

2040

Housing Report

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Contents

Introduction 3

Methodology and glossary 4

The national picture 6

Regional spotlight:

 North East 8

 North West10

 Yorkshire and the Humber12

 East Midlands14

 West Midlands16

 East18

 Greater London20

 South East22

 South West24

Housing type spotlight:

 Affordable26

 First-time buyers (25-44).....28

 Later living (66+)30

 Student-age (18-22)32

Contributors34



Introduction

England is currently ‘the most difficult place to find a home in the developed world’, according to a report published by the Home Builders Federation (HBF). Data shows that it has the lowest rate of available properties per capita of all OECD nations, a high proportion of inadequate housing (circa 15%), and the some of the oldest housing stock in the developed world.

The undersupply of housing in England is nothing new and many have attempted to tackle the problem for decades. Had the most ambitious scenario for increasing housing supply in Dame Kate Barker’s 2004 review of housing supply been implemented, England would have two million additional homes today (April 2024) – a shortfall equivalent to the number of properties in Manchester and Birmingham’s urban areas combined, according to the HBF’s Beyond Barker report.

Our ageing population and rising property costs will only exacerbate the problem unless we act now and prioritise the needs of future residents. Utilising the latest Office for National Statistics (ONS) Census data (2021) and population projections, we have built a **national and regional picture of England’s housing need in 2040**. Supplementing this is data from local authority housing registers, affordable housing stock records and extrapolated housing requirement figures using the government’s standard method.

There is a significant need for general market and affordable homes to accommodate the growing population. The government’s current target is 300,000 new homes each year (based on minimum need). However, according to one estimate commissioned by the [National Housing Federation and Crisis from Heriot-Watt University](#) around 340,000 new homes need to be supplied in England

each year, of which 145,000 should be affordable.

Meanwhile, research from the [Centre for Cities](#) has shown that solving the housing crisis over the next 25 years would require 442,000 new homes per year or if we were to fix the problem within the next decade, we would need to build 654,000 new homes per annum. As well as meeting this basic need, more could be done to provide greater choice and acknowledge the positive impact of specialist and affordable homes as part of a functioning housing market, much of which can be facilitated through market-led development at scale.

The following report predicts where the highest number of **first-time buyers and family homes** will be required and separately, where the greatest need for **affordable housing** lies.

The report also highlights areas with the greatest **ageing populations** and predicts **under-occupation** of homes by those aged 65+, ultimately identifying opportunities for right-sizing properties and later living accommodation.

We show which areas will see the largest growth in **student-age populations** and therefore where the demand for purpose-built accommodation will be highest. It also places a **spotlight on each region** in England. The data follows trends and highlights significant areas of need, and therefore areas of opportunity.

If we are going to meet the needs of the population in 2040, we need to start building the right homes today.

Methodology and glossary

All the projections and analysis utilise government-provided data. Below are links to data sources and definitions for the language used throughout this report.

Population:

Throughout the report we refer to the 16+ population data:

- [ONS mid-year population estimates 2022 16+](#)
- [ONS 2018-based sub-national population projections \(2040\) 16+](#)

We acknowledge that these projection figures are conservative. The latest national population projections from the ONS show that the numbers could be much higher due to predicted increases in immigration. However, these new figures are not available at a regional level, so have not been used for the purpose of this report.

Housing stock 2022:

This data shows how many properties were in a local authority area in 2022:

- [Gov.uk live tables on dwelling stock \(table 125\)](#)

Minimum housing need:

To calculate the total number of properties that need to be built between 2022 and 2040 (18 years) to meet current population projections, we have multiplied the 2022 annual minimum housing need figure for each local authority by 18.

- Calculated using the government's **minimum standard method***

*The figures do not take into account changes to the standard method brought about by the publication of new 2023 affordability ratios on 25 March 2024

Excluding Greater London:

Within the housing type sections of this report, we have chosen to exclude Greater London as the region consistently dominates the ranking table when included. Details of housing need in Greater London can be found in the regional spotlight section.

First-time buyers (25-44-year-old demographic):

The average age of a first-time buyer in the UK is [34](#) and the average age of a first-time mother is [30.9 years](#). To best reflect this young family/first-time buyer demographic, we have reported on the changes seen in the 25-44 population.

- [ONS mid-year population estimates 2022 \(25-44\)](#)
- [ONS 2018-based sub-national population projections \(2040\) \(25-44\)](#)

Later living and right-sized properties:

Throughout the report we reference 'later living' and 'right-sized' properties. These are 'catch-all' phrases to describe the various accommodation types available for people in later life, such as independent living through to extra care. This does not include care homes.

We define 'later living' age as 66+ (the [state pension age in 2024](#)) except when projecting under-occupancy in 2040 (see **under-occupation 2040**).

- [ONS mid-year population estimates 2022 \(66+\)](#)
- [ONS 2018-based sub-national population projections \(2040\) \(66+\)](#)

Under-occupation and under-occupancy ratio:

We define a property as 'under-occupied' if it has two or more spare bedrooms.

The under-occupancy ratio is calculated by working out the proportion of total households aged 66+ that had two or more spare bedrooms in 2021.

- [2021 Census, ONS \(March 2021\)](#)
- Under-occupancy figures created using the [ONS custom data set](#)

Under-occupation 2040:

To calculate projected under-occupation of households in the later living demographic, we multiplied the under-occupation ratio of that local authority against its 2040 65+ household projection.

- [2040 projection for all households aged 65+](#)

Due to limitations with household projections only being published in five-year intervals, we are unable to calculate against 66+ households, but accept the likelihood is that under-occupation will only increase over time, so believe this to be an adequate projection.

Students (18-22-year-old demographic):

Without specific student population projection data available, student population changes have been calculated using the 18-22-year-old demographic data.

- [ONS mid-year population estimates 2022 \(18-22\)](#)
- [ONS 2018-based sub-national population projections \(2040\) \(18-22\)](#)

Local authority housing register:

This data shows the number of households on the local authority's housing register in 2023.

- [Numbers of households on local authorities' housing waiting lists, by district: England, 31 March 1987 to 31 March 2023](#)

Affordable housing stock average annual loss:

For this report, 'affordable housing' refers to social housing stock owned by local authorities and registered providers.

We calculated the average annual loss of affordable housing stock between 2015/16 and 2021/22 to account for changes made to housing waiting list classification in 2013/14.

- [Social housing sales](#)

Affordable housing stock 2040:

To calculate the 2040 projection of total affordable properties lost between 2022 and 2040 (18 years), we multiplied the average annual loss figure experienced over recent years (as calculated above) by 18.

Affordable housing completions:

We used the government's affordable housing supply statistics and calculated the total social rent dwelling completions between 2015/16 and 2021/22.

- [Social housing completions](#)

The national picture

England is poised for significant demographic change over the next two decades, bringing forth new challenges and opportunities in the housing sector.

By 2040, **England's 16+ population** is expected to grow by 6% to almost 50 million. Notably, **Greater London** and the **East Midlands** emerge as the fastest-growing regions – each anticipating 12% growth to 8 million and 4.5 million, respectively – while the **North East** shows the slowest growth at 5% to reach 2.3 million people.

Staggeringly, at least 5.4 million **homes need to be constructed** across England by 2040 to meet the burgeoning demand. However, this is based on the government's long-standing existing target of building 300,000 homes per annum, but recent estimates suggest this figure should be far higher. Heriot-Watt University suggests 340,000 new homes, of which 145,000 should be affordable, while research from the Centre for Cities states 442,000 homes per annum to solve the crisis by 2048.

The **South East** leads the way in housing need outside of Greater London, with demand for more than 950,000 homes. In contrast, the **North East** demands the least, with a requirement of 112,388 properties.

The **first-time buyer demographic** is anticipated to decline nationally by 1.57%. However, **Yorkshire and the Humber** (10%), the **West Midlands** (7%) and the **South West** (1%) will buck the trend with positive growth among this age group. The **South East** stands out with the most significant decline, projected at 7%.

Despite this, the demographic remains a hugely important segment of the housing market. The first-time buyers of 2040 are teenagers and young adults living with their parents today, so they will be completely new entrants to the housing market. The consequences of not adequately providing for this segment of the housing market are

considerable, and result in many young people moving back into the family home – with delays to household formation and fertility rates in younger adults directly impacted.

The 2021 Census provides some indication of the extent of these impacts, for example there has been a 9% increase (+339,020) in the number of households where there are three or more adults (this group best represents households with adult children living at home/overcrowded households) over the period between 2011 and 2021. This figure now stands at 4.2m households.

More than 1.2 million people were on their **local authority housing register** in 2023, signifying a pressing need for affordable housing solutions, especially in regions like **Greater London** and the **North West**, which had the most significant numbers of people waiting for a council home (323,827 and 196,600, respectively). More than half a million **affordable homes** are projected to be lost across England by 2040, with **Greater London** (110,394) and the **North West** (71,190) facing the most significant losses. On the contrary, the **South West** will lose the least (31,212) by 2040.

Conversely, the **student-age population** is set to grow by 6% across England, with significant surges expected in Yorkshire and the Humber and the **South East** at 11% and 10%, respectively. **Greater London** is the only region expecting a reduction in its student-age population of 0.34%.

Nationally, **the later living demographic** is set to witness a 37% increase, with the **East Midlands** experiencing the greatest surge (41%) and the **North East** demonstrating the slowest growth (29%). Alarming, 52% of properties occupied by those aged 65+ are projected to be under-occupied in 2040. The **South West** is expected to have the highest under-occupation rate (57%), while **Greater London** is anticipated to have the lowest (42%).



Regional spotlight:
North East

Introduction

Despite being England’s slowest-growing population (5%), at least 112,388 new homes still need to built across the North East to meet the needs of its 2040 16+ population of 2.3 million.

