



Here's a More Imaginative Way to Enhance Land Values

The historical and simplified model for assessing the development value of land is based on the assumption that properties built on that land will be for sale.

Under this model the commercial value of a landholding is influenced by the health of the property market and the land area currently released for development in the locality.

The UK property market has been slowing for some time. Sales volumes are down compared to a year ago in virtually every area (source GOV. UK). Meanwhile, cost pressures from labour and materials are negatively affecting development values and suppressing demand.

To make matters worse, most industry commentators point to an extended period of uncertainty while our future trading relationships with the EU and the rest of the world are resolved.



Creative Land Use

The question is whether there's a better alternative to banking land assets and waiting for the housing market to regain its confidence. For an increasing number of landowners, Build to Rent (BTR) is proving a safe haven, due to it being a more secure and long-term investment.

Many people remain locked out of the housing market by high prices. These people find it harder to secure good quality private rentals as landlords retreat from the buy to let market. There is also strong demand for retirement living and Purpose-Built Student Accommodation (PBSA) in many areas.

The shifting patterns of risk and opportunity in property markets have led landowners to think more creatively about how to maximise land values. Unsurprisingly, build to rent is a rapidly growing asset class as there is a clearer outlook when it comes to demand and financial returns.



To Let

Managing Risks

There are, of course, risks that have to be managed including the following:

- Matching the types of property built to local demand
- Certainty over management and maintenance costs
- Build times and costs (including uncertainties over labour and materials)

Creativity can be called for in all three of these risk areas to ensure that maximum value is designed into each scheme. In the first instance, it's a case of keeping an open mind about the type of development that would work best in a particular area to secure long-term demand.

Innovation should also extend to building methods to control costs, accelerate projects and deliver the guaranteed quality needed to minimise future

maintenance needs. Modern Methods of Construction (MMC) have been proven to reduce build times and provide greater assurance over costs and quality. Osborne has developed multiple build to rent schemes in collaboration with our offsite manufacturing subsidiary Innovaré Systems.

Build to rent is an emerging asset class. As such, not many organisations have Osborne's end-to-end expertise. We offer advice on the best options to maximise yields, manage the design and planning aspects, arrange finance, and act as a forward-thinking construction and property services partner.

This combined expertise provides a fertile environment for generating creative ideas that will enhance the value and financial returns from your land assets.



Contact Osborne to find out more about property development and investment.

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