COMMUNITY INFRASTRUCTURE LEVY
AND
WHOLE PLAN VIABILITY ASSESSMENT

PROPERTY VALUE STUDY

AS PART OF EVIDENCE BASE

FOR AND ON BEHALF OF
NORTH NORFOLK DISTRICT COUNCIL

NORTH NORFOLK DISTRICT COUNCIL

Report prepared by:
heb CHARTERED SURVEYORS
APEX BUSINESS PARK
RUDDINGTON LANE
NOTTINGHAM
NG11 7DD

RICS

Royal Institution of Chartered Surveyors Registered Valuers

12 April 2018

heb chartered surveyors

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TERMS OF REFERENCE

As part of our instructions to provide valuation advice and assistance to North Norfolk District Council in respect of Whole Plan Viability Assessment and potential Community Infrastructure Levy introduction, we are instructed to prepare a report identifying typical land and property values for geographical locations within the study area.

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

1) Residential (C3 and C4 houses)
2) Residential (C3 and C4 apartments). Also Retirement Living Apartments.
3) Other residential institutions (C1, C2)
4) Food retail (supermarkets)
5) General retail (A1, A2, A3, A4, A5)
6) Offices (B1a Cat A fit out)
7) Industrial (B1, B/C, B2, B8)
8) Institutional and community use (D1)
9) Leisure (D2, including casinos)
10) Agricultural
11) Sui Generis (based on recent history)

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. It is for each authority to decide whether they wish to adopt a separate charging category for this use,or adopt a more general retail charge more reflective of all retail uses.

The purpose of this value appraisal study is to provide part of the Authority's Evidence Base in support of possible preparation of a Community Infrastructure preliminary draft charging schedule.

Our report identifies potential charging zones and a sub-market map, which is to be read in conjunction with the valuation commentary and tables of appropriately, cross referenced value data.

The report also provides evidence to justify whether a fixed rate or variable rate CIL charging scheme could be appropriate within the study area, subject to further viability testing.

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 increasingly be severely restricted.

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 study area. For property value assumptions, a report commissioned from RICS Registered Valuers (as in this instance) is generally deemed appropriate.

The valuation evidence provides an area-based view - a broad test of viability (although changes in guidance now permit focus on individual development sites when subsequently undertaking viability tests). The 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 the 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 an Authority may adopt a pragmatic approach when assessing value evidence, and that adopted value judgments need not necessarily exactly mirror available evidence.

The purpose of this report is to provide a bespoke valuation Evidence Base, specifically for considering viability in the North Norfolk district. Whilst it is possible to assemble an evidence base from many different (and in some instances existing) information sources, we believe there is an inherent danger in this approach. The underlying assumptions for valuation or costs assessment in each data source may be different and a 'mix and match' approach may be flawed when comparable evidence is scrutinised.

We consider our approach herein to be far reaching and sufficiently robust 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 allow for economic viability of development to be considered as a whole, whereby all categories of development have been assessed.

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

Where evidence may be lacking or unavailable for example the more unusual use classes or within certain locations, reasoned valuation assumptions have been taken.

It should be noted that there will inevitably be scope for anomalies to be identified for each zone. This is to be expected (and is allowable under the CIL guidance). The values and zones identified herein provide a fair and reasonable 'tone' across each zone and use class.

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.

NORTH NORFOLK DISTRICT

North Norfolk District is situated in Norfolk, East Anglia on the East coast of the UK.

It extends to some 372 sq miles, and is populated by approximately 101,500 people (2011 census) with the majority living in the main settlements of Cromer, Fakenham, Sheringham, Wells-Next-The -Sea, Holt and North Walsham.

Norwich to the South and Kings Lynn to the East are the nearest major conurbations.

The location is a popular tourist destination as a result of the extensive coast line and Norfolk Broads.

LOCAL PROPERTY MARKET OVERVIEW

Situated on the east coast on the North East of East Anglia, the authority is somewhat remote in terms of fast road and rail links (the nearest motorway is the M11 at Cambridge). This inevitably limits inward investment.

Notwithstanding this, the location's mainly agriculture based economy is boosted by its popularity as tourist destination.

