

WHAT IS NEXT FOR THE RENTAL MARKET?



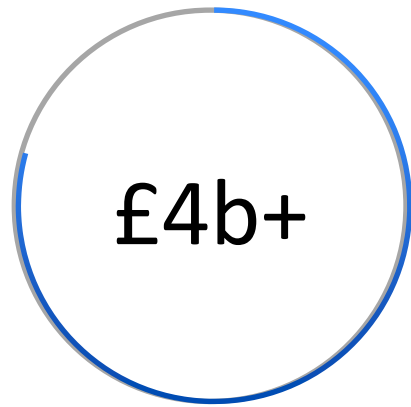
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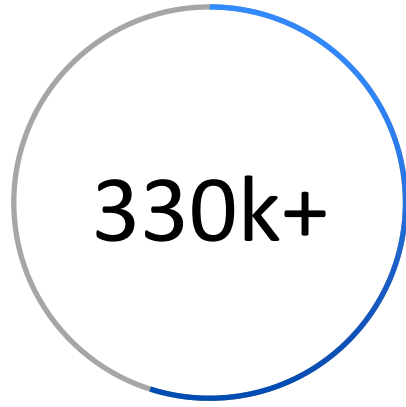
SOLUTION CONSULTANT
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WHY IS SCALE IMPORTANT?

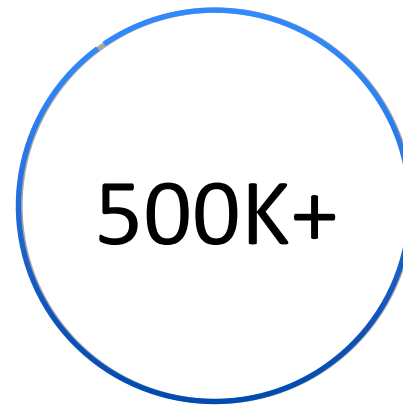
SAVILLS: UK BUILD TO RENT MARKET UPDATE – Q4 2022



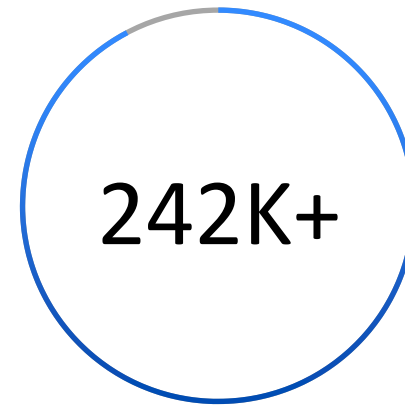
**INVESTMENT IN
MULTIFAMILY IN
2022**



**NET MORTGAGE
BUY TO LET
REDEMPTIONS**



**NET MIGRATION
TO UK – JUNE
2022**



**BTR STOCK: HOMES
COMPLETED OR IN
POTENTIAL PIPELINE**



ADVANTAGES OF SCALE



MACRO FACTORS – ESG

Addressing the 'Social' in ESG - Anne Kavanagh, CEO, Telford Homes

ECONOMIES OF SCALE

*"If you can buy broadband more cheaply, you can look at giving new customers a gift of gigabyte broadband instead of, say, 30mbps."
- Simon Chatfield, Head of BTR, John Lewis Partnership*

INVESTOR APPETITE

*Scale enables investors to deploy large amounts of capital quickly
-Lesley Roberts, Director of BTR Operations, Godwin Developments*

HEAR FROM THE EXPERTS

ROLE OF TECHNOLOGY IN SCALE

- TRANSACTIONAL BUSINESS
- REDUCING FRICTION
- CUSTOMER CENTRICITY
- ENABLING PEOPLE TO DO MORE
- COMPLIANT OPERATIONS

InDepth | SPONSORED Yardi build-to-rent think tank | InDepth

BTR IS SET FOR GROWTH

Earlier this month, Yardi and Property Week brought together a panel of experts to discuss the importance of scaling up provision in the build-to-rent sector, the role of technology, the significance of branding and what the future holds

Simon Chatfield, head of BTR development, John Lewis Partnership
Lesley Roberts, director of BTR operations, Godwin Developments
Sowgol Zarinchang, managing director, Way of Life
Justin Harley, regional director, Yardi
Chair: Andrew Saunders, contributing editor, Property Week

The next step is to get the messaging across that BTR is a real alternative and the benefits that living in BTR can bring
Simon Chatfield

Build-to-rent (BTR) has been one of the fastest-growing and successful sectors in residential property over the past few years, but it still represents a modest 1.5% of the total private rented sector (PRS) stock, according to a recent BPF/Savills survey. How important is it to scale up BTR provision, and how soon might it happen?

