Progressive Property & Construction Daily

16 January 2024: CRN | Economics – Employment data paints benign landscape for housing

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

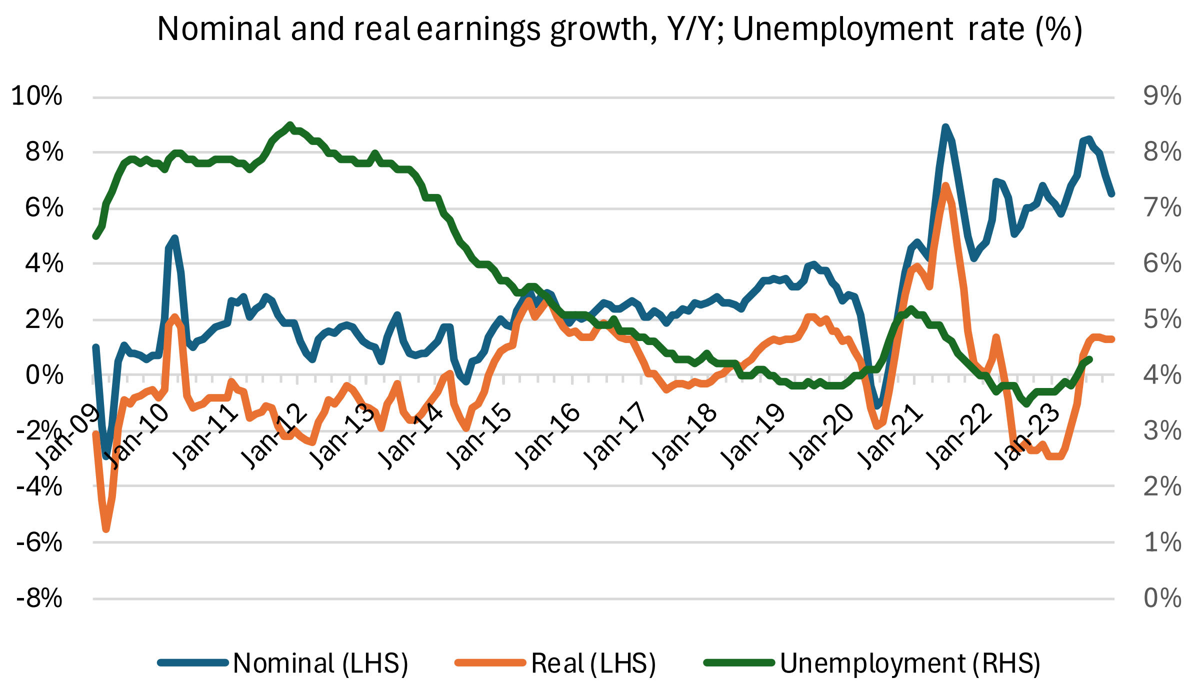
Company news

Cairn Homes (CRN, 115p, £751m mkt cap)

Leading Irish housebuilder. FY (Dec) trading update. *Guidance:* "The company delivered our strongest ever financial and operational performance in 2023 in another year of strong growth for our business". Completions +14%, 1,741; rev +7.7% c. €665m; op profit +10%, c. €113m. *Outlook:* "Cairn starts 2024 with a forward sales pipeline of 2,350 new homes. Cairn is therefore poised to deliver an exceptional output and financial performance in 2024. Encouragingly, awareness and take up of the First Home shared equity scheme is improving. However, a significant increase in the supply of new homes is needed, and at sales prices below the caps set by the Government for this crucial support". Y/Y turnover and profit growth expected of c. 30%; c. 2,200 completions; op profit, c. €145m. FY results, 29 February.

Economic data

Employment data. Latest data from the ONS shows a further cooling off in what appears to be a still benign jobs market, with wage growth falling, but still growing in real terms, and unemployment only slightly up at low levels. Total earnings for Sep - Nov grew by 6.5% Y/Y, down from +7.2% for Aug - Oct and the fourth consecutive decline since the +8.5% in May - Jul. However, real total earnings growth was unchanged over the two latest periods, at +1.3%. Earnings have been growing in real terms for six consecutive months, following 13 successive declines up until Mar - May. The unemployment rate edged up to 4.3% in May - Jul (less up to date data), from 4.2% in Apr - Jun, and only moderately off the multi-year low of 3.5% in the three months to August 2022. Vacancies fell for the 19th consecutive rolling three-month period, to 934,000 for Oct - Dec, from 1.3 million in the three months to May 2022. However, Real estate activities and Construction were two of only four industry sectors to see vacancies increase compared to the previous three months. Since the onset of the pandemic construction has the highest increase in vacancies of any sector, by 35%. **Viewpoint:** This looks pretty benign for the housing market: declining gross wage growth appears dovish for the Bank of England's rate setting deliberations; meanwhile, modest but steady real growth should help affordability; low and unchanged unemployment should support consumer confidence. The one fly in the ointment for housebuilders and other construction employers is the still significant level of vacancies.



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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