



**Life for Rent: Evolving Residential Infrastructure in London
and the Rise of Built-to-Rent**

Journal:	<i>Urban Studies</i>
Manuscript ID	CUS-1206-22-12.R2
Manuscript Type:	Article
Discipline: Please select a keyword from the following list that best describes the discipline used in your paper.:	Planning
World Region: Please select the region(s) that best reflect the focus of your paper. Names of individual countries, cities & economic groupings should appear in the title where appropriate.:	Western Europe
Major Topic: Please identify up to 5 topics that best identify the subject of your article.:	Built Environment, Housing, Finance/Financialisation, Planning, Displacement/Gentrification
You may add up to 2 further relevant keywords of your choosing below.:	London, Build-to-Rent

SCHOLARONE™
Manuscripts

Life for Rent: Evolving Residential Infrastructure in London and the Rise of Built-to-Rent

Abstract

Build-to-Rent (BTR) developments have expanded rapidly in the UK since 2013, often advertised as providing better quality rented accommodation for university-educated Millennials than available elsewhere in the Private Rental Sector. However, the implications of this type of housing development, and especially its affordability, are poorly understood at a city-scale, partly due to a lack of evidence of where these developments cluster and what they add to the housing stock in terms of property type, amenities, and cost. This paper draws on data relating to 373 BTR developments in London (representing over 40,000 housing units) to show that developments are clustered where transport-related infrastructural investments have opened 'rent gaps' that can be exploited by developers. Exploring how these BTR schemes are marketed, the paper shows this accommodation is typically provided through a new short-term 'subscription service' which allows developers to rent property at a premium. Questioning whether BTRs really add affordable 'local' homes to the city, the paper concludes BTR provide 'quick-fix' rental accommodation which is doing little to solve London's 'housing crisis'. We focus on the London BTR market and how the expansion of this housing type is reshaping the sociospatial geographies of the city.

Keywords

Housing, built environment, planning, finance/financialisation, displacement, gentrification, London, build-to-rent

Introduction

The housing crisis that has enveloped many Western nations is particularly acute in the UK, and especially London. Despite recent drops in house prices following interest rate rises, rents in the private sector continue to increase: one recent estimate suggests the median cost is more than half the average income for workers (Trust for London, 2023). BBC reports suggest more than twenty applicants view the average rental listing, with some prospective tenants offering more than the asking price to secure the property (Peachy, 2023). It is in this context that the government has encouraged the production of more accommodation to ease the housing crisis, with selective deregulation of planning powers designed to encourage the production of new homes (Chng et al., 2023), but this has been critiqued for its emphasis on quantity over quality (Ferm *et al.*, 2020). Rather less has been said about the government's simultaneous promotion of Build-to-Rent (BTR), boosted by a £1 billion BTR fund supporting the development of 'quality' new-build developments of more than 100 units, and this has proved pivotal in promoting the sector, which is thought to be having a marked impact on London's housing market (Nethercote, 2020).

Since this form of development is still relatively new to the UK, and data has been hard to come by, this paper interrogates the BTR market in London as a whole, examining whether what is delivered deviates from the advertised hallmark qualities, and the implications this might have for housing choice. We therefore have three aims: first, to map the distribution and characteristics of London's BTR schemes; second, to examine whether BTR can offer a long-term solution to London's housing crisis; and, thirdly, to explore the relation between BTR and gentrification pressures in the capital. To achieve

this, we employ both an extensive, novel primary dataset created by a housing analytics firm and provide a qualitative appraisal of marketing materials and tenant reviews – supplemented by broader small-area government housing market data – to shed light on a rapidly-growing but poorly understood development model with the potential to significantly impact urban life.

Build-to-Rent

As their name implies, Build-to-Rent developments are large, new-build properties designed for the private rental market. BTR developments are distinguished by the fact that they are managed and let, as well as often developed, by a single organisation. For investors, such as risk-averse pension funds (Brill and Durrant, 2021), BTR provides an attractive mix of both an underlying asset and an ongoing revenue stream. BTR developments are *also* often distinguished by the fact that they promote shared ‘lifestyle’ facilities at a level above those associated with the traditional block of flats; these amenities can include communal areas, private screening rooms, games rooms, gyms, and rooftop terraces. These are presumed to appeal to a young, professional, post-student demographic seeking an ‘urban experience’, one that is happy to trade space for location.

Beyond understanding who occupies BTR, it is important to place BTR within the broader context of housing inequality to understand how these developments may contribute to disparities in access to secure and affordable housing. In theory, BTR provides an alternative to owner-occupation and buy-to-let models which make housing unaffordable for many; however, BTR also represents a ‘scaling-up’ of institutional investment that is quantitatively and qualitatively distinct from piecemeal buy-to-let and small-scale landlordism (Nethercote, 2020), leading to suggestions it is making entire

neighbourhoods less affordable (Carvalho et al., 2023). This potentially implicates BTR in investor-led, ‘fifth wave’, gentrification (Christophers, 2022), although the evidence for this remains scant due to the absence of grounded studies of the location and impacts of BTR.

This paper hence focuses on BTR in London, exploring how this new asset class is changing the housing landscape of a world city. While existing work has focused on the discursive production of BTR as an investable asset (Brill and Durrant, 2021), and its relation to the financialization of housing (Nethercote, 2023; Christophers, 2022; Brill and Özogul 2021), our focus is on the features of the London BTR market and how this expanding housing type is reshaping sociospatial divides in the city. We sidestep finer-scale questions of quality (state of repair, gross internal area, quality of fixtures and fittings), drawing instead on data of 40,041 units to examine the location, affordability, and communal facilities offered by these developments. In doing so, we aim to contribute to debates concerning the contribution of new, alternative housing typologies in cities where property is becoming thoroughly financialised and often unaffordable.

A New Market Niche?

The UK BTR sector is often presented as an alternative to traditional Private Rental Sector (PRS) accommodation, which is routinely described as offering poor quality and insecure tenancies (Brill and Durrant, 2021). The House in Multiple Occupation (HMO) sector is seen to offer low-quality accommodation suitable only for short-term occupation, with unrelated adults occupying properties lacking security or privacy. In contrast, as purpose-built co-living developments, BTRs offer self-contained ‘accommodation for adults’, usually in large, multiple-occupancy blocks with a mix of ensuite facilities and shared

spaces providing opportunities for interaction with others (Harris and Nowicki, 2020, p. 592). This format is presumed to appeal to singles or couples under forty including 'Millennially-minded' graduates, key workers, and highly mobile urban professionals (Raco and Brill, 2022). However, most BTRs often offer longer assured tenancies than are found elsewhere in the PRS (three years vs. one year), but with some flexibility evident: the majority do not charge service fees (above and beyond rent) for services such as broadband, residential lounges or security (though use of on-site gyms and cinemas, where present, could exist on a membership basis).

