Build-to-Rent (BTR) Market Snapshot

Manchester
November 2023

Cortland Consult in collaboration with the UKAA

CORTLAND CONSULT

UKAA
NAA Global Alliance Partner
Shaping the Future of Build-to-Rent

Summary

The growth and regeneration of Manchester over the last two decades needs no introduction. The city region's population has been expanding by about 20,000 people per year, from 2.5 million in 2001 to nearly 2.9 million today, while housing delivery has struggled to keep up with growth in number of jobs, particularly in the digital and tech sectors, despite nearly 80,000 new homes being delivered over the last 10 years (27,000 of which are in the city centre).

Rental values in Manchester have increased significantly since our last Market Snapshot in February, which covered Q4 2022. Rents for 1 bed apartments have increased 22% from £987 pcm to £1,205 pcm; 2 beds have increased 23% from £1,352 pcm to £1,659 pcm; while 3 beds have increased 34% from £1,994 pm to £2,673 pcm.

Our previous report found that rents in Manchester had already increased 35% since the beginning of 2021.

Studio apartments witnessed a more modest rise of 7.5% since our previous report, increasing average rents from £886 to £952 pcm.

Rental increases remain more modest in the BTR sector, averaging 8.9% across all unit types compared to 21.6% in the Embedded Market. Studios, 2 and 3 bed BTR apartments have seen rents increase between 10.5% and 13.2% since our February report. 1 bed BTR saw rents rise just 0.5%.

This has caused Manchester's "BTR Uplift" (the gap between average and BTR rents) to narrow – especially for 1 beds – from 27% in February to 14.5% today. 1 bed uplift has fallen from 26% to just 4%, leading to potentially lower-than-expected returns for BTR operators in the city.

▲ **21.6%**

Increase in rental values in Manchester since Q4 2022

▲ **34%**

Increase in rental values for 3 beds since Q4 2022

▲ **8.9%**

More modest rise in rental values for the city's BTR

▼ **12.5%**

BTR uplift squeezed from 27% in February to 14.5% now. 1 beds down to 4%

11,222

Number of BTR homes in Manchester – the largest community outside London

Manchester Dashboard

Latest rents – Q3 2023

Studio apartments

Average: £952 pcm
Upper quartile: £1,196 pcm
Build to Rent: £1,264 pcm

BTR
+33%
Uplift

1 bed apartments

Average: £1,205 pcm
Upper quartile: £1,564 pcm
Build to Rent: £1,248 pcm

BTR
+4%
Uplift

2 bed apartments

Average: £1,659 pcm
Upper quartile: £2,310 pcm
Build to Rent: £1,833 pcm

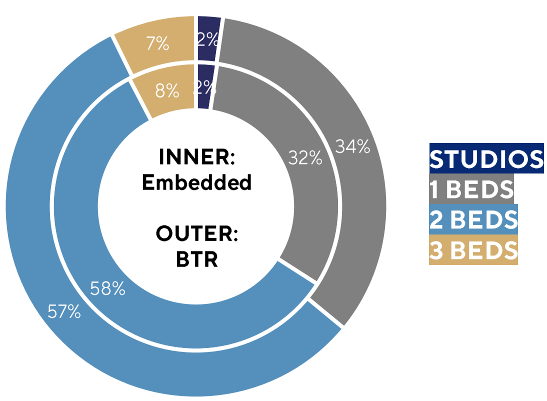
BTR
+10%
Uplift

3 bed apartments

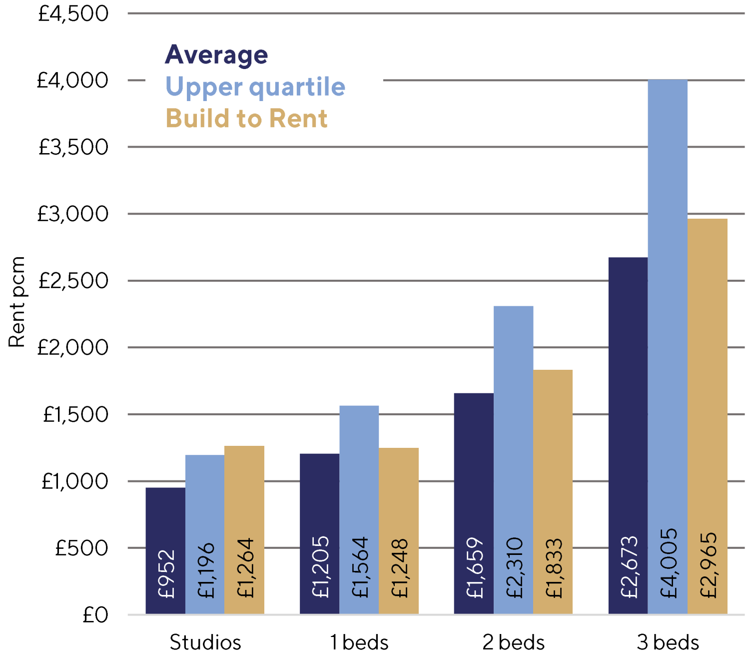
Average: £2,673 pcm
Upper quartile: £4,005 pcm
Build to Rent: £2,965 pcm

