

# Lloyds TSB backs top property team to tune of £30m

By **Julia Fields**

TWO property executives have formed a new residential development finance company with £30 million backing from Lloyds TSB Scotland.

Ian McMurdo, managing director of Caledonia Homes and Ian Mackay, the former managing director of Miller Residential Development Services, have been appointed exclusive consultants through their recently founded Edinburgh business to find and oversee projects for the bank.

Lloyds TSB Scotland has taken the unusual step of providing 100% of the financing needed by developers on an individual project basis and in return is taking a cut of the profits. The formula is more risky than the traditional funding of providing 70% of the cost and having the developer pitch in 30% of the capital.

Residential Development Finance has also been launched just as many house price surveys are detecting a decline in the rate of growth throughout the UK.

Eric Glass, senior relationship manager with the corporate banking team at Lloyds, said he was unconcerned by the timing. "The bank's view on the residential market in Scotland is that while a slowdown is occurring, a fall in house prices is unlikely to be seen. The Scottish market has avoided the boom and bust experienced

south of the Border in the past. We are backing a strong management team who we know have robust processes in place that will manage the risk to the bank."

McMurdo, whose company Caledonia Homes builds 1930s retro-style bungalows and villas in central Scotland, said Britain had likely seen the end of massive price increases but there were still plenty of opportunities in the market. He added: "Interest rates could be falling by mid-year."

McMurdo and Mackay have worked on various property schemes together during the past 10 years but saw a gap in the market for a bespoke service targeting both fledgling and established developers.

Mackay said: "There's certainly a market for a personal touch. Because we're so close to the bank, we can make decisions with developers quickly. It doesn't have to go through the boardroom."

The pair have allocated £10m to eight central belt projects with a selling value of £20m. One scheme involves 20 new apartments in Glasgow. The company aims to help build 250 units a year.

Mackay added: "Our ideal development would be 50 units, priced in the mid-market, and something that we could get in and out of in 18 months to three years."

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