

Analytics Report
Site Appraisal Report

30 Sep 2015



Sample SAR

Contacts

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Executive Summary

This desktop report provides the latest information on new housing supply, the profile and drivers of demand and detailed pricing data for the market around the Sample SAR site. The report draws on unique data held by Hometrack and the NHBC in order to provide the market context to inform land acquisition, land strategy and planning related decisions.

A summary of the key findings is set out below:

The new development market

- 10 competitor schemes were selected for this report, located within an 2.0 mile radius of the site. These schemes average 55 units and contain a total of 552 units.
- 59% of the units on these schemes are completed¹ and 30% (165) are currently under construction.
- Construction has started on 59 units in the last 6 months (of which 98% are houses and 2% flats). There are a further 61 units yet to be started.
- The average price of units under construction is £203,000.
- The most common type of property under construction are houses (87%) followed by flats (13%).

Pricing of housing across the local market area

- The local market area forms a circle centred on the site. Across the local market area median £psf values are £150 for flats and £145 for houses.
- Upper quartile prices are £183psf for flats and £180psf for houses.
- Average prices across the local market area range from £115,000 for 2 bed flats to £159,000 for 3 bed houses and £228,000 for 4 bed houses.

Demand, affordability and rental market

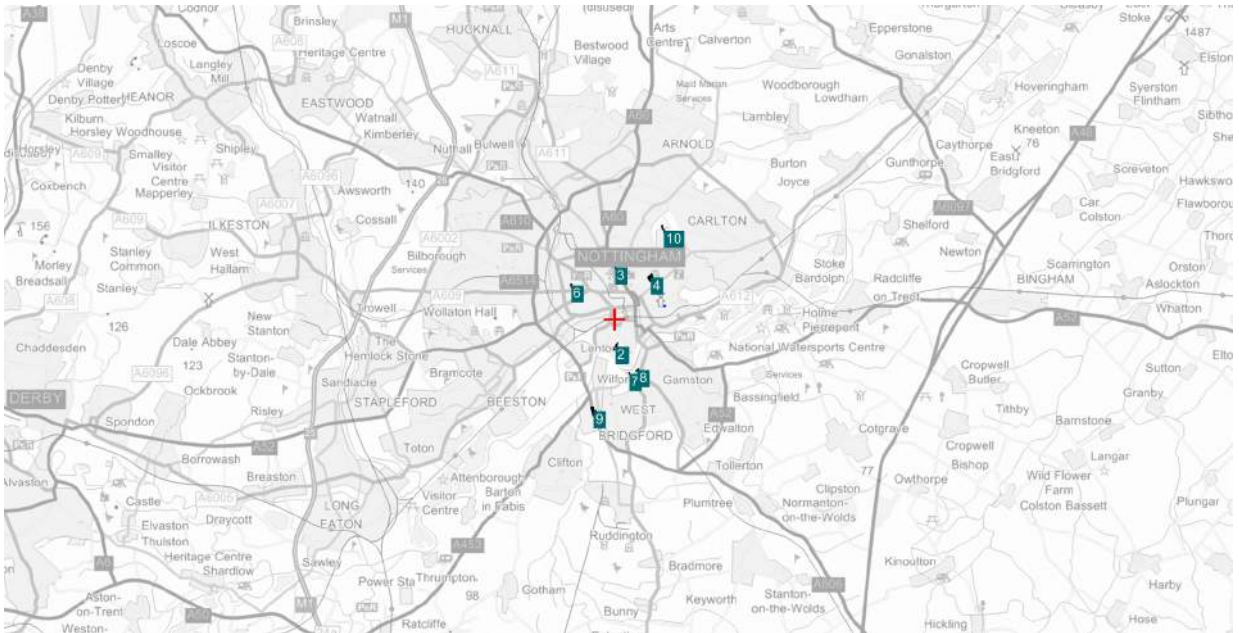
- There are 213,622 households within the local market area. 20% of these households are classed as 'affluent' with a further 26% in the 'comfortable' category. The most common household types in these two affluence groups are Young Families (20%) and Young Singles (18%).
- Average household incomes in the catchment are £33,000. A household buying with a 3.5x income mortgage at 70% LTV could afford to pay £165,000.
- The unemployment rate (claimant count) in Nottingham (UA) is 3.6% compared to 3.7% six months ago.
- The average weekly rental is £125 per week and the cost of a buying with an 85% mortgage £145 per week. The average gross yield is 5.6% for a two bed property.

¹Refers to construction complete only, they may or may not have been sold.

1.1 Overview of selected developments

This analysis of the new development market is based upon the schemes shown in Figure 1. These schemes were selected at the time the report was ordered from a list of the nearest active developments registered with the NHBC. The NHBC register approximately 85% of all new build schemes. Active schemes are defined as having 5 or more units, with on-going new development activity taking place in the last 12 months i.e. starts or completions.

