COMMUNITY INFRASTRUCTURE LEVY

LAND AND PROPERTY VALUE APPRAISAL STUDY

AS PART OF EVIDENCE BASE

FOR AND ON BEHALF OF
HASTINGS BOROUGH COUNCIL

REPORT PREPARED BY
heb CHARTERED SURVEYORS
17 THE ROPEWALK
NOTTINGHAM
NG1 5DU

Royal Institution of Chartered Surveyors
Registered Valuers

3 JUNE 2013

CONTENTS

<u>Appendices</u>

TERMS OF REFERENCE

As part of our instruction to provide valuation advice and assistance to Hastings Borough Council in respect of possible Community Infrastructure Levy adoption, we are instructed to prepare a report identifying typical land and property values for geographical locations within the Borough.

These typical land and sale prices are to reflect 'new build' accommodation and test categories have been broken down into land use types reflecting the broad divisions of the use classes order reflecting common development land use types specifically:-

1) Residential (C3 houses)
2) Residential (C3 apartments)
3) Other residential institutions (C1, C2)
4) Food retail (supermarkets)
5) General retail (A1, A2, A3, A4, A5)
6) Offices (B1a Cat A fit out)
7) Industrial (B1, B/C, B2, B8)
8) Institutional and community use (D1)
9) Leisure (D2, including casinos)
10) Agricultural
11) Sui Generis (see later notes)

It should be noted that although food supermarket retail falls under an A1 use, we have specifically assessed it as a separate category since it generally commands a much higher value than other retail categories. We have provided valuation guidance, however it is up to each Authority to decide whether they wish to adopt a separate charging category for this use, or adopt a general retail charge, more reflective of all retail uses.

The purpose of this value appraisal study is to provide Stage 1 of the Authority's Evidence Base in support of the preparation of the Community Infrastructure preliminary draft charging schedule.

We have assessed evidence from across the administrative area to consider whether separate value zones may be appropriate, or whether a single charging zone can be applied.

The report also provides evidence to justify whether a fixed rate or variable (by use type) rate charging scheme is appropriate within the Borough.

AN INTRODUCTION TO CIL

The Community Infrastructure Levy (CIL) is a charge which local authorities in England and Wales can apply to new development in their area. CIL charges will be based on the size, type and location of the development proposed. The money raised will be used to pay for strategic and other infrastructure required to support growth.

Authorities wishing to charge CIL are required to produce a CIL charging schedule that sets out the rates that will be applied. This must be based on evidence of need for infrastructure and an assessment of the impact of CIL on the economic viability of development. If an Infrastructure Delivery Plan is in place, it will provide the underlying evidence for establishing a CIL system but it is not essential.

For many Authorities it is likely that much of the required infrastructure will still be provided by planning obligations under Section 106 Agreement. However the use of planning obligations will be severely restricted once CIL has been adopted and in any event by April 2014.

CIL is intended to contribute to the Infrastructure intended to support new development as part of the Authority's development strategy. Relevant infrastructure might include:-

- Highways and Transport Improvements;
- Educational Facilities;
- Health Centres;
- Community Facilities & Libraries;
- Sports Facilities;
- Flood Defences; and
- Green Infrastructure

CIL may be used in conjunction with planning obligation contributions to make up an identified funding deficit. CIL cannot currently be used to fund affordable housing.

THE EVIDENCE BASE

The CIL Guidance advises that a charging authority must provide evidence on economic viability and infrastructure planning as background for examination. The legislation (Sec 212 (4) B) of the 2008 Planning Act requires that '*appropriate available evidence'* must inform a draft charging schedule.

It is up to each individual charging authority to determine what evidence is appropriate to demonstrate they have struck an appropriate balance between infrastructure funding and the potential effect of CIL on economic viability development within the Borough. A report commissioned from Royal Institution of Chartered Surveyors (RICS) Registered Valuers (as in this instance) is generally deemed appropriate.

Our evidence takes an area based view, by a broad sample of value to establish a fair 'tone' for the Borough.

The April 2013 CIL Guidance recommends that standard valuation models should be used to inform viability evidence.

Where differential rates of CIL are proposed (rather than a flat fixed rate) then Guidance advises that market sector sampling will be required to justify the boundaries of charging zones and the rates of different categories of development.

The Guidance also confirms that the an Authority may adopt a pragmatic approach when assessing value evidence, and that adopted value judgments need not necessarily exactly mirror available evidence.

The purpose of this report is to provide a bespoke valuation Evidence Base, specifically for the implementation of the Hastings Borough Council CIL regime. Whilst it is possible to assemble an evidence base from many different (and in some instances existing) information sources, we believe there is an inherent danger in this approach. The underlying assumptions for valuation or costs assessment in each data source may be different and a 'mix and match' approach may be flawed when comparable evidence is scrutinised.

We consider our approach herein to be far reaching and sufficiently robust to be defensible at a CIL Examination (as evidenced by previous Inspector approval elsewhere).

The valuation evidence obtained to produce this report takes the form of an area wide approach as recommended by the guidance, and allows for economic viability of development to be considered as a whole, whereby all categories of development have been assessed. Land and property valuation evidence has been assembled for the following categories:-

- Residential(C3) – land values per hectare, and development value based on dwelling type.

- Commercial – land values per hectare and completed development values in the following categories:-

Food Retail (supermarket)
General Retail (A1, A2, A3, A4, A5)
Industrial (B1, B, B1c, B2, B8)
Hotels (C1)
Institutional and Community (D1)
Offices (B1a)
Residential Institutions (C2)
Leisure (D2)
Agricultural
Sui Generis (sample based on Hastings Borough Council recent planning history)

Valuation methodology has consisted primarily of collecting recent comparable transactions within all of the identified development categories prior to full analysis (more fully outlined under 'Procedure and Methodology').

Where evidence may be unavailable, for example new build stock, more unusual use classes and especially within certain locations, reasoned valuation assumptions have been taken.

The key to our approach is to assess at what value land and property may reasonably come forward rather than simply following a quasi-scientific residual method which may not fully reflect the real world realities of a functioning property market. Where appropriate, residual valuations have been undertaken to incorporate and verify figures.

In accordance with the CIL guidance, the evidence has been tabulated and presented in a manner to inform our logical approach to the Hastings Borough Council CIL, whereby we have identified sufficient evidence to justify under the CIL regulations the adoption of a variable rate system.

It should be noted that there will inevitably be scope for anomalies to be identified within the charging area. This is to be expected (and is allowable under the CIL guidance). The values identified herein provide a fair and reasonable 'tone' across the Borough.

This approach and methodology is deemed wholly acceptable under the CIL regulations and guidance, whereby it is accepted that inevitably valuation at an area wide level cannot be taken down to a 'micro economic' geographical level.

HASTINGS BOROUGH

Hastings is a Town and Borough situated in East Sussex on the south coast of England.

An established commercial centre, it forms part of a larger conurbation which includes St Leonard's and Hollington.

Hastings is located some 67 miles from London, 31 miles south west of Ashford and 18 miles east of Eastbourne.

Road communications are provided by the A21 trunk road (to the M25 and London to the north), and the A259 to Folkestone (East) and Eastbourne / A27 / M27 to the west.

Rail links are available to Brighton, Ashford and London.

The Borough has an estimated population of some 87,000 people (2011 Census), and occupies an area of approximately 30 sq kilometres.

LOCAL PROPERTY MARKET OVERVIEW

Hastings is situated on the south coast between Eastbourne and Folkestone.

Although served by two trunk roads (A21 and A259), both are prone to congestion, which in turn limits the Boroughs appeal for inward investment.

The Borough is predominantly urbanised with the exception of the protected and undeveloped eastern area.

Future green field development within the Borough is further limited by the sea to the south and the High Weald Area of Outstanding Natural Beauty to the north.

Much of the economy is driven by the tourism industry, although recent reports suggest a decline in the overall number of hotel spaces available.

The Borough comprises a relatively small and compact geographical area with limited differentials in property types (with the exception of the sea front area).

As in many locations within the UK, the property market within the Borough has been subdued for a number of years since the 2007/2008 ‘credit crunch’.

