



## Market Overview

On

## Shirebrook Property Market

Prepared upon the instructions of

Gleeds Advisory Ltd

**Date: 26<sup>th</sup> March 2019**

### Disclaimer

*Note – This document has been produced on a desk-top basis. The figures contained within this document should be used for guidance purposes only. The quoted figures are subject to change dependant on the final build specifications and the market conditions at the time of the scheme's delivery.*

*Once the final scheme has been considered, the final plans/site layouts/drawings should be made available to us for our comments to confirm the above figures are accurate.*

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Pygott and Crone Estate Agents Limited. Registered office:- 3 Castlegate, Grantham, Lincolnshire, NG31 6SF

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## **1.0 INSTRUCTION**

- 1.1 We have been instructed by Gleeds Advisory Ltd ("The Client") to provide a market overview ("The Report") of the Shirebrook property market; having particular regards to the following three sites:
  - Carter Lane Site;
  - Patchwork Row Site;
  - Shirevale Site.
- 1.2 We understand that the purpose of the report is to support the decision making process of your Clients (Bolsover District Council) consideration towards the relocation of their business operations.
- 1.3 The report has been drafted in accordance to the brief provided and more specifically, comments on:
  - Location;
  - A brief overview/description of the sites;
  - Residential market overview;
  - Retail market overview;
  - Office market overview;
  - Conclusion.
- 1.4 The Report has been produced by Pygott and Crone and overseen by Tim Downing on a desk top basis.
- 1.5 The date of this report is 26<sup>th</sup> March 2019.

## **2.0 LOCATION**

- 2.1 The three sites are located in Shirebrook, a small market town in the Bolsover district of north-east Derbyshire on the border with Nottinghamshire. It had a population of approximately 9,760 at the 2011 Census.
- 2.2 The town is situated on the B6407, and is close to the A632 which links Mansfield and Bolsover. The M1 main transport link is some 10 km (6miles) east via the A617, The town is served by Shirebrook railway station, on the Robin Hood Line.
- 2.3 The nearest City is Mansfield which is some 10 km (6 miles) south and other notable town and cities within the vicinity include; Bolsover 10 km (6 miles) northwest, Chesterfield 19 km (12 miles) west, Nottingham 40 km (15 miles) south and Sheffield 50 km (30 miles) north.
- 2.4 The town is well served by local facilities and benefits from various retail, leisure and educational provisions.
- 2.5 Location plans of the sites are attached for identification purposes only.

### **3.0 DESCRIPTION**

#### **3.1 Carter Lane Site**

- 3.2 The site is situated with frontage on to both Carter Lane and Park Road.
- 3.3 The surrounding area is mixed use. There is an ex-servicemens club to the eastern boundary, a leisure centre to the southern boundary and residential dwellings to the western boundary. An Aldi supermarket is also located within close proximity, along with various other retail provisions which are made up of local and regional occupiers.
- 3.4 The site measures in total approximately 0.98 hectares (2.41 acres) and is occupied by a detached two storey community facility. The site is broadly rectangular and relatively flat.
- 3.5 The building appears to be of traditional solid brick construction under pitched roofs with later additions and extensions. The original part of the building appears to have been constructed in the Victorian era.
- 3.6 The areas that are not covered by the existing buildings comprise mainly of hardstanding tarmacked areas and a large open grassed area to the rear which measures approximately 0.52 hectares (1.28 acres). We understand that there are pedestrian and cycle rights of way over the grassed area, along with an electric substation positioned to the eastern boundary. The grassed area is open with limited physical boundary features.

#### **3.7 Patchwork Row Site**

- 3.8 The site is situated within close proximity to the Carter Lane site frontage directly on to Patchwork Row. Patchwork Row leads off Carter Lane. The junction linking Patchwork Row and Carter Lane is opposite the Carter Lane site.
- 3.9 The surrounding area is predominately residential interspersed with leisure, retail and office uses. There is a community centre to the northern boundary and a telephone communications exchange to the south/east of the site. The town council buildings are situated directly opposite.
- 3.10 The site incorporates a library, a single storey detached building and a health centre. The site measures approximately 0.54 hectares (1.34 acres) and is irregular in shape. The site is accessed directly off Patchwork Row.
- 3.11 The library and single storey detached buildings appear to have been constructed in the 1960's whilst the health centre appears to have been built in the 1990's. We were unable to identify the type of construction from our desktop inspection.
- 3.12 The areas that are not covered by the existing buildings comprise predominately hardstanding tarmacked areas.

