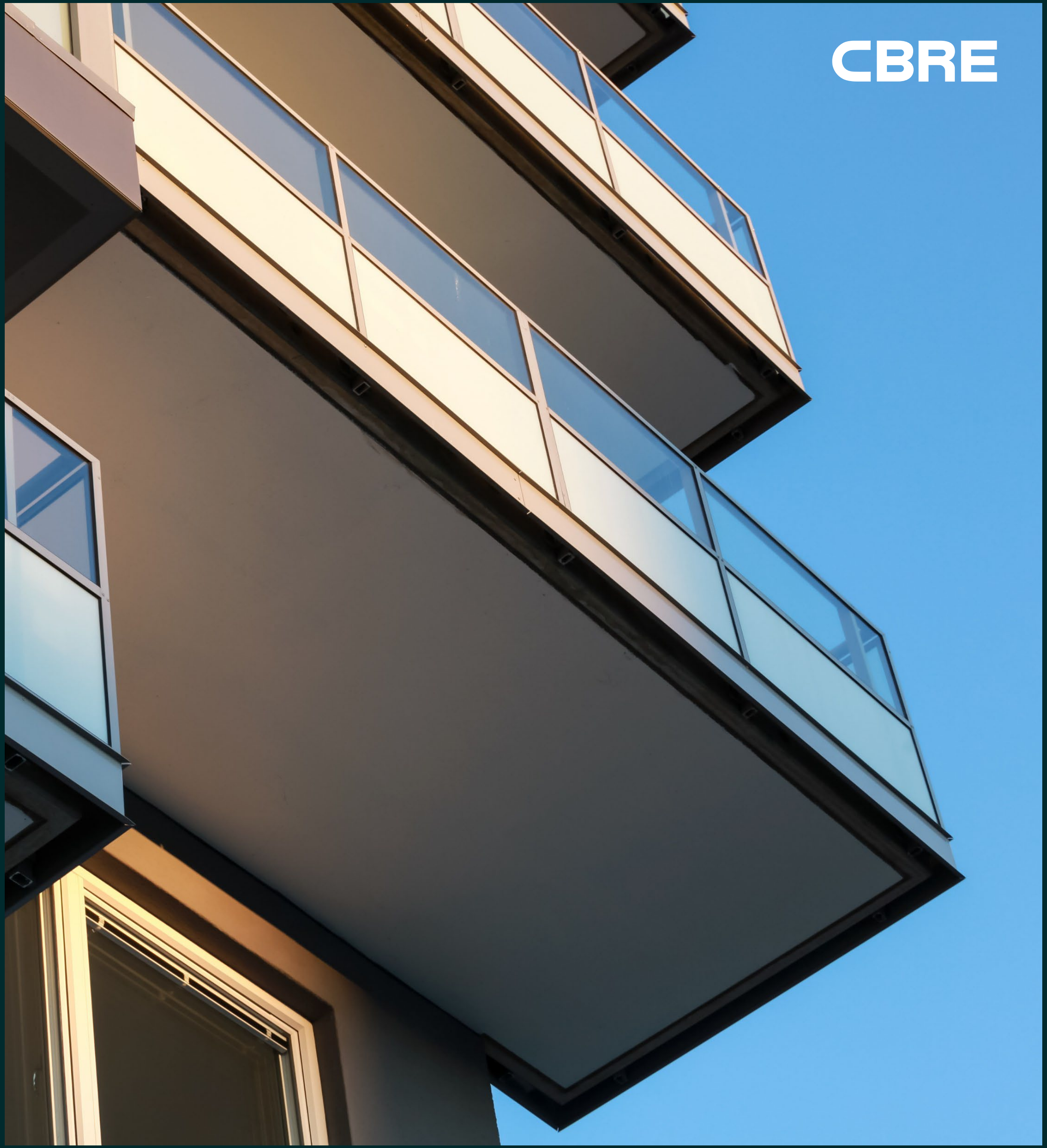
Creating Resilience

The future of Shared Ownership

REPORT

OCTOBER 2025



CBRE

Executive Summary

01

DEMAND

Shared Ownership (SO) demand continues to increase with first-tranche sales reaching a new high in 2023/24. The product continues to have the greatest market penetration in regions where affordability is the most stretched. This is because average monthly payments for SO are lower than both open market purchases and private rents.

