



FEDERATION OF
MASTER
BUILDERS

The Small House Builders' Survey

2025

Savanta:
openreach

December 2025



Contents

Executive summary	2
Respondent profile	4
Market context and demand	8
Construction costs and regional disparities	10
Development constraints & barriers	12
Finance environment & funding sources	15
Land availability, planning & policy environment	16
Workforce & skills: Capacity & constraints	22
Sponsor	27



Executive Summary

This is the refreshed Federation of Master Builders' (FMB) annual Small House Builders' Survey now in collaboration with Savanta and sponsored by Openreach. This report aims to build a clear picture of the experience of house builders in England that deliver 100 homes or fewer. This report is set in the context of a dwindling market for smaller house builders, contrasted against the backdrop of ambitious housing targets from the Government.

The data used in this year's survey is collated from FMB and non FMB members. In total 169 house builders took part and all were involved with house building within the past 5 years.

This report's top finds:

- **73%** of small house builders anticipate robust buyer demand.
- **9 in 10** builders report that it has become more expensive to build homes in the past year.
- Almost half (**47%**) view the planning system as their single greatest constraint.
- Land availability remains stubbornly problematic, with **one third** citing a lack of available sites.
- **Two-thirds** of SME house builders are unable to proceed with sites of interest due to anticipated Section 106 agreements or CIL costs.
- Private equity (**49%**) and high street banks (**44%**) lead as the primary sources of funding.
- **Half** of small house builders predominantly build on Brownfield land.

- Just **over a third** feel the process for obtaining small site planning is worsening.
- The top causes of planning delay are:
 - Information requirements (**80%**)
 - Section 106 negotiation (**75%**), and
 - Under-resourced planning departments (**75%**)
- Additional planning costs are caused by:
 - Complexity and the expense of hiring consultants (**82%**)
 - Prolonged delays (**76%**)
 - Information requirements e.g. flood risk, air quality, acoustic reports etc (**73%**)
- **64%** of house builders feel a high degree of certainty about the outcomes of planning applications.
- **68%** believe the Government's planning reforms can help diversify the market and boost the number of smaller developers.
- **56%** have hired apprentices, **54%** provided work experience, and **53%** offered onsite training for new entrants.
- **53%** report struggling to hire enough workers.
- **69%** of small house builders are planning to increase the size of their workforce.

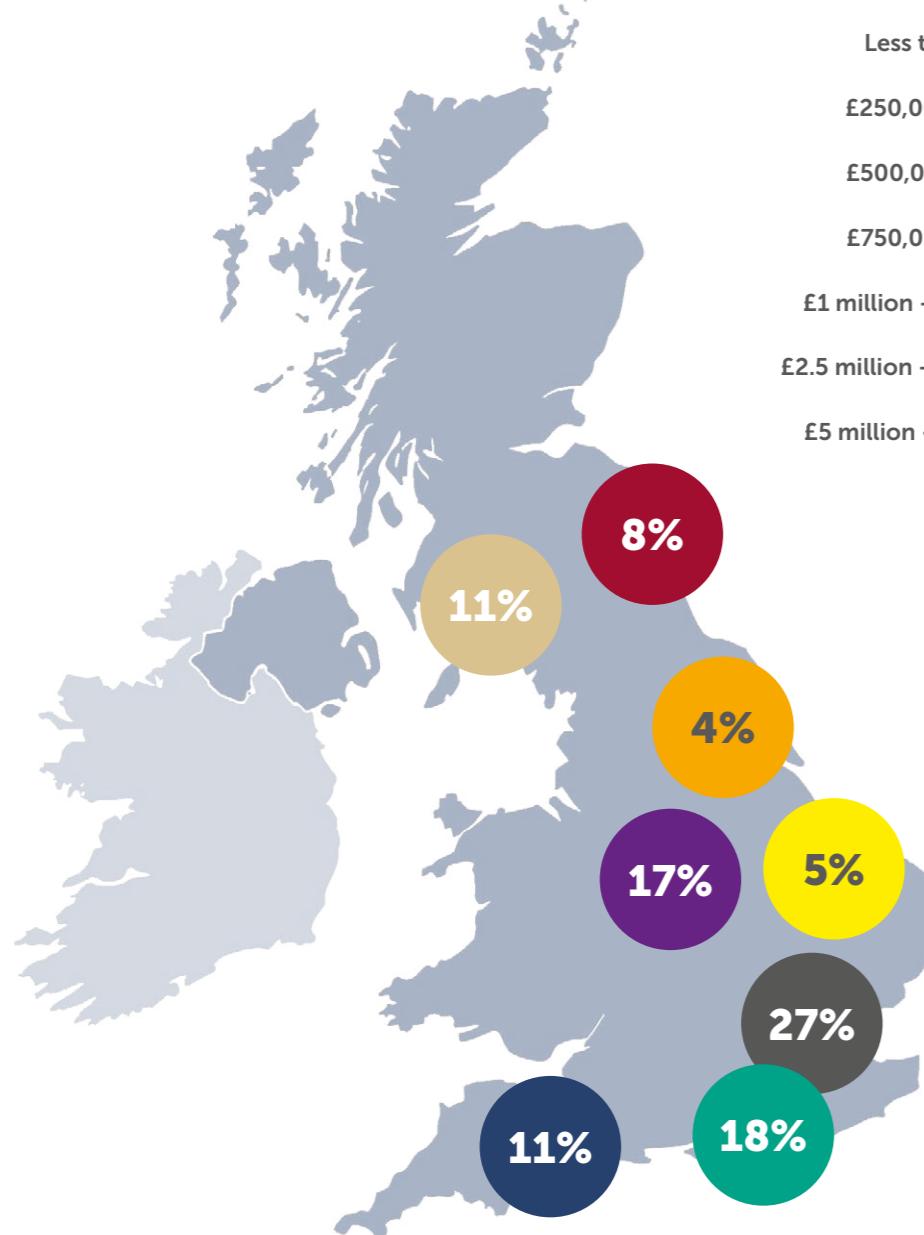
Note: Some graphs throughout the report may not add up to 100% as 'don't know' answers have been removed for clarity.

In total **169** house builders took part and all were involved with house building within the past 5 years.



Respondent profile

Where are respondents based?



London, England

North West, England

Eastern Counties, England

Southern East, England

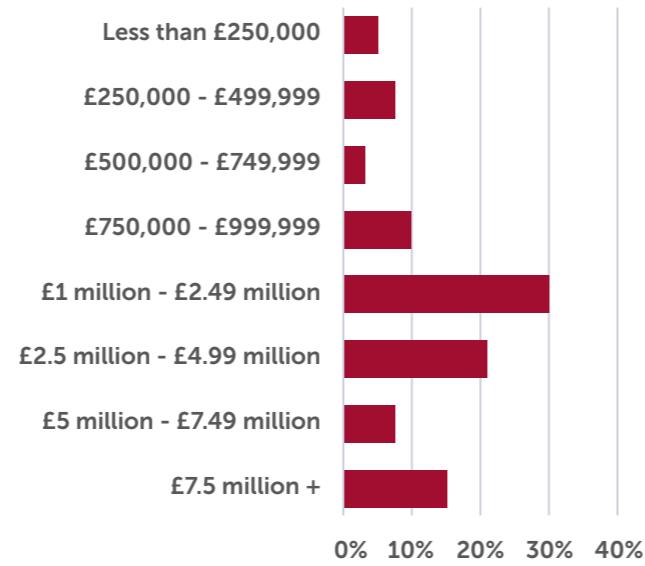
South West, England

Yorkshire & Trent, England

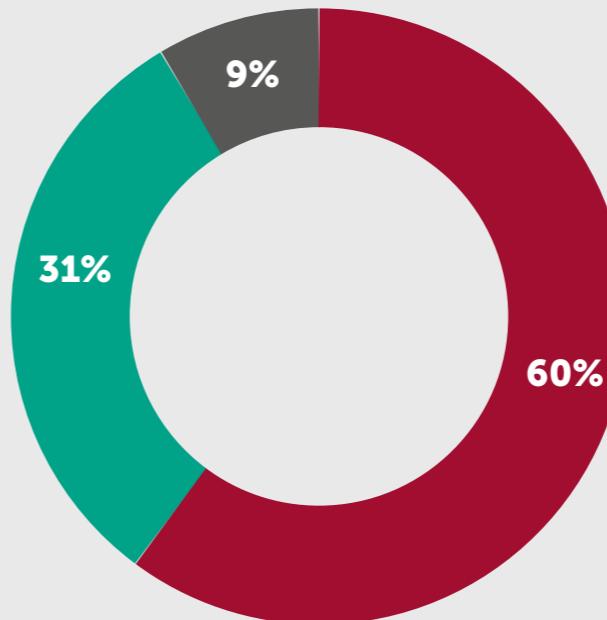
Midlands, England

Northern East, England

Approximate annual turnover



Involvement in house building

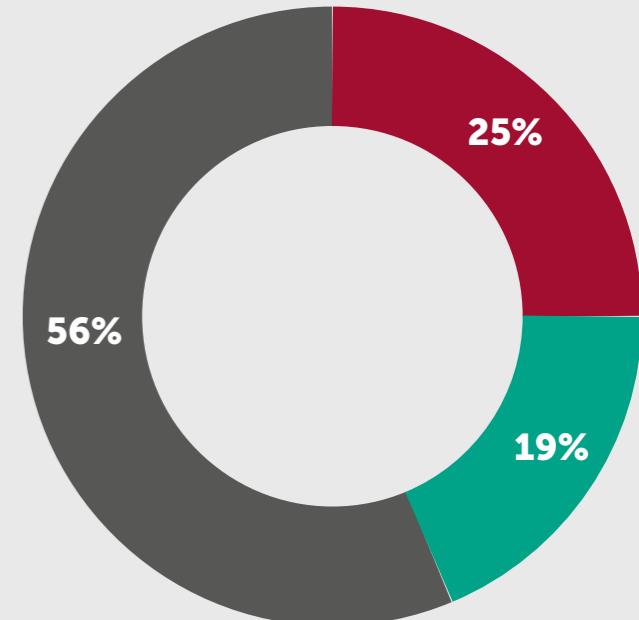


House building is the only type of building work my firm carries out

House building is just part of the suite of building services my company offers

House building has, in the past 5 years, been a significant part of the work my company does, but we are not currently building houses

