

Viability Appraisal

Pre-Application Advice 30-32 Queens View

Netley Abbey

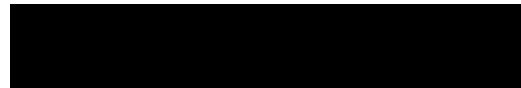
Hampshire

SO31 5EA

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1 Non Technical Summary

Property	30-32 Queens View, Netley Abbey, Hampshire SO31 5EA (the Property)
Location	The Property is located in Netley Abbey, a village on the south eastern side of Southampton, fronting Southampton Water that lies approximately three miles from Junction 8 of the M27. There is a small commercial area centred around Victoria Road and Station Road. Queens View is a predominantly residential area comprising housing from the 1950 era with accommodation arranged over two storeys but with a more modern development of apartments over three storeys lying opposite the Property at Robin Place. The Property lies at the corner of the junction formed with Castle Road adjacent to the entrance to the Netley Recreation Ground and approximately half a mile from Netley Station.
Description	The Property occupies a site extending to approximately 0.245 hectare (0.628 acre) and is held in a single Title registered to Eastleigh Borough Council. The built parts at the Property were constructed in approximately 1970 with retail parts at ground floor comprising a convenience store (32 Queens View) and a community food bank (30 Queens View) with residential parts above. The residential parts are understood to comprise two x self-contained two bed flats each of which is served by two garages and two driveway parking spaces and benefit from a rear garden. The Property is accessed via Castle Road which also provides access to the recreation ground and Robin Place. The built parts are served by an in-out access arrangement at the front of the property which also provides customer parking and a service area and there is a good size forecourt to the retail parts.
Planning Application	No planning application has been submitted at this stage.
Proposed Development	We have been provided with copies of plans for a development proposal at the Property (the Proposed Development) that provides for demolition of the Property and construction of 18 x apartments and a convenience store within a single block with accommodation arranged over ground, first and second floors.
Comment	The viability appraisal has been carried out using the residual valuation method having regard to the National Planning Policy Framework 2018 (the NPPF), the Ministry of Housing, Communities and Local Government's document titled Viability dated 1 st September 2019.

Summary RLV Tables

The Proposed Development	
Element	Input Value
Benchmark Land Value	£675,000
Gross Development Value (GDV)	£4,552,500
Market Housing	£4,427,500
Commercial Parts	£125,000
Development Costs	
Base Build Costs	£2,435,450
External Costs	£121,773
Abnormal Development Costs	£177,000
Contingency	£134,461 (5%)
Professional Fees	£204,578 (8%)
Planning Obligations	£144,219
Finance Costs & Rate	£196,442 (7.5%)
Development Period	23 months
Marketing, Agents & Legal Fees	£83,413
Developer's Profit Margin	£682,875 (15%)
Residual Land Value	£660,000*
Viable/Unviable	Viable

*With sensitivity testing

The Policy Compliant Development	
Element	Input Value
Benchmark Land Value	£675,000
Gross Development Value (GDV)	£4,003,254
Market Housing	£3,010,000
Affordable Housing	£472,754
First Homes	£395,500
Commercial Parts	£125,000
Development Costs	
Base Build Costs	£2,435,285
External Costs	£121,764
Abnormal Development Costs	£177,000
Contingency	£134,452 (5%)
Professional Fees	£204,564 (8%)
Planning Obligations	£112,870
Finance Costs & Rate	£135,266 (7.5%)
Development Period	23 months
Marketing, Agents & Legal Fees	£70,683
Developer's Profit Margin	£546,044 (13.64%)
Residual Land Value	£65,000
Viable/Unviable	Unviable

Conclusion

In our opinion the Proposed Development as at 5th September 2023 is a marginally viable form of development. The Proposed Development has a RLV of £660,000 following sensitivity testing. This is marginally lower than our opinion of the EUV and BLV of the Property of £675,000 and indicates that the Proposed Development is marginally viable with nil Affordable Housing provision.

In our opinion the Policy Compliant Development as at 5th September 2023 is an unviable form of development. The Policy Compliant Development has a RLV of £65,000. This falls below our opinion of the EUV and BLV of the Property of £675,000.

Note

The above is merely a summary of this report and reference should be made to the remainder of the document.

This report has been prepared to assist the Local Planning Authority in their determination of the ability of a development at the property to viably contribute to the provision of Affordable Housing. The Valuer is entitled to make certain assumptions which during subsequent legal or other investigations may prove to be inaccurate.

2 Terms of Instruction

- 2.1 In accordance with your instructions we have prepared this report in order to advise in respect of the following questions:
1. Is the Proposed Development a viable form of development?
 2. Is the Policy Compliant Development a viable form of development?
- 2.2 This financial viability appraisal (the Viability Appraisal) is prepared by Bruton Knowles and dated 5th September 2023. The Viability Appraisal has been prepared to assist the Local Planning Authority in their determination of the ability of a development of the Property to viably contribute to the provision of Affordable Housing. The Viability Appraisal concludes that the Proposed Development is unviable with any Affordable Housing provision.
- 2.3 This report is prepared by **Fraser Castle MSc MRICS RICS Registered Valuer** who has sufficient current local, regional and national knowledge of the particular market and the skills and understanding to undertake the Viability Appraisal competently.
- 2.4 We confirm that this report is prepared in accordance with the NPPF, PPG, RICS Valuation – Global Standards 2017, RICS Guidance Note: Assessing viability in planning under the National Planning Policy Framework 2019 for England (1st Edition, March 2021); and RICS Professional Statement Financial viability in planning: conduct and reporting (1st Edition, May 2019) and that we are acting as a Suitably Qualified Practitioner as defined therein.
- 2.5 In providing our advice we have sought to determine (1) the Benchmark Land Value of the property and (2) the Residual Land Value of the property with planning permission for the Proposed Development and alternatively the Policy Compliant Development. In arriving at our opinion of the Residual Land Value we have applied inputs to the residual appraisals based upon not unreasonable assumptions within standard ranges and where possible evidence from the market. However, at this stage, we have been unable to identify any relevant evidence of comparable development land transactions to provide a cross-check of the land values generated by the residual appraisals.

- 2.6 We confirm that, to the best of our knowledge and belief, we have had no material involvement with the property forming the subject of planning application. We therefore consider that we do not have any conflict of interest in providing this report.
- 2.7 We confirm that in carrying out this review of the Viability Appraisal we have acted with objectivity; impartiality; without interference; with reference to all appropriate sources of information; and that no contingent or performance-related fee has been agreed. In providing our review we have considered the most effective and efficient way to deliver the development and our review reflects the way the development would actually be carried out.
- 2.8 This Report has been prepared on the basis that there has been full disclosure of all relevant information and facts. It is provided for the stated purposes and only for the use of the party whom it is addressed.

3.0 Site Location

- 3.1 The Property is located in Netley Abbey, a village on the south eastern side of Southampton, fronting Southampton Water that lies approximately three miles from Junction 8 of the M27. There is a small commercial area centred around Victoria Road and Station Road. Queens View is a predominantly residential area comprising housing from the 1950 era with accommodation arranged over two storeys but with a more modern development of apartments over three storeys lying opposite the Property at Robin Place.
- 3.2 The Property lies at the corner of the junction formed with Castle Road adjacent to the entrance to the Netley Recreation Ground and approximately half a mile from Netley Station.