Developer hot spots:

Housing type	Area	Key fact
Starter and family homes	County Durham	5% growth in first-time buyer demographic
Later living accommodation	North Tyneside	66+ age group expected to rise by 35% to more than 55,800
Student accommodation	Middlesbrough	17% increase in student-age population
Affordable housing	County Durham	5,742 affordable homes lost by 2040

Opportunities

The overall 16+ population in the North East is expected to remain fairly steady in most local authority areas. However, the demographic that is poised for growth is those aged 66 and over, which is due to rise by 29% to 695,530 in the region. People residing in homes larger than necessary is also prevalent among this demographic, with an estimated 49% (234,448) 65+ households in the North East expected to be under-occupied in 2040. Later living, therefore, is the part of the housing sector with the greatest growth potential, presenting strong opportunities for developers to invest in this market.



1

Bordering the North Sea, **North Tyneside** covers popular seaside towns such as Whitley Bay and Tynemouth. The 66+ demographic in this local authority area is expected to rise by 35% to 55,853, making up 29% of North Tyneside’s 16+ population.

2

Middlesbrough’s student-age demographic is expected to rise by 17% to 10,592 – the largest increase in the North East – possibly due to it being the home of Teesside University.

3

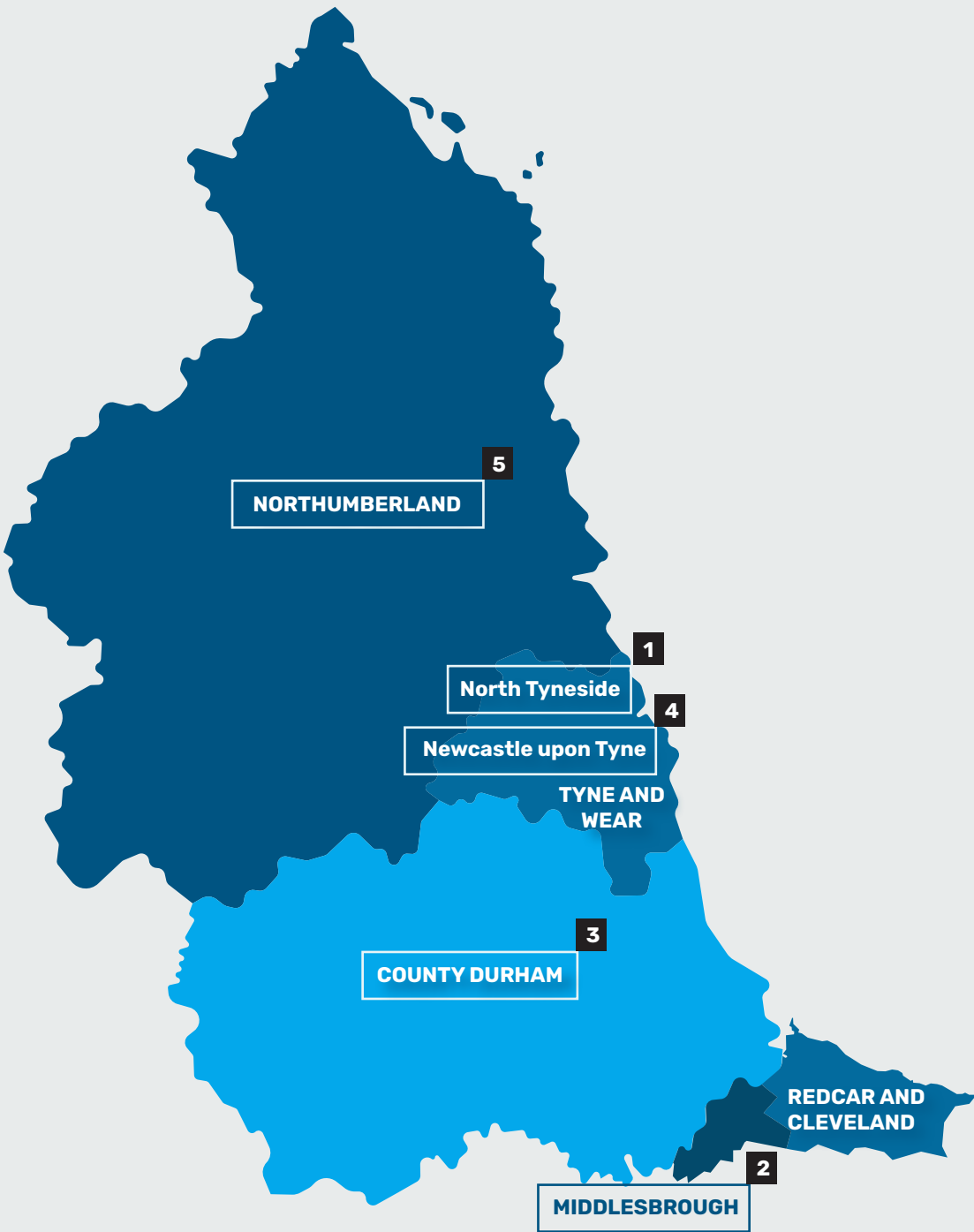
The overall 16+ population of the North East’s largest settlement, **County Durham**, is estimated to rise by 7% to 471,265. While its student-age population is predicted to remain stationary, the area will see the region’s largest growth in its first-time buyer demographic (5%) to 127,380. County Durham is also expected to lose the greatest number of affordable homes (5,742) in the North East by 2040.

4

Despite being home to two universities, Newcastle upon Tyne will see just 3% growth in its student-age population – in contrast to Gateshead’s 14%, which is located over the Tyne Bridge, immediately south of the city.

5

Almost 11,000 households in Northumberland were on the local authority’s housing register in 2023.



Regional spotlight:
North West

Introduction

The North West needs to build nearly 400,000 new homes to meet the needs of the region's 16+ 2040 population, which is projected to rise by 6% to nearly 6.5 million.

Developer hot spots:

Housing type	Area	Key fact
Starter and family homes	Liverpool	Only area with double digit percentage growth
Later living accommodation	Cheshire	Both Cheshire East and West areas seeing highest increase in 66+ population
Student accommodation	Cheshire West and Chester	18% increase in student-age population
Affordable housing	Manchester	Loss of nearly 8,500 affordable homes

Opportunities

Cheshire is the area in which there is polarised growth, presenting the greatest opportunity to develop right-sized properties for older people due to its ageing population, as well as student accommodation to meet its growing 18-22-year-old cohort.



1

With more than 15,000 people on the city council's housing register by the end of 2023, **Manchester** is also the local authority area showing the biggest predicted loss in affordable housing stock by 2040 – 8,496 if current trends continue.

2

Cheshire West and Chester is expected to see the largest increase in 18-22-year-olds by 2040 – likely due to three university campuses being located in the county. In other local authorities across the region with major universities such as Lancaster and Manchester, student-age population figures remain steady.

3

Cheshire East and **Cheshire West and Chester** will be seeing an increase in their older population by 37.5% and 37.9% respectively.

4

Liverpool is expected to see double digit percentage growth (10%) in its first-time buyer population demographic.

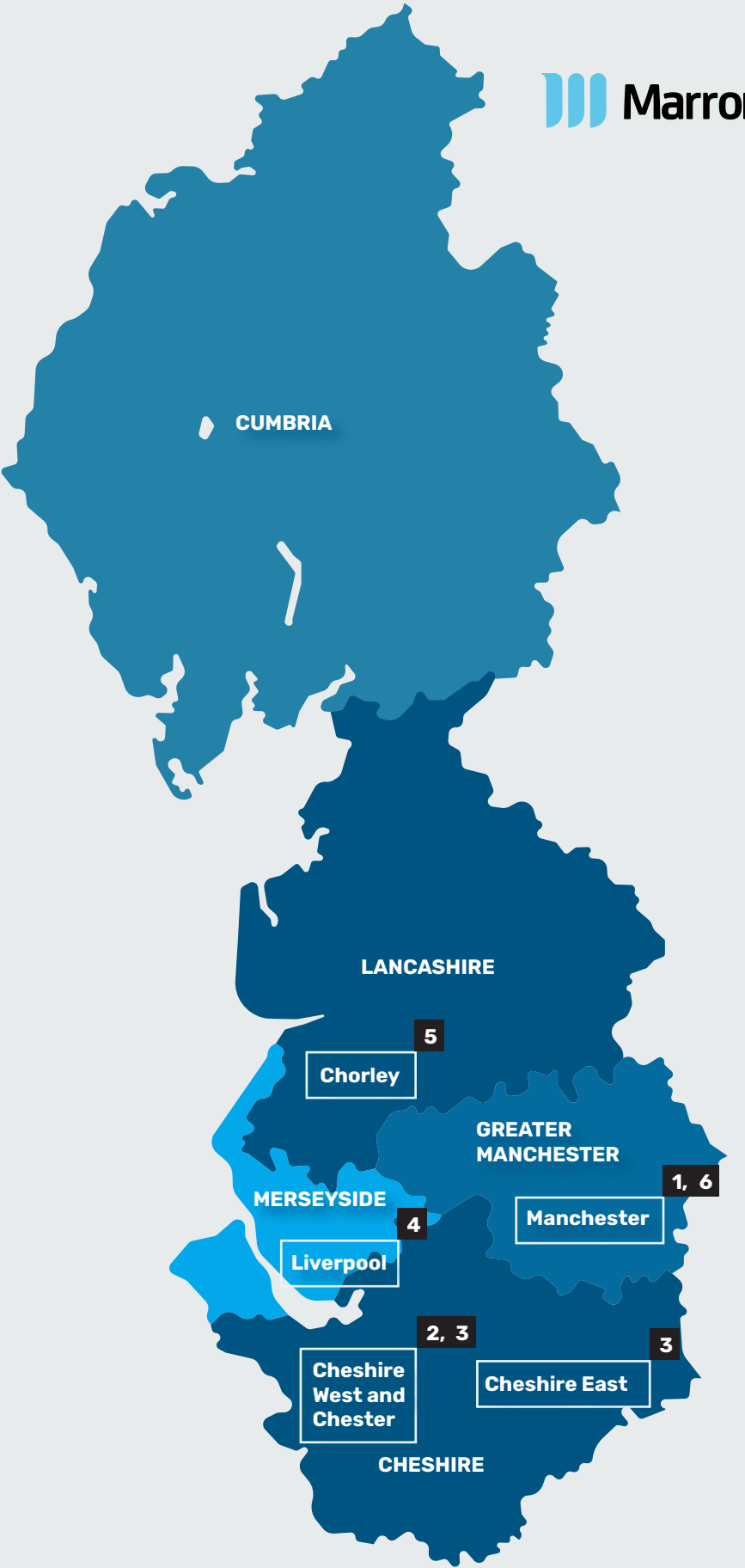
5

Chorley in Lancashire to have the largest 16+ population growth in the North West of 17%.