BTR
+11%
Uplift

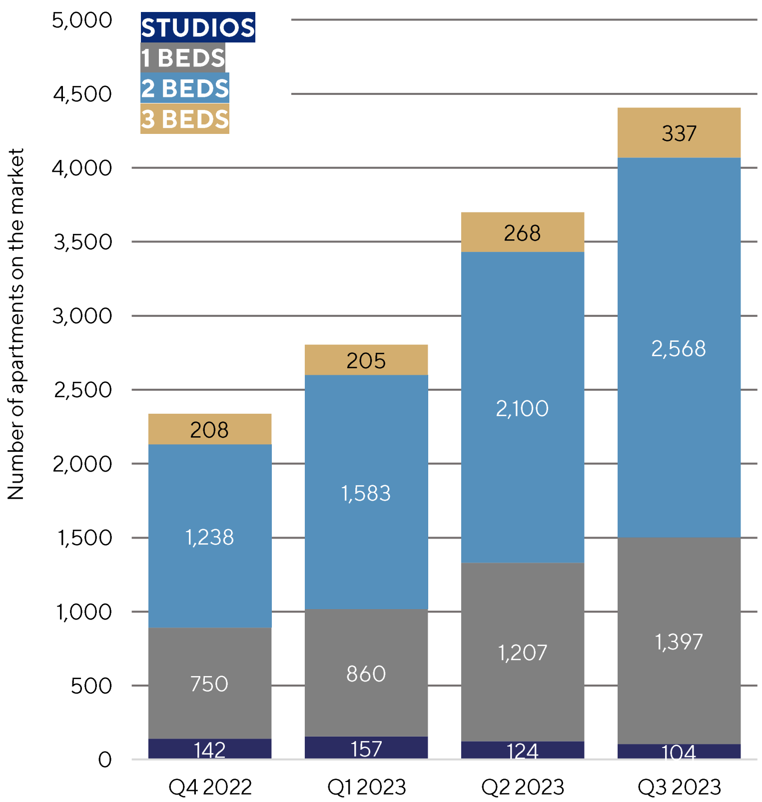
▼ | Embedded vs BTR unit mix in Manchester



▼ | Average and upper quartile embedded vs BTR rents during Q3 2023, Manchester City Centre



▼ | Number of apartments on the market per quarter during the last four quarters



BTR Market

Latest average rents – Q3 2023

Q3 2023	Studios	1 beds	2 beds	3 beds
Chapel Wharf	None listed this quarter	None listed this quarter	£1,450	None listed this quarter
Collier's Yard	None listed this quarter	£1,333	£1,754	£2,784
New Maker Yards	None listed this quarter	None listed this quarter	None listed this quarter	None listed this quarter
GreenGate	None listed this quarter	£1,221	£1,449	£2,092
Kampus	£1,550	£1,486	£1,962	
Angel Gardens	None listed this quarter	None listed this quarter	£2,053	£9,000
Botanica	None listed this quarter	£1,200	£1,834	£1,925
Anaconda Cut	None listed this quarter	£1,325	£2,270	£3,125
The Residences Deansgate Square	None listed this quarter	None listed this quarter	£3,740	£2,917
Riverview	None listed this quarter	None listed this quarter	None listed this quarter	None listed this quarter
Vox	None listed this quarter	£1,063	£1,389	£1,795
Broadside	None listed this quarter	None listed this quarter	None listed this quarter	None listed this quarter
Oxbow	None listed this quarter	None listed this quarter	None listed this quarter	None listed this quarter
The Trilogy	None listed this quarter	£1,070	£1,340	£1,650
New Vic	None listed this quarter	£1,346	£1,600	£2,215
Novella	None listed this quarter	None listed this quarter	None listed this quarter	None listed this quarter
The Slate Yard	None listed this quarter	None listed this quarter	£1,685	£2,148
UNCLE Manchester	£1,243	£1,264	None listed this quarter	None listed this quarter
Poplin	None listed this quarter	£1,190	£1,670	None listed this quarter
Anco&Co	None listed this quarter	None listed this quarter	£1,466	None listed this quarter
The Astley	£1,000	£1,225	£1,829	None listed this quarter

