

Persimmon slows housebuilding rate as market conditions bite

One of the country's biggest housebuilders plans to nearly halve the number of homes it releases onto the market this year as challenging market conditions are expected to cut the amount it can charge.

[Persimmon](#) said that it would build and sell between 8,000 and 9,000 homes in 2023, down from close to 15,000 the year before, which was an all-time high for the business.

The company's decision comes in a changing market where house prices are starting to fall as potential buyers are dealing with the soaring cost of living and spiking interest rates which make it more expensive for them to borrow money.

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New figures from [Nationwide](#) on Wednesday suggested that house prices dropped by their fastest annual rate since 2012 in the year to February.

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This year will be “difficult”, Persimmon said, as it announced the plans. The rate at which it sold a home slowed to a trickle in the last three months of 2022, but has recovered somewhat since the new year began.

Chief executive Dean Finch said: “The market remains uncertain. Our marketing campaign has helped improve the group’s sales rates in the new year from the lows at the end of 2022, but they still remain lower year on year.

“We have carefully managed our pricing, recognising the improved value and energy efficiency of our product in these difficult times and sales prices have proved resilient.”

He added: “The sales rates seen over the last five months mean completions will be down markedly this year and as a consequence, so will margin and profits.”

The business said that it would prepare for growth “when market conditions permit”. By next year it hopes to start expanding again. Whether that is compared with last year’s results or this year’s lower bar was unclear.

The business announced that it had seen a big drop in pre-tax profit last year as it set aside another £275 million to deal with the cost to make building safe in the wake of the Grenfell disaster.

Profit hit £731 million in 2022, down from £967 the year before. Revenue rose from £3.6 billion to £3.8 billion.

The company sold 14,868 homes, around 300 more than in 2021, at a price of £248,616 on average, up around 4.9%.