COMMUNITY INFRASTRUCTURE LEVY

LAND AND PROPERTY VALUE APPRAISAL STUDY

AS PART OF EVIDENCE BASE

FOR AND ON BEHALF OF
NEWPORT CITY COUNCIL

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TERMS OF REFERENCE

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

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 houses)
2) Residential (C3 apartments)
3) Other residential institutions (C1, C2)
4) Food retail (supermarkets)
5) General retail (A1, A2, A3)
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 (see later notes)

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

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

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

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

AN INTRODUCTION TO CIL

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

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

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

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

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

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

THE EVIDENCE BASE

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

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

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

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

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

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

The purpose of this report is to provide a bespoke valuation Evidence Base, specifically for the implementation of the Newport City Council CIL regime. 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 allows for economic viability of development to be considered as a whole, whereby all categories of development have been assessed. Land and property valuation evidence has been assembled for the following categories:-

- Residential (C3) – land values per hectare, and development value based on dwelling type.

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

Food Retail (supermarket)
General Retail (A1, A2, A3)
Industrial (B1, B, B1c, B2, B8)
Hotels (C1)
Institutional and Community (D1)
Offices (B1a)
Residential Institutions (C2)
Leisure (D2)
Agricultural
Sui Generis (sample based on indicative recent planning history)

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

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

The key to our approach is to assess at what value land and property may reasonably come forward. Where appropriate, residual valuations have been undertaken to incorporate and verify figures.

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

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

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.

NEWPORT CITY AUTHORITY AREA

Newport is a city and Unitary Authority in south east Wales, situated within the County of Gwent.

Newport is located midway between Cardiff and Chepstow and is one of the principal commercial centres of South Wales.

The Authority area is dominated by Newport City, with areas of a more rural nature surrounding it, and the coast to the immediate south.

Newport is the third largest city in Wales, with the Unitary Authority having a population of some 146,000 persons (2011 census) and covering an area of approximately 70 sq miles.

The city boundary includes a number of villages in the rural areas surrounding the built up area.

LOCAL PROPERTY MARKET OVERVIEW

Newport is the third largest city in Wales. Its proximity to Cardiff (approximately 12 miles to the west) means it is commonly referred to as being part of the Cardiff – Newport Metropolitan area.

One of the principal commercial centres in South Wales, the city benefits from excellent road communications lying immediately to the south of J24 and J25 of the M4 motorway in turn providing convenient access to Cardiff and Swansea to the west, and Bristol and London to the east.

The M4 also links to the M5 at Bristol, in turn providing access to the Midlands, the South West and North West of England.

Cardiff International Airport is a short distance and good rail services to London St Pancras are available in approximately 1 hour 51 minutes.

Generally speaking the more rural areas of the Authority, and those bordering Cardiff show the highest values as residential locations, with the core urban areas less so.

Commercial activity is dominated by the urban centre.

Although the area has seen large pockets of social deprivation, there have been more recent signs of growth and improvement. High profile infrastructure schemes including the town centre regeneration and new train station have undoubtedly bolstered confidence and house prices increased by approximately 7.8% from the start of 2012 to 2014 (compared to 1.4% across England and Wales). Source Knight Frank.

Recent improvements to communications have not always benefitted the location, particularly with regards to retail where Cardiff has simply become a more attractive offering as a result.

The majority of demand for commercial premises is indigenous, with headline rents subdued in turn limiting the appeal of speculative development.

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.

Rather than simply relying on existing studies and published data tables, and to ensure a robust evidence base at Examination, 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 authority.

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

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

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

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

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

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. Additional comparable evidence can also be made available at Examination for discussion.

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

As well as our desktop and field research, we have carried out interviews with property agents and developers active within the study area, both in terms of collecting further market evidence but also to establish general 'market sentiment' for each use category.

To ensure the best possible local knowledge and context is brought to our valuations and assumptions we have engaged the services of Fletcher Morgan, Cardiff - locally based Chartered Surveyors, valuers, development and appraisal specialists, acting as sub-consultants.

Fletcher Morgan 029 2037 8921

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

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

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

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

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

- Rightmove, Zoopla (pro subscription) and Hometrack house prices databases
- Newport City Council property team (house price evidence)
- Newport City Council Employment Land Review 2013 (P.B.A)
- Newport City Council Local Housing Market Assessment 2013-2018
- Newport City Council Retail Study 2010 (Colliers)
- Focus System – a nationwide subscription database covering commercial property issues
- EGI – a further subscription database covering commercial property uses

- heb and Fletcher Morgan's own residential and commercial databases of transactions
- Land Registry – subscription data tables to establish residential sale values by area
- RICS Commercial Market Survey (quarterly)
- V.O.A Property Market Report 2012
- V.O.A. Residential Building Land Report (July 2010) for H.C.A
- RICS Rural Land Survey 2013 (quarterly)
- Contact and discussions with regional house builders, Estate Agents and Developers
- Contact / interview of property agents active within the location and region
- Newport City Council LDP, Affordable Housing Evidence Base

We have further sought market information and 'market sentiment' from local **Stakeholders** including (but not exclusively) Taylor Wimpey, Persimmon Homes / Charles Church, Bellway Homes, Barratt Homes, Bovis Homes, Waterstone Homes, Redrow Homes, Saxondale Properties and Chesterford Properties (both hotel development specialists), Best Western Hotels, Savills Cardiff office, Hirons Morgan and Yapp, GVA Grimley Cardiff, Fletcher Morgan Commercial (local Chartered Surveyors and property experts).

All of the above parties were contacted with a view to discussing an appropriate value tone for the Newport area. In the majority of instances full cooperation was forthcoming although a small number of potential Stakeholders declined or were unable to fully engage in consultations (typically due to a lack of recent market activity or confidentiality issues).

We believe this methodology has produced the best, most accurate and most recent evidence available to support the recommended CIL rates across the location.

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

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

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

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

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

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

EVIDENCE DATES

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

The majority of our comparable evidence was obtained from January 2012 to March 2015.

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

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

BASIS OF VALUATION

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

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

POTENTIAL CIL CHARGING ZONES

Residential

As part of their Affordable Housing Policy, Newport have identified housing sub-markets, based on average house price data and postcode grouping.

A map of adopted sub-markets is attached at **Appendix 1.**

The data is based on 2014 figures for 3 bed houses, as follows:-

Malpas and Bettws	-	£123,000
Newport East	-	£138,000
Newport West / Rogerstone	-	£168,000
Caerleon / Rural Newport	-	£194,000

Source – Newport City Council LDP Evidence base – Affordable Housing matters paper. http://www.newport.gov.uk/stellent/groups/public/documents/agenda/cont724714.pdf

We have tested the sub-markets as outlined, although it should be noted that the value "spread" is relatively limited across the authority, particularly if Caerleon / Rural Newport is assessed in isolation. This would generally (although not exactly) demonstrate something of an urban / rural split.

Our survey of the new build property market did not identify sufficient variability in new build values to robustly warrant more that a two zone split. New build property drives similar values across the study area, and in our opinion there simply isn't enough clear and differential evidence to value new build differently across 4 affordable housing sub-markets. We have therefore suggested that similar new build values can be attributed to Malpas and Bettws, Newport East, and Newport West and Rogerstone (Zone 1 hereafter). Slightly higher values can be considered appropriate for Caerleon / Rural Newport (Zone 2).

Commercial

Our research has identified a much less noticeable range for commercial property, with only limited information available.

This is due in part to the general lack of new build activity in the commercial market as a result of the on-going economic downturn. Furthermore within the study area the majority of commercial activity is contained within the urban area. This largely comprises some office / industrial and other uses combined with a retail offering.

The rural areas have limited commercial activity across all sectors, mainly convenience retailing.

In summary we do not believe that there is sufficient ‘fine grained’ evidence to warrant a subdivision of what is already a relatively small charging area 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 zone should be adopted with commercial rates 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 starting point was to carry out a residual land appraisal whereby a typical development scenario was appraised. In simplified terms this was achieved by assessing the 'end' property value (total projected value of sales), then deducting from this figure the cost of construction, including professional fees, finance and other standard costs of development.

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

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

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

Once the residual land value figure has been calculated it is assessed against other sources of land value information. Qualified property valuers' reasoned assumptions and judgement is applied to the market information that is available to produce a land value which is both fair and realistic in current market conditions and not simply academic exercise to produce a theoretical land value which may not bear scrutiny when compared against current market activity.

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.

