

Market Review - February 2026

Build to Rent in Scotland: Back in Fashion





Market *Review.*

There are now over 5,000 Build to Rent (BTR) homes operating in Scotland and there is a clear potential to get this above 20,000 homes in the next few years.

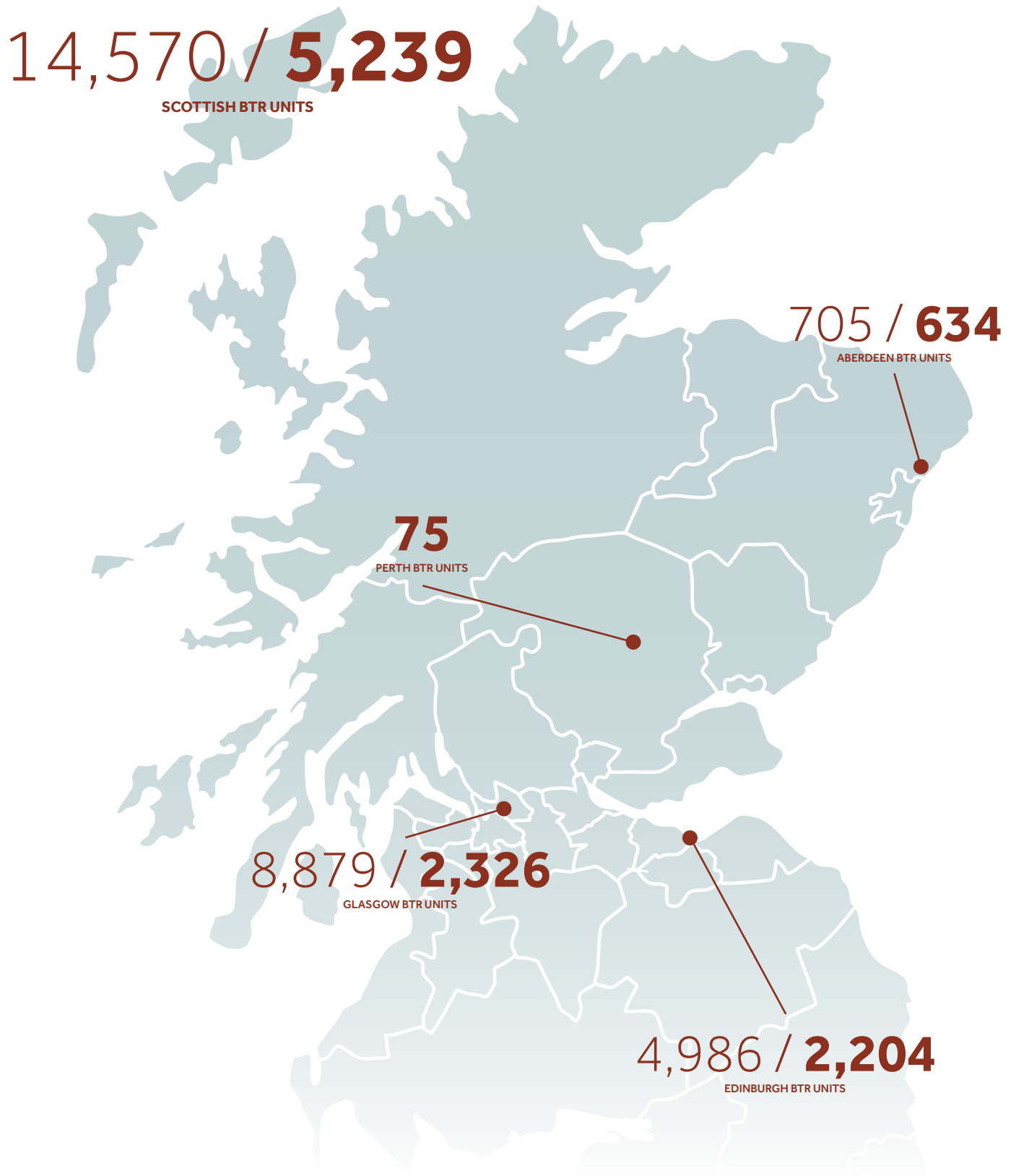
In our previous BTR Market Briefing from late 2024, our big ask was for the Scottish Government to introduce revisions to its Housing Bill to breathe new life back into the sector. Commendably, the Scottish Government did listen to us and the wider sector, with an exemption from the Bill's provisions for the BTR and Mid Market Rent (MMR) sectors. The Government also worked closely with the industry to deliver its Housing Investment Taskforce report, which hopefully provides routes to unlocking more institutional investment into new housing in Scotland over the longer term.

Glasgow City Council's embracing of the Co-living concept (which offers private, often small en-suite, bedrooms combined with extensive shared areas for community interaction) is another positive intervention. This should help with the Council's strategy to have a thriving residential sector in the heart of the city (as the likes of Manchester have achieved).

However, market conditions to deliver BTR are undoubtedly tougher now than a few years ago, with affordability pressures and rising construction, finance and regulatory costs, which have particularly impacted the multi-family (urban high-rise apartment) market. While single-family housing (SFH) BTR (typically houses in suburban areas) has significantly increased in the UK as an industry pivot, Scotland has lagged behind and only has a handful of SFH schemes. Nevertheless, there is investor demand for such schemes here and it is hoped that the more acceptable regulatory environment in Scotland now can accelerate its delivery.

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BTR National Pipeline/Operational.



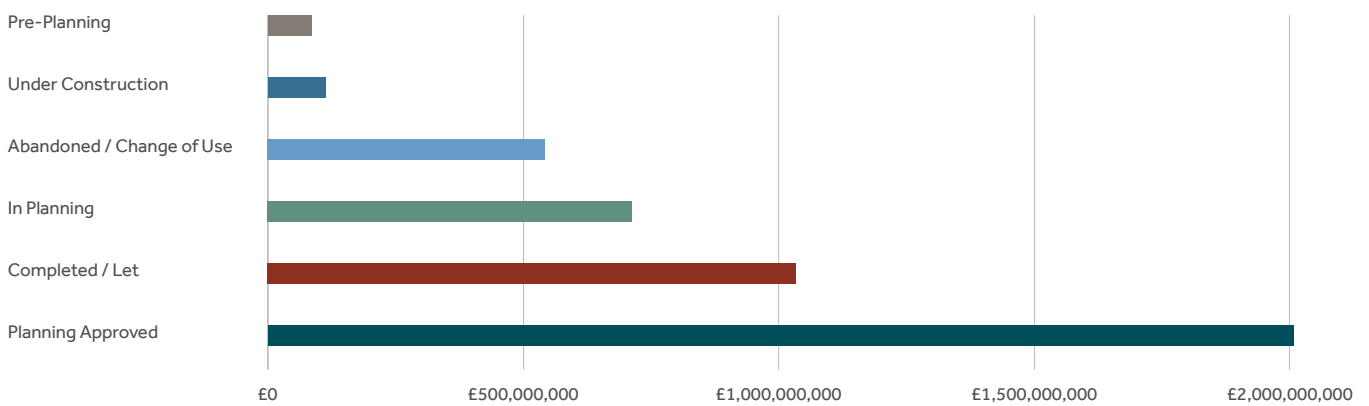
Stunted Growth.

The BTR sector is now firmly established in Scotland, with over 5,000 BTR homes operating. However, the sector could and should be delivering much more.

There is now an estimated £2.8 billion in construction value of BTR units in Scotland that are identified in the pipeline as either in the pre-planning or planning stages but have not yet committed to construction.

These developments total around 13,950 new homes, which are not guaranteed to be delivered. The Homes for Scotland 'The Social and Economic Benefits of Housebuilding in Scotland' report estimates residential development generates 3.5 jobs per house, meaning this 'at risk' pipeline could generate the equivalent of nearly 49,000 jobs over the construction period.

Figure 1: Construction value of potential BTR homes by planning status



Source: BPF / Council Planning Portals / Rettie & Co: Values assume £200,000 per unit cost

Figure 2: Development value held within the current BTR planning pipeline



£2.8 billion



13,950 BTR Units



c. 49,000 Jobs

Source: BPF / Council Planning Portals / Rettie & Co: Values assume £200,000 per unit cost

Purpose Built Student Accommodation (PBSA) has continued to siphon units from the BTR pipeline. Ediston's New Town Quarter development in Edinburgh is the latest example, replacing 144 consented BTR units with 580 PBSA beds in its latest planning application (although this has been refused by the council). Keltbray's Finnieston Street has also gone back into planning to replace 185 previously consented BTR units for PBSA use. Over the past two years, there has been an attempt to convert around 1,700 units into PBSA, although not all of this has been successful or decisions are still pending. With much higher £/sqft rents, much fewer developer contributions and less regulatory requirements, PBSA remains a more investable asset in Scotland's main cities, although it is also susceptible to risks, notably any downturn in student numbers (particularly from overseas) and delivery of a burgeoning pipeline if demand does turn.

Investment Deals – Multi-family.

Since our last update in late 2024, there have been a number of BTR deals and completions across Scotland.

Aberdeen's first BTR development, Forbes Place, was sold

To the north of Aberdeen, Dandara's Forbes Place development was the first operational BTR development in Scotland. The 292 units were purchased in February this year for £30 million, or c.£102,000 per unit, by the German based ECE Living Fund.



Solasta bought by Hines

This Glasgow 'first generation' BTR scheme was sold in July 2025 to the American-based Hines Property Partners for £140 million, or c.£432,000 per unit. The 324-unit development extends to 20-storeys and overlooks the River Clyde and Barclay's office campus. The local area is undergoing significant redevelopment and there is also regeneration activity in nearby Laurieston, headed by Urban Union's Laurieston Living development.



Western Harbour Site P1 Completed & Sold

Rettie (and Savills) acted on behalf of CCG to broker a deal to deliver 118 homes for City of Edinburgh Council at Forth Port's Western Harbour site in Leith. The Council will offer a mix of MMR, social rent and open market rent tenures through its Edinburgh Living platform. The £30.5m deal equated to £272,000 per unit and was completed in December 2025.



On The Market

Granary Quay back on the market

Located in Glasgow's West End, Dandara's Granary Quay 342-unit development was sold to Europa Capital and Mitsubishi Estate Co. on completion in 2024. After only a year-long holding period, the development is back on the market due to the owners' internal restructuring.





Investment Deals

Single-family.

The single-family housing BTR market has not seen any new deals since the Housing (Scotland) Bill was brought forward in March 2024, despite strong investment demand.

There remain only a handful of such schemes in Scotland. This is in stark contrast to the position down south, where the majority of new BTR investment and demand is for SFH. Investment in and delivery of multi-family BTR has fallen back over the last year as it is hindered by viability and regulatory pressures, e.g. the Building Safety Act (2023) requiring taller builders to pass stringent tests prior to construction.

