



FINANCIAL VIABILITY ASSESSEMENT

**Land at Oak & Apple Tree Cottage
Winchester Road
Botley SO32 2DH**

McCarthy Stone
July 2024

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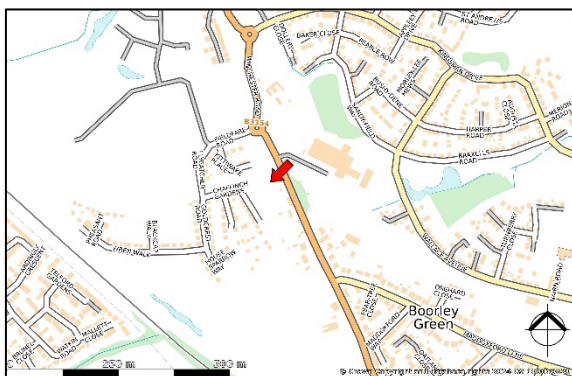
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Executive Summary

For convenience, we summarise the key features of this Financial Viability Assessment which should, nevertheless, be read in full.

Location Plan



Site Plan



Property Type/Use:

Greenfield site – allocated within the Local Plan for residential development.

Proposed Scheme:

Type	No. of Units
Retirement Living Apartments (1 bed)	32
Retirement Living Apartments (2 bed)	20
Total (Apartments)	52
Houses	2

Planning Proposal:

Redevelopment of the site to provide a retirement apartment development comprising a total of 52 apartments and 2 houses with associated landscaping and car parking areas.

Existing Use Value:

£340,000

Premium:

20% of EUV (£70,000)

Alternative Use Value:

£950,000 (Assumes residential development – 22 dwellings)

Benchmark Land Value:

EUV+ - £410,000

Planning Policy:

Eastleigh Borough Council Local Plan 2016-2036 (Adopted 2022).

Viability Assessment and Conclusion:

100% Market Scheme	
GDV	£16,380,000
Total Construction Costs	£9,841,263
Professional Fees	£749,810
Disposal Fees	£859,500
EPC	£201,576
SPA/Nitrates/BNG	£392,722
Finance	£847,128
Profit on GDV	£3,276,000
Residual Land Value	£208,355
Benchmark Land Value	£410,000
Surplus/(Deficit)	(£201,645)

Our Financial Viability Assessment and review of the proposed retirement development for 52 Retirement Apartments and 2 houses, leads us to conclude that the scheme is unable to support planning obligations.

1.0 Introduction

We are instructed by McCarthy and Stone (McCS) to undertake a Financial Viability Assessment (FVA) for the proposed redevelopment of the Property located at and known as: **Oak Cottage, Winchester Road, Botley SO32 2DH** (the Property).

This independent FVA is to provide support to McCS in demonstrating to the local planning authority, Eastleigh Borough Council (EBC), whether or not planning obligations, and a developer’s contribution towards off-site affordable housing in particular, can be delivered and provide a viable retirement scheme development.

This FVA report has been prepared in accordance with the RICS Professional Statement ‘Financial Viability in Planning: Conduct and Reporting 1st Edition (May 2019). In relation to this statement we confirm the following:

- We have acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information.
- In preparing this report, no performance related or contingent fee arrangements have been agreed.
- We have not provided previous advice to McCS on this site or any other third party.

We confirm that in accordance with the RICS Professional Statement Paragraph 2.2, we have no conflicts of interest in conducting this Financial Viability Assessment and have not received any specific requests by the applicants or decision-makers that contradict the mandatory requirements of the RICS Professional Statement.

We have also had regard to the Revised NPPF 2023 and Viability PPG which provides national planning policy and guidance in respect of undertaking viability assessments.

Please note that this assessment is undertaken at a particular point in time (July 2024). Values and costs will change over time and it must be understood that our assessment is based on current estimated values and costs as at the date of this report and is not a projection of value.

This report and its contents have been prepared specifically to support the planning application in respect of the Property. No responsibility whatsoever is accepted to any third party and neither the whole of the report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it may appear.

Sources of Information

Information	Source	Date
Accommodation Schedule & Measurements	McCS	May 2024
Abnormal/Infrastructure Cost Schedule	McCS	May 2024
External Valuation Report	Alder King LLP	June 2024

This report is for feasibility assessment purposes only and it does not constitute a formal valuation. The advice contained in this report is exempt from the current RICS Valuation Global Standards - 31 January 2022 – (the Red Book). We reserve the right to update, amend or vary our advice should the matter progress to a planning Appeal Hearing or Inquiry.

We have produced this Viability Assessment utilising the Argus Developer residual appraisal software. Argus Developer is an established property development appraisal software program used by owners, commercial developers, house builders, land developers, agents, and financial institutions. It is designed to work for all forms of property development, including commercial, single or multiphase residential, retail, office, industrial, hotels, land development and any combination for mixed use developments. This report summarises our assumptions, inputs, and outcomes of our Argus model.

2.0 Background

A Location Plan showing the extent of the whole site for identification purposes is at **Appendix 1**

Appendix 1 – Location Plan

The immediate area is residential and rural in nature and is in the process of being extensively developed out by a consortium of national and regional housebuilders including Bellway, Miller, Linden, Bloor and Bovis.

The immediate locality has planning consent for approximately 1,400 homes as well as upgrades to transport infrastructure, extension to an existing hotel, new local centre, primary school, MURGA and associated facilities and the construction of roads and footpaths.

The Property comprises an irregular shaped site that previously formed part of Oak and Apple Tree Cottages gardens/paddock land.

3.0 Viability in Planning – Policy Context

3.1. National Planning Policy Framework (NPPF) 2023 & Planning Practice Guidance (PPG)

In December 2023 the Government published a revised version of the National Planning Policy Framework (NPPF). This revised Framework replaces the previous National Planning Policy Framework, which was first published in September 2012 and most recently revised in December 2023.

The relevant planning practice guidance in relation to viability was last updated in September 2019 which sets out key principles in understanding viability in plan making and decision taking. The most important revision is in respect of land value. The guidance seeks to bring clarity to the way that a Benchmark Land Value (BLV) is set. BLV should be established on the basis of existing use value plus a premium that incentivises the landowner to release the land for development (EUV+). The premium should reflect the minimum return that it is considered a reasonable landowner will release their land for development.

The Viability Guidance PPG also sets out the circumstances in which a site-specific viability assessment should be undertaken at the planning application stage. **Paragraph 007** refers to such circumstances including those where the, “*particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or older people)*”.

Paragraph 008 of the Viability Guidance PPG addresses how a viability assessment should be treated in decision making, including referring back to the viability assessment that informed the plan and whether the plan, and viability evidence underpinning the plan is up to date. Regard must also be given to whether site circumstances have changed since the plan was brought into force.

In this case and with reference to paragraphs 007 and 008 of the PPG, housing for older people was considered within the latest area wide viability testing by DSP dated April 2018. The report concluded:

wider advice to consider more of a guided / target based and flexible rather than rigid approach – some sites and schemes may not lend themselves well to compliance, practically rather than from a viability perspective. In general, evidence of need required. Reservations expressed about the intended application of a stringent M4(3) policy to Elderly Persons' housing provision – an approach consistent with that for other C3 development as per the DM31 main thrust might be more appropriate in our view. Potential viability as well as practical concerns on DM31 iii detail. Consider also the relationship with emerging policy DM27 text.

