

BUILDING BLOCKS: UNLOCKING THE POTENTIAL OF UK BUILD-TO-RENT



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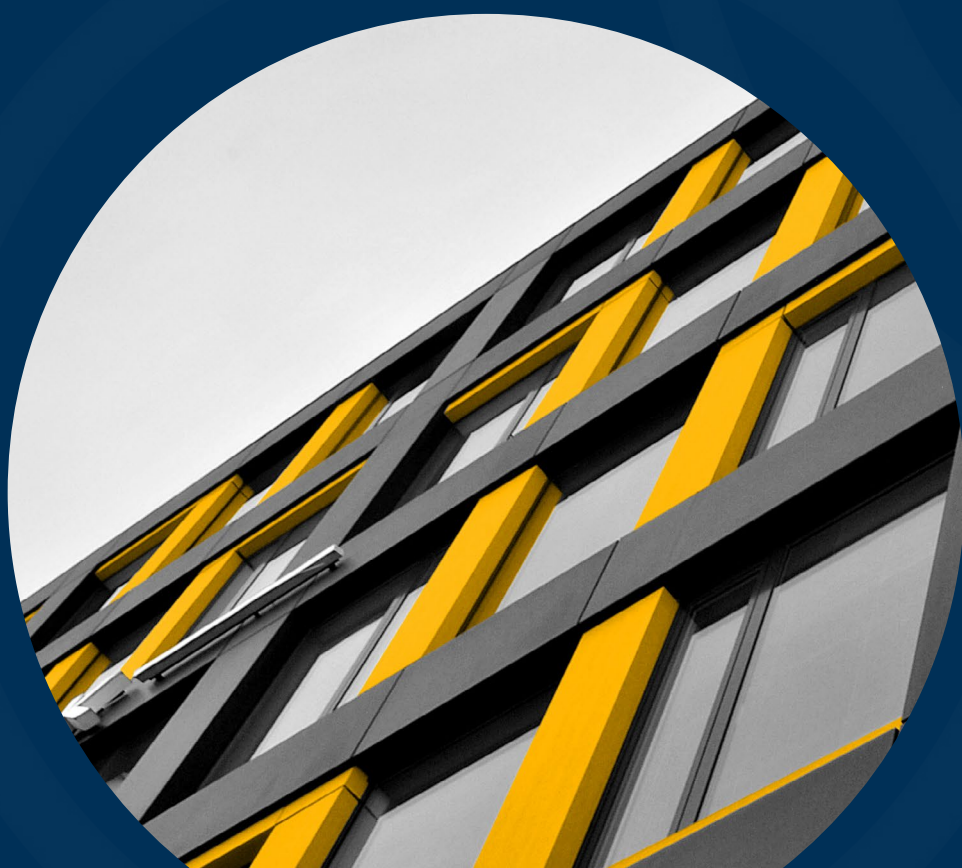
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01

INTRODUCTION





Tom Willows

Partner, Head of Living Practice

Executive summary

The UK Build-to-Rent (BTR) sector has emerged as a dynamic and rapidly growing segment of the housing market that directly addresses the increasing demand for high-quality rental accommodation. Over recent years, the sector has seen unprecedented growth with investment levels reaching record highs. According to research from Savills, the first quarter of 2025 saw over £800m invested in UK BTR with stock now standing at over 127,000 completed homes in the UK.

In this report, we use BTR as an umbrella term for all residential accommodation built purposefully as a rental product, including both new build flats and houses. Our report shines a light on the views and opinions of those who are shaping the future of the sector – BTR developers, investors and funders. The findings paint a picture of a thriving market, but also one which is not without its fair share of challenges. Overall, there is a clear message that the BTR opportunity is very significant for UK housing provision.

It's also clear that BTR has a vital part to play in tackling major societal issues, from urban regeneration to boosting housing supply. Indeed, nearly two-thirds (65%) of those we surveyed said BTR plays a major role in addressing the UK's housing crisis, while almost three quarters (74%) said that many housing projects in underserved areas would not be possible without private investment.

We also looked at the sector's wider relationship with societal drivers and, more specifically, the sector's focus on building sustainable communities and eco-friendly developments, all of which make BTR a crucial component of the UK's housing strategy.

Our report shows how the general positivity surrounding BTR is mirrored by growing investor appetite based on strong market fundamentals and a clear belief in the sector's long-term resilience when compared to other real estate classes. These compelling factors also make UK BTR an attractive opportunity for foreign capital.

65%

Nearly two thirds (65%) of respondents said the BTR model plays a major/significant role in addressing the UK's broader housing crisis.

74%

Almost three quarters (74%) of respondents, excluding funders, agree that without private investment, many housing projects in underserved areas would not be possible, with over three in 10 (32%) who strongly agree and over two in five (42%) who somewhat agree.

Meanwhile, developers and investors must navigate numerous obstacles, which have the potential to constrain growth. These range from an over-reliance on experienced operators (and potential inaccessibility to the market to sufficient numbers of smaller developers) to more complex and continuing frustrations with regulations and the planning environment. However, from an investment perspective, where there are challenges from traditional funders, we are seeing the role that public sector financing can play in bringing schemes to market first-hand.

As a transatlantic law firm, we were fascinated to compare the UK with the more mature US BTR market to see what could be learned. Although the scale is significantly different, there are clear parallels and some telling watch-outs for where the UK market could be heading. In addition, we can see US funds make up a notable portion of the foreign capital looking to be deployed in UK BTR.

The full report, which follows, explores the findings in detail with opinions from our real estate experts in the UK and US. Covering sustainability, investment and regulatory trends as well as learnings from the US, this analysis provides the building blocks for unlocking the potential of UK Build-to-Rent.

Key findings

The results of our survey of 700 UK BTR developers and funders show that:



65%

believe BTR plays a major role in addressing the UK's housing crisis.



98%

of developers believe sustainability is critical in shaping their funding strategies.



46%

of all respondents believe BTR adds value to society.



50%

of funders reported a very strong appetite for investing in the sector.



39%

of funders view BTR as having more long-term resilience than other classes of real estate.

