

# UK Build to Rent Market Update

Over 40,000 Build to Rent homes now complete in the UK with London and Manchester leading the way

There are just over 152,000 Build to Rent homes across the UK, including those in the planning pipeline. A quarter of these are now complete, equal to 40,180 homes. London continues to lead the way, accounting for 50% of all completed stock. Newham, Tower Hamlets, Croydon and Brent have contributed the most completed stock to date.

Key regional cities have kept pace with the capital throughout 2019 and Manchester, the next closest city, now holds 17% of completed stock. Birmingham, Liverpool and Leeds are home to 5%, 3% and 3% of completions respectively.

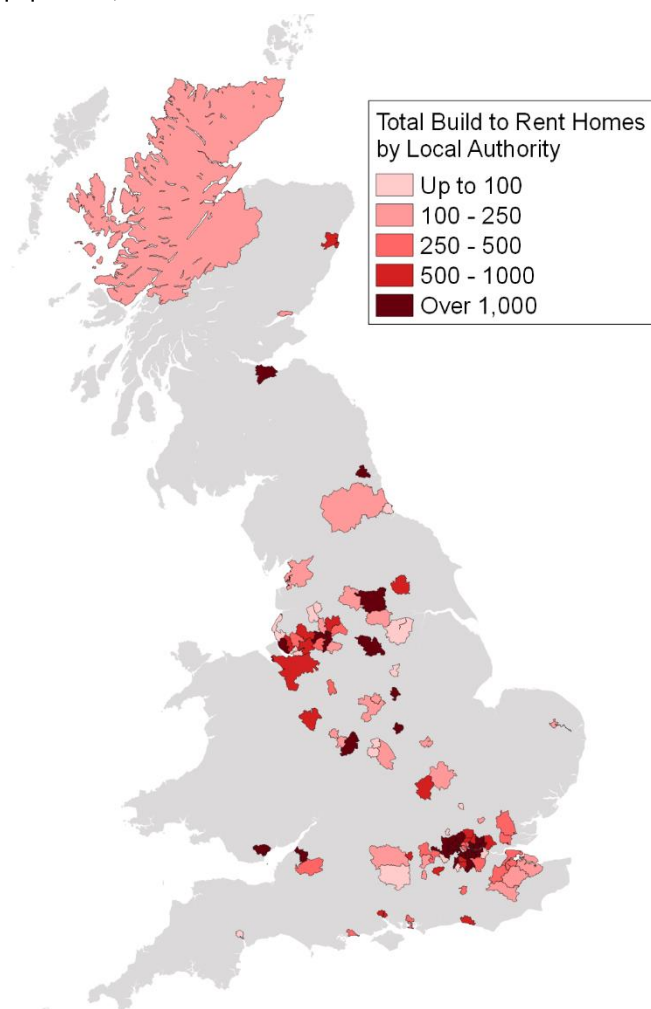
Across the country, the entire Build to Rent sector has grown by 15% since Q4 2018. In real terms, this amounts to over 20,000 additional Build to Rent homes in the past year. The majority of this growth has come from outside of the capital in key regional cities such as Birmingham, Cardiff and Edinburgh.

However, investors are also recognising the potential for Build to Rent in smaller cities with strong fundamentals. For example, Durham and Chelmsford saw their first Build to Rent developments start construction this year.

The average size of Build to Rent schemes has also increased, especially outside of London. The average completed scheme is now 158 homes outside of the capital compared with 127 within London. Across the UK the average size of a completed scheme will continue to grow, given that the average scheme under construction is now 253 homes and those in planning average 317 homes.

Four schemes started construction in the final quarter of 2019, totalling c. 1,440 homes. The Build to Rent schemes coming through in Leeds, Glasgow and Cardiff each form part of major regeneration developments. Legal and General are involved with two of these schemes; funding Buchanan Wharf in Glasgow and directly developing Central Square in Cardiff.

**Figure 1** Total Build to Rent homes including pipeline, at Q4 2019



Source: Savills, British Property Federation, Molior

**Table 1** Key schemes starting construction in Q4 2019

Scheme	Location	Investor/Funder	Build to Rent homes
SOYO - Phase 1	Leeds	Apache Capital and Moda Living	515
Buchanan Wharf	Glasgow	Legal and General	324
The Interchange, Central Square	Cardiff	Legal and General	318
Wembley Park NW09-10	Brent, London	Quintain	279

Source: Savills, British Property Federation, Molior

As at Q4 2019, 13 Build to Rent schemes remain in the planning pipeline having initially been refused permission by the local planning authority.

Nine of the refused schemes are located in London, totalling c. 2,000 homes, with four outside the capital, totalling c. 1,500 homes.

As shown in Fig 2, schemes are refused for a combination of reasons.

The most common ground for refusal was negative impacts on the character or conservation of the local area, with 70% of schemes given this reason.

The next most common reasons were overdevelopment and issues relating to affordable housing provision or other section 106 contributions.

Construction of Build to Rent schemes accelerated rapidly in 2014 and 2015, primarily driven by starts in London.

