The SFH Report 2026

2026

Knight Frank's review of the performance and opportunities in the Single Family Housing (SFH) rental sector.

knightfrank.com/research

The quick take

Six themes shaping UK SFH

KEY TAKEAWAYS

£7 billion+

invested into UK SFH since 2020

Single Family Housing is a core component of the UK Living Sectors market. Investment reached record levels in 2025, accounting for more than half of annual BTR investment for the first time. Capital targeting SFH is becoming more diverse by geography, risk profile and investment route. **Page 3.**

26,000+

operational SFH homes across the UK

Operational stock has more than tripled since 2020 and the development pipeline continues to expand. However, the pace of delivery remains modest relative to underlying rental demand. Despite significant investment and development activity, rental supply remains constrained across the UK, creating a substantial opportunity for further institutional participation and long-term portfolio growth. See **Page 6.**

-35%

houses available to rent vs the 2017–19 average

Tax changes, higher borrowing costs and increasing regulation have reduced the appeal of traditional private buy-to-let investment. As some private landlords rationalise portfolios or exit the market altogether, professionally managed institutional housing is playing an increasingly important role in maintaining rental supply. **Page 9.**

+32%

rental growth for houses over the past five years

A structural undersupply of rental housing continues to support strong rental growth, particularly for houses. Rental listings remain well below historic norms while affordability pressures in the sales market mean households are renting for longer. Against this backdrop, houses have outperformed flats for rental growth, reinforcing the investment case for SFH in both established and emerging locations. **Page 11.**

4.7 years

average PRS tenancy length

Households are spending longer in the private rented sector, first-time buyers are purchasing later in life and growing numbers of families are renting for extended periods. This structural shift is creating a deeper pool of long-term renters seeking space, stability and professional management, aligning closely with the product offered by SFH. **Page 10.**

55,000+

homes targeted by major SFH investors

SFH is evolving from an aggregation story to an operational asset class. Portfolio transactions are becoming more common, institutional ownership is broadening and investors are committing to increasingly ambitious growth targets. The emergence of a market for stabilised portfolios provides greater confidence around exit. See **Page 5.**

DEFINITIONS:
Build to Rent (BTR): Institutionally owned private rental homes that are professionally managed and typically purpose-built. **Multifamily Housing (MFH):** Apartment-led BTR schemes in urban locations. **Single Family Housing (SFH):** Housing-led BTR schemes in suburban locations. **Co-living:** Studio-led BTR schemes in urban locations

Section 1: SFH investment

Single Family Housing is no longer an emerging sub-sector of Build to Rent, but an established component of the UK living sectors market with significant capacity for further expansion

PAST THE INFLECTION POINT

Since 2020, more than £7 billion has been invested in the acquisition and funding of single-family housing (SFH) for rent in the UK, equivalent to 24% of total BTR investment over the period. Momentum accelerated in 2025, with £2.6 billion deployed into the sector. This represented 55% of annual BTR investment and marked the first time SFH investment volumes overtook multifamily on an annual basis.

Rising investment has resulted in increasing delivery. There are now 26,407 operational SFH homes across the UK, with a further 12,378 under construction, demonstrating that the model is gaining traction across a wide range of locations.

As a result, SFH is now attracting a broad range of institutional capital, across the risk spectrum, many of which also remain active across the multifamily market.

For investors already comfortable with MFH, the appeal is clear: SFH offers exposure to similar demand drivers as multifamily, but reaches a larger suburban renter base and can, in some cases, provide a faster path to scale.

This shift doesn't diminish the long term role of MFH. Flats and taller buildings remain essential to urban housing delivery. Yet current allocations suggest that investors are favouring formats that are more deliverable in today's complex development environment.

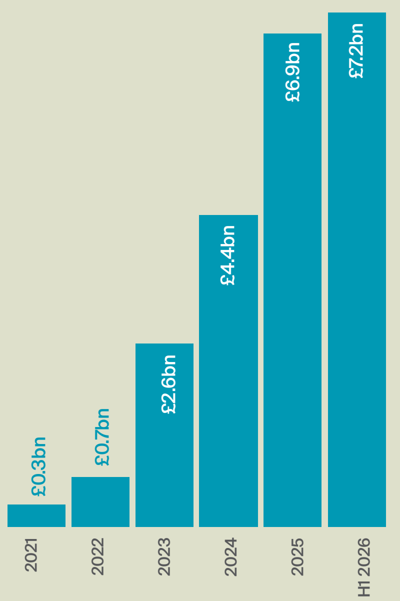
£7bn

has been invested in the acquisition and funding of single-family housing (SFH) for rent in the UK

Housing-led developments currently face fewer viability challenges than urban MFH projects, with SFH typically escaping the financial and time costs associated with tall-buildings because of the Building Safety Act.

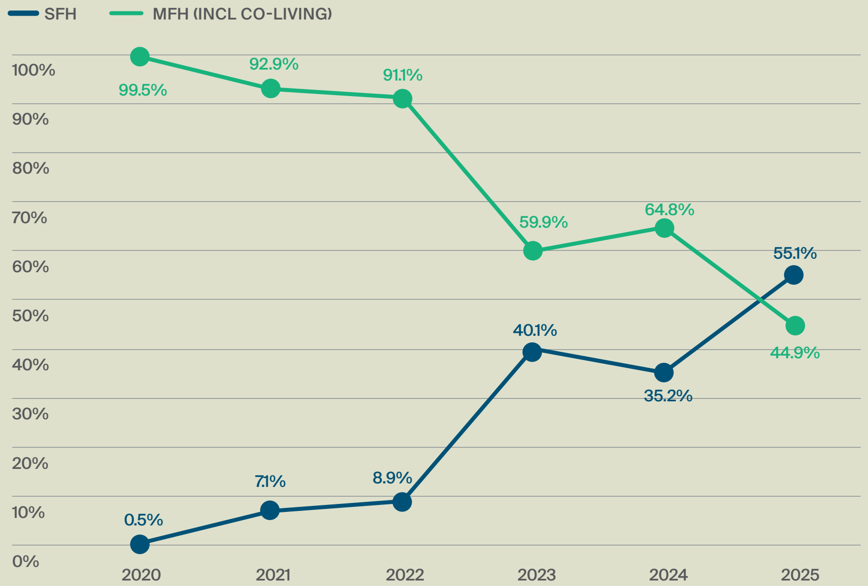
As we have noted in previous SFH updates, houses also already account for the majority of privately rented

Cumulative SFH investment
£, billions



Source: Knight Frank Research

SFH investment overtakes MFH in 2025
As a % of total annual investment



Source: Knight Frank Research

27%

of SFH deals since the start of 2025 have been portfolio transactions, up from just 3% in 2024

homes at 60%, while more than 50% of private renters live in suburban areas. Affordability pressures in the sales market are also extending time spent renting, particularly among families and mid-life households.

