UNLOCKING THE HIDDEN VALUE OF YOUR LAND

ACCOMMODATING YOUR FUTURE

CONTENTS

MAXIMISING THE MOST VALUE FROM YOUR LAND

WHEN THE SALE OF LAND FOR DEVELOPMENT IS MENTIONED, IT IS COMMON FOR LANDOWNERS TO THINK OF HOUSING DEVELOPMENT DUE TO THE HIGH DEMAND AND CORRESPONDING HIGH PRICES THAT DEVELOPERS ARE WILLING TO PAY FOR SUITABLE SITES.

However, for those with land in proximity to major roads, cities, towns, or existing commercial development, there is another potential avenue for development: industrial and logistics buildings.

Travelling along motorways in the UK, the number of industrial and logistics buildings has increased significantly.

These buildings have seen a surge in demand mainly due to the growth of ecommerce, driven by the likes of Amazon and DHL – key clients of ours – which allows consumers to have a wide range of items delivered directly to their homes or workplaces typically within 48 hours.

THE DEMAND

This consumer demand increases the need for retailers, manufacturers, and other business to increase capacity and optimise their built assets.

This in turn passes onto property companies like us who consistently require access to suitable land in strategic locations for the construction of distribution centers and logistics parks.

While selling land to a Developer can be financially rewarding, it is essential to thoroughly research and seek professional guidance to ensure the best possible outcome for you.

The value of land varies significantly based on planning status and location.

Therefore, it is crucial to carefully choose the right partner to work with to maximise its value and your return.

FIVE FACTORS TO CONSIDER WHEN VALUING YOUR LAND

1. WORK WITH IMPARTIAL ADVISERS

To safeguard your interests and achieve a mutually beneficial result, we strongly advise to consult with experienced professionals such as solicitors, land agents, and accountants. Obtaining recommendations through personal connections and speaking with past clients can be useful in finding reliable advisors.

In some cases, your development partner may cover the fees for these advisers as part of the agreement.

Seeking comprehensive guidance can help avoid costly errors. We can recommend independent advisors to you if needed.

2. GATHER THE FACTS

The more you understand about the planning process, the value of your land, and the potential benefits and drawbacks of different options, the better equipped you will be to make an informed decision.

The value of land is often tied to its potential for development as determined by planning permission. Land without planning permission is typically less valuable to Developers than land that has undergone the planning process.

3. REPUTATION MATTERS

The most important factor in selecting which property company to work with is their track record in successfully navigating the planning process for development projects.

Choose a property company with a reputation for delivering high-quality sites and who has an excellent reputation with planners and other key stakeholders.

It may be beneficial to request information on their past projects and success rate, as well as speak with local planning officials or Landowners who have previously worked with the company.

4. CONSIDER THE EFFECTS ON YOUR CURRENT HOLDINGS AND RELATIONSHIPS

If the land is local to you, it is important to consider the potential impact of development on your remaining holdings and relationships.

The development process may take several years, and it may not be possible to reverse your decision once the project is underway.

Some partners may no longer be involved with the site after the construction and sale of buildings, so it is essential to understand the potential effects on your land, surrounding infrastructure and your legacy.

5. CONSIDER ALL OPTIONS

The decision of whether to sell land without planning permission or to pursue, say an Option Agreement as part of a long-term financial strategy, depends on various factors, including your personal circumstances and ownership tructure.

We advise consulting with legal and financial professionals to ensure that your long-term interests and those of any partners or dependents are safeguarded before finally deciding.

ABOUT US

WE ARE EXPERTS IN UK LOGISTICS REAL ESTATE, DELIVERING MILLIONS OF SQ FT OF HIGH-QUALITY, SUSTAINABLE INDUSTRIAL AND LOGISTICS WAREHOUSE SPACE EACH YEAR.

Our purpose is to 'Create critical infrastructure to accommodate the future'. These buildings are critical the functioning of the UK supply chain and help power the economy, by unlocking growth for businesses as well as delivering jobs and improving the local economy for the communities that surround them.

