Progressive Property & Construction Daily

31 January 2022: CSP, BLV, PURP, VANL, SRE | News - 'Levelling up' towns revealed | Fortnight ahead

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

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Company news

Countryside Partnerships (CSP, 296p, £1,516m mkt cap)

Leading mixed-tenure housebuilder. Previously called Countryside Properties, before concentrating on its mixed-tenure operations. Previously flagged change of name took place on 28 January. Ticker remains the same. Name change and change of auditor. PricewaterhouseCoopers has resigned, to be replaced by Deloitte.

Belvoir Group (BLV, 241p, £90m)

Franchised lettings agency group. FY (Dec) trading update. *Guidance:* "Revenue was up 36% to £29.6m, a record level, and consequently the Board expects that the financial performance for the year will be comfortably ahead of management's expectations". Trading: "2021 was one of the busiest years in recent times for estate agency, with residential property sales transactions up 41% on 2020 and 22% ahead of the six-year average to 2019. In addition to achieving strong growth in the underlying business, the group expanded both its property and financial services networks through the acquisitions of Nicholas Humphreys, a specialist student lettings franchise, and Nottingham Mortgage Services, the mortgage arm of The Nottingham Building Society". Financial Services division revenue +49% , £14.4m, with the network of financial advisers up by 20% to 243. Property division revenue +27%, £15.2m, including £2.2m from Nicholas Humphreys. Management service fees +18%, £10.7m. Sales MSF i+56%, £2.5m, "with the extension of the stamp duty holiday ensuring that the residential sales market remained highly active until September. Thereafter, the market returned to more normal transaction levels with unfulfilled demand continuing to fuel house price inflation". Lettings MSF +10%, £8.2m. "The underlying lettings MSF increase of 6% reflected a strong lettings market. The demand for more space and a return of young people to UK cities as offices re-opened post lockdown resulted in insufficient supply of available properties to rent and as such rents on new tenancies were seen to rise by around 8%". Net debt, £1.3m (FY 20: £3.7m), despite having deployed £4.7m on corporate acquisitions. *Outlook:* "With our significant recurring lettings revenue stream and our substantial financial services client base to draw upon during what is currently a strong market for remortgages, we believe the group is well insulated from what could be a more challenging market in 2022. Given the resilience and diversity of our business model, we remain confident that we will continue to perform well relative to the market as a whole. Meanwhile, the Board continues to identify suitable acquisition targets to support continued growth and enhance shareholder value still further". FY results, 4 April

Purplebricks Group (PURP, 20p, £61m)

Hybrid on-line estate agent, supported by local property agents (LPAs). HY (Oct) results. Rev -7%, £41.3m; loss before tax, £12.9m (H1 21, PBT £4.3m); EPS -7.0p (+1.0p); dividend, 0p; cash, £58.3m (£75.8m). *Trading:* "Financial performance was impacted during a period of significant transformation for the group and by lower market instructions". Instructions -38%, 21,131; average revenue per instruction +15%, £1,642, driven by higher attachment rates, pricing optimisation and phasing of higher conveyancing income. Total fee income -29%, £34.7m. Market share of properties sold by volume, 3.9% (4.8%). *Outlook:* "Since the period-end, we have continued to see a significant imbalance between the strong demand for housing and a very limited supply of stock. Although housing supply has increased in January, we expect these market dynamics to continue through the second half of our financial year, which will continue to impact instructions and gross margins. In addition, the comparable performance will also be impacted by the expected increase in costs associated with our transition to a fully employed model. Set against these market challenges, we are greatly encouraged by the positive signs we are seeing in our operational performance since we implemented our new operating model. We are confident that the steps we have taken to improve the business will drive a return to growth and market share gains in 2023".

Van Elle (VANL, 43p, £46m)

Specialist ground engineering contractor. HY (Oct) results. Rev +57%, £60.1m; PBT, £1.9m (H1 20, £0.7m loss); EPS, 1.4p (-0.5p); div, 0p (0p) (the Board confirms its intention to reinstate dividends, commencing with a final dividend for FY 22); net cash, pre-IFRS 16, £3.5m (£4.5m). *Trading:* "Core markets recovered strongly following the relaxation of pandemic related restrictions. All divisions performed well as the higher activity levels achieved in the last quarter of FY 21 continued throughout H1 22. The Group traded profitably and in excess of the pre-pandemic comparatives in H1. The Rail business saw improved contract activity towards the end of the period, which has continued into the third quarter of FY 22. Integration of ScrewFast into the wider Group is progressing well and performance is in line with expectations at the time of acquisition". *Outlook:* "The Board now anticipates trading for the full year to be ahead of market expectations. The improved levels of demand across the core markets are expected to remain strong for the remainder of the financial year and into FY 23. Investment in infrastructure, including the decarbonisation/electrification of the rail network, where the Group has established a market-leading position, is expected to continue in the longer term".

Sirius Real Estate (SRE, 127p, £1,491m)

Leading operator of business parks in Germany. Board appointments. Alistair Marks, current CFO, will be taking up the newly created role of Chief Investment Officer, while Diarmuid Kelly, current Group Finance Director, will join the Company's board of directors as CFO.

In other news …

'Levelling up'. Wolverhampton and Sheffield will be the first of 20 places to get an injection of Government levelling up funding to support regeneration projects, ConstructionEnquirer.com (link). Under plans set out in the Levelling Up White Paper, due to be published this week, derelict sites in towns and city centres will be transformed creating new homes, jobs and new communities across England. Around £1.5bn cash will be released from April from the £1.8bn fund for brownfield regeneration promised by the Chancellor Rishi Sunak at the last Autumn spending review. The Government will also reveal details this week of a £1.5bn Levelling Up Home Building Fund, first announced in 2020. This will provide loans to small and medium-sized builders and developers to deliver 42,000 homes, most going outside London and the South East.

Fortnight ahead

Construction & property: company and economic news

February

8	Bellway (BWY)	Trading update
9	Barratt Developments (BDEV)	HY results
	Redrow (RDW)	HY results
	Grainger (GRI)	AGM

Sources: Companies, Factset, Progressive Equity Research

Prices are as at the previous day's close.

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