



BUILD TO RENT DUNDEE

Market Review
Autumn 2023



Introduction

Dundee Challenges

BTR in Scotland has seen slow growth over the past decade. While a pipeline of potential units has continued to grow, delivery remains low compared to English cities and the recent emergency legislation has made investment in Scotland a more challenging proposition. These factors act upon the viability of proposed schemes, and this has been the case in Dundee. The city is yet to see the delivery of its first BTR scheme, despite schemes being proposed as far back as 2017.

Challenges for BTR delivery have mainly revolved around viability, with relatively affordable rents within the city and a smaller target population. VOX Dundee is an example. The Former Dundee College site was purchased by Whiteburn Projects in 2017 for £1.27m, with plans to deliver 111 BTR units. However, after the project stalled, the site was sold in 2021 for £550,000, with plans now submitted for 310 student units. With funding being the insurmountable hurdle for the project, site viability in

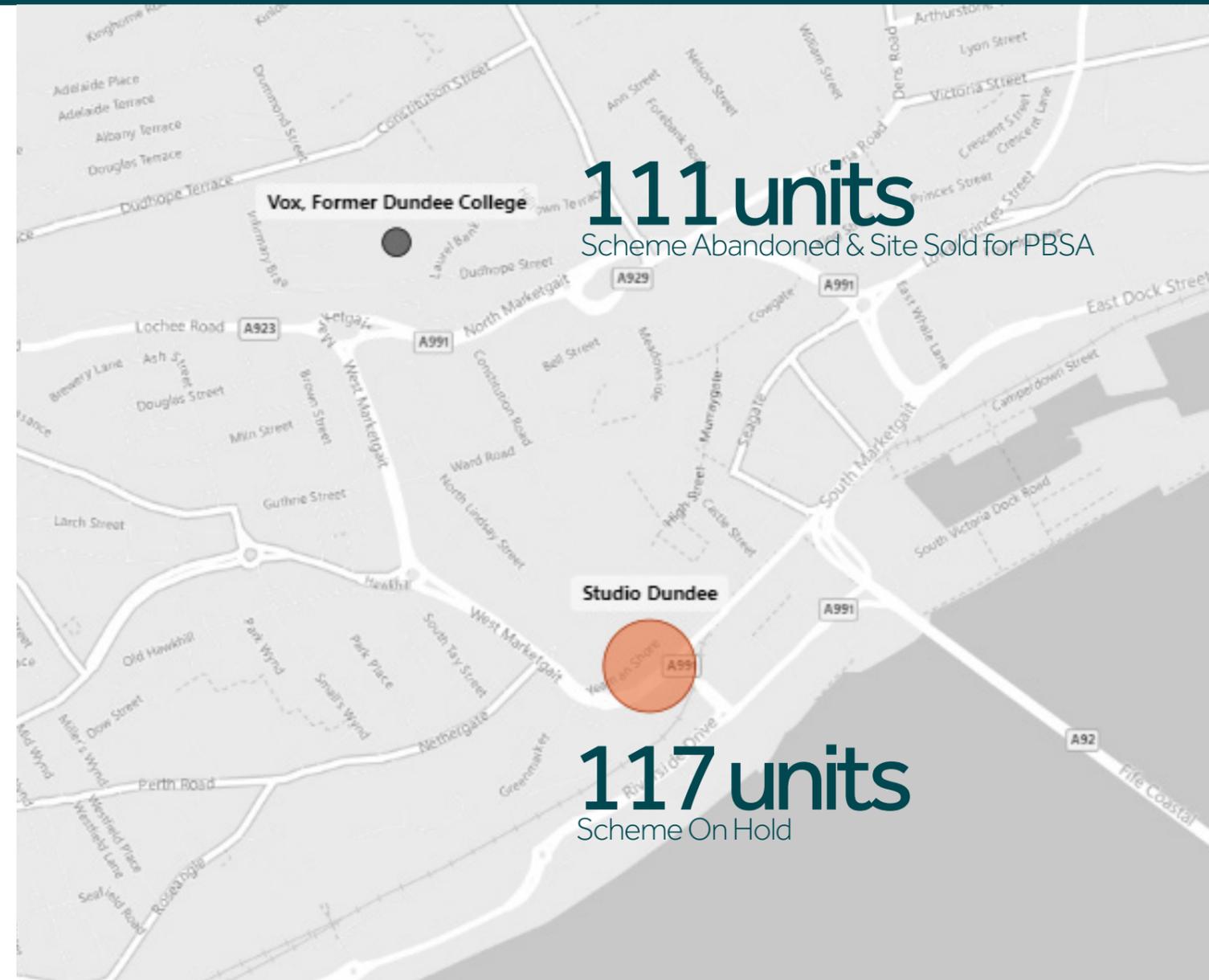
Dundee, as with other locations across Scotland, is a challenging equation.

