PLATFORM_

The Regeneration Potential Of build-to-rent

September 2019

Executive Summary

New research and analysis by PLATFORM_, a developer and operator of private rented housing, underlines the scale of the development opportunity available cities in England, Scotland and Wales from brownfield land.

PLATFORM_ estimates that British cities could meet nearly three quarters of their 10-year housing need - close to **370,000 homes** - by regenerating existing vacant brownfield sites. During this research, PLATFORM_ identified over 6,100 brownfield plots in 23 urban centres across Great Britain.

PLATFORM_ also estimates **the build-out time for all identified brownfield land could be reduced from 16 to 4½ years if earmarked for build-to-rent (BTR)** housing rather than traditional for-sale homes.

Not only would earmarking brownfield sites for build-to-rent speed up regeneration efforts but it would also help meet a pressing housing need, with more and more people renting and for longer.

About PLATFORM_

Launched in 2016, PLATFORM_ is a fully integrated investor, developer, operator and asset manager of purpose-built rental communities throughout the United Kingdom.

Incubated by real estate investment and development business Westrock, PLATFORM_ manages an operational portfolio of 608 BTR units in key commuter towns and employment hubs such as **Bedford**, **Bracknell**, **Crawley**, **Exeter** and **Stevenage**.

PLATFORM_ is now preparing to go on-site with schemes in **Cardiff**, **Glasgow** and **Sheffield**, which will collectively deliver over 1,000 homes with a combined Gross Development Value greater than **£200m**.

Britain's housing crisis

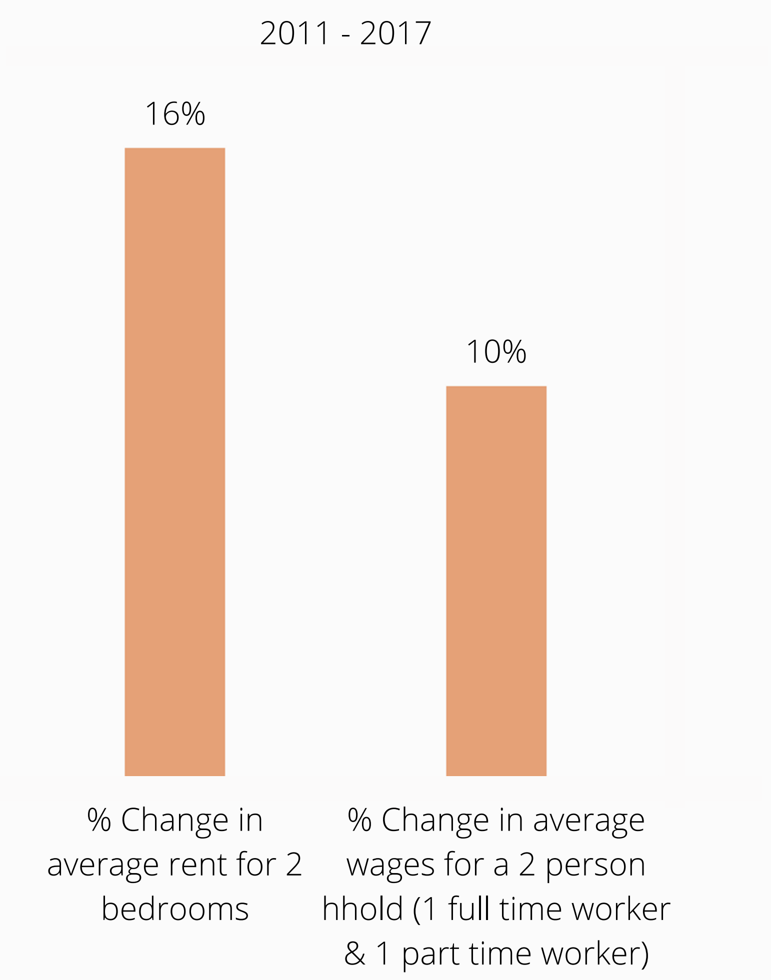
It won't come as a great surprise to anyone reading this that the UK is currently experiencing a housing crisis, but the true scale of the issue can still be daunting.

A report in January from Shelter argued that **3 million homes needed to be built in England alone** over the next two decades in order to alleviate the crisis.

