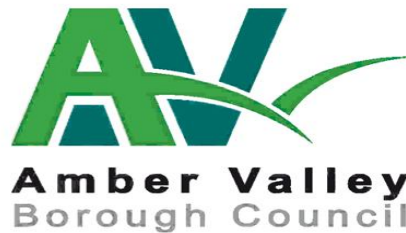


**COMMUNITY INFRASTRUCTURE LEVY
LAND AND PROPERTY VALUE APPRAISAL STUDY**

AS PART OF EVIDENCE BASE

**FOR AND ON BEHALF OF
THE DERBY HOUSING MARKET AREA (HMA)**



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TERMS OF REFERENCE

As part of our instruction to provide valuation advice and assistance to The Derby HMA in respect of Community Infrastructure Levy adoption, we are instructed to prepare a report identifying typical land and property values for geographical locations within the HMA.

These typical land and sale prices are to reflect 'new build' accommodation and test categories have been broken down into land use types reflecting the broad divisions of the use classes order reflecting common commercial development land use types specifically:-

- 1) Residential institutions (C1, C2)
- 2) Food retail (supermarkets)
- 3) General retail (A1, A2, A3, A4, A5)
- 4) Offices (B1a Cat A fit out)
- 5) Industrial (B1, B/C, B2, B8)
- 6) Institutional and community use (D1)
- 7) Leisure (D2, including casinos)
- 8) Agricultural
- 9) Sui Generis (see later notes)

*It should be noted that in the case of **residential** property our later viability tests have adopted the values previously provided by PBA, as agreed as being appropriate by the HMA following submission of PBA's Strategic Viability Assessment Report, March 2013. In accordance with our instructions we have not undertaken further residential valuations, other than providing some additional residual land valuations, necessary for our bespoke CIL appraisal methodology.*

As part of our instructions we have been asked to review and update suggested commercial valuations by way of a more in depth appraisal of commercial market conditions and values.

Readers are advised to consider the findings of the PBA report which provides a detailed investigation into house prices within the study area – 'Derby HMA, Strategic Viability Assessment, final report March 2013'.

It should be noted that although food supermarket retail falls under an A1 use, we have specifically assessed it as a separate category since it generally commands a much higher value than other retail categories. We have provided valuation guidance however it is up to each Authority to decide whether they wish to adopt a separate charging category for this use, or adopt a general retail charge, more reflective of all retail uses.

We have assessed evidence from across the administrative area to consider whether separate value zones may be appropriate, or whether a single zone rate can be applied.

The report also provides evidence to justify whether a fixed rate or variable (by use type) rate charging scheme is appropriate within the H.M.A.

AN INTRODUCTION TO CIL

The Community Infrastructure Levy (CIL) is a charge which local authorities in England and Wales can apply to new development in their area. CIL charges will be based on the size, type and location of the development proposed. The money raised will be used to pay for strategic and other infrastructure required to support growth.

Authorities wishing to charge CIL are required to produce a CIL charging schedule that sets out the rates that will be applied. This must be based on evidence of need for infrastructure and an assessment of the impact of CIL on the economic viability of development. If an Infrastructure Delivery Plan is in place, it will provide the underlying evidence for establishing a CIL system but it is not essential.

For many Authorities it is likely that much of the required infrastructure will still be provided by planning obligations under Section 106 Agreement. However the use of planning obligations will be severely restricted once CIL has been adopted and in any event by April 2014.

CIL is intended to contribute to the Infrastructure intended to support new development as part of the Authority's development strategy. Relevant infrastructure might include:-

- Highways and Transport Improvements;
- Educational Facilities;
- Health Centres;
- Community Facilities & Libraries;
- Sports Facilities;
- Flood Defences; and
- Green Infrastructure

CIL may be used in conjunction with planning obligation contributions to make up an identified funding deficit. CIL cannot currently be used to fund affordable housing.

THE EVIDENCE BASE

The CIL Guidance advises that a charging authority must provide evidence on economic viability and infrastructure planning as background for examination. The legislation (Sec 212 (4) B) of the 2008 Planning Act requires that '*appropriate available evidence*' must inform a draft charging schedule.

It is up to each individual charging authority to determine what evidence is appropriate to demonstrate they have struck an appropriate balance between infrastructure funding and the potential effect of CIL on economic viability development within the CIL area. A report commissioned from Royal Institution of Chartered Surveyors (RICS) Registered Valuers (as in this instance) is generally deemed appropriate.

Our evidence takes an area based view, by a broad sample of value to establish a fair indicative value 'tone' for the study area.

The April 2013 CIL Guidance recommends that standard valuation models should be used to inform viability evidence.

Where differential rates of CIL are proposed (rather than a flat fixed rate) then Guidance advises that market sector sampling will be required to justify the boundaries of charging zones and the rates of different categories of development.

The Guidance also confirms that the an Authority may adopt a pragmatic approach when assessing value evidence, and that adopted value judgments need not necessarily exactly mirror available evidence.

We consider our approach herein to be far reaching and sufficiently robust to be defensible at a CIL Examination (as evidenced by previous Inspector approval elsewhere).

The valuation evidence obtained to produce this report takes the form of an area wide approach as recommended by the guidance, and allows for economic viability of development to be considered as a whole, whereby all categories of development have been assessed. Land and property valuation evidence has been assembled for the following categories:-

- Residential (C3) – land values per hectare, and development value based on dwelling type. Residential land and sales values in our later viability tests have been adopted from the PBA Strategic Viability Assessment, March 2013.

This report focuses predominantly on land value zone formulation and some additional residual development appraisals.

- Commercial – land values per hectare and completed development values in the following categories:-

Food Retail (supermarket)

General Retail (A1, A2, A3, A4, A5)

Industrial (B1, B, B1c, B2, B8)

Hotels (C1)

Institutional and Community (D1)

Offices (B1a)

Residential Institutions (C2)

Leisure (D2)

Agricultural

Sui Generis (sample based on indicative recent planning history)

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

Where evidence may be unavailable, for example new build stock, more unusual use classes and especially within certain locations, reasoned valuation assumptions have been taken.

The key to our approach is to assess at what value land and property may reasonably come forward rather than simply following a quasi-scientific residual method which may not fully reflect the real world realities of a functioning property market. Where appropriate, residual valuations have been undertaken to incorporate and verify figures.

In accordance with the CIL guidance, the evidence has been tabulated and presented in a manner to inform our logical approach to the HMA CIL adoption, whereby we have identified sufficient evidence to justify under the CIL regulations the adoption of a variable rate system.

It should be noted that there will inevitably be scope for anomalies to be identified within the charging area. This is to be expected (and is allowable under the CIL guidance). The values identified herein provide a fair and reasonable 'tone' across the HMA.

This approach and methodology is deemed wholly acceptable under the CIL regulations and guidance, whereby it is accepted that inevitably valuation at an area wide level cannot be taken down to a 'micro economic' geographical level.

DERBY HMA

The Derby housing market area (HMA) is a local Government joint working group covering the Districts of Amber Valley, Derby and South Derbyshire (plus Derbyshire County Council).

The HMA contains the principal urban area of Derby and the sub regional centre of Swadlincote as well as the market towns of Alfreton, Belper, Ripley and Heanor villages and rural areas.

The HMA boundary is logical for planning and Local Authority administrative purposes and it is accepted to reflect real life functional relationships.

Situated within the East Midlands the location benefits from a central UK location and is well served by the road network and other communications.

The cities of Nottingham, Sheffield, Stoke-on-Trent Birmingham and Manchester are all easily accessible and excellent rail links are available from Derby Station.

A varied geographical landscape exists within the HMA, from the urban centre of Derby to a generally more rural surrounding area bordering the nearby Peak District.

Authorities making up the HMA have the following current populations (2011 Census) –

Derby – 149,000 persons

Amber Valley – 122,000 persons

South Derbyshire – 95,000 persons

LOCAL PROPERTY MARKET OVERVIEW

The HMA situated close to a number of nearby conurbations and is well served by both road (M1, A38, A50, M6), main line rail and air (nearby East Midlands Airport).

The central UK location and good communications benefit the HMA location for both commercial use and as a residential pull factor.

Furthermore the proximity to the Peak District National Park provides some highly sought after residential locations.

Overall there is a wide range of geographical and socio-economic variety.

Derby City provides the main focus of commercial activity, with other more localised commercial offerings in the towns and villages across the area.

Proximity to the National Park is generally the catalyst for higher residential values with some acknowledged areas of less prosperity and desirability elsewhere across the study area.

PROCEDURE & METHODOLOGY

The CIL Guidance 2013 recommends that standard valuation models should be used to inform viability evidence, and this approach has been adhered to for the purpose of this report.

Inevitably our methodology has varied to some extent with each property sector addressed, primarily due to the differing valuation techniques appropriate and required for that property type. More specific clarification is given within the chapter outlining methodology for each specific market category.

Our methodology favours an approach which is pragmatic and balances the reasonable expectations of landowners return with the contributions expected by the Local Authority for the infrastructure needs generated by new development, as advocated by the National Planning Policy Framework. Our approach pays due regard to “market comparison” evidence available in each of the charging categories to provide a “sense checked” output, bespoke to the study area.

Our methodology is more thoroughly outlined later in this report under the residential valuation commentary. We believe this approach best reflects the realities of the property market and is therefore compliant with the best practice guidance in “Viability Testing Local Plans” (LHDG 2012) and “Financial Viability in Planning” (RICS 2012)

Wherever possible we have incorporated an assessment of the transactional market comparison information that is available, adapting it through justifiable assumptions where necessary. This market sampling can then be used to confirm validity of our residual valuations.

It should be appreciated that it has not always been possible to find a definitive piece of evidence for every property type in every potential zone. The CIL guidance accepts that this may inevitably be the case on occasion, and where appropriate, reasoned assumptions have been taken.

With regards to our built property sales valuations, our methodology varies slightly between commercial property and residential property.

With commercial property we have scrutinised and adopted evidence from actual sales transaction evidence where possible, this is backed up where appropriate by market rent capitalisation whereby rental evidence (and estimated market rental levels) are capitalised through multiplication reflecting appropriate investment yield profiles to produce a capital value.

In accordance with our instructions, the residential sales values adopted for later viability testing have been obtained from the Derby HMA Strategic Viability Assessment Report (PBA March 2013). The PBA report provides a detailed analysis of housing sales (with associated market evidence) across the HMA, adopted as reasonable and realistic by members of the HMA.

We are not specifically instructed to re-assess these values, and would simply comment that from our own knowledge of the local housing market we would concur that would appear to offer a fair and reasonable assessment of local conditions.

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

For the purposes of this report we have identified, assembled and fully analysed substantial amounts of individual comparable market evidence.

Clearly it would be impractical to tabulate and include all of the information obtained within this report, however we will be happy to provide more detailed evidence on any aspect of our comparable database upon request. Additional comparable evidence can also be made available at Examination for discussion.

