

Property 2021 & beyond

Sunday 21 February 2021 – Online Zoom Webinar

Residential | **Buy to let** | Developments

An overview of Build to Rent

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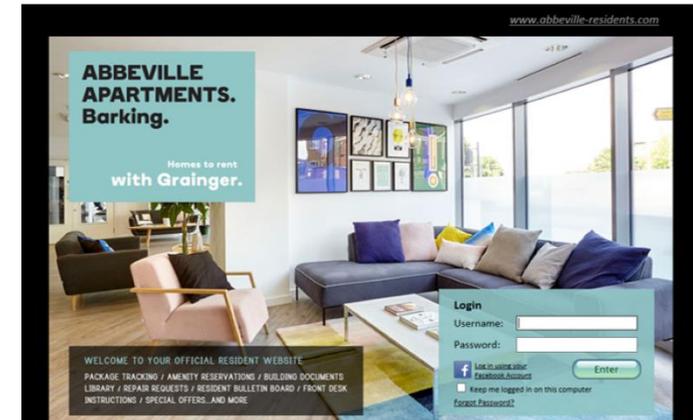
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Build to Rent in the UK – The First Decade

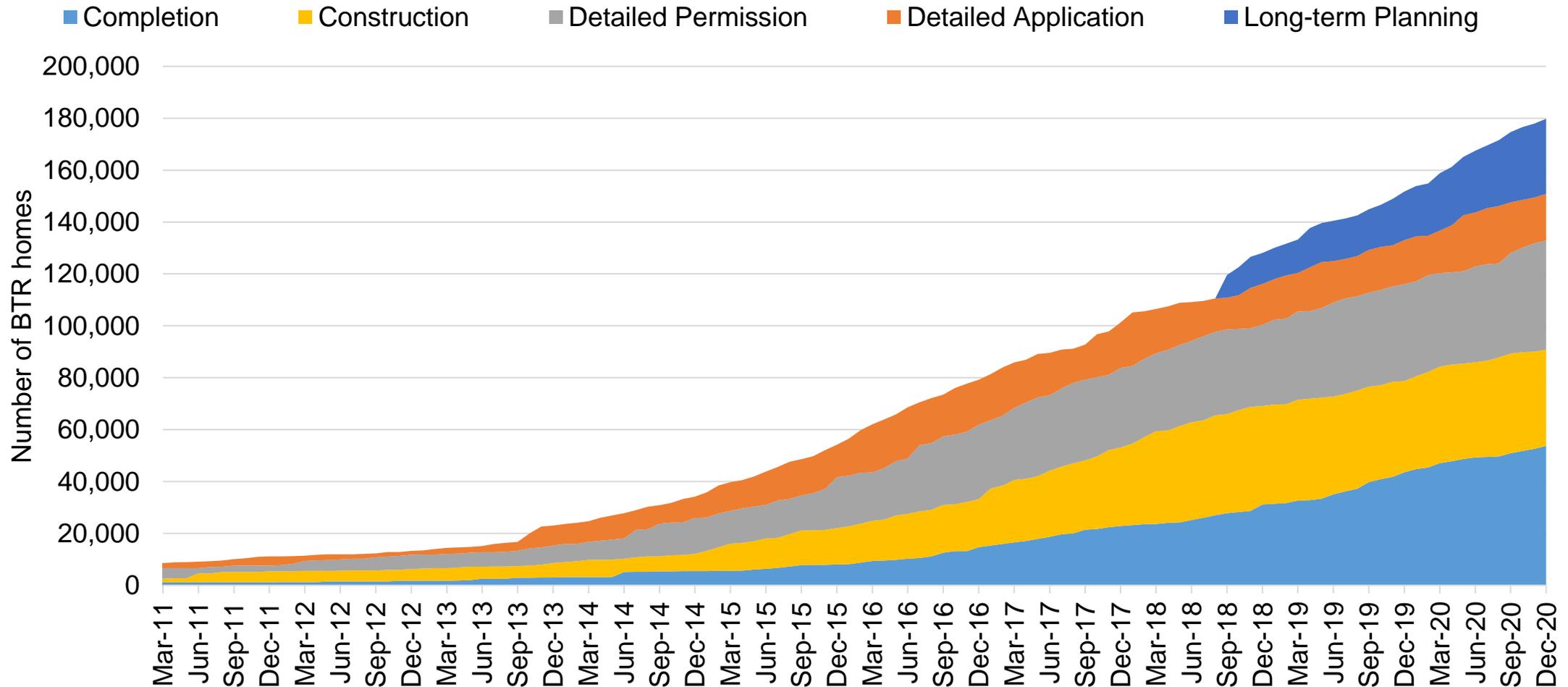
- BTR first popped up in the UK the early 2010s, after decades of absence of an institutional PRS (disappeared in the 1970s).
- The idea of BTR migrated to UK from the far more established Multi-family sector in EU and USA.
- Early 2010s, UK Domestic Economy in a place to support the establishment of a BTR sector – lowest housebuilding completions since pre-WW2, lowering yield expectations, less apartments being developed as a proportion of all development.
- Specific Government funding for BTR developments to get the ball rolling early in the decade, and some privately funded schemes began to emerge.
- Growth in appetite from pension funds. More and more privately funded schemes added to the pipeline, started to see product and service innovation.
- In 2018, Build to Rent recognised in the National Planning Policy Framework, encouraging local authorities to plan for BTR development.



