



BUILD-TO-RENT (BTR) MARKET SNAPSHOT Q3 2022, LIVERPOOL



NOVEMBER 2022

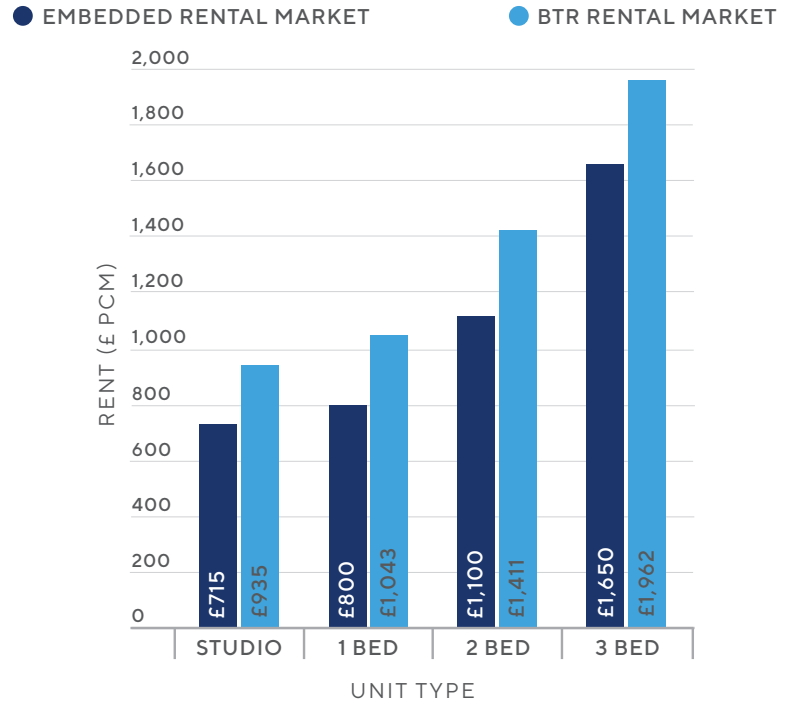
Cortland Consult in
collaboration with the UKAA

Liverpool is one of the UK's largest regional economies and recognised as a city of excellence for its recent economic growth, innovative and talented workforce, and vibrant culture scene. The Liverpool City Region is one of the fastest growing cities in the UK outside of London with a population of 1.5 million people and 6 million workforce commuters living within an hour's drive. The BTR market in Liverpool has begun to take shape over the past five years with over 1,500 operational BTR homes across six developments.

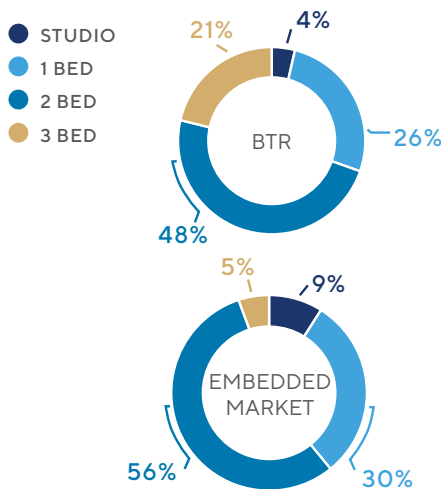
Over the last seven years, BTR has moved into the Liverpool market predominantly based around the waterfront and docks. This has created a broader range of higher-quality rental options for residents of the city. In Q3 2022, the average rents within the city's BTR schemes were priced at 9% above the upper quartile of the embedded rental market. Two-bedroom apartments experienced the largest difference in the average of BTR rents and embedded market rents. Premium BTR rents are underpinned by the lifestyle that this type of product delivers, which is a professionally managed, customer service focused offer that provides high-quality and fully furnished homes with complimentary amenity spaces to residents. The range of BTR product that is operational in Liverpool caters to the demands of a broad demographic.

Two-bedroom apartments marginally made up the largest proportion of available homes in both BTR and the wider embedded rental market during Q3 2022. Except for two and three-bedroom apartments, there were less homes available on the market in Q3 2022 compared to the same time last year.

BTR RENTS VS. UPPER QUARTILE-EMBEDDED MARKET (Q3 2022)



MIX OF APARTMENTS IN BTR VS. EMBEDDED MARKET AVAILABLE LISTINGS (Q3 2022)



APARTMENT ON THE MARKET (Q3 2021 VS. Q3 2022)