Nationally, BTR has strong links to the development of Purpose-Built Student Accommodation, a lucrative sink for capital following the post-1992 expansion of higher education (Hubbard, 2009). This resulted in multiple student-only residential developments at the heart of 'student cities' such as Leeds, Manchester, and Newcastle, where the traditional HMO market was perceived unable to keep up with student demand. In London, however, BTR emerged as both a legacy of the 2012 Olympics, with Stratford's East Village being an early exemplar (Bedford, 2019), and as a result of the conversion of (vacant) office space under Permitted Development Rights (Ferm et al, 2020). Within London, one in five homes completed in 2020 was a BTR unit (Isherwood, 2021), and the capital represents over half of the UK market (Scanlon, et al 2018), making it a critical case study. Since 2018, BTRs have been a recognised asset class in the National Planning Policy Framework and, as of 2020, accounted for more new homes in London than those sold directly to homeowners (Finnerty and Bicocchi, 2023). The growth in this sector is tied to wider changes in market regulation (Nethercote, 2020, 2023) and to the emergence of instruments, such as Real-Estate Investment Trusts (REITs), with sufficient liquidity to attract institutional investors (Horton, 2021).

Significantly, BTR offers fast-track delivery, with the aim of developers to get ‘heads on beds’ quickly offering an appealing alternative to the uncertainty and delay associated with public-private partnerships, arms-length housing associations or small-scale developer models (GLA, 2021).

According to Savills Research for the British Property Federation (Whittaker, et al 2021), the sector has seen double-digit growth since the early 2010s and, across the UK as a whole, has provided over 180,000 units – equivalent to England's twenty-year average of annual net additional dwellings (MHCLG, 2020). Still, the UK's BTR sector is in its infancy, and despite central government support, some developments have been refused by local authorities for their negative impact on the character of the area and concerns about the under-provision of affordable and family housing (e.g., see Planning Inspectorate decision APP/Q5300/W/21/3276466 concerning a scheme at Arnos Grove, Enfield). A succinct criticism is that BTRs constitute ‘business hotel[s] for middle-class Millennials’ (Macfarlane, 2018) that might have negative socio-spatial implications for communities due to exclusionary pressures and displacement effects (see Elliott Cooper et al, 2020) whilst adding value to *foreign* investors’ property portfolios. While BTRs often advertise higher standards, including shared amenities, nationally the rents are above local market prices by an average of 11% (; Macfarlane, 2018; Skypala, 2019).

On-Demand: Right Here, Right *Now*

Developers have advocated for BTR assuming tenants require services that keep life as simple and immediate as possible (Carvalho *et al.*, 2023), and have less interest in accumulating material possessions that require storage space (Harris and Nowicki, 2020). BTR properties are often fully furnished, with a 24/7 management team on hand for

security and maintenance. Here, the provision of ‘high-quality’ furnishings and appliances may appeal to those recently arrived in the country, as might the flexibility of the contracts, which can range from six months to three years, making it attractive to the highly mobile. Since the rent includes utility bills and council tax, this further reduces the ‘hassle’ during transitions between residences (buildtorent.io). However, it might be more accurate to connect this demand to precarity, with the labour market increasingly structured around short-term, project-based contracts, and ever-longer rites of passage into stable employment. Tellingly, while aspirations towards home ownership – and the security that it provides – remain high amongst younger people, their expectations of achieving this have dimmed (Clapham *et al.*, 2014), suggesting narratives of ‘plug-and-play’ housing that minimises ‘fuss’ should be taken with a grain of salt.

Another strand in the marketing narrative around BTR invokes the concept of ‘security’ to suggest they are especially suitable for women and communities traditionally classed as ‘vulnerable’. This feature of BTR schemes could extend ‘genderfication’ processes – especially of childless working women – in different urban contexts (Lloyd, 2008; van den Berg, 2018). However, the securitisation of housing not only fails to address the multiple factors contributing to the fear of urban crime, but also potentially exacerbates the divide between a *de facto* ‘gated’ community of residents and those living in the surrounding area.

BTR also potentially distorts local housing markets, ignoring demands for affordable and accessible housing: in London, where BTR is often part of a larger regeneration effort it is thought to have had exclusionary tendencies (Brill *et al.* 2023; Ward *et al.* 2023). In both Stratford (East London) and Elephant and Castle (South London), these initiatives

are noted to have displaced long-term council estate residents and communities (Flynn, 2022). In the Get Living development at Elephant and Castle, a one-bedroom flat commands a monthly rent of £1,841, necessitating an annual household income of nearly £60,000 ([getliving.com/terms-and-conditions](https://www.getliving.com/terms-and-conditions)). Here, the production of *new* housing sits at odds with long-term ownership opportunities for subsequent generations (Ryan-Collins et al, 2017); given their exclusivity they can be interpreted as akin to retirement homes, albeit for transient, ‘liquid’ populations able to pay higher rates than can generally be charged on a longer-term basis’ (Horton, 2021).

Renting the *Place*, Not Just Your Space?

BTR occupants might be unwilling or unable to make longer-term commitments, but they appear to be attracted to (inner) cities for employment and recreation opportunities. BTRs could hence be seen to cater to a *need for location* among a particular population at a particular moment in life. This is not new: Fielding’s (1992) observations in the London city region, later followed up by Gordon et al. (2015) across the UK’s second-order urban agglomerations, show that cities act as socio-economic escalators that many exit (via out-migration) in mid-life. Hence, BTR caters explicitly to this expectation of transience, implicating it in the clustering of young professionals in high-density, central city locations (Moos *et al.*, 2019; Smith *et al.*, 2020). BTRs are therefore not marketed as a space to *grow into*, but as a place *to be* with promises of belonging to exciting *new* communities. But in contrast to student housing, BTRs are typically open to all and are sometimes marketed as ‘multifamily’ developments. Promoters of BTR argue they add *social value* (Brill and Durrant, 2021) by providing better quality short-term accommodation than elsewhere in the PRS with collective facilities that create

‘communities’ that bring together young singles and families (HomeViews, 2023). However, it may be difficult to create ‘mini-communities’ by offering services ‘closer to hotels than homes’ (Bedford, 2019) that are designed to meet the needs of a potentially constant turnover of occupants.

