

Homes England launches new development finance fund

Homes England, alongside Greater Manchester Pension Fund, listed wealth manager Mattioli Woods and other private institutional investors, have committed £80m to the Initial Close of the Newstead SME Real Estate Lending Fund (RELF).

The Fund is to be managed by specialist fund manager Newstead Capital and the intention is to grow the fund to £300m in subsequent capital raised and deliver £1bn of funding over the Fund's lifetime.

The Fund will help to meet Homes England's mission to accelerate change in the housing market by bringing in new sources of institutional capital and diversifying lending channels to the SME housebuilding sector, whilst enabling the construction of over 5,000 high-quality, affordably priced, and efficient new homes throughout England.

Peter Denton, chief executive of Homes England, said: "This partnership is our latest intervention to offer SME housebuilders a route to finance that may otherwise be unavailable through traditional means.

Introducing new sources of institutional capital to support SME house builders is a priority for Homes England and our cornerstone investment in this fund signals government support for accessible and competitive finance to meet the needs of SME developers across the country.

We look forward to working with our new partners and welcome further institutional capital to help grow this fund and give SME housebuilders the helping hand they need to get more quality homes built in our regions.

By empowering smaller regional housebuilders, the Fund will help to encourage the creation of sympathetic and environmentally responsible projects while supporting the regional SME house building sector and boosting regional job creation.

Councillor Ged Cooney, Chair of Greater Manchester Pension Fund, said: "We are pleased to support the Newstead residential RELF, which will allow more new homes to be built, by empowering local SME builders to develop smaller sites, often overlooked by larger housebuilders.

These new homes will help to address the housing shortage and the financial return from our investment will enable GMPF to meet its

future pension obligations to its members.

The Fund employs a robust underwriting process overseen by Newstead, incorporating its own credit, environmental, social and governance (ESG) metrics and will encourage the development of sustainable housing by taking new homes' energy efficiency into account at the underwriting stage.

Simon Champ, CEO at Newstead Capital, said: "This is an exciting step for Newstead. Our fund is the first of its kind. We are providing a conduit for long term institutional investors to gain access to a market which until now has been out of reach.

The Newstead RELF is aimed exclusively at the unfulfilled need for capital from regional housebuilders. Regional housebuilding has historically been critical to the economy, providing the country with a diverse range of smaller housing communities. The fund gives pension, insurance, and wealth management institutions an appropriate long term investment platform to support this vital industry.

By meeting this demand, we will provide an attractive return for investors, the taxpayer and Manchester retirees, while also empowering local SME builders to compete with larger housebuilders. The Newstead RELF fund will allow more new homes to be built, tackling the housing shortage and contributing to levelling up by allowing smaller sites to be developed, with the associated environmental benefits.