Speculative development is virtually non-existent and is likely to remain so for the short to medium term.

Our retained locally based property and valuation experts, Styles Harold Williams, have indicated that the volume house builders are not generally active within Hastings Borough which in turn limits new build housing evidence.

Where limited development has taken place in recent years, it often comprises registered social housing and is therefore not reflective of market value.

PROCEDURE & METHODOLOGY

The CIL Guidance 2013 recommends that standard valuation models should be used to inform viability evidence, and this approach has been adhered to for the purpose of this report.

Inevitably our methodology has varied to some extent with each property sector addressed, primarily due to the differing valuation techniques appropriate and required for that property type. More specific clarification is given within the chapter outlining methodology for each specific market category.

It is generally accepted that CIL will be extracted from the residual land value (i.e. the margin between development value and development cost including land acquisition costs and a reasonable allowance for developer's profit). As a starting point it is therefore important to establish base land values across all market sectors to ascertain the remaining margin for contributions. There are various methods of assessing base land values for CIL Viability Assessment which have been proposed. One of the most common is "benchmarking" which establishes a minimum benchmark or "threshold land value" at which a landowner would be prepared to release a site for development.

This is an approach which has historically been adopted in Affordable Housing viability assessment. The starting point in many appraisals is a low value existing use with an assumption that land owners will release land based on a modest 10-20% uplift. This approach is more justifiable in Affordable Housing Studies as they generally set policy targets which are subject to further viability assessment at planning application stage. It is therefore understandable that these appraisals attempt to maximise affordable housing provision by minimising base land values. In our opinion, this approach may be less robust with CIL.

Once adopted CIL is a fixed levy which will not be subject to further viability assessment. It may therefore be unrealistic to take a 'lowest common denominator' approach to land value as it is unlikely to reflect the majority of market circumstances that are likely to guide land owners' decisions.

For the reasons above, we believe that this approach will in many instances prove to be highly 'theoretical', and not reflect 'real world' market activity, where actual transactional evidence is available and likely to contradict the results of Benchmarking.

For this reason, and to ensure a robust evidence base at Examination, our methodology favours an approach which is more pragmatic and balances the reasonable expectations of landowners return with the contributions expected by the Local Authority for the infrastructure needs generated by new development, as advocated by the National Planning Policy Framework. Our approach also pays due regard to "market comparison" evidence available in each of the charging categories.

Our methodology is more thoroughly outlined later in this report under the residential valuation commentary. We believe this approach better reflects the realities of the property market and is therefore compliant with the best practice guidance in "Viability Testing Local Plans" (LHDG 2012) and "Financial Viability in Planning" (RICS 2012)

Wherever possible we have incorporated an assessment of the transactional market comparison information that is available, adapting it through justifiable assumptions where necessary. This market sampling can then be used to confirm validity of our residual valuations.

It should be appreciated that it has not always been possible to find a definitive piece of evidence for every property type in every potential zone. The CIL guidance accepts that this may inevitably be the case on occasion, and where appropriate, reasoned assumptions have been taken.

With regards to our built property sales valuations, our methodology varies slightly between commercial property and residential property.

With commercial property we have scrutinised and adopted evidence from actual sales transaction evidence where possible, this is backed up where appropriate by market rent capitalisation whereby rental evidence (and estimated market rental levels) are capitalised through multiplication reflecting appropriate investment yield profiles to produce a capital value.

Our residential sales values are based solely upon actual market comparable evidence, due to the fact that housing tends to offer a much more 'uniform' product, with more easily identifiable sales value market evidence being available.

Members of our professional team have made a number of visits to appropriate locations within the Borough to back up our extensive desktop research.

For the purposes of this report we have identified, assembled and fully analysed substantial amounts of individual comparable market evidence. Clearly it would be impractical to tabulate and include *all* of the information obtained within this report, however we will be happy to provide more detailed evidence on any aspect of our comparable database upon request. Additional comparable evidence can also be made available at Examination for discussion.

We would comment however that there is a marked and noticeable lack of recent, and in particular new build market evidence for the Hastings area, and inevitably this has resulted in some manipulation of the data that is available by our valuation team to produce indicative new build values.

For reasons of simplicity in reporting we have focused on publishing data primarily for those categories where our subsequent viability tests have demonstrated a potential for levying a CIL charge. We should make clear however that we have also obtained and analysed market transactional data and valuation evidence for all use categories including those where our subsequent viability tests have indicated a lack of sufficient viability for a charge to be considered.

As well as our desktop and field research, we have carried out interviews with property agents and developers active within the area, both in terms of collecting further market evidence but also to establish general 'market sentiment' for each use category.

To ensure the best possible local knowledge and context is brought to our valuations and assumptions we have engaged the services of Styles Harold Williams, locally based Chartered Surveyors, valuers, development and appraisal specialists.

STILES HAROLD WILLIAMS www.shw.co.uk

All of the above information has been analysed, considered then distilled into the tabulated figures appended to this report which confirm our opinion as to appropriate values in each category.

It should be borne in mind that as with any study where artificial boundaries are imposed, certain anomalies may arise.

There is inevitably a limit to the scale with which this study can be reduced to, and accordingly it is entirely feasible that certain 'hot' or 'cold' spots may exist above or below the overall tone identified for the Borough as a whole. Similarly, within the Borough an individual site, building or piece of market evidence could fall outside the established 'tone'.

A typical example would be in a particularly rural area where there is generally not strong office demand however an individual, bespoke high quality office barn conversion could easily out perform the 'average and typical' figures quoted herein.

In addition to the above market research, we have sought comparable market evidence from a variety of data points including:-

- Hastings and Rother Strategic Housing Market Assessment Update 2009 / 2010 (DTZ)
- Hastings and Rother Employment Strategy and Land Review Update, 2011
- East Sussex in Figures website
- Hastings Retail Areas Survey (2012)
- Affordable Housing Viability Study and the impact of Affordable Housing report 2011
- Hastings SHLAA (2010 / 11)
- Focus System – a nationwide subscription database covering commercial property issues
- EGI – a further subscription database covering commercial property uses
- heb and Styles Harold William's own residential and commercial databases of transactions
- Land Registry – subscription data tables to establish residential sale values by area
- RICS Commercial Market Survey (quarterly)
- V.O.A Property Market Report 2012
- V.O.A. Residential Building Land Report (July 2010) for H.C.A
- RICS Rural Land Survey 2013 (quarterly)
- Contact and discussions with regional house builders, Estate Agents and Commercial Developers
- Contact / interview of commercial property agents active within the Borough and region
- Discussions with Valuation Office / District Valuer as well as the Borough Council Property Services team, with particular reference to the more unusual use class categories for example Institutional and Community.

We have endeavoured to obtain Stakeholder opinion from a variety of sources to provide market sentiment including Styles Harold Williams, Tingley Commercial, Rydon Homes, Taylor Wimpey, Bellway Homes, The Emerson Group (Jones Homes, Orbit Developments), Saxondale Properties and Chesterford Properties (both hotel development specialists) and Best Western Hotels.

All of the above parties that were contacted with a view to discussing appropriate value tones for Hastings Borough co-operated however in a number of cases the consultee was unable to provide significant assistance, primarily due to the recent lack of development activity in Hastings. A common comment amongst consultees was that this in itself was indicative of subdued demand and values in the location.

We believe this methodology has produced the best, most accurate and most recent evidence available to support the recommended CIL rates across the Borough.

When considering this report it should be borne in mind that an element of 'valuation uncertainty' has arisen in recent years primarily due to the turbulent and recessionary market conditions. The current economic downturn has produced a dramatic fall in the quantity of property transactions taking place which in turn results in far fewer pieces of transactional market evidence that would ordinarily be available in more buoyant market conditions.

Inevitably this produces a position where fewer pieces of market evidence are allocated to a larger area with fewer individual charging zones benefitting from quality comparable evidence specifically from within their own boundaries and more particularly for more unusual use classes. In such instances the evidence available must therefore be adapted using best and reasoned assumptions

On occasion we have been obliged to make reasoned subjective judgements as to our opinion of the likely use value for certain zones and uses. Similarly parts of our research comprises market opinion and value judgements gathered from the Stakeholders and property agents active within the Borough to form a likely value achievable if theoretical transactions had or were occurring.

