Build-to-Rent Q4 2022

Prepared by Savills for the British Property Federation

February 2023

Key points

- The UK Build-to-Rent (BtR) sector has grown at pace over the past five years with completed stock growing by 28% per annum over the period.
- In the past 12 months, the sector grew by 14% between Q4 2021 and Q4 2022. The number of BtR homes either completed, under construction, or in planning now stands at over 242,500. Regional BtR grew at almost double the pace of London BtR (19% vs 9%) between Q4 2021 and Q4 2022.
- The latest quarter's data shows that Build to Rent construction has begun to slow down, likely due to headwinds facing the wider construction sector e.g. build cost inflation, labour shortages. Annual starts and completions have fallen in both London and the Regions. In London, annual starts are higher than annual completions for the first time since March 2020. Meanwhile, outside of London, annual starts remain above annual completions as has been the case since September 2020.
- The number of homes in planning outside of England continues to grow at pace, albeit from a lower starting point. In Scotland, Wales and Northern Ireland the number of homes planned increased by 31%, 5% and 41% year on year, respectively.
- There are now nearly 24,000 Single Family Rental (SFR) homes in the planning pipeline. Over 9,000 SFR homes are now operational, c. 5,250 are under construction and c.9,500 are planned.
- The number of local authorities with BtR planned has risen to 180, 48% of all UK local authorities. This is an additional 26 local authorities in the past 12 months. The growth of the Single Family Rental (SFR) model has seen BtR expand into new markets at a greater pace.

Starts

- Nationally, the number of annual BtR starts dropped from c.20,400 starts in Q4 2021 to c.15,600, starts in Q4 2022.
- Between Q3 2022 and Q4 2022, annual BtR starts in the Regions dropped a further -9% from c.13,750 to c.12,500. That said, they remain elevated (+34%) compared to the 2017-19 average.
- At the same time, annual starts in London have remained broadly stable since Q2 2019 but remain -27% below the 2017-19 average.

Completions

- Completions both in London and the Regions have fallen in the latest quarter.
- Year on year completions in the Regions are down -29% while London completions are down by -61%. This continues the trend of decreasing completion numbers nationally throughout 2022.
- Despite the slowing of starts and completions nationally this quarter, there remains a healthy construction pipeline in London (14,700 homes) and particularly the Regions (35,750 homes).

Planning

- The total number of BtR homes in planning has increased by 14% between Q4 2021 and Q4 2022. The planning pipeline for BtR is much stronger in the Regions, which increased by 4% quarter on quarter and 17% year on year to nearly 75,000 homes planned.
- This is a much faster pace than in London, where the number of BtR homes increased by 8% year on year.

BTR key statistics for the past year

Status	Q4 2022 Totals	Q4 2021 Totals	Increase
Complete	78,717	72,244	9%
Under Construction	50,452	41,320	22%
In Planning	113,379	99,352	14%
Totals	242,548	212,916	14%

Source: Savills, Molior, British Property Federation

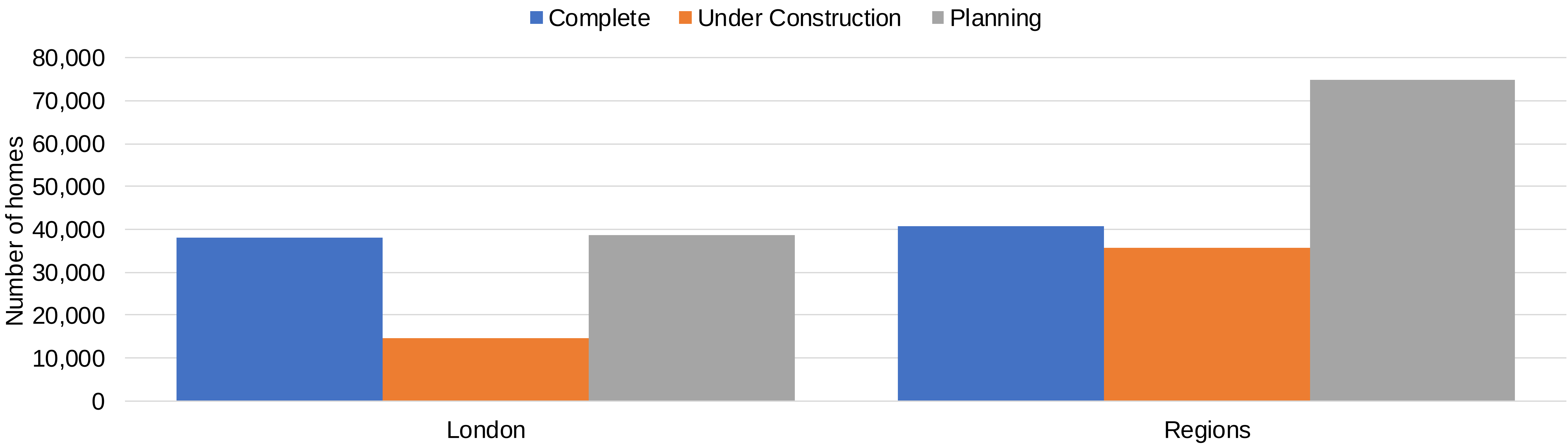
London and regional BtR growth

		Complete	Under construction	Planning	Total
London	Q4 2021	35,248	13,141	35,637	84,026
	Q4 2022	38,036	14,697	38,539	91,272
	% increase	8%	12%	8%	9%
Region	Q4 2021	36,996	28,179	63,715	128,890
	Q4 2022	40,681	35,755	74,840	151,276
	% increase	10%	27%	17%	17%
Total	Q4 2021	72,244	41,320	99,352	212,916
	Q4 2022	78,717	50,452	113,379	242,548
	% increase	9%	22%	14%	14%

