

# Proof of Evidence



**Liss Forest Nursery, Petersfield Road, Greatham**

**PINS Appeal Reference:** APP/Y9507/W/23/3314274

**South Downs National Park Authority Reference:** SDNP/21/04848/FUL

Proof of Evidence

Mr Matthew Spilsbury, MRICS MRTPI

Subject: Viability

21<sup>st</sup> April, 2023

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# 1. Introduction

## Qualifications and Experience

- 1.1 I, Matthew Spilsbury BA (Hons), MSc, MRICS, MRTPI, am a Senior Director in the National UK Planning & Development department of CBRE Ltd ('CBRE').
- 1.2 I am instructed by Cove Construction Ltd, Peter Catt, Vincent Catt and Neil Catt ('the Appellants') to present evidence on the matters of financial viability and affordable housing at this Inquiry.
- 1.3 I am a qualified professional member of both the Royal Institution of Chartered Surveyors ('RICS') and the Royal Town Planning Institute ('RTPI').
- 1.4 I joined CBRE in 2021 as a Senior Director, and I have responsibility for leading CBRE's national team of surveyors advising on matters of development viability.
- 1.5 Prior to joining CBRE I was Director, and national Head of Development Viability, at Turley in a similar role and have been a Director since 2016.
- 1.6 Prior to joining Turley in 2013 I was employed at property consultancy GVA (subsequently becoming Avison Young) rising to Principal Consultant, having been employed in 2007 as part of the Graduate intake to the Planning and Development department.
- 1.7 The focus of my professional advice is to provide analysis of the financial viability of land and development sites from the promotion and plan-making stages through to underpinning planning applications and thereafter. I also have experience in providing advice on matters including land acquisitions, commercial disputes, affordable housing strategy, enabling development and optimum viable use of heritage assets and financial cases to secure public sector funding for projects.
- 1.8 I have substantive experience in providing professional advice to landowners, investors, promoters, house builders and Local Planning Authorities on financial viability and deliverability nationwide regarding both residential and non-residential sites and development schemes. This includes schemes ranging from small-scale residential sites to new settlements in Worcestershire and Oxfordshire.
- 1.9 I have consequently given professional advice on a wide range of development projects, including at Section 78 Appeals, as well as appearing extensively at Local Plan Examinations in Public and Community Infrastructure Levy ('CIL') Examinations acting for a wide range of private development sector clients and landowners.
- 1.10 I am familiar with both the Appeal Site and surrounding area. I am presently acting in respect of another previously developed site for residential led development within the South Downs National Park ('SDNP') in Lewes. I have also advised on sites for development in Arun District, Southampton, New Forest National Park, Bournemouth, Brighton and Hove, Hastings, Horsham, Guildford, Reading and Swindon.
- 1.11 I have an understanding of the relevant planning policy context and associated issues relating to this Appeal.

## Purpose of Proof of Evidence

- 1.12 This proof of evidence has been prepared following instruction from the Appellants in respect of the Appeal against refusal of planning permission from South Downs National Park Authority ('SDNPA') of planning application (ref: SDNP/21/04848/FUL) for the following ('the proposed development'):

*"Development of 37 dwellings (including affordable homes), alterations to existing access onto Petersfield Road, hard and soft landscaping, drainage and all other associated development works."*

- 1.13 The Appeal Site is Liss Forest Nursery, Petersfield Road, Greatham, GU22 6HA.

- 1.14 In SDNPA's determination of the planning application, reason for refusal 1 is set out as follows:

*"Based on the information provided, it has not been satisfactorily demonstrated that the proposed development cannot deliver an on-site affordable housing provision that is greater than the proposed 21.6%, and that the provision of 50% on-site affordable housing cannot be achieved. The proposals are therefore contrary to policy SD28 of the South Downs Local Plan 2019, the National Planning Policy Framework 2021, the adopted Affordable Housing Supplementary Planning Document (2020), the English National Parks and the Broads: UK Government Vision and Circular 2010 and statutory duty of a National Park."*

## Scope of Evidence

- 1.15 The purpose of this proof of evidence is to present the viability evidence prepared in support of the Appellant's case in response to the SDNPA's first reason for refusal as set out above.

- 1.16 This proof of evidence contains an updated financial viability assessment ('FVA') as compared to the previous versions, in support of the Appellant's case. This is required to take account of the agreement at the Case Management Conference ('CMC') to set a baseline date for determining data inputs as being 31<sup>st</sup> March 2023. It also reflects subsequent discussions between CBRE and SDNPA's viability advisor Bruton Knowles ('BK') in seeking to reach a position of common ground on disputed matters.

## The Appeal Site ('site')

- 1.17 The site comprises 2.4 hectares of land to the south-east of Petersfield Road in Greatham within the South Downs National Park ('SDNP'). It is located to the north of Greatham Primary School and to the south of the residential cul-de-sac of Baker's Field.

- 1.18 It extends to 2.38 hectares (5.39 acres) and is broadly rectangular in shape. The site is accessed via a private access from Petersfield Road.

- 1.19 A site location plan, showing the site outlined in red is provided (CD1.18).

- 1.20 The site is currently used as a horticultural nursery and includes a small office and residential bungalow to the south-west, as well as a number of greenhouses and other buildings and polytunnels extending across most of the site.

- 1.21 The site is accessed from Petersfield Road at the western corner of the site and there is a parking area located along the driveway which runs south-west from the site access.

- 1.22 The site is contained by existing built-form on three sides with the north-western boundary formed by Petersfield Road, the north-eastern boundary abuts the rear gardens of properties on the Bakers Field estate and the south-western boundary abuts Greatham Primary School. The south-eastern boundary abuts an arable field.



- 1.23 Greatham contains a number of community facilities including a primary school, village hall, recreation ground, pub, church and church hall. The closest bus stops are located on Petersfield Road to the north and south of the site and are accessible within a 2-minute walk of the existing site access. Several bus services are accessible from these stops and provide access into neighbouring strategic centres such as Alton, Petersfield, Liss, Purbrook and Holybourne.
- 1.24 The site is bordered by existing development on three sites, with the south eastern boundary adjacent to open countryside.

### The Proposed Development

- 1.25 The proposed development of the site comprises 37 residential dwellings. These comprise 2x 1-bed flatted units, 13x 2-bed houses, 12x 3-bed houses, 7x 4-bed houses and 3x 5-bed houses.
- 1.26 All proposed dwellings are two-storeys in height and there are a mix of forms comprising terraces, semi-detached and detached properties.
- 1.27 The approximate siting of the existing access into the site would be retained (and moved slightly northwards), and then upgraded to serve the development. The area of protected trees adjacent to the access would be retained.
- 1.28 93 car parking spaces are proposed, including 8 visitor spaces. There would be a minimum of 2 off street spaces per dwelling with garages provided to most plots.
- 1.29 The proposed development will achieve a minimum 39% reduction in carbon dioxide emissions rather than the 19% reduction that is required by Policy SD48 of the SDLP (CD4.1), in excess of the carbon emission standard set out by Part L1a of the Building Regulations (2013). This will be achieved via a combination of energy efficiency measures and feasible renewable energy technologies such as solar PV and air source heat pumps. NB: Approx 14% through fabric efficiencies and 25% through renewable energy generation.
- 1.30 A site layout plan (CD1.87 and CD1.88) and Dwelling Types Plan (CD1.89) denoting individual plot numbers are provided.
- 1.31 The accompanying accommodation schedule, prepared on behalf of the Appellants by Carlton Design, is provided within **Appendix A**.
- 1.32 Further details are provided within following documents that were submitted to the SDNPA by the Appellants as part of the planning application (ref: SDNP/21/04848/FUL) for the proposed development of the site. Relevant information includes:
- Dwelling plot elevation drawings and floorplans;
  - Design and Access Statement, prepared by Carlton Design;

### Structure

- 1.33 This Proof is subsequently structured as follows:
- **Section 2:** RICS Financial Viability in Planning
  - **Section 3:** Approach to Financial Viability Assessment
  - **Section 4:** Financial Viability History
  - **Section 5:** Justification for Adopting Outstanding Viability Inputs
  - **Section 6:** Updated FVA Inputs – Summary

- **Section 7:** Viability Results and Conclusions
- **Section 8:** Statement of Truth and Declarations
- **Section 9:** Appendices

## 2. RICS Financial Viability in Planning

### Financial Viability in Planning: Conduct and Reporting

2.1. This proof and the financial viability assessment herein have been produced, led by me, in accordance with the RICS Professional Statement Financial Viability in Planning: Conduct and Reporting (1st edition) ('the RICS Professional Statement') (CD6.12).

2.2. Sections 2.1 – 2.14 of the RICS Professional Statement set out the 14 mandatory reporting and procedural requirements for the production of financial viability assessments. I confirm the following:

#### 2.1. Objectivity, Impartiality and Reasonableness

2.3. I confirm that I have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information known to me.

2.4. I further confirm that I have prepared this proof and the financial viability assessment herein in accordance with Section 4 of the RICS Professional Statement – Duty of care and due diligence, and have given full consideration to the matters referenced.

#### 2.2. Confirmation of Instructions

2.5. CBRE's formal terms of engagement are provided within **Appendix C**.

#### 2.2 Conflicts of Interest

2.6. I confirm that no conflict or risk of interest exists in my provision of advice.

#### 2.3. No Contingent Fee Statement

2.7. I confirm that in preparing this proof, and under the terms of CBRE's instruction from the Appellants, that no performance-related or contingent fees have been agreed.

#### 2.4. Transparency of Information

2.8. I can confirm that this proof and the financial viability assessment herein are assumed to be published in full as part of the Inquiry process in a transparent manner.

#### 2.5. Area Wide Viability Assessments

2.9. I confirm that I have not acted for the SDNPA in respect of the preparation of an area wide Local Plan or CIL viability assessment.

#### 2.6. Justification of Evidence

2.10. All inputs I have adopted within this proof of evidence and the updated financial viability assessment herein have been reasonably justified and are explained within this document.

2.11. Points of agreement and disagreement are clearly stated.

- 2.12. CBRE has engaged with the SDNPA and its viability advisors BK in seeking to resolve differences of opinion between the parties in the lead up to the preparation of this proof of evidence.

### **2.7. Benchmark Land Value ('BLV')**

- 2.13. Within this proof of evidence and the financial viability assessment herein, I have reported on my professional opinion relating to the following:

- Current use value ('CUV'): referred to as the existing use value ('EUV').
- Premium
- Market evidence
- Supporting considerations, assumptions and justifications adopted.
- Alternative use value

- 2.14. Whilst I recognize that the price paid, or expected to be paid, for the site does not constitute allowable evidence in the assessment of BLV and I have disregarded it for this purpose accordingly, I have reported as appropriate on this matter for the purpose of aiding transparency.

### **2.9. Sensitivity Analysis**

- 2.15. This proof and the financial viability assessment herein includes sensitivity analysis of the results and an accompanying explanation and interpretation of the respective calculations on viability, having regard to risk and return.

### **2.10. Engagement**

- 2.16. I confirm that I have advocated, and will continue to advocate reasonable, transparent and appropriate engagement between the parties at all stages of the process of assessing financial viability in relation to this site.

### **2.11. Non-technical Summaries**

- 2.17. A separate Non-technical Executive Summary document has been provided as a stand-alone summary of the contents of this proof of evidence. This includes the key figures and issues that support the conclusions drawn from my updated assessment.

### **2.12. Author(s) Sign Off**

- 2.18. I have formally signed off and dated this proof of evidence.
- 2.19. It includes confirmation of my professional qualifications.

### **2.14. Timescales**

- 2.20. I confirm that I consider that I have had adequate time to prepare this proof of evidence and the updated financial viability assessment herein.

# 3. Framework for Financial Viability Assessment

## National Planning Policy Framework ('NPPF')

- 3.1. The NPPF<sup>1</sup> states the following in paragraph 58:

*'Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.'*

## PPG Viability

- 3.2. PPG Viability (CD6.1) sets out the Government's recommended approach and confirms the principles for conducting viability assessments for planning purposes as follows:

*'Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return'.*

- 3.3. PPG Viability sets out that where up-to-date policies have set out the contributions expected from development, planning applications that fully comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. Such circumstances could include, for example where further information on infrastructure or site costs is required or where a recession of similar significant changes have occurred since the plan was brought into force.
- 3.4. There have been significant market changes that necessitated the requirement for a viability assessment since the adoption of the SDLP (CD4.1) and the evidence base of financial viability that underpinned its policies within the Local Plan and Affordable Housing Viability Assessment ('LPAHVA') 2017 (CD5.2).

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<sup>1</sup> MHCLG (2021) National Planning Policy Framework

- 3.5. Notably, the significant economic and housing market changes arising as a result of Covid-19, increasing build costs and scarcity of material supply in part due to Brexit and the Ukraine conflict, and identification of site-specific infrastructure and abnormal costs.

### Local Plan

- 3.6. The South Downs Local Plan ('SDLP') adopted 2019 (CD4.1), sets out Policy SD28 (Affordable Homes) which states that new residential development must maximise the delivery of affordable housing to meet local need. On sites of 11 or more homes, 50% must be affordable, of which a minimum will provide a rented tenure.
- 3.7. In exceptional cases where viability is a genuine barrier to delivery, the Authority will require the applicant to demonstrate this by submitting a robust viability appraisal. This should demonstrate that the cost of the land reflects the existing use value of land in its current use, plus a reasonable, but not excessive, uplift which provides an incentive for the land to be sold.
- 3.8. Policy SD28 states that developers will be expected to contribute as fully as possible to mixed and balanced communities, by assessing development options in accordance with the following cascade:
- Firstly, reduce the proportion of rented affordable tenures in favour of intermediate housing that best reflect local need;
  - Secondly, reduce the overall percentage of housing provided as affordable units; and
  - Thirdly, provide a financial contribution for affordable housing to be delivered off-site.
- 3.9. The cascade has been followed in determining the maximum level of affordable housing provision deliverable by the proposed development.

### Affordable Housing SPD

- 3.10. The South Downs Affordable Housing Supplementary Planning Document ('AHSPD') (CD4.4) sets out the SDNPA's expectations for the content to be submitted within a financial viability assessment accompanying a planning application (within Appendix 3).

### Methodology and Professional Guidance

- 3.11. To determine the residual land value of the proposed development at the site, a residual appraisal model with cash flow has been prepared using proprietary software Argus Developer.
- 3.12. This is as recommended within RICS Guidance Note Assessing viability in planning under the NPPF 2019 for England ('RICS GN') (CD6.13) The methodology is also consistent with the Government's recommended approach as set out in PPG Viability (CD6.1).
- 3.13. Where appropriate, I have also referred to other RICS Guidance documents:
- RICS Guidance Note Comparable evidence in real estate valuation
  - RICS Guidance Note – Valuation of development property
- 3.14. The viability appraisal process calculates the cost to construct and deliver the development scheme, including allowance for a risk-adjusted developer's profit, which is deducted from the market value of the development on the assumption it is completed in the current market. The sum left available is the 'residual' sum available to pay for the land. This is referred to as the 'residual land value' ('RLV').

- 3.15. The benchmark land value ('BLV') is the threshold for determining if a proposed development is viable. If the RLV is equal to or exceeds the BLV, it can be considered to be financially viable. If the RLV falls below the BLV it can be considered unviable.
- 3.16. The RICS Professional Statement (CD6.12) sets out the requirement for the determination of BLV to be prepared in accordance with the methodology set out within PPG Viability (CD6.1). It also stipulates the reporting requirements, which I have followed in addressing BLV.
- 3.17. PPG Viability<sup>2</sup> (CD6.1) states that BLV should be established on the basis of the existing use value ('EUV') of the land, plus a premium for the landowner to provide a reasonable incentive to sell land for development in comparison to other options available. This approach is referred to as the 'existing use value plus' ('EUV+').
- 3.18. I assess the financial viability of the Appeal Site on two primary basis, which I refer to accordingly as:
- the **Policy Compliant development** scenario, which incorporates 48.6% affordable housing (18 units) at a policy compliant tenure mix. This addresses Part 1 of Policy SD28 of the South Downs Local Plan ('SDLP') (CD4.1).
  - the **Proposed Development**, which includes an affordable housing contribution of 21.6%, delivered as 8 x shared ownership units.
- 3.19. Following preparation of residual appraisals, I firstly conduct sensitivity testing to determine the impact of adjustments to key appraisal input variables. I subsequently adopt a 'stand back' approach, taking into account the sensitivity testing results and market evidence as appropriate, in order to reach an informed and balanced judgement as to the viability of the propose development.

### Information Relied Upon

- 3.20. I have relied upon the following information provided by third parties in undertaking the most up to date viability assessment of the proposed development:
- SDNPA's CIL liability calculation. This is provided within **Appendix D**.
  - RLB's Cost Estimate, which agreed with B&M (SDNPA/Bruton Knowles' cost consultant) on 05/04/2023 with total costs for the proposed development (including contingency) amounting to £11,891,994. Whilst not disputed, for transparency this is provided in a tabulated format within at **Appendix E**.
- 3.21. In preparing my professional opinion I have also had regard to information provided by third parties, which I have referenced accordingly and appended where appropriate.

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<sup>2</sup> Paragraph: 013 Reference ID: 10-013-20190509

## Status

- 3.22. This proof of evidence and financial viability assessment herein have been prepared in relation to the planning process for the site.
- 3.23. Unless explicitly stated otherwise, the contents of this proof of evidence and its appendices do not constitute a formal valuation, in accordance with the appropriate sections of the Valuation Technical and Performance Standards ('VPS') contained within the RICS Valuation – Global Standards (the 'Red Book') and the RICS Valuation - Global Standards 2017: UK national supplement, and should not be relied upon as such.



## 4. Financial Viability History

### Chronology

- 4.1. I was first appointed by the Appellants whilst in my previous role at Turley to prepare a Financial Viability Assessment (CD1.17) to support the planning application (ref: SDNP/21/04848/FUL) for the proposed development of the site ('the original financial viability assessment').
- 4.2. The original financial viability assessment was dated September 2021. It concluded that the RLV generated by the policy compliant development equated to -£190,720, against a BLV of £1,038,000, and was therefore unviable.
- 4.3. Successive appraisals were prepared in accordance with the cascade mechanism in Policy SD28 of the SDNP. Having followed this process, it was concluded that an RLV of £850,665 was generated in a scenario whereby 8 x affordable housing units (21.6% of total units) were provided as intermediate (shared ownership) tenure homes. Whilst falling short of the BLV of £1,038,000, a further reduction in affordable units (i.e. to 7x units) would have resulted in the RLV exceeding the BLV. Hence, this represented a 'tipping point' for viability.
- 4.4. As a result, in seeking to maximise the provision of affordable homes, it was agreed between Turley and the Appellants that 8x affordable units would be offered within the planning application at the Appellant's commercial risk, despite this resulting in the RLV falling marginally below the BLV (by £187,335).
- 4.5. At the Appellants' cost, SDNPA subsequently instructed Bruton Knowles ('BK') to undertake a review ('BK Review') of Turley's submitted original financial viability assessment. The BK Review is dated 11<sup>th</sup> February 2022 (CD2.1).
- 4.6. The BK Review derived an RLV of £2,075,000 for the policy compliant development, which exceeded the BLV of £1,038,000 (which at the time was agreed by BK and not in dispute) and was deemed to be financially viable by BK.
- 4.7. Upon instruction, CBRE provided a 'Review Response' to the BK Review in a letter format to SDNPA on 31<sup>st</sup> May 2022 (CD1.86). This both provided further evidence and points of rebuttal to address the BK Review, as appropriate. The implication was that:
  - The Policy Compliant appraisal, incorporating 48.6% affordable housing provision at the policy compliant tenure mix, generated a RLV of -£575,568, falling substantially below the BLV.
  - The Proposed Development appraisal, incorporating 21.6% affordable housing provision (8x shared ownership units) generated a RLV of £689,736. The RLV falls below the BLV and therefore Proposed Development is considered to be unviable.
- 4.8. The RLV generated in the Review Response (CD1.86) was below that generated in the viability appraisal for the proposed development scheme originally submitted (of £850,655). CBRE concluded that scheme viability had worsened since the original submission, against a backdrop of market uncertainty and escalating build costs (over and above house price growth).
- 4.9. Despite this, the Appellants maintained a willingness, despite the Proposed Development appraisal being unviable, to propose the 21.6% Affordable Housing for the Proposed Development, delivering 8 Intermediate/Shared Ownership units.

- 4.10. A response from BK received by the Appellants on 29<sup>th</sup> June 2022 (CD2.2; CD2.3), with the SDNPA confirming in writing to the Appellants on the same date that the planning application was to be taken to the 14<sup>th</sup> July 2022 planning committee meeting. The Case Officer confirmed it would be recommended for refusal due to insufficient affordable housing being proposed.
- 4.11. The accompanying viability appraisal results were as follows:
- Policy Compliant Scheme – RLV of £667,611, which falls below the BLV of £1,380,000. BK set out that this suggested that the Policy Compliant Scheme **may not be viable** with 50% Affordable Housing provision, but this may be a result of build costs being over estimated.
  - Proposed Development Scheme (21.6% affordable housing provision) – BK arrive at an RLV of £2,244,153 which is significantly higher than the BLV of £1,038,000. BK suggested that the Proposed Development Scheme would be viable with significantly more than the 8 x shared ownership units proposed by the Appellants.
- 4.12. However, BK did not provide their professional opinion of the actual level of the affordable housing the Proposed Development could afford.
- 4.13. Whilst BK sought clarification on some matters in their advice relayed to the Appellants on 29th June, it was also apparent that they had shifted from their previous position as they acknowledged *“This suggests that the Policy Compliant Scheme may not be viable with 50% Affordable Housing provision”*.
- 4.14. However, it is also apparent from that advice that BK was unable to set out their position as to the appropriate level of affordable housing. It is my understanding that this was due to BK having not received instruction from SDNPA to instruct an independent firm of cost consultants to review the construction cost evidence submitted by CBRE (CD2.4 / CD2.5).
- 4.15. In my interpretation, BK’s position at the time could be summarised as: more than 8 affordable housing units is considered viable, although the scheme may not be viable with 50% affordable units.
- 4.16. Following the receipt of the comments from Bruton Knowles on 29th June 2022, the Appellants requested that the SDNPA defer the expected determination of the application in order for further dialogue to take place on the matter of affordable housing.
- 4.17. The SDNPA declined, stating (by email dated 11th July 2022) that:
- “I acknowledge your request for further discussions to narrow issues, however, given the differences of opinion between the respective surveyors and your client’s firm views that the scheme is unviable as is (albeit 8 dwellings are offered), there is a strong likelihood that a local consent won’t be achievable if the application was deferred.”*
- 4.18. In SDNPA’s Planning Committee Meeting presentation dated 14<sup>th</sup> July 2022 relating to the planning application, it was written on slide 14 that BK had advised SDNPA that the proposed development would be viable with 14x affordable housing units (38%) (CD3.5). However:
- This was not communicated to the Appellants prior to the Committee Meeting
  - BK’s viability evidence used to inform SDNPA’s statement that 14x affordable housing units (38%) was deemed viable was never published on public record or shared directly with the Appellants. The reference to this within the Planning Committee Meeting presentation was the first time that this information was referenced by SDNPA (or BK).

- 4.19. It is my professional opinion that this process lacked the requisite transparency required by paragraph 58 of the National Planning Policy Framework ('NPPF'), which clearly states that all viability assessments should be publicly available.
- 4.20. Moreover, the RICS Professional Statement (CD6.12) requires that RICS members must adhere to section 2.6 Justification of evidence and differences of opinion. However, BK has failed to adhere to this for:
- BK did not provide any report to setting out reasonable justification of the viability position cited in SDNPA's Planning Committee Meeting presentation (CD3.5) or any document clearly setting out the differences between the parties on the basis of BK's position as reported in the SDNPA's Planning Committee Meeting presentation (CD3.5); and
  - BK did not seek to resolve the differences of opinion with the Appellants on the basis of BK's position as reported in the SDNPA's Planning Committee Meeting presentation (CD3.5).
- 4.21. The planning application was subsequently refused at planning committee on 14th July 2022.
- 4.22. Further details are provided within section 5 of the Appellant's submitted Statement of Case.

### Viability Inputs Agreed via the Statement of Common Ground ('SoCG')

- 4.23. Pursuant to submission of the Parties' respective Statements of Case, discussions have progressed between CBRE and BK in seeking to reach a position of common ground on matters in dispute.
- 4.24. A Viability and Affordable Housing Statement of Common Ground was submitted to the Inspector on behalf of the parties on 14<sup>th</sup> April 2023 (CD9.3).

### Comparison with Local Plan Affordable Housing Viability Assessment

- 4.25. As is required by PPG Viability (CD6.1) I have had reference to the LPAHVA (CD5.2), which underpinned the policies within the SDLP (CD41.).
- 4.26. I have compared the appraisal inputs in dispute between the parties with the viability appraisal input assumptions within the LPAHVA (CD5.2) within Table 4.1. By way of comparison to the LPAHVA:
- I have increased the open market GDV, reflective of current market comparable evidence.
  - I have reduced the sales legal fees, in light of updated market evidence.
  - My other input assumptions, relating to sales legal fees, developer's profit and benchmark land value are consistent with the LPAHVA.
- 4.27. Bruton Knowles has also increased open market GDV. However, has reduced all other items, which represent cost inputs to the viability assessment, in comparison to the rates applied in the LPAHVA.

**Table 4.1: Comparison of Appraisal Assumptions with LPAHVA**

| Viability Input                | LPAHVA Assumption                        | CBRE Assumption          | Bruton Knowles Assumption | Comment   |
|--------------------------------|--|--------------------------|---------------------------|---|
| Open Market GDV (Sales Values) | £218 - £395/ft <sup>2</sup>              | £440/ft <sup>2</sup>     | £456/ft <sup>2</sup>      | Range of sales values adopted by LPAHVA, with flats attracting lowest rate, and detached properties attracting highest rate. Sales values have increased since local plan testing undertaken. |
| Sales Agent & Marketing Fees   | 3.00% of Open Market GDV                 | 3.00% of Open Market GDV | 2.00% of Open Market GDV  | LPAHVA adopts 3% allowance for marketing costs, which includes show homes and agent fees. CBRE consistent with this assumption.   |
| Sales Legal Fees               | 0.5% Sales Legal Fees of Open Market GDV | £1,000/unit              | £850/unit                 | The 0.5% allowance in the LPAHVA is considerable higher than the £1,000/unit adopted by CBRE  |
| Developer's Profit             | 20% of Open Market GDV                   | 20% of Open Market GDV   | 18.5% of Open Market GDV  | I provide further comment on this within Section 5 of this proof of evidence.   |
| Benchmark Land Value ('BLV')   | EUV+20%                                  | EUV+20%                  | EUV+10%                   | LPAHVA applies a BLV of Existing Use Value ('EUV') + 20% landowner premium on previously developed sites.   |

- 4.28. I subsequently focus on setting out my evidenced justification for my adopted position on the outstanding matters within the updated financial viability assessment within the subsequent section of this proof of evidence.

## 5. Justification for Adopting Outstanding Viability Inputs

### Gross Development Value – Open Market Sale Units

- 5.1. Specifically, in producing an analysis of open market GDV for the dwellings within the proposed development of the Appeal Site as at the agreed date of 31<sup>st</sup> March 2023, I have undertaken the following:
- Considered the residential property market context;
  - Undertaken in-depth analysis of current market comparable evidence locally; and
  - Engaged with local estate agents with direct experience of selling new build properties at comparable sites.
- 5.2. Taking the above factors into account, I have updated my pricing analysis on a unit by unit basis to reflect what I consider to be the achievable open market sales GDV for the units on the Appeal Site on the basis of both the proposed development scheme and the policy compliant development scheme.

### Residential Market Context

#### Market Data

- 5.3. In my consideration of the residential market context, I have had reference to the Land Registry House Price Index. Table 5.1 highlights the trend of each unit type in the UK, over the course of the last year:

**Table 5.1: UK House Price Index | All Property Trends**

|                | Reporting period | Sales volume | Average price All property types | Average price Detached houses | Average price Semi-detached houses | Average price Terraced houses | Average price Flats and maisonettes |
|----------------|------------------|--------------|----------------------------------|-------------------------------|------------------------------------|-------------------------------|-------------------------------------|
| January 2022   | monthly          | 63839        | £272,739                         | £429,085                      | £263,006                           | £221,562                      | £222,729                            |
| February 2022  | monthly          | 69761        | £272,717                         | £427,280                      | £262,821                           | £221,896                      | £223,834                            |
| March 2022     | monthly          | 77603        | £274,223                         | £432,589                      | £265,143                           | £223,161                      | £221,333                            |
| April 2022     | monthly          | 70498        | £277,474                         | £437,031                      | £267,495                           | £226,796                      | £223,988                            |
| May 2022       | monthly          | 70776        | £281,282                         | £442,484                      | £271,871                           | £229,914                      | £226,525                            |
| June 2022      | monthly          | 69796        | £283,651                         | £443,141                      | £274,020                           | £232,984                      | £229,297                            |
| July 2022      | monthly          | 77608        | £288,570                         | £449,994                      | £279,075                           | £237,413                      | £232,908                            |
| August 2022    | monthly          | 78641        | £291,630                         | £456,981                      | £281,739                           | £239,889                      | £234,024                            |
| September 2022 | monthly          | 76171        | £293,124                         | £460,186                      | £283,841                           | £241,246                      | £233,407                            |
| October 2022   | monthly          | 70993        | £293,447                         | £462,766                      | £284,695                           | £240,686                      | £232,580                            |
| November 2022  | monthly          | 66783        | £294,693                         | £465,274                      | £285,532                           | £241,757                      | £233,556                            |
| December 2022  | monthly          |              | £293,162                         | £460,135                      | £285,470                           | £240,732                      | £232,239                            |
| January 2023   | monthly          |              | £289,818                         | £458,066                      | £282,643                           | £237,057                      | £227,951                            |

Source: Land Registry

- 5.4. As can be seen within Table 5.1<sup>3</sup>, there is steady price growth across all unit types from Q1 – Q3 2022, with prices beginning to plateau and fall into Q4 2022 and Q1 2023. The slowdown in the UK market is due to a combination of factors including, but not limited to:
- Market uncertainty caused by the War in Ukraine;
  - Rapidly increasing Bank of England base rate over the course of 2022, from 0.25% in Dec 2021 to 4.25% in March 2023, increasing interest rates for property buyers and being priced out of the market;
  - The cost of living crisis; and
  - The fallout from the Government's mini-budget in September 2022, further increasing the rate of borrowing for households, businesses and Government, which has causing further market uncertainty.
- 5.5. I have also had regard to Land Registry data from East Hampshire, to assess trends within the region occupying the site. This data is set out Table 5.2.

**Table 5.2: UK House Price Index (East Hampshire) | All Property Types**

| Date     | All property types | Detached houses | Semi-detached houses | Terraced houses | Flats and maisonettes |
|----------|--------------------|-----------------|----------------------|-----------------|-----------------------|
| Jan 2022 | £441,792           | £695,954        | £428,938             | £340,060        | £211,039              |
| Feb 2022 | £430,371           | £677,318        | £418,340             | £331,503        | £205,743              |
| Mar 2022 | £421,924           | £664,815        | £412,001             | £323,914        | £200,277              |
| Apr 2022 | £430,201           | £677,472        | £419,623             | £331,226        | £203,902              |
| May 2022 | £439,206           | £691,997        | £428,707             | £338,799        | £206,560              |
| Jun 2022 | £446,263           | £700,976        | £435,927             | £345,754        | £210,339              |
| Jul 2022 | £443,189           | £695,206        | £433,453             | £343,845        | £208,960              |
| Aug 2022 | £454,443           | £712,348        | £444,405             | £353,141        | £214,244              |
| Sep 2022 | £460,514           | £723,217        | £450,502             | £357,529        | £215,612              |
| Oct 2022 | £462,453           | £727,232        | £452,508             | £358,666        | £215,636              |
| Nov 2022 | £461,192           | £725,894        | £451,460             | £357,300        | £214,536              |
| Dec 2022 | £462,662           | £727,000        | £453,465             | £358,641        | £215,961              |
| Jan 2023 | £470,225           | £738,466        | £461,915             | £364,435        | £219,087              |

Source: Land Registry

- 5.6. East Hampshire Land Registry Data shows steady growth in prices across all property types, albeit driven by detached houses, with prices showing a Q2 2022 dip before modestly recovering in December 2022 and January 2023.

<sup>3</sup> Note: the absence of transaction volumes for December 2022 and January 2023 is not an omission but reflects that these figures were yet to be published by Land Registry ahead of the date of this proof of evidence.



- 5.7. Land Registry provides a useful indication of the direction of market travel with regards to house prices, however there is often a lag in data. Sales completions in January 2023 do not necessarily reflect the current strength of the housing market, because they represent completions which are on average two to four months<sup>4</sup> (and up to six months, the length of a standard mortgage offer) after an initial offer is made on a property. Therefore, consideration of more recent market evidence is required to inform values within the proposed development as at the agreed date of 31<sup>st</sup> March 2023.
- 5.8. Recent statistics from the HMRC (updated 21<sup>st</sup> March 2023) include that the provisional non-seasonally adjusted estimate of the number of UK residential transactions in February 2023 is 76,920, 18% lower than February 2022. HMRC also notes that the towards the end of last year mortgage and interest rates increased and the impacts of those changes are becoming apparent within house price statistics. Seasonally adjusted house prices appear depressed indicating a slowing of the housing market.
- 5.9. The Halifax House Price Index<sup>5</sup> (March 2023) highlights Bank of England figures which shows the number of mortgages approved to finance house purchases was 37% below February 2022. This demonstrates declining number of property transactions into 2023 and a weakening market.
- 5.10. The RICS UK Residential Market Survey<sup>6</sup> (March 2023) depicts a generally weak market backdrop, with indicators on demand, sales, new listing and house prices all remaining in negative territory. Near term expectations suggest this pattern will remain in place for a while longer, amid the tighter lending environment.

### ***Mortgage Rates***

- 5.11. The Bank of England ('BoE') publishes monthly data on advertised interest rates for a range of mortgage, consumer credit and deposit products offered to households.
- 5.12. Table 5.3 overleaf summarises the latest publication of mortgage rates, as at 31 March 2023.

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<sup>4</sup> HMRC (2023) UK monthly property transactions commentary (updated 21 March 2023) – provided within **Appendix E**.

<sup>5</sup> Halifax (2023) UK House Price Index March 2023 – provided within **Appendix F**.

<sup>6</sup> RICS (2023) UK Residential Market Survey (March 2023) – provided within **Appendix G**.

**Table 5.3: Monthly Interest Rate of UK monetary financial institutions | Bank of England**

| Date      | Monthly interest rate of UK monetary financial institutions (excl. Central Bank) sterling 2 year (60% LTV) fixed rate mortgage to households (in percent) not seasonally adjusted | Monthly interest rate of UK monetary financial institutions (excl. Central Bank) sterling 2 year (75% LTV) fixed rate mortgage to households (in percent) not seasonally adjusted | Monthly interest rate of UK monetary financial institutions (excl. Central Bank) sterling 2 year (85% LTV) fixed rate mortgage to households (in percent) not seasonally adjusted |
|-----------|---|---|---|
| 31 Mar 23 | 4.57  | 4.76  | 5.03  |
| 28 Feb 23 | 4.72  | 4.82  | 5.08  |
| 31 Jan 23 | 5.03  | 5.17  | 5.31  |
| 31 Dec 22 | 5.33  | 5.43  | 5.57  |
| 30 Nov 22 | 5.82  | 5.98  | 6.11  |
| 31 Oct 22 | 5.94  | 5.99  | 6.17  |
| 30 Sep 22 | 4.21  | 4.17  | 4.37  |
| 31 Aug 22 | 3.51  | 3.6   | 3.69  |
| 31 Jul 22 | 3.43  | 3.48  | 3.48  |
| 30 Jun 22 | 2.87  | 2.87  | 2.95  |
| 31 May 22 | 2.55  | 2.63  | 2.72  |
| 30 Apr 22 | 2.25  | 2.35  | 2.46  |
| 31 Mar 22 | 2.01  | 2.14  | 2.22  |
| 28 Feb 22 | 1.65  | 1.78  | 1.87  |
| 31 Jan 22 | 1.42  | 1.64  | 1.74  |

Source: BoE

- 5.13. As can be seen in Table 5.3, interest rates have soared over the past year. Interest rates for a fixed 2-year mortgage in March 2022 were at 2.22% (on 85% loan to value) compared with an interest rate quoted in March 2023 at 5.03%. This has the following estimated impact on mortgage repayments (assuming repayment mortgage and 25 year term) for a household purchasing a £500,000 property, summarised in Table 5.4:



**Table 5.4: Mortgage Repayment Calculator | Bank Rate**

| Date      | Monthly interest rate of UK monetary financial institutions (excl. Central Bank) sterling 2 year (85% LTV) fixed rate mortgage to households (in percent) not seasonally adjusted | Estimated Monthly Repayments (2 year fixed term) |
|-----------|---|--|
| 31 Mar 23 | 5.03  | £2,491   |
| 31 Mar 22 | 2.22  | £1,847   |

Source: Bank Rate

- 5.14. The difference for a household securing an interest rate for a property in March 2023 compared with March 2022, on a 2-year fixed term mortgage for a 25 year term is £644 per month, a 35% increase. Given the range of 2, 3 and 4-bed units occupying the proposed development, I expect that the majority of buyers will require mortgages to fund acquisition of the properties and it is unquestionable that the impact of increased mortgage costs will reduce household affordability, with negative implications for property sales prices.
- 5.15. Against this backdrop, the UK Nationwide house price index recorded its largest annual fall in more than 10 years in February 2023. A copy is provided within **Appendix I**.

#### **Market Forecasts**


- 5.16. The UK's residential market performance, as projected from at Q1 2023 onwards, is forecasted to be highly negative across the board by the major real estate firms.
- 5.17. Knight Frank<sup>7</sup> forecasts that UK house prices will decline by around -10% over the next two years as the impact of higher mortgage rates takes its toll on affordability, with prices not expected to recover until 2027. Notably, this is the period over which it would reasonably be expected that the proposed development of the Appeal Site would be constructed and dwellings sold.
- 5.18. Knight Frank sets out the following sales market forecast for the UK over the next 5 years in Table 5.5:

<sup>7</sup> Knight Frank (2023) UK Housing Market Forecast Update March 2023 – provided within **Appendix I**.

**Table 5.5: Sales Market Forecast | UK**

| Sales market forecast<br>2023-2027 |       |       |      |      |      |                   |
|------------------------------------|-------|-------|------|------|------|-------------------|
|                                    | 2023  | 2024  | 2025 | 2026 | 2027 | 5 year Cumulative |
| UK                                 | -5.0% | -5.0% | 4.0% | 4.0% | 5.0% | <b>2.5%</b>       |
| Greater London                     | -6.0% | -4.0% | 3.0% | 5.0% | 5.0% | <b>2.5%</b>       |
| PCL                                | -3.0% | 0.0%  | 3.0% | 4.0% | 4.0% | <b>8.1%</b>       |
| POL                                | -4.0% | 1.0%  | 2.5% | 2.5% | 2.5% | <b>4.4%</b>       |
| Prime country                      | -5.0% | -3.0% | 3.0% | 3.0% | 3.0% | <b>0.7%</b>       |

Source: Knight Frank  
Forecasts relate to average prices in the existing homes market. New build prices may not move at the same rate


















Source: Knight Frank

- 5.19. Savills<sup>8</sup> shares Knight Frank's views of a declining UK market over the course of the next 5 years, with South East regional house prices forecast to decline by -11% in 2023 alone, and not recovering their 2022 levels until 2027. Savills' residential sales market forecast is provided in Table 5.6.

<sup>8</sup> Savills (2022) Mainstream Residential Property Forecasts - – provided within **Appendix J**.

**Table 5.6: Mainstream Capital Value Forecast | UK**

|                                 | 2023   | 2024  | 2025   | 2026   | 2027   | 5 years to 2027  |
|---------------------------------|--|---|--|--|--|--|
| <b>UK</b>                       |  -10.0% |  1.0%  |  3.5% |  7.0% |  5.5% |  <b>6.2%</b>  |
| <b>North West</b>               |  -8.5%  |  2.5%  |  4.5% |  7.5% |  6.0% |  <b>11.7%</b> |
| <b>Yorkshire and The Humber</b> |  -8.5%  |  2.5%  |  4.5% |  7.5% |  6.0% |  <b>11.7%</b> |
| <b>North East</b>               |  -8.5%  |  2.5%  |  4.5% |  7.5% |  6.0% |  <b>11.7%</b> |
| <b>Wales</b>                    |  -8.5%  |  2.0%  |  4.5% |  7.5% |  6.0% |  <b>11.1%</b> |
| <b>Scotland</b>                 |  -9.0%  |  2.0%  |  4.0% |  7.5% |  5.5% |  <b>9.5%</b>  |
| <b>East Midlands</b>            |  -9.0%  |  1.5%  |  4.0% |  7.5% |  5.5% |  <b>8.9%</b>  |
| <b>West Midlands</b>            |  -9.0%  |  1.5%  |  4.0% |  7.5% |  5.5% |  <b>8.9%</b>  |
| <b>South West</b>               |  -10.0% |  1.0%  |  3.5% |  7.0% |  5.5% |  <b>6.2%</b>  |
| <b>South East</b>               |  -11.0% |  0.0%  |  3.0% |  6.5% |  5.5% |  <b>3.0%</b>  |
| <b>East of England</b>          |  -11.0% |  0.0%  |  3.0% |  6.5% |  5.5% |  <b>3.0%</b>  |
| <b>London</b>                   |  -12.5% |  -1.0% |  2.0% |  6.0% |  5.0% |  <b>-1.7%</b> |

Source: Savills

- 5.20. CBRE's Residential Research team forecasts a modest recession in 2023, partly driven by the inflationary backdrop and the policies put in place to bring inflation back to its target level. Moreover, unemployment rates are expected to rise from its historically low level. Wage growth will not be able to keep up with inflation until late 2023, eroding consumer purchasing power.
- 5.21. Inflation in the UK has reached levels last seen in the 1980s, driven by a post-COVID surge in consumer demand and global supply chain issues, as well as rising energy and other commodity prices, due to the war in Ukraine. To combat inflation, it is expected that the Bank of England will continue to raise interest rates, expected to peak at around 4.5%. Mortgage rates have increased in line with interest rate rises, reducing the pool of house buyers. The target inflation rate of 2% is not anticipated to be met again until 2026 onwards.
- 5.22. As a result of fundamental changing market conditions, sales transactions are expected to fall below their long-run average. It is also expected that prices will fall modestly in 2023 and 2024, with stricter mortgage regulations insulating the housing market and preventing a significant fall in prices. An excerpt from CBRE's research report is provided within **Appendix K**.
- 5.23. It is my opinion that comparable transactional evidence should be treated with a degree of caution in the current market, as it is essentially backward looking – and reflective of 'peak' market conditions, which the cycle is now moving beyond. Current macro-economic headwinds (e.g. cost of living pressures driven by inflation and rising interest rates) are negatively impacting on purchaser affordability and dampening demand in the housing market. This is already starting to result in price growth reversing in Q4 2022, with South East property prices not forecast to recover for several years.

## Local Market Analysis – New Build Residential Sites

### Maple Walk, Longmoor Road, West Liphook, GU30 7WN (Redrow)

- 5.24. Maple Walk is a current development by Redrow and is located 4 miles to the east of the proposed development, on the outskirts of Liphook. The marketing brochures for the houses being sold within Maple Walk are included at **Appendix L**.
- 5.25. I am aware of the following recent transactions within Maple Walk, following liaison with Redrow's sales representative, set out in Table 5.7.

**Table 5.7: Maple Walk | Achieved Prices**

| Plot No. | Description          | No. Beds | Sold Price | Sold Date | Unit Type | Area (ft <sup>2</sup> ) | £/ft <sup>2</sup> | CBRE Comments   |
|----------|----------------------|----------|------------|-----------|-----------|-------------------------|-------------------|---|
| 122      | The Warwick          | 3        | £499,950   | Apr-22    | Detached  | 1,081                   | £462              | Reserved in Nov 2021. No incentives.  |
| 120      | Oxford               | 4        | £607,950   | Apr-22    | Detached  | 1,318                   | £461              | Small 4-bed property, owing to high £/ft <sup>2</sup> achieved.   |
| 45       | The Oxford Lifestyle | 3        | £634,950   | Jul-22    | Detached  | 1,318                   | £482              | Superior specification to Oxford. Reserved April 2022.  |
| 109      | The Harrogate        | 4        | £679,950   | Feb-23    | Detached  | 1,555                   | £437              | Reserved in May 2021, completed. No incentives.   |
| 54       | The Shaftesbury      | 4        | £710,000   | Feb-23    | Detached  | 1,427                   | £498              | Reserved in April 2022 when market was "buoyant", with buyers in rush to secure competitively low interest rates. Small 4-bed detached property, inflates £/ft <sup>2</sup> achieved.                 |
| 40       | The Henley           | 4        | £820,000   | Jul-22    | Detached  | 1,769                   | £463              | Reportedly sold at asking price of £850,000 (£480/ft <sup>2</sup> ), but with £30,000 incentives package for purchaser at cost to Redrow. Net sales price therefore £820,000 (£463/ft <sup>2</sup> ). |

Source: Redrow (March 2023)

- 5.26. The Redrow sales representative commented that the market was busier and buoyant in Q1 2022 compared with Q1 2023, with a bigger buyer pool looking to secure a house at the low interest rates that were available. In contrast, Q1 2023 has been markedly quieter, with fewer buyers and house price re-adjustment to reflect subdued market sentiment. Table 5.8 provides asking prices within Maple Walk, correct as at March 2023.

**Table 5.8: Maple Walk | Asking Prices**

| Plot No. | Description              | No. Beds | Asking Price | Unit Type     | Area (ft²) | Asking £/ft² | CBRE Comments  |
|----------|--------------------------|----------|--------------|---------------|------------|--------------|--|
| 96       | The Warwick              | 3        | £524,950     | Detached      | 1,081      | £486         | Similar in size to Houghton and it is 3-bed detached. Listed £25k higher than Plot 122 The Warwick, sold in Apr 2022.  |
| 100      | The Leamington Lifestyle | 3        | £674,950     | Detached      | 1,417      | £476         | Large unit for a 3-bed detached property, no direct comparable at proposed development.  |
| 60       | The Letchworth           | 3        | £469,950     | Semi-Detached | 984        | £478         | Similar size to 'Longstock' units.   |
| 55       | The Stratford            | 4        | £569,950     | Detached      | 1,218      | £468         | Small 4-bed detached house. No direct comparable at proposed development. Similar in size to Hyde, 3-bed detached property.  |
| 98       | The Stratford            | 4        | £569,950     | Detached      | 1,218      | £468         | Small 4-bed detached house. No direct comparable at proposed development. Similar in size to, Hyde, 3-bed detached property.   |
| 62       | The Marlow               | 4        | £629,950     | Detached      | 1,289      | £489         | Small 4-bed detached house. No direct comparable at proposed development.  |
| 101      | The Harrogate            | 4        | £709,950     | Detached      | 1,555      | £457         | Redrow advise that despite being 128ft² bigger than the Shaftesbury, the asking price for these plots are at the same value given the drop off in demand in the market and to price competitively. Similar in size to Oakleigh plot. |

Source: Redrow (March 2023)

- 5.27. As can be seen within Table 5.8, Redrow's asking prices are plateauing/falling across the all unit types. Where there are relevant plots within the proposed development, I have cross-referenced these for benchmarking purposes, taking into consideration that the prices listed are asking, with some downward flexibility expected given current market conditions.
- 5.28. Owing to specification of the completed units, similar location (close proximity to A3, outskirts of Liss and Liphook respectively) and unit types, I consider that Maple Walk represents the best available comparable evidence for benchmarking units within the proposed development.

**Oak Park, Liphook (Taylor Wimpey)**

- 5.29. Oak Park is a development by Taylor Wimpey and lies to the east of the proposed development, on the outskirts of Liphook and adjacent to the Maple Walk development. I am aware of the recent re-sale contained within Table 5.9.

**Table 5.9: Oak Park | Re-Sale Transactions**

| Address   | Date sold (Re-Sale) | Re-Sale price | Subcategory   | Floor area ft <sup>2</sup> | Re-Sale (£/ft <sup>2</sup> ) | CBRE Comment   |
|---|---------------------|---------------|---------------|----------------------------|------------------------------|--|
| 3, Foresters Drive, Liphook, Hampshire GU30 7WR     | 15/07/2022          | £475,000      | Semi-Detached | 1,173                      | £404.85                      | Similar in size to 'Dean' units within proposed development, which are priced at £515,000 (£431.81/ft <sup>2</sup> ) |
| 28, Brickwork Avenue, Liphook, Hampshire GU30 7WP   | 20/06/2022          | £465,000      | Semi-Detached | 1,173                      | £396.33                      | Similar in size to 'Dean' units within proposed development, which are priced at £515,000 (£431.81/ft <sup>2</sup> ) |
| 20, Brickwork Avenue, Liphook, Hampshire GU30 7WP   | 04/04/2022          | £457,500      | Semi-Detached | 1,173                      | £389.94                      | Similar in size to 'Dean' units within proposed development, which are priced at £515,000 (£431.81/ft <sup>2</sup> ) |
| 16, Lowsley Farm Drive, Liphook, Hampshire GU30 7WN | 25/01/2022          | £470,000      | Detached      | 926                        | £507.72                      | Unit is closest in size to the 'Houghton' which is priced at £495,000 (£458/ft <sup>2</sup> )                        |

Source: LandInsight

- 5.30. Utilising Land Insight, in Table 5.10 I have subsequently taken the Estimated Market Values for the units (at the date of the completed sale) according to Land Insight Indexation, and compared these against the actual recorded transaction prices achieved in Table 5.9.

**Table 5.10: Oak Park (Taylor Wimpey) | Comparison of re-sale value to estimated market value**

| Address   | Date sold (Re-Sale) | Re-Sale price | Estimated Market Value (Land Insight) | Difference between Re-Sale Price & Estimated Market Value | % increase in value from sold new | Estimated increase in value from sold new (%) | Re-Sale (£/ft²) | Estimated Market Value (£/ft²) |
|---|---------------------|---------------|---------------------------------------|---|-----------------------------------|---|-----------------|--------------------------------|
| 3, Foresters Drive, Liphook, Hampshire GU30 7WR     | 15/07/2022          | £475,000      | £488,720                              | -£13,720  | 15.85%                            | 19.20%  | £405            | £417                           |
| 28, Brickwork Avenue, Liphook, Hampshire GU30 7WP   | 20/06/2022          | £465,000      | £464,065                              | £935  | 22.37%                            | 22.12%  | £396            | £396                           |
| 20, Brickwork Avenue, Liphook, Hampshire GU30 7WP   | 04/04/2022          | £457,500      | £481,718                              | -£24,218  | 13.24%                            | 19.24%  | £390            | £411                           |
| 16, Lowsley Farm Drive, Liphook, Hampshire GU30 7WN | 25/01/2022          | £470,000      | £515,382                              | -£45,382  | 12.22%                            | 23.05%  | £508            | £557                           |

Source: LandInsight

- 5.31. The Estimated Market Value tool on LandInsight, which is linked to East Hampshire HPI for each property type, has overestimated the actual achieved price in all but one example above (28 Brickwork Avenue) within Oak Park.
- 5.32. This highlights that whilst applying house price indices ('HPI') to model the estimated uplift from a transaction date to a current date can provide a sense check of a property's current market value, a degree of caution should be exercise given the evident limitations on accuracy.
- 5.33. Due to the recent sales of the units, Oak Park provides a useful benchmark for the proposed development, although the unit types are smaller, and thus attract lower capital values than achievable at the proposed development.

#### **Andlers Wood, Liss (Cala Homes)**

- 5.34. Andlers Wood is a collection of semi-detached and detached 3, 4 & 5 bedroom family homes, situated in the west of Liss, 3 miles to the south of the proposed development. The Andlers Wood units are completed to a high specification, to include premium German designer kitchens by Nobilia, bosch integrated appliances and Amtico flooring throughout. The marketing brochure for Andlers Wood is contained within **Appendix M**. I have included the Estimated Market Value of units within Andlers Wood using LandInsight, given the dated transactions, as a sense check on current market value. This is provided within Table 5.11.



**Table 5.11: Andlers Wood | Sale Transactions**

| Address              | Date sold  | Sold price | Estimated market value | Type* | No. Beds | Floor area ft² | Sold Price per ft² | Estimated Market price per ft² |
|----------------------|------------|------------|------------------------|-------|----------|----------------|--------------------|--------------------------------|
| 14, Turney Close     | 26/02/2021 | £450,000   | £536,157               | S     | 3        | 1,130          | £398               | £474                           |
| 15, Turney Close     | 01/12/2021 | £499,000   | £523,655               | S     | 3        | 1,130          | £442               | £463                           |
| 6, Turney Close      | 21/04/2021 | £580,000   | £679,363               | D     | 4        | 1,399          | £414               | £486                           |
| 1, Abbess Way        | 11/06/2021 | £547,500   | £627,831               | D     | 4        | 1,302          | £421               | £482                           |
| 4, Abbess Way        | 25/06/2021 | £580,000   | £665,100               | D     | 4        | 1,399          | £414               | £475                           |
| 3, Abbess Way        | 25/06/2021 | £580,000   | £665,100               | D     | 4        | 1,399          | £414               | £475                           |
| 5, Cole Close        | 23/08/2021 | £599,000   | £676,420               | D     | 4        | 1,399          | £428               | £483                           |
| 1, Cole Close        | 31/08/2021 | £633,500   | £715,379               | D     | 4        | 1,572          | £403               | £455                           |
| 8, Abbess Way        | 29/10/2021 | £610,000   | £659,022               | D     | 4        | 1,399          | £436               | £471                           |
| 10, Abbess Way       | 26/11/2021 | £620,000   | £658,951               | D     | 4        | 1,399          | £443               | £471                           |
| 11, Abbess Way       | 30/11/2021 | £615,000   | £653,636               | D     | 4        | 1,399          | £440               | £467                           |
| 12, Abbess Way       | 03/12/2021 | £620,000   | £639,756               | D     | 4        | 1,399          | £443               | £457                           |
| 7, Abbess Way        | 22/07/2022 | £685,000   | £711,087               | D     | 4        | 1,399          | £489               | £508                           |
| 4, Turney Close      | 10/05/2021 | £691,200   | £802,739               | D     | 5        | 1,722          | £401               | £466                           |
| 5, Turney Close      | 18/05/2021 | £700,000   | £812,959               | D     | 5        | 1,722          | £406               | £472                           |
| 2, Cole Close        | 20/08/2021 | £720,000   | £813,059               | D     | 5        | 1,722          | £418               | £472                           |
| 30, Francis Rose Way | 30/11/2021 | £729,000   | £774,798               | D     | 5        | 1,722          | £423               | £450                           |

Source: LandInsight

\*\*S' = Semi, 'D' = Detached

- 5.35. I subsequently provide commentary on the unit transactions above and estimated market values, in comparison to the units within the proposed development in Table 5.12.



**Table 5.12: Andlers Wood & Proposed Development | Unit Comparison**

| Address          | Date sold  | Sold price | Estimated MV | Area ft² | Sold Price £/ft² | Estimated MV £/ft² | Comment   |
|------------------|------------|------------|--------------|----------|------------------|--------------------|---|
| 14, Turney Close | 26/02/2021 | £450,000   | £536,157     | 1,130    | £398             | £474               | Small 3-bed semi-detached unit, similar to Dean semi-detached plots.                          |
| 15, Turney Close | 01/12/2021 | £499,000   | £523,655     | 1,130    | £442             | £463               | Small 3-bed semi-detached unit, similar to Dean semi-detached plots.                          |
| 6, Turney Close  | 21/04/2021 | £580,000   | £679,363     | 1,399    | £414             | £486               | Small 4-bed detached unit , which inflates £/ft² achievable. Closest comparable is Oakleigh.  |
| 1, Abbess Way    | 11/06/2021 | £547,500   | £627,831     | 1,302    | £421             | £482               | Small 4-bed detached unit , which inflates £/ft² achievable. Closest comparable is Oakleigh.  |
| 4, Abbess Way    | 25/06/2021 | £580,000   | £665,100     | 1,399    | £414             | £475               | Small 4-bed detached unit , which inflates £/ft² achievable. Closest comparable is Oakleigh.  |
| 3, Abbess Way    | 25/06/2021 | £580,000   | £665,100     | 1,399    | £414             | £475               | Small 4-bed detached unit , which inflates £/ft² achievable. Closest comparable is Oakleigh.  |
| 5, Cole Close    | 23/08/2021 | £599,000   | £676,420     | 1,399    | £428             | £483               | Small 4-bed detached unit , which inflates £/ft² achievable. Closest comparable is Oakleigh.  |
| 1, Cole Close    | 31/08/2021 | £633,500   | £715,379     | 1,572    | £403             | £455               | Larger 4-bed detached property, comparable in size to Oakleigh.                               |
| 8, Abbess Way    | 29/10/2021 | £610,000   | £659,022     | 1,399    | £436             | £471               | Small 4-bed detached unit, which inflates £/ft² achievable. Closest comparison is Oakleigh.   |
| 10, Abbess Way   | 26/11/2021 | £620,000   | £658,951     | 1,399    | £443             | £471               | Small 4-bed detached unit, which inflates £/ft² achievable. Closest comparison is Oakleigh.   |
| 11, Abbess Way   | 30/11/2021 | £615,000   | £653,636     | 1,399    | £440             | £467               | Small 4-bed detached unit, which inflates £/ft² achievable. Closest comparison is Oakleigh.   |
| 12, Abbess Way   | 03/12/2021 | £620,000   | £639,756     | 1,399    | £443             | £457               | Small 4-bed detached unit, which inflates £/ft² achievable. Closest comparison is Oakleigh.   |
| 7, Abbess Way    | 22/07/2022 | £685,000   | £711,087     | 1,399    | £489             | £508               | Small 4-bed detached unit, which inflates £/ft² achievable. Closest comparison is Oakleigh.   |
| 4, Turney Close  | 10/05/2021 | £691,200   | £802,739     | 1,722    | £401             | £466               | Similar in size to Hillier (4-bed unit). Comparison also made to Ormeley (larger 5-bed unit). |
| 5, Turney Close  | 18/05/2021 | £700,000   | £812,959     | 1,722    | £406             | £472               | Similar in size to Hillier (4-bed unit). Comparison also made to Ormeley (larger 5-bed unit). |
| 2, Cole Close    | 20/08/2021 | £720,000   | £813,059     | 1,722    | £418             | £472               | Similar in size to Hillier (4-bed unit). Comparison also made to Ormeley (larger 5-bed unit). |
| 30, Francis Rose | 30/11/2021 | £729,000   | £774,798     | 1,722    | £423             | £450               | Similar in size to Hillier (4-bed unit). Comparison also made to Ormeley (larger 5-bed unit). |

- 5.36. Whilst there a large number of comparable transactions to draw on from Andlers Wood, I consider that they should have limited weight in the process of pricing units at the proposed development of the Appeal Site for the following reasons:
- With the exception of 7 Abbess Way, all of the units were sold in 2021 and are now dated;
  - The Land Insight Estimated Market Value tool is a helpful sense check, however it only provides a general East Hampshire indexation to inform present day opinion of value which should be treated with caution;
  - The sales market during 2021 (and most of 2022) was buoyant, with a bigger pool of active buyers able to secure mortgages at lower interest rates and benefitted from the reduced rates of Stamp Duty Land Tax ('SDLT') until 30 September 2021;
  - The unit types (number of bedrooms and area) are only comparable to a select few of the units within the proposed development, as set out in Table 5.12;
  - The unit areas within the CALA scheme are generally smaller than the proposed development, which inflates the £/ft<sup>2</sup> achievable;
  - CALA is renowned for developing high specification units and has a strong brand reputation, commanding a premium over other developers; and
  - Agent opinion (Homes Estate Agents) is that Andlers Wood is in a more desirable location than the proposed development, being a short distance from the village of Liss (0.5 miles to the train station) and other amenities in the centre of Liss for which is considered to be a clear upgrade over Greatham.
- 5.37. In summary, I consider Andlers Wood to provide only several useful comparable transactions to inform values at the proposed development of the Appeal Site. For the reasons set out above I am of the opinion that the units within Andlers Wood command a premium in comparison to the units within the proposed development at the Appeal Site.

***Opie Gardens, West Liss, GU33 6JQ (Amiga Country Homes Limited)***

- 5.38. Opie Gardens is a 5-unit, wholly private scheme to the north of Liss village (approximately 0.5 miles to the train station) and the centre of Liss village, delivered by Amiga Country Homes (luxury property developers). Opie Gardens is located 1.6 miles south of the proposed development.
- 5.39. The units within Opie Gardens benefit from a high specification, including granite worktops in the kitchens, under floor heating to ground floors and wiring for customers' own speaker systems to principle rooms.
- 5.40. The marketing brochure for Opie Gardens is contained within **Appendix N**.
- 5.41. The scheme is low density and the units occupying on Opie Gardens are positioned on large plots, which would attract a premium in comparison to units within the proposed development of the Appeal Site, which are on smaller plots. Opie Gardens is considered to be in a superior location, in walking distance of Liss village and other amenities.
- 5.42. I am aware of the following reserved/sold (exchanged) prices within Opie Gardens, set out in Table 5.12.

**Table 5.12: Opie Gardens, West Liss | Sales Transactions**

| Plot No.       | Sold/Reserved Price | Sold/Exchanged Date | Type     | No. Beds | Plot Area (m <sup>2</sup> ) | NSA (ft <sup>2</sup> ) | £/ft <sup>2</sup> | Comments  |
|----------------|---------------------|---------------------|----------|----------|-----------------------------|------------------------|-------------------|---|
| 1              | £1,225,000          | EXC 12/3/23         | Detached | 5        | 954                         | 2,850                  | £429.82           | Exchanged, Completion 31 <sup>st</sup> May  |
| 2              | £1,075,000          | EXC 09/2/23         | Detached | 4        | 1,060                       | 2,550                  | £421.57           | Exchanged, Completion 31 <sup>st</sup> May  |
| 3              | £695,000            | TBC                 | Detached | 3        | 552                         | 1,450                  | £479.31           | Exchange due w/c 20 <sup>th</sup> March anticipated completion 31 <sup>st</sup> May 2023. |
| 4              | £950,000            | EXC 28/11/22        | Detached | 4        | 538                         | 2,150                  | £441.86           | Exchanged, Completion 28 <sup>th</sup> April  |
| 5              | £950,000            | EXC 02/2/23         | Detached | 5        | 703                         | 2,150                  | £441.86           | Exchanged, Completion 28 <sup>th</sup> April  |
| <b>Average</b> | <b>£979,000</b>     |                     |          |          |                             | <b>11,150</b>          | <b>£439.01</b>    |   |

Source: Homes Estate Agents

- 5.43. I have prepared a brief comparison of plot areas from the units within Opie Gardens, to the most relevant unit types within the proposed development of the Appeal Site, as set out in Table 5.13:

**Table 5.13: Opie Gardens & Proposed Development | Plot Areas**

| Opie Gardens Plot | Opie Gardens Plot Area (m <sup>2</sup> ) | Proposed Development Plot | Proposed Development Plot Area (m <sup>2</sup> ) | Difference (m <sup>2</sup> ) | Comments  |
|-------------------|--|---------------------------|--|------------------------------|---|
| Plot 3            | 552                                      | Plot 11 (Dean)            | 288  | 264                          | Comparison of plots for 3-bedroom detached units. Opie Gardens plot has a 91% greater area. |
| Plot 5            | 703                                      | Plot 11 (Ormeley DG)      | 434  | 269                          | Comparison of plots for 5-bedroom detached units. Opie Gardens plot is 62% greater.         |

Source: Homes Estate Agents, CBRE Analysis

- 5.44. Table 5.13 demonstrates that whilst several of the units within Opie Gardens on a floor area appear similar/comparable to the proposed development of the Appeal Site (Plot 5 is a 5-bed detached property

which extends to 2,150ft<sup>2</sup>, compared with Plot 11 of the Proposed Development has extends to 2,209ft<sup>2</sup>, consideration must be given to the plot areas to inform pricing comparison, which are demonstrably significantly larger in the Opie Gardens scheme.

- 5.45. Peppe De Fazio, Land and New Homes Director at Homes Estate Agents and the marketing agent for Opie Gardens, elaborated on the differences between Opie Gardens and the proposed development, and the wider locational context stating:

*“The market for these units in the main were buyers looking for an exclusive development (only 5 units) – with good plot/gardens, with 4 of the 5 units in excess of 2,100ft<sup>2</sup>. A number of purchasers were downsizers. Big appeal is the proximity to village amenities with train and also road links.*

*We see Opie as a clear grade up from Liss Nursery, which will likely appeal more to those seeking a larger/community development. Growing families likely and first time buyers seeking to join the property ladder. Good road links but not the same amenities as Liss itself. Liss Nursery will offer better value for money due to the lower values. The A3 is (and always has been) a clear ‘value’ line, with Opie Gardens being in tune with values of Liss, Petersfield and Liphook, with Greatham being more in tune with values of Alton/Whitehill/Bordon (with Liss Forest Nursery at the more positive end).”*

- 5.46. Whilst Opie Gardens provides current new build sales in proximity to the proposed development, limited weight can be placed on these values owing to specification, superior location and generous plot sizes. In comparison to the proposed development of the Appeal Site

#### **Map of New Build Schemes**

- 5.47. I provide a map highlighting the location of each of the new build schemes discussed in Section 5, and the Appeal Site, in Figure 5.1.

**Figure 5.1: Map of New Build Schemes in relation to Appeal Site**



Source: BatchGeo (for illustrative purposes, not to scale)

- 5.48. As can be seen in Figure 5.1, the new build schemes occupy different micro locations to the proposed development, with all new build scheme occupying locations to the south of the A3 value line, whereas the proposed development lies to the north.

#### **Local Market Analysis | Second Hand Transactions**

- 5.49. To comprehensively inform my opinion of GDV for the proposed development, I have also had regard to recent local re-sale transactions, in close proximity to the proposed development. This is set out in Table 5.14 overleaf

**Table 5.14: Resale Transactions**

| Comp Reference | Address                            | No. Beds | Property Type | Sale Date   | Sold Price | Area (ft <sup>2</sup> ) | £/ft <sup>2</sup> | CBRE Comment (March 2023)  |
|----------------|------------------------------------|----------|---------------|-------------|------------|-------------------------|-------------------|--|
| 1              | Meadow Way, Liphook, GU30          | 2        | Flat          | Under Offer | £225,000   | 524                     | £429              | Built in 2019, ground floor maisonette finished to a high specification with integrated appliances in the kitchen. Property backs on to Radford Park, with a balcony offering views over the park. Useful benchmark for Romsey plots, albeit note that Liphook expect to command a premium for flatted units, given its location within the village and proximity to the centre (10 minute walk), train station train station and other amenities (as referenced above).   |
| 2              | 1 Upper Mount, Liss, GU33 7RE      | 3        | End Terrace   | 17/06/2022  | £395,000   | 797                     | £496              | Modern, end of terrace 3-bed property located to the south of Liss, opposite Andlers Wood (CALA Homes) development. Small 3-bed unit, superior location without new build premium. Useful benchmark for 'Longstock' plots.   |
| 3              | 2 Dalley Way, Liss, GU33 7HD       | 3        | Semi-Detached | 18/10/2022  | £440,000   | 980                     | £449              | 3-bed semi-detached property sold in good condition in Oct 2022. In close proximity to Liss station and other amenities. Benefits from garage and car parking. Superior location and benefits from garage. Similar size to 'Longstock' plots.  |
| 4              | 2 Nursery Fields, Liss, GU33 7RF   | 4        | Detached      | 24/02/2022  | £575,000   | 1,389                   | £414              | Modern 4-bedroom detached property, located opposite Andlers Wood (CALA Homes) development. Small sized 4-bed detached property inflates achievable £/ft <sup>2</sup> . 'Hyde' plots at (3-bed unit at 1,220ft <sup>2</sup> ) closest comparable in size, with the nearest 4-bed plots being the Oakleigh at 1,586ft <sup>2</sup> .  |
| 5              | 16 Old School Road, Liss, GU33 7RX | 4        | Detached      | 15/02/2021  | £640,000   | 1,539                   | £416              | 16 Old School Road is located in the centre of Liss, in walking distance (less than 5 minutes) to the train station and other amenities. This property was sold in good condition. As a sense check, the estimated market value (using HPI) of this property is £760,000 (£493/ft <sup>2</sup> ). This is significantly above the 'Harrogate' in the Maple Walk development, despite 16 Old School Road being smaller in area. This suggests the indexation premium is over inflating 16 Old School Road's current market value. |

Source: Rightmove Sold, Homes Estate Agents

**Resale Properties / Asking Prices**

- 5.50. In addition to the resale transactions in Table 5.14, I have noted current asking prices (correct as at the 31<sup>st</sup> March 2023) in close proximity to the site location, summarised in Table 5.15.

**Table 5.15: Resale Properties / Asking Prices**

| Comp Ref | Address   | No. Beds | Property Type | Asking Price | Area (ft <sup>2</sup> ) | Asking £/ft <sup>2</sup> | CBRE Comment (March 2023)   |
|----------|---|----------|---------------|--------------|-------------------------|--------------------------|---|
| 6        | 9 Hawks Mead, Liss, GU33 7SN                    | 3        | Detached      | £550,000     | 1,074                   | £512                     | Modern built small 3-bed detached house in average/good condition in Liss (slightly dated). Integrated garage. Superior location to proposed development. High asking £/ft <sup>2</sup> , due to small sized for a 3-bed detached house. Likely overpriced. I note the price was subsequently reduced to £530,000 (£493/ft <sup>2</sup> ). On the market since February 2023, and is yet to have a sale agreed. |
| 7        | The Lockleys, Longmoor Road, Greatham, GU33 6AH | 4        | Detached      | £600,000     | 1,353                   | £443                     | Modern built house (2014) located in Greatham and in good condition. Large garden. Asking price reduced to £600,000 in Jan 2023, and subsequently sold in March 2023. Agent did not confirm sale agreed price as property not yet exchanged. Agreed price likely to be lower than £600,000. Useful benchmark for 'Oakleigh' and 'Hyde' plots.   |
| 8        | 11 Todmore, Greatham, GU33 6AR                  | 4        | Detached      | £600,000     | 1,313                   | £457                     | Property extends to 1,313ft <sup>2</sup> with integral garage (garage excluded in saleable area) and in good condition. Low capital value for a 4-bedroom detached property (owing to small size) in Greatham location. Modern built and in close proximity (0.3 miles north) of the Proposed Development. Useful benchmark for 'Oakleigh' and 'Hyde' plots. On the market since the start of March 2023.       |

Source: Rightmove

- 5.51. Figure 5.2 overleaf sets out the location of the resale transactions and marketed units in Tables 5.14 and 5.15 in relation to the Appeal Site in map format.



**Figure 5.2: Map of second hand comparables in relation to the proposed development**



Source: BatchGeo (for illustrative purposes, not to scale)

### Local Agent's Opinion of Pricing

- 5.52. In seeking to further understand the achievable unrestricted market values of the units within the proposed development of the Appeal Site as at 31<sup>st</sup> March 2023, I sought professional opinion from three local estate agents who specialise in the sale of new build properties locally. These are:
- Homes Estate Agents
  - Spicer Haart
  - Clark Gammon
- 5.53. Table 5.16 provides each of their respective opinions for the proposed development of the Appeal Site, with plot by plot unit pricing and average unit values / £/ft<sup>2</sup> rates summarised.



**Table 5.16: Local Agent's Pricing Opinion | March 2023**

| Plot No. | Unit Name/Type | Type              | Beds | NSA (m <sup>2</sup> ) | NSA (ft <sup>2</sup> ) | Homes Estate Agents Open Market Value (£) | Spicer Haart Open Market Value | Clarke Gammon Open Market Value (£) | Average Open Market Value (£) | Average £/ft <sup>2</sup> |
|----------|----------------|-------------------|------|-----------------------|------------------------|---|--------------------------------|-------------------------------------|-------------------------------|---------------------------|
| 1        | Hyde           | Detached          | 3    | 113                   | 1,220                  | £560,000                                  | £535,000                       | £525,000                            | £540,000                      | £443                      |
| 2        | Pemberley      | Semi              | 2    | 81                    | 875                    | £395,000                                  | £375,000                       | £380,000                            | £383,333                      | £438                      |
| 3        | Pemberley      | Semi              | 2    | 81                    | 875                    | £395,000                                  | £375,000                       | £380,000                            | £383,333                      | £438                      |
| 4        | Dean           | Detached          | 3    | 110.8                 | 1,193                  | £540,000                                  | £525,000                       | £525,000                            | £530,000                      | £444                      |
| 5        | Vyne           | End Terrace       | 2    | 80                    | 865                    | £385,000                                  | £365,000                       | £375,000                            | £375,000                      | £433                      |
| 6        | Longstock      | Mid-Terrace       | 3    | 93.5                  | 1,006                  | £425,000                                  | £425,000                       | £425,000                            | £425,000                      | £422                      |
| 7        | Vyne           | End Terrace       | 2    | 80                    | 865                    | £385,000                                  | £365,000                       | £375,000                            | £375,000                      | £433                      |
| 8        | Longstock      | Semi              | 3    | 93.5                  | 1,006                  | £450,000                                  | £435,000                       | £435,000                            | £440,000                      | £437                      |
| 9        | Longstock      | Semi              | 3    | 94                    | 1,006                  | £450,000                                  | £435,000                       | £435,000                            | £440,000                      | £437                      |
| 10       | Alverstoke     | Detached          | 4    | 164.1                 | 1,766                  | £775,000                                  | £725,000                       | £750,000                            | £750,000                      | £425                      |
| 11       | Ormeley DG     | Detached (Garage) | 5    | 205                   | 2,209                  | £925,000                                  | £895,000                       | £925,000                            | £915,000                      | £414                      |
| 12       | Oakleigh       | Detached          | 4    | 147                   | 1,586                  | £695,000                                  | £675,000                       | £675,000                            | £681,667                      | £430                      |
| 13       | Ormeley        | Detached          | 5    | 194                   | 2,086                  | £900,000                                  | £850,000                       | £895,000                            | £881,667                      | £423                      |
| 14       | Hillier        | Detached          | 4    | 166                   | 1,784                  | £780,000                                  | £730,000                       | £750,000                            | £753,333                      | £422                      |
| 15       | Avington       | Detached          | 4    | 164.6                 | 1,772                  | £777,500                                  | £725,000                       | £750,000                            | £750,833                      | £424                      |
| 16       | Hillier        | Detached          | 4    | 166                   | 1,784                  | £780,000                                  | £730,000                       | £750,000                            | £753,333                      | £422                      |
| 17       | Vyne           | Semi              | 2    | 80.4                  | 865                    | £395,000                                  | £375,000                       | £375,000                            | £381,667                      | £441                      |
| 18       | Vyne           | Semi              | 2    | 80                    | 865                    | £395,000                                  | £375,000                       | £375,000                            | £381,667                      | £441                      |

| Plot No. | Unit Name/Type | Type        | Beds | NSA (m <sup>2</sup> ) | NSA (ft <sup>2</sup> ) | Homes Estate Agents Open Market Value (£) | Spicer Haart Open Market Value | Clarke Gammon Open Market Value (£) | Average Open Market Value (£) | Average £/ft <sup>2</sup> |
|----------|----------------|-------------|------|-----------------------|------------------------|---|--------------------------------|-------------------------------------|-------------------------------|---------------------------|
| 19       | Vyne           | Semi        | 2    | 80.4                  | 865                    | £395,000                                  | £375,000                       | £375,000                            | £381,667                      | £441                      |
| 20       | Longstock      | Semi        | 3    | 94                    | 1,006                  | £450,000                                  | £435,000                       | £435,000                            | £440,000                      | £437                      |
| 21       | Vyne           | Semi        | 2    | 80.4                  | 865                    | £395,000                                  | £375,000                       | £375,000                            | £381,667                      | £441                      |
| 22       | Vyne           | Semi        | 2    | 80                    | 865                    | £395,000                                  | £375,000                       | £375,000                            | £381,667                      | £441                      |
| 23       | Vyne Detached  | Detached    | 2    | 80                    | 865                    | £425,000                                  | £385,000                       | £375,000                            | £395,000                      | £456                      |
| 24       | Houghton       | Detached    | 3    | 101                   | 1,082                  | £495,000                                  | £500,000                       | £450,000                            | £481,667                      | £445                      |
| 25       | Pemberley      | Semi        | 2    | 81                    | 875                    | £395,000                                  | £380,000                       | £380,000                            | £385,000                      | £440                      |
| 26       | Dean           | Semi        | 3    | 110.8                 | 1,193                  | £515,000                                  | £525,000                       | £515,000                            | £518,333                      | £435                      |
| 27       | Alverstoke     | Detached    | 4    | 164                   | 1,766                  | £775,000                                  | £725,000                       | £750,000                            | £750,000                      | £425                      |
| 28       | Ormeley        | Detached    | 5    | 193.8                 | 2,086                  | £900,000                                  | £850,000                       | £895,000                            | £881,667                      | £423                      |
| 29       | Avington       | Detached    | 4    | 165                   | 1,772                  | £777,500                                  | £725,000                       | £750,000                            | £750,833                      | £424                      |
| 30       | Dean           | Semi        | 3    | 110.8                 | 1,193                  | £515,000                                  | £525,000                       | £515,000                            | £518,333                      | £435                      |
| 31       | Dean           | Semi        | 3    | 111                   | 1,193                  | £515,000                                  | £525,000                       | £515,000                            | £518,333                      | £435                      |
| 32       | Longstock      | End Terrace | 3    | 93.5                  | 1,006                  | £435,000                                  | £425,000                       | £435,000                            | £431,667                      | £429                      |
| 33       | Vyne           | Mid-Terrace | 2    | 80                    | 865                    | £375,000                                  | £365,000                       | £365,000                            | £368,333                      | £426                      |
| 34       | Longstock      | End Terrace | 3    | 94                    | 1,006                  | £435,000                                  | £425,000                       | £435,000                            | £431,667                      | £429                      |
| 35       | Vyne           | End Terrace | 2    | 80                    | 865                    | £385,000                                  | £365,000                       | £375,000                            | £375,000                      | £433                      |
| 36       | Romsey GF      | Flat        | 1    | 51                    | 547                    | £225,000                                  | £215,000                       | £225,000                            | £221,667                      | £405                      |
| 37       | Romsey FF      | Flat        | 1    | 59                    | 635                    | £240,000                                  | £250,000                       | £250,000                            | £246,667                      | £388                      |

| Plot No. | Unit Name/Type | Type | Beds | NSA (m²) | NSA (ft²) | Homes Estate Agents Open Market Value (£) | Spicer Haart Open Market Value | Clarke Gammon Open Market Value (£) | Average Open Market Value (£) | Average £/ft² |
|----------|----------------|------|------|----------|-----------|---|--------------------------------|-------------------------------------|-------------------------------|---------------|
| Total    |                |      |      | 4,105    | 44,182    | £19,450,000                               | £18,660,000                    | £18,890,000                         | £19,000,000                   | £430.04       |

Source: Homes Estate Agents, Spicer Haart & Clarke Gammon

- 5.54. The agent's opinions for the unrestricted market values of all the units within the proposed development vary from £18,660,000 (£422/ft<sup>2</sup>) to £19,450,000 (£440/ft<sup>2</sup>), with an average overall GDV of £19,000,000 (£430/ft<sup>2</sup>).

### **Conclusions on Open Market Unit GDV**

- 5.55. In determining my opinion of open market gross development value of the proposed development, I have undertaken the following in reaching an evidenced and balanced judgement:
- Analysis of the wider market and economic context, which has a material bearing on open market GDV and constitutes appropriate evidence;
  - Undertaken in-depth analysis of current market comparables locally in accordance with PPG Viability and the RICS Guidance Note – Comparable evidence in real estate valuation 2019 (CD6.14); and
  - Engaged with local estate agents with direct experience of selling new build properties at comparable sites to obtain their independent professional opinion of open market pricing for all units on the proposed development as at 31<sup>st</sup> March 2023.
- 5.56. Taking account of the above, I set out my professional opinion of the unrestricted open market GDV for each plot within the proposed development in Table 5.17, providing supporting explanatory comments as to my justification for my determination of open market value for each plot as at the agreed baseline date of 31<sup>st</sup> March 2023.
- 5.57. In summary, it is my professional view that the unrestricted open market gross development value of each of the units of all units on the proposed development, equates to a total of £19,450,000 (£440.23/ft<sup>2</sup>).
- 5.58. I have subsequently provided two further tables (Table 5.18 and 5.19) which present the resultant open market GDV for each of the policy compliant development scheme and the proposed development scheme respectively.
- 5.59. This generates the following open market GDV for each, which I have adopted in the updated financial viability assessment:
- Policy compliant development scheme: £12,410,000 (£438.41/ft<sup>2</sup>)
  - Proposed development scheme: £16,530,000 (£440.50/ft<sup>2</sup>)

**Table 5.17: CBRE Opinion of unrestricted market values | Proposed Development**

| Plot No. | Unit Name  | Type              | No. Beds | NSA (ft <sup>2</sup> ) | Market Values (Mar 2023) | £/ft <sup>2</sup> | Comments  |
|----------|------------|-------------------|----------|------------------------|--------------------------|-------------------|---|
| 1        | Hyde       | Detached          | 3        | 1,220                  | £560,000                 | £459              | Value informed by asking prices for 'The Stratford' in the Maple Walk (Redrow) scheme, 2 Nursery Fields and Agent's opinion.  |
| 2        | Pemberley  | Semi              | 2        | 875                    | £395,000                 | £451              | Limited available evidence. Pricing consistent with agent's opinion.  |
| 3        | Pemberley  | Semi              | 2        | 875                    | £395,000                 | £451              | Limited available evidence. Pricing consistent with agent's opinion.  |
| 4        | Dean       | Detached          | 3        | 1,193                  | £540,000                 | £453              | Valued slightly lower than Plot 1, owing to its smaller size. Consistent/higher than local agent's opinion.   |
| 5        | Vyne       | ET                | 2        | 865                    | £385,000                 | £445              | Limited available evidence. Pricing consistent with agent's opinion. Lower than plots 2&3 due to being terraced, rather than semi-detached.   |
| 6        | Longstock  | MT                | 3        | 1,006                  | £425,000                 | £422              | Mid-terrace plot between two x 2-bed terraces, discounted to reflect this.  |
| 7        | Vyne       | ET                | 2        | 865                    | £385,000                 | £445              | Limited available evidence. Pricing consistent with agent's opinion. Lower than plots 2&3 due to being terraced, rather than semi-detached.   |
| 8        | Longstock  | Semi              | 3        | 1,006                  | £450,000                 | £447              | Valued above Plot 6 due to being 2 x semi-detached plots. Pricing guided by 'The Letchworth' units in Maple Walk, and second hand comparables including 2 Dalley Way. Values lower due to no garage and small garden.   |
| 9        | Longstock  | Semi              | 3        | 1,006                  | £450,000                 | £447              | Valued above Plot 6 due to being 2 x semi-detached plots. Pricing guided by 'The Letchworth' units in Maple Walk, and second hand comparables including 2 Dalley Way. Values lower due to no garage and small garden.   |
| 10       | Alverstoke | Detached          | 4        | 1,766                  | £775,000                 | £439              | Guided by the 'Harrogate' units within the Maple Walk scheme, valued above due to increased size. Larger plot than Plot 27, but compromised by central location in proposed development.  |
| 11       | Ormeley DG | Detached (Garage) | 5        | 2,209                  | £925,000                 | £419              | Valued below Plot 5 at Opie Gardens due to plot size and specification. Largest unit on-site. Common Ground.  |
| 12       | Oakleigh   | Detached          | 4        | 1,586                  | £695,000                 | £438              | Corner plot. Valued slightly below asking price for the 'Harrogate' unit within Maple Walk scheme. Capital value higher than majority of 4-bed detached units (achieved and estimated) at Andlers Wood; £/ft <sup>2</sup> lower than Andlers Wood units owing to its inferior location. |

| Plot No. | Unit Name     | Type     | No. Beds | NSA (ft²) | Market Values (Mar 2023) | £/ft² | Comments   |
|----------|---------------|----------|----------|-----------|--------------------------|-------|--|
| 13       | Ormeley       | Detached | 5        | 2,086     | £900,000                 | £431  | Valued below Plot 11 owing to its smaller area. Common ground.   |
| 14       | Hillier       | Detached | 4        | 1,784     | £780,000                 | £437  | Guided by the 'Harrogate' units within the Maple Walk scheme, valued above due to increased size of unit. Capital value higher than units at Andlers Wood (achieved and estimated).  |
| 15       | Avington      | Detached | 4        | 1,772     | £777,500                 | £439  | Guided by the 'Harrogate' units within the Maple Walk scheme, valued above due to increased size of unit. Capital value higher than units at Andlers Wood (achieved and estimated). Slightly lower than Plot 14 owing to area. |
| 16       | Hillier       | Detached | 4        | 1,784     | £780,000                 | £437  | Guided by the 'Harrogate' units within the Maple Walk scheme, valued above due to increased size of unit. Capital value higher than units at Andlers Wood (achieved and estimated).  |
| 17       | Vyne          | Semi     | 2        | 865       | £395,000                 | £456  | Limited available evidence. Pricing consistent with agent's opinion. Higher than Plot 5 due to being semi-detached.  |
| 18       | Vyne          | Semi     | 2        | 865       | £395,000                 | £456  | Limited available evidence. Pricing consistent with agent's opinion. Higher than Plot 5 due to being semi-detached.  |
| 19       | Vyne          | Semi     | 2        | 865       | £395,000                 | £456  | Limited available evidence. Pricing consistent with agent's opinion. Higher than Plot 5 due to being semi-detached.  |
| 20       | Longstock     | Semi     | 3        | 1,006     | £450,000                 | £447  | Valued above Plot 6 due to being 2 x semi-detached plots. Pricing guided by 'The Letchworth' units in Maple Walk, and second hand comparables including 2 Dalley Way. Values lower due to no garage.                           |
| 21       | Vyne          | Semi     | 2        | 865       | £395,000                 | £456  | Limited available evidence. Pricing consistent with agent's opinion. Higher than Plot 5 due to being semi-detached.  |
| 22       | Vyne          | Semi     | 2        | 865       | £395,000                 | £456  | Limited available evidence. Pricing consistent with agent's opinion. Higher than Plot 5 due to being semi-detached.  |
| 23       | Vyne Detached | Detached | 2        | 865       | £425,000                 | £491  | Limited available evidence. Pricing consistent with agent's opinion. Higher than Plots 21 & 22 due to the unit being detached. Common Ground.  |
| 24       | Houghton      | Detached | 3        | 1,082     | £495,000                 | £458  | Value informed by asking prices for the 'Warwick' in Maple Walk scheme and achieved price for Plot 122 at Maple Walk.  |
| 25       | Pemberley     | Semi     | 2        | 875       | £395,000                 | £451  | Limited available evidence. Pricing consistent with agent's opinion.   |

| Plot No.     | Unit Name  | Type     | No. Beds | NSA (ft²)    | Market Values (Mar 2023) | £/ft²          | Comments   |
|--------------|------------|----------|----------|--------------|--------------------------|----------------|--|
| 26           | Dean       | Semi     | 3        | 1,193        | £515,000                 | £432           | Unit priced between semi-detached plots within Oak Park (lower value) and achieved prices at Andlers Wood (higher value).  |
| 27           | Alverstoke | Detached | 4        | 1,766        | £775,000                 | £439           | Guided by the 'Harrogate' units within the Maple Walk scheme, valued above due   |
| 28           | Ormeley    | Detached | 5        | 2,086        | £900,000                 | £431           | Valued below Plot 11 owing to its smaller area. Common ground.   |
| 29           | Avington   | Detached | 4        | 1,772        | £777,500                 | £439           | Guided by the 'Harrogate' units within the Maple Walk scheme, valued above due to increased size of unit. Capital value higher than units at Andlers Wood (achieved and estimated). Slightly lower than Plot 14 owing to area. |
| 30           | Dean       | Semi     | 3        | 1,193        | £515,000                 | £432           | Unit priced between semi-detached plots within Oak Park (lower value) and achieved prices at Andlers Wood (higher value).  |
| 31           | Dean       | Semi     | 3        | 1,193        | £515,000                 | £432           | Unit priced between semi-detached plots within Oak Park (lower value) and achieved prices at Andlers Wood (higher value).  |
| 32           | Longstock  | ET       | 3        | 1,006        | £435,000                 | £432           | Valued below plots 8, 9 & 20 due to being terraced units. Unfavourable location at back of site with north facing gardens.   |
| 33           | Vyne       | MT       | 2        | 865          | £375,000                 | £433           | Unfavourable location at back of the site with north facing garden. Mid-terrace = lower value.   |
| 34           | Longstock  | ET       | 3        | 1,006        | £435,000                 | £432           | Valued below plots 8, 9 & 20 due to being terraced units. Unfavourable location at back of site with north facing gardens.   |
| 35           | Vyne       | ET       | 2        | 865          | £385,000                 | £445           | Unfavourable location at back of the site with north facing garden. End Terrace, slightly higher value than Plot 33.   |
| 36           | Romsey GF  | Flat     | 1        | 547          | £225,000                 | £411           | Value guided by Meadow Way comp (Liphook) and agent's opinion.   |
| 37           | Romsey FF  | Flat     | 1        | 635          | £240,000                 | £378           | Value guided by Meadow Way comp (Liphook) and agent's opinion.   |
| <b>Total</b> |            |          |          | <b>44,18</b> | <b>£19,450,00</b>        | <b>£440.23</b> |  |



**Table 5.18: Policy Compliant Development Scheme | Open Market GDV**

| Plot No.     | Unit Type  | Type          | No. Beds | No. Units | Total NSA (ft²) | Total GDV          | £/ft²          |
|--------------|------------|---------------|----------|-----------|-----------------|--------------------|----------------|
| 1            | Hyde       | Detached      | 3        | 1         | 1,220           | £560,000           | £459.19        |
| 2            | Pemberley  | Semi-Detached | 2        | 1         | 875             | £395,000           | £451.37        |
| 3            | Pemberley  | Semi-Detached | 2        | 1         | 875             | £395,000           | £451.37        |
| 4            | Dean       | Detached      | 3        | 1         | 1,193           | £540,000           | £452.78        |
| 10           | Alverstoke | Detached      | 4        | 1         | 1,766           | £775,000           | £438.76        |
| 11           | Ormeley DG | Detached      | 5        | 1         | 2,209           | £925,000           | £418.79        |
| 12           | Oakleigh   | Detached      | 4        | 1         | 1,586           | £695,000           | £438.34        |
| 13           | Ormeley    | Detached      | 5        | 1         | 2,086           | £900,000           | £431.44        |
| 14           | Hillier    | Detached      | 4        | 1         | 1,784           | £780,000           | £437.32        |
| 15           | Avington   | Detached      | 4        | 1         | 1,772           | £777,500           | £438.83        |
| 16           | Hillier    | Detached      | 4        | 1         | 1,784           | £780,000           | £437.32        |
| 24           | Houghton   | Detached      | 3        | 1         | 1,082           | £495,000           | £457.58        |
| 25           | Pemberley  | Semi-Detached | 2        | 1         | 875             | £395,000           | £451.37        |
| 26           | Dean       | Semi-Detached | 3        | 1         | 1,193           | £515,000           | £431.81        |
| 27           | Alverstoke | Detached      | 4        | 1         | 1,766           | £775,000           | £438.76        |
| 28           | Ormeley    | Detached      | 5        | 1         | 2,086           | £900,000           | £431.44        |
| 29           | Avington   | Detached      | 4        | 1         | 1,772           | £777,500           | £438.83        |
| 30           | Dean       | Semi-Detached | 3        | 1         | 1,193           | £515,000           | £431.81        |
| 31           | Dean       | Semi-Detached | 3        | 1         | 1,193           | £515,000           | £431.81        |
| <b>Total</b> |            |               |          | <b>19</b> | <b>28,307</b>   | <b>£12,410,000</b> | <b>£438.41</b> |

**Table 5.19: Proposed Development Scheme | Open Market GDV**

| Plot No.     | Unit Type  | Type          | No. Beds | No. Units | Total NSA (ft²) | Total GDV          | £/ft²          |
|--------------|------------|---------------|----------|-----------|-----------------|--------------------|----------------|
| 1            | Hyde       | Detached      | 3        | 1         | 1,220           | £560,000           | £459.19        |
| 2            | Pemberley  | Semi-Detached | 2        | 1         | 875             | £395,000           | £451.37        |
| 3            | Pemberley  | Semi-Detached | 2        | 1         | 875             | £395,000           | £451.37        |
| 4            | Dean       | Detached      | 3        | 1         | 1,193           | £540,000           | £452.78        |
| 5            | Vyne       | End Terrace   | 2        | 1         | 865             | £385,000           | £444.87        |
| 6            | Longstock  | Mid Terrace   | 3        | 1         | 1,006           | £425,000           | £422.29        |
| 7            | Vyne       | End Terrace   | 2        | 1         | 865             | £385,000           | £444.87        |
| 8            | Longstock  | Semi-Detached | 3        | 1         | 1,006           | £450,000           | £447.13        |
| 9            | Longstock  | Semi-Detached | 3        | 1         | 1,006           | £450,000           | £447.13        |
| 10           | Alverstoke | Detached      | 4        | 1         | 1,766           | £775,000           | £438.76        |
| 11           | Ormeley DG | Detached      | 5        | 1         | 2,209           | £925,000           | £418.79        |
| 12           | Oakleigh   | Detached      | 4        | 1         | 1,586           | £695,000           | £438.34        |
| 13           | Ormeley    | Detached      | 5        | 1         | 2,086           | £900,000           | £431.44        |
| 14           | Hillier    | Detached      | 4        | 1         | 1,784           | £780,000           | £437.32        |
| 15           | Avington   | Detached      | 4        | 1         | 1,772           | £777,500           | £438.83        |
| 16           | Hillier    | Detached      | 4        | 1         | 1,784           | £780,000           | £437.32        |
| 17           | Vyne       | Semi-Detached | 2        | 1         | 865             | £395,000           | £456.43        |
| 18           | Vyne       | Semi-Detached | 2        | 1         | 865             | £395,000           | £456.43        |
| 23           | Vyne       | Detached      | 2        | 1         | 865             | £425,000           | £491.09        |
| 24           | Houghton   | Detached      | 3        | 1         | 1,082           | £495,000           | £457.58        |
| 25           | Pemberley  | Semi-Detached | 2        | 1         | 875             | £395,000           | £451.37        |
| 26           | Dean       | Semi-Detached | 3        | 1         | 1,193           | £515,000           | £431.81        |
| 27           | Alverstoke | Detached      | 4        | 1         | 1,766           | £775,000           | £438.76        |
| 28           | Ormeley    | Detached      | 5        | 1         | 2,086           | £900,000           | £431.44        |
| 29           | Avington   | Detached      | 4        | 1         | 1,772           | £777,500           | £438.83        |
| 30           | Dean       | Semi-Detached | 3        | 1         | 1,193           | £515,000           | £431.81        |
| 31           | Dean       | Semi-Detached | 3        | 1         | 1,193           | £515,000           | £431.81        |
| 32           | Longstock  | End Terrace   | 3        | 1         | 1,006           | £435,000           | £432.22        |
| 33           | Vyne       | Mid Terrace   | 2        | 1         | 865             | £375,000           | £433.32        |
| <b>Total</b> |            |               |          | <b>29</b> | <b>37,525</b>   | <b>£16,530,000</b> | <b>£440.50</b> |

## Gross Development Value – Affordable Housing Units

- 5.60. To inform my calculation of the GDV for the Affordable Rented units within the policy compliant development scheme, I have had regard to the Local Housing Allowance ('LHA') rates for Blackwater Valley BRMA, for which to guide maximum rent levels (i.e. capped at the LHA rate).
- 5.61. I have then adopted the following assumptions to deduct from the gross annual rent from each Affordable Rented unit:
- £1,750 per unit per annum management fee; and
  - 3% rental voids and bad debts.
- 5.62. Applying the above deductions results in a net annual rent for each individual Affordable Rented unit. The net rent is capitalised at a yield of 5.25% to determine capital value for each Affordable Rented unit.
- 5.63. In relation to the Shared Ownership units, I have first calculated the unrestricted open market GDV for each individual plot (see previous section). I have then applied the following assumptions within a calculation to determine the GDV of each of the units:
- An initial equity sale of 25% of the unrestricted market value;
  - An assumed rent at 2.75% on the unsold equity; and
  - Applied outgoings of £750 per annum on the gross annual rent to arrive a total net rent.
- 5.64. The net annual rent is then capitalised at a yield of 5% to calculate the yield on total rent, which is added to the initial equity income shared to establish total capital value for each of the Shared Ownership units.
- 5.65. The methodology above is an agreed matter within the SoCG.
- 5.66. The matter of dispute between the parties over the GDV of the affordable housing units is derived solely from the difference in opinion between myself and Mr Castle over the unrestricted market value of the units to be designated as shared ownership tenure. As set out in the agreed methodology above, the unrestricted market value forms part of the agreed calculation for determining the GDV of each shared ownership unit.
- 5.67. The GDV I have determined for the affordable housing units, following the methodology agreed between the parties, is set out in the following tables on an individual plot basis on both the Policy Compliant development (Table 5.20) and the Proposed Development (Table 5.21) for the Appeal Site.

