

**Research Update:**

# U.K. Social Housing Provider Accent Group Ltd. 'A' Rating Affirmed; Outlook Stable

July 22, 2025

## Overview

- We expect that high investments in existing homes and improvements of IT systems will continue to inflate Accent Group Ltd.'s costs over the next three years.
- The group's financial performance will moderately improve, supported by rent increases outpacing cost inflation, but will remain subdued over the next two years.
- We project that lower adjusted EBITDA will pressure debt metrics, but secured development grant funding will help Accent to maintain moderate debt growth.
- We therefore affirmed our 'A' long-term issuer credit rating on Accent. The outlook remains stable.

## Rating Action

On July 22, 2025, S&P Global Ratings affirmed its 'A' long-term issuer credit rating on Accent Group Ltd. The outlook is stable.

At the same time, we affirmed our 'A' long-term issuer credit rating on Accent Capital PLC and our 'A' issue rating on the £350 million bond Accent Capital issued in 2019. Accent Capital was set up to issue bonds and lend proceeds to Accent Housing Ltd., and we view it as a core subsidiary of the group.

## Outlook

The stable outlook reflects our view that Accent will manage risks associated with elevated costs, supported by a steady increase in rental revenue and flexibility in its plans. This will allow for a gradual recovery in financial metrics over our forecast horizon through fiscal 2028.

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## Downside scenario

We could lower the rating on Accent if management cannot control costs, such that adjusted EBITDA weakened to structurally below 20%. This, along with an increase in debt-funded capital spending, could materially hamper the projected recovery in the group's interest coverage.

## Upside scenario

We could raise the rating if management's strategy proved to be more conservative, resulting in sustained improvement in financial indicators, outpacing our base-case expectations.

## Rationale

The affirmation reflects our expectation that Accent's management will control costs and investments, which along with Accent's steady revenue stream will support the gradual recovery in the group's financial indicators. We expect that ongoing investment in existing stock and IT systems will continue to pressure the group's financial performance over the next three years, with a strengthening toward fiscal 2028 (year ending March 31, 2028). The recovery will be driven by rent increases outpacing inflation and controlled investment growth in existing homes, underpinned by the group's solid asset quality. Additionally, Accent's development targets remain moderate, consistent with the previous year, with a steady pace of new home deliveries over our forecast period. In our view, this, combined with higher grants secured for development, will lead to a moderate buildup of debt.

## Enterprise profile: Accent's operational metrics will continue to benefit from strong demand and contained exposure to sales activities

Accent generates most of its earnings in the predictable and countercyclical social housing sector and is supported by a strong market position. We view Accent as a traditional social housing provider, with solid demand for its properties. Accent owns and manages more than 22,000 homes across north, east, and south England. We think the group's relatively low social and affordable rents, which we estimate to be just below 60% of the average market rent across its area of operations, makes its services affordable, supporting demand. This is also seen in the group's vacancy rates of about 1.3% on average over the past three audited years, which we estimate are broadly in line with sector's average.

We believe Accent's management has strong experience in the social housing sector and a good understanding of its business opportunities and challenges. In our view, elevated planned expenditures will tighten the group's financial headroom over the coming years. These costs align with the group's strategy to invest significantly in its IT transformation program and to prioritize improvements to the existing housing stock. We understand that approximately 85% of Accent's properties already meet or exceed Energy Performance Certificate (EPC) C standards, which is more favorable than many sector peers. We also consider that the group has a solid assessment of its units' condition and investment needs, helping to mitigate the risk of unexpected cost increases beyond our projections. Accent maintains moderate development ambitions, with capital program expansion supported by secured development grants, helping to offset cost pressures from investments in existing homes.

We expect that Accent's exposure to sales risk will be contained at less than one third of the group's operating revenue. The group will continue develop social and affordable homes and will not undertake open-market sales, limiting its sales activity to shared ownership.

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: Growing rental income will support Accent's financial metrics despite continued large investments

We project that Accent's substantial investments will keep financial metrics subdued over the next three years with EBITDA margins strengthening to above 20% by the end of fiscal 2028. The group's high investment in existing assets is linked to the cyclical replacement of components and the need to upgrade its housing portfolio to meet EPC C standards by 2030. Additionally, we expect Accent to continue investing in its IT infrastructure and digital platforms, which will keep costs elevated over the next three years. While these costs will continue to weigh on the group's margins, we think the group's expanding asset base and growing rental income will support the projected recovery.

