



Investing in BTR: Three things to watch

Nick Whitten, Head of UK Living Research
Emma Rosser, Associate Director, UK Living Research



Geopolitical and economic turbulence



Today: Inflation and recession



United States
Inflation: 7.9%
GDP: 1.7%



United Kingdom
Inflation: 9.0%
GDP: 3.5%



Canada
Inflation: 6.7%
GDP: 1.7%



Japan
Inflation: 2.1%
GDP: 1.6%



Germany
Inflation: 7.8%
GDP: 1.3%

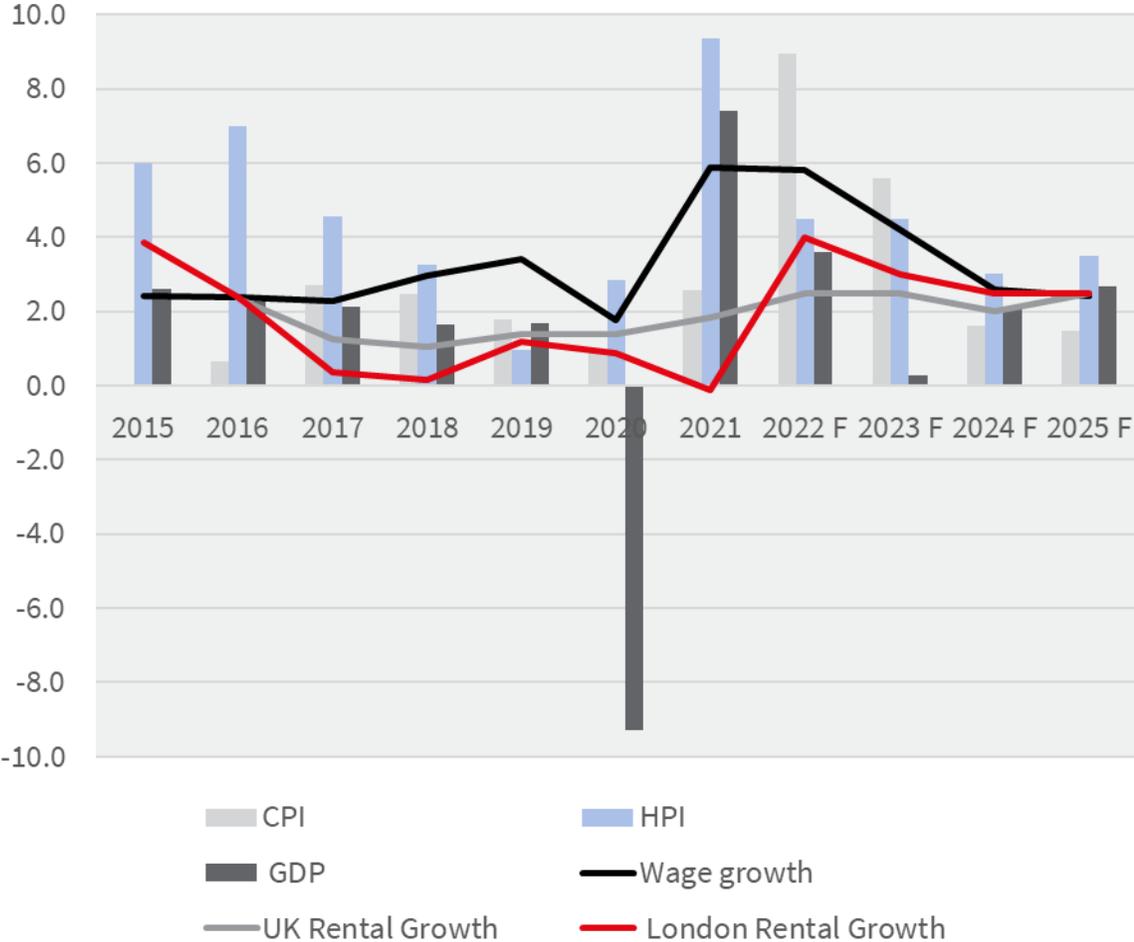


France
Inflation: 6.0%
GDP: 1.6%



Italy
Inflation: 7.8%
GDP: 3.3%

Tomorrow: House prices cool, structural undersupply continues, wages support rents



Inflation to peak in Q4 2022 and drop in 2023. Interest rates rise to 3% next year



House prices will cool and drop in 2023 after sustained rises, with growth in 2024



Barriers to buying drives rental demand. Wage growth supports rental growth in 2023

Source: JLL, Oxford Economics, ONS

Investment playing field: the housing market



Should we be worried about a housing crash? Yes, very

Ever since the mortgage market was unfrozen at the end of the first lockdown in 2020, house prices have continued to defy the predictions of market analysts and economists

Covid couldn't cool house prices, but the economic chill might

Data due this week will be closely scrutinised to discern whether the market's remarkable resilience is faltering



'My buy-to-let profits are disappearing before my eyes'

'I don't know how I'll support my family': landlords' retirement dreams in tatters

Hundreds of thousands of property investors will need to find an income from elsewhere



‘Is the global housing market heading for a downturn?’

