COMMUNITY INFRASTRUCTURE LEVY
&
WHOLE PLAN VIABILITY ASSESSMENT

PROPERTY VALUE STUDY

AS PART OF EVIDENCE BASE

FOR AND ON BEHALF OF
BASSETLAW DISTRICT COUNCIL

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21 JUNE 2019

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TERMS OF REFERENCE

As part of our instructions to provide valuation advice and assistance to Bassetlaw District Council in respect of Community Infrastructure Levy update and Whole Plan Viability Testing, we are instructed to prepare a report identifying typical land and property values for geographical locations within the study area.

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 and C4 houses)
2) Residential (C3 and C4 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 (based on recent history)

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. It is for each authority to decide whether they wish to adopt a separate charging category for this use, or adopt a more general retail charge more reflective of all retail uses.

The purpose of this value appraisal study is to provide part of the Authority's Evidence Base in support of possible preparation of an updated Community Infrastructure preliminary draft charging schedule, in conjunction with Whole Plan Viability Test.

Our report identifies potential charging zones and a sub-market map, which is to be read in conjunction with the valuation commentary and tables of appropriately, cross referenced value data.

The report also provides evidence to justify whether a fixed rate or variable rate charging scheme could be appropriate within the study area, subject to further viability testing.

This report version serves as an update to our previous report dated 10 November 2017. Some data is reproduced, with new data and market evidence presented.

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 increasingly be severely restricted.

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 study area. For property value assumptions, a report commissioned from RICS Registered Valuers (as in this instance) is generally deemed appropriate.

The valuation evidence provides an area based view - a broad test of viability (although changes in guidance now permit focus on individual development sites when subsequently undertaking viability tests). The 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 the 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 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 updating the Bassetlaw Council CIL charge (if appropriate) in conjunction with a whole plan viability assessment. 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 allow for economic viability of development to be considered as a whole, whereby all categories of development have been assessed.

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

Where evidence may be lacking or unavailable for example the more unusual use classes or within certain locations, reasoned valuation assumptions have been taken.

It should be noted that there will inevitably be scope for anomalies to be identified for each zone. This is to be expected (and is allowable under the CIL guidance). The values and zones identified herein provide a fair and reasonable 'tone' across each zone and use class.

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.

Bassetlaw

Bassetlaw is the most northerly district of Nottinghamshire, and also one of the geographically largest extending to some 246 sq miles.

The district is populated by approximately 113,000 people (2011 census) with the majority living in the two market towns of Worksop and Retford.

The district is predominantly rural in nature and has 73 villages served by 45 parish councils.

Approximately 42% of the population are situated within rural communities which range from small market towns to former mining communities to small hamlets.

LOCAL PROPERTY MARKET OVERVIEW

The majority of the residential population are located within Worksop and Retford with the balance being spread across the other towns and villages and more rural locations (approx. 42%).

Broadly, the more rural locations produce higher residential land values and sale prices, with lower value product situated with the urban centres. Inevitably certain anomalies and 'hot spots' exist outside these parameters.

The commercial market can be broadly categorised into 3 sections, and we can confirm that our Evidence Base research has largely confirmed these expected findings.

The A1 corridor runs approximately through the middle of the district from north to south and acts as an artery through the district.

There are noticeable hubs of activity around the Markham / Tuxford (A6075 trunk road junction) areas to the south and more noticeably around the Harworth / Bircotes area to the north, close to the A1 junction with the M18 motorway to the south of Doncaster.

Much of the commercial property tends to be clustered within the two main market towns of Worksop and Retford.

To the east of the A1, a much more rural landscape exists, with limited localised commercial property clusters.

The district socio-economics are much influenced by the larger conurbations surrounding, most noticeably Nottingham and Newark to the south, Lincoln to the east, Doncaster to the immediate north and Sheffield / Chesterfield to the west.

Notwithstanding the reasonably good access to the nationwide road network afforded by the A1, the district is one which traditionally is not highly sought after for commercial purposes from outside the immediate area, and more noticeably the national pool of demand.

The majority of demand is typically drawn from existing business within the district, although (notwithstanding current market conditions) some demand exists from outside the district particularly from warehouse / distribution operators, as well as other employers seeking benefit from relatively cheap land availability and labour.