02

SUPPLY

The reliance on Section 106 for the delivery of SO homes has meant supply has fallen recently as private housebuilding has struggled. Registered Providers (RPs) have faced challenges delivering SO homes, but the new Social and Affordable Homes Programme (SAHP) could provide much-needed support.

03

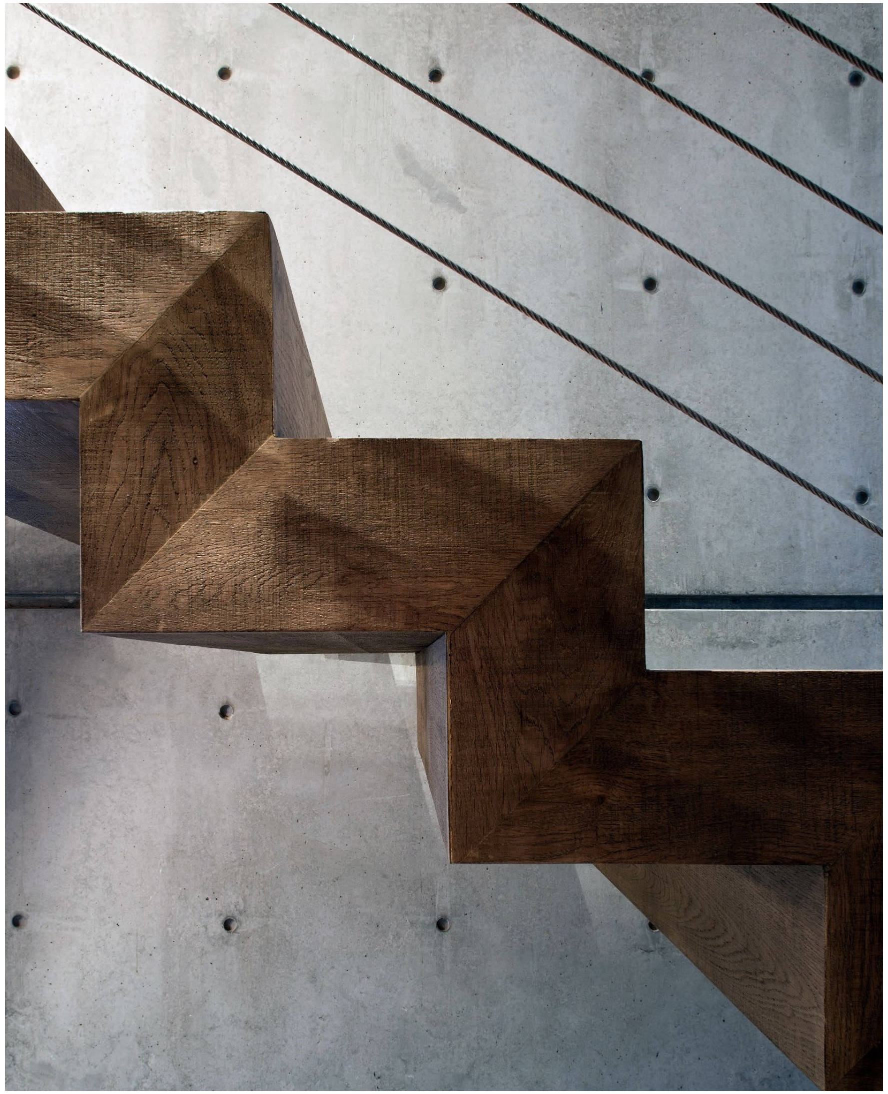
STAIRCASING

The average rate of staircasing to full ownership has fallen to an average of 2.2% of total SO stock in the last five years. However, shared owners have been staircasing in larger chunks. This has been driven by a higher savings ratio during a time of high inflation and interest rates, which has allowed shared owners to save more money for staircasing.

