

Progressive Property & Construction Daily



13 July 2022: CSP, WINK, ECEL | New construction work drives GDP 'beat' | News – New Housing Secretary seeks to bury hatchet with builders; Fraud warning to highways contractors

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

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Company news

Countryside Partnerships (CSP, 245p, £1,224m)

Leading mixed-tenure housebuilder. Previously called Countryside Properties, before concentrating on its mixed-tenure operations. Resignation Of Non-executive Chair. John Martin has informed the Board of his decision to resign with immediate effect. Douglas Hurt, Senior Independent Director takes over the role of Non-exec Chair. He said: "We are sorry to see John Martin go and would like to thank John for his dedication, commitment and significant contribution to Countryside". Amanda Burton is appointed Senior Independent Director with immediate effect. There is no change to the previous financial guidance for adjusted operating profit for the full year ending 30 September.

M Winkworth (WINK, 180p, £23m) – *PERL provides research services to Shore Capital on this stock*

Franchised estate and lettings agency, focused on London and SE. HY (Jun) trading update and confirmation of second quarterly dividend, at 2.7p. *Guidance:* "While the UK economic outlook and confidence in the housing market remain in question, the directors are pleased with performance in H1 and expect that full year pre-tax profits will be in line with the market forecast of £2.1m, marking a substantial increase on the outcome for

2019". *Trading:* Revenue from home sales in H1 is down 40% on the exceptionally strong second half of last year, fuelled by the Stamp Duty holiday but 50% up on H1 2019, ahead of Covid. Lettings income was up 6% Y/Y.

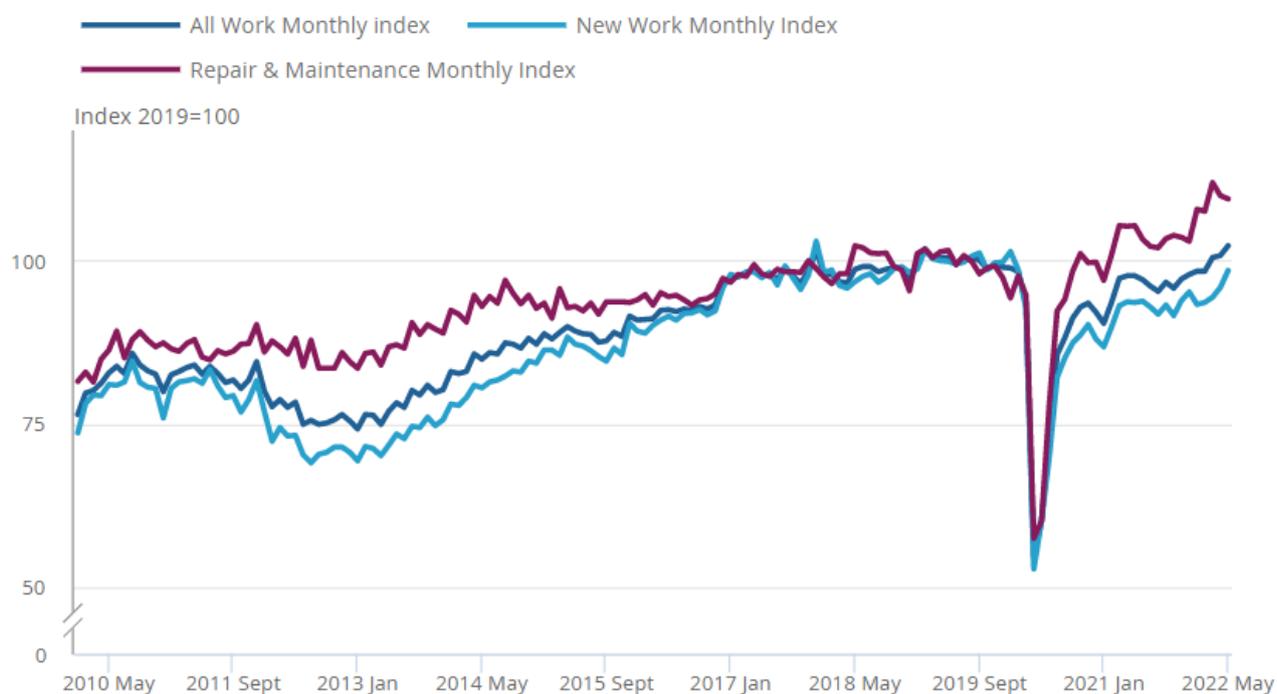
Eurocell (ECEL, 171p, £192m)

