

This is our draft residential market review paper for stakeholder consultation. Please provide any feedback clearly referencing the relevant page / paragraph / table number etc. We are particularly interested in any new build sales transactional comparable data (including price, date, unit type, floor area details etc).

## 1 Residential Market Review

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- 1.1 This paper provides the background to the value assumptions made in appraising the residential development typologies set out in the main report. The purpose of the overarching study is to test the viability implications of the Council's emerging policies.
- 1.2 The structure of the residential market paper is as follow;
- **National and Regional Overview** – provides an assessment of current the residential market in a national and regional context.
  - **Existing Evidence** – provides a review of existing market evidence which will inform our assumptions.
  - **New Build Achieved Values** – provides an assessment of new build achieved values across the District over the last two years based on industry recognised published data from Land Registry and Energy Performance Certificate Register (EPC).
  - **Second Hand Achieved Values** – provides an assessment of second hand achieved values across the District over the last three months, again based on industry recognised published data.
  - **New Build Asking Prices** – provides an assessment of asking prices for new build properties across the District. The market assessment is based on industry recognised published data from Rightmove and developers websites such as; Taylor Wimpey and Bellway Homes.
  - **Rural Designated Areas (RDA's)** – Based on data collected across the District, we have carried out analysis to understand whether the RDA's reflect the housing market areas, or form separate value areas, and thus the price per square meter (£ psm) for developments within these areas.
  - **Residential Value Assumptions** – Based on assessment of achieved and asking value data, we set out our value assumptions (£ psm and absolute values) which could be expected across the District taking into consideration the settlement hierarchy.
  - **Student housing** – provides an overview of the student housing market in the UK and a market assessment of current new build developments to understand the rents and yields.

- **Build to Rent** - provides an overview of the Build to Rent market in the UK and a market assessment of current new build developments to understand the rents and yields.
- **Age Restricted Housing/Extra Care** – provides an overview of the various types of housing for older people. The market assessment focusses on current developments to understand the asking prices.

## 2 UK and Regional Market Overview

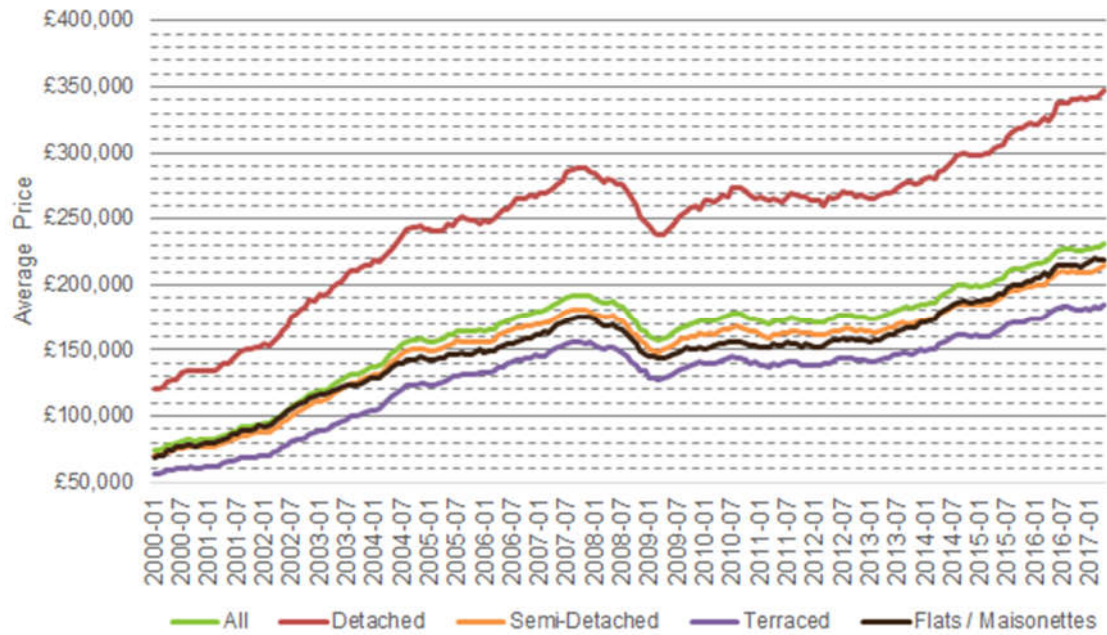
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- 2.1 The RICS publishes a regular UK residential property market survey providing an overall opinion of the direction that the residential market is taking based on that month, along with commentary from surveyors from the individual regions throughout the UK. The latest publication of this is May 2017 providing the following summary:
- Demand slips and new sales listings decline further;
  - Agreed sales continue to edge lower steadily;
  - National price growth eases somewhat while expectations remain subdued.<sup>1</sup>
- 2.2 The paper highlights that instructions and sales are declining over recent months, with price growth losing momentum with further 'cooling' likely in the short term. Reference is drawn to the General Election hindering activity causing hesitancy from both buyers and vendors. The paper notes that there appears to be a lack of supply, with 25% more respondents noted a decline in listings which produces the most negative reading since July 2016, however this is likely to have been exacerbated by the general election<sup>1</sup>.
- 2.3 In terms of RICS residential property market forecasts, in the short term evidence from sales transactions suggest little change over the next three months, and over the next year respondents imply a more optimistic outlook for sales growth with 26% expecting an increase in activity.
- 2.4 **Figure 2.1** shows that England and Wales experienced strong house price growth leading up to the 2007/08 financial crises. Following the financial crises average prices fell by around 20%. In the following few years there was uncertainty in the economy leading to a slow and unpredictable recovery in house prices. Since 2009 average prices have been steadily increasing, at first driven by strong house price growth in London which then filtered out across the regions. Average prices in England and Wales are now in excess of the 2007/08 peak (£192,000) at £231,229.

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<sup>1</sup> RICS May 2017: UK Residential Market survey, page 1.

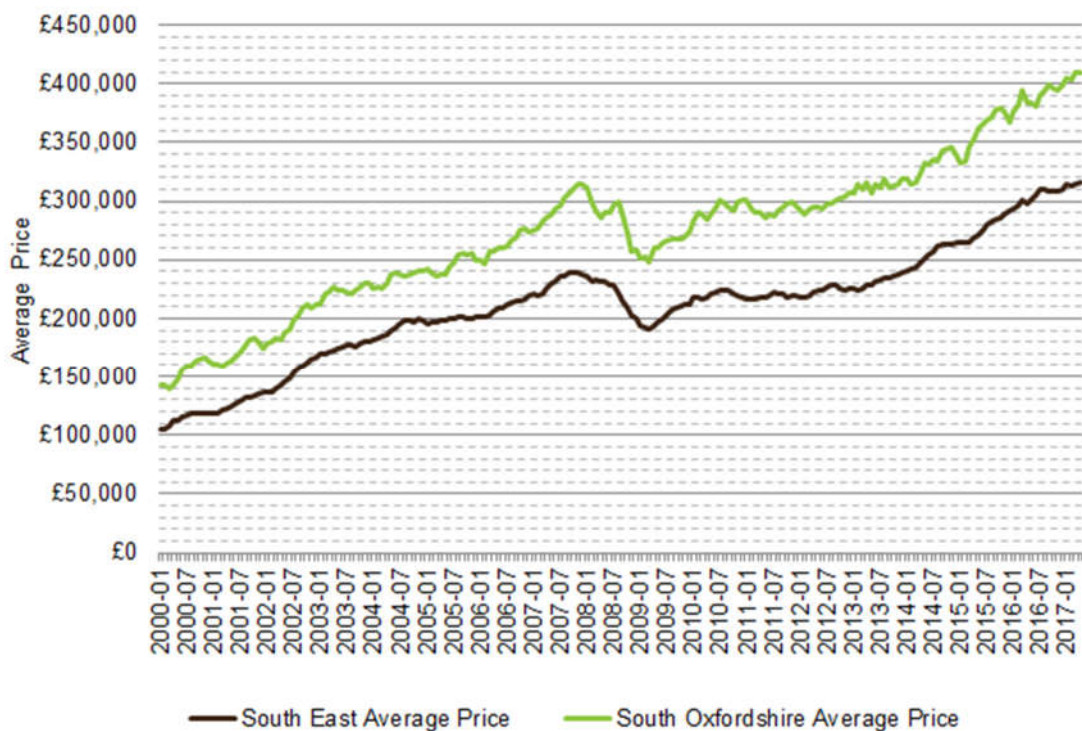
**Figure 2.1 - Average House Prices in England and Wales**



Source: Land Registry, June 2017

2.7 **Figure 2.2** below shows how the average prices in the South East and South Oxfordshire have generally followed the national trend. Again leading up to the 2007/08 financial crises, house price inflation was strong – average prices at this were around £240,000 in the South East and £310,000 in South Oxfordshire. Following the 2007/08 peak average prices fell but not as severely as the England and Wales average, falling by around 15%. Average prices have recovered in both the South East and Oxfordshire reaching prerecession levels by 2014. The average price for all properties as of June 2017 is £315,334 in the South East and £409,072 in South Oxfordshire (Land Registry 2017).

**Figure 2.2 - Average Prices in South East and South Oxfordshire**



Source: Land Registry, June 2017

### 3 Existing Evidence

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3.1 We have undertaken a review of the existing evidence base having regard to the following studies listed below:

- South Oxfordshire Core Strategy – SODC – December 2012
- Community Infrastructure Levy (CIL) Viability Study (2014 update)
- Housing and Employment Land Availability Assessment – South Oxfordshire District Council (SODC) – January 2017
- South Oxfordshire Local Plan 2033 – Second preferred options – March 2017.

#### South Oxfordshire Core Strategy – SODC – December 2012

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3.2 South Oxfordshire contains about 140 settlements<sup>2</sup>. The town of Didcot is seen as a growth point where 8,800 homes will be built in and around the town up to 2027 and will become a much larger town containing a wider range of facilities and services.<sup>3</sup> The Rural South Oxfordshire Summary of Evidence shows that 60 % of the population live in the rural areas outside the four towns.<sup>4</sup>

3.3 The Core Strategy provides a network of settlements throughout the District which provide a good range of services. All parts of the District will be within about a five km radius of a local centre. The network comprises; Didcot, Henley, Wallingford, Thame and 12 of the larger villages. It also takes into account the towns on the edge of the District. The network of settlements is shown on **Figure 3.1**<sup>5</sup>

3.4 **Figure 3.1** below shows the current settlement hierarchy which will remain unchanged in the Local Plan 2033<sup>6</sup>

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<sup>2</sup> 1212 Core Strategy – Page 27 para 4.9

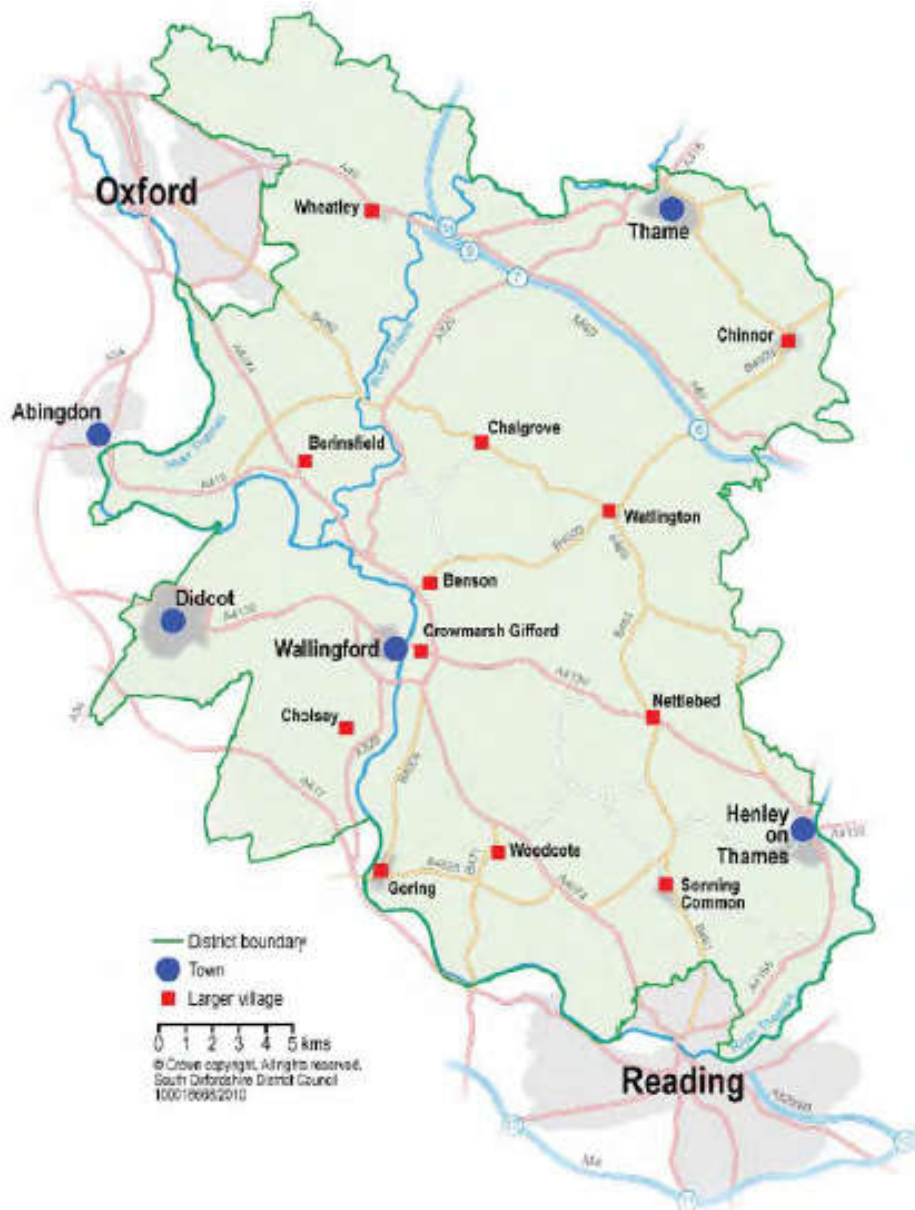
<sup>3</sup> 1212 Core Strategy – Page 27 Para 4.10

<sup>4</sup> 121 Core Strategy – Page 27 para 4.12

<sup>5</sup> 1212 Core Strategy – Page 28 Para 4.14

<sup>6</sup> Settlement Assessment Background Paper

**Figure 3.1 - Network of Settlements**



Source: South Oxfordshire Core Strategy 2012 <sup>7</sup>

<sup>7</sup> Page 29



Table 3.1 - South Oxfordshire Settlement Hierarchy

| Towns                          |                   |                                       |
|--------------------------------|-------------------|---------------------------------------|
| Didcot                         | Henley            | Thame                                 |
| Wallingford                    |                   |                                       |
| Larger Villages                |                   |                                       |
| Benson                         | Cholsey           | Sonning Common                        |
| Berinsfield                    | Crowmarsh Gifford | Watlington                            |
| Chalgrove                      | Goring            | Wheatley                              |
| Chinnor                        | Nettlebed         | Woodcote                              |
| Smaller Villages               |                   |                                       |
| Aston Rowant                   | Gallowtree Common | Nuneham Courtenay                     |
| Aston Tirrold / Aston Upthorpe | Garsington        | Peppard Common                        |
| Beckley                        | Great Haseley     | Playhatch                             |
| Berrick Salome                 | Great Milton      | Rotherfield Peppard                   |
| Binfield Heath                 | Harpsden          | Sandford                              |
| Brightwell cum Gotwell         | Highmoor Cross    | Shiplake Cross                        |
| Britwell                       | Holton            | South Moreton                         |
| Burcot                         | Horspath          | South Stoke                           |
| Checkendon                     | Ipsden            | Stadhampton                           |
| Chiselhampton                  | Kidmore End       | Stanton St John                       |
| Clifton Hampden                | Kingston Blount   | Stoke Row                             |
| Cuddesdon                      | Kingwood Common   | Sydenham                              |
| Culham                         | Lewknor           | Tetsworth                             |
| Cuxham                         | Little Milton     | Tiddington                            |
| Dorchester                     | Long Wittenham    | Towersey                              |
| Drayton St Leonard             | Lower Shiplake    | Warborough & Shillingford NE of A4074 |
| Dunsden Green                  | Marsh Baldon      | Whitchurch Hill                       |
| East Hagbourne                 | Moulsoford        | Whitchurch on Thames                  |
| Ewelme                         | North Moreton     |                                       |
| Forest Hill                    | Nuffield          |                                       |
| Other Villages                 |                   |                                       |
| Bix                            | Hill Bottom       | Rotherfield Greys                     |
| Brightwell Baldwin             | Huntercombe       | Russells Water                        |
| Cane End                       | Little Wittenham  | Satwell                               |
| Chazey Heath                   | Maldensgrove      | Shepherds Green                       |
| Christmas Common               | Mapledurham       | Shillingford South West of A4074      |
| Cookley Green                  | Middle Assendon   | Sonning Eye                           |
| Crays Pond                     | Milton Common     | Stoke Talmage                         |
| Crocker End                    | Mongewell         | Stonor                                |
| Crowell                        | Moreton           | Tokers Green                          |
| Emmington                      | North Stoke       | Toot Baldon                           |
| Exlade Street                  | North Weston      | Waterperry                            |
| Greys Green                    | Postcombe         | Waterstock                            |
| Hailey                         | Preston Crowmarsh | West Hagbourne                        |
| Henton                         | Pyrton            | Witheridge Hill                       |
| Highmoor                       | Roke              |                                       |

