

A gamble on landing in the comfort zone

Mark Wilson recognises his land investment firm's venture in Scottish green-belt land has risks as well as rewards, writes **John Penman**

It is probably not the best time to talk about investing in property. A quick look through estate agents' websites confirms there are far fewer houses for sale, interest rates are still relatively high and there is uncertainty about the economy.

But if 33-year-old property developer Mark Wilson is fazed, he does not show it. And he predicts a substantial uplift in his land investment company's turnover this year from about £1.5m to more than £10m.

His confidence is all the more remarkable because Wilson's business model involves inviting you to part with a substantial amount of money on what he acknowledges is a high-risk gamble. His company, Intelligent Land Investments (ILI), buys up pieces of land in the green belt that may or may not be rezoned for housing. If they are, the value of the land increases dramatically and ILI sells it to a housing developer, making a very nice profit for the shareholders. If they aren't, the shareholders, of course, get nothing.

Wilson, originally from Omagh in Northern Ireland, is upfront about the risks and insists it is only suitable for people who already have a varied range of investments, so he does not ask you to bet your house on the farm.

For example, he admits that a site he is looking at in Cumbernauld may only have a 30% chance of getting zoned for housing, yet his first site at Glenboig in North Lanarkshire sold out its allotment of 183 shares priced at £12,000 each — a total of almost £2.2m — in 12 weeks, while the second, at Lochwinnoch in Renfrewshire, is close to following suit. Why?

"I pick these sites carefully," said Wilson. "Glenboig is a growth area with plans for about 4,000 new jobs. It is close to Glasgow and the M8. There is a business park, a new railway station and North Lanarkshire council identified a need in the area for about 2,000 new houses.

"As part of this, they are already

looking at redesignating part of the green belt for housing and will make a decision soon, but nothing is certain."

He is hopeful because two sites, at nearby Gartcosh and another part of Glenboig, have already been rezoned from green belt and developers Redrow and Barratt are on site.

Wilson thinks Glenboig could be rezoned as early as September, five years ahead of his original plan. If that happened, it would be sold to developers immediately, before planning permission was approved.



Government policy has made it easier to rezone land for development

"Developers will buy sites if they have been rezoned without permission, and if that happens, investors could see their returns by the end of this year or early 2009," he said. That return could be four or five times the original investment as the value of housing land is far greater than that of agricultural land.

Wilson may be young, but he has worked in property development for some time. He made a fair bit of money through buy-to-let, but got out as everyone else was piling in. He hit on the idea for ILI soon after.

The Scottish government's housing strategy last year called for a substantial increase in the number of homes

being built. Earlier this month it unveiled a new strategy encouraging councils to identify and release more land for housing under a new planning policy that allows the quicker release of appropriate land. The government's goal is to increase the number of new homes built in Scotland from 25,000 a year to 35,000 a year by 2015.

"Houses are needed where there is growth," said Wilson. "This is not about building on any green-belt site or indeed all of it, but on carefully chosen sites with potential."

Developers already do this, buying land from farmers with a long-term option on the site. In Glenboig, for example, there are three other green-belt sites in the hands of a developer. But they often give the landowner a relatively small amount upfront and his eventual benefit is loaded on at

only interested in ones that have a real possibility of being zoned for housing."

To that end, Wilson has been reinforcing his company's credentials to further distance himself from rogue operators. He brought on board Glasgow-based Keppie Design, experts in town planning. Keppie is drawing up the master plan for Glenboig, showing how many houses it would hold and how the site would be developed.

But does the demand for land and the potential returns for investors create concern about some developers manipulating the system unfairly?

Wilson acknowledges the concerns, but says enough checks and balances are in place to prevent this. "If there is concern, the ultimate decision rests with the government and there is the option of a public inquiry so it is not just down to the council," he said.

He has also brought in Sir Michael Kelly, former Lord Provost of Glasgow, as a non-executive director and someone who understands the workings of local authorities and politics.

