Urban Land Institute
United Kingdom

Build To Rent
ULI Best Practice Guide

Edition 2

ULI UK Residential Council

24 May
2016

ULI UK Annual Conference

Edition 1, Build to Rent: A Practice Practice Guide

Aims for this Best Practice Guide

- **Management & design** of purpose built, scale, professionally managed homes for rent in the UK

- **Differences** between rental & sale product

- Setting a new benchmark for the **customer experience**

Edition 2: Drivers

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Investments

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Last updated: May 9, 2014 7:12 pm

Rent – the next big asset class?

The Economist

World politics | Business & finance | Economics

The changing property market

Rented castles

The market is finally adapting to a surge in private renting

Jul 20th 2013 | From the print edition

Timekeeper

20 Oct 2015

0 comments

Growing Build to Rent sector set to expand, says BPF

Figures compiled by the British Property Federation show that the private rented

Property

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January 27, 2016 5:20 am

Legal & General sets up £600m 'build-to-rent' fund

Judith Evans, Property Correspondent

THE TIMES

Patrick Hosking

News | Opinion | Business | Money | Sport | Life | Arts | Puzzles | Pa

The Model T build-to-rent plan that may just solve our housing shortage

Patrick Hosking

Edition 2: Drivers

First Steering Group Meeting for Edition 2, June 2015

Edition 2: The Objectives

- Edition 2 will be
  - A **reference point** for all residential professionals in the UK looking at Build to Rent
  - A tool for **raising awareness** of Build to Rent to local authorities and investors
  - An informal ‘kitemark’ for **quality**
- To achieve this
  - The guide must remain **relevant**
  - The guide must be authored by the industry that is “**doing it**”

Edition 2: Process

ULI UK Residential Council workshop to evaluate Edition 1, March 2015

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Edition 2: Steering Group Members

- **Richard Meier,** Partner, Argent LLP (Steering Group Chair)
- **Jacqui Daly,** Director of Investment Research & Strategy, Savills
- **Mark Farmer,** Founding Director & CEO, Cast Consultancy
- **Michela Hancock,** Development Director, Greystar Europe Holdings Ltd
- **Nick Jopling,** Executive Director, Grainger plc
- **Félicie Krikler,** Director, Assael Architecture Ltd
- **James Lidgate,** Director of Housing, Legal and General Capital
- **Todd Lundgren,** Executive Director, Callison RTKL
- **Dominic Martin,** Operations and Strategy Director, Westrock
- **Alex Notay,** Policy Director, ULI UK and Independent Strategy Consultant
- **Russell Pedley,** Director and Co-Founder, Assael Architecture Ltd
- **Simon Powell,** Assistant Director, Strategic Projects & Property, GLA
- **Eduardo Urinovsky,** Partner, Hoare Lea
- **Paul Winstanley,** Residential Valuation Partner, Allsop LLP