Source: South Oxfordshire Core Strategy 2012<sup>8</sup><sup>8</sup> Core Strategy Page 151 Appendix 4



## Community Infrastructure Levy (CIL) Viability Study - 2014 update

- 3.6 In 2014 BNP Paribas Real estate were commissioned to test the ability of a range of development types throughout the District of South Oxfordshire to make contributions to infrastructure requirements through the CIL.
- 3.7 As part of the study, BNP undertook a residential market review within this they defined housing market areas (**Figure 3.2**). Sales values vary between different areas across the District, with higher values in Sonning and Henley-on-Thames; and the lowest values in Didcot and Berisfield.<sup>9</sup> The average values which were assumed are provided in **Table 3.2**.
- 3.8 Residential values in the District reflect national trends in recent years but do vary across the District. Sales values range from £2,547 to £4,180 per square meter.<sup>10</sup>
- 3.9 Savills predicted that sales values will increase over the medium term (i.e. over the next 5 years).<sup>11</sup>

**Table 3.2 - BNP Paribas Sales Values**

| Areas      | Value per sq m | Value per sq ft |
|------------|----------------|-----------------|
| Sub area A | £4,230         | £393            |
| Sub area B | £3,520         | £327            |
| Sub area C | £3,385         | £314            |
| Sub area D | £3,267         | £304            |
| Sub area E | £3,079         | £286            |
| Sub area F | £3,003         | £279            |

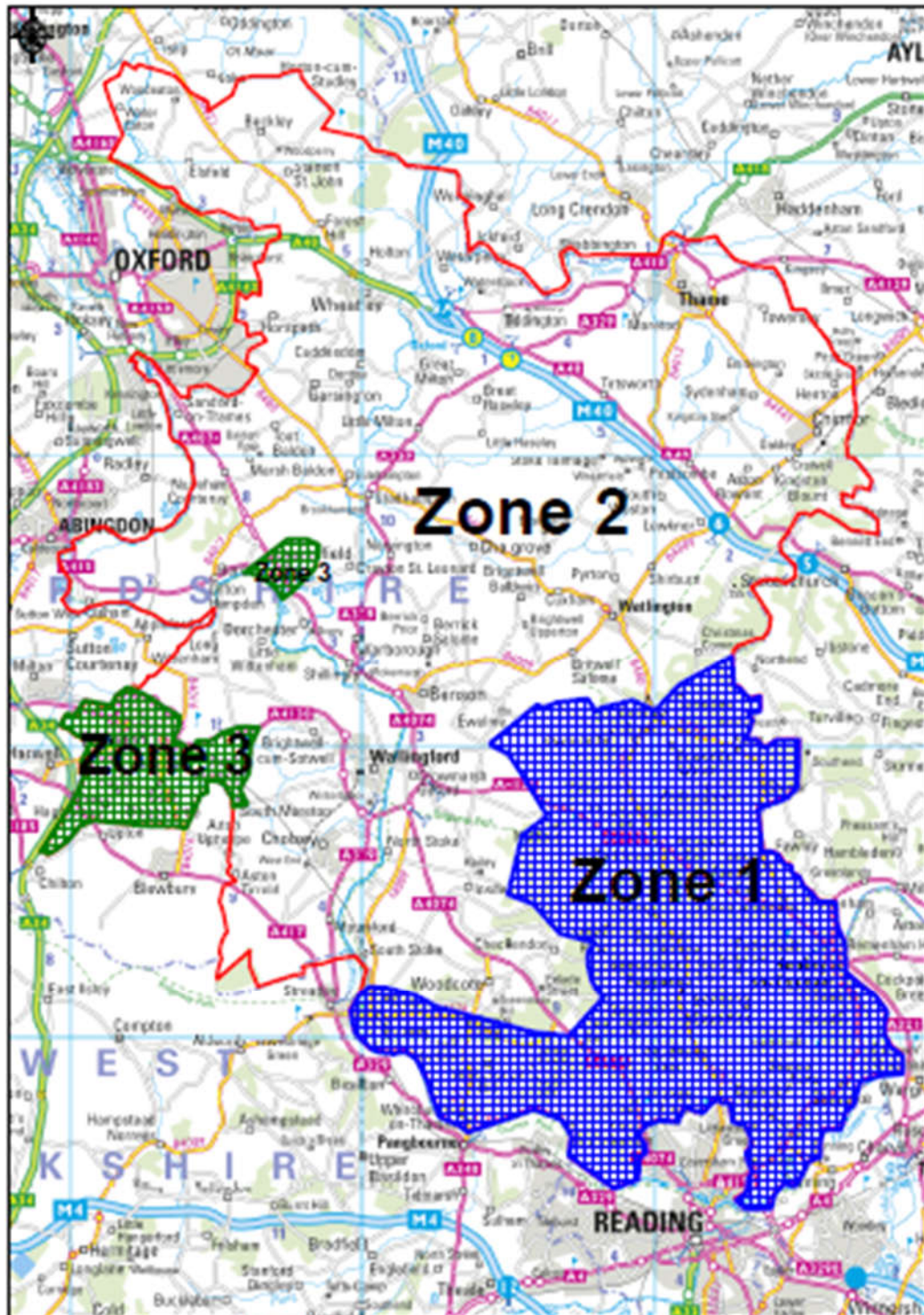
Source: BNP Paribas, 2014

- 3.10 The Sub Areas were as follows;
- Sub Area A included; Great Milton, Goring, Nettlebed, Moulsoford, Sandford on Thames, Rotherfield Pepprad, Henley, Lewkmoor, Lower Shiplake/Shiplake, Sonning Common and Stoke Row
  - Sub Area B included; Watlington, Dorchester, Stanton St John and West Hagbourne
  - Sub Area C included; Benson, Horspath, Thame and Woodcote
  - Sub Area D included; Wallingford, Crowmarsh Gifford and Long Wittenham
  - Sub Area E included; Cholsey, Barton, Woodeaton
  - Sub Area F included; Tetworth, Wealtes, Garsington, Chinnor

<sup>9</sup> CIL Viability Study 2014 BNP Paribas, page 17 Para 4.3.<sup>10</sup> CIL Viability Study 2014 BNP Paribas, page 17 Para 4.2<sup>11</sup> CIL Viability Study 2014 BNP Paribas, page 17 Para 4.4

3.11 This analysis resulted in the following CIL [Market Areas] Zones.

**Figure 3.2 - CIL Charging Schedule Zones**



Source: BNP Paribas, 2014

- 3.12 The following District Council reports provide further context to the housing market areas and spatial geography.

## Housing and Employment Land Availability Assessment – SODC - January 2017

- 3.13 South Oxfordshire is a rural district in the South East of England, to the south and east of Oxford. It contains four towns (Didcot, Henley, Thame and Wallingford), twelve larger villages (Benson, Berinsfield, Chalgrove, Chinnor, Cholsey, Crowmarsh Gifford, Goring, Nettlebed, Sonning Common, Watlington, Wheatley and Woodcote), and a large number of villages.<sup>12</sup>
- 3.14 In both the adopted and emerging Local Plan documents, Didcot is the central focus of growth in the District as its largest settlement. In 2015, Didcot was announced as a Garden Town, with the potential to deliver thousands of new houses and high tech housing. The other towns of Henley-On-Thames, Wallingford and Thame are also home to thriving local economies and communities, supported by many of the villages distributed across the District.<sup>13</sup>

## South Oxfordshire Local Plan 2033 – Second preferred options – March 2017

- 3.15 Historically, growth in South Oxfordshire has been largely focussed upon Didcot and the market towns of Thames, Wallingford and Henley on Thames. Other than Wallingford, these towns are located towards the boundary of the District and the continued focus on the periphery of the District has led to reduction in development to support the investment in services and infrastructure within the heart of South Oxfordshire.<sup>14</sup>

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<sup>12</sup> 1701 Housing and Employment Land Availability Assessment Page 7

<sup>13</sup> 1701 Housing and Employment Land Availability Assessment Page 7

<sup>14</sup> South Oxfordshire Local Plan 2033 – Second preferred options – March 2017 – Page 26

## 4 New Build Achieved Values

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- 4.1 We have carried out a market review of sales values within the South Oxfordshire District over the last **2 years**. This has been based on a detailed analysis of the Land Registry new build achieved values, cross-referenced, on an address-by-address basis (approx. 800 properties),<sup>15</sup> to the floor areas published on the EPC (Energy Performance Certificate) database in order to derive the achieved values (£ per square meter). This gives a good baseline for comparing the average values across the District as it devalues each house type to a value per square meter.
- 4.2 Note that we removed the Shared Ownership registrations and the extremely high values, ‘one – off’ properties from the dataset – to focus on the ‘typical’ new units and avoid skewing the results.
- 4.3 It should also be noted that the Land Registry data for new build achieved values contains a ‘PPD Category Type’ which is defined on the gov.uk website as:

*“Indicates the type of Price Paid transaction”*

*A = Standard Price Paid entry, includes single residential property sold for full market value.*

*B = Additional Price Paid entry including transfers under a power of sale/repossessions, buy-to-lets (where they can be identified by a Mortgage) and transfers to non-private individuals*

*Note that category B does not separately identify the transaction types stated. HM Land Registry has been collecting information on Category A transactions from January 1995. Category B transactions were identified from October 2013.”<sup>16</sup>*

- 4.4 For the purposes of this research, we have excluded new build achieved data that falls under category B as the transactions consistently presented discounted transfer values to those provided under category A, therefore not providing a reflection of the true full market value.
- 4.5 We have reviewed new build Land Registry for the South Oxfordshire District using postcode shapefiles provided by the Council, by doing this we have been able to produce a choropleth map identifying the average price per square meter for new build properties across the District.
- 4.6 We have focussed our research based on the settlement hierarchy within South Oxfordshire District reviewing Didcot, Wallingford, Henley-on-Thames and Thame, the 12 larger villages and a category ‘Rest of District’. The settlement hierarchy has been informed by the Core Strategy 2012 as outlined above.

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<sup>15</sup> Over a 2 year review period for new build achieved values - 1st June 2015- 1st June 2017.

<sup>16</sup> Price Paid Data Guidance, 14<sup>th</sup> August 2014 (<https://www.gov.uk/guidance/about-the-price-paid-data>)



## Average Achieved Values – all property types

- 4.7 We have reviewed the data (all house types including flats) for each postcode on a price per square meter (£ psm) basis, this allows us to identify high and low value areas across the District.
- 4.8 **Table 4.1** below provides a summary of these values (Note: not all postcodes within the District have been included, the ones excluded (OX14, OX44 OX49) do not have new build data within our review period.) We note that new build transactions have occurred in the OX14 postcode area but these properties were located in Abingdon – outside of the District.

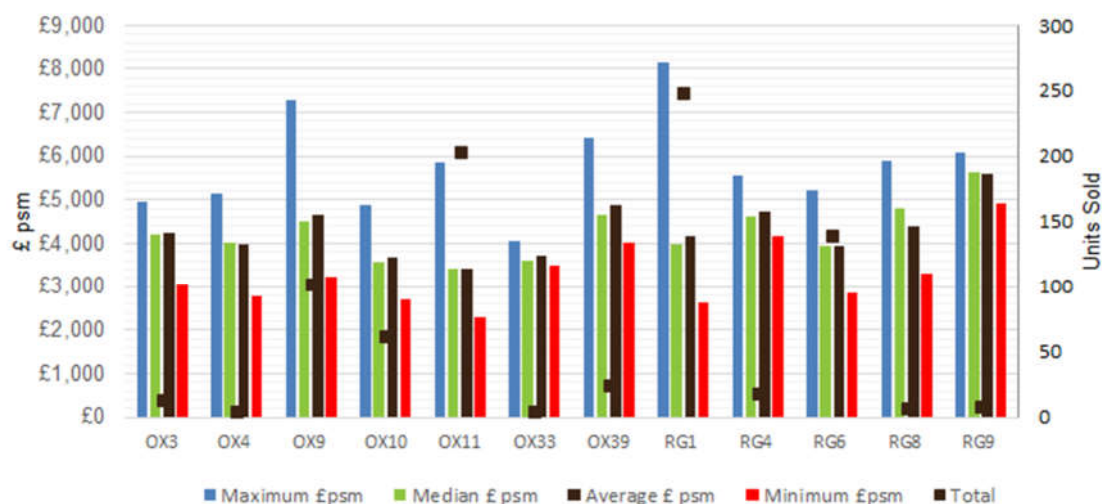
**Table 4.1 - New Build Achieved Values - £ psm**

| Postcode | Maximum £psm | Median £ psm | Average £ psm | Minimum £psm | Total |
|----------|--------------|--------------|---------------|--------------|-------|
| OX3      | £4,961       | £4,219       | £4,262        | £3,048       | 13    |
| OX4      | £5,129       | £4,031       | £3,989        | £2,767       | 4     |
| OX9      | £7,279       | £4,492       | £4,650        | £3,218       | 102   |
| OX10     | £4,875       | £3,561       | £3,700        | £2,719       | 62    |
| OX11     | £5,867       | £3,414       | £3,434        | £2,289       | 204   |
| OX33     | £4,043       | £3,617       | £3,736        | £3,511       | 5     |
| OX39     | £6,419       | £4,642       | £4,866        | £4,013       | 25    |
| RG1      | £8,151       | £3,999       | £4,166        | £2,642       | 249   |
| RG4      | £5,556       | £4,630       | £4,714        | £4,167       | 18    |
| RG6      | £5,212       | £3,938       | £3,941        | £2,857       | 139   |
| RG8      | £5,890       | £4,801       | £4,380        | £3,308       | 7     |
| RG9      | £6,085       | £5,629       | £5,581        | £4,924       | 8     |

Source: Land Registry, EPC, June 2017 – 170613 SODC New Build Sold Values v2

4.9 **Figure 4.1** below provides a visual representation of the new build achieved values on a £ psm basis.

**Figure 4.1 - New Build Achieved Values - £ psm**



Source: Land Registry and EPC register, June 2017

4.10 Our analysis shows that the highest £ psm for a new build property was achieved in the RG1 postcode area (Thame) at £8,151 psm.

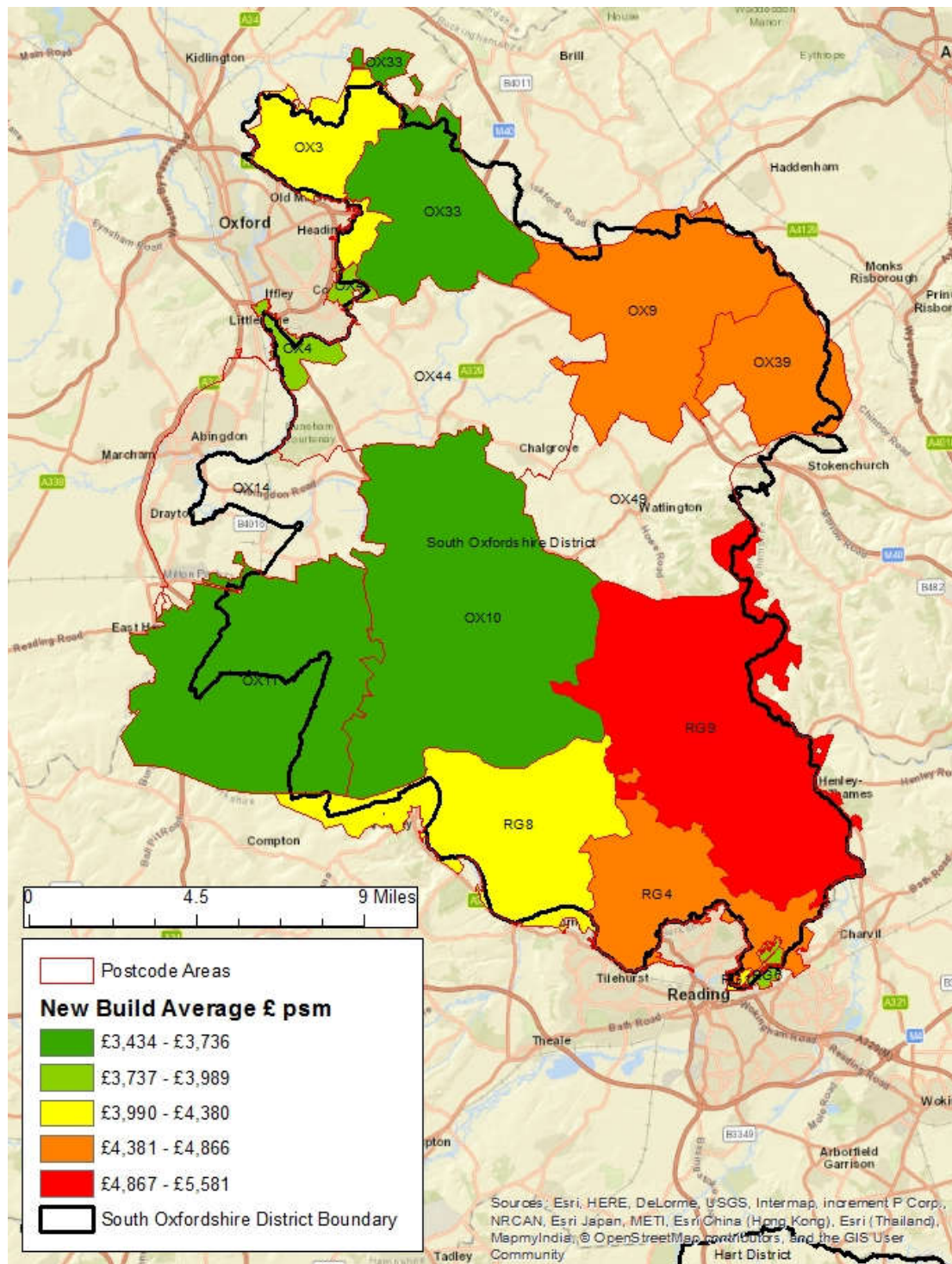
4.11 The lowest £ psm for a new built property was achieved in the OX11 postcode area at £2,289 psm.

