

Valuation Report

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Land East of The Elms
Chatteris
Cambridgeshire
PE16 6JW

On behalf of Fenland District Council
For the attention of Mark Greenwood, Head of Property, Assets and Major Projects

Purchase Order No.: 600025105

As at 1 September 2022



Contents

EXECUTIVE SUMMARY 3

INSTRUCTIONS & RICS COMPLIANCE 5

1 Client ('Client') 5

2 Instructions ('Instructions') 5

3 Identification and Status of the Valuer ('Valuer') 5

4 The Subject of the Valuation (the 'Property') 6

5 Basis of Value 6

6 Valuation Date 6

7 Inspection 6

8 Disclosure and Publication 6

PROPERTY REPORT 7

9 Location 7

10 Site 9

11 Proposed Development 10

12 Services 13

13 Apparent State of Repair 13

14 Contamination / Environmental Issues 13

15 Statutory Enquiries 15

16 Sustainability 15

17 Local Authority 16

18 Planning 16

19 Local Taxation 18

20 Highways 18

21 Tenure 18

22 VAT and Taxation 18

23 Current Reinstatement Cost 18

24 Special Assumptions 18

25 Summary of Recommendations 18

26 Market Conditions 19

27 Valuation Considerations 25

28 Valuation Approach and Reasoning 25

29 Valuations 26

EXECUTIVE SUMMARY

Land East of The Elms, Chatteris, Cambridgeshire, PE16 6JW

The following provides a brief synopsis only and should be read in conjunction with the main body of the Report, the Assumptions and Recommendations contained therein.



The Site



Site Plan

Summary Description	The Property comprises three parcels of land that are intended to form a single development site
Site Area	1.51 hectares (3.65 acres)
Proposed Development	Outline planning (reference F/YR22/0967/FDL) was submitted 21 June 2022 to 'Erect up to 80 x dwellings'
Tenure	Freehold with Vacant Possession
Planning Status	No planning permission in place

Special Assumptions

- Market Value is provided on the Special Assumption that suitable power is connected to the Property

Principal Valuation Considerations

Strengths	Weaknesses
<ul style="list-style-type: none"> • Located adjacent to existing residential development • Popular Fenland Town 	<ul style="list-style-type: none"> • Relatively low values in the area, compared to the East of England average • Site constraints reduce development density and dictate layout
Opportunities	Threats
<ul style="list-style-type: none"> • If consent could be granted with reduced affordable housing requirements this might improve the value of the Property 	<ul style="list-style-type: none"> • There is currently a high level of economic and geopolitical uncertainty which may impact the UK property market

Recommendations

- We recommend that viability analysis work is undertaken. If consent could be granted with reduced affordable housing requirements this might improve the value of the Property

Valuation as at 1 September 2022

<p>Market Value 1 (MV1): £200,000 (Two Hundred Thousand Pounds) Freehold with vacant possession subject to the Special Assumption that that suitable power is connected to the Property</p>

INSTRUCTIONS & RICS COMPLIANCE

1 Client ('Client')

Fenland District Council
Fenland Hall
County Road
March
Cambridge
PE15 8NQ

Purchase Order No.: 600025105
For the attention of Mark Greenwood, Head of Property, Assets and Major Projects

Neither the whole nor any parts of the Report nor any reference to it may be included in any published document, circular or statement nor published in any way without the Valuer's written approval of the form and content in which it may appear.

2 Instructions ('Instructions')

Our Report for potential disposal purposes is submitted on the basis of our Letter of Engagement agreed with you (**Appendix 1**).

Our Valuation Report is prepared in accordance with the appropriate sections of the current RICS Valuation – Global Standards incorporating the IVSC International Valuation Standards and the current UK National Supplement (the 'Red Book').

This Report may be investigated by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations.

This Report is provided for the stated purpose and for the sole use of the named Client. It will be confidential to the Client and its professional advisors. The Valuer accepts responsibility to the Client alone that the Report has been prepared with the skill, care and diligence reasonably to be expected of a competent Chartered Surveyor but accepts no responsibility whatsoever to any parties other than the Client. Any such parties rely upon the Report at their own risk.

We shall rely upon information provided by the Client and / or the Client's legal or other professional advisors relating to tenure, leases and all other relevant matters.

Additional information, in respect of planning status (Fenland District Council) title (Land Registry) and flooding (Environment Agency), has been sourced by the Valuer.

3 Identification and Status of the Valuer ('Valuer')

This valuation has been undertaken by [REDACTED], for and on behalf of Carter Jonas LLP.

We confirm that the Valuer has the following known material connection or involvement:

- Carter Jonas have previously provided development advice in relation to the Property

The Valuer is an RICS Registered Valuer and is in a position to provide an objective and unbiased valuation. The Valuer has sufficient current local knowledge of the particular market together with the skills and understanding required and is competent to undertake the valuation.

4 The Subject of the Valuation (the 'Property')

Land East of The Elms
Chatteris
Cambridgeshire
PE16 6JW

The Property comprises three parcels of land that are intended to form a single development site. Proposed Use Class C3 (Dwellinghouse).

We understand the Property is, or is intended to be, the subject of a development.

5 Basis of Value

Market Value (MV) as defined in VPS4 of the 'Red Book' being:

'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 and where the parties had each acted knowledgeably, prudently and without compulsion.'

6 Valuation Date

Our valuation is as at 1 September 2022.

It should be noted that values change over time and a valuation given on a particular date may not be valid on an earlier or later date.

7 Inspection

The Property was inspected on 7 October 2022 by [REDACTED]. The weather conditions were dry and sunny. We were not accompanied during the inspection.

We have assumed there have been no changes in the physical characteristics of the Property between the valuation date and the publication of the Report.

8 Disclosure and Publication

The contents of this valuation Report must not be disclosed to any third parties without first obtaining our written approval to the form and context of the proposed disclosure. Our consent must be obtained even if we are not referred to by name or our valuation Report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.

We therefore confirm that the parties that may rely on this Report are Fenland District Council.

PROPERTY REPORT

Land East of The Elms, Chatteris, Cambridgeshire, PE16 6JW

9 Location

The Fenland market town of Chatteris lies within the Fenland administrative area lying approximately 15 miles north east of Huntingdon and 27 miles north of Cambridge. In the 2011 Census (ONS, 2011) the population was recorded as approximately 10,500.

