

Will Powell, Investment Director at Downing – host

Katie Rogers, CFO at Greencore Homes – guest

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Welcome. You're listening to **Funding Foundations**, your podcast for all things property. I'm your host, Will Powell, here in the Downing offices and in this series, we'll discuss market moves, sector challenges and more with special guests every episode. Today we're joined by a very special guest, Katie Rogers, CFO of Greencore Homes. Katie, welcome.

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Thank you. We'll get straight into it. Greencore homes in its current form is, you know, a relatively new business, albeit with, sort of individuals from various experiences. I'd love to hear a bit more about sort of where the business began and what core vision drives it now.

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Okay. Thanks, Will. So Greencore Homes is actually a business that's been trading for about 13 years now, but almost in two different phases. So, the business was founded by Ian Pritchett and Martin Pike, who were looking at how they could develop more sustainable housing, using more natural materials. And they did that over the first ten years of the business's life, working with the University of Bath.

And they created a closed timber panel, which is our wall makeup. And they, over the first ten years of the business life, they built homes, tested the product, got all the certifications that were needed. And then about three years ago looked at how they could then grow this business and really start to make an impact in terms of delivering sustainable housing.

And they look for investment to be able to do that. Obviously, it's a capital-intensive business house building. And they came across the Energy Catalyst Fund, which is a sustainable fund looking for ESG type investments. And they invested into the business to grow the business, and become a national housebuilder. But a very different national housebuilder building sustainably, both the homes and the environment, in which we're building.

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So, I joined the business about two and a half years ago now, with a view to grow in that business, and growing how many homes we're delivering. So we've got the ambitions to deliver 10,000 homes by 2035, and we've got M&G's backing behind us to do that. Well, thank you. And it sounds like obviously that investment from the Catalyst Fund was pretty integral in terms of the growth phase that you're now currently in and sort of

interesting hearing about the history. I mean I think I'd be curious to understand a little bit more about the closed panel system that you've developed. I think that's a real point of interest. And, you know, for some context, I guess the SME development market in the UK, there are a lot of similar counterparts doing very similar type things. You know, the house builders, the well-known names of the of the world are to an extent producing very similar products across different parts of the country. And I'd be curious to understand a bit more about specifically how that closed panel system differentiates you from others in the market. Yeah. So you're right, there's movement towards this type of building, which we're really pleased about because it becomes then the norm and it's better for the environment.

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Our panel is a closed timber frame panel filled with natural materials, lime, hemp and a natural wood fibre. And that's the structure of the building. So in itself, the embodied carbon in that is pretty high in terms of - so we're locking up more carbon than we're emitting when we're building that. A lot of other house builders are doing similar things in terms of timber frame.

They're not really focusing on the embodied carbon as much. It's more about speed of delivery in terms of the timber frame, what we're really focused on is not only the carbon that's emitted during operation of the house, which is where the bigger PLCs are really focusing. But we're also looking at the structure of the building and the amount of carbon that's emitted during the build period.

**Yeah.** Our walls are also very efficient from a customer point of view and the carbon emitted during use. But we're really focusing on the embodied carbon at the same time. We often show people around our factory you'll see that we, we're quite happy to open our doors to anybody because we think the more people that do this, the better.

It's a pretty simple technology. In terms of it's all natural materials. We build it in a factory, we build our wall panels in a factory in Bicester, using sort of carpentry type skills. And so it's really scalable. And we want others to follow and do what we're doing because it's better for the environment, it's better for the customer. Improves the air flow in terms of the house for the customer and things like that.

So, there's others doing similar things, but not quite the same and for different reasons. And we try to stay away from the word modular. We've seen the industry moving towards modular or MMC, and we've seen, to be quite honest, some failures in that in terms of, people like Elco and Top Hat that people are trying to build entire homes in factories.

We're not doing that. What we see ourselves is doing is almost building big bricks, on bricks in our factory, which can be transported easily, put together on site and then move into a standard house type, subcontractor type delivery. **That's an interesting**

point, because I think you know, to the to the to the man on the street, I guess the concept of prefabricated houses immediately sends your mind to that sort of modular, you know, very popular in Asia and parts of Europe with where, you know, you've literally got boxes arriving on site that are all slotted together.