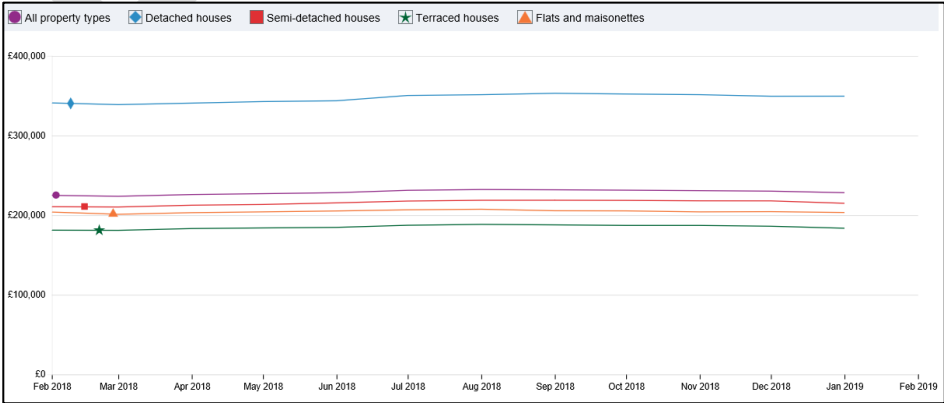
#### **3.13 Shirevale Site**

- 3.14 The site is situated <500 meters along Carter Lane traveling west of the Carter Lane site.

- 3.15 The surrounding area is predominately residential interspersed with leisure, retail and office uses. There is a sheltered/retirement housing complex to the southern boundary.
- 3.16 The site measures in total approximately 0.23 hectares (0.56 acres) and is currently occupied by a single storey community facility. The site is broadly rectangular and relatively flat rising slightly to Carter Lane.
- 3.17 The building appears to be of cavity brick construction under pitched roofs with tile covering. The building appears to have been constructed in the 1990's.

**4.0 RESIDENTIAL MARKET OVERVIEW**

- 4.1 The RICS produce monthly residential market surveys. The survey for February 2019 identified the following key dynamics:
  - 77% of respondents cite Brexit uncertainty as the biggest challenge in the market right now.
  - Key activity indicators remain in negative territory during February.
  - Twelve month sales expectations suggest momentum may recover further out.
- 4.2 The survey continued to signal the market is struggling for momentum, with key indicators on enquiries, sales and new instructions all remaining subdued.
- 4.3 Whilst the headline price growth indicator slipped once more, posting a net balance of -28% (down from -22% previously), this was mainly influenced by London with Scotland and Northern Ireland displaying positives readings while the rest of the UK broadly indicating a flat trend.
- 4.4 The survey foresees price growth resuming across most parts of the UK in the near future. London and the South East are the only exceptions, with a further decline anticipated in the former and a flat picture for the latter.
- 4.5 The UK house price index indicates as of January 2019, the average house price in the UK was **£228,147**, and the index stands at 119.66. Property prices have fallen by 0.8% compared to the previous month, and risen by 1.7% compared to the previous year.
- 4.6 The average UK houses prices indicate the following trends (as of January 2019):



- Detached house = £349,363
- Semi-detached house = £214,858
- Terrace houses = £183,520
- Flat/Maisonettes = £203,280

4.7 More specifically we identified the following characteristics for the Shirebrook residential market during the past 12 months:

<b>Shirebrook Residential Market</b>			
Average Price Paid	£117,360	Sales	104
Current Average Value	£115,628	Value Change	£3,412(+ 3.04%)

Furthermore, these statistics can be broken down in to each differed property type:

<b>Detached - Shirebrook Residential Market</b>			
Average Price Paid	£153,586	Sales	22
Current Average Value	£166,559	Value Change	£7,675 (+ 4.83%)

<b>Semi-detached - Shirebrook Residential Market</b>			
Average Price Paid	£115,691	Sales	54
Current Average Value	£111,845	Value Change	£4,755 (+ 4.44%)

<b>Terrace - Shirebrook Residential Market</b>			
Average Price Paid	£93,319	Sales	26
Current Average Value	£82,578	Value Change	£1,317 (+ 1.62%)

<b>Flats - Shirebrook Residential Market</b>			
Average Price Paid	£76,500	Sales	2
Current Average Value	£64,797	Value Change	£1,867 (+ 2.97%)

4.8 Although the average house prices within the area are substantially lower than the national average, this is a common factor across the midlands and northern regions, with national averages influenced heavily by southern markets. That said, the housing market within Shirebrook appears stable with some growth.

