Build-to-Rent Q2 2023

Prepared by Savills for the British Property Federation

July 2023

Key points

- The number of BtR homes complete, under construction, or in planning stands at over 253,000. The latest quarterly data shows that between Q2 2022 and Q2 2023, the sector grew by 12%, with the regional BtR market once again growing faster than London (13% and 10%, respectively).

- The overall number of starts has continued to fall in response to the financial headwinds impacting the market and wider economy. Starts in the regions have been more resilient with over 3,100 starts in the quarter compared to just 236 in London. The total number of homes under construction in London (17,170 homes) is, however, being temporarily buoyed by the high number of starts through 2022.

- Beyond England, the BtR pipeline has continued to grow in Scotland, where the number of homes planned and completed increased by 60% and 33% year on year, respectively. After a strong Q1 2023 with its first three BtR schemes completing, the total pipeline in Wales has grown by 13%.

- The Single Family Housing (SFH) sector continues to expand strongly - there are now nearly 28,000 SFR homes in the planning pipeline, making up 12% of all BtR homes. Of these, 9,600 are complete, 9,100 units under construction, and 9,200 in the planning pipeline. The growth of SFH has seen BtR expand into new markets across the country; the number of local authorities with BtR in their planning pipeline has risen to 200, encompassing over half of all UK local authorities. This is an additional 14 local authorities in the past quarter. These include the likes of Portsmouth, Canterbury, Hastings, Gloucester, and Brentwood.

Completions

- There are now over 88,100 completed units, an uplift of 13% nationally, year on year.
- Completions in London reached 42,000, and 46,000 in the regions. The year on year increase was double in the regions (17%) compared to London (8%).
- Despite slowing completions, there remains a construction pipeline in London of c.15,600 homes and in the regions of c.33,880 homes.

Under construction

- Nationally, the number of units under construction increased by 9% to c.53,500 in Q2 2023 from Q2 2022.
- In the same period, London saw an increase of c.1,200 units, while the regions saw an additional 3,200 units now under construction.
- The high number of historic starts in London and the increasing starts in the regions has kept the number of homes under construction at around 53,000.

Planning

- The total number of BtR homes in planning increased by 13% between Q2 2022 and Q2 2023, with both London and the regions growing by 13%.
- This brought the number of homes in planning in Q2 2023 up to 38,100 in London and 73,700 in the regions.
- The number of homes in long-term planning has increased by 40% since Q2 2022.

BtR key statistics for the past year

Status	Q2 2023 Totals	Q2 2022 Totals	Increase
Complete	88,100	78,259	13%
Under Construction	53,487	49,075	9%
In Planning	111,815	98,929	13%
Totals	253,402	226,263	12%

Source: Savills, Molior, British Property Federation

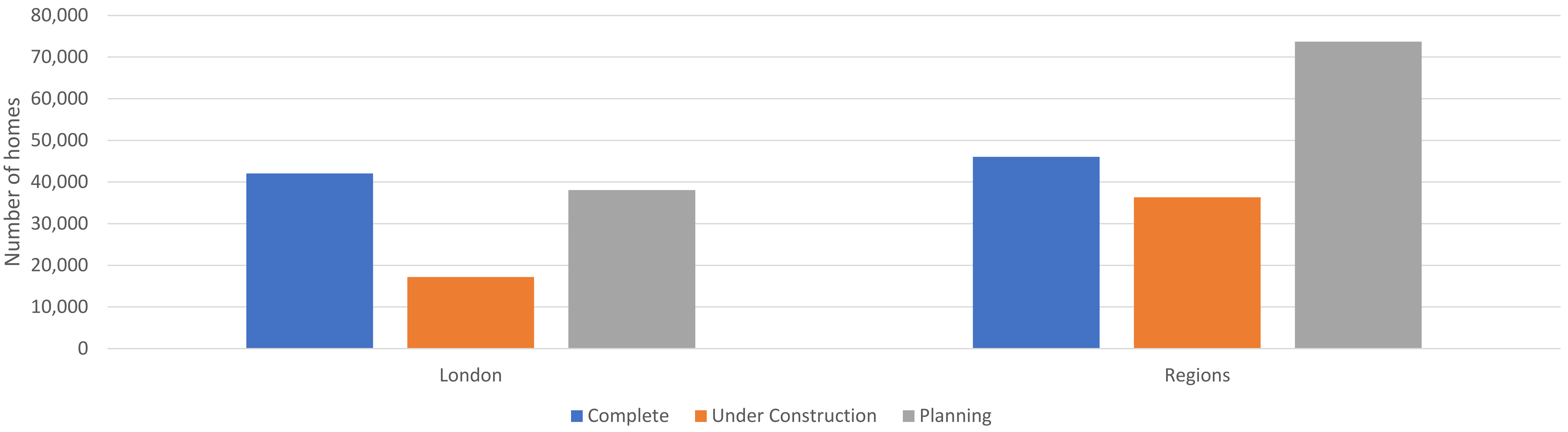
London and regional BtR growth

		Complete	Under construction	Planning	Total
London	Q2 2022	38,806	15,977	33,593	88,376
	Q2 2023	42,033	17,170	38,091	97,294
	% increase	8%	7%	13%	10%
Region	Q2 2022	39,453	33,098	65,336	137,887
	Q2 2023	46,067	36,317	73,724	156,108
	% increase	17%	10%	13%	13%
Total	Q2 2022	78,259	49,075	98,929	226,263
	Q2 2023	88,100	53,487	111,815	253,402
	% increase	13%	9%	13%	12%