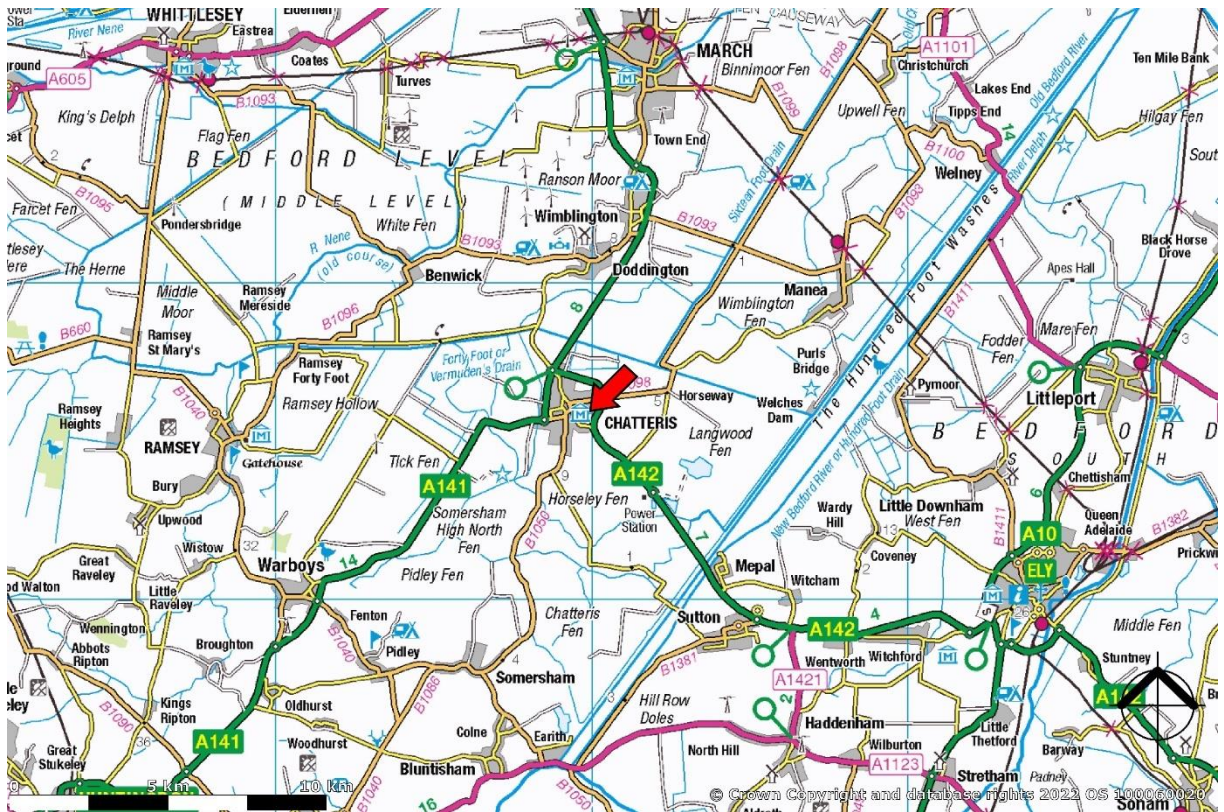
Chatteris has a range of local amenities including Cromwell Community College (OFSTED Good), several public houses, restaurants and takeaways. There is also a historic church, two supermarkets and a mix of local retail units.

The town is almost encompassed by two bypass roads, the A141 to the west and A142 to the east. The former leads to Huntingdon to the south which provides access to both the A1 and A14, and March to the north leading to the A47 providing access to Wisbech and Kings Lynn to the North and Peterborough and Leicester to the west. The A142 terminates in Chatteris and links the town to Ely and Newmarket to the east.

The population within the Fenland District Council area are of below average means with 39% being classed as Major Groups 1-3 (Managers, Directors, Senior Officials / Professional Occupations / Associate Professional & Technical) compared to the national average of 51.4% (ONS Annual Population Survey, June 2022). This still represents the largest employment sector.

Approximately 19.4% of the population work within a skilled trade which is significantly higher than the national average of 9.4% (ONS Annual Population Survey, June 2022). The unemployment rate in Fenland is 2.9% which is below the national average of 3.8%.

The Property lies to the east of the town centre. It is bordered to the north and west by residential developments, The Elms and Green Park, and to the east by the A142 bypass. Adjacent to the subject Property is Wenny Road Meadow.



The Location Plans (Edozo) reproduced above are for context only; they are not to scale.

10 Site

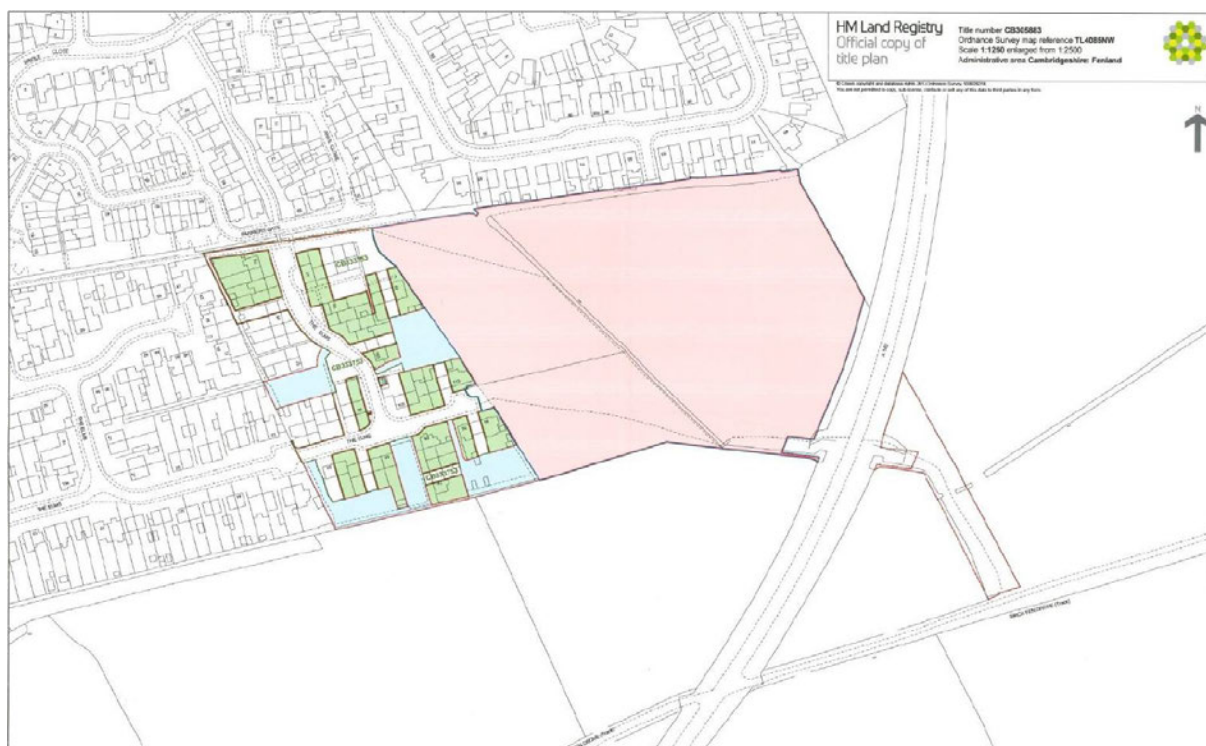
The Property comprises three parcels of land that are intended to form a single development site which is irregular in shape and is of a broadly level topography. There is a power line running from the western boundary towards the north east. A ditch, with flowing water, traverses the site.

The south western field has been maintained with the grass being short. There are two raised concrete drain inspection covers and two sets of wooden goalposts. The boundaries are mixed with some parts being concrete posts and timber fencing and hedgerows, while some parts remain open. There is a public footpath which starts in the second field which runs along the western boundary and links to a small metal bridge footpath leading to the eastern section.

