

BUILD TO RENT GLASGOW

Market Review
Autumn 2023



Industrious Delivery

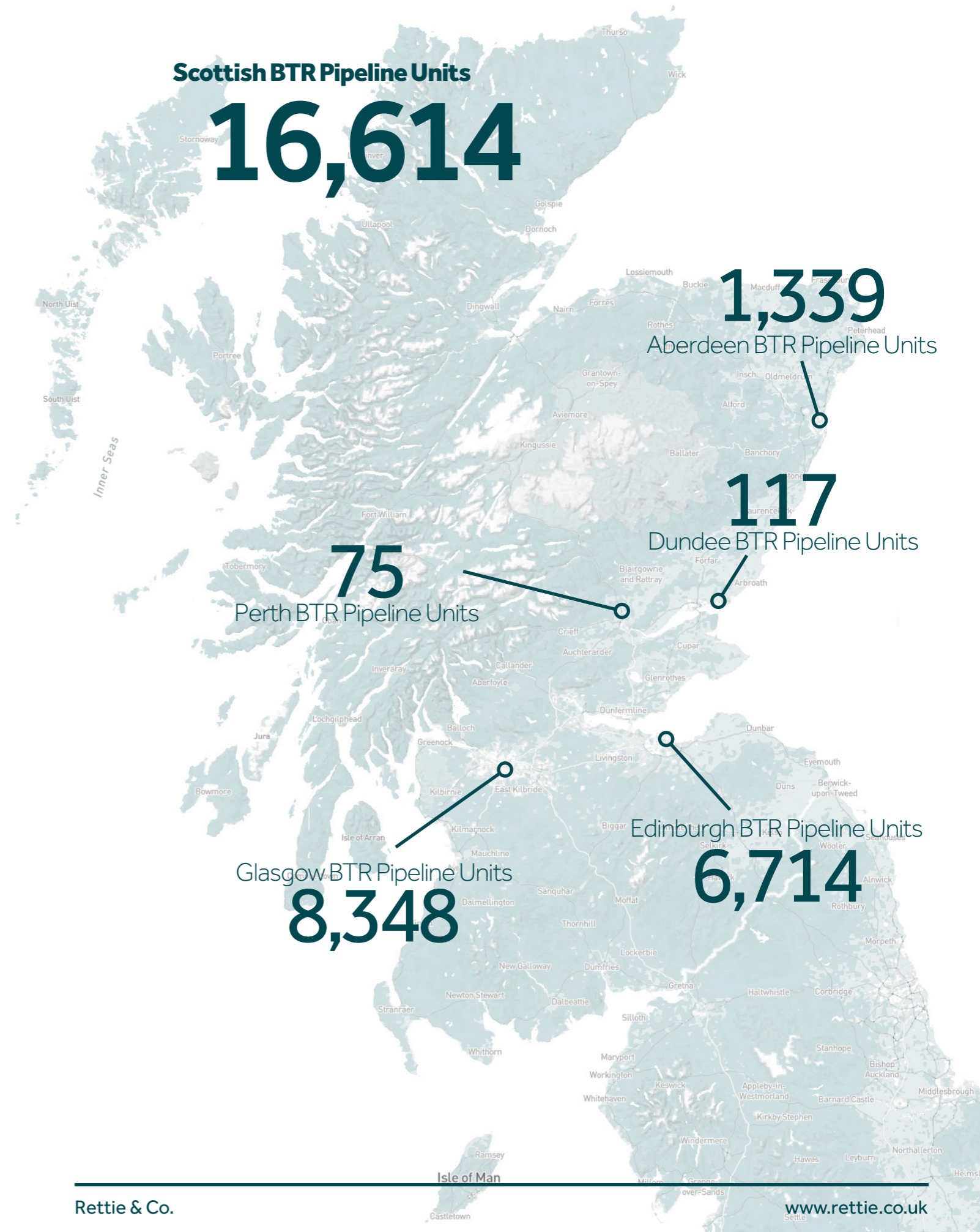
With a history of industry and delivery, Glasgow has fast become the first city of Scottish BTR with both the largest pipeline and largest number of approved or under construction units. However, it has not all been on an upward trajectory. The current challenging conditions in the sector, brought about by political and macro-economic conditions, have seen some schemes postpone development or, in the case of Distiller's House, which was rejected at planning, pivot to an office solution for the site.

