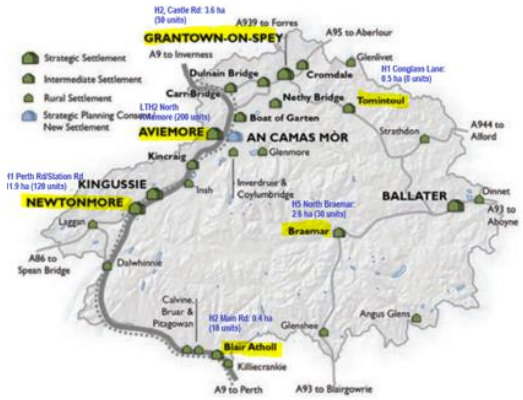
Valuation Office Agency

DVS Property Specialists for the Public Sector

Valuation Report for: Housing Sites within Cairngorms National Park





Report for:
Dan Harris
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Case Number: 1844578

Client Reference:

Date: 02 October 2024

DVS Property Specialists for the Public Sector

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1. Introduction

I refer to your instructions dated 9 May 2024 and my Terms of Engagement dated 20 May 2024.

The properties have been inspected and valued and I am pleased to report to you as follows.

2. Valuation Parameters

2.1 Identification of Client

The instruction has been undertaken for Cairngorms National Park Authority (CNPA).

2.2 Purpose of Valuation

It is understood that you require valuation advice in connection with the preparation of the next Cairngorms Local Development Plan

2.3 Subject of the Valuation

In addition to the commuted sum figures which were the subject of a previous report dated 12 August 2024, you have also instructed viability studies, based on the proposed percentage of affordable housing, for the following sites.

- LTH2: North Aviemore
- H2: Main Rd, Blair Atholl
- H5: North Braemar
- H2: Castle Road, Grantown-on-Spey
- H1: Land between Perth Road and Station Road, Newtonmore
- H1: Conglass Lane, Tomintoul

It is assumed that the sites are held on a heritable basis.

2.4 Date of Valuation

The date of valuation is 27 September 2024.

Please note that values change over time and that a valuation given on a particular date may not be valid on an earlier or later date.

2.5 Confirmation of Standards

The valuation has been prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the Red Book.

Compliance with the RICS professional standards and valuation practice statements gives assurance also of compliance with the International Valuations Standards (IVS).

Measurements will be in accordance with the 'RICS Professional Statement **'RICS Property Measurement' (2nd Edition)** which is effective from 1 May 2018 and, where relevant, the **RICS Code of Measuring Practice (6th Edition)**.

Please note that residential property is reported upon using a measurement standard other than IPMS, specifically Gross Internal Area (GIA) and therefore their measurements will be an agreed departure from 'RICS Property Measurement (2nd Edition)'. This basis of measurement has been adopted as it is the basis of measurement used by BCIS in their construction cost indices and is typically used for residential properties in development appraisals.

RICS has published the following documents:

- 'Financial Viability in Planning Guidance Note' (1st Edition) (FVIP),
- RICS Practice Statement 'Financial Viability in Planning: Conduct and Reporting' (May 2019)
- RICS Guidance Note 'Assessing Viability in Planning Under the National Planning Policy Framework 2019 for England'.

Whilst the abovementioned documents refer to England, other than the differences in the planning systems, there is no reason why the process for viability assessments should be substantially different in Scotland and as best practice I have had have regard to these documents in carrying out the work.

I have also had regard to RICS Valuation of Development Property" 1st edition, October 2019 (effective from 1 February 2020) and the Valuation of Affordable Housing (Scotland) (GN100/2013).

2.6 Agreed Departures from the RICS Professional Standards

As specifically requested by you, and as captured above with explanation, certain property has been reported upon using a measurement standard other than IPMS.

2.7 Basis of Value

The basis of value adopted is Market Value which is defined at VPS 4, para 4 as:

'*The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'*

Whilst professional opinions may be expressed in relation to the appraisal inputs adopted, this consultancy advice is to assist you with your decision making for planning purposes and is not formal valuation advice such as for acquisition or disposal purposes.

2.8 Special Assumptions

The following agreed special assumptions have been applied:

- It is assumed that the subjects of valuation will have planning permission for a development similar to the hypothetical development proposed.

- The valuation has been prepared on the basis that there would be no fundamental extraordinary development works across the site which would impact significantly on construction costs and therefore is gross of any site clearance and demolition costs likely to be incurred.

- It is assumed the sites will be serviced up to the site boundary and no account has been taken of any off-site infrastructure or servicing costs which may be incurred and I would reserve the right to review the valuations if necessary following the findings of a full site investigation report.

- The valuation is reported on a **gross** basis and is exclusive of any Section 75/ Developer Obligation payments that might be required.

