

Rental Series: Build-To-Rent (BTR)

Getting under the skin of renter psyche

INTRODUCTION

In a rapidly evolving housing landscape, Build-to-Rent (BTR) developments have gained traction as an innovative solution to meet the diverse needs and aspirations of today's renters. To shed light on the motivations, preferences and concerns of renters, Conductor commissioned a survey of 500 renters across the UK. Here's a data-driven exploration of what we discovered.

REASONS FOR LIVING IN RENTED ACCOMMODATION

- The most common reason for living in rented accommodation is **"by personal choice"** at 41%, indicating that a significant portion of respondents choose to rent willingly.
- **"Financial constraints preventing property purchase"** is the second most common reason at 39%, suggesting that affordability plays a crucial role in the decision to rent.
- For those aged 25-34, **"by personal choice"** falls to 24% and **"financial constraints"** rises to 48%; they are the group under the most financial stress.
- **"Seeking flexibility in living arrangements"** is the third most common reason, indicating that flexibility is an important consideration for some renters.
- **"Affordability of rent"** is ranked as the most important feature highlighting the significance of cost in rental decisions.
- **"Energy efficiency"** is ranked as the least important feature, suggesting that this factor is not the highest priority for most renters.
- Other factors like proximity to work, community and, design and quality of the home fall in between in terms of importance, indicating a mix of considerations when choosing rented accommodation.

INSIGHT:

The fact that 41% of respondents choose to rent **"by personal choice"** is insightful as it suggests that a considerable portion of renters actively prefer the lifestyle offered by renting. However, the significant figure of 39% citing **"financial constraints preventing property purchase"** highlights the critical role affordability plays in the decision to rent, especially younger renters. For BTR developers, understanding the balance between lifestyle choice and financial necessity is crucial in crafting appealing rental offerings. Furthermore, despite the radical change in **"on demand"** lifestyle trends across the globe in the past years (Netflix, Spotify etc.), with regards to housing there is still a desire and culture of property ownership.



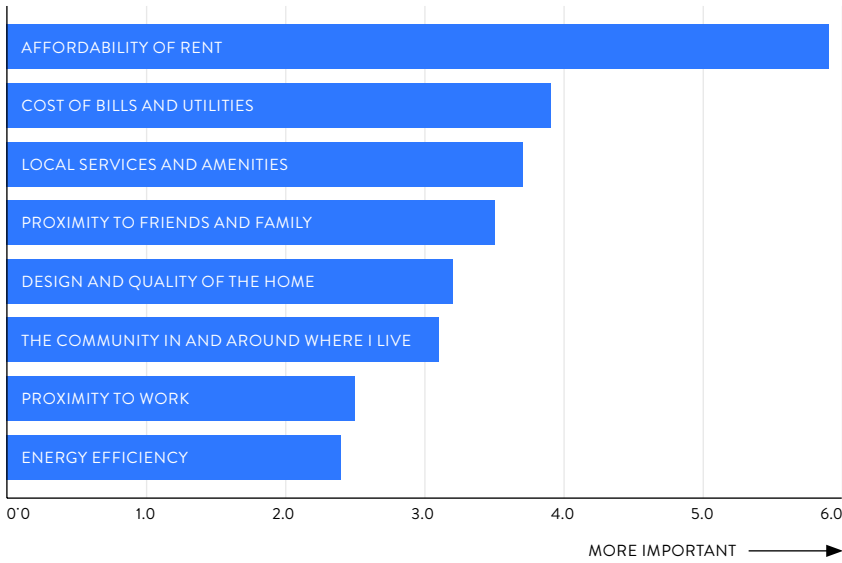
OUR CHALLENGE:

The question we face is how BTR developers can empower renters to establish a degree of equity in their rental property, ensuring they don't perceive their payments as mere rent but as an investment in their future (potentially through concepts like fractional ownership or digital solutions).



IMPORTANCE OF FEATURES IN RENTED ACCOMMODATION

We asked renters to rank these features in order of importance, when thinking of their rented accommodation

