

Legal & General invests a further £57m in Leeds as it adds second Build to Rent site to city centre

Legal & General continues to expand its Build to Rent (BTR) offer as it announces, on behalf of its Build to Rent Fund (BTR Fund) and Access Development Partnership (a joint venture between Legal & General Capital and PGGM), that it has agreed to the funding of a £57 million development site at Tower Works in Leeds City Centre. This investment follows the £100 million investment to develop Hockley Mills, a 400 apartment scheme in Birmingham.

Leeds is one of the UK's largest cities in terms of population and economic output, yet supply of housing in the city centre has been severely constrained over the past decade. Current housing stock is unable to meet the growing demand for rental accommodation. Recognising the prospect for rental growth in Leeds, Legal & General has acquired two BTR sites in the city centre; Mustard Wharf in 2017, and now Tower Works. Both sites are central to the landmark South Bank regeneration area, and together will deliver 500 homes, offering one, two and three bedroom apartments, alongside over 16,000 sq. ft. of commercial space.

In the last few years, the BTR sector has really come into its own. It has cemented its position in the UK as an asset class and successfully evolving away from the private rented sector. Following Legal & General's first investment in the sector in 2016, its BTR business has grown rapidly. Today, it has committed over £2 billion in the sector, with nearly 2,000 operational apartments and a pipeline to deliver a further 7,000 apartments by 2025.

Dan Batterton, Senior Fund Manager, BTR, LGIM Real Assets said: "As Covid-19 drives secular changes and a fundamental rethink of many areas of the real estate sector, BTR has remained largely unaffected. It has delivered stable income returns throughout the crisis, with occupancy, rent collection and demand remaining high. In the last four weeks, we have committed £57 million to Tower Works, £100m to Hockley Mills in Birmingham, and welcomed the first residents to our Mustard Wharf scheme in Leeds, Box Makers Yard in Bristol and the final phase of The Slate Yard in Salford. We continue to invest throughout the UK and demonstrate the need for homes with functional space to work, alongside convenient access to local cultural and leisure amenities."

Adam Burney, Partner in the Residential Capital Markets team at Knight Frank: "As we prepare for economic recovery, greater investment in the UK's regional cities - particularly to deliver vital new housing - is needed. The Build to Rent sector has an important role to play here, with Knight Frank research showing that more than 60% of new BTR homes either under construction or with planning granted will be built outside of London.

"The government's commitment for more funds to support its 'levelling up' agenda in November's Spending Review, including for improving infrastructure and unlocking housing, means regional towns and cities have the potential to take the lead on building the strongest possible recovery. Legal & General's latest investment in Tower Works, Leeds, which closely follows its £100 million investment in Hockley Mills in Birmingham, further demonstrates its continued commitment to the regions, and the growing strength of regional hubs across the UK. These developments will provide high quality, well managed housing for the local workforce, as we return to a more active economic environment."

Richardson and Ask Real Estate Ltd will act as developers at the Tower Works site in Leeds – delivering the 245 apartment scheme. Works will start on site in the coming months.

Legal & General was advised by global property consultancy Knight Frank.

Notes to editors

About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With over £1.24 trillion in total assets under management, we are the UK's largest investment manager for corporate pension schemes and a UK market leader in pension risk transfer, life insurance, workplace pensions and retirement income.

LGIM Real Assets

LGIM Real Assets is a division of Legal & General Investment Management (LGIM), one of Europe's largest institutional asset managers and a major global investor. LGIM manages £1.24tn in assets (as at 30 June 2020), working with a range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors. LGIM Real Assets has AUM of £35.9bn (as 30 June 2020) and is one of the largest private markets investment managers in the UK.

Investing in both debt and equity and across the risk/return spectrum, LGIM Real Assets actively invests in and manages assets across commercial, operational and residential property sectors, as well as infrastructure, real estate, corporate and alternative debt. Taking a long term view in order to future proof our investments, LGIM Real Assets continues to lead the industry in ESG performance, considering all environmental, social and governance issues at asset level as well as portfolio level. During 2020, we are developing a strategy as part of our commitment to net zero carbon emissions across the real estate equity business by 2050, and have also committed to measuring social value across 20% of our platform by the end of the year.

Further information

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