

Improving the Modern Residential Development Process for Winning Assets

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1) Executive Summary

Background & Purpose

PropTech Connect 2025 hosted a closed-door roundtable during their Europe conference on how to deliver investible residential assets in today's market. Leaders from investment, development, design, and tech discussed what's clearing regulations, what's stuck in planning, and what would unlock capital.

The participants were challenged to offer solutions for each discussion point, and the resulting playbook recommendations demonstrate that the UK and Europe is very investible, but public and private partnerships are required to get the market moving faster.

Key Roundtable Insights

- Capital allocation is favouring PBSA (purpose built student accommodation) and flexible living, while BTR (build to rent) is facing a tougher fundraising and underwriting climate. Regulation has been reducing (or is threatening to reduce) rent growth in BTR, as well as adding planning time risks with the BSR (Building Safety Regulations).
 - Deploying capital at scale is increasingly difficult in the UK. While landlord-friendlier rental regulation still attracts capital, bidding remains competitive, which pushes buyers to explore operational adjacencies to blend returns.
- Delivery & regulatory risk is a huge hurdle. The Building Safety Regulation (BSR) gateways 2 and 3 introduce timing uncertainty that lowers lender confidence and cashflow planning, with some schemes going back to design and reducing height to avoid hitting the thresholds for compliance.
- New economics are driving investment decisions. With rent growth constrained and operating complexity rising, OpEx (operational expenditure) is increasingly the number considered.
- AI, workflows and data are a prerequisite for operational automation. The roundtable agreed on automation as a value booster but were realistic about the prerequisites for this to be successful: no shared dataset, no magic.

Ultimately winning assets, developers, and investors know where capital will go, how builds can complete, unit economics that cashflow under stress, and data plumbing that makes AI useful.

Roundtable & Research Report Participants



Josep Franch Bellmunt
Real Estate Private Equity
Director, South of Europe



Roshan Ramlugun
Sector Lead Residential UK &
Ireland



Angie Jim Osman
Partner

Allies and Morrison



Anca Stefanescu
VP Europe



David Rogers
Development Director



Ajit Nair
Operations Director

Dolphin Square
LONDON SW1



Andrea Moretti
Co-Founder & CEO



Thomasin Renshaw
Chief Development Officer



Monica Dinu
VP Growth & Marketing





2) Capital Allocation in 2025

Continental Europe

“All the money is flowing into PBSA, flex, and co-living, it’s very difficult to attract money to the BTR sector, but PBSA is very safe and countercyclical.”

- Josep Franch Bellmunt, Investment & Development Director - Rockfield Real Estate

The roundtable agreed that across Europe, “Living” remains the strongest, with estimates it was the largest sector for investment for the second-year running. The view is that capital is most comfortable where demand is deepest and income is resilient. PBSA was discussed as an attractive investment, as it is largely unregulated and rents are not capped when selling.

The UK

The UK is still attractive for investors, especially when compared to Ireland’s rent control (cap-like effects tied to the unit), but deploying capital at scale was discussed as hard for institutional investors. The competition is extremely fierce right now as deal volume has been low, which has driven some investors to look for operational adjacencies and alternate assets to create new revenue levers.

“We recently bought film studios that we build out and operationalise. We have two levers to play with to draw on extra margin.” - Roshan Ramlugun, Sector Lead Residential, UK & Ireland - AXA Investment Managers

London vs Regions

UK viability for BTR outside core areas like London still struggles to make the numbers stack due to increasing regulations and uncertainty of timelines for implementing them. Other regions in the UK, however, are still attracting projects. The term “accidental PBSA” came up in discussion as cities like Manchester, Liverpool and Leeds can command higher rents for BTR schemes thanks to the influx of international students around university towns, and these higher rents are used to underwrite the projects rather than domestic rents. However, over concentration of BTR or ‘accidental PBSA’ risks ‘monoculture’ in cities, so designing with mixed-use flexibility for the future is needed.

“You can’t build a city just of PBSA, this is why we need the public and private sector to work together, because right now there is no incentive for the private sector to look at developing anything else as you get more returns with PBSA(...).” - Angie Jim Osman, Partner - Allies and Morrison



Recommendations to Win Capital

The roundtable participants were challenged to make recommendations that could move the needle or incentivise investments.

1) Capacity and certainty, not deregulation

"Put a few million into clearing the gateway system to open the market back up." - David Rogers, Development Director - Galliard Homes

2) Product quality endures

"If a project ages well, tenants keep coming - you can keep adding modest growth" - Ajit Nair, Operations Director, Dolphin Square

3) Flexible land use

"At King's Cross we worked with Camden Council so some plots could swing between uses - residential when profitable, then back to commercial; we're applying something similar at Brent Cross" - Angie Jim Osman, Partner - Allies and Morrison



3) Delivery and Regulatory Risk

Capital requires delivery certainty. The participants discussed a number of regulatory barriers that are currently affecting the UK market's development pipeline. The Building Safety Regulator gateways, planning backlogs, and uneven fire adjudication introduce uncertainty at the moment when lenders need hard dates and cashflow visibility.