Similarly on occasion it has been appropriate to value on the basis of 'alternative use'. An example of this might be D1 (clinical), where in real market situations a D1 user will typically acquire a B1 (office) building by way of a 'subject to planning' deal. After an allowance has been made for alteration, the values would typically be broadly similar.

The adoption of best, reasoned and justifiable assumptions, is permitted under the CIL guidelines which specify that an authority 'must *consider* the effect on viability" for each development category.

The figures reported herein may appear to be somewhat "irregular". This is primarily due to the fact that in practice the property market still operates largely through imperial measurements which we have been obliged to convert to metric for the purposes of this report. By way of example '£60 per sq ft' becomes '£645.83 per sq m'.

EVIDENCE DATES

As with any property valuation the date of comparable evidence is critical in terms of achieving a realistic outcome to the study. For this reason we have strived to obtain the most up to date information available.

The majority of our comparable evidence was obtained from January 2010 to May 2013.

Where it has been necessary to analyse older evidence, appropriate judgements have been made by a fully qualified valuation team to adapt the evidence to an appropriate ‘present day figure’.

We are happy to discuss any individual piece of market evidence upon request, to provide full details including data information where appropriate.

BASIS OF VALUATION

Unless stated otherwise (for example land value “benchmarking”), we have prepared our valuation figures on the basis of Market Value which is defined in the valuation standards published by the Royal Institution of Chartered Surveyors as:-

“The amount for which a property should exchange at the date of valuation between a willing buyer and willing seller in an arms length transaction after proper marketing wherein the parties had both acted knowledgably, prudently and without compulsion”’.

POTENTIAL CIL CHARGING ZONES

The default, starting position with a CIL charging schedule is a single charging zone, unless distinct and defendable sub areas (zones) of different value can be identified and justified with appropriate valuation evidence.

Hastings Borough is a relatively compact geographical area offering what is overall a broadly similar housing stock. There are undoubtedly locations within the Borough which are more highly sought after than others however for the imposition of CIL a high level overview approach is recommended and inevitably valuations for further appraisal cannot be taken down to a 'street by street' level.

A common comment from Consultees was that although there are undoubtedly better and worse areas on a street by street basis, this is difficult to transpose to a more area based view.

Our approach necessarily requires the adoption of an overall 'tone' which is appropriate for the Borough as a whole and would not threaten future development as a whole across the Borough.

CIL will be chargeable on new build property, and accordingly our valuation figures must be based on new build values (which traditionally command a premium over and above existing stock or average house price figures).

The lack of development activity within the Borough has inevitably resulted in a lack of new build house price evidence and with this in mind we have been unable to identify sufficient evidence to clearly delineate different value zones within the Borough.

These findings have been broadly mirrored by the house price by area (overall and per sq ft) data maps within the Hastings and Rother Strategic Housing Market Assessment update 2009/2010, which demonstrates limited variance in value across Hastings as a whole.

In conclusion, although we would be able to provide 'best case – worst case' values for Hastings as a whole, we are unable to confirm clear and easily identifiable boundary demarcations for value zones that we would be confident of defending at Public Examination. For this reason have recommended that a single zone approach should be adopted in this instance.

With specific reference to commercial property we have been unable to identify what we would consider to be sufficient location - specific data to warrant a sub division of commercial areas.

Although there would again undoubtedly be both hot and cold spots within the Borough, sufficient evidence across all commercial uses does not exist to accurately and fairly delineate where zone boundaries should be drawn.

By way of example, although a case can be made for a higher value retail zone in the town centre / sea front area, most new build retail development that would attract CIL is likely to emerge from the *roadside* retail category in more peripheral roadside locations. Other commercial uses are likely to show a more uniform value pattern across the Borough.

In simple terms any delineation of commercial zones will inevitably become based on an arbitrary judgement as to where boundaries should be drawn which we would not be confident in justifying at Examination for all commercial use categories. With this in mind we would recommend a single commercial zone with rates set so as to not unduly threaten commercial development as a whole across the study area.

SECTOR SPECIFIC VALUATION COMMENTARY

1) Residential C3 (houses and apartments)

Base Land Values

When assessing an appropriate tone for residential development land values, our starting point was to carry out a residual land appraisal whereby a typical development scenario was appraised. In simplified terms this was achieved by assessing the 'end' property value (total projected value of sales), then deducting from this figure the cost of construction, including professional fees, finance and other standard costs of development.

The resultant figure is the maximum theoretical price which may be available for land acquisition, which in turn determines likely aspirational market values.

As a starting point for viability testing, this residual appraisal was carried out *without* deduction for Affordable Housing, Section 106 contributions or any other Local Authority policy based contributions, to give an indication of the theoretical land value which could be appropriate in the study area.

The residual approach is more thoroughly outlined within the 'Development Equation' section of the CIL Viability Testing report.

Once the residual land value figure has been calculated it is assessed against other sources of land value information. Qualified property valuers' reasoned assumptions and judgement is applied to the market information that is available to produce a land value which is both fair and realistic in current market conditions and not simply academic exercise to produce a theoretical land value which may not bear scrutiny when compared against current market activity.

Additional sources of information for market value to provide an appropriate 'tone' for the Borough have included:-

- Valuation Office Agency Building Land Figures (HCA report, July 2010, most recent version) which suggests traded land values for nearby Eastbourne Borough at approximately **£2 million per hectare.** It is widely accepted that market values have fallen in the intervening period. Furthermore that Eastbourne is a more sought-after and therefore valuable location than Hastings. In this respect an appropriate adjustment has been made. The next nearest published data points are the Medway towns at **£1.3 million per hectare and Worthing at £2 million per hectare.**

- Styles Harold Williams, local land agents, valuers and development advisors confirm opinion that land values in Hastings area are currently in between **£1.2 million to £1.6 million per hectare**, depending on location specifics.
- Tingley Commercial Property – Eastbourne based property agents, valuers and development consultants verified **£1.2m -£1.6m per HA** as an appropriate "tone".
- Fellows Road, Hastings – a site of 0.38 acres with consent for 12 x 2 bed houses. Valuation for secured lending purposes in October 2012 at £350,000 = £900,000 per acre or **£2.27 million per hectare.** Small site – quantum adjustment.
- Osborne House, The Ridge, Hastings. 6.94 acre site – 3 acres net developable area. Planning consent for 55 units. Sold £875,000 in December 2012 equates to £291,000 per acre - **£719,000 per hectare.**
- Mayfield, St Leonard's. 1.6 acre site with consent for 36 units. Sale agreed at £551,000 in April 2013. £345,000 per acre - **£851,000 per hectare.**
- Old Roar Road, Hastings. 2 acre site (1 acre net developable area) expired planning for 14 units. Sale agreed April 2013 at £320,000 - **£791,000 per hectare.**

When considering the above factors and in consultation with our retained local experts, we consider an indicative 'market comparison' land value fair and reflective for the Borough as a whole is £1.49 million per Ha in current market conditions.

New Build Residential Values Per sq m

The Community Infrastructure Levy is applied to proposed and future *new build* housing within the Borough.

It therefore follows that the methodology used to determine the CIL rates is applied to real evidence collated from the existing new / nearly new homes market wherever possible. An extensive survey of this market was conducted within the Borough.

Wherever possible we have attempted to favour 'new build' evidence since this generally attracts a premium over and above existing stock, and more particularly over Land Registry average figures where the results may be skewed by an unknown sample size and where no reference is available to the type and quality of the constituent properties.

Generally speaking new home developments are predominantly built by larger volume developers and tend to offer a relatively uniform size style and specification across any geographical area. It also follows that the majority of proposed developments that will attract CIL will constitute similar construction and styles.

Having established like for like comparable evidence, this was further analysed and tabulated to specify new home types, i.e. apartments and 2, 3,4 and 5 bed units.

