

BTR Amenities: Balancing Cost and Value

OCTOBER 2024

Introduction



Which amenities matter the most to residents? How much amenity should we offer? We are regularly asked for insights and advice on these questions.

We have seen an amenities 'arms race' in UK BTR, but the industry is now raising questions around value/resident satisfaction and cost effectiveness. As a result, 'amenity lite' is an increasingly common discussion topic.

This study is an initial exploration, combining Molior data on BTR amenity space with our resident ratings. This raised some interesting findings around the value of amenity space to residents, and its connection to pricing. Our thanks to Debra Yudolph at SAY and Nick Jopling at Square House Consultancy for adding their thoughts as our industry commentators.

As you'll see, the findings also sparked questions that will inform further research in the future.

Having worked closely with Molior and its data for many years, we were keen to create this report to help celebrate the expansion of its data into new cities and additional metrics.

We look forward to continuing to explore these two expanding datasets in partnership with Molior and with you, our friends and partners in the industry.



Hannah Marsh
Co-founder
HomeViews

MOLIOR

Residential developers and investors from around the world come to Molior to find out who is building what and where, and also how well it went. It is great to now be able to provide answers beyond the confines of the M25.

While Molior provides a supply-side dashboard for the industry, HomeViews is the best place to find out what residents really think.

Our first joining of forces is long overdue and has provided a unique insight into the fuzzy link between architects' drawings and customer experience. It confirms what most people think: that residents value amenities.

However, it is just a starting point. All 12 Birmingham developments examined are excellent, but each responds to unique opportunities and constraints. Also, several of the projects were pioneers, while others represent the current generation.

So, thank you to HomeViews for this collaboration and, as always, to all the industry players who support us. We look forward to your feedback, and to exploring future lines of research together.



Tim Craine
Founder & Director
Molior

MOLIOR HAS NOW **EXPANDED ITS DATA PLATFORM** BEYOND LONDON TO COVER MAJOR UK CITIES.

To help celebrate this, HomeViews and Molior conducted a unique analysis of amenity space and reviews data for Birmingham Built to Rent communities. This generated some interesting initial findings, as well as ideas for further analysis.

MOLIOR



Proud supporter of the Association for Rental Living



Executive Summary

Combining Molior and HomeViews data for 12 completed BTR communities in Birmingham, we see a clear divide between six very highly rated schemes ('**Group A**') and six that score well, but consistently lower ('**Group B**').

Group A achieves consistently higher ratings than **Group B**, with an outstanding average Overall rating of 4.87, compared with 4.48 for **Group B** – still well above national BTR benchmarks, but significantly lower.