Hyping Marketing Narratives

BTR marketing strategies ‘hype’ the format, presenting narratives of vibrant communities of ‘like-minded’ individuals. The landing page of BTR.io — which sells itself as a ‘community-edited database of Build-to-Rent and Co-Living Developments in the UK’ — markets “Never Mov[ing] Again”, suggesting BTR responds to the evolving needs of its occupants across the different life-stages. Companies like Fizzy Living likewise pride themselves on delivering a ‘five-star service tailored to the fast-paced lifestyles of hardworking individuals’ (fizzyliving.com), but some reviews by residents point to a different outcome. On some review sites (e.g., HomeViews) current occupants report being offered Amazon vouchers for positive feedback — though many report never receiving the promised incentive — while on other sites (e.g. TrustPilot) reviews indicate the ‘community vibe’ is illusory, with continual turnover in many developments and neighbours who are only rarely encountered. Reviews also indicate that some shared spaces are inadequate or inaccessible, resulting in individuals spending much of their time in their own apartments, and hidden fees emerging over time for services that were initially described as integral.

The fact that BTR might be charging a premium for a residential experience that is little better than PRS is particularly important given the government’s encouragement of BTR as one possible solution to the housing crisis in London. It is here that the conflict of

BTR's 'social' and 'economic' value becomes clear: in theory, BTRs create social value for occupants (by providing quality accommodation and amenities) whilst also creating a wealth-generating asset for developers. However, BTR's immaturity means that the costs – and potential benefits – of BTR developments for renters are unclear, and the overall impacts on the affordability, quality and accessibility of this housing market are largely undocumented, motivating our analysis of the rents, amenities, and locations of BTR developments in London.

Aims and Data

This paper asks: in what ways does the BTR market in London deviate from advertised hallmark qualities, and what implications might this have for housing choices as this market continues to grow? To gain a thorough understanding of the BTR market in London, we analysed primary data collected by Moliior – a residential market data and research firm active for over 25 years – which showed that, as of the end of 2020, there were 373 large BTR developments in London, offering 40,041 residential units between them. The data, which is only for developments of more than 20 units, includes location, total BTR units, and provider, as well as any phasing details. The data enables us to examine the distribution and nature of BTRs in London (Aim 1).

We supplemented this data with PRS statistics (ons.gov.uk) before examining a mix of marketing materials from a specialised, consumer-facing BTR property database (buildtorent.io) and customer reviews (homeviews.com and trustpilot.com) collected in December 2023, to explore whether BTR fills a gap in housing provision (Aim 2). These materials covered over 600 developments in the aggregate property database illuminating

the amenities promoted as part of the premium residential experience. Over sixty verified tenant reviews across different schemes were then examined to gain a sense of overall sentiment (homeviews.com) with special attention paid to how these reviews are gathered via a wider repository of feedback from consumers (trustpilot.com). We chose these platforms because they authenticate user identities and validate that the reviewers are from actual tenants. Reviews were cross-referenced whenever possible with other sources to confirm consistency and credibility in the reported experiences. For example, we checked multiple reviews by the same tenant and compared the details with other tenants' feedback on the same property. Reviews with exaggerated language and inconsistencies that might indicate biases or fabrication were discarded.

Findings

As of mid-2023, nearly all BTR developments released to the market in London appear fully let (Table 1, A7), suggesting sustained demand or, perhaps, an absence of attractive alternatives. Geographically, although the first BTRs appeared in Central London, it is in the East London subregion (Table 1) that they have grown fastest: there are 130 developments hosting, on average, 124 units and this accounts for 40% of all BTR units in the capital. The spatial trend suggests some correspondence with London's 'gentrification frontier', which has rippled out from the Docklands to encompass the Olympic boroughs since 2012 (Reades et al, 2019). Elsewhere, BTR tends to cluster around well-connected centres such as Croydon (South), Wembley and Greenford-Sudbury (West), which *could* point towards the relevance of Transit-Oriented

Gentrification (Lagadic, 2019), especially the influence of the Elizabeth (Crossrail) line. The North (Barnet, Enfield, Haringey) accounts for just 6% of units.

[Insert Table 1 here]

Conversion vs New-Build

A key differentiator between BTRs is whether they were conceived as residential developments from the outset or were converted from office to residential use under the Permitted Development Rights (PDRs) granted by *The Town and Country Planning Order 2015*. In principle, since office blocks have large and flexible floorplates, they lend themselves to subdivision into autonomous units with communal areas ideal for shared facilities. While the quality of heating and cooling systems, sound insulation, and the degree of natural light, are more variable, offices are often in or near amenity-rich high streets with ready access to public transport. Existing evidence suggests that tenants in conversions tend to be 18-40-year-olds, mainly in households with up to three people (RICS, 2018).

In London, 33% of BTRs ($n=123$) were created under PDR (Table 1, A9), but there is sub-regional variation: they constitute the majority in the South (60%) where the borough of Croydon had the highest number of PDR applications of any English local authority (RICS, 2018; Ferm *et al.*, 2020). BTR via conversion appeals to developers because it allows for swift development and delivery through simplifications to the planning and permitting process (RICS, 2018). It also allows for the reuse of existing buildings, which saves both ‘grey energy’ – the embodied environmental cost of the existing building – and the effort of demolition and construction from scratch.

Until 2021, BTRs converted under permitted development were unconstrained by the national guidance on minimum standards for natural light or unit size (Ferm *et al.*, 2020) with buildings originally designed as places of work not subject to the same Nationally Described Space Standard as residential properties (Walmsley, 2020). As such, many units in conversions appear to be single aspect, presenting significant concerns about thermal comfort. Only since 2020 has it been a requirement to provide detailed floorplans of habitable units to local authorities, who can refuse conversions over concerns about substandard dwellings. Additionally, the change of building function without planning consent raises sustainability questions relating to local infrastructure (schools, GPs, etc.) and facilities such as communal space for exercise and recreation. Unsurprisingly, a RICS-commissioned study (2018) found that tenants chose conversions primarily for location and price – with finish and size a secondary consideration – and suggest that they mainly intended to reside in these conversions for less than two years.

