South Staffordshire Council

Appendix III - DRAFT
Market Values & Assumptions Research

Viability Assessment
of the Local Plan & CIL

October 2021

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DixonSearle Partnership

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Note:

CoStar property resource extracts for research base follow the above.

1.0 Introduction

1.1 Referred to within DSP'S main report, this document – Appendix III – provides an overview of the research undertaken into residential and commercial property values, together with the wider economic conditions at the time of writing. Collectively, this research aims to help inform the assumptions setting for the residential and commercial appraisal testing, providing important background evidence by building a picture of values and the variation of those within South Staffordshire Council.

1.2 This report will also provide the Council with an indication of the type and sources of data that it could monitor, revisit and update, to further inform its ongoing work where necessary in the future. Doing so would provide valuable context for monitoring the delivery subsequent to settling policy positions and aspirations.

1.3 It should be acknowledged that this is high level work and a great deal of variance may be seen in practice from one development to another (with site-specific characteristics). This data gathering process adopted by DSP involves the review of a range of information sources, so as to inform an overview that is relevant to and appropriate for the project context. The aim here is to consider changes and trends and therefore enable us to assess with the Council an updated context picture so far as is suitable and practically possible.

1.4 This Appendix is informed by a range of industry reporting and quotes/extracts (shown in *italic text* to distinguish that externally sourced information from DSP's commentary and context / analysis), with sources acknowledged.

2.0 Economic / Housing Market Context

2.1.1. There are a number of sources available in reviewing the current economic and housing market context generally. We have made particular reference to the Land Registry, Royal Institution of Chartered Surveyors (RICS) market reporting, Office for National Statistics (ONS) and Savills market reporting and forecasts.

2.1.2. These industry reporting resources have all described a similar picture of the current economic context alongside the general housing market patterns of the housing market, viewed at this time both more widely and in respect of the available information for South Staffordshire Council.

2.1.3. The UK residential market was influenced throughout 2020 and 2021 by the unprecedented Coronavirus Pandemic. In March 2020, the UK Government imposed lockdown restrictions nation-wide – involving the closure of sites, travel-restrictions and social distancing procedures. This caused wide disruption and uncertainty within the market at that stage, with the effects of Brexit also with us. However, the fears of deep impacts on the housing market and concerns over the stability of prices supported by it did not materialised, and in fact looking back at the past year shows a very positive period in terms of house price growth.

2.1.4. Dixon Searle Partnership (DSP) have studied and analysed the latest economic / housing market commentary alongside our own wider experience across the country. The most recent **RICS (Royal Institution of Chartered Surveyors) UK Residential Markey Survey** report of August 2021 examines the condition of the market and the opinion of respondents. The latest update describes a reduction over the last couple of months in both buyer enquiries and new instructions. This appears to reflect the surge in sales prior to the phasing out of the Stamp Duty holiday between July and September 2021. House prices continue to rise, although at a slower rate than earlier in the year, and respondents continue to foresee generally steady sales over the coming twelve months. Attention continues to be paid to the lack of stock to meet current demand, resulting in continued upward pressure on house price growth. Within this survey +73% respondents reported on increased house prices during August.

2.1.5. The latest **Office for National Statistics (ONS) UK House Price Index** - July 2021 focuses on sale prices and trends in data rather than forecasting the future of the housing market. Corroborating the sentiment expressed by the RICS respondents above, the ONS report that house prices rises have slowed to an increase of 8.0% to house prices in the UK over the year to July 2021 – down from 13.1% in June 2021. Prices in South Staffordshire are above the national average with an increase over the year of 11.9%.

2.1.6. The ONS suggests that the Stamp Duty holiday, originally due to conclude at the end of March 2021, but subsequently extended to the end of June 2021, is likely to have contributed to an inflation in average house prices as buyers rushed to ensure purchases were completed ahead of the deadlines, as also noted by RICS market report above.

2.1.7. **Savills UK Housing Market Update** – August 2021 also focusses on the levelling off of house prices, but with the expectation that continued falling supply (new instructions are 9% below average) will support price growth in the near future. Savills report that house prices fell by 0.5% in July, resulting in an annual UK house price growth of 10.6% (down from 13.4%). Transactions levels reached a new record level on 213,210 in June 2021, as buyers rushed to complete before the first Stamp Duty holiday deadline. A lower number of transactions are therefore expected in July and August, before a small spike in September, in advance of the final phasing out of the Stamp Duty holiday.

3.0 Residential Market Review

3.1.1. Consistent with our assessment principles, DSP researches data from a range of readily available sources, as also directed by the Planning Practice Guidance (PPG). As noted above, these are sources that could also be used by the Council for any future similar work, updating or monitoring. In the following sections we will provide an outline of the data analysed and reviewed to inform appraisal assumptions.

3.1.2. The residential market review and data collection/analysis phase was based on settlements within the district. This process comprised the desktop-based research and analysis of both sold and asking prices for new build and resale property across the district. Analysis was carried out for the individual settlements and also for the five South Staffordshire locality areas.

3.1.3. In addition to Land Registry analysis for both new build and re-sale properties we also reviewed currently available new build properties for sale utilising property search engines such as Rightmove which will be described in further detail below. We consider this combined approach provides a proportionate but appropriately robust evidence basis – again aligning with the PPG.

3.2. Review of Land Registry New Build Sold Prices Data (July 2019 to July 2021)

3.2.1. The following Tables 1a to 1d below provide a summary of published Land Registry sold prices data solely for new build housing. The floor areas have been sourced separately – from the Domestic Energy Performance Certificate (EPC) Register operated by Landmark on behalf of the Government and available to view via www.epcregister.com under the DCLG's remit. Property values have been updated in line with the UK House Price Index (HPI) for the district at the point of data collection (August 2021). Due to its size the full data set has not been included but can be provided on request if required. Data has been sorted by Settlement and the South Staffordshire Locality Area Structure.