Demand for commercial premises (offices and industrial) is limited and generally emerges from existing occupiers rather than new inward investment.

Retail provision is largely dominated by the urban centres, with some retail parks, supermarkets, neighbourhood centres and road-side retail where demographics and road prominence support it.

Peaks in demand / values for residential property is often driven by holiday lettings / second homes clustered around the most popular destinations.

PROCEDURE & METHODOLOGY

The CIL Guidance 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 location. The CIL guidance accepts that this may inevitably be the case on occasion, and where appropriate, reasoned assumptions have been taken.

Methodology varies slightly between commercial property and residential property.

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

Our residential sales values are based upon actual market comparable evidence, due to the fact that housing tends to offer a much more 'uniform' product, with more easily identifiable sales value market evidence being available. This is backed up with stakeholder opinion where appropriate.

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.

For reasons of simplicity in reporting we have focussed on publishing data primarily for those categories where the 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 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'.

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

- Contact / interview of House Builders and property agents active within the study area
- CoStar System – a nationwide subscription database covering commercial property issues
- Zoopla / Rightmove (professional user subscriptions)
- 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)
- RICS Rural Land Survey 2018 (quarterly)

We have further sought local market information and 'market sentiment' from local Stakeholders including:-

Brown and Co (Surveyors and valuers, Norwich office)
Roche (Norwich based Surveyors and valuers)
Lovell Group (Norwich office, Housebuilders)
McCarthy and Stone (retirement housing specialists)
Norfolk Homes
Hopkins Homes
Persimmon Homes
Barratt Homes /
David Wilson Homes

All of the above parties were contacted with a view to discussing market activity and an appropriate value tone for the study area. In the majority of instances full cooperation was forthcoming although a small number of potential Stakeholders did not respond or were unable to fully engage in consultations (typically due to a lack of recent market activity). We are grateful to all parties for their assistance.

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

On occasion we have been obliged to make reasoned subjective judgements as to our opinion of the likely use value for certain locations 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.

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 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 September to October 2017.

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 we have prepared our valuation figures on the basis of Market Value (stated as £/Sq M) 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 knowledgabaly, prudently and without compulsion".

POTENTIAL SUB-MARKETS / CIL CHARGING ZONES

Residential

North Norfolk council have a well-established sub-market policy, established when adopting their affordable housing policy (shown at **Appendix 1**).

We are content that established sub-markets pass a "sense-check" insofar as the areas of higher value comprise the fringes of the area around Burnham Market – a location well known as being much sought-after for second homes, with very high values resulting.*

The balance of the geographical area is much less sought-after, which the exception of certain points of coastal premium.

For the purpose of a robust study, we have further tested the sub-markets as follows:

1) A pin-point survey of settlements within both submarkets, using the *"Zoopla Price index".* The resulting averages for house prices were £3,773 per sq m for settlements within the "high" zone, and £2,538 per sq m for settlements in the "low" zone (Appendix 3).

2) A sample survey carried out by *HEB* of new / modern houses sold across the study area (2016-2017, Appendix 3). The average sale price (per sq m) within the High Zone was £3,259, compared to £2,498 in the Low Zone

3) A ward by ward survey, based on *Land Registry* house price data, which demonstrated an average house price of £365,000 within the High Zone, compared to £225,524 in the "low" zone

Accordingly we can recommend the sub-markets as being sound and robust, for adopting for further viability testing.

*The current "Zoopla Price Index" shows an average price paid in Burnham Market of £649,000, compared to a UK average of £276,000

Commercial:-

- Single Commercial Zone, area wide

The highest values for 'core' retail can be found in central urban areas however there is only marginal 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 new build retail development tends to be of a 'road side' or 'neighbourhood centre' style, and not more traditional 'High Street' retail which is generally well established. '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).

There is not a ‘one size fits all’ solution to what drives commercial property location values – what may be a high value retail area, may not be sought-after for warehousing, and vice-versa.

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 defendable 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)

Base Land Values

When assessing an appropriate tone for residential development land values, our viability testing carries out a residual land appraisal whereby a typical development scenario is appraised. In simplified terms this is 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 is carried out *without* deduction for Affordable Housing, Section 106 contributions or any other Local Authority policy based contributions, to give an indication of the theoretical 'maximum' possible land value which could be appropriate in the study area, before any impact of planning policy.