We believe this approach better 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).

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

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

A summary of both figures is appended at **Appendix 2.**

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

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

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

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

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

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

In this respect we can confirm that our residential residual land value figures for each potential CIL zone are:-

- **Zone 1 - £1.181 million per hectare**
- **Zone 2 - £1.463 million per hectare**

Additional sources of published information and data have generally tended to be less location specific, but provide general evidence for a land value tone for ‘market value’ evidence.

Additional sources of market information have included:-

The V.O.A Residential and Industrial Land Value Report, July 2009, suggests a bulk land figure for Newport of £1.9m Ha. This was the last time Newport was specifically sampled for VOA publication.

In our opinion and that of our local valuation specialists (Fletcher Morgan of Cardiff) these figures should be adjusted to reflect the study area, as specified in our report.

More land sales evidence and specific local stakeholder based market sentiment is included in Appendix 3. This includes a survey of House builders active in the location.

When considering the above factors we believe that an indicative 'market comparison' land values of:-

- **Zone 1 - £1.3 million per hectare**
- **Zone 2 - £1.8 million per hectare**

are fair and appropriate tones for each zone in current market conditions.

Market Value figures are provided as a useful "sense check". Ultimately, it is difficult to fully analyse market data from land sales as each site will be unique in terms of topography, ground conditions, servicing, abnormals and other factors which may affect the final price paid.

New Build Residential Values Per sq m

The Community Infrastructure Levy is applied to future *new build* housing within the location.

It therefore follows that the methodology used to determine the CIL rates is applied to real evidence collated from the existing new / nearly new homes market wherever possible. An extensive survey of this market was conducted within the study area and immediate surround.

Wherever possible we have attempted to favour '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 homes.

Market research was therefore focused on the above criteria by identifying new or 'nearly new' home developments where possible in the location 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.

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

Only limited new build apartment information was available at the time of research. We have adopted an over-all figure which we believe is broadly appropriate.

We have contacted or attempted to contact the volume home builders currently or recently active within the location. In most instances we were grateful to receive full assistance and cooperation although in a few instances the developer was unavailable for comment, unwilling or unable to provide assistance. Naturally we would be happy to take on board any opinion at a later date in this respect if pertinent.

Market data obtained from our survey and stakeholders attached at **Appendix 3.**

2) Other Residential (C1, C2)

C1 –Hotels

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

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

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

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

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

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

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

C2 (including C2a) – Residential Institutions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3) Food Retail (Supermarket)

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

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

Our development appraisal (residual value) has demonstrated a residual land value of £4.1 million per hectare (before imposition of Section 106 or other Local Authority charges).

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

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

For the study area we have utilised a figure of £188.50 sq m / £17.50 per sq ft with a capitalisation yield of 6%. This yield is conservative bearing in mind food stores will most likely be occupied by one of the major supermarket brands such as Tesco, Sainsburys, Asda or Morrisons, by way of an institutional lease.

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

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

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

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

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

4) General Retail (A1, A2, A3)

Established retail is dominated by the urban centre, with new developments likely distributed across the study area, primarily constituting roadside retail and convenience shopping.

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

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

In terms of producing a sales value per 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 figure is one consistent with retail rents for edge of centre and arterial road retail and can therefore be applied across all geographical retail locations.

We have then considered rentals for arterial roadside retail units within the study area, which using comparable evidence produces a rental in the region of £134.50 per sq m (£12.50 per sq ft), capitalised at a yield of 7.5%. We consider this a conservative assessment.

All of the above methodology has been considered then applied to the ‘test’ assumed property, i.e. a 300 sq m roadside unit. We believe that this is the most likely form of new retail development to emerge. Established “high street” retail is seldom developed from new (more typically a refurbishment of long established existing stock), and even if it were, the established high street location would not attract CIL since there would be little or no increase in floor area.

With regard to land values, we have utilised both the development appraisal (residual method) and comparable evidence method. Our residual land value figure is £3.174 million per HA (before imposition of Section 106 or other Local Authority charges).

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

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

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

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

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

From research and consultations, we believe that office land values if traded would be in the region of £500,000 per hectare. This opinion was verified by local commercial agents Fletcher Morgan.

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

From our own market research as well as stakeholder engagement (parties listed above) we believe that a figure of approximately £1,345 per sq m can be considered as appropriate for a new build.

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

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

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

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

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

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

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

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

1. That land values are given for cleared sites, free from contamination and generally ready for development without undue remedial works and with services connected or easily available.

2. Office values quoted are for a newly constructed, grade "A" office development, capable of sub division if required into units of 2,500 sq ft – 5,000 sq ft (this size range will exclude abnormally high premium prices for small units, whilst not unduly discounting for quantum).

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

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

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

Where appropriate, rental evidence has been capitalised through adopting investment yields. Generally, industrial rents (non secondary stock) vary between £3.75 to £5 per sq ft (£40 to £54 per sq m), and an investment yield of approximately 8.5% could be considered appropriate.

When preparing our figures we have assumed:-

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

2. Our appraisal assumes a new build industrial/warehouse development of c. 10,000 sq ft and capable of division into units of approximately 5,000 sq ft (to avoid premium or discount for quantum) with say 5% office content.

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

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

Local agents (as listed above in offices) have confirmed a land value broadly in the region of £200,000 per hectare (£81,000 an acre) as being broadly appropriate across the study area.

7) Institutional and Community (D1)

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

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

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

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

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

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

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

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

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

8) Leisure (D2, including Casinos)

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

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

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

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

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

Typically rental levels for leisure operators are in the region of £86-£107 per sq m (£8 - 10 per sq ft) and we have utilised the capitalisation yield of 8%.

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

9) Agriculture

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

Agricultural land continues to perform well despite recessionary market conditions. Prices for farmland generally remain buoyant driven by increasing demand and restricted supply. Our research for the region suggests an average value for all types of farmland ranging from approximately £16,000 to £18,000 per hectare.

The RICS Rural Land Market Survey broadly supports this figure for Wales as a whole.

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

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

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

We would be happy to give further comment if required.

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

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

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

10) Sui Generis Uses

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

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

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

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

Accordingly, our opinion is provided in respect of:-

1) Car showroom use
2) Vehicle repairs

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

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

The majority of main motor dealerships in the general area are represented in well-established locations.

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

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

<u>Vehicle Sales</u>

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

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

Motor Cycle / Car Vehicle Repair

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

Conclusions

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

1) We can confirm that sufficient evidence has been found to justify considering a variable rate CIL regime with differing value levels appropriate across the various development categories and across two separate residential zones and a single commercial zone (subject to further viability appraisals).
   Although subtle differences in average house price figures (existing stock) are noted across the Affordable Housing sub-markets, *new build* property tends to drive its own aspirational values. The new build value evidence is fairly consistent across the study area. There is not sufficient difference in new build values, to allocate different sales values to more than two zones.

2) heb Chartered Surveyors and our retained local experts Fletcher Morgan are fully accredited RICS Registered Valuers, and our conclusions as to appropriate 'tone' indicative values across development categories within the study area are tabulated and summarised within the value tables and zone map appended.

