



**BNP PARIBAS
REAL ESTATE**

Real Estate
for a changing
world

Church End Growth Area Masterplan: Financial Viability Assessment and commercial advice



Prepared for
London Borough of Brent

August 2021

Contents

1	Introduction	3
2	Description of the proposals	5
3	Methodology	8
4	Appraisal inputs	9
5	Appraisal outputs	16
6	High-level commercial analysis	20
7	Conclusions	28

Appendices

Appendix 1 - Development options
Appendix 2 - BCIS costs
Appendix 3 - Development appraisals

Anthony Lee MRTPI MRICS
Senior Director - UK Development Viability
BNP Paribas Real Estate
5 Aldermanbury Square
London EC2V 7BP

020 7338 4061
anthony.lee@bnpparibas.com
realestate.bnpparibas.co.uk

1 Introduction

The London Borough of Brent's ('the Council') draft Local Plan allocates Church End as a Growth Area ('Church End Growth Area') which incorporates land extending to 26 hectares incorporating a range of uses, including Victorian housing; a local town centre; 14 hectares of industrial land. The industrial land is allocated for mixed use regeneration and is estimated to be capable of accommodating 1,300 new homes. Hawkins Brown have been appointed to advise on the development of a Masterplan for the Growth Area.

The Council has commissioned BNP Paribas Real Estate to test the financial and commercial viability of options for the redevelopment of sites within the Masterplan.

This report tests the financial viability of the options developed by Hawkins Brown, having regards to achievable and prospective future sales values and capital values of non-residential development; build costs; and the existing use values of the sites.

1.1 BNP Paribas Real Estate

BNP Paribas Real Estate is a leading firm of chartered surveyors, town planning and international property consultants. The practice offers an integrated service from nine offices in eight cities within the United Kingdom and 150 offices, across 30 countries in Europe, Middle East, India and the US, including 15 wholly owned and 15 alliances.

BNP Paribas Real Estate has a wide ranging client base, acting for international companies and individuals, banks and financial institutions, private companies, public sector corporations, government departments, local authorities and registered providers ('RPs').

The full range of property services includes:

- Planning and development consultancy;
- Affordable housing consultancy;
- Valuation and real estate appraisal;
- Property investment;
- Agency and Brokerage;
- Property management;
- Building and project consultancy; and
- Corporate real estate consultancy.

This report has been prepared by Anthony Lee MRICS MRTPI, RICS Registered Valuer.

The Development Viability Consultancy of BNP Paribas Real Estate advises landowners, developers, local authorities and RPs on a range of viability issues in planning.

In 2007 we were appointed by the GLA to review its Development Control Toolkit Model (commonly referred to as the 'Three Dragons' model). This review included testing the validity of the Three Dragons' approach to appraising the value of residential and mixed use developments; reviewing the variables used in the model; and advising on areas that required amendment in the re-worked toolkit. We were appointed again in 2012 by the GLA to review the Three Dragons model and our recommendations were carried forward to the 2014 version of the Toolkit.

Anthony Lee was a member of the working group which drafted guidance for planning authorities on viability, which was published by the Local Housing Delivery Group in June 2012 as 'Viability Testing Local Plans: Advice to Planning Practitioners'. In 2019, he was a member of the MHCLG 'Developer Contributions Expert Panel' which assisted the department with drafting the new Planning Practice Guidance on viability. He was a member of the Mayor of London's Housing Delivery Taskforce which was established during the first coronavirus lockdown in 2020 to resolve issues arising in the London housing market.

In addition, we were retained by Homes England to advise on better management of procurement of affordable housing through planning obligations.

The firm has extensive experience of advising landowners, developers, local authorities and RPs on the value of affordable housing and economically and socially sustainable residential developments.

1.2 Report structure

This report is structured as follows:

- Section two provides a brief description of the development options and the planning background;
- Section three describes the methodology that has been adopted;
- Section four reviews the assumptions we have adopted for our appraisals;
- Section five sets out the results of the appraisals and sensitivity analyses;
- Section six outlines our analysis of the commercial prospects and commercial viability of the proposals in the Masterplan; and
- Finally, in Section seven, we draw conclusions from the analysis.

1.3 The status of our advice

This report is not a valuation and should not be relied upon as such. In accordance with PS1 (5.2) of the RICS Valuation – Professional Standards – Global Standards 2020 (the ‘Red Book’), the provision of VPS1 to VPS5 are not of mandatory application and accordingly this report should not be relied upon as a Red Book valuation.

In carrying out this assessment, we have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.

We are not aware of any conflicts of interest in relation to this assessment.

In preparing this report, no ‘performance-related’ or ‘contingent’ fees have been agreed.

This report is addressed to the Council only and should not be reproduced without our prior consent.

2 Description of the proposals

2.1 Location of the sites within the Growth Area

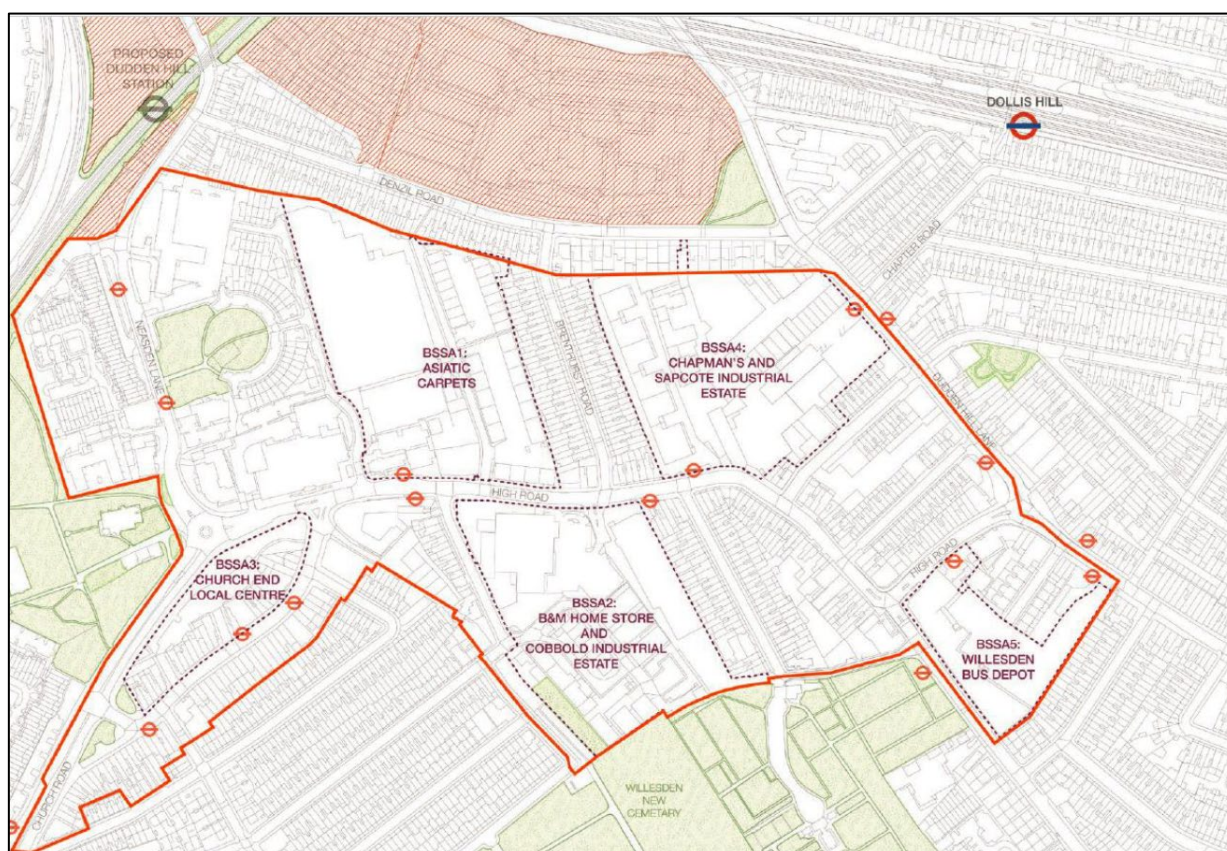
The six sites identified in the Masterplan cover an aggregate area extending to 11.68 hectares located in the Church End area of the London Borough of Brent. The six sites are as follows:

Table 2.1.1: Masterplan sites

Reference	Sites	Existing uses	Area (hectares)
BSSA1	1 & 2 – Asiatic Carpets and Cynus Business Centre	Offices, warehouse and workshops	3.5
BSSA2	6 – B&M Store, Cobbold Industrial Estate and Trojan Business Centre	Retail, employment and housing	3.0
BSSA3	7 – Church End Local Centre	Retail, housing	0.97
BSSA4	3 & 4 – Sapcote Trading Centre and Chapman Park Industrial Estate	Warehouse and workshops	3.14
BSSA5	5 – Willesden Bus Depot	Bus Depot	0.70
BSSA8	McGovern's Yard	Storage/Industrial	0.37

The location of the Masterplan sites is shown in Figure 2.1.2.

Figure 2.1.2: Masterplan sites location



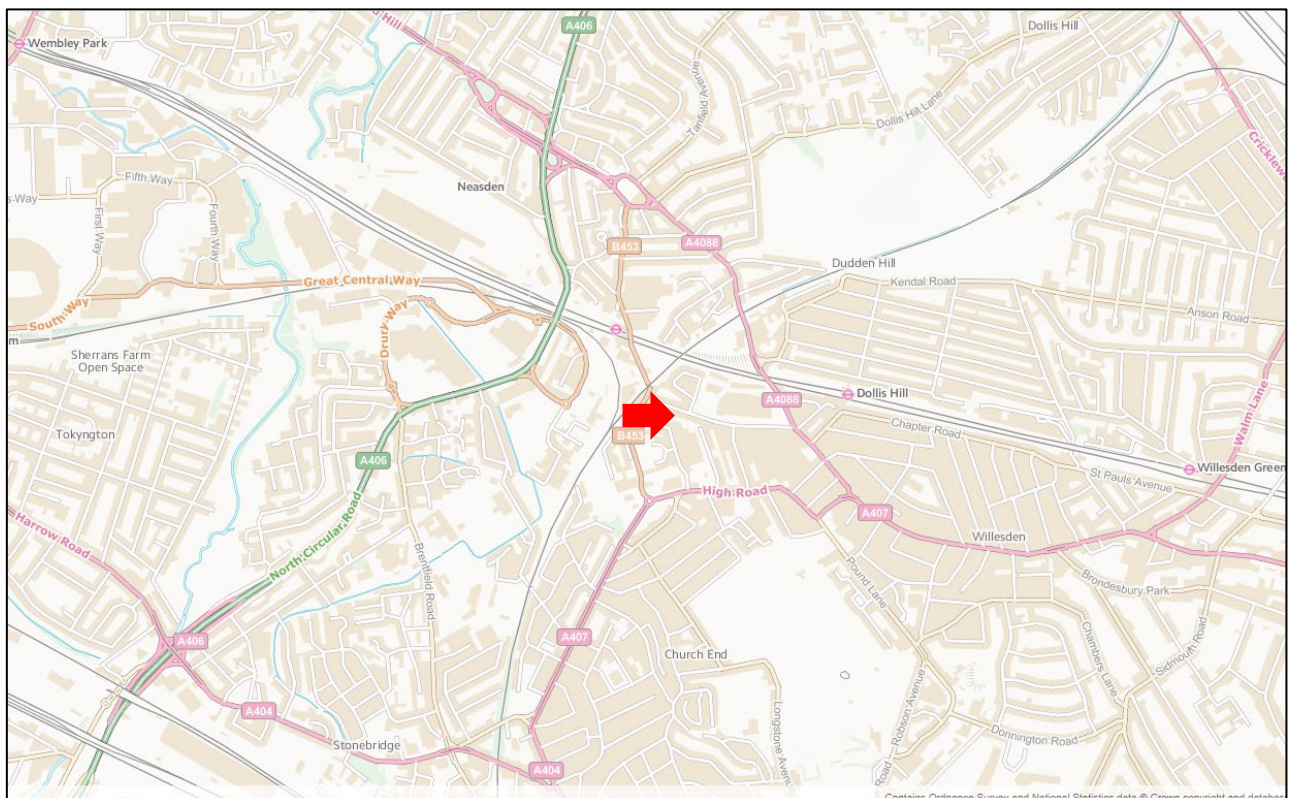
Dollis Hill Station is located as little as 0.22 kilometres to the north, providing access to London Underground Jubilee Line services to central London, with typical journey times of 14 minutes to Bond Street Station. The area has a Public Transport Accessibility Level ('PTAL') ranging from 2 to 6A, with 6 being the best and 1 being the worst. PTAL would be improved by the West London Orbital Line, which has a proposed station at Dudden Hill at the Growth Areas' north west border.

The surrounding area is predominantly residential with the neighbouring streets laid out in the late Victorian and Edwardian eras with period terraced houses. The College of North West London campus is located to the north of the area.

The wider area is well served by public transport and London's strategic road network, including the North Circular Road (A406). The area's proximity to these strategic networks make it attractive to a variety of industries and the Council anticipates that some existing businesses will wish to remain in the area. However, intensification of the sites provides an opportunity to provide additional space for businesses to relocate to the area and for the area to contribute towards meeting the borough's housing requirements.

Most of Church End's industrial sites are designated as Locally Significant Industrial Sites ('LSIS'), providing circa 30,000 square metres of employment space in total which accommodates circa 60 businesses. Units range in size from 100 square metres to 6,000 square metres. The average unit size ranges from 500 to 1,000 square metres in buildings that are typically either one or two storeys in height. Most commercial buildings in the area are dated, with little or no modern accommodation provided for industrial/warehouse uses.

Figure 2.1.2: Location plan



Source: Ordnance Survey

2.2 Planning

Church End is one of eight growth areas proposed in Brent's new Local Plan. The Plan promotes mixed-use regeneration in Church End which will seek to preserve its role as a key industrial area but seek to diversify uses through an increase in both employment floorspace and residential.

The LSISs are developed at low density, and have been identified by the Council as offering an opportunity for intensification.

2.3 Description of the redevelopment options tested

Hawkins Brown have identified two options for five of the sites and one option for the remaining site. The proposals for each site are summarised in Table 2.3.1 and additional details are provided at Appendix 1.

