

Les Wilcox Esq  
Chairman  
Nutley War Memorial Trust  
Muntins Too  
Crowborough Road  
Nutley  
East Sussex  
TN22 3HU

05 November 2020

Dear Mr Wilcox

### **Valuation of Nutley Tennis and Squash Club**

Thank you for your instruction to provide you with an opinion of both the Market Rent and Market Value of the Nutley Squash and Tennis Club (the Property) which is situated at Churchfields, Nutley, East Sussex. We understand that the freehold interest in the property is held by Nutley War Memorial Trust (The Trust).

#### **Purpose**

The purpose of this letter is to provide preliminary advice in respect of the development potential of the Property. We understand that there are no current or pending planning applications in respect of the site, that no discussions have taken place with the Local Planning Authority and that no development plans exist. The purpose of this letter, therefore, is to provide preliminary valuation advice based on three scenarios set out below as required by The Trust to assist with its strategic assessment. This valuation advice is for the stated use only and for the exclusive use of the named client only. Liability to third parties is expressly denied.

#### **Basis of Value**

You have asked us to provide advice on each of the following scenarios:

1. The Market Value and Market Rent of the Property based upon its existing use and subject to the current lease to Nutley Tennis and Squash Club.
2. The Market Value and Market Rent of the Property based upon the squash courts remaining but the tennis courts being available for residential development.
3. The Market Value based on the entire site being available for residential development.

This advice has been compiled in accordance with the current edition of RICS Valuation Standards. This defines 'Market Value' as:

***“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”***



It also defines 'Market Rent' as:

***“The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”***

As no development proposals exist and there is no indication as to what the Local Planning Authority would allow, our advice is not based upon an agreed scheme. For this reason, it is in the form of preliminary advice based on a number of assumptions which are set out below. Your attention is drawn to the fact that any departure from these assumptions could have a significant effect on our opinion of value. Similarly, should, at some stage, you wish to proceed with a particular scheme of development, this may change the advice set out in this letter, depending upon the precise details of the proposed development. Should, therefore, any changes be required to the assumptions made below, we reserve the right to reconsider our advice and opinion of value.

### **Description**

The Property is located at the north end of Churchfields within the village of Nutley. This is primarily a residential area close to the centre of the village with residential properties to the north, east and south but the site also adjoins farmland to the west. The Property is accessed from the south via an unmade private road which adjoins Churchfields and forms part of the legal title.

The Property includes a two storey sports centre building comprising two squash courts, changing facilities, toilets and a store room on the lower ground floor and a reception area, kitchen, toilets and a viewing gallery above on the upper ground floor which forms a mezzanine. The building has been constructed with elevations of rendered brick and profiled metal sheeting and there is a metal roof and timber framed windows and doors.

Outside there are two all-weather tennis courts and rough surfaced car parking facilities to the side of the access road. There is also a small amount of open land to the north and east of the tennis courts and to the west of the squash courts.

We are not aware of any defects to the Property and have, therefore, assumed that it is in generally good condition. We have also assumed, for the purpose of our valuation advice, that the building does not contain any deleterious materials and is of sound construction. We have not been provided with any environmental information regarding the site and have, therefore, assumed that the land is not contaminated.

We have calculated the site area to be approximately 0.8 acres and the floor areas of the club building to be as follows:

<b><u>Floor</u></b>	<b><u>Sq M</u></b>	<b><u>Sq Ft</u></b>
Lower ground floor	209.49	2,255
Upper ground Floor	65.45	705
<b>Total</b>	<b>274.94</b>	<b>2,960</b>

These areas have been calculated on a Gross Internal Floor Area basis.

### **Tenure**

The Property is occupied by Nutley Tennis and Squash Club CIC (The Club) which, we understand, has just entered into a new lease of the Property. You have provided us with a draft copy of the lease which, we understand, correctly represents the completed lease which is for a term of two years at an initial rent of £4,080 per annum. There is a rent review at the end of the first year which has been fixed at the initial rent plus 3%.

We understand that the Club has security of tenure under the Landlord and Tenant Act 1954 which gives a right to renewal except in certain circumstances, such as re-development. In the event that a renewal is refused by The Trust on the grounds of redevelopment, the Club would be entitled to compensation based upon the rateable value of the site. Should they have been in occupation for fourteen years or more at the time of the notice served by The Trust, they would be entitled to a figure twice the rateable value at the time. Should they have been in occupation for less than fourteen years, the compensation would be the same as the rateable value.

