

BERRYS

PROPERTY | BUSINESS | PLANNING

Client:

The Norton Parish Council
Throwleigh
The Broadway
Norton
Daventry
Northamptonshire
NN11 2NG

Oak House
32 Ashby Road
Towcester, NN12 6PG

Tel: 01327 356140
Fax: 01327 358044

towcester@berrys.uk.com
berrys.uk.com

Property:

The Pound
26a Daventry Road
Norton
Daventry
NN11 2ND

VALUATION REPORT

Prepared by: Andrew T B Tompson MRICS

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Oak House, 32 Ashby Road, Towcester, Northamptonshire, NN12 6PG

Date of Report: 15th October 2018

Date of Inspection: 12th October 2018

Berrys Reference: RA31755



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VALUATION REPORT

1. Instructions

This report has been prepared following instructions received from Norton Parish Council, Throwleigh, The Broadway, Norton, Daventry, NN11 2NG in order to provide an opinion of value for use in consideration of the disposal of the property. The report is solely for the benefit of the Parish Council and no liability is accepted to any other party or for any other purpose.

This valuation is prepared in accordance with the Royal Institution of Chartered Surveyors Valuation – Global Standards 2017 (the “Red Book”).

We confirm that we are not aware of any conflict of interest in providing valuation advice to the Client in respect of the property or with any interested party.

The Valuer is an External Valuer as defined within the “Red Book”. We confirm that the Valuer has the necessary knowledge and experience to undertake the instruction.

The valuation date is the same as the date of this report.

2. Basis of Valuation

The basis of valuation is Market Value (MV) as defined in the RICS Valuation-Global Standards, 2017.

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

No allowance has been made in the valuations for the costs of realisation, any liability for tax which might arise in the event of disposal, or for any mortgage or similar financial encumbrance over the properties. No allowance has been made for VAT.

3. Summary

The property is a semi-detached stone building with parking to the front. The use of the building has varied over time but is currently occupied as storage/office space by Mr Eales.

The property is in our view likely to fall in line with small storage facilities and garages.

The most likely buyer of the property is Mr Eales. As the property lies adjacent to his house and is attached to his workshops at the rear there is a marriage value and we would expect him to be prepared to pay a premium price to secure the site.

Whilst there is no directly comparable sales evidence we consider that on general principles and observation of rents and capital values elsewhere that the market value is £37,000.

4. Inspection

Our inspection was carried out on 12th October 2018.

At the time of inspection it was overcast with light rain. The building was in use by Mr Trevor Eales who met us on the site. Various stored items were in place throughout the building which appeared to be in use as an office and storage facility.

5. Location

The property is located on the outskirts of the village of Norton and sits adjacent to Mr Eales house (No.26 Daventry Road).

6. Description

The building is a semi-detached structure, built with rubble filled stone walls under a pitched and slate covered main roof.

The floor is partly of solid construction and given the age of the building, is likely to be laid directly onto earth. To the rear of the building is an area of suspended timber floor.

The building is connected to No.26 Daventry Road by a connecting structure which links the first floor of the house to the top of the walls of The Pound.

To the rear of the building are garages and workshops belonging to No.26. Mr Eales has knocked through an original window at the rear to create a doorway into the workshops enabling the occupier of The Pound to use the toilet in the workshops behind.

At the front of the building is a parking area which could accommodate two cars. The parking area is paved to match the driveway into 26 Daventry Road.

There is some movement in the flank wall of the property evidence by bulging of the stonework visible inside and outside. This is not uncommon in rubble filled walls as the internal fill tends to settle and cause the walls to bulge; in this case the wall may also have been weakened by the insertion of the lintel across the front which we assume was done to create a shopfront or garage door. Mr Eales was keen to point out this movement to us but the repair might fall to him under the obligations in the lease.

Mr Eales states that the slate roof was installed by him as a replacement to the previous tin roof covering. We assume that the paving of the parking area to the front was also undertaken by Mr Eales at his own cost. As the lease to the property is on a full repairing covenant we assume the work was undertaken as a repair.

7. Accommodation

The building is a single room with overall dimensions of 7.36 metres x 4.4 metres, giving a total gross internal area of 32.4m².

The parking area to the front has dimensions of 8.65 metres x 4.05 metres.

8. Floor Area

The property has a gross internal area of 32.4m² (349 sq ft).

