Build-to-Rent Q1 2023

Prepared by Savills for the British Property Federation

BPF

May 2023

Key points

- The number of BtR homes complete, under construction, or in planning stands at over 251,000. The sector has grown by 28% in the past five years. Data for Q1 2023 shows that in the past 12 months, the sector grew by 9% between Q1 2022 and Q1 2023, with the regional BtR market growing at double the pace of London (12% and 6% respectively).
- We are starting to see a slowdown in the number of starts, especially in the regions where the number of units under construction has reached over 33,880 units. The slowdown in starts is linked to the headwinds facing the construction sector including build cost inflation and labour shortages. There has been a much less pronounced slowdown in London than the regions because of the high amount of activity taking place in the regions. The number of units under construction in London has increased by 900 units in the past 12 months bringing the total under construction to just over 15,600.
- Beyond England, the number of homes in planning in Scotland and Northern Ireland continues to grow, with the number of homes planned up 25% and 41% year or year, respectively. Wales has seen its first 3 BtR schemes complete in the past 12 months, totalling 661 units.
- The Single Family Rental sector continues to expand strongly - there are now over 24,500 SFR homes in the planning pipeline, of which 9,500 are complete, 5,210 units under construction and c.9,750 in the planning pipeline. The growth of SFR has seen BtR expand into new markets – the number of local authorities with BtR in their planning pipeline has risen to 186, 49% of all UK local authorities. This is an additional 19 local authorities in the past 12 months.

Under construction

- Nationally, the number of units under construction increased by 11% to c.49,500 in Q1 2023.
- London saw an increase of c.900 units while the regions saw an additional 3,900 units bringing the total of units under construction in the regions to over 33,880.
- Starts are slowing primarily in the regions because there is an large number of units under construction.

Completions

- Completions have reached over 82,500 units, an uplift of 9% nationally.
- Completions are split between London (39,500) and the regions (43,000). Both London and the regions have seen an increase of 5% and 12%, respectively.
- Despite slowing completions, there remains a construction pipeline in London of c.15,600 homes and in the regions of c.33,880 homes

Planning

- The total number of BtR homes in planning has increased by 9% between Q1 2022 and Q1 2023. The planning pipeline for BtR is much stronger in the regions, which increased by 4% quarter on quarter and 11% year on year to over 78,000 homes.
- By comparison, the number of BtR homes in planning in London is growing more slowly, increasing by 5% year on year and 2% quarter on quarter.

BtR key statistics for the past year

Status	Q1 2023 Totals	Q1 2022 Totals	Increase
Complete	82,505	75,742	9%
Under Construction	49,487	44,669	11%
In Planning	119,216	109,131	9%
Totals	251,208	229,542	9%

Source: Savills, Molior, British Property Federation

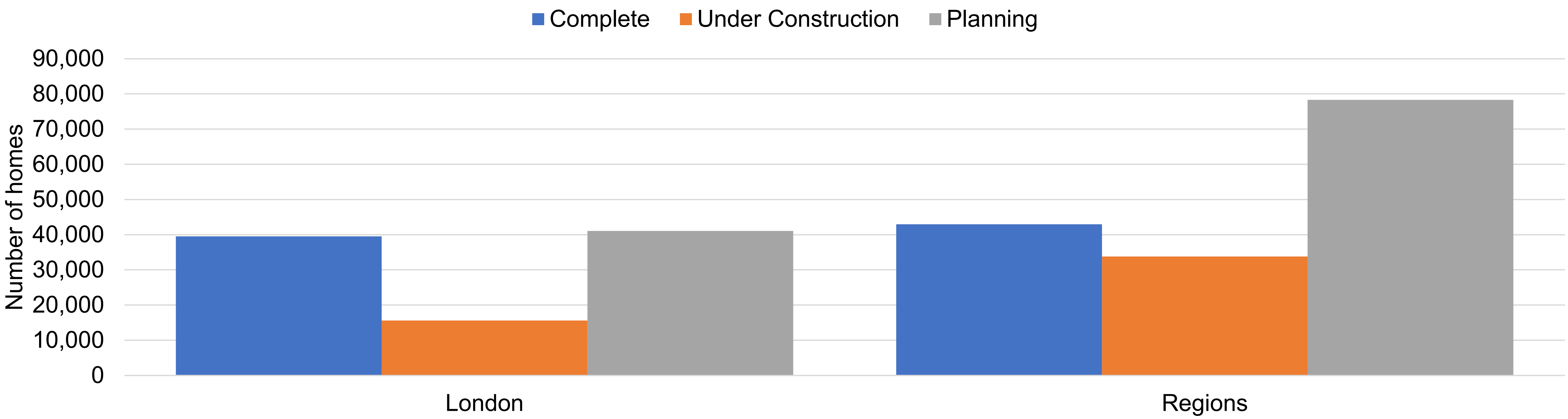
London and regional BtR growth

		Complete	Under construction	Planning	Total
London	Q1 2022	37,487	14,678	38,967	91,132
	Q1 2023	39,538	15,605	41,041	96,184
	% increase	5%	6%	5%	6%
Regions	Q1 2022	38,255	29,991	70,164	138,410
	Q1 2023	42,967	33,882	78,175	155,024
	% increase	12%	13%	11%	12%
Total	Q1 2022	75,742	44,669	109,131	229,542
	Q1 2023	82,505	49,487	119,216	251,208
	% increase	9%	11%	9%	9%

