

Grainger sees continued growth on the back of rental demand

Demand for rental properties amid the pandemic has helped boost Grainger plc's revenue and operating profit, new results show.

The Newcastle based group said it recognised that many people's dreams of home ownership had been put on hold but said it was committed to making renting "life enriching and fun". Announcing performance in the year to the end of September, Grainger said revenue was £279.2m, up from £248.9m the year before with operating profit also increasing to £122.2m from £113.8m.

Overall net rental income, across the group's private rented sector and regulated tenancy portfolio, grew by 22% to £86.3m, up from £70.6m. Further growth is anticipated in the next few years.

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With a £3.2bn operational portfolio of 9,669 rental homes and, £1.8bn build-to-rent pipeline of 6,838 homes the Grainger said it was in a resilient position for the year to come, regardless of economic uncertainty.

Helen Gordon, chief executive of Grainger, said: "I am pleased to report a very successful year for Grainger, in which we delivered record net rental income growth of 22%, driven by record occupancy, rental growth and lease up of our new schemes. Adjusted earnings for the year up 12%, EPRA NTA up 7% and dividend up 16%.

“Our £953m committed pipeline of 3,658 new build-to-rent homes is locked-in, fully-funded and de-risked with fixed construction costs, providing visibility on earnings growth for the next four years. On top of this we have the option to proceed with a further £241m of 769 homes in our secured pipeline and we have £599m in our planning and legal pipeline, comprising 2,411 homes. In total, our build-to-rent pipeline stands at £1.8bn and 6,838 new homes.

“We have a strong financial footing with a robust balance sheet. Our debt is 97% hedged with average debt maturities of six and a half years and we have no significant refinancing requirements until 2027. All of this puts Grainger in a position of strength to take advantage of the increasing demand for renting homes in the UK.

“Whilst we are mindful of the wider macro-economic environment, we are well positioned for the challenges ahead and our market benefits from positive long-term structural trends. Demand for renting continues to grow, supply remains constrained as many small landlords exit the rental market, and we benefit from a resilient customer base. The inflation-linked characteristics of our asset class, coupled with our high-quality, energy-efficient and well-located properties, scalable operating platform and unrivalled data, insight and analytics gives us confidence for our continued strong operational performance.”

Founded in 1912, Grainger is the UK’s largest listed residential landlord.

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