Type of housebuilder

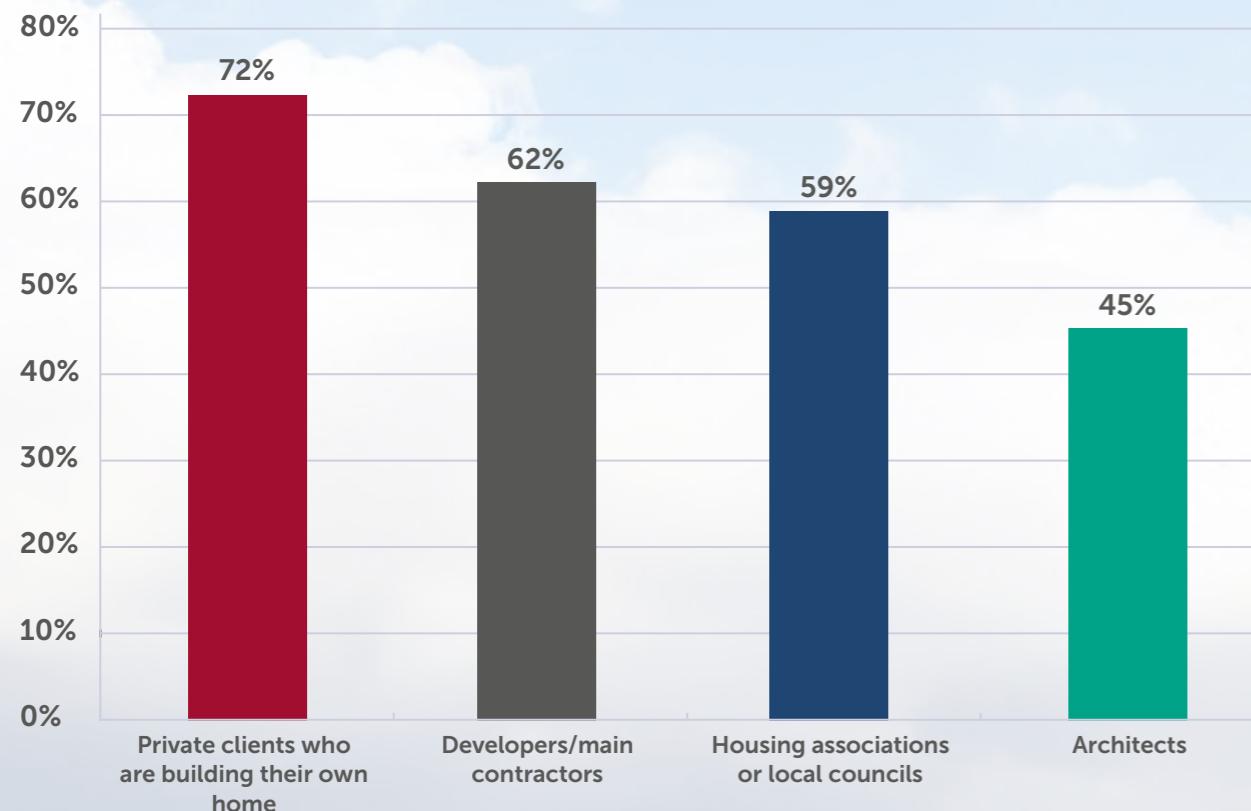


A developer

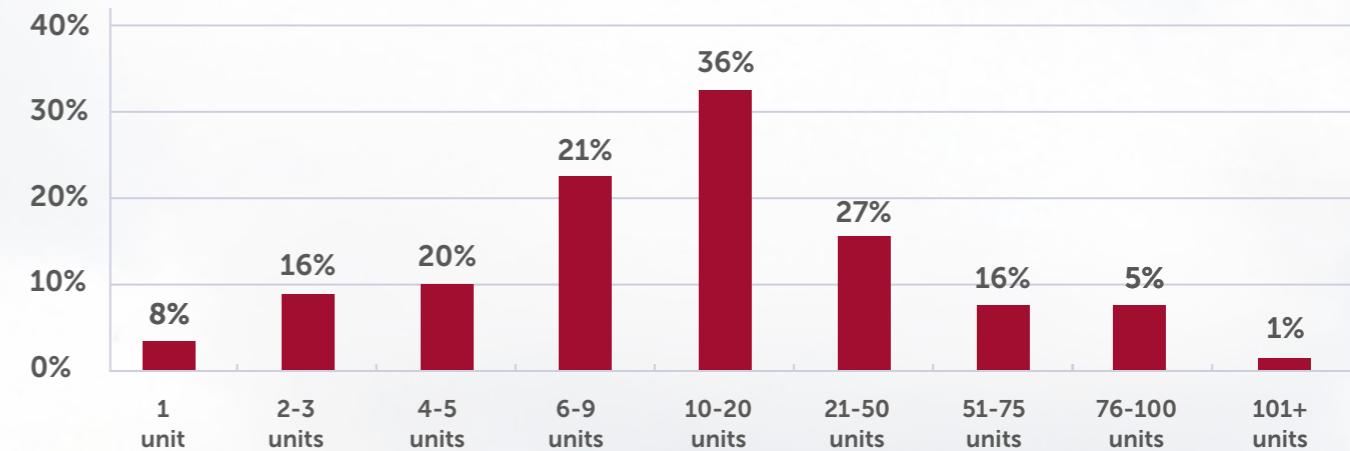
A contractor

Both

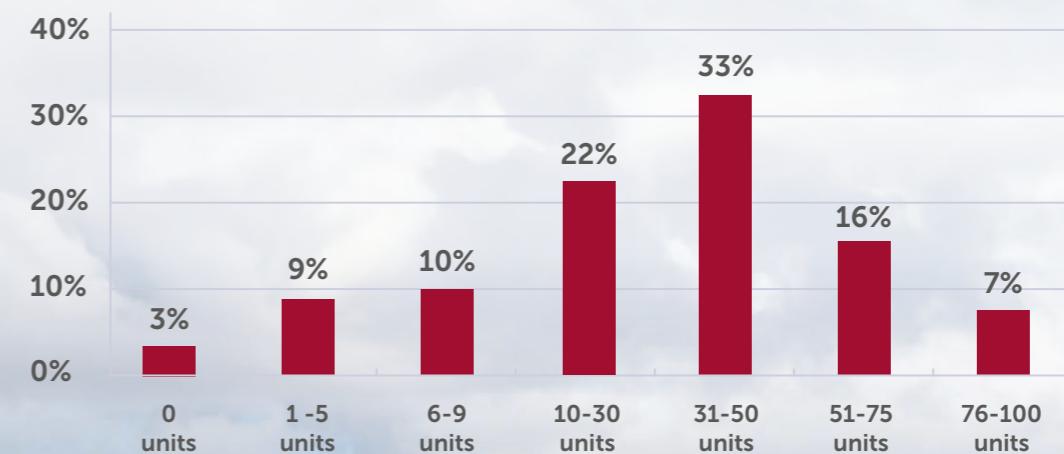
If you build a house as a contractor, who are your clients?



Size of sites typically built



How many units typically built per year



Market context and demand

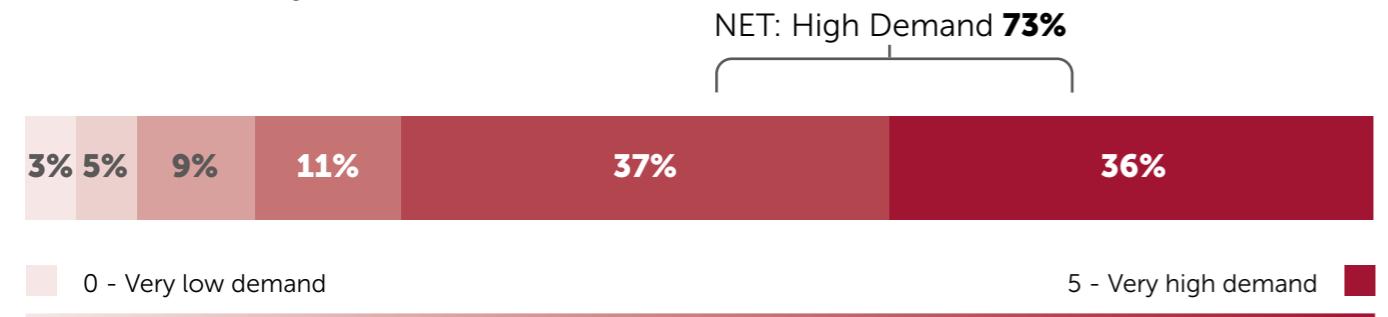
		Experience of lending conditions to SMEs		
Assessment/prediction of buyer demand	Total	Poor conditions	Average conditions	Positive conditions
NET: Low demand	8%	70%	10%	0%
NET: Medium demand	20%	20%	48%	3%
NET: High demand	73%	10%	41%	97%

The latest figures reveal that a substantial 73% of builders anticipate robust buyer demand in the current housing market. This positive sentiment reflects broad industry optimism, reinforcing the expectation of sustained market activity in the months ahead.

Notably, optimism surges among those SME builders who report favourable lending conditions, with an overwhelming 97% predicting high buyer demand. This correlation suggests that easy access to finance is a critical factor underpinning confidence in buyer appetite. Builders experiencing supportive lending environments are substantially more likely to believe that market demand will remain elevated, highlighting the central role that financial institutions play in enabling new development and sales momentum.

The latest figures reveal that **a substantial 73% of builders anticipate robust buyer demand** in the current housing market.

