

# Progressive Property & Construction Daily



31 March 2022: AUK, BRCK | 'Dash to detached' drives house inflation to 18-year high  
- Nationwide

A round-up of market statements, news, economics and views from the property and construction sectors

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## Company news

**Aukett Swanke Group** (AUK, 2p, £3m mkt cap)

UK's only quoted architect, active in UK, Middle East and Europe. FY (Sep) results. Rev -22%, £8.8m (H1, £4.1m; H2, £4.7m); adj loss before tax, -£1.3m (H1, -£1.0m; H2, -£0.3m; FY 20, -£0.02m); stat LBT, -£1.1m (-£0.02m); div, 0p (0p); net cash, £15k (£837k), including three-year £500k Coronavirus Business Interruption Loan Scheme funding taken out in May 21, with loan instalments payable monthly from June 22. *Trading:* Drop in revenue was primarily due to Covid-related delays. The overall loss was largely due to sup-optimal group costs and a one-off impairment of £249k. UK and the Middle East businesses were loss-making, but Continental Europe made a profit (excluding group management charges) of £330k. *Outlook:* "The efforts of the business to adapt to the current economic climate has resulted in stabilised revenues in H2, higher than those in the same period in 2020, however we still have more to do if we want to return to the level of profit achieved pre-pandemic. The group is considering a range of structural and geographic options to stabilise and improve the underlying financial position. Following the retirement of Nicholas Thompson at the end of the year, a new CEO will step in to lead the business in the next phase of its operation".

*Going concern statement extracts:* "The Groups' principal banker Coutts & Co has again renewed the Group's overdraft facility [temporarily reduced from £500k to £250k] and have temporarily waived the gearing covenant for three months. We have no reason not to expect that the overdraft facility would not be renewed

again in November 2022. The groups' assessment of going concern is therefore focussed on its ability to operate within the £250k overdraft limit to the end of May 2022, then assuming a return to the £500k overdraft limit thereafter. The risk of short term recessions and delays in clients making financial investment decisions due to the pandemic appear to have now largely abated. However we note that the recent conflict in the Ukraine, rising energy prices and inflation globally will have macro-economic implications and could be a trigger for recession in the short to medium term. There remains a risk that ... the group may find itself as a result of unexpected levels of delays on project work beyond its control requiring additional external financing. Given the lack of certainty involved in preparing these cash flow forecasts, there is a material uncertainty which may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern".

### **Brickability Group** (BRCK, 94p, £279m)

Construction materials distributor. Acquisition. Beacon Roofing Limited acquired for a consideration of £6.5m. The Surrey-based roofing contractor provides a full range of roofing services across the South East of England, predominantly for national house builders and developers. For the 12 months to 31 January 2022, Beacon reported unaudited revenue of £8.9m and normalised EBITDA of c. £1.1m. The consideration involves an initial cash payment of £4.5m and deferred consideration of £2.0m payable in cash over the next three years, subject to adjustments against performance targets. The acquisition will be funded from existing resources and "is expected to be immediately earnings accretive post completion".

## **Economic data**

**House prices.** Monthly house prices rose by 1.1% in March, down from 1.7% in February, but pushing the annualised rate from 12.6% to an 18-year record of 14.3%, according to the Nationwide House Price Index ([link](#)). The average price, at £265k, is 21% higher than before the pandemic struck in early 2020. According to Chief Economist Robert Garner, "The housing market has retained a surprising amount of momentum given the mounting pressure on household budgets and the steady rise in borrowing costs. The number of mortgages approved for house purchase remained high in February at around 71,000, nearly 10% above pre-pandemic levels". This was explained by strong labour market conditions and savings accrued during lockdowns. Wales remained the strongest performing region, +15.3% Y/Y, down from +15.8% in the previous quarter; London was again the weakest region, although growth in the first quarter rose to 7.4%, from 4.2% in Q4 2021 (below, left). The 'race for space' continued: detached properties have increased by nearly £68,000 since onset of pandemic, against average flat prices, up £24,000, with growing gaps between larger and smaller property types (below, right).



Prices are as at the previous day's close.

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