

10 February 2015

Hugh Blake
Argyll & Bute Council
Facility Services – Estates
Blairvadach
Helensburgh
G84 8ND

Our Ref: DY/WW/20/1670/214

Dear Hugh

Castle Toward, Toward, Dunoon, Argyll

I have received the report produced by Savills dated 23 January 2015. I confirm that my opinion has not been altered by any information contained within the report and in particular my view of value remains that same as that detailed in my report dated 19 March 2014.

My thoughts on the Savills report are as follows;

1. I firstly refer to the instructions which are included in Appendix 1 of the report. In particular Sian Robinson's email to her Client on the 16 January explaining that third party buyers would have valued Castle Toward on a different basis to that which she adopts. She cites the PGL as an example and suggests that their bid and indeed others like them should be disregarded from consideration largely because they represent the worth to them as opposed to the open market value.

If bids made by third parties are to be disregarded on the basis that they represent what the property is worth to them (the Buyer) alone, then all comparable evidence of all sales must similarly be disregarded.

The definition of Market Value which we, and the Valuation Office Agency, adopt quite plainly refers to *the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where and where the parties had each acted knowledgeably, prudently and without compulsion.*

This is also the definition detailed within Section 1.1.3 of the Savills report but they have clearly not adhered to it.

There is no regard within the definition for bidder strategies and calculations adopted by those bidders.



2. I am concerned that Savills have also been over influenced by the detailed costings prepared for repairs. Surveyors must of course take condition into account when forming an opinion of value but so will the market place. In our opinion the value attributed to Castle Toward has been fully market tested and the various bidders were fully aware of the condition of the property when making their bid.

In addition, Savills, as a successful country property Estate Agency in Scotland are aware that buyers of country homes only infrequently obtain detailed costings prior to offering for properties and rarely directly relate their bid price to those costs. It is quite common for country properties of this nature to exchange hands at prices which might not always be borne out by detailed consideration of the repair, improvement and running costs. The Gardiner & Theobald costings are not information that would be available to the market place and Savills appear to have been over influenced by it.

3. Savills produce a range of evidence, which on reflection of the size, condition and location and other assets support the valuation produced by the Valuation Office Agency.

Savills then go on to review the District Valuer's comparisons and conclude that a number of them are not comparable. This is not true. It is the task of the valuer in these situations to reflect upon the whole information available and adjust their valuation of the subject property accordingly, accounting for the differences. It is untrue to say that comparison is not possible.

Savills take a rather bleak view of all of the Valuation Office Agency comparables e.g. they suggest that Duncraig House, Wester Ross is not as accessible as Castle Toward and conclude by reference to the sales brochure that the property was in better condition than Castle Toward. This is a striking conclusion given that all agents in this situation, including Savills, prepare sales brochures in order to draw attention to the positive aspects of the property. We do not always concur with the Valuation Office Agency but their comparisons are helpful at arriving at the opinion of value in relation to Castle Toward.

We feel that it is reasonable to mention Ardyne Point, given its proximity to Castle Toward and the sale date. The Valuation Office Agency has professional valuers who will have reflected upon the striking differences between this property and Castle Toward in arriving at their valuation conclusion. It is nevertheless of interest and right that they should have regard to it. If nothing else it is evidence of a developer's market place view of demand for 300 homes in a successful location. There is unlikely to be evidence of similar demand in Wester Ross for example.

4. Within Section 4.1.7 Savills suggest that Castle Toward would not be of interest to private residential buyers and that this is supported by the range of offers received from commercial operators. The market is however not restricted to such bidders and indeed we note that the second highest bid for the property was received from a private residential purchaser. This evidence from the closing date suggests that Castle Toward would be of interest to both private and commercial purchasers and it is difficult to predict who would actually pay more for the property.
5. Finally, within section 4.3.2 Savills appear to disregard potential residential buyers for Castle Toward for reasons of their own manufacture. This is a carefully constructed distortion of the principles behind Market Value with the aim clearly being to discredit the report produced by the Valuation Office Agency.

We can summarise our thoughts as follows;

- We do not consider it necessary to alter our valuation opinion as a result of the report prepared by Savills. We feel that we have adopted the correct valuation principles in this case.
- Savills have referred to the definition of Market Value within their report but have not fully adhered to it.
- We feel that it is inappropriate to ignore the evidence provided by the marketing exercise which has been carried out.
- We feel that Savills have been overly influenced by the estimated repair costs.
- We are of the opinion that the comparables quoted by the VOA are appropriate.
- We are unclear how Savills have arrived at their valuation figure. There is no clear justification of it within their report.
- The argument put forward by Savills that potential residential interest in Castle Toward should be disregarded, is inappropriate.

I trust that this is of some assistance but if you require anything further then please do not hesitate to contact me.

Yours sincerely



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