Meanwhile, many private landlords have looked to rationalise their portfolios as they react to higher financing costs and regulatory and tax changes, tightening the supply of rental properties overall (see Section 2).

SHARED AMBITION

SFH development activity is increasingly driven by deals between institutional investors and housebuilders, with capital being deployed through forward funding or forward commit structures and bulk purchase agreements as investors look to grow portfolios.

Against a backdrop of ongoing constraints in the wider residential development and sales markets, this model has been beneficial for both parties. It allows housebuilders to accelerate delivery and lessen sales risk. For investors, it provides a scalable route to market.

Of the 50 funding deals completed since the beginning of 2025, 42% were secured through transactions with one of the top five listed housebuilders, with the remainder completed by a mix of large privately owned builders and SMEs. Current discounts to market value accepted by the housebuilders typically stand in the region of 11% to 16%, though this is likely to narrow as the sales market improves.

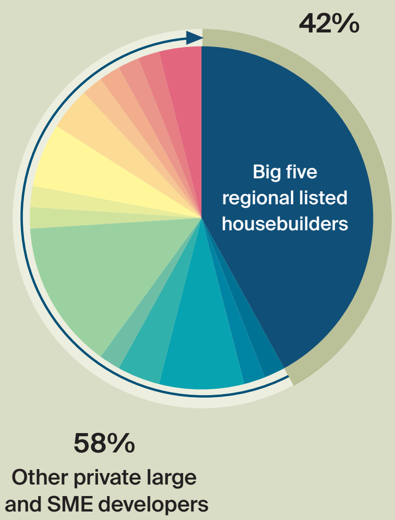
GLOBAL FOOTPRINT

Capital targeting SFH is becoming more diverse both geographically and by investor type, mirroring the evolution of the multifamily market. What was initially led by UK and North American capital is now supported by a diverse mix of domestic and international investors, with capital from Europe and Asia Pacific complementing an established North American and UK presence. Since 2020, 35% of investment into the sector has come from cross-border capital.

UK institutions, including pension funds and insurers, remain active participants, alongside global capital.

Large housebuilders dominate SFH landscape

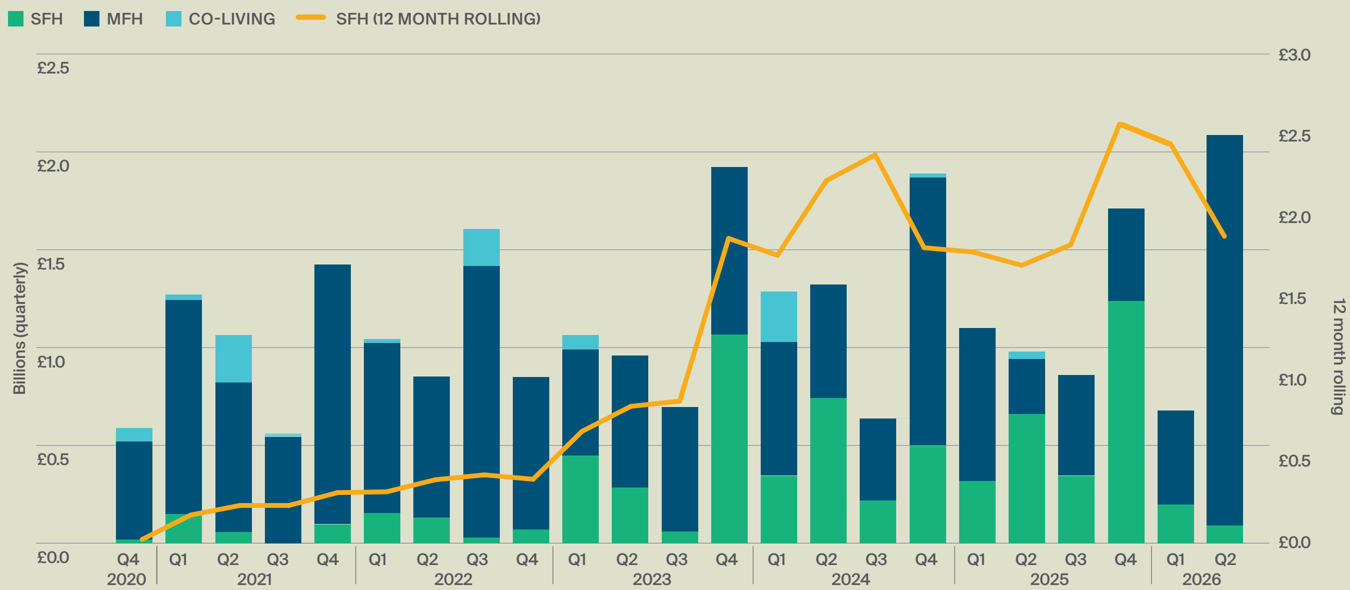
% of deals with housebuilders by type



Source: Knight Frank Research

SFH investment volumes surge

£, billions



Source: Knight Frank Research

> “Analysis of Knight Frank's Transaction Database shows Core capital has been focused on acquiring operational portfolios”

Public-sector backed investment is also growing, with Local Government Pension Schemes having invested in stabilised portfolios.

