

Wycombe District Council
Queen Victoria Road
High Wycombe
Buckinghamshire
HP11 1BB

UPDATE TO

DELIVERABILITY ASSESSMENT STUDY

FOR

REDEVELOPMENT PURPOSES

ON

MU15 SWAN FRONTAGE
MU24 OCTAGON PARADE
MU9 SITES 3 & 4
RES56 SUFFIELD ROAD SITE
HIGH WYCOMBE

AS AT

30 JANUARY 2010

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EXECUTIVE SUMMARY

Deliverability Assessment:	<p>Wycombe District Council (WDC) have instructed Dobson-Grey to provide an update on the report dated 30 March 2009. The report provided feasibility advice in connection with the development value of town centre sites on the basis of pre-highway changes and post highway changes based upon WDC concept diagrams.</p> <p>This report explores further how the development and land value as at 30 January 2010 could generate contributions toward the removal of the Abbey Way flyover and issues raised by WDC as per the Deliverability Assessment brief attached as Appendix 4.</p> <p>This report takes into account the further design and layout improvements that have become available on the subject sites, along with clarification upon assumptions. As detailed in Section 14 of this report.</p> <p>This report will be used as part of the evidence base behind the Delivery and Site Allocations Development Plan Document and will inform the next stage of consultation of the document.</p>
Inspection:	<p>The properties have been inspected externally only on the basis of providing a desktop appraisal of the sites.</p>
Pre-highway changes Development Value:	<p>The sites have been valued based upon Gross Development Market Value pre-highway changes. Our assumptions are based on current development proposals for the sites MU24 site 2 Phase 2 provided by Golden Apple Ltd and MU15 Markland Klaschka scheme attached as Appendix 3. We have not been provided with any detailed scheme layouts other than where specifically mentioned. In order to refine the values reported these should be provided.</p>
Proposed post highway changes Development Value:	<p>The Proposed post highway changes Gross Development Values are based upon Master Plan concept drawings (MU15, MU9 and RES56), prepared by WDC, ID Partnership (MU24 site 1) and Brocklehurst Architects (MU24 Site Phase 1 & 2). These are attached as Appendix 3 and these are subject to further refinement and sensitivity analysis.</p>
Assessment Date:	<p>30 January 2010.</p>

Summary of Assessment Findings:

Since the publication of the March 2009 report further information has been made available and a refinement of schemes has been made by WDC's urban designer and IDP Architects. Other schemes have been abandoned (MU9 Sites 1 and 2) or revised (RES56, MU15, MU24 Sites 1 and 2). The only schemes that remain unchanged are MU9 Sites 3 and 4 and MU15 (Markland Klaschka scheme) which remain the same as assessed in March 2009.

The following table summarises the anticipated range of values for the sites post highway changes under the Masterplan layouts as at 30 January 2010. The values reported are subject to the valuation assumptions under Section 14 of this report.

Description	Development Value Range	Land Value Range
MU15 Site 1 (Retail & Offices)	£13,700,000 to 15,700,000	-£140,000 to £1,350,000
MU15 Site 2A (Offices)	£15,600,000 to £18,000,000	-£1,700,000 to £270,000
MU15 Site 2B (Mixed Use)	£9,900,000 to £10,900,000	-£1,709,000 to - £880,000
MU24 Site 1 (Retail & Offices)	£17,000,000 to £20,000,000	-£1,960,000 to £246,000
MU24 Site 2 Phase 2	£15,000,000 to £17,000,000	£0 to £1,500,000
MU9 Sites 3 & 4	£4,000,000 to £4,700,000	-£1,600,000 to -£1,130,000
RES56	£2,700,000 to £2,800,000	£570,000 to £700,000

Figure 1. Proposed Development and Land Value Ranges post highway changes

A summary of values along with sensitivity testing may be found under Appendix 5. Negative residual land values result when the scheme changes are not viable. Further sensitivity testing through changes of mix and size could improve viability. The lower the negative land value the less viable the development.

The sites which are the most profitable and therefore more likely to be deliverable in Development and land value terms are:-

- (i) MU24 Site 2 existing and proposed
- (ii) RES56 proposed
- (iii) MU15 Site 1 Retail and offices

The sites which at this stage do not provide sufficient land value for a commercial developer to ensure a viable development project and therefore are not as deliverable in their current form are:

- (i) MU15 Site 2A West and 2B East
- (ii) MU24 Site 1
- (iii) MU9

It is feasible to develop more profitable developments on these sites with a change in mix and increased density, lower build costs, lower land value, lower site abnormalities and increased revenue.

To achieve this would require a further development of the schemes to provide greater accuracy of assumptions and drive greater value through improved mix of those uses which provide the best returns, but most importantly an improved economic climate which could improve values and yields reported herein.

The following table provides a summary of the optimum values which are derived from the sites following highway changes which could be achieved by WDC where they sell the freehold of the land and a third party develops the site and retains 100% of the developers profit. These values are subject to the assumptions under Section 14.

Description	Anticipated Land Value ¹	Section 106 contribution	Total Value to WDC
MU15 Site 1 (Retail & Offices)	£1,355,559	£557,262.60	£1,912,821
MU15 Site 2B (Mixed Use)	N/A	£479,433	Not viable
MU15 Site 2A (Offices)	£268,442	£333,523	£601,945
MU24 Site 1 (Retail and Offices)	£246,450	£750,146	£996,596
MU24 Site 2 Phase 2	£1,467,450	£663,311	£2,130,761
MU9 Site 3 & 4	N/A	£271,728	Not viable
RES56	£700,000	£111,903	£811,903

Figure 2. Summary of Optimum Value Delivery: Scenario 1: WDC sell Freehold & Third Party Develops

¹ Note WDC do not own freehold therefore only applicable if freehold is acquired by WDC

- The following table assumes that a developer enters into a joint venture arrangement wherein WDC puts in the land but shares in the developer's profit. The advantages of the joint venture approach is that WDC may cross subsidise the development by making the site more affordable to develop having a lower land value and fewer abnormalities thereby making the site more deliverable. It also allows WDC to retain a direct influence over strategic direction of the development. Again consideration should be made of the assumptions outlined under Section 14.

Description	Anticipated Land Value	Section 106 contribution	50% developers profit	Total Value to WDC
MU15 Site 1 (Retail & Offices)	£1,335,559	£557,262.60	£967,000	£2,859,821
MU15 Site 2 B (Mixed Use)	N/A	£479,433	£727,215	Not viable
MU15 Site 2A (Offices)	£268,442	£333,522.95	£1,100,000	£1,701,964
MU24 Site 1 (Retail & Offices)	£246,405	£750,146	£1,223,000	£2,219,551
MU24 Site 2 Phase 2	£1,467,500	£663,311	£1,054,638	£3,185,449
MU9 Site 3 & 4	N/A	£271,728	£360,500	Not viable
RES56	£700,000	£111,903	£273,500	£1,085,403

Figure 3. Summary of Optimum Value Delivery: Scenario 2: WDC retain Freehold & share 50% of developers profit with Third Party Developers

- We have also been requested to provide a comparison of MU24 Site 2 Phase 2 pre and post highway changes. There is an acknowledgement that Phase 1 incorporating a hotel has been granted planning permission and is expected to start on site in 2010. As a consequence this report is only concerned with Phase 2 of the project which looks at the potential for developing on WDC land currently the Oxford Street Roundabout, the comparative value if the site is developed without the benefit of the highway changes.

The values reported are subject to the valuation assumptions under Section 14 of this report:

MU24 Site 2 Phase 2

Land value pre-highway changes existing site footprint

£0 to £900,000

Land Value post highway changes extended site footprint

£0 to £1,500,000

Development value pre-highway changes

£10,500,000 to £12,000,000

Development value post highway changes

£15,000,000 to £17,000,000

Key Issues:

- We have appraised the subject sites based upon the assumptions set out in Section 14 of this report. A copy of the appraisals is attached as Appendix 5.
- In the context of development feasibility advice, estimations of value are exempt from the RICS Appraisal and Valuation Standards (the RICS 'Red Book'). As such the figures reported should not be construed as formal 'Red Book' valuations. Figures are reported in the context of feasibility advice.
- It is important to note that residual valuations are an iterative process and are very sensitive to variations in the estimated costs and values assumed. The feasibility of a project to a certain extent is a process of calculating the desired result by means of a repeated cycle of operations and continual assessment of cost versus income. As an iterative process the optimum result should be reached as the number of iterations increases. This is not always the case where costs of a project may always exceed income making a project unviable. Ultimately greater certainty can only really be obtained through market testing to potential tenants and developers/purchasers in terms of income and value along with obtaining greater market certainty on costs associated with a project.
- The proposed values post highway changes assume that the changes proposed with regard to the removal of the Abbey Way flyover and Oxford Street roundabout have been completed.
- The current market instability has meant that the values reported have assumed as far as possible a relatively stable market and availability of funding from lenders and pre lets are in place prior to start on site.
- Now that further information has become available, the basis of the pre-highway changes feasibility for MU24 Site 2 has changed to now compare Phase 2 assumed to be positioned to the front of the consented scheme by Golden Apple Ltd. (Application no. 09106196FUL) which proposes the partial demolition of part of Octagon Parade and its replacement with a new taller building comprising a 5-storey hotel above ground floor shops, maintaining the existing nightclub and retail units on the corner of Oxford Street and Queen Square. WDC have worked in consultation with Golden Apple to ensure high quality and comprehensive redevelopment of the site. Phase 2 "as proposed post highway changes" will demolish the existing nightclub and provide a retail and office extension to the site which will provide additional site area through the adaptation of the Oxford Street roundabout.
- Our feasibility advice does not include the balance of MU24 Site 2. Excluded from Golden Apple Limited's Phases 1 and 2 are 1-8 Oxford Street, 9-28 Queen Street, 30 Hart Street and 3-6 Bull Lane. No scheme is proposed on the balance of the site.
- Our proposed post highway changes' feasibilities have assumed the

removal of the Abbey Way flyover and replacement with high quality open space either incorporating a feature representing the River Wye or the reopening of the river; new and improved pedestrian linkages to the Eden Shopping Centre, surface treatments which allow access to the car park of the Eden Centre and improved appropriated landscaping and new junction at Oxford Road and Archway.

- We are now using what is termed a net to gross ratio of 90%. Efficiency in terms of design is normally factored into valuations in terms of gross to net ratios. As energy costs increase, so a building's efficiency in terms of usability will impact on the overall running costs on a floor area basis. We believe that it is correct and robust to now introduce net to gross ratios as it is a material factor that may influence value and as greater detail on the proposed schemes becomes available.
- Development sites are assumed to be clear of all obstructions, contamination and generally level to commence new build scenarios. They are assumed to be serviced off existing or new utility infrastructure adjacent to the sites at normal costs from suitable connections. Hotel costs are assumed to be at Travelodge Hotel standard. Our appraisal contingency was previously assumed as 15% (contractors) and 3% (developers). On the basis of the above assumption the site would arguably be "less risky", and therefore the contingency has been reduced to 7% contractor and 3% developers.
- We have not been provided with any detailed tenancy information in respect of the sites. Please see Section 11.1 for further commentary.
- Sensitivity analysis has been provided under Section 14 which shows the effect on values through an adjustment in yields and 4% increase in build costs, which is the predicted increase over the next 4 years. We also reflect upon the effect of a 1% increase and 1% decrease in yields.
- Negative land values arise where the costs outweigh the income produced by the scheme. Excessive costs such as land value, build costs, developers profit, professional fees and Section 106 obligations versus insufficient income will lead to the project becoming unviable.
- Positive land values may be achieved when market conditions improve, costs are reduced and greater detail becomes available in order to create a more efficient development e.g. net to gross ratios and more accurate assessment on the costs of a project.
- Further information pertaining to the assumptions and unknowns made under Section 14 will also provide refinement in the figures reported.

This summary should be read in conjunction with the first phase report of the Deliverability Assessment Report dated March 2009 and the remainder of this Deliverability Assessment Update and must not be relied upon in isolation.

1 INTRODUCTION

1.1 INSTRUCTION

- 1.1.1 In accordance with your letter dated 24 November 2009 (a copy of which is attached at **Appendix 4**), we have inspected externally and valued the residual interest in the designated properties for feasibility purposes on the basis of Market Value.
- 1.1.2 Our feasibility advice has been prepared in accordance with the Basis of Valuation and Valuation Assumptions set out in **Section 14** and in accordance with the current edition of the Valuation Standards for Development Land published by the Royal Institution of Chartered Surveyors.
- 1.1.3 We confirm our legal liability in providing this valuation report will be limited to £1 million, on a per claim per property basis, and that we have adequate professional indemnity insurance cover in this regard.
- 1.1.4 This update to our Deliverability Assessment report dated 30 March 2009 has been compiled as part of the evidence base for the Delivery and Site Allocation Update Consultation.
- 1.1.5 The purpose of this deliverability assessment is to provide an update to our 30 March 2009 report and acts as an evidence base in order to address the concerns expressed by the Core Strategy Inspector in February 2008 into the Wycombe Development Framework Core Strategy – the document outlining the Council's overall planning vision up to 2026.
- 1.1.6 We understand that the values and advice set out in this report will assist WDC in compiling an evidence base for the shared vision for High Wycombe as set out in the Core Strategy and BCC second Local Transport Plan. These documents include aspirations to improve the pedestrian environment within High Wycombe through changes to the road network including the possible re-routing of the A40 Abbey Way Flyover in order to encourage cohesion in the town centre and to overcome its divisive effects.

