

Progressive Property & Construction Daily



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

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Company news

MJ Gleeson (GLE, 514p, £300m)

Low-cost housebuilder, focused on north of England, and strategic land enabler, focused on south. FY (Jun) trading update. *Guidance:* “Following a strong performance, the Board expects the results for the financial year to 30 June 2022 to be significantly ahead of market expectations and remains confident in the Group's future prospects”. *Trading:* Gleeson Homes – FY completions +10%, c. 2,000 (prior year “flattered by delayed completions carried over from the first lockdown); H2 completions +24%, 1,068; reservations/site/week +16, 0.54; prices +15%, £167k (+12%). “Strong selling price increases offset significant material and labour cost increases experienced across the sector in the period. Availability of labour and materials eased throughout the second half of the year. The Board believes that strong first-time buyer demand, intensified by the acute shortage of new homes, will continue unabated over the medium term”. Gleeson Land - The portfolio of sites at 30 June 2022 includes three sites with either planning permission or resolution to grant and which have the potential to deliver 1,206 plots for housing development (30 June 2021: six sites, 2,210 plots). The portfolio comprises 71 sites, with the potential to deliver 20,241 plots, and 25 acres of commercial land. FY results, 15 September.

Galliford Try Holdings (GFRD, 162p, £179m)

UK construction and infrastructure services group. Acquisition. MCS Controls Systems, a leading systems integrator to the industrial and utilities sectors acquired for £1. Founded in 1976, Coventry-based MCS is a systems integrator and manufacturer of motor control centres for a wide range of industrial market sectors, with its main area of operations being the water and wastewater treatment sector. It has 81 employees. “In particular, MCS provides additional competencies that complement those acquired in October 2021 with nmcn's water business and Lintott Control Systems and will accelerate the growth of Galliford Try Environment's asset optimisation and capital maintenance strategy”. For the year ended 31 December 2020, the last year for which MCS has published audited results, the company generated revenue of £10.1m, incurred a pre-tax loss of £0.5m and had net assets of £2.0m. In addition to the nominal purchase consideration, Galliford Try expects to fund certain contractual liabilities incurred prior to the completion date of the acquisition to strengthen MCS's balance sheet and provide additional operational stability.

In other news ...

Private contractors. The UK construction arm of Dutch group, BAM has reported a 75% increase in PBT to £47m for 2021, ConstructionEnquirer.com ([link](#)). Revenue for BAM in UK and Ireland rose by 20% to £2.0bn. Civil engineering arm BAM Nuttall delivered the strongest performance of the two UK businesses with revenue up 27% to top £1bn for the first time. Despite cost pressures, Nuttall continued to make progress in restoring its margin from 1.4% to 2.4%, with pre-tax profit more than doubled to £26m. BAM Construct UK increased turnover by 16%, to £919m, while increasing PBT by almost 50% to £20m. The division delivered an operating margin of 2.1% after losses in 2020 impacted by its University of Sheffield project which forced it to tear down the concrete frame of its £65m Faculty of Social Sciences project.

Power. A decision on whether to proceed with the £20bn Sizewell C nuclear plant has been delayed for a second time after the French government decided to nationalise EDF, the energy company behind the planned power station in Suffolk, Building ([link](#), paywall). An announcement on the Suffolk scheme had been expected by Friday but business minister Paul Scully instead set a new deadline for deciding the application. The minister said a decision would be made no later than 20 July, the second time it has been pushed back, having originally been planned for 25 May. The Government provided a cash injection of £100m into the Sizewell project, which would provide 7% of the UK's energy needs, earlier this year and could take a 20% stake in the project.

Private housing RMI. Almost a quarter of privately rented homes in the UK need an upgrade in order to meet the Decent Homes Standard, according to a report issued this morning by the Department for Levelling Up, Housing and Communities, Property Week ([link](#), paywall). The report found that, despite a fall in the overall number of unfit privately rented homes, 23% still do not meet the Decent Homes Standard, compared with 14% of owner-occupied properties and 11% of social housing. Around 35% of privately rented converted flats fall below the standard, with 58% of converted flats in the North West not meeting the standard. However, the total number of unfit homes has fallen from 5.6 million in 2010 to 3.5 million in 2020.

Prices are as at the previous day's close.

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