



REPORT ON RENTAL VALUE OF CHANTRY WOOD CAMPSITE FOR FOREST SCHOOL USE

**Prepared on the instructions of Guildford Borough Council
15 November 2018**

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Appendix 1

Site Plan

1. Instructions

- 1.1. We are instructed by Guildford Borough Council to advise on the rental value of Chantry Wood Campsite, Halfpenny Lane, Guildford GU4 8PZ.
- 1.2. The property is a seasonal rural campsite on the North Downs with basic facilities.
- 1.3. We inspected the property on 8 October 2018. We were accompanied by Mark Appleton, Asset Manager, of Guildford Borough Council.
- 1.4. This advice is for negotiating purposes only and therefore outside the scope of the Red Book.

2. Location

- 2.1. Chantry Wood Campsite is located approximately 2 miles east of Guildford on the top of the North Downs, north of the village of Chilworth. It is in a rural situation adjoining the 190 acre Chantry Wood
- 2.2. Access is via Halfpenny Lane, a narrow country road, which connects to the major road network about 2 miles north. Many, however, will access the campsite on foot as the North Downs Way passes close by and connects to the property via other public footpaths.
- 2.3. Vehicular access is from Halfpenny Lane via a c. 250 metre forest track

3. The Property

Description

- 3.1. The Campsite extends to approximately 1.38 hectares (3.4 acres) as shown on the site plan attached at Appendix 1. The site is mainly open south-facing grassland with a few feature trees, and a strip of woodland along the northern boundary, with Chantry Wood beyond. The land slopes to the south towards open fields and is therefore rather exposed but there are far-reaching views.
- 3.2. The site is used for open camping and has two camp fire areas with benches.
- 3.3. The storage and other buildings are situated on the north side into the edge of the wood. The store is a timber framed and clad building.
- 3.4. There are two brick buildings providing basic latrines with the use of buckets which are emptied into a sluice, connected to septic tanks or cesspits.

Chantry Wood Campsite

Services

- 3.5. There is no electricity. There is mains water via standpipes.

Business Rates

- 3.6. The Premises appear to be listed on the Valuation Office website as the Chantries "camping site and premises" with a rateable value of £720.

4. Proposed Lease Terms

- 4.1. We are advised that Guildford Borough Council is proposing to grant a tenant's full repairing and insuring lease of the campsite for a term of 5 years.
- 4.2. The proposed tenant is a private forest school operator. The use is to be restricted to Forest School use only.
- 4.3. As instructed we have considered the rental value under two scenarios:
- Scenario 1:** Refurbishment of all buildings undertaken by Landlord at a cost of c. £35,000pa.
- Scenario 2:** The Tenant to undertake some of the refurbishment at a cost of c. £18,000 and the Landlord to refurbish storage building at cost of c. £17,000.

5. The Business

- 5.1. Currently the Campsite is operated by Guildford Borough Council on a low key basis generating annual income of £4,000 to £4,500.
- 5.2. We are advised that the proposed Forest School business would principally operate on weekdays from 0800 to 1800 for children aged three to five years old. The school would be run by a qualified Forest school leader and two additional employees.
- 5.3. Approximately 12 to 18 children would attend per day. There would be additional birthday parties over the summer weekends. The storage building could be used as a classroom.

6. Rental Value

Key Factors

6.1. We have summarised the key strengths and weaknesses affecting rental value below:

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> • Location • Attractive site with views • Access to mature woodland 	<ul style="list-style-type: none"> • Basic facilities • Open public access • Poor vehicular access • Investment required

Comparables

6.2. We have made enquiries to identify any rental comparables, however to date we have not found any relevant evidence. The Forestry Commission does allow use of training rooms and licence the use of the woods to non-profit education groups but as it is under an obligation to make the woods available for public access the charges are nominal.

Profits Basis

6.3. In instances where there are no rental comparables it is appropriate to assess the rent on a profits basis. We regularly use this methodology to assess and agree rents for leisure and other trading businesses. For established businesses we would review the past and current trading. For new businesses we usually obtain copies of the prospective tenant's business plan to form the basis of the profits rent calculation.

6.4. We have not been provided with any trading information other than the limited details set out in section 5 above. Accordingly we have formed our own view of the trading potential of the site for Forest School use making assumptions as necessary. We have assumed a range of trading levels as shown below:

	Low	Mid	High
School income			
Kids	12	15	18
Days	5	5	5
Weeks	30	40	50
Charges	£30.00	£32.50	£35.00
	54,000	97,500	157,500
School costs			
1 lead	30,000	30,000	30,000
2/3 others	40,000	40,000	60,000
Other costs	10,000	10,000	20,000
	80,000	80,000	110,000
Profit	(26,000)	17,500	47,500
Parties income			
Kids	12	15	18
Days	2	2	2
Weeks	10	13	16
Number/day	1	2	3
Charges	£10.00	£15.00	£15.00
	2,400	11,700	25,920
Parties costs			
Margin	20%	30%	40%
Profit	480	3,510	10,368
Assumed profit	(£25,520)	£21,010	£57,868

6.5. Based on the above the above trading projection we have assumed a mid level of profit of £20,000. The rental calculation on this basis is set out below.

Mid level profit	say	£20,000		£20,000	
Scenario 1			Scenario 2		
Tenant Improvements	0		Tenant Improvements	18,000	
Working capital	£4,000		Working capital	£6,000	
Stock	£5,000		Stock	£5,000	
	£9,000			£29,000	
	15%	1,350		30%	8,700
		18,650			11,300
Tenants's bid	50%	9,325	Tenants's bid	40%	4,520
		8.5% of TO			4.1% of TO

Chantry Wood Campsite

- 6.6. The above calculation shows rents for the two investment scenarios. We anticipate that most tenants would be reluctant to invest £18,000 on a short term lease without any security so we have increase the return required by the tenant to 30% and reduced the tenant's bid to reflect the risk under Scenario 2.
- 6.7. The rents range from 4.1% to 8.5% of turnover which is line with rents at other rural businesses.

7. Recommendation

- 7.1. Having regard to the above we recommend that negotiations are undertaken to secure market rents in the region of the figures quoted below.

Scenario 1: Refurbishment of all buildings undertaken by Landlord at a cost of c. £35,000pa.

£10,000pa

Scenario 2: The Tenant to undertake some of the refurbishment at a cost of c. £18,000 and the Landlord to refurbish storage building at cost of c. £17,000.

£5,000pa

- 7.2. We recommend that provision is made in the lease terms for the rent to be reviewed after 3 years, or at least before renewing the lease, in light of the actual trading achieved. This could be related to turnover. In the event that the business traded at the high level shown in our trading projections above we would expect a rent to be payable equating to at least 10% of turnover.
- 7.3. It should be noted that the above advice carries more uncertainty than usual due to the nature of the letting and accordingly a greater margin than usual may be required to agree a settlement with the tenant.
- 7.4. We would be pleased to discuss any queries arising from our advice.



15 November 2018

APPENDIX 1

Site Plan



Chantry Wood Campsite, GU4 8PZ



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