Assessment of Buyer Demand



Graph 1 – Q9. How would you assess/predict buyer demand in the housing market? (n=169)

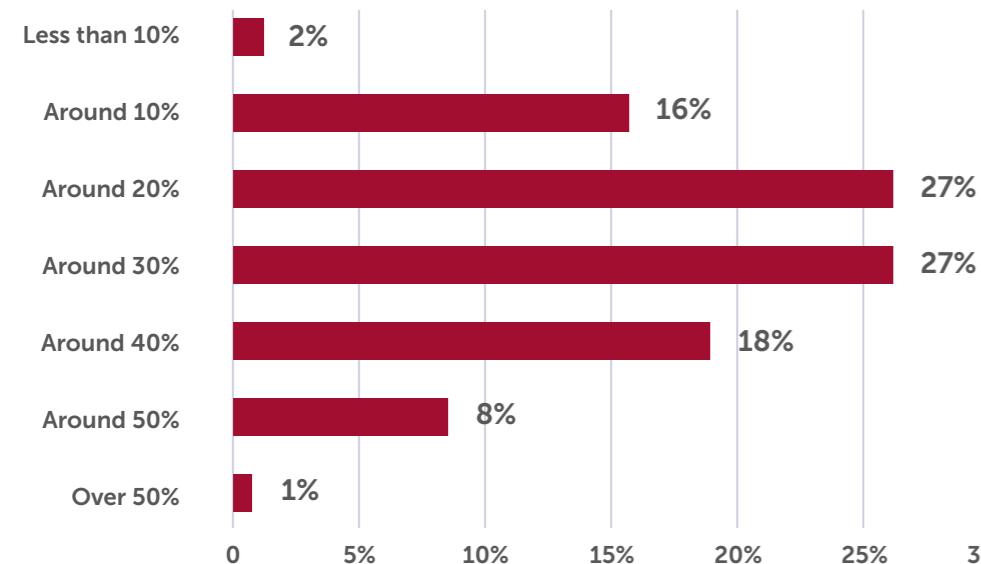


Construction costs and regional disparities

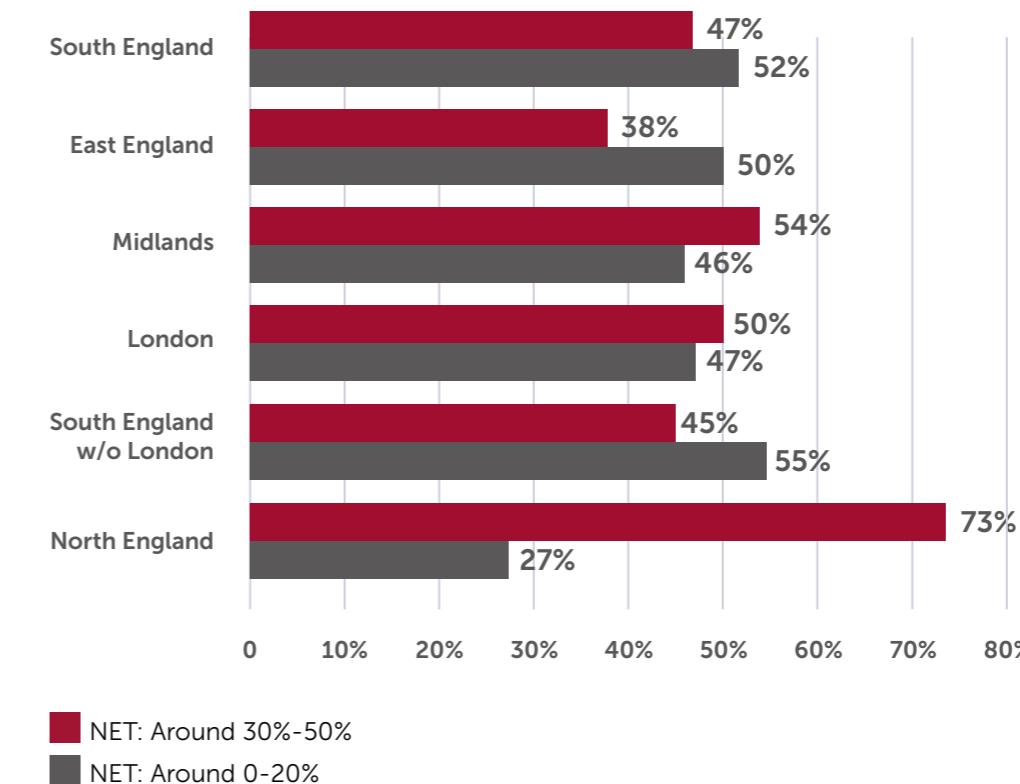
While market demand remains strong, the sector is contending with significant cost pressures. 9 in 10 (91%) builders report that it has become more expensive to build homes in the past year. Among those feeling the pinch, 53% indicate build cost increases in the 30%-50% in costs and a further 45% report an approximate increase of up to 20%.

Regional differences are pronounced. Builders in North England are especially affected, with 73% reporting cost increases of 30% - 50%, notably higher than the England wide average of 53%.

Increase in Building Costs



Increase in Building Costs By Region



Graph 2 and 3 – Q14. Has it become more expensive to build homes in the past year? (n=169)

Q15. As you answered that it has become more expensive to develop since last year, could you state approximately how much more your build costs per site have increased or are likely to increase? (n=154)

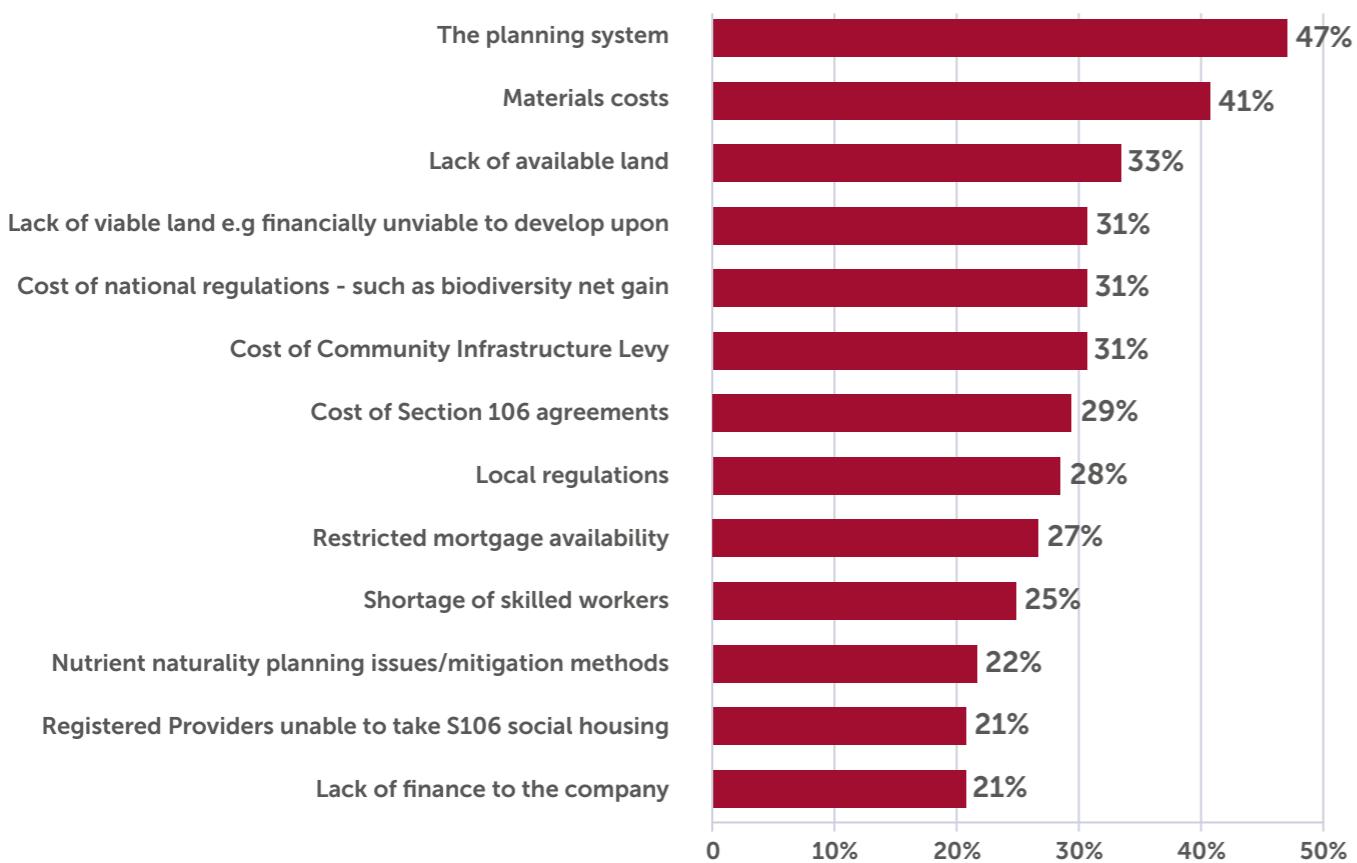


Development constraints & barriers

Despite robust buyer demand and widespread optimism, SME housebuilders still contend with a complex set of barriers that create challenges for delivering new homes at scale. Data highlights that almost half (47%) view the planning system as their single greatest constraint.

Material costs (41%) remain a close second, underscoring the impact that supply expenses continue to have on project viability for SME builders.

Main Constraints - Ability to Build More Homes



Graph 4 – Q14. What would you say are currently the main constraints, if any, on your ability to build more homes? (n=169)

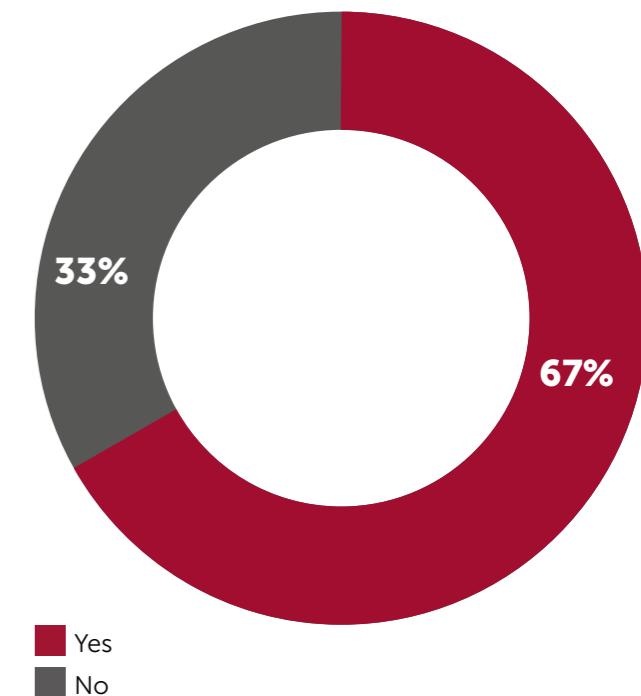
Land availability remains stubbornly problematic, with one third (33%) citing a lack of available sites and nearly as many (31%) raising concerns that much of the land accessible to them is not financially viable for development.