Market research was therefore focused on the above criteria by identifying new or ‘nearly new’ home developments where possible in the Borough or surrounding comparable locations, that were under construction or recently completed. Data for individual house types on these developments was analysed and sale prices achieved obtained from developer / house builders, Land Registry Data, or other sources.

Where necessary, additional supporting information was gathered on each development using asking prices with an assumed reduction made according to negotiated discounts as provided by the developer, local agents and professional judgement / assessment of the results. Where new home data was found lacking, nearly new or ‘modern’ transactions and asking prices were analysed and adapted.

Often stakeholders contacted cited lack of new build residential development as preventing comment regarding potential values.

We have spoken to a number of residential developers active in the south east region including Taylor Wimpey, Bellway Homes and The Emerson Group (Jones Homes and Orbit Developments). There is a noticeable lack of market information and market sentiment forthcoming, primarily due to the lack of recent development activity within the Borough.

The Emerson Group are the sole exception, at their Mayfield Heights development in St Leonard’s on Sea. They have confirmed that typical achievable averages over the last 6 months have been in the region of £2,422 per sqm (3 bed semi-detached) and £1,862 per sqm (4 bed town houses).

Styles Harold Williams have recently appraised a Hastings (TN34 postcode) development site for Secured Lending (Bank) Purposes. Their report (October 2012) considered recent transactions and adopted a figure of £2500 per sq M as being potentially achievable on new housing.

A similar appraisal (June 2012) of a site in Westfield (immediately North of Hastings), adopted £2153 (4 bed) - £2530 per sq M (3 bed) as appropriate, based on sales to date on site.

The lack of large amounts of “Appropriate Available Evidence” is marked and noticeable in Hastings. There is little by way of new development, and this in itself may be indicative of potential viability. We have been obliged to make reasoned assumptions as qualified RICS Registered Valuers as to an appropriate tone for the Borough, by adapting the limited new build sales information that is available.

By way of example, the Valley Park development in Rye in located on the fringes of Hastings. Although geographically nearby, it is a more sought-after location and offers a particularly high spec product. We have therefore considered the sales values **(between c.£ 2397 - £3000 per Sq M)** and made appropriate deductions.

A summary of our findings is tabulated and appended.

2) Other Residential (C1, C2)

C1 –Hotels

We consider the most likely scenario for hotel development within Hastings (as a whole) is from the budget sector of the hotel market, for example Premier Inn and Travel Lodge. We consider it unlikely that a 5 star or hotel spa complex will be constructed, and our evidence is therefore based from the budget sector.

Obtaining substantial amounts of 'clean' hotel value data is often problematic due to the fact that developers are commonly subject to confidentiality clauses. Furthermore hotel transaction are often complicated by the presence of management contracts or other arrangements not comprising straight forward lease / sale arrangements.

Notwithstanding this we have consulted widely with hotel development specialists to establish a fair and appropriate 'tone' for Hastings. Our figures are based on our own market knowledge as well as representations from consultees including Chesterford Properties and Saxondale Properties (both specialist development companies active on behalf of Travel Lodge and Premier Inn), Harpine Investments Ltd (hotel investment specialists) and Best Western Hotels (Estates Department).

From our market knowledge and consultees' opinions, it is apparent that the budget sector hotel operators will typically pay in the region of £3,000 per room per annum which when capitalised at a rate of 8.5% produces a maximum sale value per room of £35,500.

It has been established that a typical budget hotel room extends to approximately 18 sq m, which equates to an overall sales value per sq m in the region of £1972.

In establishing an appropriate land value we have initially carried out a residual appraisal for a typical budget hotel development, thereafter assessing further input from hotel specialist consultees.

Our residual demonstrated negative viability (and land value) prior to any Local Authority charge. We have therefore adopted what we consider to be an appropriate minimum land value for appraisal purposes.

It should be noted that our adopted figures represent an overall fair 'tone' for Hastings Borough as a whole. They may be perceived as being 'conservative' if applied to more specialist locations for example beach front locations where both land and capital values could exceed these figures.

C2 (including C2a) – Residential Institutions

We should make clear that this property sub sector has been particularly challenging to provide a 'mean' value for.

This is partly due to a lack of quality transactional evidence but also due to the wide range of property types falling within the categorisation.

Many of the categories within the C2 use class rarely change hands on the open market, since most are likely to be held by Government, Local Authorities or other public sector bodies.

Examples of this include schools, detention centres, training centres, hospitals, and military barracks.

We have previously discussed likely values for this use category with various representatives of the Valuation Office Agency, and are typically advised that as an organisation they too often have difficulty in identifying suitable market evidence.

Even where such evidence is available there is a subjective judgement to make with regards to arriving at a 'mean' figure appropriate to the wide variety of uses within the category.

The Economic Development departments at various Borough, District and County Councils have previously indicated that when acquiring sites and buildings for these types of uses, they are often transferred from other public bodies for other policy reasons and often at nil value.

When sites are acquired from the private sector the policy is simply to pay the 'market value' for whatever is the most likely alternative use of the site (e.g. retail, office, industrial etc) with this in mind in terms of land value figures similar to those adopted for B1 (offices and industrial – "Employment" land) would be appropriate as a mean value for this category.

With regards to end unit values, the lack of a properly functioning private sector market for accommodation of this nature has resulted in us adopting a mean figure based on construction costs (Contractors Test).

It should also be borne in mind that this figure would in practice need adjusting up or down according to the complexity and specification of the individual property being assessed within the property category.

We have then cross referenced these figures against potential alternative use values.

We have been advised by our contacts in various Local Authorities' property and economic development departments that their own internal book valuations tend to follow this methodology i.e. contractors test (build cost) allowing for depreciation.

The mean figures shown are not as sensitive to locational factors than other property categories, primarily due to the fact that typically the properties within this category are not 'market driven' in terms of location. Ordinarily 'local public need' will determine location.

One potential notable exception to the above comments would be nursing homes. Private nursing homes are an increasingly popular development sector which will typically pay enhanced values over and above the sector 'mean' values provided herein. Notwithstanding this we do not believe it equitable or appropriate to allow this one exception to unrealistically increase the values across the whole use class category.

Nursing home valuations are carried out on the basis of analysing a specific home's net profitability. Adapting a 'theoretical tone' for this use would be inherently risky, since income varies widely dependent on the level of care provided which could range from 'basic' to 'high intensity / dementia specific'. Furthermore, whether the home serves a Public Authority contract or is run on a purely private basis. The above factors mean that individual room rates could vary from say £400 – £1,000 per week. Accordingly we would warn against adopting an assumed profit figure then calculating working through to a value per m², due to the inherent risk of producing a figure which threatens the future viability of certain sectors within the market category.

For this reason we have adopted a more general, reflective figure which could be considered as more appropriate for these categories as a whole.

Bearing in mind the above factors, we have appraised 4,000 sq m care facility for the purposes of this report.

3) Food Retail (Supermarket)

The major supermarket retailers are all represented locally operating from large format stores.

The discount / metro food market retailers including Metro formats, Alldays, Aldi, Lidl and Iceland are represented within the area, typically occupying store sizes of between 930 sq m to 1,500 sq m.

In terms of valuations, our food retail valuations are based on the comparable / comparison and investment methods.

From our market knowledge we are aware that there has been a 'cooling off' in demand for new sites from the supermarket occupiers which in turn has begun to depress values from recent peak levels. From a typical 'peak' value of c.£3.7M per hectare, land values are increasingly falling back towards c.£2.5M per hectare.

Local sources have indicated that the Morrisons site at Hampden Park in Eastbourne was acquired at a price equating to £3.1M per HA (£1.25m acre) in 2011.

Our development appraisal (residual value) has demonstrated a residual land value of £4.86 million per hectare (before imposition of CIL, Section 106 or other Local Authority charges).

For supermarket / food retail outlets, we have appraised a typical food store format of 3,000 sq m – (32,000 sq ft) with a site area of 1 hectare – (2.5 acres).

The sales figures that we have quoted within our report are based on a rental level per sq m multiplied by the appropriate capitalisation level to provide a gross sales figure per m².