Source: Savills, Molior, British Property Federation

Q1 2023

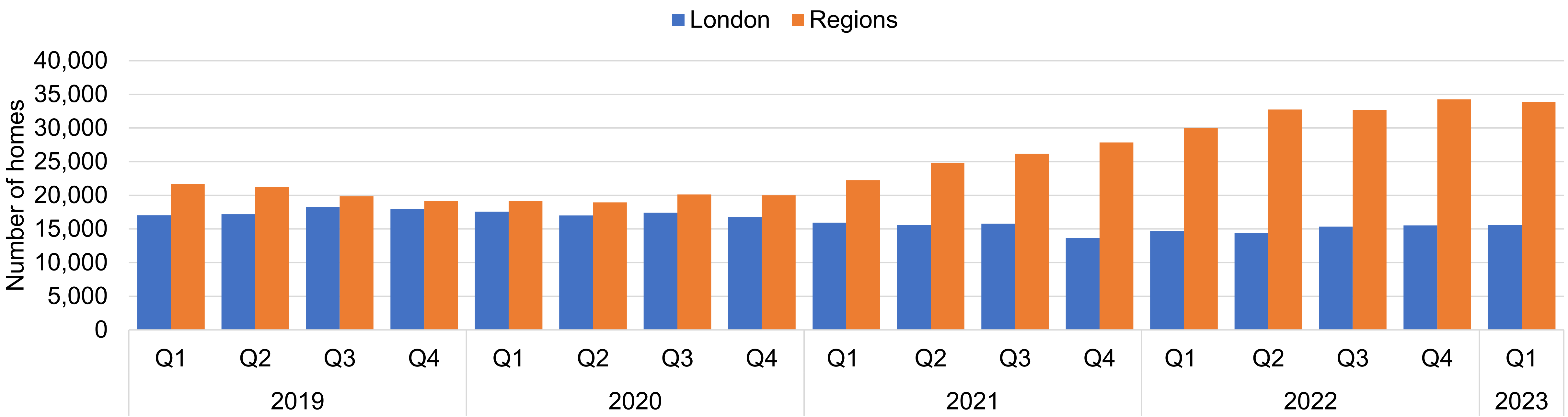
Status	Complete	Under Construction	Planning	Totals	% of total
London	39,538	15,605	41,041	96,184	38.3%
Regions	42,967	33,882	78,175	155,024	61.7%
Total	82,505	49,384	119,319	251,208	



Source: Savills, Molior, British Property Federation

BtR under construction

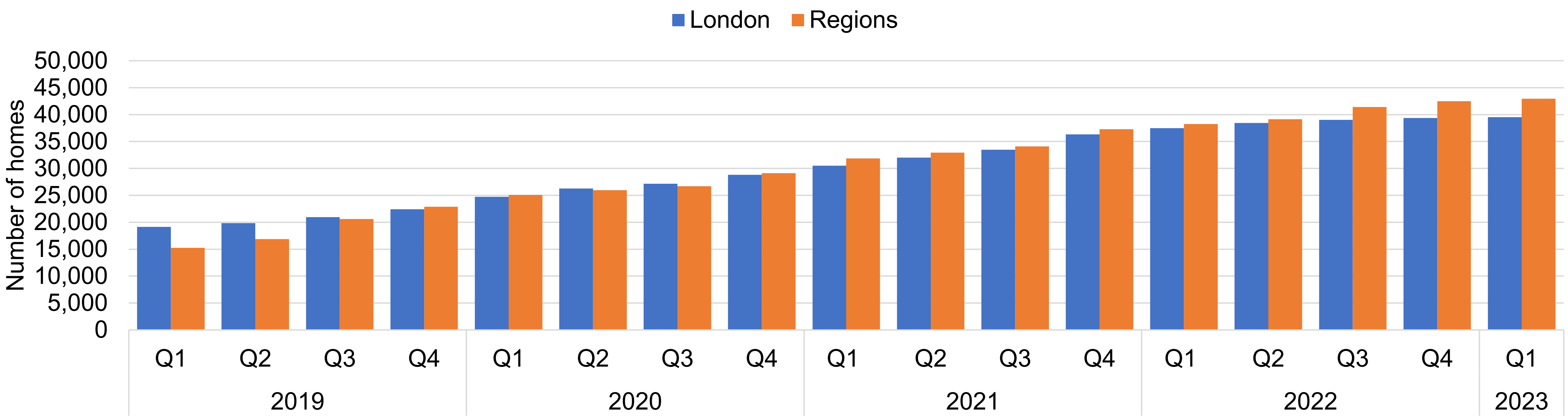
	2019				2020				2021				2022				2023
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**
London	17,049	17,199	18,317	17,989	17,575	17,017	17,411	16,761	15,942	15,585	15,767	13,639	14,678	14,370	15,331	15,531	15,605
Regions	21,686	21,237	19,841	19,146	19,171	18,942	20,127	20,011	22,256	24,839	26,163	27,858	29,991	32,764	32,653	34,267	33,882



Source: Savills, Molior, British Property Federation

BtR completions (cumulative)

	2019				2020				2021				2022				2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
London	19,134	19,848	20,954	22,399	24,747	26,260	27,157	28,827	30,493	32,021	33,465	36,337	37,487	38,443	39,024	39,358	39,538
Regions	15,269	16,854	20,589	22,891	25,074	25,971	26,705	29,136	31,839	32,929	34,074	37,301	38,255	39,152	41,410	42,495	42,967



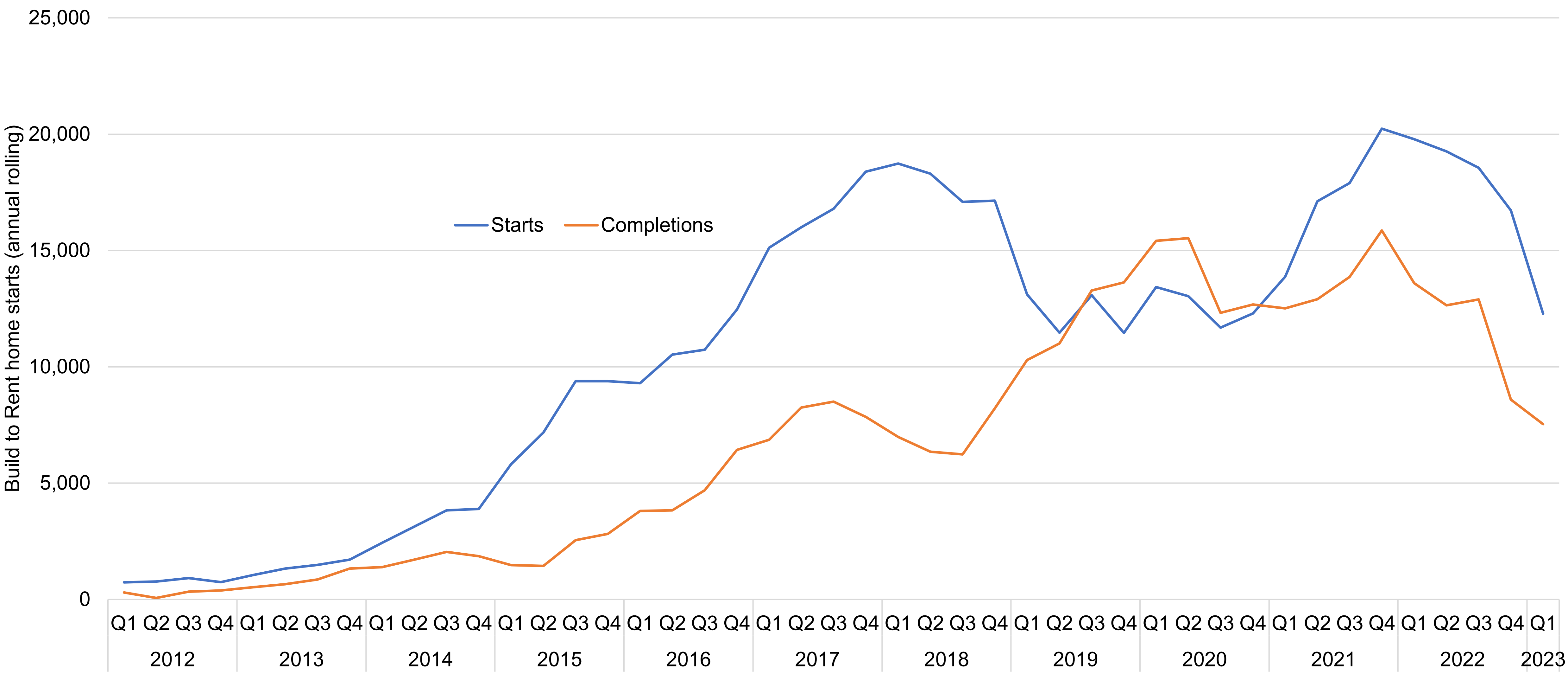
Source: Savills, Molior, British Property Federation

