

Progressive Property & Construction Daily



14 May 2021: KIE, CRST | Regional rents continue to rise as London declines 'bottom out' | Fortnight ahead

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

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Company news

Kier Group (KIE, 105p, £320m mkt cap)

Hybrid construction, property and services group. Successful completion of the bookbuilding process for the firm placing and conditional placing of open offer shares, which closed yesterday. The company has conditionally placed 284 million new ordinary shares, split 50:50 between the firm placing and open offer, at 85p, raising gross proceeds of approximately £241m. The capital raise is conditional on the approval of Kier shareholders at a general meeting on 16 June and the completion of the Kier Living disposal. Admission of the new shares, 18 June.

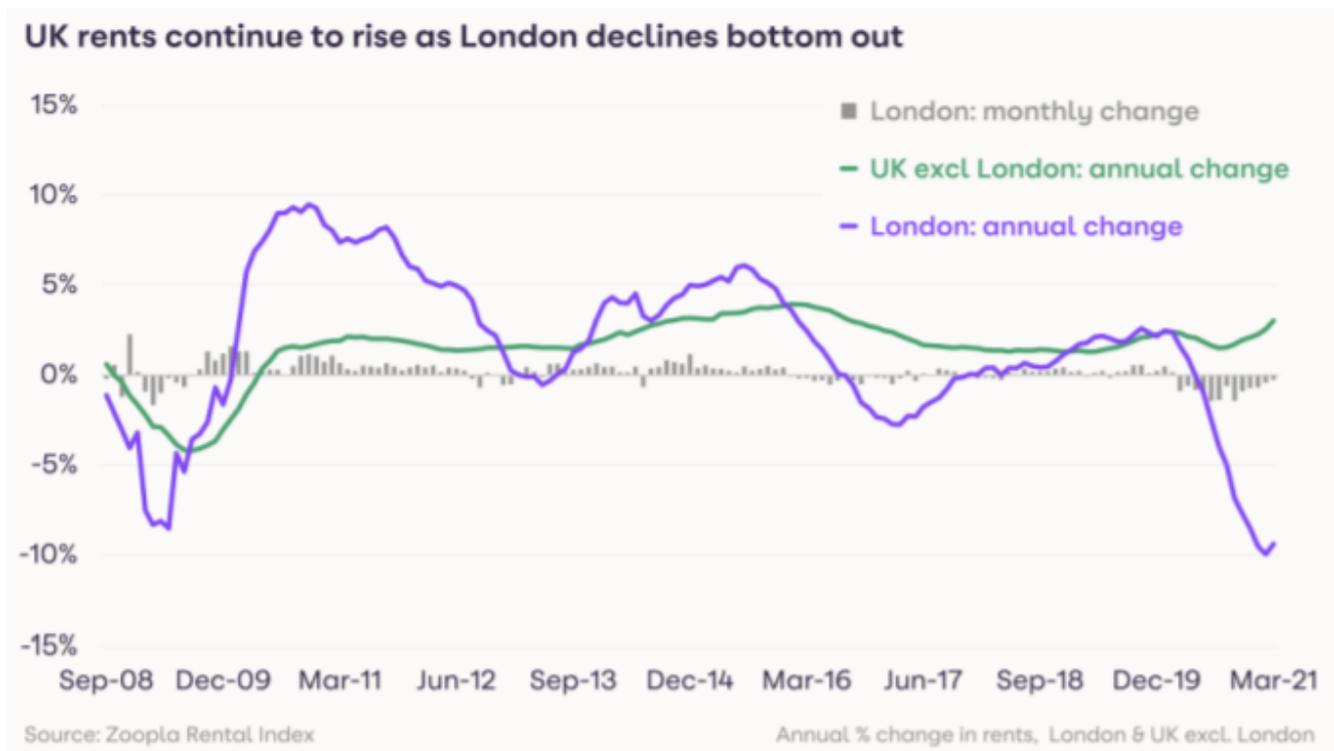
Crest Nicholson Holdings (CRST, 421p, £1,082m)

South East focused mixed tenure housebuilder. Disposal. Agreement to sell the group's 50% interest in Longcross Studio, a film studio situated on the northern side of Longcross Garden Village in Surrey and a parcel of associated land on the southern side of the site, to Longcross General Partner, an Aviva Investors company, the group's existing JV partner for the scheme. The transaction is expected to complete late Summer subject to satisfying contractual conditions. The proceeds are expected to deliver a one-off contribution in excess of £10m to PBT for FY 21 and the receipt of approximately £45m cash consideration by the end of the financial

year. Crest continues to hold a 50% interest in the remaining 195 acres of Longcross Garden Village in JV with Aviva, which is expected to deliver up to 1,700 homes. The scheme is allocated for residential and ancillary development in the adopted Runnymede Borough Council Local Plan. HY (Apr) results, 24 June.

Economic data

Residential rental market. Average rents across the UK outside London rose by 1% in the three months to the end of March, taking annual rental growth to +3%, up from +2.1% at the end of Q4 2020 and the highest level of rental growth in four and half years, according to the latest UK Rental Market Report from Zoopla ([link](#)). Three distinct markets are emerging in UK rental market: the wider commuter zones and beyond, major city centres and London. Three English regions (North East, South West, East Midlands) and Wales are recording the highest rental growth since March 2011. Rental demand is building in city centres as lockdown eases and offices start to reopen. In London, rental falls eased in Q1, with rents down -9.4% in the year to March, compared to -10% in the year to February. Rental demand in inner London has been boosted as monthly rents in several boroughs hit their lowest levels since the index began in 2011, dramatically increasing affordability, according to Zoopla. Rents are rising fastest in the North East of England (+5.5% Y/Y), which is one of the most affordable rental markets in the UK. Rents in the North East accounted for 20.8% of average income for a single earner in the region, compared to the UK average of 32%.



Fortnight ahead

Construction & property: company and economic news

May

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| | Watkin Jones Group (WJG) | HY results |
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| | HICL Infrastructure (HICL) | FY results |

Sources: Companies, Sharecast, Factset, Progressive Equity Research

Prices are as at the previous day's close.

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