

### CREDIT OPINION

18 September 2025

Update



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#### RATINGS

##### Great Places Housing Group

Domicile	United Kingdom
Long Term Rating	A3
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

#### Contacts

Maylis Chapellier +44.20.7772.1429  
AVP-Analyst  
maylis.chapellier@moody's.com

Martina Mancini +44.20.7772.1027  
Ratings Associate  
martina.mancini@moody's.com

Massimo Visconti, +39.02.9148.1124  
MBA  
Associate Managing Director  
massimo.visconti@moody's.com

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## Great Places Housing Group (UK)

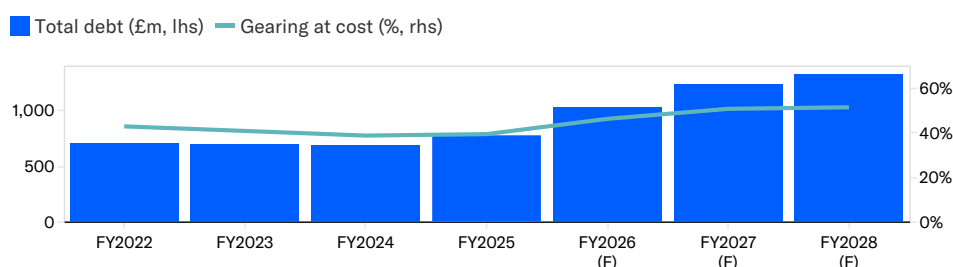
### Update to credit analysis

#### Summary

The credit profile of [Great Places Housing Group](#) (Great Places, A3 stable) reflects its strong balance sheet, its solid operating margin, an expected sharp increase in capital expenditure and its volatile exposure to market sales. Great Places' credit profile also benefits from our assessment that there is a strong likelihood that the government of the [United Kingdom](#) (UK, Aa3 stable) would act in a timely manner to prevent a default.

Exhibit 1

**Great Places' debt is expected to increase, bringing its low gearing closer to A3 peers**  
Total debt (£m, lhs), gearing at cost (% , rhs), FY2022-FY2028 (F)



[1] F: forecast

Source: Great Places and Moody's Ratings

#### Credit strengths

- » Strong balance sheet with relatively low gearing
- » Solid financial performance
- » Supportive institutional framework

#### Credit challenges

- » Increasing capital expenditure driving lower liquidity coverage
- » High exposure to market sales, weakening cash flow volatility interest cover

## Rating outlook

The stable outlook reflects Great Places' solid balance sheet and operating margin, balanced by its high development ambitions, although slightly reduced.

## Factors that could lead to an upgrade

Upward pressure on the rating could result from a significant improvement in interest covers, a material reduction in debt projections or a significant increase in government support for the sector. An upgrade of the UK government's rating could also exert positive pressure on the ratings.

## Factors that could lead to a downgrade

Downward pressure on the ratings could result from an increase in development ambitions, beyond current plans, which would further reduce interest cover ratios and covenant headrooms. A prolonged weakening in operating performance would also be negative. Lower government support for the sector or a dilution of the regulatory framework could also lead to downward pressure on the rating. A downgrade of the UK government's rating could also exert negative pressure on the rating.

## Key indicators

Exhibit 2

Great Places Housing Group							
	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26 (F)	31-Mar-27 (F)
Units under management (no.)	24,117	24,661	25,229	26,199	27,140	28,263	29,563
Operating margin, before interest (%)	25.8	25.3	23.6	25.0	23.0	25.0	26.8
Net capital expenditure as % turnover	25.1	21.9	27.4	33.2	53.3	142.1	91.4
Social housing letting interest coverage (x times)	1.0	1.1	1.1	1.3	1.2	1.0	0.9
Cash flow volatility interest coverage (x times)	1.4	1.4	1.7	0.6	0.7	0.8	1.0
Debt to revenues (x times)	5.0	4.3	4.2	4.0	4.0	4.7	4.9
Debt to assets at cost (%)	43.9	42.7	40.7	38.6	39.2	46.1	50.6

F: Forecast

Source: Great Places and Moody's Ratings

## Profile

Great Places Housing Group is a medium-sized housing association operating in the North West of England and South Yorkshire. It manages approximately 27,000 units. It focuses predominantly on low-risk social housing lettings with a high exposure to market sales.