That is not to say that BTR in Dundee is not viable. As figures in this report show, rents have been rising within the city and, at the top end of the PRS rents, values could underpin a quality BTR offering. It will however be the combination of positive government support and a vision for delivery that will be required to get the first BTR units out of the ground in the city. Dundee City Council believes that BTR is a key component for reviving the city centre.



Gillian Mclees
Director of BTR

Dundee BTR Pipeline



Studio Dundee
Our Enterprise &
Dundee City Council

On Hold
117 Units



The proposed Studio Dundee scheme, located at Site 2 of the Dundee Waterfront, is adjacent to the train station and a short distance from the V&A. A joint venture between Our Enterprise Ltd and Dundee City Council, the scheme, which proposed 117 flats, is currently on hold.

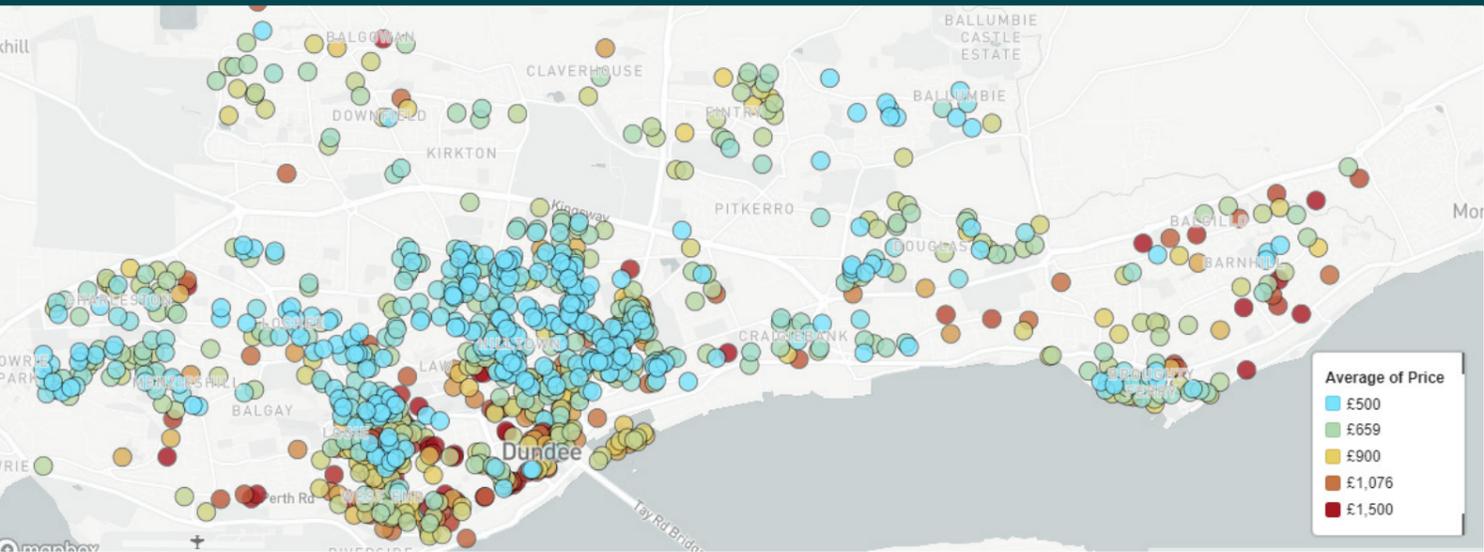
VOX Dundee
Whiteburn Projects

Abandoned & Site
Sold for PBSA
111 Units



The first BTR scheme announced in Dundee. The VOX by Whiteburn Projects promoted the concept of a digital and design hub for professionals, however, it failed to secure funding and in 2021 was sold to Scool Ltd who are pursuing a PBSA scheme for the site.

Dundee Rental Market



While the Dundee rental market is relatively compact when compared to Scotland's other major cities, with around 20,000 households in the PRS, compared to 60,000 to 70,000 in Edinburgh and Glasgow, the proportion of households in the PRS tenure, at 26%, is as high as Edinburgh and higher than Glasgow (24%) and Aberdeen (24%).