6

Despite only a 6% increase in its 16+ population by 2040, Manchester has the greatest demand for new homes, with a minimum housing need of 66,860 by 2040.

By 2040, 84% of 66+ households will be under-occupied in the North West.



Regional spotlight:

Yorkshire and the Humber

Introduction

Home to the UK’s largest county, Yorkshire and the Humber requires at least an additional 342,000 new homes to meet the needs of the region’s 16+ 2040 population, which is projected to rise by 7% to more than 4.8 million.

Developer hot spots:

Housing type	Area	Key fact
Starter and family homes	Sheffield	Double digit demographic growth
Later living accommodation	Barnsley	More than 45% increase in its 66+ age group
Student accommodation	Sheffield	25% increase in student-age population
Affordable housing	Leeds	11,000 affordable homes will be lost by 2040

Opportunities

With a growing first-time buyer demographic (10%), market housing will be in high demand. However, with such significant levels of under-occupation across Yorkshire and the Humber, there is also a real opportunity to develop right-sized properties for the region’s ageing population – not only offering more choice, but freeing up much-needed family and starter homes.



1 **Barnsley** will see an increase in its 66+ population by 46% to 66,666. If under-occupation levels remain the same as they are today, half of the area’s 66+ households will be under-occupied by 2040 (23,683).

2 With two universities in the city, **Sheffield** is expected to see the largest student-age population growth by 2040. It is also the only council area in the region that will see double digit growth (14%) in its first-time buyer population as more young people remain or move to the city.

3 **Leeds** had more than 20,000 people on its housing register in 2023 and is losing, on average, 615 affordable properties to the Right to Buy scheme and through disposals every year. In a [report by the city council](#) in December 2023, it was stated that some people remain on the priority waiting list for more than two years.

4 Wakefield will see the largest 16+ population increase in the region by 2040 (16%).

5 In West Yorkshire, **Bradford** experienced more than 1,400 demolitions of its social housing stock between 2012 and 2022, including [10 tower blocks](#), which contained more than 580 one and two-bed flats.

6 Leeds will have the region’s largest 66+ population in 2040 (147,500).



Regional spotlight:
East Midlands

Introduction

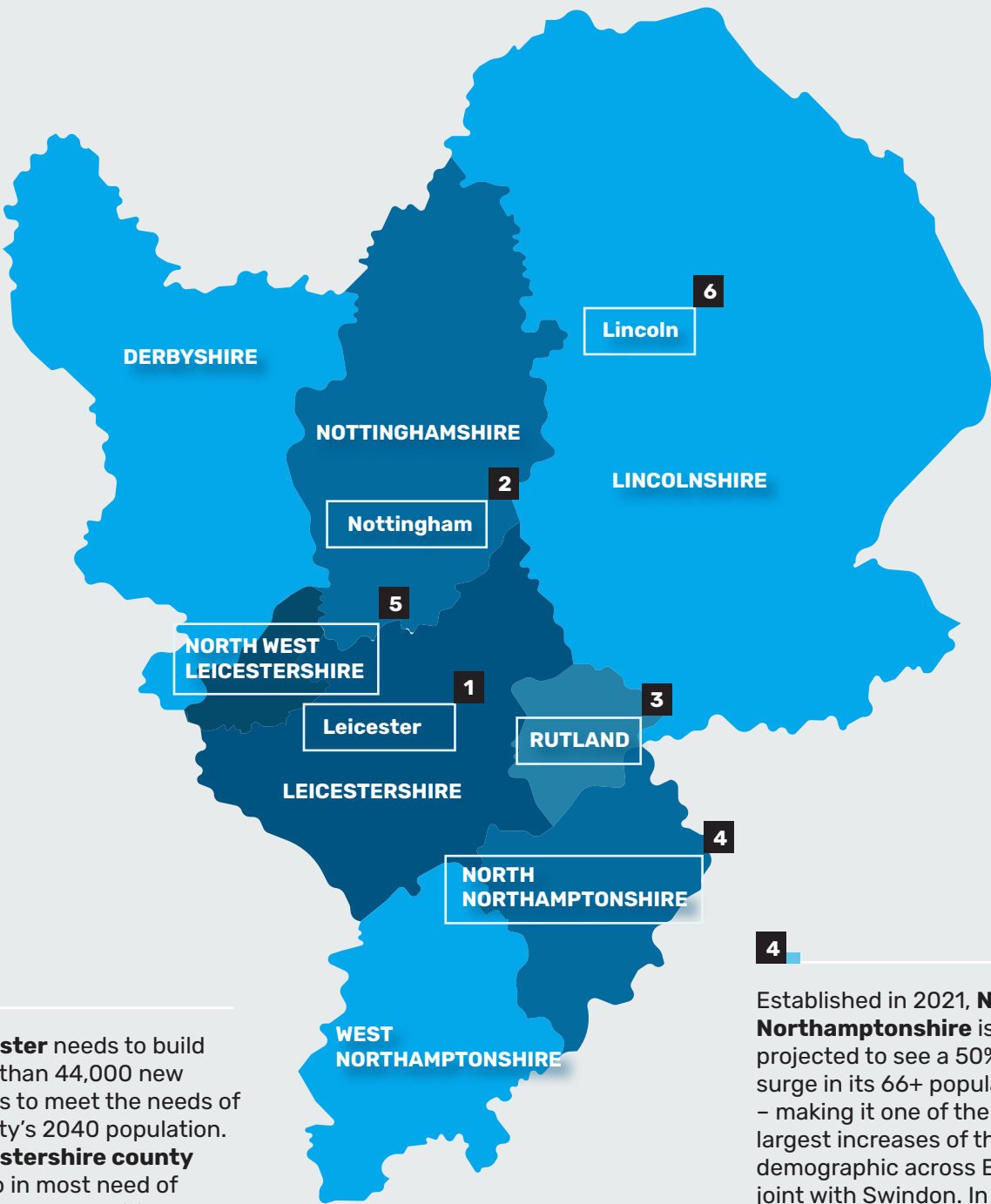
Across the East Midlands, at least 291,000 new homes need to be built to meet the needs of the region's 16+ 2040 population, which is projected to rise by 12% to more than 4.5 million.

Developer hot spots:

Housing type	Area	Key fact
Starter and family homes	Nottingham	Positive growth in first-time buyer demographic
Later living accommodation	North Northamptonshire	Highest increase in 66+ demographic in England
Student accommodation	Leicester	23% increase in student-age population
Affordable housing	Leicester	Nearly 7,800 affordable homes lost by 2040

Opportunities

With three universities, it is no surprise Leicester will see the highest growth in student-age residents in the East Midlands by 2040, offering opportunities for developers and investors in this accommodation type. With nearly 1 in 3 North Northamptonshire residents predicted to be 66+ by 2040, it is a hot spot for later living development opportunities, while Leicester and Nottingham will need more affordable housing.



1 **Leicester** needs to build more than 44,000 new homes to meet the needs of the city's 2040 population. **Leicestershire county** is also in most need of new homes, requiring at least 56,901, compared to Nottinghamshire (51,926) and Derbyshire (42,963). Leicester is also projected to see the greatest decline in affordable housing stock by 2040 (-7,794) and a substantial boost in its student-age population of more than 23% – significantly higher than any other local authority area in the East Midlands.

The East Midlands region will see a cumulative loss of more than 43,000 affordable homes

2 **Nottingham** is the city that will see the largest growth in first-time buyer population (3%). County wise, both Nottinghamshire and Derbyshire will also experience growth in this demographic of 7%, indicating a shift away from city centre living for young professionals and families.

3 **Rutland** to see a 41% increase in its 66+ population

4 Established in 2021, **North Northamptonshire** is projected to see a 50% surge in its 66+ population – making it one of the largest increases of this demographic across England, joint with Swindon. In 2040, more than 100,000 people living in North Northamptonshire will be 66+, representing nearly 30% of the area's population, and have more than 37,500 under-occupied properties by the 65+ age group.

5 **North West Leicestershire** to see the largest 16+ population increase by 2040 at 25%

6 **Lincoln** to see the smallest 16+ population increase by 2040 at just 2%

Regional spotlight:
West Midlands

Introduction

Across the West Midlands, almost half a million (450,560) new homes need to be built to meet the needs of the region's 16+ 2040 population, which is projected to rise by 11% to more than 5.4 million.

Developer hot spots:

Housing type	Area	Key fact
Starter and family homes	Coventry	39% growth in first-time buyer demographic
Later living accommodation	Shropshire	Highest number of older people in England
Student accommodation	Coventry	32% increase in student-age population
Affordable housing	Birmingham	19,000 affordable homes lost by 2040

Opportunities

As the UK's second-largest city and the economic heart of the West Midlands, Birmingham, in particular, faces massive housing pressures. It has a large young population that requires market and affordable housing options to help them get onto the property ladder; a significant ageing population, which has led to high levels of under-occupancy; a burgeoning student population that requires purpose-built accommodation; and is also suffering from dwindling numbers of social housing stock caused by the right to buy scheme, demolitions and a lack of newly-constructed properties.



