

Progressive Property & Construction Daily



19 August 2021: MSLH, CREI | News - London councils ban conversion of commercial to residential

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

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Company news

Marshalls (MSLH, 757p, £1,513m mkt cap)

Leading manufacturer and supplier of paving and hard landscaping products. HY (Jun) results. Rev +42%, £298m; PBT, £38.9m (£1.6m); EPS, 15.3p (0.1p); interim div, 4.7p (H1 20, 0p); net debt, £52.4m (£98.9m). Compared to H1 19: rev +6%; PBT +5%. *Outlook:* "Trading continues to improve and recent order intake has been good ... and the Group expects to meet or outperform the market. The underlying indicators in our main growth markets, including New Build Housing, Road, Rail and Water Management, remain positive. As a result, we remain confident that our strategy will deliver long-term profitable growth and that we are well positioned to cope with the temporary challenges associated with cost and material supply issues. Encouraged by the continuing strength in demand and the positive trading environment, the Board is confident of making further progress and is accordingly raising its expectations for 2021 and 2022".

Custodian REIT (CREI, 102p, £431m)

UK commercial real estate investment trust (REIT). Purchase of 29,676 sq ft industrial unit in Dundee for £1.9m. The unit is occupied by Menzies Distribution with an unexpired term to first break or expiry of 5.2 years and has a passing rent of £117,500 pa, reflecting a net initial yield of 5.89%.

In other news ...

Permitted development rights. Just under half of London's local planning authorities have introduced or intend to introduce a ban on development under the commercial-property-to-housing permitted development right (PDR) introduced this month, citing concerns over a loss of business space and poor-quality homes, according to an investigation by Property Week ([link](#), paywall). Under the government's new Class MA PDR, which was unveiled on 1 August, it is now possible to convert most commercial buildings – including high street units and offices – to residential use. However, the PW investigation has revealed that 17 of them – including development 'hot spots' Westminster, City, Kensington & Chelsea, Wandsworth – have either introduced or have plans to introduce an Article 4 direction (A4D) to prohibit Class MA PDR. These bans will come into effect from 31 July 2022 when any bans introduced on the old office-to-resi PDR will cease to have effect. The new PDR “risks the loss of valuable business spaces and thousands of employment opportunities” and “often leads to poor-quality unaffordable housing”, according to a Camden councillor.

Prices are as at the previous day's close.

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