

## APPENDIX 3

Draft

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Market Report

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The Central Lincolnshire  
Local Authorities

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**North Kesteven**  
DISTRICT COUNCIL



June 2021

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## Quality Assurance

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17 June 2021

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## Appendices

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## Appendix 3.1 – Residential sale value evidence

# 1 Introduction

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- 1.1 This market report has been used to inform our assumptions for the Central Lincolnshire Local Plan Viability testing. This report draws on data from recognised published data such as CoStar, Land Registry, Rightmove.co.uk, Zoopla, Energy Performance Certificates (EPCs) and commercial property reports.
- 1.2 Our market assessment considers the following markets:
- General needs residential
  - Elderly accommodation
  - Retail (comparison and convenience)
  - Student Accommodation
  - Office
  - Industrial
- 1.3 The property market analysis commenced late 2019 and has been updated to reflect current (June 2021) market conditions.

## Novel Coronavirus (COVID-19)

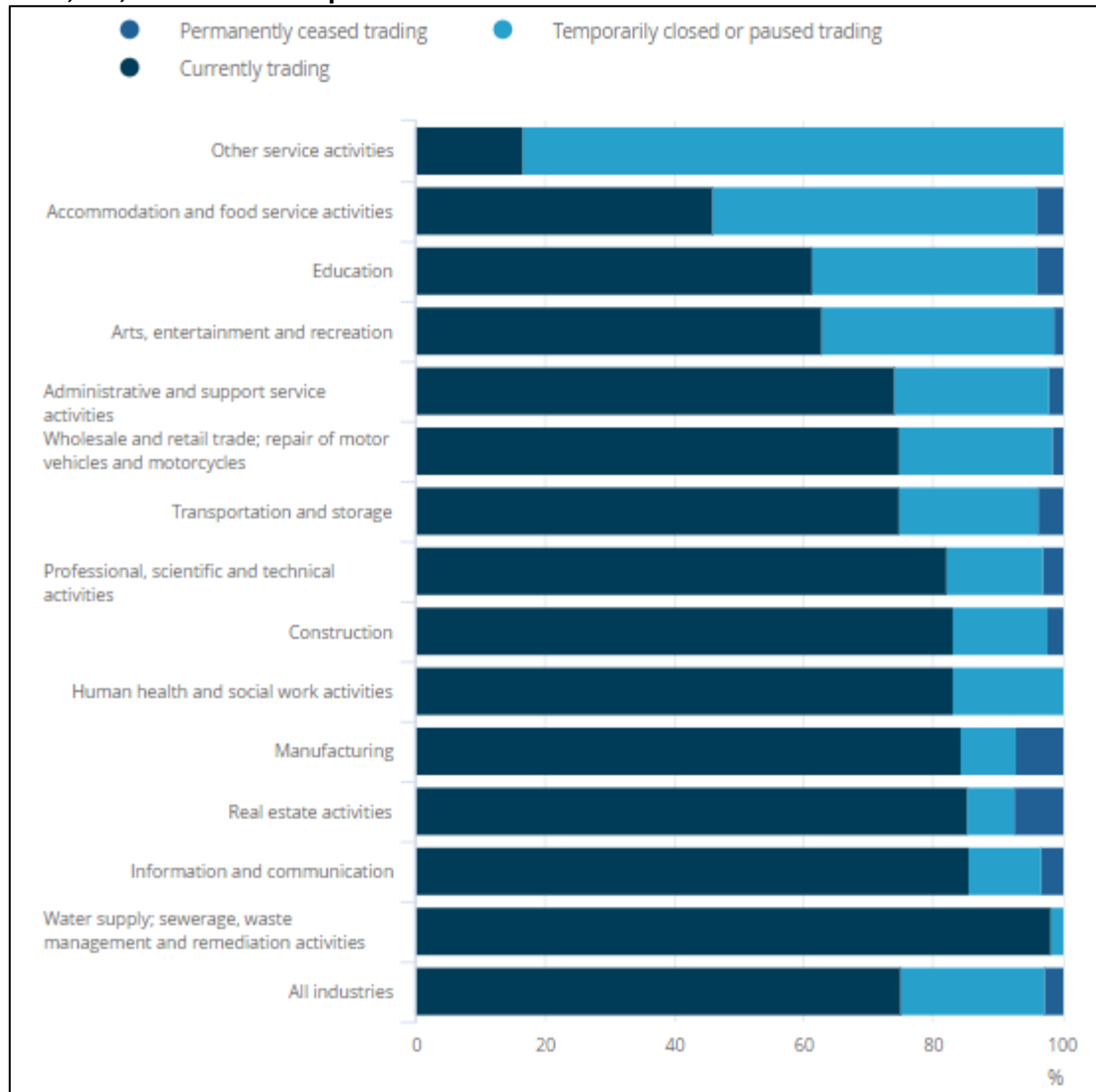
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- 1.4 On 11 March 2020, the World Health Organisation declared the coronavirus a worldwide pandemic. Since 23 March 2020 the UK has been in lockdown which has resulted in measures such as the government asking people to work from home (unless key workers), furlough scheme to protect workers, restrictions in leaving the house, school closures, social distancing measures and travel restrictions. In June the government announced an easing of restrictions but the area was subject to “local lockdown” depending on the spread of the virus.
- 1.5 In November England faced its second national lockdown but the measures were not as extreme as the first. The second lockdown had come to an end by December and the country was living in a tired system. The COVID vaccination program started on 08 December 2020, but despite this, the country was placed into a third lockdown in January 2021 as a result of new variants of the virus which are more transmissible. At the time of writing, around 27 million people have been fully vaccinated in the UK and the economy is progressing to be fully opened up.
- 1.6 It is still too early to tell the full impact of coronavirus but it is likely to be significant given many sectors have had to pause trading and turnover has decreased leading to the UK economy shrinking.

## Impact on the economy

- 1.7 As shown in Figure 2-1, all sectors have been affected by the pandemic through pausing in trading. The arts and the service sectors have been particularly hard hit and continually being affected despite easing of restrictions.

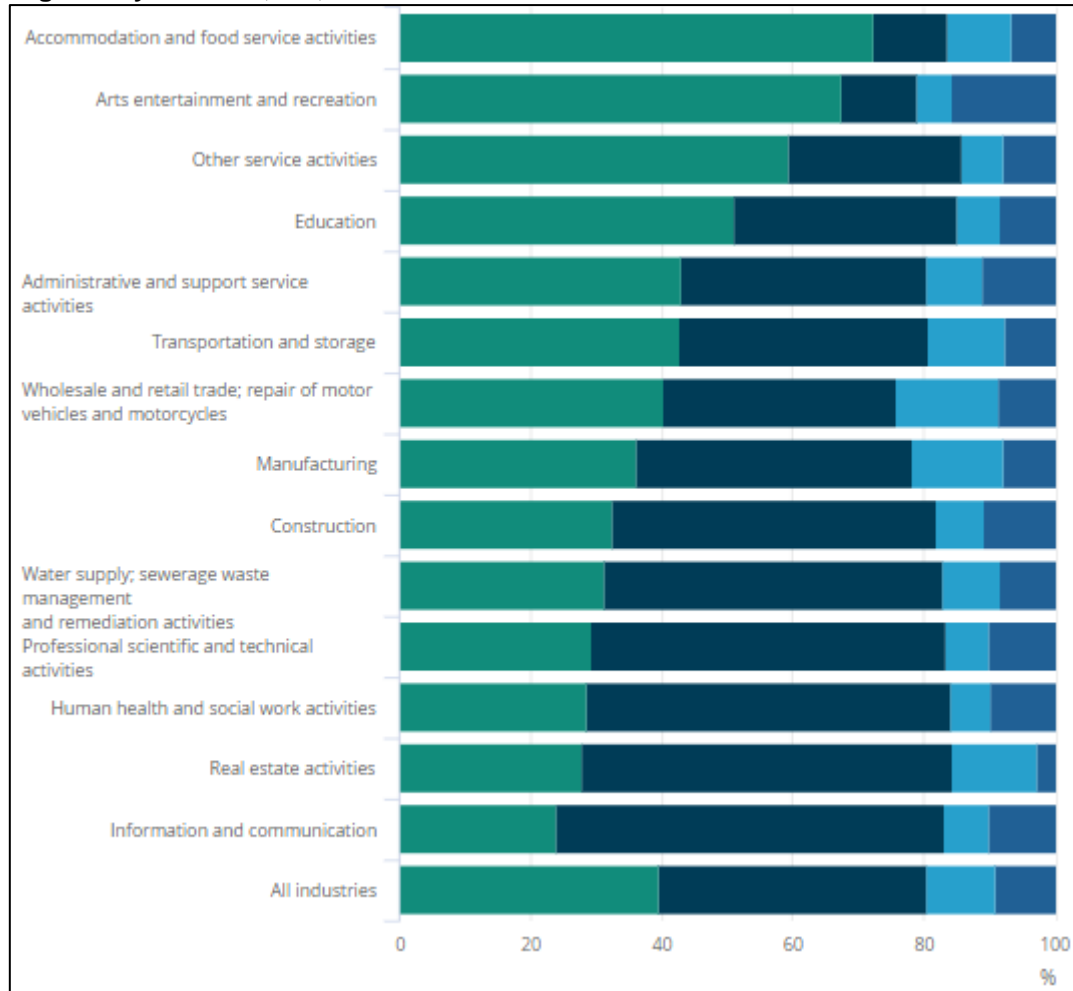
**Figure 2-1 Current trading status, all businesses, broken down by industry, weighted by count, UK, 22 March to 4 April 2021**



Source: Office for National Statistics – Business Impact of Coronavirus (COVID-19) Survey

- 1.8 Due to the pandemic, a large percentage of businesses in all sectors are seeing a reduction in turnover (see Figure 2-2).

**Figure 2-2 Impact on turnover, businesses currently trading, broken down by industry, weighted by turnover, UK, 8 to 21 March 2021**

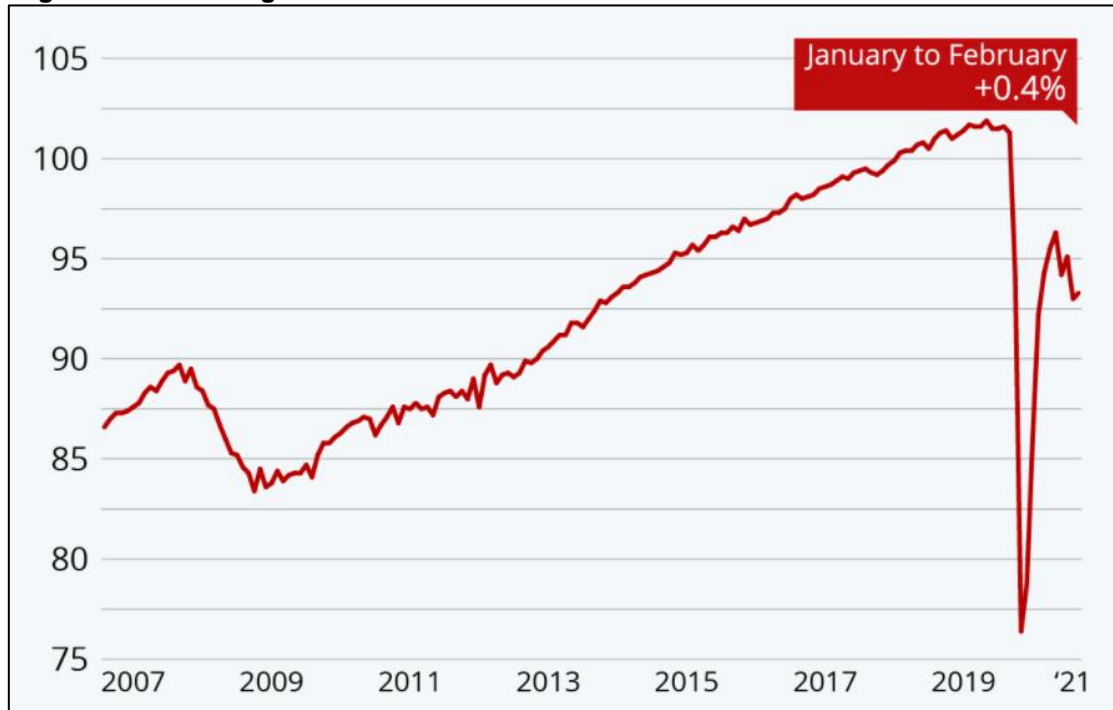


Source: Office for National Statistics – Business Impact of Coronavirus (COVID-19) Survey



- 1.9 Overall, the UK economy has shrunk (see Figure 2-3) significantly (19%) during the first national lockdown. ONS state that UK gross domestic product (GDP) is estimated to have grown by a record 15.5% in Quarter 3 (July to Sept) 2020, as lockdown measures were eased.<sup>1</sup> But the comeback then began to falter. The figure for January shows a small monthly increase of 0.4%.

