



Review of 'Financial Viability Assessment in support of the Planning Application' – Former Olleco Site, Royal Crescent Road, Southampton, SO14 3TT



Prepared for
Southampton City Council

January 2024



Contents

1	Introduction	3
2	Description of the Development	5
3	Methodology	8
4	Review of Assumptions	9
5	Analysis	11
6	Conclusions	19
7	JANUARY 2024-UPDATE	19

Appendices

- Appendix 1 - B&M Build Costs
- Appendix 2 - Residual Profit with B&M Costs Appraisal
- Appendix 3 - Residual Land Value with B&M Costs Appraisal
- Appendix 4 - Residual Land Value with B&M Costs and Policy Obligations
- Appendix 5 - Updated Residual Land Value

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1 Introduction

Southampton City Council ('the Council') has commissioned BNP Paribas Real Estate to advise on a 'Financial Viability Assessment in support of the Planning Application reference 23/0649/FUL validated 4th July 2023 prepared by CBRE ('the Applicant') in relation to its development proposals ('the Development') at Former Olleco Site, Royal Crescent Road, Southampton, SO14 3TT ('the Site').

The application is for the "*Demolition of existing buildings and construction of new buildings of up to 17 storeys to provide co-living accommodation comprising up to 397 private studio rooms with associated access, internal and external amenity spaces, landscaping and public realm improvements; and including publicly accessible community cafe, co-working space and gym at ground floor level (Sui Generis).*"

The current status of this application is "awaiting decision".

1.1 BNP Paribas Real Estate

BNP Paribas Real Estate is a leading firm of chartered surveyors, town planning and international property consultants. The practice offers an integrated service from nine offices in eight cities within the United Kingdom and over 180 offices, across 34 countries in Europe, Middle East, India and the United States of America, including 18 wholly owned and 16 alliances.

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

The full range of property services includes:

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

This report has been prepared by Steve Pozerskis MRICS, RICS Registered Valuer.

The Development Viability and Affordable Housing Consultancy of BNP Paribas Real Estate advises landowners, developers, local authorities and RPs on the provision of affordable housing.

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

1.2 Report Structure

This report is structured as follows:

Section two provides a brief description of the Development;

Section three describes the methodology that has been adopted;

Section four reviews the assumptions adopted by the Applicant, and where necessary, explains why alternative assumptions have been adopted in our appraisals;

Section five sets out the results of the appraisals;

Section six, sets out the conclusions from the analysis.

1.3 Disclaimer

This report is not a valuation and should not be relied upon as such. This report is provided in the context of ensuring viable delivery under the National Planning Policy Framework 2023 ('NPPF') and the Planning Practice Guidance on Viability ('PPG on Viability').

This FVA complies with the RICS Professional Statement Financial Viability in Planning: conduct and reporting (First Edition, May 2019) and it is confirmed that I am a Registered Valuer and Qualified Practitioner acting:

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

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

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

This report is addressed to Southampton City Council only. No liability to any other party is accepted.

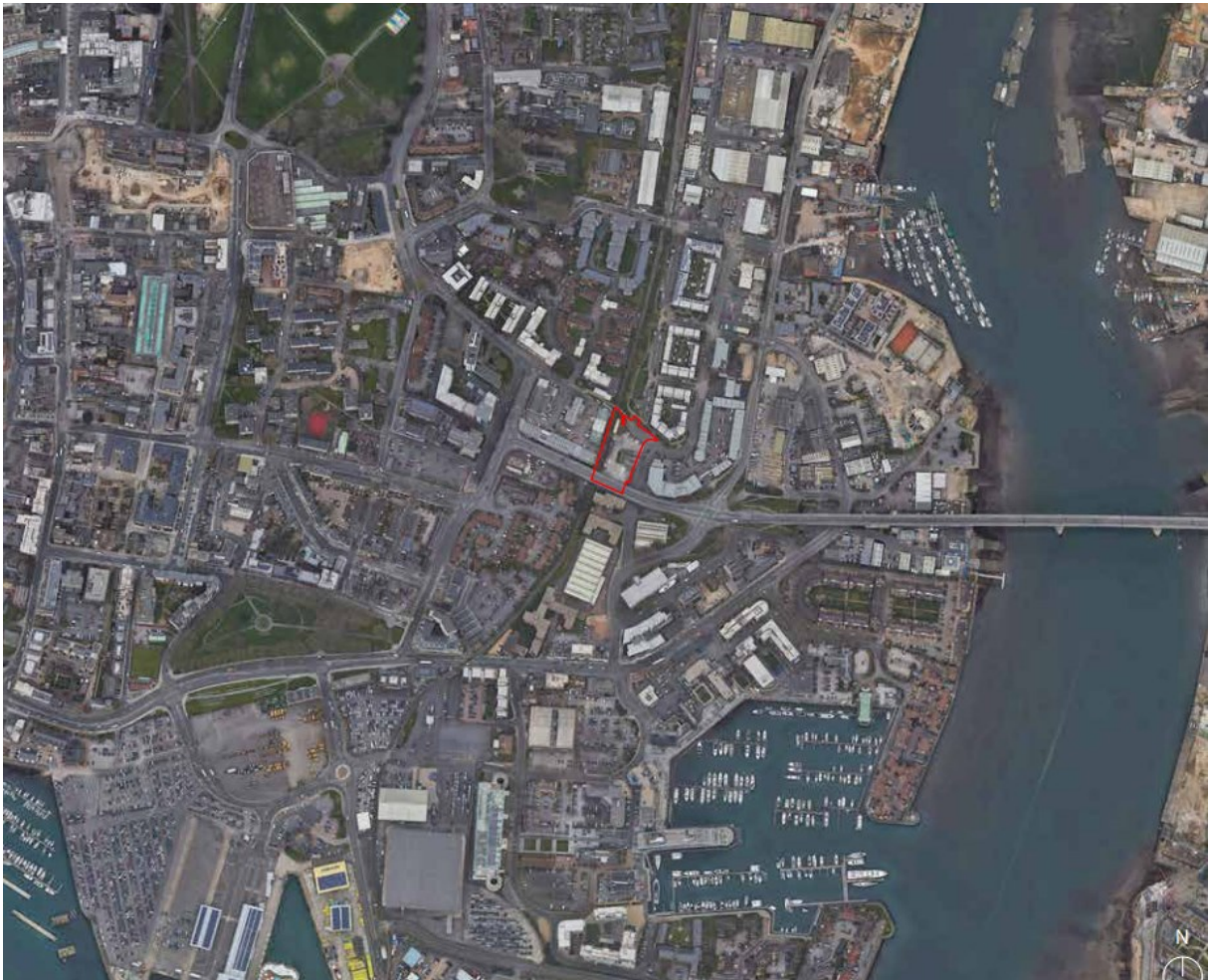
For the avoidance of doubt, this document is a review of the Applicant's Financial Viability Submission. None of the residual valuations contained in this report represent an expression of our opinion of the market value of the Site.

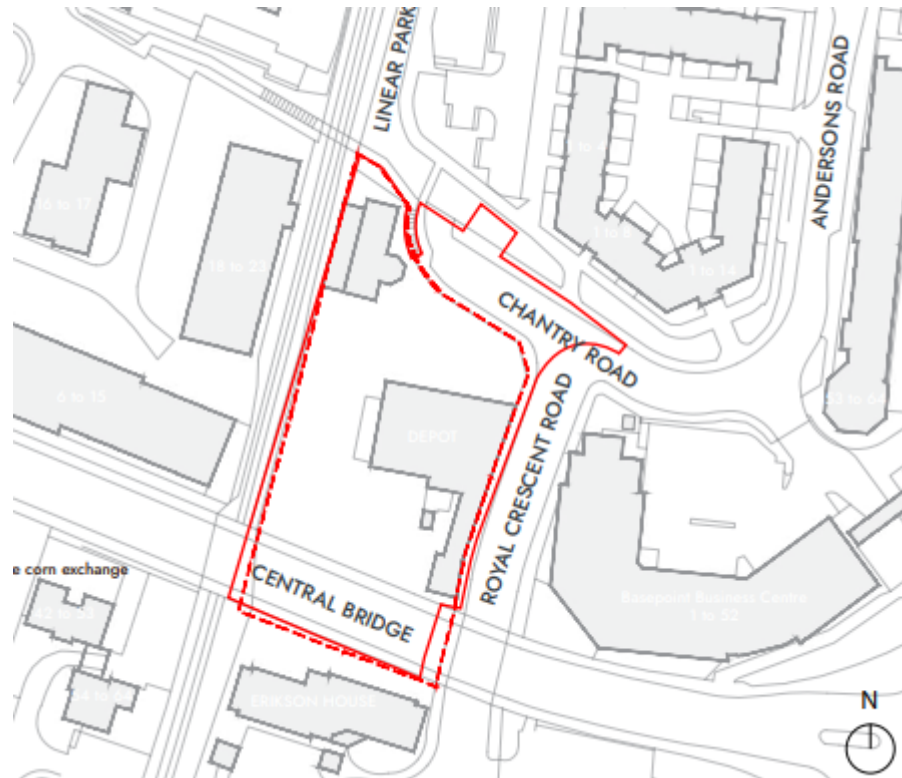
2 Description of the Development

2.1 Site Location and Description

The site is located to the south east of Southampton close to the harbour and the Ocean Village development.