The picture in Europe is similar - the time to get permits for buildings is a major hurdle for attracting investors.

The room agreed that while deregulation wasn't the right answer, there is an urgent need for the government to add capacity, set clear service levels for approvals in planning projects, and make compliance predictable so that investors have assurances.

Gateway friction and time risk

"Anything involving the gateways is very hard and complex, lenders need to know start and finish dates." - David Rogers, Development Director - Galliard Homes

Developers face a trade-off between redesigning schemes to sit below BSR (building safety regulation) thresholds and proceeding through the Gateway process. The group agreed that optics can be tricky when projects are re-cut to avoid a gateway, but the core point remains that compliance still rules liquidity.

"You can circumvent the Building Safety Act by building apart-hotels, but the liquidity of that building is still reliant on being compliant to the same standards." - Roshan Ramlugun, Sector Lead Residential, UK & Ireland - AXA Investment Managers

Where schemes were reworked to avoid the gateways, participants had some more sympathetic views as ultimately the market rewards predictable, compliant delivery via whichever route gets you there fastest.

"They were compliant, they just redesigned - what's actually wrong with that? At least it wasn't stalled" - Thomasin Renshaw, CDO - Pocket Living

Gateway 2 vs 3

For higher-risk residential buildings, the Building Safety Act replaces the old "start building, sort the paperwork later" approach with two hard stop checks run by the Building Safety Regulator (HSE).



Gateway 2 is the permission to build: you submit a fully coordinated design, fire and structural safety evidence, change-control plan, and competence declarations. No shovels until it's approved, and any "major" design change during construction must go back through the Regulator.

Gateway 3 is the permission to occupy: at practical completion you prove the building has been constructed as designed (the "golden thread" of information, commissioning results, as-builts, O&M/FM data). You only get a completion certificate once the Regulator is satisfied - no certificate, no residents.

The room drew a clear distinction between the two in terms of stalling projects. Gateway 2 slows projects, while Gateway 3 threatens cashflow.

The takeaway: Investors price deals based on how convincingly sponsors can ring-fence Gateway-2 and 3 risk and time.

"By Gateway 3, you've got all your money out and no income." - Thomasin Renshaw, CDO - Pocket Living

There is also the issue of contractual ambiguity. If sign-off drifts due to slow government processes, the matter of carrying the cost of a half-finished, non-income-producing asset isn't clear.

"If that takes six months, who's liable for that period? That's why funds are walking away," - David Rogers, Development Director - Galliard Homes

Recommendations on Planning Reform

The roundtable participants were asked to make suggestions on UK planning:

1) Capacity & SLA discipline

"If they could stick to 12 weeks (...), everybody would be quite happy."

- David Rogers, Development Director - Galliard Homes

2) Planning load and skills gap:

"The public sector faces a shortage of skilled expertise to vet the number of gateway applications." - Angie Jim Osman, Partner - Allies and Morrison

3) Fire adjudication clarity

"You almost need a central body(...), we have 2-3 fire engineers with different opinions(...), that provides uncertainty." - Roshan Ramlugun, Sector Lead Residential, UK & Ireland - AXA Investment Managers

4) Create a systemic solution

"Permitting reform(...), and start streamlining." - Anca Stefanescu, VP Europe - Alasco

4) The New Economics

Viability reset

It's clear that developers are dealing with a growing stack of non-negotiable regulatory hurdles. The previous regulations aside, there are also BNG (bio diversity net gain), a new Building Safety Levy, and CIL/S106 to contend with. All of these are making the case for viability of new schemes much harder. The roundtable participants debated which ones were the most difficult to comply with, but overall sentiment was that there is too much overregulation driving away investment.

For example:

- The government's BNG regime is now live (10% net gain), with early studies showing a significant cost impact if not planned in from the start.
- The Building Safety Levy will apply to new residential buildings requiring building control approval, adding another policy cost to schemes already pressured by finance and high construction inflation.
- CIL guidance continues to stress that rates must reflect local viability, but in practice many authorities are only now recalibrating.

What CIL is supposed to do: Councils are meant to set their Community Infrastructure Levy (CIL) rates using current local viability evidence - what schemes in their area can realistically afford after land, build costs, finance, S106, etc. The rate should top up infrastructure funding without making typical schemes unviable.

What's actually happened: Many charging schedules were set years ago (different interest rates, build costs, sales values). Some councils haven't updated them, so today's rates can be too high for current appraisals (or occasionally too low to fund infrastructure). Authorities are only now reviewing and revising their charging schedules to match today's market.

