

Research Update:

# U.K.-Based Social Housing Provider Plymouth Community Homes Ltd. Outlook Revised To Stable; 'A+' Rating Affirmed

January 23, 2026

## Overview

- We expect that U.K.-based social housing provider Plymouth Community Homes Ltd. (PCH) will increase investments in existing homes resulting in weaker financials forecast for fiscal years 2026-2028 (ending March 31).
- We anticipate that lower S&P Global Ratings-adjusted EBITDA alongside debt-funded development will put pressure on PCH's credit metrics and weigh on the group's debt profile, relative to the previously very strong position.
- Therefore, we revised the outlook on the long-term issuer credit rating on PCH to stable from positive and affirmed the 'A+' long-term issuer credit rating.
- The stable outlook reflects our view that, while the group contends with pressure from higher repairs, we expect PCH to weaken from a position of strength and management will continue to adhere to prudent financial policies and contain costs to support credit metrics.

## Rating Action

On Jan. 23, 2026, S&P Global Ratings revised its outlook on the long-term issuer credit rating on U.K.-based social housing provider PCH to stable from positive. At the same time, we affirmed our 'A+' rating.

## Outlook

The stable outlook reflects our view that despite rising investments in existing stock, management's efficient cost control will contain the weakening financial performance and the increasing debt burden to levels still commensurate with the rating.

## Downside scenario

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We could lower the rating if management adopts a more aggressive growth strategy of debt-funded development and acquisitions alongside increased asset investment that leads to a material weakening of financial metrics with debt-to-nonsales EBITDA nearing 20.0x and interest cover dropping below 1.3x.

### **Upside scenario**

We could raise our rating on PCH if the group outperforms our base case and exhibits stronger financial performance while addressing its investments needs in existing stock. This could occur with higher revenue from core operations and prudent cost controls mitigating the pressure from increased investments in existing and new stock resulting in S&P Global Ratings-adjusted EBITDA margins close to 20% and debt-to-nonsales EBITDA around 10.0x on a sustained basis.

## **Rationale**

The outlook revision to stable reflects our view that large, planned investment in existing stock makes the upside scenario less probable. We think that management is utilizing operational capacity to increase repairs to address delayed spend and required investments in existing homes, which will weigh on S&P Global Ratings-adjusted EBITDA. We also expect PCH will continue to execute its growth strategy resulting in debt accumulation in line with the previous forecast; however, with weaker financial performance debt metrics will be more subdued. In our view, strong management will help to contain pressure from increased investments in new and existing homes and with other mitigating factors such as predictable earnings and strong liquidity support the rating.

### **Enterprise Profile: Underpinned by predictable earnings with limited exposure to sales risk, strong demand for services, and prudent management.**

PCH benefits from generating most of its earnings in the predictable and countercyclical English social-housing sector. We think that PCH will continue to focus on low-risk social housing activities with sales activity limited to sale of first tranche shared ownership and accounting for less than 10% of the group's adjusted operating revenue. We see strong demand for its properties, evidenced by its solid operational metrics. The group's average social- and affordable-to-market rent ratio is about 50% while the vacancy rate on homes is 0.5% on average over the past three years, which is significantly lower than the sector's. PCH is a small-to-midsize provider owning and managing just under 16,500 homes (including over 1,700 leaseholders) concentrated in and around Plymouth in Southwest England. We think that PCH retains solid presence in its area of operations, owning more than 60% of social rental units in Plymouth.

Our view of PCH's management team as prudent in its planning and budgeting supports the rating. We think that PCH will maintain conservative financial policies and consider management's ability to control costs as solid, underpinned by strong oversight of its housing assets. We think that the group's plans will be data driven, supplemented by recent stock condition surveys. We acknowledge that historically there have been delays with implementing its planned maintenance program, and we anticipate that over the forecast PCH will tackle backlog and additional investments in maintenance and energy efficiency while carrying out regeneration projects without major setbacks. In addition to increasing investments in existing homes, we also expect PCH will be able to ramp up development to support growth strategy though higher build costs will additionally weigh on metrics.

We assess the regulatory framework under which registered providers of social housing in England operate as strong (see "[Regulatory Framework Assessment: Strong For Social Housing Providers In The U.K.](#)," April 17, 2025).

**Financial Profile: Increasing investments in existing homes, alongside greater funding needs for development, will weaken debt metrics to levels that, nevertheless, will remain solid in comparison to those of peers.**

We project S&P Global Ratings-adjusted EBITDA margins will weaken to modest levels of about 15% over the forecast as PCH implements its asset investment program. We think that delays in spend partly contributed to stronger historical performance. With PCH's asset team fully staffed we expect investments in existing homes to pick up as the group addresses backlog in addition to required investments. In the current fiscal year, we have also seen an increased repairs spend on damp and mold as accelerated surveys have picked up additional instances which the group is working to promptly address. We expect investments in existing homes to stabilize at higher levels by the end of our forecast.