Table 1a – Land Registry Sold Prices Review Analysis – New Build Property – Average Price by Settlement (sorted highest to lowest by price £/m²)

By Settlement	Average Price Updated by UK HPI	Average Updated £/M2	Sample Size
Kinver	£448,321	£5,213	2
Himley	£355,512	£3,950	1
Penkridge	£264,303	£3,313	49
Coven	£283,615	£3,215	9
Codsall	£454,994	£3,158	50
Essington	£358,787	£3,156	28

Table 1b – Land Registry Sold Prices Review Analysis – New Build Property – Quartile Analysis by Settlement (sorted highest to lowest Median Quartile (MQ)

By Settlement	MIN	Q1	MEDIAN	Q3	MAX	Sample Size
Kinver	£5,022	£5,139	£5,257	£5,374	£5,491	2
Himley	£3,950	£3,950	£3,950	£3,950	£3,950	1
Penkridge	£2,740	£3,248	£3,425	£3,501	£3,697	49
Essington	£2,492	£2,985	£3,193	£3,322	£3,980	28
Coven	£2,976	£3,072	£3,155	£3,266	£3,486	9
Codsall	£2,558	£2,950	£3,124	£3,367	£3,704	50

Table 1c – Land Registry Sold Prices Review Analysis – New Build Property – Average Price by Locality Area (sorted highest to lowest by price £/m^2)

By Locality Structure	Average Price Updated by UK HPI	Average Updated £/M2	Sample Size
Locality Area 5	£417,384	£4,779	3
Locality Area 3	£358,787	£3,156	28
Locality Area 2	£283,615	£3,215	9
Locality Area 1	£264,303	£3,313	49
Locality Area 4	£224,318	£3,116	50

Table 1d – Land Registry Sold Prices Review Analysis –New Build Property – Quartile Analysis by Locality Area (sorted highest to lowest Median Quartile (MQ)

By Locality Structure	MIN	Q1	MEDIAN	Q3	MAX	Sample Size
Locality Area 5	£3,950	£4,486	£5,022	£5,257	£5,491	3
Locality Area 3	£2,492	£2,985	£3,193	£3,322	£3,980	28
Locality Area 2	£2,976	£3,072	£3,155	£3,266	£3,486	9
Locality Area 1	£2,740	£3,248	£3,425	£3,501	£3,697	49
Locality Area 4	£2,558	£2,950	£3,124	£3,367	£3,704	50

3.2.2. It is important to note that a number of Settlements and Locality Areas listed above have very small sample sizes and should therefore not be relied upon as the only data source – an overall view should be taken based on the range of available data.

3.2.3. A key point of this analysis is to consider all available information in an appropriate way for the study purpose and strategic level, which in this case requires a high-level overview of general values 'patterns' rather than aiming necessarily to reflect finer grained variations and potential site-specifics. The data compiled indicates the typical range of new build property values across the district to be around £3,100/m^2 to £3,700/m^2.

3.3. Review of Land Registry Resale Sold Prices Data (January 2021 – July 2021)

3.3.1. A similar process has been undertaken as above for resale property with the following Tables 2a – 2d providing a South Staffordshire summary of Land Registry published sold prices data focusing solely on resale housing. As above, the floor areas have been sourced separately from the Domestic Energy Performance Certificate (EPC) Register operated by Landmark on behalf of the Government and available to view via www.epcregister.com under the DCLG's remit. Property values have been updated in line with the UK HPI (area-specific figures) at the point of data collection (August 2021). Due to its size the full data set has not been included here, however it can be requested by the Council. The data has once again been categorised by Settlement and the South Staffordshire Locality Area Structure.

Table 2a – Land Registry Sold Prices Review Analysis – Resale Property – Average Price by Settlement (sorted highest to lowest by price £/m²)

By Settlement	Average Price Updated by UK HPI	Average Updated £/M2	Sample Size
Lapley	£771,697	£3,746	2
Lower Penn	£507,041	£3,299	7
Brewood	£412,821	£3,221	12
Acton Trussell	£395,531	£3,198	6
Bilbrook	£275,167	£3,127	2
Shareshill	£240,457	£3,123	1
Kinver (including Stourton)	£362,748	£3,096	37
Pattingham	£454,875	£3,030	8
Codsall	£309,039	£3,011	53
Coven	£292,449	£2,988	15
Wombourne	£369,583	£2,986	42
Perton	£283,785	£2,977	37
Enville	£499,478	£2,931	5
Swindon	£379,662	£2,894	5
Himley	£397,485	£2,889	5
Weston under Lizard	£250,313	£2,853	4
Bobbington	£394,988	£2,821	2
Penkridge	£289,479	£2,774	38
Hatherton	£338,120	£2,683	2
Wheaton Aston	£307,361	£2,657	10
Cheslyn Hay	£240,917	£2,648	60
Dunston with Coppenhall	£514,613	£2,612	2
Featherstone	£195,667	£2,523	16
Trysull	£1,176,704	£2,451	1
Bishops Wood	£300,645	£2,367	3
Great Wyrley	£270,981	£2,358	17
Essington	£309,361	£2,328	10
Huntington	£252,975	£2,294	19

Table 2b – Land Registry Sold Prices Review Analysis – Resale Property – Quartile Analysis by Settlement (sorted highest to lowest Median Quartile (MQ)

