

# Progressive Property & Construction Daily



13 November 2020: GFRD, BILB, BBOX | Housebuilding continues to drive recovery in construction output and architects' outlook | Fortnight ahead

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

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## Company news

### **Galliford Try Holdings** (GFRD, 82p, £91m mkt cap)

UK construction and infrastructure services group, having sold its housing businesses to in January 2020 to former Bovis Homes Group, now **Vistry Group** (VTY). AGM statement. "The group is performing well, in line with the board's expectations"; HY (Dec) ave month end cash is towards the upper end of previous guidance of £125 - 145m. The board expects the group to return to profitability in HY 21 and a resumption of dividends with the interim results. *Outlook:* "Our strategy and sector focus mean the group is positioned to emerge strongly from the pandemic. We welcome the Government's support for the construction sector continuing to operate. The Group is well capitalised with no debt, no pension liability, a portfolio of PPP assets, and a strong order book and is making good progress on its strategic priorities and the financial targets set out in September 2020, including expected reinstatement of dividend".

### **Bilby** (BILB, 27p, £16m)

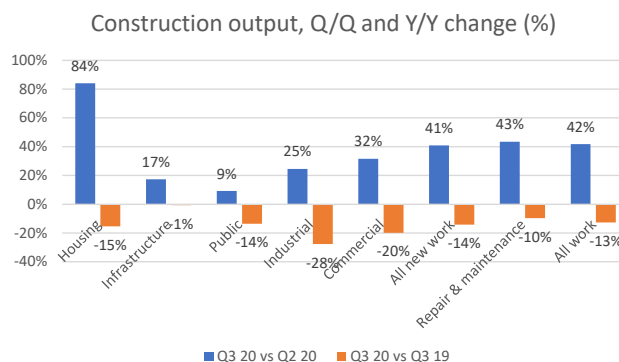
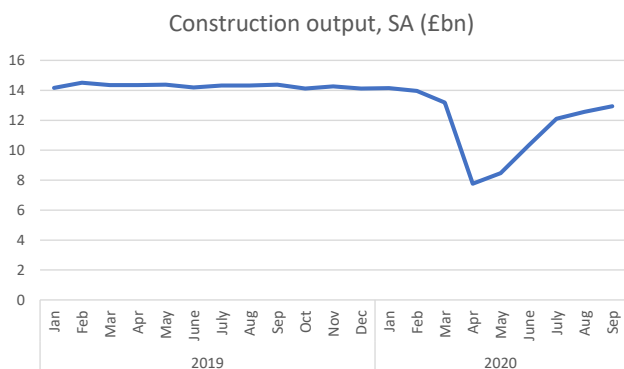
Gas heating, electrical and building services provider to social housing groups in London and South East. HY (Sep) trading update. “Despite the challenges presented by Covid-19, Bilby has delivered a robust performance”. As reported at the FY results, the group saw a drop in revenues during Q1 directly as a result of Covid-19. The majority of the work was delayed rather than cancelled, reflected by the 54% uptick in Q2 revenue versus Q1. As a result, the group is expected to report revenues of £23.4m (HY 20, £29.8m) and EBITDA, pre-IFRS 16, £1.5m (HY 19: £2.1m), in line with the board's expectations. Net cash at the period end was £2.5m, providing £5.0m headroom against the overdraft facility. Exceptional restructuring costs of £0.4m are expected to deliver an annualised cost saving of over £1m. HY results due 1 December.

### Tritax Big Box REIT (BBOX, 165p, £2,818m)

Real estate investment trust investing in ‘big box’ logistics properties. Acquisition of a prime temperature-controlled distribution unit in Southampton, for £44.2m, a net initial yield of 5.24%, in an off-market transaction with a UK real estate fund. The 325,000 sq ft facility, with extensive cold-store capabilities, is located on a 20 acre site, with excellent road, port and rail connectivity, according to the group. The building is let to Tesco on a 25 year lease expiring in January 2021, which the group believes provides a range of opportunities to deliver near-term value through asset management. The consideration will be financed through £24.2m of existing resources and the issue to the seller of 12.2 million new shares at a price of 164p, a 6.2% premium to the 30 June EPRA NAV.