Source: Savills, Molior, British Property Federation

Q2 2023

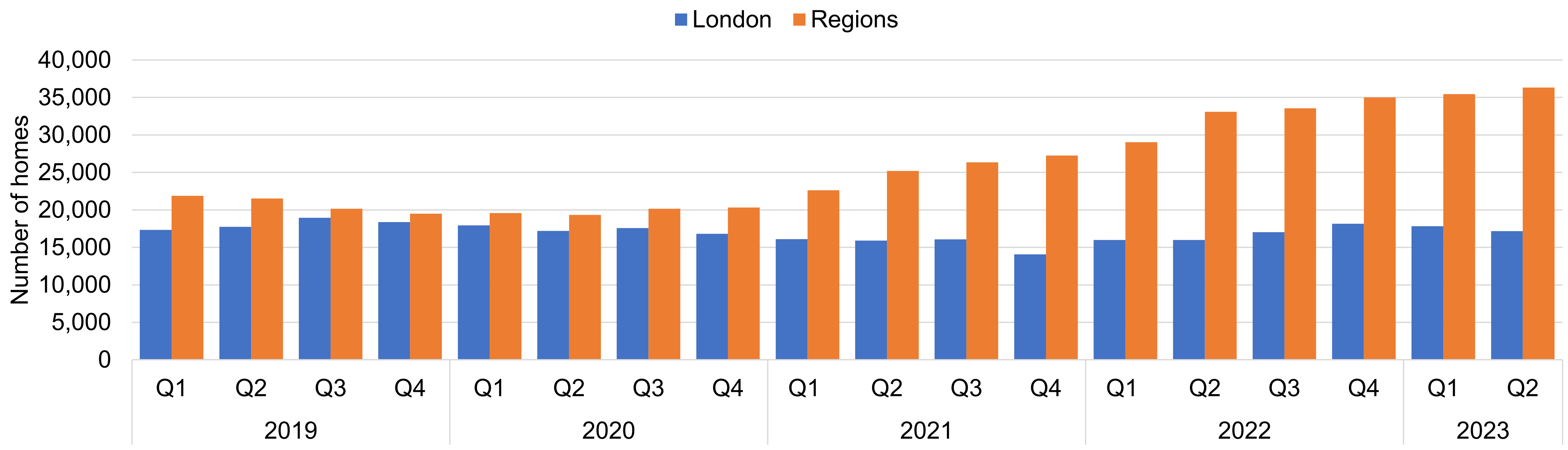
Status	Complete	Under Construction	Planning	Totals	% of total
London	42,033	17,170	38,091	97,294	38.4%
Regions	46,067	36,317	73,724	156,108	61.6%
Total	88,100	53,487	111,815	253,402	



Source: Savills, Molior, British Property Federation

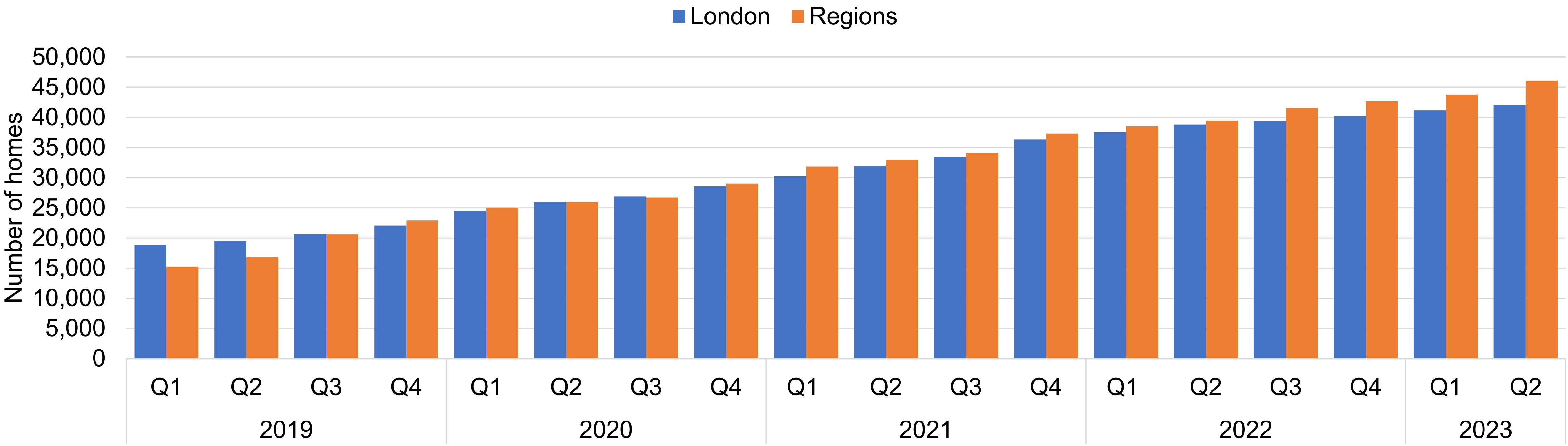
BtR under construction

	2019				2020				2021				2022				2023	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
London	17,322	17,739	18,937	18,364	17,936	17,184	17,591	16,804	16,096	15,915	16,068	14,059	15,990	15,977	17,026	18,156	17,822	17,170
Regions	21,892	21,530	20,154	19,484	19,572	19,343	20,161	20,324	22,622	25,205	26,360	27,251	29,032	33,098	33,548	34,999	35,437	36,317



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	Q2
London	18,812	19,526	20,632	22,077	24,499	26,020	26,917	28,587	30,279	31,993	33,437	36,309	37,539	38,806	39,363	40,198	41,145	42,033
Regions	15,269	16,854	20,589	22,891	25,074	25,971	26,745	29,044	31,864	32,954	34,099	37,326	38,556	39,453	41,517	42,685	43,790	46,067



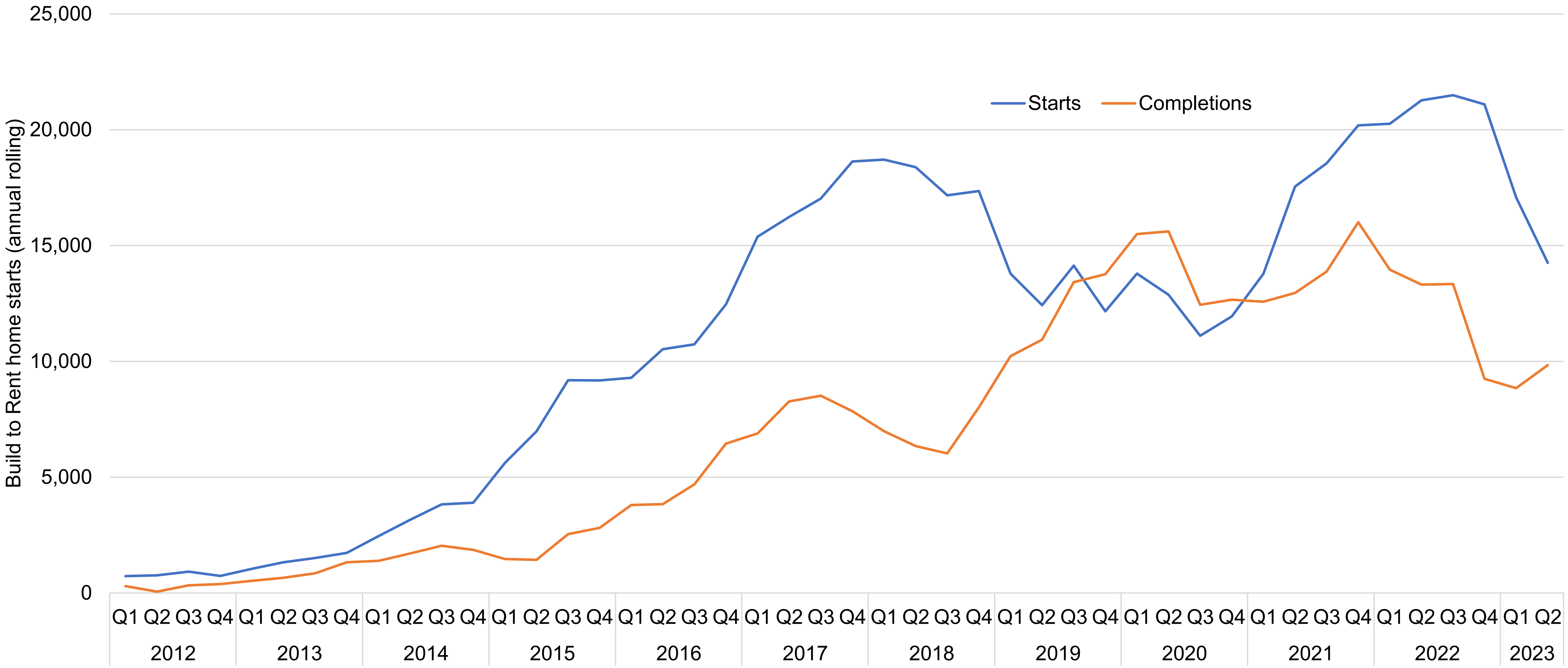
Source: Savills, Molior, British Property Federation

