the complex dynamics of housing stock growth, rents, prices, overcrowding and population growth in the context of London.⁴⁹ This work is not currently available to such a standard as to enable its inclusion in the present SHMA.

146. **Household formation rates are the critical variable in determining the number of homes required for a given population.** The Household Representative Rate (HRR) represents the probability that a person of a certain age and gender will be the “head” of a household. If a population has a high HRR, it means that there is a relatively large number of small households. If a population has a low HRR, it means that people are clustered in a relatively small number of large households. Historically, HRRs have fallen in London, particularly for younger age groups. This is likely because high housing costs have forced more adults to share accommodation or live with parents for longer. Low HRRs also suggest a large number of what are elsewhere called “concealed” households –

⁴⁸ [Household projections for England QMI - Office for National Statistics](#)

⁴⁹ [240927 GLA Housing Productivity - Report FINAL.pdf](#)

individuals, couples and families who would prefer to form their own independent household but are unable to do so. We further discuss “concealed” households later in this section.

147. **This SHMA models multiple scenarios for future household formation.** The *trend-based* scenario assumes that the falling rates of household formation observed in recent decades will continue. This essentially projects a future of worsening suppression. The *static* scenario assumes that formation rates remain fixed at current levels. Finally, two *reverse trend (growth)* scenarios assume that formation rates improve, returning to the higher levels seen in 2001 over a 10- or 20-year period. These scenarios represent a true “unconstrained” assessment of need, where currently suppressed households are able to form. We use 2001 as a benchmark year because HRRs are only empirically measured once every ten years (from Census data). For the 20-year scenario it makes sense to identify a date that was ~20 years ago, and which provides an empirically collected case study in higher levels of household formation compared to today. However, we do adjust the distribution in 2001 to account for known demographic projections such as demographic aging and lower rates of family formation. It is really this “adjusted” 2001 rate that our ambitious scenarios are progressing towards.
148. **The number of homes needed is always slightly higher than the number of households.** To account for frictional vacancy (homes being empty between lets or sales) and second homes, an “uplift” is applied to the total household figure. This ensures that the housing stock is large enough to allow for normal market churn and mobility. This uplift was estimated from council tax statistics and is set at 2 per cent.

Interaction of the standard method and DMBM

149. **The standard method and the DMBM can be reconciled by aligning the ambition of the demographic scenarios with the targets of the standard method.** The standard method’s high housing target for London effectively implies a significant increase in housing supply relative to recent trends. If this supply is delivered, it should enable a release of suppressed household formation.
150. **Our analysis shows that a rapid improvement in household formation rates aligns the DMBM with the standard method.** Specifically, if Household Representative Rates were to return to their 2001 levels over a 10-year period, the resulting annual housing need generated by the DMBM would be approximately equivalent to the figure produced by the standard method. This alignment validates the use of the high-growth DMBM scenario as the detailed evidence base for the SHMA: it provides the necessary tenure and size breakdown for a total number of homes that matches national policy requirements.

Assessing need breakdown: Tenure and Size

151. **Once the total number of households is established, the SHMA must determine the specific characteristics of the homes they need.** This is achieved through a microsimulation model that models the future composition of London’s households based on demographic projections, and affordability and bedroom size tests that assign a “target” tenure and bedroom size to every projected household in London in 2036.

Microsimulation methodology

152. **Microsimulation is a statistical technique that models the characteristics of individual units – in this case, households – given the overall distribution of the target population.** Instead of dealing with aggregate averages, the model starts with

the actual sample of households from several years of the English Housing Survey (EHS) and transforms this population to match the demographic profile of London in 2036.

153. **The process uses a “raking” algorithm to re-weight the existing population.** Raking adjusts the weights of the EHS sample so that the total number of households matches the demographic projections for 2036, while preserving the expected distribution of key characteristics such as age, gender of the household reference person, and household type. This creates a synthetic 2036 population that reflects the expected demographic changes (e.g., an ageing population) while retaining the complex correlation structure of real-world households (e.g., the relationship between income, age, and family size).
154. **The raking algorithm (Iterative Proportional Fitting) ensures that the sample simultaneously matches multiple demographic constraints.** The 2022-23 EHS sample is iteratively re-weighted to match the target 2036 population totals for three key dimensions: the age group of the household reference person (HRP), the sex of the HRP, and the household type (e.g., single person, couple with children). The algorithm cycles through these constraints repeatedly until the weights converge, meaning the error between the sample distribution and the target distribution is minimized to within a strict tolerance level.
155. **A specialised modification to the raking process allows for the explicit modelling of multi-family households.** In the affordability analysis, some multi-family households are reassigned from market tenures to low-cost rented and intermediate tenures. However, house sharing and multi-family households are uncommon in low-cost and intermediate tenures. To reflect this, the algorithm can exclude multi-family households in low-cost and intermediate rent sectors from the target population, ensuring that these tenure categories are comprised of single-family households. The “weight” of these excluded households is then redistributed, effectively converting them into single-family households in the final projection, while multi-family living remains a valid option in the market sector where house sharing is more prevalent, and will always provide a more affordable alternative to renting or owning an entire home.

Affordability and Size Tests

156. **For every household in the 2036 simulation, two fundamental tests are applied to determine their housing need: the Bedroom Size Test and the Affordability Test.** First, the minimum bedroom size is estimated using the Bedroom Standard. Affordability tests are conducted against the bedroom standard, establishing tenure need. Then, the final bedroom need is established by assigning extra bedrooms to certain households who may need it.
157. **Before the Affordability Test, the government’s Bedroom Standard is established.** This is an objective standard based on the age, gender, and relationship of household members. For example, two adults in a couple require one bedroom, while two unrelated adults require two. The model assigns each household a minimum home size based on this standard.
158. **The Affordability Test determines the tenure a household requires.** This test compares a household’s net income (plus an allowance for savings and equity) against the cost of housing in different tenures. Intuitively, the question the test is trying to answer is the following: “What is the ideal tenure and bedroom size this household should be in?” Answering this for the starting sample will result in an understanding of the difference between existing need and the current situation. Through the microsimulation

process, we can then also see what the distribution of household types will be in 2036, and thereby what the required size and tenure mix will be based on the ideal tenure and size assigned to all household types in the present.

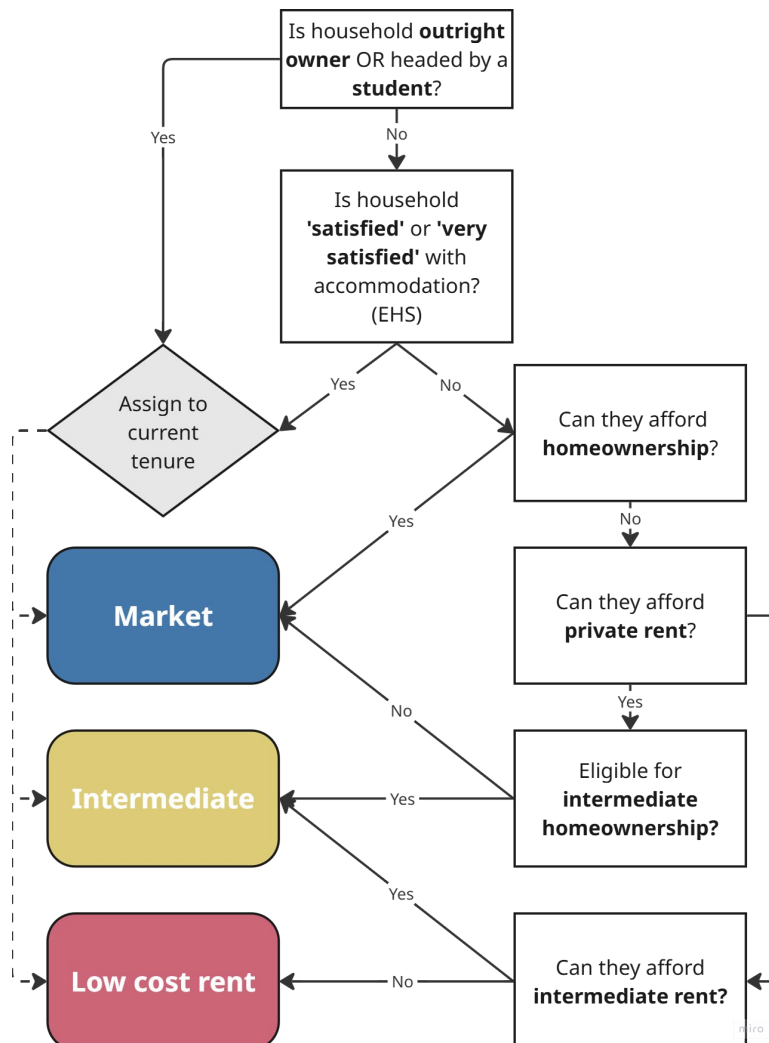


Figure 50. Affordability test methodology

159. **The process begins by filtering out households whose tenure can be established without detailed testing.** If the household reference person is an owner-occupier who owns their home outright, the household retains its current tenure (market). If the household is headed by a student, the household also retains its current tenure. This is because students usually live in arrangements that can be considered temporary, and therefore will choose to live in a variety of tenures that best meet their needs as students. This assumption is primarily to avoid implausible conclusions such as assessing a student household as needing social rent simply by virtue of low nominal household income. The housing need of students is considered in more detail below in **Chapter 9: Housing needs of specific groups**.
160. **Households who, according to the EHS data, are currently satisfied with their accommodation, are not re-tested for affordability.** This is to conserve options for free choice in the broader housing market. Households might have considerations other than price and affordability when choosing the tenure and home they currently have, such as preference for a neighbourhood or proximity to work and family. This is also

consistent with the approach adopted in the 2017 SHMA.⁵⁰

161. **Households who do not fall in the above categories undergo detailed affordability testing.**

- The Savings Proxy Value is calculated. This is necessary because the savings variable was not available for the EHS data for the years used. The Savings Proxy Value is calculated as $(\text{HRP age} - 21) * 0.05 * \text{net household income}$.
- First, households are assessed for homeownership. To be eligible for homeownership, households need to meet the following criteria:
 - The Savings Proxy Value exceeds 10% of the lower quartile house price
 - The Savings Proxy Value plus 3.5 times of household income exceeds the lower quartile house price
 - If a household can afford owner-occupation, they are assigned to “market” tenure.
 - Households are then tested for private rent. Households can afford **private rent** if the lower quartile private rent does not exceed:
 - 25% of gross household income for households with incomes of less than £40,000 per annum, or
 - 30% of gross household income for households with incomes of more than £40,000 per annum.
- If households can afford private rent, they are further tested for intermediate homeownership. If a household can afford private rent but is dissatisfied with their current tenure, they are assumed to need shared ownership and are assigned to the **intermediate tenure type**.
- If a household cannot afford market housing but can afford more than two-thirds of the lower quartile market rent, they are assigned to **intermediate tenure**.
- Any household that remains unassigned after the previous steps get assigned to **low-cost rent**.

