

For: Bath & North East Somerset Council

**Bath & North East
Somerset Council**

Improving People's Lives

Local Plan Viability Assessment – Stage 2

Appendix 8: Property Market & Value Research Report

July 2026

DSP24878

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1.0 Introduction

- 1.1.1 Dixon Searle Partnership (DSP) has been engaged to provide viability evidence in support and development of the new Local Plan for Bath & North East Somerset Council (B&NES).
- 1.1.2 Referred to within DSP's main report, this document - Appendix 8 - provides an overview of the research undertaken into residential and commercial property values, together with the wider economic conditions at the time of writing. Collectively, this research aims to help inform the assumptions setting for the residential and commercial appraisal testing, providing important background evidence by building a picture of values and the variation of those within Bath and North East Somerset Council.
- 1.1.3 This report will also provide the Council with an indication of the type and sources of data that it could monitor, revisit and update, to further inform its ongoing work where necessary in the future.
- 1.1.4 It should be acknowledged that this is high-level work, and a great deal of variance may be seen in practice from one development to another (with site-specific characteristics). This data gathering process involves the review of a range of information sources relevant to and appropriate for the project context.
- 1.1.5 This Appendix is informed by a range of industry reporting and quotes/extracts (shown in *italic text* to distinguish that externally sourced information from DSP's commentary and context / analysis), with sources acknowledged.

2.0 Economic / Housing Market Context

August 2026 update commentary

Since the research noted in this Appendix was carried out (Spring/ Summer 2026), the level of uncertainty regarding the wider economic situation has increased, with the ongoing situation in the Middle East compounding the issues relating to the Ukraine war. At the time of writing it is thought that the impact of the closure of the Strait of Hormuz has not yet been fully felt and is likely to place increased pressure on costs inflation.

Current predictions are that in the short term, house prices will remain stagnant and build costs will face continued pressure, albeit not resulting in the level of increases seen in 2022/23 (with the inflation in costs generally now being tempered to some degree by a reduction in the available work and thus an increased level of competition for projects).

The Bank of England (BoE) has recently voted to hold interest rates at 3.75% rather than be cut further as had originally been expected/predicted. Due to the uncertain global situation the rate is expected to either remain the same or increase by the end of 2026, and the effect of this has already been seen in an increase in mortgage rates (now averaging over 5% up from 4.25% for a 2-year fix).

The most recent report from Rightmove on house price changes reports a similar situation, and in contrast to the position reported in August notes that newly-listed property prices have fallen in the South West by an average -2.0%.

- 2.1.1. There are a number of sources that have been reviewed in order to understand the current economic and housing market context. We have made particular reference to the Land Registry, Royal Institution of Chartered Surveyors (RICS) market reporting, Office for National Statistics (ONS) and Savills market reporting and forecasts.
- 2.1.2. These industry reporting resources have all described a similar picture of the current economic background alongside general current housing market patterns.

- 2.1.3. *The July 2026 RICS Residential Market Survey point to little change in the overall subdued narrative reported over recent months, with metrics on buyer demand and sales still languishing in negative territory. That said, short-term sales expectations have become gradually less pessimistic, although they remain far from signalling a meaningful turnaround in market conditions at this stage.*
- 2.1.4. *For agreed sales, the headline net balance came in at -30% in July, which was also unchanged from the previous iteration of the survey (although less negative than the recent low of -37% recorded in April this year). As such, while it appears that the worst of the downturn in sales market activity may now have passed, the backdrop remains challenging and momentum is generally muted.*
- 2.1.5. *Going forward, near-term sales expectations have become gradually less pessimistic over the past four survey reports, improving to a net balance of -14% in July. On a twelve-month horizon, the sales expectations series remains broadly neutral at +3%, although the latest reading is the most positive recorded since February.*
- 2.1.6. *Meanwhile, the headline house price gauge registered a net balance reading of -30%. This is marginally less negative than the figure of -32% in June and has moved slightly further away from the recent low of -35% reached in April. Nevertheless, the latest feedback remains indicative of UK-wide house prices continuing to face a moderate degree of downward pressure. From a regional perspective, London, the South West and the South East of England continue to display more negative house price net balances than the headline average.*
- 2.1.7. *Forward-looking sentiment around national house prices remains in negative territory over the three-month horizon, with the latest reading posting a net balance of -31%. Looking further ahead, the twelve-month expectations measure stands at +4%, representing a modest easing from the +8% recorded previously. Significantly, the year-ahead outlook for London house prices has deteriorated over the past few survey reports, with the net balance slipping to -23% in July from -10% previously.*
- 2.1.8. *Regarding construction costs, the still settling sales market is mitigated to some extent by a slowdown in build cost inflation, following a period of rapid increases in construction costs. Whilst costs continue to rise, greater competition for work has tempered this to some extent, with tenders being priced competitively.*
- 2.1.9. *This economic backdrop features heavily amongst the wider range of influences on development viability matters in the last 24 months and continues to influence the current property market.*

2.1.10. The recent publication of the updated NPPF has removed an element of uncertainty – with the general view within the industry being that the new framework is a positive move for development, with a ‘default yes’ being the planning position for well-located sites; and with viability assessment now being allowed for ‘Golden Rules’ sites (Green Belt release) in some circumstances.

2.1.11. Figure 1 below provides an insight into average house price change in Bath and North East Somerset. The ONS examines the condition of the market in the recent period, and notes the following:

ONS - House Prices in Bath and North East Somerset

- *The average house price in Bath and North East Somerset was £404,000 in June 2026 (provisional), similar to the figure for June 2025. Across the South West, the average house price rose slightly by 1.9% over the same period.*
- *This was in line with the average of £405,000 in June 2025 (revised), a 0.1% change*
- *In the year to June 2026, the average price for semi-detached properties in Bath and North East Somerset stayed around the same over the year, while the average price for flats decreased by 2.2%*

ONS – Average House Prices in Bath and North East Somerset (June 2026)

- *Detached properties: £705,000*
- *Semi-detached properties: £440,000*
- *Terraced properties: £384,000*
- *Flats and maisonettes: £238,000*

ONS - House Prices Regionally and UK

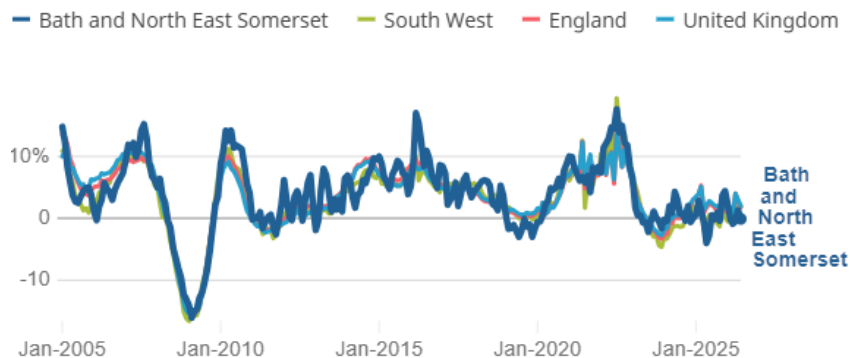
- *Across the South West, the average house price in June 2026 was £305,000, which was slightly more than a year earlier (£299,000).*
- *Across the UK, a home sold for an average of £272,000 in June 2026, which was up slightly from the June 2025 average of £267,000.*

Figure 1 - Annual change in house prices in Bath and North East Somerset

(House price annual inflation, Bath and North East Somerset, January 2005 to June 2026)

Annual change in house prices in Bath and North East Somerset

House price annual inflation, Bath and North East Somerset, January 2005 to June 2026



Source: UK House Price Index from Office for National Statistics and HM Land Registry

Source: Office for National Statistics
<https://www.ons.gov.uk/visualisations/housingpriceslocal/E06000022/>

- 2.1.12. The Lloyds House Price Index (July 2026) state that “the average UK house price stood flat at **£299,253**, reflecting a **0.0%** monthly change and an annual growth rate of just **+0.1%**”
- 2.1.13. The UK housing market remained steady in July, with the average property price effectively unchanged over the month (-£143), following a slight rise of +0.2% in June. At £299,253, the average house price is now +0.1% higher than a year ago, the slowest rate of annual growth since November 2023. 'Even so, overall activity has held up well, reflecting the underlying resilience of the UK housing market. Latest industry figures show transaction levels remain relatively stable, suggesting buyers and sellers are still moving.
- 2.1.14. More broadly, average house prices have remained relatively stable for almost two years, moving within a narrow range over that period and sitting just +0.5% higher than they were in November 2024. That trend has persisted even as buyers and sellers have faced a more uncertain economic backdrop this year.

