



FINANCIAL VIABILITY ASSESSMENT

**Land at Kings Copse Avenue, Eastleigh
November 2025**

Contents

Executive Summary.....	ii
1.0 Introduction	1
2.0 Background.....	3
3.0 Viability in Planning – Policy Context.....	4
4.0 Assessment Overview	6
5.0 Planning Application & Residential Mix	7
6.0 Benchmark Land Value	8
7.0 Viability Assessment.....	11
8.0 Sensitivity Testing	18
9.0 Conclusion	19

Appendices

- Appendix 1: Site Layout and Location Plan
- Appendix 2: ARGUS Developer Appraisal Summary
- Appendix 3: BCIS Allowances
- Appendix 4: Abnormal Development and S106 Costs
- Appendix 5: ARGUS Developer Sensitivity Summary

Executive Summary

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

Date of Assessment: November 2025.

Property Type/Use: Greenfield site benefiting from allocation for residential development within existing EBC Local Plan (2016 – 2036).

Proposed Scheme:

Type	No. of Units
1 Bed Apartment	50
2 Bed Apartment	40
2 Bed House	42
3 Bed House	34
4 Bed House	26
Total Units	192

Planning Application Description

“Residential development of 192 dwellings comprising houses and apartments, to include access, parking, landscaping and other associated works, along with off-site footway and bridleway improvements.”

Planning Application Reference

Eastleigh Borough Council Reference: F/25/100141

Planning Policy

Eastleigh Borough Council Local Plan (2016 – 2036) Adopted April 2022

Policy DM28: Delivering Affordable Housing

35% Affordable Housing on developments where the proposal comprises the following:

- sites of 0.5 ha or more and on sites with, or capable of accommodating, 10 dwellings or more; or
- a maximum combined gross floorspace of more than 1,000 sq.m; unless
- 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.

Community Infrastructure Levy (CIL)

Eastleigh Borough Council are not a CIL charging authority.

Viability Assessment and Conclusion:

Viability Assessment Conclusion	35% Affordable Housing	0% Affordable Housing
Residual Land Value	(£732,911)	£3,843,721
Benchmark Land Value	£5,160,000	£5,160,000
Surplus/Deficit	(£5,892,911)	(£1,316,279)
Target Developer Return (% GDV)	15.53%	18.00%
Actual Developer Return (% of GDV)	4.89%	16.02%

The Residual Land Value for the proposed scheme with 35% affordable housing is (£732,911). After allowing for the Benchmark Land Value of £5,160,000 a deficit of (£5,892,911) is produced. When lowering the affordable housing provision to 0% (100% market housing), the Residual Land Value equates to £3,843,721. After allowing for the Benchmark Land Value of £5,160,000 a deficit of (£1,316,279) is produced.

Our Financial Viability Assessment and review of the proposed residential development leads us to conclude that there is no headroom available for affordable housing provision after accounting for the anticipated gross sales receipts and all reasonable aspects of outlay necessary including the s.106 planning obligations associated with the scheme as advised by Eastleigh Borough Council.

1.0 Introduction

We are instructed by Eastleigh Borough Council (EBC), herein referred to as the “Applicant”, to undertake a Financial Viability Assessment (FVA) for the proposed development of the Property located at and known as: **Kings Copse Avenue, Eastleigh, Hampshire** (the Property).

This independent FVA is to provide support to the Applicant in demonstrating to the local planning authority, Eastleigh Borough Council (EBC), the level of affordable housing and Section 106 contribution that the scheme can viably support.

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 either applicant on this site or any other third party aside

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 2024 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 (November 2025). 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 & Layout Plans	Applicant	November 2025
Abnormal Development & S106 Costs	Applicant	November 2025

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 – effective 31st January 2025 – (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 Applicant residual appraisal software. Argus Applicant is an established property development appraisal software program used by owners, commercial Applicants, house builders, land Applicants, 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 and whole site layout plan showing the extent of the Property for identification purposes is included at **Appendix 1**.

Appendix 1 – Location & Layout Plan

2.1. Property Location

The Property is located in Eastleigh, Hampshire. Eastleigh is situated to the north of the larger settlement of Southampton and south of Winchester. Eastleigh is accessed via both the M3 and M27 motorways. The Property is situated within the Hedge End suburb of Eastleigh with vehicular access via Kings Copse Avenue and Tanhouse Lane.

The Property currently comprises greenfield land used for grazing purposes, extending to approximately 17.2 acres (6.9 hectares). Boundaries of the site include residential units to the north (Ambleside), Kings Copse Avenue to the west and established woodland to the east.

The Property is situated approximately 0.5km north of the Bargate Homes/Vivid Housing development of “Hamblewood”. The Application (Reference: F/19/86829) was approved in September 2021 and is described as follows:-

“Demolition of the existing farmhouse and associated former farm buildings, the creation of a new access onto Heath House Lane, and the erection of 123 dwellings together with internal roads, pumping station, landscaping and drainage provision (amended scheme)”

3.0 Viability in Planning – Policy Context

3.3. National Planning Policy Framework (NPPF) 2024 & Planning Practice Guidance (PPG)

In December 2024 the Government published a revised version of the National Planning Policy Framework (NPPF). This revised document replaces the previous National Planning Policy Framework which was first published on 27th March 2012 and updated on 24th July 2018, 19th February 2019, 20th July 2021, 5th September 2023 and 20th December 2023.

The relevant planning practice guidance in relation to viability was last updated in December 2024 which sets out key principles in understanding viability in plan making and decision taking. The most important revision is in respect of land value.

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

3.4. Local Affordable Housing Policy – Eastleigh Borough Council (EBC)

The Eastleigh Borough Council Local Plan 2016 – 2036 was adopted on 25th April 2022. This document outlines the policies and plans to guide future development to 2036. It will be used to determine planning applications in the Borough and replaces the ‘saved’ policies in the Adopted Local Plan 2001-2011.

3.5. Policy DM28, Delivering affordable housing:

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.

3.6. Policy BO3, Land east of Kings Copse Avenue and east of Tanhouse Lane

The subject Property is allocated for residential development under Policy BO3 of the current Local Plan. This policy is detailed as follows:-

“An area of approximately 6.96 ha of land on the eastern side of Kings Copse Avenue and Tanhouse Lane, as defined by the policies map, is allocated for development to include approximately 120 dwellings. Planning permission will be granted provided that the detailed proposals comply with the development plan, and with an approved masterplan for the whole site”

3.7. Community Infrastructure Levy

EBC are not a CIL charging authority.

