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POCKET ROCKETS

Pocket Living flying high | Mae at 20 | Vicky Richardson | Yolande Barnes | Wembley Park | 60 London Wall

HOUSING THE CITY MAKERS

Pocket Living is about to build its 1,000th home. But what does its success mean for the rest of the housing sector? And what's next? *David Taylor* met a team with its eye on future growth

Pockets are wonderful things.

They can hold all your valuables—your cash, your phone, your mask.

They can keep your hands warm.

And they can make you think of the pocket money your parents gave you every week to definitely not spend on sweets.

But if we're talking about capital 'P' Pocket, they can also act as a viable blueprint for how an SME can change the market for housing, creating good, well-designed homes for first-time buyers in a way that could—and should—make central government sit up and take perhaps a bit more notice.

I am sitting in Pocket's boardroom with founder Marc Vlessing, and three of the housing company's key players—those he entrusts with the next phase of its development when he is ready to pass on the baton: Nick Cuff, CCO; Paul Rickard, the CFO; and Thomasin Renshaw, a relatively new recruit from Grosvenor.

Having just reached the milestone of creating its 1,000th unit in London, the firm can today say it is working with some 60 per cent of local authorities in the capital. But it is also at the point where it can contemplate moving its sights beyond the M25 to Cambridge, and has also scouted out opportunities in places like Bristol and Brighton. Who knows, the international scene may even one day also be on the cards, with Pocket products in Paris, Amsterdam or Berlin, they suggest.

For now, however, the task is to keep on pushing boundaries and innovating, both in its modular product and in advancing its now tried and tested model to the squeezed middle, clamouring to advance up the waiting list for its well-designed homes.

Vlessing is and has been the main figurehead of the company but is keen to share that limelight more with his team. But how did the vision begin? Can we turn the clock right back to Pocket's origins? Vlessing tells the story with gusto and customary attention to detail.

He was an investment banker with an expertise in media and entertainment businesses, setting up a consultancy before becoming chief executive of what became the UK's biggest group of theatres, film studios and cinemas. But he couldn't help but notice how many people that sector attracted who just about got by on very modest salaries, did their jobs for the love of it, but who knew that, although they could do that because they had bought within zones five or six, their kids would probably be priced out.

'That was the point at which I started to really think about this bit of the market,' he says. 'And it seemed to me that nobody was really caring about it enough.' The property ladder was just fine, if you could get your foot on the first rung.

But even then, some were being priced out, and it seemed to Vlessing that this was happening across a lot of sectors.

'So, when I started to ask people around me, what are your number one, two, and three issues in terms of employment and retention in London, whether you were a schoolmaster, or the chief executive of an NHS Foundation hospital, lots of businesses would come back with: "[Housing. We can't attract people with the salaries that we can pay them into living close enough to their work.]"

Vlessing had had experience with large capital projects as a banker and was interested in tackling this problem. He was also interested in politics, capital markets and 'big, big sums of money being shunted around the place'. He had experience, too, of close working between the creative and the administrative in the film and TV worlds, in very short time spans. And he also had the experience of his business partner Paul Harbard to draw on from his time as finance director of the Peabody Trust. But there was one other big distinguishing feature, too.

'We were asking ourselves a question nobody else was asking,' says Vlessing. 'In a sense, we were the player that didn't go to where the puck was but went to where the puck was going to be.' By asking that right question 10-15 years before it became a political problem, he goes on, they were able to come up with solutions that maybe nobody had thought of before.

Has the space in which it operates improved across Pocket's lifetime? The answer comes by way of talking about the non-prescriptive planning system, compared to Germany or Holland. Through advocacy or campaigning, you can get your prototype built here if the right people think a test would be a good thing, and Vlessing admires this allowance of flexibility. There is, indeed, something 'quite theatrical' about the British planning system, and it has allowed Pocket to get its idea off the ground. 'We knock the planning system at our peril sometimes,' he says. It allows innovation, even if there is a question mark over how quickly it adapts around that innovation—if it wants it. 'And I would say that's where it's letting itself down.'

It's a lot easier now, but still quite difficult to get a Pocket scheme off the ground. When it began, 51 sqm was the national standard for a one-bedroom flat, but was reduced to just over 37 sqm because, says Vlessing, Pocket proved you can make a 'perfectly beautiful, functional, one-bedroom flat' at that size.

'Pocket' felt a very memorable name to use, too, with its connotations of compactness and small parcels of land. Plus, rather than just implying small scale, it emphasises how you need to think very hard about space. And this



Taking a view — landscaped terraces at Bollo Lane in Ealing, designed by PRP Architects

figures as part of the three levels of public partnership, finance, and design—with innovation in that latter area an important subset.