- 2.1.15. *“Affordability remains a challenge for many would-be buyers and, following recent events in the Middle East, mortgage rates have edged higher again after easing earlier in the summer.*
- 2.1.16. *“Looking ahead, we expect market activity and house prices to remain relatively stable over the remainder of the year. Developments will be shaped by both how mortgage rates respond to the outlook for inflation and wider household confidence.”*
- 2.1.17. The latest Rightmove Review on House Prices in Bath and North East Somerset summarise the market as below:
- *House prices in Bath And North East Somerset have an overall average of £487,752 over the last year.*
 - *The majority of properties sold in Bath And North East Somerset during the last year were terraced properties, selling for an average price of £443,489. Semi-detached properties sold for an average of £480,475, with detached properties fetching £683,675.*
 - *Overall, the historical sold prices in Bath And North East Somerset over the last year were 3% down on the previous year and 4% down on the 2022 peak of £506,002*

3.0 Economic and housing market update at project completion (August 2026)

- 3.1.1 At the point of project completion, the latest Savills reporting¹ notes prices rose by 0.1% in July, according to Nationwide. This meant annual growth reached 1.8% in July, down from 2.2% in June. This is in line with our forecast, which anticipated that higher mortgage rates as a result of the Iran war would cause house prices to fall slightly during 2026.
- 3.1.2 Economic forecasts are less pessimistic, expecting the Bank of England to hold rates steady until rate cuts can resume in 2027. Oxford economics expects that the Bank of England will keep the bank rate unchanged at 3.75% well into 2027. This is driven by the Bank balancing near-term inflationary shocks caused by the Iran war against longer-term fragility in the UK labour market. Inflation is forecast to fall back towards

¹ Savills UK Housing Market Update – August 2026

the target level of 2% in 2027, again assuming a lasting and permanent resolution to the ongoing war. If this is right, the market is likely to remain subdued but with the prospect of a stronger market next year.

- 3.1.3 Overall, increased development cost through rising base build costs and increasing national policy costs will be weighing on the viability balance however Local Plans cover a significant period of time and short-term economic uncertainty should not automatically undermine those. In periods of economic volatility, these matters should be considered in a wider context and with a focus on the long-term prospects for delivery across the entire plan period rather than on current market conditions alone.

4.0 Property Values: HPI Overview

- 4.1.1 As part of the property market overview, we have considered the UK House Price Index (HPI) which uses house sales data from HM Land Registry, and is calculated by the Office for National Statistics.
- 4.1.2 *As of June 2026, the average house price in the UK was £272,000.*
- 4.1.3 An HPI overview of average prices within Bath and North East Somerset (in period June 2023 – June 2026) is displayed in Figure 3 and Table 1 below.

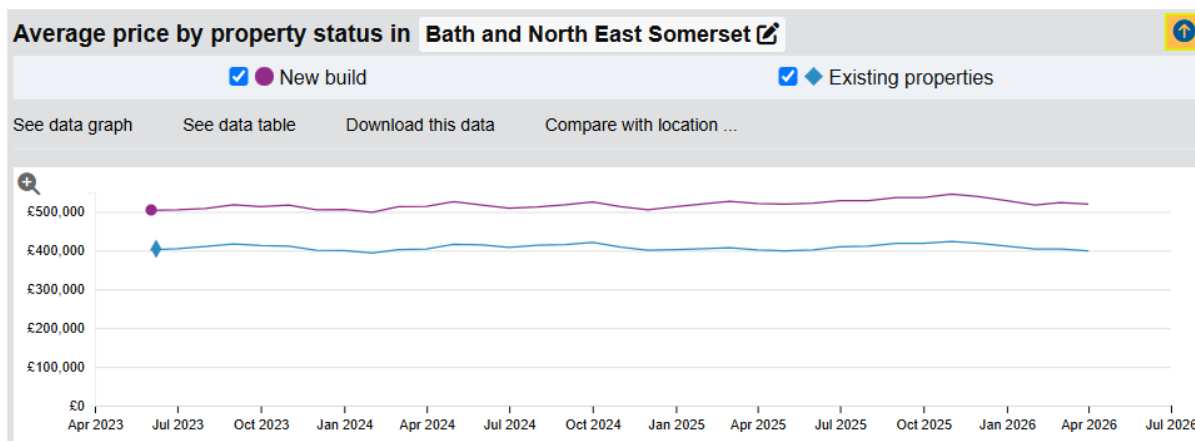
Figure 2 – Average price by country and government office region (Price, monthly change and annual change by country and government office region)

Price change by region for England

Region	Average price May 2026	Annual change % since May 2025	Monthly change % since April 2026
East Midlands	£241,000	3.2	-0.4
East of England	£338,000	2.3	0.3
London	£545,000	-3.7	-1.2
North East	£164,000	5.9	0.6
North West	£220,000	5.8	1.4
South East	£381,000	1.2	0.8
South West	£303,000	1.7	-0.3
West Midlands	£248,000	2.7	-0.9
Yorkshire and the Humber	£209,000	4.3	4.3

Source: UK House Price Index summary: May 2026 - HM Land Registry
<https://www.gov.uk/government/news/uk-house-price-index-for-may-2026>

Figure 3 – Average price by property status in Bath and North East Somerset



Source: UK House Price Index – Statistics
[Land Registry - House Price Index for B&NES \(June 2023 - June 2026\)](#)

Table 1 – HPI Overview in period 6.2023 – 6.2026 (Bath and North East Somerset)

Year	Month	Average Price (all properties)	Percentage change (annual)	Percentage change (monthly)
2023	June	£404,473	-0.7	0.7
	July	£407,076	-2.2	0.6
	August	£412,724	-0.4	1.4
	September	£419,559	1.1	1.7
	October	£415,387	0.1	-1
	November	£413,956	-0.5	-0.3
	December	£403,418	-1.6	-2.5
2024	January	£403,095	-0.2	-0.1
	February	£396,472	-0.4	-1.6
	March	£405,298	2	2.2
	April	£407,071	0.9	0.4
	May	£419,243	4.3	3
	June	£416,754	3	-0.6
	July	£410,497	0.8	-1.5
	August	£415,756	0.7	1.3
	September	£418,064	-0.4	0.6
	October	£423,566	2	1.3
	November	£411,457	-0.6	-2.9
	December	£403,765	0.1	-1.9
2025	January	£405,442	0.6	0.4
	February	£407,605	2.8	0.5
	March	£410,593	1.3	0.7
	April	£404,566	-0.6	-1.5
	May	£402,356	-4	-0.5
	June	£404,948	-2.8	0.6
	July	£412,653	0.5	1.9
	August	£414,743	-0.2	0.5
	September	£421,638	0.9	1.7
	October	£421,677	-0.4	0
	November	£426,770	3.7	1.2
	December	£421,452	4.4	-1.2
2026	January	£414,739	2.3	-1.6
	February	£406,797	-0.2	-1.9
	March	£407,047	-0.9	0.1
	April	£402,575	-0.5	-1.1
	May	£407,676	1.3	1.3
	June	£404,480	-0.1	-0.8

Source: UK House Price Index – Statistics

[Land Registry - House Price Index for B&NES \(June 2023 - June 2026\)](#)

5.0 Residential Market Review

- 5.1.1. Consistent with our assessment principles, DSP research data from a range of readily available sources, as also directed by the Planning Practice Guidance (PPG) on Viability. As noted above, these are sources that could also be used by the Council for any future similar work, updating or monitoring. In the following sections we will provide an outline of the data reviewed.
- 5.1.2. The residential market review and data collection/analysis was conducted using Land Registry over the previous two years. Value Level (VL) ranges were estimated for each relevant location / area based on our overview of the available data and is summarised below. This research and analysis were then extended to both sold prices for resale property and asking prices for new builds.

Location by Ward

Ward areas used as basis for preliminary review of Land Registry house price data in Bath and North East Somerset.

Ward	
Bathavon North	Newbridge
Bathavon South	Odd Down
Bathwick	Oldfield Park
Chew Valley	Paulton
Clutton & Farmborough	Peasedown
Come Down	Publow & Whitchurch
High Littleton	Radstock
Keynsham East	Salford
Keynsham North	Timsbury
Keynsham South	Twerton & Whiteway
Kingsmead	Walcot
Lambridge	Westfield
Lansdown	Westmoreland
Mendip	Weston
Midsomer Norton Redfiled	Widcombe & Lyncombe
Moorlands	

Review of Land Registry New Build Sold Prices Data – (February 2024 to December 2025)

- 5.1.3. The following tables provide a summary of Land Registry published sold prices data for the Bath and North East Somerset area – focusing solely on new build housing. The floor areas have been sourced separately from the Domestic Energy Performance Certificate (EPC) Register operated by Landmark on behalf of the Government and available to view via www.epcregister.com under the DCLG's remit. Property values have been updated in line with the UK House Price Index (HPI) at the point of data collection. Due to its size, the full data set has not been included - but can be requested if required.

