



Valuation Office  
Agency

**DVS** Property Specialists  
for the Public Sector

## **Valuation Report for Powys and Cardiff LSOAs (Lower Layer Super Output Areas)**

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# Executive Summary: Welsh Land Valuation Report (Powys & Cardiff LSOAs)

## Purpose & Scope

This report, commissioned by the Welsh Government, explores conventional land valuation methodologies across selected Lower Layer Super Output Areas (LSOAs) in Powys (rural) and Cardiff (urban). The work forms part of the Welsh Government's exploratory research into land valuation. The report tests both a notional highest and lowest values for a range of land types, based on agreed hypothetical assumptions.

## Credentials & Methodology

The report is prepared by an RICS Registered Valuer at DVS (Valuation Office Agency), with 25 years' professional experience. Valuations are conducted in accordance with RICS Valuation – Global Standards (Red Book) and the International Valuation Standards (IVS), using market value as the basis. No physical site inspections were undertaken; all notional valuations are desk-based and rely on restricted information and agreed assumptions.

## Valuation Parameters

- **Locations:** One rural LSOA (Powys/Merthyr Tydfil) and one urban LSOA (Cardiff).
- **Land Types:** Residential (central/suburban), Office (central/business park), Industrial, Distribution, Retail (central/out-of-town), Agricultural, Amenity, Forestry, Public Sector (school playing fields).
- **Date of Valuation:** 12 December 2025.
- **Assumptions:** All sites are assumed freehold, with vacant possession, good title, regular shape, services to boundary, no contamination, and planning permission in place. Specific assumptions are detailed for each land type.

## Market Context & Overview

### Cardiff (Urban)

- **Residential:** Average house price £274,000 (2025), with strong demand in central and family-friendly suburbs. Robust rental market, especially for students.
- **Commercial:** Office market driven by demand for Grade A, sustainable buildings; prime rents at £30/sq ft, expected to rise. Industrial/logistics sector shows strong demand and above-inflation rental growth. Retail sector is resilient but faces post-pandemic challenges; mixed-use and leisure-led regeneration are key trends.
- **Investment:** Cardiff is seen as stable and attractive, with major regeneration projects underway.

## **Powys (Rural)**

- **Residential:** Average house price £227,000, above Welsh average; market is stable but subdued, with affordability and interest rates influencing demand.
- **Commercial:** Investor demand rising, especially for industrial properties. Office and retail sectors are less buoyant. Large-scale planning applications have declined, indicating developer caution.
- **Agriculture:** Dominated by sheep and cattle farming, with high rates of micro-businesses and self-employment.

## **Valuation Methodologies**

- **Comparable Method:** Relies on market transactions and professional judgement, with adjustments for special purchasers and site-specific factors.
- **Residual Method:** Used for development properties, incorporating sensitivity analysis for build costs and gross development value.
- **Investment Method:** Applied for office and retail developments, considering rental rates, yields, and Economic Social and Governance factors.

## **Key Valuation Findings (Market Value per Hectare, Notional Highest/Lowest Values)**

### **Cardiff**

- Agricultural: £24,700 / £4,940
- Amenity: £185,250 / £9,880
- Forestry: £86,450 / £9,880
- Industrial: £1,852,500 / £728,650
- Distribution: £716,300 / £370,500
- Retail (City): £2,346,500 / £1,111,500
- Retail (Out of City): £2,470,000 / £1,111,500
- Office (City): £2,223,000 / £1,000,000
- Office (Business Park): £1,420,250 / £225,000
- Public Sector: £37,050 (both scenarios)
- Residential (City Centre): £7,410,000 / £2,717,000
- Residential (Suburbs): £2,717,000 / £1,852,800

## Powys

- Agricultural: £29,640 / £3,705
- Amenity: £74,100 / £16,055
- Forestry: £37,050 / £12,350
- Industrial: £500,000 / £250,000
- Distribution: £500,000 / £250,000
- Retail (Town Centre): £741,000 / £250,000
- Retail (Out of Town): £2,470,000 / £1,358,000
- Office (City): £335,000 / £250,000
- Office (Business Park): £335,000 / £250,000
- Public Sector: £37,050 (both scenarios)
- Residential (Town Centre): £925,000 / £850,000
- Residential (Suburbs): £568,330 / £470,000

## Challenges & Recommendations

- **Data Limitations:** The lack of granular, high-quality comparable evidence and incomplete land parcel registration pose significant challenges for mass valuation.
- **Policy Direction:** Uniform valuation across Wales is not feasible without substantial policy intervention, detailed planning assumptions, and legislative clarity.
- **Market Variability:** Land values are highly variable, influenced by location, market demand, land quality, and planning potential.
- **Transparency:** Improved public access to sales data and enhanced evidence-gathering powers for the property tax authority are recommended.
- **Implementation:** A multi-year lead-in, comprehensive land registration, detailed planning guidance, and public consultation are essential for any future policy developments.

## Conclusion

The report highlights the complexity and variability of land valuation in Wales, especially for future policy development. It underscores the need for robust data, clear assumptions, and significant policy and legislative groundwork to support any future mass valuation or reform initiatives.

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## **1. Introduction**

This report, commissioned by the Welsh Government, explores conventional land valuation methodologies across selected Lower Layer Super Output Areas (LSOAs) in Powys (rural) and Cardiff (urban). The work forms part of the Welsh Government's exploratory research into land valuation. The report tests both a notional highest and lowest values for a range of land types, based on agreed hypothetical assumptions.

## **2. Instruction Parameters**

The Welsh Government require the VOA / DVS to test a range of land valuation methodologies across several land areas and types. Given the complex nature of land valuations, it is agreed to consider both a notional highest and lowest value scenario for each land type based on specific agreed assumptions.

These terms of engagement relate to 'Lot 4 – Conventional Valuation Approaches' as part of the Welsh Government's procurement of research into Testing Land Valuation Methodologies.

### **2.1 Subject of the Valuation**

I have considered two LSOA areas (Powys and Cardiff) and, where relevant, drawn upon evidence from adjoining LSOA areas.

The following locations and land types are included as part of a sample exercise.

### **2.2 Locations**

One urban LSOA – e.g. Cardiff x2 notional valuations per land type to be provided. With the exception of residential which will require x 4 (central and suburban)

One urban LSOA – e.g. Cardiff x2 notional valuations per land type to be provided. With the exception of residential which will require x 4 (central and suburban)

### **2.3 Date of Valuation**

The date of valuation is 12 December 2025

Please note that values change over time and that a valuation given on a particular date with specific assumptions may not be valid on an earlier or later date.

