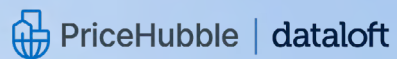


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WHO LIVES IN BUILD-TO-RENT? LONDON EDITION

January 2025



Foreword

This is the fourth edition of our Who Lives in Build-to-Rent? London report, through which we demystify this vital part of the housing sector, analysing how its growth benefits thousands of renters in London from wide-ranging backgrounds.

We have aggregated data from nine Build-to-Rent providers covering 32 schemes and totalling 11,404 homes across London. This data, provided by data analytics company, PriceHubble, has been benchmarked against data held by PriceHubble for the whole of the private rented sector to provide a comprehensive comparison.

Building on the previous editions of this report, we have analysed key resident demographics to understand how closely aligned Build-to-Rent is with the wider private rented sector. The research shows that, when benchmarked across several resident demographics, Build-to-Rent continues to provide homes to all types of Londoners regardless of their age, income or employment.

Despite a challenging fiscal and regulatory environment which has hampered the delivery of new homes in London, the total Build-to-Rent pipeline has seen steady growth year-on-year across the capital. As illustrated in figure 1, the sector saw a 5% increase in total activity across London in Q3 2024 compared to the same time last year, reinforcing its role as a provider of new homes in the capital.

Figure 1: London Build-to-Rent growth

		COMPLETE	UNDER CONSTRUCTION	PLANNING	TOTAL
	Q3 2023	45,506	17,441	33,390	96,337
London	Q3 2024	51,516	15,526	33,756	100,798
	% increase	13%	-11%	1%	5%

Source: BPF/Savills, Build-to-Rent Q3 2024 report, (published October 2024)

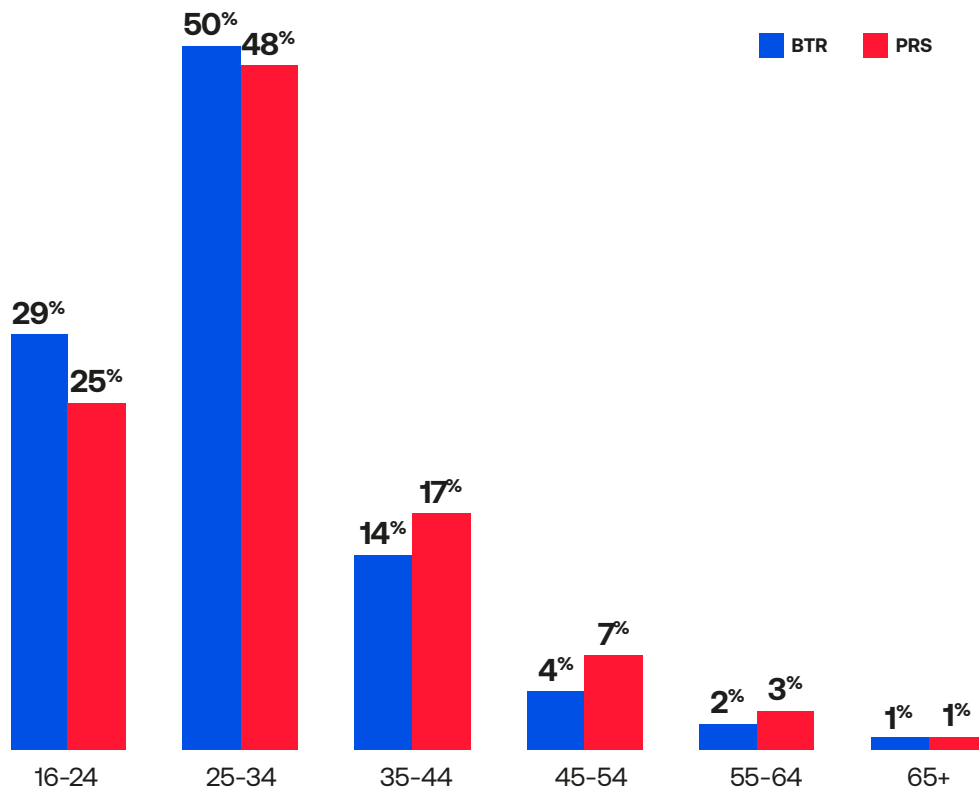
Whilst this growth in the round is welcome, work is needed to address the sharp 11% drop-off in Build-to-Rent units under construction. London's housing shortage presents a huge challenge to businesses seeking to recruit and retain staff in the capital, with Build-to-Rent developments providing homes for the talent the city needs to thrive, especially freelancers and those on short-term contracts.

