

Taylor Wimpey reports falling sales and plans £20 million cost-cutting drive

Housebuilder [Taylor Wimpey](#) said it is buying less land and planning to cut costs by £20 million in a year as it faces a slowdown in the market.

It told investors its sales remain significantly below levels seen before a rise in mortgage rates in the last quarter, when the former chancellor's mini budget sparked turmoil in the financial markets.

It therefore expects to start the year with a lower order book than in recent years and overall volumes to reduce in 2023, the group warned.

In the second half of 2022, the firm's net reservation rate on private homes was 0.48 per outlet per week, nearly half the 0.85 homes per outlet per week recorded in the same period last year, indicating it was selling significantly less homes.

The rate of cancellations was up from 14% to 23%.

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Across the year as a whole, net private reservations fell from 0.91 homes per outlet per week in 2021 to 0.68.

It comes as rival builders [Persimmon](#) and [Barratt Developments](#) also cautioned investors this week over a slowdown in the housing market as mortgage rates have gone up and demand for new homes has weakened.

Taylor Wimpey said it has begun a consultation over cost savings after market conditions changed “at pace” in the last three months of last year and as it looks to make the group more efficient.

It would not say if any jobs will be impacted by the cost-cutting drive.

Nevertheless, the firm hailed a good performance over 2022 after implementing tighter cost scrutiny, being “highly selective” in land buying and controlling its investment for work already in progress.

It built 14,154 homes in 2022, just below the 14,302 completed in 2021, and the group said it expects its full-year operating profits to be in line with market expectations.

The group said the planning environment remains challenging, with delays and resource pressures impacting housing land supply, as is the Government’s proposed amendments to planning policy, which could further delay and reduce the supply of sites.

Jennie Daly, chief executive of Taylor Wimpey, said: “The business performed well in 2022 as our tight operational controls and price discipline led to an improved operating margin.

“Despite the economic and political backdrop through the second half, I am pleased that we expect to report full-year operating profit in line with expectations.

“As previously reported, we have acted quickly and decisively to address changing market conditions and continue our efforts to maximise efficiency.

“Despite near-term uncertainty, we remain confident that the medium to long-term fundamentals of our business remain highly attractive.”