

# REPORT AND VALUATION

(short version)

Our Ref: MGH/CV14-2352

29<sup>th</sup> April 2014

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**Re: Land to the South of Birkenhead Fire Station Bentinck Street/Exmouth Street, Birkenhead CH414NF**

<p><b>1. Instructions:</b></p>	<p>We confirm that our inspection and Valuation of the above property is in accordance with the RICS Guidelines for the valuation of property assets as outlined within the RICS Valuation – Professional Standards 2014 (“The Red Book”).</p> <p>We provide a shortened form of Valuation Report which does not include detail of or comments on all matters covered during our inspection and further investigations.</p>
<p><b>2. Inspection:</b></p>	<p>The property was inspected in fine and dry conditions by the writer.</p> <p>The site is unoccupied but fenced and fully open to view.</p>
<p><b>3. Purpose of Report:</b></p>	<p>To provide:-</p> <ul style="list-style-type: none"> <li>• description of the property and its location</li> <li>• comment on current apparent condition</li> <li>• comment on development potential</li> <li>• comment upon potential extension/merger</li> <li>• comment on market conditions for development sites</li> <li>• comment on current market conditions for development sites</li> <li>• opinion of current Market Value</li> <li>• further advice</li> </ul>
<p><b>4. Location &amp; Amenities:</b></p>	<p>The property is located on/outside the immediate north-western fringe of Birkenhead town centre, in a mixed commercial and residential (including administrative) area between Exmouth Street Bentinck Street and also abutting Bright Street.</p> <p>Birkenhead is the principal town of the Northern Wirral Peninsula, providing its principal facilities and the largest retail centre, primarily around ‘The Pyramids’.</p> <p>Across Exmouth Street are a range of community / administration buildings and a large Asda supermarket (rear onto Exmouth Street and taking its principal access from the Grange Road/Pyramids area); across Bright Street are religious buildings and across Bentinck Street some Victorian style industrial buildings and Local Authority style housing. Immediately adjacent to the new Birkenhead Fire Station and 1960s style Ambulance Station.</p>

<p><b>5. Description:</b></p>	<p>The subject is an approximately rectangular shaped site, cleared and level, as well as fully fenced; with its narrow elevations to Exmouth Street and Bentinck Street and with a width to depth ratio circa 1:4.</p> <p>To the rear of Bentinck Street, there is a concrete surfaced driveway leading into the site through double steel palisade gates onto a concrete hard-standing, which forms a minority part of the site, the remainder of which is surfaced with crushed rubble.</p> <p>There is no vehicular access from Exmouth Street or Bright Street (which is cobbled) and given proximity to the major junction of Exmouth Street, Claughton Road, nor is there likely to be so. (Indeed, Bright Street formally had connection with this junction, which has been closed).</p>
<p><b>6. Accommodation:</b></p>	<p>The site has been measured on the basis of its gross area as follows:-</p> <p>With a maximum width circa 28 m and depth circa 102 m the gross area is circa 2,750 m<sup>2</sup> (3,300 yd.<sup>2</sup>/0.66 acres).</p> <p>We are advised that the adjacent Ambulance Station site is of similar size.</p>
<p><b>7. Services:</b></p> <p><i>We have NOT placed any tests on the services and assume them to be both modern and compliant with relevant Regulations and fully serviceable, unless otherwise stated.</i></p>	<p>The subject property benefits from proximity of all mains services including water, drainage, electricity, gas and telephone.</p> <p>There are clearly no live service connections to the site and any development will require the forming and connection of services to the mains.</p> <p>It is assumed that there are no service mains running beneath the site, which would impair or increase the cost of development.</p>
<p><b>8. Tenure / Tenancies:</b></p>	<p>The Land Registry website indicates that Title to the site is Freehold as part of a larger landholding, comprising Birkenhead Fire Station.</p> <p>It is assumed that this Freehold is relatively unencumbered and that there are no restrictions on severing the subject site from the Freehold or use and development.</p> <p>It is assumed that the vehicular access from Bentinck Street forms part of the site.</p> <p>Your solicitors must confirm these matters.</p>

