

Appendix 3 – Application Stage Viability Assessments



Note continued

Annex 1 – Application Stage FVA Evidence



FINANCIAL VIABILITY REVIEW INTERIM REPORT

99-113 Ealing Broadway

Report Prepared for
London Borough of Ealing
September 2023

Private and confidential

Affordable Housing Solutions Ltd

Financial Viability Review

Prepared on behalf of London Borough of Ealing for the proposed redevelopment of:

99-113 Ealing Broadway

Written by and on behalf of Affordable Housing Solutions Ltd

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1 Introduction & Background

1.1 Purpose of Report

Affordable Housing Solutions Ltd (“AHS”) are instructed by London Borough of Ealing (“LBE”) to review site specific Financial Viability Assessments (“FVA”) for the proposed redevelopment of the Site.

The Financial Viability Appraisal (“FVA”), put forward by the Applicant, refers to a pre-planning application for 99-113 Broadway W13.

Financial viability is an important material consideration of planning applications. The cumulative impact of planning policy obligations should not be such to make proposals incapable of being delivered.

“To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.”

The purpose of this report is to assess the financial viability of the proposed development, in line with the Guidance on Viability Assessments set out in the Mayor’s Viability Review SPG August 2017, in relation to the affordable housing payment or on-site provision proposed by the Applicant.

- To advise on whether it would be viable for a policy compliant scheme to be delivered.
- If a policy compliant scheme is not viable, advice on the maximum achievable quantum of on-site affordable housing which it would be viable to provide.
- In the event that a payment in lieu is the only practical or viable option, to assess the maximum achievable payment that can be made.

1.2 Planning Policy Context and Its Application in this Proposal

LBE’s policy is contained in the current Local Plan, the emerging Local Plan and the London Plan.

One of Ealing’s key policies in the current Local Plan is to deliver 50% of the housing developed in the Borough up to 2026 as affordable, as defined in the London Plan, to achieve mixed communities with a range of housing types to meet need. This is the same strategic target as the London Plan but borough specific. The Local Plan also notes a significant shortage of family homes.

It should be noted that although Quod have referred to the proposal as having an affordable content of 25%. However, this is 25% of the private units and this is not the way that the affordable is calculated for this purpose. The affordable content of their offer is 18% of total Munit numbers and habitable rooms.

The proposal puts forward two tenures: private and discounted market rent. The Discounted Market Rent (DMR) units total 25 (18% of the total number of homes). These have been classed as affordable in the submission so it is expected that they will be defined as being permanently affordable at set levels of affordability and managed by an approved partner and will not be private rented dwellings let at a discount. This will need to be clarified as no detail has been provided.

What is clear is they do not offer a range of affordable types as only one tenure has been offered. Their product also only targets households with incomes over c£46k, with an income of c£46k required for a 1 bed and c£51k for a 2 bed/3 person flat, as evidenced by a subsequent email from Quod. They do not provide family accommodation as the 15 x 2 beds are all smaller 3 person units.

The emerging Local Plan has increased the target for the rented element of the affordable from 60% to 70% and a preference for this to be social rent (which is considered by LBE to be genuinely affordable). The remaining 30% would be Intermediate affordable accommodation.

The Applicant has offered no social rented accommodation in their proposal. Their previous proposal in April 2023 (since withdrawn) offered 39 units (28% of total unit numbers) of intermediate affordable accommodation only. The current proposal is a reduction of 14 units or 10% of total unit numbers. This is a significant drop in 3 months.

The current proposal is for 25 units of DMR accommodation. We understand this has not been discussed with the local authority. It appears from their value calculations (with which we have been provided separately by Quod) that they have based the rents on London Living Rents, not any particular market rents discounted. London Living Rents (LLR) are defined by the Mayor as a form of intermediate affordable accommodation.

It is clear that the affordable proposal is for an intermediate form of tenure, provides no range across affordable tenure or income levels and certainly does not meet the Council's preference for social rented accommodation, the target quantum or family units.

The policy on the financial assessment of affordable components for schemes is set out in the Financial Viability in Planning section below.

1.3 Information Relied Upon

In preparing this report AHS have relied upon information and assumptions provided by the Applicant's wider professional team that are providing support to the project, via Quod.

1.4 Confidentiality

Due to the commercially sensitive nature of some of the information contained herein, this report is provided on a strictly private and confidential basis as publication of the document may serve to prejudice the Applicant in commercial negotiations. The report must not be recited or referred to in any document or copied or made available (in whole or in part) to any other person without express prior written consent.

The advice provided herein must only be regarded as an indication of potential value, on the basis that all assumptions are satisfied. The advice does not and cannot be considered to represent a formal valuation in accordance with the Royal Institution of Chartered Surveyors Global Standards (also known as Red Book Global Standards the "Red Book") and should not be regarded as such.

1.5 Conflicts of Interest

We are aware of no conflicts of interest in relation to our advice to the LBE in relation to this scheme.

2 Methodology

2.1 Financial Viability in Planning

The Mayor's Homes for Londoners Affordable Housing and Viability SPG August 2017 (AH SPG 2017) sets out the threshold approach to affordable housing:

The Fast track route: "Applications that meet or exceed 35 per cent affordable housing provision without public subsidy, provide affordable housing on-site, meet the specified tenure mix and meet other planning requirements and obligations to the satisfaction of the LPA and the Mayor where relevant, are not required to submit viability information. Such schemes will be subject to an early viability review, but this is only triggered if an agreed level of progress is not made within two years of planning permission being granted (or a timeframe agreed by the LPA and set out within the S106 agreement)."

The Viability tested route: "Schemes which do not meet the 35 per cent affordable housing threshold, or require public subsidy to do so, will be required to submit detailed viability information which will be scrutinised by the Local Planning Authority (LPA), and where relevant the Mayor, and treated transparently. Where an LPA or the Mayor determines that a greater level of affordable housing could viably be supported, a higher level of affordable housing will be required which may exceed the 35 per cent threshold. In addition, early and late viability reviews will be applied to all schemes."

The Proposed Scheme does not meet the Mayor's 35% affordable threshold, and so a FVA is required. The Applicant has provided a financial viability assessment (FVA), in the form of an Argus Developer model, which is a form that is acceptable to the Council. The live version of this appraisal has been subsequently provided by the Applicant.

The Mayor advocates the use of the residual land value methodology to determine the underlying land value, once the costs of development (including developer's profit) are deducted from the gross development value. This methodology has not been used by the Applicant. Instead, the Applicant has provided a profits based approach. We do not accept this approach and have, therefore, provided a residual land based Argus appraisal.

Development appraisals should include details of the proposed scheme. This information for the specific uses has been provided by the Applicant, but not in sufficient detail in relation to the affordable element at this stage.

The National Planning Guidance on Viability, September 2021, states: *In plan and decision making viability helps to strike a balance between the aspirations of developers and landowners, in terms of returns against risk and the aims of the planning system to secure maximum benefits in the public interest through granting of planning permission.'*

The Mayor's AH SPG 2017 states, in Paragraph 3.1: *Applicants should demonstrate that their proposal is deliverable and their approach to viability realistic.* This will be explored further in relation to the deficit shown by Quod for the Proposed Scheme.

2.2 Financial Viability Assessments

A FVA allows for a robust testing of the ability of a development project to meet its costs, including the cost of planning obligations, while ensuring an appropriate site value for the landowner and a market risk-adjusted return to the developer in delivering that project. FVAs should be sufficiently detailed with evidence supporting the key inputs into the study.

Instances may arise where the project programme of a proposed scheme is such that the costs and values associated with that scheme may span the usually anticipated development cycle,

and so may warrant the inclusion of projected cost and value assumptions, with an associated assessment of an appropriate land-owner/developer return on this basis.

The proposed scheme has been assessed by AHS by taking the value of the scheme as completed and deducting the costs of development (including developer's profit) to arrive at the underlying Residual Land Value ("RLV"). This is in accordance with the Mayor's AH SPG 2017. However, the FVA provided by the Applicant is a Developer's Return Appraisal (see Viability Testing below) rather than an RLV, and we have, therefore, had to readjust there FVA into a RLV model prior to assessment (*Appendix 1*).

For the purposes of this assessment AHS have tested scheme viability using Argus Developer which is widely regarded as the industry standard software for property development feasibility studies.

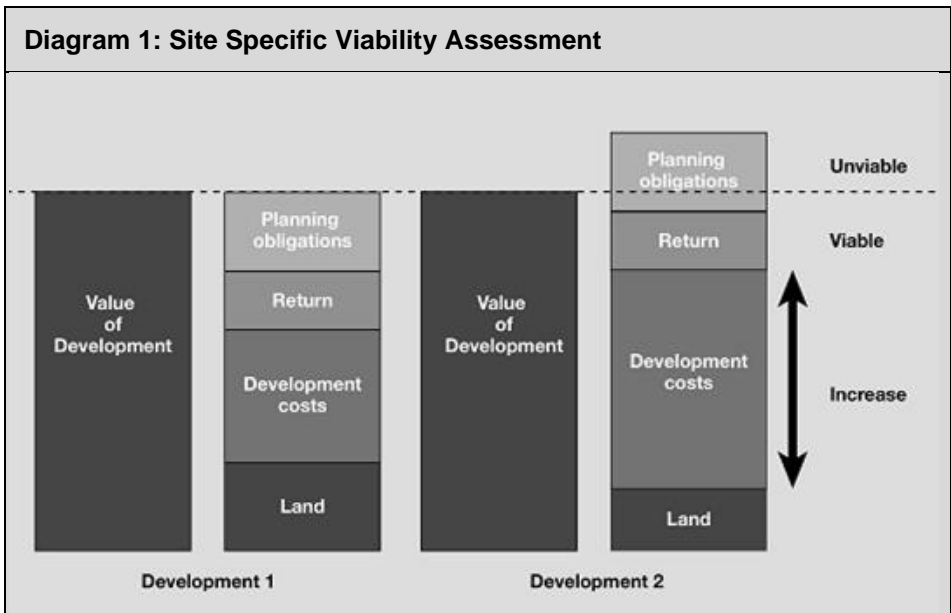
2.3 Viability Testing

There are two approaches that can be used to assess the site specific viability of a development proposal;

- Residual Land Value approach (including an allowance for developer's return as a cost of development).
- Developer's Return approach (where site value is a cost of development).

The Residual Land Value approach ("RLV") of the proposed scheme, assumes a market level of developer return as a cost of development, and is compared to an appropriate Benchmark Land Value ("BLV"). AHS have adopted a RLV approach for the purposes.

If the proposed scheme RLV is greater than that of the BLV, the scheme is considered viable at that level of planning obligations, generating a financial surplus. If the RLV of the proposal is less than the BLV the scheme is not viable. The development economics of the scenarios in the below diagram illustrates how the extent of planning obligations or other requirements can render a scheme unviable when compared to an appropriate SV benchmark.



Source: RICS Financial Viability in Planning GN 94/2012

In looking at diagram 1 above, the development economics of “Development 1” are such that policy can be met in delivering all planning obligations while meeting a BLV for the land, all other development costs and a market risk adjusted return for the development. With “Development 2” the cumulative impact of policy requirements, development costs and a market risk adjusted return are such that a viability assessment is required to establish what could viably be delivered by the development while meeting the viability definition.

3 Proposed Scheme

3.1 Site Description

The proposal is to demolish the existing buildings on site and redevelopment of the site to provide a different mix of uses and considerably larger building.

The GIA of the existing buildings are understood to be 3,506 sq m or 37,740 sq ft.

The existing property is two three storey buildings comprising retail, office and community use on the Broadway at West Ealing. It is approximately 1 mile from the Broadway Centre, in a local retail area.

3.2 Development Proposal

The proposal is for 143,958 sq ft of GIA, or 13,374 sq m. This is nearly four times as big as the current buildings on site.

The proposal is a mix of 141 residential flats, comprising private residential and affordable as Discounted Market Rent (DMR), together with public realm and commercial at ground floor.

We have noticed some difference in floor areas and values in relation to the residential element between Colliers pricing schedule and the inputs into the appraisal, but for the Interim Report we have left the appraisal inputs unamended.

The AHA FVA is set out as *Appendix 2*. In order for consistency we have taken the Applicant's live appraisal and amended assumptions as detailed in sections 4 and 5 below.

4 Proposed Scheme: Revenue

4.1 Gross Development Value

Scheme Gross Development Values (“GDV”) have been modelled by the Applicant with reference to private and affordable residential sales values, together with the retail investment values. In relation to the private residential and commercial values we have been advised by Lambert Smith Hampton (LSH) and their views are set out below, in relation to both the macro view and the specific values.

4.2 MACRO

Retail

At Q4 2022 the vacancy rate in Ealing town centre stood at 11.4% of units, below the retail PROMIS 200 centre average and consistent with the level recorded at Q4 2021. The net balance

of take-up (in-movers minus out-movers) between Q4 2021 and Q4 2022 was 1.0% of units, comparable with the retail PROMIS average. The vacancy rate decreased in the majority of towns between Q4 2021 and Q4 2022, largely reflecting the take-up of units by independent retail and service businesses and, in some cases, the loss of units to other uses such as residential or offices. There continues to be further vacant units on the High Street in 2023.

The key in-movers and out-movers table displays changes amongst multiple retailers; movement amongst independent retailers is included within the calculation of take-up.

This relates primarily to Ealing Broadway and the subject location is secondary.

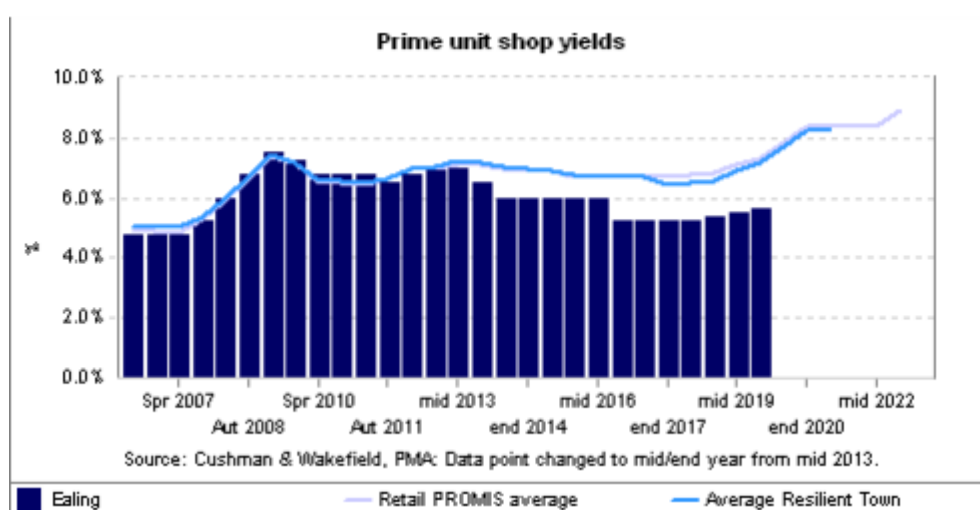
Key in-movers and out-movers (2021 Q4 - 2022 Q4)	
Location	Key in-movers
Ealing Broadway Centre	Accessorize Jamaica Blue
Rest of town /city centre	Las Iguanas Mooboo
Location	Key out-movers
Dickens Yard	Jigsaw
Ealing Broadway Centre	Argos Game Neon Sheep Next
Rest of town /city centre	Bill's TSB Bank

Sources: PMA, Local Data Company

Last update: 22/02/2023

The Broadway offers a secondary retail location with mostly local covenants. There are a number of vacant units along Broadway. We would expect demand from local covenants on short term leases of 3-5 years.

Prime unit shop yields generally moved out by around 100 basis points during 2020, but then remained broadly flat during 2021 and early 2022. The second half of 2022, however, saw UK interest rates rising sharply, leading to a further outward yield shift of 25-75 basis points. As the town centre market has significantly re-priced over recent years, our surveys suggest some easing of the negative investor sentiment towards the sector, although this will of course vary according to the strength of individual markets.



We would expect limited demand from investors for the retail units assuming no prospects for redevelopment.

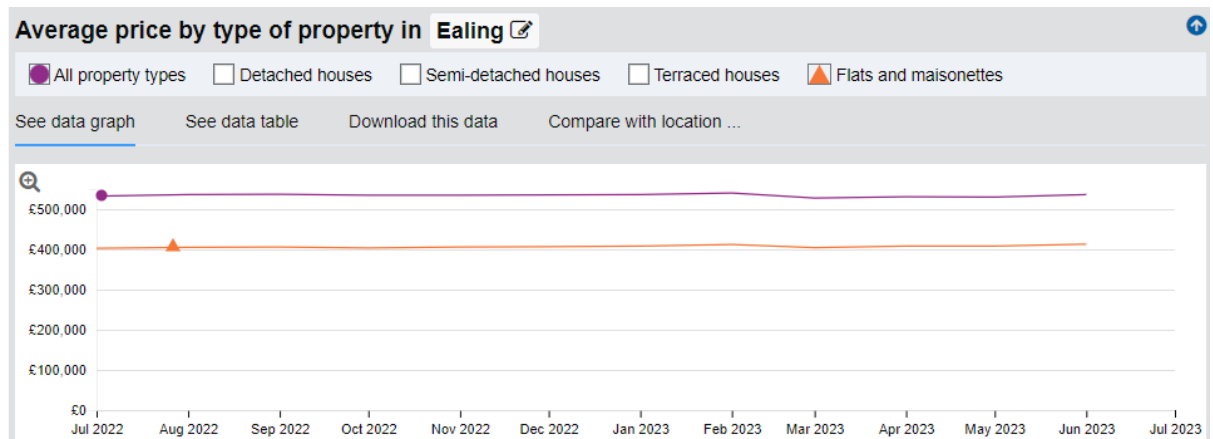
Office Market

West Ealing is not a recognised office location. Ealing Broadway offers more established offices. Brentford is located 2.2 miles to the south and Hammersmith is located 5 miles to the east and also offer more established office locations.

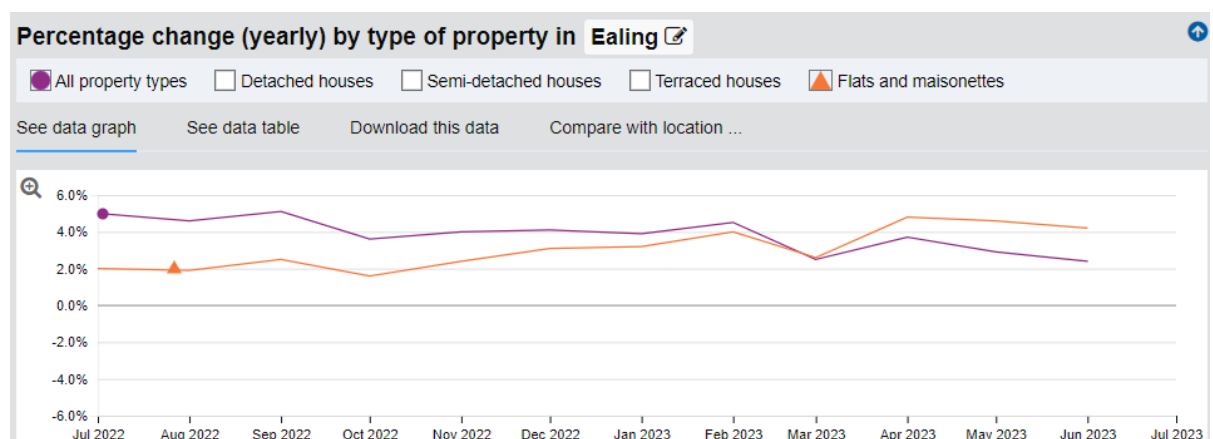
The offices at the subject would appear to offer relatively low Grade specification and we consider the level of demand to be limited given the current economic climate.

Residential

Housing market sentiment has begun to deteriorate in recent months, the result of increasing interest rates and restricted mortgage availability. This follows several years of support schemes and stamp duty cuts implemented by the government in 2020 during the COVID-19 pandemic, which supported transaction volumes and house price growth until more recently. As affordability has been affected by higher interest rates, in addition to pressures such as rising energy bills and falling real wages, demand began to weaken in early 2023 and is expected to continue this way during the year.



Values for flats have remained relatively static from July 2022 to July 2023 in Ealing.

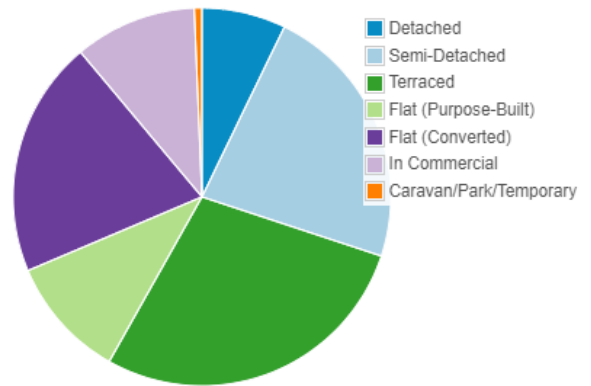


Flat prices fell in September 2022, enjoyed a gradual rise until February 2023, rose in March 2023 and have been relatively stable since.

W13 has a mix of terraced, semi-detached, purpose built and converted flats.

Housing Types

Detached	11
Semi-Detached	35
Terraced	43
Flat (Purpose-Built)	16
Flat (Converted)	31
Residence in Commercial Building	16
Caravan/Park/Temporary	1
Total	153

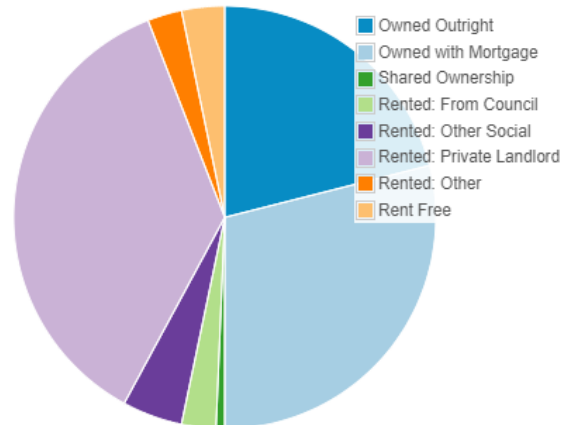


Source: Street Check

The majority of ownerships are private landlords, owned outright and owned with mortgages.

Housing Tenure

Owned Outright	32
Owned with Mortgage	44
Shared Ownership	1
Rented: From Council	4
Rented: Other Social <i>inc. charities and housing associations</i>	7
Rented: Private Landlord <i>inc. letting agents</i>	55
Rented: Other	4
Rent Free	5
Total	152



Source: Street Check

4.3 Private Residential Values

LSH have reviewed the comparables and private residential values prepared by Colliers in Appendix 2 within the Applicant's FVA Report dated July 2023.

Sterling House, 162 Uxbridge Road, W13 8SB

A converted building on first to fourth floors above retail and on the Broadway/Uxbridge Rd, at the corner with Drayton Green Road. The building fronts the road and there is no landscaped public realm area, like the subject site.

Colliers have provided several sold prices and we have added asking prices for flats via Rightmove.

The following table compares Sterling House to Colliers values at the Broadway.

		Sterling House			Broadway		
<i>Sold/Asking price</i>	<i>Type and floor</i>	<i>Size</i>	<i>Price</i>	<i>£psf</i>	<i>Size</i>	<i>Price</i>	<i>£psf</i>
December 2022	Studio (First floor)	401	£350,000	£873	474	£320,000	£675
April 2023	1 bed (1 st Floor)	538	£430,000	£799	551/554	£385,000	£699/£695
Supplied by Colliers. Unable to establish date of sale.	1 bed (2 nd floor)	598	£422,000	£706	551/ 554	£387,500	£703/ £699
Supplied by Colliers. Unable to establish date of sale.	2 bed/3 person (3 rd floor)	731	£550,000	£752	680	£500,000	£735
Current asking price	2 bed (2 nd Floor)	665	£575,000	£865	680	£500,000	£735
Current asking price	2 bed/4 person (3 rd floor)	710	£610,000	£859	680	£500,000	£735

On the limited data available, this suggests the studios and the 2 beds are undervalued at the Broadway.

Green Man Lane Estate – Phase 3 (Jigsaw), W13 0SB

We have obtained the following achieved values from Molior.

<i>Date of Sale</i>	<i>Beds</i>	<i>sq ft</i>	<i>Price</i>	<i>£psf</i>
March 2022	1	538	£410,500	£762
Feb 2022	1	538	£425,000	£789
June 2022	1	538	£435,000	£808
March 2022	1	538	£440,800	£819
Feb 2022	1	549	£417,000	£759
May 2022	2	797	£547,000	£686
March 2022	2	777	£560,000	£675
Feb 2022	2	829	£570,000	£687
May 2022	3?	1152	£755,000	£655
Jan 2022	3	1001	£600,000	£599

The following re-sales have been identified on Rightmove.

<i>Building</i>	<i>Floor</i>	<i>Beds</i>	<i>Sq ft</i>	<i>Price</i>	<i>£psf</i>
Margil House	2	1	542	£400,000	£738
Tydemans House	3	1	554	£515,000	£930
Rodwell House	4	1	541	£380,000	£702

It should be noted that the apartments are in blocks of 6 to 8 storeys only. As a result, we have not compared the values with anything above floor 7 at the subject site. We do not know what floors the Green Man sold units are on and so comparison is difficult. The 3 beds are much larger than any at the subject site, so these have not been compared.

The table below compares Green Man and Colliers' prices for the Broadway.

<i>Beds</i>	<i>Sold Prices</i>	<i>Sold £psf</i>	<i>Resale prices</i>	<i>Resale £psf</i>	<i>Broadway Prices</i>	<i>Broadway £psf</i>
1 beds	£410k - £440.8k	£759 - £819	£380k - £515k	£702 - £930	£385k - £402.5k	£695 - £730
2 beds	£547k - £570k	£675 - £687			£525k - £565k	£678 - £712

This suggests that the 1 beds have been underpriced at the Broadway.

127 Ealing Road, W13

As Colliers have mentioned, this scheme is closer to West Ealing station and so there could be a slight increase in values for location, but the level of amenities is similar. The storey height is similar, so benefits from similar views.

In addition to the values set out by Colliers, we understand the following values were obtained or asking prices set:

<i>Date of sale</i>	<i>Date of Asking Price</i>	<i>Floor</i>	<i>Beds</i>	<i>Approx sf</i>	<i>Achieved price/ (asking price)</i>	<i>£psf</i>
Jan 2022		Unknown	1	549	£480,000	£874
Dec 2022		G	1	549	£465,000	£847
Dec 22	(Colliers mistake on price)	2	1	736 *	(£540,000)	£734
Dec 22	(Colliers mistake on price)	6	1	549	(£486,000)	£885
Sept 22		8	1	549	(£496,500)	£904
	March 2022	9	1	605	(£547,500)	£905
	March 2022	10	1	549	(£520,000)	£947
Jan 2022		2	2	743	£575,000	£774
Jan 2022		7?	2	797	£610,000	£765
Mar 2022		12?	2/3?	926	£680,000	£734
	June 2022	7	2	807	(£660,000)	£818
Sept 2022		8	2	811	(£660,000)	£814
	June 2022	8	2	797	(£655,000)	£822
	June 2022	10	2	811	(£710,000)	£875
	March 2022	1	3	990	(£702,500)	£710
Sept 2022	Sept 2022	2	3	990	(£752,500)	£760
Dec 2022		4	3	990	(£762,500)	£770
	Sept 2022	6	3	990	(£795,000)	£803

We have taken the prices from Molior from March 2022 onwards, comparing the subject site units and 127 Ealing Road on both price and price per sq ft for units on the same floors, and the range is as follows:

<i>Unit type and floor</i>	<i>Values 127 Ealing Rd</i>	<i>Values £psf 127 Ealing Rd</i>	<i>Colliers Values Broadway</i>	<i>Colliers Values £psf Broadway</i>
1 beds (Floors 6,8 and 10)	£486k - £547.5k	£885 - £947	£400k - £410k	£722 - £737
Larger 2 beds (floors 7,8 and 10)	£660k - £710k	£814- £875	£605k - £620k	£738 - £769
3 beds (Floors 1,2 4 and 6)	£702.5k - £795k	£710 - £803	£590k - £602.5k	£720 - £735

On a £psf basis, the 1 beds are between 23% and 28% lower at the subject site, between 10% and 14% for the 2 beds and 1% higher to 9% lower for the 3 beds. These differences are significant and the discount for the subject site seems excessive for a few minutes closer walk to the train station.

Hanwell Square

This is about a 10 minute walk away from the subject site, on the A3002 Boston Road. It should be noted that Hanwell Square only goes to the 6th floor, as compared to the 13th at the subject site, the latter offering significant views, which will add value.

Hanwell Square has a gym, concierge and landscaped courtyard, whereas for the subject site there will be landscaped public realm. They are both similar distances to Hanwell and West Ealing stations respectively.

<i>Asking Price Date</i>	<i>Floor</i>	<i>Beds</i>	<i>Sq feet</i>	<i>Asking Price</i>	<i>£psf</i>
March 2022	2	Studio	452	£385,000	£852
March 2022	4	Studio	436	£330,000	£757
March 2023	1	1	565	£410,000	£726
Sept 2022	1	1	565	£415,000	£741
Sept 2022	1	1	560	£405,000	£723
March 2023	2	1	560	£415,000	£741
March 2023	2	1	538	£427,500	£795
	2	1	581	£422,500	£727
	2	1	576	£427,500	£742
March 2023	3	1	538	£422,500	£785
Sept 2022	3	1	560	£420,000	£743
March 2023	3	1	538	£422,500	£785
Sept 2022	4	1	565	£425,000	£752
Sept 2022	4	1	538	£432,500	£804
June 2022	5	1	538	£442,500	£822
June 2023	1	2	845	£585,000	£852
March 2022	1	2	764	£540,000	£707
June 2022	2	2	764	£567,500	£743
March 2022	4	2	818	£577,500	£706
June 2022	6	2	770	£612,500	£795
June 2022	6	2	802	£597.500	£745

We have taken the prices from Molior from March 2022 onwards, comparing the subject site units and Hanwell Square on both price and price per sq ft for units on the same floors, and the range is as follows:

<i>Unit type and floor</i>	<i>Values Hanwell Sq</i>	<i>Values Epsf Hanwell Sq</i>	<i>Colliers Values Broadway</i>	<i>Colliers Values Epsf Broadway</i>
Studios (Floors 2 and 4)	£330k - £385k	£757 - £852	£322.5k - £327.5k	£680-£691
1 beds (Floors 1 – 5)	£405k - £442.5k	£723 - £822	£385k - £397.5k	£695 - £721
Larger 2 beds (floors 1,2,4 and 6)	£540k - £612.5k	£706 - £852	£525k - £602.5k	£678 - £735

On a £psf basis the subject site values are between 11% and 23% lower than for Hanwell Square, 4% to 14% for 1 beds and 4% to 16% for larger 2 beds.

Although Colliers are suggesting that Hanwell Square would achieve higher values the lower values at the subject site do not seem justified by the additional amenities on-site at Hanwell Square. This suggests the Broadway scheme has been undervalued at lower levels compared to Hanwell and this will have a knock-on effect for all the higher floors at the Broadway.

Easton Lodge

The asking prices below have been obtained from Molior.

<i>Date of Asking Price</i>	<i>Floor</i>	<i>Beds</i>	<i>Sq ft</i>	<i>Asking price</i>	<i>Epsf</i>
June 2023	2	1	609	£455,000	£747
June 2023	2	1	546	£400,000	£733
March 2023	3	1	583	£440,000	£755
June 2023	3	1	546	£400,000	£733
June 2023	3	1	583	£440,000	£755
Dec 2022	4	1	509	£450,000	£884
June 2023	4	1	595	£450,000	£756
June 2023	5	1	543	£425,000	£783
June 2023	5	1	609	£455,000	£747
Dec 2022	5	1	563	£420,000	£746
June 2023	4	2	846	£600,000	£709
Sept 2022	5	2	962	£600,000	£624
June 2022	5	2	946	£650,000	£687

Colliers suggest that as Easton Lodge offers a similar level of amenities, the values would be broadly comparable. It fronts the A4020, as does the subject site. Although it should be noted that Easton Lodge only goes to the fifth floor.

We have taken the prices from Molior from March 2022 onwards, comparing the subject site units and Easton Lodge on both price and price per sq ft for units on the same floors, and the range is as follows:

<i>Unit type and floor</i>	<i>Values Easton Lodge</i>	<i>Values Epsf Easton Lodge</i>	<i>Colliers Values Broadway</i>	<i>Colliers Values Epsf Broadway</i>
1 beds (Floors 2-5)	£420k - £455k	£733 - £884	£387.5k - £397.5k	£699 - £721
Larger 2 beds (floors 4 and 5)	£600k - £650k	£684-£709	£532.5k - £560k	£682 - £706

On a £psf basis, the 2 beds look largely in line, but it should be noted that the larger 2 beds at Easton Lodge are likely to generate a lower £psf because of their size. The comparable sizes are 765sf to 818sf for the subject site and 846sf to 946sf for Easton Lodge. Given the difference in floor areas, the units at Broadway should generate a higher £psf than currently priced.

The 1 beds are between 5% and 23% lower, which suggests the 1 beds at the subject site have been undervalued at the comparable floors, and this will also have a knock-on effect on the values for floors 5 to 13.

Values

We consider the 1 & 2 beds within the proposed scheme are under-valued by approximately 5% based on the schemes above.

LSH' pricing schedule is set out as *Appendix 3*. The LSH prices are highlighted in blue alongside the Colliers prices for each residential unit.

We have maintained the 3 beds values as per Colliers values. The open market values for all the residential units (including the affordable) are set out below.

Firm	Private Values	Aggregate	Rate psf
Colliers	£66,850,000		£730psf
LSH	£69,983,375		£764 psf

There have been limited sold prices in the vicinity and so it may be that the effect of the Elizabeth Line on values is not well understood at this stage.

For input into the FVA the open market values for the private units only have been inputted.

Clarification on floor area discrepancy between appraisal and Colliers' pricing schedule required.

4.4 Affordable Housing

The Applicant has provided a proposal which states 100% Discounted Market Rent (DMR) as affordable. It provides 25 units, which is 17.7% in unit numbers, 16% in persons, 17% in floor area and 17.5% in habitable rooms.

A submission was made by the Applicant in April 2023 for a scheme which provided 39 Intermediate units, or 27.7% in unit numbers, but this was withdrawn before it could be considered in full. The affordable element has been reduced from 27.7% to 17.7% in this 3 month period.

This current proposal does not comply with the Borough's policy, as set out in section 2 above. The proposal does not provide 50% affordable housing, or a split of affordable of between rented and intermediate at the Borough's 70%/30% preference.

For current purposes we have looked at what has been provided in the submission and subsequently provided by Quod, but are mindful that this form of tenure has not been discussed or agreed with LBE.

From subsequent information provided by Quod the affordable proposal is based upon London Living Rents (LLR), which are a form of intermediate affordable housing. So, rather than DMR, the proposal appears to be LLR. If DMR then the rents would be expected to be higher as LLR are kept lower to allow residents to become shared owners.

In terms of mix, the proposal provides for 10 x 1 bed/2 person flats and 15 x 2 bed/3 person flats. Provision of small 3 person flats are inferior to 4 person units and do not generally classify as family housing.

Based on the Living Rents as set out in an email by Quod, the 1 beds are currently affordable to households on incomes of £45,979 and the 2 beds on incomes of £51,090. Confirmation from LBE is required that accommodation that requires this income level as a minimum meets their needs.

As stated LLR is designed to assist people moving into shared ownership. Although no information has been provided, if these units are LLR Units, they could be converted to shared ownership units once the resident is in a position to buy a share. This being the case the value for these units will be higher than proposed by Quod and be between the value based on rents at LLR and those to be sold as shared ownership.

Previously Quod had valued the intermediate return at £450psf (in April 2023) or 61.65% of market value for the specific units. The detail of whether this was for rent or shared ownership was not provided. Taking LSH's market values for these units and then applying 61.65% would give £468psf for shared ownership/intermediate units.

Quod's calculation of value for the DMR/LLR is based on the rents alone and not necessarily what an RP would pay, particularly taking into account any subsequent transfer to shared ownership. They do not appear to have obtained a price or payment timings from a Registered Provider (RP), which we assume will be required under any s106 Agreement.

At this stage we have not sought to amend the values for the affordable as we would require further clarification of the type proposed, after the Applicant has discussed this with the Council. However, if the units are either DMR or LLR we would expect the value to be higher than that proposed by Quod.

4.5 Commercial Values

LSH accept £25 psf and 18 months void/rent free.

5 Proposed Scheme: Costs

5.1 Overview

	Quod (RLV form)		AHS		Notes
	%	£	%	£	
Purchasers costs on commercial investment	6.8%	276,703	6.8%	276,703	Percentage agreed
Acquisition costs (incl stamp duty, agents' and legal fees)	6.8%	0	6.8%	169,045	Percentage agreed. Conversion of Quod appraisal to RLV gives no figure as acquisition is negative £789,958
Build Costs, incl 5% contingency		43,399,926		42,325,368	Reduction based on Synergy's review
Contingency	5%	2,169,965	5%	2,116,268	Percentage agreed
Professional Fees	10%	4,556,926	10%	4,232,537	Percentage agreed

Air rights		700,000		0	No detail provided of calculation and not agreed with LBE. Also rose by £100k since April 2023 with no explanation. Omitted currently until more information provided
Mayoral CIL		693,033		693,033	Details of calculation to be provided. Assumed correct for interim report.
S106		423,000		423,000	To be confirmed with LBE. Understand this is not agreed. Assumed correct for Interim report.
Marketing on private resi sales	2%	1,137,945	1.5%	870,528	We would expect the total sales and marketing to be 3% and so have reduced the marketing.
Sales agent fees on net development value	1.25%	839,301		776,305	We have reduced the sales fees on the affordable, as we would not expect an agent's fee on sale of individual units
Sales legal fees	0.25%	326,239	0.25 %	171,397	This appears to have been calculated incorrectly and applied to some revenues twice
Letting Agents' fee	10%	26,645	10%	26,645	Agreed percentage
Letting Legal Fee	5%	13,323	5%	13,323	Agreed percentage
Finance Rate	7.5%	3,535,230	7%	3,694,795	
Profit	15% GDV	10,113,114	15% GDV	10,283,806	

5.2 Build Costs

The build cost plan put forward by the Applicant has been reviewed by Synergy LLP, cost consultants. Their review is attached as Appendix...

Synergy have concluded that the construction cost, including 5% contingency, would be £43,749,039. Applying the BCIS uplift of 1.58311% this would give a figure of £44,441,636.

We have inputted this into the appraisal as follows:

Build Cost:	£42,325,368
Contingency at 5%	£2,116,268
Total	£44,441,636

It should be noted that we did not see a calculation for demolition either in the build cost plan or appraisal.

5.3 Finance

Since their appraisal in April 2023 this rate has risen in their appraisal from 7% to 7.5%. This seems a very high increase over a 3 month period.

We have asked for some specific justification for the 7.5% but nothing specific has been provided, other than reference to a rate in 2016, which is too old to be of relevance, and bank of interest

risers over the past year. No detail has been provided of any agreed lending rates for this project or how the development finance is to be obtained. This rate relates to many things, as well as base interest rates.

We do not accept the rate of 7.5% , as we do not believe it has been justified. In 2023 we have been agreeing finance rates at 6.5%. As a result, we believe that 7% is appropriate, being a reasonable amount higher than agreed rates from the beginning of the year.

5.4 Profit

The FVA was based upon a Developer's Return Model with no profit inputted. However, in Quod's report they refer to a scheme rate of between 15% and 20% of GDV. Based on the inclusion of commercial and affordable, which attract lower profit levels, we have used a scheme rate of 15%.

6 Benchmark Land Value

The Applicant has put forward an Existing Use Plus Premium (EUV+) based on the current commercial use. A report has been prepared by Frost Meadowcroft to accompany the FVA.

Our valuers, LSH, have reviewed the Existing Use Valuation prepared by Frost Meadowcroft dated March 2023. LSH's macro view of the commercial market is set out in section 4.2 above. In terms of the specific values of the scheme LSH views are set out below.

LSH consider that there is insufficient rental evidence for the retail units and offices to justify the rents adopted. The retail evidence is historic and nearly 3 years old. The retail market has suffered over the last 3 years with increased vacancies and falling rents.

The void and rent free periods given for the retail units are considered realistic.

LSH consider there would be limited demand for the offices, with insufficient comparable evidence presented. £25psf has been adopted for the proposed commercial space in the development and we consider there is an insufficient discount in comparison to the current rents adopted in the EUV valuation.

There is no yield evidence presented for the retail and offices.

We set out below the following assumptions:

	Comments	Assumptions	Voids	MR	Yield	Gross Value
The Annex	We are unable to determine from the Report, the condition of these premises. This is required to confirm the rents and values set out here.	As the tenant is in occupation, we have at this stage, assumed the condition is adequate and not allowed refurbishment costs. However, this is conditional on this being the case	12 months on lease expiry and 12 month's rent free	£17.50psf £143,342pa	Term 7% Reversion 8%	£1,637,539

99 The Broadway			6 months void 6 month's rent free period	£40psf ITZA £25,400pa	7.5%	£315,039
101-103 The Broadway	We are unable to determine whether the tenant is still in occupation. We have assumed the unit is vacant.		6 months void 6 month's rent free period	We have adopted the same rent as in the report. At £10psf overall £45,000pa. Further clarification on condition required.	Term 7% Reversion 7.5%	£540,465
St James House	We are unable to determine from the Report, the condition of these premises. From the photos in the Report the condition would appear poor. Further clarification required. Understood to be in guardianship/temporary use	Assumed £40psf refurbishment. £806,440. Conditional on further information	12 months void 8 month's rent free period	£17.50psf £352,818pa	8%	£3,072,870
105 The Broadway	Understood to be in guardianship/temporary use		6 months void 6 month's rent free period	£40psf ITZA £33,400pa	7.5%	£414,264
107-108 The Broadway	Understood to be in guardianship/temporary use		6 months void on lease expiry and 6 month's rent free	£40psf ITZA £39,080pa	6.5% Term 7.5% Reversion	£491,665
111 The Broadway	Assumed vacant by 31/08/2023		6 months void on lease expiry and 3 month's rent free	£40psf ITZA £22,800 pa	Term 7% Reversion 7.5%	£293,037
113 The Broadway	Understood to be in guardianship/temporary use		6 month's void	£40psf ITZA £26,440pa	7.5%	£340,012

			<u>6</u> <u>month's</u> <u>rent</u> <u>free</u> <u>period</u>			
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Summary of LSH Values for Interim Report

99-103 Broadway £2,492,908
105-111 Broadway £4,611,849
Less Purchasers Costs £442,531

EUV £6,662,225 **Say £6,665,000**

The caveats to these values stated above, are in respect of condition and demand, and further clarification should be provided by the Applicant prior to the Final Report.