**Table 5.20: Policy Compliant Development Scheme | Affordable Housing GDV**

| Tenure           | Plot No. | Unit Type | Type          | No. Beds | No. Units | Total NSA (ft²) | Total GDV         | £/ft²          |
|------------------|----------|-----------|---------------|----------|-----------|-----------------|-------------------|----------------|
| Affordable Rent  | 5        | Vyne      | End Terrace   | 2        | 1         | 865             | £160,135          | £185.04        |
| Affordable Rent  | 6        | Longstock | Mid Terrace   | 3        | 1         | 1,006           | £209,884          | £208.54        |
| Affordable Rent  | 7        | Vyne      | End Terrace   | 2        | 1         | 865             | £160,135          | £185.04        |
| Affordable Rent  | 8        | Longstock | Semi-Detached | 3        | 1         | 1,006           | £209,884          | £208.54        |
| Affordable Rent  | 9        | Longstock | Semi-Detached | 3        | 1         | 1,006           | £209,884          | £208.54        |
| Affordable Rent  | 17       | Vyne      | Semi-Detached | 2        | 1         | 865             | £160,135          | £185.04        |
| Affordable Rent  | 18       | Vyne      | Semi-Detached | 2        | 1         | 865             | £160,135          | £185.04        |
| Affordable Rent  | 19       | Vyne      | Semi-Detached | 2        | 1         | 865             | £160,135          | £185.04        |
| Affordable Rent  | 20       | Longstock | Semi-Detached | 3        | 1         | 1,006           | £209,884          | £208.54        |
| Affordable Rent  | 21       | Vyne      | Semi-Detached | 2        | 1         | 865             | £160,135          | £185.04        |
| Affordable Rent  | 22       | Vyne      | Semi-Detached | 2        | 1         | 865             | £160,135          | £185.04        |
| Shared Ownership | 23       | Vyne      | Detached      | 2        | 1         | 865             | £266,563          | £308.02        |
| Affordable Rent  | 32       | Longstock | End Terrace   | 3        | 1         | 1,006           | £209,884          | £208.54        |
| Shared Ownership | 33       | Vyne      | Mid Terrace   | 2        | 1         | 865             | £233,438          | £269.74        |
| Shared Ownership | 34       | Longstock | End Terrace   | 3        | 1         | 1,006           | £273,188          | £271.44        |
| Shared Ownership | 35       | Vyne      | End Terrace   | 2        | 1         | 865             | £240,063          | £277.39        |
| Affordable Rent  | 36       | Romsey GF | Flat          | 1        | 1         | 547             | £122,022          | £223.15        |
| Affordable Rent  | 37       | Romsey FF | Flat          | 1        | 1         | 635             | £122,022          | £192.14        |
|                  |          |           |               |          | <b>18</b> | <b>15,875</b>   | <b>£3,427,658</b> | <b>£215.92</b> |

Source: CBRE Analysis

**Table 5.21: Proposed Development Scheme | Affordable Housing GDV**

| Tenure           | Plot No. | Unit Type | No. Beds | No. Units | Total NSA (ft²) | Total GDV         | £/ft²          |
|------------------|----------|-----------|----------|-----------|-----------------|-------------------|----------------|
| Shared Ownership | 19       | Vyne      | 2        | 1         | 865             | £246,688          | £285.05        |
| Shared Ownership | 20       | Longstock | 3        | 1         | 1,006           | £283,125          | £281.32        |
| Shared Ownership | 21       | Vyne      | 2        | 1         | 865             | £246,688          | £285.05        |
| Shared Ownership | 22       | Vyne      | 2        | 1         | 865             | £246,688          | £285.05        |
| Shared Ownership | 34       | Longstock | 3        | 1         | 1,006           | £273,188          | £271.44        |
| Shared Ownership | 35       | Vyne      | 2        | 1         | 865             | £240,063          | £277.39        |
| Shared Ownership | 36       | Romsey GF | 1        | 1         | 547             | £134,063          | £245.17        |
| Shared Ownership | 37       | Romsey FF | 1        | 1         | 635             | £144,000          | £226.75        |
|                  |          |           |          | <b>8</b>  | <b>6,656</b>    | <b>£1,814,500</b> | <b>£272.59</b> |

Source: CBRE Analysis

- 5.68. I have not yet had a copy of Mr Castle's affordable housing GDV on an individual plot basis. I reserve the right to comment on this matter further via rebuttal once Proofs of Evidence are exchanged.

Sales Agent & Marketing Fees

- 5.69. In determining my opinion of appropriate sales agent fees, I have approached three reputable local agents. These are the same agents that also provided their professional opinion on pricing for the proposed development of the Appeal Site. They are:
- Homes Estate Agents

Spicer Haart

Clarke Gammon
- 5.70. Each with a track record of selling new build homes, to provide their fee rates, on the basis that there will be a show home on-site and staffing required to meet and greet prospective purchasers and the assumption of an instruction in the current market. The agents concurred that due to the nature and scale of the proposed development scheme, a sales home on-site would be expected as a prerequisite.
- 5.71. The agents set out their expectation of fees for the disposal of the completed open market units, on the basis of staffing requirements for a show home and on the basis that the marketing budget is accounted for separately and met by the developer.
- 5.72. The sales agent’s proposed fees for the disposal of the open market units on the Appeal Site are summarised in Table 5.21.
- 5.73. To protect commercial confidentialities I have not referred to each agent by name – rather numbered 1-3.

Table 5.21: Sales Agent Fees

| Agent          | Sales Agent Fee<br>(% on GDV) | Comment  |
|----------------|-------------------------------|--|
| Estate Agent 1 | 2.0%                          | Fees would be 1.5% if no requirement for on-site sales presence at show-home.  |
| Estate Agent 2 | 2.0%                          | Fees would be 1.5% if no requirement for on-site sales presence at show-home.  |
| Estate Agent 3 | 1.75%                         | Fees would be 1.25% if no requirement for on-site sales presence at show-home. |

Source: Agent Advice

- 5.74. As set out in Table 5.21, the sales agent fees are on average between 1.75% - 2% of GDV, on the basis that there is a show house on-site, which will require staffing as a sales office by representatives of the local branch of the respective agency, and the marketing budget is met separately by the developer.
- 5.75. I have estimated that an additional marketing budget of 1% of open market GDV would be reasonably required (as a minimum) to cover the following items as a minimum:
- Show Home carpets/design/furniture fit out;

Show Home cleaning and utility costs;

Show Home alarm and insurances;

Exterior works (dressing and landscaping). Includes initial landscaping and making good once signs are removed;

Brochures (including plans and CGIs);

- Signs and bollards (including welcome sign and plot reserved/sold board);
  - Advertising/website and launch event / publicity;
  - Set up of Management Company; and
  - Solicitors fee to prepare sales contract documentation.
- 5.76. A marketing budget of 1% of the open market unit GDV for the proposed development of the Appeal Site equates to £165,300 / £5,700 per plot, which I do not consider an excessive sum to meet the cost of the above items.
- 5.77. It should also be noted that LPAHVA incorporates an overall combined cost for sales agency and marketing fees of 3% of open market sales GDV.
- 5.78. The evidence above, in my professional opinion, supports the consistent adoption of 3% of open market sales GDV within the updated financial viability assessment as a reasonable input assumption in order to deliver a professional marketing campaign, sales premises and procure the representative of a reputable local sales agent with an on-site sales office presence at the Appeal Site in the current market.

### Legal Fees

- 5.79. The Appellants have provided comparable evidence of legal conveyancing fees for a new build residential site they recently delivered in named Samara, in Ash, Surrey. This evidence constitutes invoices for plot completion legal fees received from the instructed solicitors.
- 5.80. This evidence is included at **Appendix O** and is summarised in Table 5.22.

**Table 5.22: Sales Legal Disposal Fees | Evidence**

| Address          | Completion Date   | Sales Legal Fee (exc VAT) |
|------------------|-------------------|---------------------------|
| 5 Bareham Drive  | 27 August 2021    | £1,200                    |
| 14 Bareham Drive | 22 September 2021 | £1,200                    |
| 6 Bareham Drive  | 19 July 2021      | £1,680                    |
| 14 Bareham Drive | 22 September 2021 | £1,200                    |
| 20 Bareham Drive | 19 July 2021      | £1,200                    |

*Source: The Appellants*

- 5.81. Table 5.22 demonstrates that a minimum legal conveyancing fee equated to £1,200 per unit. Legal fees are typically time based and therefore do not tend to vary depending on the size/typology or price of the individual unit.
- 5.82. The LPAHVA includes sales legal fees at 0.5% of open market GDV. Applying this figure to the open market GDV of the Proposed Development viability appraisal results in a total cost for sale legal disposal fees of £82,650 (£2,850 per unit), which appears unduly cautious in the context of the above evidence.
- 5.83. I consider that in light of the comparable evidence, and in acknowledgement that the Ash site is smaller than the Appeal Site, hence representing an opportunity for time-based efficiencies when repeating a larger volume of units, a sum of £1,000 per unit for the disposal of the open market units is a reasonable allowance for ongoing adoption in the updated financial viability assessment.

- 5.84. I note that this remains consistent with the rate CBRE (and formerly Turley) has adopted in previous viability assessments of the proposed development.

### Developer's Profit – Open Market Sale

- 5.85. At paragraph 018 PPG Viability (CD6.1) states:

*'Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks.'*

- 5.86. Moreover, it is at this level of developer's return that the policies in the development plan have been tested via viability evidence in order to ensure that the policies are set at a realistic (rather than aspirational) level, such that their cumulative cost does not undermine the financial viability of development sites – notably allocations – upon which the deliverability of the plan is reliant. This is clarified within paragraph 002, as follows:

*'The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan.'*

- 5.87. In addition to the above, PPG Viability requires that a viability assessment submitted to accompany a planning application should be based upon and refer back to the viability assessment that informed the plan<sup>9</sup>. It therefore represents a clear starting point for determining the appropriate risk adjusted developer's return in viability assessment at the decision taking stage.

- 5.88. Within paragraph 018 PPG Viability subsequently states:

*'For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types.'*

- 5.89. The LPAHVA<sup>10</sup> (CD5.2) confirms that developer's profit is closely correlated with the perceived risk of residential development, stating in paragraph 5.36 on p.30:

*'The greater the risk, the greater the required profit level, which helps to mitigate against the risk, but also to ensure that the potential rewards are sufficiently attractive for a bank and other equity providers to fund a scheme.'*

- 5.90. The LPAHVA subsequently confirms that, at the time of publication in 2017;

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<sup>9</sup> Paragraph: 008 Reference ID: 10-008-20190509

<sup>10</sup> LPAHVA (2017) paragraph 5.43, p. 31.



*‘Perceived risk in the UK housing market had been receding but the outcome of the referendum on the UK’s membership of the European Union has resulted in a degree of uncertainty about the future trajectory of house prices. We have therefore adopted a profit margin of 20% of GDV for testing purposes, although individual schemes may require lower or higher profits, depending on site specific circumstances. This is considered to be a rigorous approach which ensures the robustness of the appraisal outputs.’*

- 5.91. In summary, the LPAHVA adopts a profit margin of 20% of open market sales GDV for the purposes of viability testing the ability of sites to accommodate the policy costs within the adopted SDLP. In doing so, the LPAHVA acknowledges that developer profit reflects risk, which is linked to macro-economic conditions, uncertainty in market direction, and the implications arising for residential property prices.
- 5.92. I note that the Inspector acknowledged the above factors when recommending on the appropriate rate of developer’s return within a recent Appeal Decision (ref: APP/Y9507/W/21/3269823 and APP/Y9507/W/22/3295783) relating to an application to demolish a vacant building and the construction of 28 residential units with associated landscaping and on-site car parking within the SDNP at Astley House, Spital Road, Lewes, BN7 1PW (CD7.2).
- 5.93. At paragraph 53, on p.9, the Inspector states:  
  
*‘The profit expectation of the appellant is 18.5% which falls within the 15-20% figure set out within the Planning Practice Guidance (PPG) as a suitable return for developers. Whilst the war in Ukraine and rising prices were not provided as justification of this figure at the time that the application was submitted, I am required to consider the evidence before me at this time. These circumstances, along with the 20% developer return used in the viability assessment undertaken as part of the adoption of the SDLP, and the guidance within the PPG which advises that the plan viability assessment should inform one submitted with a planning application, lead me to find that the developer return sought is reasonable in this case.’*
- 5.94. The Decision Date is stated as 3 October 2022, with the inquiry held on 19 July - 22 July 2022 and 4 August 2022, as a result the evidence before the Inspector dated from September 2022 and earlier.
- 5.95. It is evident from the evidence set out earlier in this proof of evidence that geo-political uncertainty and macro-economic challenges continue to weigh heavily on the UK economy, with the cost of living crisis worsening over Q4 2022 and into Q1 2023.
- 5.96. Simultaneously, the effects of Government’s mini-budget in September and ongoing base rate hikes to the present level of 4.25% in March 2023 in order to seek to reduce elevated inflation, have rapidly increased the cost of mortgage lending and undermined affordability for both prospective purchasers and households looking to re-mortgage. This has had the impact of severely cooling demand within the UK housing market, which is evidenced by falling mortgage approvals, transaction volumes, and a decline in average UK property prices.
- 5.97. In January 2023 Savills reported that this has fed through to a significant slowdown in the residential development land market with fewer sites being marketed, reductions in the number of bids for sites in Q4 2024, and lower development land values as demand tempered and bidding parties built greater risk into their bids. This confirms that developers are increasing their profit (or ‘hurdle rate’) requirements, in recognition of these factors, and which will be being driven by more stringent funding approval processes.
- 5.98. Savills’ Market in Minutes: Residential Development Land – Q4 2022 report, published on 25 January 2023, is provided within **Appendix P**.

- 5.99. In recognition of the above evidence and escalation of the factors (plus others) identified by the Inspector within the Appeal Decision (ref: APP/Y9507/W/21/3269823 and APP/Y9507/W/22/3295783) (CD7.2), it is my professional opinion that a developer's risk-adjusted return will now be materially higher than prior to October 2022.
- 5.100. In addition to this, in respect of undertaking my assessment of the residual land value ('RLV') of the proposed development of the site, I have applied a GDV for the open market sales units that exceeds in all cases the independent professional opinion provided by three reputable and experienced local residential property sales agents. On this basis I consider this GDV to be set optimistically in the current market and at the upper range of expectations.
- 5.101. This is also set against the wider market context whereby reputable independent property consultancies Savills and Knight Frank both forecast that residential sales prices will fall by circa -10% over the next two years, before slowly recovering over the subsequent three years.
- 5.102. It is also important to consider that, whilst slowing from the rapid escalation seen in 2022, construction costs remain exposed to significant ongoing inflationary pressures.
- 5.103. The RICS publishes the All-in Tender Price Index, which measures the price level of tenders for building work nationally and both records quarterly tender price change and forecasts future changes. I have downloaded the Index last updated on 10<sup>th</sup> March 2023. This confirms that annualised construction costs inflated by 9.0% over 2022 (Q1-Q4), are projected to increase by 3.5% during 2023, and a further 2.6% in 2024.
- 5.104. The RICS BCIS All-in TPI print is provided in **Appendix P**.
- 5.105. As a result of the above factors, there is an elevated risk that the proposed development of the subject site will be constructed, marketed and sold in a period of trading conditions that has deteriorated from those experienced in 2022 and is forecast to deteriorate further.
- 5.106. The RICS GN (CD6.13) acknowledges this scenario, whereby development viability modelling reflects expected cashflow inputs, which can unexpectedly vary away in reality due to future external factors. The purpose of the risk-adjusted developers target return is account and compensate for such risk<sup>11</sup>.
- 5.107. In light of this it is my professional opinion that a risk-adjusted developer's target return for open market sales units should equate to 20% of GDV. This is consistent with the LPAHVA (CD5.2) and reflects both the guidance set out in PPG Viability (CD6.1) and the RICS GN (CD6.13).

### Benchmark Land Value ('BLV')

- 5.108. The RICS Professional Statement (CD6.12) sets out the requirement for the determination of BLV to be prepared in accordance with the methodology set out within PPG Viability (CD6.1). It also stipulates the reporting requirements, which I have followed in addressing BLV.

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<sup>11</sup> RICS GN para. 2.3.13, p.19

- 5.109. PPG Viability<sup>12</sup> (CD6.1) states that BLV should be established on the basis of the existing use value ('EUV') of the land, plus a premium for the landowner to provide a reasonable incentive to sell land for development in comparison to other options available. This approach is referred to as the 'existing use value plus' ('EUV+').
- 5.110. The RICS Professional Statement (CD6.12) utilises the term current use value ('CUV') and acknowledges that this is an equivalent term to EUV, as defined in PPG Viability. It confirms that the interchangeable use of terms is dealt with within paragraph 150.1 of the International Valuation Standards ('IVS') 104 Bases of Value (2017). The most recently published IVS, effective from 31 January 2022 defines EUV as follows:
- 'Current use/existing use is the current way an asset, liability, or group of assets and/or liabilities is used. The current use may be, but is not necessarily, also the highest and best use'*.<sup>13</sup>
- 5.111. In assessing the BLV, PPG Viability (CD6.1) also advises that determination of the premium to the landowner should reflect the implications of abnormal costs, site-specific infrastructure costs, and professional site fees, and that the premium to the landowner should *'provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements'*.<sup>14</sup>
- 5.112. The purpose of this approach in PPG Viability (CD6.1) is to require that determination of the premium is reached by making a professional judgement on the balance between the competing interests being, *'the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission'*.<sup>15</sup>
- 5.113. PPG Viability (CD6.1) also permits for the consideration of alternative use value ('AUV') as a method of determining BLV alongside the EUV+ method. PPG defines an AUV as representing the value of land for uses other than its existing use, and valuation will include the premium to the landowner. Alternative uses should be restricted to those that would fully comply with up to date development plan policies<sup>16</sup>.
- 5.114. Whilst not stated as a requirement in the determination of BLV, PPG Viability (CD6.1) confirms that market evidence can also be used as a cross-check of BLV, but should not be used in its place<sup>17</sup>.
- 5.115. I have undertaken my own assessment of the BLV of the site, following the reporting requirements of the RICS Professional Statement (CD6.12), and have adopted the EUV+ method in accordance with PPG Viability (CD6.1) and the RICS GN (CD6.13).

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<sup>12</sup> Paragraph: 013 Reference ID: 10-013-20190509

<sup>13</sup> International Valuation Standards Council (31 July 2021) International Valuation Standards: paragraph 150.1, p.28

<sup>14</sup> Paragraph: 016 Reference ID: 10-016-20190509

<sup>15</sup> Paragraph: 010 Reference ID: 10-010-20180724

<sup>16</sup> Paragraph: 017 Reference ID: 10-017-20190509

<sup>17</sup> Paragraph: 014 Reference ID: 10-014-20190509

### Existing Use Value

- 5.116. The Appeal Site comprises 2.40 hectares (5.93 acres) of land to the south-east of Petersfield Road in Greatham within the South Downs National Park. It Site is located to the north of Greatham Primary School and to the south of the residential cul-de-sac of Baker's Field.
- 5.117. The site actively operates commercially as a horticultural nursery and includes a small office and bungalow to the south-west with a Gross Internal Area (GIA) of 133.5m<sup>2</sup>, as well as a number of greenhouses and other buildings and polytunnels extending across most of the site.
- 5.118. As the valuation of horticultural property represents a specialist field, the Appellants instructed a specialist firm of suitably experienced and qualified rural property surveyors BCM LLP based in Winchester to prepare a formal valuation. The valuation was prepared by Thomas Bishop MRICS FAAV RICS Registered Valuer acting as external valuer and checked by Hannah Rickards MRICS FAAV RICS Registered Valuer.
- 5.119. The methodology applied, comparable evidence considered in reaching a professional valuation judgement, and assumptions adopted are set out clearly within the valuation report.
- 5.120. BCM LLP's valuation is reported on the basis of Market Value, which is defined in accordance with the RICS Valuation – Global Standards<sup>18</sup> as:
- 'the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and willing seller in an arm's length transaction, after proper marketing and where the parties have acted knowledgeably, prudently and without compulsion.'*
- 5.121. BCM LLP's valuation date is confirmed as 31 March 2023.
- 5.122. BCM LLP confirm that the Market Value has been determined on the basis of the EUV as at the valuation date. This has been determined by applying a value to each of the site's component parts as follows:
- Dwelling (bungalow) – reflecting agricultural occupancy condition: £380,000
  - Ancillary buildings: £335,000
  - Nursery and yard: £280,000
  - Market Value (EUV): £995,000 (=£380,000+£335,000+£280,000)
- 5.123. In determining the EUV of the site, I have placed reliance on BCM LLP's valuation of £995,000.
- 5.124. A copy of BCM LLP's valuation report is provided within **Appendix Q**.

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<sup>18</sup> RICS (November 2021) RICS Valuation – Global Standards (Effective 31 January 2022)

### Alternative Use Value

- 5.125. The site does not benefit from extant implementable planning permission for alternative uses.
- 5.126. It is allocated under Policy SD71 (Land at Petersfield Road, Greatham) of the SDLP (CD4.1) for development of 35 – 40 Class C3 Use residential dwellings. The allocation policy also confirms that development for a Class A1 (Shop) unit with a net sales floorspace up to a maximum of 280m<sup>2</sup> with suitable vehicular parking for customers will also be deemed acceptable to the SDNPA, ancillary to the residential use.
- 5.127. Part 1 of Policy SD71 of the SDLP (CD4.1) is restrictive, stating specifically that *‘planning permission will not be granted for other uses’*.
- 5.128. For the above reasons, following the requirements of PPG Viability<sup>19</sup> (CD6.1), I conclude that it is not possible to demonstrate that a use other than C3 Use residential dwellings would fully comply with up to date development plan policies.
- 5.129. As a result, I have not sought to apply evidence of alternative uses when establishing the BLV of the site.

### Premium

- 5.130. Determining the premium to the landowner in excess of the EUV (the ‘EUV+’) forms the subsequent component of the BLV.
- 5.131. As previously stated, PPG Viability (CD6.1) requires that a viability assessment submitted to accompany a planning application should be based upon and refer back to the viability assessment that informed the plan<sup>20</sup>. Consequently, this is also relevant to the consideration of BLV.
- 5.132. The LPAHVA (CD5.2) confirms that the methodology applied in determining the BLV for the purpose of testing the financial viability of previously developed site typologies (referred to as ‘commercial land’) to accommodate planning policy costs sites is EUV+. It states:

*‘For commercial land, we have adopted a land value of £850,000 per gross hectare based on an appraisal of development of industrial/storage space on one hectare of land, with a 40% site coverage (see Figure 5.43.1), and then applying an uplift in the resultant residual land value. The residual land value is a good proxy for, and typical of, the existing use value of sites in the National Park currently in industrial use.’*<sup>21</sup>

- 5.133. It subsequently states:

*‘It also establishes the typical value of sites developed for an alternative (non-residential) use. This establishes whether residential development performs better (in terms of generating higher residual land*

<sup>19</sup> Paragraph: 017 Reference ID: 10-017-20190509

<sup>20</sup> Paragraph: 008 Reference ID: 10-008-20190509

<sup>21</sup> LPAHVA (2017) paragraph 5.43, p. 31.



values) than the alternatives of either retaining existing non-residential development, or development of commercial floorspace on a greenfield site'.<sup>22</sup>

5.134. In respect of the incorporating of the landowner premium, the approach is stated as follows:

*'The residual land value is circa £690,000 which is shown as the "residualised price" in Figure 5.43.1 and, in line with standard practice is shown net of stamp duty and acquisition fees, to which we have added a 20% uplift as an incentive to the landowner to sell, and rounded the resulting amount to £850,000 per gross hectare'.<sup>23</sup>*

5.135. I interpret this as the authors confirming that it is their professional opinion that this BLV, and underlying use of an EUV+ methodology that incorporates a 20% premium to incentivise the landowner, is suitably representative of existing non-residential development uses on previously developed site typologies within the SDNP comprising existing commercial enterprises, upon which the deliverability of the SDLP relies.

5.136. In summary, the SDLP (CD4.1) – inclusive of Policy SD28 – is underpinned by an assumption in the LPAHVA (CD5.2) that endorses a 20% premium in excess of the EUV to the landowner as a BLV for previously developed sites.

5.137. I note that in determining the premium to the landowner, PPG Viability (CD6.1) states that market evidence can include BLVs from other viability assessments<sup>24</sup>.

5.138. In this respect, I note that Lichfields published the research document Fine Margins – Viability assessments in planning and plan-making in August 2021<sup>25</sup>.

5.139. This is stated as being based upon 93 Local Plan and CIL viability assessments and related Inspectors Reports across England and Wales, with the evidence dated between January 2016 and March 2020 for CIL charging schedules and between January 2018 and March 2020 for development plans.

5.140. One of the reasons cited in the executive summary for its publication is to, *'...scrutinise local plan (or CIL) viability evidence (or underpin independent evidence) with reference to a robust national dataset'<sup>26</sup>.*

5.141. Whilst acknowledging that the evidence provides analysis on an area-wide rather than site-specific basis, and is limited as such, Lichfields state (with a cautionary note) that in respect of landowner premium:

*'generally a more consistent approach was applied for brownfield sites with the majority of studies using percentage uplift over EUV. Of the 26 studies where we were able to discern the brownfield premium, we*

<sup>22</sup> LPAHVA (2017) paragraph 5.43, p. 31.

<sup>23</sup> LPAHVA (2017) paragraph 5.43, p. 31.

<sup>24</sup> Paragraph: 016 Reference ID: 10-016-20190509

<sup>25</sup> A copy is provided within **Appendix R**.

<sup>26</sup> Lichfields (August 2021) Fine Margins – Viability assessments in planning and plan-making

*found that 69% of these (18/26) assessed a reasonable premium as being EUV+ 20%. We found that the maximum percentage uplift over EUV ranged between 10% and 45%, but the most common uplift was 20%.’<sup>27</sup>*

- 5.142. Having cross-referenced, I acknowledge that the South Downs Affordable Housing Supplementary Planning Document – Adopted Version July 2020 (‘AHSPD’) (CD4.4) instead states the following regarding BLV in paragraph 2.28:

*“The guideline landowner premium for sites with a non-agricultural use is 10% of EUV.”<sup>28</sup>*

- 5.143. However, this generates a contradiction between the evidence base upon which policies within the SDLP (CD4.1) were viability tested via the LPAHVA (CD5.2) and the guidance set out within paragraph 2.28 of the AHSPD (CD4.4).

- 5.144. Moreover, it does not appear to have any basis in evidence for the setting of this ‘guideline’ – instead referencing in footnote 10 to paragraph 2.28 (CD4.4) that a, ‘...commonly used range assumed for appropriate EUV for previously developed sites is 10-30% of EUV’. I assume that the reference to ‘appropriate EUV’ in this footnote is an error and the AHSPD (CD4.4) should instead reference ‘appropriate premium’.

- 5.145. Footnote 10 subsequently directs to the Mayor of London Affordable Housing and Viability Supplementary Planning Guidance 2017, published by the Greater London Authority (‘GLA AHSPG’).

- 5.146. However, this document actually states in paragraph 18, p.8, that:

*‘The premium above Existing Use Value will be based on site specific justification reflecting the circumstances that apply.’<sup>29</sup>*

- 5.147. Paragraph 3.46 bullet 2 of the GLA AHSPG states:

*‘Premiums above EUV should be justified, reflecting the circumstances of the site. For a site which does not meet the requirements of the landowner or creates ongoing liabilities/ costs, a lower or no premium would be expected compared with a site occupied by profit-making businesses that require relocation. The premium could be 10 per cent to 30 per cent, but this must reflect site specific circumstances and will vary.’<sup>30</sup>*

- 5.148. The relevant pages / paragraphs of the GLA AHSPG cited above are provided within **Appendix S**.

- 5.149. There is no justification for the AHSPD (CD4.4) setting the guideline at the bottom of this range, and the footnote itself contradicts paragraph 2.28. Instead, in my professional opinion, it should have cited that

<sup>27</sup> Lichfields (August 2021) Fine Margins – Viability assessments in planning and plan-making, p.31

<sup>28</sup> SDNPA (2020) South Downs Affordable Housing Supplementary Planning Document – Adopted Version July 2020

<sup>29</sup> GLA (2017) Mayor of London Affordable Housing and Viability Supplementary Planning Guidance 2017

<sup>30</sup> GLA (2017) Mayor of London Affordable Housing and Viability Supplementary Planning Guidance 2017



the guideline premium is 10-30% of EUV if referencing the GLA AHSPG as the document informing this 'guideline'.

- 5.150. I acknowledge the logic within the GLA AHSPG and agree with the principle of reduction in landowner premium to 10% or lower in the context where a site has no active use or prospect of income generation or is a liability, which represents a cost to the landowner. However, this is demonstrably not the case in respect of the subject site.
- 5.151. The site operates commercially and trades as Liss Forest Nursery Limited (Co. No. 01827148). Whilst trading accounts are not publicly available, the Financial Statements for the Year Ended 30<sup>th</sup> November 2022 are published online via Companies House (**Appendix T**). The balance sheet provides a headline snapshot at a point in time of the health of a business and demonstrates assets exceed liabilities and that the business has cash on hand and retained equity.
- 5.152. I note that the formal valuation of the site prepared by Quintons Commercial Ltd on behalf of the SDNPA and dated 4<sup>th</sup> April 2023 states on p.11 that:
- 'Liss Forest Nursery is well located close to the A3 giving good lines of communication and appears to be a successful profitable wholesale business established for nearly 50 years.'*<sup>31</sup>
- 5.153. In the specific instance of this site there are other options that the landowner could exercise. Notably, the landowner could opt not to dispose of the site for development and could continue to generate income from the ongoing commercial horticultural nursery enterprise, as well as retaining the associated living quarters (bungalow) as a place of residence, whilst maintaining freehold ownership of the land and premises.
- 5.154. Secondly, and linked to the above, the landowner could explore opportunities to increase the profitability of the commercial enterprise. For example, by seeking to remove the current restriction to wholesale good sale from the premises, which would facilitate retail sale of plants and non-green goods via the farm gate.
- 5.155. I note that Mr Castle of BK originally accepted a 20% premium in excess of the EUV in the 'Review of Applicants Viability Appraisal' document ('BK Review') dated 11<sup>th</sup> February 2022 (CD2.1), and prepared in response to the original Financial Viability Assessment (CD1.17) that accompanied the planning application for the proposed development of the Appeal Site.
- 5.156. Specifically, the BK Review (CD2.1) states the following in paragraph 8.9 on p.10:
- 'On the basis of the above, BCM adopt a value of £865,000 for the Application Property in its existing use. A 20% premium has been applied in arriving at a BLV of £1,038,000. The application of a 20% premium lies within the standard range and is considered appropriate and we are therefore able to support a BLV of £1,038,000 at this stage but reserve the right to obtain specialist valuation advice.'*
- 5.157. It should be noted that this related to the original BCM LLP formal valuation dated 11<sup>th</sup> October 2020, which was included within the original Financial Viability Assessment that accompanied the planning

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<sup>31</sup> Quintons Commercial Limited (4 April 2023) Report and Market Valuation – Liss Forest Nursery

application (CD1.17). However, the principle of the acceptance of and agreement to the 20% premium remains relevant.

- 5.158. I subsequently received a copy of the formal valuation of the site prepared by Quintons Commercial Ltd on behalf of the SDNPA on 12 April 2023. In the same email correspondence I was informed by Mr Castle of BK that his opinion of the landowner premium over EUV had thereafter been adjusted downwards to 10% from his prior stance set out in the BK Review of 20%.
- 5.159. I have not yet received any formal justification from Mr Castle as to what factors have led to his change of professional opinion on the matter of the landowner premium.
- 5.160. However, Mr Castle made brief passing reference in the correspondence to this being due to abnormal and site specific infrastructure costs (which themselves represent a matter of agreement).
- 5.161. I wish to highlight that Mr Castle was cognisant of the scale of costs as identified in the original Financial Viability Assessment, and acknowledges these in paragraphs 9.8.1-9.8.2 of the BK Review (CD2.1). At that point he provisionally accepted the figures and made no reference to such costs necessitating any further downward bearing on the landowner premium or BLV more broadly.
- 5.162. As I am not yet party to Mr Castle's detailed explanation, I will reserve right to provide further comment via rebuttal, if required, once Proof of Evidence documents are exchanged.
- 5.163. For the reasons cited above it is my professional opinion that a premium of 20% of EUV reflects the minimum return at which a reasonable landowner would be willing to dispose of the site for development.
- 5.164. In taking a mid-point in the typical range of 10%-30%, this provides a reasonable incentive, in comparison with the option available of retaining the site in its existing productive use, whilst also allowing for an equivalent deduction from the upper threshold to balance the objective of allowing a sufficient contribution to fully comply with policy requirements.

### **Market Evidence**

- 5.165. The RICS Professional Statement (CD6.12) requires under section 2.7 that, in addressing BLV, a Financial Viability Assessment must include a statement that explains how market evidence and other supporting information has been analysed and, as appropriate, adjusted to reflect existing or emerging planning policy and other relevant considerations.
- 5.166. It defers to PPG Viability (CD6.1) as authoritative in this matter.
- 5.167. PPG Viability (CD6.1) states the following within paragraph 016:

*'Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. Policy compliance means that the development complies*

*fully with up to date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan.*<sup>32</sup>

- 5.168. In respect of the determination of BLV, PPG Viability (CD6.1) is clear that EUV+ is to be the principal method, with benchmark land values from other viability assessments acceptable as market evidence in the determination of the premium.

#### **BLVs from other Viability Assessments**

- 5.169. I note that, a 10% premium was agreed in excess of the EUV between Mr Castle and the Appellant in the recent Appeal Decision (ref: APP/Y9507/W/21/3269823 and APP/Y9507/W/22/3295783) relating to an application to demolish a vacant building and the construction of 28 residential units with associated landscaping and on-site car parking within the SDNP at Astley House, Spital Road, Lewes, BN7 1PW (CD7.2).
- 5.170. In that instance, I understand that the existing large two-storey brick building had been used by Sussex Police as a workshop for police vehicles, with parts of the building also used for storage, offices and for refueling. According to the Planning Statement accompanying the planning application, the building became redundant and was subsequently vacated following a gradual decline in usage following Sussex Police's acquisition of a new vehicle workshop at Crawley Town in December 2016. As a result, at date of submission of the application in November 2019, the building was vacant and redundant – producing no income.
- 5.171. In the above instance, the parties agreed that a 10% premium was appropriate.
- 5.172. As stated earlier in this proof of evidence, I acknowledge the principle that a landowner premium at the lower end of the typical range (of 10%-30%) would be reasonable in the above case whereby the premises on the site were vacant and non-income generating, but not necessary representing a liability to the landowner or where re-use would be precluded.
- 5.173. However, I remain of the professional opinion that the longstanding commercial trading operation at Liss Farm Nursery represents a different proposition, whereby the acquisition would require the landowner to be incentivized to forgo the future income stream and fund the relocation of the existing operations elsewhere.
- 5.174. As a result, I consider that the approach taken in respect of the premium over EUV in the recent Appeal Decision (ref: APP/Y9507/W/21/3269823 and APP/Y9507/W/22/3295783) (CD7.2) supports my professional opinion that the particular circumstances of the subject site justify a 20% premium over the EUV being adopted.
- 5.175. I am not presently aware of any further recent relevant benchmark land values from other viability assessments on sites within the SDNPA, but should such information be brought to my attention I would take it into consideration accordingly.

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<sup>32</sup> Paragraph: 016 Reference ID: 10-016-20190509

## Land Transactions

5.176. As referenced prior, PPG Viability (CD6.1) restricts the use of land transactions in the preparation of financial viability assessments to the purpose of solely:

- conducting a cross check on other evidence in determining the appropriate minimum landowner premium; and
- the use of Land Registry records of transactions for the purpose of determining EUV, albeit it is explicit that the determination of EUV must exclude any hope value for development<sup>33</sup>.

5.177. As such PPG Viability (CD6.1) solely accepts the use of land transaction evidence in relation to the determination of EUV and as a cross-check on the premium applied to the EUV in arriving at a BLV prepared on the EUV+ methodology.

5.178. However, PPG Viability (CD6.1) requires that such market evidence can only be used when the adjustments necessary to reflect the costs of policy compliance and a range of other relevant market factors are identified and adjusted:

*‘Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. Policy compliance means that the development complies fully with up to date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan.’<sup>34</sup>*

5.179. The RICS GN (CD6.13) provides further advice on this process stating at paragraph 5.6.2:

*‘The best-quality land transaction evidence is for straightforward sites where the assumptions behind the transaction can be verified as being in line with planning policy. In cases where valuers are aware of the expectations underpinning transactions, and these expectations do not comply with emerging or actual planning requirements, land transaction prices must be adjusted to reflect compliance. Appendix D provides guidance on these adjustments. The difficulties in assessing policy compliance in transaction evidence may weaken the evidence base, and transactions where the assumptions made are not clearly articulated should not be used.’*

5.180. As a result the RICS GN (CD6.13) confirms within paragraph 5.7.7-8 that there are limitations and risks associated with both the use of transaction and residual valuation modelling, caused by the individuality of development sites and the residual nature of development land value, which necessitates the mandatory use of sensitivity modelling within the residual valuation framework:

*‘Land transaction evidence may be easier to source but may also suffer from the individuality of location, typology and site characteristics, and adjustments for not-up-to-date actual or emerging policy*

<sup>33</sup> Paragraph: 015 Reference ID: 10-015-20190509

<sup>34</sup> Paragraph: 016 Reference ID: 10-016-20190509

*compliance could be virtually impossible if there is a lack of detail concerning the transaction. Residual valuations have valuation variation issues and modelling issues that have been well documented over the past few years, leading to a number of variations in application. Sensitivity modelling is therefore mandatory in order for the assessor to consider the evidence and outcomes.*

*Where adjusted land prices are different from the BLV, this could be indicative that assumptions, including planning assumptions but also assumptions regarding inputs into the various methods adopted, are not being applied consistently across market valuations and FVAs (PPG paragraph 014). These possibilities must be tested within the residual valuation framework.'*

- 5.181. I have sought to identify and obtain evidence of comparable land transactions locally within the SDNP (CD4.1). The RICS GN (CD6.13) states at paragraph D.1.3 that:
- 'The data should ideally conform to more general principles regarding data quality set out in Comparable evidence in real estate valuation, RICS guidance note.'*
- 5.182. The RICS Guidance Note, Comparable Evidence in Real Estate Valuation 2019 ('RICS GN – Comparable Evidence') (CD6.14) states in section 2 that, ideally, comparable evidence should be:
- comprehensive – there should be several comparables rather than a single transaction or event
  - very similar or, if possible, identical to the item being valued
  - recent, i.e. representative of the market on the date of valuation
  - the result of an arm's-length transaction in the market
  - verifiable
  - consistent with local market practice and
  - the result of underlying demand, i.e. comparable transactions have taken place with enough potential bidders to create an active market.
- 5.183. I have not been able to independently identify evidence of singular or multiple land transactions that meet the criteria set out in the bullet points above.
- 5.184. I have also approached a reputable local specialist firm advising in residential development land to seek a second opinion as to whether there have been recent transactions for brownfield sites in the SDNP (CD4.1) delivering between 25 – 50 houses over the last two years.
- 5.185. I have attached at **Appendix U** the email correspondence between CBRE and Mr Martin Curry, Partner at Henry Adams based in Chichester.
- 5.186. I understand that Mr Curry has been involved with residential property since 1996 and since 2005 has specialised in residential development land. His range of experience is from single plots to the disposal of sites for several hundred houses and he acts across Sussex, Surrey and Hampshire. I consider it a reasonable assumption that Mr Curry or his colleagues at Henry Adams would be aware of comparable transactional evidence within the local market within which they practice.
- 5.187. On 18<sup>th</sup> April 2023, Mr Curry confirmed:
- "As much as we would wish to help Tony we do not have any comparable sites that have been disposed of at that scale in SDNPA."*
- 5.188. It is not mandatory for market evidence to be utilised as a cross-check of BLV, albeit if such information is available the RICS GN (CD6.13) and PPG Viability (CD6.1) deem it is acceptable and could be useful.



- 5.189. In the case where comparable evidence is lacking, RICS GN – Comparable Evidence (CD6.14) confirms within section 7 that this should not prevent the undertaking of a valuation, but that a wider range of indicators should be drawn upon. This could include further indirect evidence, for example, local or national economic data that can indicate trends to give guidance towards, rather than direct evidence of, value.
- 5.190. I make further reference to the matter of use of land transactions within the updated financial viability assessment in section 7 of this proof of evidence, whereby I conduct ‘stand back’ analysis upon the results of the residual viability modelling, taking into account both sensitivity testing and consideration of the availability and comparable validity of land transactional evidence.

#### **Price Expected to be Paid**

- 5.191. Section 2.7, on p.12 of the RICS Professional Statement (CD6.12) states:
- ‘...the price paid for the land (or the price expected to be paid through an option or conditional agreement), should be reported as appropriate (see PPG paragraph 016 reference ID: 10-016-20190509) to improve transparency’.*
- 5.192. It is not a mandatory requirement of the RICS Professional Statement (CD6.12), which utilises the term ‘should’, rather than the term ‘must’. It also defers to PPG Viability (CD6.1) as authoritative in this matter, as does the RICS GN (CD6.13).
- 5.193. PPG Viability (CD6.1) states:
- “Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).”<sup>35</sup>*
- 5.194. PPG Viability (CD6.1) does not compel disclosure of this information from an applicant, but it is clear that provision of information *as appropriate* is encouraged by the RICS Professional Statement (CD6.12) for the purpose of transparency.
- 5.195. Both paragraphs 2.29 on p.13 and Item 3 within Appendix 3 of the SDNPA AHSPD (CD4.4) sets out the further expectations of SDNPA in seeking that a Financial Viability Assessment contain the following:
- ‘Confirmation of the price paid for the property or the price expected to be paid for the property on the grant of planning permission together with confirmation of the contractual terms relevant to the determination of the purchase price within any contingent sale agreement or option agreement including minimum price and overage provisions.’*
- 5.196. In responding to the above, I can confirm that it is my understanding that a price has not been paid for the site and no relevant transaction has, as yet, occurred.
- 5.197. The Appellants have also issued me with a formal Statutory Declaration that confirms the following:

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<sup>35</sup> Paragraph: 014 Reference ID: 10-014-20190509

- The Appellants entered into an option agreement with the landowners on 16th June 2017 giving the appellant the right to acquire the land.
  - The terms of the option agreement are such that if planning permission is granted on the site, the landowners can be compelled to sell the land to the appellants at a price calculated by reference to the open market value of the land, but subject to a minimum guaranteed figure ('the Option Minimum Price').
  - Under the terms of the option agreement, the Option Minimum Price exceeds the total of the EUV of £995,000, as determined via the valuation prepared by BCM LLP, plus a landowner premium of 20%, equating to a total BLV of £1,195,000.
  - Further disclosure of the contents of the option agreement are commercially sensitive and confidential.
- 5.198. It is my professional opinion that the Statutory Declaration provided by the Appellants represents appropriate information on this matter, suitably aids transparency in accordance with the RICS Professional Statement (CD6.12), PPG Viability (CD6.1) and RICS GN (CD6.13), and addresses the expectations of SDNPA's AHSPD (CD4.4).
- 5.199. A copy of the Statutory Declaration is provided within **Appendix V**.
- 5.200. For clarity, I reiterate, in my consideration of an appropriate BLV to apply within the updated Financial Viability Assessment, I have followed the EUV+ methodology as is required by PPG Viability (CD6.1).
- 5.201. This is also consistent with the RICS Professional Statement (CD6.12), which also states in section 2.7 that:
- 'Price paid is not allowable evidence for the assessment of BLV and cannot be used to justify failing to comply with policy.'*
- 5.202. This does not preclude the site transacting for a higher sum than the BLV I have determined, but it ensures that that price paid, or expected to be paid, cannot constitute a relevant justification for failing to accord with relevant policies in the plan.
- 5.203. Any decision to transact at a sum beyond the BLV would be wholly at the developer's commercial risk – rather than at the detriment of securing maximum benefits in the public interest.



## 6. Updated FVA Inputs - Summary

### Summary

- 6.1. Table 6.1 below provides a complete summary of the input assumptions to my updated FVA together with a reference to where the assumptions are agreed with SDNPA/Bruton Knowles, and where not, brief comments on the source/basis of updated assumption.
- 6.2. As mentioned prior, the parties have agreed to assess the financial viability of the Appeal Site on two primary basis, which I refer to accordingly as:
- the **Policy Compliant development** scenario, which incorporates 48.6% affordable housing (18 units) at a policy compliant tenure mix. This addresses Part 1 of Policy SD28 of the South Downs Local Plan ('SDLP') (CD4.1).
  - the **Proposed Development**, which includes an affordable housing contribution of 21.6%, delivered as 8 x shared ownership units.

**Table 6.1: Updated FVA Inputs**

| Viability Input                      | CBRE  | Comments      |
|--------------------------------------|---|---------------|
| Proposed Development Area            | <p>The Proposed Development GIA, inclusive of garages, is 4,330m<sup>2</sup> (46,613ft<sup>2</sup>), as per Carlton Design Partnership's 'CIL Calculations Schedule' dated 11/04/2022.</p> <p>The Proposed Development Net Saleable Area ('NSA'), exclusive of garages, is 4,104.2m<sup>2</sup> (44,177ft<sup>2</sup>), as per Carlton Design Partnership's 'Schedule of Accommodation 2' dated 27/08/2021.</p> | Common ground |
| Methodology for viability assessment | Residual development appraisal using period by period cashflow. Viability is determined via comparison of the residual land value generated by the appraisal versus the benchmark land value for the site.  | Common ground |
| Date of Appraisal                    | 31 <sup>st</sup> March 2023   | Common ground |
| Development Programme                | <p>Construction timescale:</p> <ul style="list-style-type: none"> <li>Month 1: Site acquisition</li> <li>Months 2-6: Pre-construction lead-in (5 months)</li> </ul>   | Common ground |

| Viability Input                       | CBRE   | Comments   |
|---------------------------------------|--|--|
|                                       | Months 7-21: Construction period (15 months)   |  |
| Open Market Sales Programme           | A 6 month sale period (Months 22 to 27) assuming 30% unit sales off-plan completing in Month 22 with the remaining 70% of units sold after practical completion over the following 5 months.   | Common ground  |
| Affordable Housing Payments           | The Parties adopt a 'Golden Brick' payment, with 30% of the Affordable Housing GDV paid on month 6 of construction, with the 70% balance payable in equal instalments monthly until practical completion.  | Common ground  |
| Open Market Sales Housing GDV         | <ul style="list-style-type: none"> <li>- Policy Compliant appraisal: <ul style="list-style-type: none"> <li>• £12,410,000 (£438.41/ft<sup>2</sup>)</li> </ul> </li> <li>- Proposed Development appraisal (21.6% Affordable Housing delivered as 8x Shared Ownership units): <ul style="list-style-type: none"> <li>• £16,530,000 (£440.50/ft<sup>2</sup>)</li> </ul> </li> </ul>   | <ul style="list-style-type: none"> <li>- Updated CBRE analysis of local market comparable scheme transactional sale and marketed pricing evidence to reflect base date of March 2023</li> <li>- Independent professional opinion of market sales prices for proposed development obtained from three reputable local sales agents as at March 2023</li> <li>- Common Ground: <ul style="list-style-type: none"> <li>• Unit GDV for Plots 11, 13, 23, 28</li> </ul> </li> <li>- Disputed: <ul style="list-style-type: none"> <li>• Remaining Plots</li> </ul> </li> </ul> |
| Calculation of Affordable Housing GDV | <p>The methodology of calculating affordable housing GDV is as follows:</p> <ul style="list-style-type: none"> <li>• Affordable Rented Units. Adoption of the Local Housing Allowance for Blackwater Valley BRMA, £1,750 per unit per annum for management, repairs and maintenance and 3% for rental voids and bad debts and capitalised at a yield of 5.25%.</li> <li>• Shared Ownership Units. Adoption of an initial equity share of 25%* of the unrestricted Market Value and an</li> </ul> | Common ground  |

| Viability Input   | CBRE   | Comments   |
|---|--|--|
|   | <p>assumed rent at 2.75% on the unsold equity and capitalised at a yield of 5%. This calculation assumes staircasing up to 100%**.</p> <p>*The initial equity share is to be based upon the sum provided in the Section 106 agreement.</p> <p>**The staircasing is to be based upon the sum provided in the Section 106 agreement.</p>   |  |
| Affordable Housing GDV  | <p>- Policy Compliant appraisal (49% Affordable Housing delivered as 14 x Affordable Rented units and 4 x Shared Ownership units):</p> <ul style="list-style-type: none"> <li>£3,427,658 (£215.92/ft<sup>2</sup>)</li> </ul> <p>- Proposed Development appraisal (21.6% Affordable Housing delivered as 8x Shared Ownership units):</p> <ul style="list-style-type: none"> <li>£1,814,500, (£272.59/ft<sup>2</sup>)</li> </ul> | <p>- Updated inputs to methodology reflecting March 2023 base date comprising:</p> <ul style="list-style-type: none"> <li>Local Housing Allowance ('LHA') rates for Blackwater Valley BRMA</li> <li>Unrestricted Market Value of shared ownership units updated to reflect CBRE opinion as at March 2023 base date</li> <li>Adoption of an initial equity share of 25% for shared ownership units in a consistent manner with the draft Section 106 agreement</li> </ul> |
| Build Cost (including contingency)                                | <ul style="list-style-type: none"> <li>Total: £11,891,944</li> </ul>   | Common ground  |
| Professional Fees   | <ul style="list-style-type: none"> <li>10% of Build Cost</li> </ul>  | Common ground  |
| Sales Agency Fees and Marketing Costs – Open Market Sales Housing | <p>Sales agency fees and marketing costs:</p> <ul style="list-style-type: none"> <li>3.0% of Open Market Sales Housing GDV</li> </ul>  | Quotations provided by local residential sales agents and provision of itemised marketing budget.  |
| Legal Fees (Conveyancing) -                                       | <p>Legal fees cost of:</p> <ul style="list-style-type: none"> <li>£1,000 per unit</li> </ul>   | Comparable evidence of legal conveyancing fees, provided in the form of invoices, incurred by  |

| Viability Input                               | CBRE  | Comments  |
|---|---|---|
| Open Market Sales Housing                     |   | the Appellants in respect of a current development site.  |
| Disposal Fees – Affordable Housing            | Disposal fees (agency and legal fees): <ul style="list-style-type: none"> <li>£17,500</li> </ul>  | Common ground   |
| Estimated CIL Liability                       | <ul style="list-style-type: none"> <li>Policy Compliant appraisal: £85,127.33</li> <li>Proposed Development appraisal (21.6% Affordable Housing delivered as 8x Shared Ownership units): £112,688.64</li> </ul>   | Common ground   |
| s106 contributions                            | Total of £80,000 comprising: <ul style="list-style-type: none"> <li>Highways: £65,000</li> <li>SPA Mitigation: £15,000</li> </ul>   | Common ground   |
| Finance (interest)                            | Debit rate of 7.0%  | Common ground   |
| Developer's Profit (Open Market Sales Units)  | <ul style="list-style-type: none"> <li>20% of GDV</li> </ul>  | CBRE analysis of supporting market evidence to justify the rate applied as being appropriate to reflect market risk as at March 2023. |
| Developer's Profit (Affordable Housing Units) | <ul style="list-style-type: none"> <li>6% of GDV</li> </ul>   | Common ground   |
| Land Acquisition (Purchaser's) Costs          | Applied to the residual land value: <ul style="list-style-type: none"> <li>Stamp Duty Land Tax ('SDLT'): At the Prevailing rate prescribed by HMRC</li> <li>Agent Fees: 1.0%</li> <li>Legal Fees: 0.8%</li> </ul> | Common ground   |
| Benchmark Land Value                          | <ul style="list-style-type: none"> <li>£1,195,000 comprising:</li> <li>Existing Use Value: £995,000</li> </ul>  | - Valuation by BCM of Market Value of land and premises in its existing use as at March 2023.   |

| Viability Input | CBRE   | Comments  |
|-----------------|--|---|
|                 | <ul style="list-style-type: none"><li>Premium (to Landowner): 20% (£200,000)</li></ul> | <ul style="list-style-type: none"><li>- BCM opinion of 20% premium in excess of existing use value.</li><li>- CBRE analysis of appropriate premium in excess of existing use value.</li></ul> |

## 7. Viability Results and Conclusions

### Results

- 7.1. The results of the updated Financial Viability Assessment of the appeal scheme are summarised in Table 7.1 below. Full output appraisal summaries and cash flows are included at **Appendix W** to aid transparency.
- 7.2. The approach to viability testing follows the cascade process set out within Strategic Policy SD28 of the SDLP (CD4.1). This includes the two primary bases (boldened in Table 7.1), plus additional two scenarios in order to address the cascade process.
- 7.3. The first scenario (Scenario 1) represents the Policy Compliant development scenario and incorporates 48.6% affordable housing (18 units) at a policy compliant tenure mix. This addresses Part 1 of Policy SD28 of the SDLP (CD4.1).
- 7.4. The Scenario 1 appraisal produces a Residual Land Value ('RLV') of -£936,217, falling significantly below the Benchmark Land Value ('BLV') of £1,195,000.
- 7.5. A second scenario (Scenario 2) has been prepared that continues to incorporate 48.6% affordable housing (18 units), but as stipulated within bullet (i) under paragraph 7.65 of the SDLP (CD4.1), this reduces the proportion of rented affordable tenure homes in favour of intermediate housing that best reflect local need.
- 7.6. To assess the maximum impact of the tenure adjustment, all 18 x affordable units are delivered as shared ownership tenure units.
- 7.7. Whilst the Scenario 2 appraisal produces an RLV of £72,788, which continues to fall significantly below the BLV, it shows a considerable reduction in the viability deficit (an improvement of £863,429) when compared to the RLV in Scenario 1. This is a direct result of the inclusion of additional shared ownership units.
- 7.8. The shared ownership units generate a higher GDV than the affordable rent units, which are included within the policy compliant tenure mix. Specifically, the shared ownership units generate an average value of £281.25/ft<sup>2</sup> (62.5% of open market GDV) and the affordable rent units generate an average value of £196.74/ft<sup>2</sup> (44.5% of open market GDV). The shift to shared ownership tenure therefore increases the contribution that the affordable units makes to the overall scheme GDV, which improves the RLV to the benefit of scheme viability.
- 7.9. The result of Scenario 2 confirms the logic behind the cascade mechanism in bullet (i) under paragraph 7.65 of the SDLP (CD4.1) whereby the replacement of affordable rented homes with shared ownership homes increases scheme viability. The purpose of this is to allow more affordable housing units to be delivered than if other affordable housing tenures were also included within the scheme mix. This is demonstrable by comparing the RLVs generated by the Scenario 1 and Scenario 2 appraisals, as I have described above.

- 7.10. Subsequently, following the process stated within bullet (ii) under paragraph 7.65 of the SDLP (CD4.1), a third scenario has been prepared which maintains the adjustment in favour of shared ownership tenure whilst reducing the overall percentage of housing provided as affordable units.
- 7.11. The third scenario (Scenario 3) represents the Proposed Development scenario and includes a reduced affordable housing contribution of 21.6%, delivered as 8 x shared ownership units.
- 7.12. The Scenario 3 appraisal produces an RLV of £458,207, which whilst a significant improvement over Scenario 1 and generating a positive land value, still falls below the BLV.
- 7.13. A fourth scenario (Scenario 4) has been prepared which removes the provision of affordable housing altogether.
- 7.14. The Scenario 4 appraisal produces an RLV of £804,696, which reduces the deficit against the BLV, but remains short of meeting or exceeding it.
- 7.15. A summary of the outputs of the viability appraisals within the updated financial viability assessment are provided in Table 7.1.

**Table 7.1: Updated Viability Appraisal Results**

| Viability Appraisal  | Residual Land Value | Benchmark Land Value | Surplus/Deficit |
|--|---------------------|----------------------|-----------------|
| <b>Scenario 1 (Policy Compliant)</b> –<br>48.6% affordable housing at a policy<br>compliant tenure split | -£936,217           | £1,195,000           | -£2,131,217     |
| Scenario 2 – 48.6% affordable housing<br>with tenure adjusted to provide 18 x<br>shared ownership units) | -£72,688            | £1,195,000           | -£1,267,688     |
| <b>Scenario 3 (Proposed Development)</b><br>– 21.6% affordable housing (8 x shared<br>ownership units)   | £458,207            | £1,195,000           | -£682,688       |
| Scenario 4 – 100% open market sales  | £804,696            | £1,195,000           | -£390,304       |

Source: CBRE Analysis

- 7.16. In my opinion, in maintaining the offer of 8x shared ownership affordable units in spite of the results demonstrating that this represents a challenge to financial viability, the Appellants are doing so at their own commercial risk.
- 7.17. The Appellants are therefore seeking to act in accordance with PPG Viability (CD6.1), whereby the process should help to:



*‘...strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission.’<sup>36</sup>*

- 7.18. It be for the developer to mitigate this risk. This reflects the following statement in PPG Viability (CD6.1):
- ‘Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks.’<sup>37</sup>*

Sensitivity Testing

- 7.19. In accordance with section 2.9 of the RICS Professional Statement (CD6.12), a process of sensitivity testing has been undertaken.
- 7.20. Paragraph 4.3.3 of the RICS GN (CD6.13) confirms that sensitivity testing analysis should be proportionate to the site being assessed.
- 7.21. The RICS Professional Statement (CD6.12) confirms that values and costs are not precise figures but may fall within a tolerance, and it is therefore appropriate to alter one or more key variables such as revenue or costs to examine the potential effect on the results of viability assessment modelling.
- 7.22. I have conducted sensitivity analysis on the Proposed Development scenario (Scenario 3), using this as basis for adjustment of variables in order to assess the impact of these adjustments on the RLV.
- 7.23. In taking a proportionate approach as advocated by the RICS Professional Statement (CD6.12) I have firstly adjusted open market sales values, by conducting incremental upwards and downwards stepped changes of £5/ft<sup>2</sup> from my central assumption of £440.50/ft<sup>2</sup> on the open market sales GDV and concurrently £272.61/ft<sup>2</sup> on the affordable (shared ownership) GDV. Table 7.2 shows the impact on the RLV.

Table 7.2: Sensitivity Analysis – Impact on RLV of Adjustment to Open Market Sales GDV

| Sensitivity Analysis – Open Market Sales GDV |                         |                        |                      |                        |                         |
|--|-------------------------|------------------------|----------------------|------------------------|-------------------------|
| GDV Adjustment (£/ft <sup>2</sup> )          | -£10.00/ft <sup>2</sup> | -£5.00/ft <sup>2</sup> | £0.0/ft <sup>2</sup> | +£5.00/ft <sup>2</sup> | +£10.00/ft <sup>2</sup> |
| RLV  | £164,890                | £312,744               | £458,207             | £603,670               | £749,133                |

Source: CBRE Analysis

<sup>36</sup> Paragraph: 010 Reference ID: 10-010-20180724

<sup>37</sup> Paragraph: 018 Reference ID: 10-018-20190509

- 7.24. Table 7.2 demonstrates the sensitivity of residual appraisal to variations in GDV, with a -£10/ft<sup>2</sup> reduction being equivalent to a decrease of (2.4%) resulting in RLV declining to £164,890.
- 7.25. Conversely, in the opposite scenario, a £10/ft<sup>2</sup> increase in GDV has the effect of raising the RLV to £749,133.
- 7.26. Secondly, whilst not a matter in dispute, to assist in arriving at an informed judgement I have adjusted build costs by conducting upwards and downwards stepped changes of 2.5% increments from the agreed construction cost utilised by both parties in viability testing. Table 7.3 shows the impact on the RLV.

**Table 7.3: Sensitivity Analysis – Impact on RLV of Adjustment to Build Costs**

| Sensitivity Analysis - Build Cost (%) |            |          |                 |          |                  |
|---------------------------------------|------------|----------|-----------------|----------|------------------|
| Build Cost Adjustment (%)             | -5.00%     | -2.50%   | 0.00%           | +2.50%   | +5.00%           |
| RLV                                   | £1,021,441 | £742,324 | <b>£458,207</b> | £171,895 | <b>-£132,529</b> |

Source: CBRE Analysis

- 7.27. Table 7.3 also demonstrates that the RLV is susceptible to variation arising from either relatively modest inflation or deflation of the build costs. An increase of 5% in build costs would generate a negative RLV of -£132,529.
- 7.28. Conversely, deflationary impacts or cost savings of 5% in build costs would increase the RLV to £1,021,441.
- 7.29. Standing back, and reflecting on the above results, whilst also being mindful of the forementioned current macro-economic headwinds facing the residential market that I have evidenced within Section 5 of this proof of evidence, I am of the opinion that there is risk to viability.
- 7.30. In light of these factors, which demonstrably have a significant bearing on residual land value, I consider it rational to conclude that there is a greater likelihood at the present time for the risk of financial viability to be weighted towards deterioration.
- 7.31. I consider this further in following sub-section.

### Stand Back

- 7.32. The RICS Professional Statement (CD6.12) advocates that, following a detailed component review of the inputs into a financial viability assessment and running the appraisal, to stand back is to consider the modelling output(s) objectively, and with the benefit of experience, given the complexity of the proposed scheme.
- 7.33. This incorporates reaching a viability judgement, which is to reach a considered view on the outcome of and an accompanying explanation and interpretation of viability calculations, having regard to risks and suitable returns.
- 7.34. Firstly, it is stated that this may often be assisted by reviewing the sensitivity analysis.
- 7.35. Recognising the sensitivity of the residual method to inputs I have sensitivity tested the results of the viability testing by analysis of the impact of adjustment to revenue and costs on the RLV. This includes upward and downward movement to ensure that both optimistic and pessimistic scenarios can be taken

into account. I have set the upward and downward ranges applied in the context of wider market factors, and then conducted analysis of the results by way of reference to market evidence and trend data.

- 7.36. As stated prior, standing back, and reflecting on the above results, whilst also being mindful of the current ongoing macro-economic headwinds and uncertainty facing the residential market, I am of the opinion that there is risk to viability and accordingly I do not consider either the inputs to, or the results of the viability testing to be either unduly pessimistic or overly optimistic as at the baseline date of 31<sup>st</sup> March 2023.
- 7.37. Secondly, whilst the PPG Viability (CD6.1) does not recommend introducing comparable analysis of land transaction data for any other purpose than informing BLV, as I have referenced prior, the RICS GN (CD6.13) does refer in paragraph 4.1.8 to undertake a ‘sense check’, and states:
- ‘Section 2.3 of Valuation of development property, RICS guidance note, in particular paragraphs 2.3.2 to 2.3.6, gives additional advice on weighting evidence and sense-checking the results. It should be recognised that such an exercise in this context is being conducted for planning purposes.’*
- 7.38. Whilst not explicit, this reference to section 2.3 of the RICS Guidance Note – Valuation of development property (CD6.15) does therefore encourage that when undertaking an assessment of the value of development property that the cross-checking of the output of residual method should be undertaken against comparable market bids and transactions where they exist, including the subject property (my emphasis).
- 7.39. It is not, however, mandatory and the RICS GN (CD6.13) cautions that it should be recognised that the exercise is for the purpose of planning, rather than a formal valuation or other process.
- 7.40. I have set out the details available to me regarding the subject property in Section 5 of this proof of evidence, which confirms that a transaction at a known price has not yet occurred.
- 7.41. I note that SDNPA’s Statement of Case levels criticism at the Appellant’s previous financial viability assessments (CD1.17 / CD1.86) for ‘*reliance on a residual appraisal without any reference to evidence from comparable development land transactions*’, within paragraph 7.19 under bullet 2.
- 7.42. It subsequently provides cross reference in paragraph 7.45 to the ‘Review of Applicants Viability Appraisal’ document (‘BK Review’) dated 11th February 2022 (CD2.1), and prepared in response to the original Financial Viability Assessment (CD1.17) that accompanied the planning application for the proposed development of the site. It states:
- ‘The Bruton Knowles review provided evidence of a comparable development land transaction in Ramsdean Road, Stroud (SDNPA planning reference SDNP/18/01777/FUL), which lies a short distance to the south of Greatham and was acquired by CALA for a similar form of development that included 40% Affordable Housing provision and a village hall. The Authority will refer in evidence to this comparable development land transaction’.*
- 7.43. Firstly, as stated in Section 5 of this proof of evidence, I have sought to obtain evidence of land transactions that conform to the requirements of RICS GN – Comparable Evidence (CD6.14). I have undertaken my own research, which also included seeking professional opinion from a reputable firm of locally based specialists in the residential land market. I have not been able to independently identify evidence of singular or multiple land transactions that meet the criteria in RICS GN – Comparable Evidence (CD6.14).
- 7.44. Within the Appellant’s Statement of Case I also identified the reasons why I do not consider that weight should be placed upon the evidence provided by Bruton Knowles of the land transaction in Ramsdean Road, Stroud (SDNPA planning reference SDNP/18/01777/FUL). I elaborate on this as follows, having due regard to the criteria set out within RICS GN – Comparable Evidence (CD6.14):

- A single transaction is not comprehensive and may not therefore be representative – itself potentially forming an outlier in a market sparse of evidence. The transaction is also dated, having completed in November 2018 according to the Land Registry title documents.
  - The site in Ramsdean Road, Stroud, is not ‘very similar or identical’ to the Appeal Site. The former was a greenfield site. The latter constitutes previously developed land. The RICS GN – Comparable Evidence (CD6.14) states clearly that the value of a development site is particularly sensitive to small changes in valuation inputs such as the amount and density of the permitted development, the assumed value of the completed development, ground conditions, development costs and allowance for risk. Straightforward comparison on a price per unit area of the site is therefore often not valid. Mr Castle’s approach does not address any of the above factors, and makes no adjustments necessary to ensure accordance with paragraph 016 of PPG Viability (CD6.1), which must remain engaged.
  - It has not been verified that the transaction represented an arm’s-length transaction in the market.
  - Mr Castle does not provide any evidence of the sources of the figures he references within his analysis of the transaction, meaning it is not possible to verify their factual accuracy. This is guarded against within the RICS GN (CD6.13), which highlights the risks of inaccuracy associated with utilising comparable land transaction evidence for which the full underpinning information is not accurately known.
- 7.45. For the above reasons, I disagree that weight should be placed on this transaction in the viability assessment process, including in undertaking a stand back approach.
- 7.46. I also consider it relevant in reaching my judgement on this matter that the SDNPA’s LPAHVA (CD5.2) also sets out its observations on the limitations of the use of land transaction evidence within the financial viability assessment process. Whilst set in the context of the addressing BLV, the points raised are representative of the limitations of placing reliance upon historic land transactions that would equally apply in undertaking a ‘stand back’ process, and that Mr Castle has not addressed.
- 7.47. Specifically, the LPAHVA (CD5.2) states in paragraph 4.16 on p.18:
- ‘Relying upon historic transactions is a fundamentally flawed approach, as offers for these sites will have been framed in the context of current planning policy requirements, and in many cases will not have taken full account of the new National Park designation, so an exercise using these transactions as a benchmark would tell the Authority nothing about the potential for sites to absorb as yet unadopted policies. They also reflect assumptions that are ‘personal’ to the winning bidders for sites, which may vary significantly from ‘standard’ market assumptions used for viability assessments.’*
- 7.48. The LPAHVA (CD5.2) goes further in its identification of the shortcomings of placing weight on land transactions, and within paragraph 4.18 refers to prices paid for sites representing a “highly unreliable indicator of their actual value”. The reasons cited are as follows:
- ‘Transactions are often based on bids that ‘take a view’ on squeezing planning policy requirements below target levels. This results in prices paid being too high to allow for policy targets to be met. If these transactions are used to ‘market test’ plan policies, the outcome would be unreliable and potentially highly misleading.*
- Historic transactions of housing sites are often based on the receipt of grant funding, which is no longer available.*
- There would be a need to determine whether the developer who built out the comparator sites actually achieved a profit at the equivalent level to the profit adopted in the viability testing. If the developer achieved a sub-optimal level of profit, then any benchmarking using these transactions would produce unreliable and misleading results.*

*Developers often build assumptions of growth in sales values into their bids, which provides a higher gross development value than would actually be achieved today.'*

- 7.49. For these reasons, the LPAHVA (CD5.2) did not utilise prior land transactions to cross-check the residual land values arising from the viability appraisals for site typologies that underpin the policies in the SDNP (CD4.1).
- 7.50. Finally, having read Mr Castle's Proof of Evidence for the public inquiry relating to the Appeal Decision (ref: APP/Y9507/W/21/3269823 and APP/Y9507/W/22/3295783) for Astley House, Spital Road, Lewes, BN7 1PW, I note that Mr Castle raises the same criticisms of the Appellant's financial viability assessment. In arriving at his conclusions he places weight on his opinion of the correlation or otherwise between his evidence of land transactions and the residual land value of that appeal scheme.
- 7.51. However, the Appeal Decision (CD7.2) does not make reference to this matter and hence does not appear to place material weight on these criticisms as a determining factor in the validity of the Appellant's evidence in the context of the relevant professional standards, guidance and policy. Instead, the Inspector endorses the Appellant's position on the Appellant's financial viability assessment by concluding in paragraph 57:

*'Given the above, I conclude that the appellant has demonstrated that the provision of affordable housing within each appeal would be financially unviable in accordance with the relevant policies of the development plan and the English National Parks and the Broads: UK Government Vision and Circular 2010. As a result, the proposal would comply with the requirements of SDLP Policy SD28 and LNP Policy PL1 A'.*

- 7.52. As I have already stated in Section 5 of my proof of evidence, In the case where comparable evidence is lacking, RICS GN – Comparable Evidence (CD6.14) confirms within section 7 that this should not prevent the undertaking of a valuation, but that a wider range of indicators should be drawn upon. This could include further indirect evidence, for example, local or national economic data that can indicate trends to give guidance towards, rather than direct evidence of, value.
- 7.53. I have therefore had regard to wider evidence that provides guidance on the matter of land transactions. Savills' Market in Minutes: Residential Development Land – Q4 2022 report, published on 25 January 2023, is provided within **Appendix X**.
- 7.54. As referenced in Section 5 of my proof of evidence, Savills report that there has been a significant slowdown in the residential development land market with fewer sites being marketed, reductions in the number of bids for sites in Q4 2024, and lower development land values as demand tempered and bidding parties built greater risk into their bids. This is also referenced in an article in the Financial Times dated January 13 2023, which confirms that housebuilders are slowing land buying, introducing hiring freezes and commencing redundancy process due to falling purchaser demand. The article is provided within **Appendix Y**.
- 7.55. Consideration of this indirect evidence supports my arrival at a judgement that the risks to development viability have increased over the period since the planning application for the Appeal Site was submitted, and that residual land values are under downward pressure as a result. This is consistent with the results of my viability appraisals prepared in undertaking an updated financial viability assessment of the proposed development.

## Conclusion

- 7.56. It is my professional opinion that the policy compliant development of the site is financially unviable, and that based on residual land value appraisal, there would be justification for the proposed development to provide no affordable housing.



- 7.57. Instead, in maintaining the offer of 8x shared ownership affordable units despite the results demonstrating that this represents a challenge to financial viability, the Appellants are doing so at their own commercial risk to developer return.
- 7.58. Via sensitivity testing and wider consideration of market evidence referenced in my stand back analysis and in Section 5 of my proof of evidence, I have reached a judgement that that my approach is reasonable and balanced in this regard, being neither unduly optimistic or pessimistic, noting also that I consider that risk to viability is weighted to the downside in the current market.
- 7.59. The Appellants are therefore seeking to act in accordance with PPG Viability (CD6.1), whereby the process should help to, *'...strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission.'*<sup>38</sup>
- 7.60. It is for the developer to mitigate this risk. This reflects the following statement in PPG Viability (CD6.1):  
*'Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks.'*<sup>39</sup>

### Summary Comparison of Results and Differences between the Parties

- 7.61. I would consider it usual practice, as an aid to the Inspector and Inquiry, to add a summary table comparing the respective appraisal results between the parties at this point within my proof of evidence.
- 7.62. However, I have not received the requisite information from Mr Castle to be able to prepare this accurately at this time. I therefore reserve the right to provide this, and supporting analysis via rebuttal, following exchange of Proofs of Evidence.

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<sup>38</sup> Paragraph: 010 Reference ID: 10-010-20180724

<sup>39</sup> Paragraph: 018 Reference ID: 10-018-20190509

## 8. Statement of Truth and Declarations

### Statement of Truth

- 8.1. I confirm that I have made clear which facts and matters referred to in this report are within my own knowledge and which are not. Those that are within my own knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

### RICS Declaration

- 8.2. As a chartered surveyor I am required by Rule 2 (2.6) of the RICS Rules of Conduct (effective from 2 February 2022) to comply with relevant legislation, codes of practice and other professional and relevant technical standards. Of relevance to this report is the RICS practice statement, Surveyors Acting as Expert Witnesses 4<sup>th</sup> Edition, published in 2014. In accordance with this practice statement:
1. I confirm that my report has drawn attention to all material facts which are relevant and have affected my professional opinion.
  2. I confirm that I understand and have complied with my duty to the tribunal as an expert witness which overrides any duty to those instructing or paying me, that I have given my evidence impartially and objectively, and that I will continue to comply with that duty as required.
  3. I confirm that I am not instructed under any conditional or other success-based fee arrangement.
  4. I confirm that I have no conflicts of interest.
  5. I confirm that I am aware of the requirements set out in Part 35 of the Civil Procedure Rules (“CPR”) and the accompanying Practice Direction, the CJC Guidance for the Instructions of Experts to give Evidence in Civil Claims, and the Practice Direction for Pre-action conduct.
  6. I confirm that my report complies with the requirements of RICS, as set down in the RICS practice statement, Surveyors Acting as Expert Witnesses.

### RTPI Declaration

- 8.3. As a chartered member of the Royal Town Planning Institute (“RTPI”), I can confirm that my report complies with the Code of Professional Conduct of the Royal Town Planning Institute, as set down in the Ethics and Professional Standards Advice for RTPI Members, published in February 2016.

### Signed:



Matthew Spilsbury BA (Hons) MSc MRICS MRTPI

21st April 2023



**Enclosures:**

Appendix A – Accommodation Schedule

Appendix B – CBRE’s Formal Terms of Engagement

Appendix C – SDNPA Draft CIL Liability Notice

Appendix D – RLB Cost Estimate

Appendix E – HMRC (2023) UK Monthly Property Transactions

Appendix F – Halifax (2023) UK House Price Index

Appendix G – RICS (2023) UK Residential Market Survey

Appendix H – UK Nationwide (2023) House Price Index

Appendix I – Knight Frank (2023) UK Housing Market Forecast

Appendix J – Savills (2022) Mainstream Residential Property Forecasts

Appendix K – CBRE (2023) Residential Market Forecast

Appendix L – Maple Walk Marketing Brochure

Appendix M – Andlers Wood Marketing Brochure

Appendix N – Opie Gardens Marketing Brochure

Appendix O – Legal Fees Evidence

Appendix P – RICS BCIS All-In TPI

Appendix Q – BCM Valuation Report

Appendix R – Lichfields Fine Margins Viability Assessment

Appendix S – GLA Affordable Housing SPG (excerpt)

Appendix T – Liss Nursery Limited Financial Statement

Appendix U - Land Transactions Email Correspondence

Appendix V – Liss Forest Nursery Statutory Declaration

Appendix W – Viability Appraisals

Appendix X – Savills (2022) Market in Minutes: Residential Development Land

Appendix Y – Financial Times (2023) UK Housebuilders in Retreat

## 9. Appendices

# Appendix A

## Schedule Of Accommodation 2

Client: Cove  
 Site Name: Liss Forest Nursery  
 Project Ref: 150715  
 Revision: A  
 Date: 27/08/2021



| AFFORDABLE  |           |         |                 |          |         |               |        |              |
|-------------|-----------|---------|-----------------|----------|---------|---------------|--------|--------------|
| House Type  | Reference | Storeys | Description     | Total No | GIA ft² | Total GIA ft² | GIA m² | Total GIA m² |
| ROMSEY (GF) | ROM       | 1       | 1 Bedroom House | 1        | 547     | 547           | 50.8   | 50.8         |
| ROMSEY (FF) | ROM       | 1       | 1 Bedroom House | 1        | 635     | 635           | 59.0   | 59.0         |
| VYNE A      | VYN       | 2       | 2 Bedroom House | 4        | 865     | 3460          | 80.4   | 321.4        |
| VYNE B      | VYN       | 2       | 2 Bedroom House | 4        | 865     | 3460          | 80.4   | 321.4        |
| VYNE C      | VYN       | 2       | 2 Bedroom House | 2        | 865     | 1730          | 80.4   | 160.7        |
| LONGSTOCK   | LON       | 2       | 3 Bedroom House | 6        | 1006    | 6036          | 93.5   | 560.8        |
| Total       |           |         |                 | 18       |         | 15868         |        | 1474.2       |

| PRIVATE      |          |   |                 |    |      |       |       |        |
|--------------|----------|---|-----------------|----|------|-------|-------|--------|
| PEMBERLEY    | PEM      | 2 | 2 Bedroom House | 3  | 875  | 2625  | 81.3  | 243.9  |
| HOUGHTON     | HOU      | 2 | 3 Bedroom House | 1  | 1082 | 1082  | 100.5 | 100.5  |
| DEAN         | DEA      | 2 | 3 Bedroom House | 4  | 1193 | 4772  | 110.8 | 443.3  |
| HYDE         | HYD      | 2 | 3 Bedroom House | 1  | 1220 | 1220  | 113.3 | 113.3  |
| OAKLEIGH     | OAK      | 2 | 4 Bedroom House | 1  | 1585 | 1585  | 147.3 | 147.3  |
| ALVERSTOKE   | ALV      | 2 | 4 Bedroom House | 2  | 1766 | 3532  | 164.1 | 328.1  |
| AVINGTON     | AVI      | 2 | 4 Bedroom House | 2  | 1772 | 3544  | 164.6 | 329.2  |
| HILLIER      | HIL      | 2 | 4 Bedroom House | 2  | 1784 | 3568  | 165.7 | 331.5  |
| OMERLEY      | ORM      | 2 | 5 Bedroom House | 2  | 2086 | 4172  | 193.8 | 387.6  |
| OMERLEY - DG | ORM (DG) | 2 | 5 Bedroom House | 1  | 2209 | 2209  | 205.2 | 205.2  |
| Total        |          |   |                 | 19 |      | 28309 |       | 2630.0 |

|   |  |  |  |    |  |       |  |        |
|---|--|--|--|----|--|-------|--|--------|
| Total House GIA                                   |  |  |  | 37 |  | 44177 |  | 4104.2 |
| Total Proposed Development (Houses & Garages) GIA |  |  |  |    |  | 45661 |  | 4242   |

|                      |       |                  |     |
|----------------------|-------|------------------|-----|
| Site Area (ha)       | 2.35  |                  |     |
| Site Area (A)        | 5.81  | Overall 1 Bed %  | 5%  |
| Nett Site Area (ha)  | 1.32  | Overall 2 Bed %  | 35% |
| Nett Site Area (A)   | 3.26  | Overall 3 Bed %  | 32% |
| Density 1 (Sq.Ft/A)  | 13544 | Overall 4+ Bed % | 27% |
| Density 2 (Units/ha) | 15.74 |                  |     |

| Garages No | GIA ft² | Total GIA ft² | Total GIA m² |
|------------|---------|---------------|--------------|
|------------|---------|---------------|--------------|

|       |     |      |       |
|-------|-----|------|-------|
| 1     | 212 | 212  | 19.7  |
| 2     | 212 | 424  | 39.4  |
| 1     | 212 | 212  | 19.7  |
| 2     | 212 | 424  | 39.4  |
| 1     | 212 | 212  | 19.7  |
| Total | 7   | 1484 | 137.9 |

## Appendix B

Tony Webber  
Cove Construction Limited  
1 Alpha Centre  
North Lane  
Aldershot  
Hampshire  
GU12 4RG

Mobile: 07584 312852  
Email: Tom.upton@cbre.com

27 February 2023

Dear Tony

## **FEE PROPOSAL – VIABILITY APPEAL SUPPORT AND ADVICE: LISS FOREST NURSERY, PETERSFIELD ROAD, LISS, GU33 6HA**

I am pleased to set out CBRE's proposal to act on behalf of Cove Construction Limited ('the client') to provide support and advice in relation to the Appeal for the Proposed Development at Liss Forest Nursery, Petersfield Road, Liss, GU33 6HA ('the site').

### **Scope of Work & Fee Proposal**

This instruction will involve:

1. Meetings with Counsel and the wider consultant team, including dialogue with third parties relating to points 2 to 4. Hourly rate.
2. Update viability modelling and negotiation of Statement of Common Ground ('SoCG') with Bruton Knowles ('BK') [REDACTED]. This will involve:
  - a. Updating viability appraisals to March/April 2023 (due to Counsel confirming this should be as closely up to date as possible at the date of Inquiry).
  - b. Discussions/negotiations with the Council / their representatives to reach common ground/otherwise for SoCG.
  - c. Preparation of/inputs into SoCG.
3. Proof of Evidence – drafting and submitting Proof of Evidence document [REDACTED].
4. Expert Witness – Participation in Inquiry: 2 x Days for preparation (per team member) + hourly rate for attendance at Inquiry.
5. Input into Draft Section 106 Agreement (as required). Hourly rate.

Our hourly rates are as follows:

- Senior Director – [REDACTED] per day
- Associate Director – [REDACTED] per day

The instruction will be managed by Tom Upton MRICS, Associate Director. Strategic oversight will be provided by Matt Spilsbury, Senior Director. Matt will also represent the client at Public Inquiry as an Expert Witness.

The fees quoted above are exclusive of VAT and disbursements.

### Fee Exclusions

The following items are excluded from CBRE's fee:

- Any sub-consultancy costs and costs of any consultants listed other than CBRE
- Any statutory planning related fees
- Any consultancy work beyond the scope above

### Summary

Thank you for the opportunity to provide a fee proposal to undertake the above instruction.

As an ISO 9001 accredited organisation, we are required to provide you with a copy of our Standard Terms of Business, which accompany this letter.

To proceed with an instruction, I would be grateful for your written confirmation of the following:

- Our proposed scope of works is acceptable;
- Our proposed fee budget is acceptable; and
- You agree to our Standard Terms of Business.

Please do contact me should you have any queries or wish to discuss this fee proposal further.

Yours sincerely

**TOM UPTON MRICS**  
**ASSOCIATE DIRECTOR**  
**NATIONAL PLANNING & DEVELOPMENT**

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<sup>1</sup> Day rates are hourly rates multiplied by 7.5 hours in a working day.



## Appendix C

Mr Vincent Catt  
Liss Forest Nursery  
Petersfield Road  
Greatham  
Liss  
GU33 6HA

Our Ref: SDNP/21/04848/FUL  
Contact Officer: Nikki Allen  
Tel No.: 01730 814810

21 December 2022

Dear Sir/Madam,

### LIABILITY NOTICE DRAFT

*Draft Liability Reference: DRAFTLN (dated 21 December 2022)*  
*Regulation 65, CIL Regulations 2010 (as amended)*

### CIL Liability

If planning application (reference: SDNP/21/04848/FUL ) is granted you will be liable to pay **£132,188.64** of Community Infrastructure Levy to South Downs National Park Authority as the CIL collecting authority on commencement of development. This charge is levied under SDNPAs CIL Charging Schedule, and Section 211 of the Planning Act 2008.

### SDNPA

| Description              | Chargeable Area | Rate/sqm | Index | Area Charge | Relief | Total       |
|--------------------------|-----------------|----------|-------|-------------|--------|-------------|
| Residential Zone 2 - 200 | 534.34 sqm      | £200.00  | 1.237 | £132,188.64 | £0.00  | £132,188.64 |

CIL Total for this charging authority

|                           |             |
|---------------------------|-------------|
| Total Liability for SDNPA | £132,188.64 |
|---------------------------|-------------|

### Total CIL Liability

|                    |
|--------------------|
| <b>£132,188.64</b> |
|--------------------|

Area Totals (sqm)

|                         |          |
|-------------------------|----------|
| Total Development       | 4,337.47 |
| Demolitions*            | 3,803.13 |
| Existing Use*           | 0.00     |
| Chargeable Area (SDNPA) | 534.34   |

\* Demolished floorspace and existing floorspace are only included above if eligible for deduction from the chargeable area.

## How we calculated this figure

We calculated this figure using the formula below as set out in regulation 40 of the CIL Regulations 2010 (as amended):

$$\text{CIL Liability} = \frac{\text{Chargeable Area (A)} \times \text{Rate (R)} \times \text{Index (I}_p\text{)}}{\text{Index (I}_c\text{)}}$$

The charge will be index linked based on the above formula. Where  $I_p$  is the index figure for the year in which planning permission was granted and  $I_c$  is the index figure for the year the charging schedule took effect (2017), using the national RICS CIL Index published in November of the preceding year.

The Chargeable Area is determined as the Gross Internal Area (GIA) of the total proposed development less the floorspace of any 'In Use' buildings which are eligible for deduction. This Chargeable area may have been measured on your behalf if no other information has been provided.

A building is defined as being 'In Use' if part of the building has been in continuous use for a period of at least six months within the period of three years ending on the day planning permission first permits the chargeable development. To be eligible for deduction, the existing buildings must be situated on the relevant land on the day planning permission first permits the chargeable development and be 'In Use.'

## New liability notices may be issued

Any change in the details contained in this notice which affect the calculation of the chargeable amount and will lead to the South Downs National Park Authority issuing a new liability notice. Changes requiring a new calculation of the chargeable amount may arise from:

- A change to the liable party.
- Granting of a Community Infrastructure Levy relief.
- Any existing buildings deducted from the CIL-liable floorspace are subsequently found not to have qualified as being 'In Use' (defined above) for a continuous period of at least six months within the period of three years ending on the day planning permission first permits the chargeable development.

## Are you eligible for relief from CIL?

You may be eligible for an exemption from the CIL charge. Exemptions from the CIL charge are not automatic and need to be applied for. The SDNPA will confirm in writing whether your exemption claim has been successful.

Exemptions cannot be awarded where no one has assumed liability for the CIL charge, nor can an exemption be awarded where a development has already commenced.

## Consequences of non payment

If you have a CIL liability and fail to follow the payment procedure, the collecting authority may impose surcharges on the liability. Persistent failure to pay CIL liabilities due may result in the collecting authority imposing surcharges, serving a CIL stop notice prohibiting further development on the site and/or taking action to recover the debt due. Please see the Government Guidance note [Consequences of failing to following the CIL Payment procedure](#) for further information.

## The amount of CIL liability in this notice will be a local land charge

Once the SDNPA issue your official CIL Liability Notice, the liability will be registered as a local land charge against the land affected by the planning permission. The charge will be cancelled on full payment of the liability, or where relief has been granted, then at the end of the claw-back period providing no disqualifying event has occurred.

### **Recipients of this Liability Notice**

Other recipients of this notice include the following (where relevant):

- Those jointly liable to pay CIL or those who have jointly assumed liability to pay CIL.
- Each person known to the authority as an owner of the relevant land.
- The person who has applied for planning permission or submitted a notice of chargeable development, where this is different to those above.
- Any agent acting on behalf of the applicant

| <b>Name and address of all recipient(s) of this notice</b>                                 | <b>Category of recipient</b> |
|--|------------------------------|
| Mr Vincent Catt<br>Liss Forest Nursery<br>Petersfield Road<br>Greatham<br>Liss<br>GU33 6HA | Liabe Party                  |

### **Next Steps**

This notice is a Draft Liability Notice for information only.

### **Further Information**

Further information and all CIL forms are available on the [Planning Portal website](#) and the [South Downs National Park Authority website](#).

If you have any questions regarding your CIL liability, or this letter, please contact us at [cil@southdowns.gov.uk](mailto:cil@southdowns.gov.uk) or on 01730 814810.

