

Single-Family BTR Market Snapshot: Greater Manchester



A review of the rental values, operational performance & resident demographics within Greater Manchester's single-family BTR market, by Ascend & ARL.

May 2024

Ascend
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Elevating Rental Living



Introduction

From barely existing in the UK ten years ago, single-family build-to-rent (SFR) has become one of the most dynamic and in-demand asset classes in the property industry. As residents have embraced the sector – attracted by high-quality, well-managed, tenure-secure homes – investor allocations have increased in response to the SFR market’s success and undoubted further potential.

But as a young and growing asset class, definitive data is hard to come by. To address this, Ascend has teamed up with the Association of Rental Living (ARL) to launch this new monthly series of research reports to give real-time insights and serve as a benchmark for the single-family BTR sector.

Ascend is the UK’s largest third-party operator of SFR, overseeing the leasing and property management of some of the sector’s largest and highest-profile platforms and investors. In total, Ascend manages over 7,000 SFR homes, around two thirds of the entire asset class within the UK, which means it holds the largest set of live operational data for this sub-sector.

Drawing on blended data across all of the stabilised SFR schemes under Ascend’s management, each month we will focus on a specific geographic market, taking a look at everything from rental levels and resident profiles to tenancy lengths and occupancy rates.

Welcome to the first SFR market snapshot report from Ascend in collaboration with the ARL, focusing on Greater Manchester. We hope you find this useful and look forward to bringing you further insights in future editions.



Paul Borrmann
Managing Director, Ascend



Brendan Geraghty
CEO, ARL

Location overview

Greater Manchester is arguably the most mature SFR market in the UK, and high-up on the target list for all major investors.

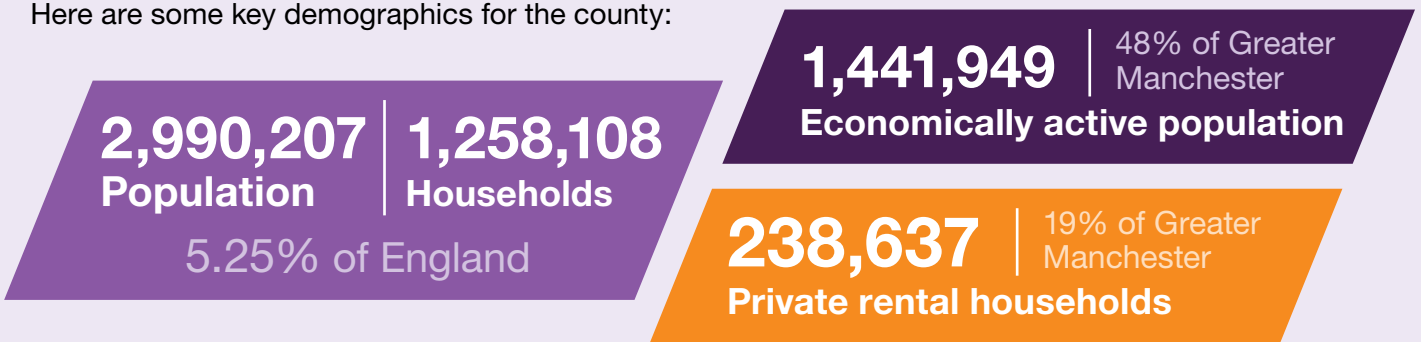


With economic expansion attracting both young and mid-career professionals, and global companies such as Google, Amazon, Microsoft, Unilever, Siemens, Hewlett Packard Enterprise, PwC, Booking.com, Kellogg’s, Jaguar Land Rover and Klarna having a base of operations within Greater Manchester, the county has seen surging demand for high-quality rental homes, an opportunity that SFR has been quick to capitalise on.

As somewhere that is further along the SFR journey than most locations, Greater Manchester is a barometer for the possibilities for the sector elsewhere.

Through our partnership with Experian on its Mosaic platform, we are able to report on a multitude of population and household data-points at a range of granular levels.