Limitation of Liability

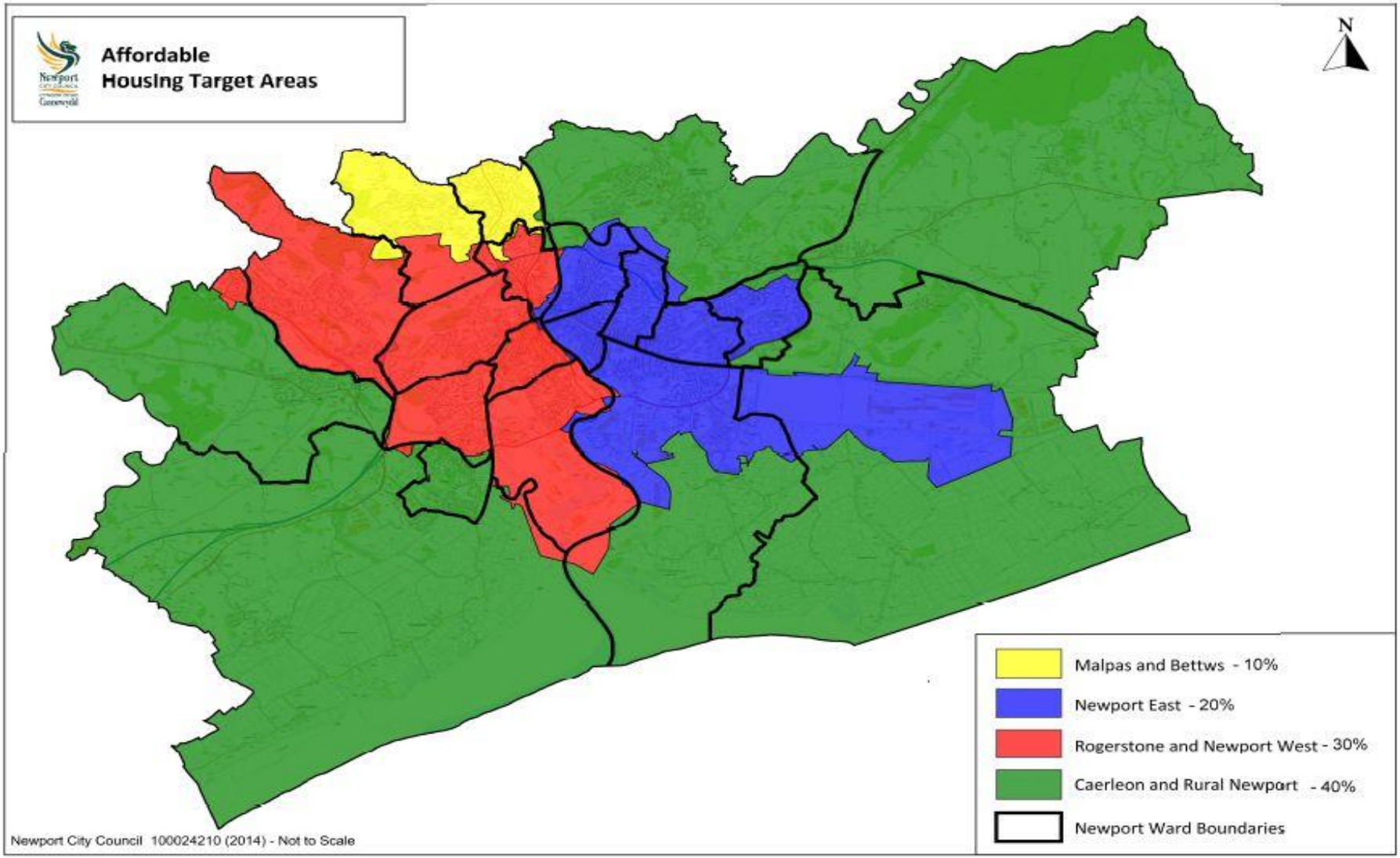
For limitation of liability this report is provided for the stated purpose and is for the sole use of the named client Newport City Council. The report may not be disclosed to any other party (unless where previously authorised) and no responsibility is accepted for third party issues relying on the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

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

Yours faithfully

heb Chartered Surveyors

APPENDIX 1 - CIL Residential Test zones, based on Newport AH Sub-Markets



APPENDIX 2

ZONE VALUE TABLES

NEWPORT CIL AREA INDICATIVE RESIDENTIAL PROPERTY VALUES

Sales Values						Land Values £per HA	
Charging Zone	Sales Value £sq m						
	Apartment	2 Bed	3 Bed	4 Bed	5 Bed	Market Value	Residual
Malpas & Bettws	1950	1950	1950	1950	1950	1,300,000	1,181,341
Newport East	1950	1950	1950	1950	1950	1,300,000	1,181,341
Rogerstone/Newport West	1950	1950	1950	1950	1950	1,300,000	1,181,341
Caerlon/Rural	2050	2050	2050	2050	2050	1,800,000	1,462,778

NEWPORT CIL AREA INDICATIVE COMMERCIAL PROPERTY VALUES

Sales Values Sq m		
		Charging Zones
		1 Districtwide
Industrial		500
Office		1345
Food Retail		3000
Other Retail		1800
Residential Inst		1000
Hotels		2500
Community		1000
Leisure		1200
Agricultural		440
Sui Generis	Car Sales	1200
Sui Generis	Vehicle Repairs	500

NEWPORT CIL AREA COMMERCIAL LAND VALUES

Commercial Land Values	1 Districtwide
Industrial Land Values per Ha	
Comparable Land Value per Ha	200,000
Residual Land Value per Ha	neg
Office Land Values per Ha	
Comparable Land Value per Ha	500,000
Residual Land Value per Ha	neg
Food Retail Land Values per Ha	
Comparable Land Value per Ha	3,700,000
Residual Land Value per Ha	3,270,809
General Retail Land Values per Ha	
Comparable Land Value per Ha	1,100,000
Residual Land Value per Ha	3,173,617
Residential Institution Land Values per Ha	
Comparable Land Value per Ha	200,000
Residual Land Value per Ha	neg
Hotel Land Values per Ha	
Comparable Land Value per Ha	600,000
Residual Land Value per Ha	417,635
Community Use Land Values per Ha	
Comparable Land Value per Ha	200,000
Residual Land Value per Ha	neg
Leisure Land Values per Ha	
Comparable Land Value per Ha	600,000
Residual Land Value per Ha	neg
Agricultural Land Values per Ha	
Comparable Land Value per Ha	16000
Sui Generis Land Values per Ha	
Car Sales	500,000
Sui Generis Land Values per Ha	
Vehicle Repairs	500,000

APPENDIX 3

ADDITIONAL VALUATION EVIDENCE

RESIDENTIAL SALES EVIDENCE FROM HEB March 2015 Research

THE BOULEVARDS, DUFFRYN, NEWPORT – PERSIMMON HOMES				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
Alnwick	2	54	£2,463 to £2,500	
The Hanbury	3	70	£2591	
The Leicester	4	104	£2010	Various plots.
The Chedworth	4	85	£2,682	
The Winster	4	125	£1,900	
The Land Manager at Persimmon Homes confirms "typical" sales rate ranging from £2,040 to £2,152 per sq m. Rural Newport location.				

GREENFIELD COURT, MAES-GLAS, NEWPORT – PERSIMMON HOMES				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
The Souter	3	80	£2,018	
The Stafford	3	86	£1,933	
The Leicester	4	104	£1,788 to £1,808	
The Chedworth	4	85	£2,403 to £2,405	Garage deducted
Persimmon Land Buyer confirms "typical" sales rate of £1,937 per sq m. Newport West				

GREENACRES, LLANWERN,NEWPORT – PERSIMMON HOMES				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
The Dyfi	3	80	£1,959 to £2,066	
The Monnow	4	100	£1,663	
The Ebbw	3	79	£2,249	
The Rheidol	4	109	£1,917 to £1,960	Garage deducted.
Persimmon Land Director confirms typical sales rate of £2,045 per sq m. Newport east location.				

PARKLANDS, LLANWERN, NEWPORT – CHARLES CHURCH HOMES				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
The Amroth	2	59	£1,803	Coach house / apartment.
The Caswell	3	75	£2,014 to £2,064	
The Pendine	4	110	£1,727	
The Rhosilli	3	83	£2,175	
The Newgale	4	114	£2,000	
The Whitmoor	4	110	£2,286 to £2,332	Garage deducted.
The Overton	4	135	£2,041	Garage deducted.
The Lavernock	4	135	£2,075	Garage deducted.
Newport East location.				

CITY VIZION, NEWPORT – TAYLOR WIMPEY				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
Various Town Houses	3	c.105	£1,722 to £1,829	
Taylor Wimpey confirm these figures as typical sales rates.				

LYSAGHT VILLAGE, NEWPORT – TAYLOR WIMPEY				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
The Malbury		110	£1,903	
The Granforth	4	89.2	£1,917	Garage deducted.
The Gosforth	3	88.6	£1,780	
The Wessex	3	73	£2,056	
The Teme	1	30.9	£2,766	Garage deducted. Coach house . Apartment.
The Blackthorne	1	45.8	£1,753	Apartment.
Taylor Wimpey Land Director confirms a typical sales rate of £1,830 to £1,884 per sq m for the development. Newport East location.				

ALLT YR YN, NEWPORT – TAYLOR WIMPEY				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
The Stanton Special	5	147	£2132	Garage allowance
The Petford	4	112	£2,375	
The Crofton	3	106.7	£1,959	
Taylor Wimpey Land Buyer confirms typical sales rates of £1,937 to £2,045 per sq m. Newport West location.				