Cuff says the key innovation is the Pocket home design: its popularity, liveability and flexibility, especially as most of the firm's buyers come from HMOs, where people have a very different conception of space. 'And so, coming to these compact homes, it's a different world,' he says. 'It's their own thing.' One of the problems of the industry is that it is oligarchical, he goes on, dominated by perhaps half a dozen big housebuilders. This is in stark contrast to the 1980s, when some 40 per cent of homes were delivered by independents. Today, it's more like 10 to 12 per cent. Pocket's public/private model might help to turn back the tide for others, as well as allowing the firm itself to go from being a developer of one site every two years to six sites every year. 'That's a lightspeed change for us and the market that we offer,' Cuff says.

The other key innovation is modular construction. This was a real shot in the arm to the business when it faced challenging programme commitments to build with the GLA, within a 'patchy' construction industry, particularly at the smaller end. Cuff remembers three sites in Lambeth in particular, where Pocket erected homes in a matter of nine or ten weeks. 'The Meccano set, as it were, was incredible.' One of its flagship schemes—the 26-storey Mapleton Crescent project, built on a 'postage stamp' site—just wouldn't have been possible without modular, he goes on. Pocket's particularly replicable home designs lend themselves to modular especially well.

Pocket also innovated in finance, says Rickard, creating new public-private finance insurance. 'It was a mechanism that allowed it to build up and at the same time lock in the profits to ensure they did get recycled into delivering more of these homes for the low to middle earners.'

The whole strategy has clearly paid off. In 2013, Pocket's turnover was £50,000. Today it is just over £50 million and projected to hit £150 million within two years. 'And that was created, literally, from nothing.'

Thomasin Renshaw has been in the Pocket team for around two months, and says she is especially enjoying the pace of the business compared to her previous life at Grosvenor, along with a shared sense of purpose which most businesses 'would give their right arms for'. 'There's a very clear openness to doing things better, to do things differently,' she says. 'And that leads to lots of really good debate.' People really listen to others, she adds, which translates into, refreshingly, continual innovation and improvement. 'If you're constantly trying to iterate and improve, you'll get to much better outcomes, much faster,' she says.

'If there is a bit of an exodus, and prices come down by the reported 20 per cent, then so what? Bring it on!'

When he began Pocket, Vlessing was told there was no scope for concept-driven development, that it was all about location. And that explained to him why innovation among volume housebuilders was at such low levels. They didn't have to differentiate themselves to different demographics of audiences. 'They could put in the same MK light switch, whether it was a very expensive flat or a very cheap flat—and I think what we're doing is proving that all a bit wrong.' People at particular stages in life have very clear needs which need to be met with good, purposeful, right, and not flashy design, maximising space and making something more affordable than it otherwise might be. And the message is getting out there: Vlessing is proud that at a recent dinner party he heard people describing precisely this, and his firm—without knowing who he was—'to within an inch of its life'.

Detail is important, clearly. The company thinks hard about things like entrance corridors and minimised circulation spaces, locking a design rigidly into its floorplate in way that hasn't changed since it began 15 years ago, keeping true to its origins rather like a VW Beetle. Cuff says it has been helpful to lock that down because it builds trust in the system, relaxing authorities so they can see what they're getting. 'It looks good, and it feels good, and it's light—it makes a huge difference,' he says. Local authorities differ, of course, and there are boroughs where the Pocket product is welcomed all the time, while others have different priorities, or haven't yet realised how they can create mixed housing economies.

Close to 50 per cent of Pocket buyers work in the public sector, and it is a majority if you add the voluntary sector. 'These are all frontline, COVID workers,' says Vlessing. 'There's not a politician in the land who will say that these people don't matter to the city.' Indeed, they are crucially important, perhaps more so than ever before, and Pocket is trying to do more for them.

Vlessing knew he was on to something when the second major bit of funding came in from Sadiq Khan after Boris Johnson had supplied the first when he was mayor. That proved it was cross-party, and lifted it from the 'rather boring, binary, red, blue political football match'. 'A good city, particularly good world city, needs to be able to accommodate people on low to middle incomes, if it wants to keep regenerating itself.'

Rickard provides some more numbers here. Sure, it has created 1,000 homes and there are another 1,500 under construction, but actually the demand for the product is at one and a half million. 'It's just massively unmet,' he says, 'and we'd welcome other people doing what we do, because we are only able to serve a certain number of these key workers, and so many are stuck in shared accommodation.'