- 1**

Birmingham needs to build more than 127,600 new homes – the highest of any English local authority – to meet the needs of the city's 2040 16+ population. It is also poised to experience the most significant decline in its affordable housing stock out of the West Midlands local authorities, with more than 19,000 properties predicted to be lost through the Right to Buy scheme, demolitions and lack of newly-constructed social housing by 2040 – despite the city council's housing register growing by 242% between 2018 and 2022.
- 2**

Sitting on the Welsh border, **Shropshire** is anticipated to witness the most substantial increase in its later living population in the West Midlands. The number of people aged 66+ in the rural county is predicted to increase by 48% to 124,614, representing 39% of its 16+ population – making it the local authority with the highest number of older people in England.
- 3**

With Coventry University housed in the heart of the city and the University of Warwick located on its outskirts, **Coventry** is forecast to see the greatest surge in its student-age population (32%) in the West Midlands. Being centrally located with direct rail links to Birmingham, London and Edinburgh, Coventry is also expected to see the region's largest uptick in its first-time buyer demographic (39%).
- 4**

Telford and Wrekin to see a 43% increase in its 66+ population.
- 5**

Birmingham will have the reatest number of under-occupied properties in 2040, with 65,151.
- 6**

An 11% rise in the number of first-time buyers in Solihull.
- 7**

Dudley's affordable housing stock to dwindle by 4,536.

Regional spotlight:
East

Introduction

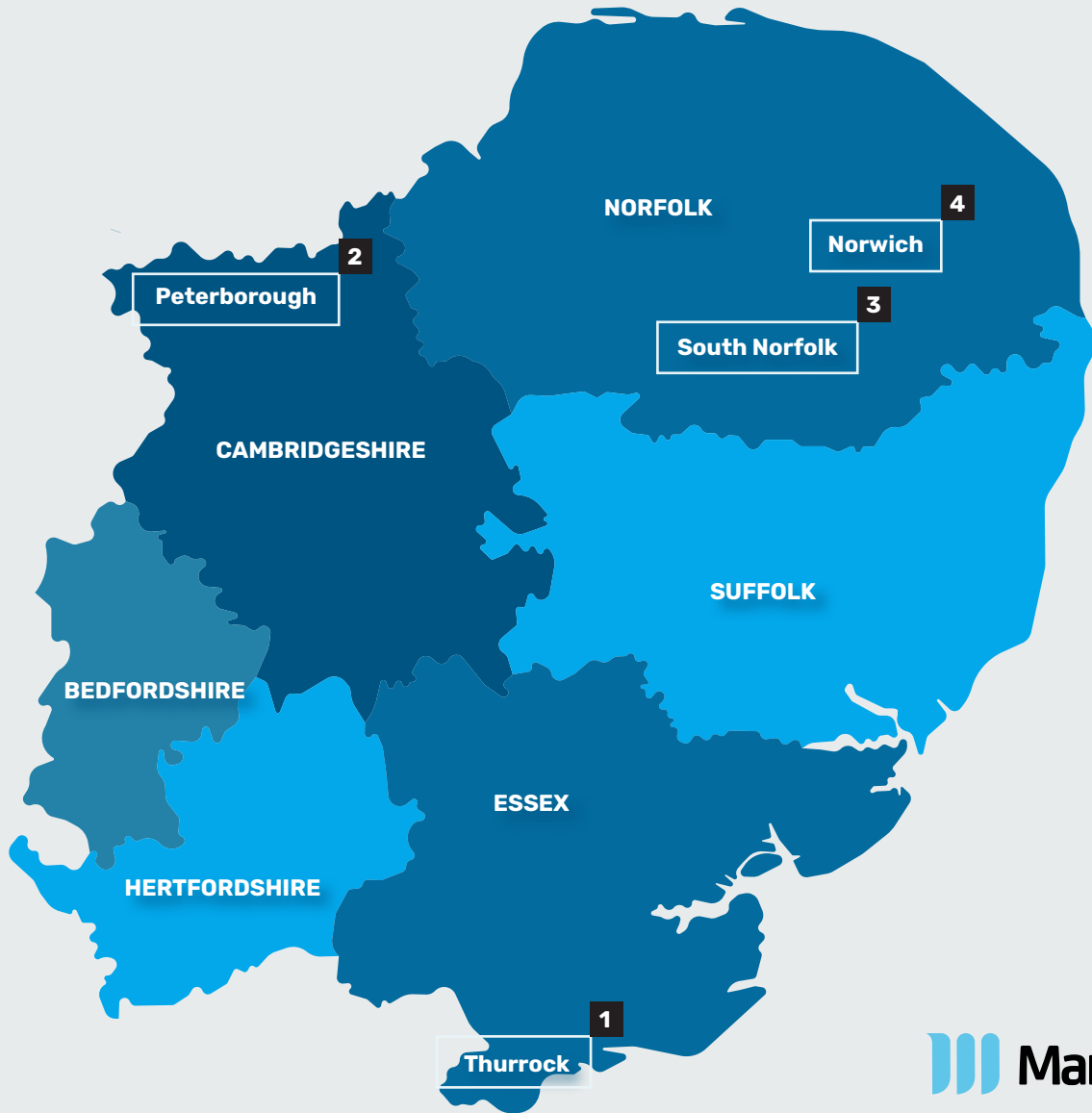
Across the East, at least 640,000 new homes need to be built to meet the needs of the region’s 16+ 2040 population, which is projected to rise by nearly 8% to more than 5.6 million.

Developer hot spots:

Housing type	Area	Key fact
Starter and family homes	Thurrock	Highest population increase in this age demographic
Later living accommodation	Peterborough	45% increase in 66+ demographic and under-occupation ratio of 54%
Student accommodation	Thurrock	17% increase in student-age population
Affordable housing	Norwich	More than 3,000 affordable homes lost by 2040

Opportunities

The East is, overall, an ageing region, with more people aged 66+ than those in the first-time buyer demographic, posing opportunities for later living developments. Bucking the regional trend is Thurrock, which will see increases in its younger demographics, offering opportunities for developers to construct purpose-built accommodation for this age group and focus on young professionals opting for this town within the London commuter belt.



Marrons

1

Thurrock will see both the largest increase in its student-age population and first-time buyer demographic by 2040 – 17% and 3%, respectively – when compared to the rest of the East region. Also seeing an increase in its student-age numbers is neighbouring Southend-on-Sea, likely due to local university and new college campuses in the areas.

2

With an under-occupation rate of 54% and a growing 66+ population of more than 45%, **Peterborough** can expect to see 16,325 homes with more than two unused bedrooms among the 65+ age group in 2040.

3

South Norfolk will see the largest 16+ population increase (22%), followed by Essex counties Colchester (18%) and Uttlesford (17%).

4

The largest settlement in Norfolk, **Norwich** will see the greatest loss of affordable homes in the East region. If current trends continue, the city will lose more than 3,000 affordable properties to the Right to Buy scheme and through disposals.

Overall, the region will have more people aged 66+ than those in the first-time buyer demographic, a trend seen in just two regions in England.

Regional spotlight:
Greater London

Introduction

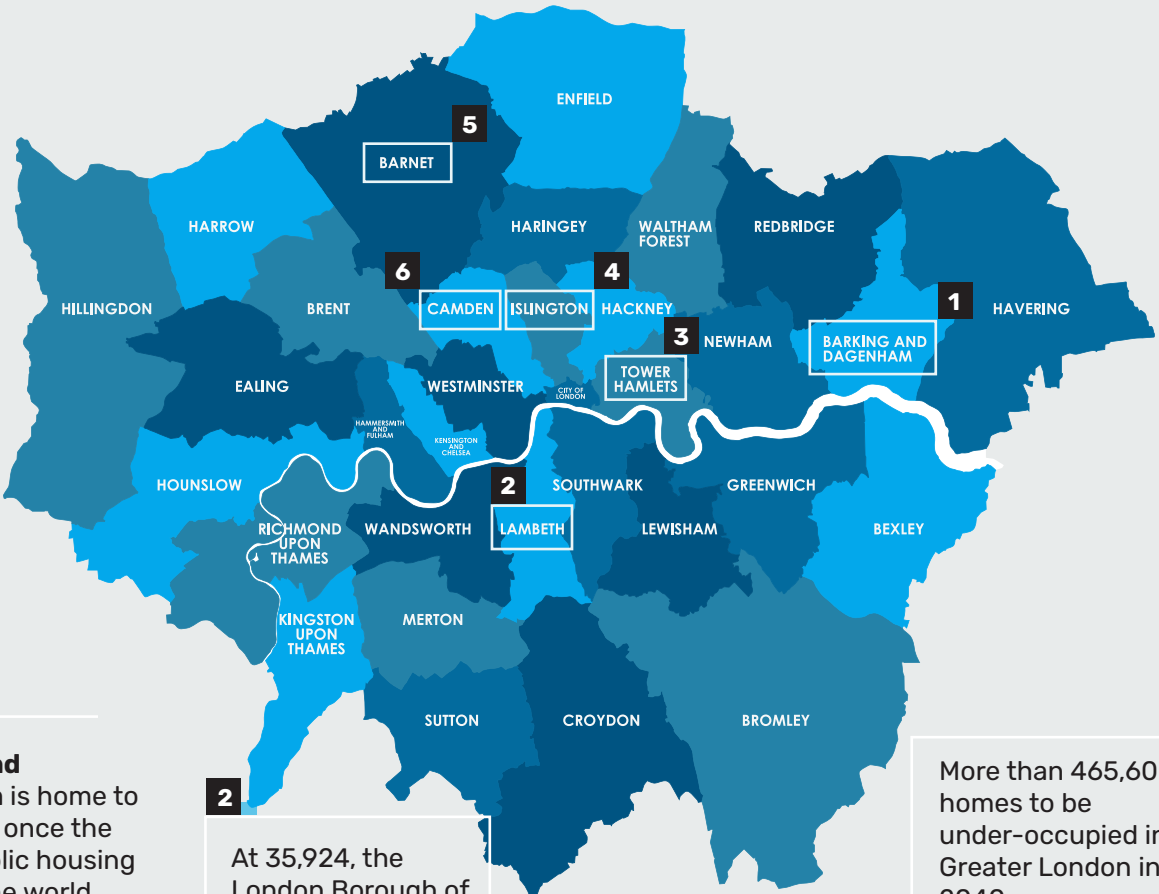
At least 1.8 million new homes are needed across Greater London’s 32 boroughs and the City of London if the capital is to accommodate its 16+ 2040 population, which is expected to rise by 12% to more than 8 million.