Regulatory factors compound these challenges. Costs associated with national regulations, such as recent environmental requirements, and the burden of the Community Infrastructure Levy (both 31%) are impeding project viability for builders.

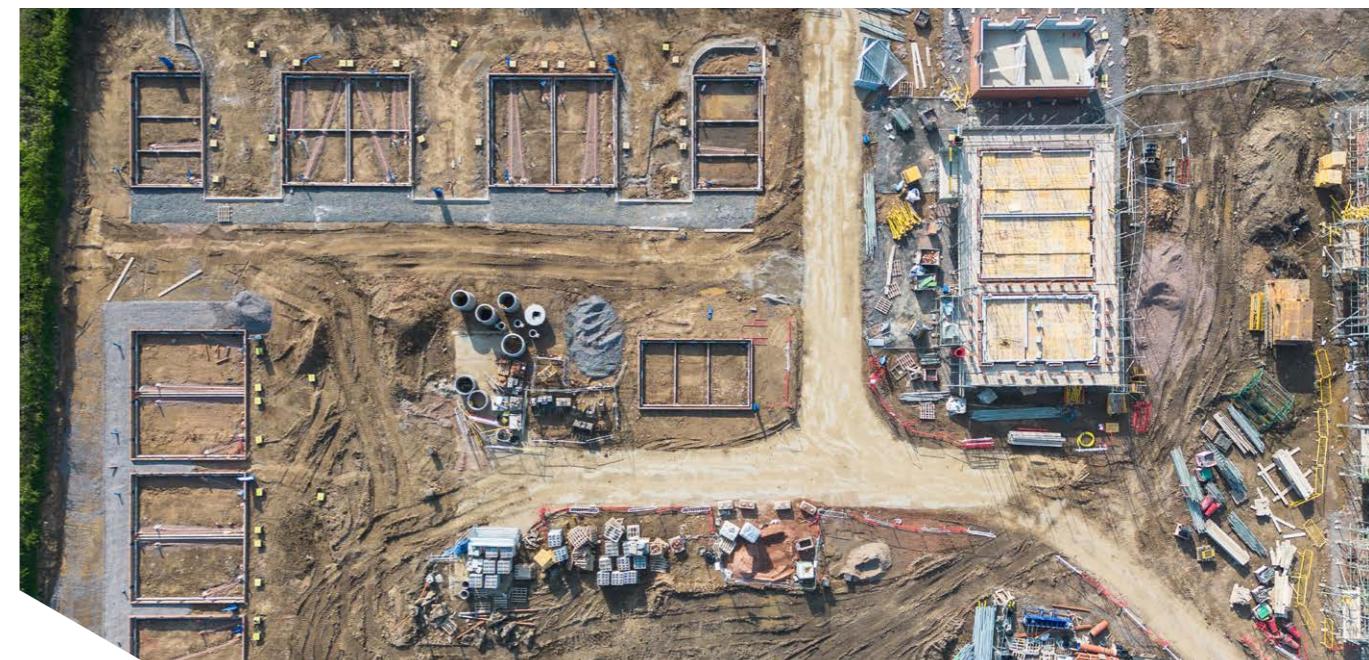
Notably, two-thirds (67%) of SME builders are unable to proceed with sites of interest due to anticipated Section 106 agreements or CIL costs.

When finance is considered, SME builders regard interest rates on new loans (70%) and fees charged on new or existing loans (63%) as the most significant finance-related issues restricting house building activity. Overall, a majority (over 60%) rate every finance issue presented in the survey as significant¹, highlighting a widespread perception that finance costs and terms are impeding growth and development across the sector.

Unviable Sites Due to Section 106 or CIL Obligations

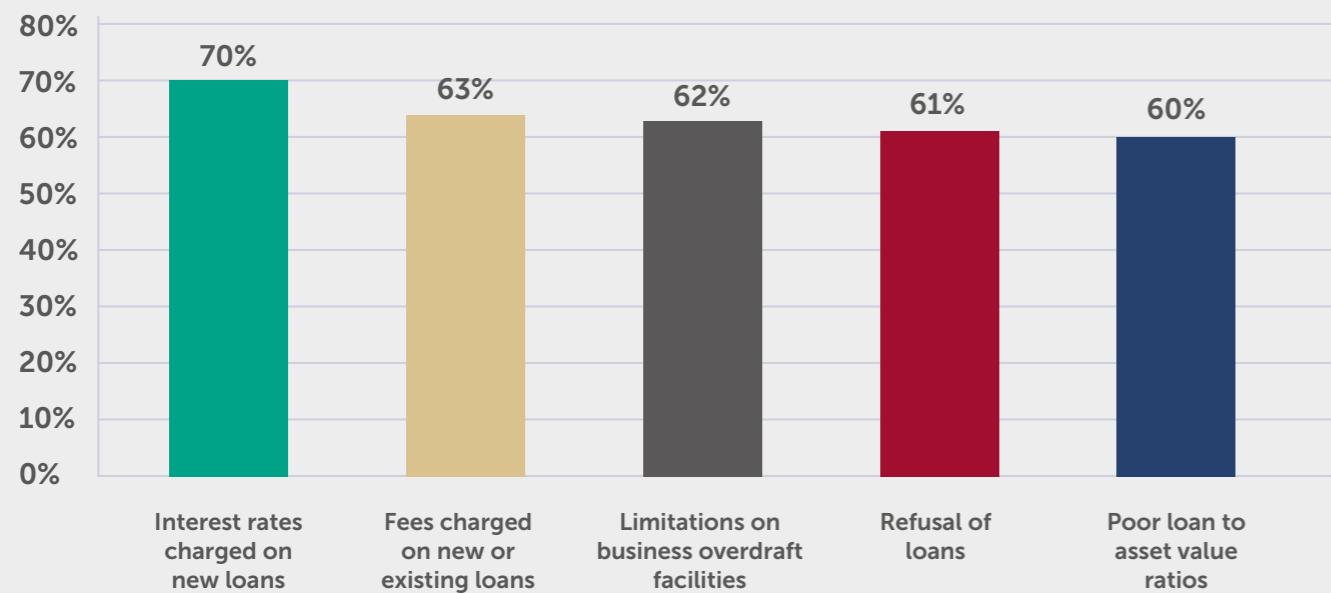


Graph 5 – Q23. Are there sites which you would be interested in, but which you believe would be unviable due to likely Section 106 or CIL obligations? (n=169)



¹ Scoring 4 or 5 on a scale of 0-5, where 0 is completely insignificant and 5 is extremely significant.

More significant finance-related issues that are restricting ability to build homes



Graph 6 – Q23. How significant are the following finance-related issues in restricting your ability to increase your house building activity? (n=169)



Finance environment & funding sources

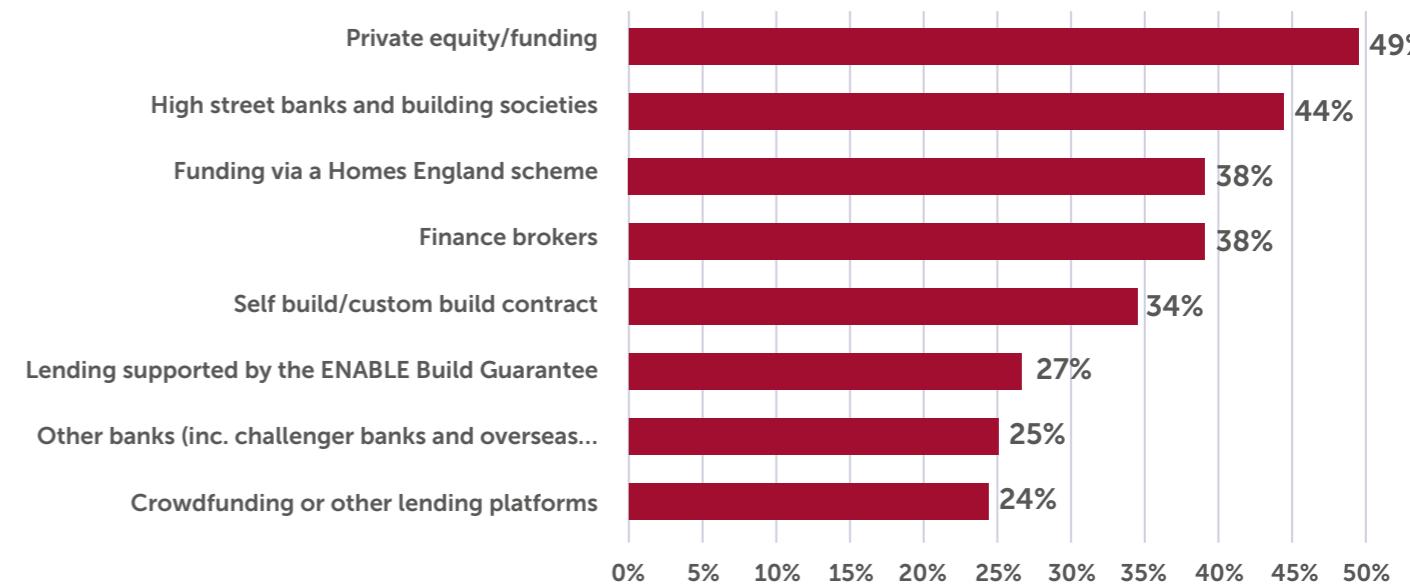
In this constrained environment, builders have developed pragmatic approaches to securing development finance. Encouragingly, 3 in 5 (60%) report experiencing good lending conditions for SME residential property development, and over one in four (27%) rate conditions as excellent. This split reveals a market where access to capital is improving for some, but not all.