And as you highlight, we've had some major failures in the UK of people trying to scale that type of business. You mentioned, Elco, you know, LNG pulled out of it. I think there was a company called Lighthouse Urban Splash to the JV, you know, on this project which didn't work well. And I've chatted to various people in the industry about this, and it's hard to put your finger on exactly why that has not become more scalable in the UK. And I wonder whether construction has always been such a central part of the UK economy - the skills in labor at the bottom end, you know, the trades and everyone that's integral to that formation through to value as solicitors, developers, builders, etc.. There's a huge ecosystem - I wonder whether a bit like the adoption of AI you know, you've almost got a bit of resistance from the industry to say, well, actually, if we move that way, you know, we're actually doing ourselves out of a job maybe, I don't know. But with your system, it's not that it's much more design heavy I would have thought in terms of, you know, the, the spec and the makeup of the panels in the factory. And it really brings that sort of end-to-end sustainability piece. And also moves away from some of the obvious challenges that developers can face in construction, like impact on weather, getting bricks up, all that sort of stuff.

So yeah, no, thank you for explaining it. So, you, and your current CEO John spent many years together, Telford Homes. Just curious, I guess, you know, in terms of the two businesses, some differences, perhaps some similarities, curious to understand how that experience is translated into this. And you know what the key differences are.

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So they're a very different one in terms of size of business, but two in terms of what we're building. So Telford Homes was a high-rise developer. Some similar challenges that we face, when we're building houses versus high rise things like planning, which everyone, I'm sure, who sat in this chair has had the same sort of problems, affordable housing and the problems they're having in terms of having the, cash, quite frankly, to be able to buy the stock.

Although there was recent announcements yesterday, which I think will help that, from an affordable housing point of view. So the similarities that we've got planning, we've got the lack of demand or effective demand for affordable housing, skills and labour. We're not actually having too many problems in terms of sourcing labour for our factory or on site.

But we're still relatively small. So, you know, if you at the PLC size, you need a lot more, labour and your subcontractors need a lot more labour. But again, the government's

moving in the right direction in terms of training and apprenticeships and encouraging construction workers. Differences. I think it comes to getting onto site. So when we're when you're developing in London, high rise things like rights to light to a big issue, not an issue in the countryside, but then you have newts to think about and wildlife to think about.

So there's similarities and differences. I think making sure you've got the equity and the debt, is obviously really important. And cash flow in both businesses is absolutely king. And you saw during Covid, we saw during, the great financial crisis, which was when I joined Telfords. You've got to really be all over the cash flows and the sensitivities and the risks and what could go wrong.

So you can't push yourself as much as you would like to, because you've always got to keep something in the tank because you never quite know what's around the corner.

But I guess the - that's interesting, but I guess the initial investment from the Catalyst Fund with M&G has really helped to acquire land, you know, start, start running cash flow, get things into production and take you to that next step of then potentially being able to layer on debt and grow sustainably. Which not all – I appreciate you're not a startup developer, but it sort of startup in its current form has the luxury of I guess - yeah. And I think that's one of the problems in this country that actually starting a housebuilding business, I'd say is almost impossible. Because the funding challenges and the time it takes to get through planning for your first site and then onto your second site, the amount of capital that you need without a significant backer would mean it's really hard to grow, the business and you would be able to do it, but it could take a long time.

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And we've seen SME businesses failing, and actually reducing in number. If you looked at how many SMEs they used to be in the sector in terms of housebuilding and how many there are now, it's significantly declined. But yeah, we can have a big impact and develop out some of the smaller sites. So some of the bigger housebuilders are not interested in.

But without a doubt, if we didn't have and to some degree, it's just having the name of M&G behind us as well. In terms of giving us credibility and the reputation with landowners and affordable housing and, and financial institutions and banks and that sort of thing. But again, having the equity meant we can put in place, we can put in place a structure, we can put in place a good team that can then grow the business - if you're starting from scratch without a significant backer, that's really, really hard to do.