BtR quarterly starts and completions

		2019				2020				2021				2022				2023
		Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	Q1
London	Starts	1,072	864	2,224	1,117	1,934	936	1,291	1,020	778	1,171	1,528	744	2,189	648	1,146	1,138	754
	Completions	761	714	1,106	1,445	2,348	1,513	897	1,670	1,666	1,714	1,444	2,872	1,150	956	581	707	578
Regions	Starts	1,095	1,136	2,339	1,607	2,208	668	1,919	2,315	4,947	3,673	2,469	4,922	3,087	3,670	2,147	2,699	87
	Completions	1,975	1,585	3,735	2,302	2,183	897	734	2,431	2,703	1,090	1,145	3,227	954	897	2,258	1,085	472
UK	Starts	2,167	2,000	4,563	2,724	4,142	1,604	3,210	3,335	5,725	4,844	3,997	5,666	5,276	4,318	3,293	3,837	841
	Completions	2,736	2,299	4,841	3,747	4,531	2,410	1,631	4,101	4,369	2,804	2,589	6,099	2,104	1,853	2,839	1,792	1,050

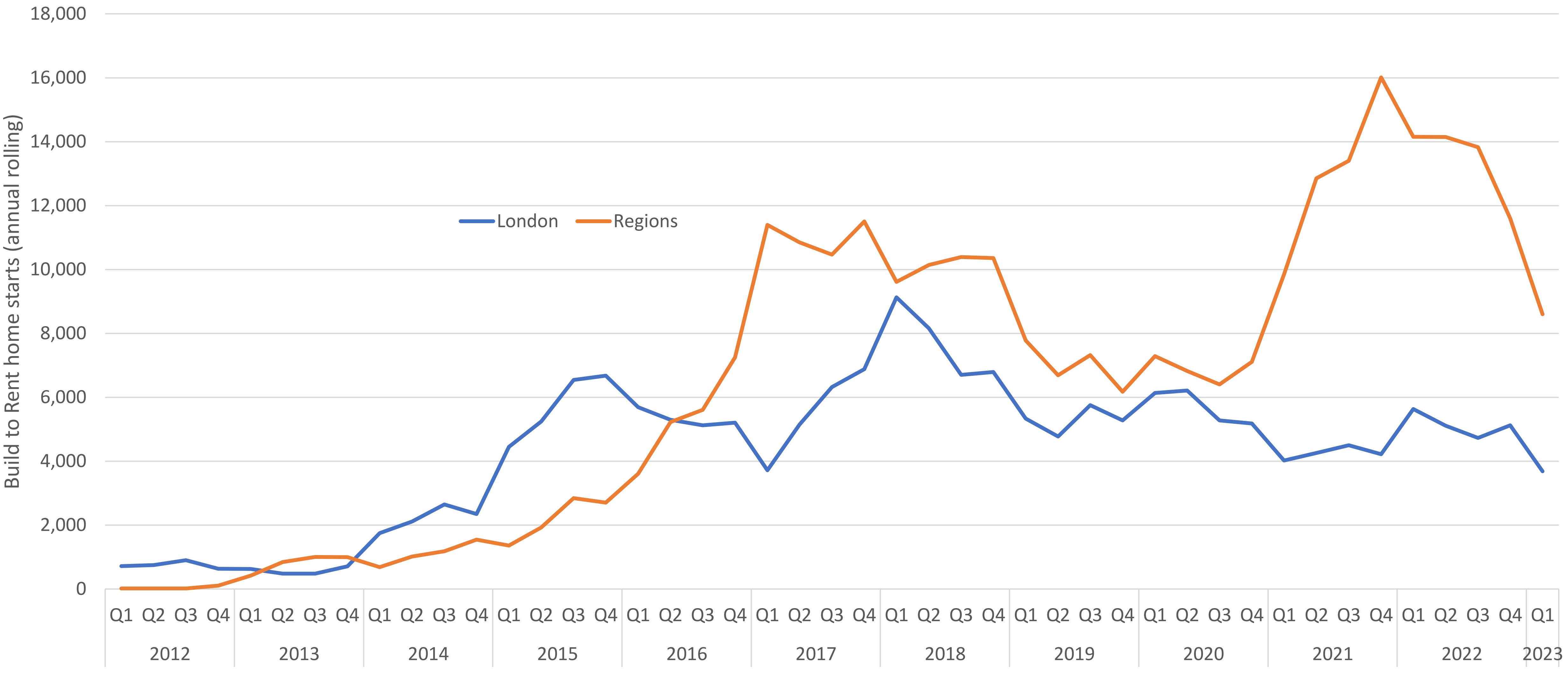
Source: Savills, Molior, British Property Federation