Table 1a – Land Registry Sold Prices - New Build Property – Average Price and quartile analysis by Wards in Bath and North East Somerset (5.2020 – 11.2025)

New Build Value - Summary Quartile Analysis - B&NES (5.2020 - 11.2025)							
Ward	Minimum £/m ²	Q1 £/m ²	Average Value £/m ²	Median £/m ²	Q3 £/m ²	Maximum £/m ²	Data Sample No.
Bathavon North	£4,351	£4,994	£5,608	£5,725	£6,189	£6,778	20
Bathavon South	£3,631	£4,709	£4,964	£4,900	£5,355	£6,052	40
Bathwick	£5,342	£6,059	£6,656	£6,429	£7,097	£8,918	43
Chew Valley	£5,003	£5,045	£5,528	£5,744	£5,869	£6,079	10
Clutton & Farmborough	£3,691	£3,691	£3,691	£3,691	£3,691	£3,691	1
Come Down	£4,010	£4,886	£5,266	£5,328	£5,709	£6,751	157
High Littleton	£4,053	£4,102	£4,263	£4,321	£4,354	£4,486	5
Keynsham East	£3,717	£4,554	£4,735	£4,747	£4,970	£5,622	146
Keynsham North	£3,527	£4,206	£4,773	£4,831	£5,235	£6,876	225
Keynsham South	£3,659	£4,043	£4,379	£4,331	£4,728	£5,298	55
Kingsmead	£3,557	£5,542	£6,644	£7,069	£7,553	£9,875	27
Lambridge	£4,776	£5,038	£5,343	£5,507	£5,631	£5,714	6
Lansdown	£4,599	£5,343	£6,722	£6,650	£7,790	£9,891	73
Mendip	£3,762	£4,151	£4,256	£4,324	£4,438	£4,474	8
Midsomer Norton Redfiled	£3,523	£3,656	£3,979	£3,954	£4,273	£4,522	7
Paulton	£3,859	£3,977	£4,380	£4,499	£4,664	£4,887	13
Publow & Whitchurch	£3,831	£3,991	£4,775	£5,214	£5,395	£5,493	14
Timsbury	£3,521	£3,683	£4,116	£3,947	£4,468	£5,203	15

Twerton & Whiteway	£5,506	£5,522	£5,602	£5,605	£5,660	£5,724	6
Walcot	£5,344	£6,550	£7,198	£7,646	£7,877	£8,143	8
Westfield	£3,522	£3,712	£3,990	£4,019	£4,164	£4,497	8
Westmoreland	£5,471	£6,255	£6,979	£6,658	£7,494	£8,732	17
Weston	£5,108	£5,279	£5,436	£5,470	£5,568	£5,754	5

* Data sample of 909

Table 1b – Land Registry Sold Prices - New Build Property – Average Price and quartile analysis by Dwelling Type in Bath and North East Somerset (5.2020 – 11.2025)

New Build Value - Summary Quartile Analysis - B&NES (5.2020 - 11.2025)							
Dwelling	Minimum £/m ²	Q1 £/m ²	Average Value £/m ²	Median £/m ²	Q3 £/m ²	Maximum £/m ²	Data Sample No.
Flat	£3,523	£4,576	£5,593	£5,139	£6,326	£9,891	248
Terraced	£3,522	£4,774	£5,451	£5,330	£6,079	£8,143	161
Semi-detached	£3,521	£4,256	£4,821	£4,856	£5,330	£7,613	213
Detached	£3,731	£4,492	£5,007	£4,887	£5,447	£8,918	287

* Data sample of 909

Table 1c – Land Registry Sold Prices - New Build Property – Average Price and quartile analysis in Bath and North East Somerset (5.2020 – 11.2025)

New Build Value - Summary Quartile Analysis - B&NES (5.2020 - 11.2025)							
Council	Minimum £/m ²	Q1 £/m ²	Average Value £/m ²	Median £/m ²	Q3 £/m ²	Maximum £/m ²	Data Sample No.
Bath and North East Somerset	£3,521	£4,499	£5,202	£5,008	£5,627	£9,891	909

Table 1d – Land Registry Sold Prices - New Build Property – Average Price and quartile analysis by Submarket Areas in Bath and North East Somerset (5.2020 – 11.2025)

New Build Value - Summary Quartile Analysis - B&NES (5.2020 - 11.2025)									
Submarket			Minimum £/m ²	Q1 £/m ²	Average Value £/m ²	Median £/m ²	Q3 £/m ²	Maximum £/m ²	Data Sample No.
Affordable Housing	Submarket	Postcode							
	Area 1								
Area 1: 40%	Prime Bath	BA1 2 BA1 1 BA2 4	£9,137	£9,137	£9,137	£9,137	£9,137	£9,137	1
	Bath North and East	BA1 5 BA1 6 BA2 6 BA1 7 SN14 8 SN13 8	£4,408	£6,031	£6,902	£6,778	£7,665	£9,891	109
	Bath Rural	BA1 9 BA1 8 BA2 7 BA2 9 BA2 0	£3,521	£4,620	£5,295	£5,072	£5,983	£8,193	64
	Area 2								
Area 2: 30%	Bath North and West	BA1 4 BA1 3	£3,557	£5,254	£6,266	£5,751	£7,290	£9,875	24
	Bath South	BA2 1 BA2 2 BA2 3 BA2 5	£3,631	£4,851	£5,353	£5,356	£5,764	£8,732	220
	Keynsham and Saltford	BS31 1 BS31 2 BS31 3	£3,527	£4,259	£4,709	£4,735	£5,065	£6,876	426
	Midsomer, Norton, Radstock Westfield, Peasedown St John and Paulton	BS39 7 BA3 2 BA3 3 BA2	£3,522	£3,657	£3,985	£4,001	£4,265	£4,522	15
	Chew Valley	BS40 6 BS40 8 BS39 4 BS39 5 BS39 6 BS14 0	£3,762	£4,131	£4,689	£4,493	£5,247	£6,079	50

Review of Land Registry Resale Sold Prices Data – (between July 2025 – December 2025)

- 5.1.4. A similar process has been undertaken to review re-sale property prices, with the following tables providing a summary of Land Registry published sold prices data—focusing solely on housing from the resale market (as opposed to new build). As above, the floor areas have been sourced separately – from the Domestic Energy Performance Certificate (EPC) Register operated by Landmark on behalf of the Government and available to view via www.epcregister.com under the DCLG's remit.
- 5.1.5. Property values have been updated in line with the UK HPI (Bath and North East Somerset -specific figure) at the point of data collection noting, as above, that achieved sales values have seen only small decrease over the past year in Bath and North East Somerset (c. 0.6% in total over the period June 2025 to June 2026). Due to its size the full data set has not been included here. Also, due to the number of sales on the second hand market, we have looked back only 6 months compared with 2 years for the new build data as this has been sufficient to obtain a sufficiently large sample size.

Table 2a – Land Registry Sold Prices – Resale Properties – Average Price and quartile analysis Ward in Bath and North East Somerset (1.2025 – 12.2025)

Resale Value - Summary Quartile Analysis - B&NES (1.2025 - 12.2025)							
Ward	Minimum £/m ²	Q1 £/m ²	Average Value £/m ²	Median £/m ²	Q3 £/m ²	Maximum £/m ²	Data Sample No.
Bathavon North	£3,187	£4,178	£4,966	£5,009	£5,895	£6,501	6
Bathwick	£3,308	£5,170	£6,338	£6,268	£7,339	£9,787	64
Combe Down	£3,081	£4,268	£4,687	£4,743	£5,137	£7,182	46
Kingsmead	£3,022	£4,449	£5,115	£4,905	£5,776	£7,767	61
Lambridge	£3,022	£4,360	£5,029	£4,908	£5,674	£7,422	56
Lansdown	£3,103	£4,492	£5,576	£5,357	£6,310	£9,457	71
Moorlands	£3,220	£3,832	£4,686	£4,299	£5,416	£7,122	27
Newbridge	£3,135	£4,249	£4,913	£4,960	£5,482	£6,613	58
Odd Down	£3,004	£3,845	£4,389	£4,350	£4,731	£6,677	52
Oldfield Park	£3,229	£4,448	£5,116	£4,846	£5,614	£9,320	35
Southdown	£3,345	£4,008	£4,447	£4,437	£4,845	£6,258	89
Twerton & Whiteway	£3,192	£3,442	£3,795	£3,708	£3,870	£5,002	26

Walcot	£3,041	£4,262	£5,070	£4,871	£5,832	£8,986	78
Westmoreland	£3,455	£4,186	£4,661	£4,568	£5,139	£6,389	55
Weston	£3,266	£4,421	£4,971	£4,919	£5,608	£7,201	59
Widcombe & Lyncombe	£3,057	£4,683	£5,604	£5,555	£6,157	£9,705	70

* Data sample of 853

Table 2b – Land Registry Sold Prices - Resale Properties – Average Price and quartile analysis by Dwelling Type in Bath and North East Somerset (1.2025 – 12.2025)

Resale Value - Summary Quartile Analysis - B&NES (1.2025 - 12.2025)							
Dwelling	Minimum £/m ²	Q1 £/m ²	Average Value £/m ²	Median £/m ²	Q3 £/m ²	Maximum £/m ²	Data Sample No.
Flat	£3,041	£4,108	£5,009	£4,834	£5,635	£9,320	229
Terraced house	£3,022	£4,176	£4,886	£4,669	£5,482	£9,626	358
Semi-detached house	£3,004	£4,243	£4,984	£4,854	£5,610	£8,982	187
Detached house	£3,187	£4,784	£5,861	£5,631	£6,620	£9,787	79