- 1.1.7 The purpose of this report is set out in the instruction letter and brief dated 24 November 2009 attached as Appendix 4. However in summary the report will address the following:
- (a) The expected development value of the new iterations for sites identified by WDC with vacant possession (RE56, MU9, MU24 and MU15) (Section 14).
 - (b) The indicative cost of re-providing the Liberal Club and Royal British Legion excluding land and professional fees and associated relocation costs (Section 14).
 - (c) Clarification regarding reason for negative land values which resulted during 30 March 2009 report (Section 14).
 - (d) Sensitivity analysis of alternative scenarios of future market conditions (e.g. slower recovery versus faster recovery) and impact upon WDC evidence base figures (Section 14)
 - (e) Going forward – a commentary on strategy for relocation and displacement of pre-highway changes (Section 15).
- 1.1.8 Under RICS guidance we would highlight that the values reported do not represent Red Book Valuations for pre-highway changes of occupied properties as we have been unable to complete full inspections of the properties concerned and have not been provided with leases of the tenanted properties.
- 1.1.9 This report does not represent a valuation of Local Authority Assets as defined under the Redbook UK Appendix 1.5. We would advise that any asset valuations be conducted by a suitably qualified valuer in line with RICS and CIPFA guidance.
- 1.1.10 This report does not represent a valuation of Council land under Section 123 and 127 of the Local Government Act 1972 and S.233 of the Town and Country Planning Act 1990. Nor is it an assessment of any offers which may have been received on Council-owned land.

1.2 INSPECTION

- 1.1.2 The sites which are the subject of this report were inspected on 13 March 2009 and 25 March 2009 and more recently on 16 December 2009 by Keri Dobson MRICS, who is the author of this report. We confirm that this surveyor has the necessary knowledge,

skill, experience and understanding in this type of property in this location in order to undertake this valuation for development purposes competently. We have not been instructed or requested to make internal inspections of existing properties and have only visited sites on the assumption that any existing buildings will be demolished, with the exception of MU24 which involves part refurbishment and part new build.

1.2 STATUS OF VALUER

1.2.2 In preparing this report, we confirm that Dobson-Grey Land & Development Ltd is acting as external valuers as defined in the Standards. We can also confirm that we consider ourselves to be independent for the purposes of this instruction.

1.3 FEASIBILITY DATE

1.3.2 The sites have been valued as at 30 January 2010 for the purposes of this report.

1.4 CONFLICT OF INTEREST

1.4.2 Dobson-Grey have previously reported to WDC Estates Department in respect of the partial redevelopment of MU15 Swan Frontage based upon a scheme prepared by Markland Klaschka dated 24 September 2008 Drawing number SK20-24.

1.4.3 We do not consider that we have any conflict of interest in providing the advice that you have requested.

2 LOCATION, SITUATION & SITE DESCRIPTION

2.1 LOCATION, SITUATION AND DESCRIPTION

2.1.2 We attach location and site plans, as Appendices 1 and 2 respectively, illustrating the locations and specific site boundaries of the subject sites.

2.1.3 We would refer you to our report dated 30 March 2009 in respect of the location, situation and description of the sites. The only notable changes are as follows:

2.1.4 MU9 Archway: We have now been instructed to provide a feasibility of Sites 3 and 4 in isolation, which are smaller to that previously reported on 30 March 2009. The site is reduced to the area east of Archway and extends to an area of 0.12 hectares (0.29 acres). This site is set down from the dual carriageway in part (site 4) and comprises

part car park hard standing and Dovecote Road. Site 3 is situated on the return frontage of Oxford Street and is currently occupied by retail and office buildings, Archway dual carriageway and pedestrian walkway. A 1:1250 Ordnance Survey extract showing our understanding of the extent of the properties outlined in red is attached as Appendix 2 with Concept Diagram attached as Appendix 3.

2.1.5 RES56 Suffield Road Site: Adjusted site area extends 0.194 hectares (0.48 acres) A 1:1250 Ordnance Survey extract showing our understanding of the extent of the properties outlined in red is attached as Appendix 2 with Concept Diagram attached as Appendix 3.

3 ACCOMMODATION

3.1 SITE AREA

3.1.2 Our understanding of the site boundaries are shown on the Ordnance Survey extract attached at Appendix 2. We calculate the following current and proposed post highway changes site areas:-

Site	Site Area (Acres)	Site Area (Hectares)
MU15		
Site 1	0.635	0.257
Site 2 East	0.358	0.145
Site 2 West	0.437	0.177
Site 3	0.183	0.074
Site 4	Removed from feasibility	Removed from feasibility
Site 5	0.057	0.023
Total (including highways & river)	4.722	1.911
MU24 Octagon Parade	3.002	1.215
Site 1	1.260	0.510
Site 2 ²	1.000	0.403
MU9 Sites 3 and 4	0.29	0.12
Suffield Road	0.48	0.194

Figure 4. Site Areas

² Excludes Bull Lane and Oxford Street rear section. No information/scheme layout.

3.2 DEVELOPMENT SCHEMES

- 3.2.2 We have not been provided with scheme layouts for the development value of the sites as existing other than previously received plans by Markland Klaschka for part of MU15 Swan Frontage and Brocklehurst Architects for MU24 (Site 2) attached as Appendix 2. We have had regard to WDC concept development proposals for MU9 Archway (Sites 3 and 4) and RES 56 but have not been provided with detailed layouts. We have also referred to Master Plan concept plans provided by ID Partnership for MU24 Site 1 and Golden Apple scheme for MU24 Site 2.
- 3.2.3 Part MU24 site 2 was granted full planning consent on 12 November 2009 for the partial demolition, change of use, refurbishment and redevelopment to comprise a 120 bed hotel, retail and office floor space including the creation of a controlled vehicular access from Oxford Street for taxis and disabled customers (Application no. 09/06196/FUL).
- 3.2.4 The building is to comprise a maximum of 5 hotel storeys above ground floor shop units and steps down in height towards White Hart Street (two hotel storeys above shops). The existing floor space above the sports shop in White Hart Street (forming part of the existing Octagon parade building will also be changed to hotel use. The main hotel entrance will be formed within the retail frontage at ground floor facing Abbey Way and a secondary entrance will be provided at the back of the hotel facing the existing service yard to the rear. This represents Phase 1 of the development. The balance of the site remains as existing i.e. existing nightclub and retail units on the corner of Oxford Street and Queen Square. Floor areas illustrated in Figure 10 represents net internal floor areas.
- 3.2.5 For the purposes of MU24 Site 2 as proposed post highway changes we have been provided with gross internal floor areas by Golden Apple Ltd, as illustrated in Figure 11 for Phase 2.
- 3.2.6 MU24 Site 2 Phase 2 proposes the demolition of the existing nightclub being replaced with retail and office accommodation. However the retail units on the corner of Oxford Street and Queen Square remain.
- 3.2.7 The phased approach of MU24 is reflective of the developers' eagerness to commence development now a hotel prelet has been secured but also through design

of a phased approach recognition that flexibility of the proposed development will allow for a more comprehensive solution should changes to the highway network be implemented at a later date.

3.2.8 Our feasibility advice has been based upon the following floor areas: All floor areas are gross internal unless stated otherwise:-

Pre-highway Changes Floor Areas: Markland Klaschka Swan Frontage scheme		
Land Use	Sq m	Sq ft
Leisure	978	10,527
Leisure	233	2,508
Offices	4,402	47,382
Car parks and Bridge link	1,886	20,300
Total Floor space	7,499	80,717
73 no. Car parking spaces		

Figure 5. Markland Klaschka

Site 1 MU15 – Option 2: Retail and Offices		
Land use	Sq M	Sq Ft
Ground Floor – Retail	1750	18837
First Floor - Offices	1450	15608
Second Floor - Offices	1450	15608
Third Floor – Offices	1450	15608
Total Offices	4350	46824
Total Floor Area	6100	65661

Figure 6. Site 1 MU15 Option 2 Retail and Offices

Site 2A MU15 West – Option 1: Offices		
Land use	Sq M	Sq Ft
Ground Floor - Office	1,260	13,562
Ground Floor – Parking (36CP)	706	7,599
First Floor - Office	1,260	13,562
First Floor – Parking (36CP)	706	7,599
Second Floor - Office	1,260	13,562
Second Floor – Parking (36CP)	706	7,599
Third Floor - Offices	1,300	13,993
Fourth Floor - Offices	665	7,158
Total Offices	5,745	61,838
Total Car Parking	2,118	22,798
Total No. Car Parking spaces	108	1,162
Office: Parking ratio 1:53.19 Sq m (572 Sq ft) NB Floor areas as per WBC concept plans and stated floor areas		

Figure 7 MU15 Site 2A Option 1 Office

Site 2B MU15 East – Option 1: Mixed Use		
Land use	Sq M	Sq Ft
Ground Floor - Office	835	8,988
Ground Floor - Parking	680	7,319
First Floor - Offices	1,066	11,474
Second Floor - Offices	1,066	11,474
Third Floor - Residential	885	9,526
Total Offices	2,967	31,936
Total Residential	883.50	9,526
Total Car parking	680	7,319
Total Floor Area	4,530.50	48,765
Total no. Car Parking spaces: 33 (solely for office use)		
Residential mix: 9 no. 2 bed apartments @ 71.5 Sq M (770 Sq ft) = 643.5 Sq M 4 No 1 bed apartments @ 60 Sq M (645 Sq ft) = 883.5 Sq M		

Figure 8. MU15 Site 2B Option 1 Mixed Use

MU24 Octagon Parade site 1 – IDP Proposed Masterplan		
Land use	Sq.m	Sq.ft
Ground Floor – Tesco Extension	798.97	8,600
First Floor – Tesco Extension	798.97	8,600
Second Floor – Tesco Extension Offices	798.97	8,600
Third Floor – Tesco Extension Offices	798.97	8,600
Ground Floor - Retail Unit 1	401.81	4,325
Basement - Retail Unit 1 Stores	401.81	4,325
Ground Floor - Retail Unit 2	380.90	4,100
Basement - Retail Unit 2 Stores	380.90	4,100
Ground Floor - Retail Unit 3	336.77	3,625
Basement - Retail Unit 3 Stores	336.77	3,625
Ground Floor - Retail Unit 4	441.29	4,750
Basement - Retail Unit 4 Stores	441.29	4,750
Offices above Retail 1 - 4	3,121.55	33,600
Circulation	139.35	1,500
Total Tesco Extension	3,195.87	34,400
Total Retail 1-4 (Retail only)	3,121.55	33,600
Total Offices above Retail 1-4	3,260.90	35,100
Total Retail 1-4 Block	6,382.45	68,700
Total Retail	4,858.83	52,300
Total Offices	4,719.48	50,800
Grand Total	9,578.31	103,100

Figure 9. MU24 Site 1 – IDP Proposed Masterplan

MU24 Octagon Parade Site 2 – Phase 1		
Land use	Sq M	Sq Ft
120 bed, 5 storey hotel (gross)	3416.00	36,769
120 bed, 5 storey hotel (net)	3074.36	33,092
17 Octagon Parade		
Ground Floor	278.99	3,003
First Floor	286.98	3,089
Total Area	565.97	6,092
18 Octagon Parade		
Ground Floor	130.99	1,410
First Floor	154.96	1,668
Total Area	285.95	3,078
Phase 1 Unit 1 (Gross)	248.98	2,680
Phase 1 Unit 2(Gross)	127.00	1,367
Phase 1 Unit 3 (Gross)	91.97	990
Total Retail floor space	1319.87	14,206
Total floor space	4052.71	43,623
No car on site parking. 22 cycle parking spaces		
NB the above floor areas are net internal areas except where stated. A 90% net to gross ratio on new build elements has been assumed for appraisal		

Figure10. MU24 Site 2 Phase 1 floor areas

MU24 Octagon Parade Site 2 – Phase 2 with extended site area		
Land use	Sq M	Sq Ft
Ground Floor - Retail	1,493	16,070
First Floor - Retail	1,861	20,032
Second Floor - Retail	1,933	20,807
Third Floor - Offices	1,603	17,254
Fourth Floor - Offices	1,210	13,024
Total Retail	5,287	56,909
Total Offices	2,813	30,278
Total Phase 2	8,100	87,187
Total Phase 1 & 2	12,152.71	130,810
NB: Floor areas above are gross internal areas – 90% net to gross ratio used for appraisal		

Figure 11.
 MU24 Site 2
 Phase 2
 floor areas

MU24 Octagon Parade Site 2 – Phase 2 without extended site area		
Land use	Sq M	Sq Ft
Ground Floor - Retail	976	10,505
First Floor - Retail	1,333	14,348
Second Floor - Retail	1,411	15,187
Third Floor - Offices	1,302	14,014
Fourth Floor - Offices	717	7,717
Total Phase 1 & 2	5,739	61,774
NB: Floor areas above are gross internal areas – 90% net to gross ratio used for appraisal		

Please note we refer you to Brocklehurst Architects Ltd. Plan drawing no. 4528-07C (attached as Appendix 3) which provides a location plan of Phase 1 highlighted in red and Phase 2 highlighted in blue. There is no information pertaining to the current occupations or floor areas of the balance of the site which incorporates 30 White Hart Street, 3-6 Bull Lane, 1-8 Oxford Street and 9-28 Queen Street.