For Hastings Borough we have utilised a figure of £161.50 SqM / £15.00 per sq ft with a capitalisation yield of 6%. This yield is appropriate bearing in mind food stores will most likely be occupied by one of the major supermarket brands such as Tesco, Sainsburys, Asda or Morrisons, by way of an institutional lease.

Supermarket land sale information is often difficult to obtain. Typically confidentiality clauses may relate to transactions. Furthermore supermarket sites are often pieced together by way of a lengthy site assembly process. Often smaller, key parts of potential sites are purchased at a premium, not reflective of a more realistic 'per hectare' figure for the site as a whole. Similarly, rental and sales deal information is often subject to confidentiality clauses. In addition, supermarket transactions are relatively scarce compared to say residential or industrial sales.

In this respect our comparable information has been drawn from a relatively wide geographical area, not always specific to Hastings Borough.

This is fully justifiable in valuation terms. Typically foodstore values are driven by the availability of planning consent (triggering competitive bidding) rather than exact location specifics. This tends to level values to a similar tone, region wide. Accordingly we have considered some evidence from outside the Borough.

The most relevant aspects of our evidence are tabulated at *Appendix 3*. Typically superstore rental evidence ranges from between £160 to £270 per sq m and in this respect our rental / sales value can be seen as a conservative assessment.

We have included a separate appraisal of supermarket / food superstore values for information purposes, however it is for the Authority to decide whether they wish to incorporate a separate CIL charging category for this use, or proceed by way of a general retail category more reflective of retail as a whole.

4) General Retail (A1, A2, A3, A4, A5)

Established retail is dominated by Hastings town centre and the sea front area, with the majority of new developments where occurring distributed across the area, primarily constituting roadside retail and convenience shopping.

Our retail valuations are primarily based on the capital / comparison and investment methods.

For the purpose of this report, we have categorised other retail as all other retail except supermarket food stores. Other retail therefore encompasses high street retail, edge of town and out of town retail as well as restaurants and drive through and so forth. In practice, High Street development will be mainly limited to re-development of existing buildings, therefore limiting CIL charging (which is only levied on new, additional floor area).

In terms of producing a sales value per m^2, we have again utilised a rental level per sq m and capitalised this using appropriate yield to arrive at a sales value per m^2. However, town centre retail units are valued on a Zoned Area basis as opposed to arterial road, edge of town or out of town retail, which use an overall rental per sq m.

Our figure is one consistent with retail rents for edge of centre and arterial road retail and can therefore be applied across all geographical retail locations.

We have then considered rentals for arterial roadside retail units within the urban areas, which using comparable evidence produces a rental in the region of £129 per sq m (£12.00 per sq ft), capitalised at a yield of 7.5%.

All of the above methodology has been considered then applied to the ‘test’ assumed property, i.e. a 300 sq m roadside unit. We believe that this is the most likely form of new retail development to emerge. Established “high street” retail is seldom developed from new (more typically a refurbishment of long established existing stock), and even if it were, the established high street location would not attract CIL since there would be little or no increase in floor area.

With regard to land values, we have utilised both the development appraisals (residual method) and comparable evidence method. Our residual land value figure is £1.4 million per HA. Our local valuation specialists, Styles Harold Williams, have suggested a figure slightly higher - £1.5 million per HA may be more appropriate and accordingly we have adopted this for prudence.

On a similar basis to supermarket evidence, roadside retail transactional levels tend to be similar over a wide geographical area, since values are generally driven by availability of retail planning. Similarly the established national multiple occupiers all typically have a set rental rate payable across any given region. Accordingly some appropriate available evidence has been drawn from outside the immediate Hastings area.

Our most pertinent information is listed at *Appendix 3.*

We believe the figures adopted can be considered as being ‘safe’ and conservative. Within the general retail category other occupier types for example bulky goods warehouse style retail can command significantly higher figures than those specified, often to a similar level to supermarket retail. To assess a fair ‘tone’ for the category and the area as a whole we have been more conservative in our assessments.

5) Offices (B1a, Cat “A” fit out)

Our research has confirmed that the market for offices (particularly new build) in Hastings remains extremely subdued, with speculative development all but non-existent.

From discussions with local commercial agents, we believe that land values for office development if traded would be in the region of £400,000 per hectare. This opinion was expressed by local commercial agents Styles Harold Williams and verified by Tingley Commercial.

Our own residual valuation (development appraisal) has produced a negative end value which serves to highlight the situation.

There is limited information by way of published data tables, with the nearest available data points geographically distant from the subject locations, and not comparable.

The level of comparable information available for office sales is limited in the subdued market, particularly with reference to new build accommodation.

From our own market research as well as stakeholder engagement (Styles Harold Williams and Tingley Commercial) we believe that a figure of approximately £1,200 per sqm can be considered as appropriate for a new build, were development occurring. Our offices valuations are primarily based upon the comparable – capital comparison methodology. Where appropriate, rental evidence has been capitalised through the adoption of investment yields.

As mentioned previously, valuation uncertainty is inevitably a factor, primarily due to recessionary market conditions resulting in a marked lack of recent comparable evidence.

Accordingly we have been obliged to adjust comparable evidence using justifiable best assumptions to fit some locations, as is permitted under RICS Valuation Guidance and CIL Regulation Guidance. Typically, factors taken into account will include considerations such as distance from main road networks and urban centres.

Our research has confirmed that typically there is little difference between land values for office, industrial and many other commercial uses. Generally such land is simply categorised as 'employment land' and sold as being suitable for a variety of end users, thereafter purchasers appraising and undertaking such schemes as they deem appropriate.

Demand is limited across the Borough post 'Credit Crunch' with enquiry levels significantly reduced.

It should also be noted that across the subject area (and indeed the region as a whole) speculative development has virtually ceased.

This is primarily due to recessionary conditions, but also influenced by the recent removal of empty property rates liability limitation. Typically developers controlling much of the available land only prepared to enter into specific pre-let or design and build packages with parties if a market price/rent can be agreed which is artificially above what could be considered as true market value level.

With regards to the valuation figures quoted we have made the following assumptions:-

1. That land values are given for cleared sites, free from contamination and generally ready for development without undue remedial works and with services connected or easily available.

2. Office values quoted are for a newly constructed, grade "A" office development, capable of sub division if required into units of 2,500 sq ft – 5,000 sq ft (this size range will exclude abnormally high premium prices for small units, whilst not unduly discounting for quantum).

It should be remembered that the figures quoted should be considered as a mean for the area and inevitably anomalies could arise.

6) Industrial (B1b/c, B2, B8)

The majority of our comments for the office category (above) will apply equally for the industrial use classes. We have not repeated them in the commentary here but would recommend that this section is read in conjunction with Section 5 (above).

From our research is was noticeable that there is virtually no speculative new build development coming forward.

Our methodology is again based largely on the capital comparison and investment methods, through assessment of transactional evidence. It should again be noted however that something of a short fall of available evidence exists for 'new build' across the Borough.

Where appropriate, rental evidence has been capitalised through adopting investment yields. Generally, industrial rents (non secondary stock) vary between £4.00 to £5.50 per sq ft (£43 to £59 per sqm), and an investment yield of approximately 8.5% could be considered appropriate.

When preparing our figures we have assumed:-

1. The land is cleared and ready for development without unduly onerous remediation being required, with sites generally serviceable and appropriate planning in place.

2. Our appraisal assumes a new build industrial/warehouse development of c. 10,000 sq ft and capable of division into units of approximately 5,000 sq ft (to avoid premium or discount for quantum) with say 5% office content.

To an extent the minimum new build value is self determining – i.e. when the cost of construction is taken into account developers are simply unwilling to enter into design and build agreements unless a minimum price is agreed with the purchaser that reflects the cost of the construction plus developers profit. In this respect it is noticeable that only limited difference in headline sales figures across the Borough as a whole.

As with office land, a marked lack of transactional evidence and data table evidence is noticeable.

Our residual / development appraisal valuation has suggested negative land values however discussions with commercial agents in the vicinity suggest a figure of £400,000 per hectare as being appropriate.

