



Q&A: Investor Appetite and Operational Trends in UK BTR and PBSA

The UK residential market remains a key focus for investors, with Build-to-Rent (BTR) and Purpose-Built Student Accommodation (PBSA) at the forefront of activity. Both sectors continue to attract capital thanks to resilient fundamentals and strong rental demand, but success depends on understanding where value can truly be created and sustained.

In this Q&A, **Chalwe Silwizya, Senior Asset Manager at Catella APAM**, shares insights on what's driving investor appetite, why location still matters, and the operational levers that can move the dial in residential assets.

What is driving investor appetite in residential assets right now?

Investor appetite is being driven by the sectors strong fundamentals, due to supply and demand imbalances and rental growth prospects. That said, the introduction of the Building Safety Regulator and its Gateways system has added uncertainty to development, with longer approval timelines, higher compliance costs, and increased risk of delays. As a result, risk adjusted returns often favour standing stock.

In both BTR and PBSA, we're seeing a number of first-generation assets coming to market, attracting investors keen to capitalise on softer pricing where significant capex programmes are required.

What role does location play in residential performance today? Beyond city centre vs. fringe, what factors are genuinely driving occupancy and rent levels?

The adage "location, location, location" still holds true. Schemes that are well-connected - close to transport links, universities, workplaces and local amenities - continue to demand premium rents.

But it doesn't stop at geography. A carefully considered amenity offering and a strong resident engagement strategy are proving critical to performance. Residents increasingly value a sense of community and assets that foster this tend to see higher retention and more consistent rental growth. At Gramercy Tower in Cardiff, we repositioned the proposed first floor retail unit into additional amenity space, and this has been well received by our residents and is a key part of our viewing tour for prospective tenants.

What operational levers can really move the dial on a residential asset?



Two areas that need to be executed well to ensure profitability and valuation enhancement /preservation are:

1. **Resident satisfaction** - Unlike commercial real estate, in residential you are directly responsible for people's living environments. That brings a level of sensitivity that is unique to the sector. Residents must always be the number one priority and when they feel listened to and valued, retention rises, and churn falls.
2. **Operational efficiency** - Cost management is critical. Regular monitoring and adaptation are needed to ensure resources are used effectively and overheads kept under control - but never at the expense of resident experience.

Which residential sectors should be watched keenly over the next five years?

PBSA - The student housing market is maturing but remains attractive. Rental growth prospects are strong, stock availability is healthy, and the UK may see a windfall of international students as the US, Canada and Australia introduce restrictions. Major moves like The Dot Group's acquisition of CRM Students and Unite's agreement to acquire Empiric Student Property Plc provides anecdotal evidence of the confidence in the sector.

Single-Family Rental - Growing in appeal thanks to lower management costs, no new Building Safety Act regulations, and a ready-made pipeline of homes to invest in. Concerns about the Renters Rights Bill also provides an entry point for opportunistic investors looking to capitalise on landlords leaving the sector.

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About Catella APAM

Catella APAM, an independent and market-agnostic asset and investment manager, has been delivering sustainable real estate solutions since 2010, managing £4B worth of assets across the UK and Ireland. As part of the Catella AB Group, we leverage our global network and extensive market knowledge to provide tailored, effective solutions across all market cycles to achieve remarkable outcomes for our clients.

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