⁵⁰ GLA (2017), [Strategic Housing Market Assessment](#), p. 79

Household tenure assignment flow (weighted)

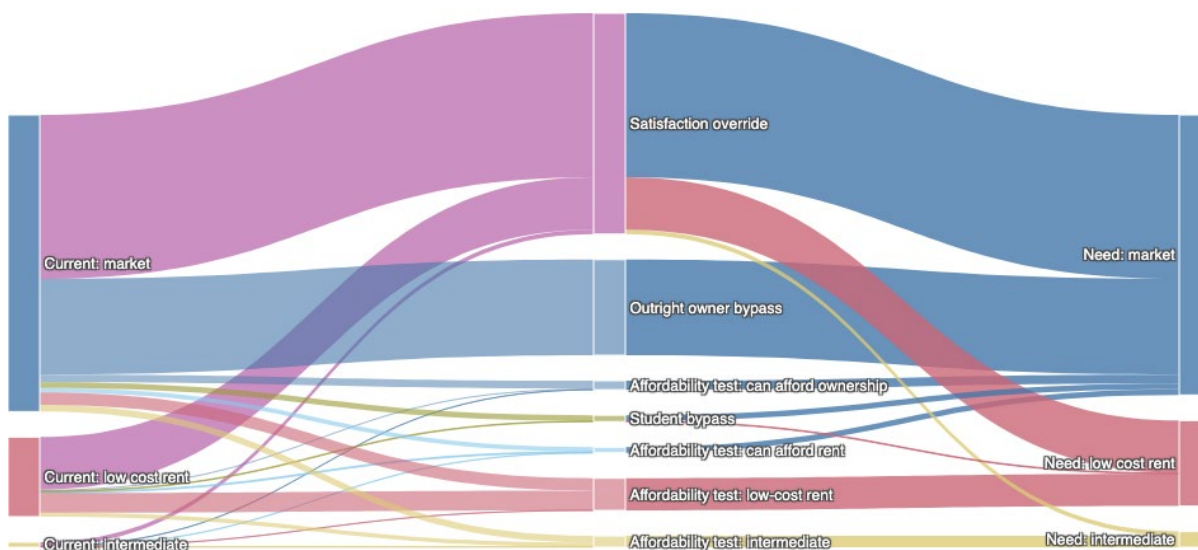


Figure 51. Sankey chart showing the reassignment of households from their current tenure to their needed tenure.

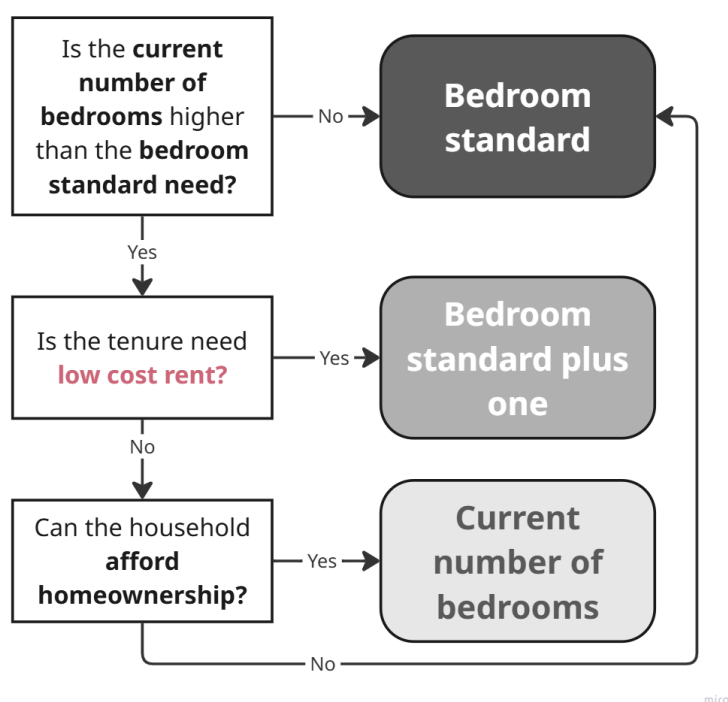


Figure 52. Bedroom size test methodology

162. **To assign bedroom need, the following process is applied, illustrated in Figure 52.**

- If the household's current number of bedrooms is below or equal to the bedroom

standard, then the bedroom need equals the bedroom standard.

- If the number of current bedrooms is **higher** than the standard, then the bedroom need depends on tenure.
- If the tenure need is low-cost rent then the bedroom need is the bedroom standard plus one.
- If the tenure need is market and the household can afford homeownership, then the bedroom need is the current number of bedrooms.
- In any other case, the bedroom need is the bedroom standard.

163. **This method of assigning bedroom need takes into account that households in intermediate or private rented tenures are less likely to under-occupy, while those in more established long-term tenures (such as social rent or homeownership) are more likely to under-occupy for reasons which should be allowed in any plausible needs assignment system.** This could mean young homeowners expecting to have families in the future, disabled people who need an extra room for a carer or for storage, or older homeowners whose adult children are no longer living with them but wish to age in place.

Household bedroom size assignment flow (weighted)

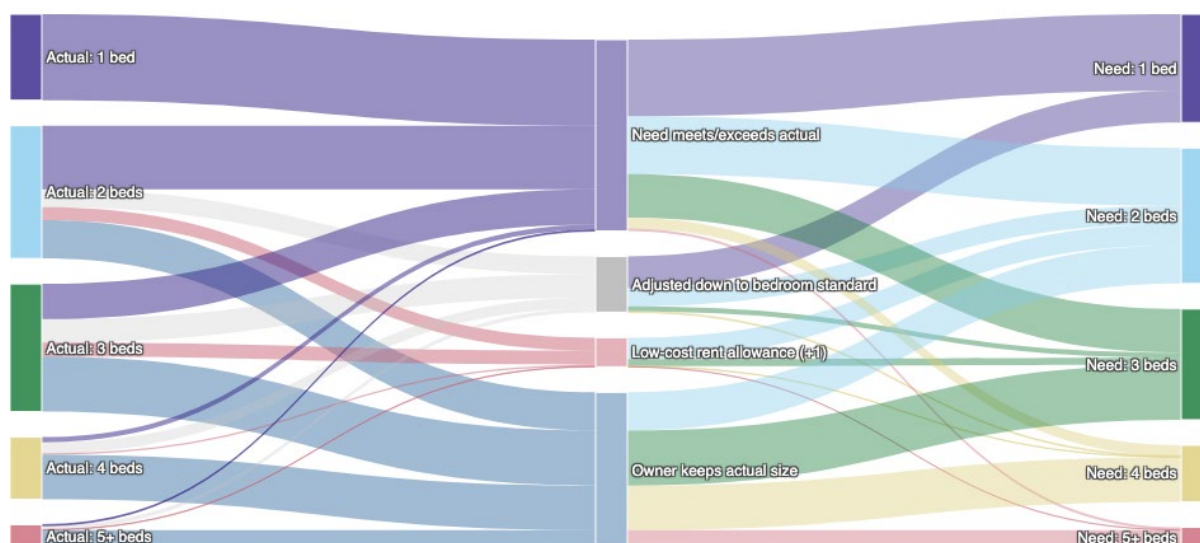


Figure 53. Sankey chart illustrating the reassignment of households by bedroom size need in the headline scenario.

Backlog and "Concealed" Households

164. **The treatment of "backlog" need – unmet housing requirements carried over from previous periods – is a key aspect of any robust housing needs assessment.** One component of this is the question of so-called "concealed households": individuals or families living within another household who might aspire to independent accommodation.