MU9 Sites 3 & 4		
Land use	Sq M	Sq Ft
Site 3		
Ground Floor - Offices	450	4,844
First Floor - Offices	450	4,844
Second Floor - Offices	450	4,844
Site 4		
Ground Floor Offices- Retail	380	4,090
First Floor - Offices	380	4,090
Second Floor - Offices	380	4,090
Total Offices	2,110	22,712
Total Retail	380	4,090
Total Floor Area	2,490	26,802
No Car Parking		

Figure 12. MU9 sites 3 & 4

RES56				
Plot No.	House Type	Notes	Sq m	Sq ft
1	2 bed 2 storey end terrace house x1	Balcony, Garden and off road parking space	87.6	943
2	3 bed 3 storey terraced townhouse	Balcony, Garden and off road parking space	131.4	1414
3	Small 1 bed apartment x 1	Apartment over access way with balcony and parking space in rear lane	55	590
4	Large 1 bed apartment x 1	Apartment over access way with Balcony and parking space in rear lane	66	710
5	3 bed 3 storey end terraced townhouse	Balcony, Garden and off road parking space	131.4	1414
6	3 bed 3 storey detached townhouse	Balcony with parking space in rear lane	131.4	1414
7	3 bed 3 storey detached townhouse	Balcony with parking space in rear lane	131.4	1414

8	3 bed 3 storey detached townhouse	Balcony with parking space in rear lane	131.4	1414
9	3 bed 3 storey semi detached townhouse	Balcony with parking space in rear lane	131.4	1414
10	3 bed 3 storey semi detached townhouse	Balcony with parking space in rear lane	131.4	1414
11	2 bed 2 storey detached townhouse	Balcony with off road parking space and garden	87.6	943
Total floor space			1216	13,084

Figure 13. RES56 floor areas

4 SERVICES

4.1.2 We understand that all mains services are available to the sites including electricity, gas, water and mains drainage. We have assumed that the capacity of the services is adequate for the future use of the sites. Further comment is made under Section 14 regarding services assumptions.

4.1.3 We are aware that Thames Water has identified an inability of the existing waste water infrastructure to accommodate the needs of the Phase 1 development of MU24 Site 2. Thames Water have also expressed concerns of the proposed development piling will have upon public water supply. We do not have sufficient information pertaining to the costs however as further detailed information becomes available we can update our feasibilities accordingly.

5 CONDITION

5.1 GENERAL CONDITION

5.1.2 We have not carried out detailed building inspections, nor a condition or structural survey. Based on our limited external inspection for appraisal purposes, we consider that the properties occupying sites appeared to be in a reasonable state of repair commensurate with their age, use and form of construction. However since our previous inspection of MU24 Site 2 the condition of vacant retail units have deteriorated.

5.2 DELETERIOUS MATERIALS

5.2.2 In respect of our assumptions no deleterious materials have been assumed which will material affect values, we refer you to our comments in the 30 March 2009 report.

6 INFORMATION PROVIDED

6.1 COPY DOCUMENTS

6.1.2 To assist us with this appraisal and report, we have made the same assumptions as set out under Point 6 in our March 2009 report. We have also been provided with the documents set out below:

- 6.1.2.1.1 Revised Concept Diagrams RES56 scale 1:2000 for the sites (proposed post highway changes)
- 6.1.2.1.2 Revised Site Accommodation schedule RES56 (proposed post highway changes)
- 6.1.2.1.3 Summary of Environment Agency Response (DSA267)
- 6.1.2.1.4 Email dated 14 January from Jez Conen of Pendleridge LLP regarding Octagon Parade – Phase 2 documentation including:
 - a) MU24 Site plan
 - b) MU 24 Phase 1 and 2 overview plan
 - c) 4602 -10 A ground floor plan of Octagon Parade by Brocklehurst Architects
 - d) 4602-11A first and second floor plan of Octagon Parade
 - e) 4602-12A third and fourth floor plan of Octagon Parade
 - f) 4602-13A elevations plan of Octagon Parade
 - g) 091117 – Octagon Feasibility JC – Stace build costs
 - h) Thames Water Asset Location Search
 - i) Virgin Media Asset Location Search
 - j) Electric Asset Location Search
- 6.1.2.1.5 Section 106 contribution payments based upon the Adopted Developer Contributions SPD for all sites prepared by WDC.
- 6.1.2.1.6 WDC Concept plan MU15 Site 1, Site 2A and Site 2B.
- 6.1.2.1.7 Wycombe Feasibilities Drawing No. SK20,22,23,24 and SK25 by Markland Klaschka dated 24 September 2008.
- 6.1.2.1.8 Letter issued by Environment Agency dated 14 August 2009 in response to Delivery and Site Allocations Update Consultation to Wycombe District Council.
- 6.1.2.1.9 IDP Masterplan concept plan Option 1A.

7 STATUTORY ENQUIRIES

7.1 TOWN PLANNING

- 7.1.2 We have had regard to forthcoming and consented schemes in the vicinity of the subject sites in order to have consideration of any competing developments or

complementary developments which may have a bearing on the values reported herein. We would refer you to Point 7.1 of our report dated 30 March 2009.

- 7.1.3 Site 2 MU24 Octagon Parade has been granted consent with conditions since our last report dated 30 March 2009. Developers Golden Apple Ltd, propose the partial demolition, change of use, refurbishment and redevelopment to comprise a 120 bed hotel, retail and office floor space including creation of a controlled vehicular access from Oxford Street for taxis and disabled customers (application no. 09/106196/FUL).
- 7.1.4 Royal London Asset Management (RLAM) have planning consent to demolish the existing vacant upper floor offices and replace them with a 124 bed hotel and the provision of car parking.
- 7.1.5 We are aware that WDC are currently dealing with the disposal of the Archway site on the basis of 120 bedroomed hotel with drive thru' petrol filling station but plans were not provided to view.
- 7.1.6 Parts of the MU15 Swan Frontage site are within the Town Centre and Wycombe Abbey Conservation Areas. This may have cost implications upon building design to reflect the sensitive nature of new build within Conservation Areas.

7.2 PARKING STANDARDS

- 7.2.2 Our assumptions are as per our March 2009 report, however it should be noted that the scheme proposed post highway changes on MU9 no longer has any car parking provision. RES56 assumes 1 car space per dwelling and where parking is below the standards set by WDC a displaced parking sum has been accounted for as part of the Section 106 contribution.

7.2.3 The displaced parking sums in respect of proposed developments are as follows:

Site	£
MU15 (as per Markland Klaschka scheme)	£43,000
MU15 Site 1 (Retail Office)	£336,980
MU15 Site 2A (Offices)	£20,010
MU15 Site 2B (Mixed Use)	£207,930
MU24 Site 1	£319,000
MU24 Site 2	£417,600
MU9 Sites 3 & 4	£140,650
RES56	£0

Figure 14 Displaced parking sums as proposed for January 2010 schemes post highway changes

7.2.4 The car parking assumptions in respect of MU15 as proposed post highway changes as at March 2009 and as updated in this report are as follows:-

- Site 3 provides 128 spaces (2760 sq.m/29708 sq.ft) 100% of which are for use by Site 2 (West).

The displaced parking sums as an update to the position in our March 2009 report are as follows:

Site	£
MU15 Option 1 Site 2 East	£203,000
MU15 Option 1 Site 3	£66,700
MU15 Option 1 Site 5	£29,000

Figure15. Displaced parking sums as proposed for March 2009 schemes for MU15 post highway changes

7.3 HIGHWAYS

7.3.2 Highway assumptions are as per our report dated 30 March 2009. For the sake of clarification all highway improvements, upgrades and associated services infrastructure are the subject of Peter Brett Associates LLP advice dated 10 July 2008 and have been excluded from our assessment of development value. We have assumed the sites are fully serviced.

8 ENVIRONMENTAL CONSIDERATIONS

8.1 CONTAMINATION

8.1.2 Our assumptions are as per our 30 March 2009 report and we would draw your attention to the comments made in Section 14 of this report.

8.2 FLOOD ISSUES AND WATERCOURSES

8.2.2 There are a number of environmental considerations which will have a bearing upon development costs, particularly with reference to the River Wye. However, we also consider in this section how the presence of the River Wye as a water feature may assist in the marketability of the sites through an improved waterside environment.

8.2.3 We have been supplied with a copy of a letter dated 14 August 2009 from the Environment Agency in response to the Delivery and Site Allocations Update. The remit of this report is not to comment upon the suitability of the sites for development in relationship to flood risk issues and our opinion of value of any future development of the sites will be subject PPS25 compliant flood risk assessments to ensure that all relevant aspects of flood risk are covered.

8.2.4 We have not had sight of any FRAs in connection with the subject properties nor investigated groundwater levels and soil permeability in order to address potential groundwater flooding issues. Our feasibility assumes that sites are free from any objection from the Environment Agency (EA). However it should be highlighted that the EA recommends that the allocation of sites clearly states the need to consider the impact to groundwater as a factor in the acceptability of proposed developments B1 uses and use of SUDS (Sustainable Drainage Solutions)

- 8.2.5 Without the benefit of a detailed FRA to incorporate into our build costs we have had to exclude any Flood Risk Mitigation measures from our build costs assumptions. We have however included the cost of obtaining an FRA report in our feasibilities. It should be noted that the EA may object at planning stage to any activities that pose a threat to potable water supplies.
- 8.2.6 The letter also states a water feature representing the river Wye would not provide the ecological and flood management benefits of opening the true Wye. Chalk streams are a BAP habitat and reopening through the Town Centre would create new habitat and contribute to network of Green Infrastructure provision. They advise that “the options should be fully explored before accepting a water feature because this is a much less beneficial option. They do however support the opening up of the Wye River at the MU15 Swan Frontage and the preferred approach at MU24 they recommend should be stated as the opening of the Wye as well as reducing and managing flood risk.
- 8.2.7 MU24 Site 2 is situated adjacent to the culverted River Wye which runs beneath Abbey Way in front of the site. This site is partly sited in Flood Zone 2 (land with some probability of flooding) and partly Flood Zone 1 (land with very little probability of flooding). The front of the building would be located within Flood Zone 2 and the rear within Flood Zone 1.
- 8.2.8 The developer of MU24 Site 2 has carried out a Flood Risk Assessment and no objections have been raised by The Environment Agency in response to flood risk. The site has also been the subject of a Level Two Strategic Flood Risk Assessment which concluded that the proposed mixed use allocation is acceptable. The site has been deemed by WDC to have passed the sequential test under PPS25.
- 8.2.9 We have been asked to comment on the financial benefits of the proximity of a water feature adjacent to MU15. The proposed changes for the re-routing of the river, post highway changes, are to run the River Wye to the front as opposed to previous proposals that ran it to the rear of the proposed development for MU15. The proposals now show a road between the front of the MU15 development and then to

the other side of the road of the re-routed River Wye. We are informed by WDC that the area of road will be a shared space arrangement for the office and theatre and possibly as part of a one-way bus loop serving the town. The benefits of waterside settings are aesthetic for future tenants and are a more attractive environment for office workers which will improve the marketability of the proposed development post highway changes. It is difficult to quantify the extent of this value as ultimately a potential tenant may be attracted to High Wycombe over Maidenhead for example due to a variety of reasons, affordability of rent being one, however if the setting of those offices is also more aesthetically pleasing it will be an extra tick in the box for Wycombe as a location but not necessarily drive further value for offices. A waterside environment will now however provide a premium to those apartments with waterside views over those with poorer views.

8.2.10 By re-routing the river the cost of such an exercise should be compared to the net gain in additional land which may be developed upon and whether there is a cheaper alternative such as a man-made water feature which does not require the expensive re-route of a water course but that could also double up as a SUDS for the development through inventive engineering.

8.2.11 If the concept proposal is to have a bus lane in front of a major office headquarters or premium residential development buildings we would suggest this would not be attractive to any image conscious occupier who may consider taking the space and may detrimentally affect values. If the area is used more as a promenade or piazza for pedestrians we believe it would be more attractive to the occupiers.

