

The background image is a night-time photograph of a modern, multi-story apartment building. The building has a dark facade with prominent balconies that have glass railings. Some balconies have plants. The windows are lit from within, and some balconies have small lights. In the background, a city skyline is visible under a dark, cloudy sky, with various buildings illuminated. A body of water is visible in the lower right, with some structures and lights along the shore.

# UK BTR Market Update

December 2020

## Market update: 2020 in review

It has been a year dominated by a single theme, but for the UK Build to Rent (BTR) market it has also been a year of growth. Investor appetite remains strong and pricing has held firm.

Nearly £4 billion has been spent over the year-to-date, according to our deal tracker, with a few more deals expected to transact before year end.

A key driver for investors has been the performance of the sector through the pandemic, particularly when compared with other managed real estate.

Occupancy levels have remained high throughout and our monthly rent collection survey - which tracks the performance of some of the largest investors in the sector with more than 22,500 built and let residential units - continues to point to high rent collection rates.

Average rent collection in November stood at 95.1%. Monthly collection has averaged 95.8% since March.

This stability in the face of pandemic disruption has reinforced BTR's appeal to investors seeking long-term, reliable returns with existing investors such as Legal & General, Aberdeen Standard Investments and Grainger all active.

There have also been new entrants into the market, such as AXA with its recent purchase of Dolphin Square. This trend is likely to continue and sentiment would suggest that growing investor demand may lead to further competitive tension in the market and an inward movement of yields.

Access to opportunities and deploying capital remain the key hurdle to further investment.

The crisis hasn't just strengthened the sector's investment credentials, however. The events of 2020 have also highlighted the benefits of purpose-built, flexible, actively-managed accommodation in supporting wellbeing and creating diverse, integrated and engaged communities, creating a further point of difference between BTR and the wider rental market.

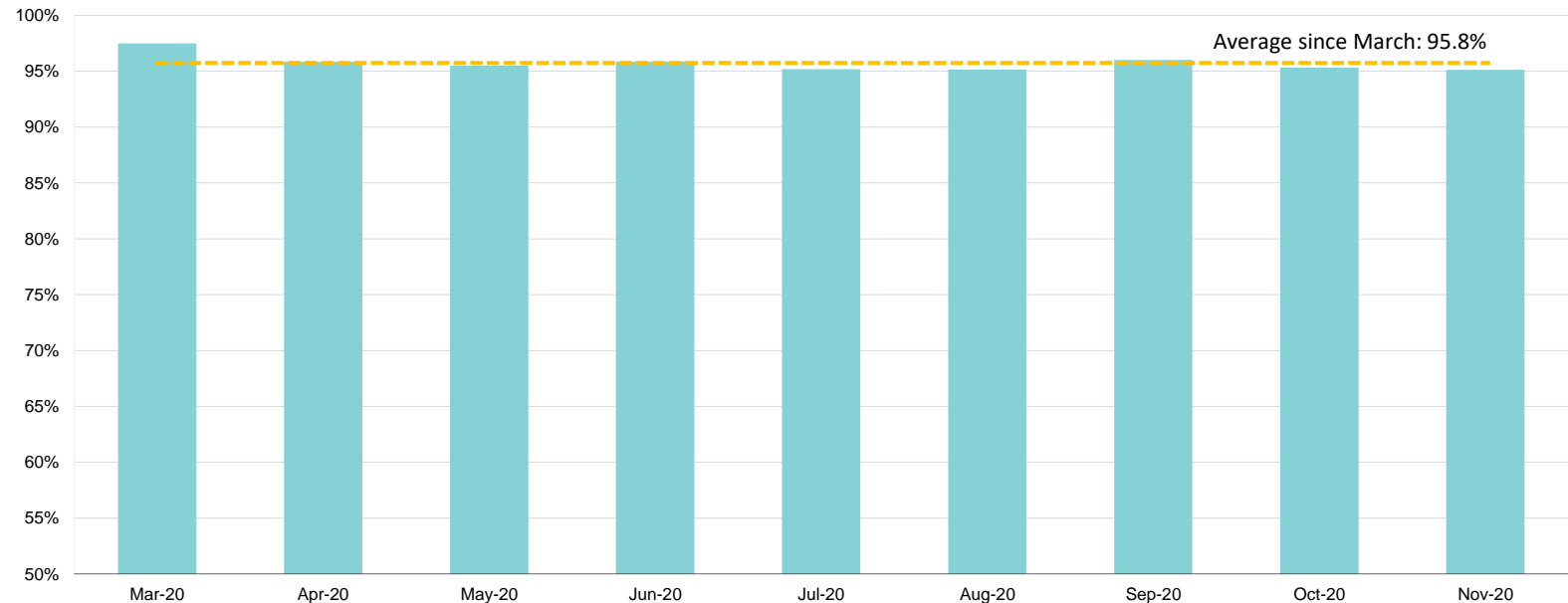
Indeed, analysis of resident reviews conducted by [HomeViews](#) earlier this year highlighted the importance of wellbeing, wellness

and social value for residents in BTR schemes, with consistent references to 'community' and 'neighbourhood'.

Longer-term, as tenant priorities change as a result of Covid-19, the service-driven BTR model is expected to emerge as offering clear advantages over the traditional buy-to-let sector. Purpose-designed, affordable accommodation with a range of value-add features such as 24-hour security, all-inclusive bills, parcel collection and on-site support will be even more attractive.

## Rent collection

Monthly average of responses as a % of rent due



The survey represents the views shared by some of the biggest investors in professionally managed PRS in the UK who collectively own and manage more than 22,500 built and let residential units. October's questionnaire on rent collection was completed in November..

Source: Knight Frank Research

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