Private equity (49%) and high street banks (44%) lead as the primary sources of funding. Homes England schemes and finance brokers (both at 38%) also play substantial roles, especially for larger projects. Builders completing 51–100 units per year are much more likely to secure funding through a Homes England scheme (61%), compared to smaller builders (22% for 0–9 units, 36% for 10–50 units).

In contrast, lending supported by the ENABLE Build Guarantee (27%) and other challenger banks (25%) remains comparatively under-used. These figures highlight that while traditional and government-backed channels remain pivotal, many builders, especially those at smaller scales may not be accessing more innovative financing solutions, potentially due to awareness, eligibility, or perceived complexity.

Private equity (49%) and high street banks (44%) lead as the primary sources of funding.

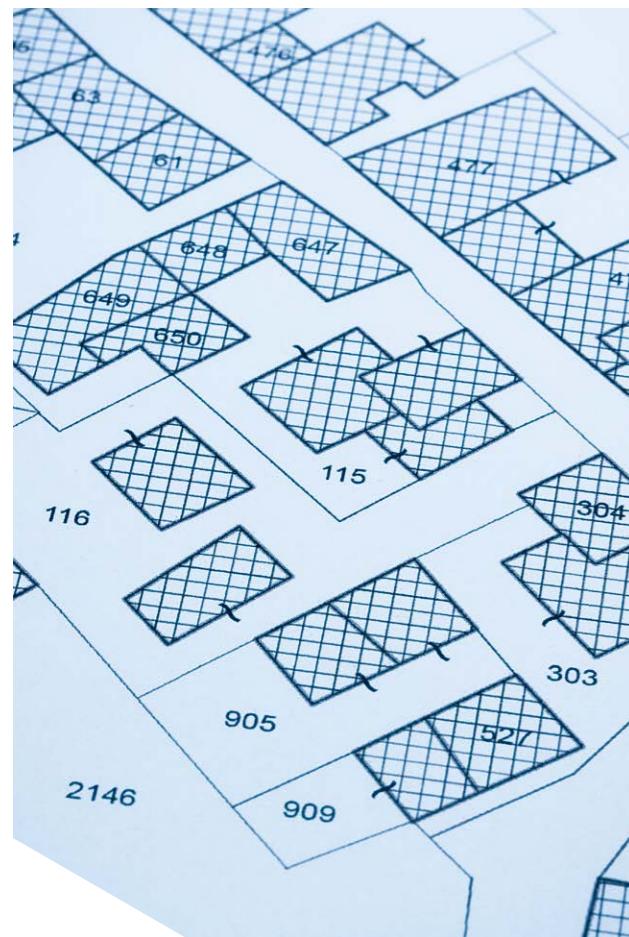
Ways of Funding



Graph 8 – Q13. Which of the following ways do you tend to acquire funding for development? (n=169)

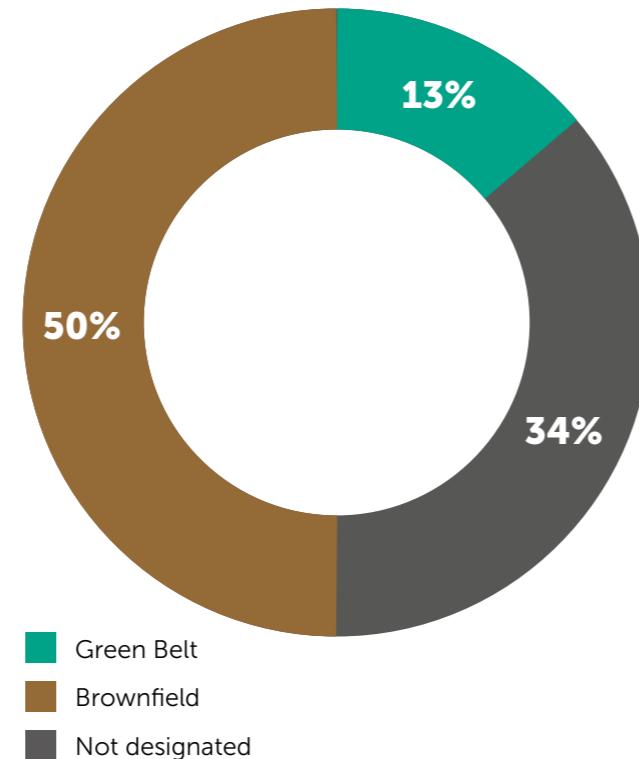
Land availability, planning & policy environment

Land availability and the planning policy landscape are central to the SME builder experience. Half (50%) predominantly build on Brownfield land, indicating a strategic focus on urban regeneration and reuse, while a third (34%) target Green Belt sites.



40% of builders see planners and local authorities **taking small sites more seriously**

Type of Land Predominantly Built on

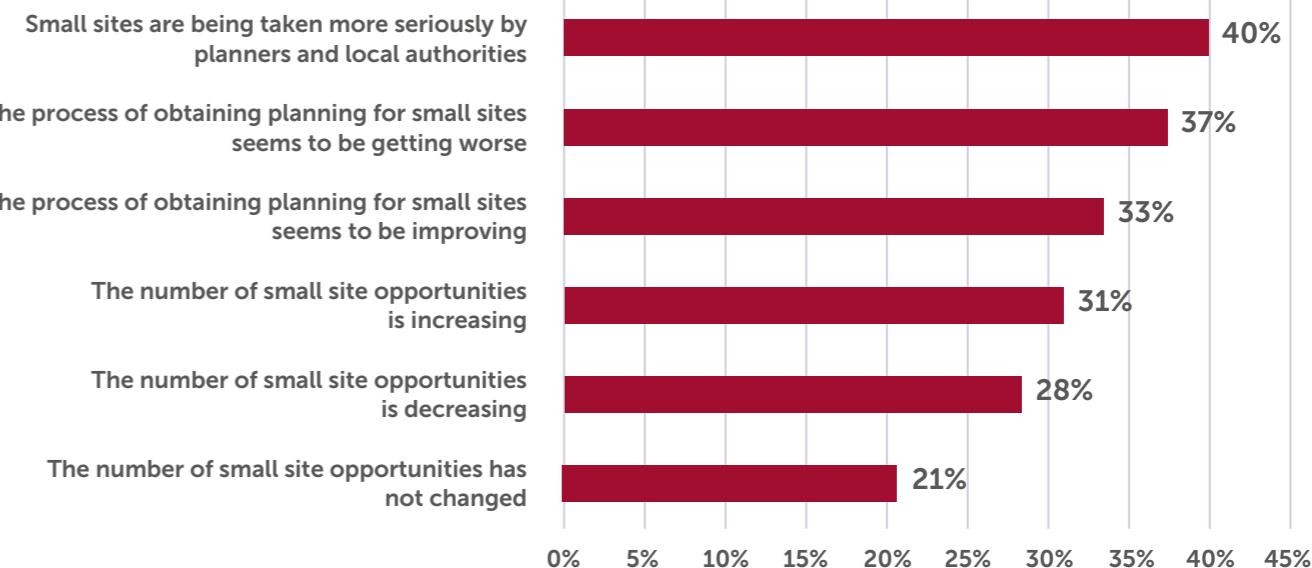


Graph 9 – Q16. What sort of land do you predominantly build on? (n=169)

The outlook for small sites is mixed and nuanced. While 40% of builders see planners and local authorities taking small sites more seriously, a view especially strong among those working primarily with architects (61%) there's by no means consensus. Just over a third (37%) feel the process for obtaining small site planning is worsening, while 33% say it is improving. Similarly, builders are split on opportunity: 28% perceive an increase in small site opportunities, but 31% say the opposite.

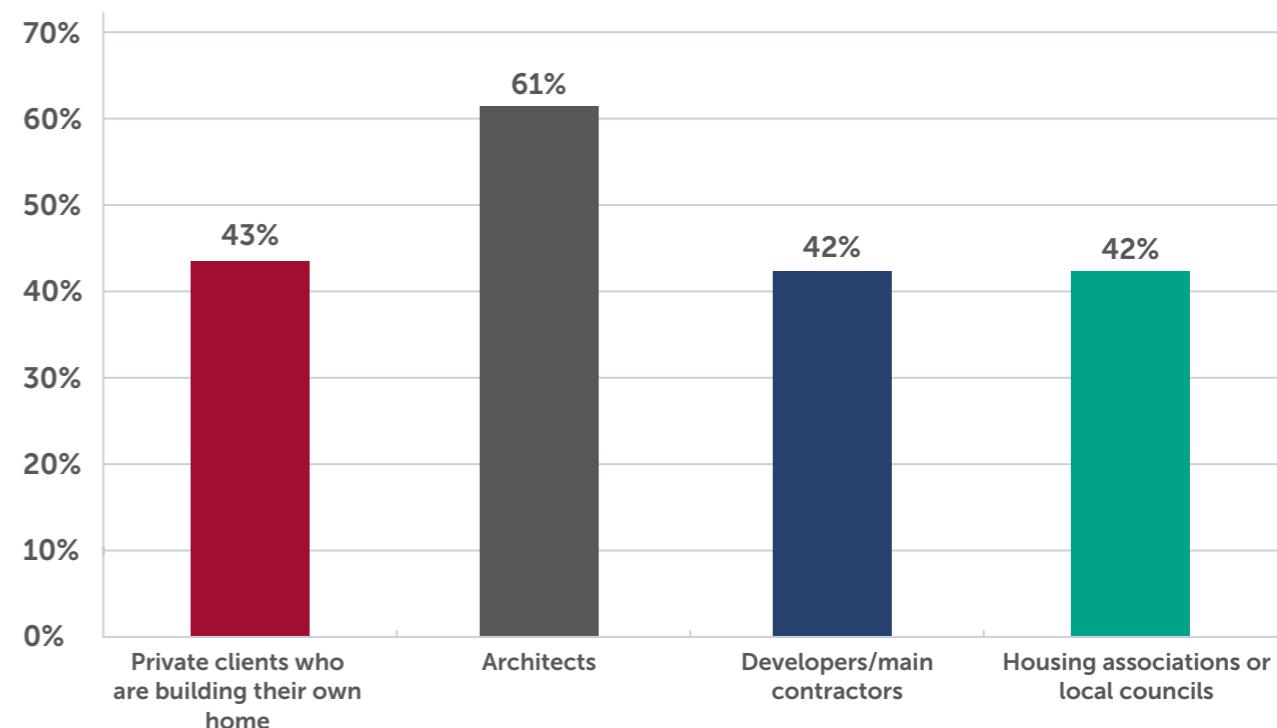
Policy intervention is making an impact: 65% of builders say the National Planning Policy Framework (NPPF) is driving more opportunities for small site development. However, mixed views on planning and site availability suggest the effect is not felt consistently across the sector.