PROCEDURE & METHODOLOGY

The CIL Guidance 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.

Our methodology favours an approach which is 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 pays due regard to 'market comparison' evidence available in each of the charging categories to provide a 'sense checked' output, bespoke to the study area.

Our methodology is more thoroughly outlined later in this report under the residential valuation commentary. We believe this approach best 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 location. The CIL guidance accepts that this may inevitably be the case on occasion, and where appropriate, reasoned assumptions have been taken.

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 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. This is backed up with stakeholder opinion where appropriate.

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

We are locally based (Nottingham) Chartered Surveyors, valuers and property agents, and accordingly have extensive local knowledge and expertise.

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.

For reasons of simplicity in reporting we have focussed on publishing data primarily for those categories where the 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 other use categories including those where our subsequent viability tests have indicated a lack of sufficient viability for a charge to be considered.

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 indicative 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 study area as a whole. Similarly, within the study area an individual site, building or piece of market evidence could fall outside the established 'tone'.

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

- Contact / interview of House Builders and property agents active within the study area
- CoStar System – a nationwide subscription database covering commercial property issues
- Zoopla / Rightmove (professional user subscriptions)
- EGI – a further subscription database covering commercial property uses
- Heb's own residential and commercial database of transactions
- Land Registry – subscription data tables where appropriate
- RICS Commercial Market Survey (quarterly)
- RICS Rural Land Survey H2 2018

We have further sought local market information and 'market sentiment' from local Stakeholders including:-

Avant Home	Persimmon Homes	Barratt Homes
David Wilson Homes	Bellway Homes	Longhurst Housing
Peter James Homes	Miller Homes	Peveril Homes
Inside Land (Nottingham based developers and land agents)		Minster Property Group

All of the above parties were contacted with a view to discussing market activity and an appropriate value tone for the study area. We are grateful to all parties for their assistance.

We believe this methodology has produced accurate and recent evidence available to support the recommended CIL rates across the study area.

On occasion we have been obliged to make reasoned subjective judgements as to our opinion of the likely use value for certain locations and uses. Similarly parts of our research comprises market opinion and value judgements gathered from the Stakeholders and property agents active within the study area to form a likely value achievable.

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 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 July to November 2017 (initial report), with subsequent data for the period up to June 2019.

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 arm's length transaction after proper marketing wherein the parties had both acted knowledgably, prudently and without compulsion".

POTENTIAL CIL CHARGING ZONES

Residential

To establish our valuation sub-markets (viability test zones), we first obtained average house price data for the study area, as at Oct 2017. This was done at the time of the previous report to the council – although house prices have increased in the intervening year and a half, the position of potential submarkets relative to one another remains unaltered.

The data was analysed on a 'per ward' basis, at which point value groupings began to emerge for further discussion with the Council.

With minimal exceptions, the value range was not great – broadly c£150,000 - £200,000.

Although a case could potentially be argued for sub-markets, the overall picture was a 'patchwork' pattern, rather than neat, contiguous value areas. Accordingly some potential administration issues were raised.

Furthermore, once *new build* sales evidence was identified and allocated to the appropriate locations, it was noticeable that there was only a limited differential. This is not uncommon – it is often the case that a new build development will 'drive its own value', rather than simply mirroring the existing stock surrounding it.

Often the type of existing housing stock prevalent is key to the level of average house price for a location – an area with a high proportion of older, terraced housing is likely to produce an existing average house price figure below what might be expected of a new housing development.

We consider that there was not sufficient 'fine grained' market evidence (new build values) to warrant separate sub-markets in this instance, and accordingly the Council has agreed that a single rate should be tested (with rates set at a level appropriate for ensuring that development is not threatened across the authority as a whole).

<u>Commercial:</u>

- Single Commercial Zone, area wide

The highest values for 'core' retail can be found in central urban areas however there is only marginal difference across the area as a whole for new build retail development. Although this may seem counter-intuitive, it should be borne in mind that new build retail development tends to be of a 'road side' or 'neighbourhood centre' style, and not more traditional 'High Street' retail which is generally well established. '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).

There is not a 'one size fits all' solution to what drives commercial property location values – what may be a high value retail area, may not be sought-after for warehousing, and vice-versa.