4.0 Site Description

- 4.1 The Property occupies a site extending to approximately 0.245 hectare (0.628 acre) and is held in a single Title registered to Eastleigh Borough Council. The built parts at the Property were constructed in approximately 1970 with retail parts at ground floor comprising a convenience store (32 Queens View) and a community food bank (30 Queens View) with residential parts above. The residential parts are understood to comprise two x self-contained two bed flats each of which is served by two garages and two driveway parking spaces and benefit from a rear garden.
- 4.2 The Property is accessed via Castle Road which also provides access to the recreation ground and Robin Place. The built parts are served by an in-out access arrangement at the front of the property which also provides customer parking and a service area and there is a good size forecourt to each of the retail units.
- 4.3 Our understanding of the accommodation offered at the Property is set out below and reflects the Net Internal Area of the retail parts and the Net Sales Area of the residential parts.

Floor	Use	Net Internal/Sales Area Approx	
		Sq M	Sq ft
Ground	30 Queens View - Retail	68.06	733
Ground	32 Queens View - Retail	56.90	612
First	30A Queens View - Residential	73.00	786
Ground	30B Queens View- Residential	67.00	721
Total		2,64.96	2,852

5.0 The Proposed Development

- 5.1 We have been provided with copies of plans for a development proposal at the Property (the Proposed Development) that provides for demolition of the existing structures and the construction of 18 x apartments within a single block together with a retail unit. The accommodation will be arranged over ground, first and second floors.
- 5.2 The main vehicular access to the Proposed Development will be via a new access from Queens View. This will pass over land forming part of the adopted Highway and it is assumed that this provides a satisfactory solution in highway terms. This new vehicular access leads to a resident's car park located on the western side of the site adjacent to the western elevation of the proposed new block. This car park will provide 17 x parking spaces and access to the bin store. A landscaping buffer is shown on the plans including several trees. The existing footpath arrangement and the present access serving the recreation ground and Robin Place will be retained in the current arrangement. This access will continue to be used by the Proposed Development and will provide access to a secondary parking area for a further five vehicles. The existing in-out access arrangement will be removed and a new resurfaced (block pavements) and realigned access is to be provided together with improvements to the path on the eastern side of the Property that currently provides access to the recreation ground from The Crescent. Pedestrian access will be via the existing footpath arrangement with a new path provided between the two parking areas that will lead to two separate communal entrance halls and the retail parts.
- 5.3 It is assumed that each of the new apartments will be provided with a single allocated parking space and that there will be two visitor parking spaces. There is a communal garden/amenity space adjacent to the north eastern boundary. The remainder of the external parts that are not intended for access or parking and incidental landscaping largely comprise private gardens to the ground floor apartments (Apartments 1 to 6). The apartments on the upper floors will benefit from balconies.
- 5.4 Our understanding of the accommodation at the Proposed Development is set out in Appendix Two.

6.0 The Policy Compliant Development

- 6.1 The Policy Compliant Development is identical in terms of the layout and the form and type of the units provided by the Proposed Development but, in line with Policy DM28 off the Eastleigh Borough Local Plan 2016 – 2036, includes provision for 35% Affordable Housing (6 x apartments). We have assumed that 25% of the Affordable Housing units (2) would be provided as First Homes and with the remainder comprising Affordable Rent units. Our assumptions in respect of the Policy Compliant Development is set out in Appendix Two.

7.0 Viability Approach

Guidance

- 7.1 The basis for determining the viability of a development proposal is set out in the Planning Practice Guidance relating to viability (the PPG) and RICS Guidance Note '*Assessing Viability in Planning under the National Planning Policy Framework, March 2021*' (the 2021 Guidance Note) and the RICS Professional Statement '*Financial viability in planning: conduct and reporting May 2019*' (the Professional Statement).

What is Viability?

- 7.2 A development proposal can be considered viable to provide contributions for CIL, Section 106 and Affordable Housing if the Residual Land Value (RLV) for that development proposal exceeds the Benchmark Land Value (BLV).

Benchmark Land Value

- 7.3 The PPG confirms that the Benchmark Land Value (BLV) should be determined by reference to the existing use value (EUV) of the Property, plus a premium for the landowner, or by reference to the value in an alternative use (AUV). The EUV is the value of the land in its existing use and the premium should reflect the **minimum** return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. The EUV is not the price paid and should exclude hope value. The BLV is the threshold that, if exceeded by the RLV of the development, the development can be considered viable and below which a scheme will be unviable.
- 7.4 In arriving at our opinion of the BLV we have had regard to the minimum return at which it is considered a reasonable landowner would be willing to sell the Application Property for development in accordance with the PPG and the 2021 Guidance Note.
- 7.5 At paragraph 13 the PPG states that '*Landowners and site purchasers should consider policy requirements when agreeing land transactions*'. The 2021 Guidance Note expands on this and advises at paragraph 5.1.5 that '*The BLV is a benchmark value against which the developer contributions can be assessed. Once those contributions have been set, land markets should take the level of policy requirements into account, just as all markets should take all relevant factors that affect value into account*'.

The Residual Land Value

- 7.6 Residual Land Value is defined in the 2021 Guidance Note as *‘The amount remaining once the costs of development of a project are deducted from its net development value (NDV) and an appropriate profit has been deducted (based on Valuation of development property, RICS Guidance Note)’*. The NDV in turn is defined as *‘The gross development value (GDV minus assumed seller’s costs (Valuation of development property, RICS Guidance Note)’* and the GDV is defined as *‘The aggregate market value of the proposed development, assessed on the special assumption that the development is complete on the date of valuation in the market conditions prevailing on that date...’*.
- 7.7 In arriving at our opinion of the RLV for the Proposed Development and the Policy Compliant Scheme, we have had regard to the 2021 Guidance Note and adopted the residual valuation method and established the Gross Development Value (GDV) and then deducted all of the costs of carrying out the development and a reasonable developer’s profit.

8.0 Benchmark Land Value

- 8.1 Benchmark Land Value (BLV) should be determined by reference to the existing use value (EUV) of the Property, plus a premium for the landowner, or by reference to the value in an alternative use (AUV). The EUV is the value of the land in its existing use and the premium should reflect the **minimum** return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. The EUV is not the price paid and should exclude hope value. The BLV is the threshold that, if exceeded by the RLV of the development, the development can be considered viable and below which a scheme will be unviable.

The Existing Use Value

- 8.2 In arriving at our opinion of the EUV of the Property we have assumed that the property is in good condition and that there are no outstanding wants of repair or defects;

The Retail Parts

Rental Values

30 Queens View

- 8.3 We understand that terms for a new lease for 30 Queens View were agreed for a term commencing 1st October 2022 at a passing rent of £8,800 per annum with a rent review on 1st October 2025. It is considered that the passing rent provides the best evidence of the estimated rental value (ERV) for the retail parts at 30 Queens View and we have arrived at our opinion of the BLV on this basis.

- 8.4 30 Queens View has an estimated Area ITZA of 460 sq ft. At £8,800 per annum the passing rent indicates a rental value in the order of £19.13 per sq ft (ITZA).

32 Queens View

- 8.5 We understand that 32 Queens View is occupied as a convenience store and that the tenant (Mr RW James) is currently holding over at a rent of £6,600 per annum but that terms for a new lease had been agreed for a term of 10 years at £13,800 per annum with a three month rent free period and a tenant break in the fifth year of the term and a rolling Landlord's break after the first 12 months. This proposed letting includes the residential parts above (32A).