4.12 RG9 postcode area shows the highest average and median £ psm, £5,629 and £5,581 psm.

4.13 **Figure 4.2** below is a choropleth map of new build achieved values across the District.



**Figure 4.2 – New Build Achieved Values Choropleth Map**



Source; AspinallVerdi, June 2017

- 4.14 The map shows that based on 2 years Land Registry new build achieved data, the District is divided east-west with the eastern side having higher values and the western side having lower values.
- 4.15 The RG9 postcode area which includes Henley on Thames saw 8 new build properties sold in the review period. Achieved values ranged between £260,000 for a one bed flat and £1,360,000 for a 5 bedroom detached property.
- 4.16 To the east of the District, OX9 and OX39 postcode areas which include Thame and Chinnor saw 102 and 25 new build properties sold in the review period. In the OX9 postcode area, achieved values ranged between £184,950 for a one bed flat and £1,020,000 for a 5 bedroom detached property. In the OX39 postcode area, achieved values ranged between £398,000 for a two bedroom detached property and £622,000 for a 4 bedroom detached property.
- 4.17 We note that, in the OX44 and OX49 no new build transactions have been registered on the Land Registry within our review period (last 2 years). The OX14 postcode area includes Abingdon which is outside of the District and so we have excluded this data.

## Average Achieved Values – by number of beds

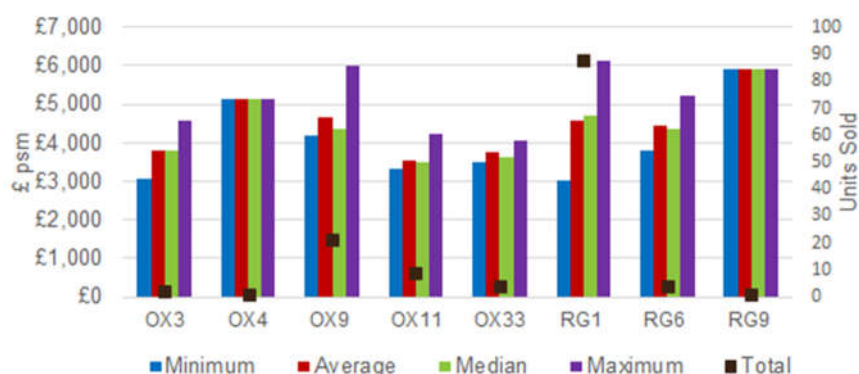
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- 4.18 We have reviewed the data taking into account the number of bedrooms for each transaction across the District to identify the £ psm for one, two, three and four+ bedrooms.
- 4.19 The data has been separated into flats and houses (Detached, Semi-Detached, Terrace).
- 4.20 The Land Registry does not provide details of the number of bedrooms and therefore we have had to make certain assumptions. We have assumed the following floor areas and applied these to each transaction (**See Annex 1: Floor Area Assumptions**);
- Flats are assumed to be one storey;
    - upto 61 sqm – 1 bed
    - 61 – 80 sqm – 2 bed
    - 81 – 95 sqm – 3 bed
    - 95+sqm 4 bed
  - For all houses (Detached, Semi Detached and Terrace) assumed to be two storey;
    - upto 70 sqm – 1 bed
    - 71 – 80 sqm – 2 bed
    - 81 – 100 sqm – 3 bed
    - 101 – 130 sqm – 4 bed
    - 131+ - 5 bed+

## Flats

- 4.21 Based on our floor area assumptions, 130 new build one bedroom flats were sold within the review period, across the District.

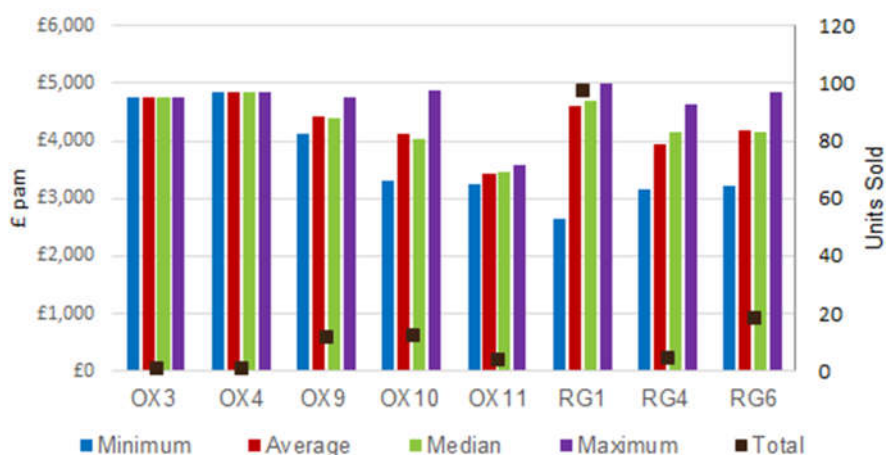
**Figure 4.3 - £ psm One Bed Flat**



Source: Land Registry and EPC register, June 2017

- 4.22 Our analysis shows that one-bed flats have achieved between £3,048 and £6,123 psm.
- 4.23 Based on our floor area assumptions, 153 new build two bedroom flats were sold within the review period, across the District.

**Figure 4.4 - £ psm Two Bed Flats**

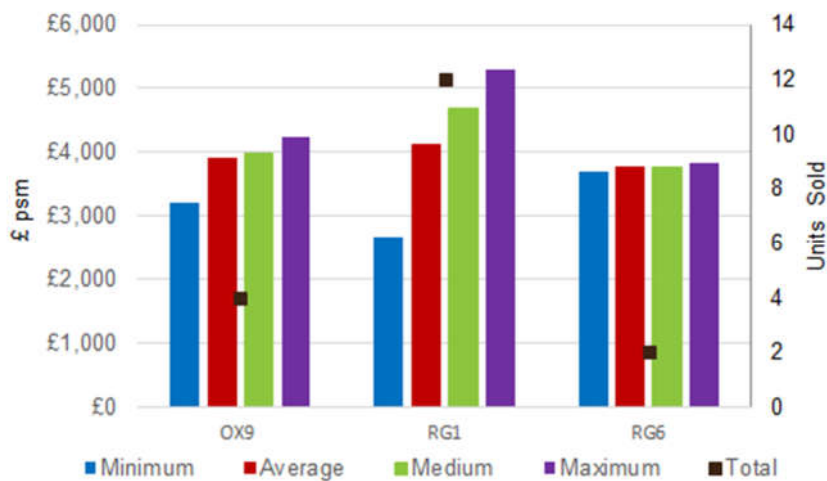


Source: Land Registry and EPC register, June 2017

- 4.24 Our analysis shows that 2-bed flats have achieved between £3,261 and £5,007 psm.

4.25 Based on our floor area assumptions, 18 new build three bedroom flats were sold within the review period, across the District.

Figure 4.5 - £ psm Three Bed Flats



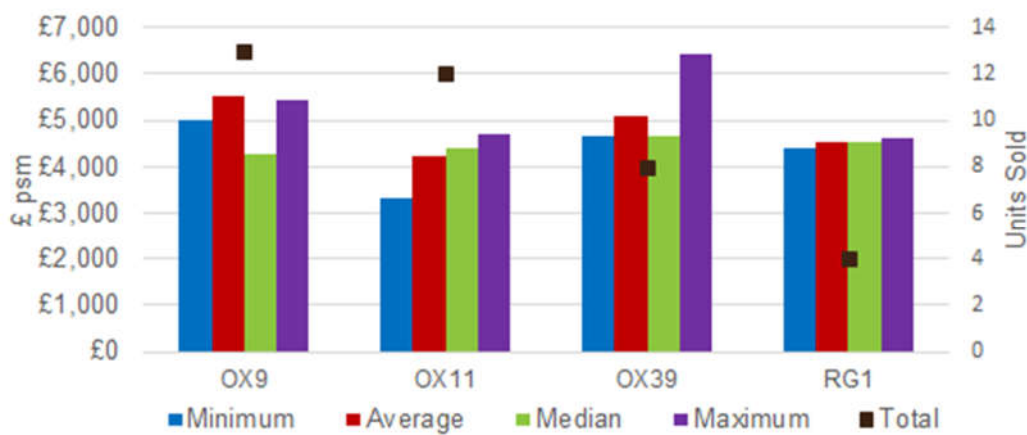
Source: Land Registry and EPC register, June 2017

4.26 Our analysis shows that 3 bed flats have achieved between £2,675 and £5,294 psm

Houses

4.27 Based on our floor area assumptions, 37 new build one bedroom houses were sold within the review period, across the District,

Figure 4.6 - £ psm One Bed Houses

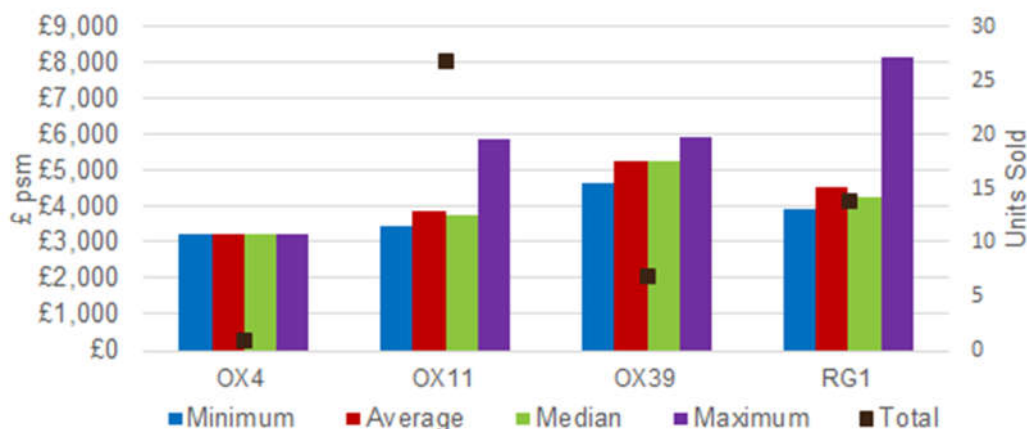


Source: Land Registry and EPC register, June 2017

4.28 Our analysis shows that one bed houses have achieved between £3,344 and £6,419 psm.

- 4.29 Based on our floor area assumptions, 49 new build two bedroom houses were sold within the review period, across the District.

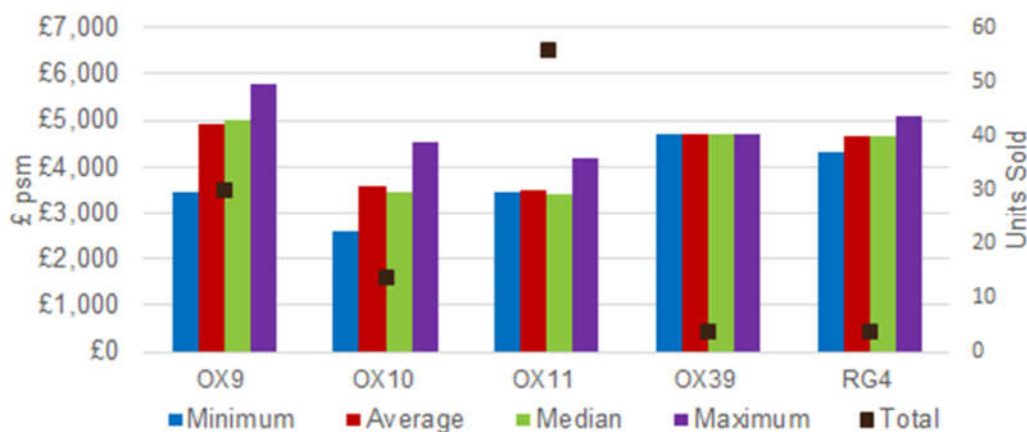
**Figure 4.7 - £ psm Two Bed Houses**



Source: Land Registry and EPC register, June 2017

- 4.30 Our analysis shows that two bed houses have achieved between £3,228 and £8,151 psm
- 4.31 Based on our floor area assumptions, 108 new build three bedroom houses were sold within the review period, across the District.

**Figure 4.8 - £ psm Three Bed Houses**

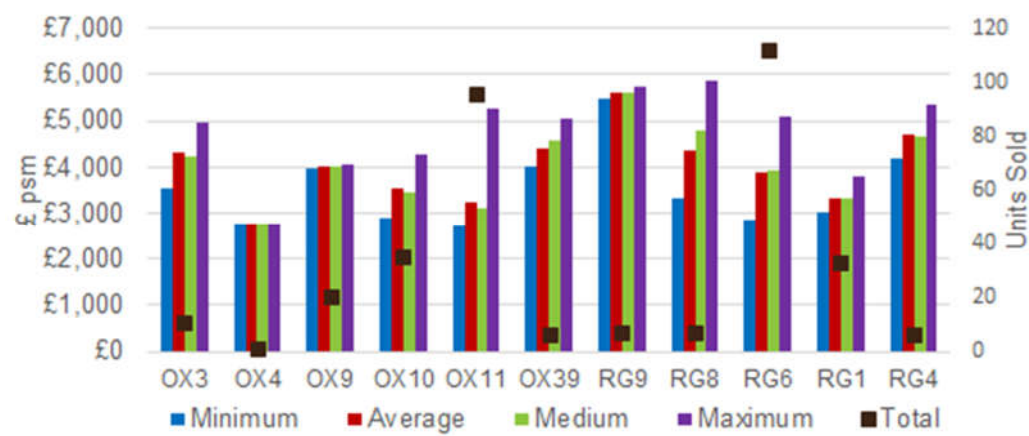


Source: Land Registry and EPC register, June 2017

- 4.32 Our analysis shows that three bed houses have achieved between £2,606 and £5,783 psm
- 4.33 Based on our floor area assumptions, 334 new build four bedroom houses were sold within the review period, across the District,



Figure 4.9 - £ psm Four +Bed Houses



Source: Land Registry and EPC register, June 2017

4.34 Our analysis shows that on average four bedroom houses have achieved between £2,712 and £5,890 psm.

## Summary

- 4.36 Below we provide a summary of the average achieved sales values and £ psm in the four main towns, the 12 larger villages and the rest of the District for new build properties.
- 4.37 We note that for 'Larger Villages' and 'Rest of District' not all towns and villages have been included due to no new build activity within our review period. Also some areas do not have any new build properties of a certain size.

