

MARKETING REPORT

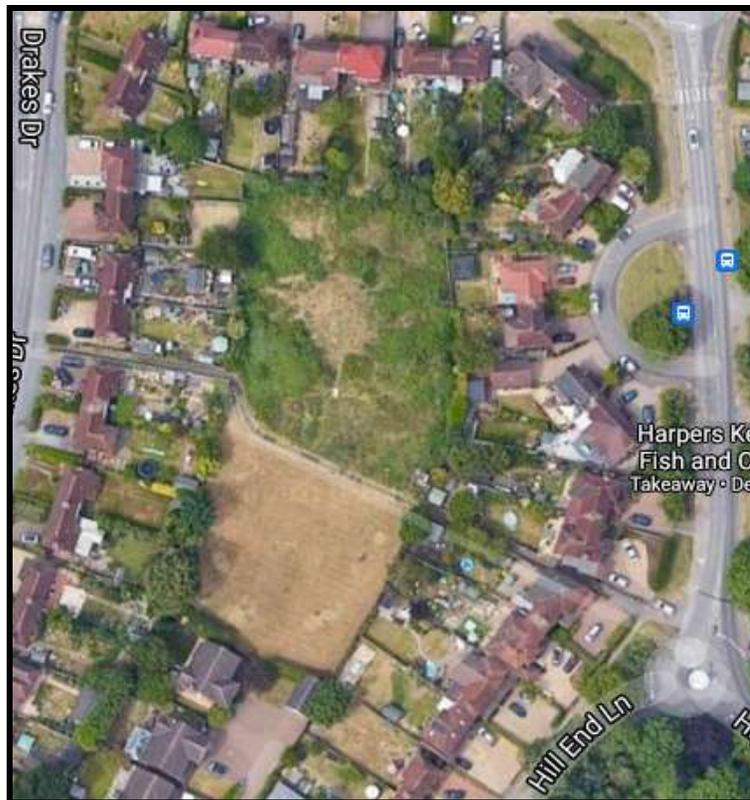
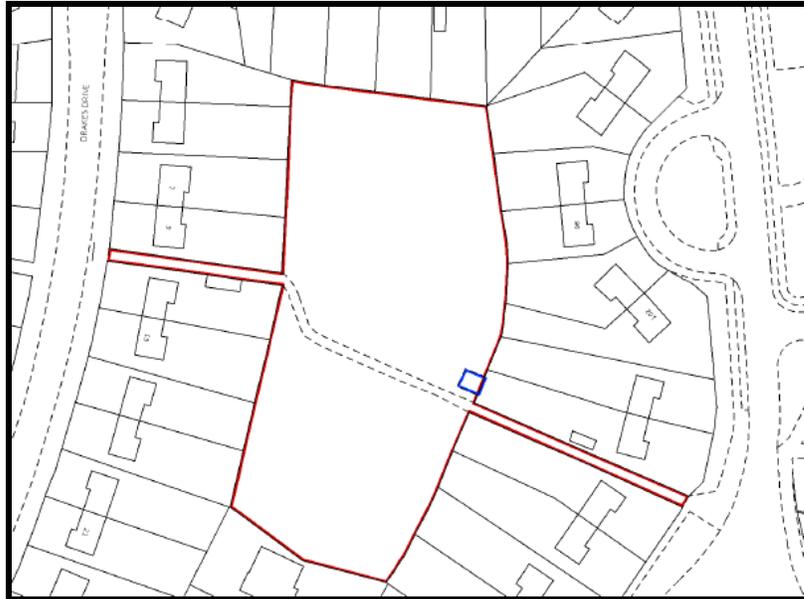
Land at Gloucester Fields, Drakes Drive St Albans, Hertfordshire

1.0 Background

Colney Heath Parish Council (the Parish Council) owns a small area of recreation land at Gloucester Fields, Drakes Drive St Albans. The Parish Council are considering their options for sale and have instructed Lambert Smith Hampton (LSH) to provide a Marketing Report outlining possible options and potential Market Value.

2.0 Description

- 2.1 This report is provided on a desktop basis only. However the local area is extremely well known to LSH.
- 2.2 The site is located in the south east part of St Albans, between Drakes Drive and Hill End Lane. The surrounding area is predominantly residential, although the Highfield local shopping centre is opposite on Hill End Lane. The City Centre is approximately 1.5 miles away.
- 2.3 The site is shown edged red (extract from Title Plan shown below together with aerial image) and is owned by the Parish Council.