3.8. RICS Professional Standard - Assessing viability in planning under the National Planning Policy Framework 2023 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.

3.9. 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 Assessment Overview

4.1. Latest Area Wide Viability Testing

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.

The latest area wide viability testing on behalf of EBC was undertaken by Dixon Searle Partnership (DSP) in April 2018. This testing supporting the emerging Local Plan (2016 – 2036) which has subsequently been adopted. The subject Property was not subject to specific viability testing.

4.2. Viability Approach

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

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

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, including affordable housing. If it does not, there is no financial headroom and thus there is no viability for planning obligations to be included. In this instance, the anticipated Section 106 (s.106) financial contributions as expected from the scheme are included within the appraisal with the affordable housing provision assessed at differing percentages.

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 the following Section 6 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 7, 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 Planning Application & Residential Mix

The Applicant has provided a full accommodation schedule and proposed layout of the scheme. A summary of the residential accommodation assuming 100% market housing is included below:-

Residential Mix (Assuming 100% Market Housing).

Type	Beds	Units	Av. Unit Size (ft ²)	Av. Unit Size (m ²)	Total (ft ²)	Total (m ²)
1 Bed Apartment	1	50	543	50	27,166	2,524
2 Bed Apartment	2	40	764	71	30,574	2,840
2 Bed House	2	42	854	79	35,858	3,331
3 Bed House	3	34	1,189	110	40,434	3,756
4 Bed House	4	26	1,417	132	36,844	3,423
		192	890	82.7	170,875	15,875

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 site currently comprises greenfield land subject to an allocation for residential development Policy (BO33). In determining the EUV of the site in accordance with the PPG, we have had regard to adopted land values within the latest area-wide viability testing (undertaken by DSP in April 2018). The relevant land values are outlined within Paragraph 2.14.13 of the document with values ranging between £0.25m/ha for greenfield development land to £2.5m/ha for previously development land. The area-wide viability testing document states:-

"2.14.14 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.

2.14.15 At this level, it could be relevant for consideration as the lowest base point for enhancement to greenfield land values (with agricultural land reported by the VOA and a range of other sources to be valued at circa £20,000 - £25,000/ha in existing 57 Eastleigh Borough Council – Local Plan: Viability Study – Final Report (DSP17488) Eastleigh Borough Council use). The (former) HCA (now 'Homes England') issued a transparent assumptions document associated with the User Notes for its 'Area Wide Viability Model' (2010) which referred to guide parameters of an uplift of 10 to 20 times agricultural land value. This sort of level of land value could also be relevant to a range of less attractive locations or land for improvement. This is not to say that land value expectations in such scenarios would not go beyond these levels either – they could well do in a range of circumstances."

As the site benefits from an allocation for residential development, the principle of residential development has been accepted and this would form the basis of a landowner's expectations when releasing the land for development. We therefore contend that the maximum multiplier would be applicable to any EUV applied on a rate per gross acre.

In considering the appropriate EUV for the subject site, we have also had regard to the adopted BLV included within the viability assessment which supported the Hamblewood scheme (Application Reference: F/19/86829). In this instance, the subject site comprised of an existing residential development, barns/storage facilities and farmland extending to 3.44 hectares (8.50 acres). Within the FVA and subsequent independent review on behalf of the LPA, undertaken by AspinallVerdi, the adopted BLV applied to the farmland on a rate per gross acre basis was £350,000 (£865,000). In this instance, the subject site was not allocated as part of the development plan. This equated to a multiplier (premium) of 15 on a paddock land EUV of £25,000 per acre or a multiplier (premium) of 34 on agricultural land between £10,000 and £15,000 per gross acre.

The site has previously been utilised as paddock (grazing) land and as such, the EUV applicable to the land on a rate per gross acre will be at the higher end of the scale. At present, there are a number of grazing conventional grazing sites available for sale within the local area. Evidence includes:-

Site	Area (Ac)	Asking Price (£/Ac)	Comments
1. Church Road, Twyford, SO21	0.23	£50,000 (£217,391)	Dual frontage, located in residential area. STP to disposal with variety of possible uses. Enhanced value (£/acre) reflecting potential varied uses.
2. Kiln Lane, Bambridge, SO50	10.46	£225,000 (£21,510)	Conventional livestock grazing site with water grazing. Ecological habitat marketed as potential biodiversity off setting.
3. Bunny Lane, Romsey, SO51	2.80	£120,000 (£42,857)	Close to residential area with variety of potential uses. Currently laid to grass.
4. Bunny Lane, Romsey, SO51	36.22	£700,000 (£19,326)	Extensive site, suitable for a variety of uses (STP). Asking price date with price assumed to reflect bulk.
Average (exc. Comparable 1)		c. £28,000/ac	

Having considered the above comparable evidence and the adopted land values within the latest area wide viability testing, we have applied an EUV of £15,000 per gross acre (£37,000 per hectare) to the gross area of 17.2 acres (6.9 hectares). This produces an EUV of £300,000.

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 land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.

With regards to the appropriate multiplier, as the site benefits from an allocation for residential development and the principle of a change of use from agricultural to residential land has been accepted, the anticipated level of premium is high. We have therefore applied a premium (or multiplier) of 20 to the above EUV, producing an EUV+ of £5,160,000.

6.3. Benchmark Land Value

Having regard to paragraph 13 of the Viability PPG. In this instance we have adopted the EUV+ approach to the BLV. The BLV is **£5,160,000**.

7.0 Viability Assessment

As noted above, in this section, we review the key viability appraisal inputs and determine the viability of the proposed scheme, as at November 2025 with the provision of 35% and 0% affordable housing (100% market housing). Our ARGUS Developer Appraisal Summary is at Appendix 3 but our assumptions and outcomes are summarised below.

Appraisal inputs are detailed with reference to the approach adopted by both AK and the DVS within the previous viability exercise.

Appendix 3 – ARGUS Developer Appraisal

7.1. Appraisal Inputs

7.1.1. Development Programme/Timing Assumptions

The AK assessment assumes a pre-construction period of 6-months to allow for preliminary works and the discharging of relevant conditions. A construction period of 48-months is then assumed with residential sales commencing 6-months after construction. On the basis of 0% affordable housing, the appraisal assumes a sales period of 59-months resulting in an average rate of sale equating to 0.75 units per week or c. 39 units per annum.