As we understand the buildings were recently acquired then we would like the Applicant to confirm the acquisition price. The acquisition price will include hope value, which has to be discounted for this purpose, but it would be useful to understand how it compares.

Premium

It is noted above that the condition of the commercial is not fully known. From the exterior the buildings look run down but no refurbishment works specification or condition survey has been provided. A survey was requested but one has not been provided. If one is to be provided as part of the planning application, then we would request to see this prior to the Final Report.

The doubling of the rent from next year for the Annex particularly is of concern without evidence on condition to support this, or support for any demand for this type of accommodation in this location. It is at the very edge of the office corridor from Ealing Broadway centre and the Core Strategy seeks office to be located at the Ealing Broadway centre. Evidence needs providing there will be a demand for this type of basic non-refurbished office space over shops in this location.

Given the vacancy rates generally and the vacant units at the scheme, and the lack of evidence for any demand for first and second floor office, and the lack of evidence on the condition and current standards, we would assess the premium accordingly at this stage. Generally, the premium can be between nil and 30%. Taking account of the above we have applied a premium of 10%.

This would give an EUV+ of £7,331,500.

7 Interim Results

Taking a global view, it is surprising that a new build scheme which increases the GIA by four times and includes private residential accommodation, produces a deficit of over £11m. Note, it will be a higher deficit when demolition costs are included.

The Mayor's Affordable Housing and Viability SPD paragraphs 3.10 and 3.11 state:

3.10 Applicants should demonstrate that their proposal is deliverable and that their approach to viability is realistic. As such appraisals would normally be expected to indicate that the scheme does not generate a deficit, and that the target profit and benchmark land value can be achieved with the level of planning obligations provided. If an appraisal shows a deficit position the applicant should demonstrate how the scheme is deliverable.

3.11 Where an applicant is seeking to rely on assumptions of growth in values these should be provided. For shorter-term non-phased schemes which are based on current day values and costs, growth assumptions should be included as a scenario test.

Obviously the introduction of the Elizabeth Line could provide higher values in the future. The sold comparables to date are limited. The developer could undertake value engineering and reduce the build costs. However, it is difficult to see how the Applicant envisages reducing the £11m+ deficit. The developer is likely to obtain a profit of c£10m, at minimum levels, which is below their deficit.

Of particular concern is the EUV which is more difficult to value as it depends a lot on demand, condition and location, and the evidence provided to date is scarce. At this stage we have taken a view but we will need more detail, as set out below, in order to value the current buildings to the same depth as the proposed scheme.

It was noted previously in this report that Quod has used a profit based appraisal rather than a residual land value approach, as recommended by the Mayor. Our results are based upon the Residual Land Value method.

Our interim results are as follows:

EUV+ (with current information)	£7,331,000
Proposed Scheme Residual Land Value	£2,485,955

This gives rise to a deficit of £4,845,045 at this stage, but it is based on a number of caveats and further information is required to confirm it.

In order to reach a conclusion on this scheme proposal in our Final Report we would need the following:

- Converting Quod's appraisal to a RLV approach and assuming the lower level of their profit range at 15%, their deficit is over £11m. Quod have referred to a change in the market and grant subsidy as ways to reduce the deficit. Obviously there could be value engineering savings in relation to the build costs but it is difficult to know how this £11m+ deficit could be reversed. Further detail of the Applicant's assumptions in this regard are required.
- Calculation of air rights figure
- Calculation of Mayoral CIL figure
- Agreement with LBE of s106 costs
- Agreement with LBE of affordable tenure and type. This is required to assess the value of the affordable units and the likelihood of grant.
- Demolition costs
- Condition survey of existing commercial and more photographs of current external and internal areas, particularly office areas to back up rent levels assumed by LSH. If not available, then we would need to consider what additional advice, or viewings, we would require and the cost.
- Evidence of demand for offices/uses for first and second floor in this location and the type of occupier that would be attracted.
- Confirmation of acquisition price of buildings
- Review of the submitted planning application based upon this proposed scheme

- Consistent areas and values between the appraisal and Colliers' pricing schedule for the residential element

Ealing Broadway
25 DMR units

APPRAISAL SUMMARY**AFFORDABLE HOUSING SOLUTIONS**

Ealing Broadway
25 DMR units

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private	116	75,863	750.00	490,494	56,897,250
Discount Market Rent	<u>25</u>	<u>15,704</u>	411.00	258,174	<u>6,454,344</u>
Totals	141	91,567			63,351,594

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	10,658	25.00	266,450	266,450	266,450

Investment Valuation**Commercial**

Market Rent	266,450	YP @	6.0000%	16.6667	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.0000%	0.9163	4,069,169

GROSS DEVELOPMENT VALUE

67,420,763

Purchaser's Costs		(276,703)
Effective Purchaser's Costs Rate	6.80%	(276,703)

NET DEVELOPMENT VALUE

67,144,059

NET REALISATION

67,144,059

OUTLAY**ACQUISITION COSTS**

Residualised Price (Negative land)	(789,958)
	(789,958)

CONSTRUCTION COSTS**Construction**

	ft²	Build Rate ft²	Cost
Construction	143,958	316.55	45,569,261
Air Rights			700,000
Mayoral CIL	86,521 ft²	8.01	693,033
			1,393,033
Section 106 Costs			
Section 106 Costs	141 un	3,000.00 /un	423,000
			423,000

PROFESSIONAL FEES

Professional Fees	10.00%	4,556,926
		4,556,926

MARKETING & LETTING

Marketing	2.00%	1,137,945
Letting Agent Fee	10.00%	26,645
Letting Legal Fee	5.00%	13,323
		1,177,912

DISPOSAL FEES

Sales Agent Fee	1.25%	839,301
Sales Legal Fee	0.25%	326,239
		1,165,540

FINANCE

Debit Rate 7.500%, Credit Rate 0.000% (Nominal)		
Land		(114,066)
Construction		3,267,221
Other		382,075
Total Finance Cost		3,535,230

TOTAL COSTS

57,030,945

PROFIT

Ealing Broadway
25 DMR units

10,113,114

Performance Measures

Profit on Cost%	17.73%
Profit on GDV%	15.00%
Profit on NDV%	15.06%
Development Yield% (on Rent)	0.47%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
IRR% (without Interest)	24.11%
Rent Cover	37 yrs 11 mths
Profit Erosion (finance rate 7.500)	2 yrs 2 mths

Ealing Broadway
25 DMR units
AHS Sept 2023

Development Appraisal
Affordable Housing Solutions
15 August 2023

APPRAISAL SUMMARY**AFFORDABLE HOUSING SOLUTIONS**

Ealing Broadway
25 DMR units
AHS Sept 2023

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Private	116	75,863	765.00	500,303	58,035,195
Discount Market Rent	<u>25</u>	<u>15,704</u>	411.00	258,174	<u>6,454,344</u>
Totals	141	91,567			64,489,539

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	10,658	25.00	266,450	266,450	266,450

Investment Valuation**Commercial**

Market Rent	266,450	YP @	6.0000%	16.6667	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.0000%	0.9163	4,069,169

GROSS DEVELOPMENT VALUE

68,558,708

Purchaser's Costs	(276,703)
Effective Purchaser's Costs Rate	6.80%
	(276,703)

NET DEVELOPMENT VALUE

68,282,004

NET REALISATION

68,282,004

OUTLAY**ACQUISITION COSTS**

Residualised Price		2,485,955
		2,485,955
Land Costs	6.80%	169,045
		169,045

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Construction	143,958	294.01	42,325,368
Contingency		5.00%	2,116,268
Mayoral CIL	86,521 ft ²	8.01	693,033
			45,134,670

Section 106 Costs

Section 106 Costs	141 un	3,000.00 /un	423,000
			423,000

PROFESSIONAL FEES

Professional Fees	10.00%	4,232,537
		4,232,537

MARKETING & LETTING

Marketing	1.50%	870,528
Letting Agent Fee	10.00%	26,645
Letting Legal Fee	5.00%	13,323
		910,495

DISPOSAL FEES

Sales Agent Fee	1.25%	776,305
Sales Legal Fee	0.25%	171,397
		947,701

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)	
Land	468,457
Construction	2,846,504
Other	379,834
Total Finance Cost	3,694,795

TOTAL COSTS

57,998,198

APPRAISAL SUMMARY**AFFORDABLE HOUSING SOLUTIONS**

Ealing Broadway
25 DMR units
AHS Sept 2023
PROFIT

10,283,806

Performance Measures

Profit on Cost%	17.73%
Profit on GDV%	15.00%
Profit on NDV%	15.06%
Development Yield% (on Rent)	0.46%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
IRR% (without Interest)	21.85%
Rent Cover	38 yrs 7 mths
Profit Erosion (finance rate 7.000)	2 yrs 4 mths

Colliers Ref#	Unit	Building	Floor	Beds	Unit type	Size (Sqm)	Size (Sqft)	OSS	Price/sqft	Price	LSH	Rate psf
1	A-1-1	A	1	1	1B1P	44	474	Y	£675	£320,000	£336,000	£709
2	A-1-2	A	1	2	2B3P	63	680	Y	£728	£495,000	£519,750	£764
3	A-1-3	A	1	1	1B2P	51	551	Y	£699	£385,000	£404,250	£734
4	A-1-4	A	1	2	2B4P	72	772	Y	£687	£530,000	£556,500	£721
5	A-1-5	A	1	2	2B3P	61	658	Y	£741	£487,500	£511,875	£778
6	A-1-6	A	1	1	1B2P	51	554	Y	£695	£385,000	£404,250	£730
7	A-1-7	A	1	2	2B4P	72	774	Y	£678	£525,000	£551,250	£712
8	A-2-1	A	2	1	1B1P	44	474	Y	£680	£322,500	£338,625	£714
9	A-2-2	A	2	2	2B3P	63	680	Y	£732	£497,500	£522,375	£768
10	A-2-3	A	2	1	1B2P	51	551	Y	£703	£387,500	£406,875	£738
11	A-2-4	A	2	2	2B4P	71	765	Y	£696	£532,500	£559,125	£731
12	A-2-5	A	2	2	2B3P	61	654	Y	£749	£490,000	£514,500	£787
13	A-2-6	A	2	1	1B2P	51	554	Y	£699	£387,500	£406,875	£734
14	A-2-7	A	2	2	2B4P	72	774	Y	£682	£527,500	£553,875	£716
15	A-3-1	A	3	1	1B1P	44	474	Y	£686	£325,000	£341,250	£720
16	A-3-2	A	3	2	2B3P	63	680	Y	£735	£500,000	£525,000	£772
17	A-3-3	A	3	1	1B2P	51	551	Y	£708	£390,000	£409,500	£743
18	A-3-4	A	3	2	2B4P	71	765	Y	£699	£535,000	£561,750	£734
19	A-3-5	A	3	2	2B3P	61	654	Y	£753	£492,500	£517,125	£791
20	A-3-6	A	3	1	1B2P	51	554	Y	£704	£390,000	£409,500	£739
21	A-3-7	A	3	2	2B4P	72	774	Y	£685	£530,000	£556,500	£719
22	A-4-1	A	4	1	1B1P	44	474	Y	£691	£327,500	£343,875	£725
23	A-4-2	A	4	2	2B3P	63	680	Y	£739	£502,500	£527,625	£776
24	A-4-3	A	4	1	1B2P	51	551	Y	£712	£392,500	£412,125	£748
25	A-4-4	A	4	2	2B4P	71	765	Y	£703	£537,500	£564,375	£738
26	A-4-5	A	4	2	2B3P	61	654	Y	£757	£495,000	£519,750	£795
27	A-4-6	A	4	1	1B2P	51	554	Y	£708	£392,500	£412,125	£744
28	A-4-7	A	4	2	2B4P	72	774	Y	£688	£532,500	£559,125	£722
29	A-5-1	A	5	1	1B1P	44	474	Y	£701	£332,500	£349,125	£737
30	A-5-2	A	5	2	2B3P	63	680	Y	£746	£507,500	£532,875	£784
31	A-5-3	A	5	1	1B2P	51	551	Y	£721	£397,500	£417,375	£757
32	A-5-4	A	5	2	2B4P	71	765	Y	£706	£540,000	£567,000	£741
33	A-5-5	A	5	2	2B3P	61	654	Y	£765	£500,000	£525,000	£803

34	A-5-6	A	5	1	1B2P	51	554	Y	£718	£397,500	£417,375	£753
35	A-5-7	A	5	2	2B4P	72	774	Y	£694	£537,500	£564,375	£729
36	A-6-1	A	6	1	1B1P	44	474	Y	£707	£335,000	£351,750	£742
37	A-6-2	A	6	2	2B3P	63	680	Y	£750	£510,000	£535,500	£788
38	A-6-3	A	6	1	1B2P	51	551	Y	£726	£400,000	£420,000	£762
39	A-6-4	A	6	2	2B4P	71	765	Y	£709	£542,500	£569,625	£745
40	A-6-5	A	6	2	2B3P	61	654	Y	£768	£502,500	£527,625	£807
41	A-6-6	A	6	1	1B2P	51	554	Y	£722	£400,000	£420,000	£758
42	A-6-7	A	6	2	2B4P	72	774	Y	£698	£540,000	£567,000	£733
43	A-7-1	A	7	1	1B1P	44	474	Y	£712	£337,500	£354,375	£748
44	A-7-2	A	7	2	2B3P	63	680	Y	£754	£512,500	£538,125	£791
45	A-7-3	A	7	1	1B2P	51	551	Y	£730	£402,500	£422,625	£767
46	A-7-4	A	7	2	2B4P	71	765	Y	£712	£545,000	£572,250	£748
47	A-7-5	A	7	2	2B3P	61	654	Y	£772	£505,000	£530,250	£811
48	A-7-6	A	7	1	1B2P	51	554	Y	£727	£402,500	£422,625	£763
49	A-7-7	A	7	2	2B4P	72	774	Y	£701	£542,500	£569,625	£736
50	A-8-1	A	8	2	2B3P	62	670	Y	£772	£517,500	£543,375	£811
51	A-8-2	A	8	2	2B3P	62	668	Y	£771	£515,000	£540,750	£810
52	A-8-3	A	8	1	1B2P	52	557	Y	£727	£405,000	£425,250	£763
53	A-8-4	A	8	3	3B4P	75	809	Y	£760	£615,000	£645,750	£798
54	A-9-1	A	9	2	2B3P	62	670	Y	£776	£520,000	£546,000	£815
55	A-9-2	A	9	2	2B3P	62	668	Y	£760	£507,500	£532,875	£798
56	A-9-3	A	9	1	1B2P	52	556	Y	£733	£407,500	£427,875	£770
57	A-9-4	A	9	3	3B4P	75	806	Y	£766	£617,500	£648,375	£804
58	A-10-1	A	10	2	2B3P	62	670	Y	£780	£522,500	£548,625	£819
59	A-10-2	A	10	2	2B3P	62	668	Y	£763	£510,000	£535,500	£802
60	A-10-3	A	10	1	1B2P	52	556	Y	£737	£410,000	£430,500	£774
61	A-10-4	A	10	3	3B4P	75	806	Y	£769	£620,000	£651,000	£808
62	A-11-1	A	11	2	2B3P	62	670	Y	£784	£525,000	£551,250	£823
63	A-11-2	A	11	2	2B3P	62	668	Y	£767	£512,500	£538,125	£806
64	A-11-3	A	11	1	1B2P	52	556	Y	£742	£412,500	£433,125	£779
65	A-11-4	A	11	3	3B4P	75	806	Y	£772	£622,500	£653,625	£811
66	B-1-1	B	1	1	1B2P	50	539	Y	£733	£395,000	£414,750	£769
67	B-1-2	B	1	2	2B3P	62	664	Y	£730	£485,000	£509,250	£767

68	B-1-3	B	1	2	2B3P	66	709	Y	£677	£480,000	£504,000	£711
69	B-1-4	B	1	1	1B2P	51	549	Y	£710	£390,000	£409,500	£746
70	B-1-5	B	1	2	2B3P	63	680	Y	£721	£490,000	£514,500	£757
71	B-2-1	B	2	1	1B2P	50	539	Y	£737	£397,500	£417,375	£774
72	B-2-2	B	2	2	2B3P	61	660	Y	£739	£487,500	£511,875	£776
73	B-2-3	B	2	2	2B3P	65	704	Y	£685	£482,500	£506,625	£720
74	B-2-4	B	2	1	1B2P	51	549	Y	£715	£392,500	£412,125	£751
75	B-2-5	B	2	2	2B3P	63	680	Y	£724	£492,500	£517,125	£760
76	B-3-1	B	3	1	1B2P	50	539	Y	£742	£400,000	£420,000	£779
77	B-3-2	B	3	2	2B3P	61	660	Y	£742	£490,000	£514,500	£780
78	B-3-3	B	3	2	2B3P	65	704	Y	£689	£485,000	£509,250	£723
79	B-3-4	B	3	1	1B2P	51	549	Y	£719	£395,000	£414,750	£755
80	B-3-5	B	3	2	2B3P	63	680	Y	£728	£495,000	£519,750	£764
81	B-4-1	B	4	1	1B2P	50	539	Y	£747	£402,500	£422,625	£784
82	B-4-2	B	4	2	2B3P	61	660	Y	£746	£492,500	£517,125	£784
83	B-4-3	B	4	2	2B3P	66	705	Y	£691	£487,500	£511,875	£726
84	B-4-4	B	4	1	1B2P	51	549	Y	£724	£397,500	£417,375	£760
85	B-4-5	B	4	2	2B3P	63	680	Y	£732	£497,500	£522,375	£768
86	B-5-1	B	5	1	1B2P	50	539	Y	£756	£407,500	£427,875	£794
87	B-5-2	B	5	2	2B3P	61	658	Y	£756	£497,500	£522,375	£794
88	B-5-3	B	5	2	2B3P	66	705	Y	£699	£492,500	£517,125	£734
89	B-5-4	B	5	1	1B2P	51	549	Y	£733	£402,500	£422,625	£770
90	B-5-5	B	5	2	2B3P	63	680	Y	£739	£502,500	£527,625	£776
91	B-6-1	B	6	1	1B2P	50	539	Y	£761	£410,000	£430,500	£799
92	B-6-2	B	6	2	2B3P	61	658	Y	£760	£500,000	£525,000	£798
93	B-6-3	B	6	2	2B3P	61	652	Y	£759	£495,000	£519,750	£797
94	B-6-4	B	6	1	1B2P	51	549	Y	£738	£405,000	£425,250	£775
95	B-6-5	B	6	2	2B3P	63	680	Y	£743	£505,000	£530,250	£780
96	B-7-1	B	7	1	1B2P	50	539	Y	£765	£412,500	£433,125	£804
97	B-7-2	B	7	2	2B3P	61	660	Y	£761	£502,500	£527,625	£799
98	B-7-3	B	7	2	2B3P	61	652	Y	£763	£497,500	£522,375	£801
99	B-7-4	B	7	1	1B2P	51	549	Y	£742	£407,500	£427,875	£779
100	B-7-5	B	7	2	2B3P	63	680	Y	£746	£507,500	£532,875	£784
101	B-8-1	B	8	1	1B2P	50	536	Y	£774	£415,000	£435,750	£813

102	B-8-2	B	8	2	2B3P	67	724	Y	£698	£505,000	£530,250	£732
103	B-8-3	B	8	2	2B3P	61	657	Y	£772	£507,500	£532,875	£811
104	B-8-4	B	8	1	1B1P	42	450	Y	£733	£330,000	£346,500	£770
105	B-8-5	B	8	2	2B4P	73	785	Y	£675	£530,000	£556,500	£709
106	B-9-1	B	9	1	1B2P	50	536	Y	£779	£417,500	£438,375	£818
107	B-9-2	B	9	2	2B3P	67	724	Y	£701	£507,500	£532,875	£736
108	B-9-3	B	9	2	2B3P	61	657	Y	£776	£510,000	£535,500	£815
109	B-9-4	B	9	1	1B1P	42	450	Y	£739	£332,500	£349,125	£776
110	B-9-5	B	9	2	2B4P	73	785	Y	£678	£532,500	£559,125	£712
111	B-10-1	B	10	1	1B2P	50	536	Y	£784	£420,000	£441,000	£823
112	B-10-2	B	10	2	2B3P	67	724	Y	£704	£510,000	£535,500	£740
113	B-10-3	B	10	2	2B3P	61	657	Y	£780	£512,500	£538,125	£819
114	B-10-4	B	10	1	1B1P	42	450	Y	£744	£335,000	£351,750	£782
115	B-10-5	B	10	2	2B4P	73	785	Y	£682	£535,000	£561,750	£716
116	B-11-1	B	11	2	2B3P	63	674	Y	£768	£517,500	£543,375	£806
117	B-11-2	B	11	2	2B3P	62	667	Y	£768	£512,500	£538,125	£807
118	B-11-3	B	11	1	1B1P	39	420	Y	£780	£327,500	£343,875	£819
119	B-11-4	B	11	1	1B2P	50	536	Y	£770	£412,500	£433,125	£808
120	B-12-1	B	12	2	2B3P	63	674	Y	£772	£520,000	£546,000	£810
121	B-12-2	B	12	2	2B3P	62	667	Y	£772	£515,000	£540,750	£811
122	B-12-3	B	12	1	1B1P	39	420	Y	£786	£330,000	£346,500	£825
123	B-12-4	B	12	1	1B2P	50	536	Y	£774	£415,000	£435,750	£813
124	B-13-1	B	13	2	2B3P	63	674	Y	£775	£522,500	£548,625	£814
125	B-13-2	B	13	2	2B3P	62	667	Y	£776	£517,500	£543,375	£815
126	B-13-3	B	13	1	1B1P	39	420	Y	£792	£332,500	£349,125	£831
127	B-13-4	B	13	1	1B2P	50	536	Y	£779	£417,500	£438,375	£818
128	C-1-1	C	1	2	2B4P	76	818	Y	£672	£550,000	£577,500	£706
129	C-2-1	C	1	3	3B4P	76	820	Y	£720	£590,000	£590,000	£720
130	C-1-2	C	2	2	2B4P	76	818	Y	£675	£552,500	£580,125	£709
131	C-2-2	C	2	3	3B4P	76	820	Y	£723	£592,500	£592,500	£723
132	C-1-3	C	3	2	2B4P	76	818	Y	£678	£555,000	£582,750	£712
133	C-2-3	C	3	3	3B4P	76	820	Y	£726	£595,000	£595,000	£726
134	C-1-4	C	4	2	2B4P	76	818	Y	£682	£557,500	£585,375	£716
135	C-2-4	C	4	3	3B4P	76	820	Y	£729	£597,500	£597,500	£729

136	C-1-5	C	5	2	2B4P	76	818	Y	£685	£560,000	£588,000	£719
137	C-2-5	C	5	3	3B4P	76	820	Y	£732	£600,000	£600,000	£732
138	C-1-6	C	6	2	2B4P	76	818	Y	£688	£562,500	£590,625	£722
139	C-2-6	C	6	3	3B4P	76	820	Y	£735	£602,500	£602,500	£735
140	C-1-7	C	7	2	2B4P	76	818	Y	£691	£565,000	£593,250	£725
141	C-2-7	C	7	3	3B4P	76	820	Y	£738	£605,000	£605,000	£738
Total							91619		£730	£66,850,000	£69,983,375	£764

£/M2 STUDY

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 15-Jul-2023 07:30

Rebased to 1Q 2023 (379) and London Borough of Ealing (126; sample 29)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
New build								
816. Flats (apartments)								
Generally (15)	2,183	1,085	1,816	2,061	2,464	7,501	850	
1-2 storey (15)	2,057	1,275	1,745	1,958	2,293	4,283	181	
3-5 storey (15)	2,155	1,085	1,810	2,061	2,443	4,581	568	
6 storey or above (15)	2,587	1,574	2,089	2,441	2,819	7,501	98	

65 Flats, Bunhill Row - #31605

Rebased to 1Q 2023 (379) and London Borough of Ealing (126; sample 29)

Summary	
Project title:	65 Flats, Bunhill Row
Location:	St Luke's, Islington, London EC1
Date:	3-Sep-2013
Building cost:	£19,463,380 rebased
Cost/m ² :	£2,651 rebased
Floor area:	7,342m ²
Main construction:	Concrete framed
Storeys:	5 (including 1 basement floor)
Level of analysis:	Elemental

DETAIL	
Building function:	816. Flats (apartments)
Type of work:	New build
District:	London Borough of Islington Islington
Grid reference:	TQ3282
Postcode:	EC1Y 8NE
Receipt date:	3-Sep-2013
Base date:	3-Sep-2013
Project details:	5 storey block including basement of 65Nr flats to 'Code for Sustainable Homes Level 3' for social rent, shared ownership and private sale with external works including site preparation, access roads, footpaths, landscaping, drainage and services.
Site conditions:	Conservation area. Demolition of existing buildings.
Client:	Southern Housing Group

Tender documentation:	Employers Requirements (for Design and Build)
Selection of contractor:	Design and build
Cost fluctuations:	Fixed
CONTRACT BREAKDOWN	
Measured work:	£19,254,801 rebased
Prime cost sums:	
Provisional sums:	
Preliminaries:	£2,267,662 rebased
Design fees:	£613,103 rebased
Risk (client's contingencies):	£16,336 rebased
Contract sum:	£22,151,901 rebased
Tender list (lowest first)	
	£22,151,901 -
Accommodation and design features	
<p>5 storey block including basement of 65Nr flats for rent, shared ownership and private sale to 'Code for Sustainable Homes Level 3', comprising 4Nr 1B2P, 2Nr 2B3P, 45Nr 2B4P, 11Nr 3B5P and 3Nr 4B7P flats. Piling. Concrete foundations, ground slab and frame. Rainscreen cladding, facing brick external walls. Flat roof membrane. PCC and timber stairs. Block and metal stud partitions. Timber doors. Double glazed windows. Plasterboard, plaster, tiled wall finishes; screeded floors, carpet, ceramic tile finish; plasterboard ceilings. Kitchen and bedroom units. Sanitaryware. Centralised gas boiler HW radiator heating. Light and power. Ventilation. Door entry, communal TV. Lifts.</p>	
Dimensions	
Number of units:	65
Functional units	
No bedrooms (143)	£136,107.55 rebased
No of persons (270)	£72,086.59 rebased

Accreditations	
	Code for Sustainable Homes: Code 3
Credits	
Submitted by:	Airey Miller Partnership LLP
Client:	Southern Housing Group
General Contractor:	Hill Partnerships Ltd

Elements (BCIS Standard Form of Cost Analysis (2008 revision)) rebased					
Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percentage
1 Substructure	£1,773,663	£242			8%
2A Frame	£867,547	£118			4%
2B Upper Floors	£1,797,324	£245			8%
2C Roof	£976,188	£132			4%
2D Stairs	£207,834	£28			1%
2E External Walls	£3,379,228	£461			15%
2F External Windows and Doors	£867,675	£118			4%
2G Internal Walls and Partitions	£831,506	£113			4%
2H Internal Doors	£331,146	£46			1%
2 Superstructure	£9,258,449	£1,261			42%
3A Wall Finishes	£607,578	£83			3%
3B Floor Finishes	£808,237	£109			4%
3C Ceiling Finishes	£253,793	£34			1%
3 Finishes	£1,669,608	£227			8%
4 Fittings and Furnishings	£1,604,880	£219			7%
5A Sanitary Appliances	£490,789	£67			2%
5B Services Equipment	£39,829	£5			

Elements (BCIS Standard Form of Cost Analysis (2008 revision)) rebased

Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
5C Disposal Installations	£68,003	£10			
5D Water Installations (Costs included in 5F)					
5E Heat Source (Costs included in 5F)					
5F Space Heating and Air Conditioning (Costs include other elements)	£1,173,314	£160			5%
5G Ventilating Systems	£254,108	£34			1%
5H Electrical Installations	£681,339	£93			3%
5I Fuel Installations	£0	£0			
5J Lift and Conveyor Installations	£194,378	£26			1%
5K Fire and Lightning Protection	£15,521	£2			
5L Communications and Security Installations	£118,161	£16			1%
5M Special Installations	£0	£0			
5N Builder's Work in Connection	£70,626	£10			
5O Management of the Commissioning of Services	£0	£0			
5 Services	£3,106,068	£423			14%
Building Sub-total	£17,412,668	£2,372			79%
6A Site Works	£1,028,972	£140			5%
6B Drainage	£361,525	£49			2%
6C External Services	£175,859	£25			1%
6D Minor Building Works	£0	£0			
6E Demolition and Work Outside the Site	£275,776	£38			1%
6 External Works	£1,842,133	£252			8%
7 Preliminaries	£2,267,662	£309			10%
8 Contingencies	£16,336	£2			

Elements (BCIS Standard Form of Cost Analysis (2008 revision)) rebased

Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
Total (less Design Fees)	£21,538,799	£2,934			97%
9 Design Fees	£613,103	£83			3%
Total Contract sum	£22,151,901	£3,017			100%

Specification

Element	Specification
1 Substructure	Piling. Concrete foundations and ground slab.
2A Frame	Concrete.
2B Upper Floors	Insitu concrete.
2C Roof	RC flat roof with membrane finish. Mansafe system.
2D Stairs	PCC stairs to common areas. Timber stairs to duplex flat.
2E External Walls	Facing brick. Rainscreen cladding.
2F External Windows and Doors	Composite aluminium timber double glazed windows. Curtain walling.
2G Internal Walls and Partitions	Metal stud. Blockwork.
2H Internal Doors	Flush timber.
3A Wall Finishes	Plasterboard, ceramic tiles, plaster.
3B Floor Finishes	Screed and insulation. Carpet, ceramic tile coverings.
3C Ceiling Finishes	Plasterboard on battens.
4 Fittings and Furnishings	Kitchen units. Wardrobes.
5A Sanitary Appliances	Sanitaryware.
5B Services Equipment	White goods.
5C Disposal Installations	Soil and waste.
5D Water Installations	Water installations.
5E Heat Source	Gas boiler.

Specification	
Element	Specification
5F Space Heating and Air Conditioning	Hot water radiator heating system.
5G Ventilating Systems	Local mechanical ventilation.
5H Electrical Installations	Light and power.
5J Lift and Conveyor Installations	Passenger lifts.
5K Fire and Lightning Protection	Lightning protection. Fire extinguishers.
5L Communications and Security Installations	Door entry system. Communal TV.
5N Builder's Work in Connection	BWIC with mechanical and electrical installations.
6A Site Works	Site preparation. Macadam roads, paving, fencing, gates, walls and landscaping. Refuse stores, bins and signage.
6B Drainage	Foul and surface water.
6C External Services	Incoming utilities. External lighting.
6E Demolition and Work Outside the Site	Demolition of existing building and removal.
7 Preliminaries	11.78% of remainder of Contract sum (excluding Contingencies and Fees).
8 Contingencies	0.08% of remainder of Contract sum (excluding Preliminaries and Fees).
9 Design Fees	2.85% of remainder of Contract sum.

90 Flats, Hulton Square - #32427

Rebased to 1Q 2023 (379) and London Borough of Ealing (126; sample 29)

Summary	
Project title:	90 Flats, Hulton Square
Location:	Ordsall, Salford, Manchester
Date:	25-Mar-2015
Building cost:	£14,031,137 rebased
Cost/m ² :	£2,898 rebased
Floor area:	4,842m ²
Main construction:	Concrete framed
Storeys:	4
Level of analysis:	Elemental

DETAIL	
Building function:	816. Flats (apartments)
Type of work:	New build
District:	Salford
Grid reference:	SJ8197
Postcode:	M5 3PH
Receipt date:	25-Mar-2015
Base date:	25-Mar-2015
Date of possession:	29-Jun-2015
Project details:	Residential development arranged in 4 blocks providing 90Nr flats to Code for Sustainable Homes 'Level 3' with external works including site preparation, landscaping, concrete paving, drainage and services.
Client:	LPC Living

Tender documentation:	Employers Requirements (for Design and Build)
Selection of contractor:	Design and build
Contract period (months):	Agreed: 24
Cost fluctuations:	Fixed
CONTRACT BREAKDOWN	
Measured work:	£14,301,603 rebased
Prime cost sums:	£0 rebased
Provisional sums:	£0 rebased
Preliminaries:	£2,000,652 rebased
Design fees:	£471,668 rebased
Risk (client's contingencies):	£0 rebased
Contract sum:	£16,773,923 rebased
Tender list (lowest first)	
	£16,773,923 -
Accommodation and design features	
Residential development for rent arranged in 4 blocks providing 90Nr units comprising 20Nr 3B, 8Nr 1B and 8Nr 2B flats (Block B); 8Nr 1B, 8Nr 2B and 8Nr 3B flats (Block F); 6Nr 1B, 2Nr 2B and 4Nr 3B flats (Block G); and 11Nr 1B, 2Nr 2B and 5Nr 3B flats (Block H). Concrete frame and flat roof. PCC upper floors and stairs. Facing brick walls, mock timber cladding and glazed curtain walling. uPVC windows and doors. Metal stud partitions. Plasterboard, skim and emulsion wall and ceiling finishes. Carpet, vinyl and ceramic tile floor finishes. Fittings. Sanitaryware. Gas central heating. MVHR. Power and light. Lifts. TV and data cabling installations. Fire alarms. External works.	
Dimensions	
Number of units:	90
Accreditations	
	Code for Sustainable Homes: Code 3
Credits	

Submitted by:	Baker Hollingworth Associates
Client:	LPC Living
Architect:	Falconer Chester Hall
Quantity Surveyor:	Baker Hollingworth Associates
Structural Engineer:	Healey Consulting Ltd
Contractor:	Herbert Forrest Ltd

Elements (BCIS Standard Form of Cost Analysis (2008 revision)) rebased					
Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
1 Substructure	£2,619,244	£540			16%
2A Frame	£380,202	£78			2%
2B Upper Floors	£827,605	£170			5%
2C Roof	£522,966	£109			3%
2D Stairs	£212,352	£44			1%
2E External Walls	£2,273,155	£470			14%
2F External Windows and Doors	£543,361	£112			3%
2G Internal Walls and Partitions	£596,085	£123			4%
2H Internal Doors	£218,610	£45			1%
2 Superstructure	£5,574,337	£1,152			33%
3A Wall Finishes	£537,995	£111			3%
3B Floor Finishes	£628,815	£131			4%
3C Ceiling Finishes	£337,515	£69			2%
3 Finishes	£1,504,325	£310			9%
4 Fittings and Furnishings	£705,397	£145			4%
5A Sanitary Appliances (Costs included in 5F)					

Elements (BCIS Standard Form of Cost Analysis (2008 revision)) rebased

Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
5B Services Equipment	£0	£0			
5C Disposal Installations (Costs included in 5F)					
5D Water Installations (Costs included in 5F)					
5E Heat Source (Costs included in 5F)					
5F Space Heating and Air Conditioning (Costs include other elements)	£1,905,899	£394			11%
5G Ventilating Systems (Costs included in 5F)					
5H Electrical Installations (Costs included in 5F)					
5I Fuel Installations	£0	£0			
5J Lift and Conveyor Installations (Costs included in 5F)					
5K Fire and Lightning Protection	£0	£0			
5L Communications and Security Installations (Costs included in 5F)					
5M Special Installations	£0	£0			
5N Builder's Work in Connection	£0	£0			
5O Management of the Commissioning of Services	£0	£0			
5 Services	£1,905,899	£394			11%
Building Sub-total	£12,309,202	£2,542			73%
6A Site Works	£1,086,642	£225			6%
6B Drainage	£521,319	£107			3%
6C External Services	£384,440	£80			2%
6D Minor Building Works	£0	£0			
6E Demolition and Work Outside the Site	£0	£0			
6 External Works	£1,992,401	£412			12%

Elements (BCIS Standard Form of Cost Analysis (2008 revision)) rebased

Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
7 Preliminaries	£2,000,652	£413			12%
8 Contingencies	£0	£0			
Total (less Design Fees)	£16,302,255	£3,367			97%
9 Design Fees	£471,668	£98			3%
Total Contract sum	£16,773,923	£3,464			100%

Specification

Element	Specification
1 Substructure	Undefined.
2A Frame	Concrete frame.
2B Upper Floors	PCC upper floors.
2C Roof	Flat concrete roof.
2D Stairs	PCC stairs.
2E External Walls	Blue facing bricks, mock timber cladding and uPVC glazed curtain walling.
2F External Windows and Doors	uPVC double glazed windows and doors. Glazed Juliet balcony balustrades.
2G Internal Walls and Partitions	Metal stud and plasterboard internal walls and partitions.
2H Internal Doors	Timber doors.
3A Wall Finishes	Plasterboard, skim and emulsion wall finishes.
3B Floor Finishes	Carpet, vinyl and ceramic tiles.
3C Ceiling Finishes	Plasterboard, skim and emulsion.
4 Fittings and Furnishings	Fittings.
5A Sanitary Appliances	Sanitaryware.
5C Disposal Installations	Soil and waste.
5D Water Installations	Hot and cold water installations.

Specification	
Element	Specification
5E Heat Source	Gas boilers.
5F Space Heating and Air Conditioning	Gas hot water radiator central heating.
5G Ventilating Systems	MVHR.
5H Electrical Installations	Electric power and light.
5J Lift and Conveyor Installations	Lifts.
5L Communications and Security Installations	TV and data cabling installations. Fire alarms.
6A Site Works	Site preparation. Landscaping and concrete paving.
6B Drainage	Drainage.
6C External Services	External services and lighting.
7 Preliminaries	13.99% of remainder of Contract sum (excluding Fees).
9 Design Fees	2.89% of remainder of Contract sum.

45 Flats, Dalmeny Avenue - #32429

Rebased to 1Q 2023 (379) and London Borough of Ealing (126; sample 29)

Summary	
Project title:	45 Flats, Dalmeny Avenue
Location:	Tufnell Park, Islington, London N7
Date:	4-Jul-2016
Building cost:	£10,269,515 rebased
Cost/m ² :	£2,658 rebased
Floor area:	3,863m ²
Main construction:	Concrete framed
Storeys:	6 (including 1 basement floor)
Level of analysis:	Elemental

DETAIL	
Building function:	816. Flats (apartments)
Type of work:	New build
District:	London Borough of Islington Islington
Grid reference:	TQ3085
Postcode:	N7 0LD
Receipt date:	4-Jul-2016
Base date:	4-Jul-2016
Project details:	6 storey block providing 45Nr flats for rent, shared ownership and private sale to Code for Sustainable Homes 'Level 4' together with external works including Macadam surfacing, hard and soft landscaping, boundary fencing, services and drainage.
Site conditions:	Site of a former hostel building demolished as part of the contract.
Client:	Southern Housing Group

Tender documentation:	Employers Requirements (for Design and Build)
Selection of contractor:	Design and build
Contract period (weeks):	Agreed: 104
Cost fluctuations:	Fixed
CONTRACT BREAKDOWN	
Measured work:	£9,763,068 rebased
Prime cost sums:	£0 rebased
Provisional sums:	£0 rebased
Preliminaries:	£2,029,571 rebased
Design fees:	£404,989 rebased
Risk (client's contingencies):	£312,251 rebased
Contract sum:	£12,509,880 rebased
Tender list (lowest first)	
	£12,509,880 -
Accommodation and design features	
6 storey block providing 45Nr 1, 2, 3 and 4bedroom flats for rent, shared ownership and private sale to Code for Sustainable Homes 'Level 4'. Foundations. Concrete frame, upper floors and balconies. Facing brick walls. Double glazed windows and doors. Finishes. Fittings. Sanitaryware. Mechanical and electrical installations. Lift. External works including Macadam surfacing, hard and soft landscaping, boundary fencing, services and drainage.	
Dimensions	
Number of units:	45
Accreditations	
	Code for Sustainable Homes: Code 4
Credits	

Submitted by:	Allenbuild
Client:	Southern Housing Group
Architect:	HTA Design LLP
CDM Co-ordinator:	MDA Group PLC
Project Manager:	Southern Housing Group
General Contractor:	United Living South Limited

Elements (BCIS Standard Form of Cost Analysis (2008 revision)) rebased

Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
1 Substructure	£646,303	£167			5%
2A Frame	£282,134	£73			2%
2B Upper Floors	£910,444	£236			7%
2C Roof	£547,337	£142			4%
2D Stairs	£63,414	£16			1%
2E External Walls	£1,334,276	£345			11%
2F External Windows and Doors	£535,296	£139			4%
2G Internal Walls and Partitions	£475,227	£123			4%
2H Internal Doors	£200,712	£53			2%
2 Superstructure	£4,348,840	£1,126			35%
3A Wall Finishes	£333,551	£86			3%
3B Floor Finishes	£303,240	£78			2%
3C Ceiling Finishes	£165,096	£43			1%
3 Finishes	£801,887	£208			6%
4 Fittings and Furnishings	£689,402	£178			6%
5A Sanitary Appliances	£289,886	£76			2%

Elements (BCIS Standard Form of Cost Analysis (2008 revision)) rebased

Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
5B Services Equipment	£0	£0			
5C Disposal Installations	£234,079	£61			2%
5D Water Installations	£147,752	£38			1%
5E Heat Source	£0	£0			
5F Space Heating and Air Conditioning	£654,174	£170			5%
5G Ventilating Systems (Costs included in 5H)					
5H Electrical Installations (Costs include other elements)	£530,653	£138			4%
5I Fuel Installations	£29,883	£8			
5J Lift and Conveyor Installations	£88,424	£23			1%
5K Fire and Lightning Protection	£11,856	£3			
5L Communications and Security Installations	£10,265	£3			
5M Special Installations	£0	£0			
5N Builder's Work in Connection	£18,676	£5			
5O Management of the Commissioning of Services	£0	£0			
5 Services	£2,015,649	£522			16%
Building Sub-total	£8,502,081	£2,201			68%
6A Site Works	£622,756	£162			5%
6B Drainage	£179,562	£46			1%
6C External Services	£205,040	£53			2%
6D Minor Building Works	£0	£0			
6E Demolition and Work Outside the Site	£253,628	£66			2%
6 External Works	£1,260,987	£326			10%
7 Preliminaries	£2,029,571	£526			16%

Elements (BCIS Standard Form of Cost Analysis (2008 revision)) rebased

Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
8 Contingencies	£312,251	£81			2%
Total (less Design Fees)	£12,104,890	£3,133			97%
9 Design Fees	£404,989	£105			3%
Total Contract sum	£12,509,880	£3,238			100%

58 Flats, Beaufort House, Grosvenor Road - #33140

Rebased to 1Q 2023 (379) and London Borough of Ealing (126; sample 29)

Summary	
Project title:	58 Flats, Beaufort House, Grosvenor Road
Location:	St Albans, Hertfordshire
Date:	20-Nov-2015
Building cost:	£12,167,289 rebased
Cost/m ² :	£2,729 rebased
Floor area:	4,458m ²
Main construction:	Concrete framed
Storeys:	6 (4)
Level of analysis:	Elemental

DETAIL	
Building function:	816. Flats (apartments)
Type of work:	New build
District:	St Albans
Grid reference:	TL1506
Postcode:	AL1 3AW
Receipt date:	20-Nov-2015
Base date:	20-Nov-2015
Date of acceptance:	Nov-2015
Date of possession:	Apr-2016
Project details:	2Nr 4 and 6 storey blocks of 58Nr affordable flats for rent together with external works including site clearance, asbestos removal, preparation, parking, access road, paving, turfing, signage, planting, fencing, railings and walls, drainage and services including diversions. Demolition.

