

Chichester District Council



Appendix IV

Market Values & Assumptions Research

**Local Plan Viability Assessment
(2021-2039)**

**January 2023
DSP21755**



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1.0 Introduction

- 1.1.1 During earlier stages of the Plan's development, Dixon Searle Partnership (DSP) was engaged in order to provide viability assistance and evidence in the development of the Preferred Approach Plan. That Viability work was carried as part of earlier stages of the Local Plan's development, between 2019 and 2021 with a final Stage 1 report issued in May 2021¹.
- 1.1.2 In 2021 as a result of consultation and newly emerging evidence/national policy, the Council commissioned the Stage 2 assessment referred to here, which considers a higher number of dwellings to be delivered through the Plan period alongside a potentially amended distribution of housing linked to delivery of improvements to the A27. The Stage 2 study provides a wholesale refresh of the previous work and considers the viability of the current emerging Local Plan, its sites and policies as well as wider national policy changes.
- 1.1.3 Referred to within DSP'S main Stage 2 report, this document – Appendix IV – provides an overview of the research undertaken into residential property values, together with the wider economic conditions at the time of writing. Collectively, this research aims to help inform the assumptions setting for the residential appraisal testing, providing important background evidence by building a picture of values and the variation of those within Chichester Local Plan Area.
- 1.1.4 This report will also provide the Council with an indication of the type and sources of data that it could monitor, revisit and update, to further inform its ongoing work where necessary in the future. Doing so would provide valuable context for monitoring the delivery subsequent to settling policy positions and aspirations.
- 1.1.5 It should be acknowledged that this is high-level work, and a great deal of variance may be seen in practice from one development to another (with site-specific characteristics). This data gathering process adopted by DSP involves the review of a range of information sources, so as to inform an overview that is relevant to and appropriate for the project context. The aim here is to consider changes and trends and therefore enable us to assess with the Council an updated context picture so far as is suitable and practically possible.

¹ DSP: Local Plan & CIL Viability Assessment Stage 1 (Initial review phase 2019-2020) (April 2021)



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

2.0 Economic/housing market context

- 2.1.1. There are a number of sources available in reviewing the current economic and housing market context generally. We have made particular reference to the Land Registry, Royal Institution of Chartered Surveyors (RICS) market reporting, Office for National Statistics (ONS) and Savills market reporting and forecasts.
- 2.1.2. These industry reporting resources have all described a similar picture of the current economic context alongside the general housing market patterns of the housing market, viewed at this time both more widely and in respect of the available information for Chichester District Council (CDC).
- 2.1.3. Despite the wide disruption and uncertainty within the market caused by the Coronavirus pandemic, and the continuing effects of Brexit, the downward effect on house prices did not materialise. At the point of the initial review in 2021 house prices continued to grow, however there were concerns that the fallout from the pandemic and the ‘cost of living crisis’ would affect consumer spending and alter demand. At the time of writing, in January 2023, prices have held up well and there remains a fundamental imbalance between supply and demand which is particularly acute in the South East and areas such as Chichester District; contributing to the overall strength of the housing market throughout uncertain economic times. However, we are now seeing month-on-month falls in house prices, and the annual rate of house price growth has slowed, with many analysts predicting falls in the coming year. The medium to long-term expectations for house prices are that they will be relatively stable (with recovery expected from 2024/2025).
- 2.1.4. Dixon Searle Partnership (DSP) has studied and analysed the latest economic / housing market commentary alongside our own wider experience across the country. The tone of the most recent RICS (Royal Institution of Chartered Surveyors) report of December 2022 has changed from a general confidence in prices to a *‘buyer demand still falling, resulting in fewer sales being agreed’* and *‘Price and sales expectations indicative of further declines in the year ahead’*. Enquiries and instructions have fallen, and whilst surveyors are *‘less downbeat’* than the previous month, most surveyors are predicting *‘some pull-back in prices’*. It would appear to that the impact of Stamp Duty cuts has been outweighed by the rises in mortgage rates and the general economic/inflationary pressures.
- 2.1.5. The latest Office for National Statistics (ONS) UK House Price Index (HPI) for November 2022 focuses on sale prices and trends in data rather than forecasting the future of the housing market. The ONS examines the condition of the market over the last couple of years. The HPI is marked from a starting point of 100 in 2015 and is now sitting at 152.11 as of the most

recent data from September 2022. The most recent HPI rebased to Chichester District is 148.65 (November 22), which has increased 11.4% during the year to November 2022 (from 133.4). At the time of writing, however we have seen falls from a peak of 150.6 in August 2022 and most commentators are predicting continuing falls in house prices over the coming year to two years (followed by restabilising/growth of the market). The signs are that the correction in the housing market resulting from the current economic factors such as energy costs and inflation is unlikely to be as severe as feared, but nonetheless is likely to result in prices falling by 3% to 4% in the coming year. This follows an extended period of price rises going back many years.

- 2.1.6. Corroborating the sentiment expressed by RICS above, the ONS report that average house prices across the Southeast increased by 10.0% over the year to November 2022 but a monthly change of -0.5% since October 2022.
- 2.1.7. The Savills UK Housing Market Update – January 2023 notes that house prices have fallen for the fourth consecutive month and that values are likely to fall across all regions in 2023. Savills note that mortgage approvals dropped -28.6% in November compared to the 2018-19 November average. Sales completion numbers have remained high, however Savills consider that this is the result of purchases made with mortgage agreements pre-dating the mini-budget. Inflation is thought to be past its peak but is still expected to remain above the 2.0% target with a consequent effect on incomes and therefore increased pressure on affordability. The above Savills analysis is borne out by reports in the housing/construction press generally that most of the major developers are retrenching and intend to develop fewer properties in the coming year due to a reduced order book.
- 2.1.8. The above reports indicate that, in contrast to the situation in 2021, house price growth is reversing. Overall the expectation is that house prices in 2023 will see modest falls; although as above it should be noted that medium to long term predictions are still for overall rises in prices. Recovery is thought to be likely from 2024/2025.