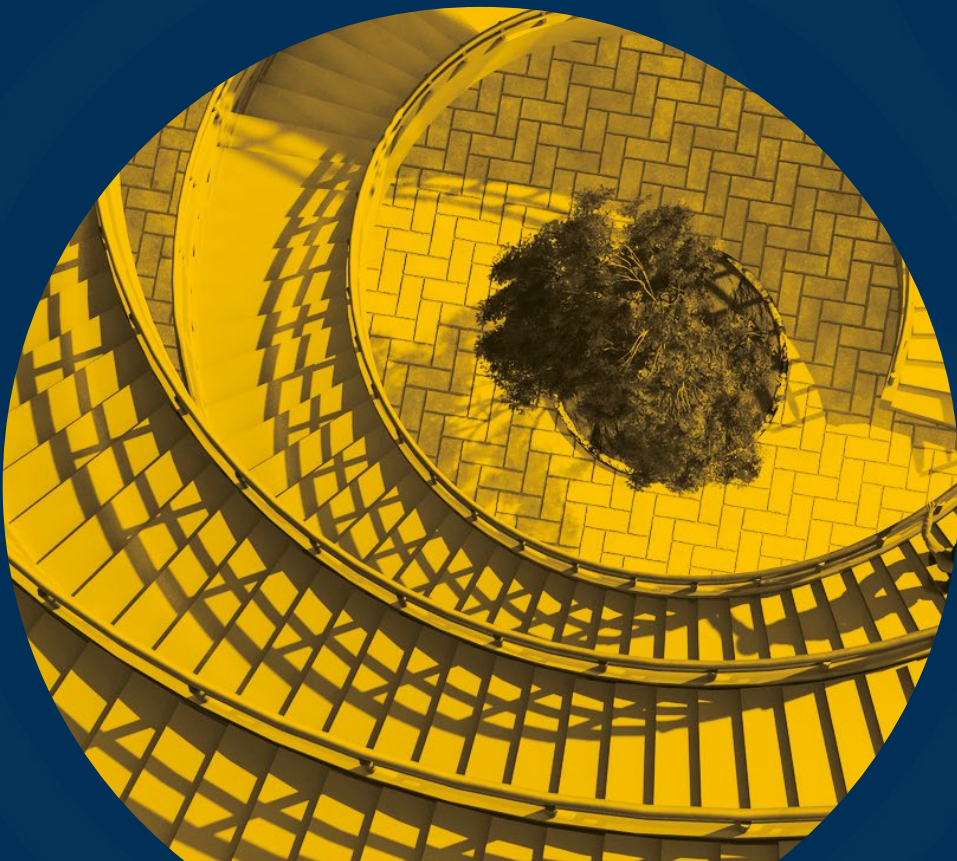


96%

of developers perceive current and recent building regulations to have a depressive impact on the delivery of BTR.

02

SUSTAINABLE DEVELOPMENT

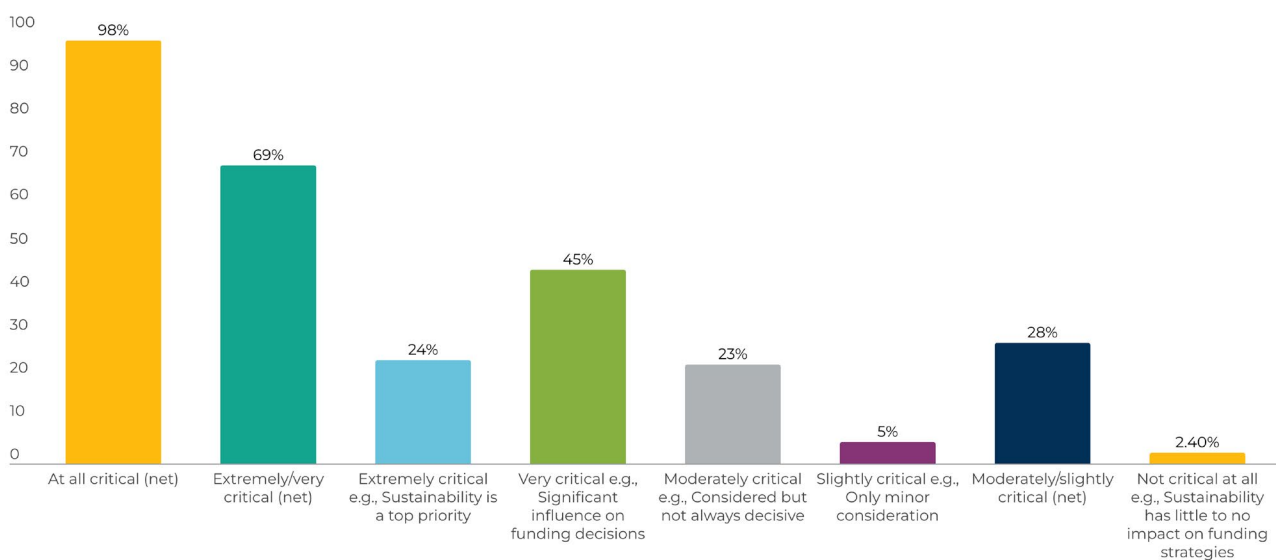




Bela Zavery
Partner

Although global attention has somewhat shifted away from sustainability, influenced by Trump-led anti-Environmental Social Governance (ESG) sentiment in the US, it remains a cornerstone for BTR developers. An overwhelming 98% of those we spoke to emphasised its importance in shaping funding strategies.

Q2. How critical, if at all, is sustainability in shaping your funding strategies?



Bela Zavery, Partner and expert in Real Estate and Build-to-Rent, explains:

In a new era where ESG and Diversity, Equity and Inclusion (DEI) initiatives are more topical than ever, the focus on sustainability in building development is crucial. Sustainable practices enhance asset performance, boosting the long-term value, efficiency and profitability of a property while fostering thriving communities.

This is where financial benefits are derived through mutual community and investor engagement. Sustainability and profitability can go hand-in-hand, gaining greater support from local communities and revitalising areas in need of regeneration, including key worker schemes. While profit remains a key driver, it's clear that successful projects now depend on meeting ESG criteria.

Placemaking and profitability

The parallels of placemaking and profitability are clear. Placemaking is integral to sustainable development, transforming neighbourhoods into vibrant, inclusive, and resilient communities. This approach not only enhances the quality of life for residents but also provides significant financial benefits for developers and investors.

Bela Zavery adds: “By engaging with local communities and incorporating their needs and aspirations into the development process, placemaking not only fosters strong community support but also unlocks potential for growth. This support can streamline planning processes, reducing delays and costs, and enhance profitability. Importantly, it creates a sense of ownership and pride among residents, improving wellbeing and quality of life. Factoring these elements into your business plan can significantly increase financial growth. Successful projects can deliver substantial benefits to the community while still underpinning profitability.”

In fact, almost all (95%) of BTR developers stress the need to balance profitability with creating tangible benefits for local communities and nearly a quarter (23%) say it helps build trust and reputation.