165. **Previous methodologies, such as the 2017 SHMA, treated concealed households as a distinct category of backlog need.**⁵¹ However, defining and measuring concealment is inherently challenging. As discussed in **Chapter 6: Household formation**, measuring “concealment” relies on understanding the aspirations and intentions of individuals – whether they wish to move out or live independently – rather than objective housing circumstances. These aspirations exist on a continuum and are shaped by a wide range of economic, social, and cultural factors. The boundary between being “concealed” and “non-concealed” is rarely clear-cut. Some may share accommodation by choice or necessity, others may be only temporarily “concealed,” and many may have no definite plans to form a separate household. Because of these complexities, this methodology takes a different approach.
166. **Rather than isolating concealed households as a separate, subjective category, we incorporate suppressed household formation more holistically by adjusting the Household Representative Rate (HRR) within the demographic modelling.** By modelling scenarios in which household formation rates return to earlier, less suppressed levels (such as the rates observed in 2001, adjusted to demographic changes), the model implicitly accounts for the potential for concealed households to live independently if the barriers to doing so are reduced. This approach provides a consistent and transparent framework for addressing backlog need related to suppressed household formation, while remaining sensitive to the continuum of intentions and constraints that shape household living arrangements over time.
167. **A separate quantitative adjustment is made for the “net backlog” of homeless households.** There are specific groups of households in acute need who are not captured by standard household surveys or projections. This includes households in temporary accommodation and rough sleepers. These households are added directly to the final need figures as a “net backlog” that must be cleared over the plan period. (This backlog is “net” because it adds additional units to the housing need, as opposed to requiring the replacement of units.) Their tenure need is assumed to be low-cost rent, and their bedroom size depends on their household type (see table below). We consider self-contained temporary accommodation part of net need for several reasons. First, there is evidence that a substantial portion of people in TA are housed outside of London and that official statistics⁵² on their numbers are understated.⁵³ Second, much of TA is likely to be in such poor condition that it cannot straightforwardly be released back into the stock for other households to occupy.⁵⁴ That said, it is likely that counting all households in TA as adding to the net requirement is a maximalist estimate.

⁵¹ [GLA, SHMA 2017](#)

⁵² [English Housing Survey 2024 to 2025: homelessness, hidden households and temporary accommodation – fact sheet – GOV.UK](#)

⁵³ [Inside Housing – Comment – Government data is severely undercounting the number of homeless households placed out of area](#)

⁵⁴ [England’s Homeless Children: The crisis in temporary accommodation](#)

Table 3. Backlog need.

Backlog category	Number of households⁵⁵	Type of home needed	Treatment
Rough sleepers⁵⁶	13,231	1-bed low-cost rent	Added to net requirement
Non-self-contained Temporary Accommodation (TA)⁵⁷	8,820	1-bed low-cost rent	Added to net requirement
Single adults in TA⁵⁸	18,280	1-bed low-cost rent	Added to net requirement
Single parent with children in TA⁵⁹	27,245	3-bed low-cost rent	Added to net requirement
Couples with children in TA⁶⁰	14,513	Assumed to need either 3 or 4-bed low-cost rent	Added to net requirement
“Other household types” in TA⁶¹	11,160	Assumed to need 2-bed low-cost rent	Added to net requirement
Households in non-decent homes⁶²	368,525	Need a decent home of appropriate size and tenure	Noted but not added to net requirement, as these homes need to be replaced or refurbished

168. **The needs of households in unsuitable housing are addressed through the flow of new supply.** Households currently living in overcrowded or substandard accommodation are included in the microsimulation. The model assigns them a new, suitable home. Their moving out of their current unsuitable home releases that unit back into the stock. Therefore, they do not constitute a *net* addition to the number of homes needed, but they do drive the requirement for specific tenures and sizes.
169. **Part of the “gross backlog” of unmet need are households in non-decent homes.** We provide an estimate of these based on the English Housing Survey. However, these non-decent homes need to be replaced or refurbished, hence they do not contribute towards *net* housing need. This has the significant implication that besides needing to deliver a total number of new homes, an annual 36,800 homes need to be refurbished or replaced to meet the decent homes standard for this part of the backlog to be cleared by the end of the plan period.

Limitations of the overall housing needs methodology

⁵⁵ Latest available data at the time of writing.

⁵⁶ GLA (2025), ‘2024/25 CHAIN annual report’

⁵⁷ MHCLG (2025), ‘Statutory homelessness statistics’

⁵⁸ Ibid.

⁵⁹ Ibid.

⁶⁰ Ibid.

⁶¹ Ibid.

⁶² MHCLG (2023), ‘English Housing Survey 2022/23’

170. **Every methodology for assessing future housing need relies on assumptions and is subject to limitations.** Understanding these constraints is vital for interpreting the SHMA results appropriately.

Limitations of the standard method

171. **The standard method provides a single number, without qualitative breakdown.** Because it relies on a simple uplift based on affordability ratios, it can produce volatile results when economic conditions change. Furthermore, it assumes that past affordability trends are a perfect proxy for future need, which may not hold true in a market as complex as London's. Most importantly, it provides no intelligence on the *type* of housing needed, rendering it insufficient for detailed strategic planning without supplementary analysis.

Limitations of the Demographic Modelling-Based Method

172. **The DMBM is sensitive to its input assumptions.** Small changes in projected migration rates or household formation assumptions can lead to large differences in the final need figure as set out in **Chapter 5: Demographic trends**.
173. **While building large numbers of new homes in London would undoubtedly have an impact on rents and prices, we have no robust tool to account for this.** London's housing market is currently severely supply-constrained,⁶³ and a downward pressure on rents and prices would likely mean that fewer households would need subsidised housing than the model currently shows.⁶⁴
174. **The microsimulation relies on the English Housing Survey and dependent on the latter's data quality.** While robust at a regional level, the sample size for specific sub-groups in London can be small, introducing a margin of error in the granular breakdown of need. The proportional fitting process assumes that the correlation between household characteristics (e.g., age and income) will remain constant over time. In reality, these relationships may shift – for example, if the income profile of younger people changes relative to older people – but not in ways that we are able to robustly predict.

Housing needs of specific groups

175. **The NPPF requires the assessment of the housing needs of specific groups, such as students, older people, and people with disabilities.** These groups often require distinct methodologies because their needs are not fully captured by the general household model.
176. **Older people and people with disabilities are assessed through an interrogation of the DMBM microsimulation.** By filtering the projected 2036 household population for those where the household reference person is aged 65 or over, we can estimate the total number of *older-person households*. The microsimulation preserves the relationship between age and tenure, allowing us to project how many older people will be in need of owner-occupied, private rented, or social rented homes. This provides a baseline for estimating the need for both mainstream and specialist housing. The microsimulation also carries forward (limited) data on *disability* from the English Housing Survey. This enables an estimate of the number of households containing a wheelchair user. By applying the same affordability and size tests to these sub-groups, we can estimate their specific

⁶³ [Housing-in-London-Addressing-the-Supply-Crisis-Web-Version.pdf](#)

⁶⁴ [Forecasting UK house prices and home ownership](#)

tenure and size requirements, which are incorporated into the total. However, in absence of good data on the current stock of housing suitable for disabled people and wheelchair users,⁶⁵ it is not possible to come up with precise annual need figures.

177. **Students require a separate demographic model due to their unique housing patterns.** Many students live in communal establishments (halls of residence) which are not captured in standard household population estimates. To assess their needs, the SHMA uses specific student population projections provided by other GLA research. These are combined with data on current accommodation choices (e.g., the split between purpose-built student accommodation and the private rented sector) to forecast the future requirement for student bedspaces.
178. **The needs of Gypsies and Travellers are assessed through a distinct, dedicated study.** The housing requirements of these communities are governed by specific planning definitions and needs that cannot be modelled using general household projections. As such, the SHMA refers policymakers to findings in the bespoke Gypsies and Travellers Accommodation Needs Assessment (GTANA).⁶⁶
179. **Other groups, such as service families and those wishing to build their own homes, are assessed using administrative data.** *Service families'* needs have previously been estimated using data from the Ministry of Defence on the location and housing status of armed forces personnel in London. This data is scarce, however, and is not regularly updated. It is therefore not possible to provide a quantitative assessment for the housing needs of this group. Demand for *self-build and custom housebuilding* is assessed using the statutory registers maintained by local boroughs, which track individuals and groups who have expressed an interest in acquiring land for their own homes.
180. **This mixed-methods approach ensures that no group is overlooked.** While the DMBM provides the robust statistical backbone for the majority of London's population, the supplementary use of specific projections, qualitative studies, and administrative registers ensures that the SHMA meets the diverse requirements of the NPPF and provides a comprehensive picture of need across the capital. These separate assessments are detailed in **Chapter 9: Housing needs of specific groups** and are designed to complement the overall strategic figures derived in the following chapter.

⁶⁵ HRN 12 (2026) Housing for disabled Londoners: An analysis of secondary data | London Datastore

⁶⁶ London GTANA 2025 | London Datastore

8. Analysis of housing need by tenure and size

Introduction

181. **This chapter presents the quantitative results of the housing needs assessment.** It sets out the total housing requirement for London for the period 2026–2036 and provides a detailed breakdown of this need by tenure and bedroom size. The analysis contrasts four distinct scenarios, each representing a different future trajectory for household formation in the capital. The results presented below are annualised figures. They represent the number of new homes that must be delivered each year over the 10-year plan period to meet both the needs of newly forming households and to clear the backlog of existing unmet need.

Current unmet need (backlog)

182. **Before assessing future growth, the SHMA must account for the backlog of existing housing need.** As detailed in **Chapter 7: Methodology**, this assessment distinguishes between “suppressed” household formation (which is addressed through the growth scenarios) and the “net backlog” of households currently in acute housing stress who are not captured by standard projections. The net backlog comprises households in temporary accommodation (including those in bed and breakfast hotels and hostels) and rough sleepers. These households require immediate re-housing into secure, affordable accommodation.
183. **The backlog is assumed to be cleared over a 10-year period.** The annual requirement to clear this backlog is therefore one-tenth of the total stock of unmet need. This annual flow is added to the requirement arising from demographic growth in all scenarios.

