

Many thanks for your letter of 17th June outlining terms of reference for the Barker Review:-

Prudential Property Investment Managers Ltd (PruPIM) manages investment funds in property of c£12.5 billion. However, as a percentage, the amount it invests in the UK housing market is tiny. As such, we would not consider ourselves experts with respect to issues relating to the supply of greenfield housing land, the access to finance for housebuilders, the benefits and disbenefits of off-site production techniques, the operation of the planning system with respect to the provision of land for housing and the incentivisation of brownfield land, and many of the other excellent questions raised in your paper.

However, we do believe that the major institutional funds could have (indeed would like to have) some involvement through investment in the UK housing market. In most countries around the world organisations like ours would have a substantial element of their real estate investment portfolio invested in residential property. The nature of the returns from such investment assets are generally good matches for their liabilities. For various reasons, the UK is markedly different in this respect. Residential property is not typically held by the large institutional investors. This may be an important area for you to address with respect to the provision of rental accommodation in the UK.

If you feel that you would like to understand more about why institutional investors like ourselves have not been actively involved in the UK housing market, then we would be very happy to meet with you and your research team. If sufficient forewarning was given, we might even be able to assemble a small group of investors from the life company and pension fund sector to provide you with an industry view.

I wish you well with your review and, if you feel that we can be of use in the above respect, please feel free to contact my office on 0207 548 6571.

Martin Moore