The residual approach in context with the land value benchmarking methodology adopted in the Viability Appraisals is more thoroughly outlined within the 'Development Equation' section of the Viability Testing report.

Once the residual land value figure has been calculated it is provided as the basis for the land value benchmarking exercise in the viability assessments. As a secondary 'sense check' values are also assessed along with other sources of land value information. Qualified property valuers reasoned assumptions and judgement is applied to the market information that is available to produce an estimate of 'Comparable Market Value' which is both fair and realistic in current market conditions.

It is recognised that comparable market values do not necessarily reflect the true costs of planning policy impacts and of course cannot factor in new land taxes such as CIL.

This pragmatic approach balances the reasonable expectation of land owners' return with the contributions expected by a Local Authority for infrastructure needs generated by new development, as advocated by the National Planning Policy Framework.

This methodology is replicated for *all p*roperty use types, with a 'minimum' land value (typically based on market value figure) adopted for uses where the residual suggests a negative value or one below market value. It is a fact of real market activity that sites are purchased when a residual may suggest a negative value.

Buyers often 'over-pay' for a variety of reasons – the market does not function perfectly with the benefit of perfect information, developers may be optimistic in a rising market, or special purchaser / ransom situations. A specific development type may show a negative residual value, but the fact of competition from other possible uses will ensure a minimum level is achieved.

Furthermore, a self-builder will not need to demonstrate a developer's profit.

Accordingly market evidence can on occasion suggest a figure above residual levels, which is sensible and pragmatic to adopt.

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

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

The benchmark for brownfield land is more complex. It assumes that land has some form of established use and therefore value (which will be much higher than an undeveloped greenfield plot).

The range of established brownfield land values is obviously quite wide dependent on location and use. However for the purpose of viability appraisal it must be assumed that the land has a low value or redundant use that makes it available for alternative use.

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

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.

<u>New Build Residential Values per Sq m</u>

CIL and other Planning charges are applied to future *new build* housing within the location.

It therefore follows that the methodology used for viability testing is applied using real evidence collated from the new / nearly new homes market wherever possible. An extensive survey of this market was conducted within the study area and immediate surround (undertaken September – October 2017).

We have focused on 'new build' evidence since this generally attracts a premium over and above existing stock, and more particularly over Land Registry average figures where the results may be skewed by an unknown sample size and where no reference is available to the size, number of bedrooms and quality of the constituent properties.

New home developments are predominantly built by larger volume developers and tend to offer a relatively uniform size style and specification across any geographical area. It also follows that the majority of proposed developments that will attract CIL will constitute similar construction and styles.

Having established like for like comparable evidence, this was further analysed and tabulated to specify new home types, i.e. apartments and 2, 3, 4 and 5 bed units.

Market research was therefore focused on the above criteria by identifying new or ‘nearly new’ home developments in the study area or surrounding comparable locations, that were under construction or recently completed. Data for individual house types on these developments was analysed and sale prices achieved obtained from developer / house builders, Land Registry Data, or other sources (typically Zoopla / Rightmove).

Where necessary, additional supporting information was gathered on each development using asking prices with an assumed reduction made according to negotiated discounts as provided by the developer, local agents and professional judgement / assessment of the results. Adjustments for garages were made where present, to ensure like for like comparison.

Where new home data was found lacking, nearly new or ‘modern’ transactions and asking prices were analysed and adapted.

We have contacted contact home builders currently or recently active within the location, as listed in ‘Procedure and Methodology’ and again in Appendix 3.
In most instances we were grateful to receive full assistance and cooperation although in a few instances the developer was unavailable for comment or unable to provide assistance.

Market value opinion obtained from stakeholders (house builders) generally confirmed our suggested sub-markets approach and value tone as appropriate.

Our adopted values for appraisal are shown at **Appendix 2**, with numeric sales data obtained tabulated at **Appendix 3**, with stakeholder comment.

By way of a further *‘sense check’* the *Zoopla Price Index** currently confirms average prices for pin-point locations in the study area – a table is attached at **Appendix 3.**

Figures are based on all specifications, not limited to new build. This will generally produce a *lower* average price than new build figures alone, since the average will include varying degrees of age and quality.

