

**COMMUNITY INFRASTRUCTURE LEVY  
LAND AND PROPERTY VALUE APPRAISAL STUDY**

**AS PART OF EVIDENCE BASE**

**FOR AND ON BEHALF OF  
BRENTWOOD BOROUGH COUNCIL**



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## **TERMS OF REFERENCE**

As part of our instruction to provide valuation advice and assistance to Brentwood Borough Council in respect of 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 part 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 zone rate 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 CIL Guidance recommends that standard valuation models should be used to inform viability evidence.

Where differential rates of CIL are proposed (rather than a geographical 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 Brentwood 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 for the purposes of 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 typical 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 Brentwood 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.

## **BRENTWOOD BOROUGH**

The Borough of Brentwood is situated in Essex in the south east of England.

The Borough has an estimated population of some 74,000 people (2011 Census) and covers an area of some 59 square miles.

The Borough is named after the main urban centre – Brentwood town which also acts as the administrative centre.

A more rural landscape (containing other smaller urban pockets) surrounds much of Brentwood town, particularly to the north.

Brentwood town is situated some 25 miles north east of London and 12 miles south west of Chelmsford.

The town benefits from excellent communications via the A128 and A12 trunk roads. The A12 provides convenient access to J28 of the M25 Motorway. Regular train services are available to London Liverpool Street (approximately 30 minutes) from Brentwood, Shenfield and Ingatestone Stations.

Services will be further improved with the arrival of the Crossrail Project, further linking Central London.



## **LOCAL PROPERTY MARKET OVERVIEW**

Brentwood enjoys a strategic location on the fringes on London, adjacent to the M25.

Main line rail connections are good as are main road links to the South East and East Anglia, as well as the rest of the UK via the M25 and nearby M11, A1 and M1.

The landscape is a mixture of urban and rural. The Borough is relatively small and compact, in comparison to many other Boroughs and Districts.

The Borough is a prosperous and sought after location, both in its own right but also as a commuter settlement for London.

Although there are individual pockets of more / less sought after locations, taken as a whole house values within the Borough are generally high both in the urban and in the rural areas.

A number of large residential development schemes have taken place in recent years, and there are good signs that there is a demand amongst developers for more, subject to land availability.

The commercial property market has been more subdued in recent years, in common with many UK locations since the start of the 2007 / 2008 downturn. Speculative development is limited and likely to remain so for the short to medium term in most sectors. The proximity of the M25 does provide better opportunities for industrial / warehousing development, and Brentwood town has a strong retail offer.

## **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.

Rather than simply relying on existing studies and published data tables, and to ensure a robust evidence base at Examination, 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 authority.

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.

For reasons of simplicity in reporting we have focussed 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* other 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 Borough, both in terms of collecting further market evidence but also to establish general 'market sentiment' for each use category.

*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 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:-

- London Commuter Belt Joint Study – Affordable Housing Viability Assessment August 2010
- London Commuter Belt Strategic Housing Market Assessment 2008
- Brentwood Town Centre Regeneration Strategy (May 2010)
- Brentwood Employment Land Review (2010)
- Brentwood Strategic Housing Land Availability Assessment (October 2011)
- Brentwood Retail and Commercial Leisure Study (November 2011)
- Focus System – a nationwide subscription database covering commercial property issues
- EGI – a further subscription database covering commercial property uses
- heb's own residential and commercial database 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 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 further sought local market information and 'market sentiment' from local **Stakeholders** including (but not exclusively) Hilbery Chaplin, (Brentwood Surveyors and Valuers), Glenny (Surveyors and Valuers), John Mass (Brentwood, Surveyors and Valuers), LSH (Chelmsford), Taylor Wimpey, Bellway Homes, Countryside Properties, Redrow Homes, Linden Homes, Crest Nicholson, Saxondale Properties and Chesterford Properties (both hotel development specialists), Best Western Hotels.

All of the above parties were contacted with a view to discussing an appropriate value tone for Brentwood Borough. In the majority of instances full cooperation was forthcoming although a small number of potential Stakeholders declined or were unable to fully engage in consultations (typically due to a lack of recent market activity).