Yours faithfully,

**Nikki Allen**

Community Infrastructure Levy Team  
South Downs National Park Authority

## Appendix D

**Liss Forest Nursery**  
**Appendix A - Cost Review Breakdown (Rev A)**

| COST SUMMARY                |  | AGREED POSITION |                 |                   |
|-----------------------------|--|-----------------|-----------------|-------------------|
|                             |  | GIA (m2):       |                 | 4,193             |
| Ref                         | Description                            | %               | GIA<br>£/m²     | Total Cost<br>£   |
| <b>A</b>                    | <b>SECTION 106 OBLIGATIONS</b>         |                 |                 |                   |
| A.1                         | SECTION 106 PAYMENTS                   |                 |                 | Excluded          |
|                             | <b>A - SECTION 106 OBLIGATIONS</b>     |                 |                 | <b>Excluded</b>   |
| <b>B</b>                    | <b>STRATEGIC OFF-SITE WORKS</b>        |                 |                 |                   |
| B.1                         | ACCESS ROADS                           |                 |                 | Excluded          |
| B.2                         | OFF-SITE JUNCTIONS                     | 1.1 %           | 31.76           | 133,152           |
|                             | <b>B - STRATEGIC OFF-SITE WORKS</b>    | <b>1.1 %</b>    | <b>31.76</b>    | <b>133,152</b>    |
| <b>C</b>                    | <b>STRATEGIC ON SITE WORKS</b>         |                 |                 |                   |
| C.1                         | PRIMARY & SECONDARY DISTRIBUTION ROADS | 6.4 %           | 181.82          | 762,366           |
| C.2                         | STRATEGIC LANDSCAPING                  | 2.1 %           | 58.27           | 244,340           |
| C.3                         | SERVICES                               | 11.4 %          | 324.25          | 1,359,583         |
| C.4                         | ENVIRONMENTAL WORKS                    | 4.5 %           | 127.87          | 536,151           |
| C.5                         | TEMPORARY WORKS                        | 0.3 %           | 8.26            | 34,650            |
|                             | <b>C - STRATEGIC ON SITE WORKS</b>     | <b>24.7 %</b>   | <b>700.47</b>   | <b>2,937,090</b>  |
| <b>D</b>                    | <b>ON PLOT WORKS</b>                   |                 |                 |                   |
| D.1                         | RESIDENTIAL                            | 65.6 %          | 1,859.52        | 7,796,961         |
| D.2                         | RESIDENTIAL ABNORMALS                  | 8.6 %           | 244.41          | 1,024,791         |
|                             | <b>D - ON PLOT WORKS</b>               | <b>74.2 %</b>   | <b>2,103.92</b> | <b>8,821,752</b>  |
| <b>ESTIMATED TOTAL COST</b> |  |                 | <b>2,836.15</b> | <b>11,891,994</b> |

# Liss Forest Nursery

## Appendix A - Cost Review Breakdown (Rev A)

| ESTIMATE DETAIL |  |         |      |           |                 |
|-----------------|--|---------|------|-----------|-----------------|
| Ref             | Description  | Qty     | Unit | Rate<br>£ | Total Cost<br>£ |
| <b>A</b>        | <b>SECTION 106 OBLIGATIONS</b>   |         |      |           |                 |
| <b>A.1</b>      | <b>SECTION 106 PAYMENTS</b>  |         |      |           |                 |
| 1               | Planning contributions, commuted sums etc.                               |         | Note |           | Excluded        |
|                 | A.1 - SECTION 106 PAYMENTS   |         |      |           | Excluded        |
|                 | A - SECTION 106 OBLIGATIONS  |         |      |           | Excluded        |
| <b>B</b>        | <b>STRATEGIC OFF-SITE WORKS</b>  |         |      |           |                 |
| <b>B.1</b>      | <b>ACCESS ROADS</b>  |         |      |           |                 |
| <b>B.1.01</b>   | <b>Access Roads</b>  |         |      |           |                 |
| 1               | Off-site access road improvements  |         | Note |           | Excluded        |
|                 | B.1.01 - Access Roads  |         |      |           | Excluded        |
| <b>B.1.02</b>   | <b>Preliminaries</b>   |         |      |           |                 |
| 1               | Site establishment, supervision and management                           |         | Item |           | Excluded        |
|                 | B.1.02 - Preliminaries   |         |      |           | Excluded        |
| <b>B.1.03</b>   | <b>Contingency and Risk</b>  |         |      |           |                 |
| 1               | Construction contingency   |         | Item |           | Excluded        |
| 2               | Specific provisions: adoption remedial work                              |         | Item |           | Excluded        |
|                 | B.1.03 - Contingency and Risk  |         |      |           | Excluded        |
| <b>B.1.04</b>   | <b>Fees and Charges</b>  |         |      |           |                 |
| 1               | Professional fees on delivery  |         | Item |           | Excluded        |
| 2               | Local Authority fees and consents  |         | Note |           | Excluded        |
|                 | B.1.04 - Fees and Charges  |         |      |           | Excluded        |
|                 | B.1 - ACCESS ROADS   |         |      |           | Excluded        |
| <b>B.2</b>      | <b>OFF-SITE JUNCTIONS</b>  |         |      |           |                 |
| <b>B.2.01</b>   | <b>Highway Access</b>  |         |      |           |                 |
| 1               | Reduce vegetation to visibility splay; provisional allowance             |         | Item |           | 10,000          |
| 2               | Break out existing carriageway, footway and the like, dispose off-site   | 217     | m2   | 50.00     | 10,850          |
| 3               | New carriageway, assume 850mm thick                                      | 90      | m2   | 245.00    | 22,050          |
| 4               | Allowance for regulating course  |         | Item |           | -               |
| 5               | Step joint; with existing carriageway                                    | 24      | m    | 100.00    | 2,400           |
| 6               | New pathway; assume 240mm thick  | 161     | m2   | 120.00    | 19,320          |
| 7               | Extra over for tactile paving  | 5       | m2   | 100.00    | 500             |
| 8               | Allowance for tying into existing pathways                               | 2       | nr   | 500.00    | 1,000           |
| 9               | New kerb; type HB/BN, assume standard PCC                                | 53      | m    | 45.00     | 2,385           |
| 10              | New kerb; type EF, assume standard PCC                                   | 42      | m    | 25.00     | 1,050           |
| 11              | Allowance for white lining   |         | Item |           | 750             |
| 12              | Allowance for signage  |         | Item |           | 2,500           |
| 13              | Street lighting  |         | Note |           | Excluded        |
| 14              | Allowance for working around existing services                           |         | Item |           | 5,000           |
| 15              | Allowance for verge landscaping  |         | Item |           | 1,000           |
| 16              | Connection to Public Right of Way (PROW) Route 10; provisional allowance |         | Item |           | 5,000           |
|                 | B.2.01 - Highway Access  |         |      |           | 83,805          |
| <b>B.2.02</b>   | <b>Preliminaries</b>   |         |      |           |                 |
| 1               | Site establishment, supervision and management                           |         | Item |           | 25,000          |
| 2               | Traffic management   |         | Item |           | 5,000           |
|                 | B.2.02 - Preliminaries   |         |      |           | 30,000          |
| <b>B.2.03</b>   | <b>Contingency and Risk</b>  |         |      |           |                 |
| 1               | Construction contingency at 10%  | 113,805 | 5%   |           | 5,690           |
| 2               | Specific provisions: adoption remedial work at 4%                        | 113,805 | 4%   |           | 4,552           |
|                 | B.2.03 - Contingency and Risk  |         |      |           | 10,242          |
| <b>B.2.04</b>   | <b>Fees and Charges</b>  |         |      |           |                 |
| 1               | Professional fees on delivery  |         | Note |           | Excluded        |
| 2               | Local Authority fees and consents at 8%                                  | 113,805 | 8%   |           | 9,104           |
|                 | B.2.04 - Fees and Charges  |         |      |           | 9,104           |
|                 | B.2 - OFF-SITE JUNCTIONS   |         |      |           | 133,152         |
|                 | <b>B - STRATEGIC OFF-SITE WORKS</b>                                      |         |      |           | <b>133,152</b>  |



# Liss Forest Nursery

## Appendix A - Cost Review Breakdown (Rev A)

| ESTIMATE DETAIL |   |         |      |           |                 |
|-----------------|---|---------|------|-----------|-----------------|
| Ref             | Description   | Qty     | Unit | Rate<br>£ | Total Cost<br>£ |
| <b>C</b>        | <b>STRATEGIC ON SITE WORKS</b>                                  |         |      |           |                 |
| <b>C.1</b>      | <b>PRIMARY &amp; SECONDARY DISTRIBUTION ROADS</b>               |         |      |           |                 |
| <b>C.1.01</b>   | <b>Roads and Footpaths</b>                                      |         |      |           |                 |
| 1               | Primary distribution road; assume 1.050mm thick, tarmac surface | 2846    | m2   | 150.00    | 426,900         |
| 2               | Kerb; type HB, assume PCC                                       | 953     | m    | 45.00     | 42,885          |
| 3               | Kerb; type EF, assume PCC                                       | 149     | m    | 25.00     | 3,725           |
| 4               | Grasscrete or similar   | 84      | m2   | 120.00    | 10,080          |
| 5               | Pathway; 2m wide; adjacent to road, tarmac surface              | 70      | m    | 175.00    | 12,250          |
| 6               | Pathway; 3m wide; adjacent to road, tarmac surface              | 97      | m    | 235.00    | 22,795          |
| 7               | Extra over for culvert to drainage; provisional allowance       |         | Item |           | 2,500           |
| 8               | Extra over for traffic calming measures                         |         | Item |           | 5,000           |
|                 | C.1.01 - Roads and Footpaths                                    |         |      |           | <b>526,135</b>  |
| <b>C.1.02</b>   | <b>Drainage</b>   |         |      |           |                 |
| 1               | Highway drainage; gully pots plus connections to sewers         | 495     | m    | 60.00     | 29,700          |
|                 | C.1.02 - Drainage   |         |      |           | <b>29,700</b>   |
| <b>C.1.04</b>   | <b>Services</b>   |         |      |           |                 |
| 1               | Streetlighting; 6m high   | 25      | nr   | 3,000.00  | 75,000          |
| 2               | Illuminated bollards  |         | Note |           | Excluded        |
|                 | C.1.04 - Services   |         |      |           | <b>75,000</b>   |
| <b>C.1.05</b>   | <b>Sundries</b>   |         |      |           |                 |
| 1               | Signage; provisional allowance                                  |         | Item |           | 5,000           |
|                 | C.1.05 - Sundries   |         |      |           | <b>5,000</b>    |
| <b>C.1.06</b>   | <b>Preliminaries</b>  |         |      |           |                 |
| 1               | Site establishment, supervision and management at 10%           | 635,835 | 10%  |           | 63,584          |
|                 | C.1.06 - Preliminaries  |         |      |           | <b>63,584</b>   |
| <b>C.1.07</b>   | <b>Contingency and Risk</b>                                     |         |      |           |                 |
| 1               | Construction contingency at 5%                                  | 699,419 | 5%   |           | 34,971          |
| 2               | Specific provisions: adoption remedial work at 4%               | 699,419 | 4%   |           | 27,977          |
|                 | C.1.07 - Contingency and Risk                                   |         |      |           | <b>62,948</b>   |
| <b>C.1.08</b>   | <b>Fees and Charges</b>   |         |      |           |                 |
| 1               | Professional fees on delivery                                   |         | Note |           | Excluded        |
| 2               | Local Authority fees and consents at 8%                         |         | Note |           | Excluded        |
|                 | C.1.08 - Fees and Charges                                       |         |      |           | <b>Excluded</b> |
|                 | C.1 - PRIMARY & SECONDARY DISTRIBUTION ROADS                    |         |      |           | <b>762,366</b>  |

# Liss Forest Nursery

## Appendix A - Cost Review Breakdown (Rev A)

| ESTIMATE DETAIL |   |         |      |           |                 |
|-----------------|---|---------|------|-----------|-----------------|
| Ref             | Description   | Qty     | Unit | Rate<br>£ | Total Cost<br>£ |
| <b>C.2</b>      | <b>STRATEGIC LANDSCAPING</b>  |         |      |           |                 |
| <b>C.2.01</b>   | <b>Strategic Open Space</b>   |         |      |           |                 |
| 1               | Marginal planting to SuDs attenuation features; site won topsoil  | 1,303   | m2   | 15.00     | 19,545          |
| 2               | Rain garden; site won top soil  | 105     | m2   | 25.00     | 2,625           |
| 3               | Open space; grass seeding or similar, site won top soil   | 7,000   | m²   | 7.50      | 52,500          |
| 4               | Semi-mature trees   | 84      | nr   | 500.00    | 42,000          |
| 5               | Hedgerow planting; to pumping station   | 28      | m    | 50.00     | 1,400           |
| 6               | Allowance for works to existing north-eastern boundary; maintenance and enhancement of existing hedgerow only       | 111     | m    | 50.00     | 5,550           |
| 7               | Allowance for works to existing south-eastern boundary; maintenance and enhancement of existing hedgerow only       | 170     | m    | 50.00     | 8,500           |
| 8               | Allowance for works to existing boundary adjacent primary school; maintenance and enhancement of existing only      | 150     | m    | 50.00     | 7,500           |
| 9               | Allowance for works to existing boundary adjacent to Petersfield Road; maintenance and enhancement of existing only | 150     | m    | 50.00     | 7,500           |
| 10              | Ongoing maintenance post-construction   |         | Note |           | Excluded        |
|                 | C.2.01 - Strategic Open Space   |         |      |           | 147,120         |
| <b>C.2.02</b>   | <b>Recreational Routes</b>  |         |      |           |                 |
| 1               | Combined pedestrian/cycle route; 2m wide, assume tarmac surface   | 283     | m    | 210.00    | 59,430          |
|                 | C.2.02 - Recreational Routes  |         |      |           | <b>59,430</b>   |
| <b>C.2.03</b>   | <b>Sundries</b>   |         |      |           |                 |
| 1               | Boundary treatment; acoustic measures   |         | Note |           | Excluded        |
| 2               | Street furniture to informal open space   |         | Item |           | 5,000           |
| 3               | Play areas (LAP, LEAP, NEAP)  |         | Note |           | Excluded        |
|                 | C.2.03 - Sundries   |         |      |           | <b>5,000</b>    |
| <b>C.2.04</b>   | <b>Preliminaries</b>  |         |      |           |                 |
| 1               | Site establishment, supervision and management at 10%   | 211,550 | 10%  |           | 21,155          |
|                 | C.2.04 - Preliminaries  |         |      |           | <b>21,155</b>   |
| <b>C.2.05</b>   | <b>Contingency and Risk</b>   |         |      |           |                 |
| 1               | Construction contingency at 5%  | 232,705 | 5%   |           | 11,635          |
|                 | C.2.05 - Contingency and Risk   |         |      |           | <b>11,635</b>   |
| <b>C.2.06</b>   | <b>Fees and Charges</b>   |         |      |           |                 |
| 1               | Professional fees on delivery   |         | Note |           | Excluded        |
|                 | C.2.06 - Fees and Charges   |         |      |           | <b>Excluded</b> |
|                 |   |         |      |           | <b>244,340</b>  |

# Liss Forest Nursery

## Appendix A - Cost Review Breakdown (Rev A)

| ESTIMATE DETAIL |  |     |      |           |                 |
|-----------------|--|-----|------|-----------|-----------------|
| Ref             | Description  | Qty | Unit | Rate<br>£ | Total Cost<br>£ |
| <b>C.3</b>      | <b>SERVICES</b>  |     |      |           |                 |
| <b>C.3.01</b>   | <b>Gas</b>   |     |      |           |                 |
| 1               | Diversions   |     | Note |           | Excluded        |
| 2               | Disconnections   |     | Note |           | Excluded        |
| 3               | On-site mains infrastructure   |     | Note |           | Excluded        |
| 4               | Extra over for excavation and reinstatement works  |     | Note |           | Excluded        |
| 5               | Off-site reinforcement   | 500 | Note |           | Excluded        |
| 6               | On-plot connections and metering   |     | Note |           | Excluded        |
|                 | C.3.01 - Gas   |     |      |           | <b>Excluded</b> |
| <b>C.3.02</b>   | <b>Electricity</b>   |     |      |           |                 |
| 1               | Diversions; not required   |     | Note |           | Excluded        |
| 2               | Disconnections; not required   |     | Note |           | Excluded        |
| 3               | On-site mains infrastructure; GTC quotation, ref South East/34142447/462975, dated 29 July 2022                              |     | Item |           | 300,304         |
| 4               | Inflation on GTC quotation; BCIS All in TPI [Jul-22 to Mar-23]   |     | Item |           | 6,000           |
| 5               | Extra over for on-site excavation and reinstatement works  | 495 | m    | 30.00     | 14,850          |
| 6               | Off-site reinforcement; included in GTC quotation  |     | Note |           | Included        |
| 7               | Off-site mains infrastructure; works over existing railway line; included in GTC quotation                                   |     | Note |           | Included        |
| 8               | On-plot connections and metering; included in GTC quotation  |     | Note |           | Included        |
| 9               | On-site substation; builder's work, brick structure  |     | Item |           | 20,000          |
|                 | C.3.02 - Electricity   |     |      |           | <b>341,154</b>  |
| <b>C.3.03</b>   | <b>Water</b>   |     |      |           |                 |
| 1               | Diversions; not required   |     | Note |           | Excluded        |
| 2               | Disconnections; not required   |     | Note |           | Excluded        |
| 3               | On-site mains infrastructure including connection in Petersfield Road; based on South East Water quotation dated 27 May 2022 |     | Item |           | 47,844          |
| 4               | Inflation on South East Water quotation; BCIS All in TPI [May-22 to Mar-23]  |     | Item |           | 2,000           |
| 5               | Extra over for excavation and reinstatement works; included within South East Water quotation dated 27 May 2022              |     | Note |           | Included        |
| 6               | Off-site reinforcement; not required   |     | Note |           | Excluded        |
| 7               | Infrastructure charges - water; based on South East Water quotation dated 27 May 2022  | 37  | nr   | 28.00     | 1,036           |
| 8               | Infrastructure charges - sewerage  | 37  | nr   | 434.00    | 16,058          |
| 9               | On-plot connections and metering; based on South East Water quotation dated 27 May 2022                                      | 37  | nr   | 600.00    | 22,200          |
|                 | C.3.03 - Water   |     |      |           | <b>89,138</b>   |
| <b>C.3.04</b>   | <b>Telecommunications</b>  |     |      |           |                 |
| 1               | Diversion; allowance   |     | Item |           | 5,000           |
| 2               | Disconnections; not required   |     | Note |           | Excluded        |
| 3               | On-site mains infrastructure; installing ducts only, free issue from provider  | 526 | m    | 25.00     | 13,150          |
| 4               | Extra over for excavation and reinstatement works  | 526 | m    | 30.00     | 15,780          |
| 5               | Off-site reinforcement; not required   |     | Note |           | Excluded        |
| 6               | On-plot connections and metering; by others  |     | Note |           | Excluded        |
|                 | C.3.04 - Telecommunications  |     |      |           | <b>33,930</b>   |

# Liss Forest Nursery

## Appendix A - Cost Review Breakdown (Rev A)

| ESTIMATE DETAIL                        |   |           |       |           |                  |
|--|---|-----------|-------|-----------|------------------|
| Ref                                    | Description   | Qty       | Unit  | Rate<br>£ | Total Cost<br>£  |
| C.3.06                                 | Surface Water Drainage  |           |       |           |                  |
| 1                                      | Storm drain runs; 150mm diameter, depth to invert not exceeding 3m                | 40        | m     | 150.00    | 6,000            |
| 2                                      | Storm drain runs; 225mm diameter, depth to invert not exceeding 3m                | 288       | m     | 200.00    | 57,600           |
| 3                                      | Storm drain runs; 600mm diameter, depth to invert not exceeding 3m                | 7         | m     | 400.00    | 2,800            |
| 4                                      | Storm drain runs; 900mm diameter, depth to invert not exceeding 3m                | 272       | m     | 700.00    | 190,400          |
| 5                                      | Storm manholes; 1200mm diameter, depth to invert not exceeding 3m                 | 15        | nr    | 3,000.00  | 45,000           |
| 6                                      | Storm manholes; 1500mm diameter, depth to invert not exceeding 3m                 | 12        | nr    | 3,500.00  | 42,000           |
| 7                                      | Forming swales; pipework, topsoil and seeding elsewhere                           | 162       | m     | 15.00     | 2,430            |
| 8                                      | Forming retention ponds; material to remain on-site                               | 320       | m3    | 30.00     | 9,600            |
| 9                                      | Headwalls to retention ponds  | 1         | nr    | 5,000.00  | 5,000            |
| 10                                     | Extra over manholes for flow control chambers                                     | 1         | nr    | 15,000.00 | 15,000           |
| 11                                     | Connections to discharge points; Manhole S13                                      |           | Item  |           | 5,000            |
| 12                                     | Works to existing off-site SW drainage; allowance for repair and the like         |           | Item  |           | 10,000           |
| 13                                     | Geocellular storage tank  |           | Note  |           | Excluded         |
| 12                                     | Rain water harvesting   |           | Note  |           | Excluded         |
| <b>C.3.06 - Surface Water Drainage</b> |   |           |       |           | <b>390,830</b>   |
| C.3.07                                 | Foul Water Drainage   |           |       |           |                  |
| 1                                      | Foul drain runs; 100mm diameter, depth to invert not exceeding 3m                 | 267       | m     | 125.00    | 33,375           |
| 2                                      | Foul drain runs; 150mm diameter, depth to invert not exceeding 3m                 | 154       | m     | 150.00    | 23,100           |
| 3                                      | Foul manholes; assume 600mm diameter IC, depth to invert not exceeding 3m         | 6         | nr    | 1,800.00  | 10,800           |
| 4                                      | Foul manholes; assume 1200mm diameter, depth to invert not exceeding 3m           | 13        | nr    | 3,000.00  | 39,000           |
| 5                                      | Foul pumping station; including associated builder's work                         |           | Item  |           | 100,000          |
| 6                                      | Foul rising main  | 251       | m     | 175.00    | 43,925           |
| 7                                      | Connections to existing public sewers   |           | Item  |           | 15,000           |
| <b>C.3.07 - Foul Water Drainage</b>    |   |           |       |           | <b>265,200</b>   |
| C.3.10                                 | Preliminaries   |           |       |           |                  |
| 1                                      | Site establishment, supervision and management at 10%                             | 1,120,252 | 10%   |           | 112,025          |
| <b>C.3.10 - Preliminaries</b>          |   |           |       |           | <b>112,025</b>   |
| C.3.10                                 | Contingency and Risk  |           |       |           |                  |
| 1                                      | Construction contingency at 5%  | 1,232,277 | 5%    |           | 61,614           |
| 2                                      | Specific provisions: adoption remedial work at 4%                                 | 1,232,277 | 4%    |           | 49,291           |
| <b>C.3.11 - Contingency and Risk</b>   |   |           |       |           | <b>110,905</b>   |
| C.3.12                                 | Fees and Charges  |           |       |           |                  |
| 1                                      | Professional fees on delivery   |           | Note  |           | Excluded         |
| 2                                      | Section 104 costs (inspection fees) at 2.5%; foul and surface water drainage only | 656,030   | 2.50% |           | 16,401           |
| <b>C.3.12 - Fees and Charges</b>       |   |           |       |           | <b>16,401</b>    |
| <b>C.3 - SERVICES</b>                  |   |           |       |           | <b>1,359,583</b> |

# Liss Forest Nursery

## Appendix A - Cost Review Breakdown (Rev A)

| ESTIMATE DETAIL |   |         |      |           |                 |
|-----------------|---|---------|------|-----------|-----------------|
| Ref             | Description   | Qty     | Unit | Rate<br>£ | Total Cost<br>£ |
| <b>C.4</b>      | <b>ENVIRONMENTAL WORKS</b>  |         |      |           |                 |
| <b>C.4.01</b>   | <b>Ecological Works</b>   |         |      |           |                 |
| 1               | Dealing with Great Crested Newts  |         | Note |           | Not Required    |
| 2               | Dealing with Hazel Dormice  |         | Note |           | Not Required    |
| 3               | Dealing with badgers; permanent works   |         | Note |           | Excluded        |
| 4               | Dealing with bats and breeding birds; boxes and lofts   |         | Item |           | 10,000          |
| 5               | Post-development monitoring   |         | Note |           | Excluded        |
|                 | C.4.01 - Ecological Works   |         |      |           | <b>10,000</b>   |
| <b>C.4.02</b>   | <b>Enabling Works</b>   |         |      |           |                 |
| 1               | Clearing vegetation; allowance  |         | Item |           | 15,000          |
| 2               | Tree removal; including stumps and roots  | 29      | nr   | 800.00    | 23,200          |
| 3               | Topsoil removal; 300mm assumed depth; disposal on-site  | 2,500   | m3   | 5.00      | 12,500          |
| 4               | Demolition of entire buildings including oil storage tanks; all existing buildings on-site; not exceeding 5m high | 9,000   | m2   | 27.50     | 247,500         |
| 5               | Watching brief for Arboriculturist for areas of demolition  |         | Item |           | 5,000           |
| 6               | Breaking out existing hardstanding; other than buildings; disposal off site                                       | 3,700   | m2   | 30.00     | 111,000         |
| 7               | Forming new site contours to suit new development; provisional allowance  |         | Item |           | 40,000          |
| 8               | Toxic/hazardous material removal; asbestos  |         | Note |           | Excluded        |
| 9               | Contaminated ground removal/treatment   |         | Note |           | Excluded        |
| 10              | Eradication of plant growth; invasive species   |         | Note |           | Excluded        |
| 11              | Soil stabilisation measures   |         | Note |           | Excluded        |
| 12              | Ground gas venting measures   |         | Note |           | Excluded        |
| 13              | Temporary diversion works   |         | Note |           | Excluded        |
| 14              | Archaeological investigation  |         | Note |           | Excluded        |
| 15              | Ground water remediation  |         | Note |           | Excluded        |
| 16              | Surface water remediation   |         | Note |           | Excluded        |
| 17              | Dealing with localised soft spots   |         | Note |           | Excluded        |
|                 | C.4.02 - Enabling Works   |         |      |           | <b>454,200</b>  |
| <b>C.4.03</b>   | <b>Preliminaries</b>  |         |      |           |                 |
| 1               | Site establishment, supervision and management at 10%   | 464,200 | 10%  |           | 46,420          |
|                 | C.4.03 - Preliminaries  |         |      |           | <b>46,420</b>   |
| <b>C.4.04</b>   | <b>Contingency and Risk</b>   |         |      |           |                 |
| 1               | Construction contingency at 5%  | 510,620 | 5%   |           | 25,531          |
|                 | C.4.04 - Contingency and Risk   |         |      |           | <b>25,531</b>   |
| <b>C.4.05</b>   | <b>Fees and Charges</b>   |         |      |           |                 |
| 1               | Professional fees on delivery   |         | Note |           | Excluded        |
|                 | C.4.05 - Fees and Charges   |         |      |           | <b>Excluded</b> |
|                 | <b>C.4 - ENVIRONMENTAL WORKS</b>  |         |      |           | <b>536,151</b>  |

# Liss Forest Nursery

## Appendix A - Cost Review Breakdown (Rev A)

| ESTIMATE DETAIL |  |        |      |           |                  |
|-----------------|--|--------|------|-----------|------------------|
| Ref             | Description  | Qty    | Unit | Rate<br>£ | Total Cost<br>£  |
| <b>C.5</b>      | <b>TEMPORARY WORKS</b>   |        |      |           |                  |
| <b>C.5.01</b>   | <b>Temporary Works</b>   |        |      |           |                  |
| 1               | Site dewatering and pumping  |        | Note |           | Excluded         |
| 2               | Dealing with badgers; temporary setts and the like during construction |        | Note |           | Excluded         |
| 3               | Noise/vibration mitigation measures for existing ecology               |        | Note |           | Excluded         |
| 4               | Tree protection during construction                                    |        | Item |           | 25,000           |
| 5               | Slow worm trapping and translocation                                   |        | Item |           | 5,000            |
|                 | C.5.01 - Temporary Works   |        |      |           | <b>30,000</b>    |
| <b>C.5.02</b>   | <b>Preliminaries</b>   |        |      |           |                  |
| 1               | Site establishment, supervision and management at 10%                  | 30,000 | 10%  |           | 3,000            |
|                 | C.4.03 - Preliminaries   |        |      |           | <b>3,000</b>     |
| <b>C.5.03</b>   | <b>Contingency and Risk</b>  |        |      |           |                  |
| 1               | Construction contingency at 5%   | 33,000 | 5%   |           | 1,650            |
|                 | C.5.03 - Contingency and Risk  |        |      |           | <b>1,650</b>     |
| <b>C.4.05</b>   | <b>Fees and Charges</b>  |        |      |           |                  |
| 1               | Professional fees on delivery  |        | Note |           | Excluded         |
|                 | C.4.05 - Fees and Charges  |        |      |           | <b>Excluded</b>  |
|                 | C.5 - TEMPORARY WORKS  |        | Item |           | <b>34,650</b>    |
|                 | <b>C - STRATEGIC ON SITE WORKS</b>                                     |        |      |           | <b>2,937,090</b> |

# Liss Forest Nursery

## Appendix A - Cost Review Breakdown (Rev A)

| ESTIMATE DETAIL           |   |           |      |           |                   |
|---------------------------|---|-----------|------|-----------|-------------------|
| Ref                       | Description   | Qty       | Unit | Rate<br>£ | Total Cost<br>£   |
| <b>D</b>                  | <b>ON PLOT WORKS</b>  |           |      |           |                   |
| <b>D.1</b>                | <b>RESIDENTIAL</b>  |           |      |           |                   |
| <b>D.1.01</b>             | <b>Building Works</b>   |           |      |           |                   |
| 1                         | Building works; as per BCIS 810.1 Estate Housing, re-based for East Hampshire, median used; 5-year period | 4,193     | m2   | 1,636.00  | 6,859,748         |
|                           |   |           |      |           | <b>6,859,748</b>  |
| <b>D.1.02</b>             | <b>External Works</b>   |           |      |           |                   |
| 1                         | Plot external works; 7.5% of building works cost  | 6,859,748 | 7.5% |           | 514,481           |
|                           |   |           |      |           | <b>514,481</b>    |
| <b>D.1.03</b>             | <b>Preliminaries</b>  |           |      |           |                   |
| 1                         | Site establishment, supervision and management; on plot externals only                                    | 514,481   | 10%  |           | 51,448            |
|                           | D.1.03 - Preliminaries  | 37        | No   |           | <b>51,448</b>     |
| <b>D.1.04</b>             | <b>Contingency and Risk</b>   |           |      |           |                   |
| 1                         | Construction contingency at 5%  | 7,425,677 | 5%   |           | 371,284           |
|                           | D.1.04 - Contingency and Risk   |           |      |           | <b>371,284</b>    |
| <b>D.1.05</b>             | <b>Fees and Charges</b>   |           |      |           |                   |
| 1                         | Professional fees on delivery   |           | Note |           | Excluded          |
| 2                         | Local Authority fees and consents   |           | Note |           | Excluded          |
|                           | D.1.05 - Fees and Charges   |           |      |           | <b>Excluded</b>   |
|                           | D.1 - RESIDENTIAL   |           |      |           | <b>7,796,961</b>  |
| <b>D.2</b>                | <b>RESIDENTIAL ABNORMALS</b>  |           |      |           |                   |
| <b>D.2.01</b>             | <b>Abnormals</b>  |           |      |           |                   |
| 1                         | Gas protection works  |           | Note |           | Excluded          |
| 2                         | Extra over deep trench foundations; 2m deep, assume 27no based on SI                                      | 27        | nr   | 4,320.00  | 116,640           |
| 3                         | Extra over for piled foundations, assume 10no based on SI   | 10        | nr   | 10,000.00 | 100,000           |
| 4                         | Retaining structures; provisional allowance   |           | Item |           | 60,000            |
| 5                         | Extra over for capping to plot gardens; 150mm imported topsoil  | 4,440     | m2   | 10.00     | 44,400            |
| 6                         | Uplift to plot externals allowance for permeable paving to external parking spaces                        | 1,563     | m2   | 25.00     | 39,075            |
| 7                         | Electric vehicle (EV) charging points   | 37        | nr   | 1,000.00  | 37,000            |
| 8                         | Extra over allowance for ASHP   | 37        | nr   | 5,500.00  | 203,500           |
| 9                         | Extra over for Future Homes Standards   |           | Note |           | Excluded          |
| 10                        | Cycle storage enclosure including associated builder's work   | 29        | nr   | 850.00    | 24,650            |
| 11                        | Single-door garage  | 7         | nr   | 17,000.00 | 119,000           |
| 12                        | Car port; single  | 6         | nr   | 5,000.00  | 30,000            |
| 13                        | Car port; double  | 1         | nr   | 7,500.00  | 7,500             |
| 14                        | Car port; double (shared)   | 5         | nr   | 7,500.00  | 37,500            |
| 15                        | Extra over for green car port roof; double car ports counted as 2no.                                      | 8         | nr   | 1,000.00  | 8,000             |
| 16                        | Extra over building works for ironstone facing brickwork walls  | 10        | nr   | 6,000.00  | 60,000            |
|                           | D.2.01 - Abnormals  |           |      |           | <b>887,265</b>    |
| <b>D.2.02</b>             | <b>Preliminaries</b>  |           |      |           |                   |
| 1                         | Site establishment, supervision and management at 10%   | 887,265   | 10%  |           | 88,727            |
|                           | D.2.02 - Preliminaries  |           |      |           | <b>88,727</b>     |
| <b>D.2.03</b>             | <b>Contingency and Risk</b>   |           |      |           |                   |
| 1                         | Construction contingency at 5%  | 975,992   | 5%   |           | 48,800            |
|                           | D.2.03 - Contingency and Risk   |           |      |           | <b>48,800</b>     |
| <b>D.2.04</b>             | <b>Fees and Charges</b>   |           |      |           |                   |
| 1                         | Professional fees on delivery   |           | Note |           | Excluded          |
| 2                         | Local Authority fees and consents   |           | Note |           | Excluded          |
|                           | D.2.04 - Fees and Charges   |           |      |           | <b>Excluded</b>   |
|                           | D.2 - RESIDENTIAL ABNORMALS   |           |      |           | <b>1,024,791</b>  |
|                           | D - ON PLOT WORKS   |           |      |           | <b>8,821,752</b>  |
| <b>ESTIMATED NET COST</b> |   |           |      |           | <b>11,891,994</b> |



## Appendix E

**Emergency Alerts (/alerts)** Test on Sunday 23 April, 3pm

[Home](#) > [Stamp duty and other tax on property](#)

> [Monthly property transactions completed in the UK with value of £40,000 or above](#)

[HM Revenue  
& Customs](#)

National statistics

# UK monthly property transactions commentary

Updated 21 March 2023

## Contents

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transactions](#)[UK non-residential  
transactions](#)[Contacts](#)

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This publication is available at <https://www.gov.uk/government/statistics/monthly-property-transactions-completed-in-the-uk-with-value-40000-or-above/uk-monthly-property-transactions-commentary>

# Headline statistics

Headline statistics from the latest transactions data include:

- the provisional non-seasonally adjusted estimate of the number of UK residential transactions in February 2023 is 76,920, 18% lower than February 2022 and 2% higher than January 2023
- the provisional seasonally adjusted estimate of the number of UK residential transactions in February 2023 is 90,340, 18% lower than February 2022 and 4% lower than January 2023
- the provisional non-seasonally adjusted estimate of the number of UK non-residential transactions in February 2023 is 8,710, 7% lower than February 2022 and 8% higher than January 2023
- the provisional seasonally adjusted estimate of the number of UK non-residential transactions in February 2023 is 9,870, 7% lower than February 2022 and 5% higher than January 2023

## Executive Summary

Towards the end of last year mortgage and interest rates increased and we are starting to see the impacts of those changes within these statistics. Seasonally adjusted residential property transactions appear depressed, indicating a slowing of the housing market.

## About this release

These HM Revenue and Customs (HMRC) National Statistics provide monthly provisional estimates of residential and non-residential property transactions in the UK and its constituent countries.

These statistics are based upon records by HMRC, [Revenue Scotland](https://www.revenue.scot/) (<https://www.revenue.scot/>) and the [Welsh Revenue Authority \(WRA\)](https://gov.wales/welsh-revenue-authority) (<https://gov.wales/welsh-revenue-authority>) for [Stamp Duty Land Tax \(SDLT\)](https://www.gov.uk/topic/business-tax/stamp-taxes) (<https://www.gov.uk/topic/business-tax/stamp-taxes>), Land and Buildings Transaction Tax (LBTT) and Land Transaction Tax (LTT) respectively.

The latest release was published 09:30am 21 March 2023 and was updated with provisional data from completed transactions during February 2023. The next release will be published [09:30am 21 April 2023](https://www.gov.uk/government/statistics/announcements/monthly-property-transactions-completed-in-the-uk-with-value-of-40000-or-above--101) (<https://www.gov.uk/government/statistics/announcements/monthly-property-transactions-completed-in-the-uk-with-value-of-40000-or-above--101>) and will be updated with provisional data from completed transactions during March 2023.

The 'Monthly property transactions completed in the UK with value of £40,000 or above' statistical release is [Crown Copyright](https://www.nationalarchives.gov.uk/information-management/re-using-public-sector-information/uk-government-licensing-framework/crown-copyright/) (<https://www.nationalarchives.gov.uk/information-management/re-using-public-sector-information/uk-government-licensing-framework/crown-copyright/>). The information can be used as long as the source is clearly described.

The data within these HM Revenue and Customs (HMRC) statistics does not necessarily reflect the current strength of the housing market, because they represent completions which are on average two to four months after an initial offer is made on a property.

# Coronavirus (COVID-19)

On 23 March 2020 the UK government announced a UK wide lockdown, including restrictions for the property market. These restrictions were then gradually removed during the summer of 2020.

Following this first lockdown, the UK government introduced several more regional and national lockdowns in England, the last of which ended on 19 July 2021. The housing market in England remained active during all but the first lockdown.

The levels of current monthly property transactions are similar to, but slightly lower than, those in early 2020, before the coronavirus (COVID-19) pandemic. The number of residential property transactions in the year to date are significantly lower than those in early 2022. The pattern of transactions around this time was heavily affected by the pandemic and temporary reductions in stamp duty.

## The latest statistics

The latest statistics section provides information on UK residential and non-residential transactions during the previous 3 years. To demonstrate any underlying trends within the data, [seasonally adjusted \(https://www.census.gov/data/software/x13as.html\)](https://www.census.gov/data/software/x13as.html) transactions estimates are provided alongside non-seasonally adjusted estimates.

Caution is advised when interpreting estimates for the latest month due to their provisional status. This is because they are based upon incomplete data as not all SDLT, LBTT and LTT returns are received by HMRC, Revenue Scotland and WRA when figures are compiled.

We therefore expect statistics to be revised in future months, although transactions figures generally settle after approximately 3 months.

**Figure 1: Non-seasonally adjusted and seasonally adjusted UK residential property transactions by month between February 2020 and February 2023.**

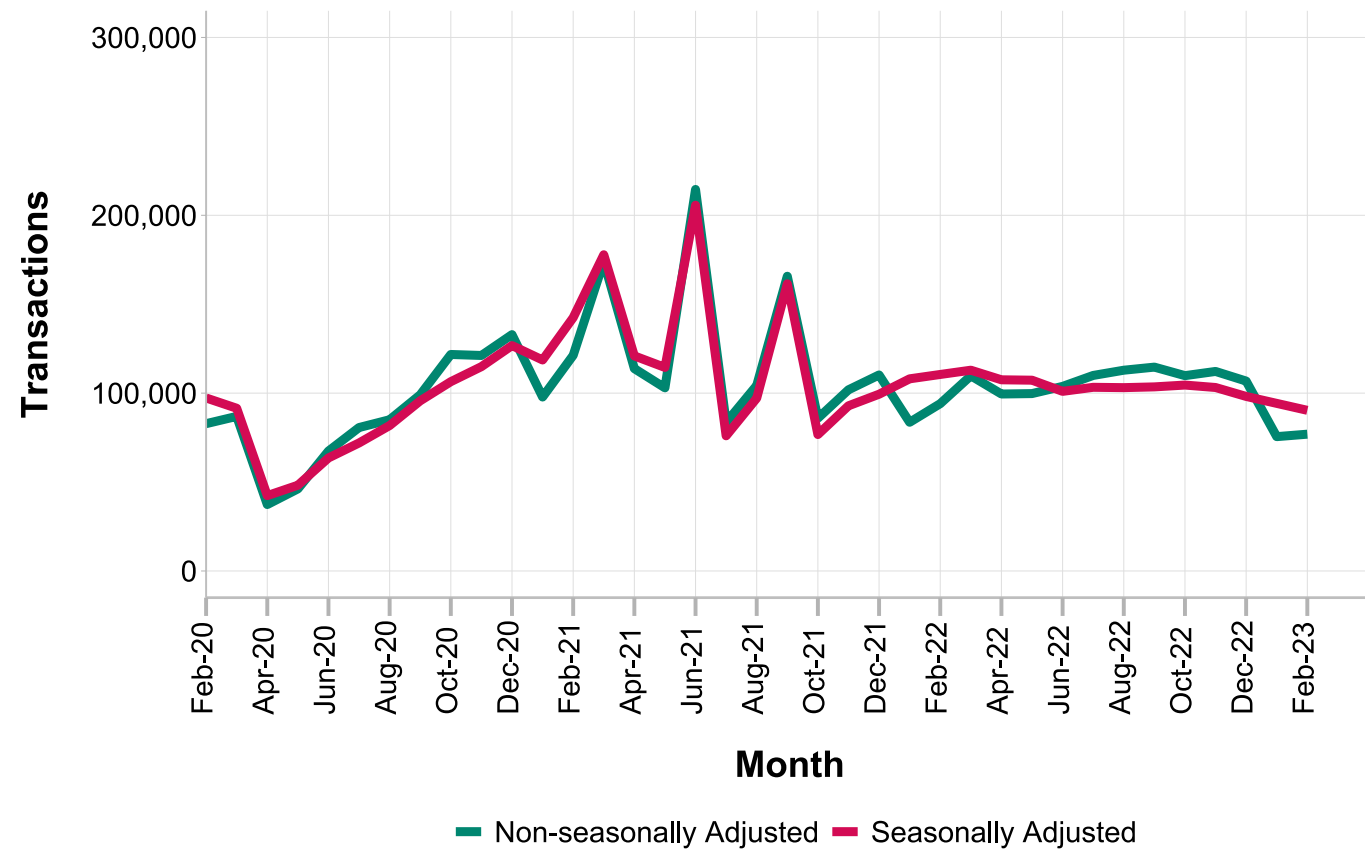




Figure 1 demonstrates the following trends for UK residential transactions:

- UK residential transactions have generally been stable in recent months, but we are now starting to see a decline in the numbers of transactions.
- Residential transactions are marginally lower than pre-coronavirus, for example the provisional non-seasonally adjusted estimate in February 2023 is 76,920 compared to 82,830 in February 2020.
- During the spring of 2020 there were substantial decreases in property transactions due to the [coronavirus](#) pandemic. UK residential transactions gradually increased in subsequent months, alongside large peaks in March, June, and September 2021 caused by temporarily increased nil rate bands of [SDLT](#) (<https://www.gov.uk/stamp-duty-land-tax>), [LBTT](#) (<https://www.revenue.scot/land-buildings-transaction-tax/nil-rate-band>), and [LTT](#) (<https://gov.wales/land-transaction-tax-update-summer-2021>).

**Figure 2: Non-seasonally adjusted and seasonally adjusted UK non-residential property transactions by month between February 2020 and February 2023.**

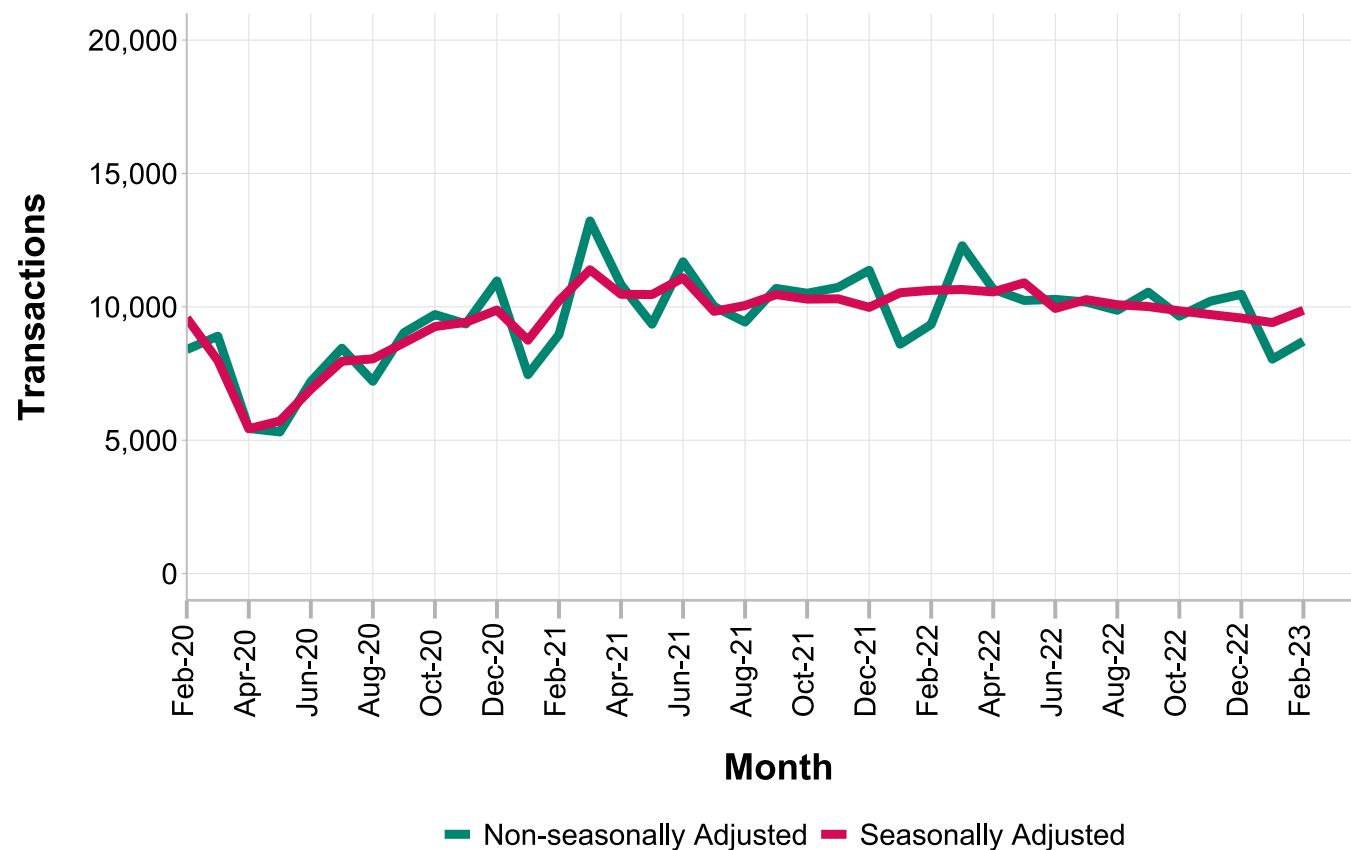


Figure 2 demonstrates the following trends for UK non-residential transactions:

- Non-residential transaction figures appear to be rising, with non-seasonally adjusted transactions for February at 8,710, compared to January's 8040. The seasonally adjusted figures support this, indicating a rise in UK non-residential transactions between January and February 2023.
- During April and May 2020 there were significant decreases in property transactions due to the [coronavirus](https://www.gov.uk/government/news/coronavirus). Following this, non-residential transactions increased for several months, before stabilising.

# UK residential transactions

Residential property refers to buildings used or suitable for use as a dwelling, or in the process of being constructed for use as a dwelling. It also includes the gardens and grounds of dwellings. Go to [HMRC Stamp Duty Land Tax Manual](https://www.gov.uk/hmrc-internal-manuals/stamp-duty-land-tax-manual/sdlm00210) (<https://www.gov.uk/hmrc-internal-manuals/stamp-duty-land-tax-manual/sdlm00210>) for more definitions of residential and non-residential properties.

The following section provides detailed analysis of UK residential transactions. To demonstrate any underlying trends within the data, [seasonally adjusted](https://www.census.gov/data/software/x13as.html) (<https://www.census.gov/data/software/x13as.html>) transactions estimates are provided alongside non-seasonally adjusted estimates.

**Figure 3: Comparisons of non-seasonally adjusted and seasonally adjusted UK residential transactions in February between 2014 and 2023.**

**Figure 4: Financial year to date (April to February) comparison of UK residential transactions between the 2013 to 2014 and 2022 to 2023 financial years.**

**Figure 5: Historic non-seasonally adjusted and seasonally adjusted UK residential property transactions by month between 2005 and 2023.**

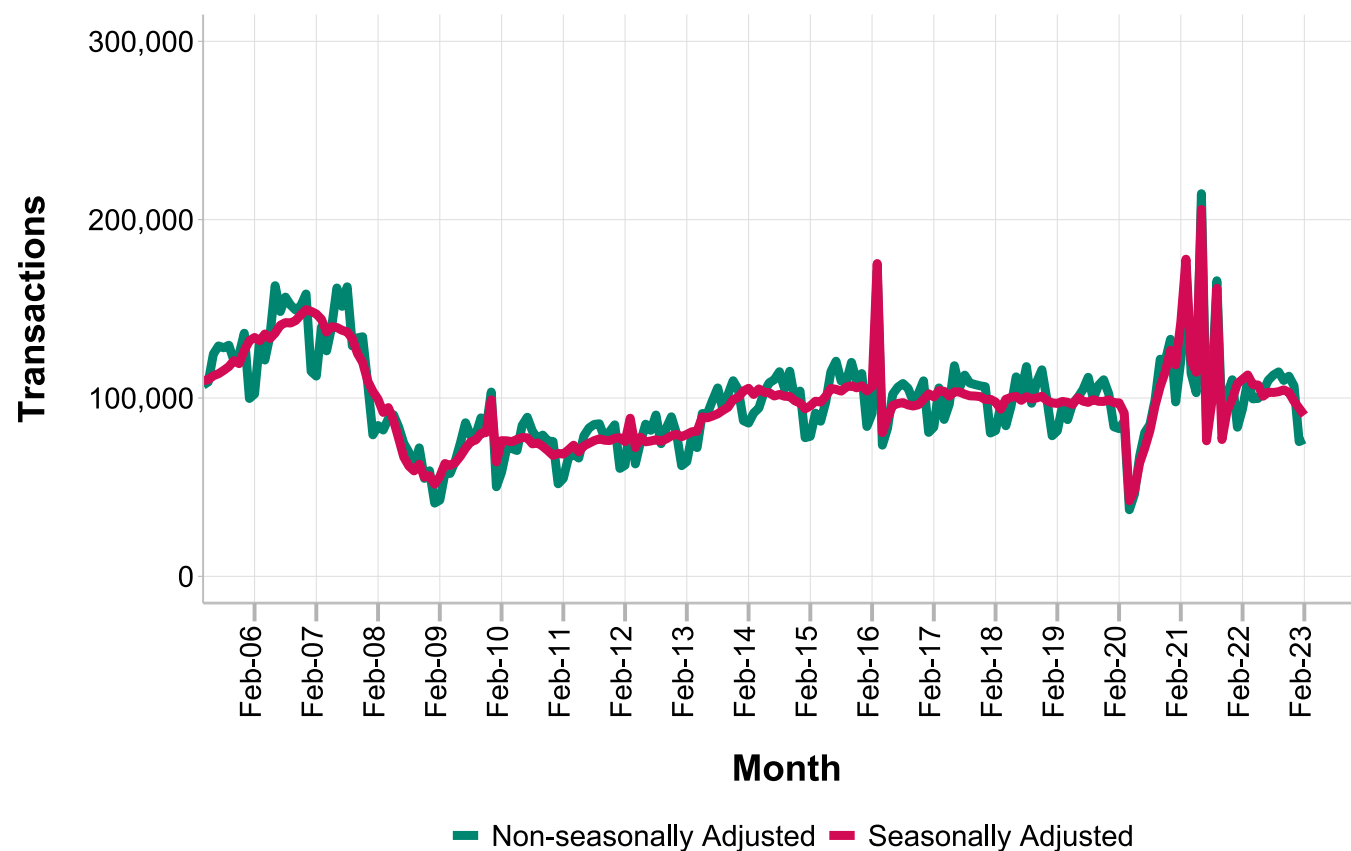


Figure 5 demonstrates the following trends for UK residential transactions:

- there were large peaks in transactions during March, June, and September 2021 caused by increased numbers of taxpayers taking advantage of temporarily increased nil rate bands of [SDLT \(https://www.gov.uk/stamp-duty-land-tax\)](https://www.gov.uk/stamp-duty-land-tax), [LBTT](#)

(<https://www.revenue.scot/land-buildings-transaction-tax/nil-rate-band>), and [LTT](https://gov.wales/land-transaction-tax-update-summer-2021) (<https://gov.wales/land-transaction-tax-update-summer-2021>)

- the [coronavirus pandemic](#) caused substantial decreases for transactions during 2020 quarter 2
- there was a large peak in March 2016 caused by increased amounts of taxpayers completing before the introduction of [higher rates for additional residential properties](#) (<https://www.gov.uk/guidance/stamp-duty-land-tax-buying-an-additional-residential-property>) from April 2016
- there was an unseasonal peak in December 2009 caused by the ending of a temporarily increased nil rate band for residential transactions
- the fall in transactions from late 2007 coincided with the financial crisis, before which transactions had increased steadily before peaking in mid 2006

## UK non-residential transactions

Non-residential property includes, but is not limited to:

- commercial property
- agricultural land
- forests
- any other land or property which is not residential
- 6 or more residential properties bought in a single transaction
- mixed use transactions

The following section provides detailed analysis of UK non-residential transactions. To demonstrate any underlying trends within the data, [seasonally adjusted](https://www.census.gov/data/software/x13as.html) (<https://www.census.gov/data/software/x13as.html>) transactions estimates are provided alongside non-seasonally adjusted estimates.

**Figure 6: Comparisons of non-seasonally adjusted and seasonally adjusted UK non-residential transactions in February between 2014 and 2023.**

**Figure 7: Financial year to date (April to February) comparison of UK non-residential transactions between the 2013 to 2014 and 2022 to 2023 financial years.**

**Figure 8: Historic non-seasonally adjusted and seasonally adjusted UK non-residential property transactions by month between 2005 and 2023.**

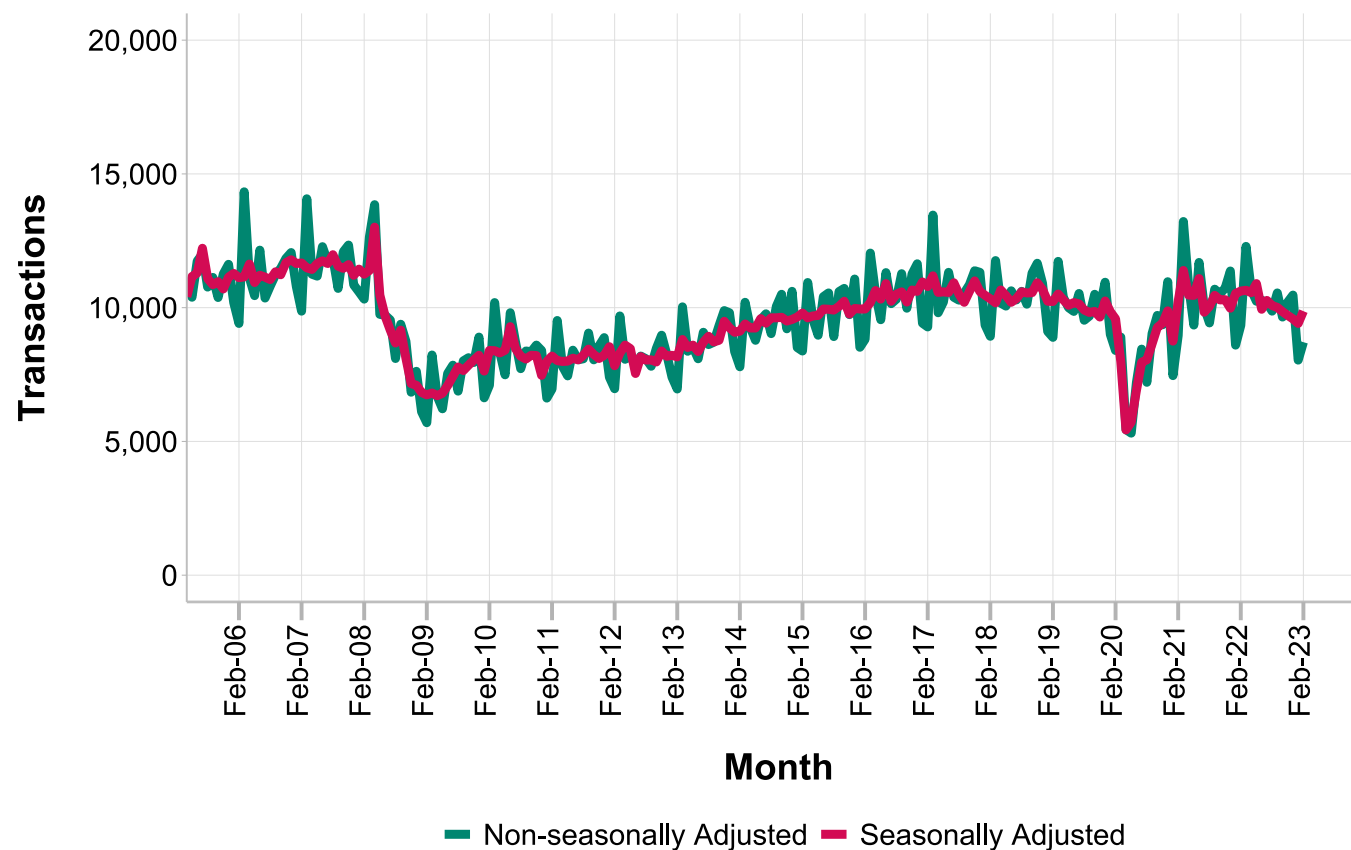


Figure 8 demonstrates the following trends for UK non-residential transactions:

- impacts from the [coronavirus pandemic](#) resulted in the lowest quarterly total for transactions since the introduction of these SDLT statistics in 2005
- as with UK residential transactions, the 2007 financial crisis triggered a fall in UK non-residential transactions

# Contacts

The 'Monthly property transactions completed in the UK with value with value of £40,000' or above' statistical release is produced by the Indirect Tax Receipts Monitoring team as part of the '[Property transactions in the UK](https://www.gov.uk/government/collections/property-transactions-in-the-uk)' (<https://www.gov.uk/government/collections/property-transactions-in-the-uk>) collection.

Contact [revenuemonitoring@hmrc.gov.uk](mailto:revenuemonitoring@hmrc.gov.uk) for statistical enquiries.

Contact [HMRC press office](https://www.gov.uk/government/organisations/hm-revenue-customs/about/media-enquiries) (<https://www.gov.uk/government/organisations/hm-revenue-customs/about/media-enquiries>) for media enquiries.

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## Appendix F

# House Price Index

March 2023



Average house price

**£287,880**



Monthly change

**+0.8%**



Quarterly change

**-0.4%**

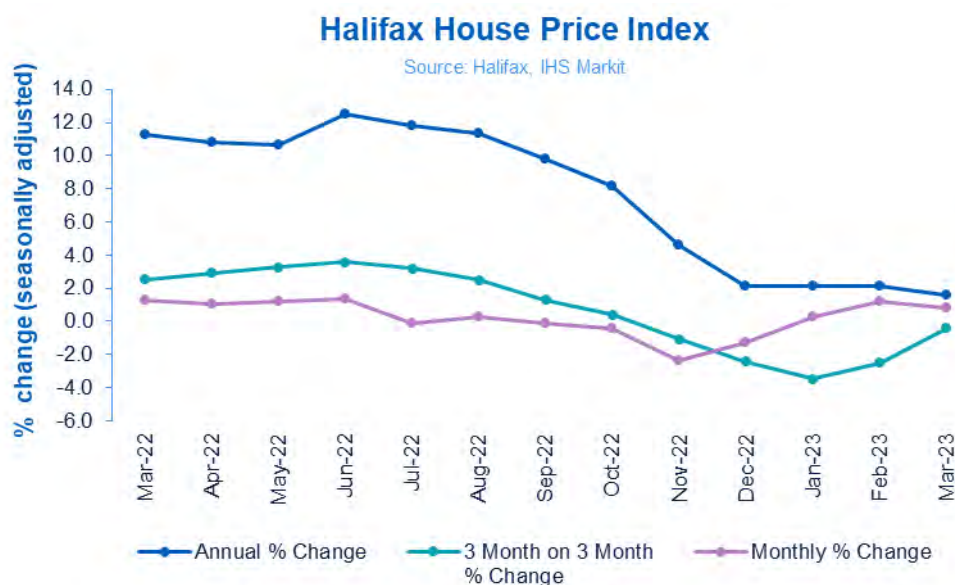


Annual change

**+1.6%**

## UK housing market shows resilience as prices edge higher in March

- Average house price increased by +0.8% in March (following +1.2% rise in February)
- Annual rate of house price growth slowed to +1.6% (vs +2.1% for previous three months in a row)
- Typical UK property now costs £287,880 (compared to £285,660 in February)
- House prices rose in all UK nations and regions last month, though the annual rate of growth continued to slow in most areas



66

**Kim Kinnaird, Director, Halifax Mortgages, said:**

“The UK housing market continues to show resilience following the sharp downturn at the end of 2022, with average property prices rising again in March (+0.8%). The typical house price is now £287,880, around 2% below the peak reached last August.

“On an annual basis, house prices were +1.6% higher than a year ago, slowing from +2.1% in February. This is the weakest rate of annual growth in nearly three-and-a-half years (October 2019), having fallen markedly since June 2022’s peak of +12.5%.

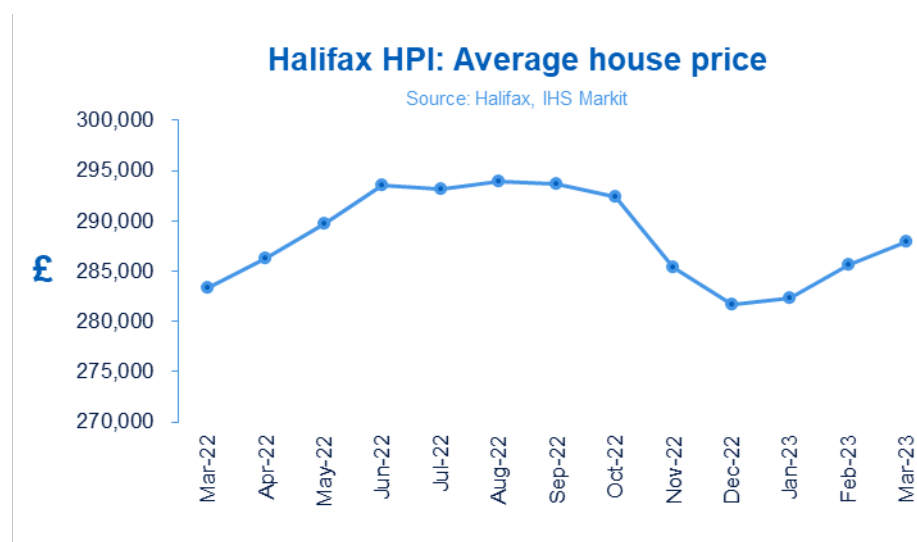
“However, overall these latest figures continue to suggest relative stability in the housing market at the start of 2023 and align with many other recent industry surveys and data. This has been characterised by a partial recovery in activity and transactions, especially when compared to the significant drops seen at the end of last year, with latest Bank of England data showing mortgage approvals rising for the first time in six months.

“The principal factor behind this improved picture has been an easing of mortgage rates. The sudden spike in borrowing costs that we saw in November and December has now been largely reversed, and while rates remain much higher than the average of the last decade, across the industry a typical five-year fixed rate deal (75% LTV) is down by more than 100 basis points over the last few months.

“It’s also important to recognise that the labour market, a key indicator for house prices, remains strong, with unemployment at a historical low of 3.7%, and pay growth continues to look robust.

“Predicting exactly where house prices go next is more difficult. While the increased cost of living continues to put significant pressure on personal finances, the likely drop in energy prices – and inflation more generally – in the coming months should offer a little more headroom in household budgets.

“While the path for interest rates is uncertain, mortgage costs are unlikely to get significantly cheaper in the short-term and the performance of the housing market will continue to reflect these new norms of higher borrowing costs and lower demand. Therefore, we still expect to see a continued slowdown through this year.”



## Nations and regions house prices

The average house price edged up in all the UK nations and regions during March. However, with the exceptions of Greater London and the North East, all areas of the country experienced a slowdown in the rate of annual house price inflation.

Northern Ireland continues to report the strongest annual growth in house prices of +4.9% (average house price of £186,459), followed by the West Midlands (+3.8%, average property price of £248,308).

In Wales the rate of annual property price inflation has slowed to +1.0% (average house price of £213,959). Similarly in Scotland, the annual rate of growth fell to +2.3% (average property price of £199,853).

Average house prices in London are up very slightly on this time last year (+0.1%) with the typical property now costing £537,250.

## Housing activity

- **HMRC monthly property transaction data shows UK home sales decreased in February 2023.** UK seasonally adjusted (SA) residential transactions in February 2023 were 90,340 – down by 4.1% from January's figure of 94,240 (up 1.8% on a non-SA basis). Quarterly SA transactions (December 2022-February 2023) were approximately 9.2% lower than the preceding three months (September 2022 - November 2022). Year-on-year SA transactions were 18.2% lower than February 2022 (18.2% lower on a non-SA basis). (Source: HMRC)
- Latest **Bank of England figures** show the number of mortgages approved to finance house purchases increased in February 2023, by 9.8% to 43,536. Year-on-year the February figure was 37% below February 2022. (Source: Bank of England, seasonally-adjusted figures)
- The February 2023 **RICS Residential Market Survey** results show key metrics remain negative but less so than previously. New buyer enquiries returned a net balance of -29%, up from -45% previously. Agreed sales had a net balance of -26% (-36% previously) and new instructions returned a net balance of -4% (previously -12%). (Source: Royal Institution of Chartered Surveyors' (RICS) monthly report)

## UK house prices Historical data

National: All Houses, All Buyers (Seasonally Adjusted)

| Period       | <sup>1</sup> Index<br>Jan<br>1992=100 | <sup>2</sup> Standardised<br>Average Price<br>£ | Monthly<br>Change<br>% | Quarterly<br>Change<br>% | <sup>3</sup> Annual<br>Change<br>% |
|--------------|---------------------------------------|---|------------------------|--------------------------|------------------------------------|
| March 2022   | 488.5                                 | 283,305   | 1.3                    | 2.5                      | 11.3                               |
| April        | 493.6                                 | 286,242   | 1.0                    | 2.9                      | 10.8                               |
| May          | 499.5                                 | 289,666   | 1.2                    | 3.3                      | 10.7                               |
| June         | 506.3                                 | 293,586   | 1.4                    | 3.6                      | 12.5                               |
| July         | 505.5                                 | 293,173   | -0.1                   | 3.2                      | 11.8                               |
| August       | 507.0                                 | 293,992   | 0.3                    | 2.5                      | 11.4                               |
| September    | 506.4                                 | 293,664   | -0.1                   | 1.3                      | 9.8                                |
| October      | 504.2                                 | 292,406   | -0.4                   | 0.4                      | 8.2                                |
| November     | 492.2                                 | 285,425   | -2.4                   | -1.1                     | 4.6                                |
| December     | 485.8                                 | 281,713   | -1.3                   | -2.4                     | 2.1                                |
| January 2023 | 486.9                                 | 282,360   | 0.2                    | -3.5                     | 2.1                                |
| February     | 492.6                                 | 285,660   | 1.2                    | -2.5                     | 2.1                                |
| March        | 496.4                                 | 287,880   | 0.8                    | -0.4                     | 1.6                                |

## Editors' notes

House price data on a quarterly basis provides the clearest indication of overall market trends, smoothing out the monthly volatility caused by the reduced number of monthly transactions used to calculate all house price indices.

### 1. Index

The standardised index is seasonally adjusted using the U.S. Bureau of the Census X-11 moving-average method based on a rolling 84-month series. Each month, the seasonally adjusted figure for the same month a year ago and last month's figure are subject to revision.

### 2. Standardised average price

The standardised average price is calculated using the HPI's mix adjusted methodology.

### 3. National annual change figure

National annual change figures are the seasonally adjusted year-on-year figures.

### 4. Regional annual change figure

The regional annual change figures are based on the most recent three months of approved mortgage transaction data.

For further information on the methodology follow this link to [IHS Markit's website](#).

**Average mortgage rates** taken from latest Bank of England data: <https://www.bankofengland.co.uk/statistics/visual-summaries/quoted-household-interest-rates>

**Mortgage approval figures** taken from latest Bank of England data: <https://www.bankofengland.co.uk/statistics/money-and-credit/2023/february-2023>

## Halifax press office contacts

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For historical data or for technical queries please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com)

### About the Halifax house price index

The Halifax House Price Index is the UK's longest running monthly house price series with data covering the whole country going back to January 1983. From this data, a "standardised" house price is calculated and property price movements on a like-for-like basis (including seasonal adjustments) are analysed over time. The annual change figure is calculated by comparing the current month non-seasonally adjusted figure with the same month a year earlier.

For more information on our housing market research, visit <http://www.halifax.co.uk/house-price-index>

### About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))

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## Appendix G





ECONOMICS



# UK Residential Market Survey

March 2023



## ECONOMICS

## Sales market activity remains subdued although some forward-looking indicators turn less downbeat

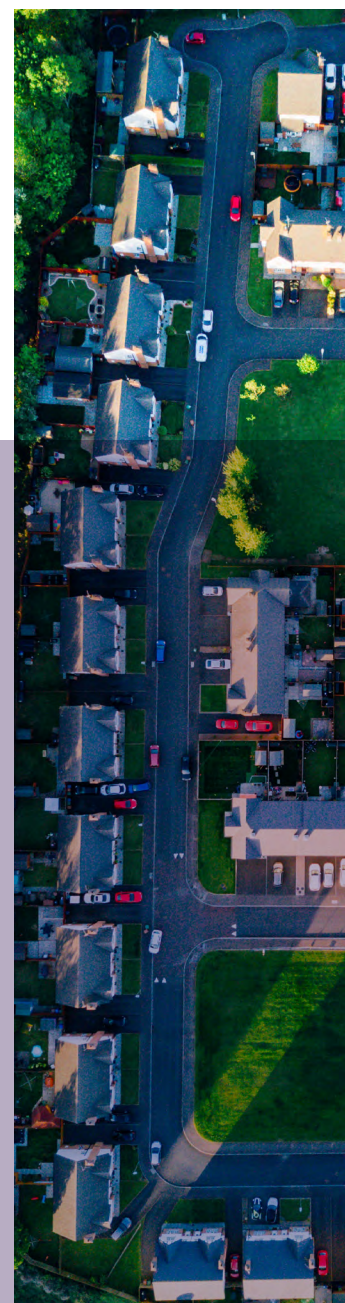
- Metrics on buyer enquiries, agreed sales and new instructions all remain negative
- House prices still falling at the national level
- Twelve-month sales expectations point to a more stable trend emerging further out

The results of the March 2023 RICS UK Residential Survey continue to depict a generally weak market backdrop, with indicators on demand, sales, new listings and house prices all remaining in negative territory. Moreover, near-term expectations suggest this pattern will remain in place for a while longer amid the tighter lending environment. That said, the twelve-month view on sales volumes has improved in the latest feedback, with respondents anticipating a more stable trend coming through further ahead.

Looking at new buyer enquiries, a headline net balance of -29% of contributors reported a fall in demand during March (more or less unchanged from a reading of -30% last month). When disaggregated, the downturn in buyer demand remains widespread across the UK, with virtually all regions/countries posting a negative reading in the latest returns.

For the agreed sales metric, the national net balance slipped to -31% this month, down from a figure of -25% last time (but still slightly less negative than the recent low of -43% seen back in October). Looking ahead, near-term expectations point to sales remaining under pressure over the next few months, returning a net balance of -29%. Nevertheless, this is less downcast than the reading of -45% seen in February. Furthermore, the negativity in near-term sales expectations has diminished to some degree in each of the past three reports. At the twelve-month time horizon, the net balance for sales expectations came in at +1%, representing the first time this measure has been out of negative territory since March 2022.

Alongside this, the supply backdrop remains tight, with the volume of fresh listings coming onto the market falling slightly during March according to respondents (net balance -6% vs -4% previously). Likewise, the number of appraisals undertaken over the month





continues to run below the level seen during the same period last year, with the net balance for this series sitting at -20% (albeit this is the least depressed reading since August 2022). Meanwhile, the inventory on agents books was little changed over the month.

Alongside this, house prices continue to dip, evidenced by a headline net balance of -43% of respondents reporting a decline in the latest results. Although this remains consistent with a clear downward trend in prices, the latest reading is marginally less negative than the figure of -47% seen in previous iteration of the survey. As such, this breaks a sequence of ten consecutive months in which this metric had deteriorated between April 2022 and February 2023. On a regional comparison, the most significant declines in prices at this point in time are being reported across East Anglia, the South East, the West Midlands and London (in net balance terms).

Going forward, near-term price expectations remain downbeat, returning a net balance reading of -49% compared to -53% last month. Regarding the outlook over the next twelve months, a net balance of -24% of survey participants foresee a further decline in prices over the year ahead (even if this is the least negative reading since September last year). Interestingly, twelve-month price expectations are now broadly flat in London, while contributors based in Northern Ireland, Scotland and Wales envisage a rise in house prices over this time-frame.

In the lettings market, the survey's tenant demand growth indicator reached a five month high, posting a net balance of +46% (part of the non-seasonally adjusted monthly dataset). Strong demand is being seen pretty much across the country. At the same time, the landlord instructions metric remains mired in negative territory, returning a net balance of -21% in March.

In keeping with this demand/supply imbalance, respondents continue to anticipate rents being squeezed higher, with the net balance for near-term rent expectations rising to +59% from +45%. This is back towards the highs seen in the early part of last year. For the year ahead, contributors are pencilling in roughly 4% growth in rental prices at the national level. Moreover, all parts of the UK are expected to see an increase in rents during the coming twelve months.



## Methodology

### About:

The RICS Residential Market Survey is a monthly sentiment survey of Chartered Surveyors who operate in the residential sales and lettings markets.

### Regions:

The 'headline' national readings cover England and Wales.

Specifically the 10 regions that make up the national readings are: 1) North 2) Yorkshire and Humberside 3) North West 4) East Midlands 5) West Midlands 6) East Anglia 7) South East 8) South West 9) Wales 10) London.

The national data is regionally weighted.

Data for Scotland and Northern Ireland is also collected, but does not feed into the 'headline' readings.

### Questions asked:

1. How have average prices changed over the last 3 months?  
(down/ same/ up)
  2. How have new buyer enquiries changed over the last month?  
(down/ same/ up)
  3. How have new vendor instructions changed over the last month?  
(down/ same/ up)
  4. How have agreed sales changed over the last month?  
(down/ same/ up)
  5. How do you expect prices to change over the next 3 months?  
(down/ same/ up)
  6. How do you expect prices to change over the next 12 months?  
(% band, range options)
  7. How do you expect prices to change over the next 5 years?  
(% band, range options)
  8. How do you expect sales to change over the next 3 months?  
(down/ same/ up)
  9. How do you expect sales to change over the next 12 months?  
(down/ same/ up)
  10. Total sales over last 3 months i.e. post contract exchange (level)?
  11. Total number of unsold houses on books (level)?
  12. Total number of sales branches questions 1 & 2 relate to (level)?
  13. How long does the average sales take from listing to completion (weeks)?
  14. How has tenant demand changed over the last 3 months?  
(down/ same/ up)
  15. How have landlords instructions changed over the last 3 months?  
(down/ same/ up)
  16. How do you expect rents to change over the next 3 months?  
(down/ same/ up)
  17. How do you expect average rents, in your area, to change over the next 12 months?  
(% band, range options)
  18. What do you expect the average annual growth rate in rents will be over the next 5 years in your area?  
(% band, range options)
- Questions 6, 7, 17 and 18 are broken down by bedroom number viz. 1-bed, 2-bed, 3-bed, 4-bed or more. Headline readings weighted according to CLG English Housing Survey.

### Net balance data:

- Net balance = Proportion of respondents reporting a rise in prices minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%).
- The net balance measures breadth (how widespread e.g. price falls or rises are on balance), rather than depth (the magnitude of e.g. price falls or rises).
- Net balance data is opinion based; it does not quantify actual changes in an underlying variable.
- Net balance data can range from -100 to +100.
- A positive net balance implies that more respondents are seeing increases than decreases (in the underlying variable), a negative net balance implies that more respondents are seeing decreases than increases and a zero net balance implies an equal number of respondents are seeing increases and decreases.
- Therefore, a -100 reading implies that no respondents are seeing increases (or no change), and a +100 reading implies that no respondents are seeing decreases (or no change).
- In the case of the RICS price balance, a reading of +10 should not be interpreted as RICS saying that house prices are going up by 10%, but that 10% more surveyors reported increases rather than decreases in prices (over the last three months).
- A change from +30 to +60 does not mean that the variable grew by 30% in one period and by 60% in the next period, but it does indicate that twice as many surveyors reported an increase compared to a decrease than in the previous period.
- Likewise, if we get a reading dropping from +90 to +5, this still means that more respondents are reporting increases than decreases overall, but the breadth of those reporting increases has fallen dramatically; meanwhile, a shift in the reading from -90 to -5 still means that more respondents are reporting decreases than increases overall, but the breadth of those reporting decreases has fallen dramatically.

### Seasonal adjustments:

The RICS Residential Market Survey data is seasonally adjusted using X-12.

### Next embargo date:

April survey: 11 May  
May survey: 8 June

### Number of responses to this month's survey:

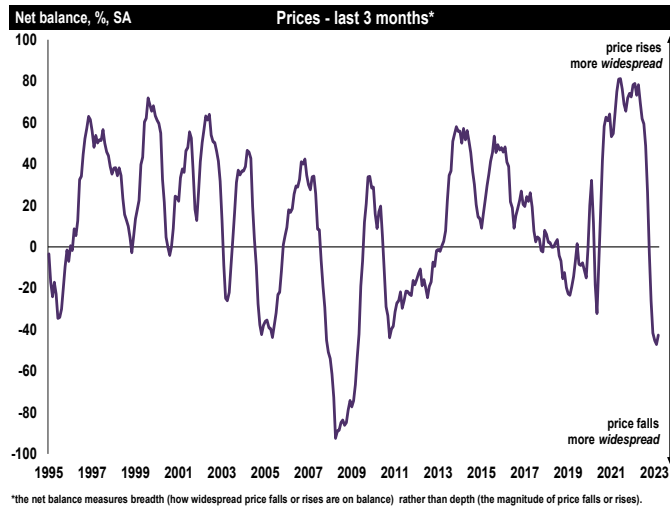
This survey sample covers 522 branches coming from 295 responses.

### Disclaimer

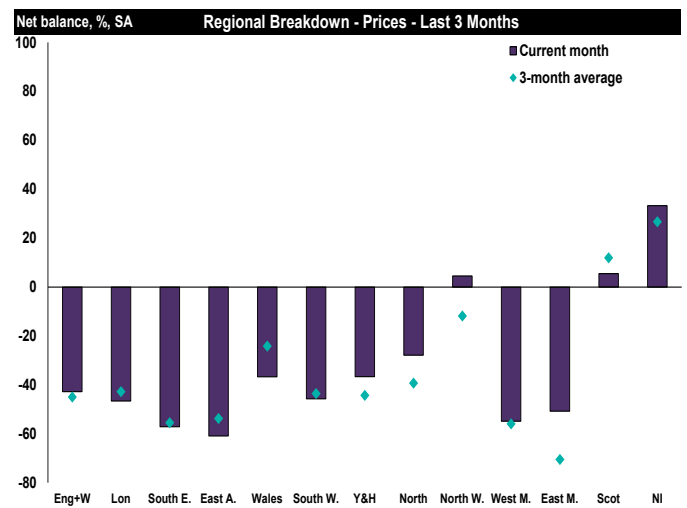
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## Sales market charts

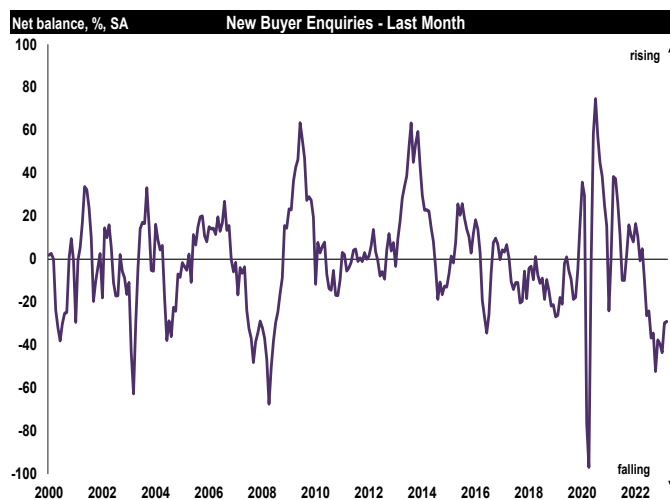
### National Prices - Past three months



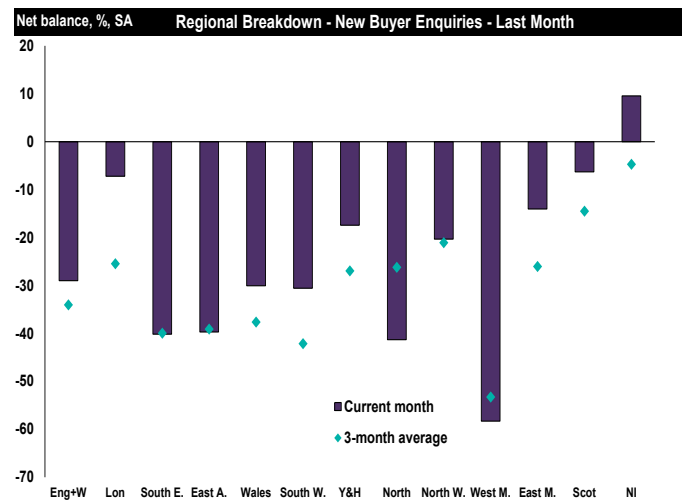
### Regional Prices - Past three months



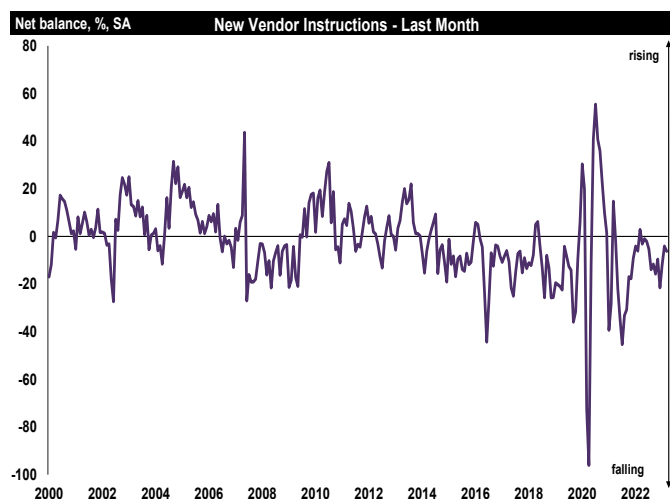
### National Enquiries - Past month



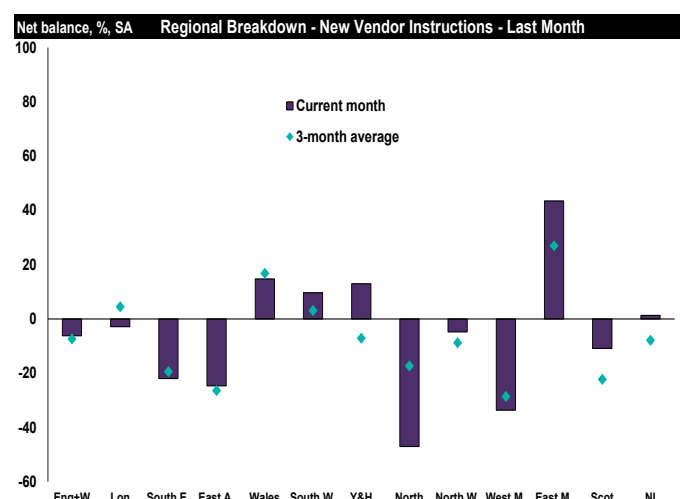
### Regional New Buyer Enquiries - Past month



### National New Vendor Instructions - Past month

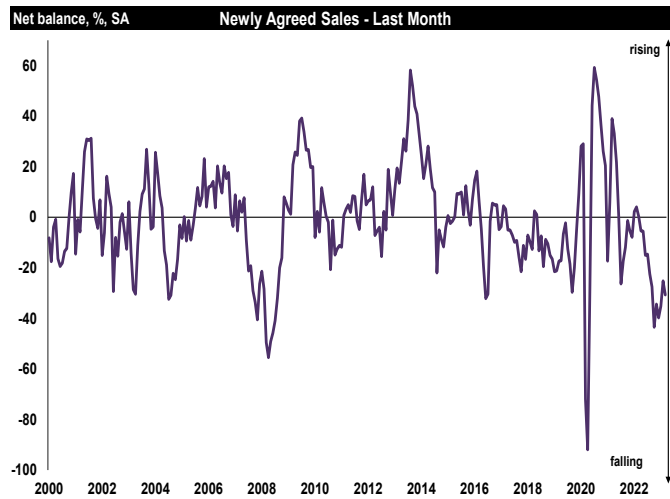


### Regional New Vendor Instructions - Past month

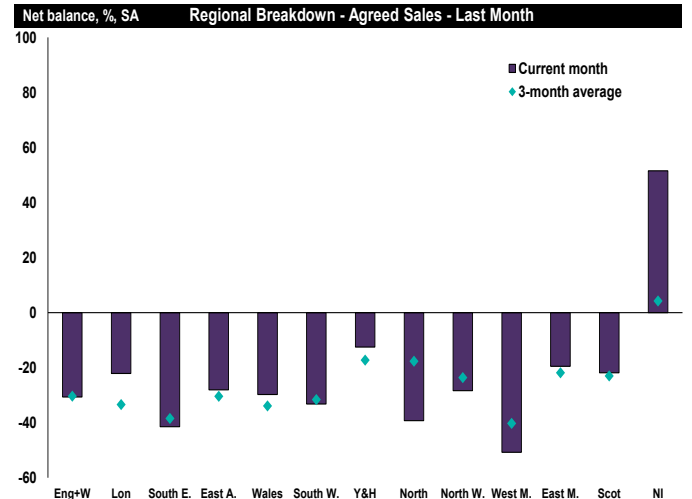


## Sales market charts

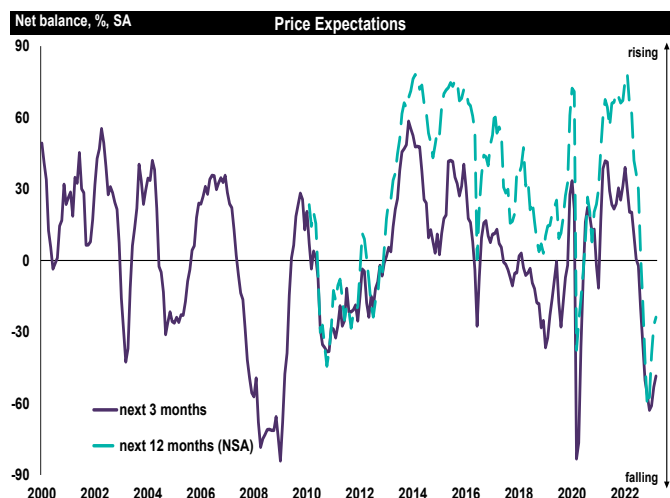
National Newly Agreed Sales - Past month



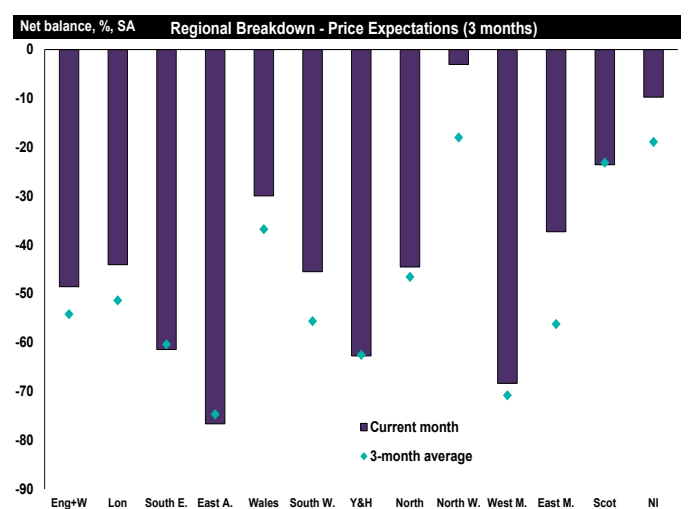
Regional Newly Agreed Sales - Past month



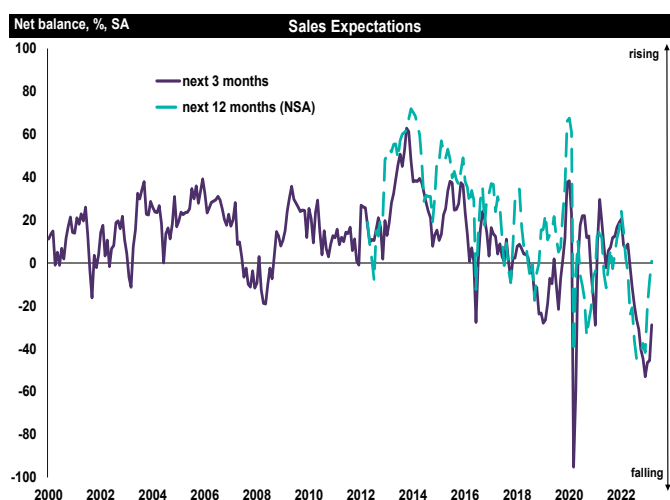
National Price Expectations - Three and twelve month expectations



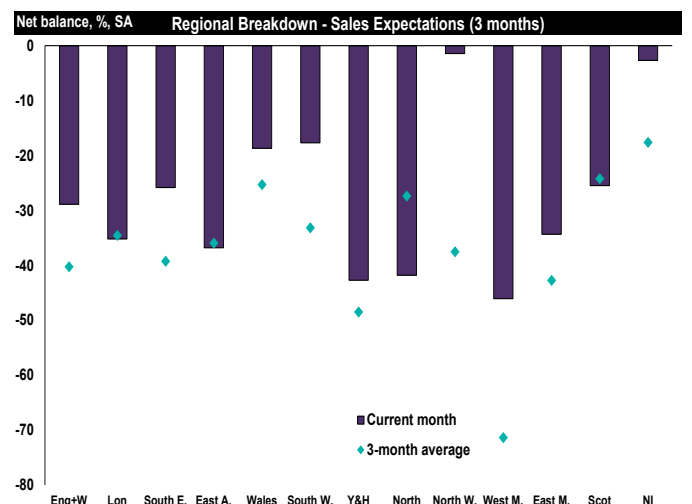
Regional Price Expectations - Next three months



National Sales Expectations - Three and twelve month expectations

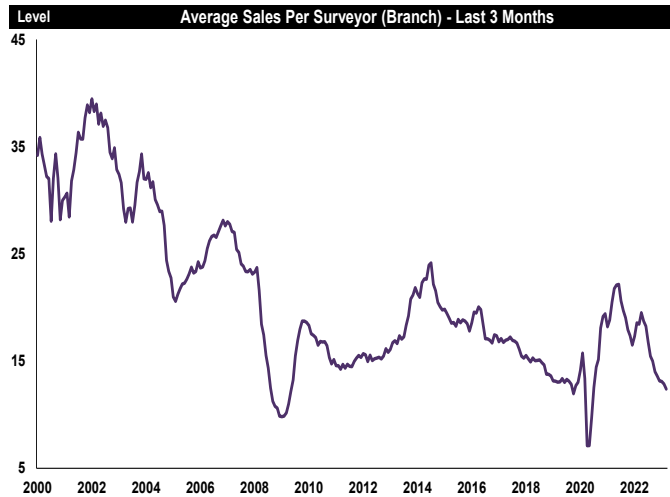


Regional Sales Expectations - Next three months

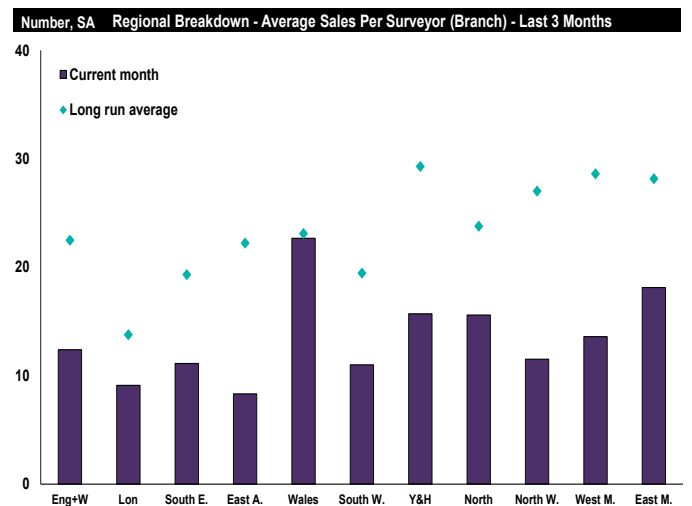


## Sales market charts

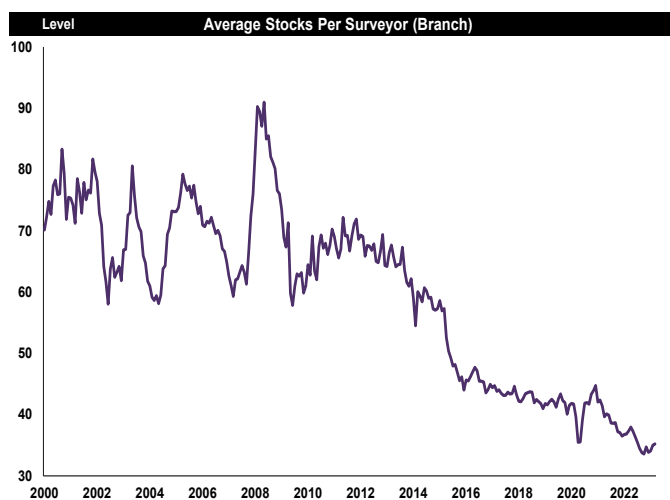
National Average Sales Per Surveyor - Past three months



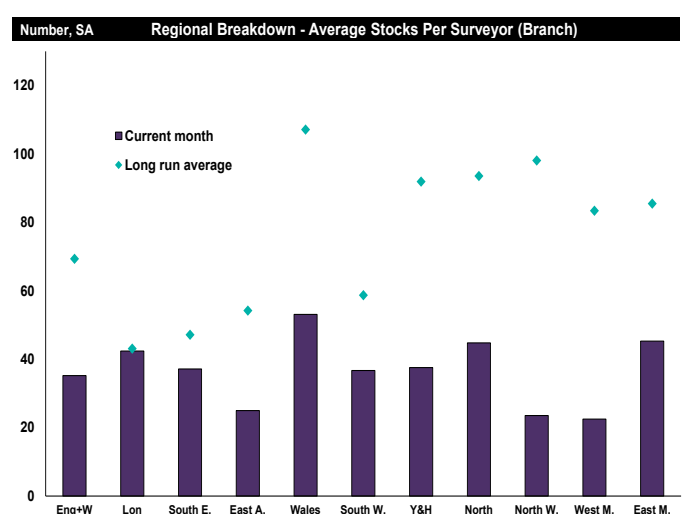
Regional Average Sales Per Surveyor - Past three months



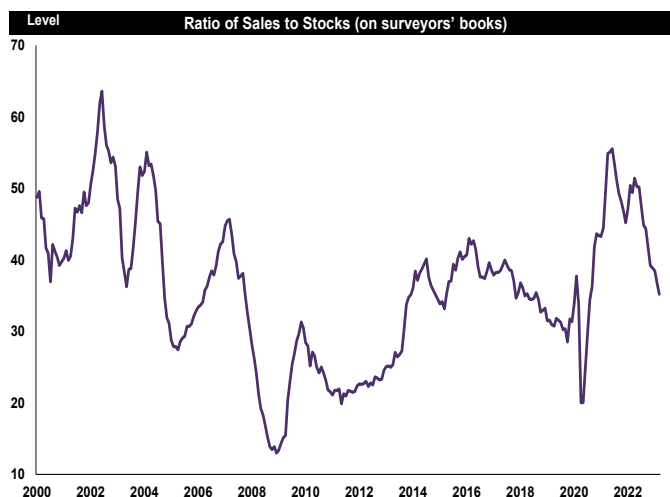
National Average Stocks Per Surveyor



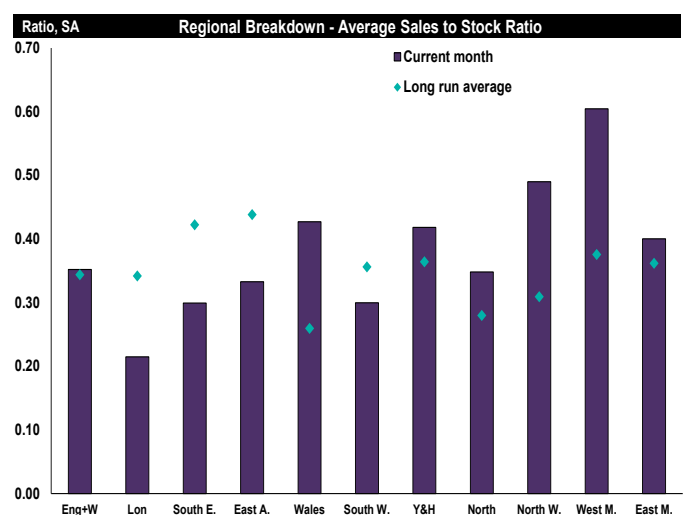
Regional Average Stock Per Surveyor



National Sales to Stock Ratio

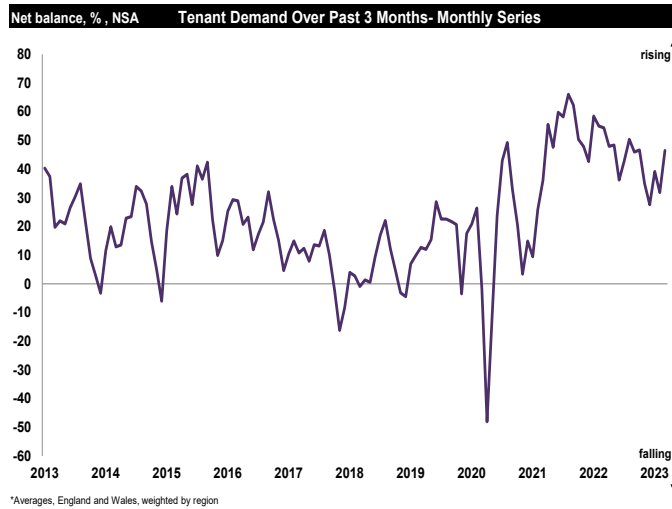


Regional Sales to Stock Ratio

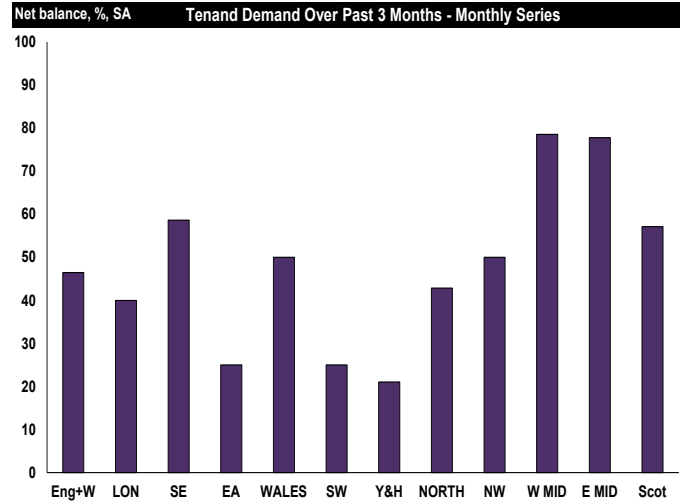


# Lettings market charts

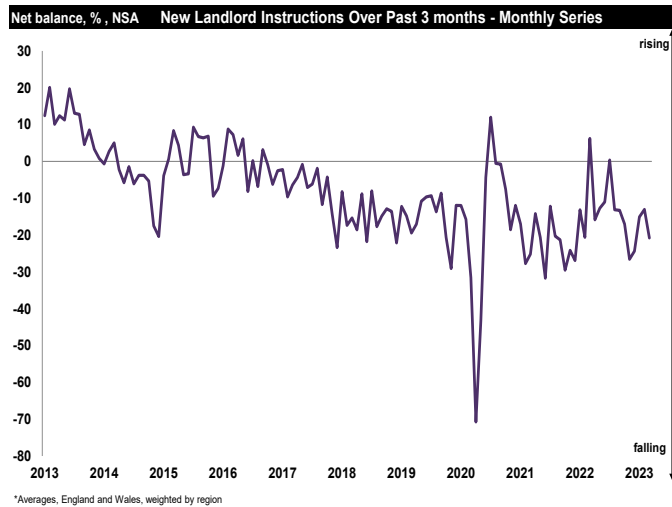
## National Tenant Demand - Past three months



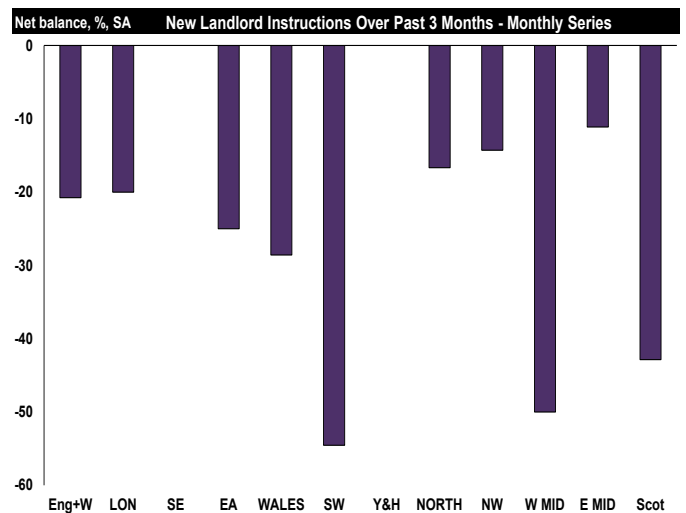
## Regional Tenant Demand - Past three months



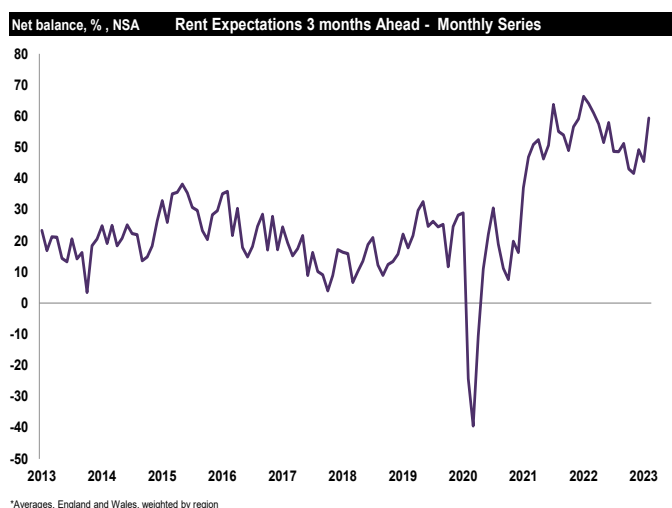
## National New Landlord Instructions - Past three months



## Regional New Landlord Instructions - Past three months



## National Rent Expectations - Next three months

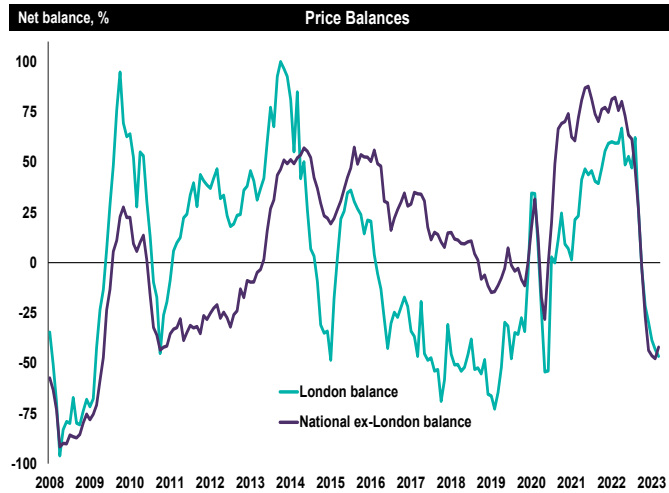


## Regional Rent Expectations - Next three months

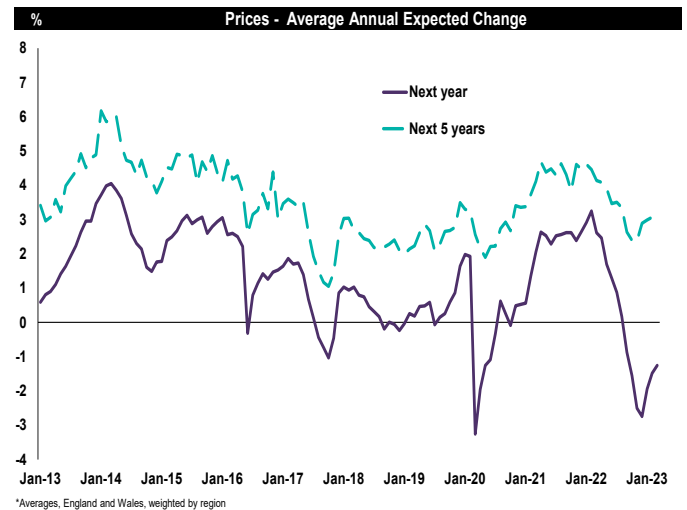


## Expectations and other data

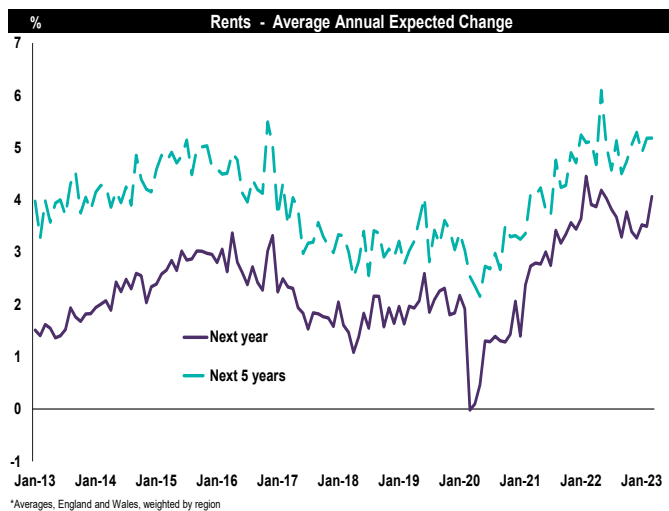
National Price Balance (excluding London) and London Price Balance - Past three months



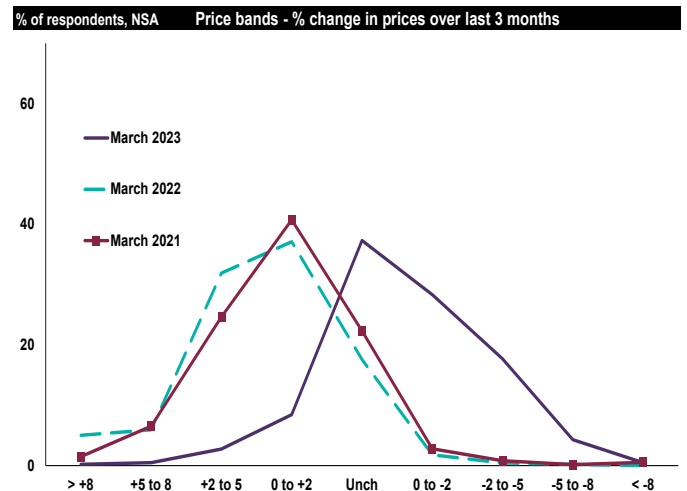
National Average Annual Expected Price Change (point estimate) - Next one and five years



National Average Annual Expected Change in Rents (point estimate) - Next one and five years



Price Bands - Past three months





## Surveyor comments - Sales

### North

David Shaun Brannen, AssocRICS, Brannen & Partners, Whitley Bay, shaun.brannen@brannen-partners.co.uk - Q1 has been especially busy and continues to be, with remarkable high levels [across the board from valuations to sales agreed] at the NE coast.

