

Benchmark Land Values

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| Quality Statement: | In preparing this Technical Note, the authors have acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information. No performance-related or contingent fees have been agreed, and there is no known conflict of interest in advising the client group about the viability of charging CIL in the City of York area. |
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Introduction

1. At the request of the Examiner of the City of York CIL Draft Charging Schedule (DCS), this Technical Note explains how the benchmark land values (BLV) were derived for testing in the viability assessments that informed the CIL DCS rates [CSD1].

Understanding Benchmark Land Values

2. In setting a benchmark at which a landowner is prepared to sell to enable a consideration of viability can be a complex process. For the scope of this exercise, which is for setting CIL, the viability assessments are assumed as being planning led, i.e., as set out in national planning practice guidance (PPG) which advises “...land value should reflect be established on the basis of the existing use value (EUV) of the land plus a premium for the landowner”¹, which is referred to as EUV+. In estimating the EUV, the PPG states that this “...should be informed by market evidence of current uses, costs and values”². In estimating the premium, the PPG states that this “...should provide a reasonable incentive...to sell land for development while allowing a sufficient contribution to fully comply with policy requirements.”³. In this regard, “...the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account.”⁴
3. For this purpose, it has always been assumed that the BLV should be the minimum value that a reasonable landowner would accept for their site. The existing use is at a pre-planning consent, pre-site preparation, pre-policy costs, stage. A premium is applied to reflect the inconvenience to the landowner selling the site for an alternative use to a certain scale. As such, the tested BLVs will differ from a market value that may be

¹ PPG Viability para 13.

² PPG Viability para 14.

³ PPG Viability para 13.

⁴ PPG Viability para 14.

achieved, say through an auction, whereby the price is the demand value of the site rather than the minimal price that a landowner would be willing to accept.

Sources Informing the BLV

4. The origin of the work on BLV for the City of York viability testing was in the early work prepared by Peter Brett Associates (known as PBA)⁵. This work was prepared by the same study team working for Porter PE today (Russ Porter and Tom Marshall), and was titled in the Local Plan Examination Documents SD127 - Local Plan and Community Infrastructure Levy Viability Assessment (2017)⁶.
5. PBA consulted many sources to determine the BLV, which involved reviewing websites such as CoStar, confidential appraisals held by the local council and websites of local land agents to identify an approximate sales value, albeit accepting that most of this data would reflect the market value rather than the minimum value. For Brownfield residential developments, they focused specifically on industrial, office and retail sites, since they were such sites that would most likely be allowed to come forward for alternative use, but only where they are no longer fit for purpose in their existing use. For Greenfield sites for residential development, they relied on agricultural values, assuming these to offer higher value due to their economic output without being developed.
6. For residential development, data from CoStar indicated that Brownfield land values averaged around £1,000,000 per hectare (ha), although there were some exceptions. For instance, a site of almost half a hectare in York had recently sold for £1.05m per hectare and two other sites of approximately 1.5 hectares in nearby Knaresborough, which sold for almost £900,000. In terms of larger sites, PBA understands that a 7 ha site in Barnsley was purchased for £726,000 per ha and a 6 ha site in nearby Leeds was recently purchased for £523,000 per ha, although this is with planning permission for predominantly residential development.
7. For the Greenfield sites for residential development, the VOA's 2011 Property Market Report indicates that the highest average value of agricultural land in North Yorkshire was worth approximately £21,000 per hectare. To inform residential land values, a multiplier of between 15 and 20 times is often applied, which implied that residential land values on greenfield sites should be in the region of £315,000 per ha and £420,000 per ha.
8. PBA also considered available evidence in other comparable locations in the sub-region and the residential values being achieved there and their relative strength or weakness as a residential location in comparison to York. A copy of their Table 5.14 showing their sample of BLVs used in recent appraisals in neighbouring areas at that time is copied below.

⁵ PBA is now part of Stantec.