Site conditions:	Level demolition site with moderate ground conditions and excavation above water table. Unrestricted working space and access.
Client:	Hightown Praetorian and Churches Housing Association Limited
Tender documentation:	Employers Requirements (for Design and Build)
Selection of contractor:	Selected competition
Number of tenders issued:	5
Number of tenders received:	5
Contract:	JCT Design and Build Contract 2011 edition
Contract period (weeks):	Stipulated: 80; Offered: 80; Agreed: 80
Cost fluctuations:	Fixed
Basis of cost:	Contract
CONTRACT BREAKDOWN	
Measured work:	£12,152,248 rebased
Prime cost sums:	
Provisional sums:	£27,232 rebased
Preliminaries:	£2,052,476 rebased
Design fees:	£673,022 rebased
Risk (client's contingencies):	£120,899 rebased
Contract sum:	£15,025,878 rebased
Tender list (lowest first)	
	£15,025,878 -
	£16,347,363 8.8%

	£16,426,026 9.3%
	£16,958,139 12.9%
	£17,296,914 15.1%
Accommodation and design features	
<p>2Nr blocks providing 34Nr 1 and 2 bedroom flats with undercroft parking for affordable rent (block 1, 6 storeys) and 24Nr 1 and 2 bedroom 'Rent for less' flats (block 2, 4 storeys). Pile foundations. Flat metal clad roof. Facing brickwork and rendered block external walls. Juliet balconies. uPVC double glazed windows and doors. Block internal walls. Timber doors. Plasterboard, skim, emulsion and ceramic tile wall finishes. Vinyl, ceramic tile and carpet floor finishes. Plasterboard and suspended ceilings. Fittings. Sanitaryware. Appliances. Gas central hot water heating. Ventilation. Power and light. Lift. Dry riser and lightning protection. Fire alarms, door entry and CCTV.</p>	
Dimensions	
Number of units:	58
Credits	
Submitted by:	Calfordseaden LLP
Client:	Hightown Praetorian and Churches Housing Association Limited

Elements (BCIS Standard Form of Cost Analysis (2008 revision)) rebased					
Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
1 Substructure	£1,158,946	£260			8%
2A Frame	£1,516,441	£340			10%
2B Upper Floors	£211,818	£48			1%
2C Roof	£767,224	£172			5%
2D Stairs	£711,967	£160			5%
2E External Walls	£1,160,846	£260			8%
2F External Windows and Doors	£454,100	£102			3%
2G Internal Walls and Partitions	£470,256	£105			3%
2H Internal Doors	£261,538	£58			2%
2 Superstructure	£5,554,190	£1,247			37%
3A Wall Finishes	£392,154	£88			3%

Elements (BCIS Standard Form of Cost Analysis (2008 revision)) rebased

Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
3B Floor Finishes	£531,165	£119			4%
3C Ceiling Finishes	£377,757	£85			3%
3 Finishes	£1,301,075	£293			9%
4 Fittings and Furnishings	£256,336	£58			2%
5A Sanitary Appliances	£144,407	£32			1%
5B Services Equipment	£96,181	£22			1%
5C Disposal Installations	£0	£0			
5D Water Installations	£127,230	£29			1%
5E Heat Source	£0	£0			
5F Space Heating and Air Conditioning	£622,217	£139			4%
5G Ventilating Systems	£167,508	£37			1%
5H Electrical Installations	£577,575	£129			4%
5I Fuel Installations	£0	£0			
5J Lift and Conveyor Installations	£154,763	£34			1%
5K Fire and Lightning Protection	£45,555	£10			
5L Communications and Security Installations	£159,916	£36			1%
5M Special Installations	£0	£0			
5N Builder's Work in Connection	£39,601	£9			
5O Management of the Commissioning of Services	£7,070	£2			
5 Services	£2,142,024	£481			14%
Building Sub-total	£10,412,571	£2,335			69%
6A Site Works	£844,984	£189			6%
6B Drainage	£262,312	£60			2%

Elements (BCIS Standard Form of Cost Analysis (2008 revision)) rebased

Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
6C External Services	£336,921	£75			2%
6D Minor Building Works	£52,647	£12			
6E Demolition and Work Outside the Site	£270,046	£61			2%
6 External Works	£1,766,910	£396			12%
7 Preliminaries	£2,052,476	£461			14%
8 Contingencies	£120,899	£27			1%
Total (less Design Fees)	£14,352,856	£3,219			96%
9 Design Fees	£673,022	£151			4%
Total Contract sum	£15,025,878	£3,371			100%

Specification

Element	Specification
1 Substructure	Pile foundations including pile caps, ground beams and ground floor slabs, including dpm and insulation. Lift pits.
2A Frame	Concrete.
2B Upper Floors	Concrete.
2C Roof	Flat metal clad roofs. Canopies and porches. Access hatches. Fall arrest system.
2D Stairs	Undefined.
2E External Walls	Facing brick and rendered block external cavity walls. Juliet balconies.
2F External Windows and Doors	uPVC double glazed windows and doors.
2G Internal Walls and Partitions	Block internal walls.
2H Internal Doors	Flush doors, some with vision panels.
3A Wall Finishes	Plasterboard, skim, emulsion and ceramic tile. Stainless steel splashbacks. Access panels.
3B Floor Finishes	Vinyl, ceramic tile and carpet.

Specification	
Element	Specification
3C Ceiling Finishes	Plasterboard, skim and emulsion including bulkheads. MF suspension system. Acoustic ceilings. Access panels.
4 Fittings and Furnishings	Fittings normal for building type.
5A Sanitary Appliances	Sanitaryware.
5B Services Equipment	Appliances.
5D Water Installations	Hot and cold water installations.
5F Space Heating and Air Conditioning	Gas central hot water heating.
5G Ventilating Systems	Ventilation.
5H Electrical Installations	Electric power and light including emergency lighting and photovoltaics.
5J Lift and Conveyor Installations	Lift.
5K Fire and Lightning Protection	Dry riser. Lightning protection.
5L Communications and Security Installations	Fire alarms. Television installation (Integrated Reception System). Telephone installation. Door bell with video system. CCTV.
5N Builder's Work in Connection	Builders work in connection with services.
5O Management of the Commissioning of Services	Testing and commissioning.
6A Site Works	Site clearance, asbestos removal and preparation. Parking areas, access road, paving, turfing, signage, planting, fencing, railings and walls.
6B Drainage	Drainage.
6C External Services	Diversion of Services. Gas, water and electricity connections. Telephone and cable ducting. Builder's work in connection with mains. Lighting to communal areas and car parks.
6D Minor Building Works	Refuse and recycling facility. Bike storage.
6E Demolition and Work Outside the Site	Demolition of existing building.
7 Preliminaries	16.85% of remainder of Contract sum (excluding Contingencies and Fees).
8 Contingencies	0.99% of remainder of Contract sum (excluding Preliminaries and Fees).

Specification	
Element	Specification
9 Design Fees	4.69% of remainder of Contract sum.

S14667 - Ealing Broadway																						
BCIS Benchmarking - New Build Apartments																						
All Costs Rebased to 1Q 2023 (379 forecast) and London Borough of Ealing (126)			Building Cost	GIFA (m2)	£/m2	Storeys	Flats	Tenure	1 Subs	2A/2B Frame & UF	2C Roof	2D Stairs	2E Ext Walls	2F Ext Wind's	2G Int Walls	2H Int Drs	3A Wall Fin	3B Flr Fin	3C Ceil Fin	4 F&F	5 M&E	7 Prelims
30066	31 Three Colts Lane, Bethnal Green (Housing Assoc')	18/01/12	£ 15,735,455	5,995	£ 2,625	7	67	Mixed	£ 124	£ 352	£ 42	£ 24	£ 318	£ 173	£ 122	£ 65	£ 92	£ 138	£ 49	£ 141	£ 648	£ 381
31605	Bunhill Row, Islington (Housing Association)	03/09/13	£ 19,463,380	7,342	£ 2,651	5	65	Mixed	£ 242	£ 363	£ 132	£ 28	£ 461	£ 118	£ 113	£ 46	£ 83	£ 109	£ 34	£ 219	£ 423	£ 309
32427	Hulton Square, Manchester (Property Developer)	25/03/15	£ 14,031,137	4,842	£ 2,898	4	90	Rental	£ 540	£ 248	£ 109	£ 44	£ 470	£ 112	£ 123	£ 45	£ 111	£ 131	£ 69	£ 145	£ 394	£ 413
32429	Dalmeny Avenue, Islington (Housing Association)	04/07/16	£ 10,269,515	3,863	£ 2,658	6	45	Mixed	£ 167	£ 309	£ 142	£ 16	£ 345	£ 139	£ 123	£ 53	£ 86	£ 78	£ 43	£ 178	£ 522	£ 526
33140	Beaufort House, St. Albans (Housing Association)	20/11/15	£ 12,167,289	4,458	£ 2,729	6	58	Affordable	£ 260	£ 388	£ 172	£ 160	£ 260	£ 102	£ 105	£ 58	£ 88	£ 119	£ 85	£ 58	£ 481	£ 461
33352	Enterprise House, Tonbridge (Housing Association)	02/16	£ 9,556,186	3,605	£ 2,651	4	44	Mixed	£ 419	£ 422	£ 91	£ 40	£ 203	£ 122		£ 41	£ 311	£ 41		£ 59	£ 349	£ 492
	Average of all 6		£ 13,537,160	5,018	£ 2,702	5	62		£ 292	£ 347	£ 115	£ 52	£ 343	£ 128	£ 98	£ 51	£ 129	£ 103	£ 47	£ 133	£ 470	£ 430
	Average of 4 (excluding highest and lowest)				£ 2,672				£ 272	£ 353	£ 119	£ 34	£ 346	£ 123	£ 116	£ 51	£ 94	£ 109	£ 49	£ 131	£ 455	£ 437
	99-113 Ealing Broadway		£ 42,014,292	13,374	£ 3,141				£ 160	£ 365	£ 75	£ 24	£ 526	£ 177	£ 86	£ 50	£ 19	£ 82	£ 45	£ 318	£ 685	£ 366
	(excluding external works and contingency)					Difference to BCIS Average			-£ 112	£ 12	-£ 43	-£ 10	£ 180	£ 54	-£ 30	-£ 0	-£ 75	-£ 27	-£ 4	£ 188	£ 230	-£ 71

99-113 Ealing Broadway - Order of Cost Estimate

MAIN SUMMARY

		GIFA 13,374 Cost/m2		GIFA 13,374 Cost/m2	
1	Substructure	2,140,000	160	2,140,000	160
2	Superstructure				
2A/B	Frame and Upper Floors	4,882,000	365	4,882,000	365
2C	Roof	1,007,000	75	1,007,000	75
2D	Stairs	315,000	24	315,000	24
2E	External walls	7,035,387	526	7,035,387	526
2F	Windows and external doors	2,368,613	177	2,368,613	177
2G	Internal walls and partitions	1,148,099	86	1,148,099	86
2H	Internal doors	669,626	50	669,626	50
	Group element total	17,425,725	1,303	17,425,725	1,303
3	Internal finishes				
3A	Wall finishes	253,347	19	253,347	19
3B	Floor finishes	1,094,790	82	1,094,790	82
3C	Ceiling finishes	597,633	45	597,633	45
	Group element total	1,945,770	145	1,945,770	145
4	Fittings and furnishings	4,259,476	318	4,259,476	318
5	Services	9,162,929	685	9,162,929	685
6	External works				
6A	Site work	100,000	7		-
6B	Drainage	200,000	15		-
6C	External services	300,000	22		-
	Group element total	600,000	45	-	-
		35,533,900	2,657	34,933,900	2,612
7	Preliminaries - say	4,974,000	372	4,890,013	366
		40,507,900	3,029	39,823,913	2,978
8	Contractor's Overheads / Profit	2,228,000	167	2,190,380	164
		42,735,900	3,195	42,014,292	3,141
9	Tender Price Inflation				
		42,735,900	3,195	42,014,292	3,141
10	Contingency	2,137,000	160		
	Total Build Cost	44,872,900	£3,355 /m2	42,014,292	£3,141 /m2

		1B1P			1B2P			2B3P			2B4P			3B4P			TOTAL	Other areas*		
2	Superstructure																			
2G	Internal walls and partitions	3,100	13	40,300	4,700	38	178,600	7,400	55	407,000	6,500	24	156,000	8,800	11	96,800	878,700	9.3%	269,399	1,148,099
2H	Internal doors	2,600	13	33,800	3,200	38	121,600	3,700	55	203,500	4,200	24	100,800	4,800	11	52,800	512,500	5.4%	157,126	669,626
3	Internal finishes																			
3A	Wall finishes	900	13	11,700	1,300	38	49,400	1,400	55	77,000	1,500	24	36,000	1,800	11	19,800	193,900	2.1%	59,447	253,347
3B	Floor finishes	4,000	13	52,000	5,000	38	190,000	6,300	55	346,500	7,000	24	168,000	7,400	11	81,400	837,900	8.9%	256,890	1,094,790
3C	Ceiling finishes	2,300	13	29,900	2,800	38	106,400	3,400	55	187,000	3,800	24	91,200	3,900	11	42,900	457,400	4.9%	140,233	597,633
4	Fittings and furnishings	18,900	13	245,700	18,900	38	718,200	21,500	55	1,182,500	31,000	24	744,000	33,600	11	369,600	3,260,000	34.6%	999,476	4,259,476
5	Services	22,500	13	292,500	22,500	38	855,000	23,500	55	1,292,500	23,500	24	564,000	24,000	11	264,000	3,268,000	34.7%	1,001,929	4,269,929
		54,300	13	705,900	58,400	38	2,219,200	67,200	55	3,696,000	77,500	24	1,860,000	84,300	11	927,300	9,408,400	100.0%	2,884,500	12,292,900

Other areas* (no breakdown provided, so split by same percentages as apartment fit-out)

Common Areas

FOH 2,040,000

BOH inc

Amenity Areas 124,000

Commercial Areas 659,300

Cycle Areas 61,200

2,884,500

UK Lux One SPV 13

99-113 Ealing Broadway - Order of Cost Estimate

August 2023

Elemental Summary

Ref	Description	ORIGINAL ESTIMATE	SYNERGY COMMENTS	Comment
1	<u>Substructure</u> Substructure / Groundworks	£2,140,000	£2,140,000	
2	<u>Shell & Core</u> Frame	£4,882,000	£4,882,000	
3	Upper Floors	£0	£0	
4	Roof	£1,007,000	£1,007,000	
5	Stairs	£315,000	£420,000	
6	External Walls, Windows & Doors	£9,404,000	£8,838,000	
7	<u>Base Build MEPH & Lifts</u> MEPH Services	£3,807,000	£3,807,000	
8	BWIC (3%)	£114,000	£114,000	
9	Lifts	£972,000	£648,000	
Total Shell & Core £		£22,641,000	£21,856,000	
10	<u>Fit Out & Finishes</u> Apartments	£9,410,000	£9,310,000	
11	Common Areas	£2,040,000	£2,040,000	
12	Amenity Areas	£120,000	£120,000	
13	Commercial Areas	£659,300	£659,300	
14	Cycle Areas	£60,000	£60,000	
Total Fit Out £		£12,289,300	£12,189,300	
Total (excl Ext & Utilities) £		£34,930,300	£34,045,300	
15	<u>External Works and Services</u> Landscaping	£100,000	£100,000	
16	Drainage	£200,000	£200,000	
17	External Services / Utilities	£300,000	£300,000	
TOTAL £		£35,530,300	£34,645,300	
Project On Costs				
18	Preliminaries / Logistics (14%)	£4,974,000	£4,850,000	
19	Overheads and Profit (5.5%)	£2,228,000	£2,172,000	
20	Contingency (5%)	£2,137,000	£2,083,000	
Total		£44,869,300	£43,750,300	

ORIGINAL COST ESTIMATE

SYNERGY COMMENTS

Shell & Core

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments	Qty	Unit	Rate	Total	Notes / Comments
1 Sub-Structure											
1.01	Substructure foundations works to full extent of ground bearing slab	13,374	m ²	£160	£2,139,800		13,374	m ²	£160	£2,139,800	
Sub-Structure Total					£2,140,000		Sub-Structure Total £2,140,000				
2 Frame											
2.01	Above Ground; General allowance for concrete frame and upper floors	13,374	m ²	£365	£4,881,500		13,374	m ²	£365	£4,881,500	
Frame Total					£4,882,000		Frame Total £4,882,000				
3 Upper Floors											
3.01	Upper floor works				Included					Included	
Upper Floors Total					£0		Upper Floors Total £0				
4 Roof											
4.01	Roof - general Roof finishes - waterproofing and insulation	1,336	m ²	£350	£467,600	Assumes combustible insulation	1,336	m ²	£350	£467,600	
4.02	Mansafe system	3	item	£20,000	£60,000	General allowance only	3	item	£20,000	£60,000	
4.03	Parapet details	1	item	£65,000	£65,000	General allowance only	1	item	£65,000	£65,000	
4.04	Roof Terrace Allowance for roof terrace finishes	1,097	m2	£350	£383,900		1,097	m2	£350	£383,900	
4.05	Access Hatches General allowance for access hatches	3	item	£10,000	£30,000	General allowance only	3	item	£10,000	£30,000	
Roof Total					£1,007,000		Roof Total £1,007,000				
5 Stairs											
5.1	Internal Staircases										
5.1.1	Allowance for main stair case - Block A from Ground - Lvl 11	13	flights	£7,500	£97,500		24	flights	£7,500	£180,000	12 floors x 2 staircases = 24 nr?
5.1.2	Allowance for Commercial mezzanine stairs - Block A	1	flight	£7,500	£7,500		1	flight	£7,500	£7,500	
5.1.3	Allowance for Stairs to cycle store - Block A	1	flight	£7,500	£7,500		1	flight	£7,500	£7,500	
5.1.4	Allowance for main stair case - Block B from Ground - Lvl 13	25	flights	£7,500	£187,500		28	flights	£7,500	£210,000	14 floors x 2 staircases = 28 nr?
5.1.5	Allowance for Commercial mezzanine stairs - Block B	1	flight	£7,500	£7,500		1	flight	£7,500	£7,500	
5.1.6	Allowance for Stairs to cycle store - Block B	1	flight	£7,500	£7,500		1	flight	£7,500	£7,500	
Stairs Total					£315,000		Stairs Total £420,000				
6 External Walls, Windows & Doors											
6.1	Block A Solid Façade Treatments										
6.1.1	Solid Façade Treatments - Ground Floor	167	m2	£1,000	£166,691	General allowance only - 20%	167	m2	£900	£150,022	£1,000/m2 seems a little high
6.1.2	Solid Façade Treatments - Level 1 - 11	2448	m2	£900	£2,202,939	General allowance only - 70%	2448	m2	£800	£1,958,168	£900/m2 seems a little high
6.2	Glazed Façade Treatments										
6.2.1	Curtain Walling - Ground Floor	667	m2	£1,100	£733,439	General allowance only - 80%	667	m2	£1,100	£733,439	
6.2.2	Windows - Level 1-11	1049	m2	£650	£681,862	General allowance only - 30%	1049	m2	£650	£681,862	
6.1	Block B Solid Façade Treatments										
6.1.1	Solid Façade Treatments - Ground Floor	123	m2	£1,000	£122,871	General allowance only - 20%	123	m2	£1,000	£122,871	
6.1.2	Solid Façade Treatments - Level 1 - 13	2610	m2	£900	£2,349,325	General allowance only - 70%	2610	m2	£800	£2,088,289	£900/m2 seems a little high
6.2	Glazed Façade Treatments										
6.2.1	Curtain Walling - Ground Floor	0	m2	£1,100	£0	General allowance only - 80%	0	m2	£1,100	£0	
6.2.2	Windows - Level 1-13	1119	m2	£650	£727,172	General allowance only - 30%	1119	m2	£650	£727,172	
6.1	Block C Solid Façade Treatments										

ORIGINAL COST ESTIMATE

SYNERGY COMMENTS

Shell & Core

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments	Qty	Unit	Rate	Total	Notes / Comments	
6.1.1	Solid Façade Treatments - Ground Floor	0	m2	£1,000	£0	General allowance only - 20%	0	m2	£1,000	£0	£900/m2 seems a little high	
6.1.2	Solid Façade Treatments - Level 1 - 7	435	m2	£900	£391,376	General allowance only - 70%	435	m2	£800	£347,890		
6.2	<u>Glazed Façade Treatments</u>											
6.2.1	Curtain Walling - Ground Floor	0	m2	£1,100	£0	General allowance only - 80%	0	m2	£1,100	£0		
6.2.2	Windows - Level 1-7	186	m2	£650	£121,140	General allowance only - 30%	186	m2	£650	£121,140		
6.3	<u>External Doors</u>											
	Block A											
6.3.1	Ground level BOH Doors - Single	17	nr	£3,500	£59,500		17	nr	£3,500	£59,500		
	Block B											
6.3.2	Ground level BOH Doors - Single	13	nr	£3,500	£45,500		13	nr	£3,500	£45,500		
6.4	<u>Additional Items</u>											
6.4.1	Signage	1	item	£15,000	£15,000	General allowance only	1	item	£15,000	£15,000		
6.4.2	Balconies Block A	65	nr	£12,500	£812,500		65	nr	£12,500	£812,500		
6.4.3	Balconies Block B	64	nr	£12,500	£800,000		64	nr	£12,500	£800,000		
6.4.5	Balconies Block C	14	nr	£12,500	£175,000		14	nr	£12,500	£175,000		
Façade Total					£9,404,000		Façade Total					£8,838,000

7 Fit Out												
7.01	Units	8484	m2	Below	below		8484	m2	Below	below		
	1b1p	13	nr	£54,300	£705,900		13	nr	£53,700	£698,100		
	1b2p	38	nr	£58,400	£2,219,200		38	nr	£57,800	£2,196,400		
	2b3p	55	nr	£67,200	£3,696,000		55	nr	£66,600	£3,663,000		
	2b4p	24	nr	£77,500	£1,860,000		24	nr	£76,400	£1,833,600		
	3b4p	11	nr	£84,300	£927,300		11	nr	£83,200	£915,200		
7.02	Common Areas											
	FOH	1915	m2	£750	£1,436,300		1915	m2	£750	£1,436,300		
	BOH	1735	m2	£350	£607,100		1735	m2	£350	£607,100		
7.03	Amenity Areas	62	m2	£2,000	£124,000		62	m2	£2,000	£124,000		
7.04	Commercial Areas	879	m2	£750	£659,300		879	m2	£750	£659,300		
7.05	Cycle Areas	153	m2	£400	£61,200		153	m2	£400	£61,200		
Fit Out Total				£12,296,000			Fit Out Total				£12,194,000	


8												MEPH													
8.01		MEPH Allowance				141		Nr.		£27,000		£3,807,000				141		Nr.		£27,000		£3,807,000			
MEPH Total										£3,807,000		MEPH Total										£3,807,000			

9 BWIC																					
9.01	BWIC Allowance @ 3% of MEPH		3.0 %	£3,807,000	£114,210					3.0 %	£3,807,000	£114,210									
BWIC Total					£114,000						BWIC Total					£114,000					

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August 2023		ORIGINAL COST ESTIMATE					SYNERGY COMMENTS				
Shell & Core											
Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments	Qty	Unit	Rate	Total	Notes / Comments
10	Lifts										
10.01	Lifts Block A	27	Nr.	£12,000	£324,000		24	Nr.	£12,000	£288,000	12 floors x 2 nr lifts = 24 nr?
	Lifts Block B	52	Nr.	£12,000	£624,000		28	Nr.	£12,000	£336,000	14 floors x 2 nr lifts = 28 nr?
	Lifts Cycle Store	2	Nr.	£12,000	£24,000		2	Nr.	£12,000	£24,000	
Lifts Total					£972,000		Lifts Total			£648,000	
11	External Works										
11.01	Allowance for external works	1	item	£100,000	£100,000		1	item	£100,000	£100,000	
11.02	Allowance for drainage	1	item	£200,000	£200,000		1	item	£200,000	£200,000	
11.03	Stats connections - Residential	141	item	£2,000	£282,000		141	item	£2,000	£282,000	
11.04	Stats connections - Commercial	1	item	£20,000	£20,000		1	item	£20,000	£20,000	
External Works Total					£602,000		External Works Total			£602,000	

1b1p Unit Fit-Out

1B1P Apartment												
						<p><u>Key Apartment Metrics:</u></p> <p>Average Apartment Ar 42 m2</p> <p>Area of Bathrooms & l 4 m2</p> <p>Area of Kitchen: m2</p> <p>Area of Bedrooms: 10 m2</p> <p>Area of Living Space: 27 m2</p> <p>Area of Utility Cupboa 2 m2</p> <p>Floor to Ceiling Height 2.50 m</p> <p>Number of Bathrooms 1 nr.</p> <p>Number of WCs: 0 nr.</p> <p>Number of Bedrooms: 1 nr.</p>						
Ref	Description	Quantity	Unit	Rate	Total	Notes	Quantity	Unit	Rate	Total	Notes	
01 Internal Walls and Partitions												
1.01	Internal plasterboard partitions	5	m	£300	£1,500		5	m	£300	£1,500		
1.02	Plasterboard liner wall to inside face of external wall	7	m	£160	£1,200		7	m	£160	£1,200		
1.03	Lining to bathroom pod	4	m	£120	£400		4	m	£120	£400		
Elemental Total					£3,100		Elemental Total					£3,100
02 Internal Doors												
2.01	Apartment entrance door including ironmongery	1	nr	£1,200	£1,200		1	nr	£1,200	£1,200		
2.02	Internal bathroom door including ironmongery	1	nr	£550	£600		1	nr	£0	£0	Synergy consider that bathroom door should be included with the pod, or at least covered by the pod cost allowance	
2.03	Internal bedroom door including ironmongery	0	nr	£550	£0		0	nr	£550	£0		
2.04	Internal cupboard door including ironmongery	0	nr	£800	£0		0	nr	£800	£0		
2.05	Utility internal door including ironmongery	1	nr	£800	£800		1	nr	£800	£800		
Elemental Total					£2,600		Elemental Total					£2,000
03 Wall Finishes												
3.01	Mat Emulsion paint to Living space walls	60	m²	£10	£600		60	m²	£10	£600		
3.02	Mat Emulsion paint to Bedroom walls	31	m²	£10	£300		31	m²	£10	£300		
3.03	Wall tiling to bathroom	8	m2	included		Included in pod cost	8	m2	included			
3.03	Wall tiling to kitchen / kitchen splashback tiling	6	m2	£100	included	Included in kitchen cost	6	m2	£100	included		
Elemental Total					£900		Elemental Total					£900
04 Floor Finishes												
4.01	<u>Substrate</u> Substrate to apartment; screed excl bathroom pod area	38	m²	£40	£1,500		38	m²	£40	£1,500		
4.02	<u>Floor Finishes</u> Floor Finish to living space; Laminate with Regupol underlay	27	m²	£50	£1,300		27	m²	£50	£1,300		
4.03	Floor Finish to bedrooms; Carpet with integral underlay	10	m²	£70	£700		10	m²	£70	£700		
4.04	Floor finish to utility cupboard; Laminate with Regupol underlay	2	m²	£50	£100		2	m²	£50	£100		
4.05	Floor finish to bathrooms; Porcelain Tiles			Excluded					Excluded		No change to cost estimate total, but Synergy consider that pod cost allowance should be sufficient to include for floor finish	
4.05	<u>Skirting Boards:</u> Painted MDF skirting boards; excluding bathroom pod area	36	m	£12	£400		36	m	£12	£400		

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August 2023		ORIGINAL COST ESTIMATE				SYNERGY COMMENT				
1b1p Unit Fit-Out										
				Elemental Total	£4,000			Elemental Total	£4,000	
05 Ceiling Finishes										
5.01	<u>Plasterboard Ceilings:</u> Suspended plasterboard ceiling to apartment; excl bathroom pod area	38	m ²	£45	£1,700		38	m ²	£45 £1,700	
5.02	<u>Finish to Ceilings:</u> Matt emulsion paint to plasterboard ceiling; excl bathroom pod area	38	m ²	£10	£400		38	m ²	£10 £400	
5.03	<u>Hatches / Access:</u> General allowance for access hatches	1	item	£200	£200		1	item	£200 £200	
				Elemental Total	£2,300			Elemental Total	£2,300	
06 Fixtures and Fittings										
6.01	<u>Kitchens:</u> Kitchen area	1	item	£7,500	£7,500		1	item	£7,500 £7,500	
6.02	<u>Joinery:</u> Allowance for wardrobe	2	m	£800	£1,600		2	m	£800 £1,600	
6.03	Allowance for blinds	1	item	Excluded	Excluded		1	item	Excluded Excluded	
6.04	Allowance for shelving / fitting out of cupboard / Boxings / etc	1	item	£250	£300		1	item	£250 £300	
				Elemental Total	£9,400			Elemental Total	£9,400	
07 Sanitaryware										
7.01	<u>Main Bathrooms:</u> Bathroom Pod	1	item	£9,500	£9,500		1	item	£9,500 £9,500	
				Elemental Total	£9,500			Elemental Total	£9,500	
08 MEPH & Services - Fit Out										
1	<u>Base Build MEPH</u> Fit out MEPH allowance to Unit	1	nr	£22,500	£22,500		1	nr	£22,500 £22,500	
2	<u>MEP On Costs</u> Testing and Commissioning	1	item	Included	Included		1	item	Included Included	
3	MEP Contractor Design	1	item	Included	Included		1	item	Included Included	
4	MEP Management	1	item	Included	Included		1	item	Included Included	
				Elemental Total	£22,500			Elemental Total	£22,500	
		Apartment Fit Out Total			£54,300		Apartment Fit Out Total			£53,700
			£/m2		£1,294			£/m2		£1,280

Typical Unit Fit-Out

1B2P Apartment



Key Apartment Metrics:

Average Apartment	50	m2
Area of Bathrooms	4	m2
Area of Kitchen:		m2
Area of Bedrooms:	11	m2
Area of Living Space	33	m2
Area of Utility Cupb	3	m2

Floor to Ceiling Height 2.50 m

Number of Bathrooms	1	nr.
Number of WCs:	0	nr.
Number of Bedrooms	1	nr.

Ref	Description	Quantity	Unit	Rate	Total	Notes	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions											
1.01	Internal plasterboard partitions	8	m	£300	£2,400		8	m	£300	£2,400	
1.02	Plasterboard liner wall to inside face of external wall	11	m	£160	£1,800		11	m	£160	£1,800	
1.03	Lining to bathroom pod	4	m	£120	£500		4	m	£120	£500	
					Elemental Total	£4,700					
02 Internal Doors											
2.01	Apartment entrance door including ironmongery	1	nr	£1,200	£1,200		1	nr	£1,200	£1,200	
2.02	Internal bathroom door including ironmongery	1	nr	£550	£600		1	nr	£0	£0	Synergy consider that bathroom door should be included with the pod, or at least covered by the pod cost allowance.
2.03	Internal bedroom door including ironmongery	1	nr	£550	£600		1	nr	£550	£600	
2.04	Internal cupboard door including ironmongery	0	nr	£800	£0		0	nr	£800	£0	
2.05	Utility internal door including ironmongery	1	nr	£800	£800		1	nr	£800	£800	
					Elemental Total	£3,200					
03 Wall Finishes											
3.01	Mat Emulsion paint to Living space walls	85	m²	£10	£900		85	m²	£10	£900	
3.02	Mat Emulsion paint to Bedroom walls	35	m²	£10	£400		35	m²	£10	£400	
3.03	Wall tiling to bathroom	0	m2	included		Included in pod cost	0	m2	included		
3.03	Wall tiling to kitchen / kitchen splashback tiling	5	m	£100		Included in kitchen cost	5	m	£100		
					Elemental Total	£1,300					
04 Floor Finishes											
4.01	Substrate Substrate to apartment; screed excl bathroom pod area	46	m²	£40	£1,900		46	m²	£40	£1,900	
4.02	Floor Finishes Floor finish to Living Area; timber effect laminate	33	m²	£50	£1,600		33	m²	£50	£1,600	
4.03	Floor finish to Bedroom; Carpet effect laminate	11	m²	£70	£800		11	m²	£70	£800	
4.04	Floor finish to Utility Cupboard	3	m²	£50	£100		3	m²	£50	£100	

ORIGINAL COST ESTIMATE						SYNERGY COMMENT			
Typical Unit Fit-Out									
4.05	Floor finish to bathrooms; Porcelain Tiles			Excluded				Excluded	No change to cost estimate total, but Synergy consider that pod cost allowance should be sufficient to include for floor finish
4.04	Skirting Boards: Painted MDF skirting boards; excluding bathroom pod area	48 m		£12	£600	48 m		£12	
Elemental Total					£5,000	Elemental Total			£5,000
05 Ceiling Finishes									
5.01	Plasterboard Ceilings: Suspended plasterboard ceiling to apartment; excl bathroom pod area	46 m ²		£45	£2,100	46 m ²		£45	£2,100
5.02	Finish to Ceilings: Matt emulsion paint to plasterboard ceiling; excl bathroom pod area	46 m ²		£10	£500	46 m ²		£10	£500
5.03	Hatches / Access: General allowance for access hatches	1 item		£200	£200	1 item		£200	£200
Elemental Total					£2,800	Elemental Total			£2,800
06 Fixtures and Fittings									
6.01	Kitchens: Kitchen area	1 item		£7,500	£7,500	1 item		£7,500	£7,500
6.02	Joinery: Allowance for wardrobe	2 item		£800	£1,600	2 item		£800	£1,600
6.03	Allowance for blinds	1 item		Excluded	Excluded	1 item		Excluded	Excluded
6.04	Allowance for shelving / fitting out of cupboard / Boxings / etc	1 item		£250	£300	1 item		£250	£300
Elemental Total					£9,400	Elemental Total			£9,400
07 Sanitaryware									
7.01	Main Bathrooms: Bathroom Pod	1 item		£9,500	£9,500	1 item		£9,500	£9,500
Elemental Total					£9,500	Elemental Total			£9,500
08 MEPH & Services - Fit Out									
1	Base Build MEPH Fit out MEPH allowance to Unit	1 nr		£22,500	£22,500	1 nr		£22,500	£22,500
2	MEP On Costs Testing and Commissioning	1 item		Included	Included	1 item		Included	Included
3	MEP Contractor Design	1 item		Included	Included	1 item		Included	Included
4	MEP Management	1 item		Included	Included	1 item		Included	Included
Elemental Total					£22,500	Elemental Total			£22,500
Apartment Fit Out Total					£58,400	Apartment Fit Out Total			£57,800
					£/m2 £1,158				£/m2 £1,146

ORIGINAL COST ESTIMATE

SYNERGY COMMENT

Typical Unit Fit-Out

283P Apartment



Key Apartment Metrics:

Average Apartment:	63	m2
Area of Bathrooms:	4	m2
Area of Kitchen:		m2
Area of Bedrooms:	19	m2
Area of Living Space:	38	m2
Area of Utility Cupboard:	2	m2

Floor to Ceiling Height: 2.50 m

Number of Bathrooms:	1	nr.
Number of WCs:	0	nr.
Number of Bedrooms:	2	nr.

Ref	Description	Quantity	Unit	Rate	Total	Notes	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions											
1.01	Internal plasterboard partitions	15	m	£300	£4,400		15	m	£300	£4,400	
1.02	Plasterboard liner wall to inside face of external wall	16	m	£160	£2,500		16	m	£160	£2,500	
1.03	Lining to bathroom pod	4	m	£120	£500		4	m	£120	£500	
					Elemental Total	£7,400					
02 Internal Doors											
2.01	Apartment entrance door including ironmongery	1	nr	£1,200	£1,200		1	nr	£1,200	£1,200	Synergy consider that bathroom door should be included with the pod, or at least covered by the pod cost allowance
2.02	Internal bathroom door including ironmongery	1	nr	£550	£600		1	nr	£0	£0	
2.03	Internal bedroom door including ironmongery	2	nr	£550	£1,100		2	nr	£550	£1,100	
2.04	Internal cupboard door including ironmongery	0	nr	£800	£0		0	nr	£800	£0	
2.05	Utility internal door including ironmongery	1	nr	£800	£800		1	nr	£800	£800	
					Elemental Total	£3,700					
03 Wall Finishes											
3.01	Mat Emulsion paint to Living space walls	84	m ²	£10	£800		84	m ²	£10	£800	
3.02	Mat Emulsion paint to Bedroom walls	65	m ²	£10	£600		65	m ²	£10	£600	
3.03	Wall tiling to bathroom	0	m2	included		Included in pod cost	0	m2	included		
3.03	Wall tiling to kitchen / kitchen splashback tiling	4	m	£100		Included in kitchen cost	4	m	£100		
					Elemental Total	£1,400					
04 Floor Finishes											
4.01	<u>Substrate</u> Substrate to apartment; screed excl bathroom pod area	58	m ²	£40	£2,300		58	m ²	£40	£2,300	No change to cost estimate total, but Synergy consider that pod cost allowance should be sufficient to include for floor finish
4.02	<u>Floor Finishes</u> Floor finish to Living Area; timber effect laminate	38	m ²	£50	£1,900		38	m ²	£50	£1,900	
4.03	Floor finish to Bedroom; Carpet effect laminate	19	m ²	£70	£1,300		19	m ²	£70	£1,300	
4.04	Floor finish to Utility Cupboard	2	m ²	£50	£100		2	m ²	£50	£100	
4.05	Floor finish to bathrooms; Porcelain Tiles			Excluded					Excluded		


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Typical Unit Fit-Out											
4.04	<u>Skirting Boards:</u> Painted MDF skirting boards; excluding bathroom pod area	60	m	£12	£700		60	m	£12	£700	
Elemental Total					£6,300		Elemental Total			£6,300	
05 Ceiling Finishes											
5.01	<u>Plasterboard Ceilings:</u> Suspended plasterboard ceiling to apartment; excl bathroom pod area	58	m ²	£45	£2,600		58	m ²	£45	£2,600	
5.02	<u>Finish to Ceilings:</u> Matt emulsion paint to plasterboard ceiling; excl bathroom pod area	58	m ²	£10	£600		58	m ²	£10	£600	
5.03	<u>Hatches / Access:</u> General allowance for access hatches	1	item	£200	£200		1	item	£200	£200	
Elemental Total					£3,400		Elemental Total			£3,400	
06 Fixtures and Fittings											
6.01	<u>Kitchens:</u> Kitchen area	1	item	£8,500	£8,500		1	item	£8,500	£8,500	
6.02	<u>Joinery:</u> Allowance for wardrobe	4	item	£800	£3,200		4	item	£800	£3,200	
6.03	Allowance for blinds		item	Excluded	Excluded			item	Excluded	Excluded	
6.04	Allowance for shelving / fitting out of cupboard / Boxings / etc	1	item	£250	£300		1	item	£250	£300	
Elemental Total					£12,000		Elemental Total			£12,000	
07 Sanitaryware											
7.01	<u>Main Bathrooms:</u> Bathroom Pod	1	item	£9,500	£9,500		1	item	£9,500	£9,500	Synergy consider this should be sufficient to allow for the cost of the door to the pod
Elemental Total					£9,500		Elemental Total			£9,500	
08 MEPH & Services - Fit Out											
1	<u>Base Build MEPH</u> Fit out MEPH allowance to Unit	1	nr	£23,500	£23,500		1	nr	£23,500	£23,500	
2	<u>MEP On Costs</u> Testing and Commissioning	1	item	Included	Included		1	item	Included	Included	
3	MEP Contractor Design	1	item	Included	Included		1	item	Included	Included	
4	MEP Management	1	item	Included	Included		1	item	Included	Included	
Elemental Total					£23,500		Elemental Total			£23,500	
Apartment Fit Out Total					£67,200		Apartment Fit Out Total			£66,600	
					£/m2	£1,075				£/m2	£1,065

ORIGINAL COST ESTIMATE

SYNERGY COMMENT

Typical Unit Fit-Out

2B4P Apartment												
						<p>Key Apartment Metrics:</p> <p>Average Apartment 73 m2 Area of Bathrooms 8 m2 Area of Kitchen: m2 Area of Bedrooms: 25 m2 Area of Living Space 39 m2 Area of Utility Cupb 2 m2</p> <p>Floor to Ceiling Height 2.50 m</p> <p>Number of Bathroom 2 nr. Number of WCs: 0 nr. Number of Bedroom 2 nr.</p>						
Ref	Description	Quantity	Unit	Rate	Total	Notes	Quantity	Unit	Rate	Total	Notes	
01 Internal Walls and Partitions												
1.01	Internal plasterboard partitions	11.0	m	£300	£3,300		11.0	m	£300	£3,300		
1.02	Plasterboard liner wall to inside face of external wall	13	m	£160	£2,000		12.8	m	£160	£2,000		
1.03	Lining to bathroom pod	10	m	£120	£1,200		9.9	m	£120	£1,200		
Elemental Total					£6,500		Elemental Total					£6,500
02 Internal Doors												
2.01	Apartment entrance door including ironmongery	1	nr	£1,200	£1,200		1	nr	£1,200	£1,200		
2.02	Internal bathroom door including ironmongery	2	nr	£550	£1,100		2	nr	£0	£0	Synergy consider that bathroom door should be included with the pod, or at least covered by the pod cost allowance	
2.03	Internal bedroom door including ironmongery	2	nr	£550	£1,100		2	nr	£550	£1,100		
2.04	Internal cupboard door including ironmongery	0	nr	£800	£0		0	nr	£800	£0		
2.05	Utility internal door including ironmongery	1	nr	£800	£800		1	nr	£800	£800		
Elemental Total					£4,200		Elemental Total					£3,100
03 Wall Finishes												
3.01	Mat Emulsion paint to Living space walls	83	m ²	£10	£800		83	m ²	£10	£800		
3.02	Mat Emulsion paint to Bedroom walls	71	m ²	£10	£700		71	m ²	£10	£700		
3.03	Wall tiling to bathroom	0	m2	included		Included in pod cost	0	m2	included			
3.03	Wall tiling to kitchen / kitchen splashback tiling	5	m	£100		Included in kitchen cost	5	m	£100			
Elemental Total					£1,500		Elemental Total					£1,500
04 Floor Finishes												
4.01	Substrate Substrate to apartment; screed excl bathroom pod area	65	m ²	£40	£2,600		65	m ²	£40	£2,600		
4.02	Floor Finishes Floor finish to Living Area; timber effect laminate	39	m ²	£50	£1,900		39	m ²	£50	£1,900		
4.03	Floor finish to Bedroom; Carpet effect laminate	25	m ²	£70	£1,700		25	m ²	£70	£1,700		
4.04	Floor finish to Utility Cupboard	2	m ²	£50	£100		2	m ²	£50	£100		
4.05	Floor finish to bathrooms; Porcelain Tiles			Excluded					Excluded		No change to cost estimate total, but Synergy consider that pod cost allowance should be sufficient to include for floor finish	

UK Lux One SPV 13
99-113 Ealing Broadway - Order of Cost Estimate
August 2023

ORIGINAL COST ESTIMATE						SYNERGY COMMENT				
Typical Unit Fit-Out										
4.04	Skirting Boards: Painted MDF skirting boards; excluding bathroom pod area	62 m	£12	£700		62 m	£12	£700		
				Elemental Total	£7,000					Elemental Total £7,000
05 Ceiling Finishes										
5.01	Plasterboard Ceilings: Suspended plasterboard ceiling to apartment; excl bathroom pod area	65 m ²	£45	£2,900		65 m ²	£45	£2,900		
5.02	Finish to Ceilings: Matt emulsion paint to plasterboard ceiling; excl bathroom pod area	65 m ²	£10	£700		65 m ²	£10	£700		
5.03	Hatches / Access: General allowance for access hatches	1 item	£200	£200		1 item	£200	£200		
				Elemental Total	£3,800					Elemental Total £3,800
06 Fixtures and Fittings										
6.01	Kitchens: Kitchen area	1 item	£8,500	£8,500		1 item	£8,500	£8,500		
6.02	Joinery: Allowance for wardrobe	4 item	£800	£3,200		4 item	£800	£3,200		
6.03	Allowance for blinds	1 item	Excluded	Excluded		1 item	Excluded	Excluded		
6.04	Allowance for shelving / fitting out of cupboard / Boxings / etc	1 item	£250	£300		1 item	£250	£300		
				Elemental Total	£12,000					Elemental Total £12,000
07 Sanitaryware										
7.01	Main Bathrooms: Bathroom Pod	2 item	£9,500	£19,000		2 item	£9,500	£19,000	Synergy consider this should be sufficient to allow for the cost of the door to the pod	
				Elemental Total	£19,000					Elemental Total £19,000
08 MEPH & Services - Fit Out										
1	Base Build MEPH Fit out MEPH allowance to Unit	1 nr	£23,500	£23,500		1 nr	£23,500	£23,500		
2	MEP On Costs Testing and Commissioning	1 item	Included	Included		1 item	Included	Included		
3	MEP Contractor Design	1 item	Included	Included		1 item	Included	Included		
4	MEP Management	1 item	Included	Included		1 item	Included	Included		
				Elemental Total	£23,500					Elemental Total £23,500
				Apartment Fit Out Total	£77,500					Apartment Fit Out Total £76,400
				£/m2	£1,062					£/m2 £1,047

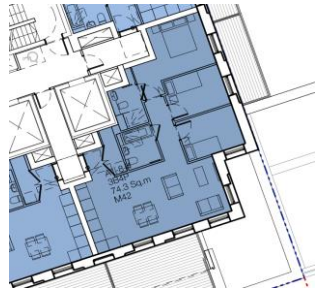
August 2023

ORIGINAL COST ESTIMATE

SYNERGY COMMENT

Typical Unit Fit-Out

3B4P Apartment



Key Apartment Metrics:

Average Apartment 74 m2
Area of Bathrooms 8 m2
Area of Kitchen: m2
Area of Bedrooms: 27 m2
Area of Living Space 37 m2
Area of Utility Cupb 2 m2

Floor to Ceiling Heig 2.50 m

Number of Bathroo 2 nr.
Number of WCs: 0 nr.
Number of Bedroon 3 nr.

