

Research Update:

U.K. Social Housing Provider Metropolitan Thames Valley Housing 'A-' Rating Affirmed; Outlook Stable

January 29, 2026

Overview

- We project that Metropolitan Housing Trust (MHT; trading name: Metropolitan Thames Valley Housing (MTVH)) will increase investments in existing homes, following the group's updated strategy to focus on asset quality.
- To allow for these investments, the management is taking efforts to implement cost efficiencies, together with securing grants.
- We understand that management is committed to keeping the key financial metrics sustainable and will only increase investments if the efficiency savings are achieved.
- We therefore affirmed our 'A-' long-term issuer credit rating on MTVH and maintained the stable outlook.

Primary Contact

Natalia Legeeva
London
44-20-7176-0618
natalia.legeeva
@spglobal.com

Secondary Contact

Noa Fux
London
44-20-7176-0730
noa.fux
@spglobal.com

Rating Action

On Jan. 29, 2026, S&P Global Ratings affirmed its 'A-' long-term issuer credit rating on Metropolitan Housing Trust (MHT), which operates under the name Metropolitan Thames Valley Housing (MTVH). The outlook is stable. We also affirmed our 'A-' rating on MHT's £2 billion senior secured and unsecured medium-term notes program, as well as the £250 million senior secured bond.

Simultaneously, we affirmed our 'A-' long-term issuer credit rating on Thames Valley Housing Association. We consider TVHA to be a core subsidiary of MTVH. The outlook is stable.

Moreover, we affirmed our issue rating on Metropolitan Funding PLC's £250 million senior secured bond at 'A-'. Metropolitan Funding PLC is 100% owned subsidiary of MHT, established solely for the purpose of issuing bonds and lending the proceeds to the group. We therefore continue to view it as a core subsidiary of the group.

Outlook

The stable outlook reflects our view that MTVH will be able to manage risks associated with increase of its investment program in existing stock through successful cost efficiencies and grant negotiations, while maintaining a contained development program.

Downside scenario

We could lower the rating if management's plan to deliver cost efficiencies proves insufficient to support its ambition to increase investment in existing stock, or if the group increases its debt-funded development of new homes to an extent that we think would weaken the group's financial metrics.

We could also lower the rating if we were to revise downward our view of the likelihood of extraordinary support to MTVH from the U.K. government in the event of financial distress.

Upside scenario

We would consider an upgrade if management's actions and improvements in the operating environment result in substantially better credit metrics than our current expectations on a sustained basis.

Rationale

The rating affirmation reflects our view that MTVH's credit metrics will remain relatively modest but stable, despite the group's significant investment program in existing homes. Our projections are underpinned by our expectation that management will remain strongly committed to delivering its cost-efficiency plan and will not proceed with higher investment unless these efficiencies are achieved. The group has also taken steps to secure external funding for its investment program. We also expect rents to grow faster than cost inflation over our three-year forecast horizon, further supporting MTVH's financial performance. In addition, we expect MTVH's development aspiration to remain contained to balance its investment in existing homes.

Enterprise profile: Supported by a large asset base, affordability levels, and contained sales risk

MTVH's affordability levels in its main areas of operations and its large stock support our view of its creditworthiness. The group owns and manages about 57,000 units, and we consider its substantial size and geographic footprint in the U.K. enable it to achieve economies of scale in its operations. The majority of MTVH's stock, 75%, is in and around London, which benefits from higher demand and market rent compared with the national average. On average, we assume the group's social and affordable rent levels are about half of the prevailing market rents. We consider that the group's vacancy rates over the past three years--of 1.7% of rent receivable and service charges--remain broadly in line with the sector average.

We consider MTVH's management remains focused on delivering its plans and meeting its operational and financial targets. The updated strategy prioritizes maintaining sustainable financial metrics, while using cost efficiencies to support increased investment in existing stock. The management continues to demonstrate prudent planning and cost control, including pursuing grant funding and negotiating additional external financing to support investment in existing homes. However, we note that a large program of investments in the housing stock carries risks of cost overspend and therefore constrains the group's financial flexibility.