LYDIA BEYNON, GARDENS, LANGSTONE, TAYLOR WIMPEY				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
The Haddenham	4	135.6	£1,926	Garage excluded.
The Oakford	4	112.2	£2,032	Garage excluded.
The Ardingham	3	98.4	£2,124	
The Baglan	3	102.4	£1,911	
The Flatford	3	82	£2,085	
Taylor Wimpey Land Buyer confirms typical sales rates of £1,937 to £2,045 per sq m. Rural Newport location.				

Newhaus, Newport - Westmark				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
Newhaus	-	-	-	Apartment scheme. Various units available ranging from c. £1,727 to £2,066 per sq m.
Newport West location. Some premium attributable to river view units.				

KINGFISHER RISE, CALDICOT – BOVIS HOMES				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
The Alexander	4	107	£2,123	Final unit
Rural Newport location. Bovis sales director confirms "typical" sales ranged between £1,991 - £2,099. Max £2,350				

BELLE VIEW, MON BANK, NEWPORT – REDROW HOMES				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
The Stratford	4	109.5	£2,066	Newport west location.
The Ledbury	2	70.8	£2,079	
The Malven	3	84	£2,091	
The Letchworth	3	89	£2,060	
The Windsor	4	113	£2,018	
Land Director at Redrow confirms £2,045 - £2,100 sq m as typical for the development. Suggests £1,940 - £2,200 sq m as an appropriate range across the authority. Newport West location.				

JUBILEE PARK, ROGERSTONE, NEWPORT – BARRATT HOMES				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
The Tiverton	2	66.7	£2,165	
The Finchley	3	75.9	£2,203	
The Heathfield	4	109.5	£2,169	
The Lincoln	4	114	£2,249	
The Thame	4	126	£2,187	
The Cambridge	4	131	£2,193	
The Stratford	5	183	£1,869	
Rogerstone location.				

FOXGLOVE MEADOWS, NEWPORT – BARRATT HOMES				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
The Rosebury	2	61.8	£2,183	
The Carwent	4	126	£1,900	Garage adjustment.
The Kingsbridge	4	104	£2,009	
Bettws / Newport West location.				

PINEWOOD ALWAYS, NEWPORT – BELLWAY HOMES				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
Chalford	1	33.6	£2,120	Apartment.
Croft	3	74.7	£1,844	
Brockweir	3	90	£1,722	
Newport East location.				

REGENTS WALK, JUBILEE PARK, ROGERSTONE – BELLWAY HOMES				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
Woodcote	4	110	£2,159	
Southcott	3	113.6	£1,848	
Walton	4	125.7	£2,192	
Wroughton	4	142.6	£2,165	
Southcott	3	113.6	£2,007	
Seaton	3	71.75	£2,383	
Rogerstone location.				

BASSALEG, NEWPORT – PRIVATE DEVELOPER				
Property	**Beds**	**Size sq m**	**£ Per SQM**	**Comments**
Gafily Road, Bassaleg	4	126	£2,601	Rural Newport location. Private developer.

Sizes obtained from developers, developers websites, energy performance certificate data, or scaled from floor plans.
Where used, quoting prices have been adjusted by a 5% deduction to reflect sales price following negotiations and incentives. Garages deducted.
Our discussions with house builder stakeholders have confirmed that a 5% discount is an appropriate figure although currently falling as the market improves.

Additional "Sense-check":-

Zoopla confirm current average value for detached property in Newport (as a whole) at £1,938 sq m. Figures based on existing stock (usually lower than new build premium).

Newport City Council LDP, Affordable Housing Paper (session 4), lists a range of new build evidence across the study area from £1,720 sq m to £2,400 sq m.

March 2015 Land Value Stakeholder Consultation Update.

Adam Ryan, Taylor Wimpey. Confirms 2 zone approach broadly correct. Recent purchase of "prime" Newport rural site reflects £2.1m Ha. Fully serviced. "Reflects top value likely to be achievable"**.**

Richard Cresswell, Persimmon. Confirms 2 zone approach broadly appropriate. Confirms typical range of £1.25m - £1.85m Ha.

Phillip Yapp, Hirons Morgan and Yapp, Cardiff. Confirms £1.25m - £1.85M HA as typical, occasionally higher in premium locations.

Both **David Mullins of Fletcher Morgan** and **Tom Merrifield of GVA** confirm £1.25m - £1.85M HA as typical land values. High – Low area split is sensible.

RESIDENTIAL SALES EVIDENCE FROM HEB / FLETCHER MORGAN Jan 2014 Research

Values for Jan 2014 and preceding 6 month period. Research based on 2 zone study relating to house prices by ward. Broadly similar to AH higher and lower banding.

Zone 2– High Zone				
Location	**Type**	**Size sqm**	**Price sqm**	**Comments**
Lydia Beynon Gardens Langstone Newport NP18 2LX Taylor Wimpey Development	 3 bed 4 bed	 96 89 106 81 116 112 127 121	 £2300 £2252 £1932 £2,000 £2172 £2263 £2232 £2,200	Information provided from marketing literature at the development. A 7.5% allowance has been made for usual negotiation, carpeting, white goods, etc House sizes and psm prices are listed as an average where there are more than one size for each house type
Maplewood Off Cats Ash Road Langstone Newport NP18 2LZ Bellway Homes Development	 3 bed 4 bed	 97 105	 £2,178	Information provided from marketing literature at the development. A 7.5% allowance has been made for usual negotiation, carpeting, white goods, etc House sizes and psm prices are listed as an average where there are more than one size for each house type
Taylor Wimpey Stakeholder Engagement Laura Anne Powell	Flat 2 bed 3 bed 4 bed	 89 102	 £2,079 £2,078	Laura Anne Powell of Taylor Wimpey responded with these figures.
Persimmon Stakeholder Engagement	2 bed semi/terrace 3 bed semi/terrace 3 bed detached 4 bed detached 4 bed townhouse 4 bed townhouse	56 74 88 110 123 112	£1,884 £2,163 £2,207 £2,034 £1,550 £1,733	Myles Thomas of Persimmon Homes East Wales responded by email with these figures.
Average all			£2074	

Zone 1 –Low Zone				
Location	**Type**	**Size sqm**	**Price sqm**	**Comments**
Greenacres Llanwern Newport NP19 4QZ Persimmon Development	Flat 2 bed 3 bed 4 bed	 83 114	 £1,950 £1,900	Information provided from marketing literature at the development. A 7.5% allowance has been made for usual negotiation, carpeting, white goods, etc House sizes and psm prices are listed as an average where there are more than one size for each house type
Parklands GlanLlyn Llanwern Newport NP19 4QZ Charles Church Development	Flat 2 bed 3 bed 4 bed	 77 133	 £2,024 £1,919	Information provided from marketing literature at the development. A 7.5% allowance has been made for usual negotiation, carpeting, white goods, etc House sizes and psm prices are listed as an average where there are more than one size for each house type
Former Monbank Sidings Site East Retail Park Newport NP20 2NW Redrow Homes Development	Flat 2 bed 3 bed 4 bed	 99 120	 £2,189 £2,075	Information provided from marketing literature at the development. A 7.5% allowance has been made for usual negotiation, carpeting, white goods, etc House sizes and psm prices are listed as an average where there are more than one size for each house type
Foxglove Meadows Bettws Newport NP20 7YB Barratt Development	Flat 2 bed 3 bed 4 bed	 62 72 112	 £2,021 £1,915 £2,061	Information provided from marketing literature at the development. A 7.5% allowance has been made for usual negotiation, carpeting, white goods, etc House sizes and psm prices are listed as an average where there are more than one size for each house type

Taylor Wimpey Stakeholder Engagement	Flat 2 bed 3 bed 4 bed	53 58 76 116	£1,234 £1,926 £1,803 £1,621	Laura Anne Powell of Taylor Wimpey responded with these figures.
Lysaght Village Corporation Road Newport NP19 4AL Taylor Wimpey Development	Flat 2 bed 3 bed 4 bed	90	£1,672	Information provided from marketing literature at the development. A 7.5% allowance has been made for usual negotiation, carpeting, white goods, etc House sizes and psm prices are listed as an average where there are more than one size for each house type
City Vizion Rodney Road Rodney Parade Newport NP19 0AP Taylor Wimpey Development	Flat 2 bed 3 bed 4 bed	116 105	£1,667 £1600	Information provided from marketing literature at the development. A 7.5% allowance has been made for usual negotiation, carpeting, white goods, etc House sizes and psm prices are listed as an average where there are more than one size for each house type
Westfield Rise Westfield Way Newport NP20 6EW Bellway	Flat 2 bed 3 bed 4 bed	1185	£2,090	Information provided from marketing literature at the development. A 7.5% allowance has been made for usual negotiation, carpeting, white goods, etc House sizes and psm prices are listed as an average where there are more than one size for each house type
Monbank Sidings Site Cardiff Road Newport NP20 4FD East Retail Park Redrow	2 bed mid link 3 bed mid link 4 bed detached 4 bed detached 4 bed detached 4 bed detached	64.93 79.94 116.31 120.77 120.77 128.39	£2002.15 £2001.53 £1986.00 £2028.64 £2028.64 £2064.02	Information provided by James Morgan of Redrow Homes

