

Barratt posts record profits but adds to signs of cooling housing market

Housebuilder [Barratt](#) Developments has posted record annual figures but added to signs that Britain's property market may be cooling as it said weekly buyer reservations have fallen below pre-pandemic levels.

The UK's biggest housebuilder reported underlying pre-tax profits at an all-time high of £1.05 billion for the year to June 30, up 14.7% on the previous year on revenues up 9.5% at £5.3 billion.


But in a sign that home-buyer demand may be dampening due to rising interest rates and cost-of-living worries, Barratt revealed that weekly net private reservations per site fell to 0.6 since its year end – down from 0.82 in the year to June and below the 0.7 level seen before the pandemic.

It added that it expects house price growth to ease back over the coming months “whilst build cost inflation continues at between 9% and 10%”, which could hold back growth in profit margins.

The comments came as lender [Halifax](#) released figures showing that while house prices hit a record high of £294,260 in August, the annual rate of growth dropped to 11.5% from 11.8% in July – the lowest level in three months.

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Barratt Developments said: “Looking ahead, we recognise that significant macroeconomic uncertainties remain, most notably around inflation, energy costs and interest rates, and their impacts on UK economic growth, employment, and consumer confidence and spending.

“International incidents, notably the ongoing conflict in [Ukraine](#), could also disrupt global supply chains and further affect confidence at home.

“The board will continue to monitor and respond to changes in the market and the wider economy, but believes that our operating performance, forward order book and very strong financial position provide us with both the resilience and flexibility to react to changes in the operating environment in 2022-23 and as the market evolves thereafter.”

The group launched a £200 million share buyback programme after its full-year performance, with the first tranche of £50 million to be completed by the end of 2022.

On a reported basis, its pre-tax profits fell 20.9% to £642.3 million, largely due to a £408.2 million hit from a mounting bill to address fire safety concerns on tall buildings in the wake of the [Grenfell Tower](#) tragedy, including costs of an industry pledge on building safety.

Barratt said that despite wider economic pressures, it still expects to grow house completions to between 18,400 and 18,800 in 2022-23, up from 17,908 in the year to June.

The company added that its forward sales remain “strong”, with 55% of the group’s completions in 2022-23 already sold, although this is down from 59% a year ago.

Its forward order book stands at 14,058 homes or £3.81 billion, against £3.84 billion a year earlier.