By Settlement	MIN	Q1	MEDIAN	Q3	MAX	Sample Size
Lapley	£2,770	£3,238	£3,705	£4,173	£4,640	2
Pattingham	£2,145	£3,017	£3,336	£3,562	£4,024	8
Lower Penn	£2,970	£3,098	£3,224	£3,430	£3,851	7
Acton Trussell	£2,484	£2,839	£3,181	£3,556	£4,908	6
Enville	£2,531	£2,567	£3,172	£4,477	£5,481	5
Kinver (including Stourton)	£1,932	£2,721	£3,148	£3,572	£4,533	37
Shareshill	£3,123	£3,123	£3,123	£3,123	£3,123	1
Bilbrook	£2,943	£3,030	£3,117	£3,204	£3,291	2
Brewood	£2,161	£2,833	£3,052	£3,411	£4,533	12
Codsall	£1,726	£2,665	£2,969	£3,300	£4,775	53
Wombourne	£2,147	£2,632	£2,958	£3,405	£4,707	42
Perton	£1,731	£2,498	£2,953	£3,335	£4,237	37
Himley	£2,669	£2,687	£2,950	£3,014	£3,400	5
Coven	£1,645	£2,522	£2,916	£3,387	£5,216	15
Swindon	£2,459	£2,519	£2,907	£2,921	£4,216	5
Penkridge	£1,627	£2,533	£2,865	£3,230	£4,609	38
Weston under Lizard	£2,436	£2,579	£2,813	£3,112	£3,451	4
Bobbington	£2,690	£2,750	£2,810	£2,870	£2,930	2
Hatherton	£2,668	£2,674	£2,680	£2,686	£2,692	2
Wheaton Aston	£2,224	£2,484	£2,641	£2,832	£4,074	10
Cheslyn Hay	£1,805	£2,176	£2,602	£3,128	£4,642	60
Featherstone	£1,732	£2,310	£2,595	£2,866	£4,371	16
Dunston with Coppenhall	£2,459	£2,515	£2,570	£2,625	£2,681	2
Trysull	£2,451	£2,451	£2,451	£2,451	£2,451	1
Essington	£1,520	£1,845	£2,396	£2,685	£3,620	10
Huntington	£1,214	£2,081	£2,381	£2,659	£3,825	19
Bishops Wood	£2,021	£2,180	£2,338	£2,573	£2,807	3
Great Wyrley	£1,663	£2,033	£2,240	£2,750	£3,411	17

Table 2c – Land Registry Sold Prices Review Analysis – Resale Property – Average Price by Locality Area (sorted highest to lowest by price £/m²)

By Locality Structure	Average Price Updated by UK HPI	Average Updated £/M2	Sample Size
Locality Area 4	£310,684	£3,004	100
Locality Area 2	£344,800	£2,989	46
Locality Area 5	£369,583	£2,986	104
Locality Area 1	£296,797	£2,670	67
Locality Area 3	£245,446	£2,538	104

Table 2d – Land Registry Sold Prices Review Analysis – Resale Property – Quartile Analysis by Locality Area (sorted highest to lowest Median Quartile (MQ)

By Locality Structure	MIN	Q1	MEDIAN	Q3	MAX	Sample Size
Locality Area 5	£1,932	£2,674	£3,022	£3,423	£5,481	104
Locality Area 4	£1,726	£2,618	£3,022	£3,345	£4,775	100
Locality Area 2	£1,645	£2,549	£2,856	£3,320	£5,216	46
Locality Area 1	£1,214	£2,396	£2,692	£3,078	£4,908	67
Locality Area 3	£1,520	£2,151	£2,545	£2,952	£4,642	104

3.3.2. Once again, it is important to note that a number of Settlements listed above indicated very small sample sizes and should therefore not be relied upon as the only data source – an overall view should be taken based on the range of available data.

3.4 Available New Builds – Advertised for Sale (April 2021)

3.4.1. Table 3 below provides a summary of the available new build properties that were on the market for sale in August 2021 across South Staffordshire as found through web-searching, including www.rightmove.co.uk; various house builders' & estate agents' websites and associated follow up enquiries if relevant. The 5% deduction is intended to recognize that there will usually be an adjustment between marketing and sales price. Where the property size has not been supplied with the agent's details, we have made an estimate from available floor plans and room dimensions, and these are indicated in italics. The following table therefore presents another high-level sense check of our assumed values.

Table 3 – New Build Property Advertised for Sale August 2021 by Locality Area

Settlement	Address	Description	Sale price	Size M2	Price £/M2	Sale price 5% less	Price £/M2 5% less
Locality Area 1							
Penkridge	Stafford Road	4 bed detached	£429,950	*142*	£3,028	£408,453	£2,876
		Average:	**£429,950**	**142**	**£3,028**	**£408,453**	**£2,876**
Locality Area 2							
Brewood & Coven	Plot 17, Engleton Lane	4 bed detached	£505,950	*129*	£3,922	£480,653	£3,726
Brewood & Coven	Plot 39, Engleton Lane	4 bed detached	£504,995	*129*	£3,915	£479,745	£3,719
Brewood & Coven	Plot 32, Engleton Lane	2 bed semi	£264,500	*70*	£3,779	£251,275	£3,590
Brewood & Coven	Plot 33, Engleton Lane	2 bed semi	£264,500	*70*	£3,779	£251,275	£3,590
Brewood & Coven	Plot 9, Engleton Lane	2 bed semi	£262,500	*70*	£3,750	£249,375	£3,563
Brewood & Coven	Plot 4, Engleton Lane	2 bed semi	£255,600	*70*	£3,651	£242,820	£3,469
Brewood & Coven	Plot 1, School Lane	4 bed detached	£395,000	117	£3,376	£375,250	£3,207
Wheaton Aston	Ivetsey Road	4 bed detached	£399,950	121	£3,305	£379,953	£3,140
Wheaton Aston	Ivetsey Road	3 bed detached	£329,950	99	£3,333	£313,453	£3,166
Wheaton Aston	Ivetsey Road	3 bed detached	£294,950	88	£3,352	£280,203	£3,184
		Average:	**£347,790**	**96**	**£3,612**	**£330,400**	**£3,431**
Locality Area 4							
Codsall	1a Carter Avenue	3 bed detached	£320,000	113	£2,832	£304,000	£2,690
Codsall	Plot 91, Pendeford Mill Lane	3 bed semi	£305,995	*93*	£3,290	£290,695	£3,126
		Average:	**£312,998**	**103**	**£3,039**	**£297,348**	**£2,887**
Locality Area 5							
Kinver	Hyde Lane	2 bed bungalow	£395,000	88	£4,489	£375,250	£4,264
Kinver	Hyde Lane	3 bed semi	£350,000	91	£3,846	£332,500	£3,654
Kinver	Hyde Lane	3 bed semi	£335,000	88	£3,807	£318,250	£3,616
Kinver	Hyde Lane	2 bed bungalow	£295,000	61	£4,836	£280,250	£4,594
Trysull	10 Plough Meadows, School Road	4 bed detached	£525,000	*155*	£3,387	£498,750	£3,218
Trysull	11 Plough Meadows, School Road	3 bed detached	£425,000	*97*	£4,381	£403,750	£4,162
Trysull	13 Plough Meadows, School Road	3 bed detached	£415,000	*97*	£4,278	£394,250	£4,064
Wombourne	Giggetty Lane	4 bed detached	£445,000	117	£3,803	£422,750	£3,613
Wombourne	Giggetty Lane	3 bed semi	£349,000	113	£3,088	£331,550	£2,934
Wombourne	Apt 4, Thorsten House, Rees Drive	2 bed flat	£279,950	84	£3,333	£265,953	£3,166
Wombourne	Apt 6, Thorsten House, Rees Drive	2 bed flat	£279,950	72	£3,888	£265,953	£3,694
Wombourne	Apt 5, Thorsten House, Rees Drive	2 bed flat	£269,950	65	£4,153	£256,453	£3,945
Wombourne	Apt 1, Thorsten House, Rees Drive	2 bed flat	£269,950	65	£4,153	£256,453	£3,945
Wombourne	Apt 3, Thorsten House, Rees Drive	2 bed flat	£269,950	65	£4,153	£256,453	£3,945
Wombourne	Apt 7, Thorsten House, Rees Drive	2 bed flat	£259,950	84	£3,095	£246,953	£2,940
Wombourne	Apt 2, Thorsten House, Rees Drive	2 bed flat	£259,950	73	£3,561	£246,953	£3,383
Wombourne	Apt 8, Thorsten House, Rees Drive	2 bed flat	£259,950	77	£3,376	£246,953	£3,207
		Average:	**£334,329**	**88**	**£3,809**	**£317,613**	**£3,619**