However, despite the becalming of the sector in Scotland, Glasgow continues to find the trade winds for delivery. On the back of their successful launch of Solasta Riverside at Buchanan Wharf, Drum have recently topped out at Candlerigg's Square in the City Centre. This scheme is part of the wider £300m mixed-use City Centre regeneration and shows the role that BTR can have to anchor placemaking and development.

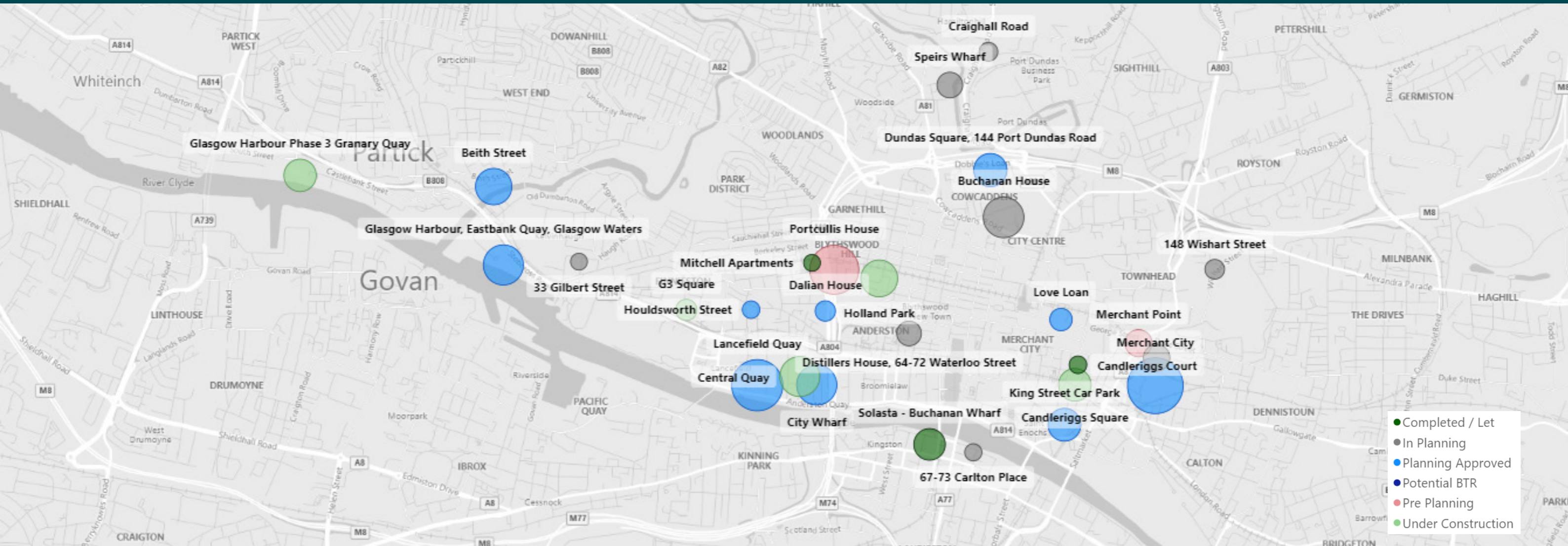
Perhaps one of the most notable events in the BTR sector in the West of Scotland was a deal brokered by the Rettie & Co. Capital Markets Team between clients CCG and Casa by Moda. Notable for both the fact that the deal comprised a large proportion of single-family units and that it was completed after the Government's rent freeze legislation. The new £41m Casa Vista Park demonstrates both a vote of confidence in the underlying demand within the sector, as well as recognising the potential for diversified product delivery into the still nascent Scottish BTR sector.