4.9 The data highlights a distinct lack of sales of flats within the area. This represents a lower housing stock within the sector, in particular within new properties.

4.10 Whilst we were unable to identify any new build developments within Shirebrook itself, we noted the following within a 3 mile radius;

- Birlington Court, Langwith (only development within a 1.5 mile radius).
- Oxcroft Lane, Bolsover;
- Mooracre Lane, Bolsover;
- Chesterfield Road North, Pleasley, Mansfield;
- Wildflower Rise, The Park, Mansfield;
- Park Hall Road, Mansfield Woodhouse;
- The Green, Westfield Lane, Mansfield;
- Old Water Lane, Mansfield;

4.11 In identifying the above, we have assessed the most relevant development; **Birlington Court, Primrose Way, Langwith Junction** which is a large scale development for the delivery of circa 68 new homes (a mix of 2, 3 & 4 beds) situated some 3 km (1.5 miles) north of Shirebrook. At the date of this report, the development had three properties available for sale and had completed on 5 (in accordance with data available via land registry) as is indicated by the below:

For Sale:

Plot/Style	Description	Price	Size (m <sup>2</sup> )	Price per m <sup>2</sup>
14/The Galway	3 bed semi- detached with driveway	£122,995	71	£1,732.3
48 & 49/The Tyrone	3 bed semi- detached with garage	£129,950	71	£1,830.3

Agreed Sales:

Date	Address	Price	Type	Size (m <sup>2</sup> )	Price per m <sup>2</sup>
30/11/18	6, Primrose	£133,995	Detached	72	£1,860.4
30/11/18	4, Primrose	£124,995	Semi-detached	71	£1,760.5
30/11/18	8, Primrose	£103,995	Semi- detached	62	£1,677.3
14/12/18	12, Primrose	£134,995	Detached	72	£1,874.9
14/12/18	14, Primrose	£127,995	Semi-detached	71	£1,802.7

4.12 Furthermore, we identified 52 sales that had occurred during the past 12 months and within a 0.5 mile radius of the subject site. The comparable evidence indicated the following:

<b>Detached</b>			
Number of deals	Low per m <sup>2</sup>	High per m <sup>2</sup>	Average per m <sup>2</sup>
8	£1,402	£1,979	£1,679
<b>Semi-detached</b>			
Number of deals	Low per m <sup>2</sup>	High per m <sup>2</sup>	Average per m <sup>2</sup>
27	£833	£2,755	£1,442
<b>Terrace</b>			
Number of deals	Low per m <sup>2</sup>	High per m <sup>2</sup>	Average per m <sup>2</sup>
17	£791	£1,488	£956

4.13 Consequently, in considering the above, we would anticipate that new dwellings would achieve the following values on the given site:

House Type	Price per m <sup>2</sup>
Detached	£1,900
Semi-Detached	£1,800
Terrace	£1,600
Flat	£1,500

## 5.0 RETAIL MARKET OVERVIEW

5.1 The RICS identified the following key dynamics in a commercial survey carried out in 2018:

- Growth in tenant demand confined to the industrial sector with Brexit affecting occupier's decisions;
- Retail availability and inducements continue to rise noticeable;
- Twelve month capital value expectations downgraded across secondary office markets.

5.2 The changes in demand reflect social attitudes towards internet shopping and home-working and, therefore, is unlikely to change for the foreseeable future; this, in turn, is restricting investment into the retail sector although it is acknowledged generally within the industry that the changing attitude is likely to have the greatest impact on larger, national operators; which has become apparent in the numerous recent retail operator failures and the rise of CVAs (company voluntary arrangements) which have impacted landlords directly. Simple extrapolation of the figures to date suggest that the number of shop units impacted by operator failures in 2018 may approach the previous peak in 2012.

5.3 Stress has also been placed on the retail sector by major transformations arising from changes in consumption patterns, technology and an unfortunate inflexible tax and regulatory controls. With the Brexit vote, and the consequent devaluation of sterling, the small profit margins that may have been on offer, are all but wiped out by increased input costs, higher labour costs as well as the indirect impacts of imported inflation on real wage growth and household disposable income.

