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ULI UK Residential Council:

# BUILD TO RENT: A BEST PRACTICE GUIDE

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Edition 2 | March 2016

*This Guide is not a house-building manual. It tackles what has to be done differently for the successful delivery of high-quality and wide-ranging UK Build to Rent stock, in contrast to building 'For Sale'.*

*This fully revised second edition considers best practice in the design, delivery, management and maintenance of purpose-built rental stock for the UK, as well as planning, viability, cost, procurement and how best to understand the prospective customer. If everything is taken into consideration, this should make living and working in a purpose-built rental block a great experience and a concerted choice for many more people in the UK.*

*Finally, it should also serve to help create and protect long term value for all stakeholders.*

This Guide was developed in 2015-16 by a multidisciplinary Steering Group of residential professionals who are all members of the ULI UK Residential Council, with editorial and secretariat support from Alex Notay, Policy Director, ULI UK.



**Urban Land  
Institute**

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# Contents

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Foreword: UK Housing Minister	2
Introduction: ULI UK Residential Council Chair	3
Endorsements	4
About ULI and the UK Residential Council	6
Context	8
Acknowledgments	10
Chapter 1: The Opportunity	13
Chapter 2: The Customer	23
Chapter 3: Management	41
Chapter 4: Form & Layout	63
Chapter 5: Sustainability, Engineering & Construction	85
Chapter 6: Fit-Out Specifications	103
Chapter 7: Cost & Procurement	127
Chapter 8: Planning & Viability	153
Glossary	170
Steering Group, Working Group and Independent Review Panel Members	173

## Foreword: UK Housing Minister

I am delighted to have this opportunity to contribute the foreword for the second edition of the Urban Land Institute's Build to Rent best practice guide.

This Government has got Britain building again, with housing completions at their highest annual level since 2009. We aim to build a million homes by 2021, and help hundreds of thousands of people take their first step on the housing ladder.

We have announced the biggest, boldest and most ambitious plan for housing in a generation with a doubling of the housing budget.

We are rightly putting owner occupation at the heart of our plans for boosting housing supply – but not to the exclusion of all other tenures. The private rented sector plays a vital role in meeting the housing needs of this country and that will remain the case for many years to come.

I want to see the private rented sector respond to the nation's housing needs by providing new forms of supply and improved quality and choice. The Build to Rent sector, although still quite new, has an important contribution to make to both those objectives.

The start of 2016 has seen significant announcements of new Build to Rent investors, and some major new schemes. British Property Federation figures tell us that there are now 30,000 new Build to Rent homes in the development pipeline, with 8,000 completions. That is good news for people renting homes now and in the future – be they young professionals, families with children or even downsizers planning to recycle their existing home back into the owner occupied market.

It is also a gratifying response to the work we undertook in the last Parliament to kick-start the sector – through the Montague Review, the PRS Task Force, the Build to Rent Fund and our PRS Guarantee scheme.

If we are to succeed in creating a new and enduring stock of institutionally funded rented housing, with a new industry behind it and new generations of customers, then we must make sure we get it right. Demographics, location, design, construction, marketing, management – all these factors, and more, are crucial and will make the difference between successful and unsuccessful business models.

Crucially, done properly, this is a sector that can cater for housing needs all around the country – not only in the major city centres but spreading out into the suburbs and other towns.

So I am delighted that the Urban Land Institute has produced this second edition of its well received guide. Building on the lessons that the pioneers have learned in the early years of this sector, the guide will be an invaluable resource for practitioners, policy makers and local authorities alike.



**Brandon Lewis MP**  
Minister of State for  
Housing and Planning  
4<sup>th</sup> March 2016

A handwritten signature in black ink, appearing to read 'Brandon', with a long horizontal flourish extending to the right.

# Introduction: ULI UK Residential Council Chair

## Welcome to Edition 2 of the Build to Rent guide.

It is almost two years since the launch of Edition 1 and the world of renting has moved on significantly. We have always hoped that a second edition might be feasible, when we could move away from proving the Build to Rent concept in the UK, to demonstrating best practice in a UK context. We believe that now is the right time.

This is a guide that has been written by the industry for the industry. Edition 2 responds to reader feedback and has a much broader remit.

The cornerstone of our deliberations at each Steering Group meeting has been that this Guide should highlight those issues that are specific to Build to Rent property. It is easy to start listing aspects that are simply good practice in residential development and we are all keen to avoid a 'door-stop' book. Our continuing aim is that this Best Practice Guide on design and management can be a practical, quick-reference tool for anyone involved in Build to Rent in the UK, whether designers, developers, operators, investors, planners or policy officials.

Aside from revising and providing more depth to existing content, we have introduced 3 brand new chapters on the Customer, Cost and Procurement and Planning and Viability. We have also substantively amended our chapter on Management and moved it forward in the Guide to reinforce that this is not just a building product, but actually a service sector. Quality management that reflects the convergence of residential and hospitality is the heart of successful Build to Rent.

As investors continue to express a preference for this type of product, Build to Rent as a new, emerging asset class is gaining significantly more traction in the UK market and at a faster rate than many of the optimists amongst us had predicted. Yet we are far from established and there are particular challenges around competition for sites and viability. Our new case studies reflect this challenge, as we are in a transitional phase between converted for sale product and true Build to Rent.

