



**EDI**

&

**ROI**

*COMBINING CULTURE WITH PROFIT*

UKREiF 2026 Leeds 19–21 May 2026

This document is published by the Association for Rental Living in conjunction with the ARL's EDI Committee.

In collaboration with Dr. Nero Ughwujabo, Senior Strategy Adviser

April 2026

*For ARL, inclusion is not a slogan.*

*It is how professional rental living earns trust.*



# FOREWORD

*Build to Rent is growing up. With that comes responsibility.*

*If we want government to recognise professionally managed rental housing as part of the answer to this country's housing problem, we have to be clear about the standards residents, investors and communities can expect from us. If we want long-term institutional capital to keep flowing into the sector, we have to show the governance, the management quality and the social purpose that sophisticated investors now require. If we want residents to trust us with their homes, we have to earn that trust through consistent, fair and respectful service. None of that is optional.*

*This paper makes a simple argument. Equality, diversity and inclusion is not a slogan. In Build to Rent it means fair lettings. It means fair employment. It means accessible service. It means resident trust. It means transparent governance. Done properly, it reduces risk, improves performance and strengthens the social licence of the sector.*

*I want to be direct about what the ARL is asking. We are not asking members to perform virtue. We are asking them to evidence professionalism. We are not asking operators to take on a compliance burden they cannot manage. We are asking them to meet a minimum standard that grows over time, and to measure what matters.*

*The noise around EDI is real. Some boardrooms in the United Kingdom have read the rollback of diversity programmes in the United States as permission to step back. Our response to that is clear. We are not going to be distracted from the evidence. The business case for inclusion has not weakened. Organisations that hold their position through contested periods come out stronger. We are holding ours.*

*We are developing this work in partnership with Dr. Nero Ughwujabo. Nero brings direct experience from government, social policy and organisational leadership. The partnership is a commitment to rigour, not a branding exercise.*

*The ARL will not ask the sector to do what it is not prepared to do itself. We will publish our own EDI baseline at UKREiiF 2026. We will report annually. The test after Leeds is simple: can we show what changed, who owns it, and when it will be delivered?*

*One last note on this version of the paper. Senior investors reviewed an earlier draft and raised specific challenges on the financial model and the source base. They were right. We have rebuilt the financial section, removed claims that could not be substantiated, and tightened citations throughout. This version is the one we are willing to put in front of fund managers, government and residents. The detailed source-by-source verification work sits in the Methodology and Sources Annex at the back of the paper. We will keep revising the case as the evidence base grows.*

**Brendan Geraghty**

Chief Executive, Association for Rental Living

April 2026



# A Note on Method and Evidence

This paper makes claims that will be tested by investors, government, local authorities and the public. We want every claim to survive that testing. The approach we have taken is straightforward.

Every load-bearing claim in this paper is sourced. Where the published evidence is well-established and uncontested, we say so. Where the evidence is consistent in direction but methodologically contested, we say so. Where we are reasoning from the published evidence to a BTR-specific conclusion, we say so. Where we are working from an assumption, we say so. The discipline is in the prose. The full source-by-source verification work is set out in the Methodology and Sources Annex at the back of the paper.

Several of the sources used in this paper come from consulting or advocacy research rather than peer-reviewed academic work. We use them because they are the best available evidence in their respective areas, and the directional findings are consistent across multiple studies. We do not treat them as scientific proof, and we are explicit about this throughout. The ARL is commissioning proprietary BTR-specific research through the Ops Benchmarking platform, so that over time the sector can cite its own evidence rather than borrowing other industries' numbers.

*Note: This hybrid document integrates human consultations & research, supported by AI.*

## Thanks!

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# EXECUTIVE SUMMARY

The UK's Build to Rent sector is at a defining moment. It now comprises more than 158,000 completed homes, with annual investment in 2025 of £4.7 billion, and a total pipeline including consented and under-construction schemes that has passed 300,000 homes<sup>1</sup>. The sector is large enough to matter. Whether it matters in the right way depends on the standards it now sets for itself.

This paper sets out why Equality, Diversity and Inclusion is not a compliance obligation or a political gesture. It is a professional standard. It drives financial performance through retention and resident satisfaction. It reduces risk through better governance and fewer service failures. It signals quality to long-term capital. It determines whether residents, government and investors choose to trust this sector.

The core argument is straightforward. Inclusive operators outperform on the metrics that matter: staff retention, resident satisfaction, complaints handling and investor confidence. BTR has a structural advantage — it is building its identity now, before path dependencies form. That window is open. It will not stay open indefinitely.

The case has been sharpened further by the Renters' Rights Act 2025, in force from 1 May 2026. The Act has removed the synchronised tenancy cycles that BTR has historically relied on for occupancy predictability. Operators are already reporting that residents are choosing bespoke start and end dates, fragmenting the re-let cycle and pushing up aggregate void exposure. Section 3.3 sets out the operational implications. The premium on resident retention has gone up. So has the premium on the inclusive culture that drives it.

The ARL is developing its EDI strategy in partnership with Dr. Nero Ughwujabo. At UKREiIF 2026 the ARL will launch the BTRA Code EDI principles and benchmarks, announce the Resident EDI Panel, and publish the ARL's own EDI governance baseline. The final formal BTRA Code will be completed by the end of 2026.

Priority	Action	Outcome
Leadership and governance	Board-level accountability for EDI in every signatory operator	Builds investor and policy trust
Data and measurement	Proportionate EDI reporting through ARL Ops Benchmarking	Enables benchmarking and ESG alignment
Resident inclusion	Fair lettings, accessible service, the Resident EDI Panel	Social licence and occupancy stability
Policy and government	BTR positioned as a partner in inclusive housing delivery	Strengthened government dialogue
ARL self-governance	Publish the ARL's own EDI baseline at UKREiIF 2026	Establishes the ARL's right to lead
EDI strategy	Formal strategy developed with Dr. Ughwujabo, published in 2026	Expert-led, actionable framework

# 1. WHAT EDI MEANS IN BUILD TO RENT

Before making the case for EDI, the ARL should be clear about what it means in a BTR context – and what it does not claim to solve.

## 1.1 A plain-English definition

### What EDI means in Build to Rent

For the ARL, EDI means fair access, fair treatment and fair opportunity. In Build to Rent that means six things in practice:

**Non-discriminatory lettings** – fair access to homes for all qualifying applicants, regardless of protected characteristics.

**Inclusive resident service** – staff who treat residents respectfully, handle complaints fairly, and make reasonable adjustments.

**Accessible homes and amenities** – design and management that does not exclude people unnecessarily.

**Fair employment** – recruitment, development and culture that allow talented people to progress regardless of background.

**Transparent complaints handling** – routes for residents and staff to raise concerns without disadvantage.

Governance that uses data to identify and reduce unfair outcomes – not just to monitor, but to act on what the data shows.

This is a definition rooted in operations, not ideology. It is measurable, manageable and directly relevant to how BTR homes are let, managed, maintained and experienced. It applies to a 1,000-home institutional scheme and to a 60-home regional operator equally. It does not require a separate budget. It requires the existing budget to be spent with more discipline.

## 1.2 What EDI Can and Cannot Solve

A credible commitment must be honest about its scope. Conflating EDI with affordability would be a weakness that critics of the sector would exploit. The ARL's position is clear.

EDI can address	EDI cannot solve alone
Unfair treatment in lettings decisions	Market rent levels or household affordability
Barriers to accessing BTR services	Housing supply shortfalls across all tenures
Discriminatory employment practices	Structural poverty or regional economic inequality

EDI can address	EDI cannot solve alone
Poor complaints processes and governance gaps	Planning system costs or land prices
Lack of accessible design in individual schemes	National housing funding and benefit policy
Homogenous leadership teams and groupthink	The gap between BTR rents and housing benefit

### Let's be honest -

EDI cannot make an unaffordable home affordable. It can make sure that within the market BTR serves, people are treated fairly, barriers are removed where we can remove them, and access decisions are transparent. Affordability requires a wider policy and investment response. EDI and affordability are connected issues, but they are not the same issue. We will not pretend they are.