### **2.4 Confirmation of Standards**

The valuation has been prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the Red Book.

Compliance with the RICS professional standards and valuation practice statements gives assurance also of compliance with the International Valuation Standards (IVS).

As agreed with you the hypothetical site areas have been reported using the traditional measurement standards rather than IPMS, specifically Net Internal Area (NIA) / Gross Internal Area (GIA) and therefore the measurements are an agreed departure from 'RICS Property Measurement (2nd Edition)'.

## **2.5 Agreed Departures from the RICS Professional Standards**

There are no departures beyond those restrictions on the extent of investigations and survey, and the assumptions, stated below.

## **2.6 Basis of Value**

The basis of value adopted is a notional Market Value which is defined at VPS 2, para 4 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.'*

## **2.7 Special Assumptions**

The following agreed special assumptions have been applied within each LSOA:

- All sites are assumed to be freehold with vacant possession.
- Each land type will be valued on a notional highest and lowest value scenario with all assumptions clearly outlined in the valuation commentary.
- It will be assumed that good title can be shown, and that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoing.
- It will be assumed that the land and its value are unaffected by any statutory notice or proposal or by any matters that would be revealed by a local search and replies to the usual enquiries, and that neither the proposed construction of the new property will be unlawful or in breach of any covenant.
- The land parcel will be of a regular shape, with services provided up to the boundary, without contamination or abnormal development costs, not in an underground mining area, with road frontage, without risk of flooding and with planning permission granted for a development in keeping with the immediate surrounding area. Details of all assumptions made will be included within our valuation commentary.

### **For all residual valuations:**

- Planning Consent is assumed to already be in place.
- It assumed that any liability for the Community Infrastructure Levy (CIL) has been included.
- It will be assumed that no social housing grant funding is available.

By specific land type the following special assumptions have been applied.

### **Industrial**

- A typical urban, brownfield location, with nearby uses likely to include later, modern developments.
- It is to be assumed that each site is 1 Ha in area

### **Distribution**

- Assumed to be Prime industrial land for distribution warehousing, adjoining motorway links etc.
- It is to be assumed that each site is 1 Ha in area

### **Agricultural**

- A typical agricultural location within the region.
- Accommodation land only (i.e. no connection with a farmhouse or other buildings)
- Value appropriate for a commercial agricultural user, excluding any uplift for 'pony paddock' market or hope value.
- Site is not at significant risk of flooding and is without contamination in the notional highest value scenario.
- Pastureland is fenced and with water supply / Arable land is in good heart.
- Adjustment for quantum where appropriate.

### **Amenity**

- It is to be assumed that each site is 1 Ha in area
- Site is not at significant risk of flooding and is without contamination in the notional highest value scenario.

### **Forestry**

- It is to be assumed that each site is 1 Ha in area
- Site is not at significant risk of flooding and is without contamination in the notional highest value scenario.
- It is to be assumed the forestry is not a commercial enterprise.

### **Offices**

- Out of town offices – assumed to be in Business Park type location; 1 hectare site; 3 storey offices; 10,187 sq. metres net (11,984 sq. metres gross).
- City centre offices – edge of the Central Business District; 0.12 hectares; 4 storey construction; 4,106 sq. metres net (4,831 sq. metres gross).

### **Retail**

- For city/town centre units - Assume a 2-storey shop unit with overall Net internal Area of 115.2 sq. m, ITMS – 54.7 sq. m.

- For suburban / smaller town – Assume a 0.40-hectare site suitable for out of city retail and drive thru.

### **Residential**

- It will be assumed that each city centre site is 0.2 hectare in area.
- It will be assumed each urban area site will be 1 hectare.
- It will also be assumed that the site will have a net developable area equal to 80% of the gross area.
- The hypothetical scheme is for a development in the city centre will be a development of 10 storeys of 60 no. 1&2 bed flat assuming no retail on the ground floor.
- The hypothetical site for urban areas will be a mixture of 2/3/4 bedroomed homes in line with local planning policy development requirements.
- Affordable housing and Section 106 requirements will be included.
- All other assumptions will be clearly in the valuation commentary.

### **Public Sector**

- School playing fields have been considered as a case study as this type of public sector property which demonstrates commonality across all LSOAs.

## **2.8 Nature and Source of Information Relied Upon**

Comparable evidence and information available to the VOA (Valuation Office Agency) have been utilised when considering the hypothetical sites in each LSOA.

## **2.9 Date of Inspection**

The LSOA areas have not been inspected.

## **2.10 Extent of Investigations, Survey Restrictions and Assumptions**

An assumption in this context is a limitation on the extent of the investigations or enquiries undertaken by the valuer. The following agreed assumptions have been applied, reflecting restrictions to the extent of our investigations.

As agreed with you, no inspection of the property was undertaken, and the advice and valuation has been prepared on a 'desk-top basis'; i.e. it is provided on the basis of 'restricted information'.

No detailed site surveys, building surveys have been provided in connection with this instruction.

The valuation does not constitute an ESG (Environmental Social and Governance) risk assessment or ESG rating for a hypothetical site.

It has been assumed that good title can be shown on the hypothetical sites, and that the sites are not subject to any unusual or onerous restrictions, encumbrances or outgoing.

It has been assumed that the hypothetical sites and their values are unaffected by any statutory notice or proposal or by any matters that would be revealed by a local search and replies to the usual enquiries, and that neither the construction of the property nor its condition, use or intended use was, is or will be unlawful or in breach of any covenant.

Valuations include that plant that is usually considered to be an integral part of the building or structure and essential for its effective use (for example building services installations) but exclude all machinery and business assets that comprise process plant, machinery and equipment unless otherwise stated and required.

It has been assumed that no deleterious or hazardous materials or techniques would be used in the construction of the hypothetical development properties.

It should be noted that all the above assumption would have a material impact on the market value of the hypothetical site if altered.

### 3. Market Overviews

#### 3.1 Cardiff - General Overview of Location and Market Conditions

**Figure 1: Map of Cardiff**



Cardiff is the capital of Wales, known for its rich history, vibrant culture, and growing economy. It's a hub for government, education, media, and financial services, with major institutions like the Senedd, BBC Wales, and Cardiff University based in the city. The city has a population of circa 384,000, key areas include Cardiff Bay, Pontcanna, Roath, Canton, and the Central Business District (CBD). Cardiff has the benefit of excellent rail links, M4 access with ongoing infrastructure upgrades.

