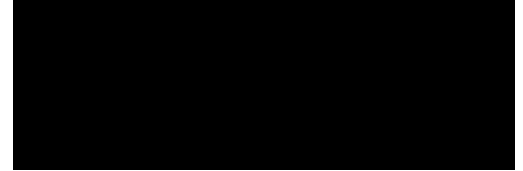


Viability Review

First Floor
9 Bond Court
Leeds
LS1 2JZ

Prepared on:

Former RAF Base
Kirton in Lindsey
Gainsborough
DN21 4HZ



Our ref: J0074042

On behalf of: North Lincolnshire Council



Review Date: 25th September 2023



Source: Spawforths

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1 Instruction and RICS Compliance

1.1 Client ('Client')

North Lincolnshire Council
FAO: Millie Arden

Neither the whole nor any parts of the Report nor any reference to it may be included in any published document, circular or statement nor published in any way without the Valuer's written approval of the form and content in which it may appear.

1.2 Instructions ('Instructions')

In accordance with instructions received from North Lincolnshire Council (enclosed in **Appendix 2**), we have been instructed to provide a review of a Financial Viability Assessment (FVA) prepared by Spawforths dated April 2023 and to confirm our opinion of the viability of the proposed development.

This Report / Review may be investigated by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations.

This Report / Review is provided for the stated purpose and for the sole use of the named Client. It will be confidential to the Client and its professional advisors. The Valuer accepts responsibility to the Client alone that the Report has been prepared with the skill, care and diligence reasonably to be expected of a competent Chartered Surveyor but accepts no responsibility whatsoever to any parties other than the Client. Any such parties rely upon the Report at their own risk.

We shall rely upon information provided by the Client and / or the Client's legal or other professional advisors relating to tenure and all other relevant matters.

1.3 Identification and Status of the Valuer ('Valuer')

This review has been undertaken by James Stephenson MRICS (RICS No: 6897055) with assistance from Mark Williams MRICS (RICS No: 0843169) for and on behalf of Carter Jonas LLP.

We confirm that the Valuer has no known material connection or involvement with the subject of the valuation or the Client.

The Valuer is an RICS Registered Valuer and is in a position to provide an objective and unbiased valuation. The Valuer has sufficient current local and regional knowledge of the particular market together with the skills and understanding required and is competent to undertake the valuation.

1.4 The Subject of the Valuation (the 'Property')

Former RAF base, Kirton in Lindsey, Gainsborough DN21 4HZ

The Property comprises a former RAF base of 33.16 acres which was disposed of by the Ministry of Defence (MOD) in 2014.

1.5 Inspection

The Property was inspected on 3rd August 2023.

We have assumed there have been no changes in the physical characteristics of the Property between the date of inspection and the publication of the Report.

2 Review of Spawforths Viability Assessment

We have reviewed Spawforths assessment of viability in line with the recommended practice within the National Planning Policy Framework (NPPF), the Royal Institution of Chartered Surveyors (RICS) Financial Viability in Planning Guidance Note (1st Edition) and the National Planning Policy Guidance (NPPG) on Viability (July 2018, updated September 2019).

A copy of Spawforths' FVA is attached at **Appendix 1**.

We have provided comment on each section of Spawforths report. It is not our intention to reiterate information (their report should be read in conjunction with this report) rather we comment only where appropriate or confirm some detail, as follows:

3 Site Overview

3.1 Subject Location

Spawforths have adequately described the location of the Property.

3.2 Subject Description

Spawforths describe the site as follows:

"The Site is a Former RAF Base in North Lincolnshire, located at the junction of the B1400 and the B1398 to the south of Kirton-in-Lindsey. The Site is currently vacant and contains a number of buildings associated with its previous use as a RAF base including storage buildings and residential accommodation blocks. It is understood that the Site ceased operating as an RAF base in 2014, after being open and operational since the early 1940s.

The Former RAF Site contains a Grade II Listed Sector Operations Building which was used in World War II, as well as a Grade II listed Control Tower. The listed Sector Operations Building falls within the Application Site boundary closely located to the B1400 along the eastern border, and the Control Tower is located to the south of the Site at the Hurricane Industrial Estate.

The Site measures 17.212 hectares (42.53 acres) in size and is bounded by the B1400 along its eastern boundary and the B1398 along its western boundary. To the south of the Site, the former hangers are now used for storage, having gained planning permission in April 2018. These converted hangars now operate under the Hurricane Industrial Estate. A Sports Direct warehouse and CTS Motorshop also operate out of this park. Further South, utilising the former airfield, is the Trent Valley Gliding Club."

The above provides an accurate description although we have queried the site area with Spawforths. We have used online mapping software to calculate a gross site area of 33.16 acres (13.42 hectares). Spawforths have agreed with our calculation of site area.

3.3 Proposal Summary

Spawforths have included a description of the proposed development. The FVA accurately states that planning permission for the proposed development will be sought via a hybrid application. It goes on to state that full planning permission is sought for 130 dwellings and outline planning permission is sought for a further 221 dwellings.

The planning application on the North Lincolnshire Council planning portal states the outline application is for 220 dwellings. We have confirmed with Spawforths that full planning permission is sought for 130 dwellings and the outline application is for 220 dwellings, amounting to a total of 350 proposed dwellings.

The northern part of the Site (0.6 acres) is to be sold for commercial use and the existing Grade II listed sector operations building and blast walls (eastern part of the Site) are to be retained (0.326 acres).

Spawforths proposed accommodation schedule and Gross Development Value (GDV) table differ in number of units and total area. We have discussed this with them and have been asked to rely on the accommodation in the GDV table which includes 350 dwellings as per the submitted planning application. We assume that all measurements have been calculated in accordance with the RICS Property Measurement (incorporating International Property Measurement Standards) 2nd Edition January 2018.

4 Planning Overview

4.1 Summary

The planning application (PA/2023/823) was validated on 25th May 2023 and is currently awaiting decision. Spawforths accurately describe the relevant planning policies and the planning history of the Site.

4.2 Affordable Housing

North Lincolnshire Core Strategy (adopted June 2011) states that 20% affordable housing should be sought on the subject Site.

The FVA makes reference to a lapsed permission for 302 dwellings on the Site (submitted in 2017) which established a reduced affordable requirement from 20% to 10% after a previous viability assessment. We have been unable to obtain a copy of the previous viability assessment.

4.3 Planning Gain Requirements

Spawforths state that the proposed planning gain is not yet known however they have accurately detailed the planning gain requirements included within the Section 106 (S106) agreed as part of a lapsed permission (PA/2017/1199). This totals a contribution of £1,176,352 and the provision of 30 shared equity affordable units, equivalent to 10% of the number of dwellings.

Spawforths have stated the below:

“It is likely that a similar amount of planning gain will be required through the planning process. The amount has been pro-rata'd to reflect the increased number of dwellings on the proposal site (increased from 302 units to 350). The pro-rata'd figure is £1,363,322.00.”

We consider this a reasonable approach to calculate the level of potential S106 contribution.

Spawforths have used the Consumer Price Index (CPI) as an inflationary measure and adopted the date of the decision notice (August 2018) and the date of the publication of the viability assessment (April 2023). The inflationary figure adopted equates to 1.1589.

We have calculated inflation adopting the index figure for August 2018 (106.5) and the most recent index figure published from August 2023 (131.3). We therefore calculate the inflationary figure to be 1.2329. Adopting the inflation figure as at the date of this report would result in S106 contributions amounting to £1,450,324.