<p><b>9. General/Environment Matters:</b></p> <p><i>Our Valuation is on the assumption that there are no deleterious materials or contamination to the site. We have not carried out an Environmental Assessment in connection with the Land.</i></p> <p><i>We are not aware of any localised contamination. The site is situated in an established residential area where there is no evidence of any industrial processes having caused environmental damage.</i></p>	<p>Online/Internet enquiries indicate that the property is not at risk from radon gas, flooding or coal mining related damage.</p> <p>An energy performance certificate (EPC) is not required for sale of vacant land for development.</p> <p>We note that the site formerly supported a 1960s office and ancillary accommodation building associated with the former Fire Station; it is assumed that whilst there is clear evidence of compacted rubble surfacing the site there is no asbestos within it.</p> <p>We did not note any readily visible evidence of Giant Hogweed or Japanese Knotweed.</p>
<p><b>10. Apparent Condition:</b></p> <p><i>Our Inspection was confined to obtaining sufficient information to guide our opinion as to the fair market value and we have neither conducted a ground conditions survey of the property nor been provided with a copy of one and our fee has been charged accordingly.</i></p>	<p>There was no readily visible evidence of ground conditions sufficiently adverse as to prevent development.</p> <p>We note that the site previously supported a two-storey concrete framed building for over 40 years without ground condition related structural defect/damage occurring.</p> <p>It is highly likely that there are foundation structures within the subsurface of the site, the removal of which, together with the compacted rubble overburden will be considered a normal part of development costs.</p> <p>It is unlikely that a developer would purchase the site without a 'Stage II' site investigation report relating to ground conditions and chemical analysis.</p>
<p><b>11. General Remarks:</b></p> <p><i>Birkenhead;</i>  The principal town of the North Wirral peninsular lies directly across the Mersey and connected to it by two road as well as rail tunnels. Birkenhead provides its own large, distinct, nuclear centre serving the majority of the Northern Wirral population, with their principal facilities; retail, social, administrative and to a degree employment.</p> <p>The principal centre of Birkenhead is around Grange Road and the Pyramid Shopping Centre, with the subject site lying on its immediate north-western fringe, separated from it by the two principal roads of Exmouth Street and Claughton Road.</p> <p>Whilst the wider Birkenhead area includes affluent and desirable suburban residential locations, residential property within the vicinity of the subject tends to be of smaller, 'affordable' type and there is an adverse reputation with regard to social structure and antisocial behaviour.</p> <p><i>L41 4NF;</i>  The immediate vicinity of the subject includes the adjacent newly constructed Fire Station, the 1960s style Ambulance Station (which we understand is now redundant), a church with community building and some Victorian style industrial warehouse buildings.</p> <p>Opposite, across Exmouth Street is an office building and the rear (diagonally across the road junction) is the rear of a large Asda supermarket, which forms one of the peripheral parts of the town centre itself.</p> <p>The majority of the buildings to west, north and east within a few hundred metres are 'affordable' housing, including social housing and are generally of relatively low value.</p>	

*The Site;*

The site has been formed through the demolition of the former office and ancillary accommodation attached to the original Fire Station and in terms of current status, is typical of many such sites; hard-core covered and secured with steel fencing. There is a single vehicular access point to the rear from Bentinck Street and whilst it may be possible to secure other access points from Bright Street to enable development, this is likely to have a requirement for the upgrading of Bright Street from cobbles to foundation and macadam surface. It is highly unlikely that any vehicular access would be allowed from Exmouth Street, even through re-opening of the former Bright Street/Exmouth Street/ Claughton Road junction.

Whilst the site is clear, open and level and enjoys a relatively high profile to this principle road junction, its configurations with a width depth ratio in the order of 1:4, is not typical for a development site and similarly, its size is considered somewhat oversized for the type of development, which might be attracted to it.

