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UK Build to Rent Market Update

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The **third quarter** of 2025 brings the 9-month investment total to £2.6bn invested, a figure that mirrors 2023 and 2024.

Nearly half of full calendar year investment needs to come in the final three months of 2025 if it is to eclipse 2024. This is becoming the norm as in 3 of the last 4 years, Q4 has seen the greatest level of investment.

In England, the biggest change to the private rented sector in nearly 40 years has now arrived as the Renters' Rights Bill received Royal Assent at the end of October. The reforms will be rolled out in the coming months and even though there are administrative hurdles to overcome, investors will welcome the news that it has finally arrived.

Investors will also be encouraged by the Scottish Government's support of BTR through its exemption from rent controls. The door has been re-opened for the country's major cities to unlock their potential, particularly given their strong fundamentals.

The speed investors return though, is uncertain. Regardless, the impact Scotland's rent regulation had on BTR delivery is clear and has laid bare the importance of collaboration between both public and private sectors to bring forward regulation.

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Build to Rent to be exempt from Scotland's rent regulation

Housing has risen up the political agenda which is a positive sign for increasing housing delivery. But striking the right balance between support and regulation is critical in fostering investment into housing. Scotland's recent experience of rent regulation shows the importance of working with the market to implement regulation.

Threat of rent regulation drove many investors out of Scotland

From September 2022 to April 2025, Scotland had been operating under rent control measures, when an emergency rent cap was implemented, limiting rent increases for existing tenants. Rents for new lets had risen by 15% across Scotland in the two years leading up to this date (Zoopla Rental Index – powered by Hometrack).

There have since been numerous consultations around making the measures permanent and uncertainty has driven many investors out of Scotland.

During September 2022, there was a healthy pipeline of Build to Rent sites coming forward in Scotland. Glasgow led the way with over 7,000 homes at various stages of the planning and development pipeline, followed closely by Edinburgh with over 6,000. Had all this come forward, it would have amounted to over three years of annual housing need in Glasgow and over 18 months in Edinburgh.

In reality, the uncertainty around rent regulation weighed on investor sentiment and the number of annual BTR home starts reduced by two thirds (-65%) from just over 1,300 homes in the 12 months to September 2022 to under 500 homes in the 12 months to September 2025.

Rent control exemption for BTR

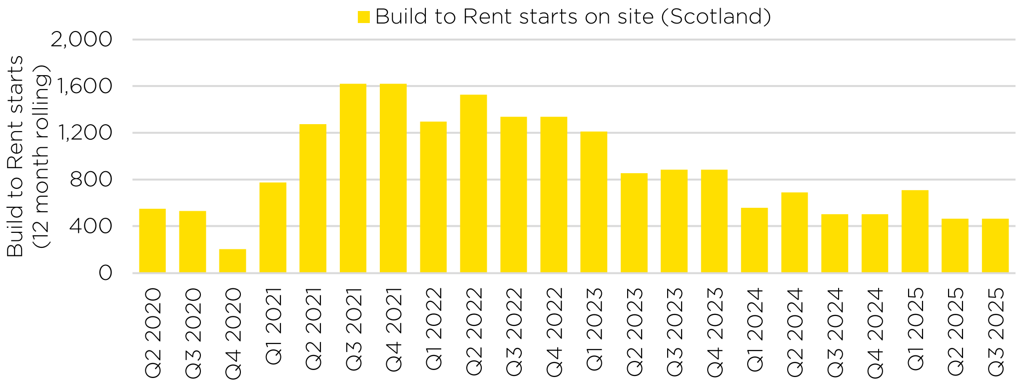
The Scottish Parliament recently passed 'the Bill', under which ministers will be able to designate parts of the country as Rent Control Areas. Landlords within these zones may only increase rents in line with inflation plus one percentage point, capped at 6% per year. However, the system will not apply to Mid-Market Rent, Build to Rent properties, or student accommodation.

The need to increase new homes delivery was cited as a key reason for the change of heart amid recognition of the role private investment can play. Certainty around rent regulation could bring investment back to Scotland, in time, particularly given the fundamentals of its major cities are so strong.

Glasgow has a large full-time student population of 73,575 and retains 31% of its graduates every year, a figure behind only London, Manchester and Birmingham. Meanwhile, Edinburgh boasts a highly productive workforce that supports wages. Across all UK cities, only London can boast a higher average GVA (Gross Value Added) per worker than Edinburgh.

These compelling fundamentals will not be lost on investors who, in the coming years, will once again look to return to delivering the homes that Scotland needs.