## Detailed credit consideration

Great Places' A3 rating combines (1) a baseline credit assessment (BCA) of baa2 and (2) a strong likelihood that the UK government would act in a timely manner to prevent a default.

### Baseline credit assessment

#### Strong balance sheet with relatively low gearing

Great Places retains a strong balance sheet relative to peers, with gearing standing at 39% in fiscal 2025, well below the estimated A3-rated peer median of 52%. Great Places' gearing is expected to significantly increase to 51% by fiscal 2028, bringing it slightly above rated peers (50% the same year). The increase will be driven by a sharp rise in debt to £1.3 billion in fiscal 2028 to its fund development programme, from £774 million in fiscal 2025. While the debt increase is substantial, it follows a period of deleveraging for Great Places between fiscal 2021 and 2024. To fund its development between fiscal 2021 and 2024, Great Places used cash, surplus from fixed asset sales and high levels of capital grants.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

The strong balance sheet supports the group's sufficient headroom against its gearing covenants. However, headroom on interest cover covenant is tight, despite the removal of the EBITDA-MRI covenant (until fiscal 2031). Performance against its tightest interest cover covenant is expected to stand at 1.49x in fiscal 2027 compared to a 1.4x test.

This tight headroom is credit negative, with Great Places projecting to miss its golden rule. Great Places' golden rules stipulate that gearing should be below 55%, compared to a test at 65%, and interest cover remain above 1.5x. The weak adherence of internal rules is reflected in Great Places' *ba* score for financial management.

### **Solid financial performance**

Great Places expects its operating margin to average 27% over the next three years, from 23% in fiscal 2025. Whilst the HA continues to face increased spending on energy efficiency with its target to bring its stock to EPC-C by 2030, on safety and on stock quality with increased volumes of repairs and a commitment to tackle damp and mould, Great Places benefits from a return to CPI+1 for social housing rents. Besides, Great Places expects to build close to 1,200 units a year over fiscal 2026-30, boosting social housing lettings and market sales income. Delays on the development programme, as observed in fiscal 2024, would negatively impact its operating margin.

Great Places' social housing lettings interest coverage (SHLIC) will average 1x over the next three years from 1.2x in fiscal 2025, as interest costs increase with higher debt levels. Interest coverage ratios are supported by low interest rate risk, with 84% of its drawn debt at fixed rates as of fiscal year end 2025.

### **Supportive institutional framework**

The sector's credit quality will continue to benefit from the strong institutional framework governing English housing associations (HAs) reflected in an Operating Environment score of a3 and a Regulatory Framework score of a1. These scores are assigned at a national level and reflect the following credit considerations:

The regulator maintains strong oversight through quarterly returns, long-term business plans, annual reviews, and regular programmed inspections for HAs with more than 1,000 units. The regulator has a strong track record of intervention in cases of mismanagement or financial stress.

The operating environment for English housing associations remains supportive. Demand for social housing is very high and English housing associations retain some expenditure flexibility, with a track record of controlling costs to mitigate lower income. The UK government confirmed that rent increases within the English sector will be pegged at the September Consumer Price Index (CPI) plus 1% for the next ten years, providing more certainty to the sector.

### **Increasing capital expenditure driving lower liquidity coverage**

Great Places' capital expenditure (capex) will remain very high over the next few years, driving lower liquidity coverage and higher debt. Great Places' net capex to turnover ratio will average 91% over the next three years compared to 53% in fiscal 2025, and compared to the estimated A3-rated peer median of 46% in fiscal 2025.