- 8.6 32 Queens View has an estimated Area ITZA of 435 sq ft. It was constructed as an identical unit to 30 Queens View but has been adapted and in its current arrangement has a smaller area ITZA. It is assumed that the accommodation could be readily adapted at nominal costs and in arriving at our opinion of the BLV we have assumed that 32 Queens View also has an ERV of £8,800 in line with the recent evidence from the letting of 30 Queens View.

Capital Values

- 8.7 In arriving at our opinion of the GDV for the retail parts we have applied assumed an aggregate rental value of £17,600 per annum and applied a gross yield of 8% in arriving at a value of £220,000.

The Residential Parts

Rental Values

- 8.8 We understand that 30A Queens View is let under the terms of an Assured Shorthold Tenancy agreement and that the passing rent is £9,540 per annum (£795 per calendar month). It is understood that the passing rent was agreed in May 2021. Rental values have increased over the intervening period and it is therefore considered that a higher rental value would now apply.

- 8.9 It is assumed that a similar rental value would apply to 32A Queens View. We do not, however, rely upon the rental values for the purpose of determining the EUV of the Property .

Capital Values

- 8.10 We are aware of several recent sales of two bed flats in the area which provide good evidence for an assessment of the EUV of the residential parts and these are discussed below.

9 Avon Court, Netley Abbey, Hampshire SO31 5BU

- 8.11 This two bed flat was constructed in the 1970s and has accommodation extending to 643 sq ft Net Sales Area and was offered to the market in good condition with a garage and communal grounds.

8.12 This property lies to the south east of the Property close to Victoria Park but otherwise in a comparable location and achieved a sale in August 2022 at £195,000 (£312 per sq ft). We are also aware of other recent sales at Avon Court including 7 Avon Court which comprised a similar two bed flat and achieved a sale on 1st March 2022 at £188,500.

8.13 This is a smaller two bed flat when compared to 30A and 32A Queens View that benefits from only a single garage and no private garden area. It is not, however, above retail which would normally be expected to reflect a discount. On balance, however, we are of the opinion that higher values would apply to the flats at the Property.

17 Chandler's Place, Station Road, Netley Abbey, Hampshire SO31 5JA

8.14 This two bed flat was constructed in approximately 2002 and therefore forms part of a relatively modern block that lies to the south of the Property on the southern side of the recreation ground. 17 Chandler's Place has accommodation extending to 775 sq ft Net Sales Area and was offered to the market in good condition with a parking space and communal grounds.

8.15 This property occupies a comparable location and is of a comparable size to the flats at the Property and achieved a sale in January 2022 at £230,000 (£297 per sq ft). The market had improved before falling back more recently and reference to the UK House Price Index indicates a present value in the order of £260,000 (£335 per sq ft).

8.16 This is a similar size two bed flat that benefits from only a parking space but no garages or private garden area. It is not, however, above retail and forms part of a modern block for which a premium might be expected to apply. On balance, we are of the opinion that lower values would apply to the flats at the Property.

1 Coastguard Court, 2 Station Road, Netley Abbey, Hampshire SO31 5DT

8.17 This two bed flat was constructed in approximately 1995 and therefore forms part of a more modern block that lies to the south of the Property on the eastern side of Station Road and close to the waterfront. 1 Coastguard Court has accommodation extending to 689 sq ft Net Sales Area and was offered to the market in good condition with a parking space and communal grounds.

8.18 This property occupies a comparable if not superior location but is smaller than the flats at the Property and achieved a sale in August 2022 at £215,000 (£309 per sq ft).

- 8.19 This is a smaller two bed flat that benefits from only a parking space but no garages or private garden area. It is not, however, above retail and forms part of a more modern block for which a premium might be expected to apply. On balance, we are of the opinion that similar values in £ per sq ft terms would apply to the flats at the Property but slightly higher unit values to reflect the larger Net Sales Areas.

Flat 3, 28 New Road, Netley Abbey, Hampshire SO31 5DT

- 8.20 This two bed flat forms part of a block of 4 flats constructed in approximately 1980 that occupies a comparable location to the south west of the Property. Flat 3 has accommodation extending to 619 sq ft Net Sales Area and was offered to the market in good condition with a garage, parking space and achieved a sale on 21st February 2022 at £195,000 (£315 per sq ft).

- 8.21 This property occupies a comparable if location but is significantly smaller and benefits from only a garage and parking space with no communal grounds or private garden area. It is not, however, above retail and on balance, we are of the opinion that higher values would apply to the flats at the Property.

Conclusion

- 8.22 On the basis of the above we consider that flats at the Property would have values in the order of £235,000 and £220,000 for 30A and 32A respectively. This indicates an EUV for the residential parts of £455,000.

Existing Use Value

- 8.23 In our opinion the Property has an EUV in the order of £675,000 comprising £220,000 for the retail parts and £455,000 for the residential parts.

The Premium

- 8.24 Premiums for such properties typically lie within the range between 10% to 30%. It is considered that a premium towards the upper end of this range could apply indicating a Benchmark Land Value of up to £820,000. Say £820,000.
- 8.25 However, at this stage, we consider the Proposed Development and the Policy Compliant Development to be only marginally viable following sensitivity testing. It would therefore be illogical to adopt a Benchmark Land Value in excess of the EUV. We therefore adopt a Benchmark Land Value of £675,000.

9.0 Residual Land Value

9.1 *Gross Development Value*

- 9.1.1 A schedule of accommodation and assessment of the GDV based upon the indicative plans is provided for the Proposed Development and the Policy Compliant Development as Tables One and Two at Appendix Three respectively. The tables confirm our understanding of the Net Sales Area for residential units and we have made specific adjustments to reflect the location and orientation of the units within the blocks and for attributes such as gardens, balconies and storey heights.

9.2 **Adopted Gross Development Values** *The Proposed Development*

- 9.2.1 We have adopted an aggregate GDV for the Proposed Development of £4,552,500 comprising:

- Market Housing GDV £4,427,500 (£361 per sq ft)
- Commercial (Retail) GDV £125,000

A schedule of accommodation confirming our opinion of the GDV is provided as Table One at Appendix Two.

The Policy Compliant Development

- 9.2.2 We have adopted an aggregate GDV for the Policy Compliant Development of £4,003,254 comprising:

- Market Housing GDV £3,010,000 (£359 per sq ft)
- Affordable Housing GDV £868,254 (£223 per sq ft)
- Commercial (Retail) GDV £125,000

- 9.2.3 A schedule of accommodation confirming our opinion of the GDV is provided as Table Two at Appendix Two.

9.3 **Evidence from Comparable Developments** *79 Station Road, Netley Abbey, Hampshire SO31 5AE*

- 9.3.1 This development of six x apartments was constructed by Waverley Equity in 2021 lies a short distance to the south of the Property close to the southern side of the recreation ground. This is a comparable location and the apartments are of a comparable size to those at the Proposed Development and arranged over ground, first and second floors. Each of the apartments, however, benefits from two parking spaces. The apartments at this development achieved sales in the period between June 2021 and December 2021 at an average sale price of £343 per sq ft. The application of indexation by reference to the UK House Price Index indicates present values in the order of up to £365 per sq ft.