Mr Keith Alan Pattinson, FRICS, Pattinson, Newcastle Upon Tyne, keith.pattinson@pattinson.co.uk - We monitor each area, and while we have increased listing and stock, other agents have not. The market will remain stable as long as supply balances demand. Different types of property vary, i.e. modern flats fall in price still. If houses are to be affordable there needs to be an increase in supply eg allow park homes all year.

Neil Foster, MRICS, Hadrian Property Partners, Hexham, neil@hadrianproperty.co.uk - Stock levels show no sign of improvement, but there is a sense that vendor expectations are not being so readily met as in the autumn. That could be a perfect storm if would be sellers are then deterred from proceeding in the traditional spring selling season with ongoing drought for buyers.

Paul Mcskimmings, MRICS, Edward Watson Associates, Newcastle Upon Tyne, paul@edwardwatson-assoc.com - Despite ongoing concerns due to economic factors, a surprisingly busy month. Demand still slightly less than in previous years for the same time of year.

### Yorkshire & the Humber

Alex Mcneil, MRICS, Bramleys, Huddersfield, alex.mcneil@bramleys1.co.uk - Sales volumes slightly above last year which is encouraging in a changing market.

Ben Hudson, MRICS, Hudson Moody, York, benhudson@hudson-moody.com - Sales starting to pick up since mortgage rates have not risen as high as predicted last year.

James Brown, MRICS, Norman F Brown, Richmond, james@normanfbrown.co.uk - The market remains sluggish. Many buyers are sitting on their hands simply watching the market.

James Watts, MRICS, Robert Watts Estate Agents, Bradford, jameswatts@robertwatts.co.uk - It is difficult to gauge the market at present due to conflicting reports on prices, but locally houses are still selling and buyer demand is healthy, albeit much lower than this time last year. We do feel vendors need to be more realistic on asking prices now in order to sell.

John Haigh, MRICS, Lister Haigh (Yorkshire) Ltd, Knaresborough, johnhaigh@listerhaigh.co.uk - Demand for and transactions for village and rural properties seem to be holding up well. This is particularly the case where there is potential for improvements/alterations to purchasers particular requirements. Rural Yorkshire continues to have national appeal.

Kenneth Bird, MRICS, Renton & Parr, Wetherby, ken@rentonandparr.co.uk - Instructions and sales are picking up after a slow start.

M J Hunter, MRICS, Grice And Hunter, Doncaster, griceandhunter@btconnect.com - In the last few weeks there has been some upturn in activity, but vendors have to accept that prices have stopped rising (from mid 2022).

Mike Darwin, MRICS, M W Darwin & Sons, Northallerton, info@darwin-homes.co.uk - Fewer enquiries for both sales and lettings, also fewer properties coming onto the market.

Robert John Newton-Howes, MRICS, Yorkshire Surveyors Limited, Huddersfield/Halifax & Sheffield, robert@yorkshiresurveyors.com - Different sectors and different locations still performing differently. Some areas bucking the trend. Post lockdown, people are still looking for quality places to live and are willing to pay.

Simon Kayman, MRICS, Real Estate Sales And Lettings UK, Leeds, simon@resaluk.com - Sales have been steadier over the last couple of months. We are still seeing a lot of reductions where agents are all fighting for the same listing and over pricing the property originally to get it on. Vendors need to be aware of over pricing as it does not help their property to sell.

### North West

Amin Mohammed, MRICS, Le Baron Haussmann, Greater Manchester, aminm7@gmail.com - Sales are slowing down due to economic factors and the cost of living.

Brian John Boys, MRICS, B&E Boys Limited, Bacup, info@beboys.co.uk - After a very quiet winter in terms of enquiries, this past fortnight has seen greater activity. Planning process on new sites is still a challenge both in terms of navigating all requirements, quality of service, and time.

Robert Keith Dalrymple, FRICS, Keith Dalrymple Chartered Surveyor, All Island, Keith.Dalrymple@outlook.com - Planning delays, skill shortages, and financial constraints are adversely affecting both construction and sales.

### East Midlands

Kirsty Keeton, MRICS, Richard Watkinson & Partners, Newark, kirsty@richardwatkinson.co.uk - March has seen more activity. Instruction levels are high and sales levels were very encouraging, at 97.6% of asking price achieved. Sellers need to seriously consider offers and negotiate any drop on their onward purchase to keep moving.

Mark Wood, MRICS, Blues Property Ltd, Cambridge, mark@bluesproperty.com - Good quality instructions at the right price generates interest, although the market is generally quieter than would be expected at this time of year. If there is positive economic news, lower fixed rate mortgages and better weather may well see activity increase over the coming months.

Peter Moore, MRICS, Bletsoes, Northamptonshire, peter.moore@bletsoes.co.uk - Activity seems to be re-building but pricing is still sensitive.

Stephen Gadsby, FRICS, Gadsby Nichols, Derby, stevegadsby@gadsbynichols.co.uk - Evidence of market stabilising but enquiry levels, viewings, new instructions, and sales still well below 2021/2022 levels.

Tom Wilson, MRICS, King West, Stamford, twilson@kingwest.co.uk - Market sentiment remains "up for debate" as news headlines bounce between a new financial crisis, ongoing inflationary pressures, and the eternal interest rate debate. We are missing the aggression of the last 30 months, but there are deals to do for the committed.

Vyv Wainwright, MRICS, A V Wainwright, Oakham, vyv@avwainwright.co.uk - Prices here have been falling, but there are some sold boards. The market is much slower.

### West Midlands

Alex Smith, FRICS, Alex Sxmith & Company, Birmingham, alex@alex-smith.co.uk - Cost of living is having a real impact on new instructions and affordability.

Andrew Oulsnam, MRICS, Oulsnam, Birmingham, andrew@oulslam.net - New instructions are increasing as we move towards the spring market, but sales are proving much more difficult to agree with prices now starting to fall across all property types. Modern 4 bed houses seeming to suffer the most. Stock levels are increasing as are client expectations.



Cheryl La, AssocRICS, CW Surveyors, Wolverhampton, cheryl.la@cwsurveyors.co.uk - Properties that have been on sale since last Q4 of 2022, the vendors are now reducing the asking price more than 10%.

Colin Townsend, MRICS, John Goodwin, Malvern, colin@johngoodwin.co.uk - It has been a good month for sales. The market seems to have settled down and confidence is returning. It is similar to Pre-Covid conditions.

John Andrews, FRICS, Doolittle & Daley Holdings Ltd, Kidderminster, johnandrews@doolittle-dalley.co.uk - A much quieter month compared with the same period last year. Sales are still being arranged, but much slower time to completion with mortgage offers for buyers more difficult to secure at affordable rates.

John Andrews, FRICS, Doolittle & Daley Holdings Ltd, Bridgnorth, johnandrews@doolittle-dalley.co.uk - Still demand for realistically priced property, although sales are slower partly due to slower mortgage approvals. Activity is reduced compared with last year.

John Shepherd, MRICS, Shepherd Vine, Solihull, john@shepman.co.uk - There is a lack of proceedable buyers and a general lack of stock - the top end of the market is difficult with very few buyers.

Mark Killeen, AssocRICS, NA, Coventry, k1l133n44@hotmail.com - Interest rates rising have had a negative impact on prices, also the government adding in additional taxes and regulations for landlords have deterred landlords from making investments in property.

Mark Wiggin, MRICS, Mark Wiggin Estate Agents, Ludlow, mark@markwiggin.co.uk - The market has remained more stable than we expected, mainly due to shortage of supply. Buyers keep thinking prices will fall, but no obvious decline so far.

Richard Franklin, MRICS, Franklin Gallimore Ltd, Tenbury Wells, richard@franklingallimore.co.uk - Country properties are now being presented to the market. A raft of over-priced stock remains from last summer's high water mark, which is in need of review. Delays in conveyancing seem to be becoming more prevalent, with average sales taking longer to exchange and complete.

### East Anglia

Jeffrey Hazel, FRICS, Geoffrey Collings & Co, King's Lynn, jhazel@geoffreycollings.co.uk - Numerous appraisals, few actually coming to market.

John Lewis, MRICS, Lewis Valuation, Essex, john@lewisvaluation.co.uk - Buy to let landlords are listing property for sale, as rent no longer covers costs. This is largely as a result of increased interest rates.

Kevin Burt-Gray, MRICS, Pocock And Shaw, Cambridge, kevin@pocock.co.uk - More viewing activity as we go into the spring market. Committed purchasers are making offers. Acute shortage of property on market.

Rob Swiney, MRICS, Lacy Scott And Knight, Bury St Edmunds, rswiney@lsk.co.uk - The market is slowly improving, just need the weather to do the same and hopefully activity will start again in earnest!

### South East

David Boyden, MRICS, Boydens, Colchester, david.boyden@boydens.co.uk - A noticeable increase in valuations and instructions for the month, albeit the number of sales has not increased to the same degree.

David Parish, FRICS, Gates, Parish & Co, Upminster, professional@gates-parish.co.uk - The market is slowly improving and we are receiving some good quality instructions which are likely to attract significant interest from prospective purchasers. There are signs of increasing confidence in the market, albeit slowly.

Edward Rook, MRICS, Knight Frank, Sevenoaks, edward.rook@knightfrank.com - Rapid rise of interest rates and the Autumn mini budget have slowed the market.

James Farrance, MNAEA, FARLA, Braxton, Maidenhead, jfarrance@braxtons.co.uk - Sales market is showing resilience, activity from all types of buyers across a wide spectrum of the market is still strong.

James Wilson, MRICS, Jackson-Stops, Shaftesbury, james.wilson@jackson-stops.co.uk - Buyers are cautious, and vendor expectations sometimes unrealistic.

John Frost, MRICS, The Frost Partnership, Amersham, jf.beaconsfield@frostsurveyors.co.uk - A number of owners are not selling due to all the added expenses and now higher mortgage rates.

John Frost, MRICS, The Frost Partnership, Ashford, jf.beaconsfield@frostsurveyors.co.uk - Cost of living is still a major factor, interest rates are still a lot higher than buyers have been used to. March has felt like an improvement, especially compared to January and February, more instructions coming on, agreed a good level of sales so far this month.

John Frost, MRICS, The Frost Partnership, Beaconsfield, jf.beaconsfield@frostsurveyors.co.uk - More instructions coming to the market place after a slow start to the year, there is more activity in the market place for those properties realistically priced.

John Frost, MRICS, The Frost Partnership, Burnham, jf.beaconsfield@frostsurveyors.co.uk - There is mid-market activity if property is marketed realistically.

John Frost, MRICS, The Frost Partnership, Chalfont St Peter, jf.beaconsfield@frostsurveyors.co.uk - Cautious buyers. Very price sensitive, but will offer if the property prices are realistic.

John Frost, MRICS, The Frost Partnership, Feltham, jf.beaconsfield@frostsurveyors.co.uk - Borrowing remains high. Lack of interest from the buy to let sector and some properties are tending to sell.

John Frost, MRICS, The Frost Partnership, Gerrards Cross, jf.beaconsfield@frostsurveyors.co.uk - A very busy March with a huge increase in new instructions. The market does appear to be instruction driven, so new instructions have generated more buyer interest. We have had a month of pretty motivated sellers for a variety of reasons and this has resulted in a lot of viewings.

John Frost, MRICS, The Frost Partnership, Staines, jf.beaconsfield@frostsurveyors.co.uk - The market in the first quarter of 2023 is downward in all the normal sales metrics compared to this time last year. There is some evidence of better activity in March.

John Frost, MRICS, The Frost Partnership, Windsor, jf.beaconsfield@frostsurveyors.co.uk - Seeing increased level of instructions coming to the market place and if property is priced correctly deals are being agreed, but in general buyers are being very cautious with their offers.

Keith Fox, FRICS, Keith Fox Surveyors, Eastbourne, keithfox10@gmail.com - Good local stability.

Martin Allen, MRICS, Elgars, Wingham, Canterbury, m.allen@elgars.uk.com - Uncertainty as to what will be affordable in the future in view of inflation and mortgage rates is leading to limited activity.

Michael Brooker, FRICS, Michael Brooker Estate Agents, Crowborough, michael@michaelbrooker.co.uk - Extremely price sensitive market. Difference between right and wrong initial price is most important.

Montague Howard, MRICS, Montague Howard Associates, High Wycombe, montaguehoward@tiscali.co.uk - Prices and fees are under pressure.

Paul Lynch, AssocRICS, Romans, Guildford, plynch@romans.co.uk - Motivated sellers realise prices need to be correct to achieve a sale, high number of reductions in March but many did result in sales then being agreed. Buyers will buy if the price is right.

Perry Stock, FRICS, Capitello Estates, Nr Cobham, perry@perrystock.co.uk - Sellers expectations of making a lot of money are reducing especially in family homes. As those moving out of Cities to rural environments, are now moving back to the cities.

Tim Green, MRICS, Green & Co. Ltd, South Oxfordshire, tim.green@greenand.co.uk - The green shoots are sporadic, but realistic buyers and sellers are agreeing transactions and the trends continue positively into the 2023 season.

Tony Jamieson, MRICS, Clarke Gammon, Guildford, tony.jamieson@clarkegammon.co.uk - There is still a lack of stock. Prices are stable. The right property at the right price will generate a lot of interest. Anything overpriced won't get interest and will need to be reduced. Suspect the market will remain like this for the rest of the year.

Trevor Brown, FRICS, Trevor Brown Surveyors Ltd, Southend-On-Sea, tbrownsurveyors@btinternet.com - Demand has fallen and properties have to be realistically priced to achieve a sale. We are seeing prices agreed below asking prices - sometimes substantially.

### South West

David Hickman, FRICS, NA, Devon, onetrip100@outlook.com - Increasing interest rates has stifled the economy causing redundancies and the market has gone into decline.

David Robinson, AssocRICS, David J Robinson Estate Agents & Auctioneers, North Cornwall & West Devon, david@djrestateagents.co.uk - Prolonged poor weather and negative press from interest rates and inflation figures have made buyers adopt a wait and see approach. Vendors need to be carefully price conditioned. Some positive economic news would help considerably.

David Trim, MRICS, Chaffers Survyeors & Valuers, Gillingham, Dorset, dave@chaffersestateagents.co.uk - There remains a shortage of property on the open market which is providing a stable platform for prices.

Graham Thorne, FRICS, Thornes, East Dorset, graham@thornes.org.uk - There is a continuing shortage of saleable stock and prices will continue to rise due to the shortage.

Howard Davis, MRICS, Howard Estate Agents, Bristol, howard@howard-homes.co.uk - We are already reducing prices to sell. High interest rates are the major factor keeping first time buyers out of the market. As a result rents are increasing due to high demand and low supply. The market is certainly 'correcting'.

Jeff Cole, MRICS, Cole Rayment & White, Wadebridge, jeff.cole@crw.co.uk - There is definitely a 2 tiered market here, with lower to medium value homes which are subject to higher mortgage finance much slower and more price sensitive than other sectors.

John Corben, FRICS, Corbens, Swanage, john@corbens.co.uk - The market remains subdued. There are still would be purchasers, however, most are unable to proceed as they are dependent on the sale of their present property. The situation is likely to remain static for some time to come.

Julian Bunkall, FRICS, JSS Professional Services (Dorchester) Ltd, Dorchester, julian.bunkall@jackson-stops.co.uk - The market has steadied at the turn of the year with prices softening during the early months of 2023. We expect the market to remain steady as there is still an excess of demand over supply.

Mark Lewis, FRICS, Symonds & Sampson, Sturminster Newton, mlewis@symondsandsampson.co.uk - Warmer weather and lighter afternoons has brought buyers out of hibernation and more sales are being agreed. Some adjustment to lower end properties has encouraged buy to let investors.

Miles Kevin, MRICS, Chartsedge Ltd, Totnes, miles@chartsedge.co.uk - The press is doing a hatchet job with the property market, but although it is quieter we are not seeing the market crash.

Oliver Miles, FRICS, Oliver Miles, Swanage, olivermiles@olivermiles.co.uk - Increased number of appraisals and new instructions, but sales are down and low offers are being made.

Richard Addington, MRICS, Jackson-Stops, Devon, richard.addington@jackson-stops.co.uk - Sentiment still very fragile. Neither buyers nor sellers are confident about what the market is doing.

Roger Punch, FRICS, Marchand Petit, South Devon, roger.punch@marchandpetit.co.uk - We are reassuringly busy: a "normal" activity level for this time of year, with increased levels of buyers emerging and a healthier stock level, as predicted.

Sam Butler, FRICS, Butler Sherborn, Lechlade, sam@butlersherborn.co.uk - Current uncertainty is slowing activity, from both buyers and potential sellers.

Sam Trounson, MRICS, Strutt & Parker, Cirencester, sam.trounson@struttandparker.com - Demand continues to outstrip supply.

Simon Cooper, FRICS, Stags, Wellington, s.cooper@stags.co.uk - March was a more typical month of activity, less than it has been for 2 years i.e. similar to pre-covid levels. Many properties are holding their value, but others have to have prices cut to attract buyers. Buyers are becoming more price sensitive. Less out of area buyers than we have been used to.

Simon Milledge, MRICS, Jackson-Stops Blandford Forum, Blandford Forum, simon.milledge@jackson-stops.co.uk - Having seen the market fall during the winter, buyers are now extra cautious with their bids, so the market is slowing right down. As result houses are taking longer to sell. For the first time in a long while we are now building up a stock of houses to sell.

### Wales

Anthony Filice, FRICS, Kelvin Francis Ltd., Cardiff, tony@kelvinfrancis.com - Sales taking place where Vendors take advice on value. Some Vendors expectations are still unrealistic. With the Easter market, some Vendors are listing as seasonally expected. Viewers taking 2 to 4 weeks to decide, as there is more choice and less pressure. Fewer 1st time buyers are registered.

David James, FRICS, James Dean, Brecon, david@jamesdean.co.uk - The market still feels busy although sales are down slightly.

Melfyn N Williams, MRICS, Williams and Goodwin The Property People Ltd, Anglesey & Gwynedd, mel@tppuk.com - First quarter of the year already passed as we head towards the traditional upturn of the Spring Market. Sentiment appears to be improving, with correctly priced property attracting interest.

Paul Lucas, FRICS, R.K. Lucas & Son, Haverfordwest, paul@rklucas.co.uk - Sales activity has stabilised following the slow down towards the end of 2022. Properties are selling reasonably well in the low to medium price brackets, but are slower in the upper range.

William Graham, MRICS, Graham & Co, Newport, surveys@grahamandcosurveyors.co.uk - Pent up demand should crystallise when mortgage rates become more stable.

## London

Alec Harragin, MRICS, Savills UK Limited, London, aharragin@savills.com - While the London market has held steady, realistic pricing continues to determine activity levels. Demand is stronger than expected, but buyers are not feeling the same urgency that they felt last year, and are willing to wait to find the right home at the right price.

Allan Henry Fuller, FRICS, Allan Fuller Estate Agents, Putney, allan@allanfuller.co.uk - Sales market activity increased in March, particularly family houses attracting several offers. The 0.25% increase in base rate has been heralded as a foretelling a period of stability in rates, with reductions in later months as inflation reduces. Therefore, a stable market this year is likely.

Ashley Osborne, MRICS, Myproptech, London, ashley@myproptech.com - The majority of interest is returning to inner London. There appears to be good demand for long income assets and discounted stock.

Christopher Ames, MRICS, Ames Belgravia, London, ca@amesbelgravia.co.uk - There is continued up-sizing and down-sizing by UK purchasers/vendors. Not many Europeans yet post Brexit. Good demand from the USA and other dollar backed buyers, both as investments and homes.

Christopher James Baker, AssocRICS, Mcdowalls Surveyors Limited, London, chris.baker@mcdowalls.com - We were expecting the market to slow and prices to adjust as mortgage repricing took place post October budget.

Habib Sanni, MRICS, LB Lewisham, Lewisham, habib.sanni@ymail.com - Rising interest rates and high inflation are affecting buyer's confidence in the market.

John King, FRICS, Andrew Scott Robertson, Wimbledon Village, jking@as-r.co.uk - This time of year we would have expected more instructions than those that are coming onto the market, especially family houses. Expecting more instructions to come to the market after the Easter period.

John King, FRICS, Andrew Scott Robertson, Merton Lb., jking@as-r.co.uk - While the middle to top end of the market has been very slow, house prices below £1.5m has seen greater activity, in both valuations and instructions. This confirms an increase in buyer activity that may spread towards the upper priced sector shortly.

Patrick McCarthy, AssocRICS, Stapleton Long, West Norwood, patrick@stapletonlong.co.uk - The sales market is extremely flat at present. There are less buyers per property than we have seen for many years. This is pushing down the prices. We are seeing less interest in flats across the board, especially ones without outside space. Houses, however, still have relatively good demand.

Richard Going, MRICS, Farrar, RBKC, richard.going@farrar.co.uk - Market has settled a lot post mini budget and the press scaremongering the market. Fixed 5 year mortgages available around 4%, prices are stable, stock levels are good, and we are trading again in the spring market. Feeling positive going forward this year.

Robert Green, MRICS, John D Wood & Co., Chelsea, rgreen@johnwood.co.uk - The market is showing signs of waking from a slow start. Both new buyers and sales instructions are up. Sellers are discretionary and happy to play a waiting game. Buyers are well informed, and whilst cautious, are ready commit for the right thing.

Rupert Merrison, MRICS, Dexters, London, rupertmerrison@gmail.com - Available property is 6793, which includes 2558 under offer. The market is busier than you might think, mortgage rates have settled and buyers seeing this as the new norm are pressing on with their moves. We are anticipating a busy Spring.

William Delaney, AssocRICS, Coopers Of London Limited, Central London/West End, william@coopersonlondon.co.uk - Enquiries are increasing as calm is gradually restored to financial markets and lenders. Buyers who need finance are factoring in costs such as higher interest rates and additional stamp duty when submitting an offer. Competence and stability in political governance and finance are essential.

## Scotland

Alan Kennedy, MRICS, Shepherd Chartered Surveyors, Fraserburgh, alankennedy@shepherd.co.uk - Having laid dormant for a few months, the market in this locality has sprung into life if the past few weeks. Currently good demand for most property types.

Craig Henderson, MRICS, Graham & Sibbald LLP, Ayrshire, craig.henderson@g-s.co.uk - Activity levels are up this month compared to February, and also to March 2022. Sentiment still appears a little guarded, which is to be expected. We are anticipating we will see these trends continue for the next few months as economic factors show no signs of changing in the short term, with a slow and steady market.

Greg Davidson, MRICS, Graham and Sibbald, Perth, gdauidson@g-s.co.uk - The country house market has been a bit hesitant in 2023, but as service costs and inflation seem to be stabilising there are signs that there will be a lot more activity in the spring and summer markets. The underlying market seems to be stable.

Ian Fergusson, FRICS, J & E Shepherd, Central Scotland, ian.ferguson@shepherd.co.uk - New listings and Home Report instructions have been good throughout March, with a spike in instructions noted at end of the month. Sellers appear motivated and there seems to be hope that the Spring market will show strong signs in sales activity.

Ian Morton, MRICS, Bradburne & Co., St Andrews, info@bradburne.co.uk - The amount of properties coming to the market has been steady and purchasers have become more cautious in their approach. The change in interest rates and increased cost of living are dictating the market as expected.

Marion Currie, AssocRICS, RICS Registered Valuer, Galbraith, Dumfries & Galloway, marion.currie@galbraithgroup.com - Dumfries and Galloway market remains upbeat with motivated buyers willing to bid strongly for good quality and sensibly priced stock. Previous lack of stock is now easing as we move into Spring.

Philip Lovegrove, MRICS, DHKK Limited, Edinburgh, pmlovegrove@dhkk.co.uk - The market is uncertain and overshadowed by high inflation rates and the recent rises in interest rates. Mortgage stress tests are also causing sale transactions to fail where potential buyers with an offer in principle are suddenly finding lending offers withdrawn.

Tom Murray, AssocRICS and RICS Registered Valuer, Thomas Murray, Ayrshire, tm@thomasmurrayproperty.com - Limited supply of property for sale against a backdrop of continued strong demand makes for an active market. Properties listed for sale are not on the market for long.

## Northern Ireland

Bronagh Boyd, MRICS, Digney Boyd, Newry, bronagh@digneyboyd.co.uk - House prices in the Newry and Mourne Area are remaining strong with continued high market demand, with limited supply pushing prices. Landlords are increasingly considering this, strong sellers market as a time for pre sale enquiries on the rise.

Kirby O'Connor, AssocRICS, Goc Estate Agents, Belfast, kirby@gocestateagents.com - The sales market has continued in the same sentiment, strong and desire for modern new builds.

Nicola Tann, FRICS, Simon Brien Residential, Belfast, ntann@simonbrien.com - Prices are being maintained as still low supply and good family homes are still receiving multiple offers over and above asking prices.

Samuel Dickey, MRICS, Simon Brien Residential, Belfast, sdickey@simonbrien.com - The market is picking up in terms of agreed sales volume and new instructions to sell.



## Surveyor comments - lettings

### North

David Shaun Brannen, AssocRICS, Brannen & Partners, Whitley Bay, shaun.brannen@brannen-partners.co.uk - Demand remains consistently high, though the level of instructions is certainly encouraging.

Mr Keith Alan Pattinson, FRICS, Pattinson, Newcastle Upon Tyne, keith.pattinson@pattinson.co.uk - Many landlords selling due to increased costs, licencing, tax changes, and taking profit. Others buying, so market has not crashed yet, despite issues. As long as supply of rentals equals demand, rents will be stable.

Neil Foster, MRICS, Hadrian Property Partners, Hexham, neil@hadrianproperty.co.uk - Frenzied is possibly the ideal word to sum up the rental market. Fierce competition for too few houses; a direct consequence of years of ill judged government policy in the private rented sector. A tough financial road ahead for tenants and hard to see a short term solution.

### Yorkshire & the Humber

Alex Mcneil, MRICS, Bramleys, Huddersfield, alex.mcneil@bramleys1.co.uk - Shortage of housing to let. Some of the higher value properties requiring a slightly longer marketing period.

Ben Hudson, MRICS, Hudson Moody, York, benhudson@hudson-moody.com - Still a busy market with rents continuing to rise.

David Martindale, MRICS, Property Letting, Wakefield, david.martindale@fslresidential.com - Demand continues to be strong and rents are continuing to rise.

Robert John Newton-Howes, MRICS, Yorkshire Surveyors Limited, Huddersfield/Halifax & Sheffield, robert@yorkshiresurveyors.com - Some of our BTL landlords are considering exiting the market. Tenant demand is strong, so it suggests that increased costs, taxes, and admin burden is taking its toll.

Simon Kayman, MRICS, Real Estate Sales And Lettings UK, Leeds, simon@resaluk.com - We are still seeing property that is not achieving the real value of what it is truly worth in the current market. Rental prices have gone up considerably in the last 2 years and landlords must be aware. We have seen property that is underachieving in rental value by as much as 15-20%.

### North West

Julian Mellis, MRICS, Fisher German, Chester, julian.mellis@fisherman.co.uk - Tenant demand still strong.

### East Midlands

John Chappell, MRICS, Chappell & Co Surveyors Ltd, Skegness, john@chappellandcosurveyors.co.uk - Demand still exceeding supply, due to declining number of properties to rent compared to numbers of potential tenants.

Peter Moore, MRICS, Bletsoes, Northamptonshire, peter.moore@bletsoes.co.uk - Very strong demand with limited supply.

### West Midlands

Andrew Oulsnam, MRICS, Oulsnam, Birmingham, andrew@oulslam.net - Demand for property to let far exceeds supply, with many landlords deciding to sell whenever a tenant leaves. There is no end in sight for serious shortage of properties to rent.

Colin Townsend, MRICS, John Goodwin, Malvern, colin@johngoodwin.co.uk - Still a serious shortage of new instructions. With landlords leaving the market and selling up and demand from tenants increasing, rents are continuing their upward march.

Dean Taylor, MRICS, Fishers, Edgbaston/Birmingham, dean@fishers.co.uk - We are in the same position that we have seen over the past number of months. Lack of supply of properties, but a good demand from tenants whenever a property entered the market. We expect this to continue.

Graham Boardman, MRICS, Graham Boardman & Co, Birmingham, grahamboardman@btconnect.com - Multi applications received for all properties listed.

Jason Coombes, AssocRICS & RICS Registered Valuer, Cottons Chartered Surveyors, Birmingham, jcoombes@cottons.co.uk - Birmingham have just announced selective licensing, at £700 for 5 years. It might not sound overly expensive but it will be, in many cases the straw that breaks the camels back. Landlords get nothing back for this but are 'allowed' to rent properties in areas that many have for decades.

John Andrews, FRICS, Doolittle & Daley Holdings Ltd, Kidderminster, johnandrews@doolittle-dalley.co.uk - Rents are continuing to rise as demand exceeds supply. Some landlords opting to sell due to increased legislation affecting the rental sector.

John Andrews, FRICS, Doolittle & Dalley Holdings Ltd, Bridgnorth, johnandrews@doolittle-dalley.co.uk - A very strong market with lower stock levels, yet higher demand. Rents are still rising.

John Shepherd, MRICS, Shepherd Vine, Solihull, john@shepman.co.uk - General lack of stock.

Richard Franklin, MRICS, Franklin Gallimore Ltd, Tenbury Wells, richard@franklingallimore.co.uk - Very strong demand for family housing with 3 bedrooms, particularly sought after with a long waiting list. Some BTL landlords continue to exit the sector further, reducing supply and causing rental pressure.

### East Anglia

Jeffrey Hazel, FRICS, Geoffrey Collings & Co, King'S Lynn, jhazel@geoffreycollings.co.uk - Steady demand and availability at present.

John Lewis, MRICS, Lewis Valuation, Essex, john@lewisvaluation.co.uk - A shortage of available property continues to drive rents up, particularly as first time buyers find it increasingly difficult to secure mortgage finance and the end of help to buy.

Kevin Burt-Gray, MRICS, Pocock And Shaw, Cambridge, kevin@pocock.co.uk - Shortage of stock prevails with demand fairly high- especially in central areas of the city.

### South East

David Boyden, MRICS, Boydens, Colchester, david.boyden@boydens.co.uk - Another better than expected month considering the lack of new stock, tenants now confident to serve notice and move on.

David Parish, FRICS, Gates, Parish & Co, Upminster, professional@gates-parish.co.uk - There is a very high level of demand for all types of rental property. Market rents have increased over the last six months.

David Porter, MRICS, Knight Property Management, Hertford, david@knightpm.co.uk - Demand for rental properties of all sizes continues to exceed the available supply. The government's ongoing anti-landlord policy is making things worse for tenants.

James Farrance, MNAEA, FARLA, Braxton, Maidenhead, jfarrance@braxtons.co.uk - Sadly the government have happily bounced along to Shelters anti landlord policy, which has caused landlords to sell up. This along with local hotels being used for asylum seekers is pushing up demand for Airbnbs, causing a surge in demand from tenants and a notable lack of stock.

John Frost, MRICS, The Frost Partnership, Amersham., jf.beaconsfield@frostsurveyors.co.uk - Finding more and more landlords are selling up. Available letting stock is depleting, with high demand from tenants and rent increases. Most tenancies are renewing rather than moving as tenants cannot find alternative accommodation.

John Frost, MRICS, The Frost Partnership, Ashford, jf.beaconsfield@frostsurveyors.co.uk - Limited stock with high levels of demand equal rent increases.

John Frost, MRICS, The Frost Partnership, Beaconsfield, jf.beaconsfield@frostsurveyors.co.uk - Lack of instructions especially family homes. Rents are still increasing due to demand.

John Frost, MRICS, The Frost Partnership, Burnham., jf.beaconsfield@frostsurveyors.co.uk - Lack of stock and number of potential tenants are high.

John Frost, MRICS, The Frost Partnership, Chalfont St Peter, jf.beaconsfield@frostsurveyors.co.uk - Shortage of stock remains an issue but tenants plentiful.

John Frost, MRICS, The Frost Partnership, Feltham, jf.beaconsfield@frostsurveyors.co.uk - Lack of housing stock for letting has led to rental increases, this is balanced by higher mortgage and letting costs.

John Frost, MRICS, The Frost Partnership, Staines, jf.beaconsfield@frostsurveyors.co.uk - Number of investment buyers now selling is significant, which is exaggerating the lack of supply of property to let.

John Frost, MRICS, The Frost Partnership, Windsor, jf.beaconsfield@frostsurveyors.co.uk - More instructions required to satisfy the high levels of demand, rental values increasing.

Martin Allen, MRICS, Elgars, Wingham, Canterbury, m.allen@elgars.uk.com - Huge demand for rental properties continues, but no indication yet that frustrated sellers are looking to let instead as in previous slowdowns.

Michael Brooker, FRICS, Michael Brooker Estate Agents, Crowborough, michael@michaelbrooker.co.uk - Lack of new instructions.

### South West

David Hickman, FRICS, NA, Devon, onetrip100@outlook.com - People are getting used to being long term tenants these days and whilst a little quieter, it is steady and likely to continue that way.

David Trim, MRICS, Chaffers Survyeors & Valuers, Gillingham, Dorset, dave@chaffersestateagents.co.uk - Lack of rental property supply, due to landlords exiting the buy to let market, is creating increases in rents.

Howard Davis, MRICS, Howard Estate Agents, Bristol, howard@howard-homes.co.uk - More and more landlords are selling. Main reasons are new government legislations and higher mortgage interest rates for those landlords with mortgages.

Marcus Arundell, MRICS, Homelets, Bath, marcus@homeletsbath.co.uk - Professional market continuing to level out, with ongoing healthy stock available, applicant numbers and rents. Student business wrapped up for 23-24 ahead of target. General sentiment seems to be on the up, albeit government still faltering on regulating the sector.

Simon Cooper, FRICS, Stags, Wellington, s.cooper@stags.co.uk - Most properties are finding new tenants quickly, though rents are staying somewhat static. Affordability issues are becoming more prevalent for tenants. BTL investors are not actively buying though equally few are selling. I envisage a reasonably steady market all year.

### Wales

Anthony Filice, FRICS, Kelvin Francis Ltd., Cardiff, tony@kelvinfrancis.com - Tenants (Contract Holders in Wales) demands are still strong, as many of them would be purchasers but cannot reach the property ladder with increased mortgage requirements and costs and there are reported to be a reduction of a third in 'buy to let' properties on the market.

David Cook, MRICS, NA, Caerphilly, Dave.bern@btinternet.com - Rental demand increase, however increasing legislation will reduce availability.

David James, FRICS, James Dean, Brecon, david@jamesdean.co.uk - Very few rentals available which is forcing rents up.

Paul Lucas, FRICS, R.K.Lucas & Son, Haverfordwest, paul@rkluucas.co.uk - Rental demand still outstrips supply. Much of this is put down to Government interference in the market.

William Graham, MRICS, Graham & Co, Newport, surveys@grahamandcosurveyors.co.uk - Demand has been lower recently, this is partly due to Landlords adjusting their portfolios in the light of restrictive legislation by the Welsh Government.

### London

Alec Harragin, MRICS, Savills UK Limited, London, aharragin@savills.com - Demand continues to outweigh supply and this will drive rental growth in the short term. However, tenant's budgets are coming under pressure due to the rise in the cost of living. Landlords who choose to price sensibly are attracting the most interest.

Allan Henry Fuller, FRICS, Allan Fuller Estate Agents, Putney, allan@allanfuller.co.uk - Demand remains extremely strong, caused by a gradual reduction of supply. Landlords are selling up due to concerns that legislation will make investing in residential property uneconomic. The cost of raising and EPC to a C will be extremely high for the vast amount of old housing stock.

Christopher James Baker, AssocRICS, Mcdowalls Surveyors Limited, London, chris.baker@mcdowalls.com - Rents continue to rise, but now increasingly hitting caps on level of affordability as tenants income has not grown. In our area where incomes are low, tenants are struggling to pay the asking rents.

Clive Greenwood, AssocRICS, Anderson Wilde And Harris, London, clive.greenwood@awh.co.uk - Very strong demand even for long lettings.

Jilly Bland, MRICS, Robert Holmes & Co, London, jilly@robertholmes.co.uk - Loss of more and more stock on renewals means less to offer.

John King, FRICS, Andrew Scott Robertson, Wimbledon Village, jking@as-r.co.uk - We are seeing a slow down in enquires compared to the first quarter. While instruction levels have improved, asking rents have increased, yet there is a reluctance to offer the asking rents leading landlords to sell instead.

John King, FRICS, Andrew Scott Robertson, Merton Lb., jking@as-r.co.uk - There appears to be more short term lets happening at present, suggesting tenants maybe entering the buyer market. Over priced rents are not finding tenants as regularly available than previously.

Mark Wilson, MRICS, Globe Apartments, London, mark@globeapt.com - We have called the top of the market and anticipate rents will drift back over the coming months. Still a shortage of flats, but tenants have a limit of what they can afford.

Patrick McCarthy, AssocRICS, Stapleton Long, West Norwood, patrick@stapletonlong.co.uk - The lettings market is extremely buoyant, Stapleton Long are achieving record rents for every property that we let. Rents year on year have increased over 20%. There is a huge supply and demand issue in the lettings market presently. People generally don't want to move home.

Rupert Merrison, MRICS, Dexters, London, rupertmerrison@gmail.com - Tenant demand remains high and with more property coming on we expect a busy Spring.

Will Barnes Yallowley, AssocRICS, LHH Residential, Kensington, will@lhhresidential.co.uk - Plenty of applicants and not sufficient properties.

William Delaney, AssocRICS, Coopers Of London Limited, Central London/West End, william@coopersonlondon.co.uk - Upward pressure on rents continues though there is some "pushback" by tenants because of affordability issues. More and more landlords are requesting valuations and considering selling. Egregious government policies aimed at landlords will likely result in further decimation of rental stock.

#### Scotland

Carolyn Davies, MRICS, Savills, Dumfries, cmadavies@savills.com - Continued lack of supply and government policy impacting on rents and inability to fulfil demand.

Colin Macgregor, MRICS, DM Hall, Highland, colin.macgregor@dm-hall.co.uk - The Scottish Government's restrictions on landlords is limiting supply and pushing up rental prices.

Ian Fergusson, FRICS, J & E Shepherd, Central Scotland, ian.ferguson@shepherd.co.uk - Scottish Government rent cap leading to less Landlords and stock, but more tenant demand.

Ian Morton, MRICS, Bradburne & Co., St Andrews, info@bradburne.co.uk - A shortage of supply due to Landlords selling properties has led to rent increases on new tenancies. Landlords are concerned about their rising costs and the rent cap to come into force next month.

#### Northern Ireland

Bronagh Boyd, MRICS, Digney Boyd, Newry, bronagh@digney-boyd.co.uk - Rents have had a rapid and strong increase in recent years, but 2023 has seen a levelling of market rents.

David Irwin, MRICS, Ikon Property Group, North Belfast, david.irwin@ikonpropertygroup.com - Tenant demand for good quality and well managed rental properties is extraordinarily high.

Kirby O'Connor, AssocRICS, Goc Estate Agents, Belfast, kirby@gocestateagents.com - Rentals are incredible, although they have to be priced right. Excellent clients looking to rent, long term and we are finding not enough supply.

Samuel Dickey, MRICS, Simon Brien Residential, Belfast, sdickey@simonbrien.com - The rental market continues to be popular.

## Contacts

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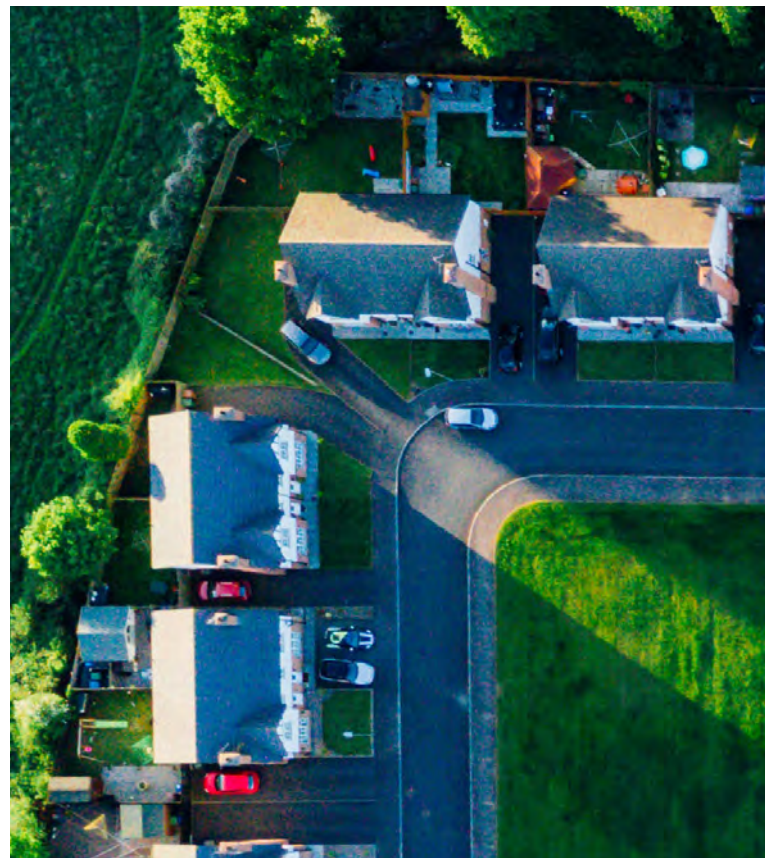
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## Appendix H

# Nationwide HOUSE PRICE INDEX



[www.nationwidehousepriceindex.co.uk](http://www.nationwidehousepriceindex.co.uk)

February 2023

## Annual house price growth turns negative in February, falling to its weakest level since 2012

- House prices down 1.1% year-on-year in February - the first annual decline since June 2020 and the weakest since November 2012
- February sees 0.5% month-on-month fall, with prices 3.7% lower than the August 2022 peak

| Headlines                                  | Feb-23   | Jan-23   |
|--|----------|----------|
| Monthly Index*                             | 520.7    | 523.0    |
| Monthly Change*                            | -0.5%    | -0.6%    |
| Annual Change                              | -1.1%    | 1.1%     |
| Average Price<br>(not seasonally adjusted) | £257,406 | £258,297 |

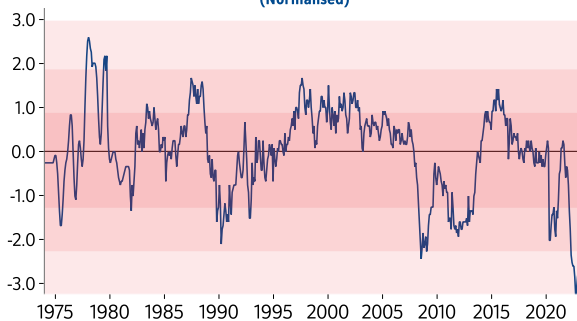
\* Seasonally adjusted figure (note that monthly % changes are revised when seasonal adjustment factors are re-estimated)

### Commenting on the figures, Robert Gardner, Nationwide's Chief Economist, said:

"Annual house price growth slipped into negative territory for the first time since June 2020, with prices down 1.1% in February compared with the same month last year. Moreover, February saw a further monthly price fall (-0.5%) – the sixth in a row – which leaves prices 3.7% below their August peak (after taking account of seasonal effects).

"The recent run of weak house price data began with the financial market turbulence in response to the mini-Budget at the end of September last year. While financial market conditions normalised some time ago, housing market activity has remained subdued.

**Total Consumer Confidence Index**  
(Normalised)



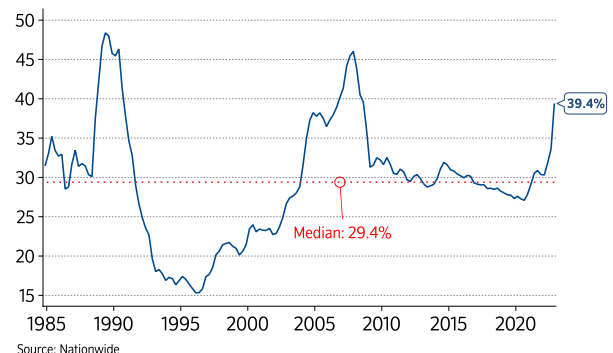
Source: GfK

"This likely reflects the lingering impact on confidence as well as the cumulative impact of the financial pressures that have been weighing on households for some time. Indeed, inflation has continued to outpace wage growth and mortgage rates remain significantly higher than the lows recorded in 2021. Even though consumer sentiment has improved in recent months, it is still languishing at levels prevailing during the depths of the financial crisis (see chart below, left).

### Where next?

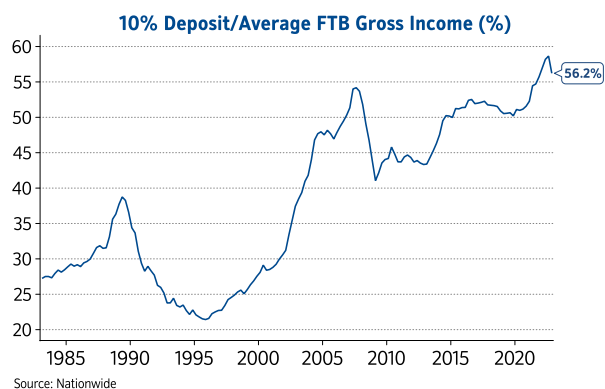
"It will be hard for the market to regain much momentum in the near term since economic headwinds look set to remain relatively strong, with the labour market widely expected to weaken as the economy shrinks in the quarters ahead, while mortgage rates remain well above the lows prevailing in 2021.

**FTB Affordability: Typical Mortgage Payments/Take home Pay (%)**



"Indeed, despite the modest fall in house prices, for a prospective first-time buyer earning the average income looking to buy the typical home, mortgage payments remain well above the long run average as a share of take-home pay. In addition, deposit requirements remain prohibitively high for many and saving for a deposit remains a struggle given the rising cost of living, especially for those in the private rented sector, where rents have been rising strongly.

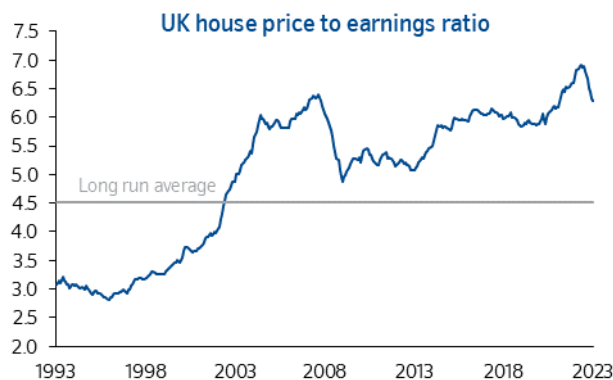
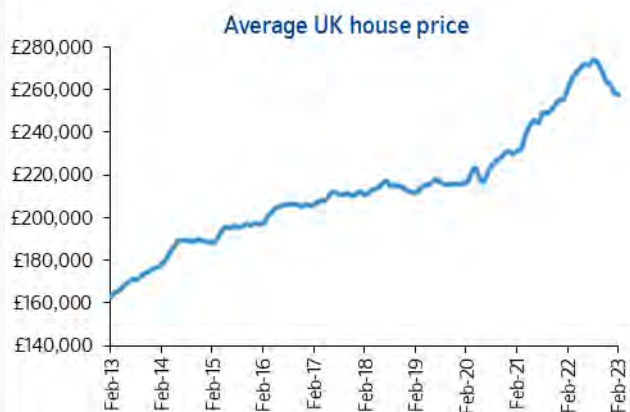
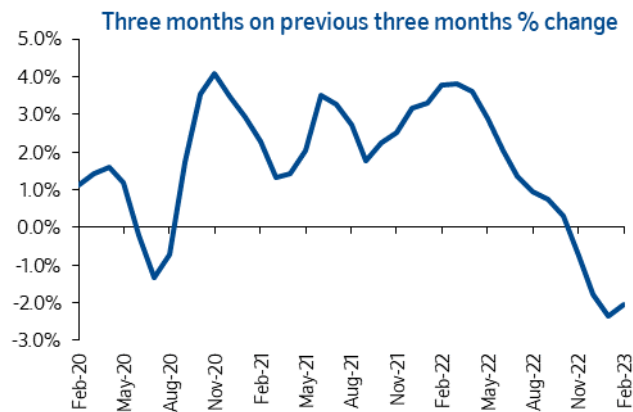
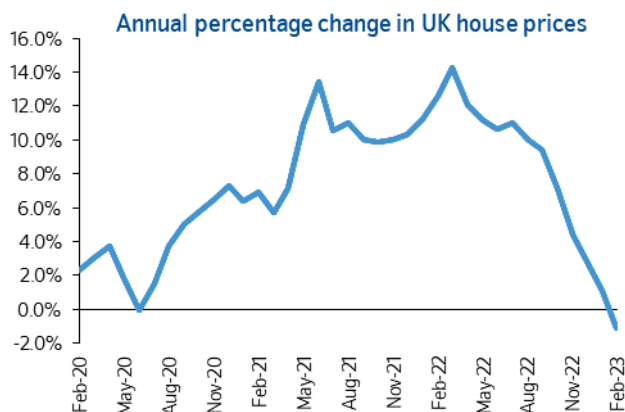
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“However, conditions should gradually improve if inflation moderates in the coming months as expected, easing pressure on household budgets. Solid gains in nominal incomes together with weak or declining house prices will also support housing affordability, especially if mortgage rates edge lower in the coming months.”

## Monthly UK House Price Statistics

|        | Monthly % Change Seasonally Adjusted | 3 Month on 3 Month % Change | Annual % Change | Average Price |
|--------|--------------------------------------|-----------------------------|-----------------|---------------|
| Feb-21 | 0.6                                  | 2.3                         | 6.9             | 231,068       |
| Mar-21 | -0.5                                 | 1.3                         | 5.7             | 232,134       |
| Apr-21 | 2.4                                  | 1.4                         | 7.1             | 238,831       |
| May-21 | 1.6                                  | 2.1                         | 10.9            | 242,832       |
| Jun-21 | 0.5                                  | 3.5                         | 13.4            | 245,432       |
| Jul-21 | -0.4                                 | 3.3                         | 10.5            | 244,229       |
| Aug-21 | 1.7                                  | 2.7                         | 11.0            | 248,857       |
| Sep-21 | 0.3                                  | 1.8                         | 10.0            | 248,742       |
| Oct-21 | 1.1                                  | 2.2                         | 9.9             | 250,311       |
| Nov-21 | 1.3                                  | 2.5                         | 10.0            | 252,687       |
| Dec-21 | 1.2                                  | 3.2                         | 10.4            | 254,822       |
| Jan-22 | 1.1                                  | 3.3                         | 11.2            | 255,556       |
| Feb-22 | 1.8                                  | 3.8                         | 12.6            | 260,230       |
| Mar-22 | 0.9                                  | 3.8                         | 14.3            | 265,312       |
| Apr-22 | 0.3                                  | 3.6                         | 12.1            | 267,620       |
| May-22 | 0.7                                  | 2.9                         | 11.2            | 269,914       |
| Jun-22 | 0.1                                  | 2.0                         | 10.7            | 271,613       |
| Jul-22 | 0.0                                  | 1.3                         | 11.0            | 271,209       |
| Aug-22 | 0.6                                  | 1.0                         | 10.0            | 273,751       |
| Sep-22 | -0.1                                 | 0.7                         | 9.5             | 272,259       |
| Oct-22 | -1.0                                 | 0.3                         | 7.2             | 268,282       |
| Nov-22 | -1.3                                 | -0.8                        | 4.4             | 263,788       |
| Dec-22 | -0.3                                 | -1.8                        | 2.8             | 262,068       |
| Jan-23 | -0.6                                 | -2.3                        | 1.1             | 258,297       |
| Feb-23 | -0.5                                 | -2.0                        | -1.1            | 257,406       |



Source: Nationwide, ONS

## Notes

Indices and average prices are produced using Nationwide's updated mix adjusted House Price Methodology, which was introduced with effect from the first quarter of 1995. The data is drawn from Nationwide's house purchase mortgage lending at the post survey approvals stage. Price indices are seasonally adjusted using the US Bureau of the Census X12 method. Currently the calculations are based on a monthly data series starting from January 1991. Figures are recalculated each month which may result in revisions to historical data.

More information on the house price index methodology along with time series data and archives of housing research can be found at [www.nationwidehousepriceindex.co.uk](http://www.nationwidehousepriceindex.co.uk)

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# Appendix I

FORECAST

# UK housing market forecast update: March 2023

**The UK housing market has made a solid start to the year, but price expectations will be properly put to the test in the spring.**



**Written By:**

Tom Bill, Knight Frank



06 Mar 2023



3 minutes to read

**Categories:**

Property Sector

Residential Lettings

Residential Sales

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UK

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Current economic and housing market data paints a mixed picture.

The government recorded a budget surplus in January, the FTSE100 exceeded 8,000 for the first time ever in February and the Purchasing Manager's Index jumped unexpectedly in the same month.

Despite the positive news, some economists believe a recession is inevitable as interest rates climb towards 4.5%.

In the housing market, transactions and mortgage approvals have slumped due to the spike in borrowing costs that followed the mini-Budget, but activity has been stronger than expected since Christmas, as we explored here, and trading updates from housebuilders have turned more positive in 2023.

Against this inconsistent backdrop, we have updated our five-year UK housing market forecasts.

We still expect UK house prices to decline by around 10% over the next two years as the impact of higher mortgage rates takes its toll on affordability.

Indeed, the UK Nationwide house price index recorded its largest annual fall (-1.1%) in more than 10 years in February.



### Sales market forecast

2023-2027

|                | 2023  | 2024  | 2025 | 2026 | 2027 | 5 year Cumulative |
|----------------|-------|-------|------|------|------|-------------------|
| UK             | -5.0% | -5.0% | 4.0% | 4.0% | 5.0% | <b>2.5%</b>       |
| Greater London | -6.0% | -4.0% | 3.0% | 5.0% | 5.0% | <b>2.5%</b>       |
| PCL            | -3.0% | 0.0%  | 3.0% | 4.0% | 4.0% | <b>8.1%</b>       |
| POL            | -4.0% | 1.0%  | 2.5% | 2.5% | 2.5% | <b>4.4%</b>       |
| Prime country  | -5.0% | -3.0% | 3.0% | 3.0% | 3.0% | <b>0.7%</b>       |

Source: Knight Frank

Forecasts relate to average prices in the existing homes market. New build prices may not move at the same rate



However, we expect any weakness to be shorter-lived and now forecast a 4% rise in 2025 compared to the 2% increase we predicted in October. Compared to our last forecast, when five-year fixed-rate mortgages were above 6%, some equivalent rates are now below 4%.

Should the solid start to the year continue into the spring, a shallower overall decline would become a more realistic possibility and we will review our forecasts again before the summer.

Current figures certainly suggest that market activity will remain robust. The number of new prospective buyers registering in the UK was 10% above the five-year average in February and the number of offers accepted was 42% higher.

However, exchanges were down by a quarter, highlighting the prolonged nature of the hangover following last September's mini-Budget.

It's also true that higher-value markets, where there is less reliance on mortgage debt, have fared comparatively better so far this year, as we explore here.

We still believe prime London markets will outperform the UK over the next several years due to the higher proportion of cash buyers, as well as the return of international travel, the currency discount and the fact average prices in prime central London are 15% down from the last peak in mid-2015.

## **The Lettings Market**

In the prime London lettings market, supply looks like it may stay lower for longer, keeping upwards pressure on rental values.

## Rental market forecast

2023-2027

|                | 2023 | 2024 | 2025 | 2026 | 2027 | 5 year Cumulative |
|----------------|------|------|------|------|------|-------------------|
| UK             | 4.0% | 4.0% | 3.5% | 3.0% | 2.5% | <b>18.2%</b>      |
| Greater London | 5.0% | 4.0% | 3.5% | 3.0% | 3.0% | <b>19.9%</b>      |
| PCL            | 6.0% | 3.5% | 3.0% | 3.0% | 3.0% | <b>19.9%</b>      |
| POL            | 6.0% | 3.5% | 3.0% | 3.0% | 3.0% | <b>19.9%</b>      |

Source: Knight Frank

Forecasts relate to average rents in the PRS. New build rents, such as those in the BTR sector, may not move at the same rate



The relative strength of the sales market means there could be fewer accidental landlords this year, which means supply could remain frustratingly tight in many areas.

“Based on the evidence of the last few weeks, it looks increasingly unlikely that the lettings market will return to any sense of normality this year,” said David Mumby, head of prime central London lettings at Knight Frank.

For now, our forecasts for prime London markets remain unchanged from October.

Across the UK, there is little sign of the supply/demand imbalance ending in the short-term, with affordability challenges in the sales market likely to underpin demand for rental properties.

At the end of last year, Rightmove reported a 38% reduction in the number of homes listed for rent compared to before the pandemic in 2019, while the RICS Market Survey continues to report a fall in landlord instructions and rising tenant demand.

We have revised up our forecasts for Greater London in 2024 (to 4% from 3%) and in 2025 (to 3.5% from 3%).

Meanwhile, the higher cost of buy-to-let mortgages, recent tax changes and the prospect of further legislative obligations may lead some individual private landlords to sell up, increasing upwards pressure on rents.

This, along with expectations for relatively robust wage growth over the next five years, support our strong outlook for rental growth.

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## Appendix J

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## Divergence in mortgage affordability will drive regional differences in price growth

Buyers in London and the South East are typically more affluent than the UK average, and yet they still need to borrow more relative to their income and need a bigger deposit in order to buy.

This means we expect higher interest rates to hit house prices in these areas harder in 2023, with more affordable parts of the country seeing smaller, but still material, price falls.







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| North West               | -8.5%  | 2.5%  | 4.5% | 7.5% | 6.0% | 11.7% |
|--------------------------|--------|-------|------|------|------|-------|
| Yorkshire and The Humber | -8.5%  | 2.5%  | 4.5% | 7.5% | 6.0% | 11.7% |
| North East               | -8.5%  | 2.5%  | 4.5% | 7.5% | 6.0% | 11.7% |
| Wales                    | -8.5%  | 2.0%  | 4.5% | 7.5% | 6.0% | 11.1% |
| Scotland                 | -9.0%  | 2.0%  | 4.0% | 7.5% | 5.5% | 9.5%  |
| East Midlands            | -9.0%  | 1.5%  | 4.0% | 7.5% | 5.5% | 8.9%  |
| West Midlands            | -9.0%  | 1.5%  | 4.0% | 7.5% | 5.5% | 8.9%  |
| South West               | -10.0% | 1.0%  | 3.5% | 7.0% | 5.5% | 6.2%  |
| South East               | -11.0% | 0.0%  | 3.0% | 6.5% | 5.5% | 3.0%  |
| East of England          | -11.0% | 0.0%  | 3.0% | 6.5% | 5.5% | 3.0%  |
| London                   | -12.5% | -1.0% | 2.0% | 6.0% | 5.0% | -1.7% |

**Source:** Savills Research

**Note:** These forecasts apply to average prices in the second hand market. New build values may not move at the same rate.

That same affordability issue will still weigh on growth in 2024. While we expect mortgage rates to come down as margins begin to compress, they will still be high by recent standards and put pressure on growth in the first half of 2024, particularly in the areas where affordability is most stretched. Once the base rate begins to come down in the second half of that year, we expect to see growth return to the market with the strongest part of the recovery in 2026. We envisage it will be seen earlier and more strongly in the more affordable markets of the North.



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regional house price growth will converge around the UK average at the end of our forecast period, raising the prospect that London will again be in a position to deliver the strongest house price growth as we enter the next phase of the market cycle from 2027 onwards.

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## Appendix K



07

# Residential

The residential market will face challenges in 2023. This will curb activity and result in moderate price falls in the mainstream housing market. Investment into the sector will remain robust, but pricing will adjust to reflect some yield expansion. However, this will be partly mitigated by strong rent growth.

## Key Takeaways

### 01

As home buyers are faced with a more challenging backdrop in 2023, activity in the housing market will reduce. Even so, while we expect sales to fall below their long-run average, the market will avoid a 'cliff-edge' fall in activity.

### 02

In line with the wider economic slowdown, we expect prices to fall moderately in 2023 and 2024. But stricter mortgage regulations (since 2014) will somewhat insulate the housing market against large scale distressed sales. The absence of such a 'supply shock' should prevent a significant fall in prices.

### 03

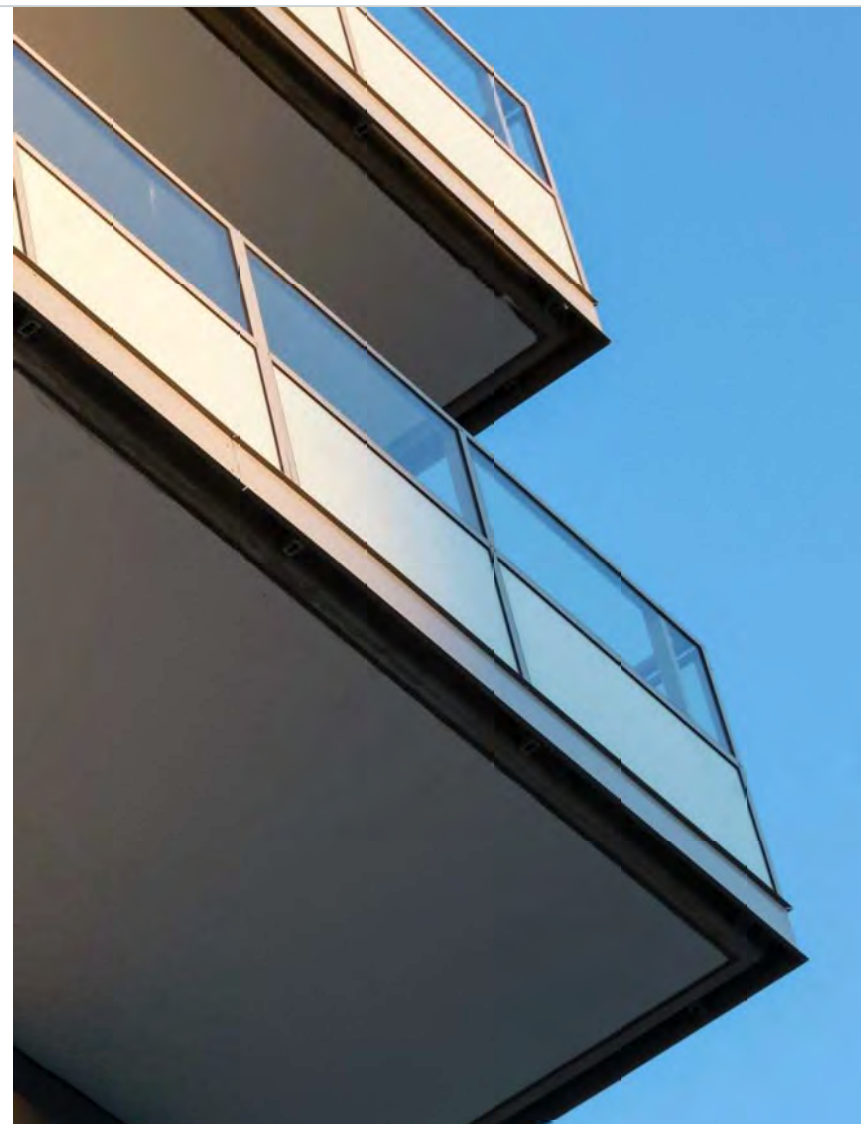
In contrast, the rental sector will remain extremely strong. The challenges faced in the sales market will boost the already strong occupier demand for Build-to-Rent (BTR) and Co-Living.

### 04

Driven by an acute supply and demand imbalance, rent growth will continue to be strong in 2023. Wider inflation may also push up rents, particularly for renters with inflation-linked tenancy agreements. However, operators have a duty to their tenants and will need to be extremely sensitive of the increased cost of living.

### 05

Investment appetite for Build-to-Rent and Co-Living will remain strong. However, pricing will adjust to reflect the higher interest rate environment, albeit this will be partly mitigated by strong rent growth. The challenging sales market will present opportunities for single-family Build-to-Rent investors. However, high build cost inflation will continue to hamper forward-funding viability in early 2023.



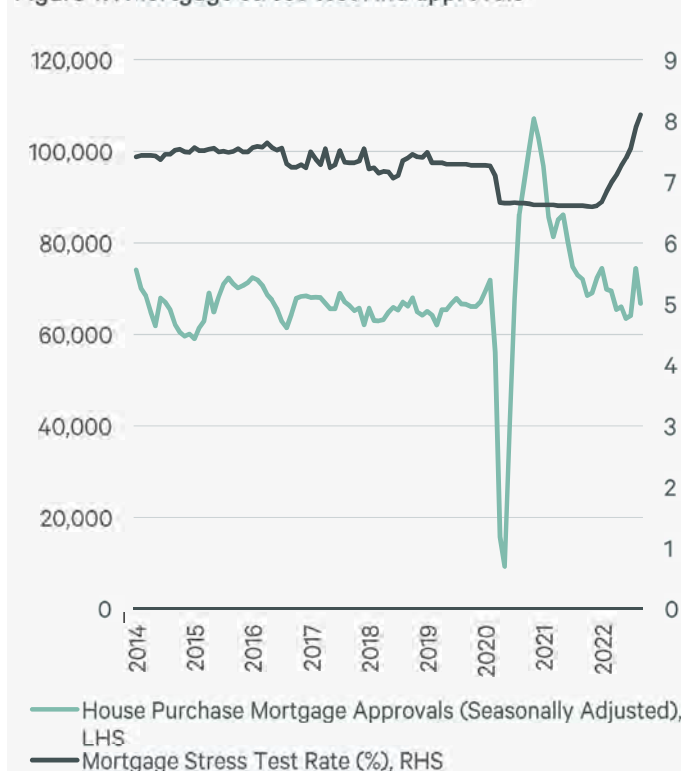
## Housing market momentum to slow

The housing market will undoubtedly be turbulent in 2023 as borrowers, who already face a significant increase in their cost of living, will find it more difficult and more expensive to get a mortgage. Mortgage rates increased steeply in the second half of 2022, and will continue to rise in 2023, in line with further base rate rises from the Bank of England. Moreover, the number of mortgage products dropped sharply following the mini-budget on 23 September 2022. Although this has since recovered, the number of fixed rate mortgages available is still 30% below the pre-budget level.

Favourable changes to Stamp Duty thresholds will be in place until 2025, meaning buyers will save some money on their upfront costs. Although, this measure will not dramatically incentivise activity, and any savings will be quickly eroded by higher borrowing costs.

As a result of the more challenging environment, we expect a smaller potential buyer pool in 2023. This may be compounded by the end of Help to Buy scheme that, on average, has facilitated the sale of 40,000 homes a year since its inception in 2013. Although not everyone using the scheme necessarily needed to, we identified that its absence could result in a [fall of 25,000](#) new home sales per year going forward.

Figure 17: Mortgage stress test And approvals



Source: UK Finance, Bank of England

Taking all the factors together, we expect sales volumes to fall below their long-term average. Still, the economic backdrop is far more favourable than during the Global Financial Crisis, during which time home sales still averaged around 730,000 p.a.

The housing market should be somewhat protected against the higher interest rate environment, due to the stricter mortgage regulation brought in after the Global Financial Crisis, which required borrowers to be 'stress tested' at interest rates of around 7%. Although the regulatory requirement has been scrapped by the Bank of England, individual lenders are still enforcing their own stress testing.

These tighter regulations mean that existing owners should still be able to meet their mortgage repayments, and pressure will ease once inflation comes under control. Lenders will also offer flexibility to make repossession an absolute last resort. As such, the level of distressed sales should be minimised, so there won't be a 'supply shock' to the market. This should keep a floor under prices.

That said, the broader economic outlook creates the conditions for a moderate fall in house prices. By historic standards however, this recession is forecast to be relatively moderate. The current forecast for the unemployment rate is also much lower relative to previous recessions. On balance, we forecast that UK house prices could fall by 3% in 2023, and a further 1% in 2024. We then forecast a strong bounce-back as the economy recovers and lower inflation allows interest rates to be brought back down.

## Appendix L



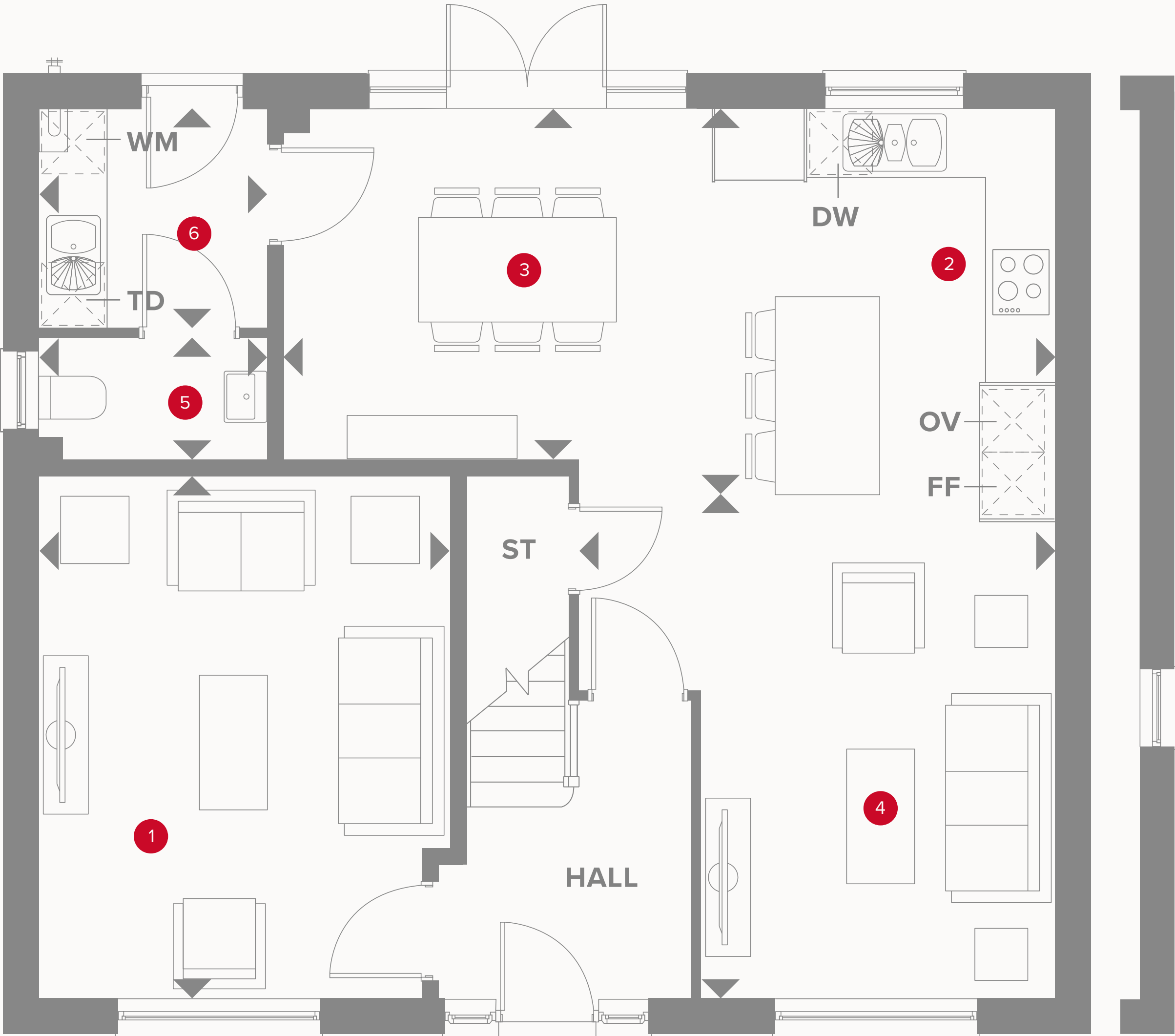


HERITAGE  
- REDROW -

THE  
HARROGATE  
FOUR BEDROOM HOME







# THE HARROGATE GROUND FLOOR

|           |                |               |
|-----------|----------------|---------------|
| 1 Lounge  | 15'2" x 12'0"  | 4.63 x 3.65 m |
| 2 Kitchen | 12'0" x 9'11"  | 3.67 x 3.03 m |
| 3 Dining  | 12'6" x 10'3"  | 3.80 x 3.13 m |
| 4 Family  | 13'11" x 10'4" | 4.24 x 3.15 m |
| 5 Cloaks  | 6'8" x 3'7"    | 2.04 x 1.09 m |
| 6 Utility | 6'8" x 6'5"    | 2.04 x 1.95 m |



\*Elevation variation to plots 64, 65, 71 and 75 only.

## KEY

- Hob
- OV Oven
- FF Fridge/freezer
- TD Tumble dryer space

- ◀ Dimensions start
- ST Storage cupboard
- WM Washing machine space
- DW Dishwasher space



# THE HARROGATE FIRST FLOOR

|    |           |               |               |
|----|-----------|---------------|---------------|
| 7  | Bedroom 1 | 12'2" x 10'4" | 3.72 x 3.15 m |
| 8  | Wardrobe  | 6'10" x 6'5"  | 2.09 x 1.96 m |
| 9  | En-suite  | 8'4" x 5'7"   | 2.53 x 1.71 m |
| 10 | Bedroom 2 | 13'7" x 10'2" | 4.13 x 3.11 m |
| 11 | Bedroom 3 | 12'1" x 10'2" | 3.69 x 3.11 m |
| 12 | Bedroom 4 | 10'4" x 9'6"  | 3.14 x 2.89 m |
| 13 | Bathroom  | 7'7" x 6'1"   | 2.31 x 1.86 m |



\*Elevation variation to plots 64, 65, 71 and 75 only.

**KEY**

◀ Dimensions start

**HW** Hot water storage

**CONSUMER  
CODE FOR  
HOME BUILDERS**

[www.consumercode.co.uk](http://www.consumercode.co.uk)

Customers should note this illustration is an example of the Harrogate house type. All dimensions indicated are approximate and the furniture layout is for illustrative purposes only. Homes may be 'handed' (mirror image) versions of the illustrations, and may be detached, semi-detached or terraced. Materials used may differ from plot to plot including render and roof tile colours. Detailed plans and specifications are available for inspection for each plot at our Sales Centre during working hours and customers must check their individual specifications prior to making a reservation.





HERITAGE

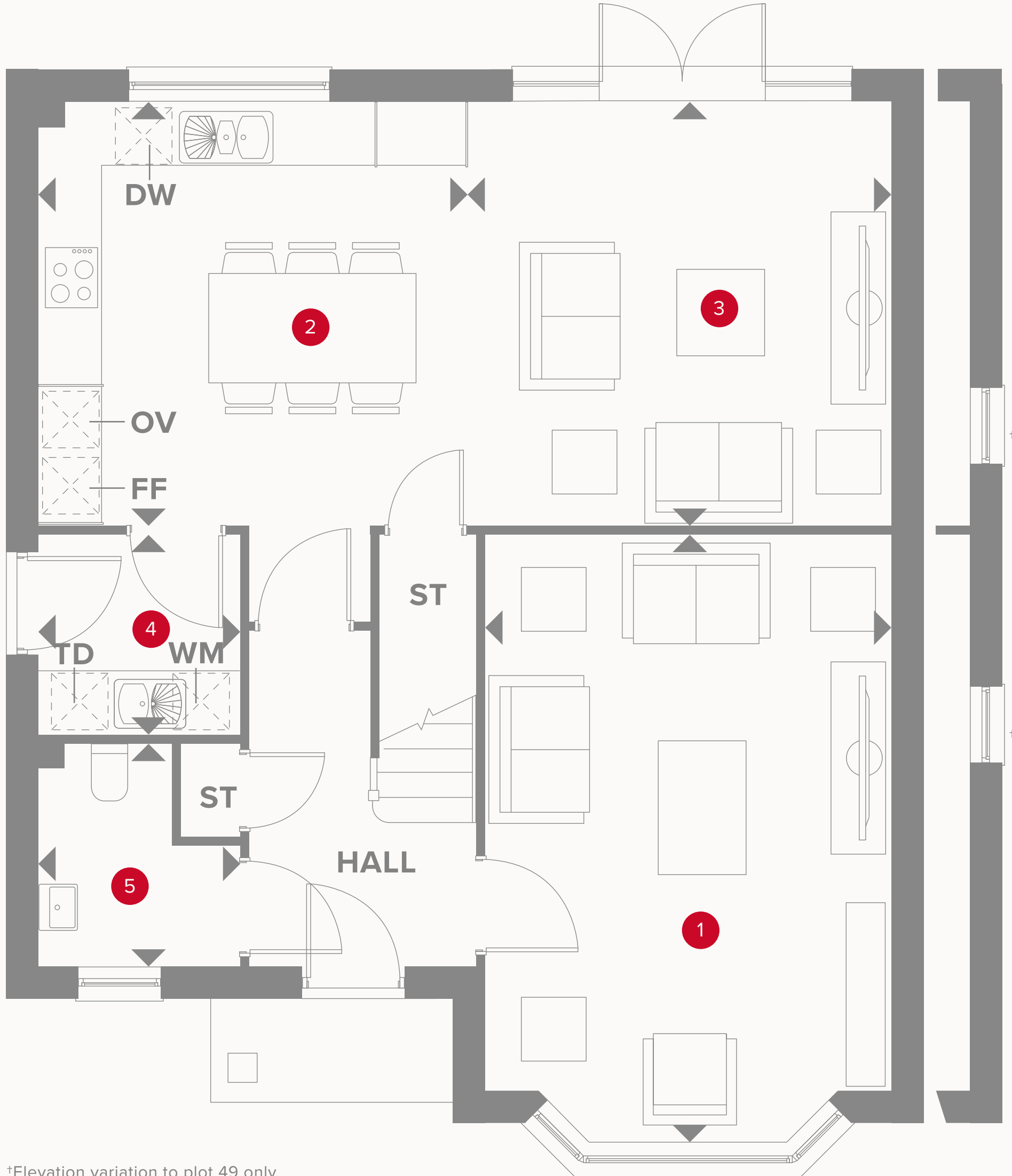
- REDROW -

# THE LEAMINGTON LIFESTYLE

THREE BEDROOM HOME







\*Elevation variation to plot 49 only.

# THE LEAMINGTON LIFESTYLE GROUND FLOOR

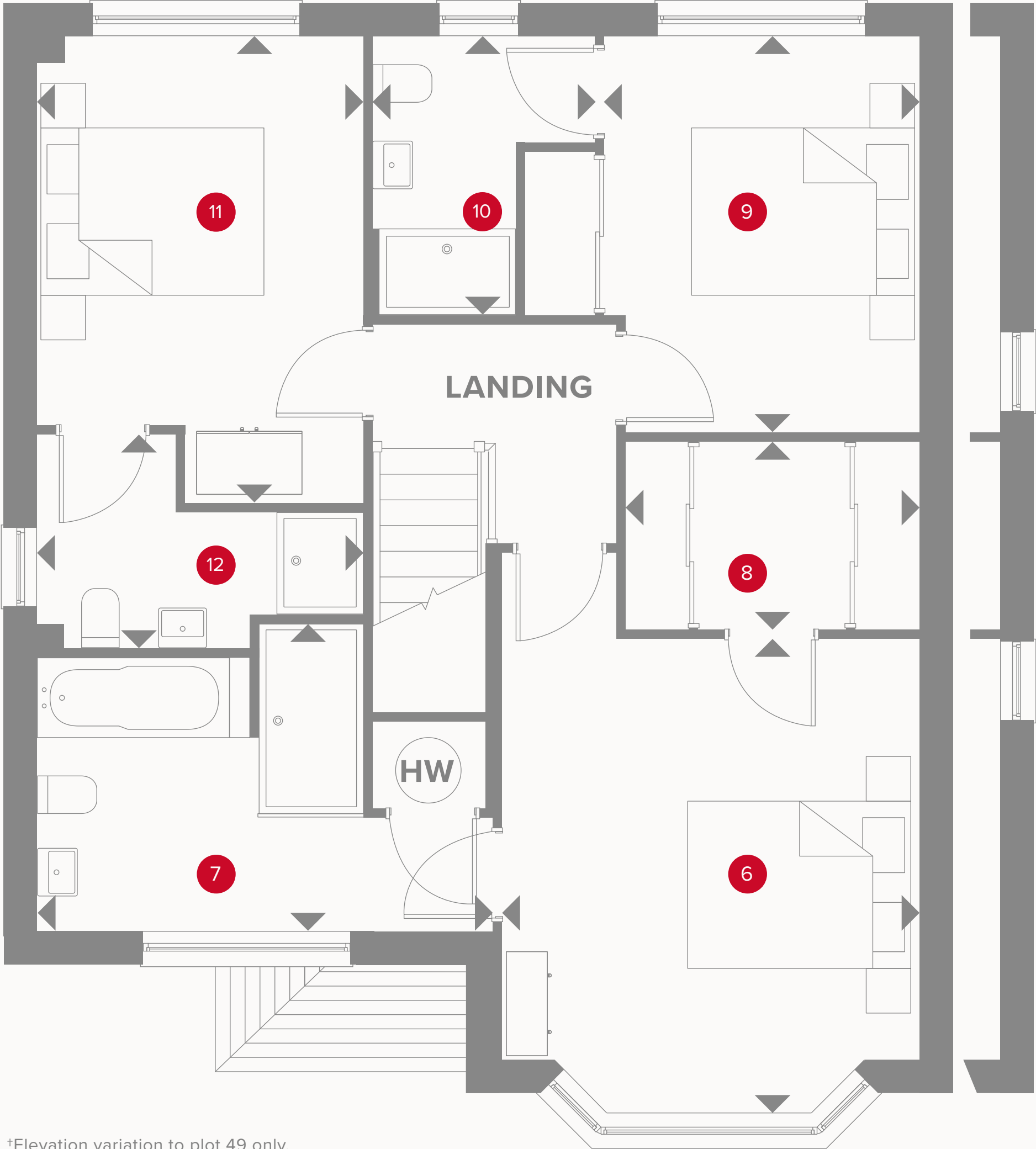
|   |                    |                |               |
|---|--------------------|----------------|---------------|
| 1 | Lounge             | 17'9" x 11'11" | 5.42 x 3.63 m |
| 2 | Kitchen/<br>Dining | 12'8" x 12'6"  | 3.87 x 3.82 m |
| 3 | Family             | 12'6" x 12'6"  | 3.82 x 3.82 m |
| 4 | Utility            | 5'11" x 5'11"  | 1.80 x 1.80 m |
| 5 | Cloaks             | 6'6" x 5'11"   | 1.99 x 1.80 m |



## KEY

- Hob
- OV Oven
- FF Fridge/freezer
- TD Tumble dryer space

- Dimensions start
- ST Storage cupboard
- WM Washing machine space
- DW Dishwasher space



†Elevation variation to plot 49 only.

# THE LEAMINGTON LIFESTYLE FIRST FLOOR

|    |            |                |               |
|----|------------|----------------|---------------|
| 6  | Bedroom 1  | 13'4" x 11'11" | 4.08 x 3.63 m |
| 7  | En-suite 1 | 9'3" x 7'9"    | 2.83 x 2.37 m |
| 8  | Wardrobe   | 8'4" x 5'5"    | 2.54 x 1.65 m |
| 9  | Bedroom 2  | 11'3" x 11'2"  | 3.44 x 3.41 m |
| 10 | En-suite 2 | 7'11" x 6'2"   | 2.41 x 1.93 m |
| 11 | Bedroom 3  | 13'4" x 9'3"   | 4.06 x 2.83 m |
| 12 | En-suite 3 | 9'3" x 6'1"    | 2.83 x 1.85 m |



## KEY

- ◀ Dimensions start
- HW Hot water storage

CONSUMER  
CODE FOR  
HOME BUILDERS  
[www.consumercode.co.uk](http://www.consumercode.co.uk)

Customers should note this illustration is an example of the Leamington Lifestyle house type. All dimensions indicated are approximate and the furniture layout is for illustrative purposes only. Homes may be 'handed' (mirror image) versions of the illustrations, and may be detached, semi-detached or terraced. Materials used may differ from plot to plot including render and roof tile colours. Detailed plans and specifications are available for inspection for each plot at our Sales Centre during working hours and customers must check their individual specifications prior to making a reservation. All wardrobes are subject to site specification. Please see Sales Consultant for further details.





HERITAGE

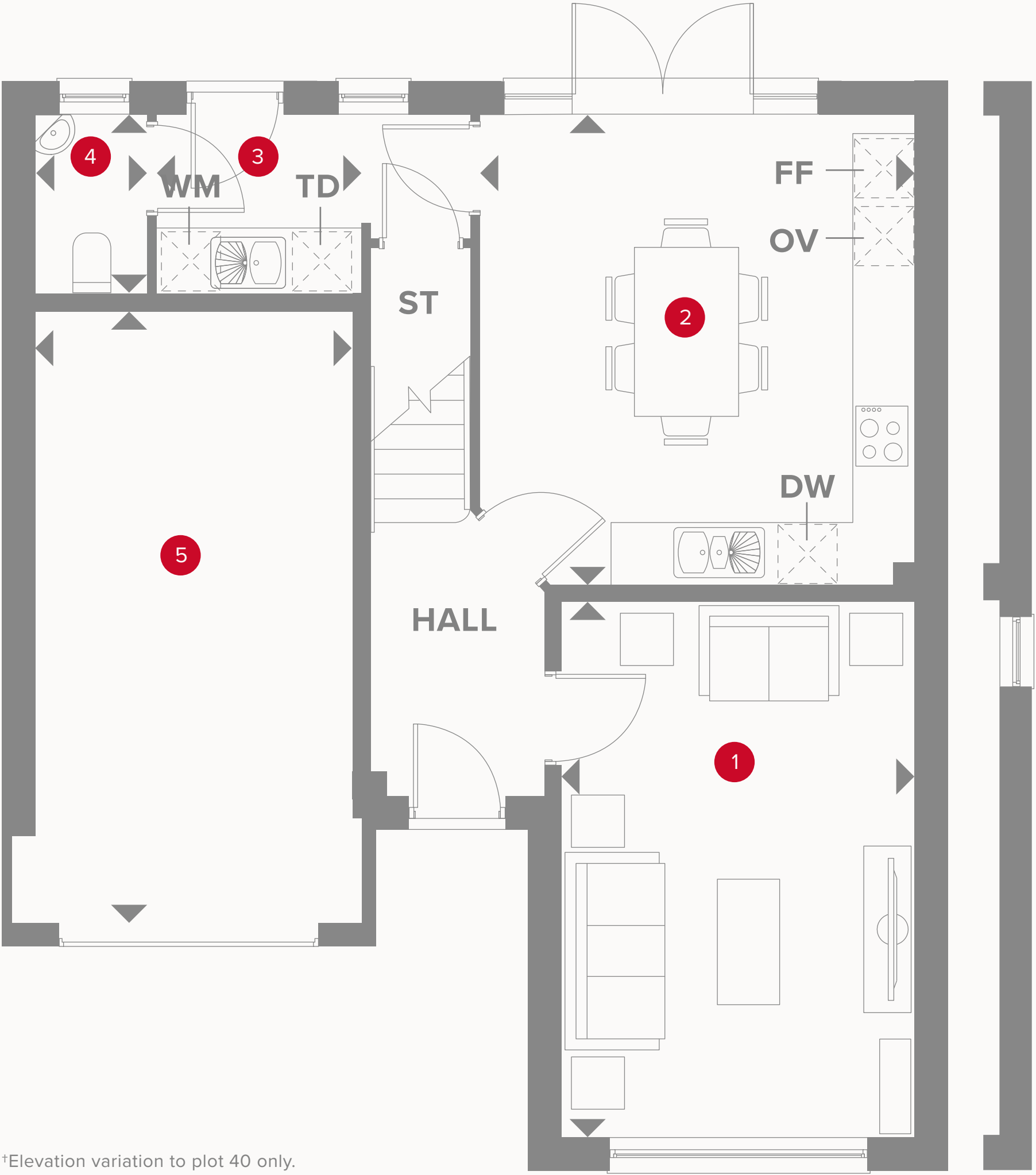
- REDROW -

# THE MARLOW

FOUR BEDROOM HOME







†Elevation variation to plot 40 only.

