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Housebuilders in demand after City backs 'Help to Buy'

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MARKET ROUND-UP

WILL we ever tire of talking about house prices? Today the City was back to one of its favourite subjects: Help to Buy and the housebuilders.

Goldman Sachs' experts ran the number on the likes of **Persimmon** and **Crest Nicholson** and decided it's still worth buying into the sector.

They noted that the "lead indicators" such as UK mortgage approvals and RICS Survey data strongly indicated a rebound in housing activity with "forward sales for UK housebuilders currently up around 50%" which is all in part "stimulated by the 'Help To Buy shared equity scheme'".

So Goldman's declared there will be a "meaningful transactions recovery from 2014" for the home makers.

Top pick for them was builder **Taylor Wimpey** which got added to the "Conviction Buy List" to join agent **Rightmove** and **Persimmon**.

Goldman's also rated **Crest Nicholson** (up 8.1p at 338.6p) and property agent **LSL** (up 6.81p at 457.31p) because both offer "leading cash returns relative to their peer groups". They also expect "strong margin expansion as a result of the recovering UK housing market".

Yesterday the second phase of the Government's Help To Buy scheme was launched and Goldman's decree sent **Persimmon** to the top of the table – up 47p to 1124p. Over on the mid-tier table the housebuilders dominated the top 10 risers with **Barratt Develop-**

ments leading up 11.6p to 320.5p. **Bellway** built up a 40p gain to 1310p and **Taylor Wimpey** jumped 3.3p to 102p. However, **Rightmove** fell 14p to 2346p.

The FTSE 100 had a third day in negative territory with the FTSE 100 down 29.91 points to 6335.92. Traders were still concerned about the US shut-down and the looming debt issues.

Alastair McCaig, market analyst at spreadbetter IG, said traders' "confidence that the US will get its act together is slowly turning into fear".

Retailer **Marks & Spencer** has faced a barrage of criticisms from analysts in the past few days but analysts at Nomura came out in favour today with a buy note and the retailer recovered 1.4p to 464.9p.

Miner **Vedanta Resources** was in a hole at the bottom of the blue-chip index and lost 47p to 1022p after a disappointing production update and Morgan Stanley analysts downgraded it to underweight. Mid-tier gold miner **Centamin** was 0.62p brighter to 45.7p after a strong quarterly production update.

Beer volumes and sales were up at brewer **Marston's**, pictured, and it improved by 5p to 146.5p.

AIM-listed **Hutchison China Med-iTech** was 35p healthier at 615p after revealing it had signed a licensing and co-development deal with Eli Lilly for its Fruquintinib oncology therapy for cancer in China.