2025 ended strongly, with £2.7bn invested into UK BTR. This was the highest quarterly total since records began. In 2025, 59% of all BTR investment was directed into SFH. The largest single transaction of the year was the purchase of the PRS REIT by Northern LGPS & Local Pensions Partnership.

Northern LGPS and Local Pensions Partnership Investments plan to invest another £1bn to grow the portfolio from 5,478 single family homes to 15,000 over the next decade. The existing portfolio is spread across England, Scotland and Wales.

Significant amounts of capital are poised from property companies and pension funds all awaiting the outcome of The Housing Bill.

Welcome guidance on what constitutes BTR is welcome, and we understand the Bill will be passed by April / May 2026.

We have identified c. 1,750 units that could be delivered for SFH in Scotland's Central Belt.

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Views from the *Industry*.

The recently passed Housing (Scotland) Bill has exempted BTR, MMR and PBSA developments from rent controls, although the policy detail will be clarified by secondary legislation, with draft regulations published in early 2025 that will be considered and approved by the Scottish Parliament later in the year.

The latest legislation allows for rent caps to be applied to rental stock in designated rent control areas (RCAs) at the consumer price index (CPI) plus +1%, with a maximum annual increase of 6%. In RCAs, rent caps will be applicable within and between tenancies.

The BTR industry in Scotland has a more positive outlook given amendments to the Housing (Scotland) Bill and its engagement with the Housing Investment Taskforce which has produced a detailed report on stimulating the sector in Scotland .

Key recommendations from the Taskforce included:

- Leveraging public land through equity-based partnerships rather than upfront sales;
- Revisiting shared ownership schemes with legislative changes to make them more appealing;
- Exploring new finance and risk-sharing models for SMEs facing infrastructure costs; and
- Seeking a write-off of historic Housing Revenue Account debt to enable the construction of new social homes.



Rettie Research Report

"Scotland's approach to rent regulation and environmental standards for new housing is closer aligned with Continental Europe than England. Countries such as Germany, Spain, France and the Netherlands have some form of rent regulation and green building standards for new homes – regulations that have not deterred institutional investment.

Years of regulatory uncertainty in Scotland led institutional investors to finance housing elsewhere, resulting in a collapse of new developments across Scotland. But, with more clarity on future rules, could Scotland have turned a corner and be investable again?"

Cedric Bucher CFA
Chief Executive Officer, Hearthstone

"When writing an opinion piece, the opening can be tricky. What's the angle? What's the message?"

Not this time. The question is simple: Will the Government's moves to clarify the scope of rent control and exempt Mid-Market Rent and Build to Rent ("BTR") restore confidence and, crucially, investment in Scotland's private rented sector?

The nationwide rent control policy introduced in 2022 had a severe impact on the delivery of new rental homes, with investors turning away from Scotland en masse. As a member of the Government's Housing Investment Taskforce, it was clear at every meeting that rent control was damaging new supply, jobs, apprenticeships and the wider construction economy. The support of the previous Housing Minister and current Cabinet Secretary for Housing alongside the First and Deputy First Ministers gave confidence that the Taskforce's recommendations would be taken seriously. That is now reflected in the announcement of Scotland's Housing Agency and the progression of exemption legislation designed to attract investors back. As is often said, investors are "international shoppers; they can invest anywhere."

Scotland remains an exceptional place to invest and, prior to rent control, was high on global priority lists. The prospect of finalising secondary legislation, hopefully by March, has already renewed interest. Development appraisals are being revisited and previously stalled conversations are restarting with fresh energy.

Demand in Scotland was strong before 2022, and rent control has only intensified the need to accelerate housebuilding. The BTR sector can deliver high-quality homes, both apartments and houses, at pace and scale. The publication of the secondary legislation is encouraging. Government has continued to listen and has resisted calls to double down on a system that has harmed housing delivery, construction employment and skills development.

Moda's Scottish BTR neighbourhoods continue to thrive, creating inclusive communities and sustainable homes that attract a diverse resident base. A strong, viable private rented sector is essential to a balanced housing market and to increasing the supply of quality homes across Scotland's cities, suburbs and rural communities.

Complex and costly policy has eroded confidence and created damaging unintended consequences. This is the moment to correct course.

So back to the opening: the angle and the message are one and the same. Formalising these exemptions over the coming weeks will be hugely welcomed and a crucial step for anyone serious about delivering quality homes across Scotland."

James Blakey
Planning & Engagement Director, MODA GROUP

Rental Market *Review.*

In Scotland, the private rental market experienced strong growth in advertised rents over 2021-23 due to weaker availability of stock and strong demand due to in-migration and rising international student enrolment. The Scottish Government's rent control measures from late 2022 also served to inflate advertised rents given the caps on rents within tenancies. The compound annual growth rate (CAGR) in the main cities was at 3-8% in the last five years, including in the Aberdeen market, where rents fell heavily post-2015 after the collapse in oil prices.

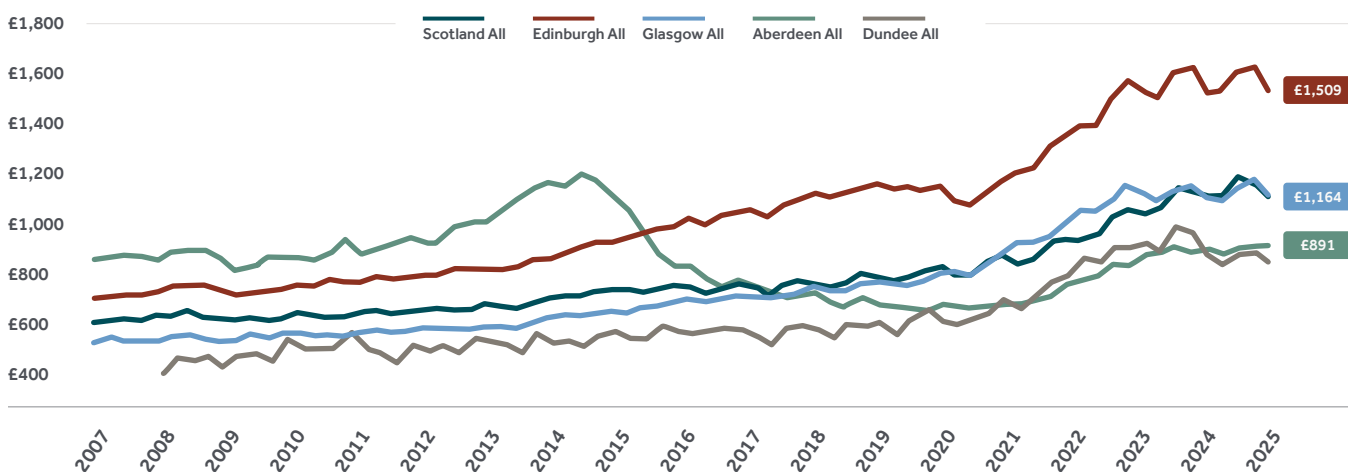
More recently, the rental market has exhibited signs of cooling. In Q4 2025, year-on-year growth in advertised rents across Scotland was flat and below its long run growth rate of 4% per year as well as general consumer inflation.

Cooling rents are a reflection of affordability constraints. The rapid rise in rents post-Covid have outpaced earnings growth in Scotland and now take-

up a larger percentage of gross household earnings. The average 2-bed monthly rent in Scotland now accounts for 24% of average gross monthly household income compared to only 20% in 2019. In Scotland's main cities, this affordability issue is more evident, with the average 2-bed monthly rent taking up 24% of average gross income pre-pandemic compared to 30% now.

Supply is another contributory factor in rising rents as reduced availability means greater competition for properties. The number of rental property listings are again increasing in Scotland's most pressured markets, such as Glasgow and Edinburgh. As of Q3 2025, the 12-month rolling total of listings in Edinburgh has increased by 39% YOY and, in Glasgow, it is up 28% YOY. This has coincided with the opening of new BTR developments in these cities in 2024/25. At the national level, the listings total appears to have finally bottomed out and is up by 9.4% YoY in Q4 2025.

Figure 3: Average advertised rents remain near all-time highs

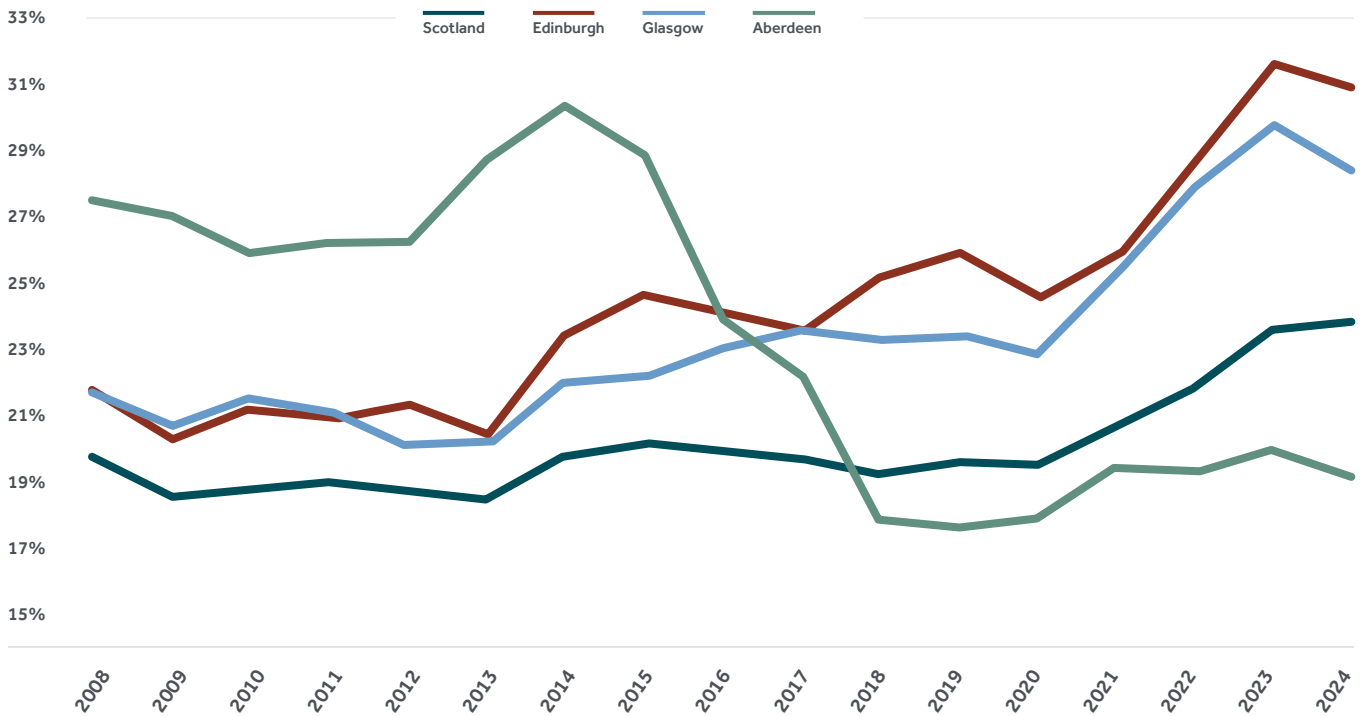


Rank	Scotland	Edinburgh	Glasgow	Aberdeen	Dundee
Annual Change %	0%	1%	1%	2%	-3%
5 Year Change %	41%	39%	37%	26%	34%
5 Year CAGR	7%	7%	7%	5%	6%