Also included within the previous S106 document was the provision of 0.5 acres of allotment contribution, local equipped area of play of 0.74 acres and 8.65 acres of open space.

If we assume that the same areas will be sought as part of the subject development, this results in a net developable area of 22.34 acres after deducting the commercial development land, land to be retained and the areas mentioned above.

4.4 Vacant Building Credits (VBC)

Spawforths state that VBC will be assessed as part of a separate assessment. VBC is therefore not considered as part of this review.

5 Residential Market Overview

5.1 UK Housing Market

Spawforths provide a summary of the UK housing market.

We have included a current market update below.

The July 2023 RICS UK Residential Survey results are symptomatic of a market losing further ground in the face of higher mortgage rates. Indeed, indicators tracking activity continue to exhibit firmly negative readings, while widespread falls in house prices are being reported. Moreover, respondents foresee this picture remaining in place over the near-term, with sales expectations turning a little more pessimistic during the latest survey period.

At the national level, the new buyer enquiries series posted a net balance of -45% in July, similar to last month's figure of -46%. As a result, this metric continues to signal a sharp downturn in buyer demand following the latest escalation in mortgage interest rates. When viewed at a regional/country level, all parts of the UK display a firmly negative return for new buyer enquiries over the month.

In keeping with the deteriorating demand backdrop of late, a net balance of -44% of respondents noted a decline in agreed sales during July. This is down from a figure of -36% previously, and represents the weakest reading for the sales measure since the early stages of the pandemic. Again, the disaggregated data shows sales volumes falling right across the UK. Looking ahead, near-term sales expectations have turned increasingly subdued of late, posting a net balance of -45% in July (substantially weaker than respective net balances of -38% and -11% in June and May). Furthermore, on a twelve-month view, a net balance of -25% of survey participants envisage sales volumes declining (albeit this is marginally less downcast than a reading of -31% last time). Looking at trends in fresh listings coming onto the sales market, the headline new instructions net balance slipped to -13% in July (compared to -3% in June), indicative of a renewed deterioration in the flow of supply. Alongside this, contributors continue to report the number of market appraisals undertaken over the month to be below that seen in the comparable period last year (net balance -37%). At the same time, inventory levels on estate agents books have held broadly steady over the past few months, averaging close to 38 properties. Although this is higher than the lows seen towards the end of last year, supply levels remain very tight on a longer term historical comparison.

Meanwhile, the latest net balance for the headline house price metric slipped to -53%, down from a reading of -48% last month. Having moderated slightly between February and July (when the net balance moved from -45% to -31%), this series has now fallen deeper into negative territory in each of the last two reports. Within this, the latest readings are particularly downbeat across Yorkshire & the Humber, the East Midlands and the South East. Conversely, Northern Ireland is the only part of the UK to post a positive net balance for the house price gauge, albeit this softened from +34% to +16%.

Looking ahead, national price expectations remain negative at both the three and twelve-month time horizons. For the year ahead, a net balance of -49% of contributors anticipate a further fall in house prices. While the latest reading is identical to last month's figure, it denotes a considerable dip relative to the flat reading of -3% returned in May prior to the most recent shift in interest rates.

5.2 Local Housing Market

Spawforths have provided a local market commentary which states the below:

'The Site falls within the postcode area DN21. Our analysis of HM Land Registry residential transactions for the DN21 postcode area over the period February 2022 to February 2023 identifies that there were 397 transactions, comprising 396 no. second-hand and 1 no. new build.

In total, there were 150 no. detached sales (37%), 109 no. semi-detached sales (27%) and 136 no. terraced properties.

The average (Mean) second hand property price was £195,514 and the only new build property sold for £234,995. The average detached sale price was £303,895, semi-detached was £155,677 and terraced was £108,778.'

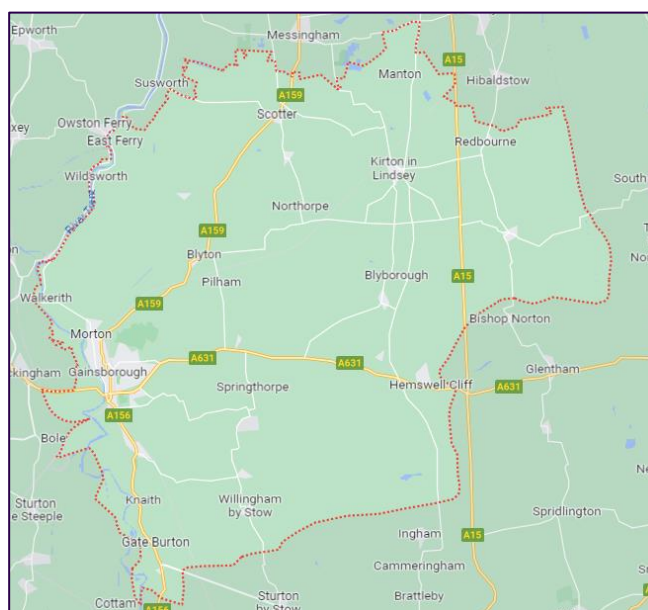
We have carried out our own research of sales in the DN21 area since 2021. Our results are shown below:

RESIDENTIAL SALES 2021 TO 2023				
Property Type		2023	2022	2021
Detached	Average Sale Price	£283,180	£307,591	£261,318
	Units Sold	36	223	368
Semi Detached	Average Sale Price	£140,128	£153,692	£146,789
	Units Sold	47	198	226
Terraced	Average Sale Price	£89,143	£101,139	£90,515
	Units Sold	63	278	347

We calculate the average of all sales within this period to be £173,732.

There have been a total of 67 new build sales over this period with an average house price (excluding apartments) of £211,925. Two of these sales were affordable units purchased at below market level and there was a single sale at £640,000, well above the rest of the sales. If we exclude these, new build house prices range from £130,000 to £314,000 with an average of £208,992. We did however note that some of the low value houses may have been purchased through shared ownership schemes and therefore the reported figure may be below the average for private dwellings.

We would comment that the DN21 postcode area is not particularly reflective of the Kirton-in-Lindsey housing market. As shown below, DN21 covers the town of Gainsborough, of which, parts are of particularly low socio-economic status. The Indices of Multiple Deprivation 2019 show parts of Gainsborough to be as low as 24 out of 32,844 neighbourhoods in England, where 1 is the most deprived, meaning this area is amongst the 1% most deprived neighbourhoods in the country. House prices in Gainsborough itself are particularly low and given this makes up a large portion of the housing in DN21, we consider these skew the average prices.



Source: Google Maps

We consider the more immediate area surrounding Kirton-in-Lindsey provides more representative data. We have researched house price data within a two mile radius of Kirton-in-Lindsey since the start of 2021:

RESIDENTIAL SALES 2021 TO 2023				
Property Type		2023	2022	2021
Detached	Average Sale Price	£303,158	£322,575	£277,641
	Units Sold	19	106	148
Semi Detached	Average Sale Price	£191,714	£179,388	£155,122
	Units Sold	7	44	58
Terraced	Average Sale Price	£119,500	£132,052	£101,917
	Units Sold	8	27	30

The average house price since 2021 is £239,049, considerably higher than the DN21 postcode area.

There was only one new build sale in this area over this period, which sold for £274,950 (detached).