The standard method

184. **London’s housing need according to the standard method (as of June 2026) is 84,884 homes per annum.** The workings for this number are included in **Annex 1** below. As mentioned above, the standard method does not provide a breakdown of need by tenure and home size. However, it does provide a headline figure of the magnitude of need. As the contextual evidence above shows, this level of delivery would be the highest in absolute terms since the records began (in the late 19th century) and would represent a century-level shift in London’s housing delivery paradigm.

The Demographic Modelling-Based Method – household formation scenarios

185. **To provide a robust range of evidence for decision-making, we have modelled four scenarios for future household formation.** These scenarios range from a continuation of recent trends (where people continue to suppress household formation due to housing pressures) to an ambitious “unconstrained” growth scenario that broadly aligns with the government’s standard method. To construct these scenarios we obtained historic Household Representative Rates from previous census years (2001 and 2021) and adjusted these by reconciling them with changes projected by the demographic models (e.g. aging population). The four scenarios are the following:
186. **Trend-based scenario:** This scenario assumes that the trends in household formation observed between Census years 2001 and 2021 continue. (We use Census years as reference points throughout because it is only in these years that Household Representative Rates are directly measured.) Because this period was characterised by

worsening affordability and falling formation rates among younger adults, this scenario effectively projects a future of continued suppression. It represents the “minimum” need if we accept the status quo of a constrained market.

187. **Maintenance scenario:** This scenario assumes that household formation rates remain fixed at their 2021 levels. No further deterioration occurs, but no improvement is made to allow suppressed households to form. It is important to note that both the Trend-based and Maintenance scenarios still clear all backlog need and all overcrowding.
188. **Slow Growth scenario:** This scenario models a moderate improvement in household formation, representing a partial reversal of the suppression seen over the last two decades. Analytically, this is implemented as a 20-year return to 2001 levels of HRR, adjusted for improvements due to longer life expectancy.
189. **Standard method-Aligned scenario (Headline):** This is the most ambitious scenario and serves as the headline figure for this SHMA. It models a rapid return to the higher household formation rates seen in 2001 (with the adjustments noted in the previous paragraph). This high-growth trajectory generates a total housing requirement that approximately aligns with the target set by the government’s standard method (within a 5% difference from the latter). It represents the best unconstrained assessment of need, where the supply of housing is sufficient to allow the largest plausible number of suppressed households – including concealed families and young adults living with parents – to form their own independent households.

Headline analysis: The standard method-aligned scenario

190. **The “standard method-aligned” or “rapid growth” scenario identifies a total annual requirement of approximately 89,300 homes per year.** This figure would provide the necessary capacity to reverse decades of suppressed household formation. It also aligns most closely with the standard method, which at the time of writing suggests a need of 84,800 homes per year.
191. **In terms of tenure, the analysis reveals a critical requirement for affordable housing.** Of the total need, approximately **45,500 homes (51%)** are required in the affordable sectors (low-cost rent and intermediate tenures), with the remaining **43,800 homes (49%)** required as market housing. There is an acute need for social/low-cost rented homes, with a requirement for **31,300** units per year. This tenure is essential for households on the lowest incomes, including those currently in temporary accommodation and those unable to afford even intermediate rent levels. The model identifies a need for **14,200** intermediate homes per year. This includes Shared Ownership and Key Worker Living Rent products, catering to households who can afford more than social rent but are priced out of the open market. In recent years, the delivery of affordable housing sat around 10,000 homes a year, or roughly a quarter of what is needed.⁶⁷
192. **The requirement for market housing remains substantial at 43,800 homes per year.** This supply is vital not only for meeting the demands of middle- and higher-income households but also for facilitating the overall fluidity of the market. By allowing households to move into ownership or private rent, market supply releases lower-cost stock and reduces pressure on the affordable sectors. In recent years, there were closer to

⁶⁷ [Affordable housing supply in England: 2024 to 2025 - GOV.UK](https://www.gov.uk/government/statistics/affordable-housing-supply-in-england-2024-to-2025)

~20,000 market units delivered annually, a mere half of what is needed.

Table 4. Annualised need figures in the Headline Scenario by tenure and bedroom size.

Tenure	1 bed	2 bed	3+ bed	Total	Per cent
Low-cost rent	10,700	13,000	7,600	31,300	35%
Intermediate tenures	5,500	5,200	3,400	14,200	16%
Market rent & sale	33,100	11,000	- 300	43,800	49%
Total	49,300	29,200	10,700	89,300	
Per cent	55%	33%	12%		

193. **Breakdown by size.** The size mix required varies significantly by tenure.

- *Market Sector:* The highest volume of need in the market sector is for 1-bedroom homes (**33,100** per year) and 2-bedroom homes (**11,000** per year). This represents over 100% of the need for market homes and 88% of the overall need for homes. This means that there is a lower need for family-sized market homes in 2036 than their number in 2026. This reflects the formation of younger, smaller households who are currently “concealed” in house shares or living with parents, and of older people looking to downsize. The need for family-sized market homes is negative, which reflects the reality of lower total fertility and family formation in the London population. The negative trend is most pronounced in the lowest-delivery scenarios where families are priced out of the market sector.
- *Low-Cost Rent:* In contrast, the low-cost rented sector has a pressing need for family-sized accommodation. While there is a large numerical need for 1-bedroom units (**10,700**) to house single homeless households, there is also a critical strategic requirement for larger homes (**7,600** 3+ bed units) to address severe overcrowding and house larger families currently in unsuitable temporary accommodation.

Comparison of scenarios

194. Comparing the four scenarios highlights the impact of housing supply on household formation and the mix of need.

Tables 5-8. Breakdown of annualised need by tenure and bedroom size in the four scenarios.

1. Standard method-aligned scenario (headline)

Tenure	1 bed	2 bed	3+ bed	Total	Per cent
Low-cost rent	10,700	13,000	7,600	31,300	35%
Intermediate tenures	5,500	5,200	3,400	14,200	16%
Market rent & sale	33,100	11,000	- 300	43,800	49%
Total	49,300	29,200	10,700	89,300	
Per cent	55%	33%	12%		

2. Slow growth scenario

Tenure	1 bed	2 bed	3+ bed	Total	Per cent
Low-cost rent	8,100	10,900	7,000	26,000	40%
Intermediate tenures	4,900	5,100	3,300	13,300	20%
Market rent & sale	25,500	6,300	- 5,800	25,900	40%
Total	38,500	22,300	4,500	65,200	
Per cent	59%	34%	7%		

3. Maintenance scenario

Tenure	1 bed	2 bed	3+ bed	Total	Per cent
Low-cost rent	5,400	8,800	6,400	20,600	50%
Intermediate tenures	4,300	4,900	3,200	12,400	30%
Market rent & sale	17,900	1,400	- 11,200	8,100	20%
Total	27,600	15,100	- 1,600	41,100	
Per cent	67%	37%	-4%		

4. Trend-based projection

Tenure	1 bed	2 bed	3+ bed	Total	Per cent
Low-cost rent	2,200	6,500	6,700	15,400	68%
Intermediate tenures	3,500	4,900	3,300	11,700	52%
Market rent & sale	9,500	- 2,000	- 12,200	- 4,600	-20%
Total	15,200	9,400	- 2,200	22,500	
Per cent	68%	42%	-10%		

195. The total annual requirement varies from a low of 22,500 homes in the Trend-based scenario to the high of 89,300 in the standard method-aligned scenario.

- **Trend-based: 22,500** homes/year. This low figure reflects a “suppressed” future where many potential households fail to form, on par with the trend since the turn of the century. Even in this scenario, all existing households would have a tenure and size of home they need and can afford, and the backlog is eliminated. However, there is still a large number of “concealed” households, as high housing costs incentivise people to have housemates or stay with parents. This is the only scenario that London is currently outperforming in reality, though lowered levels of new home starts throw the continuation of this trend into question.
- **Maintenance: 41,100** homes/year. Keeping household formation rates static requires nearly double the supply of the trend-based projection, and a steady maintenance for a decade of the highest-performing recent years of delivery.
- **Slow Growth: 65,200** homes/year. A moderate improvement in household formation rates generates a need significantly higher than the maintenance baseline. **Standard method-aligned: 89,300** homes/year. Unlocking full household formation requires the highest level of delivery.

196. **As the total supply increases, the proportion of need for market housing rises.** In the Trend-based scenario, the market need is extremely low – in fact, negative (-20%), as suppressed formation forces people to remain in shared accommodation in the

preexisting housing stock. In the standard method-aligned scenario, the market requirement expands to **43,800 or 49%**, as young adults can leave the parental home or shared flats and move into their own rented or owner-occupied properties. Secondly, the lower-delivery scenarios are dominated by clearing the backlog (~9,300 per year), which all contribute to low-cost rent need.

197. The need for affordable housing is high across all scenarios but is highest in absolute terms in the standard method-aligned scenario. While the *proportion* of affordable need is lower in the more ambitious scenarios (as more households can form), their overall number is higher – and much higher than current levels of delivery at 31,300 homes per year. The Trend-based scenario still requires 15,400 low-cost rent homes, largely driven by the backlog of homeless households which must be addressed regardless of future growth trends.

Conclusion

198. The analysis demonstrates that meeting London's housing need is not just about hitting a single number, but about delivering the right mix of homes. The standard method-aligned scenario is the only trajectory that offers a path to fully reversing the trend of structural unaffordability.
199. To meet this need, London requires **89,300 homes per year**, comprising **31,300 low-cost rented homes**, **14,200 intermediate homes**, and **43,800 market homes**. Delivering this mix would require a sustained focus on affordable housing supply, including larger family-sized units in the social rented sector, alongside a high volume of market delivery to accommodate London's growing workforce and younger population.

