

JOHN LAING

Peak units: 3030 (1987)

John Laing & Sons was one of the best known housebuilders of the 1930s, forever associated with the growth of Metroland. The company also developed into a major international contractor and its post-war history illustrates the difficulty of running a speculative housebuilding operation within a construction framework. James Laing (1817-1882) worked as a stonemason in Cumberland, where he gradually began to employ men and take on small contracts. In 1848, the year the company uses to mark the starting date of the firm, he built a house of his own as an investment in spare time between contracts; two more were built on the same strip. James' eldest son, John (1842-1924), moved the family to Carlisle where, in partnership with his brother William, he traded as J & W Laing, eventually undertaking bigger contracts - Sedbergh School extensions, Carlisle electricity works (1898) – but the partnership ended in 1892 as William was reluctant to expand further.

The true architect of the firm was James' grandson, John W Laing (1879-1978), who joined the firm in 1894 aged 14; he was apprenticed to the bricklayer and mason, although backed by a grammar school education. Six years later, the office consisted of John W Laing, his father, sister and one clerk with 50 people employed outside. They were fully capable of carrying out large local contracts which included factories and a reservoir whilst also building houses for investment. In 1904, on John W Laing's 25th birthday, the name of the firm was changed to John Laing & Son and his father gave him control. John senior was then 62, with a portfolio of rented houses to provide him with income.

A World War I contractor

World War I led to contracts on a larger scale than anything Laing had done before - naval armaments testing, a share in the Gretna armaments factory (an enormous 3000-acre township), and even an aerodrome, and by 1917 Laing employed 4000 men. After the war, the young John Laing set in train the expansion that made the firm a national contractor. The business was incorporated in 1920 with a wide range of staff on the share register. Henry Harland, a surveyor (and John Laing's father-in-law), and William Sirey, an estimator, were directors throughout the inter-war period, Sirey becoming John Laing's chief ally. An office was opened in Liverpool and, in 1921, Laing established a presence in London. Laing had local authority housing contracts around the country often using an industrialised building method, Easiform; by 1924, the firm was working on 1500 houses. The centre of the business was soon switched to London. In 1925 Laing bought 18 acres at Mill Hill: 'When I came to Mill Hill the land was on the market. It was everything I wanted. There was the site for the office and some beautiful land nearby where I could build a home.'¹

Entry into speculative housebuilding

Although there had been isolated examples of speculative housing after the First War (board minutes of June 1923 refer to conveyances in Feltham), the effective start of Laing's private housing was in 1927, with the purchase of the large Colin Park estate near the new Mill Hill headquarters. Asked why he had entered the world of speculative housing after many years as a general contractor, John Laing's response seems today to be surprisingly altruistic. 'We decided to build such houses after carrying out a certain contract for a financial developer. We found the specification was so reduced in order to produce a cheap dwelling that the purchaser received a very poor return for his investment... We therefore decided to carry out developments ourselves, on the principle of giving the purchaser the highest value for money. Instructions were issued to our managers when we started the work that we desired every house to be a place of which the man who bought it could be proud, and we have sought throughout to keep this in view.'² Sir

¹ Richie, *The Good Builder The John Laing Story*, p.65.

² Betham, *Housebuilding 1934-36*, Interview with Mr J Laing.

Maurice Laing also suggested that limited opportunities for making money in contracting had a bearing.³ As will be seen later, the contractor mentality stayed with Laing until the 1980s and it did not make it easy to develop the private housing business after the war.

John Laing's attitude to speculative housing was characteristic of the contractor and Sir Maurice Laing confirmed that his father always regarded himself as a contractor rather than a developer. Although Laing was building around 1000 houses a year, contracting was still described as 'the principal part of our business.'⁴ More telling was his belief that only a contractor's profit margin could be expected: 'I understand that after the war people were building houses for sale and making very high profits. But those days are passed. Any person coming into the business now, and desiring success, must be prepared to invest large sums of money in land, bought in bulk, and in materials ... he must be satisfied with a small percentage of profit, and trust to a large turnover to make the business successful.'⁵ This was again confirmed by Sir Maurice: 'The problem which father had and which I continually complained about was that he never learned what an asset was worth – he always looked at his costs and then added 10% for a margin.' Apart from a small development in Esher, the first estates were in the north-west corner of London – Colindale, Sudbury, Golders Green, and Woodford. Sales from the Colin Park estate began in the Spring of 1929 with a remarkable rate of build for a new venture; in its first full year of speculative housing, Laing built over 1000 units. The minute and sealing books survive and show the pattern of completions below.