OpEx first

The viability equation means that now the OpEx of a running building over time is being looked at in a way that wasn't considered by investors or developers before, as operations are often run by different companies.

The roundtable participants discussed the industry frameworks such as (LETI; UKGBC; UK Net Zero Carbon Buildings Standard) that push a fabric-first, low-energy design approach that reduces lifetime OpEx and exposure to volatile utility costs. These benefits are quantifiable at design stage.

"OpEx is going to become the important number in any development(...), we need something that can help with better predicting OpEx(...) and tie it to design choices so that a more robust specification becomes worth paying more for. That's something I would buy right now" - Thomasin Renshaw, CDO - Pocket Living



Portfolio deployment & return targets

Across Europe, residential returns are forecast to be driven more by current income than by yield compression - think utility-like cashflows versus boom-era IRRs. In the UK, a margin squeeze from build costs vs. achievable values is visible in viability studies, contributing to flat land values and slower deal flow. Investors are therefore prioritising schemes where income durability and cost discipline are most demonstrable.

"Residential is becoming more like utility(...), [historic] 20%+ IRRs are difficult to find." - Roshan Ramlugun, Sector Lead Residential, UK & Ireland - AXA Investment Managers

Amenity and Ancillary Revenue

"If the resident doesn't feel at home, the asset doesn't win the market," - Ajit Nair, Operations Director - Dolphin Square

Customer experience is the market strategy. There was resounding agreement that quality assets with a focus on how a home feels (light, layout, acoustics, storage, circulation, overheating) makes the difference in renewals versus non renewals of leases.

"It's not just about the space, it's about the quality of that space(...), a smaller, well-designed one-bed can keep a tenant longer than a generous but poorly planned flat." - Angie Jim Osman, Partner - Allies and Morrison

The participants also discussed the 'amenities arm race' seen across living sectors. Several of the operators question these 'instagram amenities' that don't get used in operations, but are mainly a sales tool when residents are shopping around. This backfires though as over-amenities rentals have heavy service charges.

An interesting fix was raised around the monetisation of amenity space to offset some development and operation costs. This means opening selected amenities to external members of the public.

"At Dolphin Square, most gym members are external and pay higher fees than residents. We've made a conscious choice to decouple our amenities." - Roshan Ramlugun, Sector Lead Residential, UK & Ireland - AXA Investment Managers

The UK fitness market has grown to ~11.5m members with sector revenue up materially since 2022, signalling real external demand where location and pricing work. That supports the case for externalised gyms and similar offers - so long as staffing and service levels don't bloat OpEx.

5) AI, Workflows, and Data

The group's view was blunt: without standards and shareable data, AI won't work. Real estate's AI upside depends on asking the right data questions and fixing fragmented, siloed sources.

"There's a lot of AI hype(...), but the underlying infrastructure of data isn't standardized(...), it's siloed and proprietary(...) no openness to share," - Anca Stefanescu, VP Europe - Alasco

Today, data is non-standard and proprietary, and even basic KPIs don't align (per-sq-ft vs per-occupied-apartment). Rich BIM models often die at handover because FM teams are not properly trained to understand the data in the first place.

"At the end of the day it's about the human being, the person on the other side, trying to understand the information. Some clients ask for lots of BIM data to be embedded in models, yet some of operational teams can't use the data without training and long-term stewardship" - Angie Jim Osman, Partner - Allies and Morrison

Recommendations to Unlock Value

"The trouble with data sharing(...) is it's your competition" - David Rogers, Development Director - Galliard Homes

1) Define a Minimum Viable Dataset (MVD) for residential development across design, build, and ops (cost codes, embodied carbon, energy, defects/claims, unit-level ops KPIs) and collect it once - then map to CSRD/ESRS, lender packs, and internal dashboards.

"AXA has a huge number of data points on each building and we aren't using them to the full extent," - Roshan Ramlugun, Sector Lead Residential, UK & Ireland - AXA Investment Managers

2) Governance & incentives: Third-party data trustee + opt-in aggregation so contributors see benchmarks first; enable role-based access so operators see what they can act on (OpEx drivers), while investors see trendlines.

"Submit your data points into a black box and they can only be seen in aggregation - then they are already anonymised." - Thomasin Renshaw, CDO - Pocket Living

3) Automate what hurts: cost coding, change approvals, funder reporting—explicitly called out in the question set; add OpEx prediction to the roadmap so design decisions are financially legible early.

6) Conclusion



To win in today's residential development market is a challenge. Capital likes PBSA, flex, and BTR that can prove delivery certainty and low 'run-rate' costs offers; Regulators require safety and clarity to grant permissions; Operators need specifications and workflows that are simple and measurable. Working to create better public and private sector partnerships can solve each of these requirements.

