

Barratt boss says upturn in homes market could be round the corner

The boss of Britain's biggest housebuilder says new home sales are looking up despite the tough economic climate.

Chief executive David Thomas said the number of homes being reserved by buyers had continued to bounce back after struggling at the end of 2022. The Leicestershire-based builder said reservations were two-thirds of what they were last spring – but well up on where they were at the end of last year.

Mr Thomas said: “In February we reported early signs of recovery in our reservation rates following the exceptionally challenging trading conditions experienced at the end of 2022.

“Whilst the economic backdrop remains difficult, we are pleased that more positive sales rates have been maintained through this period and we are now fully forward sold for FY23.

“As a result, we expect to deliver full year adjusted profit before tax in line with current market expectations.

“We remain committed to leading our industry in quality, customer service and sustainability. We are proud to be the only major housebuilder awarded 5 stars by our customers for the 14th successive year in the Home Builders Federation awards and we remain focused on delivering the high quality and sustainable homes the country needs, creating jobs and supporting the economy.”

In a trading update Barratt said forward sales as of April 23 stood at almost £3 billion (11,525 homes), compared to £4.5

billion (16,236) a year before. As a result, the business said it was building fewer homes than a year ago.

It said: "Our business remains fundamentally strong, both operationally and financially, with an experienced leadership team, a strong net cash position and a resilient and flexible business model.

"We are, therefore, well-placed to navigate the challenges ahead. We remain focused on delivering high quality, sustainable homes and developments needed across the country and excellent service for our customers."

According to the National House Building Council (NHBC), the total number of new homes being registered to be built in the first quarter of this year fell by 40 per cent compared with the same period a year earlier.

Russ Mould, investment director at online trader AJ Bell, said Barratt was the latest UK housebuilder to hint at a recovery in the housing market.

He said: "Sales rates have picked up after an extremely difficult end to 2022, driven by the mini-Budget and the resulting surge in borrowing costs for potential purchasers.

"A muted share price reaction on its latest update should be seen in the context of strong gains last month on a read-across from other housebuilders' cautious optimism and a recent positive shift in UK property prices.

"The shares have also benefited from apparent Conservative plans floated in the media to introduce a replacement for the Help to Buy scheme.

"This could be really important as it would boost the first-time buyer market which Barratt, like others, notes is under significant pressure.

"Ultimately a healthy property market needs people to be able

to join the ladder, so Barratt will hope the proposals prove to be more than just hot air.”

Read More

Related Articles

▪



[Business patrons backing ProCon Leicestershire in 2023](#)

BusinessLive

Read More

Related Articles

▪



[Aviva supporting 1,000 new jobs with £20m investment in](#)

[low carbon home builder](#)

BusinessLive