Stage 1 Study (December 2019 study, finalised May 2021)

- 2.1.9. The above picture contrasts with the situation at the time of the previous study. The current Bank of England base rate is 3.50%, whereas at the time of most recent Stage 1 study reporting (May 2021) it was still at 0.75%. There was considerable uncertainty in the market due to the effects of Brexit and the pandemic (with lockdowns still ongoing at the time). Prices had levelled off and although not falling were fairly stagnant, with annual (UK) price rises being less than 1% per annum on the previous year. As predicted by most surveyors at the time, this was followed by something of a recovery later in 2021 as pent up demand from

the pandemic era was released – the price of houses in particular rose as a result of changes in working patterns seeing people moving further from city centres to larger properties, aligning with the trend for home working.

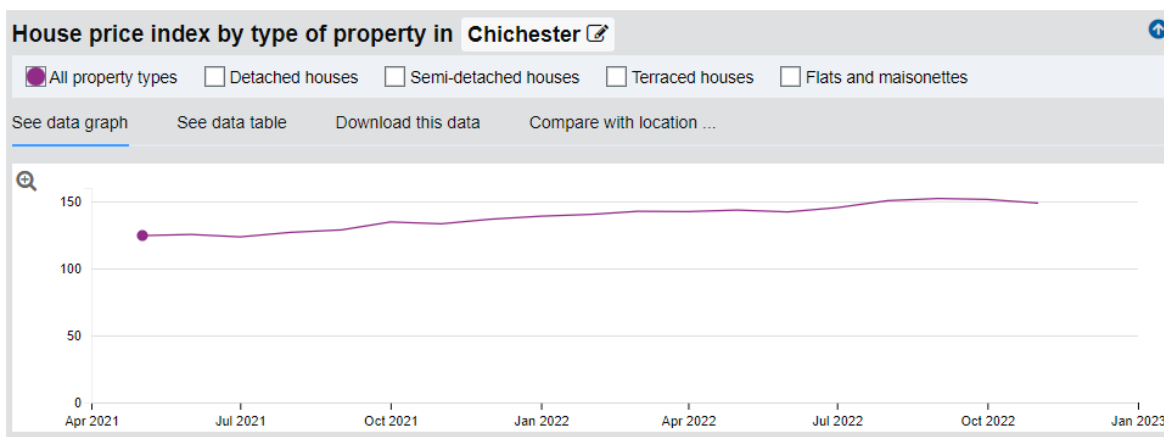
- 2.1.10. Whilst we are facing short term falls in house prices it should be noted that over time, house price increases tend to outstrip development cost increases. For example, since the Stage 1 study research of 2019, HPI in Chichester since May 2019 has been 28.35%, whereas the BCIS all-in TPI for the same period is 9.85% (and this period includes the past year which has seen some of the fastest/largest rises in build costs over the past few years). Even if house prices decrease by 10% they will still be significantly higher than previous levels.
- 2.1.11. As noted above, whilst some of the uncertainty created by Brexit has reduced, and the pandemic is over, we are seeing the economic effects of the latter as well as general inflationary pressures caused in part by the war in Ukraine.
- 2.1.12. Our previous study commentary noted the uncertainty caused by proposed changes to planning policy – this situation remains the same, with the Government’s plans having been delayed, but now looking likely to be implemented, although as previously with the detail of what exactly will change and how the new system will work still being awaited.
- 2.1.13. The picture for commercial property was less positive than currently for retail and office uses, with retail pressure continuing and the availability of office space edging up. Industrial rents were rising, however the commercial market generally was seen to be in a downturn with transactional volumes low. As the Stage 1 study progressed, however, an improvement was seen in retail property as the country opened up following the pandemic (albeit from a very low point). At the current time, retail is forecast to worsen, however industrial sites (in particular distribution/storage) have seen an uplift. However the ‘market sentiment’ reported currently by Knight Frank is ‘weaker’ in most cases. Savills report that yields are increasing, although ‘average prime yields’ have stabilised.

3.0 Residential market review

- 3.1.1. Consistent with our assessment principles, DSP research data from a range of readily available sources, as also directed by the Planning Practice Guidance (PPG). As noted above, these are sources that could also be used by the Council for any future similar work, updating or monitoring. In the following sections we will provide an outline of the data reviewed.
- 3.1.2. The residential market review and data collection/analysis phase for this Stage 2 work was conducted using data from the Land Registry grouped into settlements within the Local Plan Area between 2021 and 2022. Value level ranges were estimated for each settlement based on a variety of data presentation and analysis techniques including quartile analysis. This process comprised the desktop-based research and analysis of both sold and asking prices for new build and resale property across the Local Plan Area.
- 3.1.3. In addition to the Land Registry analysis, DSP also reviewed currently available new build and re-sale properties for sale using property search engines such as Rightmove (December 2022 – January 2023) to cross-check findings and ensure consistency. We consider this combined approach provides a proportionate but appropriately robust evidence basis – again aligning with the PPG.

Values indicated/assumed in the Stage 1 study

- 3.1.4. For the Stage 1 study, following the same extensive data collection and analysis process conducted between 2018 - 2021, we considered the key new build property values – i.e., the most relevant range to housing delivery in 2021, varied across a wider range of between £3,750/sq. m. to £4,500/sq. m. in the south of the Local Plan Area.
- 3.1.5. The northern portion of the Local Plan Area at the time indicated a narrower range of typical new build property values being approximately £4,250-£4,750/sq. m. Overall our analysis in 2021 concluded values in the north of the district were typically greater than values in the south.
- 3.1.6. Since completion of the Stage 1 study in May 2021, house prices have risen by 19.5% and the updated new values research and analysis below informed the current Stage 2 work.



3.2. Stage 2 Review of Land Registry New Build Sold Prices Data – (May 2021 - December 2022)

3.2.1. Following tables below provide Chichester District based summary of Land Registry published sold prices data – again focusing solely on new build housing. The floor areas have been sourced separately – from the Domestic Energy Performance Certificate (EPC) Register operated by Landmark on behalf of the Government and available to view via www.epcregister.com under the DCLG’s remit. Property values have been updated in line with the UK House Price Index (HPI) at the point of data collection i.e., December 2022. Due to its size, the full data set has not been included - but can be requested if required.

