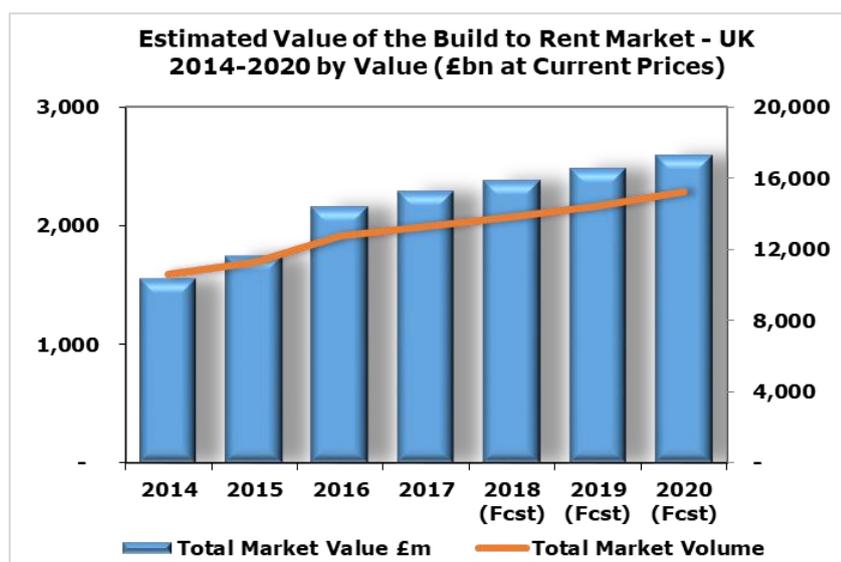




PRESS RELEASE

The Rise of the UK Build-To-Rent Market

July 2018 – Cheltenham, UK



The UK's Private Rented Sector (PRS) is going through a period of rapid change. A recovering UK economy and increasing interest by both UK and overseas large institutional investors are key elements in the recent expansion of the PRS. Rising demand for professionally managed PRS accommodation has led to the emergence of large scale owners aiming to offer a bespoke, professionally run service to a large and growing market. Large institutional investors are now taking a larger share of the landlord market creating bigger schemes and driving supply.

Source: AMA Research Analysis and Estimates

The Build-To-Rent (BTR) sector has grown significantly in the last few years, in particular up to 2016, and the largest volume of BTR is coming through in urban city centres with London leading the way, but there is also significant activity in Birmingham, Manchester and Leeds.

Growth in the BTR sector has remained strong and there are positive forecasts over the next few years through to 2022 in volume and value terms of around 4-6% each year, reflecting a combination of rising house prices, stagnant wages and tighter mortgage lending, a shifting demographic balance – the growth of the so-called 'Generation Rent', shifting behaviour amongst the younger age groups, population growth, net migration of mainly younger adults, workforce mobility and so on.

In the context of the national shortage of housing stock, the Government has increasingly looked to BTR specifically and the PRS more generally to play a greater role in providing more new build housing and has introduced funding - via the 'Home Building Fund' which comprises £2bn of infrastructure funding and £1bn of development finance for housing - to support the sector. The Government is also providing debt guarantees to encourage institutional investment in PRS and sees this route as helping to improve the quality of the sector and vital for enabling new housing units to be built.

As a result, a number of additional measures to make the sector more attractive have been introduced, including a reduction in the requirements to provide affordable housing in planning obligations, improving access to and affordability of land, and a stable regulatory framework in which to operate. That said, the planning system continues to present challenges to the viability and delivery of many PRS schemes.

Housing associations and local authorities have also increasingly been looking to the PRS as a means of alleviating local housing shortages and subsidising reductions in central Government grant funding.

"The PRS industry and the BTR sector have grown significantly in the last couple of years, and this growth looks set to continue in the medium term, with the rental market expected to expand by over 1m households over the next 3-4 years" said Keith Taylor, Director at AMA Research. *"The trend towards increased private renting is expected to continue driven primarily by the younger 'generation rent' demographic, which is being targeted with appealing lifestyle-branded homes."*

While the PRS is dominated by smaller private landlords – around 75% of private rented dwellings by value are owned by private individuals - many institutional and large corporate investors are showing increasing interest and institutional investors are expected to substantially increase their investment in the BTR sector over the next few years.

The '**Private Residential Rental Market Report - UK 2018-2022**' report is available now and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.

Editors Note:

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Anna Eriksson
AMA Research
t: +44 (0) 1242 235724
e: annaeriksson@amaresearch.co.uk

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