7) Institutional and Community (D1)

Of all of the use class categories, this sector has perhaps been the most challenging to accurately value in terms of providing an appropriate 'mean' figure for all sub-sections.

Non residential institutions comprise an extremely wide variety of use types and associated values.

In practice many uses within this category rarely if ever change ownership on the open market. For obvious reasons there is little private sector market for law courts, libraries, schools, museums, art galleries, places of worship and the like (particularly "new build" which is the basis of valuation).

Notwithstanding this, we believe that there would be a reasonable healthy demand for certain uses including day nurseries, crèches, and health centres. Accordingly a potentially large range of possible values exist. This has made adopting a mean valuation figure difficult, more so due to a notable lack of relevant comparable evidence for this category.

We have discussed the category with the Valuation Officer responsible for the area, who has been unable to provide relevant comparable evidence. Similarly the property/inward investment team at Hastings Borough Council.

On a similar basis to the C2 category, we are aware that where transactions do take place they are often between Government departments or other public bodies where there is a typically a policy motive and accordingly a conveyance occurs at nil charge.

Where a public body acquires a site or premises for this type of use from the private sector they will typically pay open market value for the likely alternative use, and we believe in this respect it is appropriate to adopt as a mean figure values similar to those for ‘employment land’ (office and industrial) as a base figure for land values.

As with C2 use, the wide spectrum of potential sub-categories and specifications therein cause some uncertainty in ascribing a fair ‘mean’ value.

Typically, public bodies will adopt a ‘build cost’ (depreciated contractors test) methodology for internal valuation purposes.

In assessing a fair mean value for the category we believe that it is justifiable to assess potential alternative uses. In this respect we believe that many of the categories within this section could potentially be occupied for more traditional office use and accordingly we have adopted a discounted figure based upon values contained within the office section of this report. It should again be borne in mind however that this is a ‘mean’ figure and in practice some properties would require adjustment up or down depending on specification, build complexity etc. This figure has then been cross referenced against new build costs.

Once the above matters have been considered, we have appraised a theoretical 200 sq m community centre.

8) Leisure (D2, including Casinos)

The D2 leisure market incorporates principally uses such as cinema, bingo hall, casino, gymnasium and swimming baths.

The leisure market, perhaps more than any other property sector, is more likely to involve new build properties rather than conversions of existing buildings into a leisure use.

Again we have used the comparable method of valuation where appropriate and available in relation to the leisure sector although comparable information in relation to swimming baths and leisure centres is somewhat restricted.

We consider it extremely likely that any leisure activity (principally gymnasium, casino and cinema) will be restricted to more densely more populated locations within the urban area.

Our appraisal assumes a standard, modern, portal frame leisure ‘box’ unit typical of Bowling Alley use or similar.

Typically rental levels for leisure operators are in the region of £100 per sq m and we have utilised the capitalization yield of 9.5%.

In terms of land values for leisure use, we have undertaken traditional development (residual) appraisals and made assumptions regarding the likely competing land use value to produce the land values per hectare quoted in the value schedule.

9) Agriculture

The valuation figures have been obtained through various data points and information referenced previously in this report, primarily the RICS rural land market survey.

Agricultural land continues to perform well despite recessionary market conditions. Prices for farmland generally remain buoyant driven by increasing demand and restricted supply. Our research for the region suggests an average value for all types of farmland of approximately £18,000 per hectare.

Premium, strong high yielding grade 1 land has been transacting in the region of £20,000 per hectare, with Grade 2 – 3 land in the region of £12,000 - £15,000 per hectare.

The 2012 RICS Rural Land Market Survey has suggested that across the south east region as a whole average agricultural land prices are approximately £18,000 per hectare.

Our report has allocated an average figure across the whole of the region, which should be considered as being for guidance and information purposes only.

We do not believe it appropriate within the scope of this report to provide more detailed, area specific banding.

The valuation of agricultural land is extremely site specific, down to a ‘field by field’ basis. The quality of soil for each individual plot of land is paramount, with other factors being taken into account for example the existence of sporting rights. Accordingly to give a truly accurate reflection on values across the area with this estate analysis down to a micro level which we do not believe is desirable or appropriate for the purposes of this report.

We would be happy to give further comment if required.

With regards to unit sale values, we have assumed that the theoretical valuation applies to a "barn" of simple warehouse type construction for example a 500 sq m farm store. Obviously our figures would need adjusting for anything more specific and bespoke for example cold storage, milking facilities etc.

New build agricultural buildings rarely appear individually on the open market as they are typically sold as part of larger farm sales.

Our valuation assumes that the market value will in effect be the cost of constructing such a building from new, since an agricultural occupier is unlikely to purchase a building on an adjoining farm, when he is permitted under simplified planning regulations to construct accommodation on his own site. By default therefore the market value can be typically defined as the cost of construction.

10) Sui Generis Uses

To ensure full compliance with CIL regulations and guidance we have considered potential uses falling under the Sui Generis use category.

Sui Generis planning uses comprise of any planning use not specifically allocated to one of the other uses classes, covered above.

Clearly this category potentially includes an indeterminable number and variety of other types of property. By way of example Sui Generis uses might include petrol filling stations, retail warehouse clubs, amusement arcades, launderettes, taxi hire offices, motor vehicle sales, nightclubs, builders yards, scrap yards.

In order to comply with guidance and give consideration to the category, we have sought advice from DCLG. We are advised that an appropriate methodology in this instance is to obtain planning history records from the Local Authority being appraised and assessing appropriate values for uses granted consent falling under 'Sui Generis' within the proceeding 5 year period.
Accordingly, our opinion is provided in respect of:-

1) Car showroom use
2) Vehicle repairs

As with previous categories, our figures and values reported here are on the basis of an average 'tone' across the Borough.

Sui Generis uses tend to be limited in number and accordingly there is a noticeably lack of good comparable market evidence. In certain instances we have been obliged to make our best reasoned assumptions by adjusting historic evidence or transactional evidence from uses which are not dissimilar. By way of example, motor repairs will often (both land and buildings) occupy what would otherwise be considered as industrial sites / buildings. Similarly vehicle sales (particularly franchise dealers – the most likely developers / buyers of new build accommodation and therefore relevant to CIL) will typically require an urban based prominent location and will therefore often consider roadside retail and / or business park sites.

The majority of main motor dealerships in the general area are represented in well established locations and accordingly motor trade site transactions have not occurred to a significant extent for some period of time.

In each instance we have assumed that land values are based on cleared sites, free from contamination and generally ready for development without any unduly onerous remediation works and with services connected or easily available.

Building values assume new build property, constructed to a good standard.

Vehicle Sales

Our valuation assumes a typically main franchise dealer (new build) with main road frontage and 'typical' external sales display and customer parking areas.

In terms of building values we have assumed a ratio of 50% showroom / display, with 50% workshop, ancillary, staff and office admin accommodation. This has produced an average figure for the two constituent parts, (typically showroom accommodation will produce a higher value than the balance of the workshop and ancillary accommodation)

Motor Cycle / Car Vehicle Repair

Typically this use will occupy existing or new build accommodation which will otherwise be utilised for industrial (particularly B2) general employment uses.

Conclusions

Subsequent to the matters discussed above, the conclusions of our report can be summarised as follows:-

1) We can confirm that sufficient evidence has been found to justify considering a variable (by Use Class) CIL system, subject to further viability appraisal testing.

2) Although 'hot' and 'cold' spots for housing exist within the Borough as pin point locations, the Borough is appraised as a whole for high level testing and as recommend by the guidance. We have been unable to find sufficient new build house price information to warrant a zoned value approach that we would be confident of fully justifying at Examination. With this in mind we recommend that a single zone approach is taken for what is a relatively compact geographical area, with rates set (following further viability testing) at a level which do not threaten as a whole across the Borough.

3) A lack of accurate transactional new build evidence for commercial property, combined with the relatively compact geographical area and variety of possible uses means that we are unable to recommend a differential zone approach for commercial property and would therefore recommend a single zone approach be taken to commercial property, with rates set at a level which do not threaten development as a whole.