The **gross** value does not (and should not be taken to) represent price as undoubtedly there will likely be some level of abnormal works/costs to reflect in arriving at price from my reported gross site value once a full site investigation of the land is complete.

2.9 Nature and Source of Information Relied Upon

In addition to relying upon VOA held records and information, I have assumed that all information provided by, or on behalf of you, in connection with this instruction is correct without further verification – for example, details of tenure, tenancies, planning consents, etc.

My advice is dependent upon the accuracy of this information and should it prove to be incorrect or inadequate, the accuracy of my valuation may be affected.

You have provided a link to the CNPA proposed Local Plan:

https://cairngorms.co.uk/wp-content/uploads/2019/09/CD003-Cairngorms-National-Park-Proposed-Plan_reduced.pdf

The valuation methodology is outlined below in section 4 with reference to the Scottish Government PAN2/2010, More Homes Division Guidance Notes 2023/01 and the guidance notes issued by the RICS, in particular 'Valuation of Land for Affordable Housing Scotland' GN100/2013, RICS Professional Standard: “Valuation of Development Property” October 2019.

I have also had regard to the Local Plans and Supplementary Planning Guidance published on the internet by CNPA and the Local Authorities that are included within the Cairngorms National Park.

In undertaking my research, I have also used property marketing websites such as TSPC, ASPC, Rightmove, local Estate Agents websites and the Scottish EPC Register.

2.10 Date of Inspection

Visual inspections were carried out from publicly accessible surrounding roads and footpaths on the following dates:

27 June 2024 and 2 July 2024.

2.11 Extent of Investigations, Survey Restrictions and Assumptions

An assumption in this context is a limitation on the extent of the investigations or enquiries undertaken by the valuer. The following agreed assumptions have been applied in respect of your instruction, reflecting restrictions to the extent of our investigations.

- Such inspection of the property and investigations as the Valuer considered professionally adequate and possible in the particular circumstance was undertaken. This comprised undertaking (an external inspection only of the property.

- No detailed site survey, building survey or inspection of covered, unexposed or inaccessible parts of the property was undertaken. The Valuer has had regard to the apparent state of repair and condition and assumed that inspection of those parts not inspected would neither reveal defects nor cause material alteration to the valuation, unless aware of indication to the contrary. The building services have not been tested and it is assumed that they are in working order and free from defect. No responsibility can therefore be accepted for identification or notification of property or services' defects that would only be apparent following such a detailed survey, testing or inspection.

- It has been assumed that good title can be shown, and that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoings.

- It has been assumed that the property and its value are unaffected by any statutory notice or proposal or by any matters that would be revealed by a local search and replies to the usual enquiries, and that neither the construction of the property nor its condition, use or intended use was, is or will be unlawful or in breach of any covenant.

- Valuations include that plant that is usually considered to be an integral part of the building or structure and essential for its effective use (for example building services installations) but exclude all machinery and business assets that comprise process plant, machinery and equipment unless otherwise stated and required.

- It has been assumed that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated. However, where an inspection was made and obvious signs of such materials or techniques were observed, this will be drawn to your attention and captured in this report.

- With regard to Reinforced Autoclaved Aerated Concrete (RAAC), you have not advised us that you are aware of the presence of RAAC and we have assumed that none is present.

- No access audit has been undertaken to ascertain compliance with the Equality Act 2010 and it has been assumed that the premises are compliant unless stated otherwise in this report.

- No environmental assessment of the property (including its site) and neighbouring properties has been provided to or by the VOA, nor is the VOA instructed to arrange consultants to investigate any matters with regard to flooding, contamination or the presence of radon gas or other hazardous substances. No search of contaminated land registers has been made.

  However, where an inspection was made and obvious signs of contamination or other adverse environmental impact were visible this will have been advised to you, further instructions requested, and the observations captured in the report. Where such signs were not evident during any inspection made, it has been assumed that the property (including its site) and neighbouring properties are not contaminated and are free of radon gas, hazardous substances and other adverse environmental impacts. Where a risk of flooding is identified during any inspection made, or from knowledge of the locality, this will be reported to you. The absence of any such indication should not be taken as implying a guarantee that flooding can never occur.

3. Property Information

3.1 Location and Description

You have instructed valuations for the following sites, all of which are located within the CNPA area.

- LTH2: North Aviemore
- H2: Main Road, Blair Atholl
- H5: North Braemar
- H2: Castle Road, Grantown-on-Spey
- H1: Land between Perth Road and Station Road, Newtonmore
- H1: Conglass Lane, Tomintoul

Detailed descriptions of the location and the individual sites can be found in Appendices 7.1 to 7.6.