5.3 New Build Sales Comparables

Spawforths have provided a range of for sale evidence from new build schemes within a 10 mile radius of the Site including:

Developer	Development	Distance from Site	Av. Asking Price (Av. psf)	Av. Net Asking Price (Av. Psf)
Allison Homes (national)	Tudor Reach (Kirton-in-Lindsey)	1 mile	£189,998 (£218)	£180,498 (£207)
Chrisalis Homes (local)	Antler Rise (Hemswell Cliff)	5.5 miles	£200,125 (£198)	£190,118 (£188)
Danum Homes (regional)	The Hedgerow (Gainsborough)	9.5 miles	£216,000 (£228)	£205,000 (£216)
Linden Homes (national)	Falcons Place (Scunthorpe)	6.5 miles	£185,556 (£216)	£176,288 (£205)

Spawforths have discounted all asking prices by 5% to reflect potential incentives granted.

We have conducted our own research of new build sales. A summary of our research is shown below:

Developer	Development	Distance from Site	Av. Asking Price (Av. Psf)	Av. Sold Price (Av. £psf)
Allison Homes	Tudor Reach (Kirton-in-Lindsey)	1 mile	£181,429 (£211)	No sales recorded
Chrisalis Homes	Antler Rise (Hemswell Cliff)	5.5 miles	£193,066 (£191)	No sales recorded
Danum Homes	The Hedgerow (Gainsborough)	9.5 miles	£182,000 (£184) 1 property marketed	£194,498 (£205)
Linden Homes	Falcons Place (Scunthorpe)	6.5 miles	£225,995 (£213)	£176,662 (£199)
Keigar Homes	The Falcon (Brigg)	6.5 miles	£238,252 (£228)	No sales recorded
Keepmoat Homes	Warren Wood View (Gainsborough)	9.5 miles	£221,745 (£231)	£181,245 (£213)
Local developer	Barnside (Hibaldstow)	4 miles	£169,950 (£239)	No sales recorded.

The prices psf stated above are net prices after deducting specific incentives (where stated).

5.4 Second-hand Revenue Analysis

Spawforths have conducted research into second-hand sales evidence within a 1.5 mile radius of the Site between March 2022 and March 2023. There are no specific comparables detailed however a range of sales values from £119 psf to £281 psf have been provided with an average of £192 psf. Spawforths have stated that non-comparable properties have been removed from their analysis (including bungalows and commercial properties). We have not been provided with any other specific search parameters e.g. size, number of bedrooms etc.

Spawforths have stated that new build dwellings may attract premiums of between 5% and 15%. A premium has been added to the second-hand average value providing 'new build adjusted' values ranging from £202 psf (5% premium) to £220 psf (15% premium).

We have initially carried out a search of all second-hand sales within Kirton-in-Lindsey over the past two years. This provides the following data:

House Type	Average size sq ft	Average Value	Average Value psf
Detached	1,381	£286,904	£208
Semi-detached	980	£175,704	£182
Terraced	772	£125,778	£163
All (excluding apartments)	1,066	£202,692	£186

We have also researched the most comparable second-hand sales in Kirton-in-Lindsey:

Address	Description	Price	Date	Sq m	Sq ft	£ psf	Image
20, Fusilier Way, Kirton Lindsey, Gainsborough DN21 4LJ	Four bedroom detached house with an en-suite to the master and an attached single garage. Good internal finish.	£343,000	Sep-22	199.0	2,142	£160	
19, Woodpecker Way, Kirton Lindsey, Gainsborough DN21 4FD	Four bedroom detached house with two en-suites and an integral double garage. Good internal finish.	£360,000	Aug-22	166.0	1,787	£201	
14, Bader Way, Kirton Lindsey, Gainsborough DN21 4FB	Four bedroom detached house with two en-suites and a detached double garage. Fairly modern internal finish.	£370,000	Aug-22	137.0	1,475	£251	
22, Beechcroft Drive, Kirton Lindsey, Gainsborough DN21 4EF	Four bedroom detached house with an integral single garage. Built in 2020. Good internal finish.	£267,500	Aug-22	122.0	1,313	£204	

Address	Description	Price	Date	Sq m	Sq ft	£ psf	Image
8, Traingate, Kirton Lindsey, Gainsborough DN21 4DS	Three bedroom detached house with an integral double garage. Average internal finish.	£307,500	May-22	126.0	1,356	£227	
8, Queen Street, Kirton Lindsey, Gainsborough DN21 4NX	Three bedroom detached house with an integral double garage. Partly dated internal finish.	£270,000	May-22	164.8	1,774	£152	
7, Woodpecker Way, Kirton Lindsey, Gainsborough DN21 4FD	Four bedroom detached house with two en-suites and an integral double garage. Average internal finish.	£305,000	Mar-22	160.0	1,722	£177	
10, West Cross Street, Kirton Lindsey, Gainsborough DN21 4DN	Three bedroom semi-detached house with a detached double garage and office space above. Good internal finish.	£240,000	Apr-23	121.0	1,302	£184	
26, Spa Hill, Kirton Lindsey, Gainsborough DN21 4BA	Three bedroom semi-detached house. Dated internal finish.	£285,000	Apr-22	152.0	1,636	£174	
5, Barnard Meadows, Kirton Lindsey, Gainsborough DN21 4NZ	Three bedroom semi-detached house with an attached single garage. Good internal finish.	£185,000	Feb-22	85.0	915	£202	
31, North Cliff Road, Kirton Lindsey, Gainsborough DN21 4NJ	Three bedroom semi-detached house with a drive / off street parking. Average internal finish.	£202,500	Dec-21	115.2	1,240	£163	
scawby36, Traingate, Kirton Lindsey, Gainsborough DN21 4DH	Two bedroom end of terrace house with off street parking. Average internal finish.	£145,000	Feb-23	97.0	1,044	£139	

Address	Description	Price	Date	Sq m	Sq ft	£ psf	Image
21, Beechcroft Drive, Kirton Lindsey, Gainsborough DN21 4EF	Two bedroom mid-terrace house with off street parking. Built in 2019. Good internal finish.	£166,495	Feb-23	68.0	732	£227	
16, Barnard Meadows, Kirton Lindsey, Gainsborough DN21 4NZ	Three bedroom three storey mid-terrace house with off street parking. Average internal finish.	£185,000	Oct-22	90.9	978	£189	
5, Francis Gardens, Scawby, Brigg DN20 9FT (neighbouring village)	Three bedroom end of terrace cottage with designated parking. Built in 2019. Good internal finish.	£225,000	Sep-22	85.4	919	£245	
9, Wheat Lane, Hibaldstow, Brigg DN20 9FR (neighbouring town)	Two bedroom end of terrace house with a drive. Built in 2019. Dated internal finish.	£145,000	Jan-22	61.0	657	£221	
Average		£250,125		121.9	1,312	£195	

A summary of the above sales is shown below:

House Type	Average size sq ft	Average Value	Average Value psf
Detached	1,653	£315,571	£196
Semi-detached	1,273	£228,125	£181
Terraced	866	£173,299	£204

Spawforths have applied new build premiums of 5% and 15% to their second-hand evidence to provide a range. If we were to adopt the same approach, the adjusted average values would be as follows:

House Type	Average Value (5% premium)	Average Value psf (5% premium)	Average Value (15% premium)	Average Value psf (15% premium)
Detached	£331,350	£206	£362,907	£225
Semi-detached	£239,531	£190	£262,344	£208
Terraced	£181,964	£214	£199,294	£235

From our table of second-hand evidence we can see that the comparable sales are larger on average than the proposed units. Not only would we expect a premium on the second-hand values to reflect the new build nature of the dwellings but also a higher value psf to reflect quantum adjustments.

