The UK’s housing shortage is not a new issue. According to data published by the National Association of Estate Agents (NAEA) earlier this year, the demand for homes now outstrips supply by ten to one, meaning that for each property on the market there are 10 potential buyers. The situation is particularly difficult for first-time buyers, who simply don’t have the opportunity to step onto the property ladder.

The housing industry is not in denial of the situation and in recent years key market participants have tried to offer solutions to bridge the huge gap between demand and supply, with the proposal of new regulations and the introduction of key government initiatives. But one solution in particular seems to have brought the industry together. Although initially received with significant market scepticism, the industry is now embracing build to rent as the way forward.

Build to rent has now moved from theory to practice and has started to grow in maturity as an independent sector in its own right within the property industry. Investors, developers and advisers are making build to rent happen and customers are set to benefit from this momentum.

The positive change of perception when it comes to renting has undoubtedly contributed to this momentum behind build to rent going mainstream. Young professionals, couples and families are increasingly turning to the sector due to its flexibility and the elevated costs associated with purchasing a home. While the rental sector has typically been London centric, with 27 per cent of the housing stock privately rented in the capital, its prominence is now also increasing in the regions, where it is weighted heavily towards urban centres, with higher proportions of tenants living in large towns and cities. It’s clear that this is not an opportunity restricted to London and the South East.

These waves of change are not going unnoticed in the property industry. In the last two years we have witnessed significant advances in this area, such as the Urban Land Institute’s “Build to Rent: A Best Practice Guide”. Launched in 2014 and benefitting from a significant update at the start of this year, the guide has successfully sought to establish a quality benchmark for the design and management of build to rent in the UK.
“THE ROLE OF YOUNG PEOPLE IS ALSO CRUCIAL FOR BUILD TO RENT. YOUNGER PEOPLE AND KEY WORKERS, OR “GENERATION RENT” AS THEY ARE NOW KNOWN, SHOULD BE GIVEN PRIORITY, AS THEY ARE USED TO RENTING THROUGH UNIVERSITY OR THEIR EARLY CAREER AND ARE MORE LIKELY TO CONTINUE DOING SO AS THEY CONTINUE THEIR ADULT LIFE.”
“ACCORDING TO DATA PUBLISHED BY THE NATIONAL ASSOCIATION OF ESTATE AGENTS (NAEA) EARLIER THIS YEAR, THE DEMAND FOR HOMES NOW OUTSTRIPS SUPPLY BY TEN TO ONE, MEANING THAT FOR EACH PROPERTY ON THE MARKET THERE ARE 10 POTENTIAL BUYERS.”
The guide covers the entire construction life-cycle. Key issues such as form and layout, sustainability, engineering and construction and fit-out specification have specific chapters within the guide, which also includes the customer, cost and procurement and planning and viability.

One of the main achievements of the guide is its role in bringing the industry together, with several working groups and independent review panels involved. Since the launch of the guide, momentum has only increased with a surge in funding for build to rent projects and a number of major schemes have been announced. The industry's commitment has also been reinforced by the British Property Federation's launch of its Build to Rent Manifesto in September 2015.

The central government has also announced its intention to implement a number of different initiatives to promote the sector, resulting in new developments and projects coming to fruition. Over recent weeks two new build to rent schemes have been launched in London, totalling more than 1,000 new homes. The projects, which are being supported by £150 million of funding, are part of the government's measures to deliver one million new homes to boost housing supply and have been welcomed by the Housing Minister Brandon Lewis.

This support from central government is a welcome step, but it is the local authorities who will play an even more significant role in the future success of build to rent. Local housing authorities can help facilitate the delivery of build to rent schemes, but they need to agree a much more joined up approach to the planning regime for these developments. With more than 300 local authorities in England, coordination when approving or implementing new developments is needed if build to rent is going to really get off the ground and deliver the quality and scale of housing stock that the country needs.

The role of young people is also crucial for build to rent. Younger people and key workers, or “generation rent” as they are now known, should be given priority, as they are used to renting through university or their early career and are more likely to continue doing so as they continue their adult life. By focusing on this group, the industry can create young professional communities and better manage those issues presented by social engineering of the past.

While the industry has already taken great strides towards the build to rent opportunity, the journey is only just beginning and there is still some way to go. Success in this newly defined sector will be underpinned by a joined-up approach to designing and building purpose built residential stock in the UK that people want to live in and by doing so shifting perceptions about the rental market. Build to rent might not be about to replace home ownership but it is certainly here to stay.