The enclosed 35% affordable housing scenario assumes a similar construction period and market unit sales rate although the affordable housing income is distributed in-line with standard Registered Provider (RP) terms. This includes 30% paid upon commencement of construction with the remaining element paid on a monthly basis during the construction period. Based on a scheme delivering 35% affordable housing, the scheme duration extends to 54-months. At 0% affordable housing (100% market housing), the scheme duration is 71-months reflecting the extended sales period associated with disposing market units.

7.1.2. 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.”

In considering the appropriate market revenues for the proposed scheme, we have had regard to available comparable evidence including both achieved and asking price information. This includes market housing units within the Bargate Homes/Vivid Housing scheme at Hamblewood including 3-bed semi and detached houses and 4-bed detached units. Asking price evidence ranges from £388/ft² (£4,176/m²) to £418/ft²

(£4,499/m²). It is however acknowledged that market units are superior new homes with an element of premium associated with the asking price values. Furthermore, we would anticipate achieved values to differ slightly (subject to reductions) after allowing for sales incentives and discounts.

In considering the achieved values on the nearby Bargate Homes/Vivid Housing scheme at Hamblewood (SO30), values ranged from £437/ft² (£4,704/m²) to £361/ft² (£3,886/m²), averaging £393/ft² (£4,230/m²) for transactions dating from May 2023 to November 2024.

Further evidence includes the nearby Boorley Park Development (SO32), evidence from September 2023 to February 2025 ranges equates to £374/ft² (£4,026/m²) for a range of unit types including flats/houses.

For the purposes of the enclosed analysis and after allowing for the location (close proximity to relevant communications) of the scheme, we have applied an average value of £390/ft² (£4,198/m²) to the proposed scheme. This allowance is consistent across the scenarios modelled.

At 0% affordable housing (100% market housing), the following average achieved values are produced:-

Unit Type	Average Value
1 Bed Apartment	£ 210,000
2 Bed Apartment	£ 300,000
2 Bed House	£ 335,000
3 Bed House	£ 465,000
4 Bed House	£ 555,000

The adopted affordable housing values are included at benchmark percentages of OMV depending upon the affordable housing tenure. This includes allowances of 45% and 60% of OMV for affordable rent and shared ownership. When applied to the adopt market value, this produces values of £176/ft² (£1,889/m²) for affordable rent housing and £234/ft² (£2,519/m²) for shared ownership. This results in a blended affordable housing value of 50.3% assuming 70% affordable rent and 30% shared ownership.

The above revenue assumptions result in total GDVs of £55,395,758 at 35% affordable housing and £66,639,052 at 0% affordable housing (100% market housing).

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. For the purposes of the enclosed appraisal, SDLT has been included at the prevailing rates, with allowances for SDLT and Agents/Legals included at 1% and 0.75% respectively.

7.2.2. Standard 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" which 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.

Standard construction costs within the enclosed appraisal are derived from median quartile allowances, assuming 5-year period and locationally weighted to Hampshire, South England. Construction costs are split between estate housing generally and flats (apartments) generally. Allowances are included at £1,593/m² for estate housing and £1,865/m² for flats/apartments. When attributed to the proposed scheme, the average construction cost equates to £1,684/m² (£156/ft²). A copy of the adopted BCIS allowances is included at **Appendix 3**.

Appendix 3 – BCIS Extracts

7.2.3. Contingency Allowances

Contingency allowances of 3% are applied to all construction costs associated with delivering the scheme.

7.2.4. Future Homes Standard (FLOS)

The costs associated with delivering the units in accordance with updated building regulations namely Future Homes Standard are included on a rate per unit basis. This reflects the costs associated with enhancing the performance of the fabric of the building and excludes any abnormal costs associated with these items (EV charging etc.). Allowances are included at £3,500 per unit.

7.2.5. External Costs

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. Within the enclosed FVA, external allowances are included at 15% of standard construction costs reflecting the costs allowances associated with car parking, landscaping and service roads.

7.2.6. Abnormal Costs

The adopted abnormal costs are derived from estimates provided by the Applicant. Abnormal costs reflecting all costs associated with the scheme, outside of BCIS and relevant external cost allowances. This includes items such as SUDS, Air Source Heat Humps, S278 works and abnormal foundation costs. The abnormal costs equate to £5,175,257 an allowance which is consistent across the scenarios modelled. A detailed breakdown of the adopted abnormal costs is included at **Appendix 4**.

7.2.7. Section 106 and Community Infrastructure Levy

Both affordable housing scenarios include full allowances for the anticipated planning obligations (s.106 items) associated with the scheme. These allowances have been confirmed by the Local Planning Authority and equate to £4,209,825. A detailed breakdown of the anticipated s.106 planning obligations is included at **Appendix 4**.

EBC are not a CIL charging authority and therefore allowances for CIL are excluded.

Appendix 4 – Abnormal Development and S106 Costs

7.2.8. Biodiversity Net Gain (BNG)

The costs associated with delivering the proposed scheme in accordance with Biodiversity Net Gain requirements are derived from estimates provided by the Applicant. These allowances are included at £676,000. Within the enclosed finance cashflow, it is assumed that this payment is made prior to residential completions commencing.

7.2.9. Professional Fees

Professional building design fees (Architect QS etc.) are assumed to be **10%** of the total construction cost to include all planning and building regulation fees. This allowance is consistent with the latest area wide viability testing.

7.2.10. Marketing and Sales Fees

Allowances for marketing and sales costs in respect of the market housing are included at **3.0%** of market housing GDV which is consistent with the latest area wide viability testing.

7.2.11. RP Transfer Fee

The costs associated with transferring the affordable housing units from the Developer to a Registered Provider (RP) are included at 0.75% of affordable housing GDV.

7.2.12. Disposal Fees

Legal costs on open market sales equate to £850 per unit.

7.2.13. 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 36 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 4% (November 2025). As a result funding rates have also increased dramatically. Taking into account typical setup and exit fees, the core finance rate is approximately 9%.

The adopted "all-in" debit interest rate is included at 7.25% per annum together with a credit rate of 1% per annum.

7.2.14. Developers 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 Developer, 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.”

Developer profit allowances within the latest area wide viability testing were included at 20% of market housing GDV and 6% of affordable housing GDV, allowances which are considered appropriate in the current economic climate.