The north western field is also broadly level, however, it is covered in long grass. There was evidence of fly tipping, with both general household waste and bulkier plastics. There were also horse droppings found on the ground in some of the shorter grass. This field has an entrance leading from the communal parking behind the houses on The Elms. The site boundaries are open or hedgerow.

The eastern field is the largest of the three and features a mix of long grass and shrubs. The public footpath forks, with one part leading over the A142 bypass and into the fields on the other side, and the other leading around the perimeter of the field. To the western boundary of this field there is timber post and barbed wire fencing, this part of the site also houses several young oak trees.

The extent of the Property is indicated on the Site Plan produced below.



The Site Plan reproduced above is for context only; it is not to scale.

The total site area is 1.51 hectares (3.65 acres). The site area has been provided by the Client.

Photographs taken at the time of our inspection are reproduced below.



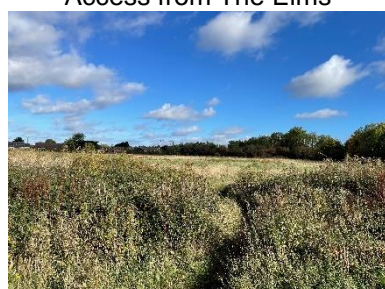
Access from The Elms



South western field



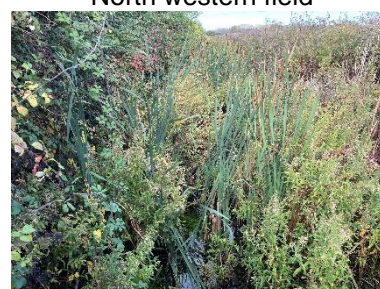
North western field



Eastern field



Evidence of fly tipping, north western field



Ditch



Raised concrete inspection cover



Powerline across Site



Pedestrian access to A142



Pedestrian access from Green Park

11 Proposed Development

Outline planning (reference F/YR22/0967/FDL) was submitted 21 June 2022 to 'Erect up to 80 x dwellings'.

Proposed Units

We have been provided by the Client with the following indicative schedule and site layout plan:

	Min. National Space Standards Areas	No Units	House Type	House Type Areas	Area Totals (sqm)
2B 3P (Bungalow)	61sqm	8	A	61	488
2B 3P	70sqm	11	B	77	847
2B 4P	79sqm	8	C	79	632
3B 4P	84sqm	8	D	84.3	674.4
3B 5P	93sqm	19	F	84	1596
3B 5P	93sqm	3	G + int garage	96.7	290.1
4B 6P	106sqm	3	E + garage	114.5	343.5
4B 6P	106sqm	6	H + int garage	114.8	688.8
4B 7P	115sqm	6	J	135.4	812.4
1B 2P	50sqm	4	K - House Flats	50	200
	Total Units:	76	Site Total:		6572.2



We have analysed and adopted this scheme as follows:

Unit Type / Description	No. of Units	Sq M	Sq Ft	Total (Sq Ft)
1B2P Flat	4	50.00	538	2,153
2B3P Bungalow	8	61.00	657	5,253
2B3P House	11	77.00	829	9,117

Unit Type / Description	No. of Units	Sq M	Sq Ft	Total (Sq Ft)
2B4P House	8	79.00	850	6,803
3B4P House	8	84.30	907	7,259
3B5P House	19	84.00	904	17,179
3B5P House	3	96.70	1,041	3,123
4B6P House	3	114.50	1,232	3,697
4B6P House	6	114.80	1,236	7,414
4B7P House	6	135.40	1,457	8,745
Total	76	896.70	9,652	70,743

The above are derived from areas stated on a schedule of accommodation provided by Fenland District Council. They are assumed to be accurate.

Affordable Housing

We have been informed by the Client that an affordable housing contribution of 20% is required.

We have therefore assumed the following market and affordable housing split:

Type	Total Units	Affordable Housing Units	Market Housing Units
1B2P Flat	4	1	3
2B3P Bungalow	8	2	6
2B3P House	11	2	9
2B4P House	8	1	7
3B4P House	8	1	7
3B5P House	19	4	15
3B5P House	3	1	2
4B6P House	3	1	2
4B6P House	6	1	5
4B7P House	6	1	5
	76	15	61

Section 106 and Community Infrastructure Levy

Due to the early stages of the proposed development the Section 106 liability has not been crystallised. Therefore, we have not made an allowance for the Section 106 liability (other than affordable housing).

Fenland District Council has not adopted a Community Infrastructure Levy.

Build Costs

To establish the likely build costs we have consulted the BCIS database and adopted the following rates:

Building Type	Parameter	£/sq m	£/sq ft
Flats	BCIS Flats (General) Rebased to 4Q 2022 and Fenland - Mean	£1,677	£156
Houses	BCIS Estate Housing (General) Rebased to 4Q 2022 and Fenland - Mean	£1,427	£133

12 Services

Electricity	Assumed connected
Water	Not connected
Foul Drainage	Not connected
Gas	Not connected
Broadband / Telephone	Not connected

Written confirmation has not been obtained from the service providers and we are unable to report on condition or offer any warranty.

13 Apparent State of Repair

This Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services. Our valuation has taken account of the general condition of the Property as observed from the valuation inspection.

Due regard has been paid to the apparent state of repair and condition of the Property, but a building survey has not been undertaken. We have not inspected roof voids or those parts of the Property which are covered, unexposed or inaccessible. Therefore, we are unable to report that the Property is structurally sound or is free from any defects. We have made an assumption that the Property is free from structural faults, design defects, rot, infestation and adverse toxic chemical treatments other than as mentioned herein.

For the purposes of this Report we make the following observations where visible from this limited form of inspection:

- The fences, where present, are poorly maintained
- There is evidence of fly tipping