The trick has been to do this through density and planning gain, creating a product that is 20 per cent more affordable than any other one-bedroom flat people can buy, says Vlessing. Demographers are not really picking up the extent to which people are not getting married, not having children, living on their own longer, getting divorced, and living longer full stop. So, there are clear needs in cities like New York, London, Tokyo for more housing stock—the real question is at what price do we allow access to a world city? For the folk in between the two models—of social housing and open market—it is a 'jungle'.

If you want to see what happens to a market led solution without any restrictions, Vlessing goes on, then look at the 18 to

22 sqm flats that get kicked out of PDR development in places like Croydon. Pocket has instead regulated itself over the size of the flats, and who can buy them, in perpetuity.

Renshaw points to the secondary benefits of student housing in freeing up family housing, but also that it means that 20- and 30-year-olds are carrying on living in the types of houses they did when they were students because they can't afford to buy their own place. And these flat shares have 'huge levels of instability', particularly through lockdown, because it only takes one person to lose their job for the house of cards to crumble. It is also actually cheaper to get a mortgage and buy a flat than rent at the moment, in many instances.

So: the 1,000 homes thing. They will have hit this notch by 30 June. But are they witnessing any exodus from the city? 'Not at all,' says Vlessing. 'What we are seeing is people desperate to leave their parents; desperate to leave their roommates. The trends in London have always been the same. Once you hit your early 30s, and you're married with a kid or partner with a dog, whatever your social outlook, is there is an exodus? There always has been. People do leave London—I'm not sure we're seeing anything that accentuates that that much.' Later, he acknowledges the loss of between 300,000 and 500,000 professional people—the most massive brain talent—going back to the EU. 'That needs to be replenished,' he says, especially when even Vlessing's daughter, studying a PhD in Holland, is thinking hard about whether she can afford to come back.

COVID has also shown up the benefit of outside space: each Pocket home has a 'fantastic garden', or rooftop terrace, features which have been highly prized during lockdowns as places where people can get fresh air, engage with their neighbours safely, and take their laptop to do a spot of work. Properties in the portfolio also now increasingly have exercise rooms and work rooms—one scheme in Waltham Forest will have a staggering 13 public rooms. Rickard adds that materials used are now more COVID-friendly and easy to



West Green Place in Haringey by HTA Design — 93 one-bed Pocket homes for 'city makers'

clean. But anyway, says Vlessing, if there *is* a bit of an exodus, and prices come down by the reported 20 per cent, then so what? ‘Bring it on,’ he says. ‘Fantastic. London has been far too expensive for young people for far too long.’ The key thing is that the days of the one-size-fits-all development approach are over, with the consumer being more demanding of our built environment in a way that mirrors our changed approach to food over the last 15 years.

Why is this change of attitudes not translating to the volume housebuilder? Well, Vlessing thinks it is, actually. But we have created a strange housing economy where the biggest producers are larger than anything in Europe and the smallest much smaller. The reason, though, is the same. The planning system is so hard to ‘wade your way through’ that the big can ride the potential blockages—including the real issue of Nimbies—along the way, within their balance sheets. Berkeley boss Tony Pidgley used to joke about this, saying that the British planning system is an absolute mess—so thank God for the British planning system! The very smallest, though, are focusing on one borough, getting their consent, building their scheme and then the politics of the borough change, and they pack their bags for the south of France, says Vlessing, hoping for better business in five years’ time. The middle range of developer has thus been lost. In 1939, 70 per cent of housing was developed by independents, and now it is the other way around. So the government ‘desperately’ needs to find ways of getting SMEs back into the marketplace, Pocket believe. The only reason Pocket has been able to ‘burn through all the red tape’, and could provide a model for others, is because it is so concept-driven, works ‘on its own terms’ and is very good at what it does, which can actually save a lot of time.



Shared space special — Varcoe Road in Southwark by Maccreanor Lavington

I quiz the quartet about their map of developments, expressing surprise that more isn’t to the east. Is that a plan? Do they look geographically or is it site by site? And indeed, is this a replicable model for other cities?

A lot is site-driven, says Cuff. Places like Merton and Enfield would love them to come, but don’t have a lot of land. And some areas are just so overheated they can’t compete with the open market. Then there are the areas they adore working in—boroughs like Waltham Forest, which Cuff believes is an exemplar in this field, or others opening up like Redbridge, Ealing, Wandsworth, Haringey, Lambeth, Barnet and Southwark.