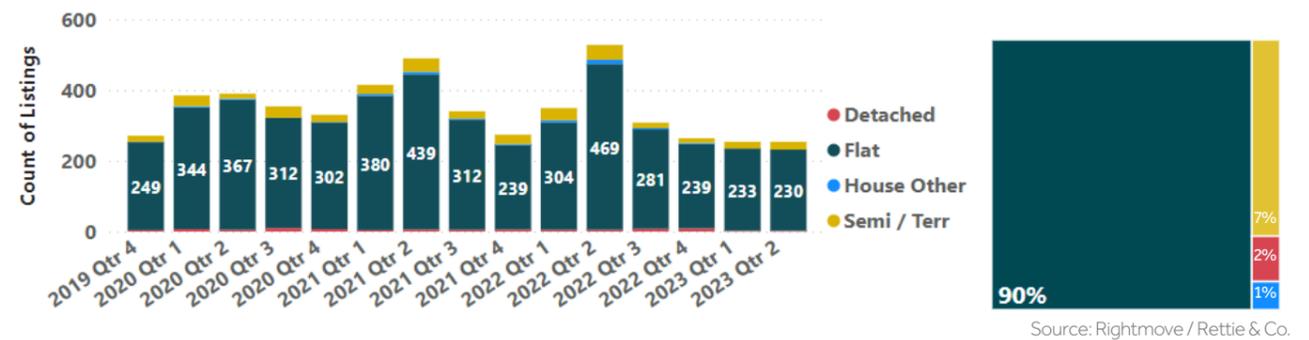
Combined with this active PRS sector, is a younger demographic and rising rents. Since 2020, the average advertised rent in Dundee has risen from the mid £700pcm range to around £1,000pcm in the latest listings figures in 2023. It is also worth noting that, at the top of the market, typically where BTR is delivered, over the

past 12 months the average 1 bed advertised rent at the 90th percentile is over £1,000pcm with 2 beds over £1,150pcm. It is with strong fundamentals and premium values within a marketplace that BTR investment is typically possible. It will require the right combination of support, risk appetite and viability for these to translate into development.

Fig.1 - Count of New Listings in Dundee by Month



Fig.2 - Count of New Listings in Dundee by Quarter by House Type



Dundee Rental Market

Fig.3 - Average Advertised Rent by Month in Dundee



Fig.4 - Count and distribution of rents in Dundee by House Type

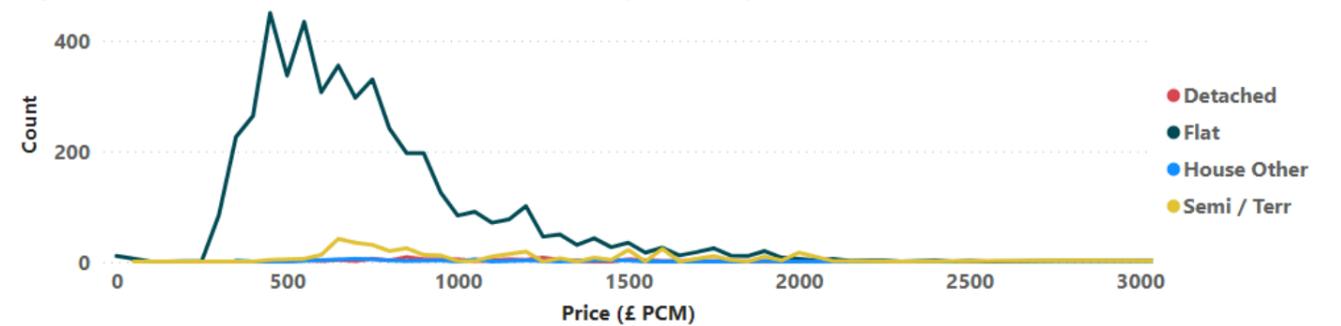


Fig.5 - Count and distribution of rents in Dundee by Beds

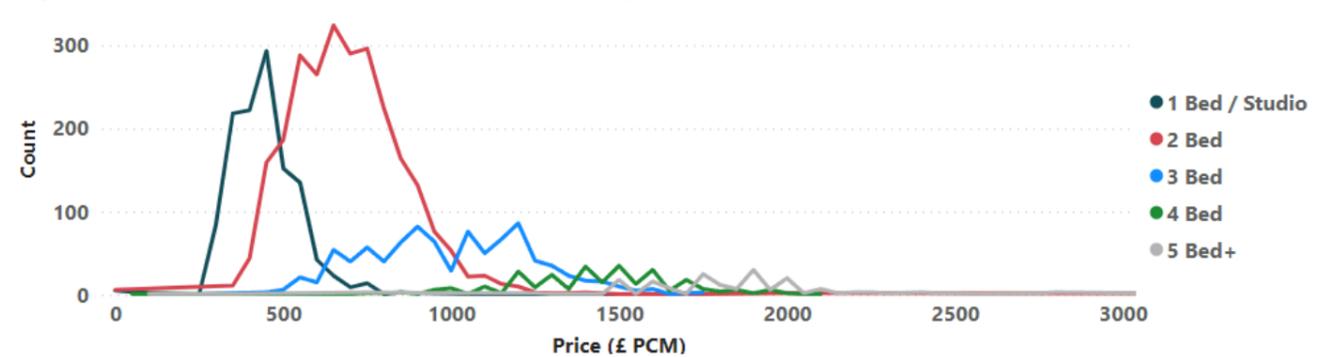


Fig.6 - Percentile Rents by Beds in Dundee - Past 12 Months



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, nonresidential and mixed-use development sites and advise on every stage of the project cycle, from early appraisals and funding through to site disposals.

Lettings & New Homes

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

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.

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