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 August 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 knowledgeably, prudently and without compulsion".*

## **POTENTIAL CIL CHARGING ZONES**

At our initial meeting with Brentwood Borough Council, it was suggested that the Borough was a relatively small and compact geographical area with reasonably similar house prices across the Borough.

A preference for a simplified, single zone system was expressed, unless there was clear valuation evidence to the contrary.

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

Our preliminary investigations indicated that this would be an appropriate approach (single zone).

The London Commuter Belt Joint Study - Affordable Housing Viability Assessment (August 2010) analysed Brentwood and the surrounding area as a whole and has concluded that Brentwood should predominantly be considered as one single sub market within the larger area, with relatively similar values across the Borough albeit with a potential 'hot spot' identified to the North Eastern corner of the Borough.

Our analysis of average house price information by postcode (source – Zoopla) again suggests a limited difference across the majority of the Borough, with average house prices from 3 years to June 2013 at £362,000 for areas of the Borough covered by the CM15 postcode to £371,000 for areas of the Borough covered by the CM13 postcode. This clearly demonstrates only marginal difference across the majority of the Borough although again a 'hot spot' was noted for the north eastern corner of the Borough falling under the CM4 postcode (proportionally consisting of a relatively small part of the Borough as a whole).

Notwithstanding some evidence to suggest that a separate CM4 high zone should be considered, our recommendation in this instance is that the council's initial suggestion for a single zone approach is both pragmatic and sensible.

Our methodology relies on an analysis of *new build* housing evidence, since this is the type of property on which CIL is levied. New build property tends to command a premium over and above existing stock.

We have been unable to identify any significant new build sales data for the CM4 postcode nor have we been able to identify any land sale price data, specific to the CM4 postcode within Brentwood.

As a result any suggested values for that location would not be based on specific market data and could potentially be subject to challenge. Pragmatism and simplicity (both of CIL system adoption and administration thereafter) is generally considered best practice where possible.

In addition, our stakeholder consultations with Bellway Homes, Countryside Properties, Redrow Homes, Taylor Wimpey and Hilbery Chaplin Chartered Surveyors suggested overwhelming agreement that a single zone value approach for Brentwood as a whole was appropriate. When considering all of the above factors our recommendation is that a single CIL residential zone be adopted for further viability testing, and it is on this basis that we have reported our indicative values.

With regards to potential commercial zoning, our research has not identified what we would consider to be sufficient 'fine grained' sample evidence to warrant a division of what is a relatively small and compact geographical area into multiple commercial zones.

As with residential property there will inevitably be 'hot-spots' within the Borough however clearly delineating one zone from another through transactional market data would be difficult and potentially problematic to defend at Examination if challenged. Inevitably, an arbitrary judgement as to where boundaries should be drawn would result, which we would not be confident of being able to fully justify at Examination for *all* commercial use categories.

Clearly the highest demand for *retail* property will be in Brentwood town centre, however it is important to bear in mind that CIL is chargeable on *new build* development. 'High Street' property is seldom developed from new. More typically where development occurs it is a demolition and rebuild of existing property which by and large would not be liable for CIL. For this reason our methodology analyses a 'roadside retail' type retail development, more typically developed as new build in the current market and generally located along arterial routes.

In conclusion a single commercial property zone approach is recommended for Brentwood Borough, with rates set at a level which do not threaten viability as a whole across the 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* 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 '*maximum*' possible land value which could be appropriate in the study area, before any impact of planning policy.

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 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 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.

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.

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.

In this respect we have provided two land values – the residual and a separate figure which states our opinion as RICS Registered Valuers of a realistic land value from the market comparison approach (adopting comparable evidence where available).

A summary of both figures is appended at Appendix 2

*This methodology is replicated for all property 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).

Industrial base values will not always be appropriate to represent the sort of land that is likely to come forward for alternative use. For instance in high value commercial locations (motorway corridors, airports etc) the industrial value will be much higher than other types of base brownfield land likely to be released for alternative use (e.g. residential). It will be a matter for the valuer to use reasoned assumptions for an appropriate “brown field” figure.

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.

In this respect we can confirm that our residual land value figure for the area is calculated at **£4,546,000 per Ha.**

Additional sources of information have generally tended to be less location specific, but provide general evidence for a land value tone for market evidence.