After adjustment to reflect a new build ‘premium’, our figures are further verified as being appropriate.

*****As at September 2017, detached housing average.

Additional Stakeholder and background evidence is listed at **Appendix 3**.

Retirement Living:

Retirement living accommodation generally commands a premium rate over standard housing. We have carried out a survey of local and regional developments including Daisy Hill Court (Norwich), Coralie Court (Norwich), Kempley Close (Peterborough) and Beaumaris Court (Sheringham).

A range of £3,589 sq m to £4,545 sq m was identified. Our adopted figure is towards the lower end of the range to ensure a thorough test of viability.

2) Hotels

The most likely scenario for hotel development within North Norfolk is from the budget - mid range sector of the hotel market for example Premier Inn and Travelodge, and our evidence base is therefore drawn from the budget – mid range sector.

Our evidence on sales values per sq m for hotels is based on our comparable evidence and market knowledge which shows that budget hotel operators pay in the region of £3,500 per room per annum which when capitalised at a rate of 7% produces a maximum sales value per room of approximately £40,000.

The average budget hotel room is approximately 18 sq m which also equates to an overall sales value figure per m in the region of £2,750.

3) Food Retail (Supermarket)

The majority of the larger food store retailers are represented within the area, operating from large store formats.

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

For supermarket / food retail outlets, we have appraised a typical food store format of 3,000 sq m – (32,000 sq ft) with a total 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 sq m.

We have adopted a rental figure of £170 per sq m with a capitalisation yield of 6%. This produces a sales value per m of £2,750. This capitalisation yield is appropriate bearing in mind that the food stores will be most likely occupied by one of the major supermarket brands such as Tesco, Sainsburys, Asda or Morrison's, by way of an institutional lease.

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 and accordingly we have considered some evidence from outside the study area.

We consider our figures to be considered a 'conservative' assessment. Both regionally and nationally substantial evidence exists to demonstrate typical rental values paid by large format food operators from £150 to £300 per sq m, with yields often at 5% or lower.

4) General Retail (A1, A2, A3)

The town centres dominate the other retail sectors. The rural areas have a more limited demand, mainly providing local and smaller convenience shopping. Our retail valuations are primarily based on the comparable / 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 sq m, we have again utilised a rental level per sq m and capitalised this using appropriate yield to arrive at a sales value per sq m. 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 methodology has therefore included an assessment of Zone A rentals for the principal suburbs within the urban area and from these Zone A rentals we have calculated an average rental figure per sq m for the suburbs that takes in to account our assessment of the ratio of prime, secondary and tertiary retail stock within each centre. The resultant 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 urban areas, which again using comparable evidence produces a rental in the region of £130 per sq m (£12 per sq ft), capitalised at a yield of 7%.

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.

5) Offices (B1a, Cat “A” fit out)

Our office valuations are primarily based upon the capital comparison and investment methodology. Where appropriate, rental evidence has been capitalised through the adoption of investment yields.

Where it exists, demand is often from existing local business, with limited relocation from outside the study area.

Low rental levels and capital values following on from limited demand have severely limited the viability of new office development in the area, and indeed the region.

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

- 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.
- 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).

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

Our methodology is again based largely on the capital comparison method, through assessment of transactional evidence, and investment capitalisation where appropriate.

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

When preparing our figures we have assumed:-

- The land is cleared and ready for development without unduly onerous remediation being required, with sites generally serviceable and appropriate planning available.
- 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.

7) Agriculture

The recent RICS rural land market survey (H2, 2017) has suggested an appropriate figure for agricultural land prices at approximately £20,000 per hectare.

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

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.

Conclusions

We can confirm that sufficient evidence has been found to justify considering a variable rate CIL regime, with differing values adopted for viability tests across the various development categories and across two residential value zones and a single value zone commercial property.

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, North Norfolk District Council. No responsibility is accepted for third party issues relying on the report at their own risk.

Neither the whole nor 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.