Figure 1. Map of selected schemes



Source: NHBC; Crown Copyright. All Rights Reserved. License number 10035977

Table 1. Selected developments (ordered by distance from site)

Ref	Development	Builder
1	Pitcairn and Hobart Close,	BLUEPRINT (GENERAL PARTNER) LTD
2	Pitcairn and Hobart Close,	WILLIAM DAVIS LTD
3	8 Kilbourn Street	THORPE & FLETCHER DEVELOPMENTS LTD
4	Jersey Gardens/ St. Matthias Road	KEEPMOAT LTD
5	L/O Trent Basin	BLUEPRINT (GENERAL PARTNER) LTD
6	Former Radford Mill Northern Site	GALLIFORD TRY PLC
7	Land off Wilford Lane	JELSON LTD
8	Fmr Beckett School	MCCARTHY & STONE RETIREMENT LIFESTYLES LIMITED
9	The Old Becket School	TAYLOR WIMPEY UK LIMITED
10	Kingsthorpe Close	KEEPMOAT LTD

Source: NHBC

1.2 New development market overview

Table 2. Profile of active developments

Data	Nearest schemes	Furthest schemes	All schemes
No of schemes selected	5	5	10
Distance (miles)	0.5 - 1.1	1.1 - 2.0	0.5 - 2.0
Size range (units)	8 - 111	9 - 121	8 - 121
Average size	45	65	55
Total units (all tenures)	227	325	552
Affordable Housing Units	46	98	144
Private Housing Units	181	227	408
Composition			
% flats - % houses	0% - 100%	33% - 67%	19% - 81%
% affordable housing	20%	30%	26%
Progress (private units)			
Completions to date (% total)	38%	51%	45%
Completions last 6 months	18	14	32
Being built or yet to start	112	111	223
Starts in the last 6 months	44	15	59
Mix of starts (% flats / % houses)	0% - 100%	7% - 93%	2% - 98%
Proposed Pricing			
Median price	£149,000	£140,000	£145,000
Median house price	£149,000	£116,000	£145,000
Median flat price	n/a	n/a	n/a

Source: NHBC

1.3 Status of new development schemes

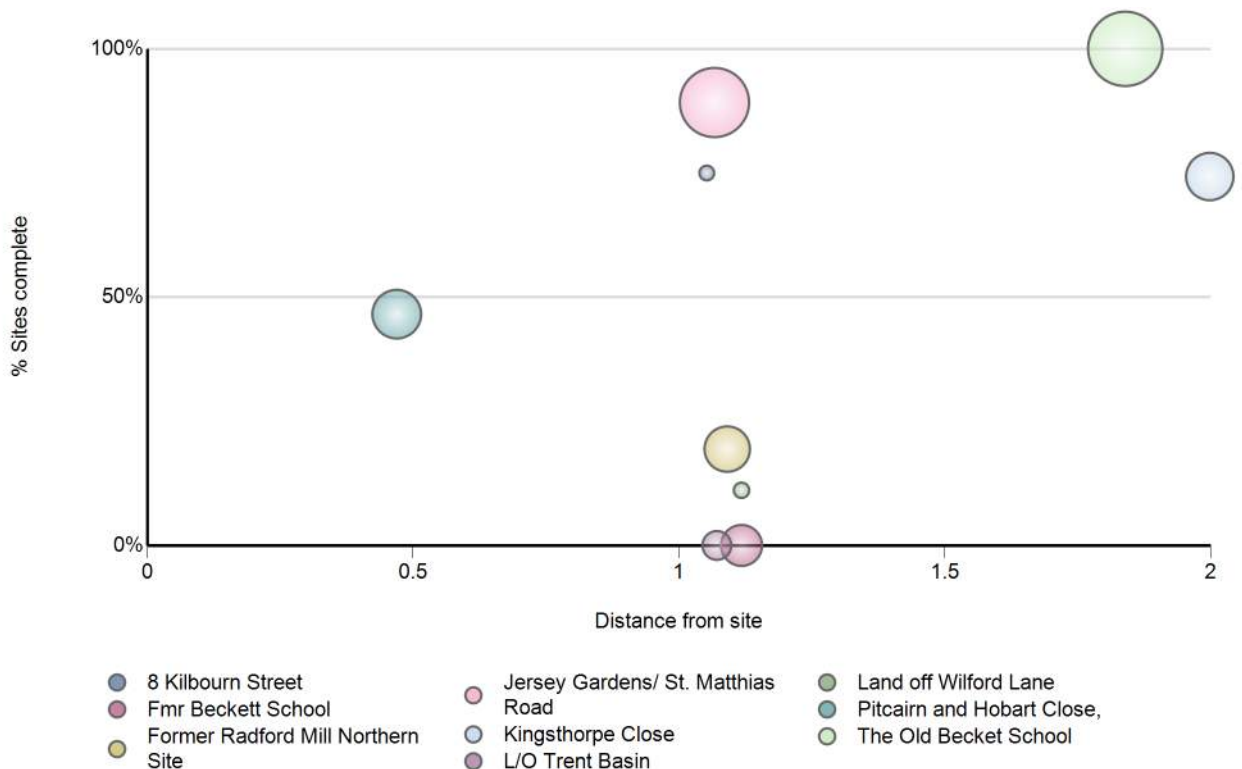
The selected schemes are at different stages of the sales and development process. Figure 2 below provides an overview of all the selected schemes according to:

- The overall size of the site – the larger the circle the larger the scheme.
- The proportion of units that have been completed – the y axis.
- The distance from the target site – the x axis.