Table 2.3.1: Summary of redevelopment options (all areas in square metres) – commercial

Site	Workspace GIA	Community GIA	Industrial GIA	Retained industrial GIA	Offices GIA	Retail GIA	Gym GIA
BSSA1 - Opt 1	5,644	1,378	8,630	4,147	928	414	-
BSSA1 - Opt 2	-	1,236	8,437	-	900	8,925	-
BSSA2 - Opt 1	1,800	2,755	3,780	8,380	-	3,206	-
BSSA2 - Opt 2	3,240	2,755	10,511	2,725	-	3,206	-
BSSA3 - Opt 1	-	866	-	-	-	2,544	-
BSSA3 - Opt 2	-	-	-	-	1,311	2,257	-
BSSA4 - Opt 1	-	-	3,288	16,303	-	1,928	1,583
BSSA4 - Opt 2	-	-	10,047	4,213	-	1,928	1,583
BSSA5 - Opt 1	-	480	-	-	558	-	-
BSSA5 - Opt 2	-	480	3,848	-	1,779	-	-
BSSA8 - Opt 1	-	-	1,264	-	338	250	-

Table 2.3.2: Summary of redevelopment options (all areas in square metres) – residential

Site	No of residential units	Private residential GIA	Affordable GIA	No of affordable units
BSSA1 - Opt 1	389	20,456	11,014	136
BSSA1 - Opt 2	489	24,888	13,401	171
BSSA2 - Opt 1	171	9,001	4,847	60
BSSA2 - Opt 2	310	16,283	8,768	109
BSSA3 - Opt 1	94	4,936	2,658	33
BSSA3 - Opt 2	94	4,931	2,655	33
BSSA4 - Opt 1	38	2,011	1,083	13
BSSA4 - Opt 2	191	10,045	5,409	67
BSSA5 - Opt 1	59	3,090	1,664	21
BSSA5 - Opt 2	204	10,694	5,758	71
BSSA8 - Opt 1	45	2,359	1,270	16

3 Methodology

We have appraised the redevelopment options using Argus Developer ('Argus'). Argus is a cashflow-backed appraisal model in widespread use by valuers and developers for appraising development proposals for various purposes, including secured lending and financial viability assessments. The Argus cash-flow approach allows the finance charges to be accurately calculated over the development period. The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value. The model is normally set up to run over a development period from the date of the commencement of the project and is allowed to run until the project completion, when the development has been constructed and is occupied.

Essentially, such models all work on a similar basis:

- Firstly, the value of the completed development is assessed.
- Secondly, the development costs are calculated, using either the profit margin required or land costs (if, indeed, the land has already been purchased).

The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value. We have set up our appraisals so that the output is the residual land value.

The Planning Practice Guidance indicates that the Residual Land Value ('RLV') generated by an appraisal should be compared to a benchmark value, typically the Existing Use Value ('EUV') plus a site-specific premium. In some circumstances, the benchmark land value can be informed by an Alternative Use Value (AUV), but any such schemes must be fully compliant with local plan policies and be commercially realistic. Development convention dictates that where a development proposal generates a RLV that is higher than EUV (or other relevant benchmark), it can be assessed as financially viable and likely to proceed. If the RLV generated by a development is lower than the benchmark, clearly a landowner would sell the site for existing use; or delay development until the RLV improves.

For proposals over a number sites which will deliver significant regenerative effects it is vital to undertake sensitivity analyses to test the impact of changes to key appraisal inputs, particularly residential sales values; capital values for the commercial floorspace; and construction costs. We have included sensitivity analyses in Section 5 of our report.

4 Appraisal inputs

In this section, we outline the assumptions we have adopted for the purposes of running our appraisals of the redevelopment options.

4.1 Gross Development Value ('GDV')

4.1.1 Workspace revenue

As noted in Section 2, the proposals will increase the quantum of workspace by varying amounts, depending on the option which is taken forward. We have reviewed lettings of industrial and light industrial floorspace in the area to establish the capital value of the completed floorspace, as summarised in Table 4.1.1.1.

Table 4.1.1.1: Industrial lettings

Sign Date	Address	Floor	Total SF Leased	Rent psf	Term (years)
27/04/2021	Waxlow Rd	GRND	1,986	24.00	5
06/05/2020	Waxlow Rd	GRND	1,986	23.00	10
06/07/2020	9 Enterprise Way	GRND	1,233	21.00	
01/09/2020	Brentfield Rd	GRND	1,601	20.61	1
21/04/2021	Volt Ave	GRND,1	7,131	20.00	5
30/04/2021	Oliver Rd	GRND,1	2,444	18.41	10
11/06/2021	Neasden Ln	GRND	7,871	18.00	
15/04/2021	Waxlow Rd	GRND	9,462	18.00	
01/02/2021	Waxlow Rd	GRND	6,942	18.00	
15/10/2020	Waxlow Rd	GRND,1-2	34,160	17.52	15
15/10/2020	Waxlow Rd	GRND,1-2	26,510	17.52	15
01/03/2021	Acton Ln	GRND,1	17,975	17.50	
08/01/2020	Waxlow Rd	GRND	8,760	17.30	15
01/04/2021	2A Waxlow Rd	GRND,1	48,388	17.00	15
01/03/2021	2B Waxlow Rd	GRND,1	21,499	17.00	15
17/03/2021	Aspley Way	GRND,1	3,382	16.50	
12/05/2020	1-4 First Way	GRND,1	2,597	16.17	
17/02/2021	Waxlow Rd	GRND	12,629	16.00	
16/03/2020	3 Willen Field Rd	GRND,1	27,111	15.25	15
01/07/2020	Apsley Way	GRND,1	3,610	15.02	10
23/04/2021	113 Bryan Ave	GRND	5,445	14.69	3
02/03/2020	Dalmeyer Rd	GRND,MEZZ	1,800	14.44	
07/02/2020	2 McNicol	GRND,1	24,517	13.25	20
07/09/2020	24 Scrubs Ln	GRND,1	25,404	12.00	
04/05/2021	150 Coles Green Rd	GRND,1	4,003	10.62	3

The sites are well located with access to the North Circular Road. The lettings in a 1.5 mile radius from the area indicate a range of £10.62 to £24.00 per square foot (£114 to £258 per square metre). We have adopted a starting rent of £16.26 per square foot (£175 per square metre) increasing up to £20.00 per square foot (£215 per square metre).

Rent free periods ranged from 2 months to 7 months. We have adopted a cautious assumption of 6 months in our appraisals.

CBRE's July 2021 yield guide indicates that prime distribution and warehousing floorspace trades at an investment yield of 3.5% to 4%. We have applied a yield of 3.5% in our appraisals reflecting the on-going demand-supply imbalance for good quality workspace. The provision at Church End will be new floorspace meeting current standards and will be well placed to meet increasing demand for logistics and last mile distribution away from traditional industrial areas.

4.1.2 Affordable workspace

The Council's emerging Local Plan policy BE1 requires that in growth areas "10% of new employment floorspace within major developments exceeding 3000 sqm is to be managed affordable workspace". The Local Plan was examined in 2020 and Policy BE1 may be subject to change.

For the purposes of our appraisal, the Council has indicated that rents for affordable workspace should be let at 50% of market rent. This would result in a rent of £8.12 per square foot (£87.50 per square metre). This requirement will impact on the following schemes:

Table 4.1.2.1: Affordable workspace requirements

Site	Workspace (square metres)	Affordable workspace required (10%) square metres
BSSA1 - Opt 1	5,664	566
BSSA2 - Opt 1	1,800	180
BSSA2 - Opt 2	3,240	324

4.1.3 Retail floorspace revenue

The development options include varying quanta of retail floorspace. We have reviewed lettings of retail floorspace in the area to establish the capital value of the completed floorspace, as summarised in Table 4.1.3.1.

Table 4.1.3.1: Retail lettings

Sign date	Address	Floor	Total SF leased	Rent psf	Term (years)
02/01/2020	1D Walm Ln	GRND	581	40.45	9 yrs 1 mo
02/03/2020	27 High St	GRND	580	38.79	
06/07/2020	74 Walm Ln	GRND	516	38.76	
21/05/2021	Manor Park Rd	GRND	1,323	37.79	12 yrs
16/12/2020	199 Church Rd	GRND	490	36.73	
06/01/2020	229 Cricklewood Broadway	GRND	689	29.03	10 yrs
06/07/2020	241 Neasden Ln	GRND	699	27.18	
01/06/2020	8-10 Harrow Rd	GRND	1,145	24.45	10 yrs
01/06/2020	41 Blackbird HI	GRND	607	23.06	20 yrs
13/03/2021	251-253 Neasden Ln	GRND	2,139	21.04	
10/02/2020	86 Craven Park Rd	GRND	735	19.84	
23/12/2020	490-492 Neasden Ln N	GRND	2,000	18.13	15 yrs
26/07/2021	86 Craven Park Rd	GRND	1,395	17.92	
25/11/2020	233 Cricklewood Broadway	GRND	1,537	17.31	
25/11/2020	164-166 Church Rd	GRND	1,506	15.27	
07/09/2020	47-51 High St	GRND	11,497	15.22	

In our appraisals, we have adopted a rent of £25 per square foot (£269 per square metre) which is at the middle of the range indicated above. Rent free periods ranged from 10 to 15 months and we have applied a 12 month rent free period in our appraisals.

The type of retailers is unknown at this stage, but we assume it will be a mix of A3 and foodstores. CBRE's July 2021 yield guide indicates that retail yields (outside prime areas) range from 5.75% to 6.5%. We have applied a yield of 6.5%.

4.1.4 Office floorspace revenue

The development options include varying quanta of office floorspace. We have reviewed lettings of office floorspace in the area to establish the capital value of the completed floorspace, as summarised in Table 4.1.4.1.

Table 4.1.4.1: Office lettings

Sign Date	Address	Floor	Total SF Leased	Rent/SF/Yr	Term
03/08/2020	449-451 High Rd	1st	715	35.54	
02/06/2020	Humber Rd	GRND	800	31.25	3
06/04/2020	Regent St	GRND	845	25.44	
01/09/2020	2 Chandos Rd	GRND,1-3	17,556	25.00	10
11/07/2019	2 Chandos Rd	4th	4428	24.50	5
15/06/2021	100 Villiers Rd	GRND	1,700	23.92	5
16/10/2019	Geron Way	GRND	2163	20.00	
13/09/2019	Geron Way	GRND	2013	19.67	
23/09/2019	Humber Rd	GRND,1	6000	14.84	5
02/12/2019	Dalmeyer Rd	GRND,1	5158	11.63	10
13/08/2019	65 North Acton Rd	GRND,1	8804	9.01	10

In our appraisals, we have adopted a rent of £25 per square foot (£269 per square metre) which is at the middle of the range indicated above. Rent free periods ranged from 10 to 15 months and we have applied a 12 month rent free period in our appraisals.

CBRE's yield July 2021 indicates that office yields (within Greater London but outside prime areas) range from 5.5% to 7.0%. We have applied a yield of 6.5%.

4.1.5 Private Residential Values

We have reviewed sales values achieved on residential developments in close proximity to the Church End Growth Area.

Canaletto Court, Neasden Court

Canaletto Court is located on Neaden Lane and provides 47 units (27 private) in a part 5-part 6 storey building developed by Higgins. The completed units were marketed in 2018 and 2019, achieving an average of £6,460 per square metre. This site is the most relevant comparable to the subject sites.

Craven Park (Church End Estate phases 3-5)

Craven Park is a phased redevelopment of a former Council Estate by Catalyst Housing Association. Resales of units between 2017 and 2019 achieved an average of £6,022 per square metre. This scheme is further from local Underground Stations and we would expect schemes at the subject sites to achieve higher values.

Metropolitan Court, 38-42 High Road NW10

Conversion of former pub and extension providing 37 residential units. Resales during 2019 achieved average values of £5,820 per square metre.

Consequently, we consider that the Church End sites will achieve values in the region of £6,500 per square metre, with potential to increase as the regeneration proceeds. We have undertaken sensitivity analyses to test the impact of higher values.

4.1.6 Other uses

The rents and yields assumed for other uses are summarised in Table 4.1.6.1.

Table 4.1.6.1: Capital value assumptions for other uses

Use	Rent per square metre	Rent free period (months)	Yield
Community	£200	12	6.5%
Gym	£200	12	6.0%
Industrial	£175	6	3.5%

4.1.7 Affordable Housing Revenue

To value the affordable housing units, we have used a bespoke model specifically created for this purpose. This model takes into account factors such as standard levels for individual Registered Providers ("RPs") management and maintenance costs; finance rates currently obtainable in the sector, and a view on the amount of grant that may be obtainable.

The 'Shared Ownership and Affordable Homes Programme 2021 – Prospectus' document provides a clear indication that Section 106 schemes are unlikely to be allocated Grant funding, except in exceptional circumstances. It is therefore considered imprudent to assume that Grant will be secured. Therefore, our assessment relies upon the assumption that none is provided.

For rented tenures the model operates a 35 year discounted cashflow in order to arrive at a net present value of the units today. We have assumed that rented units will be let at London Affordable Rents, which were £161.71, £171.20, £180.72 and £190.23 per week for one, two, three and four bed units respectively. The model generates a capital value for the rented units of £2,286 per square metre (£212 per square foot).

For shared ownership units, we have assumed that the Registered Provider will sell initial 25% equity stakes and charge a rent of 2.75% on the retained equity. Based on these assumptions, our model generates a capital value of £4,015 per square metre (£373 per square foot). The overall blended value assuming 70% rented and 30% shared ownership housing is £2,774 per square metre (£258 per square foot).

It should however be noted that whilst it is standard market practice to appraise affordable housing opportunities on an income basis which is subject to a number of set parameters (such as London Affordable Rent Levels); each Registered Provider may have specific hurdle rates/assumptions. Furthermore, they may also have the ability to cross subsidise which allows them to vary their bid from the results of the income modelling dependant on the level of competitive tension and their own operational and funding objectives at the time of bidding.

4.1.8 Ground Rents

The government introduced its 'Leasehold Reform (Ground Rents) Bill' to Parliament in May 2021, which will seek to limit ground rents in new leases to a peppercorn. Whilst there is a degree of uncertainty as to the precise timing of the Bill becoming an Act of Parliament, it is likely to be passed

before the end of the year. Given that the residential units in CEGA schemes are unlikely to be marketed until 2022 at the earliest, we have assumed that no ground rent income will be received.

4.2 Development Costs

4.2.1 Construction Costs

At this stage, the options have been formulated at high level and there is insufficient detail for detailed cost estimates to be drawn up. Consequently, we have relied upon the RICS 'Building Cost Information Service' ('BCIS') database (see Appendix 2), which collates tender prices for construction contracts.

The mean average BCIS costs adjusted for Brent are summarised in Table 4.2.1.1. BCIS costs exclude external works, for which we have added 10% to the base costs.