Further guidance is provided within the PPG which relates to the specific inputs that are appropriate in a viability assessment.

3.2. Eastleigh Borough Local Plan (2016-2036) Adopted 2022

Policy DM28 – Affordable Housing

1. The Council will seek the maximum reasonable amount of affordable housing when negotiating on individual market residential and mixed-use schemes, in line with the following:

- a. 35% affordable housing will be required as part of new housing developments, where the proposal comprises:

 - i. sites of 0.5 ha or more and on sites with, or capable of accommodating, 10 dwellings or more; or*
 - ii a maximum combined gross floorspace of more than 1,000 sq.m; unless*
 - iii. it can be demonstrated that this proportion would have an unacceptable impact on the economic viability of the proposed scheme, and a reasonable lower proportion is justified by evidence and that the lower proportion proposed is not below that which would be viable.**
- b. Provision on qualifying sites will be on-site unless it can be demonstrated that an off-site contribution would be more appropriate and more deliverable;*
- c. The tenure split, size and type of affordable housing will be informed by the latest Strategic Housing Market Assessment, the housing register, and the level and type of existing affordable housing in the locality;*
- d. Where affordable housing is provided as part of a mixed tenure site it should be integrated into the development in terms of its design and layout;*
- e. The Council will also support acceptable schemes where developers choose to offer more affordable housing than is required by the policy, where this is in accordance with other policies in the Plan;*
- f. Inclusion of an element of specialist residential accommodation and facilities for older people within the affordable housing requirement may be appropriate depending on the proposal.*

Affordable Housing SPD (Adopted 2023)

Financial Contributions in Lieu

2.12. Only when it has been demonstrated to the Council's satisfaction that on and off-site provision is not possible will a financial contribution in-lieu of on-site provision be considered as an alternative.

2.13. The Council recognises that the opportunities to deliver affordable housing through this mechanism are limited due to the minimal land available to AHPs within the borough which would be deliverable and developable. Payments in-lieu/ financial contributions must be negotiated as part of the planning approval process.

2.14. Any contribution will be calculated on the basis of the developer making a contribution of clean serviced land at nil cost. It will have regard to the relative value with either a nil or reduced level of affordable provision compared with the scheme with full affordable provision. All financial contributions will be index linked.

2.15. Failure to reach agreement will result in the value being set by an independent arbitrator appointed by agreement by the parties or in default of agreement by the President of the Royal Institution of Chartered Surveyors or his nominee on the application of either the Council or the landowner.

3.3. RICS Professional Standard - Assessing viability in planning under the National Planning Policy Framework 2019 for England

In March 2021, RICS published the Assessing Viability in Planning guidance. Effective from 1 July 2021, it replaces the previous 2012 guidance note. The new guidance note supplements and gives added guidance to RICS members and other stakeholders in the planning process on undertaking and understanding financial viability assessments (FVAs) under the NPPF and PPG in both a plan-making and decision-taking context.

In April 2023 the guidance was elevated to a Professional Standard. The RICS Professional Standards set requirements or expectations for RICS members and regulated firms about how they provide services or the outcomes of their actions. There are mandatory requirements, which use the word 'must' and must be complied with, and or recommended best practice, which uses the word 'should'.

In regulatory or disciplinary proceedings, RICS will take into account relevant professional standards when deciding whether an RICS member or regulated firm acted appropriately and with reasonable competence. It is also likely that during any legal proceedings a judge, adjudicator or equivalent will take RICS professional standards into account.

3.4. RICS Professional Statement – Financial Viability in Planning: Conduct and Reporting

The RICS published a mandatory statement in May 2019 (effective from 1 September 2019) addressing the conduct and reporting requirements of Members who act in viability matters.

The Statement sets out mandatory requirements informing the practitioner on what must be included within reports and how the process must be conducted. This is to demonstrate how a reasonable, objective, and impartial outcome, without interference, should be arrived at, and so support the statutory planning process.

4.0 Viability Assessment Overview

As confirmed in Section 3, the Viability PPG provides further information relating to the specific inputs that are appropriate to a viability assessment. This includes reference to the viability assessment that informed the plan.

In assessing the viability of the proposed scheme the following approach (in accordance with the RICS Viability Practice Statement) has been adopted:

$$\begin{array}{r}
 \text{Gross Development Value} \\
 \text{Less} \\
 \text{Development Costs (inc. Developer Profit)} \\
 \text{Less} \\
 \text{Planning Obligations} \\
 \text{Equals} \\
 \text{Residual Land Value (RLV)}
 \end{array}$$

The usual test applied in establishing whether a planning obligations package (including Affordable Housing) is viable, is to consider whether the Residual Land Value (RLV) of the proposed scheme exceeds the Benchmark Land Value of the property. If it does, there is financial headroom for planning obligations. If it does not, there is no financial headroom and thus there is no viability for planning obligations to be included.

The following sections outline the appraisal inputs that form this viability assessment, having regard to the guidance contained in the PPG and the RICS Guidance Note.

In Section 6 we review the appropriate Benchmark Land Value. In the following Section 7 we review the other key viability appraisal inputs (other than the Benchmark Land Value) and determine the viability of the Proposed Scheme based on current market conditions.

In Section 8, we sensitivity test the result of the appraisal to establish the impact should values and costs rise and fall in the near future.

5.0 The Proposed Scheme

A planning application is to be submitted by McCarthy Stone for the development of a new retirement scheme providing 52 x age restricted 'Retirement Living Apartments' and 2 dwellings.

All units are to be open market units in the mix as detailed below:

Type	Units	NIA m ²	Av. Unit m ²
Retirement Living Apartments (1 Bed)	32	1,717 m ²	53.65 m ²
Retirement Living Apartments (2 Bed)	20	1,500 m ²	75.00 m ²
Retirement Houses	2	208 m ²	104 m ²
TOTAL		3,424.95 m²	

In common with most new build Retirement Living apartment schemes the floor space of the building can be broken down into the saleable and non-saleable areas.

The saleable area of the 52 apartments is 3,217 m². The saleable areas are the individual apartments for which capital receipts are expected from each of the occupiers. We are advised that the Gross Internal Area (GIA) of the Retirement apartment building is 4,501 m². We have calculated that the design provides a 71.47% net to gross ratio.

The Proposed Scheme Proposed Site Plan together with the Proposed Floor Plans are at **Appendix 2**.

Appendix 2 – Proposed Floor Plans & Accommodation Schedule

6.0 Benchmark Land Value

Paragraph 13 of the Viability PPG outlines how land value should be defined for the purpose of viability assessments.

*“To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. **The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land.** The premium should provide a reasonable incentive, in comparison with other options available, **for the landowner to sell land for development** while allowing a sufficient contribution to comply with policy requirements. This approach is often called ‘existing use value plus’ (EUV+).” [Our emphasis]*

Existing Use Value is defined within the RICS Practice Statement as:

“EUV is the value of land in its existing use, with no expectation of that use changing in the foreseeable future (based on the current edition of RICS’ Valuation of development property). PPG paragraph 015 advises specifically that the EUV excludes hope value from any assessment of the existing use value. International Valuation Standards 104 paragraph 150.1 defines current/existing use as ‘the current way an asset, liability, or group of assets and/or liabilities is used’.

