

# **CONFIDENTIAL Trellis Mews, Avenue Road SE25 Internal Valuation**

## **1. Purpose of the Valuation**

This report provides valuation advice in respect of the Freehold Interest in 12 properties constructed by Brick by Brick that the Council, through the HRA are looking to purchase.

This report is constrained and limited by the timescales and information which has been made available.

This valuation advice is being provided by the Head of Asset Management and Estates as an internal valuer and therefore **this is not a Red Book valuation** and has not followed the strict requirements of a Red Book Valuation, which would ordinarily involve inspection and assessment of state and condition of the assets.

## **2. Date of Valuation**

The date of valuation is the 3 October 2022.

## **3. Instructions**

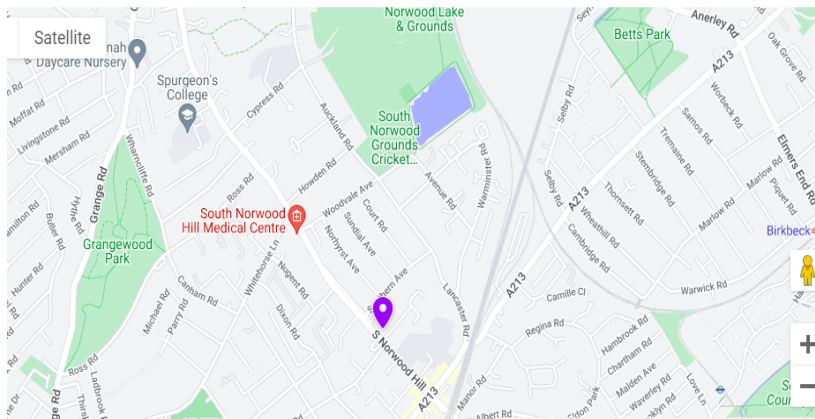
I have received instructions to carry out valuations for the Market Value of the development and recommend a maximum purchase price that should be offered by the Council.

The valuation and recommendations have been undertaken on the basis of:

- The Council securing grant funding from the GLA
- The need to secure properties for the decant of residents from the Regina Road estate

## **4. Location.**

Trellis Mews is located in an established residential area in South Norwood close to local amenities and a main line station with direct services to London. The area also benefits from nearby open space at Grangewood Park and South Norwood Country Park. The area also has both primary and secondary schools



## 5. Valuation

The property has been valued on a market value basis reflecting the uses contained within the planning consent. This requires for 7 of the 1 bed units to be used as affordable rented properties. Under the planning requirements, affordable rent is considered to be at least 20% below market rents.

The subject development was being marketed at values of £370,000 for 2 bed and £320,000 for 1 bed properties. Based on the actual sales of 1 and 2 beds within modern blocks and allowing for an uplift of up to 15% for new build premium this suggests that the asking prices were slightly in excess of market values. With the current economic uncertainties and increase in mortgage rates announced this month it is likely that market prices will remain static at best or see a modest reduction. Based on the available comparable evidence, I would suggest reasonable current market values of:

£360,000 for two bed

£300,000 for one bed

The development comprises of 12 mixed tenure units

7 x 1 bed affordable rented properties

2 x 1 bed market value properties

1x 1 bed wheel chair accessible property at market value

2 x 2 bed market value properties

The affordable rented properties would attract a significant discount to reflect the reduced rental value that could be charged. As these are affordable rent properties within the planning definition they could technically be let at rents up to 80% market value. To allow for this reduced value and the additional management that would be associated with these properties as against the market properties which would be sold on long leases of say 125 years, the market value should be discounted and a maximum value of 75% market value should be considered.

On this basis, the valuation for the development would be:

7 x 1 bed	£300,000 @75%	£1,575,000
2 x 1 bed	£300,000	£ 600,000
1 x 1 bed (WC)	£310,000	£ 310,000
2 x 2 bed	£360,000	£ 720,000
TOTAL		£ 3,205,000
Less 5% discount for bulk purchase		£ 3,044,750
Say		£ 3,045,000

The above valuation assumes that no GLA funding would be secured by the potential purchaser as this is far from certain.