⁶ <https://www.york.gov.uk/downloads/file/1785/sd127-local-plan-and-community-infrastructure-levy-viability-assessment-2017->

Table 5.13 Land values used in CIL and/or plan viability studies of neighbouring authorities

| Location | Benchmark Land value | Date of appraisal |
|----------|--|-------------------|
| Selby | Low areas: £450,000 per ha Moderate areas: £650,000 per ha High areas: £900,000 per ha | 2014 |
| Leeds | High Density: £1,684,227 Medium Density: £1,012,330 Low Density: £365,247 | 2013 |
| Ryedale | Low areas: £600,000 per ha Moderate areas: £750,000 per ha High areas: £900,000 per ha | 2013 |

9. PBA concluded in their work that the values set out in their Table 5.14 (copied below) could be considered as an appropriate benchmark for policy testing. This work noted that BLVs will vary across the City of York to reflect the landowner's judgements, which might include the contextual nature of development (in terms of disturbance costs), the site density achievable in those locations (e.g. city centre site has more potential for dense developments), and so on. The latter affects the premium due to greater inconvenience to the land owner selling their site for alternative and higher density uses. Strategic sites were prescribed the lowest BLV since these would incur more substantial infrastructure requirements to bring them forward, which has been removed for the land value and added as an additional cost within the viability appraisals. Older person accommodation were prescribed city centre/extension values, since this is where they were likely to come forward.
10. Also, the PBA study only applied the BLVs to the net developable area because it is the area that a developer will value, with any expected requirements for non developed land for planning purposes, informing the existing use value premium paid for the developable land.

Table 5.14 Benchmark land values for residential sites without planning

| Site Typology | Per hectare |
|----------------------|-------------|
| City Centre | £1,500,000 |
| Urban & suburban | £1,000,000 |
| Village /rural | £800,000 |
| Strategic site | £400,000 |
| Older person schemes | £1,500,000 |

11. For non-residential developments, PBA also reviewed websites such as CoStar, confidential appraisals held by the local council and websites of local land agents to gain an approximate sales value. They assumed that the non-residential uses would be likely to come forward on sites that were likely to have the same existing use or close alternatives that offered good locations but required redevelopment (i.e., they are fit for purpose in their existing use, but need redevelopment to bring them forward to a higher standard for the same use). Hence, the non-residential redevelopment sites would buy sites with a higher EUV but with no additional premium because there was no inconvenience to the landowner for their sold site coming forward

in its existing or similar use. Nor would such sites require the same level of additional clearance and remediation costs if they were redeveloped for the same use.

Table 5.20 Benchmark land values for non-residential existing uses

| Use | Per net ha |
|----------------------------|------------|
| 1: City centre office | £1,500,000 |
| 2: Business park | £1,000,000 |
| 3: Industrial / warehouse | £850,000 |
| 4: Small local convenience | £2,000,000 |
| 5: Smaller supermarket | £2,000,000 |
| 6: Supermarket | £2,000,000 |
| 7: Retail warehouse | £2,000,000 |
| 8: City centre retail | £4,000,000 |
| 9: Hotel (60 beds) | £2,000,000 |
| 11: Care home (40 bed) | £2,000,000 |

Updating the BLVs

12. The study for the City of York CIL evidence base, Examination Documents CSD7 - CIL Viability Assessment Study - December 2022 in the CIL, was prepared by the PBA team now working for Porter Planning Economics (known as Porter PE). The update work relied on the PBA BLVs (as shown above in Table 5.20) but increased their values by around 12%. The increase was based on Savills Research on residential land values, which were reported at the time.
13. A further change was introduced to reflect discussions during the Local Plan hearings, and also from other case study evidence. The change was to place a purchase value on the undeveloped land area of the site (i.e., the net difference between the gross and net developable site areas). This would be priced on its EUV but without any premium, while the net developable area would continue to be priced on its EUV but with a premium. Previously, no value was placed on the undeveloped area because it generated no value, so this change increased the site values outside the city centre/extension areas. It was unnecessary to change this in the city centre/extension areas because the gross area of these sites was also treated as the net developable area, so the EUV+ was applied.
14. The revised BLVs are reported in CSD7 Table 4.15, which is copied below.