If appropriate, a premium (EUV+) may be applicable with a premium defined within the RICS Practice Statement as:

“The premium should reflect the minimum return at which 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 plan policy requirements (PPG paragraphs 013 and 016).”

Paragraph 5.1.2 of the RICS Practice Statement highlights that in some instances, the BLV may sometimes be based on the Alternative Use Value (AUV) **excluding** a premium where appropriate.

The RICS Professional Statement confirms at 2.7 of the Statement that in the interest of transparency, when providing benchmark land value in accordance with the PPG, members must report the:

- **Current use value:** CUV, referred to as EUV or first component in the PPG (paragraph 015).
- **Premium:** second component as set out in the PPG (paragraph 016).
- **Market Evidence** as adjusted in accordance with PPG (paragraph 16).
- **All supporting considerations, assumptions and justifications adopted** including valuation reports, where available (see PPG paragraphs 014, 015 and 016).
- **Alternative Use Value** as appropriate (market value on the special assumption of a specified alternative use (see PPG paragraph 017).

When establishing the appropriate Benchmark Land Value, the first consideration is thus the EUV of the site, whilst the second consideration is the appropriate premium or minimum competitive return at which a reasonable landowner would sell their site based on the alternative options available to them.

6.1. Existing Use Value (EUV)

The land's existing use, as defined by PPG, is limited to the current use rather than the potential use. The PPG confirms when assessing the EUV, the following:

“EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).”

The proposed site is currently paddock land. The site is allocated in the Local Plan (Policy BO4) for 22 dwellings. Two recent planning applications for the development of 31 dwellings (F/19/85604) and 25 dwellings (F/21/89989) were refused. In the most recent refusal the principle of residential development on the site was accepted. The refusal was due to the poor design and failure to provide sufficient landscaping, affordable housing, drainage and SPA costs.

An Appeal was dismissed in relation to the first application (325475). The Inspector refused the application based on the design. In particular the refusal was based on harm to the character and appearance of the area, unacceptable living conditions, open space and drainage.

The Existing Use Value has had regard to the Local Plan Viability Study prepared by DSP in 2018. Within this study a base land value was stated as:

“The figure that we consider to represent the minimum land value likely to incentivise release for development under any circumstances in the Eastleigh Borough context is around £250,000/ha as above, based on gross (overall) site area. Land values at those levels are likely to be relevant to development on greenfield land (such as agricultural land or in cases of enhancement to amenity land value) and therefore potentially relatively commonly occurring within the land supply picture in the case of settlement extensions, where applicable, and any urban area greenfield land.

In our experience of dealing with site specific viability, greenfield land values tend to be assumed at minimum option agreement levels. These are typically around £100,000 and in our experience in any event not exceeding £150,000 per gross acre (i.e. approx. £250,000 to maximum £370,000 per gross hectare).”

Having regard to the Plan Viability Study we have applied a EUV on the site, Allocated for residential use) at £150,000 per acre. **The EUV is therefore £340,000.**

6.2. Premium

PPG confirms that land does not transact at EUV. Paragraph 016 of the PPG confirms:

“The premium (or the ‘plus’ in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.”

In this instance the EUV already accounts for the uplift in value from a paddock. However, we have also considered the potential residual land value of the site based on an Alternative Use.

6.3. Alternative Use Value

A landowner, having regard to the sites allocation, would consider the value of the site as a residential development site. A hypothetical residential scheme comprising 22 dwellings has been appraised. The details of the assumptions are detailed in the valuation report. The residual land value arrived at is £950,000.

6.4. Benchmark Land Value

Having regard to paragraph 13 of the Viability PPG. In this instance we have adopted an EUV+ approach to the BLV. We have taken the EUV of £340,000 and applied an uplift of 20% to reflect a landowner premium. The overall BLV is therefore £408,000 (rounded to £410,000).

The BLV is significantly below the market assessment for a residential scheme as currently allocated.

7.0 Viability Assessment

As noted above, in this Section 7, we review the other key viability appraisal inputs (other than the benchmark Land Value) and determine the viability of the Proposed Scheme based on current market conditions.

Our Argus Developer appraisal summary is at **Appendix 3**, but our assumptions and outcomes are summarised below.

Appendix 3 – Argus Developer Appraisal

7.1. Appraisal Inputs

7.1.1. Appraisal Revenue – Gross Development Value (GDV)

In respect of how GDV should be defined for the purpose of viability assessments, Viability PPG paragraph 11 states:

“Gross development value is an assessment of the value of development. For residential development, this may be total sales and/or capitalised net rental income from developments. Grant and other external sources of funding should be considered. For commercial development broad assessment of value in line with industry practice may be necessary.

For broad area-wide or site typology assessment at the plan making stage, average figures can be used, with adjustment to take into account land use, form, scale, location, rents and yields, disregarding outliers in the data. For housing, historic information about delivery rates can be informative.

For viability assessment of a specific site or development, market evidence (rather than average figures) from the actual site or from existing developments can be used. Any market evidence used should be adjusted to take into account variations in use, form, scale, location, rents and yields, disregarding outliers. Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.”

There have been no directly comparable sales in the immediate area. We have therefore had regard to schemes in the wider area. The closest retirement scheme is Beck Lodge, Park Gate SO31 1EZ a development of 45 apartments by Churchill Retirement. The scheme was completed in 2019 and since then 25 apartments have been sold. The 1 bed apartments have sold for an average price of £250,000 (20 sales) and the 2 bed retirement apartment average £410,000 (4 sales). The 2 bed retirement apartments are significantly larger than those proposed within the subject scheme.

In the absence of more recent sales we have had regard to the RHG methodology which establishes the current price of a 3 bed semi-detached house in the immediate area and values a one bed retirement apartment at 75% of the price and a two bed retirement apartment at 100%. The average three bed semi in Botley over the last 12 months is £350,136.

Adopting the RHG methodology would price the 1 bed retirement apartments at £262,602 (say £265,000) and a 2 bed retirement apartment at £350,136 (say £350,000).

Having regards to the above we have adopted the RHG values for the proposed scheme. In relation to the 2x 3 bed houses, these have been valued at £450,000 per unit (£400 per sq ft).

Total Gross Development Value for the site is therefore £16,380,000.

7.2. Appraisal Outlay – Land, Residential Building, Marketing and S106 Costs

7.2.1. Land Acquisition Costs

The Argus Developer appraisal has been set up to provide a residual land value, having fixed the development profit. The result of the appraisal, the 'Residualised Amount' is compared against the Benchmark Land Value to consider if there is a surplus which can be made available for S106/Off-Site Affordable Housing contributions.

The residual price allows for land acquisition costs at the prevailing rate.

7.2.2. Constructions Costs

Regarding development costs, Viability PPG paragraph 12 states the following:

“Assessment of costs should be based on evidence which is reflective of local market conditions. As far as possible, costs should be identified at the plan making stage. Plan makers should identify where costs are unknown and identify where further viability assessment may support a planning application.