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Yeah. I mean, development is a hugely capital-intensive business. And, you know, I think with the challenges that you've highlighted in the UK system at the moment, that capital has become even more intensive because there are layers of regulation and risk that perhaps weren't there or even five, maybe ten years ago that people are having to contend with and I think that we're in a market that is very challenging. I think there are developers that I speak to that can do everything right and still not make much money out of schemes at the moment because of, you know, various delays and, you know, sort of planning issues that you highlight. And I'm curious just to touch on some of those challenges, you know, without trying to sound negative, but I think the UK market, certainly for as long as I've been involved in it, in SME development, is going through a period of extreme challenge, you know, with a multitude of, contributing factors.

I think if we just highlight a few of the obvious ones, you know, planning is a key one, arguably excessive regulation. On the market, you know, coming from the right place. But the implications of the private sector being ill thought through, you know, case in point, you know, the building Safety Act, which came and was introduced for absolutely the right reasons, the widespread ramifications of that, where the private sector has effectively halted most large scale high rise development. Very hard for the government to understand that without the consequences being felt.

Obviously you're not doing high rise at the moment. You're doing housing. I mean, I'm curious in the challenges, some that I've highlighted, perhaps some that I haven't. What are the key ones for Greencore at the moment? And I guess, how are you addressing those or trying to guard against them?

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Yeah. So I think if you start from the beginning of a development acquiring land, there is land out there. It's competitive. It always is competitive. And it's not, a pure market in terms of demand and supply because landowners can just withdraw from the market if the price isn't quite right.

So land is available. The biggest first challenge that we come across, the biggest hurdle that we've come across is in the planning system, which is even if you do everything per the book, the planning authorities don't necessarily do anything by the book. And so time and how long it will take to get a planning consent is sort of open ended.

And that's some of the challenges we've had in terms of trying to grow the business. We've acquired the sites, and it's taken us longer than we would like purely just because they don't have the resource. So they ask for an extension and an extension, and you have to give it because there's no point in not giving it.

They don't have the people in there. So once you've got planning consent, we've then got to look at the affordable housing side of things and making sure we've got a party to

buy that, which, again, has been challenging on smaller sites for SMEs because you might have 5 or 10 units and it's not effective, efficient for them to buy ten units here and ten units there.

So a lot of the housing associations have either not been buying because they've been focusing on existing stock or where they have, they've been buying larger sites where it's that can benefit from economies of scale in their management. So it's makes sense, but it makes it very difficult for an SME. Even when we're on site dealing with the planning authorities and the local authorities who are clearly under resourced is really quite challenging.

So trying to get planning conditions signed off and trying to get, approvals and preoccupation conditions signed off means that there's a lot of things in development that's just outside of your control. So no matter how organised, efficient, good a team you've got, there's lots of things where you need a third party to sign something off or get involved in the development.

And then you move on to the sales side of things, which has been a difficult market. And, you know, there's pockets that are doing very well and there's other areas where it's more challenging. Customers are thinking about things a lot more. Interest rates have been high. And I know there's a lot of call for bring back something like help to buy from the bigger PLCs.

That might solve some of it, but really it's about getting the whole market moving and interest rates coming down is going to be helpful. The housing associations hopefully are going to start looking at acquiring more units again. And as I mentioned earlier, there was an announcement that the government going to provide low cost interest rates to housing associations to encourage them to buy some of the stock that is, that we're building, that we can't actually sell to anyone.

And there's also going to be, changes to the planning so you can change the affordable housing if you can't find someone to buy it, it's almost already approved. That can be changed. So that will be helpful for SMEs, because if you can't sell affordable housing and you've got to occupy that before you can occupy the actual homes. So individuals then yourself in a sticky situation. So, land is available. Debt is actually available and seems to be readily available for the right customers and with the right backers. And having M&G helps us there. Because we've got that reputable name behind us. So it's generally where you've got interactions with third parties that it can prevent the development.

