FOXTONS GROUP PLC

Q3 TRADING UPDATE

Thursday 29 October 2020

Foxtons Group plc (LSE: FOXT), London's leading estate agency, today issues its trading update for the third quarter ended 30 September 2020.

Business activity significantly increased in the third quarter with valuations, instructions, applicant numbers and viewings all considerably up on last year across both Lettings and Sales. The business returned to full capacity by the end of September, with no use of the Coronavirus Job Retention Scheme (CJRS) in October.

Group revenue for the period was £28.5m, down 10% on the prior year (Q3 2019: £31.7m[1]), and over the first nine months of the year was £68.9m, down 18% on the prior year (2019: £83.5m[1]).

Lettings

Revenue for the third quarter was down 8% to £19.5m (Q3 2019: £21.3m). Whilst volumes in the London lettings market over the summer months returned to close to pre-pandemic levels, average revenue per tenancy was lower due to fewer high value short-term lets and a significant reduction in the number of overseas student tenants and corporate relocations.

In September we acquired a lettings book with 140 tenancies for £0.5m, funded from existing cash balances. The acquired book will be integrated into the existing Foxtons network and is expected to be earnings enhancing from 2021. We have a good pipeline of potential lettings book targets and expect further acquisitions to complete before year-end.

Sales

Revenue for the quarter was £6.9m, down 18% (Q3 2019: £8.4m) due to depressed levels of exchanges, a hangover from the spring lockdown. However, sales activity, including the number of instructions and number of offers accepted, has been significantly higher than the same period last year, driven by pent-up demand post lockdown and Stamp Duty relief. This started to convert into revenues in September, which were up 9% on prior year.

At the end of the quarter, the sales commission pipeline, based on the value of properties 'under offer', was up around 30% on the same time last year. However, as has been widely publicised, transactions are taking longer to move through to exchange and the economic uncertainty is also driving higher than normal transaction fall-through rates.

Mortgage

Mortgage revenue was £2.2m, up 4% (Q3 2019: £2.1m) which reflects increased levels of re-mortgage activity.

Balance Sheet

At the end of the period, the Group's cash balance was £43.2m, benefitting from VAT deferral of £3.5m and lease deferrals of £3.2m, part of which will be repaid in the remainder of the financial year. The Group has no external borrowings.

Nic Budden, CEO, said:

"Foxtons has made good progress in the third quarter, during which we were able to capitalise on increased levels of market activity, driven by the decision to build back capacity soon after the lockdown ended. We have successfully re-built the sales commission pipeline to its highest level in 3 years, delivered a resilient lettings performance and progressed our lettings book acquisition strategy.

Although the London residential market has gained momentum, we remain cautious as economic uncertainty causes more sales transactions to fall through and is putting downward pressure on rents. During these uncertain conditions, the energy and commitment of our people to go the extra mile enables us to deliver exceptional customer service whilst keeping our customers and employees safe."

Foxtons will issue a pre-close trading update in January 2021 ahead of its full year results in early March 2021.

[1] Q3 and year-to-date 2019 comparatives have been restated to reflect the change in the Group's lettings commission revenue recognition policy explained in the 2019 Annual Report and Accounts. The restatement decreased Q3 and year-to-date 2019 revenue by £0.8m and £0.1m respectively.

For further information, please contact:

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