5.4 On a local level we understand the key market dynamics represent (across Derby and Nottingham retail sector):

5.5 Nottingham Key Market Indicators:

	<b>NIA</b>	<b>Vacancy Rate</b>	<b>Asking Rent</b>	<b>Availability Rate</b>	<b>Net Absorption SF</b>	<b>Deliveries SF</b>	<b>Under Construction</b>
Shopping Centre	2,896,494	5.6%	£31.01	6.9%	(1,226)	0	0
Retail Park	3,059,826	3.0%	£17.06	4.0%	0	0	0
General Retail	18,665,008	2.4%	£18.21	3.8%	10,881	0	8,438
<b>Market</b>	<b>24,621,328</b>	<b>2.9%</b>	<b>£19.58</b>	<b>4.2%</b>	<b>9,655</b>	<b>0</b>	<b>8,438</b>

<b>Annual Trends</b>	<b>12 Month</b>	<b>Historic Average</b>	<b>Forecast Average</b>	<b>Peak</b>	<b>When</b>	<b>Trough</b>	<b>When</b>
Vacancy change YOY	-0.2%	3.4%	2.9%	4.8%	2012 Q3	2.1%	2016 Q2
Net Absorption SF	110k	98,462	41,473	322,750	2014 Q4	(175,743)	2017 Q2
Deliveries SF	64.6k	82,878	38,032	144,771	2012 Q4	27,743	2018 Q1
Rent Growth	-3.4%	-0.9%	-1.6%	1.5%	2012 Q4	-4.5%	2018 Q3
Sales Volume	£35.8 M	£113.9 M	N/A	£238.2 M	2017 Q3	£27.7 M	2018 Q3

5.6 Derby Key Market Indicators:

	<b>NIA</b>	<b>Vacancy Rate</b>	<b>Asking Rent</b>	<b>Availability Rate</b>	<b>Net Absorption SF</b>	<b>Deliveries SF</b>	<b>Under Construction</b>
Shopping Centre	2,037,959	1.5%	£27.14	3.2%	1,743	0	0
Retail Park	2,094,714	3.7%	£14.76	3.7%	38,000	0	0
General Retail	14,926,169	2.0%	£15.75	3.2%	(156)	0	0
<b>Market</b>	<b>19,058,842</b>	<b>2.2%</b>	<b>£16.98</b>	<b>3.3%</b>	<b>39,587</b>	<b>0</b>	<b>0</b>

Annual Trends	12 Month	Historic Average	Forecast Average	Peak	When	Trough	When
Vacancy change YOY	-0.6%	3.7%	2.2%	6.7%	2012 Q3	2.2%	2019 Q1
Net Absorption SF	125k	160,446	32,056	632,210	2013 Q4	(103,986)	2017 Q2
Deliveries SF	20.4k	101,791	12,508	312,381	2012 Q1	0	2016 Q2
Rent Growth	-3.3%	-0.9%	-1.6%	1.5%	2012 Q4	-4.3%	2018 Q3
Sales Volume	£60.3 M	£193.8 M	N/A	£553 M	2013 Q4	£29.1M	2012 Q3

#### 5.7 In comparison to the Bolsover submarket:

	NIA	Vacancy Rate	Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Shopping Centre	0	-%	£-	-%	-	0	0
Retail Park	0	-%	£-	-%	-	0	0
General Retail	980,595	0.8%	£17.27	1.9%	(160)	0	0
<b>Market</b>	<b>980,595</b>	<b>0.8%</b>	<b>£17.27</b>	<b>1.9%</b>	<b>(160)</b>	<b>0</b>	<b>0</b>

Annual Trends	12 Month	Historic Average	Forecast Average	Peak	When	Trough	When
Vacancy change YOY	0.2%	1.5%	1.2%	4.1%	2013 Q2	0.1%	2015 Q3
Net Absorption SF	(4.4k)	4,794	(1,487)	24,091	2014 Q2	(19,114)	2013 Q2
Deliveries SF	0	2,776	237	16,794	2012 Q4	0	2018 Q4
Rent Growth	-3.2%	-1.1%	-1.5%	1.6%	2016 Q2	-4.5%	2018 Q3
Sales Volume	£0	£1.9 M	N/A	£7.0 M	2017 Q1	£0	2018 Q4

5.8 The above data represents the retail markets within the Bolsover submarket in comparison to the wider Derby and Nottingham markets. The data has been collated to provide an general insight in to the performance of the retail market.

5.9 The data indicates a subdued market with tolerable vacancy rates but negative annual rental growth.

5.10 In producing a CoStar analytical report, we were able to identify 11 lease transactions that had occurred within the past 18 months, all situated within Shirebrook (5 mile radius of the town centre).

