UK BTR market update

Knight Frank

Q3 2026	Knight Frank's quarterly review of the key investment themes in the UK Build to Rent (BTR) market covering Co-Living, Multifamily (MFH) and Single Family Housing (SFH)	knightfrank.co.uk/research

Robust investment so far this year has been led by a handful of large operational deals.

Capital remains targeted and selective

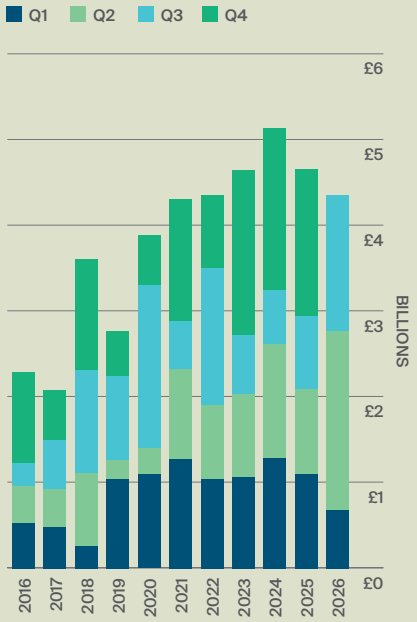
Investment accelerated in the third quarter, with £1.6 billion deployed across the UK Build to Rent sector, taking year-to-date volumes to £4.3 billion. While the headline numbers point to a liquid investment market, capital remains selective, with investors favouring opportunities that offer scale, income visibility and strong long-term fundamentals. Pricing remains a challenge which is prolonging negotiations in some cases. Prime yields for multifamily stock have softened by around 50bps over the summer. Single-family housing has been more resilient and led activity in Q3, accounting for 67% of quarterly investment across 11 transactions and attracting more than £1 billion of capital. Notable deals included Lloyds Living's funding of a single family portfolio of nearly 1,000 homes from Barratt Redrow and Aberdeen Investments and Border to Coast Pension Partnership's £400 million acquisition of a single family portfolio from Blackstone, one of the largest operational transactions completed this year.

Operational assets attract a growing share

Operational assets continue to attract investor interest. Approximately £600 million was deployed into operational stock during the quarter, equivalent to 38% of total investment, supported by two portfolio transactions worth more than