Inevitably the Guide is a snapshot in time, at a point when housing policy is rapidly evolving in the UK, but care has been taken to deal with issues at a high level as each project must be ultimately designed to meet the demands of its own particular market and business model.

Build to Rent can support the supply of more, better quality homes, more quickly. It can support a wider range of housing need. We hope that this Guide continues to set a quality benchmark for the design and management of Build to Rent. Enjoy!



**Richard Meier**

Chair, ULI UK Residential Council,  
Partner, Argent (Property  
Development) Services LLP

## Endorsements

As a result of London's unprecedented population growth, a massive increase in house-building is required to deliver about 50,000 new homes a year. Build to Rent is integral to that goal. The ULI has been at the forefront of thinking about how this can be achieved. In particular it has done tremendous work to demonstrate how London can deliver a quality rented offer similar to the US and Europe. This thoughtful report shows how Build to Rent can offer consumers something distinct and desirable compared to much of the existing rental offer, as well as how to deliver well-designed schemes in high density cities like London – a critical issue for the Mayor.

### **Richard Blakeway**

Deputy Mayor of London for Housing, Land and Property



Manchester's housing market has seen a remarkable turn around over the past decade, supported by a strong, diverse and growing economy, which in turn has attracted significant population growth. Much of this growth has been accommodated in the PRS, especially around the City Centre. Professionally managed Build to Rent has been slow to pick up but there are a significant number of completed and developing units now coming through into the market.

One of the most significant has been Manchester City Council's own joint venture with ADUG, Manchester Life, which is building its first Build to Rent residential development in the heart of Manchester's New Islington area. This has followed on from Manchester's partnership with the Greater Manchester Pension Fund to develop the Matrix Homes branded development in Manchester.

All of these Build to Rent developments have come about as a result of Manchester's strategic intent to grow the City and in particular to harness the investment opportunity that lies within this sector. Edition 1 of the ULI Guide was invaluable in establishing the basics around quality design and promoting good practice. I am pleased to see that this update has included additional chapters around understanding the Customer and Planning and Viability.

I am sure that many strategic housing authorities will have understood the importance of this sector and this Guide will help them make the case for enabling and facilitating the growth of what I am sure will be a mainstream way of life for many of our citizens for many years to come.

### **Paul Beardmore**

Director of Housing, Manchester City Council



Whilst there are currently few large scale new build PRS developments in Scotland, there is a growing recognition of its potential to help quickly increase the supply of much needed new housing, particularly in urban areas. That is reflected in the Scottish Government's decision to commit funding to support my appointment as PRS Champion and in the range of relevant work that is underway across the public and private sectors.

As PRS Champion in Scotland I am supported by a PRS Working Party that brings together a team of experts from industry, trade associations, managing agents, financiers, local authorities and Scottish Government. Our focus is on working collaboratively to identify a cohesive set of measures and positive interventions to facilitate the sector's growth in Scotland in the coming years.



We are clear that the emergence of a new, professionally managed, institutionally invested purpose built private rented sector would result in the rapid and volume delivery of high quality new housing, boosting flexibility, choice and affordability in doing so. With careful innovative design and modern construction techniques, supplemented by new standards of professional management and service delivery, it also presents an opportunity to transform the customer experience of the rented sector in Scotland.

An evidence based analysis of tenant demographic, to support development and regeneration of both urban and suburban sites, can inform a flexible approach by planning authorities to design standards and planning gain to better match the needs of both tenant customers and local communities.

This second edition advising and celebrating best practice is commended to the Build to Rent community, to local planning authorities, and to all with an interest in this exciting and vibrant new sector.

**Gerry More**

Private Rented Sector Champion, Homes for Scotland

## About ULI and the UK Residential Council

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The Urban Land Institute provides leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI is an independent global non-profit supported by members representing the entire spectrum of real estate development and land use disciplines.

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Founded in Chicago in 1936, the Institute now has over 37,000 members in 95 countries worldwide, representing the entire spectrum of land use and real estate development disciplines, working in private enterprise and public service.

ULI has been active in Europe since the early 1990s and today we have nearly 2,500 members across 27 different countries. The UK National Council is the largest in Europe with over 800 members and has had a thriving UK Residential Council since 2011.

As the leading global think-tank for the real estate industry, ULI is known for its neutral and non-lobbying status. ULI provides a 'safe space' for its members to engage with challenging ideas at the highest level and also to develop and disseminate research, best practice and education programmes for the wider industry. Its diverse range of programmes and publications include the renowned 'Multifamily Housing Development Handbook' and member-only study tours.





The ULI UK Residential Council have run four sold-out study tours since 2013 to explore the multifamily housing experience in Chicago, Boston and Washington DC. Many of the lessons from those tours have influenced the development of this Guide. Tour alumni have benefitted from new relationships with their UK peers as well as valuable insight into the expertise of industry leaders in other markets.

Ongoing demand for regional Build to Rent roundtables, events at MIPIM and a partnership with the Movers & Shakers PRS Forum have demonstrated how much progress has been made in getting the UK residential sector to understand the principles outlined in the Guide.