**Figure 2-3 UK GDP growth %**



Source: Office for National Statistics, Statista, April 2021

### Brexit: trade border issues

- 1.10 Beyond the pandemic, January 2021 marked the end of the free movement of people and goods and services between the UK and the EU. This has increased bureaucratic complications that are now prevalent at trade borders. This disruption is increasing damage to domestic businesses that export to the EU and will exacerbate existing financial difficulties as a result of the pandemic.

### Impact on the property market

- 1.11 We are only now seeing some data on the impact coronavirus is having on the property market but not insignificant quantum to draw robust analysis - this is because the market has effectively been held in abeyance and with the time-lag of recording data the full impacts will not be known for several months to come.

<sup>1</sup> GDP first quarterly estimate, UK - Office for National Statistics (ons.gov.uk)

## Conclusion

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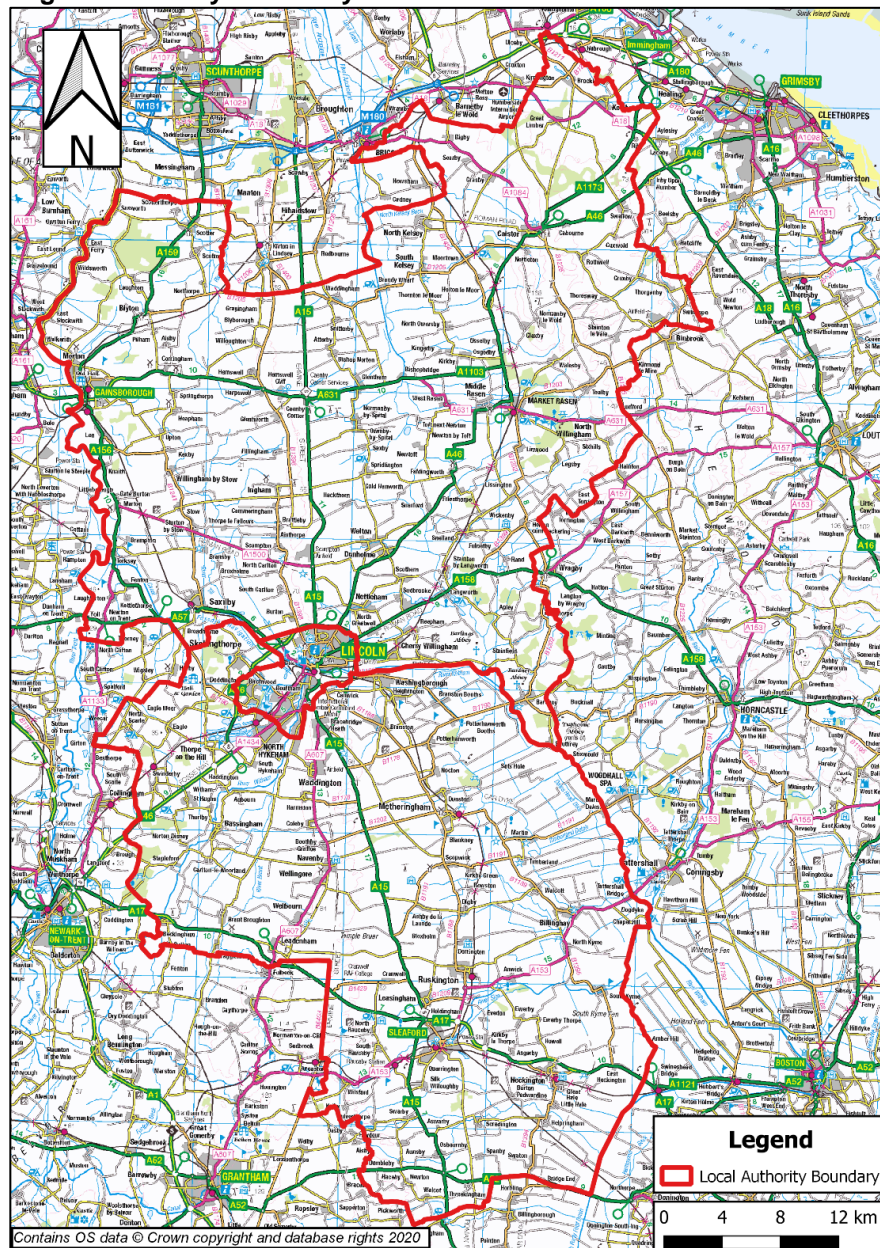
- 1.12 Overall, though there is increased market uncertainty due to the pandemic and ongoing Brexit complications, we are still able to take an assessment to inform our viability testing.

## 2 Residential market assessment

### Introduction

- 2.1 This section deals with the residential market in Central Lincolnshire (referred to as Central Lincs in this report) which covers three local authority areas, from north to south West Lindsey District Council, the City of Lincoln Council and North Kesteven District Council – see the map in Figure 2-1.

**Figure 2-1 Study Boundary**



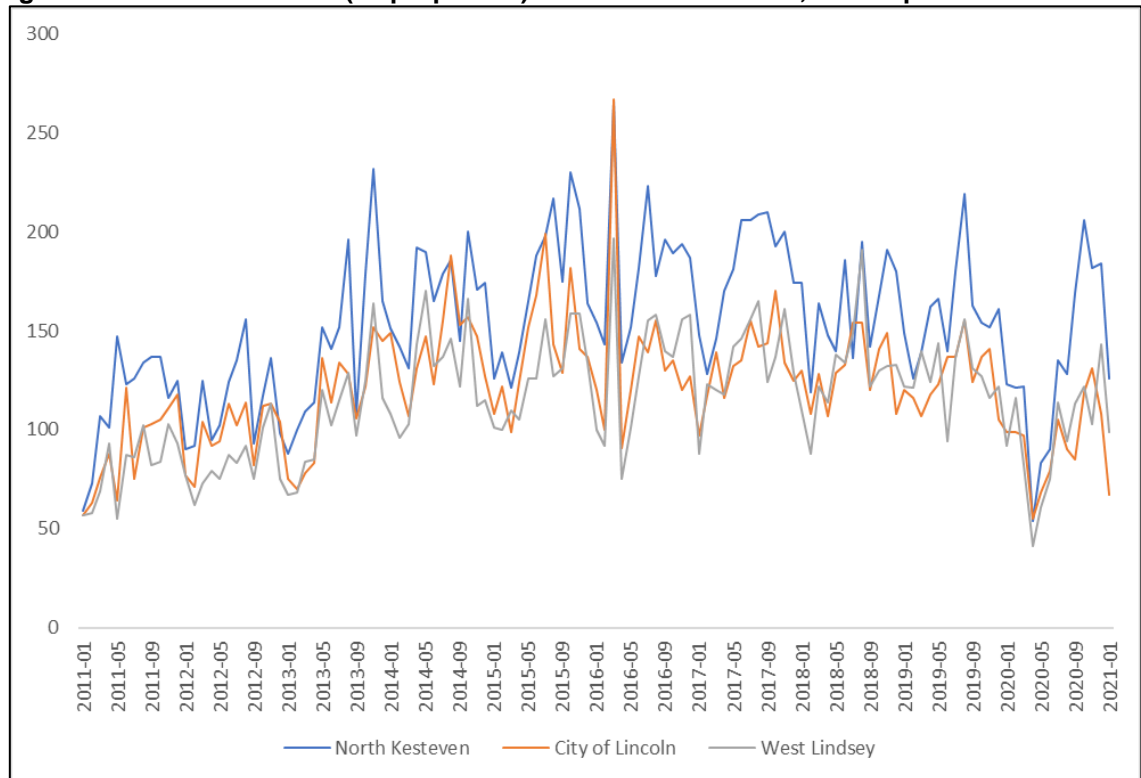
Source: AspinallVerdi, 2020

## Residential market overview

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- 2.2 Following the global financial crisis, the residential market in England & Wales was generally in a period of growth. The growth was initially seen in London, which responded to the quickest to the financial crisis. This growth then rippled out to the southeast and regions. But the growth in values was not been spread equally across England. Those regions that performed well were located within an hour's commute to London, commonly known as the "golden hour" for commuters. As London faced affordability issues, those locations within an hour commute had become more attractive as they often provided better value money for those wishing to buy, or upsize.
- 2.3 In recent years, the market has become more unstable due to; changes in Stamp Duty Land Tax (SDLT), the UK leaving the EU and entering into a transition period and more recently and much more severe the impact of COVID-19. As demonstrated in Figure 2-2, during the first national lockdown in March 2020 caused by the global pandemic, the number of sales fell sharply due to uncertainty in the market and restrictions on movement. As the first lockdown eased in the summer of 2020, sale volumes recovered through a combination of delayed transactions completing and government support. The government announced on 08 July 2020 that from that date until 30 September 2021 there will be a SDLT holiday for properties up to the value of £500,000.

**Figure 2-2 Number of sales (all properties) across Central Lincs, 2011 – present**

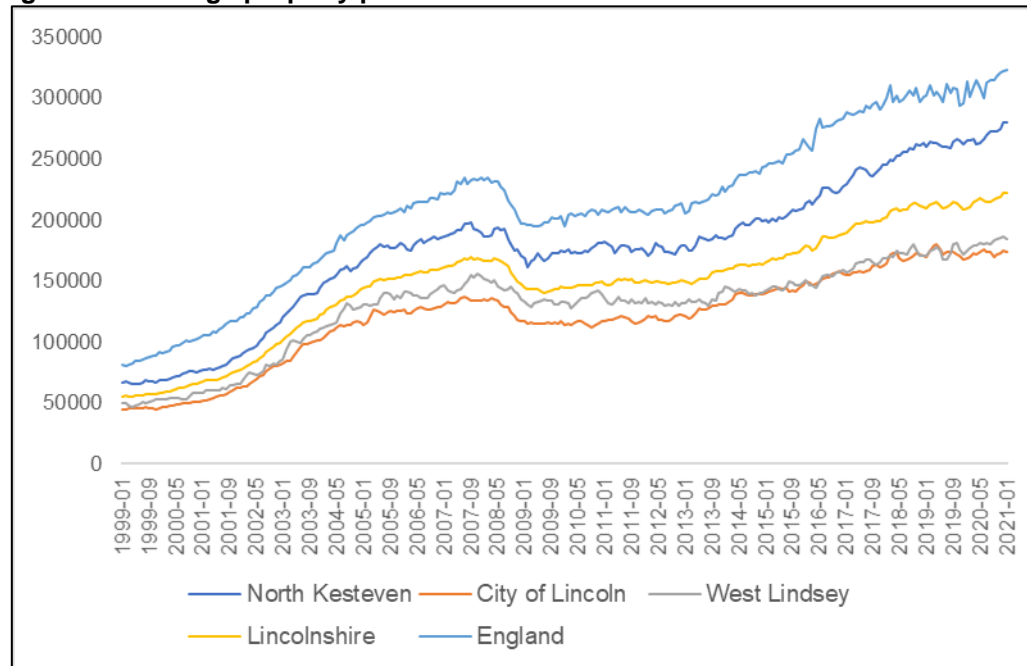


Source: Land Registry, accessed June 2021

### Average property prices

- 2.4 Figure 2-3 shows the average new build property prices for England, Lincolnshire, the City of Lincoln, West Lindsey District and North Kesteven District. The data shows that average new-build prices across the Central Lincs area have constantly been below the average for England average. The average prices for the City of Lincoln and West Lindsey District have also been constantly below the average for Lincolnshire.
- 2.5 Out of the three Central Lincs authorities, in recent years, we have seen much higher prices achieved in North Kesteven. This could be partly attributed through much more new build development occurring here and larger units. Historically average new build prices in West Lindsey have slightly outperformed that of the City of Lincoln but average prices in recent years have been broadly the same. Despite the various uncertainties in the market in recent years the general new build price trend across the Central Lincs area is positive.

**Figure 2-3 Average property prices – new build**



Source: Land Registry, accessed June 2021

- 2.6 Table 2-1 sets out the most recent average new build prices across all the areas in Figure 2-3. The average new build price in North Kesteven is around £100,000 more than the other two authority areas.