5.5 Conclusion on Comparable Evidence

Spawforths summarise their research and conclude that the best evidence comes from the Allison Homes - Tudor Reach site in Kirton-in-Lindsey. It must be emphasised that there are no Land Registry recorded sales from this development as at the date of this report.

Spawforths have applied an average value of £210 psf across the development. This is similar to the current average asking value at the Tudor Reach site.

We have focused on achieved sales values whilst also having regard to the asking prices at Tudor Reach and the surrounding new build schemes. We have assessed the GDV as follows:

House Type	Description	Sq ft	No. Units	Total sq ft	£ psf	Value Per Unit	GDV
HT1710	5 bedroom detached house with an integral garage	1,710	34	58,140	£205	£351,000	£11,934,000
HT1418	4 bedroom detached house with double garage	1,418	1	1,418	£220	£312,000	£312,000
HT1418	4 bedroom detached house with a single garage	1,418	34	48,212	£215	£305,000	£10,370,000
HT1245	4 bedroom detached house with a double garage	1,245	1	1,245	£225	£280,000	£280,000
HT1245	4 bedroom detached house with a single garage	1,245	17	21,165	£220	£274,000	£4,658,000
HT1015	3 bedroom detached house with two parking spaces	1,015	9	9,135	£235	£239,000	£2,151,000
HT1015	3 bedroom semi-detached house with two parking spaces	1,015	49	49,735	£220	£223,000	£10,927,000
HT982	3 bedroom detached house with two parking spaces	982	22	21,604	£235	£231,000	£5,082,000
HT982	3 bedroom semi-detached house with two parking spaces	982	24	23,568	£215	£211,000	£5,064,000
HT898	3 bedroom semi-detached house with two parking spaces	898	62	55,676	£225	£202,000	£12,524,000
HT898	3 bedroom mid-terrace house with two parking spaces	898	5	4,490	£220	£198,000	£990,000
HT789	2 bedroom semi-detached house with two parking spaces	790	70	55,300	£215	£172,000	£12,040,000

House Type	Description	Sq ft	No. Units	Total sq ft	£ psf	Value Per Unit	GDV
HT789	2 bedroom mid-terrace house with two parking spaces	790	18	14,220	£205	£164,000	£2,952,000
HT800	2 bedroom quarter house	800	4	3,200	£175	£140,000	£560,000
Total		1,049	350	367,108	£217	£285,157	£79,844,000

6 Stage One – Residual Land Value

6.1 Conclusion on Comparable Evidence





Our assessment of GDV is £79,844,000, approximately 3% higher than Spawforths assessment of £77,360,000.

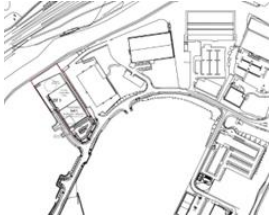

Spawforths have also included a £500,000 revenue figure for the commercial land at the northern part of the Site which comprises approximately 0.6 acres, equating to £833,333 per acre. We understand the £500,000 figure has been provided by the applicant.

We understand that the commercial element of the application comprises a building (use class E) of 600 sq m. Without any idea of the specific use of the land or any costs (specifically abnormal costs) it is difficult for us to calculate the value of this part of the Site using the residual method.

We have carried out research into land sold with commercial development potential (including for sale evidence) in the area, our results are shown below:

Address	Description	Date	Price	£ per acre	Image
Land at Deacon Rd, Lincoln LN2 4JB	0.28 acres of land approximately 1 mile east of the city centre within an established commercial area. Nearby occupiers including Aldi, Tesco Extra, B&M, Lidl and MacDonald's.	Nov-22	£0.15m	£535,714	
Livingstone Road, Hessle HU13 0EG	This brownfield site is 3.8 acres which is situated within an established commercial location with frontage to the A63 which is the primary arterial route. The site has good connectivity and would be suitable for a single occupier or various uses subject to planning.	Asking	£1.5m	£394,737	
Avro Park-Phase 2, Doncaster DN9 3RH	The joint venture of Hillwood Investment and Trebor has purchased the freehold interest in Phase 2 Avro Park, a 4.8 acre land parcel from an entity of Peel Land	Oct-21	£0.641m	£133,600	

Address	Description	Date	Price	£ per acre	Image
Winterton Road, Scunthorpe DN15 6TZ	<p>2.7 acres of level land. It is rectangular in shape and bound on its east side by a railway line and to the south by the Buzz Bingo Club. Access rights have been retained through the Gala Bingo. This access road can be used if required although purchasers can make their own investigations of the Highway and Planning Authority in respect of creating an access direct off Winterton Road.</p> <p>Planning Consent was previously granted in 1996 for the erection of a non-food retail unit (Ref North Lincolnshire Council 96/1633) The land is considered suitable for industrial warehouse or trade counter use subject to planning consent.</p>	Asking	£0.275m	£101,852	
20 Thomas Street, Hull HU9 1EH	Secure fenced site (0.10 acres) with planning consent for development of two warehouse buildings. The site is currently open storage and can continue to be used for this or can be developed.	Asking	£0.15m	£1,500,000	
Land Adjoining The Despatch Building, The Old Ropery, Maltkiln Road, Barton-upon-Humber DN18 5JT	The site extends to approximately 0.05 acres and is bound to the north by adjoining land, to the east by Tesco carpark, to the south by CV Hairdressing & Beauty Day Spa and to the west by Waterside Road (B1218). The land is level and mostly regular in shape and benefits from having a tarmacadam surface. The site has the potential to be developed for retail or office use subject to planning permission being obtained.	Asking	£0.025m	£500,000	
Fulwood Park, export Drive, Sutton in Ashfield NG17 6AF	Coda Investments (Holdings) Limited have bought the freehold investment interest of a 14.1 acre plot of land in Fulwood Park on Export drive for £3,285,000 from Darfish Limited. There are approved plans for Rula Developments, owned by Coda Investments Limited, to build a 190,000 square foot industrial building on the site.	Apr-23	£3.285m	£232,979	
Mildred Sylvester Way, Normanton WF6 1TP	The subject site comprises a 0.5 acre shale surfaced and secured yard and provides an open storage opportunity or development opportunity (subject to planning). We understand the site is allocated for industrial development although there is not specific planning consent in place.	Jan-23	£0.5m	£1,000,000	

Address	Description	Date	Price	£ per acre	Image
White Apron Street, Pontefract WF9 3LH	An unknown buyer has purchased the freehold interest in the land at White Apron St for £145,000 from an undisclosed vendor. The property is a 0.24 acre site of undeveloped land.	Aug-22	£0.145m	£604,167	
Brunel Way, Rotherham S60 5WG	2.29 acre plot located at the heart of The Advanced Manufacturing Park, Yorkshire's largest ever mixed-use brownfield development.	Sep-21	£1.22m	£532,751	
Chapel Lane, Bingham, Nottinghamshire NG13 8GF	1.12 acres of land adjacent to Lidl food store. Potential to suit: Retail Parade with Apartments over, Drive Thru Coffee Shop/Restaurant, Gym/Leisure Use, Builders Merchants or Trade Counter, Industrial/Warehouse use, Care Home or Retirement Living	Asking	£0.8m	£714,286	
Average			£0.79m	£568,190	

The above provides a wide range of evidence from £0.1m to £1.5m per acre depending on factors including planning status and surrounding uses / area. It is difficult to compare one site to another given each site has different characteristics and development criteria. These can include: the specific planning permission, planning conditions, S106 costs and development costs [ground conditions and ground works, foundation requirements, retaining walls, servicing / utility costs, specification of the build (walls, windows, roofs etc), external works and off site works (S278 road works etc)]. The valuation of land on a price per acre basis can therefore only be a 'broad rule of thumb' unless two sites are identical with regard to all the above characteristics.