For reasons of simplicity in reporting we have focussed on publishing data primarily for those categories where our subsequent viability tests have demonstrated a potential for levying a CIL charge. We should make clear however that we have also obtained and analysed market transactional data and valuation evidence for all other use categories including those where our subsequent viability tests have indicated a lack of sufficient viability for a charge to be considered.

All of the above information has been analysed, considered then distilled into the tabulated figures appended to this report which confirm our opinion as to appropriate indicative values in each category.

It should be borne in mind that as with any study where artificial boundaries are imposed, certain anomalies may arise.

There is inevitably a limit to the scale with which this study can be reduced to, and accordingly it is entirely feasible that certain 'hot' or 'cold' spots may exist above or below the overall tone identified for the study area as a whole. Similarly, within the study area an individual site, building or piece of market evidence could fall outside the established 'tone'.

A typical example would be in a particularly rural area where there is generally not strong office demand however an individual, bespoke high quality office barn conversion could easily out-perform the 'average and typical' figures quoted herein.

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

- The Derby HMA Strategic Viability Assessment final Report (PBA, March 2013)
- Derby City Local Plan Draft Core Strategy (October 2013)
- Derby HMA Strategic Housing Market Assessment Update (GL Hearn, July 2013)
- Focus / CoStar System – a nationwide subscription database covering commercial property issues
- EGI – a further subscription database covering commercial property uses
- Heb's own residential and commercial database of transactions
- Land Registry – subscription data tables where appropriate.
- RICS Commercial Market Survey (quarterly)
- V.O.A Property Market Report 2012
- V.O.A. Residential Building Land Report (July 2010) for H.C.A
- RICS Rural Land Survey 2013 (quarterly)
- Contact / interview of property agents active within the HMA

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

When considering this report it should be borne in mind that an element of 'valuation uncertainty' has arisen in recent years primarily due to the turbulent and recessionary market conditions. The current economic downturn has produced a dramatic fall in the quantity of property transactions taking place which in turn results in far fewer pieces of transactional market evidence that would ordinarily be available in more buoyant market conditions.

Inevitably this produces a position where fewer pieces of market evidence are allocated to a larger area with fewer individual charging zones benefitting from quality comparable evidence specifically from within their own boundaries and more particularly for more unusual use classes. In such instances the evidence available must therefore be adapted using best and reasoned assumptions.

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

Similarly on occasion it has been appropriate to value on the basis of 'alternative use'. An example of this might be D1 (clinical), where in real market situations a D1 user will typically acquire a B1 (office) building by way of a 'subject to planning' deal. After an allowance has been made for alteration, the values would typically be broadly similar.

The adoption of best, reasoned and justifiable assumptions, is permitted under the CIL guidelines which specify that an authority 'must *consider* the effect on viability" for each development category.

The figures reported herein may appear to be somewhat "irregular". This is primarily due to the fact that in practice the property market still operates largely through imperial measurements which we have been obliged to convert to metric for the purposes of this report. By way of example '£60 per sq ft' becomes '£645.83 per sq m'.

EVIDENCE DATES

As with any property valuation the date of comparable evidence is critical in terms of achieving a realistic outcome to the study. For this reason we have strived to obtain the most up to date information available.

The majority of our comparable evidence was obtained from January 2010 to December 2013.

Where it has been necessary to analyse older evidence, appropriate judgements have been made by a fully qualified valuation team to adapt the evidence to an appropriate 'present day figure'.

We are happy to discuss any individual piece of market evidence upon request, to provide full details including data information where appropriate.

BASIS OF VALUATION

Unless stated otherwise (for example land value "benchmarking"), we have prepared our valuation figures on the basis of Market Value which is defined in the valuation standards published by the Royal Institution of Chartered Surveyors as:-

"The amount for which a property should exchange at the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had both acted knowledgeably, prudently and without compulsion".

POTENTIAL CIL CHARGING ZONES

Residential

The Derby HMA Strategic Viability Assessment (PBA, March 2013) has provided high, medium and low value indicative figures (sales in £ per Sq M) for the HMA area. As stated earlier, these figures have been adopted for our later viability work in accordance with our instructions.

The PBA report also contains average house price sales data by geographical location across the study area, obtained from Land Registry sales figures from between 30/9/2010 to 30/10/2012.

For simplicity (as advised by CIL Guidance) we have adapted the data to group individual Wards into low, medium and high value zones, as shown on our value zone map at Appendix 1.

Value groupings were based on the following ranges:-

Low	-	Less than £134,000
Medium	-	£134,000 to £238,000
High	-	Greater than £238,000

(average semi-detached house prices)

The resulting zone map has been considered and approved by members of the HMA as broadly reflective of similar value groupings, which have therefore been adopted as potential CIL charging zones for further viability testing.

Commercial

Our research has identified a much less noticeable range for new build commercial property. In a market where speculative development is still limited, new build sales values are often self-determining – in other words a commercial developer will only commence construction of a scheme where a minimum level of return is guaranteed (usually through pre-lets).

Commercial activity within the study area is dominated by Derby City. Notwithstanding this other pockets (across all commercial market sectors) do exist for example industrial / warehousing where road communications facilitate development and occupation.

The highest values for 'core' retail can be found in Derby City however there is only marginable difference across the area as a whole for new build retail development. Although this may seem counter-intuitive, it should be borne in mind that in the present market new build retail development tends to be of a 'roadside' or 'neighbourhood centre' style, and not more traditional 'High Street' retail which is generally well established. This point is covered in more detail later.

In summary we do not believe that there is sufficient 'fine grained' evidence to warrant a subdivision into separate CIL charging zones for commercial property. Inevitably the overall lack of tangible quality new build market evidence would mean an arbitrary decision is required as to where boundaries should be drawn which may not be defensible at Examination. Accordingly in our opinion a single commercial rate should be applied where appropriate at a level which does not unduly threaten development as a whole across the entire study area.

SECTOR SPECIFIC VALUATION COMMENTARY

1) Residential C3 (houses and apartments)

Undertaking a full valuation survey and report for residential values does not form part of our instruction. Instead our later appraisals rely upon the figures provided within the Derby HMA Strategic Viability Assessment, March 2013 (PBA). The PBA report contains a thorough assessment of housing values and comparable transactions. We have not therefore carried out a further appraisal however we would simply comment that from our own knowledge of the local market the figures contained within the PBA report appear fair and reflective of the study area as a whole.

For ease of reference the adopted figures from the PBA report as adopted for our viability appraisals are as follows:-

Low Zone	-	£1,600 per sq m
Medium Zone	-	£1,900 per sq m
High Zone	-	£2,550 per sq m

The indicative 'market comparison' land values from the same report are as follows:-

Low Zone	-	£470,000 - £980,000 per hectare
Medium Zone	-	£1.23 - £1.48 million per hectare
High Zone	-	£1.72 - £1.975 million per hectare

Again, we have not carried out a full market survey of residential development land, however from our own knowledge of local market conditions we would concur that the suggested figures can be considered as fair and appropriate for the location.

We note that both sets of figures were verified during stakeholder and developer workshops held locally.

For the purposes of our bespoke viability testing we have also carried out a residual land value appraisal whereby a typical development scenario was appraised. In simplified terms this was achieved by assessing the 'end' property value (total projected value of sales), then deducting from this figure the cost of construction, including professional fees, finance and other standard costs of development.

The resultant figure is the maximum price which may be available for land acquisition, which in turn determines likely aspirational market values.

As a starting point for viability testing, this residual appraisal was carried out *without* deduction for Affordable Housing, Section 106 contributions or any other Local Authority policy based contributions, to give an indication of the theoretical ‘maximum’ possible land value which could be appropriate in the study area.

The residual approach is more thoroughly outlined within the ‘Development Equation’ section of the CIL Viability Testing report.

Our *residual* land value figures (as outlined above) are as follows:-

Low Zone	-	£330,518 per hectare
Medium Zone	-	£1,169,694 per hectare
High Zone	-	£2,987,906 per hectare

This methodology is replicated for all use classes (including commercial), where we have provided two land values – residual and a separate figure which states our opinion of a realistic land value from the market comparison approach (adopting comparable evidence where available). *This methodology is replicated for all property use types, with a “minimum” land value (based on market value figure) adopted for uses where the residual suggests a negative value or one below market value.* It is a fact of real market activity that sites are purchased when a residual may suggest a low or negative value. Buyers often “over-pay” for a variety of reasons – the market does not function perfectly with the benefit of perfect information, developers may be optimistic in a rising market, or special purchaser / ransom situations. A specific development type may show a negative value, but the fact of competition from other possible uses will ensure a minimum level is achieved.

Furthermore, a self-builder will not need to demonstrate a developer’s profit. Accordingly market evidence can on occasion suggest a figure above residual levels, which is sensible and pragmatic to adopt.

A summary of both figures is appended at Appendix 2.

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

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

The benchmark for brownfield land is more complex. It assumes that land has some form of established use and therefore value (which will be much higher than an undeveloped greenfield plot). The range of established brownfield land values is obviously quite wide dependent on location and use. However for the purpose of viability appraisal it must be assumed that the land has a low value or redundant use that makes it available for alternative use.

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

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

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

2) Other Residential (C1, C2)

C1 –Hotels

We consider the most likely scenario for hotel development within the study area (as a whole) is from the budget sector of the hotel market, for example Premier Inn and Travel Lodge. We consider it unlikely that a 5 star or hotel spa complex will be constructed, and our evidence is therefore based from the budget sector.

Obtaining substantial amounts of ‘clean’ hotel value data is often problematic due to the fact that developers are commonly subject to confidentiality clauses. Furthermore hotel transaction are often complicated by the presence of management contracts or other arrangements not comprising straight forward lease / sale arrangements.

Notwithstanding this we have consulted widely with hotel development specialists to establish a fair and appropriate ‘tone’. Our figures are based on our own market knowledge as well as opinion from consultees including Chesterford Properties and Saxondale Properties (both specialist development companies active on behalf of Travel Lodge and Premier Inn), Harpine Investments Ltd (hotel investment specialists) and Best Western Hotels (Estates Department).

From our market knowledge and consultees’ opinions, it is apparent that the budget sector hotel operators will typically pay in the region of £3,000 per room per annum which when capitalised at a rate of 7% produces a maximum sale value per room of £43,000.

It has been established that a typical budget hotel room extends to approximately 17 sq m, which equates to an overall sales value per sq m in the region of £2,500.

In establishing an appropriate land value we have initially carried out a residual appraisal for a typical budget hotel development, thereafter assessing further input from hotel specialist consultees.

Our residual demonstrated negative land value prior to any Local Authority charge. We have therefore adopted what we consider to be an appropriate minimum land (open market) value for appraisal purposes.

C2 (including C2a) – Residential Institutions

We should make clear that this property sub sector is typically challenging to provide a 'mean' value for.

This is partly due to a lack of quality transactional evidence but also due to the wide range of property types falling within the categorisation.

Many of the categories within the C2 use class rarely change hands on the open market, since most are likely to be held by Government, Local Authorities or other public sector bodies.

Examples of this include schools, detention centres, training centres, hospitals, and military barracks.

