Bringing developments forward

Private rented sector

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**INTRODUCTION**

In recent years, the Private Rented Sector (PRS) has emerged as a key subset of the UK residential market, focussed on delivering sustainable long-term income from homes people want to rent.

GVA and PRSim have formed a strategic partnership to deliver the first fully integrated PRS and Build to Rent (BTR) service, providing an unrivalled one-stop shop for our clients' requirements.

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“The UK residential industry is seeing a revolution. Market demand and demographic changes are driving the growth of institutionally funded BTR schemes.”

— Alastair Carmichael
PRS Lead, GVA

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“As one of the UK’s leading property companies with a rich heritage in residential property lettings, LSL has made a commitment to deliver superior services to the institutional PRS sector with the launch of PRSim.”

— David Bond
Head of PRS & Build to Rent, PRSim

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**UK PRS**

The residential tenure mix is changing in the UK, with an increasing proportion of the population moving towards renting due to lifestyle changes and affordability constraints. These factors have led to the emergence of ‘empty-nesters’ wanting higher quality homes with greater amenities and the unaffordability of house purchase.

The 4.9m PRS households now represent the largest tenure after homeownership. The English Housing Survey forecasts that PRS will grow by 11 million homes by 2021.

**UK PRS INVESTMENT YIELDS Q4 2017**

<table>
<thead>
<tr>
<th>REGION</th>
<th>NIVY</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>4.75%</td>
</tr>
<tr>
<td>Prime Regions</td>
<td>4.5%</td>
</tr>
<tr>
<td>Secondary</td>
<td>5%</td>
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</tbody>
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**INVESTOR FOCUS**

**INITIAL FOCUS**

- London
- Birmingham
- Bristol
- Edinburgh
- Leeds
- London commute belt
- Cambridge

**CURRENT FOCUS**

- Birmingham
- Bristol
- Edinburgh
- Leeds
- London commute belt
- Cambridge
- Other regional centres
- Solution housing
- Co-living
- Specialist PRS

**NEXT PHASE**

- 15-35
- 2x

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**1/5**

- UK dwellings rents
- 55%

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- Owner occupation
- 18%

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- Social rented
- 27%

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- Private rented
- 35%

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Renters are 25-34

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£30bn

Growth in UK PRS since 2000
PRS segmentation

Co-Living
Purpose designed and institutionally managed professional sharers, usually including amenities for residents. 50+ units

Buy-to-Let
Small landlords, single let and HMO apartments and houses. <50 units

Mid-Market PRS
Institutionally managed apartments. 50+ units

Build-to-Rent
Purpose designed and institutionally managed apartments, usually including amenities for residents. 100+ units

Suburban PRS
Institutionally managed houses. 50+ units

GVA and PRSim have recently formed a strategic partnership to provide the first fully integrated PRS and BTR service with UK-wide coverage. As an emerging asset class with different dynamics to traditional real estate sectors, an innovative approach is required.

Successful schemes are delivered through the amalgamation of different inputs and skills through the strategy formulation, funding, design, development, construction and management stages. The GVA and PRSim partnership provides a 'package of intelligence' across the entire PRS and BTR lifecycle. The partnership brings to bear day-to-day management of residents and blocks with strategic insight from investors, government and other stakeholders.

Who we are

Our clients

We have advised on a number of successful PRS and BTR schemes across the country, from initial site identification and planning advice, to development consultancy, market intel, funding, acquisition/disposal, valuation and delivery vehicle structuring.
Our regional network of multidisciplinary teams across the UK are perfectly positioned to advise at every stage of the PRS development and delivery cycle. This ‘end to end’ service coupled with our relationships with investors, funders and operators enables us to not only provide consultancy services but also deliver well managed properties which are both profitable for investors and homes people want to rent.

Our services

Our regional network of multidisciplinary teams across the UK are perfectly positioned to advise at every stage of the PRS development and delivery cycle. This ‘end to end’ service coupled with our relationships with investors, funders and operators enables us to not only provide consultancy services but also deliver well managed properties which are both profitable for investors and homes people want to rent.
Sovereign Housing Portfolio
Portfolio acquisition of new build, conversion and operating assets acquired in Bristol, Bath, Reading, Newbury, Oxford, Bracknell, Cheltenham since 2012.

Scheme research within a sector context
The research team has produced insightful thought leadership on the topics exploring important trends and regulatory changes. Some examples of our thinking are in October 2020 we identified a nationwide Land & New Homes Division. PRSim coupled with GVA’s local and regional teams have delivered projects to meet planning and development requirements, delivering new land and line appraisals, and even research into opportunities and sharing our vision and strategic positioning.

Data & research consultancy
Colindale Gardens
Client
Redrow London, Mayor’s Office for Policing and Crime
Town Planning, Agency, Development Consultancy
Location
Colindale, London (Barnet)

Summary
GVA was appointed by Redrow Homes. The development will include 211 new Build to Rent homes to be acquired and managed by L&Q. With on-tap access to one of the UK’s largest estate agency networks and a national Land & New Homes Division, PRSim coupled with GVA’s local and regional teams have delivered projects to meet planning and development requirements, delivering new land and line appraisals, and even research into opportunities and sharing our vision and strategic positioning.

Planning
GVA advises on a broad range of commercial, residential and mixed use developments around the UK. As a result, the team has a diverse range of skills and experience to provide strategic, focussed and commercially-driven advice.

Valuation
GVA’s team is a market leader in the provision of PRS valuation services. We have one of the largest valuation practices in the country with over 185 qualified professionals, including 159 RICS Registered Valuers. Our geographical reach benefits our clients as they have access to both national and local market knowledge, with PRS expertise.