Local and national Government must, therefore, think pragmatically about how it can bolster the sector's growth, working with the industry to unblock the barriers to development and help meet the diverse housing needs of Londoners.

Build-to-Rent and the wider private rented sector

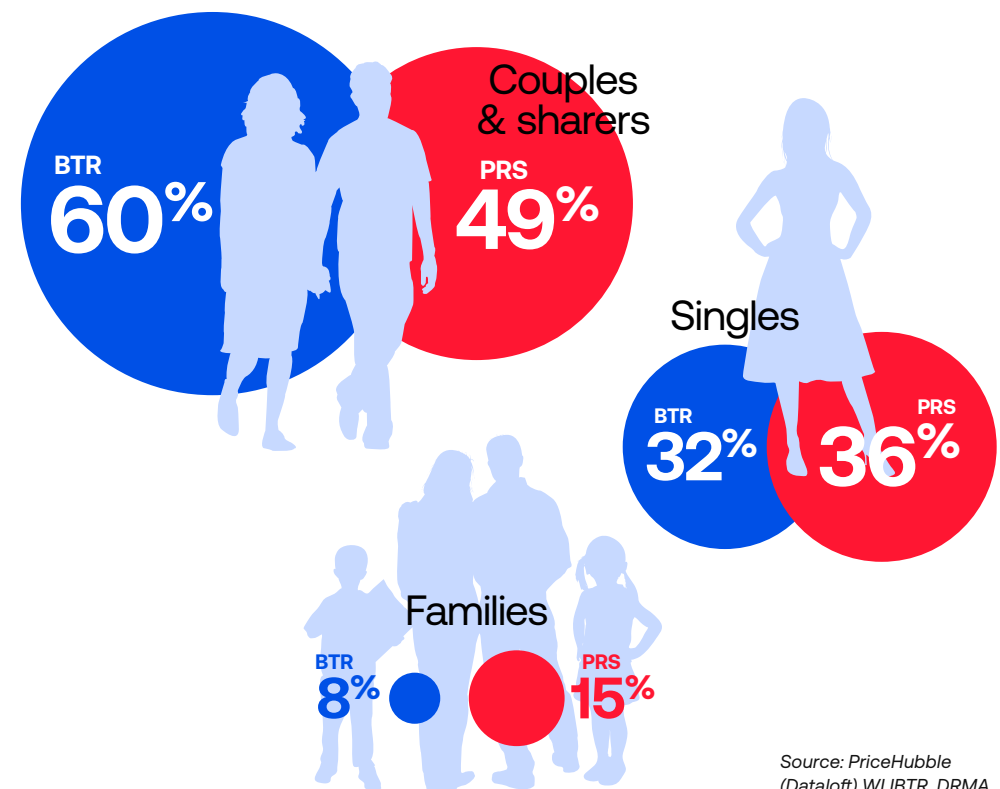
Looking at the data in more detail, Figure 2 shows that 25-34 years old is the most common age band for people who live in the Build-to-Rent sector as it is in the wider private rented sector, and couples/sharers represent the largest proportion of residents in both (figure 3).

Figure 2: Renter's age – Build-to-Rent vs the wider private rented sector



Source: PriceHubble (Dataoft) WLIBTR, DRMA

Figure 3: Household type – Build-to-Rent vs the wider private rented sector



Source: PriceHubble (Dataoft) WLIBTR, DRMA

The proportion of residents in Build-to-Rent across the middle-income bands is generally similar to the wider private rental sector although differences are apparent at either ends of the spectrum. Renters earning between £32,000 and £56,000 make up 33% of those living in Build-to-Rent compared to 37% in the wider private rental sector. At the upper end of the income range however, those earning over £68,000 make up 33% of Build-to-Rent and 24% of the wider rental sector. The higher income figure for Build-to-Rent is largely due to the data originating from three large schemes in London. In both market segments, the dominant employment sector is financial and professional services (figure 5). There is also a disproportionately high number of students living in Build-to-Rent in London, which could reflect both a lack of purpose-built student accommodation in London and the appeal of amenities in Build-to-Rent developments to international students.

