Silkash, Westhoughton


One Port Street development


Lumina Village vision

Kampus, Manchester

DEMAND FOR QUALITY HOUSING VS TURBULENT HEADWINDS

As the North West urban residential space confronts a plethora of rapidly changing trends, Alex Bell explores the agility required to deliver progressive development

What exactly are the major challenges that residential real estate is grappling with? Inflation, the rise of interest rates, rapidly moving ESG (environmental, social and governance) targets, housing imbalance, geopolitical risk and supply chain disruption, labour shortages, regulatory uncertainty and hybrid work.

There are further issues affecting the development of homes and sustainable placemaking – but you get the picture. Take Manchester where there are 11,759 new homes in the pipeline, according to Deloitte's Manchester Crane Survey 2023. A steady supply for the next three years, yes. But a notable finding is the 2,734 homes delivered to market between January 2022 and January 2023, a figure that represents the first fall in seven years.

Adam Brady is responsible for HBD's urban regeneration and residential pipeline and led on the creation of the £250m Kampus neighbourhood in Manchester.

He says: "I've been doing this job for 22 years and don't ever remember things moving as quickly. It's a lot for industry, government and the development community to digest."

The moving parts Brady refers to are at least ten-fold and include proposed changes to the Energy Performance Certificate (EPC) rules for landlords in 2028 – aimed at strengthening sustainability practices.

Touching on the building of truly sustainable communities, Brady says: "The product is getting more sophisticated and there's a good future for it but there are some major headwinds at the minute.

"Build costs and EPC regulations, investors looking to future-proof as much as possible, net-zero carbon, rising interest rates to tame inflation, a lack of liquidity in the market and quite rightly the implications of the fallout from Grenfell. It means developers and the industry are grappling with quite a few things swirling around and it just needs a little bit of time to work through."

Northstone, part of Peel L&P, has more than 1,500 homes in the pipeline at sites across the North West, including in Bolton, Wigan and Ellesmere Port.

Development director Jon England says a torrent of challenges including the cost-of-living crisis and rising material costs have exacerbated the UK's housing shortage.

"But the region's local authorities need quality homes, and people still need greater choice when it comes to tenure," says England. "The key is remaining agile and not taking a copy-and-paste approach."

Northstone's line of action is to build homes that are not just the preserve of those who are in a position to buy.

"Take Glisk in Ellesmere Port, where we've got homes for open market sale, shared ownership, affordable rent and build-to-rent all alongside each other in the same community," he says.

"It means not only is there a steady pipeline of people moving in on completion of the energy-efficient homes, but also a level of choice and quality that just didn't exist locally before."


One Port Street, Manchester

Following the Manchester Climate Change Agency updating its targets of achieving net zero by 2038, it's clear the effort required to decarbonise must increase quickly. According to the Deloitte Crane Survey, 84,000 homes in Manchester require retrofitting by 2025 and all new residencies must meet best practice zero-carbon standards.

Exploring present trends Shannon Conway, residential director at Glenbrook, says: "Rents are continuing to increase in the major cities we work in, and we are seeing ongoing evidence of limited supply of good quality, professionally managed rental properties. There is a trend of tenants choosing to share rent and bills with friends or sacrificing a spare bedroom and choosing a one-bed apartment over a two-bed."

Adding further layers to the big picture Giles Beswick, director at Select Property, says: "The residential market has arguably seen the greatest pace and volume of change of any of the property sectors in recent years. The transformation of how people want to interact with their local communities, as well as the desire for flexibility and high-quality amenities, have all led to this. With this changing market comes a shift in priorities for the modern renter. There's almost a demand from residents to go above and beyond the norm of urban living and challenge what can be created to enhance life at home."

So what's the answer? "Developers and investors need to exceed expectations and add value to their propositions wherever possible," adds Beswick.

"Enabling residents to live a more sustainable lifestyle is underpinned by developers' responsibility to invest in their green credentials.

"For example, at our One Port Street development in Manchester's Northern Quarter, we're introducing 22,000 sq ft of public green space as well as promoting cleaner travel by investing in electric vehicle charging and bike storage. Prioritising the modern renter has become part of the blueprint for developing our resident-centric buildings."

Northstone's England discusses how long-term sustainable communities have become "a bit of a catchphrase".

"For us, it's a multitude of factors that make a sustainable community," he says. "Whether that's engineering a sense of community spirit and pride among neighbours through events, or by forming genuine partnerships with charities, education providers and local groups, it's essential to make sure you leave a positive lasting legacy."

According to England, Northwood is making strides in every area it considers important to make a place sustainable. "We're not only building well above current building regulations and completing highly energy-efficient properties but going above and beyond when it comes to planting, creating new wildlife habitats and forming partnerships with the likes of the Wildlife Trust," he adds. "We're also continually investing in technology and testing innovative building methods that will get us to the climate-friendly homes of the future."

How does HBD's Brady summarise what is driving the North West's residential sector?

"Demand for the product," he says. "But there's a well-known long-term structural under-supply of housing delivery in this country by some hundreds of thousands of units every single year and that isn't going to be unlocked at the minute."

Northstone has around 2,000 units in its UK pipeline which includes build-to-rent and build-for-sale. "In build-to-rent a big issue is the £100m-plus schemes that require a forward sale and commitment from investment or pension funds," says England.

"With build-for-sale there are sales out into the overseas market but that isn't affected by the global headwinds at this moment in time. It's fairly slow-going. The higher-end product is still OK as people aren't as affected by the interest rates.

"To add to that, first-time buyers are putting off making decisions because everybody's saying interest rates may come down. All this is having an effect on rents which are going up. Conditions are difficult. There is a way out but it's not quite there yet.

"What I do know is the general quality benchmark is going up. That comes down to informed consumers who expect more all the time – and why shouldn't they?" ■