Unit Types

A closer look at the 303 BTR blocks (81%) for which unit sizes were available shows an average of 1.55 bedrooms per self-contained unit, suggesting that most units are either one- or two-bedroom apartments. The North and South regions of London have a higher proportion of single-person studios (33% and 24% respectively), with the South having the strongest overall tendency towards smaller units (98% are two bedrooms or less). This is likely a function of the high proportion of conversions in Croydon (Table 1, A1). Central and East London, at 13%, offer the highest proportion of units between three- and five-bedrooms; these are only ‘potentially’ family-accommodating because there is no regulation to stop these units being rented to unrelated adults. On the whole, except in

Central London, BTRs add smaller units to the market – in terms of the number of bedrooms – relative to the PRS as a whole (Figure 1).

While the prevalence of smaller-sized units appears a suitable response to urgent demand for cheaper homes, there is ambiguity whether the demand for smaller homes is a result of a genuine preference or is just a function of what people can afford in overheated housing markets. Here, it is notable BTRs in central areas appear to have slightly more rooms on average than new homes in historically residential areas. These additional rooms provide the necessary space for multiple individuals or groups to share accommodation, thereby reducing the individual cost burden of housing. Shared living in this way becomes an attractive and most cost-effective option for some, allowing residents to split rent and living expenses. This is a practical solution in areas where housing costs can be prohibitive, but there may be little difference between sharing in BTR and in the wider PRS.

[Insert Figure 1 here]

Amenities

The marketing of BTRs centres on their provision of contemporary lifestyle benefits, including access to health and fitness facilities, social and common spaces, pet-friendly policies, co-working spaces, conference rooms, cinema rooms and garden roofs for gatherings and ‘big events’. This narrative activates imaginaries linked to what, for many, were formative social experiences. BTR’s value proposition to renters is therefore that they encourage the making of ‘mini communities’ (Bedford, 2019) supported by economies of scale in services. The reality is rather more complicated.

Table 1C shows the most common types of BTR facilities, revealing enormous variation in amenity provision and that most (59%) do not directly offer any managed facilities at *all*. BTR-operated gyms appear uncommon, for instance, but provision varies significantly between subregions (Table 1, C6): BTR units in North and South London have the fewest facilities and most closely resemble traditional PRS units, while the East has the highest number – and greatest diversity – of amenities. We hypothesise that amenities are most frequently offered when these are not readily accessible in the area, as would be the case in much of East London during the early 2010s. Our data also suggests more facilities are included as project size increases, but this claim is not straightforward because BTR vary greatly in scale, with the largest boasting hundreds of units. We observe that more recent BTRs are moving away from integrating facilities, perhaps because amenities have become financially unviable with the rising cost of land. A better understanding of why tenants would choose BTR over traditional PRS units is hence needed if these blocks are otherwise functionally indistinguishable.

Premium Rents

BTR unit prices naturally vary *within* a given sub-region, but they often also vary within the same development: depending on floor area, storey, or features, the same unit *type* can be offered in different price bands. However, the sheer scale of large BTR developments can influence estimates of small-area prices, so a weighted average median was used to estimate BTR rent by unit type. The baseline for comparison is the Office for National Statistics' regionally averaged median rent for 2018-19.

[Insert Figure 2 here]

Overall, BTR tenure carries a premium, but its magnitude differs by unit type (Figure 2). The largest premiums are for two- and three-bedroom apartments, notably in the East, West and South. Larger units could command higher prices than one-bed flats or studios because they are still cheaper on a shared, per-person basis (smaller flats tend to cost more per square metre). However, shared BTRs cannot be directly compared to HMOs for two reasons: first, HMOs are defined as having at least three unrelated people who are not a household and, as shown in Figure 2, BTR units typically have fewer than three bedrooms; and second, the residents of an HMO each have a separate contract with the landlord whereas sharers of a BTR unit would hold a single contract. Of course, the unofficial ‘secondary’ rental market is widespread in cities like London, but the growth of the BTR market – and tighter policing of the ‘T&Cs’ that portfolio management implies – presents new challenges for sharers trying to gain a toehold in the capital.

Studios and one-bedroom BTR units *are* slightly cheaper in the South of the city (Figure 1), likely reflecting Croydon council's policy on social housing which may include discounted BTR units (Burroughs *et al.*, 2017) as part of council provision. ‘Micro-apartments’ in (primarily) converted offices in Croydon have been criticised for overcrowding and other quality-of-life issues (Clifford *et al.* 2018; RICS, 2018), but it is worth recognising that quality of life can mean different things to different people, and even to the *same* people at different life-stages. A planning consultant for Croydon and Camden interviewed for the RICS report argues (2018, p. 46) that pushing for larger space standards – and indeed types of units – might be seen as an attempt to project ‘lifestyles on what other people want’. This is a contentious view as it seems unlikely young people prefer *smaller* spaces except to the extent that space needs to be sacrificed to fulfil other priorities – like location – when on a limited budget.

BTR office conversions may then simply be the ‘least bad’ option for young people with few alternatives (Laxton, 2022); however, we cannot discount the possibility that young professionals may perceive greater returns to investing time in careers and networking, than in long-term residence. Corners might be cut on domestic comfort, housekeeping, and property maintenance, for the prospect of greater returns later in life; these kinds of living arrangements can hedge against missed opportunities in knowledge exchange and professional network development which are understood to be more limited away from the urban core.

Contention surrounds the suitability of BTR properties for areas where families with children compete with multi-income professional households for limited housing supply. In Croydon, it has been observed that, despite converted units not being intended for families, ‘demand meant families would end up there’ (RICS, 2018). While these properties offer short-term relief to some, they fail to adequately address both enduring local issues of insufficient affordable housing and ‘family-sized’ housing in the capital.

The relative cost of living space therefore plays a pivotal role in understanding how studios and one- or two-bedroom apartments within BTR developments can discourage families from residing in urban areas. As "push" factors like the rising cost of living further contribute to the displacement of individuals and families to more affordable areas, BTR exacerbates this trend, at scale. By primarily offering smaller, premium units, it potentially excludes families, further amplifying the effects of socioeconomic constraints on housing choices. Inner London in particular has seen declining numbers of primary school students – and the resulting closure of primary schools – reflecting the

cumulative impact of these trends on families' ability to access suitable housing options (Lewis et al, 2023).