* Data sample of 853

Table 2c – Land Registry Sold Prices Review Analysis – Resale Properties – Average Price and quartile analysis in Bath and North East Somerset (1.2025 – 12.2025)

Resale Value - Summary Quartile Analysis - B&NES (1.2025 - 12.2025)							
Council	Minimum £/m ²	Q1 £/m ²	Average Value £/m ²	Median £/m ²	Q3 £/m ²	Maximum £/m ²	Data Sample No.
Bath and North East Somerset Council	£3,004	£4,215	£5,031	£4,834	£5,642	£9,787	853

DSP Residential 'Value Levels' (VLs)

- 5.1.6. Overall, for the purposes of this assessment, we decided to focus our assessment on what we refer to as Value Levels (VLs) 1-14 for use in our appraisals. We indicate in our work which VL(s) or range of those are considered to best represent each area of Bath and North East Somerset. See Table 3a below which is also included in Appendix 1.
- 5.1.7. At the time of compiling Appendix 1, we considered typical new build property values in Bath and North East Somerset to fall within the overall VLs range of £4,000 per sq. metres to £7,500 per sq. metre (i.e. approximately £430 per sq. ft to £807 per sq. ft) – as shown below. Broadly, we have applied what we consider to be the most relevant VLs to test from this overall range – see Appendices 1.
- 5.1.8. As with all areas, property values are inevitably mixed to some degree across locations and, in many cases, exhibit variation even within individual sites. The property values assumed above are based on testing undertaken using the dwelling mix and size assumptions set out in Appendix 1, ensuring a consistent methodology has been applied throughout the assessment.

Table 3a – DSP Value Levels Overview – Range for testing (note extended range for age friendly / extra care housing)

Market Values (MV)	VL1	VL2	VL3	VL4	VL5	VL6	VL7	VL8	VL9	VL10	VL11	VL12	VL13	VL14
						Bath City								
	Keynsham													
				Smaller settlements / Rural Area										
	Somer Valley				Chew Valley									
1-bed flat	£200,000	£212,500	£225,000	£237,500	£250,000	£262,500	£275,000	£287,500	£300,000	£312,500	£325,000	£337,500	£350,000	£375,000
2-bed flat	£244,000	£259,250	£274,500	£289,750	£305,000	£320,250	£335,500	£350,750	£366,000	£381,250	£396,500	£411,750	£427,000	£457,500
2-bed house	£316,000	£335,750	£355,500	£375,250	£395,000	£414,750	£434,500	£454,250	£474,000	£493,750	£513,500	£533,250	£553,000	£592,500
3-bed house	£372,000	£395,250	£418,500	£441,750	£465,000	£488,250	£511,500	£534,750	£558,000	£581,250	£604,500	£627,750	£651,000	£697,500
4-bed house	£520,000	£552,500	£585,000	£617,500	£650,000	£682,500	£715,000	£747,500	£780,000	£812,500	£845,000	£877,500	£910,000	£975,000
MV (£ / sq. m.)	£4,000	£4,250	£4,500	£4,750	£5,000	£5,250	£5,500	£5,750	£6,000	£6,250	£6,500	£6,750	£7,000	£7,500

6.0 Retirement / Sheltered and Extra Care Housing research

- 6.1.1. DSP undertook research into the values of new-build, age-friendly/sheltered housing schemes across Bath and North East Somerset. At the time of writing, few schemes were being marketed or recently sold. Where there is a lack of new build sheltered / age friendly housing data, it is typical to estimate new build values by utilising the method set out by the Retirement Housing Group (RHG).
- 6.1.2. According to the RHG in their paper (amended February 2016) which discusses assumptions for strategic policy viability it is possible to broadly determine values age-friendly and extra care housing by assuming that a 1-bed new build sheltered flat is worth 75% the value of a second-hand 3-bed semi-detached property locally, with a 2 bed new build sheltered flat being worth 100% of the value. In addition, extra care housing is typically considered to be 25% higher than sheltered housing.
- 6.1.3. DSP carried out research into recent sales transactions for second-hand 3-bedroom semi-detached properties within Bath and North East Somerset in order to apply this methodology. Ultimately it corroborates the impression that new build retirement units represent higher value levels in Bath and North East Somerset – see Table 4a below.

Table 4a – RHG Analysis

RHG Analysis 2026		
Average value of a resale 3-bed Semi-detached property in Bath & North East Somerset Council	£397,333.37	
Type	Indicative New Build Value	Indicative New Build Vale £/m ²
1-bed new build sheltered flat (worth 75% of the value)	£298,000	£5,418
2-bed new build sheltered flat (worth 100% of the value)	£397,333	£5,298
1-bed extra care (typically 25% higher than sheltered housing)	£372,500	£6,773
2-bed new build extra care (typically 25% higher than sheltered housing)	£496,667	£6,622

* Source: Rightmove - Data Sample of 92 (2026)

- 6.1.4. DSP's significant experience of carrying out site-specific viability reviews on numerous age-friendly housing schemes together with the above research analysis led us to test retirement/sheltered/extra care housing at the levels shown in Table 4b below.
- 6.1.5. From wider experience, we would generally expect retirement/sheltered housing values achieve the mid to upper end of this overall range; even this could be considered conservative in our view.

Table 4b – Assumed Value Levels & Dwelling Mix – Sheltered and Extra Care Housing

Market Value (MV) - Private units	VL5	VL6	VL7	VL8	VL9	VL10	VL11	VL12	VL13	VL14
	Typical New Build Sheltered Housing Values range									
					Typical New Build Extra Care Values range					
1-bed flat (Sheltered)	£250,000	£262,500	£275,000	£287,500	£300,000	£312,500	£325,000	£337,500	£350,000	£375,000
2-bed flat (Sheltered)	£375,000	£393,750	£412,500	£431,250	£450,000	£468,750	£487,500	£506,250	£525,000	£562,500
1-bed flat (Extra Care)	£325,000	£341,250	£357,500	£373,750	£390,000	£406,250	£422,500	£438,750	£455,000	£487,500
2-bed flat (Extra Care)	£400,000	£420,000	£440,000	£460,000	£480,000	£500,000	£520,000	£540,000	£560,000	£600,000
MV (£/sq. m.)	£5,000	£5,250	£5,500	£5,750	£6,000	£6,250	£6,500	£6,750	£7,000	£7,500

7.0 Commercial Market Information, Rents and Yields

- 7.1.1 To provide wider information for the LP and related delivery, the study also considers a range of potential commercial/non-residential development typologies.
- 7.1.2 Following the same principles and general process as the residential scenarios, a variety of sources were researched and considered in support of setting the assumptions. This includes information on rents, yields, sales comparables, land values and other development assumptions. The sources of information include CoStar Commercial Real Estate Intelligence resource, the VOA Rating List, other web-based review as well as feedback as available from the development industry consultation. Supplementary information sources included articles and development industry features sourced from a variety of construction related publications; and in some cases, property marketing details.
- 7.1.3 The RICS Economy and Property Market Update August 2026 is slightly more positive than the previous (May) update, and notes that inflation has not climbed as high as expected. However the report notes various areas of economic uncertainty, including geopolitics, potential interest rate rises, uncertainty around tax measures that might be introduced by the new Prime Minister.
- 7.1.4 While the retail sector has faced well-documented structural and economic challenges, performance has, at times, proven more resilient than anticipated, however the most recent commentary suggests that investment activity and enquiries are down. Data Centres remain the exception to otherwise cautious predictions, with capital value expectations continuing to remain high (and increase).
- 7.1.5 The RICS notes that residential transactions remain subdued, as does new buyer interest. In general the market is considered to remain under pressure, although sentiment is slightly improved regarding the medium term outlook.
- 7.1.6 The RICS also note that pricing is subdued, particularly for apartments.
- 7.1.7 The employment sector shows overall demand has moderated in response to changing working patterns. In contrast, the industrial and logistics sector continues to perform strongly, with sustained demand for well-located warehouse and distribution space, underpinning relatively robust rental growth.

7.1.8 DSP has also reviewed Savills' bulletin: UK Market in Minutes – UK Commercial - May 2026, which notes that investors sentiment '*remains constructive*' although office yields have '*softened*'. This aligns with our recent experience, with demand for offices appearing to reduce recently, with even Grade A offices being seen as higher risk than previously.