Ref	Description	Quantity	Unit	Rate	Total	Notes	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions											
1.01	Internal plasterboard partitions	13.7	m	£300	£4,100		13.7	m	£300	£4,100	
1.02	Plasterboard liner wall to inside face of external wall	21	m	£160	£3,300		20.7	m	£160	£3,300	
1.03	Lining to bathroom pod	11	m	£120	£1,400		11.4	m	£120	£1,400	
Elemental Total					£8,800		Elemental Total			£8,800	
02 Internal Doors											
2.01	Apartment entrance door including ironmongery	1	nr	£1,200	£1,200		1	nr	£1,200	£1,200	Synergy consider that bathroom door should be included with the pod, or at least covered by the pod cost allowance
2.02	Internal bathroom door including ironmongery	2	nr	£550	£1,100		2	nr	£0	£0	
2.03	Internal bedroom door including ironmongery	3	nr	£550	£1,700		3	nr	£550	£1,700	
2.04	Internal cupboard door including ironmongery	0	nr	£800	£0		0	nr	£800	£0	
2.05	Utility internal door including ironmongery	1	nr	£800	£800		1	nr	£800	£800	
Elemental Total					£4,800		Elemental Total			£3,700	
03 Wall Finishes											
3.01	Mat Emulsion paint to Living space walls	84	m ²	£10	£800		84	m ²	£10	£800	
3.02	Mat Emulsion paint to Bedroom walls	96	m ²	£10	£1,000		96	m ²	£10	£1,000	
3.03	Wall tiling to bathroom	0	m2	included		Included in pod cost	0	m2	included		
3.03	Wall tiling to kitchen / kitchen splashback tiling	5		£100		Included in kitchen cost	5		£100		
Elemental Total					£1,800		Elemental Total			£1,800	
04 Floor Finishes											
4.01	Substrate Substrate to apartment; screed excl bathroom pod area	66	m ²	£40	£2,600		66	m ²	£40	£2,600	
4.02	Floor Finishes Floor finish to Living Area; timber effect laminate	37	m ²	£50	£1,900		37	m ²	£50	£1,900	
4.03	Floor finish to Bedroom; Carpet effect laminate	27	m ²	£70	£1,900		27	m ²	£70	£1,900	
4.04	Floor finish to Utility Cupboard	2	m ²	£50	£100		2	m ²	£50	£100	
4.05	Floor finish to bathrooms; Porcelain Tiles			Excluded					Excluded		No change to cost estimate total, but Synergy consider that pod cost allowance should be sufficient to include for floor finish
Skirting Boards:											

UK Lux One SPV 13
99-113 Ealing Broadway - Order of Cost Estimate
August 2023

August 2023		ORIGINAL COST ESTIMATE					SYNERGY COMMENT					
Typical Unit Fit-Out												
4.04	Painted MDF skirting boards; excluding bathroom pod area	72	m	£12	£900		72	m	£12	£900		
Elemental Total					£7,400		Elemental Total					£7,400
05 Ceiling Finishes												
5.01	<u>Plasterboard Ceilings:</u> Suspended plasterboard ceiling to apartment; excl bathroom pod area	66	m ²	£45	£3,000		66	m ²	£45	£3,000		
5.02	<u>Finish to Ceilings:</u> Matt emulsion paint to plasterboard ceiling; excl bathroom pod area	66	m ²	£10	£700		66	m ²	£10	£700		
5.03	<u>Hatches / Access:</u> General allowance for access hatches	1	item	£200	£200		1	item	£200	£200		
Elemental Total					£3,900		Elemental Total					£3,900
06 Fixtures and Fittings												
6.01	<u>Kitchens:</u> Kitchen area	1	item	£9,500	£9,500		1	item	£9,500	£9,500		
6.02	<u>Joinery:</u> Allowance for wardrobe	6	item	£800	£4,800		6	item	£800	£4,800		
6.03	Allowance for blinds		item	Excluded	Excluded			item	Excluded	Excluded		
6.04	Allowance for shelving / fitting out of cupboard / Boxings / etc	1	item	£250	£300		1	item	£250	£300		
Elemental Total					£14,600		Elemental Total					£14,600
07 Sanitaryware												
7.01	<u>Main Bathrooms:</u> Bathroom Pod	2	item	£9,500	£19,000		2	item	£9,500	£19,000	Synergy consider this should be sufficient to allow for the cost of the door to the pod	
Elemental Total					£19,000		Elemental Total					£19,000
08 MEPH & Services - Fit Out												
1	<u>Base Build MEPH</u> Fit out MEPH allowance to Unit	1	nr	£24,000	£24,000		1	nr	£24,000	£24,000		
2	<u>MEP On Costs</u> Testing and Commissioning	1	item	Included	Included		1	item	Included	Included		
3	MEP Contractor Design	1	item	Included	Included		1	item	Included	Included		
4	MEP Management	1	item	Included	Included		1	item	Included	Included		
Elemental Total					£24,000		Elemental Total					£24,000
Apartment Fit Out Total												
				£/m2	£1,135						£/m2	£1,120



Valuation Office
Agency

DVS Property Specialists
for the Public Sector

Viability Review Report
114 Broadway,
West Ealing,
London,
W13 0SY



Report for:
James Maloney
Elaine Dorricott
Ealing Council

Prepared by:
Anindita Maitra MRICS
Principal Surveyor
RICS Registered Valuer
DVS

Tel: 03000 505 597

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Case Number: 1816776

Client Reference: 224322FUL

Date: 15 May 2023

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1.0 **Executive Summary**

1.1 Proposed Development Details

This report provides an independent review of a viability assessment in connection with:

Proposed Development	Construction of a part 4, part 6, part 7, and Part 8 storey building storey comprising commercial space on the ground floor (Flexible Use Class E) and 13 self-contained residential flats (Class C3) on the upper floors; and associated refuse storage and cycle parking. (Following demolition of existing building)
Subject of Assessment:	114 Broadway West Ealing London W13 0SY
Planning Application Ref:	224322FUL
Applicant / Developer:	Luxgrove Capital Partners
Applicant's Viability Advisor:	James. R. Brown and Co. Ltd.

1.2 Instruction

In connection with the above application, Ealing Council Planning Department require an independent review of the viability conclusion provided by the applicant in terms of the extent to which the accompanying appraisal is fair and reasonable and whether the assumptions made can be relied upon to determine the viability of the scheme.

A site-specific viability assessment review has been undertaken, the inputs adopted herein are unique to this site and scheme and may not be applicable to other viability assessments undertaken or reviewed by DVS.

1.3 Viability Conclusion

The applicant outlines in their report the following:

- the proposed scheme with 13 Private units and S106 contributions of £65,000 produces a residual land value of £229,640;
- the Benchmark Land Value based on an EUV+ approach is £1,310,000;
- the residual land value of the proposed 13-unit scheme is lower than the Benchmark Land Value and produces a deficit of -£1,080,360.

Despite the significant shortfalls identified, the applicant still intends to deliver the scheme.

Following a review, I have concluded the following:

- the proposed scheme with 13 Private units and CIL contributions of £45,360 produces a residual land value of £899,263;
- the Benchmark Land Value based on an AUV approach is £849,000;
- the residual land value of the proposed 13-unit scheme is higher than the Benchmark Land Value and produces a surplus of +£50,263 and is marginally viable.

Not for Publication

1.4 Non-Technical Summary of Viability Assessment Inputs

All Private Inputs	Agent	DVS Viability Review	Agreed (Y/N)
Assessment Date	September 2022	May 2023	n/a
Scheme, Gross Internal Area	13 flats, (6x studio flats, 7x 2-bed flats), Retail -115 sqm/1,238 sq ft Residential- 1,062.8 sqm/11,441 sq ft		Y
Development Period	Purchase- 1 month Pre-construction- 2 months Construction- 16 months Sale- 8 months	Pre-construction- 3 months Construction- 16 months Sale- 6 months	N
Gross Development Value	£6,299,505	£6,495,430	N
Planning Policy Total	CIL/S106- £65,000	CIL- £45,360	N
Construction Cost Total	£3,993,885	£3,082,518	N
Contingency	Included above	5%	N
Professional Fees	£399,389 (10%)	8%	N
Finance Interest	7.5% debit, 0.5% credit	7% debit, 0.5% credit	N
Sales / Agency Fees- Private	Marketing – 1% of GDV 2.25% of GDV- Private	Marketing – 1% of GDV (residential, commercial) 1.5% of GDV- Private 1% of GDV- commercial	Y* N N
Sales legal fees- Residential	£15,000	£1,000 per unit	N
Letting agent fees- commercial	Not included	10% of rent	N
Letting legal fees	Not included	5% of rent	N
Profit Target %	22.5% on cost/18.23% on GDV	17.5% on GDV-Private 15% on GDV- commercial	N
Land acquisition costs	SDLT (3.75%) + legal fees at 1.8%	SDLT + legal fees at 1.8%	N
Residual Land Value	£229,640	£899,263	N
EUV	£1,050,000	£755,228	N
EUV Premium to BLV	25%	10%	N
EUV+	£1,310,000	£831,000	N
AUV	£179,982	£849,000	N
Benchmark Land Value	£1,310,000	£849,000	N
Surplus/Deficit	-£1,080,360	+£50,263	N
Deliverable Scheme	100% Market Housing- significant deficit	100% Market Housing- surplus contribution of £50,263	N

Y* denotes that the input is agreed, but the sum differs due to amendments made elsewhere.

A site-specific viability assessment review has been undertaken, the inputs adopted herein are unique to this site and scheme and may not be applicable to other viability assessments undertaken or reviewed by DVS.

2.0 Instruction and Terms

2.1 The Client is Ealing Council.

2.2 The Subject of the Assessment is 114 Broadway, West Ealing, London, W13 0SY.

2.3 The date of the viability assessment is 15 May 2023. Please note that values change over time and that a viability assessment provided on a particular date may not be valid at a later date.

2.4 It is understood that Ealing Council require an independent opinion on the viability information provided by James. R. Brown and Co. Ltd., in terms of the extent to which the accompanying appraisal is fair and reasonable and whether the assumptions made are acceptable and can be relied upon to determine the viability of the scheme. Specifically, DVS have been appointed to:

- Assess the Viability Assessment submitted on behalf of the planning applicant / developer, taking in to account the planning proposals as supplied by you or available from your authority's planning website.
- Advise Ealing Council in writing on those areas of the applicant's Viability Assessment which are agreed and those which are considered unsupported or incorrect, including stating the basis for this opinion, together with evidence. If DVS considers that the applicant's appraisal input and viability conclusion is incorrect, this report will advise on the cumulative viability impact of the changes and in particular whether any additional affordable housing and / or S106 contributions might be provided without adversely affecting the overall viability of the development.

2.5 Conflict of Interest Statement - In accordance with the requirements of RICS Professional Standards, DVS has checked that no conflict of interest arises before accepting this instruction.

2.6 Inspection – The property and surrounding area has been inspected externally only on 21st March 2023.

2.7 DVS/ VOA Terms of Engagement were issued on 17 January 2023, a redacted version will be issued with the publication copy.

3.0 **Guidance and Status of Valuer**

3.1 Authoritative Requirements

The DVS viability assessment review will be prepared in accordance with the following statutory and other authoritative mandatory requirements:

- The **'National Planning Policy Framework'**, which states that all viability assessments should reflect the recommended approach in the **'National Planning Practice Guidance on Viability'**. This document is recognised as the 'authoritative requirement' by the Royal Institution of Chartered Surveyors (RICS).
- RICS Professional Statement **'Financial viability in planning: conduct and reporting'** (effective from 1 September 2019) which provides the mandatory requirements for the conduct and reporting of valuations in the viability assessment and has been written to reflect the requirements of the PPG.
- RICS Professional Standards PS1 and PS2 of the **'RICS Valuation – Global Standards'**.

3.2 Professional Guidance

Regard will be made to applicable RICS Guidance Notes, principally the best practice guidance as set out in RICS GN **'Assessing viability in planning under the National Planning Policy Framework 2019 for England'** (effective 1 July 2021).

Other RICS guidance notes will be referenced in the report and include RICS GN **'Valuation of Development Property'** and RICS GN **'Comparable Evidence in Real Estate Valuation'**.

Valuation advice (see Note 1) will be prepared in accordance with the professional standards of the of the **'RICS Valuation – Global Standards'** and the **'UK National Supplement'**, which taken together are commonly known as the RICS Red Book. Compliance with the RICS Professional Standards and Valuation Practice Statements (VPS) gives assurance also of compliance with the International Valuations Standards (IVS).

(Note 1) Whilst professional opinions may be expressed in relation to the appraisal inputs adopted, this consultancy advice is to assist you with your decision making for planning purposes and is not formal valuation advice such as for acquisition or disposal purposes. It is, however, understood that our review assessment and conclusion may be used by you as part of a negotiation.

The RICS Red Book professional standards are applicable to our undertaking of your case instruction, with PS1 and PS 2 mandatory. While compliance with the technical and performance standards at VPS1 to VPS 5 are not mandatory (as per PS 1 para 5.4) in the context of your instruction, they are considered best practice and have been applied to the extent not precluded by your specific requirement.

3.3 RICS 'Financial Viability in Planning Conduct and Reporting'

In accordance with the above RICS Professional Statement it is confirmed that:

- a) In carrying out this viability assessment review the valuer has acted with objectivity, impartiality, without interference and with reference to all appropriate sources of information.
- b) The professional fee for this report is not performance related and contingent fees are not applicable.
- c) DVS are not currently engaged in advising this local planning authority in relation to area wide viability assessments in connection with the formulation of future policy.
- d) The appointed valuer, Anindita Maitra is not currently engaged in advising this local planning authority in relation to area wide viability assessments in connection with the formulation of future policy.
- e) Neither the appointed valuer, nor DVS advised this local planning authority in connection with the area wide viability assessments which supports the existing planning policy.
- f) The DVS viability review assessment has been carried out with due diligence and in accordance with section 4 of this professional statement

- g) The signatory and all other contributors to this report, as referred to herein, has complied with RICS requirements.

3.4 Most Effective and Efficient Development

It is a mandatory requirement of the **RICS 'Financial viability in planning: conduct and reporting'** Professional Statement for the member or member firm to assess the viability of the most effective and most efficient development.

The applicant's advisor has assessed the viability based on private sales to individual owner occupier or investors. Having considered the size and location of the development, the applicant's proposal is considered to be reasonable. The DVS valuer has assessed the viability based upon the same scheme assumptions and passes no comment on whether this is the most effective and most efficient development. The impact on viability of different scheme e.g. build to rent has not been appraised, however should this be pursued another viability assessment may be necessary.

3.5 Signatory

- a) It is confirmed that the viability assessment has been carried out by Anindita Maitra, MRICS, Registered Valuer, acting in the capacity of an external valuer, who has the appropriate knowledge, skills and understanding necessary to undertake the viability assessment competently and is in a position to provide an objective and unbiased review.
- b) As part of the DVS Quality Control procedure, this report and the appraisal has been formally reviewed by Gareth Palmer MRICS, Registered Valuer, who also has the appropriate knowledge, skills and understanding necessary to complete this task.
- c) Other contributors: Angelo Prodromou, Graduate Surveyor, assisted with GDV research under supervision of Anindita Maitra.

3.6 Bases of Value

The bases of value referred to herein are defined in the Terms of Engagement at Appendix iii and are sourced as follows:

- Benchmark Land Value is defined at Paragraph 014 of the NPPG.

- Existing Use Value is defined at Paragraph 015 of the NPPG.
- Alternative Use Value is defined at Paragraph 017 of the NPPG.
- Market Value is defined at VPS 4 of 'RICS Valuation – Global Standards'
- Market Rent is defined at VPS 4 of 'RICS Valuation – Global Standards'
- Gross Development Value is defined in the Glossary of the RICS GN **'Valuation of Development Property'** (February 2020).

4.0 Assumptions, and Limitations

4.1 Special Assumptions

As stated in the terms the following special assumptions have been agreed and will be applied:

- That your council's planning policy, or emerging policy, for affordable housing is up to date.
- There are no abnormal development costs in addition to those which the applicant has identified, and (for cases with no sq. review) the applicant's abnormal costs, where supported, are to be relied upon to determine the viability of the scheme, unless otherwise stated in our report.
- That the development as proposed is complete on the date of assessment in the market conditions prevailing on the date.

4.2 General Assumptions

The site has been externally inspected. The below assumptions are subject to the statement regarding the limitations on the extent of our investigations, survey restrictions and assumptions, as expressed in the terms of engagement.

- a) Tenure - A report on Title has not been provided. The review assessment assumes that the site is held Freehold.

- b) Easements / Title restrictions - A report on Title has not been provided. The advice is provided on the basis the title is available on an unencumbered freehold or long leasehold basis with the benefit of vacant possession. It is assumed the title is unencumbered and will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs.
- c) Access / highways - It is assumed the site is readily accessible by public highway and will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs.
- d) Mains Services - It is assumed the site is or can be connected to all mains services will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs.
- e) Mineral Stability - This assessment has been made in accordance with the terms of the agreement in which you have instructed the Agency to assume that the property is not affected by any mining subsidence, and that the site is stable and would not occasion any extraordinary costs with regard to Mining Subsidence. I refer you to the DVS Terms of Engagement at Appendix iii for additional commentary around ground stability assumptions.
- f) Flood Risk – The Environment Agency flood map shows that the site is in Flood Zone 1. This means that the site has a low probability of flooding from rivers and the sea.
- g) Asbestos - It is assumed any asbestos where identified present will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs.

5.0 Proposed Development

5.1 Location / Situation

The site is located in The London Borough of Ealing, in West Ealing. The property is located a 0.4 mile walk away from West Ealing Station which benefits from the National Rail service as well as the Elizabeth Line. It is located on a busy high street with high footfall and benefits from having plenty of amenities around it. There are also many other new build

developments in the area such as Freedom House, Margil house and Red Ell House.

5.2 Description

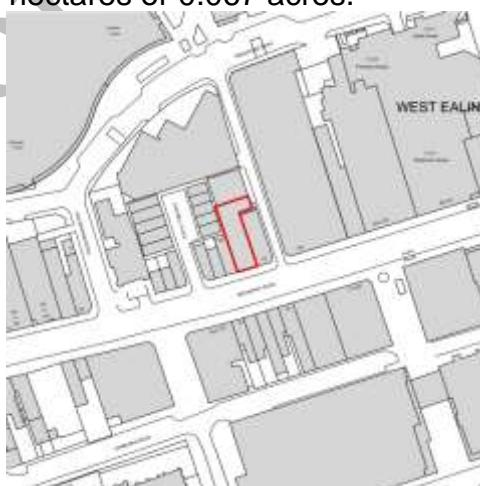
The subject site currently comprises a 2-storey brick building with a pitched tiled roof. The existing accommodation comprises vacant Class E space on the ground floor and office space with kitchen and toilets on the first floor. The ground floor has a concrete facade with a glass display window. The first-floor element above uses a stretcher bond brick construction with a cavity wall and a pitched tile roof. The building was observed to be vacant with advertising boards at the time of external inspection. I understand from planning records that the site was vacated in December 2020. No details of the internal condition of the property are available.

A breakdown of the existing accommodation is provided as below.

Floor	GIA (sq m)	GIA (sq ft)
Ground floor	235 sqm	2,530 sq ft
First floor	176 sqm	1,894 sq ft
Total	411 sqm	4,425 sq ft

5.3 Site Plan and Area

The site area is 0.03 hectares or 0.067 acres.



Source: Ealing planning website

5.4 Schedule of Accommodation/ Scheme Floor Areas

Proposed scheme

The existing properties on site will be demolished and would be replaced with a seven-storey plus building consisting of ground floor commercial space and flats above. Bicycle and refuse storage areas will also be provided. The scheme is to provide 13 flats on top of a ground floor retail unit.

Flat nos.	Beds	GIA (sqm)	GIA (sq ft)
1.01	2	77	829
1.02	2	61	657
2.01	2	77	829
2.02	2	61	657
3.01	Studio	37	398
3.02	2	61	657
3.03	Studio	37	398
4.01	Studio	37	398
4.02	Studio	37	398
5.01	Studio	37	398
5.02	Studio	37	398
6.01	2	61	657
7.01	2	61	657
Class E		115	1,238
Total		796	8568

Total GIA of the scheme included in the agent's appraisal including Cycle storage, refuse storage and circulation space is 1,178 sqm.

Measurements stated are in accordance with the RICS Professional Statement '**RICS Property Measurement' (2nd Edition)** and, where relevant, **the RICS Code of Measuring Practice (6th Edition)**.

Any commercial and residential property present has been reported upon using a measurement standard other than IPMS, and specifically Net Internal Area / Gross Internal Area/ Net Sales Area has been used. Such a measurement is an agreed departure from 'RICS Property Measurement (2nd Edition)'.

This measurement standard is how the applicant has presented their data, is common and accepted practice in the construction/ residential industry,

and it has been both necessary and expedient to analyse the comparable data on a like with like basis.

5.5 Planning

Policy 1.2(a) of the Ealing Development Strategy 2026 states that “at least 50% of the housing developed in the borough up to 2026 will be affordable housing, as defined in the London Plan, to achieve mixed communities with a range of housing types across the borough and to meet need”.

The Council will require the provision of Affordable Housing on all sites of 10 or more dwellings with a tenure split of 60% provision of social/affordable rented accommodation and 40% intermediate provision. In this instance, the proposed lack of Affordable Housing provision does not meet Ealing Council’s planning policy requirements.

5.6 Policy Requirements for the Scheme

Mayoral Community Infrastructure Levy (MCIL2) is chargeable within Ealing Council and is chargeable at this scheme.

My review assessment includes the following Local plan policy requirements as advised by the Council:

- CIL- £45,360

Planning policy requirements should be factual and agreed between the LPA and the applicant. If the review assessment adopts an incorrect figure and/ or a (significantly) different figure is later agreed the viability conclusion should be referred back to DVS.

5.7 Planning Status

I have made enquiries of the Planning Authority as to the planning status and history which has revealed that there have been previous planning applications on the site.

Previous applications include:

Planning Reference	Address	Proposals	Status
215125FUL	114 Broadway West Ealing London W13 0SY	Construction of a part 4, 7, and 8 storey building comprising a flexible Class E use on the ground floor; 9 self-contained residential flats (Use Class C3) on the upper floors; and associated refuse storage and cycle parking (following demolition of existing building)	Granted

6.0 **Summary of Applicant's Viability Assessment**

6.1 Report Reference

DVS refer to the Financial Viability Assessment Report prepared by James. R. Brown and Co. Ltd. ('the agent') dated September 2022 and the appraisal(s) therein.

6.2 Summary of Applicant's Appraisal

In summary, the agent's appraisal has been produced using a bespoke development appraisal spreadsheet and follows established residual methodology. This is where the Gross Development Value less the Total Development Costs Less fixed land cost, equals Profit, and the Profit is then compared to the target profit levels as defined in the Planning Practice Guidance, to establish viability.

The applicant outlines in their report the following:

- the proposed scheme with 13 Private units and S106 contributions of £65,000 produces a residual land value of £229,640;
- the Benchmark Land Value based on an EUV+ approach is £1,310,000;
- the residual land value of the proposed 13-unit scheme is lower than the Benchmark Land Value and produces a deficit of -£1,080,360.

The agent has not discussed whether they think the scheme is still deliverable at these levels.

7.0 Development Period/ Programme

7.1 The development period adopted by the agent has been outlined as below.

- Purchase- 1 month
- Pre-construction- 2 months
- Construction- 16 months
- Sale- 8 months

7.2 I have adopted the following development period:

- Pre-construction- 3 months
- Construction- 16 months
- Sale- 6 months

7.3 I have assumed 40% of the flats will be sold 'off-plan', being modelled at Practical Completion, with the remainder selling over the following period.

8.0 Gross Development Value (GDV)

8.1 Applicants GDV (Proposed scheme)

An overall GDV of £6,299,505 is included in the agent's policy compliant appraisal, which is made up of the total values of the flats and the commercial units as follows:

No.	Unit Type	GDV
13	Private Flats	£5,721,000
1	Commercial	£578,505
	Total	£6,299,505

The agent has adopted private sales values for the studio and 2-bed flats as below:

- Studio apartments - £330,000-£334,000 (£829 per sq ft - £839 per sq ft)
- Two-bed apartments- £501,000-£595,000 (£718 per sq ft - £763 per sq ft)

Flat	Beds	GIA (sq ft)	Market Value	£ per sq ft
1.01	2	829	£591,000	£713
1.02	2	657	£501,000	£763
2.01	2	829	£595,000	£718
2.02	2	657	£504,000	£768

Flat	Beds	GIA (sq ft)	Market Value	£ per sq ft
3.01	Studio	398	£331,000	£831
3.02	2	657	£509,000	£775
3.03	Studio	398	£330,000	£829
4.01	Studio	398	£332,000	£834
4.02	Studio	398	£332,000	£834
5.01	Studio	398	£334,000	£839
5.02	Studio	398	£334,000	£839
6.01	2	657	£514,000	£783
7.01	2	657	£514,000	£783
Total		7331	£5,721,000	

The agent has stated that they have used the same comparables as in the existing scheme with the addition of another new build comparable In Hanwell square.

I have reviewed the GDV proposed with regards to RICS Guidance Notes **'Assessing viability in planning under the National Planning Policy Framework 2019 for England'** and **'Comparable Evidence in Real Estate'**.

8.2 Market Value of Private Dwellings

Comparable evidence to support the values has been provided by way of three sales and asking prices at four new build developments:

Address	Date	Type	GIA (sq ft)	Sale price(£)	£ per sq ft
Singapore Road, W13 0SN	Sep-21	2 bed	1,023	£660,000	£645
	Oct-21	1 bed	538	£445,000	£826
	Jan-21	1 bed	538	£435,600	£809
Margil House	Asking	2 bed	878	£525,000	£598
	Asking	2 bed	820	£450,000	£549
Tydemman House	Asking	2 bed	1,053	£650,000	£617
Sonic House	Asking	2 bed	832	£425,000	£511

The VOA database contains details of sales of residential properties including accommodation details, age of property number of bedrooms, reception rooms, age, floor areas and so forth as well as transactional information such as new build sales, part exchange shared ownership or connected party sales etc. We also have access to Energy Performance Certificates which enables analysis. We have also considered sales information about current and forthcoming schemes. All of this enables the valuer to confirm or dispute the applicant's evidence.

I have undertaken my own assessment and sought to rely on sales evidence and asking prices for new-build schemes in the locality of the subject.

127 West Ealing, W13

127 West Ealing is a development by Telereal Trillium providing one, two, three and four-bedroom apartments with a high-level specification. The level of amenities offered is superior. This comparable is situated a short walk from West Ealing station and 2.4 miles from the subject scheme. I have reviewed the most recent achieved sales at the scheme for Broxburn House and Dundee House:

Address	Beds	GIA (sq ft)	Transaction Date	Price	Floor Level	£/sq ft
Broxburn House	1	549	Jun 22	£477,500	2	£870
Broxburn House	1	603	Jun 22	£515,000	5	£854
Broxburn House	1	549	May 22	£500,000	7	£911
Broxburn House	1	549	Jun 22	£512,500	12	£934
Broxburn House	1	549	May 22	£527,500	12	£961
Broxburn House	2	797	May 22	£600,000	2	£753
Broxburn House	2	861	Apr 22	£600,000	3	£697
Broxburn House	2	936	Apr 22	£630,000	7	£673
Broxburn House	2	797	Jul 22	£643,000	10	£807
Broxburn House	2	818	Jun 22	£735,000	12	£898
Broxburn House	2	797	Oct 22	£678,000	12	£851
Broxburn House	3	1,173	Jun 22	£780,000	G	£664
Broxburn House	3	1,173	Jun 22	£800,000	G	£682
Broxburn House	3	1,302	May 22	£825,000	G	£633
Broxburn House	3	1,065	Mar 22	£848,000	11	£796
Broxburn House	3	1,065	Jan 22	£847,000	10	£795

Broxburn House is located on Bathgate Place via Gordon Road and is 12 storeys. The 1 bed units are mostly larger in size to the studio units of the subject scheme. Discarding the larger 603 sqft unit and the top floor units, the sale prices range from £477,500 to £500,000. The average 1 bed price is £488,750 analysing to £890 per sq ft. A downward adjustment is required to account for the larger size, superior location and amenities. I therefore consider the proposed values for studio units at the subject scheme would be lower.

I have then considered the 2 bed units of the subject scheme. Discarding the larger 936 sq ft unit and the top floor units, the sale prices range from £600,000 to £643,000. The average 2 bed price is £614,333 analysing to £751 per sq ft. A downwards adjustment is required to account for the superior location and amenities. An upward adjustment is required for

quantum. I therefore consider the proposed 2-bed unit value at the subject scheme would be similar or lower.

Address	Beds	GIA (sq m)	Transaction Date	Price	Floor Level	£/sq m
Dundee House	1	549	Jun 22	£453,625	4	£826
Dundee House	2	742	Jun 22	£549,900	2	£740
Dundee House	2	807	Apr 22	£600,000	2	£743
Dundee House	3	990	Nov 22	£739,900	5	£747
Dundee House	3	990	Nov 22	£752,000	4	£759
Dundee House	3	990	Jan 22	£805,000	7	£813

I have also reviewed asking prices at 127 West Ealing, W13 and new properties at this development are available from 9th November 2022.

Address	Beds	GIA (sq m)	Transaction Date	Price	£/sq m
127 West Ealing	1	549	For Sale	£455,000	£829
127 West Ealing	2	796	For Sale	£645,000	£743

Note- Evidence has been redacted to comply with disclosure requirements.

The 1 bed units are larger than the studio units for the subject scheme however the 2 bed units are a similar size. I therefore consider the proposed studio and 2 bed unit values at the subject scheme would be lower. The two bed units range from £549,900 to £645,000 and average £598,300, analysing to an average of £766 per sq ft. The one bed units range from £453,625 to £455,000 averaging £454,312 analysing to £827 per sq ft. A downward adjustment is required to account for the superior location and amenities.

Sterling House, 162 Uxbridge Road, W13

A smaller scheme of 19 units comprising of 9 converted residential units above retail and located 0.3m east of the subject site. Given this is a smaller scheme, located in a superior setting and is a conversion and not a new build development, I would expect the subject site to achieve a lower value. Asking prices are as follows:

Address	Beds	GIA (sq ft)	Transaction Date	Price	£/sq ft
Sterling House	Studio	421	Sold STC	£375,000	£903
Sterling House	1	598	For Sale	£430,000	£719
Sterling House	2	731	For Sale	£575,000	£787
Sterling House	2	722	For Sale	£610,000	£845

Valuation summary

Based on the above evidence, I consider the proposed values adopted by the agent to be low. I have adopted the following values for the existing and proposed scheme.

Proposed scheme

Flat	Beds	GIA (sq ft)	Market Value	£ per sq ft
1.01	2	829	£600,000	£725
1.02	2	657	£505,000	£765
2.01	2	829	£600,000	£730
2.02	2	657	£505,000	£770
3.01	Studio	398	£340,000	£850
3.02	2	657	£510,000	£775
3.03	Studio	398	£340,000	£850
4.01	Studio	398	£340,000	£855
4.02	Studio	398	£340,000	£855
5.01	Studio	398	£342,000	£860
5.02	Studio	398	£342,000	£860
6.01	2	657	£515,000	£785
7.01	2	657	£515,000	£785
Total		564	£5,794,000	£805

My total GDV for the residential element of the proposed scheme is £5,794,000 which is higher than the agent.

8.4 Market Value of Ground Rents

The applicant has not allowed for Ground Rent Investment Value in their viability assessment.

The Leasehold Reform (Ground Rent) Act 2022, which recently received Royal Assent, will mean dwellings in this development are likely to be sold freehold (or as part of a commonhold) title, or long leasehold and not subject to any ground rent above a peppercorn. This effectively restricts the ground rent of the lease to zero financial value. The legislation also bans freeholders from charging administration fees for collecting a peppercorn rent. Consequently, DVS have not allowed for Ground Rent Investment Value in the viability assessment review.

Market value of commercial unit

A market value of £618,692 has been included by the agent for the ground floor commercial unit in the scheme. The agent has provided 3 comparables in the EUV section to and is of the opinion that the commercial

unit will achieve a rental value of £35 per sq ft. A yield of 7% has also been provided and a rent-free period of 12 months has been used.

There is very limited comparable evidence. I have placed most weight on 5 Broadway as it is most similar in size, date, and location. In terms of yields, the evidence would suggest that 7% is high for a new-build unit. I have therefore adopted a yield of 6% according to the evidence listed below:

Address	Date	Yield
140-152 Uxbridge Rd	December 2022	6.50%
4 The Green	May 2022	4.80%
West Gate - West Gate	November 2021	5.04%

I have also referred to the Knight Frank yield guide which suggested a general yield for prime locations of around 6.25%-6.75%. Uxbridge Road. The Broadway is a desirable location which runs all the way through to Shepherd's Bush and the other way to Hillingdon. It has transport links into London and is close to West Ealing station. I have therefore a yield of 6% has been adopted.

I have undertaken an investment method of valuation, adopting a market rent of £35 per sq ft. capitalised at a gross yield of 6% assuming a rent-free period of 6 months as opposed to the 12 months adopted by the agent. This achieves a higher market value of £701,430.

8.5 Total GDV

My total GDV for the proposed scheme is £6,495,430 which is higher than the applicant's figure as summarised below.

Type	Agent	DVS
Residential	£5,721,000	£5,794,000
Commercial	£618,692	£701,430
Total GDV	£6,339,692	£6,495,430

The impact on viability of higher and lower values of up to 5% are reflected upon as part of the sensitivity tests.

9.0 Total Development Costs

9.1 Construction Costs

A cost plan completed by SK (London) Construction Ltd has been provided which estimates construction costs of £3,985,186.50, inclusive of

demolition, external works, preliminaries, overheads and profit and contingency, based on an area of 1,177.89 sqm (12,679 sq ft).

I have sought to compare this cost estimate with Building Cost Information Service (BCIS) rates for housing with shops, offices, workshops. In order to do this, I have stripped out costs that would not be included in the BCIS rates, namely demolition, external works and contingency. This figure can then be compared with BCIS, as outlined below:

Cost Element	SK Cost Amount	Adjusted for BCIS Comparison
Demolition and enablement	£65,300	included elsewhere
Construction costs	£3,133,377	£3,133,377
External Works	Not included	included elsewhere
Preliminaries + OHP	£734,994	£580,794
Total	£3,933,671	£3,714,171
£/sq ft	£310.25	£292.94
£/sq m	£3339.59	£3153.26

The cost of £3,153.26 per sqm/£292 per sq ft GIA that is comparable with BCIS sits significantly above the median cost and closer to the default upper quartile cost for flats with shops etc. (outlined below), and I consider this is significantly high for a scheme of this size.

Sample	Lower quartile	Median	Upper quartile
Five-year	£2,411	£2,725	£2,919
Default	£2,253	£2,617	£3,184

I have therefore adopted BCIS median build costs as at April 2023 at £2,617 per sqm/£243.12 per sq ft. This equates to a total build cost of £3,082,518 including prelims.

I have considered a 10% allowance for external works in addition to this.

Ealing Council has instructed DVS to review the costs on a high-level basis, provide commentary about any concerns, and to comment on the reasonableness of the figure with regard to BCIS and other VOA held information.

Whilst I feel that I have sufficient evidence on construction rates to form a reasoned opinion on total construction costs for the purpose of this initial

review, it cannot be ignored that I am a chartered valuation surveyor, not a quantity surveyor, and so I emphasize the importance of getting this cost plan separately checked by an independent QS, as these costs significantly contribute towards the viability conclusion.

Please note that, notwithstanding the initial opinion, in the event of an appeal or protracted negotiations, a separate expert in costs will be required.

On this basis, I have included £2,617 per sqm/£243.12 per sq ft as the base build costs within my appraisal. The allowances for demolition and external works have been included separately within my appraisal.

DVS reserves right to review these costs in the event of an appeal or if further information becomes available. If viability is contested and abnormal costs are a significant contributing factor the matter could be looked at a later stage by an independent Quantity Surveyor or advisor to the Council.
This will be essential in the event of an appeal.

9.2 Abnormal Costs

The abnormals outlined in the cost estimate analysis include demolition and site enablement at £65,300. I have provisionally included these costs within my appraisal.

9.3 Other Costs

Additional cost inputs are outlined below:

Cost	Agent	Comments
Professional Fees	10%	This percentage is too high for a scheme of this size. Adopted 8% of construction costs based on schemes of a similar size in Ealing.
Contingency	Included in cost plan	Adopted 5% of construction costs with similar assessments in Ealing.
MCIL	£65,000	I have been advised to provisionally adopt £45,360 by Ealing Council. I have modelled it being payable at the start of construction.
Marketing fees	1% on GDV	Accepted as reasonable. Adopted 1% on GDV
Sales Agency Fees	1.25%	Adopted 1.5% on GDV.

Cost	Agent	Comments
Legal fees – residential	£15,000	Adopted £1000 per unit.
Letting fees- Retail	Not included	Adopted 10% of market rent.
Letting legal fees- Retail	Not included	Adopted 5% of market rent.
Sales Agency Fees- retail	Not included	Adopted 1% of retail GDV.
Sales legal fees – retail		Adopted 0.5% of retail GDV.
Land acquisition costs	SDLT (3.75%) plus 1.8% agency and legal fees	This is based on the tiered rate of Stamp Duty Land Tax that is applicable. I have adopted 1.8% for the acquisition costs to account for the agent, legal and VAT that would be applicable.
Finance Costs	7.5% debit, 0.5% credit	I have adopted a 7% debit rate and 0.5% credit rate in my appraisal.

10.0 Developer's Profit

The agent has included a blended profit of 18.25% on GDV or 22.5% on cost for the residential and commercial element.

I am aware that more recently within the borough of Ealing, a profit level of 17.5% on GDV for Private Housing and 15% on GDV for Class E space has been assumed in viability studies and I therefore consider this is reasonable here too. This equates to a sum of £1,119,859 for an all-private scheme or 20.98% of Development costs.