Accessibility

In London, BTRs are predominantly located close to rail stations and are often part of a larger cluster of such units (Table 1, A1). All four large clusters of BTR schemes — Stratford in the East, Croydon in the South, and Greenford-Sudbury and Wembley in the West — are associated with rail interchanges. Smaller groups of BTRs are scattered along the Piccadilly line to Hounslow Central and on the Overground network in Central and East London. The connection to rail transit leading into the commercial centre of London broadly reflects the intended demographic: working professionals aged 18-40 for whom accessibility to employment and other opportunities 'in town' commands a premium. Even for the cluster in Croydon, the RICS report suggests that the supply of BTRs was 'where it was wanted' (RICS, 2018).

BTRs in North London – where there is a high density of commuter stations offering access to Central London in under 45 minutes, especially in the North West – are particularly interesting in this regard: the arc of developments from Hounslow Central to Harrow-on-the-Hill has the starkest unit size difference from the surrounding rental market (Table 1, A1) and are also the least likely to offer on-site amenities (Table 1, C1). Interestingly, they also have a lower price premium than the average property in the local PRS (Figure 2). Unlike developments in Central and East London, which provide BTR in the context of a relatively saturated housing market, northern BTRs may represent a testbed for the expansion of the BTR format.

Discussion

BTR offers an alternative to existing models of private renting, and on the surface appears to solve several of the problems facing renters in an overheated housing market. The overall number of units and, by implication, bed spaces in BTR in London is not insignificant, suggesting a major contribution to the provision of new homes for Londoners. However, we have found that BTRs are up to 60% more expensive than comparable units in the private rental sector, so the flexibility they offer comes at a cost, exacerbating urban gentrification. Further, the developments examined in our analysis add proportionally more studio and one-bed dwellings to the housing stock and place a much higher premium on larger, *potentially* family-friendly units (Figure 2). If these developments become mono-cultural – like purpose-built student accommodation or care homes, but for precarious professionals – BTRs will cut against the ‘mixed community’ and tenure ethos that has underpinned many urban regeneration initiatives since the 1990s (Camina and Wood, 2009). The spillover effect of age-based concentration could create ‘generationed’ geographies of high-density living (Moos *et al.*, 2019), especially among Millennials and Generation Z.

Given the preponderance of single occupancy, one-bedroom properties, and the type of rent demanded for these relative to other properties in the PRS, the rise of BTR does not seem to address wider demands for affordable housing in the capital. On the contrary, the concentration of young professionals in BTR units seems likely to attract the kinds of local amenities that will embed processes of gentrification and social uplift. Indeed, the pattern of BTR development suggests these schemes are prominent in neighbourhoods undergoing gentrification, triggering ripples of residential instability and displacement

(Elliott-Cooper et al, 2020). Moreover, the consumption of housing on a ‘just-in-time’ basis appears to privilege quick decisions at the expense of longer-term community formation, and if BTRs continue to be small and expensive— as already shown by our analysis then pockets of the city could become *de facto* campuses for the working. BTR hubs are thus catalysts of change for their surroundings in unpredictable and, we suspect, unhelpful ways.

Against this, it appears that BTR remains lucrative for developers, who can charge a premium for units, albeit with the promise of additional bespoke services. Yet we find little evidence that these amenities necessarily add investor value to BTRs. In fact, we see a tendency *away* from shared amenities, with only 41% of BTRs directly offering them. From the perspective of investors – for whom BTR is an asset – providing amenities ‘in house’ does not appear necessary to ensure ‘heads on beds’ and, in practice, many operators now simply let space in developments to gym chains instead. Future research should explore residents’ utilisation of these shared facilities, particularly considering their proximity to existing amenities and public transport.

Overall, then, it seems to be the location of BTR that ‘adds value’ for both investors and renters: our mapping suggests the business model thrives on the ‘rent gaps’ associated with new transport infrastructure investment (Lagadic, 2019) and rising land values in South and North London especially. Table 1 shows BTRs clustered around transport hubs, offering ‘location as a service’ to the type of in-movers who tend to come with more cultural and educational capital than financial capital (Kamruzzaman *et al.*, 2014). As such, this implicates BTR development in a process similar to, but distinct from, other forms of gentrification: new units are largely unaffordable to existing local residents, but

the incomers are themselves in a precarious housing situation and vulnerable to shifts in fortune and finance in a way that homeowners and those in socially-rented units are not.

As noted earlier, larger developments in East London are most likely to have additional facilities for tenants (Table 1, C1), which may reflect the rapid growth of the residential market in this area as catalysed by the planning powers of the London Legacy Development Corporation created to oversee the redevelopment of Stratford and the Olympic boroughs after the 2012 Games. But these changes may *also* reflect a wider shift away from family- and car-oriented neighbourhoods to mixed-use, inner-city blocks at a larger scale. Meanwhile, South and North London have the highest proportion of BTRs converted from offices that seem to offer fewer bespoke facilities. These findings align with previous work on permitted development that suggests housing quality suffers from local pressures to meet housing targets (Clifford et al. 2018; Ferm *et al.*, 2020).

Whether BTRs will help to ameliorate or exacerbate the UK's long-running housing crisis remains an open question. Our analysis suggests this asset class is far from a single solution but, given London's fixation on a 'growth model' which encourages development, it might be the only way that the market can provide new housing that satisfies the needs of both investors and young incomers. This conclusion is relevant not just to London, but also to second-order 'core cities' such as Birmingham, Leeds and Manchester where BTR is becoming a major provider of housing (Lane, 2020). Despite their differing dynamics, core cities' housing markets face similar challenges: gentrification, through BTR, is being encouraged by planning deregulation and inward investment along with rising housing demand from post-students and young professionals (Goulding et al, 2023).

Conclusions

Build-to-Rent represents a new and fast-growing model of housing provision in the UK; it is most prominent in London where there appears both demand for well-managed rental properties as well as the financial incentive for investors to capitalise on this demand, especially on the gentrification ‘frontier’. To date, discussion of this tenure model has not been informed by extensive data about BTR units; this paper has drawn on data relating to 373 BTR developments in London – representing over 40,000 housing units – to demonstrate that developments are particularly common where transport-related infrastructure investments have opened up ‘rent gaps’ that give developers opportunities to extract maximum value from development. Examining how these developments are marketed, the paper has also shown this accommodation is sold as offering a *de facto* ‘subscription service’ that promises convenience, service, and location rather than size or housing adaptability.

