Maximising Returns for Landowners

A Developer Has Approached Me About My Land

A Practical Guide for Landowners

What to check before agreeing a price, exclusivity period, option, promotion agreement or sale.

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A Developer Has Approached Me About My Land

An approach from a developer, housebuilder or land promoter can be the first sign that your land has development potential. It does not, however, prove what the land is worth, that planning permission is likely or that the proposed transaction is the best route for you.

Before signing anything, establish the exact land involved, why it has attracted interest, what commercial structure is proposed, how the price will be calculated, which costs may be deducted and how long the other party expects to control the opportunity.

An approach is evidence of interest — not a complete valuation or planning assessment. Review the site and the proposed transaction before granting control or accepting a figure.

What does an unsolicited approach mean?

Contact normally means that somebody has identified possible present or future value. The interest may arise from the land's location, road frontage, relationship with a settlement, planning history, emerging Local Plan position or importance to a wider land assembly.

- Someone believes the land may have development potential
- The interest may be immediate, strategic or speculative
- The proposal may involve a sale, option, promotion agreement or exclusivity
- Any price mentioned may rely on planning and capacity assumptions
- You can seek independent advice before committing to negotiations

Where does it sit in the decision process?

Approach received → clarify the proposal → review planning and value → compare structures → negotiate heads → legal agreement

Read the full online Developer Approach Guide

First Steps After Receiving an Approach

The first response should be calm and factual. Acknowledge the approach, ask the person to identify their business and request a written plan and outline of the principal commercial terms.

Keep copies of letters, emails, plans and notes of conversations. Avoid giving a binding indication that you will sell, grant exclusivity or accept a particular price before the planning, valuation and contractual position has been reviewed.

Do not sign immediately

Documents described as preliminary can still restrict your choices, authorise surveys, create confidentiality or cost obligations, or establish commercial principles that become difficult to renegotiate later.

Request the proposal in writing

Ask for the exact site boundary, proposed access, agreement structure, price mechanism, timescale, proposed planning route and the name of the company that will enter into the agreement.

Keep your options open

Unless a binding restriction has been agreed, you can consider alternative advice and proposals. Understanding the site before granting control usually creates a stronger negotiating position and reduces the risk of transferring future planning value too cheaply.

Take time to understand the land, the planning opportunity and the proposed deal before signing exclusivity, heads of terms or access rights.

Request a Free Initial Review of the Approach

Who Has Approached You — and What Are They Proposing?

The identity and role of the person making contact can affect the proposal, incentives and route to sale. Establish who will remain responsible, who will fund the work and which company will sign the eventual agreement.

Housebuilder May seek direct control of land for a housing scheme and may propose a purchase, conditional contract or option.	**Land Developer** May assemble land, pursue planning and either build the scheme or sell the consented opportunity.
Land Promoter Usually funds an agreed planning strategy and markets the land following a successful planning outcome.	**Planning Consultant or Agent** May be acting for another party. Establish the client, authority to negotiate and the intended transaction.
Investor or Intermediary May seek to acquire, introduce or assign the opportunity rather than undertake the planning work itself.	**Wider Land Assembly** The approach may relate to adjoining parcels, strategic access, infrastructure or a larger settlement proposal.

What should you establish?

- Full company name, role and contracting entity
- Track record on comparable development land
- Exact land, access and additional rights required
- Proposed transaction and planning strategy
- Price method, costs, fees and deductions
- Initial period, extensions and longstop date
- Assignment rights, decision-making and marketing process

A professional approach should explain both the planning strategy and the commercial structure. Interest alone is not a substitute for evidence, valuation or clear contractual terms.

What Must Be Checked Before You Agree Terms?

A headline figure cannot be assessed properly until the land, planning assumptions and legal structure are understood. The principal commercial protections should be addressed in the heads of terms before the detailed agreement is drafted.

1. Exact land and rights — Confirm the boundary, access, visibility, drainage, utilities and any retained or third-party land needed for development.

2. Planning potential — Review policy, settlement relationship, planning history, Calls for Sites, development capacity and the principal technical constraints.

3. Deal structure — Establish whether the proposal is a sale, conditional contract, option, promotion agreement, exclusivity arrangement or overage provision.

4. Value and price formula — Define the valuation date, assumed permission, minimum return, deductions, dispute procedure and method of market testing.

5. Costs, control and reporting — Clarify budgets, recoverable expenditure, interest, approvals, applications, appeals, amendments and reporting obligations.

6. Timescale and exit — Review the initial term, extensions, milestones, longstop date, termination rights, assignment and release of restrictions.

Strong heads of terms explain the land, planning strategy, value formula, costs, control, timescale and protections before the detailed agreement is drafted.

Compare Promotion and Option Agreements

Common Development Land Agreement Structures

Different transaction structures allocate planning risk, control, expenditure and future value in different ways. The right arrangement depends on the site, the landowner's objectives and the realistic route through the planning system.

Unconditional Sale
The land is sold without the buyer first having to obtain planning permission. Certainty may be exchanged for future planning upside.

Conditional Contract
Completion depends on a defined condition, commonly an acceptable planning permission, within an agreed timescale.

Option Agreement
The developer receives a right, but usually not an obligation, to buy during the option period under an agreed price mechanism.

Promotion Agreement
A promoter funds and manages the agreed strategy, then markets the land after success to maximise sale proceeds.