Additional sources of information have included:-

- Valuation Office Agency Building Land Figures (HCA report, July 2010, most recent version) which suggests traded land values for nearby Chelmsford at **£3.7 million per hectare**, and Romford at approximately **£3.95 million per hectare**.
- Valuation Office Agency Property Market Report 2011 (most recent publication date available). Traded residential development land in nearby Romford at **£3.125 million per hectare**.
- John Waller, agency investment and development specialist at Hilbery Chaplin Chartered Surveyors confirmed opinion that a figure in the region of £1.5 million per acre (**£3.7 million per hectare approx.**) is broadly appropriate.
- Phil Standon, Bellway Homes confirmed a recent comparable land sale in the region of £1.2 million per acre (**c. £3 million per hectare**) and further expressed opinion that the market was improving and that land values could currently be considered at £1.5 million per acre (**£3.7 million per hectare**).
- Matthew Lees, senior land manager at Redrow Homes South East, suggested a range of figures for current land value between £1.2 to £1.8 million per acre (**£2.96 million to £4.4 million per hectare**).
- David Pelle, land manager at Taylor Wimpey East London suggested a figure of approximately £1.5 million per acre (**£3.7 million per hectare**) as being broadly appropriate.
- Peter Williams, land director at Countryside Properties suggested a range of figures of between £1.2 to £1.7 million per acre (**£2.97 million to £4.2 million per hectare**) as being appropriate.

*When considering the above factors we believe that an indicative 'market comparison' land value of **£3.7 million per hectare** is a fair and appropriate tone for the Borough 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 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 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. From our market knowledge and continually updated house builder feedback we are aware that discounts of say 5% to 7% are typical to assess achievable sale prices from quoting terms. Where quoting prices are listed in our data tables it is generally due to developers being unwilling or unable to assist, or through the relevant team member being unavailable when canvassed. Where new home data was found lacking, nearly new or 'modern' transactions and asking prices were analysed and adapted.

Data tables are appended to this report however in terms of other sources of market information and 'sentiment' we can confirm the following:-

The London Commuter Belt Joint Study - Affordable Housing Viability Assessment August 2010 suggested sales values for the Brentwood study area ranging from **£2,976 per sq m to £3,800 per sq m** for flats, **£2,821 per sq m to £3,627 per sq m** for terrace housing, **£2,937 per sq m to £3,699 per sq m** for semi-detached property, and **£2,969 per sq m to £3,984 per sq m** for detached property.

These figures are based on average sale prices for existing stock which will typically be at a lower rate than new build property which generally commands a premium (and forms the basis of our assessment).

Peter Williams, Land Director at Countryside Properties (volume house builders active within the region) suggested a range of figures from between **£3,230 per sq m to £4,037 per sq m** (£300 to £375 per sq ft) as being typical for Brentwood.

Phil Standon, Land Director at Bellway Homes suggested an appropriate tone **£3,500 per sq m to £3,767 per sq m** (£325 to £350 per sq ft).

Matthew Lees, Senior Land Manager at Redrow Homes South East indicated an appropriate tone for Brentwood of **£3,445 per sq m to £3,522 per sq m** (£320 to £330 per sq ft). He further indicated that premium product in the most sought after areas could potentially achieve up to **£4,844 per sq m** (£450 per sq ft).

David Pelle, Taylor Wimpey East London suggested an appropriate overall tone for Brentwood in the region of **£3,498 per sq m** (£325 per sq ft).

There are a number of other new build developments currently under construction within the study area where we were not able to obtain sales data however quoting prices range between **£3,200 per sq m to £4,400 per sq m**.

As outlined in our methodology above, further evidence was obtained by our valuation team to confirm these figures as being appropriate, and where necessary adjust to reflect likely new build prices.

A summary of these findings is tabulated and appended.

## 2) Other Residential (C1, C2)

### C1 –Hotels

We consider the most likely scenario for hotel development within Brentwood 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 transactions 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 Brentwood. Our figures are based on our own market knowledge as well as comments 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 7.5% produces a maximum sale value per room of £40,000.

It has been established that a typical budget hotel room extends to approximately 17 sq m, which equates to an overall sales value per sq m in the region of £2,400.