Rents grew 60% quicker than wages between 2011 and 2017 while the average house price is now almost eight times the average income, according to the Office for National Statistics.

The lack of accessibly priced housing is having further knock-on effects on the wider economy, by impacting labour market mobility and productivity, by forcing people to live further away from where they work.

Solving this crisis will have to be a collective effort, with developers, investors and policymakers all playing their part. Yet we have to recognise that the same old strategies scaled up won't be good enough for the challenges of the 2020s.

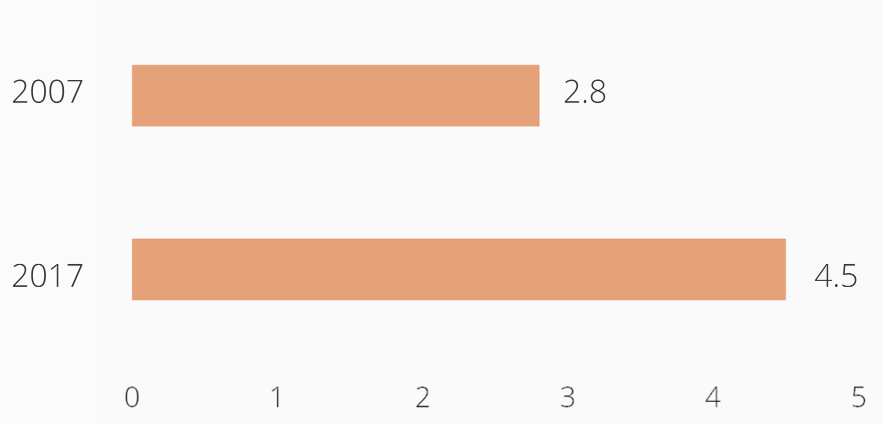


The case for build-to-rent

The number of households in the private rented sector in the UK has increased from **2.8 million in 2007 to 4.5 million in 2017**, but the traditional private rented sector is fast proving unable to meet the needs and wants. Renters are tired of inconsistent service, poor quality housing and uncertainty of the length and security of their tenancy.

BTR is perfectly placed to alleviate these concerns. Professional operators can meet the needs of renters, offering an experience more akin to a hotel. Newly built buildings are designed from the ground up for a 21st century rental experience, with many BTR landlords typically offering on-site amenities and professional management in addition to purpose-built homes for renting.

BTR is also well suited to regeneration projects thanks to faster absorption rates, which allows for higher build-out rates than market-sale housing.



PRS households (millions)

As the recent Letwin Review into land-banking identified, homes for sale, especially on larger sites, are built at slower rates to maintain demand and pricing. Rental blocks on the other hand can be built out faster as the pace of lettings is faster than the pace of sales. For master-planners or investors wanting to create a sense of place or community quickly, BTR is therefore a natural fit as it can bring residents in sooner than build-to-sell housing.

More broadly, BTR can support labour market mobility - a key driver of productivity - by offering housing that is more flexible than owner-occupation and more secure than traditional rental homes.

In many city centres, where employment opportunities and productivity are typically highest, BTR may prove more accessible in terms of pricing than owner-occupation too, requiring less in upfront costs such as a deposit.

BTR Brownfield Development

Brownfield land, also known as **previously developed land**, has long been touted as a potential solution to the housing crisis, as brownfield development is seen as less politically contentious than building on greenfield sites. Many brownfield sites sit within existing built up areas, where retail, leisure and job opportunities are.

However, brownfield development can prove expensive thanks to the significant remediation costs typically involved, and many sites may be unsuitable for development altogether, for example, due to their shape or location.

Nonetheless, this report demonstrates the sheer amount of brownfield land available to developers and local authorities across the country.

Our research reveals **major British cities could meet nearly three quarters of their 10-year housing demand with existing vacant brownfield land sites**.

KEY STATS

75% — of 10-year housing need could be tackled by Brownfield land in England's largest cities, in Great Britain it could account for 71% of need.

6,131 — sites with capacity for 367,711 homes identified across 23 urban centres in Britain.

4.5 years — Build-out times for all identified brownfield land could be reduced from 16 to 4.5 years if earmarked for build-to-rent.

3.5x — Build out rates could be increased by at least 3.5 times if sites were dedicated to purpose built rental housing.