**Figure 4.10 – New Build Achieved Sold Values**

| Dwelling Type | Didcot Market Areas (£) | Wallingford Market Areas (£) | Thame Market Area (£) | Henley Market Area (£) | Larger Villages (£) | Rest of District (£) |
|---------------|-------------------------|------------------------------|-----------------------|------------------------|---------------------|----------------------|
| Postcode      | OX11                    | OX10                         | OX9                   | RG9                    |                     |                      |
| 1 Bed Flat    | £190,000                |                              | £260,000              | £260,000               |                     | £180,000             |
| 2 Bed Flat    | £220,000                | £257,000                     | £300,000              |                        |                     | £280,000             |
| 1 Bed House   | £250,000                |                              | £360,000              |                        | £342,000            | £308,000             |
| 2 Bed House   | £306,000                |                              |                       |                        | £350,000            | £326,000             |
| 3 Bed House   | £315,000                | £380,000                     | £445,000              |                        | £480,000            |                      |
| 4 Bed House   | £370,000                | £430,000                     | £455,000              | £650,000               | £560,000            | £440,000             |
| 5 Bed Houses  | £430,000                | £619,000                     | £764,000              | £1,200,000             | £570,000            | £610,000             |

Source: AVL, July 2017 - 170613 SODC New Build Sold Values v2

**Figure 4.11 – New Build Achieved £psm**

| Dwelling Type | Didcot Market Area (£/sqm) | Wallingford Market Area (£/sqm) | Thame Market Area (£/sqm) | Henley Market Area (£/sqm) | Larger Villages (£/sqm) | Rest of District (£/sqm) |
|---------------|----------------------------|---------------------------------|---------------------------|----------------------------|-------------------------|--------------------------|
|               | OX11                       | OX10                            | OX9                       | RG9                        |                         |                          |
| 1 Bed Flat    | £3,500                     |                                 | £4,600                    | £5,900                     |                         | £4,500                   |
| 2 Bed Flat    | £3,400                     | £3,800                          | £4,300                    |                            |                         | £4,000                   |
| 1 Bed House   | £4,200                     |                                 | £5,500                    |                            | £5,000                  | £4,500                   |
| 2 Bed House   | £3,900                     |                                 |                           |                            | £4,400                  | £4,400                   |
| 3 Bed House   | £3,400                     | £4,100                          | £4,900                    |                            | £4,900                  |                          |
| 4 Bed House   | £3,200                     | £3,500                          | £4,000                    | £5,600                     | £4,300                  | £3,900                   |
| 5 Bed Houses  | £3,000                     | £3,400                          | £4,000                    | £5,500                     | £3,300                  | £3,700                   |

Source: AVL, July 2017 - 170613 SODC New Build Sold Values v2

## 5 Second Hand Achieved Values

- 5.1 We have reviewed second hand achieved values within the last **three months** to supplement the limited new build data.
- 5.2 The last three months (1<sup>st</sup> March 2017 – 1<sup>st</sup> June 2017) has seen 352 properties sold across the District.

### Average Achieved Values – all second-hand property types

- 5.3 We have reviewed the data (all house types including flats) for each postcode on a price per square meter (£ psm) basis, this allows us to identify high and low value areas across the District. **Table 5.1** below provides a summary of these values.

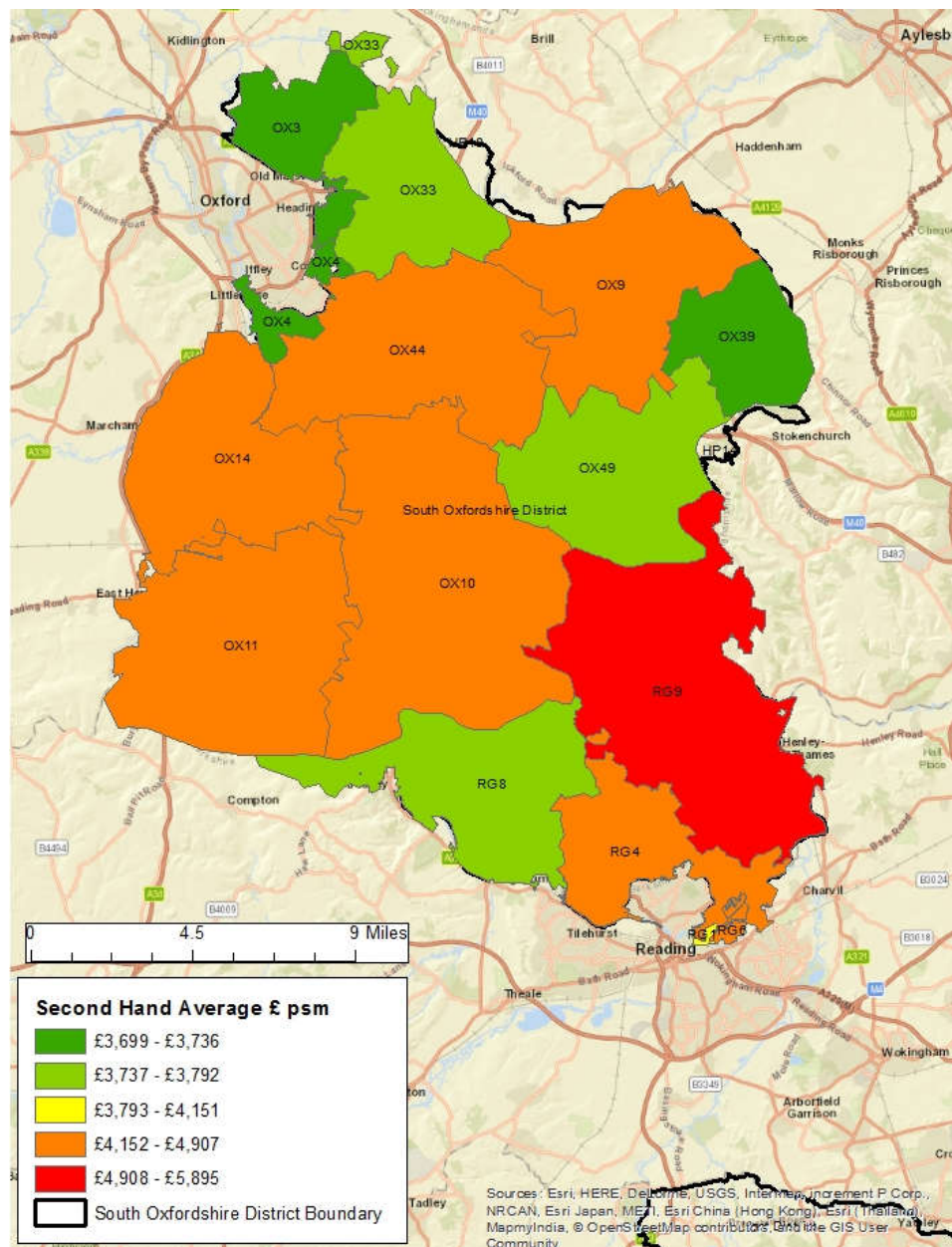
**Table 5.1 - Second Hand Achieved Values £ psm**

| Postcode | Maximum<br>£psm | Median £<br>psm | Average £<br>psm | Minimum<br>£psm | Total |
|----------|-----------------|-----------------|------------------|-----------------|-------|
| OX3      | £9,286          | £4,500          | £4,685           | £2,154          | 33    |
| OX4      | £8,333          | £4,773          | £4,907           | £2,852          | 49    |
| OX9      | £7,361          | £4,622          | £4,744           | £3,081          | 21    |
| OX10     | £4,875          | £3,561          | £3,700           | £2,719          | 27    |
| OX11     | £5,450          | £3,699          | £3,791           | £2,771          | 26    |
| OX14     | £4,384          | £3,514          | £3,699           | £3,200          | 3     |
| OX33     | £4,043          | £3,617          | £3,736           | £3,511          | 10    |
| OX39     | £6,786          | £4,318          | £4,666           | £3,220          | 13    |
| OX44     | £5,000          | £3,653          | £3,760           | £2,778          | 9     |
| OX49     | £3,951          | £3,951          | £4,555           | £3,556          | 3     |
| RG1      | £6,310          | £4,068          | £4,151           | £1,848          | 44    |
| RG4      | £7,615          | £4,474          | £4,487           | £2,449          | 47    |
| RG6      | £5,833          | £4,563          | £4,651           | £3,000          | 43    |
| RG8      | £4,450          | £3,835          | £3,792           | £3,049          | 4     |
| RG9      | £7,499          | £5,930          | £5,895           | £3,100          | 20    |

Source: Land Registry, EPC, June 2017 – 170613 SODC Second Hand Sold Values v1

- 5.5 **Figure 5.1** below is choropleth map of the second hand achieved values which show the highest value area as RG9; properties in this postcode area have achieved prices between £310,000 and £1,250,000. We note that there were 5 properties which achieved over £1 million.
- 5.6 The lowest value areas are OX33, OX49 and RG8 with properties achieving between £230,000 and £950,000.

**Figure 5.1 - Second Hand Achieved Values Choropleth Map**



Source: AspinallVerdi, June 2017



## Summary

- 5.7 Below we provide a summary of the average sales values and £ psm achieved in the four main towns for second hand properties.

**Table 5.2 - Second Hand Average Sold Values**

| Dwelling Type | Didcot Market Areas (£) | Wallingford Market Areas (£) | Thame Market Area (£) | Henley Market Area (£) | Larger Villages (£) | Rest of District (£) |
|---------------|-------------------------|------------------------------|-----------------------|------------------------|---------------------|----------------------|
| Postcode      | OX11                    | OX10                         | OX9                   | RG9                    |                     |                      |
| 1 Bed Flat    | £210,000                |                              | £205,000              |                        |                     |                      |
| 2 Bed Flat    | £250,000                | £247,000                     | £228,000              | £340,000               |                     |                      |
| 1 Bed House   | £255,000                | £295,000                     | £315,000              | £366,000               |                     | £250,000             |
| 2 Bed House   | £300,000                | £305,000                     | £364,000              | £550,000               | £280,000            | £30,000              |
| 3 Bed House   | £315,000                | £350,000                     | £430,000              | £464,000               | £390,000            | £420,000             |
| 4 Bed House   | £342,000                | £522,000                     | £470,000              | £761,000               | £490,000            | £515,000             |
| 5 Bed Houses  | £554,000                | £570,000                     | £726,000              | £1,062,000             | £650,000            | £775,000             |

Source: AVL, July 2017 - 170613 SODC New Build Sold Values v2

**Table 5.3 - Second Hand Average Values**

| Dwelling Type | Didcot Market Area (£/sqm) | Wallingford Market Area (£/sqm) | Thame Market Area (£/sqm) | Henley Market Area (£/sqm) | Larger Villages (£/sqm) | Rest of District (£/sqm) |
|---------------|----------------------------|---------------------------------|---------------------------|----------------------------|-------------------------|--------------------------|
|               | OX11                       | OX10                            | OX9                       | RG9                        |                         |                          |
| 1 Bed Flat    | £3,600                     |                                 | £4,500                    |                            |                         |                          |
| 2 Bed Flat    | £3,200                     | £3,400                          | £3,000                    | £4,500                     |                         |                          |
| 1 Bed House   | £4,500                     | £4,800                          | £6,000                    | £6,700                     |                         | £4,400                   |
| 2 Bed House   | £4,000                     | £4,000                          | £4,800                    | £6,900                     | £3,800                  | £4,000                   |
| 3 Bed House   | £3,500                     | £4,000                          | £4,700                    | £4,800                     | £4,500                  | £4,400                   |
| 4 Bed House   | £3,300                     | £4,600                          | £4,000                    | £6,400                     | £4,100                  | £4,500                   |
| 5 Bed Houses  | £3,300                     | £3,700                          | £4,100                    | £6,000                     | £4,000                  | £3,300                   |

Source: AVL. July 2017 - 170613 SODC New Build Sold Values v2



## 6 New Build Asking Prices

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- 6.1 We have reviewed a number of new build developments currently 'on-site' within South Oxfordshire District to understand the up to date **asking values** associated with new build properties which can be used in our viability testing.
- 6.2 It should be noted that asking prices may be aspirational, and may not reflect the incentives offered by the developer or the actual value a willing purchaser will pay.
- 6.3 The RICS information paper on comparable evidence in property valuation<sup>17</sup> states that asking prices 'cannot by themselves provide reliable evidence of value and should be treated with some caution. They will usually vary from the price achieved on exchange in the open market, but when interpreted with care by an experienced valuer they can provide some guidance as to current market sentiment and trends in value.' Thus whilst the achieved value data (from the Land Registry in section 4 above) provides robust data this is retrospective. The asking price analysis in this section provides a review of **current** prices for new build. It is important to note that in arriving at our value assumptions for the appraisals will have had regard to the new build asking prices, but put more weight on the transactional data (section 4). We have also considered the assumptions for the appraisal 'in the round' e.g. having regard to the marketing cost assumptions for sales incentives and discounts (from the headline asking prices).
- 6.4 Finally, it is important to note that the supply ('flow') of new build properties has to be sold within a market place that includes an established 'stock' of competing properties. The asking price is therefore tempered by the wider price mechanism.
- 6.5 We have undertaken market research across the District which has been focussed within the four main towns as seen in **Figure 3.1**.
- 6.6 We have also undertaken a district wide search of new build developments which cover the 12 larger villages and the 'rest' of the District.

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<sup>17</sup> Comparable evidence in property valuation, RICS information paper, 1st edition (IP 26/2012)

## Didcot

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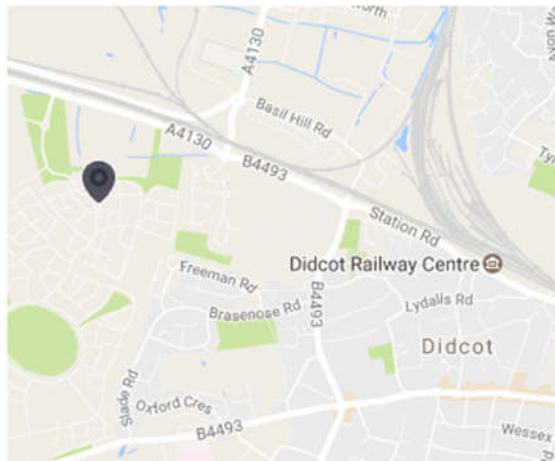
6.7 There are currently 5 new developments within Didcot.

### Sapphire Fields at Great Western Park

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6.8 A development by David Wilson Homes consisting of 2 bedroom apartments, 2, 3, 4 and 5 bedroom homes, located on the outskirts of Didcot, just 10 miles south of Oxford.

**Figure 6.1 - Sapphire Fields Site Plan and Location**



Source; Rightmove, June 2017

6.9 Table 6.1 below provides a summary of the properties currently on sale at this development

**Table 6.1 - Asking Prices at Sapphire Fields**

| Property                                 | Image   | Asking Price | sqm | sqft | £ psm  | £ psf | Comment                        |
|--|---|--------------|-----|------|--------|-------|--------------------------------|
| 2 Bedroom Apartment                      |    | £206,000     | 59  | 635  | £3,492 | £324  | Taylor Wimpey Website 09/06/17 |
| The Canford 2 Bedroom Terrace            |    | £292,000     | 70  | 753  | £4,171 | £388  | Taylor Wimpey Website 09/06/17 |
| The Easedale 3 Bedroom Detached          |    | £355,000     | 84  | 904  | £4,226 | £393  | Taylor Wimpey Website 09/06/17 |
| The Gosford - 3 Bedroom Detached         |   | £336,000     | 93  | 1001 | £3,613 | £336  | Taylor Wimpey Website 09/06/17 |
| The Durrington 3 Bedroom Semi - Detached |  | £370,000     | 112 | 1206 | £3,304 | £307  | David Wilson Homes 09/06/17    |
| The Aspen 3 Bedroom Link Detached        |  | £334,950     | 97  | 1044 | £3,453 | £321  | Bellway Homes 09/06/17         |
| The Elm 3 Bedroom Linked Detached        | N/A   | £324,950     | 97  | 1044 | £3,350 | £311  | Allen & Harris 12/06/17        |
| The Ashbury 4 Bed Semi-Detached          |  | £354,000     | 100 | 1076 | £3,540 | £329  | Taylor Wimpey Website 09/06/17 |

|  |   |          |     |      |        |      |                                   |
|--|---|----------|-----|------|--------|------|-----------------------------------|
| The Monkford<br>4 Bedroom<br>Detached          |  | £385,000 | 106 | 1141 | £3,632 | £337 | Taylor Wimpey Website<br>09/06/17 |
| The Juniper<br>4 Bedroom<br>Semi -<br>Detached |  | £369,950 | 100 | 1076 | £3,700 | £344 | Bellway Homes<br>09/06/17         |
| The Stanton<br>5 Bedroom<br>Detached           |  | £480,000 | 139 | 1496 | £3,453 | £321 | Taylor Wimpey Website<br>09/06/17 |

Source: Rightmove, June 2017

### St Peters Meadow

6.10 A development by Taylor Wimpey, St Peters Meadow is a collection of 3 and 4 bedroom homes.

6.11 Located on Mile East, Harwell, Didcot, OX11 6EE.

**Figure 6.2 - St Peters Meadow - Site Plan and Location**



Source: Sales Brochure and Rightmove, June 2017.

6.12 **Table 6.2** below summarises the three properties currently on sale at this development.

**Table 6.2- Asking Prices at St Peters Meadow**

| Property                                      | Image   | Asking Price (£) | sqm | sqft  | £psm   | £psf | Comment                   |
|---|---|------------------|-----|-------|--------|------|---------------------------|
| The Kentdale - 4 Bedroom Detached             |  | £425,000         | 109 | 1,173 | £3,899 | £362 | Taylor Wimpey<br>12/06/17 |
| The Ashton G Plus - 4 Bedroom Semi-Detached   |  | £362,000         | 115 | 1,238 | £3,148 | £292 | Taylor Wimpey<br>12/06/17 |
| The Churchill Apartment - 2 Bedroom Apartment |  | £230,000         | 79  | 850   | £2,911 | £270 | Taylor Wimpey<br>12/06/17 |

Source: Rightmove, June 2017

## Bernard Barlow Close

- 6.14 A development of just five, two bedroom apartments located of Colbourne Road, Didcot.