Furthermore, allowances for profit were included at 18% of market housing GDV within the independent financial viability review, undertaken by DSP in respect of the nearby Bargate Homes/Vivid Housing scheme, an assessment that was dated December 2020.

Since the date of this assessment and the latest area wide viability testing, the general economic climate has been volatile, heavily influenced by a number of differing events/causes. This includes the UK's withdrawal from the European Union and the impact of the Covid-19 pandemic. The period has been characterised by initial and substantial house price increases followed by rampant inflation as referenced at paragraph 7.2.13.

The latest RICS UK Residential Market Survey (October 2025) states:-

“The sales market remains subdued, with measures of buyer demand and agreed sales still in negative territory. Anecdotally, comments from contributors suggest that uncertainty surrounding potential tax-raising measures in the upcoming Budget is contributing to the current cautious mood.

Focusing on the new buyer enquiries series, the October net balance of -24% represents a slight decline from -21% in the previous survey and marks the weakest reading since April. This continues to signal a contraction in buyer demand across the housing market as a whole, with most parts of the country seeing a consistently negative trend in recent months.”

Developer profit allowances are reflective of the risks associated with delivering and selling residential units across the scheme. At the time of writing, the economic outlook remains challenging i.e. riskier which would support a developer profit allowance for the market housing within the scheme, consistent with the latest area wide viability testing (20% of market housing GDV).

However, for the purposes of this assessment we have assumed a developer profit allowance of 18% of market housing GDV and 6% of affordable housing GDV. This produces blended developer profit allowances ranging from 15.53% of GDV at 35% affordable housing and 18% of GDV at 0% affordable housing (100% market housing GDV).

7.3. Appraisal Summary

The summary table below details the outcome of the residual appraisals for the schemes with 0% affordable housing (100% market housing).

Appendix 3 – ARGUS Developer Appraisal Summary

Appraisal Summary	35% Affordable Housing	0% Affordable Housing (100% Market Housing)
Market Housing GDV	£44,007,634	£66,639,052
Affordable Housing GDV	£11,388,124	£0
Total GDV	£55,395,758	£66,639,052
Standard Construction Costs	£26,748,155	£26,746,290
Contingency	£1,098,229	£1,098,165
FLOS	£672,000	£672,000
External Costs	£4,012,223	£4,011,944
Abnormal Costs	£5,175,257	£5,175,257
S.106	£4,209,825	£4,209,825
BNG	£676,000	£676,000
Professional Fees	£3,660,764	£3,660,549
Agents & Marketing	£1,320,229	£1,999,172
Sales Legal Fee	£106,250	£163,200
RP Transfer Fee	£85,411	£0
Finance Costs	(£238,634)	£2,125,786
Developer Profit	£8,602,961	£11,995,029
Target Developer Profit at % GDV	15.53%	18.00%
Residual Land Value	(£732,911)	£3,843,721
Benchmark Land Value	£5,160,000	£5,160,000
Surplus/Deficit	(£5,892,911)	(£1,316,279)
Actual Developer Return (% GDV)	4.89%	16.02%

8.0 Sensitivity Testing

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 residulises the land and therefore the starting position is a RLV that is then compared against the BLV. The below sensitivity testing adopts 0% affordable housing (100% market housing).

Table of Land Cost and Profit on GDV%									
Construction: Gross Cost									
Sales: Gross Sales	-10.00%	-7.50%	-5.00%	-2.50%	0.00%	2.50%	5.00%	7.50%	10.00%
-10.0%	£2,518,417 18.00%	£1,833,123 18.00%	£1,147,830 18.00%	£462,536 18.00%	£199,888 18.00%	£947,699 £0	£1,705,756 18.00%	£2,501,238 £0	£3,311,659 18.00%
-7.5%	£3,535,037 18.00%	£2,849,743 18.00%	£2,164,449 18.00%	£1,479,156 18.00%	£762,675 18.00%	£65,616 18.00%	£585,984 £0	£1,336,893 18.00%	£2,112,330 18.00%
-5.0%	£4,551,657 18.00%	£3,866,363 18.00%	£3,181,069 18.00%	£2,495,776 18.00%	£1,810,482 18.00%	£1,125,188 18.00%	£406,179 18.00%	£224,589 18.00%	£972,492 18.00%
-2.5%	£5,568,276 18.00%	£4,882,983 18.00%	£4,197,689 18.00%	£3,512,395 18.00%	£2,827,102 18.00%	£2,141,808 18.00%	£1,456,514 18.00%	£739,872 18.00%	£41,672 18.00%
0.0%	£6,584,878 18.00%	£5,899,602 18.00%	£5,214,309 18.00%	£4,529,015 18.00%	£3,843,721 18.00%	£3,158,428 18.00%	£2,473,134 18.00%	£1,787,840 18.00%	£1,102,547 18.00%
2.5%	£7,601,517 18.00%	£6,916,223 18.00%	£6,230,911 18.00%	£5,545,635 18.00%	£4,860,341 18.00%	£4,175,048 18.00%	£3,489,754 18.00%	£2,804,460 18.00%	£2,119,166 18.00%
5.0%	£8,618,137 18.00%	£7,932,843 18.00%	£7,247,549 18.00%	£6,562,236 18.00%	£5,876,961 18.00%	£5,191,667 18.00%	£4,506,374 18.00%	£3,821,080 18.00%	£3,135,786 18.00%
7.5%	£9,634,757 18.00%	£8,949,463 18.00%	£8,264,169 18.00%	£7,578,875 18.00%	£6,893,581 18.00%	£6,208,269 18.00%	£5,522,993 18.00%	£4,837,700 18.00%	£4,152,406 18.00%
10.0%	£10,651,378 18.00%	£9,966,084 18.00%	£9,280,789 18.00%	£8,595,495 18.00%	£7,910,201 18.00%	£7,224,907 18.00%	£6,539,594 18.00%	£5,854,319 18.00%	£5,169,026 18.00%

Appendix 5 – ARGUS Developer Sensitivity Summary

9.0 Conclusion

Viability Assessment Conclusion	35% Affordable Housing	0% Affordable Housing
Residual Land Value	(£732,911)	£3,843,721
Benchmark Land Value	£5,160,000	£5,160,000
Surplus/Deficit	(£5,892,911)	(£1,316,279)
Target Developer Return (% GDV)	15.53%	18.00%
Actual Developer Return (% of GDV)	4.89%	16.02%

The Residual Land Value for the proposed scheme with 35% affordable housing is (£732,911). After allowing for the Benchmark Land Value of £5,160,000 a deficit of (£5,892,911) is produced. When lowering the affordable housing provision to 0% (100% market housing), the Residual Land Value equates to £3,843,721. After allowing for the Benchmark Land Value of £5,160,000 a deficit of (£1,316,279) is produced.