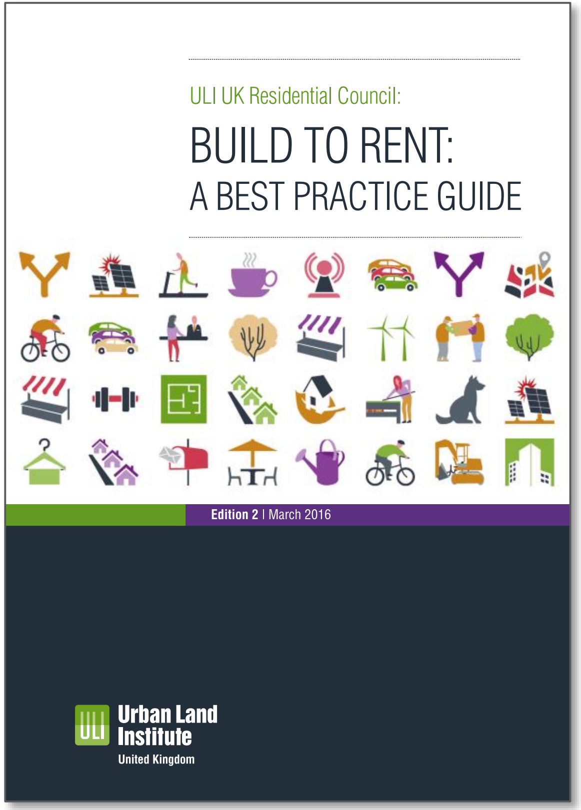
Edition 2: Process

Companies represented on Edition 2 Steering Group and Chapter Working Groups

Edition 2: Process

Independent Review Panel 2, February 2016

Edition 2: Product



Edition 2

- Management upfront
- New chapters
  - The Customer
  - Cost & Procurement
  - Planning and Viability
- Existing chapters substantively revised
- UK case studies
- Edition One was 104 pages, **Edition Two is 184!**

Chapter 1: The Opportunity

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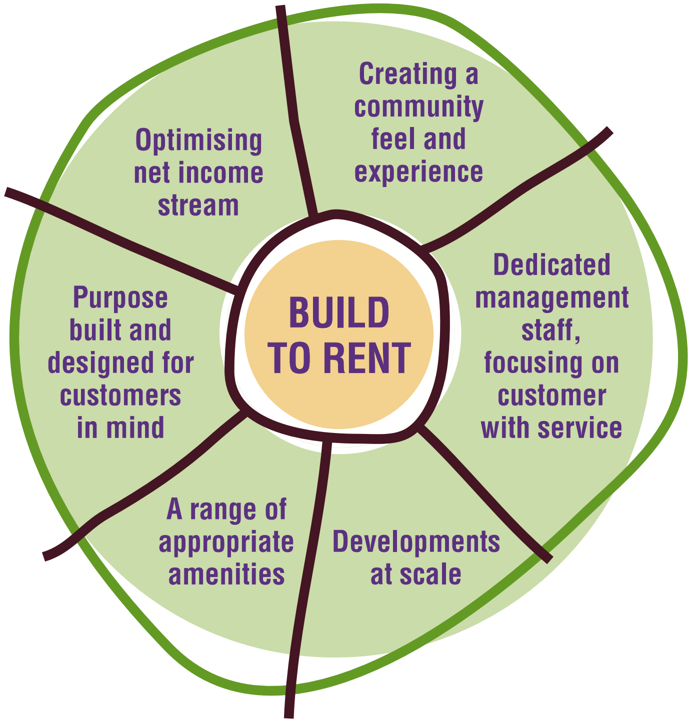
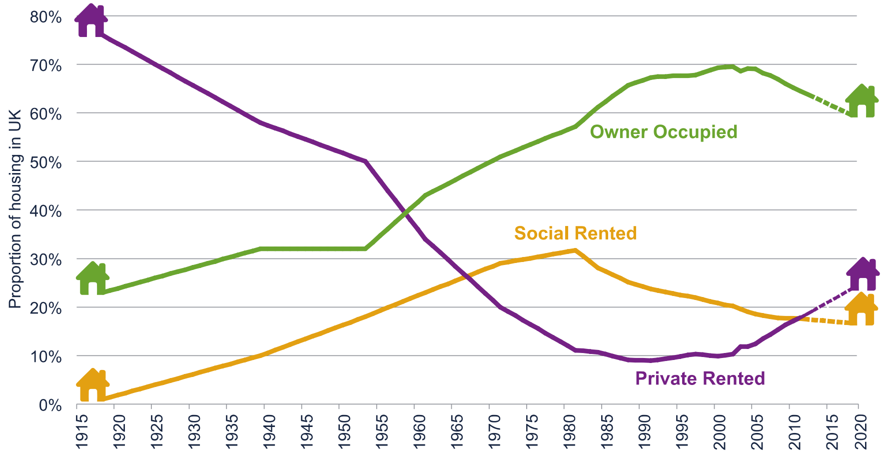
What is Build to Rent?



Chapter 1: The Opportunity

Why is Build to Rent an opportunity?

Changing Tenures



Source: Savills using English Housing Survey and Census 2011 data

Chapter 2: The Customer

Chapter 2: The Customer

What Drives Demand?