Two of the first BTR developments – Fizzy Living at Epsom Station and a Grainger development in Barking.



The rise and rise of Build to Rent



Source: Savills/BPF

Definition of Build to Rent and Common Characteristics

Build to Rent

Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.



- No Deposits
- Longer, family-friendly tenancies
- Predictable Rents
- Access to good public transport
- Pet friendly
- Personalisation



- Resident Lounges
- Gyms
- Communal Gardens
- Rooms for Hire



- Tech-enabled Property Management Systems
- Resident Mobile Applications
- 24/7 Security
- Onsite Staff



- Superfast Broadband
- Storage Lockers
- Bike Storage
- Car Hire

Benefits of Build to Rent

- Adds to supply of housing
- Diversifies supply base
- Better Quality PRS
- No Speculation/empty units
- Mid-market housing offer with provision of affordable housing
- Creates communities by design
- Placemaking and regeneration
- Speeds up delivery of housing
- Supports town centres
- Income based, rather than based off sale – steady income and safe investment



What today's BTR looks like



The Green
Rooms, Media
City UK
Manchester
(Amro Living)



10 George Street E14 (Vertus)



The Lansdowne, Birmingham (Way
of Life)



Source: HomeViews

Who Lives in Build to Rent?

A study examining the demographics of tenants in Build to Rent in London

- 10 developments, 1700 tenants in 1300 homes
- Compared sample study data to London-wide PRS data from Dataloft
- Age, Type of tenant, income, affordability, profession

Findings:

- Comparable personal income to the wider PRS
- More young people in BTR, but people of all ages are residents
- BTR more affordable than wider PRS for sharers, couples – and similar affordability for singles and families
- Range of professions, but slightly less public sector employees than the wider PRS



