

Barratt Developments

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Barratt Developments reports slower sales rate, lower work in progress as pent-up demand peters out

Barratt Developments PLC (LON:BDEV) said the rate of house sales and building work in progress have both slowed from the breakneck speed seen late last summer.

But with cash on the balance sheet having swelled to £1.1bn from £308m in at its year-end last June, the housebuilder said it expects to resume dividends at the time of its interim results next month.

This cash will also be used to increase investment in land and work in progress in the second half of its financial year, the FTSE 100-listed group said as it looks towards a further recovery of volumes in coming years towards its target of 20,000.

The sales rate across the six months to end-December 2020 slipped to a "more normalised level" of 0.77 per active site per week from the 0.87 rate **reported in October**, though that is up from the 0.69 a year earlier.

Following the strong sales in the first quarter as pent-up demand was released after the first national lockdowns, boosted by the stamp duty holiday and the looming deadline for the end of Help to Buy for existing homeowners, Barratt said this has "absorbed" most of its available housing stock "and has reduced our product availability for the third quarter".

"We expect a lower level of completions in our second half relative to our first half reflecting the reduced level of work in progress carried forward at December 2020 compared to June 2020 and, as a result, a greater reliance on construction activity in the half year ahead," the group added in its trading update.

Completions of 15,250 to 15,750 homes are expected for the year to end-June, compared to roughly 12,600 in the coronavirus-hit past full year and 17,900 in the previous year.

Price: 698

Market Cap: £7.11 billion

1 Year Share Price Graph



Share Information

Code: BDEV

Listing: LSE

52 week High Low
785.6 349.4

Sector: Builders and building materials

Website: www.barratthomes.co.uk

Company Synopsis:

Barratt Developments is a United Kingdom-based company engaged in housebuilding and commercial development.

action@proactiveinvestors.com

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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