Fig 1: UK BTR investment volumes

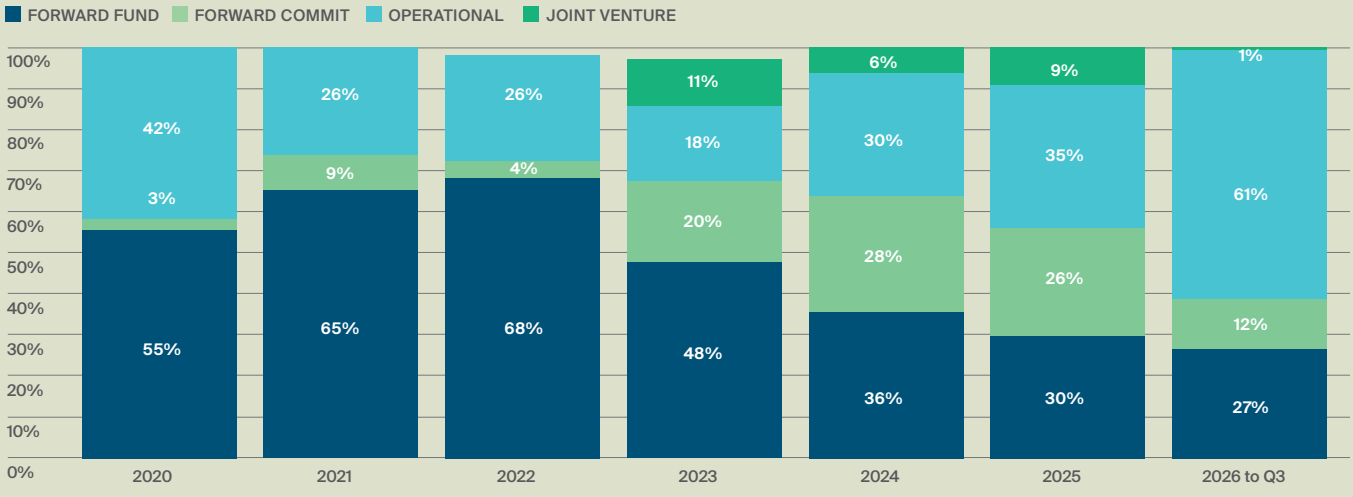
£ billions



Source: Knight Frank Research

Fig 2: Operational investment lead the way in 2026

BTR investment by transaction type, as a % of total investment



Source: Knight Frank Research

£500 million combined. Stabilised assets have now accounted for 61% of year-to-date investment, reflecting both challenges in the funding market and investor demand for established income, proven operational performance and immediate scale. Against the current macro backdrop, operational portfolios and platforms are becoming an increasingly important route through which investors can access rental income while limiting development and delivery risk. An increase in large-scale operational portfolio transactions has also resulted in deal sizes increasing, averaging £96 million so far in 2026 up from £64 million last year.

Single-family housing takes a growing share

The UK's BTR stock now comprises 173,399 completed homes, up 22% year-on-year, with a further 47,105 under construction and 125,932 in the planning pipeline. Apartment-led multifamily development continues to account for the majority of delivery, representing 68% of homes under construction. However, single-family housing continues to expand and now makes up more than a quarter of all BTR homes being built. This shift is likely to continue given the regulatory, cost and geopolitical pressures which are impacting urban multifamily development.

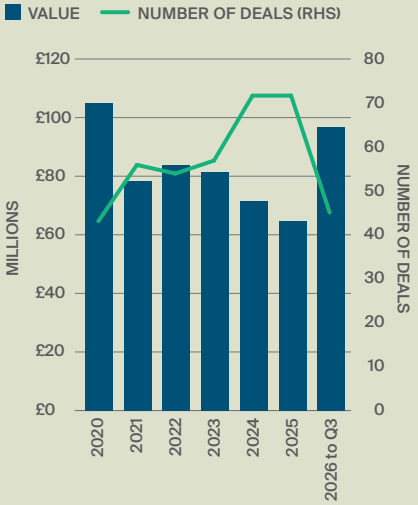
Your First Home – a rising tide lifts all ships?

The Government's proposed introduction of targeted first-time buyer support through its Your First Home scheme could provide a meaningful boost to housing delivery, subject to the final design. While not a direct replacement of Help to Buy, the previous programme supported 328,000 first-time buyer purchases between 2013 and 2023 and, at its peak, accounted for around 30% of new-build sales. Although details of house-price caps and income thresholds remain outstanding, a well-targeted scheme could improve affordability, support first-time buyer demand and encourage development activity, albeit to a lesser extent than previous support.

For the BTR sector, the policy could reduce some developers' reliance on bulk sales over time, particularly among housebuilders delivering the most affordable product where first-time buyer demand is strongest. Any impact on institutional acquisition opportunities is likely to be gradual, however, reflecting the time required for changes in land acquisition and development strategies to feed through. Bulk sales are also now a more established part of housebuilder delivery models, with SFH increasingly viewed as a strategic route to market rather than simply a response to weaker private sales. Its ability to accelerate delivery and de-risk larger sites should therefore remain attractive, even alongside targeted first-time buyer support.