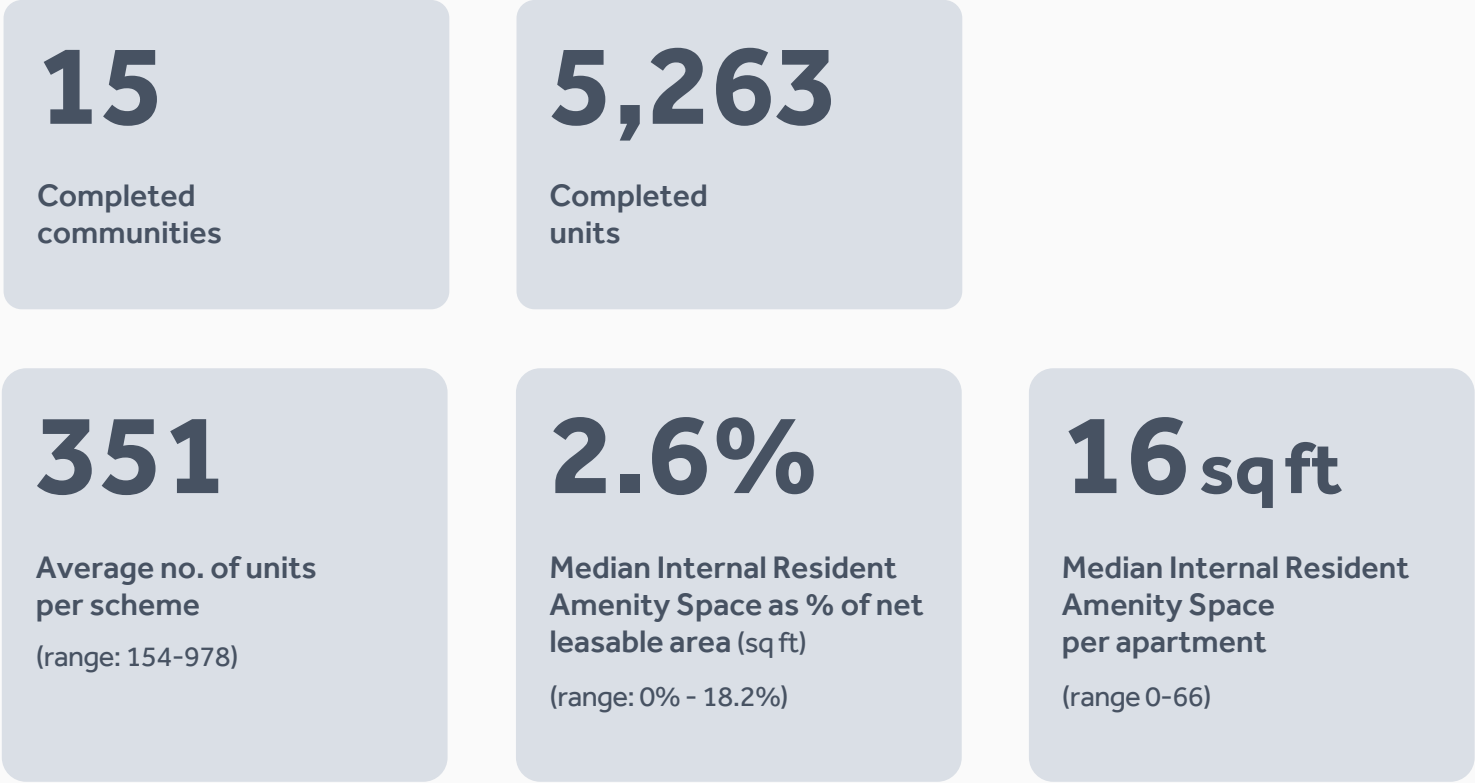
Molior data provides insights into why. **Group A** offers 4.7% Resident Amenity Space as a percentage of Net Leasable Area, while **Group B** offers 2%. This equates to 28 sq ft of internal amenity space per apartment for **Group A**, compared with 12 sq ft for **Group B**.

Comparing pricing, median advertised rents for **Group A** were 5% higher than **Group B**. Using a more basic average, **Group A** rents were 11% higher.

Higher rated BTR communities in Birmingham offer more than twice the Internal Resident Amenity Space than lower rated schemes and achieve an 11% price premium.

MOLIOR

Birmingham BTR: The Overview



Molior, July 2024

15 Completed BTR Developments: Key Amenities



Private External Space
● Yes: 12 ● No: 3



Gym or Studio
● Yes: 7 ● No: 8



Parcel Room and / or Post Room
● Yes: 7 ● No: 8



Flexible Ground Floor Space
● Yes: 10 ● No: 5

HomeViews Resident Ratings: 12 Communities

To analyse resident ratings for completed Birmingham BTR schemes, we set a minimum of 10 verified reviews per development.

This left **12 completed communities** with a total of **1,704 reviews**.*

4.65 avg.

Star Rating



(range: 4.02 - 4.93)

4.57 avg.

Facilities Rating



(range: 4.25 - 4.89)

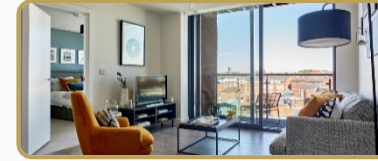


*Two developments with split phases were merged, as both were listed as one building on HomeViews.
All HomeViews data as of 12/08/24



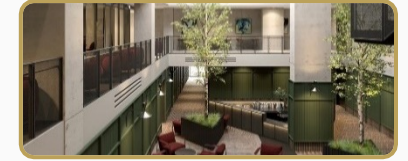
Corkfield

Native



The Whitmore Collection

L&G, urbanbubble



The Mercian

Moda



Aston Place

Dandara Living



The Lansdowne

Way of Life



Hairpin House

ila



The Forum

Touchstone



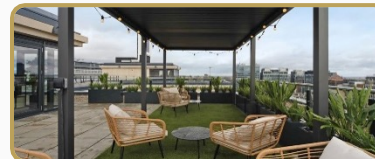
Gilders Yard

Grainger



Sherborne Place

ila



Landrow Place

JLL



Allegro Living

Savills



Soho Wharf

Heimstaden

Six of one...

The 12 communities can be split into **two even groups** with consistent and considerable differences.

