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Tel 03000 507471  
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Your Reference : RS  
Our Reference : OGD 1392918/JRNP  
Please ask for : Mr Page

Date : 13 December 2013

Dear Richard,

**BROMSGROVE DISTRICT COUNCIL**  
**THE MARKET HALL SITE, HANNOVER STREET, BROMSGROVE**

I refer to your emailed instructions dated 11 November 2013. I am pleased to report as follows:-

**BACKGROUND**

Bromsgrove District Council is considering the sale of the above land for redevelopment.

I have been asked to provide my opinions of the current market value of the land on various bases.

**INSTRUCTIONS**

I have been instructed to provide the following:-

1. My opinion of the current market value of the site for development as a general, retail led, mixed use scheme in accordance with the Area Action Plan – See Appendix A attached.
2. A comparison of the current proposed scheme with the now defunct [redacted] Scheme of 2012 – See Appendix B attached.
3. Provide a check of the Opus development appraisal and my opinion of the value of the site in accordance with that scheme – See Appendix C attached and
4. My opinion of the value of the car park having regard to any increased revenue due to the scheme – See Appendix D attached.

**DEFINITION OF MARKET VALUE**

The basis of valuation for the land adopted is Market Value which is defined in the RICS Valuation – Professional Standards (March 2012) as:-

*"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."*

<b>CONFLICT OF INTEREST</b>	I have provided advice to the Council on this site previously, but I am not aware that any conflict of interest arises from the present instruction.
<b>COMPETANCY</b>	I confirm that I have the skills and knowledge to provide the advice required.
<b>SITUATION AND DESCRIPTION</b>	<p>The land to be sold is well known to the Council and so I will not set out a full description in this report.</p> <p>Briefly, the site comprises a 70's office block (George House) and a level cleared site (formerly the market hall) and a small area of car park for the standalone retail pod.</p> <p>The site is close to the town centre and it is shown, for identification purposes only, coloured green, pink, orange and purple on the attached plans. The boundaries have not been checked.</p>
<b>SITE AREA</b>	I am informed that the site area to be leased (excluding the retained car park) is 0.32 hectares (0.79 acres) or thereabouts.
<b>TENURE</b>	I have assumed that a long leasehold interest for a term of 250 years with the benefit of vacant possession will be granted.
<b>EASEMENTS, RESTRICTIONS, OUTGOINGS AND CHARGES</b>	I have assumed that there are no easements, restrictions, outgoing or charges adversely affecting the site.
<b>LIABILITY FOR CHANCEL REPAIRS</b>	I have assumed that the site does not have any liability for contributions to Chancel Repairs or, in the alternative, that insurance is available to indemnify an owner, should any liability exist.
<b>REPAIR AND CONDITION OF BUILDINGS</b>	As George House is to be demolished, I have not inspected it or undertaken a building survey and cannot state that it is free from any rot, insect infestation or any other defect.
<b>PLANNING</b>	<p>There are no other buildings on the site.</p> <p>The site is allocated in the Area Action Plan for regeneration with a retail led, mixed use development.</p> <p>A scheme was been put forward by Opus Land for development with a [redacted] store, 3 retail units, with a cinema above and a separate "pod" style development for coffee shop style operators.</p> <p>See Appendix A for full details.</p> <p>I have assumed, for the purposes of this report that planning permission for this proposed scheme would be</p>

	forthcoming.
	It should be noted that the Local Planning Authority have stated that planning permission for either a standalone [redacted] unit or for single storey retail units at the end of the High Street would not be recommended for approval.
<b>ENVIRONMENT AND CONTAMINATION MATTERS</b>	I have not undertaken an environmental survey and cannot state that the site is free from contamination or noxious weed infestation etc.
	However, for the purposes of this report, I have assumed that there are no problems arising from these items.
<b>SITE STABILITY</b>	I have assumed that the site does not suffer any site stability problems. It is not situated in a mineralised area.
<b>ABNORMAL DEVELOPMENT COSTS</b>	I have assumed that there no abnormal development costs would be incurred in the development of the land. In particular, I have assumed that there are no mains service diversions required.
<b>FLOODING</b>	I have assumed that the site is not subject to flooding.
<b>VALUATION DATE</b>	The date of valuation is 13 December 2013.
<b>SERVICES</b>	I have assumed that site has the benefit of all mains services to the boundary.
<b>ACCESS</b>	I have assumed that the site has full rights of access for all purposes from the public highway.
<b>OPINIONS OF VALUE</b>	My opinions of Value are shown in the attached Appendices, which are an integral part, and should be read in conjunction with, this Report.
	I set out in summary form my opinions of value below:-
	<b><u>Appendix A</u></b> My opinion of the current market value of the site at the valuation date for development as a general, retail led, mixed use scheme in accordance with the Area Action Plan is the sum of
	<b>£630,000 (six hundred and thirty thousand pounds sterling).</b>
	<b><u>Appendix B</u></b> See the Appendix for the comparison with previous [redacted]
	<b><u>Appendix C</u></b> See this Appendix for a check of the Opus development appraisal.
	My opinion of the value of the site at the valuation date in accordance with the Opus scheme assuming that the maximum Grant Funding is awarded is the sum of



**£1,400,000 (one million, four hundred pounds sterling).**

**Appendix D**

My opinion of the value of the car park having regard to any increased revenue due to the Opus scheme.