Exclusivity Agreement
The landowner agrees not to negotiate with others for a limited period while terms and due diligence are progressed.

Overage Arrangement
A sale reserves an additional payment if planning, development or another value-enhancing event occurs later.

Collaboration Agreement
Multiple owners agree decision-making, cost sharing, equalisation and the division of eventual sale proceeds.

Survey Access Licence
Allows investigations subject to notice, insurance, reinstatement, confidentiality and controls on intrusive work.

Do not compare proposals by price alone. Compare the likely net receipt, planning risk, control, costs, timescale, minimum protections and probability of completion.

Questions to Ask Before Signing

Clear answers at the outset help distinguish a credible, properly funded proposal from a speculative approach or an agreement that transfers too much control or value.

1. Track record — Ask for examples of comparable sites, planning outcomes and completed land sales.

2. Contracting party — Confirm which company will sign, its financial standing and whether the agreement may be assigned.

3. Planning route — Ask whether the strategy involves an application, Local Plan promotion, Call for Sites submission or several routes.

4. Price calculation — Obtain the valuation assumptions, minimum price, permitted deductions and dispute procedure in writing.

5. Costs and funding — Establish who funds planning, technical, legal and finance costs and how expenditure is approved and reported.

6. Decisions and marketing — Understand who controls applications, appeals, amendments, sales particulars, offers and purchaser selection.

7. Duration and termination — Review milestones, extension triggers, the longstop date and when the landowner can bring the arrangement to an end.

A professional proposal should be capable of clear answers on track record, funding, planning, value, costs, control, timescale and marketing.

Read: Land Promotion Agreements

Read: Land Option Agreements

What Are the Main Warning Signs?

No single feature proves that an approach is unsuitable. Several warning signs, however, justify further investigation before the land is tied up or valuable rights are granted.

The most important question is whether the proposal is clear, properly funded, realistically timed and capable of protecting the landowner's share of value. Pressure or optimistic assurances should not replace evidence and independent advice.

A cautious response is justified where there is:

- **Pressure to sign before legal, valuation or planning advice**
- **A vague boundary, development assumption or price formula**
- **A very long control period without milestones or expenditure commitments**
- **Uncapped, unapproved or poorly reported costs and deductions**
- **Unrestricted assignment to an unknown party**
- **No meaningful minimum return, termination right or marketing protection**

Independent advice is essential

Use your own solicitor with development land experience and obtain appropriate valuation and tax advice. A reputable developer or promoter should expect the landowner to investigate the proposal and negotiate clear protections before signing.

Planning interest should be explored carefully — not converted into a binding commitment too quickly.

How Can an Approach Affect Land Value?

An approach can reveal previously unrecognised development interest, but it does not establish a reliable land value. The value depends on the planning status, realistic development capacity, market evidence, obligations, abnormal costs, risk and time required to achieve a sale.

An early offer may provide certainty, but it can also transfer the benefit of future allocation or planning success to the buyer. A longer promotion route may create a higher gross value while involving delay and planning uncertainty. The correct comparison is the likely net outcome after costs, fees, obligations and tax.

The headline offer is not the net outcome

Check the assumed planning permission, valuation date, minimum price or percentage, permitted deductions, promotion fee or option discount, timing of payment and dispute process. Similar headline figures can produce very different receipts.

Planning potential should be reviewed first

Before agreeing a price, establish whether the land may support an immediate application, Local Plan promotion, Call for Sites submission or a wider land assembly. Access, drainage, ecology, landscape, heritage, infrastructure and title constraints can all affect capacity and value.

The relevant comparison is not simply the first price mentioned. It is the likely net landowner outcome after planning, costs, obligations, fees, timing and risk.

Find Out What Your Land May Be Worth

How Value My Land Can Help

Value My Land can review the planning opportunity behind an approach and help you understand whether an immediate sale, conditional agreement, option, promotion arrangement or alternative strategy deserves consideration.

Initial Planning Review

We assess location, policy, settlement relationship, visible constraints and the likely route through the planning system.

Review of the Approach

We can consider the proposed boundary, agreement structure, planning assumptions and the principal matters needing clarification.

Development Potential Assessment

Where appropriate, we can coordinate proportionate work on access, drainage, landscape, ecology, heritage and infrastructure.

Promotion Strategy

We can identify whether an application, Call for Sites, Local Plan promotion or combined approach is the most credible route.

Competitive Marketing

Following planning success, the land can be openly marketed to create competition and establish the best available terms.

Landowner-Focused Advice

The strategy is considered against the owner's objectives, timescale, risk position and realistic planning potential.

Promotion Agreements

Where we enter into a Promotion Agreement, the landowner retains ownership while we fund and manage the agreed planning and technical strategy at our own cost and risk. The landowner does not pay upfront consultant or planning costs under that model.

Following planning success, the land can be openly marketed to developers to create competition and establish the best available sale terms. Our agreed fee and recoverable promotion costs are paid from the sale proceeds. If the agreed promotion is unsuccessful, the planning expenditure risk is carried by us.

Request a Free Review of the Developer Approach

Has a Developer Approached You?

Send us the location of the land and any approach letter, proposed boundary, heads of terms or price information. Value My Land can provide a free, no-obligation initial review before you accept an offer or sign exclusivity.

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Protecting Landowner Value

Further reading: Selling Development Land | Promotion vs Option | Land Promotion Agreements | Land Option Agreements

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