Persimmon Stakeholder Engagement	2 bed semi/terrace 3 bed semi/terrace 3 bed detached 4 bed detached 4 bed townhouse 4 bed townhouse	56 74 88 110 125 112	£1,884 £1,830 £1,862 £1,776 £1,453 £1,550	Myles Thomas, Land Buyer with Persimmon Homes East Wales responded by email with these figures.
Average all			£1950	

Note (2014)

Requests were also made with following:-

Barratt Homes, Bellway, Llanmoor

LAND SALES EVIDENCE

Zone 2 HIGH	Location	Size	Developer	Date	Price/Comments
Zone 2 Zone 2	Jubilee Park, Rogerstone Jubilee Park, Rogerstone	4.046 hectares 10 acres 4.046 hectares 10 acres	Taylor Wimpey Bellway Stakeholder engagement with Adam Ryan of Taylor Wimpey	2013	8.092 ha site split between 2 developers. The price paid is for a fully serviced site with no Section 106/ affordable housing deductions etc. Price analyses back to approximately £950,000 per acre. £2,346,500 / ha
Zone 2	Chapel Lane, Rhiwderin Graig	1.213 hectares 3 acres	Taylor Wimpey stakeholder engagement with Adam Ryan	Early 2011	41 unit development. Price paid £2.107m equating to £702,333 per acre. £1,734,762 / ha
Zone 2	Taylors Garage Site, Langstone	1.88 hectares 4.65 acres	Taylor Wimpey stakeholder engagement with Adam Ryan	Late 2011	75 unit development. Price paid £3.5m equating to £752.688 per acre. £1,859,130 / ha
Zone 2	Allt Yr Yn	11 acres net developable 4.45 hectares	Taylor Wimpey stakeholder engagement with Adam Ryan	2012	2, 3, 4 and 5 bedroom price paid £10m for 11 acres equates to £909,000/acre. £2,245,230 / ha Taylor Wimpey suggests price inflated as paid more than planned and viability has struggled since.
Zone 2	Marshfield	8092 hectares 2 acres	Persimmon stakeholder engagement with Myles Thomas of Persimmon	April 2013	£725,000 per acre £1,790,750 / ha
Zone 2 Yellow	Old Hurrans Garden Centre, Langstone	4.87 acres gross 4.52 acres net 1.97 hectares gross 1.82 hectares net	Bellway stakeholder engagement with Patrick Jenkins of Bellway	2012	60 plots £750,000 per acre £1,852,500 / ha net £1million acre gross £2,470,000 / ha

Zone 1 LOW	Location	Size	Developer	Date	Price/Comments
Zone 1	Former School Site, Bettws	Gross 14.2 acres 5.74 hectares Net 12.5 acres 5.05 hectares	Barratts stakeholder engagement with Peter Ballantyne of Barratts	2010	212 unit development. £7.5m purchase price equating to £600,000 per net developable acre or £528,169 on a gross basis / acre. £1,482,000 / ha - £1,304,577 / ha
Zone 1	Former Argos News Site, Gaer	4 net acres 1.61 hectares	Persimmon stakeholder engagement with Myles Thomas of Persimmon	2013	Exchanged subject to planning. Price equates to a figure of £375,000 per acre net. £926,250 / ha
Zone 1	Mon Bank, East Retail Park, Cardiff Road, Gaer	Proposed 548 unit development	Redrow	2012/2013	Discussed with James Morgan of Redrow but company unwilling to divulge price. Market talk infers price equating to £450,000 per acre. £1,111,500 / ha
Zone 1	Westfield School, Malpas	2 acres	Bellway	2011	£300,000 net developable per acre. £741,000 / ha

Zones 1 and 2	Location	Size	Developer	Date	Price/Comments
Zone 1 and 2	Sites in Zone 1 and 2		Discussions with Gareth Carter of Savills Cardiff in regard to values 19th September 2013.	2013	Opinion of Gareth Carter that prime values per net developable per acre in Zone 2 were between £750,000 to £900,000 (£1,852,500 / ha - £2,223,000 / ha) and £350,000 to £500,000 in Zone 1. £864,500 / ha - £1,235,000 / ha
Zone 1 and 2	Sites in Zone 1 and Zone 2		Discussions with Patrick Jenkins of Bellway Homes	2013	Land buyer at Bellway Homes suggested a range of figures for current land values between £750,000 per acre and £1 million £1,852,500 / ha - £2,470,000 / ha) for Zone 2 and £300,000 - £500,000 for Zone 1 £741,000 / ha - £1,236,000 / ha
Zones 1 and 2	Sites in Zone 1 and Zone 2		Discussions with Adam Ryan – Land Buyer of Taylor Wimpey		Comments made Zone 2 circa £900 - £1 million/acre (£2,223,000 / ha - £2,470,000 / ha) clean site less say £200,000 for Abnormals/Section 106. The newer the consent the higher the likely costs. Zone 1 – potential to split into 2a and 2b, e.g. Bettws is not as good as Malpas Road and range of value would be wide.
Zones 1 and 2	Sites in Zone 1 and Zone 2		Discussions with Gareth Jones, Managing Director of Waterstone Homes		Mr Jones suggested a range of figures for current land values between £750,000 and £900,000 per acre (£1,852,500 / ha - £2,223,000 / ha) for Zone 2 and £350,000 to £500,000 per acre for Zone 1. £864,500 / ha - £1,235,000 / ha

RETAIL MARKET EVIDENCE FROM CO-STAR / FOCUS DATABASE

	**NEWPORT RETAIL PARK UNITS 1-18 SPYTTY ROAD NEWPORT NP19 4QQ** **Use(s):** Retail Out Of Town **SF Leased:** 5,194 sq ft (483 sq m) **Sign Date:** 26/09/2014 **Asking Rent:** £200,021 at £38.51 psf
	**KINGSWAY CENTRE EMLYN WALK NEWPORT NP20 1EW** **Use(s):** Shopping Centre **SF Leased:** 3,278 sq ft (305 sq m) **Sign Date:** 12/07/2014 **Asking Rent:** £39,500 at £12.05 psf
	**CWMBRAN SHOPPING CENTRE SOUTH WALK CWMBRAN NP44 1PB** **Use(s):** Shopping Centre **SF Leased:** 1,143 sq ft (106 sq m) **Sign Date:** 01/05/2014 **Achieved Rent:** £48,200 at £42.17 psf **Tenant:** Suit You **Notes:** Suit You has taken 1,143 sq ft (106.22 sq m) of ground floor retail space (Unit 10 South Walk) on assignment of the existing FRI lease, expiring 28th September 2015 at a rent passing of £48,200 pa, equating to £42.17 psf, (£453.91 psm). Prime Retail Property Consultants LLP acted on behalf of Thomas Cook Group plc. The quoting rent was £48,200 pa. Transaction verified by Prime Retail Property Consultants LLP.
	**168 COMMERCIAL STREET NEWPORT NP20 1JN** **Use(s):** Retail High Street Unit **SF Leased:** 3,999 sq ft (372 sq m) **Sign Date:** 01/05/2014 - **Asking Rent:** £39,990 at £10.00 psf
	**NEWPORT RETAIL PARK UNITS 1-18 SPYTTY ROAD NEWPORT NP19 4QQ** **Use(s):** Retail Out Of Town **SF Leased:** 1,444 sq ft (134 sq m) **Sign Date:** 01/11/2013 **Achieved Rent:** £72,200 at £50.00 psf **Notes:** Phones 4U Ltd has taken 1,444 sq ft (134.15 sq m) of ground-floor A1 retail space within Unit 11A from Stadium Group plc on a ten-year FRI lease at £72,200 pa, subject to OMV rent review and a tenant only option to break in year 2018. A six month rent-free period was agreed.

