BUILD-TO-RENT:
BBP SECTOR INSIGHT

BBP | BETTER BUILDINGS PARTNERSHIP

In December 2025, the Better Buildings Partnership (BBP) hosted a member event titled The Changing Face of Real Estate. BBP and Managing Agent Partnership (MAP) members explored a range of commercial real estate sectors, examining how a shifting global context is shaping market trends alongside emerging ESG challenges and opportunities. This one-pager – focused on the **build-to-rent (BTR) sector** - forms part of a wider series of **sector insights** capturing reflections from member discussions.

"Build-to-Rent offers an opportunity to embed ESG requirements from the design stage, ensuring buildings are energy-efficient and climate-resilient from day one. As the sector becomes increasingly experience-led, it also allows industry participants to create places that are deeply connected to their local communities rather than operating as standalone projects. This stronger sense of place not only supports local engagement and social value but can also encourage longer tenancies and reduce vacancy rates, strengthening the financial case for sustainable BTR investment."

Frankie Demetriades,
ESG Manager-Real Estate,
aberdeen

Which market trends are shaping the BTR sector?

The UK build-to-rent real-estate sector has shifted from a niche market to a more established asset class, underpinned by a growth in funding and occupier activity over the last decade. The key drivers BBP and MAP members identified were:

Build to Rent (BTR) refers to purpose-built, professionally managed, and institutionally owned residential developments constructed specifically for long-term renting rather than sale to individual buyers. Benefits identified have included increasing the construction and supply of new homes, higher quality of living and improved rental security.

Affordability pressures and evolving lifestyle preferences are reshaping rental demand: while high house prices and broader cost-of-living constraints remain key drivers of the Private Rented Sector, the BTR business model remains competitive through prioritising resident retention and community building through curated amenities and on-site management. Lifestyle factors are also playing a growing role, including demand for professionally managed homes that support different life stages, such as assisted living options for an ageing population.

Structural shifts in the Private Rented Sector: BTR listings in the UK have grown by 40% since 2018, while traditional rental listings have fallen by 26%, reflecting the exit of small-scale buy-to-let landlords amid rising interest rates and increased Stamp Duty surcharges on second homes. This contraction in private landlord supply is accelerating the transition towards institutionally backed rental stock.

Evolving UK regulation and compliance standards: reforms to landlord taxation and regulation, including the Renters' Rights Bill, are raising compliance thresholds and operational risk for smaller landlords. As minimum standards tighten, institutional investors with professional management platforms can be better positioned to meet regulatory and reporting requirements.

Institutionalisation and operational specialisation: long-term, income-focused capital is increasingly targeting BTR for its stable cash flows and scale efficiencies. This has driven a shift from general property management models to specialist operators capable of delivering high-occupancy strategies and customer-centric service models aligned to maximising Net Operating Income.

Experience-led asset repositioning and adaptive reuse: high office vacancy rates driven by hybrid working, combined with housing shortages, are accelerating the conversion of underutilised office stock into professionally managed rental housing, repositioning commercial assets into residential income streams.

HOW ARE BBP MEMBERS LEADING ON SUSTAINABILITY IN THE BUILD-TO-RENT SECTOR?

Members noted that the unique requirements of the build-to-rent sector can make it challenging to apply broader portfolio sustainability strategies from other asset types. Evidence of occupiers' sustainability requirements is not always clear, as both the ESG challenges and opportunities continue to evolve.

DECARBONISATION

Embodied carbon is an increasingly significant consideration in the BTR sector, reflecting the environmental impact associated with new construction and the challenge of ensuring that designed energy efficiency translates into real-world operational performance. Building new developments typically generates more carbon than retrofitting existing stock, however the scale and institutional capital behind BTR can create opportunities to mitigate these impacts. Examples of this include brownfield regeneration and the integration of circular economy principles such as design for disassembly and adaptable spaces. However, a further consideration is that as this is people's homes rather than commercial spaces, it is also very difficult to drive operational efficiency. Therefore, developers can be reliant on getting the design correct, as there as less opportunities to reduce the design/performance gap once the building is operational.