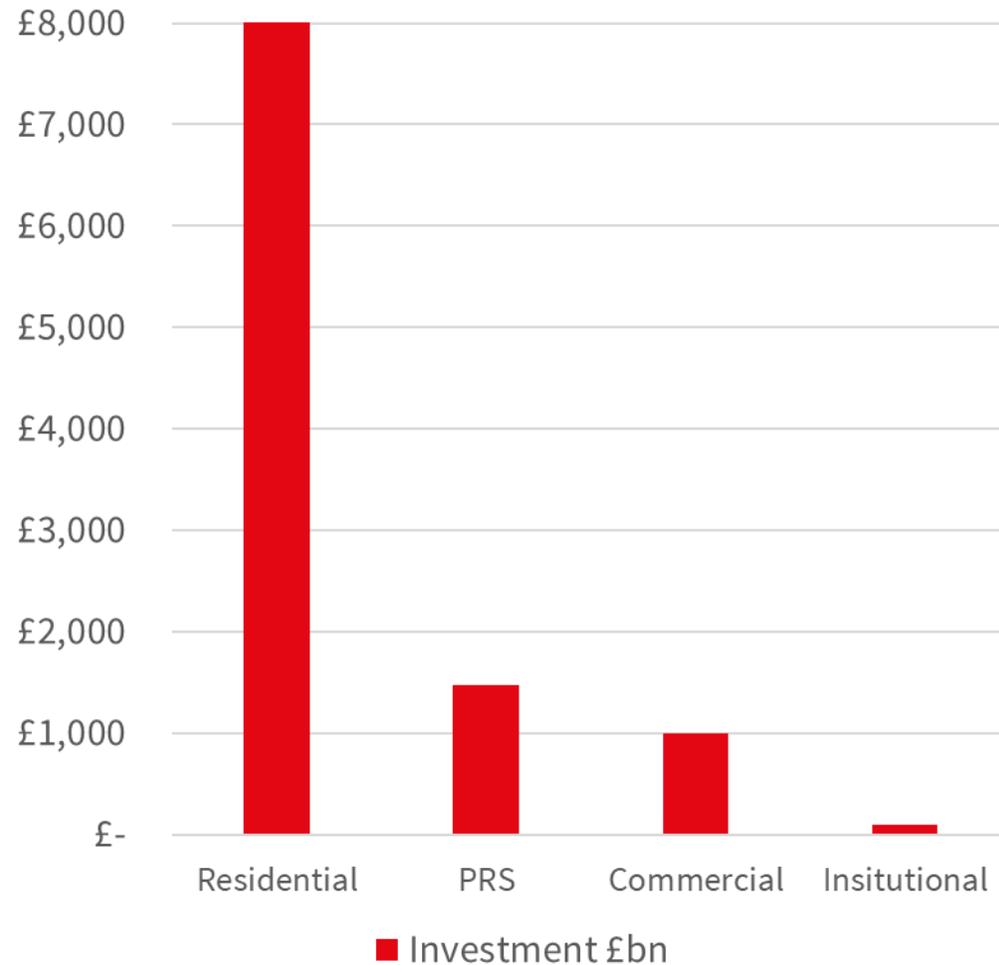
Property sector Added

Rising rates raise prospect of property crash

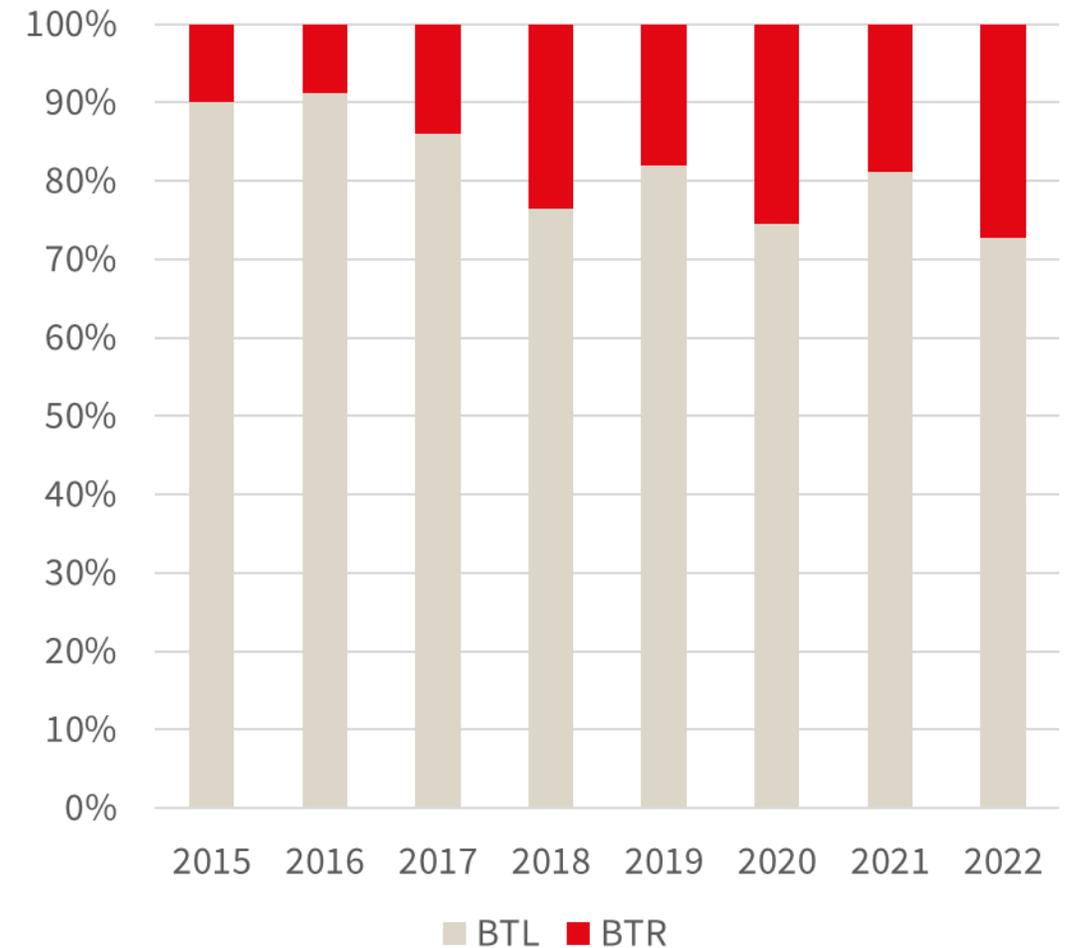
Homeowners, landlords and investors spooked as end of ultra-cheap debt sends prices sliding