Source: Citylets

Rettie Research Report

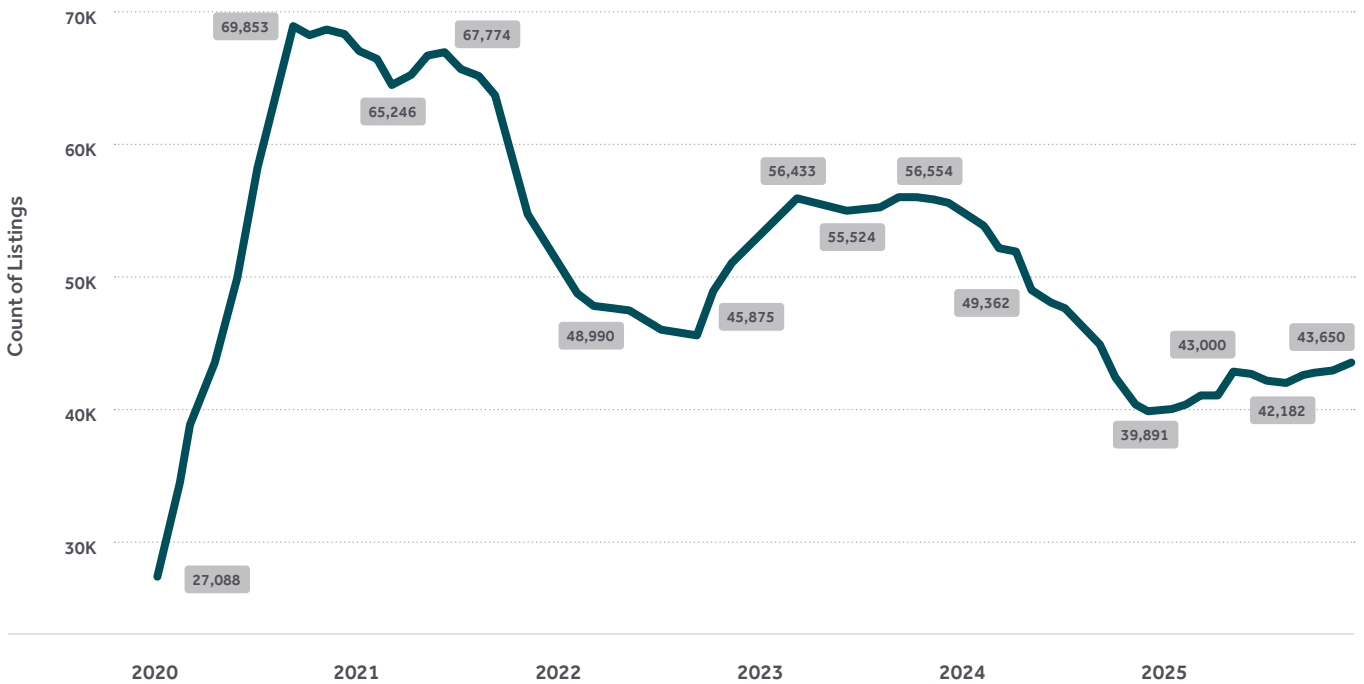
Figure 4: The average 2-bed rent accounts for a high proportion of average household monthly gross income in Scotland and especially in the main cities



Source: Rettie

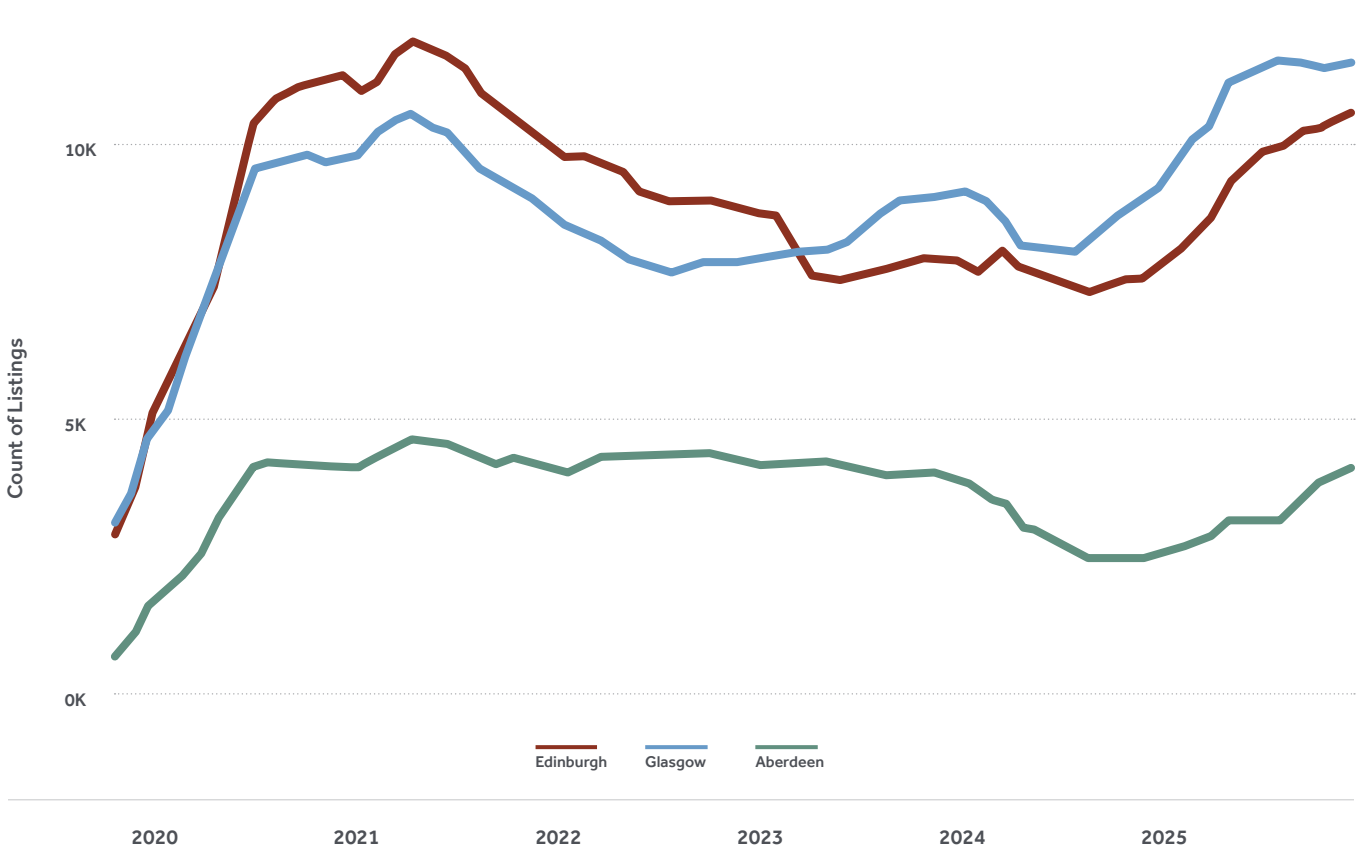


Figure 5: The 12-month rolling count of listings in Scotland remains subdued



Source: Rightmove

Figure 6: Listings in Edinburgh and Glasgow are recovering



Source: Rightmove

BTR *Progress.*

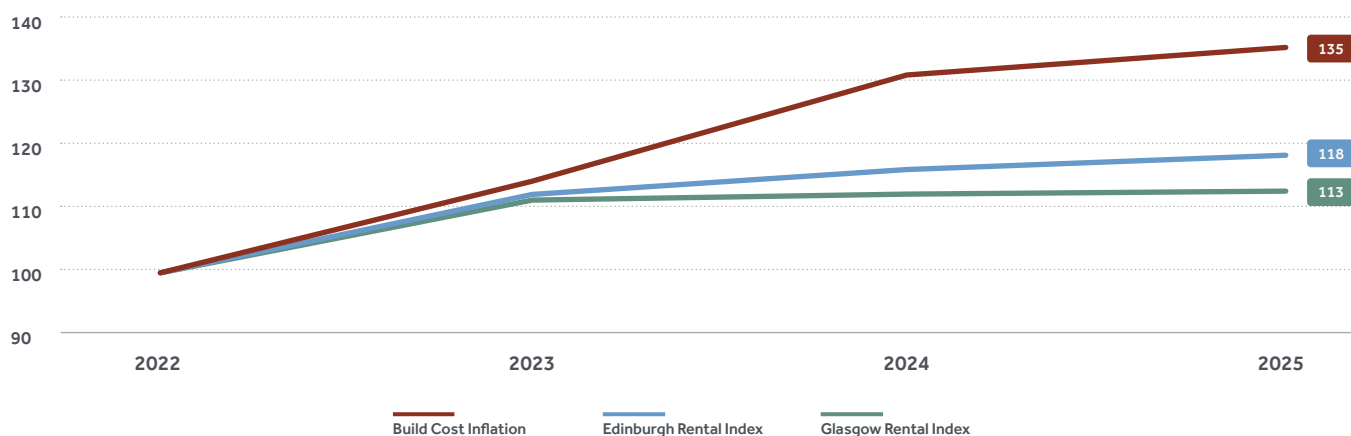
Since the last iteration of this report in November 2024, the BTR sector has delivered an additional 1,146 units across Scotland. The majority (93%) were multi-family, with 85 single-family units delivered at the second phase at Casa by Moda's Vista Park development in the East End of Glasgow.

In multi-family developments, Moda also delivered an additional 139-unit block at their McEwan development in Fountainbridge, Edinburgh. The number of completed units at the site now totals 461 alongside a 24/7 residents' gym, a cinema room, private dining rooms and co-working spaces. In Leith, Goodstone Living have completed their Dockside development. The scheme includes over 330 BTR units with a high level of amenity provision.

Despite other large-scale developments completing, such as Candleriggs Square in Glasgow (2024) and PLATFORM_ in Edinburgh (2024), the rate of delivery in Scottish cities remains below many comparable UK regional cities including Liverpool, Manchester and Leeds. The gap is likely to widen. Although there has also been an annual reduction in the number of units under completion in England (by 8%), this is very small compared to the 76% reduction in the Scottish BTR market.