Source: Savills, Molior, British Property Federation

Q4 2022

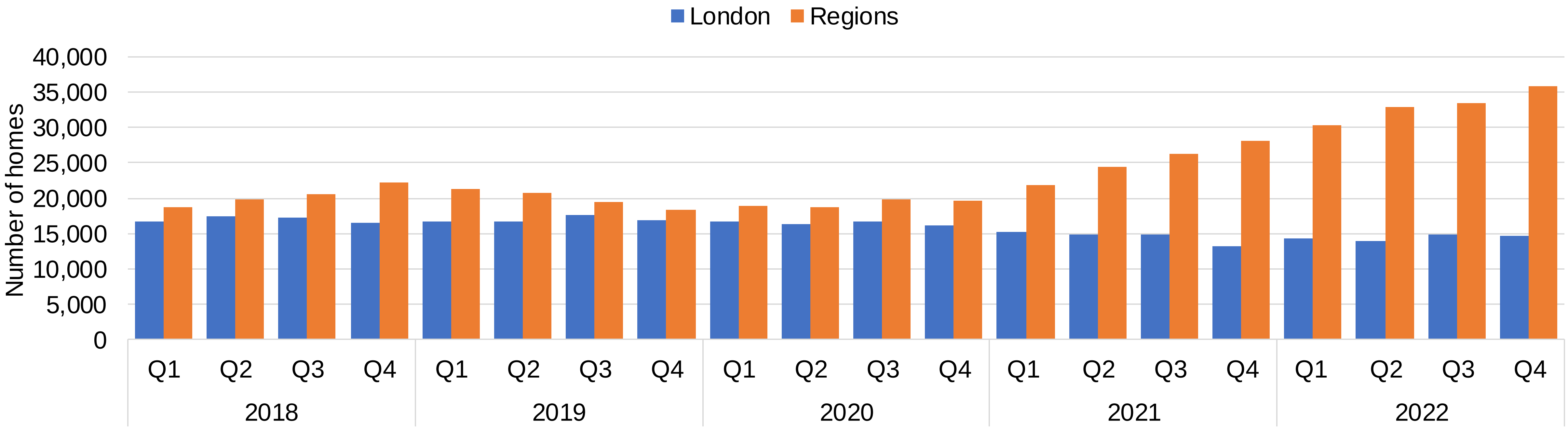
Status	Complete	Under Construction	Planning	Totals	% of total
London	38,036	14,697	38,539	91,272	37.6%
Regions	40,681	35,755	74,840	151,276	62.4%
Total	78,717	50,452	113,379	242,548	



Source: Savills, Molior, British Property Federation

BtR under construction

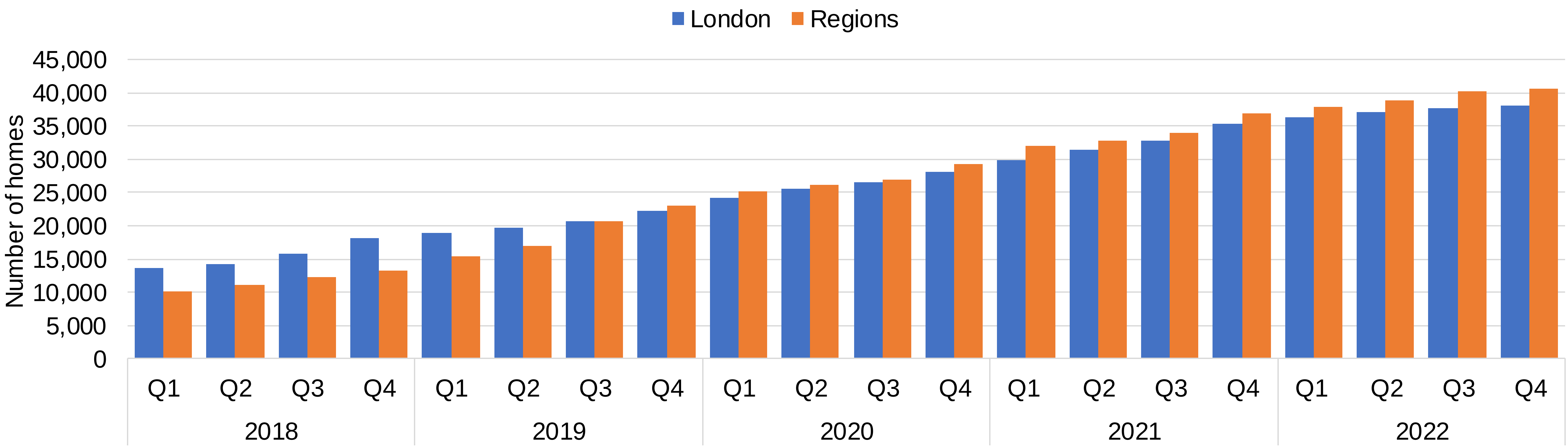
	2018				2019				2020				2021				2022			
	Q1	Q2	Q4	Q4	Q1	Q2	Q4	Q4	Q1	Q2	Q4	Q4	Q1	Q2	Q4	Q4	Q1	Q2	Q3	Q4
London	16,690	17,482	17,235	16,433	16,744	16,702	17,647	16,913	16,791	16,345	16,739	16,089	15,198	14,777	14,872	13,141	14,353	13,933	14,881	14,697
Regions	18,658	19,922	20,563	22,306	21,291	20,779	19,383	18,383	18,945	18,719	19,904	19,621	21,866	24,488	26,331	28,179	30,254	32,868	33,417	35,755



Source: Savills, Molior, British Property Federation

BtR completions (cumulative)

	2018				2019				2020				2021				2022			
	Q1	Q2	Q4	Q4	Q1	Q2	Q4	Q4	Q1	Q2	Q4	Q4	Q1	Q2	Q4	Q4	Q1	Q2	Q3	Q4
London	13,642	14,271	15763	18,160	18,921	19,635	20,741	22,153	24,209	25,610	26,507	28,177	29,843	31,371	32,815	35,248	36,225	37,181	37,702	38,036
Regions	10,213	11,172	12241	13,249	15,359	17,007	20,742	23,044	25,227	26,121	26,855	29,286	31,989	32,890	33,922	36,996	37,950	38,811	40,320	40,681