4) heb Chartered Surveyors, and our retained local experts at Styles Harold Williams are fully accredited RICS Registered Valuers, and our conclusions as to appropriate 'tone' values across development categories within the Borough are tabulated and summarised within the value tables and zone map appended.

Limitation of Liability

For limitation of liability this report is provided for the stated purpose and is for the sole use of the named client Hastings Borough Council. The report may not be disclosed to any other party (unless where previously authorised) and no responsibility is accepted for third party issues relying on the report at their own risk.

Neither the whole or any part of this report nor any reference to it may be included in any published document, circular or statement nor published in any way without prior written approval of the form and context of which it may appear. We shall be pleased to discuss any aspect of this report.

Yours faithfully

heb Chartered Surveyors

Hastings Borough Area Map

ZONE VALUE TABLE

HASTINGS BOROUGH COUNCIL RESIDENTIAL VALUES

Sales Values £								Land Value £Ha
Charging Zone				Sales Value £sqm				Market
		Apartment	2 Bed	3 Bed	4 Bed	5 Bed		
Single Zone		2400	2200	2100	2100	2100		1,490,000

HASTINGS BOROUGH COUNCIL COMMERCIAL VALUES

Sales Values £ Sqm				Land Values per £ Ha	
		Charging Zone			
		1 District wide		Market Value	Residual Sum
Industrial		600		400,000	Negative
Office		1200		400,000	Negative
Food Retail		2700		3,700,000	4,860,237
Gen Retail		1700		1,500,000	1,426,910
Residential Inst		700		400,000	Negative
Hotels		1932		800,000	Negative
Community		915		400,000	Negative
Leisure		1000		400,000	Negative
Agricultural		250		18,000	N/A
Sui Generis	Car Sales	2000		500,000	Negative
Sui Generis	Vehicle Repairs	600		400,000	Negative

HASTINGS BOROUGH COUNCIL RESIDENTIAL VALUES - £ PER M²

Valley Park Sales Update 02.04.13

Rye - Hastings fringe location. High specification, better location.

Plot	House Type				Sq Ft	Brochure Price	Completed Sale Price	£ Sq Ft sold / asking	£ Sq M
Phase 1	Built								
70	Arlington	4B	Semi-Detached	Integral Garage	1106	299,000	285,000	257.69	2774
71	Albany	2B	Semi-Detached	Garage	804	215,000	210,000	261.19	2812
72	Fairfield	3B	Link-Detached	Garage	948	275,000	269,950	274.76	3065
15	Arlington	4B	End-Terrace	Integral Garage	1106	285,000	275,000	248.64	2676
16	Arlington	4B	Mid-Terrace	Integral Garage	1106	265,000	265,000	239.60	2579
17	Roland	3B	End-Terrace	Car Spaces	950	265,000	250,000	263.16	2833
34	Albany	2B	Semi-Detached	Car Spaces	804	197,500	197,500	245.65	2644
35	Albany	2B	Semi-Detached	Garage	804	199,950	199,950	248.69	2677
45	Fairfield	3B	Semi-Detached	Garage	948	270,000	249,950	263.66	2838
46	Albany	2B	Semi-Detached	Garage	804	199,950	199,950	248.69	2677
Phase 2A	Built								
73	Fairfield	3B	Link-Detached	Garage	948	269,950	259,450	273.68	2946
74	Hampden	4B	Link-Terraced	Garage	1235	314,000	314,000	254.25	2737
75	Hampden	4B	Mid-Terrace	Garage	1235	275,000	275,000	222.67	2397
76	Hampden	4B	Link-Terraced	Garage	1235	299,950	275,000	222.67	2397
77	Hartford	2B	Linked- FoG	Car Space	691	185,000	175,000	253.26	2726

Phase 2B	Built								
59	Bennington	3+B	Semi-Detached	Garage	1000	275,000	250,000	250.00	2691
60	Bennington	3+B	Semi-Detached	Garage	1000	275,000	250,000	250.00	2691
61	Fairfield	3B	Semi-Detached	Garage	948	250,000	250,000	263.71	2838
62	Fairfield	3B	Semi-Detached	Garage	948	250,000	250,000	263.71	2838
80	Beaumont	2B	Semi-Detached	Car Spaces	748	205,000	205,000	274.06	2949
81	Beaumont	2B	Semi-Detached	Car Spaces	748	199,950	199,950	267.31	2877
82	Beaumont	2B	Semi-Detached	Car Spaces	748	199,950	199,950	267.31	2877
83	Beaumont	2B	Semi-Detached	Car Spaces	748	205,000	205,000	274.06	2949

Phase 3A	Under Construction								
88	Arlington	4B	Link-Detached	Integral Garage	1106	315,000	313,500	283.45	2728
89	Arlington	4B	Link-Detached	Integral Garage	1106	**325,000**		293.85	3163
90	Fairfield	3B	Link-Detached	Garage	948	**275,000**		290.08	3122
91	Fairfield	3B	Link-Detached	Garage	948	**270,000**		284.81	3065

Phase 3B & C	Built to Base								
96	Hartford	2B	Detached FoG	Car Port	691	**185,000**		267.73	2882
101	Fairfield	3B	Semi-Detached	Car Port	948	*250,000*		263.71	2838
102	Fairfield	3B	Semi-Detached	Car Port	948	*250,000*		263.71	2838
105	Oakland	2B	End-Terrace	Car Port	753	**210,000**		278.88	3002
106	Oakland	2B	Mid-Terrace	Car Port	753	**205,000**		272.24	2930
107	Oakland	2B	Mid-Terrace	Car Port	753	**205,000**		272.24	2930
108	Oakland	2B	End-Terrace	Car Port	753	**215,000**		285.52	3073

Goulds Drive, Westfield
10+ houses sold during 2012 achieving values of between £2,153 per sq m (4 bed) to £2,530 per sq m (3 bed). Source Styles Harold Williams.

Mayfield Heights, St Leonards-On-Sea
Typical sales averages advised by developer (James Homes) between £1,862 per sq m (4 bed townhouses) to £2,422 per sq m (3 bed semi's).

8 properties are currently available in development which verify these figures as being appropriate.

Somerley Fields, Goulds Drive, Westfield

New build development, Hastings fringe.

House Number			Size Sq M	£ Sale Price	£ Sq M	Date
13	Goulds Drive	4B	119.36	225,000	1,885	January 2012
14	Goulds Drive	3B	88.64	197,950	2,233	June 2012
15	Goulds Drive	3B	88.64	195,000	2,200	January 2012
21	Goulds Drive	3B	588.64	215,000	2,426	March 2012
23	Goulds Drive	4B	119.36	235,000	1,970	May 2012

Source - Land Registry (Zoopla). All new build properties.

House Number			Size Sq M	£ Sale Price	£ Sq M	Date
Flat 3, 4	Goulds Drive	2B	55	119,950	2,181	Quoting
Flat 4, 4	Goulds Drive	2B	55	119,950	2,181	Quoting
Flat 2, 4	Goulds Drive	2B	55	129,950	2,363	Quoting

Retail Evidence Schedule:

Address	Tenant	Size sq ft	Rent per sq ft (per SqM)	Comment
Supermarkets	Rental Evidence			
For the reasons stated in the sector specific commentary, we have considered Supermarket evidence locally, regionally and nationally. This demonstrates a typical rental value for supermarket use of £153 - £288 per SqM. When capitalised at a yield of 6%, this demonstrates that our adopted figure is justifiable, and can be considered conservative.				
Pulborough, Sussex	Sainsburys	29,073	£18.15 (£195)	Sold 2010 @ 4.25% (£4,347 per sqm)
Newbury	Sainsburys	133,953	£23.50 (£253)	Sold 2010 @ 4.5% (£4,982 per sqm)
Dover	Morrisons	50,700	£18 (£193.8)	Sold March 2010 @ 5% (£3,664 per sqm)
Crowborough	Tesco	27,411	£14.45 (£155)	Sold 2010 @ 4.29% (£3,422 per sqm)
March, Cambs	Sainsburys	32,632	£18 (£194)	ERV stated at £22 psf (£236.8 SqM). Quoting 4.5% net yield = £377.85 Sq M capital value
Church Lane Bedford	Aldi	16,454	£14.28 (£153.71)	Letting May 2010
Houghton Regis	Asda	51,000		Confidential transaction 2012. Developer unable to disclose, but confirmed £15-£20 psf “fair tone” across UK and £1m-£1.5m max per acre land
Sheldon Birmingham	Morrisons	105,000 sq ft	£25.82 (£277.93)	Letting March 2010
Coldhams Lane Cambridge	Sainsburys	81,983 sq ft	£24.00 (£258.34)	Rent review Dec 2009
Tewkesbury Road Cheltenham	Sainsburys	97,434 sq ft	£23.25 (£250.26)	Rent review Dec 2008
Alfreton	Tesco	87,347 sq ft	£22.00 (£237.00)	Sale & lease back Jan 2013 at £438psf (£4720 SqM. 5%
Stanway Colchester	Sainsburys	147,000 sq ft	£26.79 (£288.37)	Letting Dec 2010
Diss	Tesco	50,334 sq ft	£22.00 (£236.81)	Sale & lease back Jan 2013 at £432.91 (£4660 SqM).5%
Maldon	Tesco	103,761 sq ft	£25.82 (£277.89)	Sale & lease back Jan 2013 at £515.60 (£5550 SqM). 5%
West Bromwich	Tesco	380,000 sq ft	£20.50 (£220.67)	Sale & lease back Jan 2013. Mixed retail scheme overall rent. 5.9%
Ebbw Vale	Tesco	58,865 sq ft	£21.66 (£233.00)	Sale & lease back Jan 2013 at £418.75 psf (£4508 SqM) 5.2%

Beaumont Leys Leicester	**Tesco**	**125,952 sq ft**	**£23.25 (£250.26)**	**Rent review Feb 2008**
Serpentine Green Peterborough	**Tesco**	**136,396 sq ft**	**£26.00 (£279.86)**	**Rent review Dec 2008**
Prescott Merseyside	**Tesco**	**119,435 sq ft**	**£21.35 (£229.81)**	**Rent review June 2010**
Richardson Way Coventry	**Tesco**	**103,575 sq ft**	**£14.27 (£153.60)**	**Investment sold at 4.57% in Sept 2011**
Embassy Court Welling	**Tesco**	**84,023 sq ft**	**£18.40 (£198.06)**	**Letting June 2010. Investment sold at 5% in June 2011**
Peasley Cross Lane St Helens	**Tesco**	**140,000 sq ft**	**£22.00 (£236.81)**	**Investments sold June 2011 5%**
Thorpe Road Melton Mowbray	**Tesco**	**49,000 sq ft**	**£19.29 (£207.64)**	**Investments sold at 5.75% May 2009**
Civic Way Swadlincote	**Sainsburys**	**66,379 sq ft**	**£21.24 (£228.63)**	**Open market letting Nov 2010. Investment also sold at 4.45%**
Ocean Road South Shields	**Morrisons**	**60,000 sq ft**	**£15.00 (£161.46)**	**Open market letting August 2010**
Carlton Road Nottingham	**Asda**	**TBC**	**£18.50 (£200.00)**	**Deal agreed for proposed Asda superstore**
Farrar Road Bangor	**Asda**	**46,141 sq ft**	**£17.70 (£190.52)**	**New letting Dec 2011. Investments sold at 5% in Dec 2011**
Church Lane Bedford	**Aldi**	**16,454**	**£14.28 (£153.71)**	**Letting May 2010**
Chesterfield Road South Chesterfield	**Tesco**	**91,500 sq ft**	**£20.00 (£236.81)**	**New letting March 2010. Sale and LB - £5069 SqM**
Lysander Road Stoke on Trent	**Tesco**	**70,486 sq ft**	**£24.24 (£260.92)**	**New letting**
Trentham Lakes Stoke	**Aldi**	**15,000 sqft**	**£210 (£2,260)**	**Freehold deal. Discount food retailer. Jan 2009**
Washdyke Lane Immingham	**Coop**	**19,381 sq ft**	**£13.50 (£145.00)**	**Rent Review Dec 2011**
Cowbridge Cattle Market	**Waitrose**	**22,000 sqft**	**£18.50 psf (£199 SqM)**	**New build 2012**

Supermarkets	Land Evidence			
Hampden Park, Eastbourne	Morrisons	5.5 acres	£1.25m per acre (£3.1 million per HA)	2011
Carlton Road Worksop	Tesco	8 acres	£15M (£1.875M per acre) £4.55M per ha)	Land was sold in June 2009
Barry Waterfront	Asda	7.78 acres	£2.3m per acre headline	Consent for 90,000 sqft store. 2012
Houghton Regis	Asda	51,000		Confidential transaction 2012. Developer unable to disclose, but confirmed £15-£20 psf fair tone across UK and £1m-£1.5m max per acre land
Chesterfield Road South Chesterfield	Tesco	9 acres	£14M (£1.55M per acre) (£3.76M per ha)	Tesco stated that £500,000 was spent on remediation.
Carlton Road Nottingham	Asda	1 acre	£1.5M per acre (£3.71M per ha)	Blueprint Regeneration for Asda September 2011
Wilford Lane West Bridgford	Sainsburys	6.97 Acres	£1.9m p acre	March 2013. £2.12m incl S106. “Prime” site.
Carter Gate Newark	Asda	6 acres	£6,000,000 (£1M per acre) (2.48M per ha)	£1m pa. 2009
We are aware from our on-going discussions with agents & supermarket operators they are typically prepared to pay the sum in the region of £1.5M per acre for supermarket land although over the last 12 months there has been a noticeable decreasing appetite for new development & this figure is often diminishing, in some cases more in line with the figure of approximately £1M per acre.				

General Retail Evidence Schedule

Address	Tenant	Size sq ft	Rent per sq ft (per SqM)	Comment
General	Rental Evidence			
Wellington Place, Hastings	Sports Direct	c. 10,000 sq ft (sales)		Investment available at 7.5%
Havelock Rd Hastings	Tesco	3134	£19.14 (£206)	Jan 2010
London Rd, Ore, Hastings	Betfred	720 sqft	££14.72 (£158)	
1 Bexhill Rd Retail Pk	Bensons Beds	6,627 sqft	£11.50 (£124)	Rent passing – lease available
Parker Rd, Ore Valley, Hastings	One Stop	2,518	£11 (£118)	Investment available at 8.7% (mixed use scheme to include offices)
High Street, Hailsham	Domino’s Pizza	1,320 sq ft	£16.64 (£179)	£222 per sq m (7.12%) February 2013
Rye Road, Hawkhurst	Budgens	13,459 sq ft	£16.35 (£176)	June 2008.
346 Seaside Road, Eastbourne	Co-op	3,876 sq ft	£16.77 (£80.5)	Pre-let October 2011.
Pollgate, BM26 6RE	Somerfield	4,173 sq ft		Freehold investment sold £8,000 per sq m
High Street, Pollgate	Confidential	1,077 sq ft	£14.86 (£160)	Panther Securities October 2012
Admiral Retail Pk , Eastbourne	Hobby Craft	12,000	£21 (£226)	Oct 2012
31 Station Rd Hastings	Confidential	2412	£14.51 (£156)	19/2/2012. New letting, quoting terms
18 Sea Road, Bexhill	Dominos Pizza	2814	£21 (£230)	July 2011. Investment sold as part of mixed use prop at 7.5%. Rental de-valued from VOA areas
10 Robertson St Hastings	A Jones and sons	3073	£11.40 (£122.5)	Investment sold at 6.68%, May 2011
2-3 Station Rd Hastings	Café Nero	4605	£13.57 (£146)	Letting April 2011
Forge, Battle	Confidential	2320		Sale March 2011. Roadside showroom. Confidential terms - quoting £1810 SqM
Hastings Rd Filmwell	Little Chef	4281	£113 SqM	March 2011