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.

### 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 m<sup>2</sup>, 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)**

Sainsburys occupy a superstore format within the town centre, however many other major supermarket retailers are not present within the Authority, with the compact nature of the Borough potentially offering limited opportunities to gain representation.

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. £3.7 million per hectare, land values are increasingly falling back towards c. £2.5 million per hectare.



Our development appraisal (residual value) has demonstrated a *maximum* residual land value of £5.15 million per hectare (before imposition of 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 m<sup>2</sup>.

For Brentwood Borough we have utilised a figure of £183.00 sqm / £17.00 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 Brentwood 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 £288 per sq m with yields often as low as 5%-5.5% 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 Brentwood town centre and we would anticipate the majority of new development to be distributed across the Borough 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<sup>2</sup>, we have again utilised a rental level per sq m and capitalised this using appropriate yield to arrive at a sales value per m<sup>2</sup>. 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 study area, which using comparable evidence produces a rental in the region of £140 per sq m (£13 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.

We have utilised both the development appraisal (residual method) and comparable evidence method. Our residual land value figure is £3.6 million per HA.

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 fairly standardised rental rate payable across any given region. Accordingly some appropriate available evidence has been drawn from outside the immediate Brentwood 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. Furthermore, many tenants' profiles would produce a much lower yield profile, increasing capital values. 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 in Brentwood remains subdued, with speculative development rare.

From VOA Data tables and discussions with local commercial agents, Lambert Smith Hampton, Mass & Co, and Hillbury Chaplin, we believe that employment land suitable for office development if traded would be in the region of £1.45 million to £1.85 million per hectare (approximately £600,000 to £750,000 per acre).

From our own market research and stakeholder engagement we believe that a figure of approximately £1,900 per sqm can be considered as appropriate for modern stock. Office valuations are primarily based upon the comparable – capital comparison methodology. Where appropriate, rental evidence has been capitalised through the adoption of investment yields.

Our research has suggested that 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 more 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).

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 only limited available evidence for 'new build' across the Borough.

Where appropriate, rental evidence has been capitalised through adopting investment yields. Generally, industrial rents (non secondary stock) vary from between £5.00 to £7.50 per sq ft (£53.80 to £81 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 is noticeable.

The most recent Valuation Office Agency Property Market Report suggests a figure of approximately **£2 million per hectare** as appropriate for nearby (but inside M25) Romford. Stakeholder engagement suggested a figure of between **£1.4 million to £1.85 million per hectare** as 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.

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 generic 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 £107 per sq m (£10 per sq ft) and we have utilised the capitalization yield of 8.5%.

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.

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 - £18,000 per hectare.

The 2013 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.

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) rate CIL regime, subject to further viability testing.
- 2) The housing market is generally buoyant and robust across the Authority. Although some evidence points towards areas of potentially higher value, there is not sufficient 'fine grained' new build evidence to pinpoint value boundaries and justify a higher rate zone, beyond reasonable doubt at Examination. This combined with the relatively compact geographical nature of the Borough means we would recommend a single residential approach be adopted, as initially suggested by the Authority. Rates should be set at a level that do not threaten viability across the Borough as a whole.
- 3) A lack of accurate transactional *new build* evidence covering all commercial property types, combined with the relatively compact geographical area and the 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 are fully accredited RICS Registered Valuers, and our conclusions as to appropriate indicative 'tone' values across development categories within the Borough are tabulated and summarised within the value tables 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 Brentwood 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.

