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2 April 2012

[Dear Title or Christian name]

**UK Housebuilding Sector: relative performance & comment**  
**- Q1 2012 -**

'Rust never sleeps' according to Neil Young (and the makers of WD-40) and, in Q1, a surprisingly corrosion-free UK housebuilding sector moved **out of the blue and into the black** with a rise of 25% in Q1; and at one point it was up 30% (which meant "£2 billion" of extra market value). **My, my, hey hey.**

But **there's more to the picture than meets the eye** and little actually changed, **round and round**, in the first 12 weeks of 2012 to justify such a re-rating. Okay, there were **powderfingers** and reports of higher volumes but, in general, the latter were flattered by weak comparatives in **this big green country**. And, yes, there was some Government help (eg) but, **truth be known**, a number of lenders raised the cost of their basic rate mortgages and, in March, the stamp duty holiday set **sail away**. Unemployment also continues to rise and this really is the **southern man** for housebuilders.

The volume of new housebuilding activity will rise this year - which is conspicuous when compared with other sub-sectors of UK construction. But this gain is from a very low base (**till the morning comes**).

Similarly, **on the beach**, housebuilding companies have restructuring themselves financially in robust and text book like fashion (as we have extoled before). Yet, **as time fades away**, there is too much capital employed chasing too few buyers – and call us if you need help with either. **Don't let it bring you down.**

**Peace and love**

Yours truly

Tony Williams

PS: a special prize (lunch at VATS Wine Bar) awaits the first reader to identify and email me the **15 Neil Young album names, song titles and lyrics** quoted in this missive.