5.11 The analytical report highlighted the following data:

	Average	Low	High
<b>Rents Per SQF</b>	£8.21	£4.90	£18.70
<b>Average Deal SF</b>	1,705	321	10,619
<b>Months on Market</b>	9.9	1.6	20.4
<b>Average Term</b>	4.6 years	1.0 years	10 years

5.12 With assessing the transactional data within a 5 mile radius, this also included Mansfield and its submarkets. We were only able to identify one deal that had occurred on Recreation Road in Shirebrook. The deal reflected the letting of a ground floor small lock up shop situated within a two storey 1950's building and the retail space measured approximately 56 m<sup>2</sup> (601 ft<sup>2</sup>). The letting was completed at £4,000 PAX on a 12 month term and we understand the property was marketed for around 18 months before a letting was successfully agreed.

5.13 In considering the above, along with the transactional data, we anticipate the following values would be achieved within Shirebrook, should retail units be delivered as part of the final scheme:



Unit Size (SQF)	Rate Per SQF
0 – 500	£15.00
501 – 1,500	£15.00 to £12.50
1,501 – 2,500	£12.50 to £10.00
2,501 – 5,000	c£7.50

- 5.14 The quoted rates per ft<sup>2</sup> reflect the space being new build and therefore a premium in comparison to the comparable evidence sourced.
- 5.15 The major high street retailers are located within neighbouring locations and are not located within Shirebrook with the exception of a few. The Market Street together with the surrounding area comprises retail units made up of mainly local covenants. The lack of transactional data, along with the current tolerable but rising vacancy rates and negative annual rental growth highlights a weak retail market sector with poor occupier demand and therefore, should retail provisions for the completed scheme a prolonged marketing period of say 6-12 months should be allowed for to enable the units to be occupied.
- 5.16 Each of the sites are situated within isolated trading positions, with limited pedestrian flow to support a solely retail scheme; however, having regards to the surrounding area being primarily residential/retail we anticipate these surrounding uses would support some form of retail development on both the Carter Lane site and Patchwork Row site.
- 5.17 The Patchwork Row site is situated on the periphery of the retail core and providing better and modern retail accommodation to the northern side of Patchwork Row may act as a pedestrian anchor to the surrounding shopping area.
- 5.18 We would deem the Carter Lane most suited to an out of town retail scheme, due to Carter Lane acting as a pedestrian barrier between the site and the main pedestrian retail area.
- 5.19 Having regards to the retail property investment market, the markets are expected to remain subdued against occupier uncertainty and negative feeling generally. Investment markets remain tied between the difference in historic valuations and buyers' expectations. However, over the longer term, the outlook for UK retail is anticipated to be more positive than most expect. But having said this, proactive intervention is required to instil confidence within the sector.
- 5.20 On a local level to Shirebrook, there have been very few investment transactions taking place. Therefore, in assessing comparable evidence from neighbouring locations, investments sales appear to be achieving yields between 6-12%. The wide range indicates the sensitivity surrounding this sector at present, with the covenant strength, type of property (versatility) and lease terms key reflection of the yield achieved.
- 5.21 Therefore, we would anticipate an 9% NIY would achieved for units let to local covenant with an unexpired term of say 3 years (should the unexpired term reflect a longer period, we would anticipate the yield would lower to reflect greater security) and 6-8% NIY for larger units with a national covenant with an unexpired term in excess of 5 years; however, as previously mentioned, the yields stated above are

subject to the individual lease terms agreed and the trading characteristics of the final product.

## 6.0 OFFICE MARKET OVERVIEW

6.1 The latest Investment Property Forum consensus report shows the range of forecasts for UK office returns in 2018 is wider than for any of the other major property sectors, highlighting the degree of uncertainty about the outlook. However, recognising that 2018 was likely to see performance moderate across all sectors, as was likely this will be mirrored in the office sector.

6.2 There was a reported rise of 6% year on year of money invested within the office sector whereby we understand volumes have been largely driven by continuing investor demand for regional office assets in key locations benefitting from strong occupier fundamentals. Investment in the big six regional cities (Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester) remained robust (circa £830m), helped by the highest volume in Glasgow in a decade. In contrast, spending on Central London offices fell to its second lowest level since 2011, down 37% quarter on quarter and 19% year on year.

6.3 Having reviewed various market data, on the occupier demand side, there is no doubt that the fundamentals have been improving across a number of fronts. 2017/2018 saw jobs growth across most of the UK's regions, boosted by high-profile private investors who have been increasing their share of regional offices purchases, and are under significant pressure to deploy further capital. London and parts of the south east markets remain too competitive and/or expensive for some such funds, meaning prime offices in regional locations will be an attractive alternative – as long as the stock can be found.