It is well located in terms of access to the transport network with the Itchen Bridge a short distance to the east and the main arterial A33 out of Southampton the west.





Source: Design and Access Statement associated with subject planning application

The site is currently an oil storage facility situated between Royal Crescent Road and Central Bridge. The west oil processing plant is located towards the eastern boundary with various storage tanks to the west. The remainder of the site is hardstanding. There is a variety of residential and commercial uses surrounding the site.

2.2 Planning History

The subject site has been the subject of the following applications:

- 19/00813/FUL– Redevelopment of the site. Demolition of existing buildings and erection of a part 6 part 11 storey building to provide 456 student bedrooms, providing a mix of accommodation types with associated facilities. Approved
- 23/00649/FUL - Redevelopment of the site. Demolition of existing buildings and construction of new buildings of up to 17 storeys to provide co-living accommodation comprising up to 397 private studio rooms with associated access, internal and external amenity spaces, landscaping and public realm improvements; and including publicly accessible community cafe, co-working space and gym at ground floor level (Sui Generis). Awaiting decision

2.3 The Proposed Development

In July 2023, the Applicant submitted an application for the “*Demolition of existing buildings and construction of new buildings of up to 17 storeys to provide co-living accommodation comprising up to 397 private studio rooms with associated access, internal and external amenity spaces, landscaping and public realm improvements; and including publicly accessible community cafe, co-working space and gym at ground floor level (Sui Generis)*”

It is this application which is the subject of CBRE’s financial viability statement.

Former Olleco Site, Royal Crescent Road, Southampton

The proposals, if granted, would create 397 private studio rooms and a café as follows:

Table 2.3.1: Residential / Commercial units and floorspace

Type	Units		
	Number	Av.Sq ft	Total Sq ft
Type 1 Studio	245	198	51,004
Type 2 Studio	77	235	16,706
Type 3 Studio	55	267	13,089
Type 4 Studio	20	310	6,200
Total	397		86,998
Commercial (Café)	1	1,281	1,281
GIA			160,766

3 Methodology

CBRE have undertaken their appraisal using the Argus Developer which is a standard development appraisal tool widely used for the purposes of appraising development proposals, including for the purposes of secured lending valuations.

We have used Argus for the purposes of undertaking our own appraisals of the Applicant's proposals.

Argus is essentially a cash-flow backed model which allows the finance charges to be accurately calculated over the development/sales period. The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value. The model is normally set up to run over a development period from the date of the commencement of the project and is allowed to run until the project completion, when the development has been constructed and is occupied.

Essentially, such models all work on a similar basis:

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

The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value.

In order to determine whether a scheme is viable with a given percentage of affordable housing, the key question is whether the residual land value is sufficient to incentivise the landowner to bring the site forward for development. The Planning Practice Guidance ('PPG') indicates that a 'benchmark land value' should be established on the basis of the existing use value of a site plus a premium for the landowner. The premium should "*provide a reasonable incentive, in comparison with other options available, for the landowner to sell the land for development while allowing a sufficient contribution to fully comply with policy requirements*" (paragraph 013).

The PPG recognises that landowners may also be able to develop their land for an alternative type of development to that proposed in their application. As an alternative to existing use value, paragraph 017 of the PPG indicates that benchmark land value may be established through a valuation of an alternative use, providing that the alternative scheme would "*fully comply with up to date development plan policies.... and... it can be demonstrated there is market demand for that use*". Furthermore, if an alternative use value approach is adopted, the PPG indicates that "*AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted*".

The PPG is explicitly clear that prices paid for sites are to be excluded from Financial Viability in planning and this report reflects this guidance.

4 Review of Assumptions

A review of the assumptions made by CBRE has been undertaken as follows:

4.1 Benchmark Land Value

CBRE have utilised the Existing Use Value Plus methodology regarding the Benchmark Land Value (BLV).

The Existing Use Value (EUV) is based upon the ongoing use as “industrial with ancillary office premises”. This is calculated at £1.214 million.

The premium considered reasonable by CBRE is 20% which equates to a BLV of £1.457 million.

4.2 Project Programme

CBRE have provided the following development programme:

- Land purchase – month 1
- Pre-construction – month 2-4
- Construction – month 5-28
- Stabilisation Period – months 29-40
- Asset Disposal – month 41

There has been no supporting evidence provided regarding the above.

4.3 Market Housing Revenue

The proposals are for a Co-Living scheme. This is a managed residential product designed for single private renters. Therefore, assessing Gross Development Value is not based upon comparable sales evidence but rather comparable rents from the local area.

The proposed gross rent per unit is £829 per calendar month which equates to £3,949,022 gross rent per annum (£45.39 per sq ft).

The total gross annual residential rental revenue (ERV) has been reduced by 30.00% to reflect the projected minimum stabilised operational management costs, inclusive of management charges. CBRE has assumed an occupancy rate of 95% at which point the asset becomes stabilised, allowing for 5% ongoing void turnover.

A stabilised investment (exit) yield of 4.75% has been applied to the net revenue (net operating income).

CBRE have adopted rental growth and an annualised growth rate of 4.0% providing an overall residential GDV of £65,764,459

4.4 Commercial

CBRE have utilised an expected rent of £15 per sq ft, capitalised at a yield of 8.5% which equates to £226,059.

4.5 Construction Costs

CBRE have provided a cost plan totalling £52,438,417 (inclusive of contingency and professional fees) plus £700,000 to cover demolition and site preparatory works.

Input	Cost
Demolition / Site Clearance	£700,000

4.6 Other fees

CBRE have included a further £1,118,000 to cover “pre-planning and statutory fees”.

4.7 Community Infrastructure Levy (‘CIL’) and Section 106 Payments

Input	Cost
CIL	£0
S106	£118,970

4.8 Developer’s Profit

CBRE indicate that they have utilised a profit level of 15% (on GDV).

4.9 Finance Costs

The Applicant’s viability assessment adopts a finance rate of 7.5% plus fees. This is based upon a 60% LTV debt funding at interest rate of 7.5% plus arrangement (entry) fee of 1%, exit fee of 1%, and commitment fee of 1.75%.

4.10 Marketing, Sales & Disposal Fees

CBRE have included investment sale agent fees at 0.75% and sale legal fees at 0.5%.

5 Analysis

5.1 Benchmark Land Value

Our approach to benchmark land value reflects the requirements set out in paragraphs 013 to 017 of the Planning Practice Guidance and other relevant planning guidance. Benchmark land value is not an expression of what a site might sell for in the market and the PPG warns against reliance on the prices paid for sites.

CBRE provide the following areas:

Building	Sq ft
Waste Oil Processing Plant	6,458
Office	1,615
Total	8,073

CBRE have assessed the EUV in its ongoing use as industrial space with ancillary offices. It is understood that the property was marketed on a short-term let basis of 24 months due to the future development opportunity. The quoted rent was £100,000 per annum which equates to £12.39 per sq ft.

The property was let to Su-fix Precast Ltd for 24 months from November 2021 at £85,000 per annum (£10.53 per sq ft).

CBRE provide a number of comparables to support this as being representative of the current market rental value.

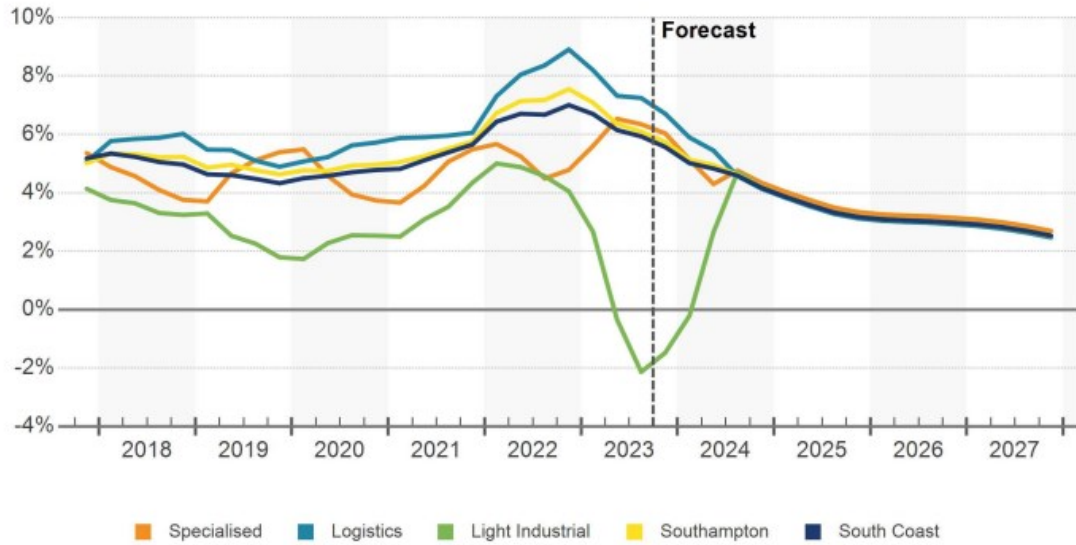
This rental value is capitalised at 7.5% less 5.99% purchaser's costs.