**Figure 6.3 - Bernard Barlow location**



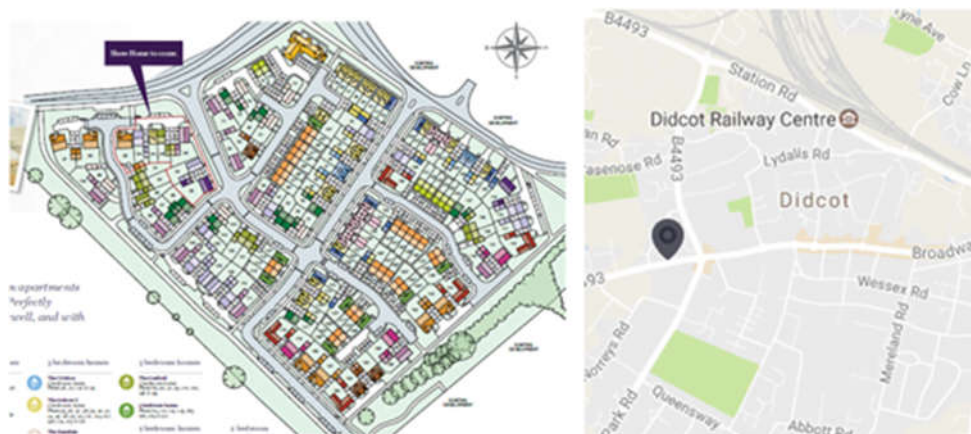
Source: Rightmove, June 2017

- 6.15 All the apartments on this development are currently on the market for between £229,950 and £248,000. The apartments have floor areas of 53 sqm (567 sqft) which equates to between £4,363 and £4,706 psm (£405 and £437 psf).

## Brunel Rise

- 6.16 A development by Taylor Wimpey, Brunel Rise is a collection of 2 bedroom apartments and 2, 3, 4 and 5 bedroom homes.

**Figure 6.4 - Brunel Rise Site Plan and Location**



Source: Taylor Wimpey and Rightmove, June 2017



6.17 There are currently two, 4 bedroom detached properties on the market;

- One is on the market for £475,000 which has a floor area of 130 sqm (1400 sqft) which equates to £340 psm (£3,652 psf)
- One is on the market £530,000 which has a floor area of 156 sqm (1680 sqft) which equates to £316 psm (£3,395 psf)

## Mereland Road Development

6.18 A small development of just 3 properties by Lakehouse Developments.

**Figure 6.5 - Mereland Road Site Location**



Source Rightmove, June 2017

6.19 There are currently two, 3 bedroom end terrace properties for sale;

- Property one is on the market for £325,000 and has a floor area of 95 sqm (1021 sqft) which equates to £3,428 psm (£318 psf)
- Property three is on the market for £295,000 and has a floor area of 81 sqm (871 sqft) which equates to £3,645 psm (£339 psf)

## Henley – on – Thames

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6.20 There are currently 2 new developments within Henley – on – Thames.

### The Mill House

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6.21 This is a conversion of an existing building. The development situated in a Grade II listed building consists of 5 apartments, located on 35 Horton Street.

**Figure 6.6 - The Mill House**



Source; Rightmove, June 2017

6.22 Two apartments are currently on the market;

- One bedroom ground floor apartment, current asking price £425,000 and has a floor area of 56 sqm (600 sqft) which equates to £7,622 psm (£708 psf)
- One bedroom, first floor apartment, current asking price £395,00 and has a floor area of 59 sqm (640 sqft) which equates to £6,649 psm (£618 psf)

## Farnehurst

- 6.23 A development by Millgate consisting of three detached houses located on Peppard Lane, Henley-on-Thames.

**Figure 6.7 – Farnehurst Site Location**



Source, Rightmove, June 2017

- 6.24 **Table 6.3** provides a summary of the three bedroom detached properties.

**Table 6.3 – Farnehurst Asking Prices**

| Asking Price | sqm | sqft | £ psm  | £ psf | Comment            |
|--------------|-----|------|--------|-------|--------------------|
| £2,750,000   | 444 | 4779 | £6,194 | £575  | Rightmove 12/06/17 |
| £2,700,000   | 421 | 4532 | £6,413 | £596  | Rightmove 12/06/17 |
| £2,400,000   | 400 | 4306 | £6,000 | £557  | Rightmove 12/06/17 |

Source: Rightmove, June 2017

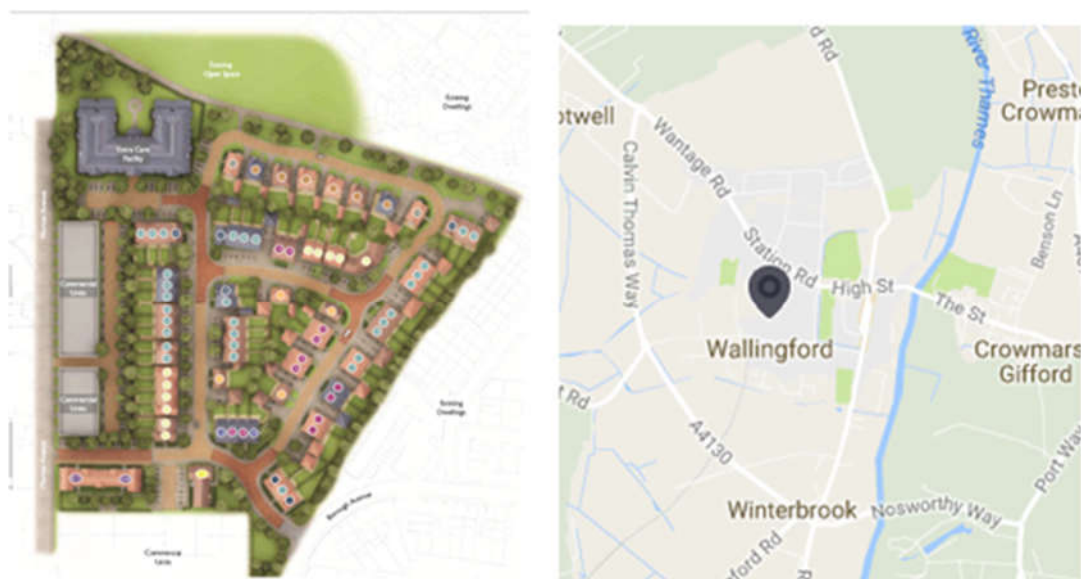
## Wallingford

6.25 There is currently one new development in Wallingford.

### The Maltings

6.26 A development by David Wilson Homes, consisting of 2 bedroom apartments, 3 and four bedroom houses.

**Table 6.4 - The Maltings Site Plan and Location**



Source: Sales Brochure and Rightmove, June 2017

6.27 There is currently one, four bedroom detached property on the market for £599,000 and has a floor area of 166 sqm<sup>18</sup> (1789 sqft) which equates to £3,604 psm (£335 psf).

<sup>18</sup> this was calculated from brochure

## Thame

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6.28 There are currently two new developments in Thame.

### Hampden Gardens

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6.29 A development by Bellway Homes, a collection of 2, 3, 4 and 5 bedroom homes.

**Figure 6.8 - Hampden Gardens Site Plan and Location**



Source: Sales Brochure and Rightmove, June 2017

6.30 **Table 6.5** provides a summary of the property currently on sale at this development.

**Table 6.5 - Hampden Garden Asking Prices**

| Property                             | Image   | Asking Price | sqm | sqft | £ psm  | £ psf | Comment          |
|--------------------------------------|---|--------------|-----|------|--------|-------|------------------|
| The Pyrton - 2 Bedroom Semi Detached |    | £350,000     | 67  | 718  | £5,247 | £487  | Bellway 12/06/17 |
| The Langtree - 3 Bedroom Detached    |    | £450,000     | 88  | 946  | £5,120 | £475  | Bellway 12/06/17 |
| The Wesley - 3 Bedroom Linked        |    | £480,000     | 107 | 1150 | £4,492 | £417  | Bellway 12/06/17 |
| The Chalington 4 Bedroom Detached    |   | £700,000     | 140 | 1502 | £5,016 | £466  | Bellway 12/06/17 |
| The Dorchester - 4 Bedroom Linked    |  | £550,000     | 110 | 1186 | £4,991 | £463  | Bellway 12/06/17 |

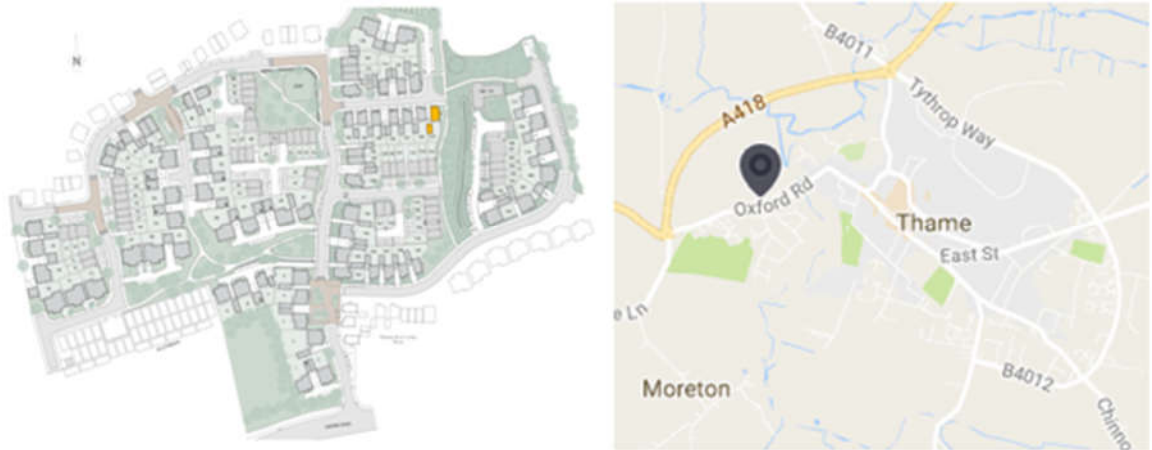
Source: Rightmove, June 2017



## Thame Meadows

6.31 A development by Bloor Homes, consisting of 3, 4 and 5 bedroom homes.

**Figure 6.9 - Thame Meadows Site Plan and Location**



Source: Bloor Homes and Rightmove, June 2017

6.32 There is currently 1, three bed detached property on the market for £510,000 and has a floor area of 79 sqm (854 sqft) which equates to £6,428 psm (£597 psf).

## Larger Villages

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- 6.34 We have reviewed new build developments, having regard to the settlement hierarchy to include the twelve larger villages, smaller villages and 'other' villages.
- 6.35 Our research has identified that the majority of developments within these areas comprise of smaller developments of luxury properties which are on the market for above £1 million.
- 6.36 We have therefore reviewed developments which would be comparable to future larger developments within the District.

### Benson

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- 6.37 Located on Benson High Street, a brand new 4 bedroom cottage-style house.

**Figure 6.10 - Site Location and Site Plan**



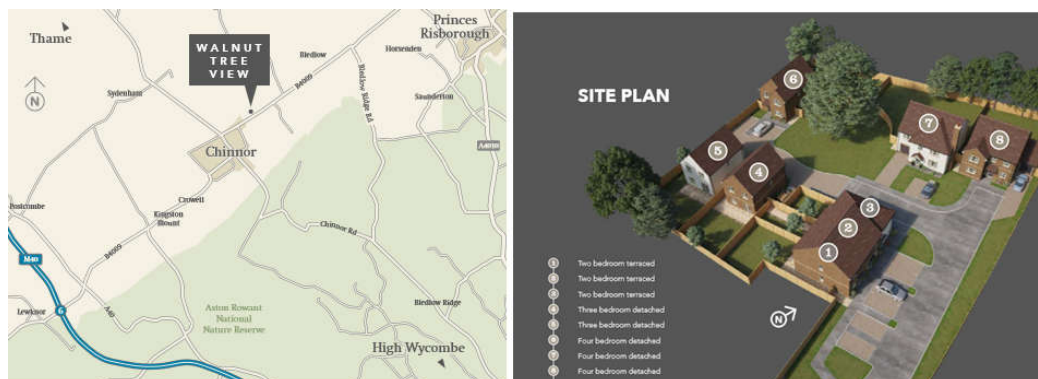
Source: Rightmove, June 2017

- 6.38 This property is on the market for £375,000 and has a floor area of 68 sqm (736 sqft) which equates to £5,482 psm (£509 psf).

## Chinnor – Walnut Tree View

- 6.39 A private development of eight family homes in Chinnor by Chesside Homes, consisting of; three, 2-bedroom terrace, two, 3 bedroom detached and three, 4 bedroom detached.




**Figure 6.11 - Site Location and Plan**



Source: Walnut Tree View Brochure, June 2017

- 6.40 The three, 4 bedroom detached properties are currently on the market which are summarised in Table 6.6 below

**Table 6.6 - Asking Prices at Walnut Tree View**

| Property           | Image   | Asking Price | Sqm | sqft | £ psm  | £psf |
|--------------------|---|--------------|-----|------|--------|------|
| 4 Bedroom Detached |  | £825,000     | 169 | 1818 | £4,885 | £454 |
| 4 Bedroom Detached |  | £775,000     | 155 | 1668 | £5,000 | £465 |
| 4 Bedroom Detached |  | £685,000     | 127 | 1367 | £5,394 | £501 |

Source; Rightmove, June 2017

## Rest of District

- 6.41 We have reviewed new build developments, having regard to the settlement hierarchy, here we focus on the 'Rest of District'

### Clifton Hampden – Yew Tree Courtyard

- 6.42 A development of five, 3 and 4 bedroom semi-detached houses.

**Figure 6.12 – Site Location and Plan**



Source: Rightmove, June 2017

- 6.43 The 3 semi-detached properties on sale at this development.

**Table 6.7– Asking Prices**

| Property            | Asking Price | sqm | sqft | £ psm  | £ psf |
|---------------------|--------------|-----|------|--------|-------|
| 3 bed Semi-detached | £595,000     | 146 | 1572 | £4,075 | £379  |
| 3 bed Semi-detached | £575,000     | 130 | 1399 | £4,423 | £411  |
| 3 bed Semi-detached | £575,000     | 115 | 1238 | £5,000 | £465  |

Source: Rightmove, June 2017

## New Build Asking Prices Summary

6.45 Table 6.8 provides a summary of the new build asking prices.

**Table 6.8 – Range of New Build Asking Prices (£ psm)**

| Property            | Didcot          | Henley – on -<br>Thames | Wallingford | Thame              | Larger<br>Villages and<br>Rest of<br>District |
|---------------------|-----------------|-------------------------|-------------|--------------------|---|
| 2 bed flats         | £2,911 -£4706   | £6,649 - £7,622         |             |                    |   |
| 2 bed semi-detached |                 |                         |             | £5,247             |   |
| 2 bed terrace       | £4,171          |                         |             |                    |   |
| 3 bed end terrace   | £3,428 - £3,645 |                         |             |                    |   |
| 3 bed detached      | £3,350 - £4,226 | £6,000 - £6,413         |             | £5,210 -<br>£6,428 |   |
| 3 bed semi-detached | £3,304          |                         |             |                    | £4,075 -<br>£5,000                            |
| 4 bed semi-detached | £3,148 - £3,700 |                         |             |                    |   |
| 4 bed detached      | £3,395 - £3,899 |                         | £3,604      | £5,016             | £4,885 -<br>£5,394                            |
| 5 bed detached      | £3,453          |                         |             |                    |   |

Source: Rightmove, June 2017

**Figure 6.13 – Average New Build Asking Prices £ psm**

| Dwelling Type | Didcot Market Area (£) | Wallingford Market Area (£) | Thame Market Area (£) | Henley Market Area (£) | Larger Villages (£) | Rest of District (£) |
|---------------|------------------------|-----------------------------|-----------------------|------------------------|---------------------|----------------------|
| Postcode      | OX11                   | OX10                        | OX9                   | RG9                    |                     |                      |
| 1 Bed Flat    |                        |                             |                       |                        |                     |                      |
| 2 Bed Flat    | £230,000               |                             |                       | £410,000               |                     |                      |
| 1 Bed House   |                        |                             |                       |                        |                     |                      |
| 2 Bed House   | £290,000               |                             | £350,000              |                        |                     |                      |
| 3 Bed House   | £340,000               |                             | £480,000              | £800,000               |                     | £580,000             |
| 4 Bed House   | £410,000               | £590,000                    | £620,000              |                        | £660,000            |                      |
| 5 Bed Houses  | £480,000               |                             |                       |                        |                     |                      |

Source: AVL, July 2017. 170706 SODC New Build Asking Values v1

- 6.46 Below we provide a summary of the average asking prices achieved in the four main towns for new build properties.

