

Grainger argues for positives – and opportunities – of renting

Getting a mortgage and owning a house always used to be a prized symbol of your status in society.

But house ownership figures are in decline, falling from a record high of 71% almost 20 years ago to 65% in 2019/2020.

That fall – coming at a time when there is no let-up in demand for housing – has opened opportunities for landlords, including large corporations moving into the private rental sector (PRS).

Newcastle firm Grainger, which dates back more than a century, is one of those companies, with CEO Helen Gordon aiming to reverse the stigma of renting, and prove that you can rent for life and feel secure in your home, without the need for a mortgage.

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The Newcastle company was established in 1912 by the Dickinson family to acquire and manage tenanted residential properties.

Since Ms Gordon took up the helm, the firm has spent the last six years selling off older tenancies and retirements homes to become a leader in PRS, although still boasts an enviable range of properties, from homes in Chelsea to fisherman's cottages in Seahouses, Northumberland.

It currently owns and manages more than 9,000 rental homes across the UK in most major cities from Newcastle to London, providing thousands of modern private rental homes, as well as some historic regulated tenancies and a growing number of affordable homes.



Helen Gordon, CEO of Grainger Plc
(Image: Grainger Plc)

Having built and acquired modern apartment blocks in key cities around the UK, the firm initially planned to plough £850m into PRS schemes – but that investment has greatly increased to include an operation portfolio worth more than £3bn. It also currently has a pipeline worth £2bn, in cities across the UK as well as some closely linked to London's Crosslink network.

Looking ahead, Ms Gordon believes renting has strong, more positive appeal – and she is keen for Grainger to increase its market share.

She said: “I think part of having Buy to Let landlords, one of the most popular reasons people want to buy rather than rent is they want to put down roots and they don't feel that they can when it's a short-term arrangement with a landlord. That's a big part of how we make people feel more comfortable. And with the barriers to home ownership – the biggest being the deposit – people can rent better than they can buy.

“They can have a nicer lifestyle. There is massive growth in renting in the older age group. Although the biggest group renting is under 34s, the biggest growth is happening in the up to 54s – more people are renting for longer and seeing less of a stigma in renting. People are not going to rent if they can buy and it's significantly cheaper – in the longer term I think people will be renting for longer.

Individual buy-to-let landlords make up more than 95% of the rental market, with Companies House analysis showing more buy-to-let firms were set up in 2021 than in any previous year, despite Government policies affecting them, from mortgage tax relief cuts to changes to planning legislation.

“It's good timing as Build to Rent has come through. The business had diversified away from a lot of areas of renting and was doing lots of other things. When I joined in 2016, six weeks earlier we'd put out our strategy saying: ‘This is going

to be our focus'. I think it's been a very clear strategy and we've had incredibly supportive shareholders.

"If you think about it, there's five million rental homes in the UK, and the majority of those are Buy to Let landlords and the Government has been taking away mortgage interest rate tax relief, they've been putting in a high degree of regulations which individuals find difficult to live up to and then energy efficiency standards.

"At the moment, the professional sector of which we are a part is just 1.3% of that five million. All we have to do is keep increasing our piece of the pie."

The properties Grainger builds and acquires today differ greatly to those it rented in the 1950s and 1960s. The majority of the Grainger portfolio was historically regulated tenancies, whereas today's prospective tenants demand more than four walls.

Ms Gordon says its modern homes are high quality – The Forge in Newcastle is described as the city's most Instagrammable rental property – with additional facilities as well as in-house offering more personal support.

She said: "A lot of the time when I take housebuilders to have a look at them, they say: 'Why do you spend this sort of money on them?', in terms of finishes and so on. But we want them to look just as good in 10 years' time as they do now. They have amenities like gyms, meeting rooms, co-working spaces, courtyards, terraces and balconies and the new residents team putting on functions.

"If someone moves to a city they can be introduced to other people, and helped to put down roots. A really strong aspect of what we do is actually ESG – everyone talks about ESG (environmental, social, governance), but the 'S' is really important to us. We recognise that we have something really important to do, it's people's homes and they must be given

the opportunity to put down roots and stay with us as long as they want.”

Looking ahead, Ms Gordon says the firm is targeting a move up to the FTSE 100, on the back of growing demand for PRS properties.

She said: “We’ve just seen a year of really exceptional growth. We’ve weathered the pandemic really well which is not a surprise really when you think that most people were spending more time at home, and wanted a good home. Very early on we worked out that 75% of our homes were affordable on furlough so if people were in a difficult position in terms of their jobs we were affordable from that sense.

“When I started in the business we were worth £700m to £800m, whereas our operational portfolio is now over £3bn. More importantly we’ve got a pipeline of more than £2bn worth of homes, either under construction or going through planning or legals, so we’re going to see really big growth in the business, into growth in rental, which is really important because we distribute to shareholders 50% of all rent. As we grow as a business our shareholders dividends do as well.

“We invest in 22 cities in the UK and the demand is there and with the support of our shareholders and growth of the business there’s nothing to stop us from becoming a FTSE 100 company.”

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