Generally, the residential property market has produced an average house price of £274,000 (2025), up 5.8% year-on-year. Broken down by property type this includes detached at £496,000+, semi-detached at £335,000, terraced at £276,000 and one bed flats ranging between £166,000–£177,000

Popular residential areas include Pontcanna, Roath, Canton with high demand due to proximity to city centre and amenities while Llanishen, Whitchurch, Heath and Rhiwbina are attractive to families and first-time buyers.

Cardiff is demonstrating strong interest in energy-efficient homes (solar panels, insulation, heat pumps) due to ongoing energy price cap rises. The rental market remains robust, especially for student accommodation with the average rent around £1,138/month, up 9.1% year-on-year.<sup>1</sup>

Within the commercial sector Cardiff's office market is undergoing a transformation, driven by demand for Grade A space and sustainability-focused buildings.

In 2024 take-up: 581,643 sq ft – highest since 2017, prime rents are achieving £30/sq ft in 2025, expected to reach £32.50–£36/sq ft by 2029.<sup>2</sup>

<sup>1</sup> [Housing prices in Cardiff](#) (ONS)

<sup>2</sup> [Spotlight: Cardiff Offices – Autumn 2025](#) (Savills)

Key deals in 2025 included Lloyds Banks acquisition of 113,000 sq ft at John Street, PWC: 33,166 sq ft at One Central Square and Aldermore Bank: 28,098 sq ft at Two Central Square.

Secondary office stock being converted to residential or alternative uses is a viable and popular development choice within Cardiff City Centre.<sup>3</sup>

Generally within Cardiff there are no speculative developments currently underway, creating pressure on supply<sup>4</sup> while refurbishments are now commanding premium rents. Primarily the commercial sector is being driven by the financial services, tech, public sector, and education users.

Within the industrial and logistics sector there remains strong demand for prime industrial space with ESG credentials. Rental growth is above inflation again due to limited supply.

Retail and leisure sectors post-covid footfall challenges persist, but the city centre remains resilient. Mixed-use developments and leisure-led regeneration are key to revitalisation.

As an investment sector Cardiff is seen as a stable and attractive location with key regeneration projects including the Central Quay £200M waterfront development. The Interchange; a £140M mixed-use hub and the Government Hub; a £117m facility for civil servants driving the sector forward.

Additional land use-specific commentary has been provided within the valuation sheets located in the Appendices.

### 3.2 Powys - General Overview of Location and Market Conditions

**Figure 2: Map of Powys**



<sup>3</sup> [Market Monitor 2024: South West of England and South Wales Property Review](#) (Alder King)

<sup>4</sup> [Cardiff Office Market Dynamics, Q3 2025](#) (JLL)

Powys is the largest and most sparsely populated county in Wales, covering over 5,181 km<sup>2</sup>. It includes much of the Bannau Brycheiniog National Park, the Cambrian Mountains, and valleys such as the Severn and the Wye. The terrain is predominantly hilly and mountainous, with limited flat land near Welshpool. Major towns include Newtown, Welshpool, Brecon, Llandrindod Wells, and Ystradgynlais. The economy is largely rural and agricultural, with sheep farming and cattle fattening common. Powys has a high proportion (89%) of micro-businesses, and self-employment rates are notably higher than the Welsh average.

As of July 2025, the Powys residential market produced an average house price of around £227,000, which is slightly above the Welsh average of £209,000.<sup>5</sup> The private rental market averaged £570/month, with a modest annual increase of 3.3%.<sup>6</sup> Typically, first-time buyers pay around £188,000, and mortgage buyers average £220,000 which is significantly different to Cardiff.<sup>7</sup> However, sales volumes have dropped by 14.5%, indicating a cooling market. Detached houses are selling for around £308,000 with semidetached home around £210,000, Terraced properties at £164,000 and 1 bedroomed flats at around £97,000 across the region.

Within Powys the residential market is showing a modest growth rate although some property types, such as flats, are seeing a decline. The market is stable but subdued over the last twelve months, with affordability and interest rates influencing demand.

In terms of the commercial market, investor demand in Wales rose for the first time in three years in Q1 2025, driven by the industrial sector. Office space saw a modest rise in occupier demand, while retail space continues to decline. Industrial properties are outperforming other sectors in both capital value and rental expectations.<sup>8</sup>

Large-scale planning applications fell by 23%, indicating caution among developers, while small-scale applications remained stable, suggesting continued interest in localised developments.<sup>9</sup> Rental expectations are mixed: industrial and office rents are expected to rise, while retail rents may fall.<sup>10</sup> Regional influence and demand is driven by sectors like defence, energy, and logistics, especially in South Wales. Grade A office space is in demand, with occupiers seeking ESG-compliant buildings and better amenities although this is typically located within major hub locations such as Cardiff<sup>11</sup>.

Additional land use-specific commentary has been provided within the valuation sheets included in the Appendices.

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<sup>5</sup> [Housing prices in Powys](#) (ONS)

<sup>6</sup> [Housing prices in Powys](#) (ONS)

<sup>7</sup> [Housing prices in Powys](#) (ONS)

<sup>8</sup> [Investor Demand for Commercial Property in Wales Rises for the First Time in Three Years](#) (BusinessNewsWales)

<sup>9</sup> [Landmark commercial trends report Q1 2025 – April 2025](#) (Landmark Information Group)

<sup>10</sup> [RICS Reports Stagnation in Welsh Commercial Property Demand](#) (Financial News)

<sup>11</sup> [Commercial Property Market Outlook: South West & South Wales H1 2025](#) (Alder King)

### **3.3 Description**

Please refer to Section 2.7 special assumptions which provides commentary on each land use.

### **3.4 Services**

It is assumed each hypothetical site will have services available which negated the need for additional abnormal costs to be accounted for within the valuation process.

### **3.5 Access and Highways**

It is assumed that each hypothetical site will have direct access to an adopted highway and that no ransom situation or significant highways costs have been accounted for in the valuation process. It should be noted the impact of a ransom situation on a subject site can be significant in terms of market value.

### **3.6 Planning**

No enquiries of the Planning Authority have been made, and no information has been received on the hypothetical site planning status and potential. As stated within section 2.8 of this report specific assumptions have been made in relation to the planning status of the hypothetical sites.

Planning plays an integral role in the valuation of land and can greatly impact the final residual land value as discussed further within this report. Whilst valuations have been produced referring to a specific set of assumptions it should be noted a single adjustment to those assumptions can greatly impact the final valuation outcome.

