

Barratt Redrow Falls Short of Housing Targets Amid Affordability Crisis

July 15, 2025

— Categories: Real Estate



The newly merged housebuilder Barratt Redrow has failed to meet its homebuilding targets for the year ending June 29, completing just 16,565 homes against a projected range of 16,800 to 17,200. The shortfall, attributed to persistent affordability pressures and fragile consumer confidence, underscores the challenges facing the UK's housing sector. Formed last year through the union of Barratt and Redrow, the company highlighted a sluggish mortgage market and slower-than-anticipated interest rate reductions as key factors dampening demand.

Despite the setback, Barratt Redrow remains optimistic about the long-term outlook, pointing to a chronic undersupply of new homes in the UK. The company noted tentative signs of improvement, with increased competition and availability in the mortgage market offering some hope. Looking ahead, it forecasts completions of 17,200 to 17,800 homes in the coming year, with an ambitious medium-term goal of 22,000 homes annually. Financially, the firm ended the year in a robust position, with adjusted profit before tax aligning with market expectations and a net cash balance of £772 million, surpassing forecasts.

The UK's housing market continues to grapple with affordability issues, which Barratt Redrow described as being at its lowest in decades. The company has called on the government to take decisive action to stimulate demand, arguing that relying solely on private housebuilders to deliver new homes is unsustainable without addressing buyer constraints. Dr David Crosthwaite, chief economist at the Building Cost Information Service (BCIS), echoed this sentiment in a recent interview, stating, "Housebuilders run a tight ship when it comes to maintaining the supply and pricing level of new homes. They are looking to maximise profit."

The current Labour government's housing policies have drawn scrutiny for placing the burden of meeting ambitious housing targets on private developers. While recent announcements, such as a permanent mortgage guarantee scheme to support first-time buyers with deposits as low as five per cent, have been welcomed, critics argue that these measures fall short of addressing the root causes of weak demand. Barratt Redrow has urged ministers to focus on demand-side reforms to enable more buyers to enter the market, warning that without such changes, the nation's housing crisis will persist.

As Barratt Redrow navigates a challenging economic landscape, its performance reflects broader issues within the UK housing sector. The company's ability to maintain profitability and a strong cash position offers some reassurance, but the path to meeting its medium-term targets remains fraught. With affordability at historic lows and consumer confidence wavering, the government faces mounting pressure to deliver policies that genuinely support homebuyers and stimulate market activity. For now, the gap between housing ambition and reality continues to widen, leaving developers and buyers alike in a precarious position.