# THE MARLOW GROUND FLOOR

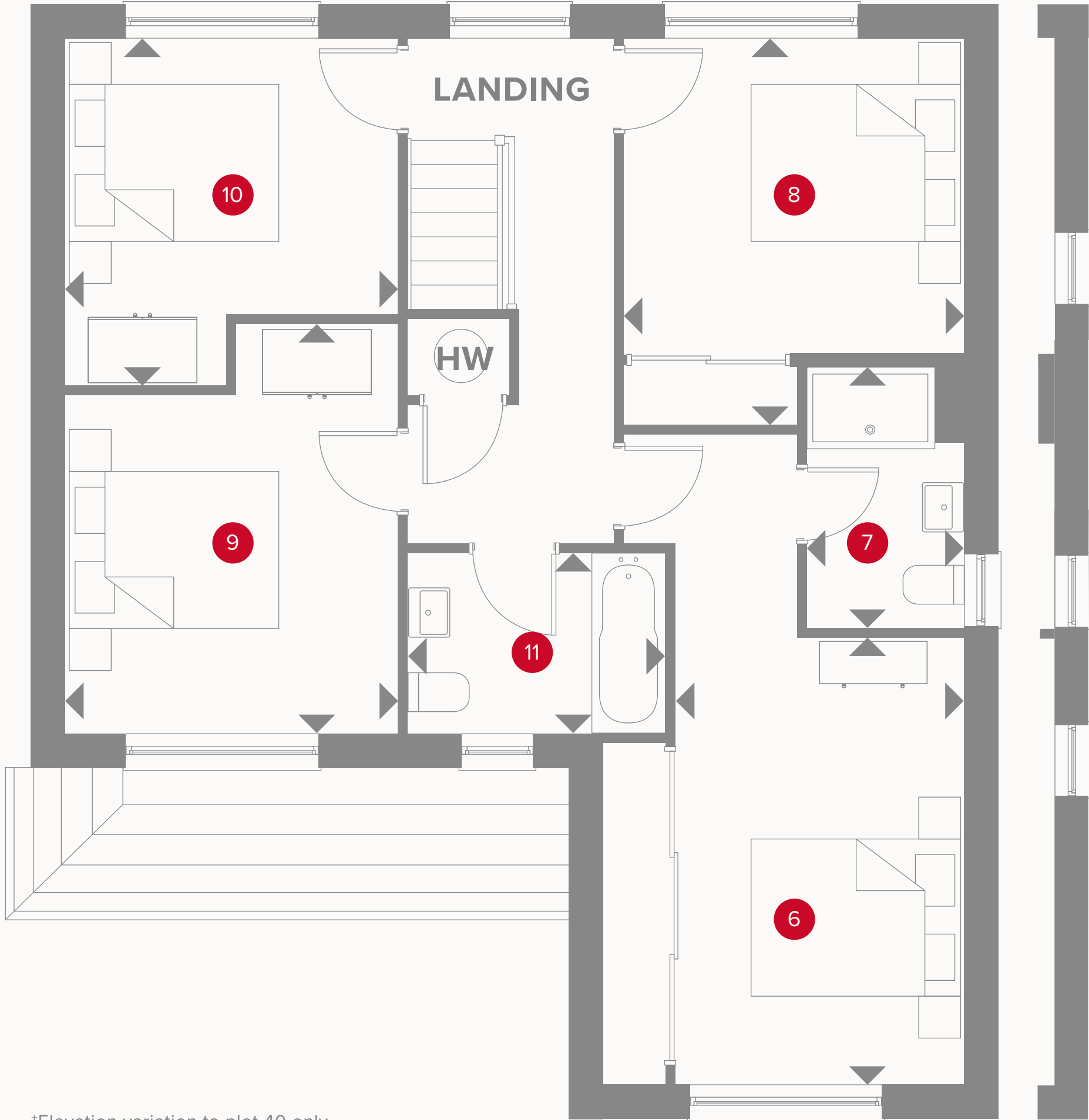
|   |                    |                |               |
|---|--------------------|----------------|---------------|
| 1 | Lounge             | 16'10" x 11'2" | 5.15 x 3.41 m |
| 2 | Kitchen/<br>Dining | 14'8" x 13'9"  | 4.52 x 4.19 m |
| 3 | Utility            | 6'4" x 5'7"    | 1.95 x 1.72 m |
| 4 | Cloaks             | 5'7" x 3'6"    | 1.72 x 1.09 m |
| 5 | Garage             | 19'11" x 10'1" | 6.06 x 3.08 m |



## KEY

- Hob
- OV** Oven
- FF** Fridge/freezer
- TD** Tumble dryer space

- Dimensions start
- ST** Storage cupboard
- WM** Washing machine space
- DW** Dishwasher space



†Elevation variation to plot 40 only.

# THE MARLOW FIRST FLOOR

|    |           |               |               |
|----|-----------|---------------|---------------|
| 6  | Bedroom 1 | 13'8" x 11'2" | 4.17 x 3.41 m |
| 7  | En-suite  | 8'1" x 4'11"  | 2.46 x 1.50 m |
| 8  | Bedroom 2 | 12'0" x 10'6" | 3.65 x 3.21 m |
| 9  | Bedroom 3 | 12'7" x 10'3" | 3.86 x 3.13 m |
| 10 | Bedroom 4 | 10'8" x 10'3" | 3.29 x 3.13 m |
| 11 | Bathroom  | 7'11" x 5'7"  | 2.42 x 1.73 m |



## KEY

- ◀ Dimensions start
- HW Hot water storage

CONSUMER  
CODE FOR  
HOME BUILDERS

[www.consumercode.co.uk](http://www.consumercode.co.uk)

Customers should note this illustration is an example of the Marlow house type. All dimensions indicated are approximate and the furniture layout is for illustrative purposes only. Homes may be 'handed' (mirror image) versions of the illustrations, and may be detached, semi-detached or terraced. Materials used may differ from plot to plot including render and roof tile colours. Detailed plans and specifications are available for inspection for each plot at our Sales Centre during working hours and customers must check their individual specifications prior to making a reservation.





HERITAGE

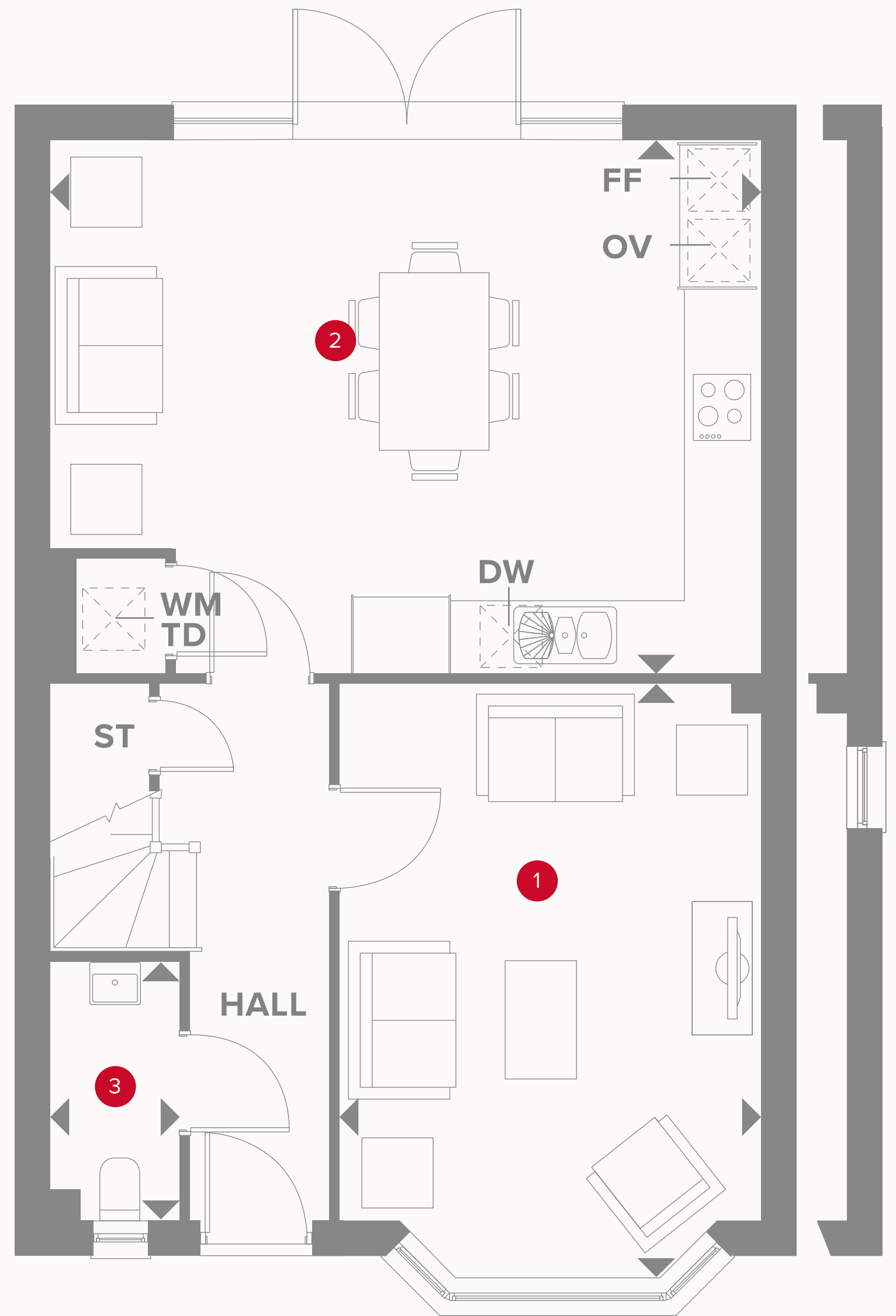
- REDROW -

# THE STRATFORD

FOUR BEDROOM HOME







†Elevation variation to plot 41 only.

# THE STRATFORD GROUND FLOOR

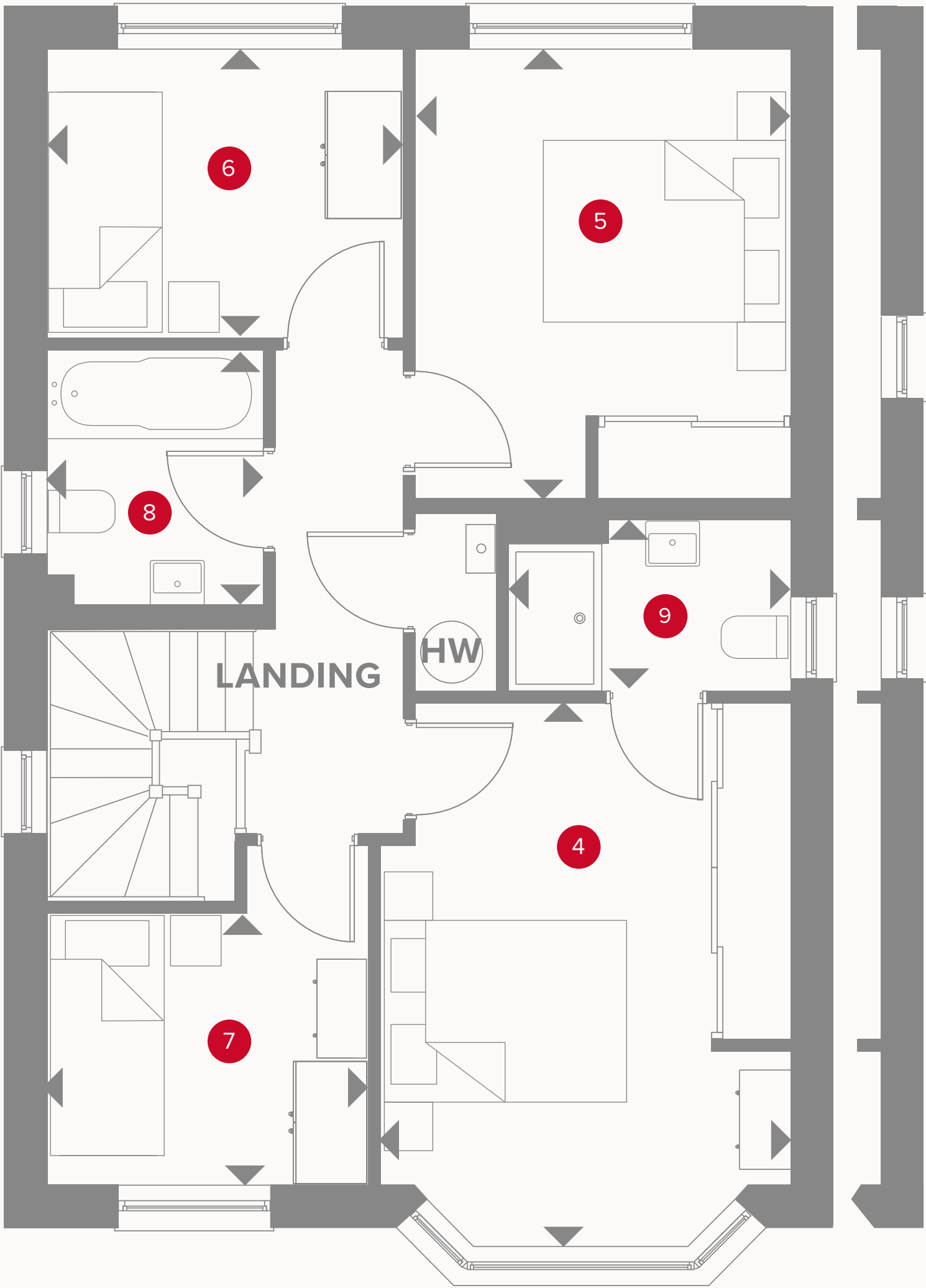
|   |                               |               |               |
|---|-------------------------------|---------------|---------------|
| 1 | Lounge                        | 16'4" x 11'6" | 4.97 x 3.51 m |
| 2 | Family/<br>Kitchen/<br>Dining | 19'8" x 14'9" | 5.99 x 4.49 m |
| 3 | Cloaks                        | 7'3" x 3'6"   | 2.20 x 1.07 m |



## KEY

- Hob
- OV** Oven
- FF** Fridge/freezer
- TD** Tumble dryer space

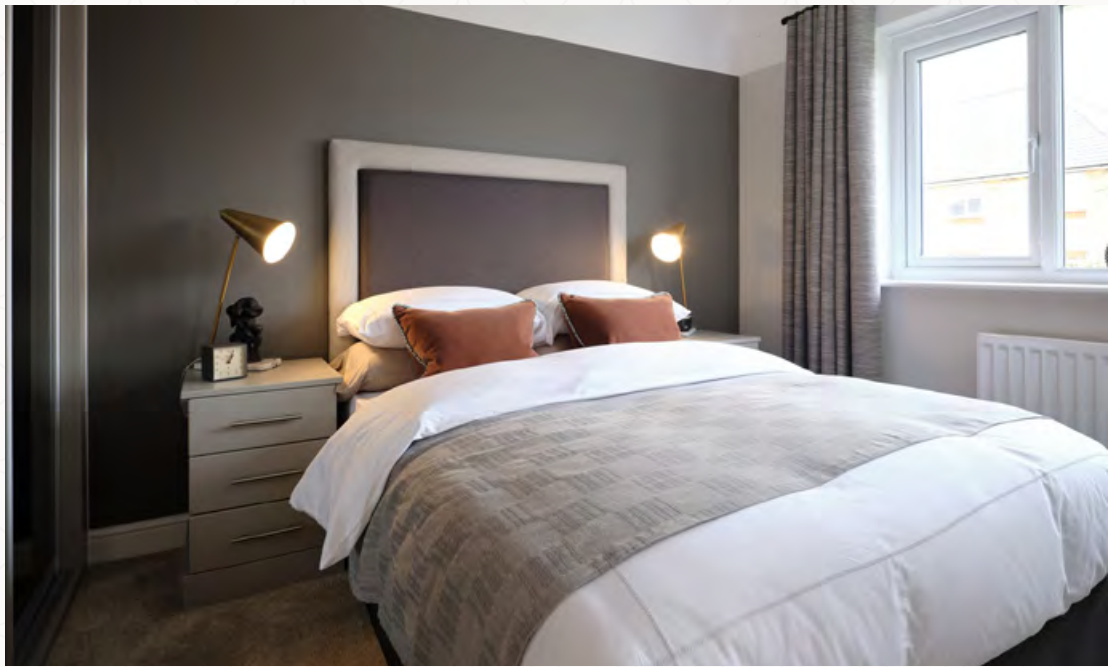
- Dimensions start
- ST** Storage cupboard
- WM** Washing machine space
- DW** Dishwasher space



†Elevation variation to plot 41 only.

# THE STRATFORD FIRST FLOOR

|   |           |                |               |
|---|-----------|----------------|---------------|
| 4 | Bedroom 1 | 14'2" x 10'10" | 4.33 x 3.30 m |
| 5 | Bedroom 2 | 11'11" x 9'11" | 3.62 x 3.02 m |
| 6 | Bedroom 3 | 9'5" x 7'8"    | 2.88 x 2.34 m |
| 7 | Bedroom 4 | 8'6" x 7'3"    | 2.60 x 2.20 m |
| 8 | Bathroom  | 6'9" x 5'9"    | 2.05 x 1.76 m |
| 9 | En-suite  | 7'6" x 4'7"    | 2.28 x 1.39 m |



**KEY**

◀ Dimensions start

**HW** Hot water storage

**CONSUMER  
CODE FOR  
HOME BUILDERS**

[www.consumercode.co.uk](http://www.consumercode.co.uk)

Customers should note this illustration is an example of the Stratford Lifestyle house type. All dimensions indicated are approximate and the furniture layout is for illustrative purposes only. Homes may be 'handed' (mirror image) versions of the illustrations, and may be detached, semi-detached or terraced. Materials used may differ from plot to plot including render and roof tile colours. Detailed plans and specifications are available for inspection for each plot at our Sales Centre during working hours and customers must check their individual specifications prior to making a reservation. All wardrobes are subject to site specification. Please see Sales Consultant for further details.





HERITAGE

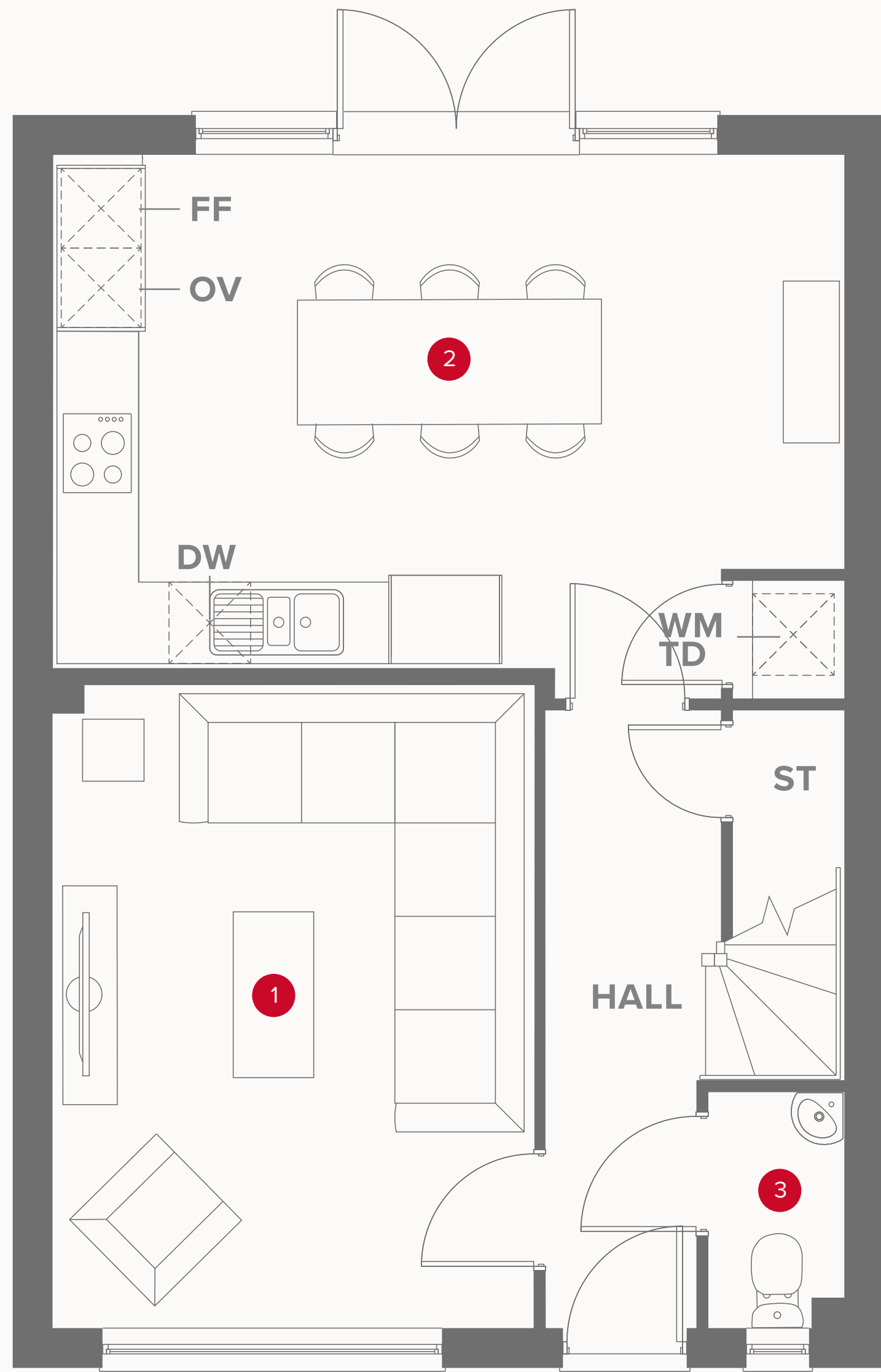
- REDROW -

# THE WARWICK

THREE BEDROOM HOME









# THE WARWICK GROUND FLOOR

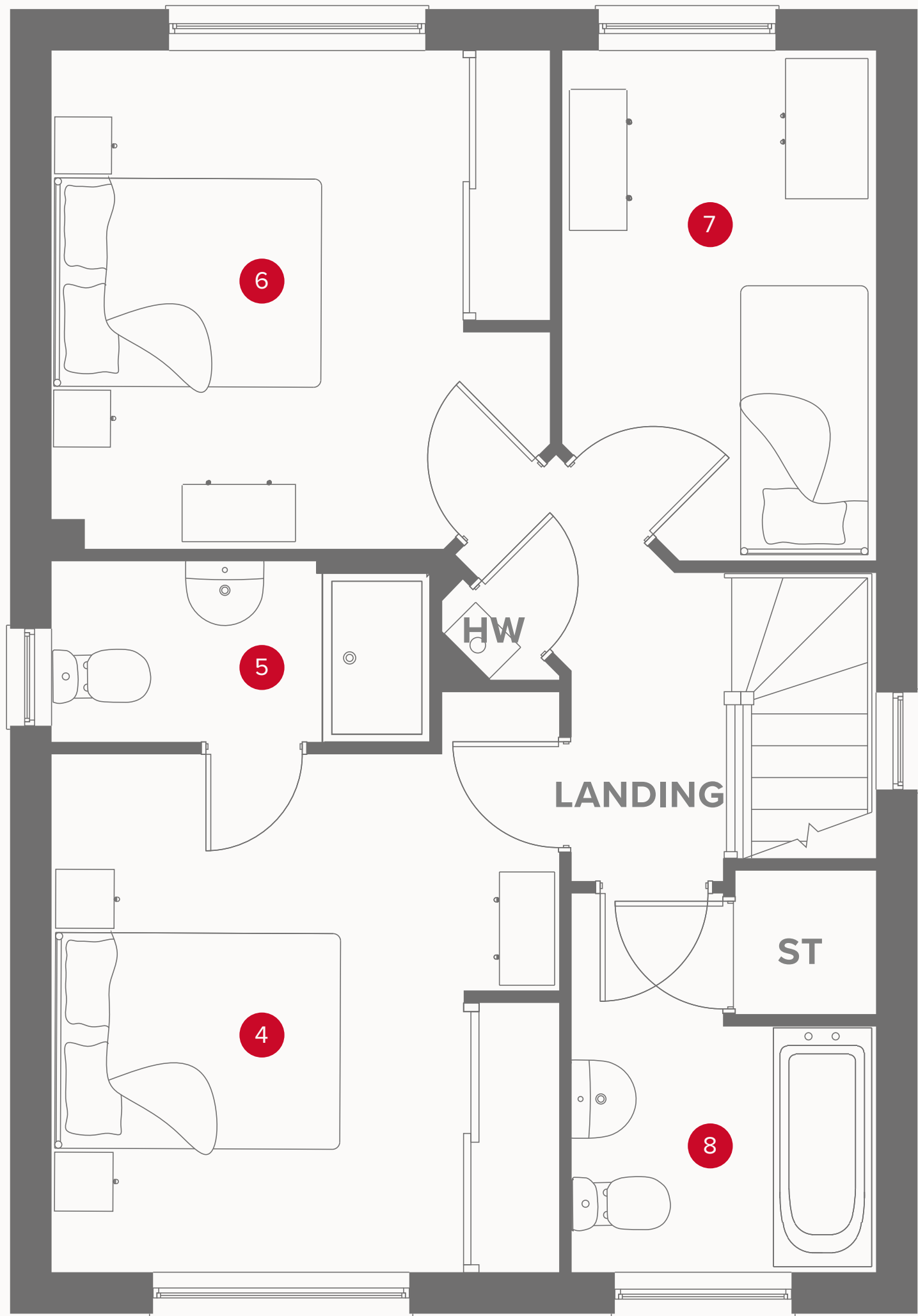
|                      |                |               |
|----------------------|----------------|---------------|
| 1 Lounge             | 15'5" x 11'7"  | 4.71 x 3.52 m |
| 2 Kitchen/<br>Dining | 18'11" x 12'3" | 5.77 x 3.73 m |
| 3 Cloaks             | 5'7" x 3'3"    | 1.71 x 0.98 m |



## KEY

-  Hob
- OV** Oven
- FF** Fridge/freezer
- TD** Tumble dryer space

-  Dimensions start
- ST** Storage cupboard
- WM** Washing machine space
- DW** Dishwasher space



# THE WARWICK FIRST FLOOR

|   |           |                |               |
|---|-----------|----------------|---------------|
| 4 | Bedroom 1 | 11'11" x 11'8" | 3.63 x 3.55 m |
| 5 | En-suite  | 8'8" x 4'2"    | 2.64 x 1.28 m |
| 6 | Bedroom 2 | 11'5" x 11'5"  | 3.49 x 3.49 m |
| 7 | Bedroom 3 | 11'9" x 7'2"   | 3.58 x 2.19 m |
| 8 | Bathroom  | 8'8" x 7'0"    | 2.65 x 2.13 m |



## KEY

- ◀ Dimensions start
- HW Hot water storage

**CONSUMER  
CODE FOR  
HOME BUILDERS**

[www.consumercode.co.uk](http://www.consumercode.co.uk)

Customers should note this illustration is an example of the Warwick house type. All dimensions indicated are approximate and the furniture layout is for illustrative purposes only. Homes may be 'handed' (mirror image) versions of the illustrations, and may be detached, semi-detached or terraced. Materials used may differ from plot to plot including render and roof tile colours. Detailed plans and specifications are available for inspection for each plot at our Sales Centre during working hours and customers must check their individual specifications prior to making a reservation.



## Appendix M



ANDLERS WOOD  
LISS

CALA HOMES  
BUILT FOR YOUR NEXT CHAPTER









Stock photography

## ANDLERS WOOD

### YOUR IDYLIC RURAL RETREAT

A characterful selection of 3, 4 and 5 bedroom homes, Andlers Wood is situated in the picturesque village of Liss in the South Downs National Park.

Light, spacious and finished to a high specification, these semi-detached and detached homes are designed for contemporary family living, with convenient amenities and commuter links close by.



Artist's impression of Andlers Wood



Local area photography











## BUYING NEW IS BETTER WITH CALA



### CALA PEACE OF MIND

A 10-year NHBC Buildmark Warranty, 24-hour response service for emergency calls and after-sales service for two years following all purchases.



### MOVE CHAIN-FREE

Our 100% Part Exchange\* service frees you from being in a chain. For more information and to use our part exchange calculator to see what you could save, visit [cala.co.uk/part-exchange](https://cala.co.uk/part-exchange)



### MORE CHOICE

With a selection of kitchens and bathrooms, you can choose the cabinets, tiles and floorings to suit you. Choices are subject to build stage.



### A VIBRANT NEW COMMUNITY

Many residents of new developments find that they quickly become part of an inclusive community of like-minded people.



### LESS MAINTENANCE

A new build home requires lower maintenance compared to an old house, saving you time and money.



### THE BEST OF BOTH

CALA homes balance modern contemporary design with traditional architecture to enhance their characterful surroundings.



### ENERGY EFFICIENT

Enjoy reduced gas and electricity bills and a better insulated, more energy efficient home, compared to a Victorian home with some modern updates.”

### SAFE AS HOUSES

Built with safety in mind, our homes comply with the latest Health and Safety standards, including modern consumer units and ample, well positioned sockets, multi-point locks and mains powered smoke alarms.

### ALL THE MOD CONS

New built-in kitchen appliances covered by manufacturers’ warranties and the latest water efficient bathroom fittings. Also a boiler and heating system complete with at least a two year warranty.

### FREEDOM TO PERSONALISE

A brand new home is the golden opportunity to make it your own. Its blank canvas can bring out the interior designer in you and give you the freedom to stamp your personality on everything.

### MORE LIGHT AND SPACE

Our Light & Space Collection is thoughtfully designed to promote sustainability and wellbeing. Maximising natural light, some homes also feature three-zone kitchens to create open plan living and breakaway rooms for relaxation, such as formal lounges and private studies.

### CONSUMER CODE FOR HOMEBUILDERS

We comply with the Consumer Code for Homebuilders, giving you peace of mind during the purchase process.



\*CALA will obtain 2 independent valuations based on achieving a sale in a 4-6 week period, part exchange considered subject to CALA's purchasing criteria, terms and conditions. Up to 100% part exchange available on selected plots, subject to terms and conditions and not in conjunction with any other offer. Incentives are available at selected developments on selected homes. For terms and conditions on all CALA incentives, please visit [cala.co.uk/terms](http://cala.co.uk/terms). \*\*Source: The NHBC Foundation 2016.



Photography from a previous CALA development



Stock photography



## SERVICE WITH A WIDE RANGE OF SMILES

Premier quality homes deserve a customer service to match. CALA is committed to making your journey to a whole new lifestyle as enjoyable as the destination itself. Supporting you every step of the way, we work hard to ensure a straightforward and smooth-running move. From initial enquiry through to handing over the keys and beyond, we'll help your dream home come true.

Here are just some of the many happy comments we've received from CALA homeowners:



"By purchasing the showhome at CALA's Kings Barton development, it really did make the transition from living abroad really easy. The showhome offered really good value for money, and we were able to move straight into our brand new home without the pressure of finding new furniture, or moving existing belongings from the other side of the world. Our new home was perfectly designed and ready to move in to from day one, and it really does tick all the boxes. The space works really well for us, and our family and friends can't believe how beautiful our new home is – with many of them now wishing they could move into a showhome of their own!"

MR & MRS ARUNAN, PURCHASERS AT KINGS BARTON

"We absolutely loved the layout of the property. The downstairs had plenty of space for entertaining friends and family with a large kitchen/diner, a separate lounge and a playroom – perfect for hiding away all the toys! It also has a utility room which is ideal with a growing family. Everything in the house was so balanced, with four good sized bedrooms upstairs and no sign of the small box room you find in most four bedroom properties. The bathrooms and en suites are all really generous in size and the airy, open stairway, landing and high ceilings are often a talking point when family and friends come to visit."

MR & MRS GRIDLEY, PURCHASERS AT APPLGARTH VALE, GRAYSHOTT





## THE PAYNES MAKE A HOUSE A HOME AT CALA'S SHOPWYKE LAKES

With a two year-old daughter and the birth of their second child imminent, Mr and Mrs Payne were looking for a relatively stress-free move which allowed them to settle into their brand new family home from day one. After visiting and falling in love with CALA's Shopwyke Lakes development in Chichester, they purchased their very own showhome which meant they were able to move into their new property in less than four weeks – just in time for their baby's arrival.

Mrs Payne said: *"When we first visited Shopwyke Lakes we instantly fell in love with the atmosphere and the sense of community. The properties are all beautifully designed and the layout of the 4 bedroom showhome felt really spacious – ideal for our growing family. We viewed the showhome on the Friday and knew straight away that we'd found the perfect house to make our new home. The next day we brought our family along to Shopwyke Lakes to view the property and by Sunday, we had placed an offer on the property which was accepted."*



*"We have settled in really well to our new home as a family and enjoy waking up and taking in the beautiful views of South Downs National Park from our bedroom window each morning. The city, beach and countryside are all within a 10 minute drive of Shopwyke Lakes, so we have plenty of options when it comes to getting out and exploring the local area with our children."*

MR AND MRS PAYNE,  
PURCHASERS AT SHOPWYKE LAKES



*"We were keen to find our new family home before our daughter was born. We had looked at other new build developments in the area but the homes at Imber Riverside were head and shoulders above the rest. The property is ideal for our needs as a family and gives us plenty of space to grow. We have already become good friends with another couple at Imber Riverside who have also recently had a child. It's been really nice to feel like part of a new community."*

The sales team have been brilliant. They were really knowledgeable and after talking through the available options, we knew the ease and convenience of Part Exchange was perfect for us."

FRANCIS & LOUISE SCHUBERT, PURCHASERS AT IMBER RIVERSIDE, EAST MOLESEY, SURREY



# LISS

## YOUR HOME, YOUR HAVEN

The village of Liss lies in the breathtaking district of East Hampshire within the South Downs National Park. This is an area rich in history with archaeological discoveries, including multiple Roman and Bronze Age artefacts, displaying evidence of its thriving former inhabitants.

Today, the centre of Liss is home to a vibrant community, offering the perfect blend of independent shops, an infant and junior school, two doctors' surgeries and a dental practice.

The Triangle Centre lies at the heart of the village. With a coffee bar, cinema, exhibition and meeting spaces, and from yoga classes to the latest blockbuster, there's plenty of fun for all the family.

The recently purpose built Liss Pavilion also offers the community a place to host a number of groups and activities as well as the flexibility to cater for events from weddings to birthdays parties and business conferences.

The Shipwrights Way is a 50-mile public right of way, cycle route and bridle path, providing some of the national park's most spectacular scenery. The Rother and Blackwater Rivers, wet meadows and woodlands offer the perfect backdrops for family trails and picnics.

If you're thinking of eating out, The Spread Eagle has a delicious mix of Sunday roasts, gourmet burgers and bar snacks while the Hawkley Inn pub is known for its traditional british pub atmosphere welcoming families to enjoy casual and fine dining menus. For those who prefer something a little more intimate Nathan Marshall Plestor House is known for its Michelin Star chef, presenting delicious dishes made with seasonal ingredients, cooked simply but with passion.

Just 10 minutes' drive from the development, the market town of Petersfield provides a further range of amenities, including an appealing mix of high street shops, boutiques, cafes, bars and restaurants. Haslemere and Alton are also easily accessible as are Chichester and Portsmouth.

For families with young children, Little Treasures Nursery and Liss Infant and Junior School are just a few minutes from the development. Whilst both Petersfield and Haslemere schools are good options for secondary level education.





Local area photography









## AWAY FROM IT ALL, YET MINUTES FROM EVERYTHING

Liss is the perfect out of city escape, with an established transport network so you can commute or simply explore the region with ease.

Just minutes from Andlers Wood the A3 bypasses the village providing convenient access to the south coast and M25 and London to the north. The Hindhead tunnel enhances the attraction of this sought after location by enabling a move out of the traditional commuter belts and suburbs but still being able to return for work.

Journeys from Liss railway station to London Waterloo only takes an hour and 10 minutes. Or from Petersfield Station, 4 miles by road from Andlers Wood, offering ample parking and frequent services every 15 minutes.

If you're planning on travelling across the globe, both Gatwick and Heathrow Airports lie less than 50 miles away.

Distances and journey times are approximate and are taken from Google Maps and [www.thetrainline.com](http://www.thetrainline.com)





# ANDLERS WOOD - THE DEVELOPMENT

- 

**THE WEALD**  
5 BEDROOM DETACHED HOME  
PLOTS 1, 11, 12, 23, 24, 33-35, 76 & 77
- 

**THE WILMINGTON**  
4 BEDROOM DETACHED HOME  
PLOTS 13 & 25
- 

**THE MARDEN**  
4 BEDROOM DETACHED HOME  
PLOTS 16, 26 & 48
- 

**THE PETWORTH**  
4 BEDROOM DETACHED HOME  
PLOTS 10, 17-19, 21, 22, 27-32 & 73-75
- 

**THE AMBERLEY**  
3 BEDROOM SEMI-DETACHED HOME  
PLOTS 2, 3, 14, 15, 37, 40, 42-44 & 46
- 

**THE ARUNDEL**  
3 BEDROOM SEMI-DETACHED HOME  
PLOTS 20, 36, 41, 45, 47 & 72
- 

**HOUSING ASSOCIATION**



The above development layout is not drawn to scale and is for general guidance only. Road layouts, pathways and external treatments may differ. Please confirm the most up-to-date details with our Sales Consultant prior to reservation.



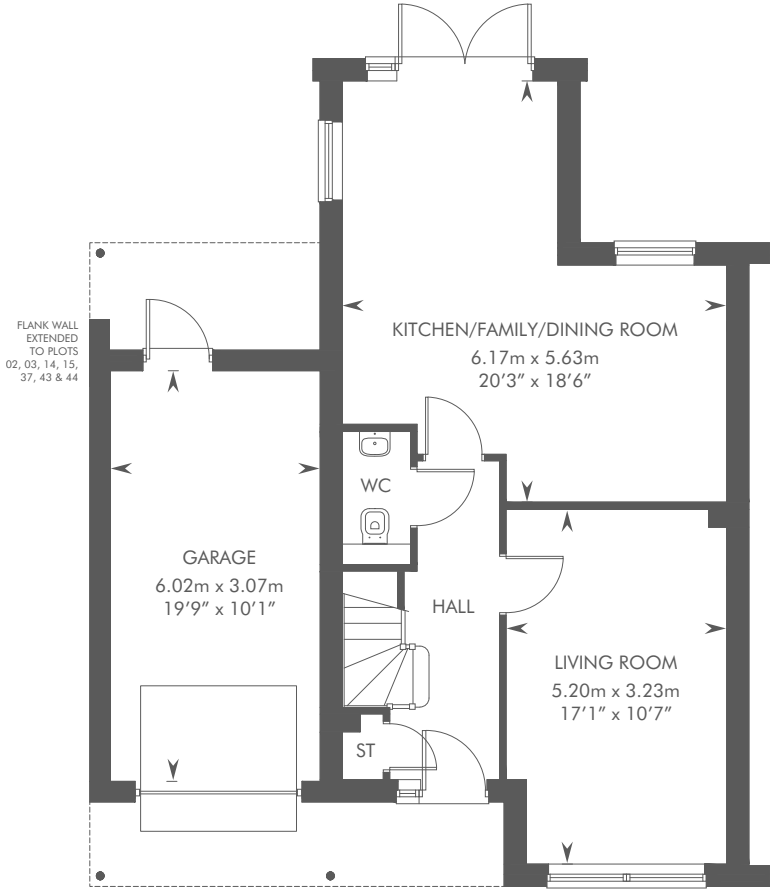
Computer generated image of The Amberley

# THE AMBERLEY

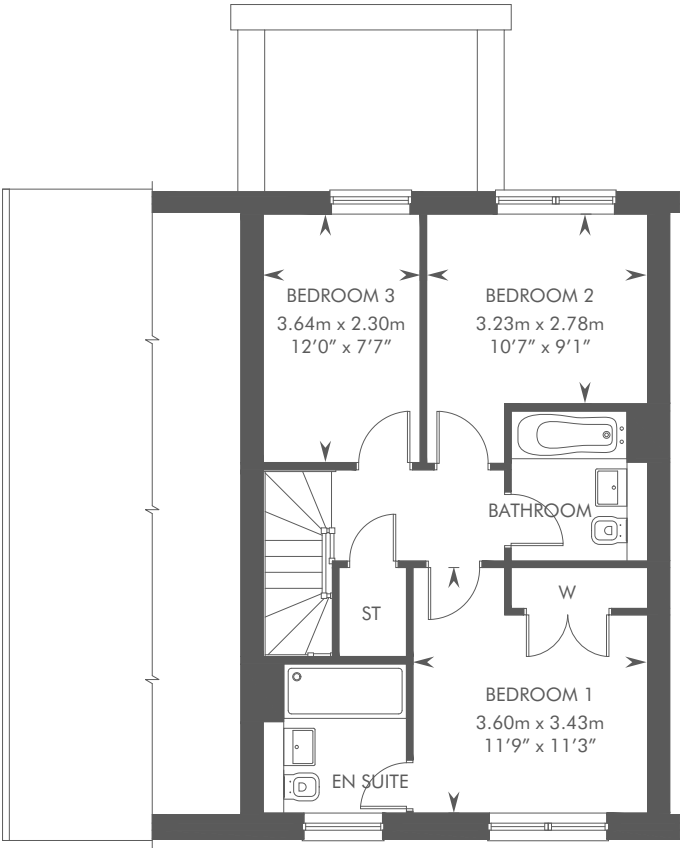
3 BEDROOM SEMI-DETACHED HOME



THE AMBERLEY  
PLOTS 3, 15, 40, 42, 44 & 46 – AS SHOWN  
PLOTS 2, 14, 37 & 43 – HANDED



GROUND FLOOR



FIRST FLOOR

Please ask your Sales Consultant for further details. A/C: Airing cupboard. ST: Store cupboard. W: Wardrobe. : Velux window.

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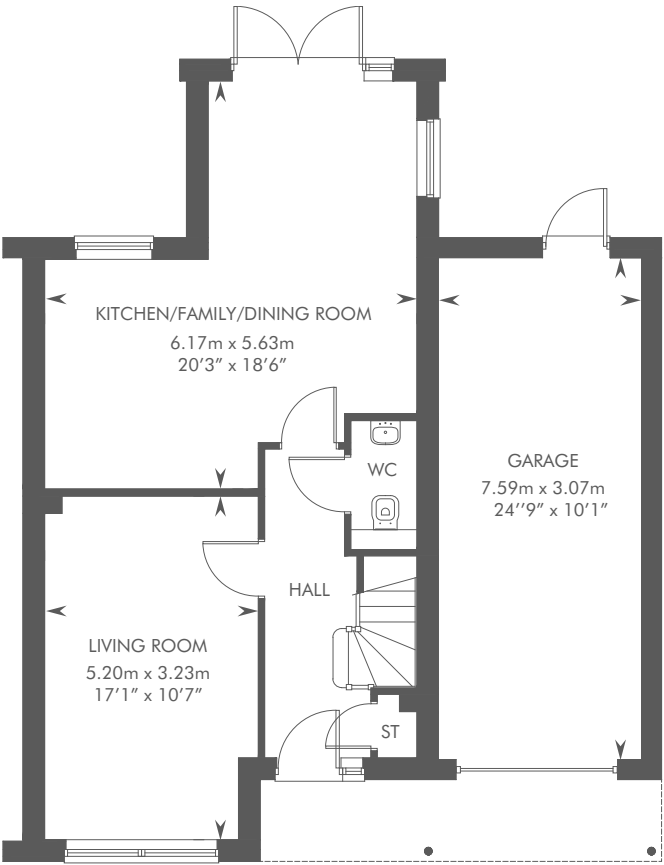
# THE ARUNDEL

3 BEDROOM DETACHED & SEMI-DETACHED HOME

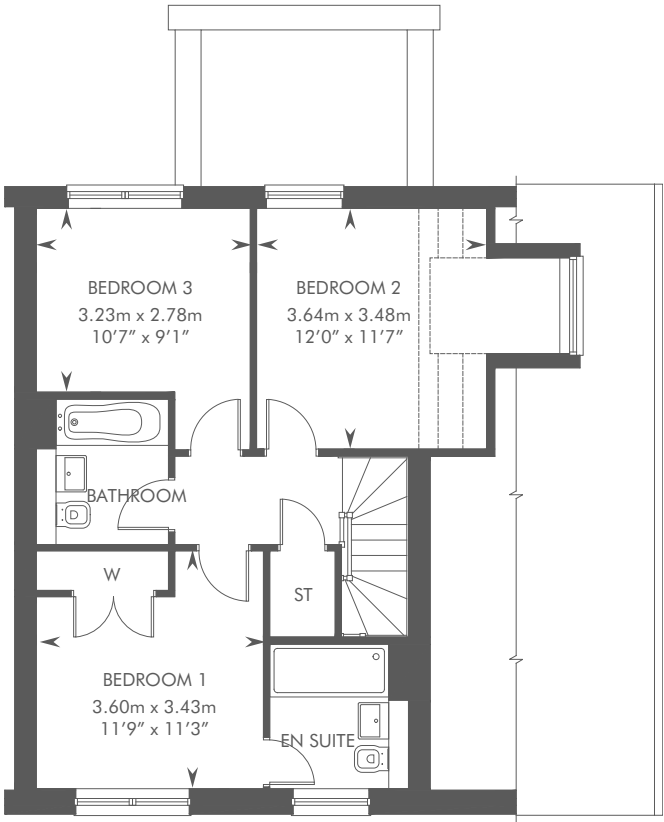




THE ARUNDEL  
PLOTS 41, 45 & 47 – AS SHOWN  
PLOTS 20, 36 & 72 – HANDED



GROUND FLOOR



FIRST FLOOR

Dotted line denotes structure above. Please ask your Sales Consultant for further details. ST: Store cupboard. W: Wardrobe.

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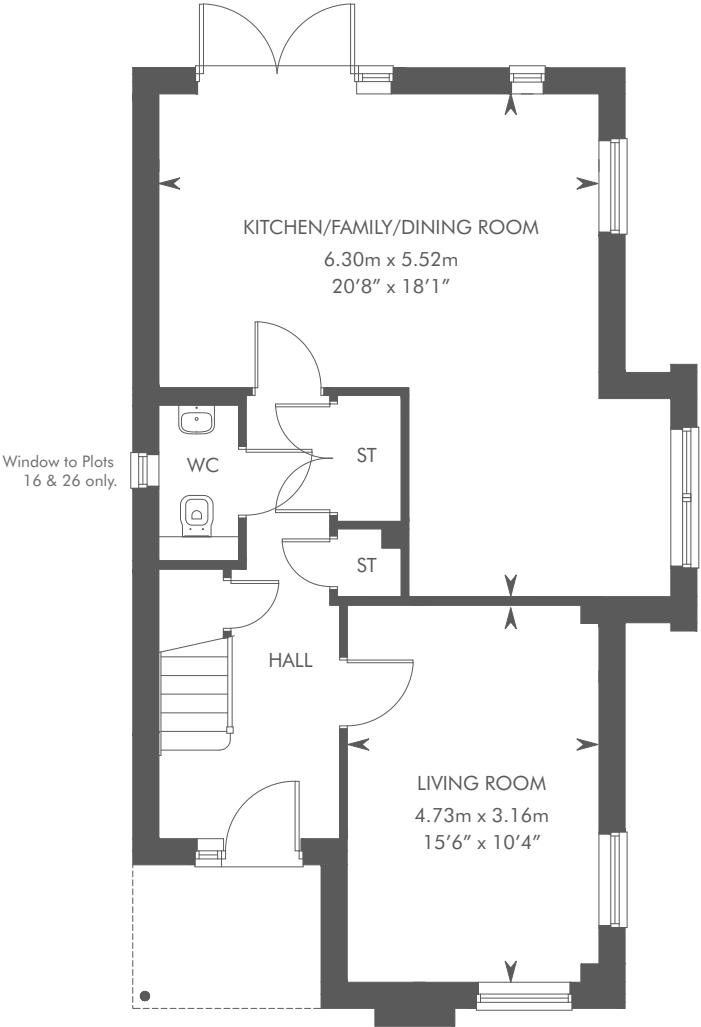


# THE MARDEN

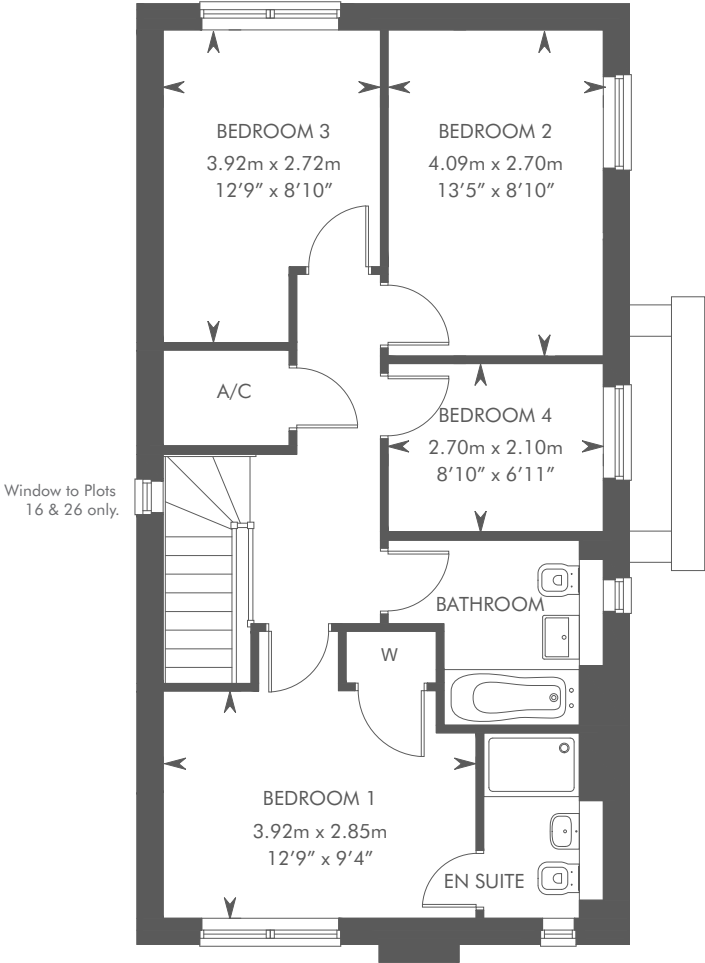
4 BEDROOM DETACHED HOME



THE MARDEN  
PLOTS 16, 26 & 48 – AS SHOWN



GROUND FLOOR



FIRST FLOOR

Attached garage and carport on Plot 48.  
Please ask your Sales Consultant for further details. ST: Store cupboard. W: Wardrobe. A/C: Airing cupboard.

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Computer generated image of The Petworth

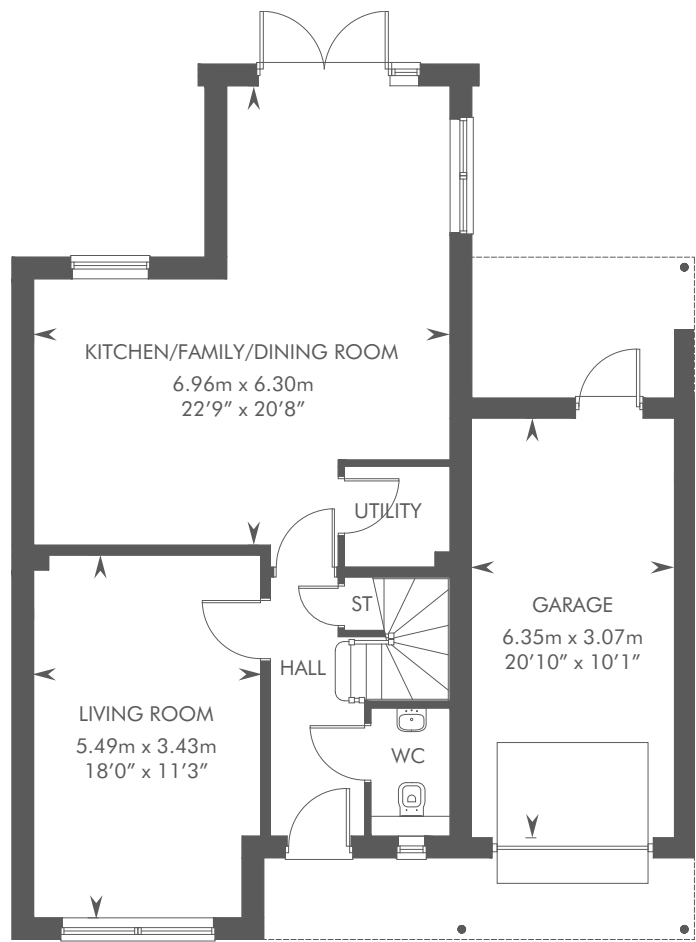
# THE PETWORTH

4 BEDROOM DETACHED HOME

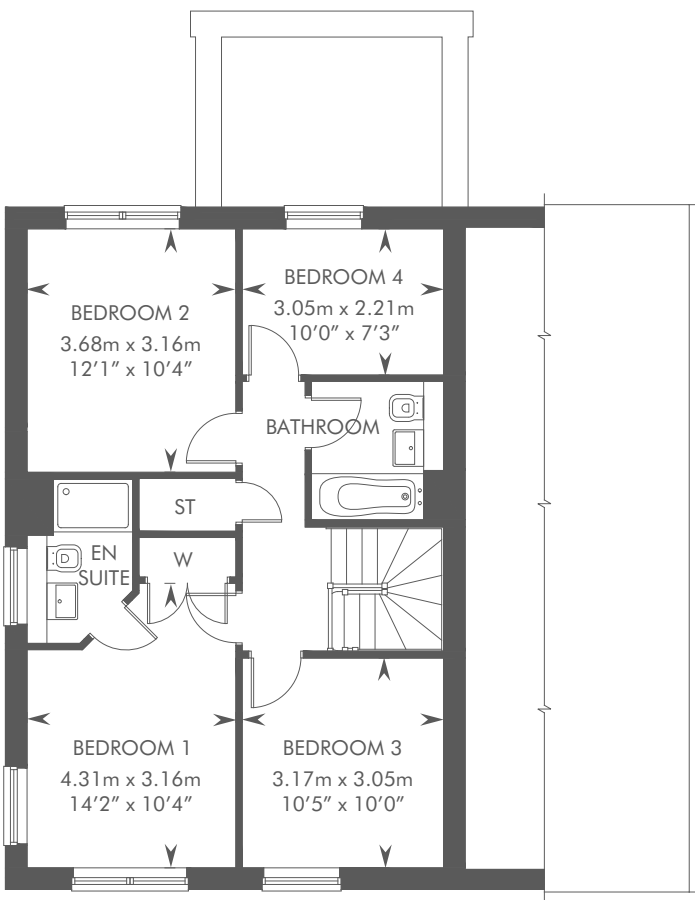




THE PETWORTH  
PLOTS 17, 18, 19, 27, 28, 29, 30, 31 & 32 – AS SHOWN  
PLOTS 10, 21, 22, 73, 74 & 75 – HANDED



GROUND FLOOR



FIRST FLOOR

Dotted line denotes structure above. Please ask your Sales Consultant for further details. A/C: Airing cupboard. ST: Store cupboard. W: Wardrobe.

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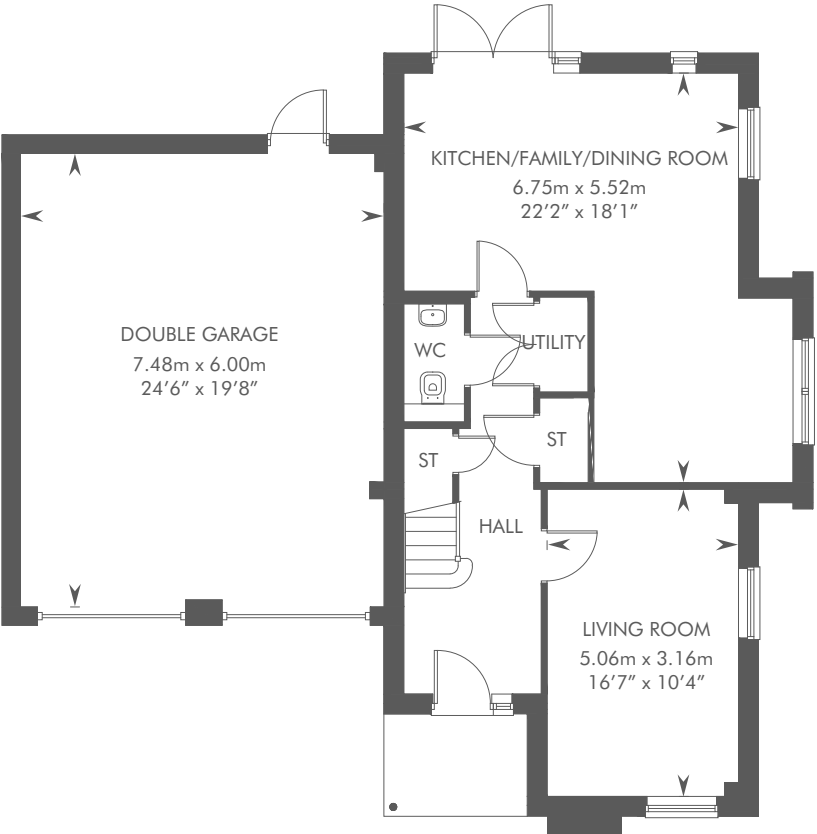


# THE WEALD

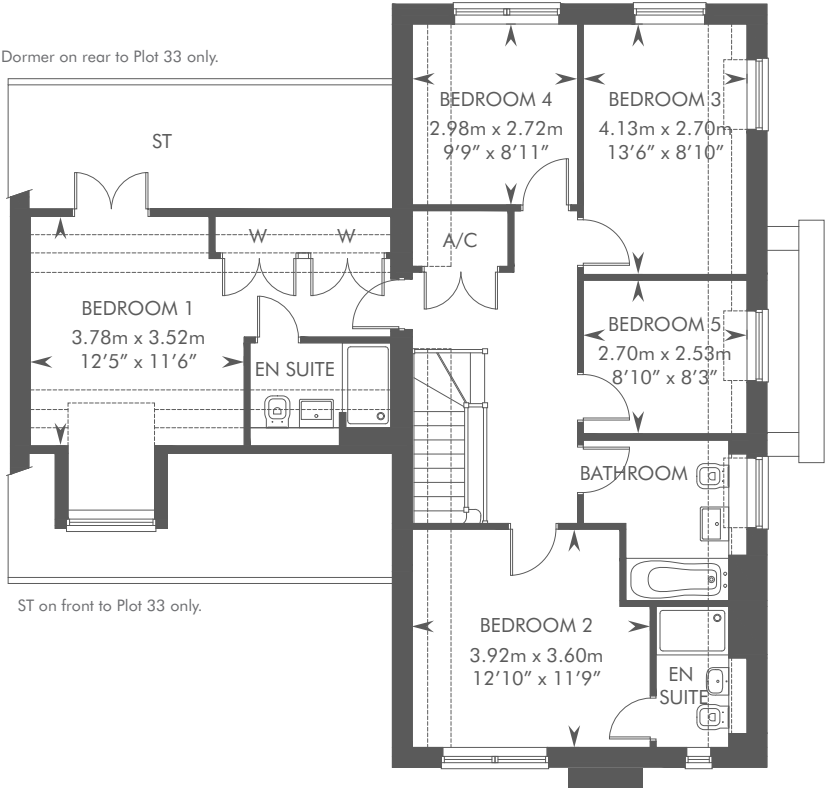
5 BEDROOM DETACHED HOME



THE WEALD  
PLOTS 1, 12, 24, 35 & 77 – AS SHOWN  
PLOTS 11, 23, 33, 34 & 76 – HANDED



GROUND FLOOR



FIRST FLOOR

Dotted line denotes structure above. Note Plot 33 master bedroom dormer and ST position differs. Please ask your Sales Consultant for further details. A/C: Airing cupboard. ST: Store cupboard. W: Wardrobe.

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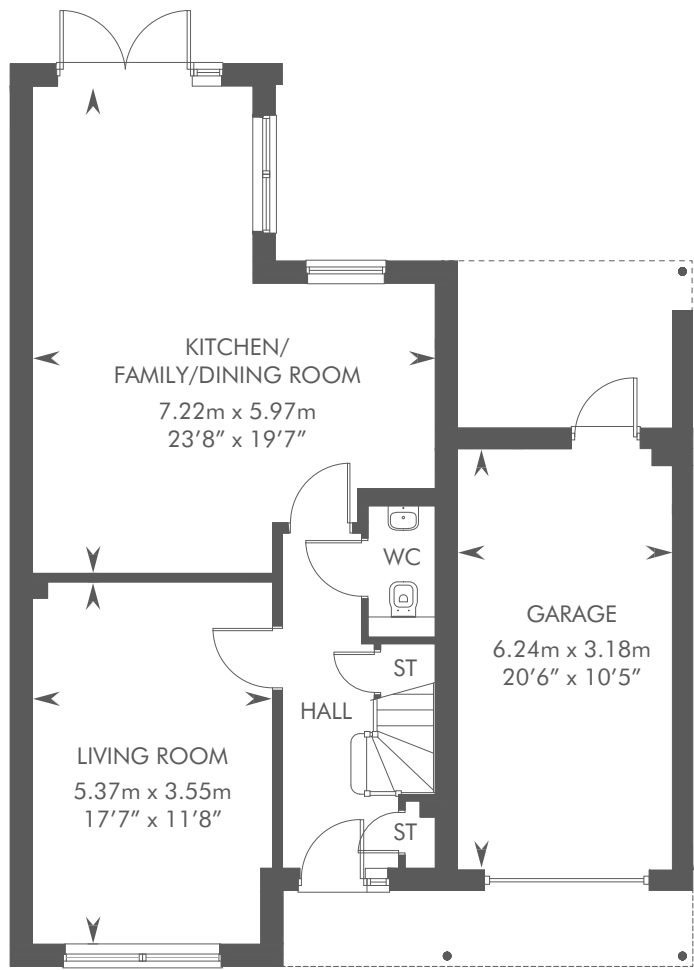
# THE WILMINGTON

4 BEDROOM DETACHED HOME

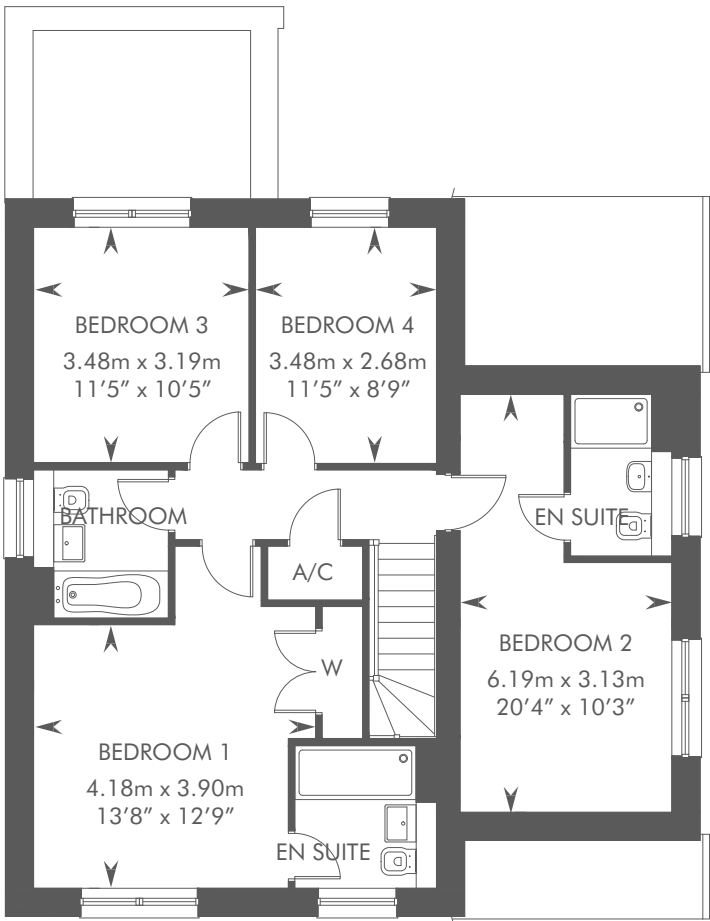




THE WILMINGTON  
PLOTS 13 & 25 – AS SHOWN



GROUND FLOOR



FIRST FLOOR

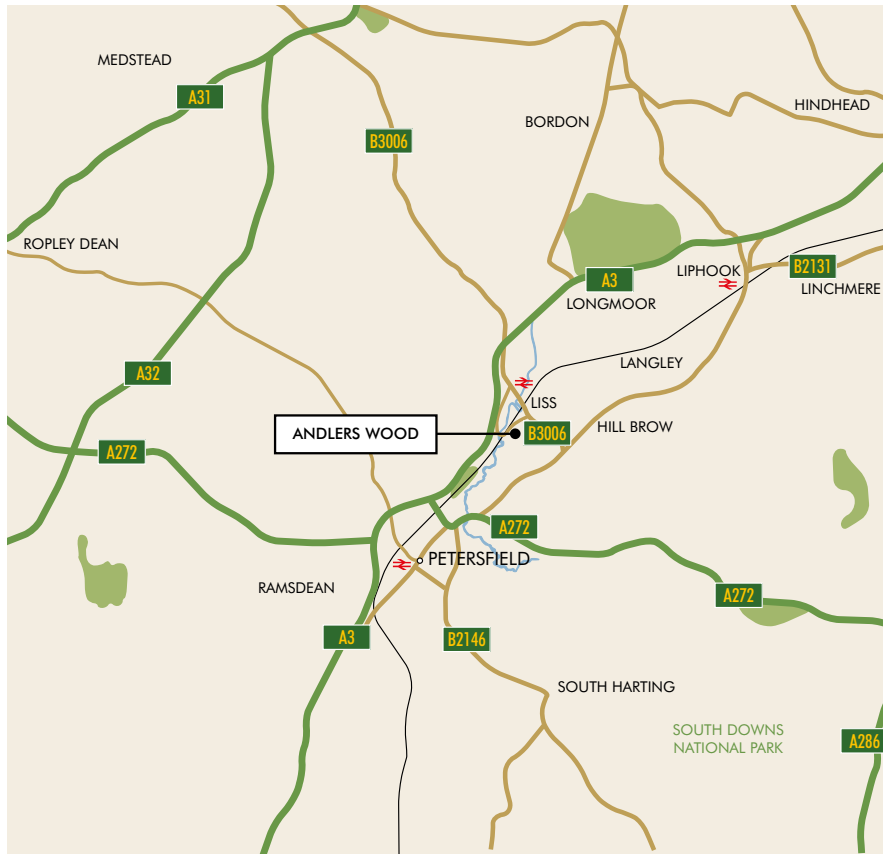
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# PERFECTLY LOCATED

ANDLERS WOOD, ANDLERS ASH ROAD, LISS, GU33 7LS



REGIONAL MAP



LOCAL AREA MAP



ANDLERS WOOD  
LISS

HOUSE SPECIFICATION



## DESIRABLE IN EVERY DETAIL

The finishing touches, unexpected flourishes and innovative features. Designer kitchens with desirable technology built-in, for showing off your culinary flair. Sleek family bathrooms and en suites with high specification sanitaryware, for indulging in some well-deserved pampering.

With every home comfort considered for energy-efficient and low maintenance living, each aspect of your family home is beautifully designed and built to an exacting standard; because when you look for premium quality, it's the little things that make all the difference.



# SPECIFICATION

## KITCHEN\*

- Premium German designer kitchens by Nobillia
- Laminate work surfaces with matching up stand (to The Marden, The Petworth The Amberley and The Arundel)
- Stone work surfaces with matching up stand (to The Wilmington & The Weald)
- 1½ bowl stainless steel sink with drainer and mixer tap
- Glass splash back to the hob (to The Marden, The Petworth The Amberley and The Arundel)
- Stone splash back to the hob (to The Wilmington & The Weald)
- Under cupboard lighting
- Bosch single oven (to The Amberley and The Arundel)
- Bosch double oven (to The Marden, The Petworth, The Wilmington and The Weald)
- Bosch 4 burner gas hob with wok burner (to The Amberley and The Arundel)
- Bosch 5 burner gas hob with wok burner (to The Marden, The Petworth, The Wilmington and The Weald)
- Bosch stainless steel extractor hood
- Bosch integrated dishwasher to The Petworth, The Wilmington & The Weald
- Indesit integrated dishwasher to The Marden, The Amberley & The Arundel
- Bosch integrated fridge freezer to The Petworth, The Wilmington & The Weald
- Indesit integrated fridge freezer to The Marden, The Amberley & The Arundel
- Bosch integrated washer dryer to The Wilmington

- Indesit integrated washer dryer to The Amberley and The Arundel
- Amtico flooring in the open plan kitchen area

## UTILITY ROOM

### THE PETWORTH

- Individually designed utility room
- Laminate work surfaces with matching up stand
- Stainless steel sink with mixer tap
- Space for free standing washing machine
- Space for free standing tumble dryer
- Amtico flooring

## LAUNDRY ROOM

- Laminate work surfaces with matching up stand
- Space for free standing washing machine
- Amtico flooring

## CLOAKROOM, BATHROOM & EN SUITES

- White Roca sanitaryware
- White wall hung vanity unit to the basin in the bathroom and bedroom one en suite
- VADO mixer taps
- VADO showers
- Glass shower doors
- Porcelanosa tiling to walls\*\*
- Amtico flooring
- Shaving point in the bathroom and the en suites

## ELECTRICAL

- White LED downlights in the open plan kitchen area, utility, cloakroom, bathroom and en suites
- Pendant lighting in all of the other rooms
- External lights to the front & rear of the house
- External light outside of the utility door
- White electrical fittings in all rooms
- External power point to the rear of the house
- TV points (high & low level position) in the living room
- TV point (high level position) in the open plan kitchen area, study, separate dining room and all of the bedrooms
- Phone point in the kitchen & bedroom one
- Phone and data point in the study or the smallest bedroom
- USB charging points above the kitchen worktop (to The Weald, The Marden, The Petworth, The Amberley and The Arundel)
- S-Box power box pop up with USB charger to the kitchen island (to The Wilmington only)
- USB charging points either side of the bedroom one bed position
- Alarm system in the house only (to The Wilmington & The Weald)
- Power and lighting in the garage or car barn (where applicable)
- Fused spur in the garage (not car barn) for the future installation of an electric garage door opener (where applicable)

\*Design subject to change, please ask your Sales Consultant for further information. \*\*Speak to sales consultant for wall tiling specification detail.\*\*\*Speak to sales consultant for garage types and locations. ^ Selected plots only. †Not all domestic appliances have an EU energy label. Please refer to Sales Consultant for further details. ‡Proportions may vary, please refer to Sales Consultant for further information. Specifications are correct at time of going to print. Any alterations to the specifications will be of equal or greater value and CALA reserves the right to implement changes to the specifications without warning. Whilst these particulars are prepared with all due care for the convenience of intending purchasers, the information is intended as a preliminary guide only. For more information please speak to a Sales Consultant.

# SPECIFICATION

## PLUMBING & HEATING

- Gas fired boiler heating system with radiators
- Chrome ladder style radiators in the cloakroom, bathroom and en suites

## INTERNAL FINISHES

- Smooth ceilings finished in white paint
- All walls finished in white paint
- All woodwork finished in white paint (satinwood)
- Timber stairs finished in white paint (satinwood) with a stained handrail
- Wardrobe in bedroom one
- Amtico flooring in the entrance hall
- Carpet in the living room, stairs, landing and all of the bedrooms

## EXTERNAL DETAILS

- Driveway or parking spaces
- Single or double garage or car barn to each home\*\*\*
- Canopy style garage doors (not applicable to the car barns)
- Landscaping to the front garden
- Turf to the rear garden
- External garden tap
- External lighting to the development
- Stone patio paths and slabs
- Electric car charging points

## DOORS & WINDOWS

- Anthracite Grey PVCu windows
- Anthracite Grey PVCu French doors leading out to the garden
- Internal doors with 4 horizontal grooves finished in white paint (satinwood)

## ENVIRONMENTAL DETAILS

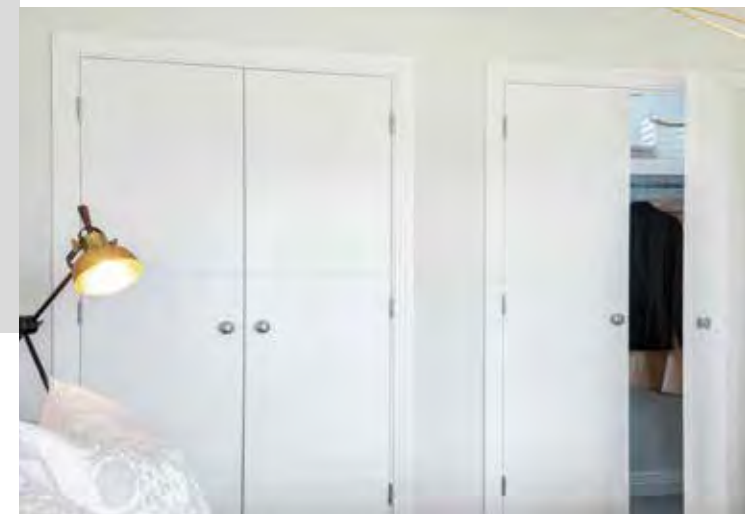
- Thermostatically controlled gas central heating and A-rated boiler to minimise usage
- Double glazed PVCu windows providing a high level of thermal insulation and reduced heat loss
- Dual flush mechanisms to toilets to reduce water use
- Photovoltaic panels to some of the houses\*
- Insulation within roof spaces and external wall cavities to limit heat loss in the winter and reduce heat gain in the summer
- Low energy lighting throughout
- Significant amounts of recycling of waste materials and packaging during the construction of each home to reduce the environmental impact of the development

## MANAGEMENT SERVICES

- CALA Homes will appoint a professional managing agent who will provide on going management services. Please refer to your Sales Consultant for further details



Photography from a previous CALA development



# SUPERBLY CONNECTED



## ON FOOT

- Liss Village Hall – 0.5 miles
- Local shops – 0.6 miles
- Little Treasures Nursery – 0.5 miles
- Liss Infant and Junior School – 0.6 miles
- The Whistle Stop pub – 0.6 miles
- Liss Railway Station – 0.7 miles
- Liss Triangle centre – 0.7 miles
- Riverside Kelsey Doctors Surgery – 0.7 miles



## BY CAR

- Nathan Marshall Plestor House restaurant – 1.3 miles
- The Spread Eagle – 1.3 miles
- The Jolly Drover – 1.5 miles
- Liss Forest – 1.7 miles
- Rake C.E Primary School – 2.8 miles
- Churchers College Independent School – 2.9 miles
- Greatham Primary School – 3 miles
- Hawkey Inn pub – 3 miles
- Waitrose Pertersfield – 3.8 miles
- Petersfield – 3.8 miles
- Bedales Independent School – 3.9 miles
- Petersfield Station – 3.9 miles
- Queen Elizabeth Country Park – 8.3 miles
- Butser Ancient Farm – 8.5 miles
- Haslemere – 11.2 miles
- West Whittering Beach – 27.8 miles
- New Forest National Park – 42.2 miles
- Heathrow Airport – 44.9 miles
- Gatwick Airport – 48.9 miles



## BY RAIL FROM LISS

- Petersfield – 5 minutes
- Guildford – 31 minutes
- Southsea – 37 minutes
- Woking – 42 minutes
- London Waterloo – 1 hour 10 minutes



## BY RAIL FROM PETERSFIELD

- London Waterloo – 1 hour 3 minutes









Photography from a previous CALA development



## CALA HOMES

CALA Homes' primary goals are to deliver design excellence in everything we do and ensure a first class customer experience for everyone who buys one of our homes.

To achieve this, we focus on investing in our most important asset - our people - and running an effective and sustainable business that makes a positive contribution in the areas where we operate.

CALA is built on the foundation values of passion, quality, delivery and respect.



ASPIRATIONAL  
HOMES



FIRST CLASS  
CUSTOMER  
SERVICE



QUALITY  
DESIGN AND  
BUILD



INVESTMENT IN  
OUR PEOPLE

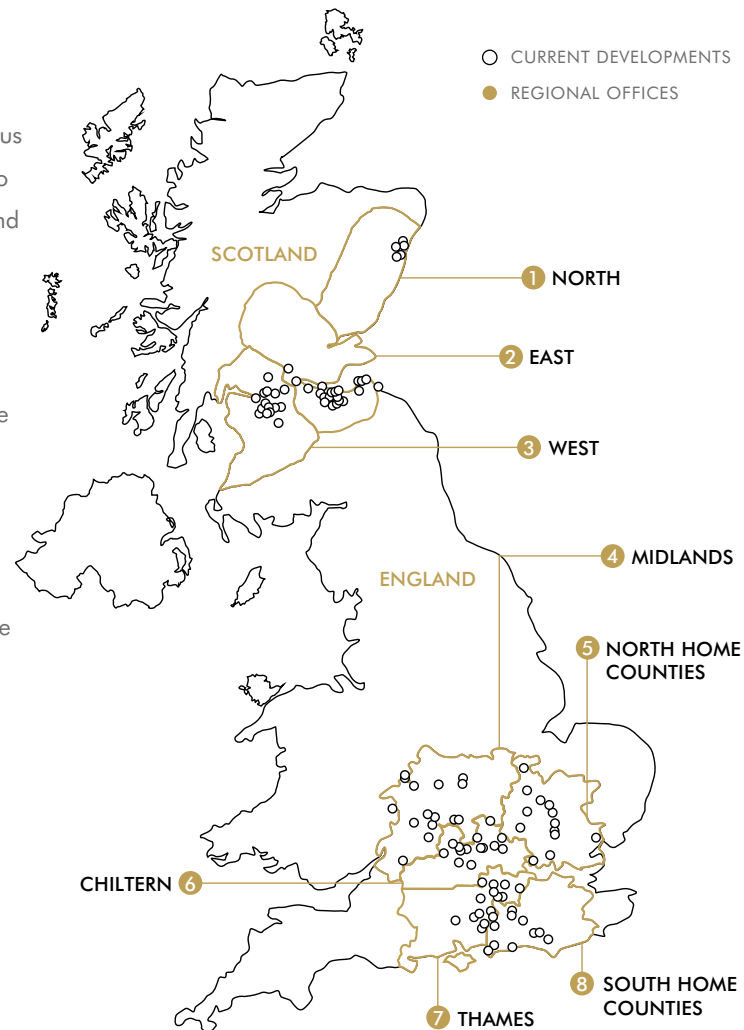


POSITIVE  
LEGACY



CALA builds aspirational homes in desirable areas across the South East of England, the Midlands and Scotland. Properties range from starter homes to spacious family properties and we also work with local authorities and registered social landlords to provide much-needed affordable housing.

Building a strong, sustainable business that provides opportunities for our people and a positive legacy for future generations will remain at the heart of the CALA way.



# SUSTAINABILITY THE CALA WAY

CALA has a rich heritage originally dating back to 1875. We started building homes in the 1970s and, for over 40 years, have been creating high quality, sustainable new homes and communities. However it is not just what we do, but the way we do it that matters to CALA.

Thinking sustainably is at the heart of everything we do; from identifying the right sites, through creating a safe, healthy and fulfilling working environment, to taking a sensitive approach to development and delivering communities that meet local requirements.



## LAND

Buying the right sites in sustainable locations that meet the needs of homeowners and are part of local communities.



## COMMUNITY CONSULTATION

A collaborative approach to ensure the right design solution for the local area and valuable investment in affordable housing, local facilities and infrastructure.



## ENVIRONMENT

A respectful approach to development, minimising the impact on natural resources and biodiversity and creating energy efficient homes.



## DESIGN

Homes that meet the needs of customers and future generations and take inspiration from the local vernacular to enhance the areas in which we build.



## PEOPLE

Creating an empowering and inclusive culture that puts the well-being of our people, partners, customers and local communities at the heart of our business.



## CUSTOMERS

Delivering a first class customer experience from the first enquiry through to after-sales support.

DISCOVER MORE AT [CALA.CO.UK/SUSTAINABILITY](https://www.cala.co.uk/sustainability)



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CALA.CO.UK

## Appendix N



# Opie Gardens

Farnham Road | Liss | Hampshire | GU33 6JQ





# HIGH SPECIFICATION

Farnham Road | Liss | Hampshire | GU33 6JQ

|                  |   |                       |   |
|------------------|---|-----------------------|---|
| WARRANTY         | <ul style="list-style-type: none"><li>• ABC Warranty 10-year House Warranty.</li><li>• Completion certificate from the Building Control Partnership.</li></ul>  | HEATING               | <ul style="list-style-type: none"><li>• Highly efficient air source heat pump with manufacturer's (6 years parts and labour) warranty. Pressurised hot water cylinder.</li><li>• Under floor heating to ground floor with independent zone stats.</li><li>• Radiators or under floor heating to first floor. All fitted with TRVs.</li><li>• Chrome heated towel rails 1000 x 500mm</li><li>• Log burner to fireplaces.</li><li>• Roof voids fully insulated to current regulations.</li></ul>    |
| KITCHEN          | <ul style="list-style-type: none"><li>• Units fitted to a cutting-edge design featuring shaker style soft close doors.</li><li>• Worktops and splash backs to be grey or black Labrador granite.</li><li>• Range cooker by Bosch or equivalent, or Induction Hob and electric oven.</li><li>• Integrated washing machine/dryer and dishwasher, both by Bosch or equivalent.</li><li>• Integrated fridge freezer by Bosch or equivalent.</li><li>• Chrome Franke mixer tap and chrome sink.</li></ul>                            | ELECTRICAL & LIGHTING | <ul style="list-style-type: none"><li>• Principal rooms feature central ceiling rose and recessed low voltage spotlights.</li><li>• Switch and socket plates in satin finished steel with black inserts.</li><li>• TV and telephone points to principal rooms with Cat 6 cables.</li><li>• Mains-connected smoke detectors fitted.</li><li>• Security lighting with motion sensors to the exterior of each home.</li><li>• Wiring for customers' own speaker system to principle rooms.</li></ul> |
| BATHROOMS & WC's | <ul style="list-style-type: none"><li>• Contemporary Italian white sanitary ware with fitted vanity units with soft close doors. Close coupled wc.</li><li>• Light Grey porcelain floor tiles and grey gloss porcelain wall tiling (partial).</li><li>• Recessed low voltage lighting.</li><li>• Soft close toilet seats.</li><li>• Chrome showers featuring large heads and handheld shower spray by Mira.</li><li>• Chrome shaver points.</li><li>• Bath screen with chrome handles. Chrome and glass shower doors.</li></ul> | ALARM                 | <ul style="list-style-type: none"><li>• Multilec UK Ltd wireless alarm / keypad / PIRs to ground floor.</li></ul>   |
|                  |   | WINDOWS & DOORS       | <ul style="list-style-type: none"><li>• Aluminium windows and doors, powder coated in 'Anthracite Grey'. Glass will be Low E double glazed sealed units, safety toughened where required, all fitted with trickle vents and cockspur handles with locks.</li><li>• Front doors to have 'secure by design' multi point locking mechanism.</li></ul>  |



#### FLOORING

- Cloakroom and bathroom floors to be porcelain, splash backs tiled with Italian porcelain.
- Kitchen/diner and utility floors to be 450mm x 450mm ceramic tiles.
- High quality wool mix carpet to all other floors.

#### DECORATIVE FINISHES

- Ogee style skirting boards and matching architraves.
- Walls and ceilings painted with Dulux emulsion (white and light grey.)
- Woodwork painted with white Satinwood.
- Shaker style Internal doors, 4 panel painted with Italian design chrome handles.

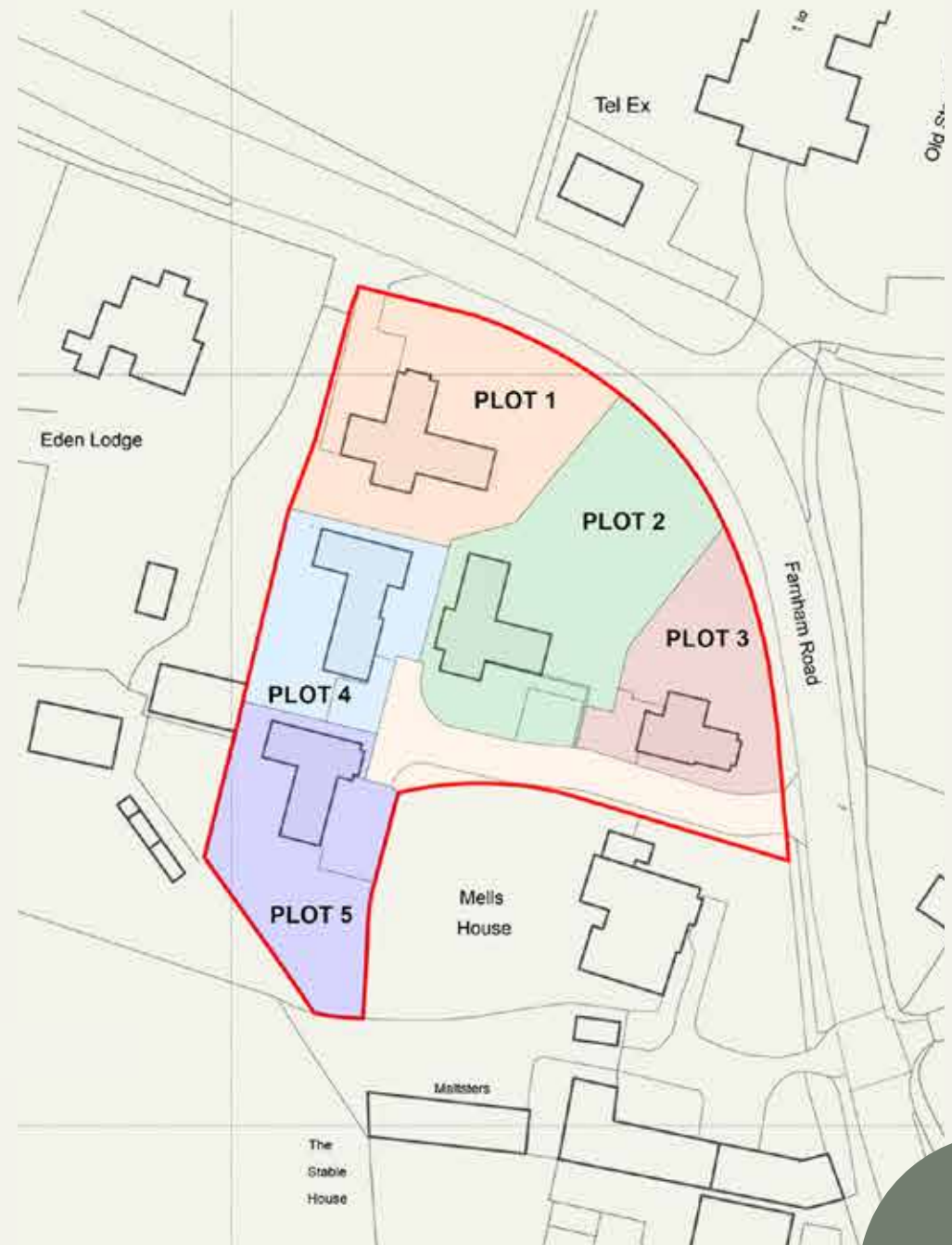
#### STAIRCASE

- Stop end chamfered newels, spindles and oak handrails (compliant with current building and fire regulations).

#### EXTERNAL FEATURES

- External lighting, including security lighting to rear.
- A wide range of carefully selected seasonal planting.
- Granite edging to parking areas and block paving in grey.
- Pathways in Indian sandstone (Raj Green) or Grey.
- Chestnut post and rail fencing to the boundary / or close boarded fence panels.

\*THE ABOVE IS A GUIDE ONLY AND VARIATIONS MAY OCCUR





PLOT 1



## PLOT 1

### 5 BEDROOM DETACHED HOUSE

265 SQM (2850 SQFT)



GROUND FLOOR

|                |                             |
|----------------|-----------------------------|
| Lounge         | 4.8 x 5.8m (15.7 x 19.0ft)  |
| Kitchen/Dining | 7.4 x 4.8m (24.2 x 15.7 ft) |
| Office         | 3.4 x 3.6m (11.1 x 11.8 ft) |
| Garage         | 4.8 x 2.8m (15.7 x 9.1 ft)  |
| Utility        | 2.6 x 4.8m (8.5 x 15.7 ft)  |
| W.C            | 2.3 x 1.5m (7.5 x 4.9 ft)   |



FIRST FLOOR

|               |                             |
|---------------|-----------------------------|
| Bedroom 1     | 3.6 x 4.8m (11.8 x 15.7 ft) |
| Ensuite 1     | 3.0 x 1.8m (9.8 x 5.9 ft)   |
| Dressing Room | 3.0 x 1.7m (9.8 x 5.5 ft)   |
| Bedroom 2     | 4.8 x 4.8m (15.7 x 15.7 ft) |
| Ensuite 2     | 2.6 x 2.4m (8.5 x 13.1 ft)  |
| Bedroom 3     | 4.8 x 3.6m (15.7 x 11.8 ft) |
| Bedroom 4     | 3.5 x 3.0m (11.4 x 9.8 ft)  |
| Bedroom 5     | 3.5 x 2.8m (11.4 x 9.1 ft)  |
| Bathroom      | 2.6 x 4.8m (8.5 x 15.7 ft)  |



PLOT 2



## PLOT 2

### 4 BEDROOM DETACHED HOUSE

237 SQM (2550 SQFT)



GROUND FLOOR

|                |                              |
|----------------|------------------------------|
| Lounge         | 6.2 x 4.8m (20.3 x 15.7ft)   |
| Kitchen/Dining | 4.8 x 10.0m (15.7 x 32.8 ft) |
| Office         | 2.8 x 3.7m (9.1 x 12.1 ft)   |
| Utility        | 1.8 x 3.7m (5.9 x 12.1 ft)   |
| W.C            | 1.2 x 2.2m (3.9 x 7.2 ft)    |



FIRST FLOOR

|               |                             |
|---------------|-----------------------------|
| Bedroom 1     | 4.8 x 4.8m (15.7 x 15.7 ft) |
| Ensuite       | 2.7 x 1.6m (8.8 x 5.2 ft)   |
| Dressing Room | 2.7 x 1.6m (8.8 x 5.2ft)    |
| Bedroom 2     | 4.8 x 3.7m (15.7 x 12.1 ft) |
| Bedroom 3     | 2.7 x 4.6m (8.8 x 15.0 ft)  |
| Bedroom 4     | 3.5 x 3.7m (11.4 x 12.1 ft) |
| Bathroom      | 1.8 x 2.9m (8.8 x 9.5 ft)   |



PLOT 4



## PLOT 4

### 4 BEDROOM DETACHED HOUSE

200 SQM (2150 SQFT)



GROUND FLOOR

|                |                             |
|----------------|-----------------------------|
| Lounge         | 5.7 x 4.3m (18.7 x 14.1 ft) |
| Kitchen/Dining | 5.4 x 5.9m (17.7 x 19.3 ft) |
| Office         | 3.1 x 3.1m (10.1 x 10.1 ft) |
| Garage         | 5.6 x 3.0m (18.3 x 9.8 ft)  |
| Utility        | 3.4 x 3.1m (11.1 x 10.1 ft) |
| W.C            | 2.2 x 1.1m (7.2 x 3.6 ft)   |



FIRST FLOOR

|           |                             |
|-----------|-----------------------------|
| Bedroom 1 | 4.8 x 4.5m (15.7 x 14.7 ft) |
| Ensuite   | 2.8 x 1.7m (9.1 x 5.5 ft)   |
| Bedroom 2 | 3.1 x 4.3m (10.1 x 14.1 ft) |
| Bedroom 3 | 2.7 x 4.3m (8.8 x 14.1 ft)  |
| Bedroom 4 | 3.4 x 3.1m (11.1 x 10.1 ft) |
| Bathroom  | 1.8 x 3.1m (8.8 x 10.1 ft)  |



PLOT 5



## PLOT 5

### 4 BEDROOM DETACHED HOUSE

200 SQM (2150 SQFT)



GROUND FLOOR

|                |                             |
|----------------|-----------------------------|
| Lounge         | 5.6 x 4.3m (18.3 x 14.1 ft) |
| Kitchen/Dining | 4.8 x 6.0m (15.7 x 19.6 ft) |
| Office         | 4.9 x 4.3m (16.0 x 14.1 ft) |
| Utility        | 2.2 x 2.5m (7.2 x 8.2 ft)   |
| W.C            | 1.2 x 2.9m (3.9 x 9.5 FT)   |



FIRST FLOOR

|           |                             |
|-----------|-----------------------------|
| Bedroom 1 | 4.8 x 4.9m (15.7 x 16.0 ft) |
| Ensuite   | 2.3 x 2.0m (7.5 x 6.5 ft)   |
| Bedroom 2 | 3.3 x 4.3m (10.8 x 14.1 ft) |
| Bedroom 3 | 2.9 x 4.3m (9.5 x 14.1 ft)  |
| Bedroom 4 | 3.6 x 3.1m (11.8 x 10.1 ft) |
| Bathroom  | 1.8 x 3.1m (8.8 x 10.1 ft)  |





## OPIE GARDENS

Opie Gardens is a private development of just five luxury detached homes, in the heart of the popular Hampshire village of Liss. Opie Gardens offers bedroom options ranging from three to five bedrooms, within a quiet and spacious cul-de-sac setting. Minutes from the vibrant towns of both Petersfield & Haslemere and surrounded by the South Downs

National Park, Opie Gardens offers easy road access to Guildford and London to the North and Petersfield and the South Coast to the South. The village of Liss is only a short walk away and offers all you would expect from local amenities, including a supermarket, pharmacy and local pubs, with the Old Thorns Hotel, Spa, Golf & Country Estate only 3 miles away, with its excellent facilities. Also the highly recommended Madhuban Indian Restaurant, which features in the Michelin guide, is only a few minutes walk away.