**Figure 6.14 - New Build Asking Values**

| Dwelling Type | Didcot Market Area (£/sqm) | Wallingford Market Area (£/sqm) | Thame Market Area (£/sqm) | Henley Market Area (£/sqm) | Larger Villages (£/sqm) | Rest of District (£/sqm) |
|---------------|----------------------------|---------------------------------|---------------------------|----------------------------|-------------------------|--------------------------|
|               | OX11                       | OX10                            | OX9                       | RG9                        |                         |                          |
| 1 Bed Flat    |                            |                                 |                           |                            |                         |                          |
| 2 Bed Flat    | £3,800                     |                                 |                           | £7,100                     |                         |                          |
| 1 Bed House   |                            |                                 |                           |                            |                         |                          |
| 2 Bed House   | £4,100                     |                                 | £5,200                    |                            |                         |                          |
| 3 Bed House   | £3,500                     |                                 | £5,300                    | £6,200                     |                         | £4,500                   |
| 4 Bed House   | £3,500                     | £3,600                          | £5,000                    |                            | £5,200                  |                          |
| 5 Bed Houses  | £3,400                     |                                 |                           |                            |                         |                          |

Source: AVL, July 2017, 170706 SODC New Build Asking Values v1



## Floor areas

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- 6.47 We have reviewed the floor areas for each of the new build properties to gain an understanding of unit sizes.

**Table 6.9 - New Build Floor Areas**

| Property    | Floor Area sqm |
|-------------|----------------|
| 1 bed flat  | 56 – 59        |
| 2 bed flat  | 53 -79         |
| 2 bed house | 67 – 95        |
| 3 bed house | 84 – 146*      |
| 4 bed house | 100 – 169      |
| 5 bed house | 139            |

Source: Rightmove, July 2017

- 6.48 (\* note, we have excluded for 3 properties at Farnehurst (Henley-on-Thames) which have floor areas of above 400 sqm).

## 7 Rural Designated Areas

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- 7.1 Within our residential market review we have regard to the Rural Designated Areas (RDA's) within the District – i.e. the Chilterns and the North Wessex downs.
- 7.2 **Figure 7.1** below shows the RDA's within the South Oxfordshire District postcode areas.

This map displays the Rural Designated Areas in the Oxford region. The Chilterns are shown in blue, covering areas like Chilterns, RG9, RG8, RG4, and RG1. The North Wessex Downs are shown in green, covering areas like NWESSEX. Postcode Areas are outlined in red, including OX3, OX33, HP18, OX9, OX39, OX49, HP14, OX44, OX14, OX10, OX11, and RG6. The map also shows major roads, towns, and the River Thames.

**Rural Designated Areas**

- Chilterns
- North Wessex Downs
- Postcode Areas

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), MapmyIndia, © OpenStreetMap contributors, and the GIS User Community.

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## The Chilterns

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- 7.4 The Chilterns AONB covers 324 square miles of countryside, stretching from the River Thames in Southern Oxfordshire up through Buckinghamshire and Bedfordshire to Hitchin in Hertfordshire.
- 7.5 The Chilterns cover parts of the OX49, OX10, RG8, RG9 and RG4 postcode areas.

## North Wessex Downs

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- 7.6 The North Wessex downs AONB is located in the south of England, in an area of 668 sqm miles between Reading and Swindon to the East and North and Andover and Devizes to the South and West.
- 7.7 The North Wessex Downs cover parts of the OX14, OX11, OX10 and RG8 postcode areas.

## Summary

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- 7.8 Comparing the above AONB map with the values choropleth maps (Figure 4.2 and Figure 5.1) we can see no discernible impact per se on values of the AONB designation. For example, the Chilterns AONB includes Henley-on-Thames (RG9 postcode) which has some of the highest values both in terms of new build sales and second-hand sales. However, RG4 to the north of Reading (also in the AONB) has slightly lower values and RG8 has lower values again (especially for second-hand properties).
- 7.9 Similarly the North Wessex Downs AONB (mainly OX10 and OX11) has upper quartile values for second-hand houses but lower new build values (possibly due the large volume developments around Didcot which are outside of the AONB, but inside the postcode area).
- 7.10 Chapter 8 below provides residential value assumptions across the District.

## 8 Residential Value Assumptions

8.1 Based on our market assessment above we have assumed the following values (£ psm, £) across the District. For our assumptions we have divided the district into three distinct areas;

- Henley Market Area (RG9)
- Rest of District (all other postcodes)
- Designated Strategic Sites – Didcot Garden Town, Berinsfield Mouth Farm, Chalgrove Airfield and Wallingford West (within OX10, OX11, OX44)

**Figure 8.1 - £ psm value assumptions**

| Dwelling Type | Designated Strategic Sites | Henley Market Area (£) | Rest of District (£) |
|---------------|----------------------------|------------------------|----------------------|
| Postcode      | OX10, OX11, OX44           | RG9                    |                      |
| 1 Bed Flat    | £3,550                     | £5,910                 | £4,650               |
| 2 Bed Flat    | £3,740                     | £5,900                 | £4,040               |
| 1 Bed House   | £4,240                     | £6,710                 | £5,150               |
| 2 Bed House   | £3,880                     | £6,920                 | £4,500               |
| 3 Bed House   | £3,590                     | £4,860                 | £4,650               |
| 4 Bed House   | £3,550                     | £6,170                 | £4,090               |
| 5 Bed Houses  | £3,200                     | £5,810                 | £3,810               |

Source: AVL, July 2017 - 170721 Market Value Assumptions v4

**Figure 8.2 - Market Sales (£) Assumptions**

| Dwelling Type | Designated Strategic Sites | Henley Market Area (£) | Rest of District (£) |
|---------------|----------------------------|------------------------|----------------------|
| Postcode      | OX10, OX11, OX44           | RG9                    |                      |
| 1 Bed Flat    | £177,500                   | £295,500               | £232,500             |
| 2 Bed Flat    | £261,800                   | £413,000               | £282,800             |
| 1 Bed House   | £262,880                   | £416,020               | £319,300             |
| 2 Bed House   | £306,520                   | £546,680               | £355,500             |
| 3 Bed House   | £359,000                   | £486,000               | £465,000             |
| 4 Bed House   | £408,250                   | £709,550               | £470,350             |
| 5 Bed Houses  | £528,000                   | £958,650               | £628,650             |

Source: AVL, July 2017 - 170721 Market Value Assumptions v4

## 9 Build-to-Rent

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- 9.1 This section of the report focusses on the burgeoning build-to-rent market (BTR) (also known as the private rented sector (PRS)). We have undertaken a review of research and government policy for build-to-rent followed by a market review of asking rents and yields to inform out appraisals.

### Demand for BTR

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- 9.2 BTR began to grow as a sector prior to the credit crunch from 2002 – driven by the proliferation of buy-to-let mortgages and rising house prices in relation to earnings (the weight of money).
- 9.3 BTR has grown further since the credit crunch due to the lack of mortgage availability. In 2010 the mortgage market remained under half of the levels seen prior to the credit crunch<sup>19</sup> and more recently the new mortgage affordability regulations (April 2014) have contained the supply of mortgage finance. Many lenders reserve their best mortgage interest rates for applicants who can provide 25% of the purchase price as a deposit which for the average first-time purchaser would equate to over £30,000. This is much higher than the average full-time salary. It is thought that approximately 80% of first time buyers are dependent upon parental contributions.
- 9.4 Consequently, people have to make alternative housing choices including - living with parents and long-term PRS.
- 9.5 Figure 9.1 below shows the long-term growth trend of the PRS sector.

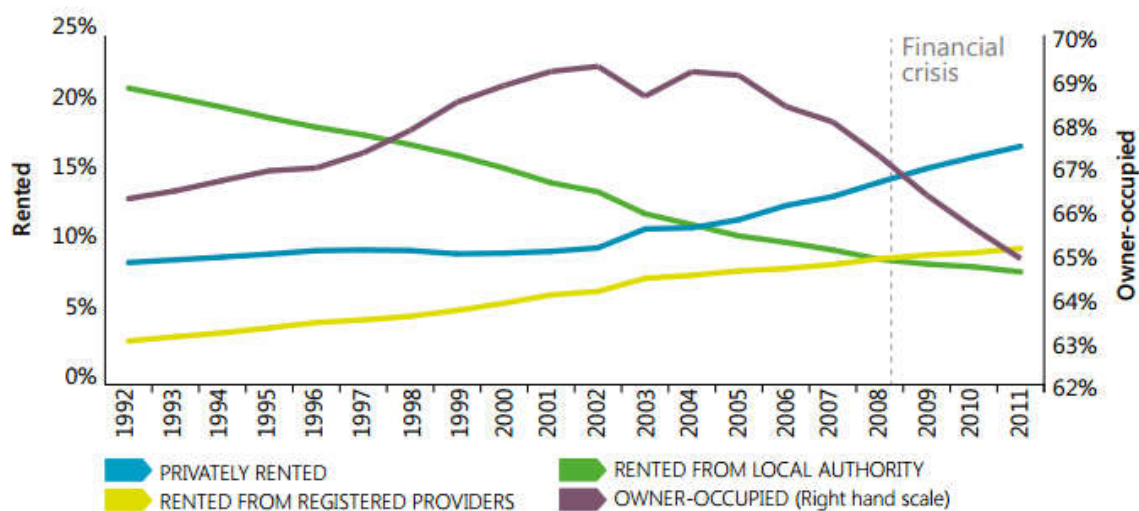
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<sup>19</sup> HCA (March 2010) Meeting the Challenge: Market Analysis

Figure 9.1 - Growth of PRS

## How the private rented sector has grown

Proportion of dwellings, UK



Source: Knight Frank, 2014

- 9.6 Given the wider issues of bank liquidity regulation, it would seem prudent to assume that the mortgage market is unlikely to return to pre-recession volumes or availability for a considerable period and the trend for PRS will continue.
- 9.7 The HM Treasury report, Investment in the UK Private Rented Sector (PRS) recognised that PRS *“plays a critical role within the housing system, helping to meet growing demand and providing a flexible tenure choice”*. The Government has a focus to increase housing supply and improve affordability, and it is therefore important that the PRS sector continues to grow and help to meet the housing challenge. The level of investment directed by individuals/institutions into the PRS will be key to future development and will influence both quality and volume of supply<sup>20</sup>.
- 9.8 Similarly a report by KPMG and Shelter<sup>21</sup> recommends an increase in private and public investment in registered providers/housing associations so they are able to build more homes, while investment by institutional investors should also be supported for private rented homes to relieve supply pressure.
- 9.9 The implication is that older generations will occupy more space in a limited housing stock. Meanwhile first time buyers will find it difficult to enter the market. The difficulty in accessing homeownership, together with the growth of buy-to-let investment, has resulted in a rapidly

<sup>20</sup> The HM Treasury (February 2010) Investment in the UK Private Rented Sector page 3<sup>21</sup> KPMG & Shelter (2014) Building the Homes We Need page 14



enlarged PRS. It seems likely the expansion of renting will continue, particularly as it remains relatively affordable compared with owner occupation. In the long term, it is expected that rising demand for this tenure type will push rents higher, which will in turn result in higher yields and increase the attraction to the institutional sector<sup>22</sup>.

- 9.10 A report by Joseph Rowntree<sup>23</sup> examines what the housing market will look like in 2040. It projects that private renting is to grow to house a fifth of the population in England by 2040, with social renting declining to house one-in-ten.
- 9.11 The report also examines the relationship between poverty and housing, and projects how this relationship will change by 2040. Real household income is forecast to rise by some 40% to 2040, whilst private rents are forecast to rise by 90% (c2.75% pa), which is significantly faster than incomes. The report also identifies that setting social rents closer to market rents could put an extra 1.3 million people in poverty by 2040. Enhanced housing supply can help to mitigate some of these effects<sup>24</sup>. This rental growth is important for attracting the institutional investors; however it is important the rental growth is linked to real-incomes over the long-term in order to be sustainable.

## Government Support for BTR/PRS

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- 9.12 The Department for Communities and Local Government (DCLG) carried out detailed research<sup>25</sup> into the barriers to institutional investment in 2012. It requires that it is essential that the Government clearly signals the importance it attaches to the expansion of the ‘built to let’ market. The Government should provide *“tangible form to this by encouraging local authorities to make more positive use of existing opportunities under the planning system to promote private rented schemes, by reaffirming its commitment to release public land for built to let projects through providing carefully targeted financial support to the sector with a view to leveraging in additional private capital”*. Local Authorities are identified as a central cog in the process in their role as planning authorities<sup>26</sup>.
- 9.13 The HM Treasury response to its early consultation on investment in the PRS report sets out that the Government’s support for the PRS to *“restore confidence in the economy, stimulate investment and maintain a stable financial system which supports lending and the long-term growth of the economy”*. The report concludes that –

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<sup>22</sup> HCA (March 2010) Meeting the Challenge: Market Analysis page 9

<sup>23</sup> Joseph Rowntree (2014) What will the housing market look like in 2040?

<sup>24</sup> Joseph Rowntree (2014) What will the housing market look like in 2040?

<sup>25</sup> DCLG’s (2012) Review of the Barriers to Institutional Investment in PRS

<sup>26</sup> DCLG (2012) Review of the Barriers to Institutional Investments in PRS background

- The biggest factor affecting individual investment in the PRS is the availability of mortgage finance and buy-to-let.
  - Institutional investment is likely to remain niche and small scale, so long as the level of income returns to residential property remains low<sup>27</sup>.
- 9.14 Laying the Foundations: A Housing Strategy for England<sup>28</sup> recognises that the PRS plays an essential role in the housing market, offering flexibility and choice to people and supporting economic growth and access to jobs. The report states *“there is a need to encourage institutional investment into the sector, coupled with tough enforcement against rogue landlords”*. The report identifies that the HM Government are supporting PRS by:
- Supporting investment in homes to rent by introduction changes to Stamp Duty Land Tax and legislating change to Real Estate Investment Trusts in the 2012 Finance Bill
  - Marketing new Built to Rent pilot sites through the HCA
  - Putting in place an independent review of barriers to investment in private homes for rent
  - Working with industry to drive up standards and improve consumer awareness
  - Encouraging local authorities to make full use of the robust powers they already have to tackle dangerous and poorly maintained homes.
- 9.15 The more recent Housing White Paper: Fixing our broken housing market<sup>29</sup> promotes expanding the contribution to housing from other parts of the housing market. For example:
- “Alongside affordable homes, we need more good quality privately rented homes. This sector has doubled over the last decade but rising rents suggest that demand is still growing. Following the 2012 review of barriers to institutional investment in the private rented sector, the government’s Private Rented Sector Task Force made major early in-roads to establish the “Build to Rent” model in the UK, and to stimulate initial investor interest. The Government has supported this through the £3.5 billion Private Rented Sector Housing Guarantee Scheme, and the £1bn Build to Rent Fund”<sup>30</sup>.*
- 9.16 Furthermore the government is consulting a range of measures to support more Build to Rent developments. The key proposals are to<sup>31</sup>:
- change the National Planning Policy Framework so authorities know they should plan proactively for Build to Rent where there is a need, and to make it easier for Build to Rent

<sup>27</sup> HM Treasury (September 2010) Government Response to the Consultation on Investment for PRS page 11

<sup>28</sup> HM Government (November 2011) Laying the Foundations: A Housing Strategy page 33

<sup>29</sup> Department of Communities and Local Government: Fixing our broken housing market Presented to Parliament by the Secretary of State for Communities and Local Government by Command of Her Majesty, February 2017, Cm 9352

<sup>30</sup> Department of Communities and Local Government: Fixing our broken housing market, February 2017, para 3.20

<sup>31</sup> Department of Communities and Local Government: Fixing our broken housing market, February 2017, para 3.23

developers to offer affordable private rental homes instead of other types of affordable housing; and

- ensure that family-friendly tenancies of three or more years are available for those tenants that want them on schemes that benefit from our changes. We are working with the British Property Federation and National Housing Federation to consolidate this approach across the sector.
- to introduce a definition of affordable private rented housing, which is a particularly suitable form of affordable housing for Build to Rent Schemes<sup>32</sup>.

9.17 In parallel with the Housing White Paper, DCLG released a consultation paper in February 2017 seeking views on planning and affordable housing policies intended to speed up the development of large scale, purpose built privately rented housing. The market comments are as follows:

- Recent years have seen the emergence of a new sector in the housing market, namely large scale developments purpose – built for private rent – often referred to as ‘Build to Rent’.
- PWC, a consultancy firm has predicted that 25% of households will be living in the private rented sector by 2025<sup>33</sup>
- The British Property Federation estimates that 10,400 Build to Rent homes have been completed in England since 2012, with 26,200 under construction and a further 35,600 with planning permission.<sup>34</sup>

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<sup>32</sup> Department of Communities and Local Government: Fixing our broken housing market, February 2017, para A.120

<sup>33</sup> <https://www.pwc.co.uk/assets/pdf/ukey-section3-housing-market-july-2015.pdf>

<sup>34</sup> <http://www.bpf.org.uk/what-we-do/bpf-build-rent-map-uk>

## Rental Values

- 9.18 For the purposes of this 'high-level' Plan viability study we have focussed our rental values research on Didcot. This is the area of the District which will accommodate the most housing developments and numbers and therefore the location where institutional BTR is likely to come forwards to complement other tenure types.
- 9.19 **Table 9.1** presents rental statistics provided by the VOA (Valuation Office Agency) for all property typologies across South Oxfordshire between 1<sup>st</sup> April 2014 and 31<sup>st</sup> March 2015.

