

Progressive Property & Construction Daily



20 July 2022: COST, HWG | House prices inflation continues to accelerate – ONS

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

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Company news

Costain Group (COST, 35p, £95m mkt cap)

UK construction and infrastructure services group. H1 (Jun) trading update. *Guidance:* “Our expectations for full year 2022 reported and adjusted operating profit are unchanged and we continue to expect good growth year-on-year. Net cash at 30 June 2022 is around £95m, ahead of market expectations and we expect to deliver further positive net cash during the second half of the year”. *Trading:* “In the first half revenue [was] ahead of market expectations, reflecting the inflation recovery mechanisms built into contracts as we passed through increased costs with higher prices, together with increased volumes delivering revenue growth in Transportation and Natural Resources. We expect revenue for the full year to be ahead of market expectations”. Adj op profit for the first half is in line with management's expectations, with absolute profitability increasing Y/Y. H1 adj op margin expected to be flat Y/Y, reflecting the continuing progress in the business offsetting inflation impacts. “Supply chain pressures have been well managed ensuring a strong and robust operational performance across our contracts”. HY results, 24 August.

Harworth Group (HWG, 151p, £488m)

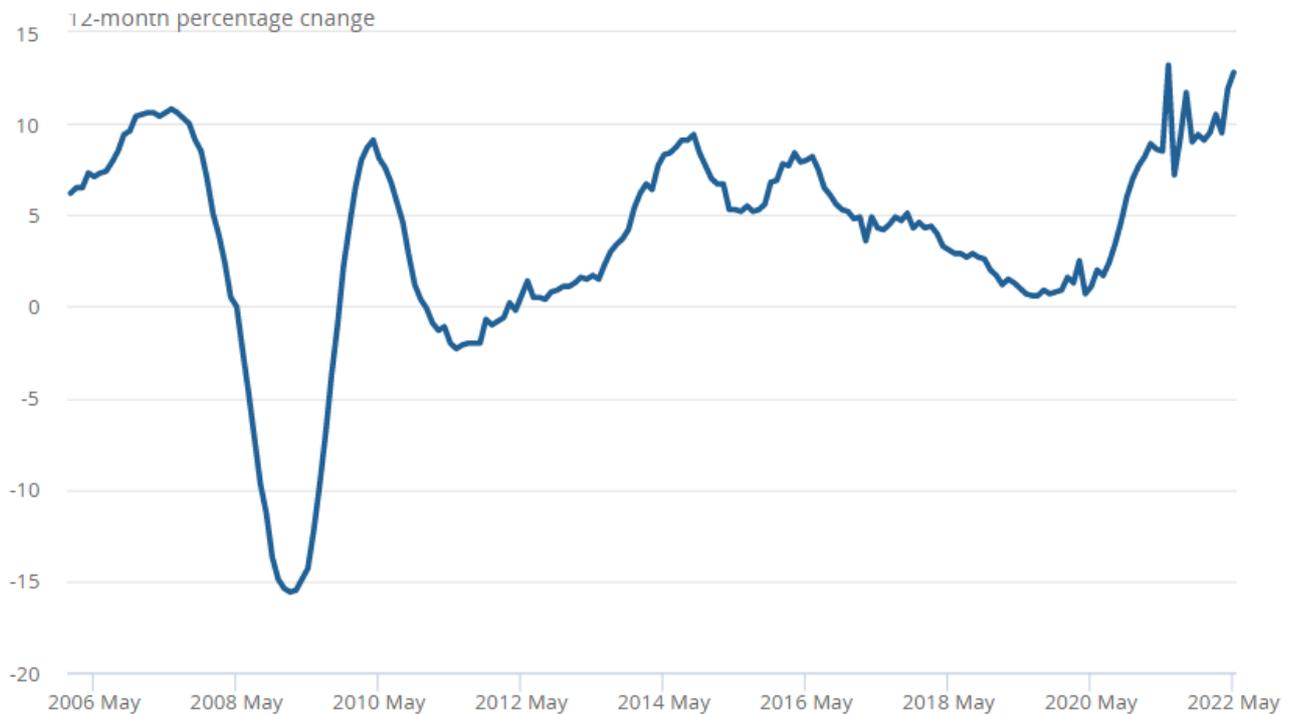
Land regeneration group, including in former coalfields. HY (Jun) trading update. *Guidance:* “Due to strong operational progress in the first half, and the resilience of its markets in the year to date, the company now

anticipates that EPRA net disposal value as at 30 June will be ahead of current analyst consensus for 31 December 2022". *Trading:* 84% of budgeted industrial & logistics land sales for the year have either completed, exchanged or are subject to heads of terms, either in-line with or at a premium to 31 Dec 2021 book value. Significant progress made towards ambition of 800,000 sq ft of direct development pa. Over 100% of budgeted residential plot sales for the year have either completed, exchanged or are in heads of terms, either in-line with or at a premium to 31 Dec 2021 book value. The group's largest serviced residential land sale to date completed – a £29m sale at Waverley to Barratt and David Wilson Homes, for c. 450 homes. Residential range diversified with the launch of a portfolio of up to 1,200 single-family build-to-rent homes across 10 sites, to be delivered through a forward funding agreement; significant interest has been received and a preferred partner selected with exchange targeted later in 2022. Targeting a 12-15 year land supply; several land acquisitions completed so far this year, 1,143 plots and 3.9m sq ft to the total development pipeline. As at 30 Jun, the investment portfolio had a vacancy rate of 3.8% (31 Dec, 4.1%). Net debt at 30 Jun, £67.8m (31 Dec, £25.7m) resulting in a net LTV based on Dec 2021 valuations of 8.7% (3.4%). *Outlook:* "Our proven successful track record as a developer of large complex sites, combined with our strong financial position, provide a stable platform for growth as we continue to deliver on our strategic plan to reach £1bn of EPRA NDV over the medium term". HY results, 13 September.

Economic data

House prices. Average house prices rose by 1.2% to £283k in May, up from +0.9% in April, pulling the Y/Y rate up to +12.8%, from +11.9% in April, according to the ONS ([link](#)). The M/M was the highest since +1.4% in November 2021. England rose 13.1% to £302k; Wales +14.4%, £212k; Scotland +11.2%, £188k; and Northern Ireland +10.4%, £165k. London continues to be the region with the lowest annual growth at 8.2%.

Annual house price rates of change for all dwellings, UK, January 2006 to May 2022



Prices are as at the previous day's close.

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