

# BTR Could Be Poised For A £1B Quarter

10 July 2020 FirstPort- The build-to-rent sector could be about to see a big spike in investment volumes, following a sharp drop brought about by the coronavirus pandemic.



*Courtesy of FirstPort*

The build-to-rent sector could be about to see a big spike in investment volumes, following a sharp drop brought about by the coronavirus pandemic.

There are about £1.4B of BTR deals under offer right now, according to data from CBRE. That is about the same as at the end of 2019, which led to £1B of deals being completed in the first quarter of 2020, before the pandemic hit.

In spite of the resilient income the sector has produced during lockdown — listed company Grainger has collected more than 90% of rents during the period — BTR investment dropped in line with other sectors, with investors hitting the pause button.

Just £82M of deals were completed in the second quarter, according to CBRE. Prime net yields continue to range from 3.25% to 4.25%.

Although investment stalled in the last quarter, plans for schemes moved forward. Court Collaboration announced it will bring forward a £125M multifamily scheme in Deritend, Birmingham. Taylor Grange also lodged plans in Birmingham to provide 440 rental apartments.

In London, Amro Real Estate's revised plans for a multifamily scheme in Ealing were approved by the council's first virtual committee and will deliver 278 multifamily homes.

CBRE said there may be modest rent falls in 2020, but it expects the sector to return to growth in 2021 and outperform other sectors. It is forecasting total returns of 5% per year for multifamily over the next five years. This compares with 3% and 2% per year for offices and retail, respectively.

"It's little surprise that there was a sharp downturn in investment in Q2, as the lockdown halted activity," CBRE Associate Research Director Scott Cabot said. "But this period has also highlighted the resilience of the multifamily sector. Rent collection rates have remained high, and historically rents have declined less and recovered quicker during downturns, giving investors some confidence to proceed.

"With £1.4B of deals currently under offer, we anticipate a rebound in multifamily investment in the second half of 2020, and a return to growth in 2021"