Only around one-quarter of Scotland's BTR current potential is completed and operational. Although another 4% is under construction, the bulk of the pipeline has not been commenced or remains in planning. BTR operational and pipeline units in Scotland has shown little growth in 2025, adding only 148 units; the lowest total since the BTR sector first emerged in 2014. The lack of investment appetite over the last two years is a combination of political and commercial viability factors. The former has shown signs of easing with the recent passing of the Housing (Scotland) Bill, which exempts BTR development from rent controls, although the details of this are still to be confirmed in the secondary legislation due to be ratified in the Spring. Commercial viability concerns continue to hamstring delivery due to build costs growing at twice the rate of average rents in both Edinburgh and Glasgow since 2022. At current build costs, only the fastest growing and most profitable sectors, such as hotels and PBSA, are capable of delivering volume development. These development classes are typically not required to deliver developer contributions, which has also undermined the viability of the BTR sector, especially in Edinburgh.

Figure 6: Build cost inflation has grown around twice as fast as rental inflation since 2022



Source: Rettie / BCIS / Rightmove

Rettie Research Report

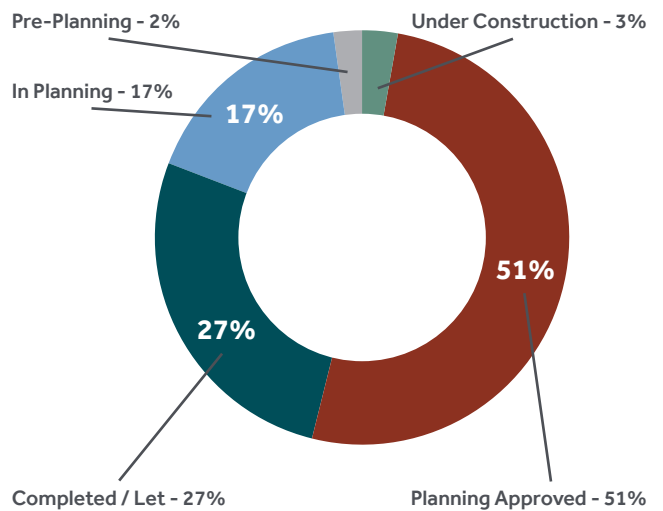
The viability challenges are reflected by the lack of new developments entering the pipeline. Only three proposed BTR developments (568 units) have submitted planning permissions in 2025, following a significant fall of 33% YOY in 2024. Prior to 2024, the BTR pipeline had been adding c.3,000 units per year, at a time when average rental growth was outpacing build cost inflation.

Viability is not only changing the volume of units being delivered but also the type of rental units entering the pipeline. In 2025, Co-living developments have added more units to the pipeline (420 units) than traditional BTR units since BTR first entered Scotland. The Co-living pipeline is forecast to grow, with Vita's Met Tower development in Glasgow expected to enter pre-planning in the near future. The rise of Co-living reflects an adaption to the viability challenges facing the sector.

Large scale Co-living developments have also been acknowledged by local authorities, such as Glasgow

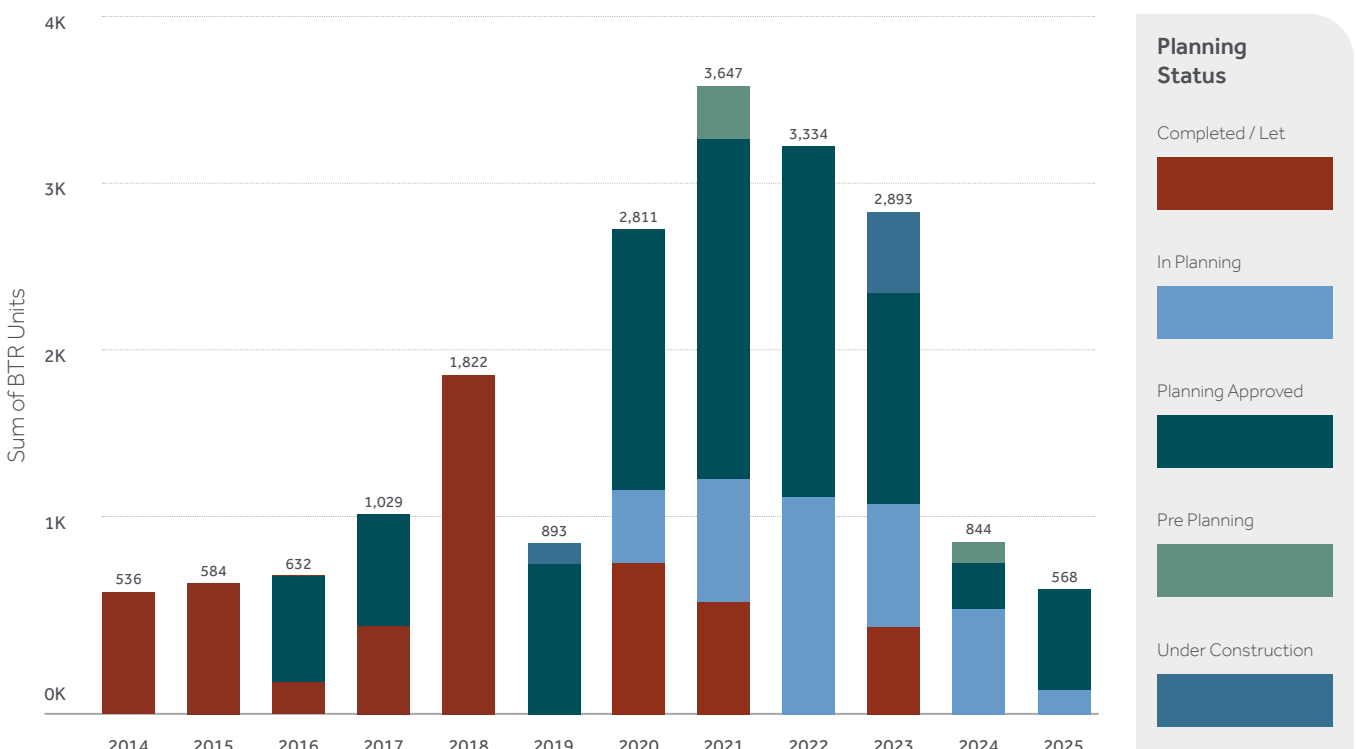
City Council, to be suitable for city centre locations. This reflects Co-living's ability to offer higher density housing on small sites where there are strong levels of local amenity. Co-living is also able to offer a more affordable monthly rent.