## 1.3 Territorial scope

This paper addresses the UK Build to Rent market. References to the Renters' Rights Act 2025, the Ministry of Housing, Communities and Local Government, the National Planning Policy Framework or Planning Practice Guidance apply to England. Scotland, Wales and Northern Ireland operate under different housing, planning and tenancy frameworks. The ARL will develop separate implementation guidance for Scotland, Wales and Northern Ireland where their frameworks differ materially.



## 2. WHY THIS MATTERS NOW

### 2.1 A Sector Still Forming Its Identity

The BTR sector has grown from almost nothing since the 2012 Montague Review. By the end of 2025 it comprised more than 158,000 completed homes. Annual investment in 2025 reached £4.7 billion, down on the 2024 peak but ahead of long-term trends. The total pipeline, including schemes in planning and under construction, has passed 300,000 homes. Some sector commentary speaks of BTR reaching 2 million homes and mobilising over £300 billion of investment over the long run. We use those numbers as long-range planning horizons, not as contractual commitments, and we say so in our investor and parliamentary communications.<sup>2</sup>

This growth gives the sector something most industries never get: the chance to set its own professional standards before path dependencies form. Decisions made between now and 2028 will define BTR's governance culture for a generation. The BTRA Code of Practice, launching at UKREiif 2026, is the vehicle for embedding inclusive practice at this formative stage.

### 2.2 The Geopolitical Context

Any honest assessment in 2026 has to acknowledge the headwinds. From January 2025 the US federal administration rolled back federal EDI programmes through a series of executive orders<sup>3</sup>. Several large US corporations — in financial services, retail and technology — scaled back public EDI commitments in the same period. Some UK boardrooms have read this as permission to step back. We have to anticipate that some operator members of the ARL will face internal or external pressure to deprioritise EDI commitments, particularly those with US-headquartered investors.

The UK context is materially different. The current UK Government's emphasis on social value in planning and procurement, MHCLG's priorities on inclusive housing delivery, and the anti-discrimination provisions of the Renters' Rights Act 2025 all move in the opposite direction. We are anchoring our position in the UK policy environment. We are not letting US-origin rhetoric set the terms of the UK debate.

*“Get off the culture war bandwagon — ignore the noise. EDI is not a passing trend. It is about organisational excellence and success.”*

Dr. Nero Ughwujabo, ARL Rental Living and Pathways Conference, November 2025

The ARL's position is straightforward. This is precisely the wrong moment to retreat. The case for inclusive practice has not weakened. Organisations that hold their position through contested periods come out with stronger governance reputations and stronger competitive positions.

## 2.3 The Legislative Floor — and Rising Ceiling

UK law sets clear minimum requirements. Four legislative developments matter directly to BTR operators in 2026<sup>4</sup>.

Legislation	What it means for BTR
Equality Act 2010	Requires due regard to nine protected characteristics in all lettings, employment, procurement and service delivery decisions. This is the compliance floor for every BTR operator. The Act has not changed; awareness of how it applies in residential management has.
Renters' Rights Act 2025	Implemented in phases. The first major tenancy and anti-discrimination measures — abolition of section 21, assured periodic tenancies, rent bidding restrictions, and explicit anti-discrimination protections for people with children or in receipt of benefits — took effect from 1 May 2026. The PRS Database and PRS Landlord Ombudsman roll out in later phases, with mandatory landlord membership of the Ombudsman not expected until 2028. Operators whose lettings practice is already EDI-compliant are materially better positioned.
Employment Rights Act 2025	Phased implementation runs from 2025 to 2027. Significant new workforce protections relevant to inclusive employment practice. Some provisions took effect in late 2025 and early 2026. Operators should monitor implementation timelines and update workforce policies accordingly.
Cabinet Office PPN 002 (March 2025)	The Social Value Model became mandatory for in-scope organisations from 1 October 2025. It requires central government departments to assess the social value of major procurement contracts. Inclusion, community benefit and fair employment are named as social value themes — directly relevant to BTR's public-sector partnerships and land-disposal opportunities.

Two further developments are likely. The Ethnicity and Disability Pay Gaps Bill and a possible Race Equality Act both represent the direction of travel of UK equality legislation. Neither has been enacted as of this paper's publication, but the trajectory is clear. Operators that invest in EDI strategy now reduce future compliance risk and position themselves ahead of the regulatory curve.



## 3. THE BUSINESS CASE

The business case rests on five connected pillars: financial performance, talent retention, resident satisfaction, investor access, and reputational and policy risk. Each is supported by published evidence. We are explicit throughout about what the evidence establishes and what it does not. We have stripped out claims we could not substantiate. The case stands without them.

### A note on the evidence base

Several of the sources cited in this section come from consulting or advocacy research rather than peer-reviewed academic work. We use them because they are the best available evidence in their respective areas, and the directional findings are consistent across multiple studies. We do not treat them as scientific proof. The ARL is commissioning proprietary BTR-specific research through the Ops Benchmarking platform so that, over time, the sector can cite its own evidence rather than borrowing other industries' numbers. The full source-by-source verification record is in Annex A.

### 3.1 Pillar one: Financial Performance

McKinsey's Diversity Matters series, published across four editions between 2015 and 2023, has reported a consistent correlation between executive team diversity and financial outperformance. The 2023 edition found that companies in the top quartile for ethnic diversity were 39% more likely to outperform on profitability than those in the bottom quartile. The same study reported a 39% finding for gender-diverse executive teams<sup>5</sup>.

The McKinsey methodology has been seriously challenged in the academic literature. Green and Hand (2024) and Edmans (2024) have raised methodological concerns, particularly about the dependent variable used and the gap between the correlation found and any claim of causation<sup>6</sup>. The correlation is real and consistent across editions. It is not the same as a causal claim and we do not present it as one.

Applied to BTR: operators with more diverse leadership and more inclusive cultures are, on the balance of evidence, more likely to deliver stronger performance over time. The direction of the evidence is consistent. The magnitude should be treated as indicative, not precise.

### 3.2 Pillar two: Talent Retention and Operational Efficiency

Glassdoor's 2022 Diversity and Inclusion Workplace Survey found that 76% of job seekers consider workplace diversity an important factor when evaluating potential employers<sup>7</sup>.

Inclusive organisations are consistently associated with lower employee turnover across multiple advocacy and consulting studies, though specific magnitude claims vary across the literature and should be treated as directional. An earlier version of this paper cited a specific 22% turnover reduction figure attributed to Harvard Business Review. We removed that figure

when it could not be cleanly traced to the original source. The direction of the finding is well-established. The precise magnitude is not.

What is firmly established is the UK cost of replacing a leaver. Oxford Economics estimates the average replacement cost for an employee earning £25,000 or more at £30,614. CIPD-aligned benchmarks indicate that replacement costs typically run at 30–50% of annual salary for entry-level and operational roles, rising to 100–150% for mid-level professional and management roles<sup>8</sup>.

For BTR specifically, the practical consequence is real. Lower turnover reduces recruitment and training costs, builds institutional knowledge and improves service consistency. For an operator managing thousands of homes, a small reduction in workforce attrition is a material efficiency gain. The financial impact at portfolio level is set out in Section 3.6.

### 3.3 Pillar three: Resident Satisfaction, Occupancy and the Post-Renters' Rights Act Dynamic

Resident satisfaction has always been the primary driver of lease renewal decisions in BTR. This is consistently reported across JLL Residential Outlook research, HomeViews resident review data and operator OpEx databases<sup>9</sup>. Residents who feel respected, heard and fairly treated are significantly more likely to renew. That has always been true. The Renters' Rights Act 2025 has now made it more financially material.

Under the Act, which took effect on 1 May 2026, fixed-term assured shorthold tenancies have been replaced by assured periodic tenancies. Tenants can give two months' notice at any point. Section 21 no-fault eviction is gone. The practical consequence is that tenants now choose when they move in and when they leave, on terms that suit their own circumstances, rather than aligning to the synchronised tenancy cycles that BTR operators have historically relied on for occupancy modelling.

