

News

15.04.16

Legal & General forward funds more new homes at New Bailey

On behalf of its Build to Rent partnership, Legal & General Capital (LGC) and Dutch pension fund manager, PGGM, have announced that they will be forward funding a further 135 new homes at English Cities Fund (ECf)'s New Bailey scheme in Salford.

Through the creation of a new build to rent asset class, Legal & General is looking to use its long term capital to help address the chronic long term lack of supply of housing and meet the increasing demand for affordable, quality rental accommodation.

This latest purchase is the partnership's second acquisition from ECf in Salford. Located adjacent to the existing New Bailey build to rent scheme, the new site has full planning consent for 135 units over 15 storeys, providing a total of 225 new homes which will be managed by LGIM Real Assets.

Phil Mayall, Development Director at ECf, said: "The investment from LGC and PGGM is further testament to the momentum that is building on site as the scheme progresses at a pace. The two Build to Rent developments are the first of their kind to achieve institutional investment in Manchester, which means that real progress is now being made to bring both schemes forward.

"The progress that is taking place on the wider New Bailey development and the surrounding infrastructure is also extremely positive for the area. Improvements to the Ordsall Chord recently commenced in the city. Once complete, the Ordsall Chord will connect Piccadilly, Oxford Road and Victoria stations in Manchester for the first time. These much needed updates to the rail network will vastly improve connectivity and accessibility, bringing more businesses, people and investment to the area."

James Lidgate, Director of Housing at Legal & General Capital, commented: "Much has been made about generation rent, but for us this is about generation choice. We are proud of our philosophy for Built to Rent and will only invest in and develop purpose built schemes that offer renters a good quality, affordable choice that suits their personal circumstances and lifestyle."

Bill Hughes, Head of LGIM Real Assets, said: "With long term ownership at the heart of our designs, we will ensure that lifecycle costs, maintenance and management of these homes is considered right from the outset of our land acquisition process so that we can pass on a high quality service and good value costs to our residents. Successful international comparisons, such as the Netherlands, Germany and US, demonstrate to us that the UK has a long way to go and we believe that through professionalising the private rental sector we are able to encourage better standards across the board."

The new homes will be located on the riverside site adjacent to Spinningfields, within 200m of Salford Central station and 15 minutes' walk from Manchester Piccadilly. The construction is due to begin in April 2016, with practical completion to be delivered in March 2018. Devised and designed by the ECf, which is a joint venture between Muse Developments, Legal & General and the Homes and Communities Agency, New Bailey is a major regeneration scheme delivering a completely new destination for business and leisure in the city.

International law firm Freshfields Bruckhaus Deringer recently announced that it will be leasing

80,000 sq ft at nearby One New Bailey, the 125,000 sq ft office development which is currently on site and due for completion in May 2016. The development will provide a long term base for Freshfields' Global Centre and high levels of interest are being reported in the remaining 45,000 sq ft. As businesses like Freshfields relocate to New Bailey this will undoubtedly bring more residents to the area who are looking to live in this unique new location.