To accord with the RICS Guidance Note 'Assessing viability in planning under the NPPF 2019 for England', I can report that the overall profit level for all private scheme equates to 21% of Total Development Costs, 17.26% on GDV and an Internal Rate of Return of 26.75%.

11.0 **Benchmark Land Value (BLV)**

11.1 Applicant's Benchmark Land Value

The applicant's surveyor has adopted a Benchmark Land Value of £1,310,000 based on an EUV+ approach where the Existing Use Value is £1,050,000 plus a premium of £262,500 (25%).

In forming my opinion of BLV I have followed the five-step process, which is detailed in RICS GN '**Assessing viability in planning under the National Planning Policy Framework 2019 for England**' (effective 1 July 2021).

11.2 Existing Use Value (EUV)

Step one is to undertake a valuation to determine EUV.

The subject site currently comprises a 2-storey brick building with a pitched tiled roof. The existing accommodation includes vacant Class E space on the ground floor and office space with kitchen and toilets on the first floor. The ground floor has a concrete facade with a glass display window. The first-floor element above uses a stretcher bond brick construction with a cavity wall and a pitched tile roof. The building was observed to be vacant with advertising boards at the time of external inspection. I understand from planning records that the site was vacated in December 2020. No details of the internal condition of the property are available. A breakdown of the existing accommodation is provided as below.

Floor	GIA (sq m)	GIA (sq ft)
Ground floor	235 sqm	2,530 sq ft
First floor	176 sqm	1,894 sq ft
Total	411 sqm	4,425 sq ft

The agent states that the property is in good lettable condition. They have referred to letting and sales evidence and are of the opinion that the property would achieve a rental value of £18 per sq ft. capitalised at a 7% yield less purchaser's costs. This equates to an Existing Use Value of £1,050,000.

The unit was observed to be vacant and boarded up at the time of inspection. Planning records confirm that the property has been lying vacant since December 2020. No details of internal condition have been provided. I have had regard to letting and sales evidence for similar properties in the

site locality. Rents vary between £18 per sq ft to £38 per sq ft. Yields vary between 4.8% to 6.5%.

I have therefore considered the lower end of the range of evidence and adopted £18 per sq ft as market rent and a higher 10% yield to reflect the risk of letting the unit in its current condition as it has been lying vacant since 2020.

Adopted Rent Per Sq Ft (4,425 sq ft/411 sq m)	£18 per sqft
Market Rent	£79,650
Market Rent total (£ per annum)	£79,650
Net Yield	10.00%
Gross Valuation (based on 10% yield)	£796,500
SDLT	£29,325
Less Purchaser's costs-1.5%	£11,948
Net Valuation	£755,228
Landowner's premium -10%	£75,523
Benchmark Land Value	£830,750
Say	£831,000

My assessment of the Benchmark Land Value based on an EUV+ approach is £831,000.

11.2 Alternative Use Value (EUV)

The Planning Practice Guidance states that an Alternative Use Valuation (AUV) can be used if that alternative use complies with local plan policies but an AUV valuation is deemed to be inclusive of any landowner's premium.

The subject site benefits from an extant planning permission (215125FUL). Details of this consent are outlined as below.

Construction of a part 4, 7, and 8 storey building comprising a flexible Class E use on the ground floor; 9 self-contained residential flats (Use Class C3) on the upper floors; and associated refuse storage and cycle parking (following demolition of existing building)

An Alternative Use Value approach is therefore applicable in this case.

I have approached the AUV land value by carrying out a residual valuation of the consented scheme and reflected upon whether the residual sum represents a return that would incentivise the landowner.

The existing properties on site will be demolished and would be replaced with a seven-storey building consisting of ground floor Class E space and flats above. Bicycle and refuse storage areas will also be provided. The scheme is to provide 9 flats on top of a ground floor Class E unit.

Flat no.	Beds	GIA (sqm)	GIA (sq ft)
1.01	2	79	850
1.02	2	65	700
2.01	2	79	850
2.02	2	65	700
3.01	2	79	850
3.02	2	65	700
4.01	2	79	850
5.01	2	79	850
6.01	3	120	1,292
Class E		123	1,324
Total		833	8,966

Total GIA of the scheme included in the agent's appraisal including cycle storage, refuse storage and circulation space is 1,324 sqm.

An overall GDV of £5,868,692 is included in the agent's appraisal, which is made up of the total values of the flats and the commercial units as follows:

No.	Unit Type	GDV
9	Private Flats	£5,250,000
1	Class E	£618,692
	Total	£5,868,692

The agent has adopted private sales values for the 2 and 3-bed flats as below:

- Two-bed apartments- £501,000-£602,000 (£704 per sq ft - £716 per sq ft)
- Three-bed apartments- £747,000 (£578 per sq ft)

I have provided a breakdown of the values per unit adopted by the agent below.

Flat	Beds	GIA (sq ft)	Market Value	£ per sq ft
1.01	2	850	£591,000	£695
1.02	2	700	£501,000	£716
2.01	2	850	£595,000	£700
2.02	2	700	£504,000	£720
3.01	2	850	£599,000	£704
3.02	2	700	£509,000	£729
4.01	2	850	£602,000	£708
5.01	2	850	£602,000	£708
6.01	3	1292	£747,000	£578
Total		7642	£5,250,000	

The agent has provided comparable evidence from developments on Singapore Road and 104 – 110 Broadway in order to assess the Gross Development Value. Both developments are in very close proximity to the subject property and are new build schemes as well.

I have had regard to evidence outlined in Section 8.2 and consider the values adopted by the agent to be low. I have provided a breakdown of GDV as below.

Approved Scheme

Flat	Beds	GIA (sq ft)	Value	£ per sq ft
1.01	2	850	£616,250	£725
1.02	2	700	£507,500	£725
2.01	2	850	£620,500	£730
2.02	2	700	£511,000	£730
3.01	2	850	£624,750	£735
3.02	2	700	£514,500	£735
4.01	2	850	£629,000	£740
5.01	2	850	£633,250	£745
6.01	3	1292	£885,020	£685
Totals		849	£5,541,770	£728

My total GDV for the approved scheme is £6,291,926 which is higher than the applicant as summarised below:

Type	Agent	DVS
Residential	£5,250,000	£5,541,770
Commercial	£618,692	£750,156
Total GDV	£5,868,692	£6,291,926

Other inputs(approved scheme)

I have undertaken an appraisal for the approved scheme in order to assess the Benchmark Land Value and summarised my appraisal inputs within the table below.

Input	Agent	DVS	Remarks
Construction costs-residential	£3,774,985 £305 per sq ft	£3,009,096 £243.12 per sq ft	DVS build costs based on BCIS median costs as at April 2023.
External works	10% of build costs	10% of build costs	
Contingency	5% of build costs	5% of build costs	Accepted as reasonable.
Professional Fees	10% of build costs	8% of build costs	Professional fee allowance high. Adopted 8%.
CIL/S106 payments	CIL/S106 payment- £40,000	CIL/S106 payment- £40,000	Provisionally adopted.
Sales/Marketing Fees	2.25% of Gross Development Value	2.5% of Gross Development Value	
Sales Legal Fees	£12,000	£1000/unit	
Finance	7.5% debit,0.5% credit	7% debit,0.5% credit	
Developer's Profit	18.24% on GDV, 22.5% on cost	17.5% of GDV-residential 15% of GDV-commercial	
Project Programme	Pre-construction: 3 months Construction: 16 months Sales: 8 months	Pre-construction: 3 months Construction: 16 months Sales: 6 months	

This equates to an Alternative Use Value of £848,174 say £849,000.

As part of any future negotiation or appeal process, and in the event further or better cost or sales evidence, or new information including in relation to tax relief, additional cost, income or a change in the scheme or a change in the assessment date the DVS valuer reserves the right to revisit this provisional opinion of GDV and GDC.

11.3 Premium

A 15% premium is included in the assessment where EUV has been calculated, amounting to £75,523 and I have included this within my assessment.

11.4 Residual Land Value

My assessment of all private scheme produces a residual land value of £899,263 based on a target profit of 17.5% on GDV for the private element, and 15% on GDV for the retail element.

The agent's assessment of all private 13-unit scheme produces a residual land value of £229,640.

11.5 Adjusted Land Transaction Evidence

The agent has not provided any land evidence for me to review.

11.6 Purchase Price

The NPPG on viability encourages the reporting of the purchase price to improve transparency and accountability, however it discourages the use of a purchase price as a barrier to viability, stating "*the price paid for land is not a relevant justification for failing to accord with relevant policies in the plan. And under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.*"

The agent has not confirmed the purchase price of the site. I have had regard to internal records and no details of the purchase price are available.

11.7 Benchmark Land Value Conclusion

It is my balanced and professional opinion having considered all of the above approaches and giving greatest weight to the AUV methodology that the Benchmark Land Value is fairly represented at £849,000, as outlined below:

AUV	£849,000
Landowner's premium	Nil
Benchmark Land Value	£849,000

12.0 DVS Viability Assessment

12.1 DVS Viability Appraisal 1 – 13 units and Class E

My viability review assessment has been produced using Argus Developer software.

Appraisal 1 can be found at Appendix (i) reflects the 13-unit scheme and CIL/S106 contributions of £45,360 and fixes developer's profit at 17.5% GDV for Private housing and 15% on GDV for the Class E element.

Based on the inputs I have outlined above the residual output is presented as the amount available for land which is then compared to the provisional opinion of the BLV to determine the viability of the scheme.

As detailed in this report, the majority of inputs are considered reasonable with the exception of the costs mentioned in Section 9.4. The cumulative effect of my changes is that my viability appraisal generates a residual land value of £899,263 which is higher than the BLV of £849,000.

I therefore consider the proposed 13-unit scheme is able to support a financial contribution of £50,263 towards Affordable Housing and is marginally viable.

13.0 Sensitivity Analysis

13.1 Further to mandatory requirements within the RICS Professional Statement **'Financial viability in planning: conduct and reporting'**, sensitivity tests are included to support the robustness of the viability conclusion described above.

13.2 I have varied two of the most sensitive appraisal inputs relating to sales revenue, and base construction costs. In order to show the changes required to support the viability of the proposed scheme I have adjusted these in upward and downward steps of 2.5% from the base appraisal assumption.

13.3 The output is the residual land value which can be compared to the BLV of £849,000.

13.4 Sensitivity Test 1– Change in Construction costs or values- Policy compliant scheme

Construction: Rate /ft²					
Sales: Rate /ft²	-5.000%	-2.500%	0.000%	2.500%	5.000%
-5.000%	£871,545	£788,191	£704,836	£621,482	£538,127
-2.500%	£968,759	£885,404	£802,050	£718,695	£635,341
0.000%	£1,065,972	£982,618	£899,263	£815,909	£732,554
2.500%	£1,163,186	£1,079,831	£996,477	£913,122	£829,768
5.000%	£1,260,399	£1,177,045	£1,093,691	£1,010,336	£926,982

The base conclusion is shown in bold at the centre of the results table (white cell). The green cells indicate the combination of factors that would give way to a viable scheme, and the red cells what would give way to an unviable scheme. Orange cells are within 10% of my Benchmark Land Value and considered marginal.

13.5 As can be seen from the Appraisal 1 sensitivity matrix, 17 of 25 iterations give way to a marginal or viable scheme. I note that if revenue decreased by 2.5% and construction costs were to decrease by 5%, the proposed scheme would be viable.

13.6 If your council requires any additional or specific testing for future reports please let me know.

14.0 Recommendations

Summary of key issues and recommendations.

14.1 Viability Conclusion

Following the above testing work it is my considered conclusion that the proposed scheme is viable and can support the provision of a financial contribution of £50,263 towards off-site Affordable Housing.

14.2 Viability Review

Given that the scheme does not meet the full policy compliant levels of Affordable Housing, I would recommend that a review mechanism is agreed, in line with the Mayor of London's guidance. This should be in the form of an Early Stage Viability Review and a Late Stage Review, but particularly a Late Stage Review where the sales values should be largely known:

“Viability Tested schemes should be subject to late reviews which will be applied once 75 per cent of homes are sold, or at a point agreed by the LPA. The benefit of this approach is that the review can be based on values achieved and costs incurred. The review takes place prior to sale of the whole development to ensure that the review and any additional contribution arising from this are enforceable. The outcome of this review will typically be a financial contribution towards off-site affordable housing provision.” (para 3.61, Affordable Housing and Viability Supplementary Planning Guidance 2017).

I would highlight that the construction costs and GDV of the proposed scheme could have a significant impact on the overall viability of the scheme and therefore this is why I consider a viability review is particularly important in this case.

15.0 Engagement

- 15.1 The DVS valuer has not conducted any discussions or negotiations with the applicant or any of their other advisors.
- 15.2 Should the applicant disagree with the conclusions of our initial assessment; we would recommend that they provide further information to justify their position. Upon receipt of further information and with your further instruction, DVS would be willing to review the new information and reassess the schemes viability.
- 15.3 If any of the assumptions stated herein this report and/or in the attached appraisal are factually incorrect the matter should be referred back to DVS as a re-appraisal may be necessary.
- 15.4 Following any new information and discussions a Stage Two report may then be produced, however if the conclusion is unchanged, a redacted version of this report including reference to the discussions will be provided.

16.0 Disclosure / Publication

- 16.1 **This initial review report is not for publication.**
- 16.2 The report has been produced for Ealing Council only. DVS permit that this report may be shared with the applicant and their advisors, as named third parties only.

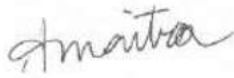
- 16.3 The report should only be used for the stated purpose and for the sole use of your organisation and your professional advisers and solely for the purposes of the instruction to which it relates. Our report may not, without our specific written consent, be used or relied upon by any third party, permitted or otherwise, even if that third party pays all or part of our fees, directly or indirectly, or is permitted to see a copy of our report. No responsibility whatsoever is accepted to any third party (named or otherwise) who may seek to rely on the content of the report.
- 16.4 Planning Practice Guidance for viability promotes increased transparency and accountability, and for the publication of viability reports. However, it has been agreed that your authority, the applicant and their advisors will neither publish nor reproduce the whole or any part of this initial assessment report, nor make reference to it, in any way in any publication. It is intended that a final report will later be prepared, detailing the agreed viability position or alternatively where the initial review report is accepted, a redacted version will be produced, void of personal and confidential data, and made available for public consumption.
- 16.5 As stated in the terms, none of the VOA employees individually has a contract with you or owes you a duty of care or personal responsibility. It is agreed that you will not bring any claim against any such individuals personally in connection with our services.
- 16.6 This report is considered Exempt Information within the terms of paragraph 9 of Schedule 12A to the Local Government Act 1972 (section 1 and Part 1 of Schedule 1 to the Local Government (Access to Information Act 1985) as amended by the Local Government (access to Information) (Variation) Order 2006 and your council is expected to treat it accordingly.

The DVS valuer assume that all parties will restrict this report's circulation as appropriate, given the confidential and personal data provided herein.

If the parties do not wish to discuss or contest this report, a redacted version suitable for publication can be issued following your formal request.

I trust that the above report is satisfactory for your purposes, however, should you require clarification of any point do not hesitate to contact me further.

Yours sincerely,



Anindita Maitra MRICS
RICS Registered Valuer
Principal Surveyor
DVS

Reviewed by:
Gareth Palmer MRICS
Principal Surveyor
RICS Registered Valuer
DVS

Not for Publication

Appendices

- (i) DVS Appraisal- 13 units
- (ii) DVS Appraisal- 9 units -AUV
- (iii) Redacted Terms of Engagement

Not for Publication

(i) DVS Appraisal- 13 units

APPRAISAL SUMMARY **VALUATION OFFICE AGENCY**

114 The Broadway
13 units

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Residential- Private	13	7,330	790.45	445,692	5,794,000

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Class E	1	1,238	35.00	43,330	43,330	43,330
Totals	1	1,238			43,330	43,330

Investment Valuation

Class E					
Market Rent	43,330	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	701,430
					701,430

GROSS DEVELOPMENT VALUE **6,495,430**

Purchaser's Costs	(37,197)
Effective Purchaser's Costs Rate	5.30% (37,197)

NET DEVELOPMENT VALUE **6,458,233**

NET REALISATION **6,458,233**

OUTLAY

ACQUISITION COSTS

Residualised Price	899,263
Stamp Duty	899,263
Agent Fee	34,463
Legal Fee	1.00% 8,993
	0.80% 7,194
	50,650

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Class E	1,238	243.12	300,983
Residential- Private	11,441	243.12	2,781,536
Totals	12,679		3,082,518

Contingency	5.00%	154,126
Demolition		65,300
CIL		45,360
		264,786

Other Construction

External works	10.00%	278,154
External works	10.00%	30,098
		308,252

PROFESSIONAL FEES

Professional fees	8.00%	249,009
		249,009

MARKETING & LETTING

Marketing (residential)	1.00%	57,940
Marketing	1.00%	6,642
Letting Agent Fee	10.00%	4,333
Letting Legal Fee	5.00%	2,167
		71,082

DISPOSAL FEES

Sales Agent Fee (residential)	1.50%	86,910
Sales Agent Fee (commercial)	1.00%	6,642
Sales Legal Fee	13 un 1,000.00 /un	13,000
Sales Legal Fee (commercial)	0.50%	3,321

APPRAISAL SUMMARY

VALUATION OFFICE AGENCY

114 The Broadway
13 units

109,873

FINANCE

Debit Rate 7.000%, Credit Rate 0.500% (Nominal)
Total Finance Cost

302,940

TOTAL COSTS

5,338,374

PROFIT

1,119,859

Performance Measures

Profit on Cost%	20.98%
Profit on GDV%	17.24%
Profit on NDV%	17.34%
Development Yield% (on Rent)	0.81%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%

IRR	28.58%
-----	--------

Rent Cover	25 yrs 10 mths
Profit Erosion (finance rate 7.000)	2 yrs 9 mths

Not for Public

(ii) DVS Appraisal – 9 units- AUV

APPRAISAL SUMMARY **VALUATION OFFICE AGENCY**

114 The Broadway
9 units- AUV

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Residential- Private	9	7,642	725.17	615,752	5,541,770

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Class E	1	1,324	35.00	46,340	46,340	46,340
Totals	1	1,324			46,340	46,340

Investment Valuation

Class E					
Market Rent	46,340	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	750,156
					750,156

GROSS DEVELOPMENT VALUE **6,291,926**

Purchaser's Costs	(40,511)
Effective Purchaser's Costs Rate	5.40% (40,511)

NET DEVELOPMENT VALUE **6,251,416**

NET REALISATION **6,251,416**

OUTLAY

ACQUISITION COSTS

Residualised Price	848,174
Stamp Duty	31,909
Agent Fee	1.00% 8,482
Legal Fee	0.80% 6,785
	47,176

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Class E	1,324	243.12	321,891
Residential- Private	<u>11,053</u>	243.12	<u>2,687,205</u>
Totals	12,377		3,009,096

Contingency	5.00%	150,455
Demolition		65,300
CIL		40,000
		255,755

Other Construction

External works	10.00%	268,721
External works	10.00%	32,189
		300,910

PROFESSIONAL FEES

Professional fees	8.00%	243,303
		243,303

MARKETING & LETTING

Marketing (residential)	1.00%	55,418
Marketing	1.00%	7,096
Letting Agent Fee	10.00%	4,634
Letting Legal Fee	5.00%	2,317
		69,465

DISPOSAL FEES

Sales Agent Fee (residential)	1.50%	83,127
Sales Agent Fee (commercial)	1.00%	7,096
Sales Legal Fee	9 un 1,000.00 /un	9,000
Sales Legal Fee (commercial)	0.50%	3,548

APPRAISAL SUMMARY

VALUATION OFFICE AGENCY

114 The Broadway
9 units- AUV

102,771

FINANCE

Debit Rate 7.000%, Credit Rate 0.500% (Nominal)
Total Finance Cost

291,082

TOTAL COSTS

5,167,731

PROFIT

1,083,684

Performance Measures

Profit on Cost%	20.97%
Profit on GDV%	17.22%
Profit on NDV%	17.34%
Development Yield% (on Rent)	0.90%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%

IRR	28.56%
-----	--------

Rent Cover	23 yrs 5 mths
Profit Erosion (finance rate 7.000)	2 yrs 9 mths

(iii) Redacted TOE

Included separately

Not for Publication



Valuation Office
Agency

DVS Property Specialists
for the Public Sector

Valuation Office Agency
Wycliffe House
Green Lane,
Durham,
DH1 3UW

James Maloney,
Ealing Council

By email only: MaloneyJ@ealing.gov.uk

Our Reference : 1816776

Your Reference : 224322FUL

Please ask for: Anindita Maitra
E Mail : anindita.maitra@voa.gov.uk

Date : 15 August 2023

Dear James,

Re: Development Viability Assessment
Address: 114 The Broadway, West Ealing, W13 0SY

I write further to my response to the applicant's comments dated 5 July 2023. This letter should be read in conjunction with my report and my initial response. James R. Brown and Co. Ltd have provided a further response with additional information, dated 19th July 2023. I have considered the points raised in the response and will respond to them in turn below.

Existing Use Value

Condition

The viability report dated September 2022 initially submitted by the agent did not include any up to date external or internal photos of the property or detailed information related to the current occupiers of the property. Following the response provided by DVS, the applicant's advisor has now provided additional evidence in the form of internal photographs of the subject property.

The photos provided by the agent in their latest response suggest that the ground floor is currently used for storage purposes but could be let with minor refurbishment. The agent states that the first floor is occupied by property security guardians and this appears to be in reasonable state of repair. The initial assessment of the Existing Use Value was based on restricted information in the applicant's report.

The latest evidence submitted by the agent has been accepted in good faith,

however, DVS reserves the right to review their assessment of the EUV if further information becomes available.

I do not agree with the agent's comments on their rent assumptions. We have undertaken a number of assessments in Ealing and rent assumptions for new-build and existing retail space are based on a number of different factors including condition.

Yield

The agent states that the DVS yield choice is connected to their incorrect assumptions as to the existing condition of the property. The assumptions made by DVS were based on the limited and restricted information with no supporting evidence provided by the applicant's advisor in their report. They further state that *It might well be the case that some leased property rents are reversionary whereas market rents could be obtained sooner rather than later by letting a vacant unit. Furthermore, the covenant strength of a leased unit might be very poor whereas a decent lessee covenant strength could be targeted via the letting of a vacant unit.* All the assumptions stated above in relation to letting a vacant unit are subject to risk and uncertainty and this needs to be adequately reflected in the yield.

I have referred to the additional evidence in the form of photographs submitted by the applicant's agent in their latest response. Having regard to the existing condition from the photographs, I am willing to consider a yield of 9% for the subject property. I have therefore enclosed my valuation as below.

Adopted Rent Per Sq Ft (4,425 sq ft/411 sq m)	£18 per sqft
Market Rent	£79,650
Market Rent total (£ per annum)	£79,650
Net Yield	9%
Gross Valuation (based on 9% yield)	£885,000
SDLT	£33,750
Less Purchaser's costs-1.5%	£13,275
Net Valuation	£837,975
Landowner's premium -10%	£83,798
Benchmark Land Value	£921,773
Say	£922,000

My assessment of the Benchmark Land Value based on an EUV+ approach is £922,000.

Conclusion

A summary of my revised position is as follows:

Unit Ref	Residual Land Value	Benchmark Land Value	Deficit
All Private	£899,263	£922,000	-£22,737

The proposed all private scheme produces a residual land value of £899,263 which is lower than the Benchmark Land Value of £922,000 and results in a deficit of £22,737 and is therefore not viable.

Given that the scheme does not meet the full policy compliant levels of Affordable Housing, I would recommend that a review mechanism is agreed, in line with the Mayor of London's guidance. This should be in the form of an Early Stage Viability Review and a Late Stage Review, but particularly a Late Stage Review where the sales values should be largely known:

"Viability Tested schemes should be subject to late reviews which will be applied once 75 per cent of homes are sold, or at a point agreed by the LPA. The benefit of this approach is that the review can be based on values achieved and costs incurred. The review takes place prior to sale of the whole development to ensure that the review and any additional contribution arising from this are enforceable. The outcome of this review will typically be a financial contribution towards off-site affordable housing provision." (para 3.61, Affordable Housing and Viability Supplementary Planning Guidance 2017).

I would highlight that the construction costs and GDV of the proposed scheme could have a significant impact on the overall viability of the scheme and therefore this is why I consider a viability review is particularly important in this case.

I hope this letter is of assistance to you, and I am happy to answer any queries you may have.

Yours sincerely,



Anindita Maitra MRICS
Principal Surveyor
RICS Registered Valuer
DVS

SITE SPECIFIC FINANCIAL VIABILITY REVIEW

131-137 Broadway, West Ealing, W13 9BE

On behalf of:
London Borough of Ealing

Date: 5 May 2023

CONFIDENTIAL

Prepared by: James Brierley MRICS
Fiona Kilminster MRICS
Rosanna Cole MRICS MRTPI

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RICS MANDATORY REQUIREMENTS

Requirement	This assessment has been produced having regard to and abiding to the requirements of RICS Professional Statement Financial Viability in Planning: conduct and reporting (1st edition 2019).
	In preparing this viability assessment, we confirm that we have acted with reasonableness, impartiality and without interference. We have also complied with the requirements of PS2 Ethics, competency, objectivity, and disclosures in the RICS Valuation – Global Standards 2022 in connection with valuation reports.
	This document sets out our terms of engagement for undertaking this viability assessment. We declare that to the best of our knowledge there is no conflict of interest (paragraph 1.1 of the Conflict-of-Interest Professional Statement of January 2018), Other than, if necessary, where stated in the report circumstances which fall under Informed Consent (as per the Conflict-of-Interest Professional Statement).
	We confirm that our fee basis for undertaking this viability assessment is neither performance related nor involves contingent fees.
	We confirm that this viability assessment has been prepared in the full knowledge that it may be made publicly at some point in the future. Where we are of the view where there is information which is commercially sensitive that we have relied upon in arriving at our opinion we have stated so in our report. We request that permission is sort by the instructing/applicant prior to being made public to ensure commercially sensitive or personal information does not infringe other statutory regulatory requirements.
	We confirm that we have not undertaken an area-wide viability assessment concerning existing and future policies against which the scheme will in due course be considered. We have confirmed with the instructing party that no conflict exists in undertaking the viability assessment, we have also highlighted to the Council where we have previously provided advice relating to the site in question. Should this position change, we will immediately notify the parties involved. We understand that if any of the parties identified in this report consider there to be a conflict that we would immediately stand down from the instruction.
	Throughout this viability assessment we have set out a full justification of the evidence and have also supported our opinions where they differ from the applicant's advisor with a reasoned justification. We note in due course the emphasis within the RICS Professional Statement on conduct and reporting in Financial Viability in Planning the need to see to resolve differences of opinion wherever possible
	In determining Benchmark Land Value (if required) we have followed NPG (Viability) (2019) setting out this in detail within the Benchmark Land Value section.
	We make a clear distinction in our report between preparation/review of a viability assessment and subsequent negotiations. Such negotiations may be identified as part of an addendum documents and may relate to S106 agreements.
	Sensitivity analysis and accompanying explanation and interpretation of the results is undertaken for the purposes of a viability assessment. This enables the reader to consider the impact on the result of changes to key variables in the appraisal having regard to the risk and return of the proposed scheme.
	We confirm we have advocated transparent and appropriate engagement between the Applicant and Council's viability advisors.
	This report includes a non-technical summary at the commencement of the report which includes all key figures and issues relating to the assessment.

	We confirm this report has been formally reviewed and signed off by the individuals who have carried out the assessment and confirm that this FVA Review has been prepared in accordance with the need for objectivity, impartiality and without interference. Subject to the completion of any discussion and resolution or note of differences, we will be retained to then subsequently advise upon and negotiate the Section 106 Agreement.
	All contributors to this report have been considered competent and are aware of the RICS requirements and as such understand they must comply with the mandatory requirements.
	We were provided an adequate time to produce this report, proportionate to the scale of the project and degree of complexity of the project.

SIGN OFF

Produced by	Reviewed by	Reviewed by
		
Rosanna Cole MRTPI MRICS, Senior Surveyor	Fiona Kilminster MRICS, Senior Associate	James Brierley MRICS, Partner
For and on behalf of Gerald Eve LLP	For and on behalf of Gerald Eve LLP	For and on behalf of Gerald Eve LLP

NOTE: This report has been produced in accordance with National Planning Policy Framework (2021) and Planning Policy Guidance (as amended). Gerald Eve LLP can confirm that the report has been produced by suitably qualified Practitioners of the Royal Institution of the Chartered Surveyors (RICS) and that the report has been produced in accordance with RICS Practitioner guidance on viability in planning matters.

The contents of this report are specific to the circumstance of the Proposed Scheme and date of publication; and it together with any further information supplied shall not be copied, reproduced, or distributed to any third parties for any purpose other than determining the application for which it is intended. Furthermore, the information is being supplied to **the client** on the express understanding that it shall be used only to assist in the financial assessment in relation to the Application. The information contained within this report is believed to be correct as at the date of publication, but Gerald Eve LLP give notice that:

- I. all statements contained within this report are made without acceptance of any liability in negligence or otherwise by Gerald Eve LLP. The information contained in this report has not been independently verified by Gerald Eve LLP.
- II. none of the statements contained within this report are to be relied upon as statements or representations of fact or warranty whatsoever without referring to Gerald Eve LLP in the first instance and taking appropriate legal advice.
- III. references to national and local government legislation and regulations should be verified with Gerald Eve LLP and legal opinion sought as appropriate.
- IV. Gerald Eve LLP do not accept any liability, nor should any of the statements or representations be relied upon, in respect of intending lenders or otherwise providing or raising finance to which this report as a whole or in part may be referred to.
- V. Any estimates of values or similar, other than specifically referred to otherwise, are subject to and for the purposes of discussion and are therefore only draft and excluded from the provisions of the RICS Valuation – Professional Standards 2014; and
- VI. Due to the complexities and differences in site specific assessments, information in this report should not be relied upon or used as evidence in relation to other viability assessments without the agreement of Gerald Eve LLP and expressly with a full explanation and understanding of any implications of such reliance.

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EXECUTIVE SUMMARY (NON-TECHNICAL)

Instruction	i. Gerald Eve LLP ('GE') has been instructed to undertake a Financial Viability Review ('FVR') of a Financial Viability Statement ('FVA'), submitted on behalf of the London Borough of Ealing. The FVA has been prepared by James Brown and Co Ltd ('the Advisor') to support the planning application in relation to the proposed Scheme. This assessment will look to consider whether Luxgrove Capital Partners ('the Applicant') has effectively justified the proposed level of affordable housing and planning contributions that the Scheme is proposing to provide, having regard to viability.
Site	ii. The planning application site (the 'Site'), which measures 0.08 hectares (0.21 acres), is located within the London Borough of Ealing and comprises an existing Kwik-Fit operation with yard space and 10 on-site parking spaces. The Site occupies a prominent position at the corner of Broadway and Coldershaw Road, and is situated a 14 minute walk from West Ealing Underground Station which now benefits from the Elizabeth Line.
Proposed Scheme	iii. GE understand, from the Planning Statement prepared by Savills, that the proposed Scheme is for: <i>'Demolition of the existing building and structures and the erection of a building stepped from 4 to 9 storeys comprising 94 co-living units (Sui Generis) and associated communal amenity facilities and ground floor commercial accommodation; and associated refuse storage and cycle parking.'</i>
Approach	iv. GE has had regard to the planning documents, areas and cost reports provided by the Advisor, and those available on the planning portal in undertaking this assessment, as well as acceptable assumptions based upon other viability assessments undertaken in the London Borough of Ealing and the wider area. Conclusions may require consideration following any adjustment to the Scheme or the provision of additional information supporting the planning application. These are set out in the summary of inputs table below. v. This report has been prepared having regard to relevant planning policy applicable to the Site at the date of writing, and generally accepted principles of undertaking (site specific) FVAs. It has also been written adhering to the RICS Guidance Note Assessing viability in planning under the National Planning Policy Framework (2021) (the "RICS GN") and the RICS Professional Statement on Conduct and Reporting in viability that supports the RICS GN (2019) (the "RICS Professional Statement").
Purpose	vi. The purpose of this FVR is to confirm that the Applicant has demonstrated through the viability process, that the Scheme includes the maximum reasonable contribution of affordable housing and tenure on-site, considering specific site circumstances. We understand that planning policy requirement in LB Ealing reflects an affordable housing target of 50% (60% social/ affordable rent and 40% intermediate), subject to viability. The London Plan (2021) at Policy H16 'Large-scale purpose-built shared living' states that co-living developments will deliver a cash-in-lieu payment towards conventional C3 affordable housing (as opposed to onsite delivery) and therefore in this instance, it is this level of payment that this report assesses.
Sensitivity	vii. The outcome of the Residual Land Value (RLV) is further justified through sensitivity testing of key inputs which demonstrate how value and cost changes affect viability.

Standardised inputs	viii. Where possible, our report applies standardised inputs and has regard, where appropriate, to the specifics of the Site and proposed development. Standardised evidence means it is resourced from primary, secondary, or tertiary data sources.
Applicant's Viability Conclusions	ix. The Advisor has produced the FVA on behalf of the Applicant to accompany the planning application. The Advisor's assessment concludes that the application cannot viably support any affordable housing on-site, or by other means. The Advisor has undertaken a development appraisal using a fixed land cost (adopting their BLV as land value at £3.9m) and concluded that the Scheme is unviable based upon a GDV of c.£22.98m a total cost (inc. finance and land cost) of c.£23.25m, providing an output profit return on GDV of -1.18% (representing a deficit against their target return of -18.68%).
Review Viability Conclusions	x. The output of our viability assessment, using a residual land value approach and a fixed profit, indicates that the proposed scheme and the offer of a 0% affordable housing payment, represents the maximum reasonable level of affordable housing that can be provided in respect of this planning application given that there is a deficit when comparing the residual land value to our BLV.
Total GDV	xi. GE estimate the total GDV to be £22.3m, slightly lower than the Advisor's, as GE have been advised by the Council that the commercial ground floor space is ancillary to the co-living element and we have therefore not rentalised this space. We would advise the Council to put a restriction on the way this space is let, and if it does end up being rented out then we reserve the right to review our opinion of GDV to include this.
Total Cost	xii. GE estimate the total development cost (including finance) to be c.£18.95m. The build costs (totalling c.£16.25m) have been assessed independently by Gardiner & Theobald LLP Quantity Surveyors (Appendix 2).
Existing Use Value (EUV)	xiii. The Advisor has provided an assessment of EUV at c.£3.25m. GE conclude that an appropriate EUV having regard to the evidence for the Site equates to c.£2.71m.
Alternative Use Value (AUV)	xiv. The Advisor has not provided an assessment of AUV for the Site and, as such, no assessment of an alternative scheme has been undertaken.
Premium	xv. The Advisor has adopted a separate premium of 20% on top of their EUV based upon land comparable evidence. We consider that based on further land comparable evidence and appropriate adjustments (as required by the NPG) that a premium of c. £370k above the EUV is reasonable, reflecting a premium of c.14%.
Benchmark land Value (BLV)	xvi. GE conclude that an appropriate Benchmark Land Value (BLV) for the Site to be released for development would be in the order of £3.1m, compared to the Advisor's applied BLV of £3.9m.
Return	xvii. In this instance, the Advisor has adopted a target rate of return of 17% profit on private GDV (20% on costs). GE recognise that the risk profile associated with delivering a Scheme of this nature must have regard to the risks attached, however we have adopted a slightly lower profit return of 15% on

		GDV given the nature of the asset (revenue-producing) and other schemes we have valued in this use.
Outcome Variance	xviii.	GE concludes that, when tested on a fixed profit level to return a residual land value, the land value for the scheme is -£624k (Appendix 5) , representing a -£3.7m deficit against the BLV. The proposed Scheme, therefore, does not appear likely to be able to support additional financial contributions above that of the S106 costs.
Deliverability	xix.	Whilst this FVR indicates that the proposed affordable housing offer reflects the maximum reasonable amount that can be provided at the time of this planning application, there may be market circumstances that could improve the financial position and therefore delivery of the scheme for developers. This includes increased sales values and reductions in construction costs.
	xx.	We have asked the Advisor on their view of the deliverability of the scheme given they have presented a negative return within their report. They have advised that the developer has taken a commercial view on the demand for co-living investments and growth, hoping the market will improve given the current evolution of co-living products. In the case of this particular Applicant, they are privately funded with long term investment intentions, and are willing to take on this market view on the assumption that the viability of the proposed scheme will improve over the lifespan of the development.
	xxi.	Having regard to the above considerations, we have therefore conducted a sensitivity test to determine the required growth to enable us to conclude that the scheme is potentially capable of becoming viable over the lifetime of the project. We note that the level of affordable housing contribution proposed in this application is below the equivalent targeted level required in the Ealing Local Plan Policy. As such, it is reasonable for the Section 106 Agreement to include heads of terms setting out how and when viability will be reassessed over the lifetime of the development to ensure policy compliance and optimal public benefits through economic cycles.
Sensitivity	xxii.	GE has conducted sensitivity analysis on the build costs and values to show how variations to applied assumptions impact viability and as such potential affordable contributions. We have also assessed potential changes in finance rates to reflect changing economic circumstances or preferable individual rates that could be achieved by specific developers. We have considered the deliverability of the scheme, as set out by the Advisor above, by assessing the rent levels required in order for the scheme to become viable.
Additional Sensitivity Testing	xxiii.	Whilst it has been concluded that the current scheme proposals represent the maximum reasonable level of affordable housing, we would consider it prudent for the Applicant to also model the Scheme on the basis of a Forward Funding scenario.
FVR	xxiv.	This FVR should not be considered a financial certainty – it is an assessment of the Scheme having regard to the best available evidence at the time of the review.
Commercial sensitivity	xxv.	It is anticipated this report will be published and therefore contains no confidential information which has not been reasonably identified and addressed (aggregated) to enable the report to be shared.

- xxvi. GE consider that all applied inputs into our appraisal have been reasonably justified. GE have clearly set out supporting and reasonable justification for all inputs considered and have undertaken appropriate sensitivity to demonstrate the impact of variance.

SUMMARY OF AREAS

Table 1: Co-Living Areas

Use	The Proposed Scheme					Source
	Units	GIA (sqm)	GIA (sqft)	NIA (sqm)	NIA (sqft)	
Co-Living	94			2,363.3	25,438	Applicant
Ancillary Commercial				211.1	2,272	Applicant
Building Total	94	4,204.4	45,256	2,574.4	27,710	Applicant

SUMMARY OF INPUTS & OUTPUTS

Table 2: Advisor vs GE - Values

	Advisor					GE				
	£	£psf	Rent	Yield	OPEX	£	£psf	Rent	Yield	OPEX
Co-Living	£22,980,000	£829	£1,450 per room pcm	4.5-4.75%	£5.5k- £6k per room per year	£22,295,292	£804.56	£1,450 per room pcm	4.5-4.75%	£5.5k-6k per room per year
Commercial	included above	N/A	£15-25 psf	N/A	N/A	£0	£0	N/A	N/A	N/A
Overall GDV	£22,980,000					£22,295,292 (excludes commercial)				

Table 3: Advisor vs G&T/ GE – Costs

Cost	Advisor	GE	Source
	Rate	Rate	
Build cost	£15,541,980	£16,250,000	Advisor/ G&T
Contingency	5% (included above)	7.5% (included above)	Advisor/ G&T
Professional Fees	8.00%	8.00%	Advisor/ GE
Marketing Fee	0.50%	0.50%	Advisor/ GE
Sales Agent Fee	1.00%	1.00%	Advisor/ GE

Sales Legal Fee	£80,000	£80,000	Advisor/ GE
Finance	7.50% (Debit) 0.50% (Credit)	7.50% (Debit) 0.00% (Credit)	Advisor/ GE
S106, S278, MCIL2, CIL & Carbon Offsetting	£400,000	£700,000	Advisor/ LB Ealing
Total Development Costs	£23,251,799 (including BLV as land value)	£18,950,998 (excluding land value)	

Table 4: Advisor vs GE – Profit Return

Return	Advisor	GE
Target Return (% profit on GDV)	17%	15%

Table 5: Advisor vs GE – EUV, BLV, RLV

Benchmark Land Value	Advisor	GE
EUV	£3,250,000	£2,710,000
Premium	20%	£370,000 (i.e. 14%)
Benchmark Land Value	£3,900,000	£3,100,000
Profit on GDV Appraisal Output	-1.18%	-3.80%
Surplus/ Deficit against Target Return	-18.18%	-18.80%
Residual Land Value Output	Not provided	-£324,160
Surplus/ Deficit against BLV	Not provided	-£3,724,160
Potential affordable contributions	NIL	NIL

1. INTRODUCTION

Economic climate and influencing factors	1.1.	This report has been prepared as of March 2023 in the context of the prevailing economic climate and reflects the market and proposed development now. Should these circumstances change, it may be necessary to revise and update the inputs to the financial appraisal, and therefore resulting outturns, prior to the application being determined by the Council.
Instructions	1.2.	Gerald Eve LLP ('GE') has been instructed to undertake a Financial Viability Review ('FVR') of a Financial Viability Statement ('FVA'), submitted on behalf of Luxgrove Capital Partners ('the Applicant'). The FVA has been prepared by James Brown and Co Ltd ('the Advisor') in order to support the planning application in relation to the proposed Scheme. This assessment will look to consider as to whether the Applicant has effectively justified the proposed level of affordable housing and planning contributions that the Scheme is proposing to provide, having regard to viability.
	1.3.	Our instructions are to review the Advisor's FVA and verify whether the Scheme offers the maximum reasonable level of affordable housing. The purpose of this FVR is to demonstrate the viability of the Scheme including proposed tenure of affordable housing on-site, considering specific site constraints and circumstances. There is a planning policy requirement within the London Plan that a minimum of 35% of new homes should be affordable, subject to viability assessment; and, within Ealing the affordable housing target stands at 50%. For shared living developments, the London Plan (2021) states that a cash-in-lieu contribution should be sought towards conventional C3 affordable housing, equivalent to 35% of the units, or 50% on public sector/ industrial land.
Site	1.4.	The Site, which measures 0.0841 hectares (0.21 acres), is located within the London Borough of Ealing and comprises a four-bay Kwik-Fit operation together with yard space and 10 on-site car parking spaces. The Site sits at the western corner of Broadway and Coldershaw Road.
	1.5.	The existing building has a total area of 4,178 sqft, including mezzanine space.
The Scheme	1.6.	GE understand, from the Planning Statement prepared by Savills, that the proposed Scheme is for: <i>'Demolition of the existing building and structures and the erection of a building stepped from 4 to 9 storeys comprising 94 co-living units (Sui Generis) and associated communal amenity facilities and ground floor commercial accommodation; and associated refuse storage and cycle parking.'</i>
Confirmation of Terms of Engagement	1.7.	Our instruction is to undertake an objective, impartial assessment of viability of the Applicant's FVA, to determine whether the proposed development can viably afford to deliver housing/ affordable housing, and whether the offer presented represents the maximum reasonable amount, in line with policy requirements.
Relevant guidance and policy	1.8.	This review has been prepared having regard to the NPPF (2021); National Planning Guidance ("NPG") (2021); the Mayor's Affordable Housing and Viability SPG (August 2017); The Mayor's Good Practice to Estate Regeneration (2018); London Borough of Ealing Development Strategy 2026 (2012) (The New London Plan (March 2021); the RICS Guidance Note: Financial Viability in Planning 2012 ("the RICS GN"), the RICS Guidance Note: Assessing viability in planning under the National Planning Policy Framework 2021 for England (July 2021), conduct and reporting Practice Statement 2019 ("the RICS PS"); and generally accepted principles of undertaking (site specific) FVAs. The application is situated within West Ealing, and therefore assessment of planning obligations must have regard to the London Borough of Ealing Adopted Core Strategy (adopted 2012); Ealing's Plan for Good Jobs (adopted 2021); the London Plan (adopted 2021); and the Mayor of London Development Viability Supplementary Planning Document (adopted 2nd October 2017).