Beyond Build to Rent, the UK Residential Council programme features a series of roundtables, seminars and site visits on other key residential topics including Later Living, Housing Capacity, Modern Methods of Construction, and Permitted Development Rights.

Membership of ULI is open to all built environment professionals. Membership of the Residential Council requires the submission of a CV or bio in order for the Chair to ensure a balanced membership is maintained. For more information, please contact ULI UK Coordinator Agnes Gomori, [agnes.gomori@uli.org](mailto:agnes.gomori@uli.org)

## Context

The members of the ULI UK Residential Council are proud that the first edition of our Build to Rent Guide is already regarded as a seminal publication for the residential sector - indeed Property Week lauded it as the new 'Bible' for our industry! Launched in April 2014, when there was still significant market scepticism as to whether the nascent private rented sector in the UK was really going to succeed, it set out the differentiating factors in the design, development and management of purpose-built residential stock for the UK.

In the 2 years since then, we have seen an explosion of interest in institutional investors taking on Build to Rent projects. The BPF have launched their Build to Rent Manifesto, acknowledging it as a new emerging asset class, treading the footsteps of the student housing boom 10 years ago. The PRS Taskforce at DCLG, who co-commissioned the first edition, delivered a series of policy and funding initiatives to support the sector, including the Private Rented Sector Housing Guarantee Fund and the IPF published an enormously helpful paper on viability.

As Richard stated in his introduction, we had always hoped that a second Guide might be feasible, when we could move from proving the Build to Rent concept could work in the UK, to demonstrating true best practice in a UK context. The original Steering Group were conscious that we were reliant on US examples in the first edition, because there simply weren't any case studies here. We are delighted that this new edition features not only 3 brand new chapters and 5 fully revised chapters but also numerous homegrown case studies of real schemes, both purpose-built and adapting existing buildings to be managed in the way we outlined. These case studies demonstrate that Build to Rent most easily caters for the millennial generation that ostensibly value lifestyle and experiences over material possessions and geographic stability. Yet it also has potential to serve many other demographics, whether down-sizers or families wishing to delay or avoid a move to the suburbs.

This second edition is the result of a 12 month process that started with a workshop in March 2015 involving 70 council members and invited industry guests. Participants shared feedback on the first guide and suggested areas we needed to improve for edition 2. By June 2015 we had formed a multidisciplinary Steering Group of residential professionals who are all members of the ULI UK Residential Council, with editorial and secretarial support (and occasional haranguing!) from me.



**Alex Notay**  
Policy Director, ULI UK

Once again, we appointed chapter leads but this time round they did not have to shoulder the burden of drafting alone – instead having their own Working Groups to debate, discuss and draft content with. We are enormously grateful to the 50 individuals who volunteered their time and expertise to contribute to this project. The impact of their involvement is clear in the greater depth and detail of this edition.

Two independent review panels of expert industry leaders were convened on 12th February 2016 to ensure the draft Guide was subject to robust peer review before publication. Although participants considered the pressure of reviewing the text in these sessions as “like an exam!” their suggested revisions and contributions to the draft text were immensely valuable.

Sincere thanks are offered to each of these individuals who gave so generously of their time and expertise to ensure a quality publication. A brief list of acknowledgements follows, but please see pages 172-174 for a full list of Steering Group, Working Group and Independent Review Panel members.

Any outstanding errors or omissions are entirely the responsibility of the editor and will be corrected in future editions of the Guide.

### **The Editor**



Launch of Guide, Edition 1, 2nd April 2014.