Questioning whether BTRs add affordable ‘local’ homes to London’s housing stock, this paper has shown these do add units and beds but that they are, on average, both smaller type homes rented and at a premium. Hence, BTRs are not suited to less affluent households, and especially to families, and may provide only short-term relief in local rental markets by catering for more affluent single- or dual-income households. Their design and distribution merit further attention since they appear narrowly targeted in demographic terms and are in most instances unlikely to meet the needs of families (with no BTR schemes having any four-bed properties, for example). At scale, housing like this may also exacerbate the demographic shifts leading to the closure of dozens of primary

schools across the capital (Butler et al, 2013). Consequently, an important avenue for longitudinal analysis is tracking BTRs' role in population redistribution and household formation over time. Future work could also compare the floor space of existing and BTR rental units controlling for the number of rooms (something that would be possible with linked analysis of Energy Performance Certificates which are mandatory for rental properties). We expect that where BTRs are mainly new-builds – such as in East London – these may be more spacious (i.e., meaning that the cost per square metre is not necessarily greater than in other parts of London).

Analysis of the cost of property by floor space suggests a way of understanding affordability, but this means little without adjustments for household structure, income, and how these change over time. In particular, attention should be given to how indirect income through intergenerational transfers can significantly skew measures of relative affordability. Drawing on the 'bank of mum and dad' through the use of family property as collateral is one example, but in a tight housing market, co-residence – when children stay with their family for little to no rent – is another important form of transfer (Worth, 2021). Transfers can further exist as gifts, information or maintenance/support creating significant divides between individuals with, and without, family support.

Overall, we conclude that BTR provides 'quick-fix' rental accommodation that makes only a marginal contribution to solving London's 'housing crises'. Here, we have added to the literature on BTRs, which has been predominantly focused – thus far – on the institutions that lead the sector (see Brill & Özogul 2021; Christophers, 2022) and on the deregulation and policy shifts that have encouraged investment in this asset class (Brill and Durrant, 2021). This literature is important to understand how BTRs are being

produced via assemblages of state and corporate power, but we have complemented this with attention to location, cost, and amenity, paving the way for more nuanced explorations of its *consumption* and *occupation*. Longitudinal work on tenant experiences of BTR, and how it fits into wider housing trajectories, is then a way forward, but for now, our conclusion is that BTR must be carefully scrutinised in terms of its impact on local residential mix and housing affordability.

Acknowledgements

This project was made possible by an EPSRC grant (Ref: 1827316) and the support of our data partners, including the Office for National Statistics and Molior London Ltd. The authors are alone responsible for interpreting the data.

References

- Bedford D (2019) What Is Build To Rent And How Does It Work?. *Petty Son & Prestwich*. Available at: <https://www.pettyson.co.uk/about-us/our-blog/541-what-is-build-to-rent> (accessed 6 August 2020).
- Brill F and Durrant D (2021) The emergence of a Build to Rent model: The role of narratives and discourses. *Environment and Planning A: Economy and Space* 53(5): 1140–1157.
- Brill F and Özogul S (2021) Follow the Firm: Analyzing the International Ascendance of Build to Rent. *Economic Geography* 97: 235–256.

- Brill F, Raco M and Ward C (2023) Anticipating demand shocks: Patient capital and the supply of housing. *European Urban and Regional Studies* 30(1): 50–65.
- Burroughs L et al. (2017) Everything you need to know about build to rent in London. London Councils, London First & Turley Planning. Available at: <https://www.businessldn.co.uk/sites/default/files/documents/2018-04/Build-to-Rent.pdf> (accessed 6 December 2022).
- Butler T, Hamnett C and Ramsden MJ (2013) Gentrification, Education and Exclusionary Displacement in East London. *International Journal of Urban and Regional Research* 37(2): 556-575.
- Camina MM and Wood MJ (2009) Parallel Lives: Towards a Greater Understanding of What Mixed Communities Can Offer. *Urban Studies* 46(2): 459–480.
- Carvalho R et al. (2023) Key Themes of Build-to-Rent: Developing a Conceptual Framework for Achieving Successful Developments through a Systematic Literature Review. *Buildings* 13(8): 1926.
- Chng I, Reades J and Hubbard P (2023) Planning deregulation as solution to the housing crisis: The affordability, amenity and adequacy of Permitted Development in London. *Environment and Planning A: Economy and Space* 56(3): 961–978.
- Christophers B (2022) Mind the rent gap: Blackstone, housing investment and the reordering of urban rent surfaces. *Urban Studies* 59(4): 698–716.
- Clapham D et al. (2014) The Housing Pathways of Young People in the UK. *Environment and Planning A: Economy and Space* 46(8): 2016–2031.

- Clifford BP, Ferm J, Livingstone N and Canelas P (2018) Assessing the impacts of extending permitted development rights to office-to-residential change of use in England. RICS: Royal Institution of Chartered Surveyors: London, UK.
- Elliott-Cooper A, Hubbard P and Lees L (2020) Moving beyond Marcuse: Gentrification, displacement and the violence of un-homing. *Progress in Human Geography* 44(3): 492–509.
- Ferm J et al. (2020) Emerging problematics of deregulating the urban: The case of permitted development in England. *Urban Studies* 58(10): 2040–2058.
- Fielding AJ (1992) Migration and Social Mobility: South East England as an Escalator Region. *Regional Studies* 26(1): 1–15.
- Finnerty C and Bilocchi R (2023) Understanding recent rental trends in London's private rented market. Housing Research Note 9. Greater London Authority.
- Flynn J (2022) The fight for social housing at the Elephant and Castle. *Socialist Lawyer* (90): 35–37.
- GLA (2021) The Spatial Development Strategy for Greater London. 1 March. Available at: https://www.london.gov.uk/sites/default/files/the_london_plan_2021.pdf (accessed 20 December 2023).
- Gordon I, Champion T and Coombes M (2015) Urban Escalators and Interregional Elevators: The Difference that Location, Mobility, and Sectoral Specialisation Make to Occupational Progression. *Environment and Planning A: Economy and Space* 47(3): 588–606.