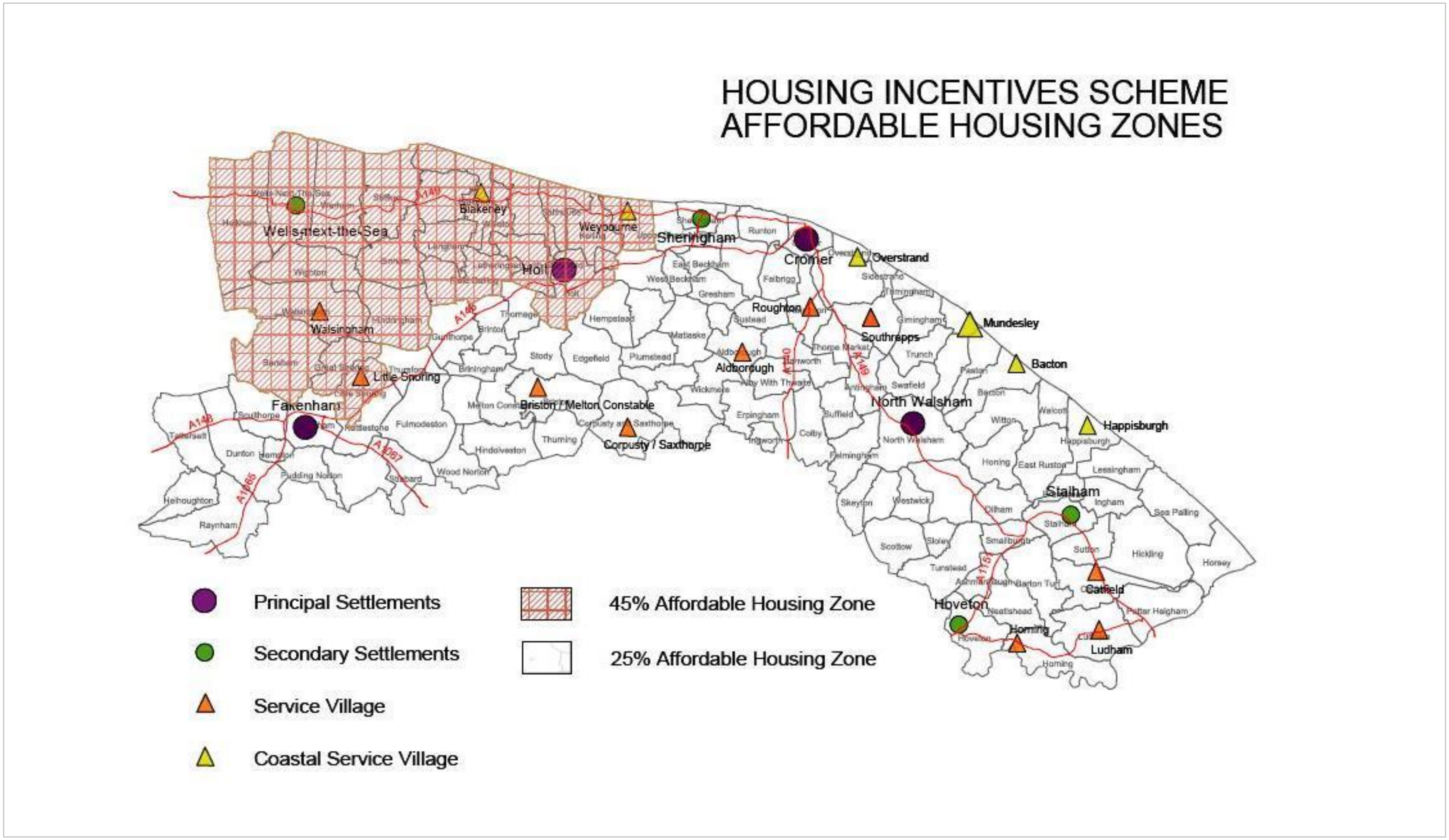
Yours faithfully

heb

heb Chartered Surveyors

APPENDIX 1

NORTH NORFOLK DISTRICT SUB-MARKETS



APPENDIX 2

NORTH NORFOLK

INDICATIVE RESIDENTIAL VALUES - £ PER Sq m

Sales Values						
	Market Sales Values £ Sq M					
	Apartment	2 Bed	3 Bed	4 Bed	5 Bed	Retirement
Zone 1	2400	2500	2400	2400	2300	£3,600
Zone 2	2900	3300	3200	3200	3100	£3,900