Table 4.2.1.1: BCIS build costs - £s per square metre GIA

Use	Base	Externals	Total
Residential	£2,221	10%	£2,443
Workspace	£1,464	10%	£1,610
Industrial	£1,126	10%	£1,211
Retail	£1,848	10%	£2,033
Offices	£2,356	10%	£2,592
Gyms	£2,507	10%	£2,758
Community uses	£2,598	10%	£2,858

In addition, we have incorporated a 5% contingency to reflect cost and design risk. This assumption is in line with normal market practice at this stage in the design process.

We have also incorporated an allowance of £640,000 per hectare¹ for any decontamination caused by historic uses and £50 per square metre for demolition of existing buildings.

4.2.2 Professional fees

Our appraisals incorporate an allowance for professional fees equating to 10% of construction costs. This is within the normal range for mixed use schemes which will be complex to design and implement given the need to manage interaction between different uses in close proximity

4.2.3 Interest

We have applied a finance rate of 6%, applied to 100% of costs. This finance rate is in line with the rate typically applied in development appraisals and valuations and reflects typical rates charged by banks for development finance.

Although a bank would not fund all the costs of a development, the finance rate is applied to 100% of costs to reflect the opportunity cost (or actual cost) of equity for the remaining costs.

4.2.4 Developer's Profit

We have applied a target profit of 17% of gross development value on the private housing; 15% on the commercial floorspace; and 6% on the affordable housing. These assumptions are reflective of normal market assumptions for schemes at these price points.

¹ As defined in Figure 2 of Homes and Communities Agency's 'Guidance on dereliction, demolition and remediation costs' March 2015. The cost for this classification of site ranges from £255,640 to £640,000 per hectare. We have adopted top end of this range to reflect inflation over the intervening period.

4.2.5 S106 and Community Infrastructure Levy

At this stage, the extent of any planning obligations to be secured through a Section 106 agreement is unknown. We have incorporated a notional allowance of £2,500 per unit to address any requirements that may emerge as plans evolve.

All net additional floorspace (with the exception of the affordable housing) will attract Mayoral CIL at a rate of £60 per square metre (subject to indexation). Brent's CIL Charging Schedule current applies a rate of £298.21 per square metre to private residential floorspace and a rate of £59.64 per square metre to retail floorspace. Our estimates of CIL liabilities for the options are summarised in Table 4.2.5.1.

Table 4.2.5.1: Estimated CIL liabilities

Site	MCIL	LBB CIL
BSSA1 - Opt 1	556,801	1,801,075
BSSA1 - Opt 2	1,045,570	3,806,413
BSSA2 - Opt 1	98,555	41,811
BSSA2 - Opt 2	717,031	2,396,431
BSSA3 - Opt 1	38,585	-
BSSA3 - Opt 2	38,363	10,461
BSSA4 - Opt 1	-	-
BSSA4 - Opt 2	-	-
BSSA5 - Opt 1	-	-
BSSA5 - Opt 2	365,461	1,816,402
BSSA8 - Opt 1	96,904	437,272

4.2.6 Marketing and disposal costs

We have adopted the following sales, letting and disposal fees in line with rates currently available in the market:

- Residential marketing: 2% of GDV;
- Residential sales agent fee: 1% of GDV;
- Residential sales legal fee: 0.5% of GDV;
- Purchaser's costs: 6.8% of capital value of commercial floorspace;
- Commercial sales agent: 1% of capital value;
- Commercial sales legal fee: 0.5% of capital value;
- Commercial lettings agent fees: 10% of first year's rent;
- Commercial lettings legal fees: 5% of first year's rent.

4.2.7 Project Timetable

At this early stage, no detailed phasing plans are available. We have therefore assumed the following broad development programmes. In all cases, we have assumed a 12 month pre-construction period to allow for any decanting issues that may arise.

Private sales values are assumed to be received monthly over the sales period, with 50% of sales completed at PC, while the affordable housing capital value is assumed to be received over the construction period, in line with typical contractual arrangements between developers and registered providers.

Table 4.2.7.1: Development programme (months)

Site	Pre-construction	Construction	Sales
BSSA1 - Opt 1	12	36	20
BSSA1 - Opt 2	12	36	20
BSSA2 - Opt 1	12	30	15
BSSA2 - Opt 2	12	36	20
BSSA3 - Opt 1	12	24	8
BSSA3 - Opt 2	12	24	8
BSSA4 - Opt 1	12	24	6
BSSA4 - Opt 2	12	30	12
BSSA5 - Opt 1	12	20	6
BSSA5 - Opt 2	12	30	12
BSSA8 - Opt 1	12	20	6

5 Appraisal outputs

In this section, we consider the outputs of the appraisals and the implications for the viability of redevelopment options.

5.1 Benchmark land values

In order to assess the viability of a development proposal, the residual land value must be compared to a benchmark land value, reflecting the existing uses on the site and a reasonable, site-specific premium to incentivise release of the site for development, in accordance with the Planning Practice Guidance.

We have estimated the capital values of the existing buildings by referring to the Rateable Values of each hereditament, which represents the Valuation Office Agency's estimate of the market rent that would be payable should the unit be let. We have capitalised the notional rentals by applying a 6.00% investment yield for industrial floorspace and 7.5% for retail floorspace, reflecting the more secondary nature of the existing space in comparison to new floorspace. We have deducted purchaser's costs at 6.8% (SDLT, agent's fees and legal fees) and applied a notional 15% premium. We have applied indexation to the values by reference to the change in the MSCI Property Index, which increased by 46% between April 2017 and June 2021. The sum of the Rateable Values and the resulting benchmark land values for each site are summarised in Table 5.1.1. Where existing space is to be retained, this is excluded from both the calculation of benchmark land value and also from the appraisals of the proposed developments.

Table 5.1.1: Benchmark land values

Site	Rateable value	Yield	Gross capital value	Cap value net of purchaser's costs (6.8%)	Premium (15%)	Benchmark land value
BSSA1 Opt 1	1,700,919	6.00%	28,348,651	26,543,681	3,981,552	30,525,233
BSSA1 Opt 2	1,458,374	6.00%	24,306,227	22,758,640	3,413,796	26,172,435
BSSA2 Opt 1	694,104	6.00%	11,568,400	10,831,835	1,624,775	12,456,610
BSSA2 Opt 2	1,422,993	6.00%	23,716,550	22,206,508	3,330,976	25,537,484
BSSA3 Opt 1	630,785	7.50%	8,410,467	7,874,969	1,181,245	9,056,214
BSSA3 Opt 2	630,785	7.50%	8,410,467	7,874,969	1,181,245	9,056,214
BSSA4 Opt 1	467,337	6.00%	7,788,946	7,293,020	1,093,953	8,386,973
BSSA4 Opt 2	1,545,134	6.00%	25,752,225	24,112,570	3,616,886	27,729,456
BSSA5 Opt 1	In-fill only ²	-	-	-	-	500,000
BSSA5 Opt 2	471,566	6.00%	7,859,432	7,359,018	1,103,853	8,462,871
BSSA8 Opt 1	109,530	6.00%	1,825,500	1,709,269	256,390	1,965,660

² This site is predominantly in-fill but also accommodates a vacant and derelict public house. We have therefore adopted a notional BLV of £0.5 million.

5.2 Appraisal results

The residual land values generated by each development option are summarised in Table 5.2.1, initially assuming 35% affordable housing. The appraisals are attached as Appendix 3. In each case, the residual land value is compared to the relevant site's benchmark land value (comprised of existing use value plus premium), resulting in either a surplus or a deficit. Where schemes generate a residual land value that is significantly higher than the benchmark land value, we have re-tested with an increased quantum of affordable housing.

Table 5.2.1: Appraisal results (base values and costs) – 35% affordable housing

Site	RLV	BLV	Surplus/deficit
BSSA1 Opt 1	£30,973,698	£30,525,233	£448,465
BSSA1 Opt 2	£27,571,276	£26,172,435	£1,398,841
BSSA2 Opt 1	£14,866,804	£12,456,610	£2,410,194
BSSA2 Opt 2	£30,888,879	£25,537,484	£5,351,395
BSSA3 Opt 1	£3,740,000	£9,056,214	-£5,316,214
BSSA3 Opt 2	£4,027,257	£9,056,214	-£5,028,957
BSSA4 Opt 1	£6,630,609	£8,386,973	-£1,756,364
BSSA4 Opt 2	£26,047,510	£27,729,456	-£1,681,946
BSSA5 Opt 1	£1,597,841	£500,000	£1,097,841
BSSA5 Opt 2	£13,655,777	£8,462,871	£5,192,906
BSSA8 Opt 1	£3,930,266	£1,965,660	£1,964,606

Table 5.2.2: Appraisal results (base value and costs) – increased affordable housing

Site	Affordable housing percentage	RLV	BLV	Surplus/deficit
BSSA1 Opt 1	36%	£30,525,047	£30,525,233	-£186
BSSA1 Opt 2	38%	£26,265,234	£26,172,435	£92,799
BSSA2 Opt 1	47%	£12,470,168	£12,456,610	£13,558
BSSA2 Opt 2	50%	£25,533,462	£25,537,484	-£4,022
BSSA5 Opt 2	50%	£10,460,015	£8,462,871	£1,997,144
BSSA8 Opt 1	50%	£3,227,764	£1,965,660	£1,262,104

BSSA2 Option 2, BSSA5 Option 2 and BSSA8 Option 1 can provide 50% affordable housing, generating residual land values that are in excess of or very close to the benchmark land values.

In cases where the schemes are residual land values are lower than the benchmark land values, the Council has advised that it is seeking to understand the reduction in the percentage of affordable housing required to resolve these viability issues. Given the significant quantum of workspace relative to residential, reducing affordable housing is not always effective at mitigating lack of viability. In these cases, the capital value of workspace is far more important. Table 5.2.3 summarises the maximum affordable housing that can be delivered while seeking to mitigate as much of the deficit as possible.

Table 5.2.3: Appraisal results – unviable schemes - reduced affordable housing

Site	RLV – 35%	BLV	Reduced AH %	Reduced AH RLV	Remaining deficit
BSSA3 Opt 1	£3,740,000	£9,056,214	0%	£7,633,497	-£1,422,717
BSSA3 Opt 2	£4,027,257	£9,056,214	0%	£8,065,128	-£1,000,086
BSSA4 Opt 1	£6,630,609	£8,386,973	0%	£8,301,210	-£85,763
BSSA4 Opt 2	£26,047,510	£27,729,456	28%	£27,775,807	-

BSSA4 Option 2 is viable at 28% affordable housing, whereas BSSA4 Option 1 only becomes marginally viable at 0% affordable housing. We have therefore discounted Option 1 from further analysis, as the mix and quantum of uses provided by Option 2 is evidently more viable.

BSSA3 options 1 and 2 remain in deficit even after the affordable housing has been reduced to 0%. Both these options include significant amounts of retail floorspace, which is problematic in viability terms due to relatively low capital values.

We have therefore run additional sensitivity analyses on

- BSSA3 Option 1;
- BSSA3 Option 2; and
- BSSA4 Option 2.

To determine the extent to which private sales values and build costs would need to increase to resolve the deficits identified above, we have run a series of sensitivity analyses, as summarised in tables 5.2.4, 5.2.5 and 5.2.6.

Table 5.2.4: Sensitivity analysis – BSSA3 Option 1 – 35% affordable housing

Sales value	Construction costs				
	0.00%	-2.50%	-5.00%	-7.50%	-10.00%
0.00%	£3,740,000	£4,363,929	£4,987,858	£5,611,787	£6,235,716
+3.50%	£4,503,857	£5,127,786	£5,751,715	£6,375,644	£6,999,573
+7.00%	£5,267,713	£5,891,642	£6,515,571	£7,139,500	£7,763,430
+10.50%	£6,031,570	£6,655,499	£7,279,428	£7,903,357	£8,527,286
+14.00%	£6,795,427	£7,419,356	£8,043,285	£8,667,214	£9,291,143

The sensitivity analysis for BSSA3 Option 1, assuming 35% affordable housing, indicates that sales values would need to increase by 14% and costs reduce by 10% for the scheme to become viable.

Table 5.2.5: Sensitivity analysis – BSSA3 Option 2 – 35% affordable housing

Sales value	Construction costs				
	0.00%	-2.50%	-5.00%	-7.50%	-10.00%
0.00%	£4,027,257	£4,666,140	£5,305,023	£5,943,906	£6,582,789
+3.50%	£4,790,349	£5,429,232	£6,068,115	£6,706,998	£7,345,881
+7.00%	£5,553,442	£6,192,325	£6,831,208	£7,470,091	£8,108,974
+10.50%	£6,316,534	£6,955,417	£7,594,300	£8,233,183	£8,872,066
+14.00%	£7,079,626	£7,718,509	£8,357,392	£8,996,275	£9,635,158

The sensitivity analysis for BSSA3 Option 2, assuming 35% affordable housing, indicates that sales values would need to increase by 14% and costs reduce by 10% for the scheme to become viable.

Table 5.2.6: Sensitivity analysis – BSSA4 Option 2 – 35% affordable housing

Sales value	Construction costs				
	0.00%	-2.50%	-5.00%	-7.50%	-10.00%
0.00%	£26,047,510	£27,524,717	£29,001,923	£30,479,129	£31,956,336
+3.50%	£27,584,882	£29,062,088	£30,539,294	£32,016,501	£33,493,707
+7.00%	£29,122,253	£30,599,459	£32,076,665	£33,553,872	£35,031,078
+10.50%	£30,659,624	£32,136,830	£33,614,036	£35,091,243	£36,568,449
+14.00%	£32,196,995	£33,674,201	£35,151,408	£36,628,614	£38,105,820

The sensitivity analysis for BSSA4 Option 2, assuming 35% affordable housing, indicates that sales values would need to increase by just over 3.5% to become viable. Alternatively, a 2.5% reduction in cost would be sufficient for the scheme to become viable. We have also undertaken an additional series of sensitivity analyses to determine the extent to which changes in workspace and industrial rents would address unviable developments, while retaining all other inputs as per the base position. We have increased workspace rents from £175 per square metre, which as noted in Section 4 is at the lower end of the range identified by the comparable evidence. In the sensitivity analysis, we have increased the workspace rent to £215 per square metre, which remains within the range identified by the comparable evidence. The results are summarised in Table 5.2.7.