Our Financial Viability Assessment and review of the proposed residential development leads us to conclude that there is no headroom available for affordable housing provision after accounting for the anticipated gross sales receipts and all reasonable aspects of outlay necessary including the s.106 planning obligations associated with the scheme as advised by Eastleigh Borough Council.

Completed by:

Reviewed by:

Sam Carson MRICS
Partner
RICS Registered Valuer

James Mackay MRICS
Partner, Head of Viability
RICS Registered Valuer

For and on behalf of
Alder King LLP

For and on behalf of
Alder King LLP

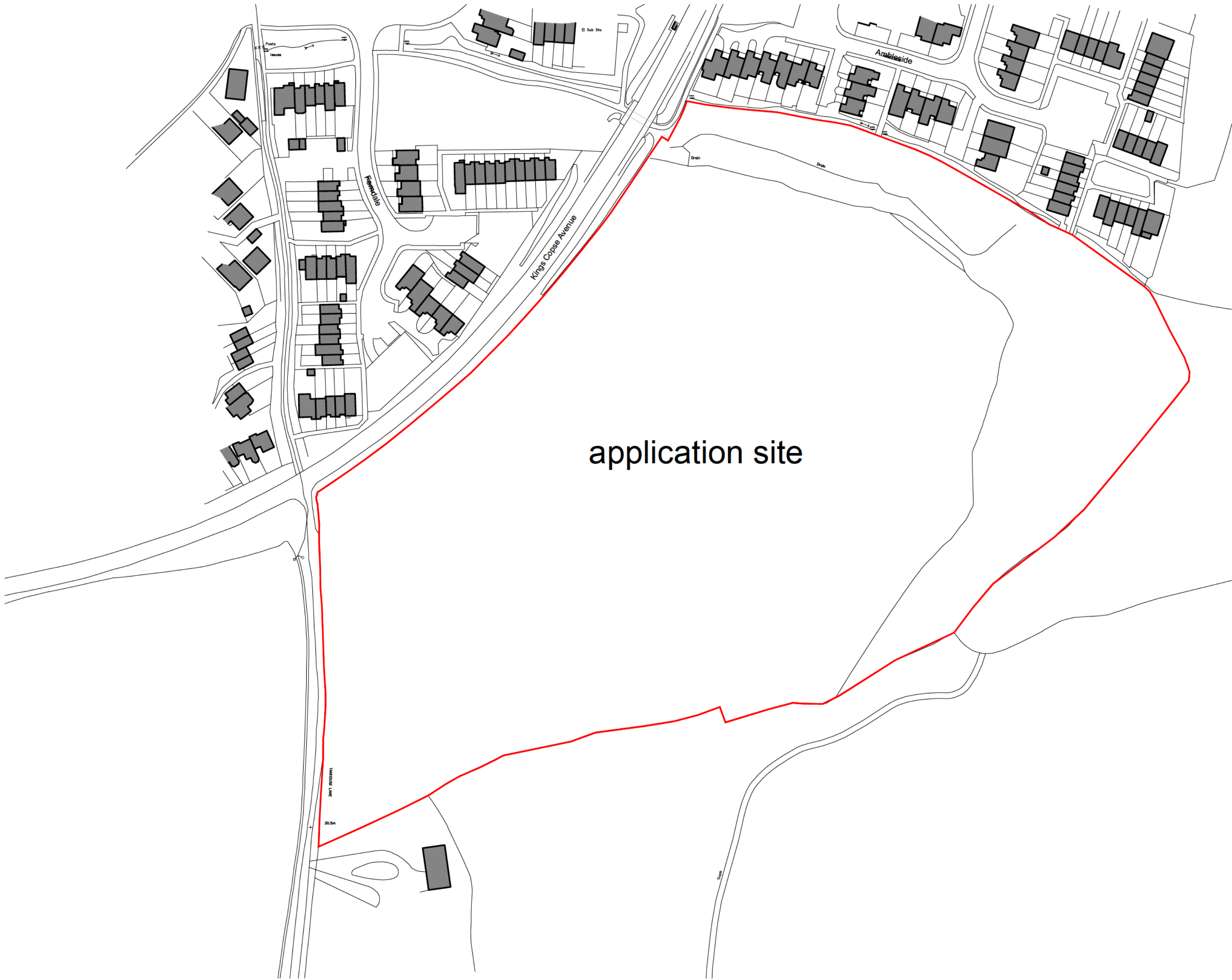
Email: scarson@alderking.com

Email: jmackay@alderking.com

Appendix 1: Site Layout and Location Plan



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
A	Issued for Information (First Issue)	MW	16.11.23	HUG	16.11.23



Client

Eastleigh Borough Council

Job title

Kings Copse Avenue

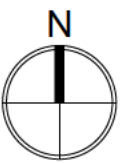
Drawing title

Site
Location
Plan

Drawn	Date		Checked		Date		Scale at A1	
JDM	FEB 24		HUG		FEB 24		1:1250	
Job No.	Pro.	Org.	Zone	Level	Type	Role	No.	Rev.
2-148	KCA	MHA	ZZ	XX	DR	A	0001	C01
Purpose of Issue								

Purpose of Issue

PLANNING



Licence number LIG0975
Location Plan 1:1250 @ A1
10 0 10 20 30 40 50 100m
1:1250

Ground Floor
Building
Southern Gate
West Sussex

Bicentennial
Chichester
PO19 8EZ

t. 01243 774748
e. admin@mharchitects.co.uk
www.mharchitects.co.uk

Limited Company
Registered in England No.1994233



Notes
1. This drawing is the copyright of MH Architects Ltd
2. Do not scale this drawing except for Local Authority planning purposes
3. All dimensions must be checked on site by the contractor prior to commencement of the works.