### **Planning history**

We have carried out a search of the online records available from Wealden District Council relating to the Property. Such a search is unlikely to be comprehensive and archived data is often incomplete and unlikely to be available for applications more than around 10 years old. With this in mind, we have found the following records of planning applications in respect of the Property:

<u>Reference</u>	<u>Description</u>	<u>Decision</u>
TM/2018/0004/TPO	Works to oak tree	Approved 20.02.2018
WD/2011/0385/F	Construction of a tennis practice wall	Approved 14.04.2011

No planning applications have been made with regard to the possible redevelopment of the site and we understand that no discussions have taken place with the Local Planning Authority in this respect. Where potential development sites do not have planning consent, they may attract a 'hope value' in terms of the uplift in value which could be achieved should planning consent be obtained. A risk factor is usually applied to this to take account of the difficulties, time and the cost of obtaining a consent. In this case, we have applied a 50% risk factor, thus reducing the uplift in value by half.

### **Rateable value**

The Property is listed in the 2017 rating list as Tennis, squash club and premises: £6,700. The 2017 rating assessment reflects the Valuation Office Agency's opinion of market rental values of commercial premises as at 1 April 2015, subject to certain statutory assumptions. These assumptions often do not match the actual terms of leases agreed and so it is common to find some variation between rateable values and rents actually paid. However, the rating list does often provide a useful guide as to the value of individual properties as at the valuation date.

### **Market Commentary**

Nutley is a popular village in the Wealden District of East Sussex. The Property is at the end of an existing residential development and would be attractive to developers looking for residential development sites. However, the Property does not have planning consent for re-development and no proposals have been drawn up for a scheme. Furthermore, we understand that no discussions have taken place with the Local Planning Authority and it is, therefore, unclear what type of scheme (if any) they would favour and whether planning consent would be granted. In arriving at our opinion of value, we have, therefore, considered a development of the site in keeping with the residential properties in the immediate area.

We are of the opinion that, subject to planning consent, four detached houses could be built on the land to the north of the squash courts and four maisonettes constructed on the site of where the existing building is located with car parking facilities adjacent as at present. The current gross development value of the completed scheme could be in the region of £2.8m depending upon the quality of construction.

Should the squash courts remain, four detached houses could still be constructed on the north side of the site with a gross development value in the region of £1.9m.

The passing rent in the lease to The Club would appear to be below the Market Rent. Whilst comparable evidence of similar size sports facilities is limited, the passing rent of £4,080pa is substantially below the rateable value which, as mentioned previously, is an indication of market rents as at 1 April 2015. Given that

one of The Trust's charitable objectives is to promote recreational facilities within the local area, it may choose to agree a rent below the Market Rent, especially if the Club is not able to afford a higher figure. We understand that the Club currently has a membership of 34 families, 21 adults under 60 years of age, 5 seniors aged 60 or over and 7 juniors of whom 13 families, 2 adults, 2 seniors and 3 juniors are from Nutley. The total membership produces an income of £1,141.35 per calendar month. In addition, the Club raises an income from non-members using the facilities and from coaching sessions and advertising.

### **Valuation**

Taking into account all of the above, and subject to the assumptions caveats and restrictions set out, we are of the opinion that the Market Value and Market Rent under each scenario is as follows:

1. Based upon its existing use and subject to the current lease to The Club, we are of the opinion that the Property has a Market Rent of £7,000 per annum and a Market Value of £80,000.
2. Based on the squash courts remaining but the tennis courts being available for residential development as mentioned above, but without a planning consent having been obtained, we are of the opinion that the Property would have a Market Rent of £5,750 per annum and a Market Value in the region of £390,000. Should planning consent be obtained for such a development, the Market Value would be in the region of £700,000.
3. Based on the entire site being available for residential development as mentioned above, but without a planning consent, we are of the opinion that the Property would have a Market Value in the region of £500,000. Should planning consent be obtained for such a development, the Market Value would be in the region of £930,000.

I trust this provides you with the information you require, but if I can be of further assistance, please do not hesitate to contact me.

Yours sincerely



**Paul White MRICS**  
**Associate**