### **3.7 Mineral Stability**

For the purpose of this report, it is assumed that whilst mining has occurred in both LSOA areas that this does not impact the hypothetical sites negatively. It should be noted mining activities on site can impact the market value of land greatly and should be identified at the earliest opportunity.

### **3.8 Council Tax Band / Rateable Value**

It is assumed for the purpose of these valuations that each associated development site would be assessed for council tax or non-domestic rates upon completion.

### **3.9 Minimum Energy Efficiency Standards (MEES)**

In respect of non-exempt domestic and non-domestic property rental properties in England and Wales, the following assumption applies:

For those development sites which incorporate property, all constructed property would be constructed in line with current Energy Performance Certificate regulations.

## **4. Valuation**

### **4.1 Valuation Methodology / Approach and Reasoning**

To derive an opinion of notional market value for the hypothetical sites, the comparable, investment, and residual valuation methodologies were employed. Each approach involves complex inputs and assumptions that materially influence the valuation outcome. These methodologies are governed by the RICS Valuation – Global Standards (Red Book) and its associated guidance notes, which provide the relevant technical framework and professional standards.

The RICS Valuation – Global Standards (Red Book) was effective from 31 January 2025 and contains mandatory rules, best practice guidance and commentary for all RICS members. It aligns with International Valuation Standards (IVS) and provide the basis and methodology upon which property is valued.

The comparable method of valuation is covered in the Comparable Evidence in Real Estate Valuation (1<sup>st</sup> edition, 2019; reissued 2023) and this professional standard provides guidance on the hierarchy of comparable evidence, adjustments and verifications of such evidence, sector specific consideration and dealing with the availability of limited evidence.

Individual hypothetical site valuations clearly outlining the assumptions and rationale adopted for each land type are provided. The comparable method of valuation has been employed in respect of all sites, either as the principal basis or as a supplementary consideration.

The comparable method of valuation is highly reliant upon available data sources and the quality of the information reported. In order to arrive at valuations, transactions held within the Valuation Office Agencies Central Database (which relies on information provided by the Land Registry), Co Star, Allsop Auctions, EIG Auctions, Rightmove and Paul Fosh Auction site have been considered. Where there has been a lack of information across the LSOA areas, professional consideration of adjoining locations has occurred with adjustments of comparable transactions where required.

At present, the presentation of comparable evidence is often lacking in clarity and detail. Within the market, the granular components of transactions are not typically recorded in a way that enables users to isolate and analyse the specific factors influencing the final sale price.

Depending on the land use type, these influencing factors can vary significantly — ranging from the presence of a special purchaser to site-specific characteristics such as topography and land quality. Unfortunately, such information is not systematically captured during the reporting process. As a result, valuers must exercise professional judgment to assess the extent to which these variables may affect the valuation outcome.

A clear illustration of the influence a special purchaser can have on market evidence is the acquisition of land in Swansea. Despite being valued at under £100,000, the site was purchased under particularly challenging circumstances for a sum exceeding £10,000,000.

Another notable example is the sale of industrial land at, Merthyr Tydfil. A one-acre cleared parcel of undeveloped land, originally valued by the local authority at £50,000, was sold at auction for £200,000. This significant uplift was driven by competitive bidding between two adjoining property owners, each seeking to secure the site.

In both cases, the VOA possessed detailed knowledge of the transactions, enabling me to make informed adjustments to valuations. However, the wider market may only interpret this evidence at face value, which highlights a broader issue with the reliability of comparable evidence in valuation practice.

An example of agricultural land achieving a value considerably more than market value due to special purchaser consideration is land at Bonvilston sold off market for £500,000 (£18,000 per acre) in 2024 when the market value assessed by the land agent was £277,000 (£10,000 per acre).

Addressing this issue would require a substantial departure from existing recording practices across the property industry. Such a change may necessitate a policy intervention or directive from the Welsh Government.

Another influencing factor on comparable evidence is location. Due to Powys' rural nature and dispersed geography, obtaining direct comparable data for certain land uses particularly retail and office proved challenging. This was further impacted by limited market activity and low demand for these uses. While a greater quantum of evidence was available within the Cardiff LSOA area for these land use transactions, these again were not vast in number.

For those hypothetical land uses which include development properties the residual method of valuation was adopted as the principal basis and then supported by a stand back and look approach utilising the comparable method. Within the residual valuation process this also incorporates the investment method of valuation to arrive at the gross development value.

The residual method of valuation is covered in the RICS Valuation of Development Property (Global 1st edition, 2019; reissued 2023). This offers a structured approach to valuing land and property with development potential, applying the residual method, assessing risk and feasibility whilst outlining the basis of valuation and assumptions.

Within the residual valuation model there are considerable input assumptions which are required before arriving at the final land value. A table within the appendix at the rear of this report outlines those assumptions. It should be noted that there are no hard and fast rules as to the rates and percentages adopted, this is all done through valuer judgement and market knowledge. As an example, below is a table which highlights these impacts and shows that change in any one of these assumptions

can have a dramatic impact upon the residual land value. For the purpose of these notional valuations, a series of sensitivity tests have been run with a simple adjustment to Build Cost and Gross Development Value.

**Table 1: Effect of assumptions on residual land value**

Rent: Total MRV	Construction: Gross Cost -5.0%	Construction: Gross Cost -2.50%	Construction: Gross Cost 0.0%	Construction: Gross Cost 2.5%	Construction: Gross Cost 5.0%
-5.0%	599,866	376,746	149,139	-99,888	-375,176
-2.5%	838,490	615,373	392,253	165,408	-80,758
0.0%	1,076,400	853,998	630,880	407,760	181,678
2.5%	1,312,818	1,091,767	869,505	646,387	423,267
5.0%	1,548,227	1,328,179	1,107,130	885,012	661,894

As demonstrated above the assumptions made within the residual appraisal can impact the land value in both a positive and negative way. There are more than ten inputs which require assumptions when undertaking a residual appraisal and each of these inputs are site and location specific from the reflection of risk to the finance period to the rate at which the property will be sold or let to name but a few.

A major input into the residual appraisal is the calculation of the Gross Development Value.

**Gross Development Value – Development Costs = Residual Land Value.**

To arrive at the gross development values, the comparable (residential developments) and investment method of valuation (office and retail developments) have been utilised.

