

Hands eyes housebuilding empire with £700m Keepmoat bid

The private equity baron Guy Hands is plotting the creation of one of Britain's biggest private housebuilding empires by tabling a £700m takeover bid for Keepmoat Homes.

Sky News has learnt that Mr Hands' Terra Firma Capital Partners is behind one of several offers that Keepmoat's owners have received for the business in recent days.

City sources said on Tuesday that Terra Firma would be expected to combine Keepmoat with the operations of Kier Living, which it bought for £110m in April.



Image:

Keepmoat describes itself as the UK's seventh-biggest housebuilder Pic: KH

The combined business would create an industry powerhouse during a period of buoyant trading across the sector.

Doncaster-based Keepmoat's private equity owners – TDR Capital, which has just engineered the £6.8bn takeover of Asda, and Sun Capital, which is led by Hugh Osmond, one of the UK's best-known entrepreneurs – have [put the company up for sale](#) to take advantage of growing investor appetite for the sector.

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Although Keepmoat has received interest from several bidders, the company and its advisers are also progressing parallel plans for a stock market flotation.

City analysts were briefed on Keepmoat's performance this week, and insiders say a listing could command a valuation in excess of £800m.

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Barclays and Moelis, the investment banks, are running the so-called 'dual-track' process for the housebuilder.

Keepmoat was among the industry players which became indirectly owned by British taxpayers after the 2008 banking crisis, and was bought by TDR and Sun in 2014.



Image:

Lloyds Banking Group offloaded its stake in 2014

They bought the business from Lloyds Banking Group in 2014 after Britain's biggest high street lender had been left holding an equity stake after the financial crash.

Lloyds ended up as Britain's biggest owner of housebuilders, eventually selling companies such as Crest Nicholson, Cala and

McCarthy & Stone.

Keepmoat describes itself as the UK's seventh-biggest housebuilder as measured by the number of homes it builds each year, and says on its website that the average selling price for its homes is £161,000 – well below the current national average.

It adds that almost a third of its homes are sold to housing associations and the private rented sector, with the remainder sold to first-time buyers.

Keepmoat is run by Tim Beale, a former Crest Nicholson executive.

Terra Firma, which also owns the Ministry of Defence's residential housing supplier, Annington Homes, and Keepmoat both declined to comment.

After completing the Kier Living acquisition this year, Mr Hands said: "We are delighted to be acquiring the Kier Living business, which operates in the sweet-spot of the housing market, delivering affordably priced homes in areas with strong demand.

"Post-COVID, more and more people are thinking again about where they want to live, with a focus on having their own space, including more bedrooms and outdoor living areas.

"We believe the business, under a new, refreshed brand, has significant growth potential, and can play a critical role in delivering much-needed housing in communities across the UK."