**Table 9.1 - South Oxfordshire Rental Statistics 2014 -2015**

| House Type          | Count of rents | Rent (£ PCM) |                |        |                |
|---------------------|----------------|--------------|----------------|--------|----------------|
|                     |                | Average      | Lower quartile | Median | Upper quartile |
| <b>Room</b>         | 16             | 409          | 390            | 415    | 429            |
| <b>Studio</b>       | 18             | 550          | 529            | 550    | 550            |
| <b>1 Bedroom</b>    | 106            | 730          | 653            | 700    | 775            |
| <b>2 Bedrooms</b>   | 193            | 881          | 800            | 850    | 900            |
| <b>3 Bedrooms</b>   | 96             | 1246         | 963            | 1150   | 1400           |
| <b>4 Bedrooms +</b> | 56             | 2131         | 1463           | 1775   | 2450           |

Source: VOA, July 2017

- 9.20 One would expect that a new build PRS scheme in Didcot is likely to achieved rental statistics at or above the upper quartile.

- 9.21 We have reviewed Rightmove to understand the current rental market in Didcot. **Table 9.2** below provides a summary.
- 9.22 Currently, there are 64 rental properties in Didcot ranging from Studio flats upto 4 bed houses.

**Table 9.2 - Rental Values in Didcot**

| Property                | Average £ pcm | Minimum £ pcm | Maximum £ pcm |
|-------------------------|---------------|---------------|---------------|
| <b>Studio (4)</b>       | £656          | £625          | £700          |
| <b>1 bed flat (12)</b>  | £743          | £635          | £850          |
| <b>2 bed flat (4)</b>   | £875          | £850          | £925          |
| <b>1 bed house (3)</b>  | £850          | £800          | £875          |
| <b>2 bed house (19)</b> | £928          | £875          | £1,000        |
| <b>3 bed house (19)</b> | £1,272        | £1,050        | £1,475        |
| <b>4 bed house (3)</b>  | £1,515        | £1,450        | £1,600        |

Source: Rightmove, July 2017

### Residential Rent Assumptions

- 9.23 Having regard to the above we have used the following headline residential rents. (Note we have used the maximum £ pcm).

**Table 9.3 - Rental Value Assumptions**

| Property           | Rental Value £ pcm |
|--------------------|--------------------|
| <b>Studio</b>      | £700               |
| <b>1 bed flat</b>  | £850               |
| <b>2 bed flat</b>  | £900               |
| <b>1 bed house</b> | £875               |
| <b>2 bed house</b> | £1,000             |
| <b>3 bed house</b> | £1,400             |
| <b>4 bed house</b> | £1,600             |

Source: AspinallVerdi, July 2017

- 9.24 In accordance with emerging government policy (see Housing White Paper above) we have assumed that the on-site affordable housing provision is provided by way of discounted market rent. We have assumed a [20] % discount for our baseline assumptions. [Peter, please confirm the assumption that you would like is to make here.]
- 9.25 These are the headline rents. The landlord has various ongoing revenue costs which must be deducted from the headline rent and form part of our appraisal model. These costs include:
- Void Loss / Write-offs / Expend on Voids – this is the loss of income for units being empty between lettings (void periods) and the cost of writing-off bad debts (rent arrears). There are also expenses incurred in holding empty properties including Council Tax, security etc.
  - Regular Maintenance / Insurance / Utilities – this is the cost of regular maintenance required to maintain the rental value as well as expenses associated with the common parts.
  - Management Fees / Letting Costs – external management fees and / or allowance for internal in-house management.
  - Major repairs / refurb (SF) – this is capital costs relating to major refurbishment (e.g. roofs, lifts, heating plant etc). It is included here as an allowance for a sinking fund. Arguably there will be limited capital investment required in the initial years (e.g. first 10 years) on a new build scheme.
- 9.26 Individual landlords will have different accounting protocols and differing allowances. The PRS taskforce reports that the perceived wisdom is that anything between 25% and 30% allowance is reasonable<sup>35</sup>. In this respect we have allowed 27% deduction.

## Yields

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- 9.27 Investment yields are difficult to determine in the PRS sector due to the emerging nature of the sector and the limited number of 'institutional' grade transactions.
- 9.28 Yields vary significantly by location, the quality of the stock and particularly the management approach. With residential tenancies, the tenant will be responsible for the rent, utilities and council tax. However, the landlord will be responsible for a number of other significant costs including service charge, repairs, insurance, managing and letting fees etc. (see above). This has a significant impact on the net operating income (net rent). Accordingly, the gross yield is the yield based on the gross total rent and the net yield is the yield on the net operating income after management costs.

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<sup>35</sup> PRS Update – Delivering the Private Rented Sector, Autumn/Winter 2014 page 24



9.29 Furthermore there various specific factors which will affect the yields choice including –

- Lease structure - typically Assured Shorthold Tenancies (ASTs)
- Vacant possession – where the units are to be held as PRS in perpetuity there will be no reversion to vacant possession / ‘break-up’ values
- Security of income – shorter lease terms does not in itself result in lack of security which will depend on tenant turnover and demand
- Rental growth – potential to increase rents every time a tenant renews or the unit is re-let
- Capital growth – future growth potential is inextricability linked to housing market growth.

9.30 The CBRE published Residential Property Investment Yields from time to time. Their research sets out gross and net yields for various locations including Zone 2, Zones 3-6 Central London, Outer London / South East, Regional Centres and Secondary Regional. An extract of the relevant yields is set out below.

**Figure 9.2 - CBRE Residential Yields**

| CBRE RESIDENTIAL YIELDS, DECEMBER 2016, % |                          |                        |                         |                       |          |
|---|--------------------------|------------------------|-------------------------|-----------------------|----------|
|   | GROSS YIELD<br>SEPT 2016 | NET YIELD<br>SEPT 2016 | GROSS YIELD<br>DEC 2016 | NET YIELD<br>DEC 2016 | TREND    |
| London zone 2                             |                          |                        |                         |                       |          |
| Prime                                     | 4.3                      | 3.3                    | 4.3                     | 3.3                   | STABLE   |
| Good secondary                            | 5                        | 3.8                    | 4.9                     | 3.7                   | STRONGER |
| Secondary                                 | 5.8                      | 4.3                    | 5.3                     | 4                     | STRONGER |
| London zones 3-6                          |                          |                        |                         |                       |          |
| Prime                                     | 4.8                      | 3.5                    | 4.8                     | 3.5                   | STABLE   |
| Good secondary                            | 5                        | 3.8                    | 5                       | 3.8                   | STABLE   |
| Secondary                                 | 6.3                      | 4.8                    | 6                       | 4.5                   | STRONGER |
| Outer London/SE                           |                          |                        |                         |                       |          |
| Prime                                     | 5.3                      | 4                      | 5                       | 3.8                   | STRONGER |
| Good secondary                            | 5.8                      | 4.3                    | 5.5                     | 4.2                   | STABLE   |
| Secondary                                 | 7                        | 5.3                    | 7                       | 5.3                   | STABLE   |
| Prime regional centres                    |                          |                        |                         |                       |          |
| Prime                                     | 5.8                      | 4.3                    | 5.8                     | 4.3                   | STABLE   |
| Secondary                                 | 7.3                      | 5.3                    | 7.3                     | 5.3                   | STABLE   |
| Secondary regional centres                |                          |                        |                         |                       |          |
| Prime                                     | 7                        | 5                      | 7                       | 5                     | STABLE   |
| Secondary                                 | 9.8                      | 7                      | 9.8                     | 7                     | STABLE   |

Source: CBRE, December 2016

9.31 CBRE's commentary on the yields is:

- Residential property investment yields have hardened in the last quarter in London and the South East as sentiment regarding the future of PRS improves.

- The rental market in London has been boosted by the slowing housing-for-sale market and by mayor Sadiq Khan in the London Supplementary Planning Guidance which will allow rental schemes to be treated differently to build-for-sale units in terms of affordable housing.

9.32 For the purposes of our appraisals we have assumed a net yield of 5%.

## 10 Student Housing

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- 10.1 This section of the report focusses on student housing, we have undertaken a review of market reports published by JLL, Knight Frank and Savills followed by a market review of asking rents in Oxford.

### Market Review

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- 10.2 Despite the risks to the economy and the national policy changes introducing higher academic fees for students, student housing is still an attractive investment option. The UK has witnessed a huge surge in student housing investment activity over the last 2 years. There was £5bn work of standing stock and development sites sold in 2012 and 2013, and 2014 has also seen high levels of investment. To April 2014 the transactions totalled £950m, equating to 17,000 bed spaces. This trend is likely to continue given the attractiveness of this sector to investors<sup>36</sup>.
- 10.3 The purpose built student accommodation sector enjoyed a robust recession (according to Savills UK Student Housing Spotlight (2015)). Student numbers increased to record-breaking levels as the poor employment market encouraged more people to seek higher education and to stay on for postgraduate study. With strong demand, income returns and occupancy rates were high. Although new investment into the market was limited owing to the effects of the credit crunch, the sector had proved its resilience. Since then, there have been some tests for the sector. Student numbers were hit by the introduction of higher fees but are now recovering and look set to expand further with the removal of the cap on numbers.
- 10.4 Similarly, JLL report strong investment flows for Student Housing. According to their UK Student Housing Quarterly Review (2015 Q3), investment flows have remained strong as portfolio transactions continue to define the Student Housing investment landscape with record transactions to date.
- 10.5 Furthermore, JLL's references research by AUDE which indicates that the quality of the facilities is potentially more important than academic reputation to some students in selecting their University. Therefore there are 'early signs that offering accommodation which is dated and does not meet modern student aspirations but balancing it with a lower price point might be a risky long term strategy [for Universities].'
- 10.6 Oxford has two large universities – the University of Oxford and Oxford Brookes University, the city also have students study at other institutions and a number of short term students who visit the universities and language schools.

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<sup>36</sup> Savills The UK's student housing sector May 2014

- 10.7 According to the 2011 Census, 24% of the city's adult population were full – time students (30,000 people) – the highest proportion in England and Wales. Whilst the Higher Education Statistics Agency (HESA) recorded that in 2014/15 there were over 32,000 students enrolled for full time study with the two universities.

### BNP Paribas Viability of Student Housing Development

- 10.8 BNP Paribas modelled a student housing scheme which comprised 200 en-suite rooms arranged in cluster flats. The assumptions are summarised below.

**Figure 10.1 - BNP Paribas Student Housing Assumptions**

| Appraisal input                             | Assumption   |
|---|--|
| <b>INCOME</b>                               |  |
| Rent per week – term time                   | £150   |
| Rent per week – vacation                    | £150   |
| Tenancy agreement                           | 50 weeks   |
| Revenue costs                               | £2,150 per annum   |
| Investment yield                            | 6.5%   |
| <b>COSTS</b>                                |  |
| Base build costs                            | £1,562 per square metre, based on BCIS costs adjusted for SODC, 27 June 2015 |
| Contingency                                 | 5% of base costs   |
| External works                              | 10% of base costs  |
| Professional fees                           | 10% of base costs plus external works  |
| Residual S106                               | £1,000 per room  |
| Agent's fees (% of capital value)           | 1.5%   |
| Legal fees on disposal (% of capital value) | 0.75%  |
| Finance                                     | 7%   |
| Development period                          | 24 months  |
| Developer's profit (% of scheme value)      | 20%  |

Source: BNP Paribas, 2014

- 10.9 BNP also assumed;
- The benchmark land values for Greenfield land is between £325,000 and £375,000 per hectare.
  - The density was 80 dwellings per hectare with the GIA for each flat being 79 sqm.

### JLL UK Student Housing Quarterly Bulletin

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10.10 JLL publishes its UK Student Housing Bulletin quarterly which provides commentary and research into the Student Housing Sector. Their latest market comments (Q4 2016) are as follows:

- The sector has continued to demonstrate its resilience to wider economic volatility, with investor demand remaining strong throughout the final months of 2016 and total investment volumes for the year exceeding £3 bn.
- The final quarter of the year witnessed a substantial number of single asset transactions in regional locations including Brookfield's acquisition of two assets in Newcastle, totalling 566 beds, for £51.5m, which reflected circa 6% net initial yield.
- Historically, the sector has experience growth of around 2.5 – 3% per annum in line with RPI.

### Savills UK Student Housing

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10.11 Similarly, Savills publishes its UK Student Housing review yearly which provides commentary and research into the Student Housing Sector. The latest 2017 comments are as follows;

- Investors continue to pay premiums to aggregate greater student bed numbers.
- 68,000 beds traded last year with a total value of £4.5 bn. In 2017 this is expected to rise to 75,000 beds trading for £5.3bn, a rise of 17% year on year.
- Investment from Singapore has grown massively, with GIC and Mapletree spending almost £1.2bn on UK student housing in 2016.

### Knight Frank - UK Student Housing Rental Update

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10.12 Knight Frank also publishes its UK Student Housing Rental Update yearly which provides commentary and research into the Student Housing Sector. The latest 2017 comments are as follows;

- Headline rental growth for purpose built student accommodation (PBSA) increased by 2.55% for the 2017/2018 academic year.
- Nationally, a further 25,000 student bedrooms will be completed for the start of the 2017/2018 academic year, with a further 14,000 under construction for 2018/2019.

## Rental Values

- 10.13 For the purposes of this 'high-level' Plan viability study we have focussed our rental values research on the north and east of the District. This is the area of the District which is likely to experience demand for student accommodation developments to cater for growth in Oxford.
- 10.14 Carfax Quarter is a brand new student accommodation building in the centre of Oxford. One bedroom apartments are currently on the market for £975 pcm and have floor areas of 18 sqm (190sqf).
- 10.15 Alice House is a refurbished development within walking distance of Oxford City Centre.

| Studio        | Sqm | £ per week (pcm)  |
|---------------|-----|-------------------|
| <b>Bronze</b> | 18  | £260 (£1,040 pcm) |
| <b>Silver</b> | 18  | £290 (£1,160 pcm) |
| <b>Gold</b>   | 23  | £295 (£1,180 pcm) |

Source: IQ Student Accommodation, July 2017

- 10.16 As with the BTR typologies, these are the headline rents. The landlord has various ongoing revenue costs which must be deducted from the headline rent and form part of our appraisal model including: Void Loss / Write-offs / Expend on Voids; Regular Maintenance / Insurance / Utilities; Management Fees / Letting Costs; Major repairs / refurb (SF) etc. Again, individual student landlord companies will have different accounting protocols and differing allowances for revenue deductions. In this respect we have included a 27% deduction.

## Student Housing Rent Assumptions

- 10.17 Having regard to the above we have used the following headline student residential rents. (Note we have used the maximum £ pcm).

**Table 10.1 - Rental Value Assumptions**

| Property          | Rent £ per week (pw) (pcm) |
|-------------------|----------------------------|
| <b>1 bed flat</b> | £250 (£1,000 pcm)          |
| <b>2 bed flat</b> | £275 (£1,100 pcm)          |

Source: AspinallVerdi, July 2017



## Yields

- 10.18 There is an established investment market for student accommodation with greater transaction volumes than the BTR sector. Both JLL and Savills publish yield benchmarks, as follows:

**Figure 10.2 – JLL Yield Forecast**

|                    | Direct Let |           | 25 Year FRI Lease |          |
|--------------------|------------|-----------|-------------------|----------|
|                    | Current    | Forecast  | Current           | Forecast |
| Prime London       | 4.50%      | Stable    | 4.00%             | Stable   |
| Inner London       | 5.00%      | Stable    | 4.25%             | Stable   |
| Prime Regional     | 5.50%      | Stable    | 4.25%             | Stable   |
| Secondary Regional | 6.00%      | Softening | 4.50%             | Stable   |
| Other Regional     | 7.00%+     | Softening | 4.50%             | Stable   |

Source: JLL, Quarter 4, 2016.

**Figure 10.3 – Savills 2017 Initial Yields**

|                      | Lease | Nomination Agreement | Direct Let |
|----------------------|-------|----------------------|------------|
| Prime London         | 3.75% | 4.25%                | 4.25%      |
| Super Prime Regional | 4.25% | 4.75%                | 5.25%      |
| Prime Regional       | 4.50% | 5.00%                | 5.50%      |
| Secondary Regional   | 5.00% | 5.75%                | 6.50%      |

Source: Savills UK student Housing 2017

- 10.19 For the purposes of our appraisals we have adopted a yield of 4.50%.

## 11 Age Restricted / Extra Care Housing

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- 11.1 This section of the report focusses on the Age Restricted/Extra Care Housing. We set out understanding summary of the various type of housing for older people and undertake a review of the current market within the District.

