

From: Dina Pink
Sent: 17 January 2017 13:48
To: Rachael McMurray
Subject: Estates response to planning application at Dolphin Quay

Dear Rachael

Thank you for sending through the information about Dolphin Quay.

I have now had the opportunity to look through the documentation and I feel it is appropriate to make the following comments:

Marketing

From the details I have seen it is evident that the marketing has been focused on letting the building. I have seen little evidence that the property has been marketed for a freehold sale.

Analysis of the offer

The offer made cannot be based on an RICS 'Red Book' valuation if an inspection of the property has not taken place (as stated in the Record of Offers to Purchase), it cannot be more than an appraisal.

The proposed purchaser being aware of the site does not mean that a valuation would be accurate or trustworthy for either party. This seems an unrealistic basis for an offer on a property which does not claim to be an offer subject to survey. I would be suspicious that if the condition is of so little importance that there would be an intention to redevelop the site not using the existing structures. I did not find who had prepared the appraisal in the information that I was given, neither was there any indication of what assumptions had been made. I do question the use of an architect to put forward an offer, usually a surveyor would carry out this function or a solicitor could do this.

There is a duty on the agent to put forward any offers to the vendor. From the marketing information submitted with the application, the agent appears to have fulfilled that duty and an enquiry log is provided.

It is a reasonable expectation for any offer to be backed up with evidence/proof of funds. This is now normal practice when purchasing a property and the purchaser should be prepared to either prove funds or prove that they have at least an 'in principle' loan in place. If a purchaser is not happy to allow sight of their bank accounts, then it would be appropriate for the proposed purchaser's solicitor to confirm funds are available.

Other Comments

In the most recent letter from the prospective purchaser, there is a constant reference to the offer being above the market value of the property. I am not aware that this valuation has been provided for scrutiny or how a valuation could be assessed without a site visit. I also would want to question the instruction given as valuations will vary according to their purpose and it is possible that this market valuation is not as generous as it is purported to be.

The reasonable purchaser would normally be happy to prove they have sufficient funds for a purchaser and would be willing to discuss potential development plans, even if it is their solicitors who confirm funds. Certainly when the Council disposes of property by way of a lease or freehold transfer, checks are made with regard to the financial standing of the tenant or purchaser.

It should be noted that the offer made by the potential developer of the site is likely to be conditional on satisfactory planning permission for residential use and is likely to be substantially higher than the offer from the charity.

In theory, there is a risk that the charity could sell the land in the future to release development value, thereby raising funds for its own future benefit.

Conclusion

In conclusion, I would not have been prepared to recommend this offer to a client in view of its apparent lack of substance, I believe that the agent acted reasonably with the knowledge they had **at that time**.

Regards

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