This analysis enables a clear understanding of the local schemes that have established pricing levels from a period of development as well as the identification of schemes that present new starts and potential competition for any development in the near future.

The schemes with the greatest volume of units completed will provide the best evidence of established pricing for new build housing in the local area. The schemes with a smaller proportion of completions are likely to present future competition.

Figure 2. Size, distance and % completion rate for selected developments



Source: NHBC

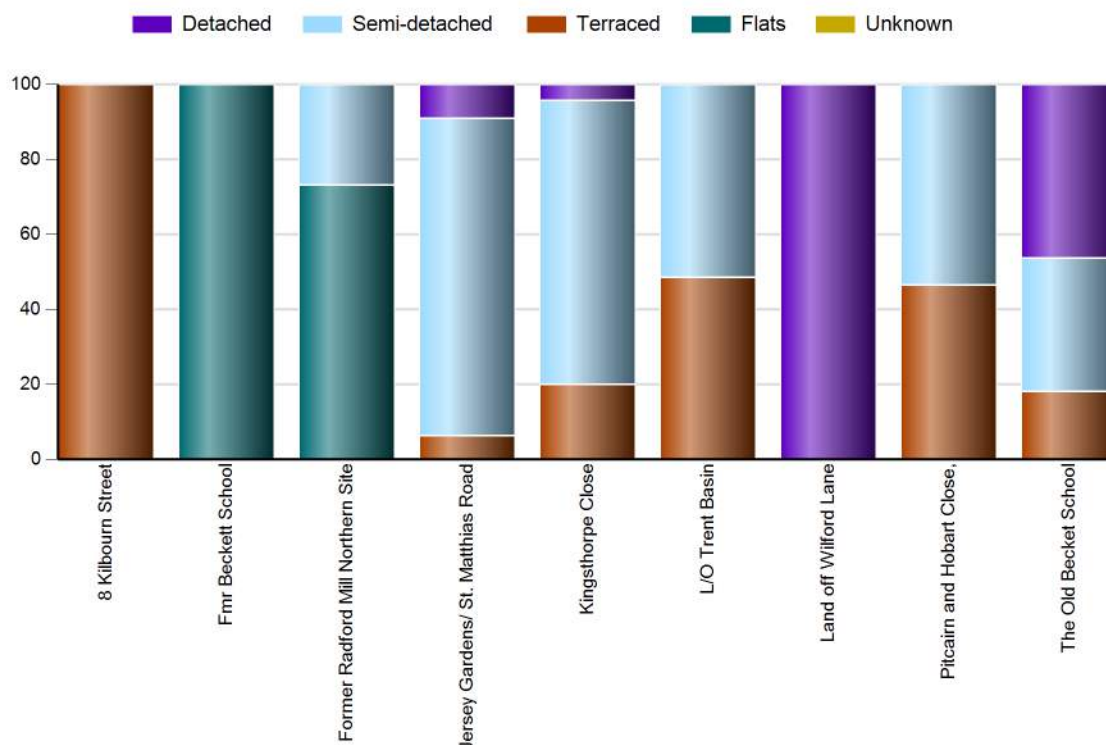
1.4 Mix of housing being developed

This section sets out a more detailed analysis of the composition of the private housing on the selected schemes focusing on units currently under construction or completed in the last 12 months. Figure 3 shows the mix of private housing being developed, scheme by scheme.

In summary, the analysis shows:

- The most common type of property under construction are houses (87%) followed by flats (13%).
- Across the 5 schemes closest to the site houses are the most common property type, accounting for 100% of all units.
- Across the 5 schemes furthest away from the site houses are the most common property type, accounting for 74% of all units.
- The two schemes with the most houses (121 and 111 respectively) are:
 - Site 9 - The Old Becket School - TAYLOR WIMPEY UK LIMITED
 - Site 4 - Jersey Gardens/ St. Matthias Road - KEEPMOAT LTD
- The two schemes with the most flats (58 and 49 respectively) are:
 - Site 8 - Fmr Beckett School - MCCARTHY & STONE RETIREMENT LIFESTYLES LIMITED
 - Site 6 - Former Radford Mill Northern Site - GALLIFORD TRY PLC

Figure 3. Mix of housing being developed



Source: NHBC

1.5 Scheme by scheme analysis

The tables in this section set out detailed information on the profile and current status of the selected developments shown in figure 1.

When reading these tables please note:

- The scheme start date reflects the date the scheme was registered with the NHBC.
- On phased schemes the information may be for an individual phase rather than the whole scheme - not all phases will include affordable housing, which may be separate.
- The price ranges are those that were proposed at the time of registration although the proposed pricing shown is for units currently under construction.
- If pricing information is older than 12 months it is labelled as "Out of Date". This is to avoid comparing historic pricing with the current pricing considered elsewhere in this report.
- Complete refers to units that are built. These units may or may not have been sold.