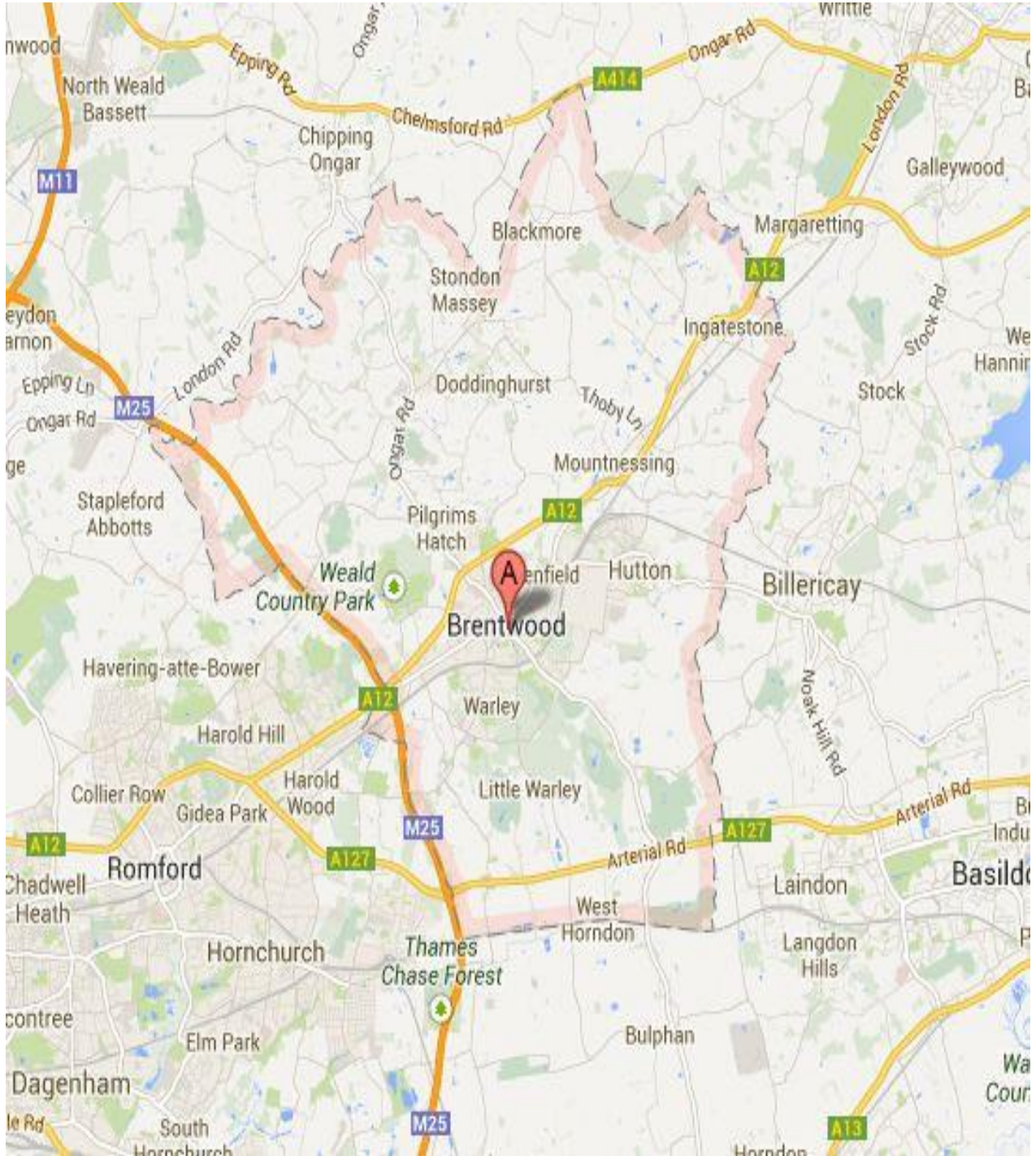
Neither the whole or any part of this report nor any reference to it may be included in any published document, circular or statement nor published in any way without prior written approval of the form and context of which it may appear. We shall be pleased to discuss any aspect of this report

Yours faithfully

**heb Chartered Surveyors**

## APPENDIX 1

### Brentwood Borough Potential CIL Charging Area Map



## APPENDIX 2 – INDICATIVE PROPERTY VALUES

### BRENTWOOD BOROUGH INDICATIVE RESIDENTIAL VALUES

Property Sales Values					
Sales Value £ sqm					
Apartment	2 Bed	3 Bed	4 Bed	5 Bed	
3500	3400	3400	3300	3300	

Residential Land Values £ per Ha		
	Market Value	Residual
Value per Ha	3700000	4546000

### BRENTWOOD BOROUGH INDICATIVE COMMERCIAL VALUES

Commercial Sales Values £ Per Sqm		
Industrial		880
Office		1900
Food Retail		3000
Other Retail		1850
Residential Inst		800
Hotels		2400
Community		915
Leisure		1200
Agricultural		300
Sui Generis	Car Sales	1700
Sui Generis	Vehicle Repairs	880