Figure 4: Renter's income band – Build-to-Rent vs the wider private rented sector

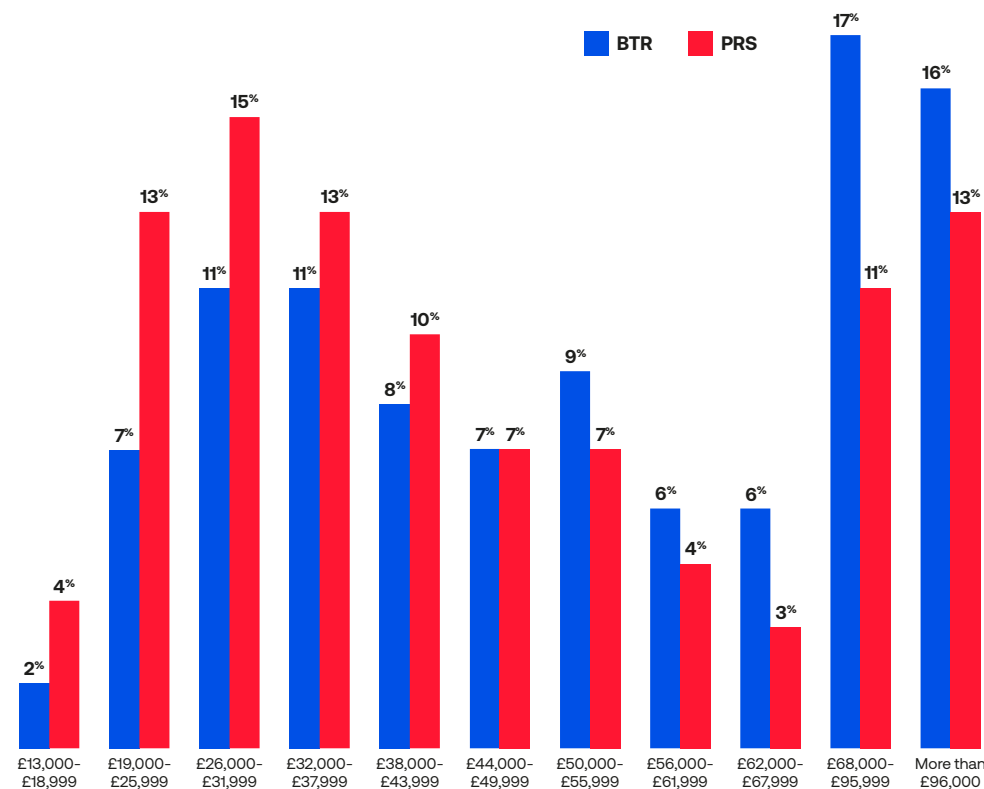
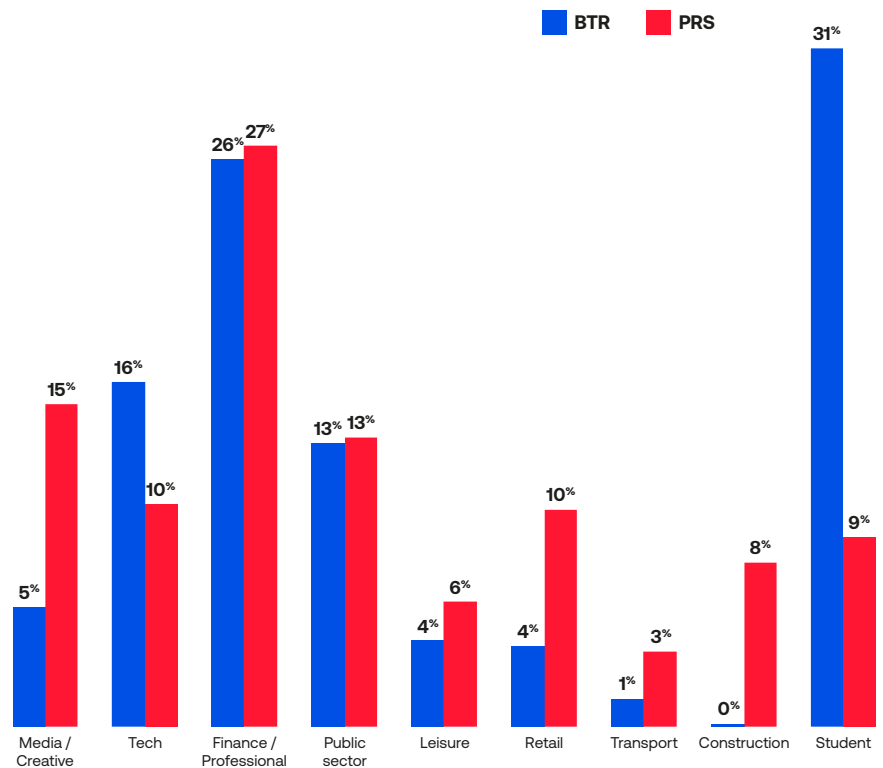