- Immigration
- Social and Cultural
- Lifestyles
- Affordability
- Cyclicality

Source: Savills, Census 2011, selected from wider report including other demographic groups

Chapter 2: The Customer

Customer Priorities

What do Customers Value?

Affordability

- Flexible lease terms (length, inflation linked)
- Reasonableness in dealing with deposits and rental increase
- Predictable rent increase

Quality

- Building design and fit-out specifically tailored for Build to Rent
- Communal and internal parts of property maintained
- Consistent levels of quality
- Regular maintenance to a high standard

Convenience

- On-site concierge and responsive maintenance team
- “Plug & Play” utilities
- Rent and all-inclusive bills paid through a single online portal
- Convenience offerings such as dry cleaning and flat cleaning

Customer Service

- Professional and incentivised staff
- Guaranteed levels of service
- Transparency

Place and Community

- Interaction fostered between neighbours through facilitated events and forums
- Living in a Build to Rent building opens the opportunity for existing friend networks to move into the same building
- Enhanced feeling of security through concierge and sense of community

Flexibility and Certainty of Tenure

- Extended lease terms (i.e. 3 years) with tenant breaks
- Potential to upsize/downsize to meet evolving lifestyle
- Certainty that the property will remain a rented property

Chapter 3: Management

Chapter 3: Management

Customer Service in a Build to Rent Investment

Customer Service in Build to Rent

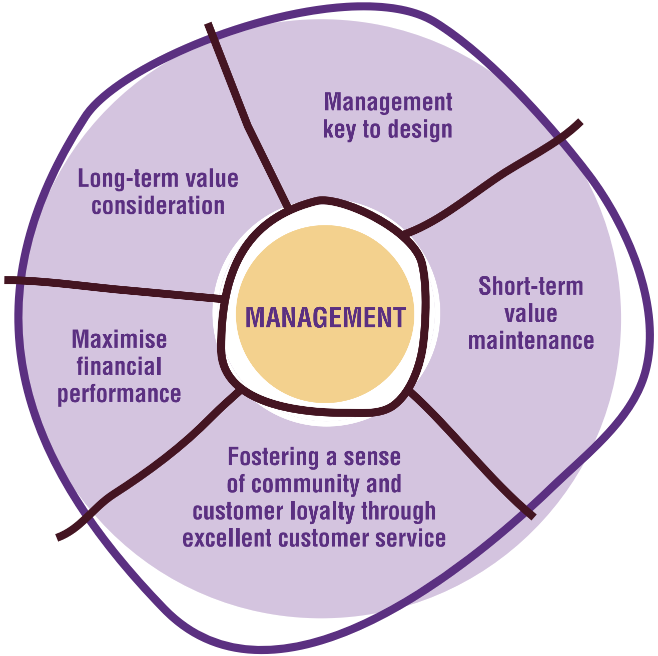
Customer
Someone with a CHOICE!
Decided to pay for your product
Purchasing a lifestyle
Enjoy where they live
Location
Amenity
Customer service offering
Community

Service
Built on a strong foundation of doing the basics well
Minimum interference in customers lives
Deliver, manage and exceed expectations

