

Progressive Property & Construction Daily



21 September 2023: VANL | Economy – Rent inflation reaches new high, ONS | News – Landlords’ insulation upgrade regulations shelved

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

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Company news

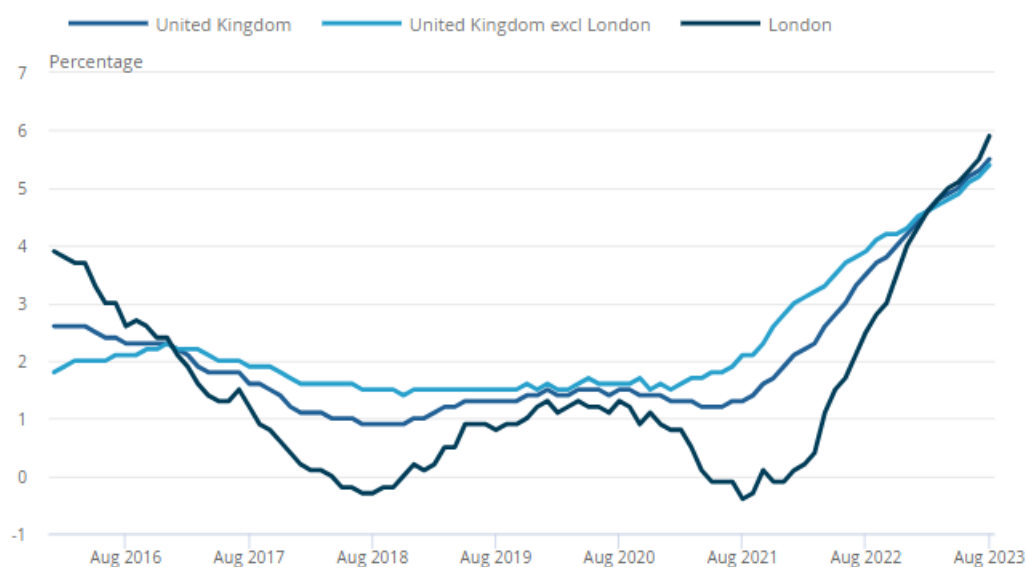
Van Elle Holdings (VANL, 43p, £55m mkt cap)

Specialist ground engineering contractor. AGM. *Guidance:* “The group’s financial performance in the first four months of the new financial year is in line with the Board’s expectations, with all divisions operating at high activity levels. The group’s cash and balance sheet also remain strong, with a net funds position (excluding IFRS16 lease liabilities) of £8.0m as at 31 August, and an undrawn funding facility of up to £11m. The challenging macroeconomic environment is contributing to ongoing market uncertainty, particularly in the housebuilding sector, however the diversity of the group’s operations has provided some resilience against these market factors. All core UK markets show a positive outlook in the medium to long term and further progress has been made on growth opportunities in the energy sector. In Canada, the Group has commenced work on initial rail activities, with a strong bid pipeline of further opportunities identified. The Board continues to expect results in line with market expectations [consensus, u-lying FY24 PBT, £5.0m] for the current financial year”.

Economic data

Housing rents. Private rental prices paid by tenants in the UK rose by 5.5% Y/Y in August, up from 5.3% in July and the highest annual rate since the data series began in 2006, according to latest data from the [ONS](#), released yesterday. The rate was +5.4% in England, +6.5% in Wales and +6.0% in Scotland. Note that the figures combine rents on existing tenancies and new lettings, which are usually higher; this is particularly the case in Scotland, where rent controls have led to many landlords to advertise for new occupants at the end of their tenancies, with annual rises in this category leading the UK national and regional areas, at +12.7% ([Zoopla](#)) and +14.4% ([Homelet](#)). Within England, London had the highest annual percentage change, +5.9%, while the North East and South West saw the lowest, +4.8%. Next release, 18 October.

**Private rental price percentage change over 12 months, UK and London,
January 2016 to August 2023**



In other news ...

Energy policy. Prime Minister Rishi Sunak has announced the Government has scrapped requirements for landlords to meet minimum energy efficiency standards (MEES), [Property Week](#) (paywall). During a speech on updated plans to net zero carbon emissions yesterday, Sunak said requirements for landlords to meet an energy rating of EPC 'C' or above by 2028 will be scrapped due to the significant financial costs on property owners. The pledge was originally introduced by former prime minister Boris Johnson in 2020, in an attempt to lower carbon emissions and reduce bill costs for private renters. He also announced the Government will be watering down its targets to phase out gas boilers. Households will now be given "far more time" to transition from traditional heat pumps and will only have to make the switch from 2035 and then only if they are already changing their boilers anyway. Some households will also be given exemptions and will not have to change their boilers at all. On top of this, a boiler scrappage scheme which offers households £5,000 to replace their boilers will be increased to £7,000 with immediate effect. He confirmed the government remained committed

to meeting net zero by 2050. **Viewpoint:** Looming upgrade costs, on top of higher taxes and interest costs and general regulatory grunt work had been pushing swathes of mainly small-scale landlord to sell to owner-occupiers ... helping to push up rents (see above). Maybe this will slightly stem the tide.

Prices are as at the previous day's close. Where quoted, net debt is pre-IFRS16 (excluding leases) unless otherwise stated.

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