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	Q2
London	Starts	1,184	1,131	2,304	872	1,994	769	1,304	883	984	1,533	1,597	863	3,161	1,254	1,606	1,965	613	236
	Completions	761	714	1,106	1,445	2,422	1,521	897	1,670	1,692	1,714	1,444	2,872	1,230	1,267	557	835	947	888
Regions	Starts	1,457	1,223	2,359	1,632	2,271	668	1,592	2,462	5,117	3,673	2,300	4,118	3,011	4,963	2,514	2,619	1,543	3,157
	Completions	2,110	1,585	3,735	2,302	2,183	897	774	2,299	2,820	1,090	1,145	3,227	1,230	897	2,064	1,168	1,105	2,277
UK	Starts	2,641	2,354	4,663	2,504	4,265	1,437	2,896	3,345	6,101	5,206	3,897	4,981	6,172	6,217	4,120	4,584	2,156	3,393
	Completions	2,871	2,299	4,841	3,747	4,605	2,418	1,671	3,969	4,512	2,804	2,589	6,099	2,460	2,164	2,621	2,003	2,052	3,165

Source: Savills, Molior, British Property Federation

UK BtR starts and completions

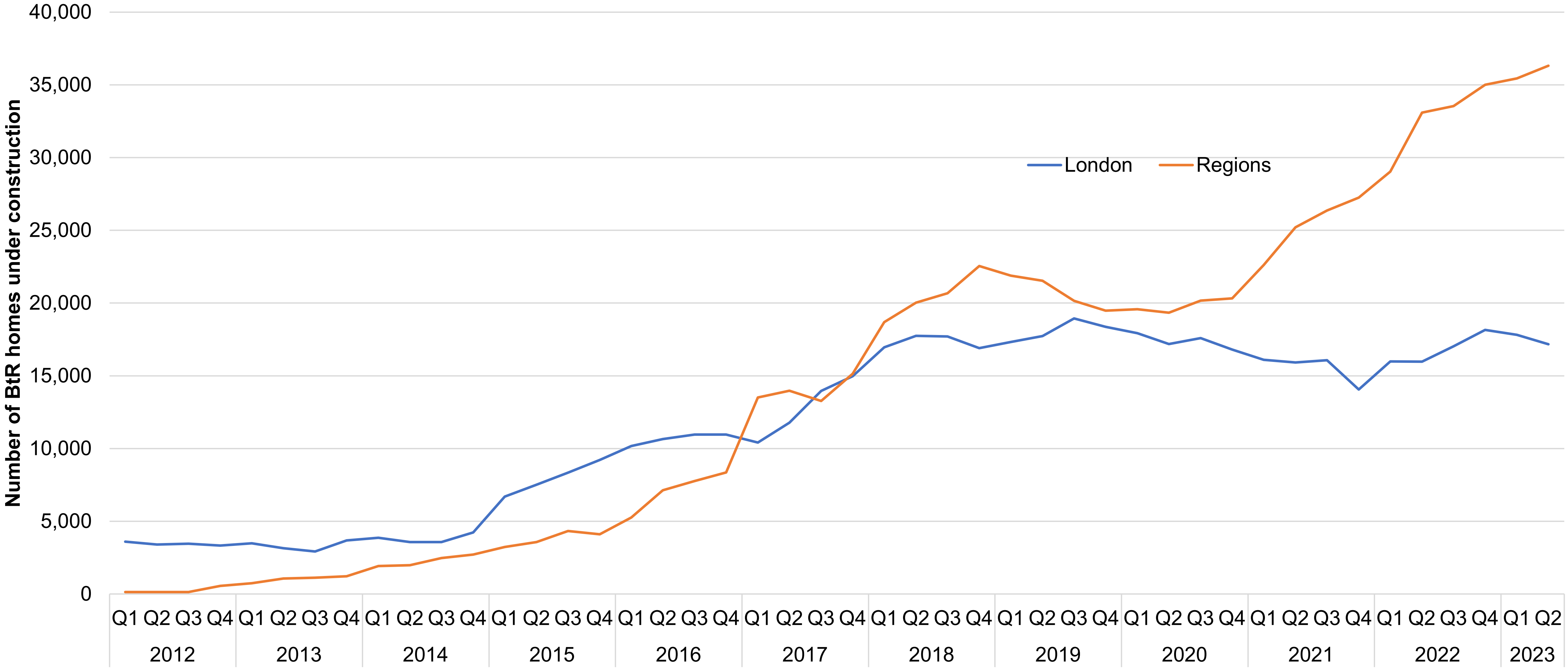


Source: Savills, Molior, British Property Federation

BtR starts: London vs the Regions

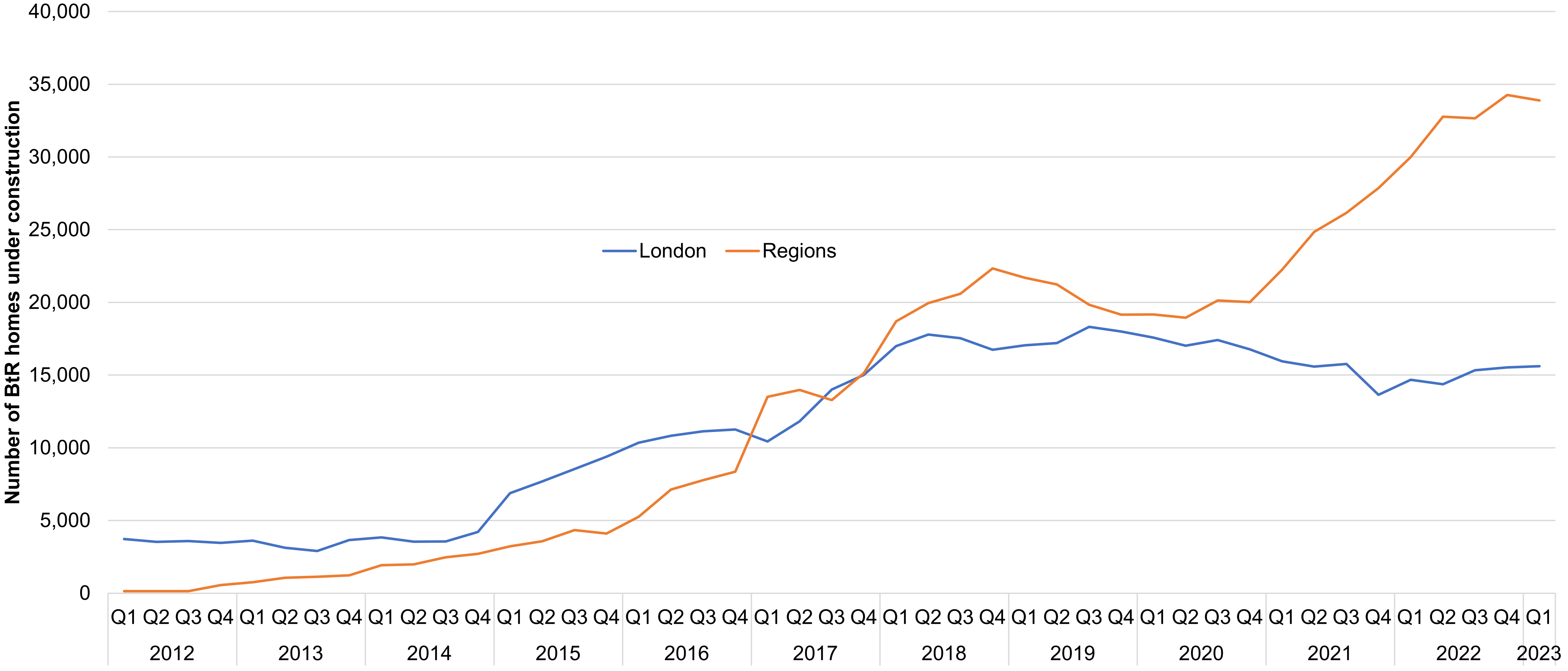
Source: Savills, Molior, British Property Federation

Number of homes under construction – London vs Regions



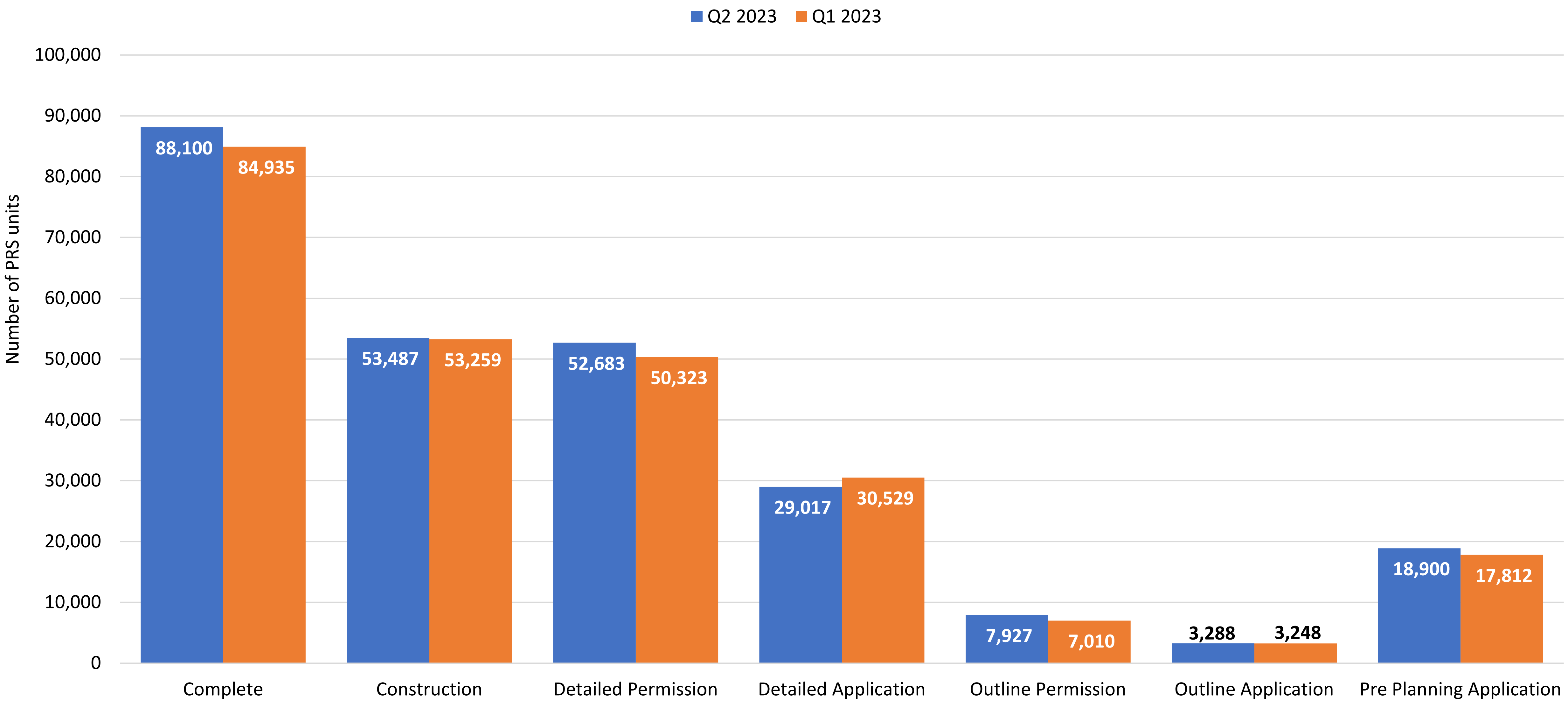
Source: Savills, Molior, British Property Federation