UK BtR starts and completions



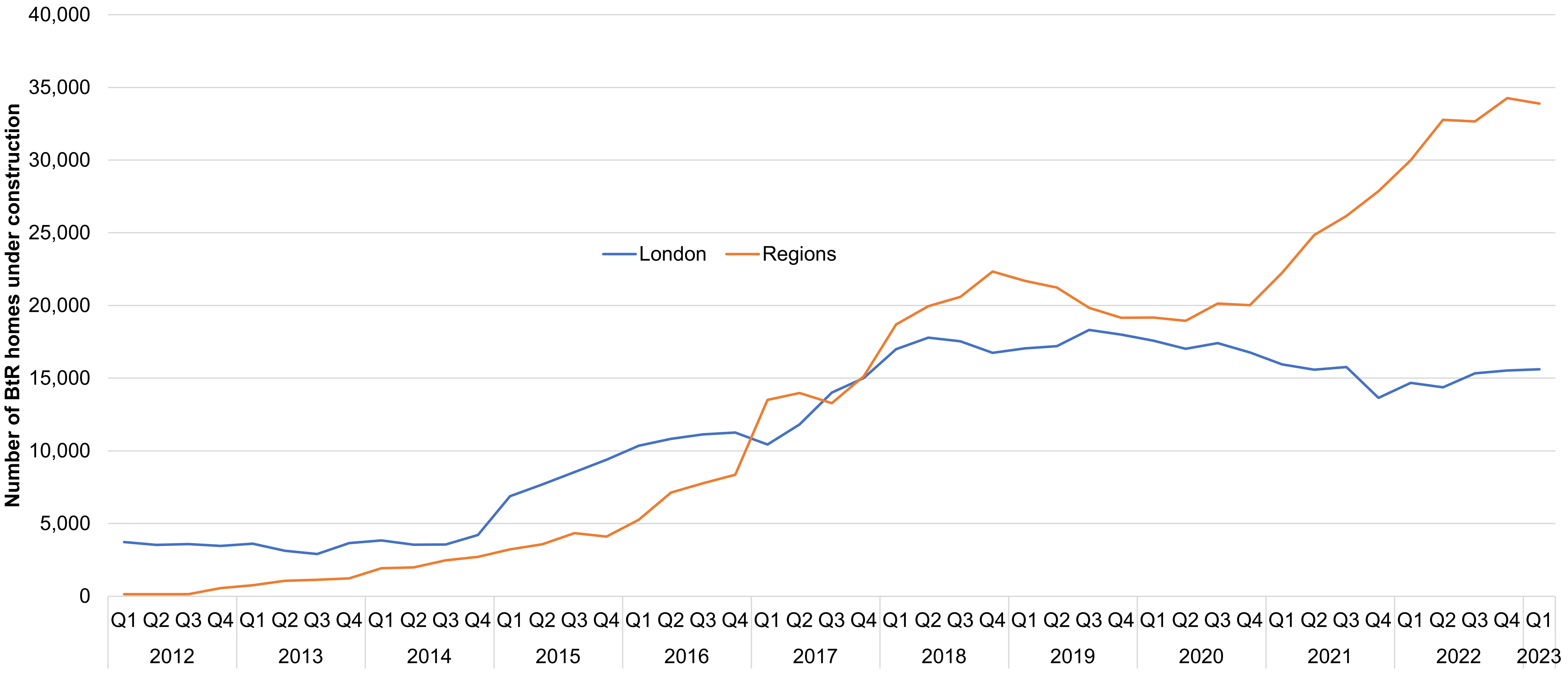
Source: Savills, Molior, British Property Federation

BtR starts: London vs the Regions



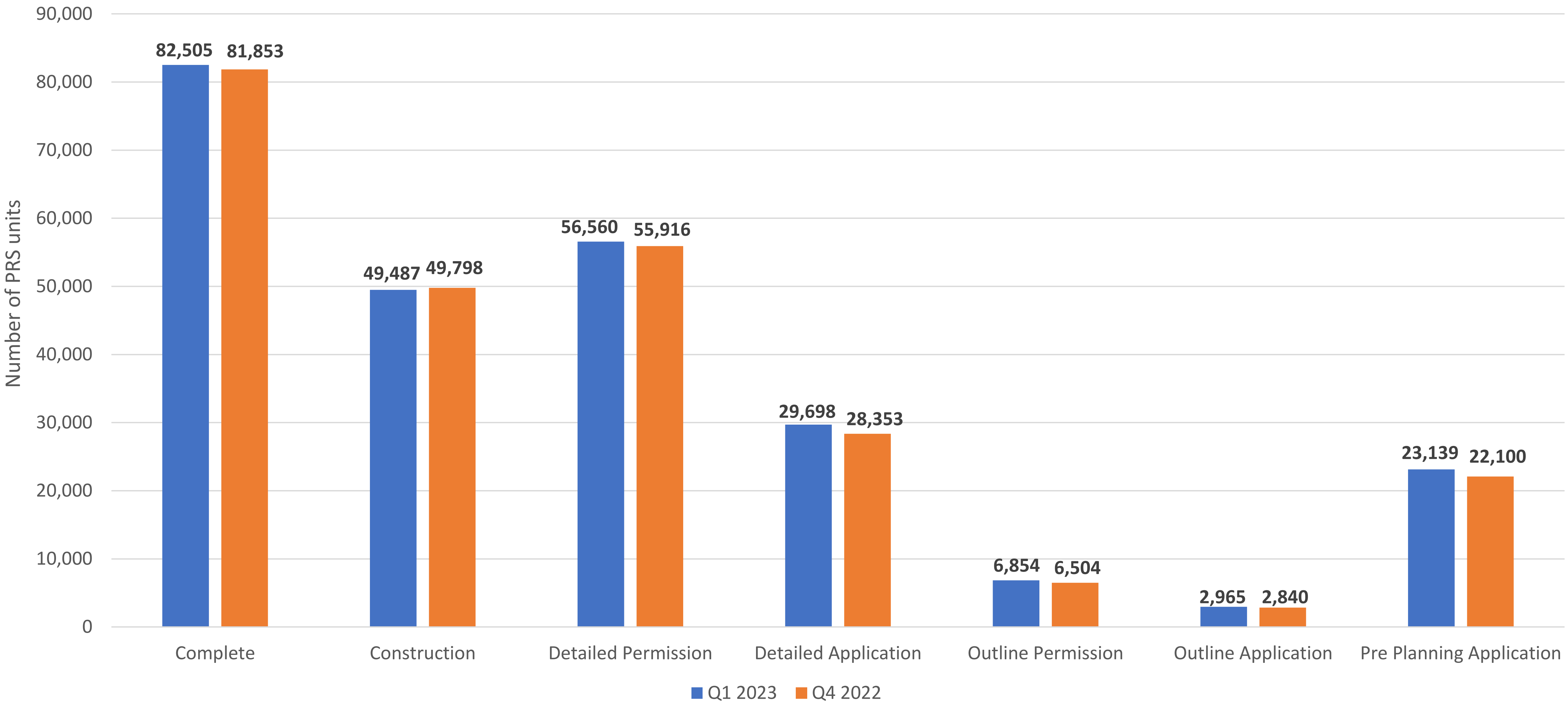
Source: Savills, Molior, British Property Federation