9. Housing needs of specific groups

Introduction

200. **This chapter sets out evidence on the housing requirements of specific population groups in London.** The National Planning Policy Framework (NPPF) mandates that housing needs assessments consider the requirements of distinct groups whose needs may not be fully captured by a general household model.⁶⁸ These include older people, people with disabilities, families with children, students, people who rent their homes, service families, Gypsies and Travellers, people wishing to commission or build their own homes, and looked after children. This chapter draws on a range of methodological approaches to provide the most robust evidence available for each group.
201. **The housing needs of specific groups cannot all be assessed using a single methodology.** For some groups – such as older people, disabled people, and families with children – the microsimulation model described in **Chapter 7: Methodology** can be interrogated directly to produce estimates of tenure and size requirements. For other groups – such as students – separate demographic projections are required because their housing patterns are fundamentally different from the general household population. For yet other groups – such as Gypsies and Travellers – dedicated engagement studies are the only appropriate method. The table below summarises the methodological approach used for each group.

Table 9. Summary of methodological approach used for the needs assessment of each specific group.

Group	Methodological Approach
Older people (65+)	Microsimulation subset
Disabled people	Microsimulation subset
Families with children	Microsimulation subset
Private renters	Affordability tests with acknowledged flexibility
Students	Separate demographic/heuristic model
Gypsies and Travellers	Dedicated needs assessment (GTANA)
Armed forces	Ministry of Defence data
Looked after children	Borough-level sufficiency strategies
Self-build	Statutory register data

202. **The results in this chapter are not directly additive to the overall housing requirement set out in Chapter 8.** The needs of most specific groups are already captured within the general household projections and microsimulation. The purpose of this chapter is to provide additional detail on the characteristics and requirements of these groups to inform targeted policy interventions. Only in specific cases – such as Purpose-Built Student Accommodation – do the results represent a distinct category of

⁶⁸ [Housing needs of different groups - GOV.UK](#)

provision that may be planned for separately.

Supported housing

203. **Supported housing refers to accommodation provided alongside care, support, or supervision, enabling people with specific needs to live as independently as possible.** There is no single universal definition of supported housing, and different definitions are used across policy, regulation, and funding systems, depending on context. Supported housing serves a wide range of groups, including older people requiring care, people with physical or learning disabilities, people with mental health conditions, and those at risk of or experiencing homelessness. A common feature is that accommodation is integrated with ongoing support services that help residents maintain or develop independent living skills.^{69, 70, 71}
204. **Supported housing is a cross-cutting need that is relevant to multiple specific groups covered in this chapter.** The largest areas of demand are typically associated with older people and disabled people, for whom housing needs often include varying levels of care, accessibility, and ongoing support. For these groups, mainstream housing may not be suitable, and the availability of supported housing options is critical to enabling independent living and reducing pressure on health and social care services.⁷² The general requirements of older people and disabled people are discussed in the following sections.
205. **Data on supported housing is limited and fragmented.** There is no comprehensive national dataset on the supply of or demand for supported housing. Existing estimates are based on periodic reviews rather than routine data collection. The Regulator of Social Housing collects some data on supported housing provided by registered providers, but this does not cover all provision.⁷³ Local authorities maintain their own records, but these vary in scope and methodology. As a result, this SHMA cannot provide a precise estimate of the need for supported housing in London. Instead, we note its importance as a component of provision for older people and disabled people and recommend that local authorities conduct their own assessments of supported housing need as part of their Local Plan processes.

Older people

206. **London's population is ageing, and the number of older person households is projected to grow substantially over the plan period.** As set out in Chapter 5: Demographic trends, the number of people aged 65 and above in London is projected to grow from 1,115,000 in 2024 to 1,662,000 in 2046 – an increase of 50%. The number of those aged 75 or more is projected to grow by 77%, and the number aged 80 or more is projected to more than double. This demographic shift has significant implications for the type, tenure, and accessibility of housing required.
207. **The majority of older people in London are owner-occupiers, but a substantial minority live in social housing.** According to our analysis of the English Housing Survey, approximately 61% of households headed by someone aged 65 or over are owner-occupiers, 33% are social renters, and 6% are private renters. This is lower than

⁶⁹ [Supported housing - House of Lords Library](#)

⁷⁰ [Investigation into supported housing - NAO report](#)

⁷¹ [Supported Housing | Supported Housing](#)

⁷² [Local Supported Housing Strategies - GOV.UK](#)

⁷³ [Reports and statistics – RSH, GOV.UK](#)

the national figure of 79% owner-occupancy and 16% social renting.⁷⁴ This tenure profile differs markedly from the general population, reflecting the historical pattern of home ownership among older cohorts and the role of social housing in providing secure accommodation for older people on lower incomes.⁷⁵

208. **Many older owner-occupiers in London under-occupy their homes.** As noted in **Chapter 4: Housing trends**, the share of homeowner households who are under-occupying (i.e., who have two or more bedrooms above the bedroom standard) has risen from 33% in the mid-1990s to 43% in 2022. This trend is particularly pronounced among older households, where the typical under-occupying household consists of older people remaining in family homes after their children move out. There is evidence that under-occupation among older people is often a matter of choice, reflecting a preference to “age in place” in familiar surroundings.⁷⁶
209. **While most older people will continue to live in mainstream housing, demand for specialist and supported housing is likely to grow.** Specialist housing for older people includes sheltered housing (with a warden or scheme manager), extra care housing (with on-site care services), and residential care homes. The microsimulation model does not differentiate between these types of provision, and it is beyond the scope of this SHMA to produce estimates of the need for specific types of specialist housing. Local authorities should conduct their own assessments of older people’s housing needs, taking into account local demographic profiles, existing specialist provision, and the preferences of older residents.⁷⁷
210. **Age is strongly correlated with disability.** According to our analysis of the English Housing Survey, 47% of people aged 65 and over report having a disability, and this proportion increases to 55% for people aged 80 and above. The overlap between the older population and the disabled population means that a significant proportion of older person households will require accessible or adaptable housing. The specific requirements for accessible housing are discussed in the following section on disabled people.

Table 10. Newly arising need for older people (HRP aged 65 or above).

	1 bed	2 bed	3+ bed	Total	
Low-cost rent	3,200	4,400	- 4,000	3,600	13%
Intermediate	600	500	- 100	1,000	3%
Market	7,500	3,700	12,800	24,000	84%
Total	11,300	8,600	8,700	28,600	100%

211. **The SHMA cannot provide a definitive estimate of the need for residential care or nursing home places.** These forms of accommodation are classified as communal establishments rather than households and are therefore outside the scope of the household-based projections used in this assessment. The need for care home places is driven by factors including the prevalence of dementia and other conditions requiring 24-hour care, which are best assessed through health and social care planning processes rather than a housing needs assessment.

⁷⁴ [Housing an ageing population: a reading list](#), p. 3

⁷⁵ [Housing an ageing population: a reading list](#)

⁷⁶ [age-uk-parliamentary-briefing-commons---housing-december-2024.pdf](#)

⁷⁷ *Ibid.*

Disabled people

212. **Disabled people have diverse housing needs that are not fully captured by the general household model.** Under the Equality Act 2010, a person is considered disabled if they have a physical or mental health condition or illness which is expected to last 12 months or more and which causes them substantial difficulty with day-to-day activities.⁷⁸ This broad definition encompasses a wide range of conditions, from mobility impairments requiring wheelchair access to sensory impairments, learning disabilities, and mental health conditions. The housing requirements of disabled people vary significantly depending on the nature and severity of their condition.⁷⁹
213. **According to our English Housing Survey-derived model, there are just over 1 million households that include a member with a long-term illness or disability, which represents 29.5% of London households.** Due to the diversity of disability, this section focuses primarily on the needs of people with mobility impairments, specifically wheelchair users, for whom housing requirements are better documented and more readily quantifiable. Data on the housing requirements of people with non-physical disabilities, such as learning disabilities or mental health conditions, is relatively scarce. The needs of these groups can in some cases be met through supported housing, which is discussed above, and in many cases, in regular housing with little or no additional adaptations. Modelling the number of households including someone with a mobility impairment fell out of the scope of this SHMA. Earlier research found that over 14% of households include someone with a mobility impairment.
214. **Our household model suggests there are around 89,300 households in London that include someone who uses a wheelchair some or all of the time, representing 2.5% of London households.** 22,400 households include someone who uses their wheelchair all the time, 53,300 someone that uses their wheelchair only outdoors, and 13,600 someone who uses their wheelchair indoors only. Households with someone who uses their wheelchair all the time or indoors only have the clearest need for wheelchair-compatible dwellings. 23.7% of households someone who uses their wheelchair all the time or indoors only say they are dissatisfied with their accommodation. However, sample sizes are very small for wheelchair adaptable dwellings, so these figures are to be treated with caveats. 61% of wheelchair user households have a household reference person aged 65 or over.