**Yeah. No, thank you. I think that's a really good summary. I mean, you touch on a few of the key pinch points; planning across the country is fraught with challenges. I do sympathise to an extent with local authorities because they're wildly under-resourced, wildly overworked for their capacity, probably underpaid and, you know, being chased**

by the private sector every three hours against housing targets that they're probably generally miles behind on. Yeah. So, you know, you have to give them some sympathy, I guess on the flip side, the systemic structure behind it is not sustainable for the sort of targets that Whitehall are coming out with. So you know, it's very challenging. I think knowing - the experience I see with developers in local markets is knowing the local authorities in which you're developing can carry a lot of favour.

Not from a sort of backhanded point of view. More from knowing virtual timescales and knowing, pinch points and what to look out for, making sure initial submissions are as watertight as they can be. And I like to think that glass half full, that we're maybe reaching a bit of an inflection point where the market is turning in SMEs favour a touch is certainly not easy, but you mentioned interest rates are coming down a bit, which has helped.

You know, I would say probably the new norm is going to be something in the 3% of base rate-ish, which feels like a lighter burden for the industry to carry. You mentioned earlier the decline in SME house builders in our space. I mean, I was reading last week 29% ten years ago, 12% now. I mean, it's pretty alarming and I don't think we can place all reliance on house building to the PLCs, which, you know, do a good job.

But I also think there's a very, very necessary gap in the market for small to medium sized schemes that have more design focused housing, perhaps have better sustainability credentials on just, you know, 200 boxes in the middle of nowhere. You know, and have a bit more substance to them.

So, thanks for talking this through that. I mean, I think you mentioned London, you know, Telford, there was a lot of London exposure there, do you see the Greencore product ever being applicable to central London schemes? Will it purely be focused on housing and could it be translated into flatted developments as well, or...? Yeah. We're not looking at that area. And one of the main reasons for that is because the panel is a structural panel. And that's what gives us, very good sustainability, metrics. If you start to build them for stories, the structure has to change and we have to include steel and things like that for obvious reasons.

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So it's more suitable for low rise development, than the high rise, type development in London. So we tend to stick below, four stories. You can build higher. But as I say, you'd have to change structurally how it works. I mean, back to the sort of modular type buildings. Some have worked in London and that's probably more where the focus should be, because they tend to be repeated as you go up.

One of the challenges with, with modular is housing is all very different. Transporting through country lanes is very difficult. Things like that. Whereas Tie for example in

London has built hotels. They build student accommodation, they build housing. But it's pretty regular as you go up a tower. And so if they can build sustainable boxes in a factory that are stacked, that's probably the way that market should be going, rather than houses.

And as you say, houses tend to be a little bit more bespoke and design focused. And not everybody wants the same boxes as their neighbour, etc. So we'll be focusing on, the Oxford to Cambridge arc, is where we're really targeting, just to spread initially and then we can grow from there as well.

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Fine. And that's interesting. I mean, I think it just to build on that, I mean the other challenge that I think modular saw as a big roadblock was actually funding, you know, because as I'm sure you well know, with modular construction of that level of offsite contribution is enormous, versus what you have on the site at any one time, which, you know, for the majority of banks and funders in the UK market, is not a comfortable place to be for obvious reasons.

So the traditional development funding has struggled to innovate to account for that. And solutions have been tested. But ultimately, whatever way you dress it, it's still a high-risk position for those that are lending the money. So it's either something that can be taken care of with equity investment at their own risk, or you need a clearing bank to come along and lend to you on your balance sheet versus the specific project. And as you say for SME developers, that's a very difficult place to get to. It might work for the Barclay homes of the world, you know, that can sort of hide it somewhere in the balance sheet. But, you know, it's very difficult for, for the end of the market that we're talking about.

I mean, I'm curious what sort of with government policy over the last few years. And, you know, this is not a labour-conservative thing, because it in sort of peculiar to previous form, the previous conservative government, in some ways, were also tempering the housing market. But to give some credit, where it's due to the current government, they have been giving housing a go. They do seem to be making that a key focus of current policy directives, whether they're succeeding or failing in that is obviously subjective, but they are trying. I mean, do you think, you know, if Steve Reid was in the room with us now, do you think there is a 1 to 3 suggestions of what could really drive momentum in the UK market, you know, easy fixes? Or do you think there is systemic challenges?