6.4 On a local level we understand the key market dynamics represent (across Derby and Nottingham retail sector):

6.5 Nottingham Key Market Indicators:

	<b>NIA</b>	<b>Vacancy Rate</b>	<b>Asking Rent</b>	<b>Availability Rate</b>	<b>Net Absorption SF</b>	<b>Deliveries SF</b>	<b>Under Construction</b>
4 & 5 Star	2,420,396	2.5%	£15.27	3.7%	5,377	0	0
3 Star	10,405,281	5.3%	£13.19	8.5%	6,784	0	0
1 & 2 Star	4,480,441	2.2%	£10.63	4.7%	(1,389)	0	0
<b>Market</b>	<b>17,306,118</b>	<b>4.1%</b>	<b>£12.82</b>	<b>6.8%</b>	<b>10,772</b>	<b>0</b>	<b>0</b>

<b>Annual Trends</b>	<b>12 Month</b>	<b>Historic Average</b>	<b>Forecast Average</b>	<b>Peak</b>	<b>When</b>	<b>Trough</b>	<b>When</b>
Vacancy change YOY	-0.4%	7.4%	3.7%	10%	2012 Q4	4.1%	2019 Q1
Net Absorption SF	83.1 k	70,422	137,311	379,557	2010 Q1	(284,882)	2011 Q1
Deliveries SF	10.8 k	73,904	158,948	274,416	2010 Q2	534	2018 Q1
Rent Growth	3.3%	0.9%	2.1%	9.8%	2016 Q4	-8.3%	2013 Q4
Sales Volume	£116 M	£63.3 M	N/A	£97.1 M	2018 Q4	£29.7 M	2013 Q2

6.6 Derby Key Market Indicators:

	<b>NIA</b>	<b>Vacancy Rate</b>	<b>Asking Rent</b>	<b>Availability Rate</b>	<b>Net Absorption SF</b>	<b>Deliveries SF</b>	<b>Under Construction</b>
4 & 5 Star	401,435	0.6%	£15.06	6.0%	(896)	0	0
3 Star	6,157,319	6.5%	£11.98	12.7%	11,639	0	0
1 & 2 Star	3,797,818	5.2%	£10.93	7.2%	(14,306)	0	0

<b>Market</b>	<b>10,356,572</b>	<b>5.8%</b>	<b>£11.72</b>	<b>10.4%</b>	<b>(3,563)</b>	<b>0</b>	<b>0</b>
<b>Annual Trends</b>	<b>12 Month</b>	<b>Historic Average</b>	<b>Forecast Average</b>	<b>Peak</b>	<b>When</b>	<b>Trough</b>	<b>When</b>
Vacancy change YOY	0%	8.1%	5.8%	11.1%	2012 Q3	5.3%	2017 Q1
Net Absorption SF	21.4 k	59,902	5,227	306,396	2009 Q4	(112,359)	2010 Q4
Deliveries SF	17.7 k	73,983	18,832	420,133	2008 Q4	7,640	2012 Q4
Rent Growth	-0.1%	0.5%	1.3%	6.7%	2016 Q4	-6.5%	2012 Q1
Sales Volume	£37.6 M	£11.7 M	N/A	£27.8 M	2018 Q4	£3.7 M	2012 Q4

6.7 In comparison to the Bolsover submarket:

	<b>NIA</b>	<b>Vacancy Rate</b>	<b>Asking Rent</b>	<b>Availability Rate</b>	<b>Net Absorption SF</b>	<b>Deliveries SF</b>	<b>Under Construction</b>
4 & 5 Star	33,281	0%	£15.65	0%	0	0	0
3 Star	380,918	1.5%	£11.89	3.1%	(961)	0	0
1 & 2 Star	157,841	2.8%	£9.50	3.1%	0	0	0
<b>Market</b>	<b>572,040</b>	<b>1.8%</b>	<b>£11.45</b>	<b>2.9%</b>	<b>(961)</b>	<b>0</b>	<b>0</b>

<b>Annual Trends</b>	<b>12 Month</b>	<b>Historic Average</b>	<b>Forecast Average</b>	<b>Peak</b>	<b>When</b>	<b>Trough</b>	<b>When</b>
Vacancy change YOY	0%	16.1%	2.3%	35.5%	2007 Q1	1.6%	2018 Q4
Net Absorption SF	(62)	19,969	(620)	140,877	2008 Q1	(64,009)	2009 Q3
Deliveries SF	0	10,741	448	111,361	2008 Q4	0	2018 Q4
Rent Growth	-1.1%	0.1%	1.0%	5.5%	2016 Q4	-9.8%	2012 Q1
Sales Volume	£1.2 M	£661.8 k	N/A	£3.2 M	2016 Q2	£0	2017 Q3

6.8 The above data represents the office markets within the Bosolver submarket in comparison to the wider Derby and Nottingham markets. The data has been collated to provide an general insight in to the performance of the office market.

