

Progressive Property & Construction Daily



25 January 2022: FORT, RNWH, WHR

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

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Company research

Forterra (FORT, 241p, £551m mkt cap) – *FORT is a client of PERL*

UK's second largest brick producer and leading building materials producer. FY (Dec) trading update and share buyback programme. Link to Progressive Equity Research note, [Ending FY2021 with strong volumes and cash](#).

Brick and concrete products manufacturer Forterra has confirmed it expects FY2021E results will be in line with its expectations, as strong trading continued in the final quarter and with better than expected cashflow. Pre-IFRS 16 net cash of c. £40m is ahead of management expectations and our forecast of £24m. This has allowed the company to launch a £40m share buy-back programme. Other than lifting the net cash, we are not changing our adjusted FY2021E PBT estimate of £48.8m, which represents a PER of 14.4x. We believe Forterra's ongoing performance should be underpinned by housebuilding volumes and pricing power offsetting input cost inflation.

Company news

Renew Holdings (RNWH, 709p, £559m)

Engineering services group supporting UK infrastructure. AGM statement. *Guidance:* “Trading for the first quarter of the year has continued in line with the Board’s expectations”. Group order book at 31 December, +9.6%, £742m, with Engineering Services order book stood +17.8%, £687m. Net debt and cash generation are also in line with the Board's expectations. Trading update for H1 (Mar), 1 April 2022.

Warehouse REIT (WHR, 162p, £689m)

Specialist warehouse investor. Trading update. 12 new lettings completed and 10 lease renewals completed in the period, across 141,400 sq ft of space. The transactions were completed 10.5% ahead of 31 March 2021 estimated rental values (ERV), generating £0.9m of contracted rent. The portfolio's total occupancy has decreased by 1.1% from 30 September 2021 to 93.5%, however effective vacancy is just 1.6% excluding units under refurbishment or under offer to let (30 September 2021: 2.5%). The space currently under offer should deliver approximately £1.1m of rent pa. *Outlook:* “Occupational demand saw another record year in 2021, meaning that supply is becoming increasingly constrained. Against this backdrop we have achieved new lettings substantially ahead of ERVs, which demonstrates the appeal of Warehouse REIT's space to occupiers. Demand shows no sign of slowing, reflected by the level of space currently under offer at rental levels materially ahead of ERVs. This tightening of supply coupled with continued investment yield compression is underpinning the dual focus on continued asset management successes, alongside bringing forward the company's development pipeline”.

Prices are as at the previous day's close.

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