While not covered in a standalone guidance note, the Red Book and IVS provide the framework for applying the investment method, including discounted cash flow (DCF) techniques, income capitalisation, yield analysis and ESG and sustainability factors in investment valuation.<sup>12</sup> As with other methods of valuation there are again assumptions which are required when adopting the investment method of valuation including but not limited to rental rates (reflection of the quality / usability of the space, rental demand), yield rates (yields reflect tenant covenant strength and investors risk / return) – again all location specific.

As of this date, none of the assumptions outlined above are reflected in the recorded comparable transaction data.

To achieve unity across an LSOA (which would be very difficult to evidence and qualify), the rates adopted within a residual appraisal and investment method of valuation would require a policy decision and specific instructions to the valuer involved. This would not represent market value as all outputs would not be evidenced through market transactions.

<sup>12</sup> [Valuation Standards](#) (RICS)

## 4.2 Opinion of Notional Value

The Notional Market Value of the freehold interest in the hypothetical sites as listed below as of 12<sup>th</sup> December 2025 are:

**Table 2: Notional market values in Cardiff and Powys**

<b>Cardiff</b>	<b>£ Per Hectare Best Case Scenario (£acres)</b>	<b>£ Per Hectare Worst Case Scenario (£acres)</b>
Agricultural	£24,700 (£10,000/acre)	£4,940 (£2,000/acre)
Amenity	£185,250 (£75,000/acre)	£9,880 (£4,000/acre)
Forestry	£86,450 (£35,000/acre)	£9,880 (£4,000/acre)
Industrial	£1,852,500 (£750,000/acre)	£728,650 (£295,000/acre)
Distribution	£716,300 (£290,000/acre)	£370,500 (£150,000/acre)
Retail In City	£2,346,500 (£950,000/acre)	£1,111,500 (£450,000/acre)
Retail Out of City	£2,470,000 (£1,000,000/acre)	£1,111,500 (£450,000/acre)
Office In City	£2,223,000 (£900,000/acre)	£1,000,000 (£404,858/acre)
Office Business Parks	£1,420,250 (£575,000/acre)	£225,000 (£91,093/acre)
Public Sector	£37,050 (£15,000/acre)	£37,050 (£15,000/acre)
Residential City Centre	£7,410,000 (£3,000,000/acre)	£2,717,000 (£1,100,000/acre)
Residential Suburbs	£2,717,000 (£1,100,000/acre)	£1,852,800 (£750,121/acre)
<b>Powys</b>	<b>£ Per Hectare Best Case Scenario (£acres)</b>	<b>£ Per Hectare Worst Case Scenario (£acres)</b>
Agricultural	£29,640 (£12,000/acre)	£3,705 (£1,500/acre)
Amenity	£74,100 (£30,000/acre)	£16,055 (£6,500/acre)
Forestry	£37,050 (£15,000/acre)	£12,350 (£5,000/acre)
Industrial	£500,000 (£202,429/acre)	£250,000 (£100,000/acre)

Distribution	£500,000 (£202,429/acre)	£250,000 (£100,000/acre)
Retail In Town	£741,000 (£300,000/acre)	£250,000 (£100,000/acre)
Retail Out of Town	£2,470,000 (£1,000,000/acre)	£1,358,000 (£549,797/acre)
Office In Town	£335,000 (£135,627/acre)	£250,000 (£100,000/acre)
Office Business Parks	£335,000 (£135,627/acre)	£250,000 (£100,000/acre)
Public Sector	£37,050 (£15,000/acre)	£37,050 (£15,000/acre)
Residential Town Centre	£925,000 (£374,494/acre)	£85,000 (£344,129/acre)
Residential Suburbs	£568,330 (£230,093/acre)	£470,000 (£190,283/acre)

### 4.3 Currency

All prices or values are stated in pounds sterling.

### 4.4 VAT

It is assumed that VAT would not apply to the hypothetical transactions and each notional value reflects this.

### 4.5 Costs of Sale or Acquisition and Taxation

It is assumed that each acquiring party to any proposed transaction would bear their own proper legal costs and surveyor's fees.

No allowance has been made for liability for taxation, whether actual or notional, that may arise on disposal.

## 5. Conclusion

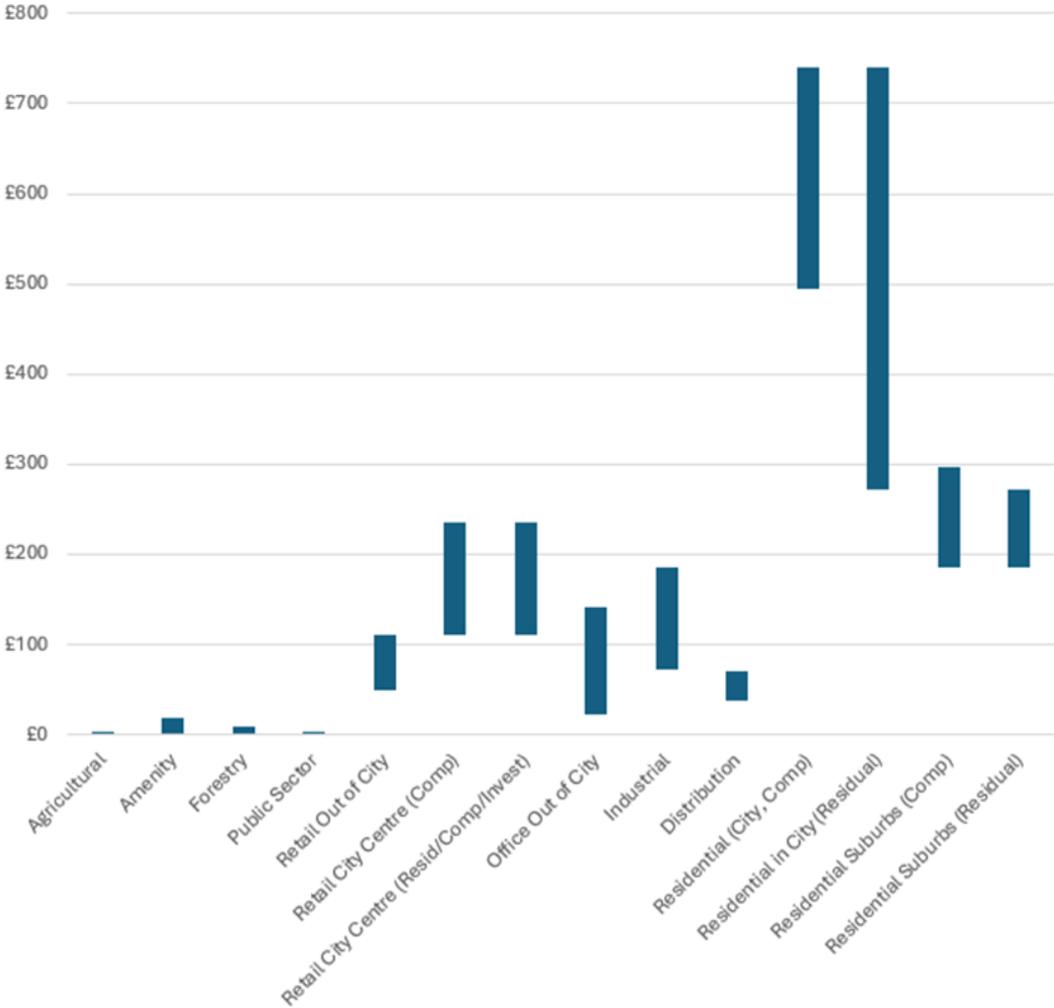
The mass valuation of land across Wales, particularly when classified under a single user type, presents significant challenges and would necessitate substantial policy direction from the Welsh Government. It is not feasible to assume uniformity in land value within any given classification, as critical factors such as location, market demand, land quality, and planning potential vary considerably and directly influence valuation outcomes. At present there is a lack of data in relation to land parcel registration, and this would generate significant difficulties when undertaking mass valuation. These complexities have been outlined in detail within this report.