Costs include:

- *build costs based on appropriate data, for example that of the Building Cost Information Service*
- *abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value*
- *site-specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy. These costs should be taken into account when defining benchmark land value*

- *the total cost of all relevant policy requirements including contributions towards affordable housing and infrastructure, Community Infrastructure Levy charges, and any other relevant policies or standards. These costs should be taken into account when defining benchmark land value*
- *general finance costs including those incurred through loans*
- *professional, project management, sales, marketing and legal costs incorporating organisational overheads associated with the site. Any professional site fees should also be taken into account when defining benchmark land value*
- *explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return"*

In line with the PPG, we have undertaken research using BCIS Review Online. The Building Cost Information Service (BCIS) produces detailed cost information and indices and is a recognised source of assessing build costs when testing viability.

BCIS average costs are provided at mean, median, and upper quartile rates (as well as lowest, lower quartile and highest, upper quartile). BCIS confirm the following in relation to each definition:

Mean – *This is what most people think as the average. It is the sum of the rates in the sample divided by the number of units in the sample. The mean is affected by all rates in the sample and can be unduly influenced by one or two extreme values when the sample size is small. The mean is particularly relevant when you are choosing a rate to be applied across an estate of buildings.*

Median - *The middle statistic (not the middle of the range). Unlike mean, this is not as easily affected by rouge figures. It is not the 'typical' rate (see Mode) but can be used as such in most cases. This is probably the best figure to use when choosing a rate for a single typical building.*

25% (Lower Quartile) – *just as the median is the middle statistic, the lower quartile is the statistic which is one quarter of the way up a list of order rates, i.e. 25% of rates fall below the lower quartile and 75% above.*

If you judge your project to be below average cost, then this figure will give you an indication of an appropriate rate.

75% (Upper Quartile) – *just like the lower quartile. You can expect half of all the rates lie between the lower and upper quartile. If you judge your project to be above average cost, then this figure will give you an indication of an appropriate rate.*

We have adopted the Median rate i.e. the best rate for a typical building.

BCIS Average cost information is available on a default basis which includes all historic data with a weighting for the most recent, or for a selected maximum period ranging from 5 to 40 years. The default data is now based on projects that are up to 15 years old except where this would result in the sample size being less than four projects, when a longer period will be used. We generally consider both default and maximum 5-year average prices; the latter are more likely to reflect current regulations, specification, technology and market requirements.

In reviewing the build cost for the proposed scheme we have considered the Sheltered Housing Index rebased for Hampshire (3-Storey) and General Housing (default). We detail below the BCIS Index results:

Date:	June 2024	Date:	June 2024
Type:	Sheltered Housing	Type:	Estate Housing – Semi Detached
Default:	£1,810/m ² (Sample 44)	Default:	£1,594/m ² (Sample 356)

A copy of the BCIS extracts are at **Appendix 4**.

Appendix 4 – BCIS Extracts

In addition to the core build cost we have added cost to comply with Part L and O of the updated building regulation at £4,000 per unit.

BCIS costs only reflect the cost to construct the building itself (foundations up) and exclude site works and external costs. It is typical to apply a rate of between 8%-15% for these costs. Having regard to the external areas in this case (car parking and landscaping with limited access road/service road) we have added an appropriate 8% for general external works.

There are some additional abnormal costs associated with the development of this site that are detailed below:

A contingency allowance of 5% is typically the norm for a scheme such as this and has been applied to all construction costs.

7.2.3. Professional Fees

Professional building design fees (Architect QS etc.) are assumed to be 8% of the total construction cost to include all planning and building regulation fees.

7.2.4. Marketing and Sales Fees

Typically, Marketing Costs (including show home, brochures etc.) for retirement schemes are in the order of 6%+ (including sale agent's fees).

Retirement housing is a specialist product aimed at elderly homeowners. Generally, the purchaser funds the purchase exclusively from savings and/or proceeds from the sale of their current home. The average age of a typical purchaser is 70+ and widowed. This limits the market for the product and requires considerable resource for each sale often to both the purchaser and their extended family. Marketing involves targeting and direct contact of potential purchasers from the moment a scheme starts construction to the last sale of the scheme. Throughout this sale period, a sales office (typically one of the apartments adapted for the purpose) and several furnished 'show' apartments must be maintained on site with sales consultants employed full time 7 days a week.

Retirement housing purchasers do not typically buy units 'off-plan' they need to see the finished product. The requirement to buy comes from a physical need and thus are not purchased speculatively (unlike the open market). All development costs are therefore committed and incurred prior to any sale. The marketing and sales cost allowance is therefore higher than the open market equivalent and has been endorsed as appropriate at a number of Appeals including Sale (**PINS Ref: Q4245/W/23/3325034**) Clacton-on-Sea (**PINS Ref: PP/P1560/A/11/2161214**), Hunstanton (**PINS Ref: APP/V2635/A/14/2217840**) and Redditch (**PINS Ref: APP/Q1825/W/17/3166677**) – all schemes Alder King have had a direct involvement with.

In this instance, combined Marketing (3%) and Sales costs (2%) allowances are assumed, amounting to 5% of each sale.

7.2.5. Disposal Fees

Legal costs on open market sales equate to £750 per unit.

7.2.6. Additional Costs

Empty Property Costs (EPCs) – EPCs are an industry accepted cost of retirement apartment development and are widely accepted by third party reviewers as being a valid cost to be included within the appraisal. EPCs reflect the costs that have to be borne by the developer until the scheme is fully sold out. Retirement apartment developments are built in a single phase and the building is fully energised on practical completion.

The EPCs cover the provision of background heating to the empty apartments, the maintenance and upkeep of the communal facilities and the employment of the Estate Manager, who is onsite from first occupation. The costs are covered by the service charge once all apartments are sold.

However, until such time that the scheme is fully sold, the shortfall in service charge income must be met by the developer as the costs must be met irrespective of the number of occupiers in the building and are payable from the scheme's first occupation. In addition, council tax payments will need to be met on the empty units until they are sold. We have allowed for Council Tax to be charged at 100% from month 2 of the sales programme. We note that as from April 2024, Councils have the ability to charge a Council Tax premium of an additional 100% of Council Tax after 12 months. We have not factored this into the EPC calculations at the current time but if confirmed by the Council that they intend to implement this 'premium' the EPC costs are likely to increase.

An allowance for Empty Property Costs (Unsold Unit Fees) for the development has thus been made over the 30-month sales period. This equates to **£201,576** as shown on the Schedule at **Appendix 5**.

Appendix 5 – Empty Property Costs Schedule

7.2.7. Section 106 Costs

The appraisal allows for the following Sec106 costs:

- Solent SPA:	£30,050
- New Forest SPA:	£162,000
- Nitrates:	£100,672
- BNG (credit):	£100,000*

*BNG credit is an estimate and may be adjusted during the course of this application.

7.2.8. Development Programme/Timing Assumptions

In terms of timing, it is assumed that construction would commence at month 7, i.e. following a 6-month lead-in period to receive all necessary consents and discharge conditions. The construction period is assumed to be 15 months for the whole scheme with Practical Completion at the end of month 21 and the overall scheme end date is assumed to be in month 51 i.e. following a 30-month sales period. The average rate of sale over the sale period is 1.73 per month.