Developer hot spots:

Housing type	Area	Key fact
Starter and family homes	Camden	29% growth in first-time buyer demographic
Later living accommodation	Tower Hamlets	66+ age group expected to rise by 155% to almost 43,000
Student accommodation	Islington	26% increase in student-age population
Affordable housing	Barking and Dagenham	8,100 affordable homes lost

Opportunities

As England’s capital and the largest city in Western Europe, Greater London excels when it comes to creating jobs and opportunities. However, at the same time, it has struggled to build the homes it needs for its growing population for decades and, like the rest of the country, is facing a major housing crisis. This, coupled with the capital’s median property price being nearly 13 times the median earnings (January 2024), many Londoners are forced to live in overcrowded or unsuitable conditions, with home ownership entirely unattainable. Despite there being a great requirement for development, land in London is scarce, so it is vital the city grows outwards. There is a responsibility for the East and South East regions to deliver the unmet need, which is referenced in the new London Plan. Furthermore, the government has written to the Mayor of London on several occasions demanding he works with other local authorities in these two key regions.



1 **Barking and Dagenham** is home to Becontree, once the largest public housing estate in the world. The 3,000-acre estate of 26,000 homes was built during the interwar period for 100,000 people, many who were displaced by the East End slum clearance. In the decades since, it has followed the same fate as many council estates, so it is perhaps unsurprising that the borough is expected to see the most significant decline in its affordable housing stock in Greater London. Between 2015/16 and 2021/22, 2,293 affordable homes were sold and 2,144 demolished, averaging a loss of around 450 annually. Should this continue, the outer London borough will have lost an additional 8,100 houses through the Right to Buy scheme, demolitions and lack of newly-constructed social housing by 2040 – despite 4,337 people being on its housing register in 2023.

2 At 35,924, the London Borough of Lambeth had the greatest number of people on its housing register in 2023.

3 **Tower Hamlets**, London’s traditional East End, needs to build more than 102,500 new homes to meet the needs of its 16+ 2040 population. It is also poised to experience the greatest need for later living accommodation within Greater London, with its 66+ demographic expected to soar by 155% to 42,830 – 13% of the borough’s 16+ population. Currently, 20% of people aged 66 and over reside in homes larger than necessary (two or more disused bedrooms). If this trend continues, Tower Hamlets can expect 6,363 properties to be under-occupied by those aged 65+ in 2040.

4 With both London Metropolitan University and City, University of London housed in the borough, **Islington** is forecast to see the greatest surge in its student-age population (26% to 21,405). Despite being the second-smallest borough in Greater London, Islington is well-connected, including Farringdon station and the Piccadilly line, which provides direct access to Heathrow Airport, and bordering King’s Cross station and St Pancras International.

More than 465,600 homes to be under-occupied in Greater London in 2040.

5 Barnet will have the greatest number of under-occupied properties among the 65+ age group in 2040, with 29,503.

6 **Camden** is expected to see the largest uptick in its first-time buyer and family demographics (29%) in the capital. Three of London’s 14 railway terminals are located in the borough, which is also served by 18 underground stations and eight of the 11 lines. It is also home to large number of primary, secondary and tertiary educational institutions, as well as multiple well-known attractions like The British Museum and London Zoo.



Regional spotlight:
South East

Introduction

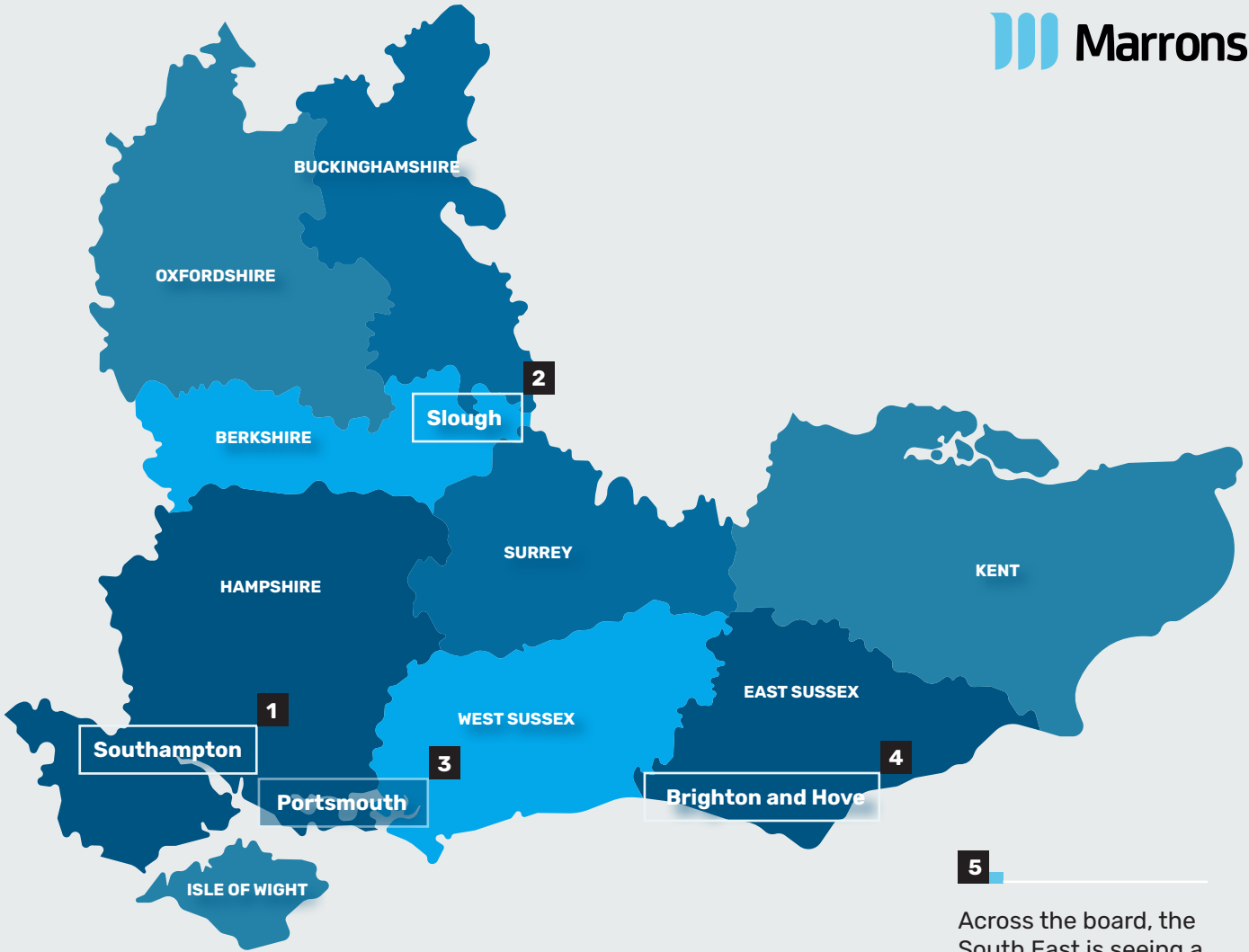
In the South East, at least 591,000 new homes need to be built to meet the needs of the region's 16+ 2040 population, which is projected to rise by 7% to nearly 8.2 million.

Developer hot spots:

Housing type	Area	Key fact
Starter and family homes	Brighton	Bucking the overall trend in the region with 17% increase in this demographic
Later living accommodation	Slough	49% increase in over 66s
Student accommodation	Southampton	Largest increase in student-age population in England
Affordable housing	Southampton	Losing 199 affordable housing properties each year

Opportunities

Dover and New Forest are the top two offenders for under-occupied homes in the UK across the 65+ population. Region-wide, more than 869,000 properties owned by an older person will have at least two rooms going spare – highlighting a significant under provision in available family housing stock, as well as an opportunity to provide greater choice for those seeking to right-size. Student accommodation should be the other key focus for investors and developers, as Southampton tops the table for growth in its student-age demographic.



1 It is estimated that **Southampton** will have lost a further 3,583 affordable housing properties by 2040. As the local authority with the highest number of people on its housing register in 2023 (7,379), Southampton is in most need of affordable homes. Southampton is also expected to have the greatest increase in its student-age population in the UK, making it a hot spot for purpose-built accommodation.

2 In the South East region, **Slough** will see the largest increase in over 66s by 2040, closely followed by Bracknell Forest. Almost 24,000 homes owned by over 65s in Slough will be under-occupied in 2040 – suitable right-sized accommodation could free-up much-needed homes to meet the local authority's 14,000 minimum housing need.

More than 869,000 homes expected to be under-occupied by those aged 65+ in the South East in 2040.

3 Portsmouth is the only other local authority area (in addition to Brighton and Hove) to see an increase in its first-time buyer population of 3%.

4 Portsmouth is the most densely-populated area in the South East, followed by Southampton and Slough.

5 Across the board, the South East is seeing a decline in its first-time buyer demographic, and will see a reduction of more than 150,000 people aged between 25-44 living in the region by 2040. This is likely due to the cost of living crisis and rising house prices, as more people look to move a commutable distance from London. Despite this, there is a significant need for new market housing in the area to provide opportunities for the 2040 first-time buyer population to get on the housing ladder. **Brighton and Hove**, which is one of only two local authority areas to see an increase in first-time buyers by 2040 (17%), will have even higher demand for market starter homes as more people opt to stay in, and move to, the bohemian city.