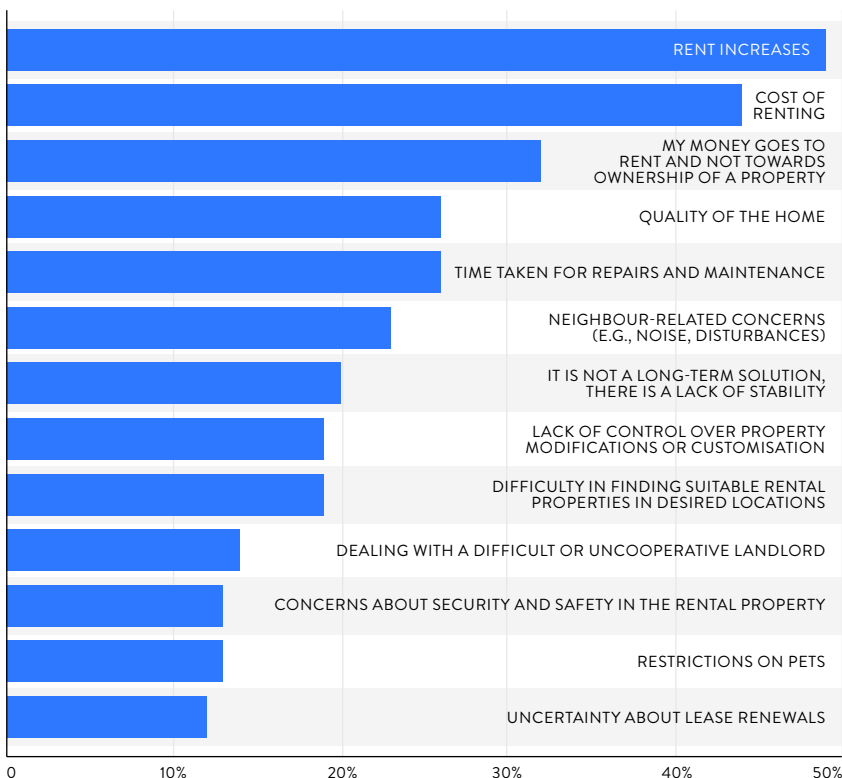


INSIGHT:

BTR developers should focus on delivering cost-effective, value-driven rental solutions that align with these priorities while keeping sustainability features as necessary, yet complimentary, selling points.

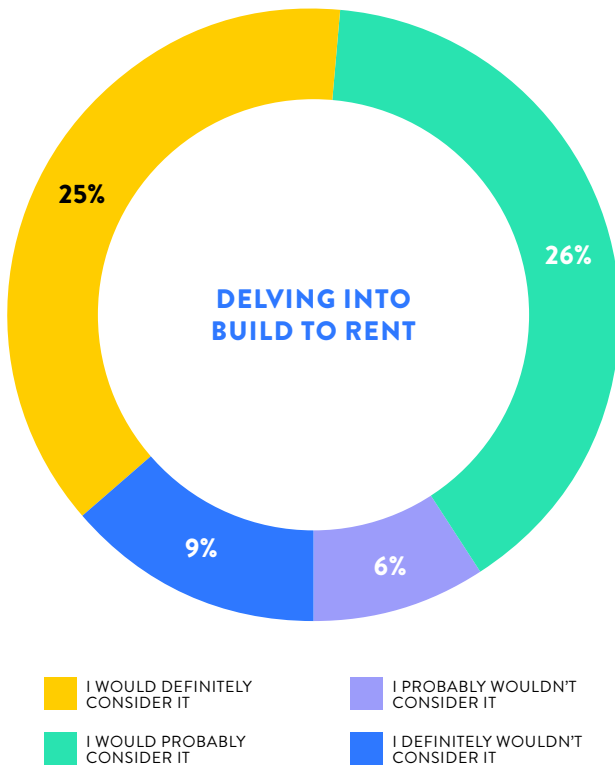
PRIMARY CONCERNS ABOUT RENTING

- “Rent increases” are the top concern, with 49% of respondents expressing worry about this issue, reflecting the instability that can come with renting.
- For those living in the East of England, 68% of respondents claim the cost of renting is a primary concern, compared to 44% of those living in the East Midlands.
- 26% of renters say that the “quality of the home” is a primary concern.
- Concerns about “lack of control over property modifications or customisations,” “difficulty in finding suitable rental properties in desired locations,” and “dealing with a difficult or uncooperative landlord” are also notable concerns.



INSIGHT:

Renters’ concerns provide valuable insights into pain points they face. The fact that “rent increases” are the top concern for nearly half of respondents (49%) underscores the instability renters often experience. Moreover, the regional variations in concerns, such as the East of England’s high concern (68%) about the “cost of renting”, highlights the need for tailored approaches in different markets. Developers should aim to provide stable and competitively priced rental options while addressing specific regional concerns to attract and retain tenants effectively.



CONSIDERATION OF BUILD-TO-RENT (BTR) DEVELOPMENTS

- A substantial percentage of respondents are open to the idea of living in a BTR development, with 25% saying they would “definitely consider it” and 26% saying they would “probably consider it.”
- 53% of men would consider a BTR development, versus 47% of women.
- Those living in the North East are the most likely (65%) to consider renting in a BTR development.
- Only a small percentage, 9%, said they “definitely wouldn’t consider it”, indicating that BTR developments have potential appeal to many renters.
- The largest group, 35%, is “undecided” about living in a BTR development, suggesting that there is room for more education and awareness about this asset class.

INSIGHT:

The demographic disparities in interest, for example across local regions and genders, suggest that targeting specific demographic groups and regions may yield better results.

The fact that only 9% “definitely wouldn’t consider” BTR shows the strong opportunity in the BTR space.



COMMENTARY FROM CONDUCTOR CEO CHARLOTTE CONSTANCE

“Conductor has already demonstrated its ability to support BTR developers in achieving their strategic objectives. Leveraging our data-driven insights and extensive marketing consultancy services, we have successfully assisted developers in gaining a deep understanding of market demand, creating precise audience segmentations, and crafting tailored marketing initiatives that deeply resonate with their target audiences. We are steadfast in our commitment to empowering BTR developers, enabling them to excel in this exciting and ever-evolving realm within the UK property market.”

For further information or to inquire about our services, please don't hesitate to reach out to us at charlotte@conductor.london. We are eager to assist you in unlocking the full potential of the Build-to-Rent market and achieving your strategic goals in the UK property sector. We look forward to connecting with you!