



# UK Single-Family Housing

## Capital Goes Back to Basics

Prior to 2022, real estate investment cycles were shaped less by underlying fundamentals and more by the direction of interest rates. Cap-rate compression and abundant liquidity allowed capital to flow into a wide range of assets regardless of their operational resilience.

But with the era of cheap debt firmly over, returns now depend much more strongly on the ability to generate inflation-hedging, rentalised income streams. This has benefitted operational sectors such as living and logistics, where structural fundamentals are strong, particularly in housing, and relatively inelastic demand means rental growth typically rises with inflation. And in recent years, higher mortgage costs and the

end of Help to Buy and other demand-side schemes have only increased the diversity of those renting by reducing affordability in the owner-occupier market, including in suburban areas – once uncharted territory to institutional investors.

It is well known that the UK's housing market suffers from a strong structural undersupply, with houses even more scarce than flats. As mom-and-pop landlords sell up in the face of financial and regulatory pressures – with an estimated 400,000 homes at least leaving the market over the last decade – rental housing availability in suburban and peri-urban locations has become increasingly constrained, creating an entry point for institutional investors in single-family housing (SFH). Operational living sectors like purpose-built student accommodation and build-to-rent have already proven both occupier and investor demand for a professionally

managed rental product in the UK. In some ways, single-family housing is the spiritual successor to these asset classes, benefitting from many of the same tailwinds but with a much larger target market – introducing additionality to a segment once defined by a limited choice of for-sale on the one hand and an inefficient private rental sector on the other.

As it stands, institutional investors operate only 0.2% of privately rented single-family homes in the UK, presenting an early mover advantage. As investment volumes grow year-on-year – SFH accounted for 59% of the £5.7bn invested into UK BTR in 2025 according to Savills – single-family housing is likely to occupy an increasingly greater weighting in LP portfolios in the coming years.

Institutional capital stands to benefit from years of learning from multifamily build-to-rent and other living sectors that have adopted the kind of operational management once found only in hotels and offices. A vertically integrated model is the most effective approach to ensure sophisticated operational management in the single-family market, with an end-to-end view of the investment lifecycle being key to reducing gross-to-net leakage, driving value and enhancing overall performance. At Fiera Real Estate, our single-family housing strategy benefits from our partnership with Packaged Living, our rental living arm, which has over 1,500 single-family homes under management and is part of our UK operating partner network. Marrying institutional capital with granular investment management capabilities, this model provides investors with a full lifecycle solution from origination to planning, delivery and long-term operation.

As the professionalised single-family rental market has begun to mature, so too has the way in which institutional investors gain access to it. Traditionally, the greatest barrier to entry was the difficulty of aggregating highly granular secondary stock at scale. Today, the sophistication of the sector – coupled with housebuilder liquidity and cashflow requirements – means investors are increasingly partnering with housebuilders for forward funding agreements to deliver oven-ready sites. This is an approach that offers downside protection, reduced construction risk, operational efficiencies and high specification homes engineered to meet the requirements of suburban renters.

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Given the attractive combination of income yield, long-term value growth and portfolio premium that can be delivered through these ground-up strategies, success will ultimately depend far less on thematic conviction and far more on execution. Placing greater emphasis not only on a demonstrable track record of development, but granular origination capabilities.

Through Fiera Real Estate’s relationship with its local property companies, we have developed the infrastructure, network and teams with boots-in-the-ground in local markets, to source off-market opportunities at scale and navigate the complexities of local planning policies.

Importantly, this model was developed prior to the zero interest rate period, in a time more reminiscent to today, in the belief that investors that can combine capital with deep local expertise will be best positioned to build portfolios to meet institutional demand, while overcoming the delivery barriers that make this segment difficult to access and grow meaningfully.

For that reason, in this income-led cycle, it feels right to say that UK single-family housing is an asset class all investors should have their eyes on. Not only for its supply and demand dynamics, but also because scaling in it successfully depends on basic principles that separate fundamentals-led investment and development partners from those that have not yet adapted to the reality of real estate today.





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