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
A	Issued for Information (First Issue)	MW	16.11.23	HUG	16.11.23

Client		Eastleigh Borough Council			
Job title		Kings Copse Avenue			
Drawing title		Proposed Site Plan			
Drawn	Date	Checked	Date	Scale at A1	
JDM	JUNE 25	HUG	JUNE 25	1:500	
Job No.	Pro.	Org.	Zone	Level	Type
22-148	KCA	MHA	ZZ	XX	DR
Purpose of issue		Rev.	No.	Rev.	
		A	0003	P17	

FOR COMMENT

Ground Floor
Building
Southern Gate
West Sussex

Bicentennial
Chichester
PO19 9EZ

t. 01243 774748
e. admin@mharchitects.co.uk
www.mharchitects.co.uk

Limited Company
Registered in England No.1994233

Appendix 2: ARGUS Developer Appraisal Summary

Kings Copse Avenue - 35% Affordable Housing
Eastleigh Borough Council

APPRAISAL SUMMARY**ALDER KING LLP**

Kings Copse Avenue - 35% Affordable Housing
Eastleigh Borough Council

Appraisal Summary for Phase 1 35%

Currency in £

REVENUE

Sales Valuation	Units	m²	Sales Rate m²	Unit Price	Gross Sales
1B Apartment - Market	32	1,613.00	4,198.00	211,605	6,771,374
2B Apartment - Market	34	2,417.00	4,198.00	298,428	10,146,566
2B House - Market	16	1,270.00	4,198.00	333,216	5,331,460
3B House - Market	21	2,287.00	4,198.00	457,182	9,600,826
4B House - Market	22	2,896.00	4,198.00	552,609	12,157,408
1B Apartment - Affordable	18	911.00	1,888.50	95,579	1,720,428
2B Apartment - Affordable	6	424.00	1,887.77	133,403	800,416
2B House - Affordable	26	2,061.00	2,157.47	171,021	4,446,543
3B House - Affordable	13	1,469.00	2,275.74	257,158	3,343,058
4B House - Affordable	4	527.00	2,044.93	269,420	1,077,680
Totals	192	15,875.00			55,395,759

NET REALISATION

55,395,759

OUTLAY**ACQUISITION COSTS**

Fixed Price	5,160,000		
Fixed Price		5,160,000	
Residualised Price (Negative land)		(5,892,911)	(732,911)

CONSTRUCTION COSTS**Construction**

	m²	Build Rate m²	Cost	
1B Apartment - Market	1,613.00	1,865.00	3,008,245	
2B Apartment - Market	2,417.00	1,865.00	4,507,705	
2B House - Market	1,270.00	1,593.00	2,023,110	
3B House - Market	2,287.00	1,593.00	3,643,191	
4B House - Market	2,896.00	1,593.00	4,613,328	
1B Apartment - Affordable	911.00	1,865.00	1,699,015	
2B Apartment - Affordable	424.00	1,865.00	790,760	
2B House - Affordable	2,061.00	1,593.00	3,283,173	
3B House - Affordable	1,469.00	1,593.00	2,340,117	
4B House - Affordable	527.00	1,593.00	839,511	
Totals	15,875.00 m²		26,748,155	26,748,155

Contingency	3.00%	1,098,229	1,098,229
-------------	-------	-----------	-----------

Other Construction Costs

FLOS	192.00 un	3,500.00 /un	672,000	
Externals		15.00%	4,012,223	
Abnormals			5,175,257	9,859,480

Section 106 Costs

Section 106 Costs			4,209,825	
BNG			676,000	4,885,825

PROFESSIONAL FEES

Other Professional Fees	10.00%	3,660,764	3,660,764
-------------------------	--------	-----------	-----------

DISPOSAL FEES

Agents & Marketing		3.00%	1,320,229	
RP Transfer Fee		0.75%	85,411	
Sales Legal Fee	125.00 un	850.00 /un	106,250	

APPRAISAL SUMMARY**ALDER KING LLP****Kings Copse Avenue - 35% Affordable Housing
Eastleigh Borough Council**

1,511,890

TOTAL COSTS BEFORE FINANCE**47,031,432****FINANCE**

Timescale	Duration	Commences
Pre-Construction	6	Nov 2025
Construction	42	May 2026
Sale	38	Nov 2026
Total Duration	54	

Debit Rate 7.500%, Credit Rate 1.000% (Nominal)

Land (32,789)

Construction (205,846)

Total Finance Cost (238,634)

TOTAL COSTS**46,792,798****PROFIT****8,602,961****Performance Measures**

Profit on Cost%	18.39%
Profit on GDV%	15.53%
Profit on NDV%	15.53%

IRR% (without Interest) N/A

Profit Erosion (finance rate 7.500) 2 yrs 3 mths

Kings Copse Avenue - 0% Affordable Housing
Eastleigh Borough Council

APPRAISAL SUMMARY**ALDER KING LLP**

Kings Copse Avenue - 0% Affordable Housing
Eastleigh Borough Council

Appraisal Summary for Phase 1 0%

Currency in £

REVENUE

Sales Valuation	Units	m²	Sales Rate m²	Unit Price	Gross Sales
1B Apartment - Market	50	2,524.00	4,198.00	211,915	10,595,752
2B Apartment - Market	40	2,840.00	4,198.00	298,058	11,922,320
2B House - Market	42	3,331.00	4,198.00	332,941	13,983,538
3B House - Market	34	3,756.00	4,198.00	463,756	15,767,688
4B House - Market	<u>26</u>	<u>3,423.00</u>	4,198.00	552,683	<u>14,369,754</u>
Totals	192	15,874.00			66,639,052

NET REALISATION**66,639,052****OUTLAY****ACQUISITION COSTS**

Fixed Price	5,160,000		
Fixed Price		5,160,000	
Residualised Price (Negative land)		(1,316,279)	
			3,843,721
Stamp Duty		181,686	
Effective Stamp Duty Rate	3.52%		
Agent Fee	1.00%	51,600	
Legal Fee	0.75%	28,828	
			262,114

CONSTRUCTION COSTS

Construction	m²	Build Rate m²	Cost
1B Apartment - Market	2,524.00	1,865.00	4,707,260
2B Apartment - Market	2,840.00	1,865.00	5,296,600
2B House - Market	3,331.00	1,593.00	5,306,283
3B House - Market	3,756.00	1,593.00	5,983,308
4B House - Market	<u>3,423.00</u>	1,593.00	<u>5,452,839</u>
Totals	15,874.00 m²		26,746,290
Contingency		3.00%	1,098,165
			27,844,455

Other Construction Costs

FLOS	192.00 un	3,500.00 /un	672,000
Externals		15.00%	4,011,944
Abnormals			5,175,257
			9,859,200