14 Contamination / Environmental Issues

14.1 Contamination

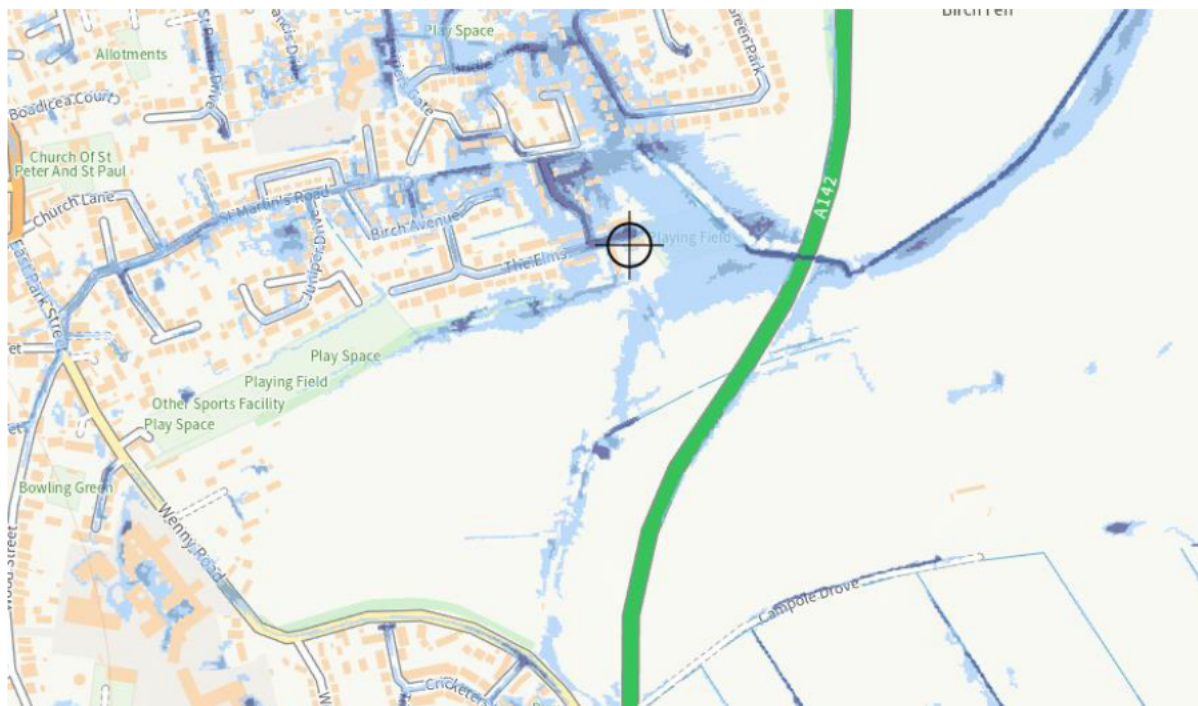
No indications of past or present contaminative land uses were noted during the inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated subsoils or ground waters. In the event of contamination being discovered, further specialist advice should be obtained.

14.2 Other Environmental Factors

The Property is shown by the Environment Agency (www.flood-warning-information.service.gov.uk) to have a risk to flooding as follows:

Flooding Type	Risk
Rivers and Seas	Very Low Risk - 0.1% - 1% chance of flooding annually
Surface Water	High Risk - greater than 3.3% chance of flooding annually

The flood map reproduced below is for context only; it is not to scale.



Our inspection identified the existence of high voltage electrical supply equipment close to the Property. The possible adverse health effects of such equipment have been the subject of occasional media coverage, and there is risk that public perception may affect marketability.

Radon gas is a naturally occurring radioactive gas which is normally associated with areas based upon granite rock subsoils. The area in which the subject Property is situated is identified by Public Health England as being one where the maximum radon potential is less than 1%. However, we would note that to the north of the subject property towards Block Fen is identified by Public Health England as having radon potential of 1 – 5%.

Noting the limits to our inspection no Japanese Knotweed or Giant Hogweed was evident within the boundary of the Property.

14.3 Hazardous and Deleterious Materials

Many building components contain asbestos but these can be difficult to identify particularly if encapsulated. There are significant health hazards associated when ingesting dust containing asbestos fibres. Once asbestos based materials have been identified, care should be taken to avoid their disturbance or removal. Such work should only be undertaken by a licensed asbestos contractor and this can be a significant cost.

As the proposed units will be newly constructed after 1999, when asbestos containing materials were banned, we have assumed that no asbestos will be used in their construction.

The valuation given in this Report assumes that no further specialist removal of asbestos material is required in the foreseeable future. If this proves not to be the case this could affect the value now reported.

We have assumed that no other deleterious or hazardous materials have been incorporated in the land.

15 Statutory Enquiries

15.1 Fire Risk Assessment

The Regulatory Reform (Fire Safety) Order 2005 (SI 2005 No. 1541) came into effect on 1 October 2006. This requires the responsible persons for all non-domestic properties to prepare a Fire Risk Assessment (FRA).

The Regulations are not thought to apply to the Property in its current use.

We are not specialists in cladding of buildings. We will inspect any cladding on the buildings being valued from the ground, as best as reasonable and practical, and comment on the apparent construction / composition. It is however often difficult to comment on the method of attachment / hanging and the actual materials used in the cladding's composition, particularly with regard to fire retardant properties. Our comment can only therefore be considered a cursory inspection. If we are uncertain regarding the composition of the cladding we may recommend a specialist report is commissioned. In the meantime we will complete our Report on the assumption the cladding is compliant with all statutory building and fire regulations and on the assumption there will be no future replacement or refurbishment costs, nor indeed liabilities.

15.2 Equality Act 2010

The Equality Act 2010 has replaced Part 3 of the Disability Act 2005. It imposes a duty on employers and businesses offering a service to the public to make reasonable changes to practices and procedures to enable disabled people to do their jobs, or remove or alter any feature that makes it impossible or unreasonably difficult for a disabled person to make use of the service provided. The duty of compliance rests with the occupier.

The Acts are not thought to apply to the Property in its current use.

16 Sustainability

16.1 Energy Performance Certificate

In England and Wales the Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates (EPC) to be made available for all properties (with limited exceptions), residential and commercial, when bought, sold or rented. The Certificate is valid for ten years and includes an Energy Efficiency Rating between A (most efficient) and G.

We assume that upon completion of the proposed development that the proposed units will be assessed for EPC purposes and will benefit from an EPC rating in line with other new build properties of a similar specification.

16.2 Sustainability in Property

Achieving sustainability in property requires a combination of interdependent objectives which have environmental, social and economic benefits. It is difficult to establish the social and economic elements which would affect a property's overall sustainability. However, we are more able to assess the environmental factors, which are fast becoming one of the main considerations for occupiers when looking to acquire property.

The demands from occupiers when acquiring on a freehold or leasehold basis are starting to have a greater focus on sustainability in line with their adapting business strategies and the requirement to demonstrate green credentials and carbon offsetting. More specifically a focus on renewable / low carbon energy generation and reducing their carbon footprint. As green technology advances we are seeing more examples of these within commercial and residential property.

We are not aware that the completed units at the Property will benefit from any features which improve their sustainability.

17 Local Authority

Fenland District Council
<https://www.fenland.gov.uk/>

18 Planning

18.1 Planning Enquiries

We have made online enquiries of the Local Planning Authority and in so doing have assumed that all information obtained is correct and accurate.

- Current Use/Lawful Planning Use: Proposed C3 Dwellinghouses
- Listed Building Status: Not listed
- Conservation Area: No
- Outstanding Planning Applications: Yes

18.2 Local Planning Policy

Adopted Local Plan

The Fenland Local Plan was adopted on 8 May 2014. It contains the policies and broad locations for the growth and regeneration of Fenland over the next 20 years. The key aims of the Local Plan are listed as:

- Being underpinned by a desire to strengthen the health and wellbeing of Fenland's residents
- Aiming to build 11,000 new homes between now and 2031, with large new housing areas on the edge of Wisbech, March, Chatteris and Whittlesey
- To provide new land to attract new businesses and jobs
- To set out policies to ensure development is of high quality, sustainable and meets the needs of everyone
- To set out policies to ensure all the infrastructure, such as play areas, new schools and upgraded sewerage disposal, are provided at the same time as the new homes

The Proposals Map shows the Property to be undesignated except for lying within the Fenland District boundary.