Number of homes under construction – London vs Regions



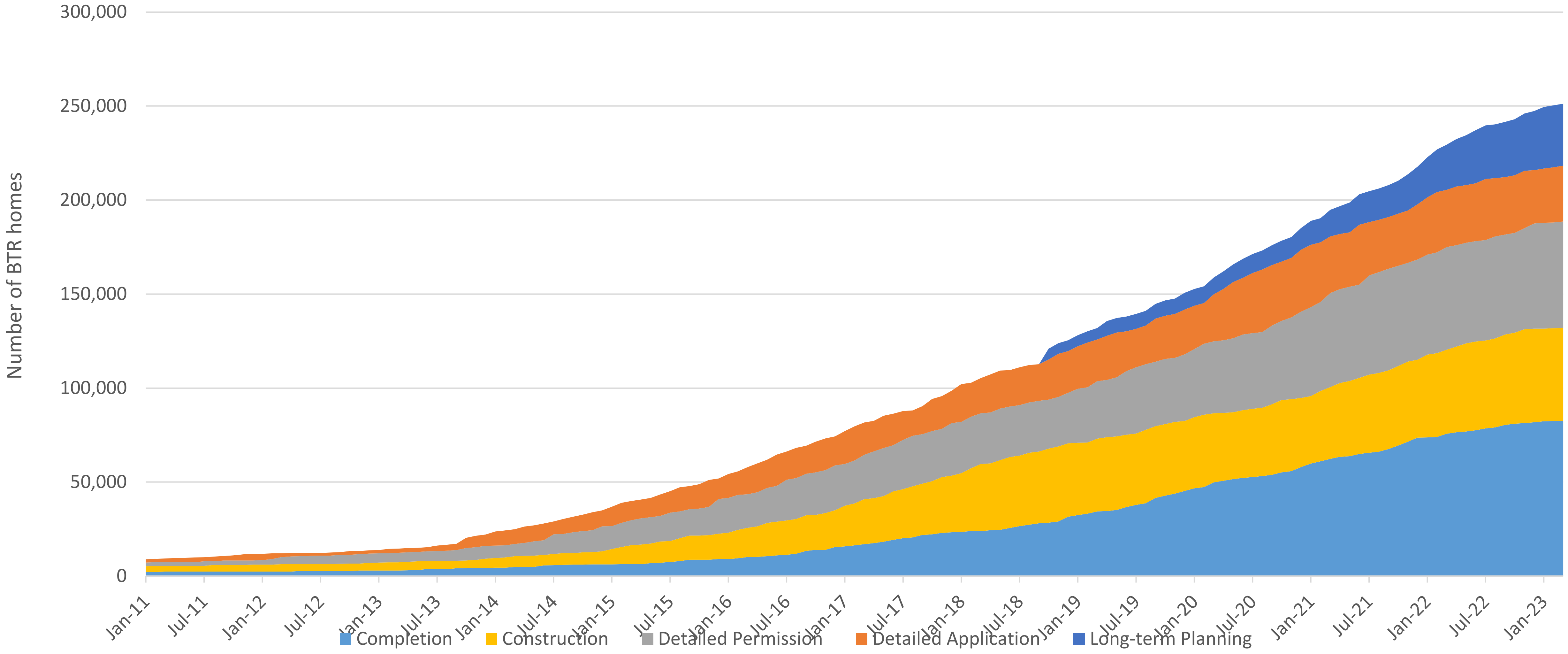
Source: Savills, Molior, British Property Federation

Build to Rent pipeline – quarterly change



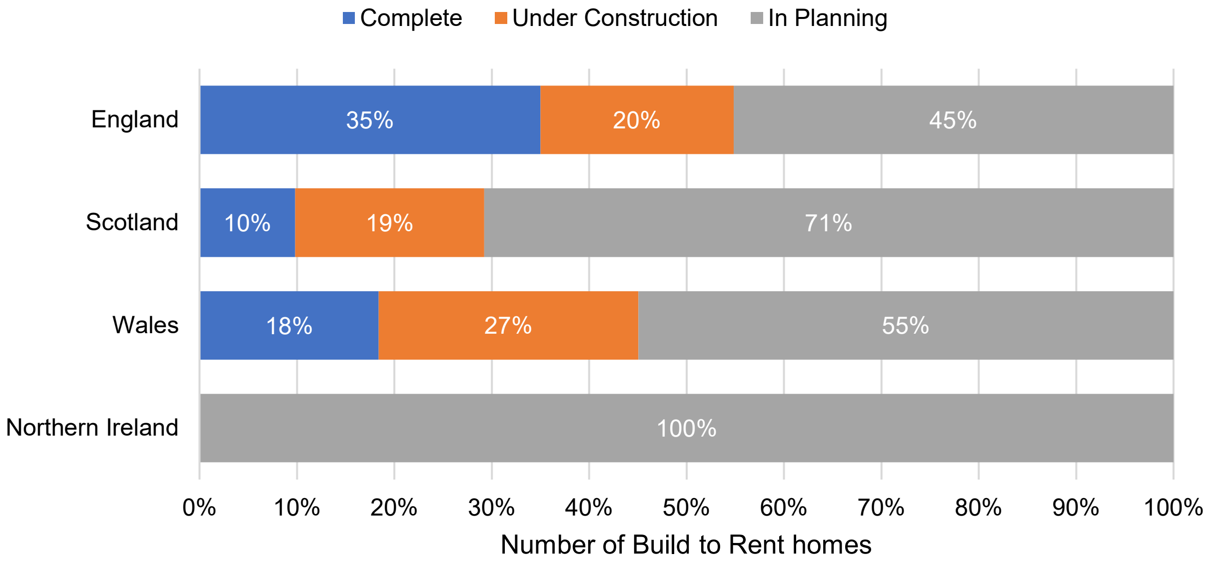
Source: Savills, Molior, British Property Federation