**Table 2-1 Average new build prices @ January 2021**

	North Kesteven	City of Lincoln	West Lindsey	Lincolnshire	England
Average new build price	£279,980	£174,281	£185,041	£222,852	£323,339

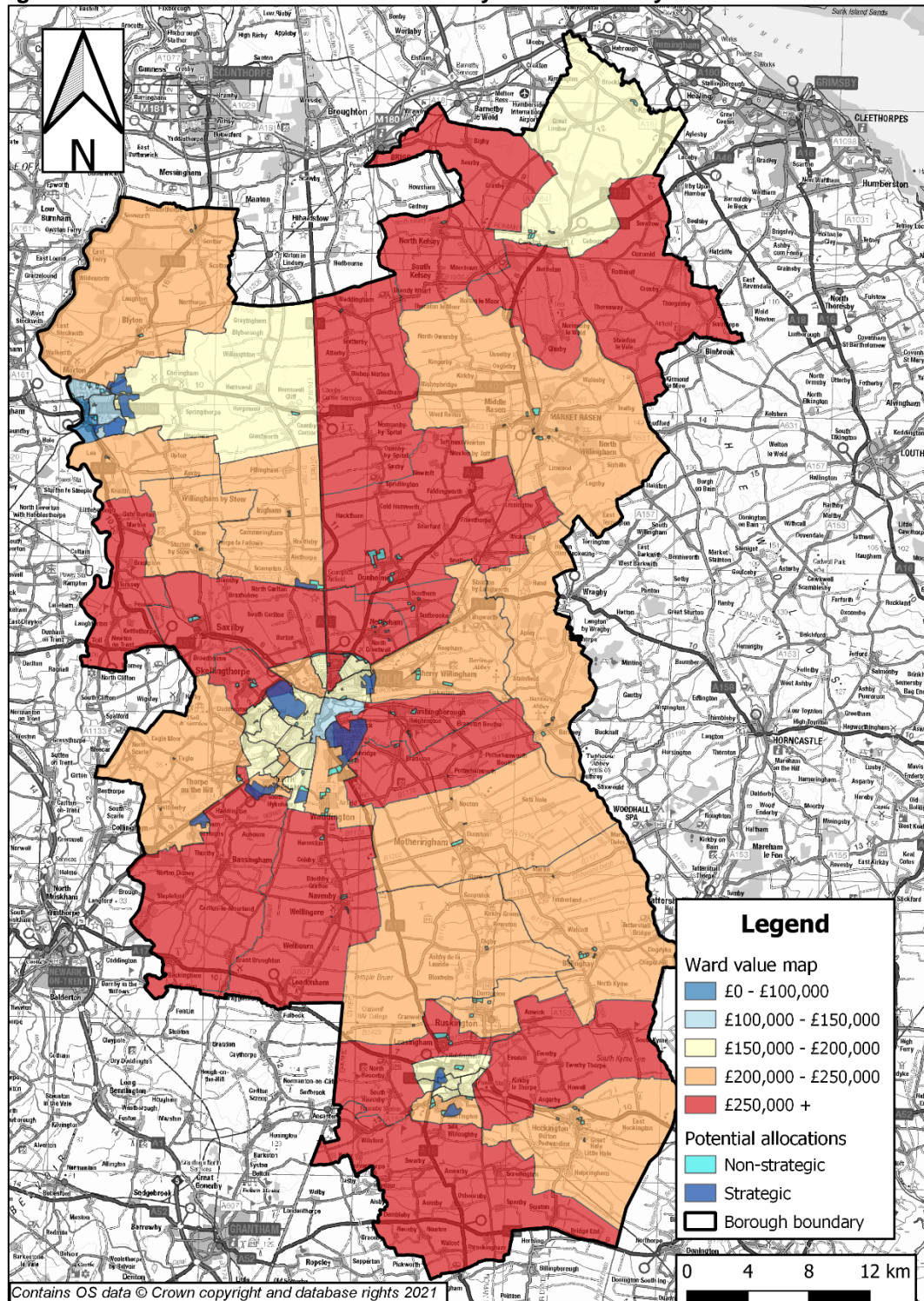
Source: Land Registry, accessed June 2021

## Central Lincolnshire overview

- 2.7 Analysis has been undertaken of Land Registry data of sold prices for re-sales on a price per unit basis over the last two years across the Central Lincs.
- 2.8 The map in Figure 2-4 shows property prices grouped in value bands analysed against ward boundaries. The analysis shows higher values on a price per unit basis in dispersed mainly around the rural wards. These areas are the major development areas in Central Lincs, the majority of the new build development has been occurring around their urban fringes. There are “pockets” of lower value wards around Lincoln, Gainsborough and Sleaford.



Figure 2-4 Central Lincs residential values by ward boundary: 11/2017 – 10/06/21



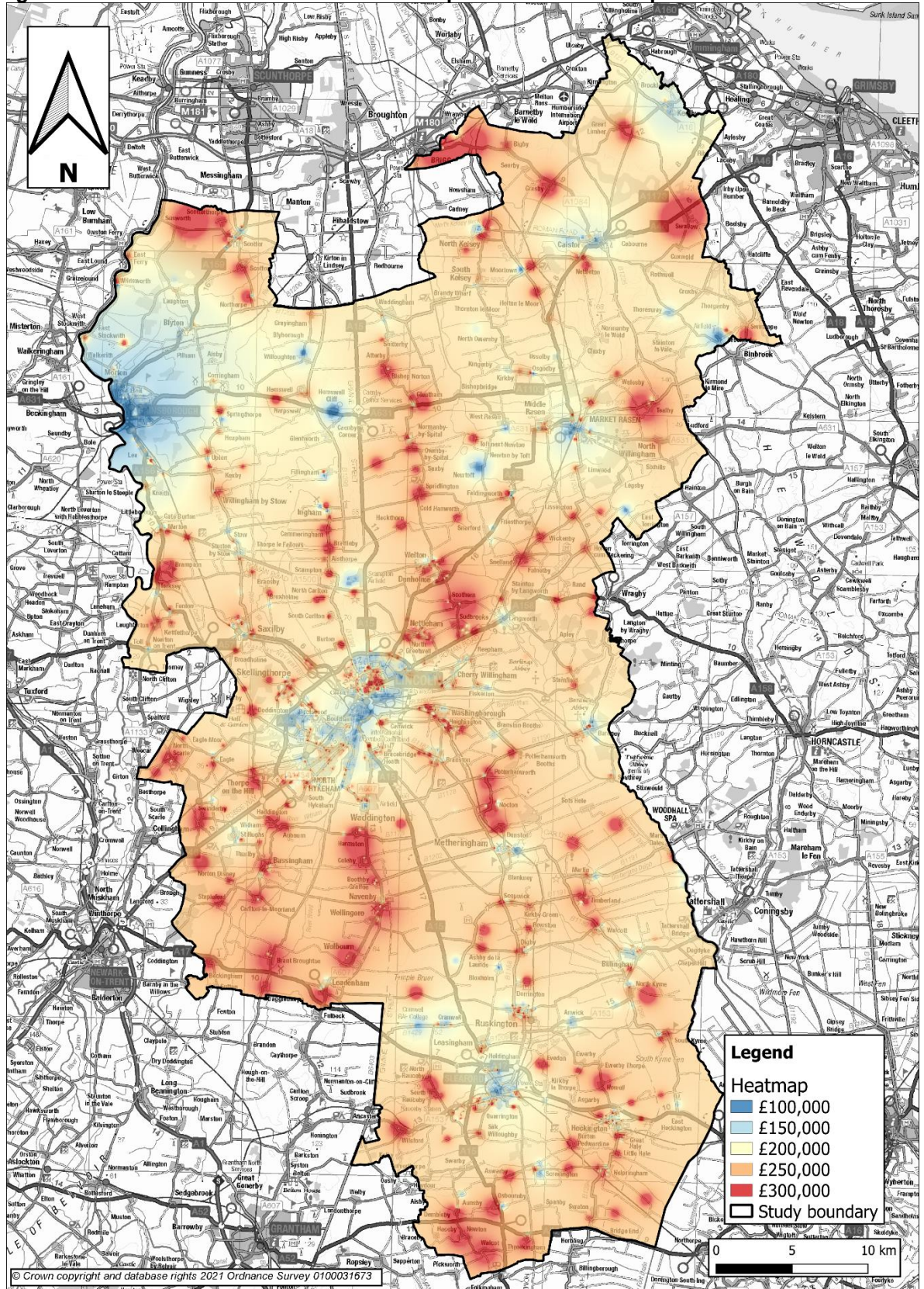
Source: Land Registry Sale Value data, Basemap ArcGIS online (June 2021)

- 2.9 The map in Figure 2-5 is the same Land Registry data expressed as a “heatmap.” The data is not “fixed” against ward boundary boundaries thus allowing for finer grain analysis of the areas of higher, mid and lower values. The red/orange colours represent higher average prices and the

blue colours represent the lower values. The analysis shows an emphasis on the lower-value area to the northwest in Gainsborough, but also Market Rasen, Sleaford as well as some parts of the City of Lincoln and its outskirts. We see higher values area down the A607 and A46 corridors to the south of the City of Lincoln where there has been a lot of new build development occurring. Radiating eastwards from the City of Lincoln, north of the A158 higher values are also achieved. To the very south of the Central Lincs area, close to Grantham (with its direct train link to London) there are pockets of higher values. We also see higher value areas in a number of smaller villages across the rural areas - this is likely due to a combination factors, amongst other things, larger properties sold and desirable locations.



Figure 2-5 Central Lincs residential values expressed as a heatmap: 11/2017 – 10/06/21



Source: Land Registry Sale Value data, Basemap ArcGIS online (June 2021)

## New build sale prices

- 2.10 New build sale values have been analysed using Land Registry data. This data has been analysed on a £ psm basis through cross-referencing with EPC data. The EPC certificate data provides evidence of the unit sizes but does not record the number of bedrooms per property. Evidence of the number of beds has been taken from the Councils' planning portal, Rightmove, Zoopla and PrimeLocation; although, it has not been possible to reconcile all property types. Where the number of beds for the property is known, this has been recorded. Where the number of beds is not known this has been left "blank" in our analysis. The tables of the new build sold prices summarise sale values for each typology and number of beds. We also display tables including all properties sold for the unit typology – this includes those where the number of beds is not known i.e. total sales per typology. The data covers around four years of sales (October 2017 – June 2021), the full analysis is contained in Appendix 3.1.
- 2.11 We have gathered new build sales evidence from the following areas, with their classification in accordance with the Central Lincolnshire Local Plan<sup>2</sup>:
- City of Lincoln, North Hykeham and South Hykeham within the "Lincoln Urban Area"
  - Gainsborough and Sleaford are "main towns"
  - Caistor as a "market town"
  - Bardney, Navenby, Welton and Heckington as "large villages"

### City of Lincoln

- 2.12 Table 2-2 shows new build sold prices for the one the Brayford development in Newland, Lincoln. It is a Jackson & Jackson development located in a prime location and has delivered a mix of 1,2 and 3 bedroom flats. This is considered a very high-quality development which has led to premium sale values for some of the units. As a result of this, our analysis of the new build sold prices show that there is a wide range in terms of value psm on these units.

**Table 2-2 Analysis of new build sold prices (including number of beds) – One the Brayford, Newland, Lincoln**

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Flatted	1	29	48	£133,875	£246,000	£2,500	£5,721
Flatted	2	46	73	£160,000	£346,875	£2,267	£4,585
Flatted	3	3	95	£280,000	£391,500	£3,182	£4,036

Source: Land Registry, Rightmove, City of Lincoln planning portal, accessed December 2019

<sup>2</sup> Central Lincolnshire Local Plan 2012 – 2036 (April, 2017)



- 2.13 Table 2-3 shows new build sold prices for the Taylor Lindsey Homes development of Roman Gate. The development is located to the north of Lincoln and has delivered a mix of 2, 3, 4 and 5-bedroom properties. Analysis of new build sold prices show that values on a psm basis range widest for the detached 4-bedroom properties, between £2,094 and £4,268 psm. With the divergence in values for the other typologies much narrower.

**Table 2-3 Analysis of new build sold prices (including number of beds) – Roman Gate, Lincoln**

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	3	1	71	£199,950	£199,950	£2,816	£2,816
Semi detached	3	8	73	£189,950	£239,950	£2,675	£2,790
Semi detached	N/a	8	71	£199,950	£202,950	£2,816	£2,858
Detached	3	13	82	£219,950	£259,950	£2,715	£3,170
Detached	4	8	131	£309,950	£395,950	£2,094	£4,268
Detached	N/a	18	93	£234,950	£340,000	£2,229	£4,852

Source: Land Registry, Rightmove, City of Lincoln planning portal, accessed December 2019 & June 2021

- 2.14 Table 2-4 shows new build sold prices for the Minster Fields development in the north of Lincoln. It is a large four phased development by Taylor Lindsey Homes of 374 homes. It has delivered a mix of 2, 3, 4 and 5-bedroom properties. The analysis shows that values once analysed on a £ psm basis are similar across all typologies, whereas typically you would expect to see larger properties to have a lower £ psm price.