We have previously discussed likely values for this use category with various representatives of the Valuation Office Agency, and are typically advised that as an organisation they too often have difficulty in identifying suitable market evidence.

Even where such evidence is available there is a subjective judgement to make with regards to arriving at a 'mean' figure appropriate to the wide variety of uses within the category.

The Economic Development departments at various Borough, District and County Councils have previously indicated that when acquiring sites and buildings for these types of uses, they are often transferred from other public bodies for other policy reasons and often at nil value.

When sites are acquired from the private sector the policy is simply to pay the 'market value' for whatever is the most likely alternative use of the site (e.g. retail, office, industrial etc) with this in mind in terms of land value figures similar to those adopted for B1 (offices and industrial – "Employment" land) would be appropriate as a mean value for this category.

With regards to end unit values, the lack of a properly functioning private sector market for accommodation of this nature has resulted in us adopting a mean figure based on construction costs (Contractors Test).

It should also be borne in mind that this figure would in practice need adjusting up or down according to the complexity and specification of the individual property being assessed within the property category.

We have then cross referenced these figures against potential alternative use values.

We have been advised by our contacts in various Local Authorities' property and economic development departments that their own internal book valuations tend to follow this methodology i.e. contractors test (build cost) allowing for depreciation.

The mean figures shown are not as sensitive to locational factors than other property categories, primarily due to the fact that typically the properties within this category are not 'market driven' in terms of location. Ordinarily 'local public need' will determine location.

One potential notable exception to the above comments would be nursing homes. Private nursing homes are an increasingly popular development sector which will typically pay enhanced values over and above the sector 'mean' values provided herein. Notwithstanding this we do not believe it equitable or appropriate to allow this one exception to unrealistically increase the values across the whole use class category.

Nursing home valuations are carried out on the basis of analysing a specific home's net profitability. Adapting a 'theoretical tone' for this use would be inherently risky, since income varies widely dependent on the level of care provided which could range from 'basic' to 'high intensity / dementia specific'. Furthermore, whether the home serves a Public Authority contract or is run on a purely private basis. The above factors mean that individual room rates could vary from say £400 – £1,000 per week. Accordingly we would warn against adopting an assumed profit figure then calculating working through to a value per m², due to the inherent risk of producing a figure which threatens the future viability of certain sectors within the market category.

For this reason we have adopted a more general, reflective figure which could be considered as more appropriate for these categories as a whole.

Bearing in mind the above factors, we have appraised 4,000 sq m care facility for the purposes of this report.

3) Food Retail (Supermarket)

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

From our market knowledge we are aware that there has been a 'cooling off' in demand for new sites from the supermarket occupiers which in turn has begun to depress values from recent peak levels. From a typical 'peak' value of c.£3.7M per hectare, land values are increasingly falling back towards c.£2.5M per hectare.

Our development appraisal (residual value) has demonstrated a residual land value of £4.19 million per hectare (before imposition of Section 106 or other Local Authority charges).

For supermarket / food retail outlets, we have appraised a typical food store format of 3,000 sq m – (32,000 sq ft) with a site area of 1 hectare – (2.5 acres).

The sales figures that we have quoted within our report are based on a rental level per sq m multiplied by the appropriate capitalisation level to provide a gross sales figure per m².

For the study area we have utilised a figure of £161.50 sqm / £15.00 per sq ft with a capitalisation yield of 6.5%. This yield is conservative bearing in mind food stores will most likely be occupied by one of the major supermarket brands such as Tesco, Sainsburys, Asda or Morrisons, by way of an institutional lease.

Supermarket land sale information is often difficult to obtain. Typically confidentiality clauses may relate to transactions. Furthermore supermarket sites are often pieced together by way of a lengthy site assembly process. Often smaller, key parts of potential sites are purchased at a premium, not reflective of a more realistic 'per hectare' figure for the site as a whole. Similarly, rental and sales deal information is often subject to confidentiality clauses. In addition,

supermarket transactions are relatively scarce compared to say residential or industrial sales.

In this respect our comparable information has been drawn from a relatively wide geographical area, not always specific to Derbyshire.

This is fully justifiable in valuation terms. Typically food store values are driven by the availability of planning consent (triggering competitive bidding) rather than exact location specifics. This tends to level values to a similar tone, region wide. Accordingly we have considered some evidence from outside the study area.

The most relevant aspects of our evidence are tabulated at *Appendix 3*. Typically superstore rental evidence ranges from between £160 to £270 per sq m, with capital values up often in the range of £3500 - £5500 SqM, and yields typically as low as 4.5-5%. In this respect our rental / sales value can be seen as a conservative assessment.

We have included a separate appraisal of supermarket / food superstore values for information purposes, however it is for the Authority to decide whether they wish to incorporate a separate CIL charging category for this use, or proceed by way of a general retail category more reflective of retail as a whole.

4) General Retail (A1, A2, A3, A4, A5)

Established retail is dominated by the town centres, with new developments likely to be distributed across the study area, primarily constituting roadside retail and convenience shopping.

Our retail valuations are primarily based on the capital / comparison and investment methods.

For the purpose of this report, we have categorised other retail as all other retail except supermarket food stores. Other retail therefore encompasses high street retail, edge of town and out of town retail as well as restaurants and drive through and so forth. In practice, High Street development will be mainly limited to re-development of existing buildings, therefore limiting CIL charging (which is only levied on new, additional floor area).

In terms of producing a sales value per m², we have again utilised a rental level per sq m and capitalised this using appropriate yield to arrive at a sales value per m². However, town centre retail units are valued on a Zoned Area basis as opposed to arterial road, edge of town or out of town retail, which use an overall rental per sq m.

Our figure is one consistent with retail rents for edge of centre and arterial road retail and can therefore be applied across all geographical retail locations.

We have then considered rentals for arterial roadside retail units within the study area, which using comparable evidence produces a rental in the region of £129 per sq m (£12 per sq ft), capitalised at a yield of 7.5%.

All of the above methodology has been considered then applied to the 'test' assumed property, i.e. a 300 sq m roadside unit. We believe that this is the most likely form of new retail development to emerge.

Established "high street" retail is seldom developed from new (more typically a refurbishment of long established existing stock), and even if it were, the established high street location would not attract CIL since there would be little or no increase in floor area.

With regard to land values, we have utilised both the development appraisal (residual method) and comparable evidence method. Our residual land value figure is £3.36 million per HA (before imposition of Section 106 or other Local Authority charges).

On a similar basis to supermarket evidence, roadside retail transactional levels tend to be similar over a wide geographical area, since values are generally driven by availability of retail planning. Similarly the established national multiple occupiers all typically have a set rental rate payable across any given region. Accordingly some appropriate available evidence has been drawn from outside the immediate study area.

Our most pertinent information is listed at *Appendix 3*.

We believe the figures adopted can be considered as being 'safe' and conservative. Within the general retail category other occupier types for example bulky goods warehouse style retail can command significantly higher figures than those specified, often to a similar level to supermarket retail. To assess a fair 'tone' for the category and the area as a whole we have been more conservative in our assessments.

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

Our research has confirmed that the market for offices in the study area remains subdued, with speculative development almost non-existent.

From research and consultations, as well as our own local knowledge we consider that Employment Land values if traded would be in the region of £370,000 per hectare.

The level of comparable information available for office sales is limited in the subdued market, particularly with reference to new build accommodation. Again, the office market is generally dominated by Derby.

From our own market research and local knowledge we consider a figure of approximately £1,292 per sqm (£120 per sq ft) as appropriate for pre-existing new build accommodation over the study area as a whole.

Our offices valuations are primarily based upon the comparable – capital comparison methodology.

Where appropriate, rental evidence has been capitalised through the adoption of investment yields.

As mentioned previously, valuation uncertainty is inevitably a factor, primarily due to recessionary market conditions resulting in a marked lack of recent comparable evidence.

Accordingly we have been obliged to adjust comparable evidence using justifiable best assumptions to fit some locations, as is permitted under RICS Valuation Guidance and CIL Regulation Guidance. Typically, factors taken into account will include considerations such as distance from main road networks and urban centres.

Our research has confirmed that typically there is little difference between land values for office, industrial and many other commercial uses. Generally such land is simply categorised as 'employment land' and sold as being suitable for a variety of end users, thereafter purchasers appraising and undertaking such schemes as they deem appropriate. Inevitably exceptions will exist for example more sought after areas within Derby – Pride Park.

Demand is limited across the study area post 'Credit Crunch' with enquiry levels significantly reduced.

It should also be noted that across the subject area (and indeed the region as a whole) speculative development has virtually ceased.

This is primarily due to recessionary conditions, but also influenced by the recent removal of empty property rates liability limitation. Typically developers controlling much of the available land only prepared to enter into specific pre-let or design and build packages with parties if a market price/rent can be agreed which is artificially above what could be considered as true market value level.

With regards to the valuation figures quoted we have made the following assumptions:-

1. That land values are given for cleared sites, free from contamination and generally ready for development without undue remedial works and with services connected or easily available.
2. Office values quoted are for a newly constructed, grade "A" office development, capable of sub-division if required into units of 2,500 sq ft – 5,000 sq ft (this size range will exclude abnormally high premium prices for small units, whilst not unduly discounting for quantum).

It should be remembered that the figures quoted should be considered as a mean for the area and inevitably anomalies could arise.

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

The majority of our comments for the office category (above) will apply equally for the industrial use classes. We have not repeated them in the commentary here but would recommend that this section is read in conjunction with Section 5 (above).

Our methodology is again based largely on the capital comparison and investment methods, through assessment of transactional evidence. It should again be noted however that something of a short fall of available evidence exists for 'new build' across the area.

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

Generally, industrial rents (non secondary stock) vary between £4.50 to £6 per sq ft (£48 to £64 per sqm), and an investment yield of approximately 8% could be considered appropriate.

When preparing our figures we have assumed:-

1. The land is cleared and ready for development without unduly onerous remediation being required, with sites generally serviceable and appropriate planning in place.
2. Our appraisal assumes a new build industrial/warehouse development of c. 10,000 sq ft and capable of division into units of approximately 5,000 sq ft (to avoid premium or discount for quantum) with say 5% office content.

To an extent the minimum new build value is self-determining – i.e. when the cost of construction is taken into account developers are simply unwilling to enter into design and build agreements unless a minimum price is agreed with the purchaser that reflects the cost of the construction plus developers profit. In this respect it is noticeable that only limited difference in headline sales figures across the study area as a whole.

As with office land, a marked lack of transactional evidence and data table evidence is noticeable.

From our own local knowledge and discussions with other local agents we consider a land value in the region of £370,000 per hectare (£150,000 per acre) as being broadly appropriate across the study area as a whole. Inevitably examples may be identified above or below this tone.

7) Institutional and Community (D1)

Non-residential institutions comprise an extremely wide variety of use types and associated values.

In practice many uses within this category rarely if ever change ownership on the open market. For obvious reasons there is little private sector market for law courts, libraries, schools, museums, art galleries, places of worship and the like (particularly “new build” which is the basis of valuation).