Our approach to implementing valuations is to provide fully documented valuations, through a team of qualified surveyors, managed and quality controlled by GVA’s national team, ensuring that all aspects necessary to the valuation are fully considered and delivered. We offer a robust and reliable service, developed in partnership with leading banks and other major institutions. This expertise in the specialist fields of both PRS and Co-living allows us to provide leading edge surveys and advice, positioning our clients for success.

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Investment acquisitions & disposals

VOX national teams are experienced in advising investors and property companies on the acquisition and disposal of PRS assets.

As a leading investment property practice we have an extensive knowledge and understanding of the PRS sector market, built on long-standing relationships with recognised investors and property companies. We understand the key drivers of investment, and see ourselves as an extension of our clients’ teams.

Funding

GVA has recently advised on the forward funding of BTR developments across the capital structure. It has advised on senior debt, mezzanine and equity. In addition it has advised on both forward purchase and forward funding. GVA has advised on the forward funding of BTR developments across the capital structure. It has advised on senior debt, mezzanine and equity. In addition it has advised on both forward purchase and forward funding.

Development

PRS and BTR schemes are fundamentally different from schemes built for sale. At their heart they are operational investment assets that are sensitive to EBITDA. Successful PRS and BTR assets interact with their tenants and go beyond providing a roof over their heads. A successful scheme maximises returns for developers, investors and customers alike.

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Funding

Building a PRS platform

Advising a new national PRS platform on its market and discounted rent and new build strategy, particularly as part of its Local Authority Joint Ventures.

Key tasks include gathering and analysing demographic market intelligence in conjunction with PRSiM through the local branches and assessing viability benefits and risks of rented products. This includes comparing delivering BTR on certain sites to other possible uses of land and looking to engage private investors.

In addition GVA reviews current sites and identifies new sites for the portfolio.

Project management

GVA provide support for projects and delivery processes. Our team of project management professionals come from a diverse range of backgrounds including contracting, architecture, surveying and building services engineering.

This enables us to offer our clients a true understanding and helpful advice across the whole journey. Using the full depth of our skills, we are able to supplement our core project management services with additional services including contract administration, project monitoring and acting as lead consultant in support of the delivery of a development or scheme.

Funding

Project management

GVA is the project manager and employer’s agent for Akelius’ flagship UK site. Located in Cheam, the former office building has gained permission for conversion into 46 residential apartments, including the addition of balconies to the rear of the property, changes to the windows and full landscaping and public realm changes.

Summary

An investor applied to the HCA’s the Build to Rent fund to develop new purpose built residential buildings. Given the scale of the proposal, GVA was instructed by the HCA to prepare a bespoke report. In preparing the report, GVA undertook comprehensive analysis on the financial modelling, cost plan and phasing and the bespoke management proposal, and thereafter advised on the risks, mitigation measures, the estimated land value and also provided a specific set of recommendations.

Summary

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Summary

GVA currently advise a leading investment property practice on the acquisition and disposal of PRS assets.
New institutional investor

PRSim was instructed by a prestigious institutional investor to identify, acquire and ultimately block manage the client’s first entry into the UK Institutional PRS market. On the back of this success, PRSim was engaged to support the acquisition and management of a further two properties, at a purchase cost of £2.85 million. This totalled the portfolio to 135 units with occupancy levels at 95.5%.

Lettings & management

PRSim’s comprehensive and innovative scheme marketing & lease up strategies range from bespoke on-site lettings to a whole of market approach. Through this approach, PRSim achieves a competitive edge over its competitors such as repositioning schemes, effective online marketing and a diverse panel of third party agents, PRSim’s schemes are well received not only by the well-advised possible residents, scheme exposure, competitive response times and management services ensuring strong rental yields, minimal voids and maximised investment values.

Portfolio management

PRSim’s established business and infrastructure, along with its market-leading property management software, ensures that the client’s rents are managed according to the agreed contractual obligations, allowing PRSim to deliver strong performance of the portfolios, generate asset and each individual unit’s performance.

Asset mobilisation

PRSim delivers comprehensive bespoke mobilisation strategies to achieve asset mobilisation quickly and efficiently. With a positive resident experience intrinsic to a stabilised asset, PRSim balances an innate understanding of what the customer wants, with a portfolio-wide programme of operational efficiencies to maximise the net operating income.

Lettings & management

PRSim were appointed by the wealth management arm of a private bank to mobilise let and manage 142 flats and houses geographically spread across the country.

Portfolio management

Over the last two and a half years, PRSim have supported a leading global real estate investment group in the successful acquisition, management and disposal of one of their residential property portfolios. Key services included extensive due diligence on over 1500 individual units across 139 locations throughout England, Wales and Scotland and forming an asset disposal strategy.
GVA offers the country’s leading and most diverse real estate advisory service. With its in-depth understanding of the market, supported by a leading research capability, GVA advises private businesses and the public sector on the whole real estate lifecycle— including strategic advice such as debt and equity finance and restructuring, to transactions, development and long-term management of assets. GVA has 12 offices in the UK and Ireland, headquarters in London and 1,500 staff around the UK.

PRSim is the latest brand to join the LSL Property Services Plc umbrella, as their offering to the B2B PRS and BTR services industry. PRSim is a consultancy and management business dedicated to providing PRS and BTR developer and investor partners with comprehensive end-to-end data, consultancy and operational management solutions.

Our group structure allows us access to the extensive resources of one of the largest and most influential residential property networks in the UK, including industry leading data, strategic relationships, sector influence, and inherent capabilities.

LSL Property Services Group key stats:
- Established 1987
- 5,000+ employees nationwide
- Full national coverage
- 55,000+ properties under management

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PRSim

GVA

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If you’d like to talk to one of our team to discuss property services or any market leading research, please get in touch.

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