Building regulations and accessibility standards

215. All new dwellings in England must comply with the Building Regulations, including requirements related to accessibility set out in Approved Document M (Part M).⁸⁰ The relevant standards are:
- **M4(1): Visitable dwellings** – the baseline standard, mandatory for all new dwellings unless higher standards are required.
 - **M4(2): Accessible and adaptable dwellings** – a higher standard designed to meet the needs of a wide range of occupants, including older and disabled people, and to allow adaptation over time (broadly equivalent to Lifetime Homes principles).⁸¹
 - **M4(3): Wheelchair user dwellings** – the highest standard, designed to meet the

⁷⁸ [Definition of disability under the Equality Act 2010 - GOV.UK](#)

⁷⁹ [HRN 12 \(2026\) Housing for disabled Londoners: An analysis of secondary data – London Datastore](#)

⁸⁰ [Access to and use of buildings: Approved Document M - GOV.UK](#)

⁸¹ [BR_PDF_AD_M1_2015_with_2016_amendments_V3.pdf](#)

needs of wheelchair users, either as fully accessible or easily adaptable homes.⁸²

216. **Since 2016, the London Plan requires 90% of new homes to meet M4(2) standards and 10% to meet M4(3) standards.**⁸³ M4(1) remains the national minimum requirement for all new dwellings where higher standards are not specified via planning policy. In 2020, the government consulted on raising accessibility standards for new homes and committed in principle to mandating M4(2) as the new national minimum standard, but this has not yet been fully implemented in Building Regulations at the time of writing.⁸⁴
217. **Data on the existing stock of accessible housing is limited.** There is no comprehensive national dataset that directly maps existing homes to the M4(1)–M4(3) Building Regulations categories. The English Housing Survey provides some information on basic accessibility (“visitability”) features, but these do not map directly to the Building Regulations standards.
218. **There are four features defined in the English Housing Survey as necessary to make a dwelling “visitable” by people with mobility difficulties.** These are: level access (no steps between the gate/pavement and the front door); a flush threshold, with no obstruction higher than 15mm; sufficiently wide doors and circulation space; and a toilet at entrance level. According to previous GLA research, 16.7% of homes in London were fully visitable in 2022-23 because they have all four visitability features – roughly double the proportion in 2012. This improvement is largely driven by new construction, particularly purpose-built flats: around 27% of purpose-built flats are visitable, compared to less than 10% for converted flats and houses.⁸⁵

⁸² Ibid.

⁸³ [Policy 3.8 Housing choice | London City Hall](#)

⁸⁴ [Raising accessibility standards for new homes - GOV.UK](#)

⁸⁵ [Housing for disabled Londoners - An analysis of secondary data](#)

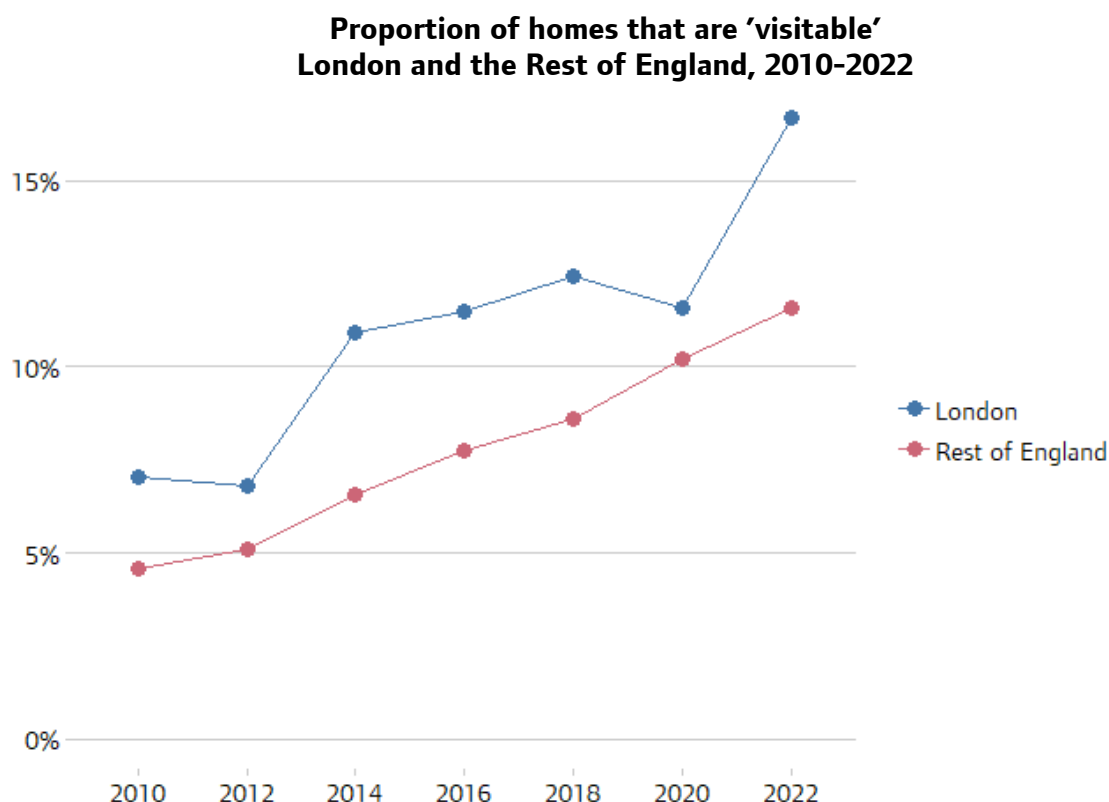


Figure 54.

219. **Data on new homes meeting M4(2) and M4(3) standards is improving but remains incomplete.** Earlier monitoring relied on planning application information provided by boroughs and developers, which could not always be independently verified. 2021 changes to London Plan policy require that accessibility standards are secured through planning conditions, but ⁸⁶ work to improve data collection—such as the Planning London Datahub—is ongoing.

Projecting need for accessible housing

220. **Our modelling shows that by 2036, the number of households with a wheelchair user will grow to around 110,000 in our headline scenario.** Since data on the current stock of wheelchair-accessible homes is very limited, quantifying the total refurbishment backlog is not possible. However, we can quantify the need for new homes for wheelchair users, which we know all need to meet the M4(3) standards.
221. **In total, a minimum of 700 new wheelchair-accessible homes are needed per year to meet *just* the newly arising need of wheelchair users.** This represents around 1% of total need. This is a net number assuming redistribution of existing stock of larger homes. Wheelchair users will overwhelmingly be in households requiring 1 or 2-bed homes, (800 and 1200 per year annually), while freeing up ~1,200 family-sized homes per year.

⁸⁶ [Accessible Housing \(4\)](#), Mayor's Question Time

Table 11. Newly arising need for wheelchair users (household contains a wheelchair user).

	Total	%
Low-cost rent	100	14%
Intermediate	400	57%
Market	200	29%
Total	700	100%

Families with children

222. **Families with children have distinct housing requirements, particularly in relation to the size of accommodation.** The bedroom standard, commonly used in housing policy and analysis, allocates bedrooms based on household composition, including age and sex of occupants. Under this approach, children under 10 may share a bedroom regardless of sex, while older children—particularly those of different sexes—are expected to have separate rooms. As a result, families with two or more children typically require larger homes, often with three or more bedrooms.
223. **Families with children face the highest rates of overcrowding, particularly in London.** Evidence (see **Chapter 4: Housing trends**) shows that overcrowding is more common in rented sectors (especially social and private rented housing) and is significantly higher in urban areas such as London.⁸⁷ Households with dependent children are disproportionately affected: research indicates that households with children are far more likely to be overcrowded than those without, reflecting the mismatch between household size and available dwelling space.⁸⁸ London’s overcrowding rates are consistently higher than the national average, with children and families most affected.
224. **The microsimulation model can be used to project the tenure and size requirements of families with children in 2036.** By filtering the projected household population for those with at least one dependent child, we can estimate the requirements of this group. The results are shown in the tables below.

Table 12. Newly arising need for families with children (one or more dependent child/children).

	1 bed	2 bed	3+ bed	Total	
Low-cost rent	- 2,500	1,600	9,000	8,100	55%
Intermediate	- 100	3,700	2,700	6,300	43%
Market	- 3,700	8,300	- 4,400	200	1%
Total	- 6,300	13,600	7,300	14,600	100%

225. **The results highlight a particularly acute requirement for family-sized affordable housing.** As shown in **Chapter 8: Analysis of housing need**, the low-cost rented sector has a pressing need for larger homes. There is “negative need” in 1-bed homes, reflecting the Bedroom Size Test reassigning families into larger homes. The

⁸⁷ [Overcrowded housing \(England\) - House of Commons Library](#)

⁸⁸ [Inequalities in overcrowding in households with children in an ethnically diverse urban population: a cross-sectional study using linked health and housing records - PMC](#)

largest need is in 2-bed market homes and 3+ bed low-cost rent homes.

226. **Affordability pressures are forcing many young adults to remain in the parental home.** As noted in **Chapter 4: Housing trends**, the number of households with non-dependent children (those aged over 18 or 16-18 not in full-time education) increased by 56% between the early 2010s and 2019, from 450,900 to a peak of 704,500. This trend reflects the difficulty young adults face in forming independent households due to high housing costs. While these individuals are not classified as families with children for the purposes of this analysis, their presence in family homes contributes to overcrowding pressures.