**Table 2-4 Analysis of new build sold prices (excluding number of beds) – Minster Fields, Lincoln**

Typology	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	1	86	£229,950	£229,950	£2,674	£2,674
Semi detached	18	72	£172,950	£207,950	£2,418	£3,170
Detached	26	96	£215,950	£395,000	£2,500	£3,170

Source: Land Registry, Rightmove, City of Lincoln planning portal, accessed December 2019 & June 2021

## North Hykeham

- 2.15 Table 2-5 shows new build sold prices for Manor Farm, North Hykeham. It is a Barratt Homes development that comprises a mix of 2, 3, 4-bed properties. North Hykeham is approximately 4 miles south of the City of Lincoln. The analysis shows that the prices achieved across most of the typologies are generally similar, and quite wide ranging, at between £2,000 and £3,000 psm.

**Table 2-5 Analysis of new build sold prices (including number of beds) – Manor Farm, North Hykeham, Lincoln**

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	3	6	80	£203,995	£227,995	£2,612	£2,682
Terraced	N/a	6	81	£169,995	£249,995	£2,250	£3,053
Semi detached	3	23	78	£193,495	£225,995	£2,513	£2,659
Semi detached	4	12	105	£214,995	£234,995	£2,067	£2,260
Semi detached	N/a	32	86	£172,995	£256,995	£2,296	£3,035
Detached	4	1	96	£254,995	£254,995	£2,656	£2,656
Detached	N/a	10	103	£244,995	£305,995	£2,060	£2,965

Source: Land Registry, Rightmove, City of Lincoln planning portal, accessed December 2019 & June 2021

## South Hykeham

- 2.16 Recent new build sales in South Hykeham have been at the LN6 Development, by Chestnut Homes – Table 2-6. South Hykeham is 5 miles south of the City of Lincoln. It is currently on its third phase delivering 29 units. Units that have already been delivered include a mix of 2 and 3-bed properties, with the analysis showing some of the units are quite small. The data shows that the prices achieved for the terraced units and 2-bed semi-detached are quite narrow at circa £2,800 psm, with the price range wider for the larger units.

**Table 2-6 Analysis of new build sold prices – LN6, South Hykeham, Lincoln**

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	2	6	59	£159,950	£165,950	£2,711	£2,813
Terraced	N/a	5	59	£167,000	£176,950	£2,831	£2,999
Semi detached	2	3	58	£172,950	£179,950	£2,982	£3,050
Semi detached	3	12	89	£184,950	£224,950	£2,037	£2,796
Semi detached	N/a	10	74	£169,950	£227,450	£2,413	£3,115

Source: Land Registry, Rightmove, City of Lincoln planning portal, accessed December 2019 & June 2021

- 2.17 Table 2-7 shows new build sold prices for The Oaks development. This development comprises two phases delivering 45 homes. Units delivered include a mix of 2, 3, 4 and 5-bedroom properties. The data in Table 2-7 shows that the majority of units recently sold were detached. The £ psm paid ranges widely amongst the 4-bedroom units, between £1,827 and £4,013 psm.

**Table 2-7 Analysis of new build sold prices – The Oaks, South Hykeham, Lincoln**

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	2	3	58	£73,000	£73,000	£1,259	£1,259
Detached	4	8	131	£259,000	£369,000	£1,827	£4,013
Detached	5	1	129	£485,000	£485,000	£3,760	£3,760

Source: Land Registry, Rightmove, North Kesteven planning portal, accessed December 2019

## Gainsborough

- 2.18 Table 2-8 shows new build sold prices for The Swale development located on the eastern edge of Gainsborough, the principal town of West Lindsey. Units delivered include a mix of 1, 2, 3, 4-bedroom properties. The data in Table 2-8 shows the units recently sold range between flats, terraced, semi-detached and detached. Compared to other developments across Central Lincs, the £ psm achieved across all unit types is quite narrow, generally around £1,900 psm.

**Table 2-8 Analysis of new build sold prices – The Swale, Gainsborough**

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Flatted	1	1	43	£89,995	£89,995	£2,093	£2,093
Flatted	2	1	63	£129,995	£129,995	£2,063	£2,063
Terraced	2	21	60	£114,995	£123,995	£1,855	£2,138
Terraced	3	12	76	£134,995	£165,000	£1,728	£2,043
Semi-detached	2	6	69	£119,995	£170,000	£1,833	£2,396
Semi-detached	3	16	84	£136,995	£174,995	£1,705	£2,000
Detached	3	4	94	£169,995	£239,995	£1,905	£2,464
Detached	4	17	112	£199,995	£259,995	£1,833	£2,172

Source: Land Registry, Rightmove, West Lindsey District Council planning portal, accessed December 2019

- 2.19 Table 2-9 shows new build sold prices for development Alderton Chase, north of Gainsborough. Units delivered include a mix of 2 and 3-bedroom properties. The data in Table 2-9 shows the £ psm of achieved are much more wide ranging than that of The Swale.

**Table 2-9 Analysis of new build sold prices – Alderton Park, Gainsborough**

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	2	4	58	£115,500	£142,950	£1,925	£2,803
Semi-detached	2	1	61	£142,750	£142,750	£2,340	£2,340
Semi-detached	3	12	79	£116,000	£144,950	£1,435	£2,101
Detached	3	1	69	£179,950	£179,950	£2,608	£2,608

Source: Land Registry, Rightmove, West Lindsey District Council planning portal, accessed December 2019

- 2.20 It is clear that the £ psm paid for new build properties in Gainsborough are lower than the new build developments sold elsewhere. This evidence also supports earlier comments in respect of our heatmap identifying Gainsborough as an area of the comparatively lower value area.

## Sleaford

- 2.21 Table 2-10 shows new build sold prices at the Taylor Lindsey Homes Castle Park development in Sleaford. The development is a mix of 2, 3 and 4-bed properties. The data in the table shows that the units sold are a mix between semi-detached and detached, again some of the units are quite small. The £ psm achieved across all the typologies is quite narrow, with prices typically around £2,400 psm.

**Table 2-10 Analysis of new build sold prices – Castle Park, Sleaford**

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Semi-detached	2	3	68	£165,950	£166,950	£2,440	£2,455
Semi-detached	3	3	86	£185,000	£195,000	£2,151	£2,267
Semi-detached	8	N/a	74	£162,950	£205,950	£2,173	£2,512
Detached	3	3	81	£190,000	£205,000	£2,346	£2,500
Detached	4	5	123	£249,950	£310,000	£2,240	£2,500
Detached	8	N/a	100	£192,950	£280,000	£2,123	£2,506

Source: Land Registry, Rightmove, North Kesteven District Council planning portal, accessed December 2019

## Holdingham

- 2.22 Table 2-11 shows new build sold prices for Persimmon Homes development at Holdingham Grange, Holdingham. The development is a mix of 2, 3, 4 and 5-bed properties. The data shows the £ psm variation amongst all property types was similar but slightly lower than Castle Park.

**Table 2-11 Analysis of new build sold prices – Holdingham Grange, Holdingham**

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	2	12	59	£124,995	£135,995	£2,119	£2,305
Terraced	3	15	76	£148,995	£159,995	£1,855	£2,275
Semi-detached	3	19	79	£147,000	£178,995	£1,928	£2,290
Semi-detached	4	6	107	£184,995	£189,995	£1,729	£1,776
Detached	3	18	86	£154,995	£220,000	£2,099	£2,444

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
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Detached	4	38	110	£209,995	£251,995	£1,803	£2,444
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Source: Land Registry, Rightmove, North Kesteven District Council planning portal, accessed December 2019

- 2.23 The £ psm for new build developments in Sleaford and Holdingham are slightly lower than those achieved in Lincoln but comparatively higher than those in Gainsborough. The data shows that Sleaford is closer to Lincoln than Gainsborough on a £ psm basis.

## Caistor

- 2.24 Caistor is a market town in the northeastern corner of Central Lincs, and is identified on the heatmap as an area of lower value. Table 2-12 shows new build sold prices at the Romans Walk. The data show that the £ psm across all unit types is circa £1,650 psm.

**Table 2-12 Analysis of new build sold prices without beds – Romans Walk, Caistor**

Typology	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	12	80	£118,000	£145,995	£1,628	£1,693
Semi-detached	4	100	£164,995	£168,000	£1,650	£1,680
Detached	4	142	£214,995	£265,000	£1,634	£1,732

Source: Land Registry, Rightmove, West Lindsey District Council planning portal, accessed December 2019

- 2.25 The £ psm evidence for this development is the lowest out of the data we have analysed. The nearest comparable area that we have reviewed is Gainsborough.

## Bardney

- 2.26 Table 2-13 shows new build sold prices at the Manor Farm development in Bardney, classified as a large village, 11 miles east of Lincoln. Bardney is identified on the heatmap as a low to middle-value range however, the development at Manor Farm has created a small pocket of higher value within the village. This is not uncommon as new build development often carry premiums over resales. Manor Farm is a Chestnut Homes development with a mix of 2 3 and 4-bed properties. The data in the table shows that the £ psm achieved across all unit types is £2,100 - £2,600 psm.

**Table 2-13 Analysis of new build sold prices – Manor Farm, Bardney**

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	2	4	58	£144,950	£154,950	£2,499	£2,672
Semi-detached	3	5	74	£164,950	£179,950	£2,298	£2,536
Detached	3	5	96	£229,950	£264,950	£2,449	£2,676

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Detached	4	5	130	£255,000	£343,950	£2,085	£2,393
Detached	N/a	5	135	£244,950	£360	£2,182	£2,634

Source: Land Registry, Rightmove, West Lindsey District Council planning portal, accessed December 2019 & June 2021

- 2.27 The £ psm evidence in Bardney is slightly higher than Sleaford but similar to Lincoln. This is due to a higher desirability amongst buyers who would prefer to live in a rural area but still within close range to Lincoln.

## Navenby

- 2.28 Table 2-14 shows new build sold prices at the Roman Gate development in Navenby, another large village 10 miles south of Lincoln and 10 miles north of Sleaford. It is a Taylor Lindsey Homes development with a mix of 2, 3, 4 and 5-bed properties. Navenby is identified as a higher value area by the heatmap and this is again likely to be due to it being a desirable area to live in, within close proximity to Lincoln. Prices psm in Navenby are higher than Sleaford and slightly lower than Lincoln.

**Table 2-14 Analysis of new build sold prices – Roman Gate, Navenby**

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	3	5	84	£202,000	£219,000	£2,405	£2,607
Semi Detached	3	4	80	£205,000	£205,000	£2,563	£2,563
Semi Detached	N/a	12	70	£100,000	£245,000	£1,190	£3,103
Detached	4	13	128	£292,000	£369,995	£2,447	£2,793
Detached	5	4	173	£420,000	£435,000	£2,390	£2,500
Detached	N/a	9	122	£284,000	£389,000	£2,526	£2,840

Source: Land Registry, Rightmove, West Lindsey District Council planning portal, accessed December 2019 & June 2021

## Welton

- 2.29 Table 2-15 shows new build sold prices at the Roman Meadow in Welton, another large village 8 miles north of Lincoln. It is a Taylor Lindsey Homes development with a mix of 2, 3, 4 and 5-bed properties. The analysis of the heatmap shows that this settlement is in a relatively higher value pocket. The data in the tables show that the units recently sold were all detached. The £ psm for these properties ranged between £2,150 psm and £2,664 psm.

**Table 2-15 Analysis of new build sold prices – Roman Meadow, Welton**



Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Detached	3	10	87	£181,500	£212,500	£2,155	£2,410
Detached	4	31	108	£225,000	£305,000	£2,150	£2,664

Source: Land Registry, Rightmove, West Lindsey District Council planning portal, accessed December 2019

- 2.30 Table 2-16 shows the new build sold prices for Saxon Springs, Welton. It is 54-unit development with a mix of 3 and 4-bedroom properties, predominantly detached units. The data in Table 2-16 shows that the 4-bedroom detached units sold were on average 132 sqm and are comparably larger than the units at the other development at 108 sqm. The £ psm paid for terraced properties range between £2,312 and £2,374 psm, semi-detached between £2,325 psm and £2,444 psm and £2,195 psm and £2,695 psm. Prices here are similar to the other large villages analysed.

**Table 2-16 Analysis of new build sold prices – Saxon Springs, Welton**

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	3	3	80	£184,950	£189,950	£2,312	£2,374
Semi-detached	3	2	85	£185,960	£219,950	£2,325	£2,444
Detached	4	36	132	£259,950	£379,950	£2,195	£2,695

Source: Land Registry, Rightmove, West Lindsey District Council planning portal, accessed December 2019

## Heckington

- 2.31 Table 2-17 shows new build sold prices at the development at Land off New Street in Heckington, another large village 7 miles east of Sleaford. It is a Lindum Homes development with a mix of 2, 3, 4 and 5-bed properties. The analysis of the heatmap shows that this settlement is a mixture of low or middle value with some higher value pockets. The data in the tables show that the units recently sold were a mix of terraced, semi-detached and detached. The £ psm variation amongst all property types were similar, that 3-bed terraces were the lowest value, between £1,839 psm and £2,039 psm. There was one 5-bedroom property that was significantly larger than the remaining properties.

