

Progressive Property & Construction Daily



29 June 2020: Tony Pidgley 1947 - 2020; COST; Boris promises to 'build, build, build'

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

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Tony Pidgley 1974 - 2020

Berkeley Group founder and Chairman Tony Pidgley died suddenly on Friday at the untimely age of 72. With Sir Lawrie Barratt, founder of the eponymous developer, he was one of the two self-made giants who dominated and, to a great extent, shaped Britain's housebuilding industry since the 1960s.

In a Stock Exchange statement Chief Executive Rob Perrins described him as a "brilliant man ... [who] knew he would never retire". A driven man, he was at turns innovative, intuitive, ruthless yet often hilariously funny. Above all, he developed an almost legendary reputation for timing: selling land close to the peak of the 1980s housing boom, buying heavily from 2008 in the aftermath of the financial crisis and largely pulling out again as the London market, frankly, went mad in the middle of the last decade. Only nine days earlier he unveiled latest results that showed an eye-watering net cash balance of £1.1bn and total liquidity of £1.9bn. As in 2008, the group has recently deferred elements of its special shareholder returns, no doubt eyeing a further wave of opportunities.

Along with Perrins for much of the period, Pidgley turned the London-centred developer into one of the most innovative and adaptable housebuilders of the past three decades or so, just as Sir Lawrie did nationally at Barratt in the preceding three. Having started building 'executive homes' in the leafy hinterland of London, Berkeley turned decisively urban, often taking on huge and complex sites that can take decades to complete. The regeneration of south London's grim and sprawling Ferrier Estate into Kidbrooke Village is a classic example of large scale 'place making'. Financial innovations include marketing in Asia and the now

commonplace special returns (devised in 2004 under then-Finance Director, Perrins); on the corporate front, examples include joint ventures with utility groups Thames Water and National Grid. The group has embarked on developing what is likely to be one of the world's most modern 'modular' housing factories, in Kent.

Formed in 1976 when London's population had been declining since the war towards a low of 6.7 million, Berkeley has tracked the extraordinary growth of the capital to 9.3 million. Often combative with politicians and administrators, he has started developing in Birmingham – a likely pointer to the Second City's potential. Through dint of sheer personality and energy, he steered Berkeley from a single home into a FTSE 100 stalwart. The industry is a poorer place without him.

Company comments

Costain Group (COST, 68p, £186m)

UK construction and infrastructure services group. Update on Peterborough and Huntingdon compressor stations contract. Costain and client National Grid have mutually agreed to exit the contract and release Costain from its contractual obligations to complete the works. As previously disclosed, the reported £113m contract had experienced significant change and additional scope, which had impacted on the forecast target cost and schedule for the completion of the works. The termination agreement includes an agreed scope of work to be completed after termination and "the commercial matters to be resolved through a continuing commercial resolution process".

In other news ...

Prime Minister Boris Johnson will tomorrow promise to "build, build, build", with up to £250bn in infrastructure investment in a "Rooseveltian approach to the economy", according to various media sources over the weekend. Plans are reported to include fast-tracking new schools, roads and hospitals. A new 'Project Speed' initiative will aim to cut delivery times by removing bottlenecks at every step of development and delivery. **Viewpoint:** housebuilding is not specifically mentioned in the reports but my understanding is that major initiatives are also planned, possibly delayed by the ongoing media attention on Housing Secretary Robert Jenrick.

Prices are as at the previous day's close.

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