	**UNIT 1-7 LEISURE AT CWMBRAN GLYNDWR ROAD NEWPORT NP44 1QS** **Use(s):** Retail High Street Unit **SF Leased:** 1,800 sq ft (167 sq m) **Grade:** New or Refurbished **Sign Date:** 11/10/2013 **Asking Rent:** £39,996 at £22.22 psf **Achieved Rent:** £17,000 at £9.44 psf
	**CWMBRAN SHOPPING CENTRE SOUTH WALK CWMBRAN NP44 1PB** **Use(s):** Shopping Centre **SF Leased:** 4,000 sq ft (372 sq m) **Sign Date:** 01/09/2013 **Achieved Rent:** £83,750 at £20.94 psf

Cwmbran Shopping Centre South Walk Cwmbran Np44 1pb 	**Use(s):** Shopping Centre **Grade:** Second Hand **Type:** Letting **Date:** 31/07/2013 **Total Size:** 2,389 sq ft (222 sq m) **Quoted Rent:** £59,008 at £24.70 psf **Landlord Agent:** EJ Hales **Tenant:** Yours Clothing
Kingsway Centre Emlyn Walk Newport Np20 1ew 	**Use(s):** Shopping Centre **Grade:** Second Hand **Type:** Letting **Date:** 30/05/2013 **Total Size:** 3,200 sq ft (297 sq m) **Quoted Rent:** £72,512 at £22.66 psf **Tenant:** Pure Gyms Ltd **Notes:** Pure Gym Limited has taken 3,200 sq ft (297.29 sq m) of leisure space on confidential terms. Savills acted on behalf of the landlord. The quoting rent was £72,500 pa.
Tesco Extra Retail Units Tesco Extra Spytty Road Newport Np19 4tx 	**Use(s):** Retail Park **Grade:** New or Refurbished **Type:** Letting **Date:** 01/03/2013 **Total Size:** 2,465 sq ft (229 sq m) **Achieved Rent:** £40,000 at £16.23 psf **Rent Free Period:** 6 month(s) **Tenant:** Gemelli Ristorante Pizzeria Limited **Notes:** Gemelli Ristorante Pizzeria Limited has taken 2,465 sq ft (229 sq m) of ground-floor retail space within unit G1 from Tesco Stores Limited on a 10-year lease at £40,000 pa, subject to a rent review and a tenant option to break in year five. EJ Hales acted on behalf of the landlord. a six months rent-free period was agreed.

Newport Retail Park Units 1-18 Spytty Road Newport Np19 4qq 	**Use(s):** Retail Out Of Town **Type:** Letting **Date:** 01/02/2013 **Total Size:** 4,380 sq ft (407 sq m) **Achieved Rent:** £131,400 at £30.00 psf **Rent Free Period:** 6 month(s) **Landlord Agent:** Stockford Anderson **Tenant:** TUI UK Ltd **Notes:** TUI UK Ltd trading as Thomson has taken 4,380 sq ft (406.92 sq m) of ground-floor retail space within unit 11F from Stadium Newport Limited on a 10-year lease at £131,400 equating to £30.00 psf (322.92 sq m),
27 - 30 Commercial Street Newport Np20 1yd 	**Use(s):** Mixed Retail **Type:** Freehold Investment Sold **Date:** 20/12/2012 **Total Size:** 24,569 sq ft (2,283 sq m) **Quoted Price:** £3,500,000 **Achieved Price:** £3,200,000 **Yield:** 11.81% £1,402 sq m **Purchaser Agent:** EJ Hales **Vendor:** Irish Bank Resolution Corporation Limited **Purchaser:** Mansford Wales **Vendor Agent:** Savills (UK) Limited **Notes:** Mansford Wales has acquired the freehold interest in 27-30 Commercial Street for £3,200,000 from Irish Bank Resolution Corporation. The property is let to Co-Op and Halifax plc at a passing rental income of £400,000 per annum in total. Savills marketed the property on behalf of the vendor. EJ Hales represented the purchaser. **Property Description:** The property comprises three units fronting Commercial Street and one large unit fronting Austin Friars. The building was constructed circa 1960 and is of steel frame construction under a flat roof. The subject block is located in the centre of Commercial Street in the sector of the street that benefits from the highest levels of footfall directly opposite Poundland and Boots and forms part of a small agglomeration of banks. To the rear of the property is the proposed Friars Walk Shopping Centre development which recently obtained planning consent and is to be anchored by a 95,000 sq ft Debenhams Department Store. The scheme is scheduled to open in 2015 and the vacant element of the subject building, located at the rear of the property and fronting Austin Friars, will front the main entrance to the scheme from Commercial Street.
20 - 30 Caerleon Road Newport Np19 7bx	**Use(s):** Retail High Street Unit **Type:** Freehold Investment Sold **Date:** 01/05/2012 **Total Size:** 4,036 sq ft (375 sq m) **Achieved Price:** £640,000 **Yield:** 5.79% £1,706 sq m **Notes:** Franck-Steier Price has recently completed the purchase of a Tesco Express unit in Newport on behalf of a private investor. The property is located on Caerleon Road, Newport and comprises a ground floor convenience store with first floor storage. The property is let to Tesco Stores Ltd for a term of 15 years from 31 March 2011. The lease is held on full repairing and insuring terms with 5 yearly upward only rent reviews to compounded RPI collared and capped at 1% and 4% per annum. The current rent is £39,200 per annum. The investment was sold for £640,000 which reflected a net initial yield of 5.79%. The property was sold by a private investor represented by BCM. **Property Description:** The property comprises a ground floor convenience store with first floor storage. The property is located on Caerleon Road, in close proximity to Newport Railway Station.

Former Carpenters Arms 751 Newport Road Cardiff Cf3 4aj 	**Use(s):** Mixed Retail **Type:** Freehold Investment Sold **Date:** 01/04/2012 **Total Size:** 4,500 sq ft (418 sq m) **Achieved Price:** £1,230,000 **Yield:** 5.35% £2,942 sq m **Vendor Agent:** Fletcher Morgan Ltd **Notes:** A private family trust has purchased the freehold interest in 4,500 sq ft (418 sq m) of retail space from Park Place Partners LLP for £1.23m as an investment, reflecting a net initial yield of 5.35%. The property is pre-let to Sainsburys on a 15 year lease, producing a total annual income of £70,000. Fletcher Morgan acted on behalf of the vendor. Mark Atkin Associates represented the purchaser. (CoStar Research 11/06/2012)
Kingsway Centre Emlyn Walk Newport Np20 1ew 	**Use(s):** Shopping Centre **Grade:** New or refurbished **Type:** Letting **Date:** 28/02/2012 **Total Size:** 3,450 sq ft (321 sq m) **Quoted Rent:** £75,003 at £21.74 psf **Tenant:** Perfect Home Ltd
Cwmbran Shopping Centre South Walk Cwmbran Np44 1pb 	**Use(s):** Shopping Centre **Grade:** Second Hand **Type:** Letting **Date:** 30/11/2011 **Total Size:** 8,888 sq ft (826 sq m) **Quoted Rent:** £150,029 at £16.88 psf
Cwmbran Shopping Centre South Walk Cwmbran Np44 1pb 	**Use(s):** Shopping Centre **Grade:** Second Hand **Type:** Letting **Date:** 01/10/2011 **D** **Total Size:** 2,156 sq ft (200 sq m) **Quoted Rent:** £67,504 at £31.31 psf **Tenant:** Everything Everywhere Ltd
43 Commercial Street Newport Np20 1lp 	**Use(s):** Retail High Street Unit **Grade:** Second Hand **Type:** Letting **Date:** 28/09/2011 **Total Size:** 2,817 sq ft (262 sq m) **Quoted Rent:** £51,495 at £18.28 psf **Achieved Rent:** £51,500 at £18.28 psf

