# Housing supply and demand hurdles threaten Labour's 1.5 million home target



The Labour government faces mounting challenges in meeting its ambitious target to build 1.5 million new homes during this Parliament, as recent data and industry insights reveal a combination of supply, demand, and economic hurdles undermining progress. This target translates to an average of 300,000 homes annually, a benchmark that appears increasingly out of reach given current trends.

Recent figures from Barratt Redrow, Britain’s largest housebuilder, illustrate the difficulties ahead. The company will report building 16,565 homes in the year to late June—down from 17,972 in the previous 12 months when the Conservative Party was still in power. Barratt Redrow’s forward sales have also fallen by over 10% compared to last year, reflecting waning buyer demand amid broader economic pressures such as global tariff tensions, sustained high borrowing costs, inflation, and the withdrawal of property tax incentives. The developer’s target for the coming year remains between 16,800 and 17,200 homes, still below what is needed to meet Labour’s goals. Similarly, other builders like Vistry report fewer completions this year compared to pre-election periods, with company leaders warning that market uncertainty—particularly regarding potential new property taxes ahead of the upcoming Budget—dampens consumer confidence and housing demand.

On the wider market front, homebuilding output is at its lowest since 2016 outside the pandemic, hindered by a slowdown in land acquisitions and site openings in previous years. Industry experts emphasise that the current construction slump is unlikely to reverse before mid-2025, despite government efforts to expedite planning processes. The Ministry for Housing has acknowledged that systemic issues inherited from previous administrations remain a considerable obstacle, although measures to ease planning restrictions have been introduced.

A significant bottleneck is the severe shortage of skilled workers in construction, attributed to an ageing workforce and the long-term impacts of Brexit, which have reduced the pool of available labour. David Thomas, CEO of Barratt Redrow, has openly questioned the feasibility of Labour’s housebuilding ambitions under current conditions, stating that without a fundamental overhaul in market dynamics, planning frameworks, and construction methods, hitting the 1.5 million target will remain unattainable.

Demand-side challenges also persist. The Bank of England is widely expected to keep interest rates steady at 4% through the foreseeable future, possibly withholding further cuts until next spring. This stance is seen by analysts as a blow to prospective homebuyers still grappling with high mortgage costs, which continue to suppress housing demand. For example, Barratt has forecast a further 7% drop in home completions for the 2024-25 financial year, citing “demand sensitivity” to mortgage pricing and availability as a key factor. Industry commentators suggest that without returning to a more affordable mortgage environment, buyer demand will remain subdued, thus limiting builders’ ability to ramp up production.

While Labour’s housing strategy includes ambitious planning reforms, such as setting individual targets for planning authorities and allowing development on lower-quality green belt land, these measures alone face skepticism given the magnitude of existing supply chain and market challenges. Local authorities have shown increased willingness to approve housing projects to avoid central government interventions, but the scale of new planning permissions remains well below the levels needed. In 2024, permissions granted dropped to their lowest levels since 2014, despite Labour requiring a 53% increase to achieve its goals.

In summary, the Labour government’s vision for a transformative housing boom is confronting entrenched obstacles across multiple fronts: from labor shortages and planning system bottlenecks to economic headwinds suppressing buyer demand. Unless these complex challenges are addressed holistically, the likelihood of reaching the 1.5 million new home target during this Parliament appears slim.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/money/markets/article-15097657/Fresh-setback-Labour-pledge-build-1-5m-homes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[4]](https://www.ft.com/content/0cdf8ff8-3c38-419d-ba02-fbbcc74a0247), [[2]](https://www.ft.com/content/646149e3-f551-41f8-bc73-50da3f172e2a)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/money/markets/article-15097657/Fresh-setback-Labour-pledge-build-1-5m-homes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[3]](https://www.reuters.com/world/uk/uk-homebuilder-barratt-redrows-forward-sales-drop-10-2025-04-16/), [[6]](https://www.standard.co.uk/business/business-news/barratt-set-to-build-fewer-homes-as-mortgage-costs-hit-demand-b1169779.html)
* Paragraph 3 – [[4]](https://www.ft.com/content/0cdf8ff8-3c38-419d-ba02-fbbcc74a0247), [[5]](https://www.theguardian.com/politics/2024/dec/14/labour-plan-new-homes-housebuilding-construction-barratt-redrow)
* Paragraph 4 – [[1]](https://www.dailymail.co.uk/money/markets/article-15097657/Fresh-setback-Labour-pledge-build-1-5m-homes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[6]](https://www.standard.co.uk/business/business-news/barratt-set-to-build-fewer-homes-as-mortgage-costs-hit-demand-b1169779.html)
* Paragraph 5 – [[2]](https://www.ft.com/content/646149e3-f551-41f8-bc73-50da3f172e2a), [[1]](https://www.dailymail.co.uk/money/markets/article-15097657/Fresh-setback-Labour-pledge-build-1-5m-homes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)