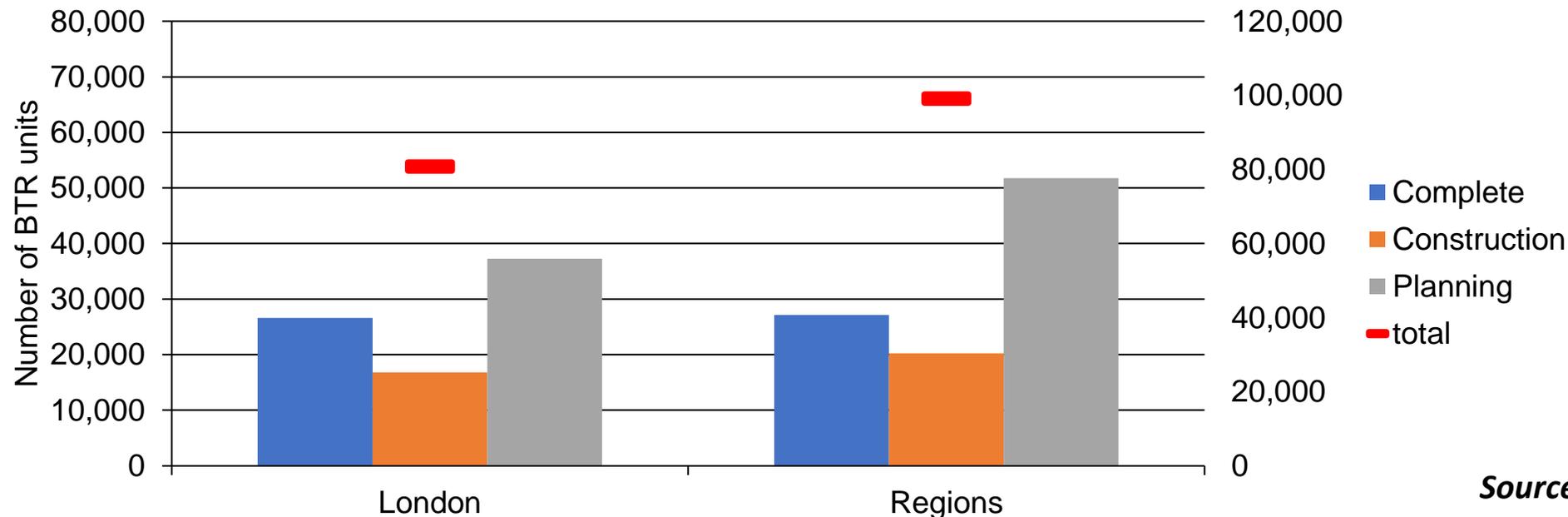
Who lives in Build-to-Rent?

