



LSL Land & New Homes

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Market Commentary

Land South of Lidget Lane & North of New Road, Pilley, South Yorkshire.

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LSL Land & New Homes is a trading style for members of the LSL Property Services Group Estate Agency Division, one of the leading residential property services groups in the UK.



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1. Introduction

Jaguar Estates have instructed LSL Land & New Homes to carry out a report into the market positioning of their land at Pilley, South Yorkshire, to comment upon the likely demand from housing developers and discuss the other benefits in bringing the site forward for development.

The commentary will consider the site and its position within the Barnsley Metropolitan area, and the adjacent district of Sheffield City. More specifically, the report will consider the deliverability of the land at Pilley from a market perspective, and briefly discuss how this compares to other sites in the vicinity.



2. Supply of Quality Development Land

This section is not intended to discuss every site within a specified radius of the subject site, but rather it will comment upon the dearth in the supply of higher quality sites. However, in order to do this it is necessary to make comparisons with poorer quality sites/locations and clearly reflect the position within the marketplace at present.

The Fox Valley regeneration scheme, on the former Outokumpu steel works site at Stocksbridge, is within relatively close proximity to Pilley, but in our experience this location is one of those areas where there is a clear lack of demand at the current time. As already mentioned elsewhere, this is principally due to the prevailing sales values and demand for housing within this particular location, albeit there are other factors to consider such as remediation/infrastructure costs.

It is important to recognise that there are a small number of quality sites within the surrounding area, as we have previously worked on one such scheme, and whilst the demand for such sites is not in question, there is a commercial viability issue at present. For example, one particular site requires the relocation of an existing manufacturing business and the cost of constructing new premises is now prohibitive, which was not the case when the current deal was concluded prior to the recession. Of course these sites will come forward once again, but house price inflation remains at modest levels and is certainly not at the level that will facilitate a number of the 'mothballed' projects from coming forward in the short term.

As a company we are finding that the local/regional developers are still suffering from the availability of commercial finance and the fact that the finance that is available, which has shrunk considerably over the last five years, is naturally drawn to the opportunities where the banks are more confident with their exposure to risk. Thus, the banks are much more comfortable in providing development funding in the better locations and consequently the smaller companies are now tending to gravitate towards better locations - notwithstanding the fact that they have long-standing knowledge and confidence in some of the lower value areas – in order to secure the funding they require.

Without question there is currently a constriction in the supply of sites that are deemed of high quality, and this imbalance in the sector only serves to accentuate the demand for the prime sites. Our discussions with developers indicates that they are now tending to reject



3. Demand For Quality Development Land

In general terms, demand for development land is stronger than at any time since the onset of the recession in early 2008, but crucially the demand within the marketplace is much more concentrated than it was at the peak of the market in late 2007.

There are large areas within the Metropolitan county of South Yorkshire that are not currently of interest to developers, principally due to the demand from prospective home buyers and the prevailing prices. There are a number of secondary factors that contribute to this stance, such as the communication links and the availability of employment within reasonable commuting distance.

LSL Land and New Homes work closely with both the major plc house builders and larger regional builders and we are aware that there are a fair number of these developers - some of whom are in the top ten in terms of turnover/profitability - that exclude the region from their general land search, and will only consider exceptional sites in the South Yorkshire market that meet their narrow purchase criteria.

The Pilley land is located within one of the more affluent postcode areas within Barnsley Metropolitan Borough, which is clearly evident from the Vanilla Heat Map (contained in the Appendices). As the demand is likely to come from outside the Barnsley district, this will result in the site attracting additional council tax revenue that would otherwise have gone elsewhere.

In summary, it is abundantly clear that large swathes of development land currently has little or no demand and this, which is clear from the joint monitoring report that Sheffield City Council and Rotherham Metropolitan Borough Council have produced (See Section 4), means that the Pilley proposal falls into the niche within the land market where demand is very strong indeed.



