# HOW DO WE UNLOCK THE SINGLE BIGGEST OPPORTUNITY IN HOUSING?

BE NEWS

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## INDUSTRY GUESTS:

**Matthew Townson,** director of development and projects, Casa by Moda

**Justin Harley,** regional director, Yardi

**Paul Langford,** strategic director, city housing, Birmingham City Council

**David Mawson,** chief executive, Placefirst

**Iain Murray,** head of operational living, Bidwells

**Alex Notay,** chair, RBT Housing Commission (keynote speaker)

**Charlotte Ward,** partner, real estate, DWF

**Liz Williams,** expert on land acquisition, planning and development, Centre for the New Midlands

**Jamie Younger,** fund director, Thriving Investments

**Liz Hamson,** editor-in-chief, *BE News* (chair)


**The Labour government has committed to delivering 1.5 million homes in the next five years. However, while the likes of Berkeley Group have entered the sector, with the launch of its single-family housing (SFH) platform, and a number of major joint ventures have recently been launched – including a £1bn JV between CPP Investments and Kennedy Wilson and a £750m JV between Greykite and Gatehouse Investment Management – the reality has yet to live up to the hype.**

**So, what needs to be done to fully unlock the SFH opportunity in the UK? What role can AI, technology and data play? And what lessons can be learned from overseas markets?**

**These were just some of the questions that were debated at *BE News*'s Spotlight on Single-Family Housing event, which was held in Birmingham in front of an audience of senior industry figures.**

**The event, which was sponsored by Bidwells, DWF, Placefirst and Yardi, was hosted by Casa by Moda at its sister company Moda Living's newest neighbourhood: Moda, Loudon's Yard.**

Casa by Moda's Matthew Townson kicked off the event by providing an overview of the company's involvement in the SFH sector.

The group moved into the market at the tail-end of 2021 and Townson cited recent data showing that institutionally managed SFH stock still only represents a small percentage of all built private rented sector stock in this country. "So here we all are today in this hugely existing moment in this space with so much potential for delivery and results," he said.

This was followed by a scene-setting presentation from Bidwells' Iain Murray, who talked about the challenges facing the sector, including the issue of planning applications for new schemes "dropping off a cliff" in the past couple of years and the need for more investment and strategic changes in government policy.

"If you don't put sausage meat into the machine you don't get sausages out, so we are looking at an acute undersupply at the moment and in the future it will get worse," he said. "It's imperative to get the housing market moving."

Alex Notay from the RBT Housing Commission then delivered a keynote speak summarising the commission's recently published report 'Beyond the permacrisis – delivering 1,000 homes per day'.

In a highly engaging, wide-ranging speech, Notay talked about the commission's agenda, the report's recommendations and the government's response to the report. She also shared her insights into the role SFH can play in addressing the housing crisis and highlighted the need for "strategic long-term change" to accelerate the delivery of homes.


Alex Notay

"There is no way the [Labour government's] 1.5-million [housing] target can be hit in one term, probably not even two, without making some really serious strategic changes to the way that our governance around housing is made," said Notay.

She ended her talk by expressing her optimism that the commission's report would be used by the current government and policymakers.

Before the panel discussion got under way, *BE News* editor-in-chief and chair Liz Hamson asked the audience if they thought SFH represented the single biggest opportunity to address the housing crisis. Around 40% of the audience said 'yes', 40% said 'maybe' and 20% said 'no'.

The panellists then gave their thoughts on this question and whether or not SFH was the hot new real estate sector. Yardi's Justin Harley pointed out that at the moment the

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*Alex Notay*


Iain Murray

sector still feels very small and there are lots of barriers, such as infrastructure, standing in the way of its growth. "But if these barriers can be overcome and knocked down then clearly the appetite is there and the demand is there, so I think it can grow to a great size," he added.

Placefirst's David Mawson said there was demand for SFH up and down the country, but viability remained a major issue, adding: "The challenge we've got at the moment in the sector is the construction costs and development costs are rising higher than rental increases so viability is getting tighter."

### Terminology issue

The panellists were asked about whether terminology presented any barriers to growth with a lack of public and even industry awareness around what SFH actually means.

According to Liz Williams from the Centre for the New Midlands, it's all about the messaging. "You have a message to the public, who you want to be a customer; you have a message to investors; and then you have a message to the actual built sector and the public sector that are doing planning and everything else," she explained. "So it's about having three different forms of language within your skillset."

The discussion moved on to the typical occupier of SFH, which spans a gamut of different users from key workers through to midlife couples and people who have


Matthew Townson

separated from their partners. Panellists pointed out that the average length of tenure in SFH schemes has been increasing over the past few years. "That's what is driving investment," said DWF's Charlotte Ward. "Investors are looking at that lengthening of tenure because if it's a quick turnover [of tenants] it's not as attractive."

The panel did not think the Labour government's first Budget would have a significant impact on the growth of SFH, but Placefirst's Mawson said the government should be paying more attention to the sector. "I don't think single-family rental is in their spotlight at the moment and it's such a massive miss," he added. "Building 1.5 million new homes is not achievable, but if you can deliver 300,000 to 400,000 through SFH it starts to get easier."

Recent leadership changes at Homes England and a review into how the organisation operates were welcomed by some panellists, but Williams expressed concerns that this would create more delays in terms of the delivery of new homes.

"People need homes now, we need action now, we need Section 106 market failure sorted out now, but it's not going to happen because there's a review going on and we need that review to be carried out diligently and as expeditiously as possible," she said.

According to Murray, Homes England has acted as an enabler and lots of housing developments have benefited from the organisation's funding. He highlighted the significant churn in housing minsters over the past decade or so and said "housing has never been so high up on the government's agenda than it is now".

As for what would drive future growth of the SFH sector, Thriving Investments' Jamie Younger said capital would be the main driver. "The demand is there. Inward migration is 600,000 to 700,000 people a year, households are getting smaller and people are living longer. So the demand is there. It's purely about supply and how we can provide that supply," he explained.

According to Murray, a key attraction of the SFH sector to investors is that homes are delivered individually, which helps with cashflow. "If you build 500 flats you have to wait until all 500 flats are finished, but if you are building 500 houses you're hitting your targets regularly," he said.

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>
> *Jamie Younger*

Charlotte Ward

Jamie Younger


David Mawson and Liz Williams

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*Justin Harley*

Justin Harley

Paul Langford

Ward agreed, adding: "That's one of the key things we are seeing our clients looking at as well in terms of speed – the fact you can do it in stages and you get cashflow and you don't have to wait for the full block to go up."

Paul Langford from Birmingham City Council talked about some of the residential schemes the local authority is currently involved in and highlighted the role regeneration can play in intensifying the delivery of new housing. "There's a big opportunity here for the government to take regeneration a bit more seriously than it has done over the past 20 years," he said.

### A better human experience

The discussion moved on to the role technology, data and AI could play in the future, and Yardi's Harley said the sector already embraces technology and data and has been an early adopter. As for AI, he said: "It will affect us in a number of ways and is already affecting us. But it is still about being human. Technology is about trying to create a better human experience efficiently."

To wrap up, the panellists were asked how optimistic they were that SFH would thrive over the coming years and how many homes Labour would deliver in its first term. The experts were unanimously optimistic about the outlook for SFH, but their estimates as to how many homes would be delivered ranged from one million to 1.2 million, with the consensus being that if one million new homes were delivered the government would have done well.

Following questions from the audience, attendees were asked how big a role they felt SFH would play in addressing the housing crisis in the next five to 10 years, with the majority saying they believed the sector would play a 'modest' role. □