

East Midlands

THE GREAT HOUSING EXPERIMENT

Nottingham is the scene of an ambitious experiment – an urban regeneration project that will see the birth of a £30m village with 200 rental homes and 21,000 sq ft of retail and leisure. David Thame reports

Nottingham, the UK's capital city of pharmaceuticals, is about to see an experiment. But this time its hard hats, not lab coats, that set the tone. Like all good experiments, it will put a cherished theory to the test – one that says urban regeneration in the UK is broken and that a rethink of upscale private rented housing is part of the answer.

It is a big gamble for Jackie Sadek, chief executive at cheerleader-turned-housebuilder UK Regeneration, as it embarks on the first of 10 first wave projects. The £30m Sandfield Village in Nottingham will deliver about 200 rental homes and 21,000 sq ft of retail and leisure floorspace.

Advised by Jones Lang LaSalle and Barclays Capital, this autumn Sadek is expected to sign a land deal with Nottingham City Council for the 4.3-acre former school and theatre site. A planning application will quickly follow.

If the experiment succeeds, within five years Sadek could be managing a £500m nationwide property business delivering 20,000 housing units. In the process, she will have changed the process of urban regeneration for good.

Sadek – a veteran of developments including Broadgate, EC2, and Stockley Park, west London, and a former head of regeneration for CB Richard Ellis – believes the time for new thinking is long overdue.

She explains: "The old models of regeneration are broken. We've had two years of pain since the 2010 general election. It's been regeneration meltdown. There are tracts of city land lying there and nothing is being brought forward, and that's not thanks to problems with planning, as the government says, but thanks to lack of finance.

"At the same time, the private sector housebuilders aren't delivering the homes people want because they have no relationship with their consumers."

The solution, she says, is to marry private finance and publicly-owned land. "It's clear that we need to move regeneration decisively into the private sector and not look for public subsidy," she says.

The hope is that the campus-style development at the junction of Derby Road and Lenton Boulevard will establish renting as an aspiration, not a second-best option for those who cannot afford to buy.

As well as housing there will be a blend of retail from convenience stores, to restaurants and boutiques (see panel). Long-term community-led management by UK Regeneration will ensure tenants are treated as the core asset, and not a



ALAMY

FACILITIES AIMED AT URBAN DWELLING

Could a Michelin-starred restaurant be coming to Sandfields? Speculation is already mounting that a star name could be part of the retail and leisure mix at the Nottingham development.

Around 21,000 sq ft will be devoted to the kind of fashionable eateries and local facilities that urban dwelling demands.

The UK Regeneration team will seek a thoughtful blend of retail, including a mix of convenience shopping, niche boutiques and small local operators targeted to provide services such as dry cleaners, florists and coffee shops. There will also be leisure providers.

"We think we can attract the kind of

national names that residents would want, along with the upcoming local businesses that we'd like to support," says Jackie Sadek, chief executive at UK Regeneration.

Communal spaces for farmers' markets, a gym and children's play area are also included.

The prospect of modest retail development at Sandfield comes as Nottingham ponders the implications of Capital Shopping Centre's £73m purchase of the 487,000 sq ft Broadmarsh Centre, adding to the 981,000 sq ft Victoria Centre already in its ownership.

here-today-gone-tomorrow nuisance.

Sadek says that Nottingham's demographic suits the new model very well. "We're looking at the university leaver trying to get established in a career but who can't yet afford to buy," says Sadek. "We say 'get a life, not a

mortgage', and we want to provide an easy place to live – and possibly work as well – in the centre of the city."

The relationship to Labour-led Nottingham council is, on the face of it, simple, and in practice, complicated.

"It is the landowner, and it is the



THE MONEY MAN

It was at an industry dinner in January 2010 that Brendan Jarvis, head of real estate at Barclays Capital, first began the conversation with Jackie Sadek, chief executive UK Regeneration, which has led to the Sandfield Village plan.

"We got chatting," Jarvis recalls. "This is a way of reviving the rental housing model. The idea was to make rental housing more available and to do that in a way compatible with exceptional returns for investors. We looked around for the most affordable land, and then at doing deals with local authorities so

that everyone's interests align."

Jarvis will not talk about anticipated returns for investors, but describes the project as "fairly low risk, fairly benign".

Scaling up the Nottingham pilot into 10 first-wave developments is going to require resources, but also the right land, says Jarvis. "What we need is the land, available at a price that makes this work," he says. "It's the one variable that can change because returns on equity, debt and rents are already pretty fixed."

planning authority, but we are also trying to deliver aspects of its policy," says Sadek.

This means promoting the city's knowledge economy, investing in broadband, supporting family and healthy living strategies, and seeding growth at the nearby Marcus Garvey Centre for local businesses.

Sadek says it is a "happy coincidence"

Sadek does not dodge the bullet. "Absolutely right," she says. "This is about intensive management of around 200 rented homes. We want the tenants to stick with us, and we will reward them if they do – perhaps reduce their rent, help them get back into work if they become unemployed – all sorts of things that flow from treating people as customers and thinking of tenants as an

London regeneration, has been recruited as new deputy chief executive to oversee local managers at each site, starting with Nottingham.

The Nottingham development is funded through equity, not loans, and the likely exit will be through a stock exchanging placing or transformation into a real estate investment trust. That will fuel a revolving facility which will

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that UK Regeneration is able to tick so many of the council's policy boxes.

"The council knows its area, and it's not been standard in the property industry to respond to the needs of the community," she says.

Of course, there are risks in a project which depends heavily on intensive management work ahead of development, and yet more intensive property management once the project is built.

asset. When does a property company ever do that?"

Talks are already under way to expand the UK Regeneration housing model – if the Nottingham experiment is a success.

"Our funders have asked us to find another 10 pilots in the next year," says Sadek. "I'm not sure we can realise that so quickly, but we are already in discussions with a number of local authorities."

Gill Marshall, a specialist in east

help the business deliver the next wave of developments and up to 20,000 new homes in seven years.

Sadek is excited by the plans. She says: "Instead of just sharing best practice, which is what UK Regeneration has done up to now, why not show how it can be done? It's different, and I'm having the time of my life."

If the Sandfield experiment is a success, it could change a lot of other lives, too.