However, if Funding is available this would clearly be beneficial to any purchaser and therefore they could submit a higher bid. This has been demonstrated through the offers received by BBB

The offers that have been received to date by BBB are in the region of:

£3,376,000 but conditional on GLA funding – if this is not forthcoming and assuming a rate of £67,500 for each of the AR units it could be expected that a revised offer would be made in the region of £2,903,500

It is believed that the underbidder was at £2,945,000 by another registered provider

The Council has secured GLA funding of £100,000 per unit as they will all be used for social housing and therefore a higher bid could be submitted and on this basis a value above £3.045m could be justified. Given the terms of the GLA grant the Council could charge up to London affordable rents and given the higher level of grant could afford to pay a higher figure than that offered by the RP at £3.376m

In addition, the property is required as part of the wider Regina Road estate regeneration works thereby offering additional benefits to the Council.

Given these factors, and taking into consideration the offers already received by BBB for the site, I do not feel that it is unreasonable to make an offer of £3.377m.

## **6. Comparables**

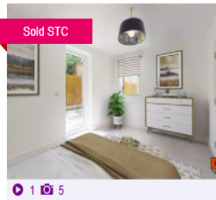
Subject property



NEW BUILD

**£370,000**

2 Bed flat in subject development



**£320,000**

1 bed 1 bath 1

[1 bed flat for sale](#)

Avenue Gardens, London SE25

Black + Blanc are delighted to launch this new three storey building that will provide a mix of 4 one bedroom apartments and two two-bedroom flats in a quiet area of South Norwood. All the homes will have access to private outdoor space, such as ...

📍 Norwood Junction (0.5 miles) 📍 Anerley (0.7 miles)

Listed on 16th Jun 2022 by Black & Blanc, BR4

📞 020 8115 8705\*\* ✉️ Contact ★ Save 🔒 Hide

1 Bed flat in subject development

Comparables within the local area currently on the market



Offers in region of **£320,000**

2 bed 2 bath 1

**2 bed flat for sale**

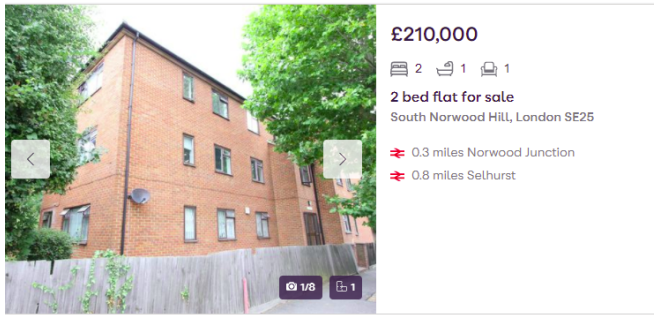
Chalfont Road, London SE25

📍 0.3 miles Norwood Junction

📍 0.9 miles Birkbeck

✔️ En Suite

✔️ Chain Free



## Completed Sales

Flat 8 Rochester Court, 6 Avenue Road	1 bed flat	£257,500	27/5/22
Flat 11 The Birches, 22 Avenue Road	1 bed flat	£265,000	14/4/22
Flat 5 Gilborah Court, 5 Avenue Road	1 Bed flat	£250,000	4/3/22
Flat 5 Embassy Court 16 Avenue Road	1 bed flat	£271,000	28/5/21

## 7. Conclusion

Given the special circumstances of the Council as outlined above, it would be reasonable to make an offer for the Freehold of the Trellis Mews development at a market value of £3.37 m given the grant funding available and requirement for decant space for Regina Road residents.

Steve Wingrave BA MRICS Registered Valuer  
Interim Head of Asset Management, FM and Estates  
Croydon Council

3 October 2022