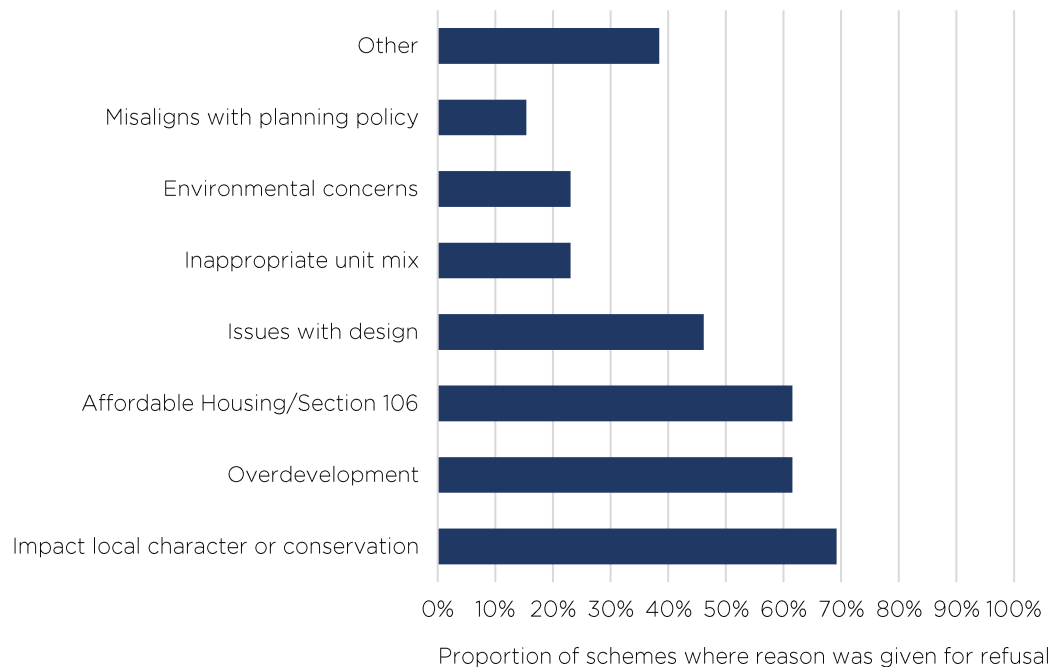
Starts in London fell away throughout much of 2016 and 2017 whereas they increased rapidly outside of the capital, principally in Manchester, Liverpool and Leeds.

Since 2017, the number of starts in London has remained broadly consistent, fluctuating between c. 5,500 and c. 8,100 starts per annum.

Meanwhile, the number of starts outside of London has roughly halved to c. 4,600 starts in the year to December 2019, the lowest level since 2016.

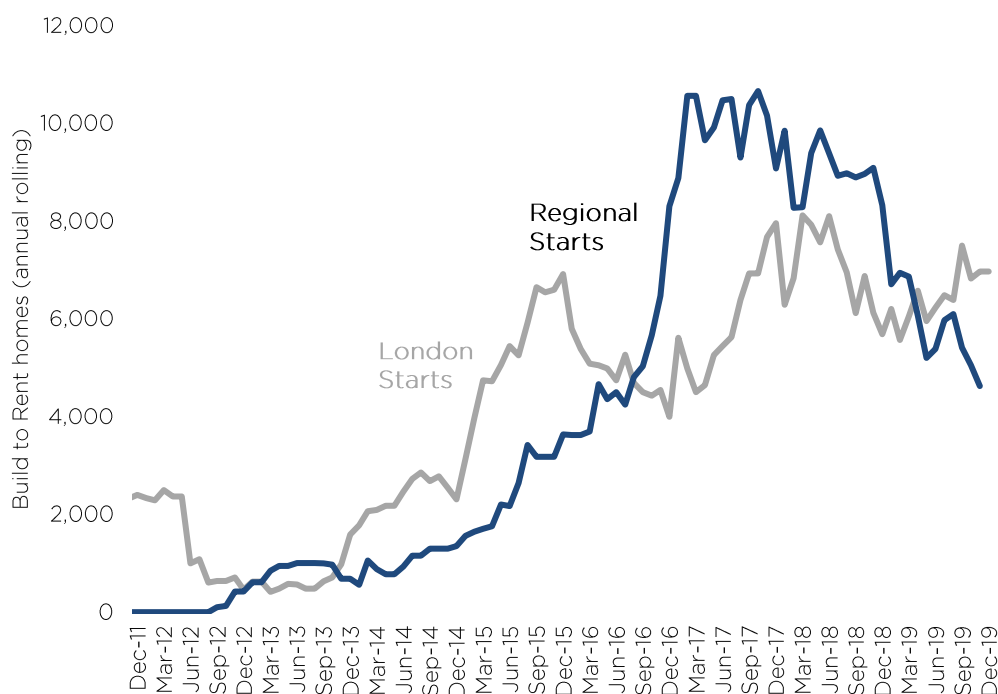
This comes as investors focus on establishing their operations in the regions given the large number of homes under construction.

**Figure 2** Grounds for refusal for currently refused Build to Rent schemes



Source: Savills, British Property Federation, Molior

**Figure 3** Regional starts falling as starts in London remain stable



Source: Savills, British Property Federation, Molior

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