This diversification, which we expect will continue, reflects growing confidence in SFH as an institutional asset class, supported by its income profile, scalability and relative operational efficiency.

AMBITION OUTSTRIPS CURRENT SCALE

The depth of capital targeting the sector is evident across both stabilised and funding deals. Analysis of Knight Frank's Transactions Database shows Core capital has increasingly been focused on acquiring operational portfolios, attracted by secure, inflation-linked income streams while Core + and Value-add money has generally underpinned funding activity.

The emergence of more portfolio deals in the last 12 months, including the £629 million acquisition of the PRS REIT portfolio in late 2025 by a joint venture using Local Government Pension Scheme capital, has helped validate the exit route for those building portfolios. In 2025, 31% of capital invested in the SFH sector was spent on operational portfolios, up from less than 10% in 2024.

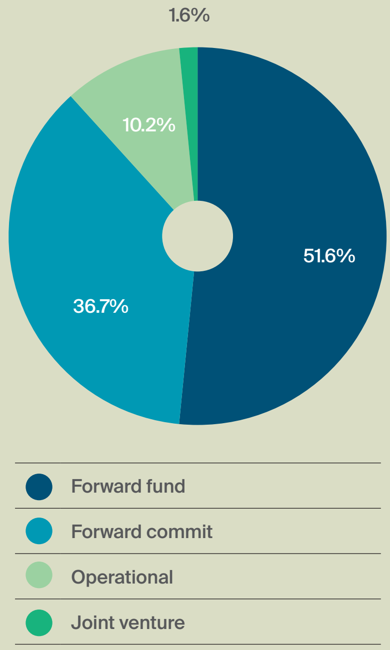
The buyer pool is expanding, with recent new entrants adding to the ambitions of established platforms. In total, across eight of the key existing and new investors active in the market, there is an ambition to operate more than 55,000 rental homes, against their current ownership of just 13,000.

POLICY ON POINT

The policy landscape is also evolving. The introduction of the Renters' Rights Act, alongside a broader programme of housing and planning reform, represents the most significant shift in private rented sector regulation in decades.

The move to periodic tenancies and the abolition of Section 21 notices will increase operational requirements and compliance costs, particularly for smaller landlords. The result is likely to be further consolidation within the traditional buy-to-let sector, and a strengthening in the position of professionally managed platforms.

SFH transaction types
Deals completed since 2020



Source: Knight Frank Research

At the same time, greater security of tenure is likely to enhance the appeal of renting for certain households, particularly families, where stability is a key consideration. This shift aligns closely with the core target market for SFH.

SFH average transaction lot sizes
SFH deals completed since start of 2025

Source: Knight Frank Research

Ambitions to scale

55,000 units
Ownership ambitions of top eight market participants

13,000 units
Current ownership of top eight market participants

Section 2: Supply and Demand

The development pipeline of SFH has been steadily increasing, supported by rising investment volumes as well as a more favourable backdrop for delivering houses for rent, strong demand and shifting tenure patterns

LAYING FOUNDATIONS

The number of operational SFH units across the UK has more than tripled since 2020 to more than 26,000 units, now accounting for 16% of the total number of complete BTR homes nationally, up from sub-5% in 2016.

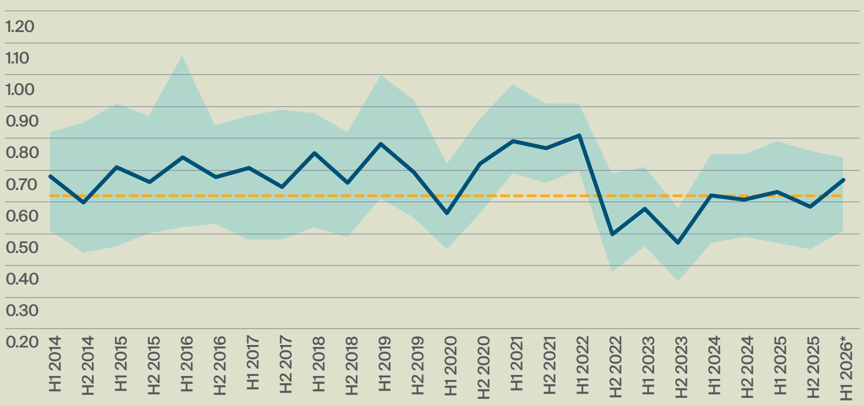
At the same time, the planning pipeline has continued to grow. There

18,588

SFH homes either under construction or with full planning identified.