3.5 Initial First Phase of Residential Market Review (July 2019)

3.5.1. In addition to the August 2021 research presented in Tables 1a to 1d, 2a to 2d and 3 above, we also carried out a similar research exercise during an earlier phase of this project in the Summer/Autumn 2019. For comparison purposes, Tables 4a to 4c below present a brief summary of this data for the South Staffordshire Locality Areas.

Table 4a – Land Registry Sold Prices Review Analysis – New Build Property – Average Price by Locality Area (£/m^2) – February 2017 to July 2019

By Locality Structure	Average Price Updated by UK HPI	Average Updated £/M2	Sample Size
Locality Area 1	£242,744	£2,811	88
Locality Area 2	N/A	N/A	0
Locality Area 3	N/A	N/A	0
Locality Area 4	£244,715	£2,718	78
Locality Area 5	£311,682	£2,893	50

Table 4b – Land Registry Sold Prices Review Analysis – Resale Property – Average Price by Locality Area (£/m^2) – December 2019 to July 2019

By Locality Structure	Average Price Updated by UK HPI	Average Updated £/M2	Sample Size
Locality Area 1	£251,927	£2,404	94
Locality Area 2	£256,773	£2,485	50
Locality Area 3	£197,777	£2,194	148
Locality Area 4	£242,087	£2,548	155
Locality Area 5	£301,021	£2,764	111

Table 4c – New Build Property Advertised for Sale July 2019 by Locality Area

By Locality Structure	Average Sale Price 5% less	Average Price £/M2 5% less	Sample Size
Locality Area 1	£244,411	£2,468	14
Locality Area 2	£211,375	£1,838	4
Locality Area 3	N/A	N/A	0
Locality Area 4	£378,640	£2,802	14
Locality Area 5	£372,638	£3,304	3

3.6. DSP Residential 'Value Levels' (VLs)

3.6.1. Overall, for the purposes of this Local Plan and CIL viability study, we decided to focus our appraisals around the following values range – represented by what we refer to as Value Levels (VLs) 1-7 indicative by location, all in accordance with the extensive research values analysis outlined above. See Table 4 below (note: table also included for ease of reference in Appendix I). Above all, this shows the scale of values as well as the variation of those values seen in different parts of the District. At the time of compiling Appendix I in August 2021, we considered typical new build property values in the South Staffordshire to fall within the overall VL's range of £3,100/m² to £3,700/m².

Table 5 – DSP Value Levels

<table>
<tr><th>Market Value (MV) - Assumed Value levels (VLS) tested) £/sq. m</th><th>VL1
£2,500</th><th>VL2
£2,800</th><th>VL3
£3,100</th><th>VL4
£3,400</th><th>VL5
£3,700</th><th>VL6
£4,000</th><th>VL7
£4,300</th></tr>
<tr><td rowspan="6">Indicative Relevance of VLs</td><td colspan="2">Lower end new build values/typical market falling</td><td colspan="3">Typical new build values range</td><td colspan="2">Higher end new build values and above/typical market rising</td></tr>
<tr><td colspan="3">Locality Area 1 (including) Penkridge, Huntington, Bednall, Dunston</td><td colspan="4"></td></tr>
<tr><td colspan="4">Locality Area 2 (including) Brewood, Wheaton Aston, Coven, Bishops Wood</td><td colspan="3"></td></tr>
<tr><td></td><td colspan="5">Locality Area 3 Cheslyn Hay, Great Wyrley, Essington, Featherstone, Shareshill</td><td></td></tr>
<tr><td colspan="2"></td><td colspan="4">Locality Area 4 (including) Codsall, Bilbrook, Perton, Pattingham</td><td></td></tr>
<tr><td colspan="3"></td><td colspan="4">Locality Area 5 (including)
Wombourne, Kinver, Bobbington, Trysull, Swindon, Himley, Seisdon</td></tr>
<tr><td>VLs</td><td>VL1</td><td>VL2</td><td>VL3</td><td>VL4</td><td>VL5</td><td>VL6</td><td>VL7</td></tr>
<tr><td>1-bed flat</td><td>£125,000</td><td>£140,000</td><td>£155,000</td><td>£170,000</td><td>£185,000</td><td>£200,000</td><td>£215,000</td></tr>
<tr><td>2-bed flat</td><td>£152,500</td><td>£170,800</td><td>£189,100</td><td>£207,400</td><td>£225,700</td><td>£244,000</td><td>£262,300</td></tr>
<tr><td>2-bed house</td><td>£197,500</td><td>£221,200</td><td>£244,900</td><td>£268,600</td><td>£292,300</td><td>£316,000</td><td>£339,700</td></tr>
<tr><td>3-bed house</td><td>£232,500</td><td>£260,400</td><td>£288,300</td><td>£316,200</td><td>£344,100</td><td>£372,000</td><td>£399,900</td></tr>
<tr><td>4-bed house</td><td>£325,000</td><td>£364,000</td><td>£403,000</td><td>£442,000</td><td>£481,000</td><td>£520,000</td><td>£559,000</td></tr>
<tr><td>MV (£ / m²)</td><td>£2,500</td><td>£2,800</td><td>£3,100</td><td>£3,400</td><td>£3,700</td><td>£4,000</td><td>£4,300</td></tr>
</table>