Scheme 1 - Pitcairn and Hobart Close, - BLUEPRINT (GENERAL PARTNER) LTD	
Distance to Site	0.5 miles
Number of units (% started)	35 (100%)
% houses / % flats	100% / 0%
Scheme start date	10 April 2014
% affordable housing	0%
Price range (proposed at registration)	£143,000 - £195,000
Total number of units completed (% completed)	0 (0%)
Number of private units completed	0
Number of private units completed in last 6 months	0
Number of private units yet to start (last plot started)	None (Nov 2014)

Scheme 2 - Pitcairn and Hobart Close, - WILLIAM DAVIS LTD	
Distance to Site	0.5 miles
Number of units (% started)	38 (100%)
% houses / % flats	100% / 0%
Scheme start date	10 April 2014
% affordable housing	100%
Price range (proposed at registration)	Prices out of date
Total number of units completed (% completed)	0 (0%)
Number of private units completed	0
Number of private units completed in last 6 months	0
Number of private units yet to start (last plot started)	None (Jun 2014)

Section 1

The New Development Market

Scheme 3 - 8 Kilbourn Street - THORPE & FLETCHER DEVELOPMENTS LTD	
Distance to Site	1.1 miles
Number of units (% started)	8 (100%)
% houses / % flats	100% / 0%
Scheme start date	18 July 2014
% affordable housing	0%
Price range (proposed at registration)	Prices out of date
Total number of units completed (% completed)	0 (0%)
Number of private units completed	0
Number of private units completed in last 6 months	0
Number of private units yet to start (last plot started)	None (Aug 2014)

Scheme 4 - Jersey Gardens/ St. Matthias Road - KEEPMOAT LTD	
Distance to Site	1.1 miles
Number of units (% started)	111 (100%)
% houses / % flats	100% / 0%
Scheme start date	20 August 2013
% affordable housing	7%
Price range (proposed at registration)	£85,000 - £115,000
Total number of units completed (% completed)	69 (62%)
Number of private units completed	69
Number of private units completed in last 6 months	18
Number of private units yet to start (last plot started)	None (Jul 2015)

Scheme 5 - L/O Trent Basin - BLUEPRINT (GENERAL PARTNER) LTD	
Distance to Site	1.1 miles
Number of units (% started)	35 (100%)
% houses / % flats	100% / 0%
Scheme start date	25 June 2015
% affordable housing	0%
Price range (proposed at registration)	£225,000 - £350,000
Total number of units completed (% completed)	0 (0%)
Number of private units completed	0
Number of private units completed in last 6 months	0
Number of private units yet to start (last plot started)	None (Jul 2015)

Section 1

The New Development Market

Scheme 6 - Former Radford Mill Northern Site - GALLIFORD TRY PLC	
Distance to Site	1.1 miles
Number of units (% started)	67 (100%)
% houses / % flats	27% / 73%
Scheme start date	14 May 2014
% affordable housing	100%
Price range (proposed at registration)	Prices out of date
Total number of units completed (% completed)	0 (0%)
Number of units completed	0
Number of units completed in last 6 months	0
Number of units yet to start (last plot started)	None (Nov 2014)

Scheme 7 - Land off Wilford Lane - JELSON LTD	
Distance to Site	1.1 miles
Number of units (% started)	9 (100%)
% houses / % flats	100% / 0%
Scheme start date	14 August 2014
% affordable housing	0%
Price range (proposed at registration)	£350,000 - £350,000
Total number of units completed (% completed)	0 (0%)
Number of units completed	0
Number of units completed in last 6 months	0
Number of units yet to start (last plot started)	None (Sep 2014)

Scheme 8 - Fmr Beckett School - MCCARTHY & STONE RETIREMENT LIFESTYLES LIMITED	
Distance to Site	1.1 miles
Number of units (% started)	58 (2%)
% houses / % flats	0% / 100%
Scheme start date	12 June 2015
% affordable housing	0%
Price range (proposed at registration)	£225,000 - £225,000
Total number of units completed (% completed)	0 (0%)
Number of units completed	0
Number of units completed in last 6 months	0
Number of units yet to start (last plot started)	57 (Jun 2015)

Section 1

The New Development Market

Scheme 9 - The Old Becket School - TAYLOR WIMPEY UK LIMITED

Distance to Site	1.8 miles
Number of units (% started)	121 (100%)
% houses / % flats	100% / 0%
Scheme start date	8 December 2011
% affordable housing	20%
Price range (proposed at registration)	Prices out of date
Total number of units completed (% completed)	82 (68%)
Number of units completed	82
Number of units completed in last 6 months	5
Number of units yet to start (last plot started)	None (Jul 2014)

Scheme 10 - Kingsthorpe Close - KEEPMOAT LTD

Distance to Site	2.0 miles
Number of units (% started)	70 (94%)
% houses / % flats	100% / 0%
Scheme start date	24 April 2014
% affordable housing	10%
Price range (proposed at registration)	£104,000 - £155,000
Total number of units completed (% completed)	34 (49%)
Number of units completed	34
Number of units completed in last 6 months	9
Number of units yet to start (last plot started)	4 (Jul 2015)

