

Date: 07/09/2022
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Mr. G Gurcha
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Sandwell Council House
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Dear George,

**Re: Former Pay & Display Car Park off Lower High Street, Cradley Heath, West Midlands
Update with reference to our Report of 7th October 2021
New Purchase Order no. 1024540**

Thank you for your instructions to provide an update to our report of 7th October 2021 and the provision of further information on 9th June and 30 August 2022. You have also requested our opinion of value should the site be developed for an alternative purpose, being education and training purposes. We have been provided with general sketches of a potential layout only and understand the gross internal area to be approximately 2,125 sq m (22,874 sq ft).

In providing the update to our original report we have assumed that all our comments and assumptions from the original report remain unchanged.

The housing market has continued to experience good levels of demand and prices continue to increase, due to scarcity and the relative low cost of finance. This is however now with a background of the increasing cost of living with the UK and wider world economies experiencing increased inflation, the UK is forecast to reach 13% inflation by the end of 2022 and into 2023. In part, this is thought to be a result of the conflict in Ukraine having a significant influence over the cost of fuel with a knock-on effect across the economy. The housing market to date has shown some signs of slowing, although this could be anticipated to deepen.

We have been informed the abnormal costs relating to the site are £526,151.

We have previously reported a value in the order of £550,000 in respect of the site should it receive planning consent for a development as outlined in our previous report, we have since received a revised plan that shows slightly less developable floor space, ignoring abnormal costs this is likely to bring the value down to in the order of £535,000. In light of the abnormal costs reported however, the value attributable to the site for this use **should be reported at nil**.

In terms of the alternative use of the site for education and training purposes, we have been supplied with two sketches of a proposed site layout. We understand the total gross internal floor area is proposed to be 2,125 sq m (22,874 sq ft). The basic notes we have been provided with suggest the building will be

organised around a compact atrium accessed directly from Lower High Street. On ground floor it is proposed to include publicly accessible spaces for use by SME's and retailers. The ground floor accommodation will also include meeting rooms and a workshop as well as a secondary entrance.

The upper floors are proposed to provide classrooms based on a simple layout meaning it could be flexible and capable of adaption for other uses in the future if required.

No detailed specification currently exists, as such we have assumed the property will be developed to a functional standard. We are unable to provide an accurate valuation due to this lack of information.

However, picking up on the future flexibility of the property we have assumed it would be readily adaptable to office accommodation or potentially residential apartments in the future.

Having assessed the scarce comparable evidence for lettings of existing buildings for educational and training purposes as well as non-standard uses with office buildings a wide range of rents are in evidence. Typically rents of £10 - £12 per sq ft are reported for second hand office buildings adapted for training purposes. Given the bespoke design for the specific purpose of the proposed building we feel it is appropriate to adopt a rent in the order of £15 per sq ft. This is subject to variation depending on the final specification.

In deriving the capital value we have assumed the completed building will be let to a substantial, well-funded organisation on a long lease, ie in excess of 15-20 years. As a result this will appeal to investors and attract high demand. We anticipate a yield in the order of 5 to 6 % to be appropriate in this case.

We have consulted BCIS for approximate build costs and settled on a cost of £230 to £240 per sq ft. This is however subject to wide variation and the true cost will only be known when full plans and detailed specification are put out to tender and contractors provide costs. This is currently a very uncertain factor to the overall exercise we have been asked to undertake and extreme caution should be exercised. Our figures should not be relied upon for final decisions and should only be used as a guide.

Our opinion of market value of the site for the future development for educational and training purposes, based on limited information and ignoring abnormal costs now confirmed, is within the range between - £100,000 (minus One Hundred Thousand Pounds) and £200,000 (Two Hundred Thousand Pounds). Allowing for abnormal costs, again the **value should be reported as nil**.

Please find attached details of the proposed development referred to above.

Should more information relating to the proposed development become available we would be able to provide more detailed advice.

Kind regards,

Yours sincerely

A handwritten signature in blue ink, appearing to read 'R Bache', with a stylized flourish at the end.

Richard Bache BSc (Hons) MRICS
Associate Director - Commercial