

Progressive Property & Construction Daily



5 September 2022: VTY, CSP, BLV | Fortnight ahead

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

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Company news

Vistry Group (VTY, 741p, £1,617m)

Formed from the 2020 merger of Bovis Homes and housebuilding and partnerships divisions of Galliford Try. Recommended cash and share combination for mixed-tenure housebuilder **Countryside Partnerships** (CSP, 228p, £1,140m). Countryside shareholders will be entitled to receive 0.255 of a New Vistry Share and 60p in cash for each Countryside share. This values the entire issued and to be issued ordinary share capital of Countryside at c. £1,254m, a c. 9.1% premium to the last closing price. A Mix and Match Facility will also be made available. Countryside shareholders will own c. 37% of the combined group. Five Countryside shareholders – Browning West, Inclusive Capital Partners, David Capital Partners, Anson Advisors and Abrams Capital Management – representing c. 39.1% of Countryside's shares, are supportive of the combination. The combination “would create one of the country's leading homebuilders, comprising a top tier housebuilder and a leading partnerships business, with capability across all housing tenures”. Synergies of at least £50m will be realised through the increased scale of the combined business and potentially from the Countryside's timber frame capability, “with operational benefits including procurement processes, an improved implementation of the Future Homes Standard and the reduction of people risk within the current tight labour market”. Vistry intends the combined group to have gearing of less than 10%. A new debt financing arranged by HSBC is intended to be repaid within two years. *Outlook:* “While mindful of the wider economic uncertainties, Vistry remains positive on its outlook and continues to expect adjusted profit before tax for the 2022 financial year to be approximately £417m” (18 May trading update guided to PBT “at the top end of market forecasts”, which was then £415m, according to Bloomberg).

Belvoir Group (BLV, 225p, £84m)

Franchised lettings-focused property agency group. HY (Jun) results. Rev +12%, £15.4m (+1%, organic; +11%, acquisitions); PBT -17%, £4.0m (“in line with management’s expectations”); EPS -12%, 8.7p; interim div unch, 4.0p; net debt, £2.55m (£3,97m). Administrative costs +29%, £5.4m, “reflecting the enlarged group and a return to a more normal cost base post-Covid”. *Trading*: “Current pipelines of house sales and mortgages, and the ongoing demand for property, both to buy and to rent, underpin the Board's confidence in Belvoir’s performance for the second half of the year. Whilst there has been an expected correction in the first half of 2022, the housing market has remained resilient. However, households are now facing the headwinds of higher inflation, mortgage rates and rent, and there has been no obvious increase in the supply of houses to the market that would otherwise have eased this upward pressure. The lettings market remains active with strong demand from tenants. Whilst affordability is a key issue for renters, the average proportion of gross income that households are spending on their rent for tenancies starting in July 2022 was 30.2%, largely unchanged for the last four years. The higher rents being achieved have encouraged landlords to invest in property resulting in buy-to-let house purchase mortgages running above their pre-pandemic levels, although there is a still comparatively weak supply of new rental properties”. *Outlook*: “The Board is confident of achieving its expectations for the full year”.

In other news ...

Politics. Housing secretary Greg Clark has brought into force new laws which could see housebuilders banned from obtaining planning or building control approval if they fail to adhere to government exhortations to fix historic cladding defects, Building ([link](#), paywall). In what could be one of his last significant acts before a likely reshuffle under the new prime minister later this week, Clark said that he had laid “commencement regulations” bringing into force powers under the Building Safety Act for a so-called “responsible actors” scheme. Those who are not deemed “responsible actors” can be prevented by a future secretary of state from receiving planning permission, building out existing permissions or securing building control approval.

Fortnight ahead

Construction & property: company and economic news

September

6	Berkeley Group Holdings (BKG)	AGM
	Michelmersh Brick Holdings (MBH)	HY results
	Safestyle UK (SFE)	Capital markets day
	Lords Group Trading (LORD)	HY results

	S&P Global	Construction PMI
	Bellway (BWY)	Capital markets day
7	Barratt Developments (BDEV)	FY results
	M Winkworth (WINK)	HY results
	Halifax	House prices
8	Severfield (SFR)	AGM
	RICS	Residential Mkt Survey
12	SigmaRoc (SRC)	HY results
	ONS	Construction output
13	Springfield Properties (SPR)	FY results
	Harworth Group (HWG)	HY results
	The Property Franchise Grp. (TPFG)	HY results
	ONS	Employment data
14	Redrow (RDW)	FY results
	Kier Group (KIE)	FY results
	Epwin Group (EPWN)	HY results
	Purplebricks Group (PURP)	AGM
	ONS	House prices
	ONS	Inflation data
15	MJ Gleeson (GLE)	FY results
	Regional REIT (RGL)	HY results
	Civitas Social Housing (CSH)	AGM
	Bank of England	Official Bank Rate
16	Wickes Group (WIX)	HY results

Sources: Companies, Factset, ShareCast.com, Progressive Equity Research

Prices are as at the previous day's close.

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