Table 4.15 Tested Benchmark Land Values for Greenfield and Brownfield sites, £ per hectare

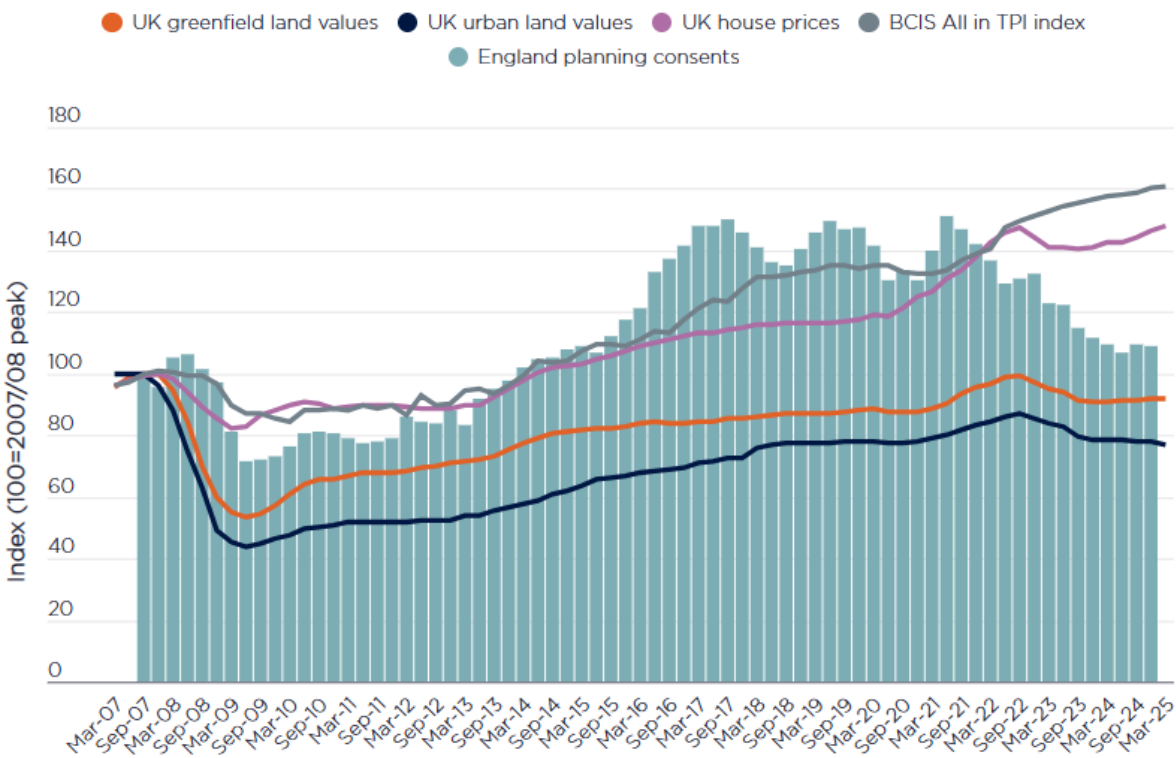
| Existing land use | EUV per gross site area | | Additional premium on the net area | EUV+ per net ha |
|--------------------------|-------------------------|------|------------------------------------|-----------------|
| City centre/extension | £1,700,000 | Plus | 0% | £1,700,000 |
| Urban & suburban | £930,000 | | 24% | £1,120,000 |
| Village /rural | £750,000 | | 24% | £900,000 |
| Agricultural/ Greenfield | £20,000 | | 2150% | £450,000 |

15. Further work on updating the evidence for CIL was undertaken in November 2023 [CSD6a - CIL Sensitivity Test Viability Report - November 2023 with Appendices] following the first consultation on the CIL Draft Charging Schedule (DCS) and again in June 2025 (CSD5 - CIL Viability Assessment Update - June 2025) following another consultation on changes to the DCS. However, these only addressed the points that were raised and considered important to address, which included updating the sales and build costs data that

were deemed to have changed and would make a notable difference to the viability results. All other assumptions remained as previously tested in CSD7, including the BLVs.

16. This was supported by the evidence for BLV at the time, and is shown in the latest Savills data on UK greenfield and urban (assuming these to replicate brownfield) sites chart that is copied below. This shows that both greenfield and urban site land values (the bottom two lines in the chart) have been falling since September 2022.

UK greenfield and urban values soften in Q1 2025



Source: Savills, Nationwide, HBF, BCIS