

Maximising Land Value And How A Promotion Agreement Can Help

Selling land for development is often a once-in-a-lifetime opportunity for landowners and requires careful consideration to ensure that returns are optimised. The Government has targeted delivering 300,000 new homes a year across England to meet the chronic shortfall of housing.

The evidence is clear; there has been a severe shortfall in building new homes over recent decades. It is therefore essential that we accelerate building homes to catch up, and we need your land to contribute to this.

As a strategic land promoter, Catesby Estates can assist you in maximising the value of your land by guiding you through the complex and expensive planning system. We enter into land promotion agreements with our landowner clients to maximise the value of their assets at no cost to them.

WHAT IS A PROMOTION AGREEMENT?

As the name suggests, land promotion agreements entail land being promoted for development. A promotion agreement offers the landowner and land promoter a partnership agreement funded by the promoter that aligns the interests of both parties when seeking planning permission.

A promotion agreement is becoming a popular alternative to the more traditional option agreement, which often ends with a dispute on the sale price due to the lack of transparency.

The promotion agreement would typically include:

1. An agreed period by which the land promoter must obtain planning permission
2. A cap on the costs incurred by the land promoter
3. The percentage split between the landowner and land promoter from the eventual sale of the land
4. An agreement that the site is marketed with the benefit of planning consent and sold to the highest bidder to maximise value

The core aim of a promotion agreement is maximising the value of your land, with Catesby Estates financing the process of planning and preparation for sale, in return for a fixed percentage once the land is sold.

The process guarantees that both you and Catesby Estates are aligned to achieve the best possible result without any conflicts or ulterior motives; the whole transaction operates transparently.

ADVANTAGES OF A PROMOTION AGREEMENT

1. Use of the promoter's expertise and extensive network of contacts
2. The land promoter is responsible for all the work involved in the promotion of the site through the planning process and for regularly feeding back to you. A promotion agreement enables you to retain control over your land throughout the promotion, marketing and sales process
3. You still own the land, and during the process you are free to continue farming or working the land as you wish
4. There is a common interest to achieve the highest deliverable price. This is unlike an option agreement, commonly used by a housebuilder, which is a legally binding agreement to purchase the land in the future. Under an option agreement it is in the interest of the housebuilder to purchase for the lowest possible cost, which is at odds with the landowners' goal of maximising value

Finance:

1. No money is spent by the landowner throughout the process, with Catesby covering all the costs involved in obtaining planning permission
2. The risk in achieving planning permission is on us

MAXIMISING THE VALUE OF YOUR ASSET

The key to maximising value through a promotion agreement is the active marketing of the site once planning is secured, which will result in competing bids.

It is a competitive process, and because land with planning permission is in short supply the demand from our housebuilder customers maximises the sale price.

As land promoter we are paid a fixed percentage of the eventual selling price and therefore it is in our interest to obtain a high-quality planning permission to help drive the best price possible. This is a working partnership between you and us, rather than having the buyer-seller dynamic created by an option agreement.

The promotion agreement will result in you receiving greater value for your land than if it was purchased by a housebuilder exercising an option agreement.

LANDOWNER BEWARE – ALL PROMOTERS ARE NOT CREATED EQUALLY

A landowner must use an experienced land promoter with a strong financial backing and well-equipped team that have good knowledge of local planning policies and the market within which the land is located.

At Catesby Estates we have taken this a step further by having a dedicated technical team in situ that deals with all major constraints such as access, drainage and ground conditions.

This is an invaluable resource to ensure the land is not only deliverable for the planning permission sought but that the land value is maximised.

In essence, this is the secret of successful land promotion. Catesby Estates takes on the cost and risk of securing planning permission. We use our expertise to find a buyer for the site and we help you secure the best price for your land.

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

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