The proposed Market Value of the commercial land equates to £833,333 per acre, which would appear to be at the top end of our evidence, however the subject plot is only 0.6 acres and therefore we would expect an element of quantum to be reflected in the Market Value. Based on the above we consider £500,000 an appropriate value for the commercial element of the Site.

Spawforths also present a policy compliant view on GDV including 70 affordable units comprising 70% intermediate dwellings and 30% social rented. The intermediate units have been discounted by 30% and the social rent dwellings by 60%. North Lincolnshire do not have set transfer rates and therefore Spawforths have based the rates on their knowledge of working in the sector. This broadly falls in line with transfer rates stated in the North Lincolnshire Viability Assessment Report and therefore we consider these to be appropriate. Spawforths provide a policy compliant GDV of £72,500,000.

Given our 100% market appraisal does not meet our assessment of BLV, we have not carried out a policy compliant appraisal.

7 Cost Assumptions

7.1 Plot Build Costs

Spawforths have included plot build at BCIS Lower Quartile costs for general estate housing (dated 28th January 2023) rebased to Scunthorpe which equates to £1,064 psm (£98.95 psf), this includes prelims. We have researched BCIS costs for estate housing rebased to Glanford (based on the Site postcode), as shown below:

BCIS [®]							
£/M2 STUDY							
Description: Rate per m2 gross internal floor area for the building Cost including prelims.							
Last updated: 23-Sep-2023 07:35							
Rebased to Glanford (92; sample 13)							
MAXIMUM AGE OF RESULTS: DEFAULT PERIOD							
Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
810.1 Estate housing							
Generally (15)	1,378	670	1,170	1,325	1,505	4,746	1427
Single storey (15)	1,570	936	1,326	1,506	1,734	4,746	236
2-storey (15)	1,325	670	1,149	1,285	1,452	2,863	1106
3-storey (15)	1,447	860	1,199	1,382	1,645	2,829	80
4-storey or above (15)	2,885	1,410	2,308	2,577	3,837	4,292	5

BCIS provides specific costs for detached, semi-detached and terraced housing however we consider the 'general' figure appropriate for a mixed use scheme such as the subject. Spawforths have adopted the Lower Quartile figure. Developers can often build at a lower cost than the BCIS Median figures largely due to economies of scale. In our experience, build costs for similar type sites are typically around BCIS Lower Quartile figures.

We have applied the current Lower Quartile figure for general estate housing of £1,170 (£108.70 psf). Spawforths assessment of £1,064 psm (£98.85 psf) is lower than our assessment.

Spawforths have included a 10% allowance for external works. We would typically expect external costs to be in the region of 10% to 25% for residential schemes. Spawforths assessment is at the lower end, however as it is within the range we would expect we have adopted this figure within our appraisal.

7.2 External Garages

Spawforths have included an additional cost to account for the external garages. Single garages have been included at £10,000 and double garages at £15,000, amounting to a total of £540,000 for all garages.

In our experience the cost for a single garage ranges from £7,500 to £10,000 and double garages £12,500 to £15,000. The proposed costs are at the upper end of these ranges but are not unreasonable. We have therefore adopted these costs within our appraisal.

7.3 Abnormal Costs

Spawforths have provided a breakdown of the abnormal costs as follows:

Service Diversion:

- Water main diversion to maintain supply to Hurricane Park - £108,827.65
- Foul diversion (gravity) - £73,419.27
- Foul diversion (pumped rising main) - £157,681.25
- Openreach telecommunications - £116,209.11
- HV cable - £70,865.55
- Vertase FLI management of the above - £35,000

Above Ground Demolition and Asbestos Removal:

- Removal of asbestos as outlined in the 2022 Demolition Survey by AMC Asbestos - £329,850
- Above ground demolition - £1,500,000
- Vertase FLI management - £274,477.50

Remediation and Earthworks:

- Remediation strategy, MMP, DQRA etc - £7,500
- Pre-start documentation, Method statement risk assessments and project planning - £15,000
- Plant mobilisation and site establishment for compound - £25,000
- Site establishment - £15,000
- Site and project management and supervision - £170,000
- Tank removal and decommissioning - £48,000
- Foundation removal - £190,000
- Deeper foundations, basement and underground shelter removal - £187,500
- Cut and fill earthworks - £390,000
- Hot spot management - £145,000
- Ground water contamination management - £30,000
- Verification and validation testing - £15,000

Roads and Sewers Installation:

- Prelims - £1,472,219.87
- Foul sewers - £994,000.72
- Storm sewers - £1,376,236.46
- Sundry drainage - £392,688.05
- S38 works - £3,447,148.80
- Mains services - £500,523.46

Service Connections and Supply

- Water connection including upgrade to existing stonewall pumping station - £743,000
- Electricity supply - £470,000
- Water supply - £496,224

The abnormal costs above amount to £13,796,370, equating to approximately £617,564 per net developable acre.

We are not instructed as cost consultants and therefore it is beyond the scope of our instruction to make our own assessment of abnormals or indeed comment upon the cost allowed above. Abnormal costs can range significantly depending on the specifics of the site. It is therefore difficult to compare on a percentage of total cost. We accept that there will be demolition and asbestos removal however the abnormal costs appear high.

We would advise a third party is instructed to review the costs and provide their professional opinion. Should their opinion differ from those costs provided we may have to amend our appraisal accordingly.

7.4 Professional Fees

Spawforths have adopted professional fees at 5% of plot build, garages, externals, abnormals, Part L & F costs, contingency and abnormal contingency.

We would comment that in our experience, professional fees are not analysed against contingency allowances. If we analyse the proposed professional fees against plot build, garages, externals and Part L & F costs, it equates to 6.85%.

Spawforths assessment is within the range we might typically expect (between 5% and 10%). We have adopted professional fees of 6% within our appraisal.

7.5 Part L & F Changes

In June 2022, the most recent revision of Part L took effect. It is anticipated that this will result in an additional cost to developers of between £3,000 and £5,000 per unit. The government granted a one year grace period which concluded on 15th June 2023.

Spawforths have allowed £4,000 per unit for changes to Part L & F.

It is difficult to determine whether BCIS data has had time to account of the additional costs attributed to the revision of Part L. We would argue that a large proportion of the sample used by BCIS will likely have been prior to June 2023. We therefore consider it appropriate to apply an allowance at the bottom end of the range, we have allowed for £3,000 per unit.

7.6 Contingency

Spawforths have included a contingency allowance of 3% of plot build (excluding garages) and externals plus an abnormal contingency of 4%.