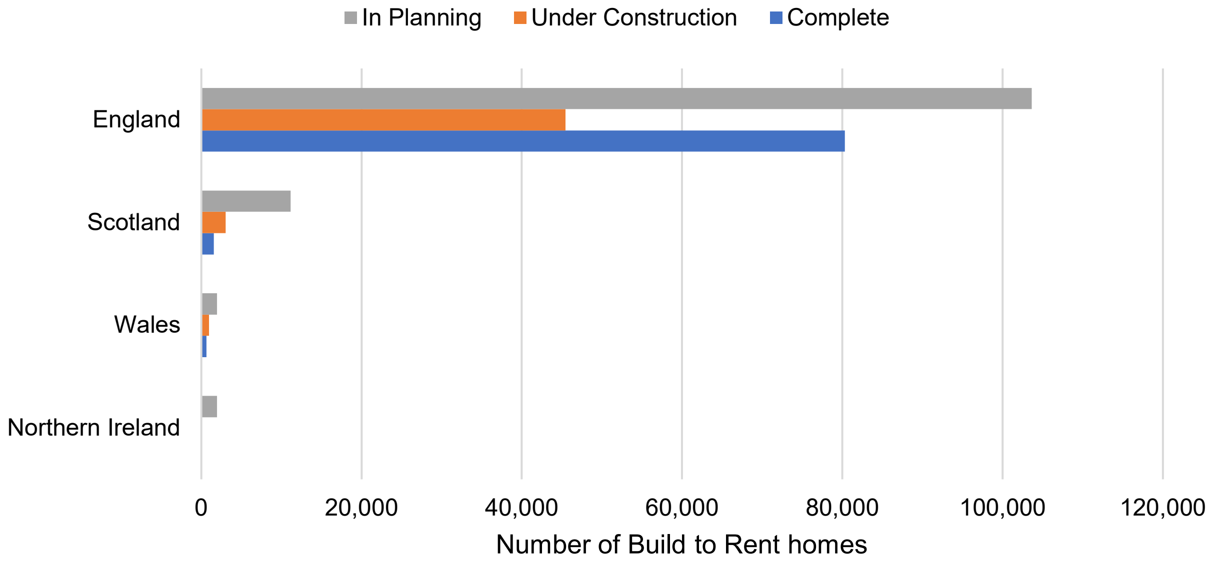
The rise and rise of BtR



Source: Savills, Molior, British Property Federation

BtR growing in all UK countries





England

Status	Q1 2023 Totals	Q1 2022 Totals	Increase
Complete	80,298	74,520	8%
Under Construction	45,471	40,900	11%
In Planning	103,641	95,718	12%
Totals	229,410	211,138	9%

Scotland

Status	Q1 2023 Totals	Q1 2022 Totals	Increase
Complete	1,546	1,222	27%
Under Construction	3,057	2,769	10%
In Planning	11,149	8,935	25%
Totals	15,752	12,926	22%

Wales

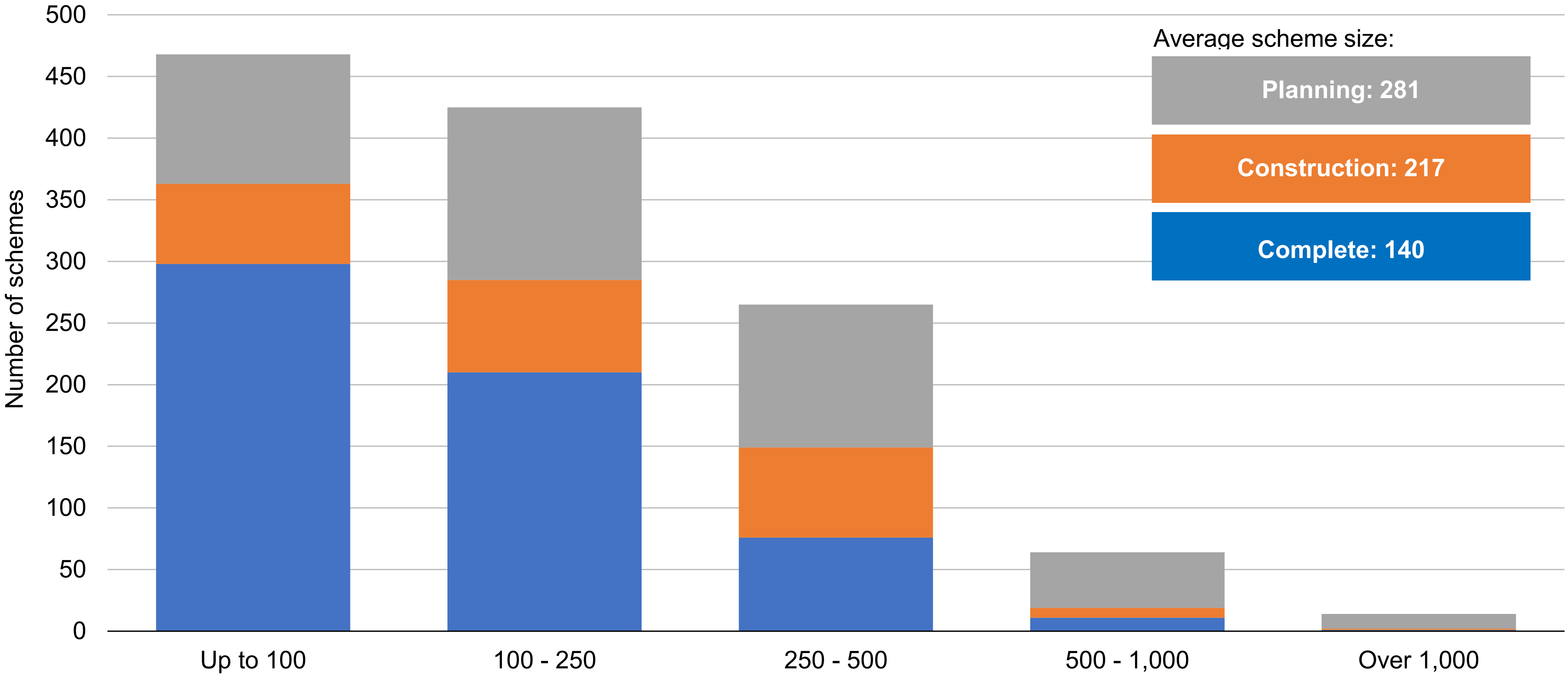
Status	Q1 2023 Totals	Q1 2022 Totals	Increase
Complete	661	0	661%
Under Construction	959	1,000	-4%
In Planning	1,976	2,596	-24%
Totals	3,596	3,596	0%

Northern Ireland

Status	Q1 2023 Totals	Q1 2022 Totals	Increase
Complete	0	0	-
Under Construction	0	0	-
In Planning	1,950	1,382	41%
Totals	1,950	1,382	41%