Notwithstanding this, we believe that there would be a reasonable healthy demand for certain uses including day nurseries, crèches, and health centres. Accordingly a potentially large range of possible values exist. This has made adopting a mean valuation figure difficult, more so due to a notable lack of relevant comparable evidence for this category.

On a similar basis to the C2 category, we are aware that where transactions do take place they are often between Government departments or other public bodies where there is a typically a policy motive and accordingly a conveyance occurs at nil charge.

Where a public body acquires a site or premises for this type of use from the private sector they will typically pay open market value for the likely alternative use, and we believe in this respect it is appropriate to adopt as a mean figure values similar to those for ‘employment land’ (office and industrial) as a base figure for land values.

As with C2 use, the wide spectrum of potential sub-categories and specifications therein cause some uncertainty in ascribing a fair ‘mean’ value.

Typically, public bodies will adopt a 'build cost' (depreciated contractors test) methodology for internal valuation purposes.

In assessing a fair mean value for the category we believe that it is justifiable to assess potential alternative uses. In this respect we believe that many of the categories within this section could potentially be occupied for more traditional office use and accordingly we have adopted a discounted figure based upon values contained within the office section of this report. It should again be borne in mind however that this is a 'mean' figure and in practice some properties would require adjustment up or down depending on specification, build complexity etc. This figure has then been cross referenced against new build costs.

Once the above matters have been considered, we have appraised a theoretical 200 sq m community centre.

8) Leisure (D2, including Casinos)

The D2 leisure market incorporates principally uses such as cinema, bingo hall, casino, gymnasium and swimming baths.

The leisure market, perhaps more than any other property sector, is more likely to involve new build properties rather than conversions of existing buildings into a leisure use.

Again we have used the comparable method of valuation where appropriate and available in relation to the leisure sector although comparable information in relation to swimming baths and leisure centres is somewhat restricted.

We consider it extremely likely that any leisure activity (principally gymnasium, casino and cinema) will be restricted to more densely more populated locations within the urban area.

Our appraisal assumes a standard, modern, portal frame leisure 'box' unit typical of Bowling Alley use or similar.

Typically rental levels for leisure operators are in the region of £107 per sq m (\$10 per sq ft) and we have utilised the capitalisation yield of 8%.

In terms of land values for leisure use, we have undertaken traditional development (residual) appraisals and made assumptions regarding the likely competing land use value to produce the land values per hectare quoted in the value schedule.

9) Agriculture

The valuation figures have been obtained through various data points and information referenced previously in this report, primarily the RICS rural land market survey.

Agricultural land continues to perform well despite recessionary market conditions. Prices for farmland generally remain buoyant driven by increasing demand and restricted supply. Our research for the region suggests an average value for all types of farmland of approximately £17,500 per hectare.

Premium, strong high yielding grade 1 land has been transacting in the region of £20,000 per hectare, with Grade 2 – 3 land in the region of £12,000 - £15,000 per hectare.

The 2013 RICS Rural Land Market Survey has suggested that across the East Midlands region as a whole average agricultural land prices are approximately £17,500 per hectare.

Our report has allocated an average figure across the whole of the region, which should be considered as being for guidance and information purposes only.

We do not believe it appropriate within the scope of this report to provide more detailed, area specific banding.

The valuation of agricultural land is extremely site specific, down to a 'field by field' basis. The quality of soil for each individual plot of land is paramount, with other factors being taken into account for example the existence of sporting rights. Accordingly to give a truly accurate reflection on values across the area with this estate analysis down to a micro level which we do not believe is desirable or appropriate for the purposes of this report.

We would be happy to give further comment if required.

With regards to unit sale values, we have assumed that the theoretical valuation applies to a “barn” of simple warehouse type construction for example a 500 sq m farm store. Obviously our figures would need adjusting for anything more specific and bespoke for example cold storage, milking facilities etc.

New build agricultural buildings rarely appear individually on the open market as they are typically sold as part of larger farm sales.

Our valuation assumes that the market value will in effect be the cost of constructing such a building from new, since an agricultural occupier is unlikely to purchase a building on an adjoining farm, when he is permitted under simplified planning regulations to construct accommodation on his own site. By default therefore the market value can be typically defined as the cost of construction.

10) Sui Generis Uses

To ensure full compliance with CIL regulations and guidance we have considered potential uses falling under the Sui Generis use category.

Sui Generis planning uses comprise of any planning use not specifically allocated to one of the other uses classes, covered above.

Clearly this category potentially includes an indeterminable number and variety of other types of property. By way of example Sui Generis uses might include petrol filling stations, retail warehouse clubs, amusement arcades, launderettes, taxi hire offices, motor vehicle sales, nightclubs, builders yards, scrap yards.

In order to comply with guidance and give consideration to the category, we have sought advice from DCLG. We are advised that an appropriate methodology in this instance is to obtain planning history records from the Local Authority being appraised and assessing appropriate values for uses granted consent falling under ‘Sui Generis’ within the proceeding 5 year period.

Accordingly, our opinion is provided in respect of:-

- 1) Car showroom use
- 2) Vehicle repairs

As with previous categories, our figures and values reported here are on the basis of an average 'tone' across the study area.

Sui Generis uses tend to be limited in number and accordingly there is a noticeably lack of good comparable market evidence. In certain instances we have been obliged to make our best reasoned assumptions by adjusting historic evidence or transactional evidence from uses which are not dissimilar. By way of example, motor repairs will often (both land and buildings) occupy what would otherwise be considered as industrial sites / buildings. Similarly vehicle sales (particularly franchise dealers – the most likely developers / buyers of new build accommodation and therefore relevant to CIL) will typically require an urban based prominent location and will therefore often consider roadside retail and / or business park sites.

The majority of main motor dealerships in the general area are represented in well-established locations and accordingly motor trade site transactions have not occurred to a significant extent for some period of time.

In each instance we have assumed that land values are based on cleared sites, free from contamination and generally ready for development without any unduly onerous remediation works and with services connected or easily available.

Building values assume new build property, constructed to a good standard.

Vehicle Sales

Our valuation assumes a typically main franchise dealer (new build) with main road frontage and 'typical' external sales display and customer parking areas.

In terms of building values we have assumed a ratio of 50% showroom / display, with 50% workshop, ancillary, staff and office admin accommodation. This has produced an average figure for the two constituent parts, (typically showroom accommodation will produce a higher value than the balance of the workshop and ancillary accommodation).

Motor Cycle / Car Vehicle Repair

Typically this use will occupy existing or new build accommodation which will otherwise be utilised for industrial (particularly B2) general employment uses.

Conclusions

Subsequent to the matters discussed above, the conclusions of our report can be summarised as follows:-

- 1) We can confirm that sufficient evidence has been found to justify considering a variable rate CIL regime with differing value levels appropriate across the various development categories and across three separate residential zones and a single commercial zone (subject to further viability appraisals).
- 2) heb Chartered Surveyors are locally based, fully accredited RICS Registered Valuers, and our conclusions as to appropriate 'tone' indicative values across development categories within the study area are tabulated and summarised within the value tables and zone map appended.

Limitation of Liability

For limitation of liability this report is provided for the stated purpose and is for the sole use of the named client, Derby Housing Market Area members. The report may not be disclosed to any other party (unless where previously authorised) and no responsibility is accepted for third party issues relying on the report at their own risk.

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

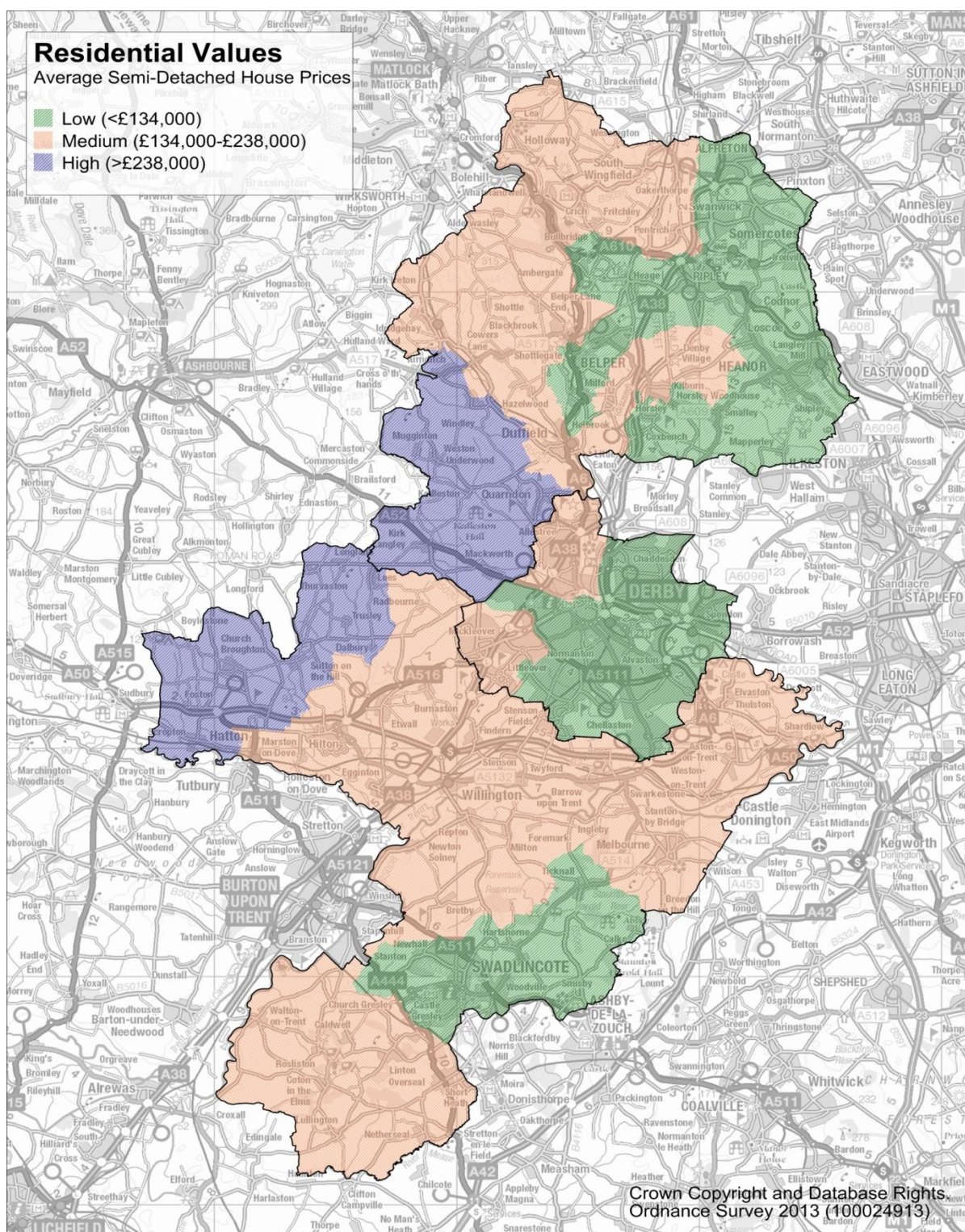
Yours faithfully

heb Chartered Surveyors

APPENDIX 1

POTENTIAL CIL CHARGING ZONES MAP

Derby HMA Residential CIL Charging Area



Based on Land Registry Average House Price Sales Data for Semi-Detached houses. 30/9/2010 – 3/9/2012

APPENDIX 2

ZONE VALUE TABLES

DERBY HMA CIL AREA INDICATIVE RESIDENTIAL PROPERTY VALUES

Sales Values £ per sqm	
Charging Zone	
Low	1600
Medium	1900
High	2550

Residential Land Values £ per Ha	LOW	MEDIUM	HIGH
Residual Land Value per Ha	330518	1169694	2987906
Comparable Land Value per Ha	725000	1360000	1850000

NOTE: Residential sales values and comparable land values from Derby HMA Strategic Viability Assessment, March 2013, PBA.

