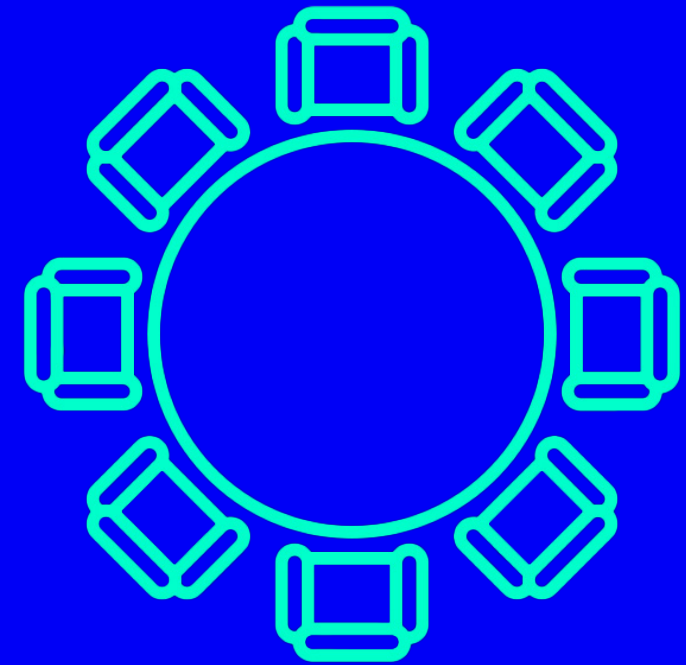


tune in

BTR:
**Is this a model
for our time?**



tunein



Tom Bishop
Director
Concert



Stacey Meadwell
Freelance Editor/Writer



Russell Pedley
Director & Co-Founder
Assael Architecture



Brooke Radtke
*Senior Associate,
Interior Design Lead Europe*
Woods Bagot



Robin Bayliss
*Group Sales Director
& Board Member*
Bisley



Will Fogg
Senior Interior Designer
Kibre



Nick Whitten
*Head of EMEA & UK Living
& Residential Research*
JLL



Andrew Hinkins
Associate
Concert

Home ownership is a common aspiration, but rental homes have always been part of the UK housing market.

And demand for rental property is increasing as the barriers to home ownership get higher. Is build-to-rent (BTR) the housing model for our time?



BTR: Is this a model for our time?

The rental sector in the UK is bigger than perhaps most people would consider, given the status attached to home ownership. **Nick Whitten, Head of EMEA and UK Living and Residential Research at JLL**, pointed out that if you combine private and affordable tenures, **40%** of people in the UK rent their home.

“

It's a growing group but isn't one that hasn't been specifically catered for," he said. "Housing has traditionally been built with a one size fits all model: Building two, three or four-bed homes with the aim to sell, but then maybe it has ended up in rental use further down the line anyway.

40%
of people in the UK
rent their homes



Rising demand and investor interest

BTR is a change to that approach and has evolved from initially targeting the premium end of the market to embracing a broader range of offers and pricing, including affordable and co-living.

The rising demand for rental homes – JLL estimates that 250,000 people have been shut out of buying in the UK – is also fuelling investor interest in BTR.

“

It is what's driving the infrastructure for some of the other products and housing models to come through later.

As a result, **Russell Pedley, Director and Co-Founder of Assael Architecture**, said BTR has become an important driver for regeneration projects with foreign investors forward funding schemes: “It is what's driving the infrastructure for some of the other products and housing models to come through later.”

Institutional investors are also looking at bulk buying homes built for sale as consumer demand to buy has weakened. Pedley described the market as about to go through “a bit of a revolution”.

But that returns to the problem of housing schemes designed for sale rather than to rent, which could mean they don't have the right amenities and shared spaces for tenants.

Single-family housing – houses occupied by one family unit – is also a market within BTR, gathering institutional investor interest. Whitten said: “Usually, families have laid down roots in the area; their kids have started in the local schools, for example. So you're looking at a property that doesn't have very many voids, and that's attractive for an investor.”



BTR customer demand is evolving

Changing lifestyles and working patterns are also influencing BTR demand. **Brooke Radtke, Senior Associate/Interior Design Lead at Woods Bagot** said spaces and communal areas were initially designed for a younger customer:

“

We've since gone back and put in family rooms and co-working spaces as well other areas that are tailored to a more mature market.

With more people working from home and businesses reducing the amount of workspace they need, there may be a larger scale change of use opportunity for the BTR sector. Robin Bayliss, Group Sales Director at Bisley, pointed to HSBC's decision to move out of its office tower in Canary Wharf: “Are we naturally going to see change of use from big offices into residential which surely should help BTR?”

“And here's an opportunity for one large tower example to have multiple uses: Offices, apartments and restaurants at the top, and shops on the ground floor.”

The caveat is that any building still needs to be in the right location for residential.





Having a space to work in that isn't an overhead is a great value add for customers and a draw. And maximising the use of space and being flexible in uses is another trend shaping BTR.

Radtke said: "We've seen real value in creating spaces that during the day could be co-working, but in the evening is a really nice lounge where you can comfortably sit and read and not feel like you are in a co-working space."

There are additional benefits to multifunctional space. **Will Fogg, Senior Interior Designer, Kibre**, explained: "Multi-functional spaces can be used to create community hubs not included in traditional housing schemes. A co-working space during the day could hold events or groups during the evening. We design these spaces to encourage integration and socialisation which can help combat isolation, which has become a widespread problem, post pandemic."