7.1.9 Currently the most positive area in Savills' view (as with Knight Frank's) continues to be retail warehousing, which continues to have strong investor demand for '*prime, needs-based assets*'

Savills prime yields

	May 2025	April 2026	May 2026
West End offices	3.75% ↓	3.75% ↑	3.75% ↑
City Offices	5.25%	5.25%	5.25%
South East Offices	7.50%	7.50%	7.50%
Regional Offices	6.75%	6.50%	6.75%
High Street Retail	6.50%	6.50%	6.50%
Shopping Centres	7.50% ↓	7.25%	7.25% ↑
Retail Warehouse (Open A1)	5.25%	5.25%	5.25%
Retail Warehouse (Restricted)	5.75%	5.75%	5.75%
Foodstores (OMR)	5.50% ↓	5.50%	5.50%
Industrial/Distribution (OMR)	5.00%	5.25%	5.25%
Industrial Multi-lets	5.00%	5.00%	5.00%
Leisure Parks	8.00%	8.00%	8.00%
London Leased (core) Hotels	4.50%	4.50%	4.50%
Regional Pubs (RPI)	6.50%	6.50%	6.50%

Source: Savills Research

7.1.10 Schroders note in their most recent analysis (Q3 2026) that the economy has been resilient in the face of energy shocks but that '*sticky inflation and further interest rate hikes*' might put the brakes on growth. Schroders note that '*In contrast to other parts of the world, loose labour market conditions in the UK ought to prevent high energy prices from becoming a broader inflation issue, providing the Bank of*

England with cover to keep rates on hold this year'. But their analysis also identifies fiscal decisions from the new Prime Minister as a potential cause of 'monetary tightening further down the road'.

- 7.1.11 Savills have also recently published an update on the residential market which notes very small rises in house prices and a reduction in the annual growth rate to 1.8%, with higher mortgage rates affecting market activity and price growth. Overall Savills forecast further falls in 2026, followed by recovery in 2027 and an overall 17.9% increase in house prices in the South West by 2030.
- 7.1.12 To summarise the articles/reporting above, the commercial market continues to pick up from its lowest point (post-pandemic) with modest improvements seen in most sectors (and a somewhat surprising boost for retail), however the rate of growth is slow, and investment is focused mainly on prime assets.
- 7.1.13 By way of brief explanation on yield percentages (%) and trends, upward moving investment yields i.e. higher or increasing %s (with trends denoted by upward arrows by Savills or 'negative' market sentiment noted by Knight Frank meaning yield %s increasing) indicate reducing security of investment income (e.g. rental flow) i.e. higher risk. This is reflected in a greater % return when viewed in this way. In valuation terms, this means rents are capitalised at a lower rate (using a lower multiplier). Conversely, stable or positive market sentiment reflects steady or falling yield %s, pointing towards more secure investment prospects – lower risk and stronger capitalisation of (higher multiplier applied to) the rent/other income.

Table 5a below sets out indications on prime yields provided by the Knight Frank Investment Yield Guide (August 2026)²

² Knight Frank "Investment Yield Guide" (August 2026)

Table 5a – Knight Frank Investment Yield Guide August 2026

SECTOR	Jun-26	CHANGE
High Street Retail		
Bond Street	2.75% - 3.00%	
Oxford Street	4.50%	
Prime Towns	6.25%	
Regional Cities	6.75%	
Good Secondary	10.00%	
Shopping Centres (sustainable income)		
Regional Scheme	7.25%	
Sub-Regional Scheme	8.50%	
Local Scheme (successful)	9.50%	
Neighbourhood Scheme (assumes <25% of income from supermarket)	10.00% -	
Out of Town Retail		
Open A1 Parks	5.25% - 5.50%	
Good Secondary Open A1 Parks	6.50% - 6.75%	
Bulky Goods Parks	5.50%	
Good Secondary Bulky Goods Parks	6.50% - 6.75%	
Solus Open A1 (15 year income)	6.00%	
Solus Bulky (15 year income)	6.00%	
Leisure		
Prime Leisure Parks	8.00%	
Good Secondary Leisure Parks	9.50%	
Major Foodstores		
Annual RPI Increases [NYI] (20 year income)	4.75%	
Open Market Reviews (20 year lease, 5 yearly reviews)	5.50% - 5.75%	-
Discounters (20 year, 5 yearly indexation)	4.50%	
Specialist Sectors		
Car Showrooms (20 years with indexed uplifts & dealer covenant)	6.25%	
Budget Hotels London (20 years, 5 yearly indexed reviews)	4.75%	
Budget Hotels Regional (20 years, 5 yearly indexed reviews)	5.25% - 5.50%	
Student Accommodation Prime London (Direct Let)	4.25% - 4.5%	0.25%
Student Accommodation Prime Regional (Direct Let)	4.50% - 4.75%	0.25%
Healthcare (Not for Profit Operator, 30 years, Annual indexed reviews)	4.75% +	0.25%
Healthcare (SPV credit, 30 years, Annual indexed reviews)	5.75% - 6.00%	0.25%
Data Centres (Leased, 15 years, Annual indexation)	5.00%	
Life Sciences (15 years)	5.00% - 5.25%	
Income Strip (50 years, Annual RPI/CPIH+1% RRs, Annuity Grade)	4.25%	

SECTOR	Jun-26	CHANGE
Ground Rents (125 years, Annual RPI/CPIH+1% RRs, <15%EBITDA cover, Vacant Possession cover<40%)	3.75%	
Warehouse & Industrial Space		
Prime Distribution / Warehousing (20 years [NIY], higher OMV/ index)	5.25%	
Prime Distribution / Warehousing (15 years, OMRRs)	5.25% - 5.50%	+
Secondary Distribution (10 years, OMRRs)	6.00% - 6.25%	
Grager London Estates	4.75% - 5.00%	
South East Estate	5.25%	0.25%
Good Modern Rest of UK Estate	5.25%	0.25%
Good Secondary Estates	6.50% - 7.00%	
Office (Grade A)		
City Prime (10 years)	5.25%	
West End: Prime Core (Mayfair & St James's)	3.75% - 4.00%	
West End: Non-core (Soho & Fitzrovia)	4.50% - 4.75%	
Major Regional Cities (10 years)	6.50%	
Major Regional Cities (5 years)	7.50%	
Secondary Regional Cities	11.00% +	
South East Towns (10 years)	7.25%	
South East Towns (5 years)	8.25%	
Secondary South East Towns	11.50% +	
South East Business Parks (10 years)	8.00% +	
South East Business Parks (5 years)	10.50% +	

Commercial Property Values Research & Data – CoStar

7.1.9 The information set out in the following section is based on the available research data relating to commercial property within the Bath and North East Somerset area. Our assessment focuses in particular on the principal commercial sectors: industrial, retail and office rents.

7.1.10 Our commercial rent assumptions are informed by a range of data sources detailed throughout this report.

7.1.11 DSP has used the commercial property data resource 'CoStar' and here we include relevant extracts for Bath and North East Somerset. Summary reporting of the lease comparables analysis is provided below, together with the full data extracts set out at the end of this Appendix.

7.1.12 CoStar is a market leading commercial property intelligence resource used and informed by a wide range of Agents and other property firms, to provide commercial real estate information and analytics. CoStar conducts extensive, ongoing research to provide and maintain a comprehensive database of commercial and real estate information where subscribers can analyse, interpret and gain insight into commercial property values and availability, as well as general commercial market conditions.

7.1.13 The CoStar sourced research is based on available lease comparables within Bath and North East Somerset covering industrial / retail / office over the last (4 years). Figures 6a-6c below provides the analysis summaries, with the full data set provided at the rear of this Appendix.

Table 6a – CoStar Summary Analysis in Bath and North East Somerset - Commercial Leases 2023 - 2026

Council: B&NES					
Type of Commercial Leases - June 2023 - June 2026 - [£ per sq. ft]	Minimum Average Rental Indications [£ per sq. ft]	1st Quartile Rental Indications [£ per sq. ft]	Median Rental Indications [£ per sq. ft]	3rd Quartile Rental Indications [£ per sq. ft]	Maximum Average Rental Indications [£ per sq. ft]
Retail	£13.76	£23.58	£37.70	£51.21	£184.57
Offices	£5.33	£17.04	£24.06	£28.26	£40.00
Industrial	£0.00	£6.79	£9.00	£13.00	£24.89