Gillian Mclees
Director of BTR



Glasgow Pipeline



City Wharf
Dandara
503 Units



Solasta
Drum
324 Units



Shawlands Arcade
Ediston
330 Units



Merchant City
Get Living
823 Units



Granary Wharf
Dandara
342 Units



Portcullis House
Watkin Jones
685 Units



Casa Vista Park
CASA by Moda
156 Units



Carlton Place
Third Line Studio
110 Units



Speirs Wharf
Hoxton Securities
203 Units



Collagelands
Vastint
221 Units



Candleriggs Court
Kelvin Properties
36 Units



Central Quay
PLATFORM_
498 Units



Holland Park
MODA
433 Units



Candleriggs Square
Drum
346 Units



Beith Street
KR Development
424 Units



Mitchell Apartments
Kelvin Properties
20 Units



G3 Square
EDR Reim / Drum
113 Units



Dalian House
Calmont
92 Units



Wishart Street
Calmont
78 Units



Dixon Foundry
Craighead
356 Units



Glasgow BTR Pipeline

The strong growth of pipeline in Glasgow can be attributed to a number of key factors. First, the city benefits from strong underlying fundamentals. There is a young, professional, and economically active population, with a strong and active private rental sector. As a starting point, this has attracted a number of investors to consider and then commit to the city. However, an additional factor that sets Glasgow apart from other Scottish cities, and other English counterparts, is the availability of development opportunities for residential development. This is particularly true in the City Centre. With the City looking to encourage the re-occupation for residential use and the availability of sites, Glasgow is well positioned to take advantage of the transformative placemaking power of BTR.

In Glasgow there are now over 30 sites which are either progressing, delivering or proposing BTR solutions as the primary residential use. Across these schemes, which range from 20 units to over 800 units, the average size is 295 units. This is on average around 70 more units per scheme than in Edinburgh. This points to the other advantage that Glasgow has over the likes of Edinburgh for BTR delivery, namely height and scale. With precedent for high rise within the city, and without the constraints facing Edinburgh's historic city centre, Glasgow has a number of schemes which are set to rise well above the 14-storey limit of Edinburgh's Docksider BTR scheme. Indeed, Platform's Central Quay development will be 20 storeys, making it the highest residential building in the City Centre.

Glasgow's Candleriggs Square scheme marked its topping out, finishing the structural phase of a development first bought by Drum Property Group and Stamford Property Investment back in March 2019. The £300m mixed use

Fig.1 - Count of New Listings by Month (Studio to 4 Beds)