8.3 ENERGY PERFORMANCE CERTIFICATES & BREEAM

8.3.2 We would refer you to the comments made in our 30 March 2009 report in respect of environmental assumptions. Further comment on the assumptions made in relation to energy performance and BREEAM rating are made under Point 14 Valuation Assumptions of this report.

8.3.3 Under the planning consent for MU24 Site 2 (Application no. 09/06196/FUL) the development is to be constructed to BREEAM very good.

9 PROPERTY TAXATION

9.1 VAT

9.1.2 We are uncertain as to the property/sites VAT registration status and, therefore, we have assumed that VAT issues should not adversely affect the value of the property.

9.2 STAMP DUTY LAND TAX

9.2.2 We understand that the property is not established within a special purpose vehicle and, therefore, stamp duty land tax will be payable at the full rate on any transaction. This has been reflected in our valuations by the deduction of appropriate purchaser's costs in accordance with market conventions.

9.3 SECTION 106 CONTRIBUTIONS & COMMUNITY INFRASTRUCTURE LEVY

9.3.2 The figures used have been provided by WDC using the methodologies found in The Wycombe Development Framework Developers Contributions SPD (Adopted April 2007) and WDC Developers Contributions – A Guide for Prospective Developers (January 2009). There may be exceptions to the methodology adopted for a particular site however it is not the purpose of this report to comment upon these exceptions or the extent to which a developer may negotiate back from these figures due to these exceptions. We have adopted the figures by WDC except in the instance of MU24 Site 2 where we have adopted the figures agreed under their S.106 agreement dated 12 November 2009.

9.3.3 Wycombe District Council has provided us with Section 106 costs in line with their Developers contributions calculator for all the sites. The figures are based upon hypothetical employment figures and may be subject to variation should employment figures be reduced or increased. These contributions have been included as Development Costs for the purpose of this Feasibility Report and are summarised as follows:

Site	Pre-highway changes	Proposed post highway changes use
MU15 Swan Frontage Site 1 Retail and Office Site 2A Offices only	£140,052.82	£557,262.60 £479,433

Site 2B Mixed Use		£333,522.95
MU24 Octagon Parade	£50,754	£750,146.09
MU24 Site 1		
MU24 Phase 1	£18,347	
MU24 Site 2 Phase 2 (existing)	£442,921	£663,311
MU24 Site 2 Phase 2 (extended)		
MU 9 Archway		£271,728.10
RES56		£111,903

9.3.4 Under the Section 106 Agreement dated 12 November 2009 between Golden Apple
 Figure 16. Section 106 Contributions for Development Wycombe District Council and
 Buckinghamshire County Council the following contributions are payable in respect of
 MU24 site 2 Phase 1 as existing:-

	<u>Level of Payment</u>	<u>Payment Due</u>
Contribution/fee	£800	
Wycombe Transportation Strategy	£12,547	On/before commencement of development
Transportation monitoring fee	£5,000	£1,000 on 1 st , 2 nd , 3 rd , 4 th and 5 th anniversary of commencement
Total	<u>£18,347</u>	

9.3.5 All Section 106 contributions within our assessment of the sites have been phased to be paid by the developer following receipt of planning permission upon the commencement of the development.

9.4 CAPITAL ALLOWANCES

9.4.2 Assumptions as per our March 2009 report.

10 TENURE

10.1.2 We understand that the sites are held freehold. We have assumed that there are no encumbrance's easements, restrictions, outgoings or conditions that are likely to have

an adverse effect on the value of the property. We recommend your solicitors verify all title issues are resolved in the event of redevelopment.

11 TENANCIES

11.1 CURRENT LEASES

11.1.2 We have not been provided with any leases/licences or legal information regarding existing tenancies affecting the site nor service charges. Any existing tenancies will impact upon the ability to gain vacant possession in order to progress development. Your solicitors can advise on whether the Local Authority as landlord qualifies under Section 30 of the Landlord and Tenant Act 1954 Part II in respect of grounds for taking back the properties for redevelopment.

11.1.3 The values reported herein do not include any compensation payments which may need to be made to obtain vacant possession of the site for any existing or future interests which encumber the site.

11.1.4 We are not qualified to advise on the level of compensation payable to Council tenants or compensation for Compulsory Purchase. Further comment on this may be found under Section 14

12 MARKET COMMENTARY

12.1 GENERAL MARKET OVERVIEW

12.1.2 Our March 2009 report was written against the backdrop of domestic uncertainty, a weaker external environment due to higher unemployment, consumer crisis, rising oil prices and a weakening dollar.

12.1.3 In fact 2009 proved to be one of the most challenging years for the commercial and residential property industry, with the economy in recession for the majority of the year. As companies endeavoured to keep foreclosures at bay by restructuring their businesses the year became defined by slow take up rates, decrease in rents, poor liquidity and a glut of mothballed development projects. Tenants began to have the upper hand but these were few and far between. This report is set against the very recent announcement on 26 January 2010 that Britain officially came out of recession

- 12.1.4 following an output rise of 0.1% in the final 3 months of 2009, marking the end of the worst recession since the 1930s. Quarter 4 of 2009 was marked with concerns in various sectors of the economy of a “double dip” which may see the UK economy plunge back into the red.
- 12.1.5 The following section is an update on the current property market in High Wycombe which provides a backdrop and explanation to the values adopted for the feasibilities attached as Appendix 5.

12.2 WYCOMBE MARKET OVERVIEW

12.2.2 OFFICES

- 12.2.3 It is suggested that one of the constraints to employment growth in Wycombe is the lack of employment land³. However it is important to appreciate that due to the current illiquidity of the property market due to the “credit crunch” that any office investment and development opportunities coming forward in the short term will find a limited market. Essential in attracting investor and developer interest for office opportunities will be to ensure a strategy which de-risks the development opportunity of the site through ensuring the site is deliverable. Whilst suitable planning, ground and realistic pricing de-risks an opportunity, fundamentally in the current market the presence of a pre-let tenant is an essential.
- 12.2.4 Wycombe District has a broad based economy focused on High Wycombe. As older industries and manufacturing have disappeared, newer sectors including Information and Communications Technology (ICT), life sciences and biotechnology, automotive and engineering and environmental technologies have emerged but principally edge of town centre in Business Park locations rather than town centre. There is a perception from local agents that whilst there is considerable secondary, smaller office premises available in the town centre there is nothing of Headquarter size suitable to accommodate relocating international, national or public sector uses.

³ Buckinghamshire Inward Investment and Retention Action Plan for Buckinghamshire County council and Aylesbury Vale District Council dated May 2009 by Urban Renaissance Institute.

- 12.2.5 Wycombe District Council commissioned a Development Trend Report in 2007 which documents unimplemented planning permissions for over 32,000 sq.m of additional office floor space⁴. This represents a considerable on-going supply of office accommodation within the district but also the unease of developers not wishing to implement planning consents until a suitable pre let is found to take the space.
- 12.2.6 The subject sites are well located to provide good central sustainable office accommodation for the local and regional market however immediate requirements will be well satisfied to take advantage of the considerable supply of existing office stock currently available.
- 12.2.7 There has been a dearth of transactional evidence in High Wycombe Town Centre on new build office space since our report dated 30 March 2009. Indeed local agents highlight that there has not been a new office development in Wycombe for 10 years. Most evidence has been derived from transactions from the overwhelming supply of secondary office space with a floor space of between 232.25 sq m-650 sq m (2,500-7,000 sq ft).
- 12.2.8 For the office accommodation proposed post highway changes at MU9 and MU24, evidence has been taken from Discovery House whereby a 10 year lease with 5 year break was taken at a rental of £16.54 per sqft with a 9 month rent free period which nets back to just under £14 per sqft. Quoting rentals in town range from £10-£17.50 per sqft depending on the size and quality of stock available. Incentives are generous around 6-12 months for 5 year terms certain. We have assumed a rental of £15.00 per sq.ft on MU9 and £17.50 per sq ft on MU24 Site 1 and Site 2 Phase 2 £15 per sq.ft due to the comparative detachment from parking in the Eden Shopping Centre with 9 months rent free to account for the lack of onsite car parking but quality new build accommodation.
- 12.2.9 Comparable evidence for MU15 has been difficult to come by as there is no evidence of new build town centre office development of around 45,000 sq ft.
- 12.2.10 Consequently, our feasibilities have had regard to new build out of town office evidence such as Glory Park, Wooburn Green. As a location, principally due to its accessibility, there is a perception that as an office location this is better than the town centre. Phase 1 saw 28,000 sq ft sold freehold to Paradigm in October 2009 at around £300 per sq ft. In

⁴ Wycombe District Council (2007) Development Trends in Wycombe District 2006-2007

December, 6,600 sq ft was let for a 10 year lease at a headline figure of £27.50 per sq ft to a deal that nets back to around £16.50 per sq ft due to the 2 years rent free that was offered. This unit is considerably smaller than the development proposed post highway changes at MU15 and consequently we have reviewed the quoting and achieved rates for new build headquarter development in towns such as Maidenhead and Slough, along with large available second hand and refurbished space within Wycombe.

12.2.11 The proposed development post highway changes on MU15 will be well placed to provide modern office accommodation with floor plates and a specification in line with market requirements. However despite the convenience of town centre facilities such as the train station and retail proximity and leisure uses and despite the good public transport infrastructure, it will be imperative to provide sufficient car parking in order to attract the right occupier at the best rent in order to compete with preferred out of town locations. The commercial market continues to struggle in Wycombe and arguably levels previously reported in the region of £17.50- £20 per sq ft could be achieved for the office accommodation, with quoting and headline rentals around £25 - £30 per sq ft. The level of incentives currently on offer to tenants however has increased with larger floor space requirements are in the region of 1-2 years rent free.

12.2.12 The upper end of this range reflects a scheme which can provide a more defined office head quarters premises that can compete with locations such as Maidenhead and Slough, and that has the benefit of a ground floor main reception. Whilst there is limited new build town centre, symptomatic of the market at present, edge of town centre schemes such as St James' Wycombe Marsh are seeking change of use on part or whole from offices to residential as St. James due to the struggle to secure pre lets.

12.2.13 From our research a number of new build schemes have stalled without the benefit of a pre let or occupier committed to a lease prior to development. A number of national agents were very enthusiastic about HQ office development in Wycombe town centre. As a location it has become increasingly attractive with the development of Eden Shopping Centre and there is a perception that there is a lack of quality Grade A space in the town centre. However, more locally based agents in Wycombe believe that there is not a market to support HQ in Wycombe town centre and would not even recommend consideration of such without substantial pre let.

12.2.14 Yields for offices have moved out and illiquidity of funds continues to be a problem, a number of schemes are no longer viable without a substantial pre let. Whilst it is

appreciated there are some equity rich developers out there picking up land by being contract cyclical the perception is that these sites will not come forward for another 24 months as banks continue to limit funding and attach punitive rates of interest and reduce their exposure in certain sectors of the property market.

12.2.15 In this uncertain market few developers would only build offices of the proposed developments post highway changes with a pre let or tenant for the property. We would draw your attention to our comments under Further Work - Section 16.

12.3 MARKET COMMENTARY: DELIVERABILITY OF OFFICE HQ PROPOSAL

12.3.2 Land which can be quickly turned on in response to actual or anticipated need/demand will ensure Wycombe is competitive both locally and regionally. All the subject sites are currently restricted by occupation of tenants or physical constraints to development such as existing highway routes, buildings, requirement to re-route water courses and unknowns in terms of ground conditions and service infrastructure. The sites are not "oven ready" for developers/investors or occupiers.

12.3.3 Potential large scale office requirements need to move quickly and therefore unsurprisingly are more likely to be attracted to cleared sites which can be delivered expeditiously and comparatively inexpensively such as Greenfield sites edge of the town centre.

12.3.4 MU15 without a known occupier would struggle to be deliverable as a potential town centre HQ office site despite the many facets which make it attractive as a location in terms of retail and leisure facilities, public transport (bus and train), ready pool of labour and proximity of the university.

12.3.5 However as there are a number competing office HQ opportunities available outside of Wycombe, in order to attract developers and investors away from more established locations such as Maidenhead, Slough and Milton Keynes etc it will be essential to ensure deliverable land.

12.3.6 Due to the current economic climate and illiquidity of finance an attitude of "build it and they will come" is unlikely to provide dividends. Speculative office schemes are few and far between. Our research into available HQ locations in Buckinghamshire and Berkshire revealed a high number of competing sites capable of accommodating up to 6,967 sq m

(75,000 sq ft) which have stalled or been put on hold until a suitable “pre let” or tenant could be found.