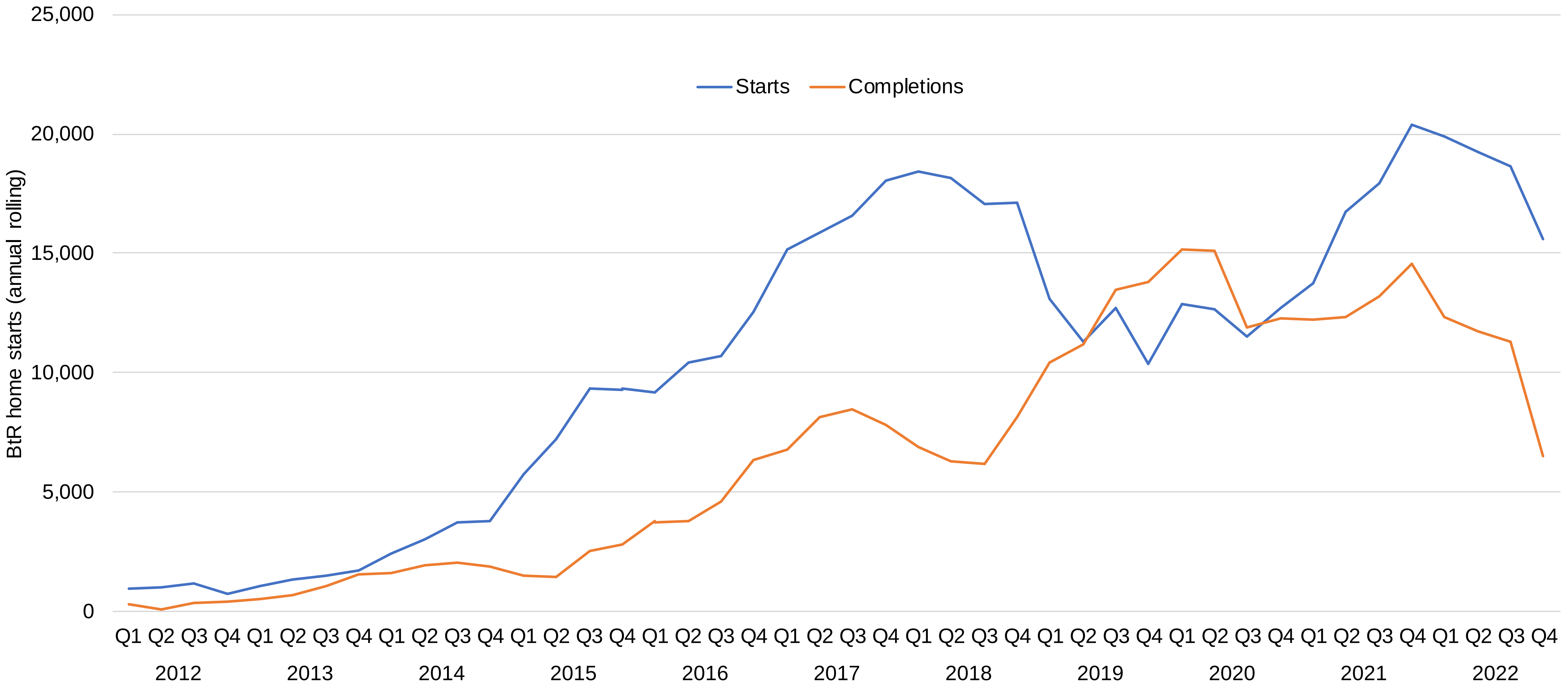
Source: Savills, Molior, British Property Federation

BtR quarterly starts and completions

		2018				2019				2020				2021				2022			
		Q1	Q2	Q4	Q4	Q1	Q2	Q4	Q4	Q1	Q2	Q4	Q4	Q1	Q2	Q4	Q4	Q1	Q2	Q3	Q4
London	Starts	2,528	1,421	1,245	1,595	1,072	672	2,051	678	1,934	955	1,291	1,020	775	1,107	1,539	702	2,189	536	1,469	150
	Completions	470	629	1,492	2,397	761	714	1,106	1,412	2,056	1,401	897	1,670	1,666	1,528	1,444	2,433	977	956	521	334
Regions	Starts	3,672	2,223	1,710	2,751	1,095	1,136	2,339	1,302	2,745	668	1,919	2,148	4,934	3,523	2,875	4,922	3,029	3,475	1,948	2,437
	Completions	120	959	1,069	1,008	2,110	1,648	3,735	2,302	2,183	894	734	2,431	2,504	901	1,032	3,074	954	861	1,509	361
UK	Starts	6,200	3,644	2,955	4,346	2,167	1,808	4,390	1,980	4,679	1,623	3,210	3,168	5,709	4,630	4,414	5,624	5,218	4,011	3,417	2,587
	Completions	590	1,588	2,561	3,405	2,871	2,362	4,841	3,714	4,239	2,295	1,631	4,101	4,170	2,429	2,476	5,507	1,931	1,817	2,030	695

