

## Build to Rent: what's in a name?

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Since arriving from the UK to join JLL in November 2018, I have been amazed at how often clients and colleagues have discussed the emerging Build to Rent (BTR) sector here in New Zealand. Perhaps this is unsurprising though with NZ seeing the lowest proportion of homeowners (63.2%) in 2017 since 1951 (61.2%).

For me, selfishly, BTR has become a great, though largely unexpected, part of my new property adventure in NZ. Having spent the last 10 years as a UK BTR and large-scale residential investment specialist analyst, valuer and commentator, it has never been an easy road for the industry. As I left Britain, it really felt BTR was getting there. We see good quality homes being built by highly reputable financial institutions, providing a clear boost for the UK's rental community. Coming to NZ (solely in respect of BTR I might add), has felt a bit like stepping into Doc Brown's DeLorean and going Back to the Future; déjà vu has never felt so real.

It is immediately obvious that we have a very long way to go with BTR in NZ, but, irrespective, the potential is certainly very exciting indeed. From my viewpoint, we get the chance to iron out a lot of the frustrating inefficiencies in the sector's development at the start of the process, rather than during it (as seen in the UK) if we play our cards right. What a great opportunity.

Yet, the cautionary tale we all are keenly aware of in the property industry around the world is undoubtedly full of buzzwords and sound bites. Commentary often includes phrases such as markets being 'bullish' or 'bearish', discussions about significant advances in 'PropTech' or the critical difference between 'e-tailing' and 'entertailing'. The continual stream of new ways to describe and repackage crucial aspects of our ever-evolving markets is as certain as the post summer holidays' February increase in market activity. It is crucial BTR does not become a hollow buzzword.

BTR, as an increasingly used phrase in the press and at conferences, must not be allowed to develop into a buzzword to describe the latest fashion in the market or, worse, for all forms of modern rental housing.

Such a scatter-gun approach is unhelpful and the key question of 'what's in a name?' must not be brushed off lightly. In the UK, the phrase 'BTR' has over time, come to describe a specific form of residential property and investment class. It is defined through assets being owned by a certain investor pool, a focus on quality, durability and delivery, and is purposely fueled by exceptional customer service goals. It also seeks to realign the landlord and tenant relationship towards a beneficial partnership and has its own carefully crafted bespoke valuation methodology. It sees an active asset and property management structure and offer being the first, rather than last consideration. BTR should never only be considered as just more residential property available for rent; it should represent a different product offer with a wholly different customer focus.

Yet going the other way, I would caution the NZ industry confusing 'BTR' with 'multifamily housing' which is so prevalent and successful as an investment sector in the USA. Multi-family housing and BTR certainly share key characteristics and are undoubtedly related – but multifamily housing is a mature residential asset class, well known by investors and consumers alike, is often amenity fueled and to a scale of units we would only dream of in NZ.

If we want to focus on a fit for purpose model here in New Zealand, BTR in the UK would be the more appropriate industry to look for as an initial blueprint.

I freely and openly admit to anyone that I am passionate about Build to Rent and its prospects for helping solve the Housing Crisis that we find ourselves in presently. Significant work still needs to be done to encourage the stars to align and it is folly to assume it will be a rapid or straightforward development process. Yet, while I do not consider that BTR in isolation is the solution to any housing crisis; I strongly believe that TR should be part of the solution for every housing crisis.

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