12.3.7 To compete with office markets such as Maidenhead, Slough, established areas of the Thames Valley, Luton/Dunstable, Milton Keynes and Hemel Hempstead, Wycombe needs to be able to offer something which gives it the edge whilst aesthetics such as a waterside office environments improve the attractiveness of a location other considerations such as the need to be close to their own competitors and where ease of access to staff can be the single most important criterion, especially as staff now move employer more frequently than they once did.

12.3.8 A high quality environment will attract high quality employment and be attractive to ambitious businesses however the HQ development proposal for MU15 will have to have an edge to compete with office locations such as

- Junction 3 of M40 (Loudwater/Wooburn Green)
- Junction 5 of M40
- Globe Park/Marlow International
- Wycombe Marsh – Berkeley Homes have an obligation to market around 100,000 sq.ft of offices which currently they are seeking to change use to C2 (residential/nursing home use) interest has been limited for the office element.
- Daws Hill – 23 hectares brownfield site for business park.
- Cressex Business Park
- Saunderton (London – E Centre A development of 37,403 m² (402,601 ft²) net technical area with dedicated data suites of 1,000 m² (10,764 ft²) up to buildings of 12,000 m² (130,000 ft²) sq m data centre). This 50 acre site was put into liquidation after breaching its loan covenants in July 2009 however agents GVA Grimley continue to market the opportunity.

12.3.9 Targeted disposal advice will be able to assist further in providing a strategy to attract new or expanding occupiers through targeted marketing campaigns both locally, regionally and nationally which will be a challenge in light of the Governments emphasis on regeneration in Thames Gateway. These campaigns need to complement the current economic growth patterns of the surrounding area with an emphasis on local benefits particularly the growing residential population through nearby sites which will be coming forward in the next few years such as Kingshill Road, Marlow Hill and Wycombe Marsh providing a ready

labour supply along with the benefits of the proximity of the University to provide graduates.

12.3.10 The market continues to fluctuate and opinions of local and national agents split in terms of the potential for HQ premises in Wycombe. Initial feasibilities suggest that HQ proposal for MU15 do not provide optimum values for the site as mixed use with an element of residential do. Indeed with an improving residential market the demand for mixed use apartments is slowly coming back and therefore flexibility in terms of use and the design of that use will be key to deliverability.

12.3.11 RETAIL

12.3.12 Wycombe's Eden Centre has been voted 50th strongest retail centre by CACI's Retail Footprint survey out of over 4,000 comparison retail centres in Great Britain and Ireland in 2009. Each centre is uniquely assessed by combining all the factors that affect performance, including the quality and quantity of retail provision, centre function and level of competition.

12.3.13 Eden rallied well during the down turn with tenants Rush London, Ann Summers, Cafe Richoux, Muffin Break, West One, Cargo Homestore, Lines Direct and Oxfordshire Home Stores occupying around 21,000 sq ft reducing the vacancy rate from 10% to 4%. Whilst a number of shops remain vacant the majority are within the Octagon Shopping Centre element of the scheme. A number of temporary lettings have highlighted the landlord's flexible approach to lettings.

12.3.14 Headline Zone A rents range from £80 per sq ft ITZA in the old Octagon Shopping Centre through to £164 per sq ft ITZA in the new scheme. The headline rents in the first mall in the extension Unit 1-7 range from £100 to £160 per sq ft ITZA. The headline rents in the mall leading up to House of Fraser range from £105-167 per sq ft ITZA. Headline rents in the mall up to M&S range from £110 to £164 per sq ft ITZA. We understand that the landlords have agreed packages from 9 months up to 2 years split between cash and rent free incentives.

12.3.15 Typically the landlords of Eden are offering effectively full repairing and insuring leases subject to a service charge provision for a period of 10-15 years. There is an element of turnover rent charged to tenants of the latest phase of Eden.

- 12.3.16 Units which are available in the Eden Centre are principally those in the original Octagon Shopping Centre where quoting rentals range from £30-£70 per sq ft overall. Unit 97 18 Union Parade which is situated opposite Octagon Parade (Sports Direct) is currently quoting £45 per sq ft overall for around 1600 sq ft retail unit on 2 floors.
- 12.3.17 Secondary pitch deals adjacent to the Eden and Octagon Parade include Shoe Zone which was at a Zone A rate of £64.08 per sq ft with overall rental of £22.60 per sq ft in November 2008 for 10 year lease with rent free of 6 months. Later in September 2009 Specsavers (concession operator) which was similarly for a 10 year lease with 6 months rent free however at an ITZA rate of £80 per sq ft with overall rate of £20.73 per sq ft).
- 12.3.18 Despite the down turn there are a number of retailer requirements for Wycombe town centre, the retailer TKMaxx is actively looking in Wycombe at present for 15,000 sq ft but is seeking generous incentives from landlords. Other active requirements for Wycombe town centre are principally for smaller retail units ranging from 500 sq.ft. up to 3,000 sq.ft.
- 12.3.19 For the proposed larger retail units at MU15, MU24 and MU9 we have had regard to recent deals at 9-10 High Street the former Woolworths where in a 15,000 sq ft unit was let to Poundworld on a 10 year lease with 18 month rent free at a rent equating to £14.20 per sq ft adjusted this nets back to around £10 per sq ft. More recently Iceland have agreed terms on the unit adjacent at a rental which adjusts to just under £15 per sq ft overall.
- 12.3.20 In respect of our appraisal assumptions we have had to assume a less turbulent market and an element of hope value that such regeneration schemes would bring to the areas to the north and south east of the Eden Centre. We have assumed that retail in MU15 Swan Frontage will attract a rental level of £18 per sq ft overall post highway changes. Whilst MU24 Site 1 Octagon Parade will attract levels closer to those achieved in the Eden Centre at around £90-£100 per sq ft ITZA or £30 per sq ft overall. We would suggest that the proposed store extension post highway changes would place Tesco as a special purchaser/tenant due to their existing presence here. We have not been provided with any title/leasehold information pertaining to Tesco's current occupation, however based upon the recent lettings to Iceland and Poundworld, we have assumed £15.00 per sq.ft overall and 18 months rent free due to their strong negotiation position. In terms of the smaller units at MU24 Site 1 we have

assumed a level of £35 per sq ft overall based upon recent evidence in the Centre and on White Hart Street with basement stores/ancillary at £8 per sq.ft. If the unit is let to a large single occupier it should be expected that this level would be reduced. Conversely we are assumed a single occupier to MU24 which if split into smaller units could be increased, subject to market demand. At MU24 Site 2 Phase 2 assuming the removal of the Abbey Way flyover but that the car park access into Eden Centre remains and a pedestrianised piazza promenade between Octagon Parade and the Eden Centre we have assumed a rental of £25 per sq.ft for ground floor retail. Arguably if the ramp is removed the rental could be improved as the site will feel more a part of the Eden Shopping Centre pitch. At MU9 Archway we have assumed £15 per sq ft - £20 per sq ft overall for these smaller units, due to their secondary location.

12.3.21 LEISURE MARKET

12.3.22 Wycombe District Council, Aylesbury Vale District Council and Buckinghamshire County Council published a study (July & August 2006) which supports potential between 2011 and 2026 for a new 4 star, 3 star (16-71 beds) and budget hotels (186-283 beds). This is further supported by our own research which identifies hotel requirements from Premier Inns and Accor Group for the town.

12.3.23 MU24 Site 2 proposes development of 120 bed hotel within the scheme. We understand that Golden Apple Ltd have now secured Travelodge as their anchor tenant.

12.3.24 No other sites under consideration within this deliverability assessment have been identified for hotel use.

12.3.25 We are aware of one other hotel development proposal that has currently come forward for a town centre hotel development which is above the Chilterns Shopping Centre (Application no. 09/06334/FUL).

12.3.26 From our research into deals done this transaction is in line with other hotel transactions such as Maidenhead where Travelodge have paid a room rate of £4500 per room.

12.3.27 For the purposes of the feasibility for the hotel at MU24 Site 2 Phase 1 we have adopted the transactional evidence of the deal done by Golden Apple Ltd for the site pre highway changes (headline £4,800 per bed). We have been informed that a pre let has been secured and that Travelodge have entered into an agreement for lease for the development pre highway changes. A copy of this agreement has not been viewed. However post highway changes and with an improved public realm, perceived closer proximity to the Eden Centre and assumption on a more comprehensive new build development of the site rather than refurbishment.

12.3.28 Other leisure uses proposed post highway changes on the subject sites include potential leisure uses on MU15 Swan Frontage is considered "off pitch" for retail uses and, in light of the supply, in arguably more suitable areas of the town centre, the most appropriate ground floor uses for the proposed post highway changes development would be leisure. The area is locally perceived to be the "emerging cafe district", however many of the bars/restaurants in the area are occupied by local covenants with few national covenants other than O'Neils.

12.3.29 At the time of writing we are not aware of any A4 (Drinking Establishment) requirements other than Mitchells & Butlers for out of town sites. Principal leisure requirements are for coffee shops. The majority of leisure requirements for health & fitness prefer out-of-town sites.

12.3.30 Within the proximity of the Swan Theatre and the New Bucks University and an improved leisure market the tenant demand and covenant quality may improve and consequently we have assumed rental levels around £18 per sq ft. with rent free periods of around 6 months.

12.3.31 RESIDENTIAL MARKET

12.3.32 Since our March 2009 report the data released by Land Registry House Price index released on 30 December 2009 reports a national annual house price change of -0.3% which represents the 7th month in a row which the annual rate of decline has eased.

12.3.33 The monthly change stands at 0.9% bringing the All England and Wales average house price up from previously report £156,753 (January 2008-January 2009) to £161,554 from (January 2009 to November 2009). Buckinghamshire house prices have generally experienced a reduction from £243,765 to £242,140 which represents

an improvement on its lowest level in May 2009 of 6% when the average was £228,033. Sales volumes in June 2009-September 2009 averaged 55,520 per month this is an increase from the same period last year where they averaged 50,187.

12.3.34 Wycombe itself has seen a proliferation of major new planning consents since our last report which will see new build development coming forward from St James' Wycombe Marsh scheme, John Hall Campus (Fairview Homes), Bucks College and Kingshill (Taylor Wimpey). The principal activity that has occurred has been for larger more strategic housing sites whilst a large number of smaller developments have been mothballed with start on sites postponed till the market improved.

12.3.35 What this has meant is that whilst start on sites have been held in abeyance no new stock has come to the market. Due to the limited number of starts on site and whilst the major house builders concentrating on developing traditional product (i.e traditional 2, 3 and 4 bed homes) there has been a shift in opinion since the back end of 2009 where due to the limited town centre stock available in Wycombe some developers are now considering coming back into the apartment market (St James for instance). It is our opinion that as at January 2010 there are still a limited number of developers who would be attracted to a high number of apartments, due to constraints on funding and a focus on more traditional build developments. But in light of the limited stock available for 1 and 2 bed new build apartments this sector may improve in the medium term. There are signs that smaller sites such as proposed post highway changes at RES56 would attract a good level of competition from local and regional house builders and developers.

12.3.36 Fundamentally, at the time of reporting there is a strong suggestion that the threshold for values in Wycombe still demonstrates the poor neighbour to centres such as Marlow and Beaconsfield and numerous residential agents suggest that affordability is still key. Pricing sensibly and providing the right mix for the current market which still suffers from a degree of uncertainty in terms of recovery.

12.3.37 This competition will have a bearing upon the values of the proposed post highway changes development at Suffield Road RES56 and MU15 Swan Frontage and achievable sales rates.

12.3.38 The revised iteration for RES56 Suffield Road site allows for a more thorough analysis of a more detailed layout and floor areas, revision of mix and more detailed information

on car parking and specification. The proposed post highway changes mix provides marketable 2 and 3 bed properties which we would suggest are the correct size for sensible pricing.

12.3.39 We have assumed the following achievable values which reflect the need to keep quoting values sensible in relation to stamp duty thresholds which may be off putting to some vendors.

Plot No.	House Type	Notes	Value
1	2 bed 2 storey end terrace house x1	Balcony, Garden and off road parking space	£250,000
2	3 bed 3 storey terraced townhouse	Balcony, Garden and off road parking space	£270,000
3	Small 1 bed apartment x 1	Apartment over access way with balcony and parking space in rear lane	£145,000
4	Large 1 bed apartment x 1	Apartment over access way with Balcony and parking space in rear lane	£150,000
5	3 bed 3 storey end terraced townhouse	Balcony, Garden and off road parking space	£275,000
6	3 bed 3 storey detached townhouse	Balcony with parking space in rear lane	£280,000
7	3 bed 3 storey detached townhouse	Balcony with parking space in rear lane	£285,000
8	3 bed 3 storey detached townhouse	Balcony with parking space in rear lane	£285,000
9	3 bed 3 storey semi detached townhouse	Balcony with parking space in rear lane	£270,000
10	3 bed 3 storey semi detached townhouse	Balcony with parking space in rear lane	£275,000
11	2 bed 2 storey detached townhouse	Balcony with off road parking space and garden	£250,000
Total Gross Development Value excluding affordable			£2,735,000

Figure 17. Pricing assumptions for RES56

12.3.38 In order to optimise values further we would suggest the following improvements to the scheme at RES56:

- a) Large 1 bed could become a 2 bed apartment.

