

BUSINESSHQ

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Barratt investing in Scotland as home sale volumes reach hit half year high

By Victoria Masterson



Barratt Developments chief executive David Thomas is seeing growth in Scotland and across Britain

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HOUSEBUILDER Barratt Developments said it was investing in its Scottish timber frame **business** and expected to sell around 2,000 new homes north of the border this year.

Scots chief executive David Thomas said **climate change** and the need for more sustainable housing placed Borders-based Oregon Timber Frame, which employs around 130 people, in a strong position. Barratt bought the Selkirk business last June for an undisclosed sum.

“Just since the acquisition seven months ago, we’ve been investing in the business, providing new production facilities in Selkirk and recruiting more **people**,” Thomas said. “We want to expand the Oregon business so it can support our businesses both in Scotland and England.”

Oregon was already supplying timber frame to the north of England as well as **Scotland**, Thomas added. Barratt reported its highest half year volume in 12 years, with 900 units sold in Scotland and 8,314 across its business in England, Scotland and Wales, a 9.1% rise on the same period in 2018.

Its share price rose 2.24 per cent to close at 839.4p after the company reported a 3.7% rise in pre-tax profits to £423 million for the half year to 31 December 2019, on revenues up 6.29% to almost £2.3 billion. The company, which is Britain’s biggest housebuilder, employs around 600 of its 6,500 staff in Scotland.

“We’re seeing good consumer demand, good mortgage availability and we’re also seeing customers able to access the Help to Buy programme in Scotland, and that’s helping to drive demand,” said Thomas, who hails from Glasgow but qualified as a chartered accountant in London in the mid-1980s.

Introduced by then chancellor George Osborne in March 2013, Help to Buy provides government loan **finance** and guarantees to help first time buyers onto the housing ladder. Barratt said it expected Help to Buy and its successor scheme to continue to at least 2023.

David Madden, a market analyst at online trading firm CMC Markets, said Barratt had “benefitted greatly” from the Help to Buy scheme, and had seen its share price rise more than 200% since 2013.

Despite a strong start to the second half of its year, with “substantial net cash, a well-capitalised balance sheet and strong forward sales,” Thomas cautioned on the economic outlook.

“Whilst there is increased economic and political certainty following the December 2019 General Election, we recognise that the economic

outlook in the medium term will depend on the transition and nature of the UK and EU's longer term relationship," he said, adding that Barratt's strong financial position gave it "the resilience and flexibility" to react to "potential changes" in the operating environment in 2020 and beyond.

Following the Grenfell Tower fire in 2017, which claimed 72 lives, Barratt said commitments to remove and replace cladding at older buildings incurred £17.8m in associated costs.

On climate change, the business said it was the first UK housebuilder to set a science-based target, with the aim of cutting carbon emissions in its operations by 29% by 2025.

The company is also focused on reducing carbon in its supply chain, including increasing the use of timber frame in home construction.

