

Progressive Property & Construction Daily



1 February 2022: BDEV, BOOT, INL, TPGF, SUR | Mortgage applications beat expectations

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

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Company news

Barratt Developments (BDEV, 612p, £6,254m mkt cap)

UK's biggest housebuilder by volume. Acquisition of land promoter Gladman Developments for a total cash consideration of £250m on a debt free and cash free basis. Gladman operates as a land promoter with particular presence in the south of England. In the three years to 31 March 2019, prior to the onset of the pandemic, Gladman generated average annual sales of £52.5m, EBITDA of £19.6m, operating profits of £18.7m and PBT of £18.9m. In the year, to 31 March 2021, during the peak of Covid, Gladman secured planning consent on 2,760 plots across 15 sites with a high planning success rate and secured sales of 2,796 plots on 18 sites to housebuilders and housing associations. It reported PBT of £6.9m and gross assets of £212.3m. Gladman will operate as a stand-alone business within Barratt, led by its management team, including David Gladman, Chairman and Victoria Hesson, CEO. It will continue to supply land to third parties as well as provide an additional route for Barratt to source strategic land and help to promote Barratt's existing strategic land portfolio. Gladman's existing portfolio, comprising approximately 406 potential sites with an average site size of 242 plots, is expected to deliver an incremental 500 home completions per annum for Barratt from FY 25. **Viewpoint:** This could be seen as making Barratt a gigantic Gleeson - also a housebuilder and land promoter (although its operation as more separate, selling homes in the North and land to developers in the South). It also looks to be evidence of Barratt looking for more 'vertical integration', following its acquisition in 2019 of Scottish timberframe manufacturer, Oregon.

Henry Boot (BOOT, 282p, £376m)

Land Promotion, property investment & development and construction group. Residential land sale. The group's land promotion business, Hallam Land Management, has completed the sale of 760 plots to Barratt Developments and Vistry Partnerships for a total price of £25m. The 125-acre site, located in Bridport, West Dorset is for 760 plots, with 10 acres of employment land and further mixed-use development including shops and a primary school.

Inland Homes (INL, 52p, £120m)

Leading brownfield developer, housebuilders and partnership housing group, focused on South and South East. FY (Sep) results. Rev +47%, £182m; PBT, £13.2m (FY 20, £3.4m); EPS, 4.2p (0.65p); div, 0p (0p); EPRA TNAV, 108p (104p); net debt, £118m (£148m). *Trading:* "This was a year of tangible progress, with the group ending the year strongly and trading in line with market expectations. We have achieved record revenue, delivered on our commitment to reduce net debt and have grown our asset management, partnership housing and private housebuilding divisions. *Outlook:* "We will use the flexibility in our unique business model in the year ahead to maximise this opportunity and will adapt as needed to changing market conditions. Reducing debt continues to be the Group's primary strategic objective. Growing both our 'capital-light' asset management and partnership housing divisions will support this objective and therefore will be a focus for the group. The underlying strength of the housing market and the shortfall in new housing delivery will continue to support demand for the land we own and the homes we build. The Group is well placed to make further progress in the year ahead".

The Property Franchise Group (TPFG, 318p, £102m)

Franchised lettings and estate agent group, enlarged through 2021 acquisition of Hunters, also operating hybrid web-based EweMove platform. FY (Dec) trading update. *Guidance:* "Profit is now anticipated to be ahead of market expectations". *Trading:* Rev +119%, £24.1m (+26% LFL); sales agreed pipeline +73%, £26.5m; net debt £2.7m (YE 20, net cash £8.8m), having borrowed £12.5m to acquire Hunters. "The group achieved a strong performance in 2021 through organic growth, a very active residential housing market and the acquisition of Hunters Property. EweMove had an outstanding year as it continued to build on its brand positioning and scale. The sale of 58 new territories versus 11 in 2020 helped set a new record for the total number of territories under contract of 167. This puts the Group on track to double the size of its EweMove territories to 230 by the end of 2022". *Outlook:* "The group has made faster progress than expected with the strategic initiatives outlined in September 2020 and continues to have substantial growth opportunities. All of which is underpinned by significant recurring lettings revenue and a strong balance sheet. We continue to identify potential acquisition targets. Consequently, the Board remains confident in the long-term outlook for the business". FY results, 5 April.

Sureserve Group (SUR, 90p, £146m) – *PERL provides research services to Shore Capital on this stock*

Gas and utilities safety compliance and energy efficiency provider, primarily to social housing. Contract. The Compliance division has successfully secured a ten year gas services contract with Tower Hamlets Homes

expected to generate sales revenue of £20 million over the entirety of the contract term. Tower Hamlets Homes is an Arm's Length Management Organisation delivering housing support services to over 11,500 tenanted homes on behalf of The London Borough of Tower Hamlets.

Economic data

Mortgage lending. Approvals for house purchases increased slightly to 71,000 in December, above the 12-month average up to February 2020 of 66,700, according to the Bank of England ([link](#)). This significantly beat consensus expectations among economists of 66,000. Approvals for remortgaging (a driver of home improvement work) rose slightly to 44,900 in December. This remains low compared to the 12-month average up to February 2020 of 49,500, but is the highest since February 2020 (52,500).

Prices are as at the previous day's close.

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