BNPPRE RESPONSE – CURRENT MARKET RENT

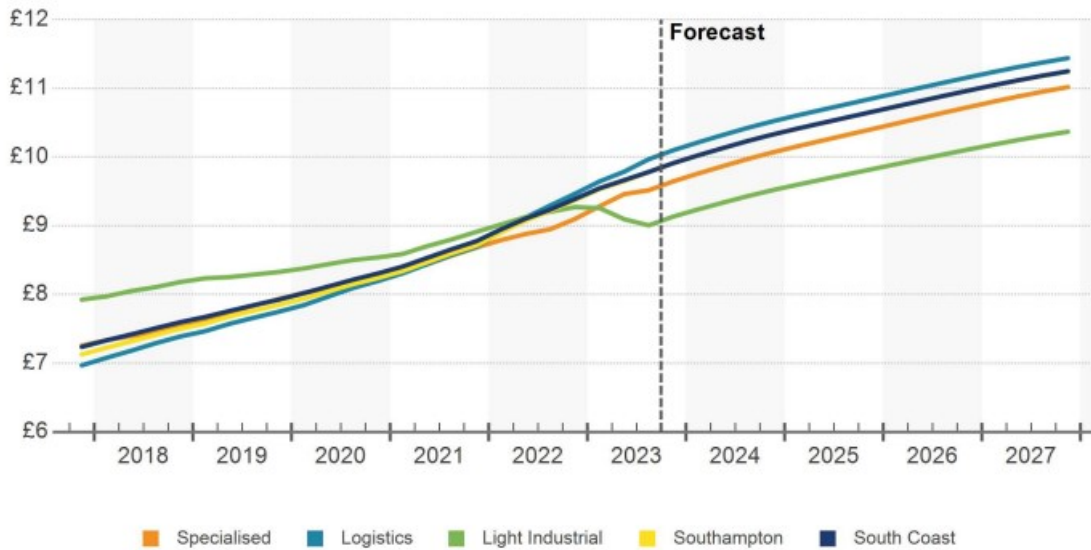
CoStar provides the following details on the Southampton Industrial Market:

Rents posted exceptional gains of 6.0% over the past 12 months, which was right in line with the annualized average growth rate over the past three years, as well. Over a longer horizon, industrial rent growth in both the Southampton submarket and the broader South Coast market has been nothing short of sensational. In the past 10 years, rents in the submarket have cumulatively risen by 61.8%, a performance essentially matched when zoomed out to the entire South Coast market.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



Source: CoStar

The above graphs provide evidence that rents between £9 and £10 per sq ft are likely to be achievable currently for industrial sites in Southampton.

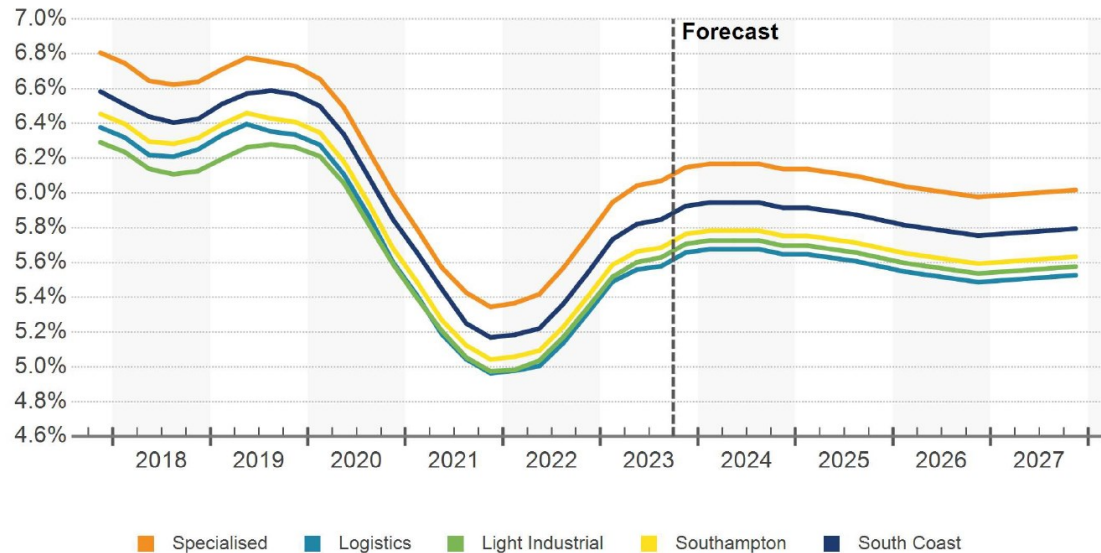
The Applicant has utilised £10.53 per sq ft (based upon an actual letting) which is supported by the local market trends. This was an open market letting in November 2021 (and a short term lease). There has been growth in the market since November 2021 and furthermore we would expect a higher rent to be paid for a more standard term (5-10 years). This is considered to be the strongest available evidence.

We therefore conclude that the estimated rental value at £10.53 per sq ft is not unreasonable.

BNPPPRE RESPONSE – CAPITALISATION RATE

CBRE have utilised a capitalisation rate of 7.5%. The graph below shows how yields hardened during and immediately after the pandemic but have recently softened post-2022:

MARKET YIELD



Source: CoStar

Overall, light industrial yields have tended to be in the region of 5.6% to 6%. The subject site is not necessarily considered to be the best located commercial site locally and the buildings are not considered to be particularly modern, thus we would expect a softer yield to apply that much of the more modern stock in the City. Based upon this information, we do not believe a yield of 7.5% is unreasonable.

Premium

The Applicant has utilised a premium for Existing Use Value+ at 20%. On the basis that the property is in reasonable condition and is currently let we agree that the use of a premium is reasonable.

It is generally accepted that the premium associated with EUV+ will be in the range of 10-30%.

On the basis that the property has been let on the open market in recent years and the general strength of the light industrial market (see graph showing the hardened yields above) we accept that the premium should be in excess of the bottom of this range. However, the property is not the best located unit thus we would expect the premium to be below the upper end of this range.

Therefore we conclude that the premium at 20% is not unreasonable in this instance.

BLV CONCLUSION

Overall, the Applicant's BLV at £1.457 million is considered reasonable.

5.2 Scheme GDV

In arriving at the Gross Development Value (“GDV”), CBRE undertook to assess the Market Rent and the yield based on comparable transactions within the market. There are a dearth of schemes against which to compare and it is fair to compare against BTR schemes and PBSA schemes. CBRE have noted a number of larger schemes within their assessment of the Market Rent but it is noted that within the body of their Report there are no PBSA schemes specifically noted with schemes referred to being predominantly one and two-bedroom flats/apartments.

It is noted that the assessment of Market Rent is more comparable to the PBSA market rather than the BTR schemes noted and we would agree with this as a principle but would therefore expect more detail on the rents being achieved for the newer and larger schemes in the city such as Cumberland Place which is operated by Prestige Student Living. The studios proposed as a co-living scheme are more akin to a PBSA development although we would add that studios within PBSA schemes will not sure communal kitchen spaces and they will have kitchenettes included within the studio. Our research shows the following rents being achieved for studios within PBSA schemes in the city:

Property	Operator	Description	Term	Rents PPPW	Rent Per Annum
St Margaret’s House	CRM	Studio	51 weeks	£218.00	£11,118
Richmond House	Vita Students	214 rooms over 11 floors Classic Plus Classic studio	51 weeks	£225 £232	£11,475 £11,832
Portswood House	Vita Students	435 studios Lite studio	51 weeks	£284.00	£14,484
Cumberland Place	Prestige Student Living	Studio	51 weeks	£240.00 (average 22/23)	£12,240
Orion Point – 671 bed spaces	Unite (works to façade during 2023/2024)	Studio Premium Studio	51 weeks 51 weeks	£225.00 £235.00	£11,475 £11,985
Mercury Point (formerly Liberty Qua 562 students)	Unite	Studio	51 weeks	£225.00	£11,475
Hampton Square, Highfield	Capitol Students	Studio	51 weeks	£225.00	£11,475

A number of the rent above are based in the 2023/2024 academic year with pricing not yet released for 2024/2025 or accommodation is already sold out. The range of Market Rent adopted by CBRE is between £9,823 per annum and £10,309 per annum and therefore at the lower end of the PBSA market. Assuming kitchenette facilities are provided in the studios of the subject Property as proposed, we would expect a similar level of rent to be supported as being achieved by the PBSA market. The average of the above is £234 per week and CBRE adopted £206 per week suggesting that there is scope to increase the rental income from the larger studios in particular. The smaller studios of which there are 257 bed spaces are below the average of the size of the majority of the above schemes which average 20 sq m to 22 sq m and therefore there should be some differential made as these are in the order of 18.5 sq m. Our assessment of the Market Rent is as follows:

Dwelling Type	Number of Dwellings	Average Size Sq ft	Avg, Gross Rent Per Week	Avg. Gross Rent Per Calendar Month	Avg. Gross Rent Per Annum
Accessible	20	310	£240	£12,480	£249,600
Studio Type 1	257	198	£189	£9,828	£2,525,796
Studio Type 2	71	235	£225	£11,700	£830,700
Studio Type 3	49	267	£240	£12,480	£611,520
Scheme Total Gross	397	219	£223.50		£4,217,616

Dwelling Type	Number of Dwellings	Average Size Sq ft	Avg, Gross Rent Per Week	Avg. Gross Rent Per Calendar Month	Avg. Gross Rent Per Annum
Deductions for voids 5% together with management and OPEX costs at 25%					£1,265,285
Scheme Total Net Income					£2,952,331 Say £2,950,000

The net Market Rent compares to CBRE's opinion of £2,764,315 per annum. We agree with the gross to net deductions of 30% and the average deduction of £3,187 per dwelling is within the ballpark of expectations. It is noted that CBRE's average is lower but this is due to the lower Market Rent being adopted.

The co-living investment market remains in its infancy to a large extent. There are few transactions against which to compare of stabilised assets with the majority of transactions being forward funding opportunities and it is not easy to therefore compare a yield on this basis with a stabilised asset. The proposed development, having 397 bed spaces, would be attractive to institutional market and at the current time this is a market which has access to funding which is not reliant on the traditional debt markets making the imbalance between yield and finance costs less pronounced and it does not become a KPI measure. The yield profile for the subject Property is likely to be benchmarked against PBSA transactions and BTR schemes which have sold.

CBRE have adopted a 4.75% yield on the net income of £3,143,027 per annum in January 2027, this reflects growth of 4% per annum. The growth projections are in line with our own views and reflect the continued demand from the tenant market whilst affordability issues prevail in the sales market and higher borrowing costs making purchasing for first time purchasers difficult. Should we adopt the same rental growth projections the net rent will be in the order of £3,320,000 per annum. To be noted is that Council Tax will be payable by the occupiers as some will be exempt. All utilities are included and this is one reason why rents are higher than a standard HMO. We would expect each unit to be fully furnished but cleaning is unlikely to be included within the rent. Services such as co-working space would be included. As previously noted, there is a lack of evidence for Co-Living locally, thus utilising Build to Rent gives us the same basis with utilities included in the majority of instances.

The yield of 4.75% is not considered to be unreasonable however this does appear to reflect that there is perceived rental growth between now and exit of the development and yet this has been allowed for within the net income adopted within the residual appraisal. There is a dearth of transactional information to support a yield of 4.75% with the most recent sale of PBSA in the city being Cumberland Place in December 2022 at a yield of 4.81% with a yield of 5.40% reflecting the rental top-up which has provided by the vendor. It is not advisable to rely on one transaction to support an adopted yield. The yield of 4.75% reflects the potential of the asset and this is predicated by the strength of the living sectors and whilst the amount of transactional evidence has reduced in quarter 3 2023 reflected constraints in the lending market this is not reflective of a lack of demand from investors or funders. The yield is considered to be at the keener end of the yield profile we would expect and at 4.75% we would expect this to be implicit of growth but the appraisal seems to suggest rental growth has been allowed explicitly on the income profile. Whilst there is a dearth of comparables against which to compare we would expect a yield, where rental growth has been applied to the current day income, to be closer to 5%.

Co-living schemes in London commuter locations would be expected to achieve a yield on the net income of around 4.5% and we are aware of two schemes which are being targeted at this level. Therefore, in Southampton we would expect a yield differential of 50bp and in particular where rental growth is accounted for explicitly. With no competing schemes in Southampton and a good graduate retention rate it is feasible that a yield of 5% could be achievable as a stabilised asset. The market remains

The GDV contained within the CBRE report is £65,764,459 for the residential element of the development and net of purchaser's costs this is £64.6 million (rounded). Our opinion of the net Market Rent is higher at £3,320,000 per annum (implicit of 4% per annum rental growth) and at a yield of 5% which we consider to be reflective of implied rental growth our GDV is in the order of £66,400,000 and net of purchaser's costs, which we would expect to be 3.2%, it reflects a value of £64.34 million. Should we adopt purchaser's costs of 1.8% the resultant value is £65.2 million and therefore higher than that adopted by CBRE by approximately 1%. This is considered to be within a margin of error which is within a reasonable tolerance. The method upon which CBRE have calculated the purchaser's costs on exit is different to how we would approach this element of the calculation as explained below.

CBRE have adopted purchaser's costs of 1.8% on exit together with sales agent and legal fees as a cost. We would general adopted purchaser's as a total of 3.2% of the GDV. CBRE have adopted 3.05% although in a slightly different form. Their total sales fees appear to therefore be £1,997,862 with corresponded costs adopted by ourselves at 3.2% of £2,058,915 and therefore the difference is considered to be negligible and would not impact on the residual value.

The conclusion would be that the resultant Gross Development Value of the proposed development is not materially different to the approach we would adopt and whilst the variables may be different those adopted by CBRE are not outside of the parameters we would expect. They have adopted a lower Market Rent and a more aggressive yield but, by adopting what we consider to be a more realistic level of Market Rent and a yield which we consider is implicit of growth, the GDV is within a tolerance which would be expected for a large scheme where there are few comparables for both Market Rent and yield.

The yield selection is by far the most subjective element of the GDV and we are aware that the living sectors continue to see a weight of money looking to be invested. Nevertheless, the sustainability of yields needs to be considered against a backdrop of economic turbulence and rising rents. Without continued salary growth rents may become simply unaffordable and the yield needs to reflect the risk associated with rental growth. Whilst the market in Southampton is likely to see growth in rents and with a lack of co-living product yields may harden in the medium to longer term. However, a lack of transactional activity and considering that prime BTR stock regionally is 4.5% to 5.0% and PBSA at 5% plus we would suggest that a 5% yield is more reflective of a scheme in an emerging market for the asset class.

There is a small café included as part of the proposals. Overall, the income associated with this element is considered to be de minimus at less than 0.5% of GDV. However, we have assessed the rent (£15 per sq ft) and yield (8.5%) and do not disagree with these inputs. The yield applied is considerably softer than that applied to the residential element. This reflects the economic headwinds the retail market is currently experiencing. Whilst we note that there is a ready-made footfall from the completed subject development, we doubt that a harder yield could be applied given that in reality, only residents are likely to use this space with no other passing footfall.

5.3 Construction costs

CBRE have utilised an external cost consultant providing an overall cost of £58,264,907.

BNPPRE RESPONSE

Betteridge and Milsom (B&M) were instructed by Southampton City Council to undertake a review of the costs provided by the Applicant.

The B&M report is attached at **Appendix 1**.

The executive summary reads as follows:

Applicant Cost	B&M Cost	Difference
£50,248,095	£41,655,921	£8,592,175

B&M suggest that the external works costs are reasonable but there is a circa £8.5 million overestimate in costs for the construction (excl. external works). A question mark is also raised over the demolition costs at £700,000. B&M suggest between £200,000 and £250,000 may be more reasonable. We have adopted a figure of £225,000 to cover demolition costs.

5.4 Other costs

The Applicant has included planning fees at around 2% of build costs. Whilst this appears low, we note that that professional fees and contingencies are included within the build costs as detailed within the B&M report.

Agent fees at 0.75% and legal fees at 0.5% are within an expected range for a scheme such as proposed.

The Applicant suggests that a profit level of some 15% on cost would be required to be considered viable. This is below the 15-20% on value that would be expected of a Built to Sell development however, the risk profile associated with residential development is considerably different to Built to Sell (with a longer exit not relying on immediate sales). The 15% return on cost suggested by the Applicant is considered to be in line with our expectations.

5.5 Finance

The Applicant has utilised a finance rate of 7.5% plus a 1% intro, 1% exit and 1.75% commitment fee. These are towards the upper end of the expected range of finance costs, but not considered unreasonable.

5.6 Appraisal results

CBRE appraisal results

CBRE have structured their appraisal so that the Residual Profit can be directly compared to the expected profit rate of 15% on cost

CBRE Summary

Appraisal variable	Value / Cost
Gross Development Value	£65,990,518
Purchaser's costs	£1,187,829
Net Development Value	£64,802,689
Construction Costs Incl. Abnormals / Externals	£52,438,417

Appraisal variable	Value / Cost
Demolition / Site clearance	£700,000
Contingency	£incl.
Planning Obligations	£118,970
Professional Fees	£1,118,000
Sales/Marketing incl Legal	£810,034
Finance	7.5% (plus intro and exit fees)
Market Return / AH Return	6.54% on cost
Fixed Land Value	£1,457,201
Shortfall	8.46%

BNPPRE Appraisal Results

There are three main areas that are important within a viability appraisal. Gross Development Value, Costs and Benchmark Land Value.

