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7<sup>th</sup> March 2019

Our Ref: GP/CC22502  
YourRef:PO008086

Mr T Brown  
Regeneration Officer  
Regeneration & Planning (Policy & Delivery)  
Lancaster City Council  
Morecambe Town Hall  
Marine Road  
MORECAMBE  
LA4 5AF

Dear Sirs

**Re: Bold Street Site Valuation**

Further to your email instructions dated 28<sup>th</sup> February 2019 we have inspected the site at Bold Street in order to advise on the market value of the premises for disposal purposes.

Our inspection of the property does not constitute a building survey, and we have not examined woodwork or other parts of the property which are covered, unexposed or inaccessible and, therefore, cannot report that such parts of the structure are free of rot, beetle or other defect. We have not tested the electrical installations, drains or other services. We have not arranged or carried out any investigations to determine whether any High Alumina cement concrete or other deleterious materials have been used in the construction.

We would confirm that we have no conflict of interest in this matter and the valuation has been carried out in accordance with the Practice Statements in the RICS Valuation Standards (9th Edition). This report is confidential to the client and the client's immediate Professional Advisors and excludes responsibility and liability to third parties, unless otherwise stated.

This advice is subject to the attached definitions.

In accordance with your instructions, we do not propose to provide a full and detailed report, although we would confirm that we have sufficient notes on file to provide such a report if this is required.

Suffice to say we find the site to comprise an area of 0.25 hectares or thereabouts situated in the West End of Morecambe and formerly comprising an area of terraced houses with some industrial units.

As you are aware we have previously valued the site in July 2016 and now understand that the proposed re-development scheme has been altered and that our valuation below is for the revised scheme of 37 units which comprises 15 four bedroom town houses with two storeys of flats above comprising 16 two bedroomed flats and 6 one bedroomed flats.

This valuation assumes that planning consent will be forthcoming for the draft scheme and would not include any onerous restrictions with regard to affordable units, social rented or part ownership units or off site contribution.

The valuation has been made on a residual calculation basis with the gross development value assessed on a capital value basis. In arriving at the gross development value we have adopted a value of £120,000 per unit for the houses, £85,000 per unit for the two bedroom flats and £75,000 per unit for the one bedroom flats. These figures have been arrived at having regard to sales of similar modern properties within the immediate vicinity.

As before we have adopted a developer's profit of 15% and our earlier comments would remain that developers would normally seek a return in the region of 20% for a site such as this. We have again adopted a construction cost from BCIS data with the most recent data indicating a build cost per square meter of £1,189 and this figure does not reflect any addition for site abnormalities.

You have provided us with investigation reports with regard to the site which indicates a cost for site abnormalities in the region of £330,000. Without making any allowance for these abnormalities our residual valuation would give a site value of £55,000 which, as before, would make the development project marginal and obviously making any allowance for site abnormalities would make the project unviable with the site having a nil value.

We do not consider that there would be any alternative use which might be permitted by the local planning authority which could generate a gross development value which would alter this outcome.

The appropriate definition of the basis of valuation adopted is as follows:

### **Market Value**

The estimated amount for which a property should exchange on the date of valuation 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.

In providing this valuation advice we have had regard to the interpretative commentary for the relevant basis of the valuation as defined in the R.I.C.S. Valuation Standards 9<sup>th</sup> Edition.

After due consideration we are of the opinion that the market value of the freehold interest, in the site at Bold Street, Morecambe for the scheme as proposed, with the benefit of vacant possession, ignoring any VAT liability is:-

**£0**  
**(Nil pounds)**

This figure is for the site alone in its current condition.

We trust the above contains the information you require but if we may be of further assistance please do not hesitate to contact us.

Yours faithfully

A handwritten signature in black ink, appearing to be 'G Peil', written in a cursive style.

**Geoff Peil M.R.I.C.S.**  
**Director**  
**HWM Surveyors**

## DEFINITIONS

### INFORMATION

All information supplied by the client, members of staff, their Professional Advisors, Local Authorities or other statutory bodies, and other stated sources are assumed to be accurate and correct, unless otherwise specified.

### TERMS OF ENGAGEMENT

The valuation has been carried out by an Independent Valuer as defined by, and in accordance with, the Practice Statements in the RICS Valuation Standards 9th Edition and unless otherwise stated in our confirmation letter of instructions has had no previous involvement with either the property or any parties to the transaction.

### TENURE

Title Deeds and Leases are not inspected (unless specifically stated) and, it is assumed that the subject property is free of any onerous covenants, easements or other restrictions which may affect value. We have not investigated the status of any tenants on site.

### SITE AREAS

Any information supplied in respect of site areas have been provided having regard to information supplied to us by the clients or their advisors, or computed from plans etc. We would confirm that we have not carried out a physical site survey, and any measurements must be considered as being approximate.

### FLOOR AREAS AND DIMENSIONS

Floor areas and dimensions are taken from inspection unless otherwise specified, but are nevertheless approximate. All measurements quoted are calculated in accordance with the relevant RICS property measurement professional standards and guidance.

### GROUND CONDITION

Soil stability, mining and geological reports are not undertaken by us or normally inspected. In providing our valuation report we have assumed that the ground and any adjoining or nearby areas are not contaminated, that there are no dangerous materials either on site or within the vicinity, and that the ground is capable of development without the need for abnormal costs on foundations or services.

### CONDITION OF BUILDINGS, PLANT ETC.

For the purposes of our valuation we assume that the property is in a condition commensurate with its age and purpose, and will remain so for the foreseeable future.

### DEFECTIVE PREMISES ACT 1972

Any obligations, liabilities or rights thereunder, whether prescriptive or accrued, are not reflected in valuations unless otherwise specified.

