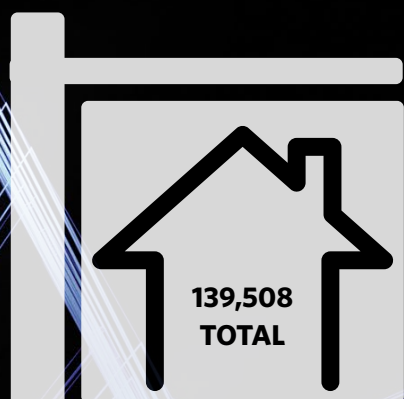




Build to Rent
Accessing
the trend

Number of BTR units in the UK



Source: BPF

Contents

Executive summary	4
The UK BTR sector in numbers	6
The opportunity	8
- For residents	8
- For the public sector	9
- For institutional investors	10
UK BTR hotspots	11
- Where is BTR happening?	12
- Location, location, location	
Legal implications of choosing BTR locations	13
Structure of the UK BTR market	14
The challenge	15
- Construction and delivery issues	15
- Planning	16
- Land Prices	17
- Tax implications	18
- Changes to rules governing landlord and tenant relationships	20
- Financing and competition from BTS	21
BTR: The verdict	22
Contacts	24
About Fieldfisher	26

Executive summary

“The growth of BTR in the UK throws up multiple legal implications for developers, investors, local authorities, residents’ groups and various other stakeholders.

“Their priorities have to be balanced against each other to deliver a satisfactory outcome for all – and one that supports the sustainable expansion of the BTR sector.”

Susan Simpson, Partner, Real Estate, Fieldfisher



Build to Rent (BTR) is the most contemporary trend in the UK's residential real estate industry.

As purpose-built housing designated entirely for renting, BTR can form part of a wider multi-tenure development, comprising either flats or houses.

"Generation Rent" or "Millennials", terms coined to refer to the 22-37 age group who currently make up roughly 14% of the UK population but who cannot afford, or don't want to commit to, property ownership, are seen as the main driving force behind the growth of Private Rented Sector (PRS).

The expansion of the PRS, and with it demand for BTR, is particularly evident in large, thriving urban centres.

In London in 2016, 28% of households lived in PRS accommodation, Greater London Authority figures show. By 2025, this is expected to rise to 40%, overtaking owner-occupation for the first time since the 1960s.

According to the British Property Federation (BPF), there were 139,508 BTR units at various stages of development across the UK at the end of 2018, a 22% increase on the year before.

Typically offering longer than average tenancy agreements (of three years or more), BTR schemes are usually professionally managed housing stock under single ownership and management control.

They generate long-term streams of rental income for landlords and provide greater security of tenure for tenants, along with predictable rental increases and professional management of buildings.

BTR has also been welcomed by, and has the support of, the UK government, as it is seen as a way of helping to meet housing targets.

Unlike regular housebuilders, BTR developers often assume responsibility for maintaining properties for at least 25 years - a burden that otherwise falls on local authorities.

These pull factors have seen specialist, traditionally conservative, debt providers take substantial positions in the BTR market, creating significant opportunities for professional service providers and advisers.

However, as with any rapidly developing area, practical and legal issues with BTR have emerged and are looming increasingly large as the sector expands.

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