3.2 Tenure

Owner's heritable interest with vacant possession is assumed for all sites. .

3.3 Title Restrictions

It is assumed that there are no know title restrictions or burdens.

3.5 Site Area

The site areas are as follows:

Location	LA Area	Site Area (ha)	Site Area (acres)	Indicative Capacity
LTH2 North Aviemore	Highland	17.7	43.74	200
H2 Main Rd, Blair Atholl	Perth & Kinross	0.4	0.99	10
H5 North Braemar	Aberdeenshire	2.6	6.42	30
H2 Castle Road, Grantown on Spey	Highland	3.6	8.90	50
H1 Perth Rd/ Station Rd, Newtonmore	Highland	11.9	29.4	120
H1 Conglass Lane, Tomintoul	Moray	0.5	1.24	8

3.6 Services

Although not checked with the relevant utilities it is assumed that each site will be serviced up to the site boundary, ready for connection to the usual mains services of gas (where available), water, drainage and electricity.

3.7 Access and Highways

It is assumed that the maintenance of roads and footpaths ex adverso the property is the responsibility of the local authority.

3.8 Energy Performance Certificate

No Energy Performance Certificate has been provided.

3.9 Planning

I have made informal enquiries of the Planning Authority as to the planning status of the sites.

Under the current CNPA plan adopted March 2021, the preferred location for new housing in the National Park is within the Strategic, Intermediate and Rural Settlements. New housing developments will be required to provide affordable housing according to Policy 1.5.

Affordable housing developments consisting of four or more dwellings should include provision for affordable housing amounting to 45% of the total number of dwellings in the settlements of Aviemore, Ballater, Blair Atholl and Braemar. 25% of the total number of units are required in all other areas of the National Park.

In some instances such as for a development of less than four houses, where funding may not be available or for proposals such as conversions that do not lend themselves to on-site delivery, a financial contribution may be acceptable in lieu of affordable housing.

The level of contribution for developments of less than 4 houses has been set at 10% of the full market cost of delivering affordable housing and is shown in Table below:

LA area	**Commuted Payment (£/unit)**
Aberdeenshire	£3,250
Angus	£1,600
Highland	£1,850
Moray	£1,700
Perth and Kinross	£3,000

CNPA are currently in the process of preparing the next LDP. Commuted payments will likely continue to be required for developments of 3 units and less and are currently under review.

Objective C2 of The National Park Partnership Plan 2022 includes the target that by 2030, 75% of new housing is for social rental, mid-market rental or other affordable categories that provide affordability in perpetuity. This is an ambitious target and it is not yet clear how the target will manifest in the policies of the LDP.

It should be noted that whilst the responsibility for producing the LDP lies with the Cairngorms National Park Authority (CNPA), most planning applications in the National Park are determined by the relevant local authority although CNPA “calls in” and determines the applications which are of general significance to the aims of the Park. The CNPA also does not produce its own Housing Need and Demand Assessments (HNDA), Housing Land Audits (HLA) or Housing Strategies as these are the responsibility of the Local Authorities.

Planning considerations particular to the individual sites are contained within the appendices (7.1 to 7.6) of this report.

3.10 Equality Act 2010

Whilst I have had regard to the provisions of the Equality Act 2010 in making this report, I have not undertaken an access audit nor been provided with such a report. It is recommended that you commission an access audit to be undertaken by an appropriate specialist in order to determine the likely extent and cost of any alterations that might be required to be made to the premises or to your working practices in relation to the premises in order to comply with the Act.

3.11 Mineral Stability

The properties are not in underground mining areas and Mining Subsidence Reports have not been obtained.

3.12 Environmental Factors Observed or Identified

Details of environmental factors observed or identified can be found in the descriptions for each site in the appendices (7.1 to 7.6) of this report

For the purposes of this report it is assumed there are no environmental factors or abnormal development costs, which could affect value, such as: flood risk; abnormal ground conditions; historic mining; quarrying; landfill; coastal erosion; proximity to high voltage equipment / cables / pylons / telecommunications; pipelines; invasive vegetation; presence of contamination on site [e.g. absorption by property of poisons or pollutants requiring invasive treatment works or presence of Radon gas etc]; presence on site of hazardous or deleterious materials.

4. Valuation

4.1 Valuation Methodology / Approach and Reasoning

4.1.1 Background to the Instruction

Objective C2 of The National Park Partnership Plan 2022 includes the target that by 2030, 75% of new housing is for social rental, mid-market rental or other affordable categories that provide affordability in perpetuity. It is recognised that the affordable housing contribution target might have an impact on viability and on what is deliverable by market sites and CNPA have therefore instructed the VOA to carry out valuations to explore the effect of increasing affordable housing contributions will have on development viability.