UK retailer and manufacturer, recycler of PVC windows and doors. HY (Jun) trading update. *Guidance:* "We continue to trade in line with expectations". Total group sales, +13% Y/Y (Profiles, +17%; Building Plastics, +11%). Net debt at 30 June 2022 on a pre-IFRS 16 basis was £15m (YE 21, £11m), which includes the substantial impact of inflation on working capital. *Trading:* "The RMI market remains robust, with a greater emphasis on project specific work, rather than the higher levels of maintenance activity experienced last year. A backlog in planning permissions, driven by house moves, as well as hybrid working and changing lifestyle patterns, continue to support sales, partly funded by elevated levels of consumer savings. In new build, the market continues to be strong, supported by ongoing government initiatives". "We believe we are continuing to take market share. We continue to take effective action to offset input cost inflation, with a dynamic approach to selling price increases and surcharges. Price therefore remains a key driver of sales growth, but we believe resin costs have now plateaued". HY results, 1 September.

Economic data

Construction output. Monthly construction output increased by 1.5% in volume terms in May, the seventh consecutive monthly growth following the upwardly revised increase to 0.3% in April, according to the ONS ([link](#)). This fed into today's better than expected 0.5% rise in GDP, against expectations of no change. The May construction total of £15.1bn is a record high in monthly-level terms since records began in January 2010. The increase came solely from an increase in new work (+2.8%) as repair and maintenance saw a decline of 0.4%. The main contributors to the increase seen were private commercial new work and private new housing, which increased by 12.1% and 7.2% respectively. This appears to signal a catch-up for new work, whereas RMI had been the stronger performer in the aftermath of lockdowns (see below).

Monthly all work index, chained volume measure, seasonally adjusted, Great Britain, January 2010 to May 2022



In other news ...

Politics. New Housing Secretary Greg Clark appears to be seeking a more placatory relationship with housebuilders than his sacked predecessor Michael Gove, *Housing Today* ([link](#), paywall). According to HT, Clark had a phone call with the Home Builders Federation soon after he was appointed – contrasting with Gove’s reported refusal to talk with the body at all. Both Clark and the new housing minister Marcus Jones have spoken to HBF executive chair Stewart Baseley. During Michael Gove’s nine-month tenure in charge of the Department for Levelling Up, Housing and Communities, he was reported as describing major housebuilders as a “cartel”, and presided over a watering down of pro-development planning reforms and the introduction of £8bn-worth of charges designed to pay for fire safety upgrades to historic buildings. Baseley wrote to the new housing secretary in the hours after his appointment calling for him to reverse Gove’s proposed plan to introduce a £3bn levy on all planning permissions to pay for upgrades to at-risk high rises. Housebuilders have argued that while leasehold owners should be protected from the costs of fire safety improvements, that UK-based housebuilders should not therefore have to shoulder the full burden of the cost of improvements, given they are responsible for a minority of the buildings suffering problems, but that the costs should be spread across other parts of the industry that are also responsible, including product manufacturers and overseas-based developers.

Fraud warning. National Highways has ordered its largest contractors to spell out their anti-fraud and corruption policies amid reported concerns about potential fraud and corruption on major roads projects, ConstructionEnquirer.com ([link](#)). Malcolm Dare, commercial director at National Highways, has given 'Tier 1' contractors just 14 days to provide copies of their current economic crime policies and associated supporting documents. He also wants contractors to confirm the processes and procedures they use to ensure compliance across their supply chain teams. According to the trade news website, the crackdown follows mounting concern surrounding allegations of potential fraud and failure to procure subcontractors along agreed guidelines. It continues that there have been investigations by the agency's counter fraud unit into claims of corrupt practices on some smart motorway schemes where costs have spiralled. To date, National Highways said that no evidence has been substantiated of the law being broken.

Prices are as at the previous day's close.

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