

Research Update:

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

July 24, 2026

Overview

- Accent Group Ltd.'s projected results for fiscal 2026 (ended March 31, 2026) are expected to be weaker, driven largely by high responsive repairs costs. We expect that high investment in existing homes and IT infrastructure will continue to weigh on Accent's financial performance over the next three years.
- We expect EBITDA margins to recover toward 20%, supported by management's cost controls, stabilization of maintenance expenditure growth, and steady revenue streams.
- Moderate debt growth thanks to the group's contained development spending, combined with grant income, will also allow for an improvement of interest coverage toward 1.3x.
- We therefore affirmed our 'A' long-term issuer credit rating on Accent. The outlook remains stable, reflecting our expectation of financial metrics recovery.

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Rating Action

On July 24, 2026, 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's financial metrics will recover, thanks to management's cost controls, a steady increase in rental revenue, and flexibility in its plans. This will allow for a gradual recovery of adjusted EBITDA toward 20% over our forecast horizon.

Downside scenario

We could lower the rating on Accent if management cannot control costs, such that adjusted EBITDA margin doesn't recover toward 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 currently see limited upside to the rating, given the pressure on Accent's financial indicators.

Rationale

Our view of Accent's creditworthiness is supported by its operation in the anticyclical social housing sector and its focus on low-risk activities. The group maintains a sound liquidity position and consistent financial planning.

We project that Accent's high investments in existing stock and IT systems will keep financial metrics subdued, but gradually improving, over the next three years. EBITDA margins will strengthen to above 20% over the forecast period, recovering from a weak fiscal 2026 when the group faced increased costs related to a high volume of responsive repairs. We expect management's tight cost controls and a steady revenue stream from both new and existing properties, combined with the stabilization of maintenance expenditure growth, to support a gradual recovery in the group's financial indicators. Furthermore, we expect development targets to remain moderate and consistent with the previous year, with a steady pace of new homes deliveries, averaging 400 units annually. In our view, this, alongside secured development grants, will result in a moderate debt buildup and support an improvement in interest coverage toward 1.3x.

Enterprise profile: Supported by consistent management strategy and focus on traditional social housing 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 23,000 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 1.6% on average over the past three audited years, which we estimate are in line with the 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. The group maintains a solid assessment of its units' condition and investment needs, helping to keep its investment strategy in existing assets consistent. Approximately 85% of Accent's properties already meet or exceed Energy Performance Certificate (EPC) C standards, which is better than many sector peers; and exposure to fire safety costs is limited. However, the group continues to invest significantly in its IT transformation program and improvements to the existing housing stock. In our view, these costs will remain elevated and will continue to constrain the group's financial headroom over the coming years. Accent maintains moderate development ambitions, following a scaled plan from two years ago that prioritizes investments in existing assets. The capital program expansion is also supported by government development grants, decreasing borrowing needs somewhat.

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

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 allow a recovery in Accent's financial metrics, despite continued large investments

We expect EBITDA margins to strengthen to above 20% by the end of fiscal 2029, recovering from the weaker levels seen in fiscal 2026 when the group carried out higher responsive repairs and incurred some one-off costs, however, Accent's substantial investments will constrain financial metrics. Although we expect some of the maintenance expenditure to phase out, high investment in existing assets will persist. This includes the cyclical replacement of components and the necessary upgrades to the housing portfolio to meet EPC C standards by 2030. Additionally, the group's ongoing investment in IT infrastructure and digital platforms will keep costs elevated. While this will continue to weigh on margins, we think the group's expanding asset base and growing rental income will support our projected recovery.

We expect Accent's growing development program will result in a modest increase in debt. We anticipate that the group will need to fund part of its development program--which averages £130 million annually--through additional borrowing supplementing the grants secured from Homes England. We project that Accent's adjusted EBITDA will remain under pressure relative to debt, with the debt-to-EBITDA ratio recovering to 22x and interest coverage toward 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 2.4x over the next 12 months. We forecast liquidity sources of just over £385 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 £160 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--				
	2025 A	2026 E	2027 BC	2028 BC	2029 BC
Number of units owned or managed	22,924	23,339	23,896	24,424	24,610
Adjusted operating revenue	146	151	160	169	165
Adjusted EBITDA	26	23	27	31	36
Non-sales adjusted EBITDA	23	21	26	30	35
Capital expense	119	108	133	139	122
Debt	516	592	643	690	757
Interest expense	18	20	21	24	27
Adjusted EBITDA/Adjusted operating revenue (%)	17.9	15.0	17.0	18.3	21.7
Debt/Non-sales adjusted EBITDA (x)	22.6	27.9	25.0	23.3	21.5
Non-sales adjusted EBITDA/interest coverage(x)	1.2	1.1	1.2	1.2	1.3

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

- [Non-U.S. Social Housing Providers Ratings Risk Indicators: Ratings Hold Steady Despite Negative Bias](#), April 27, 2026
- [Non-U.S. Social Housing Providers Ratings History: March 2026](#), April 27, 2026
- [United Kingdom 'AA/A-1+' Ratings Affirmed; Outlook Stable](#), April 10, 2026
- [Economic Outlook Europe Q3 2026: Energy Shock Rekindles Stagflation Risks](#), June 24, 2026
- [Regulatory Framework And Systemic Support Assessments For Nonprofit Social Housing Providers](#), Sept. 10, 2025
- [European Housing Markets: Structural Pressures Persist, Forecasts Barely Shift](#), Feb. 3, 2026
- [U.K. Social Housing Providers: Extra Development Grants Won't Improve Financial Headroom](#), June 26, 2025
- [Regulatory Framework Assessment: Strong For Social Housing Providers In The U.K.](#), April 17, 2025
- [Non-U.S. Social Housing Sector Outlook 2026: Headwinds Ease](#), Feb. 2, 2026
- [U.K. Autumn Budget Isn't Too Bad For Public Finance Sector](#), Dec. 1, 2025
- [Cyber Risk Brief: U.K. Public Sector Is Increasingly Under Threat](#), Oct. 24, 2024

Ratings List

Ratings List	
Ratings Affirmed	
Accent Group Ltd.	
Accent Capital PLC	
Issuer Credit Rating	A/Stable/--
Accent Capital PLC	
Senior Secured	A

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