

Progressive Property & Construction Daily



28 August 2020: Homes selling faster post-lockdown; Residential landlords join calls for rental support; Fortnight ahead

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

NOTE: This marketing communication has been produced by Progressive Equity Research Limited (PERL) and is a Minor Non-monetary Benefit. It does not contain investment recommendations. The views expressed are those of the research department of PERL. To view the Progressive Property & Construction Daily archive click [here](#). For Progressive research on Property & Construction companies click [here](#).

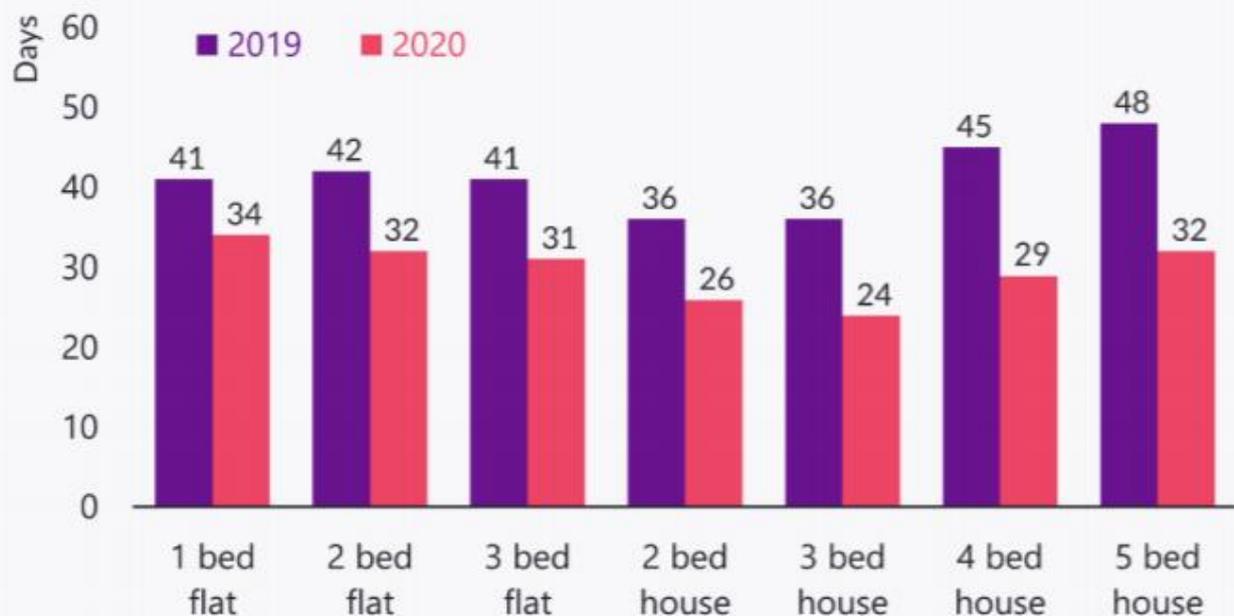
Economic data

Housing market. Homes across the UK are selling on average 31% faster than a year ago while house prices continue to rise in an “unseasonably strong” market, according to the latest UK House Price Index report from Hometrack ([link](#)). The total time for homes to sell ‘subject to contract’ fell to 27 days in July and are selling in less a month in all regions across the UK. (It takes c. 3 months further to complete and move in.) Houses are selling faster than flats, with the fastest moving property type, three-bed houses, which account for just under half of all housing supply, seeing a 33% reduction from 36 to 24 days (see below). One-bed flats, meanwhile, have fallen by 17% to 34 days. The subsidiary of Zoopla concluded this is not just pent-up demand, but also reflects homeowners and renters reconsidering their housing requirements, characterised by a search for more space and changing expectations for work and commuting patterns.

The number of new sales agreed per agent in August is 76% above the five-year average. Annual house price inflation slowed slightly from 2.7% in June to 2.5% in July, while Hometrack’s cities index showed the fastest rises were in Nottingham (4.4%), Manchester (4.0%), Leeds (3.6%), Liverpool (3.3%) and Edinburgh (3.0%). London registered +2.1%, while oil-dependent Aberdeen continued its long-running downwards trend, albeit at a moderating rate of -1.4%, down from -3.9% comparing July 2019 with a year earlier.