Schools in the area are very conveniently located for Opie Gardens, with nursery, pre-school and junior schools all within a mile. The highly reputable Bohunt School and 6th Form in Liphook, with academy status, is only 5 miles away and Churcher's College (11-18yrs) in Petersfield, is just a 5 minute drive. The village has its own railway station at Liss, which is on the London-Waterloo line. Regular trains travel into Waterloo with a travel time of approximately 75 minutes and into Guildford in about 30 minutes.

## AMIGA COUNTRY HOMES

We are proud to provide meticulous care to each and every house that we create, as we totally understand that we are building your 'home'. We always strive to build unique and imaginative houses, utilising the very best in materials, to complement both the development and the surrounding area. We hope you enjoy your Amiga Country Home.

Homes are pleased to welcome you to Opie Gardens by Amiga Country Homes.

SATNAV – GU33 6JQ | WHAT3WORDS - ///heightens.agent.output

## Appendix O



Cove Construction Limited

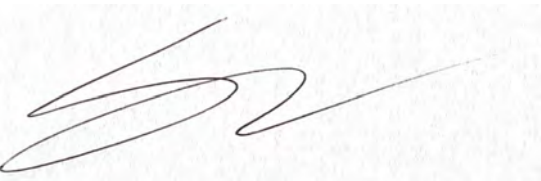
Sale of 20 Bareham Drive, Ash, Surrey GU12 6FG  
(being Plot 21)

Date 19 July 2021

Ref JW/C00120-0336



Glovers Solicitors LLP  
5th Floor Berkshire House  
168/173 High Holborn  
London WC1V 7AA  
DX 37988 Kingsway

|   | DISBS |    | COSTS |    | VAT   | VAT |    |
|---|-------|----|-------|----|-------|-----|----|
| <b><u>TO OUR PROFESSIONAL CHARGES</u></b> in connection with the above; receiving instructions, preparing and issuing draft contract documentation; negotiating amendments to draft contract and draft transfer deed; dealing with replies to enquiries; exchange and completion formalities; general care and attention. |       |    | 1,200 | 00 | 20.0% | 240 | 00 |
| <b><u>Disbursements (Subject to VAT)</u></b><br>Telegraphic Transfer Fee  | 12    | 00 |       |    | 20.0% | 2   | 40 |
| <p>Received with Thanks</p> <p>£ 1,454.40</p> <p>GLOVERS <i>ASG</i></p> <p>Date 19.07.2021</p>   |       |    |       |    |       |     |    |
|   | 12    | 00 | 1,200 | 00 | 20.0% | 242 | 40 |

**TOTAL: £1,454.40**

Remittance for £1,454.40

VAT Reg No 239 0809 53

Cove Construction Limited

Invoice No **80341**

Sale of 20 Bareham Drive, Ash, Surrey GU12 6FG  
(being Plot 21)

**FOR DIRECT BANK TRANSFERS (PLEASE QUOTE INVOICE NUMBER)**

BANKERS: HSBC Bank Plc SORT CODE: 40 05 18 ACCOUNT: 0265 1815  
SWIFT CODE: HBUKGB4107G IBAN: GB64HBUK4005 1802 6518 15

Glovers Solicitors LLP is a limited liability partnership, registered in England and Wales under number OC330000, whose registered office and principal place of business is at 5th Floor Berkshire House, 168/173 High Holborn London WC1V 7AA. It is authorised and regulated by the Solicitors Regulation Authority. A list of members is open to inspection at the above registered office.

T 020 7935 8882  
F 020 7836 9313  
E [central@glovers.co.uk](mailto:central@glovers.co.uk)  
W [www.glovers.co.uk](http://www.glovers.co.uk)

Cove Construction Limited

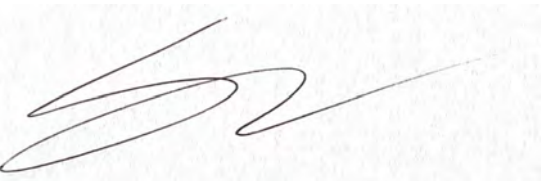
Sale of 6 Bareham Drive, Ash, Surrey GU12 6FG  
(being Plot 6)

Date 19 July 2021

Ref JW/C00120-0328



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5th Floor Berkshire House  
168/173 High Holborn  
London WC1V 7AA  
DX 37988 Kingsway

|   | DISBS |    | COSTS |    | VAT   | VAT |    |
|---|-------|----|-------|----|-------|-----|----|
| <b><u>TO OUR PROFESSIONAL CHARGES</u></b> in connection with the above; receiving instructions, preparing and issuing draft contract documentation; negotiating amendments to draft contract and draft transfer deed; dealing with replies to enquiries; exchange and completion formalities; general care and attention. |       |    | 1,680 | 00 | 20.0% | 336 | 00 |
| <b><u>Disbursements (Subject to VAT)</u></b><br>Telegraphic Transfer Fee  | 12    | 00 |       |    | 20.0% | 2   | 40 |
|    |       |    |       |    |       |     |    |
|   | 12    | 00 | 1,680 | 00 | 20.0% | 338 | 40 |

Less money received on account

(£1,454.40)

**TOTAL: £576.00**

Remittance for £576.00

VAT Reg No 239 0809 53

Cove Construction Limited

Invoice No

**80343**

Sale of 6 Bareham Drive, Ash, Surrey GU12 6FG  
(being Plot 6)

**FOR DIRECT BANK TRANSFERS (PLEASE QUOTE INVOICE NUMBER)**

BANKERS: HSBC Bank Plc SORT CODE: 40 05 18 ACCOUNT: 0265 1815  
SWIFT CODE: HBUKGB4107G IBAN: GB64HBUK4005 1802 6518 15

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Cove Construction Limited

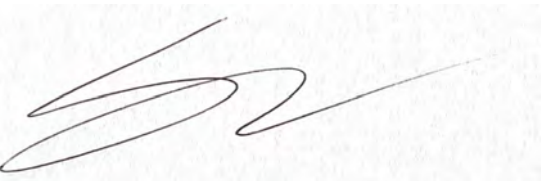
Sale of 14 Bareham Drive, Ash, Surrey GU12 6FG  
(being Plot 14)

Date 22 September 2021

Ref JW/C00120-0329



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5th Floor Berkshire House  
168/173 High Holborn  
London WC1V 7AA  
DX 37988 Kingsway

|   | DISBS |    | COSTS |    | VAT   | VAT |    |
|---|-------|----|-------|----|-------|-----|----|
| <b><u>TO OUR PROFESSIONAL CHARGES</u></b> in connection with the above; receiving instructions, preparing and issuing draft contract documentation; negotiating amendments to draft contract and draft transfer deed; dealing with replies to enquiries; exchange and completion formalities; general care and attention. |       |    | 1,200 | 00 | 20.0% | 240 | 00 |
| <b><u>Disbursements (Subject to VAT)</u></b><br>Telegraphic Transfer Fee  | 12    | 00 |       |    | 20.0% | 2   | 40 |
| Received with thanks<br><br>£1,454.40<br><br>22.09.2021<br><br><b>Glovers Solicitors LLP</b><br><br>   |       |    |       |    |       |     |    |
|   | 12    | 00 | 1,200 | 00 | 20.0% | 242 | 40 |

**TOTAL: £1,454.40**

Remittance for £576.00

VAT Reg No 239 0809 53

Cove Construction Limited

Invoice No **80726**

Sale of 14 Bareham Drive, Ash, Surrey GU12 6FG  
(being Plot 14)

**FOR DIRECT BANK TRANSFERS (PLEASE QUOTE INVOICE NUMBER)**

BANKERS: HSBC Bank Plc SORT CODE: 40 05 18 ACCOUNT: 0265 1815  
SWIFT CODE: HBUKGB4107G IBAN: GB64HBUK4005 1802 6518 15

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F 020 7836 9313  
E [central@glovers.co.uk](mailto:central@glovers.co.uk)  
W [www.glovers.co.uk](http://www.glovers.co.uk)

Cove Construction Limited


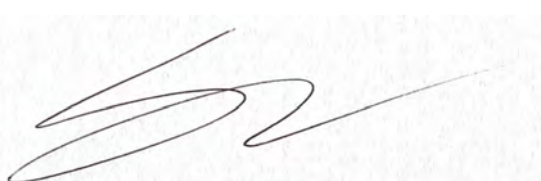
Sale of 5 Bareham Drive, Ash, Surrey GU12 6FG  
(being Plot 5)

Date 27 August 2021

Ref CH/C00120-0327



Glovers Solicitors LLP  
5th Floor Berkshire House  
168/173 High Holborn  
London WC1V 7AA  
DX 37988 Kingsway

|   | DISBS |    | COSTS |    | VAT   | VAT |    |
|---|-------|----|-------|----|-------|-----|----|
| <b><u>TO OUR PROFESSIONAL CHARGES</u></b> in connection with the above; receiving instructions, preparing and issuing draft contract documentation; negotiating amendments to draft contract and draft transfer deed; dealing with replies to enquiries; exchange and completion formalities; general care and attention. |       |    | 1,200 | 00 | 20.0% | 240 | 00 |
| <b><u>Disbursements (Subject to VAT)</u></b><br>Telegraphic Transfer Fee  | 12    | 00 |       |    | 20.0% | 2   | 40 |
| Received with Thanks<br><br>£ 1,454.40<br>GLOVERS <br>Date 27.08.2021<br><br>   |       |    |       |    |       |     |    |
|   | 12    | 00 | 1,200 | 00 | 20.0% | 242 | 40 |

**TOTAL: £1,454.40**

Remittance for £1,454.40

VAT Reg No 239 0809 53

Cove Construction Limited

Invoice No **80554**

Sale of 5 Bareham Drive, Ash, Surrey GU12 6FG  
(being Plot 5)

**FOR DIRECT BANK TRANSFERS (PLEASE QUOTE INVOICE NUMBER)**

BANKERS: HSBC Bank Plc SORT CODE: 40 05 18 ACCOUNT: 0265 1815  
SWIFT CODE: HBUKGB4107G IBAN: GB64HBUK4005 1802 6518 15

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E [central@glovers.co.uk](mailto:central@glovers.co.uk)  
W [www.glovers.co.uk](http://www.glovers.co.uk)



## Appendix P

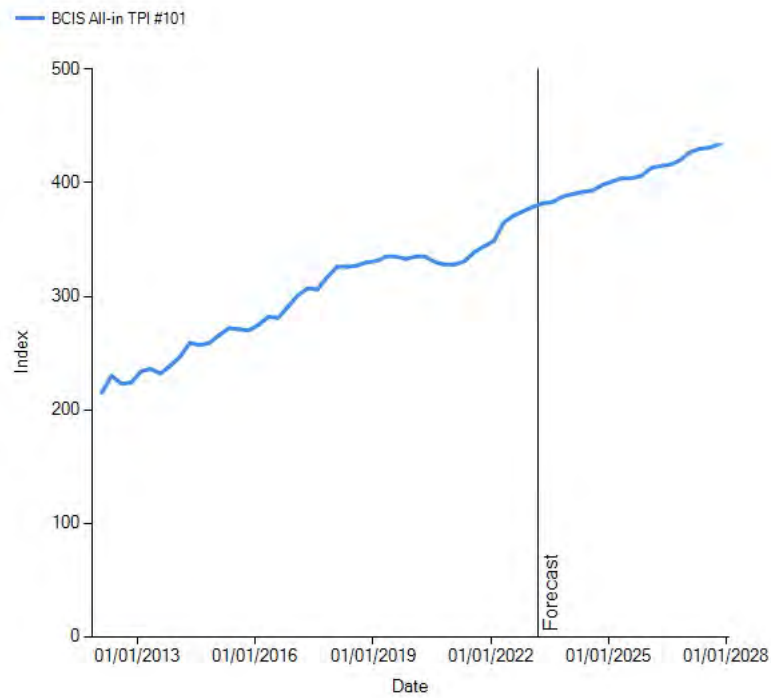
## BCIS All-in TPI #101

Base date: 1985 mean = 100 | Updated: 10-Mar-2023 | #101

| Date    | Index | Equivalent sample | Percentage change |            |          |
|---------|-------|-------------------|-------------------|------------|----------|
|         |       |                   | On year           | On quarter | On month |
| 1Q 2012 | 215   | 42                | -1.8%             | -3.6%      |          |
| 2Q 2012 | 230   | 30                | 3.1%              | 7.0%       |          |
| 3Q 2012 | 223   | 33                | 1.4%              | -3.0%      |          |
| 4Q 2012 | 224   | 36                | 0.4%              | 0.4%       |          |
| 1Q 2013 | 234   | 36                | 8.8%              | 4.5%       |          |
| 2Q 2013 | 236   | 31                | 2.6%              | 0.9%       |          |
| 3Q 2013 | 232   | 32                | 4.0%              | -1.7%      |          |
| 4Q 2013 | 239   | 37                | 6.7%              | 3.0%       |          |
| 1Q 2014 | 247   | 37                | 5.6%              | 3.3%       |          |
| 2Q 2014 | 259   | 39                | 9.7%              | 4.9%       |          |
| 3Q 2014 | 257   | 32                | 10.8%             | -0.8%      |          |
| 4Q 2014 | 259   | 31                | 8.4%              | 0.8%       |          |
| 1Q 2015 | 266   | 134               | 7.7%              | 2.7%       |          |
| 2Q 2015 | 272   | 125               | 5.0%              | 2.3%       |          |
| 3Q 2015 | 271   | 125               | 5.4%              | -0.4%      |          |
| 4Q 2015 | 270   | 120               | 4.2%              | -0.4%      |          |
| 1Q 2016 | 275   | 121               | 3.4%              | 1.9%       |          |
| 2Q 2016 | 282   | 122               | 3.7%              | 2.5%       |          |
| 3Q 2016 | 281   | 125               | 3.7%              | -0.4%      |          |
| 4Q 2016 | 291   | 123               | 7.8%              | 3.6%       |          |
| 1Q 2017 | 301   | 122               | 9.5%              | 3.4%       |          |
| 2Q 2017 | 307   | 117               | 8.9%              | 2.0%       |          |
| 3Q 2017 | 306   | 112               | 8.9%              | -0.3%      |          |
| 4Q 2017 | 317   | 106               | 8.9%              | 3.6%       |          |
| 1Q 2018 | 326   | 98                | 8.3%              | 2.8%       |          |
| 2Q 2018 | 326   | 94                | 6.2%              | 0.0%       |          |
| 3Q 2018 | 327   | 90                | 6.9%              | 0.3%       |          |
| 4Q 2018 | 330   | 85                | 4.1%              | 0.9%       |          |
| 1Q 2019 | 331   | 74                | 1.5%              | 0.3%       |          |
| 2Q 2019 | 335   | 66                | 2.8%              | 1.2%       |          |
| 3Q 2019 | 335   | 62                | 2.4%              | 0.0%       |          |
| 4Q 2019 | 333   | 56                | 0.9%              | -0.6%      |          |
| 1Q 2020 | 335   | Provisional       | 1.2%              | 0.6%       |          |
| 2Q 2020 | 335   | Provisional       | 0.0%              | 0.0%       |          |
| 3Q 2020 | 330   | Provisional       | -1.5%             | -1.5%      |          |
| 4Q 2020 | 328   | Provisional       | -1.5%             | -0.6%      |          |

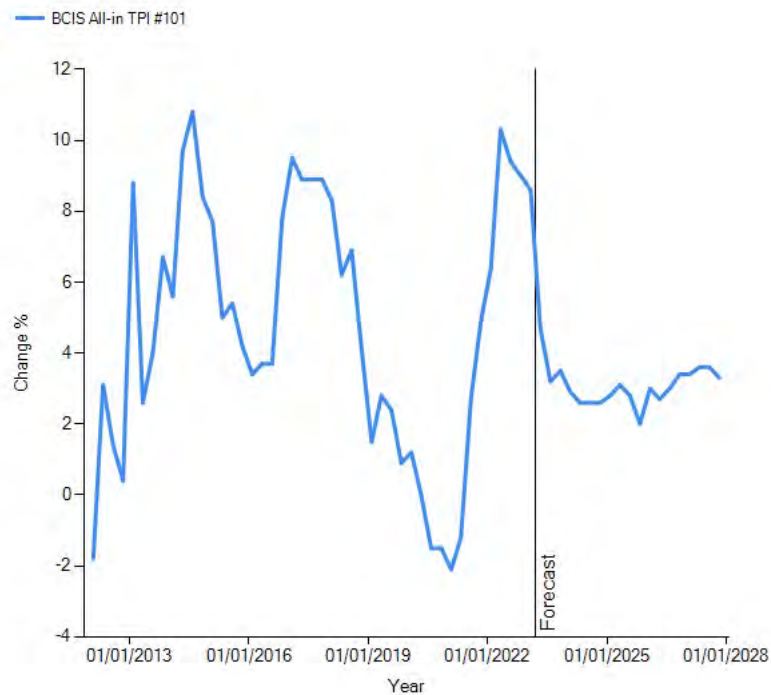
| Date    | Index | Equivalent sample | Percentage change |            |          |
|---------|-------|-------------------|-------------------|------------|----------|
|         |       |                   | On year           | On quarter | On month |
| 1Q 2021 | 328   | Provisional       | -2.1%             | 0.0%       |          |
| 2Q 2021 | 331   | Provisional       | -1.2%             | 0.9%       |          |
| 3Q 2021 | 339   | Provisional       | 2.7%              | 2.4%       |          |
| 4Q 2021 | 344   | Provisional       | 4.9%              | 1.5%       |          |
| 1Q 2022 | 349   | Provisional       | 6.4%              | 1.5%       |          |
| 2Q 2022 | 365   | Provisional       | 10.3%             | 4.6%       |          |
| 3Q 2022 | 371   | Provisional       | 9.4%              | 1.6%       |          |
| 4Q 2022 | 375   | Provisional       | 9.0%              | 1.1%       |          |
| 1Q 2023 | 379   | Provisional       | 8.6%              | 1.1%       |          |
| 2Q 2023 | 382   | Forecast          | 4.7%              | 0.8%       |          |
| 3Q 2023 | 383   | Forecast          | 3.2%              | 0.3%       |          |
| 4Q 2023 | 388   | Forecast          | 3.5%              | 1.3%       |          |
| 1Q 2024 | 390   | Forecast          | 2.9%              | 0.5%       |          |
| 2Q 2024 | 392   | Forecast          | 2.6%              | 0.5%       |          |
| 3Q 2024 | 393   | Forecast          | 2.6%              | 0.3%       |          |
| 4Q 2024 | 398   | Forecast          | 2.6%              | 1.3%       |          |
| 1Q 2025 | 401   | Forecast          | 2.8%              | 0.8%       |          |
| 2Q 2025 | 404   | Forecast          | 3.1%              | 0.7%       |          |
| 3Q 2025 | 404   | Forecast          | 2.8%              | 0.0%       |          |
| 4Q 2025 | 406   | Forecast          | 2.0%              | 0.5%       |          |
| 1Q 2026 | 413   | Forecast          | 3.0%              | 1.7%       |          |
| 2Q 2026 | 415   | Forecast          | 2.7%              | 0.5%       |          |
| 3Q 2026 | 416   | Forecast          | 3.0%              | 0.2%       |          |
| 4Q 2026 | 420   | Forecast          | 3.4%              | 1.0%       |          |
| 1Q 2027 | 427   | Forecast          | 3.4%              | 1.7%       |          |
| 2Q 2027 | 430   | Forecast          | 3.6%              | 0.7%       |          |
| 3Q 2027 | 431   | Forecast          | 3.6%              | 0.2%       |          |
| 4Q 2027 | 434   | Forecast          | 3.3%              | 0.7%       |          |

## Index value over time



## Percentage change over time

Percentage change: Year on year





## Appendix Q

Valuation Report  
for  
Cove Construction Ltd

Liss Forest Nursery  
Petersfield Road, Greatham GU33 6HA

March 2023

BCM Ref. 1946-8966

Private and Confidential



**Report on and Valuation of the Property Known as:**

Liss Forest Nursery, Petersfield Road, Greatham GU33 6HA

**For the Purpose of Internal Planning Purposes for:**

Cove Construction Ltd c/o Mr F Fogarty

| <b>1 Preamble to the report</b> |                                    |   |
|---------------------------------|------------------------------------|---|
| 1.1                             | Addressee                          | Cove Construction Ltd c/o Mr F Fogarty, 1 Alpha Centre, North Lane, Aldershot GU12 4RG.   |
| 1.2                             | Instructions & Terms of Engagement | This valuation has been prepared in accordance with your instructions dated 31 March 2023 and attached at Appendix 1.   |
| 1.3                             | Owner/s                            | We are advised Liss Forest Nursery is owned jointly by Mr Peter Catt, the current occupier and his two sons Vincent Catt and Neill Catt.  |
| 1.4                             | Occupier/s                         | We are advised the residential Property is occupied by Mr Peter Catt with the nursery occupied by the business Liss Forest Nursery. Further details are included below in section 3.2.  |
| 1.5                             | Purpose of valuation               | Internal purposes.  |
| 1.6                             | Property type and use              | Liss Forest Nursery comprises a residential dwelling, agricultural buildings, a variety of glasshouses and ancillary buildings all operated as a wholesale plant nursery.   |
| 1.7                             | Basis of valuation                 | <b>Market Value</b><br>'the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and willing seller in an arm's length transaction, after proper marketing and where the parties have acted knowledgeably, prudently and without compulsion.'   |
| 1.8                             | Valuation date                     | 31 March 2023.  |
| 1.9                             | The valuer/s                       | This report has been prepared by Thomas Bishop MRICS FAAV RICS Registered Valuer acting as external valuer and checked by Hannah Rickards MRICS FAAV RICS Registered Valuer.<br><br>We confirm the valuers meet the requirements of RICS Valuation – Global Standards having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently. |

|                               |   |  |
|-------------------------------|---|--|
| 1.10                          | Conflicts of interest                   | We are not aware of a conflict of interest which would prevent us from preparing this valuation and the completed form is attached in Appendix 2.  |
| 1.11                          | Professional indemnity insurance        | The Firm carries Professional Indemnity Insurance of £10,000,000.  |
| 1.12                          | Sources of information                  | This report has relied upon information supplied by the Owners, Clients and our own resources.   |
| 1.13                          | Inspection                              | The Property was inspected on 31 March 2023.   |
| 1.14                          | Measurements                            | <p>Where quoted, measurements are given to the nearest tenth of an acre, one tenth of a hectare or 1ft in respect of dwellings and buildings where appropriate.</p> <p>Unless otherwise stated, residential dwellings and office buildings are measured using the International Property Measurement Standards Coalition 1-3. All other measurements are in accordance with the RICS Code of Measuring Practice, 6<sup>th</sup> Edition.</p> <p>Where measurements and plans have been provided with the use of geo-technical mapping software, the Ordnance Survey data is assumed to be accurate at the point of issuing the valuation report.</p> |
| 1.15                          | Assumptions and caveats                 | <p>In the preparation of this report, the following assumptions have been made in addition to those detailed elsewhere in this report:-</p> <ul style="list-style-type: none"> <li>a) Freehold</li> <li>b) Vacant Possession unless otherwise stated</li> <li>c) We have made the Special Assumption that the site is not allocated in the South Downs Local Plan 2014-2023. Therefore, the values provided are for the site in its existing use and a second value to include 'hope value' for alternative uses, subject to planning. No value has been attributed to the site's allocation within the Local Plan.</li> </ul>                       |
| 1.16                          | RICS Valuation – Professional Standards | This report has been prepared in accordance with the current edition of the RICS Valuation – Global Standards.   |
| <b>2 Property description</b> |   |  |
| 2.1                           | Situation                               | <p>Liss Forest Nursery is located within the village of Greatham with access from Petersfield Road. Greatham is situated approximately 3.5 miles south of Bordon and 6 miles north of the market town of Petersfield.</p> <p>The A3 is accessible at the Ham Barn roundabout, approximately 1 mile to the south of the Property and provides access to the M25 and wider national highway network.</p>   |



|     |                     |  |
|-----|---------------------|--|
|     |                     | Petersfield provides a mainline railway station with services to London Waterloo taking approximately 1h15. Southampton airport is located approximately 35 miles south west of the Property and offers a number of domestic and international flights daily.  |
| 2.2 | General description | <p>The Property comprises a three-bedroom bungalow together with a range of buildings operated as a wholesale plant nursery.</p> <p>The site extends to approximately 2.39 ha (5.90 acres) in total, of which the residential element is approximately 0.27 ha (0.66 acres) with the remainder occupied by the commercial land and buildings.</p> <p>A schedule of photographs is attached at Appendix 3.</p>  |
| 2.3 | Grid reference      | SU776307   |
| 2.4 | Plans               | The land is located and outlined on the attached plans in Appendix 4 and 5 respectively.   |
| 2.5 | Land classification | Not applicable.  |
| 2.6 | Dwellings           | <p>The Property includes a bungalow occupied by Mr Peter Catt. It comprises the following layout:</p> <ul style="list-style-type: none"> <li>- Porch</li> <li>- Utility</li> <li>- Kitchen</li> <li>- Dining Room</li> <li>- Sitting Room</li> <li>- W/C</li> <li>- Bathroom</li> <li>- 3 bedrooms</li> <li>- Conservatory</li> </ul> <p>The bungalow was built in 1977 and is of brick construction under a tile roof with a UPVC conservatory and windows throughout. The interior is in a fair, liveable condition, however, would benefit from modernisation throughout. There is a garden to the rear which is laid to lawn. In total the dwelling extends to approximately 105 m<sup>2</sup> (1,132 ft<sup>2</sup>).</p> <p>Council Tax Band: E<br/>EPC: None</p> <p><b>Energy Performance Certificate (EPC)</b><br/>Under the Minimum Energy Efficiency Standards properties require an EPC rating of E or above to be re-let. From 1 April 2020 this rating will be required to continue letting any property on a statutory periodic tenancy.</p> |

|      |  |  |
|------|--|--|
|      |  | <p>However, the Energy Efficiency (Private Rented Property) (England and Wales) (Amendment) Regulations 2019, which came into force on 1 April 2019 introduced a cap of £3,500 for the landlord's contributions to the cost of installing energy efficiency measures where a let residential property has an EPC in band F or G.</p> <p>Liss Forest Nursery Bungalow does not require an EPC currently as it is owner-occupied.</p> <p><b>Tenancy Deposit Scheme (TDS)</b><br/>We have assumed that, where appropriate, all residential tenancy deposits have been registered in accordance with the TDS.</p> <p><b>Electrical Installations</b><br/>We have not had sight of any electrical periodic inspections in respect of any of the properties. Unless otherwise stated, we have assumed all properties have an electrical system in good order and compliant with appropriate regulations.</p> |
| 2.7  | Buildings and fixed equipment                          | <p>The site comprises a range of buildings including poly tunnels, glass houses, two agricultural style barns and two brick-built buildings used as offices and staff rooms.</p> <p>All buildings are used in association with the plant nursery business. A full schedule of buildings, including areas and descriptions, can be found at Appendix 6.</p>   |
| 2.8  | Plant and machinery & fixtures and fittings            | Not applicable.  |
| 2.9  | Buildings – commercial property / non-agricultural use | Not applicable.  |
| 2.10 | The land   | Not applicable.  |
| 2.11 | Timber and woodland                                    | Not applicable.  |
| 2.12 | Drainage   | A variety of water butts were observed on site for the harvest of rainwater and subsequent use on site.  |
| 2.13 | Irrigation   | Some of the glass houses and polytunnels were irrigated via trickle irrigation systems fed from the rainwater harvested onsite. Details on which buildings are irrigated can be found in Appendix 6  |
| 2.14 | Services   | The Property benefits from mains drainage, electricity, water and with heating via oil-fired boilers across the site.  |
| 2.15 | UK and EU support payments                             | We understand the land is not registered for Basic Payment Scheme entitlements.  |

|                |  |   |
|----------------|--|---|
| 2.16           | Environmental factors and Land Contamination | <p>Our enquiries have not revealed any made up ground on the Property which would affect the valuation given.</p> <p>The gov.uk website reveals no historic or authorised landfill sites or recorded pollution incidents as shown in Appendix 7.</p> <p>We are not aware of the content of any environmental audit or other environmental investigation or survey which may have been carried out in respect of the Property, which could draw attention to any contamination or the possibility of such contamination. In undertaking our valuation, we have assumed no contaminative or potentially contaminative uses have ever been carried out on the Property.</p> <p>We have not carried out any detailed investigations into the past or present uses, either of the Property or any neighbouring land to establish whether there is any contamination or the potential for contamination to the subject Property from uses off-site and have therefore assumed none exist.</p> <p>Should it be established contamination, seepage or pollution exist at the Property or any neighbouring land or the premises have been, or are being put to, a contaminative use, this might affect the valuation provided.</p> |
| 2.17           | Flood risk                                   | <p>The gov.uk website shows the Property is not subject to flooding.</p> <p>The gov.uk flood map is shown in Appendix 7.</p>  |
| 2.18           | Invasive Species                             | We have been informed that Japanese Knotweed and other invasive species are not present on the Property.  |
| 2.19           | Radon Gas Search                             | A Radon risk map is attached at Appendix 8 and confirms the Property is outside of a Radon Risk area.   |
| <b>3 Legal</b> |  |   |
| 3.1            | Report on title                              | <p>We have not been provided with a report on title but assume there are no onerous conditions or restrictions.</p> <p>The Property is registered under Title No. SH13694 in Appendix 9.</p>  |
| 3.2            | Tenure and possession                        | <p>We are advised that Liss Forest Nursery is owned by Mr Peter Catt and his sons, Vincent Catt and Neill Catt, as part of the family partnership that currently operates the nursery business.</p> <p>The dwelling on site is occupied by Mr Peter Catt, whilst Vincent Catt and Neill Catt reside elsewhere. The remaining buildings are occupied by the partnership who own the site and operate the wholesale plant nursery. We are informed one third of the</p>   |

|      |                                       |   |
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|      |                                       | partnership is owned by each individual listed above.   |
| 3.3  | Tenancies, leases and licences        | The site is owner occupied and we are informed there is no tenancy, lease or licence in place over any part.  |
| 3.4  | Access to the property                | Access to the Property is direct from the public highway, Petersfield Road. The single access hatched brown on the plan included at Appendix 5 provides access to the residential and commercial buildings.   |
| 3.5  | Easements, way-leaves & rights of way | <p>We are advised there are no public rights of way crossing the Property. A public footpath does, however, run along the south-eastern boundary of the site as detailed in the Definitive Map at Appendix 10</p> <p>We are not aware of any other significant wayleaves or easements affecting the land.</p>   |
| 3.6  | Restrictive agreements                | <p>We have not been informed by the Owners that there are any restrictive covenants relating to the Property.</p> <p>There is an option to purchase the site in favour of Cove Construction Ltd listed on the registered title as included at Appendix 9.</p>   |
| 3.7  | Mines and minerals                    | We have not been informed of whether rights of mines and minerals are reserved and in hand but have valued it on the basis they are.  |
| 3.8  | VAT                                   | We have not been advised they have waived their exemption to VAT and thus have taken no account of the implications of VAT in undertaking our valuation.  |
| 3.9  | Sporting rights                       | Not applicable.   |
| 3.10 | Contracts and quotas                  | We are not advised of any contracts or quotas attached to the Property which would have an effect on value.   |
| 3.11 | Outgoings                             | None that would affect the valuation given.   |
| 3.12 | Town and country planning             | <p>Liss Forest Nursery is located within the South Downs National Park (SDNP) and therefore the planning policy governing any development is managed by the South Downs National Park Authority. The South Downs Local Plan (2014-33) was adopted on 2 July 2019 and acts as the statutory development plan for the whole National Park.</p> <p>A summary of the planning history of Liss Forest Nursery as detailed on the SDNP planning page is included below:</p> |



|      |   |   |
|------|---|---|
|      |   | <p><b><u>Planning Applications</u></b></p> <p>Screening Opinion pursuant to Regulation 5 of the Town and Country Planning (Environmental Impact Assessment) Regulations 2017, in relation to the proposed residential development at Liss Forest Nursery Petersfield Road, Greatham, Hampshire, GU33 6HA.<br/> <b>Ref. No: SDNP/18/01316/SCREEN   Status: EIA Not Required</b></p> <p>Development of 37 dwellings (including affordable homes), alterations to existing access onto Petersfield Road, hard and soft landscaping, drainage and all other associated development works.<br/> <b>Ref. No: SDNP/18/06111/FUL   Status: Application Refused</b></p> <p>Development of 37 dwellings (including affordable homes), alterations to existing access onto Petersfield Road, hard and soft landscaping, drainage and all other associated development works<br/> <b>Ref. No: SDNP/21/04848/FUL   Status: Application Refused</b></p> <p><b><u>Planning Appeals</u></b></p> <p>Development of 37 dwellings (including affordable homes), alterations to existing access onto Petersfield Road, hard and soft landscaping, drainage and all other associated development works<br/> <b>Ref. No: SDNP/23/00002/REF   Status: Appeal In Progress</b></p> <p>The planning history above all relates to the allocation of the site within the South Downs Local Plan and the residential development potential of the Property. As previously mentioned, this allocation and planning history has been disregarded for the purpose of this valuation.</p> <p>We are informed by the owner that the bungalow is subject to an agricultural occupancy condition requiring the occupant to be operating the businesses on the site.</p> <p>There is no other planning history listed for the site, however, we understand from the Owners that all buildings and infrastructure have the benefit of planning permission either by formal permission or by long standing existing use.</p> |
| 3.13 | Special designations of land and the Property | The Property is within the South Downs National Park.   |
| 3.14 | Fire Regulations                              | We have not been provided with any Fire Risk Assessment report in relation to the Property.   |
| 3.15 | Control of Asbestos at Work Act               | We have not had sight of any written record or management plans in relation to asbestos on the Property.  |
| 3.16 | The Equality Act 2010                         | The Property appears to comply with the appropriate legislation but we have not undertaken a full assessment.   |

| 4 Evaluation |  |  |
|--------------|--|--|
| 4.1          | Overall condition of the Property (land buildings & dwellings) | <p>Liss Forest Nursery Bungalow is in fair condition, however, would benefit from modernisation throughout.</p> <p>We understand that the infrastructure for the nursery would require some modernisation to allow it to continue to operate efficiently going forward, however, it is currently fit for purpose.</p> <p>We have not undertaken a structural survey, nor have we inspected the roof or other void spaces. This report does not constitute a structural or condition survey and should not be relied upon as such.</p>  |
| 4.2          | Development potential  | <p>As discussed in section 3.12 the recent planning history for the site and allocation for residential development has been disregarded for the purpose of this valuation. Despite this, given the village location and designation as a brownfield site there would likely be some medium to long term development potential on the Property.</p> <p>The situation of the site within the South Downs National Park would, however, have a significant impact on the development potential with some permitted development rights removed and a heightened level of scrutiny placed upon any planning applications.</p> <p>Should the property be bought to the market, disregarding the allocation, we would still expect it to attract interest from parties looking for a longer-term development opportunity and who would place an element of hope value upon it. We believe this to be in the region of 20% of the existing use value as shown within the two market values provided in section 5 of this report.</p> <p>It should also be noted that there could be the opportunity to use the site for other commercial uses subject to the existing use or others, subject to planning.</p> |
| 4.3          | Marketability  | <p>The site provides the opportunity to purchase a property suitable to run a sizable, operational plant nursery business. It would also be adapted to another horticultural use such as flower growing or as a 'pick-your-own' fruit farm.</p> <p>The presence of the dwelling on site improves the site security and means a potential purchaser could buy a business opportunity and home in one location. Furthermore, the fact that a purchaser would be able to immediately satisfy the occupancy condition, given they would purchase the nursery site and bungalow together, would mean a wider range of purchasers may be interested in the site.</p> <p>In our experience, it is not uncommon for dwellings such as these to have such an occupancy condition. In arriving at our valuation of the</p>   |

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|     |  | <p>bungalow we have discounted the open market value by 15%, a percentage which reflects the disadvantage of the occupancy condition but is reduced from the industry general standard of 30% due to the likelihood that a purchaser would be able to immediately satisfy the condition upon purchase of the whole Property.</p> <p>As discussed above, in section 4.2, there would also likely be some interest from purchasers looking for a site with long-term development potential.</p>   |
| 4.4 | Methodology                                | <p>Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.</p> <p>In undertaking our valuation of the Property, we have made our assessment on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject Property. With the benefit of such transactions we have then applied these to the Property taking into account size, location, aspect and other material factors.</p> <p>In addition, we have also applied a combination of additional methods such as the Depreciated Replacement Cost method, application of actual build costs and applied percentage increase/decreases from Land Registry Property data to historic comparable evidence if appropriate.</p>   |
| 4.5 | Comparable Evidence & Valuation Commentary | <p>The following comparable evidence has been used in our valuation, together with other methodology as outlined within section 4.4 above:</p> <p><b><u>COMPARABLE EVIDENCE</u></b></p> <p><b><u>BUNGALOW, EMPSHOT, HAMPSHIRE</u></b><br/> A 3-bedroom bungalow (96.80 m<sup>2</sup>) in need of modernisation located in the rural setting of Empshott. It consists of 3 bedrooms, bathroom, hall and sitting room with dining area and set in 0.26 acres. SSTC with a Guide Price of £500,000 (£5,165 per m<sup>2</sup>) in February 2023.</p> <p><b><u>BUNGALOW, WHITEHILL, HAMPSHIRE</u></b><br/> A 3-bedroom bungalow (est. 100 m<sup>2</sup>) in need of modest improvement located in an edge of village location. It consists of 3 bedrooms, bathroom, hall and sitting room with dining area and external garage. SSTC with a Guide Price of £495,000 (£4,950 per m<sup>2</sup>) in February 2023.</p> <p><b><u>BUNGALOW, LISS, HAMPSHIRE</u></b><br/> A 3-bedroom bungalow (100.20 m<sup>2</sup>) in of need improvement located in an edge of village location. It consists of 3 bedrooms, bathroom, hall and sitting room with dining area and external garage. SSTC with a Guide Price of £450,000 (£4,491 per m<sup>2</sup>) in</p> |

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|  |  | <p>February 2023.</p> <p><b><u>GLENVALE NURSERIES, BRADFIELD SOUTHEND, BERKSHIRE</u></b><br/> 4-bedroom house subject to an agricultural occupancy condition, plant nursery/garden centre, permission for new commercial building and all set in a total area of approximately 1.07 acres (0.43 hectares). Currently on the market at a Guide Price of £1,500,000 in March 2023.</p> <p><b><u>WIBBLE FARM, TAUNTON, SOMERSET</u></b><br/> Established garden centre and plant nursery available to be open to the public, significant buildings, together with glass houses and poly tunnels. Large amount of undeveloped land which is currently laid to pasture. In total the site equates to circa 17 acres (6.87 hectares). On the market at a Guide Price of £650,000 (£38,235 per acre) in March 2023.</p> <p><b><u>THE FUCHSIA NURSERY, OWER, HAMPSHIRE</u></b><br/> A historic nursery with derelict bungalow and delapidated buildings which include glass houses and poly tunnels. Currently under offer with a Guide Price of £350,000 in March 2023.</p> <p><b><u>VALUATION COMMENTARY</u></b></p> <p><b><u>DWELLING</u></b><br/> In relation to the bungalow, we have reviewed the comparable evidence above which provides an average of £4,868 per m<sup>2</sup>. To further derive at a value for the bungalow, we have applied the lower comparable rate at Liss of £4,491 per m<sup>2</sup> due to it being a similar condition and layout but deducted a further 5% to reflect the accessway being shared with the nursery and yard. We have then applied a discount of 15% as outlined in 4.3 Marketability section, to reflect the agricultural occupancy condition. This therefore provides a figure in isolation for the bungalow of £380,000.</p> <p><b><u>ANCILLARY BUILDINGS</u></b><br/> In relation to the ancillary brick-built buildings, used as a garage, offices and a staff room, we have applied a figure of £2,560 per m<sup>2</sup> which equates to 60% of the rate applied to the bungalow. This discount appropriately reflects the restricted use of these buildings. This therefore provides a figure of £335,000 for this component. The figure applied has also been carefully considered in relation to build costs of such structures.</p> <p><b><u>NURSERY &amp; YARD</u></b><br/> In relation to the two substantial agricultural buildings, we have applied a rate of £500 per m<sup>2</sup>. For the glass houses, polytunnels, concrete storage pads and infrastructure provisions we have applied various rates of £8-£20 per m<sup>2</sup> across the different types of structures.</p> |
|--|--|---|



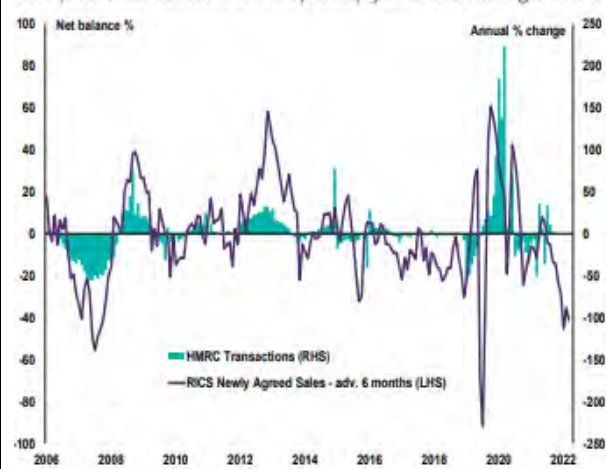
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|     |                           | <p>To derive at the £ per m<sup>2</sup> value for each component, we have calculated rebuild costs and then deducted for depreciation across the life span of the component. However, we have also had to consider a 'bare minimum' site value as straight-line depreciation is not always appropriate.</p> <p>We are therefore of the opinion that the total nursery site, excluding the residential element equates to £280,000 (circa £50,000 per acre). The per acre basis is higher than that shown at Wibble Farm which is expected due to large parts of that site not being developed or within commercial production.</p> <p>Overall comparable evidence such as Fuchsia Nursery provides a base value, as this site is considerably smaller and in a redundant condition, but adjusted appropriately would still provide a considerably lower value than that off the subject Property. Wibble Farm provides a good comparable figure for nursery and garden centre values excluding any residential value. However, careful consideration is required, as with Glenvale Nursery, to exclude any value attributable to the business element. This can provide considerable additional value, together with dwellings, with or without agricultural ties, forming part of a property. To confirm we have not applied any value to the business and valued the Property only.</p> <p>We have also taken into consideration historic comparable evidence used previously and used the Land Registry Data Property Index. From our initial valuation (11 October 2020) the index suggests an increase in the price for the average detached property in England by 18.65%. We have also factored in inflation of over 10% in relation to build costs when using the DRC method.</p> <p>The figures outlined above have been used to establish the current existing use value of the site, with the second value provided below including perceived 'hope value' for the site at 20%. For the avoidance of doubt the existing use value excludes the allocation of the site within the South Downs National Park Local Plan, as per the special assumption described in section 1.15 above.</p> |
| 4.6 | General Market Commentary | <p>General commentary from the RICS UK Economy and Property Update February 2023 as follows:</p> <p><i>'Residential Property The latest data tracking the number of mortgages being approved by lenders shows a further sharp drop, with the December figure of 35,600 the lowest since January 2009 (excluding the pandemic period). As recently as the third quarter of last year, mortgage activity for new homes was running close to double that number. For now, actual transactions data is displaying a good deal more resilience, with the December figure of close to 102k little different from where it was in Q3. This has fuelled some speculation that cash buyers may be playing a bigger role in the</i></p>  |

market. While there may be something in this, we are not wholly convinced. First, it would be reasonable to see a significant lag between a trend emerging in mortgage lending data and it being visible in HMRC (or Land Registry) transactions. Second, Chart 7 highlights the strong relationship between the RICS newly agreed sales net balance and the HMRC data (year-on-year change); it suggests that the latter will weaken sharply during the first half of this year.

Meanwhile, most, but not all, measures of house prices indicate that they are now falling. The Nationwide and Halifax indices, which are based on mortgage approvals, show falls of 3.2% and 4.3% respectively since August and the Rightmove index signals a drop in asking prices of 2.3% from its peak. By way of contrast, the official index has merely plateaued but not only does this come out somewhat later (the latest ONS data is still for November) but, as with HMRC, it is based on completions. Chart 8 shows the RICS price balance metric, advanced by six months, is a reliable lead indicator of the official house price dataset. That said, we remain of the view that the extent of the decline in residential prices will be relatively modest thanks, in part, to the ongoing strength of the employment picture which will limit the fallout from potential distressed sales. Also, recent moves in the bond market point to a modest downward repricing of mortgage finance.

The latest RICS lettings data (Chart 9) continues to highlight the imbalance between demand and supply and the impact this is having on expectations for further rental growth. The latest Zoopla data puts annual rental growth as still in excess of 12% nationally although they do see this slowing to the 4 to 5% area by year end (on the back of stretched affordability). Respondents to the most recent RICS survey envisage Build to Rent only making a modest contribution to filling the shortfall in the supply of rental property, with just 8% suggesting it will play a significant role.

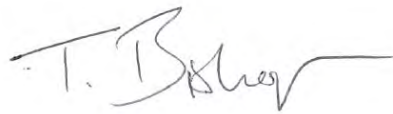
Chart 7: The RICS agreed sales balance suggests data on completed transactions will drop sharply over the coming months



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|     |   | <p>Chart 8: The headline RICS price measure indicates that the official house price series will follow other indices lower</p> <p>Chart 9: RICS lettings data show demand continuing to exceed supply and rent expectations still very strong</p>   |
| 4.7 | Emerging Environmental Attributes and Natural Capital | <p>Unless specifically directed to do otherwise as part of the agreed instruction or as recorded here, our valuation is based on the current conditions of the markets relevant to the property and does not take into account any particular potential that the property may have to secure value from its current or potential environmental attributes or natural capital assets, including (and not exhaustively) those in relation to carbon, biodiversity, nutrient neutrality or flood management, whether by entry into any specific future agreement under a government scheme or with third parties privately involving the exploitation, exchange, off-setting or development of those environmental attributes or natural capital assets and any additional value which may arise therefrom. These are emerging and as yet unclear markets, awaiting both regulatory and policy development and clarification of the bases on which value can be widely</p> |

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|                           |  | <p>recognised in the market.</p> <p>We will consider the Property in its current condition and, where either the details of such contracts currently in place or reports into the property's potential for them have been made available to us prior to acceptance of the instruction, we will take them into account. Where such details are made available to us after acceptance of the instruction, we will advise as soon as possible whether the valuation instructions should be amended. Otherwise, our valuation has been undertaken on the assumption that there is no special potential for the land in these respects. Should it be established subsequently that such special potential does exist at the Property this might affect the values reported.</p> |
| <b>5 Market Valuation</b> |  |  |
| 5.1                       | Market Value<br>(excluding hope value)   | £995,000 (nine hundred and ninety-five thousand pounds).   |
| 5.2                       | Market Value<br>(including hope value)   | £1,195,000 (one million one hundred and ninety-five thousand pounds).  |
| <b>6 Disclaimer</b>       |  |  |
| 6.1                       | This report is confidential to the addressee. The report or any part of it should not be disclosed to any third party other than the addressee and legal representatives acting for the addressee without the express consent of the valuer. |  |

Signed:



Thomas Bishop BSc (hons) MRICS FAAV  
RICS Registered Valuer

Signed:



Hannah Rickard BSc (Hons) MRICS FAAV  
RICS Registered Valuer

BCM  
The Old Dairy  
Winchester Hill  
Sutton Scotney  
Winchester  
Hampshire  
SO21 3NZ

March 2023



**Appendix 1**  
**Copy of Instructions**

31 March 2023

Our ref: 230331-1946-8966-l ffogarty

Your ref:

Frank Fogarty Esq  
Cove Construction Ltd  
1 Alpha Centre  
North Lane  
Aldershot  
G12 4RG

Dear Mr Fogarty

**TERMS OF ENGAGEMENT FOR A VALUATION OF  
LISS FOREST NURSERY, PETERSFIELD ROAD, GREATHAM GU33 6HA**

Thank you for requesting a valuation of the above property. We are writing to set out our Terms of Engagement for carrying out a valuation of the above property.

Our Terms of Engagement for this instruction comprise our 'General Terms of Business for Valuations' which are attached to this letter, together with the specific terms contained within this letter. This letter shall take precedence, to the extent that there is any inconsistency with the General Terms of Business for Valuations. A copy of this letter and our General Terms of Business for Valuations are attached for you to sign and return to us, signifying your acceptance of the terms contained therein.

In addition to our General Terms of Business for Valuations, our Terms of Engagement for carrying out this instruction include the following:

1. **Our Client is:** Cove Construction Ltd.
2. **Purpose of valuation:** The valuation is required for the purpose of ascertaining the Market Value.
3. **Property to be valued:** Liss Forest Nursery, Petersfield Road, Greatham GU33 6AH.
4. **Interest to be valued:** The Freehold Interest with Vacant Possession.
5. **Property type and use:** Residential, Agriculture & Horticulture.
6. **Basis of valuation:** Market Value in accordance with the RICS Valuation – Global Standards. See below regarding any Key Assumptions and Special Assumptions.

The Old Dairy | Sutton Scotney | Winchester | Hampshire | SO21 3NZ  
t 01962 763900 | f 01962 763901  
www.bcm.co.uk

BCM is a trading name of BCM Bays Curry McCowen LLP a Limited Liability Partnership registered in England no: OC318704  
Our registered office is The Old Dairy, Winchester Hill, Sutton Scotney, Winchester SO21 3NZ where you may look at a list of partners



|   |  |
|---|--|
|   | Market Value:  |
|   | 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'.   |
| <b>7. Key Assumptions and Special Assumptions:</b>                          | None at this stage.  |
| <b>8. Valuation date:</b>   | 31 March 2023.   |
| <b>9. Conflicts of Interest:</b>  | We confirm that we have no current or recent fee earning involvement with the property or any party connected with this transaction.   |
| <b>10. Status of valuer:</b>  | External valuer.   |
| <b>11. Valuer Competence Disclosure:</b>                                    | The valuer, on behalf of BCM LLP, with responsibility for this report will be Thomas Bishop MRICS FAAV, RICS Registered Valuer. We confirm that the valuer meets the requirements of RICS Valuation – Global Standards having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently. |
| <b>12. Currency to be adopted:</b>  | Pounds Sterling.   |
| <b>13. Extent of inspection and Investigations:</b>                         | Our General Terms of Business set out the scope of our on-site inspection and investigations.<br><br>Unless prevented from doing so, we will inspect the property internally by going onto the site, as well as externally.  |
| <b>14. Application in accordance with RICS Valuation – Global Standards</b> | We confirm that the valuation will be undertaken in accordance with the RICS Valuation- Global Standards.  |
| <b>15. Departures from the RICS Valuation – Global Standards:</b>           | None applicable.   |
| <b>16. Information to be relied upon:</b>                                   | We will rely on information provided to us by you (or a third party) and will assume it to be correct. We will rely on information provided by the owner on matters of title which will not be independently verified.   |
| <b>17. Fees:</b>  | Our fee for undertaking this instruction will be £750-£1,00 plus disbursements plus VAT. We reserve the right to charge interest on fees unpaid 14 days after the date of the invoice.   |



If you end this instruction at any stage, we will charge abortive fees on the basis of reasonable time and expenses incurred, (with a minimum charge of 50% following inspection of the property).

Should our fees remain unpaid for more than 30 days after the date of the invoice, we reserve the right to recover payment from yourselves.

- |  |   |
|--|---|
| <b>18. Limitation of liability</b>                     | Clause 3 of our General Terms of Business Valuations limits our liability under the instruction.  |
| <b>19. Liability to parties other than the Client:</b> | <p>The valuation report is confidential to the Client and no responsibility is accepted to any third party for the whole or any part of its contents.</p> <p>If the property in question is to be used for security on behalf of a syndicate, please notify us now, so that we can agree the fee and the extent of our responsibility to further third party lenders.</p>   |
| <b>20. Complaints Handling Procedure</b>               | If you have any concerns about our service, please raise them in the first instance with the valuer concerned. If this does not result in the satisfactory resolution, please contact the relevant Partner. As required by RICS, we will send you a copy of our Complaints Handling Procedure on request.   |
| <b>21. Data Protection</b>                             | We will process your personal data for our business and marketing activities fairly and lawfully in accordance with professional standards and the Regulation (EU) 2016/679 (General Data Protection Regulation). Full details are available in our Privacy Policy ( <a href="https://www.bcm.co.uk/privacy-policy.html">https://www.bcm.co.uk/privacy-policy.html</a> ). If you do not wish to receive marketing communications from us, please let us know. |
| <b>22. Compliance Statement</b>                        | Our compliance with the RICS Valuation – Global Standards is subject to the monitoring procedures of the RICS and the valuation may be investigated for compliance with these standards.  |

If any of the details set out above are incorrect please let us know – we will assume they are correct unless you tell us otherwise.

Please will you sign and return the duplicate copy of the Terms of Engagement, signifying your agreement to the terms contained therein together with Money Laundering Identification. We should point out that the report will not be discussed or disclosed before the Terms have been returned.



31 March 2023



Thank you for instructing BCM LLP.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tom Bishop', written over a horizontal line.

**Tom Bishop MRICS FAAV RICS REGISTERED VALUER**  
dl 01962 763900  
m 07876 356408  
tbishop@bcm.co.uk

Encl: General Terms of Business for Valuations

A handwritten signature in black ink, written over a horizontal line.

Signed for on behalf of Cove Constructions Ltd

In acceptance of the above Terms of Engagement and the  
attached BCM General Terms of Business for Valuations

31/03/2023  
Date

These General Terms of Business comprise a part of our Terms of Engagement. The following General Terms of Business apply to all valuations and appraisals undertaken by BCM LLP unless specifically agreed otherwise in confirming instructions and so stated within the main body of the valuations report.

## 1. BCM

BCM LLP is a Limited Liability Partnership with registered number OC318704. This is a corporate body which has "members" and not "Partners".

Any representative of BCM LLP described as "Partner" is a Member. The term "Partner" has been retained because it is an accepted way of referring to senior professionals.

Our VAT registration number is 760 5675 16. The details of our professional indemnity insurance specified in the Provision of Services Regulations 2009 will be provided to you on request by Ros Foreman, Partner.

## 2. Jurisdiction

English law shall apply in every respect in relation to the valuation and the agreement with the client which shall be deemed to have been made in England. In the event of a dispute arising in connection with a valuation, unless expressly agreed otherwise in writing by BCM LLP, the client, and any third party using the valuation, will submit to the jurisdiction of the English Courts only. This will apply wherever the property or the client is located or the advice is provided.

## 3. Limitations on Liability

**3.1** Our valuation is confidential to the party to whom it is addressed for the stated purpose and no liability is accepted to any third party for the whole or any part of its contents. Liability will not subsequently be extended to any other party save on the basis of written and agreed instructions; this will incur an additional fee. Except as set out in 3.2 below the terms of the agreement between BCM LLP and the client are not enforceable by any third party under the Contracts (Rights of Third Parties) Act 1999.

**3.2** No claim arising out of or in connection with this agreement may be brought against any member, employee, partner or consultant of BCM LLP (each called a 'BCM Person'). Those individuals will not have a personal duty of care to the client or any other party and any such claim for losses must be brought against BCM LLP. Any BCM Person may enforce this clause under the Contract (Rights of Third Parties) Act 1999 but the terms of our agreement may be varied by agreement between the client and BCM LLP at any time without the need for any BCM Person to consent.

**3.3** We do not accept liability for any indirect or consequential loss (such as loss of profits). Nothing in these Terms of Business (or in our letter of engagement) shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

## 4. Disclosure and Publication

If our opinion of the value is disclosed to persons other than the addressees of our report, the basis of valuation should be stated. Neither the whole or any part of the valuation report nor any reference thereto may be included in any published document, circular or statement not published in any way whatsoever in hard copy or electronically (including on any web-site) without our prior written approval of the form and context in which it may appear.

## 5. Complaints Procedure

If you have any concerns about our service, please raise them in the first instance with the valuer concerned. If this does not result in the satisfactory resolution, please contact the relevant Partner. As required by RICS, we will send you a copy of our Complaints Handling Procedure on request.

## 6. Data Protection

We will process your personal data for our business and marketing activities fairly and lawfully in accordance with professional standards and the Regulation (EU) 2016/679 (General Data Protection Regulation). Full details are available in our Privacy Policy (<https://www.bcm.co.uk/privacy-policy.html>). If you do not wish to receive marketing communications from us, please let us know.

## 7. Our Fees

**7.1** If any invoice remains unpaid after the date on which it is due to be paid, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 4% above the then prevailing bank base rate of Barclays Bank PLC or (if higher) at the rate provided for under the Late Payment of Commercial Debts (Interest) Act 1998 and its regulations (if applicable); If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

**7.2** If before the valuation is concluded:-

- a)** You end this instruction, we will charge abortive fees; or
- b)** You delay the instruction by more than 1 month or materially alter the instruction so that additional work is required at any stage we will charge additional fees;

And in each case such fees will be calculated on the basis of reasonable time and expenses incurred.

**7.3** Where the valuation is for loan security purposes, and we agree to accept payment of our fee from the borrower, the fee remains due from yourselves until payment is received by us. Additionally, payment of our fee is not conditional upon the loan being drawn down or any conditions or the loan being met.

**8. Disclosable Interest**

We may offer the following services to prospective purchasers and similarly the services may be offered to them by another organisation in circumstances where we may benefit financially: financial services, property letting and management services, building construction, refurbishment and maintenance services and the sale of the prospective purchaser's property.

**9. RICS Valuation – Global Standards – “The Red Book”**

Valuations and appraisals will be carried out in accordance with the relevant edition of the RICS Valuation – Global Standards by valuers who conform to its requirements and with regard to relevant statutes or regulations. Compliance with The Red Book is mandatory for Chartered Surveyors in the interest of maintaining high standards of service and for the protection of clients.

**10. Regulation and Monitoring**

BCM LLP is registered for regulation in the UK by RICS. The valuation may be subject to monitoring under the RICS conduct and disciplinary regulations.

**11. Valuation Basis**

Valuations and appraisals are carried out on the basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions contained in The Red Book. The basis of valuation will be agreed with you in the letter covering the specific term for the instruction.

**12. Portfolios**

Where required to value a portfolio, unless specifically agreed with you otherwise, we will value the individual properties separately, upon the assumption that the properties have been marketed in an orderly manner.

**13. Land Register Inspection and Searches**

We do not undertake searches or inspections of any kind (including web-based searches) for title or price paid information in any publicly available land registers, including the Land Registry for England and Wales, Registers of Scotland and Land & Property Services in Northern Ireland.

**14. Title and Burdens**

We do not read documents of title although, where provided, we consider and take account of matters referred to in solicitor's reports or certificates of title. We would normally assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoing, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

**15. Disposal Costs and Liabilities**

No allowance is made in our valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges.

**16. Sources of Information**

We rely upon information provided to us, by the sources listed, as to details of tenure and tenancies (subject to 'Leases' below), planning consents and other relevant matters, as summarised in our report. We assume that this information is complete and correct.

**17. Identity of Property to be Valued**

We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

**18. Boundaries**

Plans accompanying reports are for identification purposes only and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with information given to us and/or our understanding of the boundaries.

**19. Planning, Highway and Other Statutory Regulations**

Enquiries of the relevant Planning and Highways Authorities in respect of matters affecting the property, where considered appropriate, are normally only obtained verbally or from a Local Authority web site and this information is given to us and accepted by us, on the basis that it should not be relied upon. Written enquiries can take several weeks for response and incur charges. Where reassurance is required on planning matters, we recommend that formal written enquiries should be undertaken by the client's solicitors who should also confirm the position with regard to any legal matters referred to in our report. We assume that properties have been constructed or are being constructed and occupied or used in accordance with the appropriate consents and that there are no outstanding statutory notices.

We assume that the premises comply with all relevant statutory requirements including fire and building regulations.

**20. Property Insurance**

Our valuation assumes that the property would, in all respects, be insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

**21. Building Areas and Age**

Where so instructed, areas provided from a quoted source will be relied upon. Otherwise dimensions and areas measured on location or from plan are calculated in accordance with the current RICS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

**22. Structural Condition**

Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers



and fall outside the normal remit of a valuation. Since we will not have carried out any of these investigations, except where separately instructed to do so, we are unable to report that the property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report referred to us or any defects or items of disrepair of which we are advised or which we note during the course of our valuation inspections but otherwise assume properties to be free from defect.

**23. Ground Conditions**

We assume there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

**24. Environmental Issues**

Investigations into environmental matters would usually be commissioned of suitably qualified environmental specialists by most responsible purchasers or higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which an inherent risk was identified and quantified before a purchase proceeded. Anyone averse to risk is strongly recommended to have a proper environmental investigation undertaken and besides, a favourable report may be of assistance to any future sale of the property. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

We are not, however, environmental specialist and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation will be on the assumption that the property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified by reference to appropriate sections of The Red Book.

**25. Minerals, Timber, Airspace etc.**

Unless specifically agreed otherwise in confirming instructions and so stated within the main body of the valuation report, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

**26. Leases**

The client should confirm to us in writing if they require us to read leases. Where we do read leases reliance must not be placed on our interpretation of these documents without reference to solicitors, particularly where purchase or lending against the security of a property is involved.

**27. Covenant**

We reflect our general appreciation of potential purchasers' likely perceptions of the financial status of tenants. We do not, however, carry out detailed investigations as to the financial standing of the tenants, except where specifically instructed, and assume, unless informed otherwise, that in all cases there are no significant arrears of payment and that they are capable of meeting their obligations under the terms of leases and agreements.

**28. Loan Security**

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

**29. Building Cost Information**

Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. There are severe limitations on the accuracy of build costs applied by this approach and professional advice on the build costs should be sought by you. The reliance which can be placed upon our advice in these circumstances is severely restricted. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our advice.

**30. Reinstatement Assessments**

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If advice is required as a check against the adequacy of existing cover this should be specified as part of the initial instruction. Any indication given is provided only for guidance and must not be relied upon as the basis for insurance cover. Our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be considered.

**31. Comparable Evidence**

Where comparable evidence information is included in our report, this information is often based upon our oral enquiries and its accuracy cannot always be assured or may be subject to undertakings as to confidentiality.

However, such information would only be referred to where we had reason to believe its general accuracy or where it was in accordance with expectation. In addition, we have not inspected comparable properties.

**32. Regulated Purpose Valuations (RPV)**

RICS has established particular requirements in circumstances where a valuation although provided for a client may also be of use to third parties, for instance, the shareholders in a company, defined by the RICS as "Regulated Purpose Valuations". Where a valuation is for a Regulated Purpose, in accordance with RICS requirements, BCM LLP is required to make specific disclosures to you.

When instructed in a continuing role as a Valuer it is BCM LLP's policy to rotate persons responsible for valuations and the signatory to the report, on a seven yearly basis, unless specifically agreed otherwise.

**Valuation Basis**

**1. Market Value (MV):**

Market Value is defined as:

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

**2. Market Value under Inheritance Tax Act 1984**

As defined as:

Except as otherwise provided by the Act, the value at any time of any property shall for the purposes of this Act be the price which the property might reasonably be expected to fetch if sold on the open market at that time; but that price shall not be assumed to be reduced on the ground that the whole property is to be placed on the market at one and the same time.

**3. Market Value under Taxation of Chargeable Gains Act 1992**

As defined as:

The price which the asset might reasonably be expected to fetch on sale in the open market. In estimating the market value of any assets no reduction shall be made in the estimate on account of the estimate being made on the assumption that the whole of the assets is to be placed on the market at one and the same time.

**4. Market Rent (MR):**

Market Rent is defined as:

The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

**5. Fair Value**

The definition of Fair Value adopted by the International Accounting Standards Board is:

The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

**6. Investment Value**

Investment Value (or Worth) is defined as:

Investment Value is the value of an asset to the owner or a prospective owner for individual investment or operational objectives.

**7. Projected Market Value (PMV) of Residential Property only**

Projected Market Value is designed to provide residential mortgage lenders with a simple numeric indication of the valuer's opinion of short-term market trends and is defined as:

The estimated amount for which an asset is expected to exchange at a date, after the valuation date and specified by the valuer, between a willing buyer and a willing seller, in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

**8. Existing Use Value (EUV)**

Existing Use Value is the basis suitable for financial reporting purposes under UK accounting standards only and is defined as:

The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion – assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.



## **Appendix 2**

### **Conflict of Interest**

## Conflict of Interest Statement

I Thomas Bishop on behalf of BCM LLP confirm that in undertaking professional work on behalf of the addressee there is no conflict of interest and that in acting as an Agent and Valuer all professional work undertaken by me will be compliant with all appropriate RICS regulations and professional practice guidance



Signed: \_\_\_\_\_  
Thomas Bishop

31 March 2023

Date: \_\_\_\_\_

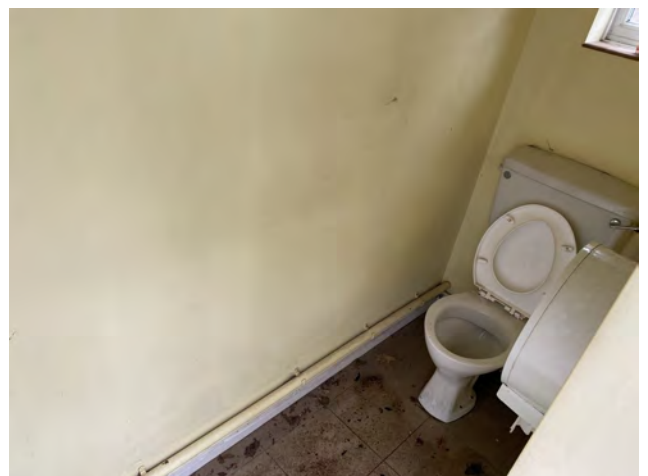
**Appendix 3**  
**Schedule of Photographs**

Schedule of Photographs





## Schedule of Photographs





Schedule of Photographs





Schedule of Photographs





Schedule of Photographs





Schedule of Photographs





Schedule of Photographs





Schedule of Photographs





Schedule of Photographs





Schedule of Photographs



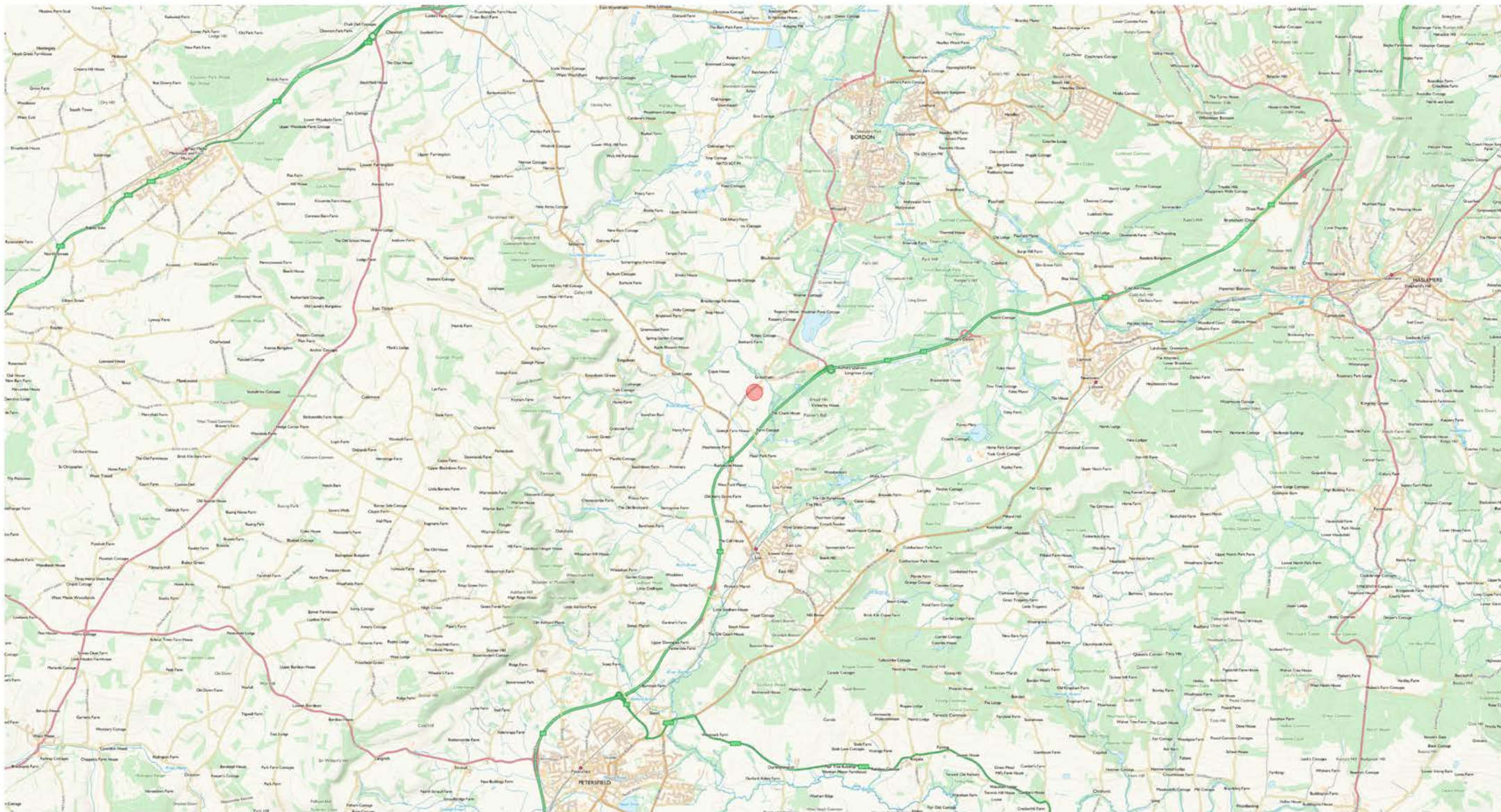


## Schedule of Photographs



## **Appendix 4**

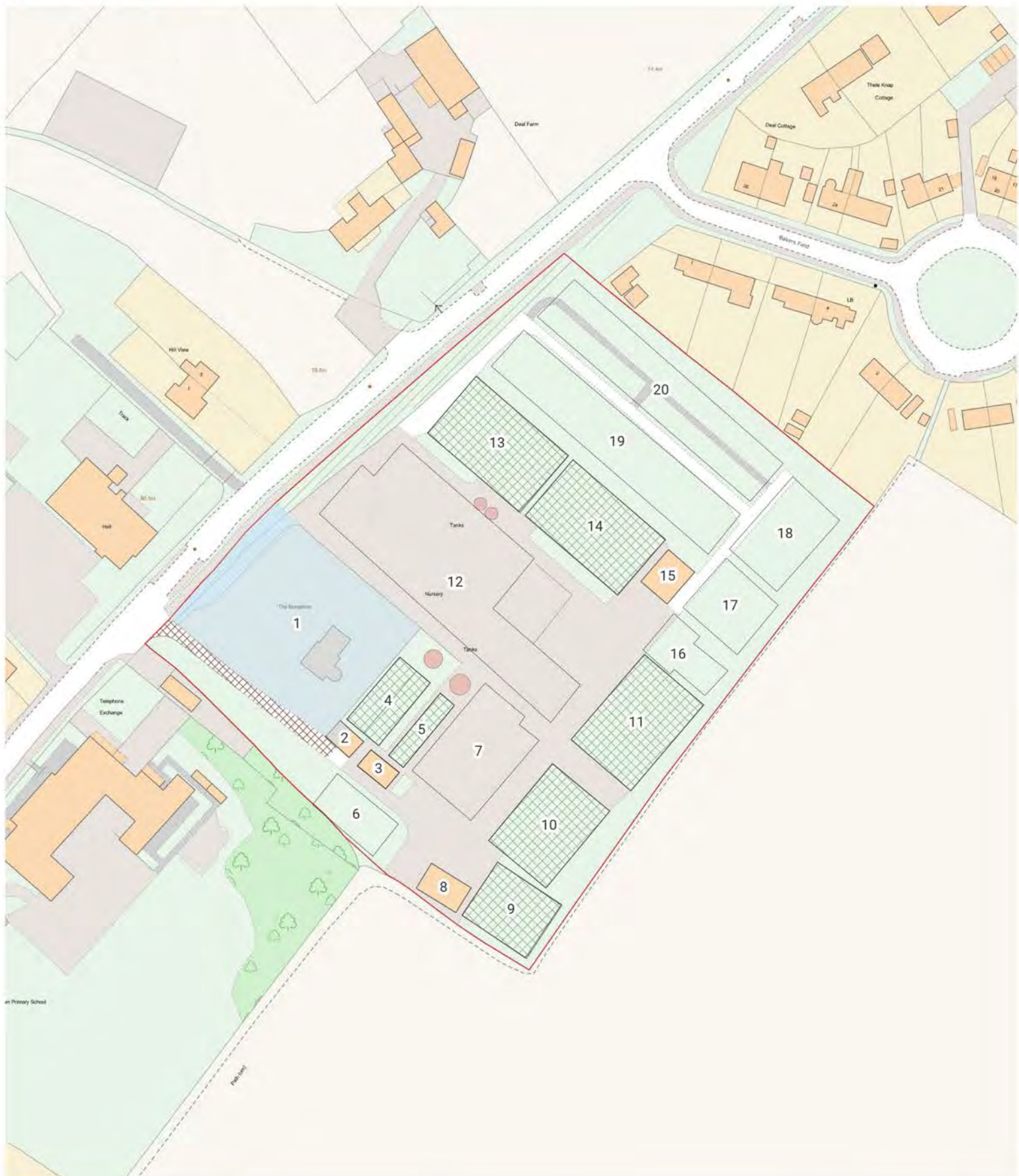
### **Location Plan**





**Appendix 5**  
**Site Plan**





**Appendix 6**  
**Schedule of Buildings**

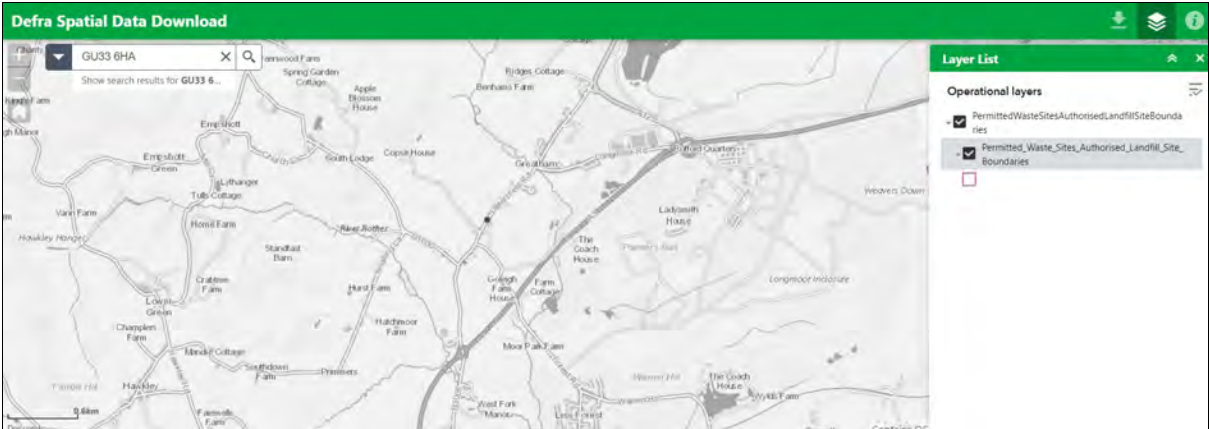
**Liss Forest Nursey**  
**Schedule of Buildings**

| <b>No</b> | <b>Description</b>  | <b>m<sup>2</sup></b> | <b>ft<sup>2</sup></b> |
|-----------|---|----------------------|-----------------------|
| 1         | Dwelling- see report for further details.   | -                    | -                     |
| 2         | Brick built under tile building, currentley being used as part garage for the dwelling, with the other half being used as a staff room. | 61                   | 657                   |
| 3         | Brick built under tile building, currentley being used as a combination of office and meeting rooms.                                    | 70                   | 750                   |
| 4         | Wooden framed glass houses, with irrigation and heating system.   | 296                  | 3,186                 |
| 5         | Wooden framed glass houses, with irrigation and heating system.   | 137                  | 1,480                 |
| 6         | Metal framed polytunnel greenhouses, with irrigation  | 288                  | 3,097                 |
| 7         | Wooden framed glass houses, with irrigation and heating system.   | 773                  | 8,320                 |
| 8         | Steel portal framed barn under asbestos cement fibre roofing and side cladding , with concreete floor and concrete block work edging.   | 122                  | 1,318                 |
| 9         | Wooden framed glass houses, with irrigation.  | 440                  | 4,732                 |
| 10        | Wooden framed glass houses, with irrigation.  | 666                  | 7,168                 |
| 11        | Wooden framed glass houses, with irrigation.  | 787                  | 8,473                 |
| 12        | Metal framed polytunnel greenhouses, with irrigation  | 2,300                | 24,757                |
| 13        | Metal framed polytunnel greenhouses, with irrigation  | 812                  | 8,744                 |
| 14        | Metal framed polytunnel greenhouses, with irrigation  | 796                  | 8,572                 |
| 15        | Steel portal framed barn under asbestos cement fibre roofing and side cladding , with concreete floor and concrete block work edging.   | 131                  | 1,409                 |
| 16        | Metal framed polytunnel greenhouses, with irrigation.   | 276                  | 2,969                 |
| 17        | Metal framed polytunnel greenhouses, with irrigation.   | 414                  | 4,457                 |
| 18        | Metal framed polytunnel greenhouses, with irrigation.   | 548                  | 5,903                 |
| 19        | Storage pad with irrigation.  | 3,100                | 33,368                |
| 20        | Storage pad with irrigation.  | 3,100                | 33,368                |
|           |   | <b>15,118</b>        | <b>162,729</b>        |

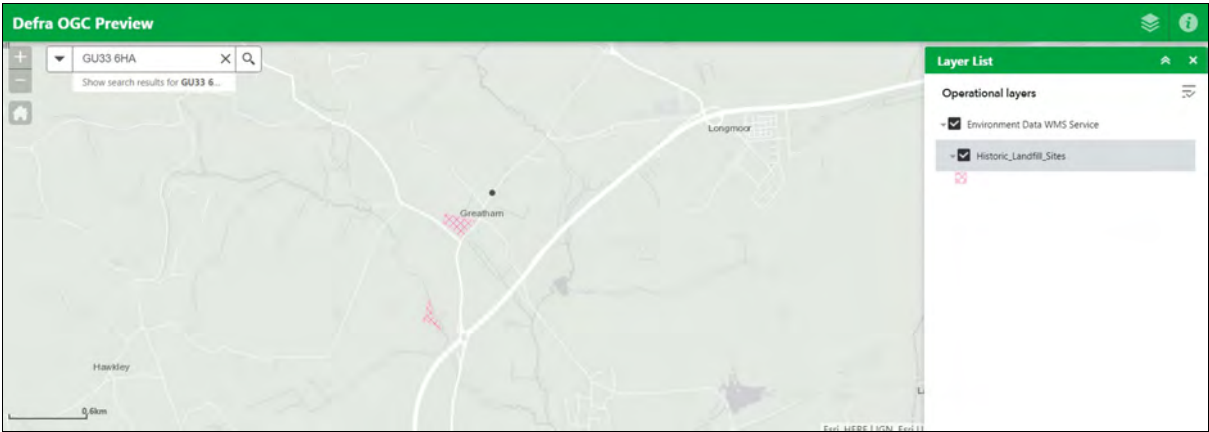
**Appendix 7**  
**gov.uk Landfill and Flood Maps**



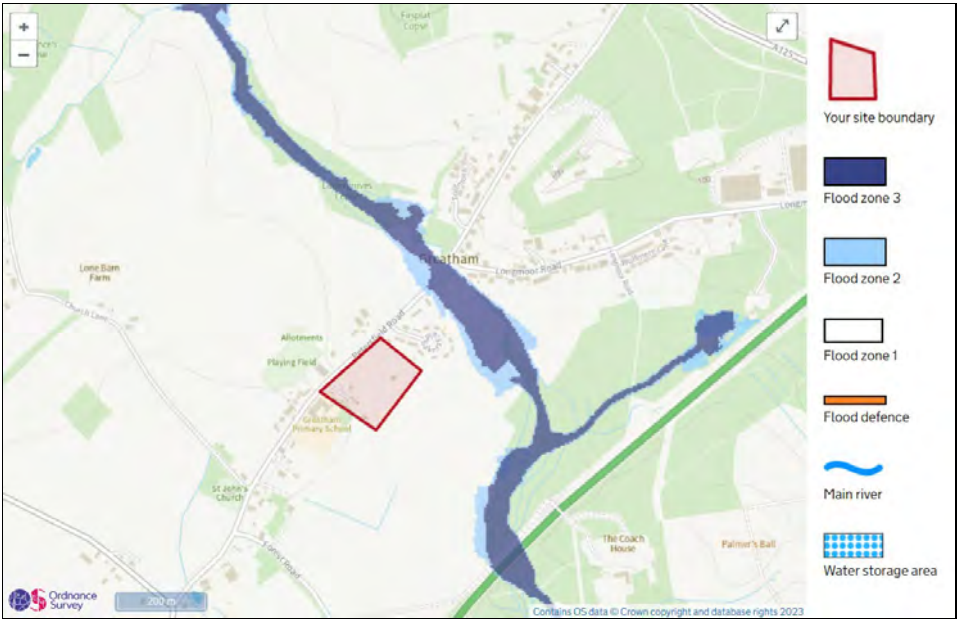
gov.uk Permitted Waste Sites



gov.uk Historic Waste Sites



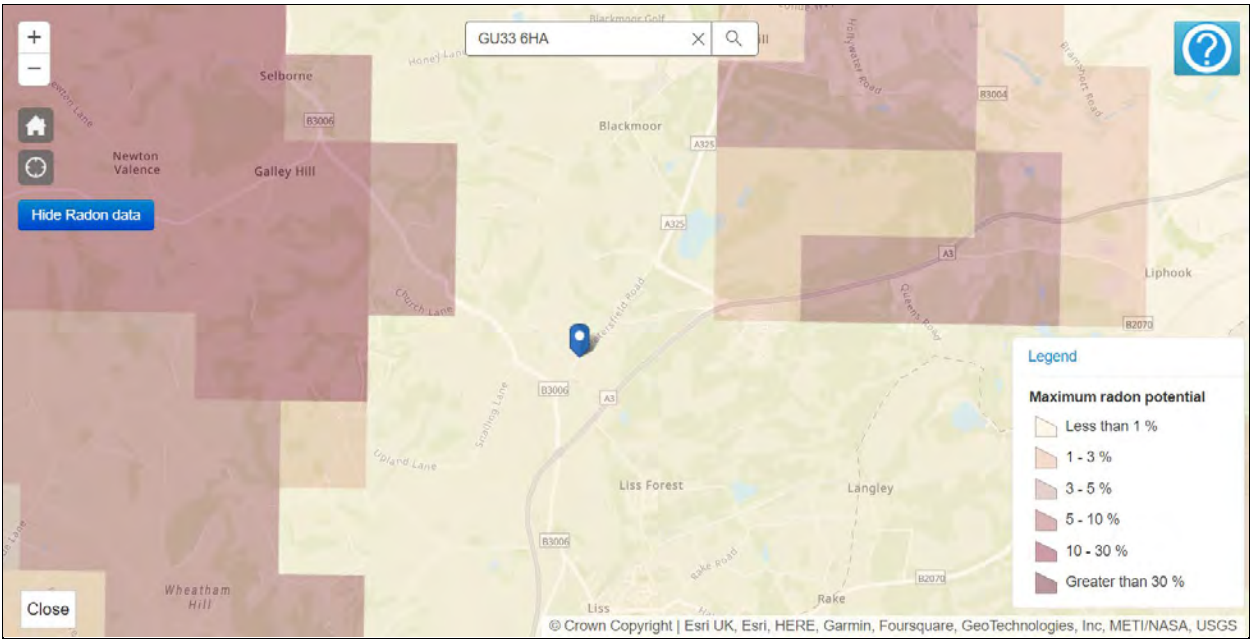
gov.uk Flood Map for Planning



## **Appendix 8**

### **Radon Risk Map**

Radon Risk Map



**Appendix 9**  
**Land Registry**





# Official copy of register of title

Title number SH40941

Edition date 06.08.2020

- This official copy shows the entries on the register of title on 03 APR 2023 at 11:38:57.
- This date must be quoted as the "search from date" in any official search application based on this copy.
- The date at the beginning of an entry is the date on which the entry was made in the register.
- Issued on 03 Apr 2023.
- Under s.67 of the Land Registration Act 2002, this copy is admissible in evidence to the same extent as the original.
- This title is dealt with by HM Land Registry, Weymouth Office.

## A: Property Register

This register describes the land and estate comprised in the title.

HAMPSHIRE : EAST HAMPSHIRE

- 1 (07.01.2015) The Freehold land shown edged with red on the plan of the above title filed at the Registry and being Land at Greatham, Liss.
- 2 (06.08.2020) The land has the benefit of any legal easements granted by a Deed of Grant dated 30 July 2020 made between (1) John Leonard Bryant (2) National Westminster Bank Plc and (3) Peter Catt and others.

*NOTE: Copy filed under SH13694.*

## B: Proprietorship Register

This register specifies the class of title and identifies the owner. It contains any entries that affect the right of disposal.

### Title absolute

- 1 (07.01.2015) PROPRIETOR: PETER CATT of The Bungalow, Liss Forest Nursery, Petersfield Road, Greatham, Liss GU33 6HA and VINCENT ROYSTON CATT of Oak Cottage, Langley Bridge, Rake, Liss GU33 7JP and NEILL MADISON CATT of Rivendell, Gosport Road, East Tisted, Alton GU34 3QW.
- 2 (07.01.2015) The value stated as at 7 January 2015 was under £1,000,000.
- 3 (06.01.2016) RESTRICTION: No disposition by a sole proprietor of the registered estate (except a trust corporation) under which capital money arises is to be registered unless authorised by an order of the court.

## C: Charges Register

This register contains any charges and other matters that affect the land.

- 1 (07.01.2015) The land is subject to the rights reserved by a Conveyance dated 8 October 1976 made between (1) Nelson Mitchell and (2) Peter

Title number SH40941

## C: Charges Register continued

Catt and Joyce Isabel Ann Catt.

*NOTE: Copy filed.*

- 2 (11.08.2017) UNILATERAL NOTICE in respect of an option to purchase contained in an Agreement dated 16 June 2017 made between (1) Peter Catt, Vincent Royston Catt and Neill Madison Catt and (2) Cove Construction Limited.

*NOTE: Copy filed.*

- 3 (11.08.2017) BENEFICIARY: Cove Construction Limited (Co. Regn. No. 01145104) of 1 Alpha Road, North Lane, Aldershot, Hampshire GU12 4RG.

End of register

**Appendix 10**  
**Definitive Rights of Way Plan**



THE HAMPSHIRE COUNTY COUNCIL (s.57(3) WILDLIFE AND COUNTRYSIDE ACT 1981)  
DEFINITIVE MAP OF PUBLIC RIGHTS OF WAY 2008



*This sheet was reprinted on 15.12.2021 to take account of legal changes to the rights of way network after the publication of the 2008 definitive map.*

Given this            day of  
The Common Seal of Hampshire County Council was hereunto affixed in the presence of:-

Authorised Signatory

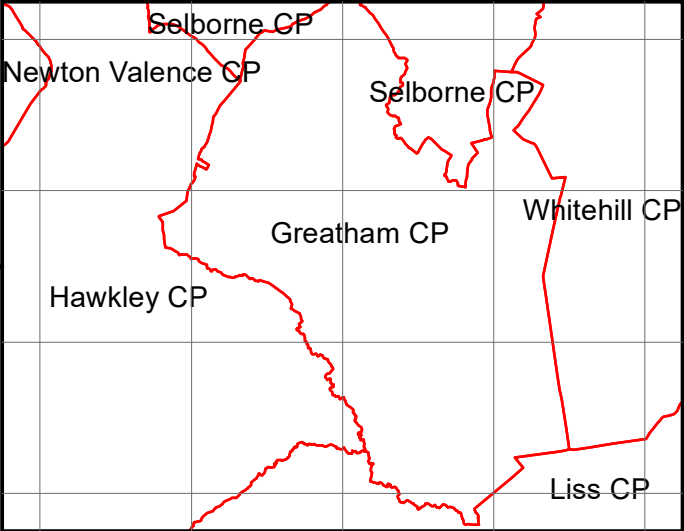
Map Scale 1:10,000



Legend

- Footpath
- Bridleway
- Restricted Byway
- Byway Open to All Traffic
- Parish Boundary
- County Boundary

Public Rights of Way are not shown over any areas shaded in grey on the map below, as these are outside the administrative boundary of Hampshire County Council



Index to adjoining maps

|       |       |       |
|-------|-------|-------|
| 18.15 | 19.15 | 20.15 |
| 18.14 | 19.14 | 20.14 |
| 18.13 | 19.13 | 20.13 |

Map Number

19.14



## Appendix R

**INSIGHT**  
**AUGUST 2021**

# Fine Margins

Viability assessments  
in planning and plan-making



**LICHFIELDS**



**LICHFIELDS**

**Lichfields is the  
pre-eminent planning  
and development  
consultancy in the UK**

**We've been helping create great places  
for over 50 years.**

**[lichfields.uk](https://lichfields.uk)**





# Executive summary

The financial viability of development is taking on an increasingly important role in the planning and plan-making process. In this Insight, we have sought to provide a comprehensive overview of the way in which viability assessments are conducted and for the purposes of area-wide viability studies to inform local plan preparation.

Changes within recent years to national planning policy and related practice guidance present some potentially significant challenges for developers and plan-makers to overcome. Principally, these changes relate to the 'frontloading' of viability assessments to the plan-making stage and the implications of a widespread usage of an approach to defining land value with referencing to its Existing Use Value (EUV) plus a premium. The importance of these changes cannot be overstated: recent evidence suggests that the soundness of local plans is increasingly being fought on a viability battleground.

We hope that this Insight – drawing upon several years' worth of evidence from local plan and Community Infrastructure Levy (CIL) viability studies from across England and Wales – will be useful to a wide range of users. Potential users might include those wanting:

1. To gain an overview of the concepts, inputs and outputs that underpin viability assessment in a housing development context;
2. To understand in greater detail the links between viability assessment and planning; and
3. To scrutinise local plan (or CIL) viability evidence (or underpin independent evidence) with reference to a robust national dataset.

To this end, it is Lichfields' intention that this Insight helps to bring greater clarity to an area of practice in which there are frequent misunderstandings and to allow more meaningful debate on this important issue.



| Key finding(s) | Lichfields' perspective |
|----------------|-------------------------|
|----------------|-------------------------|

#### Factors with a common methodology

|              |  |   |
|--------------|--|---|
| Build costs  | <ul style="list-style-type: none"> <li>Building Costs Information Service (BCIS) widely used</li> </ul>          | <ul style="list-style-type: none"> <li>Transparent and easy to apply in area-wide viability assessment</li> <li>Best approach in the absence of any more robust, standardised alternative (but be wary of additional costs which may not be factored in)</li> </ul> |
| Sales values | <ul style="list-style-type: none"> <li>HM Land Registry price data cross-checked against EPC Register</li> </ul> | <ul style="list-style-type: none"> <li>Reliant on new build sales evidence (for which there is often a lag) and risk of values rapidly becoming out of date</li> <li>Straightforward and consistent method to apply in area-wide viability assessment</li> </ul>    |

#### Factors with a narrow range

|                     |   |  |
|---------------------|---|--|
| Developer profit    | <ul style="list-style-type: none"> <li>20% GDV (market housing)</li> <li>6% GDV (affordable housing)</li> </ul> | <ul style="list-style-type: none"> <li>Flexibility should be built in, to account for varying risk profiles across site typologies</li> </ul>      |
| Externals           | <ul style="list-style-type: none"> <li>10 - 20% of build costs</li> </ul>                                       | <ul style="list-style-type: none"> <li>Application of a range necessary to reflect different site typologies</li> </ul>                            |
| Contingency         | <ul style="list-style-type: none"> <li>2.5 - 5% of build costs</li> </ul>                                       | <ul style="list-style-type: none"> <li>Site typologies and their risk profiles should dictate the use of a flat rate or tiered approach</li> </ul> |
| Professional fees   | <ul style="list-style-type: none"> <li>8 - 10% of build costs</li> </ul>  | <ul style="list-style-type: none"> <li>Discretion should be used to apply an allowance that reflects specific site circumstances</li> </ul>        |
| Development finance | <ul style="list-style-type: none"> <li>6 - 7% debt interest rate</li> </ul>                                     | <ul style="list-style-type: none"> <li>Should reflect prevailing economic conditions with reference to LIBOR (or its successor)</li> </ul>         |
| Sales and marketing | <ul style="list-style-type: none"> <li>2.5 - 3.5% GDV</li> <li>Legal fees in addition (c.£750/unit)</li> </ul>  | <ul style="list-style-type: none"> <li>Differentiated rates may be appropriate</li> </ul>  |
| Land acquisition    | <ul style="list-style-type: none"> <li>1.5 - 2.25% of land purchase price (with SDLT on top of this)</li> </ul> | <ul style="list-style-type: none"> <li>Combined percentage to cover agent and legal fees</li> </ul>  |

#### Factors with greater variation

|                  |  |   |
|------------------|--|---|
| Abnormals        | <ul style="list-style-type: none"> <li>Common not to apply an allowance</li> <li>Brownfield only approach common</li> </ul>    | <ul style="list-style-type: none"> <li>if included, clear justification should be provided, with clear differentiation from other cost allowances</li> <li>Critical to assess within the context of land value (see Benchmark Land Value)</li> </ul>  |
| Opening up costs | <ul style="list-style-type: none"> <li>Common not to apply an allowance</li> </ul>   | <ul style="list-style-type: none"> <li>Lack of understanding of what these constitute and how they relate to other cost allowances</li> <li>Clarity of approach required and detailed breakdown of other costs</li> </ul>   |
| Viability buffer | <ul style="list-style-type: none"> <li>Not commonly applied</li> <li>More common for CIL than for development plans</li> </ul> | <ul style="list-style-type: none"> <li>'Frontloading' directive puts increased emphasis on a need for buffers in both development plan and CIL viability testing</li> <li>Where not applied, give consideration to if buffers have been applied to other assumptions to avoid planning to the margins of viability</li> </ul> |

#### Land Value

|          |   |  |
|----------|---|--|
| Approach | <ul style="list-style-type: none"> <li>EUV plus a premium ('EUV+') to reflect a 'sufficient' landowner incentive</li> </ul>                             | <ul style="list-style-type: none"> <li>Pre-Parkhurst Road judgment, EUV+ was widely embedded within the industry</li> <li>NPPF/PPG changes in 2019 are a response to this</li> </ul>   |
| Premium  | <ul style="list-style-type: none"> <li>Typical indicative ranges include:</li> <li>Brownfield: EUV+ 20%</li> <li>Greenfield: 15-20 times EUV</li> </ul> | <ul style="list-style-type: none"> <li>A 'standard' level of premium does not exist</li> <li>Landowner premium ought to be adjusted (downwards) to reflect specific infrastructure and abnormal costs and other site fees</li> </ul> |

# O1

## Why is viability important?

Viability is a critical but often misunderstood concept, and one that is central to the deliverability of housing sites and the successful implementation of local plan strategies. If developments are not viable, they may not come forward and local plans could fail to deliver in terms of meeting their identified housing requirements, creating new jobs, providing community facilities, and delivering regeneration objectives.