Figure 8: BTR units by status in Scotland



Source: Rettie

Figure 9: BTR units by status of by year planning submitted

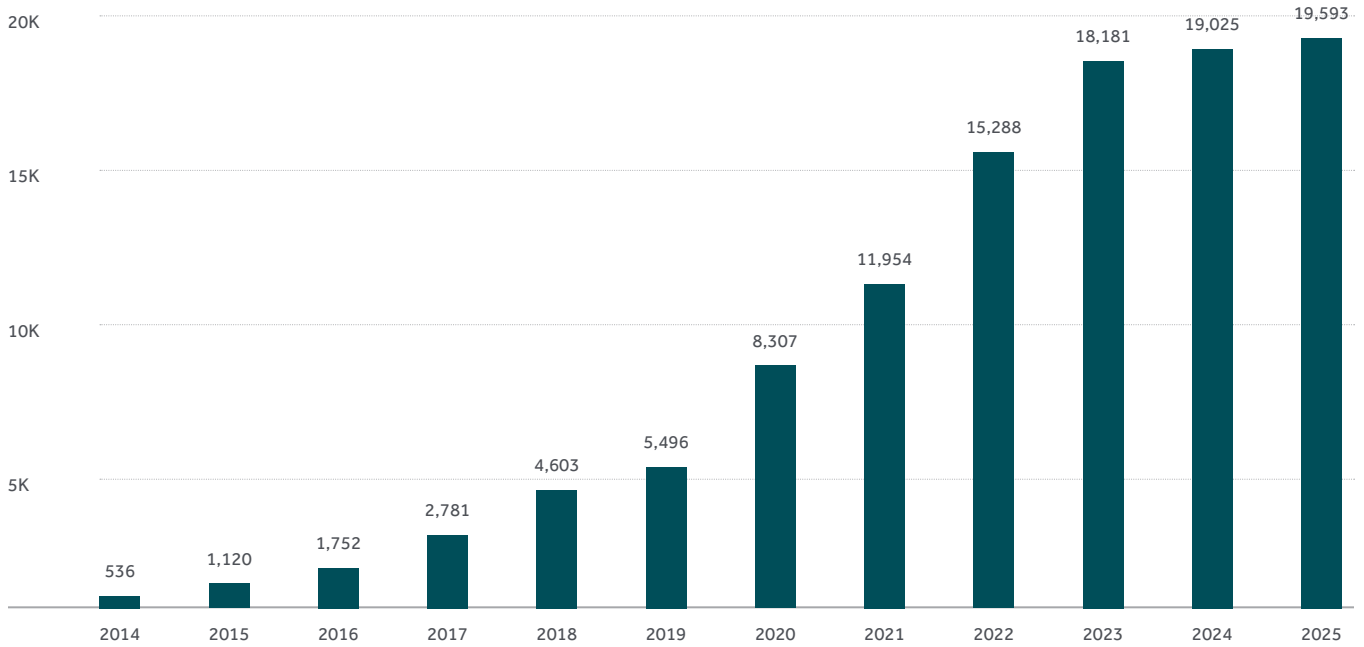


Source: Rettie

Rettie Research Report

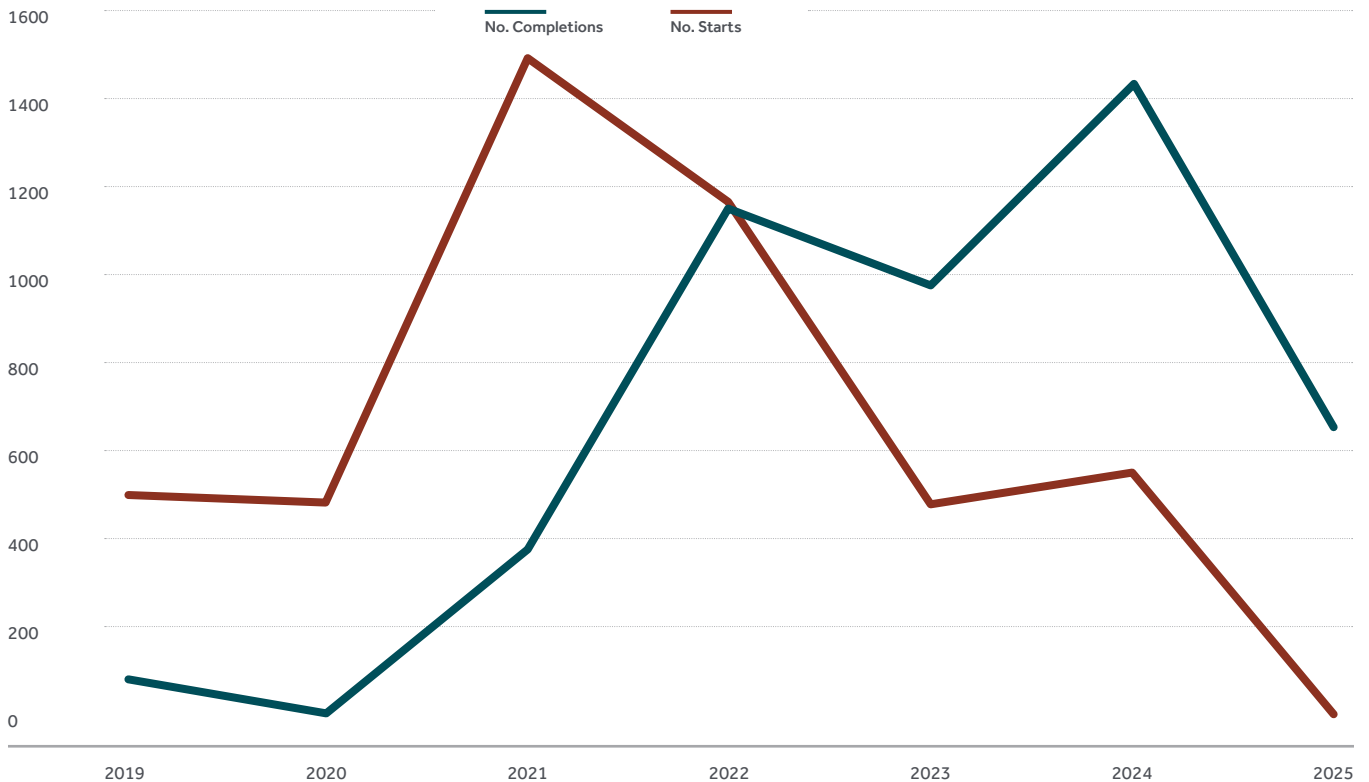
Figure 10: Scottish cumulative BTR operational and pipeline units has plateaued

BTR Units by Year



Source: Rettie

Figure 11: BTR completions and starts have both dropped back in Scotland

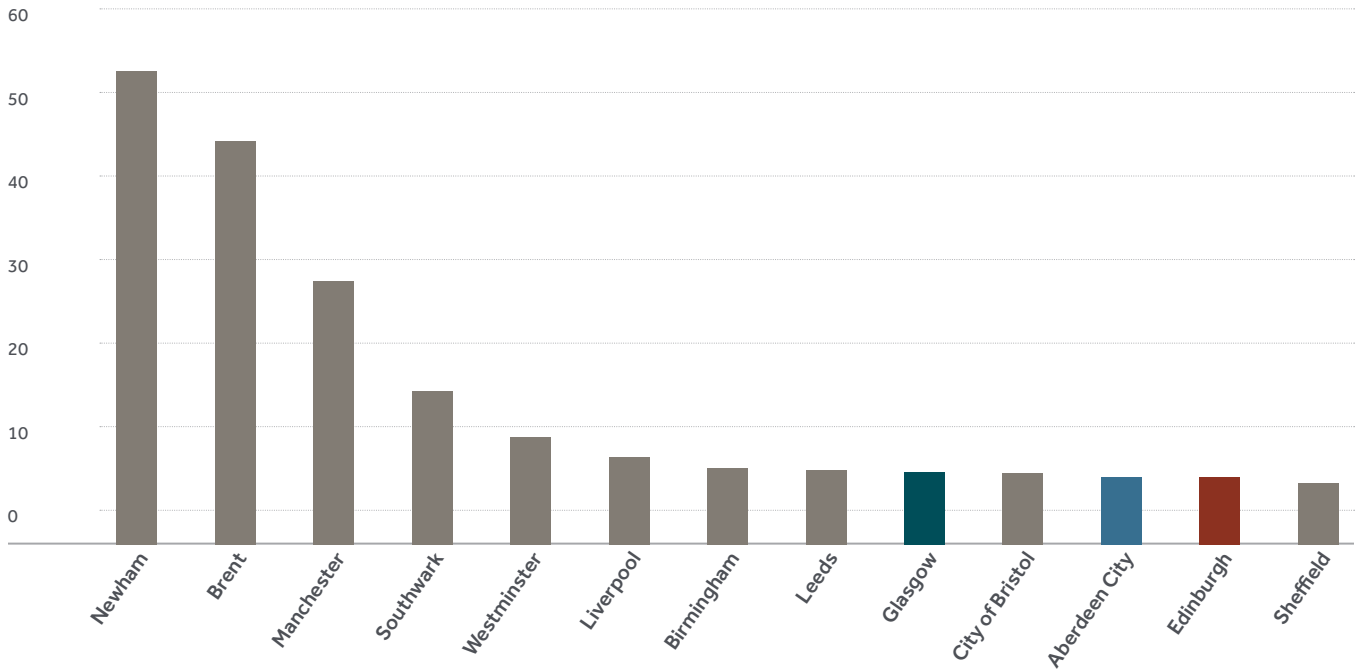


Source: Rettie

Rettie Research Report

Figure 12: BTR delivery is improving in Scotland’s main cities but is likely to slow down from 2026

Completed BTR Units Per 1,000 Households



Source: Rettie

Figure 13: New units under construction has dropped much more in Scotland than in England

BTR Units Under Construction			
Market	Q1 2024	H2 2025	Change
Scotland	2,545	621	-76%
England	52,654	48,265	-8%

Source: Citylets



Edinburgh vs. Glasgow.

Over the last decade, Glasgow has been able to attract far more investment into the BTR sector than Edinburgh. The size of Glasgow's pipeline is nearly double that of Edinburgh's at c.9,000 units. However, the difference between operational units in each city is less pronounced, with Glasgow only having around 100 more. Edinburgh has a higher number of BTR schemes, although the average unit size is somewhat smaller than Glasgow's.

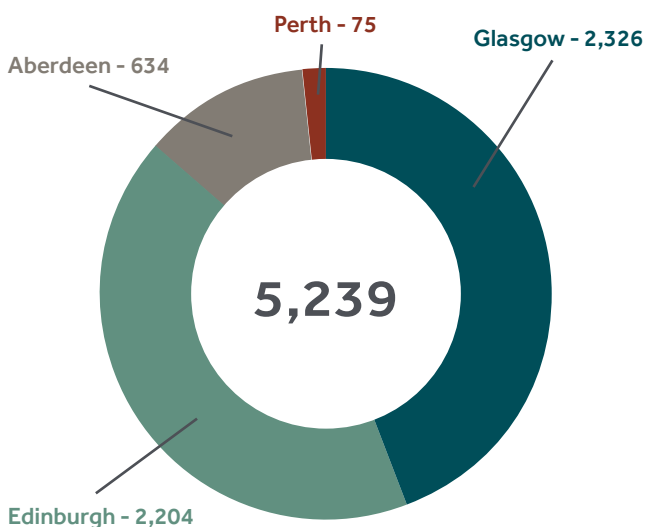
Glasgow's ability to attract more potential BTR units is a reflection of the availability of centrally located land and specific policies that make Glasgow more competitive than Edinburgh. An example is the absence of stringent height restrictions in Glasgow compared to Edinburgh. In addition, Glasgow does not currently have an affordable housing contributions policy, whereas Edinburgh has enacted a mandatory affordable housing contribution of 35%, which can undermine development viability.

Glasgow's unique advantages have not insulated it from the detrimental impacts of build cost inflation outpacing rental growth in recent years. The number of units entering the pipeline in Glasgow peaked in 2021 at c.2,500 and has shrunk to 500 units in 2025. Glasgow's pipeline remains comparatively more robust than Edinburgh's, in part due to its ability to attract Co-living developments. Co-living has been acknowledged by Glasgow City Council as having a role in delivering high-density, more affordable housing in the City Centre. Glasgow's pipeline features a slightly higher number of units under construction compared to other cities across Scotland. This is primarily due to Dandara's City Wharf (Anderston Quay) development breaking ground in 2024, which is expected to deliver 503 BTR units once completed.

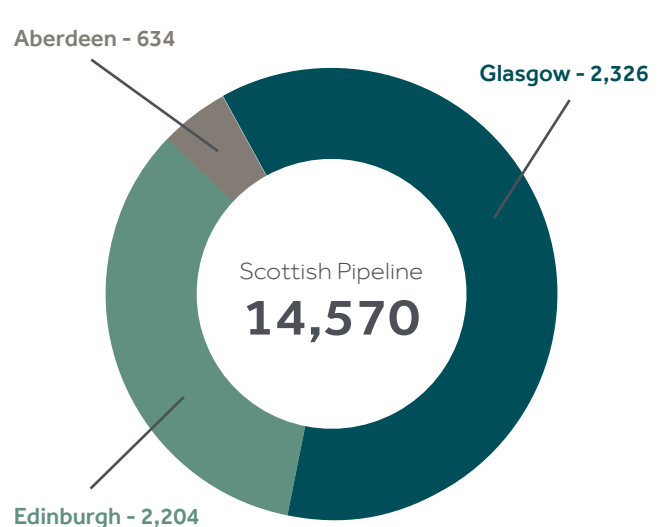
In Edinburgh, the number of units entering the pipeline peaked in 2022 at c.1,700. In 2024, no new developments submitted a BTR planning application and only one in 2025. With Phase 1 at Western Harbour and Dockside completed, there are currently no BTR developments under construction in the city.