04

OUTLOOK

The Government's new SAHP provides a significant opportunity for the growth of SO while RPs' strategies may have to adapt to changing trends in staircasing.



Shared Ownership demand continues to grow

There are now over 260,000 SO homes across England, accounting for 6% of RP social housing stock. Additionally, SO stock held by RPs in 2024 increased by 7%, highlighting the continued growth of the tenure and the increasing importance it plays in providing affordable homes.

There were 17,806 first-tranche sales of SO homes through RPs in 2023/24. This represents an increase of 4% from the previous year and an increase of over 10,000 compared to ten years ago.

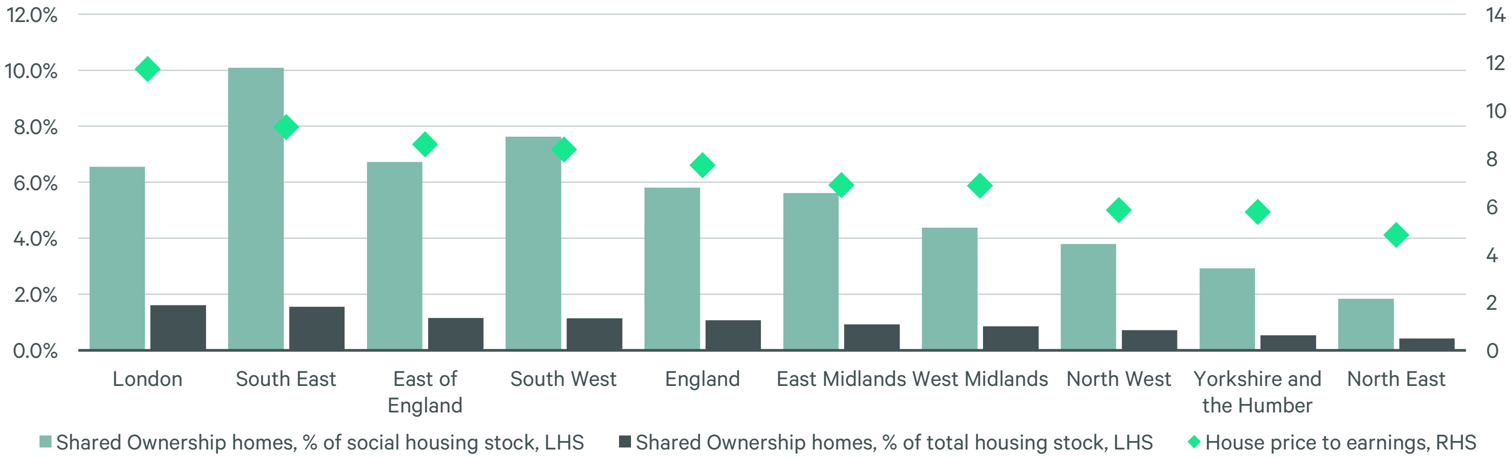
The penetration of SO is largely dictated by affordability. Regions which have the most stretched affordability have the greatest proportion of SO homes. This is because the tenure's entry costs and staircasing options offer a more accessible route to home ownership, particularly given the removal of the Help to Buy scheme in 2022.

In London and the South East – the two regions with the highest house price to earnings ratio – SO homes account for 10% of social housing stock and 2% of total stock. Conversely, in the North East, where the house price to earnings ratios are the lowest, SO equates to just 2% of social homes and close to 0% of total stock.

London's high house prices for first-time buyers (FTBs) mean monthly repayments (combined of mortgage payment and rent on unsold equity) for SO purchasers are nearly £1,200 lower than that of the open market. Similarly, the required deposit, which remains the most challenging hurdle for most FTBs, is c. £120,000 less for a SO home. The discrepancy between SO and open market purchases is much smaller in the North East, where the average monthly payments and deposit are £190 and £19,200 lower, respectively.