1 Bed Apartment

- 9.3.2 There is a single one bed apartment at this development (Apartment 6). This apartment is self-contained and has accommodation extending to 538 sq ft Net Sales Area and is therefore equal in area to the one bed apartments at the Proposed Development. A sale was achieved on 29th October 2021 at £173,000 (£321 per sq ft) and the application of indexation indicates a present value in the order of up to £185,000 (£341 per sq ft). This is a ground floor apartment and one would expect a higher value to apply to the ground floor one bed units at the Proposed Development to reflect the availability of a garden and to the one bed apartments on the upper floors to reflect the superior position in the building.

2 Bed Apartments

- 9.3.3 The two bed apartments achieved sales in the range between £195,000 (£348 per sq ft) for a small two bed unit (Apartment 5) with accommodation extending to 560 sq ft to £256,200 (£372 per sq ft) for a larger two bed apartment (Apartment 4) with accommodation extending to 688 sq ft Net Sales Area.
- 9.3.4 Apartment 2 comprises a two bed apartment with accommodation extending to 732 sq ft and is currently on the market as a second hand sale with an asking price of £260,000 (£355 per sq ft) following an earlier sale, from new, on 23rd November 2021 at £244,000 (£338 per sq ft).
- 9.3.5 Apartment 4 achieved a sale on 10th December 2021 at £256,200 (£372 per sq ft) and comprises a two bed apartment with accommodation extending to 689 sq ft Net Sales Area. The application of indexation indicates a present value in the order of up to £270,000 (£391 per sq ft).

Conclusion

- 9.3.6 This development provides the best evidence of values for the apartments at the Proposed Development being modern, occupying the same general location and offering comparable size units.
- 9.3.7 We have adopted values for the one bedroom apartments at the Proposed Development in the range between £190,000 to £200,000 with the highest values applying to the ground floor apartments with gardens.
- 9.3.8 We have adopted a value for the smallest two bed apartment at the Proposed Development (725 sq ft) of £270,000; values for the larger two bed apartments (770 sq ft) in the range between at £275,000 to £285,000 with the highest value applying to the ground floor apartment with garden; and values for the largest apartments (819 sq ft) in the range between £280,000 to £285,000. These values are in line with those achieved at 79 Station Road and reflect the availability of a single parking space.

9.4 Affordable Housing GDV

- 9.4.1 Our valuation for the Affordable Housing units for the Policy Compliant Development is provided as Appendix Three.
- 9.4.2 In relation to the Affordable Rent units we have adopted the Local Housing Allowance for the Southampton BRMA and applied these, as relevant, to the assumed Affordable Rent units and made deductions of 3% for voids and £1,750 per unit per annum for management, maintenance and sinking fund before capitalising the net income at 5.25%.
- 9.4.3 There are no Shared Ownership units provided for within the 35% AH Development.
- 9.4.4 We have assumed that two of the units will be provided as First Homes and have applied a discount equal to 30% of the Market Value of the units.
- 9.4.5 This provides for a total aggregate GDV for the Affordable Housing units of £861,254. This is in line with our expectations and the level of bids within similar locations that we are aware of. At approximately 62% of the value of the unrestricted Market Housing units these values are also in line with typical expectations and benchmarks.
- 9.4.6 Our residual appraisal assumes that the GDV for the Affordable Rent units will be paid on typical 'Golden Brick' terms with 30% of the GDV paid on month six of the construction period for the land and works completed up to the first course of bricks above the damp proof membrane with the remaining 70% payable monthly until practical completion. In relation to the First Homes we have assumed that these will be sold on practical completion. We reserve the right to amend the approach adopted following the receipt of further information relating to the development programme.

9.5 Commercial (Retail) GDV

- 9.5.1 The proposed retail parts extend to 67.4 sq m (725 sq ft) Gross Internal Area and therefore provide similar space to that currently offered at the property by 30 and 32 Queens View. Similar rental values can be expected to apply although there may be a small premium to reflect the new condition. We have therefore adopted an estimated rental value of £9,500 per annum and applied a gross yield of 7.5% in arriving at a value of £125,000 for the retail parts.

9.6 Build Costs

- 9.6.1 We have not, at this stage, been provided with a copy of an itemised development cost plan. Our assessment of the base build cost is based upon an assumed Gross Internal Area for the Proposed Development of 12,995 sq ft which reflects a 15% increase on the Net Sales Area in line with standard expectations. We have applied a build cost equal to £165 per sq ft in line with Median BCIS Data for Flats 3-5 Storey rebased to Eastleigh to the residential parts and £148 per sq ft to the commercial parts.

9.6.2 This provides for a total base build cost of £2,435,450 inclusive of preliminaries, overheads and contractor's profit.

9.7 External Costs

9.7.1 We have made an initial allowance equal to 5% of the base build cost for external costs. This lies towards the lower end of the standard range between 5% and 15% but reflects the relatively modest external costs associated with the Proposed Development.

9.8 Abnormal Development Costs

9.8.1 At this stage, we have assumed that abnormal development costs will be restricted to demolition and site clearance (£45,000), a new sub-station (£85,000) and electric vehicle charging points (£47,000).

9.9 Contingency

9.9.1 We have assumed a contingency equal to 5% of the base build costs and external development costs.

9.10 Professional Fees

9.10.1 We have assumed a sum equal to 8% of the base build costs, external development costs and abnormal development costs. This lies towards the middle of the standard range between 6% and 10%.

9.11 Planning Contributions

9.11.1 We have provisionally adopted a sum of £144,219 for planning contributions associated with the Proposed Development comprising:

- £51,516 for Nitrogen Neutrality
- £10,326 for Solent Recreation Mitigation
- £17,640 for Community Infrastructure
- £5,400 for Public Art
- £39,960 for New Forest Mitigation
- £9,689 for Public Open Space & Play Area Provision
- £9,689 for Public Open Space On-site Shortfall

9.11.2 These sums are based upon our understanding of the current charging schedule and should be confirmed by the Council.

9.11.3 We have provisionally adopted a sum of £112,870 for planning contributions associated with the Policy Compliant Development. This sum should be confirmed.

9.12 Marketing, Sale Costs and Legal Fees

- 9.12.1 We have assumed a sum equal to 1.5% of the Market Housing GDV for marketing and sale costs together with a sum of £750 per unit for legal fees for the Proposed Development.
- 9.12.2 We have made the same assumptions for the Market Housing units at the Policy Compliant Development, however, in relation to the Affordable Housing units we have assumed a sum for agent's/valuation fees of £5,000 and £350 per unit for legal costs.
- 9.12.3 We have assumed a sum equal to £2,000 for marketing and sale costs for the commercial parts together with a sum of £1,500 for legal fees.

9.13 Finance Costs and Development Period

- 9.13.1 A finance rate of 7.5% per annum inclusive of arrangement fees has been adopted in our residual appraisals.
- 9.13.2 In our residual appraisal we have assumed the following development programme for the Proposed Development:
- 1 month acquisition period (Month 1)
 - 3 month pre-construction period (Month 2 to 4)
 - 13 month construction period (Month 5 to 17)
 - 6 month sale period (Month 18 to 22)
- 9.13.3 The BCIS duration calculator indicates a construction period in the order of 57 weeks with the 90% prediction interval at 33 weeks to 88 weeks. The 13 month (78 weeks) construction period assumed is in line with the expected duration by reference to the BCIS duration calculator. We have applied a duration at the upper end of the range to reflect the location, nature and form of the development.
- 9.13.4 We have made the same assumptions in relation to the Policy Compliant Development but assumed a Golden Brick Payment Structure for the Affordable Housing units with all monies received prior to practical completion.

