



KF/MC/00534
5th October 2021

Attn: Mr A Blaszkowicz
Folkestone & Hythe District Council
Civic Centre
Castle Hill Avenue
Folkestone
Kent CT20 2QY

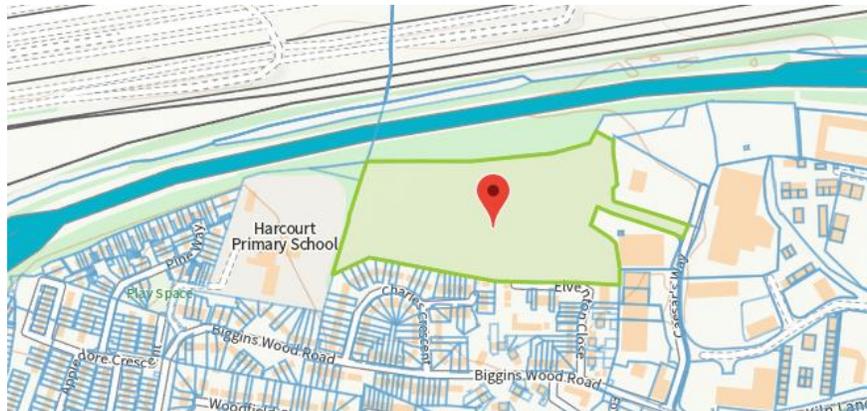
Dear Sirs

**Re: Land at Bigginswood Appraisal
RICS Open Market Valuation Report**

Further to your instructions to provide a brief appraisal on the land at Bigginswood, Cheriton, we have obtained such information as we consider necessary for the purpose of providing you with our opinion of value.

Situation

The land is situated in prominent position within Cheriton, which is a very popular area to reside and offers both excellent transport links and fine schooling including both junior and grammar levels. The high speed Link to London is a strong lure for those looking to commute back into town and the eclectic mix of homes ranging from new builds to Victorian properties. The land is adjacent to the M20 and is close to J13 with Folkestone West which runs a high speed rail service to London St Pancras within 56 minutes less than 2 miles from the site.



Directors : Kris Foster MRICS

Chris Polwart



Background:

The council had an ambition to build more homes and create more jobs in the district were underpinned in January 2017 when they bought the 10-acre Biggins Wood site for £1.5m.

The site, in Cheriton, already had outline planning permission and had been earmarked for development for many years, but nothing was being built.

The aim is to deliver 77 homes - including affordable homes - and create 50,000 square feet of high quality, modern workspace.

January 2017

The council announces it bought the 10-acre site for £1.5m. It already has planning permission for development and the council intends to start on site in 2017. It has permission for 77 homes, including 23 affordable homes, along with high quality, modern workspace.

December 2016

The council takes a decision under urgency procedures to buy land at Biggins Wood, Caesars Way, Cheriton, Folkestone.



September 2016

Planning permission granted for the erection of 77 dwelling houses, construction of estate road and provision of open space, landscaping and parking being pursuant to outline planning permission Y13/0024/SH.

Y16/0403/SH - Land Rear of Church and Dwight Caesars Way Folkestone Kent

August 2014

Outline planning permission granted for a mixed use development of commercial/office (660sq.m.) and industrial/storage units (5142 sq.m.) (Class B1 B8) as well as 77 residential dwellings together with associated car parking, open space, landscaping, pedestrian link and reconfiguration of vehicular access off Caesars Way.

Y13/0024/SH - Land Rear of Church and Dwight Caesars Way Folkestone Kent

We have measured the Land using software provided by Land Insight which is 10.44 acres which includes circulation and landscaping areas. We understand that the 4.61 acres of the land will be designated as commercial land and the remainder as residential.

Demand in the area is for industrial units between 80-120 sq m starter units which includes 50% mezzanines, there is also a lack of larger 1500sqm new units in the area which can be used for storage, warehousing and builders merchants. There is also a further requirement of both open yard storage and container storage.

Rateable Value

Is felt that the starter units will eligible for small business rates relief which will be for a property with a Rateable Value of £12,000 or less. For properties with a Rateable Value of £12,001 to £15,000, the rate of relief will go down gradually from 100% to 0%. This will make them desirable for local businesses and investors.

Tenure

We have not inspected the Title Deeds but understand that the plot is freehold with no onerous covenants under title TT27394.



Reports

We understand the usual reports will need to be taken prior to any commencement of works including contamination surveys, archaeological surveys, reptile surveys, bat surveys, lighting assessment, sustainable water drainage scheme and transport assessments.

Assumption and Sources of Information

In arriving at our opinion, we have made a number of assumptions and have relied on certain sources of information. In the event that any of these assumptions prove to be incorrect, then our opinion should be reviewed. The assumptions are referred to below:

Costs

No allowance is made in our valuations for any expenses of realisation

Tax

No allowance is made in our valuations for any liability for payment of corporation tax, or any liability for capital gains tax whether existing or which may arise in the future. Our valuations are exclusive of Value Added Tax (VAT).