Readers are advised to view this report in conjunction with our findings - <http://www.derby.gov.uk/media/derbycitycouncil/contentassets/documents/reports/localdevelopmentframework/DerbyCityCouncil-HMA-strategic-viability-assessment-study-report-2013.pdf>

DERBY HMA CIL AREA INDICATIVE COMMERCIAL PROPERTY VALUES

Sales Values £ per Sqm		
Industrial		700
Office		1292
Food Retail		2500
Other Retail		1700
Residential Inst		1200
Hotels		2500
Community		1077
Leisure		1350
Agricultural		400
Sui Generis	Car Sales	1500
Sui Generis	Vehicle Repairs	700

DERBY HMA CIL AREA COMMERCIAL LAND VALUES

Commercial Land Values	
Industrial Land Values £ per Ha	
Comparable Land Value per Ha	370000
Residual Land Value per Ha	Neg
Office Land Values per Ha	
Comparable Land Value per Ha	370000
Residual Land Value per Ha	Neg
Food Retail Land Values per Ha	
Comparable Land Value per Ha	3600000
Residual Land Value per Ha	4185758
General Retail Land Values per Ha	
Comparable Land Value per Ha	1500000
Residual Land Value per Ha	3364863
Residential Institution Land Values per Ha	
Comparable Land Value per Ha	370000
Residual Land Value per Ha	neg
Hotel Land Values per Ha	
Comparable Land Value per Ha	865000
Residual Land Value per Ha	neg
Community Use Land Values per Ha	
Comparable Land Value per Ha	370000
Residual Land Value per Ha	neg
Leisure Land Values per Ha	
Comparable Land Value per Ha	600000
Residual Land Value per Ha	neg
Agricultural Land Values per Ha	
Comparable Land Value per Ha	17500
Sui Generis Land Values per Ha	
Car Sales	700000
Sui Generis Land Values per Ha	
Vehicle Repairs	370000

APPENDIX 3

ADDITIONAL VALUATION EVIDENCE

Retail Evidence Schedule

SUPERMARKET DEALS

Address	Tenant	Size sq ft	Rent per sq ft (per sqm)	Comment
For the reasons stated in the sector specific commentary, we have considered Supermarket evidence locally, regionally and nationally. This demonstrates a typical rental value for supermarket use of £153 - £288 per sqm. When capitalised at a yield of 6.5%, this demonstrates that our adopted figures are justifiable, and can be considered conservative.				
Carlton Road Nottingham	Asda	TBC	£18.50 (£200.00)	Deal agreed for proposed Asda superstore
Chesterfield Road South Mansfield	Tesco	91,500 sq ft	£20.00 (£236.81)	New letting March 2010. Sale and LB - £5069 Sqm
Leigh, Manchester	Morrisons	64,000 sq ft	£17.50 (£188)	Forward funding deal at £3532 SqM , 5%
Kipling Dr, Derby	Tesco	55,902 sq ft	£470 (£5,059) FH	Sale and Leaseback Dec 2012
Alfreton	Tesco	87,347 sq ft	£22.00 (£237.00)	Sale & lease back Jan 2013 at £438 psf (£4720 Sqm). 5%
Cheadle Hulme	Waitrose	41443 sq ft	£23 (£248)	Sale 2009 at £4055 sqm, 4.6 %
Leigh, Manchester	Tesco	119,000 sq ft		Funding deal at £4523 Sq M (includes Cineworld on site)
Beaumont Leys Leicester	Tesco	125,952 sq ft	£23.25 (£250.26)	Rent review Feb 2008
Chesterfield Lockford Lane	Tesco	140,733	£23 £248)	Investment sold at £5618 SQ M 5%
Civic Way Swadlincote	Sainsburys	66,379 sq ft	£21.24 (£228.63)	Open market letting Nov 2010. Investment also sold at 4.45%
Congleton, Cheshire	Tesco	49,300 sq ft	£22 (£237)	Sold 2012 at 4.9% - £4585 SqM
Thorpe Road Melton Mowbray	Tesco	49,000 sq ft	£19.29 (£207.64)	Investments sold at 5.75% May 2009
St Helens	Tesco	140,000 sq ft	£20 (£215)	2010 Funding deal at 5.15 % (approx. £3971 SqM when devalued)
Manchester , Fallowfields	Sainsburys	55,565 sq ft	£24.33 (£262)	Sold 2010 £6683 SQM , 4.15%
Spring St , Bury	Asda	51,763 sq ft	£17 (£182)	Investment available at 6% - £2724 SqM Sept 2013
Macclesfield	Sainsburys	74,583 sq ft	£20 (£215)	Sale and Leaseback 2010. £4510 sqm , 4.9% .Sold on in 2011 at £5272 sqm, 4.5%







Newton Le Willows	Tesco	33,967 ft		Confidential transaction believed to be in region of £4357 Sq M, 4.5%. Unconfirmed.
Lysander Road Stoke on Trent	Tesco	70,486 sq ft	£24.24 (£260.92)	New letting
Peasley Cross Lane St Helens	Tesco	140,000 sq ft	£22.00 (£236.81)	Investments sold June 2011 5%
Tewkesbury Road Cheltenham	Sainsburys	97,434 sq ft	£23.25 (£250.26)	Rent review Dec 2008
Shrewsbury	Tesco			Sale and Leaseback believed to equate to 5% yield
Hattersley, Manchester	Tesco	93,000 sq ft	£14.50 (£156)	Sale agreed at £2697 Sq M (5.3%)
Ocean Road South Shields	Morrisons	60,000 sq ft	£15.00 (£161.46)	Open market letting August 2010
Church Lane Bedford	Aldi	16,454	£14.28 (£153.71)	Letting May 2010
Farrar Road Bangor	Asda	46,141 sq ft	£17.70 (£190.52)	New letting Dec 2011. Investments sold at 5% in Dec 2011
Oldham	Tesco	157,000	£13.30 (143)	Available at £3154 SqM, 4.9%
West Bromwich	Tesco	380,000 sq ft	£20.50 (£220.67)	Sale & lease back Jan 2013. Mixed retail scheme overall rent. 5.9%
Ebbw Vale	Tesco	58,865 sq ft	£21.66 (£233.00)	Sale & lease back Jan 2013 at £418.75 psf (£4508 Sqm) 5.2%
Stanway Colchester	Sainsburys	147,000 sq ft	£26.79 (£288.37)	Letting Dec 2010
Serpentine Green Peterborough	Tesco	136,396 sq ft	£26.00 (£279.86)	Rent review Dec 2008
Prescott Merseyside	Tesco	119,435 sq ft	£21.35 (£229.81)	Rent review June 2010
Richardson Way Coventry	Tesco	103,575 sq ft	£14.27 (£153.60)	Investment sold at 4.57% in Sept 2011
Sheldon Birmingham	Morrisons	105,000 sq ft	£25.82 (£277.93)	Letting March 2010

Diss	Tesco	50,334 sq ft	£22.00 (£236.81)	Sale & lease back Jan 2013 at £432.91 (£4660 Sqm).5%
Chesterfield Lockford Lane	Tesco	140,733	£23 (£248)	Investment sold at £5618 SQ M 5%
Maldon	Tesco	103,761 sq ft	£25.82 (£277.89)	Sale & lease back Jan 2013 at £515.60 (£5550 Sqm). 5%
Trentham Lakes Stoke	Aldi	15,000 sq ft	£210 (£2,260)	Freehold deal. Discount food retailer. Jan 2009
Washdyke Lane Immingham	Coop	19,381 sq ft	£13.50 (£145.00)	Rent Review Dec 2011
Embassy Court Welling	Tesco	84,023 sq ft	£18.40 (£198.06)	Letting June 2010. Investment sold at 5% in June 2011
March, Cambs	Sainsburys	32,632	£18 (£194)	ERV stated at £22 psf (£236.8 sqm). Quoting 4.5% net yield = £4067 Sq M capital value
Church Lane Bedford	Aldi	16,454	£14.28 (£153.71)	Letting May 2010
Houghton Regis	Asda	51,000		Confidential transaction 2012. Developer unable to disclose, but confirmed £15-£20 psf "fair tone" across UK and £1m-£1.5m max per acre land
Pulborough, Sussex	Sainsburys	29,073	£18.15 (£195)	Sold 2010 @ 4.25% (£4,347 per sqm)
Newbury	Sainsburys	133,953	£23.50 (£253)	Sold 2010 @ 4.5% (£4,982 per sqm)
Dover	Morrisons	50,700	£18 (£193.8)	Sold March 2010 @ 5% (£3,664 per sqm)
Crowborough	Tesco	27,411	£14.45 (£155)	Sold 2010 @ 4.29% (£3,422 per sqm)
Cowbridge Cattle Market	Waitrose	22,000 sqft	£18.50 psf (£199 Sqm)	New build 2012
Coldhams Lane Cambridge	Sainsburys	81,983 sq ft	£24.00 (£258.34)	Rent review Dec 2009

SUPERMARKET LAND







Supermarkets	Land Evidence			
Knutsford	Aldi	c. 3.5 acres	c. £3-3.5 Ha	Exact date TBC – agent confirms deal done in more buoyant market conditions
Hampden Park, Eastbourne	Morrisons	5.5 acres	£1.25m per acre (£3.1 million per HA)	2011
Carlton Road Worksop	Tesco	8 acres	£15M (£1.875M per acre) £4.55M per ha)	Land was sold in June 2009
Barry Waterfront	Asda	7.78 acres	£2.3m per acre headline	Consent for 90,000 sq ft store. 2012
Houghton Regis	Asda	51,000		Confidential transaction 2012. Developer unable to disclose, but confirmed £15-£20 psf fair tone across UK and £1m-£1.5m max per acre land
Chesterfield Road South Mansfield	Tesco	9 acres	£14M (£1.55M per acre) (£3.76M per ha)	Tesco stated that £500,000 was spent on remediation.
Carlton Road Nottingham	Asda	1 acre	£1.5M per acre (£3.71M per ha)	Blueprint Regeneration for Asda September 2011
Wilford Lane West Bridgford	Sainsburys	6.97 Acres	£1.9m p acre	March 2013. £2.12m incl S106. “Prime” site.
Carter Gate Newark	Asda	6 acres	£6,000,000 (£1M per acre) (2.48M per ha)	£1m pa. 2009
We are aware from our on-going discussions with agents & supermarket operators they are typically prepared to pay the sum in the region of £1.5M per acre for supermarket land although over recent months there has been a noticeable decrease in appetite for new development & this figure is often diminishing, in some cases more in line with the figure of approximately £1M per acre.				