To undertake such a valuation exercise, the Welsh Government would need to make extensive planning assumptions aligned with Local Planning Authorities' masterplans many of which are likely to attract objection. Furthermore, the Welsh Government would be required to clearly define all valuation assumptions and key inputs, which are numerous and inherently subject to professional judgment. Again, it should be noted however that the valuations produced could be materially different to actual sales that occur due to the need to specify assumptions in legislation necessary for a uniform approach to property taxation. Inevitably, this could drive challenge rates and be difficult to explain.

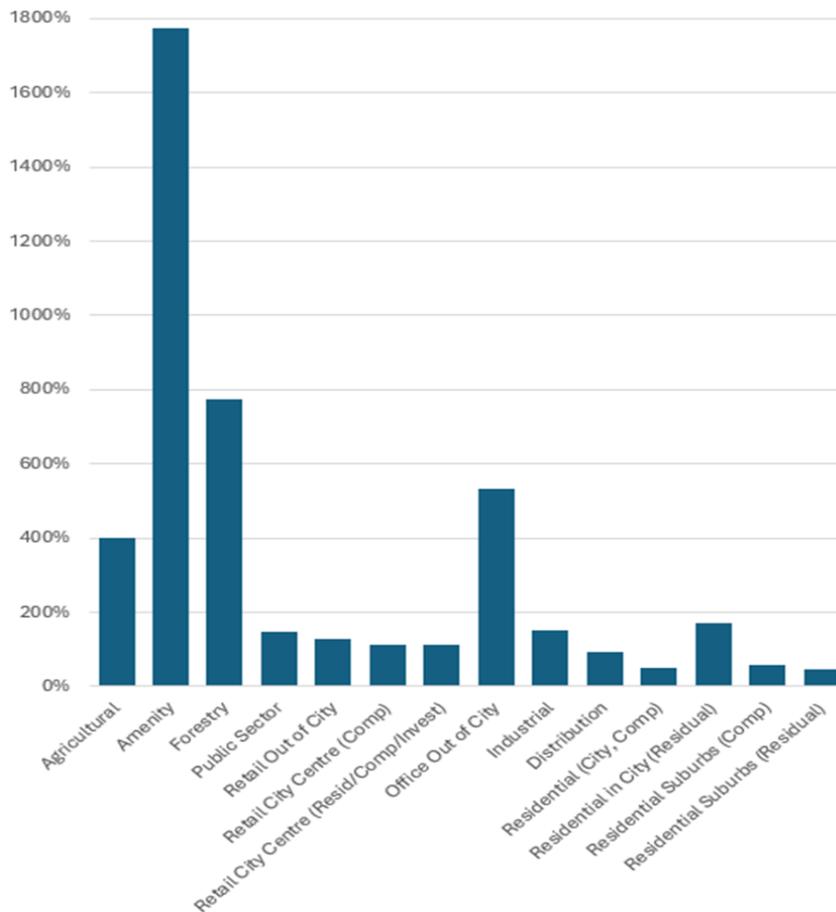
Comparable evidence would need to be gathered and analysed with far greater rigour than is currently undertaken. At present, the available data lacks sufficient granularity and quality to support such an approach. Welsh Government will need to consider legislation that either ensures greater transparency of publicly available sales information or allows the property tax authority evidence gathering powers similar to those currently used by the VOA for non-domestic rating.

Land values across Wales are highly variable and reflect a complex marketplace. This is highlighted within the following two graphs which capture all above notional valuations.

**Figure 3: Notional Highest and Lowest Value Scenarios for Different Valuation Categories**



**Figure 4: Notional Valuation Range as a Proportion of Lowest Value Scenario**



Valuing land is inherently difficult due to the multitude of influencing factors, as detailed within the appendix of this report. A blanket approach to land valuation is unlikely to be achievable without a detailed, site-specific review incorporating planning, environmental, and practical considerations. Without a traditional valuation approach which incorporates robust supporting evidence, confirmation of site registration incorporating all land parcels, it would be extremely difficult to justify valuations to end users.

As mentioned above to undertake a comprehensive valuation of all land in Wales, a multi-year lead-in period, appropriate legislation and public consultation, full registration of land ownerships, detailed planning guidance and access to improved comparable data would be required.

## **Annex A - General Information**

### **Status of Valuer**

It is confirmed that the valuation has been carried out by, a RICS Registered Valuer, acting in the capacity of an external valuer, who has the appropriate knowledge and skills and understanding necessary to undertake the notional valuations competently, and is in a position to provide an objective and unbiased valuation.

### **Conflict of Interest**

Checks have been undertaken in accordance with the requirements of the RICS standards and have revealed no conflict of interest.

### **Restrictions on Disclosure and Publication**

It is agreed this document can be published by the Welsh Government.

### **Limits or Exclusions of Liability**

Notional valuations are provided for your benefit alone and solely for the purposes of the instruction to which it relates. Notional valuation may not, without our specific written consent, be used or relied upon by any third party, even if that third party pays all or part of our fees, directly or indirectly, or is permitted to see a copy of the valuation report. If provide with written consent to a third party relying on the notional valuation stated within this report, any such third party is deemed to have accepted the terms of our engagement.

