

Japan Rugby World Cup: Investment in UK Housing & Regeneration

The Japan Rugby World Cup: Investment in UK Housing & Regeneration Event aims to encourage and foster positive trade relationships between both Japanese investors and British business executives with regards to international investment in UK housing.

“It gives me great pleasure to be here today at the British Embassy in Tokyo at such an exciting time for Japan and for rugby lovers around the world. My home town is birthplace of the other Rugby Code but I am sure Huddersfield will forgive me in return for the reference to a fine bit of Yorkshire.

Our delegation has only been here for a short time but we have been made to feel incredibly welcome and on behalf of my team I would like to extend our thanks to everyone who has hosted us so far for their generosity and hospitality.

It has also been good to see our friends from Sekisu House very much on their home ground and I look forward to visiting their dream factory tomorrow.

For me personally it is also great to be back here in Japan: a country I have visited previously and got to know well through my time working many years ago at the Japan Local Government Centre. It's a great shame we are not able to stay for longer to enjoy the tournament and catch up with old colleagues. Hopefully the England team won't be saying the same thing at the end of the group stages.

As Chief Executive of Homes England I think I have one of the best jobs in the Government and the private sector, working to solve one of biggest domestic challenges facing the country at the moment.

I lead an organisation of over 1,000 people who are all dedicated to increasing the pace, scale and quality of housing delivery in England.

Homes England is a relatively new agency, having only been formed in January 2018.

We were formed to address one the Government's top domestic policy priorities, fixing the housing market, which has failed to deliver enough homes for decades.

This shortage of new homes has led to high property prices and rents, and has prevented a whole generation from buying their first home.

Very simply, England needs to significantly increase the number of homes built year on year, and Homes England is tasked with ensuring more people in England have access to well-designed homes in the places they want to live.

To achieve this, Government has given us the tools to intervene in the housing market to ensure more homes are built in areas of greatest need, and to improve the affordability of housing.

Beyond getting more homes built, we are determined to create a more resilient and diverse housing market by supporting new entrants and pioneering new methods of construction.

The scale of the challenge is significant, last year in England we built just over 220,000 homes and Government has tasked us with working with the sector to build 300,000 a year.

While the challenge is significant, so are the resources Homes England has to deliver on its mission.

We expect to spend £27bn in the next five years, in addition to leveraging significant additional investment by partnering with the private sector. We already have already launched separate funds with Barclays and Lloyds and are looking for new opportunities. This is important. Homes England may be a government agency but it works primarily with and enabling private organisations.

As an organisation we have been given the remit to build significant capability. The agency is doubling in size and we now have a vastly experienced workforce from a wide range of primarily private sector backgrounds including land buyers, bankers, investors and developers. We are in many senses private skills operating in the public sector.

And as owners of significant amounts of public sector land with land assembly powers we are well placed to act as master developer, substantially reducing the risk of new large scale housing projects for private sector partners.

This experience and resource makes us a commercially astute organisation, capable of delivering ambitious projects competently and at pace.

Put simply we are an organisation with the money, land, and powers to deliver the homes the country needs.

But in order to succeed we need partners working in construction, finance, design, development, affordable housing, local government, asset managers and all others involved in the development process to work with us.

We are well placed to introduce you to the English residential market, partner with you to unlock opportunities.

In many ways we are the Fumiaki Tanaka of the English housing market. As scrum half, we don't kick the points or score many tries. Our role is to use our skills to bring partners into the game and present them with the opportunity to succeed.

And it's fantastic to one of these partners here today, Mr Kenta Konishi from Sekisui House UK.

Our new joint venture – HoUSE – with Sekisui and regeneration specialist Urban Splash is a testament to teamwork, shared ambition and innovation.

Being part of bringing one of the world's largest and most innovative housebuilders to the UK is a matter of immense pride for all of us at Homes England.

They have a proven track record of delivery quality homes at scale, having built nearly 5% of all the homes delivered across Japan last year.

This ability to deliver at scale and their expertise in modern methods of construction makes them a superb addition to the English housing market.

We are greatly looking forward to seeing House's first development at our new town in Northstowe, the biggest new town in England for over 50 years.

To date, Homes England has made great progress. In October 2018 we published our Strategic Plan setting out the steps we will take with the industry to respond to the long-term housing challenges facing the country.

In the last financial year we directly supported the completion of over 40,000 new homes and unlocked land with capacity for 35,500 homes, but there is still much to do, and to achieve our goals we need ambitious partners.

Others will speak in more detail about the range of investment opportunities the UK residential market has to offer.

I will say though that Homes England is actively working to build our investment pipeline in partnership with developers and asset managers with strong equity raising and development delivery capabilities.

This work is crucial if we are to achieve our objective of diversifying the housing market.

We are already supporting the growing Build to Rent sector via our cornerstone investment in PRS REIT's £250 million IPO and we are working to further develop our equity investment capabilities.

As with Build to Rent, supporting new homes for people of specific demographics is an important part of diversifying the market.

A lack of high quality homes for older people to downsize in to leaves these people stuck in large properties that would be perfect for new families.

As a result the growing capacity of the care home and retirement village sector to provide well designed homes with excellent amenities to suit the needs of an ageing population is fundamental to a functioning housing market.

Just as we need to diversify what we build, we need to diversify how we build, and for Homes England, embracing new technology and new methods of construction is vital to getting homes built at the pace and quality we want to see.

If you'll forgive another rugby analogy, England's Rugby World Cup winning coach Sir Clive Woodward was famously mocked by the media for buying each of his players a laptop in the build up to their ultimately successful World Cup challenge in 2003.

However he understood the importance of technology in getting the best out of his players. The team used this technology to analyse their performance and the games of their opponents in incredible detail which gave them an on field advantage. His mantra was "whoever wins in IT tends to win".

I think this is as good a lesson for the housing sector as it is for the world of sport.

Productivity and innovation growth in the UK construction sector has been low for the past 25 years and continues to lag behind the UK economy as a whole and the UK construction workforce is ageing.

Based on current entrant and exit rates, the construction sector could shrink up to a quarter by 2026.

However we know that if we keep building in the way we do at the moment, we will only hit our target if the construction workforce expanded by 40%

If Homes England is to achieve its objectives, we need to seriously shake up how we build homes in England by increasing the capacity of the off-site manufacturing industry, using our land and investment capabilities to push the sector to incorporate greater use of Modern Methods of Construction, as well as support the sector to test and learn about new technologies.

Homes England is actively supporting MMC across our land and investment interventions and is looking to do more in this space.

Bringing Sekisui to the UK is a key part of this.

Looking ahead, acting as master developer on a greater number large strategic developments will give Homes England even greater power in the market to drive the use of modern methods of construction, new technologies of all kinds, as well as ensure high quality design and sustainable homes.

But as I've said, in order to change the housing market and get homes built and build the homes we need the support of new ambitious partners who support our objectives and want to work with us.

My hope is that our visit to Japan has helped to strengthen existing relationships and will be the catalyst for new ones.

I wish the Cherry Blossoms the very best of luck in the tournament and thank you again for your hospitality, I now need my team to find a French company we can partner with so we can be sure of a trip to the next World Cup in France."