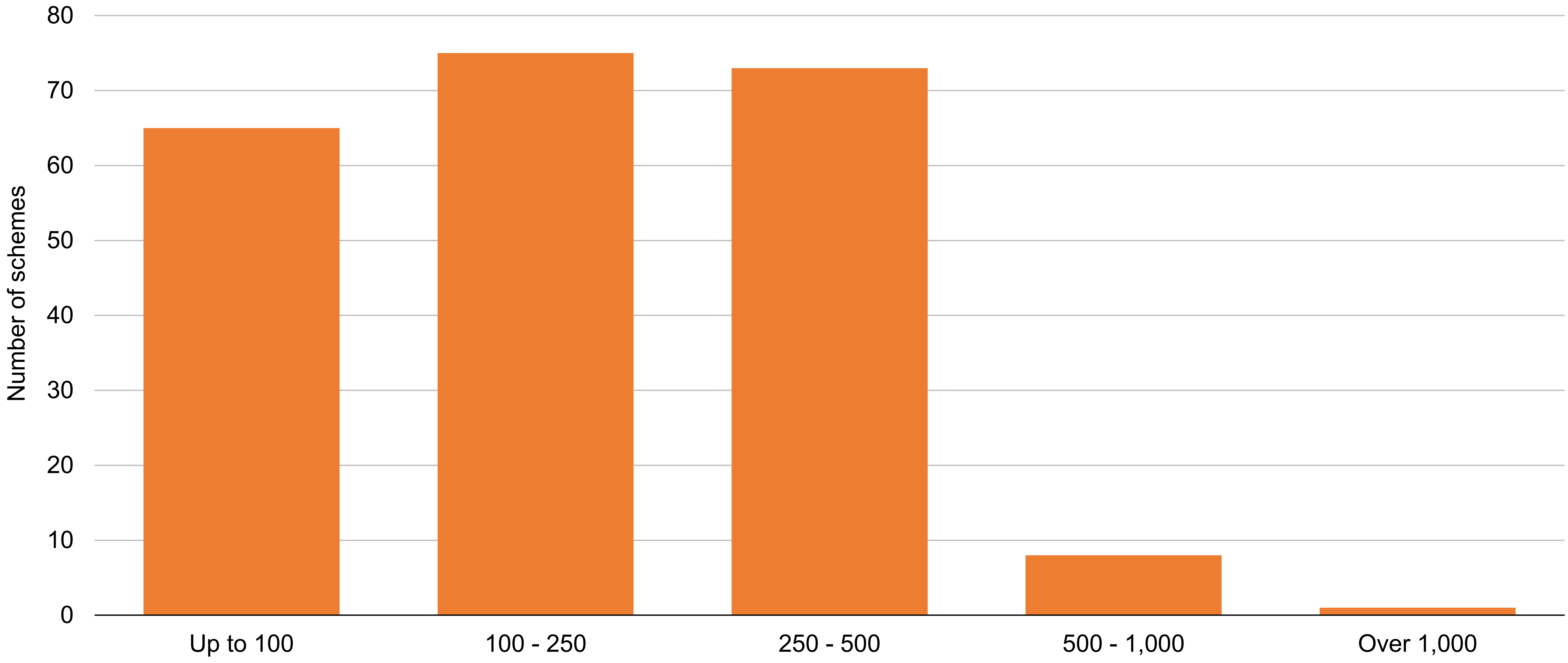
Source: Savills, Molior, British Property Federation

Q1 2023: Number of schemes by unit size band



Source: Savills, Molior, British Property Federation

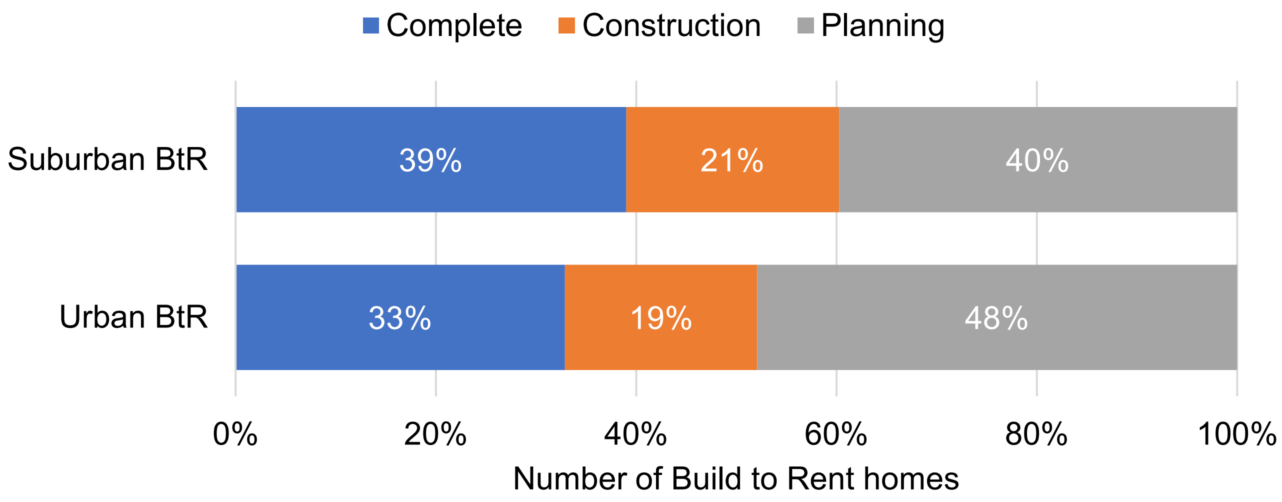
Q1 2023 – Schemes under construction by BtR unit size band