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- 2.4 The site comprises an area of recreational land measuring approximately 0.47 hectares (1.16 acres) which is laid to grass and also comprises self-seeded scrub areas. The boundaries appear to all be well defined (via neighbouring residential properties boundary fences).
- 2.5 The site is located between Drakes Drive and Hill End Lane. There is no vehicular access to the site. A public footpath runs through the middle of the site linking into the footpath network on both of those roads.
- 2.6 An electricity sub-station is located on the land shown edged blue on the Title Plan.
- 2.7 Although we have not inspected the site it appears clear that the site is a long established recreation ground used by members of the public (we comment on this in 4.0 below).

3.0 Title

- 3.1 We have been provided with a copy of the Registered Title and Title Plan for the property. A copy is attached to this report.
- 3.2 The property is Registered under Title No. HD490776 to Colney Heath Parish Council.
- 3.3 Title is Freehold Absolute, subject to the following restrictions in favour of the Secretary of State for Health Care;

No disposition of the registered estate without a certificate signed by the applicant for registration or their conveyancer or The Secretary of State for Health Care of Department of Health Estates and Facilities, Property Section or his conveyancer that the provisions of clause 11.4 of the sale agreement have been complied with.

And

No disposition of the registered estate (other than a charge) by the proprietor of the registered estate is to be registered without a certificate signed by the applicant for registration or their conveyancer or The Secretary of State for Health Care of Department of Health Estates and Facilities, Property Section, or their conveyancer that the provisions of clause 12.2.3 of the Transfer dated 13 March 2009 have been complied with.

- 3.4** We have not seen a copy of the sale agreement or the Transfer dated 13th March 2009 mentioned above. However we understand that this may relate to restrictions on use and overage provisions (whereby in the event that planning permission for a more valuable use was to be obtained a % would need to be paid to the Secretary of State for Health Care).
- 3.5** Part of the site is subject to a lease dated 17th January 1964 (starting from the 25th December 1963) for a term of 99 years in respect of an electricity substation. We have not been provided with any further terms for this lease, so for the purpose of this report assume that the rental would be at nil value.
- 3.6** We understand that the Parish Council acquired the site for £30,000.

4.0 Third Party Use

- 4.1** As noted above this is a desktop appraisal. However it appears that the land in question is long established open space used by local residents. We would comment as follows;
- Are all the boundary fences intact? Do any of the adjoining home owners have gates in their boundary fences leading onto the property? If yes, has the Parish Council been regularly writing to these home owners to ensure that no formal rights are secured? Or might those homeowners have secured prescriptive rights to access the land?
 - Has the Parish Council erected asset protection signage at the property to ensure that no rights are established at the property?
 - Has any application for an Asset of Community Value (ACV) been made? If not then there is a probability that one would be made if the site is marketed for sale. That would lead to a delay of up to 6 months if the full ACV Moratorium process were to play out.
- 4.2** We suspect that the Parish Council has not sought to limit the use of the land by the general public.
- 4.3** Based on the extent of use by the general public and neighbouring property owners it could be possible that the land is effectively limited to open space /recreational use only.

5.0 Potential Uses

- 5.1 Depending on the answers to the questions posed in 4.0 above there doesn't appear to be much of a market for the land in question.
- 5.2 A potential buyer may not be able to secure exclusive use of the site. It would appear that there is a low probability of a commercial return. In fact the land could be seen as a liability; the cost of maintaining it, keeping it free of trip hazards, the costs of public liability insurance etc.
- 5.3 If the site were to become available for sale it is possible that local residents or a local group could come together to purchase the land, in order to safeguard its amenity value. Given the comments in 5.2 above any purchase is likely to be based on a diminimus capital receipt.
- 5.4 We have considered whether part of the site could be used for residential uses (subject to all necessary consents). As mentioned above the site is landlocked to vehicles. The only viable routes of access appear to be either via Chivenor Place (that would require the demolition of No.9's garage at the very least) or by acquiring one or more of the properties on Drakes Drive or Hill End Lane to create a new Means of Access. Notwithstanding the public use issues we would suggest that trying to create a new access would likely be unviable financially, especially if overage payments all fell due.