The Council has decided not to introduce a Community Infrastructure Levy (CIL) for the time being due to a lack of development viability. This will be reviewed through the emerging Local Plan process.

Emerging Local Plan

Fenland District Council is preparing a new Local Plan. Once adopted, the new Local Plan will replace the current Fenland Local Plan (May 2014). Consultation on the new draft Local Plan was undertaken between 25 August 2019 and 19 October 2022. Any changes arising from the consultation will be made to the draft Local Plan.

A Proposed Submission version is due to be published in summer 2023 for public consultation. This version of the plan will then be submitted to central government who will appoint an independent Planning Inspector to carry out a public examination into the document.

The timetable for the Emerging Local Plan is as follows:

'Live' Timetable for Production of the Fenland Local Plan (October 2022)

The Covid-19 pandemic and second call for sites exercise has resulted in some delay to the timetable. A revised Local Development Scheme (LDS) was approved by Cabinet on 3rd February 2022 with target dates set out below.

No.	Stage	Description	LDS Target Date	Actual & Scheduled Dates
1	Consult on a Sustainability Appraisal (SA) scoping report	The SA scoping report sets out the sustainability objectives proposed to be used to appraise the economic, social and environmental effects of the emerging Local Plan policies. The SA scoping report is subject to consultation.	N/a	SA Consultation - 11 th October to 21 st November 2019
2	Public participation (Regulation 18)	Opportunities for interested parties and statutory consultees to consider the options for the plan before the final document is produced. This stage may involve one or more public consultation rounds. We intend two rounds for the new Local Plan: an Issues and Options Consultation and a Draft Local Plan Consultation.	October 2019 June/July 2022	Issues and Options Consultation - 11 th October to 21 st November 2019 Draft Local Plan approved for consultation by Cabinet (with amendments) on 13 June 2022. Consultation - 25 th August to 19 th October 2022
3	Pre-Submission Publication (Regulation 19)	The Council publishes the Local Plan which is followed by a 6-week period when formal representations can be made on the Local Plan.	January 2023	
4	Submission (Regulation 22)	The Council submits the Local Plan to the Secretary of State together with the representations received at Regulation 19 stage.	April 2023	
5	Independent Examination Hearing	Held by a Planning Inspector into objections raised on the Local Plan.	From the day it is 'submitted'	
6	Inspector's Report	This will report whether if the Plan is 'Sound' or 'Not Sound'. The Inspector may make recommendations to make the plan 'Sound'.	January 2024 (estimate – could be earlier or later, and subject to the examination)	
7	Adoption of DPD (Local Plan)	Final stage, the Council will formally need to adopt the Local Plan and it will then be used in making planning decisions.	March 2024 (estimate - could be earlier or later, and subject to the examination)	

18.3 Planning Permissions

We summarise below the relevant planning history as available on the Local Planning Authority website:

Application No.	Details	Decision Date	Decision
F/YR22/0967/FDL	Erect up to 80 x dwellings (outline application with matters committed in respect of access)	N/a	Pending Decision

We have assumed that the proposed lawful use of the Property is C3 (Dwellinghouses).

18.4 Listed Status

We are advised that the Property is not listed as a building of special architectural or historic interest and not within the curtilage of a building so listed.

18.5 Potential for Change of Use

We do not consider there to be an alternative use for which a planning consent would be forthcoming which would generate a value higher than that now reported.

19 Local Taxation

The Property will be assessed for council tax purposes on completion of construction / first occupation.

20 Highways

The Property appears to be accessed directly from the adopted highway, but we would recommend this be confirmed by your solicitor.

21 Tenure

We are instructed to value the freehold interest in the Property with vacant possession.

The Property is held freehold under part of Land Registry title CB305883. We assume that the title could be split to exclude any parts that do not form part of this valuation.

We have not inspected the deeds of the Property and for the purposes of our valuation have assumed that they contain no onerous terms, restrictions, covenants, encumbrances or outgoings that would adversely affect the usual value and that good title can be shown.

We have assumed that the Property and its value are unaffected by any matters which will be revealed by a local search and replies to the usual enquiries, or by any statutory notice, and that neither the Property nor its condition, nor its use, nor its intended use is or will be unlawful.

22 VAT and Taxation

We have not made any adjustments to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

We have not been able to ascertain the VAT status of the Property and have accordingly assumed that VAT would not be payable on the values now reported.

23 Current Reinstatement Cost

The Property comprises bare land and as such there are no buildings to reinstate, therefore our estimate of current reinstatement cost is nil.

24 Special Assumptions

As agreed with the Client the following Special Assumption(s) have been made:

- Market Value is provided on the Special Assumption that suitable power is connected to the Property

25 Summary of Recommendations

We recommend that viability analysis work is undertaken. If consent could be granted with reduced affordable housing requirements this might improve the value of the Property.

26 Market Conditions

26.1 National Market Commentary

Market Overview

The recent turmoil in financial markets precipitated by the mini budget has calmed somewhat with the reversal of many of the proposed tax cutting measures and a renewed focus from the new Chancellor on balancing the government's books. However, the political turmoil is far from resolved, the UK economy is on the brink of recession, and further rises in the Bank of England base rate are inevitable.

All this is feeding through to consumer confidence, which remains at a near-record low, and is reflected in the latest gloomy retail sales figures. The labour market remains a bright spot, with a further fall in the unemployment rate to another record low.

In the residential market, house price growth is still robust, but the pace of growth is clearly decelerating. This is driven mainly by slowing buyer demand (in the face of rapidly rising mortgage rates) as the lack of supply is what is propping up price rises. The rental market is also showing strong rental growth and again, a lack of supply in this market is behind this and forcing many would-be tenants to wrestle over dwindling availability.

Executive Summary

GDP fell by an unexpected 0.3% in August with the main contribution to this decline coming from a 1.8% fall in production. Output from arts, entertainment and recreation also fell substantially suggesting that consumers are pulling back on preventable costs.

Retail sales volumes fell again in September, down 1.4% over August. This now marks the ninth month out of the last eleven that volumes have fallen, and they are still 1.3% below pre-COVID levels.

Consumer confidence remains well entrenched in negative territory even though it moved up two points to -47 in the last four weeks. The Major Purchase sub-Index fell a further three points, further enforcing a downward trend that began in July 2021.

The Manufacturing Purchasing Managers Index (PMI) contracted for the second month in a row while the Services PMI remained flat at '50'. Construction PMI on the other hand grew to 52.3 but this increase seems to be due to supply chains finally loosening after years of backlogs and long wait times, rather than any increase in demand.

Motor fuel and petrol price inflation continues to soften but it is still high and one of the main contributions to inflation in September, together with rising energy costs and food prices. Overall CPI inflation grew by 10.1% annually.

Unemployment fell to a record-low 3.5%, although job vacancies declined for the third quarter in a row. Wages also continue to grow, averaging 6.2% annually in the private sector, although this is wiped out by the record-high rates of inflation.