Here are some key demographics for the county:

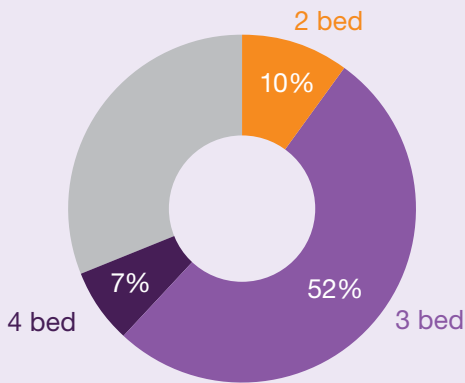


Summary

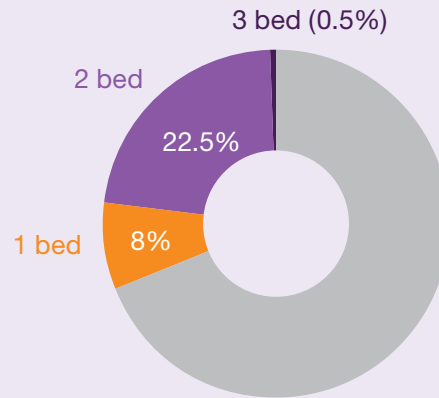
Avg. rent £965 pcm	Avg. rent increase (past 12 months) 11.5%	Avg. occupancy rate across schemes 98.7%	Avg. rent collection rate 99%
Avg. tenancy length 2 years & 10 months		Avg. resident age 32	Avg. no. of residents per property 1.8
Top property type in unit mix: 3 bed house – makes up 52% of units across SFR schemes in area			Avg. household income £47,900

Unit mix

Houses



Apartments



More than half of the SFR homes within the county have three-bedrooms which is indicative of the life stages of residents – they value the extra space, either to house a current or growing family or to provide a workspace as part of increased working from home.

Rents

£965 pcm
Avg. rent

11.5%
Avg. rent increase
(past 12 months)

Average rents by property type:

Houses

2 bed: £865 pcm

Min: £625 pcm Max: £1,125 pcm

3 bed: £1,015 pcm

Min: £740 pcm Max: £1,350 pcm

4 bed: £1,105 pcm

Min: £900 pcm Max: £1,420 pcm

Apartments

1 bed: £830 pcm

Min: £550 pcm Max: £1,150 pcm

2 bed: £900 pcm

Min: £610 pcm Max: £1,250 pcm

3 bed: £1,055 pcm

Min: £960 pcm Max: £1,350 pcm

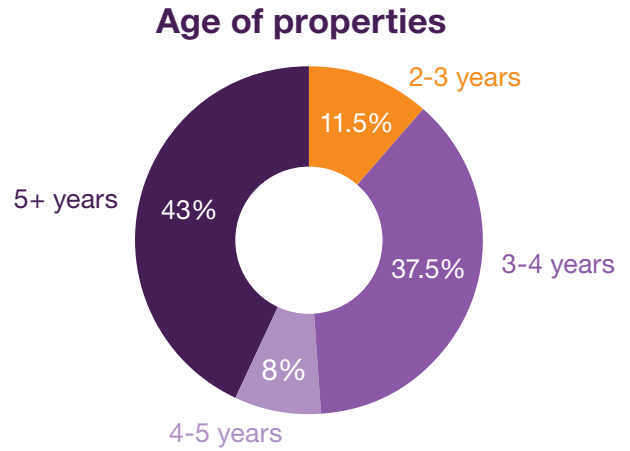
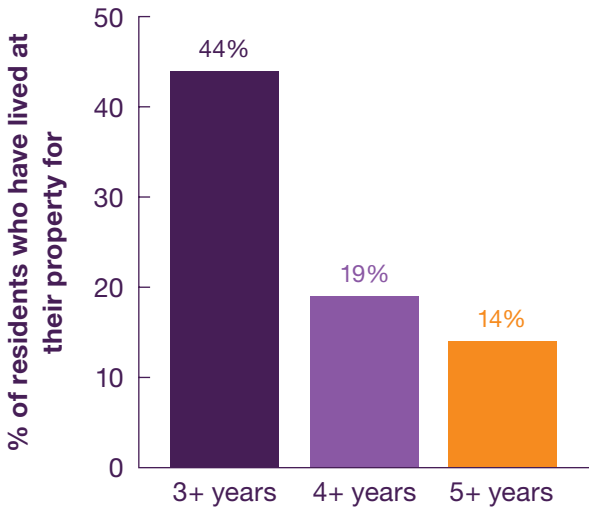
Greater Manchester sees strong rental levels across all home sizes, with the occasionally large variance between minimum and maximum rents demonstrating how markets differ between micro-locations within the county.

Despite a slower rate of increase in PRS rents across the UK over the past 12 months, at 7.8% according to Zoopla, SFR rents within Greater Manchester have continued to achieve healthy uplifts of 11.5% over this same period, showing residents within this asset class are willing to pay more for a high-quality, long-term home with excellent local amenities and transport links, swift maintenance, trustworthy property management, and a focus on customer experience and communities.

