



Introduction

This section of the Property Market Report explains how the Valuation Office Agency collects data and how this data is processed to provide the information contained within the report.

Sources of data

The Valuation Office receives details of all completed property transactions of property sold, or leased for seven years or more, or where an existing lease on land and buildings is assigned. The provision under which purchasers/transferees or their legal representatives are required to supply this information is Section 28 of the Finance Act 1931. This has been amended by further legislation but the 1931 Act remains the empowering statute. Within each local office these transactions have been recorded and analysed, originally in bound volumes, but more recently on computer. The recording, and more importantly the analysis of data provides the Valuation Office with a unique database covering more than 50 years of property transactions. The core data for the Property Market Report are these completed property transactions.

In the preparation of the Property Market Report, District Valuers also have regard to all other market intelligence available to them and which is normally taken into account when forming an opinion of value.

Report format

The Property Market Report was designed to allow readers to follow trends in value of readily recognisable types of property in discrete locations across the country. Typical property types or "beacons" were selected for each market sector and these are fully described in the front of each section of the report. The value of each beacon type is revisited every six months and reviewed in the light of property transactions recorded, market intelligence and local information obtained and verified by District Valuers. The property types are reviewed on a regular basis to ensure they are representative of properties found across the whole of England, Scotland and Wales. Where design and property specifications have changed, the beacon types will be re-defined in order to be maintain their representation of the market.

Each report although standing alone is also part of a time series from 1983, when the reports were first published, with snap shot views of the market at six monthly intervals from then onwards. Initially the snapshot views were taken at April and October in each year but from 2004 snapshots are taken at January and July.

A common feature of all the tables provided is that they are of unweighted data covering a consistent and representative range of property types and not simply reporting on the property actually sold in a given period.

Set out in the following pages are details of the methodology adopted in providing information in each of the sectors.

Agricultural Sector

DVs are requested to express their opinion of the capital and tenanted value of various types of agricultural land within their individual localities. The opinions expressed are for fully equipped farms typical to the locality, with the values for the dairy farm excluding the value of milk quota. From 2002 a table has been provided for unequipped land assuming the typical farm is split so that the land is sold without the benefit of any residential accommodation or farm buildings.

From 2002 the description of the 'typical farm' for each farming category has been re visited to ensure it continues to represent a typical agricultural holding. Holdings have over the last twenty years taken on board economies of scale through expansion and are typically much larger enterprises than when the Property Market Report was first published. The residential element of any farm enterprise has also become increasingly important in the overall price achieved for the land. To ensure consistency across all the reporting locations for the 2002 report onwards, the values reported for equipped farms are a reflection of the following type of agricultural holding:

Arable Farm - 300-500 acres with a house appropriate for the size of holding and modern buildings adequate for the business.

Dairy Farm - 150-250 acres with a house appropriate for the size of holding and modern buildings and accommodation for a commercial herd.

Methodology



Mixed Farm - 200-500 mixed arable livestock with a house appropriate for the size of holding plus a mixture of modern and traditional buildings adequate for the business

Hill Farm - 1000 acres minimum with the majority over 1500 ft above sea level and comprising open mountain and moor land with a house appropriate to the holding and buildings adequate for the business

The average values for England and Wales are based on the opinions of value at 44 locations for arable land, 45 locations for dairy land, 55 locations for mixed land and 8 locations for hill land. The averages for Scotland are based on 7 locations. The published data is simple averages of all the reported locations within each region/country.

Where there is no entry the land type is not typical within the area.

Residential Building Land

The report covers three types of land, small sites for less than five houses, bulk land in excess of two hectares and land that has planning permission for flats. The land is assumed to be in a typical location for the area, have planning permission, services to the edge of the site and be ripe for development.

To that extent if the market for majority of residential land in the locality is made up of 'brownfield sites' this fact will be reflected in the valuations. Likewise if planning permissions in the location generally include an element of affordable housing that will also be reflected in the land values to the same extent as the market would do so.

The values should be regarded as illustrative rather than definitive and represent typical levels of value for sites with no abnormal site constraints and a residential planning permission of a type generally found in the area.