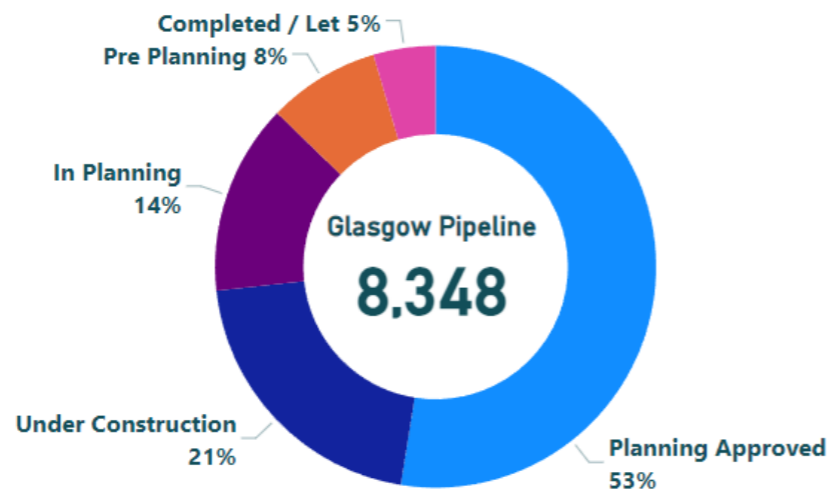


Fig.2 - Pipeline Growth in Glasgow

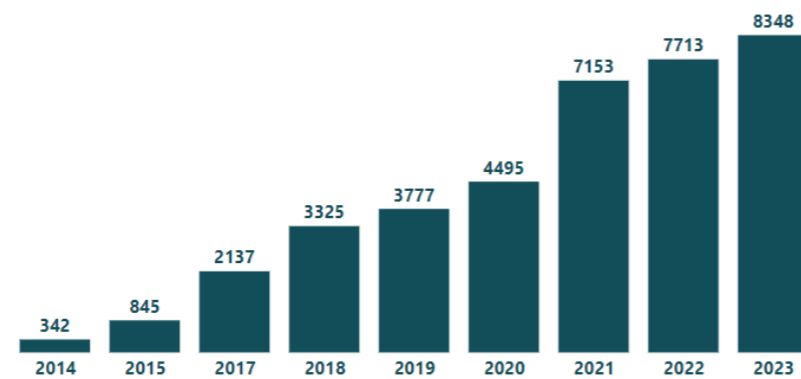


Fig.3 - Average Advertised BTR Rent and £/sqft in Glasgow



Glasgow BTR Sector

City Centre regeneration scheme, forward funded by Legal & General, includes the £81.5m 3.6-acre 346 apartments development.

Another scheme progressing in Glasgow, having recently secured planning after submission in February 2022, is the Soller Group's Dundas Square development. The 359-unit scheme, north of the City Centre, will deliver a mix of studios, one- and two-bedroom apartments with amenities including roof terraces, co-working space, gym, retail unit and office space.

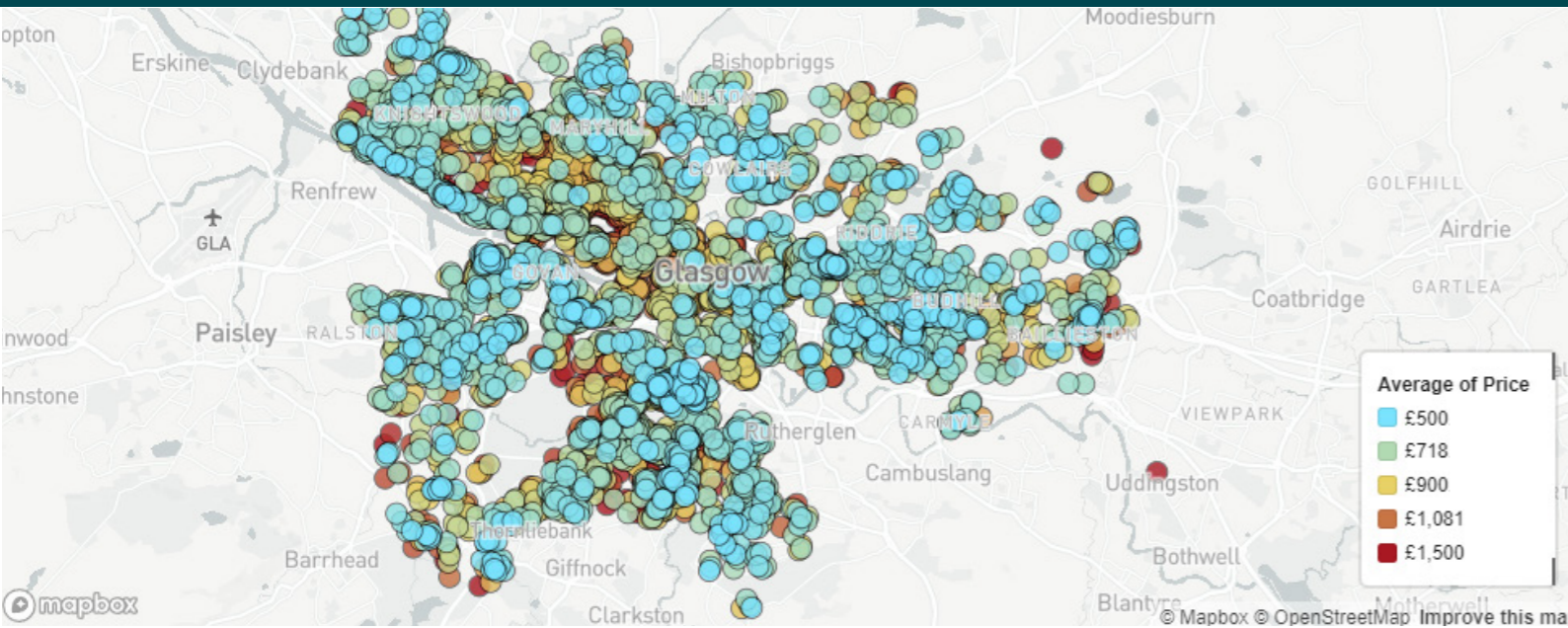
Dandara Living have also recently submitted plans for The Stores development in Anderston, Glasgow. The 27-storey scheme is planned to deliver 503 BTR apartments and 491 student units, with facilities including lounges, co-working facilities, a communal kitchen, a cycle store and workshop, and two fully equipped gyms. The scheme will develop a derelict site, with a mixed-use approach, and illustrates the transformative potential of BTR.