We are unique compared to other Developers as we take a long term ‘cradle to grave’ approach with our projects: beginning with finding the best strategic land and achieving planning permission, through to construction and then finding clients who lease our buildings long term. Due to the scale of our developments, our clients are typically large established companies including M&S, Tesco, Amazon, and DHL.

Our approach is personal and hands-on, focused on leaving positive long-term legacies for the landowners and the communities around them. Our core values are fundamental to our approach and drive how we work with you. We are committed to doing the right thing for all our stakeholders and the communities we operate in.

OUR SPECIALISM

We specialise in developing large buildings typically from 200,000 to 500,000 sq ft. The demand for this size building has surged due to factors like changing shopping habits and businesses consolidating smaller buildings into larger, more efficient spaces. Our projects can create hundreds of jobs and contribute to overall economic growth, invigorating the local community and promoting prosperity.

OUR FOCUS ON SUSTAINABILITY

Our buildings go beyond traditional warehouses and are sophisticated and sustainable structures. We continuously improve our specifications to exceed industry standards. All our buildings achieve a minimum Energy Performance Certificate (EPC) standard A and BREEAM (Building Research Establishment Environmental Assessment Methodology) Excellent rating, in comparison the average home in the UK is rated EPC D. Also, all our buildings are built to Net Zero Carbon in Construction (UK Green Building Council measure).

We prioritise sustainability by offering a unique energy services model. Our clients can operate their buildings with a focus on green energy, utilising solar power and battery storage to minimise use of the national grid and reduce costs. Our buildings feature EV charging infrastructure and ample cycle racks, encouraging sustainable transportation for employees. Where possible, we work with local councils to extend bus routes, facilitating convenient and eco-friendly commutes for employees.

OUR VALUES:

CONVICTION

We make high-conviction decisions founded on proprietary, data-driven insights.

RELATIONSHIP DRIVEN

We take a personal, hands-on approach, getting to know our stakeholders so we can deliver on their ambitions.

RESPONSIBLE

We aim to create long-term value for our clients, investors and the communities where we are based.

01
WE ARE CLIENT LED

Our expertise in working with Landowners to ensure a fair and equitable deal has led us to securing the largest land portfolio in the UK. Many in our land team have direct connections with the wider farming community and so are empathetic with Landowners taking a personal interest in securing the best deal and seeing the project through to completion.

02
WE ARE ENVIRONMENTALLY RESPONSIBLE

Sustainability is fundamental to a successful development project and it’s at the heart of how we operate. We are committed to developing all new buildings to be net zero carbon in construction and every building is designed to a minimm ‘Excellent’ BREEAM (Building Research Establishment Environmental Assessment Method) rating and EPC A.

03
WE PROVIDE OPPORTUNITIES FOR COMMUNITIES

We always ensure our projects have a positive, ongoing effect on the local community.

Where possible, we select tennents who will deliver the best economic benefits for the area, typically through the number and quality of jobs they bring.

HOW WE WORK
WITH YOU

01
TAILOR AN AGREEMENT

The first stage involves entering into an Agreement with a Developer or Promoter, which gives them the right to purchase the land at an agreed price mechanism within a certain timeframe. The Agreement can take many forms but the most common are:
Option Agreements, Promotion Agreements, Land sale with or without uplift (overage) or a Joint Venture.

Each have their nuances and we can discuss these to determine which best suits individual circumstances.

The detail of the next stages will be determined by which route is taken but most involve the following...

02
PROMOTION OF LAND

The process of promoting land can be a lengthy and complex one so a clear understanding of each parties' priorities is important. Setting these out on day one and establishing a reporting routine sets the relationship off on a good footing.

The Local Plan is a document created by the local council that sets out the strategic planning policies for the area, the objective for the site being to be 'allocated' for employment land in the Local Plan.