Today: Institutional investment makes up 1% of the UK's £8tn housing market

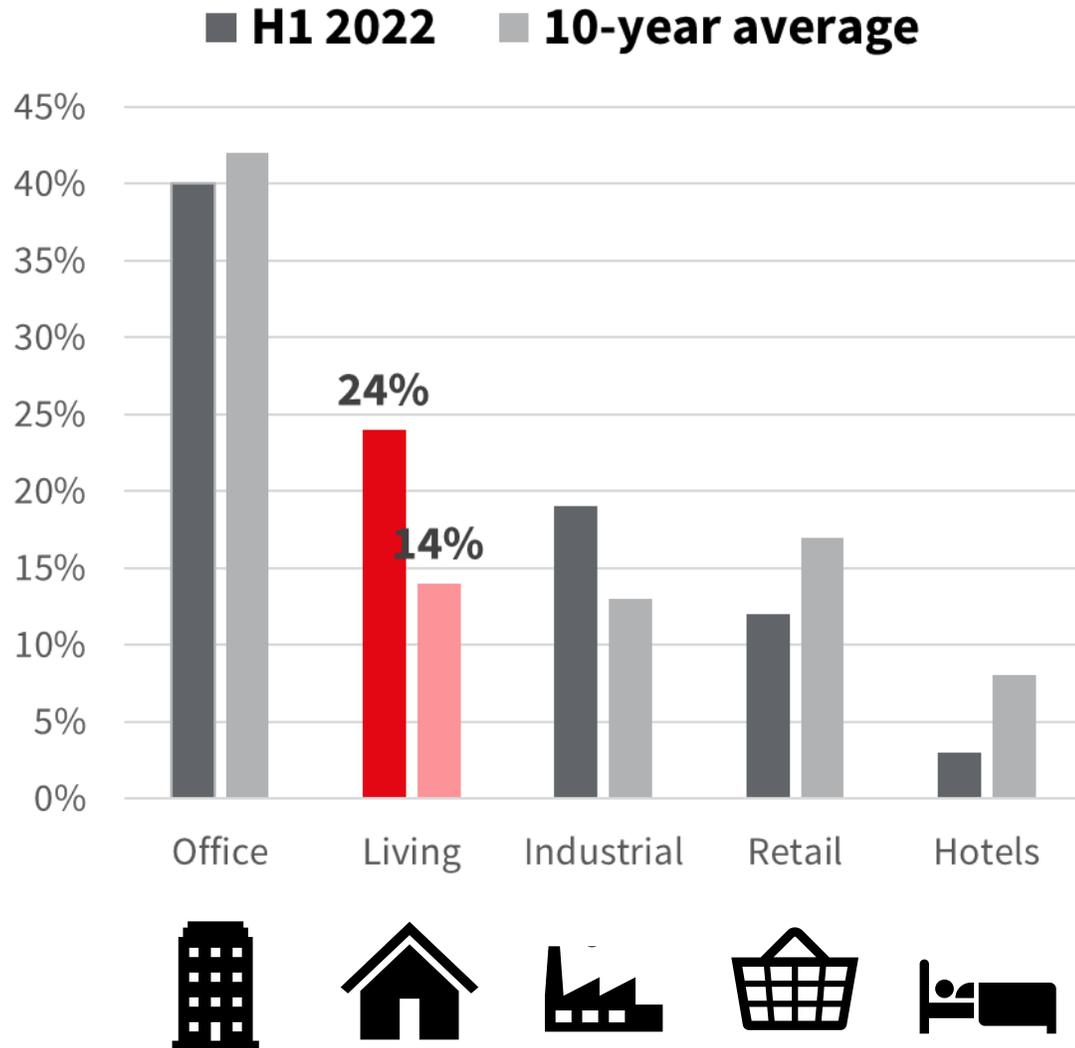


Source: JLL, ONS, IPF

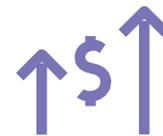


Source: JLL, UKFinance

But, this is changing: Living tops £10bn in 2022



Living #1 real estate sector globally: accounted for **33% of investment** in H1 2022