**Table 2-17 Analysis of new build sold prices – Land off New Street, Heckington**

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	2	1	58	£129,950	£129,950	£2,241	£2,241
Terraced	3	2	82	£154,950	£160,000	£1,839	£2,039
Semi-detached	2	3	58	£129,950	£135,000	£2,241	£2,328
Semi-detached	3	6	81	£154,950	£198,000	£2,039	£2,302
Detached	3	2	91	£219,950	£225,000	£2,365	£2,528
Detached	4	3	115	£232,000	£279,000	£2,252	£2,320
Detached	5	1	195	£390,000	£390,000	£2,000	£2,000

Source: Land Registry, Rightmove, North Kesteven District Council planning portal, accessed December 2019

- 2.32 Table 2-18 shows the new build sold prices for Land North of Boston Road, Heckington. It is 107-unit development by Chanceoption Homes Limited & J.C.O. Developments Limited with a mix of 2 and 3-bedroom properties, predominantly semi-detached units. The £ psm paid for terraced properties was £1,786 psm, semi-detached between £1,652 psm and £2,500 psm and £2,577 psm and £3,608 psm.

**Table 2-18 Analysis of new build sold prices – Land north of Boston Road, Heckington**

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	2	2	84	£150,000	£150,000	£1,786	£1,786
Semi-detached	2	6	77	£120,000	£160,000	£1,667	£2,222
Semi-detached	3	12	85	£138,750	£200,000	£1,652	£2,500
Detached	2	1	97	£250,000	£250,000	£2,577	£2,577
Detached	3	1	97	£350,000	£350,000	£3,608	£3,608

Source: Land Registry, Rightmove, North Kesteven District Council planning portal, accessed December 2019

- 2.33 The £ psm observed in Heckington are lower than Sleaford but not at low as Gainsborough or Caistor, based on the new build sales data, this area would be considered on the fringe of the lower values observed.

## Waddington

- 2.34 Jelson Homes' Havenfields development at Waddington in North Kesteven launched in 2019. Table 2-19 shows that prices achieved for both terraced and semi-detached, range in similar values. Whereas there is a price premium for the detached.

**Table 2-19 Analysis of new build sold prices – Havenfields, Waddington**

Typology	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	9	81	£164,950	£223,500	£1,972	£2,658
Semi Detached	21	93	£164,950	£255,000	£1,972	£2,658
Detached	29	117	£235,000	£334,950	£2,158	£2,926

Source: Land Registry accessed June 2021

## Branston

- 2.35 New build development has occurred to the south east of Branston. As shown in Table 2-20, sale values across all typologies, when analysed on a £ psm, fall in a similar range of between £2,000 - £2,700 psm.

**Table 2-20 Analysis of new build sold prices - Branston**

Typology	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	8	97	£200,000	£235,000	£2,028	£2,554
Semi Detached	11	98	£169,995	£235,000	£2,075	£2,787
Detached	23	120	£200,000	£360,000	£2,057	£2,754

Source: Land Registry accessed June 2021

## Cherry Willingham

- 2.36 The Cherry Paddocks development in Cherry Willingham comprises 29 units. As shown in Table 2-21, the recent development has achieved prices between £1,921 - £2,438 psm.

**Table 2-21 Analysis of new build sold prices – Cherry Paddocks, Cherry Willingham**

Typology	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	6	101	£155,000	£215,000	£1,912	£2,348

Source: Land Registry accessed June 2021

## Dunholme

- 2.37 Chestnut Homes' Dunholme Meadows development of 275 homes is located on the edge of Dunholme in West Lindsey. Table 2-22 shows that the range in sold prices, when analysed on £ psm, for the larger properties are similar. Whereas the smaller terraced properties are achieving a slight premium £ psm.

**Table 2-22 Analysis of new build sold prices – Meadows, Dunholme**

Typology	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	3	69	£179,950	£249,950	£2,747	£3,103
Semi Detached	7	80	£164,950	£279,995	£2,593	£2,921
Detached	8	117	£254,950	£359,950	£2,434	£2,855

Source: Land Registry accessed June 2021

## Ingham

- 2.38 The Wessex Way development being brought forward by Lace Housing comprises 47 units. Table 2-23 shows that new build sales have achieved circa £2,400 psm

**Table 2-23 Analysis of new build sold prices – Wessex Way, Ingham**

Typology	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Semi Detached	1	87	£210,000	£210,000	£2,414	£2,414
Detached	6	123	£210,000	£335,000	£2,298	£2,481

Source: Land Registry accessed June 2021

## Langworth

- 2.39 Cherry Tree Homes' development is located on the edge of Langworth. Table 2-24 shows that achieved prices have been quite wide ranging from circa. £1,700 - £2,500 psm.

**Table 2-24 Analysis of new build sold prices – Langworth**

Typology	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	11	81	£136,500	£240,000	£1,752	£2,487
Semi Detached	3	83	£155,000	£201,495	£1,783	£2,360

Source: Land Registry accessed June 2021

## Nettleham

- 2.40 Alison Homes Nettleham Chase development comprises circa. 50 homes located to the north of Nettleham in West Lindsey. As shown in Table 2-25, the larger detached properties have achieved quite high unit prices compared to elsewhere in the district.

**Table 2-25 Analysis of new build sold prices – Nettleham Chase, Nettleham**

Typology	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Semi Detached	10	80	£194,995	£257,000	£2,593	£3,440
Detached	17	125	£262,000	£509,950	£2,391	£3,085

Source: Land Registry accessed June 2021

## Saxilby

- 2.41 Lindum Homes along with a number of partners are bringing forward the Church Fields, Saxilby. Table 2-26 shows that across all typologies, the achieved prices on a £psm fall in similar ranges of between circa. £2,100 - £2,600 psm.

**Table 2-26 Analysis of new build sold prices – Church Fields, Saxilby**

Typology	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Terraced	5	63	£135,000	£160,995	£2,143	£2,439
Semi Detached	11	74	£140,000	£209,995	£2,222	£2,684
Detached	32	123	£199,995	£459,000	£2,016	£2,667

Source: Land Registry accessed June 2021

## Residential agent consultation

2.42 Telephone consultations were undertaken at the start of the study between December 2019 – February 2020 with local estates agents active across the Central Lincs area, to supplement the desk-based research. We chose to target agents based in Lincoln, Gainsborough, and Sleaford due to their status as key areas for development identified in the Local Plan. Below are the summarised responses:

- The rural areas of the districts are traditionally higher value due to their better schools and more bespoke homes / smaller developments.
- In Gainsborough, the town centre comprises older buildings and terraced homes, parking is difficult and some areas of the town have a negative “stigma” attached to them.
- There has been a lack of investment in Gainsborough compared to other areas such as Lincoln and Sleaford, which has resulted in the area falling behind in value.

2.43 Agents gave a broad indication of what values they could achieve for new build properties across the Central Lincs area. In some cases, these bandings are large as there is a geographical variation over the area. Some specific developments may exceed the higher banding but the bulk of new development is within the range.

**Table 2-27 Proposed sale prices across Central Lincs area**

Address	Typology	Agents quoting unit prices
<b>Lincoln</b>	1 bed flatted	£125,000-£140,000
	2 bed flatted	£135,000-£145,000
	2 bed terraced	£150,000-£170,000
	3 bed terraced	£200,000-£250,000
	2 bed semi-detached	£170,000-£180,000
	3 bed semi-detached	£185,000-£200,000
	3 bed detached	£220,000+
	4 bed detached	£260,000+
<b>Gainsborough</b>	1 bed flatted	£70,000-£85,000
	2 bed flatted	£105,000-£120,000
	2 bed terraced	£115,000-£120,000
	3 bed terraced	£135,000-£140,000
	3 bed semi-detached	£120,000-£145,000
	3 bed detached	£165,000+
	4 bed detached	£180,000+
<b>Sleaford</b>	1 bed flatted	£120,000-£130,000

Address	Typology	Agents quoting unit prices
	2 bed flatted	£130,000-£140,000
	2 bed terraced	£150,000-£170,000
	3 bed terraced	£165,000-£175,000
	2 bed semi-detached	£165,000-£180,000
	3 bed semi-detached	£185,000-£195,000
	3 bed detached	£190,000+
	4 bed detached	£250,000+

Source: Residential agents Central Lincs, December 2019

## Residential Market Conclusion

### Conclusion

- 2.44 In conclusion, there is a clear divide in the residential market between the rural areas and market towns and the key residential areas of Lincoln, Gainsborough, and Sleaford. Our market evidence shows that volume (national) housebuilders have been inactive in the Central Lincs area compared with elsewhere in the country.
- 2.45 We also observe that larger and more expensive properties are being built in the rural areas, with a high concentration around the outskirts or nearby Lincoln, such as the villages of Navenby, Nettleham, and Waveney.
- 2.46 Based on our market analysis we proposed to test four value zones using the values set out in Table 2-28 and Figure 2-6.

**Table 2-28 Proposed housing development - sale prices**

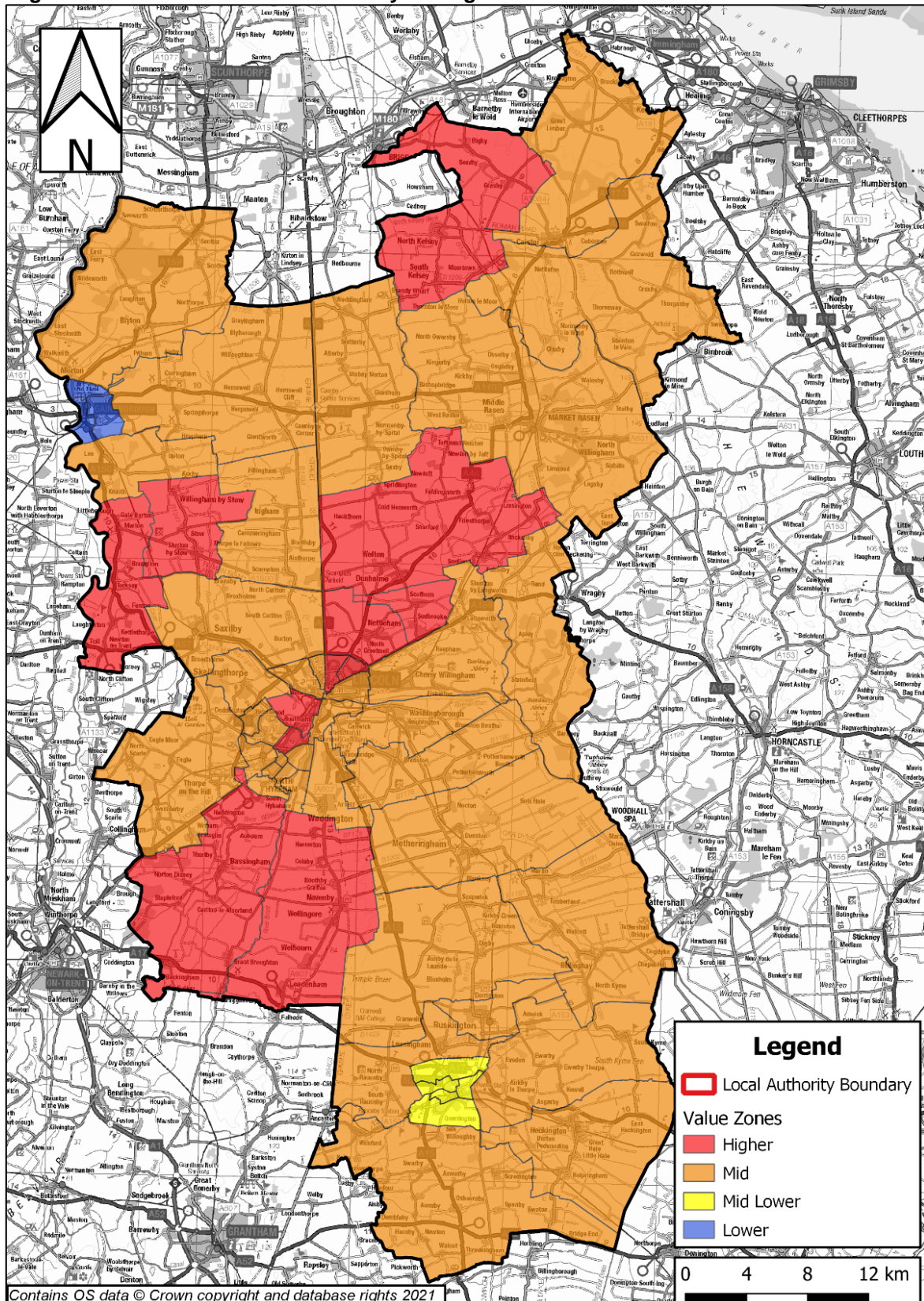
Typology	Unit size	unit price	£ psm
<b>Lower value area</b>			
2 bed house	70	£150,000	£2,143
3 bed house	90	£180,000	£2,000
4 bed house	110	£215,000	£1,955
1 bed flat	50	£110,000	£2,200
2 bed flat	60	£125,000	£2,083
<b>Mid lower value area</b>			
2 bed house	70	£170,000	£2,429