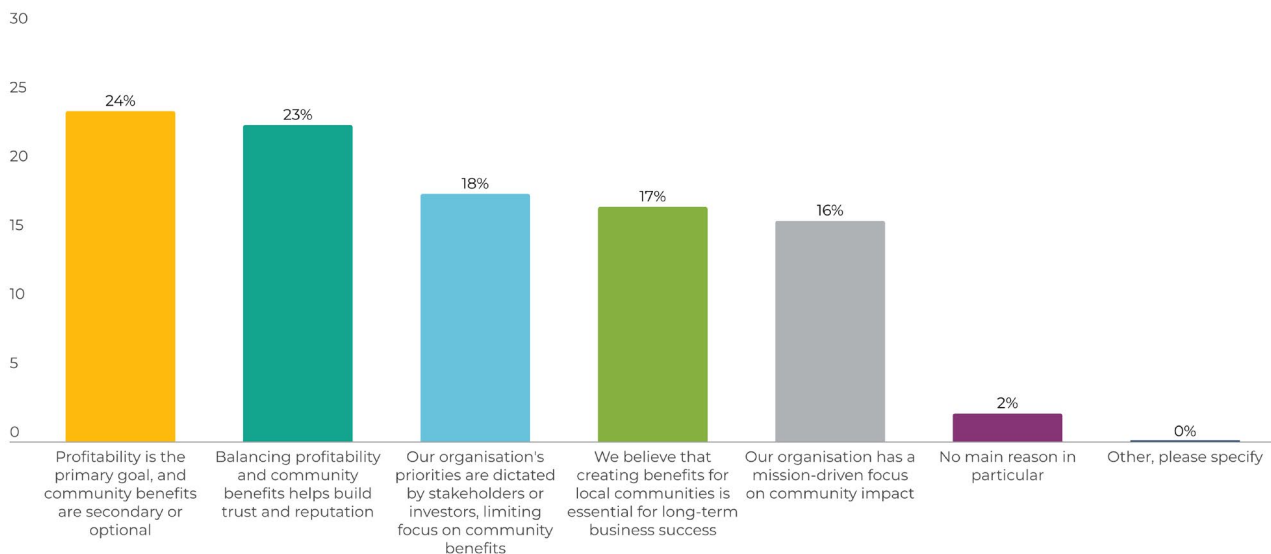
95%

Almost all (95%) BTR developers stress the need to balance profitability with creating tangible benefits for local communities.

23%

Nearly a quarter (23%) say it helps build trust and reputation.

Q8. What is the main reason for your answer regarding the importance of balancing profitability with creating tangible benefits for local communities?



Net zero commitments and challenges

Taking a closer look at sustainable initiatives, almost all developers (95%) consider net zero commitments important in their decision-making. However, challenges include the high upfront costs of sustainable materials and technologies (39%), balancing sustainability goals with profitability (39%), and a limited availability of skilled contractors for green projects (38%) [Q18]. Additionally, 34% identified regulatory uncertainties as a key challenge, highlighting the complexities BTR developers face in integrating sustainability while maintaining financial viability.

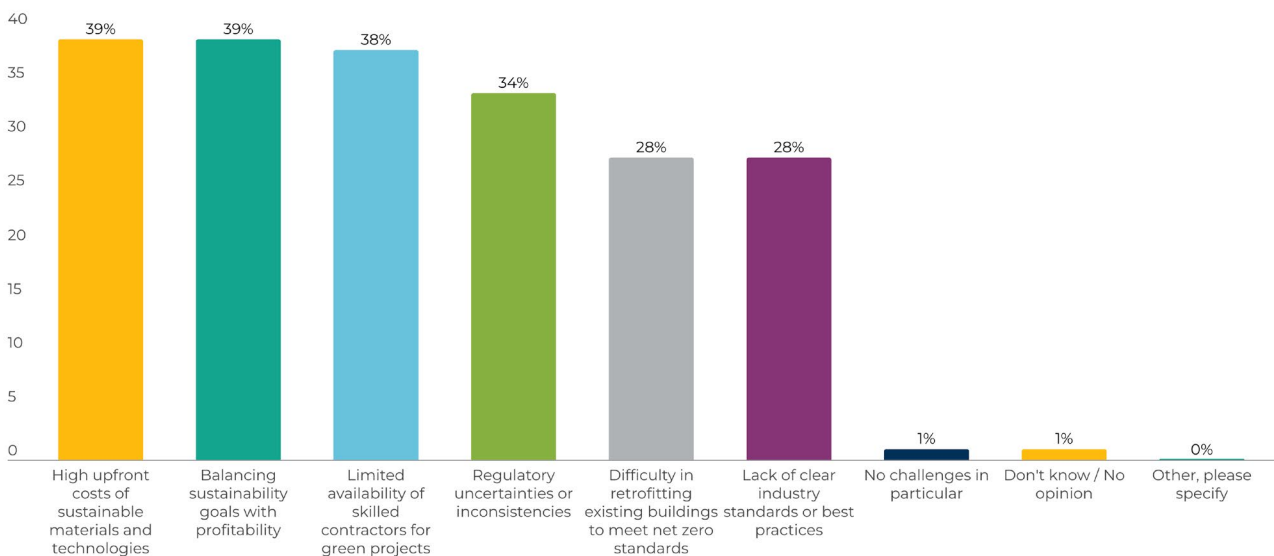
95%

Almost all developers (95%) consider net zero commitments important in their decision-making.

34%

Identified regulatory uncertainties as a key challenge, highlighting the complexities BTR developers face in integrating sustainability while maintaining financial viability.

Q18. What challenges does your company face in aligning with net zero goals in new and existing BTR projects, if any? (Select all that apply)



Value to society

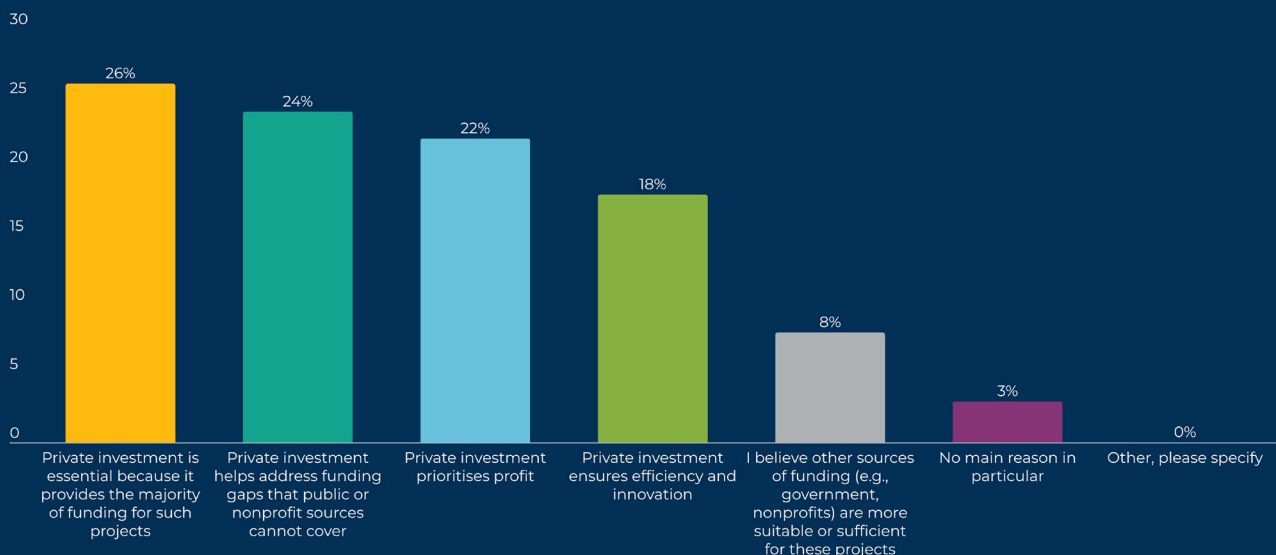
Placemaking and regeneration development schemes are crucial in fostering vibrant, sustainable communities. However, such ambitious projects often require substantial funding, which is where private investment becomes indispensable.