Agreement with the following statements when it comes to opportunities for small site development



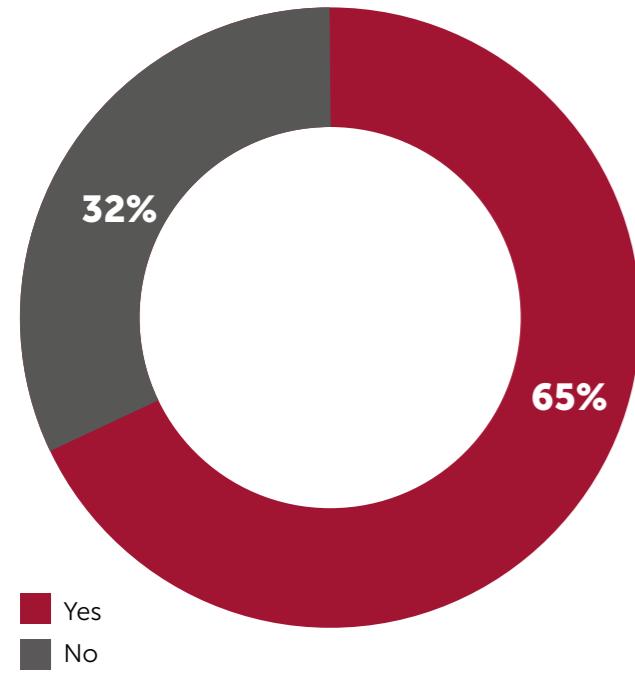
Graph 10 – Q17. When it comes to opportunities for small site development, which of the following statements do you agree with? (n=169)

Agreement that small sites are being taken more seriously by planners and local authorities: By type of clients



Graph 11 – Q17. When it comes to opportunities for small site development, which of the following statements do you agree with? Type of client: Private clients n=121, Architects n=76, Developers/main contractors n=105, Housing associations or local councils. n=99

Builders who believe NPPF is driving an increase in small site opportunities



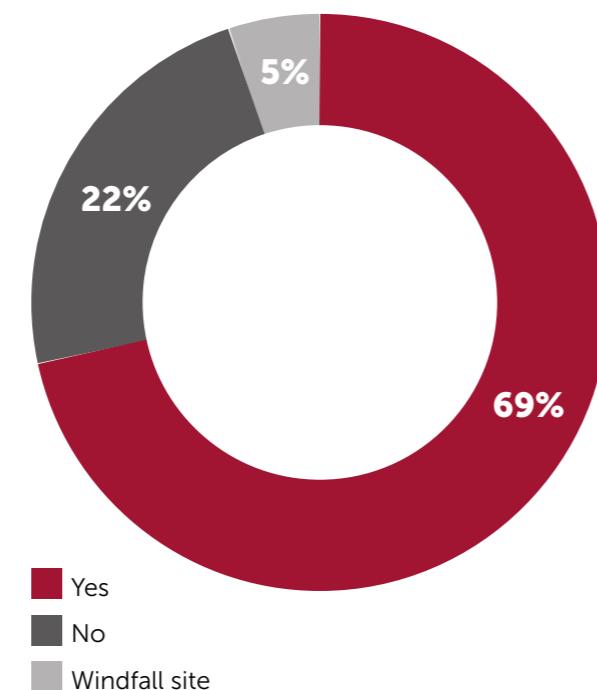
Graph 12 – Q18. Since 2018, the National Planning Policy Framework (NPPF) has required local authorities to identify enough small sites (sites of one hectare or less) on which to accommodate at least 10% of their housing requirement. Is this policy driving an increase in small site opportunities for you? (n=169)

Builders' engagement with local planning authorities is notably high, with 69% stating their current sites are included in their local plan, this rises to 76% for those enjoying positive SME lending conditions, suggesting that builders in stronger financial positions may be further advanced in the planning process.

When asked about the top causes of planning delay, the verdict is clear: information requirements (80%), Section 106 negotiation (75%), and under-resourced planning departments (75%) top the list. For larger firms (turnover over £5m), the pain points shift slightly, with Section 106 negotiations (90%), adequacy of resourcing (85%) and communication by planning officers (82%) called out as even more significant obstacles.

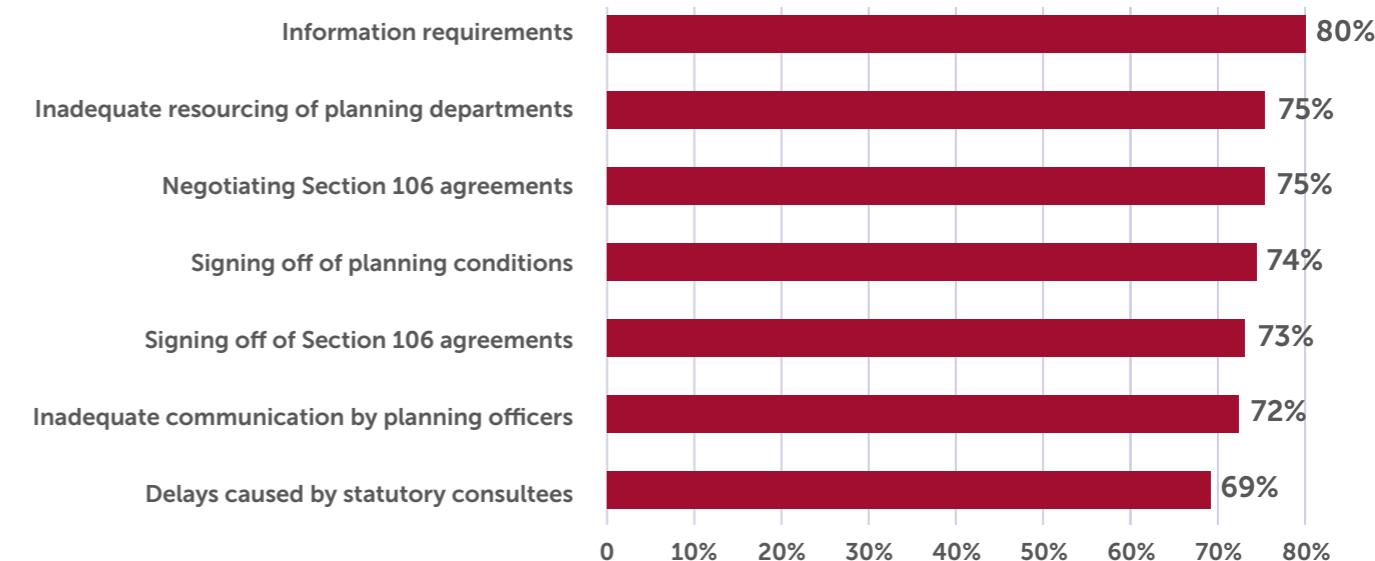


Builders who are currently working on sites included in their Local Authority's local plan



Graph 13 – Q19. Is/are the site/s you're currently working on included in your Local Authority's local plan? (n=169)

Significant factors in causing delays in the planning process



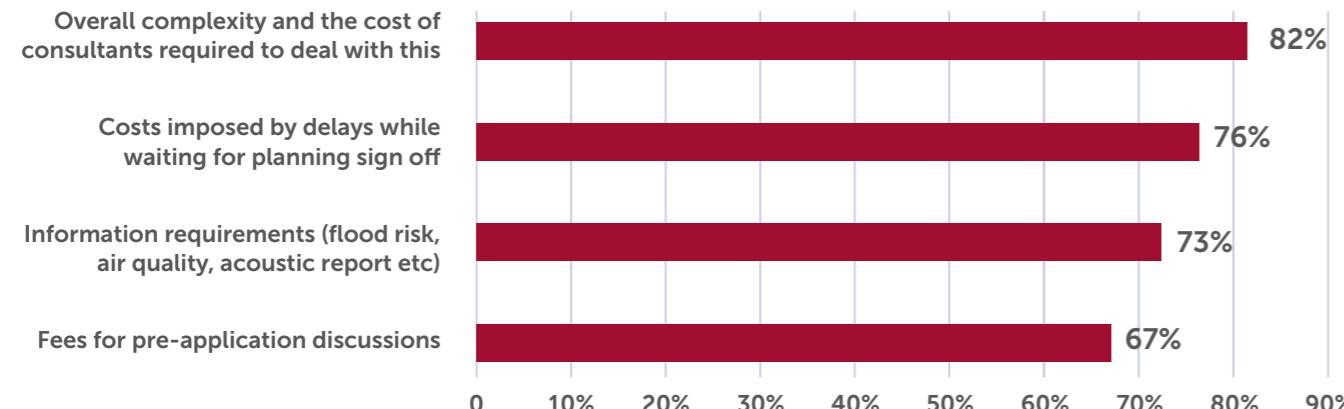
Graph 14 – Q20. How important would you rate the following as causes of delay in the planning process? (n=169)

Additional planning costs are an equally serious concern. Complexity and the expense of hiring consultants (82%), prolonged delays (76%), and information requirements e.g. flood risk, air quality, acoustic reports etc (73%) are persistently driving up project overheads, these pressures are felt most keenly among companies dedicated solely to housebuilding.

When asked about the top causes of planning delay, the verdict is clear: **information requirements (80%), Section 106 negotiation (75%), and under-resourced planning departments (75%)** top the list.