Operators are reporting in the early months following implementation that residents are increasingly selecting bespoke tenancy start dates — pegged to a job change, a school year, a family event — and exiting at points that suit them, not the operator<sup>10</sup>. The synchronisation of tenancy cycles that supported predictable re-let windows is breaking down. This is not a long-run prediction. It is what the sector is already seeing.

The commercial consequence is straightforward. Where every tenancy used to end on roughly the same calendar date in a scheme, the operator could pre-market the unit, plan the void window, and re-let in a coordinated way. With bespoke start and end dates, units come back to the market at unpredictable points. The aggregate void exposure expands. The cost of voids — already £3,000–£4,500 per event, as set out in Section 3.6 — rises in aggregate because the operator can no longer lean on cycle predictability to compress it.

The implications for the case for inclusive practice are direct, and they come in three parts. First, the financial premium on resident retention has gone up. Every renewal won is now worth more than it was under the assured shorthold regime, because the alternative is no longer a known re-let cost. It is an unknown one, with longer expected void exposure and less predictable timing. A resident who chooses to stay is now protecting the operator from a problem the regulatory environment has actively created.

Second, the operational case for inclusive culture is sharper. Inclusive practice — staff who treat residents respectfully, fair complaints handling, accessible service, consistent fair treatment — is now a direct hedge against the loss of cycle predictability. Operators that build genuine resident loyalty are buying themselves something the regulatory environment has removed: predictability of occupancy. That is a commercial position, not a soft one.

Third, the case for proprietary BTR evidence has become more urgent. The ARL Ops Benchmarking platform will capture changing void patterns and renewal behaviour over the next twelve months. By the second half of 2027 the sector should be able to quantify the void-period and income impact of the new regime with confidence, and benchmark which operators are managing it best. The operators that publish strong fairness scores and strong renewal rates over that period will have a demonstrable competitive position.

An inclusive operating culture is a direct driver of occupancy rates and net operating income. This is not a soft benefit. Voids are expensive, and they have become more expensive in 2026 than they were in 2025. Inclusive practice reduces them.

## 3.4 Pillar four: Investor Access and ESG

KPMG's 2023 ESG Due Diligence Survey found that 72% of US financial investors now include ESG in their M&A agenda, alongside 82% of EMA investors and 74% of US investors overall<sup>11</sup>. EDI is one weighted component of the social and governance pillars within this framework. Major institutional investors active in UK BTR — including Legal & General, M&G Investments, Greystar and others — incorporate social value and inclusion metrics within their ESG reporting frameworks and investment due diligence processes.

EDI maturity is moving from a 'nice to have' to a baseline expectation in institutional real estate investment. Operators that cannot demonstrate EDI governance face increasing friction in capital markets. In time, some operators may find themselves excluded from particular investment mandates entirely. This is the direction of travel that the brown discount thesis (Section 3.6) describes.

## 3.5 Pillar five: Reputational and Policy Risk

KPMG's ESG and governance research has noted that reputational damage from EDI failures can erode substantial enterprise value in severely affected listed organisations, with a value-erosion figure of up to 30% cited in the literature<sup>12</sup>. That figure represents severe failure cases in listed companies with sustained media exposure. The ARL does not cite it as a precise empirical measure in investor or parliamentary settings, but the directional risk is real and should be taken seriously in BTR governance frameworks.

BTR is a high-visibility, people-facing sector that depends on trust. Reputational risk from EDI failures — in lettings practice, workforce culture or community engagement — can damage investor confidence, attract hostile press coverage and bring adverse regulatory attention. The sector's profile is growing. The higher the profile, the higher the reputational stakes.

## 3.6 Modelling the Return: What EDI Is Worth in BTR Terms

The five pillars above establish the strategic case. This section translates that case into BTR-specific financial terms. We use a representative portfolio of 1,000 homes with a Gross Asset Value of £250 million as the base. The figures are illustrative ranges, built from published UK benchmarks. The ARL invites operators and investors to test them against their own data.

### Methodology note

The model assumes a 1,000-home portfolio at £250m GAV with around £20m gross annual rent at an 8% gross yield, consistent with mid-market UK multifamily benchmarks. Workforce is assumed at around 50 full-time equivalents based on a one-to-twenty staff-to-home ratio typical of full-amenity BTR. The model isolates the portion of each driver plausibly attributable to inclusive practice — not the total impact of all retention or service initiatives. All ranges are deliberately wide. Anything narrower would imply a precision the evidence base does not yet support.

ROI driver	Mechanism and evidence	Indicative annual value	Status
Talent retention	Inclusive cultures associated with lower attrition. Around 50 FTE at ~£35k average salary. UK replacement cost £30,614 per leaver (Oxford Economics) or 30–50% of salary for operational roles. A modest 2–3 percentage point reduction in annual attrition on a 25–35% baseline = 1–2 fewer leavers per year.	£40,000 – £75,000 p.a. saved in recruitment and onboarding	Directional inference
Void reduction	Resident satisfaction correlated with renewal intent (HomeViews and JLL data, directional). Average void event cost £3,000–£4,500 (rent forgone plus re-let cost). A 0.5–1.0 percentage point uplift in renewal rate across 1,000 homes = around 5–10 fewer voids per year. The Renters' Rights Act 2025 has fragmented synchronised tenancy cycles (Section 3.3), pushing up aggregate void exposure; the figures shown here may prove conservative under the new regime. Proprietary BTR quantification is being developed through Ops Benchmarking.	£15,000 – £45,000 p.a. saved in voids and re-letting (likely conservative under the post-RRA regime)	Directional inference

ROI driver	Mechanism and evidence	Indicative annual value	Status
Operational quality	Inclusive teams associated with fewer complaints, fewer escalations and reduced management overhead. Conservative range applied.	£10,000 – £25,000 p.a. saved in management costs	Working assumption
NOI to capital value uplift	Combined operational improvements above, sensitised across the portfolio at a 5% net yield. NOI improvement of £65k-£145k p.a. capitalises to roughly £1.3m-£2.9m of value.	£1.3m – £2.9m capital value uplift on £250m (0.5%-1.2%)	Inference
Cost of capital (modest, conditional)	Sustainability-linked loan (SLL) market evidence: typical margin step-down 5-25 basis points when ESG targets are met. Academic research finds average SLL benefit of around 9.5 basis points over conventional loans. Most KPIs in SLL pricing today are environmental; social and EDI KPIs are present but rarely the primary lever. Applied only to debt-financed portion of portfolio (~50% LTV on £250m = £125m).	£60,000 – £300,000 p.a. on the debt-financed portion, and only where EDI is a contractually weighted SLL KPI	Conditional assumption
Avoided brown discount (asymmetric risk)	The dominant ESG dynamic in European real estate is now the brown discount, not the green premium. The Deepki 2022 European survey found that 40% of pension fund managers had seen 21-30% depreciation on poor-ESG assets in the prior 12 months. Most of this evidence is environmental ESG. For EDI specifically there is no published quantification, but governance failure cases (lettings discrimination, workforce scandals) carry well-evidenced reputational and capital-access risk. This is a tail risk to be managed, not a premium to be banked.	Not quantified. Treated as risk mitigation, not value uplift.	Risk-side inference

The cost of capital row draws on Loan Market Association principles and academic research on sustainability-linked loan pricing<sup>13</sup>. The avoided brown discount row draws on CBRE and Deepki research on European real estate ESG pricing<sup>14</sup>.

## Reading the model honestly

Operational savings from inclusive practice are meaningful but not transformational at single-portfolio scale: we are talking about £65,000 to £145,000 of recurring NOI improvement, which capitalises to roughly £1.3m to £2.9m on £250m. The cost-of-capital benefit is real but small, and only crystallises if EDI is a contractually weighted KPI in the debt structure, which is currently rare in BTR.