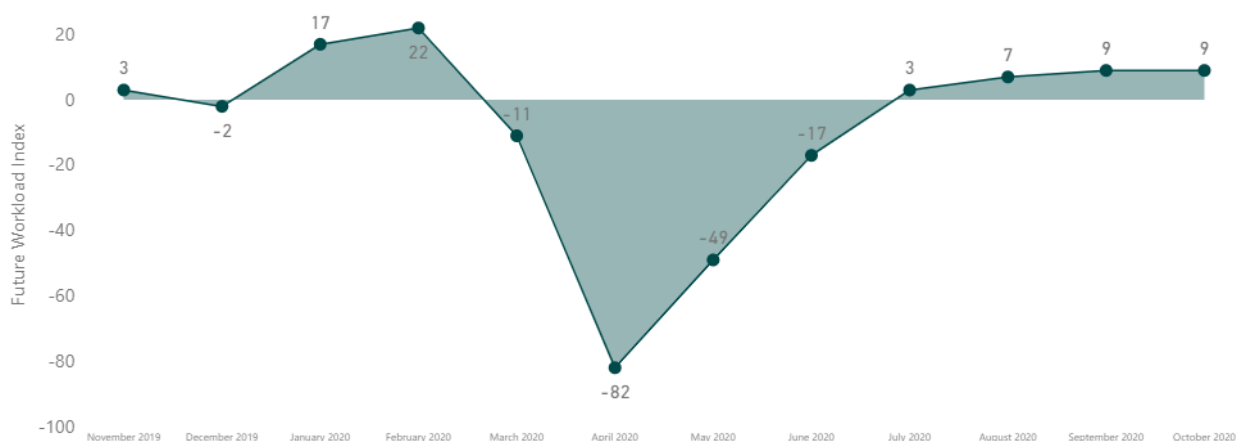
## Economic data

**Construction output** in September ([link](#)) reached its highest level since March, rising by 2.9%, seasonally-adjusted, from August to £12.9bn, and now stands at 10.0% lower Y/Y (below, left). Looking at the latest three months, there was 42% Q/Q increase but -13% compared with July – September 2019. Housebuilding saw the biggest quarterly rise, +84%, and -15% Y/Y.



The more volatile quarterly **new orders** series ([link](#)) showed an 89% increase in total new work, compared with Q2 and +1% Y/Y.

Architectural workload, one of the longest-range indicators of forthcoming new construction activity, remained in positive territory for the fourth consecutive month during October, according to the latest RIBA Future Trends survey ([link](#)). The future workload index (% reporting increase minus % reporting decrease) continued at +9 (below). This was entirely due to the Housing category, which registered +12 for October, but down on the +17 recorded in each of the three previous months. Meanwhile, Commercial, Public Sector and Community were -12, -6 and -11 respectively – similar levels in each case to the previous three months.



## In other news ...

Housing Secretary **Robert Jenrick** pledged to prioritise the residential sector during and beyond the Covid-19 pandemic and stressed the Government's commitment to the market in the keynote speech to the virtual 2020 RESI Convention earlier this week, organised by Property Week. As well as discussing the UK's housebuilding progress, the minister touched on various points from the planning white paper and said government planned to move away from leasehold ownership structures and introduce the commonhold in its place. [Link](#) (paywall) to full transcript.

My latest month column for Property Week, on the M&A prospects for the sector, following the offer for **McCarthy & Stone** (MCS) and approach and counter-bid for **Countrywide** (CWD) ([link](#), paywall): *You wait years for corporate bids in the housing sector and then at least three come along at once. Could it be the late noughties all over again? Perhaps, but with a shade less chutzpah.*

## Fortnight ahead

**Construction & property: company and economic news**

13 Nov	Galliford Try (GFRD)	AGM
16	Rightmove	House Prices
17	Polypipe (PLP)	Q3 trading update
	Homeserve (HSV)	HY results
18	British Land Co (BLND)	HY results
	Breedon Group (BREE)	Trading update
	ONS	House prices
19	Keller Group (KLR)	Q3 trading update
	Grainger (GRI)	FY results
	Mitie Group (MTO)	HY results
23	Sirius Real Estate (SRE)	HY results
24	Forterra (FORT)	Trading update
	Severfield (SFR)	HY results
25	Helical (HLCL)	HY results
	HICL Infrastructure (HICL)	HY results
26	First Property Group (FPO)	HY results
	Nationwide	House prices

Sources: Companies, Sharecast, Factset, Progressive Equity Research

*Prices are as at the previous day's close.*

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