



# Greater Norwich Development Partnership CIL Viability Study

A Supplementary Study: The Impact of Garages  
on the Sale Price of New Build Housing

14 September 2011

Greater Norwich Development Partnership

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Development  
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# 1. Introduction

## 1.1 Background

The Greater Norwich Development Partnership (GNDP) comprises of Broadland District Council, Norwich City Council, and South Norfolk Council working together with Norfolk County Council and the Broads Authority. The GNDP were formed to plan for and assist in the delivery of significant new residential and economic growth within the region of Norfolk.

In April 2010 the government introduced a new way of collecting developer contributions to help fund infrastructure projects. The Community Infrastructure Levy (CIL) allows local authorities to charge a tariff, at a locally set rate, on many types of new development. The money can then be used to pay for a wide range of additional infrastructure that is required as a result of development. This can include transport schemes, green infrastructure and community facilities.

In 2010, GVA Grimley (now GVA) was commissioned by GNDP to provide viability advice to evidence the introduction of CIL. This work was further refined by GVA in August 2011 where the proposed Charging Zone boundaries were set.

## 1.2 Objectives

Following the research conducted by GVA and submitted to GNDP, Mott MacDonald (MM) were commissioned on the 31<sup>st</sup> August 2011 to undertake further work to capture additional intelligence to further inform the development of CIL.

The brief study consisted of gathering further intelligence, if available, to understand what, if any, additional value does the provision of a garage (as opposed to a carport or parking space) add to the sale price of:

- Detached houses
- Semi-detached houses
- Terraced houses

In addition, the GNDP wished to understand whether the provision of a shared-user/decked garage added to the sale price of flats.

The scope of the study was limited to new build residential property constructed after 2007 only.

**1.3 Methodology**

Due to the confined delivery programme our approach to data gathering consisted of a focus on primary research supported by secondary data research.

**1.3.1 Primary Research**

For primary research we made contact with local estate agents and house builders.

**1.3.1.1 Estate Agents**

For estate agents, we produced a schedule of those who operate in the Norfolk region and then made contact with each one to try to gather sale price data.

A standard data collection form was created and discussed during our correspondence. A copy of the form was issued to those estate agents who felt they could provide support. For those not able to provide sale price data, we requested their professional judgement.

A list of all of the estate agents we contacted is provided below:

• Abbotts Countrywide	• Howards
• Alexander & Co	• Pymm & Co
• Arnolds	• Savills
• Bidwells	• Stratfords
• Brown & Co	• Strutt & Parker
• D & G Residential	• Watsons
• Gilson Bailey & Partners	• William H Brown
• Haart	• Your Move

**1.3.1.2 House Builders**

Using a similar approach as described in 1.3.1.1 we produced a schedule of house builders and made contact with each one.

A list of all of the house builders we contacted is provided below:

• Barratt Homes	• Landing Pad (part of Howards)
• Taylor Wimpey	• Fairstead Homes
• Norfolk Homes	• Persimmon
• Hopkins Homes	• Warners
• Bovis Homes	

### **1.3.2 Secondary Research**

Our secondary research consisted of exploring the public domain using secondary data sources such as:

- Professional Journals
- Residential Data Providers
- Websites

### **1.3.3 Normalisation of Data**

To ensure we could compare data samples on a consistent basis we used the Nationwide Regional House Price Index to rebase any sales data to a common date of 2Q 2011.

## 2. Research Results

In this section of the report we outline the key findings of our initial study.

### **2.1 Primary Research**

#### **2.1.1 Estate Agents**

The general consensus of those estate agents contacted was that they do keep sale price information on record however, they were either unable to provide data samples in the time required or the information did not contain the level of granularity required, e.g. it did not identify whether the sale price included or excluded a garage, the square foot of the house and or garage etc.

#### **2.1.2 House Builders**

Of the house builders contacted, only one was prepared to provide data samples whilst the others cited time constraints and the commercially sensitive nature of the data as the main reasons for not being able to assist.

The house builder who did provide data was able to cover each housing type except for detached which the house builder informed us that all detached houses in their portfolio were sold with a garage therefore no comparison could be drawn. The data submitted was extremely useful as it provided identical housing types with and without garages which made analysis more straight forward.

The summary of the analysis is provided in Table 1 below. The percentages in column one have been derived through analysis of the data obtained from one house builder. To determine a monetary value, we have applied the percentages to a derived weighted average sales price using data sourced from the data reported in Tables 3, 4 and 5 of GVA's "Charging Schedule Report" (August 2011).



**Table 1: How much does a single garage add to the value of a property?**

Residential Type	Increased sale price	Average Sales Price	Increased sale price
	%	£	£
Detached	n.a.	£241,275	£9,458*
Semi-detached	4.00%	£180,610	£7,224
Terraced	3.33%	£164,576	£5,480
Flats	4.68%	£122,296	£5,723
<b>Weighted Average**</b>	<b>3.92%</b>	<b>£188,163</b>	<b>£7,371</b>

\* No data obtained for detached housing therefore, in order to provide an nominal increased sale price, 3.92% has been applied to the GVA weighted average sales price for detached houses.