The much larger consideration is asymmetric. Well-governed EDI helps an operator avoid the brown discount that is now visibly forming in European institutional real estate, and avoids the governance-failure cases that destroy value at the tail. We are not selling investors a premium. We are selling them disciplined risk management and a governance signal. That is the honest case.



## 4. THE RESIDENT AND SOCIAL VALUE CASE

Commercial arguments matter. But inclusion is also an end in itself. BTR operators are not just asset managers — they are community operators. What residents actually experience — whether they are treated fairly, whether their concerns are heard, whether their homes are accessible — is a matter of social value, not just financial performance.

### 4.1 Fair treatment at Every Stage of the Resident Journey

The ARL's commitment to resident inclusion covers the whole resident journey, from initial enquiry to lease renewal. The key standards are these.

Stage	What fair treatment looks like in practice
Application and lettings	Transparent, consistently applied lettings criteria. No discrimination on protected characteristics. A documented reasonable adjustment procedure. A clear, accessible complaints route for lettings decisions.
Move-in and onboarding	Accessible induction materials. Reasonable adjustments actioned promptly. Staff trained in inclusive customer service.
Day-to-day service	Consistent service standards regardless of background. Respectful maintenance and concierge interactions. Accessible digital platforms.
Complaints handling	A clear, accessible process. Trained handling staff. An independent escalation route. Time-bound resolution commitments. Resident feedback captured on outcomes.
Community life	Inclusive design of events and amenities. No tokenism. Programming informed by resident input, not by assumptions.
Lease renewal	Transparent renewal criteria. No discriminatory pricing. Residents informed of their rights under the Renters' Rights Act 2025.

### 4.2 Resident Standards in the BTRA Code

Resident-facing standards are embedded within the BTRA Code of Practice, not held in a separate document. The Code principles and benchmarks launch at UKREiiF 2026. The final formal version completes by the end of 2026. Resident input into Code standards is built into the development process. These are commitments, not aspirations.

### 4.3 The Resident EDI Panel

The ARL will establish a Resident EDI Panel. This is a structured forum through which residents of Code-signatory schemes contribute to the ARL's EDI standards and report annually on resident fairness perceptions. The Panel is announced at UKREiiF 2026 as a commitment with a defined launch timeline, not an open-ended aspiration.

“Community trust is not built through documents. It is built through consistent experience. The question is not ‘have you got an EDI policy’.

The question is ‘what happened the last time a resident raised a concern about unfair treatment!’”

## 4.4 Accessibility and inclusive design

The ARL will develop supplementary guidance on accessible design and inclusive amenity provision, building on the reasonable adjustment duty under the Equality Act 2010. The guidance addresses both new-build and existing stock, with proportionate expectations for smaller operators. Inclusive design is a resident right, not a premium feature.

## 4.5 The social value contribution

BTR’s social value contribution — measured through fair employment, accessible homes, inclusive communities and transparent governance — is increasingly relevant to planning authorities, public-sector land disposals and government housing delivery frameworks. Operators that can evidence social value through structured data are better positioned in those conversations. Cabinet Office PPN 002 (Section 2.3 above) names inclusion, community benefit and fair employment as social value themes.

# 5. THE BTRA CODE EDI STANDARD

The BTR and Rental Living Alliance Code of Practice is the ARL's primary governance instrument for member operators. The Code's EDI section (measures 4.01 to 4.06) sets out what a professional BTR operator must do. It is mandatory for BTRA Code signatories. The Code launches publicly at UKREiIF 2026.

## Scope note

The BTRA Code's EDI requirements are mandatory for BTRA Code signatories. They are not legally binding across the entire BTR market. The ARL does not use language suggesting a sector-wide mandatory framework. We are precise about the reach of signatory commitments and we will continue to be.

## 5.1 What the Code Requires

Measure	What it requires	Why it matters
4.01 EDI Policy	A documented EDI policy, approved at board level, with a named lead responsible for implementation and annual review.	Accountability at the top. A verifiable governance anchor.
4.02 Fair Access	Transparent lettings criteria. A documented reasonable adjustment procedure. An accessible complaints route for lettings decisions.	Equality Act 2010 and Renters' Rights Act 2025 compliance. Resident trust.
4.03 Named EDI Lead	A named individual at operator level. Reporting line to senior leadership. Annual review responsibility.	Prevents EDI being delegated to HR and forgotten.
4.04 Monitoring and Data	Workforce diversity monitoring and resident fairness tracking. GDPR-compliant. Reported in aggregate.	Evidence-based improvement. Ops Benchmarking integration. Investor and government-facing evidence.
4.05 Training	Mandatory induction training on inclusive practice for all customer-facing and management staff. Records maintained. Annual completion rates reviewed.	Consistent service culture. Fewer complaints and incidents.
4.06 Progressive Improvement	Annual improvement plan. Supplier EDI questions in procurement. Resident co-creation evidence. Published or internally reported EDI outcomes.	Moves EDI from compliance to embedded practice. Connects to social value reporting.

## 5.2 The Maturity Model: Foundation, Progressive, Leading

The Code operates on a three-tier model. All BTRA Code signatories must achieve the Foundation tier. Progressive and Leading represent the direction of travel the ARL expects over time.

Tier	What it means	Evidence required
Foundation	Meets minimum BTRA Code requirements.	Documented EDI policy. Named lead. Fair lettings procedure. Basic training records. Workforce monitoring in place.
Progressive	Uses data to improve practice.	Annual board review of EDI data. Resident fairness tracking. Supplier EDI questions in procurement. Documented annual improvement plan.
Leading	Demonstrates sector leadership.	Published EDI report. Resident panel or co-creation evidence. Independent verification. Year-on-year measurable improvement. Contribution to ARL Ops Benchmarking EDI data.



## 5.3 Verification evidence

The Code is verifiable. The table below sets out the evidence operators must be able to provide against each Code measure. This is the operational mechanism that turns the Code from aspiration into accountability.

Code measure	Evidence required
4.01 EDI Policy	Board-approved policy document with review date. Board minutes confirming approval. Named individual with lead responsibility documented.
4.02 Fair Access	Published or documented lettings criteria. Audit log of lettings decisions (anonymised). Reasonable adjustment procedure. Evidence of staff training on anti-discrimination requirements.
4.03 Named Lead	Role description or job specification reference. Reporting line documented. Annual review responsibility confirmed in minutes or appraisal.
4.04 Monitoring	Workforce survey template and privacy notice. Resident fairness survey questions. Aggregate data report (anonymised). Evidence of GDPR compliance (Article 6 lawful basis and Article 9 special category condition documented).
4.05 Training	Training records by cohort. Induction module sign-off. Annual completion rate report. Evidence of refresh where legislation has changed.
4.06 Progressive Improvement	Supplier questionnaire including EDI questions. Evidence of resident input into community programming or Charter development. Annual improvement plan reviewed at board level.

A note on incentives. If the self-assessment tool is purely self-reported and voluntary, it will be completed by the already-committed and ignored by those who most need to improve. The ARL has to think carefully about how it incentivises engagement, what the consequences of non-compliance look like, and how it supports smaller operators to build capacity without creating a compliance burden they cannot absorb. The ARL Ops Benchmarking platform is the natural pilot vehicle for EDI data integration.



## 6. How Operators Implement It — The 90-Day Plan

The gap between strategic commitment and operational reality is where most EDI programmes fail. The ARL provides this 90-day framework to give operators — particularly those at the Foundation tier — a clear, structured path to initial compliance. This is the floor, not the ceiling.

Phase	Actions	Outcome
Days 1–30		
Foundation	Appoint named EDI lead. Commission or review the existing EDI policy. Identify gaps in lettings procedures against Equality Act 2010 requirements.	Named accountable lead in place. Policy gap analysis complete. Lettings criteria reviewed.
Days 31–60		
Structure	Develop or update the fair lettings procedure and reasonable adjustment protocol. Introduce anonymised, GDPR-compliant workforce diversity monitoring. Embed EDI module in staff induction.	Core compliance documents in place. Monitoring infrastructure established. Training baseline set.
Days 61–90		
Action	Present EDI baseline data to board. Set first-year improvement plan. Begin supplier questionnaire review. Connect to ARL Ops Benchmarking EDI data collection.	Board accountability established. Measurable targets set. Ops Benchmarking contribution initiated.