The primary driver for rising capex is a planned increase in development; completions will peak near 1,600 units in fiscal 2028, up from 726 units in fiscal 2025. Whilst we note that Great Places slightly decreased its development target from previous business plan, the plan remains large (>3% of existing units per year). The development programme is weighted towards affordable and social rent, with some supported housing, representing 62% of the developed units over fiscal 2026-2030, an increased share compared to previous plan. Nonetheless, shared ownership will represent a high 35%. Only a small proportion of new units will be for outright sales (3%) and market rent (8 units, less than 1%).

Most of the capex relates to development, which means more flexibility than peers with large capital spending required on existing units due to safety concerns, a mitigant to this risk. Carbon transition risk is low for Great Places, with retrofit costs being a very low proportion of total capex. As of fiscal 2025, 85% of Great Places' social housing units were rated EPC C or higher, leaving a minority of properties to retrofit to reach EPC C at an estimated cost of £33 million by fiscal 2030.

Great Places' liquidity coverage ratio remains weak, driven by rising capex. Whilst business plan shows available liquidity weakening drastically going forward with the amount falling to £82 million in fiscal 2028 from £582 million in fiscal 2025, Great Places plan to secure additional funding this autumn, which will boost its liquidity. Great Places reports 24 months of liquidity as of June 2025.

### High exposure to market sales, weakening cash flow volatility interest cover

Market sales exposure will remain high (>20% of turnover) over the next three years. Whilst this is a risk, Great Places has a relatively solid track record of performance on its market sales, with operating margins between 8-17% over the last five years. The group expects its margin on market sales to average 11% over the next three years compared to 8% in fiscal 2025. As of end of June 2025, Great Places held 18 unsold units for more than six months, demonstrating solid demand.

Operating cash flows are expected to remain weak due to market sales cash outflows, in line with Great Places' development plan. Cash flow volatility interest cover remained low at 0.7x in fiscal 2025, from 0.6x the year before, and it is expected to average 1x over the next three years.

### Extraordinary support assumptions

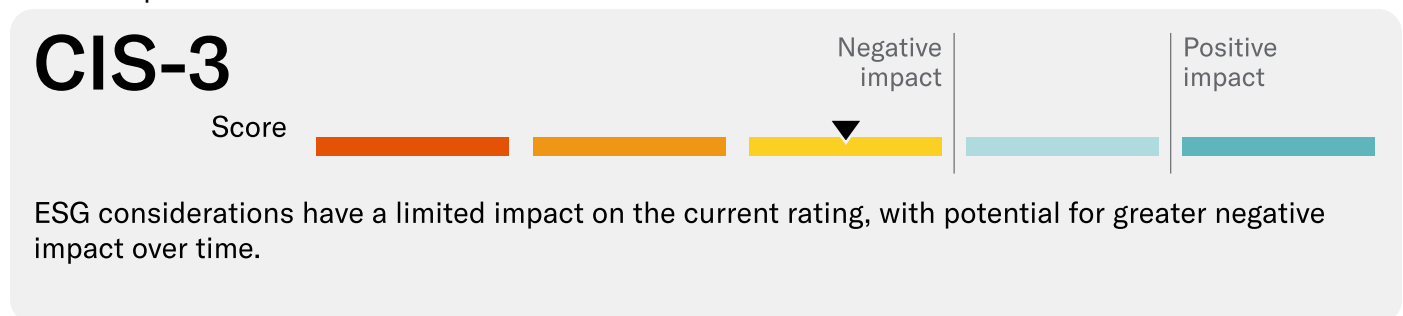
The strong level of extraordinary support factored into the ratings reflects our view of the UK government's support for the housing association sector due to its political, economic and social importance. Extraordinary support for the sector is predominantly exercised through sector regulators whose wide-ranging powers in cases of financial distress include facilitating mergers. However, this process can be protracted and is reliant on housing associations agreeing to merge, which is more challenging in a weakened operating environment, with high expenditure pressures and high borrowing costs. In addition, our assessment that there is a very high default dependence between Great Places and the UK government reflects their strong financial and operational linkages.

