

Progressive Property & Construction Daily



3 January 2024: HERC | Economic research – Residential rent, London logistics and prime farmland among property's growth drivers, Savills | News – £5bn of HS2 contracts to be let in 2024

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

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Company news

Hercules Site Services (HERC, 25p, £16m)

Technology-enabled labour supply company for the UK infrastructure sector. Contracts. The Civils Projects division was awarded further contracts with a combined value of £5.8m during Q4 2023, the first quarter of FY (Sep) 24. The two contracts are for two major clients, comprising eight wastewater treatment and water management projects, as part of the water industry's £10bn upgrade programme: £3.8m for Thames Water across six sites, the largest for £2.2m at the sewage treatment works in West Sussex. £2.0m for Anglian Water across two sites, the largest for £1.3m at a water pumping station near Peterborough.

Economic research

Property forecasts. Build-to-rent (BTR), purpose-built student accommodation (PBSA) and London industrial and retail warehouses are tipped to be among the top performing sub-sectors in property over the next five

years, according to the 2024 cross-sector UK forecasts from [Savills](#). Residential buy-to-let in the North West and farmland are also among eight property asset classes forecast to deliver returns in excess of 8% from 2024-2028, driven by income potential rather than capital growth and supported by sector-specific dynamics more than broader economic factors. According to the report: “2024 will be an opportunity to buy at the very bottom of the cycle for commercial investors – with retail, industrial and office space looking comparatively cheap. Struggles in the private rented sector are also expected to spur institutional landlords to consider both BTR and PBSA. Farmland remains a key solution to a multitude of challenges facing society and will play a key role in net zero initiatives. Prime arable land with the main purpose of food production will continue to appeal, heightened through the impact of global shocks such as conflict or extreme weather”.

In other news ...

Infrastructure. Despite the cancellation of the Birmingham-Manchester leg of HS2, up to £5bn of contracts on the current phase will be awarded this year, [ConstructionEnquirer.com](#). Latest contracts will involve building of the tracks, power, signalling, overhead lines and the railway’s landmark network control centre. Major milestones include the start of work on Birmingham’s new Curzon Street station and breakthrough of the first TBM being used to bore the Chilterns tunnel – the longest on the route at 10 miles.

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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