We consider 3% an appropriate contingency allowance however we have applied this on the plot build plus garages and externals. We consider 4% an appropriate abnormal contingency.

7.7 Finance

Spawforths have applied a finance rate of 6% based on land and construction cost, inclusive of all arrangement, monitoring and exit fees. In our experience from regularly carrying out development appraisals and speaking with developers, interest levels range from 3% (national housebuilders on revolving facilities) to 10%+ (local developers) with regional housebuilders borrowing at around 6% to 8%.

We have discussed this input with Spawforths who have informed us 6% is reflective of what LandIS can achieve in the current market. We have therefore adopted this figure within our appraisal.

7.8 Marketing and Sales Fees

Spawforths have applied 2% marketing fees, 1% agents fees and £500 per unit for legal fees. We consider Spawforths inputs appropriate and have adopted them within our appraisal.

7.9 Acquisition Costs

Spawforths have included Stamp Duty Land Tax as well as agents fees at 1% and legal fees at 0.5%. We have adopted the same figures within our appraisal.

7.10 Community Infrastructure Levy (CIL)

North Lincolnshire have not adopted CIL.

7.11 Planning Contributions

Spawforths have included the S106 costs from the lapsed permission within their policy compliant appraisal. After allowing for the increased number of houses and inflation this amounts to £1,363,322. They have included the payments bi-annually over the construction period.

Given our 100% market housing appraisal does not meet the BLV threshold we have not provided a policy compliant appraisal.

7.12 Sales and Build Rate

Within the report Spawforths state they have adopted a total build and sales period of 8 years and 7 months (103 months). They have assumed a build and sales rate of 0.75 per week over the initial 12 months, subsequently a sales rate of 1.25 per week for the remainder of the sales period. A 6 month lead in period has been incorporated with sales commencing 6 months after construction. A one month post construction tail has also been included for the sale of the final units.

We requested a cash flow of the appraisal which shows a different construction and sales period of 98 months with the sales phase starting at month 5 of the construction phase.

We have adopted a construction period of 98 months (3.5 houses per month) and a sales period of 98 months starting at month 6 of the construction phase. The Site does not yet have planning permission therefore we have included a pre-construction period of 9 months.

7.13 Developers Profit

Spawforths have included profit at 20% on GDV for the market dwellings, which in our experience is a fairly typical input and we consider appropriate.

In their policy compliant appraisal, Spawforths have included affordable housing at 8% on GDV. Developer's accept much lower profit levels for affordable housing given these are transferred to Registered Providers (RP's) and therefore present much less risk than market dwellings. In our experience, this figure rarely differs from 6%.

We have not carried out a policy compliant appraisal given that our 100% market appraisal is below our assessment of benchmark land value.

7.14 Residual Land Value

Spawforths 100% market housing appraisal (excluding S106 contributions) results in a residual land value of £1,024,064.

We have replicated Spawforths appraisal adopting the same inputs, however it results in a residual land value of approximately -£1,400,000 (negative value). We have discussed this with Daniel Starkey (Spawforths) who has advised there was an error in the modelling of their appraisal and therefore the residual land values stated within their submitted viability assessment are not correct.

Our 100% market housing appraisal results in a residual land value of -£2,345,316 (negative value). We have provided a copy of our appraisal at **Appendix 2**.

Spawforths have informed us that they also expect a biodiversity net gain (BNG) cost in the region of £500,000 to £600,000 however this has yet to be determined. As this has not yet been agreed, we have excluded from our appraisal.

8 Benchmark Land Value (BLV)

8.1 Overview

Spawforths describe the process of establishing BLV.

8.2 Existing Use Value (EUV)

Spawforths state:

“The existing use as a currently redundant RAF base would effectively be Nil. As a section of the same base has been utilised for warehouse and industrial uses it would appear a sensible approach to establishing the existing use value in this instance to would be to utilise a typical value for existing Brownfield commercial land.


Reliable transactional evidence of a nature similar to this site is not widely available in the locality to allow detailed comparable review, transactional land evidence is also unreliable as all sites have differing abnormal costs and merits in terms of market attractiveness.





We consider that a suitable method for the purpose of assessing existing use value is to base this on a storage land use. As such an assessment of comparable land on the market for storage uses has been undertaken in the vicinity of the site, appropriate adjustments have been made.”

We agree that the current existing use of the Site as a redundant air base has little to no value. Open storage is the most likely use given the Site provides a secure and partly surfaced piece of land with neighbouring industrial uses to the south (former RAF base hangars which gained planning permission in 2018). We understand that services are available to the Site.

In calculating the value of the Site as open storage land, Spawforths have included two comparable properties currently marketed ‘to let’, equating to £10,000 pa / per acre and £16,744 pa / per acre. Spawforths conclude that £12,000 pa / per acre is appropriate to apply to 80% of the Site (allowing for areas constrained by landscape features and other constraints). This results in a total rent of £318,912, which has been capitalised at a 10% yield. Spawforths have not provided any investment evidence. The cost of demolition and asbestos removal has been deducted at £2,104,328 (provided by the Applicant’s quantity surveyor) to provide an EUV of £1,084,793 which equates to £32,636 per acre on the whole site.


In order to form our opinion, we have initially conducted our own research of open storage land currently on the market, our results are shown below:



Address	Description	Size (acre)	Asking Rent	Rent pa per acre	Image
Storage Land, Billingham Business Park, Billingham LN4	The property comprises a relatively level hard surfaced parcel of storage land. The land equates to 2.91 acres but alternatively the land can be split into two parcels, parcel A equating to 1.48 acres and parcel B equating to 1.43 acres.	2.91	£29,300	£10,069	

Address	Description	Size (acre)	Asking Rent	Rent pa per acre	Image
Site 2, Belton Road DN8 5SX	The site comprises a bundled compound measuring approximately 2.39 hectares (5.91 acres) currently with planning permission for car boot sale and market purposes but suitable for various other uses subject to planning permission. The site is secure and benefits from electric gated access down a private road off Belton Road adjacent to the Sandtoft Transport Centre.	5.91	£240,000	£40,609	
Five Mile Lane LN4	The property comprises a rectangular shaped parcel of land which is level and secured by fences and gates. The land is suitable for a variety of storage uses. Mains water and electricity will be connected upon connection.	1.47	£30,000	£20,408	
Plot 21, Hoylake Road, South Park Industrial Estate, Scunthorpe DN17 2TY	The property comprises a secure yard / compound with a compacted surface and is bound by palisade fencing. The site is accessed via metal gates set back from the road.	0.53	£17,500	£33,019	
Newcastle Avenue, Worksop, Nottinghamshire	An open area of secure and surfaced storage land.	0.30	£12,000	£40,002	
Average		2.11	£65,760	£28,821	

The above rents range from £10,000 pa / per acre to £40,000 pa / per acre.