GENERAL RETAIL EVIDENCE






1	Bulk Portfolio	SOLD
10 Retail buildings, having total size of 450,802 SF.		
Sale Date: 22/11/2013 Sale Price: £80,600,000 - Confirmed Price/SF: £178.79		# Properties: 10 Total Size: 450,802 SF Total Land Area: -
Reversionary Yield: - Net Initial Yield: 6.92% Comp ID: 2896476 Research Status: Confirmed		Sale Conditions: Bulk/Portfolio Sale 
2	Multi-Condo	SOLD
2 Retail Units in Derby, DBY, having total size of 22,140 SF.		
Sale Date: 05/12/2013 Sale Price: £4,250,000 - Confirmed Price/SF: £191.96		# Properties: 2 Total Size: 22,140 SF Total Land Area: -
Reversionary Yield: - Comp ID: 2903408 Research Status: Confirmed		Sale Conditions: - 
3	Derby Services Westbound - A50	SOLD
Derby, DE72 2WW		Derbyshire County
Sale Date: 29/06/2010 Sale Price: £12,310,000 - Confirmed Price/SF: £313.52		Bldg Type: Retail Year Built/Age: Built 2008 Age: 2 NIA: 39,264 SF
Reversionary Yield: - Net Initial Yield: 6.42% Comp ID: 2337340 Research Status: Confirmed		Sale Conditions: - 
4	Part of Portfolio Sale - 2-6 Albion St	SOLD
Derby, DE1 2PR		Derbyshire County
Sale Date: 01/09/2010 Sale Price: £13,500,000 - Confirmed Price/SF: £466.60		Bldg Type: RetailStorefront Year Built/Age: Built 1992 Age: 17 NIA: 28,933 SF
Reversionary Yield: - Net Initial Yield: 7.60% Comp ID: 2579118 Research Status: Confirmed		Sale Conditions: Bulk/Portfolio Sale 
5	McDonalds Drive-Thru - Berristow Ln	SOLD
Alfreton, DE55 2JL		Derbyshire County
Sale Date: 14/01/2013 Sale Price: £1,460,000 - Confirmed Price/SF: £411.04		Bldg Type: RetailRestaurant Year Built/Age: Built 2012 Age: 1 NIA: 3,552 SF
Reversionary Yield: - Net Initial Yield: 5.96% Comp ID: 2664851 Research Status: Confirmed		Sale Conditions: - 
6	Sainsburys Supermarkets Ltd - Butterley	SOLD
Ripley, DE5 3QP		Derbyshire County
Sale Date: 12/12/2013 Sale Price: £31,000,000 - Confirmed Price/SF: £422.92		Bldg Type: RetailSupermarket Year Built/Age: - NIA: 73,300 SF
Reversionary Yield: - Net Initial Yield: 4.80% Comp ID: 2907765 Research Status: Confirmed		Sale Conditions: - 

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07/01/2014






7	B&M Bargains - Chapel St	SOLD
<p>Belper, DE56 1AR Derbyshire County</p> <p>Sale Date: 15/11/2010 Bldg Type: RetailFreestanding</p> <p>Sale Price: £3,500,000 - Confirmed Year Built/Age: Built 1989 Age: 20</p> <p>Price/SF: £140.00 NIA: 25,000 SF</p> <p>Reversionary Yield: -</p> <p>Net Initial Yield: 7.43%</p> <p>Comp ID: 2384582 Sale Conditions: -</p> <p>Research Status: Confirmed</p>		
		
8	B&M Bargains - Chapel St	SOLD
<p>Belper, DE56 1AR Derbyshire County</p> <p>Sale Date: 01/10/2012 Bldg Type: RetailFreestanding</p> <p>Sale Price: - Year Built/Age: Built 1989 Age: 22</p> <p>Price/SF: - NIA: 25,000 SF</p> <p>Reversionary Yield: -</p> <p>Net Initial Yield: -</p> <p>Comp ID: 2621835 Sale Conditions: -</p> <p>Research Status: In Progress</p>		
		
9	Nottingham Road Retail Park - 1-3 Dents Rd	SOLD
<p>Ashby De La Zouch, LE65 1JS Leicestershire County</p> <p>Sale Date: 03/09/2010 Bldg Type: Retail</p> <p>Sale Price: £8,260,000 - Confirmed Year Built/Age: Built 2009 Age: 1</p> <p>Price/SF: £243.51 NIA: 33,920 SF</p> <p>Reversionary Yield: -</p> <p>Net Initial Yield: 6.25%</p> <p>Comp ID: 2399452 Sale Conditions: -</p> <p>Research Status: Confirmed</p>		
		
10	31 East St	SOLD
<p>Derby, DE1 2AL Derbyshire County</p> <p>Sale Date: 25/04/2011 Bldg Type: RetailBank</p> <p>Sale Price: £6,900,000 - Confirmed Year Built/Age: Built 1987 Age: 23</p> <p>Price/SF: £1,185.77 NIA: 5,819 SF</p> <p>Reversionary Yield: -</p> <p>Net Initial Yield: 7.15%</p> <p>Comp ID: 2416423 Sale Conditions: -</p> <p>Research Status: Confirmed</p>		
		
11	Tesco - Hall St	SOLD
<p>Alfreton, DE55 7BT Derbyshire County</p> <p>Sale Date: 13/02/2013 Bldg Type: RetailSupermarket</p> <p>Sale Price: £490,000,000 - Approximate Year Built/Age: -</p> <p>Price/SF: £5,843.77 NIA: 83,850 SF</p> <p>Reversionary Yield: -</p> <p>Net Initial Yield: 4.70%</p> <p>Comp ID: 2678061 Sale Conditions: Bulk/Portfolio Sale, Sale Leaseback</p> <p>Research Status: Approximate</p>		
		
12	Units A-H - High St	SOLD
<p>Heanor, DE75 7EX Derbyshire County</p> <p>Sale Date: 05/01/2013 (96 days on mkt) Bldg Type: Retail</p> <p>Sale Price: £10,000,000 - Approximate Year Built/Age: -</p> <p>Price/SF: £180.85 NIA: 55,295 SF</p> <p>Reversionary Yield: -</p> <p>Net Initial Yield: 6.97%</p> <p>Comp ID: 2723152 Sale Conditions: -</p> <p>Research Status: Approximate</p>		
		





13 Currys - Kingsway			SOLD
Derby, DE22 3FA	Derbyshire County		
Sale Date: 01/04/2011	Bldg Type: RetailFreestanding		
Sale Price: £5,015,000 - Confirmed	Year Built/Age: Built 1997 Renov 2010 Age: 13		
Price/SF: £235.45	NIA: 21,300 SF		
Reversionary Yield: -			
Net Initial Yield: 6.44%			
Comp ID: 2370481	Sale Conditions: -		
Research Status: Confirmed			
14 Tesco - Kipling Dr			SOLD
Derby, DE3 9NH	Derbyshire County		
Sale Date: 01/12/2012	Bldg Type: Retail		
Sale Price: £26,250,000 - Confirmed	Year Built/Age: Built 1995 Age: 17		
Price/SF: £469.57	NIA: 55,902 SF		
Reversionary Yield: -			
Net Initial Yield: 4.38%			
Comp ID: 2653940	Sale Conditions: Sale Leaseback		
Research Status: Confirmed			
15 Co-Op - Ladywood Rd			SOLD
Ilkeston, DE7 4NF	Derbyshire County		
Sale Date: 01/01/2012	Bldg Type: Retail		
Sale Price: £1,200,000 - Confirmed	Year Built/Age: Built 1972 Age: 39		
Price/SF: £300.68	NIA: 3,991 SF		
Reversionary Yield: -			
Net Initial Yield: 7.50%			
Comp ID: 2423192	Sale Conditions: -		
Research Status: Confirmed			
16 Knightsbridge Place - 3-5 Nottingham Rd			SOLD
Ripley, DE5 3DJ	Derbyshire County		
Sale Date: 27/08/2010	Bldg Type: RetailStorefront Retail/Office		
Sale Price: £4,200,000 - Confirmed	Year Built/Age: Built 1882 Age: 127		
Price/SF: £169.33	NIA: 24,803 SF		
Reversionary Yield: -			
Net Initial Yield: -			
Comp ID: 2395159	Sale Conditions: -		
Research Status: Confirmed			
17 22-26 St Peters St			PENDING
Derby, DE1 1SH	Derbyshire County		
Asking Price: £3,450,000	Sale Type: Investment		
Price/SF: £301.55	Bldg Type: RetailStorefront		
Days on Market: 530	Bldg Status: Built 1903		
Sale Status: Pending	NIA: 11,441 SF		
Net Initial Yield: 5.75%			
	Sale Conditions: -		
18 Neighbourhood Centre - Witham Clos			SOLD
Derby, DE65 5JR	Derbyshire County		
Sale Date: 29/10/2010	Bldg Type: Retail		
Sale Price: -	Year Built/Age: Built 1998 Age: 11		
Price/SF: -	NIA: 5,618 SF		
Reversionary Yield: -			
Net Initial Yield: -			
Comp ID: 2330903	Sale Conditions: -		
Research Status: Confirmed			
Agents confirmed sale price at £1.9 million equates to £3,640 per sqm			