9.14 Land Acquisition Costs

- 9.14.1 In our appraisal we have adopted agent and legal fees at 1% and 0.5% and applied Stamp Duty Land Tax at the prevailing rate.

9.15.1 Developer's Profit Margin

9.15.2 In our appraisals we have applied a developer's profit equal to 15% of the GDV for the Market Housing and commercial parts. This lies at the lower of the range of 15% to 20% provided for in the PPG. We have made the same assumption in relation to the Market Housing units for the Policy Compliant Development and assumed a developer's profit equal to 6% of the Affordable Housing GDV; and 12% of the GDV for the First Homes. This provides for an aggregate developer's profit as follows in our appraisals:

- Proposed Development £682,875 (15%)
- Policy Compliant Development £546,075 (13.64%)

9.16 Appraisal Results

Proposed Development

9.16.1 Our residual appraisal (attached at Appendix Four) indicates a RLV for the Proposed Development of £359,428. Say £360,000. This is lower than our opinion of the EUV and the BLV for the Property of £675,000. The Proposed Development is therefore considered to be an unviable form of development.

Policy Compliant Development

9.16.2 Our residual appraisal (attached at Appendix Five) indicates a RLV for the Policy Compliant Development of £64,360. Say £65,000. This falls below our opinion of the EUV and the BLV for the Property of £675,000 and is therefore considered to be an unviable form of development.

10.0 Stand Back

10.1 Evidence from Comparable Development Land Sales

10.1.1 The RICS Professional Statement Financial Viability in Planning: conduct and reporting 1st Edition May 2019 requires appraisers to consider the outputs of the residual appraisals objectively and with the benefit of experience and to apply judgement to the outcome of the residual appraisals. The Professional Statement requires sensitivity analysis of the inputs to the residual appraisal to assess how changes in inputs can affect viability and to understand the extent to which a residual appraisal enables an appropriate determination of viability to be made.

- 10.1.3 The requirement to stand back can best be achieved by comparison of the RLV derived by reference to the residual appraisals with evidence from the sale of comparable development land transactions in line with the requirements of RICS Guidance Note (Valuation of Development Property). This is confirmed by the RICS Guidance Note: Assessing viability in planning under the National Planning Policy Framework 2019 for England 1st Edition, March 2021 effective from 1st July 2021 at paragraph 2.2.4.

10.2 Evidence from Comparable Development Land Sales

- 10.2.1 At this stage, we have been unable to identify any relevant evidence from comparable development land sales from which we are able to make a comparison.

10.3 Sensitivity Analysis

- 10.3.1 The latest RICS Professional Statement requires practitioners to provide sensitivity analysis of appraisals based upon an initial estimate of high and low end expectations for the various inputs to an appraisal as part of the stand back approach discussed above.
- 10.3.2 In arriving at our opinion of the RLV we have applied inputs in line with or at the lower end of the standard ranges and Median BCIS data. There is no evidence to support a significantly higher GDV and on this basis, we have limited our sensitivity testing of the Proposed Development to the application of Lower Quartile BCIS data.
- 10.3.3 A copy of our residual appraisal for the Proposed Development sensitivity tested by the application of Lower Quartile BCIS data is provided as Appendix Six. The residual appraisal indicates a RLV for the Proposed Development of £658,124. Say £660,000. At £660,000 the RLV falls marginally below our opinion of the EUV and BLV at £675,000 and is therefore considered to be marginally viable.

11.0 Conclusion

- 11.1 To be considered viable to make a policy compliant contribution towards the provision of Affordable Housing the RLV of the Policy Compliant Development should exceed the BLV which we have assessed at £675,000 and up to £820,000.
- 11.2 Our residual appraisal for the Policy Compliant Development provides for a RLV of £65,000 and our residual appraisal for the Proposed Development provides for a RLV of £360,000 and £660,000 with sensitivity testing. These RLVs fall below our opinion of the BLV, however, the Proposed Development is considered to be marginally viable (with sensitivity testing) against our assessment of the EUV at £675,000.

11.3 We have been asked to advise in respect of two questions and our advice is provided below:

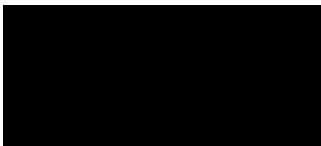
1. Is the Policy Compliant Development a viable form of development?

Not confirmed. The Residual Land Value of £65,000 is lower than the Benchmark Land Value of £631,000 and is therefore considered unviable with policy compliant Affordable Housing provision.

2. Is the Proposed Development under application a viable form of development?

Confirmed. The Residual Land Value of £660,000 (with sensitivity testing) is marginally lower than our assessment of the Benchmark Land Value of £675,000 and is therefore considered to be marginally viable with nil Affordable Housing provision.

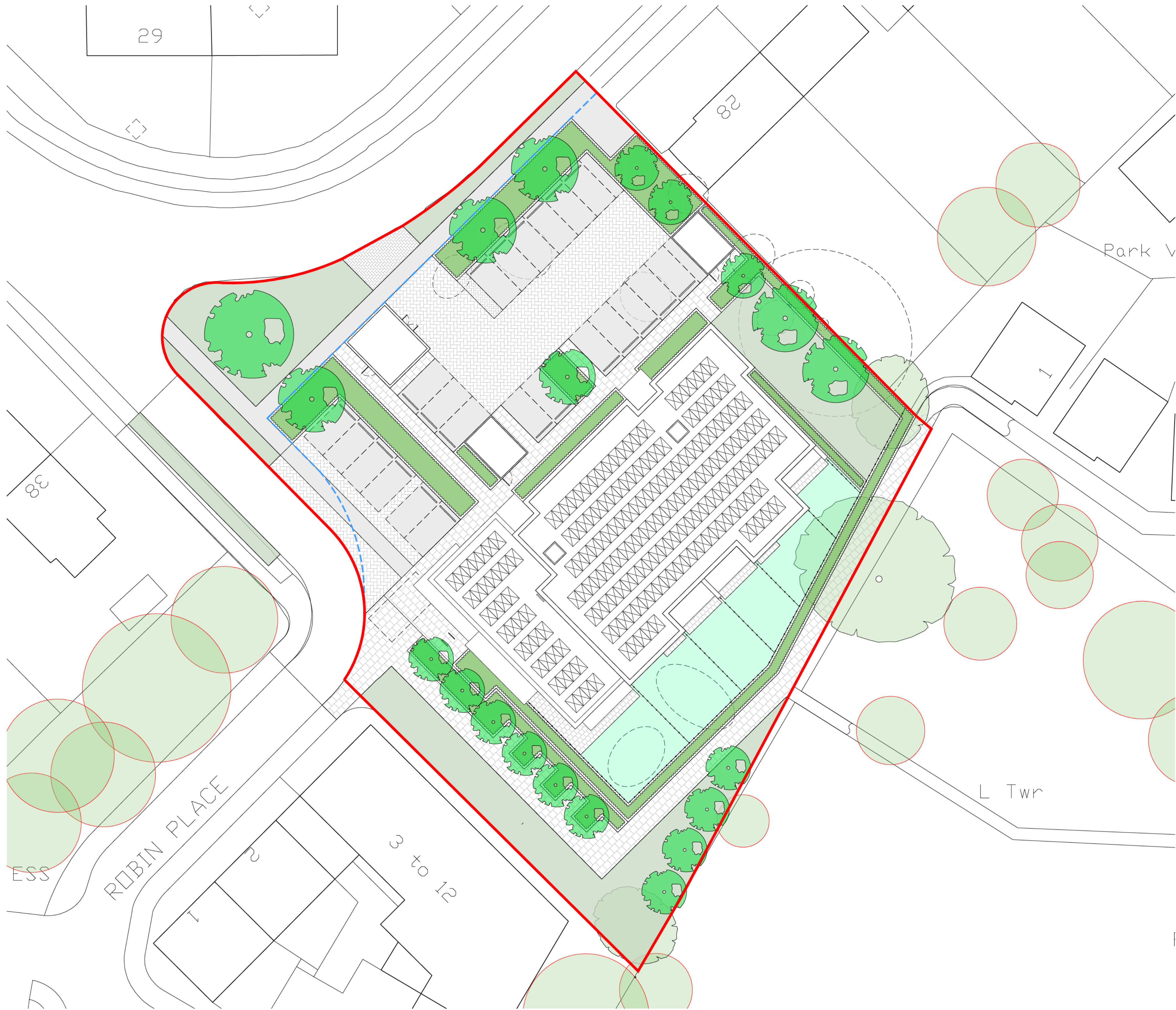
Valuer:



