Redrow reports strong financial year as profits return to pre-Covid levels

Housebuilder Redrow's annual profits have returned to pre-pandemic record levels. The FTSE 250 business saw a strong financial year to 3 July 2022, but cautioned over a cooling housing market amid the cost-of-living crisis.

In its financial results, the Flintshire-headquartered firm reported a 31% rise in pre-tax profits to £410m, returning to the all-time highs seen before the pandemic struck (2019: £406m).

During the year there were 5,715 house legal completions, up from 5,620 in 2021, while revenues soared 10% to £2.14bn.

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Redrow said its strong forward order book of £1.44bn has put it in an "excellent starting position for the 2023 financial year" and is "well placed" to deliver another set of strong results.

On a statutory basis, pre-tax profits fell 22% to £246m, knocked by £164 million put aside due to Redrow's pledge to address high-rise block fire safety issues across England only in the wake of the Grenfell Tower tragedy.

The company is proposing a final year dividend of 22.0p per share, making a total of 32.0p for the year.

Non-executive chairman Richard Akers said: "I am delighted to report a year of strong growth which has resulted in our underlying profits returning to the record levels achieved in 2019 prior to Covid.

“Excellent progress has been made during the year executing our strategy to grow in the regions.

“At the end of this financial year our total land holdings stood at 67,400 plots, compared with 60,100 at the end of the 2019 financial year. Although the planning system is difficult at present, this gives us a strong pipeline of new outlets to continue our growth.”

The company said the buoyant housing market has “moderated” recently, with a return to “more normal” homebuyer demand due to rocketing inflation and rapidly increasing interest rates.

It comes amid mounting signs of dampening demand in the UK property market, with lenders Halifax and Nationwide both reporting slower annual price growth in August.

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Private sale house prices rose 9% to £428,200 on average – helping more than offset surging build costs, which leapt 10% higher over the year, though Redrow said material shortages and supply woes were easing.

Matthew Pratt, group chief executive, said: “Over the last two years the market has been incredibly strong with elevated demand, partly resulting from people’s changed priorities around working from home. We are now seeing a return to a more normal market where demand is moderating to historical levels.

“We capitalised on last year’s strong market with our focus on HPI. This was possible because of our strong, differentiated product and these gains are now embedded in our forward order book.

“This provides the business with additional resilience to weather any potential deterioration in the macro-economic picture.

“The fundamentals of the market remain good. Interest rates, despite recent increases, are at historically low levels; mortgage availability is very good and employment levels are strong.

“We are well aware of the challenges of the increasing cost of living. It’s clear our quality new homes will have a growing and additional point of differentiation from the second hand market around energy efficiency.”

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