Table 1b – Land Registry Sold Prices Review Analysis – New Build Property – Average Price and quartile analysis by Settlement – Chichester District - South

Settlement	New Build Value - Summary Quartile Analysis - Chichester (5/21 - 12/22)						Data Sample No.
	Minimum £/m ²	Q1 £/m ²	Average Value £/m ²	Median £/m ²	Q3 £/m ²	Maximum £/m ²	
Chichester	£2,638.52	£4,315.56	£5,166.58	£4,995.91	£6,365.05	£7,274.86	36
East Wittering	£4,968.65	£4,968.65	£4,968.65	£4,968.65	£4,968.65	£4,968.65	1
Southbourne	£4,618.09	£4,679.90	£4,772.47	£4,748.31	£4,835.90	£4,964.64	8
Westhampnett	£4,687.34	£5,099.06	£5,437.67	£5,506.15	£5,749.97	£6,090.64	38
North Mundham & Tangmere	£4,018.21	£4,489.15	£4,651.70	£4,718.17	£4,878.38	£5,100.42	34



PART OF ANALYSIS HAS BEEN EXCLUDED, DUE TO SMALL SAMPLE VALUES. LIST OF EXCLUDED SETTLEMENTS FOR PERIOD MAY 2021 - DECEMBER 2022 ARE LISTED BELOW:
 BIRDHAM, BOSHAM & BROADBRIDGE, BOYGROVE, CAMELSDALE & HAMMER, FISHBOURNE, HAMBROOK & NUTBOURNE, HUNSTON, KIRDFORD, LOXWOOD, PLAISTOW & IFOLD, SELSEY, WEST WITTERING, WESTBOURNE, WISBOROUGH GREEN.

3.2.2. A key point of this analysis is to consider all available information in an appropriate way for the study purpose and strategic level, which in this case requires a high-level overview of general values ‘patterns’ rather than aiming necessarily to reflect finer grained variations and potential site-specifics. Excluding part of settlements analysis with a small sample data (As per table 1b). The data compiled indicates the typical range of new build property values to be from around £4,250/m² to £5,000 /m², although it is important to note that testing should explore levels outside of this range.

3.3. Stage 2 Review of Land Registry Re-sale Sold Prices Data – (June 2022 - December 2022)

3.3.1. A similar process has been undertaken as above for re-sale property with the following Tables providing a district summary of Land Registry published sold prices data – focusing solely on resale housing. Due to the size of the dataset and the number of smaller settlements with small data samples, we have produced a further analysis by Chichester Local Plan Area – North Area and Chichester Local Plan Area – South Area. As above, the floor areas have been sourced separately – from the Domestic Energy Performance Certificate (EPC) Register operated by Landmark on behalf of the Government and available to view via www.epcregister.com under the DCLG’s remit. Property values have been updated in line with the UK HPI (area-specific figures) at the point of data collection i.e., December 2022. Due to its size the full data set it has not been included here, however it can be requested by the Council.

Table 3b – Land Registry Sold Prices Review Analysis – Resale Property – Quartile Analysis by Settlement – Chichester Local Plan Area – North

Settlement - North	Resale Value - Summary Quartile Analysis - Chichester (6/22 - 12/22)						Data Sample No.
	Minimum £/m ²	Q1 £/m ²	Average Value £/m ²	Median £/m ²	Q3 £/m ²	Maximum £/m ²	
Kirdford	£5,243.79	£5,892.61	£6,056.04	£6,228.79	£6,392.22	£6,522.77	4
Loxwood	£3,590.47	£4,448.70	£5,696.87	£5,005.72	£6,253.89	£9,185.56	4
Plaistow & Ifold	£4,500.50	£4,947.07	£5,697.26	£5,086.28	£6,455.78	£7,948.92	10
Wisborough Green	£3,352.72	£4,528.81	£4,641.44	£4,937.98	£5,175.26	£5,212.44	5



District	Resale Value - Summary Quartile Analysis - Chichester (6/22 - 12/22)						Data Sample No.
	Minimum £/m ²	Q1 £/m ²	Average Value £/m ²	Median £/m ²	Q3 £/m ²	Maximum £/m ²	
Chichester District - North	£3,352.72	£4,859.66	£5,530.06	£5,175.26	£6,228.79	£9,185.56	23

Table 3b – Land Registry Sold Prices Review Analysis – Resale Property – Quartile Analysis by Settlement – Chichester Local Plan Area – South

Settlement - South	Resale Value - Summary Quartile Analysis - Chichester (6/22 - 12/22)						Data Sample No.
	Minimum £/m ²	Q1 £/m ²	Average Value £/m ²	Median £/m ²	Q3 £/m ²	Maximum £/m ²	
Birdam	£5,050.68	£5,148.16	£6,121.02	£5,942.78	£6,650.82	£7,812.67	5
Bosham	£3,403.13	£4,024.29	£5,994.49	£5,463.51	£7,720.55	£10,545.51	13
Boxgrove	£4,406.72	£4,406.72	£4,406.72	£4,406.72	£4,406.72	£4,406.72	1
Camelsdale & Hammer	£3,826.84	£5,441.02	£6,027.47	£6,068.06	£6,655.54	£7,913.67	11
Chichester City	£1,573.38	£3,850.00	£4,682.86	£4,531.07	£5,231.12	£8,798.68	141
East Wittering	£2,313.93	£4,298.56	£6,541.38	£5,161.49	£6,704.91	£25,382.37	22
Fishbourne	£3,922.54	£4,485.50	£4,873.72	£4,710.14	£5,448.58	£5,563.53	9
Hambrook & Nutbourne	£3,893.27	£4,992.10	£5,343.55	£5,503.86	£5,636.24	£6,751.05	7
Hunston	£2,573.00	£2,911.88	£4,434.10	£3,250.76	£5,364.65	£7,478.53	3
North Mundham & Runcton	£3,604.26	£4,184.33	£4,838.72	£4,506.20	£5,687.01	£6,473.89	9
Selsey	£2,483.31	£3,593.95	£4,373.79	£4,248.36	£4,869.38	£8,026.82	58
Southbourne	£1,581.83	£3,724.41	£4,790.91	£4,687.24	£5,368.01	£8,467.12	20
Tangmere	£2,830.91	£3,843.20	£4,317.77	£4,222.07	£4,891.30	£5,501.88	11
West Wittering	£3,949.48	£5,415.21	£7,213.27	£6,065.29	£8,354.62	£14,131.66	19
Westbourne	£2,691.44	£3,813.55	£4,652.08	£4,651.82	£5,341.70	£6,610.03	11
Westhampnett	£3,300.01	£4,326.56	£4,504.42	£4,416.49	£4,882.42	£5,543.25	9



District	Resale Value - Summary Quartile Analysis - Chichester (6/22 - 12/22)						Data Sample No.
	Minimum £/m ²	Q1 £/m ²	Average Value £/m ²	Median £/m ²	Q3 £/m ²	Maximum £/m ²	
Chichester District - South	£1,573.38	£3,914.55	£5,006.63	£4,710.14	£5,543.25	£25,382.37	349

3.3.2. Given the context of the study, being a high-level overview of viability at a strategic level, we have considered general values 'patterns' rather than aiming necessarily to reflect finer grained variations and potential site specifics. The data compiled indicates the typical range of the resale property values for:

- Chichester Local Plan North Area: to be from around £4,500/m² to £5,500/m²+

- Chichester Local Plan South Area: to be from around £4,250/m² to £4,750/m².