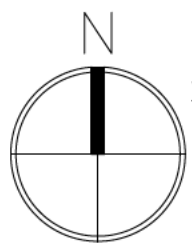
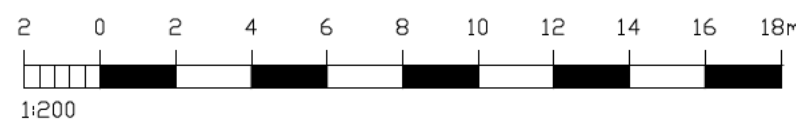
**Fraser Castle MSc MRICS
RICS Registered Valuer
For and on behalf of
Bruton Knowles LLP**

Appendix One

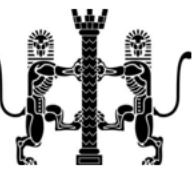
Location & Site Plan



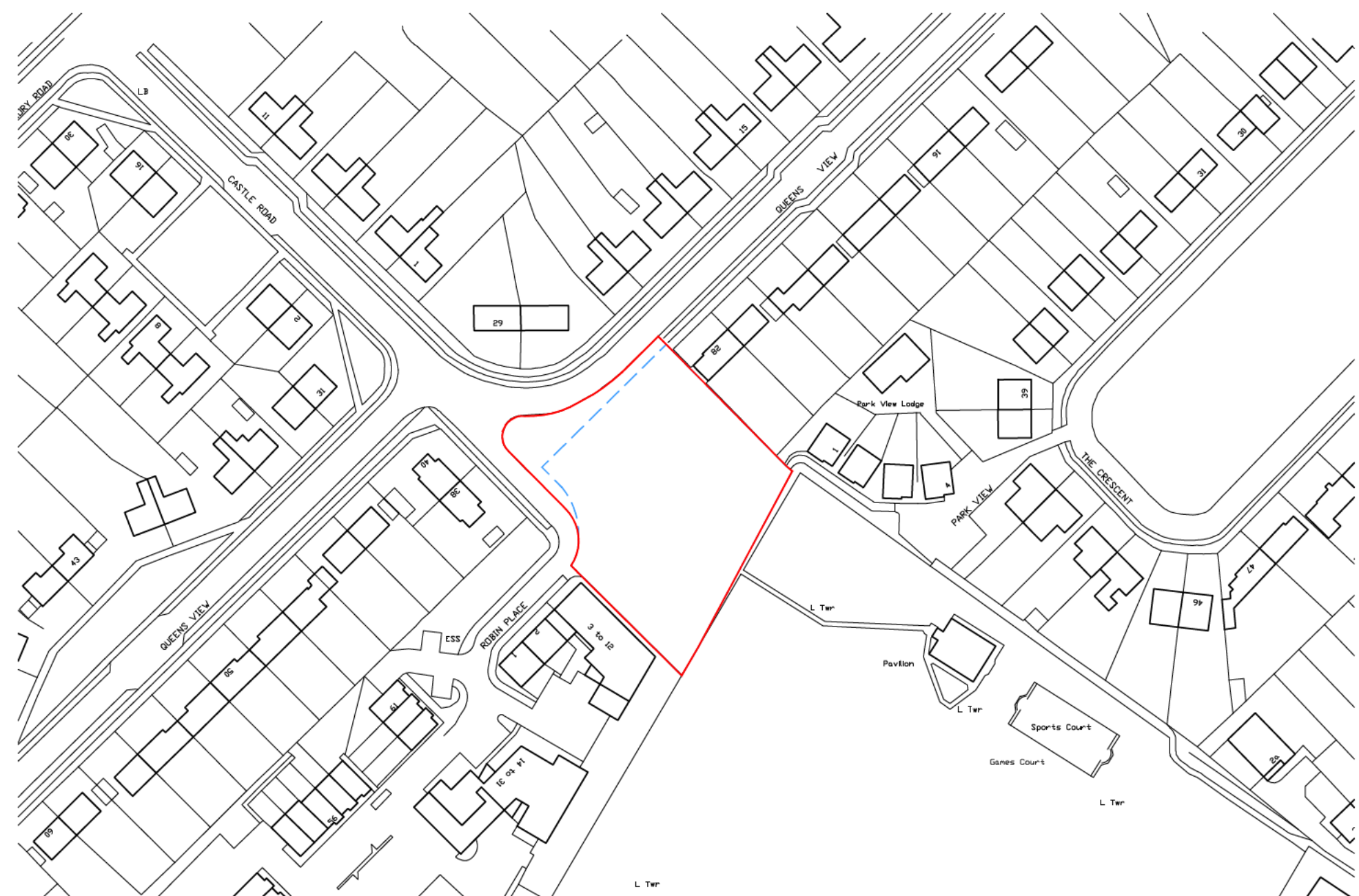
Site Plan 1:200 @ A1



- Notes
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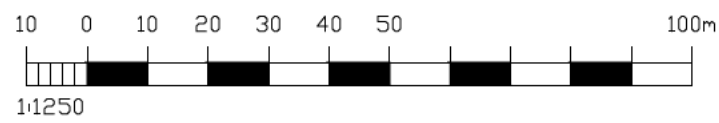


Client Approval					
X	A - Approved				
X	B - Approved with comments				
X	C - Do not use				
Rev.	Revision Note/Purpose of Issue	Drawn By	Date	Chk By	Date



Licence number: LIG0975

Location Plan 1:1250 @ A1



Eastleigh Borough Council
Queens View
Netley Abbey
Residential proposals

Drawing title

Site location plan
and
block plan

Drawn	Date		Checked		Date		Scale at A1	
JDM	12/06/23		HJG		13/06/23		Various	
Job No.	Pro.	Org.	Zone	Lowal	Type	Role	No.	Rev.
19-067	EBC	MHA	XX	XX	DR	AR	0018	A01
Purpose of Issue								

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Registered in England No. 0994213