We think that weaker financial performance, combined with increased debt to fund development, will push debt-to-nonsales adjusted EBITDA over 10.0x and nonsales EBITDA interest coverage closer to a still solid 1.7x. Considering some delays in handovers we anticipate portfolio growth to be more prolonged, which also adversely impacts EBITDA development compared to prior expectations. We understand that PCH's ambition is to develop and grow its portfolio by 10% over the next five years. We anticipate that the group will ramp up operational capacity to deliver around 300 units annually on average by the end of our forecast. With new debt, we anticipate the cost of capital will increase modestly and overall, for debt metrics to stabilize at weaker thresholds.

PCH's liquidity position remains a credit strength. We expect liquidity sources to cover uses by about 2.6x over the next 12 months. This is based on our forecast of about £172 million liquidity sources comprising cash, undrawn and available revolving credit facilities, grant receipts, asset sales, and cash from operations (adding back the noncash cost of sales) that will cover liquidity uses of about £67 million (mainly capital expenditure, interest, and principal payments). While the level is slightly lower than historically, we expect management will arrange funding well in advance to support its growth strategy. We also assume PCH will continue to have satisfactory access to debt capital markets.

**Government-related entity analysis.**

We think there is a moderately high likelihood that PCH would receive timely extraordinary government-related support in case of financial distress. This is neutral to the rating on PCH. As one of the key goals of the Regulator of Social Housing (RSH) is to maintain lender confidence and low funding costs across the sector, we think it is likely that the RSH would step in to try and prevent a default in the sector. We base this view on previous records of the RSH mediating mergers or arranging liquidity support from other registered providers in cases of financial distress and think this would also apply to PCH.

**Key Statistics**

## Plymouth Community Homes Ltd.--Key Statistics

Mil. £	--Year end March 31--				
	2024a	2025a	2026bc	2027bc	2028bc
Number of units owned or managed	16,378	16,464	16,600	16,743	16,950
Adjusted operating revenue	82.7	91.6	90.9	96.5	100.9
Adjusted EBITDA	17.5	18.8	13.5	12.9	15.1
Non-sales adjusted EBITDA	17.1	17.8	12.8	12.0	14.1
Capital expense	39.6	33.5	41.1	64.6	61.9
Debt	125.0	144.3	157.8	181.3	211.8
Interest expense	5.2	5.9	6.2	7.1	8.5
Adjusted EBITDA/Adjusted operating revenue (%)	21.2	20.6	14.8	13.4	15.0
Debt/Non-sales adjusted EBITDA (x)	7.3	8.1	12.3	15.1	15.0
Non-sales adjusted EBITDA/interest coverage(x)	3.3	3.0	2.1	1.7	1.7

a--Actual. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario.

## Rating Component Scores

### Plymouth Community Homes Ltd.--Ratings Score Snapshot

Assessment	Score
Enterprise risk profile	2
Industry risk	2
Regulatory framework	3
Market dependencies	2
Management and Governance	2
Financial risk profile	3
Financial performance	5
Debt profile	3
Liquidity	1
Stand-alone credit profile	a+
Issuer credit rating	A+

S&P Global Ratings bases its ratings on non-profit social housing providers on the seven main rating factors listed in the table above. S&P Global Ratings' "Methodology For Rating Public And Nonprofit Social Housing Providers," published on June 1, 2021, summarizes how the seven factors are combined to derive each social housing provider's stand-alone credit profile and issuer credit rating.

## Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Governments | General: Methodology For Rating Public And Nonprofit Social Housing Providers](#), June 1, 2021
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015

- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

## Related Research

- [U.K. Autumn Budget Isn't Too Bad For Public Finance Sector](#), Dec. 1, 2025
- [Economic Outlook Europe Q1 2026: Germany's Fiscal Reawakening](#), Nov. 24, 2025,
- [Non-U.S. Social Housing Providers Ratings Risk Indicators: Largely Stable](#), Nov. 17, 2025
- [Non-U.S. Social Housing Providers Ratings History: October 2025](#), Nov. 17, 2025
- [United Kingdom](#), Oct. 13, 2025
- [Regulatory Framework And Systemic Support Assessments For Nonprofit Social Housing Providers](#), Sept. 10, 2025
- [European Housing Markets: Strong Demand And Weak Supply Will Keep Prices High](#), July 10, 2025
- [U.K. Social Housing Providers: Extra Development Grants Won't Improve Financial Headroom](#), June 26, 2025
- [U.K. Social Housing Borrowing 2025: Focused On Containing Debt](#), April 24, 2025
- [Regulatory Framework Assessment: Strong For Social Housing Providers In The U.K.](#), April 17, 2025
- [Non-U.S. Social Housing Sector Outlook 2025: Quality Maintenance Constrains Recovery](#), Jan. 14, 2025
- [U.K. Social Housing Providers' Financial Capacity Shrinks On Investment Needs](#), Nov. 4, 2024
- [Cyber Risk Brief: U.K. Public Sector Is Increasingly Under Threat](#), Oct. 24, 2024

## Ratings List

Ratings List

Ratings Affirmed; Outlook Action

	To	From
<b><a href="#">Plymouth Community Homes Ltd.</a></b>		
Issuer Credit Rating	A+/Stable/--	A+/Positive/--

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings referenced herein can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

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