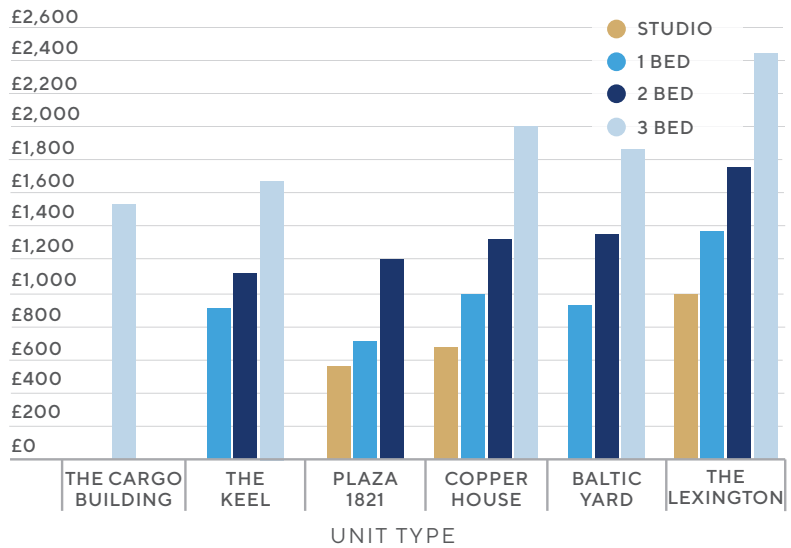
APARTMENT TYPE	Q3 2021	Q3 2022
STUDIO	167	149
1 BED	660	604
2 BED	920	1111
3 BED	127	230

The Keel (a 240-apartment conversion of the former HMRC HQ in Queens Dock) was launched in September 2015. Developed by Glenbrook, The Keel remains in one ownership and is let and managed by Touchstone. Whilst not purpose-built as BTR, it set the tone for later developments in Liverpool.

The BTR developments that have followed include **The Cargo Building** (324 units, Savills), **Plaza 1821** (105 units, Peel Land & Property), **Copper House** (382 units, Greystar), **Baltic Yard** (200 units, Cortland/Heitman), and most recently, **The Lexington** (325 units, Moda/ Apache Capital).

The James (Spike Living) is a 100-unit, hotel-style rental development that offers premium studio apartments with a range of shared amenities. We do not class this as true BTR because it offers short stays (as well as long term renting), but we have referenced this as it ranks 1st out of residential developments in Liverpool.

CURRENT BTR RENTALS

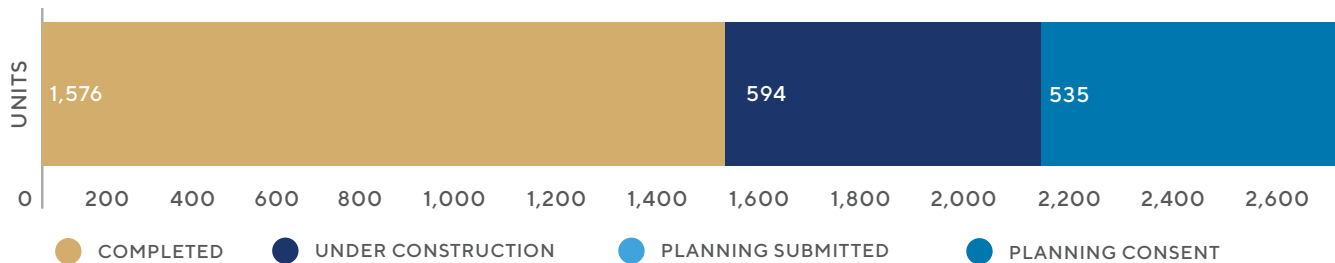


Liverpool has a total of 76,842 homes in the private rented sector (Experian, 2021). The total BTR pipeline in Liverpool represents 1.5% of all existing rental households. Compared to 12% in Leeds, 18% in Birmingham and close to 20% in Manchester (Local Authorities).