Conflict of interest declaration	1.9.	We declare that to the best of our knowledge there is no conflict of interest (paragraph 1.1 of the Conflict-of-Interest Professional Statement of January 2018); and, that our fee basis for undertaking this review is neither performance related nor involves contingent fees.
Transparency and confidentiality	1.10.	We confirm that this FVA has been prepared in the full knowledge that it may be made publicly available at some point in the future. Where we are of the view that there is information, which is commercially sensitive, that we have relied upon in arriving at our opinion, we have stated so in our report. We request that permission is sought by the instructing/ Applicant prior to being made public to ensure commercially sensitive or personal information does not infringe other statutory regulatory requirements.
Confirmation of relationship to area-wide assessment	1.11.	We confirm that we have not undertaken an area-wide viability assessment concerning existing and future policies against which the Scheme will in due course be considered. We have confirmed with the instructing party that no conflict exists in undertaking the viability assessment. Should this position change, we will immediately notify the parties involved. We understand that if any of the parties identified in this report consider there to be a conflict that we would immediately stand down from the instruction.
Timeframe	1.12.	GE has had enough time to complete this instruction and where necessary, has exchanged with the Advisor in the process of reaching our conclusions.
Financial Viability Statement (FVA)	1.13.	The Advisor has provided an FVA dated November 2022 related to the Proposed Scheme.
Supporting information	1.14.	We note that the Applicant has instructed the following consultants to provide information applied within the FVA: <ul style="list-style-type: none"> • Planning Consultants (Savills) • Architects (MAA Architects) • Cost Consultants (Cast)
Information reliance	1.15.	We have not undertaken a measurement of the Applicant's planning application drawings and have relied upon the information contained in the FVA and associated planning documentation.
	1.16.	Whilst we have relied on the information that has been provided, we have also had regard to our own market knowledge, research and experience. Furthermore, in completing this exercise GE and G&T engaged with the Advisor and sought clarifications where necessary. These clarifications are set out in the table below.

Clarifications

Table 6: Further Information Requested by GE

Clarification/Request	Received	Consultant
Floor plans for floors 2-4, 6-8 and roof, and external elevations	07/02/2023	Savills
Relationship between Appeal Decision at Appendix 6 of the Advisor's report and the Scheme	10/02/2023	The Advisor
Co-Living sale receipt timings	10/02/2023	The Advisor
Site specific evidence to justify the Advisor's adopted premium	10/02/2023	The Advisor
Live Argus Developer Appraisal	10/02/2023	The Advisor
Information on the valuation approach	13/02/2023	The Advisor
Information on the intended operation of the commercial space	07/02/2023	Savills

Information reliance

1.17. The review of the FVA is based on the information provided by the Advisor. We have relied on the information contained in the FVA, including the appendices and any documents referred to.

Professional judgment

1.18. As outlined in the RICS GN, in undertaking this exercise, GE is formulating an appropriate judgement based upon information provided by the Applicant as to the viability of the Scheme and the maximum S106 contributions, including affordable housing that can be justified having regard to viability.

Viability Model

1.19. A financial appraisal has been compiled using an industry standard, licensed Argus Developer appraisal to assess the viability of the Scheme. The appraisal and its inputs are explained further within the report, and the results are provided via a present-day appraisal.

Sensitivity

1.20. GE have provided a risk analysis to test the sensitivity and robustness of the appraisal, having regard to changes in the inputs. This is in accordance with RICS Guidance Viability in Planning (2021) and normal practice when undertaking financial viability assessments in respect of schemes of this nature regarding scale and programme.

2. REQUIREMENT FOR THE FVA REVIEW

NPPF Paragraph 58	2.1.	<p>Paragraph 58 of the National Planning Policy Framework states:</p> <p><i>“Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable.</i></p> <p><u><i>It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage.</i></u></p> <p><i>The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force.</i></p> <p><i>All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance [NPG], including summarized inputs, and should be made publicly available.”</i></p>
Reasons for an FVA	2.3	<p>Paragraph 007 of the NPG indicates:</p> <p><i>“Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force.”</i></p>
Advisor’s justification	2.4	<p>We have reviewed the Advisor’s report and it appears to be in accordance with the RICS Professional Statement Financial Viability in Planning: conduct and reporting (1st edition 2019). This is a requirement of practice for RICS members and firms, and is regulated by RICS. We do note however that the Advisor has not adjusted their land comparable evidence used in determining the level of premium for the Site, nor have they provided sensitivity analysis given the proposed scheme is reported by them as being unviable.</p>
Site Specific reasons for an FVA	2.5	<p>The Applicant has proposed a Scheme which offers a 0% affordable housing contribution; this is below the requirement of both the GLA and London Borough of Ealing. The Advisor has therefore undertaken an FVA to demonstrate the financial viability of the Scheme. The Council has instructed GE to undertake an assessment to ensure the maximum reasonable level of affordable housing cash-in-lieu contribution is being proposed, and that the scheme is deliverable.</p>

3. SITE BACKGROUND – LOCATION



Figure 1: Location Plan (Source: MAA Architects) – 1:1,250

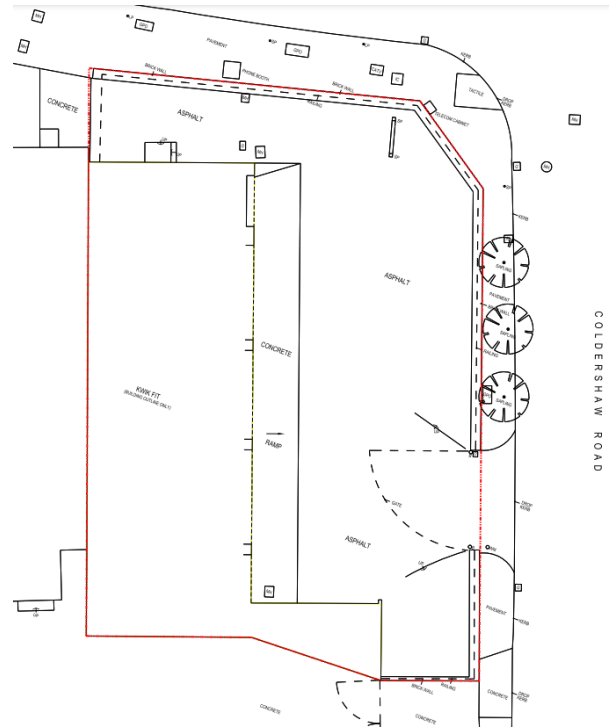


Figure 2: Site Plan (Source: MAA Architects) – 1:100

Town /City	3.1	The Site is located within the London Borough of Ealing, in west London. The A4020 (Broadway) runs along the northern border of the Site, with the M4 running further south. The Site is approximately 11.5 miles east of Central London and is well connected to the capital via both road and public transportation.
Location	3.2	The Site is well located and benefits from easy access to the A4020 to the north and the M4 to the south. The Site is also located less than 0.6 miles from West Ealing station which provides connections to the train network and Elizabeth Line, the nearest bus stop is also located less than 0.1 miles away – these factors help the Site to achieve a Public Transport Accessibility Level rating of 4 (with 0 being the lowest and 6 the highest), representing a ‘good’ level of public transport accessibility.
Distance to	3.3	The Site is well connected, with the Elizabeth Line providing access to Heathrow airport in 14 minutes and Paddington in 13 minutes. The M4 is located to the south of the Site, offering a direct route to Reading, Bristol and the wider South West of England by car.
Railway Stations		West Ealing – 0.6 miles Hanwell – 0.7 miles
Airports		Heathrow – 6.2 miles Gatwick – 49.9 miles Luton – 38.2 miles

Existing Use	3.5	The existing use of the Site is a Kwik-Fit building with associated external yard space and parking, and comprises Class B2 use. The existing building consists of a single storey with part mezzanine floor, totalling c. 388 sqm.
	3.6	We understand that a recent planning permission at the Site (ref. 21/5368/FUL) granted the change of use of the Site from Class B2 to Sui Generis use, however Savills advise within their Planning Statement that this has yet to be implemented.
	3.7	Please note, we have not had internal access to review the recorded measurements and areas. Therefore, for the purpose of the EUV, we have assumed the areas provided by the Advisor to be accurate and reflective of the current building.

4. VIABILITY GUIDANCE, PLANNING CONTEXT

Viability Guidance	4.1	Viability in planning has its focus set out within the National Planning Policy Framework (NPPF), originally published in March 2012 and revised in February 2019 and July 2021. This sets out the Government's planning policies for England and how these are expected to be applied. The NPPF recognises the place of viability testing, in both plan-making and decision-making.
	4.2	Further guidance relating to interpreting the NPPF is set out in National Planning Guidance (NPG) which refers to viability both in planning obligations (PPG 2016) and viability (NPG 2019 as amended) and indicates that planning viability assessments are recommended to reflect NPG, in determining appropriate planning obligations.
	4.3	At the time of writing this FVA, the RICS Guidance Note Financial Viability in Planning, originally published in 2012 and updated in 2019 (the 'RICS GN') is currently used by members as guidance for carrying out FVAs.
	4.4	However, a new RICS guidance note has been published (on 31 March 2021) titled 'Assessing Viability in Planning under the NPPF 2021 for England', (the 'New RICS GN') which became effective on 1 July 2021. It has been updated to supersede the 2012 document and bring it in line with the NPG.
	4.5	Assessing Viability in Planning under the NPPF (2021) for England: RICS GN supplements and gives added guidance to RICS members and other stakeholders in the planning process on undertaking and understanding financial viability assessments (FVAs) in both a plan-making and decision-taking context. This guidance note is based on the NPPF and PPG as at the date of publication.
	4.6	The New RICS GN introduces viability in the context of the NPPF and NPG. It sets out the purpose, requirement, and process of an FVA at the plan-making and decision taking (Development management) stage. It outlines what the evidence base for each stage is, and how the Benchmark Land Value should be considered.
	4.7	The New RICS GN is grounded in the statutory and regulatory planning regime that currently operates in the UK.
Planning Policy and Related Matters	4.8	The Application Site is situated within the London Borough of Ealing ('LBE') and therefore assessment of planning obligations must have regard to the LBE's Core Strategy (2021), the London Plan (2021) and the Mayor of London Development Viability Supplementary Planning Document (adopted 2nd October 2017). We have had reference to the 'Development Strategy 2026' document (2012) which states: <i>"At least 50% of the housing developed in the borough up to 2026 will be affordable housing, as defined in the London Plan, to achieve mixed communities with a range of housing types across the borough and to meet need."</i>
	4.9	To assess the viability of the Proposed Scheme, the Advisor has prepared a valuation of the Scheme which includes no affordable units or financial contribution. As well as this, the Advisor has modelled MCIL2, CIL, S106 and carbon offsetting costs.
	4.10	The proposed affordable provision is below the Council's 50% target, and therefore a viability assessment is required under Borough policy. Ealing have a New Local Plan currently at Regulation 18 stage which has now been through consultation. Policy HOU sets a strategic target of 50% affordable housing.
	4.11	London Plan (2021) Policy H16 'Large-scale purpose-built shared living' states that developments are expected to provide a cash-in-lieu contribution that is equivalent to 35% of the units (and 50% on public sector/ industrial land) to be provided at a discount of 50% of the market rent.

Site Specific Planning	4.12	The Advisor's appraisal concludes that the proposed development including 0% affordable housing is the maximum that the Scheme can afford when tested with the Advisor's opinion of BLV of £3.90m. Therefore, the Advisor considers the proposed 0% affordable housing to be the maximum reasonable level of affordable housing that the Scheme can afford.
	4.13	Our instructions are to assess the Advisor's assumptions in relation to the Proposed Scheme and this is undertaken within this FVR review report.
Summary	4.14	We assess the inputs to the proposed Scheme appraisal within this report.
	4.15	We have had regard to the existing use of the Site, having regard to the Advisor's proposed value for this and our own further research and evidence.
	4.16	The NPPF has a clear presumption in favour of sustainable development and local planning authorities should take account of this when determining planning applications.
	4.17	Where local planning authorities have identified that affordable housing is needed, they should set policies for meeting this need on-site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified.
	4.18	It is important that the approach taken to affordable housing and Scheme viability does not compromise the ability to deliver the development on the Site.

5. PROPOSED SCHEME

Scheme	5.1	As set out in the Planning Statement, the proposal involves demolition of the existing building and erection of a stepped building from four floors to nine floors, comprising 94 co-living units and associated amenity and commercial facilities.
	5.2	Although the full building would be classed as a Sui Generis use, we understand that the ground floor would accommodate the commercial, community and co-working spaces associated with the co-living use. Onsite amenities include internal kitchens, flexible lounge areas, communal co-working space, gym/ function area and a games room. We understand that the commercial unit is proposed to be operated by the Applicant, together with the remainder of the building and its co-living units.
Accommodation Schedule	5.3	A breakdown of the proposed co-living accommodation is provided within Appendix 5 of the Advisor's FVA. These areas are those proposed in the accommodation breakdown document submitted alongside the planning application and are the ones we have adopted in our appraisal.
Car parking	5.4	Due to the accessibility of the Site and its sustainable credentials, we understand that the Scheme proposes a car-free development.

Table 7: Proposed Co-Living Unit Summary

Co-Living Unit Type	Unit Area (NSA) sqft	Units (no)	Proposed Mix
Type 1	248	14	15%
Type 2	271	42	45%
Type 2a (accessible)	271	5	5%
Type 3	284	14	15%
Type 4 (accessible)	395	5	5%
Type 5	234	14	15%
Total		94	

6. GROSS DEVELOPMENT VALUE

Advisor's Values	6.1	The Advisor states that there is no significant transactional market evidence to inform the Scheme's valuation and has instead relied predominantly upon academic and planning viability evidence.
	6.2	We summarise the Advisor's selected evidence within this section, with our full analysis and commentary provided at Appendix 1 .
	6.4	As part of the due diligence process, we have reviewed the comparable evidence set out by the Advisor to ensure the values adopted provide an accurate assessment as to what we would expect the Scheme to achieve.
	6.5	<p>The Advisor states that matters influencing value include factors such as:</p> <ul style="list-style-type: none"> a. Size of the scheme (bigger schemes offer scope for better management economies of scale); b. Location (including attractiveness, scope for rental potential etc); c. On-site amenities; d. Bedroom sizes; e. Specification; and f. Risk and uncertainty (securing strong future net revenues).
	6.6	We agree with these, and when considering comparable evidence presented by the Advisor, as well as our own, we have taken the above factors into account.
	6.7	The Advisor places an average monthly rent per room of £1,450, providing a total rent for the 94 bedrooms of £1,635,600 per year.
Advisor's Rental Values	6.8	<p>The Advisor has based this figure off evidence provided from two co-living schemes:</p> <ul style="list-style-type: none"> a. Folk at the Palm, Harrow – from £1,388pcm, in a scheme including a gym, co-working area and cinema. There is also a 24-hour on-site team; b. The Collective, Willesden Junction – from £1,560pcm, in a scheme providing co-working space, 24-hour reception, spa/ sauna and gym membership.
	6.9	To determine the GDV, GE have carried out comparable research into co-living and Build to Rent ('BtR') schemes nearby. We have found co-living rents ranging from £1,388 to £1,690 per bedroom pcm, largely depending on the communal amenities and location offered. A breakdown of the comparable analysis can be found in Appendix 1 . Given the limited evidence for co-living, we have also cross checked these values by making reference to BtR and purpose built student accommodation ('PBSA').
	6.10	GE agree with the Advisor's rent of £1,450 per room pcm based on the communal facilities provided. For example, some of the comparable schemes have 24-hour concierge services and on-site retail therefore justifying higher rates per week.
OPEX	6.11	GE considers the Advisor's adopted OPEX rate of 34.48% (with a reduction to 31.61% post-stabilisation) to be within a reasonable range for a co-living product. Our experience of OPEX costs are in the region of 20% to 36%, and given the rise in energy and utility costs recently we have accepted the Advisor's rate at the higher end of this range.
	6.12	The Advisor has provided a breakdown of forecasted OPEX costs which include insurance, council tax and other bills, building repairs and maintenance and marketing.
Advisor's Capitalisation Yield	6.13	The Advisor has applied a net yield of 4.5% in the term, moving out to 4.75% in the reversion (post-stabilisation) based on their BTR/ co-living investment comparable evidence. The range of evidence presented is from circa 4.25% - 5.25%.

	6.14	The Advisor has commented on a number of co-living scheme offers all over the capital and the Site's surrounding boroughs which include the local planning authorities of Tower Hamlets, Harrow, Kingston, Hackney, Wandsworth and Waltham Forest
GE's Capitalisation Yield	6.15	Having regard to the information above, we have reviewed the evidence provided by the Advisor and also undertaken a further comparable evidence search, albeit we note there is limited further evidence to rely on for co-living schemes, as with the rental evidence. We have therefore also had regard to BtR and PBSA comparable evidence, all of which is included along with the Advisor's evidence at Appendix 1 .
	6.16	We note that much of the evidence is located in large regeneration locations where the schemes have the benefit of placemaking and neighbouring development. The comparable transactions include larger schemes, mostly in excess of 100 units, which could have implications on the investor type and therefore purchase price.
	6.17	GE are of the view that the most comparable transactions reviewed suggest a yield in the region of 4.25% to 4.75% which supports the Advisor's proposed yield of 4.5% for the Scheme.
Purchaser's Costs	6.19	The Advisor has adopted purchaser's costs of 5% which we have also applied to the GDV for the Scheme, as we consider costs of up to 6.8% to be reasonable.
Commercial and ancillary space	6.20	The Advisor has adopted a rental value of £15 psf for the term and £25 psf for the reversion for the ancillary commercial space use. Using the investment method this has been capitalised at a 4.5% yield at the term and 4.75% at the reversion. This reflects a commercial GDV of c.£720,000
	6.21	The Advisor has not provided any commercial evidence for the commercial element meaning we have not assessed any evidence.
	6.22	However, we understand from both the Applicant's planning consultant and the application's case officer that the commercial unit is to be operated and managed by the co-living operator and thus would not constitute a separate Class E use. We have therefore reviewed this commercial space on the assumption that the space is taken rent-free as a benefit to the co-living tenants and is covered within their rent. We have consequently removed the GDV associated with this commercial space as this is ancillary to the co-living offer and we therefore understand that this space would not be revenue-generating in its own right. We anticipate that this would be reflected within a restriction on the use of this space within the planning permission/ S106 agreement. If this proves not to be the case, then we reserve the right to add commercial revenue streams into our financial appraisal. We have subsequently not undertaken our own research into suitable comparables.
Car parking	6.23	Due to the accessibility of the Site no general parking is proposed and therefore no value associated with this has been applied by either GE or the Advisor.
GDV Summary	6.24	We have assessed all the assumptions in the Advisor's appraisal and associated justification. We consider that the rental values and yields adopted by the Advisor are reasonable and a reflection of the Scheme based on the evidence presented and reviewed at Appendix 1 .
Co-Living Valuation	6.25	We note that at paragraph 10.7 of the Advisor's report the valuation approach for co-living scheme is set out and capitalises the rent (minus OPEX) by an All Risk Yield, however the valuation itself at paragraph 12.3 of the Advisor's report sets out a term and reversion approach. We have clarified this approach with the Advisor who has stated that this is because they have chosen not to use a weighted blend of the yields that an ARY would.

6.26

We have followed the Advisor's valuation methodology and set out each of our valuations below in order to arrive at the NDV of the proposed scheme:

Table 8: Co-Living units valuation

Term	Advisor GDV	GE GDV
Gross achievable rent, less	£1,635,600 (£1,450 per room pcm)	£1,635,600 (£1,450 per room pcm)
Operational Expenditure /Cost ('OPEX'), plus	£564,000 (34.48%)	£564,000 (34.48%)
Income from ancillary commercial space	£34,080 (£15psf)	£0
Net achievable rent	£1,105,680	£1,071,645
Years Purchase @ term yield	1.8727 (4.5%, 2 years)	1.8727 (4.5%, 2 years)
Gross Term Value	£2,070,607	£2,006,835
Reversion		
Gross achievable rent, less	£1,635,600 (£1,450 per room pcm)	£1,635,600 (£1,450 per room pcm)
Operational Expenditure /Cost ('OPEX'), plus	£517,000 (31.61%)	£517,000 (31.61%)
Income from ancillary commercial space	£34,080 (£25psf)	£0
Net achievable rent	£1,152,680	£1,118,587
Years Purchase into perpetuity @ reversionary yield	19.186 (4.75%)	19.186 (4.75%)
Gross Reversionary Value	£22,116,010	£21,461,893
Total Gross Value	£24,186,617	£23,468,729
Less reasonable/ appropriate purchaser's costs 5%		5%
Net Development Value	£22,977,286	£22,295,292
Capital value per room	£244,468	£237,184

Source: Advisor and GE

6.27

As can be seen in the table above, our capital value per room is lower than the Advisor's which is predominantly due to the removal of the commercial revenue as the remainder of our inputs are in line with the Advisor's.

Sales Rates

6.28

The Advisor has modelled 100% of the revenue as being achieved on the development's completion. We have seen elsewhere on co-living schemes a lower occupancy rate proposed for the first few months until the rent stabilises, however in this instance we have applied the Advisor's proposed rate.

7. COSTS AND PROGRAMME

Construction Costs	7.1	The Advisor has provided a cost plan for the Scheme which was prepared by Cast Real Estate & Construction Consultancy ('Cast'). The Advisor's cost plan concludes total construction costs to be £15,541,980 (including contingency), and this is incorporated within the Advisor's appraisal.
Review	7.2	GE are not cost consultants and have therefore requested the support of a qualified quantity surveyor – Gardiner & Theobald LLP ('G&T') - to assess the costs proposed by the Advisor.
	7.3	G&T's full report is attached at Appendix 2 and covers the following areas: <ul style="list-style-type: none"> • Reviewing overall scope/ content/ areas/ mix; • Comparing overall pricing with benchmark data from BCIS and historic projects; • Identification of abnormal costs/potential cost savings
	7.4	G&T have examined the detailed cost plan and measurements, stating the overall build cost is on the low side in comparison with benchmark data for three reasons: <ul style="list-style-type: none"> • Number of balconies; • Density of units; • Ratio of façade to floor area.
	7.5	G&T consider that the overall £pm2 GIA in comparison to the benchmark is at the high end of their expected range. With consideration of the above factors, G&T's view on costs for the construction of the proposed scheme is short of between £0.5 million to £1 million, with an overall total estimate of £16.25 million, compared to Cast's £15.54m.
BCIS	7.6	The Applicant has not provided build costs based upon BCIS published data but, giving reference to projected rising costs, has instead relied upon a detailed cost plan. This is considered more accurate and appropriate than relying on secondary data.
Total Build Costs	7.7	The Advisor concludes in their report that the total Construction Costs for the base scenario are £15,541,980. G&T considers this to be at the top end of their high level benchmarking exercise, highlighting this equates to between £2,800psm to £3,660psm. Their benchmark however is not solely co-living schemes and it is acknowledged that this can increase the build cost's base rate.
	7.8	The G&T review raised that no demolition costs had been accounted for in the Advisor's appraisal, and we have therefore added an allowance of £100,000 to our appraisal.
	7.9	In summary, G&T have made amendments to the following items: <ol style="list-style-type: none"> 1. Addition of demolition/ enabling works; 2. Review/ revise MEPH estimate; 3. Addition of kitchen units; 4. Include allowance for internal wall partitions; 5. Generally increase specification of internal fitout to the units; 6. Reduce rate for lift; 7. Reduce external cladding rate; 8. Uplift preliminaries, overheads & profit, and risk; 9. Increase contingency provision from 5% to 7.5%.
Professional Fees	7.10	The Advisor has allowed for professional fees of 8% which captures both the residential and commercial elements of the scheme.

	7.11	GE note that professional fees generally range between 8%-12% depending on the complexity of the project and that this range appears to be accepted as a standard assumption across London schemes viability assessment.
	7.12	The scheme is a new build and comprises a ground/ first floor commercial element within a residential tower. We recognise that the Advisor has presented fees at the lower end of the range of what we would expect, however in this instance we are of the view that Advisor's 8% professional fees are appropriate and reasonable.
Marketing, Letting and disposal fees	7.13	Generally, on marketing fees, we would apply between 1-2% as a standard assumption for traditional residential schemes. We consider the Advisor's 0.5% for the entire scheme appears low however have accepted it in this instance as it is a different type of product and note that there is also a marketing allowance within the OPEX costs accounted for under the GDV valuation.
	7.14	We have adopted 1% for the Sales Agent Fee, representing c.£230,000. We would agree with the Advisor's rate of 1%, based on our previous and recent experience appraising similar schemes.
	7.15	For legal fees, we consider the Advisor's assumption of £80,000 to be reasonable.
CIL & S106	7.16	These planning costs are discussed in detail at Section 10 of this report and total £700,000.
Land Acquisition fees	7.17	The Advisor has included the BLV as the fixed land cost (review in Section 8 below). They have applied a 1% agent fee and 0.8% legal fee which we have also adopted. The Advisor has included 4.73% stamp duty costs on the land payment, which we have amended to Argus's in-built stamp duty calculator, which has resulted in a nominal difference.
Finance costs	7.18	The Advisor has included a finance rate of 7.50% within their appraisal. GE considers this rate to be relatively consistent within today's market (rates of between 7.5%-9%), albeit at the lower end of what is to be expected given recent interest rate rises and the knock-on effect of increases in the cost of borrowing at the time of the report. We have applied the Advisor's rate in this instance however we reserve the right to revise this given the changing market at the time of writing. Further evidence on the approach and reasoning behind our independent opinion of finance rates has been included within Appendix 3 .
	7.19	The Advisor has also included a credit rate of 0.5% within their appraisal which we do not consider to be industry standard. We have therefore removed the credit rate from our appraisal.
	7.20	We acknowledge however that some developers in the market may be able to achieve more superior rates of finance, whilst also the fluctuating markets might result in increased borrowing costs. We have therefore modelled this further in the Sensitivity Analysis section.

Table 8: Summary of Finance Rates

Description	Advisor	GE
Finance rate	7.5% (debit)	7.5% (debit)
	0.5% (credit)	0% (credit)

Programme	7.21	The Advisor has assumed a total programme of 23 months for the Scheme, including a 2-month lead in (pre-construction) period. We note that the start date of construction is April 2023.
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7.22 Based upon consultation with G&T, we are of the view that the build programme of 18 months seems appropriate for the proposed scheme.

Table 9: Development Programme

Stage	Start	Practical Completion	Months
Purchase	Dec 2022	Jan 2023	2
Pre-construction	Feb 2023	March 2023	2
Construction	April 2023	Sep 2024	18
Sales	Oct 2024	Oct 2024	1
Total			23

Table 10: Summary of Scheme Cost Assumptions

Cost	Advisor	GE
Build cost	£15,541,980	£16,250,000
Demolition	£0	£100,000
Contingency	5% (Incl. in build cost)	7.5% (Incl. in build cost)
Professional fees	8%	Applied
Purchasers' costs	5%	Applied
Marketing	0.5%	Applied
Sales Agent Fee	1%	Applied
Sales Legal Fee	1%	Applied
Finance	7.5% (debit) 0.5% (credit)	7.5% (debit) 0.0% (credit)
CIL & S106	£400,000	£700,000
Programme (Total)	23 months	23 months
Total Development Costs	£23,251,799	£24,054,492

8. BENCHMARK LAND VALUE (BLV)

Basis	8.1	The NPG expects that viability is determined regarding a Benchmark Land Value ('BLV') which reflects the aggregate of the Site's Existing Use Value ('EUV') (component 1) and a premium for incentivising the landowner to release the land for development (component 2) (if necessary), or an alternative use value ('AUV'), having regard to planning policy. Therefore, in accordance with NPG, this section looks to establish the BLV for the Site.
	8.2	As set out below there are two primary elements to consider when considering Benchmark Land Value (BLV): <ul style="list-style-type: none"> Existing Use Value (EUV), plus a premium (if necessary); and / or Alternative Use Value (AUV).
Existing Use	8.3	The Site, which measures 0.0841 hectares (0.21 acres), is situated on the corner of a road junction between Coldershaw Road and the Broadway. It currently comprises 388.14 sqm (4.178 sq. ft) of Class B2 (general industrial use) floorspace, of which 102.3 sqm (1,101 sq. ft) is mezzanine. The Site also accommodates 10-on site parking spaces with 4 operational bays used by the existing occupier Kwik-Fit.
Existing Use Value (EUV) (Component 1)	8.4	NPG indicates that EUV is the first component of calculating the Benchmark Land Value. EUV is the value of the land in its existing use. The EUV is not the price paid and should disregard any hope value.
Advisor's EUV	8.5	The Advisor has provided an independent assessment for their EUV and also relied upon two EUV opinion letters from local market specialist/ agents. The first opinion provided by Vokins Chartered Surveyors is of the opinion for a targeting market pricing between £3,750,000 and £4,000,000. Cogent Real Estate is of the opinion that they could sell the property for just under £4,000,000. The agents state that there would be demand for this premises from either Kwik Fit or alternative operators.
	8.6	The Advisor has provided a number of rental and investment comparables that they have used when determining their EUV. We have set out our analysis and review of these under Appendix 4 .
	8.7	The Advisor's overall proposed EUV totals £3,250,000 (including a deduction of purchaser's costs).
GE Review of EUV – Rent	8.8	GE have considered the current use of the Site and conducted a review of rental values at Appendix 4 . Kwik Fit leased the Site on a 30 year term from 1994, and are currently on a passing rent of £13.64 psf, subject to 5-yearly rent reviews. The lease is therefore due to expire in February 2024, however we understand that there is an outstanding review from 2019 and that the current passing rent was last reviewed in 2014.
	8.9	The Advisor has presented rental evidence for Class B2/ B8 assets of between £24.46 psf to £35 psf. GE has found most rental evidence to be between £22 psf and £30 psf for industrial units let in the past year. The Advisor has used the highest rental rate for their market rent of the comparables they considered, which we have not found evidence to support. Our evidence indicates rents of between £27 psf to £30 psf to be more reasonable. We have adopted the upper end of this range in our EUV given the comments from the external agents regarding the lettable of the existing Site.
	8.10	We note that the Advisor has not included a void or rent-free period at the reversion which we would expect to see under standard market assumptions. Based on comparable evidence set out in Appendix 4 we therefore applied a total void and rent-free period of 18 months.

	8.13	We note that in the Advisor's valuation of the existing term, they have valued the passing rent for 2 years. We understand however that the lease is due to expire in February 2024, which is 1 year from our report and we have therefore valued the term as 1 year to expiry.						
GE Review of EUV - Yield	8.14	GE have considered the current use of the Site and conducted our view on investment yield values. The Advisor has presented NIY evidence between 2.49% - 3.3%. The Advisor has used 3% for his term investment yield, and GE have found evidence to support this figure as set out in Appendix 4 .						
	8.15	The Advisor has used 4% for the reversion element of EUV; considering the increased risk in the revised market rent for the reversion, GE considers a 100 basis point shift is reasonable.						
	8.16	The evidence presented and found should be caveated with the realisation that recent inflationary pressure is having wider macro influences on investment market. Some of the historic values presented and recorded would not necessarily achieve these yields in today terms. However, with limited evidence available it is hard to suggest otherwise.						
GE EUV Conclusion	8.17	On the above basis we would consider the Existing Use Value put forward by the Applicant to be to be slightly above what we consider appropriate for the Site in its existing use. We have applied a lower rent than the Advisor, at £30 psf as opposed to the Advisor's £35 psf, added a void and rent-free period and applied the same yields as the Advisor. This has provided us with an EUV of £2.71m, representing £649 psf capital value, compared to the Advisor's £783 psf.						
	8.18	A summary of the GE EUV assessment compared to the Advisor's is set out in the following table:						
	<p>Table 11: EUV Assessment Summary</p> <table> <tr> <th></th><th>Advisor's Value</th><th>GE Value</th></tr> <tr> <td>EUV</td><td>£3,250,000</td><td>£2,710,000</td></tr> </table>			Advisor's Value	GE Value	EUV	£3,250,000	£2,710,000
	Advisor's Value	GE Value						
EUV	£3,250,000	£2,710,000						
Alternative Use Value	8.19	For viability assessments, Alternative Use Value (AUV) refers to the value of land for uses other than its existing use. AUV of the land may be informative in establishing benchmark land value. When applying alternative uses to establishing benchmark land value such AUVs should be limited to those uses which would fully comply with up-to-date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan.						
Advisor's AUV	8.20	The Advisor has not presented a case for the AUV of the Site to be considered as part of this review.						
Premium (Component 2)	8.21	NPG indicates that the premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+).						
	8.22	The NPG at paragraph 16 states that establishing a reasonable premium will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration.						
	8.23	For a premium to be applied, it must be demonstrated that a reasonable landowner would expect a premium having regard to planning policy.						

Advisor's Premium	8.24	The Advisor has applied a 20% premium but did not provide any land comparable evidence to justify this in their report. The Advisor has subsequently provided us with three (unadjusted) land transactions, which are considered in Appendix 4 .																		
GE Review of Premium	8.25	GE have also looked into further land comparables at Appendix 4 ; based upon the most relevant, and adjusted evidence, our analysis suggests values of between £2.1m-£4.3m for the Site which, when considered together, indicate that an uplift in value of c. £370,000 would be reasonable for the Site's development potential, reflecting a premium of 14%.																		
BLV Abnormals	8.26	NPG indicates that BLV should reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees. We are not aware of any abnormal costs associated with the Site and therefore did not factor any associated costs in determining the Site's EUV.																		
BLV Summary	8.27	In arriving at the BLV, we have had regard to the methodology and approach in determining BLV set out in this Section. We have also had regard to the NPPF, NPG, Affordable Housing and Viability SPG, the RICS GN and mandatory requirements of the RICS Practice Statement in respect of reporting and conduct. We summarise our establishment of the Site's BLV below.																		
		<p>Table 12: BLV Bases Results Summary</p> <table> <tr> <th>Basis</th><th>Advisor's Value</th><th>GE Value</th></tr> <tr> <td>EUV</td><td>£3,250,000</td><td>£2,710,000</td></tr> <tr> <td>AUV</td><td>Not provided</td><td>N/A</td></tr> <tr> <td>Premium over EUV</td><td>20%</td><td>c. £370,000 (14%)</td></tr> <tr> <td>Total Land Value</td><td>£3,900,000</td><td>£3,100,000</td></tr> <tr> <td>Applied BLV</td><td>£3,900,000</td><td>£3,100,000</td></tr> </table>	Basis	Advisor's Value	GE Value	EUV	£3,250,000	£2,710,000	AUV	Not provided	N/A	Premium over EUV	20%	c. £370,000 (14%)	Total Land Value	£3,900,000	£3,100,000	Applied BLV	£3,900,000	£3,100,000
Basis	Advisor's Value	GE Value																		
EUV	£3,250,000	£2,710,000																		
AUV	Not provided	N/A																		
Premium over EUV	20%	c. £370,000 (14%)																		
Total Land Value	£3,900,000	£3,100,000																		
Applied BLV	£3,900,000	£3,100,000																		
	8.28	<p>We have arrived at an opinion of BLV at which a reasonable landowner would be willing to sell for development by:</p> <ul style="list-style-type: none"> • Applying a reasonable valuation judgement. • Informed by the relevant available facts. • Regard to the obligations and considerations related to the site. • With a realistic understanding of the local area and the operation of the market. • Reflect all policy requirements; and • Delivering a reasonable return to the landowner. <p>Assuming the Site is free of any encumbrances, or restrictions on title which would adversely affect the value.</p>																		
Applied BLV	8.28	<p>Taking all the above into account, we have adopted a BLV of:</p> <p style="text-align: center;">£3,100,000 (say Three Million, One Hundred Thousand pounds)</p>																		

9. RETURN TO THE DEVELOPER

Return	9.1	A significant factor in undertaking viability assessments for development purposes is the level of return which a developer might reasonably require from undertaking the development and in turn on what basis the Scheme could be funded and financed. This will depend on several factors including the size of the development, the perceived risks involved, the degree of competition between funding and finance institutions for the Scheme, the state of the market in terms of demand for and lot size of the completed development and the anticipated timescales for development and for receiving a return.
	9.2	Development profit is usually necessary to attain investment to implement and deliver any given project. The level of profit is essentially the reward to the developer for the time, expertise and risk involved in carrying out the process of development.
	9.3	The NPG (paragraph 018 (Ref 10-018-20120724)) indicates that for the purpose of plan making, an assumption of 15-20% of Gross Development Value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. This is not a direct guidance for Scheme specific applications; specific development returns need to account for type, scale, and risk profile of the planned development. Furthermore, it is recognised that lower returns are considered more appropriate for affordable housing where risk to receipt of income is lower; alternative figures may also be appropriate for other types of development.
	9.5	In terms of being satisfied of a Scheme's viability, it is usual for any project proposal to be accompanied by a cashflow model – a residual appraisal or a Discounted Cash Flow (DCF) appraisal that shows both the expenditure and receipts and the time frame across which these will take place. Appraisals typically inform investors with a projected viability, Internal Rate of Return (IRR) or Net Present Value (NPV). The rate of return (the target profit or Discount Rate) that the investor will apply to their investment in the project, and thereby informing the Scheme's viability, will depend to a great extent on the way in which the landowner agrees with the assumptions within the appraisal.
	9.6	It is, however, more common for standard development opportunities to be considered on a return on gross revenue (GDV) basis as indicated in both the NPG (2019) and the GLA SPG. GE note the GLA SPG indicates both targets can be considered and/or cross referenced. NPG (2019) indicates that potential risk to development is accounted for in the assumed return for developers and it regarded as the role the developers, not plan makers or decision makers, to mitigate these risks, not for obligations to maintain them.
	9.7	Determination of an appropriate target rate of return can depend on several factors, but it is predicated on the risk associated with developing out the proposed site. The more risk involved, the higher return the developer will require.
Advisor's Profit Return	9.8	<p>The Advisor has allowed for the following return profile:</p> <p>Co-Living = 17% Profit on GDV / 20% Profit on Cost</p> <p>Based on other Co-Living schemes in London that GE have reviewed and valued, GE consider a return of 15% on GDV to be appropriate given the risk profile of the product as well as the income streams the product receives during the lifetime of the development, as opposed to traditional residential sales. It can therefore account for a slightly lower profit that what would be expected with traditional residential as it is held by the operator as a long term investment product, in a more similar style to commercial products, where returns are typically 15% on GDV.</p>

10. PLANNING OBLIGATIONS (NOTIONAL)

Planning costs	10.1	The Advisor has not provided a breakdown of planning costs, and has instead applied a total allowance of £400,000 in their appraisal which we understand is to cover CIL, MCIL2, carbon offsetting, and highways costs.
	10.2	The Government has introduced a Community Infrastructure Levy “CIL” to be paid by developers to help fund infrastructure required to support the development of its area. CIL is a charge that can be applied by planning authorities on new development to fund required infrastructure within their area. Statutory provision for CIL was introduced in the Planning Act 2008. The ability to charge CIL came into force 6 April 2010 through the Community Infrastructure Levy Regulations 2010.
	10.3	The CIL charge has been calculated according to the amount of net additional floorspace a new development would create. The amount to be paid would be calculated when planning permission is granted and is paid when development starts unless the charging authority adopts a payment policy.
	10.4	We understand LB Ealing does not have a CIL Charging Schedule in place, so the Site is only liable for Mayoral CIL.
	10.5	We have liaised with LB Ealing’s planning officers who have provided an indicative figure of £700,000 for planning obligations. We have therefore applied this within our appraisal. In any case, this figure is subject to a review by the Council should any areas change.
Affordable housing	10.6	The London Plan states that Boroughs should seek the maximum reasonable amount of affordable housing when negotiating residential Schemes. In achieving this, Boroughs should consider economic viability together with the individual circumstances of the site and Scheme. The London Plan notes that it is necessary for a developer to seek to obtain a planning permission capable of implementation that provides a return reflecting the risks associated with the overall investment. This will determine what is reasonable in respect of affordable housing levels as well as potential planning obligation payments.
	10.7	The proposed development does not include affordable housing provision and therefore does not reflect policy targets.

Table 13: Planning Obligations

Element	Applicant Estimate	GE
MCIL2, S106, carbon offsetting, highways	£400,000	£700,000

11. FINANCIAL APPRAISAL REVIEW

Package	11.1	GE has been provided with the Advisor's financial appraisal and have made the appropriate adjustments considered within the previous sections to determine the financial appraisal output. GE applied the inputs as set out within the previous sections to determine the financial appraisal output.
	11.2	GE sets out in the following table a summary of the Advisor's position and GE's position to compare on a like for like basis.