- b) 2 bed plots with off street parking become 3 beds to improve revenue, these could be 2 storey 3 bed properties. Also more value derived from detached 3 bed rather than detached 2 bed.
- c) Make parking part of plot rather than rear lane
- d) Off street parking to front of all 3 bed plots i.e. 2 space for all 3 beds
- e) Consider parking to rear of plots 1 and 2 if made into 3 or 4 bed
- f) Gardens for plots 9 and 6 are very small for 3 bed family property - consider re-orientation of plot 8 to allow for large garden for 9

12.3.39 In terms of our specification for the residential at RES56 and MU15 the assumptions we have assumed are as follows:

- Residential will be built to NHBC standards.
- Kitchens – a range of premium branded kitchens with granite worktops with integral branded white goods.
- Sanitary ware – Roca range or similar
- Tiling – Porcelenosa to half height where sanitary ware is fitted, full height to showers, ceramic tiles to kitchens, bathrooms, en-suites and cloaks. Heated bath rails.
- Carpet – Corma Primo or other well know brand or solid wood flooring where floors are not tiled.
- Lighting – pendants to reception, bedrooms, cloaks, hall and landing. Downlighters to kitchen, bathroom and en-suite.
- Under floor heating
- Chrome ironmongery
- Recognised security system with sky plus prewired and availability of broadband

12.3.40 The residential within MU15 does not benefit from car parking and this will have a bearing upon achievable levels, particularly for the larger 2 bed apartments and penthouses which would expect parking. The values reported take an average value range which may be improved once detailed plans become available in order that benefits such as aspect and balconies may be assessed more thoroughly.

12.3.41 We have therefore assumed values of £150,000 for 1 bed apartments and £190,000 for 2 bed apartments with a sales rate of 2-3 per month which may be improved as the market improves.

13 INVESTMENT MARKET

13.1.2 The property investment market has given the clearest sign, compared to other sectors, that the downturn is over with a 61bp improvement in yields in Q4 2009⁵.

13.1.3 Whilst locally the office sector in Wycombe still struggles there are signs of a marked increase in office investment demand in final quarter of 2009 helped by a number of vendors ready to take advantage of better pricing in London's West End. Regional markets such as Wycombe are suffering from a shortage of stock to feed the level of investment demand now in place. Retail investment activity is up in most areas again helped by opportunistic sales. Ultimately security of income is key for most buyers. UK funds are strong buyers in prime shops market and new investment opportunities are being snapped up quickly. Shortage of stock in the shopping centre sector means that the numbers of transactions in this sector are limited. Current prime market yields according to our research set shop units in market towns are at 5.75%-6%, shopping centre yields at 8.25-8.5% and offices around 6.75%-7%. These levels assume quality tenant of good convent strength and relate to the very best prime property.

13.1.4 The investment property market has seen a substantial hardening of yield profiles during the last two to three years (resulting in capital appreciation) but more recently, there has been a perceptible slowdown in this yield compression⁶.

13.1.5 The weight of money in the market place has decreased significantly both nationally and internationally. At the present time, overall transaction volume has declined and a number of institutions and property companies are holding back on trading to wait and see how the market stabilises. Severe lack of financial liquidity due to the credit crunch continues to hinder market recovery however there are still a few cash rich

⁵ The "yield" of a property reflects the annual return on an investment. It is calculated by expressing a year's rental income as a percentage of how much the property cost.

⁶Source Cushman & Wakefield Business Briefing – The UK Property Investment Market

speculators in the market however any new developments proposed in the current market would be considerably risk averse with pre let position being of paramount importance and developers seeking an increased return in margins to compensate for the uncertain market.

- 13.1.6 Commercial property in regional cities in the UK is experiencing higher yields and more stable occupancy rates than London and the South East of England, according to the latest analysis⁽⁷⁾. Although the investment market is going through some tough times nationally, the regional office markets continue to offer advantages in terms of stable rental income, relatively stable occupier markets and continued balanced supply/demand ratios.
- 13.1.7 Commercial property prime yields held in January but this is unlikely to last. With rents forecast to fall and with further tenant defaults expected, average yields are predicted to move out again. However compared to other assets, such as 5-year Gilts, property would currently offer an enhanced income return. The combination of falling cost of debt, weak pound and attractive pricing will lure equity-rich investors back to the market in 2009. However, shortages of debt will remain an issue, leading many investors to focus on smaller lot sizes (<£50m).
- 13.1.8 The office sector has experienced redundancies with significant numbers within the financial sector. These costs have undermined the demand for space in regional markets as companies downsize or sub-let their office space. As occupier requirements stagnate requirement levels are down and consequently we have made an assumption of yields 7 - 8.5% for the office accommodation post highway changes. When the market improves this may shorten, subject to covenant strength of the tenant.
- 13.1.9 The retail sector has experienced falls in consumer activity on the high street which has led to an increase in vacant space and a decline in rental levels. Whilst Eden has rallied well in the market securing lets on flexible lease terms, with the continued uncertainty in the occupier market at present we have assumed retail yields at 6.75%- 7% for the proposed development post highway changes drifting out to 7.5% for the retail space at MU15 Swan Frontage which is likely to prove more attractive to local occupiers and leisure occupiers. If Tesco is secured as a tenant for MU24 Site 1 for a store extension the yield adopted could shorten however this would be accompanied with a decrease in rents and incentives available. The latest available

investment yield information has been derived from Tesco's sale and lease back transactions of their Worcester, Stoke and Woodford Green stores which were sold at a net initial yield of 5.29%. For the purposes of the feasibility we have adopted 5.5% for the Tesco store extension.

13.1.10 Leisure investments such as Luminar Leisure have struggled over the last year with difficult trading conditions due to general economic outlook, particularly youth unemployment and poor weather conditions. In mid-January, Luminar issued a profits warning which demonstrated, since September 2009, that sales had been down by 13.4%. As a consequence of these continued tough trading conditions we have adopted yields in the region of 7.5 – 8.5% for leisure units.

13.1.11 The hotel investment sector has seen Travelodge frequently achieve investment yields of between 4.6% to 6.5%. The most recent transaction that we are aware of is on 17-19 Waterloo Place, Edinburgh (Aug 2009) at net initial yield of 6.25% on a 35 year lease with 5 yearly upward rent reviews with an option to extend for 25 years. Along with a Travelodge on Charlotte Street in Birmingham at a net initial yield of 6.5% for a 35 year lease with RPI compounded and paid 5 yearly. We have adopted 6.5% for the purpose of our appraisal. The latter being more comparable in scale assuming similar lease terms have been achieved for Travelodge on MU24 Site 2.

14 VALUATION CONSIDERATIONS AND VALUATION METHOD

14.1 MASTERPLAN PROPOSALS

14.1.2 The valuation considerations of this report have considered additional and more detailed information that has become available for the various sites. We summarise the changes below.

14.1.3 In terms of MU15 the site allocations document previously proposed keeping the River Wye in situ to the rear of blocks 2 East and West. The new concept diagrams for MU15 have explored moving the river to the front of these blocks, adjacent to the open space which currently forms the centre of the Marlow Hill Gyrotory. Site 4 is now excluded from this assessment and floor areas other than MU15 Site 1 Option 2 have been updated. MU24 Site 1 remains unchanged with the car park ramps into the Eden Centre remaining in situ, however IDP has now provided a more detailed analysis of

the site leading to an increased density, above a new Tesco store extension and a new parade of retail units to the east side of the existing car park ramp.

- 14.1.4 In terms of MU24 Site 2 the site allocations document is a larger site than the part of the site which is the subject of the Golden Apple Ltd. Proposal for MU24 Site 2 Phase 1. The MU24 site includes land bounded by Abbey Way to the south, Oxford Street to the north and Bull Lane to the east. It also includes land to the west of Octagon Parade that is currently the Abbey Way flyover.
- 14.1.5 As part of our assumptions for the feasibility of MU24 Site 1 and Site 2 we have assumed that the road network is reconfigured providing a high quality open space incorporating either a re-opened River Wye or a water feature representing the river, a new pedestrian access to the Eden Centre from White Hart Street with surface treatment that allows access to the car park and service areas of the Eden Centre, appropriate landscaping and contribution towards allowing for the provision of a new junction at Oxford Road and Archway.
- 14.1.6 We do not have any information pertaining to the existing floor areas or tenancy information relating to the balance of the site currently occupied by 1-8 Oxford Street and 9-28 Queen Street, 30 Hart Street and 3-6 Bull Lane. Furnished with further information on achievable densities by way of a comprehensive scheme for the whole site will potentially provide an improved development value for the site incorporating the wider interests adjacent to the Golden Apple Scheme subject to compensation payments to existing occupiers in order to achieve vacant possession.
- 14.1.7 We have been requested to provide a comparison of MU24 Site 2 Phase 2 pre and post highway changes. There is an acknowledgement that Phase 1 incorporating a hotel has been granted planning permission and is expected to start on site in 2010. As a consequence this report is only concerned with Phase 2 of the project which looks at the potential for developing on WDC land currently the Oxford Street Roundabout, the comparative value if the site is developed without the benefit of the highway changes.
- 14.1.6 MU9 has now been restricted to Sites 3 & 4 only. Minor changes have occurred to the site area of RES56 with more detailed information available on form, layout and specification of the proposed development.

14.2 NEGATIVE RESIDUAL LAND VALUE

14.2.2 In our 30 March 2009 report negative land values were reported. These arose due to costs outweighing income produced by the schemes which were appraised. Costs such as abnormal, build costs, professional fees and Section 106 obligations may lead to the project becoming unviable. Inefficient development proposals may also lead to negative land values such as inefficient net to gross ratios. Whilst detailed design may provide more certainty in terms of build costs and alternative build solutions such as refurbishment in order to refine figures, it is always important to balance this against the likely income values (rental and investment yields) which will be achieved by the scheme. If these do not reach a profitable level a negative residual land value will result.

14.3 PROPOSED DEVELOPMENT AND LAND VALUES

14.3.2 The sites have been valued on the basis of market value which is the estimated amount for which a property should exchange as at 30 January 2010 between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion assuming the completion changes to highways i.e. removal of the Abbey Way flyover and improvements to public realm.

14.3.3 Having regard to the facts and assumptions set out in the valuation report we are of the opinion that the land and development values as proposed post highway changes under the concept plans provided by WDC in line with the valuation considerations and assumptions under Section 14.4 as at 30 January 2010 are as follows:

Description	Development Value Range	Land Value Range
MU15 Site 1 (Retail & Offices)	£13,700,000 to 15,700,000	-£140,000 to £1,350,000
MU15 Site 2A (Offices)	£15,600,000 to £18,000,000	-£1,700,000 to £270,000
MU15 Site 2B (Mixed Use)	£9,900,000 to £10,900,000	-£1,709,000 to - £880,000
MU24 Site 1 (Retail & Offices)	£17,000,000 to £20,000,000	-£1,960,000 to £246,000
MU24 Site 2 Phase 2	£15,000,000 to £17,000,000	£0 to £1,500,000

MU9 Sites 3 & 4	£4,000,000 to £4,700,000	£-1,600,000 to £-1,130,000
RES56	£2,700,000 to £2,800,000	£570,000 to £700,000

Figure 18. Proposed Development and Land Value Ranges post highway changes

14.3.4 Where negative land values are produced this suggests an unviable development. The development may become viable when market values improved or if further detailed information becomes available in order to provide a more feasible development i.e. net to gross ratios may be improved from concept plan.

14.3.5 Summary of Optimum Value Delivery

The sites which at this stage do not provide sufficient land value for a commercial developer to ensure a viable development project and therefore are not as deliverable in their current form are:

- a. MU15
- b. MU24 Site 1
- c. MU9

It is feasible to develop more profitable developments on these sites with a change in mix and increased density, build costs, lower land value and site abnormalities and increased revenue. This would require a further development of the schemes to provide greater accuracy of assumptions and drive greater value through improved mix of those uses which provide the best returns, but most importantly an improved economic climate which could improve tenure.

The following table provides a summary of the optimum value which may be derived from the sites following highway changes which may be achieved by WDC where they own and sell the freehold of the land and a third party develops the site and retains 100% of the developers profit.