Appendix Two

Schedule of Accommodation and Gross Development Value

Table 1
Gross Development Value

The Proposed Development

Plot	Block	Accommodation	Unit Type	Storey	Bedrooms	Parking	Feature	Orientation	Size		Tenure	Bruton Knowles Values	
									m2	Sq Ft		Unit Value	£per Sq Ft
1	Front	Apartment	1 Bed	Ground	1	Y	Garden	Rear	50.4	543	Market	£205,000	£378
2	Front	Apartment	1 Bed	Ground	1	Y	Garden	Rear	50.1	539	Market	£205,000	£380
3	Front	Apartment	2 Bed	Ground	2	Y	Garden	Front/Rear	76.1	819	Market	£290,000	£354
4	Front	Apartment	2 Bed	Ground	2	Y	Garden	Front/Rear	76.1	819	Market	£290,000	£354
5	Front	Apartment	1 Bed	Ground	1	Y	Garden	Rear	50.1	539	Market	£205,000	£380
6	Front	Apartment	2 Bed	Ground	2	Y	Garden	Front/Rear	71.5	770	Market	£285,000	£370
7	Front	Apartment	2 Bed	1st	2	Y	Balcony	Front/Side	67.4	725	Market	£270,000	£372
8	Front	Apartment	1 Bed	1st	1	Y	Balcony	Rear	50.4	543	Market	£195,000	£359
9	Front	Apartment	1 Bed	1st	1	Y	Balcony	Rear	50.1	539	Market	£195,000	£362
10	Front	Apartment	2 Bed	1st	2	Y	Balcony	Front/Rear	76.1	819	Market	£280,000	£342
11	Rear	Apartment	2 Bed	1st	2	Y	Balcony	Front/Rear	76.1	819	Market	£280,000	£342
12	Rear	Apartment	1 Bed	1st	1	Y	Balcony	Rear	50.1	539	Market	£195,000	£362
13	Rear	Apartment	2 Bed	1st	2	Y	Balcony	Front/Rear	71.5	770	Market	£280,000	£364
14	Rear	Apartment	1 Bed	2nd	1	Y	Balcony	Rear	50.1	539	Market	£197,500	£366
15	Rear	Apartment	2 Bed	2nd	2	Y	Balcony	Front/Rear	76.1	819	Market	£287,500	£351
16	Rear	Apartment	2 Bed	2nd	2	Y	Balcony	Front/Rear	76.1	819	Market	£287,500	£351
17	Rear	Apartment	1 Bed	2nd	1	Y	Balcony	Rear	50.1	539	Market	£197,500	£366
18	Rear	Apartment	2 Bed	2nd	2	Y	Balcony	Front/Rear	71.5	770	Market	£282,500	£367
									1139.9	12270		£4,427,500	£361

Table 2
Gross Development Value

Policy Compliant Development

Plot	Block	Accommodation	Unit Type	Storey	Bedrooms	Parking	Feature	View over River	Size		Tenure	Bruton Knowles Values	
									m2	Sq Ft		Unit Value	£per Sq Ft
1	Front	Apartment	1 Bed	Ground	1	Y	Garden	Rear	50.4	543	Market	£205,000	£378
2	Front	Apartment	1 Bed	Ground	1	Y	Garden	Rear	50.1	539	Market	£205,000	£380
3	Front	Apartment	2 Bed	Ground	2	Y	Garden	Front/Rear	76.1	819	Market	£290,000	£354
4	Front	Apartment	2 Bed	Ground	2	Y	Garden	Front/Rear	76.1	819	Market	£290,000	£354
5	Front	Apartment	1 Bed	Ground	1	Y	Garden	Rear	50.1	539	Market	£205,000	£380
6	Front	Apartment	2 Bed	Ground	2	Y	Garden	Front/Rear	71.5	770	Market	£285,000	£370
7	Front	Apartment	2 Bed	1st	2	Y	Balcony	Front/Side	67.4	725	Affordable Rent	£149,291	£206
8	Front	Apartment	1 Bed	1st	1	Y	Balcony	Rear	50.4	543	Affordable Rent	£107,821	£199
9	Front	Apartment	1 Bed	1st	1	Y	Balcony	Rear	50.1	539	Affordable Rent	£107,821	£200
10	Front	Apartment	2 Bed	1st	2	Y	Balcony	Front/Rear	76.1	819	Market	£280,000	£342
11	Rear	Apartment	2 Bed	1st	2	Y	Balcony	Front/Rear	76.1	819	Market	£280,000	£342
12	Rear	Apartment	1 Bed	1st	1	Y	Balcony	Rear	50.1	539	Affordable Rent	£107,821	£200
13	Rear	Apartment	2 Bed	1st	2	Y	Balcony	Front/Rear	71.5	770	First Homes	£197,750	£257
14	Rear	Apartment	1 Bed	2nd	1	Y	Balcony	Rear	50.1	539	Market	£197,500	£366
15	Rear	Apartment	2 Bed	2nd	2	Y	Balcony	Front/Rear	76.1	819	Market	£287,500	£351
16	Rear	Apartment	2 Bed	2nd	2	Y	Balcony	Front/Rear	76.1	819	Market	£287,500	£351
17	Rear	Apartment	1 Bed	2nd	1	Y	Balcony	Rear	50.1	539	Market	£197,500	£366
18	Rear	Apartment	2 Bed	2nd	2	Y	Balcony	Front/Rear	71.5	770	First Homes	£197,750	£257
									1139.9	12270		£3,878,254	£316

Appendix Three

Affordable Housing Valuations

**Affordable Housing
Policy Compliant Development**

**Bruton Knowles - Market Values
Affordable Rent**

Beds	Units	LHA Rent pw	Aggregate Rent pw	Aggregate Rent pa	Market Value p unit	Aggregate Market Value	AH Value p unit
Studio	0	£136.93	£0	£0	£0	£0	£0
1 bed apartments	3	£136.93	£411	£21,435	£195,000	£585,000	£107,821
2 bed apartments	1	£178.36	£178	£9,307	£270,000	£270,000	£149,291
3 Bed apartments	0	£212.88	£0	£0	£0	£0	£0
	4		£589	£30,742		£855,000	
Less voids			3.00%	£922			
maint, mgt, sinking fund	£1,750	per unit	£7,000	£5,000			
Net Rent				£24,820			
Capitalised at			5.25%	£472,754			
Percentage of MV				55.29%			
Market Value				£855,000			

**First Homes
Requirement for 2 Units**

Beds	Units	Market Value p unit	Aggregate Market Value	AH Value p unit	Aggregate AH Value
1 Bed Apartment	0	£0	£0	£0	£0
2 Bed Apartments	2	£282,500	£565,000	£197,750	£395,500
3 Bed Apartment	0	£0	£0	£0	£0
3 Bed House	0	£0	£0	£0	£0
4 Bed House	0	£0	£0	£0	£0
100% Market Value	2		£565,000		£395,500
Total			£395,500		
Percentage of MV			70.00%		

Shared Ownership

Beds	Units	Market Value p unit	Aggregate Market Value	AH Value p unit
Studio	0		£0	#DIV/0!
1 bed apartments	0		£0	#DIV/0!
2 bed apartments	0		£0	#DIV/0!
3 bed apartments	0		£0	#DIV/0!
100% Market Value	0		£0	
Occupiers Stake		30%	£0	
Retained Equity		70%	£0	
Rent at		2.75%	£0	
less void/mgt per unit	£250	£0	£0	
Net Rent			£0	pa
Capitalised at		5.00%	£0	
Total			£0	
Percentage of MV			#DIV/0!	