In summary we do not believe that there is sufficient 'fine grained' evidence to warrant a subdivision into separate CIL charging zones for commercial property. Inevitably the overall lack of tangible quality new build market evidence would mean an arbitrary decision is required as to where boundaries should be drawn which may not be defendable at Examination.

Accordingly in our opinion a single commercial rate should be applied where appropriate at a level which does not unduly threaten development as a whole across the entire 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 viability testing carries out a residual land appraisal whereby a typical development scenario is appraised. In simplified terms this is 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 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 is 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 'maximum' possible land value which could be appropriate in the study area, before any impact of planning policy.

The residual approach in context with the land value benchmarking methodology adopted in the Viability Appraisals is more thoroughly outlined within the 'Development Equation' section of the Viability Testing report.

Once the residual land value figure has been calculated it is provided as the basis for the land value benchmarking exercise in the viability assessments. As a secondary 'sense check' values are also assessed along with other sources of land value information. Qualified property valuers reasoned assumptions and judgement is applied to the market information that is available to produce an estimate of 'Comparable Market Value' which is both fair and realistic in current market conditions.

It is recognised that comparable market values do not necessarily reflect the true costs of planning policy impacts and of course cannot factor in new land taxes such as CIL.

This pragmatic approach balances the reasonable expectation of land owners' return with the contributions expected by a Local Authority for infrastructure needs generated by new development, as advocated by the National Planning Policy Framework.

This methodology is replicated for *all p*roperty use types, with a 'minimum' land value (typically based on market value figure) adopted for uses where the residual suggests a negative value or one below market value.

It is a fact of real market activity that sites are purchased when a residual may suggest a negative value.

Buyers often 'over-pay' for a variety of reasons – the market does not function perfectly with the benefit of perfect information, developers may be optimistic in a rising market, or special purchaser / ransom situations. A specific development type may show a negative residual value, but the fact of competition from other possible uses will ensure a minimum level is achieved.

Furthermore, a self-builder will not need to demonstrate a developer's profit.

Accordingly market evidence can on occasion suggest a figure above residual levels, which is sensible and pragmatic to adopt.

The value data contained within this report has been adopted in the NCS Viability Study for the location, and thereafter subjected to 'Benchmarking' to establish a minimum allowance for land that represents a 'reasonable return for the landowner', as required by the NPPF.

In greenfield development scenarios, this is quite straightforward in that the benchmark is established by considering the existing 'greenfield' use value – generally taken to be agricultural land value.

The benchmark for brownfield land is more complex. It assumes that land has some form of established use and therefore value (which will be much higher than an undeveloped greenfield plot).

The range of established brownfield land values is obviously quite wide dependent on location and use. However for the purpose of viability appraisal it must be assumed that the land has a low value or redundant use that makes it available for alternative use.

Industrial land value is therefore generally used as a relatively low value use that might be brought forward for more lucrative alternative development (often residential use).

Where a residual appraisal demonstrates negative or marginal land values (usually due to low market sale values), it is accepted that all land must have a basic value and a reasonable base value will be allocated by the valuer. This may often be the market value of the land based on comparable evidence.

<u>New Build Residential Values per Sq m</u>

CIL and other Planning charges are applied to future *new build* housing within the location.

It therefore follows that the methodology used for viability testing is applied using real evidence collated from the new / nearly new homes market wherever possible. An extensive survey of this market was conducted within the study area and immediate surround.

We have focused on '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 size, number of bedrooms and quality of the constituent properties.

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 in the study area 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 (typically Zoopla / Rightmove).

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. Adjustments for garages were made where present, to ensure like for like comparison.

Where new home data was found lacking, nearly new or 'modern' transactions and asking prices were analysed and adapted.

We have contacted contact home builders currently or recently active within the location, as listed in 'Procedure and Methodology' and again in Appendix 3. In most instances we were grateful to receive full assistance and cooperation although in a few instances the developer was unavailable for comment or unable to provide assistance.

Market value opinion obtained from stakeholders (house builders) generally confirmed our suggested sub-markets approach and values as appropriate, and a range between £1,980- £2,368 sq m (£180- £220 per sq ft) as appropriate for houses across the authority, marginally less for apartments.