4. Five Year Land Supply

From an agent's perspective it is clear that a number of local authorities are still suffering from the low level of annual completions, and cannot demonstrate a sufficient five year land supply as required by Section 35 of The Planning and Compulsory Purchase Act (2004).

The adjacent district of Sheffield City is one, according to their SDF annual monitoring report (2011), of the local authorities that are suffering and this is clearly shown by the following extract, which is a sub-section 5.32 of the aforementioned monitoring report;

Table 13 below shows the status of dwellings which currently have planning permission but which have not yet been completed. Although there are 10,343 dwellings with full or outline planning permission, only 20% of the dwellings with permission are under construction. The provisional SHLAA Update 2012 concludes that only 3,385 (33%) of the dwellings with permission are deliverable either in the current year or the next 5-years, mainly due to market conditions (see paragraphs 5.13 to 5.16 above).

In our opinion it is worth mentioning the position within Sheffield City district, as the land at Pilley is, from a housing market angle, predominantly a Sheffield market, and the lack of demand in the North of the Sheffield City district would indicate that much of the demand is likely to come from residents situated within this district.



5. Conclusion

In conclusion, it is in no way an over-statement to suggest that the Pilley land is arguably the best volume site in South Yorkshire, and amongst the best sites currently available within the whole of Yorkshire.

In view of the above, the site is undoubtedly one of the best site within the Barnsley Metropolitan Borough, and will go some way to increasing the upper-end housing offer within the district.

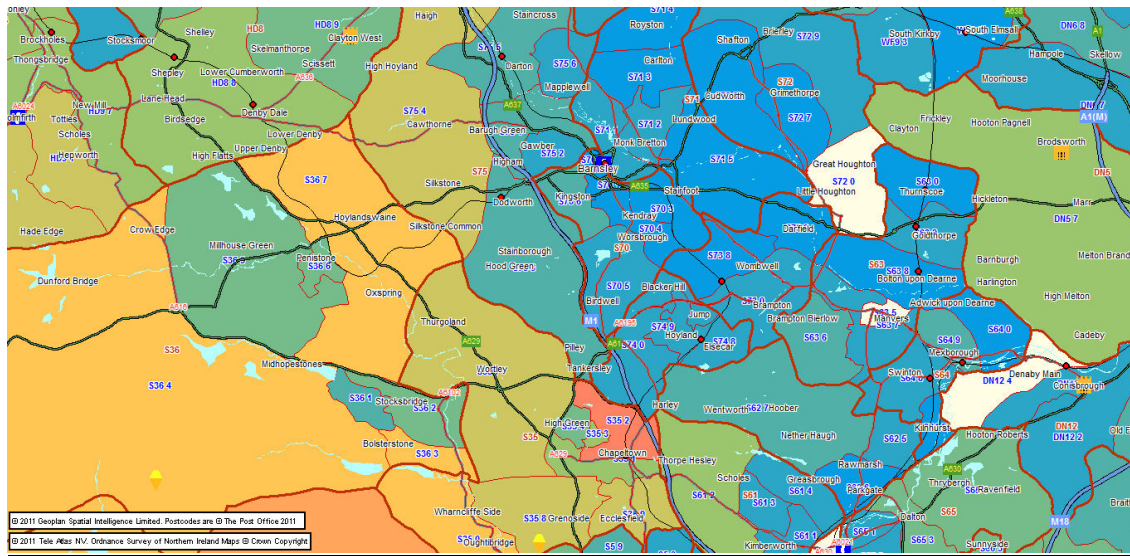
From a deliverability perspective, the prime nature of the site will result in significant demand from housing developers, and the sales rate will ensure that the legal completions per annum are likely to exceed all of the sites within the council's jurisdiction, and more likely the borough itself. This stout level in demand will ensure that the development sector will seek to bring the site forward with suitable haste, as better sites/locations tend to provide more focus.

It goes without saying that LSL Land and New Homes would relish the opportunity to



6. Appendices

Vanilla Heat Map





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