An analysis of Build-to-Rent occupancy in London



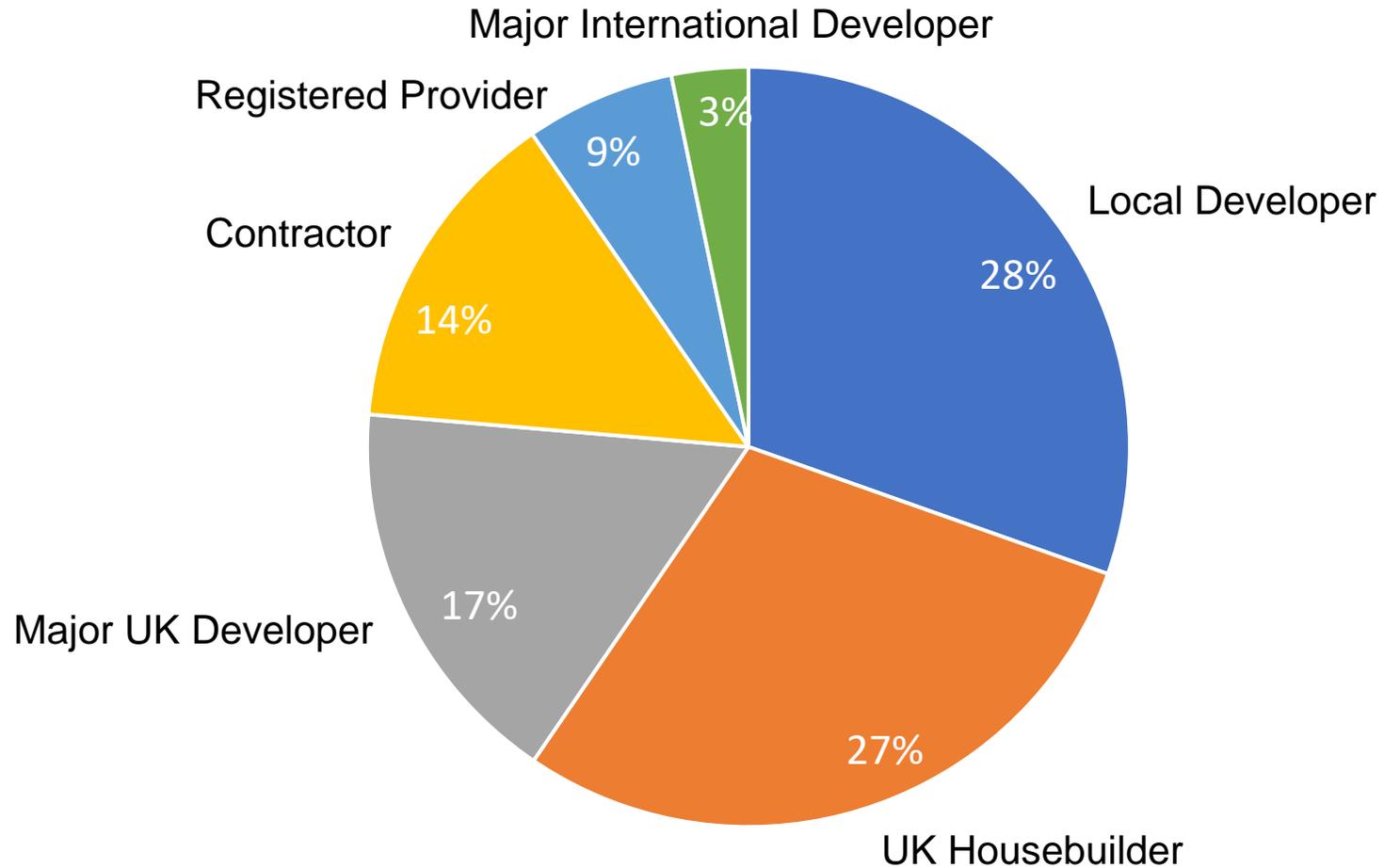
Build to Rent Statistics – Q4 2020

Status	Complete	Under Construction	Planning	Totals	% of total
London	26,625	16,822	37,274	80,721	44.9%
Regions	27,125	20,228	51,761	99,114	55.1%
Total	53,750	37,050	89,035	179,835	