Figure 5: Renter's employment sector – Build-to-Rent vs the wider private rented sector



Source: PriceHubble (DataLoft) WLIBTR, DRMA

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Flexibility and affordability in London

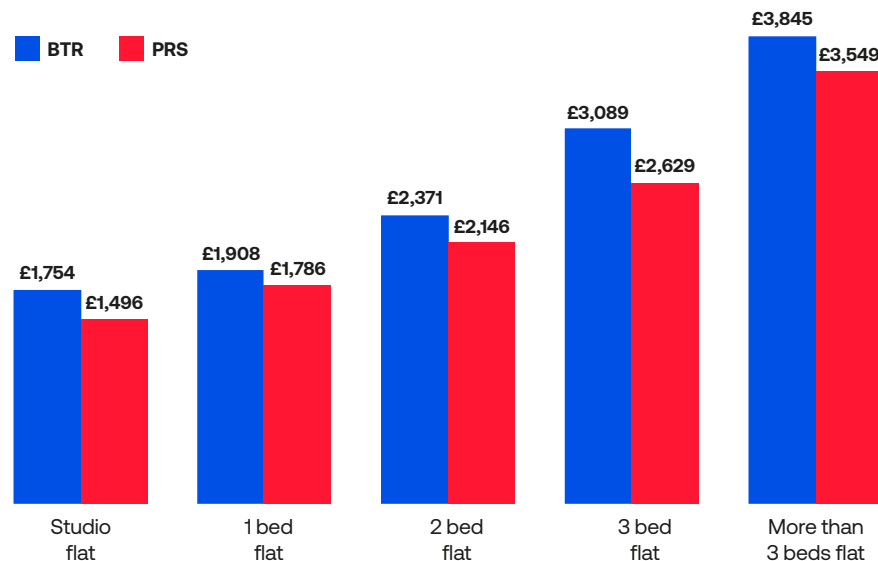
Build-to-Rent homes offer flexible and affordable accommodation for those wishing to live and work in London. When looking at affordability, figure 6 shows that average monthly rents for Build-to-Rent homes are comparable to the wider private rented sector. For those not able to afford market rents, Build-to-Rent offers Discounted Market Rent (DMR) homes which are set at a percentage below the market with an average discount of 34% per scheme. Crucially, there is no difference in quality and service provision between these and the market rent homes.

The affordability ratio – the percentage of income amount spent on rent – is also broadly in line across the two sectors with singles living in Build-to-Rent spending on average 31% of

their income on rent compared to 34% in the wider private rented sector while couples and sharers spending 28% and 30% respectively (figure 7).

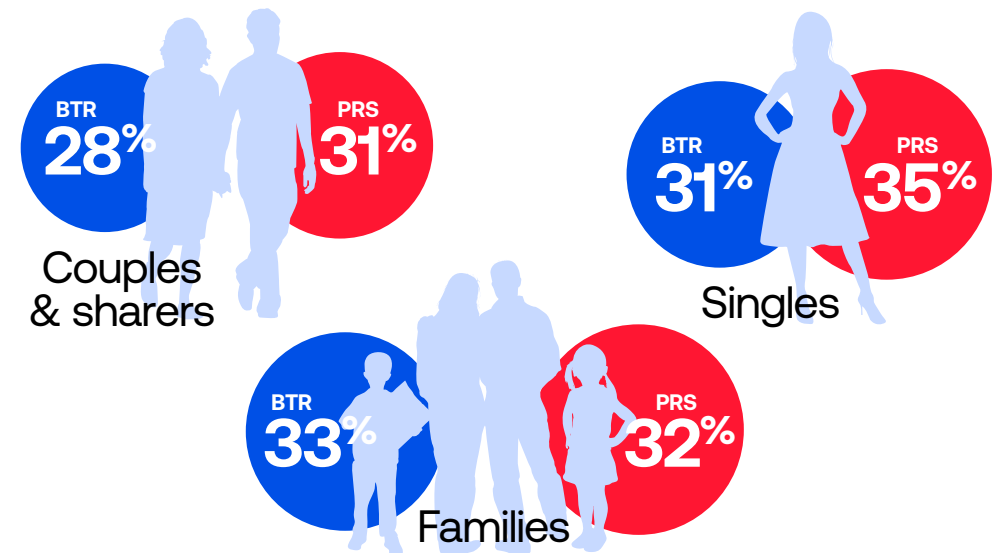
It should be noted that whilst rents are broadly similar across both sectors, Build-to-Rent developments typically offer services such as broadband within the rent. So, whilst Build-to-Rent is often perceived as a more expensive rental product, it may offer better value for money than the wider private rented sector when all expenses are considered.

