

Progressive Property & Construction Daily



31 March 2021: NMCN, RESI | House prices dip as strength drifts northwards | News - fast-track conversion rules kick in today; Industrial land prices continue to soar

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

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Company news

nmcn (NMCN, 285p, £30m mkt cap) – *NMCN is a client of PERL*

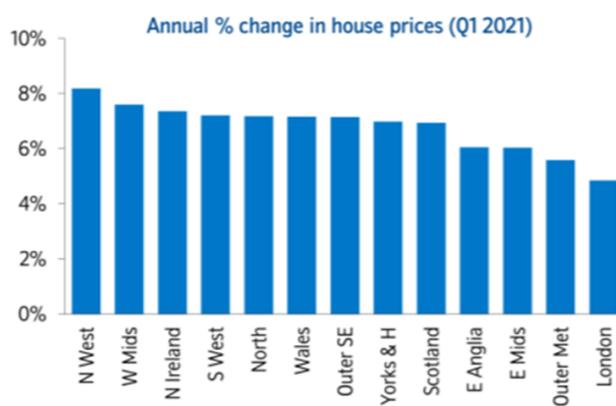
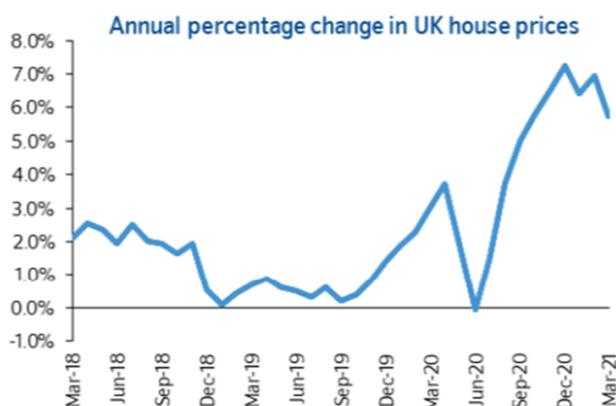
Construction and engineering services company. Financing update. Further to the announcements of 23 and 26 February 2021, the company, working alongside its debt advisers Arrowpoint Advisory, is in advanced discussions with a party with a view to concluding a finance package secured against the company's property development projects. The board continue to work with Arrowpoint to determine a longer-term financing structure. The group is also proactively engaged with Lloyds Bank, the company's bank, regarding its existing overdraft facility. A further update will be made in due course.

Residential Secure Income Fund (RESI, 92p, £157m)

Real estate investment trust (REIT) investing in affordable shared ownership, retirement and local authority housing. Acquisition of 191 shared ownership homes from Orbit, one of England's leading housing associations, for cash consideration of £16m. The portfolio comprises 180 houses and 11 apartments, located across 18 counties in England. All these homes are currently occupied and income generating. The average share of homes already owned by the residents is 43%. The Orbit portfolio is immediately earnings-enhancing and brings ReSI's total shared ownership portfolio to 549 homes.

Economic data

House prices. Prices fell by a seasonally-adjusted 0.2% M/M to £232,134 in March after a 0.7% rise in February, pushing the annual rate of inflation from +6.9% to +5.7% (below, left), according to the Nationwide ([link](#)). The strongest Y/Y growth in Q1 was in the North West of England, +8.2%, with most of the other regions outside the wider South East quadrant close behind; London saw the slowest growth, at +4.8%, from +6.2% in Q4 (below, right). Nationwide Chief Economist Robert Gardner's commentary was particularly guarded about the mid-term prospects: "The longer-term outlook remains highly uncertain. It may be that the recovery continues to gather momentum and that shifts in housing demand resulting from the pandemic continue to lift the market. However, if the labour market weakens towards the end of the year as policy support is withdrawn, as most analysts expect, then activity is likely to slow nearer the end of 2021, perhaps sharply".



In other news ...

Planning reform. New planning rules making it easier to convert commercial premises into homes or other uses come into force today, ConstructionEnquirer.com ([link](#)). A new fast track for extending public service buildings has also been introduced to allow for bigger extensions to existing public buildings including educational establishments and hospitals. Unused commercial buildings can now become homes through a simpler 'prior approval' process instead of a full planning application. To qualify for quicker planning commercial buildings must have been vacant for at least three months and be a maximum of 1,500 sqm. Public buildings can be extended by up to 25% of their original footprint under the new rules up to a maximum of 250 sqm. Housing Secretary Robert Jenrick said: "By diversifying our town and city centres and encouraging the conversion of unused shops into cafes, restaurants or even new homes, we can help the high street to adapt and thrive for the future. These changes will also help schools and hospitals to adapt quickly to changing needs with a new fast track for extending public service buildings".

Industrial property. Bids on an industrial development site in London and another in Kent totalling just 5.7 acres of land have risen to a combined total of nearly £30m, Property Week ([link](#), paywall). The magazine understands a 2.3 acre site in Park Royal hit the market at £15m but has received two bids at £20m. Meanwhile, a 3.4-acre site in Erith, Kent, is under offer for “well over £8m” after hitting the market at £7m. Industrial developers told Property Week the prices for the sites were the highest they had seen for land plots of this size in these areas.

Net zero construction. The Government has launched an inquiry into how construction can become net zero ready. The Environmental Audit Committee’s call for evidence ([link](#)) said it will look at the best routes to net zero for future building needs from low carbon materials through to policies to minimise the whole life carbon impact of assets.

Prices are as at the previous day’s close.

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