State of Repair

We have not carried out a building survey, nor have we inspected those parts of the property, which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of un-inspected parts and this Report should not be taken as making any implied representation or statement about such parts.

Hazardous Materials

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the property. For the purpose of this valuation we have assumed that any investigation would not disclose the presence of any other such material to any significant extent.

Health & Safety

We have assumed that appropriate Health & Safety audits have been carried out and any recommendations contained therein have been complied with. Following recent legislation audits may also be required under the Disability Discrimination Act 2005 and the Regulatory Reform (Fire Safety) Order 2005. We have assumed that any recommended works to comply with the afore-



mentioned legislation will not require major expenditure that will affect the value reported herein.

Plant & Machinery

Our Valuation does not include any plant or machinery, which is not an integral part of the structure of the premises. We have, therefore, only included such installations as, for example, central heating and mechanical ventilation where appropriate.

Contamination

We are not aware of the content of any environmental audit, or any other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have been carried out in the property. We have not carried out any investigation into past or present uses, either of the property or any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from these uses or sites, and have therefore assumed that none exists.

Statutory Requirements and Planning

We have assumed that the property complies with all necessary statutory requirements, particularly including planning legislation, the Defective Premises Act 1972, fire and building Regulations and that there are no outstanding statutory notices. In addition we assume that the current development has been built in accordance with the original planning consent reference.

We have assumed that appropriate Health & Safety audits have been carried out and any recommendations contained therein have been complied with.

Following recent legislation audits may also be required under the Disability Discrimination Act 2005 and the Regulatory Reform (Fire Safety) Order 2005. We have assumed that any recommended works to comply with the aforementioned legislation will not require major expenditure that will affect the value reported herein.

Information

We have relied upon the information provided to us by the sources listed. We have assumed that the detail of this information is up to date, complete and



correct in relation to tenure, tenancies, planning consents and other relevant matters as summarised in our report.

Market Commentary

There is very little land available in the South East for development therefore we expect demand to be high for smaller plots of 0.5 acres up to larger plots of 5 acres from either national retailers or large local businesses.

We have found the following land available in the county of Kent:

We have found that there is 33 acres of land available in Kingstanding Business Park Longfield Road, Tunbridge Wells, Kent for £25,000,000 which equates to approx. £750,000 per acre.

Under planning reference 19/02267/OUT, Tunbridge Wells Borough Council granted outline planning permission on 12 March 2021 for the following: Outline (Access not reserved) - Development of up to 74,000sqm GEA of floorspace within Use Classes B1 (Business) and B8 (Storage and Distribution), including creation of a new vehicular and pedestrian site access, cycle way, landscaping, ancillary café (A3) and associated works. Condition 4 of the Planning permission provides that the 74,000 sq m shall include: • No more than 47,700sqm of B1 floorspace. • No more than 200sqm of A3 floorspace. • No more than 37,000sqm of B8 floorspace. This site is part of a larger masterplan for the development of Kingstanding Business Park and therefore would expect a premium, the area of Tunbridge Wells would also command a higher rate per acre.

Land at Swale Way, Sittingbourne, Kent, ME10 2UJ extends to approximately 2.9 acres (1.17 hectares) and fronts the new Swale Way, the main road connecting the Euro Link Industrial Estate with the A249, which provides access to Maidstone & Ashford, the M20 motorway and beyond. 2.9 acres of land with potential for a range of commercial/employment uses - Subject to Planning. Land at Swale Way, Sittingbourne, Kent, ME10 2UJ. The land does not benefit from planning permission, however given its location, offers potential for a variety of roadside uses, such as drive through, storage and light industrial and is currently being offered for £1,500,000 (approx. £500,000 per acre).

Development Site adjacent Ross House in Ross Way, Folkestone, Kent which is 0.46 acres had Planning Approval Under Reference Y19/0978/FH for 7 New Industrial Units and has exchanged for £300,000 in September 2021. We would expect a small site to achieve a higher rate per acre however it is felt that this site was sold at a value which is substantially more than market value.



We understand that there has been an offer on the site for:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

It is felt that these offers should be considered and validated as we would expect 4.61 acres to be in the region of £1.4 million (£300,000 per acre) with no reports undertaken on the site and the unknown certainties of contamination, ecology and Section 106/CIL costs.

Over the past few years, there has been very little development of starter units of 1,000-1,500 sq ft, these units are very popular due to their adaptability for hybrid use as storage/office space and industrial/distribution (B1, B2 – B8).