## ESG considerations

### Great Places Housing Group's ESG credit impact score is CIS-3

Exhibit 3

#### ESG credit impact score

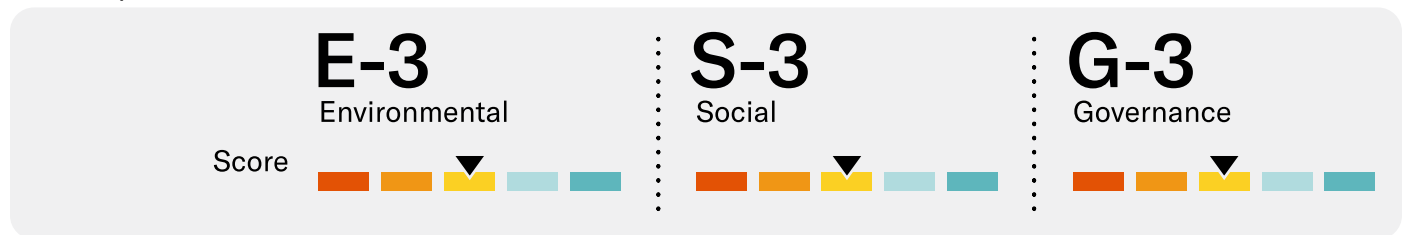


Source: Moody's Ratings

Great Places' **CIS-3** reflects our view that ESG risks have a materially negative impact on its rating. Higher risk appetite than peers will weaken credit quality. Increased spending around quality, safety and decarbonisation will weaken margins and increase financing needs.

Exhibit 4

## ESG issuer profile scores



Source: Moody's Ratings

**Environmental**

Great Places has a moderate exposure to environmental risks (**E-3**). English housing associations have the legislative requirement to improve the energy efficiency of their existing housing stock by 2030 (carbon transition risks), leading to increased expenditure.

**Social**

Great Places has a material exposure to social risks (**S-3**) through sector-wide legislative requirements to improve the safety of existing housing stock (responsible production risks) which weighs on expenditure and operating margins, and the impacts of cost of living or affordability pressures on social tenants (demographic and societal trends) which led to the UK government capping social rent increases below inflation in fiscal 2024 in England, which will also have a negative impact on margins.

**Governance**

Great Places has higher governance risks than most of the sector (**G-3**) due to somewhat weaker risk management practices including higher risk appetite in terms of development and market sales exposure and also a weaker adherence to internal rules than peers.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

## Rating methodology and scorecard factors

The assigned BCA of baa2 is the same as the scorecard-suggested BCA.

The methodologies used in this rating were [European Social Housing Providers](#) rating methodology, published in July 2024, and [Government Related Issuers](#) rating methodology, published in May 2025.

Exhibit 5

### Great Places' 2025 scorecard

Great Places Housing Group			
Baseline Credit Assessment	Sub-factor Weighting	Value	Score
<b>Factor 1: Institutional Framework</b>			
Operating Environment	10%	a	a
Regulatory Framework	10%	a	a
<b>Factor 2: Market Position</b>			
Units Under Management	10%	27,140	a
<b>Factor 3: Financial Performance</b>			
Operating Margin	5%	23.0%	baa
Social Housing Letting Interest Coverage	10%	1.2x	baa
Cash-Flow Volatility Interest Coverage	10%	0.7x	b
<b>Factor 4: Debt and Liquidity</b>			
Debt to Revenue	5%	4.0x	ba
Debt to Assets	10%	39.2%	baa
Liquidity Coverage	10%	0.7x	baa
<b>Factor 5: Management and Governance</b>			
Financial Management	10%	ba	ba
Investment and Debt Management	10%	baa	baa
<b>Scorecard - Indicated BCA Outcome</b>			<b>baa2</b>
<b>Assigned BCA</b>			<b>baa2</b>

Source: Great Places and Moody's Ratings

## Ratings

Exhibit 6

Category	Moody's Rating
<b>GREAT PLACES HOUSING GROUP</b>	
Outlook	Stable
Baseline Credit Assessment	baa2
Issuer Rating -Dom Curr	A3
Senior Secured -Dom Curr	A3

Source: Moody's Ratings

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