Who lives in urban Build to Rent?
UK Build to Rent (BtR) has established itself in a wide range of locations. To see how tenant profile differs across the country, we have isolated nearly 23,000 addresses within UK BtR developments. Our analysis found that across all locations, the majority of tenants were single and aged between 26 and 40. In locations outside of London, a central location is important in attracting the core BtR demographic. Over half of households moved from within 5 miles into BtR developments.

How does tenant profile differ by location?
Build to Rent households tend to be aged between 26 and 40 and the majority are single occupants. Core and Secondary cities attract slightly younger tenants with more than half aged under 30. London has a higher proportion of renters aged between 30 and 40 as affordability is such a constraint within the capital.

Sharing is more common in Core Cities and London and this has implications for unit layout and amenity provision. Extra work space may need to be considered to attract young, professional sharers. We also found that families make up a very small proportion of demand for Build to Rent in urban locations.

What are tenants looking for in a development?
The dominant demographic across locations outside of London are “Central Pulse” households. These renters value convenience and favours apartments in vibrant locations that place them close to both their jobs and nightlife. A central location is therefore crucial in attracting the core demographic for regional BtR.

In London, tenants are highly educated (over two thirds to degree level or higher) with high average incomes. London BtR tenants tend to be young, successful professionals living without children. In fact, children are rare across all urban Build to Rent locations, suggesting the sector is not attracting families, perhaps attributable to the type of product and location of schemes.

How far do people move for Build to Rent?
Crucially, our analysis has reinforced the importance of a 5 mile catchment. On average, half of tenants move from within a 5 mile radius. The profile, incomes and preferences of those living locally therefore has important implications for determining site location, unit mix, rent levels and marketing strategies. In Core Cities, reliance on a 5 mile catchment is lower given that these cities draw young, transient tenants from further afield to either work or study.

Table 1 National averages for key Build to Rent groups

<table>
<thead>
<tr>
<th></th>
<th>Metro High Flyers</th>
<th>Central Pulse</th>
<th>Bus-Route Renters</th>
<th>Flexible Workforce</th>
<th>New Foundations</th>
<th>Student Scene</th>
<th>Renting Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median age</td>
<td>35</td>
<td>31</td>
<td>40</td>
<td>34</td>
<td>34</td>
<td>24</td>
<td>36</td>
</tr>
<tr>
<td>% singles</td>
<td>41%</td>
<td>58%</td>
<td>65%</td>
<td>41%</td>
<td>30%</td>
<td>57%</td>
<td>41%</td>
</tr>
<tr>
<td>% with children</td>
<td>5%</td>
<td>1%</td>
<td>4%</td>
<td>12%</td>
<td>30%</td>
<td>1%</td>
<td>25%</td>
</tr>
<tr>
<td>Median personal income</td>
<td>£52,000</td>
<td>£31,300</td>
<td>£20,000</td>
<td>£32,500</td>
<td>£32,700</td>
<td>£21,100</td>
<td>£15,000</td>
</tr>
<tr>
<td>Education Level</td>
<td>Degree &amp; higher</td>
<td>Degree &amp; higher</td>
<td>GCSEs</td>
<td>Degree &amp; higher</td>
<td>Vocational qualifications</td>
<td>A-levels</td>
<td>Vocational qualifications</td>
</tr>
</tbody>
</table>
UK Build to Rent Investment

More than £1.2 billion was invested into UK Build to Rent during Q1 2021 which represented the highest first quarteron record.

Two large portfolio deals have helped to kick-start the year. In January, QuadReal completed their acquisition of Project Harmony which includes six BTR assets, totalling over 1,000 homes for rent. Meanwhile, Goldman Sachs completed their acquisition of Project Thistle which comprises more than 900 suburban homes in the North West.

This means that for the first time since 2015, operational deals make up a greater proportion of capital deployed than forward transactions, representing 66% of total investment. Forward funding agreements remain the most common way for investors to access the sector.

Nine funding deals occurred during Q1 with Core Cities remaining the key target for investors. Ridgeback were particularly active this quarter, involved in three deals across Manchester, Birmingham and Liverpool.

UK Build to Rent Development

The UK’s BTR stock now includes 57,700 completed homes with a further 36,000 homes under construction. The future pipeline currently stands at 94,700 homes, including those in the pre-application stage. This brings the total size of the sector to 188,300 homes once built.

Over the past year, the number of homes with consent has risen 27% to 45,000 homes. During Q1 2021 alone, 25 schemes gained full planning permission with capacity for 7,000 homes. This is the highest number of full permissions achieved in a single quarter.

Meanwhile, developers have continued to complete homes on site and the 10,600 homes completed over the past 12 months is in line with the three year average (2018-20). New starts are not currently keeping pace with completions which has resulted in a slight contraction of the construction pipeline. Starts trailing completions is a trend currently seen across residential development and is not specific to BTR.

We expect that once the economic picture improves, starts will pick up again and the construction pipeline will return to growth, especially given the weight of consented homes ready to start.

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