Although it is important to note that testing should explore levels outside of this range.

3.4. Stage 2 Available New Builds – Advertised for Sale – (December 2022 - January 2023)

3.7.1 Table 4b provides an updated summary of the available new build properties that were on the market for sale in December 2022 - January 2023 across the Local Plan Area, as found through web-searching, including www.rightmove.co.uk; various house builders' & estate agents' websites and associated follow up enquiries if relevant. The 5% deduction is intended to recognise that there will usually be an adjustment between marketing and sales price. Many of the results currently advertised were not yet able to provide accurate floor plan/unit sizes. As such, in these instances, we have provided general assumed sizes for these entries based on what we have found represents typical new build sizes for those unit types in the borough. The following table therefore presents another high-level sense check of our assumed values.

Table 4a – New Builds Advertised for Sale – (December 2022 – January 2023); Source Rightmove.co.uk

Rightmove New Build Dwellings - Advertised 2022/2023 - Chichester							
Address	Settlement	Description	Sale price	Size [M ²]	Price £/M ²	Sale price 5% less	Price £/M ² 5% less
East Wittering & Bracklesham							
Plot 2, East Bracklesham Drive, Bracklesham Bay	East Wittering & Bracklesham	4 bed detached	£1,200,000	171	£7,018	£1,140,000	£6,667
Plot 1, East Bracklesham Drive, Bracklesham Bay	East Wittering & Bracklesham	4 bed detached	£1,175,000	169	£6,953	£1,116,250	£6,605
Bracklesham, Bracklesham Bay, PO20	East Wittering & Bracklesham	3 bed detached bungalow	£510,000	124	£4,123	£484,500	£3,917
Bywaves Holiday Park, East Bracklesham Drive, PO20	East Wittering & Bracklesham	2 bed lodge	£350,000	71	£4,930	£332,500	£4,683
Average			£808,750	134	£5,756	£768,313	£5,468
Selsey							
Manor Road, Selsey, PO20	Selsey	4 bed detached	£525,000	134	£3,933	£498,750	£3,736
Manor Road, Selsey, PO20	Selsey	4 bed detached	£475,000	87	£5,460	£451,250	£5,187
Manor Gardens, Manor Road, Selsey, Chichester, West Sussex, PO20 OFR	Selsey	4 bed detached	£484,995			£460,745	
Manor Gardens, Manor Road, Selsey, Chichester, West Sussex, PO20 OFR	Selsey	3 bed detached	£434,995			£413,245	
Manor Gardens, Manor Road, Selsey, Chichester, West Sussex, PO20 OFR	Selsey	4 bed detached	£419,995			£398,995	
Seal Bay Resort, Warners Lane, PO20	Selsey	2 bed lodge	£399,995			£379,995	
Manor Gardens, Manor Road, Selsey, Chichester, West Sussex, PO20 OFR	Selsey	3 bed detached	£394,995			£375,245	
Manor Gardens, Manor Road, Selsey, Chichester, West Sussex, PO20 OFR	Selsey	3 bed detached	£389,995			£370,495	
Spinney Vue Lodges, Warners Lane, Selsey	Selsey	2 bed park home	£386,000			£366,700	
Seal Bay Resort, Warners Lane, Chichester, PO20	Selsey	2 bed detached bungalow	£380,000			£361,000	
Manor Gardens, Manor Road, Selsey, Chichester, West Sussex, PO20 OFR	Selsey	2 bed semi-detached	£359,995			£341,995	
Manor Gardens, Manor Road, Selsey, Chichester, West Sussex, PO20 OFR	Selsey	3 bed semi-detached	£339,995			£322,995	
Manor Gardens, Manor Road, Selsey, Chichester, West Sussex, PO20 OFR	Selsey	2 bed terraced	£317,995			£302,095	
Chichester, West Sussex, PO20	Selsey	2 bed detached	£299,000			£284,050	
Average			£400,568	110	£4,696	£475,000	£4,461
Fishbourne							
The Gables, Fishbourne, PO19	Fishbourne	2 bed apartment	£350,000			£332,500	
The Gables, Fishbourne, PO19	Fishbourne	2 bed apartment	£320,000			£304,000	
Average			£335,000			£318,250	
Camelsdale & Hammer							
Woolmer Hill Road, Haslemere	Camelsdale & Hammer	4 bed detached	£1,100,000	191	£5,759	£1,045,000	£5,471
Woolmer Hill Road, Haslemere	Camelsdale & Hammer	3 bed detached	£925,000	158	£5,854	£878,750	£5,562
Woolmer Hill Road, Haslemere	Camelsdale & Hammer	3 bed detached	£895,000	150	£5,967	£850,250	£5,668
Church Lane, Haslemere	Camelsdale & Hammer	3 bed semi-detached	£850,000	123	£6,911	£807,500	£6,565
High Street, Haslemere	Camelsdale & Hammer	2 bed apartment	£499,950	93	£5,399	£474,953	£5,129
Bramshaw Court, High Street, Haslemere	Camelsdale & Hammer	2 bed apartment	£499,950	92	£5,411	£474,953	£5,140
Bramshaw Court, High Street, Haslemere	Camelsdale & Hammer	2 bed apartment	£479,950	88	£5,473	£455,953	£5,199
Bramshaw Court, High Street, Haslemere	Camelsdale & Hammer	2 bed apartment	£475,000	88	£5,373	£451,250	£5,105
Bramshaw Court, High Street, Haslemere	Camelsdale & Hammer	1 bed apartment	£299,950	59	£5,058	£284,953	£4,805
Katleen House, Lion Mead, Haslemere	Camelsdale & Hammer	1 bed apartment	£270,000	42	£6,368	£256,500	£6,050
Average			£629,480	108	£5,757	£598,006	£5,469