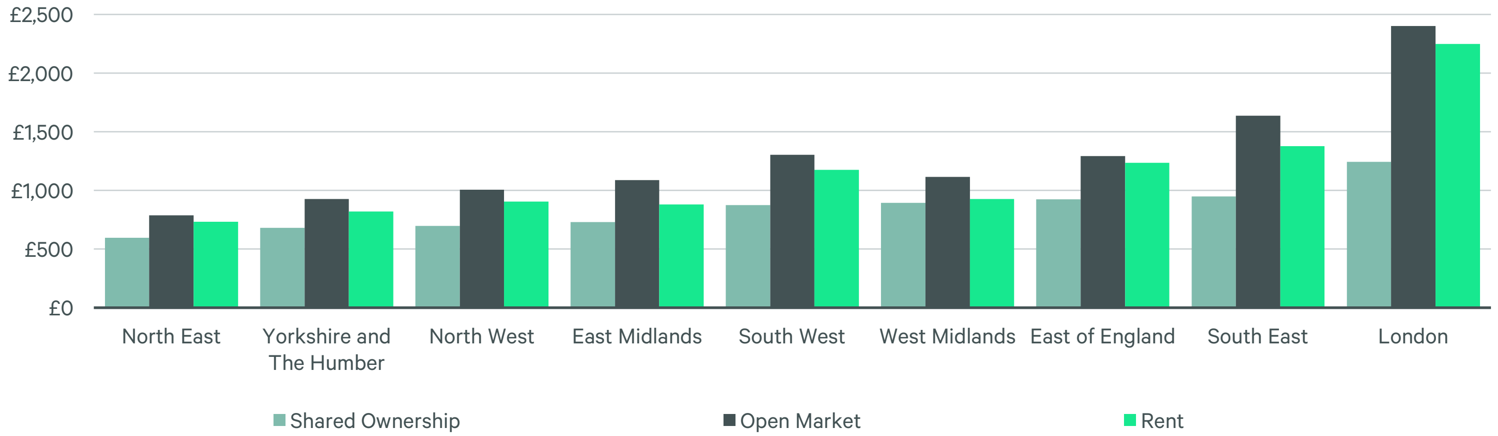
Across all regions, the average monthly payments for SO is lower than both open market purchases and private rents.

Figure 1: Stock of Shared Ownership homes by region



Source: ONS, Regulator of Social Housing

Figure 2: Average monthly payment of Shared Ownership vs other tenures by region



Source: ONS, MHCLG

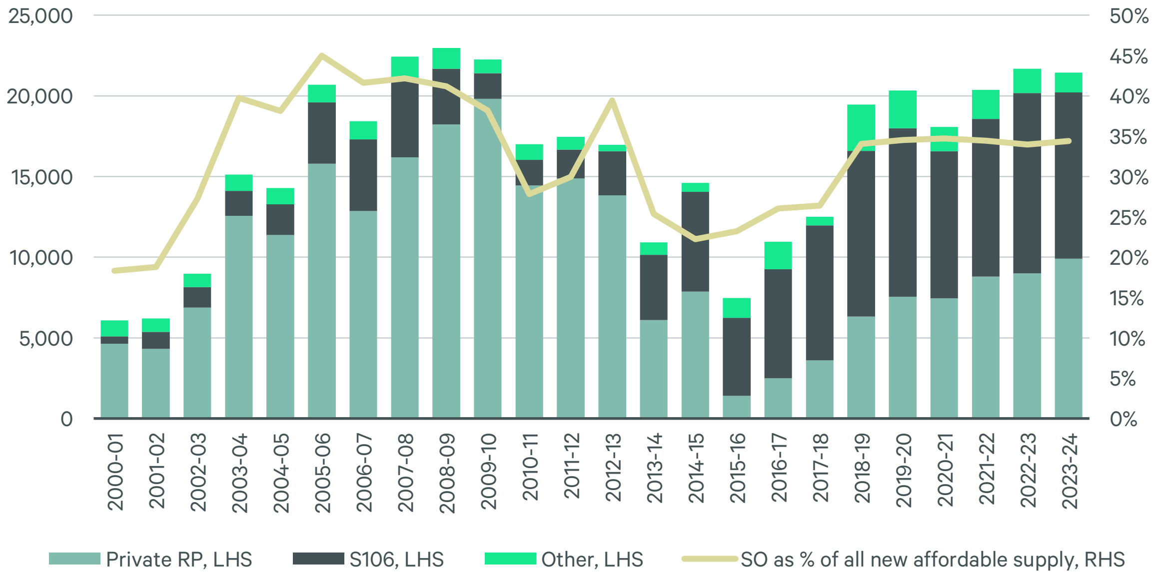
Shared Ownership supply could be bolstered by the new Social and Affordable Homes Programme