Source: NHBC

2.1 Overview of pricing across local market area

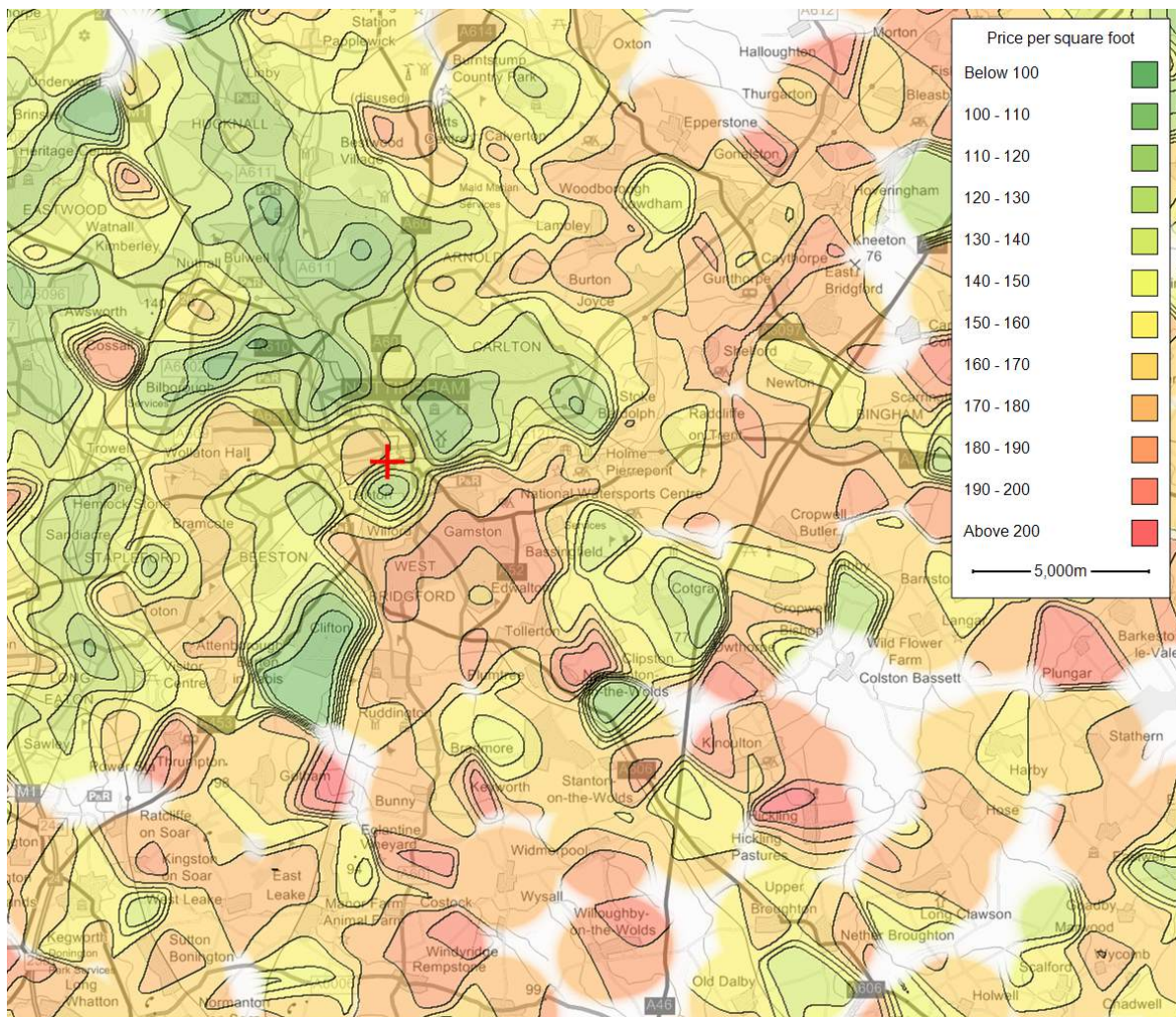
This section sets out an analysis of pricing levels and transaction volumes across the local market area, encompassing the selected developments. This is based on a combination of achieved prices from the land registry and valuation data

The data and analysis on pricing levels within this catchment is presented in two ways:

1. The profile and distribution of £psf values
2. Absolute prices achieved by property type and size over the last 12 months.

The map below provides an overview of £psf pricing across the local market area. The scheme is marked with a cross.

Figure 4. Average £psf values for residential property across the local market



Source: Hometrack

2.2 Profile of pricing on a £psf/£psm basis

Figure 5 showed the spatial distribution of average £psf values around the scheme. The analysis in this section provides information on the distribution of £psf values across the local market area for flats and houses, which is summarised in table 4. Together the map and chart provide the basis to inform initial price setting assessments.

This analysis is drawn from Hometrack's unique database of comparable evidence. All comparable market evidence from the last 5 years is indexed to current levels and then expressed on a £psf basis.