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I think the government has made huge steps forward in the last couple of years in terms of housing and really are focusing on, okay, the targets out there, it's a huge number. Are we going to achieve it? Probably not. But at least we've got something to aim for.

They have - they're thinking about planning. They are thinking about affordable housing. They're thinking about the green agenda. What homes should be built like, how they should be built. We've had a voice. We have had a voice. And we're part of the HBF and the HBF campaign quite a lot together with others in the industry and they are listening now, as you say, some things cannot be changed overnight and are longer process. Gray belt - helpful. You know, getting more land into the system, thinking about larger schemes and new towns. It's all moving in the right direction. So whether it's labour or conservative, from the house building in the UK side of things, it's definitely moving in the right direction.

I think a relatively simple fix, although it's not that simple in terms of the paperwork side of it, was to just look at what you have to do in planning. And if you've got an outline consent, can we be sensible about then what that means to get to detailed, take away some of the paperwork that they have to do in the planning authorities to let us keep building. There's a hell of a lot of paperwork. And then it means they need a lot of resource. So just simplifying the planning, it's not a quick fix, but some things could be quite easily fixed.

**Standardizing it a bit more across local authority.** And yeah, would really help to get things moving. You know we're waiting for conditions to be signed off. They've been in for the time frame. If they've been in for the time frame, can we just keep going at the minute? We can't. We have to wait. And we're just waiting open ended.

So I think that would be a real quick fix to just that. If you're doing what you should be doing through the planning, allow us to keep going. But everything else, as I say, there's a lot of focus on all the different elements and it is moving in the right direction.

Just by the sheer size of the number we're trying to achieve, the SMEs are still getting ignored a little bit because we're not really moving the dial in terms of the numbers. And the PLCs can do that. **But we've moved the dial if they weren't there.** Yeah, exactly. And if and if we can all double our output that together, that would be a big number.

And as you say, not everybody and everyone's, you know, the big PLCs are saying, we need customers as well. We need to free up the chain at the bottom, and you need to fit the chain at the top. So, you need first time buyers, but you also need people to downsize. But not everybody wants to buy a PLC house.

And typically, as you've mentioned, SME house builders tend to have a bit more focus on individuality and design. So you do need the SMEs in the market as well, because some of the demand is purely for bit more bespoke housing. **Yeah. I don't know. I agree, I think you know, where the market is right now, well-funded SMEs are surviving, but I think they just need some form of governmental boost to really thrive.**

And I think that's what the - it's comforting to hear that you feel that the industry is getting more of a voice because actually, I guess most industry's biggest bugbear with, you know, changes in government and changes in policy is that they're not being listened to. And, you know, take for example, what we touched on earlier - I know it's not hugely relevant to the green course business, but the Building Safety Act and how that is just killed off high rise development. Well, maybe not killed it off forever, but certainly put the enormous brakes on that market. To an extent that developers can't carry risk. And I think where, you know, we speak to a plethora of eclectic developers across the market that are doing, you know, anything from sort of 5 to 15 homes a year all the way through to, you know, a few hundred a year.

And the challenges are pretty uniform across those parts of the market. The PLCs operate almost in a bit of a bubble in that sort of thing. But I'm just curious to understand, you know, if the PLCs are saying, well, we want to help to buy too or we want this kind of sales momentum back in the market, it feels to me like that is a sticking plaster. You know, it's a sort of temporary fix, you know. Do you think there are - if we work from the sales backwards, we know we've discussed design and discussed construction. If we work for who's actually going to buy all these units that we're hoping to build, affordability has to come into this conversation, doesn't it? I mean, do you think there are changes needed on how mortgage affordability is viewed in the UK? Do you think it's right or, you know, is that perhaps something that could be changed to allow and free up certainly that entry point in the market that we're all pretty reliant on?