Description	Anticipated Land Value ⁷	Section 106 contribution	Total Value to WDC
MU15 Site 1 (Retail & Offices)	£1,355,559	£557,262.60	£1,912,821
MU15 Site 2B (Mixed Use)	N/A	£479,433	Not viable
MU15 Site 2A (Offices)	£268,442	£333,522.95	£601,944.95
MU24 Site 1 (Retail and Offices)	£246,450	£750,146	£996,596
MU24 Site 2 Phase 2	£1,467,450	£663,311	£2,130,761
MU9 Site 3 & 4	N/A	£271,728	Not viable
RES56	£700,000	£111,903	£811,903

Figure 19. Summary of Optimum Value Delivery: Scenario 1: WDC sell Freehold & Third Party Develops

¹ Note WDC do not own freehold therefore only applicable if freehold is acquired by WDC

14.3.6 The following table assumes that a developer enters into a joint venture arrangement wherein WDC puts in the land but shares in the developer's profit. The advantages of the joint venture approach is that WDC may cross subsidise the development by making the site more affordable to develop by having a lower land value and lower abnormal costs thereby making the site more deliverable. It also allows WDC to retain a direct influence over strategic direction of the development.

Description	Anticipated Land Value	Section 106 contribution	50% developers profit	Total Value to WDC
MU15 Site 1 (Retail & Offices)	£1,335,559	£557,262.60	£967,000	£2,859,821
MU15 Site 2 B (Mixed Use)	N/A	£479,433	£727,215	Not viable
MU15 Site 2A (Offices)	£268,442	£333,522.95	£1,100,000	£1,701,964
MU24 Site 1 (Retail & Offices)	£246,405	£750,146	£1,223,000	£2,219,551
MU24 Site 2 Phase 2	£1,467,500	£663,311	£1,054,638	£3,185,449
MU9 Site 3 & 4	N/A	£271,728	£360,500	Not viable
RES56	£700,000	£111,903	£273,500	£1,085,403

Figure 20. Summary of Optimum Value Delivery: Scenario 2: WDC retain Freehold & share 50% of developers profit with Third Party Developers

14.3.7 It should be noted that there are considerable benefits but also pitfalls associated with Joint Venture arrangements or Development Agreements too numerous to mention within the scope of this report. However we would suggest these are explored as 'Further Work'.

14.3.8 We have reported on the value of Site 1 MU24 based upon the proposed gross development value post highway changes concept diagram by ID Partnership. In valuing the site we would stress that would appear to be a number of factors that could restrict the deliverability of this site. We would suggest further exploration should be made into how access would be continued without severe disruption to the operation of the Eden Shopping Centre and its Car park.

14.3.9 We would suggest that if such disruption does occur significant compensation would be expected from the occupiers and landlords of the Eden Shopping Centre, which may outweigh the benefits of development of the site.

14.3.10 We would suggest that if the site came to the market that it is likely a special purchaser situation could arise wherein there would be two parties where this particular asset would have special value as it would it would have special advantages arising from its ownership.

14.3.11 We would suggest two such special purchasers, the first would be the Eden Centre, who would be especially interested to assist the future expansion of the centre and prevent competitors from developing interests detrimental to the Centre's operations. The second special purchaser would be Tesco who could benefit from owning the land to facilitate the store extension. Arguably a competitor could thwart these aspirations and their involvement in the bidding may not be reflective of the wider market and therefore values may not be strictly at arms length and may be higher or lower than those reported.

14.3.12 We have also been requested to provide a comparison of MU24 Site 2 Phase 2 pre and post highway changes. There is an acknowledgement that Phase 1 incorporating a hotel has been granted planning permission and is expected to start on site in 2010. As a consequence this report is only concerned with Phase 2 of the project which looks at the potential for developing on WDC land currently the Oxford Street Roundabout following highway changes and the comparative value if the site is developed without the benefit of the highway changes. The values reported are subject to the valuation assumptions under Section 14 o this report:

MU24 Site 2 Phase 2

Land value pre-highway changes existing site footprint	£0 to £900,000
Land Value post highway changes extended site footprint	£0 to £1,500,000
Development value pre-highway changes	£10,500,000 to £12,000,000
Development value post highway changes	£15,000,000 to £17,000,000

14.3.13 MU15: Markland Klaschka Scheme pre Highway changes

We have been requested to include development values report for the scheme prepared by Markland Klaschka which involves the retention of the fire station adjacent to a new build leisure and office building, as a comparison iteration. Our opinion of Gross

Development Value as at 30 January 2010 is in the region of **£13,000,000 to £14,000,000** in line with their valuation considerations outlined under 14.3.

14.3.14 Demolition Costs

We have been requested to provide an indication of demolition costs for the subject sites. In liaison with Rhomco Consulting Ltd we would suggest demolition costs as follows:

Site	Total Demolition Cost Estimate (£)
MU15 Liberal Club (£50,000) Fire station (£100,000) Brick building adjacent to corner of underpass Royal British Legion	£300,000
MU24 Buildings & Ramp adjacent to Centre Shops under flyover Existing Circle of shops on old town centre side	£600,000
RES56 Demolition of houses including the removal of services and grubbing up of foundations	£50,000
Total Demolition costs	£950,000

Figure 21. Demolition Costs

14.3.15 Build Costs of the Liberal Club

We have been requested to include indicative costs for new build replacement of the Royal British Legion and Liberal Club excluding land, professional fees and 44bnormal we would estimate that this would be in the region of **£1,300,000**.

14.4 VALUATION CONSIDERATIONS

14.4.2 In terms of build and demolition cost considerations this report has been prepared in liaison with Cost Consultants Rhomco Consulting Ltd who has the appropriate

qualifications and experience of these types of projects. The residual valuations that we have been instructed to perform are very sensitive to variations in the estimated costs and the accuracy with which costs can be assessed may vary greatly particularly where there is an unusual building specification and where specific structures may need to be retained. Greater accuracy may be had once detailed schemes become available.

- 14.4.3 The figures are based on current rates and pricing at last quarter 2009. Our feasibility appraisals assume the following:
- 14.4.4 £70 per sq ft to construct the leisure element to shell specification only. Leisure tenant to be responsible for fit out. No financial contribution has been included within the appraisal other than rent free periods;
- 14.4.5 We have been given a build cost guide of £145 - £150 per sq ft on the assumption of BREEAM Excellent standard will be achieved for the offices, however the project does not become viable on this assumption. If the site is sold and not required to be BREEAM rated then Grade A air conditioned offices would be nearer £135-£140 per sq ft inclusive of preliminaries at 20% of the build cost, contingencies and overheads and profits from the contractor. A lower build cost would enable the scheme to be more viable and help to avoid negative land residuals.
- 14.4.6 We have assumed a standard design and build contract with circa 55% of the professional fees pre contract and 45% included within the build contract.
- 14.4.7 A net:gross ratio of 90% has been assumed for concept layouts prepared by WDC, ID Partnership and Phase 2 of MU24 Site 2.
- 14.4.8 Standard contractor's contingency of 7%. A developer's contingency of 3%. We have assumed that the affordable element will be sold to a registered social landlord at a value equivalent to 50% of market value for socially rented plots and 75% of market value for shared ownership plot
- 14.4.9 Developers profit on cost of 15% for mixed use schemes and 20% developers profit on sales for residential schemes.
- 14.4.10 A standard form of JCT 2005 Design and Build Form of Building contract. The new scheme is assumed to be constructed using a Standard steel frame construction with

contiguous Piling/Pad foundation solution for the substructure. External walls to be constructed from concrete cladding panels with anodised aluminium glazing/brick block construction. An alternative construction would affect the values reported herein.

14.4.11 Build costs reflect a start on site to undertake the works during the second quarter of 2012 at the latest and that the work will be tendered competitively. Further detailed information in respect of build cost assumptions may be provided upon request.

14.4.12 Our feasibility appraisal does not comment on any matters that we have not been fully made aware of that may result in excessive abnormal costs such as constrained site conditions, contamination or geotechnical conditions.

14.4.13 That no development is occurring opposite MU24 i.e. the other side of the Octagon Parade. If development occurs at the same time additional costs could be incurred due to over sailing rights being affected and/or programming implications. It should be noted that the owners of Eden Shopping Centre have expressed concern in respect of the Golden Apple Ltd application no. 0916196/FUL that it does not compromise the operation of the shopping centre through building operations. There are two service doors for Eden on to Octagon Parade that should not be obstructed. There are also concerns about any temporary closures that a satisfactory construction methodology is in place for all sites which does not impinge upon the existing operations in the area during construction of all sites.

14.4.14 Retail space is to be left as shell and core, fit out to be undertaken by the incoming retail tenant, basic services will be available in the space provided with cast concrete frame or steel, block walls and concrete slab.

14.4.15 Car parks are assumed to be constructed of reinforced precast/insitu concrete frame and floors with access ramps and core staircases. The outer walls will be clad to the agreed specification with the planners. Access gates and barriers will be provided. Car parks have not been assessed on the basis that they are not income producing, which may be a consideration for MU24 Site 1. Where no car parking is provided rental/capital values reflect such.

14.4.16 Unencumbered and unrestricted freehold titles. This means that the sites are not encumbered with covenants, title restrictions or leasehold interests which may affect

values. Our valuations also exclude any existing income ground or occupational rents as we have not been provided with any information pertaining to existing leases.

14.4.17 No capital allowances have been included in our assumptions.

14.4.18 Residential will be built to NHBC standards.

14.4.19 We have assumed a programme for each site of between 15-18 months for larger sites, 12 months for RES56. Further work will be required into the optimisation of programming for each project once a formal detailed scheme has been produced for each site. Planning timescales assume 13 week determination for small sites and major applications will be determined within 6 months. Programme assumes no call in or Appeal.

14.4.20 No allowance has been made in respect of rights of light, party wall or boundary issues unless this information is made available to us. Consideration should be had in respect of day lighting and sun lighting study to assess the impact of any of the proposed developments will have upon neighbouring properties. An allowance has been made for professional reports in our appraisals for such reports.

14.4.21 Thames Water has identified an inability of the existing waste water infrastructure to accommodate the needs of this development. Feasibility figures should be updated accordingly when more accurate figures become available.

14.4.22 No allowance has been made in terms of availability or capacity of infrastructure such as roads, public transport, mains drainage, water, gas or electricity other than standard service provision. We have not made any allowance for any temporary road closures or lane restriction implementations and costs. All highway works will be undertaken by others in respect of the proposed post highway changes highway network.

14.4.23 Our valuation excludes allowances both in time and cost for archaeological features unless you have information to the contrary. We have been informed of a potential historic mill surviving in the area of MU24 Site 2, however we understand that the County Archaeologist has confirmed that an archaeological desk based assessment was acceptable and attached no conditions to the planning consent for the Phase 1 Scheme.

- 14.4.24 No allowance for onsite electricity substation or significant upgrades or diversions to statutory services, this will be subject to clarification from a Mechanical & Electrical consultant (M&E).
- 14.4.25 Flood risk is assumed in all new buildings to be designed to be robust in tanking to prevent floods of particularly lower areas in the building and to prevent pollution and contamination particularly of aquifers.
- 14.4.26 No capital contributions to tenants other than a 9 month rent free period for the smaller offices and leisure tenants, 12 month rent free period for the office tenants, with 2 years being assumed for MU15's HQ offices, 6 months for hotel operators and retailers.
- 14.4.27 Sites are put to the open market and that no special purchasers are present.
- 14.4.28 That major anchor or pre-let is in place under agreement to lease prior to commencement of the development by the developer.
- 14.4.29 Our valuation makes no allowance for tax relief or grants.
- 14.4.30 Our valuation makes no allowance for compensation payments to the tenants or landowners affected by the development.
- 14.4.31 No inflation or building cost increases beyond the allowance identified.
- 14.4.32 No special acoustic requirements have been included.
- 14.4.33 No Section 278 works unless expressly stated. Section 106 costs as per the figures provided by Wycombe District Council.
- 14.4.34 Bank fees are at present unpredictable and fluctuate widely between banks however there is evidence of improved lending climate since our last report we have assumed interest rates at 6.5%. This assumes that the developer is of good standing with known track record of similar developments proposed post highway changes.
- 14.4.35 Site clearance and demolition works to be carried out by others. Sites are assumed cleared and ready to be developed.

- 14.4.36 Building regulations costs are excluded but we have assumed that Building Regulations approval will be forthcoming.
- 14.4.37 Any Planning Permission, Conservation Area or Listed Building Consent will be forthcoming;
- 14.4.38 Purchase will be on the basis of conditional exchange subject to satisfactory planning permission and technical reports on all sites. We have assumed a 10% deposit on exchange and 90% deposit on completion.
- 14.4.39 Development values reported are gross of purchaser's costs and provide the estimate of gross realisation of the development post highway changes.
- 14.4.40 Assumptions in terms of single or multiple occupiers have been stated within the report. Alterations to these assumptions could affect the figures reported.
- 14.4.41 Hotel costs are assumed to be at 'Travelodge' hotel standard.
- 14.4.42 We have assumed that MU24 Site 2 Phase 2 will provide accommodation for 2 major anchor retail tenants at ground, first and second floor. If the second floor becomes wholly storage this will impact upon the values reported herein.

