# Build-to-rent construction in Scotland declines amid rent control uncertainty



New data reveals a significant decline in the construction of rental homes in Scotland, highlighting challenges within the build-to-rent (BTR) housing sector. Analysis conducted by the Scottish Property Federation (SPF) and Savills shows a 26 per cent decrease in the number of BTR units under construction in the first quarter of this year compared to the same period last year.

The SPF's report indicates that Scotland has seen zero growth in the submission of new BTR schemes for planning approval, contrasting with England, where planning submissions have increased by six per cent. Despite this, Scotland has experienced a notable increase of 1,152 newly delivered BTR homes as existing developments are completed, amounting to a 43 per cent rise, compared to England’s 15 per cent increase, which equates to 15,786 new homes.

The SPF identified a major concern for the Scottish BTR sector as "pipeline exhaustion," a situation arising from both the slowdown in on-site construction activity and a significant decrease in new scheme approvals. This trend is attributed mainly to uncertainty surrounding proposed rent controls, which has reportedly undermined investor confidence. The SPF stated, "The slowdown in construction activity, and the lack of growth of new schemes being taken through planning, are undoubtedly the consequence of the ongoing rent control proposals and reflective of the diminished confidence of investors."

David Melhuish, director of the Scottish Property Federation, commented on the figures, describing the zero growth in new BTR applications as "disappointing" but unsurprising and attributing the trend to "a lack of investor confidence over the last three years in the future of Scotland’s BTR sector as a result of persistent policy uncertainty, especially around rent controls."

The issue has drawn political attention, with Meghan Gallacher, MSP and Scottish Conservative shadow cabinet secretary for housing, criticising the Scottish Government's approach. Speaking to The Herald (Glasgow), Gallacher said, "The collapse in Build-to-Rent construction is the direct result of the SNP’s refusal to listen. We warned them repeatedly that their reckless rent control policies would drive investment out of Scotland’s housing sector. They ignored us. They dismissed the industry’s concerns. Now, there are no new planning applications, projects with approval are stalled, and the pipeline is drying up fast."

In response, the Scottish Government acknowledged the importance of a thriving private rented sector that provides good quality and affordable housing options while recognising the value of investment it attracts. A government spokesperson said, "Throughout the development of the measures in the Housing (Scotland) Bill, we have been working with tenants, landlords, investors and developers to make sure we strike that appropriate balance."

Further steps are underway, as the Scottish Government recently launched a consultation inviting views on potential exemptions for build-to-rent housing schemes. This consultation aims to explore how powers within the Housing (Scotland) Bill might be used to exempt certain property types from rent controls and to outline circumstances under which rents could be increased above any proposed rent cap.

Meanwhile, tenant organisations such as Living Rent continue to support rent controls, asserting that they are essential to addressing Scotland's housing emergency. The development reflects ongoing tensions between industry stakeholders, governmental policy, and advocacy groups concerning the future of Scotland's rental housing market.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.costar.com/article/1680032047/scottish-build-to-rent-development-sinks> - Confirms the 26% decline in Scottish BTR construction activity and references the SPF/Savills analysis.
* <https://urbanliving.news/build-to-rent/scottish-btr-construction-down-26-per-cent/> - Details the 26% year-on-year drop in BTR units under construction (1,896 in Q1 2025 vs. 2,545) and zero growth in new planning submissions.
* <https://www.scottishconstructionnow.com/articles/new-home-starts-and-completions-suffer-double-digit-fall> - Illustrates broader housing sector challenges with 12% fewer starts and 10% fewer completions (2023-2024), contextualizing BTR declines.
* <https://www.scottishhousingnews.com/articles/housebuilding-completions-drop-by-17-in-2023-24> - Shows 17% annual decline in completions (19,632 homes) and 15% drop in starts (16,404), highlighting industry-wide pressures.
* <https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2023/12/quarterly-housing-statistics-december-2023/documents/housing-statistics-for-scotland-quarterly-update-new-housebuilding-and-affordable-housing-supply-to-end-september2023/housing-statistics-for-scotland-quarterly-update-new-housebuilding-and-affordable-housing-supply-to-end-september2023/govscot:document/December+2023+-+Quarterly+Housing+Statistics+Update.pdf> - Provides official government statistics (6% completion decline in 2023), establishing pre-2025 trends in housing supply.
* <https://urbanliving.news/build-to-rent/scottish-btr-construction-down-26-per-cent/> - Directly quotes David Melhuish's statement on investor confidence erosion due to rent control uncertainty.
* <https://www.heraldscotland.com/news/25116500.anger-key-scottish-housebuilding-sector-faces-collapse/?ref=rss> - Please view link - unable to able to access data