

Britain's biggest homebuilder hoping better mortgage deals could stimulate UK housing market

Britain's biggest housebuilder said better mortgage deals could lead a recovery in the market this year.

Barratt Developments said things could start easing, after reservations dropped 57 per cent in the final months of 2022 – following the [disastrous Liz Truss/Kwasi Kwarteng mini-Budget](#) which caused a meltdown in the markets and higher interest rates.

The [Leicestershire-based housebuilder has adopted a cautious approach](#) to the year ahead despite a 16 per cent rise in pre-tax profits in the second half of 2022 to £501.6 million (compared to the second half of 2021).

Total sales for the half year were up almost a quarter at almost £2.8 billion – thanks to a “significant step-up” in the average selling price – with the average selling price of a Barratt home up 13.6 per cent to £372,000. The number of new home sales completed was up 7 per cent at 8,626.

The group – which is based in Coalville and includes Barratt Homes, David Wilson Homes and Barratt London as well as the Wilson Bowden commercial property arm – said it had seen a “modest uplift” in reservations this month, though they were still down 46 per cent lower on this time last year.

In recent months mortgage costs have gradually fallen back following actions to stabilise markets – including a new Prime Minister and Chancellor – and signs that wider interest rates may soon be peaking. Five-year fixed-rate mortgages are now

available at below 4 per cent.

Chief executive David Thomas said the “tremendous efforts” of its employees, sub-contractors and supply chain partners had helped it deliver a strong performance in the second half of 2022.

He said: “However, the economic backdrop has clearly been challenging and consumer confidence weakened significantly during the half, which meant we saw lower reservation rates for future sales – particularly in the second quarter.

“Whilst we have seen some early signs of improvement in current trading during January, we will need to see continued momentum over the coming months before we can be confident that these challenging trading conditions are easing.

“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 well-placed to navigate the challenges ahead and are focused on driving revenue whilst taking a decisive and disciplined approach to costs. As always, our priority is delivering excellent quality and service for our customers.”

Barratt said if the recovery in demand continues, it expects to deliver total home completions of between 16,500 to 17,000 in 2022-23, down from 17,908 in the previous year.

But house prices are still under pressure with figures on Tuesday showing annual growth slowed to its lowest level in three years last month.

Halifax said the average house price is now more than £12,000 below a peak seen in August last year.

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