

# Progressive Property & Construction Daily



10 May 2021: MRL, RESI, SAFE | House price growth rebounds to five-year high - Halifax

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

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## Company news

**Marlowe** (MRL, 760p, £586m mkt cap)

Safety and compliance provider to commercial properties. FY (Mar) trading update. *Guidance:* “Trading in the second half of the financial year was strong and the group expects to report FY 21 results ahead of market expectations with adjusted EBITDA expected to be in excess of £28m. The group has also delivered further margin expansion and strong underlying cash generation”. Reflecting the impact of recent acquisitions, current run rate adjusted EBITDA is c. £39m. Three acquisitions announced. Integral Occupational Health, an occupational health provider based in Glasgow, was acquired for a total consideration of £2.4m, comprising a £2.2m upfront consideration and a deferred element of £0.2m. Established in 2009, Integral provides occupational health services to both public and private sector organisations across Scotland. For the year ended 31 January 2021, Integral generated £1.7m of revenues, £0.5m of EBITDA and had net assets of £0.6m. Agriteck Solutions, a water treatment business, and the assets of One Price Fire Protection, a fire safety business, have been acquired for a combined expected enterprise value of £0.6m.

**Residential Secure Income Fund** (RESI, 97p, £166m)

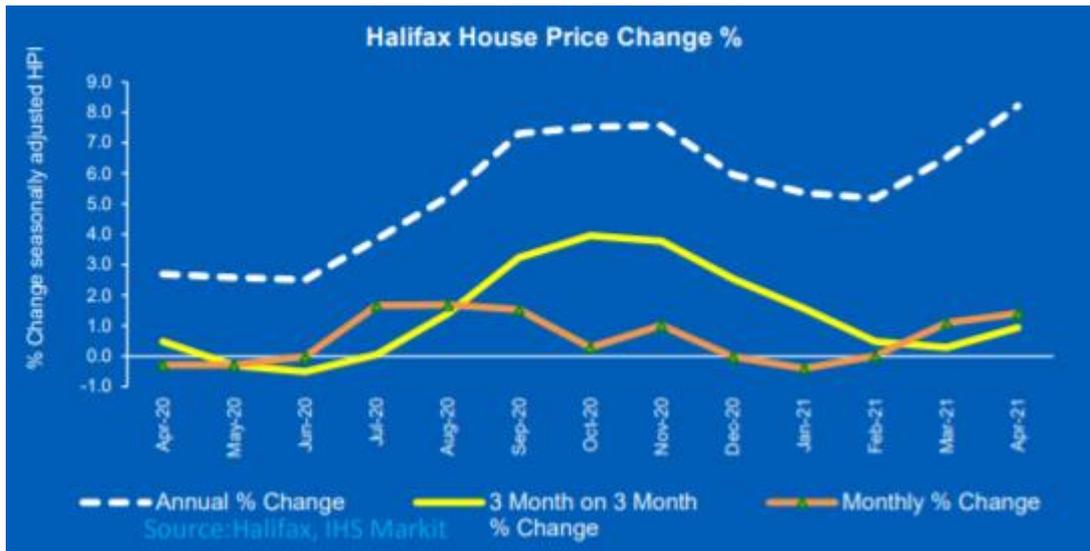
Real estate investment trust (REIT) investing in affordable shared ownership, retirement and local authority housing. Q2 (Mar) update. IFRS NAV unchg, 105p; total property portfolio value, +0.4%, £325m; net income for the quarter up 32%, £1.7m; quarterly interim div maintained at 1.25p; dividend cover, 82%, slightly ahead of 80% FY target. “Over time, ReSI expects its dividends to increase broadly in line with inflation, and targets a total return in excess of 8% pa”. Total rent collection in the quarter, 99%. *Outlook*: Quarterly performance “results from swiftly occupying recently acquired shared ownership homes, and improving occupancy of the retirement portfolio, where voids have decreased and are now approaching pre-pandemic levels of around 7%. Combined with becoming fully invested at the end of March, this puts ReSI firmly on the path to full dividend coverage”.

### **Safestore Holdings** (SAFE, 870p, £1,834m)

UK-focused self-storage group, with stores in Paris, Barcelona and Netherlands. Q2 (Apr) trading update. *Guidance*: FY earnings guidance revised upwards. Adjusted Diluted EPRA EPS expected to be in the range of 37 - 38p, +23 - 26% Y/Y. “The strong trading momentum reported for our first quarter has accelerated in the second quarter driven by the strength of our UK performance combined with continued robust results from our French and Spanish businesses”. Rev +10.9% Y/Y, £43.7m; closing occupancy, 80.7% (Q2, 71.1%); average storage rate -1.6% Y/Y, £26.56. HY results, 17 June.

## Economic data

**House prices** continued their rebound in April, rising by 1.4% during the month to £ 258,204, after +1.1% in March, lifting the annual rate from +6.5% to a five-year high of +8.2%, according to the Halifax ([link](#)). The UK’s largest mortgage lender’s view is: “The stamp duty holiday continues to add impetus to an extremely active market, magnifying the current shortage of available homes as buyers aim to take advantage of the Government scheme. The influence of the stamp duty holiday will fade gradually over the coming months as it’s tapered out but low stock levels, low interest rates and continued demand is likely to continue to underpin prices in the market. However, we do expect recent levels of activity to be sustained over the short-term as buyers continue to search for homes with more space and potentially better suited for their new working patterns. Savings built up over the months in lockdown have given some buyers even more cash to invest, while the [Government’s] new Mortgage Guarantee Scheme may have eased deposit constraints for some prospective homebuyers who previously thought their first step on the housing ladder was a few years away. There is growing optimism in the long-term outlook of the UK economy, yet we remain cautious about the medium-term prospects of the housing market. As we said in March, the current levels of uncertainty and potential for higher unemployment as furlough support ends leads us to believe that house price growth will slow to the end of the year”.



Prices are as at the previous day's close.

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