## 6.1 Going beyond the minimum

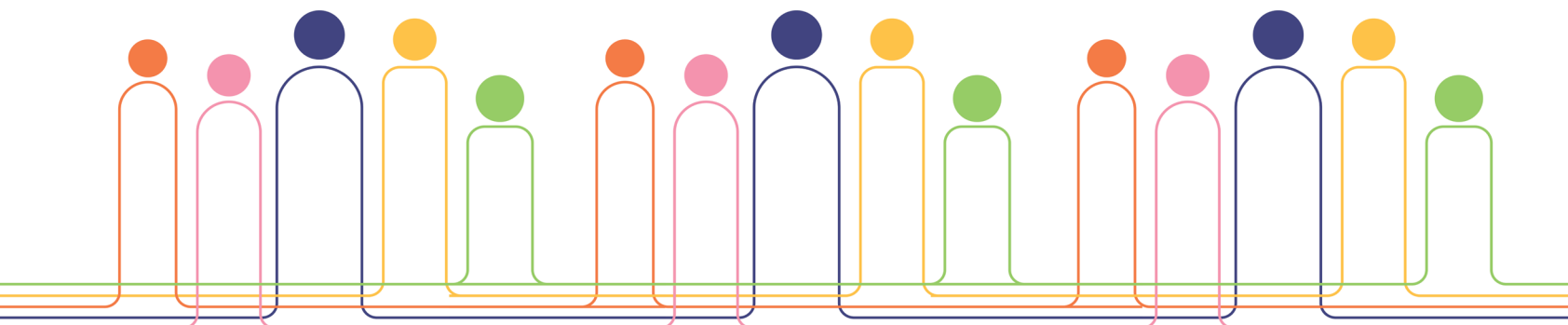
The 90-day plan covers what is required. Some additional approaches that operators may find useful are listed below. Some are standard practice. Some are more ambitious.

- Integrate EDI questions into the annual staff survey alongside engagement metrics. Run at the same time as the annual resident satisfaction survey to create paired workforce and resident data.
- Use anonymised application and lettings data to track whether conversion rates vary across protected characteristic groups. Flag unexplained disparities for management review.
- Commission a 'mystery resident' programme – the equivalent of mystery shopper testing, applied to lettings and service interactions across demographic groups.
- Establish a community EDI champion within each major scheme. This is a resident volunteer who acts as a two-way communication channel between management and the resident community on fairness issues.
- Build EDI outcome metrics into asset management reporting alongside financial KPIs. Present resident fairness data and workforce diversity data to the investment committee alongside NOI, void rates and NPS.

## 6.2 Workforce diversity data and UK GDPR

Collecting and processing equality and diversity monitoring data requires careful compliance with UK GDPR and the Data Protection Act 2018<sup>15</sup>. Equality and diversity monitoring data frequently involves special category data under UK GDPR Article 9. This includes ethnicity, disability, religion, sexual orientation and health-related information. The Information Commissioner's Office is clear that organisations must identify both an Article 6 lawful basis and an Article 9 special category condition before processing this data. In employment contexts, the relevant Article 9 condition is typically Schedule 1 paragraph 1 of the Data Protection Act 2018 (employment, social security and social protection).

One point of practical caution. Operators should not assume that 'legitimate interests' is the appropriate Article 6 lawful basis for workforce diversity monitoring without careful assessment. Legitimate interests cannot be used as the Article 9 condition. Operators should identify and document an appropriate Article 6 lawful basis and the correct Article 9 / DPA 2018 Schedule 1 condition. Data must be voluntary, anonymised before reporting, reported only in aggregate, and supported by a clear privacy notice.



# 7. The Sector Offer to Government

Government does not respond to general positioning. It responds to a credible offer, backed by evidence, with a specific ask. This section sets out both.

## 7.1 What BTRA Code signatories commit to

- Adopt and implement the BTRA Code EDI standard (measures 4.01 to 4.06) within agreed timescales.
- Collect and report workforce diversity and resident fairness data annually through the ARL Ops Benchmarking platform.
- Publish or make available to the ARL an annual EDI self-assessment for independent verification.
- Develop and maintain a fair lettings procedure that evidences compliance with the Equality Act 2010 and the anti-discrimination requirements of the Renters' Rights Act 2025.
- Engage with the ARL Resident EDI Panel as a structured channel for resident feedback on fairness.
- Report EDI improvement data to the ARL for sector-wide publication, contributing to an evidence base that supports government, investor and resident trust.

These commitments apply to BTRA Code signatories. They are not legally binding on the entire BTR market. The ARL is precise about scope and will avoid overstating the reach of signatory obligations. The planning ask in the matrix below does not imply that Code compliance entitles operators to preferential planning treatment. It is relevant evidence of quality and social value delivery, to be weighed in the planning balance.

## 7.2 What the ARL is asking of government

The matrix below sets out the ARL's specific asks of government departments. It is the basis for direct ministerial and official engagement before and after UKREiIF 2026.

Ask	Department	Mechanism	Risk to manage
Planning Practice Guidance recognises BTRA Code EDI compliance as relevant evidence of operator quality and social value delivery.	MHCLG	PPG update. Positioned as quality evidence in the planning balance, not preferential treatment.	Must not appear to bypass local planning judgement.
Homes England public land disposals recognise Code compliance in disposal criteria.	Homes England / MHCLG	Disposal criteria review, procurement-compliant.	Must comply with procurement rules. Avoid any suggestion of preferential treatment outside those rules.

Ask	Department	Mechanism	Risk to manage
PPN 002 alignment: BTR social value metrics recognised in government procurement assessment frameworks.	Cabinet Office	PPN 002 guidance update.	Metrics must be measurable and independently verifiable.
Structured sector forum with the PRS Landlord Ombudsman for BTRA Code operators.	PRS Ombudsman / MHCLG	Sector engagement forum.	Timing dependent on Ombudsman rollout (mandatory membership not expected until 2028).
Joint ARL–MHCLG research commission on EDI outcomes in BTR.	MHCLG Research	Independent research; ARL contributes Ops Benchmarking data.	Must be genuinely independent. ARL involvement must not compromise integrity.

*“If we can evidence fair access, fair treatment and resident trust, we strengthen BTR’s case as a serious partner in housing delivery. Government responds to specificity, not slogans.”*

## 8. The ARL's Own Commitment

The ARL cannot credibly lead the sector on EDI without demonstrating its own practice. An industry body that calls for data transparency and board accountability from its members but cannot evidence those things in its own governance will face a credibility gap that undermines its authority. We are not going to take that risk.

What we are committing to

We are not publishing a baseline because we claim to be perfect. We are publishing it because leadership starts with transparency. Walk before run. This is the line we are drawing in public.

### 8.1 What the ARL will publish and do

1. Publish the ARL's own EDI baseline at UKREiiF 2026: board and committee diversity, executive team composition, staff profile, and the governance accountability for EDI.
2. Commit to annual EDI reporting as part of the ARL's publicly available governance documentation.
3. Integrate EDI criteria into future appointments to the ARL Board and executive team.
4. Measure and publish: board composition; committee composition; staff and contractor profile (where lawful and proportionate); speaker and panellist diversity; procurement and supplier diversity; resident voice representation in ARL governance.
5. Develop the ARL EDI Strategy in formal partnership with Dr. Nero Ughwujabo, to be published within 2026.

### 8.2 The Dr. Nero Ughwujabo partnership

The ARL is developing its EDI strategy in partnership with Dr. Nero Ughwujabo. Nero is Senior Strategy Adviser on EDI at The King's Trust and former Special Adviser to the Prime Minister on Social Justice, Opportunity and Young People. He was keynote speaker at the 2025 ARL Rental Living and Pathways Conference. The partnership is a commitment to rigour, policy literacy and practical depth. We will reference it in government submissions, investor communications and public positioning as a mark of the sector's intent.