Our adopted values for appraisal are shown at Appendix 2, with numeric sales data obtained tabulated at Appendix 3, with stakeholder comment.

By way of a further *'sense check'* the ***Zoopla Price Index**** currently confirms average prices for pin-point locations in the study area as follows: **£2,077 Sq m** for **Worksop**, **£2,024 Sq m** for **Retford**, **£2,217** for **Blyth**, **£2,013** for **Markham Moor**, and **£1,926 Sq m** for **Misterton**.

Figures are based on all specifications, not limited to new build. This will generally produce a *lower* average price than new build figures alone, since the average will include varying degrees of age and quality.

After adjustment to reflect a new build 'premium', our figures are further verified as being appropriate.

*As at 19/6/19, detached housing average.

Additional Stakeholder and background evidence is listed at Appendix 3.

2) Hotels

The most likely scenario for hotel development within Bassetlaw is from the budget- mid range sector of the hotel market for example Premier Inn and Travelodge, and our evidence base is therefore drawn from the budget – mid range sector.

Our evidence on sales values per sq m for hotels is based on our comparable evidence and market knowledge which shows that budget hotel operators pay in the region of £3,500 per room per annum which when capitalised at a rate of 7.5% produces a maximum sales value per room of approximately £46,000.

The average budget hotel room is approximately 17 sq m which also equates to an overall sales value figure per m in the region of £2,750.

3) Food Retail (Supermarket)

The majority of the larger food store retailers, including Asda, Tesco, and Morrisons are all represented within the area, operating from large store formats.

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

For supermarket / food retail outlets, we have appraised a typical food store format of 3,000 sq m – (32,000 sq ft) with a total 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 sq m.

We have adopted a rental figure of £170 per sq m with a capitalisation yield of 6%. This produces a sales value per m of £2,750. This capitalisation yield is appropriate bearing in mind that the food stores will be most likely occupied by one of the major supermarket brands such as Tesco, Sainsburys, Asda or Morrison's, by way of an institutional lease.

Typically, food store 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 and accordingly we have considered some evidence from outside the study area.

We consider our figures to be considered a 'conservative' assessment. Both regionally and nationally substantial evidence exists to demonstrate typical rental values paid by large format food operators from £150 to £300 per sq m, with yields often at 5% or lower.

4) General Retail (A1, A2, A3)

The town centres dominate the other retail sectors.

The rural areas have a more limited demand, mainly providing local and smaller convenience shopping.

Our retail valuations are primarily based on the comparable / 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 sq m, we have again utilised a rental level per sq m and capitalised this using appropriate yield to arrive at a sales value per sq m. 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 methodology has therefore included an assessment of Zone A rentals for the principal suburbs within the urban area and from these Zone A rentals we have calculated an average rental figure per sq m for the suburbs that takes in to account our assessment of the ratio of prime, secondary and tertiary retail stock within each centre. The resultant 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 again using comparable evidence produces a rental in the region of £120 per sq m, capitalised at a yield of 7%.

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.

5) Offices (B1a, Cat "A" fit out)

Given the proximity of Sheffield, Nottingham and Lincoln there is limited demand for office space in the area.

Our office valuations are primarily based upon the capital comparison and investment methodology. Where appropriate, rental evidence has been capitalised through the adoption of investment yields.

Where it exists, demand is often from existing local business, with limited relocation from outside the study area.

Low rental levels and capital values following on from limited demand have severely limited the viability of the office development in the area, and indeed the region.

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).

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

Our methodology is again based largely on the capital comparison method, through assessment of transactional evidence, and investment capitalisation where appropriate.

Where appropriate, rental evidence has been capitalised through adopting investment yields.

The industrial market is more evenly spread across the study area, with ease of access to the main road network typically an influencing factor on price. Worksop as well as M1 and A1 focused locations (particularly close to the M18 junction) dominate, with other more limited stock available at other locations including Retford.

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 available.

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.

7) Agriculture

The recent RICS rural land market survey (H2, 2018) has suggested that for the East Midlands region average agricultural land prices are approximately £20,000 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.

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.

Conclusions

We can confirm that sufficient evidence has been found to justify considering a variable rate CIL regime, with differing values adopted for Viability tests across the various development categories and across a single value zone for both commercial and residential property.