Operational overview

Avg. tenancy length
2 years & 10 months

Avg. occupancy rate across schemes
98.7%



Of the residents who have lived in their homes for 5+ years, **75%** have been the occupiers since day 1 of those properties

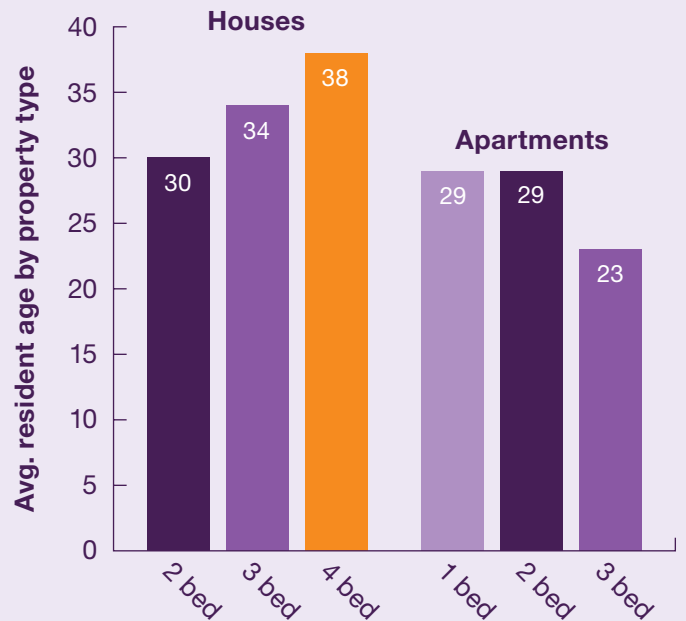
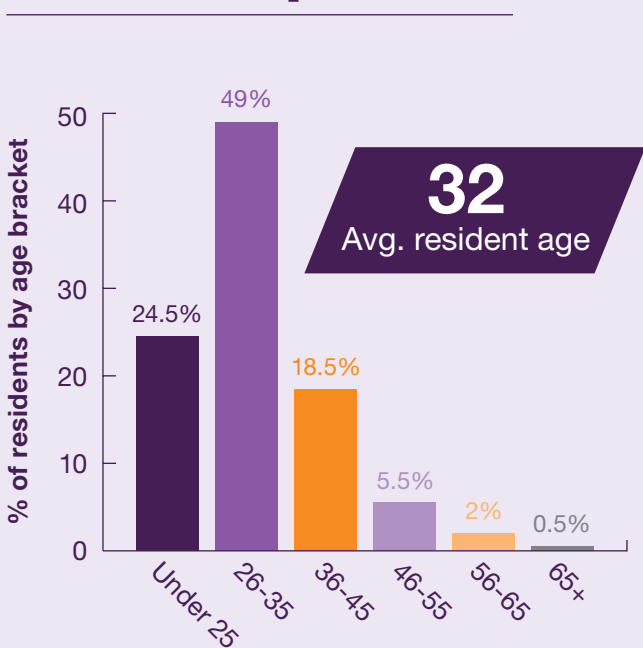
99% Avg. rent collection rate

% of households that renew/remain in their home past initial tenancy period: **75%**

While data on average tenancy lengths is impacted by the relatively short existence of the sector – with more than half of the SFR homes having been built within the last five years – there is a clear trend towards long occupation.

44% of residents have been in their current home for over three years, and of those that have lived there for over five years, 75% have been occupiers since the property was completed. Similarly, three quarters of residents have renewed their tenancy or remained in their home beyond the initial agreement. These trends support that residents view SFR as a long-term rental option.