Site sales per week

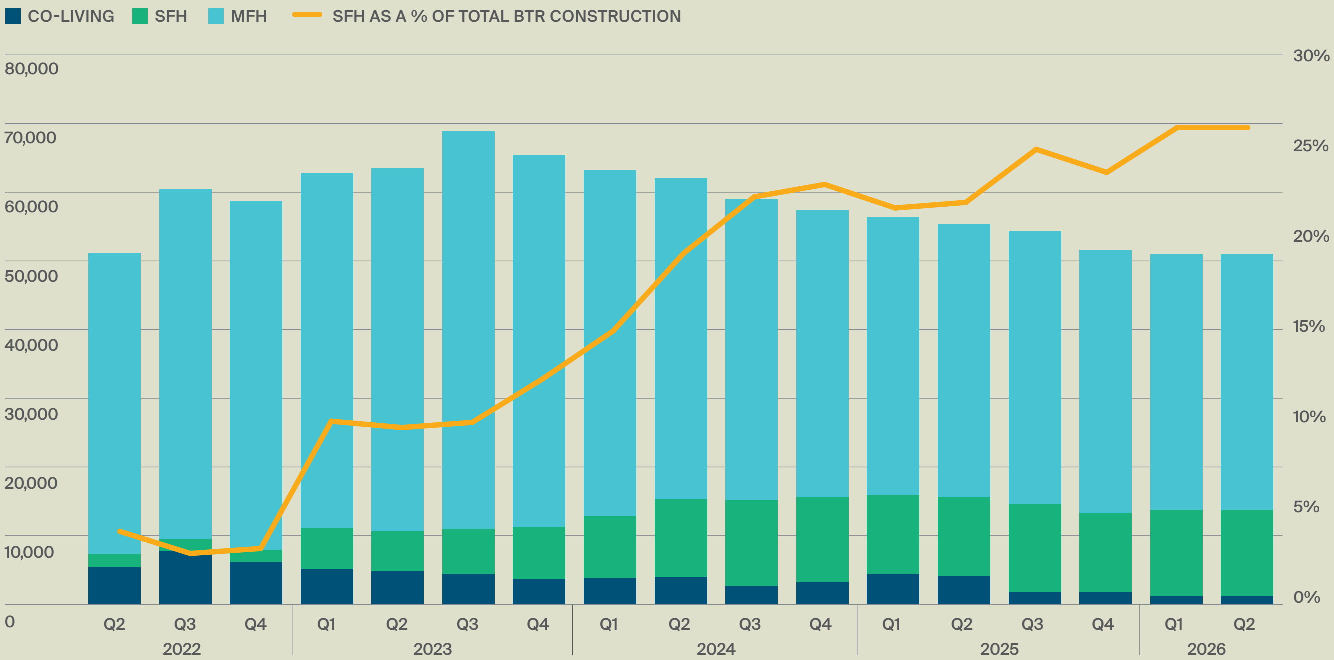
Major UK housebuilders



Source: Knight Frank Research

SFH takes a growing share

Number of units under construction by sub sector

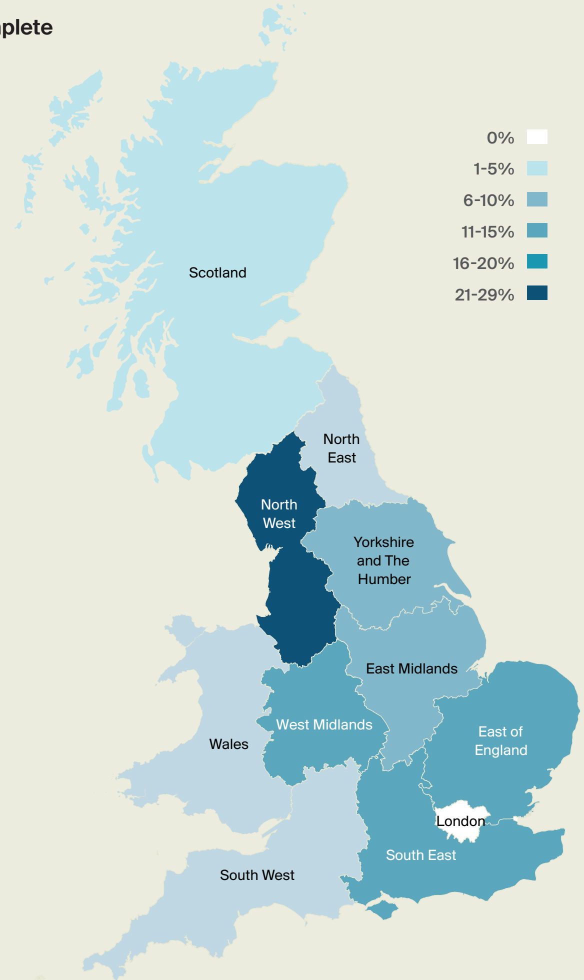


Source: Knight Frank Research

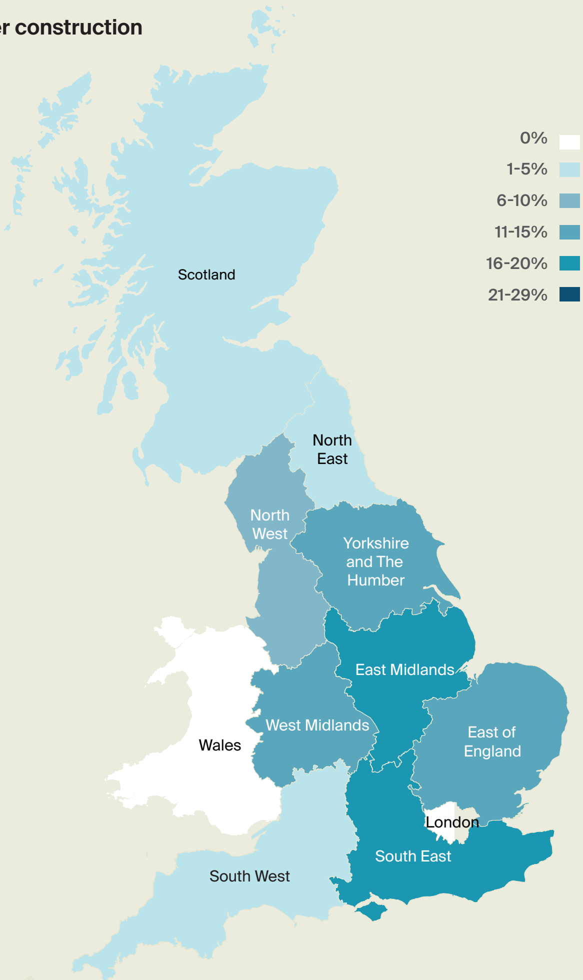
SFH development moves south

As a proportion of total existing and under construction supply

Complete



Under construction

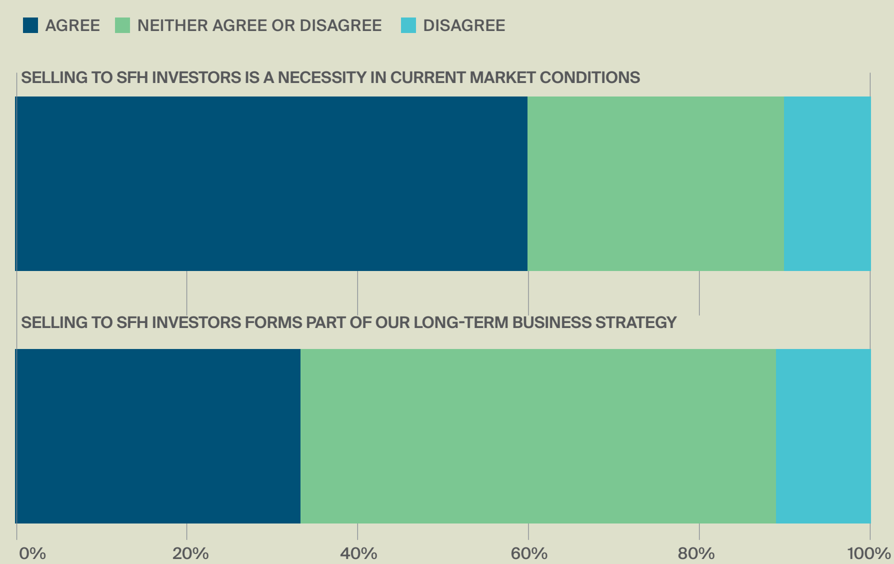


are now a further 18,588 SFH homes either under construction or with full planning identified. A quarter of the total BTR homes currently under construction are SFH developments.

Delivery has also become more geographically diverse. While the North West still leads for completed supply – accounting for 28% of total operational homes – new development is shifting south, with 17% of SFH under construction in the South East and 14% in the East Midlands.

Our previous analysis, based on current population and tenure distribution figures, and applying our projection that at full maturity the BTR sector has the potential to account for at least 30% of all privately rented households, suggests the market has the ability to absorb more than 1 million SFH homes.

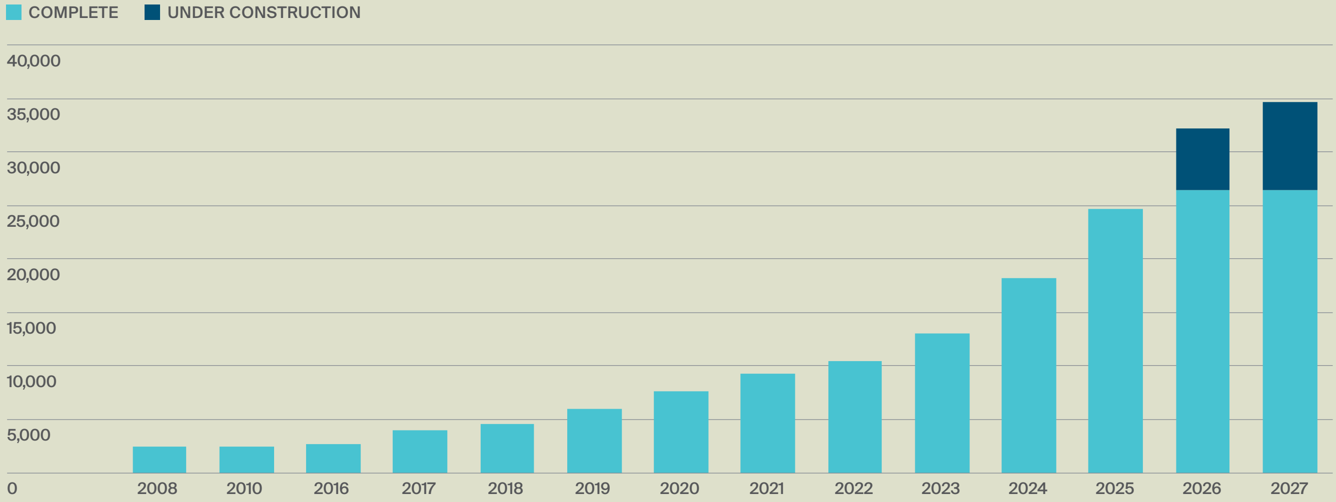
To what extent do you agree or disagree with the following?



Source: Knight Frank Housebuilder Survey Q2 2026

SFH supply has more than tripled since 2020

Cumulative supply with identified pipeline under construction



Source: Knight Frank Research

BUILD IT AND THEY WILL COME

Despite rapid growth in investment, SFH remains a small part of overall housing delivery, accounting for fewer than 2% of new homes delivered in England and Wales in the 12 months to June 2026. As housebuilders continue to embrace bulk deals to SFH investors to support sales, this figure is likely to increase.

Indeed, the for-sale new-build market remains challenging. Higher borrowing costs, weaker consumer confidence and the withdrawal of Help to Buy have all reduced demand from owner-occupiers.

