

CONSTRUCTION MANAGER

INSIGHT

Pocket: the saviour of city living?

3 April 2017 | By James Kenny



Pocket Living’s Sarah Davies shows James Kenny around one of its London schemes, a showcase for how small companies can deliver affordable city homes using modular building.

Among the inauspicious surroundings of a drab interwar estate in Lambeth, south London, sits a striking new block, which provides a new type of affordable housing model for local workers. The block of 70 new micro-apartments is being built by Pocket Living, a London developer looking to shake up the housing market and champion middle-income Londoners looking to get on the property ladder.

CM is onsite with Sarah Davies, head of project management at Pocket, which produces its housing based on the principle of small can be beautiful – and affordable.

The one-bedroom flat on show is snug yet comfortable and the quality and attention to detail impressive. Lots of light with large doors and windows. The kitchens feature a small refrigerator, white cabinetry, and even a dishwasher, demonstrating that having a smaller space does not necessarily mean residential amenities need to be sacrificed.

The overall impression is less monastic life and more young European urban dweller.

Prices for these flats start at £267,000 – for this part of London, that's around 30-35% below market value.

Walking around the HKR Architects-designed scheme Davies describes Pocket's typical buyer as young middle-income key workers such as teachers, charity workers and nurses.

“Our average tenant is 25-35 years old, they have not owned a home previously and they have to live and work in the borough where the property is being built. However, this isn't exclusive and we have had older buyers, including ones who were 60, but were never able to buy their own home.”



The scheme in Sail Street, Lambeth (pictured above), was built with Donban Contracting UK as the main contractor along with sister modular company Vision Modular Systems. It consists of 162 modules making up the 70 apartments.

So who are these revolutionaries for the first time buyer? How are they able offer these apartments at below market value and can it be scaled up or rolled out elsewhere?

Pocket Living was originally formed in 2005 by Marc Vlessing, a former investment banker-turned media company chief, and Paul Harbard, formerly finance director at housing association the Peabody Trust.

Pocket has brought the concept of the micro apartment to the capital, building one-bedroom flats for sale, on average, at 20% below market rate. It can afford this as it builds its flats smaller – at 38 sq m – than the 50 sq m usually required by the Greater London Authority's London Plan.

Affordability in perpetuity is ensured through the lease, which stipulates that the homes can only be sold to people on a household income of less than the current London Plan affordable housing earning threshold for one- and two-bedroom homes. In this way, Pocket homes remain in the affordable arena forever.

Having delivered six schemes last year between September and February, Davies says 2017 is shaping up to be its most ambitious and busiest year so far.

Shaking up the market

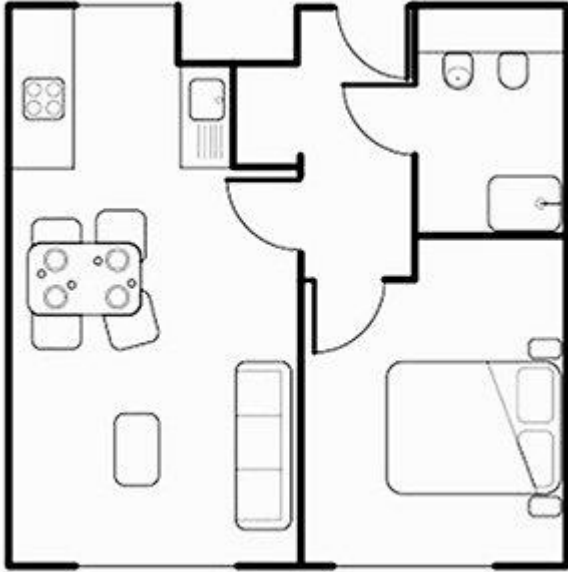
The recent Housing White Paper called on medium-sized companies to start using modular and offsite as a way of shaking up the market, and Pocket is a prime example of this.