14.5 SENSITIVITY ANALYSIS

- 14.5.2 It is important to note that residual valuations as reported in this report are an iterative process. The feasibility of a project to a certain extent is a process of calculating the desired result by means of a repeated cycle of operations and continual assessment of cost versus income. As an iterative process the optimum result should be reached as the number of iterations increases. This is not always the case where costs of a project may always exceed income making a project unviable. Ultimately greater certainty can only really be obtained through market testing to potential tenants and developers/purchasers and obtaining greater market certainty on costs associated with a project.
- 14.5.3 As part of this report we have been requested to provide explore this iterative process through sensitivity analysis to reflect possible scenarios of future market conditions

where there is a slower or faster market recovery. The areas which may be affected by market fluctuations are numerous and include the following:

- Market changes and shifts in capital values
- Market changes and shifts in rental levels
- Market changes and shifts to yields
- Market changes to build costs
- Market changes to sales rates
- Cost implications of statutory changes
- Cost implication of environmental considerations and abnormal
- Cost implications due to programme constraints
- Cost implications of shifts in interest rates

14.5.4 The sensitivity analysis' below is restricted to shifts in yields but maintaining existing rentals and an alternative scenario where there is a shift in build costs.

14.5.5 We have considered yields as this is reflective of the wider economy and where property may become more or less favourable as an investment for developers and investors to place their money. Generally the riskier an investment is considered to be the higher the yield investors will require before being tempted to place they money in it. This means the riskier the investment the greater the return the investor will require. We have adjusted the yields slightly to reflect an increase and decrease in yield. In the examples below this has not been accompanied by an increase or decrease in rentals and it should be borne in mind that rental changes may occur as well as yield changes, along with the other market fluctuations listed above.

14.5.6 Below we provide a sensitivity analysis which provides impact upon figures reported should there be an improvement and deterioration in the values reported. All rentals and assumptions are as per Section 14 Valuation Considerations.

14.5.7 Sensitivity Analysis: Yields

The following table reports the range of Gross Development Values where there is an upward shift in commercial yield of 1% or a downward shift of 1%:

Description	1% Increase in Yields	1% Decrease in Yields
MU15 Site 1 (Retail & Offices)	£13,000,000	£18,500,000
MU15 Site 2A (Offices)	£15,500,000	£21,000,000
MU15 Site 2B (Mixed Use)	£10,000,000	£12,000,000

MU24 Site 1 (Retail & Offices)	£21,700,000	£15,800,000
MU24 Site 2 Phase 2	£15,000,000	£20,000,000
MU9 Site 3 & 4	£4,100,000	£5,400,000

Figure 22. Sensitivity analysis: Yields

The following table explores the effect a Gross Development Value of a sensitivity analysis in the adjustment of purchase prices for the individual plots on RES56:

Description	2.5% decrease in purchase price	2.5% increase in purchase price
RES 56 Development value	£2,671,500	£4,100,000

Figure 23. Sensitivity analysis for RES56

14.5.8 Sensitivity analysis: Build Costs

14.5.9 We have also adjusted values to reflect changes in build costs. An increase in build costs reflects limited supply of materials and labour but an increase in demand from developers and a decrease in build costs could reflect increase supply and availability of materials and labour and decreased demand from developers. The latter may occur if the economic climate worsens. If the economic climate improves the former may occur however there are a multitude of other forces which may affect build costs and supply.

14.5.10 The feasibility is based upon current day pricing i.e. 4th quarter 2009. When developers finally start on site prices should be adjusted in line with tender price inflation. Predicting the next 4 years using the latest retail price index or BCIS (or similar) costs will rise from current levels to an average increase from 2011 to 2014 of circa 4%.

14.5.11 The following sensitivity analysis shows the effect on land value of a build cost increase of 4% with values remaining as at the assessment date. The higher the negative land residual, the less viable the scheme.

Description	Effect of 4% increase in build costs on land value
MU15 Site 1 (Retail & Offices)	£1,000,000
MU15 Site 2A (Offices)	-£200,000
MU15 Site 2B (Mixed Use)	-£1,200,000
MU24 Site 1 (Retail & Offices)	-£1,900,000

MU24 Site 2 Phase 2	£1,100,000
MU9 Site 3 & 4	-£1,300,000
RES56	£565,000

Figure 24 Sensitivity analysis: Build cost

15 STRATEGY FOR DISPLACEMENT AND RELOCATION

As part of the deliverability assessment we have been requested to comment upon a strategy for relocation and displacement in preparation for highway changes. Part of any strategy for relocation and displacement will need to have careful consideration of the following issues:

- Land Assembly – clarification on WDC ownerships and where land is not owned a strategy for Compulsory Purchase will need to be considered. Can new “temporary” or “permanent” sites be found to enable relocation? Assess the potential costs of relocation of the occupiers involved. Which occupiers are involved and ensure detailed knowledge of the leasehold and freehold interests involved.
- Phasing – successful phasing may be constrained by the need to have mechanisms for the delivery of infrastructure in place prior to displacing occupiers.
- Market – is the Development Brief achievable and sustainable in the present climate in the absence of significant anchor tenants?
- Procurement – how does WDC want to involve the Private sector in the delivery of the sites e.g. PPP/PFI, Joint Venture, outright sale by way of private treaty (unconditional/conditional), buy back options to ensure that delivery is achieved. Do you bring the land to market and find a developer to acquire or enter in to a JV with the Council. Where a developer is in existence and through support through the provision of land can deliver council aspirations.
- Legal – Does the WDC have a clear understanding of Legal matters associated with the sites and their procurement

15.1 COMPULSORY PURCHASE

15.1.2 Depending on your preferred procurement method where it is deemed appropriate if the Compulsory Purchase route is the route you wish to explore further we would

recommend that a suitably qualified chartered surveyor who specialises in the area of relocation and displacement of occupiers which are affected by public works. This surveyor will be able to provide WDC with guidance on the following:

- A valuation of the site, and to provide WDC with an estimate of the likely level of compensation to be paid - a so-called 'property cost estimate'.
- The surveyor will also be instructed to consider the value of the site once assembled, to establish whether this would produce a better return to the acquiring authority. In these circumstances, the 'risk' of meeting all the compensation payments can either be absorbed by the acquiring authority, or can be passed to a developer, by means of an indemnity.
- A surveyor advising an acquiring authority is therefore likely to become involved in negotiating the terms of any agreement with a developer, and in providing general advice to an acquiring authority on likely land values.
- The CPO process itself can take anything up to 12 months to complete, any report on land values and compensation should have regard to this timescale.

15.1.3 Ultimately WDC will need to answer the question: 'Is there a compelling case in the public interest for the use of compulsory purchase powers in this case?' For instance, if a local authority exercises its compulsory purchase powers purely for the convenience of a private developer, it will run a real risk that its CPO will not be confirmed.

15.1.4 Circular 06/04 identifies *four* factors which the Secretary of State will take into account in deciding whether to confirm a CPO.

1. Is the compulsory purchase justified? The secretary of state will consider why it is necessary to use CPO powers, why there is a need to intervene, and what would happen if such powers were not granted.
2. The secretary of state will wish to be satisfied that if a CPO is confirmed, there are no planning or other physical or legal impediments outstanding which could cause doubt as to whether the project can go ahead. This raises the question as to

whether or not planning permission should be obtained before making a CPO (see below).

3. The secretary of state will wish to be satisfied that there are no financial impediments facing the project if a CPO is confirmed. This does not necessarily mean that funding should be in place, but the acquiring authority should have a means of financing the project, either from its own resources, or by means of a joint venture with a developer, to ensure that the project can proceed. (For the relevance of cost, see the cases of *Sovmots Investments Ltd v Secretary of State for the Environment* (1977) and *Royal Life Insurance v Secretary of State for the Environment* (1992).)
4. The secretary of state will wish to be satisfied that the scheme is deliverable. This means that the acquiring authority must demonstrate that it either has the resources and expertise to carry out the project itself, or has a reasonable prospect of securing development in conjunction with the private sector.

15.1.5 Although it is not a statutory requirement, government advice is that planning authorities should issue a statement of reasons with the statutory notice when making a CPO, so as to advise land-owners of the reasons for using compulsory powers. The statement of reasons will explain why compulsory powers are being sought, describe the land to which these powers are to be exercised, and set out details of the acquiring authority's proposals. It will also contain a statement regarding the planning position.

15.1.6 Any strategy for displacement and relocation should be aware that in November, the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA Act) became law. The detail of this Act and the consultation for it evolved from the CLG consultation document [Communities in control: real people, real power 2008](#), which expanded the 'duty to involve' principle found in the [Local Government and Public Involvement in Health Act 2007](#). There is now a new duty is placed on local councils to respond to all petitions, including electronic petitions, relating to local authority functions and other public services where the council shares delivery responsibilities. The government believes this will provide valid information that could and should influence decision-making.

16 FURTHER WORK

- 16.1.2 This report provides a high level assessment of values which may be refined as further detailed assumptions become available. WDC may wish to consider the following areas of Further Work
- 16.1.3 The concept plans such as those for MU9 have resulted in negative residual land values and therefore the development proposals do not become viable in this market. Alternative schemes may prove viable such as part refurbishment and part new build schemes, change in development mix, a reduction in costs associated with the site and an improved market.
- 16.1.4 A more comprehensive analysis of MU24 Site 2 including those areas for which we have not been provided with floor areas and land values. This would provide a more comprehensive approach to redevelopment which may prove more profitable in feasibility terms. However a more comprehensive redevelopment of the site may also be subject to increased compensation payments to tenants.
- 16.1.5 In order to deliver the sites there are a number of key activities which will need to be considered and further advice sought in areas which go beyond the remit of this report.

Identify occupiers - Liaison with major stakeholders, developers, investors and occupiers known to invest in the region to raise awareness and court and challenge views. This will also help to support more detailed design in terms of tailoring space to current requirements. Flexibility of the space will ensure adaptability to a wider number of potential occupiers. Liaison with UKTI and Foreign and commonwealth office, Homes & Communities Agency, Buckinghamshire Economic and Learning Partnership (BELP), SEEDA/Wycombe DC Economic and Property Departments. This will assist in identifying potential occupiers/investors seeking to expand or come into the area whether locally or further afield such as Europe, America and Asia Pacific.

Site specific disposal advice – Liaison with your Property Department in respect of disposal advice from sector specialist's e.g. local, regional and national agents can advise on occupier requirements for particular sites.

Legal Advice - Liaison with your Legal Department should be sought in terms of options available in terms of legal issues and the procurement route which is preferable to WDC. These include but are not limited to the following:

- a) Unconditional sale of the freehold
- b) Conditional sale of the freehold
- c) Conditional land sale (building lease)
- d) Local Asset Backed Vehicle (LABV)
- e) Development Agreement (Public Works Contract)
- f) Development Agreement (Public Works Concession)

Further information should also be sought in terms of:

- g) Section 106 Agreement structure and phasing potential of payments
- h) Title issues
- i) Where existing Council tenancies are involved advice on Section 30 grounds of Landlord and Tenant Act 1954 Part II advice in terms of not renewing a tenancy.
- j) Compulsory Purchase options
- k) Local Government disposals

Specialist CPO advice where sites cannot be delivered without this intervention.

Specialist tax advice to ensure optimum returns e.g. treatment of VAT issues connected with land disposals

Programme - for development/disposal accounting for the various stages outlined above particularly having regard to OJEU procedures for disposals.

Technical Investigations – A number of areas have been excluded in our appraisal in terms of ground conditions and flood risk strategy. These unknowns can be assessed through further investigations. This is an area which can be reviewed as part of the disposal advice with your retained specialist agent as to whether it will expedite matters if dealt with by the Council prior to pursuing their preferred disposal route.

Construction & demolition methodology – in light of the initial concerns raised by the owners of the Eden Shopping Centre in respect of The Golden Apple Ltd. In respect of the potential for building operations at Octagon Parade (MU24 Site 2) to compromise shopping centre operations, we would recommend that a construction

methodology is commissioned particularly bearing in mind the complexity involved with developing MU24 Site 1 in order to ensure deliverability of development proposals and to alleviate concerns of landlords, tenants and developers whose operation and reliance upon minimal road disruption for customers be affected by the proposed post highway changes development of the town centre sites.

This methodology would have consideration of:

- Buildability
- Appropriate phasing and programming
- Strategy to minimise disruption to pedestrian movement to existing retail
- Strategy to minimise vibration, noise and air pollution (eg dust) from demolition and construction
- Health & Safety strategy for pedestrians
- Hours/days of work
- Waste management
- Location of hoardings
- Contact arrangements and information points for member of the public

17 CONFIDENTIALITY

17.1.2 This Feasibility Report is provided for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its content. The basis of valuation may not be appropriate for other purposes other than as evidence base for DSA consultation and should not be so used without prior consultation with us.

18 ACKNOWLEDGEMENTS

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- Buckinghamshire Inward Investment and Retention Action Plan for Buckinghamshire County Council and Aylesbury Vale District Council dated May 2009 by Urban Renaissance Institute.
- Wycombe District Council (2007) Development Trends in Wycombe District 2006-2007