

Institutional Funding across a Three Phase Regeneration Model

Professor Stanley McGreal

University of Ulster
School of the Built Environment
Shore Road
Newtownabbey
BT37 0QB
Northern Ireland
UK

Tel: +44 (0)28 9036 6566

Email: ws.mcgregal@ulster.ac.uk

Co-Authors: Alastair Adair, Jim Berry and Norman Hutchison

ABSTRACT

This paper is concerned with how to further engage the major investing institutions in the financing of regeneration and the conditions necessary to attract institutional finance into regeneration schemes. The paper reports upon research funded through the Investment Property Forum and took a cross-asset perspective involving other investment classes namely equities, bonds, private equity, securitised vehicles and others.

The research sought to move beyond the question of involving institutions in property investment to potentially more strategic issues related to infrastructure and other opportunities within regeneration. Central to the research is an understanding of institutional requirements, the expectations of asset returns, the understanding of risk tolerances, the nature of the security required and whether this can be offered through regeneration.

In conceptualising regeneration and funding opportunities the analysis is based on a model consisting of three distinct phases: remediation/infrastructure, development and investment. The study through the use of interviews with fund managers on a cross-asset class perspective examined the characteristics and potential for designing a regeneration investment vehicle that would prove attractive to the institutions and which would operate across the three phases of the regeneration model. A tiered vehicle structure is proposed with a bond providing the first layer of regeneration finance complemented by a second layer of private equity and long-term funding.

Key Words: regeneration, institutions, investment