Resident profiles

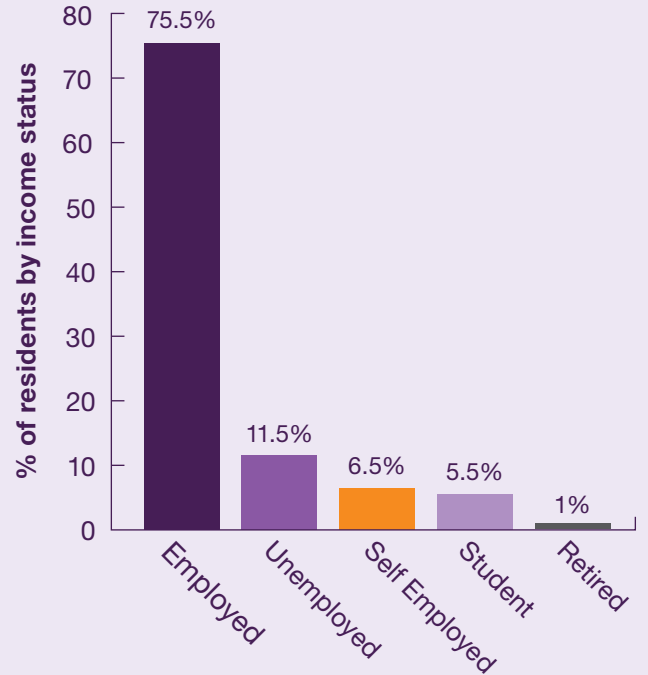
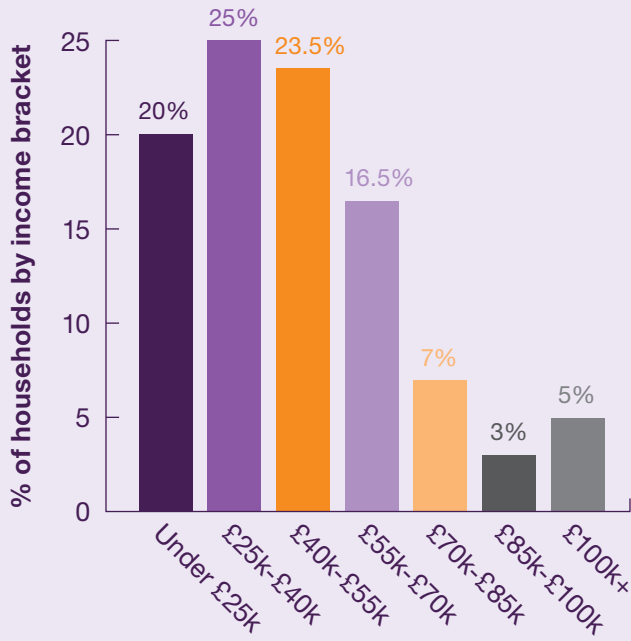


Resident age profiles demonstrate where the strongest demand for SFR is coming from – nearly three quarters are under 35 and almost half are aged 26-35. This is a demographic that is making lifestyle choices more suited to suburban homes rather than city-centre apartments – largely down to considering growing their family and/or wanting more space, including a private garden – but who don't have access to traditional home ownership.

Income

£47,900
Avg. household income

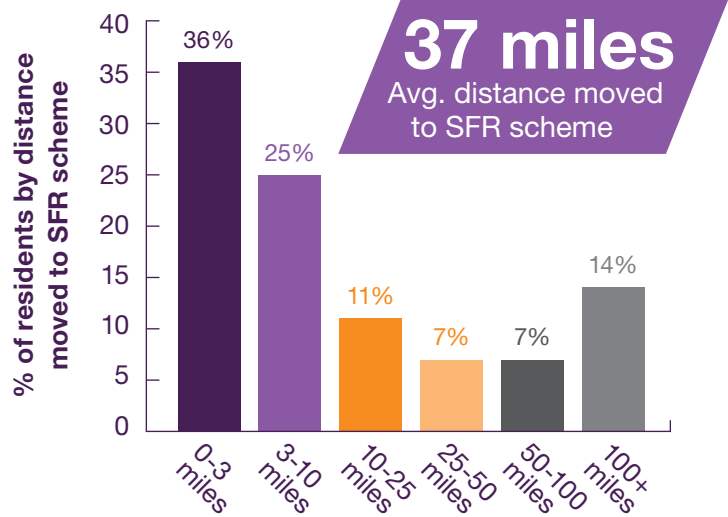
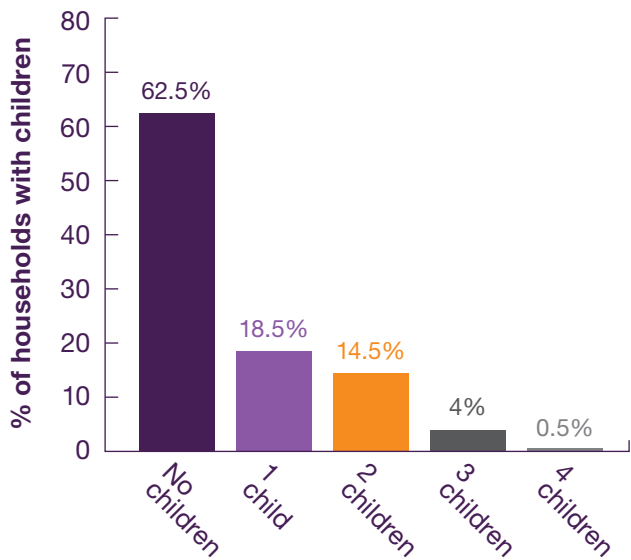
27.9%
Avg. % of income as rent