BTR Pipeline

BTR Market

Map of operational and pipeline BTR communities in Manchester

Operational

1. The Slate Yard - Phase 2
2. Affinity Living Riverside
3. Empyrean
4. Botanica
5. Chapel Wharf
6. Circle Square Buildings 7 & 8
7. Kampus
8. Anaconda Cut
9. Angel Gardens
10. Clipper's Quay
11. Duet, Erie Basin
12. No 1 Greengate
13. Sawmill Court
14. Smith's Yard
15. The Astley
16. The Green Rooms
17. The Slate Yard - Phase 1
18. The Trilogy
19. UNCLE Manchester
20. West Tower, Deansgate Square
21. Oxbow
22. Anco&Co
23. The Filaments
24. New Maker Yards @ Middlewood
25. New Maker Yards @ Middlewood
26. Lampwick
27. VOX
28. Elevate
29. High Definition
30. One Silk Street
31. The Skyline
32. Dock 5

Granted

1. Ferrous
2. Trinity Islands
3. St Georges Place
4. Collier Street (Manox Site)
5. Waterloo Place (formerly One Heritage Tow…
6. Cotton Quay
7. Great Jackson Street Plot F
8. 87 Rochdale Road
9. Berkeley Square

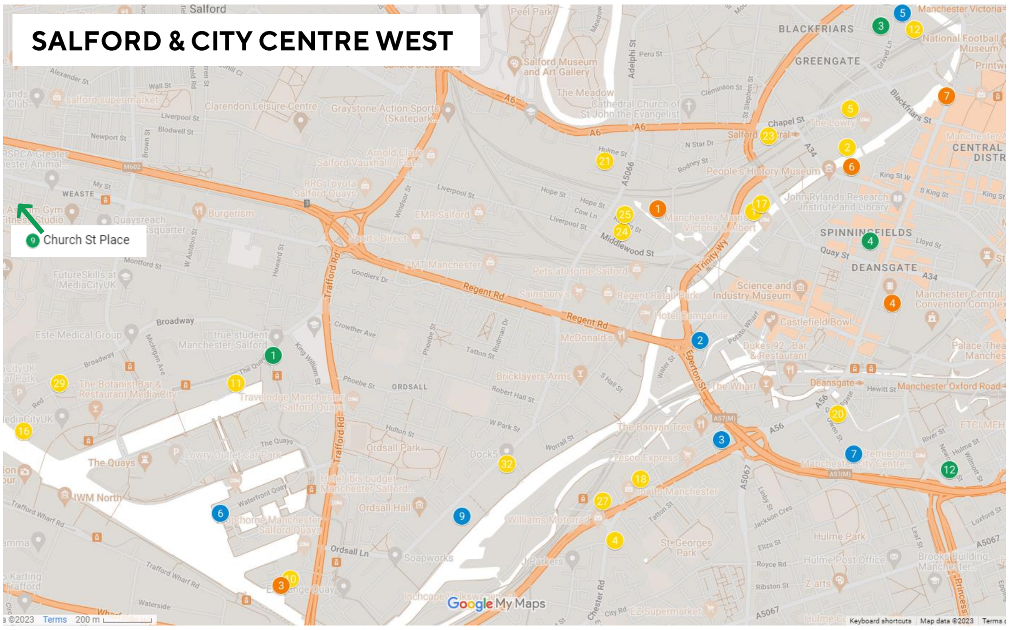
Under Construction

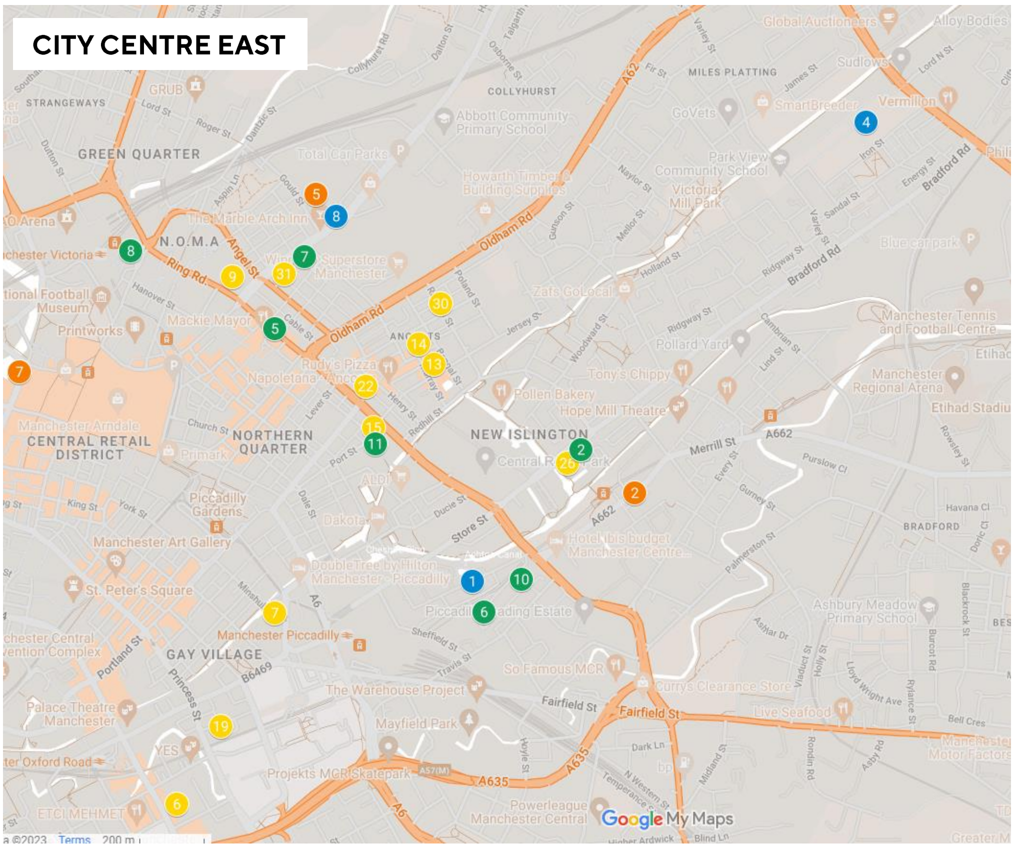
1. Anchorage Gateway
2. Ancoats Dispensary
3. Colliers Yard
4. Oldham Road New Cross
5. Swan House, Swan Street
6. The Fairfax
7. Bendix Street New Cross
8. New Victoria
9. Church St Place
10. The Castings
11. One Port Street
12. First Street South

Progress

Progress

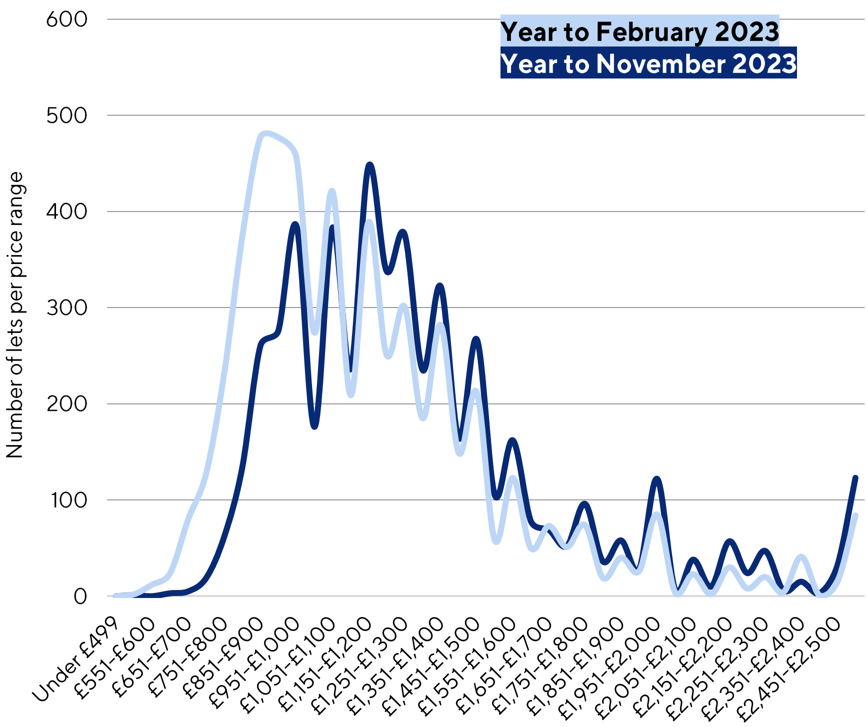
1. New Makers Yard @ Middlewood
2. Ancoats Works
3. Vista, Clipper's Quay
4. Great Northern Warehouse
5. The Gasworks
6. Albert Bridge House
7. Deansgate/Victoria Bridge