Exceptional

Chapter 3: Management

Key Functions of Management



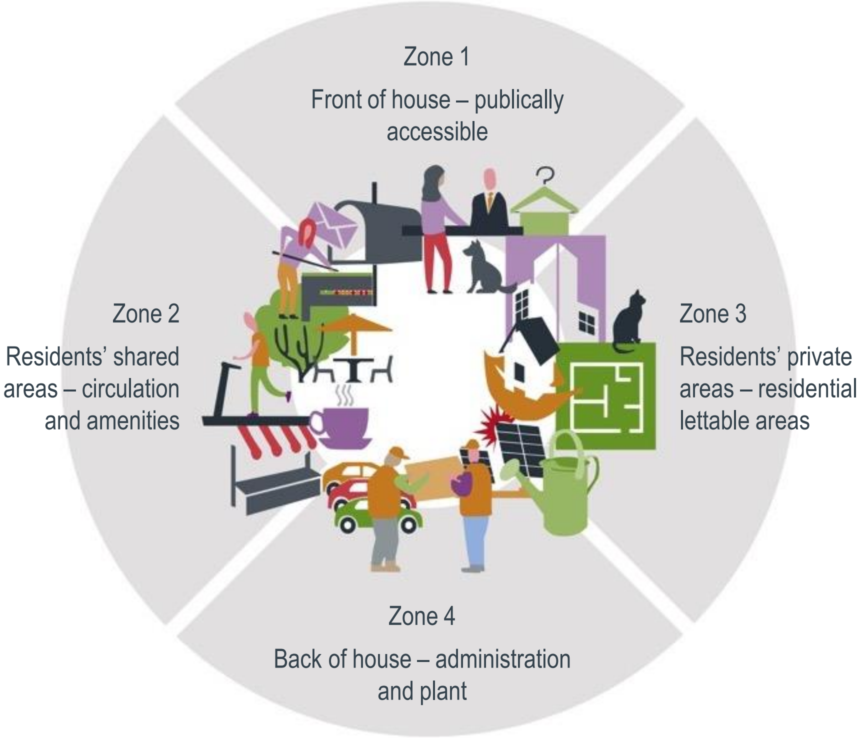
Chapter 4: Form & Layout

"The building should reflect the operational model: if it doesn't reflect it - it might dictate it."

Chapter 4: Form & Layout

Access

- Four zones reflecting different levels of access and specifications



Chapter 4: Form & Layout

Case study:

Essential Living

Creekside Wharf

Chapter 5: Sustainability, Engineering & Construction

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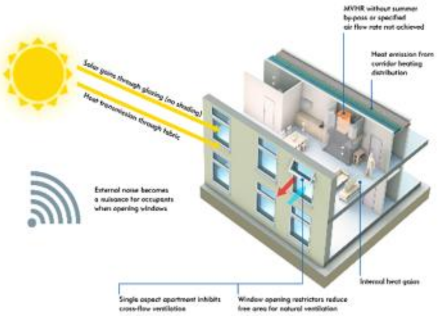
- **Engineering systems** in a Build to Rent building should be distinctly different and should be **integrated** so as to not intrude upon the quality of the spaces

- The design of the engineering systems in a Build to Rent building should aim to help enhance the **quality** of the environment and the **wellbeing** of the occupiers



Chapter 6: Fit-Out Specifications

Chapter 6 concentrates on all of the issues that 'dress the spaces'- dealing with everything within the development that the customers touch, see, and feel; which creates much of the impact of the resident experience

Chapter 6: Fit-Out Specifications

- General Overview and Summary of Differentials
- Operational Issues that Impact Fit-out and Specification Decisions
- Rental Apartment
- Shared Amenity Space
- Furniture and Furnishings
- Technology Enhancing the Tenant Experience
- Back of House / Support Space