\*\* A weighted average for the “increased sale price (%)” and “average sales price (£)” has been calculated using the volume of sales data for each residential type as reported in the GVA Report (August 2011). The average “increased sales price (£)” is calculated directly by multiplying these figures together.

### 2.1.3 **Summary of findings**

Although data samples were limited due to the programme of study, the data gathered from estate agents suggested that a single garage will typically increase the sale price of a property by between 0 and 5%. However it should be noted that the majority of samples were derived through professional judgement only.

The data gathered from house builders suggested that the provision of a garage adds on average 3.92% to the sale price of a house. If we consider a weighted average sales price of £188,163 (Source GVA, 2011) a single garage could increase the sales price by £7,371.

Neither the estate agents nor house builders were able to provide data samples or professional testimony as to whether a shared user / decked garage added additional value to the sale price of flats.

## 2.2 **Secondary Research**

Our desktop research identified a selection of data providers who specialise in gathering residential sale price information.

Following further investigation, and discussion with each, it was quickly established that whilst most had a comprehensive dataset, the information we required on garages, footprint of house, bedrooms, etc was not available. One provider did suggest that the data could be collated however this would take considerable time and resource to obtain.

Of the intelligence we were able to source, Table 2 below provides a summary which has been sorted by garage type; i.e. single or double:

**Table 2: How much does a garage add to the value of a property; by type?**

No.	Type of Garage	% Addition to value of the property	Sources (inc. URL)
1	Single	7.7%	Nationwide, 2006
2	Single	5.0%	<a href="http://www.upmystreet.com">http://www.upmystreet.com</a>
3	Single	6.0%	<a href="http://www.whatprice.co.uk/housing-market/home-improvements-add-value.html">http://www.whatprice.co.uk/housing-market/home-improvements-add-value.html</a>
4	Double	14.5%	Nationwide, 2006
5	Double	15.0%	<a href="http://www.buyassociation.co.uk/homes/10-top-tips-for-adding-value-to-your-property.html">http://www.buyassociation.co.uk/homes/10-top-tips-for-adding-value-to-your-property.html</a>
6	Double	14.5%	<a href="http://www.lovemoney.com/news/property-and-mortgages/buying-and-selling-property/134/property-the-best-ways-to-add-value">http://www.lovemoney.com/news/property-and-mortgages/buying-and-selling-property/134/property-the-best-ways-to-add-value</a>
7	Double	11.0%	<a href="http://www.zoopla.co.uk/askme/details/home-improvement/london/55694">http://www.zoopla.co.uk/askme/details/home-improvement/london/55694</a>

Using the information highlighted in the table above, we calculated a straight average of both a single and double garage. Table 3 below depicts the results.

**Table 3: How much does a garage add to the value of a property; by type?**

Type of Garage	% Addition to value of the property
Single	6.2%
Double	13.8%

### **2.2.1 Summary of findings**

The secondary research undertaken during this brief study discovered that adding a single garage or a double garage can add up to 6.2% and 13.8% respectively to the sale price of a residential property. If we again consider an average sales price of £188,163 (Source GVA, 2011) a single garage could increase the sales price by £11,666.

It should be noted that the secondary data quoted is not based specifically on the Norfolk region and could reflect areas with significantly higher land value / space demand. As a consequence the results may not be comparable to the primary research undertaken.

No information on whether a shared user / decked garage added additional value to the sale price of flats was located during our limited period of secondary research.

### **2.3 Average Build Costs**

According to recent sources, the average cost for a qualified contractor to construct a detached brick garage is £550 per square metre (m<sup>2</sup>). Therefore a typical detached single garage, with a footprint of 15m<sup>2</sup>, would cost £8,250.

It should be noted that this typical cost is for illustration purposes and that the cost to construct can be affected by numerous factors including location, site conditions, level of specification, roof type etc.

The data sourced will also be representative of the cost that the end-user would expect to pay, i.e. inclusive of contractor's profit. However, consideration should be given to the house builders cost of constructing garages as this may well represent a broadly reasonable cost as valuation processes legitimately include a number of costs other than construction plus and allowance for developer profit.

## 3. Conclusions

Based on our initial research undertaken, the following conclusions have been offered:

- The data gathered from estate agents suggested that a single garage will typically increase the sale price of a property by between 0 and 5%.
- The data gathered from house builders suggested that the average value the provision of a garage adds to the sale price of a house is 3.92%. If we consider an average sales price of £188,163 (Source GVA, 2011) a single garage could increase the sales price by £7,371.
- The secondary research suggests that adding a single garage or a double garage can add up to 6.2% and 13.8% respectively to the value of the property. If we consider an average sales price of £188,163 (Source GVA, 2011) a single garage could increase the sales price by £11,666. It should be noted that the secondary data quoted is not based specifically on the Norfolk region and could reflect areas with significantly higher land value / space demand. As a consequence the results may not be comparable to the primary research undertaken.
- No information on whether a shared user / decked garage added additional value to the sale price of flats was located during our primary and secondary research.
- When plotting the indicated value a garage adds to the sale price against the cost to construct, it would appear that under most scenarios the cost associated with constructing a detached garage actually surpasses the increased value which having a garage adds to the sale price.