Progressive Property & Construction Daily

11 May 2022: CTO, MSLH, SDY, CSH | Government rows back on 300,000 homes a year pledge

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

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Company news

TClarke (CTO, 145p, £64m mkt cap)

Specialist electrical and building services contractor. AGM. *Guidance:* "Trading in the early months of the 2022 financial year has continued to be strong and the group is very well placed to deliver year two of its three-year plan to achieve annual revenues of £500m. The Board remains very confident that revenues and profits for the year will be in line with market expectations". FY (Dec) market expectations: rev £410m; EBITDA, £13.9m; EBIT, £12m; EPS, 21p. Orders +24% to a record £585m. *Trading:* "The Group is maintaining historically high levels of orders across our core markets. The growth is being fuelled most materially by data centres which are expected to account for one third of the Group's business by year end. The data centre market continues to be extremely buoyant and we expect the significant growth in this market to continue in the medium term". HY results, 14 July.

Marshalls (MSLH, 589p, £1,490m)

Leading manufacturer and supplier of paving and hard landscaping products. *Guidance:* "The Board is confident of achieving its 2022 expectations, which have been increased to include a material contribution from the acquisition of Marley". *Trading:* Rev, 4 months to April, +5% Y/Y LFL, £201m (+7% LFL), "against a very strong comparator period and was supported by the successful implementation of price increases at the start of 2022"; Public Sector and Commercial rev +14% LFL, £137m ("The group continues to focus on those areas of the market where higher levels of growth are expected, New Build Housing and infrastructure projects in Road, Rail and Water Management"); Domestic +8%, £52m; International +3%. Acquisition of Marley Group completed on 29 April. "Marley has a record of consistent profit growth and cash generation and has started 2022 strongly, with trading for the first four months of the year ahead of plan and the 2021 comparatives". Pre-IFRS 16 net debt, 30 April, £45m (2021, £52m); "The group expects to maintain a net debt to EBITDA multiple of less than 1.5x for 2022".

Speedy Hire (SDY, 48p, £244m)

UK and Ireland tool, equipment and plant hire services provider. Directorate change. Russell Down, Chief Executive has advised the Board of his intention to retire after seven years with the company, initially as Group Finance Director, then CE from July 2015. He will remain with the business until a successor is in place, to ensure a smooth and orderly transition. The recruitment process for a replacement is underway and an update will be provided to the market at the appropriate time. "As previously announced, the group expects to report results in line with its expectations on 24 May 2022".

Civitas Social Housing (CSH, 84p, £511m)

Care-based social housing REIT, providing homes for working age adults with long-term care needs. Q4 (Mar) portfolio update. IFRS NAV, 110.3p (Mar 21, 108.3p); fourth 1.3875p quarterly dividend declared in line with full year target of 5.55p (FY 21, 5.40p); new FY 23 minimum dividend target, +2.7%, 5.70p. Portfolio valued at an average net initial yield of 5.28% (Q3 21, 5.29%) *Trading:* 47 properties acquired in the quarter for c.£8.1m, to deliver asylum accommodation. Initiatives launched to promote greater regulatory alignment and address perceived lease risk. Investment Adviser team strengthening to support enhanced portfolio delivery. *Outlook:* "Consistently robust financial and operational performance, in line with the Board's expectations. The Civitas portfolio continues to benefit from inflation adjusted long-term leases or occupancy agreements with Approved Providers (housing associations and other not-for-profit organisations) and the Company aims to deliver returns broadly in line with inflation over the long-term".

In other news …

The Government's longstanding commitment to building 300,000 homes a year by the middle of this decade looks in doubt following the watering down of planning aims in yesterday's Queen's Speech. The planning reforms, which form just part of the wider Levelling Up and Regeneration Bill, to be published today, have been significantly scaled back since publication of the Planning White Paper in August 2020, according to Building (link, paywall). The decision follows a backlash from Conservative backbenchers over the original reform programme, which would have made it harder to block development. The document contained no reference to the original white paper plans to create "growth areas" in every local authority in which developers will benefit from automatic outline planning permission. It also contained no reference to the government's manifesto pledge to deliver 300,000 homes a year by the middle of the decade, which had been a central motivation for the white paper. A briefing document (link) published by Downing Street said the purpose of the planning reforms was instead to "improve the planning system to give communities a louder voice, making sure developments are beautiful, green and accompanied by new infrastructure and affordable housing". It will strengthen neighbourhood planning and digitalise the system, in order that "by making it easier for local authorities to get local plans in place, we will limit speculative development". When asked about the 300,000 target in an interview with BBC Radio 4's Today programme this morning, Levelling-up Secretary Michael Gove conceded "I don't think we're going to hit that this year".

Prices are as at the previous day's close.