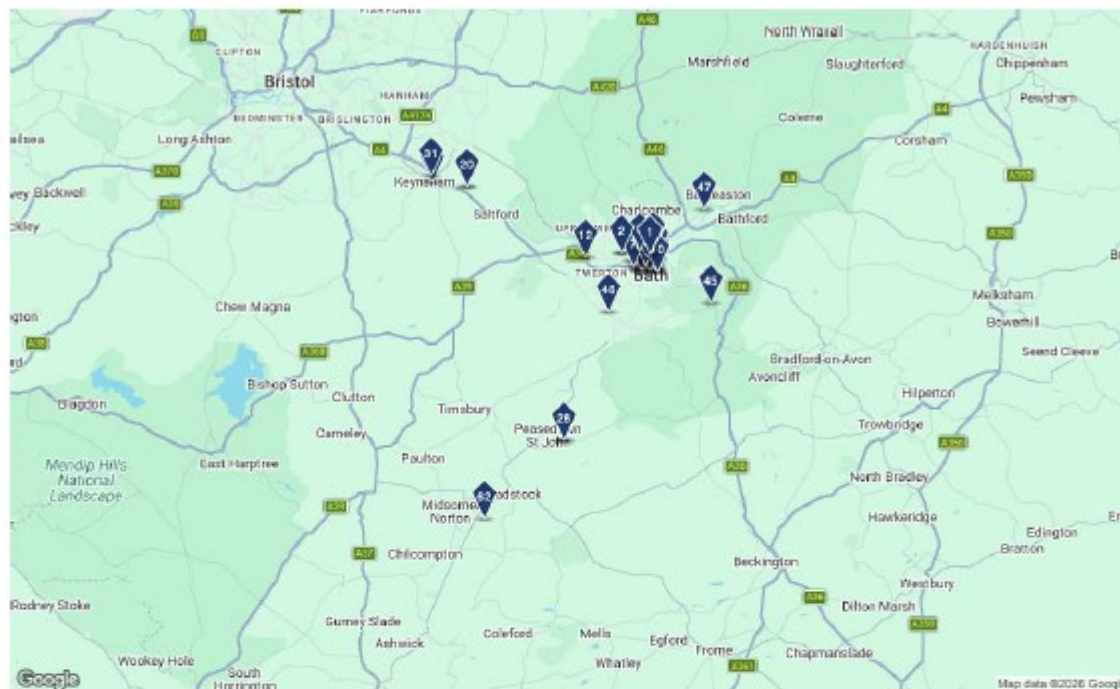
Council: B&NES					
Type of Commercial Leases - June 2023 - June 2026 - [£ per sq. meter]	Minimum Average Rental Indications [£ per sq. meter]	1st Quartile Rental Indications [£ per sq. meter]	Median Rental Indications [£ per sq. meter]	3rd Quartile Rental Indications [£ per sq. meter]	Maximum Average Rental Indications [£ per sq. meter]
Retail	£148.11	£253.87	£405.80	£551.22	£1,986.71
Offices	£57.37	£183.39	£258.93	£304.16	£430.56
Industrial	£0.00	£73.11	£96.88	£139.93	£267.92

Figure 4 – CoStar Lease Comparables – Retail (12.2023 – 6.2026)

 Map, Summary, and List of Leases
**Lease Activity Summary Statistics**

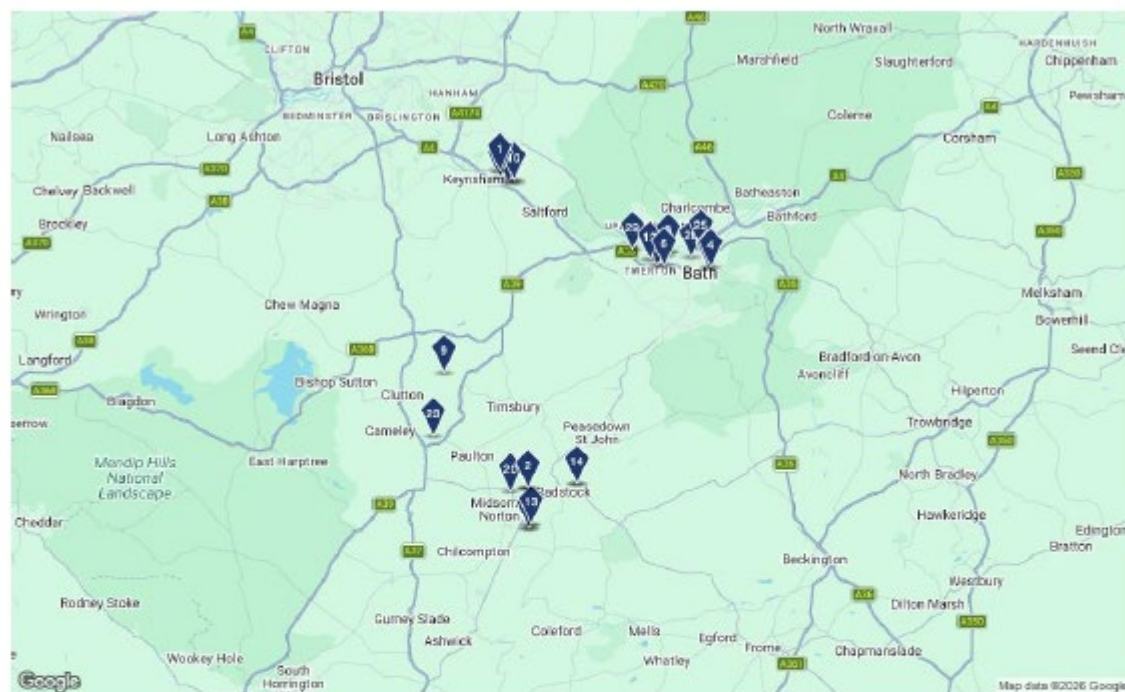
Rent Attributes	Deals	Low	Average	Median	High
Asking Rent per Sq ft	46	£13.76	£44.44	£37.67	£107.25
Achieved Rent per Sq ft	29	£7.06	£32.63	£25.85	£99.58
Effective Rent per Sq ft	3	£16.51	£96.33	£93.90	£184.57
Asking Rent Discount	15	-11.1%	11.1%	0.0%	74.5%
Improvement Allowance per Sq ft	-	-	-	-	-
Months Free Rent	11	1.0	6.5	6.0	12.0
Lease Attributes	Deals	Low	Average	Median	High
Months on Market	53	0	12	9	73
Lease Size	84	75 Sq ft	3,937 Sq ft	1,135 Sq ft	83,000 Sq ft
Term	42	1.0	9.1	10.0	21.0
Floor	84	BSMT	GRND	GRND	3

Figure 5 – CoStar Lease Comparables – Office (6.2023 – 6.2026)

Map, Summary, and List of Leases
**Lease Activity Summary Statistics**

Rent Attributes	Deals	Low	Average	Median	High
Asking Rent per Sq ft	36	£10.00	£23.23	£21.92	£40.00
Achieved Rent per Sq ft	30	£5.53	£23.56	£22.15	£39.07
Effective Rent per Sq ft	4	£5.33	£18.46	£18.35	£31.83
Asking Rent Discount	15	-26.1%	-1.1%	0.0%	5.0%
Improvement Allowance per Sq ft	-	-	-	-	-
Months Free Rent	9	1.0	6.5	4.0	18.0
Lease Attributes	Deals	Low	Average	Median	High
Months on Market	50	0	18	10	88
Lease Size	62	174 Sq ft	3,034 Sq ft	1,258 Sq ft	22,162 Sq ft
Term	33	1.8	5.8	5.0	20.0
Floor	62	LL	1	1	3

Figure 6 – CoStar Lease Comparables – Industrial (6.2023 – 6.2026)

Map, Summary, and List of Leases
**Lease Activity Summary Statistics**

Rent Attributes	Deals	Low	Average	Median	High
Asking Rent per Sq ft	20	£3.70	£11.42	£10.78	£24.89
Achieved Rent per Sq ft	16	£3.11	£9.09	£7.54	£17.88
Effective Rent per Sq ft	1	£6.84	£6.84	£6.84	£6.84
Asking Rent Discount	9	-0.1%	7.7%	1.9%	36.9%
Improvement Allowance per Sq ft	-	-	-	-	-
Months Free Rent	3	3.0	4.0	4.0	5.0
Lease Attributes	Deals	Low	Average	Median	High
Months on Market	25	0	9	6	33
Lease Size	30	402 Sq ft	5,811 Sq ft	3,367 Sq ft	35,862 Sq ft
Term	16	1.0	6.6	6.0	15.0
Floor	30	GRND	GRND	GRND	MEZZ

Note: full data not included due to large sample size.

8.0 Affordable Housing Providers & Stakeholder Consultation

8.1.1 As part of the information gathering process in Spring/ Summer 2026, DSP invited a number of locally active Affordable Housing Providers and Stakeholders to contribute by providing local residential / commercial market information and experiences. This was in order to both invite engagement and to help inform the study assumptions, alongside our own research, experience and judgements. It was conducted by way of a survey / pro-forma (containing some suggested assumptions) supplied by email by DSP and the Council. The covering email contained a short introduction about the project and also explained the type of information we required as well as assuring participants that any information they provided would be kept in confidence respecting commercial sensitivities throughout the whole process.