Figure 14: BTR units by Scottish city

Operational Units

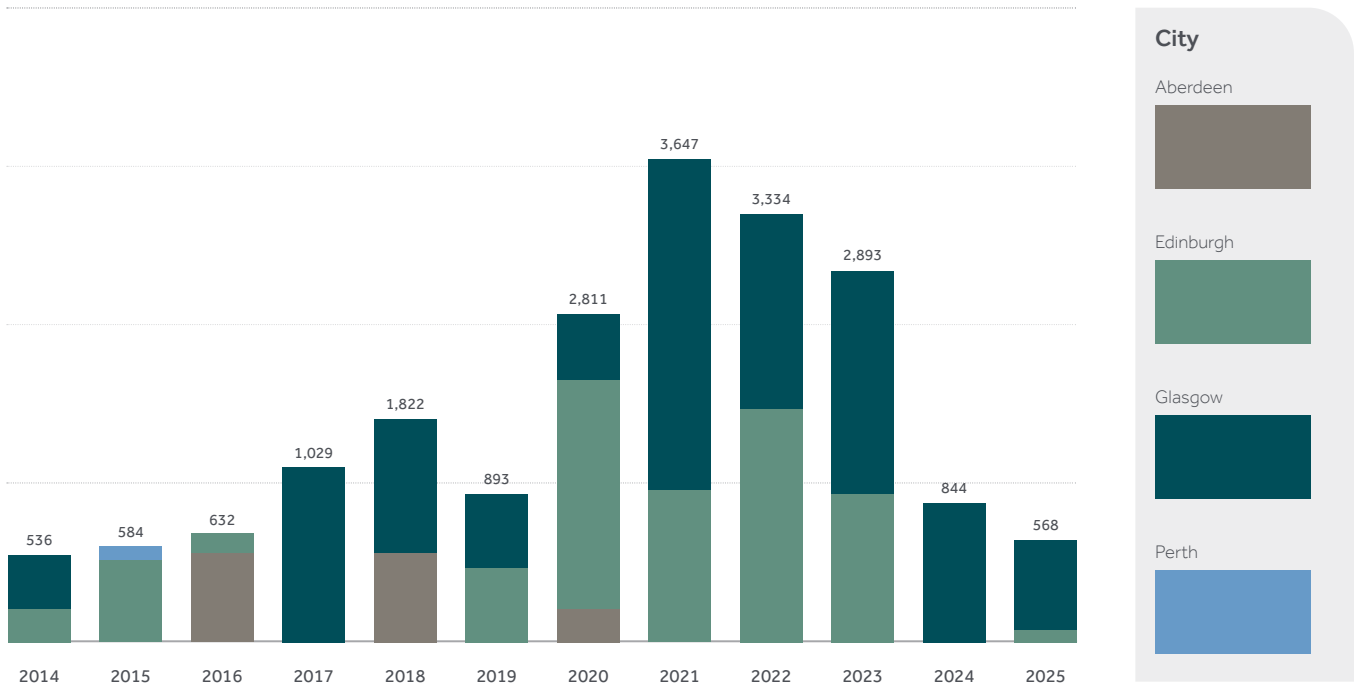


Pipeline Units



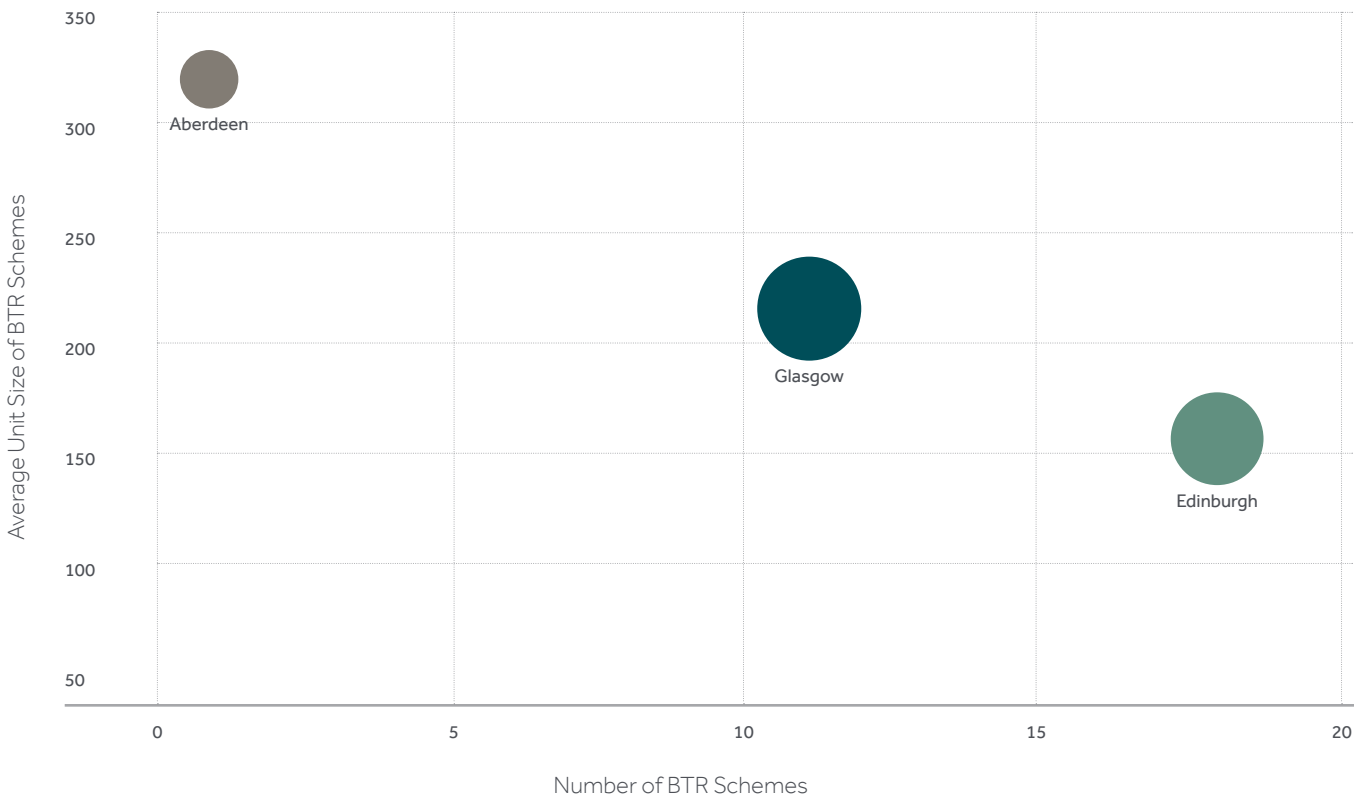
Source: Rettie

Figure 15: Operational and pipeline BTR Units by Scottish city



Source: Rettie

Figure 16: Average scheme size and number of operational schemes by Scottish city



Source: Rettie

Mid Market Rent.

MMR delivery across Scotland has been strong post-pandemic, in part due to a large allocation of funds made available in 2021-2023 via the Scottish Government's Affordable Housing Supply Programme (AHSP). During this period, total completions fluctuated between 1,200 and 1,500 homes per annum. However, MMR completions have been declining since 2022/23 and starts are significantly down on the levels being achieved in 2019/20, which has been feeding into completions, which will likely fall further in the short- to medium-term.

The recent Scottish Budget increase for the AHSP should benefit the sector, as will the greater security of multi-year funding.

Figure 17: The latest Scottish Budget increased funding for affordable housing but remains below 2023/24 levels in real terms

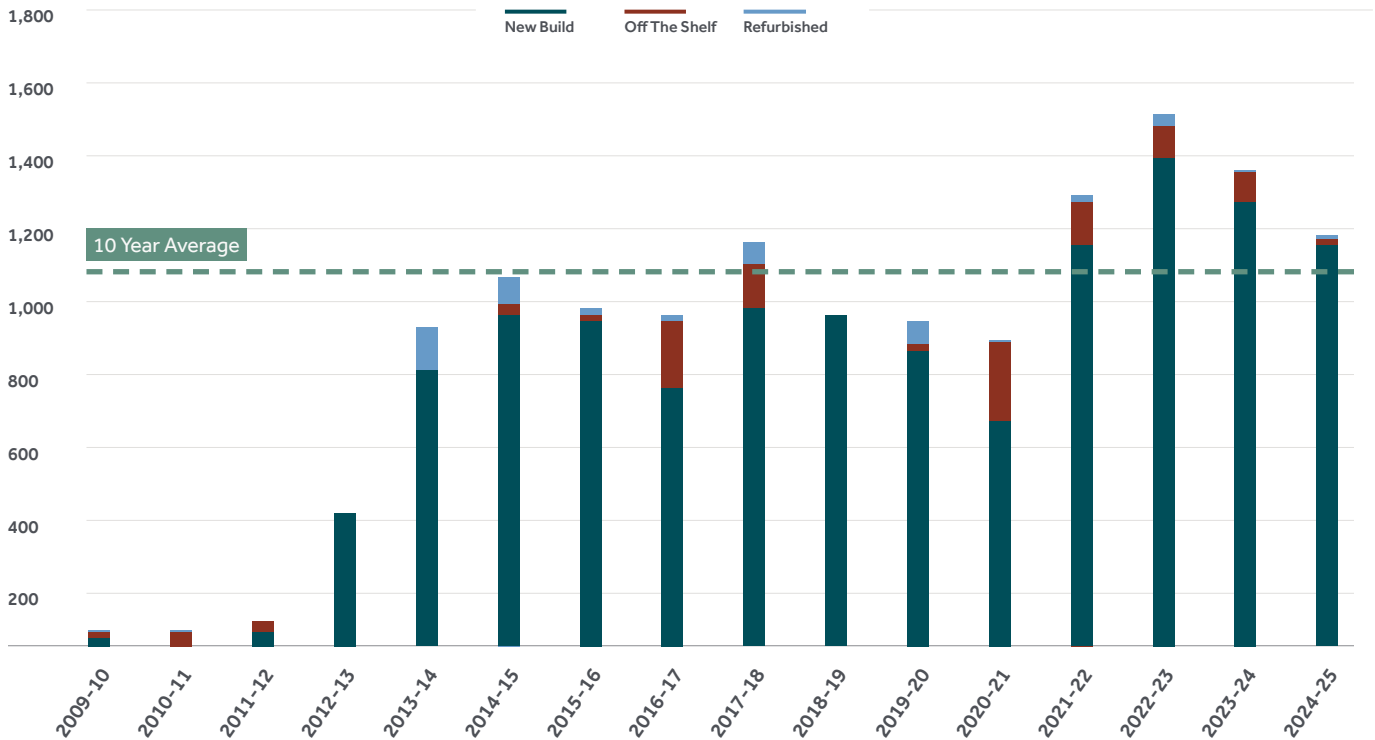
Year	2021/22	2022/23	2023/24	2024/25	2025/26
Nominal Value	£832M	£831M	£752M	£596M	£768M
Real Value (2024/25)	£968M	£903M	£770M	£596M	£750M

Source: Scottish Government Level 4 Budget Data



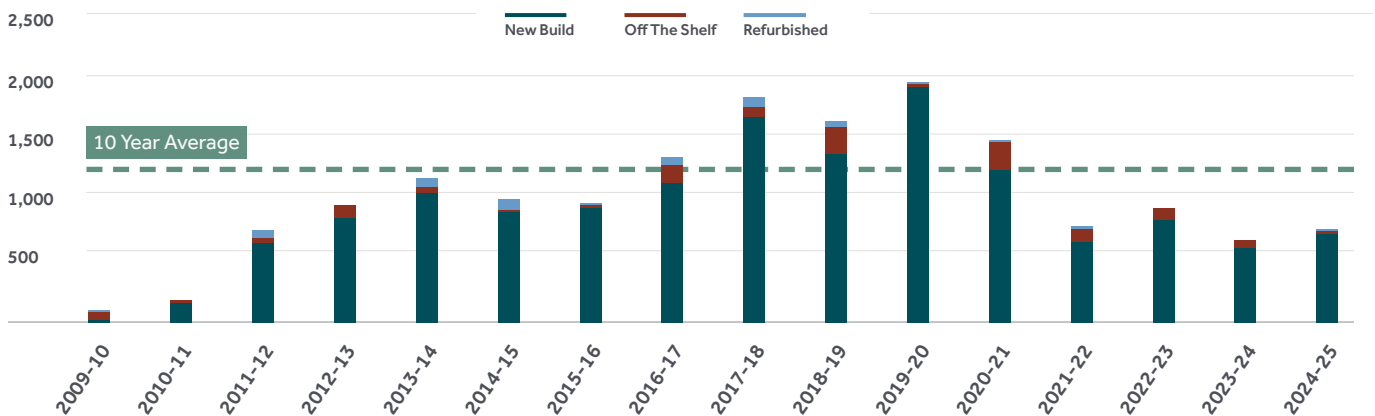
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Figure 18: 2024/25 completions remain above the 10-year average but are on a downward trend