Cwmbran Shopping Centre South Walk Cwmbran Np44 1pb 	**Use(s):** Shopping Centre **Grade:** Second Hand **Type:** Letting **Date:** 22/08/2011 **Total Size:** 2,331 sq ft (217 sq m) **Quoted Rent:** £25,012 at £10.73 psf **Achieved Rent:** £25,000 at £10.73 psf
B&Q Corporation Road Newport Np19 0xb 	**Use(s):** Retail Warehouse **Type:** Freehold Investment Sold **Date:** 17/08/2011 **Total Size:** 32,960 sq ft (3,062 sq m) **Achieved Price:** £11,000,000 **Yield:** 7.3% £3,592 sq m **Vendor:** Tesco PLC
19 Commercial Street Newport Np20 1hf 	**Use(s):** Retail High Street Unit **Grade:** Second Hand **Type:** Letting **Date:** 01/08/2011 **Total Size:** 5,839 sq ft (542 sq m) **Quoted Rent:** £99,497 at £17.04 psf
Cwmbran Shopping Centre Monmouth Walk Cwmbran Np44 1pe 	**Use(s):** Shopping Centre **Grade:** Second Hand **Type:** Letting **Date:** 01/08/2011 **Total Size:** 2,469 sq ft (229 sq m) **Quoted Rent:** £35,010 at £14.18 psf **Tenant:** The Money Shop **Notes:** The Money Shop has taken 2,469 sq ft (229.38 sq m) of ground and first floor Shopping Centre space in Unit 9 North Walk. The quoting rent was £35,000 pa, equating to £14.18 psf (£152.59 psm).
Cwmbran Shopping Centre South Walk Cwmbran Np44 1pb 	**Use(s):** Shopping Centre **Grade:** Second Hand **Type:** Letting **Date:** 28/03/2011 **Total Size:** 4,345 sq ft (404 sq m) **Quoted Rent:** £117,489 at £27.04 psf **Achieved Rent:** £117,500 at £27.04 psf **Tenant:** The Entertainer Group

Cambrian Centre Cambrian Road Newport Np20 4ad 	**Use(s):** Shopping Centre **Grade:** Second Hand **Type:** Letting **Date:** 24/03/2011 **Total Size:** 6,425 sq ft (597 sq m) **Quoted Rent:** £99,009 at £15.41 psf **Tenant:** Mr John Pasani
Homebase Tudor Road Cwmbran Np44 3ph 	**Use(s):** Retail Out Of Town, Retail Warehouse **Type:** Freehold Investment Sold **Date:** 30/09/2010 **Total Size:** 34,472 sq ft (3,203 sq m) **Achieved Price:** £3,800,000 **Yield:** 7.98% £1,257 sq m **Tenant:** Homebase Ltd **Notes:** Prego Estates has purchased the freehold interest in 34,471 sq ft (3202.55 sq m) of retail warehouse space from Henderson Global Investors (on behalf of Henderson UK Property Unit Trust) for £3,800,000 as an investment, reflecting a net initial yield of 7.98%. The property is let to Homebase Ltd and produces an annual rental income of £320,827.
171 Commercial Street Newport Np20 1jn 	**Use(s):** Retail High Street Unit **Grade:** Second Hand **Type:** Letting **Date:** 01/09/2010 **Total Size:** 3,229 sq ft (300 sq m) **Quoted Rent:** £77,496 at £24.00 psf **Notes:** An undisclosed tenant has taken 3,229 sq ft (300 sq m) of retail space o The quoting rent was £77,500 pa.
Units 1-3 Spooner Close Newport Np10 8fz 	**Use(s):** Retail Park **Grade:** Site with Agents **Type:** Letting **Date:** 16/07/2010 **Total Size:** 2,500 sq ft (232 sq m) **Quoted Rent:** £50,000 at £20.00 psf **Notes:** Bacaro Ltd has taken 1,500 sq ft (139 sq m) of ground-floor retail space .The quoting rent was £30,000 pa. **Property Description:** The proposed development will comprise a terrace of three retail units. The proposed property is located between Newport and Cardiff city centres, adjacent to Junction 28 M4.

8-10 Bridge Street Newport Np20 4al 	**Use(s):** Retail High Street Unit **Grade:** Second Hand **Type:** Letting **Date:** 08/07/2010 **Total Size:** 4,820 sq ft (448 sq m) **Quoted Rent:** £54,996 at £11.41 psf **Notes:** An undisclosed tenant has taken 4,820 sq ft (448 sq m) of retail space on a 10-year lease EJ Hales and Savills Commercial acted on behalf of the landlord. The quoting rent was £55,000 pa **Property Description:** The property comprises a two storey retail/leisure property.
253 Corporation Road Newport Np19 0er 	**Use(s):** Retail Out Of Town **Grade:** Second Hand **Type:** Letting **Date:** 30/06/2010 **Total Size:** 3,615 sq ft (336 sq m) **Quoted Rent:** £56,322 at £15.58 psf **Notes:** An undisclosed tenant has taken 3,615 sq ft (336 sq m) of ground-floor retail space on confidential terms. The quoting rent was £12,000 pa.
Corn Exchange High Street Newport Np20 1fb 	**Use(s):** Retail High Street Unit **Date:** 02/04/2010 **Total Size:** 10,736 sq ft (997 sq m) **Quoted Rent:** £131,516 at £12.25 psf **Tenant:** Seren Group The quoting rent was £131,500.00 pa, equating to £12.24 psf (£131.84 psm). Details confirmed by
Tesco Newport Road Risca Np11 6yd 	**Use(s):** Mixed Retail, Supermarket **Type:** Freehold Investment Sold **Date:** 04/01/2010 **Total Size:** 80,000 sq ft (7,432 sq m) **Achieved Price:** £43,600,000 **Purchaser:** Deeley Freed Ltd **Vendor Agent:** Morgan Williams **Vendor:** Tesco Stores Ltd **Vendor Agent:** Tudor Toone LLP **Notes:** Deeley Freed has purchased the freehold interest in 80,000 sq ft (7,432 sq m) of retail space from Tesco Stores Ltd for £43.6m as a forward funding deal. The property will be let to Tesco Stores Ltd once the development has been completed. Morgan Williams and Tudor Toone acted on behalf of Tesco Stores Ltd (the vendor). (CoStar Verified 02/07/2010) (CoStar Research 02/07/2010) **Property Description:** The property will comprise a purpose built superstore extending to 80,000 sq ft built on the site of a former foundry.

RETAIL & SUPERMARKET EVIDENCE
HEB / FLETCHER MORGAN DATABASES (General Retail Newport & South Wales and Supermarkets)

Address	Tenant/Purchaser	Size	Rental (equated) / Sale Price	Comments
Former Cattle Market, Cowbridge	Leased by Waitrose	22,000 sq ft	£18.50 psf (£199 sq m)	2012
Newport NP19	B&Q	32,960 sq ft	£385 psf (£4,144 sq m) SOLD	Investment sale Nov 2014 6.5%
Unit 4, 389-413 Malpas Road, Newport	Carphone Warehouse	1,216 SqFT	£15.41 psf (£166 SqM)	Rent Passing. Roadside unit
69 Tredegar St Newport NP11	Linn	644 sq ft	£194 psf (£2,088 sq m) SOLD	Private sale July 2014
Clytha Pk Rd Newport	Tesco Express	4,500 sq ft	£12.50 (£135)	Investment now offered at £6.5% - £1950 sq m
Unit 3 156 Cardiff Rd Newport	Carphone Warehouse	3,370 sq ft	£13.35 (£144 sq m)	Roadside Unit. Rent passing 2011 Rent review.
Bassaleg Rd Newport	Spar	4,000 sq ft	£14.50 (£156)	Roadside site. Investment offered at 6.5% - £2231 sq m
Bassaleg Rd Newport	ST Davids Hospice	1000 sq ft	£13.50 (£145)	Roadside site. Investment offered at 6.5% - £2231 sq m
39/41 Park Crescent, Barry	Sainsburys	3,756 sq ft.	£10.65 psf (£115 sq m)	Convenience store letting carried out October 1012
Newport Retail Park, NP19	Phones 4U	1,444 sq ft	£50 psf (£538 sq m)	Nov 2013 letting
Unit 1-7 Cwmbran Glyndwr Rd NP11	Lollipops & Ladybirds	1,800 sq ft	£9.44 psf (£102 sq m)	Oct 2013 letting
Discovery Retail Park Newport	Wickes	28,557 sq ft	£12 (£129 sq m)	Roadside retail. Rent passing. FH available at 7.2% - c.£1790 sq m gross
Discovery Retail Park Newport	Aldi	12,471 sq ft	£12.38 (£138 sq m)	Roadside retail. Rent passing. FH available at 7.2% - c.£1914 sq m gross
2 Livingstone Place Newport	VP	1,148 sq ft	£161 psf (£1,733 sq m) FH	FH sale U/O
Brooklands Retail Park CF5	Currys	10,060 sq ft	£20.68 psf (£223 sq m)	Available. Rent passing from 12/13