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, Bassetlaw District Council. No responsibility is accepted for third party issues relying on the report at their own risk.

Neither the whole nor 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.

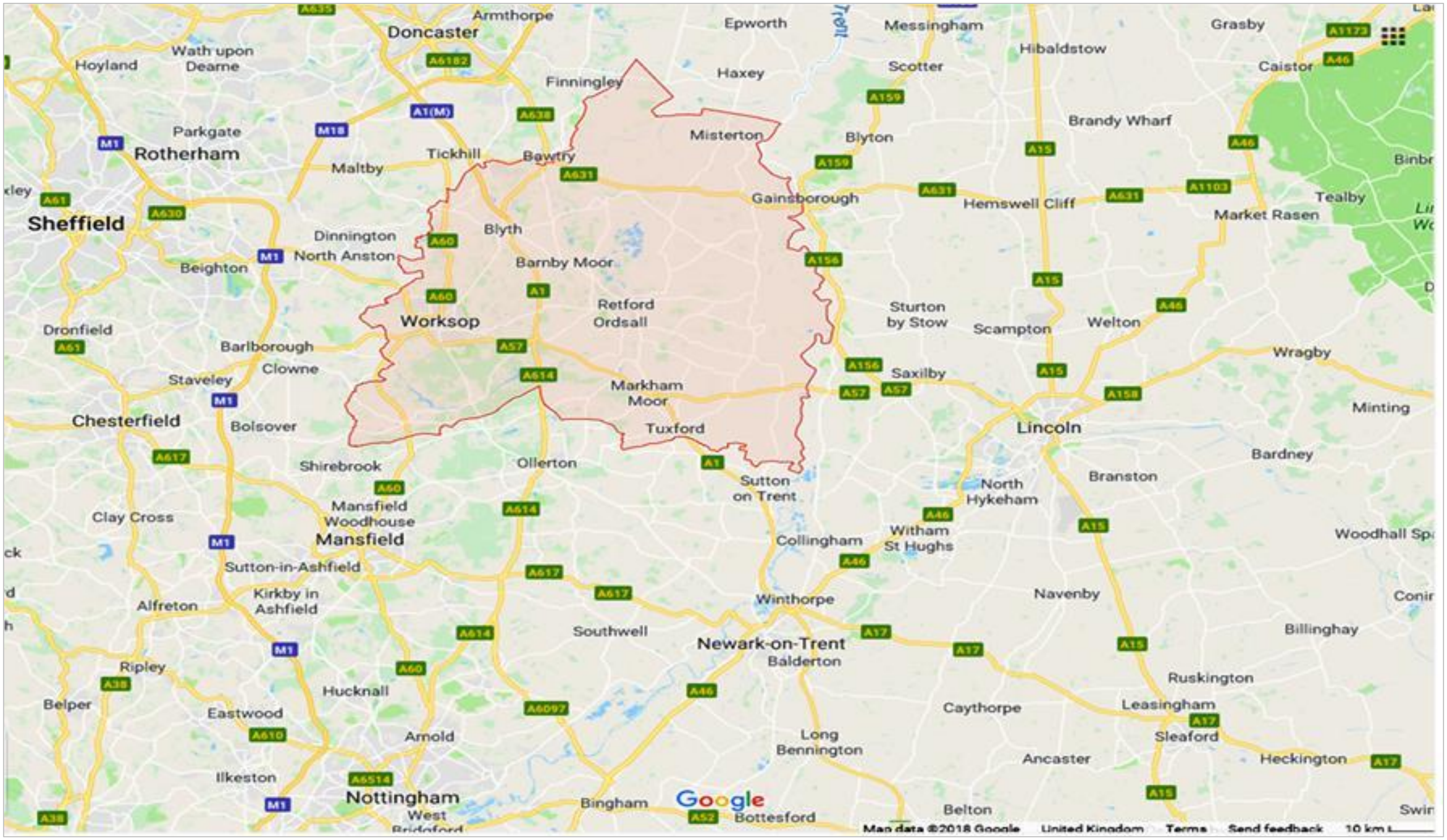
Yours faithfully

heb

heb Chartered Surveyors

APPENDIX 1

BASSETLAW DISTRICT



APPENDIX 2

BASSETLAW

INDICATIVE RESIDENTIAL VALUES - £ PER Sq m

£/SqM Market Sales Values	Apartment	2 Bed	3 Bed	4 Bed	5 Bed
Single Sub-Market	1940	2200	2150	2100	2100