Source: Scottish Government Affordable Housing Supply Programme 2025

Figure 19: MMR starts in Scotland are well down on their 10-year average



Source: Scottish Government Affordable Housing Supply Programme 2025

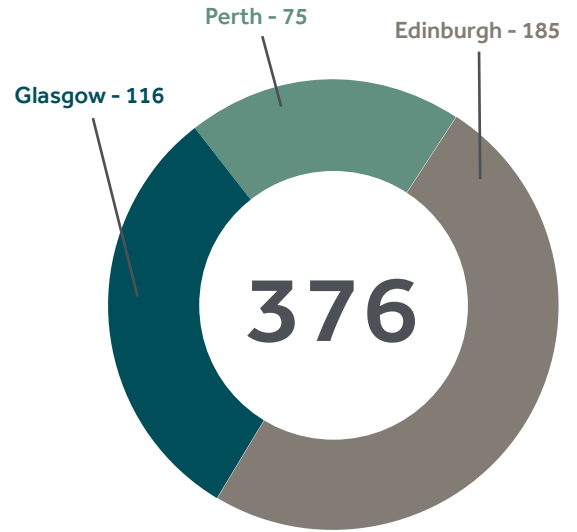
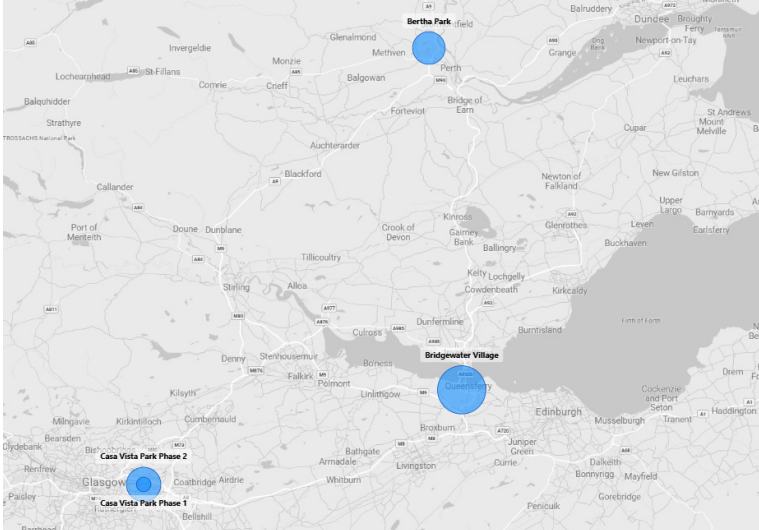
MMR delivery across Scotland has been strong post-pandemic, in part due to a large allocation of funds made available in 2021-2023 via the Scottish Government's Affordable Housing Supply Programme (AHSP). During this period, total completions fluctuated between 1,200 and 1,500 homes per annum. However, MMR completions have been declining since 2022/23 and starts are significantly down on the levels being achieved in 2019/20, which has been feeding into completions, which will likely fall further in the short- to medium-term.

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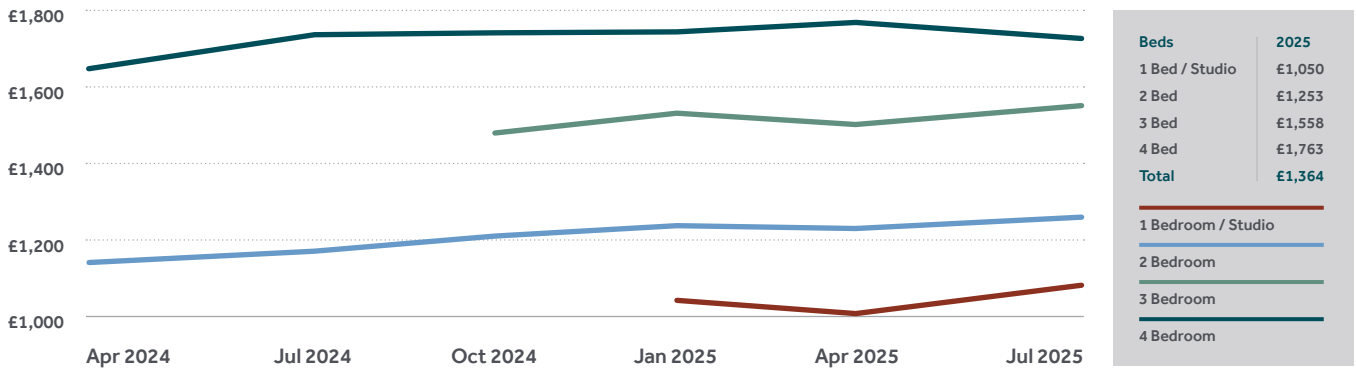
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Single-Family Housing

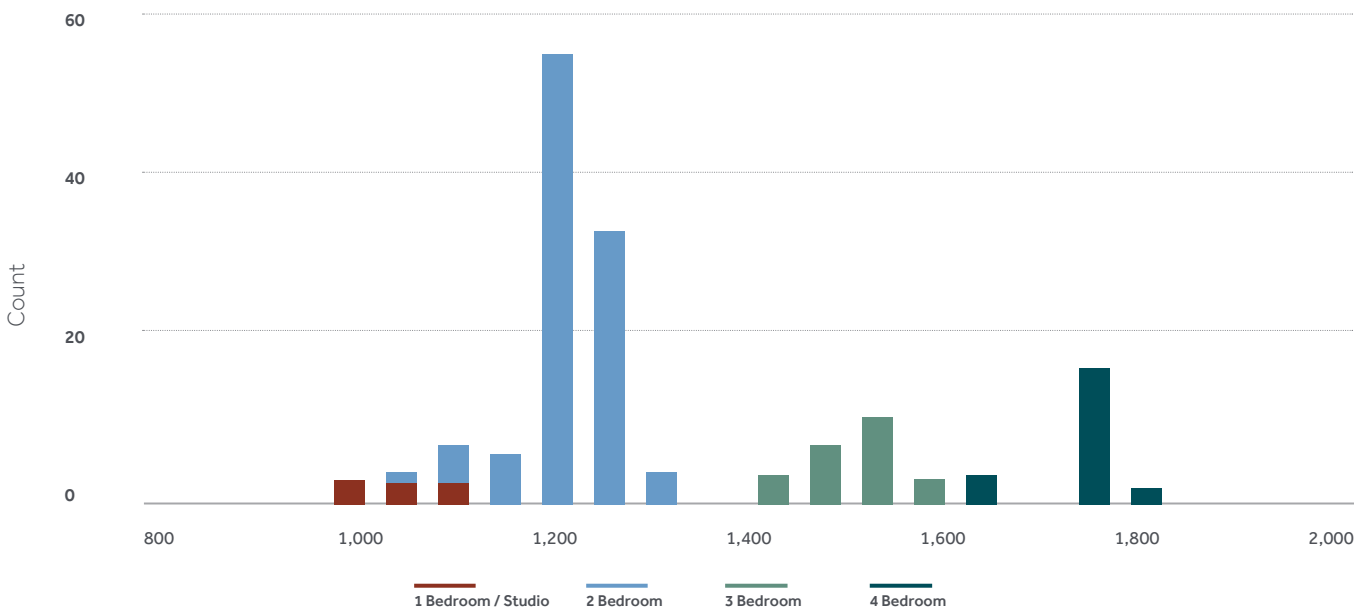
Supply



Average SFH Rents



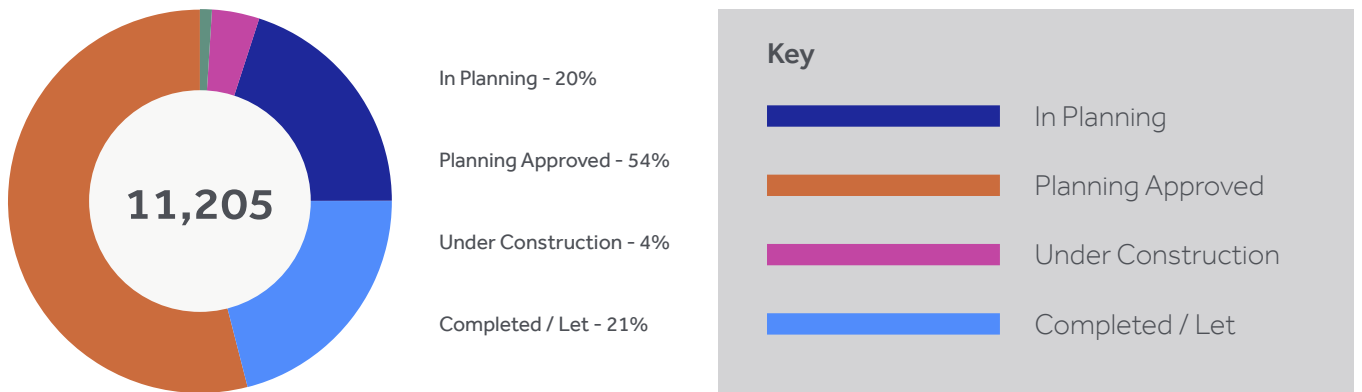
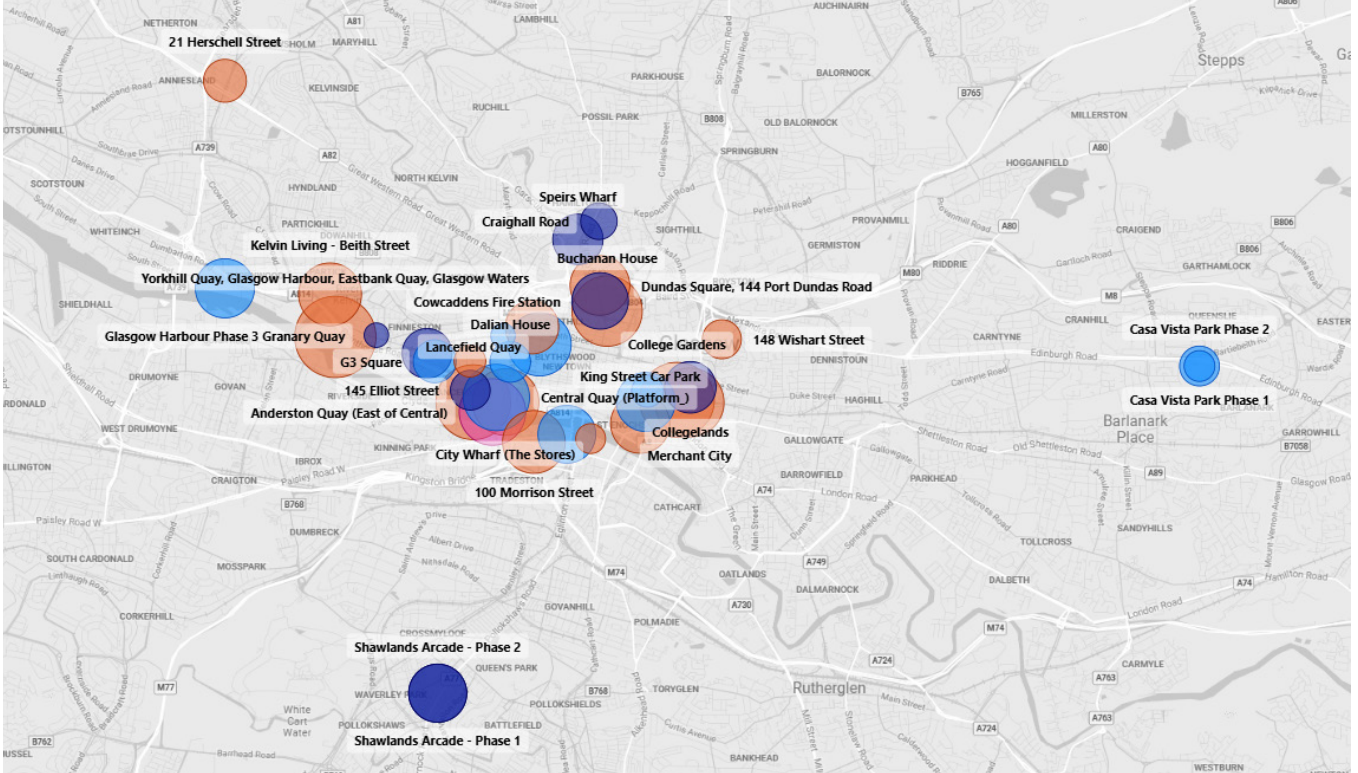
Beds	2025
1 Bed / Studio	£1,050
2 Bed	£1,253
3 Bed	£1,558
4 Bed	£1,763
Total	£1,364