## 9. Conclusion — From Statement to Accountability

Equality, diversity and inclusion is not peripheral to the ARL's mission or to the BTR sector's success. It is central to both.

For investors, EDI signals governance quality, risk management and long-term resilience. For operators, it drives talent retention, service quality and consistency. For residents, it determines whether BTR delivers communities or simply buildings. For government, it determines whether BTR is a partner in social value delivery or a sector to be managed.

The ARL has the architecture, the leadership relationships and the expert partnership to make EDI a genuine professional standard of this sector. The evidence base is compelling on direction, even where the specific magnitudes are still being built. The window of opportunity is open. It will not stay open indefinitely.

The question is not whether to lead on EDI. It is whether the ARL and its members have the conviction, the accountability and the practical commitment to do so.

*“Diversity is not enough — inclusion creates impact. Representation opens doors; influence delivers change. Business excellence in modern Britain demands cultural intelligence and inclusive leadership.”*

— Dr. Nero Ughwujabo, ARL Rental Living and Pathways Conference, November 2025

### ***The test after UKREiiF 2026***

*Can we show what changed, who owns it, and when it will be delivered?*



# Glossary

Plain-English definitions of the terms used in this paper. Listed alphabetically.

Term	Definition
ARL	Association for Rental Living. The UK trade body for the Build to Rent and professional rental living sector.
Article 6 / Article 9 (UK GDPR)	Two parts of UK data protection law. Article 6 sets out the lawful bases for processing personal data. Article 9 sets out the additional conditions required to process 'special category' data, which includes information about race, ethnicity, disability, religion, sexual orientation and health.
Basis point (bp / bps)	One hundredth of a percentage point. 25 basis points means 0.25%. Used in finance to describe small changes in interest rates or margins.
BTR	Build to Rent. Purpose-built, professionally managed rental housing, owned and operated as a long-term investment asset class, rather than built for sale to individual buyers.
BTRA Code of Practice	The BTR and Rental Living Alliance Code of Practice. The ARL's governance instrument setting out professional standards for signatory operators. Launches publicly at UKREiIF 2026.
Brown discount	The amount by which a real estate asset trades below the price of an equivalent ESG-compliant asset because of its poor environmental, social or governance credentials. The mirror image of a 'green premium'. Currently the dominant dynamic in European institutional real estate.
CIPD	Chartered Institute of Personnel and Development. The professional body for HR and people development in the UK.
DPA 2018	Data Protection Act 2018. The UK statute that implements UK GDPR alongside it. Schedule 1 sets out the specific conditions for processing special category data in particular contexts (such as employment).
EDI	Equality, Diversity and Inclusion. Used in this paper to mean fair access, fair treatment and fair opportunity – in lettings, service, employment and governance. Sometimes written as DEI in US and some UK contexts; we use EDI.
EPC	Energy Performance Certificate. The UK rating of a building's energy efficiency from A (most efficient) to G (least). Used in ESG assessment of buildings.
ESG	Environmental, Social and Governance. The framework that institutional investors use to assess non-financial risks and opportunities. The 'S' includes EDI.
Equality Act 2010	The UK statute that prohibits discrimination on the basis of nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Term	Definition
GAV	Gross Asset Value. The total value of a property portfolio before deducting any debt.
Green premium	The amount by which a real estate asset trades above the price of an equivalent non-ESG-compliant asset because of strong ESG credentials. Used in older ESG real estate literature; increasingly replaced by the brown discount framing.
HomeViews	The UK's main resident review platform for purpose-built rental housing. Used to gauge resident satisfaction and BTR brand performance.
ICO	Information Commissioner's Office. The UK regulator for data protection.
LMA	Loan Market Association. Publishes the principles for sustainability-linked loans used by lenders and borrowers across Europe.
LTV	Loan-to-Value. The ratio of debt to property value. A common metric in real estate finance.
MHCLG	Ministry of Housing, Communities and Local Government. The UK government department responsible for housing and planning.
NOI	Net Operating Income. The income produced by a property portfolio after operating costs, before debt service. Used to calculate capital value.
NPS	Net Promoter Score. A common measure of customer satisfaction. Asks how likely a customer is to recommend the service to others.
Ops Benchmarking	The ARL's operational benchmarking platform for BTR operators. Captures performance data across the sector. The vehicle for the ARL's proprietary BTR-specific EDI evidence base.
PPN 002	Procurement Policy Note 002. The Cabinet Office's Social Value Model, updated in March 2025 and mandatory from October 2025. Names inclusion, community benefit and fair employment as social value themes.
PRS	Private Rented Sector. The broader category that includes BTR, individual buy-to-let landlords and other private rental housing.
Renters' Rights Act 2025	UK legislation reforming the private rented sector. First major provisions, including abolition of section 21 and anti-discrimination protections for people with children or in receipt of benefits, took effect on 1 May 2026. PRS Database and PRS Landlord Ombudsman follow in later phases.
Section 21	The provision of the Housing Act 1988 (England) that allowed landlords to evict tenants without fault. Abolished by the Renters' Rights Act 2025 with effect from 1 May 2026.
SFH	Single Family Housing. The fast-growing part of BTR comprising houses rather than apartments, typically in suburban locations.

Term	Definition
SLL	Sustainability-Linked Loan. A loan where the interest margin moves up or down based on the borrower's performance against agreed ESG targets. Typical margin step-down 5–25 basis points.
Social Value Model	See PPN 002.
UKREiIF	UK's Real Estate Investment and Infrastructure Forum. The annual real estate industry conference held in Leeds. The launch venue for this paper and the BTRA Code in May 2026.

## Notes

Numbered notes corresponding to the citation markers in the body of the paper. Full source references follow in the next section.

1. Knight Frank UK Build to Rent Market Update Q4 2025 (sector completions and annual investment volume); BPF / Savills Q1 2026 BTR statistics (total pipeline above 300,000 homes including consented and under-construction schemes). These are the most authoritative published UK sources for sector scale and are refreshed quarterly.
2. The figures of 2.1 million homes and £300 billion of long-run investment represent long-range planning horizons drawn from housing-need modelling (BPF / Savills / ARL Demand and Evidence Base Report 2025) and global institutional residential allocation estimates. They are plausible but not contractual commitments and should not be cited as such in parliamentary or investor settings without that qualification.
3. Executive orders issued by the US federal administration from January 2025 onwards closing DEI offices across federal agencies and removing DEI-related requirements from federal contracting. Corporate-level rollbacks at named US firms in financial services, retail and technology have been widely reported in the Financial Times, the Wall Street Journal and the Harvard Business Review during 2025.
4. Equality Act 2010 (UK Government, [legislation.gov.uk](https://legislation.gov.uk)); Renters' Rights Act 2025 – Implementation Roadmap (GOV.UK, 2025–2026); Employment Rights Act 2025: Plan to Make Work Pay and Timeline Update (GOV.UK); Cabinet Office Procurement Policy Note 002: The Social Value Model, updated March 2025, mandatory from 1 October 2025 (GOV.UK).
5. McKinsey & Company, Diversity Matters Even More: The Case for Holistic Impact (November 2023). Data drawn from 1,265 companies across 23 countries.
6. Green, J. R. and Hand, J. R. M., 'McKinsey's Diversity Matters / Delivers / Wins Results Revisited' (Econ Journal Watch, 2024); Edmans, A., 'May Contain Lies: How Stories, Statistics and Studies Exploit Our Biases' (2024). The challenges relate principally to the use of likelihood-of-above-median-profitability as the dependent variable, the data construction, and the methodological gap between correlation and causation.
7. Glassdoor, Diversity and Inclusion Workplace Survey (2022). Survey of over 1,100

employees and job seekers across multiple sectors.