At its most basic level, viability relates to the relative balance between the value generated by development (GDV) and the total costs associated with the delivery of that development. Figure 1 indicates the revenue and cost considerations that a typical viability assessment should take into account.

Having a scheme that functions from a financial perspective provides a sound basis for a development scheme to come forward. If the GDV is equal to or greater than the total costs, then the scheme is viable and can go ahead. If not, then the deliverability of that development may be compromised unless additional funding can be achieved or costs can be reduced. To this end, whilst strategic plans set out policy requirements in respect of affordable housing provision and other development contributions, these have often been subject to negotiation at application stage. Taking a reduced profit could also help to boost the viability of a scheme, although this may not be possible due to the need for the developer to balance risk and reward. A reduction in landowner return can be another mechanism to make a scheme viable, although this also needs to be balanced against the requirement for a sufficient financial incentive to release land for development.



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Figure 1: Viability assessment components

|   |
|---|
| Gross development value / revenue   |
| Construction costs (including an allowance for opening-up, externals and abnormal costs)  |
| Contingencies   |
| Professional fees   |
| The cost of finance   |
| Legal and marketing fees associated with the sale of individual dwellings   |
| Developer profit  |
| Policy requirements (Section 106 and CIL)   |
| The cost of acquiring the site (taking account of the need to provide a competitive return to the landowner, plus legal and agents fees and Stamp Duty Land Tax). |

Source: Lichfields analysis

## Front-loading viability

To ensure deliverability it is vitally important that local plans and CIL charging schedules are drawn up with a comprehensive understanding of viability. These documents should be based on sound evidence so that development (whether to be delivered on allocated or non-allocated sites) can proceed in such a way that will satisfy the landowner and developer whilst also meeting the relevant policy obligations such as affordable housing, financial contributions, environmental standards and design requirements (see Figure 2).

Planning policy in England and Wales now seeks to “front-load” all consideration of development viability so that it is given a much greater emphasis at strategic plan preparation stage. The assumption that flows from this is that developments that accord with the strategic plan will be viable. It will be for an applicant to demonstrate why the viability of their development is compromised because of a change in circumstances since the plan was prepared and adopted.

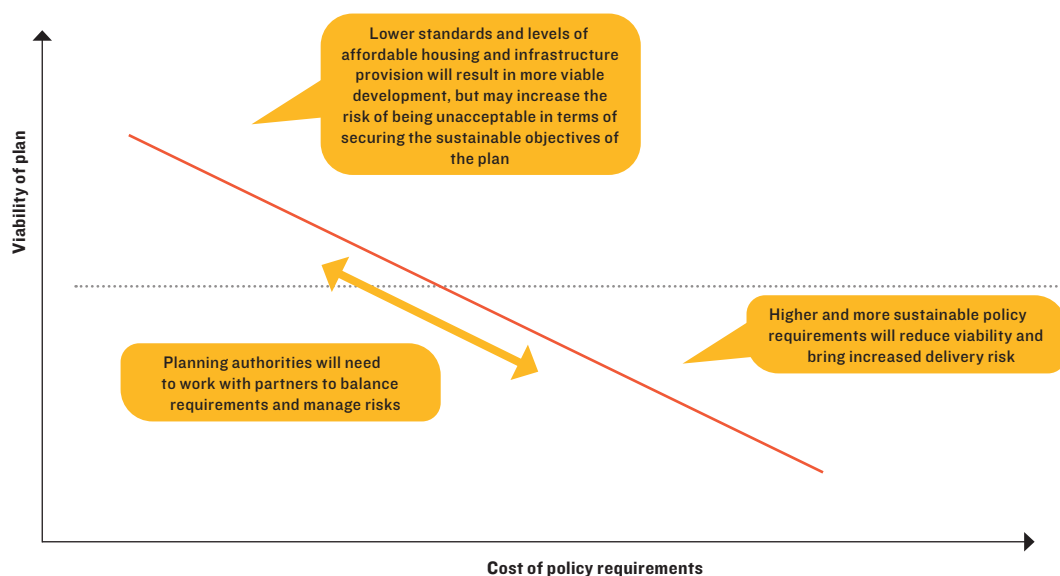
However, local plans provide a long-term framework for development and it is essential

that they are sufficiently flexible to account for changing circumstances, such as rising costs and potential changes in development values over the next 10-15 years. Although some situations – for example, the current Covid-19 pandemic – could not reasonably be anticipated by policymakers, the cyclical nature of the economy brings the need for flexibility into sharp focus. The significance of viability increases at times of economic downturn and this might result in the need for local authorities to be adaptable in their application of planning obligations and policy requirements so that development might continue to come forward in the right places throughout the plan period.

The implication of the new approach to viability is to underline the importance of full engagement in the plan preparation process by those seeking to promote land for development. Attention should be focused on:

1. Demonstration that its site is deliverable from a financial viability and technical perspective;
2. Scrutiny of proposed allocations that are not considered to be viable or deliverable;

Figure 2: Balancing delivery risk and sustainable plan policies



Source: Adapted from the Harman Review (2012) Viability Testing in Local Plans - Advice for planning practitioners

3. Ensuring the council's viability assessment takes account of an appropriate range of development typologies and that these are reflective of the local area;
4. Providing robust inputs to the council's viability assessment in respect of costs and development values so that it can inform reasonable policy choices;
5. Ensuring that the viability assessment considers all relevant matters – for example, the viability implications of design standards and environmental requirements – rather than focusing solely on Section 106 and CIL requirements;
6. Ensuring that a balance is struck between the need to satisfy requirements for affordable housing or infrastructure funded by CIL, and the importance of ensuring that the wider deliverability of development is not undermined; and,
7. Setting reasonable expectations in terms of land value for landowners and site promoters.

### Is there such a thing as a standardised approach?

The NPPF and PPG both advocate the use of standardised inputs to viability assessments. This was considered by Dove J in *R (Holborn Studios) v London Borough of Hackney* (2020), which revolved around the issue of disclosure of viability assessments. Paragraph 63 of the judgment notes that the PPG “makes clear the preparation of a viability assessment ‘is not usually specific to that developer and thereby need not contain commercially sensitive data.’”

The standardisation of viability assessments is important in addressing concerns about commercial confidentiality and testing the robustness of assessments put forward by local authorities as part of their strategic plan making process and by developers at application stage. However, neither the NPPF nor the PPG provides much by way of guidance on inputs that should be applied. The PPG merely states that key elements are gross development value, costs, land value, landowner premium and developer return.

In Wales, the Development Plan Manual identifies the viability components that need to be addressed and expressed in the plan's



The preparation of a viability assessment is not usually specific to that developer and thereby need not contain commercially sensitive data.

*Holborn Studios v London Borough of Hackney* (2020)





evidence base. It then goes on to set out core modelling considerations which should be taken into account when progressing high level viability testing. The level of detail varies between the various components identified. The most specific level of guidance is provided in relation to developer profit. The Development Plan Manual states at page 145:

*“The model will need to include an average profit margin to ensure a realistic developer profit is embedded within the model. The normal range of profit expected by developers and necessary to meet most lenders’ requirements is between 15% and 20% of Gross Development Value (GDV) for developments that will be let or sold on the open market. A lower profit margin, based on 6% of cost, is normally applied to the provision of affordable housing. It is important to understand the types of developers operating in an area and how land is brought forward. In rural areas smaller developers work on a different model to large, volume house builders. Larger sites can carry more risk where they take a long time to build out and an increased profit margin may be required, whereas smaller sites being developed quickly may not. Developer profit margin is also linked to interest rates charged for finance.”*

In the absence of any clear guidance regarding

all aspects of the standard inputs in England and Wales, this Insight is intended to provide some clarity on the issue. It is based on a review of 93 local plan and CIL viability assessments and Inspector’s reports and seeks to:

1. Fill a void in the understanding of the various assumptions and inputs;
2. Identify common themes and approaches in relation to key viability metrics;
3. Prevent continued disagreement in respect of matters for which there is broad alignment and/or to understand why differences arose;
4. Inform scrutiny of local plan viability evidence; and,
5. Underpin independent evidence.

# O2

## Policy overview

Both the English and Welsh planning systems through the National Planning Policy Framework ('NPPF') (and Planning Policy Guidance) in England and Planning Policy Wales (and the Development Plans Manual) in Wales have in recent years moved towards a policy of requiring viability assessments for sites at an early stage of the development plan making process.

In England, the Planning Practice Guidance ('PPG') (Paragraph 002 Ref ID: 10-002-20190509) states:

*"The role for viability assessment is primarily at the plan making stage....It is the responsibility of site promoters to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant."*

Similarly, in Wales, planning guidance ('PPW') (paragraph 4.2.19) explains that:

*"At the 'Candidate Site' stage of development plan preparation land owners/developers must carry out an initial site viability assessment and provide evidence to demonstrate the financial deliverability of their sites."*

The rationale behind this approach is to ensure that all sites that are allocated in development plans are deliverable within the timescales of the plan. For a site to be deliverable it clearly needs to stack up from a financial perspective as well as being free from any unresolvable technical constraints.

### Typology Approach

In considering potential allocation sites, local planning authorities need to balance the importance of satisfying the requirements of national policy against the proportionality of testing every site and the reality that some information may not be available at plan-making stage. Therefore, guidance explains that it is appropriate for local planning authorities to use a typology-based approach to understand the viability of local plans and to indicate the likely level of planning obligations that sites can accommodate. The PPG states:

*"Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage. Assessment of samples of sites may be helpful to support evidence. In some circumstances more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies."* (Reference ID 10-003-20180724)

Similarly, the Development Plans Manual ('DPM') in Wales explains that site specific viability appraisals should be undertaken for those sites which are key to delivering the plan. For other sites, high level testing based on typologies should be undertaken. A hybrid approach of testing notional sites via a typology approach alongside a more bespoke assessment for strategic sites is therefore advocated by planning policy in both England and Wales.

A typology approach seeks to ensure that the policies are realistic and deliverable based on the type of sites that are likely to come forward for development over the plan period. Sites are grouped by shared characteristics such as location, status (brownfield/greenfield), size and nature. Average costs and values are used to make assumptions about the viability of each typology and plan makers can come to a view on what might be an appropriate benchmark land value and policy requirement for each typology.

Having established broad typologies, the PPG then goes on to state that plan makers should:

*"engage with landowners, site promoters and developers and compare data from existing case study sites to help ensure assumptions of costs and values are realistic and broadly accurate."* (Reference ID 10-004-20190509).

The DPM in Wales similarly emphasises the good practice of involving key stakeholders in the early stages of plan making to ensure broad consensus on key viability inputs. It suggests the formation of a Viability Steering Group to facilitate this process as well as the use of Statements of Common Ground to establish areas of consensus and narrow down areas of disagreement.

This process of constructive engagement is crucial in ensuring the reasonableness and accuracy of the inputs to viability assessments. Even if a developer is not promoting a site for allocation in an emerging development plan, engagement in respect of development viability is still very important. This is because any non-allocated sites for which planning permission might be sought during the lifetime of a development plan will be assessed against the various typologies that are established at plan preparation stage. As detailed below, the bar has been raised in terms of the basis for deviation from such policies at planning application stage – for both allocated and non-allocated sites.

The implication for developers is therefore to work with local planning authorities to ensure that the assumptions that inform their site typologies and the viability assessments that inform their emerging development plans are robust and reasonable. A failure at this stage could be fatal for the future deliverability of a site.

### Revisiting viability at application stage

The PPG explains (Reference ID: 10-006-20190509) that it is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. It identifies the following circumstances in which it might be appropriate to revisit viability considerations at the planning application stage:

1. Development is proposed on unallocated sites of a wholly different type to those used in the viability assessment that informed the plan;
2. Further information on infrastructure or site costs is required;
3. Particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or,
4. A recession or similar significant economic changes have occurred since the plan was brought into force.

Where a viability assessment is submitted to accompany a planning application, the PPG states that this should be based upon and refer back to the viability assessment that informed the plan, and that the applicant should provide evidence of what has changed since then. Critically, the weight to be given to the viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including:

1. Whether the plan and viability evidence underpinning the plan is up to date;
2. Site circumstances including any changes since the plan was brought into force; and,
3. Transparency of assumptions behind evidence submitted as part of the viability assessment.

Planning Policy Wales (paragraph 4.2.21) sets out a similar approach and states that it is either for the applicant or the planning authority to demonstrate that particular **exceptional** circumstances exist to justify a viability assessment at application stage. The weight to be given to a viability assessment is again a matter for the decision-maker, having regard to the specific circumstances of the case, including whether the development plan and the viability evidence underpinning it are up to date, and any change in circumstances since the plan was adopted.

As set out above, the expectation is that there will be a much greater level of discussion regarding the need for a reconsideration of viability matters at planning application stage during times of economic stagnation and decline. Local planning authorities should be alive to that reality and should seek to support the industry in bringing forward beneficial development. However, the fact that circumstances can change significantly over time will also have the potential to necessitate a review of viability evidence. This underlines the importance of flexibility – at both policy preparation and implementation stages – and ensuring that development plans are kept up to date.

# 03 Research and methodology

Lichfields has reviewed 93 Local Plan and Community Infrastructure Levy ('CIL') viability assessments and Inspector's Reports from across England and Wales to ascertain what assumptions have been made and deemed appropriate by the Inspector in relation to viability. The research, which gains a firm grasp of what is considered a reasonable assumption and why in some cases a more bespoke approach is required, has been undertaken to provide robust evidence for all involved in the preparation and review of plan-wide viability assessments – whether local planning authorities, developers and landowners. It is also designed to inform application-specific viability assessments.

## Methodology

Our methodology is based on a thorough review of the viability assessment prepared to underpin a local plan or a CIL charging schedule as well as any comments that the Inspector may have made in relation to viability matters in their report. The evidence base that we tested comprises a wide geographical spread across England and Wales (see Figure 3).

We identified the approach taken in each viability assessment in respect of key assumptions. Comparisons were made between the assessments in order to identify any trends and understand the variations that emerged.

The key metrics that we considered include:

1. Site typologies;
2. Build costs;
3. Externals;
4. Contingencies;
5. Abnormal costs;
6. Opening-up costs;
7. Sales values;
8. Developer profit;
9. Professional fees;
10. Development finance;
11. Sales and marketing costs;
12. Land acquisition fees;

13. Land value; and,

14. Viability buffer.

The research has not sought to assess policy factors, such as Section 106 and affordable housing requirements, CIL charging rates, environmental standards, or enhanced build/design standards. This is because these are the outputs of an iterative testing process in terms of what can be supported by development and will depend on market factors and policy choices. The focus instead is the process of viability testing, and particularly the input factors that go into that process.

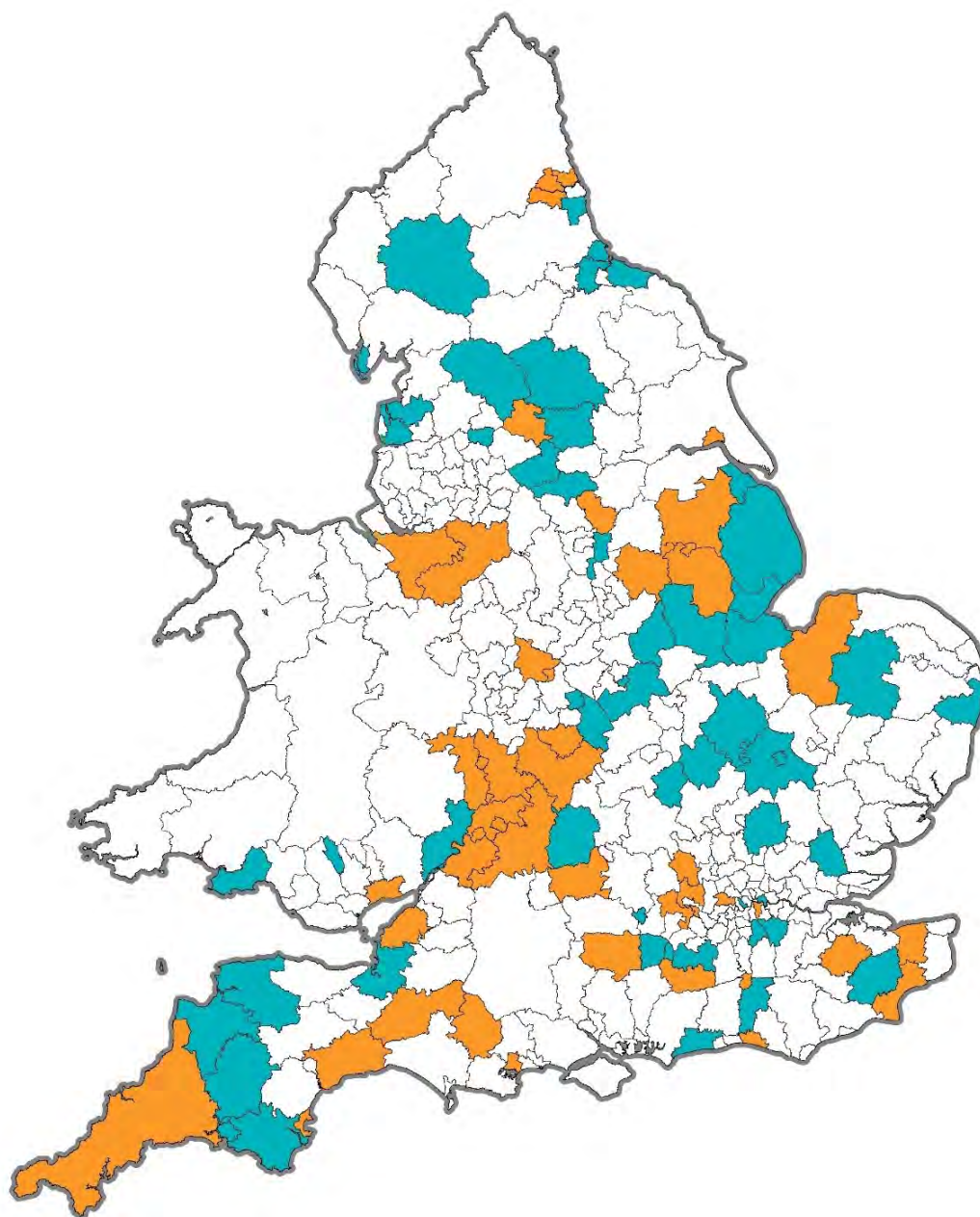
The evidence base that we have reviewed is dated between January 2016 and March 2020 for CIL charging schedules and between January 2018 and March 2020 for development plans. This includes all plans and charging schedules adopted prior to the Covid-19 pandemic.

We are aware that all of these plans (in England) would have been prepared in accordance with the original (2012) version of the NPPF rather than the revised version. However, we consider that this purely a factor of timings and we will need to wait several years to get a similar sample of revised NPPF examined plans. Although the revised NPPF introduced an important change in the way that viability is dealt with in the planning system, the general approach to viability testing remains largely the same (save for the policy approach to Benchmark Land Value). As set out below, whilst the policy has now been crystallised in terms of EUV+, the evidence that we have looked at demonstrates that the approach is not new.



Figure 3: Geographical spread of viability assessment evidence

- CIL adopted (January 2016-March 2020)
- Local Plan adopted (January 2018-March 2020)



Source: Lichfields analysis

# 04 Viability modelling inputs

Viability appraisals can be undertaken in a variety of ways, with varying degrees of complexity and using different software packages. Common to all approaches, however, is a general modelling framework that considers all the factors that contribute towards the value and cost of delivering a development. It is typical in viability appraisal that a 'residual valuation' approach is used. This approach essentially works on the premise that the costs of a proposed scheme (including developer profit) are netted off against the scheme's total value, with the value remaining – the 'residual' – representing the value of the land. If the land value is too low (or indeed negative) then the scheme is theoretically unviable. This is demonstrated in Figure 4 in which three scenarios that differ in terms of gross development cost are compared to a constant gross development value.

Scenario C is shown to be unviable since the gross costs exceed the gross development value and therefore no residual value remains. Scenarios A and B both yield a residual land value, however, in B it is smaller than in A. The assessment of viability in both instances is determined through comparison of the residual land value (RLV) to an appropriate benchmark

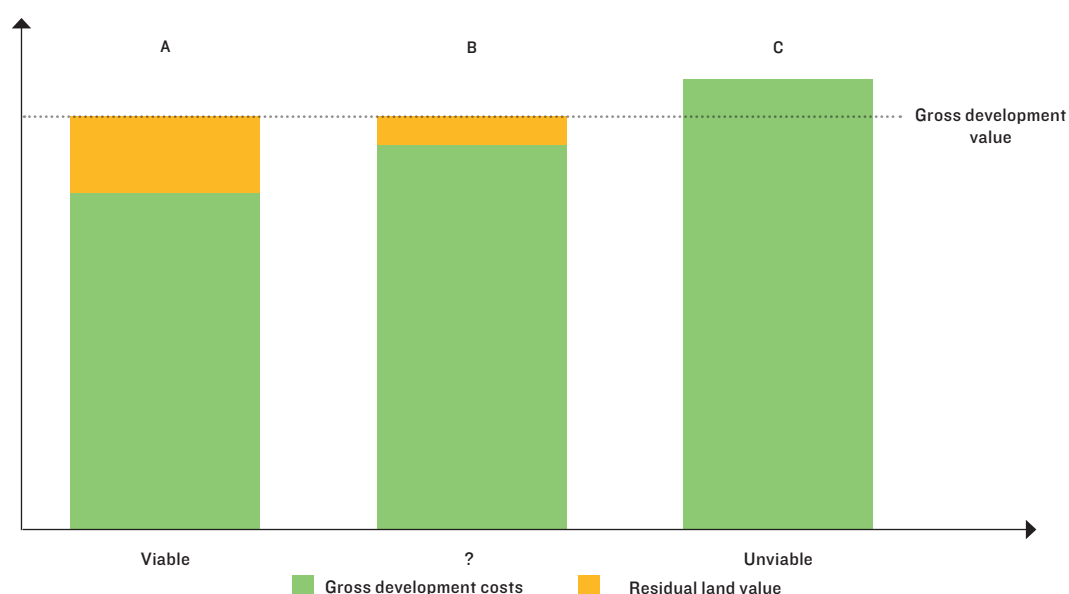
land value (BLV). In the case of Scenario A, it is more likely that this higher RLV will result in a viable scheme whereas the lower residual in Scenario B increases the risk that the scheme would be unviable. The BLV is a concept that our analysis explores in Section 6.

In essence, Figure 4 condenses a viability appraisal down to three key questions:

1. How should Gross Development Value (GDV) be determined?
2. What development costs should be accounted for?
3. How should an appropriate Benchmark Land Value (BLV) be defined?

Naturally, this simplified approach masks its complexity. There is firstly a requirement to consider a large number of inputs, all of which can be subject to high variability in any given place and time. Secondly, because of this variability, viability appraisals can often be highly sensitive to change, with small changes in inputs resulting in very different outcomes. As such, sound viability appraisal practice rests heavily on the careful consideration of its inputs but also on undertaking sensitivity analysis to ensure that the impact of anomalies/variability is minimised.

Figure 4: Simplified residual valuation method of viability appraisal



Source: Lichfields analysis

The PPG in England and DPM in Wales set out some of the inputs that viability appraisals should consider, albeit as guidance this is not comprehensive. Based upon our understanding of the inputs, the flow diagram (Figure 5) illustrates these and the interrelationships between them in an idealised viability appraisal. As our research has focused around viability

within a residential development context, the flow diagram refers mainly to values/cost inputs that are relevant to residential development rather than commercial development.

Our analysis now focuses on the constituent elements of this flow diagram to explore themes, patterns and commonalities of approach.

Figure 5: A typical viability assessment for a residential scheme



Source: Lichfields analysis, Planning Policy Guidance (England) and Development Plans Manual (Wales).

## The typology approach

### Definition

Grouping together of sites based on their shared characteristics such as size (either by area or by dwelling numbers), existing use (e.g. brownfield/greenfield) and site context (rural/urban/suburban).

The PPG describes the typology approach to viability as :

*“a process plan makers can follow to ensure that they are creating realistic, deliverable policies based on the type of sites that are likely to come forward for development over the plan period.” (Reference ID 10-004-20190509)*

Acknowledging that specific site information may not be available at the plan-making stage, the purpose of a typology approach is to test a number of representative sites that could be realistically delivered and then allowing plan makers to assess appropriate policy requirements and benchmark land values according to each typology.

We found that a typology approach to development plan / CIL viability testing appears to be widespread. This is in line with PPG and DPM which both advocate a typology-based approach. We only found one local planning authority (London Borough of Croydon) that took an alternative approach of undertaking a series of site-specific viability appraisals. A number of authorities also tested real allocations alongside notional sites. Often these were subject to bespoke, location specific assumptions which deviate from the wider viability assumptions used for the notional sites. This approach reflects the guidance set out in the PPG and DPM and recognises how strategic sites are critical to the delivery of the strategic priorities of the plan.

Our analysis found that the most common approach was to distinguish between typologies on the basis of site size (or housing capacity). This appears logical given that

some of the underlying viability assumptions attributed to smaller sites are likely to be different to that of much larger sites. However, there are clearly other factors besides size which are appropriate considerations in the context of viability: density, previous use classification, site character and housing market value area. Our review has shown that local authorities have generally adopted a bespoke set of typologies (as advocated by the PPG and DPM) that reflect a combination of all these considerations. As such, it is clearly not possible to set out a ‘one size fits all’ primer for implementing a typology approach since the appropriate way will vary from one authority area to another. The PPG summarises this efficiently at Reference ID 10-004-20190509:

*“The characteristics used to group sites should reflect the nature of typical sites that may be developed within the plan area and the type of development proposed for allocation in the plan.”*

What our review does show is that it is critical to ensure that the final choice of site typologies is an accurate and realistic reflection of the types of sites that could come forward during a plan period in the local authority area.

Although there is no certainty that sites will not be delivered if the typologies assessed at the plan-making stage were not representative, there is perhaps a more fundamental risk that the development plan will not be found sound if it fails to adequately reflect the nature of local development in the area.



## Lichfields perspective on typologies

The use of representative typologies, using average costs and values is a sensible and pragmatic way of conducting viability appraisals on an area-wide basis and across multiple sites. The potentially onerous information requirements associated with the preparation of multiple site-specific viability appraisals at the plan-making stage would be likely to have significant resourcing implications for many local authorities. Indeed, on the developer side of the equation it would perhaps be unrealistic to expect such detail to be forthcoming for all potential sites vying for a local plan allocation. The need to consider the potential viability implications of as yet unidentified sites that are not being promoted for allocation further increases the logic of this approach. However, for strategic sites that are individually fundamental to the delivery of the plan strategy, there is a greater imperative to consider viability on a site-by-site basis – not least that there may not be any other sites that would fit into the same broad typology.

Whilst this approach addresses the practical challenge of setting appropriate policy requirements and benchmark land values at an area-wide level, there remains the issue that some sites will inevitably fall through the cracks by virtue of their particular characteristics or – perhaps most pertinently – by changing circumstances. Through extrapolation of the typology approach, once a development plan is adopted, planning applications that come forward for sites that sit within the typology framework tested (and that accord with all relevant policy requirements) are deemed to be viable. However, what of sites that do not fit within any of the typologies that were tested and does national policy provide any flexibility in this regard?

Reference in the PPG and DPM to ‘particular circumstances’ to justify the need for a viability assessment at the application stage suggest that flexibility does exist; however, ultimately it will be for the decision maker to decide on the weight afforded to the applicant’s case. It also remains to be seen to what extent the current pandemic-induced economic uncertainty will constitute particular circumstances. Whilst the focus of changes to the guidance has very much been to ‘frontload’ viability assessments this has the potential to fundamentally undermine the premise of plan-led viability.

# 05 Unpicking the typologies

In this section we discuss each factor in turn, providing commentary on the general trends found in relation to that factor across the country. We also provide our thoughts on what a reasonable approach should take.

In so doing, we have categorised the metrics into three broad categories:

1. Factors with a common methodology – where there was general conformity in the method that was applied by the majority of local planning authorities, even though specific values may have differed;
2. Factors with a narrow range of values/figures; and,
3. Factors with a broader range of values/figures.

## Factors with a common methodology

### Build costs

#### Definition

In a residential context, the base build cost is the cost of constructing a dwelling from the ground up but excluding the cost of external works.

The build cost is a key input that evidently forms a significant proportion of the gross development cost. It is therefore an important consideration that needs to be included as part of a robust viability assessment. It is also important as we have found that other costs (e.g. externals, abnormals, contingencies, professional fees and finance) can be based on a percentage of build costs. Therefore, higher build costs would result in other costs being higher which will inevitably have an impact on the viability appraisal.

The PPG and DPM both state that build costs should be based on 'appropriate data' and specifically cite the Building Cost Information Service (BCIS). Provided by the Royal Institution of Chartered Surveyors, BCIS is a cost and price information service for the

UK construction industry. Our analysis of Local Plan and CIL viability assessments has identified that 95% of the studies relied upon data sourced from BCIS (77 out of a total 81 studies where the source of build costs was made explicit). Only two authorities were found to have used an alternative method.

A number of local authorities sought to adjust BCIS costs to reflect a number of specific variations, including:

1. Geography – i.e. urban/rural and low/high value areas within the authority area;
2. Size of scheme – Higher build costs for smaller schemes with an uplift of up to 10% for smaller schemes and reduction of up to 8% for larger schemes including strategic sites reflecting economies of scale (the use of the BCIS lower quartile is a common approach for large schemes); and,
3. Inclusion of other costs such as environmental standards, building regulations Part M, building regulations enhancements, preliminaries and contractor's profits. It is important that if these costs are considered in the build costs that they are not double counted in other sections of the assessment.

North Devon and Torridge Council used a combination of BCIS costs alongside discussions with developers, valuers, agents and others to inform build costs. This approach sought to use a range of data inputs to result in a base build cost that it considered to be reasonable. Whilst recognising that there are a number of methods for the calculation of build costs, a range of data sources, and a multiplicity of opinions, the Council considered that its multifaceted approach resulted in robust costs being set.

Barrow-in-Furness was the only local planning authority to move away from BCIS completely. Instead, it used a range of build costs based on quantity surveyor assumptions which were presented/costed differently based on different scheme densities, adjustments for quantum and for brownfield and greenfield sites (inclusive of externals).

# 95%

relied on build cost data sourced from BCIS

75%

used a methodology that cross-referenced HM Land Registry price paid data with data sourced from the Energy Performance Certificate (EPC) register

## Lichfields perspective on build costs

Although not without its limitations, the use of BCIS – potentially adjusted to take account of various factors – is commonplace in area-wide viability assessment. It is also endorsed explicitly within PPG and DPM. However, this is not to say that alternative approaches cannot be applied with appropriate justification. BCIS, however, has the advantage of being widely accepted as well as its transparency and accessibility.

## Sales values

### Definition

The market value of a completed development, typically presented on a per unit area basis. When aggregated, net of appropriate reductions for social and affordable rented housing, this forms the basis of the Gross Development Value (GDV).

As is the case with construction costs, the sales values (or revenue) from a completed development are subject to locational variability. For individual districts, the area-wide viability assessment needs to factor in this variability by applying differential revenue assumptions to different locations and/or typologies. This needs to be based upon a robust understanding of the local housing market and sub-markets. Due to the inherent geographical variation, our analysis has focused on the central methodology employed by each authority when determining sales values. It has also focused on the methodology used to define the core market value assumptions since both the level of affordable housing (by definition, up to 80% of market value) requirements and their associated transfer values will differ from one local authority to the next.

Our analysis indicated that approximately only half of the 93 local authorities studied provided information on their adopted methodology for assessing revenue. Of those that did, 75% (33/44) used a methodology that cross-referenced HM Land Registry price paid data with data sourced from the Energy

Performance Certificate (EPC) register. This approach is widely-used within the industry and its purpose is to ensure a consistent basis of analysis by allowing the value (price paid data) to be divided by the size of dwelling (EPC) – thus presenting the data as a rate per square metre (£/sqm). This approach relies on the use of data for new-build residential development (rather than all house sales) and is therefore subject to data lags in both the availability of Land Registry and EPC data from the completion date.

Despite being widely-used, there are a number of alleged limitations associated with this approach. A review of local plan viability representations in Durham has indicated that developers expressed concerns that the approach can over-inflate sales values by understating the role of sales incentives and through undermeasurement of floor areas. Whilst it is true to say that the approach based solely on unit size may represent an over-simplification of the factors that affect value it is however appropriate within a plan-making context where exact types of houses may not be known.

In the small number of alternative approaches detailed, these included the use of asking price and dwelling size data from sales particulars reviews of data provided by local authorities or on platforms such as Rightmove and Zoopla, and discussion/consultation with developers.

## Lichfields perspective on sales values

The value in the Land Registry/EPC approach is that it provides a straightforward mechanism for assessing sales values on an area-wide basis and one that can be applied consistently (e.g. £/sqm). The use of the method to assess average sales values helps to mitigate anomalies that might otherwise push the bounds of achievability in practice. The absence of clear alternative approaches that can standardise sales values to the same extent is also another important practical consideration.

Whilst the approach is useful in many ways, there are a series of related questions that have the potential to affect local plan viability assessment work going forwards:

1. Since the approach relies on new-build data, what approach should be adopted in areas where only a few (if any) new houses have been built recently? How far back in time should you go?
2. Despite the resilience of house prices during 2020, there is widespread uncertainty about how the UK property market will fare in 2021 and beyond as Coronavirus financial support schemes and Stamp Duty holiday come to an end. What are the implications of potential house price changes associated with Covid-19 for achieving a suitable quantity of new-build comparables and for preparing viability assessments more generally?
3. Against the backdrop of rising build costs (increasing cost of labour and materials, and environmental sustainability requirements etc), to what extent could house price reductions nationally threaten the viability of local plans and individual sites?



82%

assumed 20% of GDV as the target profit margin for housing delivered on the open market

## Factors with a narrow range

### Developer profit

#### Definition

The amount by which the estimated income of a development exceeds the total outlay in order to provide a return to the developer.

The PPG states that:

*“Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks.”* (Reference ID: 10-018-20190509)

Developer profit margins are applied as a fixed input to viability appraisals and are, in most cases, applied as a percentage of GDV. This approach appears to be the appropriate basis in the context of residential viability appraisal although alternative means were also observed in a minority of cases, such as profit on cost. A small number of studies included a separate allowance for developer overheads but we have found that generally these costs are wrapped up within the overall profit allowance.

Significantly, our analysis has shown that 82% of studies (76/93) assumed 20% of GDV as the target profit margin for housing delivered on

the open market. Only 11% of studies (10/93) adopted a lower target profit margin (typically between 15%-20% - the range identified in the DPM in Wales) whilst one study (North East Lincolnshire) assumed a 25% margin.

57% of studies (53/93) utilised a blended profit approach that typically comprised of a 20% GDV assumption for open market housing and 6% GDV for affordable housing. Where such an approach has been used, it is important to recognise that the ‘blended’ profit allowance will vary depending on the level of affordable housing sought by the local authority. These findings accord with the PPG which states that in order to establish the viability of plan policies an assumption of 15-20% of GDV may be considered as a suitable return<sup>1</sup>. It is noted, however, that in Wales the DPM refers to a range of 15%-20% as a suitable profit margin for the open market component of development.

We found that 6% of studies (6/93) applied lower profit levels to smaller sites, on the basis that the delivery of larger sites can inherently carry greater risk (and therefore developers seek a greater return to reflect the added risk). As previous Lichfields research<sup>2</sup> has demonstrated, larger sites take far longer to deliver and thus expose developers to added risk, possibly over the course of multiple economic cycles. This is recognised in the DPM which states that *“larger sites can carry more risk where they take a long time*

## Lichfields perspective on developer profit

Area wide viability assessments are required to set profit at a level that reflects developer risk and therefore incentivises housing delivery. This inevitably varies according to economic conditions, delivery timings and site typologies – with larger, more complex sites generally exposed to higher levels of risk. If developer profit is set too low it can act as a deterrent to investment.

Our analysis has shown that the most common approach was to set target profit levels for market housing at 20% of GDV, and typically 6% of GDV for affordable housing. However, the adoption of a single area wide standard/benchmark can be inappropriate, and it is recommended that flexibility is built in to account for the differential levels of risk across site typologies. This is particularly true of larger, strategic sites where significant upfront investment is required and where their delivery could be integral to development plan delivery.

<sup>1</sup>Reference ID 10-018-20190509

<sup>2</sup>Lichfields Start to Finish (2020) [https://lichfields.uk/media/5779/start-to-finish\\_what-factors-affect-the-build-out-rates-of-large-scale-housing-sites.pdf](https://lichfields.uk/media/5779/start-to-finish_what-factors-affect-the-build-out-rates-of-large-scale-housing-sites.pdf)

*to build out and an increased profit margin may be required, whereas smaller sites being developed quickly may not.” (Page 145).*

Given that profit can reflect risk, there is also a likelihood that macro-economic conditions might influence profit margins, with higher levels being sought at times of recession. The DPM identifies a potential link between profit margins and interest rates, and there is also some evidence that some lenders will stipulate a certain profit margin as an additional layer of flexibility to be added into the financial modelling of a scheme.

## Externals

### Definition

The cost of works surrounding a dwelling including gardens, estate roads, sewers, landscaping, boundary treatments, incidental open space etc.

Our analysis showed that 77% (72/93) of local authorities utilised an allowance for external costs within their viability assessments. We have identified a range of approaches in relation to externals works: from singular, flat rates to tiered systems whereby sites varying in nature or size had differential allowances. The tiered approach acknowledges that the amount of external works that are required will vary between different site typologies. For example, larger, strategic (often greenfield) sites are likely to require proportionately greater levels of external works compared to smaller, urban infill sites.

## Lichfields perspective on externals

Our analysis suggests that a rate of between 10% and 20% is most commonly used within viability assessments to account for external works. We consider that the use of a range is reasonable to take account of variations in external costs between different sizes of schemes and different forms of development. It must also be noted that if an alternative basis is used for base build costs (i.e. other than BCIS) then externals may or may not be required as a separate element. In such cases, consideration should be given to the scope of what is included in the base build costs.

Of the 72 studies that applied an allowance for externals, 63% (46/72) applied a flat rate, whereas 23% (17/72) applied a range or tiered approach. Flat rates were typically set at 10-15% of base build costs, whereas the tiered approach tended to span a wider range – typically between 10% and 20% of base build costs.

Irrespective of approach, the overwhelming majority of studies (93% of those that made an allowance) employed an externals allowance within the range of 10-20% of base build costs. Very few (less than 10% of studies) used assumptions lower than 10%, with such levels more commonly applied for flatted/high density typologies which typically involve less external works.

## Contingency

### Definition

An allowance for any unexpected cost increases due to unforeseen circumstances, usually reflected as a percentage of buildcosts.

It is common practice to include a contingency allowance to help mitigate delays and additional unforeseen costs throughout the construction period. Importantly, this allowance can be distinguished from other potentially uncertain costs such as abnormal development costs (see below). The latter, whilst not incorporated into base build costs or externals, can generally be identified at the outset whereas contingencies cater for situations in construction that cannot reasonably be foreseen.

93%

employed an  
externals allowance  
of between 10-20%  
of build costs

89%

made a contingency allowance of between 2.5% - 5% of build costs

A contingency allowance is linked to the risk associated with development projects and is therefore also linked to developer profit. This is reflected in both RICS valuation guidance<sup>3</sup> and PPG<sup>4</sup> with the latter stating that “a justification for contingency relative to project risk and developers return” should be provided. The DPM similarly states that:

*“Plan makers should not plan to the margin of viability but should allow for a contingency to respond to changing markets and avoid the need for frequent plan updating. Including a contingency within the viability study will de-risk the plan in that there is room to accommodate a change in economic circumstances / site specific issues.” (Page 145).*

Our analysis shows that over 88% of local authorities (82/93) made a contingency allowance of some sort, the majority of which made an allowance as a percentage of the base build cost. In a small number of cases, an allowance was made as a percentage of the base build cost plus other costs such as external works and professional fees.

Contingency allowances were shown to sit within a relatively narrow range: we have found that of the local authorities that did make a contingency allowance, 89% of the studies made an allowance within the range of 2.5%-5% of build costs, although 5% was by far the most common assumption. Both 3% and 5% have been cited as reflective of industry norms. Very few contingency allowances sat outside this 2.5%-5% range and are therefore not deemed significant for the purposes of this exercise.

Bradford Council utilised a contingency of 6% whilst Cambridge and South Cambridgeshire applied contingency rates of 5% and 7% respectively. Hull Council applied the lowest rate of just 2%.

Of the local authorities that did make a contingency allowance, 24% applied a higher allowance for brownfield sites than for greenfield sites. Brownfield site contingencies tend to sit towards the 5% end of the range. By contrast, the risk in delivering greenfield sites is lower and therefore necessitates a smaller allowance (typically 2.5-3%).

## Professional fees

### Definition

The cost of professional inputs to planning, design and project management in the development process.

There are a range of professional services that are required in the development process and that need to be accounted for in viability appraisals. The precise composition of services required will vary according to the characteristics of any given development. To simplify this, it is common practice to combine these costs together and factor them into the viability assessment through the application of a percentage of base build costs. The PPG states that the cost of professional fees should be taken into account when defining benchmark landvalue<sup>5</sup>.

## Lichfields perspective on contingency

The choice of either a flat rate contingency or a tiered system depends heavily on the array of sites needing to be tested, with authorities with a greater mix of greenfield and brownfield sites perhaps being more inclined to adopt the latter approach. In either case, our research has demonstrated that an indicative range of 3-5% of base build costs is reflective of industry norms across England and Wales. In line with the PPG and the DPM, the application of an appropriate contingency allowance should be assessed within the context of the risk profile that is also reflected by developer profit margins.

<sup>3</sup>RICS Professional Guidance Note (2019) Valuation of development property, 1st Edition

<sup>4</sup>Reference ID IO-012-20180724

<sup>5</sup>Reference ID IO-012-20180724

Our analysis found that almost all studies (94%) explicitly included an allowance for professional fees. 83% of these studies (72/87) applied a professional fees assumption within a tight range - 8-10% of build costs considered. Only 17% of studies (15/87) relied upon assumptions that were outside this range with a maximum of 12% and a minimum of 5% of build costs.

The effect of economies of scale is an important consideration in the application of a professional fees allowance. The cost of preparing a planning application, designing and project managing a scheme is likely to be disproportionately higher for smaller schemes. Despite this, our analysis demonstrated that only approximately 10% of studies applied a differentiation on the basis of size of site/total number of units.

## Development finance

### Definition

The cost of borrowing to finance a development, usually referring to interest rates and arrangement fees.

Development appraisals should account for the timing of developer expenditure and revenue during the construction period. At the start of the construction period the balance between expenditure and income is heavily skewed in

favour of costs as site preparation works take place and there are no completed units that can be sold. As more units are completed and sold the balance gradually shifts up to a point where a developer's net cash flow is positive (see Figure 6).

It is common practice in conventional development appraisals to assume that all costs incurred by developers are financed by borrowing and therefore subject to an interest rate. This is a reasonable assumption and even if only some of the scheme was to be debt financed, it would be appropriate to make some allowance for the opportunity cost associated with investment in the project.

An interest rate is therefore applied to the net cash flow throughout the development lifespan until the inflection point of a positive net cash flow is reached. At this point, development appraisals may assume that the surplus generated may be re-invested and therefore subject to a credit balance interest rate. The level of sophistication of cash flow models used will, to a degree, dictate whether or not a credit balance interest rate is accounted for. Additionally, the point at which a scheme starts to turn a profit will vary and is therefore more difficult to generalise on an area-wide basis. As a result, our analysis focuses only on the assumptions used around debt financing. In general, we found that very few area-wide

## Lichfields perspective on professional fees

Our analysis provides a strong basis for 8-10% of build costs being a typical range for professional fees assumptions in a local plan viability context. However, it should also be noted that there are a range of factors – including site size – that can affect the appropriate rate to apply. A point that is not clear from the analysis is the extent to which professional fees vary between types of sites, e.g. brownfield/greenfield and location. In sensitive areas, or where the site is heavily contaminated etc, there might be a need to do more by way of technical assessment/justification for the development. By comparison, greenfield sites (even when allocated) may also require higher professional fees to support potentially a more controversial and drawn-out planning case. Due to this complexity it is perhaps unrealistic to expect that a professional fees allowance – particularly within an area-wide context – can adequately reflect this granularity.



85%

applied a debt  
interest rate of  
between 6%-7%

studies made assumptions in respect of a credit balance interest rate.

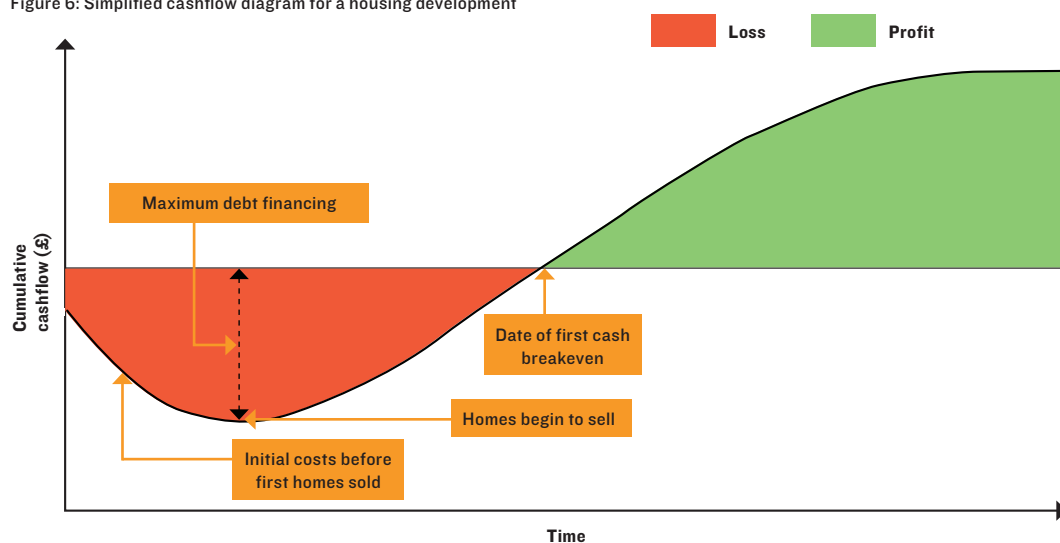
Within the studies assessed, development finance is illustrated as a percentage and occasionally including a separate percentage on top for an arrangement fee. Our analysis has shown that 85% of studies (79/93) utilised a debt interest rate of between 6% and 7%, incorporating an arrangement fee where relevant. A wider view shows a complete variance of between 5% and 9% with only one study (South Downs National Park) utilising a 9% figure (7% plus arrangement fee of 2%). On the other end of the spectrum the lowest interest rate used in the assessment was 5% -

used by three local authorities (Hull, Newark & Sherwood and Newport).

Based on our analysis it appears that a relatively narrow range of values is used in the development appraisals in relation to interest rates (between 6 – 7%) with nine authorities including an arrangement fee of 1 to 2% on top of this. Some authorities did not separate the finance fee from the arrangement fee and provided a single percentage.

The narrow range of values used for development finance appears to be based on standard assumptions of what interest rates banks are willing to lend on which are based

Figure 6: Simplified cashflow diagram for a housing development



Source: Lichfields analysis



Figure 7: 1 Year LIBOR Rate (1986-2020)



Source: [www.macrotrends.net](http://www.macrotrends.net)

on the LIBOR (London InterBank Offered Rate). Although currently much lower now than it has been in the recent past (see Figure 7), at the time when several of the studies were prepared LIBOR would have been far higher in comparison to the Bank of England base rate which is currently extremely low. This explains why the interest rates applied appear high within the present context but also the variance in rate may be explained due to the fact the studies reviewed have been prepared across a broad timespan. In seeking to understand the fluctuating LIBOR rates, consideration should also be given to the economic climate and willingness of banks to lend. As set out above, this will have a direct impact on any consideration of whether the assumptions that have been made by individual local planning authorities in respect of finance rates are reasonable.

It is also important to consider the period of time that the money is borrowed for. This is of course influenced by the amount of time that it takes for a development site to go through the planning process and deliver completions and sales on site. Lichfields' [Start to Finish](#) research sets out assumptions on development timescales and delivery rates.



## Lichfields perspective on finance

Our analysis reveals that debt interest rates applied sit within a relatively narrow range (between 6 – 7%). Within the current context the upper end of this range may seem high, and future applications need to have regard to the prevailing economic conditions and LIBOR rate (or its successor - the Secured Overnight Financing Rate).

91%

adopted a sales and marketing assumption of 2.5-3.5% of GDV

## Sales and marketing

### Definition

The costs associated with selling completed homes including the costs of setting up show homes, employing marketing staff and advertising as well as associated legal fees.

The costs associated with selling completed homes will vary based upon the scale of development. For larger schemes, most developers incur the costs of opening show homes, operating marketing suites and employing dedicated sales staff. This may not be the case for smaller schemes which might opt for the utilisation of an estate agent to market the properties. Irrespective of scheme size, it is typical that developers incur the cost of digital marketing through online platforms.

Our analysis shows that 96% of assessments (89/93) included an assumption for sales and marketing. Of the assessments that did provide a figure 91% of local authorities (81/89) adopted a figure for sales and marketing between 2.5% and 3.5% of GDV. A wider view shows that the total range was between 2% and 6%. All percentages were based on GDV, with

11 local authorities basing the percentage on open market GDV only. Such an approach is not unreasonable as the transfer of affordable homes to Registered Providers would not necessitate marketing expenses, although there will be some legal costs involved in the process which should be taken into consideration.

The London Borough of Bromley utilised a range of between 3% and 6% with 6% being the highest percentage used by any authority in our study, by a considerable distance. There is no explanation for the higher end of the range, although we might speculate that the use of a range reflects a need to differentiate between larger schemes which may incur far higher marketing overheads compared to smaller schemes.

15 local authorities allowed an extra cost for legal fees (represented as a price per unit) in addition to the percentage figure summarised above. The range of figures applied was between £400 and £750 per unit, with 11 authorities applying a figure of £750 per unit. The authorities that included a separate fixed cost for legal fees tended not to apply a lower percentage figure for sales and marketing costs compared to the authorities that did not include an additional fixed cost for legal work.

### Lichfields perspective on sales and marketing

Sales and marketing costs are standard metrics that need to be included within a viability assessment. Our research points towards a general consensus that 2.5%-3.5% of GDV is a typical range, with individual circumstances dictating where within this range a local authority sits. For local authorities with a broad range of typologies, it may be appropriate to apply a differential rate, but within this identified range.

Whilst not common throughout the evidence base, it is not unusual for local authorities to include a cost for legal fees on top of the percentage. The evidence suggests that a figure of £750 per unit is reasonable in this instance.



## Land acquisition

### Definition

The agency and legal fees, and stamp duty land tax, associated with the acquisition of land by a developer.

Land acquisition costs generally cover both agents and legal fees. This relates to the cost incurred by developers in the acquisition of land. It is separate to the sales, marketing and legal fees that are associated with the disposal of completed homes to purchases.

Our analysis has shown that the viability assessments have exclusively expressed land acquisition costs as a percentage of the land purchase price. Stamp Duty Land Tax (SDLT) is typically applied as a separate, additional component of the land acquisition fees and is based on the land value at the prevailing rate.

81% of assessments (75/93) provided a figure for agent and legal fees or a combined fee for both elements. For those authorities that provided separate figures for agents and legal fees:

1. The agency fee typically ranged from 0.75% to 2%; and,
2. Legal fees typically ranged from 0.25% to 1%.

Combined, the percentage ranged from 1% to 6.8% of purchase price. It is noted, however, that the upper end of this range represents studies that included an 'all in' land acquisition percentage, comprising agents and legal fees as well as SDLT. Stripping out those local authorities who factored in a SDLT component, it appears that the upper limit of the range was 3.5% (Arun).

Considering the data in the round, 84% of studies (63/75) sat between 1% and 3% of purchase price. A significant majority (77%), however, sat within an even tighter range of 1.5% - 2.25%.

# 77%

applied a land acquisition allowance of 1.5-2.25% of the purchase price (excluding SDLT)

## Lichfields perspective on land acquisition

Similar to the sales and marketing costs, the land acquisition costs are fairly standard metrics that need to be included within a viability assessment and there appears to be a general consensus that a combined percentage of between 1.5% and 2.25% of the land purchase price is an appropriate allowance for land acquisition costs (agent and legal fees) with SDLT to be added on top of this.



61%

did not apply an allowance for abnormal costs

## Factors with greater variation

### Abnormals

#### Definition

Costs generally that are considered outwith the standard construction requirements of a scheme. This can include a variety costs, including (but not exclusively) site clearance/demolition/remediation, decontamination, enhanced foundations, service diversions, flood mitigation etc.

As the above definition hints at, a precise and all-encompassing definition of what constitutes an 'abnormal' development cost can be hotly contested and different parties involved in viability appraisal will have different definitions. As abnormals are not standard construction costs, often preliminary site investigation work is required to determine their nature and extent. This in of itself can be a time-consuming and costly process and does not necessarily lend itself well to the levels of standardisation that are generally required to input to high level, area-wide viability models.

Perhaps as a result of this inherent uncertainty, 61% of studies (57/93) did not apply an allowance for abnormal costs. We found that there were a variety of reasons for not doing so, although in general terms the authors of many viability assessments suggested that it can be

inappropriate to be building in what can be – by their nature – highly variable and site-specific cost assumptions to a high level, area-wide study. Other justifications for non-inclusion were due to abnormal costs being factored into other input assumptions, such as the land value and within a viability 'buffer' (although to a far lesser extent).

Two thirds of the studies that did apply an allowance for abnormals adopted a brownfield-only approach (with no allowance applied to greenfield sites). A minority of studies 34% (12/35) applied a blanket abnormals cost allowance to all sites, and in some cases this was supported by a narrative to articulate why this was necessary. Reasons included the presence of abnormal ground conditions, such as sloping sites or a legacy of coal mining activity, across a range of (brownfield and greenfield) typologies.

Reflecting the inherent complexities associated with modelling abnormal development costs as part of an area-wide viability model, a broad spread of approaches was observed, including:

1. % of build costs allowance - 49% (17/35);
2. Cost per hectare (or acre) allowance - 31% (11/35); and,
3. Cost per unit allowance - 14% (5/35).

A percentage of build costs approach was most commonly observed although there was significant variability in the actual percentage applied – and it is therefore not possible to draw any transferable generalisations from this.

### Lichfields perspective on abnormals

Abnormal development costs are inherently difficult to standardise for the purposes of area-wide viability modelling. Despite our analysis revealing that the majority of studies did not apply an allowance for abnormals, the potential impact on viability that such costs can exert cannot be ignored, especially in former industrial areas. Local knowledge of site typologies is therefore important to make a balanced judgment on whether it is appropriate to apply an allowance. If applied, assessment authors should set out clear justification for inclusion, ensuring that these would not overlap with other site costs that are already accounted for. In addition, careful consideration needs to be given to the interface between abnormal costs and land value (see Section 6).

## Opening up costs

### Definition

Initial costs associated with the provision of infrastructure required to open a site up for development.

In discussing costs that need to be considered in a viability assessment, the PPG does not specifically reference opening up costs. However, it does recognise that costs include:

*"Site-specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy." (Reference ID 10-012-20180724).*

Some of these will be opening up costs such as the cost of creating a site access whilst others would fall under the umbrella of externals, perhaps due to the lack of clear guidance in the PPG. The DPM in Wales is more specific and recognises that greenfield sites may have 'opening up' costs.

Within our analysis we found that 'opening up costs' is not a term that is in widespread use and there is quite a lot of crossover between costs being incorporated within different cost assumptions such as externals and other general terms. Where this is the case it is difficult to quantify the basis of the opening up costs. For example, one consultant who has prepared a

number of assessments uses a term called 'other normal development costs' which includes costs for roads, drainage and services within the site, parking, footpaths, landscaping and other external costs. Due to this and the wide range of costs identified we have concentrated on the method of calculating the cost assumption as opposed to the actual cost. However, we note that for all sites there was an obvious correlation between the costs applied and the number of dwellings on site. However, flatted schemes are generally afforded a smaller sum or percentage compared to houses due to the reduced need for 'opening up' costs for a higher density scheme on a smaller site area.

58% of assessments (54/93) did not include a specific reference to 'opening up' costs although as explained above, this is not to say that the costs have not been provided as part of another cost input such as externals or a broader definition.

Of the 39 local authorities that specifically referenced 'opening up' costs as an assumption in their viability assessment, 28% (11/39) presented this as a cost per hectare allowance, 53% (21/39) presented this as a cost per unit allowance and 19% (7/39) used a different approach.

Of the authorities that specifically referenced opening up costs 67% (26/39) used a differential allowance, i.e. a range of different costs depending on various factors such as size of site, houses/flats and whether it is greenfield or brownfield.

### Lichfields perspective on opening up costs

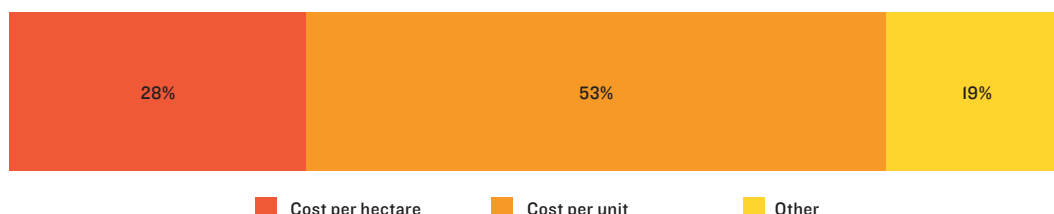
The issues seen in respect of opening-up costs raise an important issue regarding the way in which costs are apportioned to different categories. Local planning authorities should be very clear about their approach to construction costs, externals, abnormals, contingencies and opening-up costs, including a detailed breakdown of the components of each and the assumptions that have informed their identified rates for each. This will allow proper review at plan preparation stage.

It is sensible for local planning authorities to provide a range of different sums/percentages as it is clear that opening up costs will vary from site to site, based on the nature of the location and the extent of work that is required to facilitate the development of the site. A brownfield site is likely to already have provision for access and utilities, albeit they may need to be upgraded. An approaches based on a per hectare basis or a per unit basis can both be considered appropriate as long as they are justified by evidence.

26%

applied a viability  
buffer of some form

Figure 8: Opening up costs



Source: Lichfields analysis

## Viability buffer

### Definition

An allowance that is built into a viability assessment in order to allow flexibility for varying circumstances such as increased costs, reduced values or site-specific costs.

It is important that development plans do not plan to the margin of viability. The concept of a viability buffer is one that seeks to ensure that developments can remain viable should circumstances change in the future. To avoid any risk of development becoming unviable and therefore not being delivered, it is appropriate to proactively plan for a viability 'headroom' which can help to mitigate adverse economic conditions.

The PPG advocates the application of a buffer in relation to CIL<sup>6</sup>:

*"A charging authority's proposed rate or rates should be reasonable, given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence. For example, this might not be appropriate if the evidence pointed to setting a charge right at the margins of viability. There is room for some pragmatism. It would be appropriate to ensure that a 'buffer' or margin is included, so that the levy rate is able to support development when economic circumstances adjust."* (Reference ID 25-020-20190901).

There is no direct equivalent reference in the viability section of the PPG and this is reflected by our analysis which reveals that only 26% of studies (24/93) applied a viability buffer of

some form, and that the majority of these (20) were applied within the context of preparing CIL charging schedules. Just over half of all CIL studies analysed included a viability buffer whereas this was the case for less than 5% of all development plan viability assessments. Furthermore, most of the development plan viability assessments that included a buffer were carried out in conjunction with emerging CIL charging schedules or by referring back to CIL charging schedules adopted in relation to the previous local plan.

Where applied, our analysis has indicated that buffers were typically applied as a percentage (ranging quite dramatically from 20%-70%). The application of a 20% buffer essentially means that proposed CIL rates are 20% less than the maximum level of CIL that could be viably supported. Our analysis also found a more nuanced application of a buffer in a small number of cases, with three studies choosing to apply a higher buffer for larger and strategic sites.

The finding that development plan viability studies have not typically applied a buffer might well be a function of structural differences. It is easier to see why appropriate flexibility margins need to be built into headline CIL charging rates from the outset, as once adopted, CIL rates are non-negotiable. By comparison, studies that aim to assess the viability of local plan policy requirements have been prepared in the knowledge that policy requirements can be subject to negotiation on viability grounds – although the new emphasis on frontloading and an assumption of viability

<sup>6</sup>CIL regulations apply both to England and Wales and therefore PPG applies to Wales in this matter

at the decision-taking stage reduces the scope for this in the future. In addition, it is easier to see how a buffer can be applied to a financial contribution such as CIL than to the types of requirement that might be sought through a Section 106 agreement or environmental/design requirements.

Another possible reason for not including a viability buffer is where flexibility margins are built into other areas of the modelling. One CIL study (North Somerset) did not deem it necessary to set an additional amount as a buffer, “since buffering had been built into the whole approach”. There are several possible viability assumptions where this is theoretically possible, through the use of average values and the necessary adjustments to contingencies and developer profit to reflect risk in the process. In Wales, the DPM identifies an allowance for contingencies as a means by which it will be possible to avoid planning to the margin of

viability, whilst the viability section of the PPG suggests that assumptions on risk in viability assessments are the primary vehicles by which flexibility is ensured over time:

*“As the potential risk to developers is already accounted for in the assumptions for developer return in viability assessment, realisation of risk does not in itself necessitate further viability assessment or trigger a review mechanism. Review mechanisms are not a tool to protect a return to the developer, but to strengthen local authorities’ ability to seek compliance with relevant policies over the lifetime of the project.” (Reference ID 10-009-20190509).*

### Lichfields perspective on viability buffer

Flexibility to account for changing circumstances is a fundamental issue in viability, and particularly so in the current economic climate. Whether or not a ‘buffer’ is directly referred to, that the approach of individual local authorities to addressing flexibility is going to be critical in the success (or otherwise) of the policy approach of frontloading viability considerations to the development plan process. Given the narrowed scope to reconsider viability issues at the decision-taking stage, the inclusion of a buffer provides one way in which flexibility might be achieved in assessing the viability of development plans. However, this involves considerable practical challenges. For instance, to which elements of policy requirements should the buffer be applied? And how could it apply to design/sustainability requirements that are built into the development? Where flexibility is built into other components of the viability assessment, this should be made explicit.

The existing ‘decision-maker decides’ approach to application stage viability assessment may not provide the required flexibility in the current circumstances, and there is a risk of inconsistency between authorities regarding their willingness to adopt a flexible approach in respect of viability considerations. A better way to achieve flexibility may be through the reinstatement of application-specific viability assessments.



# 06

## It all comes down to land value

An undeveloped parcel of land that is granted planning permission for residential use – or indeed most forms of development – will experience an uplift in value. In many cases, this uplift will be fairly significant. This economic phenomenon is central to an age-old question in planning and development: to whom should the lion's share of the value uplift accrue? Should it benefit the developer, the landowner, or the public in the form of planning obligations? This question continues to represent one of the most challenging issues for practitioners engaged in area-wide viability assessments as they attempt to strike the fine balance between demonstrating that a local authority's pipeline of sites can be delivered viably whilst also complying with planning policy expectations.

The concept of a Benchmark Land Value (BLV) refers to the middle ground that needs to be found to satisfy both local authority and landowner. The PPG reinforces the need for this balance to be struck through stating that the BLV should be established:

*"...on the basis of the existing use value (EUUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect*

*the minimum return at which it is considered a reasonable landowner would be willing to sell their land....while allowing a sufficient contribution to fully comply with policy requirements."* (Reference ID 10-013-20190509)

By its nature, a middle ground position is a relative one that is sensitive to both area-wide and site-specific contexts. It is therefore difficult to measure in absolute terms or indeed compare easily between different local authorities. Notwithstanding the obvious complexities associated with this key issue, our analysis focuses on what we have interpreted to be the two areas in which some generalisations may be made:

1. The approach used in determining the BLV; and,
2. The concept of a landowner premium.

### Approach

In a previous Lichfields' blog<sup>7</sup> we discussed the implications of the Parkhurst Road High Court judgment from April 2018<sup>8</sup>. This landmark case dismissed the approach used by the appellant to determine the BLV as it focused solely on the

<sup>7</sup>Reassessing land values: <https://lichfields.uk/blog/2019/june/20/reassessing-land-values/>

<sup>8</sup>Parkhurst Road Ltd (PRL) and Secretary of State for Communities and Local Government and the Council of the London Borough of Islington (2018 EWHC 991)



use of comparable market evidence – evidence which is intrinsically more difficult to compare due to limitations with transaction numbers and also due to lack of transparency regarding how land values are affected by policy requirements. The latter, the judge argued, causes issues of ‘circularity’ whereby policy non-compliant land values may be used to artificially inflate BLVs over time. To avoid such an issue, the case endorsed an approach which centres around the existing use value (EUV) with the application of an appropriate uplift or premium – the so-called ‘EUV+’ approach – and demoting the use of market evidence to a supporting or ‘sense checking’ role. In considering comparable market evidence, it is important to ensure that it is truly comparable in terms of their location, use, and compliance with policy requirements. Taking account of a site that is not actually comparable would undermine its ability to serve any meaningful purpose and could weaken the robustness of a viability assessment and the credibility of its results.

A key element of 2019 NPPF/PPG was the introduction of a requirement to apply the EUV+ approach<sup>9</sup>, but our research shows that this was

being commonly applied prior to the Parkhurst Road judgement and the publication of the 2019 NPPF. Indeed, our analysis shows that 63% of studies (59/93) used the EUV+ approach as the central method for determining BLV. In several instances, this approach was complemented by other strands of evidence such as market evidence and developer consultation. 23% were found to use alternative approaches which in the main focused around analyses of comparable land transactions. Only 14% of studies failed to include any detail regarding the approach to determining BLVs.

Although this finding might be interpreted as a direct response to the Parkhurst Road judgment (with many of the studies analysed as part of this research post-dating it), the underpinning evidence bases are likely to have been developed over a period of time stretching back several years prior. This suggests that practitioners have been employing the EUV+ approach for some time, and that the Parkhurst Road judgment and subsequent modifications to 2019 NPPF/PPG could in fact be reflections of what was already taking place in practice.

63%

Used the EUV+ approach to determine Benchmark Land Values



<sup>9</sup>It should be noted that the DPM similarly adopts a BLV approach and states on page I43 that “the evidence should be clear as to what financial return (or benchmark land value) would realistically entice a land owner to sell for the proposed use”.

Based upon our analysis, it is also interesting to note that EUV+ was being applied widely in spite of the RICS guidance that applied at the time<sup>10</sup> which appeared to distance itself from this approach (however, it is important to note that the latest RICS guidance<sup>11</sup>, effective from July 2021, now aligns itself with this approach). The 2012 guidance highlighted the approach's arbitrary notion of a premium: how this can lead to inconsistent practical applications, and also how it can lead to instances of both over- and under-valuation.

## Premium

As referenced above, there is no explicit policy guidance on the scale of land value uplift to apply in assessing the BLV. It is perhaps unsurprising that the PPG and DPM both stop short of doing so given the complexity involved in establishing the somewhat arbitrary concept of a 'minimum return' for a 'reasonable landowner'. Practitioners charged with the task of setting area-wide BLVs have been faced with the challenge of reconciling an array of quantitative and qualitative data (including market information and developer representations) whilst also attempting to reconcile site-specific interests with factors relevant at a local authority level. Within the framework of EUV+, we recognise that this is a challenging and contentious exercise which has the potential to leave interested parties feeling aggrieved if BLVs are set too low (risking the non-release of sites to the market) or too high (risking the viability of sites and/or potentially failing to comply with policy expectations).

It is also difficult to undertake a comprehensive analysis of the level of premium applied in each study that we reviewed for a variety of reasons:

1. The assessment of a reasonable premium is sensitive to location (it is not the case that one level of premium should be applicable across multiple sites);
2. EUV+ lends itself to a variety of approaches which cannot always be readily compared. For example, some employed an EUV+ %/multiplier whereas others employed an 'uplift split' approach whereby the

increase in land value is shared between the landowner and the public (in line with the approach adopted in the Shinfield Road appeal decision<sup>12</sup>); and,

3. The way in which information is laid out within underlying reports places limitations on our analysis. For example, the issue of premium (over EUV) is not always reported directly and our analysis is therefore contingent on there being the relevant information provided which would allow us to impute the practitioner's approach to the premium. In respect of this point, we note that the judgment of Dove J in *R (Holborn Studios Limited) v London Borough of Hackney*<sup>13</sup> found that the ability of the public to engage on the issue of viability in an informed basis was compromised by the fact that "no explanation was provided as to how the benchmark land value had been arrived at in terms of establishing an existing use value and identify a premium as was asserted to have been the case." (Paragraph 71). Whether prepared for a planning application or a development plan, the point is that viability assessments must be very clear in explaining how the BLV was derived.

Although the majority of practitioners used the EUV+ method, our analysis shows that the way in which it is applied varies considerably. The most obvious difference – and one that would be expected – is linked to the existing use of individual sites. For brownfield sites, we found that studies favoured a simple percentage uplift over EUV, whereas for greenfield sites a EUV multiplier was typically preferred. Although this subtle difference may not seem significant, the use of an EUV multiplier is reflective of the fact that, typically, the value of undeveloped agricultural and paddock land (vis à vis greenfield land) is lower and therefore the difference between the EUV and the BLV should be considerably higher in order to incentivise a landowner to release their land for residential development (and one for which a % uplift approach would be cumbersome mathematically).

<sup>10</sup>RICS Professional Guidance Note: Financial Viability in Planning, 1st Edition (2012)

<sup>11</sup>RICS Professional Guidance Note: Assessing viability in planning under the National Planning Policy Framework 2019 for England, 1st Edition (2021)

<sup>12</sup>Land at The Manor, Shinfield, Reading (PINS Reference APP/X0360/A/12/2179141) 8 January 2013

<sup>13</sup>*R (Holborn Studios Limited) v London Borough of Hackney and GHL (Eagle Wharf Road) Limited* (2020 EWHC 1509)



Many studies reported ready-reckoners for agricultural land values. Despite being simplifications of the market for commercial agricultural land, these provide helpful benchmarks that provide a starting point for determining an appropriate EUV multiplier for greenfield sites. As one would expect, there was some variation across the country in the value of bare agricultural land, although where reported there was a broad coalescing of values in the region of £20,000/hectare (c.£8,000/acre). Accordingly, a site with a BLV assessed as £400,000/hectare would represent a multiplier of 20 times EUV ( $20 \times £20,000/\text{hectare}$ ). Clearly the same generalisations could not be determined for brownfield sites due to the inherent variation in EUVs. In the absence of reported evidence on EUVs, we note that the use of area-specific land value estimates for industrial and agricultural land published annually by MHCLG may be of use for this purpose<sup>15</sup>.

Notwithstanding the caution that should be exercised in doing so, a quantitative summary of the premiums applied to brownfield and greenfield sites is set out below:

1. **Brownfield** – generally a more consistent approach was applied for brownfield sites with the majority of studies using percentage uplift over EUV. Of the 26 studies where we were able to discern the brownfield premium, we found that 69% of these (18/26) assessed a reasonable premium as being EUV+ 20%. We found that the maximum percentage uplift over EUV ranged between 10% and 45%, but the most common uplift was 20%.
1. **Greenfield** – of the 29 studies in which a premium was discernible, 52% sat within a range of 15 to 20 times EUV. The maximum level of premium observed was close to 40 times EUV but we found that the premium tended not to be set any lower than 10 times EUV.

It should be stressed, however, that in line with the conclusions of Holgate J in the Parkhurst Road High Court Judgment, a ‘standard’ uplift/premium is not appropriate when assessing

an appropriate BLV and that consideration should be given to local and site-specific factors. Cognisant of this Judgment, we emphasise that the analysis above serves to provide benchmark for the scale of premium – on an area-wide rather than site-specific basis – that has been found sound by planning inspectors at recent development plan and CIL examinations.

### Application in practice

Whilst the analysis above intends to set some broad quantitative parameters to the notion of a ‘reasonable incentive’, there are other factors that need to be considered when defining a BLV on a site-specific basis.

Principally, this relates to how the BLV (and more specifically the premium applied to define it) should be adjusted to make allowance for the level of costs associated in bringing the site forward for development. The PPG<sup>15</sup> states that the following costs should be taken into account when defining BLVs:

1. **Abnormal costs** including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites;
2. **Site-specific infrastructure costs** which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy;
3. **The total cost of all relevant policy requirements** including contributions towards affordable housing and infrastructure, CIL charges, and any other relevant policies or standards; and,
4. **Any professional site fees** including project management, sales, marketing and legal costs incorporating organisational overheads associated with the site.

One might be forgiven for thinking that this list essentially comprises the majority of the costs that any site may incur, with the exception of base construction costs and externals, and that this feels a rather exhaustive list to factor in. However, what this wording attempts to ensure is that developers and other parties have regard

# 69%

Reasonable premium: EUV+20% (Brownfield)

# 52%

Reasonable premium: 15-20 times EUV (Greenfield)

<sup>15</sup> Ministry of Housing, Communities & Local Government: Land Value Estimates for Policy Appraisal (2020)



to the total cumulative cost of development when negotiating land prices. Within a EUV+ context, this means that landowners whose sites are not inherently straightforward to develop (by virtue of their specific remediation, infrastructure, policy-related factors that need to be addressed) should be prepared to accept a land value that reflects a reduced premium above EUV.

This rather important amendment is reinforced with a statement in PPG (on five separate occasions), that:

*“Under no circumstances will the price paid for land be relevant justification for failing to accord with relevant policies in the plan.”* (Reference ID 10-014-20190509)

How all of this plays out in practice is complicated, but we consider the following points represent the main practical considerations:

1. The absolute scale of reduction in premium that should be applied for a site with high abnormals, infrastructure and policy costs is no clearer from this guidance and still leaves a lot of room for subjective interpretation;
2. Notwithstanding the complexities of making the premium adjustments at a site-specific level, it is perhaps even less clear how can this issue can be dealt with equitably on an area-wide basis across a range of sites with different characteristics;
3. It is evident, however, that there is no such thing as a ‘one size fits all’ uplift to existing use value;
4. Bid prices for land need to be considered even more carefully, and potentially having regard to detailed site investigation work which ordinarily might have been expected at a much later stage of the development process. This cost ‘frontloading’ will need to be undertaken by developers/landowners/site promoters at risk which could potentially prove to be a significant obstacle for SME developers;

5. The requirement for price paid not to be taken into account in viability assessments reflects now-established practice but may still take some more time to filter through the system: there may be some more disappointment before this is fully accepted by all; and,
6. For strategic land promoters and developers that have secured option agreements with a pre-agreed purchase price the implications of the updated guidance is potentially a significant problem and one that could severely undermine site viability and deliverability.

Going forwards, the issue of BLV – and more specifically the application of an uplift to EUV – is likely to be a key argument during local plan examinations and inspectors will be called upon to adjudicate between a range of assumptions. But the one thing that cannot be up for debate is that the price paid cannot be factored into any viability assessment or used as a basis for seeking flexibility in respect of the application of policy requirements.

07

# The viability challenge of garden communities

Whilst the PPG and DPM both advocate a typology approach to viability assessments in place of individual testing of every site, they recognise the importance of considering the specific circumstances of strategic sites that are significant to delivery of the strategic priorities of the plan. Whilst many development plans will incorporate strategic sites, the scale of these and their contribution to the strategic priorities of the plan will vary considerably. The challenge associated with assessing the viability of the very largest of strategic sites – garden communities – has been brought into sharp focus by the recent experiences of Hart, Uttlesford and the North Essex authorities.

1. In North Essex two of the three proposed garden communities were found to be neither justified nor deliverable. As a result, the spatial strategy and plan itself were found to be unsound;
2. The Uttlesford inspectors recommended that one of the three garden communities that were proposed should be deleted but considered the scale of changes that would be required meant that withdrawal was the most appropriate option; and,
3. The Hart local plan was only found sound after the proposed garden community had been removed.

A number of key themes can be drawn from these three cases. Whilst these ultimately revolve around the scale and complexity of garden communities and point to the importance of ensuring that robust and justifiable assumptions are made about costs and revenues, they are transferable to all viability assessments as they are essential in order to fully understand whether the scheme would be viable and, ultimately, if it could be delivered.

1. In each case, the inspectors expressed concern about the treatment of costs in the viability assessment. Infrastructure costs are likely to be significant and, despite potential uncertainties, need to be robust and justified, and take account of evidence of funding that has been secured. In North Essex, HIF funding was shown to be

available for two of the three proposed garden communities, but in Uttlesford the inspectors were not convinced about the scale of funding necessary or whether the garden communities could support such costs. As such, they did not feel that it had been adequately demonstrated that the garden communities were viable or deliverable. Other sources of funding – including from Homes England – may continue to be critical to the delivery of garden communities in the future.

2. Reflecting on the complexity of delivering new garden community, the Uttlesford inspectors drew on the 2012 RICS guidance in suggesting that professional fees should be set at a commensurate level (20%). They also expressed surprise that the viability assessment had not included any allowance for contingencies. In respect of this, the North Essex inspectors noted that the level of risk and uncertainty associated with planning for garden communities at the plan-making stage means that an appropriately high level of contingency should be provided. In this case, they considered 40% to be appropriate.
3. The amount of land that is required for the development of garden communities creates difficulties in estimating a minimum land price that would constitute a competitive return. It is important to avoid basing the viability assessment on a land price which is too far below such expectations, if landowners are to be persuaded to sell. However, the EUV+ approach applies to garden communities as well as all other development typologies and basing land values on comparable evidence without adjustment to reflect policy requirements can lead to developers overpaying for land. This may then compromise the achievement of policy requirements if the developer seeks to recover overpayment through a reduction in planning obligations. This is the “circularity” point that was identified by Holgate J in the Parkhurst Road Judgment. A phased approach to the delivery of

such large-scale developments affects the approach to land purchase with individual tranches typically being purchased two years prior to development. The impact of this is that land payments are staged through the development process, significantly (and beneficially) impacting on cash flow.

4. The viability assessment should be based on an appropriate build rate. Basing it on an unrealistically high average rate would not provide an accurate indication of viability as this would assume that revenue would be generated more quickly and interest payments would be reduced. It should also be acknowledged that build and sales rates will be slower in early years and that infrastructure costs to be disproportionately high. This should be reflected in the cost of borrowing and the level of peak debt.
5. The PPG advises that current costs and values should be considered when assessing viability of plan policy. Policies should be deliverable and not based on exception of future rises in values for at least the first five years of the

plan period. This ensures realism and avoids complicating the assessment with uncertain judgments about the future. The Harman Review recognised that forecasting house prices or costs is notoriously difficult over shorter term, and subject to wider inaccuracies over medium and longer term. There is no guarantee that a specified growth rate will be sustained throughout the decades it would take to build the proposed garden communities. Similar uncertainty also exists in respect of building and infrastructure costs. Application of inflation assumptions can result in dramatic (and unrealistic) increases of residual land value and need to be considered very carefully.

To some extent, the approach to modelling viability for garden communities is no different than in respect of any other form of development. However, the scale and timescales create challenges that are unique to garden communities and the recent examples of North Essex, Uttlesford and Hart provide a cautionary tale for all those involved in the promotion of similar schemes.



# 08

## Conclusions and implications

In what the Government itself has branded an opaque area of practice, viability assessment is becoming increasingly intertwined with planning and plan making. This lack of transparency has been cast into sharper focus by the judgment of Dove J in the Holborn Studios case which highlighted the need for a better understanding of what the PPG describes as 'standardised inputs'.

This Insight provides a means by which we can begin to move towards a true standardisation of viability assessments. It is hoped that it helps to overcome concerns about the publication of commercially sensitive data and thereby allows for a more meaningful debate about development viability, at both the plan-making stage but also at the decision-taking stage, where circumstances permit. By its nature, it is acknowledged that standardisation will not account for all eventualities, and there will inevitably be specific circumstances that justify the application of alternative inputs. Given the array of challenges facing housing developers in the midst of a pandemic, we would expect application stage viability assessments to become increasingly common in the short to medium term. Within a climate of continued uncertainty, there is a risk that standardised inputs can rapidly become out-of-date, and we would therefore urge decision-takers to consider more closely the need for flexibility as circumstances change.

Of course, there are financial implications associated with the standardisation and front-loading of viability assessment. Rather than limiting engagement to application stage negotiations, the new system requires more protracted engagement across the entire development plan-making process, necessitating far greater work and expense for developers. Both English and Welsh Governments have recently made clear their desire to promote competition amongst developers and to assist SMEs and new entrants to sector, but it is not clear to what extent the time and cost investment of extensive engagement will militate against this ambition. What is clear, however, is that this system requires developers to engage heavily

in the process of development plan making on viability issues and within the framework of standardisation. As such, we would expect – and are already seeing evidence of – viability issues to play more of a determining role in the success or failure of development plans in the future.

It is unclear yet what the implications of the Government's White Paper proposals will have on viability in planning and plan-making. This is principally due to the fact that the White Paper is, to all intents and purposes, silent on key viability issues that this Insight has highlighted. What does clearly have the potential to have profound implications is the proposal to reform the current system of developer contributions from CIL and Section 106 towards a national flat-rate 'Infrastructure Levy'. More recent (February 2021) messaging, however, from the Chief Planner Joanna Averley among others, would suggest that the proposal could be tempered to allow for 'regional differences' and to develop a more nuanced and localised approach<sup>16</sup>. In this context, it seems likely that the White Paper proposals will not signal the end of the current system of Section 106 and that the viability considerations we have assessed as part of this Insight will continue to apply.

<sup>16</sup><https://www.planningresource.co.uk/article/1706515/key-white-paper-proposals-likely-evolve-inclusion-planning-bill>



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## Appendix S

housing delivery, excessive densities, or predicted value growth, may lead to inflated site values. This undermines the implementation of Development Plan policies and the ability of planning authorities to deliver sustainable development.

### EXISTING USE VALUE PLUS PREMIUM

- 3.43 The 'Existing Use Value plus' (EUV+) approach to determining the benchmark land value is based on the current use value of a site plus an appropriate site premium. The principle of this approach is that a landowner should receive at least the value of the land in its 'pre-permission' use, which would normally be lost when bringing forward land for development. A premium is usually added to provide the landowner with an additional incentive to release the site, having regard to site circumstances.
- 3.44 The benefit of this approach is that it clearly identifies the uplift in value arising from the grant of planning permission because it enables comparison with the value of the site without planning permission.
- 3.45 The PPG confirms that comparing the current use value of a site with the residual land value generated by the proposed development is an appropriate way to determine whether or not a 'competitive return' is achieved for the land owner<sup>20</sup>.
- 3.46 When determining the EUV+ benchmark:
- The existing use value (EUV) is independent of the proposed scheme. The EUV should be fully justified based on the income generating capacity of the existing use with reference to comparable evidence on rents, which excludes any hope value<sup>21</sup> associated with development on the site or alternative uses. This evidence should relate to sites and buildings of a similar condition and quality or otherwise be appropriately adjusted. Where an existing use and its value to a landowner is due to be retained in a development (and not lost as is usually the case), a lower benchmark would be expected. Where a proposed EUV is based on a refurbishment scenario, or a redevelopment of the current use, this is an alternative development scenario and the guidance relating to Alternative Use Value (AUV) will apply (see below).
  - Premiums above EUV should be justified, reflecting the circumstances of the site. For a site which does not meet the requirements of the landowner or creates ongoing liabilities/ costs, a lower or no premium would be

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<sup>20</sup> PPG Viability Paragraph 24

<sup>21</sup> Hope value is defined by RICS as "any element of open Market Value of a property in excess of the current use value, reflecting the prospect of some more valuable future use or development". This prospective, more valuable use is usually a use for which planning permission has not yet been obtained.



expected compared with a site occupied by profit-making businesses that require relocation. The premium could be 10 per cent to 30 per cent, but this must reflect site specific circumstances and will vary.

- The level of premium can be informed by benchmark land values that have been accepted for planning purposes on other comparable sites where determined on a basis that is consistent with this guidance.
- As set out in PPG, in all cases land or site value should reflect Development Plan Policies, planning obligations and CIL<sup>22</sup>. When determining a level of premium that would be sufficient to incentivise release of a site for development and ensure that a landowner receives a 'competitive return', this should take into account the overarching aim of delivering sustainable, policy compliant development and that an uplift in land value is dependent on the grant of full planning consent.

**3.47** The Mayor considers that the 'Existing Use Value plus' (EUV+) approach is usually the most appropriate approach for planning purposes. It can be used to address the need to ensure that development is sustainable in terms of the NPPF and Development Plan requirements, and in most circumstances the Mayor will expect this approach to be used.

**3.48** An alternative approach will only be considered in exceptional circumstances which must be robustly justified by the applicant. One alternative approach determines the benchmark land value using the market value of land having regard to Development Plan policies and material considerations<sup>23</sup>. However, research published by RICS<sup>24</sup> found that the 'market value' approach is not being applied correctly and "if market value is based on comparable evidence without proper adjustment to reflect policy compliant planning obligations, this introduces a circularity, which encourages developers to overpay for site and try to recover some or all of this overpayment via reductions in planning obligations" (RICS 2015<sup>25</sup> p26). Thus a market value approach will generally not be accepted by the Mayor.

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<sup>22</sup> PPG Paragraph 23

<sup>23</sup> See RICS Guidance Financial Viability in Planning (2012)

<sup>24</sup> RICS Financial Viability Appraisal in Planning Decisions: Theory and Practice (April 2015)

<sup>25</sup> *ibid*

- 3.49** In the very limited circumstances where this approach may be justified, an applicant must demonstrate that the site value fully reflects policy requirements, planning obligations, and CIL charges, and takes account of site-specific circumstances. Market land transactions used must be fully evidenced and justified as being genuinely comparable and consistent with the methodology applied in the viability assessment. These should also be used to determine whether the residual value of the scheme and cost and value inputs are realistic. The applicant should also consider the:
- EUV;
  - the Residual Land Value assuming a policy compliant affordable housing offer;
  - the Residual Land Value based on an assumption of no affordable housing; and
  - the Residual Land Value based on evidence from recent comparable market transactions.
- 3.50** Land is valued on a current day basis; changes in circumstances since a site has been purchased are a factor of development risk<sup>26</sup>. Land transactions may also be based on unrealistic assumptions regarding development density, changes of use, or planning obligations. Where site value does not take full account of the Development Plan or CIL charges, where market land transactions are not fully evidenced and genuinely comparable, or where transactions are based on a different methodology and have not been appropriately adjusted, reliance on market transactions will not be supported.
- 3.51** If an applicant seeks to use an 'alternative use value' (AUV) approach it must fully reflect policy requirements. Generally the Mayor will only accept the use of AUV where there is an existing implementable permission for that use. Where there is no existing implementable permission, the approach should only be used if the alternative use would fully comply with development plan policies, and if it can be demonstrated that the alternative use could be implemented on the site in question and there is market demand for that use.
- 3.52** In order to demonstrate the value of a policy compliant alternative that does not benefit from an implementable permission but does have a realistic prospect of achieving planning permission, the applicant should provide a detailed alternative proposal, incorporating current day costs and values. The applicant should also explain why the alternative use has not been pursued. Where all these conditions are met and the AUV is being used, there is no requirement for an additional 'plus' element. It is for the applicant to weigh up the different options and risk profiles of the potential schemes for a site and decide which one to pursue.

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<sup>26</sup> RICS Guidance: Financial Viability in Planning (2012)

## Appendix T

**REGISTERED NUMBER: 01827148 (England and Wales)**

**Liss Forest Nursery Limited**

**Financial Statements for the Year Ended 30th November 2022**



**Liss Forest Nursery Limited (Registered number: 01827148)**

**Contents of the Financial Statements  
for the Year Ended 30th November 2022**

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## **Liss Forest Nursery Limited**

### **Company Information for the Year Ended 30th November 2022**

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## **Liss Forest Nursery Limited**

### **Company Information for the Year Ended 30th November 2022**

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#### **BANKERS:**

National Westminster Bank Plc  
4 High Street  
Petersfield  
Hampshire  
GU32 3JF

**Liss Forest Nursery Limited (Registered number: 01827148)**

**Balance Sheet**  
**30th November 2022**

|  | Notes | 2022<br>£       | 2021<br>£        |
|--|-------|-----------------|------------------|
| <b>FIXED ASSETS</b>                          |       |                 |                  |
| Tangible assets                              | 4     | 79,710          | 86,728           |
| <b>CURRENT ASSETS</b>                        |       |                 |                  |
| Stocks                                       |       | 195,884         | 170,827          |
| Debtors                                      | 5     | 82,726          | 83,518           |
| Cash at bank and in hand                     |       | <u>311,266</u>  | <u>487,891</u>   |
|  |       | 589,876         | 742,236          |
| <b>CREDITORS</b>                             |       |                 |                  |
| Amounts falling due within one year          | 6     | <u>(84,588)</u> | <u>(137,135)</u> |
| <b>NET CURRENT ASSETS</b>                    |       | <u>505,288</u>  | <u>605,101</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | 584,998         | 691,829          |
| <b>PROVISIONS FOR LIABILITIES</b>            |       | <u>(5,163)</u>  | <u>(6,245)</u>   |
| <b>NET ASSETS</b>                            |       | <u>579,835</u>  | <u>685,584</u>   |
| <b>CAPITAL AND RESERVES</b>                  |       |                 |                  |
| Called up share capital                      |       | 1,000           | 1,000            |
| Retained earnings                            |       | <u>578,835</u>  | <u>684,584</u>   |
|  |       | <u>579,835</u>  | <u>685,584</u>   |

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30th November 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 30th November 2022 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements



**Liss Forest Nursery Limited (Registered number: 01827148)**

**Balance Sheet - continued**  
**30th November 2022**

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The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Statement of Income and Retained Earnings has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 6th April 2023 and were signed on its behalf by:

V R Catt - Director

The notes form part of these financial statements

**Notes to the Financial Statements  
for the Year Ended 30th November 2022**

---

**1. STATUTORY INFORMATION**

Liss Forest Nursery Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

|                         |  |
|-------------------------|--|
| Land and buildings      | - 15% on reducing balance, 10% on cost and not provided                        |
| Plant and machinery etc | - 33% on reducing balance, 25% on reducing balance and 15% on reducing balance |

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued  
for the Year Ended 30th November 2022**

**2. ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 13 (2021 - 13 ) .

**4. TANGIBLE FIXED ASSETS**

|  | Land and<br>buildings<br>£ | Plant and<br>machinery<br>etc<br>£ | Totals<br>£    |
|--|----------------------------|------------------------------------|----------------|
| <b>COST</b>                                    |                            |                                    |                |
| At 1st December 2021<br>and 30th November 2022 | <u>537,013</u>             | <u>276,010</u>                     | <u>813,023</u> |
| <b>DEPRECIATION</b>                            |                            |                                    |                |
| At 1st December 2021                           | 476,261                    | 250,034                            | 726,295        |
| Charge for year                                | <u>2,356</u>               | <u>4,662</u>                       | <u>7,018</u>   |
| At 30th November 2022                          | <u>478,617</u>             | <u>254,696</u>                     | <u>733,313</u> |
| <b>NET BOOK VALUE</b>                          |                            |                                    |                |
| At 30th November 2022                          | <u>58,396</u>              | <u>21,314</u>                      | <u>79,710</u>  |
| At 30th November 2021                          | <u>60,752</u>              | <u>25,976</u>                      | <u>86,728</u>  |

**Notes to the Financial Statements - continued  
for the Year Ended 30th November 2022**

**5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|               | 2022          | 2021          |
|---------------|---------------|---------------|
|               | £             | £             |
| Trade debtors | 68,805        | 69,653        |
| Other debtors | <u>13,921</u> | <u>13,865</u> |
|               | <u>82,726</u> | <u>83,518</u> |

**6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                              | 2022          | 2021           |
|------------------------------|---------------|----------------|
|                              | £             | £              |
| Trade creditors              | 43,986        | 68,401         |
| Taxation and social security | 36,541        | 64,852         |
| Other creditors              | <u>4,061</u>  | <u>3,882</u>   |
|                              | <u>84,588</u> | <u>137,135</u> |



This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.

## Appendix U

## **Upton, Tom @ London**

---

**From:** Martin Curry <Martin.Curry@henryadams.co.uk>  
**Sent:** 18 April 2023 17:23  
**To:** Upton, Tom @ London  
**Cc:** Spilsbury, Matt @ Manchester  
**Subject:** RE: Liss Forest Nursery - Comparable Land Transactions in SDNPA

**External**

Hi Tom

Thank you for your email and sorry I missed your call.

As much as we would wish to help Tony we do not have any comparable sites that have been disposed of at that scale in SDNPA.

Kind regards

Martin

---

**From:** Upton, Tom @ London <Tom.Upton@cbre.com>  
**Sent:** Monday, April 17, 2023 12:39 PM  
**To:** Martin Curry <Martin.Curry@henryadams.co.uk>  
**Cc:** Spilsbury, Matt @ Manchester <Matt.Spilsbury@cbre.com>  
**Subject:** [EXTERNAL] Liss Forest Nursery - Comparable Land Transactions in SDNPA

Hi Martin,

I hope you are well.

Tony Webber at Cove Construction Ltd passed on your details to me, and said you are best placed to advise on any recent transactions for brownfield sites in the National Park Authority delivering between 25 – 50 houses.

As I'm sure Tony has mentioned to you Cove has an option for a site at Liss Forest Nursery, an allocated site extending to 5.93 acres and delivering 37 residential units. There is a bungalow on-site and a range of commercial units, greenhouses and polytunnels connected to the operation of the garden nursery. We are keen to understand whether there are any comparable land transactions akin to that site that have transacted in the last two years.

I'd be grateful if you could give me a call back to discuss – my number is 07584 312852. I left a voicemail for you earlier today.