Figure 1 – Starts on site in Scotland have greatly reduced



Source: Savills, British Property Federation, Molior

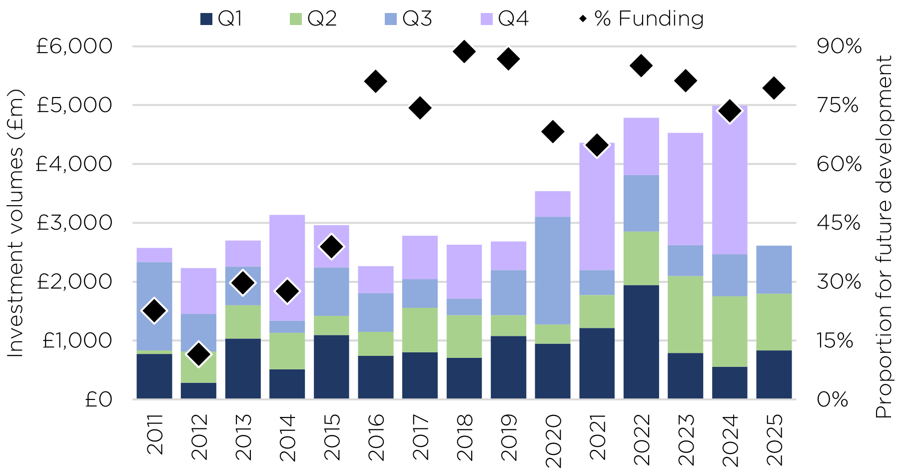
UK Build to Rent Investment

The third quarter of 2025 saw just over £800 million invested in UK BTR. This brings investment for the first three quarters of the year to £2.6 billion, in line with 2023 and ahead of 2024 (£2.6 billion).

Once again, the driving force behind UK BTR investment has been transactions funding development. In 2025 to date, 79% of transactions have been for the development of new homes. This hides a more nuanced picture, as Single Family Housing saw 90% of investment into development whilst Multifamily saw 69%.

Both sub-sectors will need to record a strong final quarter to meet the £5 billion mark reached in 2024. 49% of 2025 investment will need to come in Q4, slightly below the 53% of final year investment that was seen in 2024.

Figure 2 – First 9-month investment has been consistent for three years



Source: Savills

UK Build to Rent Development

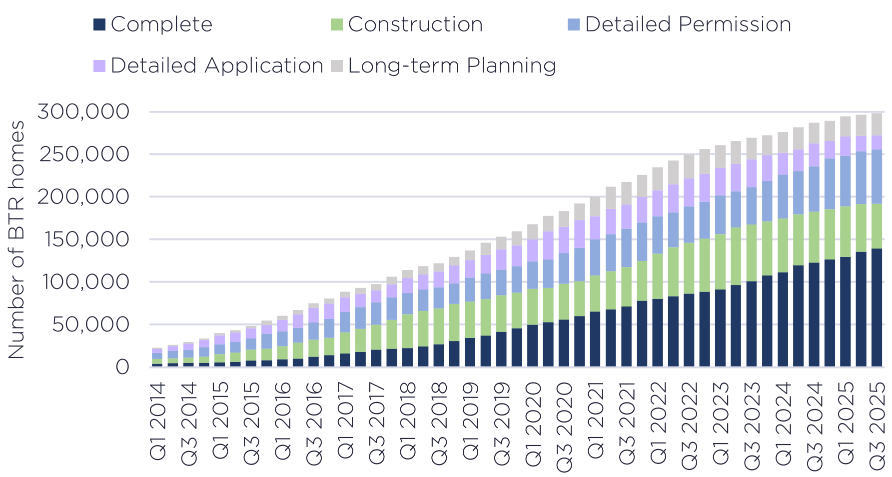
The UK's BTR stock now stands at over 139,000 completed homes, up by 14% nationally compared to Q3 2024. There are a further 52,500 homes under construction as well as 106,500 homes in the planning pipeline, including those in the pre-application stage. The total size of the sector now stands at 298,000 homes, up 4% compared to Q3 2024.

Development challenges remain a prominent issue and the outlook for Build to Rent delivery remains challenged. The number of BTR starts on sites has now lagged completions for seven quarters in a row. The picture is particularly bleak in London. The number of BTR homes under construction has reduced -29% to 12,217 homes while outside of the capital this has reduced -5%.

There does remain a substantial number of consented homes in the BTR pipeline, standing at 64,000. Planning permissions typically only last for three years and finding ways to convert them into starts on site is crucial to feeding the construction pipeline.

Unlocking the consents backlog will create funding opportunities for investors, who are generally unable to take planning risk.

Figure 3 – Lack of starts is growing the number of unimplemented consents



Source: Savills, British Property Federation, Molior

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