Commercial Land Values £ Per HA			
		Market Value	Residual
Industrial		1500000	445000
Office		1500000	-
Food Retail		3700000	5,153,165
Other Retail		2500000	3,626,000
Residential Inst		1500000	-
Hotels		2000000	-
Community		1500000	-
Leisure		2000000	-
Agricultural		18000	N/A
Sui Generis	Car Sales	2500000	-
Sui Generis	Vehicle Repairs	1500000	-

## APPENDIX 3 – ADDITIONAL VALUATION EVIDENCE

### RESIDENTIAL

#### **Kings Park, Harold Wood – Countryside Properties**

New development, slightly outside study area.

Sales presently averaging £3,230 to £4,037 per sqm.

Development comprises 1 & 2 bedroom apartments & 3 & 4 bedroom houses.

The Developer suggests that Brentwood is a more desirable location where they would expect figures to be approx. 10% higher.

#### **Redrow Homes South East**

The developer is active across the region although not presently on site in Brentwood. Opinion was expressed that appropriate 'tone' for Brentwood was in the region of £3,445 to £3,552 per sqm, potentially rising to £4,844 per sq m for more desirable locations.

#### **Taylor Wimpey**

Active across the region & recently completed some developments within Brentwood. Opinion expressed that appropriate new build residential values were in the region of £3,500 per sqm.

#### **Bellway Homes**

Active across the region although not presently building in Brentwood. An appropriate tone of between £3,500 to £3,767 per sqm was suggested, with further comment that values are improving constantly.

### **Burntwood Square, Brentwood (Linden Homes)**

Exclusive development close to Brentwood town centre, currently under construction & comprising apartments, 2, 3, 4 & 5 bed houses. Current quoting prices range from £3,333 per sqm to £4,443 per sqm. After an allowance for negotiations we would envisage achievable prices ranging from approx. £3,166 to £4,220 per sqm as appropriate.

Brentwood Square is a 'prime' location & very much a 'premium' product & accordingly we would suggest some reduction from the maximum as appropriate to a fair 'tone'.

### **Base, Brentwood – Crest Nicholson**

Large scale apartment development. Recently constructed.

Quoting prices currently range from approx. £2,851 per sqm to £3,768 per sqm.

After allowing for a deduction for sales negotiations we believe a figure of approx. £2,700 to £3,580 per sqm would be appropriate.

### **The Galleries, Brentwood – City & Country**

A luxury apartment development – new build & conversion.

Quoting prices range from approx. £3,630 per sqm to £4,435 per sqm. These are quoting prices, & in addition this is a 'premium' product & accordingly we would suggest some reduction as appropriate for a more appropriate apartment 'tone' across the Borough.

## RETAIL EVIDENCE SCHEDULE

Address	Tenant	Size sq ft	Rent per sq ft (per SqM)	Comment
<b>Supermarkets</b>				
<b>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 - £344 per SqM. When capitalised at a yield of 6%, this demonstrates that our adopted figure is justifiable, and can be considered conservative.</b>				
Brentwood	Sainsburys	104,598 sqft	£31.93 (£344)	Nov 2013. Sale reported at 4.08 %. Devalues to c. £8,431 SqM before costs
Ashford	Sainsburys	151,350 sqft	£23 (£247)	Aug 2013. Sale reported at 4.1%. Devalues to c.£6024 SqM before costs.
Maldon	Tesco	103,761 sq ft	£25.82 (£277.89)	Sale & lease back Jan 2013 at £515.60 (£5550 sqm). 5%
Stanway Colchester	Sainsburys	147,000 sq ft	£26.79 (£288.37)	Letting Dec 2010
Tewkesbury Road Cheltenham	Sainsburys	97,434 sq ft	£23.25 (£250.26)	Rent review Dec 2008
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 = £4067 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 £1 m-£1.5 m 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
Alfreton	Tesco	87,347 sq ft	£22.00 (£237.00)	Sale & lease back Jan 2013 at £438 psf (£4720 sqm). 5%
Diss	Tesco	50,334 sq ft	£22.00 (£236.81)	Sale & lease back Jan 2013 at £432.91 (£4660 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

