

Progressive Property & Construction Daily



7 September 2020: BLV, SRC, BYG; Halifax warns on house price falls after index 'beats expectations' in August

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

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Company news

Belvoir Group (BLV, 158p, £55m)

Franchised lettings-focused property agency group. HY (Jun) results. Rev +8% £9.8m (+2% organic); PBT +17%, £3.2m (+10% organic); EPS +7.3%; net debt £5.7m (HY19, £9.7m). "Overall H1 results are in line with management's pre Covid-19 expectations." *Dividends:* Interim div 3.4p (3.4p) plus additional 2.0p "as partial compensation for the suspension of the final 2019 dividend, with a view to a further catch-up payment at the time of the final 2020 dividend, dependent on prevailing circumstances". Completion in January on the acquisition of the 17-office Lovelle estate agency network, focused on sales market; in July 2020 the group entered into a strategic alliance with The Nottingham Building Society under which they transferred their estate and lettings agency activity to Belvoir. Gross profit split of 62% lettings: 15% sales: 18% financial services: 5% other; relatively unchanged reflecting continued lettings bias. *Outlook:* "Given results are on track in H1, a promising start to H2, and a strong pipeline of agreed property sales and written mortgage business, the Board is confident of meeting management's pre-Covid expectations for the full year".

SigmaRoc (SRC, 48p, £122m)

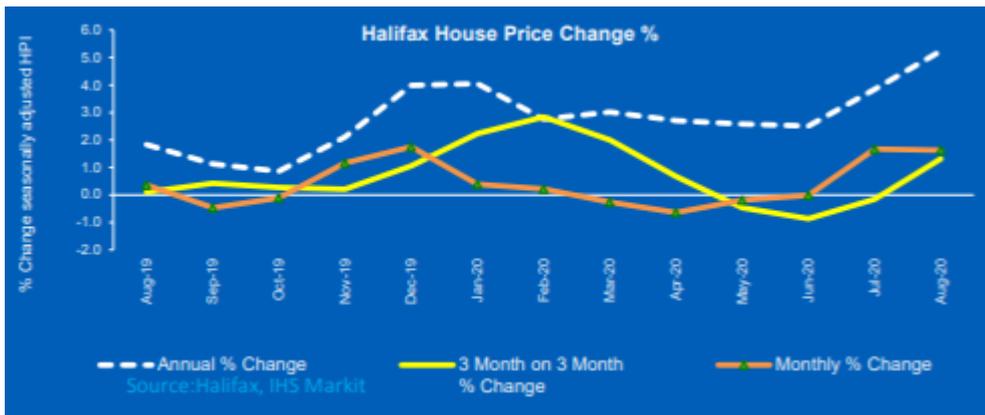
Heavy construction materials group active in the UK, Channel Islands and Benelux. HY (Jun) results. Rev +83%, £54.5m; EBITDA +91%, £10.9m; u-lying PBT +51%, £5.3m; stat. PBT +126%, £3.5m £5.3m; u-lying EPS, +1%, 1.98; interim div, Op (HY19, Op); net debt £46.5m (£23.3m). “Revenues on a pro-forma adjusted basis in line with prior year despite the impact of Covid-19”. *Current trading:* Trading for July and August was consistent with the trends seen through the half year end, with the Group's European operations witnessing normal seasonal reductions in activity in this period. Ronez continues to see an encouraging rebound in Jersey, , but with a slower return of activity in Guernsey. SigmaPPG performance remains strong with supply into a number of high-quality infrastructure projects. The recovery in South Wales has continued and the Group will look to begin implementing further efficiency initiatives in the business having acquired the outstanding 60% interest in GD Harries in August. Aggregate demand for CDH is encouraging coming out of the summer holiday period as is the residential market order book for Bluestone. Visibility over Belgian commercial and public sector Bluestone demand is more limited and so demand patterns for the fourth quarter are more challenging to predict at this stage. *Outlook:* On the basis of no further significant impacts on the Group's markets as a result of the pandemic, the Board expects the recovery trends experienced through the third quarter to be maintained over the remainder of the year. As a result and with the benefit of the GD Harries acquisition, the Board expects 2020 financial performance to reflect further significant year on year progress which could be further accelerated by a continued recovery in end-market conditions in 2021.

Big Yellow Group (BYG, 1,052p, £1,849m)

Self-storage REIT. Planning update. Resolutions secured to grant planning consents for a new 56,000 sq ft net lettable area store in North Kingston and 70,000 sq ft store in Wembley, both of which are in London. The company has now secured planning consents on eight of the thirteen proposed stores in its development pipeline. These eight stores once constructed will provide approximately 500,000 sq ft of additional capacity.

Economic data

House prices rose by 1.6% during August (+1.7% in July), taking the annualised rate of increase to 5.2%, up from +3.8% the previous month, according to the latest Halifax House Price index ([link](#)). The UK's largest mortgage lender conceded: “House prices continued to beat expectations in August”. The annual growth now stands at its strongest level since late 2016, with the average price of a property hitting a record £245,000. This is down to “a surge in market activity has driven up house prices through the post-lockdown summer period, fuelled by the release of pent-up demand, a strong desire amongst some buyers to move to bigger properties, and of course the temporary cut to stamp duty”. But the mortgage lending arm of Lloyds Banking Group cautioned: “Notwithstanding the various positive factors supporting the market in the short-term, it remains highly unlikely that this level of price inflation will be sustained. The macroeconomic picture in the UK should become clearer over the next few months as various Government support measures come to an end, and the true scale of the impact of the pandemic on the labour market becomes apparent. Rising house prices contrast with the adverse impact of the pandemic on household earnings and with most economic commentators believing that unemployment will continue to rise, we do expect greater downward pressure on house prices in the medium-term”.



In other news ...

Coronavirus outbreak stops work on **Amazon distribution centre**, Construction News ([link](#), paywall). At least 18 construction workers building a new 1.8 m sq ft Amazon distribution centre in Nottinghamshire have tested positive for coronavirus, during a local outbreak. The project has been closed for a deep clean and the contractor's employees on the job are all self-isolating. Nottinghamshire County Council is also helping to tackle the outbreak. CN understands the site is due to open later this year and this remains the case.

Viewpoint: A high profile sign of the risk of disruption caused by localised surges.

Prices are as at the previous day's close.

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