

British Land

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British Land down to underperform as RBC says shift to disposals will be challenging

British Land Company PLC (LON:BLND) has been downgraded to 'underperform' from 'sector perform' by analysts at RBC, who said that while the commercial landlord's shares have "positively re-rated" through the fourth quarter of 2020, plans for a faster pace of disposals will "create challenges" going forward.

In a note on Thursday, the bank also retained its 400p target price on the FTSE 100 firm as part of a wider reassessment of the European real estate market.

READ: British Land collects 46% of retail rents as two-thirds of shops closed under lockdown

RBC forecast declines in the London office market of between 23-27% from their peak in the second quarter of 2020 through 2022, adding that there appeared to be "limited" desire among company management to acquire properties, meaning disposals were likely to dominate as firms looked to shift "largely away from non-core retail to focus more on mixed use development".

"We forecast £13.4bn of disposals (8% of current portfolios) from [firms under coverage] over the next three half years to be reported, resulting in net divestments of £6.1bn (3%), dragging on the limited growth available", RBC said.

The bank's downgrade for British Land, in particular, followed a gloomy update earlier this week in which the company said it collected less than half of retail rents for the past quarter while the latest national UK lockdowns meant only 32% of stores at its properties were open for trading in some way.

Shares in the company were up 0.6% at 455.6p in late-morning trading.

Price: 489.6

Market Cap: £4.54 billion

1 Year Share Price Graph



Share Information

Code: BLND

Listing: LSE

52 week High Low
530.4 309.4

Sector: Real Estate

Website: www.britishland.com

Company Synopsis:

The British Land Company (British Land) manages, owns, finances and develops commercial property. Its focus is on the retail and office sectors.

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