	<p>WESTFIELD DERBY CROWN WALK DERBY DE1 2PL</p> <p>Use(s): Shopping Centre SF Leased: 7,156 sq ft (665 sq m) Sign Date: 01/08/2013</p> <p>Asking Rent: £200,010 at £27.95 psf</p> <p>Notes: An undisclosed tenant has taken 8,649 sq ft (803.50 sq m) of retail space within Suite147-148 from an undisclosed landlord on confidential terms. FHP Property Consultants acted on behalf of the landlord. The quoting rent was £200,000 pa. Information confirmed by FHP Property Consultants.</p>
	<p>WESTFIELD DERBY CROWN WALK DERBY DE1 2PL</p> <p>Use(s): Shopping Centre SF Leased: 3,662 sq ft (340 sq m) Sign Date: 01/08/2013</p> <p>Asking Rent: £70,017 at £19.12 psf</p> <p>Notes: An undisclosed tenant has taken 9,469 sq ft (879.6 sq m) of retail space within Unit 115 from an undisclosed landlord on confidential terms. FHP Property Consultants acted on behalf of the landlord. The quoting rent was £70,000 pa. Information confirmed by FHP Property Consultants.</p>
	<p>5 FRIAR GATE DERBY DE1 1BU</p> <p>Use(s): Retail High Street Unit SF Leased: 3,373 sq ft (313 sq m) Sign Date: 21/06/2013 Achieved Rent: £40,000 at £11.86 psf</p> <p>Notes: OKRA Indian Restaurant has taken 3,739 sq ft (347.36 sq m) of retail from an undisclosed landlord on a seven year lease at £40,000 pa (ITZA £14.75 pdf) in year one and rising to £50,000 for the remainder of the term with no option to break and a rent review in year five. FHP Property Consultants acted on behalf of the landlord. Information confirmed by FHP Property Consultants.</p>
	<p>UNIT 1A-1B WATERSIDE RETAIL PARK STATION ROAD ILKESTON DE7 5LF</p> <p>Use(s): Retail Park SF Leased: 6,243 sq ft (580 sq m) Sign Date: 14/05/2013</p> <p>Asking Rent: - Achieved Rent: £88,963 at £14.25 psf</p> <p>Notes: Iceland has taken 6,243 sq ft (580 sq m) of retail space at Unit 1B from CBRE Global Investors on a 15-year lease at £88,963 pa, equating to £14.25 psf (153 psm), subject to five yearly OMRV rent reviews</p>
	<p>43 HIGH STREET SWADLINCOTE DE11 8JE</p> <p>Use(s): Retail High Street Unit SF Leased: 18,692 sq ft (1,737 sq m) Sign Date: 03/09/2012</p> <p>Asking Rent: £280,567 at £15.01 psf Achieved Rent: £280,658 at £15.01 psf</p> <p>Notes: B & M Bargains Ltd has taken 10,864 sq ft (1,009 sq m) of retail space from Co-Operative Group Ltd on assignment of an existing lease expiring in April 2025 at a passing rent of £280,658 pa.</p>

	<p>THE PIPEWORKS UNITS 1 - 9 THE PIPEWORKS COPPICE SIDE SWADLINCOTE DE11 9AA</p> <p>Use(s): Retail Park SF Leased: 4,805 sq ft (446 sq m) Sign Date: 28/08/2012</p> <p>Asking Rent: £116,665 at £24.28 psf Achieved Rent: £80,000 at £16.65 psf Notes: Brantano (UK) Ltd has taken 4,805 sq ft (379 sq m) of retail space within Unit 6 from Rokeby Developments Ltd and Peveril Securities Ltd on a 10 year lease at £80,000.00 pa</p>
	<p>THE PIPEWORKS UNITS 11 - 13 THE PIPEWORKS COPPICE SIDE SWADLINCOTE DE11 9AA</p> <p>Use(s): Retail Park SF Leased: 3,438 sq ft (319 sq m) Sign Date: 13/08/2012</p> <p>Achieved Rent: £54,446 at £15.84 psf Notes: Prezzo PLC has taken 3,483 sq ft (323 sq m) of retail space within Units 11 & 12 from Rokeby Developments Ltd and Peveril Securities Ltd on a 25 year lease at £54,446 pa</p>
	<p>THE PIPEWORKS UNITS 1 - 9 THE PIPEWORKS COPPICE SIDE SWADLINCOTE DE11 9AA</p> <p>Use(s): Retail Park SF Leased: 7,102 sq ft (660 sq m) Grade: New or Refurbished Sign Date: 22/06/2012 Achieved Rent: £110,050 at £15.50 psf Rent Free Period: 6 month(s) Notes: JYSK Ltd has taken 7,102 sq ft (659 sq m) of retail space from Rokeby Developments Ltd and Peveril Securities Ltd on a 10 year lease at £110,050 pa, subject to a rent review and a tenant only option to break in year five, six months rent free will given to the tenant if they do not exercise the break option.</p>
	<p>UNITS 1-2 KINGSWAY INDUSTRIAL ESTATE KINGSWAY RETAIL PARK DERBY DE22 3FA</p> <p>Use(s): Retail Park SF Leased: 33,656 sq ft (3,127 sq m) Sign Date: 03/05/2012</p> <p>Asking Rent: £590,663 at £17.55 psf Notes: TK Maxx has taken 33,656 sq ft (3,127 sq m) of ground floor retail space at Unit 1 from a private landlord on confidential lease terms.</p>
	<p>45 - 47 ST PETERS STREET DERBY DE1 2AB</p> <p>Use(s): Retail High Street Unit SF Leased: 3,838 sq ft (357 sq m) Sign Date: 19/04/2012</p> <p>Asking Rent: £109,997 at £28.66 psf Achieved Rent: £60,000 at £15.63 psf Notes: Costa have taken 3,838 sq ft (357 sq m) of retail space from Bank Of Scotland on a five year lease on a stepped rent with an average rent of £60,000 pa.</p>

	<p>47 QUEEN STREET DERBY DE1 3DE</p> <p>Use(s): Retail High Street Unit SF Leased: 5,220 sq ft (485 sq m) Grade: Second Hand Sign Date: 16/04/2012 Days on market: 306</p> <p>Asking Rent: £70,000 at £13.41 psf Achieved Rent: £43,000 at £8.24 psf</p>
	<p>WESTFIELD DERBY CROWN WALK DERBY DE1 2PL</p> <p>Use(s): Shopping Centre SF Leased: 8,649 sq ft (804 sq m) Sign Date: 01/11/2011</p> <p>Asking Rent: £199,965 at £23.12 psf</p>
	<p>DERBY RIVERLIGHTS MORLEDGE DERBY DE1 2XE</p> <p>Use(s): Retail High Street Unit SF Leased: 9,040 sq ft (840 sq m) Grade: New or refurbished Sign Date: 27/09/2011 Achieved Rent: £155,036 at £17.15 psf</p>
	<p>THE PIPEWORKS UNITS 1 - 9 THE PIPEWORKS COPPICE SIDE SWADLINCOTE DE11 9AA</p> <p>Use(s): Retail Park Floor(s): 2 SF Leased: 9,005 sq ft (837 sq m) Grade: New or Refurbished Sign Date: 19/09/2011 Days on market: 1175</p> <p>Asking Rent: £126,790 at £14.08 psf Achieved Rent: £171,000 at £18.99 psf</p>
	<p>THE PIPEWORKS UNITS 1 - 9 THE PIPEWORKS COPPICE SIDE SWADLINCOTE DE11 9AA</p> <p>Use(s): Retail Park Floor(s): 2 SF Leased: 13,114 sq ft (1,218 sq m) Grade: New or Refurbished Sign Date: 16/09/2011</p> <p>Asking Rent: £132,189 at £10.08 psf Achieved Rent: £195,000 at £14.87 psf</p>
	<p>THE PIPEWORKS UNITS 1 - 9 THE PIPEWORKS COPPICE SIDE SWADLINCOTE DE11 9AA</p> <p>Use(s): Retail Park Floor(s): 2 SF Leased: 8,004 sq ft (744 sq m) Grade: New or Refurbished Sign Date: 01/08/2011</p> <p>Asking Rent: £128,944 at £16.11 psf Achieved Rent: £120,000 at £14.99 psf</p> <p>Notes: Argos Ltd has taken 8,004 sq ft (743 sq m) of retail space within Unit 7 from Rokeby Developments Ltd and Peveril Securities Ltd on a 15 year lease at £120,000 pa</p>

	<p>THE PIPEWORKS UNITS 1 - 9 THE PIPEWORKS COPPICE SIDE SWADLINCOTE DE11 9AA</p> <p>Use(s): Retail Park Floor(s): 2 SF Leased: 4,582 sq ft (426 sq m) Grade: Under Construction Sign Date: 04/07/2011 Asking Rent: £108,823 at £23.75 psf Achieved Rent: £73,312 at £16.00 psf Tenant: Store 21</p>
	<p>11 - 12B ALBION STREET DERBY DE1 2PR</p> <p>Use(s): Retail High Street Unit SF Leased: 4,974 sq ft (462 sq m) Sign Date: 27/06/2011 Asking Rent: £140,018 at £28.15 psf Achieved Rent: £92,000 at £18.50 psf Tenant: Perfect Home Ltd</p>
	<p>48 ST PETERS STREET DERBY DE1 1SR</p> <p>Use(s): Retail High Street Unit SF Leased: 3,528 sq ft (328 sq m) Sign Date: 14/06/2011 Asking Rent: £69,996 at £19.84 psf Achieved Rent: £50,000 at £14.17 psf Tenant: Greggs Ltd</p> <p>Notes: Greggs has taken 3,528 sq ft (327 sq m) of ground to third floor retail space at 48 St Peters Street from Sanlam Fund Solutions on a 10 year lease for a headline rent of £50,000 pa.</p>
	<p>22 - 26 ST PETERS STREET DERBY DE1 1SH</p> <p>Use(s): Retail High Street Unit SF Leased: 11,441 sq ft (1,063 sq m) Sign Date: 06/06/2011</p> <p>Asking Rent: £129,970 at £11.36 psf Achieved Rent: £210,000 at £18.36 psf Tenant: Barclays Bank plc</p> <p>Notes: An undisclosed tenant has taken 6,736 sq ft (626 sq m) of ground to second floor retail space at 22-24 St Peters Street, from an undisclosed landlord on confidential terms The quoting rent was £ 130,000 pa, equating to £ 19.20 psf (£ 207.74 psm).</p>
	<p>ST. MARY'S CHAMBERS 55 QUEEN STREET DERBY DE1 3DE</p> <p>Use(s): Retail High Street Unit SF Leased: 11,222 sq ft (1,043 sq m) Sign Date: 03/05/2011</p> <p>Asking Rent: £17.83 psf</p>

	<p>47-51 HIGH STREET ALFRETON DE55 4BJ</p> <p>Use(s): Retail High Street Unit SF Leased: 4,485 sq ft (417 sq m) Sign Date: 01/12/2010</p> <p>Asking Rent: £60,009 at £13.38 psf Tenant: British Heart Foundation</p> <p>Notes: British Heart Foundation has taken 4,485 sq ft (416 sq m) of retail space from an undisclosed landlord on a confidential leasehold agreement. BNP Paribas Real Estate acted on behalf of the landlord. The quoting rent was £60,000 pa, equating to £13.38 psf (£144.00 psm)</p>
	<p>15 GROSVENOR ROAD RIPLEY DE5 3JE</p> <p>Use(s): Retail High Street Unit Floor(s): 1 SF Leased: 7,200 sq ft (669 sq m) Grade: Second Hand Sign Date: 22/11/2010</p> <p>Asking Rent: £63,576 at £8.83 psf</p> <p>Landlord Agent: Heb Surveyors LLP Matthew Cullen Tel :01159793493</p> <p>Notes: An undisclosed tenant has taken 7,200 sq ft (670 sqm) of ground-floor retail space on confidential terms. HEB Chartered Surveyors acted on behalf of landlord. The quoting rent was £63,552 pa, equating to £8.83 psf (£95.01psm). (CoStar Research 26/11/2010)</p>
	<p>WESTFIELD DERBY CROWN WALK DERBY DE1 2PL</p> <p>Use(s): Shopping Centre SF Leased: 3,562 sq ft (331 sq m) Sign Date: 16/11/2010</p> <p>Asking Rent: £57,491 at £16.14 psf</p> <p>Tenant: Mostyn Group Ltd</p> <p>Notes: Mostyn Group Ltd has taken 2,843 sq ft (264.12 sq m) of ground and first floor retail space from Lasalle Investment Management on a 10 year lease. Agreed rent, tenant/landlord breaks and incentives are confidential. Subject to a rent review in year five. Jones Lang Lasalle and Robertson Brown Ltd acted on behalf of landlord. The tenant was unrepresented. The quoting rent was £57,500 pa. Confirmed by Myles McKinnon at Jones Lang Lasalle.</p>
	<p>11 - 12B ALBION STREET DERBY DE1 2PR</p> <p>Use(s): Retail High Street Unit Floor(s): 2 SF Leased: 12,856 sq ft (1,194 sq m) Sign Date: 01/11/2010</p> <p>Asking Rent: £160,057 at £12.45 psf Tenant: Thats Entertainment Tenant Agent: Cushman & Wakefield LLP</p> <p>Notes: Thats Entertainment has taken 12,856 sq ft (1,194 sq m) of ground, first and second floor retail space from Aegon on a two year lease</p>