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Yeah, I think obviously, the mortgage market is pretty fluid and interest rates have been coming down, which is helpful. I think we've still got to be cautious about pushing people too far.

You know, buying a house is a big decision. And some people are not thinking about the - what if this happened and what if that happened? And this is where a lot of people have been caught out in the last few years when they - that interest rates down here and all of a sudden their mortgage payments have probably tripled.

So, I think we've still got to be cautious there in terms of not letting people push themselves too far. **Prudent lending, I guess.** Stamp duty is a big cost. And I know this is obviously being talked about a lot in the industry. It's expensive to move. So is stamp duty holding up people moving up the chain? Is stamp duty preventing the upper end of the market downsizing and freeing up the chain there?

So I think stamp duty is something that could be considered. Mortgages I think we've got to still be quite careful. You know, help to buy. There was a lot of criticism when help to buy came about. Well, that's fine, but how do you move to your second house? But that doesn't seem to have created a problem.

People generally want to buy. I mean, there's single family rent in this, in the UK now where people are renting and institutions are buying and renting professionally. But generally we're still a country that wants to buy and wants to put some of that investment into their own home. **It does feel like a cultural pillar that's hard to shake.** Yeah.

I think affordable housing and shared ownership is still relevant, particularly for people at the lower income levels who can't afford to buy the home in its entirety. But then they can step up as they, get more income. That's helpful because then they're on the property ladder and they're starting to move up. But I think if the biggest cost of moving is stamp duty, there's other countries where people live, you know, not the equivalent of a stamp duty in there is, you know, the moving costs are significantly less.

So if people then move more frequently and move up the chain. **Yeah.** And I'm curious on that point because this concept of the property ladder has been, you know, banded about the UK market sort of as long as anyone can remember. But I would probably argue that the concept of the property ladder in the UK now almost is – it's just not there. I just don't think it exists anymore, because I think what you saw maybe 30 years ago was, you know, young couple, young family buy their first home left and then a couple of children come along, they upsize into the three/four bed home. And, you know, if they do, well, maybe they get a larger home. Maybe they don't. Maybe they stay in that. And then perhaps in their later years, they decide to release some equity and tail down. That sort of concept of this bell-shaped ladder. But actually, I think the reality for a lot of buyers in the UK now is they save for much longer than they would previously because deposits are higher, prices are higher.

People are buying now into their 30s and 40s rather than their 20s and 30s. And when they do buy, if income doesn't grow in line with inflation, they're just in that home. And they have to make do with that or they have to relocate to find value elsewhere. **Yeah.** And so, you know, I think the stamp duty point is a really interesting one because I think removing some of that friction in the sort of liquid areas of transactions that we could see in this market, could, I think, really help things.

I mean, when you look at the stats on how much the government collects in stamp duty, it actually isn't a sizable sum. Most of it comes from London. And I imagine with how London has been falling recently that bill is probably even lower than it has been in the past. I mean, I'm just shooting from the hip here but, I wonder whether perhaps alternatives like having some sort of property tax that's a monthly payment rather than an upfront cost could be a solution. And I they've spoken about this for higher value properties. But that barrier to purchase - which is deposit plus stamp duty - I think, certainly at that bottom end because everything feeds from the bottom in this market, and allowing more people to get on and out of rental accommodation is where it feels like that could be the most room for change. **Yes.** Yeah, I agree and obviously people do

rent and people rent for lots of different reasons and that's fine. And the professionalization of that market is great in terms of, you know, less rogue landlords and more professional landlords.

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But even but even the cost of renting has increased so much that then saving becomes more difficult. I mean, the affordability is a point that we're really focusing on at Greencore because we're building sustainable homes, and the cost of building our homes is on par with an SME developer, not a PLC. We don't have the economies of scale, but an SME, very different make up of costs but equivalent costs.

And we are going over and above in terms of we're already hitting future home standards. Every house is EPCA and that's within our base bill costs. We could go further than that in terms of the interior fitout and things like that of our homes. The kitchens could be recycled materials and things like that. The cost differential.