4.1.2 Approach to valuation

To assess the impact increasing the affordable housing requirement will have on viability I have carried out a valuation for each site, on the basis of the current requirement for Affordable Housing. I have carried out additional valuations for each site adopting higher amounts of affordable housing up to a maximum contribution of 75%.

Only the site in Newtonmore has an extant planning application. To maintain consistency across the CNPA area, I have however adopted hypothetical development scenarios appropriate for each site. The density assumed is in line with the indicative capacity detailed in the LDP and considered typical of new build developments in each locality.

Valuations for development property are normally undertaken in two ways:

- the market comparison approach and
- the residual method

(Ref: RICS Professional Standard Valuation of development property, 1st edition, 2019).

The two main components required to value development land on the residual basis is assessment of the funding available for the scheme (or Gross Development Value-GDV) and an understanding of the development costs associated with constructing the scheme.

Best practice avoids reliance on a single approach or method and it is recommended that any valuation undertaken by the residual approach should be cross-checked by reference to the comparison approach and vice-versa. Greater weight in this instance is placed on the residual approach as there is a lack of directly comparable sales evidence, however market evidence has been analysed and applied as a sense-check.

To arrive at my opinion of value for each site, I have undertaken individual residual valuations reflecting the amount of private housing and affordable housing (social rent) currently required for each site and at the proposed maximum target level of 75% affordable housing. Specific assumptions regarding the development mix for each site are outlined within the relevant appendices. These include:

- Unit type (terraced, semi-detached etc).
- Unit numbers.
- Floor areas.
- Sale values (private units)

A summary of overall unit numbers for each site under the current AH requirement and the proposed 75% requirement are shown in the table below.

Location	Total Site Capacity	AH contribution	AH Units	Private Units
LTH2 North Aviemore	200	45%	90	110
		75%	150	50
H2 Main Rd, Blair Atholl	10	45%	4	6
		75%	7	3
H5 North Braemar	30	45%	13	17
		75%	22	8
H2 Castle Road, Grantown on Spey	50	25%	12	38
		75%	38	12
H1 Perth Rd/ Station Rd, Newtonmore	120	25%	30	90
		75%	90	30
H1 Conglass Lane, Tomintoul	8	25%	2	6
		75%	6	2

4.1.3 Residual Valuations: Private Housing- inputs and assumptions

GDV (Gross Development Value)

The GDV for the private element of a development is arrived at by having regard to the anticipated sale price of the completed houses which will be for sale on the open market. I have researched house sales in the immediate locality of each site, although due to the scarcity of sales, I have looked further afield in most cases and considered sales evidence from other settlements within, or close to the CNPA area and at developments currently being marketed for sale. Sales from the second-hand market have also been taken into consideration but weighted and adjusted as appropriate.

The breakdown of the GDV per property for each site is detailed for each location in Appendices 7.1 to 7.6.

Development Costs

Once the GDV has been established for a site, all costs associated with the development have been deducted from the GDV. Aside from base build costs, these are assumed to be consistent across all sites.

Estimated build costs are based on BCIS average price indices, information from actual projects and industry norms. BCIS does not publish information for Cairngorms National Park Area, and I have therefore looked at the indices for the local authority areas where each site is located. The indices are an indication only and the differences in build costs for similar type developments are unlikely to be significantly different across the locations, although I have made small adjustments for location.

Developers will aim to minimise cost and I have assumed the build cost will be above the lower quartile range, but lower than the mean. The average build costs adopted range from £1,295/m^2 (£120/sf) to £1,421/m^2 (£132/sf) depending on location and adopted housing mix for each site.

Thereafter, other development costs are as follows:

- Externals are assumed at 20%, which is within the range indicated by development projects the VOA has been involved with.
- The industry norm for contingencies is between 3% and 5%. I have assumed 5% which is reflective of current market uncertainty and also location, which is relatively remote.
- Professional fees are 6%, which is considered typical.
- Agents selling costs at 0.75% of GDV.
- Legal selling costs at 0.75% of GDV.
- Land acquisition costs, such as LBTT, Town Planning, Building Warrant and Site Survey costs have been deducted.
- Finance costs are assumed at 8.5%.

- Profit is usually between 15% and 20% of GDV. I have adopted 20% as this is the level developers appear to be working to in order to secure financial backing.

The development periods adopted for each site vary, depending on the size of the development. For larger sites, in excess of 30 private units, I've adopted development periods of between 28 months and 45 months. The development period for sites of between 2 and 17 private units range from 8 months to 20 months.