Table 5.2.5: Appraisal results – increase in workspace rents from £175 to £215 per square metre (35% affordable housing)

Site	RLV	BLV	Surplus/deficit
BSSA1 Opt 1	£41,102,966	£30,525,233	£10,577,733
BSSA1 Opt 2	£33,986,107	£26,172,435	£7,813,672
BSSA2 Opt 1	£19,167,178	£12,456,610	£6,710,568
BSSA2 Opt 2	£41,350,625	£25,537,484	£15,813,141
BSSA3 Opt 1	£3,740,000	£9,056,214	-£5,316,214
BSSA3 Opt 2	£4,027,257	£9,056,214	-£5,028,957
BSSA4 Opt 1	£9,283,713	£8,386,973	£896,740
BSSA4 Opt 2	£34,155,654	£27,729,456	£6,426,198
BSSA5 Opt 1	£1,597,841	£500,000	£1,097,841
BSSA5 Opt 2	£16,760,930	£8,462,871	£8,298,059
BSSA8 Opt 1	£4,950,700	£1,965,660	£2,985,040

BSSA3 comprises retail, residential and community floorspace and therefore does not benefit from growth in workspace and industrial rents. If the quantum of residential floorspace is increased from 94 units to 225, the residual land value would increase from £3.7 million to £9.2 million, to marginally exceed the Site's benchmark land value of £9.1 million.

5.3 Build to rent option

As an alternative to developing the residential element of the schemes as housing for sale, developers could bring the residential units forward as build for rent. This would assist with market absorption if demand for new housing for sale declines over the economic cycle. However, switching residential development from build for sale to build to rent is unlikely to result in higher residual land values and is therefore not a realistic option for resolving any viability issues that may emerge.

6 High-level commercial analysis

6.1 Current market conditions

The study area currently provides just over circa 30,000 square metres of industrial floorspace, with a mix of secondary industrial/storage/warehousing which despite large site areas provide variable numbers of jobs. The existing floorspace is configured to provide a range of unit sizes (from 100 square metres to 6,000 square metres), most of which is single storey, with some two storey units. In total, CEGA accommodates circa 60 commercial entities.

Vacancy rates vary across the area. Some units are dated and in poor condition, and consequently do not meet the needs of many potential occupiers who might otherwise be attracted to located in the area due to its high level of accessibility to major arterial routes.

In terms of future supply of industrial floorspace, the area is likely to see continuing losses of employment floorspace to residential uses due to the attraction of low existing use values, particularly on McGovern's Yard, which is mostly open storage. In the absence of intervention, it is unlikely that these sites would be redeveloped for solus industrial use. Some element of cross subsidy from residential will be required to incentivise the owners to release these sites for development.

With targeted intervention to address the stock in the poorest condition, there is nothing to suggest that good levels of demand cannot be sustained in the future.

6.2 Current supply and demand

- **Industrial:** the Borough as a whole accommodates circa 700,000 square metres of industrial floorspace, around 500,000 square metres of which is located within the ODPC Development Corporation area. Most of this space is located in Strategic Industrial Locations (East Lane, Staples Corner and Wembley). As noted above, the CEGA accommodates just 30,000 square metres of space, which is relatively low in terms of generating a critical mass of occupiers. An expansion of space could make the area more viable as an industrial location but as noted above, this may require cross-subsidy from residential development (depending on the rent levels that can be achieved). The introduction of residential uses will inevitably change the type of uses at ground level; away from noisier uses and towards light manufacturing, maker-space and distribution.
- **Commercial:** Both the office and retail sectors are likely to see a contraction over the next ten years as current short term trends associated with successive lockdowns start to normalise. However, there is scope for corporates to develop a 'hub and spoke' approach to offices, with smaller central London head offices and a dispersed network of smaller workspaces closer to people's homes. There is potential for improvement in the high street offer in the Church End neighbourhood which an increase in locally based residents and workers could help to support. Given the increased population in the area arising from the new development envisaged in the masterplan, there is likely to be demand for convenience retail floorspace. This would assist with marketing of private housing. In addition, there is likely to be increasing demand for flexible office/touchdown areas where people can work remotely from their office but outside of their home.
- **Residential:** there has been considerable anecdotal evidence of a desire for people to move out of urban areas as a result of home working during 2020, although this trend appears to have slowed down significantly during 2021. Clearly, there are limits to the extent to which employers will accept their staff working from home over the medium term and most would expect their staff to be available to work in their offices for a significant proportion of the working week. This will place constraints on outward migration to other areas. London remains an attractive location for both UK residents and those from overseas, despite perceptions that the current government does not view immigration positively. Medium term forecasts indicate that there will be an increase in population in London to 10.44 million by 2041, an additional 1.62 million people in

comparison to late 2019. Furthermore, household formation continues to increase as a result of smaller numbers of people per household. There are currently no signals that current and future planned housing growth will not be required and the housing envisaged in Church End will make an important contribution to this need. The area is currently well served by public transport which will make it attractive to potential purchasers. However, there may be a need for developers to carefully consider how residents will use the space in their flats in the future and whether facilities such as informal shared workspace may be required.

6.3 Strengths, weaknesses, opportunity and threats

6.3.1 Industrial

Strengths <ul style="list-style-type: none"> ■ Good transport accessibility for workers not living locally with Jubilee Line services and local buses ■ Within close proximity to A406 providing access to other parts of north west London and M4, M40, M1 and M11 motorways ■ Low rents in comparison to other industrial areas in the area ■ Relatively large sites which collectively provide scope for transformational change across the growth area 	Weaknesses <ul style="list-style-type: none"> ■ Public transport at capacity at many points in the day ■ Reliance on future transport improvements (public transport accessibility is low in some parts of CEGA and would be improved by WLO railway) ■ Pockets of worklessness, significant deprivation and lower skilled residents ■ Lack of good quality retail and leisure amenities within the masterplan area, although Church End neighbourhood area offer potential)
Opportunities <ul style="list-style-type: none"> ■ Current industrial plot ratios are low and there is significant scope for intensification ■ Ability to provide the right type of business premises at the right price for occupiers ■ Some sites have low existing use values which results in maximum value uplift to deliver planning policy requirements and to cross-subsidise employment floorspace ■ Access to local labour and from the wider area via good public transport accessibility ■ Diversifying the employment offer within the area to include a range of uses complementary to industrial ■ Change perceptions of the area through redevelopment of principal sites 	Threats <ul style="list-style-type: none"> ■ Fragmentation of ownership may be a barrier to change due to the need for site assembly ■ Competing pressure for land between residential and commercial uses ■ Ability to provide the right type of business premises at the right price for occupiers ■ Competition for tenants from more established industrial locations at Park Royal and Wembley ■ Co-location of uses may preclude certain types of industrial users ■ Tenants increasingly mobile and willing to trade areas to achieve value ■ Underground capacity from Dollis Hill and Neasden stations ■ WLO not delivered and no improvements in public transport accessibility

6.3.2 Commercial

Strengths <ul style="list-style-type: none"> ■ Good transport accessibility with direct access to both the West End; the City (via London Bridge); and Canary Wharf ■ High resident population which will expand as a result of the developments envisaged in the masterplan ■ Low rents offer opportunities for a range of businesses to locate in the area ■ Within close proximity to A406 for access to other parts of London and motorway access to other parts of the country 	Weaknesses <ul style="list-style-type: none"> ■ Public transport at capacity at many points in the day. ■ Reliance on future transport improvements ■ Pockets of worklessness, significant deprivation and lower skilled residents ■ Lack of high quality retail and leisure amenities within the masterplan area ■ Extensive secondary industrial uses on some routes to the Underground stations ■ Not an established area for offices or managed workspace
Opportunities <ul style="list-style-type: none"> ■ Potential for providing 'touch-down' or flexible office space for office workers to work outside their homes when not travelling to corporates offices ■ The High Street offer offers significant scope for improving the retail and leisure offer of the area, providing opportunities for new operators to meet needs ■ Increased foot-fall on the routes to Dollis Hill and Neasden stations resulting from intensification of sites provides opportunities for new retailers to meet needs which currently leak out to neighbouring centres ■ Capitalise on good transport links at Dollis Hill and Neasden stations to act as a spring board for introducing new retail and leisure amenities to support new residential ■ Diversifying the employment offer within the area to attract more diversity of residents ■ Change perceptions of the area through redevelopment of principal sites 	Threats <ul style="list-style-type: none"> ■ Stronger existing retail and leisure facilities at Wembley Park and Brent Cross may limit the extent to which retailers will wish to locate in the masterplan area ■ General weakness of the retail sector may limit the ability of retailers to expand into this area ■ Supply of commercial space available in more established centres in the Borough ■ Tenants increasingly mobile and willing to trade areas to achieve value if rents increase in the area ■ Underground capacity from Dollis Hill and Neasden stations ■ WLO not delivered ■ Negative perceptions of area due to high levels of existing social housing may be a limiting factor for workspace and managed workspace development

6.3.3 Residential

Strengths Good transport accessibility with direct access to both the West End; the City (via London Bridge); and Canary Wharf <ul style="list-style-type: none"> ■ Within close proximity to amenities at Wembley Park ■ Good value pricing relative to other parts of London ■ Within close proximity to A406 for access to Brent Cross Shopping Centre ■ Extensive green space available nearby at Roundwood Park ■ A range of schools available nearby 	Weaknesses <ul style="list-style-type: none"> ■ Public transport at capacity at many points in the day. ■ Reliance on future transport improvements ■ Pockets of worklessness, significant deprivation and lower skilled residents ■ Lack of retail and leisure amenities within the masterplan area ■ Extensive secondary industrial uses on routes to Underground stations
Opportunities <ul style="list-style-type: none"> ■ Existing housing stock is fairly uniform (period terraced and semi-detached houses) with opportunities for new development to diversity the market by introducing new housing products to enhance choice ■ Capitalise on good transport links at Dollis Hill and Neasden stations to act as a spring board for introducing new retail and leisure amenities to support new residential ■ Diversifying the employment offer within the area to attract more diversity of residents ■ Change perceptions of the area through redevelopment of principal sites 	Threats <ul style="list-style-type: none"> ■ Potential cessation of or changes to Help to Buy at some point during delivery programme ■ Supply from schemes at a similar price point. ■ Purchasers increasingly mobile and willing to trade areas to achieve value ■ Potential outward migration resulting from changes to working patterns ■ Underground capacity from Dollis Hill and Neasden stations ■ WLO not delivered ■ Negative perceptions of area due to high levels of existing social housing

6.4 Potential commercial uses

CEGA is located outside of the two key West London logistics locations within Brent (Wembley and Park Royal). Although it is located relatively close to the A406, the closest main route into central London (the A404) is of lower quality than the A40. However, there is now significantly more demand for logistics space serving outer London and less reliance on flows into and out of central London due to changes in working patterns. Access to the A406 is therefore to be of equal value to trunk roads providing access to central London.

The emerging plans should be adequately flexible so that they can adopt to changing demand. We envisage that the industrial floorspace will be of most interest to small enterprises. Most demand will be from E(g)(ii) and E(g)(iii) uses but there is likely to be demand for some 'last mile' distribution (B8)

floorspace. In addition, the area is likely to attract interest from ecommerce operators for urban warehouses; cargo cycles/cycle logistics; and click and collect hub operators.

The area is currently under-provided for in terms of workspace for office workers who require touch-down space or renting a single desk when 'working from home'.

6.5 Current commercial rents and yields

Current rents in the area are summarised in tables 6.5.1, 6.5.2 and 6.5.3.

Table 6.5.1: Industrial rents

Sign Date	Address	Floor	Total SF Leased	Rent psf	Term (years)
27/04/2021	Waxlow Rd	GRND	1,986	24.00	5
06/05/2020	Waxlow Rd	GRND	1,986	23.00	10
06/07/2020	9 Enterprise Way	GRND	1,233	21.00	
01/09/2020	Brentfield Rd	GRND	1,601	20.61	1
21/04/2021	Volt Ave	GRND,1	7,131	20.00	5
30/04/2021	Oliver Rd	GRND,1	2,444	18.41	10
11/06/2021	Neasden Ln	GRND	7,871	18.00	
15/04/2021	Waxlow Rd	GRND	9,462	18.00	
01/02/2021	Waxlow Rd	GRND	6,942	18.00	
15/10/2020	Waxlow Rd	GRND,1-2	34,160	17.52	15
15/10/2020	Waxlow Rd	GRND,1-2	26,510	17.52	15
01/03/2021	Acton Ln	GRND,1	17,975	17.50	
08/01/2020	Waxlow Rd	GRND	8,760	17.30	15
01/04/2021	2A Waxlow Rd	GRND,1	48,388	17.00	15
01/03/2021	2B Waxlow Rd	GRND,1	21,499	17.00	15
17/03/2021	Aspley Way	GRND,1	3,382	16.50	
12/05/2020	1-4 First Way	GRND,1	2,597	16.17	
17/02/2021	Waxlow Rd	GRND	12,629	16.00	
16/03/2020	3 Willen Field Rd	GRND,1	27,111	15.25	15
01/07/2020	Apsley Way	GRND,1	3,610	15.02	10
23/04/2021	113 Bryan Ave	GRND	5,445	14.69	3
02/03/2020	Dalmeyer Rd	GRND,MEZZ	1,800	14.44	
07/02/2020	2 McNicol	GRND,1	24,517	13.25	20
07/09/2020	24 Scrubs Ln	GRND,1	25,404	12.00	
04/05/2021	150 Coles Green Rd	GRND,1	4,003	10.62	3

Table 6.5.2: Office rents

Sign Date	Address	Floor	Total SF Leased	Rent/SF/Yr	Term
03/08/2020	449-451 High Rd	1st	715	35.54	
02/06/2020	Humber Rd	GRND	800	31.25	3
06/04/2020	Regent St	GRND	845	25.44	
01/09/2020	2 Chandos Rd	GRND,1-3	17,556	25.00	10
11/07/2019	2 Chandos Rd	4th	4428	24.50	5

Sign Date	Address	Floor	Total SF Leased	Rent/SF/Yr	Term
15/06/2021	100 Villiers Rd	GRND	1,700	23.92	5
16/10/2019	Geron Way	GRND	2163	20.00	
13/09/2019	Geron Way	GRND	2013	19.67	
23/09/2019	Humber Rd	GRND,1	6000	14.84	5
02/12/2019	Dalmeyer Rd	GRND,1	5158	11.63	10
13/08/2019	65 North Acton Rd	GRND,1	8804	9.01	10

Table 6.5.3: Retail rents

Sign date	Address	Floor	Total SF leased	Rent psf	Term (years)
02/01/2020	1D Walm Ln	GRND	581	40.45	9 yrs 1 mo
02/03/2020	27 High St	GRND	580	38.79	
06/07/2020	74 Walm Ln	GRND	516	38.76	
21/05/2021	Manor Park Rd	GRND	1,323	37.79	12 yrs
16/12/2020	199 Church Rd	GRND	490	36.73	
06/01/2020	229 Cricklewood Broadway	GRND	689	29.03	10 yrs
06/07/2020	241 Neasden Ln	GRND	699	27.18	
01/06/2020	8-10 Harrow Rd	GRND	1,145	24.45	10 yrs
01/06/2020	41 Blackbird HI	GRND	607	23.06	20 yrs
13/03/2021	251-253 Neasden Ln	GRND	2,139	21.04	
10/02/2020	86 Craven Park Rd	GRND	735	19.84	
23/12/2020	490-492 Neasden Ln N	GRND	2,000	18.13	15 yrs
26/07/2021	86 Craven Park Rd	GRND	1,395	17.92	
25/11/2020	233 Cricklewood Broadway	GRND	1,537	17.31	
25/11/2020	164-166 Church Rd	GRND	1,506	15.27	
07/09/2020	47-51 High St	GRND	11,497	15.22	

6.6 Medium and longer term forecasts

6.6.1 Industrial

Between 2017 and 2020, industrial rents increased by approximately one third due to increasing scarcity of space, caused by losses of existing industrial space for residential redevelopment. Recently adopted planning policies across London are seeking to protect some industrial floorspace, but this tends to be limited to Strategic Industrial Land and Locally Significant Industrial Sites. Outside these protected areas, existing industrial uses remain vulnerable to redevelopment for other uses.