7.2.9. Finance Costs

Where development finance is available (which having been available for a select number of situations is now improving) lenders are currently charging 3 - 5% above LIBOR. Arrangement fees (1-3%), monitoring fees (2-5%) and exit fees (1% of GDV) amongst other fees can be added costs dependant on the status of the borrower. These lending terms have emerged due to the bank's perceived risk of residential development in the current market.

An extract from the Investment Property Forum (IPF) 'UK Development Finance Review 2015' confirms the range of fees that banks may charge:

"Fees are a significant feature of development finance and they often pose a challenge when attempting to compare all-in financing costs because of their variation. Many lenders offering the lowest margins will demand higher fees or impose more types of fees."

The spectrum of fees a bank lender may require will include front end (i.e. arrangement) fees, exit fees, non-utilisation fees, hedging fees, booking fees for residential (as each unit is sold) and, occasionally, pre-payment fees. In addition, there may be an array of management and monitoring fees, while agency fees will be payable if the deal is a club or syndication."

Over the last 24 months interest rates have risen significantly as the Bank of England has attempted to control inflation. In January 2022 the base rate was 0.25%. At the time of reporting the base interest rate is 5.25%, As a result funding rates have also increased dramatically.

In this instance we have adopted an 'all-in' debit interest rate of 8% together with a credit rate of 2%, with no additional allowance for fees, which we consider to be an optimistic generic assumption for a development of this nature in the current market.

7.2.10. Developer's Return for Risk and Profit

Paragraph 18 of the Viability PPG sets out how the appropriate return to developer should be defined for the purpose of viability assessments. It states:

"Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks. The cost of complying with policy requirements should be accounted for in benchmark land value. Under no circumstances will the price paid for land be relevant justification for failing to accord with relevant policies in the plan."

For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types."

The typical Retirement Housing apartment schemes built by McCarthy Stone (and others) differ from and have a higher risk profile compared to general needs housing in the following ways:

- Retirement living housing must be fully completed and operationally ready before sales commences as older people are less likely to buy 'off plan' without seeing for example the benefit of the communal facilities.
- The above provides a slower return on investment and a longer period of uncertainty in the market and cost exposure. This risk is particularly pronounced in periods of market uncertainty when sales rates are slow. This is the case in the current market where we are seeing access to development finance tightening with lenders increasing borrowing rates and demanding higher coverage in the form of higher developer returns.
- A restricted occupancy also limits the marketability of such housing in comparison to general needs development. The sector does not benefit from Government incentives such as First Homes. A slow down in the wider market also means that sales for older persons housing also slow down given that such sales are often at the end of a much longer chain. We are now seeing sales transactions across the wider market slow considerably as a result of increased mortgage rates and affordability issues for prospective purchasers across the market.
- The NPPG recognises that viability for older peoples housing differs from general needs housing (NPPG Paragraph 007) and that it is appropriate for local planning authorities to recognise this at both the plan making and decision taking level.

As such, it is the current accepted norm of the marketplace that the appropriate developer profit level for specialist retirement housing represents a minimum of 20% Profit on GDV.

Recent Appeal Decisions concerning retirement housing include Cheam (**PINS Ref: APP/P5870/W/16/3159137**), Redditch (**PINS Ref: APP/Q1825/W/17/3166677**), West Bridgford (**PINS Ref: APP/P3040/W/19/3229412**) and Sale (**PINS Ref: Q4245/W/W23W/3325034**) have confirmed this position.

7.3. Appraisal Summary

The Argus Developer model has been utilised to establish whether the Proposed Scheme provides any surplus for S106 developer contributions, including an amount towards off-site Affordable Housing.

The table overleaf details the inputs and outcome of the residual appraisal. The residual amount (land value) is then compared against the benchmark land value to establish whether there is a surplus above the BLV to provide for planning obligations.

In this instance it is clear that the proposed scheme does not meet the BLV and is therefore unviable.

Appraisal Summary			
Appraisal Revenue:			
	Units	£/Unit	Total (£)
Retirement Living Apartments – 1 Bed	32	4,938.85	265,000
Retirement Living Apartments – 2 Bed	20	4,666.84	350,000
Semi-Detached Houses – 3 Bed	2	4,326.92	450,000
Net Development Value/Net Realisation			16,380,000
Appraisal Outlay:			
Core Construction Cost	BCIS	1,800.54	8,478,362
External Costs	8%		678,269
Part L & O	£4,000/Unit		216,000
Contingency	5%		468,632
Professional Fees	8%		749,810
Sales & Marketing Fees	5%		859,500
Sales Legal Fee	£750/Unit		40,500
Additional Costs –			
Empty Property Costs			201,576
Solent SPA			30,050
New Forest SPA			162,000
Nitrates (Mitigation)			100,672
BNG (Credit)			100,000
Finance			847,128
Developers Profit		20% of GDV	3,276,000
Residualised Price (Net of Purchaser's Costs):			208,355
Benchmark Land Value:			410,000
Surplus/(Deficit):			(£201,645)

8.0 Sensitivity Analysis

The viability of a development scheme when calculated by the residual method can be affected by variations in Gross Development Value, Build Costs and to a lesser extent by variations in planning obligations, finance costs, phasing/build and sales rates and industry expectations as to profit margins.

We set out below a 'sensitivity analysis' schedule showing the effect of percentage changes in Gross Development Value and Build Costs to the viability of the scheme. We have adjusted the core build rate and GDV by increases and decreases of 5%. The Sensitivity Analysis displays the Residual Land Value generated from each scenario, which can then be compared against the Benchmark Land Value to understand if a surplus or deficit is produced for planning obligations, including offsite affordable housing commuted payment.

The sensitivity is run off an appraisal that has no allowance for contributions and considers the change in RLV against variations of build cost and GDV (up and down) from the stated position. The sensitivity appraisal simply residualises the land and therefore the starting position is a RLV that is then compared against the BLV.

Sensitivity Analysis Report									
Table of Land Cost and Profit on GDV%									
Construction: Cost / Unit									
Sales: Sales / Unit	-10.000%	-7.500%	-5.000%	-2.500%	0.000%	2.500%	5.000%	7.500%	10.000%
-10.000%	-110,669	128,015	373,107	618,783	865,139	1,111,494	1,358,931	1,606,374	1,853,816
	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%
-7.500%	-367,898	-135,091	102,418	347,365	592,851	839,206	1,085,562	1,332,744	1,580,187
	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%
-5.000%	-625,126	-392,319	-159,509	76,822	321,623	566,918	813,274	1,059,629	1,306,557
	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%
-2.500%	-882,355	-649,548	-416,741	-183,933	51,225	295,881	541,080	787,341	1,033,696
	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%
0.000%	-1,139,583	-906,776	-673,969	-441,162	-208,355	25,629	270,139	515,338	761,408
	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%
2.500%	-1,396,812	-1,164,005	-931,198	-698,391	-465,584	-232,776	32	244,396	489,596
	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%
5.000%	-1,654,041	-1,421,234	-1,188,426	-955,619	-722,812	-490,005	-257,198	-24,391	218,654
	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%
7.500%	-1,911,269	-1,678,462	-1,445,655	-1,212,848	-980,041	-747,234	-514,426	-281,619	-48,812
	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%
10.000%	-2,168,498	-1,935,691	-1,702,884	-1,470,076	-1,237,269	-1,004,462	-771,655	-538,848	-306,041
	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%

A copy of the Sensitivity Analysis is at Appendix 6.