None of VOA employees individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring any claim against any such individuals personally in connection with our services.

### **Validity**

This report remains valid for 6 (*six*) months from its date unless market circumstances change or further or better information comes to light, which would require adjustments to the notional valuations.

## Annex B – Example Residual Appraisal

Development Appraisal  
Valuation Office Agency  
25 September 2025

### APPRAISAL SUMMARY

Scheme 2 - City Centre Office  
15% POC

VALUATION OFFICE AGENCY

### Summary Appraisal for Phase 1

Currency in £

### REVENUE

#### Rental Area Summary

	Units	m <sup>2</sup>	Rent Rate m <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Scheme 2 - City Centre Office	1	4,106.00	300.00	1,231,800	1,231,800	1,231,800

#### Investment Valuation

##### Scheme 2 - City Centre Office

Current Rent	1,231,800	YP @	9.5000%	10.5263	12,966,316	
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#### GROSS DEVELOPMENT VALUE

**12,966,316**

Purchaser's Costs			(259,326)			
Effective Purchaser's Costs Rate		2.00%		(259,326)		

#### NET DEVELOPMENT VALUE

**12,706,989**

#### NET REALISATION

**12,706,989**

### OUTLAY

#### ACQUISITION COSTS

Residualised Price (0.12 Ha 5,257,331.62 pHect)				630,880		
				630,880		
Stamp Duty			19,294			
Agent Fee		1.50%	9,463			
Legal Fee		0.25%	1,577			
				30,334		

#### CONSTRUCTION COSTS

Construction	m <sup>2</sup>	Build Rate m <sup>2</sup>	Cost	
Scheme 2 - City Centre Office	4,831.00	1,618.00	7,816,558	<b>7,816,558</b>

Contingency		2.50%	224,726	224,726
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#### Other Construction

External works		15.00%	1,172,484	1,172,484
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#### PROFESSIONAL FEES

Other Professionals		8.00%	719,123	719,123
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#### DISPOSAL FEES

Sales Agent Fee		1.50%	190,605	
Sales Legal Fee	1.00 un	1,000.00 /un	1,000	191,605

### FINANCE

Timescale	Duration	Commences
Pre-Construction	3	Sep 2025
Construction	9	Dec 2025
Sale	1	Sep 2026
Total Duration	13	

Debit Rate 7.000%, Credit Rate 2.000% (Nominal)	
Land	43,451
Construction	220,395
Total Finance Cost	263,846
<b>TOTAL COSTS</b>	<b>11,049,556</b>
<b>PROFIT</b>	<b>1,657,434</b>

**Performance Measures**

Profit on Cost%	15.00%
Profit on GDV%	12.78%
Profit on NDV%	13.04%

**APPRAISAL SUMMARY**

**Scheme 2 - City Centre Office**

**15% POC**

Development Yield% (on Rent)	11.15%
Equivalent Yield% (Nominal)	9.50%
Equivalent Yield% (True)	10.09%

IRR 45.37%

Rent Cover 1 yr 4 mths

Profit Erosion (finance rate 7.000) 2 yrs

**VALUATION OFFICE AGENCY**

## Annex C - Notional Valuation Considerations

Land Type	Valuation Methodology	Potential Impacts	Examples
Amenity Land	Comparable	<ul style="list-style-type: none"> <li>• Are there any fishing rights or sporting rights on the land?</li> <li>• Is there hope of future development?</li> <li>• Proximity to housing.</li> <li>• What is the quality of the land?</li> <li>• Are there any special purchasers for the land?</li> <li>• The size of the site</li> <li>• Restrictions of clawbacks on the land</li> <li>• Rights of way and designated public paths</li> <li>• Fly tipping issues</li> <li>• Access issues</li> <li>• Common land</li> </ul>	<ul style="list-style-type: none"> <li>• Sporting rights can generate significant income for the land.</li> <li>• Amenity land can go from £500/acre to significantly more depending on its exact location.</li> </ul>
Agricultural	Comparable	<ul style="list-style-type: none"> <li>• How is this occupied? vacant possession, Agricultural Holding Act tenancy or Farm Business Tenancy.</li> <li>• What grade is the land 1 – 5?</li> <li>• Is it SSSI land?</li> <li>• Does it flood?</li> <li>• Are there any Public Rights of way.</li> <li>• Restrictive covenants on the land or property?</li> <li>• Clawback agreements</li> <li>• Contamination of use of land?</li> <li>• Any easements in favour of utility companies.</li> <li>• Any telecoms mast?</li> <li>• Special purchasers.</li> <li>• Size of the plot.</li> <li>• Is the land split by a road or held under one title?</li> <li>• Are there any commoner's rights?</li> <li>• Is any of the land allocated in the LDP as an exception site or a candidate site for long term development?</li> <li>• Is there any hope value attached to the land?</li> </ul>	<ul style="list-style-type: none"> <li>• Vacant possession - £8,000/acre?</li> <li>• FBT - £8,000/acre decreases dependent on term</li> <li>• AHA - £2,000 per acre?</li> <li>• Grade 1 land = £15,000/acre</li> <li>• Grade 5 land - £500/acre</li> <li>• Telecoms mast sterilizes land value as so restrictive.</li> <li>• Agriculturally tied house depreciates the value by 50% of Market Value.</li> <li>• Utility companies heavily restrict use of the land and usually pay 50 - 80% of Market Value because of this.</li> <li>• Agricultural land is typically sold in 2 – 100 plus acres, the larger the quantum the smaller the rate per acre achieved.</li> </ul>

