



MARKET WATCH

Renting may be the only option

By **SEBASTIAN O KELLY**

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Iain Hutchinson is a London property developer and landlord who thinks that Britain's property owning democracy for all is at an end and that the future for millions is private rented accommodation provided by big City institutions.

He is not alone. Powerful lobbyists have been talking up 'build to let' for a while, and financial powerhouses Legal & General, Aviva and ING have made positive noises.

Management of tenants, consumer protection legislation and short-term leases are notable dampeners, however.

But Hutchinson, whose London Rental Housing Company owns 150-odd houses, knows there is big money to be made and has a track record as a property landlord.

Whichever demographic figures you chose, the UK's population is soaring and the Government's ability to control immigration is very limited - Romanian and Bulgarians will have the right to settle here from 2014.

With the recession driving further inward pressure on London, its rental market is flying, with letting agent ludlowthompson.com claiming that a quarter of all rental properties are being let through sealed bids.

Yet, in spite of this demand, only 140,000 new private houses will be built in the UK this year.

Hutchinson has studied Swiss private rented housing and wants to build something similar: thousands of no-frills, three-bedroom, family flats in complexes which have their own centralised heating plants and easy-to-maintain utilitarian plumbing and electrics. On site will also be cafes, laundrettes and shops.

Rents would be targeted around £300 a week - just below the £340 housing benefit limit to be introduced next year for three-bedroom accommodation - although the aim is not to fill the complexes with the 'economically inactive'.



Soaring rental market: The UK's population is soaring

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Instead, they are for the 'forgotten middle of those who fall between the gap of the social rented and ownership sectors'.

For City investors, Hutchinson reckons gross returns of ten per cent are possible, and he is looking to buy London sites in Greenwich, Hillingdon, Bromley and Croydon, where land prices are half what they were in 2006.

Although there are 150,000 units in stalled development schemes across London which have planning consent, 'they are the wrong product', says Hutchinson, who predicts his big rental schemes would thrive alongside the 'cottage industry of private rental sector landlords', who will not cope with the surge in rental demand.

In Germany, half the population rent, but would the British put up with it, especially young professionals who are excluded from home ownership? Will they meekly watch house prices rise, say, 30 per cent a year as they did in Chelsea during the boom and not be part of it?

Home ownership has been the only consolation for millions in rip-off Britain: it has made bearable the profligacy and incompetence of the state, the vandalism of pensions and the craven resignation to cheating bankers.

Hutchinson's vision of future housing rings true, but our children may ask why we made it so bleak.

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