Number of homes under construction – London vs Regions



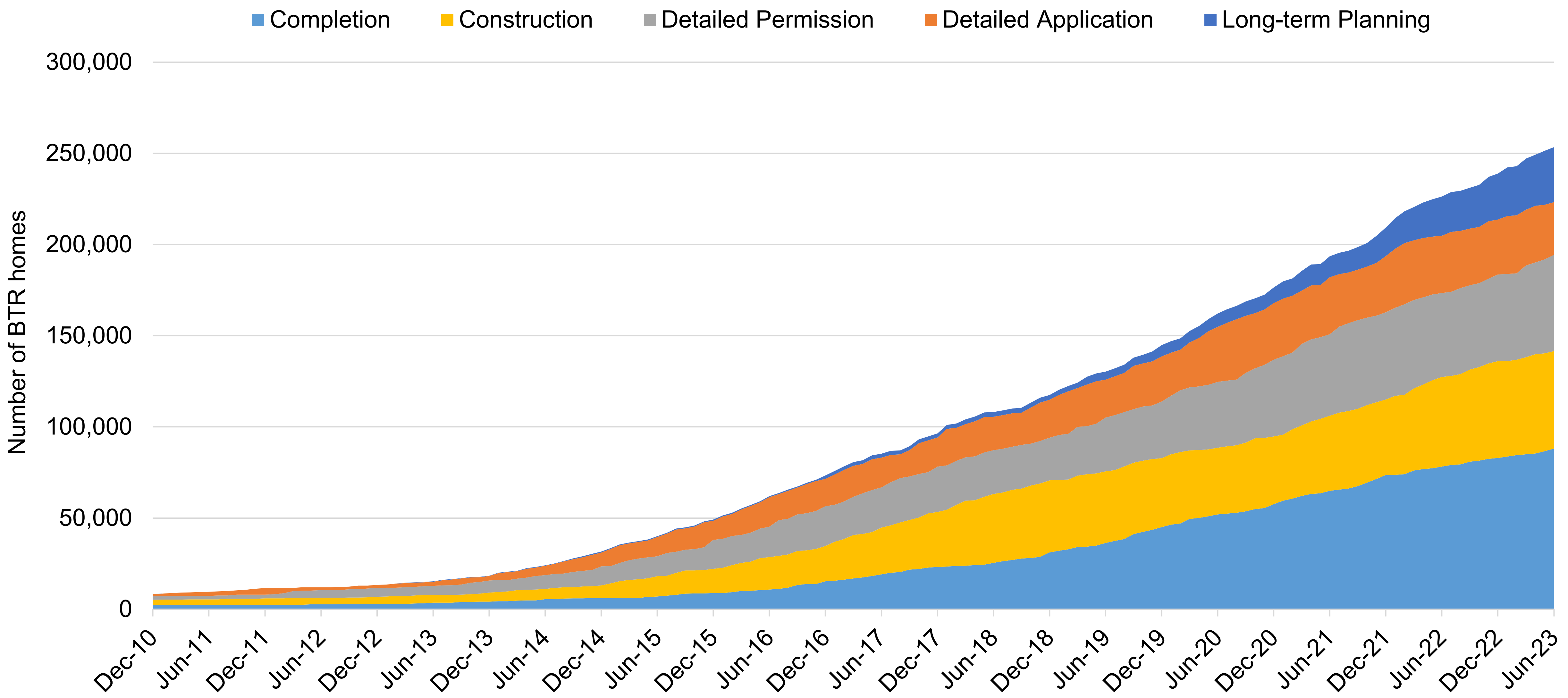
Source: Savills, Molior, British Property Federation

Build to Rent pipeline – quarterly change



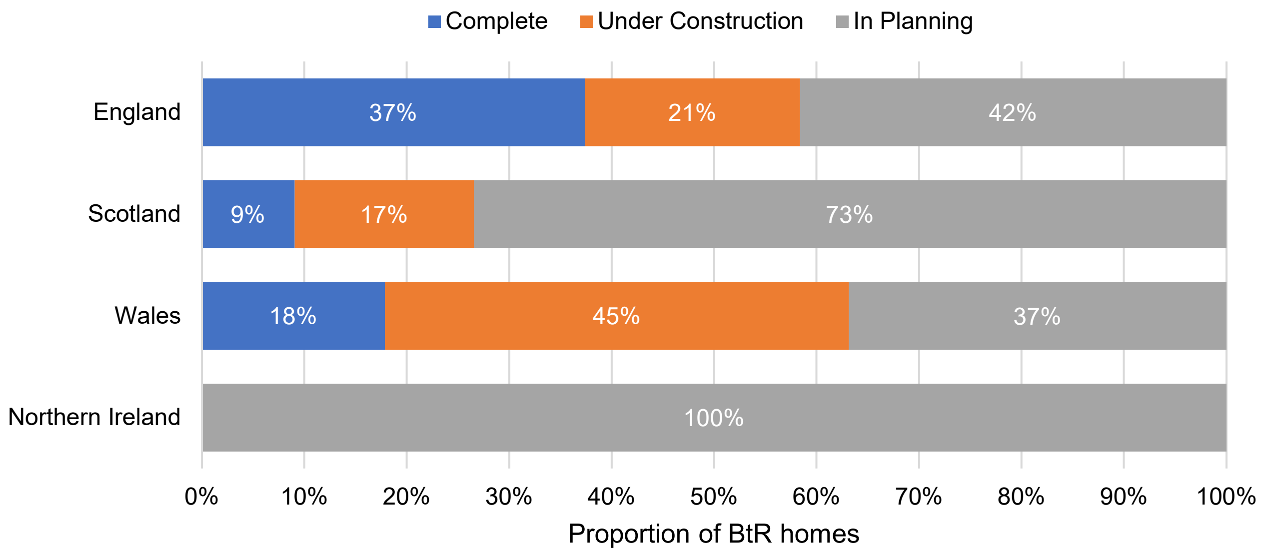
Source: Savills, Molior, British Property Federation