Rightmove New Build Dwellings - Advertised 2022/2023 - Chichester

Address	Settlement	Description	Sale price	Size [M²]	Price £/M²	Sale price 5% less	Price £/M² 5% less
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Loxwood							
Hollyvay Close & Dandelion View, Loxwood, Billingshurst	Loxwood	3 bed detached	£515,000			£489,250	
The Kingfishers, Guildford Road, Loxwood, RH14	Loxwood	2 bed semi-detached	£499,950			£474,953	
Average			£507,475			£482,101	

Chichester							
Lavant Road, Chichester	Chichester	4 bed detached	£1,400,000	204	£6,863	£1,330,000	£6,520
Lavant Road, Chichester	Chichester North	4 bed detached	£1,250,000	167	£7,485	£1,187,500	£7,111
Lavant Road, Chichester	Chichester North	5 bed semi-detached	£1,200,000	247	£4,858	£1,140,000	£4,615
Chalkhill View, Chichester, PO19 6EG	Chichester North	3 bed detached	£565,000	110	£5,136	£536,750	£4,880
Chalkhill View, Chichester, PO19 6EG	Chichester North	2 bed end of terrace	£375,000	71	£5,282	£356,250	£5,018
Chalkhill View, Chichester, PO19 6EG	Chichester North	2 bed terraced	£365,000	71	£5,141	£346,750	£4,884
Pinewood Way Chichester PO19 6EJ	Chichester North	4 bed detached	£789,950			£750,453	
Pinewood Way Chichester PO19 6EJ	Chichester North	3 bed detached	£629,995			£598,495	
Pinewood Way Chichester PO19 6EJ	Chichester North	4 bed detached	£595,995			£566,195	
Pinewood Way Chichester PO19 6EJ	Chichester North	3 bed detached	£584,995			£555,745	
Chalkhill View, Chichester, PO19 6EG	Chichester North	3 bed semi-detached	£499,000			£474,050	
Chalkhill View, Chichester, PO19 6EG	Chichester North	3 bed semi-detached	£485,000			£460,750	
Pinewood Way Chichester PO19 6EJ	Chichester North	2 bed terraced	£329,995			£313,495	
Pinewood Way Chichester PO19 6EJ	Chichester North	3 bed semi-detached	£454,995			£432,245	
Baxendale Road, Chichester	Chichester East	4 bed detached	£350,000	124	£2,823	£332,500	£2,681
Chatsworth Road, Chichester, PO19	Chichester South	3 bed end of terrace	£374,995	96	£3,906	£356,245	£3,711
Richard Road, Cathedral Park, Chichester, West Sussex	Chichester South	3 bed end of terrace	£374,995			£356,245	
Off Old Broyle Road, Chichester, West Sussex, PO19 3PH	Chichester West	5 bed detached	£723,950	172	£4,209	£687,753	£3,999
Off Old Broyle Road, Chichester, West Sussex, PO19 3PH	Chichester West	4 bed detached	£614,500	127	£4,839	£583,775	£4,597
Off Old Broyle Road, Chichester, West Sussex, PO19 3PH	Chichester West	4 bed detached	£697,500			£662,625	
Off Old Broyle Road, Chichester, West Sussex, PO19 3PH	Chichester West	4 bed detached	£689,995			£655,495	
Old Broyle Road, Chichester, West Sussex, PO19 3PH	Chichester West	4 bed detached	£627,500			£596,125	
Old Broyle Road, Chichester, West Sussex, PO19 3PH	Chichester West	4 bed detached	£604,200			£573,990	
Old Broyle Road, Chichester, West Sussex, PO19 3PH	Chichester West	3 bed detached	£482,500			£458,375	
Old Broyle Road, Chichester, West Sussex, PO19 3PH	Chichester West	3 bed detached	£479,995			£455,995	
Old Broyle Road, Chichester, West Sussex, PO19 3PH	Chichester West	3 bed detached	£476,000			£452,200	
Old Broyle Road, Chichester, West Sussex, PO19 3PH	Chichester West	2 bed semi-detached	£351,000			£333,450	
Old Broyle Road, Chichester, West Sussex, PO19 3PH	Chichester West	2 bed semi-detached	£349,995			£332,495	
Old Broyle Road, Chichester, West Sussex, PO19 3PH	Chichester West	2 bed mews	£315,000			£299,250	
Average			£587,484	139	£5,054	£558,110	£4,801

Tangmere							
Shopwhyke Road, Chichester, PO20 2GD	Tangmere	4 bed detached	£565,000	124	£4,556	£536,750	£4,329
Shopwhyke Road, Chichester, PO20 2GD	Tangmere	4 bed detached	£505,000	125	£4,040	£479,750	£3,838
Shopwhyke Road, Chichester, PO20 2GD	Tangmere	2 bed apartment	£265,500	62	£4,282	£252,225	£4,068
Shopwhyke Road, Chichester, PO20 2GD	Tangmere	2 bed apartment	£264,500	62	£4,266	£251,275	£4,053
Shopwhyke Road, Chichester, PO20 2GD	Tangmere	1 bed apartment	£227,500	51	£4,461	£216,125	£4,238
Shopwhyke Road, Chichester, PO20 2GD	Tangmere	1 bed apartment	£226,500	51	£4,441	£215,175	£4,219
Shopwyke Lakes, Sheerwater Way, Chichester, PO20 2JQ	Tangmere	4 bed detached	£675,000			£641,250	
Oving Road, Chichester, PO20	Tangmere	4 bed detached	£659,995			£626,995	
Shopwyke Lakes, Sheerwater Way, Chichester, PO20 2JQ	Tangmere	5 bed detached	£655,000			£622,250	
Shopwyke Lakes, Sheerwater Way, Chichester, PO20 2JQ	Tangmere	5 bed detached	£645,000			£612,750	
Oving Road, Chichester, PO20	Tangmere	4 bed detached	£574,995			£546,245	
Oving Road, Chichester, PO20	Tangmere	4 bed detached	£554,995			£527,245	
Oving Road, Chichester, PO20	Tangmere	4 bed detached	£549,995			£522,495	
Shopwyke Lakes, Sheerwater Way, Chichester, PO20	Tangmere	4 bed detached	£545,000			£517,750	
Shopwyke Lakes, Sheerwater Way, Chichester, PO20 2JQ	Tangmere	4 bed end of terrace	£525,000			£498,750	
Sheerwater Way, Chichester, PO20	Tangmere	4 bed semi-detached	£500,000			£475,000	
Shopwyke Lakes, Sheerwater Way, Chichester, PO20 2JQ	Tangmere	4 bed detached	£495,000			£470,250	
Shopwyke Lakes, Sheerwater Way, Chichester, PO20 2JQ	Tangmere	4 bed end of terrace	£490,500			£465,500	
Shopwyke Lakes, Sheerwater Way, Chichester, PO20 2JQ	Tangmere	4 bed semi-detached	£485,000			£460,750	
Longacres Way, Chichester, PO20	Tangmere	4 bed semi-detached	£485,000			£460,750	
Shopwhyke Road, Indigo Park, Chichester, West Sussex	Tangmere	3 bed semi-detached	£375,000			£356,250	
Shopwyke Lakes, Sheerwater Way, Chichester, PO20 2JQ	Tangmere	2 bed terraced	£330,000			£313,500	
Oving Road, Chichester, PO20	Tangmere	2 bed end of terrace	£299,995			£284,995	
Oving Road, Chichester, PO20	Tangmere	2 bed end of terrace	£289,995			£275,495	
Oving Road, Chichester, PO20	Tangmere	2 bed apartment	£244,995			£232,745	
Oving Road, Chichester, PO20	Tangmere	2 bed apartment	£239,995			£227,995	
Shopwhyke Road, Chichester, PO20 2GD	Tangmere	1 bed apartment	£215,000			£204,250	
Average			£440,332	79	£4,341	£418,315	£4,124