As a consequence of the continuing imbalance between supply of industrial floorspace and demand, we would expect rents to continue to increase at a rate higher than inflation over the medium term. While this will help to enhance the residual land values generated by developments, it will also increase existing use values. As a result of increasing rents, industrial sites are becoming of increasing interest to investors, which is evident from continuing yield compression, with CBRE's yield guide showing a 0.5% fall in Greater London industrial yields between September 2020 and July 2021.

6.6.2 Commercial

Both the retail and office sectors are currently facing an uncertain future. There is currently surplus of retail floorspace available due to the collapse of several major retailers and contraction by others due

to a long term shift in buying patterns towards on-line retailing. These long terms trends have been accelerated by the successive lockdown measures introduced by the UK government during 2020 and 2021.

New office space is responding to changing demand from users. Offices are increasingly moving towards agile working models with a focus on collaborative working and consequently space is being configured to meet these needs and away from traditional corporate headquarters-style layouts. Working patters have changed as a result of the lockdown measures introduced by the UK government, with five days per week in central London headquarters offices being increasingly rare. This may generate demand in the medium to longer term for a more decentralised approach to offices, with flexible spaces provided at neighbourhood level for occupants of smaller residential properties to use on a flexible 'pay per use' basis.

New retail floorspace is likely to be focused around key transport nodes where footfall is highest. Outside key town centres, this is likely to be convenience retail serving local needs.

6.6.3 Residential

London continues to face severe housing supply pressures which have resulted in house prices and rents increasing in excess of incomes. This has resulted in a significant deterioration in affordability, with house prices and rents now out of reach of many households. Successive London Plans have sought to increase housing supply but the capital continues to under-deliver, due to inadequate housing land supply, high existing use values and strong competition for land from other uses.

The GLA's current forecasts based on its population trends monitoring indicate that the Capital's population will increase to cover 10 million by 2041, despite the short term fluctuations due to the impact of coronavirus and the UK's departure from the EU. Pre-existing trends of decreasing household size will also contribute towards increasing demand, although by necessity it is possible at some point that sharing of dwellings will also increase.

It is unlikely that there will be any significant change in current supply trends and we therefore expect house prices and rents to continue to follow long term growth trends of at least 3% per annum in real terms. Church End is a well-connected area with direct Underground services into central London, Canary Wharf and Canada Water (the latter subject to a masterplan envisaging a new urban quarter providing a similar volume of office and retail floorspace as Canary Wharf). Current house prices are relatively low to many similar locations and it is therefore conceivable that values will surpass wider trends in response to the development envisaged by the masterplan.

6.7 Indicative commercial lease terms and potential incentives

We consider that the market will require the following lease terms:

- **Retail:** Lease lengths of 2 to 15 years, with rent free periods ranging from 2 to 12 months. Turnover rents may become increasingly common if increasing volumes of trade move online and this is a trend that investors are becoming more accustomed to.
- **Offices:** corporate offices will require lease lengths of 1 to 10 years with rent free periods ranging from 6 to 24 months. Flexible and co-working space will be let on licences or pay per use basis but will need to be managed by a workspace provider, either a private sector organisation such as WeWork, or a not for profit organisation.
- **Industrial:** lease lengths of 1 to 15 years with rent free periods of up to 6 months.

Current yields advised by major agents are summarised in Table 6.7.1.

Table 6.7.1: Investment yields

Use	CBRE	Knight Frank	Savills
Industrial	3.50 – 4.00%	3.25 – 4.00%	3.50%
Offices	5.50%	5.25 – 5.75%	5.50%
Retail	6.50%	6.50%	6.75%

7 Conclusions

This report tests the viability of development options for the regeneration of sites within the Church End Growth Area. Hawkins Brown have identified two options for each site, which involve varying degrees of re-provision of existing employment floorspace, with the addition of residential, retail and office floorspace.

Our appraisals indicate that there are viable options for all sites, although this depends in some cases on the extent to which rents for employment floorspace can be maximised within the local range. All our appraisals assume that the residential elements of the developments provide 35% affordable housing which meets policy requirements for industrial sites where there is no loss in employment floorspace. Our appraisals indicate that some sites may be able to provide more than 35% affordable housing. However, if viability issues emerge, the Council's policy is applied flexibly in regards to tenure and overall percentage. We have also tested reduced levels of affordable housing which improves the deficit in most cases. Some degree of price growth or capital value growth of the commercial floorspace would be required to mitigate the remaining deficits. Alternatively, an increase in the quantum of residential floorspace of these schemes would improve viability.

Appendix 1 - Development options

CHURCH END GROWTH AREA - MASTERPLAN OPTIONS

BSSA1		Asiatic carpets					Option 1			65.00%	35.00%
	Workspace	Community	Industrial	Industrial retain	Office	Retail	Residential	Res - units	Private	AH	
GIA	5,664.00	1,378.00	8,630.00	4,146.51	968.21	414.04	31,470.02	389	253	136	
NIA							26,749.51				
								Res GIA	20,455.51	11,014.51	
BLV:	26,172,435	(net of value of retained industrial space)						Res NIA	17,387.18	9,362.33	
									0.85		
Existing floorspace	20,056.00						Net uplifts for CIL calculation				
Site area (ha)	3.42		Decontamination	2,191,938			Net uplift in floorspace				
			Demo:	795,474.30			28,468	54%	MCIL:		
							Private res	5,995	556,801		
							Retail	224	LBB CIL:		
							Workspace	3,061	1,801,075		
Pre-cons	12.00										
Cons	24.00										
Sales	12.00						RLV:	£30,973,698			

BSSA2		B&M and Cobbold IE					Option 1					
	Workspace	Community	Industrial	Industrial retain	Offices	Retail	Residential	Res - units	Private	AH		
GIA	1,800.00	2,755.00	3,780.00	8,380.39		3,206.22	13,847.76	171	111		60	
NIA							11,770.72					
								Res GIA	9,001.04	4,846.72		
BLV:	12,456,610							Res NIA	7,650.97	4,119.75		
Existing floorspace	13,766.00						Net uplifts for CIL calculation					
							Net uplift in floorspace 11,623 34% MCIL:					
Site area (ha)	2.98		Decontaminatio	1,904,431			Private res - 80 98,555					
			Demo:	269,281			Retail 1,104 LBB CIL:					
							Workspace 620 41,811					
Pre-cons	12.00											
Cons	24.00											
Sales	6.00						RLV:	£14,866,804				

BSSA3		Local Centre					Option 1				
	Workspace	Community	Industrial	Industrial retain	Offices	Retail	Residential	Res - units	Private	AH	
GIA		865.72				2,543.93	7,594.36	94	61	33	
NIA							6,455.20				
BLV:		9,056,214						Res GIA	4,936.33	2,658.03	
								Res NIA	4,195.88	2,259.32	
Existing floorspace		7,421.00					Net uplifts for CIL calculation				
Site area (ha)		0.97	Decontaminatio	620,800			Net uplift in floorspace		3,583	33% MCIL:	
			Demo:	371,050			Private res		- 185	38,585	
							Retail		828	LBB CIL:	
							Workspace		-	5,837	
Pre-cons	12.00										
Cons	24.00										
Sales	6.00										
							RLV:	£3,740,000			

BSSA4		Chapman & Sapcote					Option 1				
	Workspace	Community	Industrial	Industrial retain	Gym	Retail	Residential	Res - units	Private	AH	
GIA			3,287.67	16,303.47	1,583.30	1,928.30	3,094.35	38	25	13	
NIA							2,630.20				
								Res GIA	2,011.33	1,083.02	
BLV:	8,386,973							Res NIA	1,709.63	920.57	
Existing floorspace	21,546.00						Net uplifts for CIL calculation				
Site area (ha)	3.05		Decontamination	1,952,998			Net uplift in floorspace - 11,652 -44% MCIL:				
			Demo:	262,127			Private res	- 2,459	- 199,025		
							Retail	- 858	LBB CIL:		
							Workspace	-	- 784,565		
Pre-cons	12.00										
Cons	24.00										
Sales	12.00						RLV:	£6,630,609			

BSSA5		Bus Depot					Option 1				
	Workspace	Community	Industrial	Industrial retain	Offices	Retail	Residential	Res - units	Private	AH	
GIA		480.00			558.00		4,753.20	59	38	21	
NIA							4,040.22				
								Res GIA	3,089.58	1,663.62	
BLV:	8,462,871							Res NIA	2,626.14	1,414.08	
Existing floorspace	6,311.71						Net uplifts for CIL calculation				
Site area (ha)	1.05		Decontaminatio	673,481			Net uplift in floorspace - 521 -9% MCIL:				
			Demo:	315,585			Private res - 2,091 - 125,450				
							Retail - LBB CIL:				
							Workspace - 623,507				
Pre-cons	12.00										
Cons	24.00										
Sales	12.00						RLV:	£1,597,841			

BSSA8		Colin/Dudden etc					Option 1				
	Workspace	Community	Industrial	Industrial retain	Offices	Retail	Residential	Res - units	Private	AH	
GIA			1,264.50			337.50	3,629.87	45	29	16	
NIA							3,085.39				
BLV:		1,965,660						Res GIA	2,359.42	1,270.46	
								Res NIA	2,005.50	1,079.89	
Existing floorspace	1,404.92						Net uplifts for CIL calculation				
Site area (ha)	0.37		Decontamination	238,739			Net uplift in floorspace		4,077	74% MCIL:	
			Demo:	70,246				Private res	1,429	96,904	
								Retail	186	LBB CIL:	
								Workspace	-	437,272	
Pre-cons	12.00										
Cons	24.00										
Sales	12.00						RLV:	£3,930,266			

BSSA1		Asiatic carpets					Option 2				
	Workspace	Community	Industrial	Industrial retail	Offices	Retail	Residential	Res - units	Private	AH	
GIA		1,236.19	8,436.91		900.00	8,925.00	38,288.55	489	318	171	
NIA							32,545.27				
								Res GIA	24,887.56	13,400.99	
BLV:	30,525,233							Res NIA	21,154.42	11,390.84	
Existing floorspace	20,056.00						Net uplifts for CIL calculation				
Site area (ha)	3.42		Decontaminat	2,191,938	Net uplift in floorspace						
			Demo:	1,002,800			37,731		65%	MCIL:	
							Private res	11,599		1,045,570	
							Retail	5,827		LBB CIL:	
							Workspace	-		3,806,413	
Pre-cons	12.00										
Cons	30.00										
Sales	15.00										
							RLV:	£27,571,276			

BSSA2		B&M and Cobbold IE 342.00					Option 2					
	Workspace	Community	Industrial	Industrial retail	Offices	Retail	Residential	Res - units	Private		AH	
GIA	3,420.00	2,755.00	10,510.49	2,724.88		3,206.22	25,051.11	310	202		109	
NIA							21,293.44					
								Res GIA	16,283.22		8,767.89	
BLV:	25,537,484							Res NIA	13,840.74		7,452.70	
Existing floorspace	13,766.00						Net uplifts for CIL calculation					
							Net uplift in floorspace 31,177 65% MCIL:					
Site area (ha)	2.98			Decontaminat	1,904,431		Private res 7,617 717,031					
				Demo:	552,056		Retail 2,097 LBB CIL:					
							Workspace 2,237 2,396,431					
Pre-cons	12.00											
Cons	24.00											
Sales	8.00						RLV:	£30,888,879				

BSSA3		Local Centre					Option 2				
	Workspace	Community	Industrial	Industrial retail	Offices	Retail	Residential	Res - units	Private	AH	
GIA						1,311.00	2,256.80	7,586.76	94	61	33
NIA								6,448.75			
BLV:	9,056,214							Res GIA	4,931.39	2,655.37	
								Res NIA	4,191.68	2,257.06	
Existing floorspace	7,421.00						Net uplifts for CIL calculation				
							Net uplift in floorspace				
Site area (ha)	0.97							3,734		33% MCIL:	
			Decontaminat		620,800			116			38,363
			Demo:		371,050						
								755		LBB CIL:	
											10,461
Pre-cons	12.00										
Cons	24.00										
Sales	6.00										
							RLV:	4,027,257			

Appendix 2 - BCIS costs

£/m2 study

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

Last updated: 17-Jul-2021 00:39

► Rebased to London Borough of Brent (122; sample 27)

