

Breaking Ground


UNITED TRUST BANK
PROPERTY DEVELOPMENT FINANCE

Summer 2023



Managing risk in a high inflationary environment

Welcome to the latest edition of Breaking Ground.

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As inflation, levies, taxes and burdensome red-tape continue to frustrate many hard working housebuilders, one successful developer, Regal London, has taken every stage of the project process in-house to ensure it has maximum control of every element. In our lead article, Wise Owl Jonathan Seal, CEO of Regal London, explains how this approach not only allows the business to mitigate risk but has enabled it to deliver all its schemes on time (or early!) and on budget, even when overcoming the additional challenges brought about by the Covid-19 pandemic.

If you have any feedback, or would like to discuss a proposal, please get in touch.

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Managing risk in a high inflationary environment



REGAL
LONDON

Jonathan Seal – Chief Executive Officer

Regal London is one of London's leading privately owned value adding real estate developers with a contracted gross development pipeline of £4.5 billion consisting of residential for sale, student and build to rent schemes, combined with mixed-use opportunities including hotels, offices, retail and logistics.

Jonathan Seal started his career in 1997 qualifying as a corporate finance solicitor. He subsequently moved away from law into investment banking and went on to spend 20+ years in both the public markets and private equity. Jonathan joined Regal London in 2016 as a Non-Executive Director to spearhead its strategic growth plans and subsequently moved into a full-time role, now as Chief Executive Officer.

It is widely reported that real estate is one of the most heavily taxed and regulated industries in the UK. It is one of few (if not the only one!) that must pass through a quasi-judicial process to obtain permission to operate. There is a distinct lack of political certainty around any comprehensive housing strategy from Whitehall, caused by the all too frequent short-termist Government thinking - and if this wasn't challenging enough, we also face the headwinds of increased inflation and the ongoing energy crisis.

Each one of these factors brings uncertainty to an already lengthy process, where significant upfront investment is required. In the face of this, we have strived to take control where possible so that we can reduce exposure to these shifting sands.

Regal London is a fully integrated business of 140 people. A team of experts who cover the lifecycle of the asset, from land and planning, investment and legal, sales and marketing, customer care and asset management and, of course, our expert construction team. This control from start to finish means that we build out our projects on time and within budget.



Recent history shows that this has real, tangible benefits. We were able to keep our sites open every single day throughout the pandemic. We have delivered all our developments on time or even, in the case of Grace House, comprising 170 later living apartments in Westminster, ahead of schedule in the summer of 2022.

The revolving door of the Housing Minister's office has become a favourite industry joke. However, with the political flip flopping comes a more serious challenge. Our in-house planning and stakeholder engagement teams know every inch of the political landscape in the boroughs in which we are active.

We are politically agnostic, if politicians see the local challenges and their solutions in the same way that we do, we are able to work together. This is also reflected in our partnerships - each one of our projects is unique, with different partners and structures driving towards shared success.

Our in-house construction team are staring down the barrel of a sector wide labour crisis. Recent figures published by the Migration Advisory Committee show that vacancies were 65% higher in the three-month period (Nov-Jan 2023) than in the immediate pre-pandemic period (Jan-Mar 2020).

This continuous acute labour shortage is in part caused by the Brexit exodus and an aging workforce. The construction industry also suffers from an image problem and is widely misunderstood.

Rather than sit back and wait for the answers, we created the Regal London Real Estate Academies in partnership with Building Heroes, a charity dedicated to providing training for Service Leavers. We have broadened this offer to include local people furthest from employment too. Our two academies (Brent and Watford) each train around 70 people per year and many either join our supply chain, move into self-employment within the sector or even join our own business. We believe we can really benefit from the skills of those in the armed forces - tenacity, teamwork, dedication and problem solving.

At Regal London, we pride ourselves on never building anything that we wouldn't be prepared to live in ourselves, and that obsessive attention to detail and quality can only really be achieved with this fully integrated approach.

Wise Owl Partners

Live Big
Stuart Baldwin



What makes truly sustainable housing?

Nicholas Boys Smith



Data, PropTech and the Hunt for Land

Hugh Gibbs



Looking up for new opportunities

Mani Khiroya



Giving customers choice is key to the future of housing

Tom Bloxham



Comments from a key UTB partner

Stewart Baseley



Market Outlook 2023

Gráinne Gilmore



Placemaking: if you build it they will come

Roger Wade



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LDS

UTB and LDS help housebuilder reduce cash input on a £10m development



Rising construction and finance costs have added to the myriad of challenges the nation's housebuilders and developers must overcome. Now more than ever it is important that development funders across the capital stack collaborate to provide the support housebuilders need.

UTB has a track record of working with various equity and junior debt providers in both the private and public sectors including the Housing Growth Partnership, Homes England, the British Business Bank and several leading mezzanine funders. Together we help housebuilders access the capital they need to fund multiple live projects and retain more of their equity for investment in potential new sites.

We are delighted that we have completed our first deal with LDS Sales Guarantees, funding a £10 million development in Greater London. With several more potential opportunities supported by LDS currently being discussed, we are certain this will be the first of many successful collaborations with this innovative offering.



Events **next year**

JAMES ANDREW INTERNATIONAL



Swish fibre™

Next year's MIPIIM will be held from the 12th-15th March and UTB will once again be hosting their annual reception in partnership with James Andrew International and SWISH fibre. This is the most oversubscribed fringe event of MIPIIM week, so if you would like to join us, please speak to me to ensure your name is on the guest list.



Talking of popular events, UKREiif in Leeds had over 6,000 attendees from across the country and they have just announced that the 2024 event will take place from the 21st-23rd May. If you would like to come to UTB's Developer & Housebuilder networking dinner let me know so I can secure your space.

UTB Wise Owl Developer Networking Lunches

The UTB Wise Owl Developer Networking lunch programme is a series of gatherings attended by developers, housebuilders and property investors from across England & Wales.

Recent successful lunches have included guest speakers Lucian Cook, Head of Residential Research at Savills, and Harry Swales, CIO at Homes England. The lunches will continue into the second half of the year with more insightful guest speakers including Richard Auterac, Chair of real estate auction house Acutus, journalists and authors Peter Bill and Jackie Sadek, Steve Norris, Chair of Soho Estates, and conclude with Grainne Gilmore, Director of research and insights at Cluttons. Again, please speak to me if you would like to attend an upcoming lunch, or if there's a particular subject you would like to see covered in our rolling programme of events.



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