INDICATIVE COMMERCIAL VALUES

Sales Values £ / Sqm		
		Charging Zones
		1 Districtwide
Industrial		850
Office		1345
Food Retail		2750
Other Retail		1700
Residential Inst		1200
Hotels		2750
Community		1077
Leisure		1350
Agricultural		400
Sui Generis	Car Sales	1500
Sui Generis	Vehicle Repairs	850

BASSETLAW INDICATIVE COMMERCIAL LAND VALUES

Sales Values	
	£ Per HA
Industrial Land	370,000
Office Land	370,000
Food Retail Land	3,000,000
General Retail Land	1,500,000
Residential Institution Land	370,000
Hotel Land	750,000
Community Use Land	370,000
Leisure Land	500,000
Agricultural Land	20,000
Sui Generis Land	
Car Sales	600,000
Sui Generis Land	
Vehicle Repairs	370,000

APPENDIX 3

ADDITIONAL VALUATION DATA AND EVIDENCE

LAND REGISTRY DATA - RESIDENTIAL MODERN STOCK

Address	Beds	Size (Sq M)	£ Price Sold	£ Per Sq M	£ Per Sq Ft	Date Sold
HOUSES – BASSETLAW DC						
16 St Marks Close, Worksop	3	82	148,000	1,805	168	05-04-19
11 Nightingale Grove, Worksop	4	104	180,000	1,731	161	22-03-19
4 Bristol Mews, Worksop	4	110	230,000	2,091	194	13-03-19
3 Rosewood Close, Worksop	4	116	232,500	2,004	186	11-02-19
5 Goldcrest Rise, Worksop	4	107	195,000	1,822	170	08-02-19
15 Woodlark Close, Worksop	4	122	237,500	1,947	181	04-02-19
24 Abingdon View, Worksop	5	173	370,000	2,139	200	18-01-19
42 Heathfield Gardens, Retford	4	101	228,000	2,257	210	27-03-19
10 Thoresby Way, Retford	3	74	173,000	2,338	217	13-03-19
12 Hollymount, Retford	4	107	250,000	2,336	217	12-02-19
47 Welham Grove, Retford	3	97	185,000	1,907	178	14-12-18
5 Headingly Road, Retford	4	110	230,000	2,091	194	14-07-17
2 Park Mews, Retford	4	178	325,000	1,826	170	12-07-17
1 St Andrews Way, Retford	4	106	218,000	2,057	191	07-07-17
9 Baker Avenue, Doncaster	5	130	230,000	1,769	164	21-07-17
The Barley Croft, Infield Lane, Retford	4	163	340,000	2,086	194	21-07-17
24 Elm Walk, Retford	3	83	176,500	2,127	198	02-08-17
20 Cromwell Close, Worksop	4	125	250,000	2,000	186	02-08-17
23 Spitalfields, Worksop	3	86	215,000	2,500	232	31-07-17
41 Kingfisher Walk, Worksop	3	92	166,000	1,804	168	28-07-17
6 Grange Farm Court, Worksop	2	93	170,000	1,828	170	11-08-17
29 Bluebell Walk, Worksop	3	69	134,950	1,956	182	18-08-17
3 Cross Field Drive, Worksop	4	108	225,000	2,083	194	25-08-17

