# **Progressive** Property & Construction Daily

23 February 2021: SPR, FOXT, HICL | Housing transactions topping out (at high level) ahead of Stamp Duty deadline

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

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## Company research

**Springfield Properties** (SPR,150 p, £151m mkt cap) *– SPR is a client of PERL*

Scotland's only quoted housebuilder. HY (Nov) results. revenue +18%, £94.4m; adj PBT +43%, £9.0m; EPS +43%, 7.55p; interim div, 1.3p (HY 20, 0p); net debt £33.2m (YE 20, £68.8m). Link to Progressive Equity Research report, H1 results point to 'significant' full year growth:

> *Scotland's only quoted housebuilder has delivered a 43% jump in adj PBT for the six months to November, as the country emerged from its extended site lockdown, releasing cash on sales that had narrowly missed completing by the May 2020 year-end. The Group "remains on track to report significant growth for the full year, slightly ahead of market expectations"; we are maintaining our P&L estimates for now but believe that, in the absence of any unforeseen circumstances, the risk has moved more to the upside. We have cut YE 2021E net debt by £3m to £42.7m.*

[Well worth a look: the link, on page 3, to the new 3D 'Virtual Walkthrough' of 'live' show homes.]

# Company news

**Foxtons Group** (FOXT, 59p, £194m)

High profile London estate and lettings agent. (From yesterday afternoon). Response to press speculation. “Foxtons confirms that it is in discussions regarding a potential acquisition of Douglas & Gordon, the London based estate agent. These discussions reflect the Company's stated ambition to acquire high quality businesses with strong lettings books. Any potential acquisition would be funded by the Company's existing cash resources. There can be no certainty that an acquisition of Douglas & Gordon will be completed”. **Viewpoint:** More evidence of consolidation gathering pace in the estate agency sector.

**HICL Infrastructure** (HICL, 168p, £3,258m)

Listed infrastructure investment group with diversified portfolio of 117 investments in UK, Europe and N America. Interim update statement. *Dividend guidance:* “The Company remains on track to deliver the target dividend for the current year ending 31 March 2021 of 8.25p per share [and] to reaffirm the 8.25p dividend target for the 2022 financial year”. *Portfolio performance:* The impact on the portfolio from movement restrictions as a result of the pandemic has largely been mitigated by its diversification across market segments. 72% of HICL's assets benefit from long-term, availability-based PPP contracts which continue to perform as expected. The investments with returns sensitive to wider economic performance represented 19% of portfolio value at 30 September 2020. The three largest investments of this type continue to be affected by the pandemic: A63 Motorway, France (Feb 21 valuation relative to pre-Covid assumptions, -5%); Northwest Parkway, USA (-42%); HS1, UK (-35%).