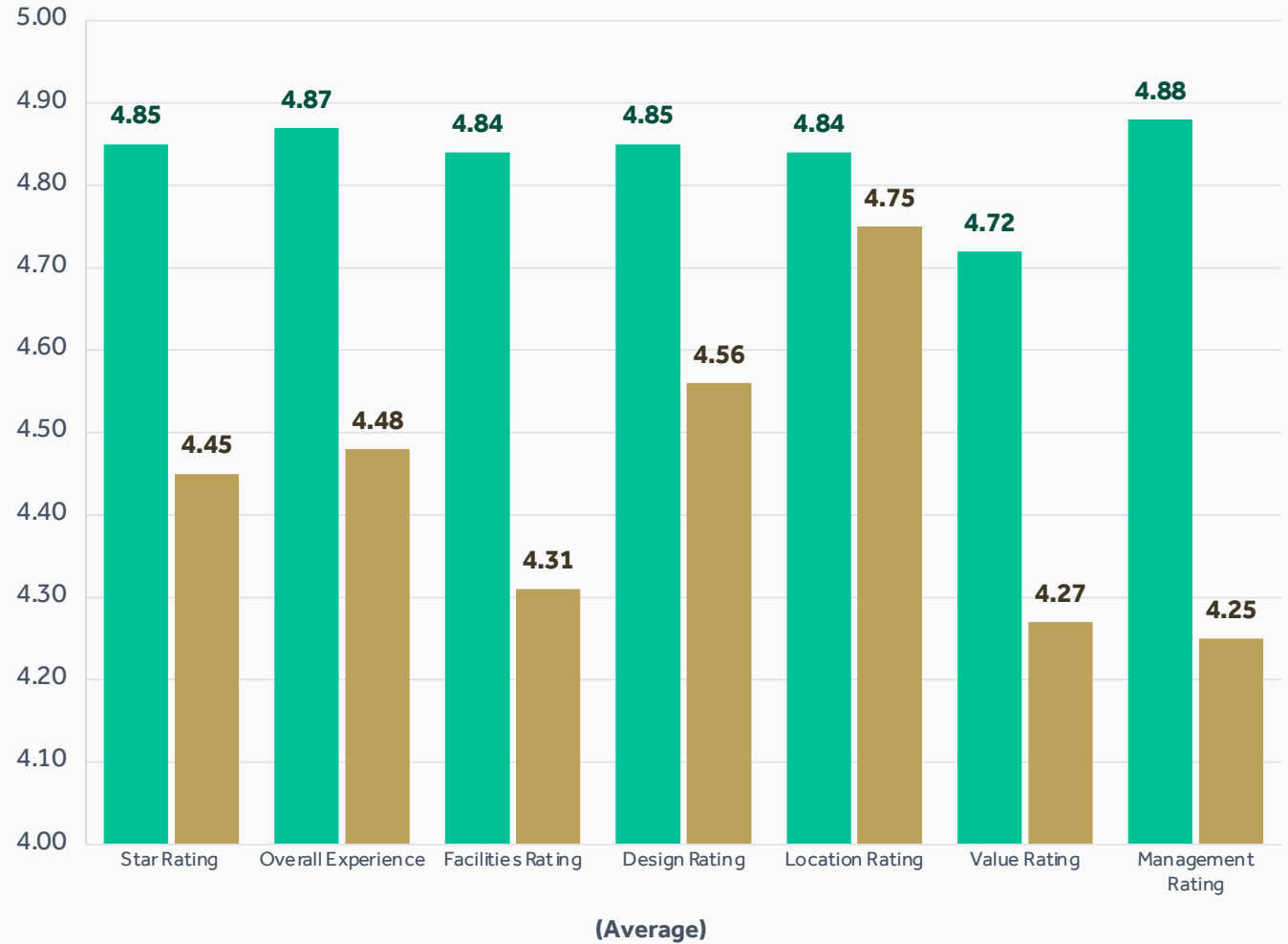
Although all 12 of the qualifying BTR communities are rated over 4 out of 5, half of the schemes have good ratings, while the other have great...

GROUP A

- **Corkfield** Native
- **The Whitmore Collection** L&G, urbanbubble
- **The Mercian** Moda
- **Aston Place** Dandara Living
- **The Lansdowne** Way of Life
- **Hairpin House** Ila

GROUP B

- **The Forum** Touchstone
- **Gilders Yard** Grainger
- **Sherborne Place** Ila
- **Landrow Place** JLL
- **Allegro Living** Savills
- **Soho Wharf** Heimstaden



The 'A' Team

So, what is it that sets the higher-rated group apart? Molior's Amenity Space data tells a clear story.