Simon Chatfield: When you talk about scale, there is scale for the sector and scale for the individual operators. In terms of the sector, it has moved on measures in the past 10 years, as those of us who have been in it over that time have seen. We are now approaching the tipping point – the public are starting to get BTR because they have had some exposure to it. If you go to somewhere like [BTR hotspot] Manchester and talk about BTR, the market and the customers know what that means now.

So, the next step is to get the messaging across that BTR is a real alternative and the benefits that living in BTR can bring for residents, and also about what it is doing for the housing supply and what is doing for the wider PRS sector. We are in the position where we can really drive the sector forward now.

Lesley Roberts: Scale is important commercially, strategically and in addressing the housing shortage. We are in a housing crisis and doing things at scale is the only way we are going to move the dial. It is also vital because the BTR model relies on scale. It is not like a traditional householder with a build-one-off approach. It is a journey of incremental gains through the whole process and that relies on the economies of scale. You can aggregate things like utility contracts, for example, effectively buying in bulk and getting wholesale rates.

Investors also like scale because they want to deploy large amounts of capital quickly. It is not worth their while to do in small batches.

Sowgol Zarinchang: Scale is important for investors, operators and our customers. It can help address the shortage of accommodation in the live sector. The development cycle is costly and time-consuming. The investors like the economy of scale and maximizing the potential usage of opportunities. It can reduce the risk set-up and long-term operational costs for them. Take EQD as one example that the scale can justify the cost vs full benefits for all. We are in the

beginning of the journey and need to accelerate our plans.

Chatfield: Scale also drives a better quality customer experience. If you can buy broadband more cheaply, you can look at giving new customers a gift of gigabyte broadband instead of say, 30Mbps. And you can improve the turnaround time on maintenance – if you are operating national maintenance contracts you can get larger issues resolved in one instead of two days.

Justin Harley: There is a latent promise of quality in BTR. The competition comes largely from the PRS. There are a lot of buy-to-let landlords and the quality is very variable. By contrast, in BTR the existing providers provide – really without exception – a very high-quality service. But you can only do that at scale, because you can only provide a consistent high-quality service if you have the systems and processes in place that scale efforts you.

What are some of the key challenges around achieving scale in BTR?

Roberts: I do not think we have actually seen the full challenges come through in the sector yet. What will the sector look like in 10 years when we have closer to half a million homes built, or even more? We tend to think that we in the BTR sector are the experts in customer service and community design, but we should not live in an echo chamber. We should also be looking outside the sector at those who have done scale before and what they got right or wrong. We could learn a lot from retail and

hospitality and from social housing, for example. I suspect that keeping the character and community – the soft touches that make BTR special – without becoming too vanilla or process-driven will be really hard. I describe BTR as being like a graphic equalizer, and your microsite is a particular song. You have to break the graphic equalizer for each site, because every site is slightly different – it has different demographics, different amenities, different investment drivers and different people running it.

Chatfield: We all know that the secret of a great building is the general manager. But as you get scale, you have many different buildings at different price points – how do you get that consistency across all of them?

Zarinchang: Consistency of service – it must be embedded within your culture and vision. Everyone needs to be clear about the role they are playing and have the right tool to achieve the end goal. It is also about ensuring that the investor back that vision. If you want to scale, you must have the right infrastructure, recruit passionate people and have the right leadership and management skills.

What is the role of technology in scaling BTR?

Roberts: BTR is like hotels or any business that is service-driven – what you are as the customer is the front of house, the general manager and the team on site. Those people are one of the most important ingredients but there are lots of other ingredients, too. There is a

PHIL BARRINGTON

KEY CHALLENGES

What are some key operational challenges around scaling?