6.9 The data indicates a subdued market with tolerable vacancy rates and a slightly negative annual rental growth. The overall local office market appears to be stable.

6.10 In producing a CoStar analytical report, we were able to identify 25 lease transactions that had occurred within the past 18 months, all situated within Shirebrook (5 mile radius of the town centre).

6.11 The analytical report highlighted the following data:

	<b>Average</b>	<b>Low</b>	<b>High</b>
<b>Rents Per SQF</b>	£7.44	£2.37	£42.40
<b>Average Deal SF</b>	3,153	108	49450
<b>Average Term</b>	4.2 years	0.5 years	10 years

6.12 With assessing the transactional data within a 5 mile radius, this also included Mansfield and its submarkets. We were only able to identify two deals; one on Station Road and the other on Tangent Business Hub on Weighbridge Road. Both properties reflected the lettings of contrasting accommodation, the deal on station road reflect the letting of a two storey Victorian office measuring 91.2 m<sup>2</sup> (982 ft<sup>2</sup>) in poor condition which achieved c£6.11 per ft<sup>2</sup> and the deal on Tangent Business Hub was a small modern serviced office which measure 24 m<sup>2</sup> (258 ft<sup>2</sup>) which achieved c£16.00 per ft<sup>2</sup>.

6.13 In considering the above, along with the transactional data, we would anticipate the following values to be achieved on the subject site, should office units be delivered as part of the final scheme:

Unit Size (SQF)	Rate Per SQF
0 - 500	£12.50
500 – 2,500	£12.50 to £10.00
2500 - 5000	£10.00 to £7.50
5,000 -10,000 +	c£7.50

- 6.14 The quoted rates per ft<sup>2</sup> reflect the space being new build and therefore premium in comparison to the comparable evidence sourced.
- 6.15 As already mentioned, there have been very few office transactions within the past 24 months within Shirebrook (we identified only two transactions and therefore, we expanded our search criteria to gauge a range of rents), this is due to the evident under supply of grade A accommodation, combined with little speculative development in the area and the fact there are large competing office and employment areas in the neighbouring large cities of Derby and Nottingham. Therefore, this has led to the primary demand / recent office transactions being located in out of town offices in the nearby cities such as Derby and Nottingham in search of better quality accommodation, stronger strategic positions and with parking.
- 6.16 Take up rates across the Midlands have slowed marginally over the last 12-18 months, however market research highlights that demand and take up by size remains constant and strong in the <2,500 sq ft office market sector, making up the majority transactions.
- 6.17 The UK office investment fell to £4.1 bn quarter-on-quarter, 37% below the 5-year average. Turnover for the full year totalled £22.1 bn, a year-on-year fall of 12%. Overseas capital dominated over the year, accounting for 58% of all purchases. Investment into London offices fell to its lowest level since the EU referendum, due mainly to a fall in the number of large unit sales.
- 6.18 In considering the evidence, and on a local level to Shirebrook investment sales are achieving net initial yields of between 6% and 10%, albeit there have been very few investment transactions that have occurred within a 10 mile radius of the given site. Yields are sensitive to covenant strength and lease term. The data also highlights a lack of smaller office sales in the area.
- 6.19 Whilst the Shirebrook market would perhaps not support a single purpose built office block, our thoughts and advice would be that demand is expected for Grade A serviced office accommodation, due to the lack of other office facilities within the locality. Therefore, the local market may support a small proportion of Grade A office accommodation.

## **7.0 LAND**

- 7.1 The RICS Residential Market Survey reported the residential market ending the 2018 on a weak note, with key activity indicators continuing to slip at the headline level. However, in our experience, demand for residential development land remains strong, reflecting interest from the Private Rented Sector (PRS) and from Registered Providers (RP) for affordable housing.
- 7.2 Whilst PRS sector investors and RPs typically pay reduced levels either for land or for completed developments, the housing mix provides more certainty for developers and

assists with cash flow. Notwithstanding the levels of demand for residential development land, developers no longer maintain extensive land banks, the preference being to acquire land to enable a rolling programme of site development.