Appendix 6 – Sensitivity Analysis

9.0 Conclusion

Our Financial Viability Assessment and review of the proposed retirement development leads us to conclude there is no financial headroom available for planning obligations, after accounting for the anticipated gross sales receipts and all reasonable aspects of the outlay necessary.

Completed by:

A black rectangular box redacting the signature of R James Mackay.

**R James Mackay MRICS
RICS Registered Valuer
Partner**

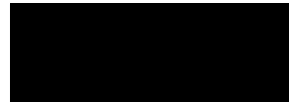
**For and on behalf of
Alder King LLP**

Tel: 07778 942321

Email:

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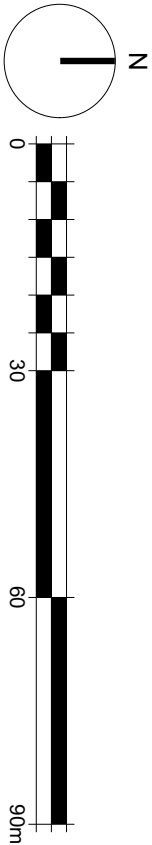
Reviewed by:

A black rectangular box redacting the signature of Samuel Carson.

**Samuel Carson MRICS
RICS Registered Valuer
Associate**

**For and on behalf of
Alder King LLP**

Appendix 1: Site Location Plan



FOR GREENFILE



McCARTHY STONE
Life, well lived

LOCATION PLAN

Rev	Description	Date	DB	CB
-----	-------------	------	----	----

PROJECT	JOB NO
Boorley Green	24.013
SCALE	DATE
1:1000@A3	February 2024
DRAWN BY/CHECKED BY	REVISION
CK / SK	
DWG#	
SO_2977_02_AC_001	

hgp

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01329 283 225
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hgp-architects.co.uk

Appendix 2: Scheme Drawings and Accommodation Schedule

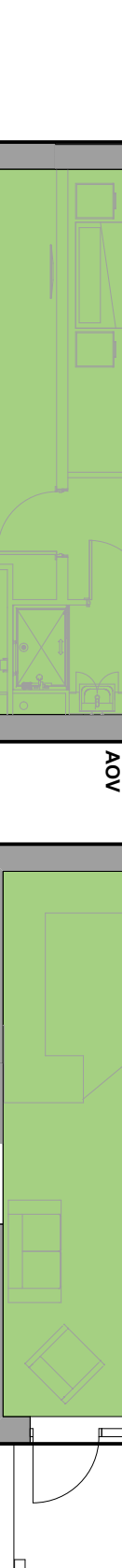
Botley Green Accommodation Schedule (Updated)

Floor	Plot No	Type	Actual Area (m2)	Beds
Ground	1		61.01	1
Ground	2		72.28	2
Ground	3		51.94	1
Ground	4		71.27	2
Ground	5		51.94	1
Ground	6		51.94	1
Ground	7		51.94	1
Ground	8		51.94	1
Ground	9		73.43	2
Ground	10		51.84	1
Ground	11		51.84	1
Ground	12		51.84	1
Ground	13		51.84	1
Ground	14		73.43	2
Ground	15		73.11	2
Ground	16		73.11	2
Ground	17		52.04	1
Ground	18		61.01	1
First	19		61.01	1
First	20		72.28	2
First	21		51.94	1
First	22		71.27	2
First	23		71.27	2
First	24		51.94	1
First	25		51.94	1
First	26		51.94	1
First	27		51.94	1
First	28		73.43	2
First	29		51.84	1
First	30		51.84	1
First	31		71.27	2
First	32		51.84	1
First	33		51.84	1
First	34		73.43	2
First	35		73.11	2
First	36		73.11	2
First	37		52.04	1
First	38		79.83	2
First	39		52.04	1
First	40		52.04	1
Second	41		61.01	1
Second	42		72.28	2
Second	43		51.94	1
Second	44		71.27	2
Second	45		61.18	1
Second	46		90.47	2
Second	47		90.47	2
Second	48		61.18	1
Second	49		52.04	1
Second	50		79.83	2
Second	51		52.04	1
Second	52		52.04	1

Units	m2	Av. Size
32	1717	54
20	1500	75
52	3217	
GIA	4501	71.5%



PROPOSED GROUND FLOOR	JOB NO
PROJECT	24.013
Boorley Green	DATE
SCALE	February 2024
1:1000 @ A1	REVISION
DRAWN BY	
EDMUND BYCHECKED BY	
CK/SK	
DWG#	
SO.297.02.AC.011	