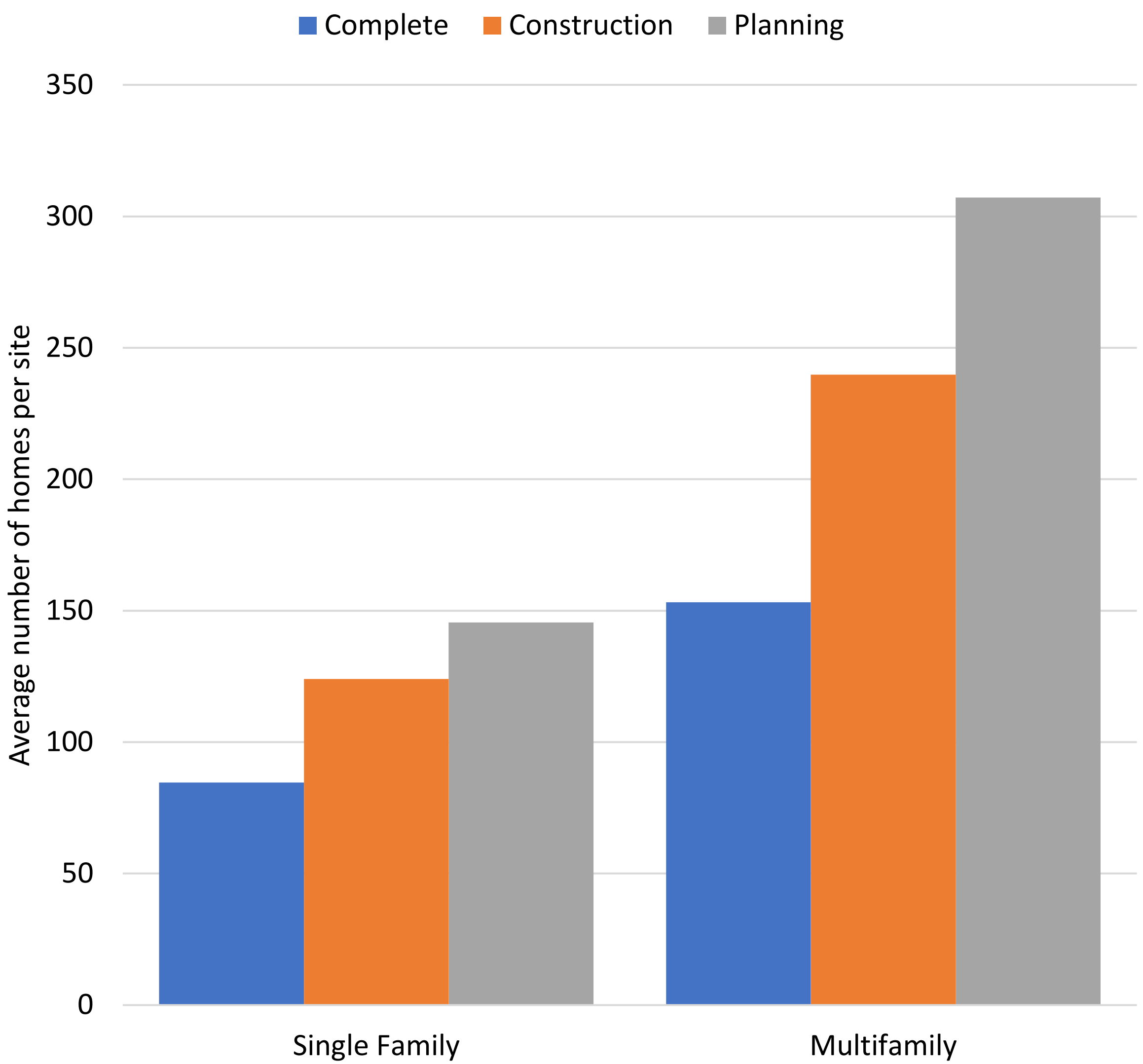


Source: Savills, Molior, British Property Federation

Suburban BtR continues to grow

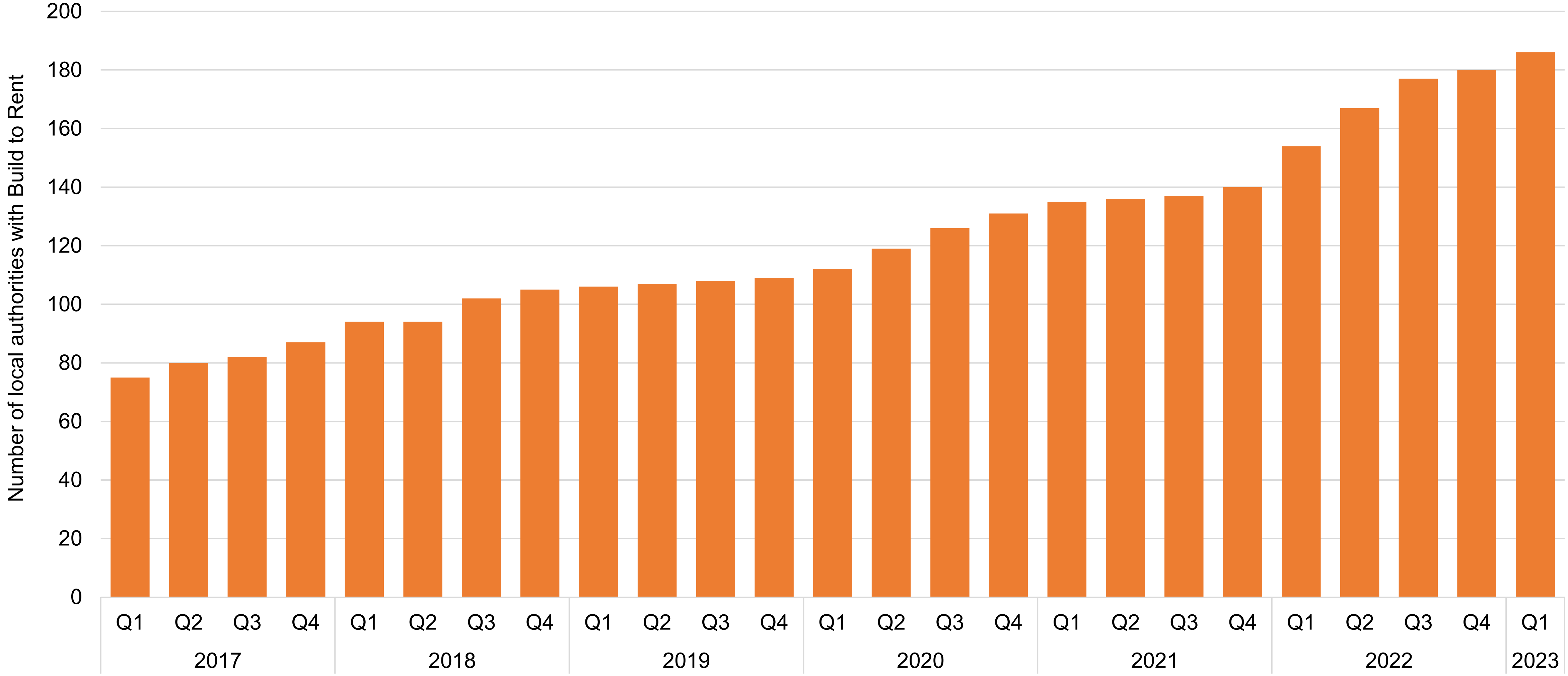
	Urban BtR homes	Suburban BtR homes
Complete	73,984	9,566
Construction	43,166	5,210
Planning	107,799	9,751
Total	224,949	24,527





Source: Savills, British Property Federation

Number of local authorities with BtR homes complete, under construction or planned



Source: Savills, Molior, British Property Federation

Important Note

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Our findings are based on the assumptions given. As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

Whilst every effort has been made to ensure that the data contained in it is correct, no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being unavailable or inaccessible during the research period. The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.