An allocation greatly increases the likelihood of securing planning permission, providing a clear framework for decision-making.

This ensures that the development is in line with the wider strategic objectives for the area.

03
TECHNICAL DESIGN & SUBMISSION OF PLANNING APPLICATION

Here we prepare detailed plans and reports that outline the proposed development and how it will fit into the surrounding area. It is important to ensure that all the information is accurate and complies with the relevant regulations and guidelines before submitting it to the Local Planning Authority for their approval.

This is a time-consuming process, as the authority will need to consult with other stakeholders before deciding. However, obtaining planning permission is essential to create the uplift in value and for the development to proceed, so it is important to ensure that all necessary steps are taken to secure approval.

04
ACHIEVE PLANNING PERMISSION

Achieving planning permission is a crucial milestone but one that shouldn't be taken for granted. Over the last 5 years we have been successful in securing planning permission for over 15m sq ft of development with a 100% success rate.

Even if the site is allocated in the Local Plan for employment, success at planning committee is by no means a certainty.

05
PRICE NOTICE / DRAW-DOWN

When a Developer is buying land that has planning permission there are two important final steps, the Price Notice, and the land drawdown process. The detail will be dependent on the form of Agreement but broadly the Price Notice sets out the purchase price of the land and how it is calculated.

Once the price has been agreed, the land drawdown process can begin.

LANDOWNER SUCCESS STORIES

LEAVING A LEGACY BEHIND AT BIGGLESWADE

- Simon Tunnard's family had an 100 year legacy with their farm in Biggleswade but were under pressure financially.
- Concerns around his local reputation were carefully managed by building relationships with local and county councillors.
- Planning permission achieved on all phases ahead of the Business Plan, facilitating an accelerated land drawdown and unlocking value in excess of the minimum land value.

“After meeting several Developers, Tom and the team at Tritax Big Box stood out as the firm that understood me, and what I wanted to achieve with my family’s legacy and what I want to do next.”

Simon Tunnard's family legacy in the small market town of Biggleswade, Bedfordshire, goes back over 100 years with a 300 acre arable farm whose produce was sold around the region and on the family stall in Covent Garden, London.

As market conditions toughened in the 2000’s, with high street retailers pricing pressures, stifling his efforts to maintain profits and when attempts at diversification didn’t catch, he started to re-evaluate his land options. Knowing Biggleswade is less than an hour away from London and noticing the growth in the logistics sector, development was a consideration.

Naturally, he had concerns around whether planning would be granted, how he would secure a fair deal for his land and even how is neighbours would perceive his plans.

We were approached to bid and present our approach and plans to Simon and his land agent. Simon decided not to go for the highest price offered, recognising that track record, reputation and people are what deliver a project of this scale.

The strength of the relationship established during Phase 1 led to the execution of subsequent option agreements across Phases 2, 3 and 4 with the Tunnard family and other landowners. In each case, we have delivered ahead of both Local Plan and Business Plan timescales, leveraging our occupier relationships to unlock development opportunities. This approach enables accelerated land drawdown and delivers returns to landowners in excess of minimum land value expectations.

LANDOWNER
SUCCESS STORIES

PHASE 01

50 ACRES PURCHASE AND PLANNING ACHIEVED IN 8 MONTHS

PRE-LET AGREED WITH CO-OP, COMPLETED FEBRUARY 2020

1,200 JOBS CREATED

PHASE 02

45 ACRES OPTIONED, PLANNING ACHIEVED IN 6 MONTHS NOVEMBER 2020

4 UNITS SPECULATIVELY BUILT AND LET DECEMBER 2022

PHASE 03

35 ACRES OPTIONED WITH PLANNING CONSENT ACHIEVED WITHIN 7 MONTHS OF SUBMISSION IN SEPTEMBER 2024

ONE UNIT PRE LET TO WARBURTONS AND FOUR UNITS SPECULATIVELY DEVELOPED TOTALLING 830,000 SQ FT

Accelerated land drawdown achieved, delivering value in excess of the minimum land value.

