



Legal & General expands its Build to Rent offer with second site in Birmingham

Legal & General announces, on behalf of its Build to Rent Fund (BTR Fund) and Access Development Partnership (a joint venture between Legal & General Capital and PGM), that it has agreed the funding of a £100 million development site at Hockley Mills, within the Jewellery Quarter Conservation Area in Birmingham town centre. Marking the 16th BTR site and second in Birmingham for the Legal & General BTR Fund, the Hockley Mills development takes its total investment in the sector to £2.1 billion.

As Covid-19 drives secular changes and a fundamental rethink of many areas of the real estate sector, BTR has continued to deliver a stable income return throughout the crisis. The national lockdown, and subsequent social distancing measures, have had a significant impact on economic activity. For BTR, rent collection levels remain high with Knight Frank estimating that 95% of rent in the BTR sector was collected in Q2. Furthermore, many BTR assets - including the site at Hockley Mills - are well placed to benefit from some of the household behavioural trends and preferences emerging through the coronavirus pandemic; namely an increasing need for homes with functional space to work, alongside convenient access to local cultural and leisure amenities.

With a current population of 1.14 million, an increase of c.100, 000 people in the last 10 years¹, the population growth of Birmingham is the third fastest in the UK, behind London and Bristol. If this recent trend continues, the population of Birmingham is projected to grow to 1.18 million (3.9%) in 2028 and 1.23 million (7.8%) in 2038². These figures demonstrate an increased need for high quality housing.

Located centrally in one of the most sought after residential districts in the West Midlands and adjacent to both rail and tram links, the Hockley Mills site is on the periphery of the Jewellery Quarter providing a strong micro location for BTR accommodation. The scheme will deliver 395 apartments; one, two and three bedroom, alongside a new entrance to the Jewellery Quarter train station, 116 car parking spaces and 28,000 sq ft of flexible commercial space for retail, leisure and offices.

Dan Batterton, Senior Fund Manager, BTR, LGIM Real Assets said: “In the space of the last few years, the BTR sector has really come into its own. It has cemented its position in the UK as an asset class and successfully evolved away from the private rented sector. Showing its resilience and relative counter cyclical nature of the residential sector, BTR has remained largely unaffected throughout the coronavirus pandemic, as occupancy, rent collection and demand has remained high.

The Hockley Mills development further strengthens our existing portfolio, bringing our total number of schemes to 16 in eleven cities providing more than 5,300 apartments. The scheme will deliver high-quality, professionally-managed rental accommodation that can help to address the supply demand imbalance in Birmingham.”

Hannah Badger, Associate in the Residential Capital Markets team at Knight Frank said: “During periods of economic stress, residential assets are seen as extremely attractive by investors, in part due to both their resilience and counter-cyclical rental performance. Our view remains that, long term, the current Covid-19 crisis may well act as a catalyst for an acceleration of institutional capital into the UK’s residential investment sector.

¹ Birmingham Demographic Briefing – 2020/Population Estimates
[file://vwnhome02/HS82125\\$/Profile/Documents/2019_midyear_population_estimateBirmingham.pdf](file://vwnhome02/HS82125$/Profile/Documents/2019_midyear_population_estimateBirmingham.pdf)

² https://www.birmingham.gov.uk/download/downloads/id/4609/2018_population_based_projections.pdf

Since March activity has remained strong as investors seek to increase their exposure in the UK market – indeed, recent Knight Frank research found that 77% of investors are looking to maintain or increase their investment plans in the near future. As the UK’s largest city outside of London, investment in Birmingham’s BTR market has always been strong. However thanks to the regeneration of the city centre and the upcoming HS2 line enabling even quicker links into the capital, demand by investors for high quality rental assets is certainly on the rise and is showing no signs of slowing down, despite the current wider market headwinds.”

Legal & General was advised by global property consultancy Knight Frank.

Sir Robert McAlpine will act as the developer at Hockley Mills, and was represented by Holt Commercial.

Notes to editors

About Legal & General

Established in 1836, Legal & General is one of the UK’s leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With over £1.24 trillion in total assets under management, we are the UK’s largest investment manager for corporate pension schemes and a UK market leader in pension risk transfer, life insurance, workplace pensions and retirement income.

LGIM Real Assets

LGIM Real Assets is a division of Legal & General Investment Management (LGIM), one of Europe’s largest institutional asset managers and a major global investor. LGIM manages £1.24tn in assets (as at 30 June 2020), working with a range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors. LGIM Real Assets has AUM of £35.9bn (as 30 June 2020) and is one of the largest private markets investment managers in the UK.

Investing in both debt and equity and across the risk/return spectrum, LGIM Real Assets actively invests in and manages assets across commercial, operational and residential property sectors, as well as infrastructure, real estate, corporate and alternative debt. Taking a long term view in order to future proof our investments, LGIM Real Assets continues to lead the industry in ESG performance, considering all environmental, social and governance issues at asset level as well as portfolio level. During 2020, we are developing a strategy as part of our commitment to net zero carbon emissions across the real estate equity business by 2050, and have also committed to measuring social value across 20% of our platform by the end of the year.

About Knight Frank

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank has more than 19,000 people operating from 523 offices across 60 territories. The Group advises clients ranging from individual owners and buyers to major developers, investors and corporate tenants. For further information about the Company, please visit knightfrank.com.

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