### ENVIRONMENTAL ISSUES

Within our report we may as appropriate, pass general comments on the impact of the existing or proposed use of the subject on its immediate environment and other related aspects such as the environmental efficiency of buildings on site etc. Our report does not however constitute an environmental survey or audit, nor does it imply that the property or any process carried on there complies with existing or proposed legislation on environmental matters.

In providing our valuation advice we have made the strict assumption that no Radon gas is present at the property.

If however the property is situated in an area identified by the National Radiological Protection Board as one in which the level of Radon gas entering the property is in excess of more than 1% of dwellings, then remedial action is recommended.

It is not possible in the course of inspection/survey to determine whether Radon gas is present in any given building, as the gas is colourless and odourless. Tests can be carried out to assess the level of Radon in a building. At a small charge test instruments and results are available by post from the National Radiological Protection Board and other approved laboratories. The minimum testing period is three months. The National Radiological Protection Board strongly advises against using shorter term testing instruments as they can give misleading results. If the property is one in which, in more than 1% of dwellings, the levels of Radon gas entering the property are such that remedial action is recommended, if tests have not been carried out then they are recommended. It has been the experience of the National Radiological Protection Board that it is not expensive, in proportion to the value of the property, to effect the recommended remedial measures.

### ENQUIRIES

Enquiries of Local Authorities and Statutory Undertakers are made verbally in respect of contingent liabilities such as road widening, road charges, re-development proposals, and the effect of any Town Planning restrictions etc, where appropriate. No responsibility is accepted for any inaccurate information provided.

In providing our valuation advice it is assumed that the buildings have been constructed and used in accordance with valid Town Planning Consents, permits, Licences and Building Regulation Approval and that there are no restrictions which would adversely affect the use of the property and there are no outstanding statutory or other notices in connection with a property or its present or intended use. It is also assumed that any permits will be transferable to a new occupier as appropriate.

### PLANT MACHINERY, FIXTURES AND FITTINGS

Unless otherwise specified all items normally associated with the valuation of land and buildings are included in our valuations and re-instatement cost assessments. No allowance is made for the cost of repairing any damage caused by the removal from the premises of items of plant, machinery, fixtures and fittings.

In the case of hotels, petrol filling stations and other properties normally sold and valued as operational entities, all those items of equipment normally associated with

such a property are assumed to be owned and are included within the valuation unless otherwise specified.

### TAXATION AND GRANTS

Value Added Tax, Taxation, Grants and allowances are not included in Capital and Rental values and all figures reported are exclusive of any V.A.T. liability unless otherwise stated. V.A.T. will however be payable in certain cases.

Unless otherwise stated no account is taken of any existing or potential liabilities arising from Capital Gains or other Taxation as a result of Grants or Capital Allowances.

### INSURANCE

Insurance is usually arranged by clients (or their brokers) based on re-instatement cost assessments, and other methods of valuation are not appropriate.

Any re-instatement cost assessment provided includes the following items-

Site Clearance and demolition works, cost of construction of a replacement building, cost of replacement of sewerage works drainage etc., Local Authority fees, professional fees and V.A.T. on any costings.

Our re-instatement cost assessment is based on the gross external floor area, and allows for provision of contingency sums as appropriate.

Specifically excluded from any re-instatement value are any figures for special foundations, plant machinery and equipment, loss of rent or income during the period, and any allowance for inflation during the re-building period.

**N.B. A re-instatement cost assessment is not a valuation.**

### LEGAL ISSUES

Any interpretation of Leases or other legal documents, and any legal assumptions stated are given in our capacity as Property Consultants, and must be verified by a suitable Qualified Lawyer if it is to be relied upon. No responsibility or liability is accepted for the true interpretation of the legal position of the client or other parties.

### JURISDICTION

In the event of a dispute arising in connection with a valuation, unless otherwise specifically agreed in writing, the client and any third party using this valuation will be subject to the Jurisdiction of the British Courts only.

### VALIDITY OF VALUATIONS

Valuation reports are provided solely for the party to whom it is addressed and no liability is accepted to any third party without our prior written consent. Reports should be considered in their entirety and no part to be published without prior written consent from HWM Surveyors.

The valuation reports are for the stated purpose and as at the date specified. In normal market conditions the value may change materially in a short term and if any reliance is to be placed on the valuation figure following any changes which could affect business confidence, then further consultation is strongly recommended. In any event, the valuation should not be considered valid after a period of three months.

### INSPECTION

We confirm that we have not undertaken a building survey and, of course, we have not examined woodwork or other parts of the property which are covered, unexposed or inaccessible and are, therefore, unable to confirm that such parts of the structure are free of rot, beetle or other defect. We have not tested the electrical installations, drains or other services. Where possible appropriate enquiries have been made in respect of matters that commonly impact on value including those relating to the Disability Discrimination Act 1995, Fire Precautions Act 1971, High Voltage Electrical Supply Apparatus Radon Gas Contamination etc.

### PUBLICATION

Neither the whole nor part of this Valuation Report or any reference hereto may be included in any published document, circular or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear.

### LIMITS ON EXCLUSION OF LIABILITY

This Report is confidential to the client and the client's immediate professional advisers and excludes responsibility and liability to third parties unless otherwise stated.

### KNOWLEDGE AND SKILLS

The report will be prepared by a person with the appropriate knowledge, skills and understanding to undertake the valuation competently.

### MONITORING

The Valuation may be subject to monitoring under the Institution's Conduct and Disciplinary Regulations.

### COMPLAINTS PROCEDURE

HWM Surveyors operate a complaints handling procedure which complies with the RICS Rules of Conduct and this is available on request.

HWM/DEF/1/10