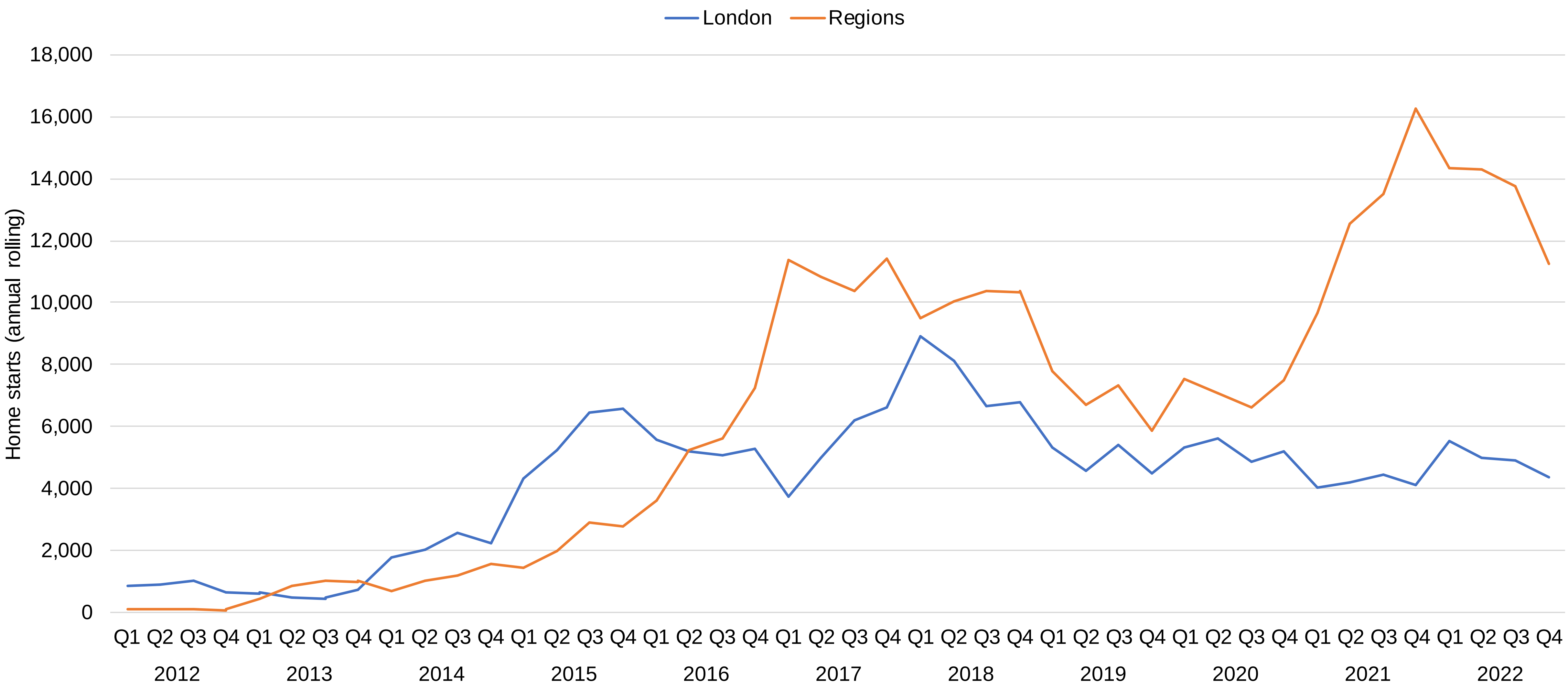
Source: Savills, Molior, British Property Federation

UK BtR starts and completions



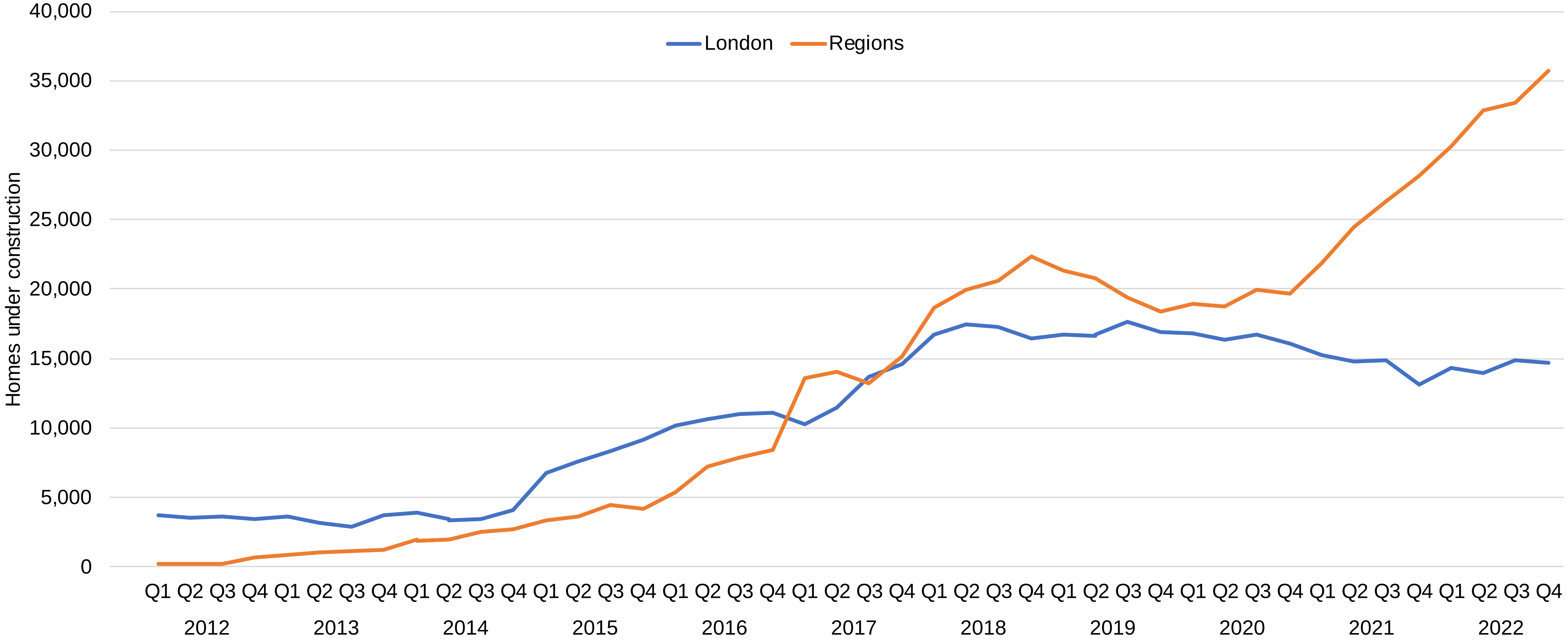
Source: Savills, Molior, British Property Federation

