

How modular homes could solve the housing crisis

Prefabricated houses are fast to build and of sound quality. 2018 could be the year they take off

David Byers January 5 2018, 12:01am, The Times



A modular home in Highgate, north London, built by Facit Homes

In a factory just outside Bedford sits the answer to Britain's housing crisis. Here, workers inspect a line of containers — apartments in various stages of construction — and scribble on clipboards.

Welcome to Vision Modular Systems' housing warehouse, a place where prefabricated homes are put together. It is a far cry from the dust and dirt of a traditional building site and looks more like something out of the futuristic movie *Wall-E*.

Entire homes are made here: ovens and radiators, even toilet-roll holders, are fitted and beds are topped with mattresses. When finished, the units are placed on trucks and driven 53 miles to Holloway in north London, where they will be homes for students.

Analysts predict that 2018 will be the breakthrough year for modular housing (the preferred name for prefabs). The notion was strengthened this week when Berkeley Homes, one of Britain's biggest luxury builders, announced that a new 160,000sq.ft factory in Ebsfleet, Kent, will produce 1,000 homes a year; the company eventually wants a quarter of its homes to be prefabricated.

More than 15,000 homes in Britain are built this way each year, but the government wants to increase access to finance for modular builders, with the aim of raising the figure to 100,000 a year by 2020.

Why is modular housing booming?

Factory building requires fewer builders at a time of chronic shortage in the industry (60 per cent less per property built, according to Vision); it is a much faster process, often taking as little as a month to build; and the technology is getting better, ensuring a quality product.

The modular housebuilder Nhouse is setting up a factory in Peterborough in Cambridgeshire and claims that it can build a house in 20 days. Meanwhile, Legal & General has announced a new modular factory in Leeds that will churn out 3,000 homes a year. L&G are significant investors in the purpose-built rental sector (known as build-to-rent).

"It's not necessarily the case that modular is cheaper, but it's massively more efficient," says Adam Challis, the head of residential research at JLL, the property consultant. "You can draw parallels with Jaguar Land Rover's factory in Telford.

Legal & General's decision to hire the former Rolls-Royce boss [Rose Toogood, the car company's former business development director] as its chief executive is very telling. It's increasingly about bringing precision engineering to the construction market, which is long overdue."

Nicky Gavron, the chairman of the London Assembly planning committee, says: "You wouldn't buy a car made in a field, so why buy a house manufactured in one?" The mayor of London, Sadiq Khan, is a fan of using modular building to boost the supply of homes in the capital.