The residual land values for the **private element** of each site and reflecting the various levels of affordable housing requirements are as follows:

Location	AH contribution	Residual Land Value
LTH2 North Aviemore	45%	**£4,000,000**
	75%	**£1,850,000**
H2 Main Rd, Blair Atholl	45%	**£250,000**
	75%	**£115,000**
H5 North Braemar	45%	**£675,000**
	75%	**£295,000**
H2 Castle Road, Grantown on Spey	25%	**£1,425,000**
	75%	**£450,000**
H1 Perth Rd/ Station Rd, Newtonmore	25%	**£3,000,000**
	75%	**£1,000,000**
H1 Conglass Lane, Tomintoul	25%	**£180,000**
	75%	**£55,000**

4.1.4 Value for Social Rented Accommodation

I have had regard to the guidance notes issued by the RICS and in particular 'Valuation of Land for Affordable Housing Scotland' GN100/2013, RICS Professional Standard 'Valuation of development property', 1st edition (October 2019).

The valuation is on the basis of a permanent restriction to Affordable Housing based on two accepted approaches:

(i) Comparison with the sale price of land for comparable development and

(ii) Assessment of the value of the completed scheme and deduction of the costs of development to arrive at the underlying land value (the residual method).

Given the lack of open market sales of land for affordable housing my valuation has been carried out on a residual basis. As a sense check when considering the residual

valuation, I have taken into account the valuations of land for Affordable Housing for both Registered Social Landlords (RSL) and Local Authorities (LA) which the VOA has been involved with.

GDV

The GDV for an affordable housing scheme is usually based on the total amount of finance available (generally grant funding and borrowings based on rental income). In calculating the GDV I have had regard to the More Homes Division Guidance Note - Affordable Housing Supply Programme: Process and Procedures. (MHDGN 2023/01) which details the benchmark grants available and benchmark rents up until 2026/2027.

RSL's and Local Authorities are awarded different levels of grants subsidies and have differing rental levels and the level charged will vary from location to location within the Park area. However, in order to arrive at the best and highest use for the land, I have assumed the higher grant of £97,027 per unit for social rent and adjusted for 3 person equivalent. I have adopted benchmark rents for 2025/2026 plus 5%.

The total gross rental income from the affordable housing at each location has been adjusted for voids at 1%, and then capitalised using a multiplier of 17.5689, which was formerly prescribed by the Scottish Government and although it has not been updated for some time it could be taken to represent an average rental capitalisation rate across a wide range of RSL's and Councils.

The total rental income has then been adjusted to take account of management, maintenance and major repairs. These can vary from RSL to RSL however I have adopted adjustments which are broadly in line with the figures in previous SG Guidance. Usually these are around 30% of rental income.

I have undertaken residual valuations for each site based on the current level of affordable housing required and on the assumption the requirement is increased to 75%. GDV is assumed to be the total finance available reflecting the total available grant plus capitalised adjusted rental income. Total GDV for each site is shown in the summary for each site in the appendices.

Development Costs

With regards the costs associated with constructing the scheme I have analysed cost information for affordable housing projects dealt with by the VOA in recent times. A range of costs is to be expected as the developments are for a variety of house types and RSL's and Councils operate under differing procurement frameworks. I have also had regard to the BCIS average prices indices adjusted for location.

The average base build costs, reflecting adjustment for location and house mix for each site are around the upper quartile and range from £1,571/m^2 (£146/sf) and £1,744/m2 (£162/sf).

The other development costs applicable to each site are:

- Externals are assumed at 20%, which is at the lower end of range indicated by development projects the VOA has been involved with.

- Contingency at 5%
- Professional fees are assumed at 6%.
- Other costs, such as agent and, monitoring surveyor, finance costs etc that are likely to be incurred by the RSL have been factored in.
- Whilst affordable housing developments should not be profit making, it is reasonable to assume that a developer would expect some return for the investment. I have uplifted the build cost by 6% to reflect an addition for profit, which appears to be standard practice for affordable housing development appraisals.

In reality the costs will vary depending on location and on the developer. A Council is likely to have different costs to an RSL and the approach is broad brush, but overall the above inputs are considered to be reasonable and reflective of typical costs for a development of this nature. More rural areas are likely to incur higher construction costs than areas closer to major settlements or transport links. Experience has shown that affordable housing developments tend to have higher build costs than private developments.

The residual land values for the social rented element are calculated as follows:

Location	AH contribution	Residual Land Value
LTH2 North Aviemore	45%	**£25,000**
	75%	**£-938,061 (negative value)**
H2 Main Rd, Blair Atholl	45%	**£-88,934 (negative value)**
	75%	**£-58,410 (negative value)**
H5 North Braemar	45%	**£220,000**
	75%	**£-80,871 (negative value)**
H2 Castle Road, Grantown on Spey	25%	**£-69,880 (negative value)**
	75%	**£-404,109 (negative value)**
H1 Perth Rd/ Station Rd, Newtonmore	25%	**£295,000**
	75%	**£-334,316 (negative value)**
H1 Conglass Lane, Tomintoul	25%	**£-71,155 (negative value)**
	75%	**£25,000**

For two of the sites, the costs of development are higher than the income available and a **negative residual value** is produced, regardless of whether the affordable housing contribution is 25%, 45% or 75%. In my experience, this is typical for affordable housing developments, especially those that are 100% social rented. In

some cases, the negative value produced for the affordable housing element is significant, however for acquisition purposes, nil value has been adopted.

