



# Property Investment Forum

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# Introduction

The Property Investment Forum (PIF) convenes 3-4 times a year under strict Chatham House rules. It includes a limited number of senior real estate market and thought leaders alongside representatives from the Bank of England, HM Treasury and other appropriate departments to discuss selected matters / issues that impact the UK real estate markets and wider built environment.

The objective is to distil a series of unattributed thoughts / views on the topic under review that can help RICS Management in their engagement with government and the financial services industry, with other senior industry figures and the wider RICS membership. The recent Property Investment Forum brought together a broad mix of industry voices to examine the challenges facing the UK housing market. Conversations focused on affordability, demographic shifts, market viability, regulatory reform, and the potential for innovation.

## Housing affordability and equity

Participants noted that housing affordability is often presented in stark headline terms, with references to dramatic rises in house prices since the 1970s. Yet, when adjusted for inflation and purchasing power, long-term growth appears more moderate. Much of the increase in value is attributed to the changes in interest rates and financial markets rather than a lack of new supply.

The discussion highlighted that affordability pressures are increasingly shaped by access to equity rather than income alone. Family wealth, the so-called “Bank of Mum and Dad”, plays a significant role in enabling younger households to buy, which raises broader questions about intergenerational fairness (and the tax system) and the distribution of opportunity.

## Demographic trends and future supply

Attention also turned to the impact of demographic change on housing supply. Forecasts suggest that over the coming decades, the number of homes becoming vacant through deaths will rise, consistently exceeding the pace of new household formation over the next ten years. If borne out, this would result in a surplus of second-hand stock compared to the previous norms. As the second-hand market accounts for most transactions, the surplus of supply coming through would carry significant ramifications for affordability over the long-term horizon.

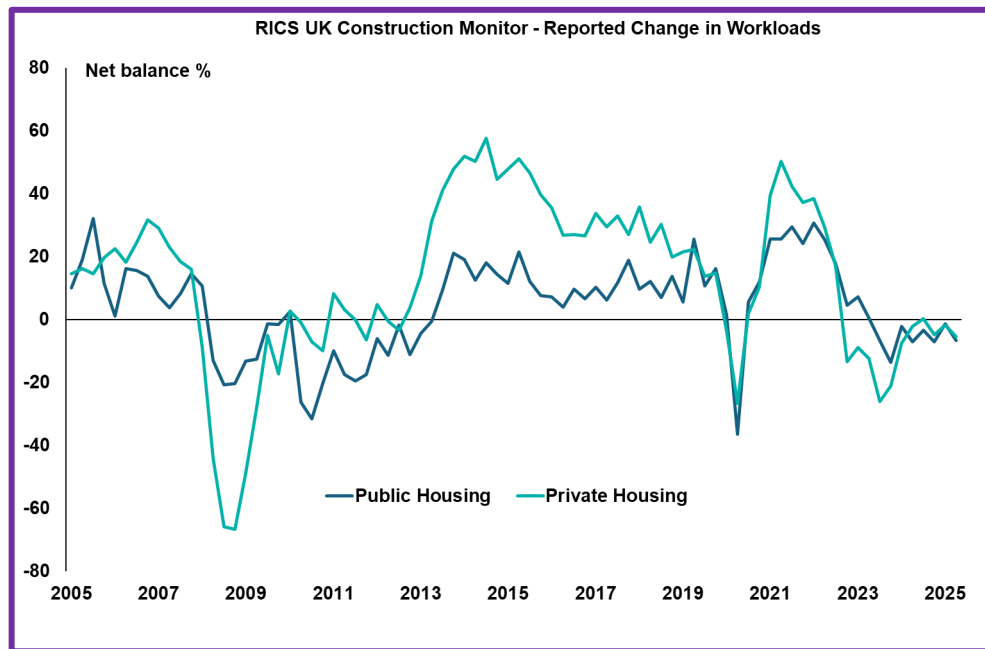
However, participants cautioned that the geographic and qualitative mismatch between where homes are released and where demand is concentrated may limit the extent to which these dynamic resolves affordability challenges.

## Market conditions and viability

Evidence from RICS and other market surveys suggests a subdued near-term environment. Sales volumes remain flat, and buyer enquiries are softening. In the rental market, tenant demand is steady, but the falling number of landlords / rental instructions are leading to further upward pressure on rental prices.

Construction activity also reflects caution. Developers expect only modest increases in new housing starts, with viability identified as the key barrier. Rising costs, planning delays, and regulatory requirements combine to make many schemes, particularly outside London, not financially viable to deliver. The challenge and pressure on the SME contractor and house builder market was also noted.





## Regulation and building safety

The excessive regulatory environment was another recurring theme. The aftermath of Grenfell has reshaped building safety requirements, and while leadership changes at the Building Safety Regulator were welcomed, challenges remain. Delays at approval gateways, shortages of skilled professionals, and uneven implementation continue to weigh on delivery.

Examples were shared of projects experiencing lengthy setbacks, sometimes leading to contract cancellations and financial strain. Participants suggested exploring international models, such as phased approvals in Scotland and Ireland, as potential ways to streamline processes while maintaining standards.

## Capital, investment, and risk

Institutional capital remains interested in and available for the UK living sector, but the returns required (cost of capital) are higher than the returns which can currently be generated highlighting the prevalent viability issues. Investors show a marked preference for stabilised, income-producing assets. Appetite for developments exposed to planning or regulatory risk is far more limited.

London continues to attract most of the inward investment, with other UK regions facing greater difficulty in attracting funds. Frequent regulatory changes and cost uncertainties were identified as factors that can discourage longer-term commitments across all markets.

## Retrofit and innovation

There was consensus that upgrading the UK's existing housing stock is likely to be one of the most significant opportunities for the sector. With millions of homes requiring improvements to meet modern standards, retrofit presents to both the environmental and an economic growth agenda.

Local authorities are beginning to invest directly, acquiring and refurbishing homes for temporary accommodation rather than relying on short-term placements but are hampered by their own financial constraints. Alongside retrofit, participants discussed the value of adaptive reuse, co-living, and long-term leasing models as part of a broader mix of solutions.

Policy reforms, such as adjustments to council tax and stamp duty, were suggested as possible tools to encourage more efficient use of the existing stock and improve mobility in the market.

## Towards a more integrated approach

Across the Forum, a recurring call was for greater systemic and collated thinking throughout the policy framework. The housing market is shaped by multiple overlapping factors and policies from differing government departments, engaging demographics, labour resource and skills, the fiscal and finance environment through to planning, safety, and sustainability. Addressing each these in isolation is not deemed likely to secure the overall changes required to resolving the UK housing market challenges and at worse also risks unintended consequences and missed opportunities.

The discussion concluded that while political focus often rests on new-build targets, the future of UK housing will also depend on how effectively the sector adapts its existing stock, responds to demographic change, and creates a stable environment for investment and innovation.

John Gellatly, Chair

RICS Property Investment Forum

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We inspire professionalism, advance knowledge and support our members across global markets to make an effective contribution for the benefit of society. We independently regulate our members in the management of land, real estate, construction and infrastructure. Our work with others supports their professional practice and pioneers a natural and built environment that is sustainable, resilient and inclusive for all.

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