RELIANCE ON DELIVERY THROUGH SECTION 106 HAS SLOWED SO SUPPLY

The £39bn SAHP announced in the Government's Spending Review has emphasised the focus on increasing affordable housing supply in this parliamentary term. SO will be vital for this, having accounted for an average of 34% of all new affordable housing over the last six years.

Over half of all SO homes have been delivered through Section 106 in the last ten years. Although just over 10,000 SO homes have been delivered annually since 2018/19, supply has largely been reliant on private housebuilding and broader market conditions. This dependence, coupled with the steady decline in overall housebuilding since its peak in 2019/20, has likely contributed to the plateau in SO housing.

Figure 3: Average monthly payment of Shared Ownership vs other tenures by region



Source: MHCLG

PRIVATE REGISTERED PROVIDERS MUST BE SUPPORTED

Private RPs were the primary drivers of SO delivery during its peak between 2007 and 2010, accounting for 80% of homes. However, in the last five years, their contribution has declined to just 42%. RPs have faced challenges such as rising maintenance and energy costs and insufficient public funding. This has not only hampered the supply of affordable housing but has also limited RPs' capacity to acquire affordable homes from private developers, slowing overall housebuilding rates. Therefore, the new SAHP should focus on providing funding for RPs to unlock both affordable and open market homes. To maximise the impact on SO delivery, RPs will be looking for specific features within the programme:

Clarity is paramount: RPs require precise information to confidently commit to delivering SO. Lack of clarity leads to uncertainty, which results in delays, reduced investment, and ultimately, fewer homes built. To mitigate this, the SAHP must provide exceptional clarity on eligibility, target sub-sectors, and property standards.

Regional Variance: The housing market is not uniform across England. Regional differences in land values, construction costs, demand, and affordability require a flexible approach. To maximize SO delivery, the SAHP needs to incorporate regional variance in grant adjustments for high-cost areas, local flexibility in product design, and regional partnerships with local authorities.

Reframing the Value Proposition: With rented tenures expected to take the majority of the SAHP, the programme must highlight SO's key role beyond affordability, in promoting mixed-tenure communities and a stepping stone to full homeownership. Moreover, embracing innovative delivery mechanisms such as Modern Methods of Construction and private capital partnerships will maximise fund allocations.

Staircasing rates have declined despite the new SO model

IN THE 2021 SAHP, CHANGES TO SO WERE ANNOUNCED WHICH WERE DESIGNED TO MAKE STAIRCASING EASIER:

- The minimum initial share was reduced from 25% to 10%
- The minimum staircasing instalment was reduced from 10% to 1% (gradual staircasing)
- A ten-year repair warranty, during which the owner will receive support from their housing provider to pay for essential repairs was introduced
- The owner became able to take control of the resale process from the landlord at an earlier stage

Typically, tenant finances mean that staircasing does not occur in the first five years post-handover. The introduction of 1% increments, known as gradual staircasing, has provided an exception to this, enabling tenants to make progress towards full ownership earlier in their tenancy.