Positive land values for the affordable housing, were calculated for the Braemar site assuming 45% affordable housing, Newtonmore, on the basis of 25% affordable housing and the site at Tomintoul on the basis of 75% affordable housing. The site at Aviemore more-or-less breaks even with a residual land value calculated at £25,000.

For the sites where positive values are achieved, it is obvious the mix of units – less detached units, than assumed for 75% affordable housing - has resulted in a lower overall build cost, hence a positive site value. For all scenarios, grant and private finance reflect only bed spaces (not unit type) and so are consistent across each location regardless of whether flats or houses are constructed, whereas, the type of units and unit mix, flats and houses, determines whether the build cost results in a positive or negative land value.

Positive residual land values can sometimes be achieved if a tenure other than social rent is assumed. Mid-market rent (MMR) is an acceptable form of affordable housing and as the rent for MMR properties tends to be higher than the rent for social rented, there is more money available for the scheme. Similarly Shared Equity Schemes or Low Cost Home Ownership (LCHO) can generate higher GDV's. Whilst social rent is usually identified as the highest need commuted payment policies could entail some flexibility and if it can be shown that there is a specific need for another form of affordable housing in a location the commuted payment calculation could factor in an alternative tenure that satisfies the definition of 'affordable housing'.

4.2 Opinion of Value

Adopting the inputs as detailed in the sections above, I am of the opinion that the Market Value of the owner's heritable interest with vacant possession for each location and reflecting the amount of affordable housing as at 27 September 2024 is as follows:

Location	AH contribution	Private land value £	AH land Value £	Total Residual Land Value £
LTH2 North Aviemore	45%	£4,000,000	£25,000	**£4,025,000**
	75%	£1,850,000	Nil	**£1,850,000**
H2 Main Rd, Blair Atholl	45%	£250,000	Nil	**£250,000**
	75%	£115,000	Nil	**£115,000**
H5 North Braemar	45%	£675,000	£220,000	**£895,000**
	75%	£295,000	Nil	**£295,000**
H2 Castle Road, Grantown on Spey	25%	£1,425,000	Nil	**£1,425,000**
	75%	£450,000	Nil	**£450,000**
H1 Perth Rd/ Station Rd, Newtonmore	25%	£3,000,000	£295,000	**£3,295,000**
	75%	£1,000,000	Nil	**£1,000,000**

H1 Conglass Lane, Tomintoul	25%	£180,000	Nil	**£180,000**
	75%	£55,000	£25,000	**£80,000**

The valuation is reported on a **gross** basis and is exclusive of any Section 75/ Developer Obligation payments that might be required.

Developer Contributions (DC) are detailed in Policy 11 CNP Local Development Plan. Whilst there are a range of potential Developers Contributions including education, healthcare, community facilities, transport provision and infrastructure, these depend on the location, type and scale of development and at the relevant time of application. Within this report I am unable to make allowance for developer contributions, as they are specific to each application and can vary between settlements and local authority areas.

It should also be noted that the **gross** value does not (and should not be taken to) represent price as undoubtedly there will likely be some level of abnormal works/costs to reflect in arriving at price from my reported gross site value once a full site investigation of the land is complete. Whilst professional opinions may be expressed in relation to the appraisal inputs adopted, this consultancy advice is to assist you with your decision making for planning purposes and is not formal valuation advice such as for acquisition or disposal purposes.

4.3 Comparable Evidence

As well as using the residual method of valuation, I have researched land sales evidence as a sense check. There is very limited recent transactional evidence of residential development land and it should also be noted that the analysis of transactions is problematical. Key information, such as demolition or remediation costs are often not available and, in most cases, full details are not made available or cannot be disclosed in order to preserve confidentiality.

Caution has to be exercised in the analysis of evidence as it will be site specific and particular regard should be had to the types of units that are proposed to be constructed. Other issues that might be relevant are site specific infrastructure and servicing requirements or planning obligations.

The sales suggest a wide range from c£98,000/acre to £630,000/ac. The higher values per acre tend to be for induvial plots. Whilst outwith the National Park the sale at Newtile is useful. The land is proposed for 39 units and the sale price analyses to £16,353/unit or just over £130,000/acre. Whilst historic, land proposed for 140 unit in Aviemore sold in June 2021 and analyses to £22,500/unit or £137,000/acre. Overall the sales evidence supports the residual land values reported in Section 4.3 below.