Global living investment became the largest sector in 2021 and **rose 28%** in 2022



UK still **only accounts for 5%** of global living investment, compared to 10% for offices

Tomorrow: Fundraising and dry powder



€35bn+

Estimated investment capacity of residential-only funds raised since 2016

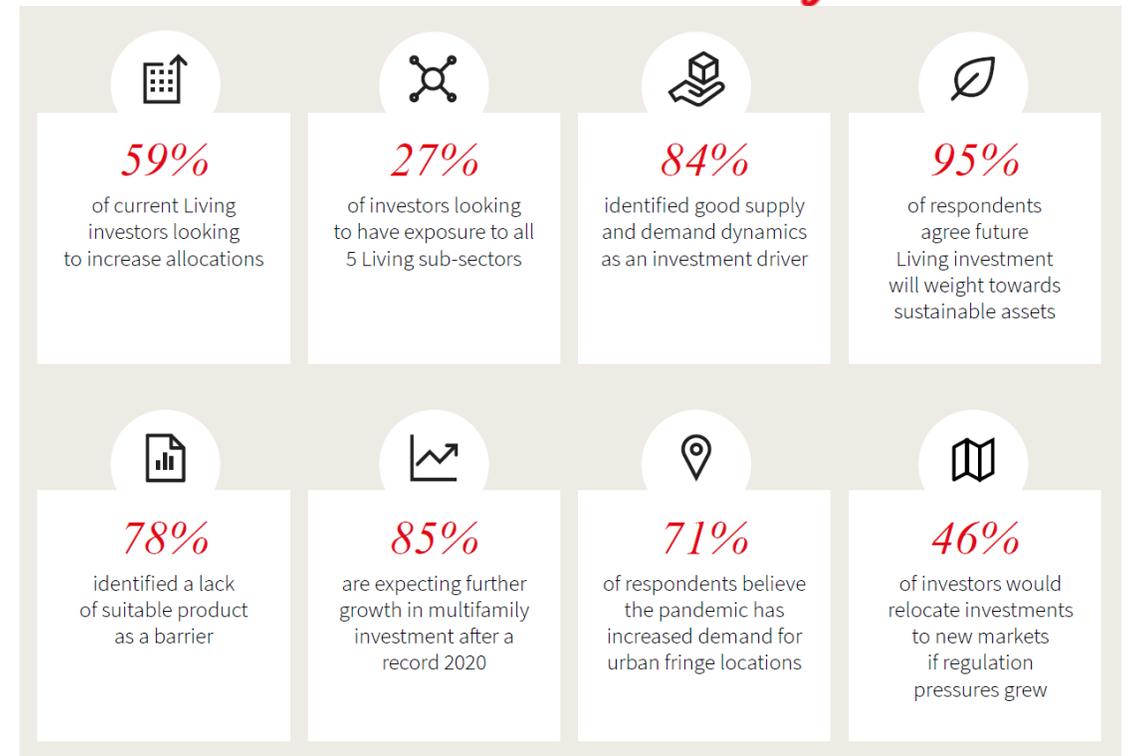
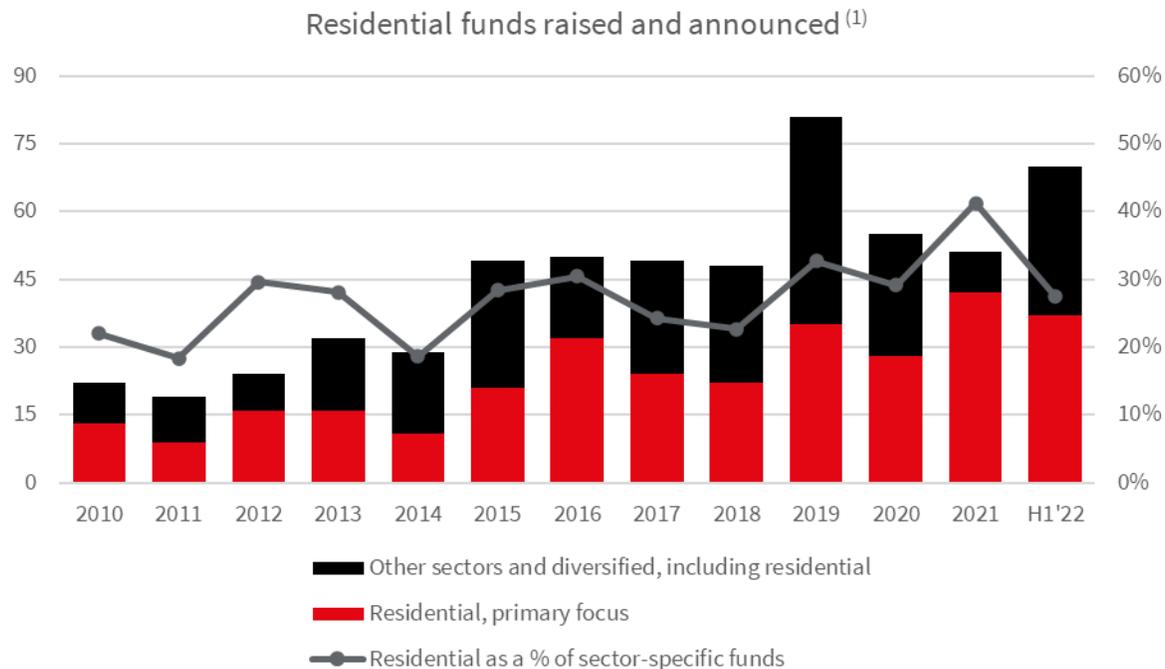
41%