PART OF ANALYSIS HAS BEEN EXCLUDED, DUE TO SMALL SAMPLE VALUES. LIST OF EXCLUDED SETTLEMENTS FOR PERIOD JANUARY 2022 - JANUARY 2023 ARE LISTED BELOW:
 BIRDHAM, BOSHAM & BROADBRIDGE, BOXGROVE, HAMBROOK & NUTBOURNE, HUNSTON, KIRDFORD, NORTH MUNDHAM & RUNCTON, PLAISTOW & IFOLD, SELSEY, WEST WITTERING, WESTBOURNE, WISBOROUGH GREEN.

3.5. Stage 2 Available Resale Dwellings – Advertised for Sale – (December 2022 - January 2023)

3.5.1. Similar process has been undertaken as above for re-sale property and updated summary of the available resale properties that were on the market for sale in December 2022 - January 2023 across the Local Plan Area, as found through web-searching, including www.rightmove.co.uk; various house builders' & estate agents' websites and associated follow up enquiries if relevant. Due to its size the full data set it has not been included here, however it can be requested by the Council.

Table 4a – Resale Values - Property Advertised for Sale – (December 2022 – January 2023); Source Rightmove.co.uk

Rightmove Resale Dwellings - Advertised 2022/2023 - Chichester						
Settlement	Average Details (Resale Values 2022/2023)					
	Average Sales Price	Average Size [M ²]	Average Price £/M ²	Average Sale price 5% less	Average Price £/M ² 5% less	Data Sample No.
Birdham	£1,016,750	170	£5,557	£965,913	£5,279	8
Bosham	£823,900	129	£7,189	£782,705	£6,829	10
Chichester	£496,822	99	£4,942	£471,981	£4,694	151
East Wittering	£547,885	104	£5,485	£531,050	£5,211	25
Fishbourne	£585,225	125	£4,609	£555,964	£4,379	22
Ifold	£816,667	135	£6,293	£775,833	£5,978	3
Hambrook	£618,225	133	£4,624	£587,314	£4,393	12
Hunston	£397,772	97	£4,170	£377,884	£3,962	9
Loxwood	£592,857	131	£4,666	£563,214	£4,433	7
North Mundham	£359,400	89	£4,010	£341,430	£3,809	5
Nutbourne	£482,136	87	£5,758	£458,029	£5,470	7
Selsey	£392,727	103	£4,023	£373,091	£3,822	11
Southbourne	£430,831	92	£4,582	£409,289	£4,353	18
Tangmere	£369,464	89	£4,233	£350,991	£4,021	14
West Wittering	£715,421	116	£6,371	£679,650	£6,052	19
Westhampnett	£417,136	98	£4,365	£396,279	£4,146	7
Wisborough Green	£1,023,000	226	£5,017	£971,850	£4,766	4

3.5.2. At a district wide level the data compiled indicates the typical range of re-sale property values to be from around £4,000/m² to £5,500/m²+, although it is important to note that testing should explore levels outside of this range.

3.6. Stage 2 DSP Residential 'Value Levels' (VLs)

3.8.1 Overall, for the purposes of this Local Plan Review viability study, we decided to focus our appraisals on the following values range – represented by what we refer to as Value Levels (VLs) 1-8+ indicative by location², all in accordance with the extensive research values analysis outlined above. See Table 5a below (note: table also included for ease of reference in Appendix I). Above all, this shows the scale of values as well as the variation of those values seen in different parts of the Local Plan Area. At the time of compiling Appendix I in Autumn 2022, we considered typical new build property values in Chichester Local Plan Area to fall within the overall VLs range of £4,250/m² to £4,750/m² (i.e. approximately £394/sf to £441/sf) in the south and £4,500/m² to £5,500+/m² in the north

Table 5a – DSP Value Levels

Value Levels - Chichester DC

Market Value (MV) - Private units	VL1 £3,500	VL2 £3,750	VL3 £4,000	VL4 £4,250	VL5 £4,500	VL6 £4,750	VL7 £5,000	VL8 £5,250	VL9+ £5,500
1-bed flat	£175,000	£187,500	£200,000	£212,500	£225,000	£237,500	£250,000	£262,500	£275,000
2-bed flat	£213,500	£228,750	£244,000	£259,250	£274,500	£289,750	£305,000	£320,250	£335,500
2-bed house	£276,500	£296,250	£316,000	£335,750	£355,500	£375,250	£395,000	£414,750	£434,500
3-bed house	£325,500	£348,750	£372,000	£395,250	£418,500	£441,750	£465,000	£488,250	£511,500
4-bed house	£455,000	£487,500	£520,000	£552,500	£585,000	£617,500	£650,000	£682,500	£715,000
MV (£/sq. m.)	£3,500	£3,750	£4,000	£4,250	£4,500	£4,750	£5,000	£5,250	£5,500

Note: Sheltered Housing tested at VL7 £5,000, VL8 £5,250 and VL9 £5,500/sq. m.