Typology	Unit size	unit price	£ psm
3 bed house	90	£210,000	£2,333
4 bed house	110	£250,000	£2,273
1 bed flat	50	£120,000	£2,400
2 bed flat	60	£135,000	£2,250
<b>Mid value area</b>			
2 bed house	70	£200,000	£2,857
3 bed house	90	£245,000	£2,722
4 bed house	110	£290,000	£2,636
1 bed flat	50	£135,000	£2,700
2 bed flat	60	£150,000	£2,500
<b>Higher value area</b>			
2 bed house	70	£220,000	£3,143
3 bed house	90	£275,000	£3,056
4 bed house	130	£360,000	£2,769
1 bed flat	50	£150,000	£3,000
2 bed flat	65	£180,000	£2,769

Source: AspinallVerdi. June 2021



Figure 2-6 Value zones used in viability testing



Source: AspinallVerdi, Central Lincs JSPC, QGIS, Ordnance Survey, 2021

## 3 Elderly accommodation

### Introduction

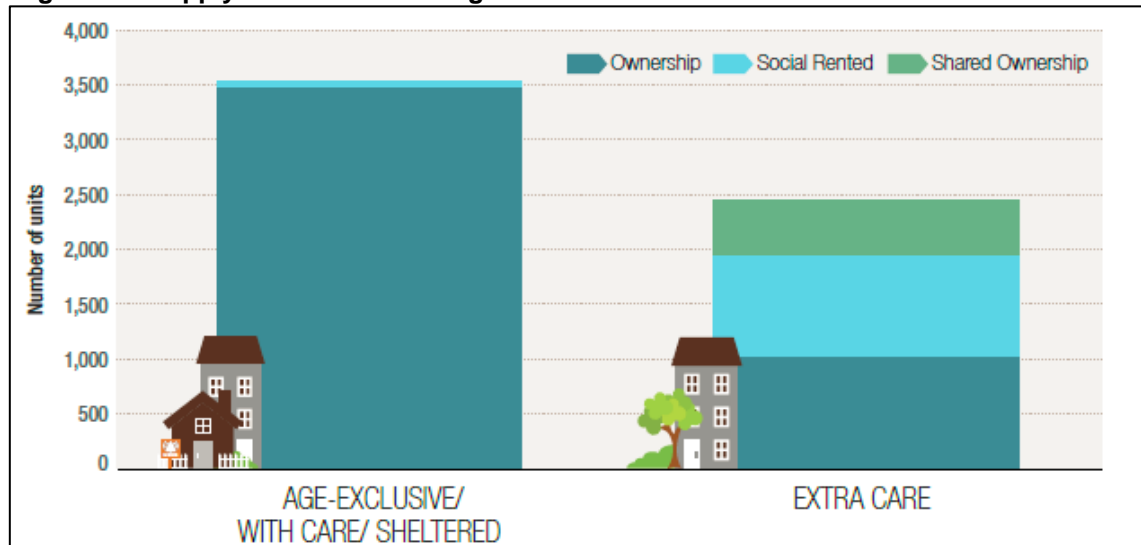
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3.1 With an ageing population, the demand for forms of specialist accommodation for the elderly is growing. This type of specialist accommodation usually takes the form of retirement living (typically over 55 accommodations), housing with support, and housing with care. We define these below:

- Age restricted-exclusive / sheltered / retirement housing – this is an accommodation that is built specifically for sale or rent to older people e.g. McCarthy and Stone or Churchill properties. They comprise self-contained units (apartments) with communal facilities and a live-in or mobile scheme manager and alarm call systems in case of emergency.
- Assisted living/extra care / very sheltered housing - this is similar to sheltered housing but is designed to enable residents to retain their independence as they grow older and their need for support and/or care increases. Residents still occupy their own self-contained home within blocks of flats, estates of bungalows or retirement “villages” but often enjoy enhanced communal accommodation and occupants may also be offered individual care and assistance from support staff, within the complex, 24 hours per day.
- Close care or assisted living housing – This is normally situated within the grounds of a care home and takes the form of self-contained, independent flats or bungalows. Units may be rented or purchased by the occupier. Residents will also have access to the care home’s other facilities and will normally have some form of direct communication with the care home for emergencies. There may well be an arrangement whereby the care home management will buy-back the property if it becomes necessary for them to move into the care home.
- Care homes / residential care homes – living accommodation for older people who employ staff that provides residents with personal care, such as washing and dressing. Residents normally occupy their single rooms but have access to other communal facilities.
- Care homes with nursing/nursing homes – Similar to a residential home but they offer the full-time service of qualified nursing. Such accommodation is suited to residents who are physically or mentally less capable and require a higher level of care.

3.2 Figure 3-1 shows the supply of retirement living units in 2018 and demonstrates that the majority of supply is delivered through age-restricted/exclusive or sheltered housing for sale. With extra care schemes, the tenure split is more widely spread with social rented and shared ownership options.

**Figure 3-1 Supply of retirement living units in 2018**



Source: Knight Frank, accessed November 2018

- 3.3 Our focus is on age-restricted as these are more likely to be developed by the private sector and are most similar to C3 use housing. C2 use residential institutions such as residential care homes and nursing homes are specialist developments (valued on a turnover or “profits” basis) and are not considered in this analysis. Some of these schemes are developed by housing associations and others by the private sector and/or charities and all will have a different status in terms of liability for Affordable Housing, (for example, Charitable Organisations are exempt from CIL).

## Specialist housing premiums

- 3.4 Research by the Retirement Housing Group<sup>3</sup> (RHG) indicates that sheltered housing values carry a premium over general needs housing – this analysis is set out in Table 3-1.

**Table 3-1 Sheltered housing and ECH sales values premiums**

Typology	Assumption
Sheltered housing unit prices	<p>In mid &amp; higher-value areas -</p> <ul style="list-style-type: none"> <li>10-15% premium to private market 1 – 2-bed flats</li> </ul> <p>Or, in lower-value areas (with no apartment scheme comparables) –</p> <ul style="list-style-type: none"> <li>75% value of a 3-bed semi-detached house for a 1-bed sheltered housing unit, and</li> <li>100% value of a 3-bed semi-detached house for a 2-bed sheltered housing unit</li> </ul>

Source: Retirement Housing Group 2013

<sup>3</sup> RHG Retirement Housing Group, 2013, Retirement Housing Viability Base Data/ Churchill Retirement Living and McCarthy and Stone, 2013, Briefing Paper for CIL Practitioners Retirement Housing and the Community Infrastructure Levy

## RHG rule of thumb

- 3.5 Taking the rule of thumb principal from Table 3-1, on the basis of 75% and 100% of 3-bed values we have calculated potential values as set out in Table 3-2. We have used the housing values as there is much more of this typology sold across Central Lincs. therefore greater data to draw the assessment upon.

**Table 3-2 Rule of thumb approach**

Typology	Unit price@ 75% & 100 OMV
<b>Lower value area</b>	
1 bed flat	£135,000
2 bed flat	£180,000
<b>Mid lower value area</b>	
1 bed flat	£157,500
2 bed flat	£210,000
<b>Mid value area</b>	
1 bed flat	£183,750
2 bed flat	£245,000
<b>Higher value area</b>	
1 bed flat	£206,250
2 bed flat	£275,000

Source: AspinallVerdi, June 2021

## New build sold prices – Central Lincs

- 3.6 There are few new-build sales of over 55 accommodation in the Central Lincs area in recent years. We have therefore also considered properties currently being marketed in Central Lincs and the surrounding area.



## City of Lincoln

- 3.7 Table 3-3 shows new build sold prices for Home Grange. The development was completed by Keystone Developments and comprises a mix of 1 and 2-bed flats. The £ psm paid ranges vary across the typologies. It is evident from this data that a premium exists over these flats over the general needs values set out in the previous chapter, confirming the research by the RHG.

**Table 3-3 Analysis of new build sold prices – Home Grange, Lincoln**

Typology	No. of beds	Number of sales	Average size Sqm	Sold value min	Sold value max	£ psm Min	£ psm Max
Flatted	1	9	54	£146,500	£187,500	£2,713	£3,348
Flatted	2	20	64	£170,000	£235,000	£2,554	£3,208

Source: Land Registry, Rightmove, City of Lincoln planning portal, accessed December 2019

## Marketed properties – Central Lincs

- 3.8 There are no new-build developments in Central Lincs being marketed and so we have also looked at local resales and new build schemes in the wider Lincolnshire area. The current resales being advertised range from £149,995 to £160,000 for 1-bed flats and £183,000 for 2-bed flats.

**Table 3-4 Resale marketed properties**

Site Address	Type	Size sqm	Quoting price
Avalon Court, Newport, Lincoln	1 bed	45	£149,995
Home Grange, Boultham Park Road, Lincoln	1 bed	57	£160,000
	2 bed	71	£183,000

Source: McCarthy & Stone, Rightmove, accessed December 2019

## Conclusion

- 3.9 Based on our market analysis we propose to test the values set out in Table 3-5.

**Table 3-5 Elderly accommodation proposed sale prices**

No. of bed	Unit size sqm	Unit price	£ psm
<b>Lower value area</b>			
1	55	£135,000	£2,455
2	70	£180,000	£2,571
<b>Mid lower value area</b>			
1	55	£157,500	£2,864
2	70	£210,000	£3,000
<b>Mid value area</b>			

No. of bed	Unit size sqm	Unit price	£ psm
1	55	£183,750	£3,341
2	70	£245,000	£3,500
<b>Higher value area</b>			
1	55	£206,250	£3,750
2	70	£275,000	£3,929

Source: AspinallVerdi, June 2021

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## 4 Student accommodation market

### Introduction

- 4.1 Over the past 5 years, private-equity-backed platforms being replaced by institutional capital from around the world to invest in Purpose Built Student Accommodation (PBSA). Before the pandemic, transactions were dominated by portfolio transactions.<sup>4</sup>
- 4.2 The student accommodation market has typically been seen as “recession proof” but this has now been questioned as universities have had to adapt to online learning provisions. Furthermore, increasing student debt and Brexit (EU enrolment has fallen<sup>5</sup>) has caused further uncertainties in the market. In the short-term, operators are offering deals and incentives to attract new students and retain existing ones.<sup>6</sup> Other operators are seeking to re-purpose student accommodation for other uses e.g. apart-hotels.<sup>7</sup>
- 4.3 Notwithstanding the current uncertainties, student numbers are forecast to increase.

### Student accommodation rents

- 4.4 In the autumn of 2019<sup>8</sup> the University of Lincoln brought forward the development of Valentine Court and more recently there has been the development of St Mark’s Student Village. Valentine Court is a managed accommodation, made up of 70 townhouse apartments, each catering for between 6 and 13 students, with 469 bedrooms, the accommodation is fully furnished. The unit’s range in sizes from 14 – 18.4 sqm. The St Mark’s Student Village totals 1,372 beds and forms part of a wider mixed-use scheme of retail and leisure, housing, a hotel and parking.<sup>9</sup>
- 4.5 Current accommodation offered by the university is outlined in Table 4-1. Prices range between £113 and £185 per week, with contracts between 39 – 46 weeks.