Laing housing completions, 1929-39

1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
260	1010	840	680	830	1450	1110	939	801	706	270

At virtually the same time that Laing was launching its speculative housebuilding, it was also forming a new subsidiary to invest in commercial property. This move, which later profoundly altered the shape of the business, had mixed motives. It was to satisfy wider share ownership within the employees, reflecting the strong Christian tradition within the Laing family, and to provide work for the construction company – a questionable logic much adopted by other construction companies after the war. By the mid 1930s Laing was looking further afield and estates were built in the east and south east of London - Shooters Hill, Blackheath and Woodford - and at Purley and Sanderstead in Surrey. However, housing activity appeared to have peaked in 1934. At the time, Laing still appeared committed to growth: in September 1933, *Practical Builder* reported that Laing was building estates in the outer rim of London to a capital cost of £4.5m, representing 5-6000 houses at prices from £685 to £4000. When completed in five years time, this meant that Laing would have built 20-25,000 houses in London. In the event, the growth did not take place and it is not clear why Laing's housing expectations were not realised. There may have been some natural over-optimism but it is possible that the company was finding it difficult to acquire sites – board minutes of March 1933 reported that the company needed to find another large site as early as possible. Sir Maurice has also suggested that the inflow of construction work which began to come in from the Air Ministry in 1935 diverted John Laing's attention back to construction.

The Christian approach to business

John Laing had been brought up within the Brethren and, having been an active member of the Carlisle congregation, formed a new assembly on the move to Mill Hill and went on to found the Covenanter Union. He was closely involved in church charitable organisations and did not exclude his business from the application of his deeply held religious principles. Practical illustrations included the desire to include a wide range of employees within the ownership of the business and the later establishment of charitable trusts in which substantial family shareholdings were vested. For a speculative housebuilder he seemed averse to recognising the essence of the

³ Interview with Sir Maurice Laing, April 2000.

⁴ Betham, *Housebuilding*.

⁵ Ibid.

business: 'As a matter of principle he refused to take windfall profits on undeveloped land acquired by the company'.⁶ In June 1936 he wrote to *The Times* advocating the national ownership of land. Two years later he was proposing a clause in purchasers' contracts preventing them from indulging in speculation by selling on part of their plot.⁷ Even selling enthusiasm had to be restrained: 'It was resolved to remind all estates of the rule regarding Sundays: that no estate office is to be opened, that none of the sales staff is to be on duty but only the watchman should be on the estate and that the watchman can allow show houses to remain open until sunset but show houses are not to be lighted'.⁸

As war approached, housing demand began to weaken, particularly in Carlisle, where Laing had maintained a housebuilding presence. By then, the contracting division was increasing its defence work, particularly for the Air Ministry. The first airfield contracts were secured in 1935 followed by orders for barrage stations. By the end of the war, Laing had built 54 of the country's 480 airfields, a munitions factory at Sellafield; factories; and, finally, ten of the caissons on the Mulberry Harbour. As the balance of the war swung towards the allies, the company tried to determine its post-war strategy. The minutes of October 1943 recorded that 'our first two objects would be town buildings for ourselves and housebuilding for ourselves and local authorities. General buildings for architects would probably come next and civil engineering work after that.' Despite its war time expertise, Laing did not think much of the heavy end of the construction industry.

A new generation leads the post-war recovery

A new generation of the family was active in the business after the war. Maurice Laing had joined in 1935 aged 17, while his elder brother Kirby followed him in 1937, having studied mechanical sciences at Cambridge; they became directors in 1939. When the war ended John was 66: 'Mr Laing reviewed the discussions he had had in recent years that, but for the war, and the absence of Mr Kirby and Mr Maurice in the forces, both he and Mr Harland would have retired from active administration of the business and now they would wish to commence that gradual withdrawal so as to leave the administration more and more in the hands of the younger directors'.⁹

Post-war activity took a different direction than expected. Housing activity was confined to local authority contracts and by 1950 Laing had built more than 14,000 Easiform houses and the annual rate was up to 5000. The first foreign subsidiary was formed in 1947 - Laing and Roberts, in South Africa; there was the first international contract, in Syria for Iraq Petroleum; the Sellafield power station; and the development of the Thermalite lightweight concrete block. By 1951 Laing was earning profits of over £1m and the company was floated on the Stock Exchange with John Laing as non-executive Chairman, Kirby responsible for property and Maurice for building and construction. Ernest Uren, who became the senior non-family figure, ran finance and administration. Although John Laing had agreed to be Chairman, it was against his better judgement; at the first AGM he faced questions which he had to pass over to his sons. 'He said to us after that if he couldn't answer questions about his own company he wasn't going to be Chairman and resigned'.¹⁰ Unlike Frank Taylor and Godfrey Mitchell, John Laing's retirement was virtually total.