BtR starts: London vs the Regions



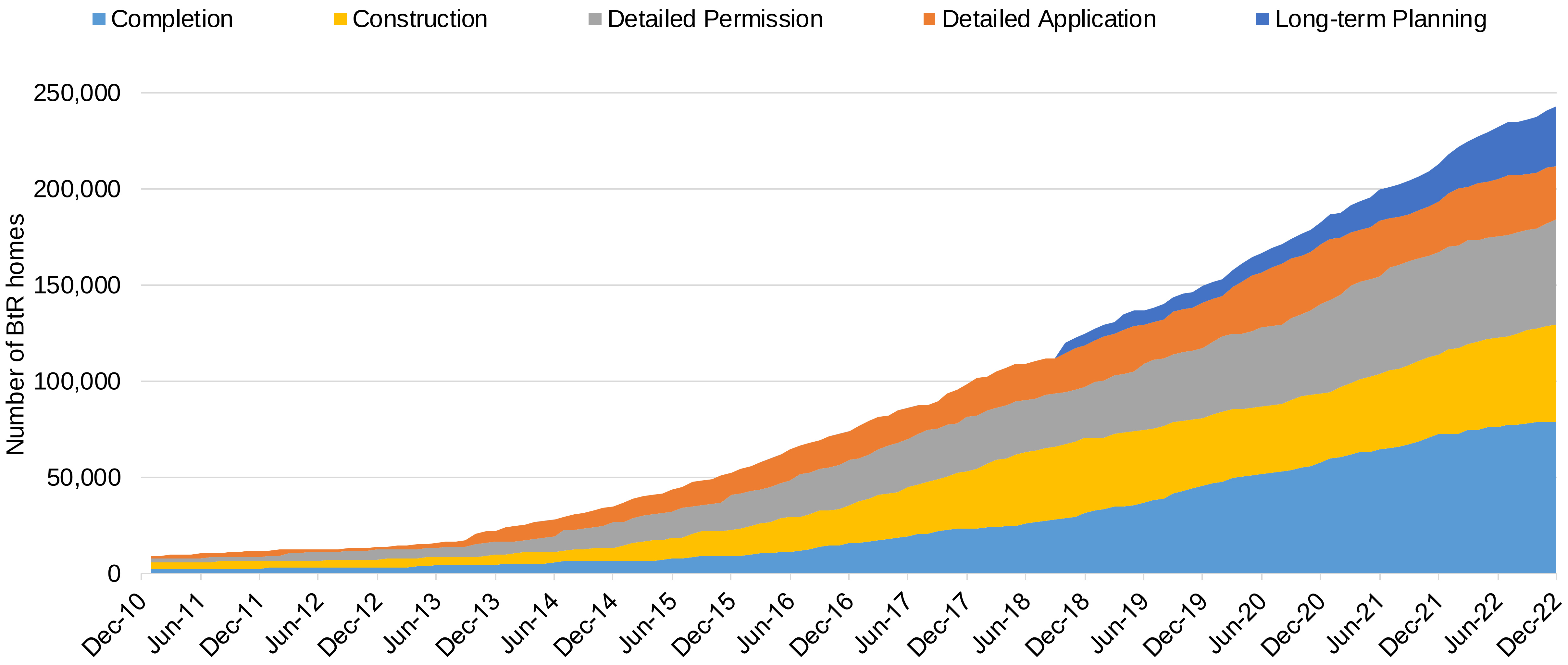
Source: Savills, Molior, British Property Federation