- Goulding R, Leaver A and Silver J (2023) From homes to assets: Transcalar territorial networks and the financialization of build to rent in Greater Manchester. *Environment and Planning A: Economy and Space* 55(4): 828–849.
- Harris E and Nowicki M (2020) “GET SMALLER”? Emerging geographies of micro-living. *Area* 52(3): 591–599.
- HomeViews (2023) Why Build to Rent is the ultimate rental experience. 10 March. Available at: <https://www.homeviews.com/build-to-rent-uk/> (accessed 9 November 2023).
- Horton A (2021) Liquid home? Financialisation of the built environment in the UK’s “hotel-style” care homes. *Transactions of the Institute of British Geographers* 46(1): 179–192.
- Hubbard P (2009) Geographies of Studentification and Purpose-Built Student Accommodation: Leading Separate Lives?. *Environment and Planning A: Economy and Space* 41(8): 1903–1923.
- Isherwood K (2021) Build-to-rent sector sees strong growth across the UK. *BuyAssociation*, 12 February. Available at: <https://www.buyassociation.co.uk/2021/02/12/build-to-rent-sector-sees-strong-growth-across-the-uk/> (accessed 22 June 2021).
- Kamruzzaman Md et al. (2014) Patterns of social capital associated with transit oriented development. *Journal of Transport Geography* 35: 144–155.
- Lagadic M (2019) Along the London Overground: Transport Improvements, Gentrification, and Symbolic Ownership along London’s Trendiest Line. *City & Community* 18(3): 1003–1027.

- Lane M (2020) Where will the future demand for BTR outside London be at its strongest?. *Property Investor Today*, 4 March. Available at: <https://www.propertyinvestortoday.co.uk/breaking-news/2020/3/where-will-the-future-demand-for-btr-outside-london-be-at-its-strongest> (accessed 18 November 2021).
- Laxton AM (2021) *Making home in Build-to-Rent. An investigation into the financialisation of London's private rented sector and the emergence of a new 'willing' renter subject*. PhD Thesis, University of Birmingham, UK.
- Lewis A, Roberts N and Danechi S (2023) Pupil roll numbers and school closures in London. House of Commons Library. Available at: <https://commonslibrary.parliament.uk/research-briefings/cdp-2023-0115/> (accessed 7 June 2024).
- Lloyd J (2008) Home Alone: Selling New Domestic Spaces. In: Cronin A and Hetherington K (eds) *Consuming the Entrepreneurial City*. Abingdon: Routledge.
- Macfarlane I (2018) The rise of Build to Rent: five key facts. *Showhouse*. Available at: <https://www.showhouse.co.uk/news/the-rise-of-build-to-rent-five-key-facts/> (accessed 22 June 2021).
- MHCLG (2020) Live tables on housing supply: net additional dwellings, GOV.UK. Available at: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-net-supply-of-housing> (accessed 22 June 2021).
- Moos M et al. (2019) Youthification across the metropolitan system: Intra-urban residential geographies of young adults in North American metropolitan areas. *Cities* 93: 224–237.

- Nethercote M (2020) Build-to-Rent and the financialization of rental housing: future research directions. *Housing Studies* 35(5): 839–874.
- Nethercote M (2023) The Techno-politics of Rental Housing Financialization: Real Estate Service Companies and Technocratic Expertise in Australia’s Build to Rent Market. *Economic Geography* 99(2): 191–219.
- Peachy K (2023) Renters compete with 20 others in battle to find a home. *BBC News*, 26 July. Available at: <https://www.bbc.com/news/business-66246223> (accessed 27 July 2023).
- Raco M and Brill F (2022) *London*. Newcastle-upon-Tyne: Agenda Publishing.
- Reades J, De Souza J and Hubbard P (2019) Understanding urban gentrification through machine learning. *Urban Studies* 56(5): 922-942.
- RICS (2018) Assessing the Impacts of Extending Permitted Development Rights to Office-to-Residential Change of use in England. Available at: <https://www.rics.org/globalassets/rics-website/media/knowledge/research/research-reports/assessing-the-impacts-of-extending-permitted-development-rights-to-office-to-residential-change-of-use-in-england-rics.pdf> (accessed 9 October 2020).
- Ryan-Collins J, Lloyd T and Macfarlane L (2017) *Rethinking the Economics of Land and Housing*. London: Bloomsbury Academic.
- Scanlon K, Williams P and Blanc F (2018) Build to Rent in London. Available at: http://eprints.lse.ac.uk/106241/1/Scanlon_build_to_rent_in_London_LSE_London_Report_2018.pdf (accessed 23 June 2021).

- Skypala P (2019) Build-to-rent boom in the UK is costly for generation rent. *Financial Times*, 27 May. Available at: <https://www.ft.com/content/e46f3638-768a-3c95-b6cc-af692383a01a> (accessed 24 April 2022).
- Smith DA et al. (2020) A compact city for the wealthy? Employment accessibility inequalities between occupational classes in the London metropolitan region 2011. *Journal of Transport Geography* 86: 102767.
- Trust for London (2023) London rent as a percentage of gross pay. Available at: <https://trustforlondon.org.uk/data/rent-affordability-borough/> (accessed 9 November 2023).
- van den Berg M (2018) The discursive uses of Jane Jacobs for the genderfying city: Understanding the productions of space for post-Fordist gender notions. *Urban Studies* 55(4): 751–766.
- Walmsley I (2020) Class O - Office to Residential conversion. Class O - Office to Residential conversion. Available at: <https://www.planninggeek.co.uk/gpdo/changes-of-use/class-o/> (accessed 10 September 2020).
- Ward C, Brill F and Raco M (2023) State capitalism, capitalist statism: Sovereign wealth funds and the geopolitics of London's real estate market. *Environment and Planning A: Economy and Space* 55(3): 742–759.
- Whittaker G, Valentine-Selsey R and Brentall A (2021) UK Build to Rent Market Update – Q1 2021. *Savills*, 9 April. Available at: https://www.savills.co.uk/research_articles/229130/312837-0 (accessed 22 June 2021).

Worth N (2021) Going back to get ahead? Privilege and generational housing wealth.

Geoforum 120: 30–37.