Regional spotlight:
South West

Introduction

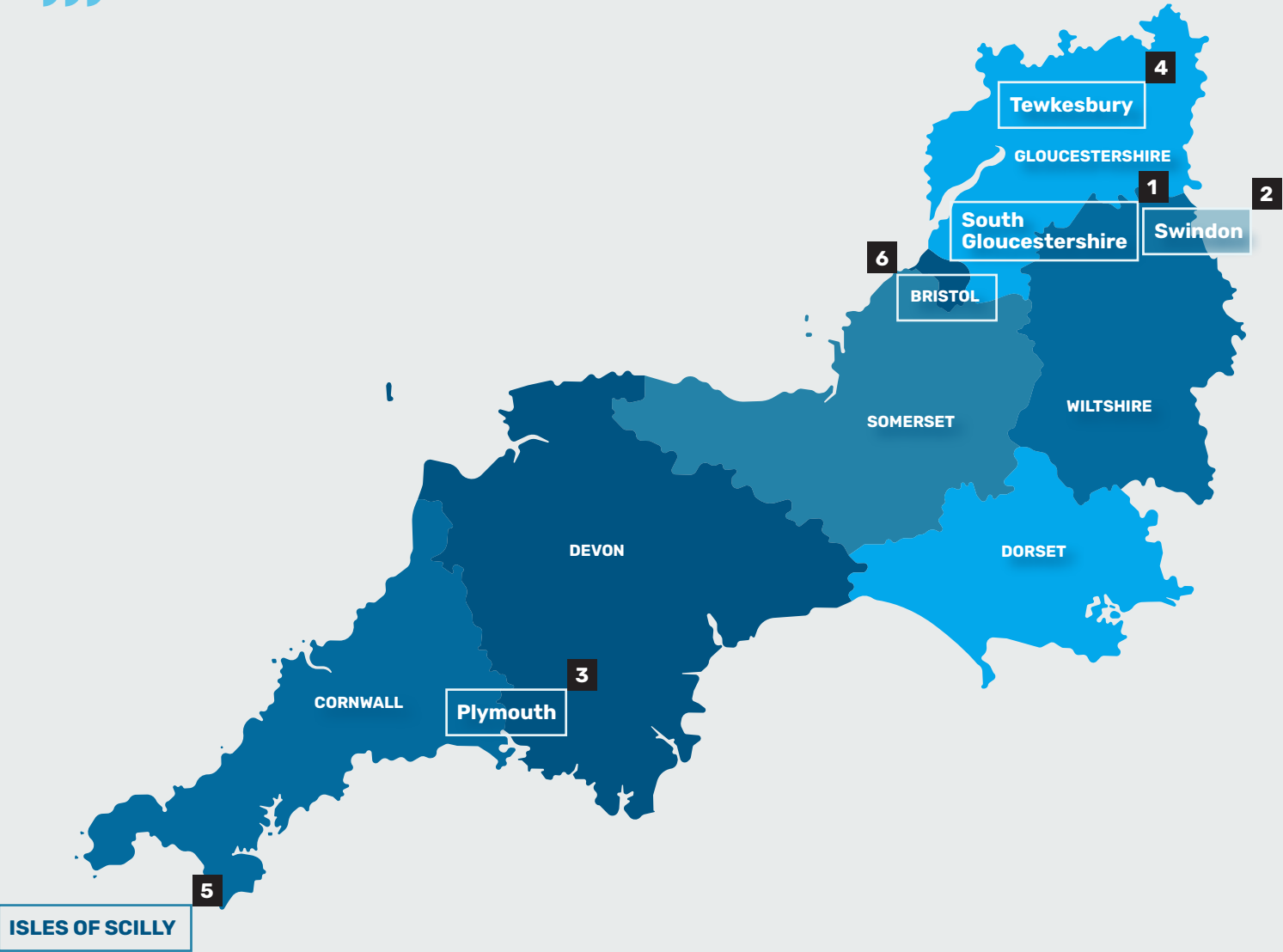
Almost half a million (474,256) properties will need to be built across the South West to accommodate the region’s growing 16+ population, which is expected to increase by 11% to more than 5.3 million by 2040.

Developer hotspots:

Housing type	Area	Key fact
Starter and family homes	South Gloucestershire	16% increase to 93,000
Later living accommodation	Swindon	50% increase to 57,104
Student accommodation	Plymouth	22% increase in student-age population
Social housing	Plymouth	3,924 affordable homes lost by 2040

Opportunities

At 0.6%, the first-time buyer demographic is set to experience the slowest growth in the South West, with some local authority areas seeing declines of up to 15%. However, the region’s later living population is set to rise by 37% to more than 1.7 million, with each area due to witness growth of at least 18%. Under-occupation will remain prevalent in the region, with 37% of 65+ households (338,222) expected to be under-occupied in 2040. Bearing this in mind, market housing will be in high demand, as well the development of right-sized properties for the region’s ageing population to offer more choice and free-up family and starter homes.



- 1**

Encompassing several towns, the south of the Greater Bristol urban area and a small part of the Cotswolds, **South Gloucestershire** will see growth across all its age demographics, requiring an additional 24,582 homes. Most notably, it will experience the largest uptick across the South West in its first-time buyer population, which will increase by 16% to 93,000 – making up 33% of its total 16+ population.
- 2**

With a projected 50% growth, **Swindon** will have the greatest increase in its later living population in the South West – the joint highest in England alongside North Northamptonshire. However, the under-occupation of largest homes among this demographic will become more prevalent in the Wiltshire borough, with 20,631 65+ households set to be under-occupied in 2040.
- 3**

Covering three universities (University of Plymouth, Plymouth Marjon University, and Arts University Plymouth), **Plymouth** will see the biggest increase in its student-age population in the South West (22% to 25,947) – placing it sixth nationally. The Devon port city will also lose the greatest number of affordable homes in the region, plummeting by 3,924 in 2040.
- 4**

Tewkesbury, in Gloucestershire, to see the biggest growth in its overall 16+ population (24%).
- 5**

The Isles of Scilly to lose 36% of its population, from 1,942 to 1,249.
- 6**

At 50,081, Bristol will have the largest student-age population.

Housing type spotlight:

Affordable

Introduction

Across England, more than 239,000 affordable properties were sold and 55,392 demolished in the decade to March 2022, and more than 1.2 million people were on their local authority’s housing register in 2023, [30,000](#) of whom had been there for more than a decade.

The Right to Buy scheme, demolitions and a lack of newly-constructed properties have led to dwindling numbers of council houses.

If this continues at its current level, a further 506,286 affordable homes will be lost by 2040.

Developer hot spots:

Local authority area (excluding Greater London)	Affordable housing stock lost by 2040
Birmingham	19,170
Leeds	11,070
Sheffield	8,658
Manchester	8,496
Leicester	7,794
Nottingham	7,614
Liverpool	6,318
Kingston upon Hull	6,264
County Durham	5,742
Sandwell	5,418
Newcastle upon Tyne	5,166
Bradford	5,040
Salford	4,968
Wolverhampton	4,698
Dudley	4,536

1

NOTTINGHAM LEICESTER BIRMINGHAM

The Midlands

Between 2015/16 and 2021/22, **Birmingham** lost 7,455 affordable homes through the Right to Buy scheme and demolition (and only constructed 1,070 new ones). If this trend continues, the city’s affordable housing stock is expected to plummet by more than 19,000 in 2040 – the greatest of any local authority area in England. This is despite its housing register growing to more than 20,000 in 2023.

Heading East, **Leicester**, [which declared a housing crisis in November 2022](#) after reporting that 5,000 people become homeless in the city each year, loses about 303 affordable homes each year – one of the highest rates of any local authority – and **Nottingham** City Council said its housing stock is continuing to diminish due to hundreds of Right to Buy sales annually.

2

LEEDS BRADFORD

Yorkshire

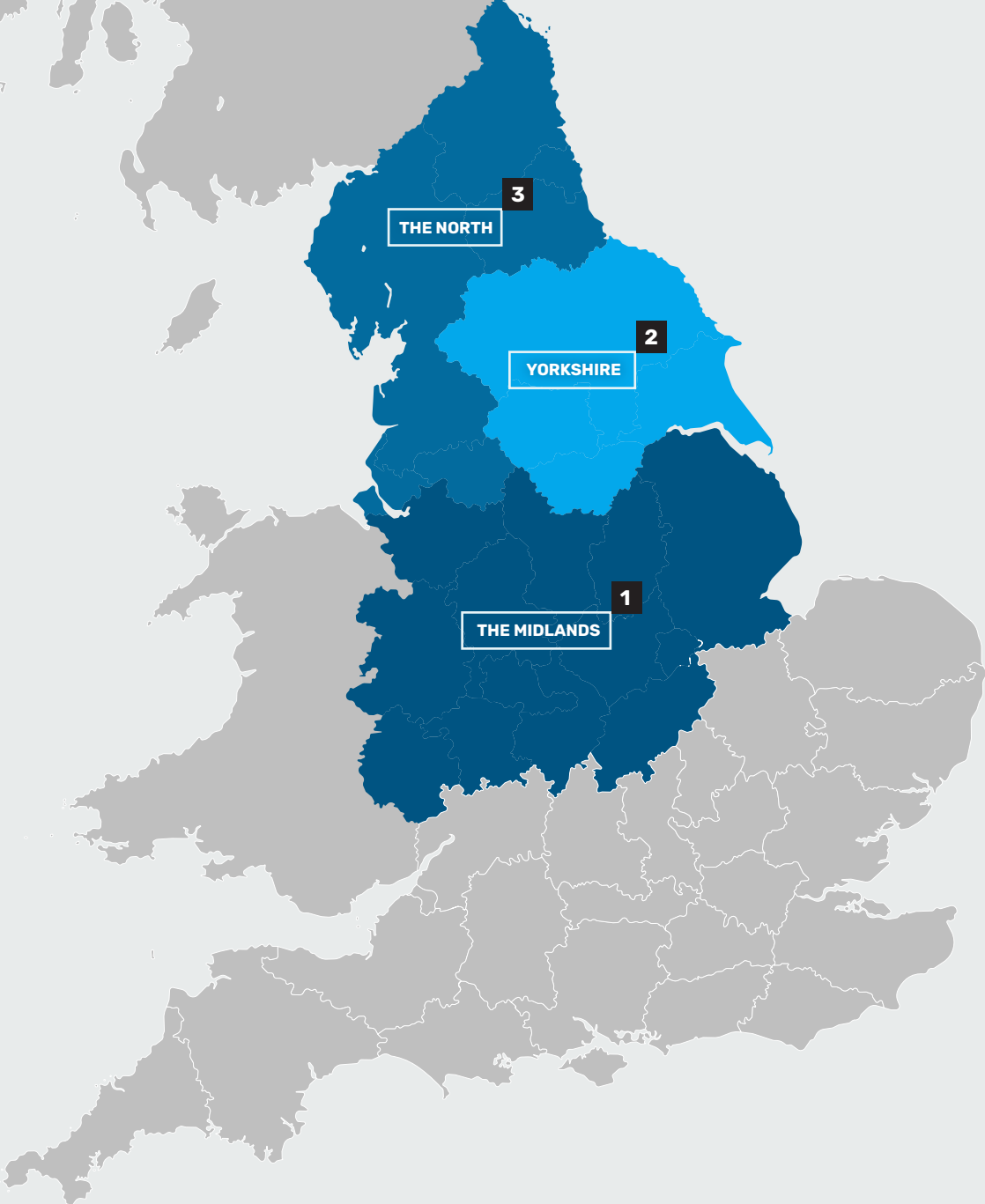
At more than 20,000, **Leeds** reported the second greatest number of people on its housing register in 2023. [In a report by the city council in December 2023](#), it was stated that some people remain on the priority waiting list for more than two years. Also in West Yorkshire, **Bradford** experienced more than 1,400 demolitions of its social housing stock between 2012 and 2022, including 10 tower blocks, which contained more than 580 one and two-bed flats.

