

VIVID Housing Limited

July 24, 2026

This report does not constitute a rating action.

Credit Highlights

Overview

Enterprise profile	Financial profile
Very strong management and governance policies, offsetting relatively high exposure to sales risk.	Relatively strong financial indicators, despite high investments in existing homes and debt-funded development.
Prudent financial policies, cost controls, asset quality, and flexible development plans underpin our strong view of management.	Cost containment, solid stock quality with relatively stable investments in existing homes, and continued growth of rental portfolio support strong financial performance.
Demand for properties remains strong, evidenced by solid operational metrics.	Debt metrics stay relatively stable as VIVID continues its debt-funded development program.
Relatively large exposure to sales risk, with about one-third of operating income stemming from the development of homes that are sold on the open market, constraining the rating.	Liquidity position remains strong in our view.

VIVID Housing Limited (VIVID) showed stronger-than-expected financial performance over fiscal year ending March 31, 2026 that we do not project to be sustained over our forecast through fiscal 2029. We attribute stronger financial performance to lower-than-anticipated investments in existing homes and development of outright sales units. We understand that some sustainability works took longer to get on site than anticipated over fiscal 2026. VIVID is positioning to catch up and increase spending to previously expected levels. To mitigate potential execution risks and resourcing constraints, management has integrated its sustainability team in the property function. Besides investments in existing homes increasing over the forecast relative to last year, we also expect sales activity to pick up over the medium term. Reduced exposure to lower-margin sales activity due to planning and infrastructure delays supported margin improvement in fiscal 2026. However, we understand sales remain a part of VIVID's strategy to support development of new social rented homes. As sales activity resumes closer to historical levels, we expect VIVID will maintain solid financial performance through cost containment and relatively stable investments in existing homes after catch-up in fiscal 2027. Furthermore, we expect improvement in performance will mitigate the negative effect of the group's projected debt increase such that VIVID's debt metrics will remain solid over our forecast horizon.

Primary Contact

Colleen Sheridan
London
44-20-7176-0561
colleen.sheridan
@spglobal.com

Secondary Contact

Julien Bernu
London
442071767137
Julien.Bernu
@spglobal.com

Analytical Group Contact

Sovereign and IPF EMEA
SOVIPF
@spglobal.com

Outlook

The stable outlook reflects our view that a steady increase in rental revenue and relatively stable investments in existing homes will mitigate the effect of cost pressures on VIVID's financial performance. We expect the expansion of EBITDA to support stable to gradually improving debt metrics despite continued debt-funded development.

Downside scenario

We could lower the rating on VIVID if cost inflation or higher-than-expected investments in existing homes reduce the group's adjusted EBITDA margin, or if management deviates from its strategy such that new home developments increase significantly above our current expectations, leading to an even higher exposure to sales risk or the need to raise more debt. We could also lower the rating if we assess that the likelihood of support from the U.K. government, via the Regulator of Social Housing (RSH), reduces.

Upside scenario

We could raise the rating on VIVID if its exposure to sales risk reduced. In combination with the prudent control of operating costs and investments in existing homes, this could result in materially stronger adjusted EBITDA margins. We could also consider an upgrade if VIVID's debt metrics strengthen, all else being equal.

Rationale

Enterprise profile: Very strong management and solid operational metrics mitigate relatively high exposure to sales risk

VIVID generates most of its earnings from the predictable and countercyclical social housing sector. The group owns and manages about 38,600 homes in southeast England, which is relatively affluent compared with the rest of the country. Demand for VIVID's properties remains strong, evidenced by solid operational metrics. The group's average social and affordable rents are relatively low, at roughly 50% of the average market rent in the region. VIVID's vacancy rates remain just below the sector average, though still considered at par with peers, and averaged 1.0% over the past three audited years.

Our very strong view of VIVID's management supports the rating as risk appetite for sales is offset by conservative financial policies, cost controls, and flexibility in plans to balance investments. Even though about one third of the group's adjusted operating revenue stems from the initial sale of shared ownership and outright sales units, we continue to project a strong adjusted EBITDA margin, underpinned by the group's solid management of sales risk. We also consider that management is investing in internal systems to contain costs and reduce repairs turnaround to support financial metrics. Furthermore, we think VIVID's high-quality stock helps to contain pressure and support strong financial performance. More than 92% of the group's stock has obtained an energy performance certification of C or above. We acknowledge that investments in existing homes remain high and that VIVID continues to pursue debt-funded development. However, we believe management maintains flexibility in VIVID's investment and development program to contain pressure on metrics if needed.

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.",](#) published April 17, 2025, on RatingsDirect).