Of funds raised since 2016 are multi-market, up from 36% in the previous 5 years

208%

UK was 2nd largest in EMEA for investment last year, with funds rising 208% since 2014

European Living *Investor Survey*



Source: JLL Research based on Preqin, August 2022. Notes: (1) Excludes Real Estate Debt Funds; Includes separate accounts; (2) Funds with European residential/living primary focus, not market-specific

Renter demands

Privacy, space and lifestyle

Rising energy bills £££

Fancy living in the heart of Wembley? £800pcm
Double room | Wembley (HA9)

 PLEASE stop messaging me about joint tenancy. This room is NOT available for couples. **serious candidates only** Do - tell me about yourself. I... Available Now

[NEW TODAY](#)  Early Bird  [Save](#) [More info](#)

Large double room to rent £900pcm
Double room | Wembley (HA9)

 Hiya, My flat mate is moving out on the 10th November and I'm looking for someone to replace her. I'm ideally looking for someone who doesn't... Available 11 Nov

[NEW TODAY](#) [FREE TO CONTACT](#) [Save](#) [More info](#)



Flats from £1,496 pcm
[3 properties available](#)
FERRUM, WEMBLEY PARK, HA9
Quintain Living
★★★★★ 41 reviews



Flats from £1,482 pcm
[3 properties available](#)
LANDSBY, WEMBLEY PARK, HA9
Quintain Living
★★★★★ 49 reviews