8.1.2 The partial list of development industry stakeholders consulted as part of this assessment in connection with this survey / engagement exercise is included below. Contact information has not been included for confidentiality reasons:

➤ GVA	➤ Bristol Pubs Group
➤ Aaron Evans	➤ Bristol UKIP
➤ Alder King	➤ Bristol Water plc
➤ Argyll Design	➤ C Squared Property Developments Ltd
➤ Assetsphere	➤ Caddick Group
➤ Avison Young	➤ Camerton Parish Council
➤ Avon and Somerset Police	➤ Carter Jonas
➤ Avon Fire & Rescue Service	➤ CBRE
➤ BANES Allotments	➤ Chapman Lily Planning Limited
➤ BANES Allotments Association	➤ Charlcombe Homes Ltd
➤ Bath and Surrounds Starlit Skies Alliance	➤ Churches Together in Keynsham and Saltford
➤ Bath Chamber of Commerce and the Initiative in B&NES	➤ Collier Planning
➤ Bath Heritage Watchdog	➤ Copperfield Ltd
➤ Bath Preservation Trust	➤ Cotswolds Conservation Board
➤ Bath Spa University	➤ CPRE Avonside
➤ Bear Flat Association	➤ Crest Nicholson
➤ Berkeley Group	➤ Crest Strategic Projects and Stratland Hicks Gate Limited
➤ Beyond Dyslexia	➤ David James & Partners Ltd
➤ Black Box Planning Ltd	➤ Define Planning & Design Ltd
➤ Blast Properties Limited	➤ DevPlan
➤ Blue Fox Planning	➤ Dunkerton & Tunley Parish Council
➤ Boutique Care Homes	➤ Ecomotive Limited

- | | |
|--|---|
| <ul style="list-style-type: none"> ➤ Edward Ware Homes ➤ Energy Efficient Widcombe ➤ Entran Environmental and Transportation ➤ Environment Agency ➤ Environmental Services Bath and North East Somerset Council ➤ Federation of Bath Residents' Associations ➤ Felsham Planning and Development ➤ Forest Services in the South West ➤ Framptons Town Planning ➤ Freshford PC ➤ Friends of the Recreation Ground Bath ➤ G R Planning Consultancy Ltd ➤ Grass Roots ➤ GVA ➤ Highways England ➤ Hignett Family Trust ➤ Historic England ➤ Hoare Lea LLP ➤ HOME BUILDERS FEDERATION ➤ Homes England ➤ HPH Limited ➤ IGas Energy PLC ➤ JLL ➤ Johnstone Land (South West) Limited ➤ Kernon Countryside Consultants ➤ Key Properties Limited ➤ Keynsham and Saltford Liberal Democrats ➤ Keynsham Properties ➤ Keynsham Town Council ➤ Land & Property Planning ➤ Lands Improvement Holdings Limited ➤ Lightwood Property ➤ Lightwood Strategic ➤ Linden Homes c/o agent Turley ➤ Live West ➤ Llewellyn Harker Ltd ➤ LPC (Trull) Ltd ➤ M7 Planning ➤ M7 Planning Limited ➤ MAG UK Western Region ➤ Marptree ➤ McBallester Ltd | <ul style="list-style-type: none"> ➤ Mono Consultants ➤ National Trust ➤ Natural England ➤ Network Rail ➤ NHS Property Services Ltd ➤ Origin 3 ➤ Pegasus ➤ Pegasus Group ➤ Persimmon Homes ➤ Persimmon Homes Severn Valley ➤ Pioneer Property Service on behalf of Robert Hitchins Ltd ➤ Plainview Planning Ltd ➤ PlanInfo ➤ Planning Developments ➤ Planning Potential ➤ PlanningSphere Limited ➤ Pulteney Estate Residents Association (PERA) ➤ Quod Limited ➤ Radstock Westfield Big Local ➤ Rapleys ➤ Reach DHI ➤ Resource Synergies ➤ Robert Hitchins Limited ➤ Rocke Associates ➤ ROK PLANNING ➤ ROK Planning ➤ Royal National Institute of Blind People ➤ Saltford Environment Group ➤ Saltford marina ➤ Savills ➤ SF Planning ➤ SF Planning Limited ➤ SiPo Developments ➤ Sirius Planning ➤ Skylark Media ➤ Sleep Lane Smiles ➤ Somerset and Dorset Railway Station ➤ Somerset NHS foundation Trust ➤ Space Engineering Services ➤ Sport England ➤ St Johns ➤ Stockwood Vale Golf Club ➤ Stokes Morgan ➤ Stokes Morgan Planning Ltd |
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| <ul style="list-style-type: none"> ➤ SWAST ➤ Sydney Buildings Householders Association committee ➤ Testament Land Company ➤ Tetlow King ➤ Tetlow King Planning / South West HARP Planning Consortium ➤ Tetra Tech Planning ➤ TFA ➤ The Abbey Residents Association (TARA) ➤ The Canal & River Trust ➤ The Coal Authority ➤ The Gardens Trust ➤ Theatres Trust ➤ Tim Roberts Planning ➤ Timsbury Parish Council ➤ Tintinna Ltd ➤ Transition Bath ➤ Turley ➤ Unite Students | <ul style="list-style-type: none"> ➤ United Hospitals Bristol ➤ University of Bath ➤ Vail Williams LLP ➤ Various incl Kelston Tump LLP Fairfield House Bath CIC ➤ Vivid Regeneration LLP ➤ Waddeton Park Ltd ➤ WADDETON PARK LTD ➤ Walters Developments Ltd ➤ We Are Define ➤ Wessex Water ➤ West and Wales Utilities ➤ Western Power Distribution ➤ Whitchurch Cricket Club ➤ Whitchurch Village Council ➤ Widcombe West Association ➤ Willis & Co ➤ Woodland Trust ➤ WPB ➤ WSP |
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8.1.3 Any information / comments that were provided as a result of this consultation helped to inform and check / support our assumptions. However, due to concerns around commercial sensitivity, we have not included any specific references or comments in this Appendix.

9.0 Benchmark Land Values - Context

9.1.1 As with the residential and commercial values research, DSP also considered any available information relating to land values in order to aid the setting of suitable benchmark land values for the study. Reporting includes the Savills 'Market in Minutes: Residential Development land', and the Knight Frank 'Residential Development Land Index'. At the start of this study the Savills report land values falling, in particular in the South East experienced the greatest value fall in the quarter of -2.2%, while the North and Scotland were the only two regions experiencing value growth, both at 0.3%. fall in greenfield land values the past quarter and brownfield values falling even further. This is attributed to continued caution from housebuilders amongst ongoing market uncertainty, and noting that homebuyers have been impacted by higher mortgage costs and reduced confidence in the housing market and the wider economy. Savills also note *'diminished appetite for larger sites as developers seek to reduce their exposure to*

sites with infrastructure requirements that will add length and complexity to the development process’.

- 9.1.2 Savills note that the BCIS are predicting a reduction in build cost inflation which will aid viability, but that viability challenges remain, particularly for brownfield sites.
- 9.1.3 There is renewed activity from RPs following the launch to the latest Affordable Homes Programme (SAHP), with partnership deals more popular. However Savills note that *‘appetite for Section 106 remains relatively limited’*.
- 9.1.4 The Knight Frank report ‘Residential Development Land Index Q2 – 2026’ similarly notes weakened land values Due to higher borrowing costs, elevated build costs and weaker sales rates. Knight Frank note that developers are increasingly favouring lower-risk sites and differed payment structures that reduce upfront capital commitments.
- 9.1.5 Both of the above reports note particular issues with urban schemes, which Knight Frank note are *‘less resilient’* and less viable than (less densely developed) greenfield sites which tend to have fewer technical constraints.
- 9.1.6 To summarise, in contrast to the more optimistic position (from a landowners’ perspective) put forward at the start of our data collection for this study, both reports are cautious about the housing market, the economy and land values. Although the above is intended to provide general commentary on the wider residential land values market for context purposes, the PPG requires viability testing to be carried out on the basis of Existing Use Value plus a premium – see further explanation below.

Benchmark Land Values

- 9.1.7 Land value in any given situation should reflect specific viability influencing factors, such as:
- The existing use scenario
 - Planning approval and status
 - Development potential – scale, type, etc. (usually subject to planning)
 - Development constraints – including site conditions and necessary works, costs and obligations (including known abnormal factors)
 - Development plan policies

- 9.1.8 It follows that the planning policies and obligations will have a bearing on land value; as has been recognised by examiners and Planning Inspectors.
- 9.1.9 In order to consider the likely viability of local plan policies in relation to any development scheme relevant to the Local Plan, the outturn results of the development appraisals (the RLVs viewed in £/ha terms) need to be somehow measured against a comparative level of land value. This is a key part of the context for reviewing the strength of the results as those changes across the range of assumptions on sales values (GDVs) and crucially including the effect of local plan policies (including affordable housing) and other sensitivity tests.
- 9.1.10 This comparison process is, as with much of strategic level viability assessment, not an exact science. It involves judgements and well-established acknowledgements that, as with other appraisal aspects, land values will in practice vary from scheme to scheme as well as being dependent to some extent on timing in relation to market conditions and other wider influences such as Government policy. The levels of land values selected for this comparison context are often known as ‘benchmark’ land values, ‘viability tests’ (as referred to in our results tables) or similar. They are not fixed in terms of creating definite cut-offs or steps in viability, but in our experience, they serve well in terms of adding a layer of filtering to the results, to help enable the review of those; they help to highlight the tone of the RLV results and therefore the changing strength of relationship between the values (GDVs) and development costs as the appraisal inputs (assumptions) change.
- 9.1.11 As suitable (appropriate and robust) context for a high-level review of this nature, DSP’s practice is to compare the wide range of appraisal RLV results with a variety of potential land value comparisons in this way. This allows us to consider a wide range of potential scenarios and outcomes and the viability trends across those.
- 9.1.12 The land value comparison levels are not fixed or even guides for use on scheme specifics; they are purely for this assessment purpose. In our experience, sites will come forward at alternative figures – including in some cases beneath the levels assumed for this purpose. We have considered land values in a way that supports an appropriately “buffered” type view.
- 9.1.13 The PPG on ‘Viability’ makes it clear that benchmark land values (BLVs) should be based on the Existing Use Value (EUV) plus approach and states: ‘A *benchmark*

land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner [which] should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is often called 'existing use value plus (EUV+).'