John David Martin

The restart of Laing's private housing was so low key that the company did not even use its own name to sell the houses. 'Everybody thought we were housebuilders and everybody looked down on housebuilders as the bottom end of the market. We were trying to get major civil contracts

⁶ Richie, *The Good Builder*, p.87.

⁷ Laing minute book, May 1938

⁸ Ibid.

⁹ Ibid, Feb. 1946.

¹⁰ Interview Sir Maurice Laing.

and the potential clients were saying “you are just housebuilders”¹¹ John and David Martin Ltd (using family Christian names) was incorporated in April 1953 and started with pre-war estates in Purley and Potters Bar. The initial agreement was for the parent company to transfer land to John and David Martin as needed but John Laing still carried out the construction and retained the profit. Over time, full operational responsibility was passed to the housing company and in 1959 it was eventually renamed Laing Housing. The reality of the private housing operation is that it played a smaller role in the group than it had before the war, both in absolute terms and certainly relative to the rest of the group; it was not until 1983 that Laing Homes reached its pre-war peak volumes. Its managing directors were builders rather than developers and the operations remained closely linked with the construction company.

There were no obvious reasons why Laing failed to build on its pre-war housing strength. Maurice Laing conceded that the heart was elsewhere: “we were just not very interested”. There were early references to poor sales because “we were not able to use the name Laing to the full.”¹² The attractions of other development opportunities was also relevant; Laing Properties was being actively expanded and, in a family controlled business, capital resources were not limitless. However, the private housing business no longer had the day-to-day presence of the group’s leaders. There were frequent discussions as to how the company should best be run. Only the housing managing director, WM Johnson (who had been with Laing since the first war) was on the housing company board and the minute books disclose that those below him did not seem able to work in harmony. Later that year Johnson himself resigned and new plans were made. Housing profits were then running at £70,000 and a target of £250,000 from 1000 completions was set for 1961.

Conflict over housing organisation

The minutes of June 1959 record an extensive debate on the relationship between Laing’s regional construction establishments, and John and David Martin as a central co-ordinator. One problem was finding sites and more agents were to be recruited to look at other parts of the country. Where appropriate the contracting company would be asked to undertake construction work on behalf of the Martin company on a contract basis thus providing incentive to the local management of the contracting company to discover suitable sites in their locality. The company’s name was changed to “The Laing Housing Company Ltd” which it was felt could now be adopted without detriment to the civil engineering side of the contracting company’s business.

Conflict with the construction arm continued. There were complaints about the decision to permit the construction company to undertake private housing developments in other parts of the country than the north. Land supply also remained a problem and there was even talk of acquiring HC Janes for its land bank. In the event, the problems over land acquisition led to the 1961 target being scaled down to 600 and the actual result fell well short of that. The expansion strategy for private housing was finally laid to rest at the end of 1961 when Uren deleted the reference to “an expanding business” substituting instead a land policy “consistent with the amount of the group capital allocated to the business”.¹³ There were intermittent attempts in the 1960s and 1970s to revive the previous expansion plans for private housing. In 1964 the Board again agreed that the company should plan to increase up to 1000 starts by 1968 which it almost achieved before falling back to a low point of around 300 in 1972 and 1973. By the early 1970s the growth targets were once more for 1000 completions by 1975 but also with a new target of 2000 by 1978; again, the 1000 target was missed. Housing and property were now under the combined control of John Beavis, but his prime interest lay in commercial property (he went on to head Laing Properties when it was demerged in 1978).

During the 1960s, the Laing family was taking a less hands-on role in the company: “their involvement in its day-to-day management had undoubtedly been diluted by Kirby and Maurice’s

¹¹ Ibid.

¹² John and David Martin Board minutes, Sep. 1956.

¹³ Ibid, Dec 1961.

devotion to public affairs. In one sense this had been an advantage. It had forced the group to evolve management systems which did not depend on quite the same level of personal vigilance that Sir John had practised with such devastating effect.¹⁴ Ernest Uren was in effect managing director but ill health forced his retirement at 58. Put at its simplest, the replacements did not work. First the Board decided to go outside for a replacement and Sir Fred Catherwood joined in 1971; he had been Chief Executive of Costain, British Aluminium and NEDO. However, he resigned in 1974 to be replaced by Geoff Parsons, then head of Laing Civil Engineering and, again, his five-year tenure was described in the company history as less than comfortable.