And so we've had to look at, well, if our house is sort of here and a typical house is here, do we want to push it further? But then you've pushed yourself out of the affordability bracket. So although someone might love the fact that the house is up here, if you're buying a two-bedroom house, your budget is X and you can't buy up here.

So we've got to be really careful. And, some of our, competitors are looking at similar things. How far do you go with the sustainability? Which is really important. But then if you can't appeal to the mass market or there's not enough people to buy the homes, it becomes pointless as well. So, it's a real balancing act to make sure you strike a balance on sustainability, but don't then push yourself out of the market.

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And the sort of arc of, you know, geographical arc that you're focusing on at the moment, the housing that you've got in the pipeline that you're under construction. Would it be fair to call that sort of, you know, mid to upper mid-market family housing? Is that the sort of part of the market that you're in, or does it cover a broader sort of price range and that?

Yeah. So it's typically two, three and limited number of four bedroomed housing. And so in that sort of area, you're still talking about with £400, £500 per square foot. So compared to where I'm from up north, that's not affordable. But down here it's good quality. But we're not building sort of £1 million houses everywhere.

The prices are sort of starting about 300 some one-beds as well. So 300. And then you know, where that caps out is probably about 800, but more towards the bottom end of that range. Fine. And sort of looking forward, I guess, you know, five, ten years from now, what are the what are the ambitions for the business?

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Yeah. So we want to be developing across the country. We will scale by having small factories rather than one huge factory, because that creates some of the issues in terms of the scale of investment you need, the number of people that you need in one location, transportation. So our factory in Bicester, we can build around about 200 homes a year, and we want each going forward, each factory to build around about 500 homes.

And we'll locate them near to the sites, in areas of high unemployment so we can benefit and benefit ourselves and also benefit the local communities. So we want to scale so that we're delivering, by the time we get to, sort of, 2030, we want to be delivering about 800 homes a year in total, by 2035 we will be at 10,000 homes.

That takes time. You can't do that overnight. Getting onto a site takes a year or two, and then you've got to build the site out - so it does take time. But we'd also like other people to be doing what we're doing, not necessarily in exactly the same way, but the more people that are thinking about future proofing homes, the technology that they're putting in, the more it becomes the norm.

So, you know, air source heat pumps, they're becoming more normal now. A couple of years back, people will be thinking, oh, I don't know what that is. I'm not going near that. Whereas now the more people that have car chargers and solar panels and all of that sort of thing becomes normal and that's beneficial to customers because they get scared by things they don't understand.

So we'd like to be, a well-known name, with a good reputation for quality, across the country is, where we'd like to be.

And just interesting what you're saying that, I mean, you don't have to go back too far to a time where timber frame wasn't widely accepted in the UK market. You know, mortgage lenders were a bit reticent on it, you know, in the market were unsure about its sort of long-term viability.

And now I don't know what the percentages are, but we've got a huge proportion of newbuild development in timber frame. This is obviously a step beyond that. But, you know, has some similarities in terms of, you know, speed and efficiencies that you see with that versus traditional build. Yeah. Just a few final points on, you know, the products and sort of where you're different to others.

I mean, for a customer, for a buyer, completing on one of your homes. What of the sort of long-term, daily impacts to, to buying a house that this level of sustainability in terms of running costs, bills. I'm just curious to understand a bit more about that.

Yeah. So, our bills are negligible basically, our customers bills, if they operate the home in a normal fashion, I would say user behaviour, but they should see limited bills.

We're working with Octopus, who can provide a zero bills package. We don't really need to do that, but to guarantee it for the customer, rather than just saying it, we feel like we need to do that. And so the first few developments, their bills will be very low. We're also working with, Octopus at looking at whether they can actually have credits back the other way because they're putting more back into the grid than they're taking out.

So daily bills, monthly bills will be low. The homes are future proofed in terms of the technology that's in them. The solar panels are already on there. They're already EPCA. They can benefit from lower mortgage rates by being higher on the EPC categories as well. So they can get better mortgage rates, lower bills.