As to other cities, it has taken time to build up knowledge and confidence to build scale in London, but the same dynamics can work elsewhere, and Pocket is looking actively at Cambridge, where it has sites it can actively bring forward. Affordability there is, if anything, worse than London. Inner-city housing supply is limited, it’s a cycling- and knowledge-based economy, and it is a very ‘Pocket’ demographic, with lots of people in their 20s and 30s in the £30–50,000 income bracket, but would need to be in the £60–90,000 bracket to buy a home in Cambridge. ‘So that’s probably our next step, but it takes a lot of things to align.’ Bristol might also be of interest too, Cuff concedes, in the medium term.

These Pocket parameters are heavily policed, with buyers—who they call ‘citymakers’—not allowed to sublet (in all but exceptional cases), or sell on to anyone below the locally set affordable threshold. Innovation in its IT is helping to establish who is in their homes, says Rickard, although even that is self-policing to an extent.

International might be possible too, says Vlessing, Pocket’s ‘secret sauce’ being portable to other places. Property is local, and heavily regulated, but could really do with a shake-up, he feels. Companies like Uber are similarly disrupting but are having to throw an awful lot of money at it and are not successful in all markets, with enormous political friction. And yet, Vlessing goes on, there is not a quarter that goes by without a study team arriving from places like Boston, New York, Tokyo and Amsterdam to look at what Pocket does. ‘So I suspect over time there will be Me Toos.’

Pocket chooses its architects carefully, says Renshaw—it is important to create beautiful homes, rather than cheap ones. ‘Essentially, we try and select architects who are smart in how they design buildings and will work with us to ensure we can build for a certain price,’ she says. They use firms like Gibson Thornley and Threefold, trying to identify the next, young, keen practices, and those who want to cut their teeth on projects. Or the more established firms who have done everything in housing you can imagine. Designers like it because the rigidity and strictness mean they are ‘not allowed to muck about with our flat’, says Vlessing. The talent therefore must be expressed through the public and outside spaces, a restriction that can really ‘turn them on’.

So, what of the next 15 years? Vlessing says over the next five he’d like a less peaky churn of projects, stabilising the business to get a much smoother pipeline. Indeed, he adds, if you started your housing company at the wrong point, you may never get there, because you’re always at the wrong point in the cycle, unlike Tony Pidgley again, who Vlessing cites as



Air rights — the seven-storey Varcoe Road scheme includes a large, south-facing terrace on the top floor

having always managed to hit those peaks just right. Modular is another ambition, with more product design control, and build for rent is another ‘perfectly sensible’ thing for them to look at in a serious way for those who don’t quite want to buy just yet—there are 20,000 renters on its database already, after all. ‘I think we’ll do more diverse typologies, but they’ll always be unmistakably delivered by the people who gave you Pocket.’

Vlessing would love to get to the point where it could, with a local authority or maybe public finance, invite people to rent, help them with a savings or government programme and from that point lure them into their first home purchase. And what of a succession plan? Vlessing points to his three colleagues in the room and construction head Sarah Hill as a crack team to take Pocket forward. He feels the essence of its success is respect for each other’s expertise, a sense of humour, enjoyment of each other’s company, and the ability to say anything—but not necessarily ‘wear’ it. To have enough thick skin to ride out the lows and sense of humour to enjoy the highs.

Cuff adds that Pocket needs to be more than single rungs on the ladder and have multiple roles, perhaps solving multiple housing challenges rather than a very specific large one for the ‘squeezed middle’ in places like Bristol and Brighton. ‘We are moving from being the kind of classical Pocket to one which takes the Pocket mindset.’

Rickard has his eye on expanding the company’s output in places like Amsterdam and Berlin in perhaps 10–15 years,

cities which face similar problems as London and have similar small sites where the Pocket idea could be transplanted. Partnership working and perhaps a modular factory are in his purview, while Renshaw thinks we need to think about how people might live quite differently in the future, with innovation in space standards aimed at catering for different types of people.

In the end, though, if he were secretary of state Vlessing would be asking why there is only one Pocket, and not 20. ‘Because we are a laboratory.’ Since they started from a blank canvas but with a clear concept, he argues that they offer a clear model for showing the ways to reform the housing market, the problems with the planning system and how SMEs can succeed in getting more output from small sites. ‘If you want to project all of that on to a company and ask yourself some really big questions, we are the ideal place.’

There will be transition within the firm, of course. ‘It is no longer the Me Show at all,’ Vlessing says. ‘You’re looking at three people who will be perfectly capable over the next five years to limber up to the point of taking over. We will see what the shape of the business is at that point, how much bigger it is and what the real needs are.’ It would be a mistake to think he could run the company day in and day out for the next 15 years. But, on the other hand, he doesn’t want that tap on the shoulder just yet.

‘I think that there is a lot of research and developments that we still need to do,’ he smiles. ‘And I’d love to spend more time doing that.’ ●