6.0 Estimate of Value / Value Commentary

- 6.1 It is difficult to put a value on the site given its public use. We note that the Parish Council paid £30,000 for the site back in 2009. We suspect that the £30,000 sum paid represented some form of 'special purchaser' payment. It is therefore difficult to see that this sum would be exceeded in the open market.
- 6.2 There is a possibility that an auction buyer would pay more than the 2009 price on the basis of being an 'uneducated' bidder as demonstrated in the Expressions of Interest paper at the Parish Council in March 2021. We have sold lots where buyers have undertaken no due diligence and taken a 'snap' decision in the auction room.
- 6.3 The above estimate of value is not a Red Book compliant figure. It is provided as an estimate in advance of any potential marketing activity and should not be used for any other purposes other than to inform marketing decisions.

7.0 Marketing

- 7.1 The Parish Council would need to think carefully about whether they actually want to sell this site, although as noted in 5.2 would remove a liability. It is likely (unless it's acquired by an interested local group) that the site would fall into disrepair. This would inevitably lead to complaints by local residents that the land is not being kept in a clean and tidy state. Although once sold is not legally the Parish Council's responsibility
- 7.2 In the event that a sale did go ahead then the only practical option would be a sale via Auction. A sale via private treaty / informal tender would be fraught with difficulties and there would be a high probability of failure.
- 7.3 In our opinion an auction sale is likely to be the favoured approach for the following reasons;
- There is a good chance that the site could sell for in excess of the price originally paid because Auction buyers 'in the room' for Lots like this often get carried away (see 6.2 above). The land is in one of the most desirable towns in Hertfordshire. An auction buyer could pay a significant premium without undertaking the same due diligence that a buyer afforded months, via a private treaty route, would have. An auction buyer makes a split decision, whereas a buyer via a traditional sale route has time to ponder his / her decisions and can introduce delaying tactics to suit their own interest.
 - In our opinion there is a higher chance of early success with a sale via auction. Once the 'hammer falls' there is relative certainty. That same certainty takes months via private treaty / informal tender (certainty only being available once Exchange of contracts has taken place). As an estimate a sale via auction could be concluded in around 4 – 6 weeks. A Sale via private treaty will in all likelihood take 3 - 6 months depending on its complexity.
 - Buyers via private treaty are likely to make in-depth enquiries on the points set out in 4.1 above which could result in a buyer withdrawing or looking to renegotiate the purchase price because of incorrect assumptions. An auction buyer's enquiries are likely to be much more limited.
 - An auction buyer is likely to look more favourably on any existing overage provisions, whereas a buyer who has months to ponder, may decide that they can't maintain bid level because of future overage payments that might fall due.

- An auction sale should be a more cost effective route to market for the Parish Council. This is discussed further below.

7.4 LSH do provide an online auction platform. Details can be seen here;

<https://www.574.co.uk/>

7.5 We have contacted 574 and they have confirmed that their sale fee would likely be between 1.5% - 2% with a minimum fee of £2000, plus disbursements (likely to be around £1000). Or they could look at an incentivised approach based on how much the property sold for.

7.6 574 are a wholly online selling platform therefore costs tend to be lower as they do not have to pay for a traditional 'ballroom' setting to host auctions. They advise they have successfully sold of a number of similar properties to the subject site (their website has some examples).

7.7 Alternatively the Parish Council could seek a quote from one of the large national commercial auction houses such as Allsop Commercial Auctions for in room Auctions rather than on line.

8.0 Conclusions

8.1 It would appear that the use of this site is limited to public recreation / open space use. On that basis there would be a very limited market for the site, unless sold via Auction. Such a sale may harm the Parish Council's reputation.

8.2 Given the low potential to realise a Capital Receipt the Parish Council may wish to retain the land, unless it no longer wishes to keep the maintenance and management costs.

8.3 If a Capital receipt is sought then a sale via Auction would appear to be the best route to market.

8.4 We trust that this report will help the Parish Council in determining whether to dispose of the site and via what method. In the event that you have any queries do not hesitate to contact me.

For an on behalf of Lambert Smith Hampton



Alan Joiner MRICS BSc Hons
25th June 2021

APPENDIX 1- REGISTERED TITLE AND TITLE PLAN