NORTH NORFOLK

INDICATIVE COMMERCIAL VALUES

Sales Values Sq M		Charging Zones
		Districtwide
Industrial		650
Office		1600
Food Retail		2750
Other Retail		1750
Residential Inst		1200
Hotels		2750
Community		1077
Leisure		1450
Agricultural		350
Sui Generis	Car Sales	1600
Sui Generis	Vehicle Repairs	700

NORTH NORFOLK INDICATIVE COMMERCIAL LAND VALUES

Sales Values	
	£ Per HA
Industrial Land	308,000
Office Land	308,000
Food Retail Land	Residual
General Retail Land	Residual
Residential Institution	308,000
Hotel Land	750,000
Community Use Land	308,000
Leisure Land	350,000
Agricultural Land	20,000
Sui Generis Land	
Car Sales	500,000
Sui Generis Land	
Vehicle Repairs	350,000

APPENDIX 3

ADDITIONAL VALUATION DATA AND EVIDENCE

LAND REGISTRY DATA - MODERN STOCK

Address	Beds	Size (Sq M)	£ Per Sq M	£ Per Sq Ft	£ Price	Date Sold	Zone
HOUSES – NORTH NORFOLK DC							
80 Acorn Road, North Walsham	4	102	2,569	239	262,000	19/06/2017	2
25 Beechlands Park, Southrepps	3	95	2,737	254	260,000	19/06/2017	2
11 Barrow Drive, North Walsham	4	125	2,520	234	315,000	23/06/2017	2
2 St Andrews Close, Worstead	4	97	2,474	230	240,000	03/07/2017	2
2 Beaucourt Place, Walcott	2	81	1,963	182	159,000	19/07/2017	2
55 Nelson Way, Mundesley	2	60	2,417	225	145,000	30/06/2017	2
27 Greenlands Way, Sheringham	4	174	2,241	208	390,000	23/06/2017	2
2 Hardingham Drive, Sheringham	4	95	2,895	269	275,000	21/07/2017	2
21 Nelson Heights, Cromer	3	93	2,796	260	260,000	25/07/2017	2
5 Bramble Court, Fakenham	3	78	2,397	223	187,000	19/06/2017	2
5 Hares Close, Fakenham	2	59	2,339	217	138,000	04/07/2017	2
54 Gwyn Crescent, Fakenham	3	80	2,625	244	210,000	03/07/2017	2
6 St Andrews Drift, Langham, Holt	2	102	2,892	269	295,000	09/06/2017	1
4 The Cornfield, Langham, Holt	3	127	2,638	245	335,000	09/06/2017	1
5 Ramms Court, Wells-next-the-sea	3	86	4,549	423	391,205	17/11/2016	1
16a Mill Street, Holt	4	161	2,503	233	403,000	30/06/2017	1
11 Kingsway, Blakeney, Holt	3	134	4,030	374	540,000	02/12/2016	1
The Anchorage, Coast Road, Holt	4	195	3,000	279	585,000	22/09/2016	1
25 Neil Avenue, Holt	4	136	2,463	229	335,000	02/06/2017	1
The Fairstead, Clay, Holt	3	142	3,345	311	475,000	23/09/2016	1
56 Freeman Street, Wells-next-the-sea	4	127	3,907	363	496,200	23/02/2017	1
APARTMENTS – NORTH NORFOLK DC							
5 Warnes Close, Cromer	2	63	2,619	243	165,000	29/06/2017	
1c Alexandra Road, Sheringham	2	68	2,757	256	187,500	06/07/2017	
Flat 3, Abbey House, Warham Road, Fakenham	1	57	2,719	253	155,000	30/05/2017	