Significance of factors that cause additional cost in the planning process

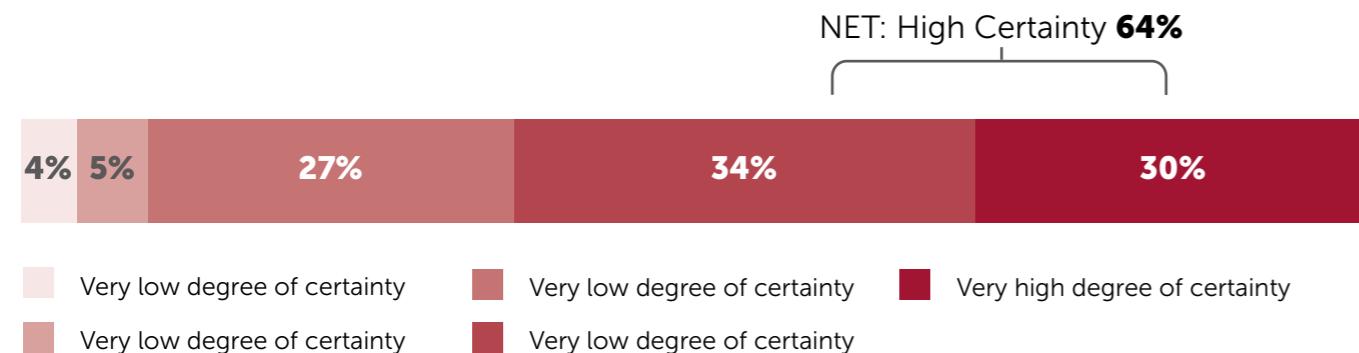


Graph 15 – Q20. How important would you rate the following as causes of additional cost in the planning process? (n=169)

Confidence in the planning process is moderately high: 64% of builders feel a high degree² of certainty about the outcomes of planning applications, with another 27% expressing moderate certainty. Regional differences are apparent, with London-based builders reporting the highest levels of confidence and lowest uncertainty regarding planning outcomes.

Looking at Government proposals, the sector registers guarded optimism, with 68% believing current can help diversify the market and boost the number of smaller developers. This signals appetite for change even as operational barriers endure.

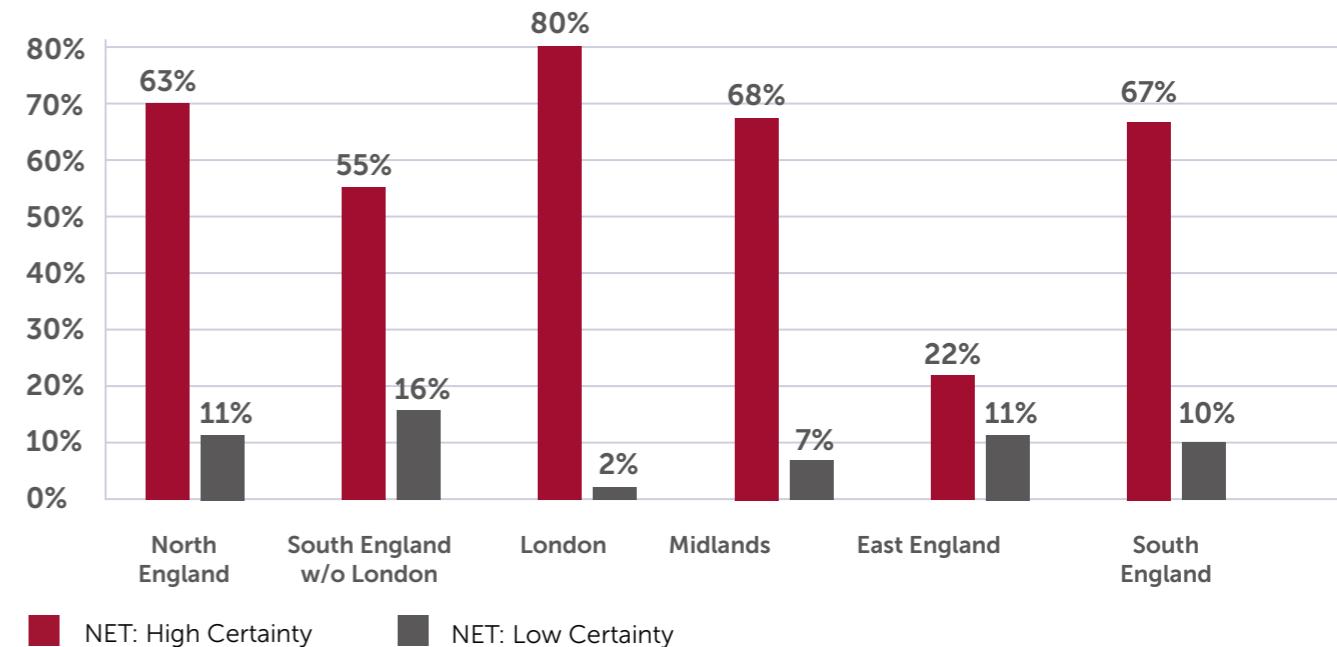
Certainty about outcomes of planning applications



Graph 16 – Q22. On average, how much certainty do you feel about the outcomes of planning applications? (n=169)

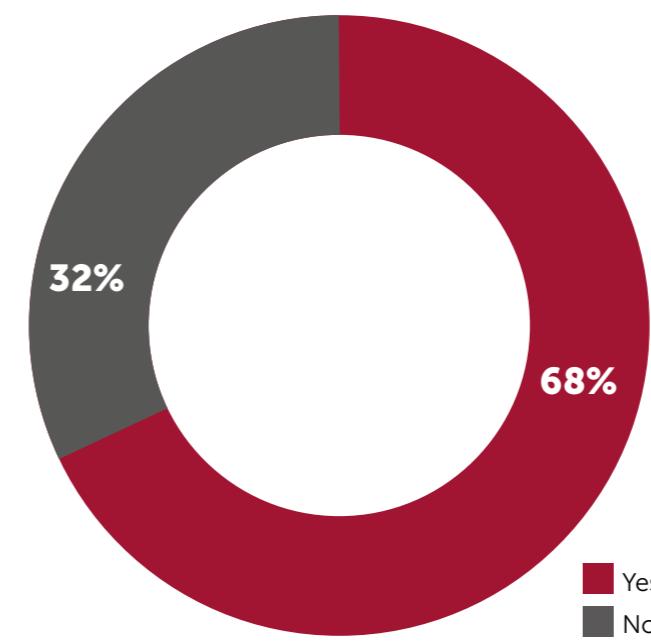
² Selecting 'Very high' or 'Quite a high' degree of certainty on a 5-point scale.

Certainty about outcomes of planning applications by region



Graph 17 – Q22. On average, how much certainty do you feel about the outcomes of planning applications? North England n=38, South England w/o London n=49, London n=45, Midlands n=28, East England n=9*, South England n=94

Will the current Government proposals on planning diversify the market?



Graph 18 – Q29. Do you think current Government proposals on planning aimed at helping them reach their 1.5million target of new homes will help diversify the market and grow the number of smaller house builders in the market? (n=169)

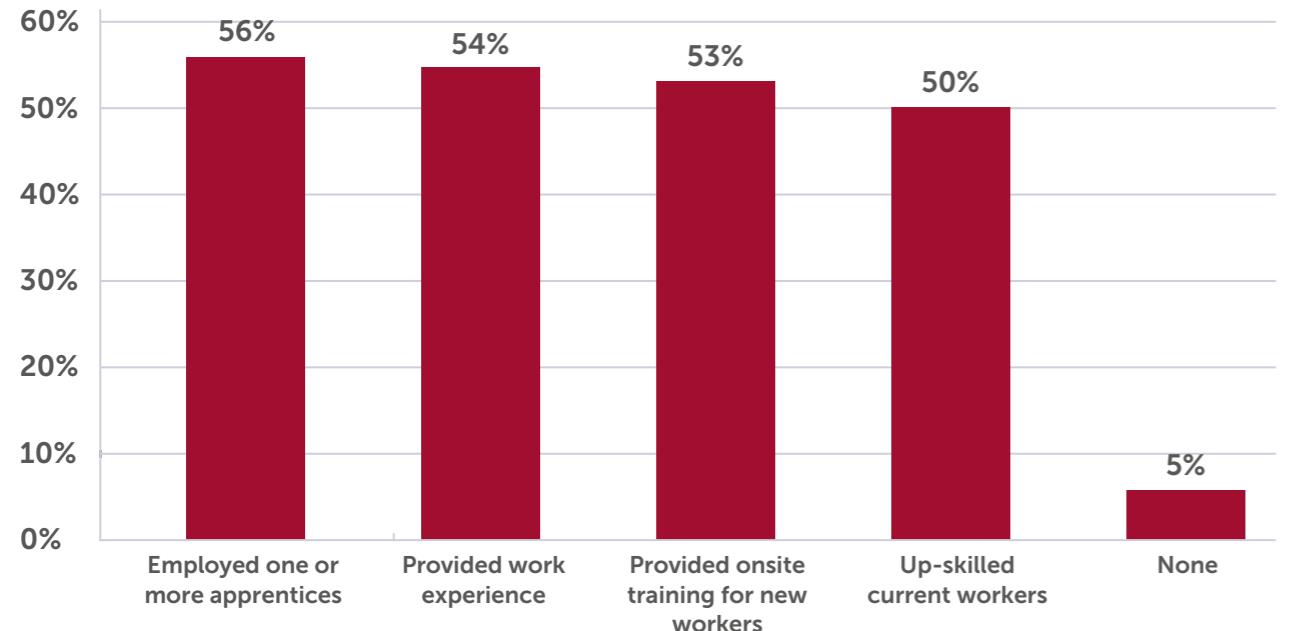
Workforce & skills: capacity & constraints

Workforce development has remained a strategic focus, even amid skills shortages and rising costs. Since August 2024, a majority of builder firms have taken active steps to support staff and bring new talent into the sector: 56% have hired apprentices, 54% provided work experience, and 53% offered onsite training for new entrants. Only 5% of firms have neither trained nor recruited since August 2024, highlighting the sustained commitment to skills investment across the industry.

However, apprenticeship uptake is being slowed by a range of barriers. Quality concerns dominate (51%), alongside cost-related apprehensions (39%), fear of dropouts (39%), and administrative red tape (34%).