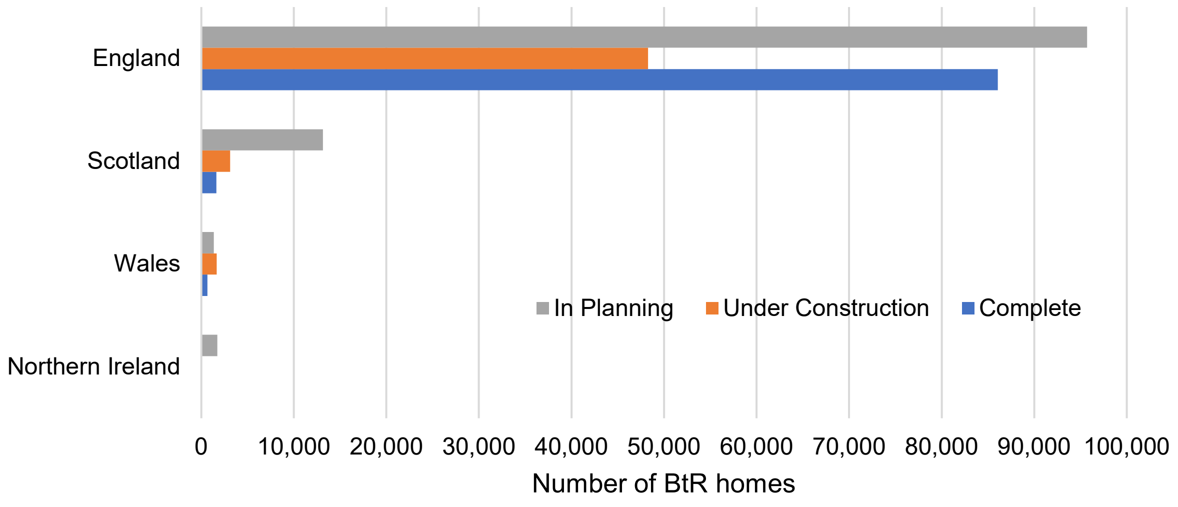
The rise and rise of BtR



Source: Savills, Molior, British Property Federation

BtR growing in most UK countries





England

Status	Q2 2023 Totals	Q2 2022 Totals	Increase
Complete	85,818	77,103	11%
Under Construction	48,684	44,543	9%
In Planning	95,565	87,491	9%
Totals	230,067	209,137	10%

Scotland

Status	Q2 2023 Totals	Q2 2022 Totals	Increase
Complete	1,621	1,222	33%
Under Construction	3,129	3,034	3%
In Planning	13,144	8,202	60%
Totals	17,894	12,458	44%

Wales

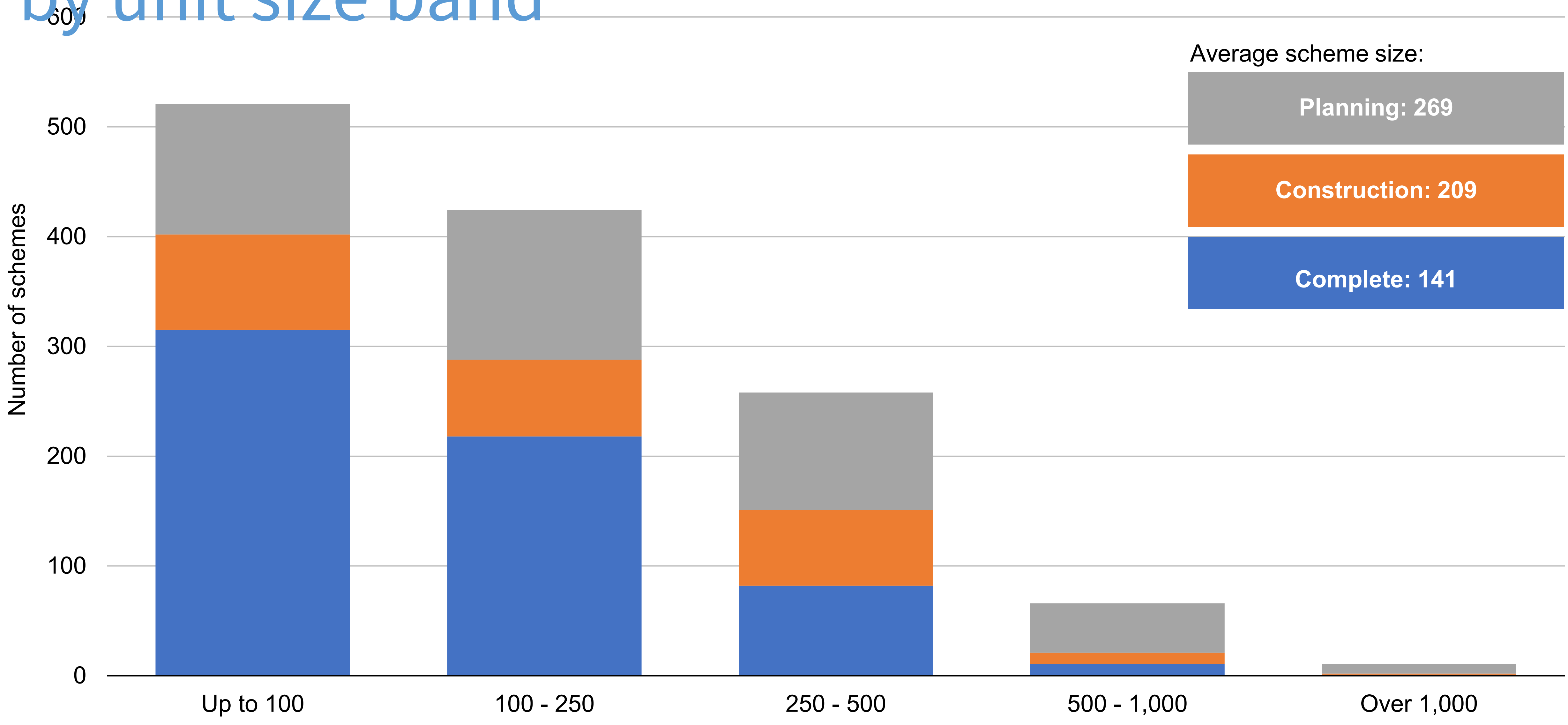
Status	Q2 2023 Totals	Q2 2022 Totals	Increase
Complete	661	0	661%
Under Construction	1,674	1,432	17%
In Planning	1,362	1,833	-26%
Totals	3,697	3,265	13%

Northern Ireland

Status	Q2 2023 Totals	Q2 2022 Totals	Increase
Complete	0	0	-
Under Construction	0	0	-
In Planning	1,744	1,744	0%
Totals	1,744	1,744	0%