Section 106 Costs

Section 106 Costs			4,209,825
BNG			676,000
			4,885,825

PROFESSIONAL FEES

Other Professional Fees		10.00%	3,660,549
			3,660,549

DISPOSAL FEES

Agents & Marketing		3.00%	1,999,172
Sales Legal Fee	192.00 un	850.00 /un	163,200
			2,162,372

TOTAL COSTS BEFORE FINANCE**52,518,236****FINANCE**

Timescale	Duration	Commences
Pre-Construction	6	Sep 2025
Construction	48	Mar 2026

APPRAISAL SUMMARY**ALDER KING LLP****Kings Copse Avenue - 0% Affordable Housing
Eastleigh Borough Council**

Sale	59	Sep 2026
Total Duration	71	

Debit Rate 7.250%, Credit Rate 1.000% (Nominal)

Land	1,533,612	
Construction	543,717	
Other	48,457	
Total Finance Cost		2,125,786

TOTAL COSTS	54,644,023
--------------------	-------------------

PROFIT	11,995,029
---------------	-------------------

Performance Measures

Profit on Cost%	21.95%
Profit on GDV%	18.00%
Profit on NDV%	18.00%

IRR% (without Interest)	26.27%
-------------------------	--------

Profit Erosion (finance rate 7.250)	2 yrs 9 mths
-------------------------------------	--------------

Appendix 3: BCIS Allowances

£/M2 STUDY

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

Last updated: 15-Nov-2025 07:31

Rebased to Hampshire (105; 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)	1,689	905	1,462	1,630	1,854	4,210	1236	
810.1 Estate housing								
Generally (15)	1,665	830	1,412	1,593	1,822	5,711	1267	
Single storey (15)	1,908	1,118	1,592	1,822	2,085	5,711	199	
2-storey (15)	1,606	830	1,391	1,553	1,765	3,441	999	
3-storey (15)	1,695	1,032	1,424	1,640	1,888	3,405	64	
4-storey or above (15)	3,468	1,697	2,777	3,100	4,614	5,155	5	
810.11 Estate housing detached (15)	2,224	1,226	1,602	1,859	2,519	5,711	18	
810.12 Estate housing semi detached								
Generally (15)	1,688	968	1,435	1,631	1,852	3,696	329	
Single storey (15)	1,883	1,216	1,638	1,854	2,029	3,696	75	
2-storey (15)	1,631	968	1,415	1,573	1,801	2,837	244	
3-storey (15)	1,620	1,212	1,294	1,543	1,871	2,387	10	
810.13 Estate housing terraced								

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
Generally (15)	1,669	985	1,382	1,576	1,802	5,155	198	
Single storey (15)	1,859	1,182	1,585	1,809	2,218	2,635	14	
2-storey (15)	1,607	985	1,368	1,539	1,743	3,441	156	
3-storey (15)	1,691	1,032	1,441	1,625	1,873	3,405	26	
4-storey or above (15)	4,884	4,614	-	-	-	5,155	2	
816. Flats (apartments)								
Generally (15)	1,982	1,033	1,628	1,865	2,252	6,634	726	
1-2 storey (15)	1,904	1,129	1,591	1,775	2,184	3,723	150	
3-5 storey (15)	1,949	1,033	1,617	1,858	2,205	4,059	489	
6 storey or above (15)	2,297	1,409	1,851	2,191	2,556	6,634	86	

Appendix 4: Abnormal Development and S106 Costs

Eastleigh Appraisal Summary

Abnormal Costs KCA - 35% Affordable Housing		
SUDS	£	298,745
NHBC	£	570,725
Air Source Heat Pump	£	960,000
Nutrient Neutrality	£	492,552
Electric Diversion	£	85,000
Working in proximity of live oil pipeline	£	66,700
S278 - Tan House Land	£	211,170
S278 - KCA footpath	£	121,215
S278 - Road Crossing	£	260,200
S278 - New Vehicle Access	£	58,540
S278 - Connection to Subway	£	46,425
Normal Rodaway new access gate	£	23,000
Surface water connection	£	18,200
Foot Path / Board walk	£	-
Utilities	£	-
Onsite Tree Works	£	25,480
Trees/CAVAT (Needs Updating)	£	203,205
Building Safety Levy	£	259,500
Part B(Building Safety Act)	£	25,000
Part S (EV Infrastructure)	£	192,000
Part O (Overheating)	£	125,000
DM29(M4(2)(3) (EBC Planning Policy)	£	560,000
Lifts(to comply with DM29 in units above)	£	138,600
Foundations	£	559,000
Sub-Total Abnormals	£	5,300,257
S106 Costs	£	4,209,825
BNG	£	676,000
Sub-Total Planning	£	4,885,825
Total	£	10,186,082.07

Policy Compliant DM29 Calculation				
M4(2) & above	M4(3)(2)(B)	M4(3)(2)(A)	M4 (1)	
80%	8%	7%		
140	5	9	38	
£/Unit	£/Unit	£/Unit	£/Unit	
£3,000	£10,000	£10,000	£0	
£420,000	£50,000	£90,000	£0	£560,000

192	Total	Policy DM 28
67	AH	35%
125	Market	65%

Planning Obligations (S106) Requirements for Land at Kings Copse Avenue

As per contribution report issued 14.11.25

Index linked Ammount: £3,959,825.12

Estimated:

BNG Monitoring Fee:	£ 50,000.00
HCC Countryside:	£ 200,000.00

Total: £4,209,825.12

14 November 2025

Ref:- 2613

Contribution

Planning Application Reference: F/25/100141

Site Address: Land south east of Kings Copse Avenue, Hedge End

Proposal: Residential development of 192 dwellings comprising houses and apartments, to include access, parking, landscaping and other associated works, along with off-site footway and bridleway improvements.