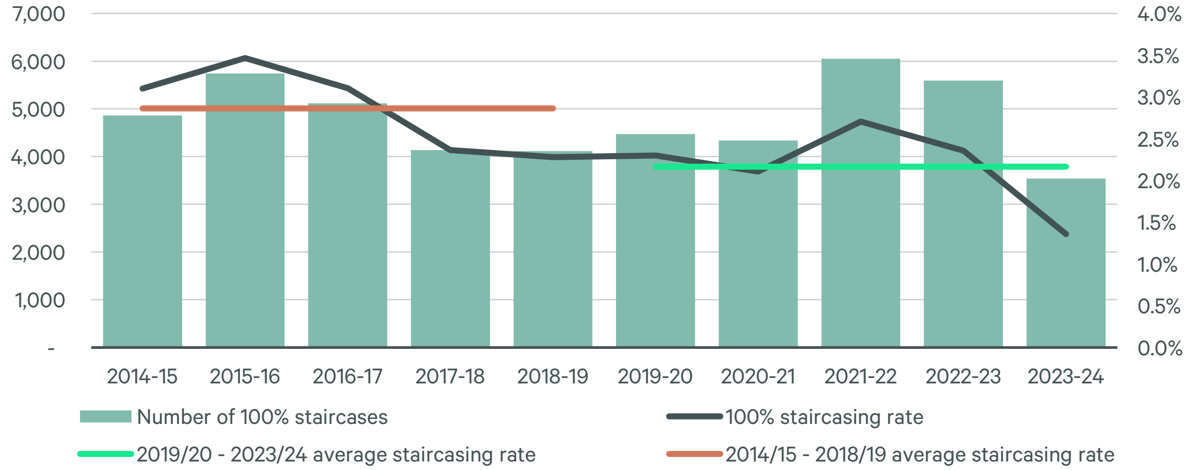
The two years following the changes saw an immediate uptick in the number of households that had staircased to full ownership. The rate of 100% staircasing (as a proportion of total SO stock) also picked up, to an average of 2.5% during the two years. This was supported by an increase in household savings in 2020/21 as consumer spending fell during the COVID-19 pandemic, allowing households to save towards increasing their share of ownership.

However, both the rate and number of 100% staircases fell in 2023/24 against a difficult economic backdrop. High inflation over recent years likely impacted households' ability to save, particularly since SO rent is linked to CPI. The 100% staircasing rate of 1% in 2023/24 was the lowest of the last decade. The recent slowdown means the average rate over the last five years stood at 2%, down from 3% during the preceding five years.

While staircasing rates to full ownership have stagnated in the last five years, the way in which households have staircased has changed. Analysis of data from L&G Affordable Homes shows the average equity share purchased in staircasing events increasing from 34% in 2022, to 43% in 2025. Similarly, the value of the additional share purchased increased by £15,000 in that period.