3.6.2. As in all areas, values are always mixed to some extent – within particular settlements and even within sites. The table below assumes the following dwelling gross internal floor areas (these are purely for the purpose of the above market dwelling price illustrations) for the 'standard' scenario set. Unit sizes are based on the range set out in the Nationally Described Space Standard (NDSS).

Table 6 – Assumed Unit Sizes

Unit Types	Unit Sizes (sq. m.)
1-bed flat	50
2-bed flat	61
2-bed house	79
3-bed house	93
4-bed house	130

4.0 Commercial Market Information, Rents and Yields

4.1.1 The first UK lockdown imposed in March 2020 caused the commercial economy to almost come to a halt, with most retail and leisure closed for several months, and offices adopting remote working. Since then the ongoing pandemic and further lockdowns in November 2020 and January 2021 posed difficult challenges for office and retail units.

4.1.2 The RICS Commercial Property Market Survey Q2 2021 (released July 2021), strikes a more optimistic note, with 56% of respondents now considering the overall market conditions to be consistent with an upturn. RICS also notes that *'demand trends appear much more stable for offices but remains negative for retail'* and that the *'industrial sector is expected to deliver further strong capital value and rental growth'*.

4.1.3 At the local level, feedback from respondents within the West Midlands appears to reflect this general picture, with many respondents anticipating that demand for office space will remain suppressed as businesses respond to the rise in remote working.

4.1.4 DSP have also reviewed Savills – UK Market in Minutes – UK Commercial – August 2021. Savills corroborate the sentiment expressed above by the RICS survey that overall market conditions are improving. Savills headline with *'Average prime yields at their lowest since March 2020'* comment that *'the momentum in the UK commercial property market continues to build'*. Savills report a 38% increase in commercial property investment volumes compared to the previous quarter. The picture for regional office investment volumes also showed an increase of 40% compared to the same quarter in 2020, but note that this is 23% down when compared to 2018.

4.1.5. Table 7 below sets out indications provided by the Knight Frank Investment Yield Guide (August 2021)

Table 7 – Knight Frank Investment Yield Guide August 2021

Sector	Aug -21	Market Sentiment
High Street Retail		
Bond Street	2.75% +	Stable
Oxford Street	3.50% +	Stable
Prime Shops	6.50%	Negative

Sector	Aug -21	Market Sentiment
Regional Cities	6.50% +	Negative
Good Secondary	8.25% - 8.50%	Negative
Secondary / Tertiary	10.00% + +	Negative
Shopping Centres		
Regional Scheme	8.50%	Stable
Sub-Regional Scheme	9.00%	Stable
Local Scheme (successful)	10.00%	Stable
Local Scheme (challenged)	15.00% +	Negative
Neighbourhood Scheme (assumes <25% of income from supermarket)	9.50% - 9.75% +	Stable
Out of Town Retail		
Open A1/Fashion Parks	6.00%	Positive
Secondary Open A1 Parks	7.50%	Positive
Bulky Goods Parks	6.00%	Positive
Secondary Bulky Goods Parks	7.50%	Positive
Solus Open A1	5.75%	Positive
Solus Bulky (c.50,000 sq. ft. let to strong covenant for 15yrs)	5.75%	Positive
Leisure		
Leisure Parks	7.00% +	Negative
Good Secondary Leisure Parks	8.00% +	Negative
Secondary Leisure Parks	10.00% +	Negative
Specialist Sectors		
Car Showrooms (20yrs with fixed uplifts & dealer covenant)	5.50%	Stable
Budget Hotels London (Fixed/RPI uplifts 20 yr+ term, Strong Covenant)	3.50%	Positive
Budget Hotels Regional (Fixed/RPI uplifts 20 yr+ term, Strong Covenant)	4.00%	Positive
Student Accommodation (Prime London - Direct Let)	3.75% - 4.00%	Positive
Student Accommodation (Prime Regional - Direct Let)	5.25% -	Positive
Student Accommodation (Prime London - 25yr lease Annual RPI)	3.50%	Positive
Student Accommodation (Prime Regional - 25yr lease Annual RPI)	3.50%	Positive
Healthcare (Elderly Care 30 yrs indexed linked reviews)	3.50%	Positive
Food stores		
Annual RPI increases (IY) (25-year income)	3.50%	Positive
Open market reviews	4.25%	Positive
Warehouse & Industrial Space		
Prime Distribution/Warehousing (20yr income (with fixed uplifts IY)))	3.25%	Positive
Prime Distribution/Warehousing (15yr income)	4.00% -	Positive
Secondary Distribution (10-year income)	4.50% -	Positive
SE Estate (exc London & Heathrow)	3.75% - 4.00%	Positive
Good Modern RoUK Estate	4.00% - 4.25%	Positive
Secondary Estates	5.25% - 5.50%	Positive

Sector	Aug -21	Market Sentiment
Offices		
City Prime	4.00%	Positive
West End Prime (Mayfair & St James's)	3.50%	Positive
West End Non-core (Soho & Fitzrovia)	4.00% - 4.25%	Positive
Major Regional Cities (Single let, 15 years)	5.00%	Stable
Major Regional Cities (Multi-let, 5 year WAULT)	5.75% -	Positive
Bonds & Rates		
Libor 3 months (12/04/2021)	0.07%	
Base Rate (12/04/2021)	0.10%	
5-year swap rates (12/04/2021)	0.70%	
10-year gilts redemption yield (12/04/2021)	0.66%	

5.0 Commercial Property Values Research

5.1.1 The information as outlined in the following section is based on researching data as far as available reflecting commercial properties within South Staffordshire. Our assessment particularly focuses on the main commercial uses – industrial, retail and office rents.