8. Oxford Economics, Cost of Brain Drain — estimated UK replacement cost per employee earning £25,000 or more: £30,614. CIPD Resourcing and Talent Planning Report (September 2024) provides supporting UK benchmark ranges of 30–50% of annual salary for entry-level and operational roles and 100–150% for mid-level professional and management roles.
9. JLL, UK Residential Outlook: Build to Rent and Customer Experience (2023), supported by HomeViews resident review data for UK BTR. HomeViews is the UK's principal resident review platform for purpose-built rental housing.
10. ARL operator member feedback, May–June 2026, following implementation of the Renters' Rights Act 2025 tenancy provisions on 1 May 2026. Sector reporting indicates an emerging pattern of residents selecting bespoke tenancy start and end dates, with consequent fragmentation of previously synchronised re-let cycles. The ARL Ops Benchmarking platform will capture quantitative evidence of changing void patterns and renewal behaviour through 2026 and 2027.
11. KPMG ESG Due Diligence Survey 2023. Survey of more than 200 M&A practitioners across the US, EMA and Asia-Pacific. The 72% figure refers specifically to US financial investors including ESG in their M&A agenda. 82% of EMA investors and 74% of US investors overall include ESG. EDI is one weighted component of the social and governance pillars within this framework.
12. The 30% enterprise value erosion figure cited in the KPMG governance literature represents severe and sustained EDI failure cases in listed companies with high media exposure. It is not a generalisable BTR-applicable quantification. The directional risk is real for BTR but the specific magnitude is not transferable.
13. Loan Market Association, Sustainability-Linked Loan Principles (2023); Pohl, C. et al., 'Borrower- and lender-specific determinants in the pricing of sustainability-linked loans' (ScienceDirect, 2022 — average SLL benefit ~9.5 basis points); Aldasoro, I. et al., 'The Issuance and Design of Sustainability-Linked Loans' (Harvard Business School Working Paper 23-027, 2023). Market evidence of SLL margin step-downs in the 5–25bp range is supported by Bruntwood, Frasers Property, Vesteda and other published transactions.
14. CBRE Investment Management, The Value of Sustainable Building Features (2024); CBRE, Global ESG Survey, November 2022; Deepki, European pension fund ESG survey (2022) reporting that 40% of European pension fund managers had seen 21–30% depreciation on poor-ESG assets in the prior 12 months. Most of this evidence relates to environmental ESG — energy efficiency, EPC ratings, carbon intensity — rather than social ESG (EDI). For EDI specifically there is no published quantification at present.
15. Information Commissioner's Office, A Guide to Lawful Basis: Special Category Data, [ico.org.uk](https://ico.org.uk); Data Protection Act 2018, [legislation.gov.uk](https://legislation.gov.uk). Operators should obtain independent legal advice on their specific data governance arrangements; this section is guidance, not legal advice.

# References

Full source list for the citations in the body of the paper, grouped by category. The verification status of each source is set out in Annex A.

## Research and consulting reports

1. McKinsey & Company. Diversity Matters Even More: The Case for Holistic Impact. November 2023. mckinsey.com
2. Green, J. R. and Hand, J. R. M. 'McKinsey's Diversity Matters / Delivers / Wins Results Revisited.' Econ Journal Watch, 2024.
3. Edmans, A. May Contain Lies: How Stories, Statistics and Studies Exploit Our Biases. 2024.
4. Deloitte. The Equity Imperative. February 2021 (incorporating the underlying 2018 Bourke research on inclusive leadership).
5. Deloitte. Equitable Workforce Outcomes (Global Human Capital Trends 2023).
6. KPMG. ESG Due Diligence Survey 2023. July 2023.
7. Glassdoor. Diversity and Inclusion Workplace Survey. 2022.
8. Forbes Insights. Global Diversity and Inclusion: Fostering Innovation Through a Diverse Workforce. 2022.
9. Cloverpop. Hacking Diversity with Inclusive Decision Making. 2021.
10. Oxford Economics. Cost of Brain Drain — estimated UK replacement cost per employee earning £25,000 or more: £30,614.
11. CIPD. Resourcing and Talent Planning Report. September 2024.
12. JLL. UK Residential Outlook: Build to Rent and Customer Experience. 2023.
13. HomeViews. UK BTR resident review platform — sector data, ongoing.

## BTR sector data and ESG real estate

1. Knight Frank. UK Build to Rent Market Update Q4 2025. [knightfrank.co.uk](https://www.knightfrank.co.uk)
2. BPF / Savills. UK Build to Rent Statistics Q1 2026.
3. Knight Frank. UK Single Family Housing 2025 Report. March 2025.
4. CBRE Investment Management. The Value of Sustainable Building Features. 2024.
5. CBRE. Global ESG Survey. November 2022.
6. Deepki / Savills. European pension fund ESG survey. 2022.
7. Loan Market Association. Sustainability-Linked Loan Principles. 2023.
8. Pohl, C. et al. 'Borrower- and lender-specific determinants in the pricing of sustainability-linked loans.' ScienceDirect, 2022.
9. Aldasoro, I. et al. The Issuance and Design of Sustainability-Linked Loans. Harvard Business School Working Paper 23-027, 2023.

## UK legislation and government documents

1. UK Government. Equality Act 2010. [legislation.gov.uk](https://www.legislation.gov.uk)
2. UK Government. Renters' Rights Act 2025 — Implementation Roadmap. GOV.UK, 2025–2026.
3. UK Government. Employment Rights Act 2025: Plan to Make Work Pay and Timeline Update. GOV.UK.
4. Cabinet Office. Procurement Policy Note 002: The Social Value Model. Updated March 2025, mandatory from October 2025. GOV.UK.
5. MHCLG. Planning and Affordable Housing Policy Framework. 2025–2026.
6. Information Commissioner's Office. A Guide to Lawful Basis: Special Category Data. [ico.org.uk](https://ico.org.uk)
7. UK Government. Data Protection Act 2018. [legislation.gov.uk](https://www.legislation.gov.uk)

## Conference, expert and ARL sources

1. Dr. Nero Ughwujabo. 'The Value of Equality, Diversity, and Inclusion in Business, Culture, and Geo-Politics.' Presentation at the ARL Rental Living and Pathways Conference, 6 November 2025.
2. Dr. Nero Ughwujabo. Professional biography — Senior Strategy Adviser, EDI, The King's Trust; former Special Adviser to the Prime Minister on Social Justice, Opportunity and Young People. [linkedin.com/in/nerospage](https://www.linkedin.com/in/nerospage)
3. Association for Rental Living. BTRA Code of Practice v11.2. 2026.
4. Association for Rental Living. EDI Strategy Development Work Programme, 2025–2026. Internal.
5. Association for Rental Living. UK BTR Demand and Evidence Base Report. 2025.
6. Association for Rental Living. EDI White Paper Section 3.6 Revision and Source Interrogation. May 2026. Internal analytical document underpinning this paper.



# Annex A. Methodology and Sources

This annex sets out the source-by-source verification work behind the claims made in the body of the paper. It exists for readers — investors, government officials, academics, residents — who want to interrogate the evidence base in detail. The body of the paper is written for general readership. The annex is written for those who want to look under the bonnet.

## A.1 How we classify evidence

Internally, the ARL uses three tags when assessing whether to make a claim:

- **FACT** — the claim is directly supported by a named, published source. The source is cited and the claim can be verified by checking the source.
- **INFERENCE** — the claim is an analytical conclusion drawn from the published evidence base. The reasoning is explicit and the underlying evidence is cited.
- **ASSUMPTION** — the claim is a projection or working speculation. We are explicit about this and we do not present it as established fact in parliamentary or investor settings.

These tags do not appear in the body of the paper itself — they would interrupt the prose and confuse non-specialist readers. The discipline they represent is preserved in the prose of the paper (through careful epistemic language) and in this annex.

## A.2 Source-by-source verification

The principal claims in Section 3 (The Business Case) have been verified against their original sources. Findings are set out below.