We do not believe CBRE have been unreasonable regarding the GDV overall. The rents utilised are potentially on the soft side, but this is offset by a slightly harder yield than would have been anticipated.

The Benchmark Land Value is also considered to be reasonable.

Therefore the main issue we have identified are the costs associated with the development. There is a significant difference between CBRE's costs and those suggested by B&M.

We have therefore run an appraisal utilising the build costs provided by B&M. This returns a profit level of 26% on cost – above the 15% suggested as a reasonable benchmark. See **Appendix 2**.

On the basis that the target is 15% on cost, we conclude that the proposed scheme may be able to support a level of off-site contribution.

We have therefore run an alternative appraisal based upon a Residual Land Value and a fixed 15% (on cost) return. This provides a Residual Land Value of some £5.68 million. This is above the Benchmark Land Value providing a surplus of some £3.786 million. See **Appendix 3**.

We therefore conclude that the proposed scheme may be able to provide an affordable housing contribution or other planning obligation of some £4.2 million.

6 Conclusions

The Applicant's appraisal is not considered to be fundamentally wrong in terms of Gross Development Value and the general methodology.

The main query relates to the build costs. The independent cost plan from B&M suggests the applicant's appraisal is some £8.5 million overestimated.

We would therefore conclude that the development may be able to support a level of affordable housing contribution of round £4.2 million.

A final appraisal has been included at **Appendix 4**. This appraisal includes some £4,865,726 of Section 106 contributions and £1,344,814 of CIL contributions which have been provided to us by Southampton City Council.

This appraisal returns a Residual Land Value of some £394,000. This is below the Benchmark Land Value of £1.457 million.

7 JANUARY 2024-UPDATE

7.1 BACKGROUND

The original report concluded that the general methodology and Gross Development Value were not considered unreasonable, however, the build costs required additional investigation.

B&M have undertaken discussions with the applicant's cost consultant regarding the differences in costs.

7.2 OUTCOME

The Applicant and B&M are still not in agreement with regard to the build costs proposed on site with a difference of some £3.3 million between cost plans:

Total Cost

Applicant	B&M	Difference
£52,726,484	£49,409,047	£3,317,437

7.3 Conclusion

Whilst not in agreement regarding the expected costs, we have run the appraisal based upon B&M's final position:

WITH POLICY PLANNING OBLIGATIONS	
Residual Land Value	Negative £5m

The table above highlights that with a full Community Infrastructure Levy payment and S106 payment, the scheme provides a negative land value of some minus £5m and is not considered deliverable based upon B&M's opinion of cost.

Therefore it is concluded that no planning obligations would be considered viable via the proposed scheme, however we understand that the Applicant has made a 'without prejudice' offer of circa £4m, which is above a level that could be expected based upon the appraisals above.

A copy of the updated appraisal is attached at **Appendix 5**.

APPENDIX 1

B&M Build Costs

Viability Cost Assessment

Southampton City
Council

Olleco, Royal Crescent
Road, Southampton

Contents

1 - Executive Summary	2
2 - Project Description	3
3 – Information Used.....	4
4 – Scheme Cost Assessment	4
5- Conclusion.....	5

Appendix A - Cost Review Summary (Olleco Site)

Appendix B – BCIS Data

Owner	Dom Mulford
Issue	10 th November 2023
Version	-

1 - Executive Summary

The proposed development comprises the demolition of an existing site and the construction new buildings up to 17 storeys to provide co-living accommodation comprising up to 397 private studio rooms with associated access, internal and external amenity spaces, landscaping, and public realm improvements; including publicly accessible community café, co-working space, and gym – further details are included within this report under **Project Description**.

This report assesses and comments on the Applicant's financial viability assessment for the proposed development, focusing on the construction cost estimates provided, excluding any design fees, surveys or inflation.

The findings of this report are summarised in the below table:

Scheme	Applicant Cost Estimate	b&m Cost Estimate	Difference
New Build Studio Rooms	£50,248,095	£41,655,921	£8,592,175

Based on the analysis within this report, the construction cost estimate for the works assessed for the scheme is **£41,655,920 (excl. External Works)**, which is lower than the Applicant's figure.

Further details including information used to prepare the report, the basis of the estimates and commentary on the cost assessments are contained within later sections of this document.

2 - Project Description

The proposed development site is located at Olleco, Royal Crescent Road, Southampton, SO14 3TT. Figure 1 below shows the proposed site plan including the red line boundary:



Figure 1 – Site Location Plan.

The development site currently comprises an oil storage facility building and associated hardstanding.

The Applicant has submitted a planning application (Ref: 23/00649/FUL) for the following:

“Redevelopment of the site. Demolition of existing buildings and construction of new buildings of up to 17 storeys to provide co-living accommodation comprising up to 397 private studio rooms with associated access, internal and external amenity spaces, landscaping and public realm improvements; and including publicly accessible community cafe, co-working space and gym at ground floor level (Sui Generis).”

3 – Information Used

The following information was referenced and reviewed during the preparation of this report:-

- All drawings, reports, and documents available within the outline planning application (Ref: 23/00649/FUL)
- CBRE Limited 'Financial Viability Statement' in support of the Planning Application' – July 2023
- BCIS cost data

4 – Scheme Cost Assessment

The scheme has a proposed Gross Internal Area (GIA) of 14,935m² (160,766ft²).

Scheme	Applicant Construction Cost (Estimated development)	Applicant Construction Cost (excluding External works & Design fees) (Estimated development)
Olleco Site	£58,264,907	£50,248,095

The Applicant's estimated development cost for the scheme is **£58,264,907**. This figure is based on a total project cost including client direct fees and risk. This cost estimate is based on a £/m² rate of circa **£4,003 (£372/ft²)**.

In order to compare the scheme to the BCIS data, External works and Project/Design fees are excluded from the construction cost, which provides a new total of **£50,248,095**. This results in a £/m² rate of **£3,452/m² (£321/ft²)**.

Reviewing the latest BCIS data for new build apartment buildings of 6 storeys and above (median range), rebased to Southampton, suggests a £/m² build cost of approximately £2,082 (£193/ft²). The below table summarises the BCIS data:

Building Type	BCIS (£/m ²)	BCIS (£/ft ²)
Apartments, New Build (6+ storeys)	£2,082	£193

Reviewing the above table, the Applicant's £/m² build cost allowance of **£3,452** is significantly higher against BCIS data. Due to the nature and size of the scheme a further comparison to similar case studies was undertaken (see table below). The case studies are all above the BCIS median range, however still lower than the applicants cost. The disparity can be attributed to scheme specifics as well as the recently enhanced building and fire regulations which are unlikely to be accounted for in the BCIS data (allow for 15% uplift – see table below).

BCIS Case studies	Size	BCIS (£/m2)	Estimated 15% uplift (£/m2)
383 Flats and 2 Commercial Units	29,476m2 (16 Storey)	£2,364	£2,719
274 Flats and 1 Commercial Unit	24,569m2 (26 Storey)	£2,461	£2,830
141 Flats	13,216m2 (10 Storey)	£2,349	£2,701

An elemental review of the applicant's cost was also undertaken which indicated a few elements within the scheme were high, these costs were adjusted based on BCIS and benchmarked data (refer to **Appendix A**).

The preliminary and OH&P percentages were also adjusted based on BCIS and benchmarked data from 22%-15% and 7.5%-5% respectively. This resulted in a cost assessment per £/m2 rate of £2,854 (£265/ft2). This is also higher than the BCIS benchmarked data but aligns with similar case study costs once the uplift is applied. Our full assessment is included in **Appendix A** and summarised below:

Element	Applicant Cost Estimate (excl External works & Design fees)	b&m Cost Assessment (excl External works & Design fees)	Difference
Construction Cost Estimate	£50,248,095	£41,655,921	£8,592,175

A review of the External works was undertaken separately, and the applicants' costs have been deemed acceptable.

Refer to **Appendix A** for full summary of cost assessment.

5- Conclusion

The report has outlined our assessment of the construction costs for the scheme providing 397 private studio rooms at Olleco, Royal Crescent Road, Southampton.

The Applicant has provided a Construction Cost Estimate, and this has been reviewed as part of this report (refer to **Appendix A** for details). The report identifies that the preliminary costs, OH&P and some elements within the estimate are high. Further clarifications might be required as to the basis of these costs. It is also important to note that the changes in construction standards and safety measures such as building and fire regulations are unlikely to be accounted for in the BCIS or benchmarking data.

On this basis, following the analysis and findings within this report we consider the Applicant's viability appraisal costs for the scheme to be high. Appendix A and B include a summary of these costs estimates and further commentary.