The VOA provides valuations of land restricted to affordable housing to RSLs and Councils across Scotland. I have had regard to the development costs for these schemes and the residual land values reported by the VOA. There have been some transactions on the open market however these are few and far between and full details are not readily available. Usually land for affordable housing is reported at nil, or relatively low level of values. It is our view that some of the recorded land sales indicating higher values could reflect an apportionment of an overall development cost rather than a true site value.

Open Market Land Sales

Location	Area (acres)	Sale Date	Sale Price	Analysis £/ac	Description
Bridge of Gairn, Ballater	0.30	27/09/2023	£183,000	£610,045/ac	Plot with full planning permission for 3 bed dwelling house with garage (ASPC)
Bridge of Gairn	0.37	03/02/2023	£169,000	£497,336/acre	Plot with full planning permission for 3 bed detached house with garage (ASPC)
Mains of Garten	0.32	Aug 2022	£79,000	£246,883/acre	Residential land (CoStar)
Tomintoul	0.59	Nov 2023	£171,000	£291,991/acre	PropVals- Cumulative sale. Assumed to have residential development potential.
Road from Boat of Garten to Dulnain Bridge	0.54	Dec 2022	£140,184	£257,875/acre	PropVals- assumed to have residential potential
Bynack More, Aviemore	0.35	Feb 2024	£820,000		ProVals. Planning website indicates 24 x 2 and 3 bed properties, including flats, semi-detached and detached. £34,167 per unit. 2021 sale for £3,150,000 for 140 dwellings and analyses to £22,500/unit or £137,000/acre.
Newtyle, Blairgowrie	4.9	Oct 2023	£637,763	£130,156/acre	Proposed for 39 x two, three and four bed houses and bungalows. Pre application consultation for residential development completed. £16,353/unit
Kincraig		Dec 2022	£60,800		4 plots (£15,200/plot). PropVals
Monaltrie Avenue, Ballater	0.29	Oct 2023	£185,000	£629,552/m^2	PropVals
Alyth Road, Meigle, Blairgowrie	14.08	Under Offer			96 houses in total and 66 houses in Phase 1 (including 24 affordable houses). zoned for residential development in the P&KC LDP 2019 (CoStar)
Development Plot Grange, Errol, Perth, PH2 7TA	2.30	June 2023	£225,000	£97,826/acre	development plot with planning approval for a single residential dwelling. (PropVals and CoStar)
Bankfoot, Perth	0.40	April 2023	£175,000	£437,500/acre	Fully serviced, single dev. with lapsed planning permission (PropVals and CoStar)

4.4 Conclusions and Recommendations

Under current requirements of affordable housing at either 25% or 45% the residual valuations, based on the hypothetical development scenarios adopted would support land values ranging from £92,021 an acre to £252,000 (see table below). Typically it would be expected that medium density bulk sites would be in the region of £100,000 to £150,000/acre, but it does depend on site density: smaller high density sites will likely command a higher rate per acre (e.g. Site H2 Blair Atholl) and larger lower density sites would evidence lower rates per acre (e.g. Site LTH2 North Aviemore).

The appraisals based on 75% affordable housing clearly show that whilst the developments could still be considered viable, in that they procure a return to the developer within the expected range, the land values have been diminished considerably. When expressed as a rate per acre the typical values would be around £40,000 to £50,000 an acre. Again, if it is a small site, the rate per acre tends to be higher and if it is a large site, the rate per acre would be expected to be lower. For all sites, the land value is reduced to such an extent that, although it is higher than the agricultural value, it is considerably lower than current levels of value and there is a high probability that landowners will be less likely to release land in the short term at least. Over time there may be a correction in the market and sites will start being released albeit for a lower return to the landowner, however there is no guarantee and if the incentive to sell is too small it will likely result in a restriction of the supply of residential development land indefinitely. The table below illustrates the reduction in land values depending on the amount of affordable housing required.

Location	AH contribution	Land Value £/acre	Land Value £/unit	Reduction in land value
LTH2 North Aviemore	45%	£92,021	£20,125	54%
	75%	£42,295	£9,250	
H2 Main Rd, Blair Atholl	45%	£252,525	£25,000	54%
	75%	£116,162	£11,500	
H5 North Braemar	45%	£139,408	£29,833	67%
	75%	£45,950	£9,833	
H2 Castle Road, Grantown on Spey	25%	£160,162	£28,500	68%
	75%	£50,562	£9,000	
H1 Perth Rd/ Station Rd, Newtonmore	25%	£112,075	£27,458	70%
	75%	£34,014	£8,333	
H1 Conglass Lane, Tomintoul	25%	£145,161	£22,500	56%
	75%	£64,516	£10,000	

In conclusion, 75% affordable housing might be aspirational, but 50% might be a more realistic figure that balances the requirement for affordable housing against

landowner expectations. Any more than 50% could be viewed as an unfair and risks sites being retained by landowners who may decide to either sit it out and see if the policy changes or instigate some sort of appeal.