Also recently, Kelvin Properties have now secured detailed planning permission for their Beith Street site. Additionally, Granary Quay at Glasgow Harbour by Dandara has also recently topped out.

An exciting development in the BTR space has been the recent launch of Casa Vista Park, the first single family scheme delivered in the Glasgow market. The deal brokered by Rettie & Co. between longstanding clients CCG and Casa by Moda delivers 156 new homes for rent in Glasgow's East End. It is hoped that, having set the precedent, further deals such as this one are likely to be forthcoming.



Glasgow Rental Market



The Glasgow rental market has experienced strong average advertised rental growth in the past two years, with average rents rising from under £900pcm in 2021 to over £1,150pcm in the most recent quarter. This strong uplift in values has, like Edinburgh,

been underpinned by falling rental supply within the market. A strong sales market, combined with more challenging investment and regulatory conditions within Scotland's PRS, has meant that many landlords have reappraised their portfolios and, in many cases,

chosen to rationalise their holdings. A key component of the PRS for the BTR sector is the distribution of rents above £1,000pcm in the city across multiple bed types, as well as the premium rents being achieved in the upper 90th percentile of the market.

Fig.4 - Count of New Listings by Month (Studio to 4 Beds)

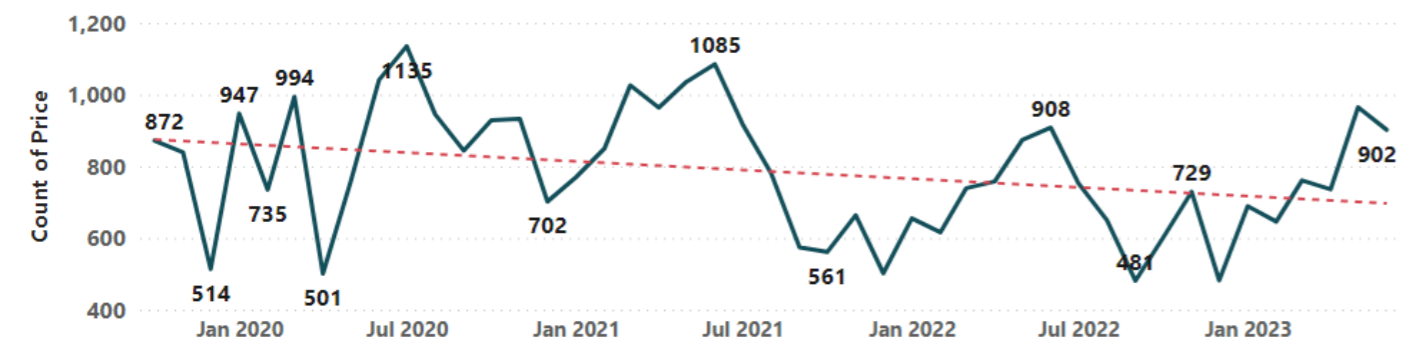
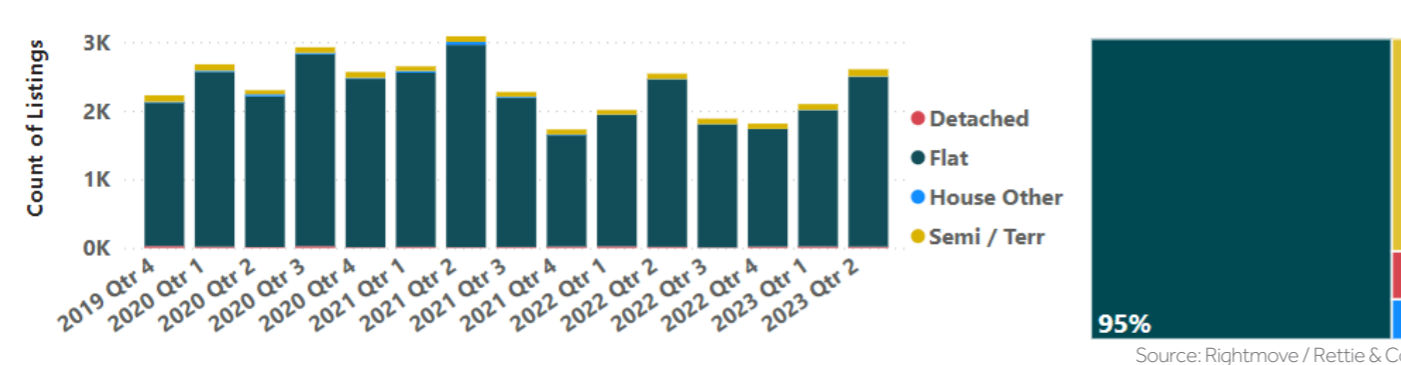


Fig.5 - Count of New Listings by Quarter by House Type (Studio to 4 Beds)



Glasgow Rental Market

Fig.6 - Average Advertised Rent by Month (Studio to 4 Beds)



Fig.7 - Count and distribution of rents by House Type (Studio to 4 Beds)

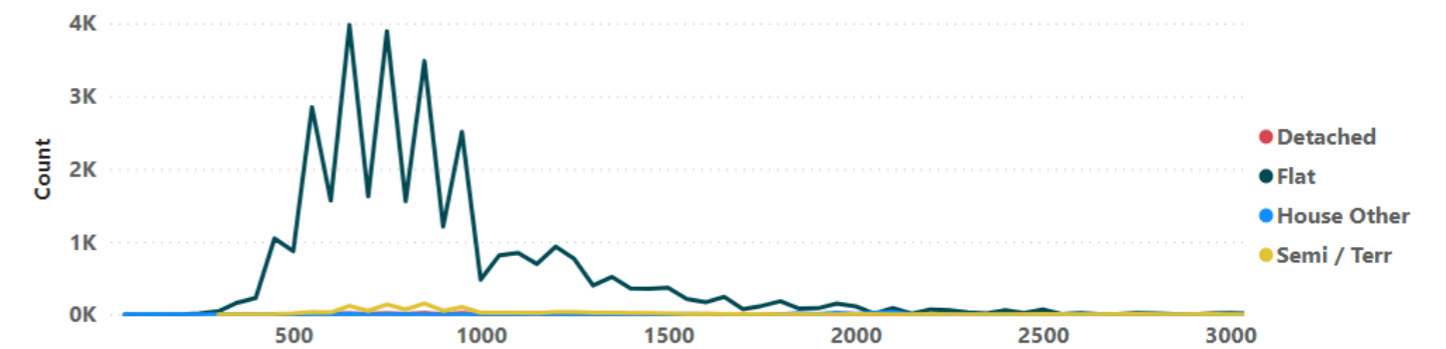


Fig.8 - Count and distribution of rents by Beds (Studio to 4 Beds)