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## Bibliography

1. <https://www.dailymail.co.uk/money/markets/article-15097657/Fresh-setback-Labour-pledge-build-1-5m-homes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.ft.com/content/646149e3-f551-41f8-bc73-50da3f172e2a> - In 2024, the number of homes granted planning permission in England fell to its lowest since 2014, posing a significant challenge to the Labour government's housebuilding targets. Labour aims for 370,000 planning permissions annually to reach its goal of 1.5 million new homes over five years, requiring a 53% increase in current permissions. The decline is attributed to planning changes made by the former Conservative government and high-interest rates. Industry experts warn that these alone are insufficient, and homebuilders suggest that demand from buyers limits building rates, advocating for government assistance in making homes more affordable. Local authorities are increasingly approving developments to avoid central government appeals. The Ministry for Housing acknowledges inherited systemic issues and asserts steps have been taken to facilitate housebuilding. ([ft.com](https://www.ft.com/content/646149e3-f551-41f8-bc73-50da3f172e2a?utm_source=openai))
3. <https://www.reuters.com/world/uk/uk-homebuilder-barratt-redrows-forward-sales-drop-10-2025-04-16/> - UK homebuilder Barratt Redrow reported a 10.1% decline in forward sales as of March 30, 2025, compared to the previous year, with 10,245 homes on order versus 11,402 previously. Despite this drop, the company maintained its annual target to build between 16,800 and 17,200 homes. The reduction in sales reflects broader economic concerns, including a global tariff war, high borrowing costs, inflation, and the recent end of property tax breaks in the UK. Its private home order book also saw a 3.5% decrease in volume but a 3.3% increase in value due to inflation and changes in sales mix. Barratt Redrow, formed through the merger of Barratt and Redrow last year, remains optimistic due to the UK government's commitment to boosting homebuilding, including a £2 billion pledge to construct up to 18,000 affordable homes. The company expects this year’s costs to remain stable, although inflation projections for 2026 bring uncertainty. ([reuters.com](https://www.reuters.com/world/uk/uk-homebuilder-barratt-redrows-forward-sales-drop-10-2025-04-16/?utm_source=openai))
4. <https://www.ft.com/content/0cdf8ff8-3c38-419d-ba02-fbbcc74a0247> - UK housebuilders have cautioned that it will take at least a year to begin increasing housing supply, with output expected to decline this year, complicating the Labour government's goal to 'get Britain building.' Major developers like Barratt and MJ Gleeson anticipate lower completions due to a past slowdown in land acquisitions and site openings. This delay adds pressure on the government's ambitious target of constructing 1.5 million homes over five years to address the housing crisis. Analysts suggest that significant increases in construction will only begin by mid-2025. The market has been hampered by high mortgage rates and a two-year construction lull. Despite government measures to expedite planning, achieving a build rate of more than 300,000 homes annually will be challenging, with projections indicating a drop in new homes for private sale this year. The industry also faces hurdles such as sales demand and the availability of a skilled workforce, essential for scaling up home-building efforts. ([ft.com](https://www.ft.com/content/0cdf8ff8-3c38-419d-ba02-fbbcc74a0247?utm_source=openai))
5. <https://www.theguardian.com/politics/2024/dec/14/labour-plan-new-homes-housebuilding-construction-barratt-redrow> - Labour’s plan to build 1.5 million homes during this parliament is not achievable because of a severe skills shortage, an ageing workforce, and Brexit, the head of Britain’s largest housebuilding company has said. The government outlined how it would achieve this goal, including proposals within the revised national planning policy framework (NPPF) with individual targets for each planning authority and new rules that will allow for housebuilding on poorer quality green-belt land. The Barratt Redrow chief executive, David Thomas, when asked by the BBC if there were enough workers to build the extra homes promised by Keir Starmer and Angela Rayner, said: “The short answer is no.” He added that the government would have to “revolutionise the market, revolutionise planning, revolutionise methods of production” to make their target achievable. ([theguardian.com](https://www.theguardian.com/politics/2024/dec/14/labour-plan-new-homes-housebuilding-construction-barratt-redrow?utm_source=openai))
6. <https://www.standard.co.uk/business/business-news/barratt-set-to-build-fewer-homes-as-mortgage-costs-hit-demand-b1169779.html> - Barratt Developments has highlighted a “less certain” outlook amid higher interest rates and uncertainty over mortgage deals. The group said it expects new home completions to drop by up to another 7% in its new financial year, having plunged by nearly a fifth in the year to June 30, as high mortgage costs hold back demand. Barratt – which recently agreed a £2.5 billion deal to buy rival Redrow – said home completions are set to fall to between 13,000 and 13,500 in 2024-25, down from 14,004 in the past year. It said this came as the “macro backdrop remains challenging, particularly demand sensitivity to current mortgage pricing and availability”. ([standard.co.uk](https://www.standard.co.uk/business/business-news/barratt-set-to-build-fewer-homes-as-mortgage-costs-hit-demand-b1169779.html?utm_source=openai))