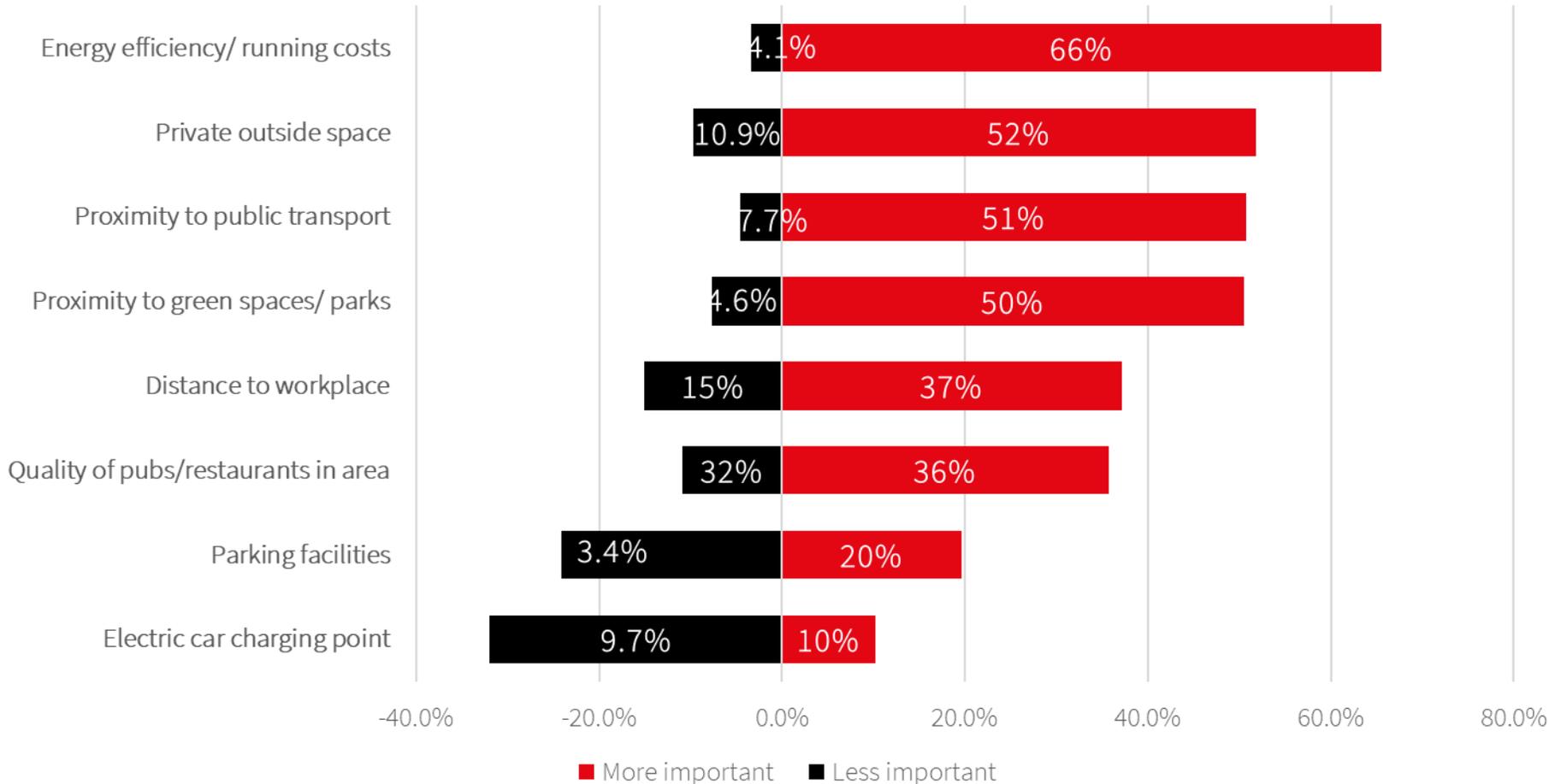


Ability to wfh and commuter links

Today: BTR tenants priorities have changed



Importance of home aspects: now versus pre-pandemic



88%

Tenants said their current BTR home “makes them happy”