- 7.3 The RICS UK Market Survey for Q4 of 2018 which was published on 31<sup>st</sup> January 2019, identifies “mixed fortunes across the three traditional sectors”, with the “strong performance of the industrial sector” remaining in “stark contrast to that of retail, driven by the structural shift in consumer spending habits”. During the final three months of 2018, all-sector occupier demand was reported to have declined for the third consecutive quarter.
- 7.4 The greatest impacts on both residential and commercial land markets tends to be in the south of the country due to the impact of Brexit uncertainty on the London property market; however, a similar effect (albeit not as emphasised) exists closer to main conurbations and economic centres, as opposed to localised markets.
- 7.5 The table below identifies evidence of transactions for residential and commercial development sites within a 15 mile radius of Shirebrook.

Sale Date	Property Name	Street	City	Postcode	Type	Area Ac	Sale Price	Sale Rate/Ac	Development
30/04/2018	Land off Teal Close - Residential	Teal Close	Danethorpe	NG4 2PE	Land	121.5	£ 21,800,000.00	£ 179,424.00	Residential with leisure facilities, primary school and ecology park.
30/04/2018	Land off Teal Close - Residential	Teal Close	Danethorpe	NG4 2PE	Land	13.5	£ 3,100,000.00	£ 229,630.00	Part of the above development but residential only.
07/08/2019	Harworth Colliery	Scrooby Road	Doncaster	DN11 8AB	Land	7.1	£ 5,083,343.00	£ 718,900.00	Kier Living purchased the site on confidential terms.
18/10/2018	Development Site	Hamilton Way	Mansfield	NG18 5BU	Land	5	£ 135,500.00	£ 271,000.00	Warehouse/office development land.
30/04/2018	143 Alfreton Road	Alfreton Road	South Normanton	DE55 2BL	Land	14.3	£ 4,103,500.00	£ 286,840.00	Large scale residential development.
05/06/2018	Development Site	Great Central Street	Mansfield	NG18 1AH	Land	4	£ 1,000,000.00	£ 250,000.00	Cleared site with potential residential, commercial and trade counter uses. Sold without planning.
29/09/2017	Residential Development	Main Street	Calverton	NG14 6FP	Land	0.4	£ 315,000.00	£ 759,036.00	Central redevelopment opportunity. No planning permission.
21/09/2018	Dalton Working Mens Club	Doncaster Road	Rotherham	S65 3ET	Land	3.3	£ 800,000.00	£ 242,674.00	Commercial development. Potential out of town retail.
11/06/2018	Bullbridge Hill	Ambergate	Belper	DE56 2FX	Land	20.6	£ 154,800.00	£ 7,515.00	Previously contaminated site

- 7.6 Prices for residential development land range from between £179,424 per acre to £759,036 per acre, the latter being for a manageable scheme in a prime central residential area. The sites in Belper reflect the lack of appetite from developers for intensively developed brownfield sites and previously contaminated land.
- 7.7 The price achieved for residential development land can be heavily influenced by Section 106 planning obligations and abnormal costs (such as for the provision of services or in foundation/drainage treatment) and therefore it is difficult to fully analyse residential sales evidence without a detailed breakdown of the individual sites.
- 7.8 Notwithstanding the fall in demand for retail occupation, commercial retail sites have been well supported, reflecting land values similar to those for residential development sites: in our experience, there remains demand for sites also for small retail convenience stores and fast food outlets with good road frontages within well populated areas.

## 8.0 CONCLUSION

- 9.1 All three sites are positioned in mixed use areas whereby any redevelopment would be welcomed and deliverable, depending on the scale and nature. The Carter Lane Site provides the greatest redevelopment opportunity to maximise returns, with the site having frontage on to a main vehicular road and being within close proximity to national retail occupiers, a leisure facility and residential dwellings.

- 9.2 The housing market within Shirebrook appears stable with little growth.
- 9.3 The improvement of retail zones within town centre location has a direct correlation with increased pedestrian flow, and therefore improves with an influx of population. Consequently, residential development within the locality of the town centre should be considered for a high density scheme i.e. for flats or apartments.
- 9.4 Shirebrook's retail market appears to be subdued with little growth. The site on Patchwork Row is situated in a secondary/tertiary trading position, whilst the Shirevale site would only support destination occupiers to create an independent out of town retail scheme. The lack of presence of any reasonable occupiers within the town centre and the dilapidated state of many of the buildings create a poor shopping experience and no real need for any shopper to visit the area. We would anticipate that should the any new development provide a modern retail provision, this would improve vacancy rates; however, occupier demand is difficult to establish.
- 9.5 We consider greatest demand for the Shirevale site to be for residential whilst the Carter Lane site along with the Patchwork site to be from mixed use schemes due to the size of each site and the local market demographics.