

Harworth Group CEO hails year of resilience – but warns of challenges ahead

The chief executive at Yorkshire land and property regenerator Harworth Group has hailed the group's progress in challenging conditions last year – but warned of tough times ahead.

The Rotherham group has posted a trading update for 2022, ahead of announcing full year results, in which it said demand had remained resilient throughout the year, with strong take-up in its investment portfolio and the completion of housebuilder land sales on attractive terms. However it said its EPRA NDV (Net Disposal Value) had been impacted by market movements and would fall towards the lower end of current market expectations.

During the year the firm completed its 332,000 sq ft development at Bardon Hill in Leicestershire, with 57% of space currently let and active discussions on remainder. Following the year end, it completed 110,000 sq ft at Gateway 36 in Barnsley, with more than a third already let and significant interest in remaining units. It also agreed terms for a 73,000 sq ft unit at the Advanced Manufacturing Park in Rotherham, to be retained in its investment portfolio after completion.

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Within housebuilding, demand coupled with the management's strategy drove growth in residential plot sales, with the potential to deliver a further 29,311 plots from its pipeline. Year end net debt was £48.4m, up from the 2021 figure of £25.7m and its available liquidity was £175.6m, up from £128m and it said it has no major refinancing requirements until

2027.

Lynda Shillaw, chief executive of Harworth, said: “We continued to make significant operational progress in the second half, delivering across all four pillars of our growth strategy, through increased levels of direct development, accelerated land sales and targeted acquisitions.

“We ended the year in a strong financial position, with low gearing and significant available liquidity. Despite resilient demand and our management actions to drive value across the portfolio, a combination of rising interest rates, inflation and wider market and political headwinds have weighed heavily on investor sentiment in the second half. This has translated into a reversal of our first half valuation gains and a marginal net decline in valuations and therefore in EPRA NDV over the year.

“Continued economic volatility means that the market backdrop for the year ahead is challenging. Uncertainty is likely to remain in our markets until interest rates reach their peak, and inflation falls back to manageable levels, creating the conditions for growth and improved investor confidence.

“Against this backdrop it is important to highlight that our focus markets of residential and industrial and logistics are drivers of economic growth and continue to have robust fundamentals, and that there remains an acute shortage of high-quality consented land.

“Harworth is a long-term through-the-cycle business, which means that we look through near-term market conditions. We control our landbank, where and when we invest, and have a highly experienced management team who are focused on execution. We are confident that our strategy is the right one to deliver long-term value to stakeholders while making progress on our Net Zero Carbon commitments, and our strong financial position, differentiated products, and the scale and

mix of our portfolio, position us well to realise the full potential of our sites.”

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