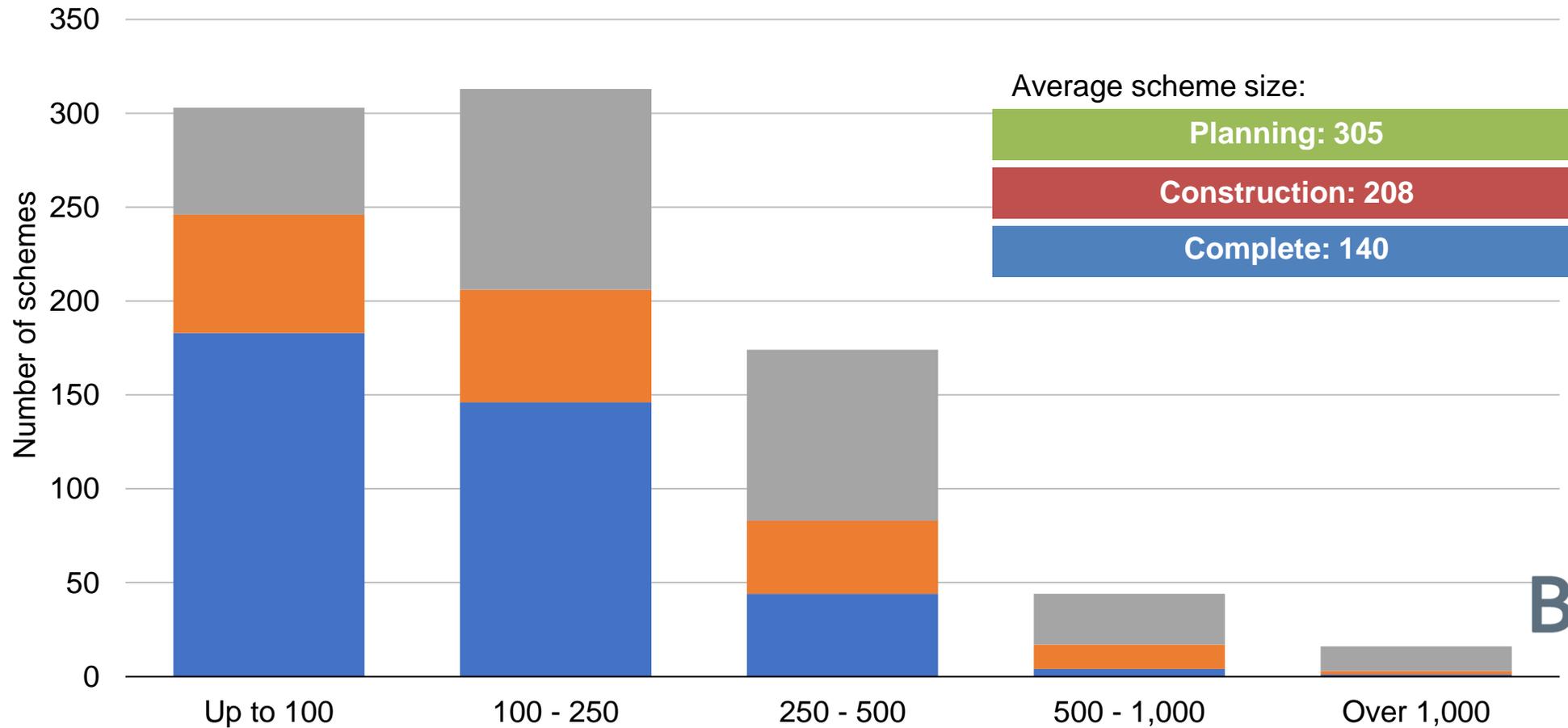
Source: Savills/BPF

Who is building Build to Rent?



Source: Savills/BPF

Size of Build to Rent developments



State of the Market – a resilient BTR sector

Covid-19

- A short and small effect on BTR construction in the first national lockdown (March-June 2020).
- Some temporary issues with supply chains, particularly where materials are sourced overseas.
- Sector largely returned to normal pace of construction thereafter, once clear guidance from Government was provided.

Post-first Lockdown – Investment Momentum builds and pipeline continues to expand

- Large pipeline of development has been maintained and has continued to grow, ample capital for new development and new players entering the market, (e.g. John Lewis), steady market enquiries.
- Lettings and operations able to continue in a COVID-19-safe way as outlined by Government.
- Strong flow of new viewings, high occupancy and near-normal rent collection. BTR property managers able to support tenants in financial stress through rent reductions and payment plans.
- Qualities of BTR lend themselves well to consumers with new priorities for their ideal homes.



Outlook for Build to Rent

- Secure and stable nature of BTR investment has been proven further by resilience through Covid-19.
- Strong investor appetite and new players entering the market, with number of deals steady and expected to increase as national restrictions ease.
- A development pipeline of 89,000 homes that will continue to be added to.
- Further emergence of Suburban BTR to reflect changed consumer demand in our cities and towns, but continued interest in central locations.
- Focus on sustainability and Net Zero 2050 with the Government's Future Homes Standards recently announced, as well as a growing ESG movement in BTR.
- Heightened consideration for outdoor space, working spaces in new developments
- Potential for mixed-use schemes to revitalise town centres and high streets.

Useful Links and Resources

- BPF/Savills Build to Rent Quarterly Statistics located on BPF website: <https://bpf.org.uk/about-real-estate/build-to-rent/>
- Build to Rent Hub: <https://builtdorent.info/>
- Who Lives in Build to Rent? Report located on BPF website under 'Research and Briefings'.
- HomeViews Website and reports