Without it, many housing and regeneration schemes in underserved areas would struggle to get off the ground. Nearly three quarters of developers (74%) agree that private investment is essential for these projects [Q5]. Respondents explained that this funding not only covers the majority of finance for such projects in the UK (26%) but also drives efficiency and innovation (18%).

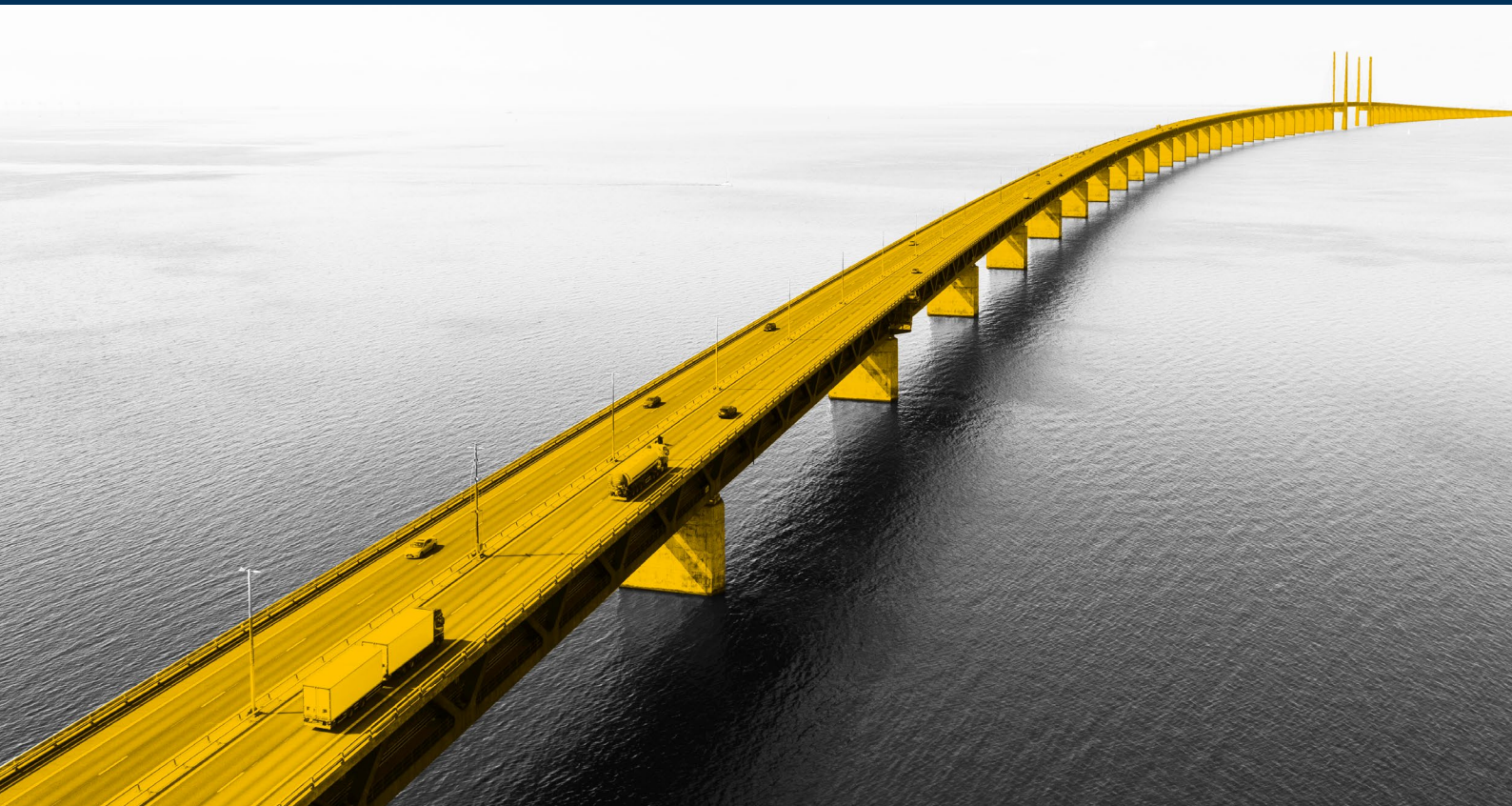


Nearly three quarters of developers (74%) agree that private investment is essential for these projects.

Q6. What is the main reason for your agreement or disagreement to the previous statement about the role of private investment in housing projects for underserved areas?



One other area for consideration is later living. As the population ages, developers think the BTR model can support this type of scheme, but overcoming financial viability issues (39%) and ensuring affordable rental options (37%) are crucial.



Bela Zavery concludes:

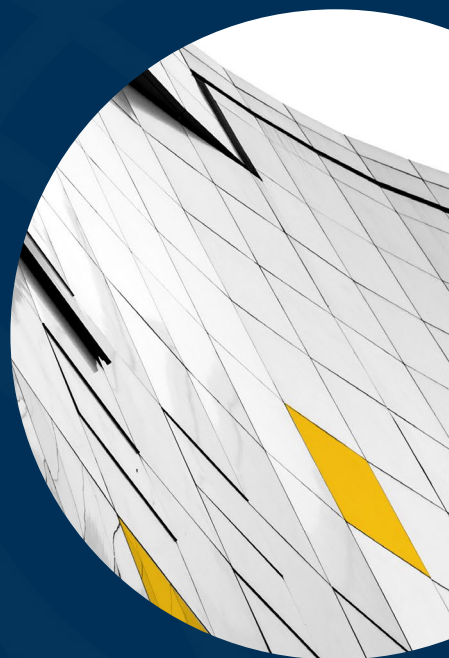
Despite the shifting global focus and challenges, BTR developers are leading the way by addressing the inter-relationship between profitability and positive impact, while also navigating the complexities introduced by the Building Safety Act, rental reform, and changes in taxation – such as the loss of multiple dwellings relief.

One of the ways they do this is by showing grassroots level support to the local communities in which such schemes are based. This could be key worker schemes or increased local amenities – schools, medical centres and the like – all of which help foster positive feedback and support from local communities during the planning process, instead of objections.

This proactive approach is reshaping the industry in a positive way, demonstrating that creating thriving communities is not only viable but essential for a prosperous future. By leveraging community support and private funding, these projects drive social and economic progress and foster resilient and vibrant communities.

03

UNLOCKING INVESTMENT STRATEGIES



**John Connor**

Partner, Head of Financial
Institutions sector

Interest rate cuts and improved debt pricing paved the way for a record year for BTR investment in 2024. Looking ahead, the funders and developers we spoke to remain bullish.

Half (50%) of the funders we surveyed reported a very strong appetite for lending to the sector and a similar proportion (47%) had a moderate appetite for BTR lending. Very few (4%) said their appetite was limited. In addition, over a third (39%) view BTR as having more long-term resilience than other classes of real estate.