Financial profile: Strong amid high investments in existing homes and new homes

We forecast VIVID's adjusted EBITDA margins will remain a strength to the rating; however, we expect level to moderate as VIVID continues to invest in existing homes and pursue sales activity. We consider the group to have a solid operating model, leveraging scale and in-house repairs to sustain margins. We expect VIVID's investments in existing homes will increase more substantially in fiscal 2027 to catch up on investments closer to historical levels and grow incrementally thereafter to maintain quality. We believe VIVID will benefit from rental increases beyond inflation, uplift from new units, and actions to contain costs which will keep margins comfortably above 30%. However, we do not anticipate margins to exceed 40% as performance is constrained by lower-margin sales activity.

We continue to view VIVID's debt metrics as solid and supportive of rating stability. We project debt to increase to fund the development of new homes as the group targets to increase its portfolio by approximately 1,500 new units annually. We consider that VIVID has submitted a bid for the Social and Affordable Homes Program (SAHP) 2026 to 2036 so the development program is subject to change depending on the outcome; however, we do not expect any material shift as part of our base case. We also believe VIVID will remain open to stock acquisitions that are value for money and within the group's existing geography, which would be in addition to development activity if pursued. We forecast debt-to-non-sales adjusted EBITDA to improve over our forecast period as the expansion of non-sales EBITDA offsets higher debt. Although VIVID has recently been successful in negotiating lower pricing with lenders, funding costs remain high, therefore we do not project a material improvement in interest cover. We expect management to continue to manage exposure to floating rate debt through hedging and to maintain interest cover of around 1.3x, in line with 'A' rated peers.

We assess VIVID's liquidity position as strong, with existing liquidity sources covering uses by about 1.5x over the next 12 months. This is based on our forecast of liquidity sources of about £950 million, which mainly include cash and undrawn available facilities, cash from operations (adding back the noncash cost of sales), and proceeds from asset sales and grant funding. Liquidity uses amount to almost £640 million and primarily include capex, as well as interest and principal payments. We also consider that VIVID has satisfactory access to external liquidity.

Government-related entity analysis

We believe there is a moderately high likelihood that VIVID would receive timely extraordinary government support in case of financial distress. This leads to a one-notch uplift from the 'a-' stand-alone credit profile. Since the RSH's key goals include maintaining lender confidence and keeping funding costs low across the social housing sector, we consider it likely that the RSH would step in to prevent a default in the sector. We base this view on previous instances when the RSH mediated mergers or arranged liquidity support from other registered social housing providers in cases of financial distress, and we think this would also apply to VIVID.

Key Statistics

VIVID Housing Limited--Key Statistics

	--Year ended March 31--				
	2025a	2026e	2027bc	2028bc	2029bc
Number of units owned or managed	37,290	38,643	40,377	41,492	42,575
Mil. £					
Adjusted operating revenue	400.9	381.6	407.0	488.5	504.8

VIVID Housing Limited--Key Statistics

Adjusted EBITDA	129.6	148.6	153.5	176.4	187.6
Non-sales adjusted EBITDA	110.1	138.8	145.5	161.3	172.9
Capital expense	329.4	200.0	512.2	420.0	356.3
Debt	2,115.6	2,240.0	2,546.0	2,750.1	2,899.6
Interest expenses	86.1	96.0	108.7	120.3	129.0
Adjusted EBITDA/ adjusted operating revenue (%)	32.3	38.9	37.7	36.1	37.2
Debt/ non-sales adjusted EBITDA (x)	19.2	16.1	17.5	17.0	16.8
Non-sales adjusted EBITDA/ interest coverage (x)	1.3	1.4	1.3	1.3	1.3

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

Adjusted--S&P Global Ratings adjusted.

Rating Component Scores

VIVID Housing Limited--Ratings Score Snapshot

Assessment	Score
Enterprise risk profile	3
Industry risk	3
Regulatory framework	3
Market dependencies	3
Management and Governance	2
Financial risk profile	3
Financial performance	3
Debt profile	4
Liquidity	3
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: 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

- [Economic Outlook Europe Q3 2026: Energy Shock Rekindles Stagflation Risks](#), June 24, 2026
- [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
- [U.K. Social Housing Brief: The Middle East War Weighs Only Modestly On Financial Recovery](#), April 2, 2026
- [European Housing Markets: Structural Pressures Persist, Forecasts Barely Shift](#), Feb. 3, 2026
- [Regulatory Framework And Systemic Support Assessments For Nonprofit Social Housing Providers](#), Sept. 10, 2025
- [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 Detail (as of July 24, 2026)*

<u>Vivid Housing Ltd.</u>	
Issuer Credit Rating	A/Stable/--
Issuer Credit Ratings History	
07-Oct-2022	A/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings’ credit ratings on the global scale are comparable across countries. S&P Global Ratings’ credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Copyright © 2026 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.