2.5

Average number of days per week that BTR tenants work from home

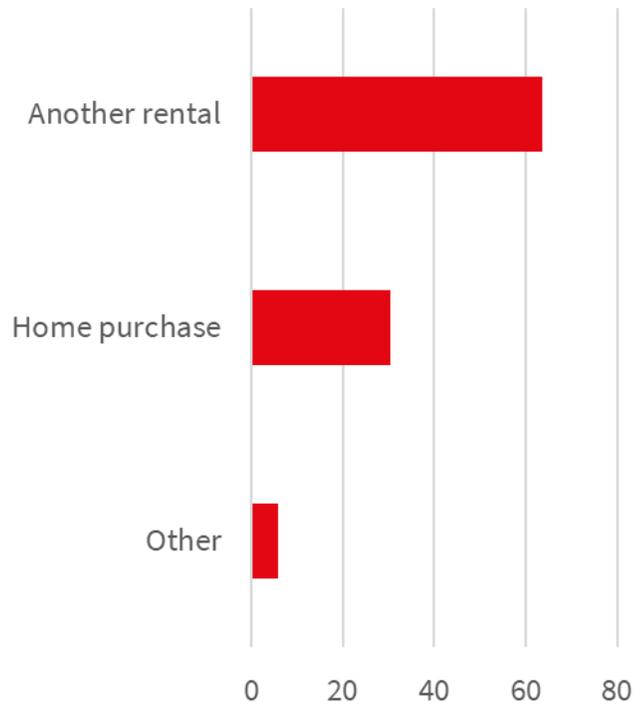
27%

Average proportion of gross income dedicated to monthly BTR rents

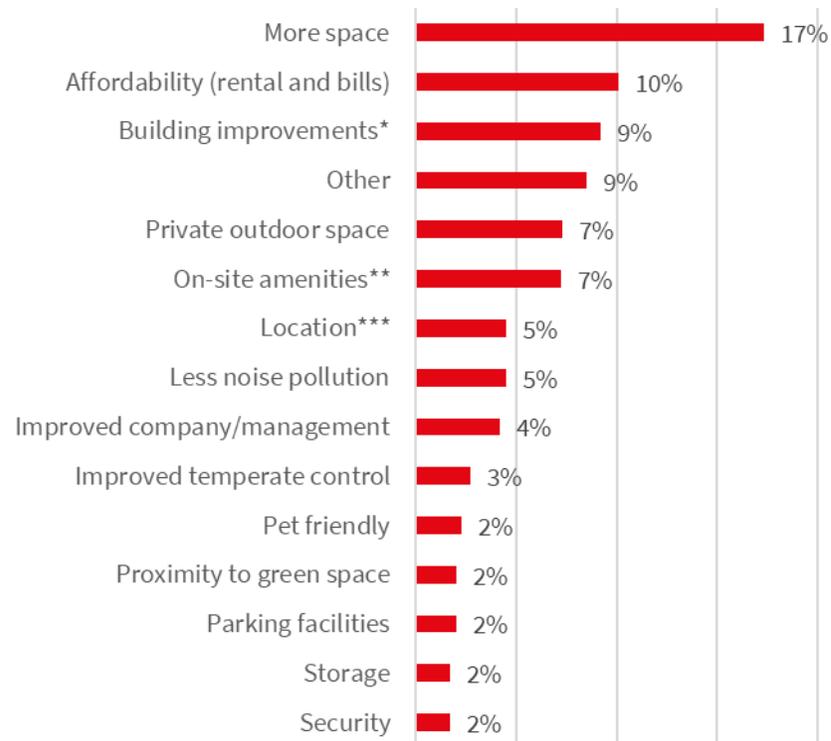
Source: JLL 2022 Tenant Survey

Tomorrow: Two thirds of BTR tenants say their next home will be a rental

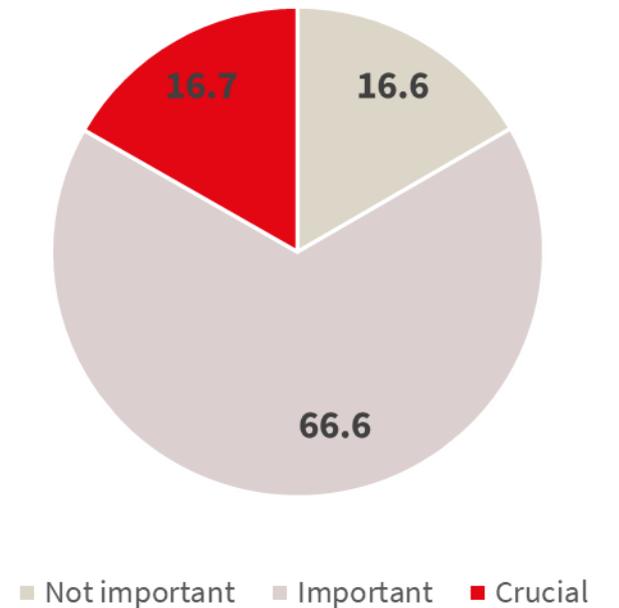
Tenants next property (%)



What would you change about your home?



How important will the environmental performance of your home be in your next move?