### A.2.1 McKinsey Diversity Matters Even More (2023) — the 39% finding

Status: VERIFIED, with significant academic challenge. McKinsey's 2023 Diversity Matters Even More report does report that companies in the top quartile for ethnic diversity are 39% more likely to outperform on profitability than those in the bottom quartile, and the same 39% finding applies to gender-diverse executive teams. The study draws on 1,265 companies across 23 countries.

Academic challenge: Green and Hand (Econ Journal Watch, 2024) and Edmans (May Contain Lies, 2024) have raised serious methodological concerns. The principal concerns are the use of likelihood-of-above-median-profitability as the dependent variable, rather than regression on actual profitability, and questions about the data construction. The McKinsey correlation finding is real. It is not the same as a causal claim.

Action taken: Retained with explicit academic caveats in the prose. Could justify dropping for the formal strategy publication later in 2026 if the academic consensus shifts further.

## A.2.2 Harvard Business Review 22% lower turnover (cited in earlier drafts)

Status: REMOVED. The claim that inclusive organisations experience approximately 22% lower employee turnover than non-inclusive comparators was carried in earlier drafts of this paper and attributed to a 2020 HBR study. The original HBR 2020 source could not be located in verification. The closest cleanly-traceable sources are a LinkedIn Global Recruiting Trends Report (2018) carrying a similar figure and an HBR sponsored article (BetterUp, 2022) referring to 'up to 50%' reduction.

Action taken: Removed in its present form. The paper now refers to lower attrition associated with inclusive cultures as a directional finding from advocacy research, without the 22% precision. The talent retention saving in Section 3.6 is anchored to UK Oxford Economics / CIPD replacement cost data instead.

## A.2.3 Deloitte The Equity Imperative — 1.7x innovation finding

Status: VERIFIED, with date correction. The 1.7x finding is genuine, but Deloitte's The Equity Imperative is a February 2021 report, not 2023 as cited in some earlier drafts. The original 1.7x innovation-leader figure traces to Deloitte / Juliet Bourke's 2018 work on inclusive leadership. Action taken: Date corrected to 2021 (with original 2018 underlying research). Retained as a directional finding.

## A.2.4 KPMG 72% institutional investors

Status: VERIFIED, with re-attribution. The 72% figure is from KPMG's 2023 ESG Due Diligence Survey and refers specifically to US financial investors including ESG (not EDI as a standalone category) in their M&A agenda. Survey of more than 200 M&A practitioners. The original paper conflated ESG and EDI in the attribution.

Action taken: Re-attributed accurately in the prose: '72% of US financial investors include ESG considerations in their M&A agenda; EDI is one weighted component of the S and G pillars within this framework.'

## A.2.5 KPMG 30% enterprise value erosion from EDI failures

Status: RETAINED WITH EXPLICIT CAVEAT. The 30% figure is cited in KPMG governance literature but represents severe and sustained EDI failure cases in listed companies with high media exposure. It is not a generalisable BTR-applicable quantification.

Action taken: Retained as a directional risk indicator, with explicit caveat in the prose. Not cited as a precise empirical measure in investor or parliamentary communications.

## A.2.6 Forbes Insights / Cloverpop — 87% better decisions, 2x faster

Status: RETAINED AS DIRECTIONAL. Both figures are widely cited but originate in advocacy-oriented research, not peer-reviewed academic studies. They should be treated as directional, not precise.

Action taken: Retained as directional logic in the prose, with explicit qualification. The ARL will not use these specific figures in parliamentary or investor citation.

## A.2.7 JLL UK Residential Outlook — resident satisfaction and renewal

Status: DIRECTIONAL EVIDENCE STRENGTHENED. The specific 2023 JLL Residential Outlook citation is loose, though the directional finding (that resident satisfaction drives renewal) is well-supported across JLL, HomeViews and operator OpEx data.

Action taken: Retained with additional HomeViews citation as the more cleanly anchored UK source. The ARL Ops Benchmarking platform will provide proprietary BTR resident-fairness data over time.

New development — post-Renters' Rights Act dynamic. The 1 May 2026 implementation of the Renters' Rights Act 2025 has materially changed the commercial mechanics around voids. Operators are reporting that residents are selecting bespoke tenancy start and end dates, fragmenting the synchronised re-let cycles that BTR has historically relied on. This is sector-reported evidence, not yet captured in published research. The ARL is treating this as an active and time-sensitive area for proprietary evidence development. The Ops Benchmarking platform will capture changing void patterns and renewal behaviour through 2026 and 2027, with quantified findings expected by H2 2027. Operators reviewing Section 3.6 should treat the void reduction figures shown there as potentially conservative until the new evidence base matures.

## A.2.8 BTR sector scale figures

Status: VERIFIED. The figures of 158,205 completed homes, £4.7bn 2025 investment, and 300,000+ total pipeline are verified against Knight Frank Q4 2025 and Q1 2026 BTR Market Updates. These remain the most authoritative published UK sources for sector scale and are refreshed quarterly.

## A.2.9 Cost of capital and exit premium claims (Section 3.6)

Status: VERIFIED, with re-attribution. The 72% figure is from KPMG's 2023 ESG Due Diligence Survey and refers specifically to US financial investors including ESG (not EDI as a standalone category) in their M&A agenda. Survey of more than 200 M&A practitioners. The original paper conflated ESG and EDI in the attribution.

Action taken: Re-attributed accurately in the prose: '72% of US financial investors include ESG considerations in their M&A agenda; EDI is one weighted component of the S and G pillars within this framework.'

## A.3 What we removed from the April draft and why

Three specific claims were removed between the April 2026 draft and this final May 2026 edition, following investor and BTR Board scrutiny. We document the removals openly here because doing so is itself a credibility statement.

Original claim	Original attribution	Why removed	Replaced with
22% lower employee turnover in inclusive organisations	Harvard Business Review, 2020	Could not be traced to HBR 2020 source on verification. Closest sources were LinkedIn (2018) and HBR sponsored content (BetterUp, 2022, citing 'up to 50%').	Directional language anchored to verifiable UK Oxford Economics / CIPD replacement-cost data.
5–10% exit value premium for ESG-compliant BTR assets	CBRE / JLL research	Could not be located in published CBRE or JLL research. Actual evidence: 3.7% US / 5.5% European RENT premium for sustainability-certified OFFICES — not residential, not exit value. Literature direction is brown discount, not green premium.	Asymmetric risk row in Section 3.6 model: 'avoided brown discount', treated as risk mitigation, not value uplift.
30–100 basis point financing advantage for top-tier ESG-rated real estate	JLL / Linklaters research	Could not be located in cited research. Market evidence from LMA, Bruntwood, Frasers Property, Vesteda: typical SLL margin step-down 5–25bps. HBS WP 23-027 (2023) academic research: average ~9.5bp benefit.	Cost of capital row in Section 3.6 model: 5–25bp range, applied only to debt-financed portion, and only where EDI is a contractually weighted KPI.

## A.4 Proprietary BTR evidence we are commissioning

The longer-term answer to the source-base challenges identified above is for the BTR sector to develop its own proprietary evidence base. Three pieces of work are underway.

- Ops Benchmarking EDI data pilot. The ARL is commissioning a BTR-specific EDI data pilot through the Ops Benchmarking platform with the existing founding cohort of operators, beginning in H2 2026. This will generate proprietary BTR-specific evidence on workforce diversity, resident fairness scores and complaints fairness data, citable by the ARL in its own right by mid-2027.
- Joint MHCLG–ARL research commission. A research commission with MHCLG, contributing to the Section 7 government ask matrix, to examine the relationship between EDI maturity and operational and capital outcomes in UK BTR. Discussions opening in H2 2026.
- HomeViews fairness module. A specific fairness and inclusion module on the HomeViews resident review platform, co-designed with HomeViews and the ARL Resident EDI Panel. This will produce a continuously updated, independent measure of resident-perceived fairness across BTRA Code signatories. A UK-first dataset in this space.

## A.5 How to cite this paper

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