We consider the market for industrial/warehouse property is no less volatile than other sectors in the local commercial property market. Demand for industrial/warehouse property in East Kent is quite strong with the majority of the requirements in the area for small affordable units from local businesses with most demand being for units of no more than 1,000 – 2,500 sq ft. This can be seen from the development from the Glenmore Group in Shearway Business Park in Folkestone which recently built 30 units available between 915 sq ft – 1315 sq ft in 2018.

Based upon the developer's quoting floor areas for the Glenmore Centre, the sale agreed prices range from £146.80 to £158.47 per sq ft on an overall basis including the mezzanine floors. We understand the quoting prices were also revised upwards as the most recent sales agreed were at the higher range of this with an average of £155.51 per sq ft. These properties are brand new therefore would attract a premium, although in Shearway Business Park which is a prime area, we would expect values to be slightly less but depending on build time, prices have increased in 2021 and we expect to continue in 2022.

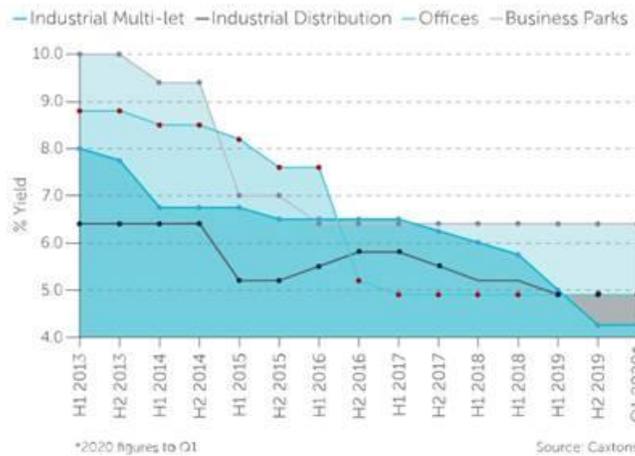


These prices are higher than the general level of freehold values in Folkestone but in the current strong market this is a common trend with other new developments of small units in Kent, such as the new Glenmore Scheme in Sittingbourne, where record high capital values have been achieved. Furthermore, we would normally value an unfitted mezzanine at less than ground floor, but an overall approach is typical with Glenmore schemes of small units with mezzanine floors covering around 50% of the ground floor area therefore we are happy to approach this in the same method for this development.

The new build scheme at Triumph Park of 6 hybrid business units built in Ross Way, Folkestone is a good comparable. Each unit provides a ground floor workshop/store and first floor office and equated to 903 sq ft. Each unit has 2 allocated parking spaces. These were let at £10,600 per annum (£11.73 per sq ft) which are quite high for the area however demand was good. Sale prices were £142,750 which equates to £158.00 per sq ft. These are in a secondary location in Folkestone.

The alternative method is to undertake a development appraisal on the site calculating the Gross Development Value of the site with a potential scheme and then calculating the build costs, section 106/Cil costs, professional fees, disposal fees and profit to calculate a value for the land.

Kent prime yields



The property market is very mixed at the current time. Things slowed down due to Brexit and the impact of Covid-19. There are still people looking to buy property but not the number that were previously looking and they are not willing to pay the prices that were being achieved. It is also felt that commercial lenders are being cautious with the level of valuations and also requesting a higher deposit which is affecting values.



The impact of the COVID-19 pandemic is being felt across the UK property market with letting activity came largely to a halt at the time of lockdown and to date has shown only limited signs of recovery. Inevitably, the investment market reacted cautiously, with transactional volumes significantly reduced at the end of 2020. The recession caused by the coronavirus pandemic is predicted to be less severe than initially forecast by the Bank of England with an almost doubling in unemployment to 7.5% by the end of the year. As the last several months have shown, things can change very quickly, but it is clear we are heading for a very difficult economic period (cited by the Kent Property Market – Caxtons).

The Kent market generally reflects the national pattern, although it appears the industrial and business park sectors are performing a little better than the national picture. The county's industrial market is experiencing an exceptional year, with rents rising by a record level of 13.6% over the last 12 months however this is for smaller units in the region of 1,000 sq ft with the developments by the Glenmore Group in 2020, interest has been particularly high. Having attracted the attention of logistics operators for its relative affordability and connectivity over recent years, the new stock coming forward in Kent is drawing strong demand. The pandemic has only added to requirements, driving robust rental growth. This has further contributed to the county's investor appeal which has expanded over the last couple of years.

As perhaps might be expected given the tumultuous events of 2020 and the subsequent wholesale change in household behaviour in the face of lockdown restrictions, the industrial sector has been the best performing property sector in the UK. Despite an initial slowing in activity following the lockdown restrictions, activity picked up quickly across all size bands. Take up across the south east has reached near record levels as logistics operators in particular expanded in order to keep pace with the overnight change in consumption habits. (cited by the Kent Property Market – Caxtons)

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

Yours faithfully

Kris Foster MRICS
RICS Registered Valuer
Motis Estates Chartered Surveyors