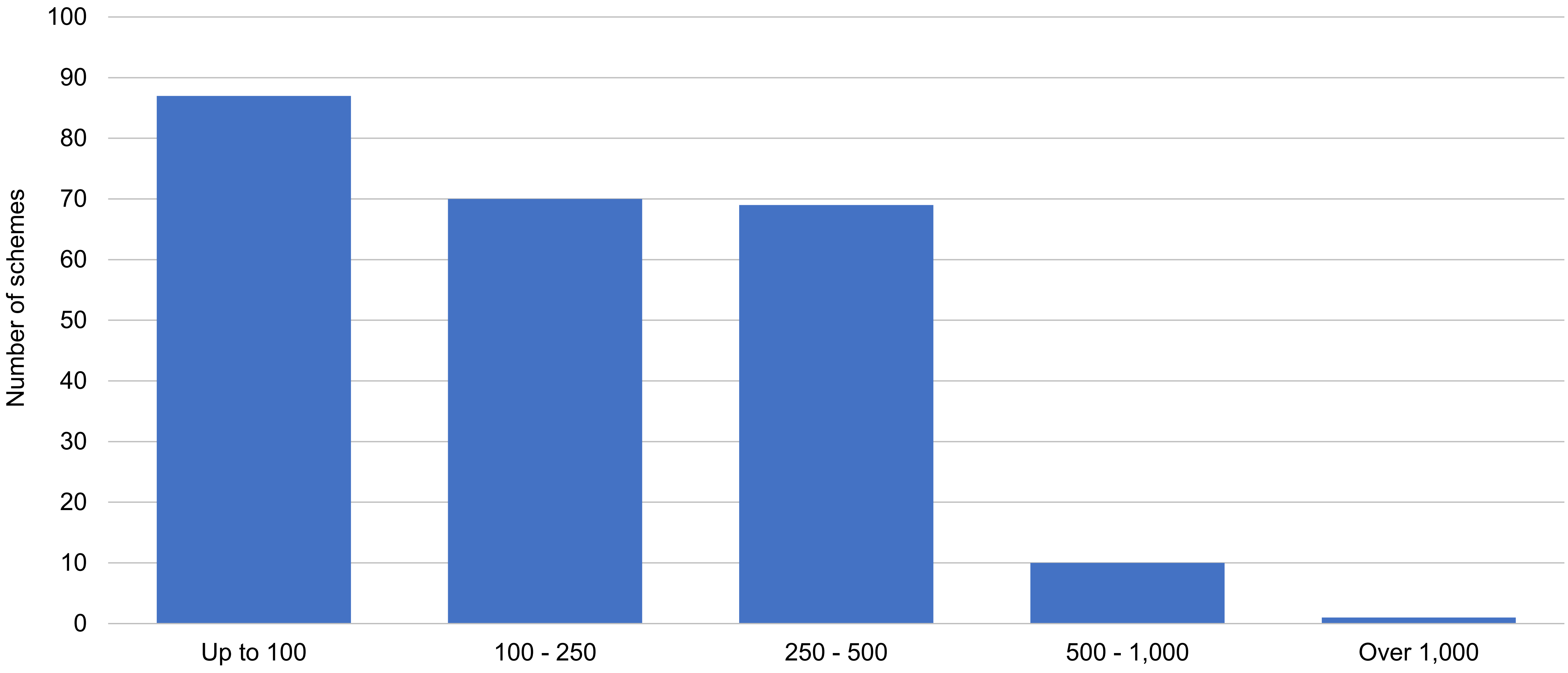
Source: Savills, Molior, British Property Federation

Q2 2023: Number of schemes by unit size band



Source: Savills, Molior, British Property Federation

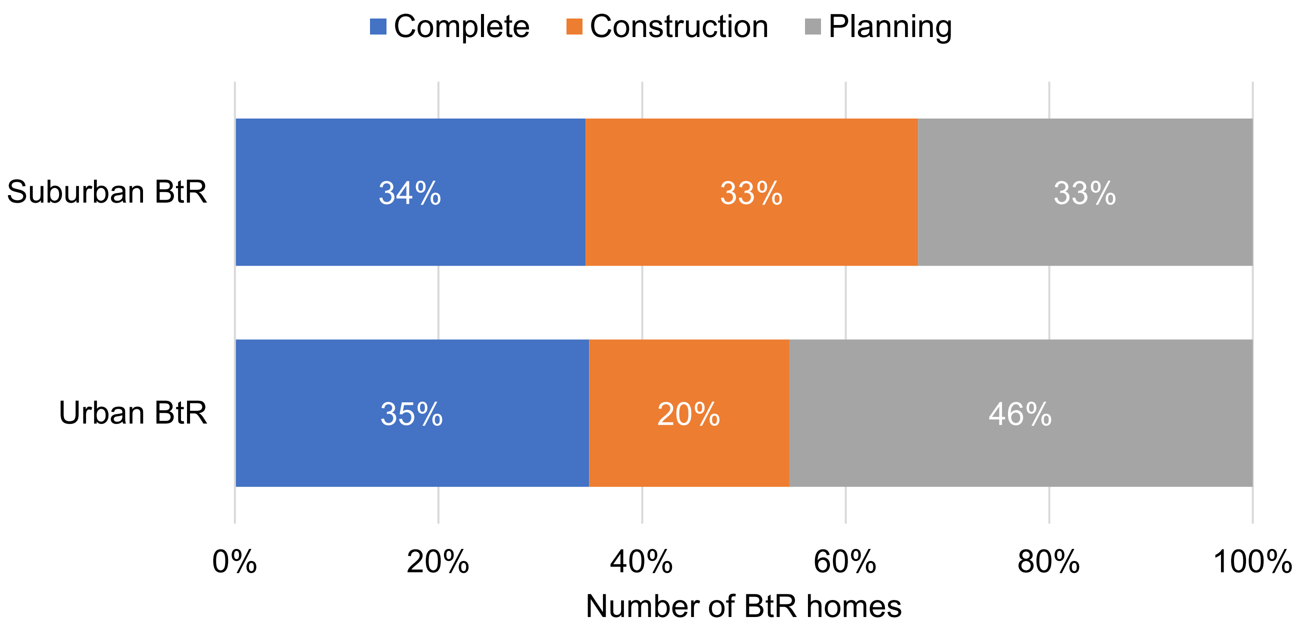
Q2 2023 – Schemes under construction by BtR unit size band