Sub-regional BTR Units Distribution compared to Private Rental Market

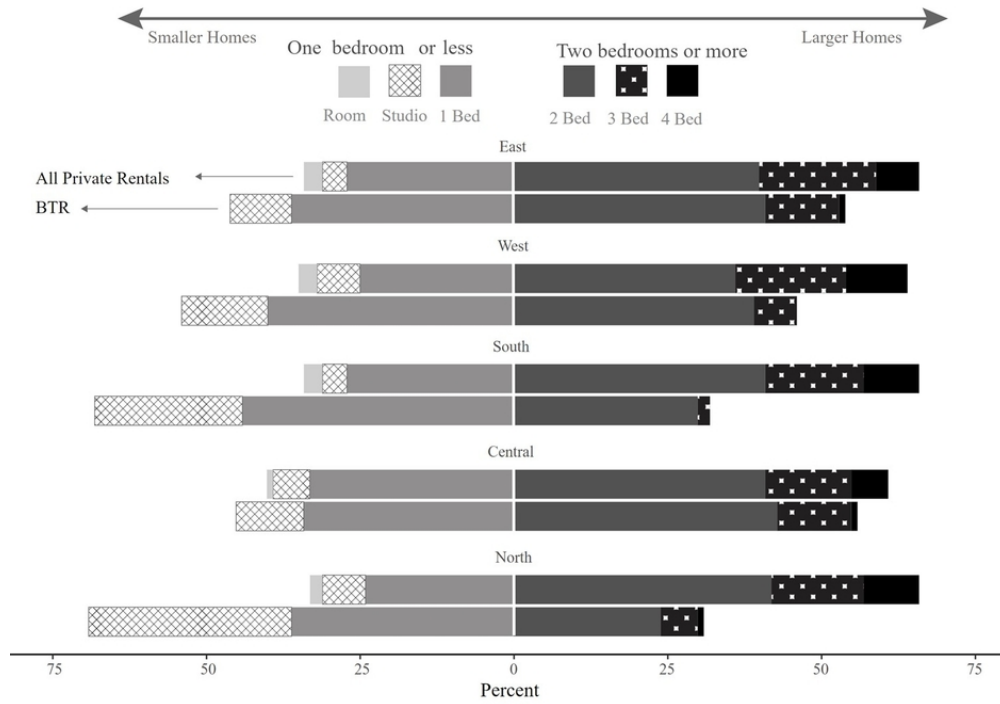
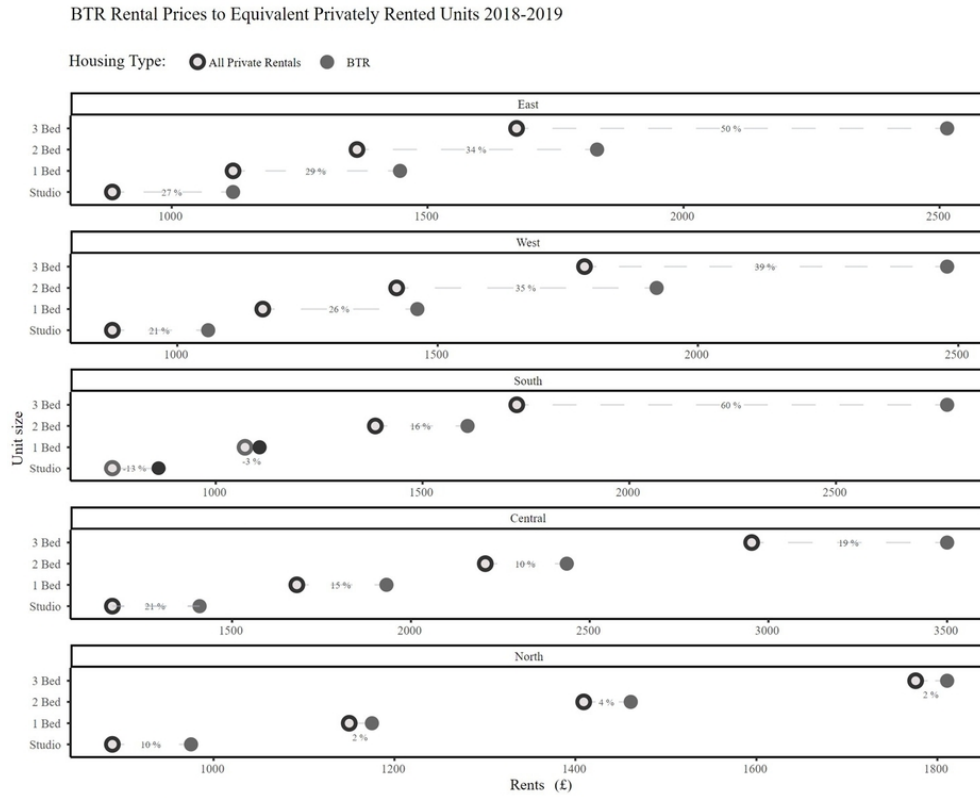


Figure 1. BTR Units Distribution Compared to the Private Rental Market

159x122mm (150 x 150 DPI)



A weighted average median was used to estimate BTR rents. This was done in three steps: for each development, the average monthly cost of each unit was calculated; this cost was then combined with the number of units that development provides in each London subregion (Central, East, North, South, and West) to create a pool with all BTRs rental prices for that type of unit; finally, the midpoint of the pool was taken to provide the middle value paid for that specific unit in the specific subregion.

All private rentals are taken from the Office for National Statistics' rental dataset, which is based on an operational letting database from the Valuation Office Agency. The samples are not randomised and can be very small for some boroughs. In practice, this means that the values could be sensitive to small movements on the market. To avoid distorting outlier effects rents are averaged across 2018 and 2019.

Figure 2. BTR Rental Prices Juxtaposed to Equivalent Privately Rented Units
159x151mm (150 x 150 DPI)

Table 1. Overview of Built-to-Rent (BTR) Developments

A		Overview					
1							
		Subregion:	East	West	Central	South	North
2	Number of Developments		130	93	64	52	34
3	Average Unit Count		124	122	71	106	76
4	Share of All Units		40%	28%	11%	14%	6%
7	Released & Fully Let		69%	59%	58%	69%	65%
9	Office Conversions		13%	46%	23%	60%	50%
B		Management					
1	Build, Own, Let and Manage		25%	20%	17%	15%	15%
2	Build and Own Only		42%	56%	62%	60%	56%
C		Facilities					
1	No Facilities		45%	58%	61%	77%	79%
3	Garden		42%	26%	23%	12%	12%
4	Concierge		35%	31%	31%	21%	9%
5	Lounge		15%	17%	13%	6%	3%
6	Gym*		17%	14%	13%	4%	0%

The five subregions used are based on conventions of the London Plan (Gov, 2015a).

*Gyms considered here are those included automatically with the tenancy (i.e. a nearby gym, even under the block, is not counted unless managed by BTR operators)