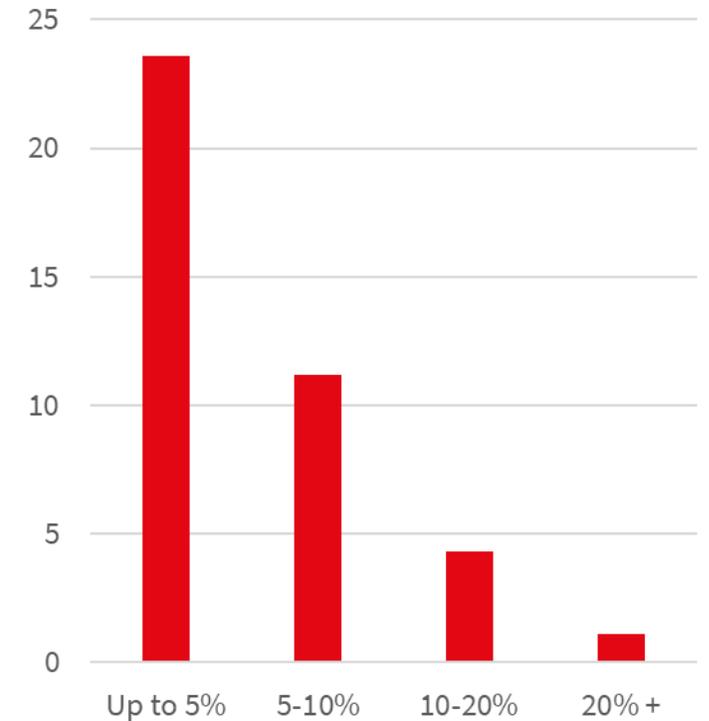
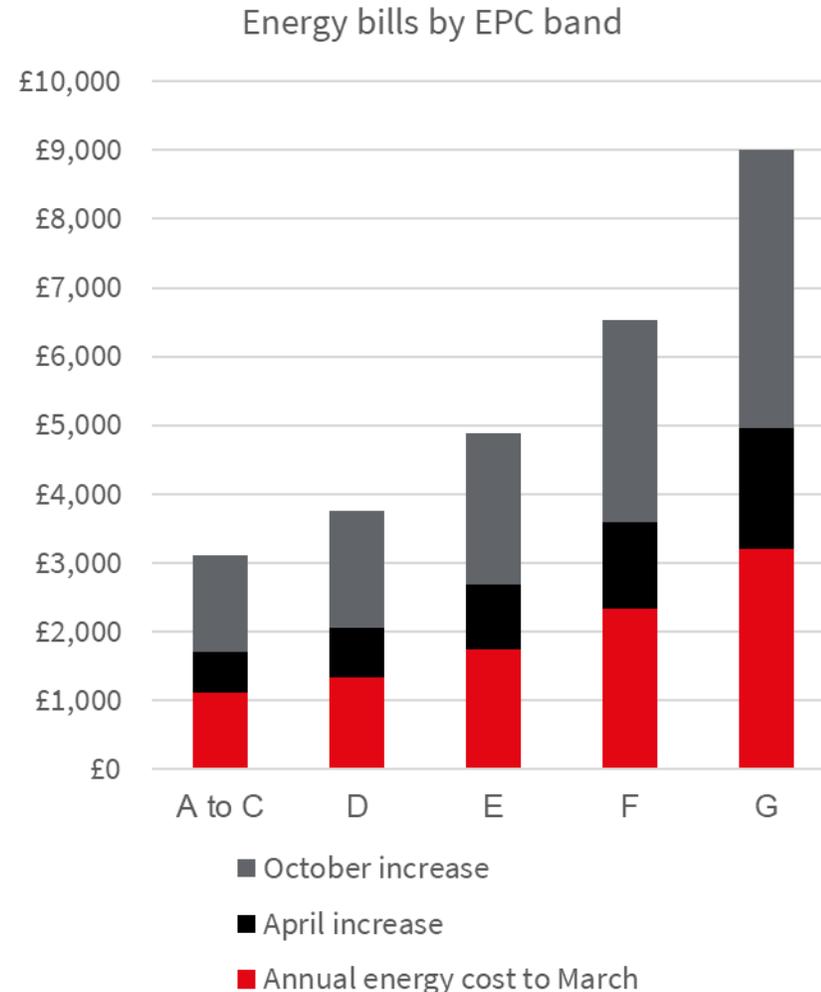
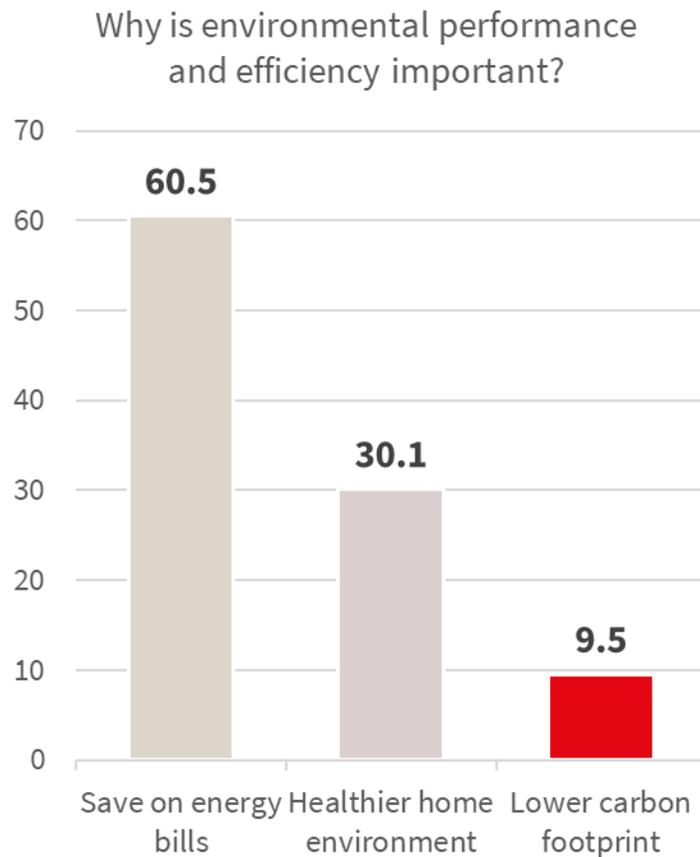


Source: JLL 2022 Tenant Survey

Beyond tomorrow: Tenants most fear spiralling energy bills, not rents



40% of tenants would be willing to pay a premium for an environmentally-friendly home



Source: JLL 2022 Tenant Survey



Thank you

Jones Lang LaSalle

© 2022 Jones Lang LaSalle IP, Inc. All rights reserved. Data within this report is based on material/sources that are deemed to be reliable and have not been independently verified by JLL. JLL makes no representations or warranties as to the accuracy, completeness or suitability of the whole or any part of the report. No part of this report may be reproduced or transmitted in any form or by any means without prior written consent of JLL. JLL, its officers, employees shall not be liable for any loss, liability, damage or expense arising directly or indirectly from any use or disclosure of or reliance on such report. JLL reserves the right to pursue criminal and civil action for any unauthorized use, distribution or breach of such intellectual property.