

FROM NEW YORK TO LONDON: THE RISE OF THE READY-MADE NEIGHBOURHOOD

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From New York to London: the rise of the ready-made neighbourhood

Can London's former Olympic village transform a tired lettings market with zero-deposit, build-to-rent apartments?

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Catherine Twissell had a nightmare tenancy. "I lived in a terrible flat, with a terrible private landlord," she says, "I never had a contract in three years." She moved on last year, and says of her new place: "I wouldn't choose to rent anywhere else in London."

She now lives in the East Village, a sprawl of mid-height towers and landscaped parks in the grounds of the 2012 Olympic site in Stratford, east London. Around 6,000 people live here, in the shadow of stadia, many in homes originally built for visiting athletes.

The 67-acre site — sufficiently massive to have minted a new postcode, E20, in 2011 — is the largest test case in the UK for a new model of renting — imported from the US and touted as a potential solution to the housing crisis.

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The East Village – which bears no resemblance to its Manhattan namesake – is a purpose-built rental community owned and managed by a single corporate landlord. Its tenants enjoy a full calendar of organised events, on-site maintenance teams and ramped up security. New arrivals do not pay deposits, and can sign up for three-year tenancies.

The Village is a prime example of a Build to Rent (BTR) development – a title that is likely to leave most renters nonplussed, but will not for long: having barely existed five years ago, there are now 125,000 BTR units completed, in construction or planned in the UK, according to estate agent JLL.



George Hammond in an apartment in London's East Village © Keith Ng

These developments carry a premium, with flats costing an average 9.3 per cent more than surrounding rented homes, according to a JLL survey of seven BTR sites. In the East Village, two-bedroom apartments start at £1,870 per month.

Much of this new development is in the capital. In Wembley Park, north-west London, a few hundred BTR apartments are already occupied at a site operated by Tipi, with at least 3,500 to follow by 2021. Developer Greystar – whose “ethos is to create spaces for like-minded people to live and enjoy” – has just launched a pair of purpose-built rental towers in Canary Wharf, with prices for a two-bedroom flat starting at £3,200 per month. Elsewhere, Get Living, which manages the East Village, is working on sites in Glasgow and Leeds, both with more than 700 units, and has just announced the acquisition of a further 800 rental homes in Greater Manchester.

The model is taking off and raising questions about where this insurgent sector has come from, if it represents the future of housing in the UK, and what the experience of living in a BTR home is like.

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To help answer the last question, I recently spent a night in the East Village, in the former quarters of Olympians from Angola and Belarus.

Twissell, a 27-year-old, university educated professional, is in many ways a typical tenant. Residents at the East Village are “a cross-section, albeit a preponderance are millennials”, says Neil Young, chief executive of Get Living.

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Behind the branding, there is serious money. Get Living’s financiers include Qatari Diar, the emirate’s property fund, and Dutch pension fund manager APG

Across a range of BTR schemes, an analysis by JLL found the average age of residents was 31 and the average salary £37,321 – 30 per cent higher than the UK’s median full-time salary. Get Living and peers in the sector say that with zero deposits and community events, they are disrupting a tired industry. That perception is nurtured assiduously: slogans on the websites of the leading providers promise “A new way of renting” and “Zero-faff renting”, or simply invite would-be tenants to “Join the rental rebellion”.

But others in the East Village describe how many of the gripes that existed in the old world of renting have followed them into the new. Residents cited poor management, failure to act on maintenance issues and high rents as problems – complaints that would be familiar to traditional landlords.

“We’re constantly listening and innovating to improve the experience we offer,” says Young in response.

As a model, BTR in the UK closely resembles the well-established US multifamily sector, and many of the investors in the UK market have a trail of US developments behind them. In the Chelsea Apartments, one of dozens of multifamily buildings managed by Greystar in New York, a one-bedroom flat can cost more than \$6,000 a month.

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The view from a flat in The Chelsea Apartments, New York

When the sector first emerged in the UK almost a decade ago, social tenancies and home ownership had long been in decline. That meant gains for the private rented sector, which, between 2006-07 and 2016-17 almost doubled in size, adding more than 2m households, according to the government's English Housing Survey.

The positive spin is that footloose, job-hopping younger people no longer want to be tied down to bricks-and-mortar homes. That view of renting as a lifestyle choice is one BTR providers have promoted. "Everyone who comes here is a people person. It's about a long-term relationship with us: good design and no fees are important, but the biggest selling point is the human touch," says Rajesh Shah, managing director of Tipi.

But, as housing has become more unaffordable in much of the UK, many young people are turning to rental only because owning a home has become impossible. According to the Institute of Fiscal Studies, home ownership among middle earners aged 25-34 has fallen from 65 per cent to 27 per cent over the past 20 years.

For this growing group, says Young, BTR can provide something more than a flat. "When you live in the rental sector generally, you're renting four walls," he says. "We try and give a lot more of an experience, a lifestyle. It is old-fashioned community building: we've got the dentist, the greengrocer, the deli and butcher." The on-site pub, opened in 2014, is called Neighbourhood.

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View of the East Village in Stratford

Get Living's endeavours to create a village within the city have been successful to some extent: "It's the most convenient place in the world, everything is on your doorstep. Quite often there isn't really a need to go anywhere," says Twissell. But the East Village and sites like it have two features that are not characteristic of villages: they arrive wholesale, rather than growing organically, and they do so in the middle of cities.

There have long been "turnkey homes", which a renter can move into fully furnished. These are turnkey communities, similar in some respects to purpose-built student or retirement villages. They offer convenience, safety (Get Living spends approximately £1m a year on extra security for the East Village), even a sense of neighbourliness.

More campus communities are popping up, propelled by investors hunting stable returns in an uncertain property market. "Institutional investment was looking for a place to invest after 2008. A lot of big funds, sitting on a lot of cash, were looking for safe, long-term stable returns. Particularly over the last four years there has been a lot of money trying to get into the sector," says Andrew Screen, chief investment officer at Cortland, a US multifamily firm that is investing heavily in BTR sites in the UK.

Behind the branding, there is serious money. Get Living's financiers include Qatari Diar, the emirate's property fund, and Dutch pension fund manager APG; Tipi's money comes partly from Lone Star Fund, a US private equity firm.

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The UK government, contending with a shortage of housing and growing public ire, has encouraged investors, commissioning a "review of the barriers to institutional investment" in the private rented sector in 2012, which noted "the Government's determination to trigger a significant expansion of institutional interest in the sector". The hope is that BTR can be a solution to the UK housing crisis. But despite the proliferation of new units, the sector will not make up the shortfall on its own.

"Will it solve the crisis? No. To do that you'd need to build a lot more of everything," says Screen.

We want to hear about your experiences of renting. Do you see it as a means to an end or as a lifestyle decision? Would you be happy to rent your entire life? Have you say here.