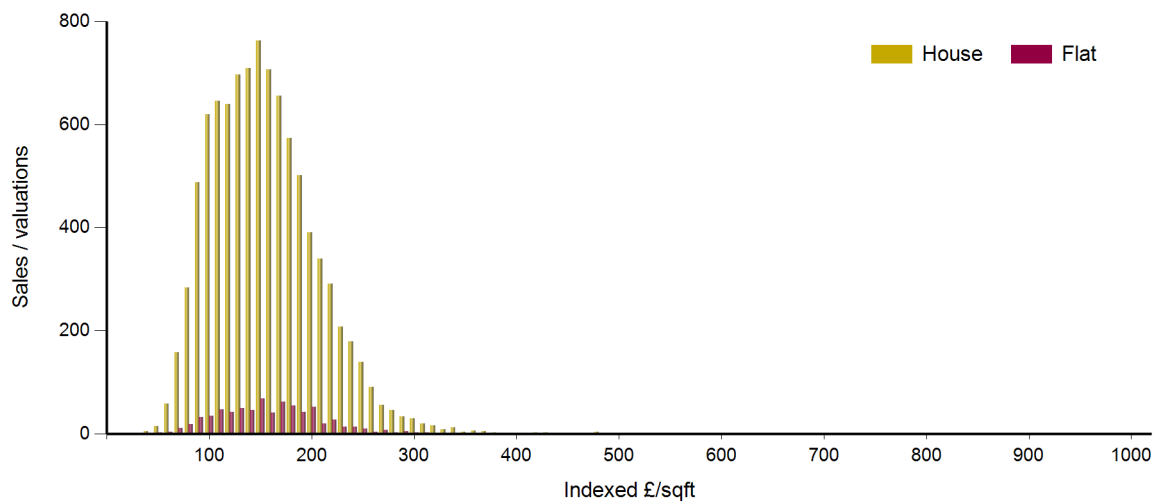
In summary £psf (£psm) prices across the catchment area are as follows:

- Median: Flats - £150psf (£1,614psm), Houses - £145psf (£1,556psm)
- Upper quartile: Flats - £183psf (£1,969psm), Houses - £180psf (£1,939psm)
- Upper decile: Flats - £213psf (£2,291psm), Houses - £217psf (£2,333psm)

Table 4. Current £psm/£psf prices across the catchment area

Price point	Flats		Houses	
	£psm	£psf	£psm	£psf
Lower Quartile	£1,254	£117	£1,200	£111
Median	£1,614	£150	£1,556	£145
Upper Quartile	£1,969	£183	£1,939	£180
Upper Decile	£2,291	£213	£2,333	£217

Figure 5. Distribution of £psf prices across the catchment area



Source: Hometrack

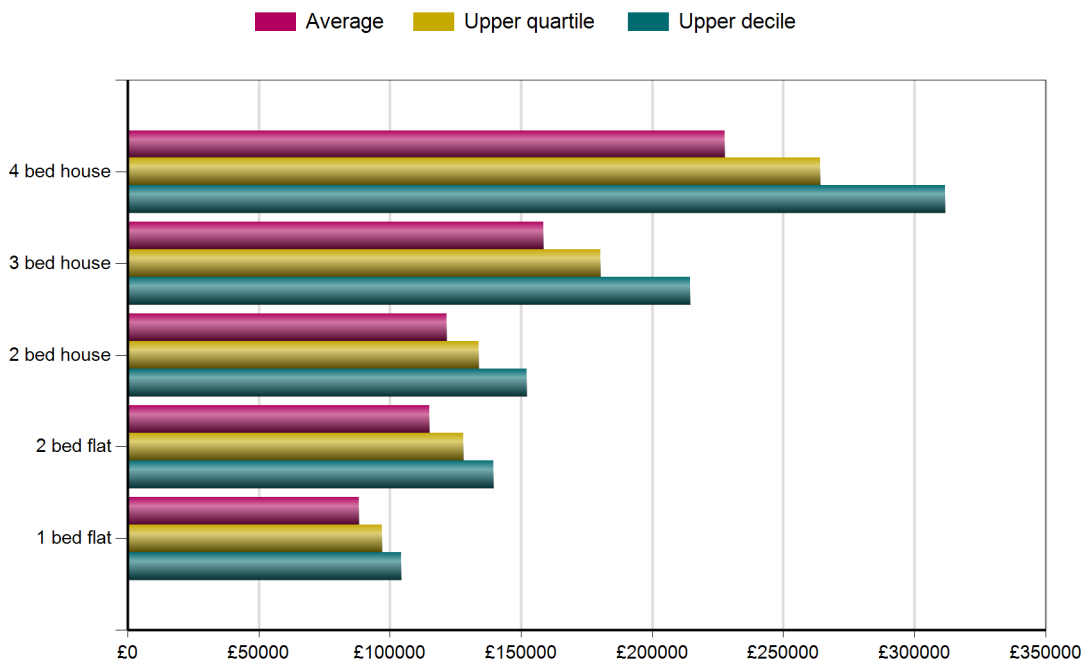
2.3 Absolute pricing levels

The table and chart below show the level of absolute prices within the local market area over the last 12 months. This is split by type and size for all property at the average, upper quartile and upper decile levels.