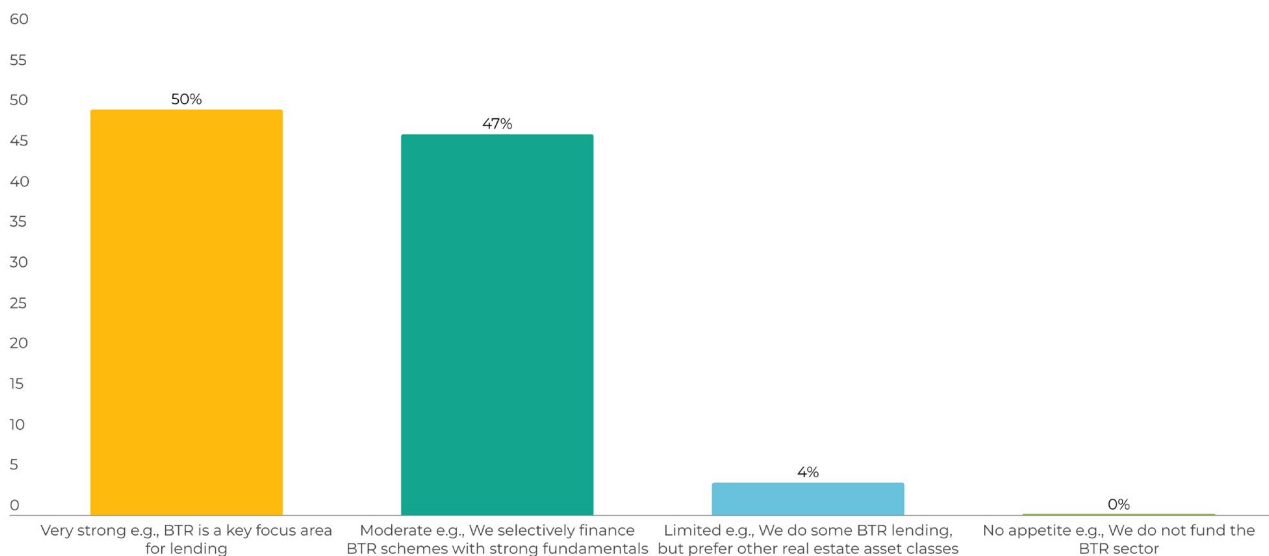
4%

Very few (4%) said their
appetite was limited.

39%

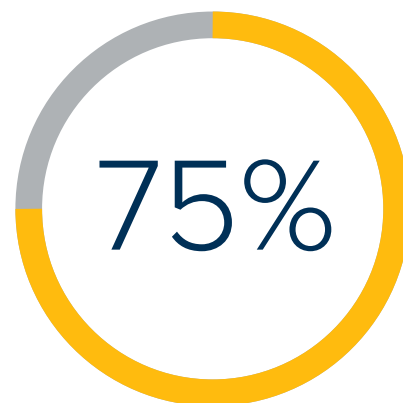
Over a third (39%) view BTR as having
more long-term resilience than other
classes of real estate.

Q26. How would you describe your overall appetite for lending to fund the BTR sector?



That positivity in the sector was echoed by developers where three quarters (75%) rated the current investment environment as favourable, with just over a quarter (26%) going as far as to say “very favourable”.

What’s more, that confidence extends beyond our shores. Developers point to strong UK rental demand, promising returns and growing recognition of the sector’s potential as key factors that make UK BTR a prime opportunity for overseas investors.



Three quarters (75%) of developers rated the current investment environment as favourable.

Key factors in lending decisions

When it comes to decisions on financing schemes, funders reported that the three most influential factors are:



42%

Operator experience and financial strength.



36%

Occupancy levels and rental income stability.



34%

Government policies and regulations.

Separately, funders also cited three key risks being:



42%

Oversupply of locally competing schemes.



40%

Construction delays.



40%

The loan market may not support a refinance.



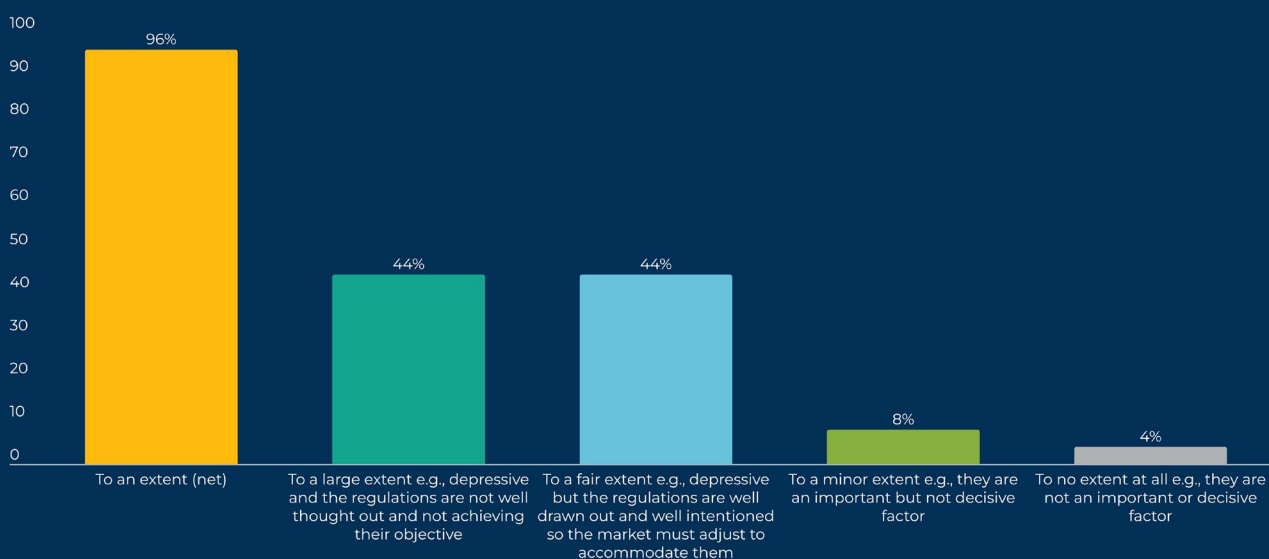
John Connor, Partner and Head of Financial Institutions sector, explains:

These decision-making factors are fascinating. There are only so many experienced operators around so if developers are being encouraged to use the same partners on all their schemes, that could constrain the market.

It's also interesting, but not unexpected, to see construction delays as a key risk. For developments that are 18 or more metres or seven or more storeys high, this can be linked to the Building Safety Act. While everyone agrees it has provided much-needed changes to building regulations post-Grenfell, teething issues with the administration of those regulations has led to issues that make sector participants nervous.

An overwhelming 96% of developers believe the Building Safety Act and other building regulations have had a depressive impact on the delivery of BTR.

Q20. To what extent do you perceive current and recent building regulations (including the Building Safety Act) to have a depressive impact on the delivery of BTR?