For builders in the North of England, cost emerges as the most significant obstacle to bringing on apprentices (58%), a figure markedly higher than other regions in England, underscoring geographic disparities in workforce challenges.

Staffing activities done by firms since August 2024



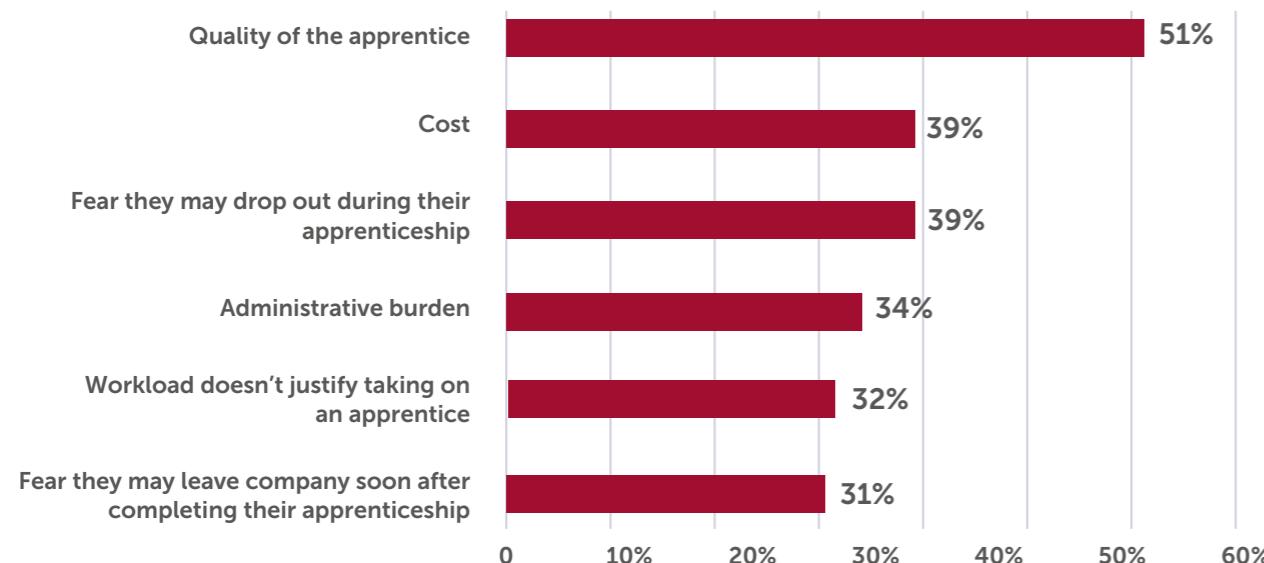
Graph 19 – Q27. In the past year (since August 2024) has your company done any of the following? (n=169)

56% have hired **apprentices**, 54% provided **work experience**, and 53% offered **onsite training** for new entrants.





Factors that meant firms could not take on apprentices

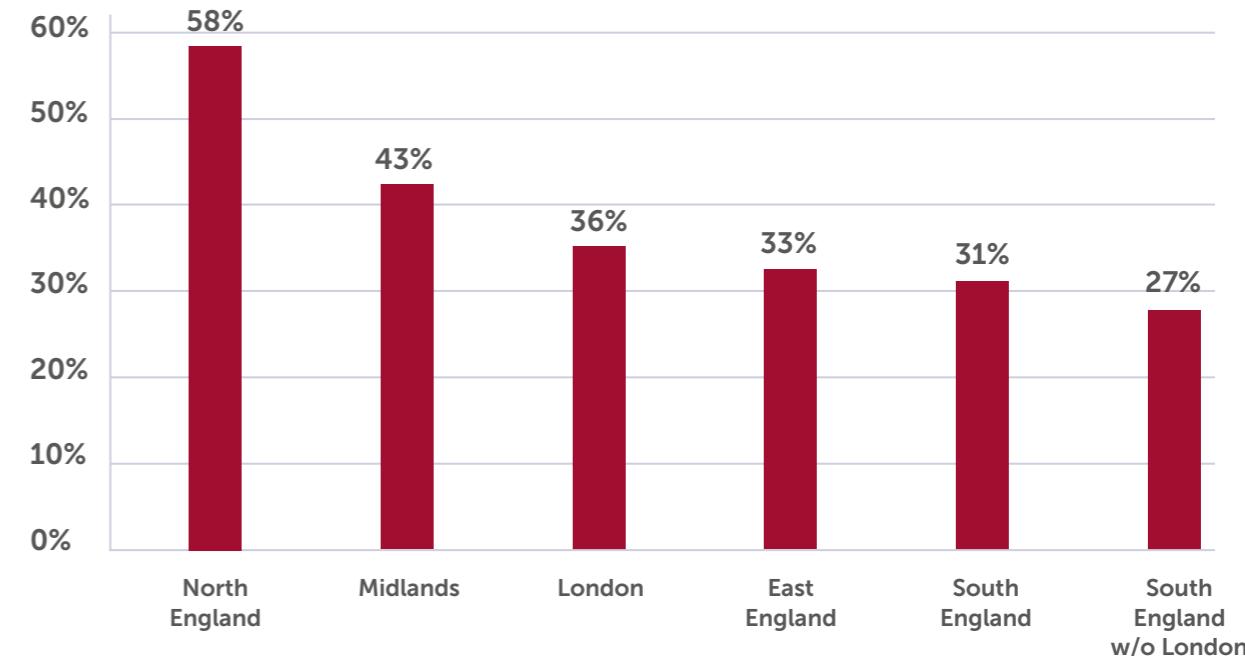


Graph 20 – Q28. If you have considered taking on an apprentice are there reasons that have hindered you taking one on? (n=169)

Despite ongoing recruitment difficulties, especially for site-based staff (53% report struggling to hire enough workers), builders remain broadly confident and growth-oriented.

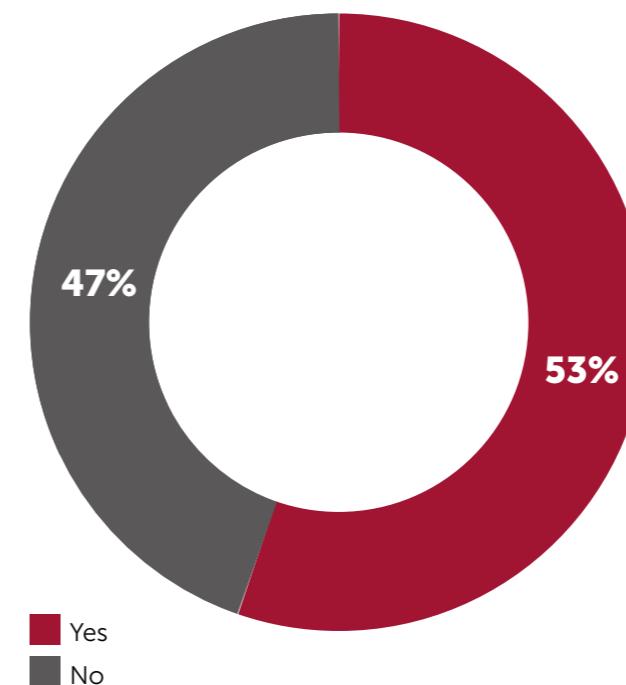
Only 12% anticipate workforce reductions in the coming year, while 7 in 10 (70%) plan to expand headcount from August 2025 onwards. Importantly, those forecasting high buyer demand are far more likely to anticipate workforce expansion (85%), evidencing how market confidence directly translates into investment in people and skills.

The impact of cost on the ability of firms to take on apprentices



Graph 21 – Q28. If you have considered taking on an apprentice are there reasons that have hindered you taking one on? North England n=38, South England w/o London n=49, London n=45, Midlands n=28, East England n=9*, South England n=94

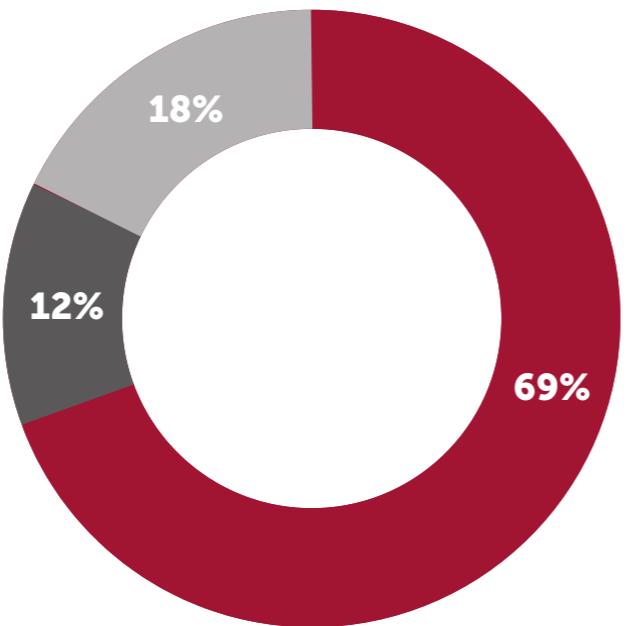
Builders who struggle to hire enough site-based staff to cope with the workload



Graph 22 – Q26. Do you struggle to hire enough site-based staff to cope with your workload? (n=169)



Intentions to change the number of people working on their sites over the next year



- Yes - we'll be growing our workforce
- Yes - we'll be decreasing the number of people working on site
- No - we'll be keeping roughly the same number of people working for us

Graph 23 – Q25. Do you plan to alter the number of people working on your sites (whether employed or subcontracting) over the year ahead, compared to a base line of this time last year? (n=169)

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The Federation of Master Builders (FMB) is the largest trade association in the UK construction industry representing 6,500 companies in England, Scotland, Wales and Northern Ireland who collectively employ around 45,000 staff.

Established in 1941 to protect the interests of micro, small and medium sized (MSME) construction firms, the FMB is independent and non-profit making, lobbying for members' interests at both the national and local level. The FMB is a source of knowledge, professional advice and support for its members, providing a range of modern and relevant business building services to help them succeed. The FMB is committed to raising quality in the construction industry and offers a free service to consumers called 'Find a Builder'.

For further information about the FMB, visit
www.fmb.org.uk

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