3

MANCHESTER LIVERPOOL

The North

Almost 8,500 affordable homes could be lost in **Manchester** by 2040, despite more than 15,000 people being on the city’s housing register in 2023. While its growing skyline has turned Manchester from a post-industrial city to a global player, it has also taken a share of the blame for its housing crisis, with the focus being on building high-rise, market apartment blocks as opposed to affordable housing. Just 35 miles west, **Liverpool** City Council’s arms-length housing firm [Foundations was moved into voluntary liquidation in 2022](#) after building just 18 new homes – short of its promise of 10,000 in 2018.



Opportunities

England is losing affordable housing much faster than it is building them and the losses are mounting up. Demand is continually outstripping supply, leaving the poorest households with no choice but to enter into unaffordable private tenancies and putting them at risk of homelessness.

This deficit is at the heart of this country’s housing emergency, presenting an opportunity for developers and social housing providers to bring projects forward. Helping to build the case for a scheme’s need in order to influence and convince local authorities it needs to be approved is essential, and it is important decision-makers take the crisis seriously.

“The introduction of the Right to Buy scheme, which enabled council tenants to buy their homes for a significantly reduced price, was turbo-charged in 1980. Within five years, [half a million](#) council homes had been sold under the initiative in England alone. It is clear affordable housing is being squeezed and the only solution to ensure our communities are fit for the future is a dramatic expansion in the availability of affordable housing properties.”

Simon Macklen

Housing type spotlight:

First-time buyers

Introduction

While the 25-44 age group appears to remain static, depleting by 1.6% across England, this group makes up 30% of adults in the country in 2040. The first-time buyers of 2040 are teenagers and young adults living with their parents today, so they will be completely new entrants to the housing markets. Every region needs market housing, but the following show where the greatest demand will be located, based on population projections.

Developer hot spots:

Local authority area (excluding Greater London)	% increase in 25-44 population between 2022 and 2040
Coventry	39%
Brighton and Hove	17%
South Gloucestershire	16%
Bath & North East Somerset	15%
Sheffield	14%
Bristol	13%
Solihull	11%
Liverpool	10%
Herefordshire	10%
Walsall	8%
Wakefield	7%
Birmingham	6%
North Somerset	6%
Manchester	5%
Rochdale	5%



The West Midlands

With its central location, excellent transport links and house prices sitting below the national average, it is perhaps no surprise that **Coventry** is predicted to rise by 39% – the highest of any local authority area in England – in those aged 25-44 in 2040, making up 38% of its total 16+ population. Britain’s second largest city, **Birmingham**, will have the largest first-time buyer population (347,835 – a 6% rise when compared to 2022).



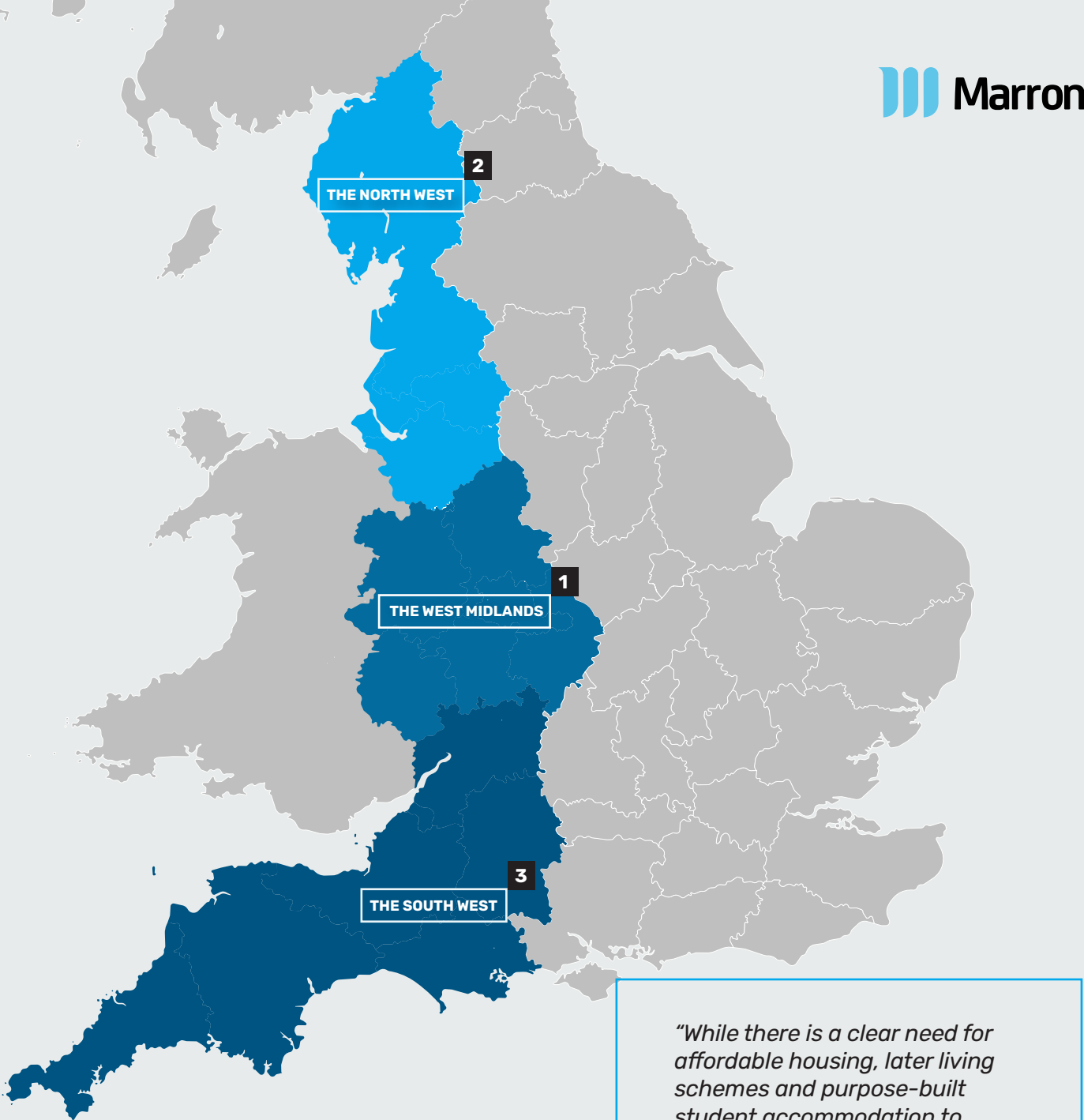
The North West

Liverpool is the only area in the North West that will see double-digit percentage growth (10%) in its 25-44 demographic. In **Manchester**, 40% of the industrial city’s 2040 16+ population will be within this age bracket – the second largest of any local authority area in England, just behind Birmingham.



The South West

Sandwiched between Bristol’s cultural hub and the rolling hills of the Cotswolds, **South Gloucestershire’s** 25-44 demographic will increase by 16%, making up 33% of its total adult population. Its neighbour, **Bath & North East Somerset** will also rise by 15%. At more than 179,000, in 2040, **Bristol** will have the fourth largest 25-44 population in England, an increase of 13% when compared with 2022.



Opportunities

Without suitable right-sized properties, the increasingly ageing population are staying put in homes too big for their needs, creating gridlock in the market. For young expanding families, making a move is often a necessity rather than a nice to have, so ensuring second-steppers have suitable, larger properties to move into will also free-up stock for those looking to get onto the housing ladder. These homes, however, must meet the priorities that are more important to this age group.

“While there is a clear need for affordable housing, later living schemes and purpose-built student accommodation to free-up first and second homes for the 25-44 age group, larger and more modern properties will still be required in order to meet the expectations and needs of this generation. An increasing imbalance between supply and demand is continuing to push prices skywards and younger people tend to not be preoccupied solely with location, which means there’s a real chance for developers to also invest in build to rent schemes – a sector that is thriving and growing in popularity for those not yet ready to lay down their roots.”

Dan Usher

Sector spotlight:
Later living
(aged 66+)

Introduction

By 2040, almost one in four people in England (22%) will be aged 66 and over. Despite this, [only 7,000 retirement units are being built per year](#), falling short of the numbers that will be required for an ageing population. To make matters worse, those residing in homes larger than necessary among this demographic has become more prevalent, with 52% of 66+ households being under-occupied. If this trend continues, England can expect more than 4.5 million of its properties to be under-occupied by those aged 65+ in 2040.

Developer hot spots:

Local authority area (excluding Greater London)	% increase in 66+ population between 2022 and 2040
North Northamptonshire	50%
Swindon	50%
Slough	49%
Shropshire	48%
Bracknell Forest	47%
Barnsley	46%
Peterborough	45%
Isle of Wight	45%
Bedford	44%
Telford and Wrekin	43%
Nottingham	43%
Milton Keynes	43%
Thurrock	42%
Southend-on-Sea	42%
Central Bedfordshire	42%

1 ESSEX ISLE OF WIGHT

Coastal living

Historically, those reaching retirement age have looked to leave behind urban towns and cities in favour of coastlines and areas of natural beauty, which can be true while looking at the make-up of the **Isle of Wight** in 2040, when 45% of the island's 16+ population will be aged 66+ – the greatest of any local authority area in England. With an estimated 49,612 people 66+ in 2040, **Southend-on-Sea**, located on the Essex coast, will have a 42% increase in those of retirement age and 13,968 under-occupied properties among the 65+ age group.