Fig 3: Deal sizes have increased

Average value of transactions

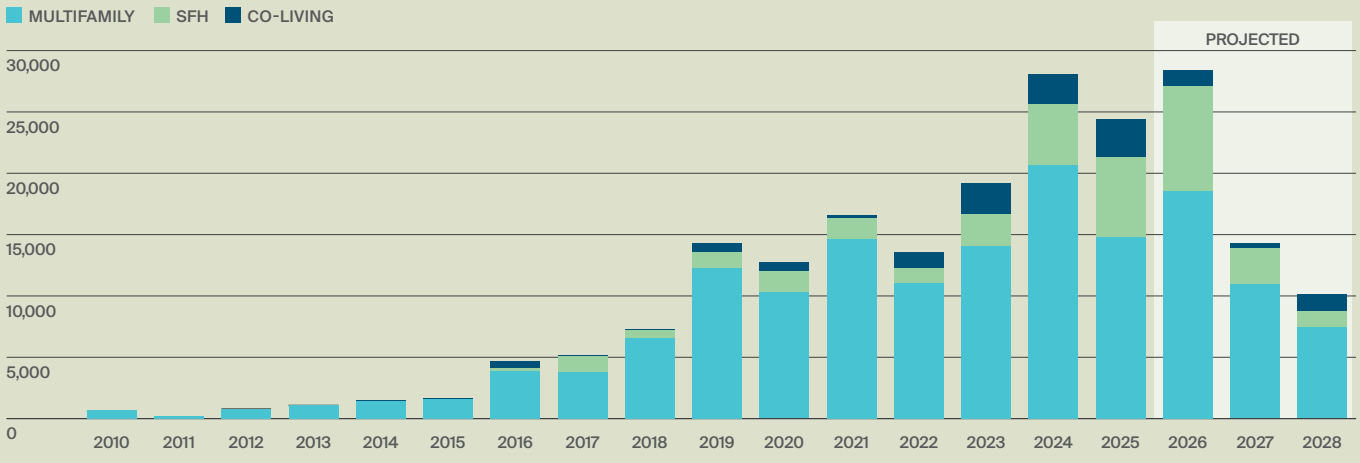


Source: Knight Frank Research

"The UK's BTR stock now comprises 173,399 completed homes, up 22% year-on-year."

