

Progressive Property & Construction Daily



2 June 2021: BRCK, BLV | Mortgage approvals remains high but total borrowing slides - BoE | Plasterboard giant responds to shortages with £140m UK investment

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

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Company news

Brickability Group (BRCK, 104p, £239m mkt cap)

Construction materials distributor. Acquisition; primary and secondary placings. Conditional acquisition of Taylor Maxwell Group (2017), a leading supplier of timber and non-combustible cladding to the construction industry, for a consideration of up to £63m. In order to finance the acquisition and to help fund future bolt-on acquisitions, the company has conditionally raised £55m before fees and expenses by way of a placing of 57.9 million new ordinary shares at a price of 95p with new and existing institutional investors. The new shares are expected to represent 22.7% of the enlarged share capital. In addition, in order to meet market demand, certain selling shareholders have also conditionally raised a further £38m through the sale of 40.0 million existing ordinary shares at the issue price. The company's directors and management will retain a shareholding of approximately 28.3%, down from approximately 54%. *Acquisition:* Taylor Maxwell's products currently include brick, timber, non-combustible cladding, flooring, masonry, decking, offsite solutions and engineered wood. Key customers include leading housebuilders and materials distributors. It operates from 16 office and showroom locations across the UK. In FY (Mar) 21, unaudited, it generated revenue of £252m and EBITDA of £10.4m. The acquisition is expected to be significantly earnings accretive and to diversify Brickability's product offering. The placing and acquisition are conditional upon the General Meeting to be held on 29 June. *Outlook:* As previously disclosed, for the FY to 31 March 2021 the group expects to deliver revenues for the period of approximately £180m and adj EBITDA in excess of £17m. The group has

commenced the new financial year well, with strong order book levels being driven by pent up demand for houses post lockdown, and a demand for houses over flats. Long term, the group expects the UK government's new Help to Buy scheme and the Affordable Homes programme to continue to drive demand for Brickability's products.

Belvoir Group (BLV, 247p, £87m)

Franchised lettings-focused property agency group. Acquisition and strategic partnership extension. Contracts exchanged to acquire the entire issued share capital of Nottingham Mortgage Services, a wholly owned subsidiary of the Nottingham Building Society for a total consideration of £600,000 satisfied in cash from existing cash resources. Completion will take place on 31 July and the acquisition is expected to be immediately earnings accretive. At the same time, The Nottingham is entering into a 10-year agreement with Mortgage Advice Bureau to provide mortgage and protection advice, through Belvoir as an appointed representative of MAB. "This further strengthens Belvoir's strategic alliance with The Nottingham following Belvoir's undertaking of all estate agency and lettings services through The Nottingham's branch network in 2020".

Economic data

Mortgage lending. Total mortgage borrowing fell back in April, according to the Bank of England ([link](#)). Individuals borrowed an additional £3.3bn secured on their homes, following a record £11.5bn in March. This was also lower than the £5.7bn monthly average borrowed in the six months to February 2021. According to the BoE, the recent variability is likely to reflect the reduction in the stamp duty tax, which was initially expected to end in March, but has now been extended to the end of June. However, approvals for house purchase ticked up in April, to 86,900, from 83,400 in March. They have fallen from a recent peak of 103,400 in November, but have remained relatively strong. In February 2020, there were 73,400 approvals for house purchase. Approvals for remortgage remained broadly unchanged at 33,100. The 'effective' rate – the actual interest rate paid – on newly drawn mortgages fell 7 basis points to 1.88% in April. That is marginally above the rate in January 2020 (1.85%), and compares to a series low of 1.72% in August 2020. The rate on the outstanding stock of mortgages remained broadly unchanged at a series low of 2.07%.

Chart 1: Mortgage lending
Seasonally adjusted flows



In other news ...

Building materials giant Etex has got the green light to almost double the size of its Bristol plasterboard factory to meet surging demand, ConstructionEnquirer.com ([link](#)). The firm will invest £140m in expanding factory capacity to increase production of its Siniat brand by over 50% by 2023. **Viewpoint.** A pointer to how manufacturers might start to react to shortages of many products in the UK and abroad. However, this and other initiatives, such as in the brick industry, are not going to alleviate short-term shortages.

Prices are as at the previous day's close.

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