Table 5. Pricing in the local market by property size and type over the last 12 months

Property type / size	Average	Upper quartile	Upper decile
1 bed flat	£88,000	£97,000	£104,000
2 bed flat	£115,000	£128,000	£140,000
2 bed house	£122,000	£134,000	£152,000
3 bed house	£159,000	£180,000	£214,000
4 bed house	£228,000	£264,000	£312,000

Figure 6. Price point by property type over last 12 months



Source: Hometrack

2.4 Transaction volumes by type and price

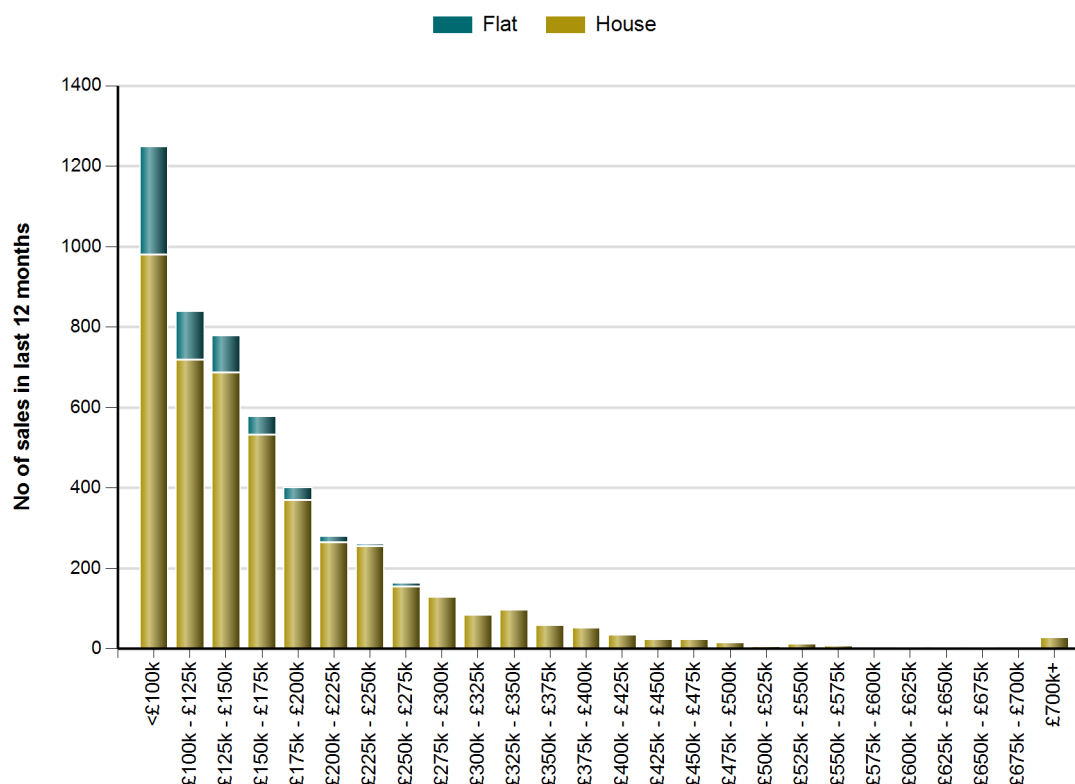
This section sets out an overview of transaction volumes across the local market area. Total turnover over the past 12 months has been 5,170 sales.

Figure 7 plots transactions by property type and price band over the last 12 months, showing where in the market there is liquidity. This is important when considering housing mix and proposed pricing levels as it identifies potential gaps in the market or areas of competition for new schemes.

The key points are:

- The turnover rate of housing is 2.4%.
- 211 (4%) of these sales were new build.¹
- The remaining 4,959 transactions were re-sales.
- Most sales (1,250) took place in the <£100k price band.
- Most new build sales (49) took place in the £100k - £125k price band.

Figure 7. Sales volume by price band and property type last 12 months



Source: HM Land Registry / Register of Scotland

¹Please note that the number of new build sales will undercount for areas in Scotland because the Register of Scotland does not flag new build transactions