Address	Beds	Size (Sq M)	£ Price Sold	£ Per Sq M	£ Per Sq Ft	Date Sold
APARTMENTS – BASSETLAW DC						
Bramble House, London Road, Retford		60	110,000	1,833	170	25-08-17
1 Grove Court, Worksop		59	120,000	2,034	189	06-02-15
2 Grove Court, Worksop		59	125,000	2,119	197	06-05-15
3 Grove Court, Worksop		58	119,000	2,052	191	12-12-14
9 Grove Court, Worksop		66	125,000	1,894	176	01-04-15
11 Grove Court, Worksop		59	120,000	2,034	189	25-11-14
12 Grove Court, Worksop		59	124,995	2,119	197	23-10-15
14 Grove Court, Worksop		70	124,995	1,786	166	23-10-15
15 Grove Court, Worksop		58	125,000	2,155	200	10-04-15
16 Grove Court, Worksop		58	125,000	2,155	200	25-11-14
19 Grove Court, Worksop		44	125,000	2,841	264	19-02-16
27 Grove Court, Worksop		37	140,000	3,784	352	19-06-15
34 Grove Court, Worksop		61	130,000	2,131	198	17-12-14
35 Grove Court, Worksop		56	125,000	2,232	207	23-12-14
36 Grove Court, Worksop		59	128,000	2,169	202	01-04-15
37 Grove Court, Worksop		59	120,000	2,034	189	26-06-15
38 Grove Court, Worksop		61	135,000	2,213	206	06-03-15
39 Grove Court, Worksop		56	125,000	2,232	207	21-11-14
42 Grove Court, Worksop		39	110,000	2,821	262	31-03-16

BASSETLAW - NEW HOME DEVELOPMENTS

Development	Builder	Price Range £ / Sq M*	Comments From November 2017 Report
Frobisher Court, DN9	Bellway	£2,091 - £2,186	Study area borders. Numbers verified by Bellway
Woodland Grange, Harworth	Jones Homes	£1,713 – £2,240	
Fairways Park, Retford	Persimmon	£1,850 - £2,224	
Plum Tree Grange, Harworth	Persimmon	£1,700 – £1,995	
Maple Gardens, NG19	Barratt Homes	£2,034 – 2,239	Study area borders
Old Hall Drive, Retford	Harron Homes	£2,048 – £2,111	
Rufford Oaks, Ollerton	Avant Homes	£1,834 - £2,203	Study area borders. Stuart Smith at Avant suggested a tone for the area as a whole at c. £185 -£190 per sq ft (£1,991 - £2,045 sq m), but also indicated that a recent (2016) scheme in Retford had achieved £200 - £220 per sq ft (£2,153 - £2,368)
Sparken Hill Gardens, Worksop	David Wilson Homes	£2,074 - £2,451	

Development	Builder	Price Range £ / Sq M*	Comments CURRENT (2019)
Berry Hill, Mansfield	Bellway	£2,368	Study area borders. Bellway confirm average sales at £220 per sq ft. HEB figures for the Bassetlaw area confirmed as a fair tone, although no current developments in Bassetlaw itself
Fairways Park, Retford	Persimmon	£2,149	2 Available
Plum Tree Grange, Harworth	Persimmon	£1,837 – £2,280	
Valley View, Retford	Able Homes	£1,816 - £2,719	Generally c. £2,300
Brindley Grove, Sutton Cum Lound	Private	£1.986 - £2,219	
Gateford Park, Worksop	David Wilson Homes	£2,050 - £2,549	DWH / Barratt confirm values as appropriate.
Gateford Park, Worksop	Barratt Homes	£1,954 - £2,548	“
Maple Gardens, Mansfield Woodhouse	Barratt Homes	£2,034 - £2,239	“ Study area Borders
Berry Hill, Mansfield	Avant	£2,368	Avant confirm typical selling price. Study area borders
Portlands, Cresswell	Avant	£2,045 - £2,153	Avant confirm typical price – often higher for small units. Report values “fair”.
Bishops Meadow Church Warsop	Private	£2,110	Plot 9
Gateford Park, Worksop	Jones Homes	£1,946 - £2,229	
Tuxford	Inside Land	£2,100	Site acquired and appraised at £2,100. Bassetlaw range - £1,950 - £2,200 “reasonable”.
Oak Tree Park, Shireoaks, Worksop	Stancliffe Homes	£2,028 - £2,142	
Hedgerows, Bolsover	Keepmoat Homes	£2,021 – £2,343	Study area fringe
-	Miller Homes		No current sales data, but report “tone” considered fair.
-	Minster Property Group		Nothing current but confirm report values as reasonable.
-	Peverill Homes		No current Bassetlaw data, but confirm report values as reasonable.

* *Price per sq m is after 5% deduction for negotiations and incentives. Adjusted for detached garages where appropriate*