This makes for a simple playbook: Price programme risk honestly (especially Gateway 2 and 3), design for OpEx from day one, and fix the data plumbing so AI can be used as a tool. The development playbook from the roundtable offers practical ways to move forward, putting financeable schemes in front of lenders.

See full playbook on [Page 12](#).



Sponsor Highlight

Across the roundtable, the discussion repeatedly returned to the same bottlenecks: unpredictable delivery timelines, opaque budgets, siloed data, and the difficulty of modelling OpEx in a rising-cost environment. Participants agreed that the industry needs infrastructure that moves teams away from spreadsheet-driven firefighting and toward reliable, investment-grade financial governance.

This is where Alasco was repeatedly referenced as an example of the type of backbone the sector now requires. Alasco empowers real estate companies to move from reactive financial controlling to strategic financial management.

As a financial management solution for development and retrofit projects, Alasco connects all stakeholders, from finance to project teams, on standardised processes, automated workflows, and real-time financial data. With rapid time-to-value, the Alasco platform unites all stakeholders around a single source of truth, helping them plan, budget, analyse, optimise and execute on their business plans by aligning financial performance with sustainability goals. Alasco is used by more than 300 Real Estate Companies - such as Ardian, OFFICEFIRST, Patrizia, Hines and JLL.

In this context, Alasco was seen not as an add-on but as a model for what future-ready financial infrastructure looks like: a connected system that reduces delivery friction, supports compliance certainty, and makes design-stage decisions legible in financial terms, precisely the capabilities required to unlock capital and accelerate viable residential development.

Read more at: www.alasco.com





The Development Playbook

- **Use “two-lever” assets.** Pair core residential with an operational adjacency (managed flex, studios, externalised amenities) to protect returns across cycles.
- **Flexible land use.** Negotiate mixed-use swing rights in consents so plots can pivot between resi/commercial if the cycle turns.
- **Programme realism.** Carry evidence-based allowances (~40+ weeks for Gateway 2 where local data supports it) and a Gateway-3 contingency shell in every appraisal.
- **Pre-mortem with lenders.** Agree gateway timing, PC/occupation lags, and who carries the cost of delay.
- **Government asks** - Push for review capacity + 12-week SLA, central fire adjudication, and targeted permitting streamlining.
- **Write the OpEx spec.** Codify envelope/MEP/overheating/controls/parcel flows, with quantified run-cost impacts; make design teams show lifetime OpEx deltas, not just CapEx.
- **Amenity monetisation tests.** Pilot externalised gym/pool/club models only where pricing supports NOI without bloating staff cost.
- **Minimum Viable Dataset (MVD).** Define 1 small cross-phase schema (cost codes, embodied carbon, energy, defects/claims, unit-level ops KPIs). Collect once; map to lender packs + dashboards + CSRD/ESRS.
- **Neutral benchmarking.** Join (or stand up) an anonymised “black-box” cooperative; contributors get first-look benchmarks.
- **Automate the pain now.** Digitise cost coding, change approvals, funder reporting; add OpEx prediction linked to design options as the next rung.
- **Early CIL/BNG/S106 sanity check.** Run sensitivities pre-RIBA 2

Glossary



- **PBSA:** Purpose-Built Student Accommodation.
- **BTR:** Build-to-Rent (institutional rental blocks).
- **MFH / SFH:** Multi-Family Housing / Single-Family Homes.
- **Flex / Co-living:** Shorter-stay, smaller-unit rental models with shared amenity/services.
- **BSR / Building Safety Act (BSA) Gateways 2 & 3:** UK post-Grenfell approvals: Gateway 2 (before construction), Gateway 3 (completion/occupation). Time to approval is the key delivery risk.
- **CIL / S106:** UK planning charges/obligations that add cost/complexity.
- **LETI (London Energy Transformation Initiative):** practical guidance on how to design and retrofit buildings for very low operational energy and embodied carbon.
- **UKGBC:** An industry membership body that sets guidance and frameworks to accelerate a net zero, nature-positive built environment - covering topics like whole-life carbon, energy performance, biodiversity, and circularity
- **UK Net Zero Carbon Buildings Standard:** A cross-industry standard that defines what 'net zero carbon' means for UK buildings by setting performance targets, boundaries, and verification requirements
- **BNG:** Biodiversity Net Gain -new requirement that can add cost/complexity.
- **Landfill Tax / Building Safety Levy:** Additional UK cost layers referenced by participants.
- **GDV:** Gross Development Value - the end value of a completed scheme.
- **CapEx / OpEx:** Capital Expenditure (upfront build) vs Operating Expenditure (run-rate costs).
- **CSRD/ESRS:** EU corporate sustainability reporting regime and standards; drives stricter data/assurance. (Raised in question set.)
- **MVD (Minimum Viable Dataset):** The smallest standardised data set to satisfy reporting + performance needs.