9.1.14 Further relevant extracts from the PPG are set out below.

'Benchmark land values should:

- Be based upon existing use value*
- Allow for a premium to landowners (including equity resulting from those building their own homes)*
- Reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees'*

'Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.'

'This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.'

'In plan making, the landowner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account.'

- 9.1.15 On factors to be considered in establishing benchmark land values The PPG continues:

‘Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).’

- 9.1.16 *‘Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agents’ websites; property auction results; valuation office agency data; public sector estate / property teams’ locally held evidence.’*

- 9.1.17 The PPG states the following on how the premium for viability assessment to the landowner should be defined:

- 9.1.18 *‘The premium (or the ‘plus’ in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.’*

- 9.1.19 *‘Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance or different building use types and reasonable expectations of local landowners. Policy compliance means that the development complies fully with up to date plan policies including any policy requirements for contributions*

towards affordable housing requirements at the relevant levels set out in the plan. A decision maker can give appropriate weight to emerging policies. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).’

- 9.1.20 In order to inform the BLVs for use here, we have reviewed existing evidence, previous viability studies, site specific viability assessments and in particular have had regard to published Government sources of land values for policy application³. The Government data provides industrial, office, residential and agricultural land value estimates for the local sub-region but not all areas are covered. This includes data for Bath and North East Somerset in relation to residential land estimates. Not all areas are covered and as is the case in most LA areas, Bath and North East Somerset may well have varying characteristics. Therefore, where data is insufficient, we have made use of our own experience and judgement in order to utilise a ‘best fit’ from the available data. The benchmarks indicated within the appendices are therefore informed by this data and other sources as described above.
- 9.1.21 The residential land value estimates in particular require adjustment for the purposes of strategic viability testing due to the fact that a different assumptions basis is used in our study compared to the truncated valuation model used for the residential land value estimate. This (and other) viability assessments, assume all development costs are accounted for as inputs to the RLV appraisal, rather than those being reflected within a much higher, “serviced” i.e. “ready to develop” level of land value. The MHCLG truncated valuation model provides a much higher level of land value as it assumes all land and planning related costs are discharged, assumes that there is a nil affordable housing requirement (whereas in practice the affordable housing requirement can impact land value by around 50% on a 0.5 ha site with 35% AH) with no CIL or other planning obligations allowance. That level of land value would also assume that full planning consent is in place, whereas the risk associated with obtaining planning consent can equate to as much as a 75% deduction when adjusting a consented site value to an unconsented land value starting point. So, the assessment approach (as relates to all land values) assumes all deductions from the GDV are covered by the development costs assumptions applied within the appraisals. In our view this would lead to a significantly reduced residential land value benchmark when taking into account all of those factors.

³ MHCLG: Land value estimates for policy appraisal 2020 (March 2026)

- 9.1.22 For greenfield sites, benchmark land value assessments commonly derive from agricultural existing use value, with an uplift applied to reflect the incentive required to bring land forward for development. Market evidence indicates that this uplift can vary depending on location, planning prospects and scheme characteristics. The figure that we consider to be representing the minimum land value likely to incentivise release for development under any circumstances in the local context is around £250,000/ha. Typically, we expect to apply this across the whole site area as part of a prudent assumptions approach, but with experience increasingly showing that the non-developable areas of larger schemes tending to grow, this needs to be considered in coming to overall BLVs that do not overstate the land value influence on viability, given the increasing requirements that the developer will often need to meet. In our experience of dealing with site specific viability, greenfield land values tend to be assumed at minimum option agreements levels. These are typically around £100,000 and not exceeding £200,000 per gross acre (i.e. approx. £250,000 to a maximum of £500,000 per gross hectare and representing a 10 to 20 times uplift from existing use value). Land values at those levels are likely to be relevant to development on greenfield land (e.g. agricultural land or in cases of enhancement to amenity land value).
- 9.1.23 Although lower values should not be ruled out, we consider £250,000 per gross hectare to be towards the lowest base point for enhancement to greenfield land values (with agricultural land reported by the VOA and a range of other sources to be valued at circa £20,000 - £25,000/ha in existing use). We have also shown a lower value 'band' in our appraisal results, representing £150,000 to £250,000/ha (with the per hectare amounts coloured orange if falling within this band). These results have not been relied upon in setting policy but allow results of marginal viability to be shown for greenfield sites.
- 9.1.24 The upper-end of the above-noted range at £500,000 per gross hectare is in our view more appropriate for small, paddock type sites than large amounts of farmland/grassland.
- 9.1.25 The EUV+ BLVs used within the study therefore range between £250,000/ha for greenfield land (including a significant uplift from existing agricultural values) and as noted above, with a lower £150,000 to £250,000/ha range also shown within the results for context but not considered to be a viable outcome. Plus a higher range of £750,000/ha up to £3,000,000+/ha for PDL/Residential land values (with the a £2,000,000/ha BLV being the key test for brownfield land). This is not to say that

land value expectations in such scenarios would not go beyond these levels either – they could well do in a range of circumstances. There is evidence of higher values for commercial sites in Bath and North East Somerset (and our results indicate that acquisition of these sites could be supported in some scenarios) however these are likely to be viable in their existing use, i.e. high value, successful commercial sites and therefore less likely to be proposed for a change of use to residential.

- 9.1.26 Matters such as realistic site selection for the particular proposals, allied to realistic land owner expectations on site value, will continue to be vitally important. Even moving away from a ‘market value’ led approach, site value needs to be proportionate to realistic development scope and site contracts, ensuring that headroom for supporting necessary planning obligations is not overly squeezed beneath the levels that should be achieved.
- 9.1.27 The latest RICS Guidance⁴ (updated to reflect the latest NPPF and PPG) refers to benchmark land value as follows *‘The value to be established on the basis of the existing use value (EUV) plus a premium for the landowner (PPG, paragraph 013) or the alternative use value (AUV) in which the premium is already included. PPG paragraph 014 is clear that there ‘may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.’*
- 9.1.28 The Local Housing Delivery Group report⁵ chaired by Sir John Harman (again pre-dating the new NPPF and PPG), notes that: *‘Consideration of an appropriate Threshold Land Value needs to take account of the fact that future plan policy requirements will have an impact on land values and landowner expectations. Therefore, using a market value approach as the starting point carries the risk of building-in assumptions of current policy costs rather than helping to inform the potential for future policy. Reference to market values can still provide a useful ‘sense check’ on the threshold values that are being used in the model (making use of cost-effective sources of local information), but it is not recommended that these are used as the basis for the input into a model... We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values.’*

⁴ Assessing viability in planning under the National Planning Policy Framework 2019 for England

⁵ Local Housing Delivery Group – Viability Testing Local Plans (June 2012)

- 9.1.29 Any overbid level of land value (i.e. incentive or uplifted level of land value) would be dependent on a ready market for the existing or other use that could be continued or considered as an alternative to pursuing the redevelopment option being assumed. The influences of existing / alternative use on site value need to be carefully considered. At a time of a low demand through depressed commercial property market circumstances, for example, we would not expect to see inappropriate levels of benchmarks or land price expectations being set for opportunities created from those sites. Just as other scheme specifics and appropriate appraisal inputs vary, so will landowner expectation.
- 9.1.30 In summary, reference to the land value benchmarks range as outlined within the report and shown within the Appendix 2, 3, 4 and 5 results summary tables footnotes (range overall £250,000 to £3,000,000+/ha⁶) have been formulated with reference to the principles outlined above and are considered appropriate.

Appendix 8 Ends

Co-Star Extract to follow

⁶ With a £150,000 to £250,000/ha range also included, however for context and not relied on for policy setting.

Abbreviations	Meaning
AH	Affordable Housing
AHFC	Affordable Housing Finance Contributions
APR	Affordable Private Rent
B&NES	Bath & North East Somerset Council
BCIS	Building Cost Information Service
BLV	Benchmark Land Value
BtR	Build to Rent
CIL	Community Infrastructure Levy
CPIH	Consumer Prices Index
CPRE	Campaign to Protect Rural England
DCLG	Department for Communities and Local Government
DSP	Dixon Searle Partnership
EPC	Domestic Energy Performance Certificate
EUV / EUV+	Existing Use Value / Existing Use Value plus premium
FENA	Future Economic Needs Assessment
GDV	Gross Development Value
GF	Greenfield
GIA	Gross Internal Area
HPI	UK House Price Index
LP	Local Plan
LPVA	Local Plan Viability Assessment
MV	Market Value
NDSS	Nationally Described Space Standard
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
PBSA	Purposely Built Student Accommodations
PDL	Previously Developed Land
PPG	Planning Practice Guidance
RICS	Royal Institution of Chartered Surveyors
RHG	Retirement Housing Group
RLV	Residual Land Value
RP	Registered Provider(s)
S106	Section 106 agreements
SNCI	Site of Nature Conservation Interest
SPD	Supplementary Planning Document
SSSI	Site of Special Scientific Interest
VA	Viability Assessment
VOA	Valuation Office Agency