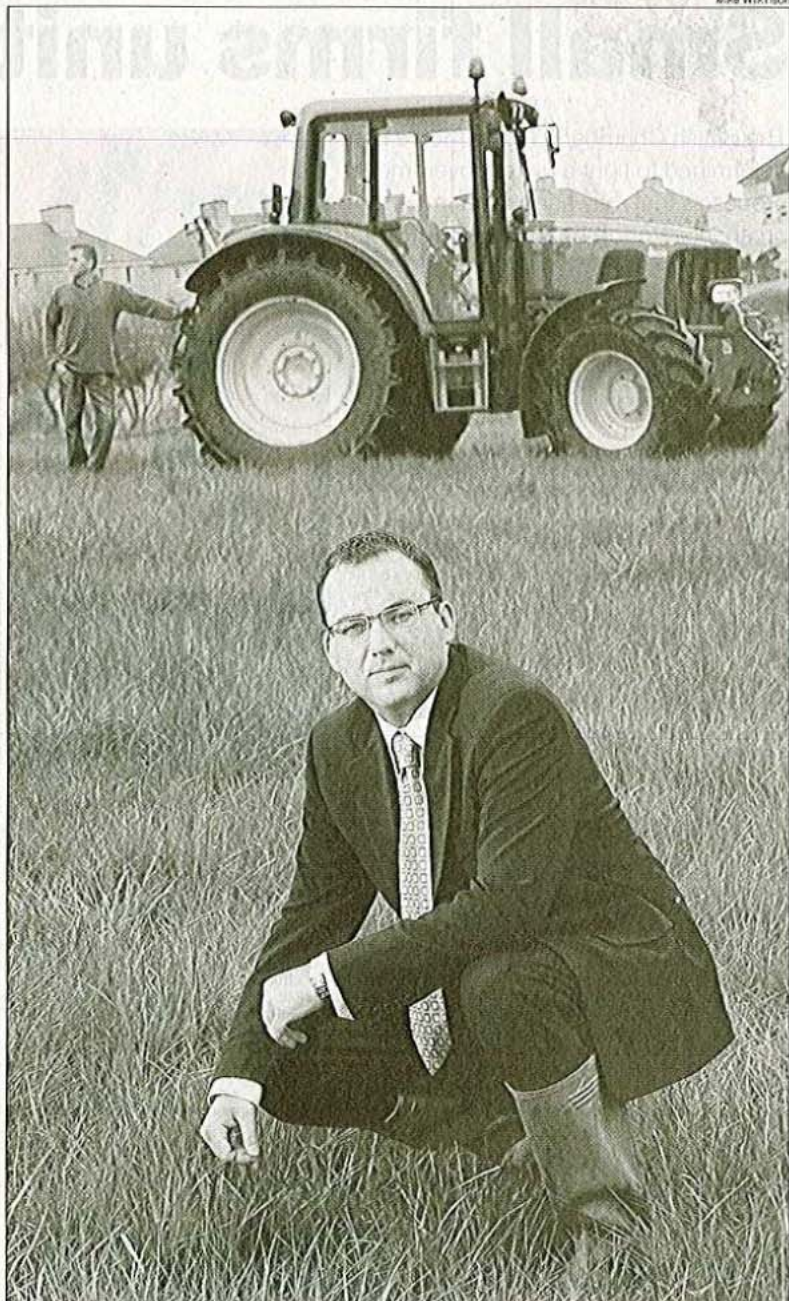
Wilson understands that some people will see what ILI does as a gamble. "This is high-risk and people have to read a detailed memorandum, which constantly reminds them of that before signing up, but there is still plenty of interest," he said. "One or two investors in Glenboig wanted to sell their shares and I had no problem reselling them."

At Lochwinnoch, there is less need for new housing than at Glenboig, but part of the site is brownfield and has already attracted other developers. Wilson's plans include building a feature to make the entrance to the village more recognisable.

The minimum investment has been £20,000 and the shares are almost fully subscribed. The land is worth about £2m just now, but according to Knight Frank, the estate agents, it could rise in value to just under £10m if it were rezoned.

"This kind of investment opportunity has really only been open to large developers or pension funds in the past because it is a long-term project," said Wilson. "This is about giving private investors the same opportunity."

The local council will begin assessing its next local plan next year.



Wilson pays upfront and also encourages farmers such as Coffey in Glenboig to get involved in his venture