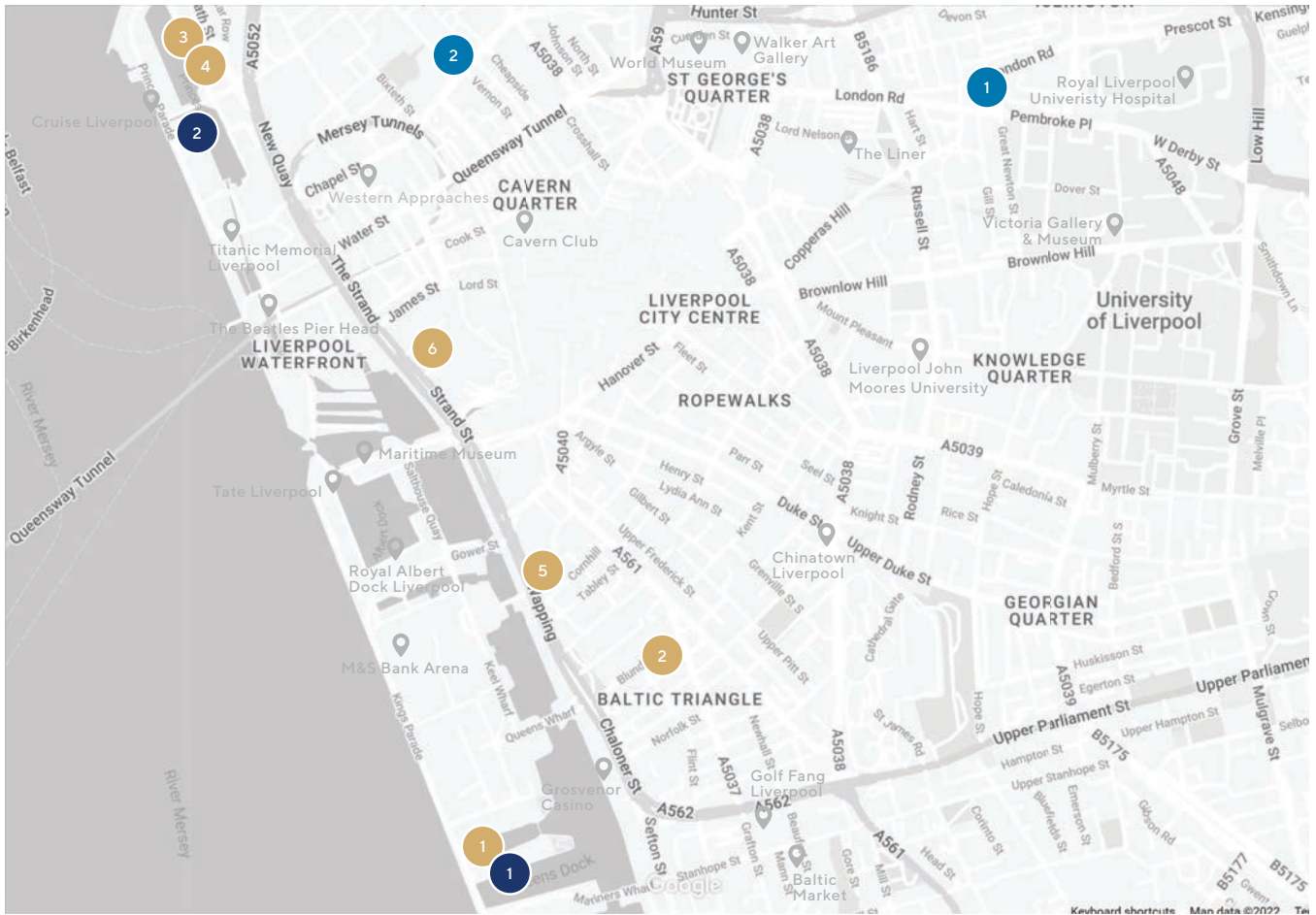
THE LEXINGTON AMENITY SPACE (Q3 2022)



BTR - OPERATIONAL AND PIPELINE IN UNITS



There are two BTR schemes currently on site for construction, comprising 594 homes which are expected to complete in 2023 and 2024, increasing the number of operational BTR assets in Liverpool from 6 to 8, taking the total to 2,170 homes. Recent economic uncertainty and inflation is likely to disrupt the onset of construction, given the rising costs. This is likely to affect developers coming forward with new schemes as they assess the viability of developing sizable schemes where returns may be lower due to higher cost.



COMPLETE

- 1 THE KEEL
- 2 BALTIC YARD
- 3 PLAZA 1821
- 4 THE LEXINGTON
- 5 THE CARGO BUILDING
- 6 THE COPPER HOUSE

UNDER CONSTRUCTION

- 1 HUGHES HOUSE
- 2 30-36 PALL MALL

PLANNING CONSENTED

- 1 THE KEEL PHASE 2
- 2 PATAGONIA PLACE

The map above puts the operational and pipeline BTR into a locational context. It is clear that Liverpool Waterfront is a prominent location for BTR, for both operational schemes and schemes in development that have received planning consent. Waterfront assets have the benefit of being within proximity to the City Centre, leisure and retail facilities, as well as having riverside views and immediate access to cultural hubs.

Compared to other UK markets, the BTR pipeline is relatively small, whereas Birmingham, for example, has a current pipeline of 17,172 homes. Liverpool City Council's 2022-25 plan reports that the existing housing stock is aged and outdated, requiring new builds that are energy efficient and of a good quality. Liverpool remains a city with considerable deprivation despite it also being an economic stronghold, therefore future housing stock will need to provide wider choice and affordable housing across all tenures.

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In this market analysis, we have looked at asking rents for apartments listed during the Q3 2022 period on leading property search portals and operator websites. The analysis shows a comparison of the advertised rents for BTR operators alongside the wider embedded market (Upper Quartile). It excludes all short term, holiday, student, and lettings with all-inclusive bills. The analysis covers postcodes within the central postcode districts of L1, L2, L3, L6, L7, L8 which are areas that contain the city's purpose-built BTR schemes, high-quality traditional PRS schemes, major employment hubs and are key growth areas.