2 NOTTINGHAMSHIRE BUCKINGHAMSHIRE

Urban living

More than four million over 65s say it is likely they will move away from the countryside and back to urban cities in the future – signalling a lifestyle shift for those seeking connectivity, closer proximity to loved ones and doorstep amenities. **Nottingham** and **Milton Keynes**, both centrally-located cities, are expected to experience a 43% increase in their 66+ population by 2040, with more than 55,000 and 58,000 people being of retirement age, respectively.

3 BERKSHIRE SWINDON

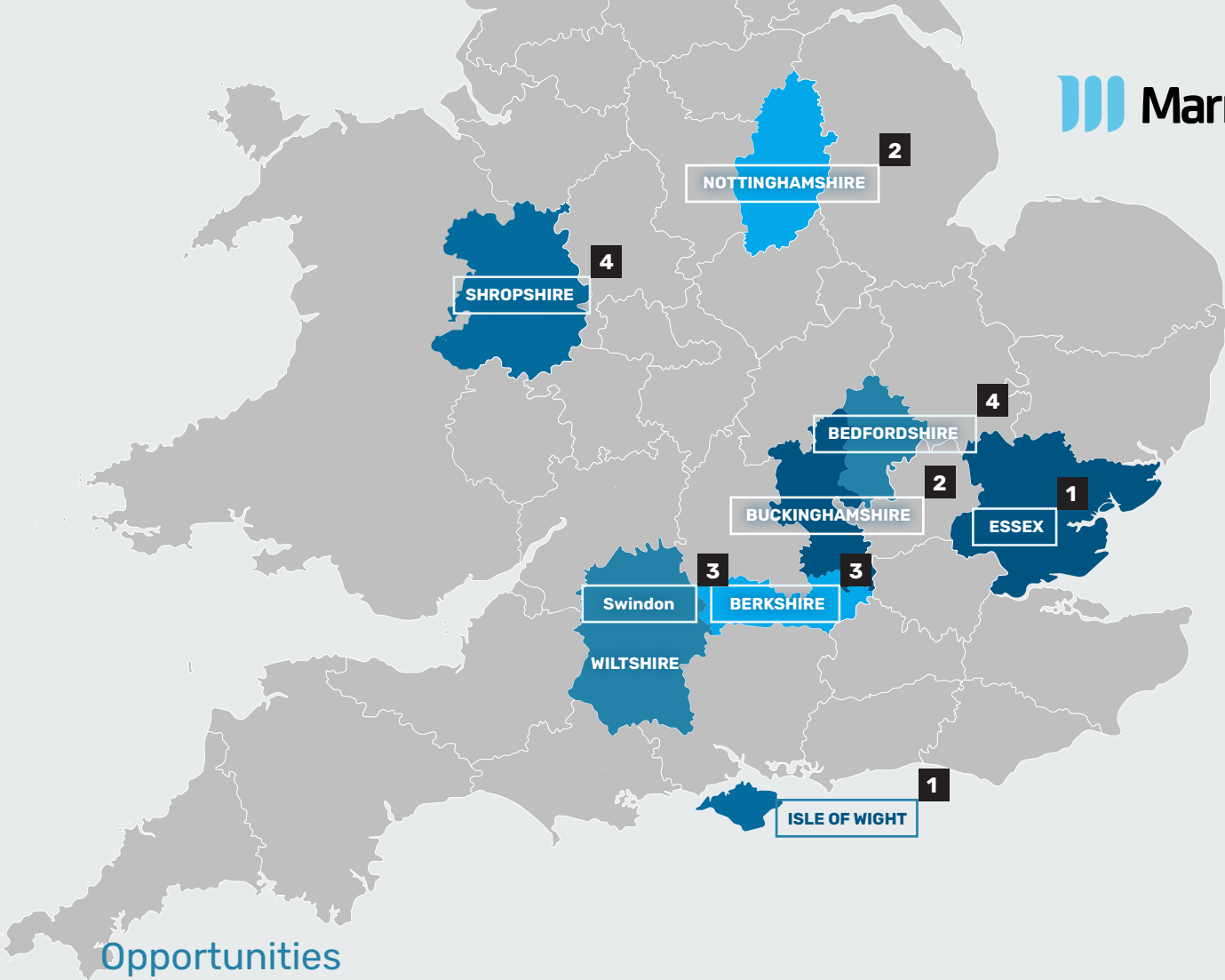
Connected living

With discounted rail tickets and time available for longer trips to explore new places, visit family and spend time with friends, more well-connected locations with easily-accessible escape routes could be a priority for some retirees. With a projected 50% growth, **Swindon**, which serves as a major rail hub for Wales and the South West, is expected to see the greatest increase in its later living population. This is closely followed by **Slough**, located on the Elizabeth Line and 10 minutes from Heathrow Airport, with a 49% rise.

4 BEDFORDSHIRE SHROPSHIRE

Country living

Moving to or remaining in more rural locations – with their rolling hills, historic buildings and country parks – is always an option for the older population with a thirst for the outdoors. Bordering Wales, **Shropshire** will have England's largest later living population in 2040 and more than 48,000 under-occupied properties. Out of the top 15 later living developer hot spots, **Central Bedfordshire** will experience the greatest level of under-occupied properties, with a 0.60 ratio.



Opportunities

With the gap between supply and demand looking set increase even further in 2040 as the population ages, later living is the part of the housing sector with the greatest growth potential.

There is no doubting the impact under-occupied homes has on the housing crisis. It is estimated that for each bedroom added to the retirement stock, two to three are released in mainstream housing, so pulling people through the market will increase the number of family homes available. Furthermore, older people living in accommodation better suited to their needs improves the quality of their life, while reducing pressure and easing the burden on the NHS and community social care, which has huge benefits for local authorities and government.

This presents strong opportunities for developers to invest in the later living market and create links between housing associations, investment funds and local authorities to offer greater choice to the consumer in terms of location, style and facilities. However, we also know that even with greater choice there are still many older homeowners who will never move – placing even greater importance on building general market housing.

"A last-time buyer focus can address the housing crisis by ensuring a more efficient use of existing stock, while enhancing the quality of life for older individuals. However, when investing in this sector, it is important to remember that the senior generation is not one-size-fits-all and every retiree has unique priorities when it comes to where they live. With this in mind, a blend of different housing types – including care homes, integrated retirement communities and affordable homes – in a mix of locations, such as coastal, city and rural, is key for accelerating the delivery of later accommodation and unlocking its potential."

Craig Pettit

Housing type spotlight:
Student-age

Introduction

The number of students enrolling at England’s universities continues to grow year-on-year and by 2040, the national student-age population (18-22) will have risen by 6% to more than 3.4 million – increasing by almost a third in some university cities. At the same time, the residential housing market is becoming increasingly strained. Purpose-built student accommodation can help fill this void – freeing-up family homes that have been taken off the market to houses of multiple occupation (HMOs) while also better catering to students’ needs.

Developer hot spots:

Local authority area (excluding Greater London)	% increase in student-age population between 2022 and 2040
Southampton	32%
Coventry	32%
Portsmouth	26%
Sheffield	25%
Leicester	23%
Plymouth	22%
Brighton and Hove	21%
Kingston upon Hull	20%
Cornwall	19%
Cheshire West and Chester	18%
Wolverhampton	17%
Middlesbrough	17%
Stoke-on-Trent	17%
Medway	15%
Gateshead	14%

1 SHEFFIELD GATESHEAD

The North

Almost 65,000 people aged 18-22 are estimated to be living in **Sheffield** in 2040 – giving the South Yorkshire city, which has two universities, the fourth largest student-age population in England. In the North East, **Gateshead** is located over the Tyne Bridge immediately south of Newcastle, which houses two universities.

2 SOUTHAMPTON BRIGHTON AND HOVE

The South

Home to two universities, **Southampton** is expected to see the greatest increase (32%) in its student-age population by 2040, when 16% of the port city’s 16+ population will be aged 18-22 – the third greatest of any local authority area in England. Further along the east coast and with two universities and a medical school, 13% of **Brighton and Hove’s** 16+ population will be of student age by 2040.

3 COVENTRY LEICESTER

The Midlands

Coventry, home to one university and another located on its outskirts, is forecast to see the second-greatest surge in its student-age population (32%) and the largest in the West Midlands. Heading east, **Leicester**, which has two universities, will experience a substantial boost (23%) in its 18-22 age group, significantly higher than any other area in the East Midlands.

Opportunities

Student-age population need homes and the demand for purpose-built accommodation is increasing due to the rising number of international and domestic young adults pursuing higher education. With the government continuing its aims to welcome at least 600,000 foreign students to the UK each year, the trend looks set to stay.

Purpose-built student accommodation guarantees security and higher-quality living space for the student-age population, who are often willing to pay more to be in a prime

location with better facilities. This presents a reliable source of rental income for investors and landlords, alleviating the pressure from developers to manage or sell individual units once a scheme has completed.

Historically, students have lived among locals in HMOs, putting pressure on local housing availability for first-time buyers and families. HMOs nationally contain an average of 2.5 people, meaning a new 1,000-bed student accommodation scheme could potentially free-up 400 homes, which will be an attractive proposition to local authorities looking to meet housing demand in their area.

“University cities provide unique ecosystems for students from across the globe to live and study together and accommodation schemes are an invaluable resource to higher education institutions, serving and supporting their cohorts by providing a safe and secure environment. Naturally, increases in applications are leading to more demand for purpose-built accommodation, and it is vital developers ensure units are high-quality, affordable, well-situated and cater to individual needs. Striking a good balance between different types of accommodation to meet demand for varying preferences can be tricky. However, the purpose-built student accommodation market provides a lucrative opportunity for developers, invariably underpinned by a level of rental guarantees that students will occupy the accommodation and, most importantly, pay rent.”

Jenny Keen

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