Number of homes under construction – London vs Regions



Source: Savills, Molior, British Property Federation

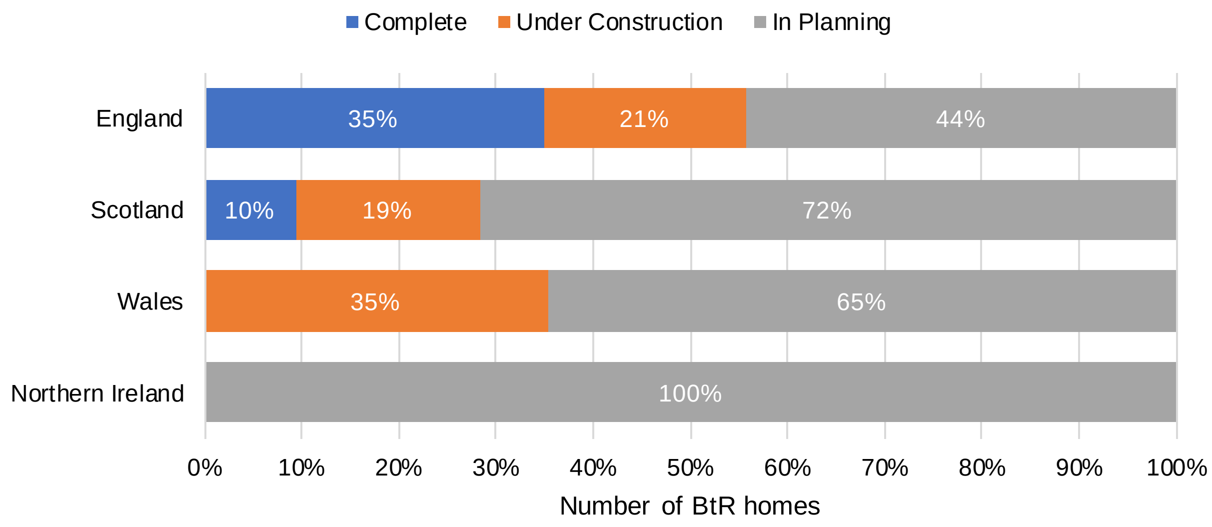
The rise and rise of BtR

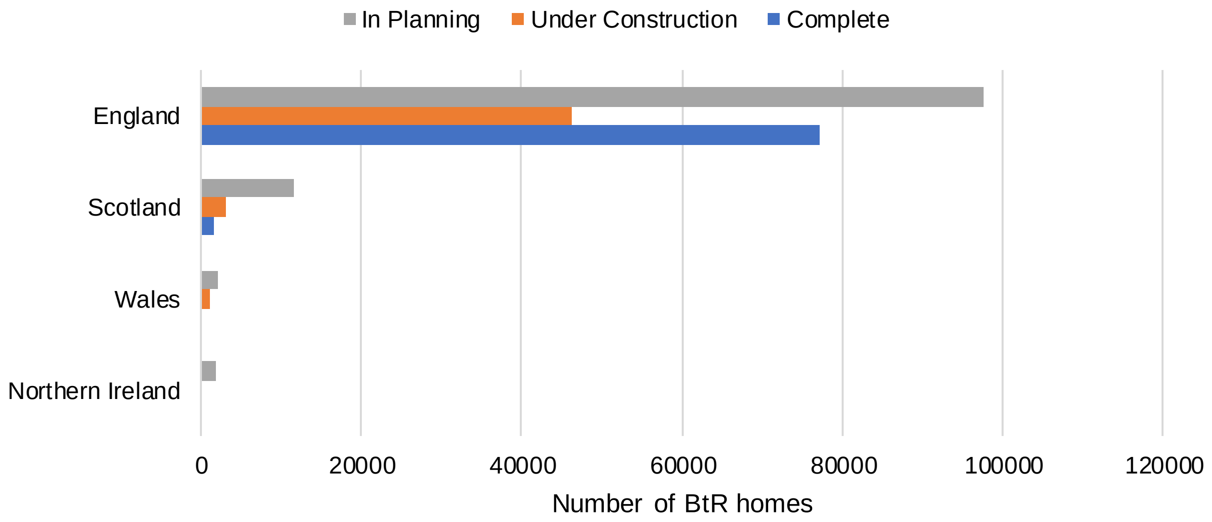


Source: Savills, Molior, British Property Federation

BtR growing in all UK countries

BPF





England

Status	Q4 2022 Totals	Q4 2021 Totals	Increase
Complete	77,171	71,227	8%
Under Construction	46,230	37,957	22%
In Planning	97,654	87,034	12%
Totals	221,055	196,218	13%

Scotland

Status	Q4 2022 Totals	Q4 2021 Totals	Increase
Complete	1,546	1,017	52%
Under Construction	3,057	2,818	8%
In Planning	11,649	8,905	31%
Totals	16,252	12,740	28%

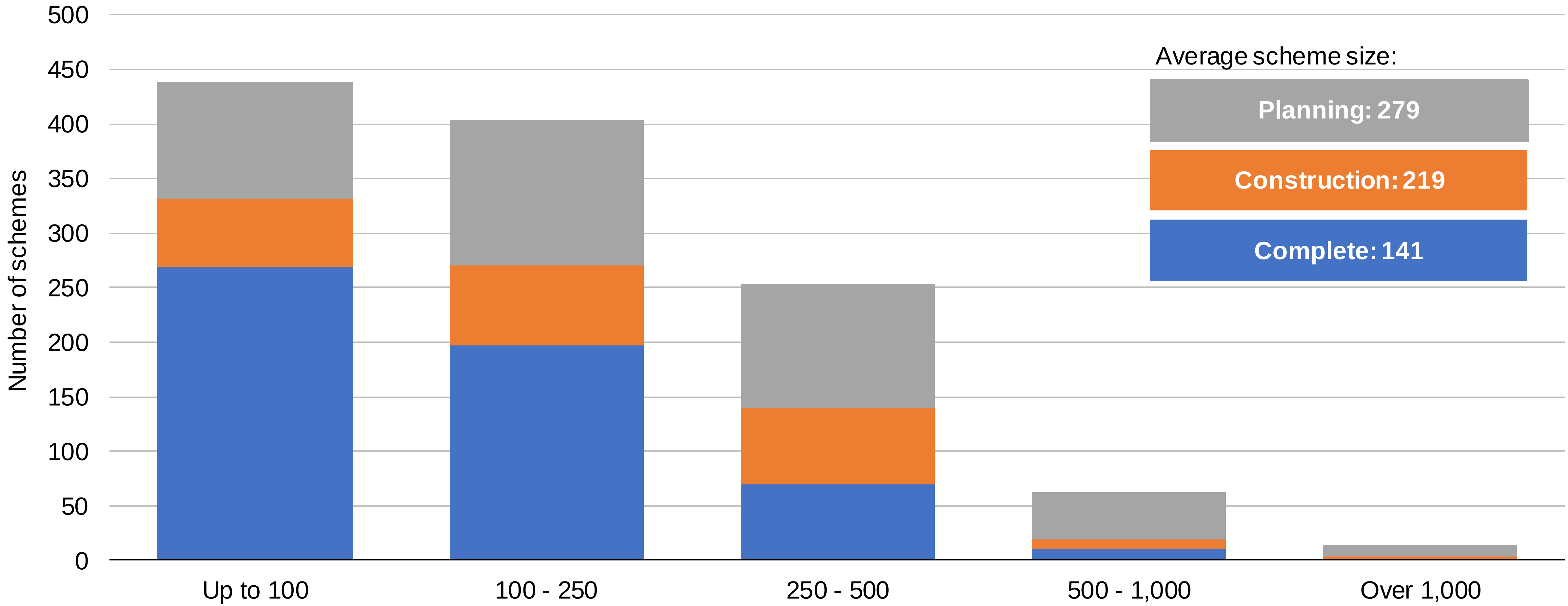
Wales

Status	Q4 2022 Totals	Q4 2021 Totals	Increase
Complete	0	0	#DIV/0!
Under Construction	1,165	545	114%
In Planning	2,126	2,031	5%
Totals	3,291	2,576	28%