NORTH NORFOLK DISTRICT NEW HOME DEVELOPMENTS & STAKEHOLDER COMMENTARY*

DEVELOPMENT – HOUSES	DEVELOPER	SALES RANGE PER SQ M	ZONE	NOTES
Mundesley Beck, Mundesley	Dewing Properties	£2,816-£3,544	LOW	Coastal village
Harbord Road, Overstrand	Private	£2,485	LOW	Single semi-detached new build house
Backton Road, North Walsham	Private	£2,276	LOW	Two terraced houses available
Hookshill, Sheringham	Private	£4,350	LOW	New build detached executive property – low zone with coastal premium
Mill Lane, Briston, Melton Constable	Private	£2,343	LOW	Single detached new build property
Willow Park, Aylsham	Persimmon	£2,134-£2,850	LOW	Study area borders, near North Walsham
Nelsons Park, North Walsham	Persimmon	£2,303-£2,752	LOW	
Park View, Cromer	Norfolk Homes	£2,500-£3,264	LOW	
Gallus Fields, Northrepps	Lovell Homes	£2,583-£2,691	LOW	Justin Coote at Lovell Homes confirms sales figures. Also heb's tone values & sub-markets at broadly fair. Further comment that sale premium sometimes necessary to cover additional build costs where policy requires flint construction & 'homes for life' specification
Bure Meadows, Aylsham	Barratt / David Wilson Homes	£2,169-£2,614	LOW	Ed Lowe at Barratt/David Wilson confirms average sale price currently being achieved on site at approx. £2,626 per sq m. Good demand currently shown with no discounts offered & generally 4.4 sales per month. General approval to heb's study area 'tone' & sub-market approach
Mullberry Grove, North Walsham	Hopkins Homes	£2,275-£2,760	LOW	
Broadbeach Gardens, Stalham	Hopkins Homes	£2,198 - £2,533	LOW	Bungalows excluded (premium price)
Beech Vale, Overstrand	Hopkins Homes	£3,138-£3,953	LOW	Premium for sought-after coastal location

DEVELOPMENT – HOUSES	DEVELOPER	SALES RANGE PER SQ M	ZONE	NOTES
Heath Farm, Holt	Lovell Homes	£2,846-£3,441	HIGH	Justin Coote at Lovell Homes confirms general tone at development of £2,583-£2,799. Further comment that second home market demand has fallen since recent changes to stamp duty policy. See also commentary above (Gallus Fields)
Staith Place, Wells-next-to-the Sea	Hopkins Homes	£3,354-£3,958	HIGH	Bungalows excluded (premium price)
Kings Meadow, Holt	Hopkins Homes	£2,306-£3,800	HIGH	
Blakeney	Private	£4,354	HIGH	Single plot, detached new build
Langham	Private	£3,976	HIGH	New build 3 bed terrace
Wells Road, Stiffkey	Private	£3,424	HIGH	New build 3 bed detached, two houses available at £3,424
Crockers Lane, Waterden	Private	£3,845	HIGH	4 bed detached house – high specification
Foundary Field	Fleur	£4,695-£5,195	HIGH	*High zone borders* – Burnham Market premium. Two units available at £4,695 & £5,195 per sq m
Burnham Market	Private	£5,029	HIGH	*High zone borders* – Burnham Market premium & high spec development (single part new build)
Burnham Market	Private	£4,823	HIGH	*High zone borders.* Single plot 5 bed detached house available – Burnham Market premium & high spec

DEVELOPMENT – APARTMENTS	DEVELOPER	SALES RANGE PER SQ M	ZONE	NOTES
Staith Place, Wells-next-to-the-Sea	Hopkins Homes	£3,958	LOW	Coach house apartment
Plot 61, Park View, Cromer	Norfolk Homes	£2,500	LOW	
Newmans Court, Fakenham	Michael McNamara Associates	£2,544-£2,700	LOW	New apartment scheme – Various apartments & maisonettes available. Prices exclude penthouse premium
Bacton	Private	£3,275	LOW	First floor apartment with roof terrace
Bacton	Private	£2,289	LOW	Second floor apartment with roof terrace
Haynes Court, Bacton Road, North Walsham	Private	£2,333-£2,500	LOW	New build apartment scheme
Old Market Road, Stallom	Private	£2,200	LOW	Four apartments available, new build development

*** *Where prices are not confirmed by developer, based on currently available - Price per sq m is after 5% deduction for negotiations and incentives. Adjusted for detached garages where appropriate***