# Acknowledgements

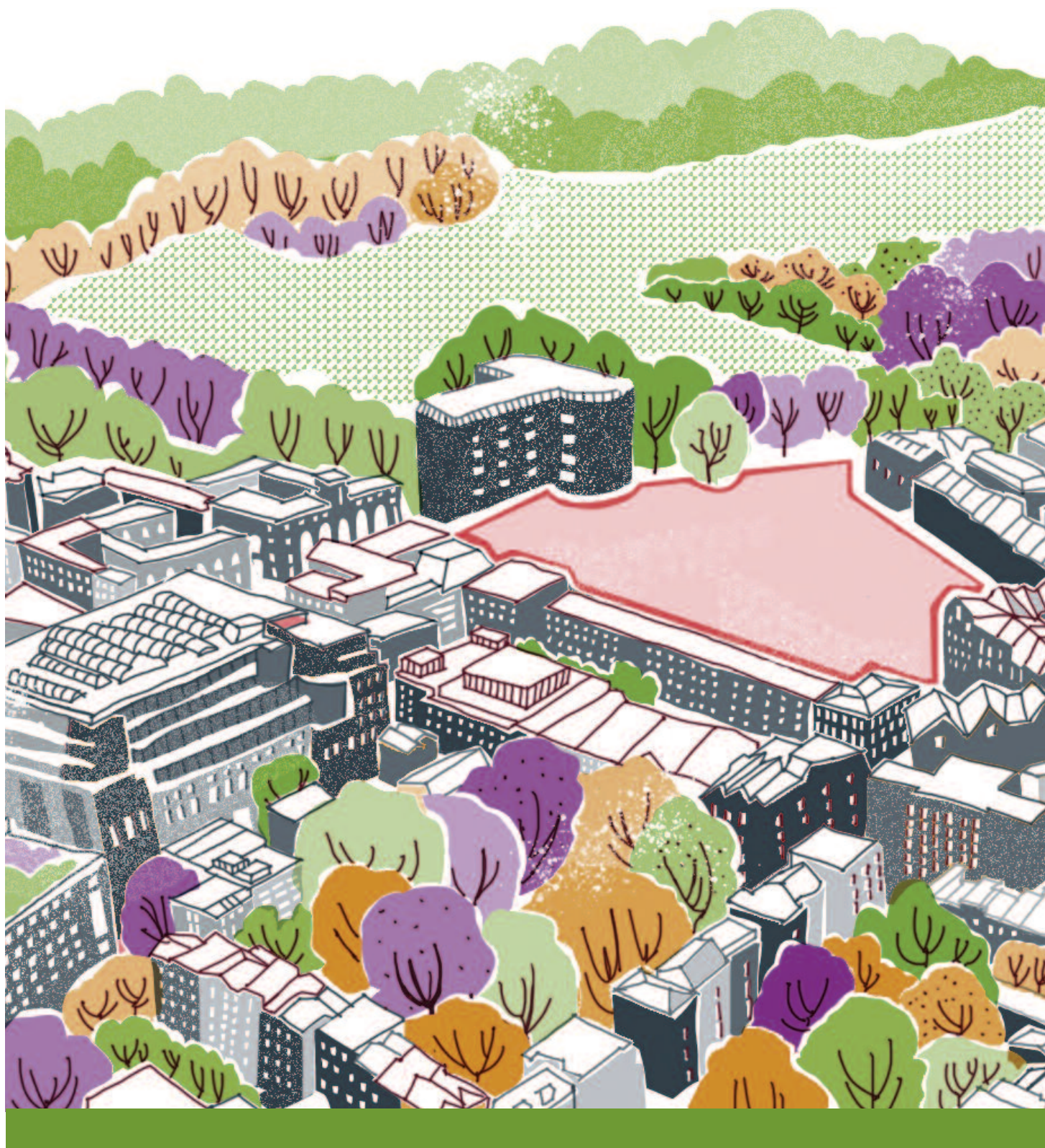
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- All members of the project Steering Group (listed page 172), but particularly our Chair, Richard Meier, who hosted all meetings, proof-read in enormous detail and steered us through some challenging deadlines!
- Special thanks to all chapter leads, Paul Winstanley, Jacqui Daly, Michela Hancock, Russell Pedley, Eduardo Urinovsky, Todd Lundgren, Mark Farmer, Chris Wheaton and Dominic Martin who took on the most challenging drafting elements.
- All Working Group members (listed page 172-173) who contributed to the individual chapters through a series of meetings in 2015-16.
- All participants in our Independent Review Panels (listed page 174), and those who gave extensive additional support in the late editing stage, particularly Robin Blacklock, Chris Brown, Adam Challis, Mark Davis, Ian Fletcher, Gerry More and James Scott.
- Andrew Yates and Berwin Leighton Peisner who generously hosted our edition 1 feedback workshop in March 2015, where the 12 month process towards this edition 2 began.
- Félicie Krikler at Assael Architecture for leading the creation and co-ordination of all images in this edition and her colleagues Emily Sandercock, Samantha Charles and Hannah Brownlie, for their high-quality and informative hand-drawn sketches, which do so much to illuminate the principles set out in the Guide. Our sincere thanks to Assael for contributing so much time and resource to the project pro bono.
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- Amanda D'Arcy at AD Design for exceptional graphic design at all hours of day and night!
- Nick Jopling, Executive Director at Grainger plc, immediate past Chair of the ULI UK Residential Council and driving force behind the first edition of this Guide, for his continued enthusiasm, support and commitment.
- Simon Clark, Chair of ULI UK and Liz Waller, Executive Director of ULI UK, for their wholehearted support of this project.
- Greer Allison at Argent LLP for organising a year's worth of meetings despite seemingly impossible schedules, as well as printing and proofing many drafts.

**ULI UK Residential Council Workshop to evaluate Edition 1, 19<sup>th</sup> March 2015**



*Since the first edition of ULI UK's Build to Rent: A Best Practice Guide was published in April 2014, there has been over 10% growth in the number of UK households who rent their home in England.*



## Chapter 1

# THE OPPORTUNITY

<b>1.1 The UK's Housing Conundrum</b>	14
<b>1.2 The Rise of Build to Rent</b>	15
<b>1.3 Build to Rent or PRS?</b>	17
<b>1.4 Build to Rent: An Opportunity for Whom?</b>	19
<b>1.5 Conclusion and How to Use this Guide</b>	21

