

Progressive Property & Construction Daily



16 April 2021: GFTU, YEW | Lowest number of London housing starts since 2012 | News - Labour costs reach pre-pandemic level; Worst ever month for property funds outflows | Fortnight ahead

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

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Company news

Grafton Group (GFTU, 1,100p, £2,631m mkt cap)

UK, Irish, Dutch builders' merchant and products group. The board of has announced the appointment of Rothschild & Co to undertake a review of certain of its traditional merchanting businesses in Great Britain which may or may not result in the sale of some or all of these businesses. This strategic review is focused solely on the Buildbase, Civils & Lintels, PDM Buildbase, The Timber Group, Bathroom Distribution Group and NDI businesses. No other businesses in the Group form part of the strategic review.

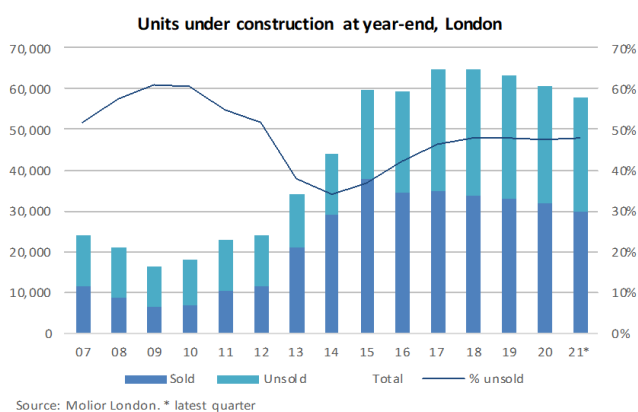
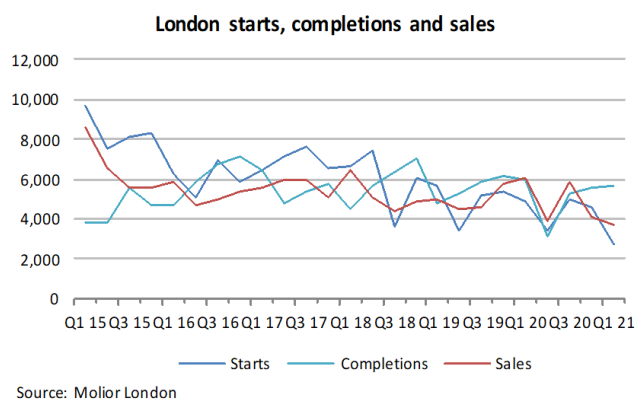
Yew Grove REIT (YEW, €0.95, £92m)

Owner of diversified portfolio of Irish commercial property assets. Proposed placing to raise a minimum of €10m of gross proceeds at a price of €0.95 per share, which will represent the first tranche of the company's 100 million share issuance programme that was approved by shareholders on 29 May 2020. It is intended to fund the acquisition of assets; the company has a near term identified acquisition pipeline of approximately

€7m. These have net investment yields of 6.83% - 8.25%, and short-term reversionary yields of 7.51% - 9.20%. Members of the board intend to invest in aggregate c. €150,000 in the subscription. The board continues to believe that consolidation within the company's target market offers the opportunity to build a €300-500m portfolio of high-yielding, high-quality assets over the medium term.

Economic data

London housebuilding. Fewer new homes were sold in the capital during Q1 2021 than since 2012 and fewer started than since 2011, according to the latest research report from data specialist Moliar London ([link](#)). During the latest quarter, 3,703 units were started, a 39% Y/Y fall. 2,778 were started, a 43% fall. However, completions remained high at 5,666, a Y/Y decline of only 5% (below, left). The number of units under construction continued to decline, from 60,800 at year end 2020 to 58,000 during Q1 (below, right). Of these, 48% were unsold and 23% were for build-to-rent. According to the analysis in the latest executive summary, developments priced and timed to get maximum benefit from the Help to Buy and temporary Stamp Duty incentives sold well during the quarter. “Developers appear to have been reluctant to engage in large scale launches, overseas or at home, during Q1 2021. To an extent this is reflected in the relatively low number of overseas sales and is to be expected given that social distancing is fairly incompatible with a normal launch event. It is also telling that the projects that have sold more than a steady trickle of units overseas over the last three months are often accompanied by rumours of widening discounts”.



In other news ...

Labour costs. Demand for skilled labour has seen self-employed trades enjoy their best month of earnings since the start of the pandemic, ConstructionEnquirer.com ([link](#)). According to the industry's biggest payer of subcontractors, Hudson Contract, average weekly pay rose by 3.7% to £920 during March, the highest figure since February 2020.

Property funds suffered their worst month of net outflows on record in March as investors switched from “risky property” to equities, Property Week ([link](#), paywall). Last month, investors withdrew £589m from open-ended real estate funds, compared with £314m in February and £128m in January, according to the latest Fund Flow Index from global funds network Calastone. By contrast, equity funds enjoyed record monthly net inflows of £2.96bn, up from £1bn in February and just £60m in January.

Comment. My latest column for Property Week ([link](#), paywall), on the outlook for regional property markets as the BBC follows the lead of government departments in relocating staff and departments:

‘By ‘eck, the BBC is to drag swathes of its London staff up North and to the regions in the name of the government’s ‘levelling up’ agenda. It’s bound to price some locals out of the market. And not just for their macchiatos.’

Fortnight ahead

Construction & property: company and economic news

April

12	Belvoir Lettings (BLV)	FY results
13	Northbridge Ind Services (NBI)	FY results
	ONS	Construction output
15	Epwin Group (EPWN)	FY results
12	Belvoir Group (BLV)	FY results
13	Northbridge Ind. Services (NBI)	FY results
	ONS	Construction output
	Sigmaroc (SRC)	FY results
14	Watkin Jones Group (WJG)	HY trading update
15	Epwin Group (EPWN)	FY results
19	Rightmove	House prices
20	Breedon Group (BREE)	AGM
21	Kier Group (KIE)	HY results
	ONS	House prices
22	Segro (SGRO)	Trading update
	Ibstock (IBST)	AGM
	Taylor Wimpey (TW.)	Trading update

	Foxtons Group (FOXT)	AGM
	Grafton Group (GFTU)	AGM
26	Lok'n'Store Group (LOK)	HY results
	HSS Hire Group (HSS)	FY results
27	The Property Franchise Gp (TPFG)	FY results
	Travis Perkins (TPK)	AGM
28	Grafton Group (GFTU)	AGM
	LSL Property Services (LSL)	FY results
	Persimmon (PSN)	AGM
30	Nationwide	House prices

Sources: Companies, Sharecast, Factset, Progressive Equity Research

Prices are as at the previous day's close.

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