So we're monitoring air quality in the homes, with sensors on existing homes. We're monitoring, air flow in the homes. And you can see that even people with asthma and things like that, hay fever, have significantly reduced symptoms. So the quality of the air in the home, which is difficult to quantify, is much better.

Triple glazing and things like that, so noise is it's very quiet in our homes as well because of how the panels have very little breaks in them. And the tolerance is very, very low. And then the triple glazing so noise pollution is very low as well. So that's some of the benefits.

**When can I buy one?** Now. Sounds great. Yeah. Well, no, it's really interesting because I think the property market in the UK, well, property as an industry, not specifically the UK feels like it has lagged behind the pace of technological innovation in so many other industries.

You know, we are aside from perhaps what we've just discussed today, on the whole we are building in this country and in other parts of the world in ways that we were building houses 100 years ago. And yet every other part of the economy is moving at a pace of knots. You know, certainly we're seeing it in technology at the moment.

And I sort of wonder whether, you know, actually, as you say, we'd love to see more people doing it this way. Is the industry just holding itself back from more growth itself? You know, I know we like to sort of shift blame onto governments and, you know, say they have to be this magician that comes up with all the solutions, but actually, are we not seeing enough innovation from the industry itself to meet the current challenges and get over them?

I mean, you mentioned the skills and the labour shortages that we've touched on in traditional build, but if you get to the scalability that you're talking about with and you've got one factory in Bicester at the moment, if you were at three or four factories, there's a huge amount of employment across those four factories. That is pretty consistent and pretty certain and reliable for the communities in which they operate and is not displacing trades they would have previously had. It is actually creating additional

employment, which you'd like to think is a long-term solution to you know, just general economic growth.

**00:41:56**

But no, thank you, Katie. That's great. I mean, I just wrote down a few quickfire questions to finish it off. Nothing, too bizarre, but I think it's good to just rattle through a few slightly more light-hearted ones. So, I'll kick things off. What trend in UK housing are you watching closely right now?

Wow. That's a, I think the trend I will be watching is the uptick in affordable housing, particularly based on the announcements literally yesterday, to see whether that does make a difference of one of the blockages being removed in terms of starting on site, if you don't know who is selling the affordable homes. So it's a really important trend.

So that's one that I'll be watching to see whether there is more appetite from the affordable housing providers.

That's a good one and certainly relevant to your own business as well in terms of, you know, agreeing the exit on those units. What's one myth about developers you'd love to bust?

That they make money easily. **I think that's fair.** Nobody in property development makes money easily. And it's very much an up and down game, and a long-term game. So there might be one off wins, but it's probably followed by a couple of losses. So it's definitely not easy money.

Yeah. And probably harder than it's ever been – yeah definitely harder than it's ever been – for the reasons we've spoken about today. **Best piece of advice you've received in your time working in the industry?**

Never give up. You've got to be persistent. Relationships is important. Knowing who you can pick up the phone to is important, but you can't give up. You've got to just persist.

**That's a good answer. What are you most proud of in the current Greencore business?**

What I'm most proud of is doing something a little bit different. And Ian and Martin had the vision and the persistence for ten years to get the product right. And, you know, made losses probably every year in doing that and went through quite a lot of lows rather than the highs we just mentioned. But they really believed in the product, and I really believe that they can make a difference in housebuilding. So it's a real privilege to join them on that journey now and help them to grow the business.

**And finally, what excites you most about the next five years at Greencore?**

The next five years, we've spent probably the last two years acquiring sites, getting them through planning. We're now into the proving ourselves phase at scale. So we've built

houses before that, but now really proving ourself at scale and becoming a name, that everybody recognises. We've come on a huge journey there. But I think being able to really prove what we've been saying, prove in the facts about our homes and the energy use, the air quality, the quality of life, etc., I think is where we will be really proud of in the next five years.

Okay, Katie. Thanks. That's been a brilliant conversation. Thank you for sharing the practical insights into what it really takes to produce, deliver and scale sustainable housing in the UK. A thought provoking and interesting debate. We hope you enjoyed listening. See you next time.