Table 14: Scheme – Appraisal Summary

Appraisal Output	Advisor	GE
Co-Living GDV	£22,980,000	£22,295,292
Commercial GDV	(included above)	£0
Total GDV	£22,980,000	£22,295,292
Build Costs	£15,541,980	£16,250,000
Total Development Costs	£23,251,799	£18,950,998
Target Level of Return (% on GDV)	17%	15%
BLV	£3,900,000	£3,100,000
Profit	-£271,799	£3,344,294
Residual Profit return on GDV	-1.18%	-3.80%
Residual Land Value	Not provided	-£624,160
Deficit/ surplus against BLV	n/a	-£3,724,160
Potential additional Affordable Housing	Nil	Nil

Initial Viability Conclusion	11.3	The output of our viability assessment indicates that the proposed scheme generates a deficit of c. -£3.7m against the BLV of £3.1m, confirming that the affordable housing offer proposed, in respect of this planning application, represents the maximum reasonable amount.
	11.4	GE's full summary residual appraisal is included in this report at Appendix 5 .
	11.5	Where the scheme is run with a fixed land cost using the BLV to determine residual profit on GDV for the Proposed Scheme, instead of using a target return with a residual land value output, this results in a -3.8% profit on GDV.
	11.6	In the next section GE have undertaken several sensitivity tests and scenarios to assess this overall conclusion and the robustness of applied assumptions.

12. SENSITIVITY AND SCENARIO ANALYSIS

RICS	12.1	<p>The RICS requires that all FVAs and subsequent reviews must provide a sensitivity analysis of the results and an accompanying explanation and interpretation of respective calculations on viability, having regard to risks and an appropriate return(s). This is to:</p> <ul style="list-style-type: none"> • Allow the Applicant, decision- and plan-maker to consider how changes in inputs to a financial appraisal affect viability, and; • Understand the extent of these results to arrive at an appropriate conclusion on the viability of the application Scheme (or of an area-wide assessment). <p>This also forms part of an exercise to 'stand back' and apply a viability judgement to the outcome of a report.</p>
Sensitivity – present day	12.2	<p>A sensitivity analysis is a simplistic (but widely used) approach for testing viability and the robustness of the Scheme. Uncertainties can be identified in respect of the inputs and their effects can then be looked at in terms of the development return and then the level of planning payment. In short, this is a straightforward deterministic approach from which a judgement needs to be made as to the appropriateness of the outcome. Benchmarks can be used as performance measures. A prudent developer will also consider the sensitivities of a development and assess the risks of the project.</p>
Advisor's sensitivity analysis	12.3	<p>We note the Advisor has not provided sensitivity analysis as part of their FVA report, noting that this is due to the current financial climate resulting in only downwards movement, thereby only worsening the scheme's viability.</p>
GE sensitivity testing	12.4	<p>To assess the robustness of the viability of the proposals, GE have considered the pricing and cost inputs to the financial model.</p>
Value/cost variance	12.5	<p>GE has looked at a variation of $\pm 5\%$ increments to build costs and $\pm 5\%$ increments to capital values. The impact on the return for each land value are presented in the following table.</p>

Construction: Rate / ft²

Sales: Gross Sales	-10.000%	-5.000%	0.000%	+5.000%	+10.000%
-10.000%	-£648,943	-£1,477,936	-£2,314,858	-£3,155,981	-£4,000,774
-5.000%	£180,047	-£636,551	-£1,465,137	-£2,301,586	-£3,141,970
0.000%	£982,862	£191,922	-£624,160	-£1,452,344	-£2,288,314
+5.000%	£1,785,676	£994,737	£203,797	-£611,768	-£1,439,815
+10.000%	£2,588,491	£1,797,551	£1,006,612	£215,673	-£599,375

	12.6	<p>This shows that a 10% increase in capital values and a 10% decrease in costs would not enable the Scheme to exceed the BLV (c. £3.1m). If costs remained as we have modelled and values increased, the BLV would not be met. Given current inflationary pressures, it would be reasonable to assume that costs are more likely to increase.</p>
	12.7	<p>For the scheme to meet the BLV, rents of c. £1,785 per room pcm are required to be achieved, representing an increase of 23%. It is this justification on deliverability that the Advisor has provided in making the scheme deliverable over the lifetime of the development as this increase in rents is anticipated to be achieved over time, as the scheme is proposed to be held by the Applicant as a long term investment.</p>

	12.8	Where the Advisor's adopted build costs are modelled in our appraisal, rents of c. £1,725 per room pcm are required in order for the land value to meet the BLV.
Finance Costs Sensitivity	12.9	While we have modelled our appraisal at 7.50% in line with the Advisor's finance rate, we recognise that this scheme is still some way from being delivered and therefore market conditions may change in this time. With this in mind, we have modelled both a reduction and increase in finance costs from the base position (7.50%) % in 0.50% increments.

Finance Rates							
	6%	6.5%	7%	7.5% (base)	8%	8.5%	9%
RLV	-£451,965	-£509,977	-£567,373	-£624,160	-£680,344	-£735,932	-£790,929

	12.10	It is apparent from this sensitivity test even a 1.50% reduction in finance costs still leaves the Scheme with a negative land value and also with a deficit against the BLV. However, should market conditions improve in the medium term, with a corresponding fall in construction costs and further improvement in sale values, the viability of the scheme could potentially improve.
Affordable Housing	12.11	As with lowering the finance costs, there is a significant impact when they are raised. The viability of the scheme would further deteriorate should finance rates increase over the development period.
	12.12	We have adopted the London Plan (2021) Policy H16 calculation of determining affordable housing contributions. This is for 35% of the rooms (33 rooms) to be let at 50% of the market rent (£725 per room pcm). This results in a GDV of £18.4m, a reduction of £3.9m compared to the 100% private tenure scheme as proposed. In this instance it can be seen that the viability position is worsened, given the reduction in GDV and the scheme is therefore unable to support any contributions above the S106 costs presented.
Additional Scenario testing	12.13	Whilst it has been concluded that the current scheme proposals represent the maximum reasonable level of affordable housing, we would consider it prudent for the Applicant to also model the Scheme on the basis of a Forward Funding scenario.

13. CONCLUDING STATEMENT

	13.1	Gerald Eve LLP ('GE') has been instructed to undertake a Financial Viability Review ('FVR') of a Financial Viability Statement ('FVA'), submitted on behalf of Luxgrove Capital Partners ('the Applicant'). The FVA has been prepared by James R Brown and Co Ltd ('the Advisor') in order to support the planning application discussions in relation to the proposed Scheme. This assessment has considered whether the Applicant has effectively justified the proposed level of affordable housing planning contributions that the Scheme is proposing to provide, having regard to viability.
	13.2	GE has had regard to the Advisor's FVA dated November 2022 and accompanying appendices including the cost plan prepared by Cast, in undertaking this assessment.
	13.3	In accordance with NPG (2019), in arriving at an opinion of a reasonable BLV, GE has applied a valuation judgement; informed by the relevant available facts, a realistic understanding of the local area and of the operation of the market. GE have reviewed the Advisor's BLV and have made reasonable adjustments in line with the best available market evidence. We have applied a BLV of £3.1m (based on a £2.71m EUV for the Site, and a premium equivalent to 14%) for the purposes of assessing viability in planning.
	13.4	We have reviewed the GDV applied to the Scheme. We consider the co-living rental values and yields applied by the Advisor to constitute what could be achievable at the Site, based upon our assessment of comparable evidence. We have however removed revenue associated with the commercial space as we understand these to be ancillary to the co-living operation, and therefore our total GDV is lower than the Advisor's. GE considers, overall, the proposed Scheme GDV to be c. £22.3m which is below the Advisor's GDV of c. £23m given the change to the commercial element.
	13.5	GE would advise the Council to apply a restriction on the use of the ground floor commercial/ community space to the operation of the co-living provider, as is currently proposed. This would enable there to be appropriate restrictions on the way the space is let, i.e. not having its own revenue streams, above that of the co-living units. This is in line with our understanding of the proposals, however if this space is let to commercial tenants who pay rent, then we reserve our right to review the income associated with this in order to ensure any future viability assessments capture any additional income the scheme receives.
	13.6	G&T were appointed to review Cast's Cost Plan, who found the scheme had approximately an additional £750k of costs to account for which we have applied within our appraisal.
	13.7	The Council has confirmed an indicative CIL liability and other planning costs that would be applicable to this Site which have been applied in the appraisal.
Output	13.8	The output of our viability assessment indicates that it is unlikely that the proposed scheme could support any additionality over the offer of 0% affordable housing cash-in-lieu contribution, and that this therefore represents the maximum reasonable level of affordable housing payment that can be provided in respect of this planning application at this date.
Sensitivity Testing	13.9	GE has conducted sensitivity analysis on the build costs and co-living values to show how variations to applied assumptions impact viability and as such potential affordable contributions. We have also assessed potential changes in finance rates to reflect changing economic circumstances or preferable individual rates that could be achieved by specific developers. We have also tested the co-living rental levels that would be required for the RLV of the proposed scheme to meet the BLV, which currently stand at c. £1,785 per room pcm, an increase of c. £335 per room pcm compared to what is currently modelled. In terms of deliverability of the scheme, this increase of c. 23% on the rental levels is considered to be achievable over the lifetime of the development. The Advisor has stated that the Applicant is bringing this scheme forward with a

		long term investment view and therefore in deliverability terms, this is how they justify that the scheme on a present day basis proves to be unviable but is still being brought forward.
Additional Sensitivity Modelling	13.10	Whilst it has been concluded that the current scheme proposals represent the maximum reasonable level of affordable housing, we would consider it prudent for the Applicant to also model the Scheme on the basis of a Forward Funding scenario. This additional modelling should be undertaken and reviewed before the matter is concluded.
Review Mechanism	13.11	Whilst this FVR indicates that the proposed affordable housing payment offer of £0 reflects the maximum reasonable amount that can be provided at the time of this planning application, there may be market circumstances that could improve the financial position and therefore delivery of the scheme for developers. This includes increased co-living rents and capital values of the units and reductions in construction costs as the market stabilises.
	13.12	Having regard to the above considerations, it may be reasonable to review the Scheme's viability over the lifetime of the project. We note that the level of affordable housing contribution proposed in this application is below the targeted level required in the Ealing Local Plan Policy and London Plan; as such, it is reasonable for the Section 106 agreement to include terms of engagement setting out how and when viability will be reassessed over the lifetime of the development to ensure policy compliance and optimal public benefits through economic cycles.



Appendices

APPENDIX 1

Co-Living Comparable Research – GDV

- 1.1 GE has reviewed the comparable evidence provided in the Advisor’s report. We note that the Advisor has largely relied upon academic evidence (e.g. documents agreed at appeal and planning viability documents) given the lack of large-scale transactional evidence for co-living schemes. We have therefore also undertaken further research to substantiate the Advisor’s, to further justify values with market evidence where possible.
- 1.2 The Scheme proposes co-living (sui generis) land use, comprising 94 rooms. The Applicant has adopted an average value of £244,468 per room which has been proposed having regard to co-living rental values and investment yields, for comparable new build co-living schemes in London. We note however that this value is derived from the total valuation and is therefore inclusive of the Advisor’s commercial revenue which we have removed. Therefore, our reported capital values differ due to this even though we have applied the same rental rates and yields that the Advisor has.
- 1.3 As part of the due diligence process, we have reviewed the comparable evidence set out in the Advisor’s FVA report to ensure the values adopted provide an accurate estimation as to what we would expect the Scheme to achieve.
- 1.4 We have commented on the suitability of each comparable relied upon by the Applicant below. We first consider the Advisor’s gross rental values (prior to reductions for OPEX costs) followed by investment yields/ capital values, as the valuation approach is to capitalise the net rental value.

Rental Value Evidence

- 1.5 The Advisor has applied an average gross rent of £1,450 per room, per calendar month (‘pcm’). We set out in the table below the rental evidence the Advisor has relied upon in reaching their adopted value:

Table 1: Summary of Advisor’s Co-Living Rental Evidence

Scheme	Rent/Value	Avg unit size (Sq. ft)	Amenities etc	GE Comments
Subject				
Folk at The Palm, 55-59 Palmerston Road, Harrow	Standard £1,388 pcm Roomy £1,514 pcm Bigger £1,634 pcm Biggest £1,654 pcm	c.172 sq. ft c 194 sq. ft c.215 sq. ft c.237 sq. ft	Housekeeping, Wifi, fitness centre, dining area	We consider the Site has a better location than this scheme. This scheme is closer to a tube station however it is situated at the end of the slower Bakerloo line. Both journeys are into Paddington c. 35 mins with a long walk to the station at the subject. This scheme has a similar amenity offering to the proposed scheme.
The Collective, Old Oak, Willesden Junction	£1,560 pcm (12 months) £1,690 pcm (6 months)	c. 161 sq. ft	Cleaning, Gym, Screen room, Games, Spa and sauna, and Wifi	Better (more central) location. However, OOC station development is not expected to be completed till 2029/the early 2030s and otherwise not that well connected, whereas the subject has live access to the new Elizabeth line. This scheme has a slightly superior offering of amenities to the proposed scheme and therefore is likely to achieve slightly higher rents overall.

Source: Advisor (Comments – GE)

1.6 GE have undertaken further research and have added the below further evidence for consideration:

Table 2: Summary of GE's further Co living Rental Evidence

Scheme	Rent/Value	Avg unit size (sq. ft)	Amenities etc	GE Comments
Subject				
The Stay Club Acton (A40 Site)	Studios (private units)- c. £1,667 pcm	c. 172 sq. ft	Catering, Café, Wifi, Security, Cinema, Reception, Events, Terrace, CCTV, Classroom, DJ Bar, Library, Bike Storage, Service, Housekeeping, Laundry	335 co-living rooms of which 117 were affordable co-living. Locationally comparable.

1.7

Source: GE

1.7 GE have undertaken further research for comparable evidence and have found there to be limited available evidence for co-living schemes rents.

1.8 From our research, with reference to Savills Co-living Operation Capital Markets team, they establish co-living schemes to be purpose-built managed residential developments for rent, which include a combination of shared amenity spaces and promise of community (and which many of them are accustomed to from PBSA) With The Collective's Old Oak and Canary Wharf schemes demographic is 79% of residents between 18 and 35 years old (Savills – Co-living Spotlight Q2 2022).

1.9 With this in mind, we have had regard for Build to Rent (BtR) and Purpose Built Student Accommodation (PBSA) sectors as cross check for the co-living rental comparables and placed less weighting on them. We would expect PBSA to be the most similar asset-class of the two given schemes typically rent single rooms with shared amenities and communal spaces, whereas BtR schemes typically comprise self-contained flats, sometimes with multiple rooms in each. We have therefore limited our comparable search on BtR schemes to studio apartments so that they are more comparable in terms of size.

Table 3: Summary of GE's further BtR Rental Evidence

Scheme	Rent/Value	Avg Studio size (sq. ft)	Amenities etc	GE Comments
Subject				
Greenford Quay (GlaxoSmithKline)	Studio - £1,418 to £1,584 pcm	NKN	Concierge, Gym, Lounge, Gardens	Inferior location to the subject. Strong amenity comparison to the subject.
Wem London (Wembley Point)	Studios from £1,200 pcm	NKN	Concierge, Gym, Lounge, Gardens	Wembley would be considered an inferior location but has seen a strong element of placemaking with a considerable amount of Co-living, (Student and BtR schemes) being developed in the area. Strong amenity comparison to the subject.
Wembley Park - E05 - Robinson	Studios from £1,636 - £1,970 pcm	NKN	Concierge, Lounge, Gardens	Wembley would be considered an inferior location but has seen a

				strong element of placemaking with a considerable amount of Co-living, (Student and BtR schemes) being developed in the area. Strong amenity comparison to the subject.
The Old Vinyl Factory - 6 - Machine Works House (Pressing Plant + Machine Store)	Studio from £1,000 pcm	N/A	Gardens	Inferior location however also located on the new Elizabeth (3 stops further west). Limited amenities are provided in comparison to the subject.

Source: GE

- 1.10 Like co-living, the BtR sector draws from similar principles of high-density living. Both are operated by single entities that provide managed amenities to the consumer. Albeit the BtR sector offers fewer shared amenities and more private facilities such as personal kitchen. Both attract similar consumers when targeting the young professional demographic. From our research, several schemes in the development phase can interchange in the desired finished product depending on market dynamics at the time for structuring the wholesale to the required operator. Therefore, we have taken consideration into the BtR market for a gauge of value that can be expected in the subject scheme. On a monthly basis GE have compared Studios apartments within BtR schemes, they represent the best comparison to Co-living units, the values ranged from c. £1,000 pcm to £1,970 pcm.

Table 4: Summary of GE's further Student Rental Evidence

Scheme	Rent/Value	Amenities etc	GE Comments
Subject			
Central Studios Ealing	Economy Bronze Studio – c. £1,253 pm Bronze Studio – c. £1,309 pm Silver Studio – c. £1,449 pm Gold Studio – c. £1,496 pm Platinum Studio -c. £1,624 pm Platinum Plus Studio – c. £1,696 pm	100 Mbps Internet, Laundry Room, CCTV, Games Area, , Communal Lounge	Strong comparable location which would be competing with the student demographic like the subject.
The Lyra	Studio Bronze – c. £1,339 pm Studio Bronze – c. £1,336 pm Studio Bronze Plus – c. £1,381 pm Studio Silver – c. £1,424 pm Studio Silver – c. £1,416 pm Studio Gold – c. £1,611 pm Studio Platinum – c. £1,441 pm Diamond Studio – c. £1,738 pm	Bills included, 24/7 Support, Cycle Storage, Wifi, Games Area, On-site laundry facilities, Study Zone	Similar locational comparability. Strong specification which would be similar to the prospective subject scheme.
Ravenscourt House	Single Studio – c. £973 pm Classic Studio – c. £1,360 pm Classic Studio – c. £1,520 pm Premium Studio – c. £1,700 pm Premium with view – c.£1,721 pm Deluxe – c. £2,040 pm	Wifi, Laundry room, CCTV, Wheelchair access, Washer Dryer, Bike Storage, Games room	A better centralised location to proximity to other universities. Strong specification which would be similar to the prospective subject scheme.
Sterling Court, London	Bronze En-Suite- c. £969 pm Bronze En-Suite Deluxe – c. £990 pm Bronze Studio Plus – c. £1,114 pm Bronze Studio Plus – c. £1,164 pm Bronze En-Suite – c.£914 pm Bronze En-Suite – c. £920 pm Bronze En-Suite – c. £940 pm Bronze En-Suite Plus – c. £935 pm Bronze En-Suite Plus – c. £940 pm Bronze En-Suite Plus – c. £960 pm Bronze Studio Deluxe – c.£1,173 pm	Wifi, CCTV, Washer dryer, Bike Storage, Games room, Wheelchair access	Inferior location in Wembley location has seen a strong element of placemaking with a considerable amount of Co-living, (Student and BtR schemes) being developed in the area. Subject scheme would be expected to have a better specification.

	Copper En-Suite – c. £876 pm Copper En-Suite c. £896 pm Copper En-Suite Premium -c. £990 pm Silver Studio Plus – c.£1,211 pm285 pw (51 Weeks) Silver Studio Plus – c.£1,260 pm pw (42 Weeks) Bronze Studio Premium – c.£1,148 pm Bronze Studio -c. £1,140 pm Silver Studio Premium – c.£1,194 pm Silver Studio Deluxe – c. £1,194 pm Gold Studio Plus – c. £1,573 pm Silver Studio – c. £1,152 pm) Silver Studio – c.£1,164 pm Gold Studio Premium – c. £1,564 pm		
Pavilion Court	Skyline Bronze En-Suite – c.£928 pm Skyline Bronze En-Suite – c.£961 pm Bronze En-Suite – c.£880 pm Bronze En-Suite – c.£1,001 pm Affordable Rooms – c.£608 pm Silver En-Suite – c.£920 pm Silver En-Suite – c.£956 pm Gold En-Suite – c.£940 pm Gold En-Suite – c.£965 pm Platinum En-Suite – c.£940 pm Platinum En-Suite – c.£978 pm Bronze Studio – c.£1,000 pm Silver Studio – c.£999 pm Gold Studio – c.£1,173 pm Platinum Studio – c.£1,339 pm Platinum Plus Studio – c.£1,441 pm	Social Space, Bike Store, Laundry, Gym, Social events, Study Area, Outdoor social space, CCTV, Vending machines, Gardens	Inferior location in Wembley location has seen a strong element of placemaking with a considerable amount of Co-living, (Student and BtR schemes) being developed in the area. Strong specification which would be similar to the prospective subject scheme.

Source: GE

- 1.11 Student living is an extension of Co-living as both spaces offer private rooms with spaces for residents to share living spaces, shared interests, values and or intentions. Similar to the more established student accommodation, co-living offers share facilities like a common kitchen, utility space and common work zones. Albeit Co-living schemes are as targeted towards a particular demographic there is often considerable overlap where Co-living schemes market themselves to students. Therefore, it was important to have regard to the above information. On a monthly basis for comparison, the values ranged from c. £658 pm to £2,078 pm (please note that student rooms are typically let for 51 weeks however for the purposes of comparison, we have reported them in this table on a monthly basis).
- 1.12 As previously mentioned, we have placed most weighting on the co-living evidence, however the rental values from BtR and PBSA schemes have been a useful cross check. Overall, from both the Advisor's evidence and our further evidence, we consider an average rental value per room of £1,450 per calendar month to be appropriate.

Investment Evidence

- 1.13 As with the rental comparable evidence, we set out the Advisor's evidence and our comments followed by our own further evidence in determining an appropriate investment value (capital value per room and yield) for the proposed scheme.

Table 5: Summary of Advisor's Co-Living Investment Evidence

Scheme	Rooms	Date	NIY	Cap val per room	Amenities etc	GE Comments
Subject						
De Paul House, 628-634 Commercial Road, Tower Hamlets	109	Mar-21	4.25%	c. £240k	Wifi, 24-hour reception, Laundry, breakfast	Advisor states that they would expect the equivalent value per bedroom at the subject to be significantly less however this is £240k per room and he adopts £244k per room for the proposed scheme. Research suggests it is a hostel. Locationally not that comparable but most recent comparable evidence.
11-25 Chatfield Road, Battersea	239	2021	4.5%	c. £208k	Flexible workspace, lounge, parking, cafe	Profit target on GDV at 17.5%. OPEX per bedroom p.a. £5,234. Advisor conflicts unit numbers in section 10.3 stating 239 units in yield evidence sourced from BNP, JRB&C & DC2 table and 182 in academic investment. GE research has shown planning is for 182 units. Better location with stronger recent evidence provided by the Advisor.
61 Greenhill Road, Harrow	89	NKN	NKN	c. £142k	NKN	Profit target on GDV at 17.5%. Relevant location compatibility but no data or yield evidence provided.
College Road, Croydon	927	NKN	NKN	c. £209k	Social and co working spaces	Advisor established 927 rooms of which 812 are co living but our research suggests 956 rooms from planning permission. No relevant date or yield analysis.
Rear of 21 High Street, Feltham	131	NKN	NKN	c. £182.5k	Retail, Bike workshop,	Relevant locational compatibility albeit no yield evidence provided.
33-39 Lowlands Road, Harrow	104	2020	4.75%	c. £196k	Café	Relevant location compatibility but slightly dated information.
305a Kingsland Road, Haggerston	121	2019	4.75%	c. £240k	NKN	Better locational compatibility but dated evidence.
Former Hazel Court, Haydon Way, Wandsworth	NKN	NKN	NKN	c. £223k	NKN	From our analysis, the planning permission has been refused and evidence is disregarded.
1-3 Bath Road, Hounslow	248	NKN	NKN	c. £200k	NKN	Relevant locational compatibility albeit no yield evidence provided.
The Collective, Old Oak	500	NKN	4.00%	c. £217k	Cleaning, Gym, Screen room, Games, Spa and sauna, Wifi	75% share management buy out. Mixed of student and co-living accommodation. Relevant locational compatibility but no reference to date provided by the advisor.
Garratt Mills, Trewint Street, Earlsfield	315	NKN	NKN	c. £185k	Co-working, community, and pop-up space.	Relevant location compatibility but slightly dated information.
Folk at the Palm, 55-59 Palmerston Road, Harrow	222	2018	5.25%	NKN	Catering, Café, Wifi, Security, Cinema, Reception, Events, Terrace, CCTV, Classroom, DJ Bar, Library, Bike Storage, Service, Housekeeping, Laundry	OPEX per room p.a. £4,922. Similar location but dated evidence.

Source: Advisor (Comments – GE)

1.14 GE have undertaken further research and have added the below further evidence for consideration:

Table 6: Summary of GE's further Co-Living Transactional Evidence

Scheme	Units	Purchase Price	Date	Cap Val per room	Net Yield	Amenities etc	GE Comments
Subject							
Elm Park, Hornchurch	31	£12m	Jan-23	c. £387k	6.01%	NKN	BtR scheme in inferior location but provided strong analysis into the investment market for yield evidence.
Vita Student Lewisham Exchange, Exchange Point, Loampit Vale, London SE13 7NX	758	£134	Dec-22	c. £177k	4.25%	Wifi, Gym, Study Area, Private Dining, Café, Cycle storage, Laundry	Student scheme in similar London peripheral locality in London and recent evidence.
One Eighty Stratford High Street	178	c. £80m	Nov-22	c. £449k	3.30%	Concierge, Parking Wifi, Garden, Bike storage, Roof terrace, Work area	BtR scheme of slightly superior locational with established placemaking.
227 Wood Lane, Hammersmith, W12	269	N/A	Jun-22	c. £295k	4.25%	Cycle storage, storage, laundry, and amenities	GE viability assessment of Co-Living scheme. Planning pending for 209 co-living units (24 affordable) units including office floorspace. Co-living OPEX rate is 32%.
Nido West Hampstead	347	£124m	Jul-21	c. £357k	4.30%	Wifi, gym, social spaces, cinema room, laundry room, bike storage	Student scheme in better location albeit slightly dated evidence.
70 Hanger Lane, Hanger Hill, Ealing W5 2JH	59	N/A	Mar-21	c. £210k	4.50%	Amenities and communal space, gym and cycling	GE viability assessment of Co-Living scheme. 30% OPEX applied but lack of evidence noted.
The Collective Old Oak, Willesden	409	£93.75m	Oct-18	c. £229k	4.00%	Cleaning, Gym, Screen room, Games, Spa and sauna, Wifi	Co-living scheme which is slightly dated but also used as key evidence by the Advisor
Astra House, Harlow	51	£7.88m	Mar-18	c.£155k	4.50%	Parking	Co-living scheme in inferior location and the most dated evidence.

1.15

Source: GE

1.16 We accept that finding comparable evidence in close proximity to the Site is more challenging for co-living uses given they transact less frequently than more traditional forms of residential. We have therefore also considered evidence from across London more generally and the academic evidence presented by the Advisor. These do however subsequently require more weighting adjustments e.g. for locational benefits etc as opposed to scheme specifics which we have accounted for.

1.17 We have placed more weighting on recent transactions as opposed to historic or academic evidence and consider the recent transactions at De Paul House, 628-634 Commercial Road, Tower Hamlets, 11-25 Chatfield Road, Battersea and The Collective Old Oak, Willesden and 227 Wood Lane, Hammersmith, 70 Hanger Lane to be the most useful comparable given the on-site facilities, location and similar specification of the development. From this, we consider a net initial yield of 4.5% to be appropriate.

Summary

1.18 Overall, our evidence suggests that a rent of £1,450 per room pcm and a net initial yield of 4.5% to be reasonable, in line with the Advisor's values.

APPENDIX 2

SCOTT'S HOUSE, EALING
CONSTRUCTION COST REVIEW REVA
For Gerald Eve

01 March 2023

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APPENDICES

APPENDIX A BENCHMARKING

1. INTRODUCTION

Gardiner and Theobald (G&T) were approached by Gerald Eve (GE) concerning a proposed Co-Living scheme at 131-137 Broadway, West Ealing (W13 9BE). The brief was to undertake a review of the scope and pricing of the construction cost plan prepared by Cast Real Estate & Construction Consultancy submitted in support of a viability report prepared by Jame.R.Brown and Co Ltd.

The review would include:

- Review the James R Brown and Company Ltd Viability report and provide short report on the construction costs for Scott's House.
- Provide commentary on the costs and reference to G&T bench marking.

As part of this review G&T have been provided a copy of James R Brown Viability report. Key parts of this report in relation to construction costs are:

- Appendix 4 – General arrangement plan drawings of the ground floor, first floor and fifth floor
- Appendix 5 – area schedule
- Appendix 8 – Order of cost estimate

At the time of writing the construction industry in London is experiencing very high rates of inflation and prices are changing differently across all trades at varying rates. This is effecting the accuracy of construction estimates and variability of contractors tenders.

2. REVIEW OF OVERALL SCOPE/CONTENT/AREAS

Scope of project

The Scott's house proposal is for the demolition of the existing building and structures (a local Kwikfit centre) and the erection of a building stepped from 4 to 9 storeys comprising 94 co-living units and associated communal amenity facilities and ground floor commercial accommodation; and associate refuse storage and cycle parking. The proposed new GIA totals 4,204 m2 over 9 floors from ground floor to 8th floor level.

The cost plan includes a schedule of areas which aligns with the schedule provided by MAA architect's . Generally the level of detail within Cast's estimate is appropriate for the level of design detail and for the purposes of cost planning and benchmarking at viability stages etc. Key scope items included are:

- 94nr co-living units ranging in size from 21.7m2 to 36.7m2 and the average area being 25.1m2.
- Communal amenity areas (internal and external) are located on the ground, 5th and 8th floor and are 476m2.
- The proposed restaurant / café area located on the ground floor is 211m2.

Viability report estimate

The estimate refers to MAA design and access statement (September 2022 Rev P03) as it's basis of estimate, this document includes core design information which would enable a feasibility estimate to be prepared. No structural or MEP design inputs have been identified and rates for these elements are made either on a £pm2 basis or rate per functional unit (i.e. the number of beds).

The assumed specification/standards for finishes and internal fit out are included in the cost plan detail.

There are a number of stated assumptions and a list of exclusions most of which are standard and self explanatory such as:

Assumptions

- Café is assumed to S&C only.
- 1nr substation is required.
- Bathrooms within units are podded construction.

Exclusions

- Professional fees.
- VAT.
- Section 106 or 278 Agreements.
- Demolition works and remediation.
- Fittings, Fixture and Equipment generally.
- Site acquisition.

Further comments on assumptions/exclusions are included as appropriate in this detailed report.

Although the estimate was issued in November 2022 the cost plan is stated as 'Current Day 3Q2022' pricing and inflation beyond this point is not included.

Estimate Quantity Checks

Plan drawings and elevations have been reviewed and general quantity checks were carried out on the following key items:

- Overall GIA of 4,215m²; reasonable
- Nett to gross ratio of 69%; reasonable (Residential, Amenity & Commercial = 2,906m² / 4,215)
- Roof area of 624m²; reasonable
- Internal staircases of 9 flights; reasonable
- External glazed doors of 96nr (one per unit); reasonable
- Solid and glazed façade treatments of: 3,758m²; could be high however would depending how this is quantified between balconies. Wall to floor area ratio is 0.89 which is high. On further analysis of the drawings this is due to the depth of single and double reveals as well as how walls have been detailed around balconies. A typical ratio would be anticipated around 0.5-0.6.

Scope of works within Estimate

From reviewing the scope of works included in the estimate and the accompanying assumptions and exclusions G&T have made the following observations:

- Demolition of the existing Kiwffit facility is excluded from the Cast estimate and is not identified anywhere else in the viability report. This would likely be required as part of the viability assessment and we would expect this to be in the region of £100k.
- Fixtures and fittings are excluded from the estimate, loose items (e.g. wardrobes and beds) may sit outside this report however Kitchen fittings should be considered as fixed furniture and included. A rate of £3,500 per unit is suggested in the Cast estimate which is reasonable for a basic level specification.
- MEPH allowance is based on 94 units at £34k per unit. This does not appear to take into consideration MEPH scope required to the café/restaurant and amenities areas. This may be included with in the rate of £34k.
- There are no specific allowances for internal partition walls (painting included in fit-out works). It is possible that this is included within the overall allowance for frame.

3. ANALYSIS OF ANTICIPATED CONSTRUCTION COSTS

General

The total Indicative Construction Cost Total in Cast's summary is £15,541,980 including 5% contingency but excluding professional fees and equates to £3,688/m² of the proposed GIA.

High level benchmarking of similar buildings has been carried out and further details can be found in appendix A. This has indicated a range of costs from £2,800pm² to £3,660pm² suggesting that this estimate is at the top end on a £pm² basis. It is acknowledged however that the Scott's building scheme is a co-living proposal which differs from some of the benchmarking sample and this can increase the £pm² rate, in particular the density of units within the building. Other observations below also provide context for why this estimated rate is at the top end of our benchmarking range.

Structure and Envelope

The cost plan includes the following allowances:

• Substructure	£590,000	£140/m ² GIA
• Frame & Upper Floors	£1,264,000	£300/m ² GIA
• Stairs	£81,000	£37/m ² GIA
• Roof	£307,000	£104/m ² GIA
• External Envelope including windows and doors	£3,592,000	£850/m ² GIA

The Substructure and Frame & Upper floors rates appear reasonable to cover a standard foundation solution and concrete frame. If abnormal foundations were required or a steel frame (in lieu of concrete frame) then this rate would be expected to increase.

The external envelope stands out as abnormally high and closer inspection reveals a number of reasons including the depths and details between the unit balconies and the external walls. The solid façade rate within the estimate of £850-950pm² is considered high for a brick external wall, which makes up the majority of this area. This rate could be high by between 10-20%

The roof costs includes allowances for coverings, mansafe system, parapet walls, a roof terrace and access hatches. These allowances appear reasonable.

The Stair allowance based on £9,000 per level which is reasonable. A second form of egress (if required) has not been identified within the estimate.

Fit out & finishes

Cast have included a detailed build up of the fitout and finishes costs for a typical Studio 1A apartment amounting to £13,500 for a ~26m² unit, this equates to £511pm². The Fit out section in the estimate summary table applies this rate to all the Co-living units. Additional to this rates on a

£pm2 basis are also provided for Common, Amenity and Commercial areas, however no further breakdowns are provided for these areas:

• Co-Living Units (2,305m2)	£1,178,600	£511/m2
• Common areas (1,309m2)	£589,000	£450/m2
• Amenity areas (390m2)	£389,700	£1000/m2
• Commercial Areas (211m2)	£52,800	£250/m2

Rates generally within the co-living units (e.g. wall, floor, ceiling finishes and pods) would reflect a low quality specification. The overall rate per m2 is inflated due to high ratio of bathrooms of 1 each per 26m2 unit.

As mentioned above kitchen fixtures are not included but would be expected to be required as a fixed furniture item, Cast have suggested £3,500 per unit which would reflect a low specification and would amount to an additional £329,000 for all 94nr units.

Common and Amenity rates both appear reasonable as an all-in rate of £450pm2 and £1,000pm2 respectively.

Commercial areas rate of £250pm2 and assumed in Cast's estimate as shell and core only, this appears reasonable on the understanding that ceiling and floor finishes as well as some of the services scope would be completed separately by a tenant.

Services

The cost plan includes on allowance for Mechanical Electrical & Public Health (MEPH) of £3,196,000 on the basis of 94nr units at £34,000 each. Separate allowances have been made in the external works section for drainage and Statutory connections amounting to £261,000.

This calculation does not include a separate allowance for the restaurant / café space or the amenities areas however when view as an overall cost per m2 it amounts to £760pm2. Considering that sprinklers would be required this is within the anticipated range of £700-800pm2 that we would expect to see.

There are two lifts, one is approximately 2.2m x 1.2m and the second ~1.6m x 1.2m. An allowance has been made of £228,000 each. This allowance is above our anticipate range of £150k-180k each.

External works

The cost plan includes a £100k allowance for external works. There is approximately 165m2 of site area which is not occupied by the footprint of the building. There is no design information identified for the external works however this allowance appears reasonable for what would typically be required such as cycle racks, ramped access, balustrades/handrails, paving etc.

Preliminaries

Cast have included 16% for Preliminaries and 5% for Overheads and Profit (compounded) for overheads and profit amounting to around 22% overall. Although the tight site constraints for this scheme could put pressure on the rate for preliminaries this allowance is not considered unreasonable.

No allowance has been made for design and professional fees which has been excluded from the estimate, although not identified in the report this approach would suggest that a traditional procurement method will be utilised.

Contingency

A Design Development Contingency allowance of 5% has been allowed for to the overall estimated construction cost amounting to £740,000. Further to this Client risk allowance is noted as a general exclusion. Also noted as a general exclusion is Design Development Contingency however this may be in error as it is specifically included for within the estimate.











The Cast estimate is based on high level elemental items with significant portions of the total calculated by all in £pm2 rates, allowances per unit or percentages (i.e. Sub-structure, Frame, MEPH, Fitout to common/Amenity/Commercial areas, preliminaries, OHP and contingency). This is in line with the level of design provided in the viability report however increased the likelihood of design development occurring at later stages.

Ground risks would also need to be further developed for this scheme in regards to the previous use of the site and potential for contamination as well as foundation requirements.

With the level of estimating accuracy and amount of design development still required for the scheme this level of contingency is considered low and would expect an allowance between 7.5%-12.5%

4. CONCLUSION

Costs estimate is to an appropriate level of detail for viability purposes and the current level of design. This review has identified the following key observations.

Ref	Item	Effect	Potential impact	
	Cast construction cost estimate			£15,542k
1	Add demolition / enabling works		£75k to 150k	
2	Review and revise MEPH estimate methodology		-£300k to +£300k	
3	Add kitchen units		£300k to £400k	
4	Include separate allowance for internal wall partitions		£150k to £250	
5	Generally increase specification of internal fitout to the units		£150k to £200k	
6	Reduce rate for lift		£-100k to -£150k	
7	External Cladding : - Review wall to floor ratio. - Reduce rate to solid cladding between balconies. - Reduce rate for brick walls generally		£-400k to -£600k	
8	Preliminaries, OHP & Risk		£50k to £100k	
9	Increase contingency provision to 7.5%		£300k to £400k	
	Total of above items			£500k to £1,000k
	G&T view on costs (3Q2022)			£16,250k

Based on the above increases and decreases our view is that the overall estimate may be low in the region of £0.5m to £1m.

The overall £pm2 GIA rate would still benchmark at the high end of our expected range, key drivers contributing to this are the number of balconies, density of units and ratio of solid façade to floor area. Refer appendix A for further benchmarking

Next Steps

Separate to the construction cost of this scheme it should be confirmed that items that are not included in Costs estimate are either provisioned for separately within the appraisal or not required.

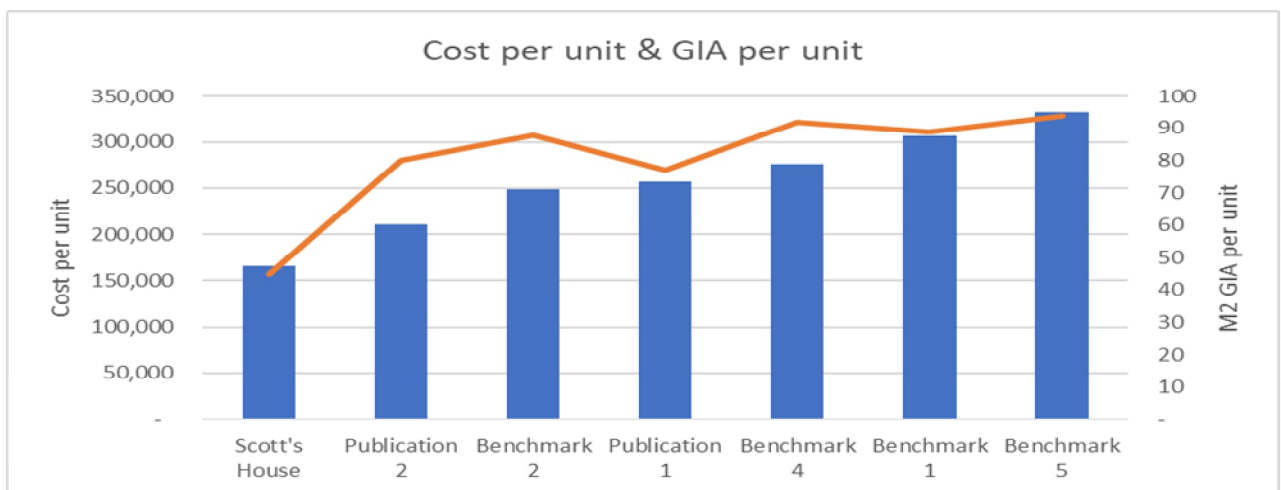
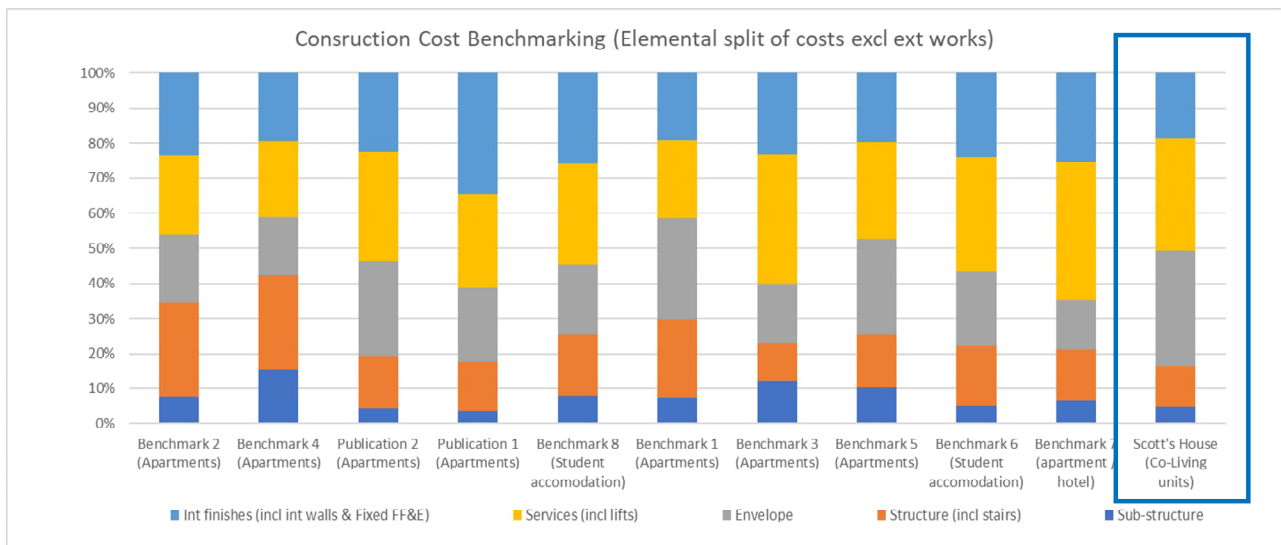
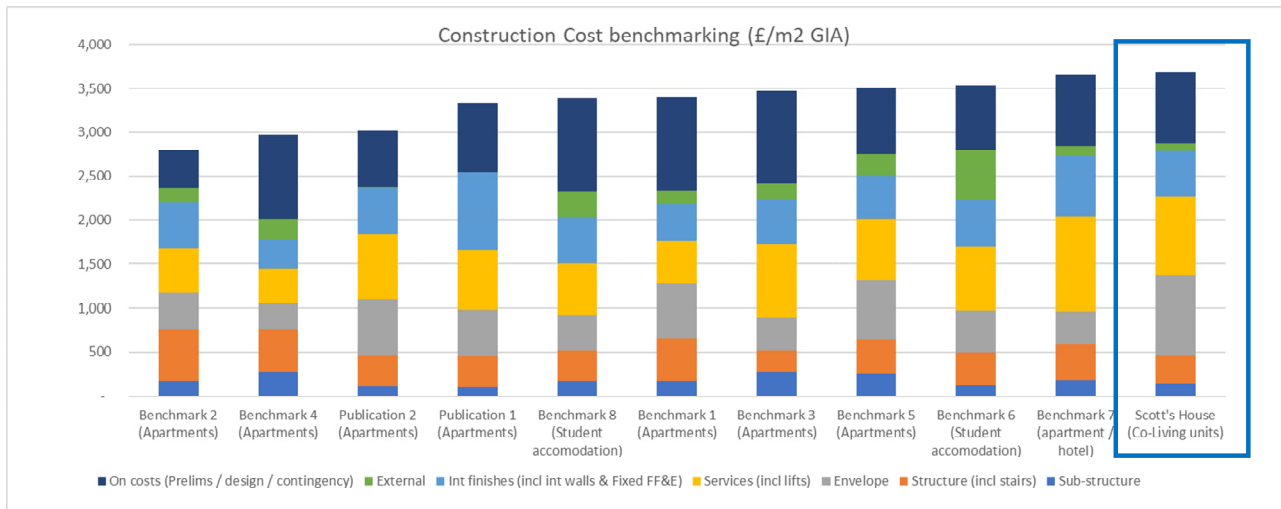
In particular:

- Demolition and enabling works
- Loose fittings, fixtures and furniture
- Client risk allowance
- Inflation beyond 3Q2022
- Site surveys
- Section 278 / 106 requirements

It is suggested that the façade is reviewed to consider if it can be simplified, Current deep reveals, brick colours etc contribute to a high cladding cost.