	<p>WESTFIELD DERBY CROWN WALK DERBY DE1 2PL</p> <p>Use(s): Shopping Centre SF Leased: 3,924 sq ft (365 sq m) Grade: New or refurbished Sign Date: 18/10/2010 Asking Rent: £59,998 at £15.29 psf Notes: Crawshaw Butchers have taken (Unit 8) 3,924 sq ft (364 sqm) of retail space from Westfield Group Ltd on a ten-year lease. Fisher Hargreaves Proctor and Central Retail acted on behalf of Westfield Group Ltd. Dresler Smith acted on behalf of Crawshaw Butchers. The quoting rent was £60,000 pa, equating to £15.29 psf (£164.59 psm). Achieved rent confirmed by Alan Pearson at Fisher Hargreaves Proctor.</p>
	<p>35 - 36 CORNMARKEt DERBY DE1 2DG</p> <p>Use(s): Retail High Street Unit SF Leased: 3,267 sq ft (304 sq m) Sign Date: 30/09/2010 Asking Rent: £57,499 at £17.60 psf Tenant: Power Leisure Bookmakers Ltd</p>
	<p>UNITS 1-2 KINGSWAY INDUSTRIAL ESTATE KINGSWAY RETAIL PARK DERBY DE22 3FA</p> <p>Use(s): Retail Park SF Leased: 59,107 sq ft (5,491 sq m) Grade: Second Hand Sign Date: 01/06/2010 Asking Rent: £520,142 at £8.80 psf</p>
	<p>MODERN SHOWROOM PREMISES NOTTINGHAM ROAD ASHBY DE LA ZOUCH LE65 1DP</p> <p>Use(s): Retail Out Of Town SF Leased: 4,500 sq ft (418 sq m) Sign Date: 30/04/2010 Asking Rent: £60,300 at £13.40 psf Notes: An undisclosed tenant has taken 4,500 sq ft (418 sq m) of ground floor retail space on confidential terms. Colliers International acted on behalf of the landlord. The quoting rent was £60,300 pa, equating to £13.40 psf (£144.24 psm)</p>
	<p>WESTFIELD DERBY CROWN WALK DERBY DE1 2PL</p> <p>Use(s): Shopping Centre SF Leased: 5,683 sq ft (528 sq m) Sign Date: 10/02/2010 Asking Rent: £189,983 at £33.43 psf Tenant: Select (Retail) plc Notes: Select (Retail) Plc has taken 5,683 sq ft (528 sq m) of ground and first-floor retail space within unit SU202 from Westfield Group on a five-year lease. Jonathan Emmerson at HEB Chartered Surveyors confirmed the base rent was £100,000 pa. Westfield Group acted on behalf of themselves. No breaks were agreed. Select (Retail) Plc were unrepresented. The quoting rent was £190,000 pa, equating to £33.43 psf (£359.87 psm).</p>
Available	41 Gregory Way Belper. Neighbourhood retail. 694 sq ft. £20.89 psf
Available	King St Belper. 1,057 sq ft. £17 psf quoting.



CIL VIABILITY APPRAISAL

CONSTRUCTION COST STUDY

For

DERBY CITY, SOUTH DERBYSHIRE AND AMBER VALLEY COUNCILS



CIL Viability Appraisal

Order of Cost Study

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22/11/2013

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Project:	<i>CIL Viability Appraisal</i>	
RIBA Stage:	<i>N/A</i>	
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Date:	<i>22/11/13</i>	
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Checked by:		

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Executive Summary

1. The Project

This Cost Study provides an estimate of construction costs over a range of development categories, to support a CIL Viability Appraisal

2. Allowances

The Estimate includes on-cost allowances for the following:

- Consultants
- B. Regulations and Planning fees
- NHBC Insurance where applicable

3. Basis of Estimate

The basis of the Estimate is in Section 2 of this report.

4. Detailed Construction Cost Study

The detailed Cost Study is given in Section 3 of this report.

5. Risk Allowance

A Risk Allowance of 5% of construction cost is recommended

Project Description

NCS have been appointed by Derby City, South Derbyshire and Amber Valley Councils for the production of the Council's Community Infrastructure Levy Charging Schedule, through to adoption.

Gleeds are acting as part of the NCS team, to provide indicative construction costs, over the range of development categories, to inform the Appraisal.

The range of development categories are as agreed with NCS

Basis of Cost Study

Base Date

Rates for Construction Costs in the Estimate have been priced at a Base Date of 4th quarter, 2013. Allowances must be made for inflation beyond this date dependant on the mid-point date of construction.

Procurement

The costs included in this Estimate assume that procurement is to be achieved on a single stage competitive tender basis, from a selected list of Contractors.

Scope of Development Types

The scope of development types within the various categories varies between categories.

This is reflected within the range of construction values stated for a particular category.

For the purposes of undertaking the Viability Appraisal, average rates for construction have been given for each development category; the range of values have also been stated.

Basis of Costs

The following benchmarking data was used in the preparation of the estimate:

1. Analysis of construction costs over a range of projects within the Gleeds Research and Development Data Base.
2. Where insufficient data is available within any particular category cross-reference is also made to BCIS construction cost information.
3. Reference is also made to the Communities and Local Government Cost Analysis for Code for Sustainable Homes, in respect of dwelling costs

All construction costs have been adjusted for Location Factor (Derby 0.91) and All-in TPI for 4th Quarter 2013 (BCIS index – 237), (as 15 November 2013 indices update)

Note: the cost allowances are based on the current building regulations, as at April 2013.

Alternative costs have been provided on residential buildings for Code 4.

Costs for achieving Breeam Good on all categories have been allowed for.

Local Policy Impacts have been taken into account.

Assumptions/Clarifications

The following assumptions/clarifications have been made during the preparation of this Estimate:

- The costs included in this Estimate assume that competitive tenders will be obtained on a single stage competitive basis.
- There are no allowances in the Estimates for Works beyond the site boundary.

- All categories of development are assumed to be new build.
- It is assumed development takes place on green or brown field prepared sites, i.e. no allowance for demolition etc.
- All categories of development include an allowance for External Works inc drainage, internal access roads, utilities connections (but excluding new sub-stations), ancillary open space etc
- Site abnormal and facilitating works have been excluded and are shown separately.

Exclusions

The Order of Cost Study excludes any allowances for the following:

- Value Added Tax
- Finance Charges
- Unknown abnormal ground conditions including:
 - Ground stabilisation/retention
 - Dewatering
 - Obstructions
 - Contamination
 - Bombs, explosives and the like
 - Methane production
- Removal of asbestos
- Surveys and subsequent works required as a result including:
 - Asbestos; traffic impact assessment; existing buildings
 - Topographical; drainage/CCTV; archaeological
 - Subtronic
- Furniture, fittings and equipment
- Aftercare and maintenance
- Listed Building Consents
- Service diversions/upgrades generally
- Highways works outside the boundary of the site

Detailed Construction Cost Study

Development Type	Construction Cost £/m ²		
	Min	Max	Average
Standard Residential, code 3 (Volume Housebuilder, mid-range, 2-5 bed house)	700	960	860
Residential, 2-5 bed, code 4	743	1000	903
Low Rise Apartments	836	1103	985
Low Rise Apartments Code 4	870	1160	1034
Multi Storey Apartments	1326	1993	1553
Multi Storey Apartments Code 4	1388	2090	1617
Student Accommodation, ensuite	1047	1580	1235
Care Homes	900	1260	1131
General Retail, shell finish	652	844	731
Food Retail supermarket, shell finish	600	783	644
Hotels, 2000m ² mid-range, 3* inc. F&Ftgs	1500	2010	1675
Offices, Cat A fit-out	875	1355	1108*
Industrial, general shell finish	400	737	480
Institutional / Community D7 (museums, library, public halls, conference)	1441	2571	1931
Leisure D5 (cinema, bowling alleys, shell)	807	1027	896**
Agricultural shells	178	767	450
SUI Generis			
Vehicle Repairs	800	931	870
Vehicle Showrooms	1067	1241	1193
Builders Yard	330	725	480

Note:

- * Offices, Cat A are based on speculative office development, of cost efficient design
- ** Leisure D5 development is based on shell buildings (bowling alleys, cinemas and the like) and exclude tenant fit-out

On-costs

Professional fees		
- Consultants (excluding legals)	7.25%	
- Surveys etc	<u>0.75%</u>	8%
Planning / Building Regs		
Statutory Fees		0.6%
NHBC / Premier warranty (applies only to Residential and Other Residential)		0.5%
Contingency / Risk Allowance		5%

Abnormal Site Development Costs, Derby City, South Derbyshire and Amber Valley Councils**Budget Cost
£/Hectare**

Abnormal Costs, by their very nature, vary greatly between different sites.

Budget figures are given, for typical categories.

The Budgets are expressed as costs per hectare of development site.

Archaeology

10,000

Typically, Archaeology is addressed by a recording / monitoring brief by a specialist, to satisfy planning conditions.

Intrusive archaeological investigations are exceptional and not allowed for in the budget cost.

Site Specific Access Works

20,000

New road junction and S278 works; allowance for cycle path linking locally with existing

Major off-site highway works not allowed for.

Site Specific Biodiversity Mitigation / Ecology

Allow for LVIA and Ecology surveys and mitigation and enhancement allowance.

20,000

Flood Defence Works

Allowance for raising floor levels above flood level, on relevant sites

25,000

Budget £2,000 per unit x 35 units, apply to 1 in 3 sites.

Utilities, Gas, Electric

Allowance for infrastructure upgrade

80,000

Land Contamination

Heavily contaminated land is not considered, as remediation costs will be reflected in the land sales values

25,000

Allow for remediation/removal from site of isolated areas of spoil with elevated levels of contamination

Ground Stability

Allow for raft foundations to dwellings on 25% of sites

Budget £2,000 x 35 units x 25%

20,000