The very highest-rated BTR communities in Birmingham had more than double the Internal Resident Amenity Space as a percentage of Net Leasable Area.

Group B offered an average of 12 sq ft of Internal Resident Amenity Space for every apartment, while **Group A** offered over 130% more, at 28 sq ft.

GROUP A

4.7%

Internal Resident Amenity Space as percentage of Net Leasable Area (sq ft)

28

Internal Resident Amenity Space per Apartment (sq ft)

307

Average number of units

2

with no gym;
those with gym average 1,468 sq ft

GROUP B

2% (all below 3%)

Internal Resident Amenity Space as percentage of Net Leasable Area (sq ft)

12

Internal Resident Amenity Space per Apartment (sq ft)

374

Average number of units

2

with no gym;
those with gym average 1,242 sq ft

Group A Offers More Amenities



...And More External Space

The higher-rated **Group A** also offered **7% External Private Space**, compared with **5% offered by Group B** (as a proportion of Net Leasable Area).

However, of the two **Group A** schemes that didn't offer Private External Space, one was surrounded by a very large external public realm space. Two schemes offered very large spaces of 15% and 20%.

Buildings in **Group B** were more consistent. One offered no private outside space, while the others provided spaces ranging from 2-7%.



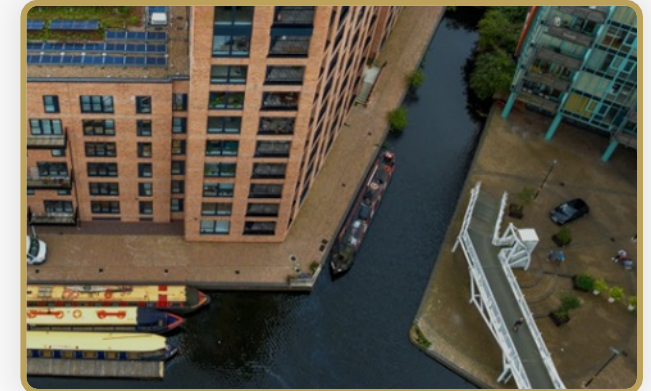
Corkfield, Native



Landrow Place, JLL



The Mercian, Moda



Sherborne Place, ila

The 'A' Premium

So, given the clear distinction between these two groups in terms of amenity space and amenities offered, **what rental premium is achieved?**

A simple average shows **11% higher** rents for a 2 bed apartment in **Group A** than those for **Group B**. Median advertised rents for 2 bed apartments were **5% higher**.

	Group A	Group B
Average rent		
2 bed pcm	£1507	£1358
(HomeViews Pro data Q2 2024)	[+11%]	
Median rent		
2 bed pcm	£1450	£1375
(HomeViews Pro data Q2 2024)	[+ 5%]	

Industry Comment

This is a fascinating insight by Molior and HomeViews into the debate around amenity in BTR. Contrary to recent comments by some that the amenity 'arms race' was not worth it, these findings may suggest otherwise.

They suggest that an increase of 16 sq ft of amenity per apartment may generate an additional £150/month rent (£1,800/year). An extra £1,800/year of rent (at a gross cap of 6%) suggests an increase in value of £30,000 (£1,800 x 16.6). That's an addition of £1,875/ft for each of the extra 16 sq ft of amenity.

An average build cost of less than half this would suggest the extra amenity pays, and pays well. Of course, this is based on averages, which are never conclusive, and there will be individual cases that fall short or exceed the calculation above.

Another standout for me is the low level of paper and package rooms in Birmingham BTR blocks (only 7 of the 15 include them). In my book, package rooms are entry-level requirements for BTR, particularly given how technology has made these less dependent on 'on site' staff.

The debate around less or more amenity will continue, not least because there is much higher demand for average rental stock than premium stock and low amenity works here (as it does in Europe). However, there is much more competition for tenants at the premium end, so adding amenity for the sake of it is not a guarantee of higher rent.

I hope Molior and HomeViews get enough feedback and support to expand this kind of study across other cities.



Nick Jopling,
Founding Partner
Square House Consultancy



SQUARE HOUSE
CONSULTANCY

Industry Comment

From this research, it's clear that resident satisfaction often hinges on the availability and quality of amenities.