Although PLC developers have reported slightly improved sales rates of around 0.67 sales per outlet per week at the start of the year – in part thanks to an increase in bulk deals to SFH investors – sales rates remain lower than recent peaks and below longer-term averages.

Responses to our latest quarterly survey of more than 40 SME and volume housebuilders suggest bulk deals to investors are here to stay. More than a fifth of the housebuilders we surveyed confirmed that they had sold homes to SFH investors over the last 12 months, with 60% agreeing that such sales are a necessity given current market conditions. When asked about the future, a third (33%) said that sales to SFH investors now form part of their long-term business strategy.

> "Responses to our latest quarterly survey of more than 40 SME and volume housebuilders suggest bulk deals to investors are here to stay."

Yet, despite this, new supply has barely made a dent in the huge shortage of supply relative to demand across the private rented sector. In Q1 2026, there were 32% fewer homes listed to rent across the UK compared to the 2017–19 average.

This lack of supply has been seen across the whole market but has been most prevalent for houses, which were down 35% in Q1 (compared with 30% for flats). Two, three, and four-bedroom houses were down 36%, 36% and 34%, respectively.

The reasons behind the drop are numerous, with buy-to-let supply being squeezed by a combination of higher finance costs, tax changes, tighter lending conditions and rising regulatory requirements all of which have resulted in some landlords exiting the sector or rationalising portfolios.

REGULATION BITES

Near-term supply pressures are unlikely to ease quickly. Upcoming regulatory and tax changes are expected to result in a further increase in landlord sales. The forthcoming introduction of minimum EPC standards and a 2% increase in income tax rates are just two policies which will eat further into landlord profits.