We expect the group's sales exposure will be largely contained to first-tranche sales of shared ownership units, while open market sales will be delivered through joint ventures (JVs). We project the group's revenue from sales activities, including from JVs, will be contained below one-third of its total S&P Global Ratings-adjusted operating revenue over the coming years.

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: Underpinned by modest but stable financial metrics

Despite the increase in the investment program, we expect adjusted EBITDA margins to remain slightly above 20% over the coming three years. Our projections are based on our expectation that MTVH will leverage cost efficiencies and utilize grants to fund investments in existing homes, while rent growth will outpace cost inflation in the coming years. We acknowledge that MTVH already has a material fire and safety program, which is progressing well, and that the projected increase in investment will primarily address cyclical replacements and energy efficiencies. We believe that the overall size of the investment program is significant, and it will weigh on financial performance over the coming years.

We project the group's debt metrics will remain very weak, at a similar level to our previous forecast. Despite grant funding from the group's partnerships with Homes England and the Greater London Authority, as well as proceeds from the sale of fixed assets, we expect MTVH will still need to secure new borrowing to fund its development program. A steady and modest improvement in adjusted nonsales EBITDA will support our expectation of stable debt metrics, despite the moderate debt build-up.

We view MTVH's liquidity as very strong. This is based on our expectation that the group's sources of liquidity will cover uses by about 1.7x over the next 12 months, and our view that it has satisfactory access to external liquidity. We forecast liquidity sources of about £890 million, mainly from cash generated by operations after adding back the noncash cost of sales, as well as cash and undrawn available facilities, grant receipts, and proceeds from fixed asset sales. This contrasts with liquidity uses of about £515 million, which are primarily for capital expenditure, interest, and principal repayments.

Government-related entity analysis

We think there is a moderately high likelihood that MTVH would receive timely extraordinary government-related support in the event of financial distress. This provides a two-notch uplift from the stand-alone credit profile. Since one of the Regulator of Social Housing (RSH)'s key goals 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 to 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 MTVH.

Key Statistics

Metropolitan Thames Valley Housing--Key statistics

(Mil. £)	--Year ended March 31--				
	2024 a	2025 a	2026 bc	2027 bc	2028 bc
Number of units owned or managed	56,614	56,694	57,703	58,183	58,903

Metropolitan Thames Valley Housing--Key statistics

(Mil. £)	--Year ended March 31--				
	2024 a	2025 a	2026 bc	2027 bc	2028 bc
Adjusted operating revenue	415	450	454	507	554
Adjusted EBITDA	17	84	93	116	127
Non-sales adjusted EBITDA	12	73	85	103	109
Capital expense	273	396	366	349	429
Debt	1,919	2,217	2,469	2,621	2,899
Interest expense	93	100	105	114	125
Adjusted EBITDA/Adjusted operating revenue (%)	4.0	18.6	20.6	22.9	23.0
Debt/Non-sales adjusted EBITDA (x)	155.1	30.2	28.9	25.5	26.5
Non-sales adjusted EBITDA/interest coverage(x)	0.1	0.7	0.8	0.9	0.9

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

Metropolitan Thames Valley Housing--Ratings score snapshot

	Assessment
Enterprise risk profile	3
Industry risk	2
Regulatory framework	3
Market dependencies	2
Management and governance	3
Financial risk profile	4
Financial performance	4
Debt profile	6
Liquidity	2
Stand-alone credit profile	bbb
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

- [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	
Metropolitan Housing Trust Ltd.	
Thames Valley Housing Association	
Issuer Credit Rating	A-/Stable/--
Metropolitan Housing Trust Ltd.	
Metropolitan Funding PLC	
Senior Secured	A-

U.K. Social Housing Provider Metropolitan Thames Valley Housing 'A-' Rating Affirmed; Outlook Stable

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. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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