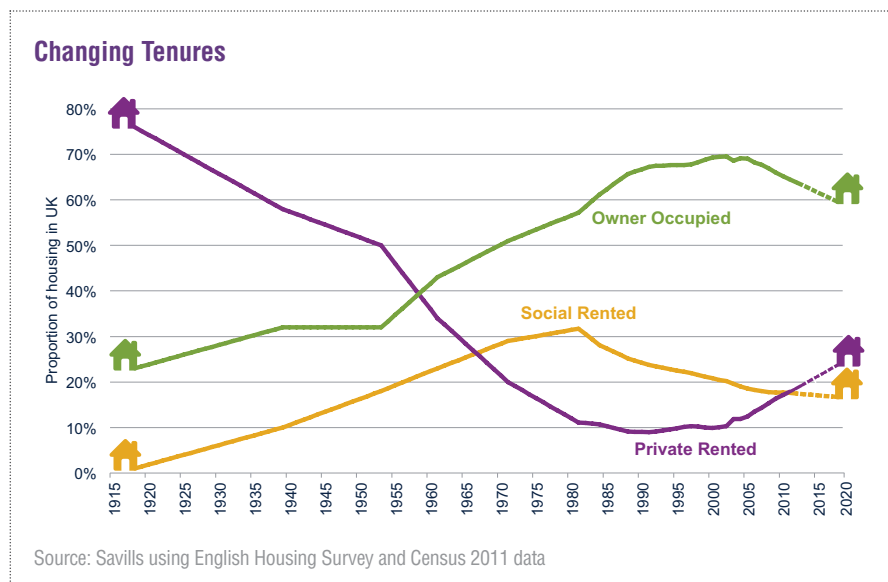


*Emotion drives so much in residential property, how we feel about our home is as important as how much we pay for it.*

### 1.1 The UK's Housing Conundrum

The UK's housing tenure profile is changing: and rapidly. One reporting year on since the first edition of ULI UK's Build to Rent: A Best Practice Guide was published in April 2014, there has been over 10% growth in the number of households renting in the UK. Taking a step back, this is a staggering statistic; especially so with an estimated average of 19,000 new homes per month offered for rent by the private sector over the last 10 years.<sup>1</sup>

The reality is, of course, that much of this new supply has come from second-hand owner-occupier dwellings predominantly fuelled by the investment appetite of individuals and funded by a combination of personal equity and buy-to-let mortgages. With just over 130,000<sup>2</sup> new residential properties completed in the year to June 2015, however, it is not difficult to comprehend the scale of the problem going forward if the current trend in demand continues; especially so as the number of owner-occupier households has remained relatively static over the last three years. And given the Office for National Statistics' forecasts for future housing need, in early 2016, Savills predicted that we will need to house an additional 1.2 million households in privately rented property by 2020; that's c. 220,000 additional households per year.



<sup>1</sup> According to Savills using EHS and Census 2011 data, the total growth in the number of privately rented households in the UK was 2.345m in the last 10 years = c. 19k per month on average.

<sup>2</sup> NHF Statistics

However we elect to term it, we have at the very least a housing shortage, increasingly a housing problem or, to be more emotive a housing crisis – and this link to emotion should not be taken lightly. Emotion drives so much in residential property, how we feel about our home is as important as how much we pay for it. The aspiration for home ownership remains as high as ever across the UK, with a staggering 86%<sup>3</sup> of people aspiring to own their own home ‘one day’.

**Yet owning ‘one day’ will be, for many, a good number of years away and may never arrive.** In the meantime, all those people need to be housed outside the owner-occupier sector in as good quality, affordable accommodation as possible. As an industry, our responsibility is therefore to help crack the conundrum of how we best provide enough homes; and more importantly, enough quality homes to rent until that ‘one day’ arrives.