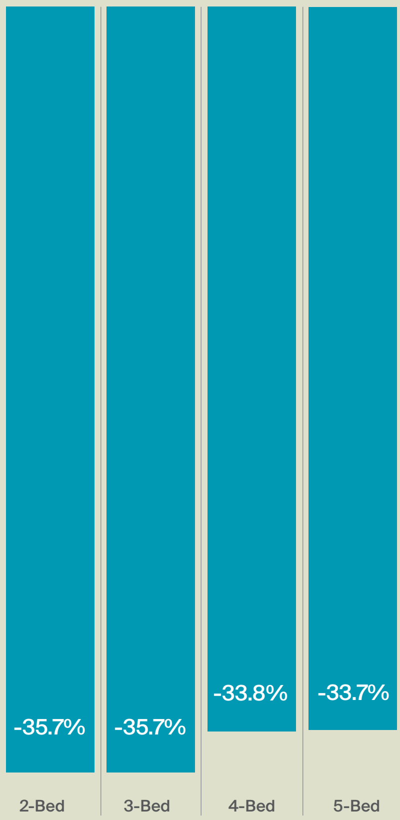
Data from the latest English Private Landlord Survey suggests that recent and forthcoming changes to legislation are the most common reasons for landlords choosing to decrease their portfolio size or to leave the sector. Institutional investment will increasingly fill this gap, bringing scale, quality, and long-term stewardship.

DEMAND DRIVERS

Demand-side conditions continue to favour SFH. Stretched buyer affordability, household formation and changing working patterns are keeping more households in the

Supply constraints for houses

Change in available listings in May 2026 v 2017-19 average



Source: Knight Frank Research, Rightmove

rental market, particularly around major employment centres and commuter locations.

Higher for longer mortgage rates also continue to restrict buyer activity. Expectations for rate cuts – which would have had a positive knock-on impact on affordability – have shifted following the conflict in the Middle East. The subsequent surge in energy prices has prompted economists to revise up their UK inflation forecasts and complicated the Bank of England's (BoE) monetary policy decisions.

RICS data points to strengthening rental demand as a result, with a net balance of +14% of surveyors reporting an increase in tenant demand in May. Rental expectations are also rising, with a net balance of +36% anticipating higher rents in the near term, up from +26% in April.

Looking ahead, demand is expected to strengthen further heading into the peak summer lettings season, as affordability constraints in the sales market intensify. The average five-year fixed rate mortgage (90% LTV) stood at 5.10% in May, nearly a percentage point higher than in February.

> "Data from the English Housing Survey reinforces this challenge, with 48% of private renters holding no savings at all."

LOCKED OUT

Deposit requirements remain another constraint keeping would-be buyers in the rental market for longer. According to Nationwide, a 10% deposit on a typical first-time buyer property is around £23,000. Even saving 10% of average net income (c. £320 per month), it would take nearly six years to accumulate this amount.

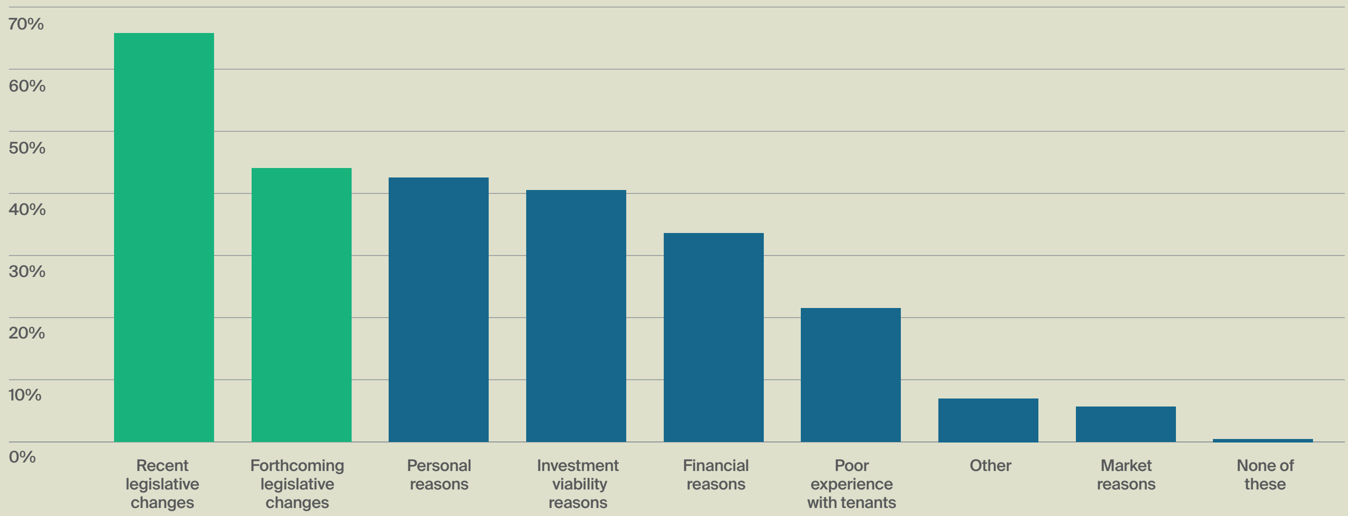
Data from the English Housing Survey reinforces this challenge, with 48% of private renters holding no savings at all. This significantly limits the ability of households to transition into home ownership – indeed, 42% of private renters said they did not expect to buy a home.