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							
282. Factories							
Generally (20)	1,304	303	737	1,083	1,565	4,959	98
Up to 500m2 GFA (20)	1,673	1,081	1,203	1,418	2,099	2,863	13
500 to 2000m2 GFA (20)	1,385	303	809	1,232	1,552	4,959	42
Over 2000m2 GFA (20)	1,114	540	660	903	1,246	2,812	43
282.1 Advance factories							
Generally (15)	1,126	535	889	1,098	1,347	1,871	23
Up to 500m2 GFA (15)	1,273	1,081	1,093	1,246	1,360	1,678	7
500 to 2000m2 GFA (15)	1,237	535	1,037	1,310	1,442	1,871	9
Over 2000m2 GFA (15)	837	624	687	862	949	1,098	7
282.12 Advance factories/offices - mixed facilities (class B1)							
Generally (20)	1,464	574	891	1,393	1,829	2,863	22
Up to 500m2 GFA (20)	2,544	2,099	-	2,670	-	2,863	3
500 to 2000m2 GFA (20)	1,458	574	1,301	1,607	1,757	1,953	6
Over 2000m2 GFA (20)	1,219	603	764	955	1,651	2,812	13
282.2 Purpose built factories							
Generally (25)	1,548	303	765	1,332	2,303	4,959	55
Up to 500m2 GFA (25)	1,896	892	-	2,235	-	2,561	3
500 to 2000m2 GFA (25)	1,903	303	985	1,480	2,483	4,959	18
Over 2000m2 GFA (25)	1,329	434	723	1,135	1,922	2,616	34
282.22 Purpose built factories/Offices - mixed facilities (15)	1,101	551	922	1,094	1,203	1,943	24
284. Warehouses/stores							
Generally (15)	1,149	453	695	924	1,280	5,267	47
Up to 500m2 GFA (15)	2,096	762	1,153	1,458	2,497	5,267	8
500 to 2000m2 GFA (15)	1,053	538	775	946	1,206	1,837	17
Over 2000m2 GFA (15)	879	453	674	786	999	1,812	22
284.1 Advance warehouses/stores (15)	946	522	694	1,002	1,132	1,479	11
284.2 Purpose built warehouses/stores							

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
Generally (15)	1,216	453	734	923	1,357	5,267	34
Up to 500m ² GFA (15)	2,418	762	1,406	1,888	3,064	5,267	6
500 to 2000m ² GFA (15)	1,010	538	738	923	1,152	1,837	14
Over 2000m ² GFA (15)	909	453	679	793	1,059	1,812	14
284.5 Cold stores/refrigerated stores (25)	1,587	1,075	1,173	1,387	2,146	2,154	5
320. Offices							
Generally (15)	2,356	1,191	1,722	2,232	2,795	5,905	90
Air-conditioned							
Generally (15)	2,388	1,426	1,894	2,278	2,737	4,149	29
1-2 storey (15)	2,262	1,426	1,894	2,122	2,378	4,149	11
3-5 storey (15)	2,253	1,606	1,782	2,272	2,763	3,224	11
6 storey or above (15)	2,703	2,064	2,447	2,578	2,679	3,883	6
Not air-conditioned							
Generally (15)	2,361	1,191	1,674	2,234	2,896	3,995	40
1-2 storey (15)	2,408	1,368	1,695	2,235	2,973	3,819	19
3-5 storey (15)	2,306	1,191	1,674	2,195	2,719	3,995	19
6 storey or above (20)	2,824	2,191	-	2,926	-	3,253	4
345. Shops							
Generally (30)	1,848	717	1,066	1,416	2,423	5,034	22
1-2 storey (30)	1,860	717	1,044	1,313	2,468	5,034	21
3-5 storey (30)	1,592	-	-	-	-	-	1
532. Community Centres							
Generally (25)	2,598	1,067	1,976	2,493	3,054	8,009	124
Up to 500m² GFA							
Generally (25)	2,727	1,067	1,836	2,489	3,265	8,009	54
Steel framed (25)	3,076	1,500	1,965	2,592	3,583	8,009	23
Concrete framed (50)	1,638	-	-	-	-	-	1
Brick construction (25)	2,064	1,067	1,586	1,945	2,268	3,668	22
Timber framed (25)	3,466	2,530	3,066	3,338	3,900	4,483	8
500 to 2000m² GFA							
Generally (25)	2,506	1,078	2,178	2,482	2,814	4,115	66
Steel framed (25)	2,517	1,289	2,147	2,528	2,841	4,114	41
Concrete framed (30)	2,549	-	-	-	-	-	1
Brick construction (25)	2,325	1,078	2,140	2,290	2,705	4,115	17
Timber framed (25)	2,877	2,185	2,643	2,682	3,202	3,585	7
Over 2000m² GFA							
Generally (25)	2,396	1,961	-	2,493	-	2,634	4
Steel framed (30)	2,363	1,736	-	2,493	-	2,730	4
Concrete framed (50)	1,742	-	-	-	-	-	1
Brick construction (50)	1,306	-	-	-	-	-	1

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
Timber framed (15)	2,634	-	-	-	-	-	1
562.2 Gymnasias, fitness centres, etc (25)	2,507	1,059	1,393	2,793	3,401	4,112	7
816. Flats (apartments)							
Generally (15)	1,852	915	1,544	1,760	2,086	6,351	871
1-2 storey (15)	1,753	1,071	1,495	1,680	1,951	3,150	203
3-5 storey (15)	1,826	915	1,535	1,748	2,066	3,909	569
6 storey or above (15)	2,221	1,343	1,795	2,080	2,376	6,351	96

Appendix 3 - Development appraisals

APPRAISAL SUMMARY

LICENSED COPY

BSSA1 - Asiatic Carpets Option 1

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
Private residential	253	17,387.18	6,500.00	446,706	113,016,670
Affordable	<u>136</u>	<u>9,362.33</u>	2,774.00	190,964	<u>25,971,103</u>
Totals	389	26,749.51			138,987,773

Rental Area Summary

	Units	m ²	Rate m ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Workspace	1	5,097.60	175.00	892,080	892,080	892,080
Retail	1	414.04	269.00	111,377	111,377	111,377
Affordable Workspace	1	566.40	75.00	42,480	42,480	42,480
Industrial	1	8,630.00	175.00	1,510,250	1,510,250	1,510,250
Office	1	968.21	250.00	242,053	242,053	242,053
Community	<u>1</u>	<u>1,378.00</u>	200.00	275,600	<u>275,600</u>	<u>275,600</u>
Totals	6	17,054.25			3,073,839	3,073,839

Investment Valuation

Workspace

Market Rent	892,080	YP @	3.5000%	28.5714	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	3.5000%	0.9829	25,053,337

Retail

Market Rent	111,377	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	1,608,909

Affordable Workspace

Market Rent	42,480	YP @	3.5000%	28.5714	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	3.5000%	0.9829	1,193,016

Industrial

Market Rent	1,510,250	YP @	3.5000%	28.5714	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	3.5000%	0.9829	42,414,136

Office

Market Rent	242,053	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	3,805,857

Community

Market Rent	275,600	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	4,333,333

78,408,589

GROSS DEVELOPMENT VALUE

217,396,362

Purchaser's Costs	6.80%	(5,331,784)	(5,331,784)
-------------------	-------	-------------	-------------

APPRAISAL SUMMARY**LICENSED COPY****BSSA1 - Asiatic Carpets
Option 1**

NET DEVELOPMENT VALUE 212,064,578

NET REALISATION 212,064,578

OUTLAY**ACQUISITION COSTS**

Residualised Price		30,973,698	
Stamp Duty	5.00%	1,548,685	
Agent Fee	1.00%	309,737	
Legal Fee	0.80%	247,790	
			33,079,909

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost	
Workspace	5,097.60 m ²	1,610.40 pm ²	8,209,175	
Retail	414.04 m ²	2,032.80 pm ²	841,661	
Affordable Workspace	566.40 m ²	1,610.40 pm ²	912,131	
Industrial	8,630.00 m ²	1,610.40 pm ²	13,897,752	
Office	968.21 m ²	2,758.00 pm ²	2,670,323	
Community	1,378.00 m ²	2,758.00 pm ²	3,800,524	
Private residential	20,455.51 m ²	2,443.00 pm ²	49,972,811	
Affordable	11,014.51 m ²	2,443.00 pm ²	26,908,448	
Totals	48,524.27 m²		107,212,824	107,212,824

Developers Contingency	5.00%	5,360,641	
Demolition		795,474	
Decontamination		2,191,938	
			8,348,053

Municipal Costs

MCIL			556,801	
LBB CIL			1,801,075	
S106	389.00 un	2,500.00 /un	972,500	
				3,330,376

PROFESSIONAL FEES

Professional fees	10.00%	10,721,282	
			10,721,282

MARKETING & LETTING

Residential marketing	2.00%	2,260,333	
Letting Agent Fee	10.00%	307,384	
Letting Legal Fee	5.00%	153,692	
			2,721,409

DISPOSAL FEES

Sales Agent Fee	1.00%	2,120,646	
Sales Legal Fee	0.50%	1,060,323	

BSSA1 - Asiatic Carpets
Option 1

3,180,969

MISCELLANEOUS FEES

Profit on private	17.00%	19,212,834	
Profit on commercial	15.00%	4,178,289	
Profit on affordable	6.00%	1,558,266	
			24,949,390

FINANCE

Debit Rate 6.000% Credit Rate 0.000% (Nominal)			
Land		8,686,981	
Construction		9,039,449	
Other		793,935	
Total Finance Cost			18,520,365

TOTAL COSTS

212,064,577

PROFIT

1

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	1.45%
Equivalent Yield% (Nominal)	3.83%
Equivalent Yield% (True)	3.93%
IRR	5.99%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 6.000%)	0 yrs 0 mths

APPRAISAL SUMMARY

LICENSED COPY

BSSA1 - Asiatic Carpets Option 2

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
Private residential	318	21,154.42	6,500.00	432,402	137,503,730
Affordable	171	11,390.84	2,774.00	184,785	31,598,190
Totals	489	32,545.26			169,101,920

Rental Area Summary

	Units	m ²	Rate m ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Retail	1	8,925.00	269.00	2,400,825	2,400,825	2,400,825
Industrial	1	8,436.91	175.00	1,476,459	1,476,459	1,476,459
Office	1	900.00	250.00	225,000	225,000	225,000
Community	1	1,236.19	200.00	247,238	247,238	247,238
Totals	4	19,498.10			4,349,522	4,349,522

Investment Valuation

Retail						
Market Rent	2,400,825	YP @	6.5000%	15.3846		
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	34,681,473	
Industrial						
Market Rent	1,476,459	YP @	3.5000%	28.5714		
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	3.5000%	0.9829	41,465,150	
Office						
Market Rent	225,000	YP @	6.0000%	16.6667		
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	3,537,736	
Community						
Market Rent	247,238	YP @	6.0000%	16.6667		
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	3,887,390	
					83,571,750	

GROSS DEVELOPMENT VALUE

252,673,670

Purchaser's Costs	6.80%	(5,682,879)	(5,682,879)
-------------------	-------	-------------	-------------

NET DEVELOPMENT VALUE

246,990,791

NET REALISATION

246,990,791

OUTLAY

ACQUISITION COSTS

APPRAISAL SUMMARY

LICENSED COPY

BSSA1 - Asiatic Carpets

Option 2

Residualised Price			27,571,276	
Stamp Duty		5.00%	1,378,564	
Agent Fee		1.00%	275,713	
Legal Fee		0.80%	220,570	
				29,446,123

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost	
Retail	8,925.00 m ²	2,032.80 pm ²	18,142,740	
Industrial	8,436.91 m ²	1,610.40 pm ²	13,586,800	
Office	900.00 m ²	2,758.00 pm ²	2,482,200	
Community	1,236.19 m ²	2,758.00 pm ²	3,409,412	
Private residential	24,887.56 m ²	2,443.00 pm ²	60,800,309	
Affordable	13,400.99 m ²	2,443.00 pm ²	32,738,619	
Totals	57,786.65 m²		131,160,080	131,160,080

Developers Contingency		5.00%	6,558,004	
Demolition			1,002,800	
Decontamination			2,191,938	
				9,752,742

Municipal Costs

MCIL			1,045,570	
LBB CIL			3,806,413	
S106	489.00 un	2,500.00 /un	1,222,500	
				6,074,483

PROFESSIONAL FEES

Professional fees		10.00%	13,116,008	
				13,116,008

MARKETING & LETTING

Residential marketing		2.00%	2,750,075	
Letting Agent Fee		10.00%	434,952	
Letting Legal Fee		5.00%	217,476	
				3,402,503

DISPOSAL FEES

Sales Agent Fee		1.00%	2,469,908	
Sales Legal Fee		0.50%	1,234,954	
				3,704,862

MISCELLANEOUS FEES

Profit on private		17.00%	23,375,634	
Profit on commercial		15.00%	5,202,221	
Profit on affordable		6.00%	1,895,891	
				30,473,747

FINANCE

Debit Rate 6.000% Credit Rate 0.000% (Nominal)				
Land			7,731,339	

BSSA1 - Asiatic Carpets
Option 2

Construction	11,168,890	
Other	960,013	
Total Finance Cost		19,860,243

TOTAL COSTS246,990,790

PROFIT1

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	1.76%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR	5.98%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 6.000%)	0 yrs 0 mths

APPRAISAL SUMMARY

LICENSED COPY

BSSA2 - B&M and Cobbold Industrial Estate Option 1

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
Private residential	111	7,650.97	6,500.00	448,030	49,731,305
Affordable	60	4,119.75	2,774.00	190,470	11,428,187
Totals	171	11,770.72			61,159,492

Rental Area Summary

	Units	m ²	Rate m ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Workspace	1	1,620.00	175.00	283,500	283,500	283,500
Retail	1	3,206.22	269.00	862,473	862,473	862,473
Affordable Workspace	1	180.00	87.50	15,750	15,750	15,750
Industrial	1	3,780.00	175.00	661,500	661,500	661,500
Community	1	2,755.00	200.00	551,000	551,000	551,000
Totals	5	11,541.22			2,374,223	2,374,223

Investment Valuation

Workspace

Market Rent	283,500	YP @	3.5000%	28.5714	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	3.5000%	0.9829	7,961,866

Retail

Market Rent	862,473	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	12,458,984

Affordable Workspace

Market Rent	15,750	YP @	3.5000%	28.5714	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	3.5000%	0.9829	442,326

Industrial

Market Rent	661,500	YP @	3.5000%	28.5714	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	3.5000%	0.9829	18,577,686

Community

Market Rent	551,000	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	8,663,522
					48,104,384

GROSS DEVELOPMENT VALUE

109,263,876

Purchaser's Costs	6.80%	(3,271,098)	(3,271,098)
-------------------	-------	-------------	-------------

NET DEVELOPMENT VALUE

105,992,778

NET REALISATION

105,992,778

APPRAISAL SUMMARY**LICENSED COPY****BSSA2 - B&M and Cobbold Industrial Estate
Option 1****OUTLAY****ACQUISITION COSTS**

Residualised Price			14,866,804	
Stamp Duty		5.00%	743,340	
Agent Fee		1.00%	148,668	
Legal Fee		0.80%	118,934	
				15,877,747

