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The former Sittingbourne Paper Mill in Kent will be replaced with 250 homes, a food store and a retail park

Property companies go house hunting

Rebecca O'Connor

Hopes of a private equity-led recovery in housebuilding received a boost this week as two investors backed residential development for the first time. The purchase of sites worth £300 million in the Thames Gateway will provide more than 1,200 homes.

Delancey, the property company of Jamie Ritblat, son of Sir John Ritblat, ex-chief executive of British Land, has bought a 33-acre former GlaxoSmith-Kline pharmaceutical site in Dartford for £15 million. It will be developed into 970 homes with a total value of about £200 million. The purchase is the group's first acquisition of non-commercial property.

A second site, the former Sittingbourne Paper Mill, has been sold for £6 million to a 50-50 joint venture between Essential Land, a London-based developer, and Simon Holley and Simon Blake, two former CBRE industrial property agents. It is their first foray into residential develop-

ment. The site will provide 250 homes, a food store and retail park. Essential Land will manage both developments on behalf of the investors.

The acquisitions represent a growing trend among property companies that traditionally have invested only in shops, offices and warehouses to switch to residential building, in

£300m

Sum paid for Thames Gateway sites

Source: Times research

response to rising house prices, cheaper land and signs of a growing housing shortage, particularly in the South East and London.

Darryl Flay, managing director of Essential Land, said: "The recession created lucrative site acquisition opportunities in the Thames Gateway and we and our joint venture partners

believe that by optimising the sites now as the market turns we will realise significant value as the residential and other elements of these projects come on stream in a rising market during 2012 and 2013."

The purchases follow similar moves into residential by London & Stamford, which bought 150 apartments in Highbury Stadium Square, the old Arsenal stadium, last year for £41 million.

The Government hopes to attract more private equity and institutional investors into housebuilding to fill the gap left by cuts to public funding and by traditional housebuilders, which face a struggle to build large numbers of homes amid the lack of bank finance.

The Sittingbourne Paper Mill was originally used to print the *Daily Chronicle* newspaper and had become the largest newsprint complex in the world by 1921. It closed in 2007 after its last occupants, M-real, the Finnish company, moved overseas. GSK announced in November 2008 that it would close its operations in Dartford.

Housing projects welcome new investors