SHIFTING TENURE PATTERNS

The result is a structural shift in tenure trends. First-time buyers are

Reasons for planning to decrease portfolio size or leave the BTL sector

All private landlords who plan to decrease or sell all rental property



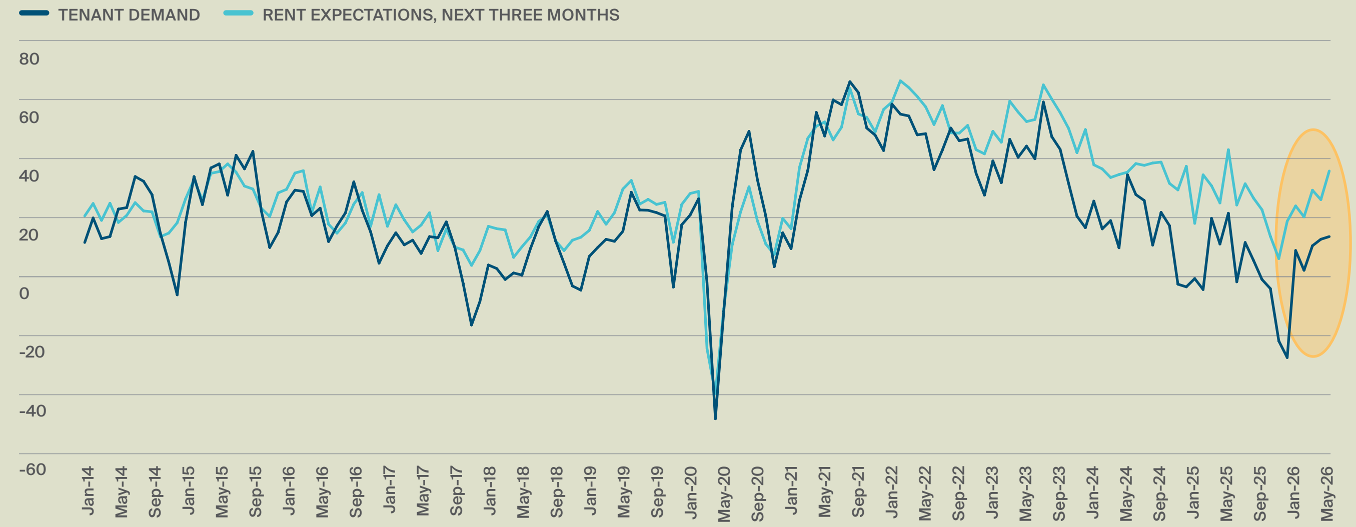
Source: Research, English Private Landlord Survey 2024 getting older, with some households choosing to bypass the lower rungs of the housing ladder altogether. As a result, time spent in the rental sector is increasing, creating a more established and stable tenant base. The average length of tenancy in the private rented sector has risen to 4.7 years, up from 3.5 years in 2014, reflecting a move towards longer-term renting.

This is most evident in the growth of older renters. Households aged over 35 are among one of the fastest growing cohorts of the private rented sector. Many of these households would historically have transitioned into ownership, but affordability constraints - and the withdrawal of Help to Buy - have kept them renting for longer.

This is driving demand for high-quality rental housing, particularly in suburban and commuter belt locations where families look for more space, gardens and school access. This aligns with the profile of

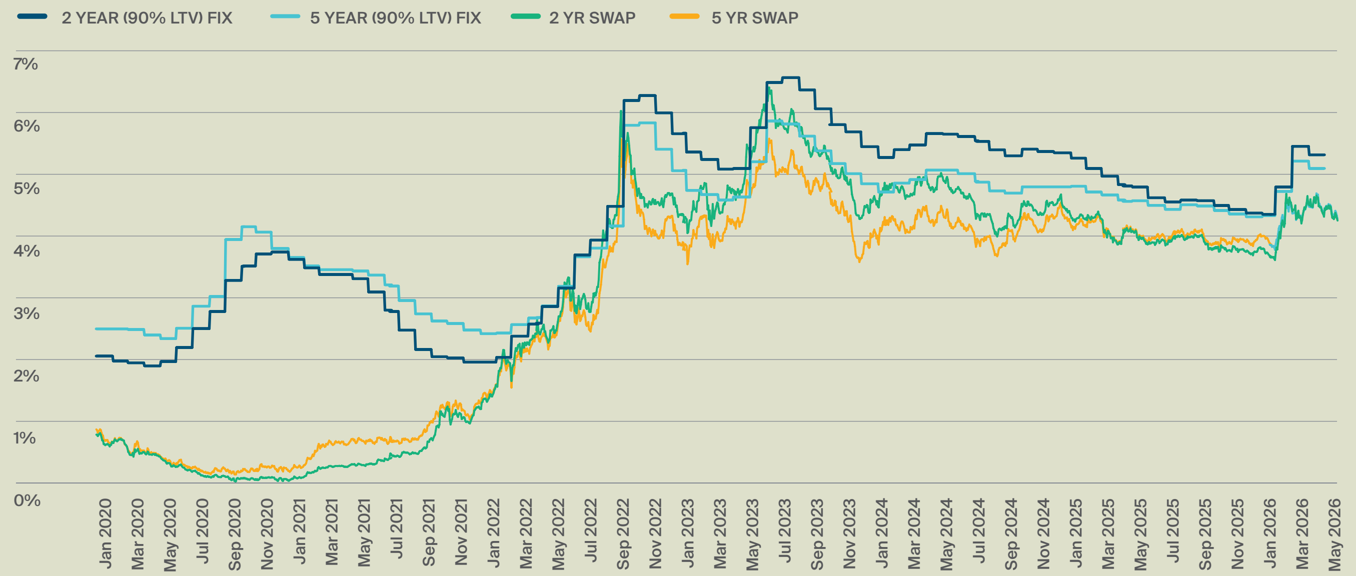
Strengthening rental demand

RICS Monthly Market Survey (May), net balance



Source: Knight Frank Research, RICS

Rollercoaster ride for rates



Source: Knight Frank Research, BofE

SFH, which tends to generate longer tenancies and steadier occupancy than urban multifamily as a result.

In the context of constrained supply, this imbalance has also supported rental growth, with rents for houses rising by 32% across the UK over the five years to Q1 2026, versus 21% for flats over the same period.