There are very few investment transactions for open storage land in the market and therefore we have searched nationwide, our results are shown below:

Address	Description	Size (acre)	Asking Price (per acre)	NIY (%)	Image
Double Rivers, Crowle, Scunthorpe, Lincolnshire DN17 4DD	The 2.1 acre (0.849 hectares) boat, mobile home, and car storage site currently accommodates 144 pitches. The site is broadly level and a mix of hardcore and concrete surfacing with the boundary being secured by way of a 2.4m high steel palisade fence and monitored security gate system. At present, the storage income generated is £59,605 per annum exclusive at circa 91% occupancy with little marketing. We consider the ERV to be circa £65,520 if fully occupied at the same rate per plot, of which is typically £455 per annum on 12-month agreements. There is also the ability to introduce storage containers on site which could provide a higher rate of income along with a greater site density.	2.1	£650,000 (£309,524)	9.10%	

Address	Description	Size (acre)	Asking Price (per acre)	NIY (%)	Image
Standby Self Storage, 50-52 Albert Road North, Reigate RH2	<p>The property comprises a 0.75 acre (0.30 hec) open storage site providing 20,900 sq ft of levelled open storage of which 40% comprises laid tarmacadam. The site benefits from both mains water and electricity supply. There is a small steel framed workshop in the south western corner of the site. The site is secured by a 2.5m palisade fencing with a 4m wide vehicle access gate and independent pedestrian gate. The tenant will be undertaking installation of office unit/s, toilet unit/s, storage containers, CCTV, site lighting, phone lines, and motorisation of the access security gate.</p> <p>The property is let to Standby Self Storage Limited on a new 15 year lease (without breaks) with 5 yearly rent reviews to RPI (uncapped) or OMRV. The passing rent is £115,000 pa.</p>	0.75	£1,650,000 (£2,200,000)	6.57%	
Derwent Way, Wath-upon-Dearne, Rotherham S63 6EX	<p>The subject site provides a fully let industrial open storage land investment, comprising 7 self contained compounds. The compounds benefit from hard standing and are all fully secured with palisade fencing. The site has extensive frontage to Pontefract Road but is accessed from Derwent Way. There is water and electric to the site with most compounds benefitting from these utilities. The site has previously had a planning consent for a warehouse development of 22,500 sq ft. This consent has now lapsed, but this could potentially be reinstated in the future, STP. The site is currently producing £49,080 per annum exclusive. The compounds lease very well with strong occupier demand for this location. The site presents asset management opportunities with tenants having different lease expiry dates.</p>	1.05	£575,000 (£547,619)	8.13%	
Average		1.30	£958,333	7.93%	

Our research provides a range of yields from 6.5% to 9.1%.

We have considered that the Site is surfaced in part with tarmacadam including the internal roadway and a large rectangular section at the centre of the Site, we estimate the surfaced areas amount to approximately 24% of the Site area or 7.90 acres. A proportion of the Site is currently occupied by redundant buildings, we estimate these areas amount to approximately 11% of the site area or 3.66 acres. The remainder of the Site comprises unsurfaced grassland, which makes up approximately 65% of the site area or 21.60 acres. We have estimated the above based on online mapping software.

We have considered the value of the land based on two options:

Firstly, assuming all of the surfaced areas are utilised including the roads, the existing buildings are demolished, the asbestos is removed and the footings are utilised as additional surfaced areas. The total area of the building footprints and the surfaced areas is 11.56 acres. We consider £20,000 pa / per acre an appropriate figure to apply to the surfaced areas and footings given the relatively awkward layout and the size of the Site. We do not consider it appropriate to apply a rent to the grassland given it would have minimal use to an open storage occupier as existing, an occupier may wish to surface some of the additional land however this would come at cost.

We consider the three investment comparables superior investment opportunities to the subject Site given they are more 'traditional' open storage sites and therefore appeal to a wider range of potential tenants. The subject Site is much larger and may require splitting into a number of individual sites / compounds in order to appeal to more occupiers. We consider a yield between 8% and 12% appropriate for the subject Site. We have taken a balanced approach and adopted a yield of 10%.

After deducting the demolition costs and asbestos removal of £2,104,328, we are left with a rounded value of £208,000 or £6,272 per acre (gross site area).

Our second approach assumes the existing surfaced areas and roads are sufficient for an occupier without having to utilise any of the building footprints. We have applied a rent of £20,000 pa / per acre to the existing surfaced areas and roads. We have capitalised the rent at 10% and have made no allowance for demolition of the buildings. This results in a rounded value of £1,580,000 or £47,648 per acre (gross site area).

The second approach produces a higher value, and we consider this value is more reflective of the Site in its current state. Our assessment of £1,580,000 is higher than Spawforths assessment of £1,084,793.

We would comment that an open storage use is arguably not the existing use of the Site given there may be a planning application required for change of use. The NPPF states that alternative use value (AUV) can be used to establish the benchmark land value however should be limited to uses which comply with development plan policies. AUV includes the premium to the landowner and therefore no adjustment to the figure is required.

8.3 Landowner Premium

In order to establish an appropriate landowner premium, Spawforths have considered the following guidance from the PPG:

- i. Provide a reasonable incentive for a landowner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements;
- ii. Be informed by professional judgment and must be based upon the best available evidence informed by cross sector collaboration; and
- iii. Evidence 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.

Included within the FVA are recent appeal cases in Trafford (Appeal Ref: APP/Q4245/W/19/3243720) and Lancaster (Appeal Ref: APP/A2335/W/21/3285794), which established reasonable premium for landowners of 10 to 15 times the EUV. We would comment that whilst these cases are recent, they are both examples of greenfield sites, which naturally produce a lower EUV than the majority of brownfield sites. In our experience, the landowner premium of brownfield sites is often approached on a certain percentage over EUV, commonly between 10% to 30%, rather than a multiplication of the EUV.

Spawforths have used transactional land evidence as a cross check method to establish landowner premium, a method that is consistent with NPPF viability guidance. It is difficult to compare development land transactions given no two sites are the same, specifically when it comes to abnormal costs and S106 liabilities such as affordable housing. Additionally, this information is not readily available for comparable sites.

Spawforths have provided six land transactions and have made adjustments based on policy position, site size, market area and project risk. Cost information for sites is not readily available and therefore Spawforths have not accounted for site specific costs / abnormals within their analysis.

We have summarised below the land transactions included within the FVA:

Address	Spawforths Analysis	Date	Size (net)	Sale Price	Value per acre	Adj. Value	Adj. Value per acre
Allison Homes, Kirton-in-Lindsey	S106 contribution of £274,001. This has been added to the sale price. 15% discount to allow for no affordables provided on site.	Jul-19	5.69	£1,280,250	£225,000	£1,321,000	£232,162
Chrisalis Homes, Hemswell Cliff	No S106 contributions provided therefore a 20% reduction has been applied.	Oct-20	2.66	£649,000	£243,985	£519,000	£195,113
Beal Homes, Gainsborough	S106 contribution of £258,914, which has been added to the sale price. 25% affordable housing provided. A 5% discount to allow for smaller site.	Jun-20	6.90	£960,000	£139,130	£1,157,000	£167,681
Ripon Homes, Lea	20% affordable housing provided on site. 5% downwards adjustment to account for smaller site, higher revenues achieved and differences in quality of land.	Mar-21	6.40	£1,300,000	£203,125	£1,235,000	£192,969
Gleeson Homes, Phoenix Meadow	No affordable housing provided. £999,982 education contribution has been added to sale price. Off-site biodiversity to be provided. 10% downward adjustment applied.	Jul-21	16.75	£1,345,000	£80,299	£2,100,000	£125,373
Linden Homes, Scunthorpe	Site did not provide any S106 contributions or affordable housing. A 15% downward adjustment applied to reflect the above.	May-21	6.20	£1,200,000	£193,548	£1,020,000	£164,516
Average			7.43	£1,122,375	£180,848	£1,225,333	£179,636

Spawforths conclude that the Allison Homes site provides the most comparable evidence although given it is smaller and did not require the same level of remediation, the value per net acre should be lower for the subject Site.

