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Persimmon, Taylor Wimpey and Countryside top picks for Berenberg as housebuilders "open for business again" following December election

Housebuilders Persimmon PLC (LON:PSN), Taylor Wimpey PLC (LON:TW.) and Countryside Properties PLC (LON:CSP) are the top picks for analysts at Berenberg, who said that the sector was "open for business again" following December's election result and hiked target prices across the board.

"The weeks since that election result have been marked by optimistic comments from various estate agency and housing bodies, predicting a return to stronger house price growth and rebound in the UK property market", Berenberg said, adding that there was "significant scope" for the sector to re-rate further if price growth began to accelerate.

READ: Tory election victory to provide boost for housebuilders, says Canaccord, except McCarthy & Stone
 The German bank said Persimmon and Taylor offered the highest returns among their peers and were currently "sitting on sector-leading landbanks and significant net cash positions".

Analysts also said both stocks were trading at "significant to recent history, given their returns profile with high-single-digit dividend yields", and hiked Persimmon's target to 3,110p from 2,490p and Taylor Wimpey's to 230p from 190p while retaining its 'buy' rating on both.

Countryside, meanwhile, offered the highest growth potential among Berenberg's covered companies, and saw its target price hiked to 590p from 440p and retained at 'buy'.

Looking ahead, Berenberg said that the election result was "the end of the beginning, rather than the beginning of the end" and that there could be a couple of potential setbacks for the housing market as the UK negotiated its future trading relationship with the EU after Brexit.

"Our underlying expectation is for a solid mortgage market, with flat housing transactions and continued share gains by the new-build sector", analysts said.

Other companies to receive price hikes from Berenberg were Barratt Developments PLC (LON:BDEV) to 800p from 670p, Bellway PLC (LON:BWY) to 4,220p from 3,560p, Berkeley Group Holdings PLC to 3,830p from 3,480p, Crest Nicholson Holdings PLC (LON:CRST) to 370p from 300p, McCarthy & Stone PLC (LON:MCS) to 150p from 120p, MJ Gleeson PLC (LON:GLE) to 1,160p from 920p, Redrow plc (LON:RDW) to 860p from 690p and Vistry Group PLC (LON:VTY) to 1,410p from 1,220p.

In late-morning trading on Thursday, shares in Persimmon rose 0.4% to 2,732.8p while Taylor Wimpey was up 1.3% to 195.9p and Countryside ticked up 0.3% to 469.2p.

Price: 3282

Market Cap: £10.47 billion

1 Year Share Price Graph



Share Information

Code: PSN
Listing: LSE
52 week High: 3328
52 week Low: 1444.5

Sector: Real Estate
Website: corporate.persimmonhomes.com

Company Synopsis:

Persimmon is a house building company, which has been trading since 1972, and operates under three main brands, Persimmon Homes, Charles Church and Westbury Partnerships.

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