John Connor adds:

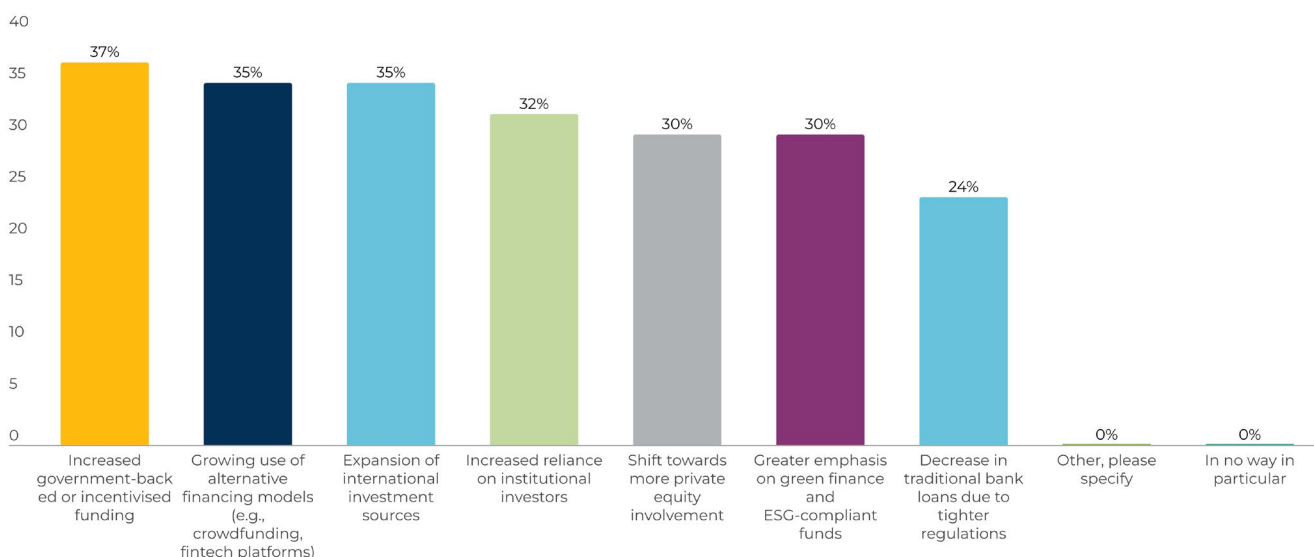
Missteps in meeting the new Building Safety Act requirements, coupled with a shortage of registered building inspectors, has caused delays to projects. As many BTR developments are debt funded, any delays have the potential to increase the interest payable by the developer and depress the overall profitability of a scheme. I'd expect these issues to recede in the future. Developers of future schemes should be able to benefit from the lessons learned from these early experiences, and the numbers of registered building inspectors should increase over time.

Government intervention

When asked how funding sources might shift over the coming decade, developer views were split fairly evenly across a variety of different options. These included more private equity, a greater reliance on institutional investors,

and the growing use of alternative financing models – such as crowd funding or fintech platforms. However, an increase in government funding topped the list.

Q3. How do you see funding sources shifting over the next decade, particularly in response to regulatory and market changes, if in any way? (Select all that apply)



Similarly, 'increased funding and incentives' was also the most popular answer when developers were asked what additional government actions would support their goals,

marking public finance as being crucial to the sector's continued growth.



John Connor, Partner and Head of Financial Institutions sector, explains:

Housing policy is a devolved matter, so the governments in England, Scotland, Wales and Northern Ireland can support the BTR sector in line with their own strategies and regulations. The Welsh government, the Scottish government and the Northern Ireland Housing Executive already use, or are developing, grants and rent guarantee schemes to support BTR projects and increase housing supply generally.

For the BTR sector in England, government funding usually means the involvement of Homes England. By collaborating with developers and local authorities, Homes England is increasingly part of the picture in BTR deal activity we have advised on. The organisation is playing an important role by stepping in to do things that, perhaps, traditional banks haven't been able to do: increasing housing supply, promoting urban regeneration and attracting investment to the sector. We're also starting to see local authority pension funds providing an additional source of liquidity to fund new BTR projects.

04

TRANSATLANTIC TRENDS





Kenneth Van Winkle
Vice Chair, Womble Bond
Dickinson US



Elizabeth Lee
Partner, Womble Bond
Dickinson US

Womble Bond Dickinson has a strong presence in the US where the BTR market is more mature. With three quarters (75%) of developers and funders believing that the US rental market model provides valuable insights for UK investors, we have investigated the parallels between the two markets. As a transatlantic law firm, **we are uniquely positioned to do so.**

In the US, BTR primarily consists of single-family homes, typically as standalone units or townhouse style properties, while multi-family housing is usually defined as five or more residential units in multi-storey projects under common ownership. In contrast, the UK BTR market includes a broader mix of houses, flats and apartments, with UK single-family rental (SFR) closely resembling US BTR but incorporating more vertical construction.

75%

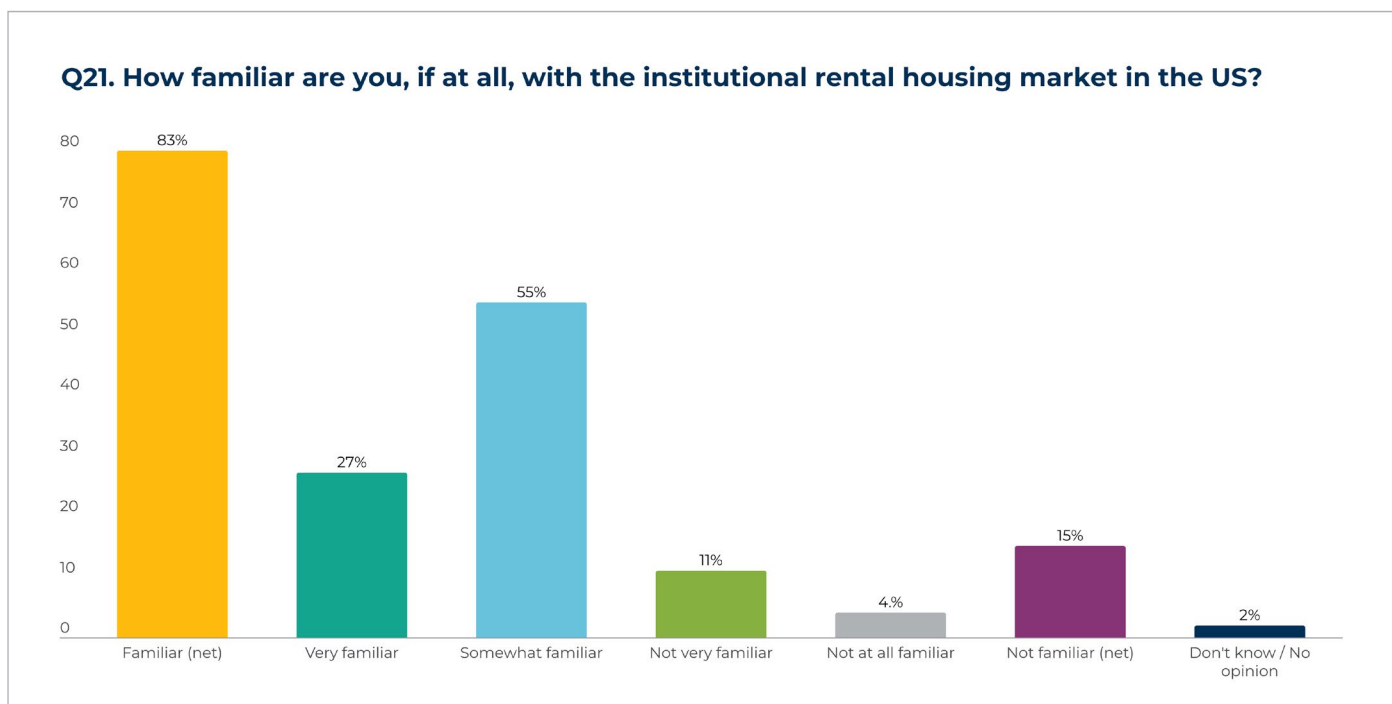
Three quarters (75%) of developers and funders believing that the US rental market model provides valuable insights for UK investors.