The average SFR household income is in-line with the wider demographic of Greater Manchester, sitting 2% above the average household income as per our Experian Mosaic partnership data for the same geographical area (£46,923). Whilst rents have had a healthy increase of 11.5% over the past 12 months, affordability levels have also remained very strong at 27.9%, well below the threshold of 35% as set by Home England.

Household dynamics

1.8 Avg. number of residents on the tenancy per property



The fact that nearly two thirds of SFR households don't have children highlights a misconception that the sector only caters to families with children. However, it is common to see residents moving to suburban homes so they can begin planning expansions to their families, or conversely groups of young professional friends who want more space than city centre apartments can give them.

With residents moving on average 37 miles to SFR schemes, this further demonstrates renters are willing to move through regions for a high-quality product and to be around more green open spaces whilst still retaining connections to the city and areas further afield through convenient transport links. This also supports the rise in working from home, with distances to an office becoming less of a barrier.

Over 14% coming from 100+ miles away is an interesting aspect, suggesting that for those undertaking major relocations, typically due to job changes, the quality of product and security of tenure provided by SFR is a major attraction. This also highlights the importance of brand building and customer sentiment to instil confidence to residents searching for a home in a new territory.

Definitions

BTR: Build to Rent

Developments of apartments & houses built or purchased as part of a wider portfolio, specifically for renters. These are generally owned by institutional landlords and property funds.

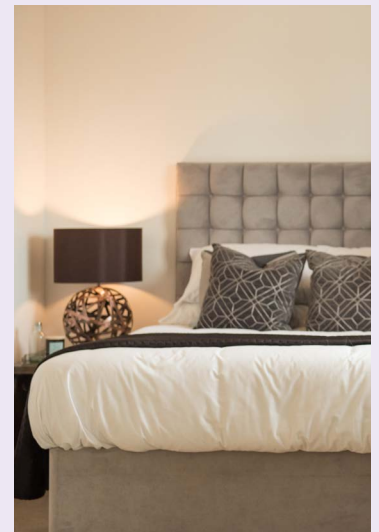
SFR: Single-Family Rental

A sub-sector of Build to Rent, consisting predominantly of houses - and less-frequently, low-rise apartment buildings - built and/or purchased as part of a development within suburban areas of the UK. As it stands, these are generally new-build homes or properties less than 7 years old, and are aimed at residents looking for a long-term rental option.

The amenities for SFR focus more on their micro-locations, such as good local amenities, transport links, nearby schools and local communities, as well as being high-quality homes, having great property management & maintenance, 24/7 resident care, private gardens & driveways, pet friendly options, community-building initiatives, technology-backed platforms & communication channels and thoughtful customer experience.

SFH: Single-Family Homes

Another term for SFR.



Working with Ascend

Ascend is the largest third-party operator of single-family BTR within the UK, with over 7,000 SFR homes across 100+ developments under management – around two-thirds of the entire asset class. With its Buy to Let and multi-family BTR capabilities, this brings its total number of managed properties to over 10,000.

As the industry leader, Ascend offers an end-to-end service to its clients, supporting from pre-build consultancy to asset management and investor transitions, with comprehensive leasing and property management services.

With an in-house research and consultancy arm, Ascend has an unrivalled amount of data on SFR within the UK and can produce bespoke reports from top-level snapshots all the way to ERV modelling, Opex mapping and various detail-driven consultancy reports to support investors' decision-making.

If you would like to know more about Ascend's services, whether just on a consultancy basis or all the way to full end-to-end management, please email us:

buildtorent@ascendproperties.com

Future Reports

This SFR market snapshot report is the first of a new monthly series in collaboration with the ARL, focusing on a different geographical area each month.

To keep up to date with our future editions, you can sign up to our mailing list below:

ascendproperties.com/insights



This report is based on live operational data blended across all stabilised single-family BTR portfolios and schemes within Greater Manchester under Ascend's management, accurate as of 31.03.24. Where stated, data from Experian & Zoopla has also been used.

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