

Progressive Property & Construction Daily



24 June 2022: Housing “in a better place than in past slowdowns” – Zoopla research | Industry news | Fortnight ahead

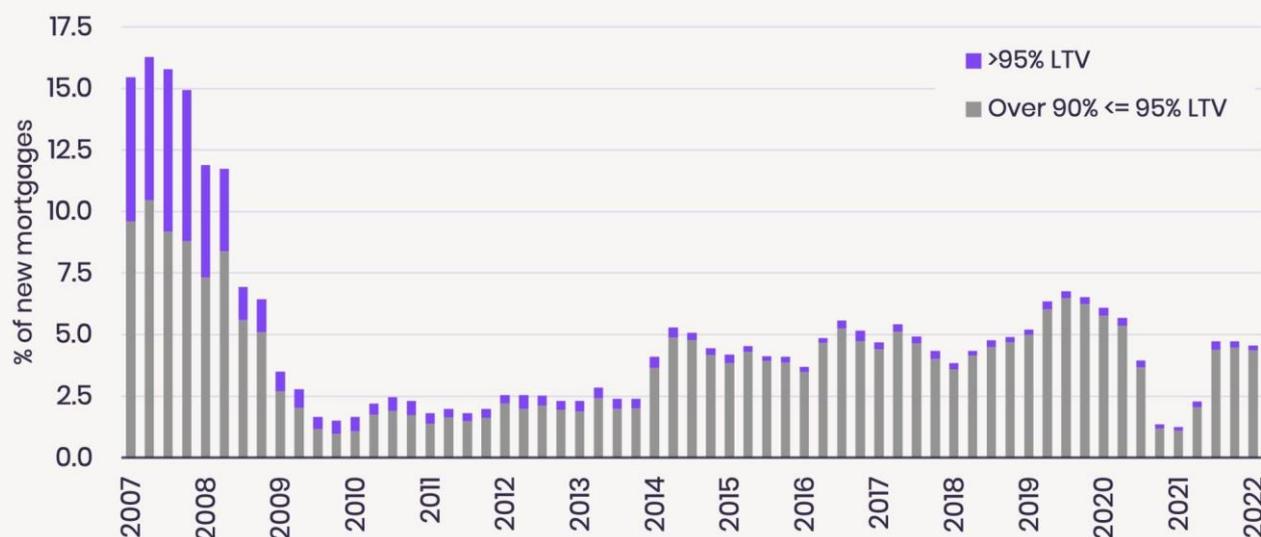
A round-up of market statements, news, economics and views from the property and construction sectors

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Economic data

Housing. The potential impact of economic headwinds on housing transactions and prices cannot be ignored, but the resulting slowdown – if any – is likely to be far more muted than in previous downturns, Zoopla’s executive director for economic affairs, Richard Donnell has indicated. In a post on LinkedIn Donnell argues that one big difference is “a real absence of buyers using leverage to bid up house prices. Loosened credit criteria and higher loan to value borrowing have, in the past, led prices to over-shoot and then recorrect downwards”. Mortgage regulations introduced over the last decade have limited the use of high LTV loans - the chart shows that less than 5% of mortgages taken out are >90% LTV compared to >15% in 2007. Another example of more regulated lending is data from the FCA showing c. 35% of borrowers in 2007 did not prove their income to get the mortgage in the days of self-certification in 2007; now incomes and spending are checked rigorously for all borrowers. “The upshot of less leverage and [greater] mortgage regulation is the housing market being in a better place to weather the economic headwinds than in previous cycles but it’s certainly not immune”. Zoopla House Price Index reports ([link](#)).

High loan to value mortgages requiring deposits of <10% is a niche lending segment



Source: MLAR, BoE

In other news ...

Awards. Scotland's only quoted housebuilder, **Springfield Properties** (SPR, 125p, £148m mkt cap, *SPR is a client of PERL*), has been named Housebuilder of the Year (more than 100 units) at the Scottish Home Awards. The judges highlighted the group's unique multi-tenure approach, including: its strategic partnerships, which include housing associations, local authorities and the Sigma PRS partnership; successful integration of acquired companies, maintaining their individual brands; and wide target demographic. Springfield this week announced its fifth acquisition, of the housebuilding business of Mactaggart & Mickel Group, leading us to increase our estimates. Link to Progressive Equity Research report. [Forecasts up after 'pay-as-you-go' acquisition.](#)

Cartel investigation. The Competition and Markets Authority (CMA) has provisionally found that ten construction firms illegally colluded to rig bids for demolition and asbestos removal contracts, ConstructionEnquirer.com ([link](#)). The investigation relates to 19 contracts worth over £150m. Following an investigation launched in 2019, the CMA has provisionally concluded that the firms colluded on prices through illegal cartel agreements when submitting bids in competitive tenders for contracts.

Fortnight ahead

Construction & property: company and economic news

June

28	Marlowe (MRL)	FY results
30	Civitas Social Housing (CSH)	FY results
	Nationwide	House prices

July

1	Bank of England	Mortgage approvals
6	Crestchic (LOAD)	Capital markets day
	CIPS	Construction PMI
7	Persimmon (PSN)	Trading update
	Halifax	House prices

Sources: Companies, Factset, Progressive Equity Research

Prices are as at the previous day's close.

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