Gedney, Oliver

From: Polly Harris-Gorf
Sent: 06 May 2022 09:31
To: _planningadvice
Subject: FW: H08-1335-21 Land off Spalding Road

6SUP (Further applicant viability information)

From: Lewis Smith
Sent: 06 May 2022 09:00
To: Polly Harris-Gorf
Cc:
Subject: RE: H08-1335-21 Land off Spalding Road -NOTES OF MEETING for files

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"Further to our recent correspondence regarding the Council not moving from their position, we have put together a further rebuttal to CPV's appraisal given that we have recent acquired further sales evidence which shows that sales values haven't increased by 10% between 2020 and 2022, as CPV state.

The main differences between the levels CPV have adopted and the anticipated Sales figures we used in our report prepared in March 2022 are as a result from suggestions that evidence on which we have based values is historic and not adjusted to reflect market levels as a result of house price inflation, and thus based upon an indexation of prices from Q3 in 2020, and the fact that CPV adopt the date of reservation as the relevant date for comparable evidence, as opposed to the date contracts exchange.

We have reviewed the price levels we have used and looked at other evidence of sales since the date of our report, and compared the prices from 2020 to more recent prices achieved in 2022. We would not disagree that the market has been upwards in values, but believe this upward trend may be slowing, and build costs have also increased.

We have looked at more recent evidence of sales currently being agreed by Ashwood Homes on their sites at Donington and Kirton, which are only about 2.8 miles and 5.5 miles from Gosberton respectively. Whilst this comparable evidence is not for bungalows, it clearly demonstrates and quantifies the increase in the market, as opposed to indexing which is much less accurate.

At Donington sales agreed since Jan 2022 have provided the following evidence:

- *Dee type, a 2-bed of 68 sqm house, is achieving £162,000 for mid terrace and £172,000 - £173000 for end terrace (one exchanged April 2022), compared with £161,000 for a semi-detached Dee at Holbeach at the end of 2020, meaning an increase of 7.5%.*
- *Ribble type, a 4-bed detached house at 119 sqm, the latest reservation in March 2022 was at £280,000, compared with £261,500 in 2020, meaning an increase of 7.3%.*
- *Humber type, a 4-bed detached of 147 sqm, reservation in Feb 2022 and exchanged during April 2022 at £315,000, compared with £300,000 in 2020 at Holbeach Meadows, meaning an increase of 5%.*

We have also obtained from the developer the sales figures for the later stages of Pinchbeck Fields site (Atherton Gardens) with exchanges/completions towards the end of 2021, these compare with the sale prices from 2020 as follows:

- *2324 type, which is a 92 sqm detached house exchanged/completed at £229,995 in September 2021, compared with £229,000 in September 2020, and £227,000 in October 2019 which equates to a 0.43% since 2020 and 1.325 increase since 2019.*

In our view, these actual current sales demonstrate that the theoretical approach taken by CPV is not based on actual transactions or in our view justified. The projections CPV have made above our adopted levels, in our view, take prices above the level achievable in the local market at the present time.

The differences in sale levels adopted by CPV and by Maxey Grounds are also due to CPV using the reservation date as the relevant date for comparable evidence, reservation date rather than date of exchange of contract. An extract below, taken from the RICS Valuation – Global Standards 2022, defines market value:

> 4 Market value
>
> ***Market value*** **is defined in IVS 104 paragraph 30.1 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 and where the parties had each acted knowledgeably, prudently and without compulsion.'**

This makes it clear that when considering value, it is the date of legal commitment that is relevant not the date when a transaction is negotiated (or in this case a property is reserved). Up until that time either party can renegotiate or withdraw. A seller could raise prices if they felt the market had risen. We thus refute that CPV are correct in their assertion that because reservation dates are in advance of the exchange and completion dates any value adjustment should be from the reservation date to current time. With respect Mr Newham, who is a Chartered Surveyor, is departing from RICS guidance and normal practice on comparable evidence in his assertion.

Our view on the market is that inflation, cost of living and uncertainty resulting from international instability and the fear this will increase mortgage costs mean that the rate of price increase has in our view, operating in the housing market, slowed.

We thus stand by the values we had adopted at the date of our report as being achievable and reflective of the current market."

Kind regards,

Lewis Smith MRTPI
Town Planning Director

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