Market Scale

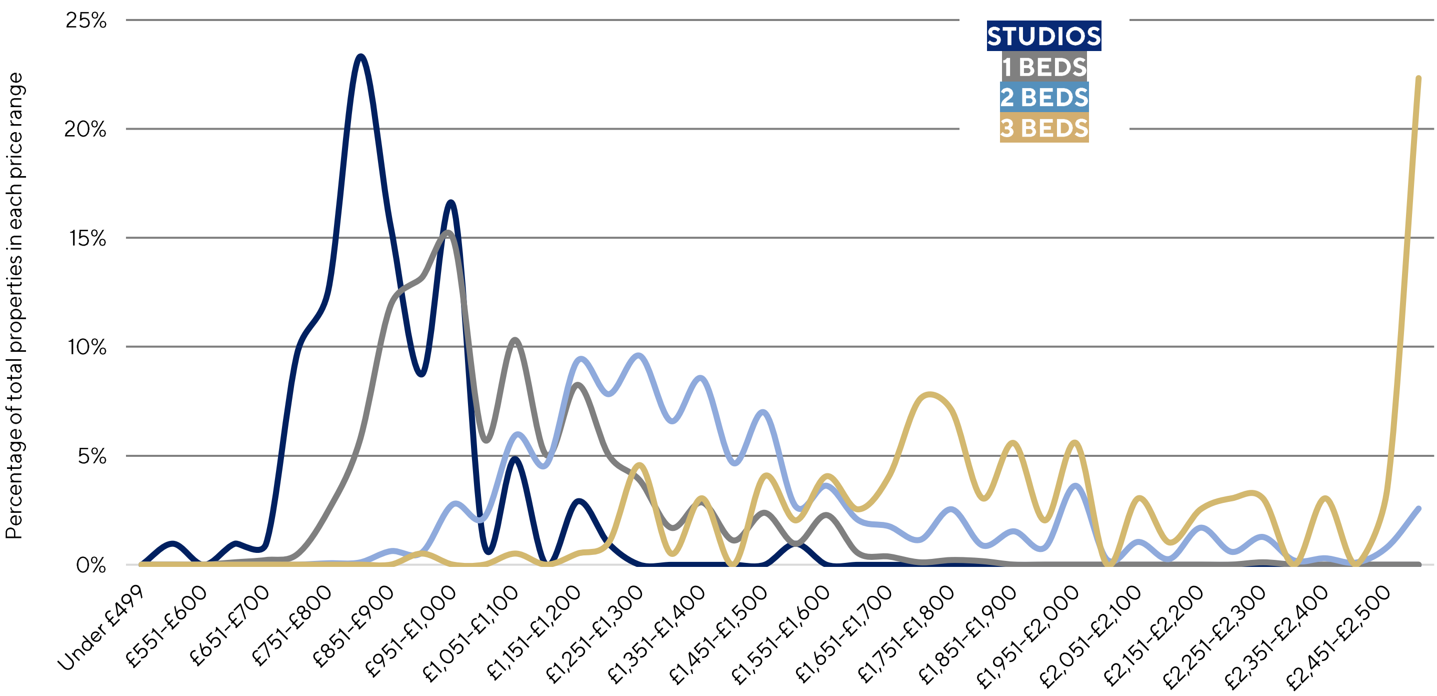
▼ | Manchester City Centre Rental Market Scale



Cortland Consult's Market Scale charts shows how many apartments were let between a scale of price points in the 12 months to November 2023. It portrays the size and scale of the city's rental market. We have also included our Market Scale trendline from February 2023 for comparison.

We can see that Manchester's rental market has grown more unaffordable since February, with the market entry point shifting from £551-£600 pcm to £701-£750 pcm. The percentage of 3 beds priced over £2,501 pcm has grown from 8.4% in February to 22% in November.

The chart below shows how studios and 1 beds feature one or two sharp peaks where most prices are concentrated, while 2 and 3 bed pricepoints spread across the scale.



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In this market analysis, we have analysed asking rents for apartments listed during the Q3 2023 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 (average and upper quartile). It excludes all short term, holiday, and student lettings. The analysis covers postcodes within the central postcode districts of M1, M2, M3, M4, M5, M6, M7, and M15. These are areas that contain the city's purpose-built BTR schemes, high-quality traditional PRS schemes, major employment hubs and are key growth areas.