Private renters

227. **The private rented sector (PRS) has grown substantially in London and now houses nearly a third of all households.** According to the English Housing Survey, approximately 31% of households in London rented in the private sector in 2022-23, up from 16% in 2002-03. This makes the PRS the second-largest tenure in London after owner-occupation (47%), and larger than the social rented sector (21%).
228. **Private renters face distinct challenges related to affordability, security, and housing quality.** Private rents in London are significantly higher than in other English regions, with ONS data showing London consistently has the highest rents. Affordability pressures are also more acute: private renters in London spend a higher proportion of their income on rent than elsewhere, with affordability ratios exceeding 40% in recent data. Private renters have historically faced lower security of tenure than other tenures. However, the Renters' Rights Act 2025, which received Royal Assent on 27 October 2025 and came into force in 2026, abolishes Section 21 "no-fault" evictions and introduces a more secure tenancy framework.⁸⁹
229. **The microsimulation model produces estimates of the need for "market" housing, which includes both owner-occupation and private renting.** The model does not distinguish between these two tenures because the choice of whether to rent or buy is highly responsive to factors outside the scope of this assessment. Households may move between private renting and owner-occupation over their lifetime depending on their circumstances.
230. **The expansion of the PRS in London is in part a response to the wider shortage of housing and affordability constraints, rather than a reflection of household preference.** Many households in the private rented sector aspire to owner-occupation but are currently unable to afford it. According to the English Housing Survey, private renters express the lowest satisfaction with their tenure (67%) of any tenure group, while reporting high satisfaction with their accommodation (82%). This suggests that dissatisfaction is driven by the insecurity and cost of private renting rather than the quality of the housing itself. At the same time, private renting offers advantages for some households, including flexibility and mobility, which may be preferred by some. High transaction costs associated with home ownership (including Stamp Duty Land Tax) can also discourage moves within the owner-occupied sector.⁹⁰
231. **The SHMA does not attempt to forecast the future split between private renting and owner-occupation.** Non-planning policies around taxation, support for home-

⁸⁹ [Guide to the Renters' Rights Act - GOV.UK](#)

⁹⁰ [The-Private-Rented-Sector-A-Vehicle-for-Affordable-Housing.pdf](#)

buyers, lending practices, and tenancy regulation can all have significant impacts on tenure patterns, but it is not possible to anticipate them in this assessment. The market housing requirement set out in **Chapter 8: Analysis of housing need** should be understood as the total requirement for both PRS and owner-occupation combined.

232. **Intermediate housing products may serve some households currently in the PRS.** Households who cannot afford full owner-occupation but have incomes above the threshold for social housing may be suitable for intermediate products such as Shared Ownership or London Living Rent. The growth of these products may enable some households to exit the PRS into more secure and affordable accommodation.

Students

233. **Students represent a distinct housing group with different drivers of demand, and Purpose-Built Student Accommodation (PBSA) occupies a unique place within the housing market.** Many students live in communal establishments (halls of residence) which are not captured in the standard household population. Their housing choices are driven by factors specific to higher education, including the location of universities, the academic calendar, and access to student finance. As a result, the GLA produces separate projections of the student population to inform the assessment of need for PBSA.
234. **To establish the number of students likely to generate housing demand in London, two contrasting approaches were considered.** The first approach is based on assumptions about likely housing choices derived from population trends and institutional data, considering whether students are full-time, their domicile prior to study, and whether they are on undergraduate or postgraduate courses. The second approach draws on trends observed in the current housing market, including latent needs such as commuter students and homelessness in the student population.
235. **Informed by both approaches, a midpoint estimate of 259,000 students with housing need in 2024 provides a balanced baseline.** This figure serves as the foundation for modelling future PBSA need, ensuring growth scenarios are applied to a consistent and justifiable base.
236. **Several factors will influence future growth in student numbers.** For domestic students, key influences include:
- The expected growth in the 18-year-old population, projected at around 2% per year.
 - Participation rates in higher education, which have increased in recent years, particularly for postgraduate study.
 - Emerging evidence that affordability concerns, rising tuition costs, and cost-of-living pressures may be leading some potential students to opt for employment instead.
 - A trend towards more students living at home and commuting, further affecting the spatial pattern of student housing demand.
237. **International students have driven a significant share of growth in student numbers over recent years.** Universities have pursued more diverse recruitment strategies, leading to increased enrolments from overseas. However, recent changes to visa rules – particularly around dependants – may begin to constrain growth in this cohort. Although data from these policy changes is limited, early indications suggest they may be having a negative effect on application numbers.
238. **Only around 35% of students in London currently live in PBSA.** There is a growing

trend of second- and third-year students opting to remain in PBSA, even though affordability remains a significant barrier. High development and operational costs mean that PBSA rents are unlikely to fall without targeted intervention. As such, while demand for PBSA may continue to grow, it remains constrained by students' ability to pay.

239. **PBSA is less flexible than general needs housing.** If student numbers fall or policy directions shift, PBSA may be less easily repurposed for other uses. This inflexibility has informed the need to avoid over-provision, particularly where land may otherwise be used for general housing. The role of PBSA in easing pressure on the PRS is also complex: while increasing PBSA supply may help reduce competition between students and the wider rental market, it is not guaranteed to reduce rents across the wider market.
240. **We have modelled a range of scenarios using a "bedspace ratio" approach.** This approach compares the number of students in housing need to the number of available PBSA bedspaces. While a 2:1 ratio would offer great flexibility and choice, it is recognised as a stretch target that may not be deliverable or necessary in practice. A more realistic planning range has been identified between 2.2:1 and 2.5:1, reflecting both current provision levels and future demand under a range of population growth scenarios.
241. **Using the bedspace approach, it is recommended that approximately 3,700 additional PBSA bedspaces per annum be planned for across London over the next ten years.** This equates to a total of 37,000 new bedspaces. The recommendation considers likely growth in the student population, the existing shortfall in PBSA provision, deliverability across London, and an allowance for refit (approximately 800-2,400 bedspaces under refit at any one time, around 2% of total student accommodation).
242. **This planned provision is intended to ensure a balanced approach.** It maintains sufficient student housing options while protecting land for other housing priorities. It recognises the value of PBSA to London's education sector while acknowledging the need for flexibility and affordability in the overall housing market.

Gypsies and Travellers

243. **The housing needs of Gypsies and Travellers cannot be assessed using the general household model.** These communities have distinct housing needs, and the assessment of these needs is governed by specific planning definitions and a separate methodology. The housing requirements of Gypsies and Travellers are typically expressed in terms of pitches (for caravans) and plots (for Travelling Showpeople) rather than conventional dwellings.
244. **The London GTANA 2025, produced for the Greater London Authority provides a comprehensive assessment of accommodation needs for Gypsies, Travellers, Travelling Showpeople and Roma households over a ten-year period (2022/23–2031/32).** The evidence indicates that need remains structurally driven by demographic change, household formation and existing housing pressures, with the study incorporating both households on pitches and those in bricks-and-mortar accommodation. The analysis draws on secondary data, stakeholder engagement and site audits to establish a London-wide evidence base intended to inform borough-level targets and the next iteration of the London Plan.^{91, 92}
245. **In line with SHMA methodology, the GTANA disaggregates need into current**

⁹¹ [London GTANA 2025 | London Datastore](#)

⁹² [London GTANA Report November 2025.pdf](#)

unmet need and future need arising over the plan period, including newly forming households and those requiring moves due to overcrowding or unsuitable accommodation. The study recognises a limited pipeline of authorised pitches and yards, with delivery historically constrained and uneven across boroughs. While the assessment identifies a quantified requirement for additional pitches and plots (~851 pitches over 10 years), it also acknowledges that turnover within existing stock will only make a limited contribution, reinforcing the need for new provision. The report further highlights distinct requirements across different groups, including permanent residential pitches, transit provision, and plots for Travelling Showpeople, reflecting varied accommodation patterns and cultural preferences.⁹³

246. **The GTANA concludes that a proactive, plan-led response is required at both London-wide and borough levels to meet identified need.** This includes allocating land, intensifying or expanding existing sites where appropriate, and improving the overall quality and security of provision. The evidence is intended to support borough-level pitch targets and policy interventions, consistent with London Plan expectations that identified needs should be met over a ten-year horizon. However, it is also notable that stakeholder responses have raised concerns about potential underestimation of need, particularly in relation to hidden households and those in conventional housing wishing to move onto sites, indicating some uncertainty in the baseline figures and reinforcing the importance of cautious, flexible policy responses.⁹⁴

Armed forces

247. **The NPPF requires consideration of the housing needs of service families.** Members of the armed forces and their families have distinct housing patterns, including frequent relocation and access to service family accommodation. However, the armed forces population in London is relatively small, 7,790 as of 1 April 2025, of which 3,480 are military personnel and 4,320 are civilian personnel.⁹⁵ Given the small size of the armed forces population in London, no specific housing target is required. The housing needs of armed forces households are adequately captured within the general household projections and microsimulation. Local authorities with significant armed forces populations (for example, those near military bases) may wish to conduct additional analysis as part of their Local Plan processes.

Looked after children and care leavers

248. **Looked after children and care leavers have specific housing pathway needs that require targeted provision.** Looked after children are those in the care of a local authority, either because they are subject to a care order or because they are provided with accommodation by the authority (e.g. by agreement with parents). When they leave care (typically at age 18, though support can continue up to age 25), they often face significant challenges in accessing suitable and affordable housing.^{96 97}
249. **The housing needs of looked after children are addressed through local authorities' Children's Social Care Sufficiency Strategies.** These reflect the statutory "sufficiency duty" under section 22G of the Children Act 1989, which requires

⁹³ Ibid.

⁹⁴ Ibid.

