L&G ploughs cash into blocks for Stratford students

Joanna Bourke

INVESTOR Legal & General is to pump cash into London's lucrative student digs market, signing a deal to fund new accommodation for 445 people in Stratford, the Evening Standard can reveal today.

Legal & General Investment Management will invest £63 million and partner with Alumno Developments on the apartments.

The block, which will also feature a café, artist studios, gym and launderette, will replace a former Esso petrol station in Stratford High Street. It will be let to post-graduates at Queen Mary University of London.

Student haven: L&G's proposed digs

L&G joins a wave of investors wanting to capitalise on the shortage of student accommodation in the UK – particularly in the capital where developers face competition for land from housebuilders.

Companies including Empiric have recently forked out on buildings for freshers in Hampstead and Twickenham.

According to property agent JLL, purpose-built student digs across the UK in 2016-17 will only reach 555,000, up from 545,000 last year. With more than 1.7 million full-time students expected this year, that is a ratio of students to available digs of 3:1.

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Lessons for the banks, 20 years on from the Lloyd's insurance fiasco

Anthony Hilton

CITY COMMENT

THE news from the Lloyd's insurance market this week is that it remains deeply concerned about the potential loss of access to the single market should we leave the European Union, and believes that there is a serious possibility several of its key firms, bored with the uncertainty, will simply up sticks.

Lloyd's chairman John Nelson expressed these fears strongly before the referendum; and nothing has happened since to make him change his mind. It is a timely reminder, amid the hyping of the recent positive reports on the UK's current economic performance, that this is a long game. The challenges of Brexit have still to be properly defined, let alone addressed.

Still, at least Lloyds has a future to worry about, and this week – of all weeks – that is worth celebrating. For it is exactly 20 years ago that the insurance market pulled off the greatest recovery act in the history of the City when its members voted in favour of Reconstruction and Renewal, a recovery plan that saved it from extinction.

The problem which had brought Lloyd's to its knees was that, after too many long lunches, its underwriters had made open-ended commitments

though they were, was the key figure. That role belonged to a typically low-profile senior civil servant. This was because Equitas was the key to the recovery plan but, as a new insurance company, it had to be authorised. This meant the regulator had to put his neck on the line.

The key issue was whether Equitas had enough capital to meet its liabilities. Most people thought it did not, which was not surprising given that no one could be certain what those sky-rocketing liabilities were. But in those days before the Financial Services Authority, Prudential Regulation Authority or the Financial Conduct Authority, insurance was regulated by the Department of Trade and Industry. The top official there had the courage to take a chance on Equitas, though its capital looked woefully thin. He

> 'Banking has spent years in denial and is only now groping towards the necessary changes'

signed, putting his whole career on the dotted line, and threw Lloyd's its lifeline.

It is very hard to believe that today's regulators would take that kind of chance, which means if the Lloyd's disaster were happening now, the market would be left to die and the City would lose one of its key assets. Indeed, it is worth pausing to consider