Figure 6: Average monthly rent – Build-to-Rent vs the wider private rented sector



Source: PriceHubble (DataLoft) WLIBTR, DRMA

Figure 7: Average % of gross household income spent on rent – Build-to-Rent vs the wider private rented sector



Source: PriceHubble (DataLoft) WLIBTR, DRMA

Build-to-Rent is not simply about building homes but also about creating places where people want to live. Not only does it provide a home for the long-term, offering renters the choice to take up leases of between one to three years or more (figure 8), but it also offers a varied social and community life.

Figure 9 shows the top ten amenities included in the rent across the Build-to-Rent schemes surveyed. These are available to all residents regardless of whether they are paying the full market or discounted rent. Build-to-Rent providers understand that if residents feel part of a community, they are more likely to remain for the long-term.

Figure 8: Lease lengths in Build-to-Rent

LEASE LENGTH	PROPORTION OF SCHEMES OFFERING LEASE LENGTH	PROPORTION OF UNITS WITH LEASE LENGTH ACTIVE
1 year	100%	63%
2 year	88%	10%
3 year	91%	27%
More than 3 years	13%	<1%

Source: PriceHubble (DataLoft) WLIBTR, DRMA

This long-term security is vital not only for residents but also for the health of Build-to-Rent’s business model which ultimately will enable it to grow.

Build-to-Rent’s unique model means it is increasingly being seen as a choice for many Londoners who want to rent a home that is both flexible and affordable in the capital. Whilst the sector is not a cure all for London’s housing challenges, it remains committed to working with the Government to ensure that its role within the wider housing market is properly understood ensuring not only its own success but also that of London.

Figure 9: Top ten amenities provided in Build-to-Rent

AMENITIES	INCLUDED IN RENT
Shared Garden and/or Roof Terrace	90%
Social Calendar/Events	90%
24-hour security	83%
Concierge	79%
Parcel Storage/Acceptance	76%
Co-working and/or meeting space	72%
Residents Lounge	72%
Event Space	69%
Gym/wellbeing centre	59%
Fitness studios	45%

Source: PriceHubble (DataLoft) WLIBTR, DRMA

We would like to thank our partners
for their contribution to this data:

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Touchstone

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PriceHubble is a global data and analytics business that builds innovative digital solutions for the residential real estate and banking industries, based on market insights. Its products and services help bring transparency and accuracy to residential markets in 11 countries across Europe and in Japan. Following its acquisition of Dataloft in 2023, it holds the UK's most comprehensive source of achieved rents and renter demographics utilising the Dataloft Rental Market Analytics (DRMA) database. DRMA is the UK's largest and most comprehensive single source of achieved rents and renter demographics.

Our mission

We make it easier to grow your business in the capital

We work to deliver the bigger picture, campaigning to tackle today's challenges and to secure the future promise of London.

We harness the power of our members, from sectors that span the economy, to shape the future of the capital so Londoners thrive and businesses prosper.

We support business to succeed — locally, nationally, globally. We link up with other cities around the UK, to ensure the capital supports a thriving country.

We campaigned for the creation of the office of London Mayor and Transport for London, for the Elizabeth Line, for congestion charging, we incubated Teach First and run the UK's largest annual jobs and careers fair, Skills London.

We create opportunities for our members, from sharing insights to providing platforms, from making introductions to finding new talent. We facilitate collective, organisational, and individual ambition.

Becoming a member of BusinessLDN helps to keep London and the UK working — for business, for Londoners, for the whole country.

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