Average house price growth has now fallen slightly below the double-digits for the first time in many months. Nationwide and Halifax recorded 9.5% and 9.9% annual growth, respectively. For Nationwide, this was the lowest rate of growth since April 2021.

There was an unexpected jump in mortgage approvals in August, according to the Bank of England. But this was mainly as households rushed to secure mortgages before the expected jump in interest rates in the coming months.

Annual rental growth continued to climb in September, up 9.2% according to HomeLet. Demand in the lettings market in September is traditionally strong which may partly account for the rise, including monthly growth of 2.5% in London.

UK Economic Backdrop

GDP fell by 0.3% in August (month on month), below the consensus expectation of zero. The main contribution to the fall in growth came from production which declined 1.8% in August following a 1.1% fall in July. Manufacturing (a sub-sector of production) alone declined by 1.6%. Services also declined slightly, falling 0.1% on the month with arts, entertainment and recreation output declining by a sizable 5%, reflecting consumers who are reining in discretionary spending.

Retail sales volumes fell 1.4% month-on-month in September, little changed from last month's decline of 1.6%. This marks the ninth month out of the last eleven where sales volumes have fallen and clearly reflects consumers restricting their spending amid rapidly rising prices. Officially, the ONS has said that the added September Bank Holiday impacted retail trading but considering online retailing is so prevalent it seems the effect would have been negligible. Food store sales declined 1.8% while non-food spending declined 0.6%.

UK consumer confidence 'increased' just two points over the latest four weeks, moving from -49 in September to -47 currently. All five sub-measures remain firmly in negative territory with the Major Purchase Index the only measure that declined in the month, down three points to -41. This is further evidence that consumers are unwilling to make any unnecessary big spends while the current cost of living and economic / political uncertainty provides too many unknowns and turmoil.

The S&P Global / CIPS UK Manufacturing PMI pointed to the second month in a row of contraction, with a reading of 48.4 for September. New business orders dropped for the fourth month in a row while new exports fell by the strongest figure since May 2020. Exporters cite worries of rising inflation and the cost-of-living crisis as reasons for orders and new business declining. Employment, on the other hand, continued to rise with businesses saying they are now finding it slightly easier to fill vacancies.

The services PMI has only just avoided contraction by posting a flat '50' in September, down from 50.9 in August and now the lowest figure since March 2021. Feedback from the sector is that client demand is shrinking fast due to squeezed household budgets and rapidly rising external costs and inflation. The outlook for the economy is highly pessimistic and jobs growth slowed although input cost inflation in the sector has slowed now for the fourth consecutive month.

Construction output on the other hand is indicating a modest rise in September as the UK Construction sector PMI moved to 52.3, up from 49.2 in August. House building grew to a five-month high while commercial work also increased. Civil engineering work decreased for the third consecutive month. The key takeaway from this data is that rather than demand increasing it seems that supply chain issues are easing greatly, thereby reducing backlogs and increasing output. Indices are showing the shortest wait-times for raw materials in over 2½ years while staff shortages are also now easing.

CPI inflation rose again, reaching 10.1% in September, up from 9.9% in August. The largest upward contribution again came from electricity, gas, motor fuels, food and non-alcoholic beverages. And although still high, inflation from petrol has actually decreased recently, but its downward contribution was offset by rapidly rising food prices. Food price growth is linked to past import and producer price rises which are now feeding into consumer prices at the supermarkets.

There is no Monetary Policy Committee meeting in October, with the next one scheduled for 4 November. At time of publishing therefore interest rates remain at 2.25% however we expect rates to continue to rise over the coming months with a possible rise of up to 100 basis points in the November meeting (to 3.25%), before reaching a peak of around 4% late this year or early 2023.

Employment figures rose again in the three months to August, to 75.5%, while unemployment fell once again to its lowest level since 1974, to 3.5%. This is also now the third consecutive quarter where job vacancies have decreased (down by 46,000 on the quarter to September), but despite this the number of job vacancies remains at historically high levels.

Wages grew by an average of 5.4% (regular pay, excluding bonuses) in the three months to August, buoyed by a strong increase of 6.2% in the private sector compared with an average of 2.2% in the

public sector. Despite these being some of the highest growth rates (outside of the pandemic period), in real terms regular pay has fallen by 2.9% when adjusted for inflation. This is now one of the largest falls in real incomes since records began in 2001.

We expect that into next year firms will be hiring less and possibly reducing employment to combat rising external costs. As a result, unemployment will probably rise but this will also mean less movement in the jobs market which will translate to less pressure on businesses to continue to raise wages.

Residential Property Market

Sale Prices and Rents

House prices grew by 9.5% on an annual basis, according to Nationwide's September data. This is down only very modestly over August's 10% figure but marks the first time growth has been under 10% since October 2021 and is the lowest figure since April 2021. On a monthly basis prices were unchanged. Regionally, the South West again remained the strongest performer with annual growth of 12.5% although this is down from 14.7% in the second quarter. This was followed by the East Midlands (12.3%), and Wales (12.1%) while London again recorded the lowest growth of 6.7% (although this marks an increase from 6.0% in Q2).

Halifax's September annual growth figure largely matched that from Nationwide at 9.9%. On a monthly basis prices fell by 0.1%, meaning a typical property in the UK is now £293,835. The report goes on to say that annual inflation slowed in all but one region (the North East) during September. Wales was top of the price growth table at 14.8% while London was at the bottom, showing the slowest rate of annual growth of 8.1%.

September's asking prices rose by an annual average of 8.7% according to Rightmove (four weeks to early September). This is up from 8.2% in August and reflects a 0.7% rise on a monthly basis. The report notes that it is the middle to high-end sectors that are driving price rises this month, with strong demand still coming from 'second-steppers' seeking larger homes and more space.

According to Rightmove, average asking prices have increased by around 7.8% over the same period last year, down from 8.7% last month. On a monthly basis, though, October prices were still rising, up by an average of 0.9% over September. Their report notes that there is no evidence that prices on existing properties for sale are declining.

Official house price growth figures from the ONS show that house prices grew by an average 13.6% in the 12 months to August, down from 16.0% in July. On a monthly basis prices grew by an average of 0.9%. The average UK house price is now £295,903, reflecting a nearly one-third increase since the start of the COVID pandemic in March 2020.

Regionally, there was double-digit price growth in every UK region and country apart from London, with the strongest growth yet again seen in the South West (17%) followed by the East Midlands (16.9%) the North West (15.3%) and the South East at 14.8%. London was again at the bottom of the table with average house price growth of 8.3%.

In our Carter Jonas locations house prices grew by an average of 14% in the year to August, with Devon recording 18% increases followed by Cambridgeshire (16.9%), Dorset (16.8%) and Harrogate at 16.5%. Harrogate also posted a punchy monthly growth figure of 4.6%. Of our 21 tracked locations there are now just two areas left where house prices average below £300,000: North Northamptonshire (£276,678) and Leeds (£240,854). Compare this with two years ago when 12 of our locations were posting average prices below £300,000.