HomeViews conducted an in-depth analysis of twelve completed BTR schemes in the city, compiling over 1,700 verified reviews. What's particularly striking is that all twelve developments scored over 4 out of 5—an impressive achievement in itself. However, the data revealed two distinct categories: Group A, with consistently great ratings, and Group B, with solid but slightly lower ratings. Naturally, Group A developments commanded higher rental values, but this raises an important question: should developers always strive to deliver amenity-heavy schemes, or is there room for a more measured approach?

As the BTR sector continues to expand, the emphasis on amenity spaces is undoubtedly a key factor in a development's success. The findings from this report suggest that offering comprehensive, well-thought-out amenities can justify higher rents and foster greater resident satisfaction. But is it always necessary?

It's worth exploring the delicate balance between cost and benefit. Do higher ratings truly require more investment in amenities? There's an emerging conversation around "amenity-lite" BTR developments, which focus on offering fewer, yet carefully chosen, amenities to cater to renters who prioritise affordability without sacrificing the overall customer experience.

It's really important to remember that amenities

encompass far more than just physical spaces. Residents value services perceived as amenities like high-speed Wi-Fi, utility bill management, and, crucially, responsive maintenance.

These aspects of daily living can often carry as much weight as a state-of-the-art gym or a stylish common area.

Local amenities can also complement the on-site offerings. For instance, co-working spaces, cafes, and fitness centres don't necessarily have to be run by the operator but can still be a vital part of the community and amenity offer.

The activation of ground floors for resident and community use, blending social impact with commercial potential, offers a creative solution to managing costs and generating additional revenue.

Building partnerships with local businesses to offer residents discounts or loyalty perks not only boost resident satisfaction but can also contribute to creating vibrant, hybrid spaces that benefit both the residents and the surrounding community.

Ultimately, Birmingham's BTR communities are raising the bar, proving that the right combination of amenities, thoughtful design, and effective management creates a winning formula. The real challenge for developers moving forward is to find a sustainable balance in this "amenity arms race," ensuring that they continue to meet the evolving needs of the rental market without overextending on costs. It's about finding that sweet spot where investment leads to long-term value, for both residents and investors.



Debra Yudolph,
Founder & CEO,
SAY Property Consulting





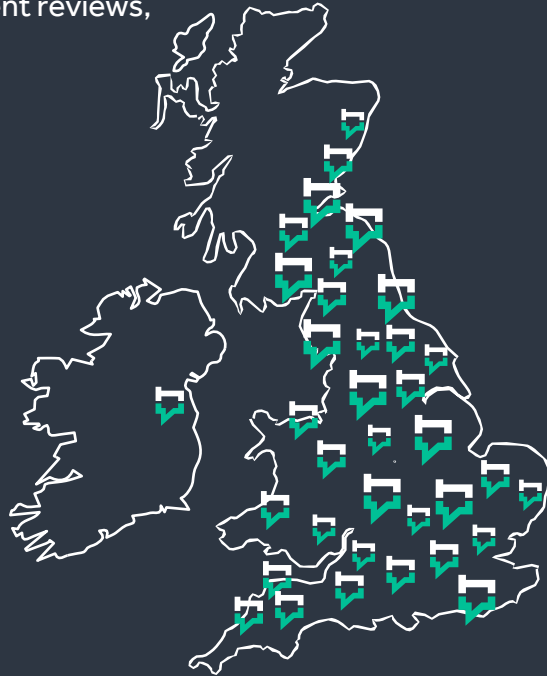
The largest dataset of verified resident reviews, with 92% BTR market coverage.

**OVER 46,000
RESIDENT REVIEWS**

**2,600 RESIDENTIAL
DEVELOPMENTS**

450,000 HOMES

**400+ BRANDS WITH
REVIEWS ON
HOMEVIEWS**



Gain dashboard access to HomeViews data for unmatched resident insights, performance benchmarks and resident sentiment tracking.

See it in action



MOLIOR

Molior is Creating a Digital Twin of UK Urban Apartment Investment and Development with Extensive Market Intelligence.



Use **Molior** to Showcase Urban Investment Opportunities and Attract Global Finance into UK Homebuilding.



Contact Ella Webb to learn
more about our data and
Partnership opportunities:

ella@homeviews.com

www.homeviews.com

MOLIOR

If you have a general enquiry, in
the first instance please contact:

sam@moliorlondon.com

Tel: 020 8877 0022

www.moliorlondon.com