

# Progressive Property & Construction Daily



14 December 2023: DRV, MER | Economics – Home sale expectations turn positive for first time in 19 months, RICS | Comment – Building costs falling

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

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## Company news

### Driver Group (DRV, 26p, £14m mkt cap)

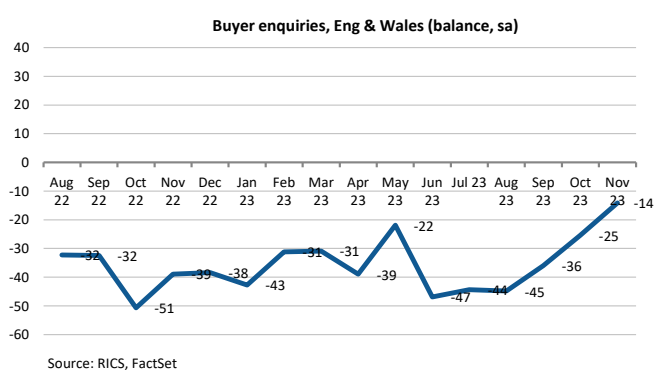
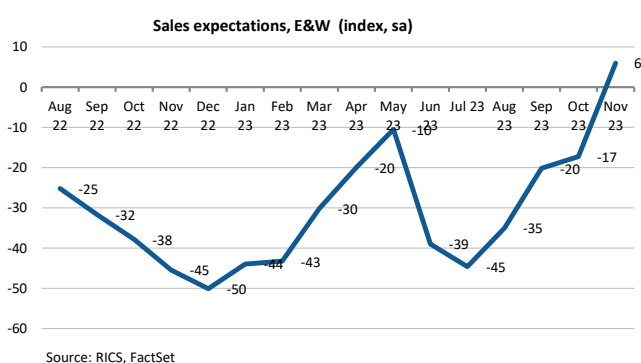
Legal claims, dispute resolution and expert witness consultancy to the global construction and engineering industries. FY (Sep) results. Rev -5.4%, £42.6m; u-lying PBT, continuing, £1.12m (FY 22, loss £0.49m); stat PBT, £0.44m (loss, £1.96m); loss on discontinued ops, £0.46m (loss, £0.47m); u-lying EPS, continuing, 0.2p (-4.6p); div unch, 0.75p; net cash, £5.83m (£4.93m). *Trading:* Gross margin, 25% (21%); utilisation rate, 72.5% (67.5%) “as increased collaboration across our global office network continues to deliver a positive impact”. Europe & Americas u-lying PBT and central cost recharge, £5.3m (£5.4m); utilisation, 74% (72%). Middle East op loss, £0.1m (-£1.3m); utilisation, 71% (53%); loss arose due to timing of project starts from Q4 FY23 into Q1 FY24. Asia Pacific, operating loss, £0.2m (-£0.2m); utilisation, 63% (68%). *Outlook:* “Q1 revenue improving with an encouraging pipeline of new enquiries. Cost reduction programme will be completed by the end of December 2023, enabling the full positive benefits of a lower and leaner cost base to flow into 2024”. Launch of the Group's integrated transformation strategy with the intention over a four-year timeframe to: Rebrand the global business to Diales; implement a hub and spoke model to concentrate overseas offices on work winning, the outputs of which will be fed back into the wider group; reset relationships with overseas offices; expand the business's service offering, to hire key work winners and halo experts in adjacent sectors including aerospace, financial forensics, IT and marine.

## Mears Group (MER, 298p, £297m)

UK housing support services provider. Board changes. Board transition, which commenced in May 2022 when the Group announced David Miles intention to retire as CEO, completed. Lucas Critchley will take the position of CEO in January 2024. David Miles will remain a key member of the senior management team and has committed to continue to provide support to the business over the medium term with particular focus on key client engagement, operational support and driving commercial performance.

## Economic data

**Housing market.** Expectations for home sales over the coming 12 months turned positive in November for the first time since April 22, while the decline in buyer enquiries slowed significantly, according to the latest RICS [Residential Market Survey](#). The survey balance (% of surveyors expecting rises minus those forecasting falls) was +6, from -17 in October and a low of -50 in December 22 (below, left). The negative balance for buyer enquiries reduced from -25 to -14, indicating a fall but at a sharply reduced rate (below, right). Sales per surveyor over a rolling 3-month period (an absolute number, not a balance) actually increased on a seasonally-adjusted basis, to 13.8, from 13.1 in October and the highest level since October 22. The headline price balance was -43%, still showing a significant majority of agents reporting reductions, but less so than the -61% previously and the third consecutive month in which the measure has been less negative. **Viewpoint:** Yet more evidence to support the view that the housing market turned the corner (at least tentatively) in the past couple of months.



## Comment

**Housebuilding costs.** Latest data backs up homebuilders' belief that material and labour costs are declining at last, but supply chain failure are now a bigger concern, my latest column for [Property Week](#) (paywall):

*“After soaring since the pandemic, the cost of building materials and labour finally seems to be falling. But it may be too late to save many subcontractors, many of which now appear to be on life support.”*

*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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