Appendix A

Cost Review Summary (397 Private Studios)



Infinite Cost Estimate

	£/m2	m2 GIFA	
0 Facilitating Works	-	0	-
1 Substructure	129	14,579	1,880,730
2 Superstructure	1,224	14,561	17,822,566
Frame	155	14,551	2,255,330
Ufs	163	14,586	2,377,508
Roof	86	14,576	1,253,573
Stairs	30	14,333	430,000
External Walls	465	14,567	6,773,851
External W&Ds	107	14,531	1,554,846
Internal Walls	139	14,596	2,028,783
Internal Doors	79	14,540	1,148,675
3 Internal Finishes	203	14,482	2,939,781
Wall	73	14,531	1,060,777
Floor	64	14,458	925,282
Ceiling	66	14,450	953,722
4 FF&E	97	14,631	1,419,200
5 Services	715	14,548	10,402,027
6 Pre-Fab	139	14,566	2,024,700
7 Existing	-	0.0	-
8 External Works	-	0.0	-

BW Estimate **2,507** **36,489,004**

9 Prelims (22%) 552 8,027,581

Sub-Total **3,059** **44,516,585**

10 OHP (7.5%) 229 3,338,744

Works Cost **3,288** **47,855,329**

11 Project/Design Fees () excl.

12 Other Costs (CIL) excl.

Base Cost **3,288** **47,855,329**

13 Risk Allowance (5%) 164 2,392,766

CL Excl Inflation **3,452** **50,248,095**

14 Inflation 0 -

Cost Limit **3,452** **50,248,095**

External Works

Site Prep Works	incl.	170	2,478,389
Bin Store	incl.		
Cycle Store	incl.		
Retail Units	incl.		
Hard Landscaping	incl.		
Soft Landscaping	incl.		
Fencing	incl.		
External Furniture	incl.		
Steps & Ramps	incl.		
Drainage	incl.		
			2,478,389

b&m Response Nov 2023

	£/m2	m2 GIFA		
0 Facilitating Works	-	0	-	Agreed
1 Substructure	129	14,596	1,882,845	Agreed
2 Superstructure	1,204	14,596	17,573,223	
Frame	155	14,596	2,262,334	Agreed
Ufs	163	14,596	2,379,099	Agreed
Roof	86	14,596	1,255,230	Agreed
Stairs	30	14,596	437,871	Agreed
External Walls	465	14,596	6,787,001	Agreed
External W&Ds	107	14,596	1,561,740	Agreed
Internal Walls	119	14,596	1,736,888	Adjusted based on BCIS & benchmarked cost data
Internal Doors	79	14,596	1,153,060	Agreed
3 Internal Finishes	182	14,596	2,656,417	
Wall	73	14,596	1,065,486	Agreed
Floor	64	14,596	934,125	Agreed
Ceiling	45	14,596	656,807	Adjusted based on BCIS & benchmarked cost data
4 FF&E	97	14,596	1,415,783	Agreed
5 Services	500	14,596	7,297,850	Adjusted based on BCIS & benchmarked cost data
6 Pre-Fab	139	14,596	2,028,802	Agreed
7 Existing	-	14,596	-	
8 External Works	-	14,596	-	

BW Estimate **2,251** **32,854,921**

9 Prelims (15%) 338 4,928,000

Sub-Total **2,589** **37,782,921**

10 OHP (5%) 129 1,889,000

Works Cost **2,718** **39,671,921**

11 Project/Design Fees () excl.

12 Other Costs (CIL) excl.

Base Cost **2,718** **39,671,921**

13 Risk Allowance (5%) 136 1,984,000

CL Excl Inflation **2,854** **41,655,921**

14 Inflation 0 14,596 -

Cost Limit **2,854** **41,655,921**

2,854

External Works

Site Prep Works		118,750
Bin Store		50,500
Cycle Store		179,250
Retail Units		600,000
Hard Landscaping (80%)		444,000
Soft Landscaping (20%)		66,900
Fencing		25,000
External Furniture		50,000
Steps & Ramps		25,000
Drainage		907,500
		2,466,900

Appendix B

BCIS Data



£/M2 STUDY

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

Last updated: 04-Nov-2023 07:33

Rebased to 4Q 2023 (388; forecast) and Southampton (106; sample 51)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
New build								
816. Flats (apartments)								
Generally (15)	1,879	933	1,557	1,766	2,115	6,392	845	
1-2 storey (15)	1,770	1,098	1,497	1,686	1,977	3,689	180	
3-5 storey (15)	1,856	933	1,550	1,764	2,093	3,906	564	
6 storey or above (15)	2,218	1,356	1,799	2,082	2,414	6,392	98	

383 Flats and 2 Commercial Units - #33726

Rebased to 4Q 2023 (388; forecast) and Southampton (106; sample 51)

Summary	
Project title:	383 Flats and 2 Commercial Units
Location:	North West Region
Date:	Nov-2017
Building cost:	£69,687,626 rebased
Cost/m ² :	£2,364 rebased
Floor area:	29,476m ²
Main construction:	Concrete framed
Storeys:	16
Level of analysis:	Elemental

DETAIL	
Building function:	818. Housing with shops, offices, workshops or the like
Type of work:	New build
District:	Merseyside
Receipt date:	Nov-2017
Base date:	Nov-2017
Project details:	16 storey block of 383Nr apartments and 2Nr commercial units together with external works including site preparation, paving, landscaping, planting, drainage and services.
Client:	Private
Selection of contractor:	Two stage tendering
Contract:	JCT Design and Build Contract 2016 edition
Cost fluctuations:	Fixed
Basis of cost:	Contract

CONTRACT BREAKDOWN	
Measured work:	£57,643,552 rebased
Prime cost sums:	
Provisional sums:	
Preliminaries:	£9,736,021 rebased
Overheads and profit:	£4,835,363 rebased
Design fees:	£1,061,677 rebased
Risk (client's contingencies):	£1,697,032 rebased
Contract sum:	£74,973,645 rebased
Tender list (lowest first)	
	£74,973,645 -
Accommodation and design features	
<p>16 storey 'H' shaped on plan residential block comprising 141Nr 1B2P (50m² each), 201Nr 2B3/4P (60-68m² each) and 41Nr 3B5P flats, 2Nr ground floor commercial units (187m²) and communal facilities including lobby, gym, media room, lounge and roof top terrace. Pile foundations. RC frame, upper floors, flat roof and stairs. Cladding, glazed curtain walling and facing brick external walls. Metal stud partitions and glazed screens. Timber doors. Plasterboard, skim, emulsion and tiled wall finishes. Vinyl and carpet floor finishes. Fittings. Plasterboard ceilings. Kitchen units and reception fit-out. Bathroom pods. Kitchen appliances. Mechanical and electrical installations. Lifts. Sprinklers.</p>	
Areas	
Basement:	0m ²
Ground floor:	1,579m ²
Upper floors:	27,897m ²
Gross floor area:	29,476 m ²
External envelope / floor heights	
Average storey heights (upper):	2.90m
Credits	
Submitted by:	Capita

Quantity Surveyor:	Capita
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Elements (BCIS Standard Form of Cost Analysis (2012 revision, NRM1 compatible)) rebased					
Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percentage
01 Substructure	£1,395,090	£48			2%
02.01 Frame (Costs include other elements)	£11,298,219	£384			15%
02.02 Upper Floors (Costs included in 02.01)					
02.03 Roof	£1,200,625	£41			2%
02.04 Stairs (Costs included in 02.01)					
02.05 External Walls (Costs include other elements)	£14,488,018	£491			19%
02.06 External Windows and Doors (Costs included in 02.05)					
02.07 Internal Walls and Partitions	£3,602,372	£122			5%
02.08 Internal Doors	£1,963,664	£66			3%
02 Superstructure	£32,552,898	£1,104			43%
03.01 Wall Finishes	£486,444	£16			1%
03.02 Floor Finishes	£918,681	£32			1%
03.03 Ceiling Finishes	£1,149,987	£38			2%
03 Finishes	£2,555,112	£86			3%
04 Fittings, Furnishings and Equipment	£3,622,256	£123			5%
05.01 Sanitary Installations	£4,841,327	£164			6%
05.02 Services Equipment (Costs included in 05.06)					
05.03 Disposal Installations (Costs included in 05.06)					
05.04 Water Installations (Costs included in 05.06)					
05.05 Heat Source (Costs included in 05.06)					
05.06 Space Heating and Air Conditioning (Costs include other elements)	£9,723,587	£330			13%

Elements (BCIS Standard Form of Cost Analysis (2012 revision, NRM1 compatible)) rebased

Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
05.07 Ventilating Systems (Costs included in 05.06)					
05.08 Electrical Installations (Costs included in 05.06)					
05.09 Fuel Installations	£0	£0			
05.10 Lift and Conveyor Installations	£477,611	£16			1%
05.11 Fire and Lightning Protection (Costs included in 08.01)					
05.12 Communications and Security Installations (Costs included in 05.06)					
05.13 Special Installations	£0	£0			
05.14 Builder's Work in Connection with Services (BWIC)	£458,318	£16			1%
05 Services	£15,500,842	£526			21%
06 Prefabricated Buildings and Building Units	£0	£0			
07 Work to Existing Building	£0	£0			
Building Sub-total	£55,626,199	£1,887			74%
08.01 Site Preparation Works (Costs include other elements)	£787,742	£26			1%
08.02 Roads, Paths, Pavings and Surfacing (Costs included in 08.01)					
08.03 Soft Landscaping, Planting and Irrigation Systems (Costs included in 08.01)					
08.04 Fencing, Railings and Walls	£0	£0			
08.05 External Fixtures (Costs included in 08.01)					
08.06 External Drainage	£232,044	£8			
08.07 External Services	£805,584	£28			1%
08.08 Minor Building Works and Ancillary Buildings	£0	£0			
08 External Works	£1,825,369	£62			2%
00.01 Toxic/Hazardous/Contaminated Material Treatment	£0	£0			

Elements (BCIS Standard Form of Cost Analysis (2012 revision, NRM1 compatible)) rebased

Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
00.02 Major Demolition Works	£191,984	£7			
00.03 Temporary Support to Adjacent Structures	£0	£0			
00.04 Specialist Groundworks	£0	£0			
00.05 Temporary Diversion Works	£0	£0			
00.06 Extraordinary Site Investigation	£0	£0			
00 Facilitating Works	£191,984	£7			
09 Preliminaries	£9,736,021	£330			13%
10 Main Contractor's Overheads and Profit	£4,835,363	£164			6%
Total (less Design Fees)	£72,214,935	£2,451			96%
11 Project/Design Team Fees	£1,061,677	£36			1%
12 Other Development/Project Costs	£0	£0			
13 Risk (Clients Contingencies)	£1,697,032	£57			2%
Total Contract sum	£74,973,645	£2,543			100%

Specification

Element	Specification
01 Substructure	Piling and RC ground beams.
02.01 Frame	Reinforced insitu concrete. Structural steel framing.
02.02 Upper Floors	Reinforced insitu concrete on metal decking.
02.03 Roof	Reinforced insitu concrete green roof. Glazed balustrading. Fall arrest system.
02.04 Stairs	Reinforced insitu concrete.
02.05 External Walls	Glazed curtain walling (62%) and black brick blend cladding system (£9,901,232) and facing brickwork (£1,042,280).
02.06 External Windows and Doors	Included in 02.05.

Specification	
Element	Specification
02.07 Internal Walls and Partitions	Metal stud and block partitions (£2,676,837). Aluminium glazed screens (£44,212).
02.08 Internal Doors	Timber doors.
03.01 Wall Finishes	Plasterboard, skim and emulsion and ceramic tiles.
03.02 Floor Finishes	Screeding (£5,513). Vinyl and carpet (£688,412).
03.03 Ceiling Finishes	Plasterboard suspended ceilings.
04 Fittings, Furnishings and Equipment	Fittings and furnishings generally (£95,736). Kitchen units, worktops and appliances (£2,169,878). Refuse chute (£132,879). Signage (£11,333). Blinds (£130,747). Reception and communal area fit-out at ground floor level (£195,494).
05.01 Sanitary Installations	Bathroom pods.
05.02 Services Equipment	Kitchen appliances.
05.03 Disposal Installations	Soil and waste.
05.04 Water Installations	Hot and cold water installations.
05.06 Space Heating and Air Conditioning	Space heating.
05.07 Ventilating Systems	Ventilation.
05.08 Electrical Installations	Electric power and light including emergency lighting.
05.10 Lift and Conveyor Installations	Lifts.
05.11 Fire and Lightning Protection	Sprinkler fire suppression system.
05.12 Communications and Security Installations	Data. Entry phone. Communal ariel. Fire and intruder alarms.
05.14 Builder's Work in Connection with Services (BWIC)	Builders work in connection with services.

Specification	
Element	Specification
08.01 Site Preparation Works	Site preparation.
08.02 Roads, Paths, Pavings and Surfacing	Natural stone paving. 56Nr car parking spaces.
08.03 Soft Landscaping, Planting and Irrigation Systems	Landscaping and planting.
08.05 External Fixtures	Street furniture. 82Nr cycle racks.
08.06 External Drainage	Foul and surface water drainage.
08.07 External Services	Services and lighting.
00.02 Major Demolition Works	Demolition.
09 Preliminaries	16.89% of remainder of Contract sum (excluding Main Contractor's Overheads and Profit, Risk/Contingencies and Fees).
10 Main Contractor's Overheads and Profit	8.39% of remainder of Contract sum (excluding Preliminaries, Risk/Contingencies and Fees).
11 Project/Design Team Fees	1.47% of remainder of Contract sum (excluding Risk/Contingencies).
13 Risk (Clients Contingencies)	2.94% of remainder of Contract sum (excluding Preliminaries, Main Contractor's Overheads and Profit, and Fees).

274 Flats and 1 Commercial Unit, 16-48 Cambridge Road - #33046

Rebased to 4Q 2023 (388; forecast) and Southampton (106; sample 51)

Summary	
Project title:	274 Flats and 1 Commercial Unit, 16-48 Cambridge Road
Location:	Barking, Essex
Date:	Mar-2016
Building cost:	£60,456,057 rebased
Cost/m²:	£2,461 rebased
Floor area:	24,569m²
Main construction:	Concrete framed
Storeys:	26 (19)
Level of analysis:	Elemental



Elevations 1
Image 1 of 11

DETAIL	
Building function:	818. Housing with shops, offices, workshops or the like
Type of work:	New build
District:	London Borough of Barking Barking and Dagenham
Grid reference:	TQ4484
Postcode:	IG11 8NW
Receipt date:	Mar-2016
Base date:	Mar-2016

Project details:	Residential and commercial development of 274Nr flats (shared ownership and private sale) and a commercial unit together with site preparation, landscaping, car parking, services and drainage.
Market conditions:	Framework development agreement form of contract.
Client:	Swan New Homes Ltd
Tender documentation:	Employers Requirements (for Design and Build)
Selection of contractor:	Competitive - Framework
Cost fluctuations:	Firm
CONTRACT BREAKDOWN	
Measured work:	£58,602,915 rebased
Prime cost sums:	
Provisional sums:	
Preliminaries:	£5,027,105 rebased
Design fees:	£2,073,681 rebased
Risk (client's contingencies):	
Contract sum:	£65,703,700 rebased
Tender list (lowest first)	
	£65,703,700 -
Accommodation and design features	
274Nr 1 and 2 bedroom flats spread across 4Nr 10, 16, 19 and 26 storey interlinked cylindrical shaped buildings; 485m2 shell only commercial unit, undercroft parking and plant space at ground floor. Piling, RC frame, RC upper floors. Metal clad flat roof including flat paving and landscaping. RC stairs. Glazed, block and metal clad external walls. Aluminium windows and doors including roller shutters. Block and timber stud partitions. Timber doors. Plasterboard, skim, emulsion and tiled wall and ceiling finishes. Wood laminate, carpet, vinyl and ceramic tile floor finishes. Sanitaryware. Appliances. Gas heating. MVHR. Power and light. Lifts. Sprinklers. Access control, data, CCTV and alarms.	
Credits	
Submitted by:	Potter Raper
Client:	Swan New Homes Ltd
Architect:	Studio Egret West

Elements (BCIS Standard Form of Cost Analysis (2008 revision)) rebased					
Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
1 Substructure	£2,901,344	£118			4%
2A Frame	£10,340,213	£421			16%
2B Upper Floors	£882,057	£36			1%
2C Roof	£656,251	£26			1%
2D Stairs	£347,857	£14			1%
2E External Walls	£16,230,893	£661			25%
2F External Windows and Doors	£32,669	£1			
2G Internal Walls and Partitions	£3,295,627	£134			5%
2H Internal Doors	£959,351	£39			1%
2 Superstructure	£32,744,917	£1,332			50%
3A Wall Finishes	£1,053,764	£43			2%
3B Floor Finishes	£1,634,422	£67			2%
3C Ceiling Finishes	£13,303	£0			
3 Finishes	£2,701,489	£109			4%
4 Fittings and Furnishings (Costs include other elements)	£3,363,511	£137			5%
5A Sanitary Appliances (Costs included in 5F)					
5B Services Equipment (Costs included in 4)					
5C Disposal Installations (Costs included in 5F)					