**Table 4-1 – Accommodation Sign Up Fees 2021-22**

Name	Accommodation Type	Approximate Cost / Week	Date Built	Contract length	Type
St. Marks Student Village	En-suite	£175	2021	40 weeks	On-campus
Cygnets Wharf	En-suite Room	£185	2017	40 weeks	On-campus
Lincoln Courts	En-suite value	£113	-	40 weeks	On-campus
	En-suite	£125	-	40 weeks	On-campus
	Non en-suite	£103	-	40 weeks	On-campus

<sup>4</sup> iSurv, 2020, Student accommodation, the market, 2020

<sup>5</sup> Forbes, Feb 9, 2021, U.K. Universities Face Financial Loss As Brexit Hits E.U. Student Numbers

<sup>6</sup> Knight Frank, 2021, Student Accommodation Survey

<sup>7</sup> <https://sturents.com/news/2021/06/09/bath-scheme-cannot-let-to-non-students/2688/>

<sup>8</sup> University of Lincoln, 2019, University of Lincoln Financial Statements, 2020

<sup>9</sup> <https://thelincolnite.co.uk/2019/02/work-to-start-on-st-marks-high-rise-student-flats/>


Name	Accommodation Type	Approximate Cost / Week	Date Built	Contract length	Type
Viking House	Standard en-suite	£170	2018	40 weeks	Off-campus
	Small en-suite	£163	2018	40 weeks	Off-campus
	Large en-suite	£177	2018	40 weeks	Off-campus
Valentine Court	Classic en-suite	£136	2019	45 weeks	Off-campus
	Premium en-suite	£144	2019	45 weeks	Off-campus
	Deluxe en-suite	£150	2019	45 weeks	Off-campus
Longdales Lodge	En-suite	£136	N/a	39 weeks	Off-campus
The Gateway	En-suite	£175	N/a	40 weeks	On-campus
	Studio	£171	N/a	46 weeks	On-campus
179 High Street	En-suite	£185	N/a	40 weeks	Off-campus
	Studio	£171	N/a	46 weeks	Off-campus

Source: University of Lincoln, 2021

## Investment yields

- 4.6 There is no recent published evidence of investment transactions for the student accommodation in Lincoln, we have therefore had regard to national agent reports. CBRE produce a yield guide for student accommodation (see Figure 4-1). We identify Lincoln as a secondary regional,<sup>10</sup> this would indicate yields between 4.25% - 8.0% depending on whether rpi lease or direct let.

**Figure 4-1 Student accommodation net initial yields**

	Jun 20 (%)	Sep 20 (%)	Dec 20 (%)	Mar 21 (%)	Jun 21 (%)	Trend
 <b>STUDENT ACCOMMODATION</b>						
Central London Direct Let	3.90	3.90	3.90	3.90	3.90	Stronger
Super Prime Regional Direct Let	4.75	4.75	4.75	4.75	4.75	Stronger
Prime Regional Direct Let	5.25	5.25	5.25	5.25	5.25	Stronger
Secondary Regional Direct Let	7.75	8.00	8.00	8.00	8.00	Weaker
Central London RPI Lease	3.00	3.00	3.00	3.00	3.00	Stronger
Super Prime Regional RPI Lease	3.15	3.15	3.15	3.15	3.15	Stronger
Prime Regional RPI Lease	3.15	3.15	3.15	3.15	3.15	Stronger
Secondary Regional RPI Lease	4.25	4.25	4.25	4.25	4.25	Stable

Source: CBRE, UK BED SECTORS, June 2021

<sup>10</sup> CBRE define this as: Secondary Regional - Towns and cities with perceived oversupply issues, new universities, secondary campus locations, etc.



## Conclusion

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4.7 Based on our market research, we propose to test the following:

- A 300-bed scheme
  - Rent: £140 per week per bed pace
  - Contract length: 40 weeks
  - Yield: 4.25%, assuming rpi lease.

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## 5 Retail market assessment

### Introduction

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- 5.1 In our assessment of the retail sector, we consider both convenience and comparison retail because they both have different market drivers.

### Retail market overview

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- 5.2 Prior to the COVID-19 pandemic, the retail market was going through structural changes. The structural changes in the retail market were being caused by the growth in online sales and falling footfall in town centres. Retailers were also facing cost pressures from business rates and national living wage. During the COVID-19 outbreak many retailers have had to close or limit customer access due to social distancing measures introduced by the government. Many retailers have sought to take advantage of the Coronavirus Act 2020<sup>11</sup> and not paid rent – the Retail Gazette reported<sup>12</sup> that retail collection on May 24 was 67%, which was 8% points less than the equivalent period last year.

### Convenience sector

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- 5.3 The convenience retail sector has seen a significant change since the global financial crisis. In the years following 2008 supermarkets appeared to have weathered the economic storm with most operators aggressively expanding (commonly referred to as the race for space). Operators were able to competitively bid for sites as they were able to take advantage of other sectors in the property market being much weaker. During this period of growth, there was a strong appetite from operators to open large-format stores of up to circa 11,150 sqm. With this format of a store providing a mixture of convenience and comparison retail.
- 5.4 In recent years shopping patterns have changed significantly: there is more reliance on online shopping combined along with customers supplementing a “big” shopping trip with regular smaller shops during the day travelling home from work. Also, some customers are splitting their shopping trips between the big four supermarkets (Tesco, Sainsbury’s, Asda and Morrisons) and discounters such as Aldi and Lidl. This has resulted in operators shifting away from large format stores.
- 5.5 The convenience retail market appears to have performed relatively well during the global pandemic with many reporting during the first nationwide lockdown a higher volume of sales than they would experience during Christmas. At some points, demand has appeared to outstrip

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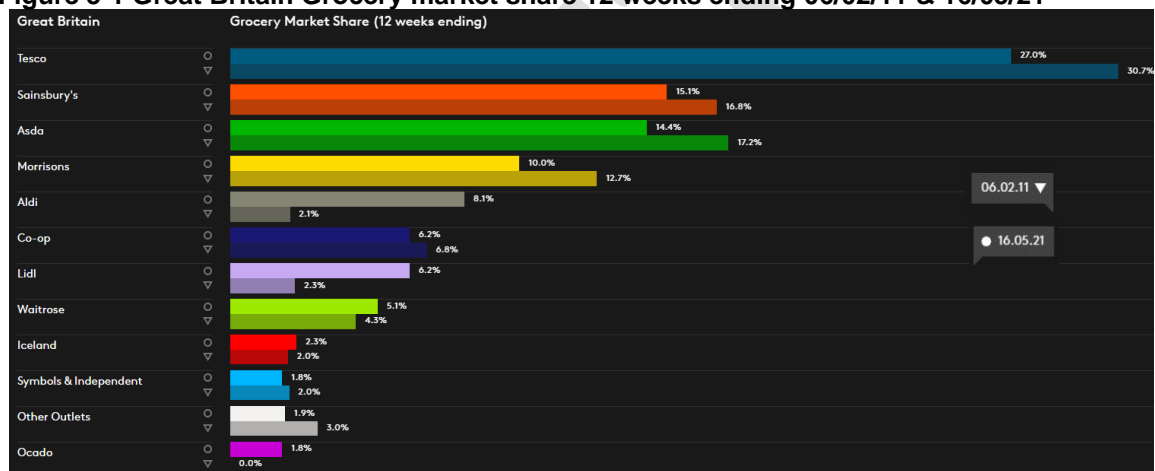
<sup>11</sup> 'Coronavirus Act 2020' which received royal assent on 25 March 2020 introduced new legalisation 'that no right of re-entry or forfeiture may be enforced due to non-payment of rent until the end of the 'relevant period' (30 June 2020 (unless extended)).' The Coronavirus Act 2020 has provided the flexibility to allow tenants not to make their quarter day payment in March.

<sup>12</sup> Retail Gazette, 27 May 2021, UK retail rent collection fails to improve, new research shows

supply, with the likes of Ocado temporarily suspending their ordering application and restricted access to their website. The pressures faced by supermarkets during the COVID-19 lockdown are; maintaining social distancing in their physical stores, through restricting customers numbers; maintain supply chains (resulting in less choice of items and restricting the number of purchasers, and increasing capacity for home deliveries to meet demand.

- 5.6 Figure 5-1 shows how the changes in the market have affected the relevant supermarket operators market share in recent years. The big four have been losing market share whereas the budget operators of Lidl and Aldi have gained market share along with online delivery service Ocado.

**Figure 5-1 Great Britain Grocery market share 12 weeks ending 06/02/11 & 16/05/21**



Source: Kantar WorldPanel, June 2021

- 5.7 Due to the changes in the market, operators are now more selective in the types of and locations of stores they seek to open. Tesco typically only seeks sites for their express format i.e. circa 200 sqm in main urban areas ideally close to transport hubs. The likes of Asda, Morrisons and Sainsbury's focus on the main urban areas where there is a perceived market gap. Aldi and Lidl have been a bit more aggressive which has led them to increase their market share.
- 5.8 Lidl<sup>13</sup> seeks sites with a minimum of 0.6 hectares (1.5 acres) to accommodate a store totalling between 1,300 -2,460 sqm. In terms of location, the sites would ideally have main road frontage with easy access and be situated within town, district or edge of centre or out of town locations. Aldi<sup>14</sup> also has similar requirements in terms of location and size, with a minimum of 0.6 hectares (1.5 acres) to accommodate 1,672 – 1,858 sqm of space and 100+ car parking spaces.
- 5.9 The city of Lincoln has the widest range of supermarket operators as would be expected.

<sup>13</sup> Lidl.co.uk/en/Site-Requirements, accessed February 2019

<sup>14</sup> Aldi.co.uk/about-aldi/property/required-towns, accessed February 2019

## Convenience retail rents

- 5.10 There has been a lack of new-build activity for convenience retail in the area. We have therefore considered the wider region in our analysis of rents. Table 5-1 shows that rents achieved range between £167 - £203 psm.

**Table 5-1 Convenience retail rents**

Date of transaction	Address	Tenant	Size sqm	Rent £ psm	Comments
17/05/2018	Co-operative - Manby Middlegate, Louth, LN11 8SU	Co-Op	376	£191	15-year term. Rent Review on a 5 yearly basis
30/09/2019	Handley Chase, Waddington Road, Sleaford, Lincolnshire, NG34 6AR	Co-Op	418	£203	15 years CPI linked rent review every 5th year ( 1% to 3% cap & collar) FR& I
24/01/2018	Lakeside Shopping Centre, London Road, Newark, NG24 3EZ	Lidl	105	£167	Let to Lidl on a 10-year term

Source: CoStar, accessed December 2019 & June 2021

## Convenience retail yields

- 5.11 There is little evidence of recent convenience retail investment transactions in Central Lincs recorded on CoStar we have therefore considered the wider East Midlands area. Table 5-2 shows that the most recent investment sales in the East Midlands region range between 5.2% and 6.75% across a range of store formats.

**Table 5-2 Convenience retail investment transactions**

Date of transaction	Address	Tenant	Size sqm	Yield	Comments
17/07/2019	Perry Road, Nottingham, NG5 1HH	Sainsbury's	3,809	5.47%	Let to Sainsbury's with 16 years term certain and passing rent of £552,000 per annum.
23/04/2019	Chesterfield Road, Mansfield, NG19 7TS	Tesco Extra	8,501	5.2%	unexpired lease term of 20 years with

Date of transaction	Address	Tenant	Size sqm	Yield	Comments
					annual, upward-only, RPI-linked rent reviews
23/05/2019	Corporation Road, Grimsby, DN31 1UF	Sainsbury's	9,280	5.31%	Sale-leaseback, under a long-term lease agreement
01/03/2019	131 Alfreton Road, Nottingham, NG7 3JL	Tesco Express	729	6.75%	-
15/03/2018	9 Derby Road, Ashby De La Zouch, LE65 2HF	Co-op	1,756	6.33%	unexpired lease term of 7 years with passing rent of £276,500 per annum.
05/2018	Killamarsh, Sheffield	Aldi	1,414	5.21%	FH. 5 year reviews to RPI (1% and 3% collar & cap). Passing rent £11.94 psf

Source: CoStar, accessed December 2019, agent consultations

- 5.12 The latest prime yield guide report<sup>15</sup> by Knight Frank shows that supermarket yields are 3.50% for fixed annual retail price index (RPI), increasing to 4.50% for open market reviews. Therefore a more positive picture than some of the more historic transactions listed in Table 5-2.

## Comparison retail

- 5.13 Prior to the global pandemic, the shift from bricks to clicks was being significantly felt in the comparison sector. Many well-known names were lost e.g. BHS, Poundworld, Maplin and Toys 'R' Us and entering CVAs or administration e.g. New Look, Debenhams and House of Fraser.
- 5.14 The global pandemic has only sought to further compound the issues in the comparison retail sector – this has seen (amongst other things):
- Intu – one of the UK's largest shopping centre owners, with the likes of Trafford Centre and Lakeside entered administration.

<sup>15</sup> Knight Frank, May 2021, Investment yield guide

- Arcadia Group – the owners of Topshop, Burton and Miss Selfridges entered administration in November 2020 after the pandemic severely affected sales<sup>16</sup>. As a result, all its brands were sold and all physical shops closed permanently with thousands of jobs lost.
- Peacocks and Jaeger - entered administration in November 2020 with Jaeger being bought by Marks and Spencer in January 2021. However, no physical stores were part of the deal and all 500 stores are not expected to reopen.
- Oasis and Warehouse – entered administration in April 2020 with all of its 92 stores closes and 400 concessions terminated. The brands and e-commerce platforms were sold in June 2020 online fashion retailer Boohoo.

### Central Lincs comparison retail

5.15 The comparison retail market in Central Lincs is mostly located around the City of Lincoln, the main towns of Gainsborough and Sleaford, with some in the market towns of Caistor and Market Rasen as well as larger villages.