We expect Accent's growing development program will result in a modest increase in debt. Despite substantial grants secured with Homes England, we anticipate that the group will need to fund part of its development program through additional borrowing. We project that Accent's adjusted EBITDA will remain under pressure relative to debt, with the debt-to-EBITDA ratio staying above 20x and interest coverage around 1.3x over the next three years.

We assess Accent's liquidity as very strong, underpinned by high levels of cash and undrawn committed facilities. By our estimate, sources of liquidity will cover uses by about 2.3x over the next 12 months. We forecast liquidity sources of just over £345 million (mainly cash and undrawn available facilities, grant receipts, and cash from operations after adding the noncash cost of sales) compared with liquidity uses of about £150 million (primarily capital expenditure, interest, and principal repayments). We continue to view Accent's access to external liquidity as satisfactory.

## Government-related entity analysis

We believe there is a moderately high likelihood that Accent would receive timely extraordinary government support in case of financial distress. This provides one notch of uplift from the 'a-' stand-alone credit profile to reach the 'A' rating. Since maintaining lender confidence and low funding costs across the sector is one of the Regulator of Social Housing's (RSH's) key goals, we think it is likely the RSH would try to prevent a default in the sector if necessary. We base this view on the RSH mediating mergers or arranging liquidity support from other registered providers in cases of financial distress and think this would apply to Accent as well.

## Key Statistics

### Accent Group Ltd.--Key statistics

(Mil. £)	--Year ended March 31--				
	2024 A	2025 E	2026 BC	2027 BC	2028 BC
Number of units owned or managed	21,602	22,053	22,543	23,072	23,323
Adjusted operating revenue	123	146	151	158	158
Adjusted EBITDA	22	26	25	31	35

**Accent Group Ltd.--Key statistics**

(Mil. £)	--Year ended March 31--				
	2024 A	2025 E	2026 BC	2027 BC	2028 BC
Non-sales adjusted EBITDA	20	23	22	28	33
Capital expense	85	129	128	117	132
Debt	499	516	554	620	687
Interest expense	17	18	19	21	24
Adjusted EBITDA/Adjusted operating revenue (%)	17.8	17.9	16.8	19.4	22.4
Debt/Non-sales adjusted EBITDA (x)	25.2	22.6	24.9	22.4	20.6
Non-sales adjusted EBITDA/interest coverage(x)	1.1	1.3	1.2	1.3	1.4

a--Actual. e--Estimate. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. N.A.--Not available.

## Rating Component Scores

**Accent Group Ltd.--Ratings Component Scores**

	Assessment
Enterprise risk profile	3
Industry risk	2
Regulatory framework	3
Market dependencies	3
Management and governance	3
Financial risk profile	4
Financial performance	4
Debt profile	5
Liquidity	2
Stand-alone credit profile	a-
Issuer credit rating	A

S&P Global Ratings bases its ratings on nonprofit social housing providers on the seven main rating factors listed in the table above. Our "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: Group Rating Methodology](#), July 1, 2019
- [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

- [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
- [Non-U.S. Social Housing Providers Ratings Risk Indicators: Stabilization At Lower Levels](#), May 12, 2025
- [Non-U.S. Social Housing Providers Ratings History: April 2025](#), May 12, 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
- [United Kingdom](#), April 14, 2025
- [European Housing Markets: Better Housing Affordability Supports Recovery](#), Jan. 27, 2025
- [Non-U.S. Social Housing Sector Outlook 2025: Quality Maintenance Constrains Recovery](#), Jan. 14, 2025
- [The Autumn Budget Kicks Off A Funding Regime Revision For U.K. Public Sector Entities](#), Nov. 5, 2024
- [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	
<a href="#">Accent Group Ltd.</a>	
<a href="#">Accent Capital PLC</a>	
Issuer Credit Rating	A/Stable/--
<a href="#">Accent Capital PLC</a>	
Senior Secured	A

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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/sourcelid/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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