Houses sell faster than flats as priorities change

Zoopla



Source: Zoopla House Price Index

Time to sell for homes sold since 13/5/20 compared to same period in 2019

In other news ...

Residential rent. Groups representing landlords and letting agents have joined with housing charities in calling for loans and grants for those struggling to pay rent, BBC ([link](#)). New research on behalf of Shelter indicates 322,000 people have fallen behind since the outbreak in March. The property groups – National Residential Landlords Association, ARLA Propertymark, which represents letting agents, and the campaign group Generation Rent – say £270m is needed to help tenants keep their homes and assist landlords who rely on rental income for their livelihoods. They are proposing grants for renters already claiming government benefits and interest-free loans for tenants who can afford to pay them back over time. The Government has extended a ban on evictions in England and Wales until 20 September after calls from charities and opposition parties. It also introduced the requirement for landlords to give six months' notice to tenants they wish to evict. **Viewpoint:** any further assistance is likely to be focused on supporting tenants rather than landlords. In this case smaller scale private providers may come under further pressure, after several years of tax and regulatory impositions, to quit the industry: an opportunity for institutional build to rent and more supply for estate agents to sell into the owner occupier market.

Aviation construction. Gatwick Airport has put all major capital projects on hold, including the already underway £180m Pier 6 expansion, pending a capital investment review due to the pandemic, constructionenquirer.com ([link](#)). This follows cancellations by other airports including Heathrow and London City. However, the airport said it would still press ahead with work to submit a planning application to bring its existing standby runway into routine use as a longer term solution to raising capacity. If permission were granted, the runway could be brought into daily use by the mid-2020s.

Fortnight ahead

Construction & property: company and economic news

1 Sep	Bank of England	Mortgage approvals
2	Barratt Devs (BDEV)	FY results
	ONS	House prices
3	Severfield (SFR)	AGM
4	Berkeley Group (BKG)	AGM
	Eurocell (ECEL)	HY results
	CIPS	Construction PMI
7	Belvoir Group (BLV)	HY results
	Lloyds Banking Group	Halifax House Prices
8	Property Franchise Gp (TPFG)	HY results
9	Galliford Try (GFRD)	FY results
10	Epwin Group (EPWN)	HY results
	Cairn Homes (CRN)	HY results
	RICS	Residential Survey
11	ONS	Construction output

Sources: Companies, Sharecast, Factset, Progressive Equity Research

Prices are as at the previous day's close.

Copyright 2020 Progressive Equity Research Limited ("PERL"). All rights reserved. PERL provides professional equity research services. All information used in the publication of this communication has been compiled from publicly available sources that are believed to be reliable; however, PERL does not guarantee their accuracy or completeness. Opinions contained in this communication represent those of the research department of PERL at the time of publication. PERL is authorised and regulated by the Financial Conduct Authority (FCA) of the United Kingdom (registration number 697355).

This communication is provided for information purposes only, and is not a solicitation or inducement to buy, sell, subscribe, or underwrite securities or units. Investors should seek advice from an Independent Financial Adviser or regulated stockbroker before making any investment decisions. PERL does not make investment recommendations. Any valuation given in a research note is the theoretical result of a study of a range of possible outcomes, and not a forecast of a likely share price. PERL does not undertake to provide updates to any opinions or views expressed in this document.

This communication has not been approved for the purposes of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom. It has not been prepared in accordance with the legal requirements designed to promote the independence of investment research. It is not subject to any prohibition on dealing ahead of the dissemination of investment research.

PERL does not hold any positions in the securities mentioned in this email. However, PERL's directors, officers, employees and contractors may have a position in any or related securities mentioned in this email. PERL or its affiliates may perform services or solicit business from any of the companies mentioned in this email.

The value of securities mentioned in this communication can fall as well as rise and may be subject to large and sudden swings. In addition, the level of marketability of the shares mentioned in this communication may result in significant trading spreads and sometimes may lead to difficulties in opening and/or closing positions. It may be difficult to obtain accurate information about the value of securities mentioned in this email. Past performance is not necessarily a guide to future performance.