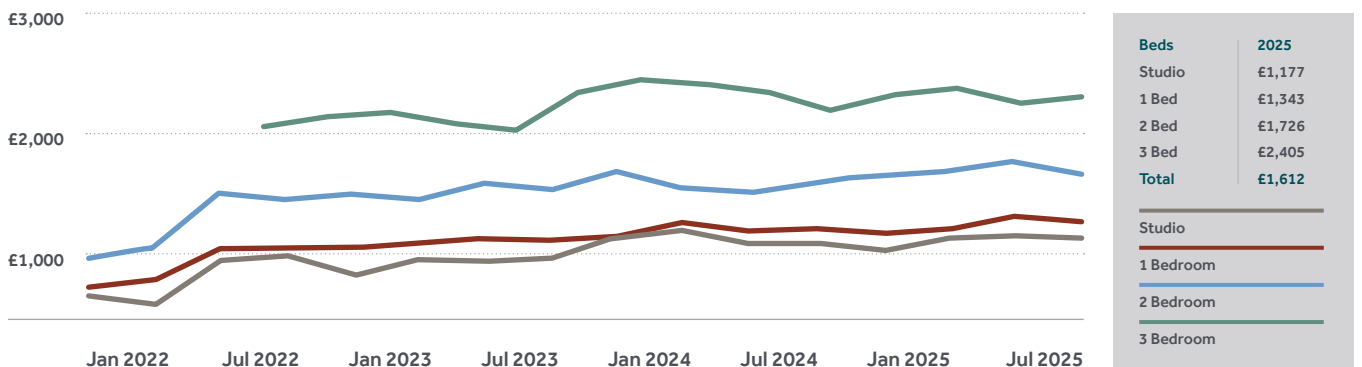
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Glasgow Multi-Family Single-Family Housing

Supply



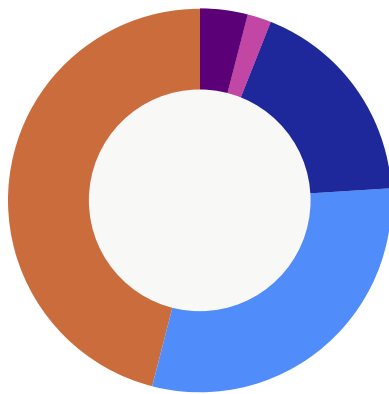
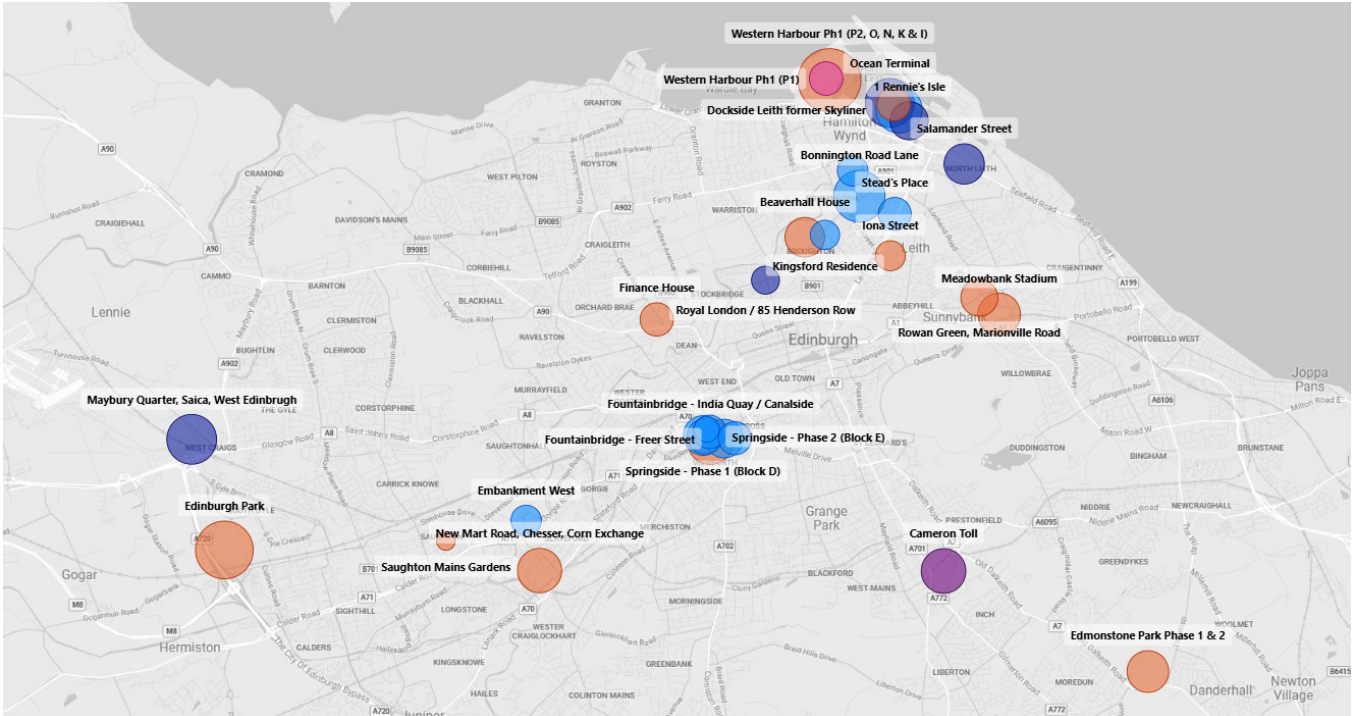
Average BTR Rents



Rettie Research Report

Edinburgh Multi-Family Single-Family Housing

Supply



Pre Planning - 4%

In Planning - 18%

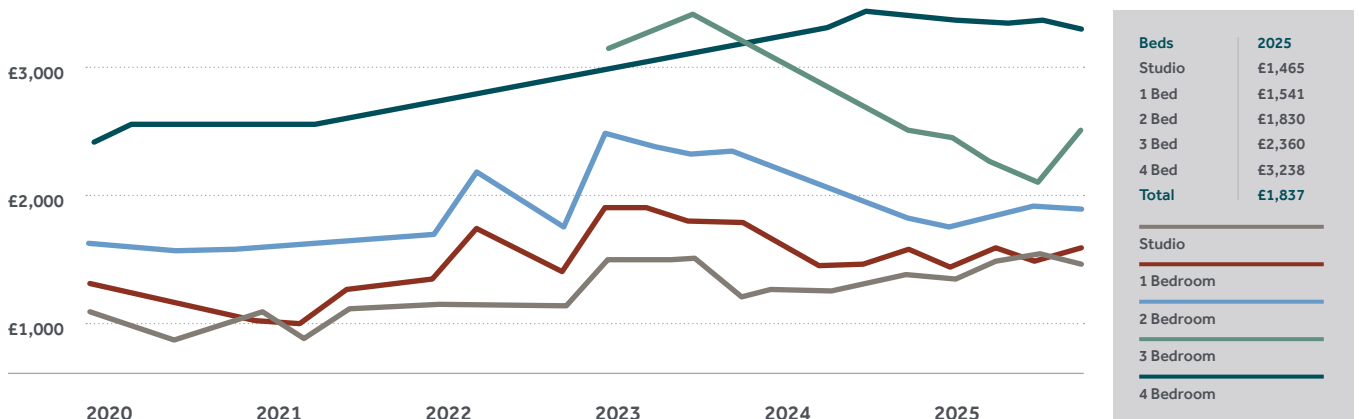
Planning Approved - 46%

Completed / Let - 30%

Key

- In Planning
- Planning Approved
- Pre Planning
- Completed / Let

Average BTR Rents



Rettie BTR Services.

Management & Operations

Our Build to Rent (BTR) team is at the heart of the private rented sector in Scotland, with almost £1bn in assets under management. We provide a comprehensive range of BTR services and have the research expertise, experience, and network to make Build to Rent work north of the border.

Consultancy & Research

Our Consultancy & Research team is the largest in the Scottish Private Sector and provides a broad range of services to both private and public sector clients. Covering all parts of the Scottish residential market, the team provides clients with in-depth, reliable, and up-to-date information that enables evidence-based decision making.

Land & Development

Our Land & Development team advises on land and property development projects, on residential investments, and Build to Rent. We cover residential, non-residential, and mixed-use development sited and advise on every stage of the project cycle, from early appraisals and funding through to site disposals.

Structured Finance

Our Structured Finance team provides innovative funding solutions for both private and public sector developments. We are expert in all project stages including initial financial modelling; JV/contract structuring; sourcing and securing short- or long-term funding; legal negotiations; public sector procurement; and asset management and rental.

Lettings & New Homes

In addition to our development services, Rettie is a multidisciplinary company with specialities in sales, new homes sales and lettings. This position, and market exposure, provides Rettie with a unique insight into the residential property sector in Scotland.

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