<b>Chesterfield Road South Chesterfield</b>	<b>Tesco</b>	<b>91,500 sq ft</b>	<b>£20.00 (£236.81)</b>	<b>New letting March 2010. Sale and LB - £5069 sqm</b>
<b>Lysander Road Stoke on Trent</b>	<b>Tesco</b>	<b>70,486 sq ft</b>	<b>£24.24 (£260.92)</b>	<b>New letting</b>
<b>Trentham Lakes Stoke</b>	<b>Aldi</b>	<b>15,000 sq ft</b>	<b>£210 (£2,260)</b>	<b>Freehold deal. Discount food retailer. Jan 2009</b>
<b>Washdyke Lane Immingham</b>	<b>Coop</b>	<b>19,381 sq ft</b>	<b>£13.50 (£145.00)</b>	<b>Rent Review Dec 2011</b>
<b>Cowbridge Cattle Market</b>	<b>Waitrose</b>	<b>22,000 sq ft</b>	<b>£18.50 psf (£199)</b>	<b>New build 2012</b>

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

## GENERAL RETAIL EVIDENCE SCHEDULE

Address	Tenant	Size sq ft	Rent per sq ft (per SqM)	Comment
Warley Hill Brentwood	Tesco Express	5,067	£13.10 (£141)	Investment sold at 5.75% - £2314 SqM Sept 2013
Waterhouse Lane, Chelmsford, Essex	Tesco Express	4,500	£13 (£138)	Investment sold at 6% - £2165 per sqm
Hanging Hill Lane Brentwood	Tesco Express	4691	£12.86 (£136)	May 2012 letting
35 Duke Street, Chelmsford, Essex	Undisclosed	2,145		Freehold sold at £2,136 per sqm. Roadside retail.
106 High Street, Brentwood, Essex	Prezzo	4,098	£12.20 (£131)	2012 letting
26 High Street, Brentwood, Essex	Caffé Nero, Toni & Guy Ltd, Vision Express & Others	7,489	£33.73 (£363)	2012 investment sold. Understood to be based on 8%. Quoting price approx. £4,500 per sqm. Rent quoted on an overall basis.
Moulsham Street, Chelmsford, Essex	Tesco Express	4,300	£11.51 (£124)	New letting.
84 High Street, Brentwood, Essex	Ladbrokes	2,533	£17.37 (£187)	2012 letting.
65 High Street, Brentwood, Essex	Fatface	2,594	£23.13 (£249)	2011 letting.
Meadow Rise, Billericay, Essex	Tesco Express	4,353	£12.63 (£136)	New letting August 2011.
High Street, Maldon, Essex	Costa Coffee	3,556		Freehold investment sold at 6%. £2,248 per sqm.
37 High Street, Brentwood, Essex	St Francis Hospice	1,816	£24.78 (£267)	New letting.
106 High Street, Brentwood, Essex	Papa Johns Pizza	1,576	£12.69 (£137)	New letting.
71 High Street, Brentwood, Essex	Steamer Trading	4,882	£15.36 (£165)	2011 letting.
Gardiners Link, Basildon, Essex	Various	146,500	£	Out of town retail park sold 2011 at 6.3% initial yield - £3,748 per sqm.
32-34 High Street, Brentwood, Essex	Iceland Foods	12,094	£	2011 investment sold at 5.3% - £2,340 per sqm.

54 High Street, Brentwood, Essex	Nevada Bobs	2,869	£17.50 (£188)	New letting.
Bloomsbury Court, Chelmsford, Essex	Dominos Pizza	1,860	£10.75 (£116)	2011 roadside retail letting.
Springfield Road, Chelmsford, Essex	Ripples	1,250	£16.28 (£175)	2010 roadside retail letting.
21 High Street, Brentwood, Essex	Saffron Building Society	1,737	£21.30 (£229)	2010 letting.
Coggeshall Road, Essex, CM7	Tesco Express	3,860	£14.64 (£158)	Investment available at 6% - £2,482 per sqm.
Mawney Road, Romford, Essex	Tesco Express	2,582	£17.43 (£188)	New letting March 2013.