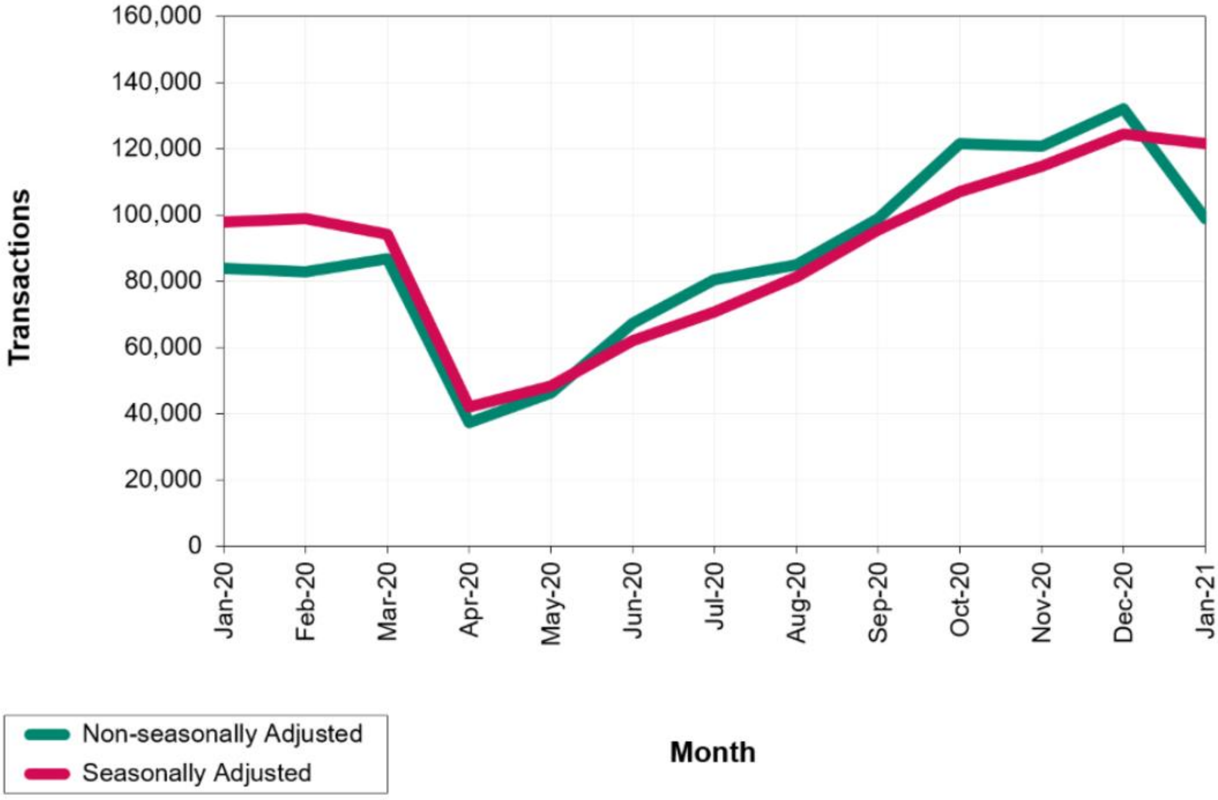
Regarding HS1 (link from London to Channel Tunnel), performance continued to be supported by contracted train path access charges for domestic services (68% of annual track access revenue in the year to 31 March 2020). Between May and December 2021 pre-bookings are below pre-Covid levels but the impact on HS1's revenue is almost entirely mitigated by the contractual underpin provided by the Department for Transport. In relation to international services, HS1 was insulated from reduced train volumes through to mid-December 2020 due to pre-bookings in place from Eurostar. Thereafter, Eurostar utilised the more flexible 'spot' booking provisions available to it and, as a result, international track access revenues reflect the very low volume of trains currently being run. The recovery in international train path bookings is expected to be dependent on quarantine measures being lifted. In recent weeks, Eurostar has publicly indicated that the prevailing travel restrictions pose a threat to its viability and that government support is likely to be required. HS1 is working collaboratively with Eurostar to support these efforts.

*Outlook:* “The Company remains cognisant of the ongoing impact of restrictions of movement on HS1, in particular, noting the increased risk posed to asset level liquidity by the continuation of the very low level of international services, as well as the greater risks associated with forecasting post-Covid traffic levels for the asset. Undoubtedly challenges remain in the months ahead. The investment outlook for the core infrastructure market remains positive. This is underpinned by heightened institutional investor demand across geographies for the key attributes of core infrastructure. With over £350m available under its RCF, the Company is in a strong position to make acquisitions where investment opportunities are accretive to key portfolio metrics”.

# Economic data

**Housing transactions.** UK residential transactions in January rose by 17.9% Y/Y (non-seasonally adjusted) to 98,830 and were 2.4% lower on a seasonally-adjusted basis than December 2020 according to the latest data from the HMRC (link). **Viewpoint:** The SA figures (provisional) continue to support evidence from other surveys of a modest settling off in activity, albeit at historically relatively high levels, ahead of the scheduled 31 March Stamp Duty deadline.

**Chart 1: UK residential property transactions by month (January 2020 to January 2021).**




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

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