*Residential Development Potential;*

Given the adjacent industrial, commercial and administrative buildings, we consider it highly unlikely that speculative residential development could be undertaken profitably other than potentially flats targeted for sale to overseas investors above ground floor commercial property.

The type of developer currently undertaking this type of development is well aware of their bargaining power for purchase of sites and also, currently concentrates on acquisition of 'cheap' sites from Receivers or property owners in financially distressed circumstances.

Further, this type of development tends to be concentrated on the city rather than town centres as those are locations more easily marketed to Middle and Far East investors due to the number of potential key worker and student tenants.

Further, given the nature of the immediate vicinity of the site and its potential for commercial or community related use within a commercial area, we consider there may be considerable opposition to residential development from the Local Planning Authority.

*Retail Development Potential;*

The site sits outside of the principal town centre and we note that there are no retail units within the immediate vicinity. The site does, however, enjoy a high profile to a busy road junction and therefore some attraction to a retailer in this respect, but not forming part of an established retail location, it is distinctly tertiary.

Roadside (whether large or small) retail outlets have a tendency to group together in support of each other and in this respect, the site might support a terrace of a number of retail units; however, only that at the eastern end will have the profile to the main road. Further, with access from Bentinck Street only, there would have to be fairly significant encouragement to potential customers to drive from the main route 'around the back' and in our opinion, this would limit the potential retailer type to one dealing in significantly attractive goods on a specialist basis, to which customers will travel from a wide geographical area.

Whilst the site itself is realistically too large in its entirety for a building which would house the type of retail operation which might be attracted to this site, it would however, provide extensive car parking which would be vital for a specialist retailer whose customers are vehicle borne.

This site is, in our opinion, not suitable for food retail and, although you state that you have had some interest expressed from a number of branded, corporate food retailers for an 'Express' store, we consider it highly unlikely given its severance from the main centre, the position of the Asda store and the relatively limited amount of housing immediately adjacent. We do not however, discount the fact that they may purchase in order to sterilise the site and preserve the trading of their existing stores.

*Industrial Development Potential;*

We do not discount the appeal of the site for light manufacturing and/or storage use and note existing such uses immediately adjacent. We do however, consider that there may be opposition to such development from the Local Planning Authority as they attempt to direct the use of this area in a different direction and also note the very limited funding available for such development, even for owner occupation.

This type of development would afford the site the lowest value and there are higher value routes which should be explored first.

*Fast-Food/Drive-Through;*

Given its location on this prominent busy road junction and the current acquisitive nature of branded, corporate fast-food/drive-through operators for sites such as the subject, we consider that this is a market sector where the site would have relatively strong appeal.

Typically, sites for this type of operation 0.25 - 0.5 acres, and that this site is somewhat oversized and the amount of area above that required would attract nil or nominal value within the overall transaction figure.

We consider this to be the most commercially viable use of the site in isolation from any other land and therefore, the sector in which it will be of most appeal to developers who would seek a 'back-to-back' or 'sale and lease back' arrangement with an operator.

Available clearing bank finance for development on a particularly speculative basis remains virtually non-existent in the North West at present.

This type of development, if undertaken by a local developer, would be most likely financed with their own capital, supplemented by sub-prime/bridging finance at high rates of interest, and thus, in order to maintain profit the interest rates are funded/afforded at the cost of land value.

*Potential If Merged with the Ambulance Station Site;*

You have suggested the possibility of merger of the ambulance station site with the subject site, which would produce a site in the order of 1.2 - 1.3 acres, L-shaped with principal frontages to Bentinck Street (ambulance station) and Bright Street (subject site), with the subjects site providing the only main road exposure to Exmouth Street.

Although the site would now be twice the size of the subject and be capable of supporting a larger building, the principal frontage to Exmouth Street will not be increased proportionately and neither will the necessity to access by vehicle from the rear.

The site does, however, present the opportunity for the development of a discount food retail supermarket such as Aldi with the principal building on the subject site enjoying the benefits of exposure to Exmouth Street and Cloughton Road and the ambulance station site, the car park.