I am of the opinion that the value of the retained car park area at the valuation date, on the special assumption that the Opus scheme as proposed is completed is the sum of

**£1,450,000 (one million, four hundred and fifty thousand pounds sterling).**

I am of the opinion that the value of the retained car park area at the valuation date, on the assumption that the Opus scheme does not go ahead, is the sum of

**£780,000 (seven hundred and eighty thousand pounds sterling).**

**GRANT FUNDING**

It should be clearly understood that the Opus scheme is dependent on receiving grant funding from a Local Enterprise Partnership. The total amount applied for is £1,550,000.

The receipt of this amount enables the developer to offer to pay the Council the sum of £1.4m for the site.

Without the grant, the Opus scheme as presented is not viable and the developer will seek to reduce the price payable to the Council for the site by any shortfall in funding.

In the worst case scenario of no funding being provided, the sum payable to the Council for the site to provide the scheme would be Nil.

However, in that event, the developer has offered to pay a minimum sum of **£100,000 (one hundred pounds sterling).**

The developer also proposes that, if only a proportion of the grant is made available, the price payable for the site will be reduced pro rata.

I take this to mean that, if 50% only of the sum applied for is available, the price payable for the land will be reduced by 50% to £700,000.

**BASIS OF OPINION**

The opinions of value above are provided in accordance with the definition of market value contained within the Royal Institution of Chartered Surveyors Valuation - Professional Standards (March 2012).

**CURRENT MARKET CONDITIONS**

In considering my opinions of value, I have had regard to the following factors:-

1. The development land market is experiencing a slight revival at the present time. With the restriction of bank lending, finance and funding had been extremely scarce and potential purchasers did not show an appetite for investment. Whilst the market has improved since 2008, developers are still approaching schemes with caution.
2. I anticipate that the next stage of present economic cycle will result in a small increase in general demand, with in a continued improvement in the market.

<b>TERMS OF ENGAGEMENT</b>	This report should be read in conjunction with my terms of engagement, a copy of which is in your possession.
<b>VAT</b>	My opinions of value above and shown on the Appendices are exclusive of any VAT that may be payable.
<b>LEGAL AND OTHER COSTS</b>	I have assumed that each side would be responsible for its own legal and other costs in the sale.
<b>VOA COMPLAINTS HANDLING PROCEDURE</b>	The Valuation Office Agency has a Complaint's handling procedure, the details of which are set out in the Terms of Engagement that I sent to you after being instructed.
<b>LIABILITY</b>	This report has been prepared for the express purposes of the Council considering the sale of the site. It should not be relied on by any third party for any purpose whatsoever.
<b>PUBLICATION</b>	This report should not be published in any form without my express permission as to the form and context in which it is to appear.
<b>VALIDITY</b>	This report should not be considered valid for more than 6 months from the date hereof, nor if the circumstances alter.

The Council may wish to consider whether this report contains Exempt Information within the terms of Paragraph 9 to Schedule 12A to the Local Government Act 1972 (Sections 1 and Part 1 of Schedule 1 to the Local Government (Access to Information) Act 1985), as amended by the Local Government (Access to Information) (Variation) Order 2006.

Should you have any queries, please do not hesitate to contact me.



**J R N Page BSc (Est Man) FRICS**  
**RICS Registered Valuer**  
**Principal Valuer & Sector Leader**  
**District Valuer Services**

**Appendix D to DV report dated 13 Dec 2013**  
**Consideration of the car park income**

**General**

It has now been agreed that the car park area be retained as a freehold site by the Council and that all car parking revenues be retained.

The proposed scheme of the retail units, [REDACTED] unit and cinema will have a significant increase in the current income from parking. I have been provided with estimated income after the development is complete, and, assuming a 24 hour charging period and an average charge of £0.80 per hour, the projected figures show an increase in gross income from the development of £262,810 pa.

The net income (after the deduction of VAT and management costs) are a) for the current Car park - £78,180 pa and b) for the projected income after the development is complete - £196,868.29 pa - an increase of over double the present income.

The figures for the projected car park income have been prepared by the developer's consultants and verified by the Council. As I am not qualified to comment on their accuracy, but have assumed, for the purposes of this report that they are correct.

**Current Value of the Car park**

I estimate that the current value of the car park (ignoring the proposed scheme) is a sum in the region of £780,000.

Assuming an income of £196,868.29, receivable in 2 years time, the value of the car park on completion of the proposed development is a sum in the region of £1,450,000.

The increase in value of the car park is of course dependent on the [REDACTED] scheme and the Council stand to gain a significant increase in income and capital value only if it goes ahead.

Thus in considering the value of the site for the development scheme, it is not practicable to look at the site of the developed area (the retail and cinema areas) in isolation, as that scheme relies on a successful application for grant aid to enable the viability gap caused by the cinema to be closed.

If the development scheme is considered in conjunction with the retained car park land, the Council stand to benefit from an increase in capital value in the region of £670,000, together with any underlying site value from the scheme area.

**This Appendix should be part of, and should be read in conjunction with, my report dated 13 December 2013 – Reference OGD 11392918/JRNP**