5.1.2 Our commercial rent assumptions are set based on a range of data sources detailed throughout this report.

5.2 Commercial Values Data – CoStar

5.2.1 DSP has a subscription to the commercial property data resource 'CoStar' and here we include relevant extracts, again as far as available, for South Staffordshire. Summary reporting analysis for the lease comparables is provided; combined with the full data extracts to be found at the end of this Appendix. CoStar is a market leading commercial property intelligence resource used and informed by a wide range of Agents and other property firms, to provide commercial real estate information and analytics. CoStar conducts extensive, ongoing research to provide and maintain a comprehensive database of commercial and real estate information where subscribers can analyse, interpret and gain insight into commercial property values and availability, as well as general commercial market conditions.

5.2.2 The CoStar sourced research is based on available lease comparables within South Staffordshire covering industrial / retail / office over a five year period. Figures 1a to 1c below provide the analysis summary, with the full data set provided at the rear of this Appendix. The data below is from research carried out in the earlier phase of this project, in Autumn/Winter 2019. However, given the commercial market has remained relatively static in the intervening period (based on market reporting reviews) we consider these initial commercial assumptions remain relevant.

Figure 1a – CoStar Lease Comparables – Retail (5 years)

Deals	Asking Rent Per SF	Achieved Rent Per SF	Avg. Months On Market
40	£12.46	£11.34	12

SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Asking Rent Per SF	32	£4.27	£12.46	£15.20	£35.77
Achieved Rent Per SF	24	£0.14	£11.34	£14.22	£29.89
Net Effective Rent Per SF	14	£4.51	£10.77	£13.12	£29.89
Asking Rent Discount	20	-30.0%	2.7%	0.0%	99.5%
TI Allowance	-	-	-	-	-
Rent Free Months	12	0	2	2	6

Figure 1b – CoStar Lease Comparables – Office (5 years)

Deals	Asking Rent Per SF	Achieved Rent Per SF	Avg. Months On Market
53	£10.66	£12.94	16

SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Asking Rent Per SF	48	£6.00	£10.66	£11.83	£22.12
Achieved Rent Per SF	20	£7.50	£12.94	£12.83	£22.78
Net Effective Rent Per SF	15	£7.50	£13.83	£13.09	£22.78
Asking Rent Discount	18	-59.0%	-10.3%	0.0%	15.7%
TI Allowance	-	-	-	-	-
Rent Free Months	12	0	1	0	4

Figure 1c – CoStar Lease Comparables – Industrial (5 years)

Deals	Asking Rent Per SF	Achieved Rent Per SF	Avg. Months On Market
44	£5.27	£5.23	12

SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Asking Rent Per SF	21	£2.99	£5.27	£5.37	£7.63
Achieved Rent Per SF	13	£3.71	£5.23	£5.45	£12.74
Net Effective Rent Per SF	8	£3.84	£5.47	£5.30	£6.00
Asking Rent Discount	6	-5.5%	3.4%	0.1%	7.7%
TI Allowance	-	-	-	-	-
Rent Free Months	2	0	2	2	3

5.2.3 The full CoStar dataset, as summarised in the above tables, has been further analysed (see Table 8 below) to provide a more detailed view of the range of commercial rents in the South Staffordshire submarket, as part of the robust assumption seeing process.

[See Table 8 on next page]

Table 8 – CoStar Summary Analysis – South Staffordshire Commercial Leases

Type	South Staffordshire - £/sq ft				
	£/sq ft Minimum Average Rental Indications	£/sq ft 1st Quartile Rental Indications	£/sq ft Median Rental Indications	£/sq ft 3rd Quartile Rental Indications	£/sq ft Maximum Average Rental Indications
Retail	£4.27	£11.47	£15.02	£19.23	£35.77
Offices	£6.00	£7.50	£12.00	£15.61	£22.78
Industrial	£1.43	£1.75	£2.03	£2.38	£3.97

Type	South Staffordshire - £/m2				
	£/m2 Minimum Average Rental Indications	£/m2 1st Quartile Rental Indications	£/m2 Median Rental Indications	£/m2 3rd Quartile Rental Indications	£/m2 Maximum Average Rental Indications
Retail	£45.98	£123.49	£161.69	£207.00	£385.03
Offices	£64.58	£80.73	£129.17	£168.03	£245.20
Industrial	£15.35	£18.88	£21.81	£25.64	£42.71

5.3 Further commercial property values data sources – VOA Rating List

5.3.1 Table 9 below sets out the VOA Data Summary (as the data was too large to include in our appendix) for commercial type use in South Staffordshire as a further sense check of assumptions used.

Table 9 – VOA Data Summary

Type	£/m2 Minimum Average Rental Indications	£/m2 1st Quartile Rental Indications	£/m2 Median Rental Indications	£/m2 3rd Quartile Rental Indications	£/m2 Maximum Average Rental Indications
Offices	£11	£73	£99	£131	£220
Industrial	£5	£37	£44	£49	£61
Retail Warehousing	£101	£115	£126	£129	£147
Supermarkets	£184	£186	£187	£189	£190
Shops	£7	£74	£114	£139	£358
Convenience Stores	£24	£45	£85	£99	£125

6.0 Stakeholder Consultation

6.1.1 As part of the information gathering process, DSP invited a number of local stakeholders to contribute by providing local residential / commercial market indications / experiences and values information. This was in order to both invite engagement and to help inform our study assumptions, alongside our own research, with further experience and judgements. It was conducted by way of a survey /pro-forma (containing some suggested assumptions) supplied by email by DSP via the Council for comment. The covering email contained a short introduction about the project, and also explained the type of information we required as well as assuring participants that any information they may provide would be kept in confidence respecting commercial sensitivities throughout the whole process.