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost	
Workspace	1,620.00 m ²	1,610.40 pm ²	2,608,848	
Retail	3,206.22 m ²	2,032.80 pm ²	6,517,604	
Affordable Workspace	180.00 m ²	1,610.40 pm ²	289,872	
Industrial	3,780.00 m ²	1,610.40 pm ²	6,087,312	
Community	2,755.00 m ²	2,758.00 pm ²	7,598,290	
Private residential	9,001.04 m ²	2,443.00 pm ²	21,989,541	
Affordable	4,846.72 m ²	2,443.00 pm ²	11,840,537	
Totals	25,388.98 m²		56,932,004	56,932,004

Developers Contingency		5.00%	2,846,600	
Demolition			269,281	
Decontamination			1,904,431	
				5,020,312

Municipal Costs

MCIL			98,555	
LBB CIL			41,811	
S106	171.00 un	2,500.00 /un	427,500	
				567,866

PROFESSIONAL FEES

Professional fees		10.00%	5,693,200	
				5,693,200

MARKETING & LETTING

Residential marketing		2.00%	994,626	
Letting Agent Fee		10.00%	237,422	
Letting Legal Fee		5.00%	118,711	
				1,350,760

DISPOSAL FEES

Sales Agent Fee		1.00%	1,059,928	
Sales Legal Fee		0.50%	529,964	
				1,589,892

MISCELLANEOUS FEES

Profit on private		17.00%	8,454,322	
Profit on commercial		15.00%	1,868,848	

BSSA2 - B&M and Cobbold Industrial Estate
Option 1

Profit on affordable	6.00%	685,691	11,008,861
----------------------	-------	---------	------------

FINANCE

Debit Rate 6.000% Credit Rate 0.000% (Nominal)			
Land		3,581,239	
Construction		4,108,776	
Other		262,121	
Total Finance Cost			7,952,135

TOTAL COSTS			105,992,777
-------------	--	--	-------------

PROFIT

1

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	2.24%
Equivalent Yield% (Nominal)	4.76%
Equivalent Yield% (True)	4.90%
IRR	5.90%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 6.000%)	0 yrs 0 mths

APPRAISAL SUMMARY

LICENSED COPY

BSSA2 - B&M and Cobbold Industrial Estate Option 2

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
Private residential	202	13,840.74	6,500.00	445,370	89,964,810
Affordable	109	7,452.70	2,774.00	189,668	20,673,790
Totals	311	21,293.44			110,638,600

Rental Area Summary

	Units	m ²	Rate m ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Workspace	1	3,078.00	175.00	538,650	538,650	538,650
Retail	1	3,206.22	269.00	862,473	862,473	862,473
Affordable Workspace	1	342.00	87.50	29,925	29,925	29,925
Industrial	1	10,510.49	175.00	1,839,336	1,839,336	1,839,336
Community	1	2,755.00	200.00	551,000	551,000	551,000
Totals	5	19,891.71			3,821,384	3,821,384

Investment Valuation

Workspace

Market Rent	538,650	YP @	3.5000%	28.5714	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	3.5000%	0.9829	15,127,545

Retail

Market Rent	862,473	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	12,458,984

Affordable Workspace

Market Rent	29,925	YP @	3.5000%	28.5714	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	3.5000%	0.9829	840,419

Industrial

Market Rent	1,839,336	YP @	3.5000%	28.5714	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	3.5000%	0.9829	51,656,240

Community

Market Rent	551,000	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	8,663,522
					88,746,710

GROSS DEVELOPMENT VALUE

199,385,310

Purchaser's Costs	6.80%	(6,034,776)	(6,034,776)
-------------------	-------	-------------	-------------

NET DEVELOPMENT VALUE

193,350,534

NET REALISATION

193,350,534

APPRAISAL SUMMARY**LICENSED COPY****BSSA2 - B&M and Cobbold Industrial Estate
Option 2****OUTLAY****ACQUISITION COSTS**

Residualised Price		30,888,879	
Stamp Duty	5.00%	1,544,444	
Agent Fee	1.00%	308,889	
Legal Fee	0.80%	247,111	
			32,989,323

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost	
Workspace	3,078.00 m ²	1,610.40 pm ²	4,956,811	
Retail	3,206.22 m ²	2,032.80 pm ²	6,517,604	
Affordable Workspace	342.00 m ²	1,610.40 pm ²	550,757	
Industrial	10,510.49 m ²	1,610.40 pm ²	16,926,093	
Community	2,755.00 m ²	2,758.00 pm ²	7,598,290	
Private residential	16,283.22 m ²	2,443.00 pm ²	39,779,906	
Affordable	<u>8,767.89 m²</u>	<u>2,443.00 pm²</u>	<u>21,419,955</u>	
Totals	44,942.82 m²		97,749,417	97,749,417

Developers Contingency	5.00%	4,887,471	
Demolition		552,056	
Decontamination		1,904,431	
			7,343,958

Municipal Costs

MCIL			717,031	
LBB CIL			2,396,431	
S106	311.00 un	2,500.00 /un	777,500	
				3,890,962

PROFESSIONAL FEES

Professional fees	10.00%	9,774,942	
			9,774,942

MARKETING & LETTING

Residential marketing	2.00%	1,799,296	
Letting Agent Fee	10.00%	382,138	
Letting Legal Fee	5.00%	191,069	
			2,372,504

DISPOSAL FEES

Sales Agent Fee	1.00%	1,933,505	
Sales Legal Fee	0.50%	966,753	
			2,900,258

MISCELLANEOUS FEES

Profit on private	17.00%	15,294,018	
Profit on commercial	15.00%	1,868,848	

BSSA2 - B&M and Cobbold Industrial Estate
Option 2

Profit on affordable	6.00%	1,240,427	18,403,293
----------------------	-------	-----------	------------

FINANCE

Debit Rate 6.000% Credit Rate 0.000% (Nominal)			
Land		8,664,047	
Construction		8,555,209	
Other		706,621	
Total Finance Cost			17,925,877

TOTAL COSTS			193,350,533
-------------	--	--	-------------

PROFIT

1

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	1.98%
Equivalent Yield% (Nominal)	4.19%
Equivalent Yield% (True)	4.30%
IRR	5.96%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 6.000%)	0 yrs 0 mths

APPRAISAL SUMMARY

LICENSED COPY

BSSA3 - Local Centre Option 1

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m²	Rate m²	Unit Price	Gross Sales
Private residential	61	4,195.88	6,500.00	447,102	27,273,220
Affordable	<u>33</u>	<u>2,259.32</u>	2,774.00	189,920	<u>6,267,354</u>
Totals	94	6,455.20			33,540,574

Rental Area Summary

	Units	m²	Rate m²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Retail	1	2,543.93	269.00	684,317	684,317	684,317
Community	<u>1</u>	<u>865.72</u>	200.00	173,144	<u>173,144</u>	<u>173,144</u>
Totals	2	3,409.65			857,461	857,461

Investment Valuation

Retail					
Market Rent	684,317	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	9,885,405
Community					
Market Rent	173,144	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	2,722,390
					12,607,795

GROSS DEVELOPMENT VALUE

46,148,369

Purchaser's Costs	6.80%	(857,330)	(857,330)
-------------------	-------	-----------	-----------

NET DEVELOPMENT VALUE

45,291,039

NET REALISATION

45,291,039

OUTLAY

ACQUISITION COSTS

Residualised Price		3,740,000	
Stamp Duty	5.00%	187,000	
Agent Fee	1.00%	37,400	
Legal Fee	0.80%	29,920	
			3,994,320

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
Retail	2,543.93 m²	2,032.80 pm²	5,171,301

APPRAISAL SUMMARY**LICENSED COPY****BSSA3 - Local Centre****Option 1**

Community	865.72 m²	2,758.00 pm²	2,387,656	
Private residential	4,936.33 m²	2,443.00 pm²	12,059,454	
Affordable	<u>2,658.03 m²</u>	2,443.00 pm²	<u>6,493,567</u>	
Totals	11,004.01 m²		26,111,978	26,111,978

Developers Contingency		5.00%	1,305,599	
Demolition			371,050	
Decontamination			1	
				1,676,650

Municipal Costs

MCIL			144,312	
LBB CIL			434,318	
S106	94.00 un	2,500.00 /un	235,000	
				813,630

PROFESSIONAL FEES

Professional fees		10.00%	2,611,198	
				2,611,198

MARKETING & LETTING

Residential marketing		2.00%	545,464	
Letting Agent Fee		10.00%	85,746	
Letting Legal Fee		5.00%	42,873	
				674,084

DISPOSAL FEES

Sales Agent Fee		1.00%	452,910	
Sales Legal Fee		0.50%	226,455	
				679,366

MISCELLANEOUS FEES

Profit on private		17.00%	4,636,447	
Profit on commercial		15.00%	1,482,811	
Profit on affordable		6.00%	376,041	
				6,495,299

FINANCE

Debit Rate 6.000% Credit Rate 0.000% (Nominal)				
Land			756,387	
Construction			1,374,880	
Other			103,247	
Total Finance Cost				2,234,513

TOTAL COSTS**45,291,038****PROFIT****1****Performance Measures**

BSSA3 - Local Centre

Option 1

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	1.89%
Equivalent Yield% (Nominal)	6.39%
Equivalent Yield% (True)	6.66%
IRR	5.82%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 6.000%)	0 yrs 0 mths

APPRAISAL SUMMARY

LICENSED COPY

BSSA3 - Local Centre Option 2

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m²	Rate m²	Unit Price	Gross Sales
Private residential	61	4,191.68	6,500.00	446,654	27,245,920
Affordable	33	2,257.06	2,774.00	189,730	6,261,084
Totals	94	6,448.74			33,507,004

Rental Area Summary

	Units	m²	Rate m²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Retail	1	2,256.80	269.00	607,079	607,079	607,079
Office	1	1,311.00	250.00	327,750	327,750	327,750
Totals	2	3,567.80			934,829	934,829

Investment Valuation

Retail					
Market Rent	607,079	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	8,769,653
Office					
Market Rent	327,750	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	5,153,302
					13,922,954

GROSS DEVELOPMENT VALUE

47,429,959

Purchaser's Costs	6.80%	(946,761)	(946,761)
-------------------	-------	-----------	-----------

NET DEVELOPMENT VALUE

46,483,198

NET REALISATION

46,483,198

OUTLAY

ACQUISITION COSTS

Residualised Price		4,027,257	
Stamp Duty	5.00%	201,363	
Agent Fee	1.00%	40,273	
Legal Fee	0.80%	32,218	
			4,301,111

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost
Retail	2,256.80 m²	2,032.80 pm²	4,587,623

APPRAISAL SUMMARY**LICENSED COPY****BSSA3 - Local Centre****Option 2**

Office	1,311.00 m²	2,758.00 pm²	3,615,738	
Private residential	4,931.39 m²	2,443.00 pm²	12,047,386	
Affordable	<u>2,655.37 m²</u>	2,443.00 pm²	<u>6,487,069</u>	
Totals	11,154.56 m²		26,737,816	26,737,816

Developers Contingency		5.00%	1,336,891	
Demolition			371,050	
Decontamination			1	
				1,707,942

Municipal Costs

MCIL			175,104	
LBB CIL			598,167	
S106	94.00 un	2,500.00 /un	235,000	
				1,008,271

PROFESSIONAL FEES

Professional fees		10.00%	2,673,782	
				2,673,782

MARKETING & LETTING

Residential marketing		2.00%	544,918	
Letting Agent Fee		10.00%	93,483	
Letting Legal Fee		5.00%	46,741	
				685,143

DISPOSAL FEES

Sales Agent Fee		1.00%	464,832	
Sales Legal Fee		0.50%	232,416	
				697,248

MISCELLANEOUS FEES

Profit on private		17.00%	4,631,806	
Profit on commercial		15.00%	1,315,448	
Profit on affordable		6.00%	375,665	
				6,322,919

FINANCE

Debit Rate 6.000% Credit Rate 0.000% (Nominal)				
Land			814,595	
Construction			1,426,510	
Other			107,861	
Total Finance Cost				2,348,966

TOTAL COSTS**46,483,197****PROFIT****1****Performance Measures**

BSSA3 - Local Centre

Option 2

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	2.01%
Equivalent Yield% (Nominal)	6.32%
Equivalent Yield% (True)	6.57%
IRR	5.81%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 6.000%)	0 yrs 0 mths

APPRAISAL SUMMARY

LICENSED COPY

BSSA4 - Chapman & Sapcote Option 1

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
Private residential	25	1,709.63	6,500.00	444,504	11,112,595
Affordable	13	920.57	2,774.00	196,435	2,553,661
Totals	38	2,630.20			13,666,256

Rental Area Summary

	Units	m ²	Rate m ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Retail	1	1,928.30	269.00	518,713	518,713	518,713
Industrial	1	3,287.67	175.00	575,342	575,342	575,342
Gym	1	1,583.30	200.00	316,660	316,660	316,660
Totals	3	6,799.27			1,410,715	1,410,715

Investment Valuation

Retail						
Market Rent	518,713	YP @	6.5000%	15.3846		
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	7,493,141	
Industrial						
Market Rent	575,342	YP @	3.5000%	28.5714		
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	3.5000%	0.9829	16,158,017	
Gym						
Market Rent	316,660	YP @	6.0000%	16.6667		
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	4,978,931	
					28,630,089	

GROSS DEVELOPMENT VALUE

42,296,345

Purchaser's Costs	6.80%	(1,946,846)	(1,946,846)
-------------------	-------	-------------	-------------

NET DEVELOPMENT VALUE

40,349,499

NET REALISATION

40,349,499

OUTLAY

ACQUISITION COSTS

Residualised Price		6,630,609
Stamp Duty	5.00%	331,530
Agent Fee	1.00%	66,306
Legal Fee	0.80%	53,045

