



## Can Residential Build to Rent provide a profitable low risk investment option?

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### Abstract

**Purpose :** Recently there has been a refocusing on the yields of investment assets. Accordingly, as risks to income yields rise, this research investigates how residential Build to Rent (BtR) may provide an effectively diversified portfolio. Emergence of this new investment sector requires a comparison between the rate of return of (BtR) and other asset classes. We seek to ascertain how BtR can be used by investors to reduce risk and provide diversification benefits within a mixed-asset portfolio.

**Methodology:**The research methodology adopted utilised secondary data produced by a reputable research organisation, coupled with personal interviews with major participants within the BtR sector.

**Findings:** Diversification of assets within an investment portfolio reduces the total risk and volatility of an investment portfolio based upon the Markowitz (1952) Modern Portfolio Theory (MPT) model. Analysis of BtR performance against other traditional asset classes including traditional investment property, proved BtR a valuable inclusion, reducing risk and providing valuable returns.

**Discussion:**Limited UK based research material on BtR as an investment option for institutions (and individuals), indicates its relatively short history as an investment option. Accordingly, some reliance was placed upon traditional private residential rental data. Despite this, the BtR investment asset in a mixed asset portfolio proved a source of long-term income with low volatility, rating favourably against other selected investment assets.

**Keywords:** Residential build, Low risk, Investment option