Northern Ireland

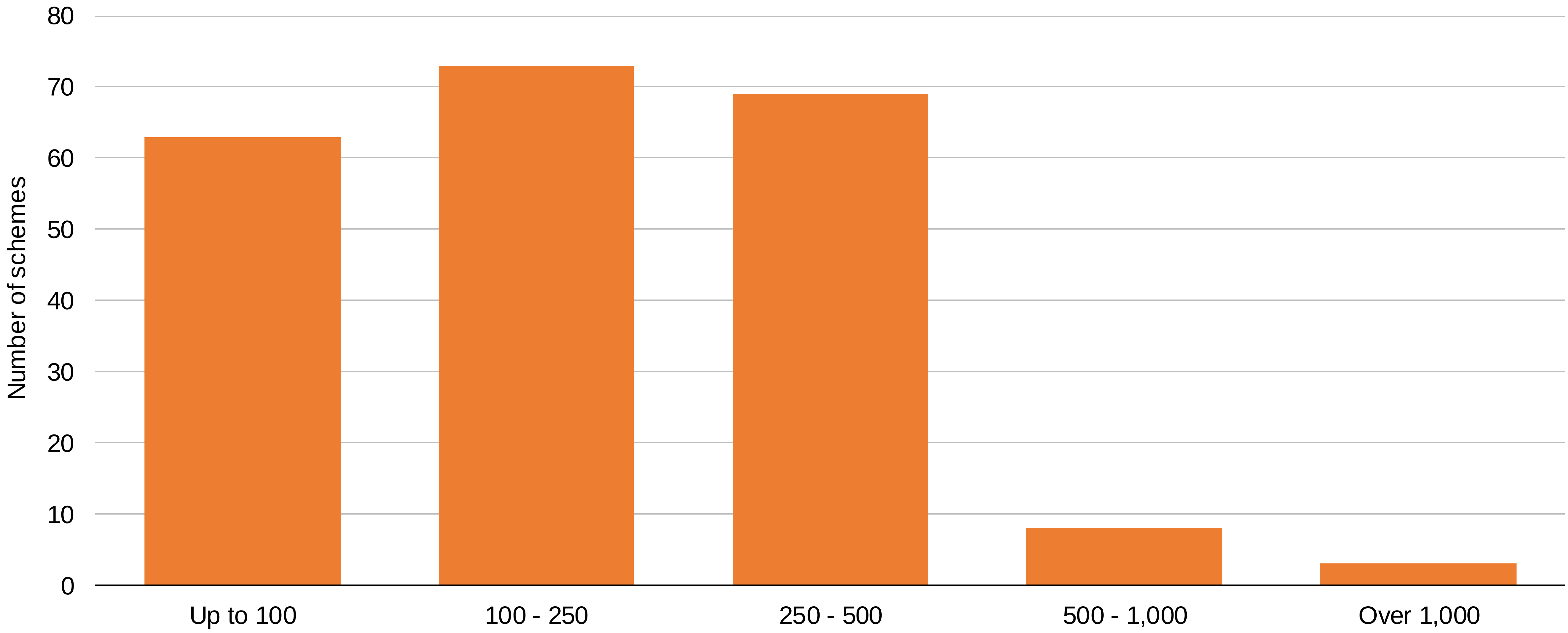
Status	Q4 2022 Totals	Q4 2021 Totals	Increase
Complete	0	0	-
Under Construction	0	0	-
In Planning	1,950	1,382	41%
Totals	1,950	1,382	41%

Q4 2022: number of schemes by unit size band



Source: Savills, Molior, British Property Federation

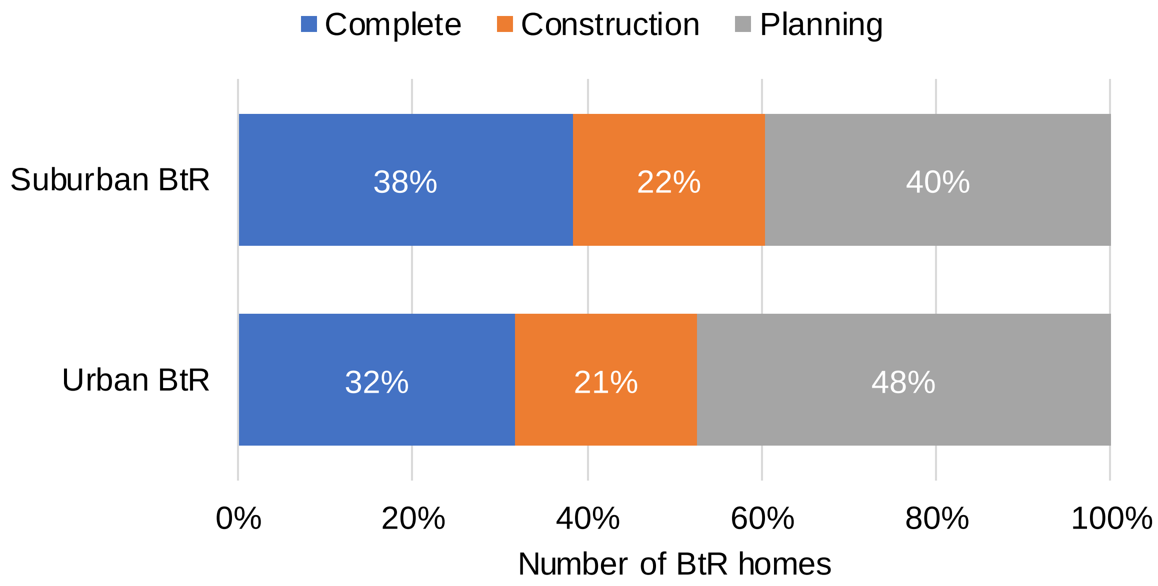
Q4 2022 – Schemes under construction by BtR unit size band