APPRAISAL SUMMARY**LICENSED COPY****BSSA4 - Chapman & Sapcote
Option 1**

				7,081,491
CONSTRUCTION COSTS				
Construction	m²	Rate m²	Cost	
Retail	1,928.30 m ²	2,032.80 pm ²	3,919,848	
Industrial	3,287.67 m ²	1,610.40 pm ²	5,294,464	
Gym	1,583.30 m ²	2,507.00 pm ²	3,969,333	
Private residential	2,011.33 m ²	2,443.00 pm ²	4,913,679	
Affordable	1,083.02 m ²	2,443.00 pm ²	<u>2,645,818</u>	
Totals	9,893.62 m²		20,743,142	20,743,142
Developers Contingency		5.00%	1,037,157	
Demolition			262,127	
Decontamination			1,952,998	
				3,252,282
Municipal Costs				
MCIL			1	
LBB CIL			1	
S106	38.00 un	2,500.00 /un	95,000	
				95,002
PROFESSIONAL FEES				
Professional fees		10.00%	2,074,314	
				2,074,314
MARKETING & LETTING				
Residential marketing		2.00%	222,252	
Letting Agent Fee		10.00%	141,071	
Letting Legal Fee		5.00%	70,536	
				433,859
DISPOSAL FEES				
Sales Agent Fee		1.00%	403,495	
Sales Legal Fee		0.50%	201,747	
				605,242
MISCELLANEOUS FEES				
Profit on private		17.00%	1,889,141	
Profit on commercial		15.00%	1,123,971	
Profit on affordable		6.00%	153,220	
				3,166,332
FINANCE				
Debit Rate 6.000% Credit Rate 0.000% (Nominal)				
Land			1,342,970	
Construction			1,420,673	
Other			134,190	
Total Finance Cost				2,897,833
TOTAL COSTS				40,349,498

BSSA4 - Chapman & Sapcote
Option 1

PROFIT

1

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	3.50%
Equivalent Yield% (Nominal)	4.75%
Equivalent Yield% (True)	4.89%
IRR	5.82%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 6.000%)	0 yrs 0 mths

APPRAISAL SUMMARY**LICENSED COPY****BSSA4 - Chapman & Sapcote
Option 2****Summary Appraisal for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	m²	Rate m²	Unit Price	Gross Sales
Private residential	124	8,538.04	6,500.00	447,559	55,497,260
Affordable	<u>67</u>	<u>4,597.41</u>	2,774.00	190,346	<u>12,753,215</u>
Totals	191	13,135.45			68,250,475

Rental Area Summary

	Units	m²	Rate m²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Retail	1	1,928.30	269.00	518,713	518,713	518,713
Industrial	1	10,047.44	175.00	1,758,302	1,758,302	1,758,302
Gym	<u>1</u>	<u>1,583.30</u>	200.00	316,660	<u>316,660</u>	<u>316,660</u>
Totals	3	13,559.04			2,593,675	2,593,675

Investment Valuation

Retail						
Market Rent	518,713	YP @	6.5000%	15.3846		
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	7,493,141	
Industrial						
Market Rent	1,758,302	YP @	3.5000%	28.5714		
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	3.5000%	0.9829	49,380,474	
Gym						
Market Rent	316,660	YP @	6.0000%	16.6667		
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	4,978,931	
					61,852,546	

GROSS DEVELOPMENT VALUE**130,103,021**

Purchaser's Costs	6.80%	(4,205,973)	(4,205,973)
-------------------	-------	-------------	-------------

NET DEVELOPMENT VALUE**125,897,048****NET REALISATION****125,897,048****OUTLAY****ACQUISITION COSTS**

Residualised Price		26,047,510
Stamp Duty	5.00%	1,302,376
Agent Fee	1.00%	260,475
Legal Fee	0.80%	208,380

APPRAISAL SUMMARY**LICENSED COPY****BSSA4 - Chapman & Sapcote
Option 2**

				27,818,741
CONSTRUCTION COSTS				
Construction	m²	Rate m²	Cost	
Retail	1,928.30 m²	2,032.80 pm²	3,919,848	
Industrial	10,047.44 m²	1,610.40 pm²	16,180,397	
Gym	1,583.30 m²	2,507.00 pm²	3,969,333	
Private residential	10,044.75 m²	2,443.00 pm²	24,539,324	
Affordable	5,408.71 m²	2,443.00 pm²	13,213,479	
Totals	29,012.50 m²		61,822,381	61,822,381
Developers Contingency		5.00%	3,091,119	
Demolition			262,127	
Decontamination			1,952,998	
				5,306,244
Municipal Costs				
MCIL			1	
LBB CIL			1	
S106	191.00 un	2,500.00 /un	477,500	
				477,502
PROFESSIONAL FEES				
Professional fees		10.00%	6,182,238	
				6,182,238
MARKETING & LETTING				
Residential marketing		2.00%	1,109,945	
Letting Agent Fee		10.00%	259,367	
Letting Legal Fee		5.00%	129,684	
				1,498,996
DISPOSAL FEES				
Sales Agent Fee		1.00%	1,258,970	
Sales Legal Fee		0.50%	629,485	
				1,888,456
MISCELLANEOUS FEES				
Profit on private		17.00%	9,434,534	
Profit on commercial		15.00%	1,123,971	
Profit on affordable		6.00%	765,193	
				11,323,698
FINANCE				
Debit Rate 6.000% Credit Rate 0.000% (Nominal)				
Land			5,275,057	
Construction			3,441,156	
Other			862,576	
Total Finance Cost				9,578,790
TOTAL COSTS				125,897,047

BSSA4 - Chapman & Sapcote
Option 2

PROFIT

1

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	2.06%
Equivalent Yield% (Nominal)	4.08%
Equivalent Yield% (True)	4.19%
IRR	5.83%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 6.000%)	0 yrs 0 mths

APPRAISAL SUMMARY

LICENSED COPY

BSSA5 - Bus Depot Option 1

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
Private residential	38	2,626.14	6,500.00	449,208	17,069,910
Affordable	<u>21</u>	<u>1,414.08</u>	2,774.00	186,793	<u>3,922,658</u>
Totals	59	4,040.22			20,992,568

Rental Area Summary

	Units	m ²	Rate m ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Office	1	558.00	250.00	139,500	139,500	139,500
Community	<u>1</u>	<u>480.00</u>	200.00	96,000	<u>96,000</u>	<u>96,000</u>
Totals	2	1,038.00			235,500	235,500

Investment Valuation

Office					
Market Rent	139,500	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	2,193,396
Community					
Market Rent	96,000	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	1,509,434
					3,702,830

GROSS DEVELOPMENT VALUE

24,695,398

Purchaser's Costs	6.80%	(251,792)	(251,792)
-------------------	-------	-----------	-----------

NET DEVELOPMENT VALUE

24,443,606

NET REALISATION

24,443,606

OUTLAY

ACQUISITION COSTS

Residualised Price			1,597,841
Stamp Duty	5.00%		79,892
Agent Fee	1.00%		15,978
Legal Fee	0.80%		12,783
			1,706,495

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost
Office	558.00 m ²	2,758.00 pm ²	1,538,964

APPRAISAL SUMMARY

LICENSED COPY

BSSA5 - Bus Depot

Option 1

Community	480.00 m²	2,507.00 pm²	1,203,360	
Private residential	3,089.58 m²	2,443.00 pm²	7,547,844	
Affordable	<u>1,663.62 m²</u>	2,443.00 pm²	<u>4,064,224</u>	
Totals	5,791.20 m²		14,354,392	14,354,392

Developers Contingency		5.00%	717,720	
Demolition			315,585	
Decontamination			673,481	
				1,706,786

Municipal Costs

MCIL			1	
LBB CIL			1	
S106	59.00 un	2,500.00 /un	147,500	
				147,502

PROFESSIONAL FEES

Professional fees		10.00%	1,435,439	
				1,435,439

MARKETING & LETTING

Residential marketing		2.00%	341,398	
Letting Agent Fee		10.00%	23,550	
Letting Legal Fee		5.00%	11,775	
				376,723

DISPOSAL FEES

Sales Agent Fee		1.00%	244,436	
Sales Legal Fee		0.50%	122,218	
				366,654

MISCELLANEOUS FEES

Profit on private		17.00%	2,901,885	
Profit on affordable		6.00%	235,359	
				3,137,244

FINANCE

Debit Rate 6.000% Credit Rate 0.000% (Nominal)				
Land			322,864	
Construction			794,349	
Other			95,157	
Total Finance Cost				1,212,370

TOTAL COSTS

24,443,605

PROFIT

1

Performance Measures

Profit on Cost%		0.00%		
-----------------	--	-------	--	--

BSSA5 - Bus Depot

Option 1

Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.96%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
IRR	5.75%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 6.000%)	0 yrs 0 mths

APPRAISAL SUMMARY

LICENSED COPY

BSSA5 - Bus Depot Option 2

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
Private residential	132	9,090.06	6,500.00	447,617	59,085,390
Affordable	71	4,894.65	2,774.00	191,236	13,577,759
Totals	203	13,984.71			72,663,149

Rental Area Summary

	Units	m ²	Rate m ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Industrial	1	3,847.84	175.00	673,372	673,372	673,372
Office	1	1,778.77	250.00	444,693	444,693	444,693
Community	1	480.00	200.00	96,000	96,000	96,000
Totals	3	6,106.61			1,214,065	1,214,065

Investment Valuation

Industrial					
Market Rent	673,372	YP @	3.5000%	28.5714	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	3.5000%	0.9829	18,911,102
Office					
Market Rent	444,693	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	6,992,020
Community					
Market Rent	96,000	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	1,509,434
					27,412,556

GROSS DEVELOPMENT VALUE

100,075,705

Purchaser's Costs	6.80%	(1,864,054)	(1,864,054)
-------------------	-------	-------------	-------------

NET DEVELOPMENT VALUE

98,211,652

NET REALISATION

98,211,652

OUTLAY

ACQUISITION COSTS

Residualised Price		13,655,777
Stamp Duty	5.00%	682,789
Agent Fee	1.00%	136,558
Legal Fee	0.80%	109,246

APPRAISAL SUMMARY**LICENSED COPY****BSSA5 - Bus Depot
Option 2**

14,584,369

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost	
Industrial	3,847.84 m ²	1,610.40 pm ²	6,196,562	
Office	1,778.77 m ²	2,758.00 pm ²	4,905,848	
Community	480.00 m ²	2,507.00 pm ²	1,203,360	
Private residential	10,694.19 m ²	2,443.00 pm ²	26,125,906	
Affordable	5,758.41 m ²	2,443.00 pm ²	14,067,796	
Totals	22,559.21 m²		52,499,471	52,499,471

Developers Contingency	5.00%	2,624,974	
Demolition		673,481	
Decontamination		315,585	

3,614,040

Municipal Costs

MCIL			365,461	
LBB CIL			1,816,402	
S106	203.00 un	2,500.00 /un	507,500	

2,689,363

PROFESSIONAL FEES

Professional fees	10.00%	5,249,947	
-------------------	--------	-----------	--

5,249,947

MARKETING & LETTING

Residential marketing	2.00%	1,181,708	
Letting Agent Fee	10.00%	121,406	
Letting Legal Fee	5.00%	60,703	

1,363,817

DISPOSAL FEES

Sales Agent Fee	1.00%	982,117	
Sales Legal Fee	0.50%	491,058	

1,473,175

MISCELLANEOUS FEES

Profit on private	17.00%	10,044,516	
Profit on affordable	6.00%	814,666	

10,859,182

FINANCE

Debit Rate 6.000% Credit Rate 0.000% (Nominal)				
Land			2,763,930	
Construction			2,786,280	
Other			328,076	
Total Finance Cost				5,878,286

TOTAL COSTS**98,211,651**

BSSA5 - Bus Depot
Option 2
PROFIT

1

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	1.24%
Equivalent Yield% (Nominal)	4.30%
Equivalent Yield% (True)	4.42%
IRR	5.80%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 6.000%)	0 yrs 0 mths

APPRAISAL SUMMARY

LICENSED COPY

BSSA8 - Colin
Option 1

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m²	Rate m²	Unit Price	Gross Sales
Private residential	29	2,005.50	6,500.00	449,509	13,035,750
Affordable	16	1,079.89	2,774.00	187,226	2,995,615
Totals	45	3,085.39			16,031,365

Rental Area Summary

	Units	m²	Rate m²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Retail	1	250.00	269.00	67,250	67,250	67,250
Industrial	1	1,264.50	175.00	221,288	221,288	221,288
Office	1	337.50	250.00	84,375	84,375	84,375
Totals	3	1,852.00			372,913	372,913

Investment Valuation

Retail						
Market Rent	67,250	YP @	6.5000%	15.3846		
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	971,470	
Industrial						
Market Rent	221,288	YP @	3.5000%	28.5714		
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	3.5000%	0.9829	6,214,678	
Office						
Market Rent	84,375	YP @	6.0000%	16.6667		
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	1,326,651	
					8,512,799	

GROSS DEVELOPMENT VALUE

24,544,164

Purchaser's Costs	6.80%	(578,870)	(578,870)
-------------------	-------	-----------	-----------

NET DEVELOPMENT VALUE

23,965,294

NET REALISATION

23,965,294

OUTLAY

ACQUISITION COSTS

Residualised Price		3,930,266
Stamp Duty	5.00%	196,513
Agent Fee	1.00%	39,303
Legal Fee	0.80%	31,442

APPRAISAL SUMMARY**LICENSED COPY****BSSA8 - Colin
Option 1**

4,197,524

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost	
Retail	250.00 m ²	2,032.80 pm ²	508,200	
Industrial	1,264.50 m ²	1,610.40 pm ²	2,036,351	
Office	337.50 m ²	2,758.00 pm ²	930,825	
Private residential	2,359.42 m ²	2,443.00 pm ²	5,764,063	
Affordable	1,270.46 m ²	2,443.00 pm ²	3,103,734	
Totals	5,481.88 m²		12,343,173	12,343,173

Developers Contingency	5.00%	617,159	
Demolition		238,739	
Decontamination		70,246	
			926,144

Municipal Costs

MCIL			96,904	
LBB CIL			437,272	
S106	45.00 un	2,500.00 /un	112,500	
				646,676

PROFESSIONAL FEES

Professional fees	10.00%	1,234,317	
			1,234,317

MARKETING & LETTING

Residential marketing	2.00%	260,715	
Letting Agent Fee	10.00%	37,291	
Letting Legal Fee	5.00%	18,646	
			316,652

DISPOSAL FEES

Sales Agent Fee	1.00%	239,653	
Sales Legal Fee	0.50%	119,826	
			359,479

MISCELLANEOUS FEES

Profit on private	17.00%	2,216,078	
Profit on affordable	6.00%	179,737	
			2,395,814

FINANCE

Debit Rate 6.000% Credit Rate 0.000% (Nominal)			
Land		795,697	
Construction		677,682	
Other		72,135	
Total Finance Cost			1,545,513

TOTAL COSTS**23,965,293**

BSSA8 - Colin
Option 1
PROFIT

1

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	1.56%
Equivalent Yield% (Nominal)	4.26%
Equivalent Yield% (True)	4.37%
IRR	5.81%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 6.000%)	0 yrs 0 mths