Kenneth Van Winkle, Vice Chair, Womble Bond Dickinson US, explains:

US BTR is largely focused on single-family build to rent communities, driven by suburban demand and established financial models. Multi-family developments have long shaped urban growth, giving investors confidence in their performance. Although the UK market takes a slightly different path, featuring a wider range of property types and being at a different stage of development, there are intriguing similarities.

The US multi-family and BTR sectors have emerged as influential models for housing accessibility and investment. With 83% of respondents familiar with the institutional housing market in the US, our findings suggest that the UK could benefit from adopting aspects of the American rental approach.



Living the American dream

In the US, housing development is significantly driven by multi-family projects and large residential communities. Beyond providing homes, the pace and volume of housing construction acts as a key economic indicator, fluctuating in response to influences such as material costs, financial conditions and, more recently, tariffs. This strong connection between housing and economic stability reflects how ingrained large-scale development is in the US – a contrast with the UK, where owning your own home has traditionally been the focus and rental properties remain fragmented under smaller landlords.



Elizabeth Lee, Partner, Womble Bond Dickinson US, explains:

While homeownership also remains the American dream, for a growing portion of the population, it feels increasingly out of reach – or even undesirable. The reality is, the US housing market runs on large-scale development, whether it's multi-family projects or large residential communities.

This deeply institutionalised system shapes both housing supply and the broader economy, marking a key distinction from the UK housing market.

Planning ahead

The US zoning system also offers valuable insights for UK land use planning. By creating different zones, managed at a local city and municipality level, each has their own pre-determined regulations on how the land can be used. This provides developers and funders with certainty, streamlining the development process.



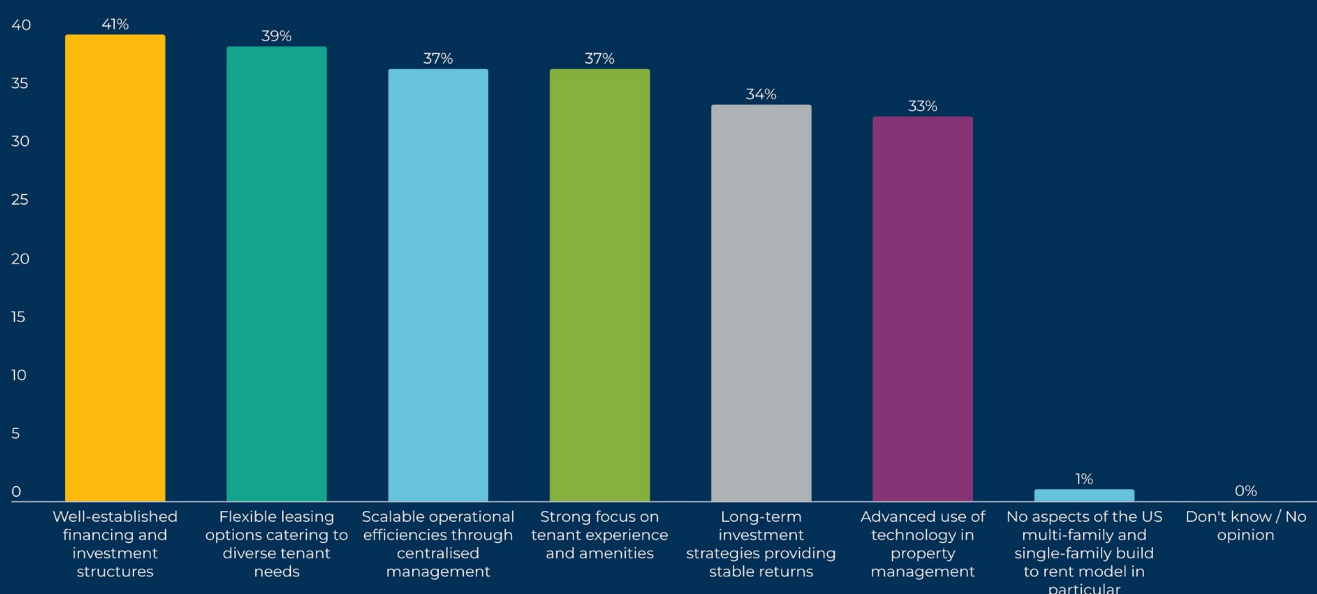
Tom Willows adds:

A similar model in the UK could provide clarity for developers by involving communities in shaping long-term growth strategies, mitigating potential planning conflicts as well as local NIMBY (not in my backyard) concerns. At present the lack of certainty with a committee-led (and all too often political) planning system is anecdotally said to be a key factor in delaying and preventing much-needed new housing delivery. Our research underpins that viewpoint and our experience from the US shows us there is possibly a better way.

Financial flexibility

The financing of the US housing market is another topic that 41% of respondents recognise as an area UK BTR could learn from. Government-sponsored entities (GSEs) play a vital role in funding US housing. Instead of lending money directly to homebuyers or multi-family developers, GSEs purchase mortgages from banks and lenders. Mortgages are bundled into securities and traded in capital markets, fostering a strong secondary market that attracts banks and institutional investors, creating liquidity.

Q22. What aspects of the US multi-family and single-family build to rent model do you think could be beneficial for the UK multi-family and single-family market, if any? (Select all that apply)



Originally intended to support affordable housing, the system has evolved to include large-scale rental and commercial developments. As institutional investment in residential markets grows, UK investors can learn from the US model, particularly in areas like standardised financing, securitisation, project management and long-term rental strategies. However, the continuing growth of BTR in the US has also created a moral dilemma with large institutions buying up developments and shrinking the market for those trying to buy their own homes.



Kenneth Van Winkle explains:

As institutions buy up available properties to rent, more and more Americans who want to purchase their own home are being priced out of the market. We're now seeing legislation being proposed in various cities, states and at a federal level to limit the number of homes that institutions can own, with some parts of the country also considering rent controls to make BTR less desirable and slow the market down. The UK is not at this stage yet, but this could be a warning of things to come for developers and investors.