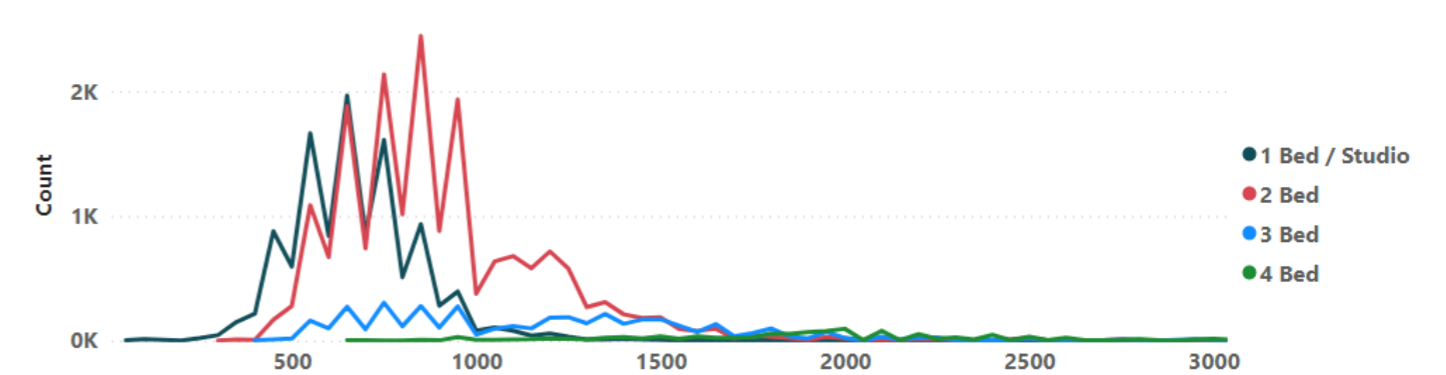
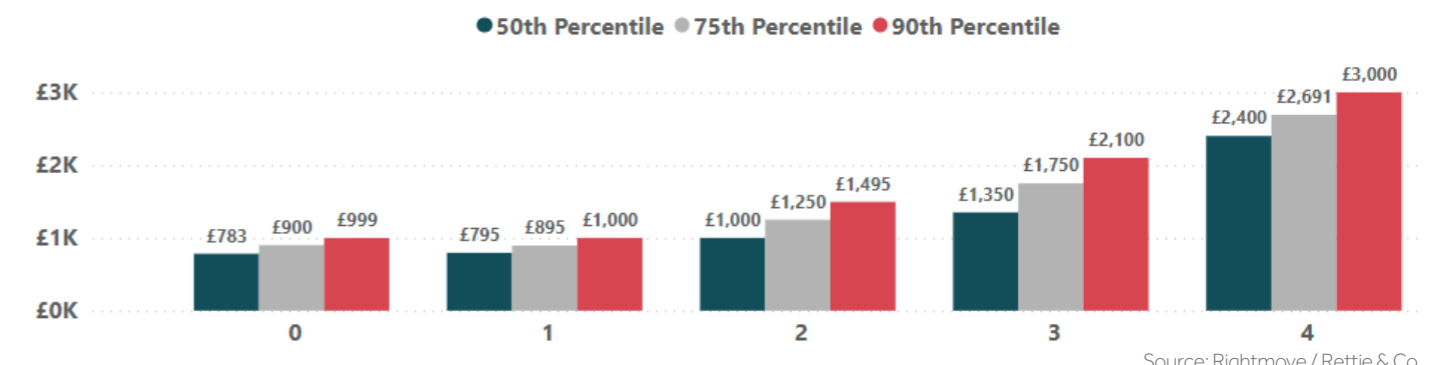


Fig.9 - Percentile Rents by Beds - Past 12 Months (Studio to 4 Beds)



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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