Gross Number of Units: 192 **Net Number of Units:** 192

Description (Rate Used)	Determined/Base Amount	Index Linked Amount	RPI Base Month	RPI Calc Month
<u>Totals By Contribution Type</u>				
Community Infrastructure (RPIx)	£222,360.00	£438,357.39	January 2008	Septemner 2025
Education Secondary ()	£980,760.00	£980,760.00	Septemner 2025	Septemner 2025
Highway contribution ()	£675,000.00	£675,000.00	Septemner 2025	Septemner 2025
New Forest Ranger (RPIx)	£7,885.44	£8,782.11	Nov 22	Septemner 2025
New Forest SANG (RPIx)	£377,902.08	£420,874.10	Nov 22	Septemner 2025
New Forest SANG monitoring (RPIx)	£1,752.96	£1,952.29	Nov 22	Septemner 2025
NF SANG Commercial Risk (RPIx)	£38,699.52	£43,100.11	Nov 22	Septemner 2025
NHS Healthcare ()	£136,154.00	£136,154.00	Septemner 2025	Septemner 2025
Nitrate credits ()	£489,960.00	£489,960.00	Septemner 2025	Septemner 2025
POS - On-site Shortfall (RPIx)	£121,017.58	£238,572.36	January 2008	Septemner 2025
POS - Wildlife Sites (RPIx)	£13,676.74	£26,962.14	January 2008	Septemner 2025
POS & Play Provision (Standard Charge) (RPIx)	£121,017.58	£238,572.36	January 2008	Septemner 2025
Public Art (Residential) (RPIx)	£57,600.00	£113,720.14	November 2007	Septemner 2025
S106 Monitoring fee ()	£6,000.00	£6,000.00	Septemner 2025	Septemner 2025
SRMP (All Year) April 2025 (RPIx)	£139,752.00	£141,058.12	April 25	Septemner 2025
Grand Total	£3,389,537.90	£3,959,825.12		

Please note that the followings fees are also applicable in addition to the amounts stated above.

	<u>Section 106 Agreement</u>	<u>Unilateral Undertaking</u>	<u>Up Front Payment</u>
Legal Costs	Starting from £1000	Set fee of £350	£0

14 November 2025

NoOfBeds Area NoOfUnits

Ref:- 2613

<i>Description (Rate Used)</i>	<i>Determined/Base Amount</i>	<i>Index Linked Amount</i>	<i>RPI Base Month</i>	<i>RPI Calc Month</i>
--------------------------------	-----------------------------------	--------------------------------	---------------------------	---------------------------

**The above figures have been calculated using the most recent
RPI/RPIx/PUBSEC figures available to us and are valid for 1 month**

Appendix 5: ARGUS Developer Sensitivity Summary

Kings Copse Avenue - 0% Affordable Housing
Eastleigh Borough Council

Development Appraisal
Alder King LLP
November 24, 2025

Kings Copse Avenue - 0% Affordable Housing
Eastleigh Borough Council

Table of Land Cost and Profit on GDV%

Construction: Gross Cost									
Sales: Gross Sales	-10.000%	-7.500%	-5.000%	-2.500%	0.000%	+2.500%	+5.000%	+7.500%	+10.000%
-10.000%	(£2,518,417) 18.000%	(£1,833,123) 18.000%	(£1,147,830) 18.000%	(£462,536) 18.000%	£199,888 18.000%	£947,699 18.000%	£1,705,756 18.000%	£2,501,238 18.000%	£3,311,659 18.000%
-7.500%	(£3,535,037) 18.000%	(£2,849,743) 18.000%	(£2,164,449) 18.000%	(£1,479,156) 18.000%	(£762,675) 18.000%	(£65,616) 18.000%	£585,984 18.000%	£1,336,893 18.000%	£2,112,330 18.000%
-5.000%	(£4,551,657) 18.000%	(£3,866,363) 18.000%	(£3,181,069) 18.000%	(£2,495,776) 18.000%	(£1,810,482) 18.000%	(£1,125,188) 18.000%	(£406,179) 18.000%	£224,589 18.000%	£972,492 18.000%
-2.500%	(£5,568,276) 18.000%	(£4,882,983) 18.000%	(£4,197,689) 18.000%	(£3,512,395) 18.000%	(£2,827,102) 18.000%	(£2,141,808) 18.000%	(£1,456,514) 18.000%	(£739,872) 18.000%	(£41,672) 18.000%
0.000%	(£6,584,878) 18.000%	(£5,899,602) 18.000%	(£5,214,309) 18.000%	(£4,529,015) 18.000%	(£3,843,721) 18.000%	(£3,158,428) 18.000%	(£2,473,134) 18.000%	(£1,787,840) 18.000%	(£1,102,547) 18.000%
+2.500%	(£7,601,517) 18.000%	(£6,916,223) 18.000%	(£6,230,911) 18.000%	(£5,545,635) 18.000%	(£4,860,341) 18.000%	(£4,175,048) 18.000%	(£3,489,754) 18.000%	(£2,804,460) 18.000%	(£2,119,166) 18.000%
+5.000%	(£8,618,137) 18.000%	(£7,932,843) 18.000%	(£7,247,549) 18.000%	(£6,562,236) 18.000%	(£5,876,961) 18.000%	(£5,191,667) 18.000%	(£4,506,374) 18.000%	(£3,821,080) 18.000%	(£3,135,786) 18.000%
+7.500%	(£9,634,757) 18.000%	(£8,949,463) 18.000%	(£8,264,169) 18.000%	(£7,578,875) 18.000%	(£6,893,581) 18.000%	(£6,208,269) 18.000%	(£5,522,993) 18.000%	(£4,837,700) 18.000%	(£4,152,406) 18.000%
+10.000%	(£10,651,378) 18.000%	(£9,966,084) 18.000%	(£9,280,789) 18.000%	(£8,595,495) 18.000%	(£7,910,201) 18.000%	(£7,224,907) 18.000%	(£6,539,594) 18.000%	(£5,854,319) 18.000%	(£5,169,026) 18.000%

Sensitivity Analysis : Assumptions for Calculation

Construction: Gross Cost

Original Values are varied by Steps of 2.500%.

Heading	Phase	Amount	No. of Steps
1B Apartment - Market	1	£4,707,260	4.00 Up & Down
2B Apartment - Market	1	£5,296,600	4.00 Up & Down
2B House - Market	1	£5,306,283	4.00 Up & Down
3B House - Market	1	£5,983,308	4.00 Up & Down
4B House - Market	1	£5,452,839	4.00 Up & Down

Sales: Gross Sales

Original Values are varied by Steps of 2.500%.

Heading	Phase	Amount	No. of Steps
1B Apartment - Market	1	£10,595,752	4.00 Up & Down
2B Apartment - Market	1	£11,922,320	4.00 Up & Down
2B House - Market	1	£13,983,538	4.00 Up & Down
3B House - Market	1	£15,767,688	4.00 Up & Down
4B House - Market	1	£14,369,754	4.00 Up & Down



Alder King Property Consultants
Pembroke House, 15 Pembroke Road, Clifton, Bristol BS8 3BA