3.8.2 As in all areas, values are always mixed to some extent – within particular wards and even within sites. The table above assumes the gross internal floor areas for dwellings as shown below in Table 6a (these are purely for the purpose of the above market dwelling price illustrations) for the 'standard' scenario set.

Table 6a – Assumed Unit Sizes

Unit sizes and dwelling mix assumptions

Property Type	Assumed Unit Sizes*		Dwelling Mix (%)**		
	Affordable	Market	Market Units	Affordable Units Affordable Rent	Affordable Units Affordable Home Ownership
1-bed flat	50	50	5-10%	35-40%	20-25%
2-bed flat	61	61	30-40%	35-40%	45-50%
2-bed house	79	79			
3-bed house	93	93	35-45%	15-20%	20-25%
4-bed house	106	130	15-20%	5-10%	5-10%

*based on Nationally Described Space Standards.

**based on emerging policy indications provided by CDC

Note: Retirement/sheltered units assumed at 55sq.m (1-Bed Flats) and 75 sq.m. (2-Bed Flats) with 75% net to gross ratio, extra-care units assumed at 58.5 (1-Bed Flats) and 76.8 (2-Bed Flats) with 65% net to gross ratio.

3.7. Retirement, Sheltered and Extra Care Housing research

- 3.9.1 DSP conducted research on the value of new build retirement units in the Local Plan Area to inform bespoke appraisal testing for both sheltered and extra care development typologies. DSP has significant experience of carrying out site-specific viability reviews on numerous schemes which typically show the value of retirement/sheltered new build property exceed normal market housing.
- 3.9.2 At the time of data collection and analysis, no new build retirement, sheltered or extra care housing data was available. On this basis and in order to build upon the previous Stage 1 data analysis, we also considered the Retirement Housing Group (RHG) method for values analysis – see below.
- 3.9.3 According to the Retirement Housing Group (RHG) in their paper amended February 2016 which discusses assumptions for strategic policy viability it is possible to value sheltered housing by assuming that a 1-bed new build sheltered flat is worth 75% the value of a second-hand 3-bed semi-detached property locally, with a 2 bed new build sheltered flat being worth 100% of the value. In addition, extra care housing is typically considered to be 25% higher than sheltered housing.
- 3.9.4 DSP have conducted research into recent sales transactions for second-hand 3-bedroom semi-detached properties within Chichester Local Plan Area to follow this methodology. The results provide a sense check on our other retirement research. Ultimately it corroborates the impression that new build retirement units represent higher value levels in the Local Plan Area.

Table 8a – RHG Analysis – January 2023

RHG Analysis 2023		
Average value of a resale 3-bed Semi-detached property in Chichester	£420,650	
Type	Indicative New Build Value	Indicative New Build Vale £/M2
1-bed new build sheltered flat (worth 75% of the value)	£315,488	£5,736
2-bed new build sheltered flat (worth 100% of the value)	£420,650	£5,609
1-bed extra care (typically 25% higher than sheltered housing)	£394,359	£7,170
2-bed new build extra care (typically 25% higher than sheltered housing)	£525,813	£7,011

* Source: Righmove, in Period - November 2022 - January 2023 (Sample Size: 43)

4.0 Land Values context

- 4.1.1. As with the residential and commercial values, DSP also considered information as far as available regarding land values. We focused on two main reports, the first being the Savills Market in Minutes: UK Residential Development Land – Q3 2022 which describes continuing growth, although at a slower rate than in 2021 and with ‘downward pressures’. Savills report strong demand for development land and an ongoing scarcity of sites, meaning that demand continues – however a combination of factors is putting pressure on land values, including a slowing of house price growth, the cost of debt, the end of Help to Buy, and increased build cost. Annual growth is now at 6.3% for UK greenfield land, and 6.2% for urban land (down from 8.8% and 6.8% the previous year).
- 4.1.2. The Knight Frank report ‘Residential Development Land Index Q3 – 2022’ corroborates the sentiment expressed above, headlining that *‘Rising costs put downward pressure on land prices’*.
- 4.1.3. Knight Frank report concerns over customer demand, with the majority of respondents to their survey feeling that land prices would remain the same and nearly a quarter feeling prices would fall. Knight Frank note the rising cost of debt and increasing cost of living, which they expect to slow house price growth and alongside build cost growth therefore temper growth in land prices. However it is thought the increased costs of borrowing might result in more land coming forward in the longer term *‘as lower prices and higher borrowing rates encourage landowners to sell and develop land’*.
- 4.1.4. To summarise, both reports indicate a continuing high demand for, and low supply of, development land, however note the various cost pressures and market uncertainty which appear to be reducing the current rate of growth and likely to result in a reduction or possibly even reverse in growth in land prices.

4.2. Benchmark Land Values

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

- The existing use scenario
- Planning approval and status / risk (as an indication and depending on circumstances, planning risk factors may equate to a reduction from a “with planning” land value by as much as 75%)

- Development potential – scale, type, etc. (usually subject to planning)
- Development constraints – including site conditions and necessary works, costs and obligations (including known abnormal factors)
- Development plan policies

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

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

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

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

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

4.3. National Planning Policy Framework – September 2019

- 4.3.1 The revised NPPF was published in July 2018 and revised in February 2019. This sits alongside the Planning Practice Guidance (PPG) (in relation to viability both at plan making and decision taking stages of the planning process). The latest PPG on viability (September 2019) makes it clear that benchmark land values (BLVs) should be based on the Existing Use Value (EUV) plus approach and states: *'A benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner [which] should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is often called 'existing use value plus (EUV+).'*
- 4.3.2 Further relevant extracts from the PPG (September 2019) are set out below.
- *'Benchmark land values should:*
 - *Be based upon existing use value*
 - *Allow for a premium to landowners (including equity resulting from those building their own homes)*
 - *Reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees'*
- 4.3.3 *'Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.'*
- 4.3.4 *'This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that*

historic benchmark land values of non-policy compliant developments are not used to inflate values over time.'