FREQUENTLY ASKED QUESTIONS

What areas do you cover?

We cover the entire UK and will look at most sites that are near the major road network. Most of our schemes tend to be in the Midlands and North UK due to its central position and motorway network.

What is the typical size of a site promoted by Tritax Big Box?

Site sizes across the business vary from anywhere between 20 and 1,000 acres. Our typical site size is 50 acres +.

Should I obtain planning permission myself?

The value of land is directly tied to its potential uses, and values increase significantly as the land moves closer to obtaining full planning permission. While it is possible to pursue planning permission independently, the process can be complex and costly, typically over £1million for larger development schemes.

Alternatively, Landowners may consider entering into an Agreement with a Developer or Promoter whereby that party runs and funds the planning process in exchange for a share of the uplift in value of the land on receipt of planning permission.

Can I still farm my land having entered into an Agreement?

Typically yes until the point the land is purchased or sold subject to an appropriate notice period.

What is an Option Agreement?

This is one of the most common structures and is generally our preferred route. It is a legally binding contract where the Developer purchases an exclusive right to purchase the land at a set price mechanism within a specified timeframe, usually subject to obtaining planning permission. The Developer will pay for all the costs included in the process in return for the price paid for the land being at a discount to market value. The discount is to compensate the Developer for the risk and cost of obtaining planning permission.

What is a Promotion Agreement?

A Promotion Agreement is like an Option Agreement but rather than, in this case the Promoter buying the land at the end of the process the land is sold in the Open Market. The proceeds of the sale will be shared between the Landowner and Promoter at a pre-agreed percentage split. The benefit of a Promotion Agreement is that the land is sold in the open market rather than the price being based on a valuation. One disadvantage is that the Promoter will not be the end owner of the land. There is therefore no long-term commitment to the quality of the scheme or the relationship with you or the local community.

Why don't you offer Promotion Agreements?

Our purpose is to develop warehouses that are then let on long-term leases to provide income for the REIT (Real Estate Investment Trust). Occasionally we enter into promotion agreements but when the land is part of a larger scheme that contains a residential element.

Why don't you buy the land outright now?

In some circumstances we may be able to offer to purchase the land outright, but this would be at a significant discount to the future value with the benefit of planning permission.

A purchase at this stage would be closer to the existing use value - typically farmland - and so is less likely to be of interest to Landowners wishing to maximise its value.

How long is the process?

This varies significantly on a site by site basis: there are many variables in developing land and is largely dependent on the state of the Local Plan as it determines land allocations. Our proposal document will include a detail of our planning strategy and timescales.

Will it cost me anything to achieve planning permission?

No, whilst this is an expensive process running into the millions, we cover the costs throughout the process. This cost will however be deducted from the end price paid to the Landowner.

What about tax?

Whilst we have good knowledge of tax implications in relation to land sale and promotion we do not give Landowners direct advice as it's a specialist topic.

We strongly recommend engaging with a Land Agent and we have several we can recommend.

How do you make money from the land?

Typically we buy the land at a discount to 'market value' once we receive planning permission. The discount is our profit and is a reward for the investment and risk we take in promoting the site. We also aim to make development profit from the buildings we eventually deliver, being the difference between the cost of the buildings and their end value.

How much money can I expect to make?

In our Offer document, we state all relevant information on how we arrive at a land value. In some cases we can also agree on a confirmed minimum price per net developable acre. This will vary dependent on a number of factors which can be clearly set out in our Proposal document.

What is the difference between greenfield and brownfield land?

Greenfield is land that hasn't been built upon or used and is typically farmland. Brownfield is land that has been previously developed which will have more costs and risks to redevelop subsequently, we tend to focus on greenfield land.

What do I pay in the process?

The Landowner is not expected to pay anything during this process, in many cases we cover legal and agents' fees capped to an agreed level.

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