Total Affordable Housing GDV

£868,254
% of Market Value **61.14%**

Appendix Four

Residual Appraisal The Proposed Development

APPRAISAL SUMMARY**LICENSED COPY****Proposed Development (September 2023)
30-32 Queens View, Netley Abbey****Appraisal Summary for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Market Housing	1	12,270	360.84	4,427,500	4,427,500
Commercial Parts	<u>1</u>	<u>725</u>	172.41	125,000	<u>125,000</u>
Totals	2	12,995			4,552,500

NET REALISATION**4,552,500****OUTLAY****ACQUISITION COSTS**

Residualised Price			359,428		
				359,428	
Stamp Duty			7,471		
Effective Stamp Duty Rate		2.08%			
Agent Fee		1.00%	3,594		
Legal Fee		0.50%	1,797		
				12,863	

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Market Housing	14,110	165.00	2,328,150	
Commercial Parts	<u>725</u>	<u>148.00</u>	<u>107,300</u>	
Totals	14,835 ft²		2,435,450	
Contingency		5.00%	134,461	
Demolition			45,000	
				2,614,911

Other Construction Costs

Externals	5.00%	121,773	
Substation		85,000	
EV Charging		47,000	
			253,772

Section 106 Costs

Section 106 Costs		144,219	
			144,219

PROFESSIONAL FEES

Architect	8.00%	204,578	
			204,578

DISPOSAL FEES

Sales Agent Fee	1.50%	66,413	
Sales Agent Fee (Commercial)		2,000	
Sales Legal Fee (Market Housing)		13,500	
Sales Legal Fee (Commercial)		1,500	
			83,413

TOTAL COSTS BEFORE FINANCE**3,673,183****FINANCE**

Timescale	Duration	Commences
Purchase	1	Feb 2023
Pre-Construction	3	Mar 2023
Construction	13	Jun 2023
Sale	6	Jul 2024
Total Duration	23	

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

Land	38,805
Construction	113,609

APPRAISAL SUMMARY**LICENSED COPY****Proposed Development (September 2023)
30-32 Queens View, Netley Abbey**

Other	44,028	
Total Finance Cost		196,442
TOTAL COSTS		3,869,625
PROFIT		682,875

Performance Measures

Profit on Cost%	17.65%
Profit on GDV%	15.00%
Profit on NDV%	15.00%
IRR% (without Interest)	29.34%
Profit Erosion (finance rate 7.500)	2 yrs 2 mths
Cost per Gross ft²	261
Cost per Net ft²	298
Land Cost pAcre	0
Land Cost per Plot	179,714

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Appendix Five

Residual Appraisal The Policy Compliant Development

APPRAISAL SUMMARY**LICENSED COPY****Policy Compliant Development (September 2023)
30-32 Queens View, Netley Abbey****Appraisal Summary for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Market Housing	1	8,384	359.02	3,010,000	3,010,000
Affordable Housing	1	2,347	201.43	472,754	472,754
First Homes	1	1,539	256.99	395,500	395,500
Commercial	1	<u>725</u>	172.41	125,000	<u>125,000</u>
Totals	4	12,995			4,003,254

NET REALISATION**4,003,254****OUTLAY****ACQUISITION COSTS**

Residualised Price		64,360	
			64,360
Agent Fee	1.00%	644	
Legal Fee	0.50%	322	
			965

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Market Housing	9,641	165.00	1,590,765
Affordable Housing	2,699	165.00	445,335
First Homes	1,769	165.00	291,885
Commercial	<u>725</u>	148.00	<u>107,300</u>
Totals	14,834 ft²		2,435,285
Contingency		5.00%	134,452
Demolition			45,000
			2,614,737

Other Construction Costs

Externals	5.00%	121,764	
Substation		85,000	
EV Charging		47,000	
			253,764

Section 106 Costs

Section 106 Costs		112,870	
			112,870

PROFESSIONAL FEES

Architect	8.00%	204,564	
			204,564

DISPOSAL FEES

Sales Agent Fee	1.50%	51,082	
Sales Agent Fee - Affordable		5,000	
Sales Agent Fee - Commercial		2,000	
Sales Legal Fee		9,000	
Sales Legal Fee - Affordable		2,100	
Sales Legal Fee - Commercial		1,500	
			70,683

TOTAL COSTS BEFORE FINANCE**3,321,944****FINANCE**

Timescale	Duration	Commences
Purchase	1	Feb 2023
Pre-Construction	3	Mar 2023
Construction	13	Jun 2023
Sale	6	Jul 2024
Total Duration	23	

APPRAISAL SUMMARY**LICENSED COPY****Policy Compliant Development (September 2023)****30-32 Queens View, Netley Abbey**

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

Land	6,809	
Construction	100,836	
Other	27,621	
Total Finance Cost		135,266

TOTAL COSTS 3,457,210**PROFIT** 546,044**Performance Measures**

Profit on Cost%	15.79%
Profit on GDV%	13.64%
Profit on NDV%	13.64%

IRR% (without Interest) 32.09%

Profit Erosion (finance rate 7.500) 1 yr 12 mths

Cost per Gross ft²	233
Cost per Net ft²	266
Land Cost pAcre	0
Land Cost per Plot	16,090

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Appendix Six

Residual Appraisal The Policy Compliant Development (Sensitivity Tested)

APPRAISAL SUMMARY**LICENSED COPY**

Proposed Development (September 2023)
30-32 Queens View, Netley Abbey
Sensitivity Testing

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Market Housing	1	12,270	360.84	4,427,500	4,427,500
Commercial Parts	<u>1</u>	<u>725</u>	172.41	125,000	<u>125,000</u>
Totals	2	12,995			4,552,500

NET REALISATION**4,552,500****OUTLAY****ACQUISITION COSTS**

Residualised Price		658,124	
			658,124
Stamp Duty		22,406	
Effective Stamp Duty Rate	3.40%		
Agent Fee	1.00%	6,581	
Legal Fee	0.50%	3,291	
			32,278

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Market Housing	14,110	145.11	2,047,502
Commercial Parts	<u>725</u>	<u>148.00</u>	<u>107,300</u>
Totals	14,835 ft²		2,154,802
Contingency		5.00%	119,459
Demolition			45,000
			2,319,261

Other Construction Costs

Externals	5.00%	102,375	
Substation		85,000	
EV Charging		47,000	
			234,375

Section 106 Costs

Section 106 Costs		144,219	
			144,219

PROFESSIONAL FEES

Architect	8.00%	180,574	
			180,574

DISPOSAL FEES

Sales Agent Fee	1.50%	66,413	
Sales Agent Fee (Commercial)		2,000	
Sales Legal Fee (Market Housing)		13,500	
Sales Legal Fee (Commercial)		1,500	
			83,413

TOTAL COSTS BEFORE FINANCE**3,652,243****FINANCE**

Timescale	Duration	Commences
Purchase	1	Feb 2023
Pre-Construction	3	Mar 2023
Construction	13	Jun 2023
Sale	6	Jul 2024
Total Duration	23	

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

APPRAISAL SUMMARY**LICENSED COPY****Proposed Development (September 2023)****30-32 Queens View, Netley Abbey****Sensitivity Testing**

Land	71,962	
Construction	101,393	
Other	44,026	
Total Finance Cost		217,382

TOTAL COSTS**3,869,625****PROFIT****682,875****Performance Measures**

Profit on Cost%	17.65%
Profit on GDV%	15.00%
Profit on NDV%	15.00%

IRR% (without Interest)	27.27%
-------------------------	--------

Profit Erosion (finance rate 7.500)	2 yrs 2 mths
-------------------------------------	--------------

Cost per Gross ft²	261
Cost per Net ft²	298
Land Cost pAcre	0
Land Cost per Plot	329,062

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