EARLY STAGE ESG SPECIFICATIONS

Rising demand from investors to ensure the long-term value of the asset, as well as occupier preference means that the BTR sector has the opportunity to embed ESG specifications from the early stages of development. Developers can prioritise low-carbon design and data-led building management by integrating centralised utilities and smart sensor systems to optimise lighting and heating. This reduces operational costs and lowers utility bills for residents. The bespoke nature of BTR and single-family housing schemes creates scope to embed net zero and futureproofing requirements, such as on-site renewable energy generation, biodiversity enhancements and support for clean transport infrastructure. Early-stage ESG integration not only supports access to capital but also strengthens long-term asset resilience and social value.

UPSKILLING & RESIDENT ENGAGEMENT

BTR places an ongoing focus on the end user, with operators taking a long-term role in the day-to-day management of buildings and actively engaging residents to promote sustainable behaviours. Achieving this requires upskilling across the entire workforce and fostering meaningful engagement with occupiers, using their feedback to inform operational decisions and sustainability initiatives. Collaborative forums that bring together owners, operators, and residents can be a powerful way to address shared challenges and drive innovation. A key focus for the sector will be embedding sustainability across every service line supporting real estate, supported by learning and development programmes that equip teams with the skills needed to achieve lasting impact.

SOCIAL VALUE & COMMUNITY BUILDING

Institutional ownership in the BTR sector can strengthen governance standards and ESG transparency, positioning the model as a scalable vehicle for delivering socially responsible housing across the UK. A defining characteristic of BTR is its intentional focus on community design to attract occupiers. Developments can incorporate communal amenities such as shared garden spaces, coworking spaces and accessible transport links which foster social value. Other community building strategies include promoting local events and charity initiatives which facilitate day-to-day engagement within the building and support positive change in the wider communities. As a result, community building can be embedded into both the physical design and operational management of schemes, reinforcing long-term resident satisfaction and social value creation.

ESG CHALLENGES & OPPORTUNITIES

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ELEPHANT PARK, LONDON

lendlease

Lendlease's Elephant Park in London's Elephant & Castle is a large-scale mixed-use regeneration development that is transforming the former Heygate Estate into over 3,000 new homes (including +800 Living-by-Lendlease BTR homes), extensive retail and public amenities. Its ESG credentials are woven into the project's design and delivery, focussing on energy efficient, sustainable design criteria, verified by independent certification. For example, Parkside was the first BTR property in Europe to achieve the WELL for Residential certification. Buildings are connected to an energy centre supplying low-carbon heating and hot water. The development also prioritises green infrastructure and biodiversity, featuring rain gardens, extensive tree planting and diverse habitats to support wildlife.

A vibrant mix of social infrastructure, including the Tree House, Library, Park and The Trunk, delivers benefits for local people, ranging from schools and community wellbeing programmes through to Art classes for local residents experiencing early-stage dementia. From its very earliest beginnings, the meanwhile space created on the site provided space for business accelerators, hospitality businesses, employability support and a vibrant temporary home for the local library. Lendlease's long standing commitment to the Elephant and Castle Community Fund over a period of 12 years has enabled over 70 local charities and organisations to support the local community through arts, cultural, mental health, wellbeing, physical, sports and educational activities. This well-regarded fund continues to deliver for local people, with many grant recipients being multi-year beneficiaries.

In addition, Living-by-Lendlease properties promotes health & wellbeing through sustainable transport provisions such as abundant cycle parking, the provision of on-site gyms and the creation of a community via their dedicated community managers that organise social events, including a recent "Wellness Wednesday" campaign.

Members highlighted a several existing frameworks to guide sustainability in this asset type:

EXISTING INDUSTRY GUIDANCE

Green Residential Lease Clauses **(2022)**: a UK-developed suite of model lease provisions designed to embed sustainability, energy efficiency and net zero obligations into residential tenancy agreements.
Rental Living Code of Practice **(2025)**: a principles-based set of standards designed to raise quality, sustainability, governance, and customer care across the purpose-built Build-to-Rent rental housing sector in the UK developed by the Association for Rental Living and the Good Economy.
'Assessing the social impact of build-to-rent developments on residents and local communities' (2024) a research framework and evidence-based guidance to measure, understand and enhance the social, health and community outcomes of residents in purpose-built rental housing.
Home Quality Mark **(2023)**: created by BRE Global for new-build homes that independently verifies quality, sustainability, and resident wellbeing, including for BTR schemes. It uses a 1-5 star rating system to assess aspects like running costs, health, and environmental footprint, helping developers demonstrate high standards of ESG specifications.