5.16 There is no recent new build retail evidence for yields or rents listed on CoStar for the area, a reflection of no new development recently occurring. Table 5-3 shows some transactions across the City of Lincoln, Gainsborough, Sleaford, Caistor and Market Rasen. The majority of the transactional evidence contains smaller units up to 300 sqm. Larger units usually achieve lower rents on a psm basis.

**Table 5-3 Comparison retail rents**

Date of transaction	Address	Tenant	Size sqm	Rent £ psm	Comment
25/04/2019	5-7 St Benedicts Square, Lincoln	Game	383	£78	3-year lase
10/09/2018	166 High Street, Lincoln, LN5 7AF	Shoezone	407	£194	Let on a 5-year term
05/11/2018	Units 8-11, Valentine Road, Lincoln, LN6 7BH	S.U.K. Retail	526	£158	Let on a 10-year term
21/03/2018	Units 1-18A – Marshalls Yard, Beaumont Street, Gainsborough, DN21 2NA	Chic of Gainsborough	560	£116	Let on a 1-year 4-month term

<sup>16</sup> BBC News, 2020, Topshop owner Arcadia goes into administration



Date of transaction	Address	Tenant	Size sqm	Rent £ psm	Comment
05/03/2018	The Pattern Store, Station Approach, Gainsborough, DN21 2ER	Hope Church	206	£81	Let on a 10-year term
15/01/2019	38-40 Southgate, Sleaford, NG34 7RY	British Heart Foundation	249	£135	-

Source: CoStar, accessed December 2019 & June 2021

- 5.17 There is limited evidence of recent investment deals in Central Lincs recorded on CoStar, most of the evidence is based in Lincoln City. The evidence in Table 5-4 shows how yields have pushed out in recent years as the market has deteriorated.

**Table 5-4 Comparison retail investment transactions**

Date of transaction	Address	Tenant	Size sqm	Yield
14/01/2021	305 – 306 High Street, Lincoln	Fat Face	521	10.85%
09/12/2020	44 Southgate, Sleaford	Specsavers	197	9.95%
23/01/2019	297 High Street, Lincoln, LN2 1AF	Ann Summers & others	503	6.8%
12/12/2018	412 High Street, Lincoln, LN5 8HX	Everest Express	296	6.94%
08/10/2019	38-40 Southgate, Sleaford, NG34 7RY	British Heart Foundation	249	10.50%

Source: CoStar, accessed December 2019 & June 2021

## Conclusion

- 5.18 Based on the above evidence we propose to test the following:

- Convenience retail budget format store 2,000 sqm (21,528 sqft)
  - Rent £161 psm (£15 psf)
  - Yield 5%
- Convenience retail express format store 350 sqm (3,767 sqft)
  - Rent £172 psm (£16 psf)
  - Yield 5.5%
- Comparison small town centre store 500 sqm (5,382 sqft)
  - Rent £150 psm (£14 psf)
  - Yield 10%
- Comparison Large town centre store 1,000 sqm (10,764 sqft)

- Rent £129 psm (£12 psf)
- Yield 8.50%

5.19 We have referenced the areas and rents both in sqm and sqft as the commercial market operates in the latter.

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## 6 Industrial market

### Introduction

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- 6.1 In the years before the recession caused by the global financial crisis, the industrial market saw a wave of speculative development, fuelled by easy access to finance. Much of the new space that resulted remained on the market as occupier demand weakened in the recession, so speculative development came to a halt.
- 6.2 In more recent years supply has tightened against demand, due to the economic recovery, the increase in online shopping (which needs warehouse space) and some industrial units being lost to higher-value residential uses.
- 6.3 Due to the tight nature of the funding markets, speculative development is generally only occurring in 'super-prime' areas such as parts of the M1 corridor, Heathrow, etc. Those areas have very strong occupier demand from blue-chip covenants, who are prepared to commit to longer-term leases (typically more than 10 years), therefore the perceived risk is low. Elsewhere, speculative development is generally occurring only for larger units that can be occupied by these large national /international firms.
- 6.4 The economics for small and mid-sized units is different from large-scale distribution units, both in terms of cost and values. Smaller and mid-sized units do not benefit from economies of scale for build costs as large units do. Covenant strength of occupiers of smaller units is generally weaker and result in less secure income, which is guaranteed for shorter periods due to shorter lease terms, and hence lower capital values. Consequently, small and medium-sized development typically occurs only on existing employment sites - where infrastructure is currently in place; or as part of larger strategic schemes, whereby the large-scale distribution units can pay for the infrastructure to service the smaller and medium-sized units.
- 6.5 Since the onset of the global pandemic the industrial market appears to be performing well. Demand for online retail has increased significantly and manufacturers have sought to re-purpose space to respond to the government's need for protective equipment.

### Industrial market Central Lincs

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- 6.6 The Central Lincs area has several industrial estates with units ranging in age and specification, much of this is focused around Lincoln City with some around Gainsborough and Sleaford and small "pockets" of units elsewhere. There has not been much new build development, but what has come forward are small scale industrial units between 100 and 500 sqm which has been absorbed by the market. These are likely servicing pre-existing trade counter operators, small or medium-size businesses that are seeking to move to better premises. The majority of the

industrial stock in the area is second-hand and of reasonable quality but there are cases where units are over 40 years old and are coming to the end of their economic lives.

6.7 The area benefits from a diverse mix of employment sectors, giving it a varied and robust economy. The wide-ranging employment sectors include:

- Automotive industries
- Advanced engineering/manufacturing
- General manufacturing
- Clothes manufacturing
- Printing
- Food production
- Storage
- Trade counters

## Industrial rents

6.8 Demand for industrial space in Central Lincs is from a mix of national, regional and local companies, looking to service regional and local markets. Strategic distribution is not considered to be a key attribute of the area and therefore the industrial market is analysed as one. Often larger or better-quality units are required by companies already located in the area who are looking to expand. Table 6-1 shows that rents for new/modern industrial range between £7.14 psf and £9.72 psf.

**Table 6-1 Achieved industrial rents**

Date	Address	Tenant	Size sqm	Rent £ psm
11/02/2019	Lincoln Fields Business Park, Paving Way, Lincoln	Greenray	700	£102
03/03/2021	Block F, Bishops Trade Park, Lincoln	Connection Flooring	287	£105
19/06/2020	Block A, Bishops Trade Park, Lincoln	Pochin Bathrooms & Kitchen	283	£91
30/06/2020	Bishops Trade Park, Lincoln	Easy Bathrooms	283	£92
04/09/2019	Avro Court, Lincoln Business Park	Trandan Smart Repairs limited	279	£81
01/01/2020	14 Stirling Business Park, Sadler Road, Lincoln	SRL Limited Traffic Systems Limited	196	£77

Source: CoStar, accessed December 2019 & June 2021

## Industrial yields

- 6.9 There is limited evidence of investment transactions recorded on CoStar, the limited evidence in Table 6-2 shows investment transactions are achieving between 5.95% and 8.37% yields. With the lower yield achieved for a modern purpose built unit.

**Table 6-2 Industrial investment transactions**

Date of transaction	Address	Tenants	Size sqm	Yield
27/11/2021	1 – 15, Crofton Close Ind. Est	Multi let	2,842	8.37%
31/08/2018	5 Sanders Road, Heapham Road Industrial Estate, DN21 1RZ	Coveris	6,595	5.95%
18/01/2018	Tritton Road, Challenger Court, Lincoln, LN6 7QY	GSF Car Parts	766	7.40%

Source: CoStar, accessed December 2019 & June 2021

## Conclusion

- 6.10 Based on the above evidence propose the following rents, yields, and scenarios to use in the viability testing:
- Industrial smaller units 278 sqm (3,000 sqft)
    - Rent £64.58 psm (£8.50 psf)
    - Yield 5.95%
  - Industrial mid-size units 700 sqm (7,500 sqft)
    - Rent £103 psm (£9.50 psf)
    - Yield 5.95%
- 6.11 Again we have referenced the areas and rents both in sqm and sqft to reflect the market.

## 7 Office market

### Introduction

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- 7.1 Similar to the residential market, the full impact of COVID-19 on the office market is unknown. With the government encouraging working from home measures, many offices have been left unoccupied or at greatly reduced occupancy. Companies have been forced to embrace video conferencing and other measures to ensure business continuity.
- 7.2 What has emerged to date is that:
- Leasing decisions deferred – due to the uncertain world economic outlook companies have deferred the decision making in taking new space, this is more apparent with micro-businesses and SME's whose current focus is dealing with the immediate fallout and business continuity.
  - Tenants seeking to defer rent payments – the 'Coronavirus Act 2020' which received royal assent on 25 March 2020 introduced new legalisation *'that no right of re-entry or forfeiture may be enforced due to non-payment of rent until the end of the 'relevant period' (30 June 2020 (unless extended)).'*<sup>17</sup> The period has been extended to the 30 June 2021. The Coronavirus Act 2020 has provided the flexibility to allow tenants not to make their quarter day payments.
  - Increase in office occupier tenant incentives – Knight Frank indicates that *'Lease incentives, however, have drifted: 21-24 months on some 10-year leases, instead of 18-21 months in the West End and nearer 24 months in the City, which were previously at 21-24 months.'*<sup>18</sup>
- 7.3 Typically, new office development is only financially viable in major towns and cities. Generally, new development requires a pre-let in place to a blue-chip covenant – i.e. on a long lease to a high-quality tenant that is likely always to pay its rent and adhere to its obligations. This structure gives sufficient security to the investment to enable funding to be obtained.
- 7.4 Prior to the pandemic, the main drivers of demand for new office space were from finance, professional services, Technology, Media and Telecommunications (TMTs) and flexible workspace providers. A number of corporates professional services are still progressing with their requirements (e.g. national commercial agents JLL today confirmed in April 2021 they are taking 13,500 sqm in Broadgate, London) but elsewhere recent consultations with agents have indicated some occupiers have now reduced their space requirements by one third.

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<sup>17</sup> <https://www.rpc.co.uk/perspectives/rpc-big-deal/covid-19-and-commercial-tenants-rights-regarding-rent/>

<sup>18</sup> Knight Frank, June 2020, COVID-19 What we know, what we expect, what we question



## Office rents

- 7.5 The Central Lincs office market is centred around the City of Lincoln, here we see the majority of professional services for the area, behind this, there are also many offices in Gainsborough and Sleaford. As a result, Lincoln achieves the highest prime rents for the area up to £215 psm.<sup>19</sup>
- 7.6 Table 7-1 sets out achieved rents for the area recorded on CoStar, all space is second-hand. Rents for good quality second-hand units range between £75 psf and £171 psm; and we would expect some price premium for new build stock, most of the units.

**Table 7-1 Achieved office rents**

Date of transaction	Address	Tenant	Size sqm	£ psm
31/03/2021	Landmark House East, Alpha Court, Lincoln	N/a	462	£75 (assignment)
16/09/2021	Suite A Thomas Parker House - 13-14 Silver Street, Lincoln	N/a	465	£113
16/09/2019	New Horizons, Teal Park, Lincoln	Mass Consultants Limited	1,872	£143
01/06/2019	Unit 5 Deepdale Enterprise Park Nettleham, Lincoln	Kerrington Communications	56	£171
01/02/2019	11-15 The Brayford, Lincoln	Wilkin Chapman LLP	425	£141
16/09/2019	Teal Park Road, Lincoln	Mass Consultants	1,395	£143
09/10/2019	Jarvis House, 157 Sadler Road, Lincoln	NHS	245	£122

Source: CoStar accessed December 2019 & June 2021

## Office yields

- 7.7 There is evidence of recent office investment activity in Central Lincs recorded on CoStar. Table 7-2 shows these investment transactions, with yields between 4.69% –and 10.11%.

<sup>19</sup> <http://www.andrewsdenfordboyd.co.uk/html/UK-regions-office-rents-guide.html>

**Table 7-2 Office investment transactions**

Date of transaction	Address	Tenants	Size sqm	Yield
15/08/2019	10-10a Market Place, Sleaford	N/a	262	4.69%
April 2021	Gibson House, Gibson Road, Caenby Corner Estate, Hemswell Cliff	N/a	657	10.11%
01/05/2019	Alphacourt, Kingsley Road, Lincoln, LN6 3TA	Qinetiq	843	8.21%
01/12/2018	Waterside, Witham Park, Lincoln, LN5 7JE	Anglian Water Services Ltd	5,632	6.25%

Source: CoStar, accessed December 2019 & June 2021

## Conclusion

- 7.8 Based on our analysis of the office market an appropriate rent is £215 psm (£20.00 psf) and yield of 7.50% for a 1,400 sqm (15,000 sqft) unit. Again, we report sqm and sqft.

## Appendix 3.1 – Residential sale value evidence

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