There are some clear lessons for UK BTR to learn from the US, from the role of institutional investment, purpose-built rental communities and locally-driven planning that provides certainty. But the US market also offers a glimpse of what could lie ahead for the UK – both good and bad.



Tom Willows adds:

We have seen the early signs in the UK of public concerns and headwinds arising from the acquisition of large numbers of new homes by institutions and others as those same homes become less and less affordable for potential owner occupiers. We have witnessed in the US the moral discussions that same dynamic has prompted.

That all underpins the need for the UK BTR sector to be very clear about the concept of additionality, and to be on the front foot with the message that the investment in UK housing in this way unlocks the delivery of more homes in less time than would otherwise be the case without institutional investment.

05 CONCLUSION



The UK Build-to-Rent sector has grown exponentially in recent years and has now reached a fascinating point, ready to address significant housing needs while promoting sustainable development and attracting substantial investment.

Our report highlights the sector's essential role in mitigating the UK's housing crisis, with 65% of surveyed developers and funders recognising its importance. The strong commitment to sustainability, emphasised by 98% of respondents, marks a clear focus on practices that boost asset performance and community wellbeing.

Investment in BTR remains robust, with half of funders showing a very strong appetite for lending. Developers share this optimism and the sector's resilience and long-term potential make it an appealing opportunity for foreign investment.

Despite these positive trends, high and rising build costs can still frustrate growth while challenges persist, such as regulatory hurdles (including the planning system) and the need for experienced operators. Public sector financing plays a role in overcoming some of these obstacles, but there is much that can be learned from the mature US BTR market to meet challenges now and plan for the future.

This analysis provides the foundations for unlocking the full potential of the UK BTR sector, ensuring its continued sustainable growth and positive societal impact.

Looking ahead

UK BTR has a very important role to play in solving the UK housing crisis but the rate and scale at which capital can be deployed towards that solution will depend on our collective ability to tackle the challenges of planning and regulatory reform and on the macro-economic climate and its impact on build cost and viability.

65%

Our report highlights the sector's essential role in mitigating the UK's housing crisis, with 65% of surveyed developers and funders recognising its importance.

98%

The strong commitment to sustainability, emphasised by 98% of respondents, marks a clear focus on practices that boost asset performance and community wellbeing.



Tom Willows concludes:

The UK BTR story is ever changing. The sector can address critical housing needs and foster sustainable development, buoyed by strong investor interest and the experiences of other markets. At Womble Bond Dickinson, we are committed to guiding our clients through the next chapter, ensuring they can seize the opportunities and navigate the challenges ahead. The growth potential of BTR is immense, and with collaborative efforts, we can unlock its full potential to a better future for UK housing.

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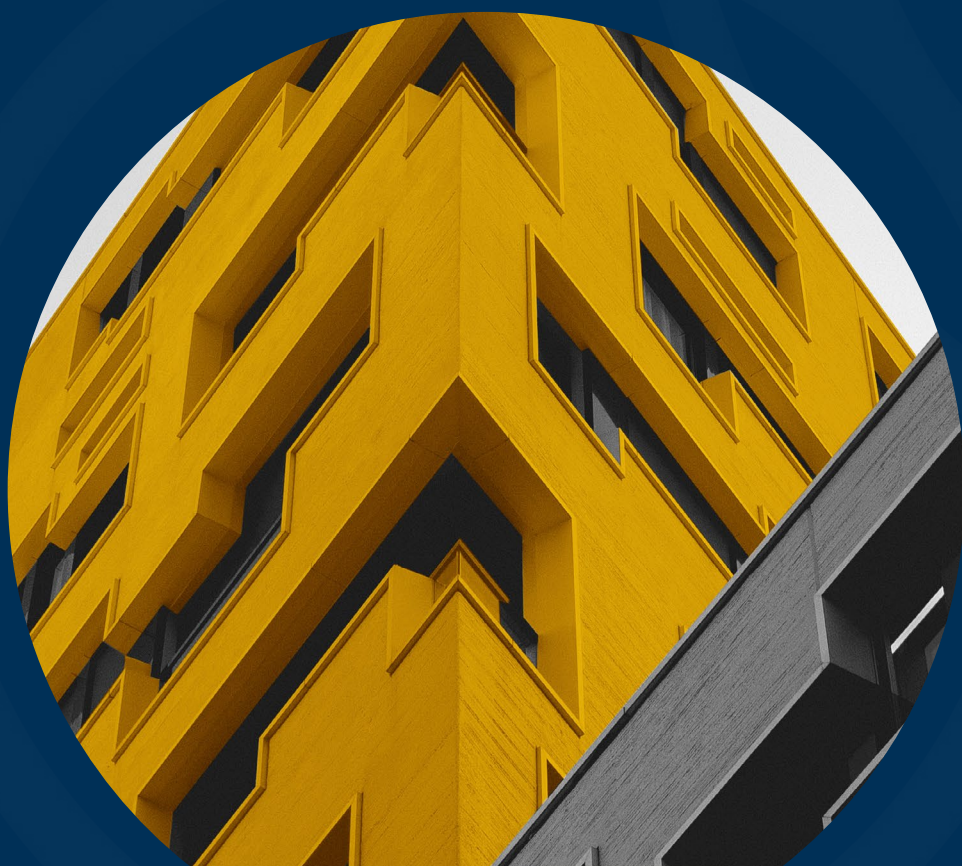
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05 APPENDIX



Our Living practice

Womble Bond Dickinson's Living practice advises clients on every aspect of the real estate living sector. We work with a diverse range of 'living' businesses and organisations, from small and medium-sized enterprises to national housebuilders, lenders, public sector regeneration bodies, local authorities, registered providers, property developers, investment funds and professional service firms.

Our clients each have unique goals, but they all share a commitment to tackling the UK's housing shortage. Whether it's through building traditional homes, meeting the growing demand for social and affordable housing, build-to-rent or developing innovative modular solutions on brownfield sites.

The consistent pressure to resolve the housing crisis has placed the sector firmly in the spotlight. We help clients respond through our extensive legal expertise

in all areas of housing, including strategic land and collaboration agreements, planning applications, construction, environmental issues and more. We also facilitate joint ventures and partnerships to drive innovation and growth in the sector.

Womble Bond Dickinson has unrivalled balance and depth in its UK Living practice, supporting some of the most significant public sector bodies; developers; investors and funders across the sector. In addition WBD has unparalleled access to expertise and insights from its US business. WBD is uniquely well placed to give holistic, valuable, and highly commercial advice on UK Living – particularly for foreign capital seeking to enter the UK market.

To find out more, visit our **dedicated web page**.

Methodology

The research was conducted by Censuswide, among a sample of 700 developers and investors working in the UK Build-to-Rent sector aged 18+ excluding sole traders. The data was collected in March 2025.

Censuswide abides by and employs members of the Market Research Society and follows the MRS code of conduct and ESOMAR principles. Censuswide is also a member of the British Polling Council.





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