Harworth Group reports strong first half but signals 'uncertainty' in UK market

Land regeneration outfit Harworth Group says the value of its portfolio will rise above predictions for the first half of the year.

In an update to investors ahead of the Rotherham-based group's half year results, Harworth said its 2022 performance would likely be weighted to the six months to the end of June, owing to "anticipated uncertainty" in the UK market. But it said European Public Real Estate Association net disposal value – a performance measure used by group – will be ahead of analysts' consensus, which is currently around 211p per share.

The firm said it made progress on its target of reaching 800,000 sqft direct development per year, pointing to progress of schemes such as at Bardon Hill in Leicestershire and expansion of the Advanced Manufacturing Park in Rotherham. Later this year, Harworth expects planning decisions on more than 3m sqft of proposed space, including projects at Gascoigne Wood, North Yorkshire; Skelton Grange, Leeds; and Houghton Main, Barnsley.

Read more: Two of the eight shortlisted sites for Rolls-Royce nuclear reactor manufacturing are in Grimsby area

And progress was also made on a 28,990 residential plot pipeline as a £29m serviced residential land deal – the group's largest to date – was secured with Barratt and David Wilson Homes for land at Waverley capable of delivering 450 homes. Meanwhile Harworth's debt increased from £25.7m to £67.8m as net loan-to-portfolio value rose from 3.4% to 8.7%.

Lynda Shillaw, chief executive of Harworth, said: "We made significant operational and financial progress in the first half: our Grade A logistics direct development at Bardon Hill is letting well and close to practical completion, and we continue to accelerate our residential sales including the largest ever sale to date at Waverley. This has driven our EPRA NDV and means we are continuing to deliver successfully against our growth strategy supported by a robust market for our residential and industrial and logistics products.

“Harworth is particularly well-positioned within our markets: we sell serviced and therefore de-risked residential land to housebuilders, we develop industrial and logistics sites in underserved regional markets, and the scale of our portfolio and range of our products, including our newly launched single-family build-to-rent portfolio, provide significant diversification.

“We are alive to the complex geopolitical and macro-economic environment impacting economies across the world, and we remain closely attuned to their potential impact on our markets. We are cautious that the anticipated uncertainty in near-term market conditions in the UK, combined with the strong performance in the first six months of the year, mean that our 2022 results will likely be first half weighted.

“Despite this, the supply and demand factors supporting our markets have been resilient to date, our pipeline remains robust and our through the cycle investment and management actions continue to drive value across our portfolio. Our proven successful track record as a developer of large complex sites to create high-quality sustainable places, combined with our strong financial position, provide a stable platform for growth as we continue to deliver on our strategic plan to reach £1bn of EPRA NDV over the medium term.”

READ NEXT:

- **Revenues rise to £61m at Newcastle construction group**

Northern Bear despite industry challenges

- Contractor appointed to create £68m semiconductor factory in County Durham
- UK Government green light for 8GW of new offshore wind
- Revenue jumps towards £1bn at firm building £365m Co-op Live arena
- Read more commercial property news