Using public data sets, our analysis finds **brownfield land could accommodate 367,711 homes across 6,131 sites** in 24 of the largest urban areas in England, Scotland and Wales. When cross-referenced with 10-year local housing need for each city this shows that **brownfield land could accommodate 70.7% of the demand** on average.

As well as looking at individual cities, we looked at the combined authorities of the Midlands and Manchester. In the Manchester Combined Authority brownfield land could provide **86.3% of identified housing need, in the West Midlands, 65.4%**.

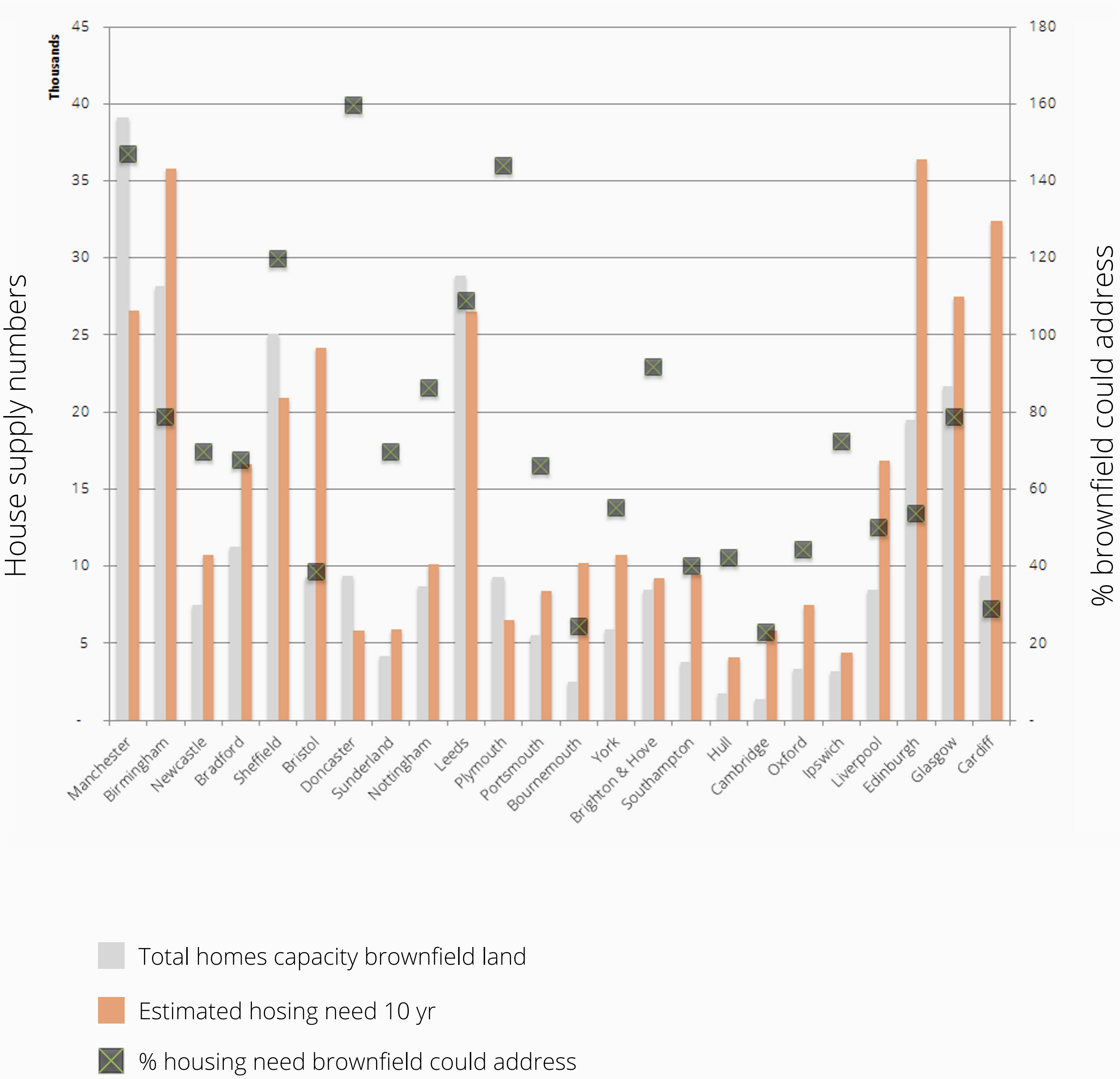
The research also looked into the size of brownfield schemes available, and in particular where schemes of 100 or more units are available. In general, build-to-rent blocks need to be of a certain scale to work given the typical provision of on-site management and amenity.