### Supported Living Defined

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- 11.2 We recognise that there is are various types of housing for older people ranging from:
- Sheltered / Age Exclusive / Retirement Housing – This is accommodation that is built specifically for sale or rent to older people e.g. McCarthy and Stone or Churchill. They comprise self-contained units (apartments) with communal facilities and a live-in or mobile scheme manager and alarm call systems in case of emergency.
  - Extra Care / Very Sheltered / Assisted Living Housing - This is similar to the Sheltered Housing, but is designed to enable residents to retain their independence as they grow older and their need for support and/or care increases. Residents still occupy their own self-contained home within blocks of flats, estates of bungalows or retirement 'villages' but often enjoy enhanced communal accommodation and occupants may also be offered individual care and assistance from support staff, within the complex, 24 hours per day.
  - Close Care or Assisted Living Housing – This is normally situated within the grounds of a care home and takes the form of self-contained, independent flats or bungalows. Units may be rented or purchased by the occupier. Residents will also have access to the care home's other facilities and will normally have some form of direct communication with the care home, for emergencies. There may well be an arrangement whereby, the care home management will buy-back the property if it becomes necessary for them to move into the care home.
  - Care Homes / Residential care homes - Living accommodation for older people and employ staff who provide residents with personal care, such as washing and dressing. Residents normally occupy their own single room but have access to other communal facilities.
  - Care Homes with Nursing / Nursing Homes – Similar to a residential home but, they offer the full time service of qualified nursing. Such accommodation is suited to residents who are physically or mentally less capable and require a higher level of care.
- 11.3 It is important to note that for the purposes of this viability assessment we have only modelled the Age Restricted and ECH schemes which are more likely to be developed by the private

sector and are most similar to C3 Use housing. C2 Use Residential Institutions such as residential care homes and nursing homes are specialist developments (valued on a turnover or 'profits' basis) and are not included in the viability assessment. Note that some of these schemes are developed by housing associations and others by the private sector and/or charities and all will have a different status in terms of liability for Affordable Housing (and CIL (for example, Charitable Organisations are exempt from CIL)).

## Existing Evidence Base

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- 11.4 We have reviewed the existing evidence base to formulate our assumptions and understanding of older persons housing provision in South Oxfordshire. This is outlined below.

### Oxfordshire Strategic Housing Market Assessment 2014

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- 11.5 Much of the market analysis and commentary on the private residential market is equally as applicable to supported living. Consistent with national trends, South Oxfordshire District has an aging population. The key comments are summarised below;

- The SHMA identifies a need to provide housing older people as part of achieving a good mix of housing, but recognising that many older people are able to exercise choice and control over housing options – e.g. owner occupiers with equity in their homes.
- Falling demand for residential care in some areas, and a rapidly rising average age of people living in sheltered housing over 20 years, requiring higher levels of support.
- New models of enhanced and extra care housing have emerged which aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves.
- Providing choice, including supporting people to stay in their own homes including through supporting adaptations to their properties.

- 11.6 The SHMA identifies the following Older persons' dwelling requirements (2014 – 2035), as follows:

- The number of people across South Oxfordshire District area aged 65 or over is projected to increase by 49% over 20 years.<sup>37</sup>
- The proportion of pensioner households living in owner-occupied housing ranges from 67% in Oxford up to 81% in the case of South Oxfordshire.<sup>38</sup>

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<sup>37</sup> SHMA 2014, Page 140, Para 8.10

<sup>38</sup> SHMA 2014, Page 142, Para 8.15

- Decisions about the mix of specialist housing that might be required should be taken at a local level taking account of specific needs and the current supply of different types of units available.<sup>39</sup>
- At present the Council works on the basis of providing around 55 units of extra care housing per 1000 people aged 75 and over.<sup>40</sup>

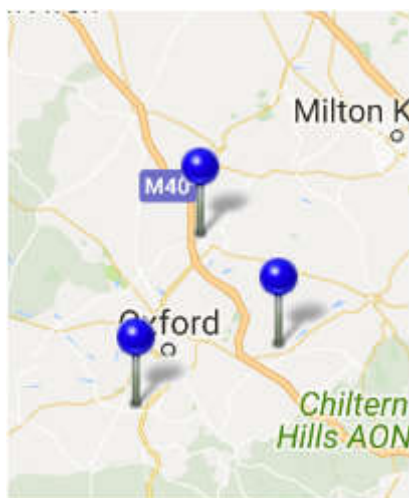
## Supported Living Asking Prices – New Build

- 11.7 We have reviewed Age Restricted/Extra Care Housing developments which have apartments currently on the market. We initially reviewed new build developments by Churchill Retirement Living and McCarthy & Stone followed by a district wide review of second hand asking prices utilising Zoopla.

### Churchill Retirement Living

- 11.8 Retirement Developments at Abingdon and Thame are awaiting planning approval whilst the development at Bicester has apartments on the market. **Figure 11.1** shows the locations of these.

**Figure 11.1 - Churchill Retirement Living Developments**



Source: Churchill Retirement Living, June 2017

- 11.9 Lindon Lodge in Bicester Oxfordshire, OX26 6GE is a retirement development of 42, one and two bedroom apartments. One bedroom apartments are on the market for £228,950 whilst two bedroom apartments are on the market for £357,950.

<sup>39</sup> SHMA 2014, Page 147, Para 8.30

<sup>40</sup> SHMA 2014, Page 148, Para 8.32

### McCarthy & Stone

- 11.10 Williams Place, 170 Greenwood Way, Didcot – Retirement Living Plus (previously assisted living) is currently under construction.

### Supported Living Asking Prices – Second Hand

- 11.11 We have undertaken a review utilising Zoopla to gain an understanding of the asking values associated with second hand, age restricted and extra care housing.


### Didcot

- 11.12 In Didcot, there is a two bedroom apartment on the market located at Rymans Court. The apartment is on the market for £245,000 and has a floor area of 69 sqm (739 sqft) which equates to £3,657 per square meter (psm) (£332 psf).

### Henley-on-Thames

- 11.13 A retirement development at War Memorial Place which comprises bungalows and apartments currently has three, 2 bedroom apartments on the market. **Table 11.1** below provides a summary.

**Table 11.1 - Apartments at War Place Memorial**


| Image   | Size (Sqm) | Size (Sqft) | Asking Price £ | £ psm (£ psf)     |
|---|------------|-------------|----------------|-------------------|
|  | 55         | 592         | £269,000       | £4,891 (£454 psf) |
|   | 104        | 1,116       | £275,000       | £2,652 (£247 psf) |
|   | 67         | 724         | £300,000       | £4,458 (£414 psf) |

Source: Rightmove, July 2017

## Thame

11.14 In Thame, on Orchard Close there are three, 1 bedroom retirement flats. **Table 11.2** below provides a summary.

**Table 11.2 - Orchard Close**

| Image   | Size (Sqm) | Size (Sqft) | Asking Price £ | £ psm (£ psf) |
|---|------------|-------------|----------------|---------------|
|  | 33         | 359         | £210,000       | £6,287 (£584) |
|   | 34         | 361         | £219,950       | £6,546 (£609) |
|   | 42         | 453         | £225,000       | £5,357 (£453) |

Source: Rightmove, July 2017.



## Supported Living Value Assumptions

- 11.15 The Retirement Housing Group<sup>41</sup> acknowledges that sheltered housing values carry a premium on typical private residential apartments.
- 11.16 The Retirement Housing Group applies a rule of thumb approach which is outlined in the table below. Taking the average price of a 3-Bed semi-detached property in South Oxfordshire (£344,000), the guidelines presented in **Table 11.3** would indicate a value for sheltered housing in South Oxfordshire as follows:
- 1-Beds at 75% of 3-bed semi-detached market value = £258,000
  - 2-Beds at 100% of 3-bed semi-detached market value = £344,000
- 11.17 Evidence from the Retirement Housing Group<sup>42</sup> recommends that supported living sales values are a premium to private residential apartments as follows:

**Table 11.3 - Sheltered Housing and ECH Sales Values**

| Typology                              | Assumption   |
|---------------------------------------|--|
| <b>Sheltered housing unit prices</b>  | <p>In high value areas -</p> <ul style="list-style-type: none"> <li>• 10-15% premium to private market 1/2 bed flats</li> </ul> <p>Or, in low value areas (where no apartment scheme comparables) -</p> <ul style="list-style-type: none"> <li>• 75% value of 3-bed semi-detached house for a 1 bed sheltered housing unit, and</li> <li>• 100% value of 3-bed semi-detached house for a 2 bed sheltered housing unit</li> </ul> |
| <b>Extra-care housing unit prices</b> | <ul style="list-style-type: none"> <li>• 25% premium to sheltered housing</li> </ul>   |

Source: Retirement Housing Group 2013<sup>41</sup>

- 11.18 We have reflected the above value parameters within our supported living appraisals.

<sup>41</sup> RHG Retirement Housing Group, Retirement Housing Viability Base Data (April 2013) / Briefing Paper for CIL Practitioners Retirement Housing and the Community Infrastructure Levy (June 2013) by Churchill Retirement Living and McCarthy and Stone

<sup>42</sup> RHG Retirement Housing Group, Retirement Housing Viability Base Data (April 2013) / Briefing Paper for CIL Practitioners Retirement Housing and the Community Infrastructure Levy (June 2013) by Churchill Retirement Living and McCarthy and Stone

## Supported Living Summary

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- 11.19 We have taken the average asking prices from Didcot, Henley and Thame and have assumed the following values for sheltered housing / retirement living properties:

**Table 11.4 - Retirement Living / Sheltered Housing Value Assumptions**

| No. of Beds | Unit Price | Price psm |
|-------------|------------|-----------|
| 1-Bed       | £218,000   | £4,360    |
| 2-Bed       | £272,500   | £3,893    |

Source: AspinallVerdi, July 2017

- 11.20 Based on the above values, we have applied a 25% premium to establish a value for the extra-care housing:

**Table 11.5 - Extra-Care Housing Value Assumptions**

| No. of Beds | Unit Price | Price psm |
|-------------|------------|-----------|
| 1-Bed       | £272,500   | £3,893    |
| 2-Bed       | £340,675   | £4,866    |

Source: AspinallVerdi, July 2017

## 12 Affordable Housing Transfer Values

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- 12.1 For the purposes of our viability appraisal we have adopted a 'blended' rate of £2,099 psm (£195 psf) for social rent (75%) and shared ownership (25%).<sup>43</sup>

### Existing Evidence Base

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- 12.2 We have undertaken a review of the existing evidence base having regard to the following studies listed below:

- Community Infrastructure Levy (CIL) Viability Study 2009
- Community Infrastructure Levy (CIL) Viability Study (2014 update)

### Community Infrastructure Levy (CIL) Viability Study - 2009

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- 12.3 The viability study assumed the following transfer values;

- For social rents £1,830 psm (£170 psf)
- For Intermediate housing £3,014 psm (£280 psm)

### Community Infrastructure Levy (CIL) Viability Study - 2014 update

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- 12.4 The Council's policy position is that developments should provide 40% affordable housing, with a tenure mix of 75% social rent and 25% shared ownership. At the time of this study RPs operating locally offered £1083 psm (£100 psf) for completed units of social rented housing.

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<sup>43</sup> Email from SODC 12/07/2017 08.46

## Annex 1 - Floor Area Assumptions

- 12.5 Please note that this Annex will be subsumed into the main viability report once we finalise all of the typologies and appraisal assumptions following the stakeholder consultation. The floor area assumptions are provided here for ease of reference and transparency.
- 12.6 For the purposes of our appraisal we have ensured that our assumptions meet or exceed the nationally described housing standards by DCLG. In forming our floor area assumptions to be adopted within the appraisals, the nationally described space standards provide a useful benchmark and are our starting point.
- 12.7 The DCLG minimum floorspace standards are set out on the table below. The DCLG standards set out a complex matrix of house types and storey heights we have therefore had to simplify this for our analysis

Table 12.1- Technical Housing Standards

| Number of bedrooms(b) | Number of bed spaces (persons) | 1 storey dwellings   | 2 storey dwellings | 3 storey dwellings | Built-in storage |
|-----------------------|--------------------------------|----------------------|--------------------|--------------------|------------------|
| 1b                    | 1p                             | 39 (37) <sup>2</sup> |                    |                    | 1.0              |
|                       | 2p                             | 50                   | 58                 |                    | 1.5              |
| 2b                    | 3p                             | 61                   | 70                 |                    | 2.0              |
|                       | 4p                             | 70                   | 79                 |                    |                  |
| 3b                    | 4p                             | 74                   | 84                 | 90                 | 2.5              |
|                       | 5p                             | 86                   | 93                 | 99                 |                  |
|                       | 6p                             | 95                   | 102                | 108                |                  |
| 4b                    | 5p                             | 90                   | 97                 | 103                | 3.0              |
|                       | 6p                             | 99                   | 106                | 112                |                  |
|                       | 7p                             | 108                  | 115                | 121                |                  |
|                       | 8p                             | 117                  | 124                | 130                |                  |
| 5b                    | 6p                             | 103                  | 110                | 116                | 3.5              |
|                       | 7p                             | 112                  | 119                | 125                |                  |
|                       | 8p                             | 121                  | 128                | 134                |                  |
| 6b                    | 7p                             | 116                  | 123                | 129                | 4.0              |
|                       | 8p                             | 125                  | 132                | 138                |                  |

Source: Technical housing standards – nationally described space standard (March 2015)

12.8 We have assumed floor areas based on **Table 12.1** for each new and second hand transaction.

12.9 The following assumptions were set out Chapter 4 which allowed each property to be characterised by number of beds.

- Flats are assumed to be one storey;
  - upto 61 sqm – 1 bed
  - 61 – 80 sqm – 2 bed
  - 81 – 95 sqm – 3 bed
  - 95+sqm 4 bed
- For all houses (Detached, Semi Detached and Terrace) assumed to be two storey;
  - upto 70 sqm – 1 bed
  - 71 – 80 sqm – 2 bed
  - 81 – 100 sqm – 3 bed
  - 101 – 130 sqm – 4 bed
  - 131+ - 5 bed+

12.10 The table below sets out the range of floor areas for each new and second hand property sold within the District.

**Table 12.2 - Actual Floor Areas for achieved new and second hand properties**

|                    | Minimum sqm | Average sqm | Median sqm | Maximum sqm |
|--------------------|-------------|-------------|------------|-------------|
| <b>1 bed flat</b>  | 24          | 46          | 45         | 62          |
| <b>2 bed flat</b>  | 62          | 69          | 70         | 80          |
| <b>1 bed house</b> | 36          | 61          | 62         | 70          |
| <b>2 bed house</b> | 71          | 76          | 76         | 80          |
| <b>3 bed house</b> | 81          | 91          | 90         | 100         |
| <b>4 bed house</b> | 101         | 115         | 112        | 130         |
| <b>5 bed house</b> | 131         | 168         | 153        | 453         |

Source: AVL, July 2017 – 170719 Market Value Assumptions v3

### New Build Asking Floor areas

12.11 Using the Land Registry data cross-referenced with the Energy Performance Certificate (EPC) register to establish floor areas creates complexity the larger a property gets, because the range of unit sizes widens and it is not always possible to determine whether a unit in the Land Registry data is 3, 4 or 5+ bedrooms.. New-Build market listings therefore provide a stronger indication into unit sizes, because the size of the property by number of beds is explicit (rather

than making assumptions applying the DCLG standards to the achieved values data which is cross-referenced with the EPC register).

- 12.12 We have therefore reviewed the floor areas for new build properties to gain an understanding of unit sizes.

**Table 12.3 - New Build Floor Areas**

| Property    | Floor Area sqm |
|-------------|----------------|
| 1 bed flat  | 56 – 59        |
| 2 bed flat  | 53 -79         |
| 2 bed house | 67 – 95        |
| 3 bed house | 84 – 146*      |
| 4 bed house | 100 – 169      |
| 5 bed house | 139            |

Source: Rightmove, July 2017

- 12.13 (\* note, we have excluded for 3 properties at Farnehurst which have floor areas of above 400 sqm)
- 12.14 We note from our asking price data, that 3 bed properties currently marketed range between 84 – 146 sqm which on average equates to 95 sqm. We note a smaller range of unit sizes within our achieved value data and consider 100 sqm is a representative and appropriate floor area of typical 3-bed properties built in South Oxfordshire.
- 12.15 We note from our asking price data, that 4 –bed properties currently marketed range between 100 – 169 sqm which on average equates to 117 sqm. We note a smaller range of between 101 and 130 sqm within our achieved value data and consider 115 sqm is a representative and appropriate floor area of typical 4-bed properties built in South Oxfordshire.
- 12.16 In terms of 5-bed properties, current units marketed have floor areas of 139 sqm. Within our achieved value data, we note circa 100 properties with unit sizes above 139 sqm. We therefore consider it is appropriate to assume 165 sqm within our appraisals to reflect this wide range and demonstrate that 5-Beds are generally considerably greater than national standards.
- 12.17 The table below provides a summary of our assumptions.



**Table 12.4 - Floorspace Assumptions for Market Sales Units**

| Property Type      | Size sqm (sqft) |
|--------------------|-----------------|
| <b>1 bed flat</b>  | 50              |
| <b>2 bed flat</b>  | 70              |
| <b>1 bed house</b> | 62              |
| <b>2 bed house</b> | 79              |
| <b>3 bed house</b> | 100             |
| <b>4 bed house</b> | 115             |
| <b>5 bed house</b> | 165             |

Source: AspinallVerdi, July 2017

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