- 4.3.5 *'In plan making, the landowner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account.'*
- 4.3.6 The Planning Practice Guidance (September 2019) on factors to be considered to established benchmark land values continues:
- 4.3.7 *'Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).'*
- 4.3.8 *'Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agents' websites; property auction results; valuation office agency data; public sector estate / property teams' locally held evidence.'*
- 4.3.9 The Planning Practice Guidance (September 2019) states the following on how the premium for viability assessment to the landowner should be defined:
- 4.3.10 *'The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.'*

- 4.3.11 *'Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance or different building use types and reasonable expectations of local landowners. Policy compliance means that the development complies fully with up to date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan. A decision maker can give appropriate weight to emerging policies. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).'*
- 4.3.12 *'Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used by only as a cross check to other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance or different building use types and reasonable expectations of local landowners. Policy compliance means that the development complies fully with up to date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan. A decision maker can give appropriate weight to emerging policies. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).'*
- 4.3.13 In order to inform the BLVs for use here, we have reviewed existing evidence, previous viability studies, site specific viability assessments and in particular have had regard to published Government sources of land values for policy application³. The Government data provides industrial, office, residential and agricultural land value estimates for the local sub-region but not all areas are covered. This includes data for Chichester District Borough in relation to residential land estimates. Not all areas are covered and as is the case in most LA areas, Chichester District may well have varying characteristics. Therefore, where data is

³ MHCLG: Land value estimates for policy appraisal 2017 (May 2018)

insufficient, we have made use of our own experience and judgement in order to utilise a 'best fit' from the available data. The benchmarks indicated within the appendices are therefore informed by this data and other sources as described above.

- 4.3.14 The residential land value estimates in particular require adjustment for the purposes of strategic viability testing due to the fact that a different assumptions basis is used in our study compared to the truncated valuation model used for the residential land value estimate. This (and other) viability assessments, assume all development costs are accounted for as inputs to the RLV appraisal, rather than those being reflected within a much higher, "serviced" i.e. "ready to develop" level of land value. The MHCLG truncated valuation model provides a much higher level of land value as it assumes all land and planning related costs are discharged, assumes that there is a nil affordable housing requirement (whereas in practice the affordable housing requirement can impact land value by around 50% on a 0.5 ha site with 35% AH) with no CIL or other planning obligations allowance. That level of land value would also assume that full planning consent is in place, whereas the risk associated with obtaining planning consent can equate to as much as a 75% deduction when adjusting a consented site value to an unconsented land value starting point. Lower quartile build costs and a 17% developer's profit (compared to the assumed median build costs and 17.5% developer's profit used in this study) are additional assumptions that lead to a view of land value well above that used for comparison (benchmark purposes) in viability assessments such as this. So, the assessment approach (as relates to all land values) assumes all deductions from the GDV are covered by the development costs assumptions applied within the appraisals. In our view this would lead to a significantly reduced residential land value benchmark when taking into account all of those factors.
- 4.3.15 The figure that we consider representing the minimum land value likely to incentivise release for development under any circumstances in the local context is around £250,000/ha, based on gross site area. In our experience of dealing with site specific viability, greenfield land values tend to be assumed at minimum option agreements levels. These are typically around £100,000 and not exceeding £200,000 per gross acre (i.e. approx. £250,000 to a maximum of £500,000 per gross hectare). Land values at those levels are likely to be relevant to development on greenfield land (e.g. agricultural land or in cases of enhancement to amenity land value).
- 4.3.16 At this level, it could be relevant for consideration as the lowest base point for enhancement to greenfield land values (with agricultural land reported by the VOA and a range of other

sources to be valued at circa £20,000 - £25,000/ha in existing use). The HCA issued a transparent assumptions document which referred to guide parameters of an uplift of 10 to 20 times agricultural land value. This sort of level of land value could also be relevant to a range of less attractive locations or land for improvement. This is not to say that land value expectations in such scenarios would not go beyond these levels either – they could well do in a range of circumstances.

- 4.3.17 The EUV+ BLVs used within the study therefore range between £250,000/ha for greenfield land (including a significant uplift from existing agricultural values) to approximately £3,500,000/ha for upper PDL/Residential land values.
- 4.3.18 Matters such as realistic site selection for the particular proposals, allied to realistic land owner expectations on site value, will continue to be vitally important. Even moving away from a ‘market value’ led approach, site value needs to be proportionate to realistic development scope and site contracts, ensuring that headroom for supporting necessary planning obligations is not overly squeezed beneath the levels that should be achieved.
- 4.3.19 The latest RICS Guidance⁴ (updated to reflect the new NPPF and PPG) refers to benchmark land value as follows *‘The value to be established on the basis of the existing use value (EUV) plus a premium for the landowner (PPG, paragraph 013) or the alternative use value (AUV) in which the premium is already included. PPG paragraph 014 is clear that there ‘may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.’*
- 4.3.20 The Local Housing Delivery Group report⁵ chaired by Sir John Harman (again pre-dating the new NPPF and PPG), notes that: *‘Consideration of an appropriate Threshold Land Value needs to take account of the fact that future plan policy requirements will have an impact on land values and landowner expectations. Therefore, using a market value approach as the starting point carries the risk of building-in assumptions of current policy costs rather than helping to inform the potential for future policy. Reference to market values can still provide a useful ‘sense check’ on the threshold values that are being used in the model (making use of cost-effective sources of local information), but it is not recommended that these are used as the*

⁴ Assessing viability in planning under the National Planning Policy Framework 2019 for England

⁵ Local Housing Delivery Group – Viability Testing Local Plans (June 2012)

basis for the input into a model... We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values.'

- 4.3.21 The revisions to the Viability PPG and the new NPPF (in July 2018), as described above, now very clearly advise that land value should be based on the value of the existing use plus an appropriate level or premium or uplift to incentivise release of the land for development from its existing use.
- 4.3.22 Any overbid level of land value (i.e. incentive or uplifted level of land value) would be dependent on a ready market for the existing or other use that could be continued or considered as an alternative to pursuing the redevelopment option being assumed. The influences of existing / alternative use on site value need to be carefully considered. At a time of a low demand through depressed commercial property market circumstances, for example, we would not expect to see inappropriate levels of benchmarks or land price expectations being set for opportunities created from those sites. Just as other scheme specifics and appropriate appraisal inputs vary, so will landowner expectation.
- 4.3.23 In summary, reference to the land value benchmarks range as outlined within the report and shown within the Appendix IV results summary tables footnotes (range overall £250,000 to £3,500,000/ha) have been formulated with reference to the principles outlined above and are considered appropriate.

Appendix IV Ends