Appendix A

BENCHMARKING ANALYSIS



Note: Benchmarking rates have been adjusted to 3Q2022 and to the greater London location.

APPENDIX 3



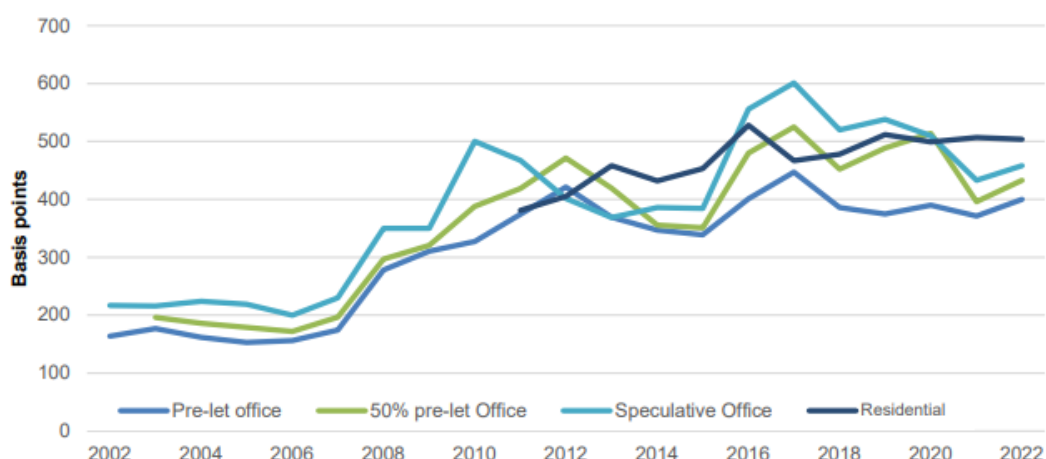
Development Finance Rates

May 2023

1. FINANCE COSTS

1.1.	The finance rate applied in the appraisal represents a total cost of capital in financing the Scheme. The rate adopted represents the combined cost of both debt and equity financing. When broken down, the debt element of the cost of finance includes a margin and risk premium above a 5-year swap rate. The equity element should in theory reflect an equity return which when combined with the debt element sums to the weighted average cost of capital (WACC). The equity element of the finance cost is also considered in view of the development return, which is the amount of profit a scheme is producing. It follows that to avoid double-counting, the finance cost should broadly consist of debt finance plus a margin to reflect the more costly equity whilst the developer return is reflected in the development profit.
1.2.	Bayes Business School (formerly Cass) Commercial Real Estate (CRE) Lending Report Mid-Year 2022 collates a sample of the conditions under which lenders offer development finance.
1.3.	<p>The survey which has been running for over twenty years comments on the changes in the commercial real estate lending cycle over the period since 1999 as follows:</p> <ul style="list-style-type: none">• Throughout the history of the survey there has been a strong correlation of 2:1 between real estate transactions and loan origination. In other words, for every £1 in real estate transactions 50p is generated in loan origination.• The survey notes that there appears to be no enduring connection between transaction volumes and the “health” of the market, measured in terms of movements in capital values.• The exception to this norm is seen in the years leading up to and even through the start of the market crisis during which loan origination significantly exceeded the level that could be expected from market activity and continued even whilst capital values fell.• The result of the extreme lending market was a wave of loan defaults which peaked in 2012 and only returned to normal levels by 2016 approximately ten years after capital values reached their highest levels.• In 2020, property transactions fell by 16% while loan originations fell by 23%. 2020 was the second consecutive year of decline in both investment and debt transactions.• The Mid Year 2022 survey reports that in the first half of 2022 property transactions and debt origination is on par with 2021
1.4.	UK banks are the largest lenders for residential development, while other lenders concentrate upon commercial property.
1.5.	Development lending margins are higher than in 2021. At the end of H1 2022 pre let commercial development margins were at 400bps and 458bps for speculative schemes, both up by 6 to 8 percent. Residential development margins were at 504bps.
1.6.	Fewer lenders provide development finance on speculative development even when 50% pre-let.

Figure 39. Target senior lending margins for development loans bps, 2002–June 2022



Source: Bayes Business School Commercial Real Estate (CRE) Lending Report

Table 11. Average senior lending terms for development loans, June 2022

	Lending margin bps	Arrangement Fee bps	Loan to Cost Ratio %	Lenders quoting Dec 2022	Lenders quoting Dec 2021
Commercial pre-let	400	118	58%	23	22
Commercial 50% Pre-let	433	121	59%	14	13
Commercial Speculative	458	154	57%	14	12
Residential	504	116	62%	27	26

Source: Bayes Business School Commercial Real Estate (CRE) Lending Report

1.7.	Margins have increased since end of year 2021.
1.8.	Junior loans provide a useful benchmark for required returns for originating loans. This is because lenders will use a combination of lending margin, arrangement fee, exit fees and some form of participation in profit. For senior development finance, target IRR's on pre-let commercial schemes stand at 12.5% to 20%, for residential development at 12% to 25% and 7% to 14 % for both hotel and student housing projects.
1.9.	Given that senior debt is generally offered at 50% to 90% of cost of development projects, the remainder of project financing will, in most cases, be comprised of equity and in some cases varying levels of junior debt, mezzanine debt.
1.10.	Junior debt and particularly mezzanine debt are typically provided by specialist platforms, and a lack of available research exists as to average lending criteria. The IPF, for example, states that "mezzanine finance is not a product that many banks provide" and "this type of finance is typically associated with projects funded on a profit share basis".
1.11.	Given the lack of available research and idiosyncratic nature of subordinate debt arrangements for real estate development funding, we have omitted this from our assessment of the market rate for

development finance. The remaining project cost not provided by senior debt is therefore assumed to be equity financed.

- 1.12. In response to the COVID-19 pandemic, the Bank of England cut interest rates to 0.1%. Since December 2021, in response to rising inflation, the bank has raised interest rate eight times, most recently setting the rate in December 2022 at 3.5%, the highest rate in 14 years. The Bank of England has also signalled that further rate rises are likely in order to control inflation.

Chart 2: Historic Rates



1.13.	Following the developments in Ukraine and the impact that the outbreak of war is having on world markets we have adopted a cautious approach to the cost of finance, and we advise that there is a higher than usual degree of risk around this item.
1.14.	Considering the market uncertainty, the total cost of capital for financing the scheme would be in the order of 7.5% to 9%. This figure also takes into account arrangement, monitoring and related fees.
1.15.	This finance rate we have adopted is subject to a higher degree of uncertainty than usual and therefore we recommend that this is kept under review. We also reserve the right to revise this figure should more evidence come to light.

Table 1: Finance rate adopted

Description	Spot Allowance Appraisals /Valuations
Finance Rate	7.5%

Source: Gerald Eve

APPENDIX 4

Benchmark Land Value

- 1.1 This section sets out the underlying basis of the adopted Benchmark Land Value (BLV). Our views are formed having regard to the NPPF, the NPG, AH&V SPG, RICS Guidance Note Assessing Viability in Planning under the NPPF (2021) ('RICS GN') and the RICS Professional Statement 'Financial Viability in Planning: conduct and reporting' published in May 2019 (effective September 2019).

Viability Guidance

- 1.2 In relation to Viability Guidance as set out in Section 5 of this report and the mandatory requirements of the RICS Professional Statement, we looked to establish the following values:

- i. **Current use value** – CUV, referred to as EUV or first component in the NPG (see paragraph 015 reference ID: 10-015-20190509).
- ii. **Premium** – second component as set out in the NPG (see paragraph 016 reference ID: 10-016-20190509)
- iii. Market evidence as adjusted in accordance with the NPG (see PPG paragraph 016 reference ID: 10-016-20190509)
- iv. All supporting considerations, assumptions and justifications adopted including valuation reports, where available (see NPG paragraphs 014 reference ID: 10-014-20190509; 015 reference ID: 10-015-20190509; and 016 reference ID: 10-016-20190509)
- v. **Alternative use value** as appropriate (market value on the special assumption of a specified alternative use; see NPG paragraph 017 reference ID: 10-017-20190509).

- 1.3 The BLV in accordance with the NPG, therefore comprises the EUV of the site (component 1) and an appropriate premium to the landowner to reflect the return a reasonable landowner would be willing to sell their land, whilst allowing for a sufficient contribution to comply with policy requirements (component 2). In accordance with NPG the Benchmark Land Value (BLV) or Site Value should reflect a combination of these two elements.

Existing Use Value (EUV) (Component 1)

- 1.4 NPG at paragraph 015 indicates that EUV can reflect the land in its existing use. In this instance the Site has a Class B2 planning use and the Site would require planning consent for any alternative use if not used under its lawful use.

Premium to the Landowner (Component 2)

- 1.5 NPG at paragraph 016 indicates that establishing a reasonable premium to the landowner is an iterative process informed by professional judgement and must be based upon the best available adjusted market evidence.
- 1.6 Furthermore, the RICS GN outlines that it is essential to have regard to sales prices of comparable development sites, para 3.16 states:

“The importance...of comparable evidence cannot be over-emphasised, even if the supporting evidence is very limited, as evidenced in Court and Land Tribunal decisions.”

Alternative Use Value

- 1.7 NPG at paragraph 017 provides guidance for undertaking an alternative use value (AUV) on the basis that there is a planning permission or reasonable prospect of planning permission being granted, and a demand for such a scheme can be demonstrated.

Site Value Approach

- 1.8 By using a number of methods to assess Site Value, a range can be generated, and consideration can then be made to what a reasonable landowner would be willing to sell their land.
- 1.9 We have assumed the Site is free of any encumbrances, or restrictions on title which would adversely affect the value.

Component 1 - Existing Use Value – Industrial Use Transactions

- 1.10 Our initial source of evidence has been CoStar and EGI Radius and internal databases, which compile data from the land registry.
- 1.11 Our assessment of the comparable existing use transactions considers the prices paid on the following bases:
- £ rent per square foot
 - Net Initial Yield
- 1.12 These are each covered in turn below.

Existing Use - Rent

- 1.13 We have not been provided with the existing lease by the Applicant, however have been advised that Kwik Fit currently operate at the Site, with a lease which is due to expire in 2024. We understand from the Advisor that they currently have a passing rent of £57,000 p.a. (£13.64psf). We have therefore valued this rent for the term element of the valuation, however we understand from the Advisor that a rent review did not take place at the previous rent review date in 2019, and therefore this rent may be increased and back-dated. If this is the case, then we reserve the right to review our valuation to capture any rent increase.
- 1.14 At reversion, the Advisor has applied a market rent of £35psf and has provided the following rental comparables for the existing use. We have provided a summary of these together with our comments.

Table 1: Summary of Advisor's Existing Use Rental Evidence

Site	Lease Date	Area (sf)	Rent (psf)	Tenant	Use Class	GE Comments
Subject	Feb-94 (RR Feb-14)	4,178	£13.64	Kwik-Fit	B2	
Heathlands Close, Twickenham, TW1 4BP	Jun-22	2,312	£27.02	Temis (Luxury) UK Ltd	B2	Locationally the least comparable location but the most recent lease.
Brook Lane North, Brentford, TW8 0PP	Nov-21	1,063	£24.46	1 st Call Drain Clearance	B2	Locationally comparable with smaller quantum.
Derby Road, Greenford, UB6 8UJ	Nov-21	2,531	£25.00	I FOOD Ltd	B2	Locationally comparable with smaller quantum.
Unit 22-23 Brunel Road, W3 7XR	Oct-21	16,706	£35.00	Taiko Foods Ltd	B2	Undisclosed if rent is the Headline or an overall rate with established warehouse and office accommodation forming the total area. Bigger quantum than subject. Stronger industrial location neighbouring Park Royal. Long lease length of 12.75 years.
Victoria Road, W3 6UU	Jul-21	4,070	£30.00	Peloton Interactive UK Ltd	B2	Undisclosed if rent is the Headline or overall rate with established warehouse and office accommodation forming the total area. Most comparable evidence regarding quantum. Stronger industrial location neighbouring Park Royal.
Unit 3, Southall Enterprise Centre, UB2 4AE	N/A	N/A	£28.85	Phone Concept UK	B2/B8	Inferior location, but our research suggests it to be of a smaller quantum (500 sq ft) with a shorter lease term of 2 years.
Unit 17, Southall Enterprise Centre, UB2 4AE	N/A	N/A	£30.77	East West Clearance	B2/B8	Inferior location and our research suggests it to be of smaller quantum (904 sq ft) with a shorter lease term of 2 years.

Source: Advisor (Comments – GE)

- 1.15 GE have undertaken further research and have added the below further evidence for consideration:

Table 2: Summary of GE's further Existing Use Rental Evidence

Site	Lease Date	Area (Sq. ft)	Rent (psf)	Tenant	Use Class	Rent Free period	GE Comments
Subject	Feb-94 (RR Feb-14)	4,178	£13.64	Kwik-Fit	B2		
Unit 12, Alliance Court, Alliance Road London W3 ORB	Nov-22	2,997	£22.50	Whisky Auctioneer Limited	B1/2/8	2 months	Slightly stronger location on a five-year lease.
Westpoint Trading Estate, Alliance Road, London, W3 ORA	Aug-22	7,208	£23.75	Weflex Ltd	B1/2/8	4 months	8 months' half rent was issued due to a weak covenant in a slightly stronger location.
Unit 13 Alliance Court, Alliance Road London W3 ORB	Jun-22	2,487	£22.50	Nanostix Leicester Ltd	B1/2/8	3 months	Slightly stronger location on a 5-year lease.
Unit 31 Horsenden Lane South, Greenford, UB6 7HR	Jun-22	14,849	£24.94	Mamma Foire UK Ltd	B1/2/8	0.5 months	Short-term 2-year deal with limited RF provided. Slightly inferior location.
Unit 9, Victoria Industrial Estate, London, W3 6UU	Mar-22	3,754	£31.00	Visual Impact	B1/2/8	1 month	2-year lease length which would likely have inflated the achieved rent.
Unit 732 Abbey Road, London NW10 7UB	Mar-22	5,383	£30.00	MeiraGTx	B1/2/8	6 months	Slightly stronger location.
Units 9-14 Shields Drive, Brentford, TW8 9EX	Mar-22	2,965	£22.00	Pro-Motion Hire Ltd	B1/2/8	3 months	Strong locational compatibility.

Source: GE

- 1.16 From our research, we consider that a slightly lower rent of £30 psf is appropriate for the size, location and type of unit at the Site. We have also deemed that a rent-free and void period totalling 18 months would be appropriate based on our comparable evidence, which the Advisor has not included.

Existing Use - Yields

- 1.17 The Advisor has applied a term yield of 3% and a reversionary yield of 4%. They have considered the following transactional comparables for the existing use. We have provided a summary of these together with our comments.

Table 3: Summary of Advisor's Existing Use Transactional Evidence

Site	Sale Date	Area (Sq. ft)	Price Paid (£m)	Net Initial Yield	Unexpired Term (Years)	GE Comments
Subject	N/A	4,178	N/A	3.00%	2.0	
Rock n Roll, Waxlow Road, Park Royal	Dec-21	58,684	14.65	2.49%	9.3	Stronger industrial location with significantly increased quantum.
Constantine House, Sandgate Street, SE15 1LE	Nov-21	23,373	14.65	2.68%	6.3	Location compatibility is poor with superior quantum.
Phoenix Trading Estate, Bilton Road, Perivale UB6 7DZ	Feb-21	11,894	12.4	2.9%	NKN	Best locational comparable but more historic evidence.
5-7 Park Royal Road, W3 6XA	Jan-21	13,848	5.85	2.7%	NKN	Superior location with our research showing larger quantum.
Unit 1, 205 Old Oak Common, W3 7DS	Jun-21	16,155	10.5	2.72%	NKN	Superior location with independent research showing larger quantum.
11 & 12 Wintersells road, Byfleet, KT14 7LF	Mar-21	6,891	N/A	3.3%	NKN	Best quantum comparable but historic evidence.
ATS Euromaster, 148-156 Brixton Hill, SW2 1FL	Q2 2021	6,572	6.275	VP	VP	Capital value according to the Advisor of £955 psf.

Source: Advisor (Comments – GE)

1.18 GE have undertaken further research and have added the below further evidence for consideration:

Table 4: Summary of GE's further Existing Use Transactional Evidence

Site	Sale Date	Area (Sq. ft)	Price Paid (£m)	Net Initial Yield	Unexpired Term	GE Comments
Subject	N/A	4,178	N/A	3.00%	2.0	
Hounslow Trade Park, 25 Staines Road	Aug-22	40,889	14.5	3.52%	2.9	Locationally strong compatibility albeit slightly further West but strong logistical capabilities. Multi-let estate as opposed to subject's single let.
Units A1-A12 Eldon Way	Jul-22	30,429	18.1	2.99%	2.3	Locationally superior estate with it also being a multi-let over single let.
18 Colville Road, South Acton Trading Estate	Mar-22	12,023	3.5	3.51%	4.6	Strongest locational comparable with the best quantum.
717b North Circular Road	Jan-22	15,104	5.7	2.46%	11.2	Less comparable locationally but one of the better comparables regarding quantum.
12 Waxlow Road, Park Royal	Dec-21	41,781	51.0	1.05%	1.9	Most dated comparable and largest in terms of quantum. Yields moved out considerably since but locationally relevant.

Source: GE

1.19 GE have considered the current use of the Site and conducted our view on investment yield values. The Advisor has presented evidence between 2.49% - 3.3%. GE have found additional evidence of net initial yields of between 1.05% to 3.52%. The Advisor has used 3% for his term investment yield and GE consider this to be appropriate based on our analysis above.

1.20 The evidence presented and found should be caveated with the realisation that recent inflationary pressure effects on is the wider macro economy which is influencing the investment market. Some of the historic values presented and recorded would not necessarily achieve these yields in today's terms. However, with limited evidence coming to light, it is hard to argue softer yields with a lack of evidence to support this outward-shifting trend.

EUV Summary & Valuation

1.21 Using our determined rent and yield from the above analysis, we have conducted the following existing use valuation:

		£psf rent
Term		
Passing rent	£57,000	£13.64
YP for 1 years @ 3%	0.9709	
Term Value		£55,339.81
Reversion		
Market Rent	£125,340	£30.00
YP into perpetuity deferred by 1 yr then 1.5 yr void/ RF @ 4%	22.6650489	
Reversion Value		£2,840,837
Gross Total Value		£2,896,177
Net of Purchase Costs		£2,711,776
Rounded Value		£2,710,000

1.22 Based upon our assessment of the existing use comparables above, we consider an appropriate value on the basis of market evidence for the Site to be **£2,710,000**.

Component 2 – Premium - Development Land Transactions

1.23 Our assessment of the comparable land transactions considers the prices paid on the following bases:

- £ per acre

1.24 The Advisor has not provided land comparable evidence within their report but have however applied a premium of 20% to the EUV. We requested this as further information and the Advisor has subsequently provided the following land transactions:

Table 5: Summary of the Advisor's Development Land Transactions

Site	Size (Acres)	Purchase Price	Transaction Date	Nature of Contract	Price per acre	GE Comments	Indexed price per acre applied to Site	Unadjusted % uplift on Site's EUV
Subject	0.21	N/A	N/A	N/A	N/A	N/A		
Majestic & Halford, W13 8QH	0.62	£7.3m	May-22	Unconditional	£11.8m	Acquired in warehouse retail and MOT centre use, for development into 185 residential units with 427 sqm of commercial use (A1/A2/A3/D1/D2). Locationally, a strong comparable with the best quantum with it being the most recent provided.	£2.53m	-7%
The Perfume Factory, 140 Wales Farm Road, W3 6UG	1.09	£20m	Dec-21	Unconditional	£18.3m	Acquired in serviced offices accommodation use, for development into 380 residential units with 1,403 sqm flexible commercial element. Strong overall comparable.	£4.51m	67%
West Ealing House, 3 Canberra Road, W13 9DJ	1.24	£33.7m	Mar-21	Unconditional	£27.2m	Unable to verify this comparable from our research and therefore have not included it in our further adjustments.	£6.3m	131%

Source: Advisor (Comments – GE)

1.25 GE have undertaken further research and have added the below further evidence for consideration:

Table 6: Summary of GE's further Development Land Transactions

Site	Size (Acres)	Purchase Price	Transaction Date	Planning Permission	Price per Acre	GE Comments	Indexed price per acre applied to Site	Unadjusted % uplift on Site's EUV
Subject	(0.21)			Pending		Change of use from Industrial to Co-living		
Mitre Wharf, NW10 6QY	0.82	£7.5m	Aug-21	No	£9.20m	Acquired in industrial use, for development into a 148 residential units with 833 sqm on ground and lower floor commercial. Most recent comparable.	£2.09m	-23%
Atlas Wharf, (Pocket Living), Atlas Road, NW10 6DN	1.41	£17m	Jan-21	No	£12.06m	Existing structure believed to be a car park to with development intention for 457 residential units with 682 sqm on ground floor for commercial E class. Good overall comparable albeit more quantum and in a slightly superior location.	£2.78m	2%
80 Goodhall Street, Ealing, NW10 6TS	0.24	£2.17m	Mar-21	Yes - Resi	£13.19m	Acquired in industrial use with pp for 38 residential units with 517 sqm commercial on ground floor. Strong comparable in terms quantum.	£3.04m	12%
1-4 Capital Interchange Way, Brentford, TW8 0EX	2.08	£38.4m	Dec-18	No	£18.46m	Most dated comparable provided with the location being inferior due to proximity to the A4. 420 residential units with 4,658 sqm ancillary facilities including flexible uses (A1, A2, A3 and B1 a-c. and d1/2).	£4.26m	57%

Source: GE

- 1.26 We consider it appropriate to analyse the comparable development land evidence on a £ per acre basis. We then apply the £ per acre value of each comparable to the acreage at the Site (at the indexed land transaction price to current day). This provides an indication of the total value of the Site if it were to be the same site area as the evidence.
- 1.27 The land comparables considered suggest a range of £10.1m per acre to £21.7m per acre (after indexing). When applied to the Site area, this provides a range of £2.1m to £4.5m, representing a premium of -7% to 67% above the EUV.
- 1.28 We have selected residential-led developments of commercial, predominately industrial land comparables which we consider relevant to the Scheme in terms of the location, the proposed use, the proposed quantum/density, and the date of the transaction. However, there are still inherent variations in these factors between the Site and the selected land comparables. Therefore, we have adjusted the value of the land comparables to account for these differences.

1.29 The adjustments that we have made to the land comparables are for the following factors:

- 1) **Date of the Transaction:** the movement in the development land market between the date of the transaction and the present day. In order to reflect this, we have indexed the land comparables with the Q4 2022 Savills Land Index for Urban Development Land Values (South East) therefore leaving no further adjustment to be required for all comparable land transactions.
- 2) **Location:** we have compared the location of the land comparables to that of the Site. We have taken into consideration the level of access to and efficiency of public transport and road links, the site specific situation and neighbouring land uses, any noise pollution if applicable, access to local amenities, and the overall quality of the local area.
- 3) **Proposed Density/ Quantum:** the size/ density of the proposed development in comparison to the Site analysed accordingly for the bases (acreage) with thought to units and commercial elements provided.
- 4) **Affordable Housing:** we have assessed the degree of affordable housing contribution required on each site which affects the viability of the scheme.
- 5) **Planning Consideration:** we have assessed whether the land comparables have been sold with or without planning permission and, where relevant, on the detail of the permission granted.

1.30 The percentage adjustment for the date of the transaction is directly linked to the Savills index. The other categories set out above reflect *our view* of these differences.

1.31 We provide overleaf a summary of the transactions analysed based on £ per acre and the adjustments applied to each of the land comparables in Table 7 below.

Table 7: Summary of Adjustments to Land Comparables (£per acre)

	1	2	3	4	5	6
Comparable Site Information	Majestic & Halford, W13 8QH	The Perfume Factory, 140 Wales Farm Road, W3	Mitre Wharf, NW10 6QY	Atlas Wharf, (Pocket Living), Atlas Road, NW10	80 Goodhall Street, Ealing, NW10	1-4 Capital Interchange Way, Brentford, TW8 0EX
Site Area (Acres)	0.62	1.09	0.82	1.41	0.24	2.08
Units	185	380	148	457	38	420
Commercial (sqm)	427	1,403	883	682	517	4,658
Transaction Date	May-22	Aug-21	Aug-21	Jan-21	Mar-21	Dec-18
Transaction Price	£7,300,000	£20,000,000	£7,500,000	£17,000,000	£3,165,000	£38,400,000
Transacted Price Per acre	£11,774,194	£18,348,624	£9,146,341	£12,056,738	£13,187,500	£18,461,538
Transacted Price Per acre indexed	£12,166,144	£21,738,217	£10,067,462	£13,365,755	£14,619,286	£20,495,213
£ per acre (indexed) applied to the Site	£2,528,311	£4,517,534	£2,092,173	£2,777,608	£3,038,111	£4,259,219
% uplift from EUV at Site	-7%	67%	-23%	2%	12%	57%
Adjustments for:						
Date of the Transaction (indexed)	0%	0%	0%	0%	0%	0%
Location	0%	0%	5%	5%	5%	10%
Proposed Quantum	-5%	-15%	-5%	-15%	5%	-15%
Proposed Density	-5%	-15%	-5%	-15%	5%	-15%
Sold with Planning Permission	0%	0%	0%	0%	-20%	0%
Overall Adjustment:	0%	-10%	0%	-5%	-5%	0%
£ per private unit – Applied to the Scheme with adjustments	£2,528,311	£4,065,781	£2,092,173	£2,638,728	£2,886,206	£4,259,219
% uplift from EUV at Site with adjustments	-7%	50%	-23%	-3%	7%	57%

Source: Landstack/Landinsight / GE

- 1.32 As can be seen in the table above, the overall percentage adjustments applied to the comparables range from -23% to 57%.
- 1.33 Based upon our assessment of adjusted development land comparables above, an appropriate value of the basis of adjusted market evidence ("AME") ranges between £2.09m and £4.26m for the subject site.
- 1.34 We have therefore adopted an AME of £3.08 million which is the average value of our range of adjusted market land comparables.
- 1.35 In adjusting the schemes we have given particular focus to schemes within Ealing and the surrounding areas. From this, we have reviewed locational distances with consideration to infrastructure and focus on the prospective locations versus the existing situation at the Site, as many transactions (eg those situated around Park Royal) are reliant on the improvement of those areas in the future. The Brentford comparable has been adjusted the most in terms of location, given it is situated between the M4 and train lines which we consider would be a less desirable location for residents to occupy.
- 1.36 We have also analysed the schemes for proposed density and quantum of units provide, albeit we are aware that the majority of the land sales used are for traditional residential and therefore assessing these on a £ per unit basis is not relevant given the unit size differences between them and co-living rooms. We have also considered the commercial elements that would be provided, as these elements bring more revenue-generating use to the scheme and therefore represent a different investment class to the investor than just specifically residential investors.
- 1.37 The majority of the schemes when known have an affordability element. As things stand with the subject property, no affordable housing allocation is required. Therefore, we have discounted the affordable housing provided schemes as they make schemes less viable to hypothetical developers and represent more of a restraint on development value and subsequent land value paid.
- 1.38 Only 80 Goodhall Street, Ealing, NW10 6TS is seen to have planning permission at the time of the land purchase meaning it would likely be seen as a more attractive purchase, with less risk in respect of planning in order to achieve development.
- 1.39 Overall, the uplift of c. £370,000 that we would apply to the Site from our land comparable adjustments and review, represents a c. 14% premium.

APPENDIX 5

Kwik-Fit, Broadway, W13
GE review

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Co-Living	1	27,711	804.56	22,295,292	22,295,292

NET REALISATION **22,295,292**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(624,160)
	(624,160)

CONSTRUCTION COSTS

Construction

	ft²	Build Rate ft²	Cost
Co-Living	45,259	356.84	16,150,000
Demolition			100,000
MCIL2/CIL/S.106/S.278/Carbon			700,000
			800,000

PROFESSIONAL FEES

Professionals	8.00%	1,292,000
		1,292,000

MARKETING & LETTING

Marketing	0.50%	111,476
		111,476

DISPOSAL FEES

Sales Agent Fee	1.00%	222,953
Sales Legal Fee		80,000
		302,953

TOTAL COSTS BEFORE FINANCE **18,032,270**

FINANCE

Timescale	Duration	Commences
Purchase	2	Dec 2022
Pre-Construction	2	Feb 2023
Construction	18	Apr 2023
Sale	1	Oct 2024
Total Duration	23	

Debit Rate 7.500%, Credit Rate 0.000% (Nominal)

Total Finance Cost	918,728
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TOTAL COSTS **18,950,998**

PROFIT **3,344,294**

Performance Measures

Profit on Cost%	17.65%
Profit on GDV%	15.00%
Profit on NDV%	15.00%
IRR% (without Interest)	32.70%

This appraisal report does not constitute a formal valuation.

Kwik-Fit, Broadway, W13

GE review

Profit Erosion (finance rate 7.500)

2 yrs 2 mths

This appraisal report does not constitute a formal valuation.





**Valuation Office
Agency**

DVS Property Specialists
for the Public Sector

Valuation Office Agency
2nd Floor
1 Ruskin Square
Croydon
CR0 2WF

Smruti Patel,
Ealing Council

Our Reference : 1773926
Your Reference: 205322FUL

By e-mail

Please ask for : Philippa Tranter

E Mail : philippa.tranter@voa.gov.uk

Date : 14th January 2022

Dear Smruti,

Re: Development Viability Assessment
Address: Barbara Speake Stage School, East Acton, W3

I write further to my report dated 20th August 2021 and addendums dated 8th October 2021, 30th November 2021, 17th December 2021 and 11th January 2022. This letter should be read in conjunction with my earlier communications. GL Hearn ('the agent') provided a response to these reports, by e-mail. I have considered the points raised and will respond to them in turn below.

To summarise the applicant's latest correspondence, the applicant provides evidence to support a higher cost for statutory connections. Adopting this higher cost demonstrates that a payment in lieu of £601,415 is viable.

Construction Costs

DVS had reviewed the detail of the quotes and costs for statutory connections for three other nearby schemes. DVS considers this justifies an increase to the earlier adopted sum for these elements. I have outlined the adjustments required to each tender price following additional clarification:

Item	Livin	Firmitas
Tender sum	£7,747,487	£7,923,971
Statutory Connections	Not included (+£190,300- based on Cast cost plan, Dec 2021.)	Not included (+£190,300- based on Cast cost plan, Dec 2021.)
Substation	Substation costs included as stated in tender doc, but subsequent letter states supply and fit out not included. (+£80,000)	Cost plan refers to sub-station basement area, but subsequent letter states supply and fit out not included. (+£80,000)
Sprinkler System	Included	Excluded (+£92,500)

Cooling System	Not included. Planning requirement for additional cooling in 12 units. (+£41,424)	Not included. Planning requirement for additional cooling in 12 units. (+£41,424)
Adjustments	+£311,724	+£404,224
Adjusted tender sum	£8,059,211	£8,328,195

Adopting the average of these two adjusted tender sums results in a construction cost of £8,193,703, which I have adopted in my appraisal.

Conclusion

Based on the amended construction cost, my overall conclusion, when assuming an all Private scheme with s106 cost of £338,423 and MCIL of £72,515 is as follows:

Appraisal	Benchmark Land Value	Residual Land Value	Surplus
DVS	£3,000,000	£3,601,664	*£601,664
Applicant	£3,000,000	£3,601,415	£601,415

*Please note the difference in residual land values is very marginal, and results from use of the Argus software and very minor cash flow differences. I consider the agent's proposed surplus is within a valuation tolerance and can be agreed.

I have subsequently modelled what the resultant on-site Affordable Housing would be.

The scheme with the provision of 4 Affordable Housing units, comprising 3 London Affordable Rent and 2 Shared Ownership units, produces a residual land value of **£3,046,171**. This is above the Benchmark Land Value of £3,000,000 and I consider can be viably provided.

This equates to a 10.11% provision of Affordable Housing (by hab room) with a split of 77%:23% LAR to SO (by hab room). A summary of the proposed units is in Appendix 4.

The scheme with 4 Affordable Housing units achieves a profit of £2,880,681 (16.76% on GDV, 20.13% on cost or 24.31% IRR). This is considered deliverable. The applicant purchased the site in July 2020, the policy requirements regarding Affordable Housing provision have not changed since then and I feel the scheme is capable of contributing towards Affordable Housing.


Given that the scheme does not meet the policy compliant levels of Affordable Housing, I would recommend that a review mechanism is agreed, in line with the Mayor of London's guidance. This should be in the form of an Early Stage Viability Review and a Late Stage Review:

"Viability Tested schemes should be subject to late reviews which will be applied once 75 per cent of homes are sold, or at a point agreed by the LPA. The benefit of this approach is that the review can be based on values achieved and costs incurred. The review takes place prior to sale of the whole development to ensure that the review and any additional contribution arising from this are enforceable. The outcome of this review will typically be a financial contribution towards off-site affordable housing provision." (para 3.61, Affordable Housing and Viability Supplementary Planning Guidance 2017).

This is particularly pertinent due to the agreed averaging of two tender sums. If the applicant appointed the firm with the lower tender sum, additional funds would be available to contribute to Affordable Housing.

I hope this letter is of assistance to you, and I am happy to answer any queries you may have.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tranter', with a stylized flourish at the end.

Philippa Tranter BA (Hons), MSc, MRICS
Principal Surveyor
RICS Registered Valuer

NOT FOR PUBLICATION

Appendix 1- DVS Appraisal- All Private

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	37	21,978	828.78	492,297	18,215,000

NET REALISATION

18,215,000

OUTLAY

ACQUISITION COSTS

Residualised Price			3,601,664	
				3,601,664
Stamp Duty			169,583	
Agent Fee	1.00%		36,017	
Legal Fee	0.80%		28,813	
				234,413

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Residential	27,693	295.88	8,193,703	8,193,703
Construction Contingency		3.50%	286,780	
MCIL			72,515	
S106			338,423	
				697,718

PROFESSIONAL FEES

Professional Fees	10.00%	819,370	
			819,370

MARKETING & LETTING

Marketing Costs	1.00%	182,150	
			182,150

DISPOSAL FEES

Sales Agent Fee	1.50%	273,225	
Sales Legal Fee	0.50%	91,075	
			364,300

FINANCE

Timescale	Duration	Commences
Pre-Construction	3	Dec 2020
Construction	17	Mar 2021
Sale	8	Aug 2022
Total Duration	28	

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)

Land	412,556	
Construction	426,618	
Other	94,883	
Total Finance Cost		934,057

TOTAL COSTS

15,027,375

PROFIT

3,187,625

Performance Measures

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%
IRR	24.79%
Profit Erosion (finance rate 6.500)	2 yrs 12 mths

Appendix 2- DVS Appraisal – 33 Private, 4 Affordable units

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	33	20,126	824.06	502,576	16,585,000
Affordable 3LAR/1SO	<u>4</u>	<u>1,851</u>	325.68	150,709	<u>602,835</u>
Totals	37	21,977			17,187,835

NET REALISATION

17,187,835

OUTLAY

ACQUISITION COSTS

Residualised Price		3,046,171	
			3,046,171
Stamp Duty		141,809	
Agent Fee	1.00%	30,462	
Legal Fee	0.80%	24,369	
			196,640

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Residential	25,302	295.88	7,486,278
Affordable 3LAR/1SO	<u>2,391</u>	295.87	<u>707,425</u>
Totals	27,693		8,193,703

Contingency	3.50%	286,780	
MCIL		56,349	
S106		338,423	
			681,552

PROFESSIONAL FEES

Professional Fees	10.00%	819,370	
			819,370

MARKETING & LETTING

Marketing Costs	1.00%	165,850	
			165,850

DISPOSAL FEES

Sales Agent Fee	1.50%	248,775	
Affordable Sales Agency Fee	0.50%	3,014	
Sales Legal Fee	0.50%	85,939	
			337,728

FINANCE

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			866,140

TOTAL COSTS

14,307,154

PROFIT

2,880,681

Performance Measures

Profit on Cost%	20.13%
Profit on GDV%	16.76%
Profit on NDV%	16.76%

IRR	24.31%
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Profit Erosion (finance rate 6.500)	2 yrs 10 mths
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Appendix 3: DVS Schedule of accommodation

Unit Ref	Block	Floor	Hab room	Type	Area GIA sqft	Beds	Bath	Agent	DVS
FB-00-01	A	0	3	2b3p	753.41	2	2	£552,500	£575,000
FB-00-02	A	0	3	2b3p	699.59	2	1	£522,500	£550,000
FB-00-03	A	0	4	3b4p	925.61	3	2	£675,000	£675,000
FB-01-01	A	1	2	1b1p	398.23	1	1	£365,000	£365,000
FB-01-02	A	1	2	1b2p	559.67	1	1	£445,000	£445,000
FB-01-03	A	1	2	1b1p	398.23	1	1	£365,000	£365,000
FB-01-04	A	1	3	2b3p	656.54	2	1	£512,500	£535,000
FB-01-05	A	1	3	2b3p	656.54	2	1	£512,500	£535,000
FB-01-06	A	1	3	2b3p	656.54	2	1	£512,500	£535,000
FB-02-01	A	2	2	1b1p	398.23	1	1	£365,000	£365,000
FB-02-02	A	2	2	1b2p	538.15	1	1	£430,000	£430,000
FB-02-03	A	2	2	1b1p	398.23	1	1	£365,000	£365,000
RB-00-01	B	0	2	1b1p	398.23	1	1	£365,000	£365,000
FB-02-04	A	2	3	2b3p	656.54	2	1	£520,000	£545,000
FB-02-05	A	2	3	2b3p	656.54	2	1	£520,000	£545,000
FB-03-02	A	3	2	1b2p	538.15	1	1	£435,000	£435,000
FB-03-06	A	2	3	2b3p	656.54	2	1	£520,000	£545,000
FB-03-04	A	3	2	1b2p	538.15	1	1	£440,000	£440,000
RB-00-02	B	0	2	1b1p	398.23	1	1	£365,000	£365,000
FB-03-01	A	3	3	2b3p	656.54	2	1	£530,000	£555,000
FB-04-02	A	4	2	1b2p	538.15	1	1	£445,000	£445,000
FB-03-03	A	3	3	2b3p	656.54	2	1	£525,000	£555,000
FB-04-05	A	3	3	2b3p	656.54	2	1	£525,000	£555,000
RB-00-03	B	0	4	3b4p	796.46	3	2	£650,000	£650,000
RB-00-04	B	0	3	2b4p	753.41	2	2	£565,000	£565,000
RB-01-01	B	1	3	2b3p	656.54	2	2	£512,500	£535,000
RB-01-02	B	1	2	1b1p	398.23	1	1	£365,000	£365,000
RB-01-03	B	1	2	1b1p	398.23	1	1	£365,000	£365,000
RB-01-04	B	1	3	2b4p	753.41	2	2	£565,000	£565,000
RB-02-01	B	2	3	2b3p	656.54	2	2	£520,000	£545,000
RB-02-02	B	2	2	1b1p	398.23	1	1	£365,000	£365,000
RB-02-03	B	2	2	1b1p	398.23	1	1	£365,000	£365,000
RB-02-04	B	2	3	2b4p	753.41	2	2	£565,000	£565,000
RB-03-01	B	3	3	2b3p	656.54	2	2	£525,000	£555,000
RB-03-02	B	3	3	2b3p	656.54	2	1	£525,000	£555,000
FB-04-01	A	4	3	2b3p	656.54	2	1	£542,500	£565,000
FB-04-03	A	4	3	2b3p	656.54	2	1	£542,500	£565,000
37		37	98		21,977	37		£17,785,000	£18,215,000

Appendix 4: Proposed Affordable Housing

Unit Ref	Block	Floor	Hab room	Type	Area GIA sqft	Beds	Bath	Tenure
RB-00-01	B	0	2	1b1p	398.23	1	1	Shared Ownership
RB-00-02	B	0	2	1b1p	398.23	1	1	London Affordable Rent
RB-01-01	B	1	3	2b3p	656.54	2	2	London Affordable Rent
RB-01-02	B	1	2	1b1p	398.23	1	1	London Affordable Rent

NOT FOR PUBLICATION