Regional Table

The averages for England and Wales are based on a total of 104 localities and the average for Scotland is based on 10 localities. The values reported for the regions are simple averages rounded to the nearest ten thousand pounds. The figures have not been weighted for population size in each local authority area or for the size of the sites.

Residential Building Land Index and Values from 1983

This table and index is constructed from the regional averages for bulk land published in the twice yearly reports since 1983. The localities within each region have remained the same over the period and typical values within these areas form the basis of the index. The localities adopted are as listed in the tables of individual values. The figures are unweighted and the index provides an indication of the changes in typical values at established centres on a regional basis. The series is based on the Government Office regions and historic data has been converted to comply with these new groupings. The Inner and Outer London index from 1988 excludes the central area i.e. Westminster, Kensington and Chelsea and Camden because of the very specific nature of the market resulting in high land values in these local locations, which has a distorting effect on the regional average.

A feature of the residential land market is the 'lumpiness' of changes in value. Changes in value in the housing market are generally easy to monitor because of the volume of transactions but because of the relative infrequency of land sales it is frequently difficult to establish exactly when significant movements in value occurred. Although the land index is updated at six month intervals an average over a longer period may provide a more realistic assessment of the market, especially in times of significant growth.

Residential Building Land Graph

This graph shows the six monthly change in the average value of residential building land in England and Wales based on 91 locations and London based on 13 locations.



Housing Sector

The report covers England, Scotland, Wales and Northern Ireland and provides opinions of vacant possession values for recognisable house types which are described in detail at the front of the housing section in the report.

The opinions expressed are values of the property types within an average location within the named town or city. Where there is no entry the property is not a recognisable house type within the location.

The report covers 124 locations in England and Wales, 14 in Scotland and 6 in Northern Ireland.

Shopping Centre Yields

The comprehensive list of shopping centre yields has a detailed explanation at the front of the section.

Tables of Rents/Capital Values for Shops, Offices and Industrial Warehouses

The tables/graphs show the rental value of a range of property types within the retail, commercial and industrial market at 105 locations in England and Wales and 10 in Scotland together with Belfast in Northern Ireland. Capital values are also shown for the industrial property.

The zoning of shops is a standard method of analysis of shop rents where it is generally accepted that the front of a shop (zone A) is the most valuable part and the value per square metre decreases as the distance from the front shop increases. The zoning method allows rents to be analysed to take this into account and the first 6.1 metres or 4.57 metres of depth are given a higher value per square metre than the back portion of the premises. Rents are always quoted in terms of the Zone A price.

The zoning pattern of 6.1 is now generally uniform except Oxford Street where the zone pattern is 9.14 and this has been adopted for rental analysis at that location.

Industrial Land/Class B1 Land

DVs report the typical value and range of value of land with planning permission for industrial use within 103 localities covering England and Wales and 10 in Scotland, based on transactional evidence. It is assumed that all services are available at the edge of the site and the site is ripe for development. The localities are as shown in the individual table of values.

Trends in Industrial Land Values from 1983

This series of graphs presents by Government Office region the maximum, minimum and mid point value of industrial land from 1983. The mid point is replaced by the typical value from 1998. The figures have not been weighted for population size or size of site and provide an indication of the movement in the range of values across the regions. The series is based on Government Office regions and historic data has been converted to this format.

Typical values published for each Government Office region are the simple averages of all the typical values reported from the individual localities within that region. These are unweighted.

Mineral Section (produced once year only in the Summer report)

There are 30 qualified mineral valuers in the Valuation Office covering England, Wales and Scotland and within that team there are specialised valuers with qualifications in mining engineering and contaminated land management.

Land and property transactions relating to minerals are supplied to the offices throughout the country under Section 28 of the Finance Act 1931. This has been amended by further legislation but the 1931 Act remains the empowering statute. These transactions are recorded and analysed within each regional office.

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The charts in the Mineral section, by Government Office region, provide the royalty values for hard rock, sand and gravel and inert and active waste.



England and Wales Counties and Government Regions