9. Tenure and Tenancies

The property is assumed to be held on a freehold interest, to include the existing structure and the parking area to the front.

We understand that Mr Eales occupies the property under a lease that expires in October 2018. The lease is an extension of the original agreement that commenced in 1979.

The lease is on full repairing terms at a passing rent of £1920 per annum. It is possible that the tenancy is protected under the 1954 Landlord and Tenant Act although it is not clear whether the use is still for the purpose of a business. If it is no longer in business use then the automatic right of the tenant to seek a new tenancy may be ended.

10. Roads and Footpaths

The adjoining roads and footpaths are made up and assumed to be adopted.

11. Services

The building is connected to mains electricity. Heating is provided by an electric panel radiator.

12. Environmental Issues

We have not been instructed to make any investigations in relation to the presence or potential presence of contamination in land or buildings and have assumed that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect the value.

We have not carried out any investigation into past uses either of the property or any adjacent land to establish whether there is any potential for contamination from such uses or sites and have, therefore, assumed none exists.

13. Development Potential

The property is considered unlikely to have development potential on its own. Whilst we understand that it has, in the past, been used as a village shop, the lack of mains services and toilet facilities makes a return to this or any other full-time commercial use unlikely. The building would be value to anybody in the vicinity who required a workshop and parking space and who does not require running water or toilet facilities in order to make use of the building.

As mains services are available next door (and there is a toilet installed immediately to the rear of the building) it is possible that a mains connection may be possible. This may require the co-operation of Mr Eales if the services run through his land.

The building has the greatest value to Mr Eales as not only does it complete the frontage of his house, the use or replacement of this building might permit the construction of a new house adjacent to his. Alternatively, the building might be converted to a bungalow or annex in conjunction with the workshops behind.

14. Market Commentary

The building offers a small but useful storage/garaging facility with off road parking. The previous commercial uses indicate the versatility of the space but it is limited in its potential by the current lack of water supply or sanitary facilities.

The existence of the lease reduces the market value as we consider that the strongest appeal would be to those want the property for their own use.

15. Valuation

The valuation the property has been undertaken using an income approach and considering the value to the neighbouring owner as well as generic values to 1/3 party purchaser.

Rental values for small industrial premises are reaching rates of £7.50 to £10 per square foot per annum. Allowing for the small size of the subject we would expect a rent at the top end of this range. However, as the building has no running water or toilet facilities we discount this to the lower end of the range which indicates a rental value of £2618 per annum. We round this to £2600pa as our Market Rent figure.

As a cross check, £2600 devalues to £50 per week which is in line with expectations for a self-store unit with parking.

As the building is let the appropriate methodology to determine the value is to capitalise the rent. As a small commercial unit we would expect to see a gross yield of 7% or possibly less given the very small (and therefore affordable) lot size. Capitalising the rent of £2618 at 7% gives a value of £37,400 which we round to £37,000 as our Market Value.

16. **Conditions of Engagement**

This report and valuation is prepared in accordance with the attached conditions and reservations.

Signature of Valuer:



Name of Valuer:

Andrew T B Tompson MRICS

RICS Membership Number:

0092898

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Appendix (i) - Photographs

Appendix (ii) – Definitions

Basis of Valuation

Market Value

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion. The international valuation standard states that the definition of market value should be applied in accordance with the following conceptual framework:

Valuation Approaches

Market Approach

An approach that provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available.

Income Approach

An approach that provides an indication of value by converting future cash flows to a single current capital value.

Other Definitions

Assumptions

A supposition taken to be true. It involves facts, conditions or situations affecting the subject of, or approach to, a valuation by agreement does not need to be verified by the valuer as part of the valuation process. Typically, an assumption is made where specific investigation by the valuer is not required in order to prove that something is true.

Date of the Report

The date on which the valuer signs the report.

External Valuer

A valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client or the subject of the assignment.

Special Purchaser

A particular buyer for whom a certain asset has a special value because of advantages arising from its ownership that would not be available to general buyers in the market.

Synergistic Value (Marriage Value)

An additional element of value created by the combination of two or more interests where the combined value is more than the sum of the separate values.

Third Party

Any party, other than the client, that may have an interest in the valuation or its outcome.

Valuation Date

The date on which the opinion of value applies.

Appendix (iii) - Terms Of Engagement