There is little change in the house price growth story across London this month: the outer London suburban locations again posted stronger growth (9.7%) than those of the inner boroughs (5.7%). Harrow again topped the table at 15.9% growth followed by Southwark (14%), Barking and Dagenham (13.4%) and Bromley (12.4%). Four locations recorded falling house prices over the last 12 months

(Westminster, Kensington and Chelsea, Hammersmith and Fulham, Camden) which are the same locations with the highest average London house prices.

Again, this month the RICS residential market survey notes that although activity seems to be losing steam, prices are still rising, albeit the pace of growth has slowed. The lack of supply is clearly underpinning prices, with a net balance of +32% of respondents saying prices had continued to rise over the last three months (although this is down substantially from a peak of +78% in April 2022). Going forward though the picture has turned negative with a net balance of -18% of survey participants expecting a fall in prices over the next 12 months.

HomeLet's September rental report indicates a national average rental growth rate of 9.2% over the last 12 months, a somewhat surprising increase from last month's 8.5%. Regionally, Northern Ireland has posted the highest annual rental growth of 14.6%, followed by Scotland (14.2%) and the South West (11.5%). Rents in London have grown by 11% annually and a strong 2.5% on the month.

Activity

There was a surprise jump in mortgage approvals in August, to 74,340 according to the Bank of England's latest data. This is an increase of nearly 17% over July's figure and is the highest number of approvals since January. However, rather than being a sign of any increase in demand this is rather reflective of the number of households rushing to get their mortgage approved before the expected rise in interest rates through the latter months of 2022.

Provisional figures for August found that property transactions reached 104,980, up marginally from July's figure of just under 104,000. This figure is still slightly above the pre-COVID long-run average, and while it seems that transaction activity is holding up well, these exchanges would have been negotiated and accepted months before.

The latest Rightmove House Price Index noted that demand from first time buyers is down 21% compared with the same two-week period last year as this group are more exposed to rising external cost pressures and interest rates. Having said that it is still 24% above the 2019 pre-pandemic average. Of all buyers, demand is still 20% higher than back in 2019 but is down 15% compared with the same two week-period last year (early October).

Buyer demand continues to decline according to the latest RICS residential survey, with a net balance of -36% citing a fall in enquiries. New instructions have also fallen to historic lows with an average of just 34 available properties available per agent / branch. Looking ahead the picture is no less austere with both sales expectations and market appraisals returning firmly negative responses at -30% and -20%, respectively.

Demand in the rental market is still robust according to the RICS survey, with a net balance of +42% of contributors noting a rise although this is down from +50% last month. Yet again though landlord instructions continued to fall with a reading of -13% of respondents (unchanged over September's reading).

The increase in rental growth in September recorded by HomeLet points to some early signs that there may be more households opting (or being forced) to stay in the rental market due to rising mortgage rates and the increasing unaffordability in the owner occupier market. This, coupled with more and more landlords choosing to leave the sector is resulting in yet further divergence in the supply demand imbalance.

The number of new tenant registrations per member branch rose yet again in August, to a new peak of 141 according to ARLA Propertymark's September Housing Insight. At the same time, the supply of available properties has remained flat for the last three months at just 11 properties per branch. This imbalance continues to put upward pressure on rents, with 77% of agents reporting rent prices increased during August.

HM Treasury Forecasts for the UK Economy, Oct 2022

	2022	2023	2024	2025	2026
Official Bank Rate (%)	3.4	4.3	2.63	2.71	2.75
House price inflation (annual, %)	7.1	-3.3	-0.8	1.0	2.8
CPI inflation rate (annual average, %)	10.3	4.7	2.5	2.6	2.5
Unemployment rate (%)	3.8	4.4	4.0	3.8	3.9
GDP (annual, %)	3.9	-0.3	1.5	1.8	1.8
Average earnings growth (annual, %)	6.0	4.5	3.6	3.4	3.4

Sources: HM Treasury Consensus Forecasts (2022 & 2023: Oct 2022, 2024-2026: August 2022)

Select Market Indicators, latest versus previous data

	Current	Previous	Direction of change
GDP monthly (month-on-month)	-0.3%	+0.1%	down
Retail sales volume (monthly % change)	-1.4%	-1.6%	up
GfK Consumer Confidence Index	-47	-49	up
S&P Global / CIPS Manufacturing PMI	48.4	47.3	up
S&P Global / CIPS Construction PMI	52.3	49.2	up
S&P Global / CIPS Services PMI	50.0	50.9	down
Inflation rate (CPI)	10.1%	9.9%	up
Interest rate	2.25%	2.25%	no change
Employment rate	75.5%	75.4%	up
Unemployment rate	3.5%	3.6%	down
Weekly earnings growth, regular pay (excl bonuses)	5.4%	5.2%	up
Nationwide annual house price inflation	9.5%	10.0%	down
Halifax annual house price inflation	9.9%	11.5%	down
Official UK House Price inflation (annual)	13.6%	16.0%	down
Rightmove House Price Index (annual, asking)	7.8%	8.7%	down
HomeLet Rental Index (annual growth, UK)	9.2%	8.5%	up
£ Sterling: \$ USD	\$1.13	\$1.14	down
£ Sterling: € Euro	€1.15	€1.14	up
Brent Crude Oil (USD)	\$89.47	\$93.01	down
Gold (USD)	\$1,645.92	\$1,671.27	down
FTSE 100	6,932.38	7,229.69	down
UK 5 Year Gilt Yield	3.9195	3.2985	up

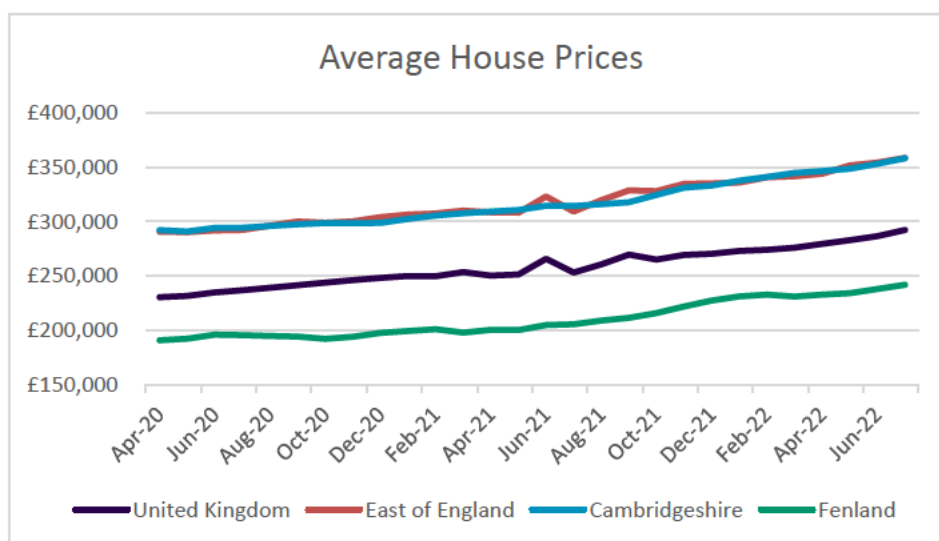
Sources: ONS (unless otherwise indicated) (final six indicators retrieved 24 October)

