

Big Players Enter Private Rental Sector

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The push into the private rented sector by major players is continuing apace, with MPs being told this week that growth will come from housing associations.

Sir Adrian Montague, giving evidence to the CLG committee inquiring into the private rented sector, said housing associations will be among 'core contributors' to the sector, along with developers building homes just for private renting.

He told MPs that individual landlords were too small to meet demand, and that institutional investment and large developments were needed.

James Moss, managing director of London agents Curzon Investment Property, said: "With growing consumer demand for private rented homes, and with institution-backed vehicles finally starting to unveil their plans, the industry could well be about to witness the emergence of a fully-fledged new sector."

Meanwhile, Places for People, one of the largest property management, development and regeneration firms in the UK and which is landlord of 66,000 homes, has beefed up its presence in the private rental sector.

It has bought a portfolio of 925 private rental properties from Terrace Hill for £70m – a discount said to be less than 1%.

In a separate deal, Essential Living – a developer backed by over £200m worth of American pension fund money – announced it will be building more than 5,000 new 'build to let' homes over the next decade.

The Places for People deal is hot on the heels of an announcement just days ago that the firm has spent £18.5m on buying a portfolio of 271 retirement properties from Grainger, and formed a partnership with retirement property rental management company Girlings.

In November, Places for People bought private rented property management business Touchstone for £15.9m. Touchstone, which has ARLA, ARMA and RICS credentials, has a management portfolio of 20,000 homes. Last November, it was appointed as the property management firm for TM Hearstone UK Residential Property Fund, in which Connells has a stake.

David Cowans, chief executive at Places for People, said of the latest purchase: "We're delighted to conclude this deal which is part of our long-term strategy to build a private rented portfolio as part of our housing offer to all of our customers."

Sir Adrian Montague, architect of build-to-let, also told MPs that there should be more new homes built for the private rented sector.

He backed the Government's £200m equity fund scheme, calling it a step in the right direction, but said there should be 'no enduring subsidy' for developers or investors.

He said: "The market must stand on its own two feet." He also said new-build private rented housing should remain in the rental market for up to 30 years.

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