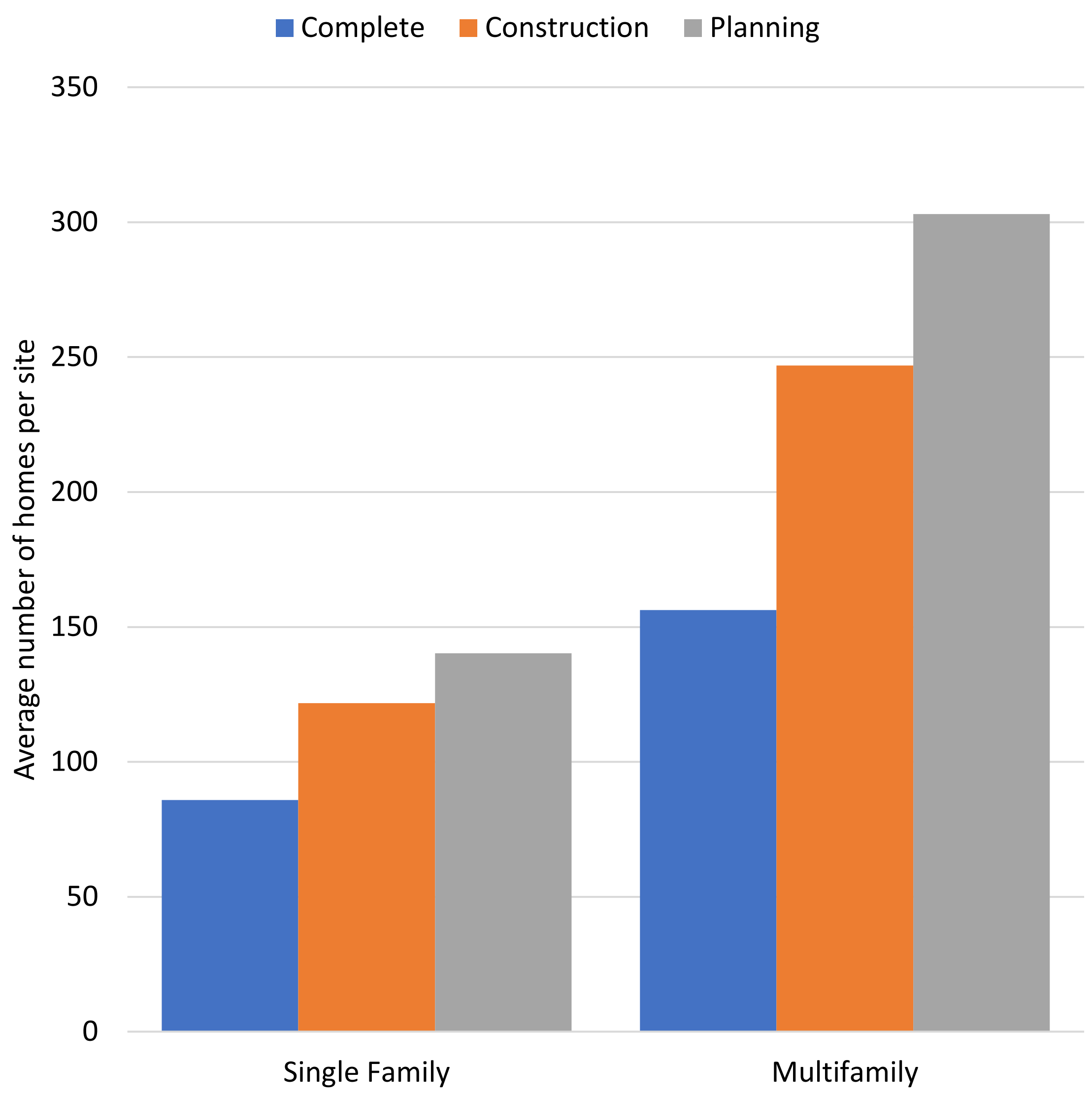


Source: Savills, Molior, British Property Federation

Suburban BtR continues to grow

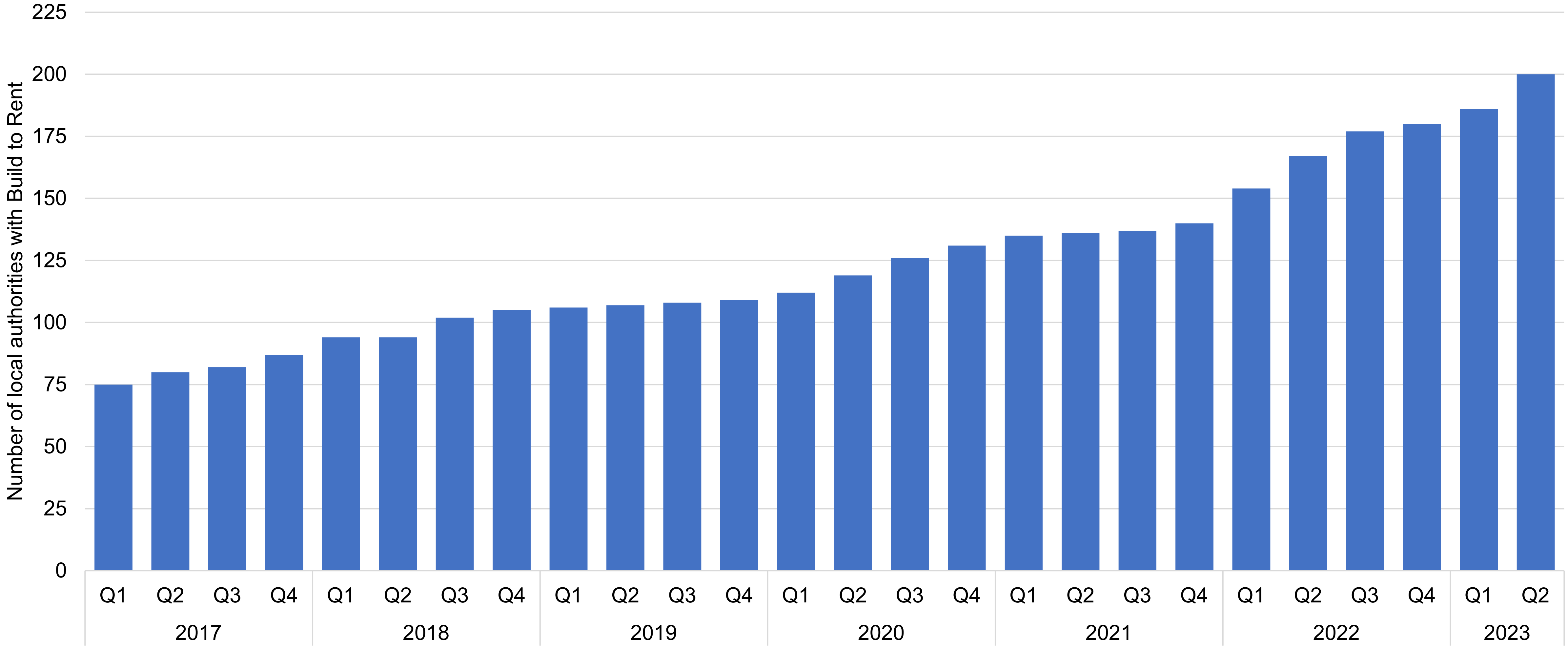
	Urban BtR homes	Suburban BtR homes
Complete	78,474	9,626
Construction	44,365	9,122
Planning	102,628	9,187
Total	225,467	27,935





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.