Life, well lived

FLOOR

PROPOSED FIRST FLOOR

McCarthy Stone

Life, well lived

PROJECT

Boorley Green

SCALE

1/100 @A1

DRAWN BY/CHECKED BY

CK / SK

DWG#

SO. 2977.02.AC.012

JOB NO

24.013

DATE

February 2024

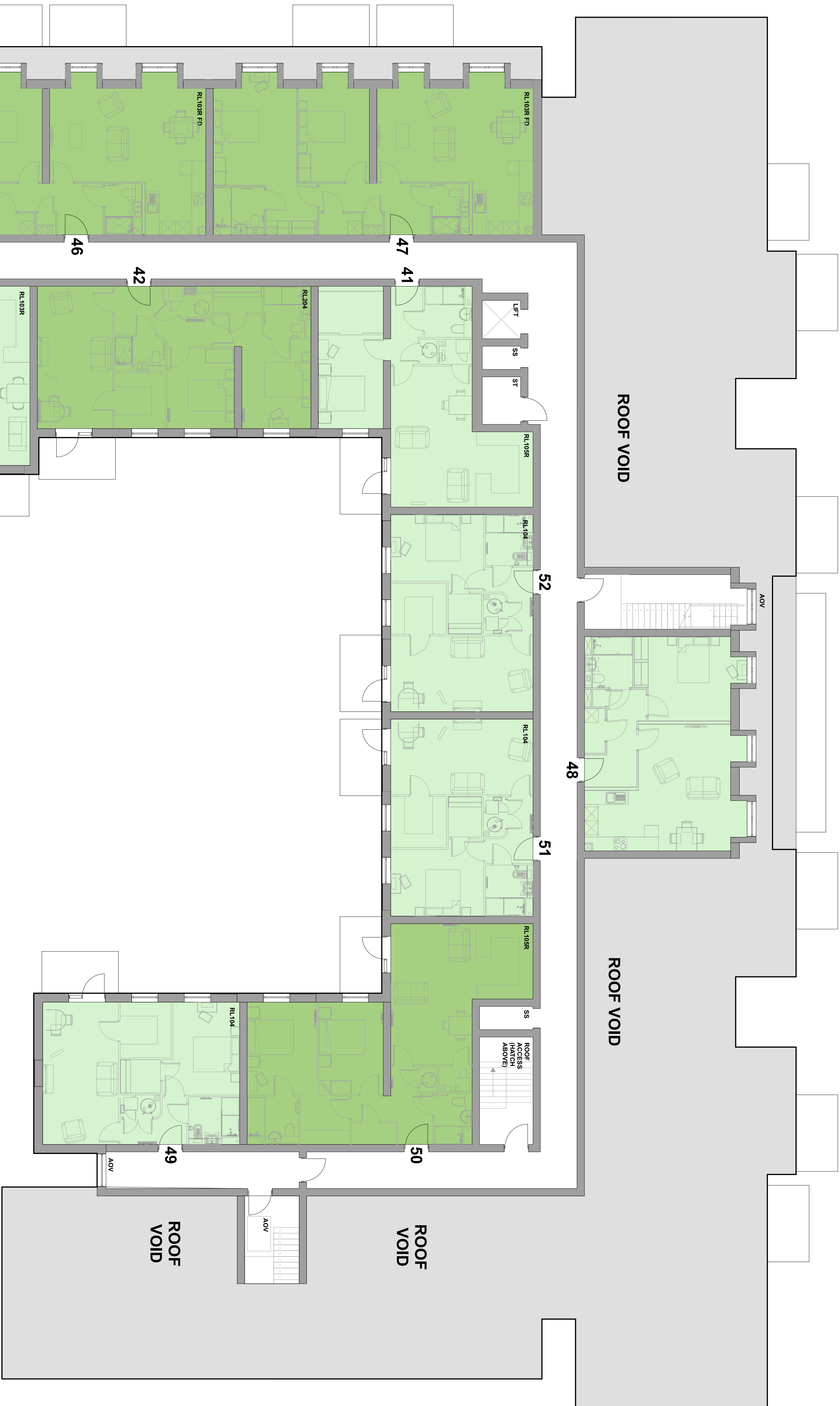
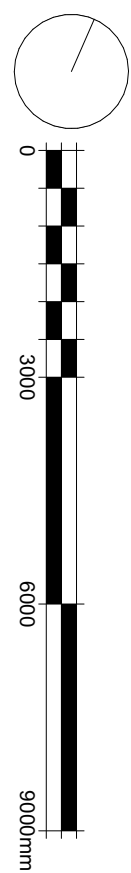
REVISION

Rev Description

Date

DB

CB



MC CARTHY STONE
Life, well lived

PROPOSED SECOND FLOOR

Draw Description	Date	DB	CB
PROJECT			JOB NO
Boothley/ Green			24.013
SCALE			DATE
1/100 @ A1			February 2024
DRAWN BY/CHECKED BY			REVISION
CK / SK			
DWG#			
SO. 2977.02.AC.013			

Appendix 3: ARGUS Summary Appraisal

APPRAISAL SUMMARY

ALDER KING LLP

BOTLEY, Hampshire
McCarthy Stone

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m²	Sales Rate m²	Unit Price	Gross Sales
1 Bed Retirement Living Apartment	32	1,717.00	4,938.85	265,000	8,480,000
2 Bed Retirement Living Apartment	20	1,499.95	4,666.84	350,000	7,000,000
3 Bed House	<u>2</u>	<u>208.00</u>	4,326.92	450,000	<u>900,000</u>
Totals	54	3,424.95			16,380,000

NET REALISATION **16,380,000**

OUTLAY

ACQUISITION COSTS

Residualised Price		208,355	
			208,355
Agent Fee	1.00%	2,084	
Legal Fee	0.75%	1,563	
			3,646

CONSTRUCTION COSTS

Construction	m²	Build Rate m²	Cost
1 Bed Retirement Living Apartment	2,402.00	1,810.00	4,347,620
2 Bed Retirement Living Apartment	2,099.00	1,810.00	3,799,190
3 Bed House	<u>208.00</u>	<u>1,594.00</u>	<u>331,552</u>
Totals	4,709.00 m²		8,478,362
Contingency		5.00%	468,632
			8,946,994

Other Construction Costs

External Costs		8.00%	678,269
Empty Property Costs			201,576
Part L & O	54.00 un	4,000.00 /un	216,000
			1,095,845

Section 106 Costs

Solent SPA			30,050
New Forest SPA			162,000
Nitrates			100,672
BNG			100,000
			392,722

PROFESSIONAL FEES

Other Professional Fees		8.00%	749,810
			749,810

MARKETING & LETTING

Marketing		3.00%	491,400
			491,400

DISPOSAL FEES

Sales Agent Fee		2.00%	327,600
Sales Legal Fee	54.00 un	750.00 /un	40,500
			368,100

TOTAL COSTS BEFORE FINANCE **12,256,872**

FINANCE

Timescale	Duration	Commences
Pre-Construction	6	Jul 2024
Construction	15	Jan 2025
Sale	30	Apr 2026
Total Duration	51	

Debit Rate 8.000%, Credit Rate 2.000% (Nominal)

Land		29,930
Construction		494,631
Other		322,567
Total Finance Cost		847,128

TOTAL COSTS **13,104,000**

BOTLEY, Hampshire
McCarthy Stone
PROFIT

3,276,000

Performance Measures

Profit on Cost%	25.00%
Profit on GDV%	20.00%
Profit on NDV%	20.00%
IRR% (without Interest)	26.77%
Floor Area Ratio	0.00%

Appendix 4: BCIS Extracts

£/M2 STUDY

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

Last updated: 15-Jun-2024 07:39

Rebased to Hampshire (106; sample 337)

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								
810. Housing, mixed developments (15)	1,636	879	1,417	1,581	1,793	4,075	1281	
810.1 Estate housing								
Generally (15)	1,619	831	1,371	1,556	1,774	5,554	1411	
Single storey (15)	1,841	1,085	1,551	1,766	2,019	5,554	235	
2-storey (15)	1,559	831	1,344	1,510	1,708	3,369	1095	
3-storey (15)	1,688	1,001	1,417	1,625	1,930	3,268	76	
4-storey or above (15)	3,380	1,642	2,716	3,032	4,514	4,995	5	
810.11 Estate housing detached (15)	2,155	1,193	1,627	1,810	2,396	5,554	19	
810.12 Estate housing semi detached								
Generally (15)	1,633	951	1,388	1,594	1,784	3,589	356	
Single storey (15)	1,815	1,171	1,579	1,781	1,974	3,589	80	
2-storey (15)	1,579	951	1,375	1,528	1,732	2,755	265	
3-storey (15)	1,617	1,190	1,307	1,536	1,913	2,299	11	
810.13 Estate housing terraced								
Generally (15)	1,639	956	1,346	1,541	1,783	4,995	229	