4.5 Currency

All prices or values are stated in pounds sterling.

4.6 VAT

I understand that VAT does not apply to this transaction and my opinion of value reflects this. In the event that my understanding is found to be inaccurate, my valuation should be referred back for reconsideration.

4.7 Costs of Sale or Acquisition and Taxation

I have assumed that each party to any proposed transaction would bear their own proper legal costs and surveyor's fees.

No allowance has been made for liability for taxation, whether actual or notional, that may arise on disposal. However the residual valuations do allow for LBTT, where applicable, as it is a cost to the developer that would be subtracted from the residual land value.

4.8 Market Commentary

The housing market across CNPA is diverse and includes popular settlements and remote rural areas.

In some locations such as Braemar, Aviemore and areas covered by Perth and Kinross there is strong demand, and the market is buoyant, with high demand for houses of all types, especially new build housing where demand often outstripped supply. Other areas, such as the Angus Glens, are sparsely populated and transactions are rare.

Register of Scotland reported yearly average house prices increases in all the constituent Local Authorities between 2019-2020 and 2023-2024.

The Bank of England interest rates remains at 5%. There may be further reductions in upcoming months if inflation remains low however this will depend on various economic factors. Labour will present its first budget to parliament on 30 October 2024 have already indicated their objectives to grow the economy and keep taxes, inflation and mortgages low. However uncertainty remains, both at home and globally, which appears to be resulting in a slowdown in the market. The number of sales in each of the constituent LA areas decreased over the past year, according to the most recent figures published by Registers of Scotland.

Over recent years, build costs have increased considerably. Whilst costs in some areas of construction are still increasing, there has been decreases in some supplies and BCIS average price indices show a provisional small decrease in General Costs since July 2024, however a small annual increase is still forecast.

5. General Information

5.1 Status of Valuer

It is confirmed that the valuation has been carried out by Kate Paton, a RICS Registered Valuer, acting in the capacity of an external valuer, who has the appropriate knowledge and skills and understanding necessary to undertake the valuation competently, and is in a position to provide an objective and unbiased valuation.

The inspections were carried out by Ike Ibekwe (MRICS) and Kyeremateng Boateng (Graduate Surveyor). Valuation assistance has also been provided by Ike Ibekwe and Robin Shepherd MRICS. The valuations and report have been reviewed by Andrew Putland, BArch DipSurv MRICS.

5.2 Conflict of Interest

Checks have been undertaken in accordance with the requirements of the RICS standards and have revealed no conflict of interest. DVS has had no previous material involvement with the properties.

As you are aware, DVS has previously provided valuation advice to CNPA in connection with their commuted payments policy.

5.3 Restrictions on Disclosure and Publication

The client will neither make available to any third party or reproduce the whole or any part of the report, nor make reference to it, in any publication without our prior written approval of the form and context in which such disclosure may be made.

You may wish to consider whether this report contains Exempt Information within the terms of paragraph 9 of Schedule 7A to the Local Government (Scotland) Act 1973 (see section 2 and Part II of Schedule 1 to the Local Government (Access to Information Act 1985) and your Council can treat it accordingly.

5.4 Limits or Exclusions of Liability

Our valuation is provided for your benefit alone and solely for the purposes of the instruction to which it relates. Our valuation may not, without our specific written consent, be used or relied upon by any third party, even if that third party pays all or part of our fees, directly or indirectly, or is permitted to see a copy of our valuation report. If we do provide written consent to a third party relying on our valuation, any such third party is deemed to have accepted the terms of our engagement.

None of our employees individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring any claim against any such individuals personally in connection with our services.

5.5 Validity

This report remains valid for 6 (six) months from its date unless market circumstances change or further or better information comes to light, which would cause me to revise my opinion.

I trust that the above report is satisfactory for your purposes. However, should you require clarification of any point do not hesitate to contact me further.

Identity and status: The valuer responsible for the valuation is Kate Paton MRICS.

Report reviewed by:

Checked by Andrew Putland BArch DipSurv MRICS
Principal Surveyor
RICS Registered Valuer
DVS

Date: 2 October 2024

Signed



Katherine Paton MA (Hons) MLE MRICS
Principal Surveyor
RICS Registered Valuer
DVS

7. Appendices