**BRAND
CONSISTENCY**



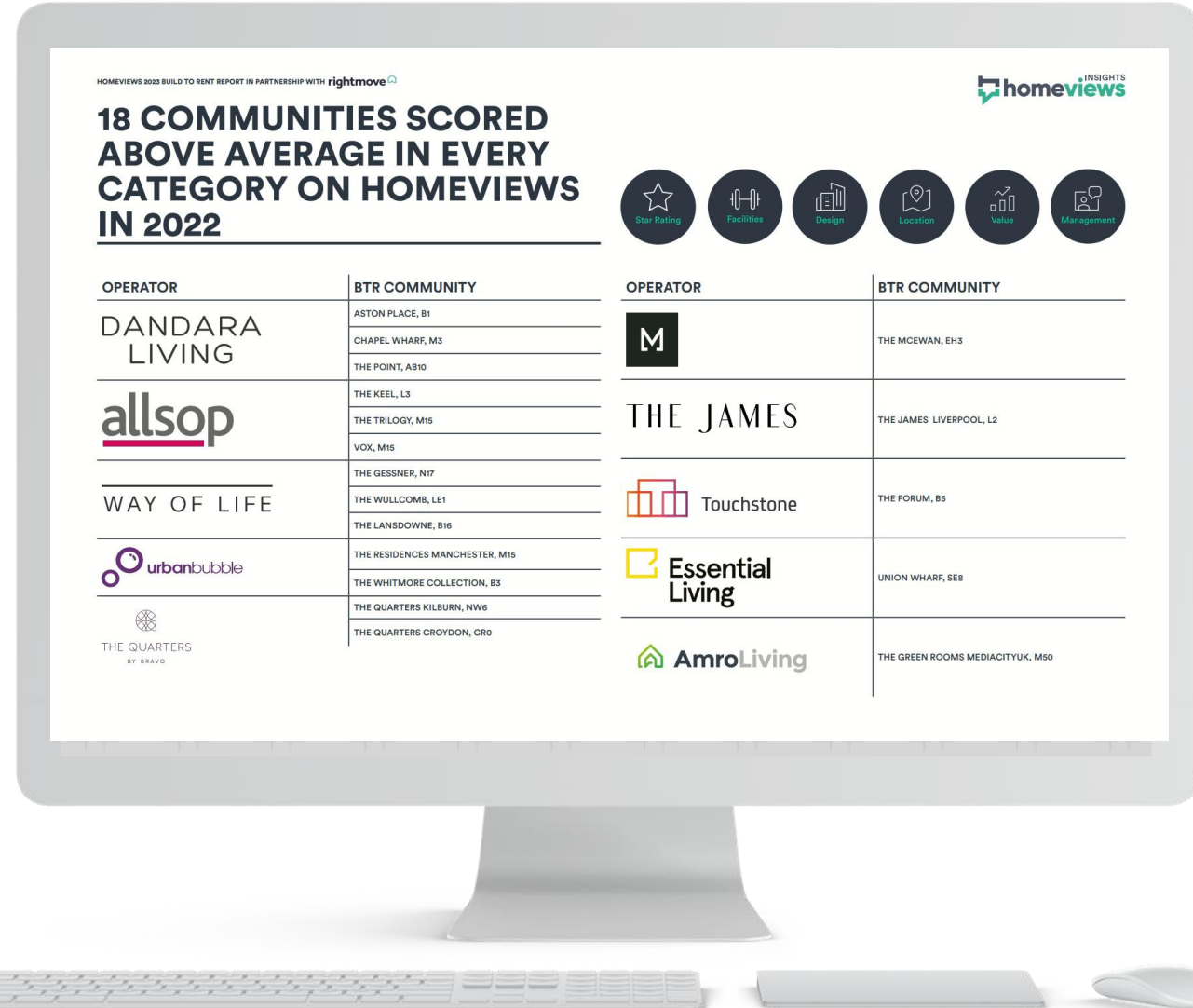
**SYSTEM
ARCHITECTURE**



**VALUE DRIVEN
OPERATIONS**

WHAT IS THE REAL
COMPETITION AS THE

RENTAL MARKET SCALES



KEY TAKEAWAYS



ADVANTAGES VS CHALLENGES WITH SCALE



THINKING ABOUT SCALE AS A MINDSET



ROLE OF TECHNOLOGY IN SCALE

THANK YOU

Feel free to contact Yardi with any questions.

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