Fig 4: BTR delivery is set to fall

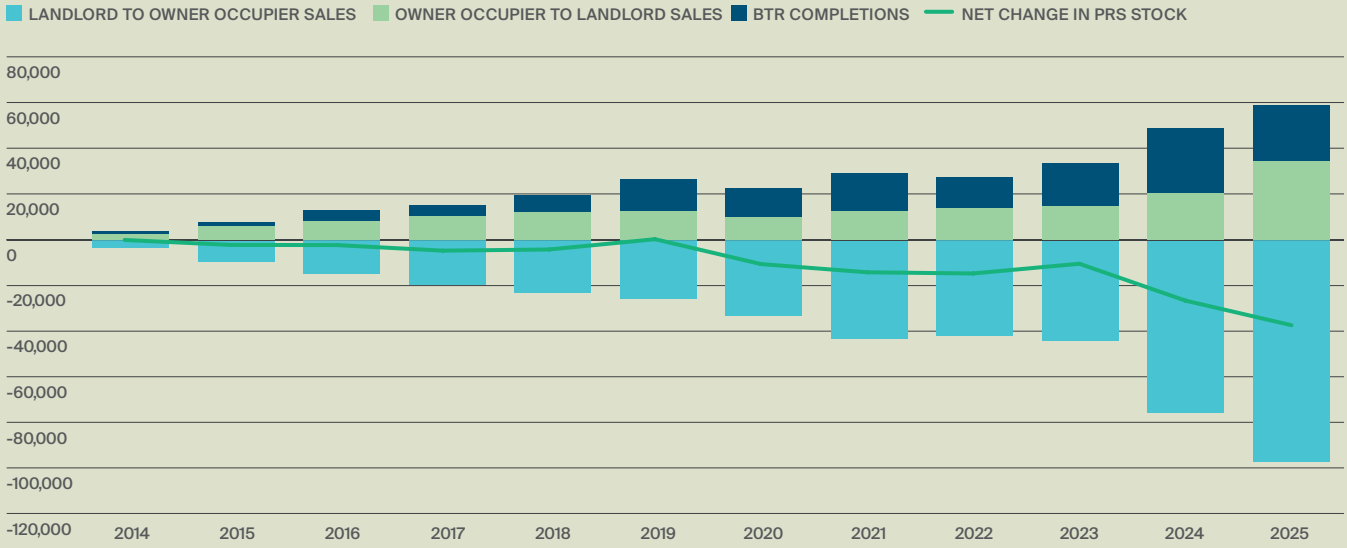
Annual completions by sub-sector



Source: Knight Frank Research

Fig 5: Net change in privately rented stock

rental properties subject to a sales transaction / BTR homes completed



Source: Knight Frank Research using Rightmove and Land Registry

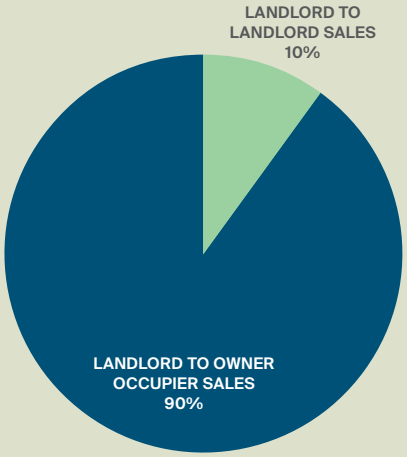
Private landlord exits deepen the rental supply gap

Regulatory change continues to reshape the UK rental market, providing a supportive backdrop for institutional investment. Rising compliance costs, tax changes and more demanding operational requirements have contributed to the sustained exit of smaller private landlords. Knight Frank analysis indicates that at least 477,000 homes have been sold by landlords since 2014, around 90% of which were subsequently purchased by owner-occupiers and removed from the private rented sector. Even accounting for BTR completions over this time, the result has been a sustained net loss of rental housing.

Rental growth under the RRA

For multifamily investors, early evidence suggests that the impact of the Renters' Rights Act may be more manageable than initially feared. Data from Knight Frank's lettings office network shows that some 35% of landlords have delayed rent reviews rather than initiate the Section 13 process, while 35% of notices served have subsequently resulted in a lower increase being agreed with the tenant. However, tribunal decisions have generally been swift and supportive of rent increases where robust market evidence has been provided, which lends itself to the BTR model where comparable evidence within buildings is easily accessible. Tenant mobility has also increased, with tenants initiating 72% of tenancy terminations since May, reflecting the shift in control envisaged by the legislation. Taken together, the findings suggest that rental growth remains achievable under the new framework, particularly for operators with the scale, data and operational expertise to evidence market rents and navigate the revised regulatory environment.

Fig 6: Landlord sales by next tenure



Source: Knight Frank Research using Rightmove and Land Registry

FIG 7: SINCE 1ST MAY 2026

35%
of landlords have delayed rent reviews

35%
of section 13 notices were agreed by way of an addendum

72%
of terminations were initiated by the tenant

Source: Knight Frank Research, Knight Frank Lettings

Keep up to speed with global property markets with our range of dedicated sector newsletters

SIGN UP ONLINE

Recent Living Sectors Research



Single Family Housing 2026



UK Multifamily Market Outlook 2026



UK Student Accommodation Outlook 2026/27



The Co-Living Report 2024

Research



Oliver Knight
Head of Residential Development Research
+44 20 7861 5134
oliver.knight@knightfrank.com



Lizzie Breckner
Head of Residential Investment Research
+44 20 3640 7042
lizzie.breckner@knightfrank.com



Sam Gibb
Senior Analyst
samuel.gibb@knightfrank.com
+44 20 7861 1031

BTR



Nick Pleydell-Bouverie
Head of Residential Investment
+44 20 7861 5256
nick.pleydell-bouverie@knightfrank.com



Jack Hutchinson
Head of BTR Funding
+44 20 3866 7842
jack.hutchinson@knightfrank.com

Valuation, Capital Advisory and Planning



David Shapland
Head of Residential Investment Valuations
+44 20 7861 5455
david.shapland@knightfrank.com



Lisa Attenborough
Head of Capital Advisory
+44 20 3909 6846
lisa.attenborough@knightfrank.com



Chris Benham
Head of Planning
+44 2078 611 289
chris.benham@knightfrank.com

Knight Frank

© Knight Frank LLP 2026. This document has been provided for general information only and must not be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this document, Knight Frank LLP does not owe a duty of care to any person in respect of the contents of this document, and does not accept any responsibility or liability whatsoever for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. The content of this document does not necessarily represent the views of Knight Frank LLP in relation to any particular properties or projects. This document must not be amended in any way, whether to change its content, to remove this notice or any Knight Frank LLP insignia, or otherwise. Use of our data on AI platforms, for AI training or machine-learning purposes is strictly prohibited. Reproduction of this document in whole or in part is not permitted without the prior written approval of Knight Frank LLP to the form and content within which it appears.