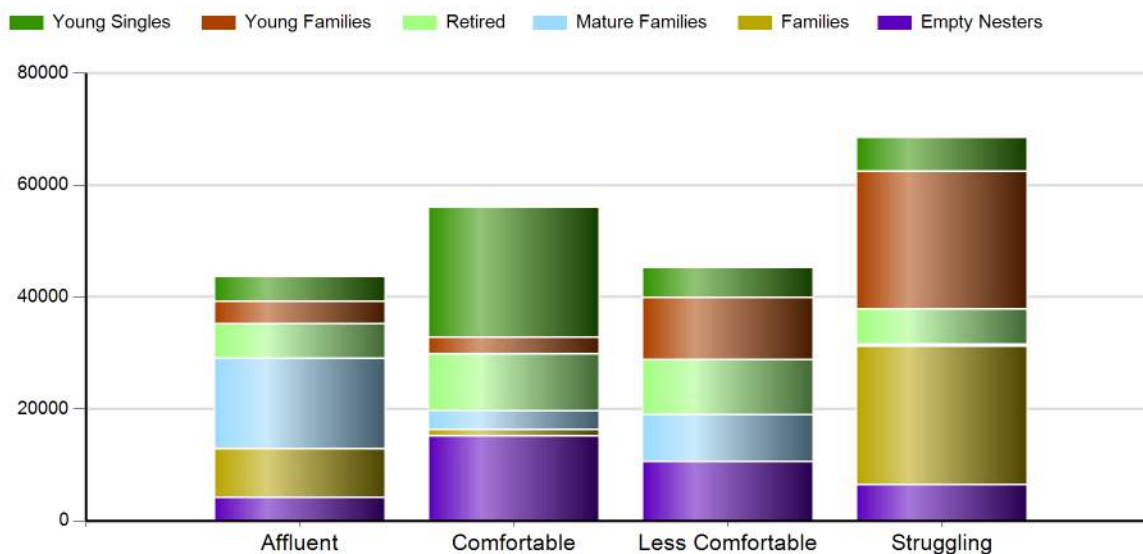
3.1 Demographic profile of households

Within the local market area there are 213,622 households. Figure 8 provides an overview of the demographic profile of these households based upon the SONAR lifestyle classification system segmented by "Affluence" and "Lifestyle".

The demographic profile for the local market area shows:

- On the 'lifestyle' measure the highest concentrations in the catchment are Young Families (42,574 or 20%), followed by Young Singles (39,346 or 18%), Empty Nesters (36,424 or 17%) and Families (34,639 or 16%).
- On the 'affluence' measure the majority of households are classified as "Struggling" (68,553 or 32%) with "Comfortable" households accounting for 56,058 households (26% of the total.),
- The two most numerous household types in the "Affluent" category are
 1. Mature Families – 16,045 or 8% of all households.
 2. Families – 8,725 or 4% of all households.
- The two most numerous household types in the "Comfortable" category are
 1. Young Singles – 23,301 or 11% of all households.
 2. Empty Nesters – 15,133 or 7% of all households.

Figure 8. Households in catchment by lifestyle and wealth bracket



Source: SONAR

Sonar is a unique marketing segmentation system developed by The Clockworks, a data marketing consultancy. The Sonar classification provides consumer segmentation and local market profiling that enables identification of target audiences. The Sonar targeting system classifies households and their residents according to the type of neighbourhood in which they live. Every postcode in Great Britain is allocated to one of 80 unique neighbourhood types. The analysis presented in this report is based on the highest level of classification, namely the affluence and lifestyle categories. For further information please go to www.the-clockworks.co.uk.

3.2 Employment, incomes and rental levels

Employment overview

The unemployment rate (claimant count) in Nottingham (UA) is 3.6% compared to 3.7% six months ago. The most common socio-economic classification in the local area is 'Routine' representing 14% of households.

Household incomes and buying power in local market

Average household incomes in the catchment area are £33,000 with an upper quartile of £45,000. Table 6 below shows what price of property could be considered affordable at different loan to values assuming a mortgage income multiple of 3x and 3.5x. Thus a household on an average income buying with a 70% mortgage could afford to pay £141,429 assuming a 3x income multiple and £165,000 at a 3.5x multiple.

Table 6. Incomes and buying power

LTV	Average 3x	Average 3.5x	Upper quartile 3x	Upper quartile 3.5x
50%	£198,000	£231,000	£270,000	£315,000
60%	£165,000	£192,000	£225,000	£262,000
70%	£141,000	£165,000	£193,000	£225,000
80%	£124,000	£144,000	£169,000	£197,000
90%	£110,000	£128,000	£150,000	£175,000

Source: Hometrack / CACI

Local rental market overview and the cost of renting versus buying

Generally the strongest rental demand comes from the 20-39 year old age group, it follows that areas with a high proportion of the population falling into this age group experience stronger rental demand than other areas. In the local area there are 111,000 people aged 20-39 years according to the latest population data. This group accounts for 36.3% of the local population – a proportion which is 11.0% above the average for the region.

For a typical 2 bed flat in the local authority, it is more expensive to buy outright than to rent with a standard 85% mortgage. The average weekly rental is £125 per week compared to the cost of a buying with an 85% mortgage of £145 per week.

Based on an average price of £115,000 for a 2 bed property, the gross yield is 5.6% on the basis that average rents are currently £125 per week.

The supply of rented housing in the local area accounts for 21.6% of overall housing supply. This is 8.1% above the average for the region (Source: Census 2011).

3.3 Proximity to local services

This section sets out a summary of the proximity of the site to local communication points and schools.

Table 7. Proximity to local communications

Type	Name	Distance ¹
Motorway Junction	M1 J26/A610	4.6
Railway Stations, Junctions and Halts	Nottingham Midland Station	0.2
Underground Network Stations	Not Available	
Bus Stops	144 within 1000 metres	
Tram, Metro and Light Railway Stations and Stops	Not Available	
Airports and Landing Strips	Nottingham Airport	3.5

Source: Ordnance Survey

Table 8. Nearest primary schools

Type	Name	Distance ¹
First, Primary and Infant Schools	Welbeck Primary School	0.2
	Greenfields Community School	0.5
	Riverside Primary School and Early Years Unit	0.6

Source: Department for Children, Schools and Families

Table 9. Nearest secondary schools

Type	Name	Distance ¹
Broad Age Range and Secondary State Schools	The Nottingham Emmanuel School	1.0
	Greenwood Dale School	1.4
	Djanogly City Academy Nottingham	1.5

Source: Department for Children, Schools and Families

¹All distances are given as the crow flies¹

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