6.1.2 The list of consulted development industry stakeholder organisations has not been included for confidentiality reasons, however, this typically includes housebuilders/developers (at varying scales), planning agents, property agents etc.

6.1.3 Other stakeholders contacted as part of the information gathering process included locally active Affordable Housing Providers in the South Staffordshire district. This enabled us to engage generally with Providers informing them about the study purpose as well to understand social and affordable rent revenue in the district.

6.1.4 DSP received a number of responses from development industry contacts and affordable housing providers, some of which offered broad ranges for costs and values, or general opinion, as well as some offering more detailed responses.

6.1.5 Any information / comments that were provided as a result of this consultation helped to inform and check / support our assumptions – these assumptions were developed through research within the district, discussions with local estate agents, and also DSP's extensive experience conducting independent viability reviews at planning application stage generally. However due to concerns around commercial sensitivity, we have not included any specific references or comments in this Appendix.

7.0 Land Values Context

7.1.1 As with the residential and commercial values, DSP also considered information as far as available regarding land values. The Savills report Market in Minutes: UK Residential Development Land – Q2 (July 2021) describes land values increases across all regions due to the *'exceptionally strong housing market'* amid a continuing high level of demand and a shortage of immediate sites. Savills report land values up over the quarter by 1.7% for greenfield and 1.8% for urban land.

7.1.2 In addition, the Savills report also comments on how house price growth is helping to balance existing pressures on build cost inflation caused by the impact of Covid-19, Brexit and global demand which has resulted in construction material shortages. However, Savills believe cost inflation will continue to be significant in the near future, especially as the new building regulations under the Future Homes Standard come into effect from 2022.

7.1.3 The Knight Frank report Residential Development Land Q2 – 2021 corroborates the general sentiment expressed above, headlining that *'Greenfield values strengthen as concerns grow over supply chain disruption and rising build costs'*. However Knight Frank report much higher land values for greenfield sites than Savills, with an 8% increase during the quarter (urban land values remain the same as the previous quarter, but up 4.3% on the year). The difference in greenfield values can perhaps be attributed to differing data sources employed, however it demonstrates the importance of reviewing several market reports in order to grasp the fuller picture of the market.

7.1.4 Knight Frank also comment on the on-going problems of cost inflation, driven by supply chain issues, for the land market and the UK economy in general.

7.1.5 Both reports above dedicate significant attention to the increase in demand, and the struggle against a general shortage of land and high build costs. This is acknowledged to be having an upward pressure on land prices as housebuilders compete for land to replenish their stock after a period of limited land-buying.

7.2. Benchmark Land Values

7.2.1 Land value in any given situation should reflect specific viability influencing factors, such as:

- The existing use scenario
- Planning approval and status / risk (as an indication and depending on circumstances, planning risk factors may equate to a reduction from a "with planning" land value by as much as 75%)
- Development potential – scale, type, etc. (usually subject to planning)
- Development constraints – including site conditions and necessary works, costs and obligations (including known abnormal factors)
- Development plan policies

7.2.2 It follows that the planning policies and obligations will have a bearing on land value; as has been recognised by examiners and Planning Inspectors.

7.2.3 In order to consider the likely viability of local plan policies in relation to any development scheme relevant to the Local Plan, the outturn results of the development appraisals (the RLVs viewed in £/ha terms) need to be somehow measured against a comparative level of land value. This is a key part of the context for reviewing the strength of the results as those changes across the range of assumptions on sales values (GDVs) and crucially including the effect of local plan policies (including affordable housing) and other sensitivity tests.

7.2.4 This comparison process is, as with much of strategic level viability assessment, not an exact science. It involves judgements and well-established acknowledgements that, as with other appraisal aspects, land values will in practice vary from scheme to scheme as well as being dependent to some extent on timing in relation to market conditions and other wider influences such as Government policy. The levels of land values selected for this comparison context are often known as 'benchmark' land values, 'viability tests' (as referred to in our results tables – Appendices IIa and IIe) or similar. They are not fixed in terms of creating definite cut-offs or steps in viability, but in our experience, they serve well in terms of adding a layer of filtering to the results, to help enable the review of those; they help to highlight the tone of the RLV results and therefore the changing strength of relationship between the values (GDVs) and development costs as the appraisal inputs (assumptions) change.

7.2.5 As suitable (appropriate and robust) context for a high-level review of this nature, DSP's practice is to compare the wide range of appraisal RLV results with a variety of potential land value comparisons in this way. This allows us to consider a wide range of potential scenarios and outcomes and the viability trends across those.

7.2.6 The land value comparison levels are not fixed or even guides for use on scheme specifics; they are purely for this assessment purpose. In our experience, sites will come forward at alternative figures – including in some cases beneath the levels assumed for this purpose. We have considered land values in a way that supports an appropriately "buffered" type view.

National Planning Policy Framework – September 2019

7.2.7 The revised NPPF was published in July 2018 and revised in February 2019. This sits alongside the Planning Practice Guidance (PPG) (in relation to viability both at plan making and decision taking stages of the planning process). The latest PPG on viability (September 2019) makes it clear that benchmark land values (BLVs) should be based on the Existing Use Value (EUV) plus approach and states: '*A benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner [which] should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is often called 'existing use value plus (EUV+).'*

7.2.8 Further relevant extracts from the PPG (September 2019) are set out below.

- *'Benchmark land values should:*
- *Be based upon existing use value*
- *Allow for a premium to landowners (including equity resulting from those building their own homes)*
- *Reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees'*

7.2.9 *'Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.'*

7.2.10 *'This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.'*

7.2.11 *'In plan making, the landowner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account.'*

The Planning Practice Guidance (September 2019) on factors to be considered to established benchmark land values continues:

7.2.12 '*Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).'*

7.2.13 *'Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agents' websites; property auction results; valuation office agency data; public sector estate / property teams' locally held evidence.'*

The Planning Practice Guidance (September 2019) on how the premium for viability assessment to the landowner should be defined:

7.2.14 *'The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium 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.'*

7.2.15 *'Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to 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 or 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. A decision maker can give appropriate weight to emerging policies. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).'*

7.2.16 *'Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used by only as a cross check to 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 or 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. A decision maker can give appropriate weight to emerging policies. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).'*

7.2.17 In order to inform the BLVs for use here, we have reviewed existing evidence, previous viability studies, site specific viability assessments and in particular have had regard to published Government sources of land values for policy application[1]. The Government data

[1] MHCLG: Land value estimates for policy appraisal 2017 (May 2018)

provides industrial, office, residential and agricultural land value estimates for the local sub-region but not all areas are covered. This includes data for South Staffordshire in relation to residential land estimates. Not all areas are covered and as is the case in most LA areas, South Staffordshire may well have varying characteristics. Therefore, where data is insufficient, we have made use of our own experience and judgement in order to utilise a 'best fit' from the available data. The benchmarks indicated within the Appendices are therefore informed by this data and other sources as described above.

7.2.18 The residential land value estimates in particular require adjustment for the purposes of strategic viability testing due to the fact that a different assumptions basis is used in our study compared to the truncated valuation model used for the residential land value estimate. This (and other) viability assessments, assume all development costs are accounted for as inputs to the RLV appraisal, rather than those being reflected within a much higher, "serviced" i.e. "ready to develop" level of land value. The MHCLG truncated valuation model provides a much higher level of land value as it assumes all land and planning related costs are discharged, assumes that there is a nil affordable housing requirement (whereas in practice the affordable housing requirement can impact land value by around 50% on a 0.5 ha site with 35% AH) with no CIL or other planning obligations allowance. That level of land value would also assume that full planning consent is in place, whereas the risk associated with obtaining planning consent can equate to as much as a 75% deduction when adjusting a consented site value to an unconsented land value starting point. Lower quartile build costs and a 17% developer's profit (compared to the assumed median build costs and 17.5% developer's profit used in this study) are additional assumptions that lead to a view of land value well above that used for comparison (benchmark purposes) in viability assessments such as this. So, the assessment approach (as relates to all land values) assumes all deductions from the GDV are covered by the development costs assumptions applied within the appraisals. In our view this would lead to a significantly reduced residential land value benchmark when taking into account all of those factors.

7.2.19 The figure that we consider representing the minimum land value likely to incentivise release for development under any circumstances in the local context is around £250,000/ha, based on gross site area. In our experience of dealing with site specific viability, greenfield land values tend to be assumed at minimum option agreements levels. These are typically around £100,000 and not exceeding £200,000 per gross acre (i.e. approx. £250,000 to a maximum of £500,000 per gross hectare). Land values at those levels are likely to be relevant to development on greenfield land (e.g. agricultural land or in cases of enhancement to amenity land value).

7.2.20 At this level, it could be relevant for consideration as the lowest base point for enhancement to greenfield land values (with agricultural land reported by the VOA and a range of other sources to be valued at circa £20,000 - £25,000/ha in existing use). The HCA issued a transparent assumptions document which referred to guide parameters of an uplift of 10 to 20 times agricultural land value. This sort of level of land value could also be relevant to a range of less attractive locations or land for improvement. This is not to say that land value expectations in such scenarios would not go beyond these levels either – they could well do in a range of circumstances.

7.2.21 The EUV+ BLVs used within the study therefore range between £250,000/ha for greenfield land (including a significant uplift from existing agricultural values) to approximately £1,000,000/ha for upper PDL/Residential land values.

7.2.22 Matters such as realistic site selection for the particular proposals, allied to realistic land owner expectations on site value, will continue to be vitally important. Even moving away from a 'market value' led approach, site value needs to be proportionate to realistic development scope and site contracts, ensuring that headroom for supporting necessary planning obligations is not overly squeezed beneath the levels that should be achieved.

7.2.23 The RICS Guidance[2] (pre-dating the new NPPF and PPG) refers to site value in the following '*Site value should equate to the market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan… The residual land value (ignoring any planning obligations and assuming planning permission is in place) and current use value represent the parameters within which to assess the level of any planning obligations.*'

7.2.24 The Local Housing Delivery Group report[3] chaired by Sir John Harman (again pre-dating the new NPPF and PPG), notes that: '*Consideration of an appropriate Threshold Land Value needs to take account of the fact that future plan policy requirements will have an impact on land values and landowner expectations. Therefore, using a market value approach as the starting*

[2] Financial Viability in planning – RICS Guidance note (August 2012)
[3] Local Housing Delivery Group – Viability Testing Local Plans (June 2012)

point carries the risk of building-in assumptions of current policy costs rather than helping to inform the potential for future policy. Reference to market values can still provide a useful 'sense check' on the threshold values that are being used in the model (making use of cost-effective sources of local information), but it is not recommended that these are used as the basis for the input into a model… We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values.'

7.2.25 The revisions to the Viability PPG and the new NPPF (in July 2018), as described above, now very clearly advise that land value should be based on the value of the existing use plus an appropriate level or premium or uplift to incentivise release of the land for development from its existing use.

7.2.26 Any overbid level of land value (i.e. incentive or uplifted level of land value) would be dependent on a ready market for the existing or other use that could be continued or considered as an alternative to pursuing the redevelopment option being assumed. The influences of existing / alternative use on site value need to be carefully considered. At a time of a low demand through depressed commercial property market circumstances, for example, we would not expect to see inappropriate levels of benchmarks or land price expectations being set for opportunities created from those sites. Just as other scheme specifics and appropriate appraisal inputs vary, so will landowner expectation.

7.2.27 In summary, reference to the land value benchmarks range as outlined within the report and shown within the Appendix III results summary tables footnotes (range overall £250,000 to £1,000,000/ha) have been formulated with reference to the principles outlined above and are considered appropriate.

***Appendix* III Ends**

Co-Star extracts to follow