Demerger of Property Division

One of the key events in the Laing history was the legal separation and flotation of Laing Properties in 1978 which, to the embarrassment of the construction company, was soon valued considerably higher than its parent. The housing company was originally going to be included with Laing Properties but it was eventually left with Construction: 'Maurice insisted that housing went in with construction using the argument that construction needed somewhere to put its surplus cash'.¹⁵ The first annual report of the slimmed down John Laing conceded the underperformance of its private housing: 'Although the activities of our Group have expanded dramatically in the post war period we have not achieved a corresponding increase in private housing. We have now taken steps to strengthen and expand our Homes Company and this should be an area of growth for us over the next few years.' When Leslie Holliday took over as group Managing Director in 1979, Laing Homes no longer had to compete with commercial property for capital. New management also brought with it a reassessment of the approach to private housing. 'I looked at it and realised it was not going to develop as it had been. I looked at overseas markets and in searching for the best way forward became certain that brick and block was not the future. We therefore set up Super Homes [a prefabricated timber framed housing system] to be the building source for Homes and we also had visions of it being sold as a system to other housebuilders.'¹⁶

Ambitious housing targets

The Board once again set ambitious volume targets, only this time they were achieved. The housing company was on its way to becoming a free-standing operation. David Holliday (Leslie's son) was moved into Laing Homes as Managing Director in 1980 (becoming the first housebuilding Managing Director to be appointed to the main board in 1983). He inherited a business that was still closely linked to the construction division. 'The construction company did the work for housebuilding and charged them what they felt like and made a profit, and housing tried to make a profit from development. I said this was not the right way to do it. At that time my appointment was still a construction appointment rather than a developer appointment. I dropped my contractor hat very early on.'¹⁷

By the late 1980s, private housing sales were over 3000 a year, placing it comfortably in the top ten, and Laing Homes was providing the bulk of the group's profits. Laing was also building houses in California: Leslie Holliday argued for the advantages of offsetting the UK housing cycle and the broadening of perspective. However, the success of the housing business caused its own problems within the group. 'One of the internal difficulties was that you had a contractor who employed 11,000 people and a housebuilder who employed 600 people and you have jealousies - not particularly at the top level but lower down; it is very difficult to weld it into the same culture. What we never achieved was a construction operation that balanced housing. It should have made a choice then; I was advocating selling Homes at that time.'¹⁸ Instead, David Holliday left the group in 1989 to establish his own housing company (Admiral Homes).

¹⁴ Richie, *The Good Builder*, p.146.

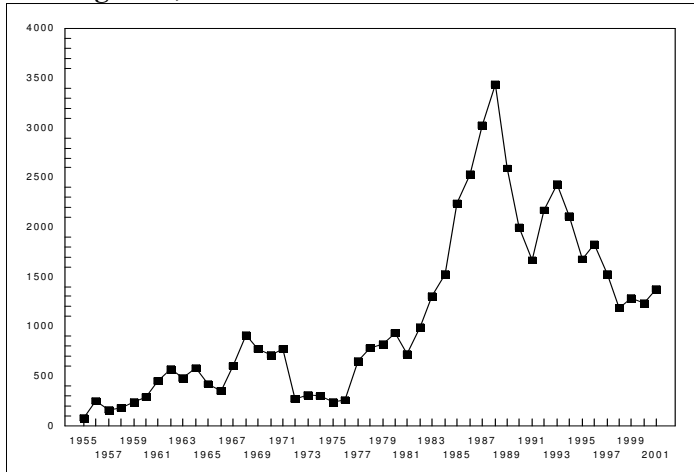
¹⁵ Interview Leslie Holliday.

¹⁶ Ibid.

¹⁷ Interview with David Holliday, Dec. 1998.

¹⁸ Ibid.

Housing units, 1955-2001



Laing Homes had continued to buy land after David Holliday's departure and the recession brought substantial write-offs. But what was significant about the recession was not the reduction in asset value itself but the reaction to it. Whereas some housebuilders were using the collapse in land prices to restock with cheap land, Laing's policy was to take money out of housing; in June 1992 the directors announced that their policy was to take £70m out of housing world-wide over the succeeding three years. Inevitably volumes declined for most of the decade and by 1998 had fallen to 1180 units – only a third of the level achieved ten years earlier. In the closing years of the 1990s, volumes once again began to increase, retirement home specialist Beechcroft was bought for £10m, and a more healthy level of profits was being earned. Unfortunately, all was not well elsewhere in the group. The construction division lost a staggering £185m in 2000 and 2001 and the private O'Rourke paid a nominal £1 to buy the business. This left a weakened group with two disparate parts - housing and a portfolio of construction related investments. In October 2002, Laing Homes was sold to Wimpey for £297m; the Laing brand name was retained.