Spawforths have applied £200,000 per net acre to the Site to arrive at a figure of £4,960,000, which they have rounded to £5,000,000.

8.4 Conclusions on Benchmark Land Value (BLV)

In calculating the BLV Spawforths have considered a methodology of 10 to 15 times EUV, based on the appeal cases used within their viability assessment. This could provide a range of figures from £10,800,000 to £16,300,000 based on their assessment of the EUV.

Their cross check method of comparable land transactions results in a much lower value of £4,960,000. Spawforths have then added the value of the commercial land at £500,000 to provide a BLV of £5,460,000. This is approximately 5 times Spawforths EUV or reflects a premium percentage of 403% above the EUV.

We would argue that the development value of the commercial land should not be included given this reflects hope value. As defined in the NPPF, EUV should disregard hope value.

In our experience the general adopted standard to calculate landowner premium for brownfield sites is 10% to 30% above EUV and for greenfield sites the landowner premium can be between 15 to 30 times the EUV. The subject Site is a brownfield piece of land, therefore if we apply a mid-range 20% premium to our assessment of the EUV it would result in a rounded BLV of £1,900,000, equating to £85,049 per net acre.

Spawforths have analysed their comparable land sales to provide a net value per acre. Given the abnormal costs for each site are not available and the adjustments are a matter of subjectivity, we have considered our assessment of BLV against the unadjusted values, which range from £80,299 to £243,985 per net developable acre. Based on a 20% premium approach, our assessment sits towards the bottom end of this range. However, if we consider that the site is much larger than the majority of the comparables and will likely have significant S106 contributions and abnormal costs, we consider a value towards the lower end of the range to be appropriate.

Our assessment of the BLV is £1,900,000 or £85,049 per net acre.

As previously mentioned, it could be argued that the open storage land value is an alternative use and therefore there should be no landowner premium attached to the value. Based on this approach, the BLV would be £1,580,000 or £70,725 per net acre.

9 Amount Available for Planning Gain

To determine the amount available for planning gain we must compare the residual land value to our assessment of BLV.

We have assessed BLV based on two scenarios. The first using an EUV plus 30% premium, assuming open storage land could be regarded as the existing use for the purpose of this exercise. This results in a BLV of £2,050,000.

In the second approach we have considered open storage an alternative use and have therefore not allowed for a landowner premium. The BLV on this basis would be £1,580,000.

In the first instance we have carried out a 100% market housing appraisal to see how this compares to the BLV. Our appraisal results in a residual land value of -£2,716,318 (negative land value) i.e. the Site is unviable.

Given the residual land value is negative and therefore does not meet the BLV threshold, we agree with the Applicant that the Site cannot viably deliver any planning gain (affordable housing or S106 contributions). Considering the residual land value is negative based on a 100% market housing scheme (in both Spawforths and our appraisal) we consider it unlikely that any developer would carry out the development in the current market.

We would reiterate that the abnormal costs should be reviewed by a third party. If these costs could be reduced the Site may be viable and potentially able to provide affordable housing and / or S106 contributions.

10 Sensitivity Analysis

10.1 Review of Costs and Revenue

We have carried out a sensitivity analysis showing the effect on residual land value of +/- 2.5% changes to construction costs and sales rate.

		Sales: Rate /ft ²			
Construction: Rate /ft ²	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
	206.22 /ft ²	211.65 /ft ²	217.08 /ft ²	222.51 /ft ²	227.93 /ft ²
-5.000%	£3,022,515	£1,494,396	£40,779	(£1,290,233)	(£2,586,998)
103.26 /ft ²	20.000%	20.000%	20.000%	20.000%	20.000%
-2.500%	£4,220,914	£2,683,917	£1,169,038	(£255,032)	(£1,576,957)
105.98 /ft ²	20.000%	20.000%	20.000%	20.000%	20.000%
0.000%	£5,419,312	£3,882,315	£2,345,316	£847,575	(£547,851)
108.70 /ft ²	20.000%	20.000%	20.000%	20.000%	20.000%
+2.500%	£6,617,711	£5,080,714	£3,543,717	£2,008,291	£530,805
111.41 /ft ²	20.000%	20.000%	20.000%	20.000%	20.000%
+5.000%	£7,816,109	£6,279,112	£4,742,115	£3,205,118	£1,676,069
114.13 /ft ²	20.000%	20.000%	20.000%	20.000%	20.000%

The above analysis shows that the land value will only exceed the BLV where there is a 5% increase in sales rate and a 5% decrease in construction costs.

11 Conclusions

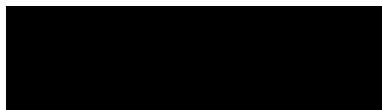
11.1 Summary

We have reviewed the financial viability appraisal prepared by Spawforths and in the main agree with the inputs. We however questioned the assessment of GDV and BLV. We have outlined our assessment of these figures within this Report.

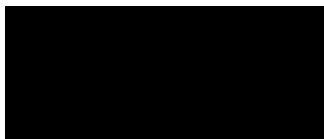
We conclude that based on the inputs outlined within this Report, the proposed scheme cannot support the provision of any affordable housing or planning gain contributions.

This Report and valuation have been carried out by James Stephenson MRICS (RICS No: 6897055), with assistance from Mark Williams MRICS (RICS No: 0843169).

James Stephenson MRICS, Senior Surveyor and RICS Registered Valuer.



Peer reviewed by Mark Williams MRICS, Associate Partner and RICS Registered Valuer.



For and on behalf of Carter Jonas LLP
Date of Report: 25th September 2023
Carter Jonas LLP Reference: J0074042

Appendix 2

Carter Jonas Development Appraisal – 100% Market Housing

RAF Kirton-in-Lindsey - CJ - No Affordables

Development Appraisal
Carter Jonas LLP
26 September 2023

APPRAISAL SUMMARY**CARTER JONAS LLP****RAF Kirton-in-Lindsey - CJ - No Affordables****Appraisal Summary for Phase 1****Currency in £****REVENUE**

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Market Dwellings	350	367,812	217.08	228,126	79,844,000
Commercial Land	<u>1</u>	<u>0</u>	0.00	500,000	<u>500,000</u>
Totals	351	367,812			80,344,000

NET REALISATION**80,344,000****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)	(2,345,316)	(2,345,316)
Planning Fees	64,429	64,429

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Market Dwellings	367,812	108.70	39,979,937
Externals		10.00%	3,997,994
Developers Contingency		3.00%	1,335,538
Abnormals			13,796,370
Garages			540,000
Abnormals Contingency		4.00%	551,855
			20,221,756
Other Construction			
Part L/Part F Costs	350 un	3,000.00 /un	1,050,000
			1,050,000

PROFESSIONAL FEES

Professional Fees	6.00%	2,734,076
		2,734,076

MARKETING & LETTING

Marketing	2.00%	1,596,880
		1,596,880

DISPOSAL FEES

Sales Agent Fee		1.00%	798,440
Sales Legal Fee	350 un	500.00 /un	175,000
			973,440

TOTAL COSTS**64,275,202****PROFIT****16,068,798****Performance Measures**

Profit on Cost%	25.00%
Profit on GDV%	20.00%