Chapter 7: Cost & Procurement

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Form, Layout & Envelope

Net:gross ratio

Balconies v central amenity

Units per floor per core

Glazing ratio

Wall:floor ratio

'Stepped' cost points for height

Standard unit types

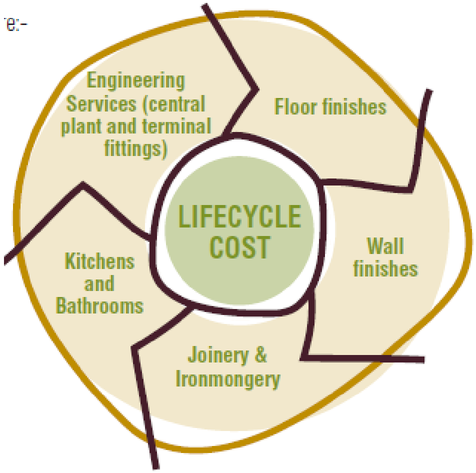
Spatial standards

Chapter 7: Cost & Procurement

Fit Out, Spend Profile & Amenities

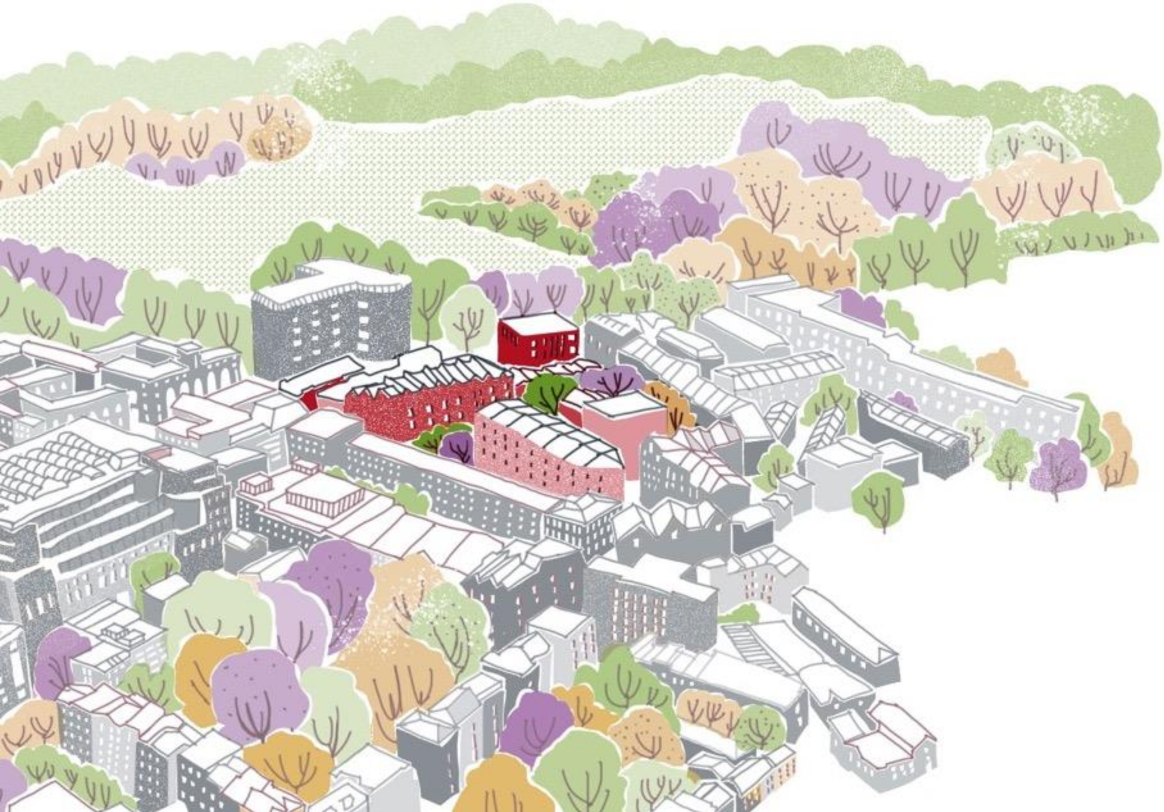
Amenities cost versus value versus spatial take

Spend profile inside versus outside the unit



Capex v Opex

Chapter 8: Planning & Viability



Chapter 8: Planning & Viability

National policy

NPPF

The plan-led system.

Shaping delivery to meet economic & housing priorities

Strategic Housing Market Assessment

Local Plan

CIL Study

Supplementary Planning Guidance

Scheme determination against the policy framework

Scheme Application

Chapter 8: Planning & Viability

Understanding Build to Rent

Demographics

Age, household type, employment

Community Impacts

Type & quantity of social infrastructure and commercial facilities needed

Employment & Spending Impacts

Direct employment, local spend, business demand

Placemaking

Critical mass, sustainable communities

Next steps

- Edition 1 – 950 copies sold
- Edition 2
  - 345 attendees at launch event
  - 122 copies sold on the day
  - To date nearly 500 sold
- Related events
  - Young leaders
  - Resi investment roundtable
- Roll out in Manchester, Dublin, Birmingham, Edinburgh
- Focus on training and education

For more information on the Guide, UK Residential Council or to get involved please contact the ULI UK team
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