

Redrow's move into the commuter belt helps profit break records

Changing commuting patterns after Covid have helped [Redrow](#), the FTSE 250 [developer](#), take its [profit](#) past pre-pandemic levels to a new [record](#), while rising [interest rates](#) are not yet a threat to demand.

Its chief executive, Matthew Pratt, told the Standard there is “still some way to go” before the rising cost of home loans bites into the industry.

“The mortgage market is still incredibly competitive despite the fact rates are going up. Historically, the UK’s average [[interest rate](#)] is about 5%, we’ve got miles to go before we get to that.” The Bank of England has lifted base rates six times in a row to 1.75% and is expected to increase them again next week.

Matthew Pratt also said people were prepared to travel further to get into work, now that the frequency of commutes has fallen, helping demand for larger properties with more outside space. Redrow specialises in four-bedroom detached family homes.

“We took a strategic decision to move outside London and aim for commuter areas – people who were doing five day a week commutes are down to two or three days, they are prepared to go further ... instead of wanting under the hour, they’ll do an hour and a half. They still want great communications into London, but they are going further out.”

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Redrow reported underlying profit before tax of £410 million for the year to July 3, up 31% to a new record. Revenue rose 10% to just over £2 billion, also a record. Its average private sale price rose 9% to £428,000, with the average affordable housing selling price up 2% to £165,600.

The company's results statement noted signs that the housing market was "moderating", but back to more normal "historical" levels after the spike in demand which followed Covid lockdowns.

Matthew Pratt described the market of the last few years as "incredibly strong", with "multiple buyers for every block... It was not sustainable to keep on that level," he told the Standard.

Redrow's shares rose 1% to 481p.