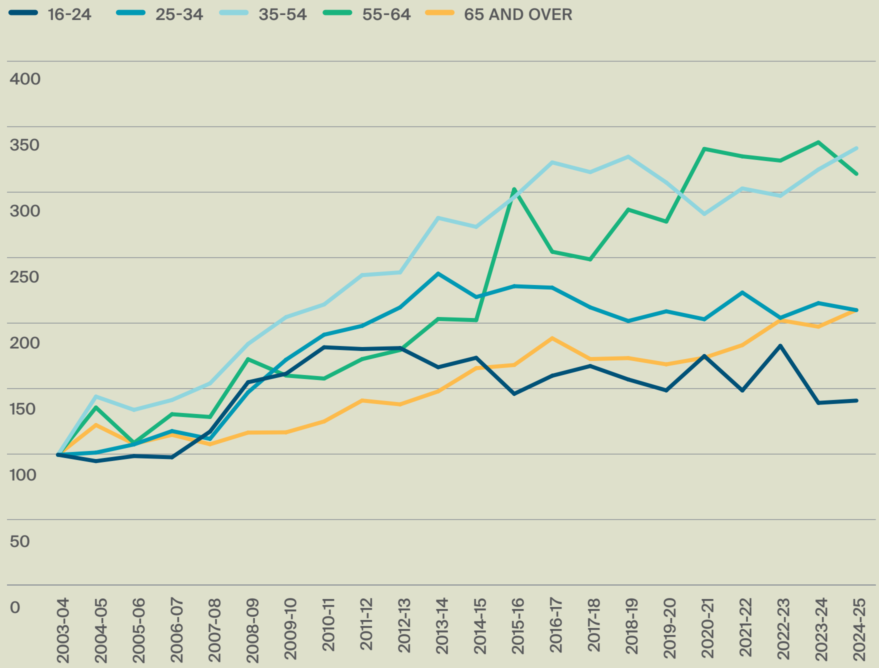
LOWER OVERHEADS

As well as a robust outlook for income and demand, SFH is also attractive to investors due to lower operating costs. MSCI reported single-family operational costs of 16% in 2025. That compares with 24% for multifamily, based on analysis of apartment-led schemes in Knight Frank's OpEx database.

The difference reflects a combination of higher labour, energy and maintenance costs, and a generally higher turnover of tenants within MFH schemes.

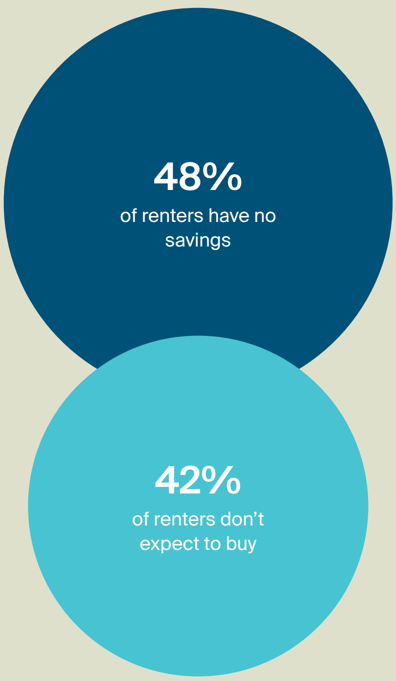
Long-term tenure shifts

Change in private rental households, by age (indexed 100 = 2003-04)



Source: Knight Frank Research, English Housing Survey 2024-25

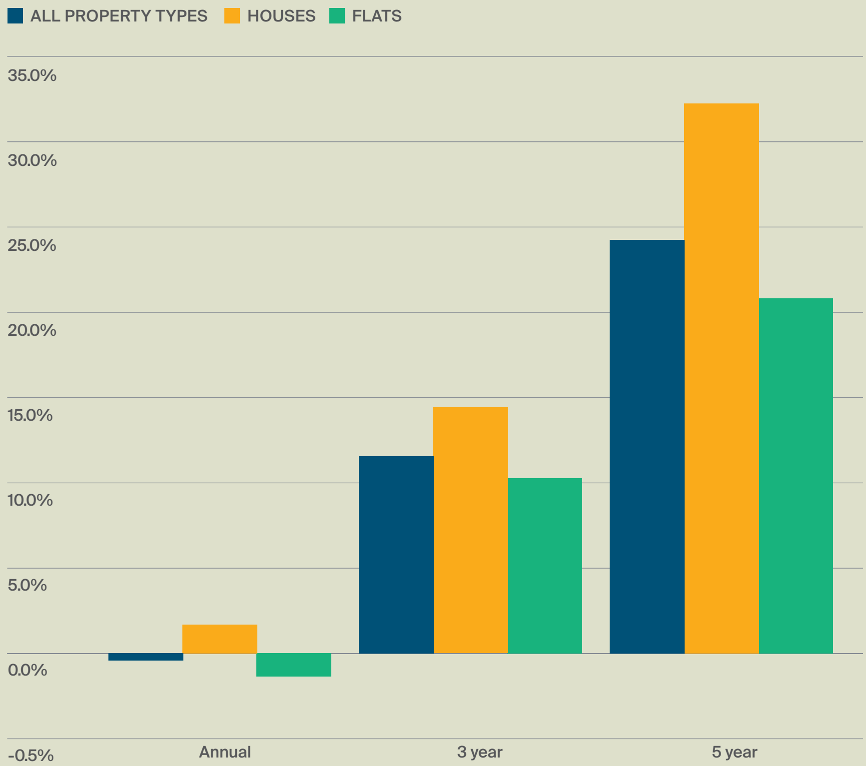
Drivers of long-term renting



Source: Knight Frank Research, English Housing Survey 2024-25

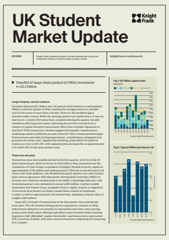
House outperformance

% change in asking rents to Q1 2026

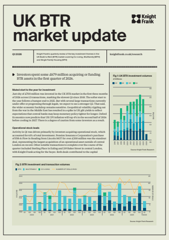


Source: Knight Frank Research, Rightmove

Recent Research



UK Student Housing – Update Q1 2026



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UK Student Accommodation Outlook - 2025/26

UK Multifamily Market Outlook – 2026

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