

UPDATE VALUATION
29 CASTLEGATE, YORK, YO1 9RN



SEPTEMBER 2016

BY SANDERSON WEATHERALL



Your ref:

Our ref:

8 September 2016

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For The Attention of

Dear Sirs

PREMISES KNOWN AS 29 CASTLEGATE, YORK, YO1 9RN

We refer to the recent meeting between [redacted] when you asked that we update our previous report dated 4 July 2014. You have explained that City of York Council is in discussions with the adjoining Fairfax House Museum and associated partners for acquisition of your freehold interest. As you understand it their intention is for the property to be incorporated into the existing museum to provide an enhanced tourist attraction and visitor experience. City of York Council is minded to dispose of the property but requires up to date valuation advice in order to aid its deliberations and negotiations.

Instructions

Previously we provided a detailed report on the property dated 4 July 2014. You have advised that you do not require us to provide a further detailed report; rather we can rely on the document from July 2014 and provide the following update letter with any changes to that previous advice.

In providing this updated letter you have asked specifically that we provide our opinion of the following:-

- a) Market Value (MV) of the unencumbered freehold interest.

Inspection

We inspected the property on Tuesday 30 August 2016 and Thursday 1 September 2016. We were accompanied by [redacted] during the course of our inspection on Thursday 1 September 2016, which included an inspection of the interior. As the property was inspected and measured previously we did not re-measure the accommodation but it appears to be in substantially the same format as per our previous inspection. We attach in Appendix III photographs taken during our inspections.

Market Commentary and General Comments

As identified above the immediate locality has improved since the date of our last valuation and also has every reasonable prospect we think of continuing to do so.

More generally the property market in York continues to be reasonably buoyant. The regeneration of the Warmgate/Fossgate area nearby into a leisure quarter continues and of course you have the prospect of the comprehensive refurbishment of Stonebow House in the event you agree a transaction with the developer, which you have explained appears likely. If so this ought further to enhance this location as a leisure and night time destination venue.

With regard to the office market the Hiscox office building is now complete and presents exceptionally well. The office market generally continues to improve with an increasing number of transactions undertaken rather than perhaps a definite increase in values.

In providing our opinion of the Market Value we have ignored any particular special purchaser value that might exist from the adjoining museum. It is not possible to establish the value to a special purchaser as it is personal to them and determined by a whole range of factors personal to them and probably which are not publicly available. Ordinarily when trying to assess worth to a purchaser there is a commercial concern that can be estimated. In this case it is even more difficult to get behind the value to the purchaser due to the nature of the use. Also in our experience the value to a special purchaser often can only be assessed following proper negotiations where the prospective purchaser is made to "work" for the property. Indeed often the process by which the sale price is secured can give just as much comfort that it is the best achievable as the figure itself. In any case we have not taken this into account in our assessments.

Valuation Opinion

Having regard to the above we are of the opinion that the value of the unencumbered freehold interest on the basis requested is:-

Valuation Basis	
(a) Market Value (MV)	£575,000 (Five hundred and seventy five thousand pounds)

We stress the importance of the valuation date as recent experience has shown that property values might change significantly over a relatively short period of time. This is the case following the vote to leave the European Union. We await further evidence post the Brexit decision to understand whether and if so what the impacts are going to be on property values. Unfortunately at this time there is insufficient evidence to know what this will be.



Further Enquiries

We have updated our enquiries and the results of which are as per the last report. Since that time, and very unfortunately, there was extensive flooding to the centre of York in December 2015/January 2016. Large parts around the edge of the City Centre were the subject of significant flooding particularly around the Foss Basin. The subject property is located close to the River Foss and many properties were very badly affected. We are pleased to understand that despite the proximity, due to ground levels, the subject property was not affected.

At the time of our previous report this part of the City Centre was undergoing a period of change and reduced attractiveness as the M&S store was closing following the opening of the new M&S store at Monks Cross. Subsequent to our last valuation report the Coppergate Centre was placed in administration.

The flooding mentioned above also adversely affected the Jorvik Centre and which has had to close for repairs and refurbishment. It is due to re-open in Spring 2017. Whilst we do have empirical evidence we would not be surprised if these factors have led to reduced footfall and attractiveness to both the Coppergate Shopping Centre and Castlegate frontages. Currently the Centre does seem to have been improving though, not least with the opening (proposed for November) of a new Primark store within the Coppergate Centre. Currently the unit is being refurbished ready for occupation. We would expect this substantially to increase the attractiveness of the Centre and the general footfall past the subject property.

You have also explained to us that English Heritage recently has submitted a Planning Application for construction of a Visitors Centre on part of the Castle Car Park adjoining Cliffords Tower. If permitted, then again we would expect this to further improve the attractiveness of the location and the general draw of visitors and others to the locality which can only serve probably to improve the attractiveness of the subject property.

Coppergate/Piccadilly Redevelopment Proposals

We have reviewed the 2006 Supplementary Planning Guidance and also the Conservation Area Appraisal of the same year. We are also aware of various attempts since to undertake a comprehensive refurbishment of the area albeit due in part to the extreme sensitivity of the location this has not yet taken place. We understand from discussions with you that it is still an important aim of the City Council to see this area redeveloped and regenerated. This includes the many comparatively poor quality buildings along Piccadilly as well as the Castle Car Park area. Any such further redevelopment is likely further to improve the subject property.



Liability

Our valuation advice is provided for the stated purpose and is for the use of the addressee only and no responsibility is accepted to any other party for the whole or any part of its contents. In particular, our liability is not extended to any financial institution or similar party in the event of them obtaining a copy of this report.

Neither the whole nor any part of this report, or any reference thereto may be included in any document, circular or statement nor our opinions of value disclosed without our prior written approval of the form and context in which they will appear.

Yours faithfully

**Partner, Corporate Real Estate
RICS Registered Valuer**

September 2016

Authorised to sign for and on behalf of Sanderson Weatherall LLP