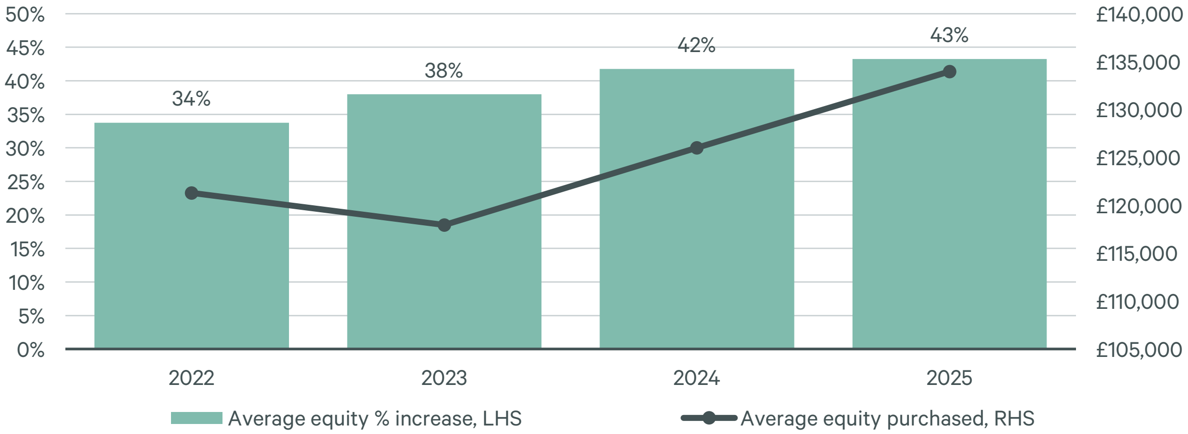
This would suggest that shared owners are trying to reach full ownership in fewer, but larger steps. This trend has likely been driven by higher interest rates which have encouraged greater savings and lower consumption. Consequently, shared owners have been able to accumulate larger savings to go towards the purchase of a greater share of their properties.

Figure 4: Rates of staircasing to full ownership



Source: MHCLG

Figure 5: Average equity share and value of staircasing events



Source: L&G Affordable Housing

What does the future hold for Shared Ownership?

100% STAIRCASING RATES COULD CHANGE STRATEGY FOR REGISTERED PROVIDERS

The rate of 100% staircasing has been inversely related to inflation. A higher inflation environment makes it harder for consumers to save towards staircasing, particularly as the rental component of SO monthly payments are directly linked to CPI, and RPI prior to 2023. CBRE forecasts CPI to fall over the next five years, averaging 2.4%. This is much lower than the average of 4.5% that has coincided with the recent fall in 100% staircasing rates. Therefore, we would expect a recovery in 100% staircasing rates in the medium-term.

Changes in the 100% staircasing rate will have implications for RPs and the repayment of grant funding. RPs are required to repay a portion of a grant when a shared owner staircases to full ownership. Declines in the 100% staircasing has meant grant payback for RPs would have been pushed back and paid over a longer period of time. This could lead to RPs reassessing their strategy as rental income from SO portfolios could increase, which would help deliver other projects.