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
Single storey (15)	1,873	1,195	1,554	1,862	2,182	2,634	18	
2-storey (15)	1,569	956	1,328	1,502	1,707	3,369	177	
3-storey (15)	1,698	1,001	1,413	1,589	1,859	3,268	32	
816. Flats (apartments)								
Generally (15)	1,909	943	1,583	1,800	2,151	6,493	811	
1-2 storey (15)	1,803	1,097	1,520	1,702	2,008	3,598	173	
3-5 storey (15)	1,886	943	1,583	1,793	2,126	3,942	541	
6 storey or above (15)	2,240	1,368	1,817	2,122	2,420	6,493	94	
843. Supported housing								
Generally (15)	2,043	1,037	1,695	1,890	2,263	4,132	130	
Single storey (15)	2,408	1,468	1,877	2,337	2,514	4,132	13	
2-storey (15)	2,056	1,049	1,685	1,853	2,393	3,596	44	
3-storey (15)	1,886	1,037	1,697	1,810	2,081	2,800	44	
4-storey or above (15)	2,086	1,274	1,671	1,941	2,120	3,995	26	
843.1 Supported housing with shops, restaurants or the like (15)	1,953	1,237	1,639	1,850	2,119	3,260	36	

Appendix 5: Empty Property Cost Schedule

Botley Green
Empty Property Costs
Retirement Living Plus Block

Council Tax Calculation

1 bed apartment - Band C
2 bed apartment - Band D

Per Year	Per Month	Saleable No.	Total/month
£ 1,890.36	£157.53	32	£5,040.96
£ 2,126.65	£177.22	20	£3,544.42
		52	£8,585.38
average per unit per month =			£165.10

Service Charge (source: McCarthy & Stone)

1 Bed apt @ £2,544 per annum
2 Bed apt @ £3,815 per annum

Per Month	Saleable No.	Total/month
£212.00	32	£6,784.00
£317.92	20	£6,358.40
	52	£13,142.40
average per unit per month =		£252.74

Monthly Budget

Month	Sales Rate		Unsold Units	Service Charge	Costs		
	%	No. of Sales			Council Tax	Electricity	Total pcm
Assumed Cost per month				£253	£165	£25	
0			52				
1	30%	16	36.0	£9,099	£0	£900	£9,999
2			34.4	£8,685	£5,944	£859	£15,488
3			32.7	£8,271	£5,403	£818	£14,493
4			31.1	£7,858	£5,133	£777	£13,768
5			29.5	£7,444	£4,863	£736	£13,044
6			27.8	£7,031	£4,593	£695	£12,319
7	35%	18	26.2	£6,617	£4,323	£655	£11,594
8			24.5	£6,204	£4,053	£614	£10,870
9			22.9	£5,790	£3,782	£573	£10,145
10			21.3	£5,376	£3,512	£532	£9,420
11			19.6	£4,963	£3,242	£491	£8,696
12			18.0	£4,549	£2,972	£450	£7,971
13			16.9	£4,275	£2,793	£423	£7,491
14			15.8	£4,002	£2,614	£396	£7,012
15			14.8	£3,728	£2,435	£369	£6,532
16			13.7	£3,454	£2,256	£342	£6,052
17			12.6	£3,180	£2,078	£315	£5,572
18	25%	13	11.5	£2,906	£1,899	£288	£5,093
19			10.4	£2,633	£1,720	£260	£4,613
20			9.3	£2,359	£1,541	£233	£4,133
21			8.3	£2,085	£1,362	£206	£3,653
22			7.2	£1,811	£1,183	£179	£3,174
23			6.1	£1,537	£1,004	£152	£2,694
24			5.0	£1,264	£826	£125	£2,214
25			4.2	£1,053	£688	£104	£1,845
26			3.3	£842	£550	£83	£1,476
27	10%	5	2.5	£632	£413	£63	£1,107
28			1.7	£421	£275	£42	£738
29			0.8	£211	£138	£21	£369
30			0.0	£0	£0	£0	£0
			52	£118,282	£71,595	£11,700	£201,576
Av Rate of Sale			1.73	per month	Cost		

Appendix 6: Sensitivity

BOTLEY, Hampshire
McCarthy Stone

Table of Land Cost and Profit on GDV%

Construction: Cost / Unit							
Sales: Sales / Unit	-10.000%	-7.500%	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
-10.000%	(£110,669) 20.000%	£128,015 20.000%	£373,107 20.000%	£618,783 20.000%	£865,139 20.000%	£1,111,494 20.000%	£1,358,931 20.000%
-7.500%	(£367,898) 20.000%	(£135,091) 20.000%	£102,418 20.000%	£347,365 20.000%	£592,851 20.000%	£839,206 20.000%	£1,085,562 20.000%
-5.000%	(£625,126) 20.000%	(£392,319) 20.000%	(£159,509) 20.000%	£76,822 20.000%	£321,623 20.000%	£566,918 20.000%	£813,274 20.000%
-2.500%	(£882,355) 20.000%	(£649,548) 20.000%	(£416,741) 20.000%	(£183,933) 20.000%	£51,225 20.000%	£295,881 20.000%	£541,080 20.000%
0.000%	(£1,139,583) 20.000%	(£906,776) 20.000%	(£673,969) 20.000%	(£441,162) 20.000%	(£208,355) 20.000%	£25,629 20.000%	£270,139 20.000%
+2.500%	(£1,396,812) 20.000%	(£1,164,005) 20.000%	(£931,198) 20.000%	(£698,391) 20.000%	(£465,584) 20.000%	(£232,776) 20.000%	£32 20.000%
+5.000%	(£1,654,041) 20.000%	(£1,421,234) 20.000%	(£1,188,426) 20.000%	(£955,619) 20.000%	(£722,812) 20.000%	(£490,005) 20.000%	(£257,198) 20.000%
+7.500%	(£1,911,269) 20.000%	(£1,678,462) 20.000%	(£1,445,655) 20.000%	(£1,212,848) 20.000%	(£980,041) 20.000%	(£747,234) 20.000%	(£514,426) 20.000%
+10.000%	(£2,168,498) 20.000%	(£1,935,691) 20.000%	(£1,702,884) 20.000%	(£1,470,076) 20.000%	(£1,237,269) 20.000%	(£1,004,462) 20.000%	(£771,655) 20.000%

Sensitivity Analysis : Assumptions for Calculation
Construction: Cost / Unit

Original Values are varied by Steps of 2.500%.

Heading	Phase	Amount	No. of Steps
1 Bed Retirement Living Apartment	1	£135,863	4.00 Up & Down
2 Bed Retirement Living Apartment	1	£189,960	4.00 Up & Down
3 Bed House	1	£165,776	4.00 Up & Down

Sales: Sales / Unit

Original Values are varied by Steps of 2.500%.

Heading	Phase	Amount	No. of Steps
1 Bed Retirement Living Apartment	1	£265,000	4.00 Up & Down
2 Bed Retirement Living Apartment	1	£350,000	4.00 Up & Down
3 Bed House	1	£450,000	4.00 Up & Down

BOTLEY, Hampshire
McCarthy Stone

+7.500%	+10.000%
£1,606,374	£1,853,816
20.000%	20.000%
£1,332,744	£1,580,187
20.000%	20.000%
£1,059,629	£1,306,557
20.000%	20.000%
£787,341	£1,033,696
20.000%	20.000%
£515,338	£761,408
20.000%	20.000%
£244,396	£489,596
20.000%	20.000%
(£24,391)	£218,654
20.000%	20.000%
(£281,619)	(£48,812)
20.000%	20.000%
(£538,848)	(£306,041)
20.000%	20.000%



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