⁹⁵ [Annual location statistics: 1 April 2025 - GOV.UK](#)

⁹⁶ [Children Act 1989](#)

⁹⁷ [Check if you have the right to care leaver support](#)

local authorities to take steps to secure, so far as reasonably practicable, sufficient accommodation within their area to meet the needs of looked after children. As such, the needs of this group are primarily assessed and planned for at local authority level rather than through a single London-wide strategic assessment.⁹⁸

250. **It is beyond the scope of the SHMA model to assess the housing needs of looked after children.** This group requires specialist assessment that considers placement types (such as foster care, residential care, and supported accommodation), the transition to independence, and the specific vulnerabilities of care leavers. The SHMA therefore highlights the importance of affordable housing provision for care leavers and recommends that local authorities consider this group within their local housing and corporate parenting strategies.⁹⁹
251. **Care leavers are at elevated risk of homelessness.** Evidence shows that they are over-represented among those experiencing or at risk of homelessness, with thousands each year presenting to local authorities for housing support and rising numbers in recent years. Ensuring adequate provision of affordable housing — particularly low-cost rented accommodation alongside appropriate support — is widely identified as critical to preventing homelessness among this vulnerable group.^{100, 101}

Self-build and custom housebuilding

252. **The Self-build and Custom Housebuilding Act 2015 introduced a duty on local authorities to maintain registers of individuals and groups interested in acquiring serviced plots to build their own homes.** Self-build and custom housebuilding are legally defined together in the Act, covering situations where individuals build or commission homes for their own occupation. In practice, “self-build” often refers to cases where individuals are directly involved in managing or undertaking construction, while “custom-build” typically involves commissioning a developer to deliver a home to the individual’s specification. Local authorities are required to have regard to these registers when exercising their planning, housing, and related functions.^{102, 103}
253. **Interest in self-build and custom housebuilding in London remains high, but actual development activity is limited.** Between 2017/18 and 2023/24, the net number of individuals and groups joining local self-build registers in London grew by an average of around 5% per year, reaching 8,781 entries by 2023/24. However, in the same year only 305 planning permissions for serviced plots suitable for self-build and custom-build were granted.¹⁰⁴ This gap reflects the challenges of delivering self-build and custom-build housing in London, including the high cost of land, competition from volume housebuilders, and the complexity of the planning system. Self-build and custom-build typically represent a very small proportion of overall housing delivery in the

⁹⁸ [sufficiency -](#)

[statutory guidance on securing sufficient accommodation for looked after children.pdf](#)

⁹⁹ [How local authorities plan for sufficiency of accommodation that meets the needs of children in care and care leavers - GOV.UK](#)

¹⁰⁰ [Statutory homelessness: Households with care leavers 2018-2024 - GOV.UK](#)

¹⁰¹ [Support for care leavers - House of Commons Library](#)

¹⁰² [Self-build and Custom Housebuilding Act 2015 - Explanatory Notes](#)

¹⁰³ [Self-build and custom housebuilding - GOV.UK](#)

¹⁰⁴ [Self-build and custom housebuilding data - GOV.UK](#)

capital.¹⁰⁵

254. **Register data should be interpreted with caution.** Entries on self-build registers reflect expressions of interest rather than firm demand. Households may be registered with multiple boroughs, leading to potential double-counting across London. Furthermore, not all registered individuals will proceed to build, and some may find alternative housing solutions.
255. **The SHMA does not set a specific need figure for self-build and custom-build housing.** The evidence suggests that while there is interest in this form of housing delivery, the main constraints are on the supply side (availability of suitable plots) rather than demand. Local authorities should continue to maintain their registers and have regard to them in planning decisions, but the overall housing requirement set out in this SHMA can be met through a range of delivery mechanisms.

Conclusions

256. **This chapter has set out evidence on the housing requirements of specific population groups in London.** The analysis demonstrates that different groups require different methodological approaches, ranging from interrogation of the microsimulation model (for older people, disabled people, and families) to separate demographic projections (for students) to dedicated engagement studies (for Gypsies and Travellers).
257. **The results in this chapter should be read alongside the overall housing requirement set out in Chapter 8.** For most groups, the needs identified here are already captured within the general household projections. The purpose of this analysis is to provide additional detail to inform targeted policy interventions, such as the requirement for accessible housing or the provision of PBSA.
258. **Limitations apply to the analysis of all specific groups.** Data availability varies significantly between groups, and some needs – such as for supported housing or care home places – cannot be quantified using the methods available. Local authorities should supplement this strategic evidence with their own local assessments where appropriate.

¹⁰⁵ [Self and custom build action plan - GOV.UK](#)

10. Conclusions

259. **This Strategic Housing Market Assessment provides the most comprehensive analysis of London’s housing need since 2017.** London requires approximately 89,300 new homes per year over the period 2026–2036 to meet the needs of its growing population, clear the backlog of unmet need, and reverse decades of suppressed household formation. This figure broadly aligns with the government’s standard method and represents an “unconstrained” assessment of what would be required to give all Londoners the opportunity to live in suitable, affordable accommodation.
260. **The associated scale of delivery that would be required is unprecedented since the Second World War.** London has never built over 80,000 homes in a single year since the 1930s, when a combination of public and private housebuilding briefly exceeded 80,000 completions. In recent decades, annual delivery has averaged between 30,000 and 40,000 homes – less than half of what is needed. The gap between need and delivery has been accumulating for many years, manifesting in rising homelessness, severe overcrowding, falling rates of home ownership among younger generations, and a growing number of households trapped in unsuitable or unaffordable accommodation.
261. **The evidence presented in this SHMA should inform policy.** The assessment is grounded in robust demographic projections, detailed microsimulation of household characteristics and affordability, and a methodology that has been refined over successive SHMAs. The headline figure emerges from the interaction of two independent methodologies (the government’s standard method and the GLA’s Demographic Modelling-Based Method) which converge when household formation rates are assumed to return to the levels observed in 2001.
262. **The human cost of inaction is already visible.** Around 75,000 households are living in temporary accommodation – more than at any point in London’s history.¹⁰⁶ Overcrowding remains concentrated in the rental sector, where households are significantly more likely to lack sufficient space than owner-occupiers.¹⁰⁷ The number of households including non-dependent adult children living at home has increased over the past decade, reflecting the growing difficulty young adults face in accessing independent housing.¹⁰⁸ These circumstances represent real constraints on the lives of millions of Londoners – and would-be Londoners who are currently unable to access the capital’s pool of opportunities. They represent careers never started, families never founded, and businesses never opened.
263. **Delivering sufficient housing is important beyond housing itself.** London’s economy depends on its ability to attract and retain workers across all income levels. If housing costs continue to rise faster than wages, London risks losing the key workers, service workers, and young professionals on whom its economy and public services depend. The city’s competitiveness, its diversity, and its social cohesion are all at stake, with consequences for the whole of the United Kingdom.

The role of this SHMA

264. **This SHMA is an evidence document, not a policy document.** It sets out an

¹⁰⁶ [Temporary accommodation over time in London \(updated 2025\) | Trust for London](#)

¹⁰⁷ [Overcrowding and under-occupancy by household characteristics, England and Wales - Office for National Statistics](#)

¹⁰⁸ [Families and households in the UK - Office for National Statistics](#)

assessment of need based on the best available data and methodology. It does not prescribe how that need should be met, nor does it make judgements about the trade-offs involved in housing delivery.

265. **The evidence presented here is intended to help inform policy decisions.** The SHMA provides a detailed breakdown of need by tenure and bedroom size, enabling policymakers to understand not just how many homes are required, but what types of homes are most urgently needed. It provides evidence on the housing requirements of specific groups – older people, disabled people, families with children, students – that can inform targeted policy interventions. And it provides a range of scenarios that illustrate different levels of ambition in housing delivery.
266. **A careful balance of national and local planning policy will be required to make the best use of land.** London is a constrained city. The Green Belt, protected open spaces, heritage assets, and infrastructure capacity all limit where and how development can occur. Meeting London's housing need will require difficult choices about the use of land, the density of development, and the distribution of growth across the capital. These choices must be informed by rigorous evidence and robust debate.

Annex 1: Standard method calculation

Below is the calculation of the standard method housing requirement figure as of 1 June 2026.

Local authority	Housing stock	Baseline (0.8%)	5-year average affordability ratio	Adjustment factor	Adjusted housing requirement
City of London	7,770	62.2	13.04	2.5	157
Camden	110,736	885.9	17.17	3.3	2,934
Hackney	119,903	959.2	13.31	2.6	2,474
Hammersmith and Fulham	99,527	796.2	17.6	3.4	2,702
Haringey	118,210	945.7	15.55	3.0	2,841
Islington	108,950	871.6	14	2.7	2,362
Kensington and Chelsea	90,344	722.8	32.69	6.3	4,525
Lambeth	148,295	1186.4	13.27	2.6	3,050
Lewisham	134,983	1079.9	12.15	2.4	2,547
Newham	135,998	1088.0	10.75	2.1	2,277
Southwark	147,160	1177.3	12.28	2.4	2,806
Tower Hamlets	143,912	1151.3	9.11	1.8	2,050
Wandsworth	158,746	1270.0	17.32	3.3	4,243
Westminster	133,518	1068.1	20.19	3.9	4,151
Barking and Dagenham	81,873	655.0	10.49	2.0	1,338
Barnet	165,020	1320.2	15.87	3.1	4,047
Bexley	101,729	813.8	12.01	2.3	1,898
Brent	135,617	1084.9	14.52	2.8	3,047
Bromley	143,402	1147.2	12.95	2.5	2,880
Croydon	170,279	1362.2	10.72	2.1	2,843
Ealing	148,014	1184.1	14.3	2.8	3,276
Enfield	131,509	1052.1	12.94	2.5	2,639
Greenwich	125,893	1007.1	12.76	2.5	2,492
Harrow	97,603	780.8	14.96	2.9	2,258
Havering	109,345	874.8	11.45	2.2	1,947
Hillingdon	118,509	948.1	12.72	2.5	2,339
Hounslow	113,879	911.0	11.79	2.3	2,086
Kingston upon Thames	70,980	567.8	14.11	2.7	1,551
Merton	88,527	708.2	14.97	2.9	2,050
Redbridge	108,926	871.4	14.33	2.8	2,416
Richmond upon Thames	86,135	689.1	18.56	3.6	2,464
Sutton	86,957	695.7	12.23	2.4	1,651
Waltham Forest	112,345	898.8	14.62	2.8	2,542

Total					84,884
--------------	--	--	--	--	---------------