Birds Lane Cowbridge	Fat Face	2153 sq ft	£21 psf (£226 sq m)	Headline rent
Birds Lane Cowbridge	New Units, to let	1354 sq ft	£41 psf (£441 sq m)	Two new units available. Rent confirmed by letting agent – potentially excessive.
Birds Lane Cowbridge	Café Nero	1354 sq ft	£25.85 psf (£278 sq m)	New Letting 2013
Former NBSM Premises, Broad Street, Barry	One Stop Stores Ltd	2,400 sq ft.	£12.00 psf (£129 sq m)	15 year lease, 5th and 10th year break options.
434 Chepstowe Rd Newport	VP	619 sq ft	£330 (£3,552 sq m) FH	Freehold sale.U/O. Small unit – quantum .
McDonalds, Cardiff Gate Retail Park	McDonalds	2,319 sq ft.	£28 psf	Investment available at guide price equating to 6.5% or £4,641/ m^2
Dixons,Cardiff Gate Retail PK	Dixons	12,000	£16.90 psf (£182 sq m)	Rent passing – review Dec 2013
380 Newport Road, CF23 9AE	Bath Store	3,927 sq ft.	£15 psf (£161.5 sq m)	Investment available @ £1,647/ m^2
Somerton Rd Newport	Private	0.35 *acre*	£1.12m *hectare*	Roadside retail site sold 12/13
For the reasons stated in the sector specific commentary, we have considered Supermarket evidence locally, regionally and nationally. This demonstrates a typical rental value for supermarket use of £153 - £288 per sq m. When capitalised at a yield of 6.5%, this demonstrates that our adopted figure is justifiable, and can be considered conservative.				
Ebbw Vale	Tesco	58,865 sq ft	£21.66 (£233.00)	Sale & lease back Jan 2013 at £418.75 psf (£4508 sq m) 5.2%
Former Cattle Market, Cowbridge	Leased by Waitrose	22,000 sq ft	£18.50 psf (£199 sq m)	2012
Newport Rd Risca NP11	Tesco	80,000 sqft	FH	2010 funding deal at £5,866 sq m
Farrar Road Bangor	Asda	46,141 sq ft	£17.70 (£190.52)	New letting Dec 2011. Investment sold at 5% in Dec 2011 c. £3800 sq m
Garth Rd Bangor	M&S Food Store	18,272 sqft	£19.51 (£210)	Investment available at 5.8% - £3,380 sq m
Brook Street Welsh Pool	Sainsburys	11,519 sq ft	-	Offered at auction based on guide price yield of 4.68% - £2212 to £2242 per sq m

Clifton Street Cardiff	Sainsburys	4,850 sq ft	£13.92 psf (£149.81)	Available as investment sale at a guide price of 5.23% - £2707 per sq m
Lon Parcwr Ruthin	Tesco	29,395 sq ft	£13.61 psf (£146.5)	April 2010 sold at 5.82% - £2,380 per sq m
Gallagher Retail Park Cheltenham	Sainsburys	97,440 sq ft	-	Sold Dec 2009 at 4.95% - £4,559 per sq m
Church Lane Bedford	Aldi	16,454	£14.28 (£153.71)	Letting May 2010
Houghton Regis	Asda	51,000		Confidential transaction 2012. Developer unable to disclose, but confirmed £15-£20 psf "fair tone" across UK and £1m-£1.5m max per acre land
Sheldon Birmingham	Morrisons	105,000 sq ft	£25.82 (£277.93)	Letting March 2010
Coldhams Lane Cambridge	Sainsburys	81,983 sq ft	£24.00 (£258.34)	Rent review Dec 2009
Tewkesbury Road Cheltenham	Sainsburys	97,434 sq ft	£23.25 (£250.26)	Rent review Dec 2008
Alfreton	Tesco	87,347 sq ft	£22.00 (£237.00)	Sale & lease back Jan 2013 at £438 psf (£4720 sq m. 5%
Stanway Colchester	Sainsburys	147,000 sq ft	£26.79 (£288.37)	Letting Dec 2010
Diss	Tesco	50,334 sq ft	£22.00 (£236.81)	Sale & lease back Jan 2013 at £432.91 (£4660 sq m 5%
Maldon	Tesco	103,761 sq ft	£25.82 (£277.89)	Sale & lease back Jan 2013 at £515.60 (£5550 sq m). 5%
West Bromwich	Tesco	380,000 sq ft	£20.50 (£220.67)	Sale & lease back Jan 2013. Mixed retail scheme overall rent. 5.9%
Beaumont Leys Leicester	Tesco	125,952 sq ft	£23.25 (£250.26)	Rent review Feb 2008
Serpentine Green Peterborough	Tesco	136,396 sq ft	£26.00 (£279.86)	Rent review Dec 2008

Prescott Merseyside	Tesco	119,435 sq ft	£21.35 (£229.81)	Rent review June 2010
Richardson Way Coventry	Tesco	103,575 sq ft	£14.27 (£153.60)	Investment sold at 4.57% in Sept 2011
Embassy Court Welling	Tesco	84,023 sq ft	£18.40 (£198.06)	Letting June 2010. Investment sold at 5% in June 2011
Peasley Cross Lane St Helens	Tesco	140,000 sq ft	£22.00 (£236.81)	Investments sold June 2011 5%
Thorpe Road Melton Mowbray	Tesco	49,000 sq ft	£19.29 (£207.64)	Investments sold at 5.75% May 2009
Civic Way Swadlincote	Sainsburys	66,379 sq ft	£21.24 (£228.63)	Open market letting Nov 2010. Investment also sold at 4.45%
Ocean Road South Shields	Morrisons	60,000 sq ft	£15.00 (£161.46)	Open market letting August 2010
Carlton Road Nottingham	Asda	TBC	£18.50 (£200.00)	Deal agreed for proposed Asda superstore
Church Lane Bedford	Aldi	16,454	£14.28 (£153.71)	Letting May 2010
Chesterfield Road South Chesterfield	Tesco	91,500 sq ft	£20.00 (£236.81)	New letting March 2010. Investment sold at 5% - £5,069 per sq m
Lysander Road Stoke on Trent	Tesco	70,486 sq ft	£24.24 (£260.92)	New letting
Trentham Lakes Stoke	Aldi	15,000 sq ft	£210 (£2,260)	Freehold deal. Discount food retailer. Jan 2009
Washdyke Lane Immingham	Coop	19,381 sq ft	£13.50 (£145.00)	Rent Review Dec 2011
Cowbridge Cattle Market	Waitrose	22,000 sq ft	£18.50 psf (£199 sq m)	New build 2012

Supermarkets	Land Evidence			
Barry Waterfront	Asda	7.78 acres	£2.3m per acre headline	Consent for 90,000 sq ft store. 2012
Albany St Newport	Sainsburys	14 acres	£2.45m HA	Complex deal subject to de-valuing to per acre / hectare. Richard Ryan of Fletcher Morgan acted for Sainsbury's confirmed approx figures as follows: 14 acre site £7.2m acquisition, £2.5m on remediation, £4.2m on road equates to gross price per acre of £992,000 (£2.45m / ha).
Carlton Road Worksop	Tesco	8 acres	£15M (£1.875M per acre) £4.55M per ha)	Land was sold in June 2009
Houghton Regis	Asda	51,000		Confidential transaction 2012. Developer unable to disclose, but confirmed £15-£20 psf fair tone across UK and £1m-£1.5m max per acre land
Chesterfield Road South Chesterfield	Tesco	9 acres	£14M (£1.55M per acre) (£3.76M per ha)	Tesco stated that £500,000 was spent on remediation.
Hampden Pk Eastbourne	Morrisons	5.5 acres	£1.25m acres (£3.1m HA)	2011
Carlton Road Nottingham	Asda	1 acre	£1.5M per acre (£3.71M per ha)	Blueprint Regeneration for Asda September 2011
Wilford Lane West Bridgford	Sainsburys	6.97 Acres	£1.9m p acre	March 2013. £2.12m incl S106. "Prime" site.
Carter Gate Newark	Asda	6 acres	£6,000,000 (£1M per acre) (2.48M per ha)	£1m pa. 2009
We are aware from our on-going discussions with agents & supermarket operators they are typically prepared to pay the sum in the region of £1.5M per acre for supermarket land although over recent months there has been a noticeable decrease in appetite for new development & this figure is often diminishing, in some cases more in line with the figure of approximately £1M per acre.				