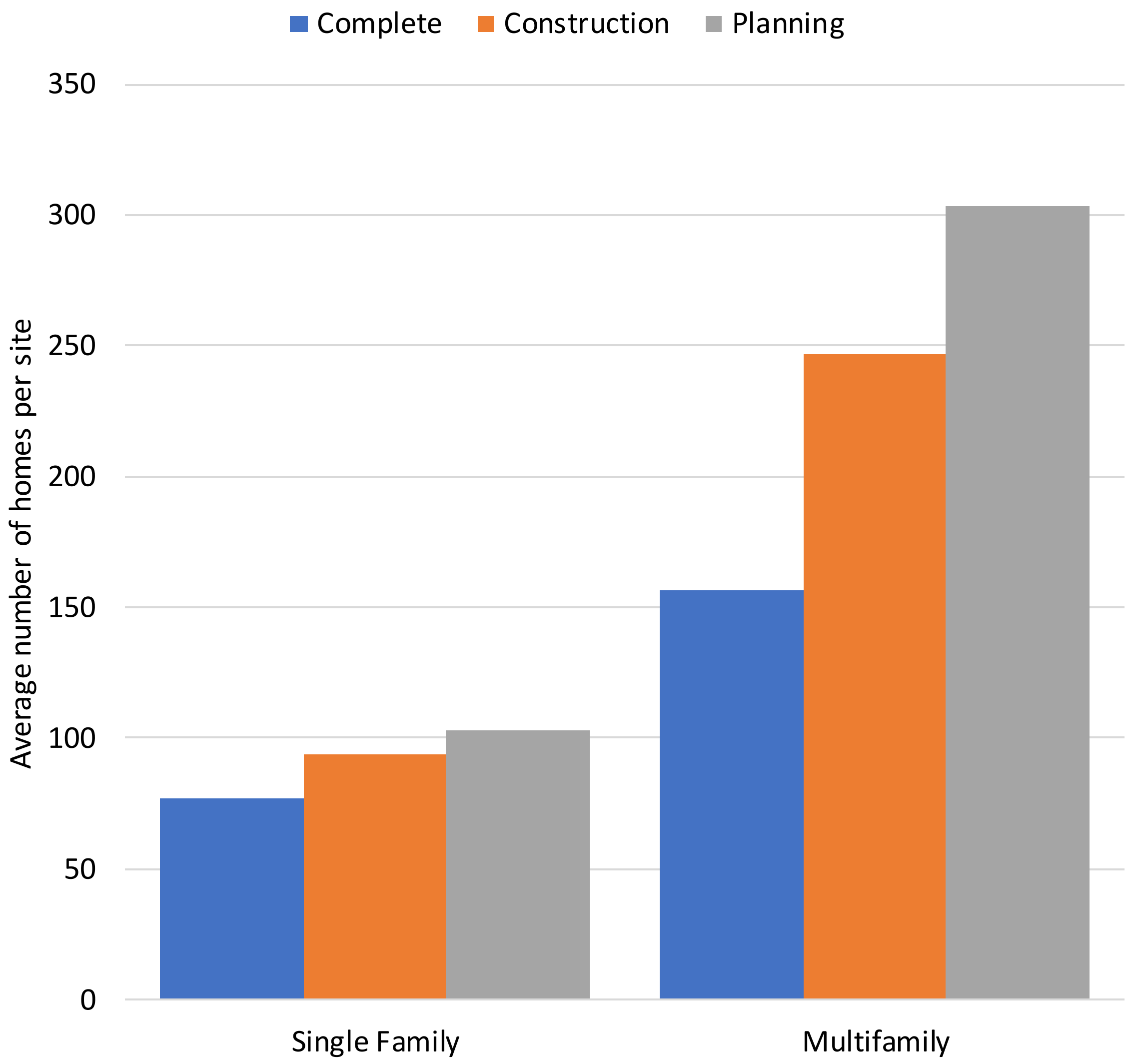


Source: Savills, Molior, British Property Federation

Suburban BtR continues to grow

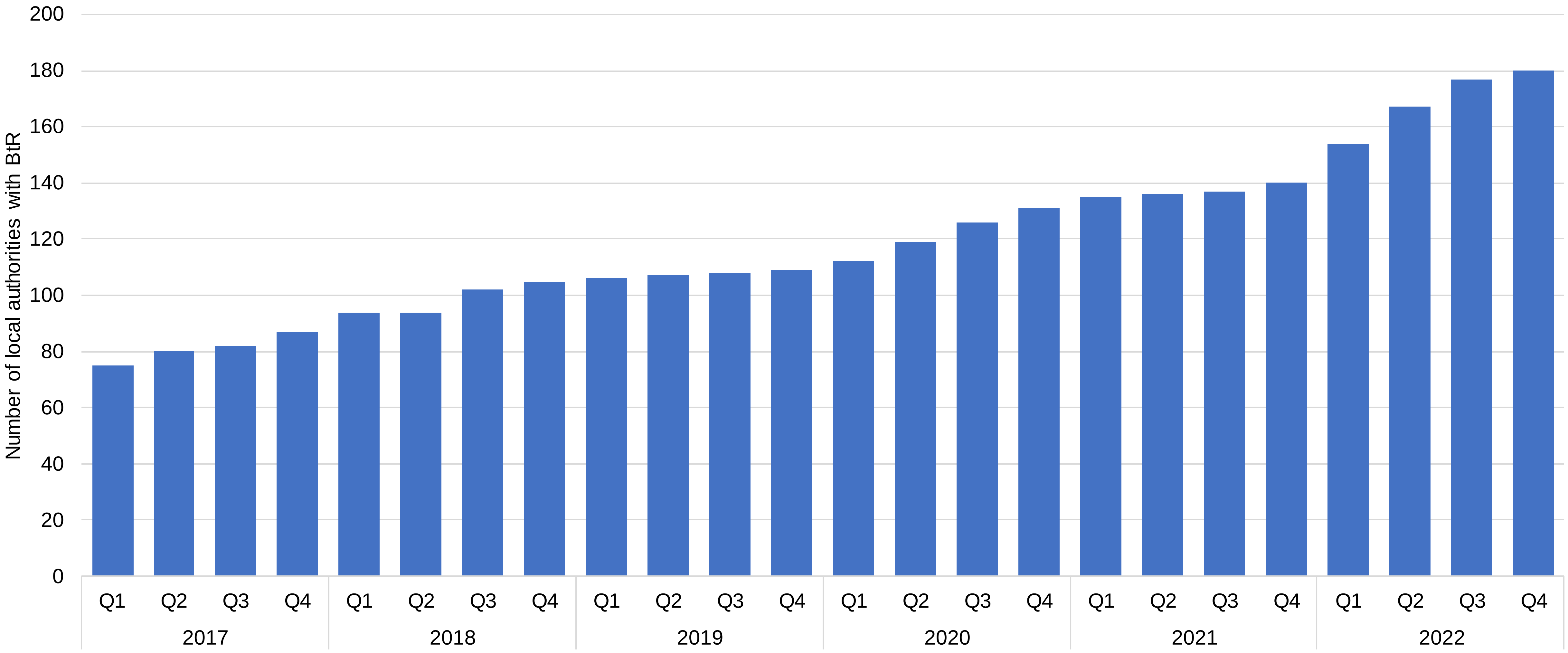
	Urban BtR homes	Suburban BtR homes
Complete	69,597	9,120
Construction	45,203	5,249
Planning	103,953	9,426
Total	218,753	23,795





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

Finally, in accordance with our normal practice, we would state that this report is for general informative purposes only and does not constitute a formal valuation, appraisal or recommendation. It is only for the use of the persons to whom it is addressed and no responsibility can be accepted to any third party for the whole or any part of its contents. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent, which will not be unreasonably withheld.

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.