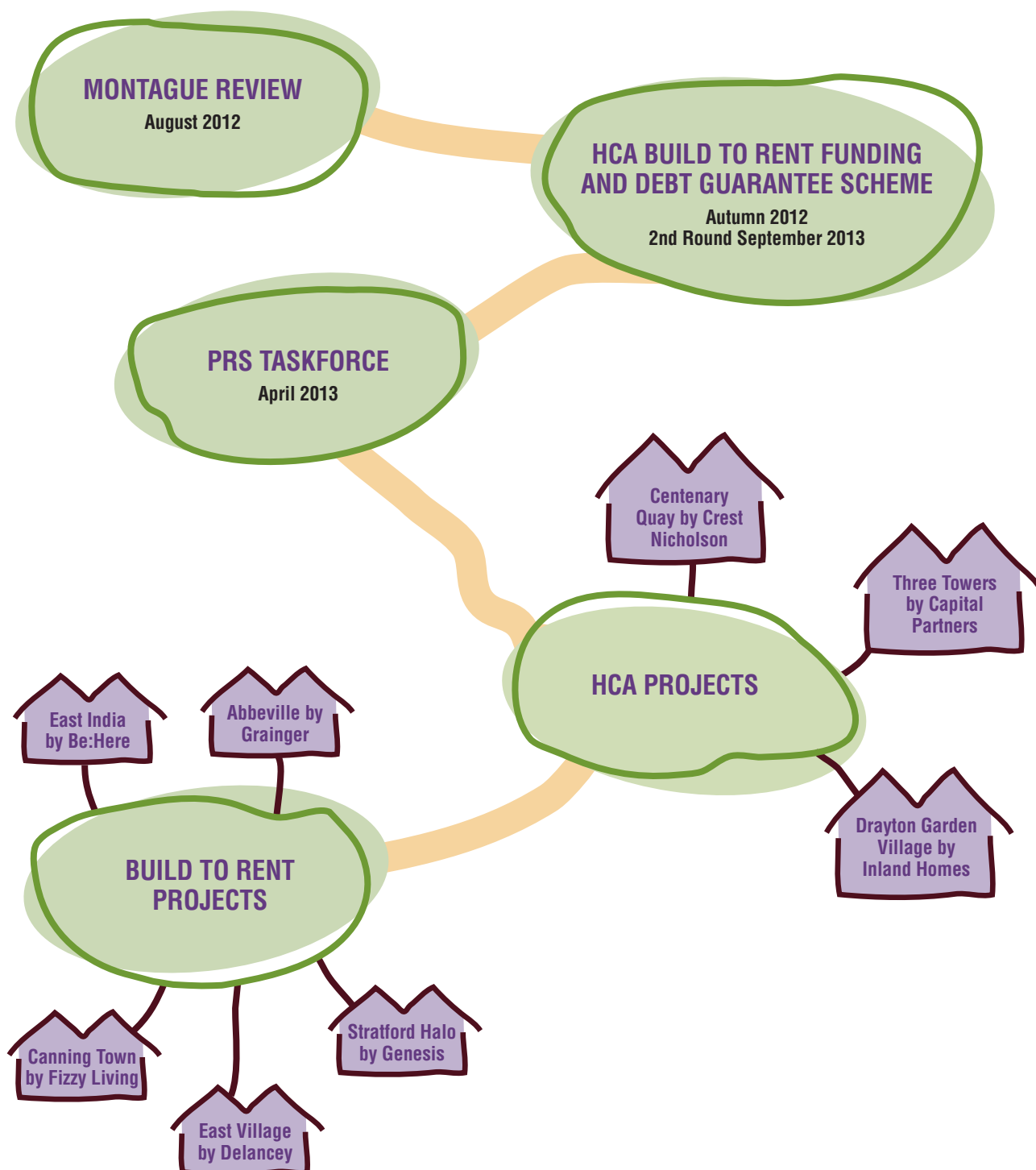
**For others, home ownership is not actually that important.** Numerous research studies state that ‘Millennials’ are increasingly likely to rent by choice, to retain flexibility and a standard of living in a choice location that might not be feasible otherwise. A Government led home-ownership agenda is both understandable and logical politically but it is vital for the UK’s housing supply that a mixed tenure strategy is encouraged if the practical and aspirational needs and wants of the population are to be met.

## 1.2 The Rise of Build to Rent

At the launch of the first edition of *Build to Rent: A Best Practice Guide* in April 2014, Build to Rent as an asset class was very much an aspiration for the UK. Its publication followed a period of extraordinary Government support for the development of large-scale, institutionally funded rented accommodation with the specific purpose of increasing and improving the rented property stock across the country. The disaggregation of Stamp Duty for multiple residential property transactions, the Montague Review and foundation of a Government PRS Taskforce, and the introduction of the Build to Rent Fund – among other things – were, in hindsight, clear catalysts for the market, which inspired investment.

<sup>3</sup> According to the British Social Attitudes Survey 2015.

*The traditional PRS and Build to Rent are not the same thing, and should not be thought of as such.*

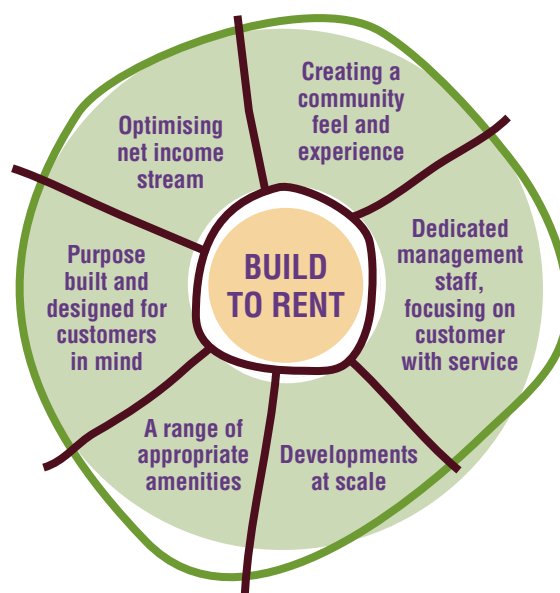


With so much investor interest, that first edition of the Guide was well received and quickly became a required reference document for the residential investment industry. It offered the marketplace a collection of thoughts and insight from a wide range of professionals with a passion for Building to Rent; from architects to engineers, from spatial planners to asset managers and from agents to valuers. The combination of those who contributed to the work provided a blueprint of the vision for Build to Rent in the UK. The Guide included an insight into the opportunity and promoted best practice in design and layout, largely based on research and experience from areas of the world where a large scale, institutional grade product already existed such as the USA and mainland Europe.

So, in April 2016, what has changed and why does the market need a second edition of the ULI Guide? Well, first and foremost, 'Build to Rent' is now materialising as 'Built to Rent'. Increasing numbers of purpose-built units specifically designed for long term rental occupation have been designed and built across the UK and many more are either on-site in construction or in the planning pipeline.