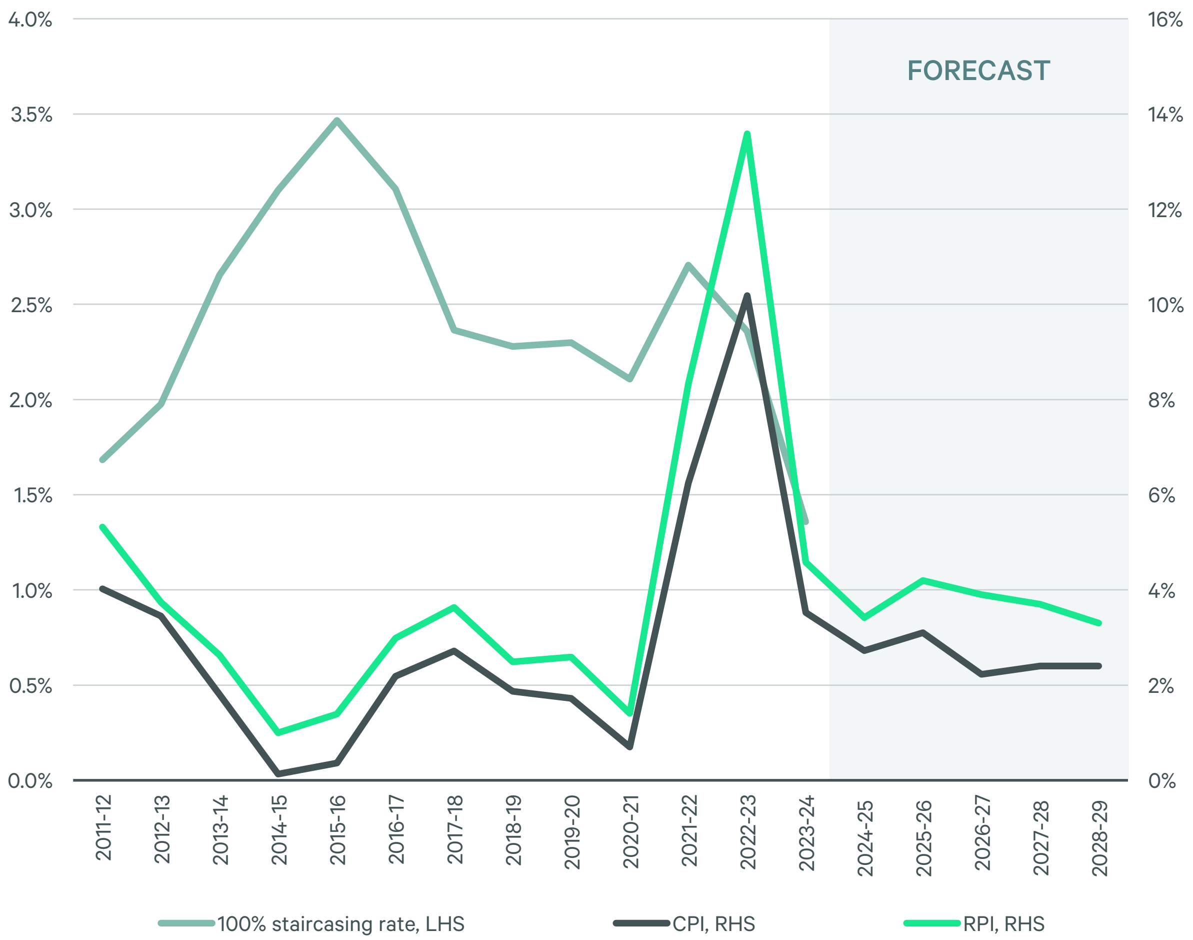
A NEW SET OF STANDARDS FOR SHARED OWNERSHIP

SO has consistently faced the challenge of ensuring potential buyers fully understand the mechanics of the scheme and transparency of its associated costs. The new Shared Ownership Code aims to address this by standardising best practices and consumer protection. This will provide assurance and the necessary information to potential buyers, increasing demand for the product.

THE SOCIAL AND AFFORDABLE HOMES PROGRAMME PRESENTS A HUGE OPPORTUNITY

The size of the Government's new SAHP illustrates its intent to promote affordable housing supply. At its peak, SO was accounting for 42% of new affordable homes. With CBRE's forecast of potential additional affordable housing, this could see an additional 180,000 SO homes delivered over the next ten years, which would be a significant step towards meeting the overall target of 1.5 million homes. The ten-year rent settlement that was also announced in the programme provides certainty for RPs to plan for the future, supporting their ability to deliver SO homes.

Figure 6: 100% staircasing rates and inflation



Source: MHCLG, CBRE Research

> "Shared Ownership is entering a new phase—where policy clarity, stronger consumer protections, and £39bn of SAHP funding are converging to scale delivery and boost confidence. As inflation gradually cools and staircasing becomes more accessible, we expect renewed demand and deeper investor engagement, with Shared Ownership poised to play a pivotal role in delivering the next generation of affordable housing."

Paul Hawkey, Senior Director,
CBRE Residential Capital Markets

Contacts

Tasos Vezyridis
Executive Director
Head of Research, UK&I and Continental Europe
tasos.vezyridis@cbre.com

Scott Cabot
Director
Head of UK Residential Research
scott.cabot@cbre.com

Michael McGill
Associate Director
UK Residential Research
michael.mcgill@cbre.com

Justin Carty
Executive Director
Residential Investment Advisory
justin.carty@cbre.com

Paul Hawkey
Senior Director
Residential Capital Markets
paul.hawkey@cbre.com

Alex Cakkos
Director
Residential Valuations
alex.cakkos@cbre.com

CBRE