“

Delivering these flexible spaces can be challenging and costly but Andrew Hinkins, Associate, Concert, said there are long term benefits: "If done with the future in mind it can reduce costs and downtime when it comes to retrofitting as the needs and desires of renters changes over time."

The future of BTR: Senior living rental model?

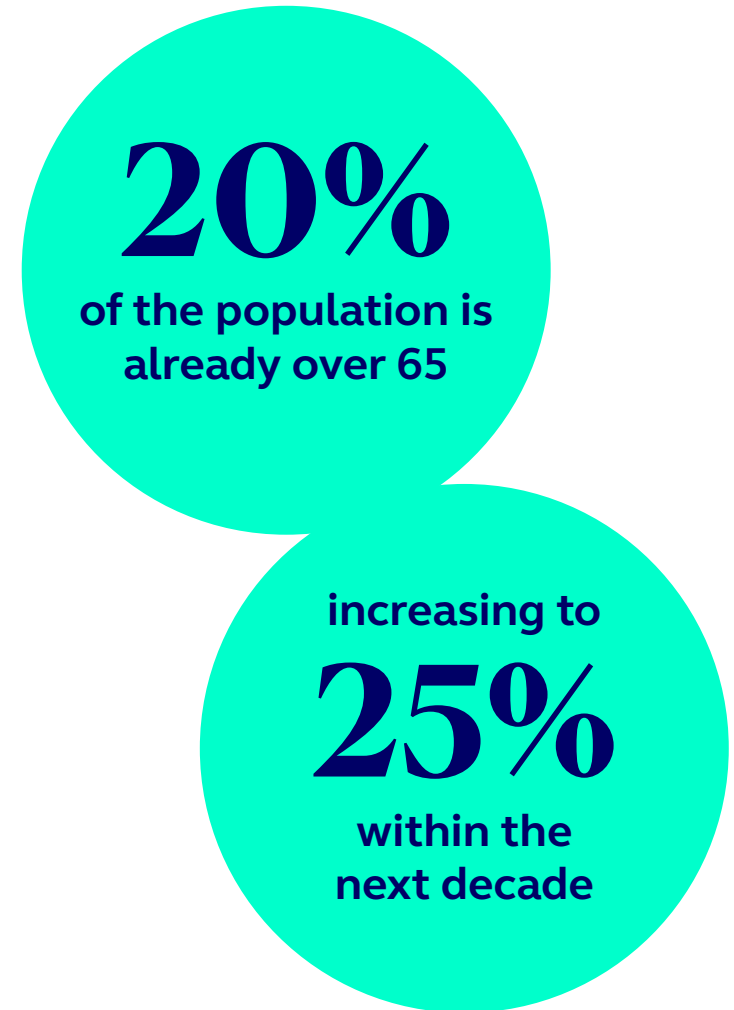
An area for BTR that hasn't really been explored in the UK is a senior living offer. Whitten pointed to the UK's ageing demographic, with 20% of the population already over 65, "and it's going to be 25% within the next decade".

The advantages for older tenants include not having the burden of maintenance and repairs and the opportunity to be part of a community, which can help combat loneliness.

Pedley said rental homes are offered as part of an integrated retirement community in some schemes, and it is also something the Housing Task Force is looking into.

Countries which have an established culture of large retirement communities, such as Australia and the US, have the benefits of plenty of land for amenities such as golf courses and spas.

"I think that's a design opportunity for us. How can we create those places that people really want to retire to?" he said.





Given how BTR is helping to drive housing-led regeneration, it could also be an opportunity for helping to revive high streets. A retirement community in the countryside without public transport isn't always practical.

Urban areas have everything on the doorstep, and retirement communities can be integrated with families and younger generations.

Radtke says there are lessons that can be learned from the London senior living, homes for sale market, which include destination restaurants and bars in their schemes. The idea is to invite the outside community in rather than residents needing to go out, she added: "There are dedicated spaces for residents, but they also have the public spaces where there is interaction."



Challenges for the BTR sector

Despite the demand and flow of funding, it isn't plain sailing for the BTR sector to get schemes to stack up. **Tom Bishop, Director at Concert**, said: "One of the main things keeping investors and developers up at night is build costs. Added to this, local authorities and design officers want buildings to look better, and that comes at a premium."

So how do you balance the quality that residents expect with rising costs?

Radtke said it's always a balancing act, but understanding the parameters and making the quantity surveyor a close ally from day one is the answer.

"We work really closely to understand where we need to put the money to get the impact and hold on to the design, and then the bits where we need to work a little bit harder to create the impact with a bit less," she said.

It's easier when it's viewed as a long-term investment and developers view it as an investment that they will get back over a longer period, she added.

“

One of the main things keeping investors and developers up at night is build costs. Added to this, local authorities and design officers want buildings to look better, and that comes at a premium.





Modular construction may offer a solution to build costs. Pedley pointed out that it has the advantage of speed for BTR operators for whom bulk delivery of product ready to rent is desirable, unlike delivery of homes for sale where it can be problematic.



However, he warned that BTR needs to be designed to optimise the modular system being used; otherwise, “it’s going to cost more than a traditional build”.

Challenges aside, there is an opportunity for BTR to provide a good quality and reliable rental product, which the housing market desperately needs.



Thank You

Get in touch to bring harmony
to your project today.

Union House
182-194 Union Street
London SE1 0LH

t: +44 (0)20 7799 1100
f: +44 (0)20 7799 1101

london@weareconcert.com

London & Manchester



[@weareconcert](https://www.instagram.com/weareconcert)

[weareconcert.com](https://www.weareconcert.com)