Speaking about the White Paper, Davies says it's encouraging the government is listening and recognises how small and medium-sized developers can shake up the sector, being encouraged into the market and urged to use offsite housing and modular as part of the £3bn Home Building Fund.

“The success of the White Paper will really depend on how much practical support actually reaches SME developers to help them grow in the market. One way to do this would be to direct capital from the Home Building Fund towards smaller developers looking to utilise modern methods of construction on small infill sites that are often ignored by larger developers.



Pocket's apartments are smaller, at 38 sq m, than the 50 sq m usually required by the London Plan



“If you’re a small- or medium-sized developer, the upfront payment needed to commence the actual modular manufacturing process can be quite a significant amount of money, you’re not going to just have this lying around so help from the government is much needed.”

Davies says that one of the key reasons for Pocket’s success has been its partnership with Donban, which not only has contracting experience but also has its own modular arm.

“Our belief is that there are a number of good modular manufacturers in the UK, we’ve actually been doing a study in-house the last few months to evaluate the sector,” she says.

“A lot of the modular companies don’t necessarily have the principal contracting arm and this is a big barrier for success.

“In the case of Donban, it’s a principal company with a sister company that’s a modular manufacturer. They work in tandem and Donban takes the primary contractor role.

“The existing modular manufacturers need to partner with a builder, who can take on projects as a whole and then provide a product that is accessible for small- and medium-sized businesses.”

Another area Davies believes is vital for delivering modular homes successfully, and where other developers run into difficulty, is having a product that is mortgageable.

“A product has to be high-quality, but more important, it has to be accredited for it to be mortgageable and it can take a lot of time to get all this lined up and get that accreditation,” she says. “On this scheme at Sail Street we’ve been working with Premier Guarantee.

“Finance is key, but also ensuring the planning system recognises the difference between traditional and modular. Getting high street lenders to lend on it is something we've worked quite hard to get.”

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Sarah Davies, Pocket Living

Working in central London brings its obvious challenges and speed is essential to deliver schemes on time but also keep costs down. Pocket seems to have mastered this, making its one- and two-bedroom flats – including fitting – in two weeks. The modules are then lowered into place to form buildings over around 30 days; then finishing work takes place, to make the resulting block look like a traditional apartment block.

“The benefit of our product is the modules fit on a standard-sized truck and cuts down bureaucracy,” says Davies. “So usually when we have a site ready to be craned in, we have a delivery of 10 trucks a day, that's five homes in a day.”

A recent coup for the company is its appointment to develop Wandsworth's first modular tower as part of the council's affordable housing scheme – which will be one of Europe's tallest modular structures.

The 26-story, 89-home scheme will be built as individual units on Mapleton Crescent near Wandsworth Town station. The £39.7m project is expected to be completed by summer 2018.

“We're delivering the project in 20 months, which is significantly quicker than the other contractors who tendered for the project. At least 30% quicker if not slightly more.

“We started in October and we're about to slipform the core, 26 storeys at 3m a day and we hope to be craning in the finished modules in May and June of this year.”

Looking further into 2017, Davies says Pocket will be keeping its focus on London, where it currently has schemes in 12 out of 32 London boroughs.

Its next new development is West Green Place N17, which has just received planning permission from Haringey council. One of Pocket's largest projects to date, it consists of 126 residential homes with a mix of 16 three-bedroom and 110 one and two bedroom apartments, 98 of them for sale at 20% less than the surrounding market rate. The scheme will also include a new nursery and community centre.

The company is also planning to expand this year through bigger developments and providing larger homes. “In 2017 we want to continue with bigger and better schemes, this year we’ll move into delivering projects with 80-100 units which are much bigger than our traditional 25 homes. We also have some mixed-use schemes and some offices coming up,” says Davies.

While the company has obviously found a formula for success, Davies says they welcome contemporaries and competition to the market.

“We are ready and willing and starting to meet the demand, but there are other parties who need to get involved too. Small- and medium-sized companies using modular is the key to meeting the housing demand, we would welcome other people to come join us.”