Kind regards

**Tom Upton MRICS**  
Associate Director  
CBRE | UK Planning & Development  
Henrietta House, Henrietta Place, London, W1G 0NB

T: +44 7584 312852  
E: [tom.upton@cbre.com](mailto:tom.upton@cbre.com)

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**Martin Curry**

Partner

01243 521819

[martin.curry@henryadams.co.uk](mailto:martin.curry@henryadams.co.uk)

Rowan House, Baffins Lane, Chichester, West Sussex, PO19 1UA



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## Appendix V

I FRANCIS FOGARTY of 1 Alpha Centre North Lane Aldershot GU12 4RG, do solemnly and sincerely declare that:

1. My name is Francis Fogarty and my role within Cove Construction Limited ('the Appellant') is Managing Director. I have been in this role since 1997. I make this statutory declaration in support of the appeal pertaining to Liss Forest Nursery ('the Site') (Appeal Reference APP/Y9507/W/23/3314274).
2. The Site is currently owned by Peter Catt, Vincent Royston Catt and Neill Madison Catt ('the Landowners').
3. The Appellant entered into an option agreement with the Landowners on 16<sup>th</sup> June 2017, giving the Appellant the right to acquire the Site. The terms of that option agreement are commercially sensitive and confidential, and I am not at liberty to disclose the contents of the agreement, except for the points I make within this statutory declaration.
4. The terms of the option agreement are such that if planning permission is granted on the Site, the Landowners can be compelled to sell the land to the Appellant at a price calculated by reference to the open market value of the Site, but subject to a minimum guaranteed figure ('the Option Minimum Price'). I have reviewed the Option Minimum Price against the benchmark land value final figure relied on by the Appellant, which is £1,195,000. I can confirm that the Option Minimum Price exceeds the benchmark value final figure.
5. It follows, therefore, that on the basis of the current contractual arrangements, there is no credible prospect that the Site would be sold to the Appellant at a figure that is below the benchmark land value final figure.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1835.

Declared at

on

Before me



43 Victoria Rd Farnborough, Hampshire GU14 7PJ

18<sup>th</sup> day of April 2023

Signed



DECLAN PETER ROWE

A commissioner for oaths/solicitor empowered to administer oaths.

## Appendix W

# Liss Nursery, Land at Petersfield Road - Viability Appraisal

Development Appraisal  
CBRE  
21 April 2023



**APPRAISAL SUMMARY****CBRE****Liss Nursery, Land at Petersfield Road - Viability Appraisal**

Appraisal Summary for Phase 1 Scenario 1- 48.6% AH, policy compliant tenure split

Currency in £

**REVENUE**

| <b>Sales Valuation</b> | <b>Units</b> | <b>ft²</b>    | <b>Sales Rate ft²</b> | <b>Unit Price</b> | <b>Gross Sales</b> |
|------------------------|--------------|---------------|-----------------------|-------------------|--------------------|
| Private Units          | 19           | 28,307        | 438.41                | 653,158           | 12,410,000         |
| Affordable Rent        | 14           | 12,272        | 196.74                | 172,458           | 2,414,408          |
| Shared Ownership       | <u>4</u>     | <u>3,603</u>  | 281.22                | 253,313           | <u>1,013,250</u>   |
| <b>Totals</b>          | <b>37</b>    | <b>44,182</b> |                       |                   | <b>15,837,658</b>  |

**NET REALISATION** **15,837,658**

**OUTLAY****ACQUISITION COSTS**

|                                    |           |
|------------------------------------|-----------|
| Residualised Price (Negative land) | (936,217) |
|                                    | (936,217) |

**CONSTRUCTION COSTS**

| <b>Construction</b>             | <b>ft²</b> | <b>Build Rate ft²</b> | <b>Cost</b>       |
|---------------------------------|------------|-----------------------|-------------------|
| Construction                    | 45,133     | 263.49                | 11,891,994        |
|                                 |            |                       | <b>11,891,994</b> |
| CIL                             |            |                       | 85,127            |
|                                 |            |                       | 85,127            |
| <b>Section 106 Costs</b>        |            |                       |                   |
| S106/S278 Highways Contribution |            |                       | 65,000            |
| S106 SPA Mitigation             |            |                       | 15,000            |
|                                 |            |                       | 80,000            |

**PROFESSIONAL FEES**

|                   |        |           |
|-------------------|--------|-----------|
| Professional Fees | 10.00% | 1,189,199 |
|                   |        | 1,189,199 |

**DISPOSAL FEES**

|                             |                    |         |
|-----------------------------|--------------------|---------|
| Sales Agent & Marketing Fee | 3.00%              | 372,300 |
| AH Disposal Fee             |                    | 17,500  |
| Sales Legal Fee             | 19 un 1,000.00 /un | 19,000  |
|                             |                    | 408,800 |

**FINANCE**

|                  |                 |                  |
|------------------|-----------------|------------------|
| <b>Timescale</b> | <b>Duration</b> | <b>Commences</b> |
|------------------|-----------------|------------------|

Liss Nursery, Land at Petersfield Road - Viability Appraisal

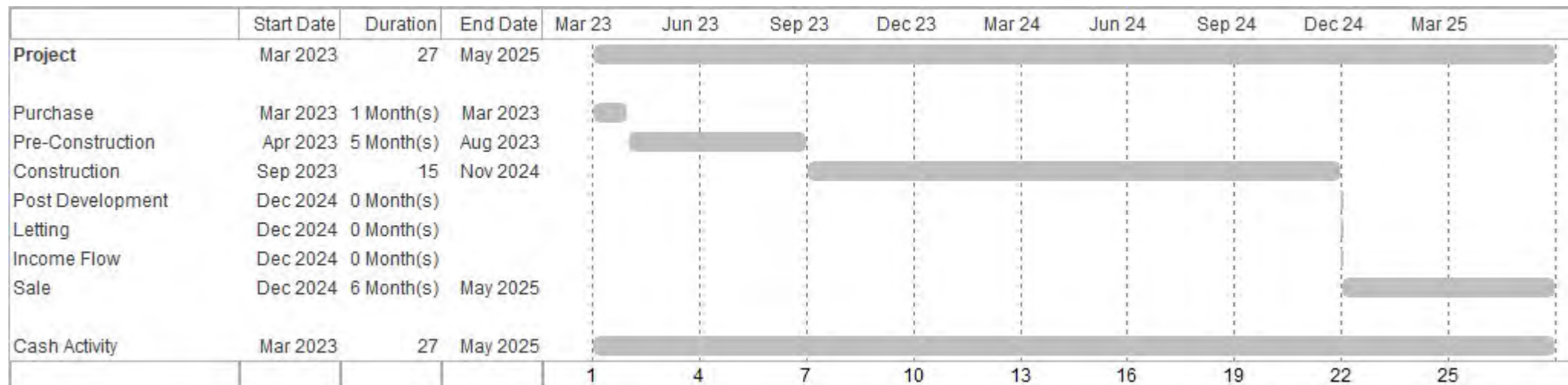
|   |    |              |            |
|---|----|--------------|------------|
| Purchase  | 1  | Mar 2023     |            |
| Pre-Construction                                | 5  | Apr 2023     |            |
| Construction                                    | 15 | Sep 2023     |            |
| Sale  | 6  | Dec 2024     |            |
| Total Duration                                  | 27 |              |            |
|   |    |              |            |
| Debit Rate 7.000%, Credit Rate 0.000% (Nominal) |    |              |            |
| Total Finance Cost                              |    |              | 431,105    |
| TOTAL COSTS                                     |    |              | 13,150,008 |
| PROFIT  |    |              | 2,687,650  |
|   |    |              |            |
| Performance Measures                            |    |              |            |
| Profit on Cost%                                 |    | 20.44%       |            |
| Profit on GDV%                                  |    | 16.97%       |            |
| Profit on NDV%                                  |    | 16.97%       |            |
|   |    |              |            |
| IRR% (without Interest)                         |    | 45.47%       |            |
|   |    |              |            |
| Profit Erosion (finance rate 7.000)             |    | 2 yrs 8 mths |            |

## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Project Timescale

|                                    |           |
|------------------------------------|-----------|
| Project Start Date                 | Mar 2023  |
| Project End Date                   | May 2025  |
| Project Duration (Inc Exit Period) | 27 months |

## 1. Scenario 1- 48.6% AH, policy compliant tenure split



## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Grouped Cash Flow Phase 1 (Scenario 1- 48.6% AH, policy compliant tenure split)

Page A 1

| Monthly B/F                         | 001:Mar 2023   | 002:Apr 2023 | 003:May 2023 | 004:Jun 2023 | 005:Jul 2023 | 006:Aug 2023 | 007:Sep 2023     | 008:Oct 2023     | 009:Nov 2023     |
|-------------------------------------|----------------|--------------|--------------|--------------|--------------|--------------|------------------|------------------|------------------|
|                                     | 0              | 936,217      | 936,217      | 936,217      | 936,217      | 936,217      | 936,217          | 62,957           | (854,433)        |
| <b>Sales Valuation</b>              |                |              |              |              |              |              |                  |                  |                  |
| Unit Sales                          | 0              | 0            | 0            | 0            | 0            | 0            | 0                | 0                | 0                |
|                                     | <b>0</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>TOTAL REVENUE</b>                | <b>0</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Acquisition Costs</b>            |                |              |              |              |              |              |                  |                  |                  |
| Residualised Price                  | 936,217        | 0            | 0            | 0            | 0            | 0            | 0                | 0                | 0                |
|                                     | <b>936,217</b> | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Construction Costs</b>           |                |              |              |              |              |              |                  |                  |                  |
| Construction Costs                  | 0              | 0            | 0            | 0            | 0            | 0            | (792,800)        | (792,800)        | (792,800)        |
|                                     | <b>0</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>(792,800)</b> | <b>(792,800)</b> | <b>(792,800)</b> |
| <b>Other Construction Costs</b>     |                |              |              |              |              |              |                  |                  |                  |
| Statutory/LA                        | 0              | 0            | 0            | 0            | 0            | 0            | 0                | (42,564)         | 0                |
| Section 106 Costs                   | 0              | 0            | 0            | 0            | 0            | 0            | (1,181)          | (2,747)          | (4,089)          |
|                                     | <b>0</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>(1,181)</b>   | <b>(45,311)</b>  | <b>(4,089)</b>   |
| <b>TOTAL CONSTRUCTION COSTS</b>     | <b>0</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>(793,980)</b> | <b>(838,110)</b> | <b>(796,888)</b> |
| <b>Professional Fees</b>            |                |              |              |              |              |              |                  |                  |                  |
| Architect                           | 0              | 0            | 0            | 0            | 0            | 0            | (79,280)         | (79,280)         | (79,280)         |
|                                     | <b>0</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>(79,280)</b>  | <b>(79,280)</b>  | <b>(79,280)</b>  |
| <b>Sales Costs and Fees</b>         |                |              |              |              |              |              |                  |                  |                  |
| Sales Agent Fee                     | 0              | 0            | 0            | 0            | 0            | 0            | 0                | 0                | 0                |
| Sales Legal Fee                     | 0              | 0            | 0            | 0            | 0            | 0            | 0                | 0                | 0                |
|                                     | <b>0</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>TOTAL COSTS</b>                  | <b>936,217</b> | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>(873,260)</b> | <b>(917,390)</b> | <b>(876,168)</b> |
| <b>Net Cash Flow Before Finance</b> | <b>936,217</b> | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>(873,260)</b> | <b>(917,390)</b> | <b>(876,168)</b> |
| Debit Rate 7.000%                   | 7.000%         | 7.000%       | 7.000%       | 7.000%       | 7.000%       | 7.000%       | 7.000%           | 7.000%           | 7.000%           |
| Credit Rate 0.000%                  | 0.000%         | 0.000%       | 0.000%       | 0.000%       | 0.000%       | 0.000%       | 0.000%           | 0.000%           | 0.000%           |
| Finance Costs (All Sets)            | 0              | 0            | 0            | 0            | 0            | 0            | 0                | 0                | (4,984)          |
| <b>Net Cash Flow After Finance</b>  | <b>936,217</b> | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>(873,260)</b> | <b>(917,390)</b> | <b>(881,153)</b> |
| Cumulative Net Cash Flow Monthly    | 936,217        | 936,217      | 936,217      | 936,217      | 936,217      | 936,217      | 62,957           | (854,433)        | (1,735,586)      |



## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Grouped Cash Flow Phase 1 (Scenario 1- 48.6% AH, policy compliant tenure split)

Page A 2

| Monthly B/F                         | 010:Dec 2023<br>(1,735,586) | 011:Jan 2024<br>(2,665,559) | 012:Feb 2024<br>(3,559,228) | 013:Mar 2024<br>(4,458,687) | 014:Apr 2024<br>(4,329,690) | 015:May 2024<br>(4,942,577) | 016:Jun 2024<br>(5,558,898) | 017:Jul 2024<br>(6,178,836) | 018:Aug 2024<br>(6,801,758) |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Sales Valuation</b>              |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Unit Sales                          | 0                           | 0                           | 0                           | 1,028,297                   | 290,069                     | 290,069                     | 290,069                     | 290,069                     | 290,069                     |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>1,028,297</b>            | <b>290,069</b>              | <b>290,069</b>              | <b>290,069</b>              | <b>290,069</b>              | <b>290,069</b>              |
| <b>TOTAL REVENUE</b>                | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>1,028,297</b>            | <b>290,069</b>              | <b>290,069</b>              | <b>290,069</b>              | <b>290,069</b>              | <b>290,069</b>              |
| <b>Acquisition Costs</b>            |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Residualised Price                  | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    |
| <b>Construction Costs</b>           |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Construction Costs                  | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   |
|                                     | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            |
| <b>Other Construction Costs</b>     |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Statutory/LA                        | (42,564)                    | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           |
| Section 106 Costs                   | (5,206)                     | (6,099)                     | (6,767)                     | (7,210)                     | (7,429)                     | (7,424)                     | (7,193)                     | (6,739)                     | (6,059)                     |
|                                     | <b>(47,770)</b>             | <b>(6,099)</b>              | <b>(6,767)</b>              | <b>(7,210)</b>              | <b>(7,429)</b>              | <b>(7,424)</b>              | <b>(7,193)</b>              | <b>(6,739)</b>              | <b>(6,059)</b>              |
| <b>TOTAL CONSTRUCTION COSTS</b>     | <b>(840,569)</b>            | <b>(798,898)</b>            | <b>(799,566)</b>            | <b>(800,010)</b>            | <b>(800,229)</b>            | <b>(800,223)</b>            | <b>(799,993)</b>            | <b>(799,538)</b>            | <b>(798,859)</b>            |
| <b>Professional Fees</b>            |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Architect                           | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    |
|                                     | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             |
| <b>Sales Costs and Fees</b>         |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Sales Agent Fee                     | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           |
| Sales Legal Fee                     | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    |
| <b>TOTAL COSTS</b>                  | <b>(919,849)</b>            | <b>(878,178)</b>            | <b>(878,846)</b>            | <b>(879,290)</b>            | <b>(879,509)</b>            | <b>(879,503)</b>            | <b>(879,273)</b>            | <b>(878,818)</b>            | <b>(878,139)</b>            |
| <b>Net Cash Flow Before Finance</b> | <b>(919,849)</b>            | <b>(878,178)</b>            | <b>(878,846)</b>            | <b>149,008</b>              | <b>(589,440)</b>            | <b>(589,434)</b>            | <b>(589,204)</b>            | <b>(588,749)</b>            | <b>(588,070)</b>            |
| Debit Rate 7.000%                   | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      |
| Credit Rate 0.000%                  | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      |
| Finance Costs (All Sets)            | (10,124)                    | (15,490)                    | (20,613)                    | (20,011)                    | (23,448)                    | (26,886)                    | (30,735)                    | (34,172)                    | (37,606)                    |
| <b>Net Cash Flow After Finance</b>  | <b>(929,973)</b>            | <b>(893,668)</b>            | <b>(899,459)</b>            | <b>128,997</b>              | <b>(612,887)</b>            | <b>(616,320)</b>            | <b>(619,939)</b>            | <b>(622,921)</b>            | <b>(625,676)</b>            |
| Cumulative Net Cash Flow Monthly    | (2,665,559)                 | (3,559,228)                 | (4,458,687)                 | (4,329,690)                 | (4,942,577)                 | (5,558,898)                 | (6,178,836)                 | (6,801,758)                 | (7,427,434)                 |

## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Grouped Cash Flow Phase 1 (Scenario 1- 48.6% AH, policy compliant tenure split)

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| Monthly B/F                         | 019:Sep 2024<br>(7,427,434) | 020:Oct 2024<br>(8,056,234) | 021:Nov 2024<br>(8,687,332) | 022:Dec 2024<br>(9,320,495) | 023:Jan 2025<br>(5,699,069) | 024:Feb 2025<br>(4,036,713) | 025:Mar 2025<br>(2,364,526) | 026:Apr 2025<br>(682,906) | 027:May 2025<br>1,002,372 |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| <b>Sales Valuation</b>              |                             |                             |                             |                             |                             |                             |                             |                           |                           |
| Unit Sales                          | 290,069                     | 290,069                     | 290,069                     | 3,801,808                   | 1,737,400                   | 1,737,400                   | 1,737,400                   | 1,737,400                 | 1,737,400                 |
|                                     | <b>290,069</b>              | <b>290,069</b>              | <b>290,069</b>              | <b>3,801,808</b>            | <b>1,737,400</b>            | <b>1,737,400</b>            | <b>1,737,400</b>            | <b>1,737,400</b>          | <b>1,737,400</b>          |
| <b>TOTAL REVENUE</b>                | <b>290,069</b>              | <b>290,069</b>              | <b>290,069</b>              | <b>3,801,808</b>            | <b>1,737,400</b>            | <b>1,737,400</b>            | <b>1,737,400</b>            | <b>1,737,400</b>          | <b>1,737,400</b>          |
| <b>Acquisition Costs</b>            |                             |                             |                             |                             |                             |                             |                             |                           |                           |
| Residualised Price                  | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Construction Costs</b>           |                             |                             |                             |                             |                             |                             |                             |                           |                           |
| Construction Costs                  | (792,800)                   | (792,800)                   | (792,800)                   | 0                           | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Other Construction Costs</b>     |                             |                             |                             |                             |                             |                             |                             |                           |                           |
| Statutory/LA                        | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                         | 0                         |
| Section 106 Costs                   | (5,156)                     | (4,027)                     | (2,674)                     | 0                           | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>(5,156)</b>              | <b>(4,027)</b>              | <b>(2,674)</b>              | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>TOTAL CONSTRUCTION COSTS</b>     | <b>(797,955)</b>            | <b>(796,827)</b>            | <b>(795,474)</b>            | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Professional Fees</b>            |                             |                             |                             |                             |                             |                             |                             |                           |                           |
| Architect                           | (79,280)                    | (79,280)                    | (79,280)                    | 0                           | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Sales Costs and Fees</b>         |                             |                             |                             |                             |                             |                             |                             |                           |                           |
| Sales Agent Fee                     | 0                           | 0                           | 0                           | (129,190)                   | (52,122)                    | (52,122)                    | (52,122)                    | (52,122)                  | (52,122)                  |
| Sales Legal Fee                     | 0                           | 0                           | 0                           | (19,000)                    | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>(148,190)</b>            | <b>(52,122)</b>             | <b>(52,122)</b>             | <b>(52,122)</b>             | <b>(52,122)</b>           | <b>(52,122)</b>           |
| <b>TOTAL COSTS</b>                  | <b>(877,235)</b>            | <b>(876,107)</b>            | <b>(874,754)</b>            | <b>(148,190)</b>            | <b>(52,122)</b>             | <b>(52,122)</b>             | <b>(52,122)</b>             | <b>(52,122)</b>           | <b>(52,122)</b>           |
| <b>Net Cash Flow Before Finance</b> | <b>(587,166)</b>            | <b>(586,038)</b>            | <b>(584,685)</b>            | <b>3,653,618</b>            | <b>1,685,278</b>            | <b>1,685,278</b>            | <b>1,685,278</b>            | <b>1,685,278</b>          | <b>1,685,278</b>          |
| Debit Rate 7.000%                   | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                    | 7.000%                    |
| Credit Rate 0.000%                  | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                    | 0.000%                    |
| Finance Costs (All Sets)            | (41,635)                    | (45,060)                    | (48,478)                    | (32,192)                    | (22,922)                    | (13,091)                    | (3,658)                     | 0                         | 0                         |
| <b>Net Cash Flow After Finance</b>  | <b>(628,801)</b>            | <b>(631,097)</b>            | <b>(633,163)</b>            | <b>3,621,426</b>            | <b>1,662,356</b>            | <b>1,672,187</b>            | <b>1,681,620</b>            | <b>1,685,278</b>          | <b>1,685,278</b>          |
| Cumulative Net Cash Flow Monthly    | (8,056,234)                 | (8,687,332)                 | (9,320,495)                 | (5,699,069)                 | (4,036,713)                 | (2,364,526)                 | (682,906)                   | 1,002,372                 | 2,687,650                 |

# Liss Nursery, Land at Petersfield Road - Viability Appraisal

Development Appraisal  
CBRE  
21 April 2023

**APPRAISAL SUMMARY****CBRE****Liss Nursery, Land at Petersfield Road - Viability Appraisal****Appraisal Summary for Phase 2 Scenario 2 - 48.6% AH, 100% shared ownership units**

Currency in £

**REVENUE**

| <b>Sales Valuation</b> | <b>Units</b> | <b>ft²</b>    | <b>Sales Rate ft²</b> | <b>Unit Price</b> | <b>Gross Sales</b> |
|------------------------|--------------|---------------|-----------------------|-------------------|--------------------|
| Private Units          | 19           | 28,307        | 438.41                | 653,158           | 12,410,000         |
| Shared Ownership       | <u>18</u>    | <u>15,875</u> | 276.79                | 244,111           | <u>4,394,000</u>   |
| <b>Totals</b>          | <b>37</b>    | <b>44,182</b> |                       |                   | <b>16,804,000</b>  |

**NET REALISATION** **16,804,000**

**OUTLAY****ACQUISITION COSTS**

|                                    |          |
|------------------------------------|----------|
| Residualised Price (Negative land) | (72,688) |
|                                    | (72,688) |

**CONSTRUCTION COSTS**

| <b>Construction</b>             | <b>ft²</b> | <b>Build Rate ft²</b> | <b>Cost</b>       |
|---------------------------------|------------|-----------------------|-------------------|
| Construction                    | 45,133     | 263.49                | 11,891,994        |
|                                 |            |                       | <b>11,891,994</b> |
| CIL                             |            |                       | 85,127            |
|                                 |            |                       | 85,127            |
| <b>Section 106 Costs</b>        |            |                       |                   |
| S106/S278 Highways Contribution |            |                       | 65,000            |
| S106 SPA Mitigation             |            |                       | 15,000            |
|                                 |            |                       | 80,000            |

**PROFESSIONAL FEES**

|                   |        |           |
|-------------------|--------|-----------|
| Professional Fees | 10.00% | 1,189,199 |
|                   |        | 1,189,199 |

**DISPOSAL FEES**

|                             |                    |         |
|-----------------------------|--------------------|---------|
| Sales Agent & Marketing Fee | 3.00%              | 372,300 |
| AH Disposal Fee             |                    | 17,500  |
| Sales Legal Fee             | 19 un 1,000.00 /un | 19,000  |
|                             |                    | 408,800 |

**FINANCE**

| <b>Timescale</b> | <b>Duration</b> | <b>Commences</b> |
|------------------|-----------------|------------------|
| Purchase         | 1               | Mar 2023         |



Liss Nursery, Land at Petersfield Road - Viability Appraisal

|                  |    |          |
|------------------|----|----------|
| Pre-Construction | 5  | Apr 2023 |
| Construction     | 15 | Sep 2023 |
| Sale             | 6  | Dec 2024 |
| Total Duration   | 27 |          |

|   |         |
|---|---------|
| Debit Rate 7.000%, Credit Rate 0.000% (Nominal) |         |
| Total Finance Cost                              | 475,794 |

TOTAL COSTS

14,058,226

PROFIT

2,745,774

Performance Measures

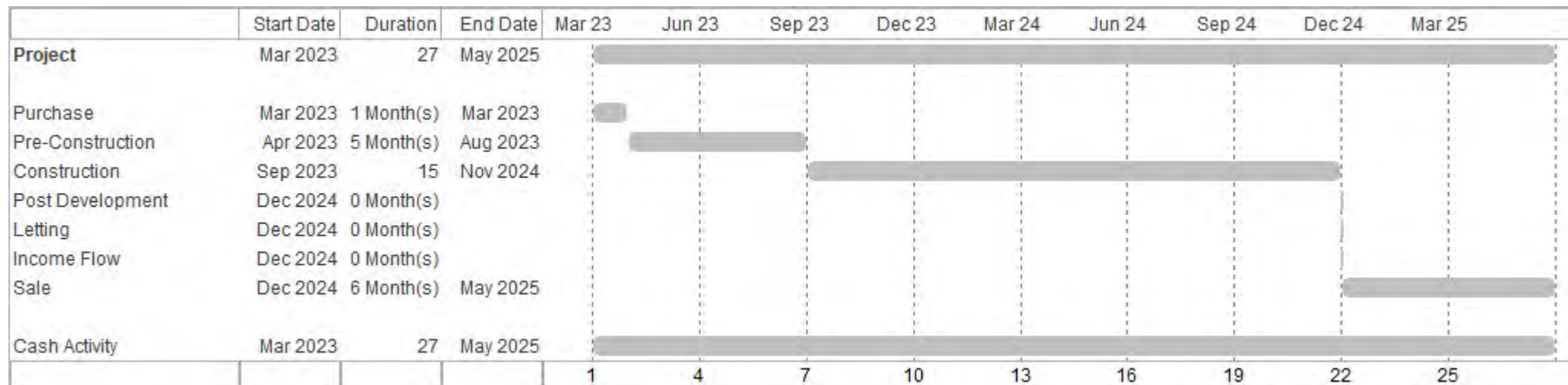
|                                     |              |
|-------------------------------------|--------------|
| Profit on Cost%                     | 19.53%       |
| Profit on GDV%                      | 16.34%       |
| Profit on NDV%                      | 16.34%       |
| IRR% (without Interest)             | 38.64%       |
| Profit Erosion (finance rate 7.000) | 2 yrs 7 mths |

## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Project Timescale

|                                    |           |
|------------------------------------|-----------|
| Project Start Date                 | Mar 2023  |
| Project End Date                   | May 2025  |
| Project Duration (Inc Exit Period) | 27 months |

## 2. Scenario 2 - 48.6% AH, 100% shared ownership units



## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Grouped Cash Flow Phase 2 (Scenario 2 - 48.6% AH, 100% shared ownership units)

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| Monthly B/F                         | 001:Mar 2023  | 002:Apr 2023 | 003:May 2023 | 004:Jun 2023 | 005:Jul 2023 | 006:Aug 2023 | 007:Sep 2023     | 008:Oct 2023     | 009:Nov 2023     |
|-------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|------------------|------------------|------------------|
|                                     | 0             | 72,688       | 72,688       | 72,688       | 72,688       | 72,688       | 72,688           | (800,572)        | (1,722,633)      |
| <b>Sales Valuation</b>              |               |              |              |              |              |              |                  |                  |                  |
| Unit Sales                          | 0             | 0            | 0            | 0            | 0            | 0            | 0                | 0                | 0                |
|                                     | <b>0</b>      | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>TOTAL REVENUE</b>                | <b>0</b>      | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Acquisition Costs</b>            |               |              |              |              |              |              |                  |                  |                  |
| Residualised Price                  | 72,688        | 0            | 0            | 0            | 0            | 0            | 0                | 0                | 0                |
|                                     | <b>72,688</b> | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Construction Costs</b>           |               |              |              |              |              |              |                  |                  |                  |
| Construction Costs                  | 0             | 0            | 0            | 0            | 0            | 0            | (792,800)        | (792,800)        | (792,800)        |
|                                     | <b>0</b>      | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>(792,800)</b> | <b>(792,800)</b> | <b>(792,800)</b> |
| <b>Other Construction Costs</b>     |               |              |              |              |              |              |                  |                  |                  |
| Statutory/LA                        | 0             | 0            | 0            | 0            | 0            | 0            | 0                | (42,564)         | 0                |
| Section 106 Costs                   | 0             | 0            | 0            | 0            | 0            | 0            | (1,181)          | (2,747)          | (4,089)          |
|                                     | <b>0</b>      | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>(1,181)</b>   | <b>(45,311)</b>  | <b>(4,089)</b>   |
| <b>TOTAL CONSTRUCTION COSTS</b>     | <b>0</b>      | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>(793,980)</b> | <b>(838,110)</b> | <b>(796,888)</b> |
| <b>Professional Fees</b>            |               |              |              |              |              |              |                  |                  |                  |
| Architect                           | 0             | 0            | 0            | 0            | 0            | 0            | (79,280)         | (79,280)         | (79,280)         |
|                                     | <b>0</b>      | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>(79,280)</b>  | <b>(79,280)</b>  | <b>(79,280)</b>  |
| <b>Sales Costs and Fees</b>         |               |              |              |              |              |              |                  |                  |                  |
| Sales Agent Fee                     | 0             | 0            | 0            | 0            | 0            | 0            | 0                | 0                | 0                |
| Sales Legal Fee                     | 0             | 0            | 0            | 0            | 0            | 0            | 0                | 0                | 0                |
|                                     | <b>0</b>      | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>TOTAL COSTS</b>                  | <b>72,688</b> | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>(873,260)</b> | <b>(917,390)</b> | <b>(876,168)</b> |
| <b>Net Cash Flow Before Finance</b> | <b>72,688</b> | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>(873,260)</b> | <b>(917,390)</b> | <b>(876,168)</b> |
| Debit Rate 7.000%                   | 7.000%        | 7.000%       | 7.000%       | 7.000%       | 7.000%       | 7.000%       | 7.000%           | 7.000%           | 7.000%           |
| Credit Rate 0.000%                  | 0.000%        | 0.000%       | 0.000%       | 0.000%       | 0.000%       | 0.000%       | 0.000%           | 0.000%           | 0.000%           |
| Finance Costs (All Sets)            | 0             | 0            | 0            | 0            | 0            | 0            | 0                | (4,670)          | (10,021)         |
| <b>Net Cash Flow After Finance</b>  | <b>72,688</b> | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>(873,260)</b> | <b>(922,060)</b> | <b>(886,190)</b> |
| Cumulative Net Cash Flow Monthly    | 72,688        | 72,688       | 72,688       | 72,688       | 72,688       | 72,688       | (800,572)        | (1,722,633)      | (2,608,822)      |

## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Grouped Cash Flow Phase 2 (Scenario 2 - 48.6% AH, 100% shared ownership units)

Page A 2

| Monthly B/F                         | 010:Dec 2023<br>(2,608,822) | 011:Jan 2024<br>(3,543,890) | 012:Feb 2024<br>(4,442,652) | 013:Mar 2024<br>(5,347,205) | 014:Apr 2024<br>(4,931,797) | 015:May 2024<br>(5,496,189) | 016:Jun 2024<br>(6,063,711) | 017:Jul 2024<br>(6,634,607) | 018:Aug 2024<br>(7,208,183) |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Sales Valuation</b>              |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Unit Sales                          | 0                           | 0                           | 0                           | 1,318,200                   | 341,756                     | 341,756                     | 341,756                     | 341,756                     | 341,756                     |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>1,318,200</b>            | <b>341,756</b>              | <b>341,756</b>              | <b>341,756</b>              | <b>341,756</b>              | <b>341,756</b>              |
| <b>TOTAL REVENUE</b>                | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>1,318,200</b>            | <b>341,756</b>              | <b>341,756</b>              | <b>341,756</b>              | <b>341,756</b>              | <b>341,756</b>              |
| <b>Acquisition Costs</b>            |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Residualised Price                  | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    |
| <b>Construction Costs</b>           |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Construction Costs                  | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   |
|                                     | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            |
| <b>Other Construction Costs</b>     |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Statutory/LA                        | (42,564)                    | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           |
| Section 106 Costs                   | (5,206)                     | (6,099)                     | (6,767)                     | (7,210)                     | (7,429)                     | (7,424)                     | (7,193)                     | (6,739)                     | (6,059)                     |
|                                     | <b>(47,770)</b>             | <b>(6,099)</b>              | <b>(6,767)</b>              | <b>(7,210)</b>              | <b>(7,429)</b>              | <b>(7,424)</b>              | <b>(7,193)</b>              | <b>(6,739)</b>              | <b>(6,059)</b>              |
| <b>TOTAL CONSTRUCTION COSTS</b>     | <b>(840,569)</b>            | <b>(798,898)</b>            | <b>(799,566)</b>            | <b>(800,010)</b>            | <b>(800,229)</b>            | <b>(800,223)</b>            | <b>(799,993)</b>            | <b>(799,538)</b>            | <b>(798,859)</b>            |
| <b>Professional Fees</b>            |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Architect                           | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    |
|                                     | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             |
| <b>Sales Costs and Fees</b>         |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Sales Agent Fee                     | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           |
| Sales Legal Fee                     | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    |
| <b>TOTAL COSTS</b>                  | <b>(919,849)</b>            | <b>(878,178)</b>            | <b>(878,846)</b>            | <b>(879,290)</b>            | <b>(879,509)</b>            | <b>(879,503)</b>            | <b>(879,273)</b>            | <b>(878,818)</b>            | <b>(878,139)</b>            |
| <b>Net Cash Flow Before Finance</b> | <b>(919,849)</b>            | <b>(878,178)</b>            | <b>(878,846)</b>            | <b>438,910</b>              | <b>(537,753)</b>            | <b>(537,748)</b>            | <b>(537,517)</b>            | <b>(537,063)</b>            | <b>(536,383)</b>            |
| Debit Rate 7.000%                   | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      |
| Credit Rate 0.000%                  | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      |
| Finance Costs (All Sets)            | (15,218)                    | (20,584)                    | (25,707)                    | (23,503)                    | (26,638)                    | (29,775)                    | (33,378)                    | (36,514)                    | (39,646)                    |
| <b>Net Cash Flow After Finance</b>  | <b>(935,067)</b>            | <b>(898,762)</b>            | <b>(904,553)</b>            | <b>415,408</b>              | <b>(564,391)</b>            | <b>(567,523)</b>            | <b>(570,896)</b>            | <b>(573,576)</b>            | <b>(576,030)</b>            |
| Cumulative Net Cash Flow Monthly    | (3,543,890)                 | (4,442,652)                 | (5,347,205)                 | (4,931,797)                 | (5,496,189)                 | (6,063,711)                 | (6,634,607)                 | (7,208,183)                 | (7,784,213)                 |



## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Grouped Cash Flow Phase 2 (Scenario 2 - 48.6% AH, 100% shared ownership units)

Page A 3

| Monthly B/F                         | 019:Sep 2024<br>(7,784,213) | 020:Oct 2024<br>(8,363,107) | 021:Nov 2024<br>(8,943,996) | 022:Dec 2024<br>(9,526,649) | 023:Jan 2025<br>(5,641,945) | 024:Feb 2025<br>(3,979,257) | 025:Mar 2025<br>(2,306,739) | 026:Apr 2025<br>(624,782) | 027:May 2025<br>1,060,496 |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| <b>Sales Valuation</b>              |                             |                             |                             |                             |                             |                             |                             |                           |                           |
| Unit Sales                          | 341,756                     | 341,756                     | 341,756                     | 4,064,756                   | 1,737,400                   | 1,737,400                   | 1,737,400                   | 1,737,400                 | 1,737,400                 |
|                                     | <b>341,756</b>              | <b>341,756</b>              | <b>341,756</b>              | <b>4,064,756</b>            | <b>1,737,400</b>            | <b>1,737,400</b>            | <b>1,737,400</b>            | <b>1,737,400</b>          | <b>1,737,400</b>          |
| <b>TOTAL REVENUE</b>                | <b>341,756</b>              | <b>341,756</b>              | <b>341,756</b>              | <b>4,064,756</b>            | <b>1,737,400</b>            | <b>1,737,400</b>            | <b>1,737,400</b>            | <b>1,737,400</b>          | <b>1,737,400</b>          |
| <b>Acquisition Costs</b>            |                             |                             |                             |                             |                             |                             |                             |                           |                           |
| Residualised Price                  | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Construction Costs</b>           |                             |                             |                             |                             |                             |                             |                             |                           |                           |
| Construction Costs                  | (792,800)                   | (792,800)                   | (792,800)                   | 0                           | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Other Construction Costs</b>     |                             |                             |                             |                             |                             |                             |                             |                           |                           |
| Statutory/LA                        | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                         | 0                         |
| Section 106 Costs                   | (5,156)                     | (4,027)                     | (2,674)                     | 0                           | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>(5,156)</b>              | <b>(4,027)</b>              | <b>(2,674)</b>              | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>TOTAL CONSTRUCTION COSTS</b>     | <b>(797,955)</b>            | <b>(796,827)</b>            | <b>(795,474)</b>            | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Professional Fees</b>            |                             |                             |                             |                             |                             |                             |                             |                           |                           |
| Architect                           | (79,280)                    | (79,280)                    | (79,280)                    | 0                           | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Sales Costs and Fees</b>         |                             |                             |                             |                             |                             |                             |                             |                           |                           |
| Sales Agent Fee                     | 0                           | 0                           | 0                           | (129,190)                   | (52,122)                    | (52,122)                    | (52,122)                    | (52,122)                  | (52,122)                  |
| Sales Legal Fee                     | 0                           | 0                           | 0                           | (19,000)                    | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>(148,190)</b>            | <b>(52,122)</b>             | <b>(52,122)</b>             | <b>(52,122)</b>             | <b>(52,122)</b>           | <b>(52,122)</b>           |
| <b>TOTAL COSTS</b>                  | <b>(877,235)</b>            | <b>(876,107)</b>            | <b>(874,754)</b>            | <b>(148,190)</b>            | <b>(52,122)</b>             | <b>(52,122)</b>             | <b>(52,122)</b>             | <b>(52,122)</b>           | <b>(52,122)</b>           |
| <b>Net Cash Flow Before Finance</b> | <b>(535,480)</b>            | <b>(534,351)</b>            | <b>(532,998)</b>            | <b>3,916,566</b>            | <b>1,685,278</b>            | <b>1,685,278</b>            | <b>1,685,278</b>            | <b>1,685,278</b>          | <b>1,685,278</b>          |
| Debit Rate 7.000%                   | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                    | 7.000%                    |
| Credit Rate 0.000%                  | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                    | 0.000%                    |
| Finance Costs (All Sets)            | (43,414)                    | (46,538)                    | (49,655)                    | (31,861)                    | (22,591)                    | (12,760)                    | (3,321)                     | 0                         | 0                         |
| <b>Net Cash Flow After Finance</b>  | <b>(578,894)</b>            | <b>(580,889)</b>            | <b>(582,653)</b>            | <b>3,884,705</b>            | <b>1,662,687</b>            | <b>1,672,518</b>            | <b>1,681,957</b>            | <b>1,685,278</b>          | <b>1,685,278</b>          |
| Cumulative Net Cash Flow Monthly    | (8,363,107)                 | (8,943,996)                 | (9,526,649)                 | (5,641,945)                 | (3,979,257)                 | (2,306,739)                 | (624,782)                   | 1,060,496                 | 2,745,774                 |

# Liss Nursery, Land at Petersfield Road - Viability Appraisal

Development Appraisal  
CBRE  
21 April 2023

**Liss Nursery, Land at Petersfield Road - Viability Appraisal**
**Appraisal Summary for Phase 3 Scenario 3 - 21.6% AH Provision (8 x SO units)**
**Currency in £**
**REVENUE**

| <b>Sales Valuation</b> | <b>Units</b> | <b>ft²</b>    | <b>Sales Rate ft²</b> | <b>Unit Price</b> | <b>Gross Sales</b> |
|------------------------|--------------|---------------|-----------------------|-------------------|--------------------|
| Private Units          | 29           | 37,525        | 440.51                | 570,000           | 16,530,000         |
| Shared Ownership Units | <u>8</u>     | <u>6,656</u>  | 272.61                | 226,812           | <u>1,814,500</u>   |
| <b>Totals</b>          | <b>37</b>    | <b>44,181</b> |                       |                   | <b>18,344,500</b>  |

**NET REALISATION** **18,344,500**
**OUTLAY**
**ACQUISITION COSTS**

|                           |  |       |         |         |
|---------------------------|--|-------|---------|---------|
| Residualised Price        |  |       | 458,207 |         |
|                           |  |       |         | 458,207 |
| Stamp Duty                |  |       | 12,410  |         |
| Effective Stamp Duty Rate |  | 2.71% |         |         |
| Agent Fee                 |  | 1.00% | 4,582   |         |
| Legal Fee                 |  | 0.80% | 3,666   |         |
|                           |  |       |         | 20,658  |

**CONSTRUCTION COSTS**

| <b>Construction</b>             | <b>ft²</b> | <b>Build Rate ft²</b> | <b>Cost</b> |            |
|---------------------------------|------------|-----------------------|-------------|------------|
| Construction                    | 44,176     | 269.20                | 11,891,994  |            |
| CIL                             |            |                       | 112,689     |            |
|                                 |            |                       |             | 12,004,683 |
| <b>Section 106 Costs</b>        |            |                       |             |            |
| S106/S278 Highways Contribution |            |                       | 65,000      |            |
| S106 SPA Mitigation             |            |                       | 15,000      |            |
|                                 |            |                       |             | 80,000     |

**PROFESSIONAL FEES**

|                   |  |        |           |           |
|-------------------|--|--------|-----------|-----------|
| Professional Fees |  | 10.00% | 1,189,199 |           |
|                   |  |        |           | 1,189,199 |

**DISPOSAL FEES**

|                             |       |              |         |         |
|-----------------------------|-------|--------------|---------|---------|
| Sales Agent & Marketing Fee |       | 3.00%        | 495,900 |         |
| AH Disposal Fee             |       |              | 17,500  |         |
| Sales Legal Fee             | 29 un | 1,000.00 /un | 29,000  |         |
|                             |       |              |         | 542,400 |

**Liss Nursery, Land at Petersfield Road - Viability Appraisal**
**FINANCE**

| <b>Timescale</b> | <b>Duration</b> | <b>Commences</b> |
|------------------|-----------------|------------------|
| Purchase         | 1               | Mar 2023         |
| Pre-Construction | 5               | Apr 2023         |
| Construction     | 15              | Sep 2023         |
| Sale             | 6               | Dec 2024         |
| Total Duration   | 27              |                  |

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)

Total Finance Cost 659,289

**TOTAL COSTS 14,954,436**

**PROFIT 3,390,064**

**Performance Measures**

|                 |        |
|-----------------|--------|
| Profit on Cost% | 22.67% |
| Profit on GDV%  | 18.48% |
| Profit on NDV%  | 18.48% |

IRR% (without Interest) 36.37%

Profit Erosion (finance rate 7.000) 2 yrs 11 mths

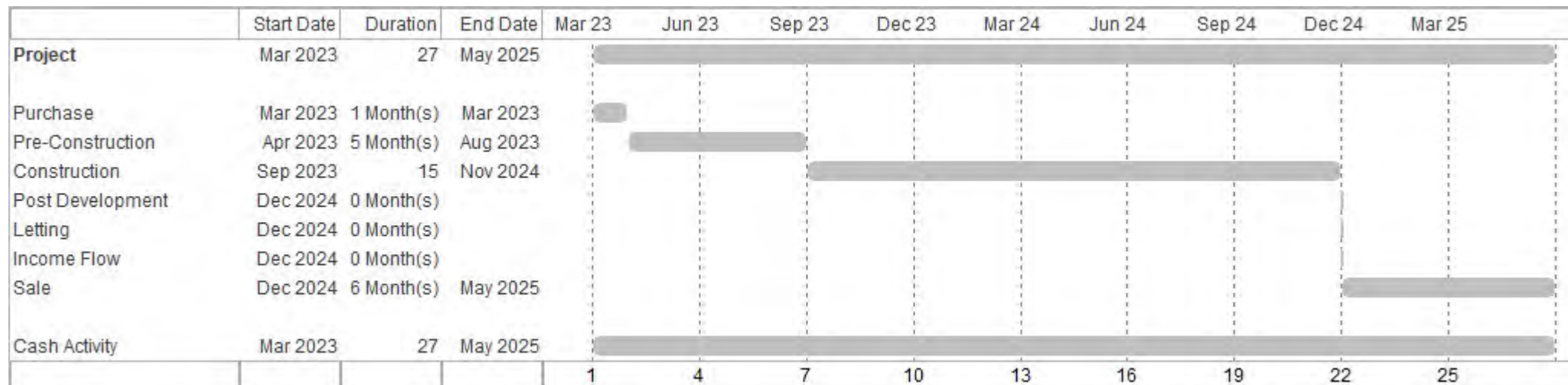


## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Project Timescale

|                                    |           |
|------------------------------------|-----------|
| Project Start Date                 | Mar 2023  |
| Project End Date                   | May 2025  |
| Project Duration (Inc Exit Period) | 27 months |

## 3. Scenario 3 - 21.6% AH Provision (8 x SO units)



## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Grouped Cash Flow Phase 3 (Scenario 3 - 21.6% AH Provision (8 x SO units))

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| Monthly B/F                         | 001:Mar 2023     | 002:Apr 2023   | 003:May 2023   | 004:Jun 2023   | 005:Jul 2023   | 006:Aug 2023   | 007:Sep 2023     | 008:Oct 2023     | 009:Nov 2023     |
|-------------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|
|                                     | 0                | (478,865)      | (481,658)      | (484,451)      | (487,277)      | (490,103)      | (492,929)        | (1,369,065)      | (2,308,206)      |
| <b>Sales Valuation</b>              |                  |                |                |                |                |                |                  |                  |                  |
| Unit Sales                          | 0                | 0              | 0              | 0              | 0              | 0              | 0                | 0                | 0                |
|                                     | <b>0</b>         | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>TOTAL REVENUE</b>                | <b>0</b>         | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Acquisition Costs</b>            |                  |                |                |                |                |                |                  |                  |                  |
| Residualised Price                  | (458,207)        | 0              | 0              | 0              | 0              | 0              | 0                | 0                | 0                |
| Stamp Duty                          | (12,410)         | 0              | 0              | 0              | 0              | 0              | 0                | 0                | 0                |
| Acquisition Fees                    | (8,248)          | 0              | 0              | 0              | 0              | 0              | 0                | 0                | 0                |
|                                     | <b>(478,865)</b> | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Construction Costs</b>           |                  |                |                |                |                |                |                  |                  |                  |
| Construction Costs                  | 0                | 0              | 0              | 0              | 0              | 0              | (792,800)        | (792,800)        | (792,800)        |
|                                     | <b>0</b>         | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>(792,800)</b> | <b>(792,800)</b> | <b>(792,800)</b> |
| <b>Other Construction Costs</b>     |                  |                |                |                |                |                |                  |                  |                  |
| Statutory/LA                        | 0                | 0              | 0              | 0              | 0              | 0              | 0                | (56,345)         | 0                |
| Section 106 Costs                   | 0                | 0              | 0              | 0              | 0              | 0              | (1,181)          | (2,747)          | (4,089)          |
|                                     | <b>0</b>         | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>(1,181)</b>   | <b>(59,092)</b>  | <b>(4,089)</b>   |
| <b>TOTAL CONSTRUCTION COSTS</b>     | <b>0</b>         | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>(793,980)</b> | <b>(851,891)</b> | <b>(796,888)</b> |
| <b>Professional Fees</b>            |                  |                |                |                |                |                |                  |                  |                  |
| Architect                           | 0                | 0              | 0              | 0              | 0              | 0              | (79,280)         | (79,280)         | (79,280)         |
|                                     | <b>0</b>         | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>(79,280)</b>  | <b>(79,280)</b>  | <b>(79,280)</b>  |
| <b>Sales Costs and Fees</b>         |                  |                |                |                |                |                |                  |                  |                  |
| Sales Agent Fee                     | 0                | 0              | 0              | 0              | 0              | 0              | 0                | 0                | 0                |
| Sales Legal Fee                     | 0                | 0              | 0              | 0              | 0              | 0              | 0                | 0                | 0                |
|                                     | <b>0</b>         | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>TOTAL COSTS</b>                  | <b>(478,865)</b> | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>(873,260)</b> | <b>(931,171)</b> | <b>(876,168)</b> |
| <b>Net Cash Flow Before Finance</b> | <b>(478,865)</b> | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>(873,260)</b> | <b>(931,171)</b> | <b>(876,168)</b> |
| Debit Rate 7.000%                   | 7.000%           | 7.000%         | 7.000%         | 7.000%         | 7.000%         | 7.000%         | 7.000%           | 7.000%           | 7.000%           |
| Credit Rate 0.000%                  | 0.000%           | 0.000%         | 0.000%         | 0.000%         | 0.000%         | 0.000%         | 0.000%           | 0.000%           | 0.000%           |
| Finance Costs (All Sets)            | 0                | (2,793)        | (2,793)        | (2,826)        | (2,826)        | (2,826)        | (2,875)          | (7,969)          | (13,401)         |
| <b>Net Cash Flow After Finance</b>  | <b>(478,865)</b> | <b>(2,793)</b> | <b>(2,793)</b> | <b>(2,826)</b> | <b>(2,826)</b> | <b>(2,826)</b> | <b>(876,136)</b> | <b>(939,141)</b> | <b>(889,570)</b> |
| Cumulative Net Cash Flow Monthly    | (478,865)        | (481,658)      | (484,451)      | (487,277)      | (490,103)      | (492,929)      | (1,369,065)      | (2,308,206)      | (3,197,776)      |

## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Grouped Cash Flow Phase 3 (Scenario 3 - 21.6% AH Provision (8 x SO units))

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| Monthly B/F                         | 010:Dec 2023<br>(3,197,776) | 011:Jan 2024<br>(4,150,059) | 012:Feb 2024<br>(5,052,337) | 013:Mar 2024<br>(5,960,406) | 014:Apr 2024<br>(6,326,940) | 015:May 2024<br>(7,101,221) | 016:Jun 2024<br>(7,879,803) | 017:Jul 2024<br>(8,663,090) | 018:Aug 2024<br>(9,450,229) |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Sales Valuation</b>              |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Unit Sales                          | 0                           | 0                           | 0                           | 544,350                     | 141,128                     | 141,128                     | 141,128                     | 141,128                     | 141,128                     |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>544,350</b>              | <b>141,128</b>              | <b>141,128</b>              | <b>141,128</b>              | <b>141,128</b>              | <b>141,128</b>              |
| <b>TOTAL REVENUE</b>                | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>544,350</b>              | <b>141,128</b>              | <b>141,128</b>              | <b>141,128</b>              | <b>141,128</b>              | <b>141,128</b>              |
| <b>Acquisition Costs</b>            |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Residualised Price                  | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           |
| Stamp Duty                          | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           |
| Acquisition Fees                    | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    |
| <b>Construction Costs</b>           |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Construction Costs                  | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   |
|                                     | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            |
| <b>Other Construction Costs</b>     |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Statutory/LA                        | (56,345)                    | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           |
| Section 106 Costs                   | (5,206)                     | (6,099)                     | (6,767)                     | (7,210)                     | (7,429)                     | (7,424)                     | (7,193)                     | (6,739)                     | (6,059)                     |
|                                     | <b>(61,551)</b>             | <b>(6,099)</b>              | <b>(6,767)</b>              | <b>(7,210)</b>              | <b>(7,429)</b>              | <b>(7,424)</b>              | <b>(7,193)</b>              | <b>(6,739)</b>              | <b>(6,059)</b>              |
| <b>TOTAL CONSTRUCTION COSTS</b>     | <b>(854,350)</b>            | <b>(798,898)</b>            | <b>(799,566)</b>            | <b>(800,010)</b>            | <b>(800,229)</b>            | <b>(800,223)</b>            | <b>(799,993)</b>            | <b>(799,538)</b>            | <b>(798,859)</b>            |
| <b>Professional Fees</b>            |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Architect                           | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    |
|                                     | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             |
| <b>Sales Costs and Fees</b>         |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Sales Agent Fee                     | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           |
| Sales Legal Fee                     | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    |
| <b>TOTAL COSTS</b>                  | <b>(933,630)</b>            | <b>(878,178)</b>            | <b>(878,846)</b>            | <b>(879,290)</b>            | <b>(879,509)</b>            | <b>(879,503)</b>            | <b>(879,273)</b>            | <b>(878,818)</b>            | <b>(878,139)</b>            |
| <b>Net Cash Flow Before Finance</b> | <b>(933,630)</b>            | <b>(878,178)</b>            | <b>(878,846)</b>            | <b>(334,940)</b>            | <b>(738,381)</b>            | <b>(738,375)</b>            | <b>(738,145)</b>            | <b>(737,690)</b>            | <b>(737,011)</b>            |
| Debit Rate 7.000%                   | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      |
| Credit Rate 0.000%                  | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      |
| Finance Costs (All Sets)            | (18,654)                    | (24,100)                    | (29,223)                    | (31,594)                    | (35,900)                    | (40,207)                    | (45,142)                    | (49,448)                    | (53,751)                    |
| <b>Net Cash Flow After Finance</b>  | <b>(952,284)</b>            | <b>(902,278)</b>            | <b>(908,069)</b>            | <b>(366,534)</b>            | <b>(774,281)</b>            | <b>(778,582)</b>            | <b>(783,288)</b>            | <b>(787,139)</b>            | <b>(790,763)</b>            |
| Cumulative Net Cash Flow Monthly    | (4,150,059)                 | (5,052,337)                 | (5,960,406)                 | (6,326,940)                 | (7,101,221)                 | (7,879,803)                 | (8,663,090)                 | (9,450,229)                 | (10,240,991)                |

## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Grouped Cash Flow Phase 3 (Scenario 3 - 21.6% AH Provision (8 x SO units))

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| Monthly B/F                         | 019:Sep 2024<br>(10,240,991) | 020:Oct 2024<br>(11,036,015) | 021:Nov 2024<br>(11,834,203) | 022:Dec 2024<br>(12,635,327) | 023:Jan 2025<br>(8,695,840) | 024:Feb 2025<br>(5,969,985) | 025:Mar 2025<br>(3,228,031) | 026:Apr 2025<br>(470,570) | 027:May 2025<br>2,289,097 |
|-------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| <b>Sales Valuation</b>              |                              |                              |                              |                              |                             |                             |                             |                           |                           |
| Unit Sales                          | 141,128                      | 141,128                      | 141,128                      | 4,131,128                    | 2,850,000                   | 2,850,000                   | 2,850,000                   | 2,850,000                 | 1,140,000                 |
|                                     | <b>141,128</b>               | <b>141,128</b>               | <b>141,128</b>               | <b>4,131,128</b>             | <b>2,850,000</b>            | <b>2,850,000</b>            | <b>2,850,000</b>            | <b>2,850,000</b>          | <b>1,140,000</b>          |
| <b>TOTAL REVENUE</b>                | <b>141,128</b>               | <b>141,128</b>               | <b>141,128</b>               | <b>4,131,128</b>             | <b>2,850,000</b>            | <b>2,850,000</b>            | <b>2,850,000</b>            | <b>2,850,000</b>          | <b>1,140,000</b>          |
| <b>Acquisition Costs</b>            |                              |                              |                              |                              |                             |                             |                             |                           |                           |
| Residualised Price                  | 0                            | 0                            | 0                            | 0                            | 0                           | 0                           | 0                           | 0                         | 0                         |
| Stamp Duty                          | 0                            | 0                            | 0                            | 0                            | 0                           | 0                           | 0                           | 0                         | 0                         |
| Acquisition Fees                    | 0                            | 0                            | 0                            | 0                            | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>0</b>                     | <b>0</b>                     | <b>0</b>                     | <b>0</b>                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Construction Costs</b>           |                              |                              |                              |                              |                             |                             |                             |                           |                           |
| Construction Costs                  | (792,800)                    | (792,800)                    | (792,800)                    | 0                            | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>(792,800)</b>             | <b>(792,800)</b>             | <b>(792,800)</b>             | <b>0</b>                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Other Construction Costs</b>     |                              |                              |                              |                              |                             |                             |                             |                           |                           |
| Statutory/LA                        | 0                            | 0                            | 0                            | 0                            | 0                           | 0                           | 0                           | 0                         | 0                         |
| Section 106 Costs                   | (5,156)                      | (4,027)                      | (2,674)                      | 0                            | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>(5,156)</b>               | <b>(4,027)</b>               | <b>(2,674)</b>               | <b>0</b>                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>TOTAL CONSTRUCTION COSTS</b>     | <b>(797,955)</b>             | <b>(796,827)</b>             | <b>(795,474)</b>             | <b>0</b>                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Professional Fees</b>            |                              |                              |                              |                              |                             |                             |                             |                           |                           |
| Architect                           | (79,280)                     | (79,280)                     | (79,280)                     | 0                            | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>(79,280)</b>              | <b>(79,280)</b>              | <b>(79,280)</b>              | <b>0</b>                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Sales Costs and Fees</b>         |                              |                              |                              |                              |                             |                             |                             |                           |                           |
| Sales Agent Fee                     | 0                            | 0                            | 0                            | (137,200)                    | (85,500)                    | (85,500)                    | (85,500)                    | (85,500)                  | (34,200)                  |
| Sales Legal Fee                     | 0                            | 0                            | 0                            | (4,833)                      | (4,833)                     | (4,833)                     | (4,833)                     | (4,833)                   | (4,833)                   |
|                                     | <b>0</b>                     | <b>0</b>                     | <b>0</b>                     | <b>(142,033)</b>             | <b>(90,333)</b>             | <b>(90,333)</b>             | <b>(90,333)</b>             | <b>(90,333)</b>           | <b>(39,033)</b>           |
| <b>TOTAL COSTS</b>                  | <b>(877,235)</b>             | <b>(876,107)</b>             | <b>(874,754)</b>             | <b>(142,033)</b>             | <b>(90,333)</b>             | <b>(90,333)</b>             | <b>(90,333)</b>             | <b>(90,333)</b>           | <b>(39,033)</b>           |
| <b>Net Cash Flow Before Finance</b> | <b>(736,107)</b>             | <b>(734,979)</b>             | <b>(733,626)</b>             | <b>3,989,094</b>             | <b>2,759,667</b>            | <b>2,759,667</b>            | <b>2,759,667</b>            | <b>2,759,667</b>          | <b>1,100,967</b>          |
| Debit Rate 7.000%                   | 7.000%                       | 7.000%                       | 7.000%                       | 7.000%                       | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                    | 7.000%                    |
| Credit Rate 0.000%                  | 0.000%                       | 0.000%                       | 0.000%                       | 0.000%                       | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                    | 0.000%                    |
| Finance Costs (All Sets)            | (58,916)                     | (63,210)                     | (67,497)                     | (49,608)                     | (33,811)                    | (17,713)                    | (2,205)                     | 0                         | 0                         |
| <b>Net Cash Flow After Finance</b>  | <b>(795,023)</b>             | <b>(798,189)</b>             | <b>(801,123)</b>             | <b>3,939,487</b>             | <b>2,725,855</b>            | <b>2,741,953</b>            | <b>2,757,461</b>            | <b>2,759,667</b>          | <b>1,100,967</b>          |
| Cumulative Net Cash Flow Monthly    | (11,036,015)                 | (11,834,203)                 | (12,635,327)                 | (8,695,840)                  | (5,969,985)                 | (3,228,031)                 | (470,570)                   | 2,289,097                 | 3,390,064                 |

# Liss Nursery, Land at Petersfield Road - Viability Appraisal

Development Appraisal  
CBRE  
21 April 2023



**Liss Nursery, Land at Petersfield Road - Viability Appraisal**
**Appraisal Summary for Phase 4 Scenario 4 - 100% Open Market Scheme**
**Currency in £**
**REVENUE**

| <b>Sales Valuation</b> | <b>Units</b> | <b>ft²</b> | <b>Sales Rate ft²</b> | <b>Unit Price</b> | <b>Gross Sales</b> |
|------------------------|--------------|------------|-----------------------|-------------------|--------------------|
| Private Units          | 37           | 44,182     | 440.22                | 525,676           | 19,450,000         |

**NET REALISATION** **19,450,000**
**OUTLAY**
**ACQUISITION COSTS**

|                           |  |       |         |         |  |
|---------------------------|--|-------|---------|---------|--|
| Residualised Price        |  |       | 804,696 |         |  |
| Stamp Duty                |  |       | 29,735  | 804,696 |  |
| Effective Stamp Duty Rate |  | 3.70% |         |         |  |
| Agent Fee                 |  | 1.00% | 8,047   |         |  |
| Legal Fee                 |  | 0.80% | 6,438   |         |  |
|                           |  |       |         | 44,219  |  |

**CONSTRUCTION COSTS**

| <b>Construction</b> | <b>ft²</b> | <b>Build Rate ft²</b> | <b>Cost</b> |            |  |
|---------------------|------------|-----------------------|-------------|------------|--|
| Construction        | 44,176     | 269.20                | 11,891,994  |            |  |
| CIL                 |            |                       | 132,189     |            |  |
|                     |            |                       |             | 12,024,183 |  |

**Section 106 Costs**

|                                 |  |  |        |        |  |
|---------------------------------|--|--|--------|--------|--|
| S106/S278 Highways Contribution |  |  | 65,000 |        |  |
| S106 SPA Mitigation             |  |  | 15,000 |        |  |
|                                 |  |  |        | 80,000 |  |

**PROFESSIONAL FEES**

|                   |  |        |           |           |  |
|-------------------|--|--------|-----------|-----------|--|
| Professional Fees |  | 10.00% | 1,189,199 |           |  |
|                   |  |        |           | 1,189,199 |  |

**DISPOSAL FEES**

|                             |       |              |         |         |  |
|-----------------------------|-------|--------------|---------|---------|--|
| Sales Agent & Marketing Fee |       | 3.00%        | 583,500 |         |  |
| AH Disposal Fee             |       |              | 17,500  |         |  |
| Sales Legal Fee             | 37 un | 1,000.00 /un | 37,000  |         |  |
|                             |       |              |         | 638,000 |  |

**FINANCE**

| <b>Timescale</b> | <b>Duration</b> | <b>Commences</b> |
|------------------|-----------------|------------------|
|------------------|-----------------|------------------|

Liss Nursery, Land at Petersfield Road - Viability Appraisal

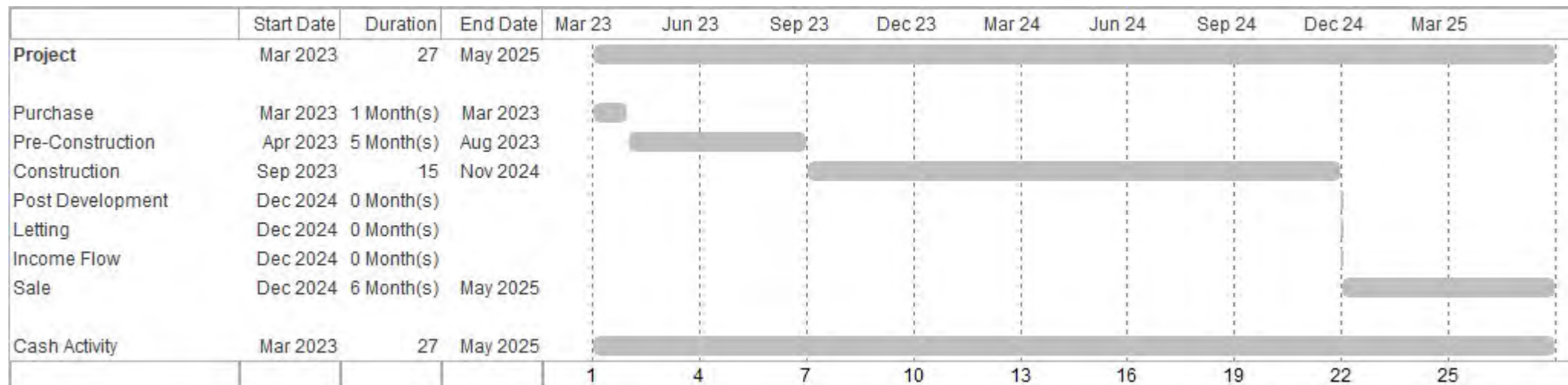
|   |    |              |            |
|---|----|--------------|------------|
| Purchase  | 1  | Mar 2023     |            |
| Pre-Construction                                | 5  | Apr 2023     |            |
| Construction                                    | 15 | Sep 2023     |            |
| Sale  | 6  | Dec 2024     |            |
| Total Duration                                  | 27 |              |            |
|   |    |              |            |
| Debit Rate 7.000%, Credit Rate 0.000% (Nominal) |    |              |            |
| Total Finance Cost                              |    |              | 779,702    |
|   |    |              |            |
| TOTAL COSTS                                     |    |              | 15,560,000 |
|   |    |              |            |
| PROFIT  |    |              | 3,890,000  |
|   |    |              |            |
| Performance Measures                            |    |              |            |
| Profit on Cost%                                 |    | 25.00%       |            |
| Profit on GDV%                                  |    | 20.00%       |            |
| Profit on NDV%                                  |    | 20.00%       |            |
|   |    |              |            |
| IRR% (without Interest)                         |    | 35.87%       |            |
|   |    |              |            |
| Profit Erosion (finance rate 7.000)             |    | 3 yrs 3 mths |            |

## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Project Timescale

|                                    |           |
|------------------------------------|-----------|
| Project Start Date                 | Mar 2023  |
| Project End Date                   | May 2025  |
| Project Duration (Inc Exit Period) | 27 months |

## 4. Scenario 4 - 100% Open Market Scheme



## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Grouped Cash Flow Phase 4 (Scenario 4 - 100% Open Market Scheme)

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| Monthly B/F                         | 001:Mar 2023     | 002:Apr 2023   | 003:May 2023   | 004:Jun 2023   | 005:Jul 2023   | 006:Aug 2023   | 007:Sep 2023     | 008:Oct 2023     | 009:Nov 2023     |
|-------------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|
|                                     | 0                | (848,915)      | (853,867)      | (858,819)      | (863,829)      | (868,839)      | (873,849)        | (1,752,207)      | (2,703,319)      |
| <b>Sales Valuation</b>              |                  |                |                |                |                |                |                  |                  |                  |
| Unit Sales                          | 0                | 0              | 0              | 0              | 0              | 0              | 0                | 0                | 0                |
|                                     | <b>0</b>         | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>TOTAL REVENUE</b>                | <b>0</b>         | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Acquisition Costs</b>            |                  |                |                |                |                |                |                  |                  |                  |
| Residualised Price                  | (804,696)        | 0              | 0              | 0              | 0              | 0              | 0                | 0                | 0                |
| Stamp Duty                          | (29,735)         | 0              | 0              | 0              | 0              | 0              | 0                | 0                | 0                |
| Acquisition Fees                    | (14,485)         | 0              | 0              | 0              | 0              | 0              | 0                | 0                | 0                |
|                                     | <b>(848,915)</b> | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Construction Costs</b>           |                  |                |                |                |                |                |                  |                  |                  |
| Construction Costs                  | 0                | 0              | 0              | 0              | 0              | 0              | (792,800)        | (792,800)        | (792,800)        |
|                                     | <b>0</b>         | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>(792,800)</b> | <b>(792,800)</b> | <b>(792,800)</b> |
| <b>Other Construction Costs</b>     |                  |                |                |                |                |                |                  |                  |                  |
| Statutory/LA                        | 0                | 0              | 0              | 0              | 0              | 0              | 0                | (66,095)         | 0                |
| Section 106 Costs                   | 0                | 0              | 0              | 0              | 0              | 0              | (1,181)          | (2,747)          | (4,089)          |
|                                     | <b>0</b>         | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>(1,181)</b>   | <b>(68,842)</b>  | <b>(4,089)</b>   |
| <b>TOTAL CONSTRUCTION COSTS</b>     | <b>0</b>         | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>(793,980)</b> | <b>(861,641)</b> | <b>(796,888)</b> |
| <b>Professional Fees</b>            |                  |                |                |                |                |                |                  |                  |                  |
| Architect                           | 0                | 0              | 0              | 0              | 0              | 0              | (79,280)         | (79,280)         | (79,280)         |
|                                     | <b>0</b>         | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>(79,280)</b>  | <b>(79,280)</b>  | <b>(79,280)</b>  |
| <b>Sales Costs and Fees</b>         |                  |                |                |                |                |                |                  |                  |                  |
| Sales Agent Fee                     | 0                | 0              | 0              | 0              | 0              | 0              | 0                | 0                | 0                |
| Sales Legal Fee                     | 0                | 0              | 0              | 0              | 0              | 0              | 0                | 0                | 0                |
|                                     | <b>0</b>         | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>TOTAL COSTS</b>                  | <b>(848,915)</b> | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>(873,260)</b> | <b>(940,921)</b> | <b>(876,168)</b> |
| <b>Net Cash Flow Before Finance</b> | <b>(848,915)</b> | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>(873,260)</b> | <b>(940,921)</b> | <b>(876,168)</b> |
| Debit Rate 7.000%                   | 7.000%           | 7.000%         | 7.000%         | 7.000%         | 7.000%         | 7.000%         | 7.000%           | 7.000%           | 7.000%           |
| Credit Rate 0.000%                  | 0.000%           | 0.000%         | 0.000%         | 0.000%         | 0.000%         | 0.000%         | 0.000%           | 0.000%           | 0.000%           |
| Finance Costs (All Sets)            | 0                | (4,952)        | (4,952)        | (5,010)        | (5,010)        | (5,010)        | (5,097)          | (10,191)         | (15,680)         |
| <b>Net Cash Flow After Finance</b>  | <b>(848,915)</b> | <b>(4,952)</b> | <b>(4,952)</b> | <b>(5,010)</b> | <b>(5,010)</b> | <b>(5,010)</b> | <b>(878,358)</b> | <b>(951,113)</b> | <b>(891,849)</b> |
| Cumulative Net Cash Flow Monthly    | (848,915)        | (853,867)      | (858,819)      | (863,829)      | (868,839)      | (873,849)      | (1,752,207)      | (2,703,319)      | (3,595,168)      |

## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Grouped Cash Flow Phase 4 (Scenario 4 - 100% Open Market Scheme)

Page A 2

| Monthly B/F                         | 010:Dec 2023<br>(3,595,168) | 011:Jan 2024<br>(4,559,520) | 012:Feb 2024<br>(5,464,173) | 013:Mar 2024<br>(6,374,617) | 014:Apr 2024<br>(7,291,092) | 015:May 2024<br>(8,212,915) | 016:Jun 2024<br>(9,139,863) | 017:Jul 2024<br>(10,072,452) | 018:Aug 2024<br>(11,009,715) |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|
| <b>Sales Valuation</b>              |                             |                             |                             |                             |                             |                             |                             |                              |                              |
| Unit Sales                          | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                            | 0                            |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                     | <b>0</b>                     |
| <b>TOTAL REVENUE</b>                | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                     | <b>0</b>                     |
| <b>Acquisition Costs</b>            |                             |                             |                             |                             |                             |                             |                             |                              |                              |
| Residualised Price                  | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                            | 0                            |
| Stamp Duty                          | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                            | 0                            |
| Acquisition Fees                    | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                            | 0                            |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                     | <b>0</b>                     |
| <b>Construction Costs</b>           |                             |                             |                             |                             |                             |                             |                             |                              |                              |
| Construction Costs                  | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                   | (792,800)                    | (792,800)                    |
|                                     | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>            | <b>(792,800)</b>             | <b>(792,800)</b>             |
| <b>Other Construction Costs</b>     |                             |                             |                             |                             |                             |                             |                             |                              |                              |
| Statutory/LA                        | (66,095)                    | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                            | 0                            |
| Section 106 Costs                   | (5,206)                     | (6,099)                     | (6,767)                     | (7,210)                     | (7,429)                     | (7,424)                     | (7,193)                     | (6,739)                      | (6,059)                      |
|                                     | <b>(71,301)</b>             | <b>(6,099)</b>              | <b>(6,767)</b>              | <b>(7,210)</b>              | <b>(7,429)</b>              | <b>(7,424)</b>              | <b>(7,193)</b>              | <b>(6,739)</b>               | <b>(6,059)</b>               |
| <b>TOTAL CONSTRUCTION COSTS</b>     | <b>(864,100)</b>            | <b>(798,898)</b>            | <b>(799,566)</b>            | <b>(800,010)</b>            | <b>(800,229)</b>            | <b>(800,223)</b>            | <b>(799,993)</b>            | <b>(799,538)</b>             | <b>(798,859)</b>             |
| <b>Professional Fees</b>            |                             |                             |                             |                             |                             |                             |                             |                              |                              |
| Architect                           | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                    | (79,280)                     | (79,280)                     |
|                                     | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>             | <b>(79,280)</b>              | <b>(79,280)</b>              |
| <b>Sales Costs and Fees</b>         |                             |                             |                             |                             |                             |                             |                             |                              |                              |
| Sales Agent Fee                     | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                            | 0                            |
| Sales Legal Fee                     | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                           | 0                            | 0                            |
|                                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                     | <b>0</b>                     |
| <b>TOTAL COSTS</b>                  | <b>(943,380)</b>            | <b>(878,178)</b>            | <b>(878,846)</b>            | <b>(879,290)</b>            | <b>(879,509)</b>            | <b>(879,503)</b>            | <b>(879,273)</b>            | <b>(878,818)</b>             | <b>(878,139)</b>             |
| <b>Net Cash Flow Before Finance</b> | <b>(943,380)</b>            | <b>(878,178)</b>            | <b>(878,846)</b>            | <b>(879,290)</b>            | <b>(879,509)</b>            | <b>(879,503)</b>            | <b>(879,273)</b>            | <b>(878,818)</b>             | <b>(878,139)</b>             |
| Debit Rate 7.000%                   | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                       | 7.000%                       |
| Credit Rate 0.000%                  | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                       | 0.000%                       |
| Finance Costs (All Sets)            | (20,972)                    | (26,475)                    | (31,598)                    | (37,185)                    | (42,314)                    | (47,445)                    | (53,316)                    | (58,445)                     | (63,571)                     |
| <b>Net Cash Flow After Finance</b>  | <b>(964,352)</b>            | <b>(904,653)</b>            | <b>(910,444)</b>            | <b>(916,475)</b>            | <b>(921,823)</b>            | <b>(926,948)</b>            | <b>(932,589)</b>            | <b>(937,263)</b>             | <b>(941,710)</b>             |
| Cumulative Net Cash Flow Monthly    | (4,559,520)                 | (5,464,173)                 | (6,374,617)                 | (7,291,092)                 | (8,212,915)                 | (9,139,863)                 | (10,072,452)                | (11,009,715)                 | (11,951,426)                 |



## Liss Nursery, Land at Petersfield Road - Viability Appraisal

## Grouped Cash Flow Phase 4 (Scenario 4 - 100% Open Market Scheme)

Page A 3

| Monthly B/F                         | 019:Sep 2024<br>(11,951,426) | 020:Oct 2024<br>(12,898,378) | 021:Nov 2024<br>(13,849,318) | 022:Dec 2024<br>(14,804,016) | 023:Jan 2025<br>(9,784,321) | 024:Feb 2025<br>(6,769,407) | 025:Mar 2025<br>(3,736,682) | 026:Apr 2025<br>(686,815) | 027:May 2025<br>2,366,450 |
|-------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| <b>Sales Valuation</b>              |                              |                              |                              |                              |                             |                             |                             |                           |                           |
| Unit Sales                          | 0                            | 0                            | 0                            | 5,256,757                    | 3,154,054                   | 3,154,054                   | 3,154,054                   | 3,154,054                 | 1,577,027                 |
|                                     | <b>0</b>                     | <b>0</b>                     | <b>0</b>                     | <b>5,256,757</b>             | <b>3,154,054</b>            | <b>3,154,054</b>            | <b>3,154,054</b>            | <b>3,154,054</b>          | <b>1,577,027</b>          |
| <b>TOTAL REVENUE</b>                | <b>0</b>                     | <b>0</b>                     | <b>0</b>                     | <b>5,256,757</b>             | <b>3,154,054</b>            | <b>3,154,054</b>            | <b>3,154,054</b>            | <b>3,154,054</b>          | <b>1,577,027</b>          |
| <b>Acquisition Costs</b>            |                              |                              |                              |                              |                             |                             |                             |                           |                           |
| Residualised Price                  | 0                            | 0                            | 0                            | 0                            | 0                           | 0                           | 0                           | 0                         | 0                         |
| Stamp Duty                          | 0                            | 0                            | 0                            | 0                            | 0                           | 0                           | 0                           | 0                         | 0                         |
| Acquisition Fees                    | 0                            | 0                            | 0                            | 0                            | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>0</b>                     | <b>0</b>                     | <b>0</b>                     | <b>0</b>                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Construction Costs</b>           |                              |                              |                              |                              |                             |                             |                             |                           |                           |
| Construction Costs                  | (792,800)                    | (792,800)                    | (792,800)                    | 0                            | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>(792,800)</b>             | <b>(792,800)</b>             | <b>(792,800)</b>             | <b>0</b>                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Other Construction Costs</b>     |                              |                              |                              |                              |                             |                             |                             |                           |                           |
| Statutory/LA                        | 0                            | 0                            | 0                            | 0                            | 0                           | 0                           | 0                           | 0                         | 0                         |
| Section 106 Costs                   | (5,156)                      | (4,027)                      | (2,674)                      | 0                            | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>(5,156)</b>               | <b>(4,027)</b>               | <b>(2,674)</b>               | <b>0</b>                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>TOTAL CONSTRUCTION COSTS</b>     | <b>(797,955)</b>             | <b>(796,827)</b>             | <b>(795,474)</b>             | <b>0</b>                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Professional Fees</b>            |                              |                              |                              |                              |                             |                             |                             |                           |                           |
| Architect                           | (79,280)                     | (79,280)                     | (79,280)                     | 0                            | 0                           | 0                           | 0                           | 0                         | 0                         |
|                                     | <b>(79,280)</b>              | <b>(79,280)</b>              | <b>(79,280)</b>              | <b>0</b>                     | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Sales Costs and Fees</b>         |                              |                              |                              |                              |                             |                             |                             |                           |                           |
| Sales Agent Fee                     | 0                            | 0                            | 0                            | (175,203)                    | (94,622)                    | (94,622)                    | (94,622)                    | (94,622)                  | (47,311)                  |
| Sales Legal Fee                     | 0                            | 0                            | 0                            | (6,167)                      | (6,167)                     | (6,167)                     | (6,167)                     | (6,167)                   | (6,167)                   |
|                                     | <b>0</b>                     | <b>0</b>                     | <b>0</b>                     | <b>(181,369)</b>             | <b>(100,788)</b>            | <b>(100,788)</b>            | <b>(100,788)</b>            | <b>(100,788)</b>          | <b>(53,477)</b>           |
| <b>TOTAL COSTS</b>                  | <b>(877,235)</b>             | <b>(876,107)</b>             | <b>(874,754)</b>             | <b>(181,369)</b>             | <b>(100,788)</b>            | <b>(100,788)</b>            | <b>(100,788)</b>            | <b>(100,788)</b>          | <b>(53,477)</b>           |
| <b>Net Cash Flow Before Finance</b> | <b>(877,235)</b>             | <b>(876,107)</b>             | <b>(874,754)</b>             | <b>5,075,387</b>             | <b>3,053,266</b>            | <b>3,053,266</b>            | <b>3,053,266</b>            | <b>3,053,266</b>          | <b>1,523,550</b>          |
| Debit Rate 7.000%                   | 7.000%                       | 7.000%                       | 7.000%                       | 7.000%                       | 7.000%                      | 7.000%                      | 7.000%                      | 7.000%                    | 7.000%                    |
| Credit Rate 0.000%                  | 0.000%                       | 0.000%                       | 0.000%                       | 0.000%                       | 0.000%                      | 0.000%                      | 0.000%                      | 0.000%                    | 0.000%                    |
| Finance Costs (All Sets)            | (69,717)                     | (74,834)                     | (79,944)                     | (55,692)                     | (38,352)                    | (20,541)                    | (3,399)                     | 0                         | 0                         |
| <b>Net Cash Flow After Finance</b>  | <b>(946,952)</b>             | <b>(950,941)</b>             | <b>(954,698)</b>             | <b>5,019,695</b>             | <b>3,014,914</b>            | <b>3,032,725</b>            | <b>3,049,867</b>            | <b>3,053,266</b>          | <b>1,523,550</b>          |
| Cumulative Net Cash Flow Monthly    | (12,898,378)                 | (13,849,318)                 | (14,804,016)                 | (9,784,321)                  | (6,769,407)                 | (3,736,682)                 | (686,815)                   | 2,366,450                 | 3,890,000                 |

## Appendix X

# Residential Development Land

savills

## Slowdown in the land market

Transactions in the land market have slowed significantly over the last quarter. The current economic uncertainty, increased costs and slower sales rates have led many parties to pause land buying in both regional and London markets.

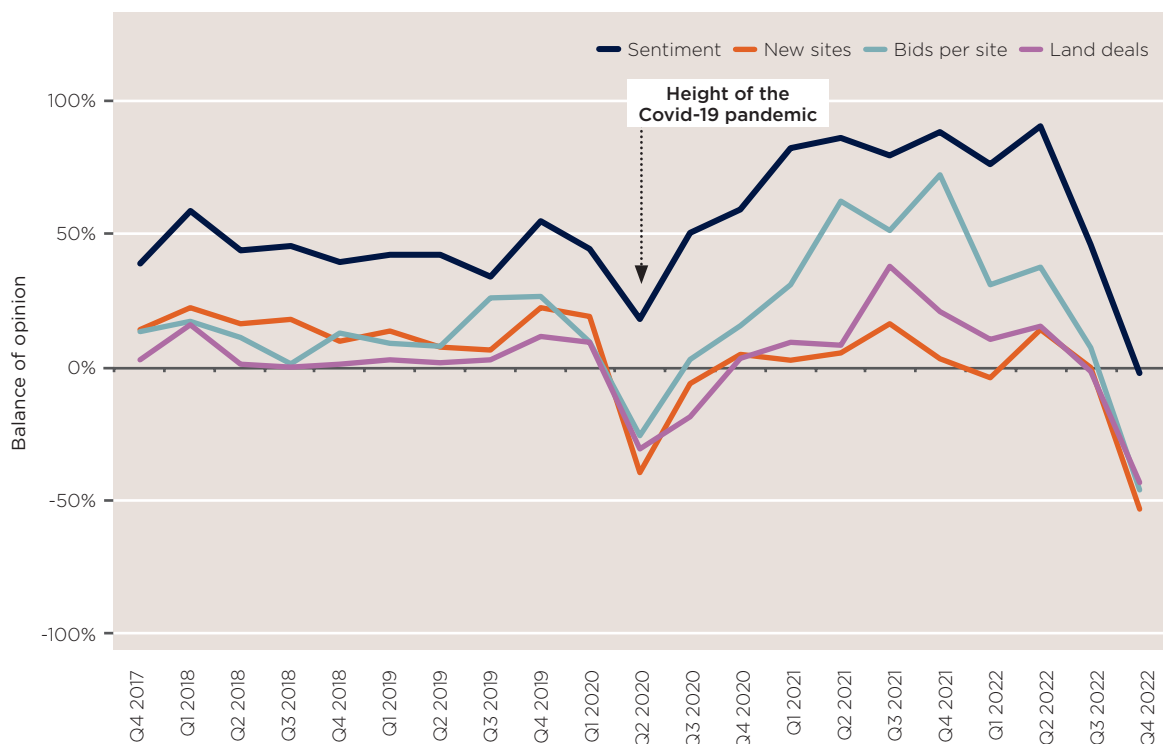
The net balance of Savills development agents reporting new sites launching onto the market fell to

its lowest levels seen in over 10 years, at -54%. In Q4 2022, Savills sold 10% fewer development sites than in Q4 2021. Recent market disruption has also led to some land deals falling through and an increase in deferred payment structures as parties look to manage risk as seen during the Covid-19 pandemic.

Although there is less transactional

evidence for land values this quarter, evidence indicates that development land values have started to fall as parties build greater risk into their land bids. UK greenfield and urban land values fell by -2.2% and -1.6% respectively in Q4 2022, taking annual growth to 2.0% and 2.7%. This marks the largest quarterly falls in land values in the index since Q2 2009.

### Current sentiment more subdued than during the height of the Covid-19 pandemic



Source: Savills Research

## UK land values

### UK land value growth



#### UK Greenfield

Q4 change -2.2%  
Annual change to December 2022 2.0%



#### UK Urban

Q4 change -1.6%  
Annual change to December 2022 2.7%

Source: Savills Research

### Focal points

Development news and analysis in brief



#### HIATUS IN THE LAND MARKET

The land market has slowed significantly over the last quarter, reflective of wider market uncertainty. Fewer new sites are being launched and Savills sold 10% fewer development sites in Q4 2022 versus Q4 2021.



#### LOWER DEVELOPMENT LAND VALUES

Development land values started to fall in Q4 2022 as demand tempered and parties built greater risk into their land bids. UK greenfield and urban land values fell by -2.2% and -1.6% respectively in Q4 2022.



#### MIXED DEVELOPMENT APPETITE

Some parties including those supported by private equity remain active in the land market, whilst others have paused land buying and are waiting for there to be more clarity in the housing market before deciding on their land buying strategy.

## Selective land buying

Over the last quarter, there has been noticeably less competition for many sites as parties adopt a much more cautious approach to land buying. The number of bids per site in Q4 2022 has continued to decrease in comparison to previous quarters. A net balance of 39% of Savills development agents reported a decrease in the number of bids in Q4 2022 compared to Q3 2022 (20%) and considerably lower than the immediate Covid-19 period in Q2 2020 when there was a net increase in the number of bids of 17%.

Development appetite is mixed. Some parties including private housebuilders and SMEs supported by private equity remain active in the land market and continue to acquire land, whilst many parties have paused land buying and are looking to take stock of market conditions over the next quarter. Although many of the major housebuilders have slowed their land buying, they are remaining active in regions where they have limited immediate land pipelines. Across both London and the regional markets, there are some opportunistic players

with cash looking to buy distressed sales, however there is little evidence of such sales in the land market yet.

Parties also continue to be increasingly selective about their requirements for land, prioritising sites within their normal size criteria and core markets. As a result, there is reduced appetite for sites in secondary and tertiary locations in many regional markets as players seek oven-ready sites with capacity for 100-300 units in primary locations where they are more confident about future sales rates.

## Wait and see: future performance of sales rates

The recent slowdown of new build sales rates has considerably impacted sentiment in the land market. Accompanying the recent house price falls in the wider market, activity has reduced, driven by higher interest rates and stretched mortgage affordability. Mortgage approvals fell by 28.6% in November compared to the 2018-2019 November average, according to the Bank of England. Over the course of the year, residential transactional volumes are forecast to fall to 870,000 and remain constrained, according to Savills forecasts.

In addition to restricted affordability and rising pressures on household incomes, the new build market is also challenged by the end of the Help to

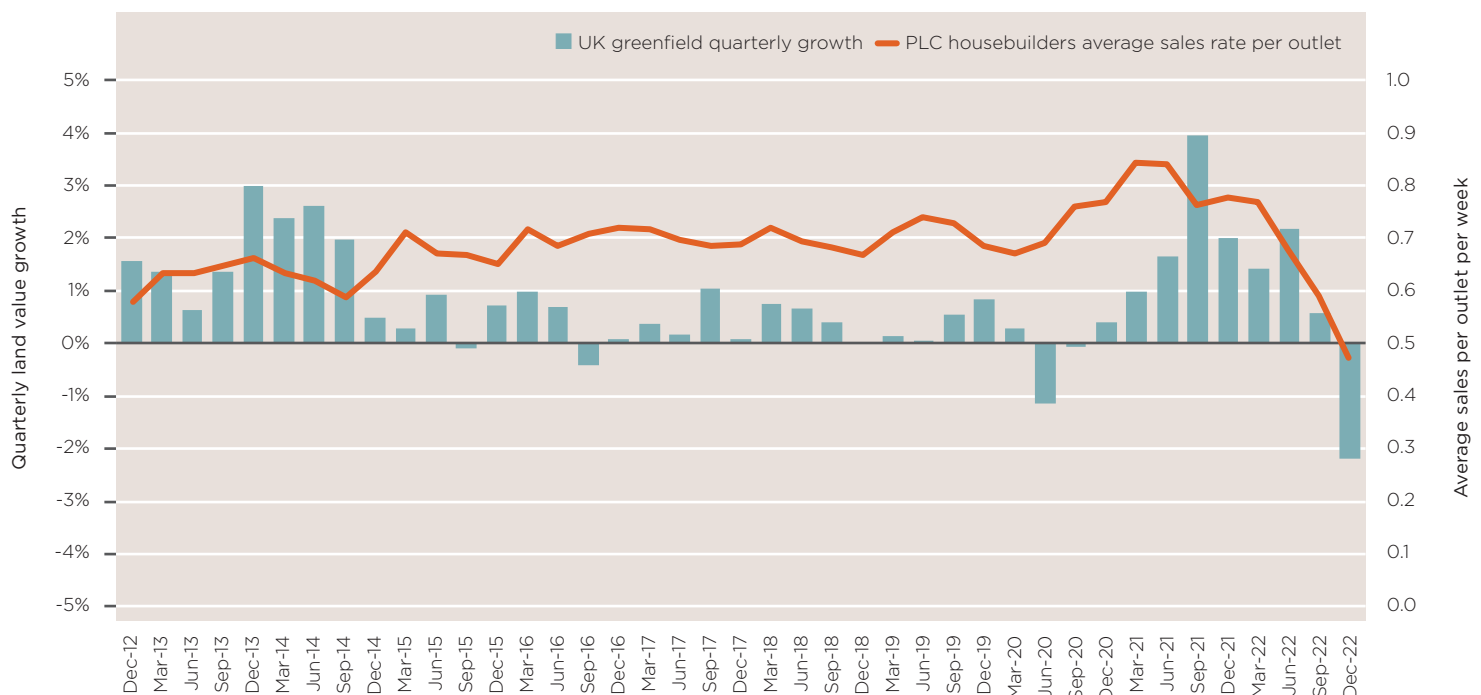
Buy scheme. Sales rates have reduced significantly over the last six months in response to market uncertainty. Data from the major housebuilders shows an average sales rate of 0.3 sales per outlet per week for Q4 2022, down from a peak of 0.8 in Q1 2022. In response to slowing sales rates, the major housebuilders have slowed down land buying activity, focusing on selective land investment. Many anticipate significantly fewer land additions in 2023 compared to the previous year with some major housebuilders pausing land buying altogether and others reporting cancellations of previous land approvals.

Supported by the strength of their land banks with an average stated landbank across

the major housebuilders of 5.1 years in 2022, the major housebuilders are able to pause activity to monitor future sales over the next few months and reassess land buying decisions. The future performance of sales rates in Q1 2023 will likely determine future land buying strategy for the major housebuilders.

Slower sales rates also present a greater opportunity for housebuilders to diversify into alternative tenures such as single family rental (i.e. Build to Rent) to boost their delivery levels. However, several players are waiting for greater certainty in the market around the economic outlook and the cost of debt before resuming activity.

**Sales rates per outlet in Q4 2022 fall to their lowest levels in over 10 years**





**In the short term, we expect the major housebuilders to be much more selective or pause their land buying whilst they wait for sales rates to pick up**

## Tempering cost pressures

Build costs remain a fundamental challenge for housebuilders. With further house price falls forecast for this year, rising build costs are no longer being offset, adding further downward pressure to land values. However, build cost inflation is beginning to soften and stabilise as a result of slowing construction output and suppressed demand. Material costs for new homes increased by 10.1% in the year to October, down from 21.9%

over the equivalent period in 2021 according to BEIS. Supply chain constraints including materials shortages have also reduced significantly as main development constraints at 30% in 2022 down from 60% in 2021, according to the latest annual FMB survey. The easing of build cost inflation is echoed in the lower BCIS forecasts for tender price inflation over the next five years at 12.7%, as inflationary pressures are tamed in the medium term.

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## Continued reliance on strategic land

Strategic land remains a key priority for many players in the land market as it is less exposed to cyclical market conditions. Over the last quarter, there has been an increase in appetite for longer term land opportunities

requiring less upfront expenditure. A net balance of 83% of Savills development agents reported increased interest in strategic land in Q4 2022, significantly higher than the previous quarter at 33%.

## Outlook

In the short term, we expect the major housebuilders to be much more selective or pause their land buying activity whilst they wait for sales rates on their existing sites to pick up. We therefore expect a slower transaction market and less competition for land.

However, this will provide more opportunities for HAs and well-financed regional and SME

housebuilders to acquire sites having been outbid over the last year due to the exceptionally strong competition.

We expect land values to continue to soften from their recent highs and return to levels which account for realistic build costs, environmental costs and house price prospects as well as meeting higher hurdle rates.

However in the medium term, we expect demand for sites to increase as those that have paused land buying refill their pipelines. With changes to planning policy likely to reduce the number of sites gaining consent, we also expect the supply of consented sites to reduce. As a result, land values are likely to remain resilient in the medium term.

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Please contact us for further information

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## Appendix Y

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## UK housebuilding

# UK housebuilders in retreat amid property downturn

Developers cut back on buying land in effort to ride out weaker market



Housebuilders pointed to economic uncertainty, a jump in mortgage rates and the imminent end of the government's Help to Buy scheme as reasons to be cautious © Chris Ratcliffe/Bloomberg

**George Hammond** JANUARY 13 2023

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The UK's three biggest housebuilders are cutting back on new projects as they adapt to a downturn in the property market, adding to fears that a national housing supply crunch is set to worsen.

FTSE 100 developers Taylor Wimpey, Persimmon and Barratt Developments all said in updates this week that they would ease up on buying new land and developing it.

The trio pointed to economic uncertainty, a jump in [mortgage](#) rates and the imminent end of the government's Help to Buy scheme as reasons to be cautious. Spiralling costs for homebuyers have contributed the most to a cooling of the housing market in recent months.

Chris Millington, a housing analyst at Numis, forecasted that the number of new homes built will fall by around 25 per cent year on year in 2023. "That's similar to the first year fall off after the [2008] financial crisis, I've only witnessed a fall off like this once before," he said.

Persimmon estimated that the monthly cash cost of mortgage payments for some [first-time buyers](#) has approximately doubled over the past year due to the withdrawal of the Help to Buy equity loan and a jump in mortgage rates.

That has forced prospective buyers to pause their searches and, according to Persimmon, "it is too early to predict when there will be a recovery in demand."

The developers are hunkering down as a result, reining in new land buying, freezing hiring and weighing job cuts.

Collectively, Taylor Wimpey, Persimmon and Barratt built almost 50,000 homes last year and a slowdown in construction would have a material impact on the UK's housing supply.

As well as a tougher economy, housebuilders are concerned about changes to the planning system proposed by prime minister Rishi Sunak which will [dilute development targets](#) and give local communities more power to rebuff proposed new housing.

"The proposed changes tip the balance . . . we're going to be more hamstrung and I don't see any outcome other than a reduction in the overall number of homes planned for," said Jennie Daly, Taylor Wimpey's chief executive, on Friday.

Her company and others are bracing for a slower sales market and a tougher planning environment, which is likely to weigh on housing supply for years to come.

On Wednesday, the country's largest housebuilder Barratt warned that a "marked slowdown" in the housing market has led it to "significantly" cut back on buying new land and introduce a hiring freeze.

As well as buying less new land, Taylor Wimpey has launched an internal consultation which could lead to redundancies, as the business looks to cut £20mn in annual costs, according to Daly.

"When we slow down on land acquisition it does play through to overall volumes [of new homes built] in the next few years," said Daly.

Housebuilding across the country peaked in 2020, when 242,700 new homes were built. Even that was some way short of a government target to build [300,000](#) homes a year by 2025.

But since then development has slowed and Sunak has indicated that he will abandon the 300,000 target, as well as row back from planning reforms which would have made new construction in parts of the country more straightforward.

Coupled with the fact that developers are easing off due to the tougher housing sales market, that will exacerbate the UK's housing supply crunch.

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