

# Progressive Property & Construction Daily



10 February 2022: RDW, GLE | Recovery in house prices and demand after Stamp Duty lull - RICS

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

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## Company news

**Redrow** (RDW, 625p, £2,203m mkt cap)

Top 10 UK housebuilder. HY (Dec) results. Completions -10%, 2,749 (“due to a reduction in apartment completions due to the transition out of London, and outlet constraints in some areas of the country due to very high demand and planning delays”; rev +1.1%, £1,052m; PBT +17%, £203m; EPS +17%, 48.1p; interim div +67%, 10.0p; net assets £1,953m (£1,771m); net cash £242m (HY 21, £238m); H1 ave cash £257m (£66m). *Trading:* op margin restored to the 2019 level of 19.5%. *Outlook:* Guidance for FY 24 upgraded - rev, £2.3 - 2.4bn (previously >£2.2bn); op margin, 19.5 - 20% (c. 19.5%); EPS, ≥ 92p (≥ 90p); ROCE, 22 - 25% (>22%). Reservations +6%, £884m. “We have made a positive start to the second half and are delivering against our strategy. Build costs continue to rise and we expect cost inflation of c. 6% for the full financial year. Despite ongoing build cost inflation, the house price increases embedded in our order book mean we expect to deliver a similar operating margin for the full year”.

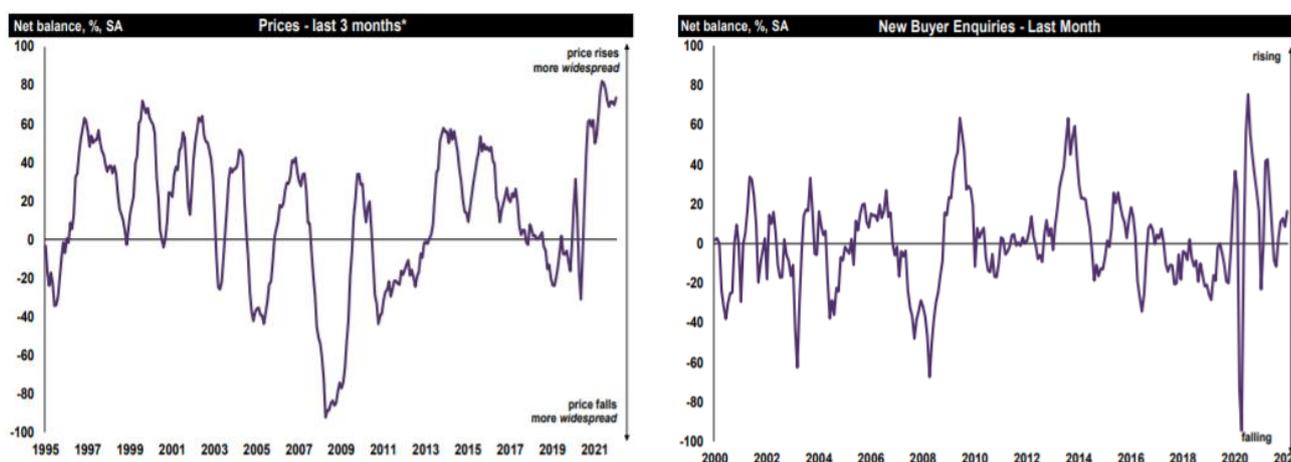
**MJ Gleeson** (GLE, 726p, £423m)

Low-cost housebuilder, focused on north of England, and strategic land enabler, focused on south. HY (Dec) results. Rev +22%, £173m; PBT +22%, £24.7m; EPS +22%, 34.4p; interim div +20%, 6p; net cash £38.2m (HY 21,

£31.6m). *Trading:* Gleeson Homes - completions +2.0%, 932 (prior year boosted by previous delays); prices +14.7%, £161.2k (12.8%, underlying rise); op profit +9.8%, £22.5m. Gleeson Land - rev +184%, £23.3m; op profit +112%, £5.5m. *Outlook:* “We expect Gleeson Homes to deliver 2,000 homes this financial year and Gleeson Land to complete further sales in the second half. Consequently, in the absence of any further Covid-19 or supply chain related disruption, the Board is confident that results for the full year will be ahead of market expectations. Demand for our much-needed affordable homes continues unabated. Meanwhile, a focus on investing in our people, organisational structure, training and processes means that the business, supported by a robust financial position, is operationally and structurally very well positioned to achieve further controlled growth. We expect to announce our next medium-term strategic targets at the time of the FY results”.

## Economic data

**Housing market.** Prices, buyer enquiries and expectations of both sales and prices rebounded in January after a modest lull in the wake of the end of the Stamp Duty holiday, according to the latest Residential Market Survey from the RICS ([link](#)). The headline price balance nudged up to +74% (below, left) while buyer enquiries rose to +16%, from +9% in December. Although remaining negative - a key driver of recent house price inflation - the index for vendor instructions, at -8% (ie further shrinkage) was the least so since April 2021. Sales volumes were steady during January, having weakened throughout much of the second half of 2021. However, the average time to finalise a sale from initial listing to completion has steadily fallen over recent months, from an average of 17 weeks in the September survey to 16 weeks in January 2022.



Prices are as at the previous day's close.

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