There is already an Aldi supermarket on Leonard Street, approximately 1km north-west of the subject site with a bigger frontage to the main road than the subject offers; however, with vehicular traffic attracted by the main shopping centre, it is not improbable that this combined site would prove attractive in this respect.

*Social/Community Use Development;*

Given the nature of the existing community use buildings in the area and the fact that it effectively sits on a 'hub' adjacent an area of low cost and social housing, this site is ideally suited for some form of community use.

The adjacent church and facility are noted, as well as 'The Laurels' opposite, which provides offices and facilities for many community groups and there is no doubt further demand for such premises in this area. Indeed, we have been involved in the land/property search for a group of midwives seeking premises, who eventually opted for 'the Laurels'.

Of course, it is difficult to place capital value on land for such development in relation to the value of the development; however, the value which would be attributed to the land would be that of the nearest most valuable alternative use. Generally, such purchase and development is from a ring fenced public fund often assisted by external public/European funding.

Therefore, it may be possible to argue and achieve retail/quasi retail value upon disposal for such development.

*Generally;*

Whilst this is a site of commercially developable size, centrally located within the heart of Birkenhead adjacent a busy road junction and enjoying a high profile to it, it has considerable detracting factor is for commercial development.

We caution against viewing this site in its own right, or as part of a larger site as immediately suitable for valuable development say food retail as, the limited main road frontage and rear access will be significantly detracting factors.

If this site were to be sold for development, we consider that the most viable sales area and development would be for roadside/fast-food/drive-through restaurant and we draw to your attention the McDonald's and KFC site, on Sefton Street (Stock Road) in Liverpool, where both have main road frontage, but access is to the rear via a side street.

It is easy to assess potential uses and values and target the most valuable use, attempting to apply it to the site when the reality, and particularly with developers, is that the site must fit the use.

Certainly, if the site is sold for development/use less valuable than the above or food retail, it should be restricted with covenants, preserving the right to future payment should a more valuable use become intended.

## 12. Valuation Methodology:

The primary method of valuation is the Comparative Method whereby a site/property is compared to others which have been bought and sold within a relevant geographical area and timeframe. In the case of developer and sites, this applies to use as well.

It for development sites appraisal was often by way of Residual Method (usually involving a computer program) reducing assessed Gross Developed Value development costs, profit, finance, fees etc, however, these factors vary considerably between developers. At present the Residual Method may not produce a sufficiently accurate result and therefore, should be considered in general guidance terms only.

We have considered evidence of sales of development sites throughout the North West region and in particular, those developed for fast-food/drive-through restaurant use.

We have not considered any 'abnormals' i.e. physical features which might prevent or significantly increase the cost of development.

We do assume that Planning Permission will be granted for a relevant development.

## 13. Opinion of Value:

*This opinion of value is on the assumption that;*

*(a) The property is not subject to any unusual or onerous restriction and encumbrances or outgoing and that good title can be shown.*

*(b) The property is unaffected by any matters which would be revealed by a local search and replies to the usual enquiries or by any statutory notice.*

Accordingly, having regard to the points and comments noted above we consider that the Market Value of the assumed relatively unencumbered Freehold interest in the subject site with the benefit of full vacant possession, Planning Permission for development and allowing 9 months for marketing may be expressed in the order of:-

Non-food retail and fast-food restaurant/drive-through;

**£250,000**

**(two hundred and fifty thousand pounds).**

Food retail as part of the combined site;

**£325,000**

**(three hundred and twenty five thousand pounds)**

<b>14. Validity:</b>	<p>This Valuation Report is provided for the stated purpose(s) and for the sole use of the named client. It is confidential to the client and his professional advisers and the Valuer accepts no responsibility whatsoever to any other person.</p> <p>Neither the whole nor any part of the Valuation Report or any reference hereto, may be included in any published document, circular, or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear.</p>
<b>M. G. HARDIE LL.B. MRICS</b> <b>RICS REGISTERED VALUER</b>	