

Through Risk Capital Approaches

Accelerating Housing Delivery

REPORT

A national housing research study exploring the optimal deployment of risk capital resources and the econometric benefits

MAY 2026



Background

Working with the Government through the 2024 Budget and 2025 Spending Review, CBRE helped make the fiscal case for more creative ‘risk capital’ investment.

Together with Greater Manchester Combined Authority and Homes England, CBRE made the case for a new approach, leading to the Good Growth Fund.

This report applies the lessons learned, modelling for the first time how risk capital can bridge viability gaps across England and estimates the wider economic benefits.

CBRE’s impact to date

Led a shift in public-sector subsidy from grant dependence to a risk capital co-investment model, enabling recycling of public funds and crowding in private capital.

Directly informed changes to state investment rules, formalised through the Financial Transactions (FT) Controls Framework, enabling risk capital deployment at scale.

Provided evidence supporting the £22bn FT allocation in the 2025 Spending Review, accelerating the transition to repayable public investment structures across Departments and government agencies.

Supported the creation of the National Housing Bank, the Office for Investment’s Strategic Site Accelerator, and the Chancellor’s City Investment Fund – national vehicles to deploy risk capital and drive public-private co-investment.

Secured Greater Manchester as a national pilot for risk capital, enabling the launch of the Greater Manchester Good Growth Fund in November 2025. CBRE’s business case for the Greater Manchester Combined Authority (GMCA) and Homes England (HE) demonstrated viability and fiscal benefits, resulting in the UK’s first place-based risk capital vehicle.

The case for risk capital

Risk capital is a fiscally superior alternative to grants – deploying sub-market capital and patient equity as recoverable FTs, allowing public capital to earn returns, recycle, and unlock growth, unlike non-repayable grants.

It materially improves value for money – in Greater Manchester, risk capital halved effective public cost; unviability reduced from £93,000 per home to £12,500, while Benefit Cost Ratios doubled.

It is land use and tenure agnostic, proven at scale, and unlocks policy-compliant development from city centre to edge-of-centre and other structurally challenged markets.

It is already delivering outcomes – GMCA has committed £350m in Wave One, enabling delivery of 3,000 homes and 2m sq ft of employment space. Wave Two has recently closed, with future calls expected each March and November.

It provides a scalable national model – the Good Growth Fund demonstrates how place-based risk capital vehicles can crowd in private investment, reduce grant dependency, and support housing and economic growth objectives within existing public sector fiscal rules.

Delivering housing supply underpins the Government's economic agenda

The Government committed to **delivering 1.5 million homes** in England over the next five years – a key pillar of the growth agenda.

Additional housing supply will support higher home ownership rates and wider economic and social objectives by lowering the cost of housing.

As house prices have risen faster than earnings, home ownership is increasingly dependent on family wealth, widening the inequality between those with and without family support. More supply would reduce costs and support those at risk of poverty and homelessness.

Nearly 135,000 households, including 176,000 children, live in temporary accommodation.

Lower housing costs also support economic growth by promoting labour mobility and strengthening labour market depth, driving productivity and wages. Larger labour markets improve the matching of workers to jobs, generating productivity gains and higher earnings.

01



Productivity

Labour market depth partly drives regional productivity differences. Housing affordability enables workers to access high-productivity labour markets, deepening the talent pool

3.1%

Productivity uplift from equivalent of 187,000 additional homes in London

03



Social Mobility

Undersupply pushes up housing costs relative to income, slowing social mobility and widening the intergenerational wealth gap.

7.6x

Average home costs 7.6 times typical earnings in England

02



Labour Mobility & Wages

Lack of housing is a major barrier to labour mobility, preventing workers from relocating to higher-productivity areas.

£1,300

Higher annual earning potential from moving to high-productivity areas

04



Social Outcomes

Persistent undersupply contributes to poverty, homelessness, and other adverse social outcomes across communities.

135,000

Households in temporary accommodation across England

Sources: 1 Homes England (2025) *Housing affordability and productivity*; 2 Resolution Foundation (2025) *The power of place*; 3 Office for National Statistics (2026) *Housing affordability in England and Wales 2025*; MHCLG (2026) *Statutory homelessness in England: July to September 2025*

Summary

High costs and flat prices have made housebuilding increasingly unviable



+39%

Rise in **construction material costs** since 2021 driven by increase in cement and concrete



+8%

House price growth since 2022, squeezing developer margins to zero in many areas



-36%

New dwelling starts have fallen since their 2022 peak

Public 'risk capital' investment can close viability gaps and unlock housing



£1 → £2.60

The modelling shows, each £1 of public investment attracts £2.60 of private capital



+94,000 - 104,000

Homes unlocked by investing in projects across England's core city regions



+123,000 - 198,000

Homes unlocked by investing in a geography agnostic approach across every local authority in England

And stimulate substantial economic benefits to the UK economy



£22bn

In private investment into housing driven by £8.5bn in targeted risk capital



£5.6bn - £5.8bn

In cumulative GDP uplift generated by construction activity across England by 2031



71,000 - 73,000 jobs

Supported across England by 2031 through construction

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