

Residential Promotion Agreements, what makes them so attractive for landowners?

Promotion Agreements are a partnership between a landowner and a land promoter. A land promoter takes on the risk of obtaining planning permission, on behalf of the landowner and then market the site to housebuilders securing the highest possible financial return.

During the process the promoter works closely with councils, local residents and community groups, to deliver much needed high quality new homes sites as well as additional benefits for the local community.

Option Agreements are historically the housebuilders preferred way to secure control of strategic land for the future. Under an option structure, there can be a clear conflict of interest between the landowner and housebuilder. However, a landowner and land promoter's interests are aligned, with both parties wanting to maximise land value and the promoter is not being distracted by the development of houses. At no cost to the landowner a land promoter uses its in-house expertise and financial resources to fund the promotion of the land through the planning process.

Once planning permission has been achieved the site is then sold for the highest possible return through a competitive tender process, therefore maximising the value of the land.

The landowner and land promoter work in partnership during the whole process and their return is based on a pre-agreed split of the sale proceeds.

A number of key benefits for the landowner include:

THE REMOVAL OF CONFLICTS OF INTEREST

Both parties have a common interest to work as a partnership and achieve the best price that can be achieved in the open market. The land promoter's financial return is wholly dependent on a successful sale of the property following grant of a satisfactory planning permission.

The land promoter is therefore incentivised to maximise value through the process and use their experience and knowledge of the current market conditions to partner with the purchasing party who is best placed to deliver on their promises.

FINANCING THE PROJECT

At no cost to the landowner, a land promoter uses their in-house expertise and financial resources to fund the promotion of the land through the planning process.

Obtaining planning permission can be expensive and challenging, with no guarantee of success. Using a land promoter removes the risk for a landowner.

The land promoters desire to achieve a satisfactory result is therefore paramount to its success and appointment of a land promotion partner should always be made following detailed references and past experience.

DETERMINATION OF BEST PRICE

Following receipt of a satisfactory planning permission, the promoter will prepare a detailed marketing strategy for the disposal of the land and this will be agreed with the landowner as

part of the partnership approach prior to the land being openly marketed to interested parties.

The promoter will formulate a detailed information pack containing a comprehensive list of legal, planning and technical reports assist to streamline the process, enabling the interested tenderers to de-risk their evaluation and maximise the premium they are prepared to pay.

MANAGEMENT OF THE PROCESS.

Land promoters employ a specialist team of experienced housebuilding and property professionals who understand the importance of a personal approach and landowner involvement throughout the process. Through the partnership approach, landowner involvement can be tailored to individual personal requirements on an open and transparent basis.

RETAINED USE OF YOUR LAND

The land promoter is providing a service to seek to obtain planning approval and maximise financial returns for its landowner clients. The land promoter will not be the end purchaser and therefore interests are aligned to maximise value and deliver a sustainable new development at the earliest opportunity.

Throughout the partnership, the landowner retains legal ownership of the promotion site and can continue to farm and manage the land or property as is required as long as the activity does not impact on future development costs.

Could your land have development potential?
Find out more about land promotion:

David Harper

Area Land Director, Catesby Estates plc

T: 01926 836910

E: davidh@catesbyestates.co.uk

W: www.catesbyestates.co.uk