### 1.3 Build to Rent or PRS?

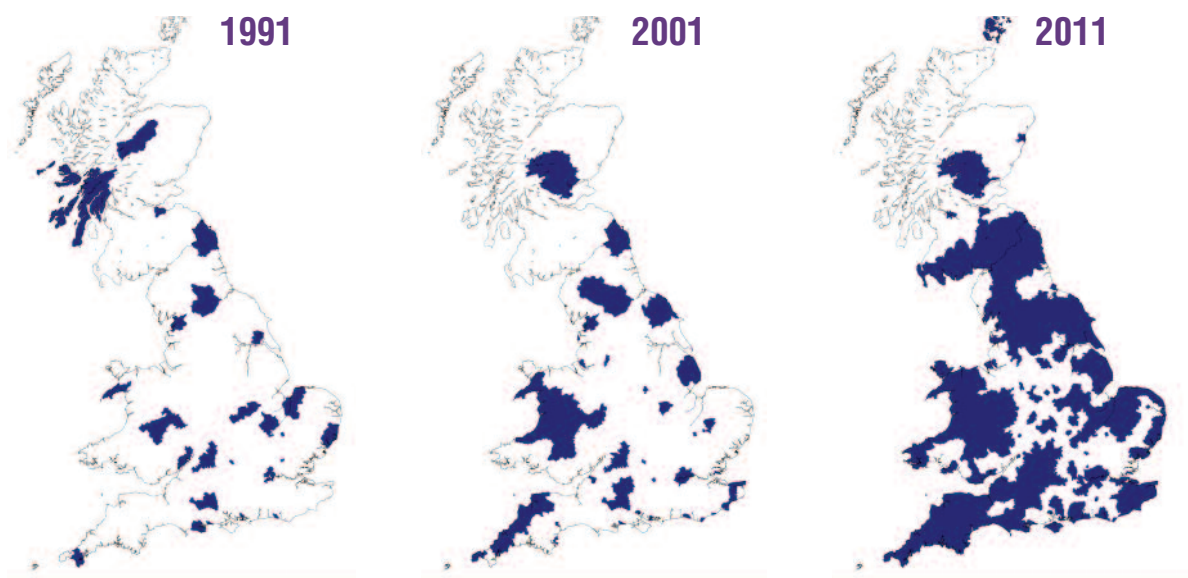
The Private Rented Sector, or PRS, has been a cornerstone of the UK's housing provision for hundreds of years. Although social housing did grow substantially in the second half of the twentieth century, the PRS has been the only growing housing tenure in the UK in recent years and it now represents nearly 20% of the UK's housing tenure<sup>4</sup>. Yet the PRS is by no means uniform. It includes a variety of different residential tenancy types and is predominantly a 'small-scale' or 'cottage' industry. Approximately, 10% of landlords are companies. The vast majority of rental properties are owned by private individuals and couples, either using buy to let mortgage finance or private equity to supply / invest in the rental market.<sup>5</sup> This is not a sector led by large-scale, professional investors.



<sup>4</sup> According to the BPF Build to Rent Manifesto launched in October 2015: <http://www.bpf.org.uk/sites/default/files/re-sources/BPF-Build-to-Rent-Welcome-to-the-UKs-newest-housing-sector.pdf>

<sup>5</sup> Nowadays, three-quarters of landlords are private individuals and couples; about 10% are property companies and the rest a mix of other organisations. Almost three-quarters have four or fewer properties, while very few own more than 25. Even so, the majority of Buy-to-Lets are owned by landlords with 10 or more properties. Source ARLA Rental Report 2006, 2008.

### Spread of PRS, areas with more than 15% of households in PRS



Source: Savills

### Elements specific to Build to Rent:



Appraisals typically assess the cashflow potential from the net rental stream over a long term hold horizon, with far less emphasis placed on any potential break-up opportunity as individual units sold into the owner-occupier market.

Absorption rates on rental schemes are proven to be faster than on schemes developed for sale. This is particularly appealing to developers and investors considering Build to Rent and is explored further in chapter 2.

Asset management practice centres on the customer. Dedicated management and high levels of communication with customers is a prerequisite. Use of new technology by both customers and operators enables better asset management at all levels.

Transactions are structured using a variety of funding structures. Examples could include forward funding or forward purchase arrangements.

Customers will enjoy de facto security of tenure by virtue of renting a property which, in the hands of a long term professional owner, will remain in the rental sector for the long term.

It is therefore worth reiterating that **the traditional PRS and Build to Rent are not the same thing, and should not be thought of as such**. True, 'Build to Rent' will form part of the privately owned rental offering in the UK, but market evidence now demonstrates to us that, as an asset class, it will be appraised, valued, managed, bought and sold very differently than traditional residential investment assets.<sup>6</sup>

This Guide defines Build to Rent properties as developments at scale (100 units+)<sup>7</sup> and are schemes which are purposefully designed and built with the customer in mind. It is anticipated that they will typically incorporate dedicated staff (potentially on-site) with a strong management ethos based on maximising the customer experience, together with a level of on-site amenity befitting the size of the development. Irrespective of the overall package of amenities, the creation of a community feel and positive customer experience is the underlying philosophy of any successful Build to Rent scheme.

