



Let's shake up modular housing

Legal & General has launched its own house building business. Ian Eggers gives an update on plans for L&G Homes to build thousands of factory-built properties each year.



IAN EGGERS
Integration Director

A new name is hoping to shake up the UK modular housing market – a market that's been successful in Germany, Austria and the Nordic countries, but which has traditionally proved notoriously difficult to open up here in Britain.

Legal & General, the FTSE 100 investment and insurance giant, is now investing in modular manufacturing. We have already opened up a construction factory near Selby in Yorkshire, which is the largest modular homes construction factory in the world and are recruiting key directors as well as factory workers.

Maybe it isn't surprising that Legal & General is talking about being a market leader in modular housing. We are already a top UK house builder, owning a 50% stake in the up-market property firm, CALA Homes. We also intend to invest £15 billion in UK infrastructure and real assets, including regenerating cities and creating new housing. We've already invested over £7 billion into direct investment programmes.

Legal & General Homes is keen to work with housing associations who want to share in the success of this exciting new development. We're at Housing 2016 in Manchester to continue these conversations.

Nigel Wilson, Legal & General's CEO, certainly hasn't been shy in talking about the need to build more homes in the UK, especially in the affordable homes and build-to-rent sectors. In recent press articles he has said that: 'Much of the UK is not over-built, but under-demolished, and needs replacing' and that the UK 'building 250,000 houses a year by 2020 is an achievable goal'.

The decision to launch a new company means that precision-engineered homes could be built more cheaply and quickly. The current skill shortages in the building industry are well documented. There's been a continued decline over the last seven years in people completing construction apprenticeships, with fewer than 10,000 apprenticeships completed in 2012/13. Skill shortages can mean that labour costs increase and project delivery times are delayed or extended.

250,000

The number of houses needed to be built by 2020.

The plan is to recruit and reskill people in modular housing construction techniques, to work in the factory in Yorkshire. We have assembled a senior team and most recently recruited the experienced Ian Eggers, the former MD of contractor Mace, who led the early work on the Shard in London, and Simon Century, who brings his corporate finance expertise from housing association, bpha.

These appointments show Legal & General's ambition to be successful in modular housing and to work closely with housing associations. When the first houses roll off the production line later this year, ready-made homes can be delivered to housing associations to satisfy the needs of home buyers or renters.

The modular manufacturing process uses cross-laminated timber (CLT) and can be used to build most building types of various heights. As well as traditional family homes, the process can build flats, elderly accommodation, hotels or even student apartments.

Legal & General is keen to emphasise the environmental benefits of modular housing. Legal & General Homes plan to create CLT by gluing together sheets of timber in its factory. The factory will have its own lamination plant, with large 'CNC cutting machines' creating wall and floor panels and cutting doors and windows to size. Using CLT in building processes is no longer seen as unconventional, being already the fastest growing building material in central Europe and Japan.

Homes could be cheaper across the whole lifecycle of constructing, maintaining and occupying. The construction and use of traditional buildings account for about half of extracted materials, one third of water consumption and about one third of all waste. The structural materials used in our modular housing also remove tonnes of CO₂ from the atmosphere and lock carbon into the structure. CLT can be 70% less to heat, according to an analysis of CLT buildings in Hackney.

As I said at the outset, L&G Homes is keen to shake up the UK housing market. We hope that housing providers join us on the journey to build more and better homes.

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