26.2 Local Market Commentary

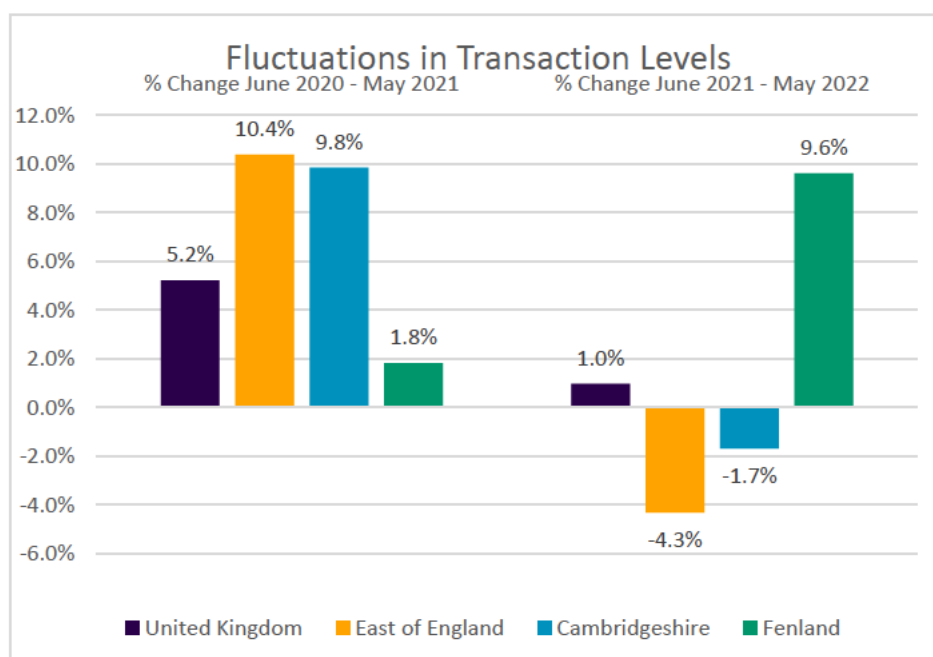
Local Residential Market

In terms of value, data from the Land Registry reveals the average residential property price in the Fenland administrative area, as at July 2022 was £241,769. This was 32 % lower than the Cambridgeshire average price, 33% lower than the regional average and a significant 17% lower than the national average.

The price growth trend in Fenland was positive over the 12 months to June 2022 where the average price increased by 15%. This compares with a 12% increase in Cambridgeshire, 10% in the East of England and 9% nationally.



Transaction levels have increased significantly in Fenland in the last 12 months (May 2021 to May 2022) with a 9.6% increase, the United Kingdom also increased slightly by 1.0%. Both the East of England and Cambridgeshire saw decreased level of transactions. This is in stark contrast to the year before where all areas saw an increase.



There were 1,780 transactions in the Fenland administrative area in the 12 months up to May 2022 compared with 1,113 the year before.

27 Valuation Considerations

27.1 Sale Price

The subject Property has not recently been sold, or marketed for sale.

27.2 Location / Situation and Competition

As demonstrated in the market commentary above Wisbech is a comparatively low value area in terms of residential values.

There has been very little new home development in Chatteris in the last few years.

27.3 Proposed Building Design / Condition / Suitability

We have not been supplied details of the proposed specification, but have assumed that the completed units would be comparable to other newly built residential and commercial property in the area.

27.4 Site / Environmental Issues

The Environment Agency states that the site has a "High Risk" (greater than 3.3% chance of flooding annually) of surface water flooding.

27.5 Planning / Statutory Issues

Outline planning consent for the erection of 80 dwellings was submitted 21 July 2022 (reference: F/YR22/0967/FDL). As at the valuation date this consent has not been determined.

27.6 Tenure

Freehold with vacant possession.

28 Valuation Approach and Reasoning

28.1 Market Value

In valuing the Property we have adopted the residual method of valuation. The methodology assesses the Gross Development Value (GDV) (i.e. the estimated values of the completed scheme) and deduct all development costs including the cost of construction, professional fees, finance costs and a developer's profit. The GDV and development costs are incorporated into a cash flow over an appropriate development and sale period to calculate a residual land value, or Market Value.

The assessment of the GDV adopts the comparable method of valuation, whereby we consider and analyse recent market transactions, supported by market knowledge derived from our valuation and agency experience.

In arriving at our opinion of value for the residential elements we have, through our research, identified limited comparable evidence in Chatteris and have therefore extended our search to Manea and Wimblington. The evidence for houses demonstrates an average achieved rate of £220 per sq ft and the evidence for bungalows shows an average achieved rate of £288 per sq ft. The evidence is from sales between March 2020 and September 2021. We have made allowances for the price growth over time and for the relative values of the different areas, with Manea and Wimblington both being higher value areas. For the flatted accommodation we have reviewed a number of sales of second hand flats in Chatteris, due to the dearth of new build evidence.

With residential property the capital value paid for each type of unit is often more prevalent than the rate per sq ft as this is the basis on which most buyers make their decision. We have reviewed the evidence

for capital sums paid for each property that is comparable to the proposed dwelling type and considered this in line with the broader evidence.

For the affordable housing elements we have adopted a blended rate of 55% of Market Value.

The above results in a total gross development value of £15,367,750 .

We have undertaken a residual valuation based on the proposed development. We have adopted BCIS build costs plus an additional 10% for plot externals and servicing. We have allowed for a contingency of 7% and professional fees of 7%. We have also adopted sales agent's fees of 1.0%, sales legal fees of 0.25%, marketing costs of 1%, finance costs at an interest rate of 7.5% and a developer's profit of 17.50% of Gross Development Value for the market housing and 6.0% of GDV for the affordable housing. We have adopted an 18 month pre-construction period, 18 month build period with an 18 month sales period commencing 9 months into construction.

Our appraisal produces a sensibly rounded residual land value of £225,000 after allowing for the usual purchaser's costs. A copy of our valuation printout is attached at **Appendix 2**.

As the Property does not have planning consent, we consider it prudent to apply a planning risk discount. Considering the nature of the site, the emerging Local Plan and the submitted consent, we have applied a discount of 10%.

Therefore:

Residual Land Value - £225,000 less 10% Planning Risk Discount = £202,500.

Say £200,000.

29 Valuations

Market Value 1 (MV1) – Freehold with vacant possession subject to the Special Assumption that that suitable power is connected to the Property

We are of the opinion that subject to the Assumptions and Special Assumptions in this Report the Market Value as at the valuation date was £200,000 (Two Hundred Thousand Pounds) exclusive of VAT.

This Report and valuation has been carried out by [REDACTED], an RICS Registered Valuer ([REDACTED]) qualified for the purpose.

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[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED])

[REDACTED]
[REDACTED]

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For and on behalf of Carter Jonas LLP
Date of Report: 26 October 2022
Carter Jonas LLP Reference: J0058243/2 [REDACTED]