To date, interest and activity has mostly been around the development of large scale apartment blocks in city centres across the UK and the outer zones of London. It is also fair to say that most attention has been focused on particularly well located sites within close proximity to infrastructure and local facilities. This is not to say that the opportunity for lower rise development, or houses, in suburban areas will not fall within a large-scale investor's Build to Rent investment portfolio in years to come, it just hasn't been a market focus as yet.

#### 1.4 Build to Rent; An Opportunity for Whom?

This Guide is intended to be a resource for all stakeholders in the private, public and charitable/not-for-profit sectors. It is also to raise awareness of the benefits and opportunity Build to Rent offers. Whilst we have already discussed the interest from investors and support from Government, it is important that there are a much wider group of interested parties who stand to gain from this emerging investment opportunity.

<sup>6</sup> Although the aspiration for the Build to Rent sector in the UK is to evolve to one that requires no break-up scenario it must be acknowledged that we are still in the formative years of a new asset class for the UK and, therefore, most investors are still considering the fall-back position of potential break-up as part of their investment analysis.

<sup>7</sup> Smaller schemes can work, depending upon location, but to achieve the economies of scale, larger schemes are likely to be more viable.



### **Communities and Customers**

Communities and customers are the priority and it is crucial that they embrace a development if it is to be successful. Demand for rental housing is here to stay and making sure that future developments start with those who will live there is imperative. If a development is successful, it is more likely that solid financial returns which outperform expectations will follow. For customers, the higher quality standards, greater security of tenure and better living experience offered by Build to Rent, developed in line with the principles in this Guide will be innately appealing.

### **Local Authorities and Government**

Given such a strong statistical case for increasing housing supply, home ownership is only one piece of the jigsaw. Build to Rent is a clear opportunity to significantly bolster new housing supply, and quickly. With placemaking and the need to create a community at its heart, Build to Rent is focussed on speeding up delivery of large-scale developments in order to achieve and maximise target returns. This is in direct opposition to the traditional house builder model, which relies on the drip feeding of supply to maximise price. Public land remains crucial to supply, as does the need for Local Authorities to recognise the differences between Build to Rent and Build for Sale residential developments in viability assessments. In fact, many Local Authorities see Build to Rent as a way to generate their own income stream over time and are establishing SPV's to deliver estate regeneration with significant rental housing or even to fund infrastructure on larger sites. Crucially, Build to Rent can enable Local Authorities to meet their housing needs across the entire spectrum, not just luxury or affordable.

### **Developers and Landowners**

Developers are quickly recognising the opportunity for Build to Rent developments, particularly via large scale apartment schemes and the role it can play in placemaking and creation of critical mass. To maximise the price of land and to ensure competitive profits for developers, design and quality, together with strong locational characteristics, are crucial.

### **Operational Property Companies**

Asset management is central to Build to Rent from a very early stage and there are a good number of Property Companies investing resources in advancing asset management techniques alongside the focus on achieving high levels of customer service. The benefits of strategic management will be advantageous to property companies and customers alike.

### **Investors and REITs**

Investors already appreciate the potential returns from Build to Rent and approximately £30bn of investment capital has been identified by the industry<sup>8</sup>. Despite changes brought over the previous parliament, REIT rules remain challenging for residential investment and the potential for larger-scale investment from a wider pool of scale investors is yet to be unlocked.

<sup>8</sup> Better Renting for Britain campaign, May 2015.

## 1.5 Conclusions and How to Use the Guide

Over the past two years the fledgling industry of Build to Rent has moved slowly but surely, from the hypothetical to the practical. We have purposefully added practical experience to the theory which was discussed in the Build to Rent: A Best Practice Guide first edition. With this in mind, this edition of the Guide is not designed to simply update the previous work; instead, this edition seeks to move the debate on significantly, feeding back the benefit of practical experience as we begin to see schemes being delivered. We have come a long way in the last few years, but we do recognise the industry is still a fledgling one with a lot to learn.

**The layout of the Guide is designed to take the reader on a journey from concept to the delivery and ongoing operations of a Build to Rent scheme. It is not a ‘how to’ manual and, again, is focused on assisting with best practice, as is understood today. It seeks to deliver readers with:**

1. A better understanding of the UK customer and, importantly, better knowledge of how to manage their rental experience (see Chapters two and three);
2. An outline of the design considerations to support successful schemes in terms of form and layout, fit-out, sustainability and engineering (Chapters four, five and six);
3. An understanding of cost and procurement constraints and opportunities (Chapter seven); and,
4. A clear appreciation of the importance of planning and Local Government to the chance of success and practical tools for implementation (Chapter eight).

These four key themes are supported by case studies from across the UK. You will find that case studies have been assigned to particular chapters throughout the Guide and each have a bespoke sketch to highlight a particular element of good practice.

We aren't there yet – there is still so much to do – but we are well on our way to establishing Build to Rent as a separate asset class within the UK Private Rented Sector. It will take years to build an industry from scratch, and so far we are only nearly half way through the initial ‘start up’ phase. We trust that this edition of the Guide will add significantly to the first edition and demonstrate that for those with passion for the development of Build to Rent in the UK, we may build on the great strides made to date; the journey is just beginning.