Land Type	Valuation Methodology	Potential Impacts	Examples
Residential	Comparable, residual and investment method	<ul style="list-style-type: none"> <li>• Who are you valuing the land for?</li> <li>• Does the land have planning permission?</li> <li>• Is the land allocated in the local plan?</li> <li>• If not, is it an exception site?</li> <li>• Have you checked Welsh Governments Acceptable Cost Guide for housing?</li> <li>• How big are you building the houses?</li> <li>• Who is buying the land, private or RSL?</li> <li>• What is the affordable housing policy for that area of the county?</li> <li>• Is it a greenfield or brownfield site?</li> <li>• What are the abnormal costs for the site?</li> <li>• What are the SUDS for the site?</li> <li>• What are the S106 obligations?</li> <li>• What are the S104 obligations?</li> <li>• What are the other planning obligations?</li> <li>• Is the proposed development even viable?</li> <li>• What developers profit are you adopting for each element?</li> <li>• Is this a mixed-use scheme?</li> <li>• If so, what rents are you adopting?</li> <li>• What yields are you adopting?</li> <li>• What rental voids and incentives are you adopting?</li> <li>• What build cost are you adopting?</li> <li>• What finance rate are you adopting?</li> <li>• What sales rate are you adopting?</li> </ul>	<ul style="list-style-type: none"> <li>• An RSL (registered social landlord) can outbid the private marketplace for land due to Social Housing Grant funding.</li> <li>• Having planning and not having planning could be the difference of £50,000 per acre to £500,000 per acre or more and very specific to the developments planning position.</li> <li>• An allocation is not a guarantee of permission it is simply and increased possibility of obtaining a development.</li> <li>• The Welsh Government dictate the size of property for social housing purposes; these are typically larger than market houses.</li> <li>• Some local authorities charge RSLs S106 and S104 charges even on 100% affordable housing sites.</li> <li>• An exception site is land which is chosen by an RSL and outside of development limits.</li> <li>• Affordable housing percentages change within one county ie Powys.</li> <li>• Different developments generate significant different values in land ie: a 34-unit traditional flat scheme may produce £800,000/acre but a Co Living Scheme may produce £3,500,000/acre for the same size site in the same location – it all depends.</li> <li>• Abnormal costs are the difference between a scheme being viable and not – this impacts the value of the land.</li> <li>• Unviable land will always have a value at its most basic</li> </ul>

Land Type	Valuation Methodology	Potential Impacts	Examples
		<ul style="list-style-type: none"> <li>• How are you arriving at your GDV – comparable of investment approach?</li> <li>• How are you accounting for sprinkler costs?</li> <li>• What void period are you adopting?</li> <li>• What is your lead time into development?</li> <li>• Is the land in a mining area?</li> <li>• Where is the land in terms of TAN 15?</li> <li>• What agents' fees are you paying?</li> <li>• What is your development period?</li> <li>• Is there any grant funding available for the site?</li> <li>• What is the attitude of the local authority towards development?</li> <li>• How are you going to value unviable development land?</li> <li>• Wales does not have a detailed viability guidance document, and reliant on National Planning Policy Framework (England), RICS Financial Viability in Planning Guidance notes and Welsh Governments Development Plans Manual (2020). Within Chapter 3.5 of the Planning Policy Wales (2016) there is limited guidance on the use of CIL.</li> <li>• Any ransom strip issues?</li> <li>• Is the land part of a larger strategic development site?</li> </ul>	<p>level – if you have a site which is so unviable due to associated abnormal costs or potential TAN 15 implications it may be valued as an alternative use.</p> <ul style="list-style-type: none"> <li>• The Welsh Government do not have a detailed Viability Policy, and this enables challenge by developers.</li> </ul>
Industrial, Distributions, Retail and Offices	Comparable, residual or investment	<ul style="list-style-type: none"> <li>• Who are you valuing the land for?</li> <li>• Does the land have planning permission?</li> <li>• Is the land allocated in the local plan?</li> <li>• How big are you building the units?</li> <li>• Is it a greenfield or brownfield site?</li> </ul>	<ul style="list-style-type: none"> <li>• There are so many variables in commercial land development and heavily dependent upon the end user.</li> <li>• Example 0.50 acres site for a McDonalds or Costa drive through roughly £600,000.</li> <li>• 0.50 acres for warehouse use £60,000</li> </ul>

Land Type	Valuation Methodology	Potential Impacts	Examples
		<ul style="list-style-type: none"> <li>• What are the abnormal costs for the site?</li> <li>• What are the SUDS for the site?</li> <li>• What are the S106 obligations?</li> <li>• What are the S104 obligations?</li> <li>• What are the other planning obligations?</li> <li>• Is the proposed development even viable?</li> <li>• What developers profit are you adopting for each element?</li> <li>• Is this a mixed-use scheme?</li> <li>• If so, what rents are you adopting?</li> <li>• What yields are you adopting?</li> <li>• What rental voids and incentives are you adopting?</li> <li>• What build cost are you adopting?</li> <li>• What finance rate are you adopting?</li> <li>• What sales rate are you adopting?</li> <li>• How are you arriving at your GDV – comparable of investment approach?</li> <li>• What is your lead time into development?</li> <li>• Is the land in a mining area?</li> <li>• Where is the land in terms of TAN 15?</li> <li>• What agents' fees are you paying?</li> <li>• What is your development period?</li> <li>• Is there any grant funding available for the site?</li> <li>• What is the attitude of the local authority towards development?</li> <li>• How are you going to value unviable development land?</li> <li>• Wales does not have a detailed viability guidance</li> </ul>	<ul style="list-style-type: none"> <li>• Brownfield land may attract local authority grants to aid development but transactions for this type of development are very few and far between, particularly in one county – you would have to investigate neighbouring counties for evidence and make adjustments which will open you up to challenge.</li> </ul>

Land Type	Valuation Methodology	Potential Impacts	Examples
		<p>document and is reliant on National Planning Policy Framework (England), RICS Financial Viability in Planning Guidance notes and the limited Welsh Governments Development Plans Manual (2020). Within Chapter 3.5 of the Planning Policy Wales (2016) there is limited guidance on the use of CIL.</p> <ul style="list-style-type: none"> <li>• Any ransom strip issues?</li> <li>• Is the land part of a larger strategic development site?</li> </ul>	
Forestry	Comparable	<ul style="list-style-type: none"> <li>• Is it commercial woodland?</li> <li>• What type of trees are on there?</li> <li>• Any invasive species</li> <li>• Any diseased timber?</li> <li>• Are there any fishing rights or sporting rights on the land?</li> <li>• Is there hope of future development?</li> <li>• Proximity to housing?</li> <li>• What is the quality of the land?</li> <li>• Are there any special purchasers for the land?</li> <li>• The size of the site</li> <li>• Restrictions of clawbacks on the land</li> <li>• Rights of way and designated public paths</li> <li>• Fly tipping issues</li> <li>• Access issues</li> </ul>	<ul style="list-style-type: none"> <li>• Sporting rights can generate significant income for the land.</li> <li>• Amenity land can go from £500/acre plus depending on its exact location.</li> <li>• Commercial woodland can produce significant income on top of the land thus increasing its value exponentially.</li> </ul>

Public Land is highly dependable upon the property which is being valued.