The research found schemes of 100 or more units would provide **228,864 units**, or **54% of identified housing need in surveyed cities**.

Previous research from the Investment Property Forum showed that while the rates of sale for housing developments average 1-2 a week, letting rates are far higher, averaging 7. Therefore **rental developments can be occupied at least 3.5 times faster than schemes for sale**, and assuming schemes are built out as fast as they can be occupied, this could increase development speed by a similar factor.

While PLATFORM_ recognises that not every brownfield site identified will be suitable for BTR, a greater supply of homes across all tenures and price-points is needed to fix the housing crisis, there is a clear and pressing need for high quality rental homes, and BTR can help spur urban regeneration at a much faster pace than other forms of housing.

Brownfield land supply vs. 10 year housing need



The **full data** reveals the true scale of the capacity that is waiting to be unlocked:

	Total sites	Total homes capacity	No over 100 units	Units in schemes over 100 units	Estimated housing need 10 yr	% brownfield sites over 100 units could address
GB	6131	367711	n/a	n/a	519994	n/a
England	4815	317235	746	228864.3	423780	54
West Mids CA	1423	67228	170	45736	102820	44
Greater Manc CA	1088	92423	204	74361	107080	69
Manchester	235	39118	74	34978	26610	131
Birmingham	404	28148	74	22315	35770	62
Newcastle upon Tyne	120	7478	17	4161	10730	39
City of Bradford Metropolitan District Council	216	11219	24	6520	16630	67
Sheffield City Council	331	25063	80	18224	20930	87
Bristol City Council	215	9330	27	5654	24200	23
Doncaster MBC	100	9336	14	7705	5850	132
Sunderland	62	4126	10	2693	5930	45
Nottingham City Council	167	8726	23	5037	10100	50
Leeds City Council	347	28814	59	20648	26490	78
Plymouth City Council	87	9317	22	7168	6470	111
Portsmouth City Council	65	5522	16	4514	8350	54
Bournemouth Borough Council	77	2500	5	980	10220	10
City of York Council	45	5913	10	5091	10700	48
Brighton & Hove City Council	166	8462	19	5205	9240	92
Southampton City Council	37	3779	9	2898	9420	31
"Kingston upon Hull, City of"	45	1721	4	814	4090	20
Cambridge City Council	18	1336	3	719	5830	12
Oxford City Council	57	3307	10	2003	7460	27
Ipswich Borough Council	60	3204	9	1734	4420	39
Liverpool City Council	89	8431	11	6999	16820	42
Edinburgh	424	19491	n/a	n/a	36372	n/a
Glasgow	485	21640	n/a	n/a	27476	n/a
Cardiff	407	9345	n/a	n/a	32366	n/a

The research

All data for England comes from council provided registers of brownfield land, which also include estimated housing potential on each site.

For Edinburgh and Glasgow it comes from the latest Housing Land Audit, which uses slightly different criteria but still gives a reliable indication of brownfield land and its potential housing capacity. Figures for Cardiff came directly from the Council.

Estimated housing need for England comes from government figures for demand on an annual basis, which has then been calculated over a ten-year period.

For Edinburgh Housing need comes from its Housing Need and Demand Assessment 2015, which provides a 20 year figure under various scenarios. The figures used have come from Alternative Future Default 2, on page 147, which **estimate total need in the Edinburgh area to be 72,744 between 2012-2032**, and which has calculated over a ten year basis. For Glasgow Housing need comes from its Housing Strategy 2017, which provides a 12 year housing need figure (2012-2024) and which has been adjusted accordingly for a 10 year period to give a comparable figure (this figure also includes housing backlog). While the figure is not as up to date as others it gives a comparable indication of housing need.

For Cardiff the figure comes from direct council documents The Cardiff Housing Strategy 2016, which stated **annual average new housing need to be 2,236 homes** (page 16), and which has been assumed as an annual average to allow for comparable statistics.

Estimated rate of build out has come from ONS or regional authority stats on completions data, with a five-year average for 2018 worked out for each city.