Elements (BCIS Standard Form of Cost Analysis (2008 revision)) rebased					
Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
5D Water Installations (Costs included in 5F)					
5E Heat Source (Costs included in 5F)					
5F Space Heating and Air Conditioning (Costs include other elements)	£13,968,450	£568			21%
5G Ventilating Systems (Costs included in 5F)					
5H Electrical Installations (Costs included in 5F)					
5I Fuel Installations	£0	£0			
5J Lift and Conveyor Installations (Costs included in 5F)					
5K Fire and Lightning Protection (Costs included in 5F)					
5L Communications and Security Installations (Costs included in 5F)					
5M Special Installations	£0	£0			
5N Builder's Work in Connection	£0	£0			
5O Management of the Commissioning of Services	£0	£0			
5 Services	£13,968,450	£568			21%
Building Sub-total	£55,679,712	£2,266			85%
6A Site Works	£1,663,494	£68			3%
6B Drainage (Costs included in 6C)					
6C External Services (Costs include other elements)	£1,064,349	£43			2%
6D Minor Building Works	£0	£0			
6E Demolition and Work Outside the Site	£195,360	£8			
6 External Works	£2,923,202	£119			4%
7 Preliminaries	£5,027,105	£205			8%
8 Contingencies	£0	£0			
Total (less Design Fees)	£63,630,019	£2,590			97%
9 Design Fees	£2,073,681	£84			3%
Total Contract sum	£65,703,700	£2,674			100%

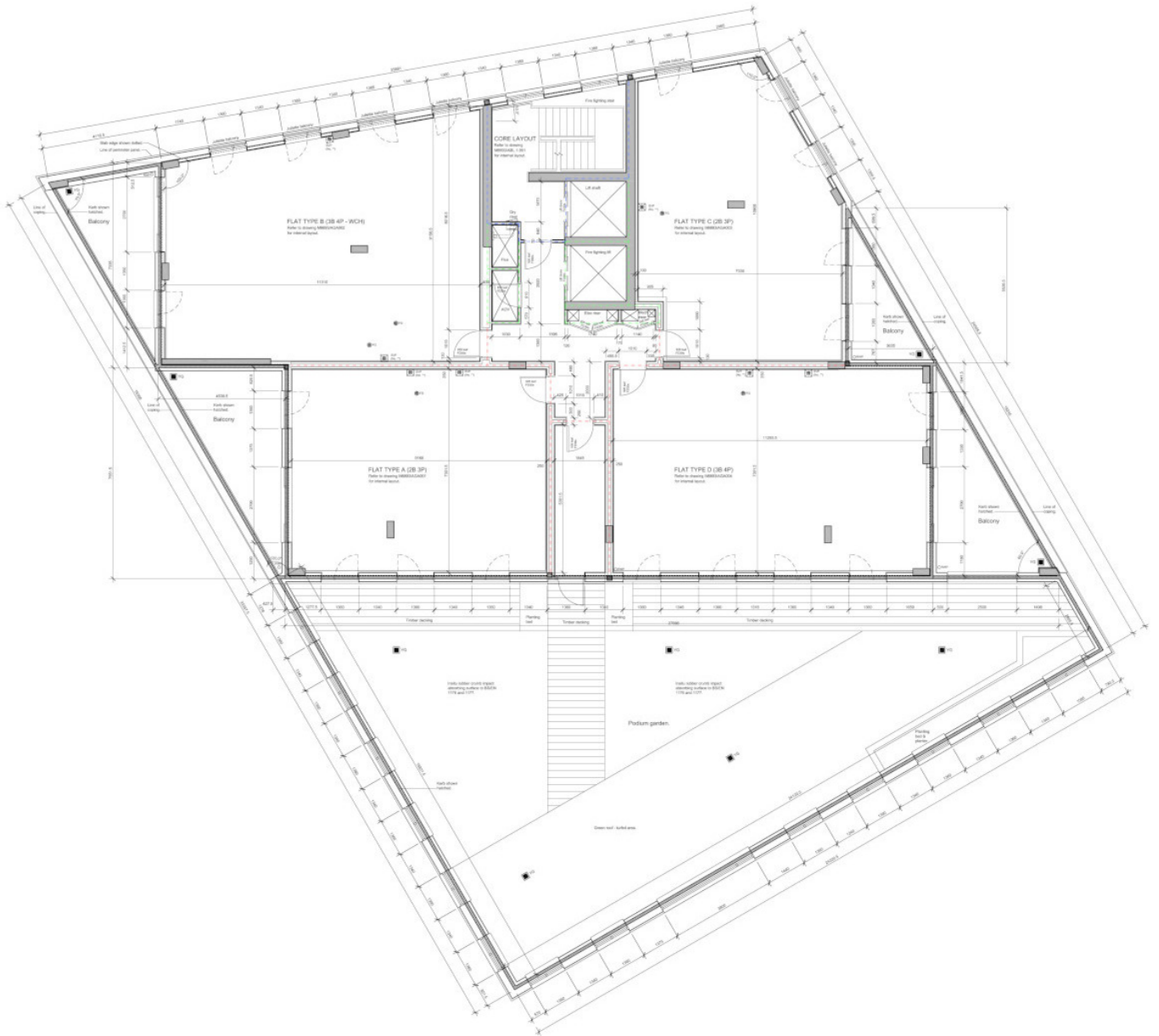
Specification	
Element	Specification
1 Substructure	Piling. RC ground floor slab.
2A Frame	RC frame.
2B Upper Floors	RC suspended upper floors and projecting and inset balconies.
2C Roof	Warm deck aluminium clad flat roof. Mansafe system. Paved and landscaped terrace areas.
2D Stairs	Timber and insitu RC straight flight stairs. Steel communal stairs.
2E External Walls	Patent glazed and metal clad external walls. Block walls to ground floor.
2F External Windows and Doors	Aluminium double glazed windows and doors. uPVC rear external doors. Metal faced main entrance doors. Fully glazed French doors to terraces, balconies and gardens. Steel louvred cycle store doors. Roller shutter to car park entrance. Sliding balcony doors.
2G Internal Walls and Partitions	Loadbearing and non loadbearing blockwork and timber stud partitions.
2H Internal Doors	Timber doors.
3A Wall Finishes	Plasterboard, skim, emulsion and tiled wall finishes.
3B Floor Finishes	Wood laminate, carpet, vinyl and ceramic tiles.
3C Ceiling Finishes	Plasterboard ceilings.
4 Fittings and Furnishings	Fitted wardrobes, kitchen cabinets, cycle racks and post boxes to reception foyer.
5A Sanitary Appliances	Sanitaryware.
5B Services Equipment	Kitchen appliances.

Specification	
Element	Specification
5C Disposal Installations	Soil and waste.
5D Water Installations	Hot and cold water installations.
5E Heat Source	Gas boilers.
5F Space Heating and Air Conditioning	Gas central heating.
5G Ventilating Systems	MVHR.
5H Electrical Installations	Electric power and light including electric car charging points and emergency lighting.
5J Lift and Conveyor Installations	Lifts.
5K Fire and Lightning Protection	Sprinkler system and lightning protection.
5L Communications and Security Installations	Phone entry system, CCTV, cable and satellite TV, intruder and fire alarms.
6A Site Works	Block paving, timber fencing, brickwork retaining walls, landscaping.
6B Drainage	Drainage.
6C External Services	External services and lighting.
6E Demolition and Work Outside the Site	Demolition.
7 Preliminaries	8.58% of remainder of Contract sum (excluding Fees).
9 Design Fees	3.26% of remainder of Contract sum.

141 Flats, The Paragon - #33549

Rebased to 4Q 2023 (388; forecast) and Southampton (106; sample 51)

Summary	
Project title:	141 Flats, The Paragon
Location:	Iford, Redbridge, Essex
Date:	Oct-2015
Building cost:	£31,046,547 rebased
Cost/m ² :	£2,349 rebased
Floor area:	13,216m ²
Main construction:	Concrete framed
Storeys:	10 (8)
Level of analysis:	Elemental



Block 1 Level 1 plan

Image 1 of 7

DETAIL	
Building function:	818. Housing with shops, offices, workshops or the like
Type of work:	New build
District:	Redbridge - Outer London Redbridge
Grid reference:	TQ4386
Postcode:	IG1 2FB
Receipt date:	Oct-2015
Base date:	Oct-2015
Date of possession:	Oct-2015
Project details:	3Nr residential blocks providing 141Nr flats and retail space together with external works including landscaping, paving, drainage and services.
Client:	Swan Housing Association
Tender documentation:	Employers Requirements (for Design and Build)
Selection of contractor:	Design and build
Contract:	JCT Design and Build Contract 2016 edition
Contract period (weeks):	Stipulated: 126; Offered: 126; Agreed: 126
Cost fluctuations:	Fixed
Basis of cost:	Target cost
CONTRACT BREAKDOWN	
Measured work:	£29,101,110 rebased
Prime cost sums:	
Provisional sums:	
Preliminaries:	£3,565,323 rebased
Overheads and profit:	£616,984 rebased
Design fees:	£1,150,765 rebased
Risk (client's contingencies):	£120,221 rebased
Contract sum:	£34,554,403 rebased
Tender list (lowest first)	
	£34,554,403 -
Accommodation and design features	
3Nr 10, 14 and 18 storey blocks providing 141Nr 1B, 2B and 3B flats (36Nr rented and 105Nr shared ownership) each with own private balcony and retail space. Pile foundations. Concrete frame, upper floors, roof and stairs. Green roof system. Facing brick and metal clad external walls. Double glazed aluminium windows and doors. Partitions. Plasterboard, skim, emulsion and ceramic wall finishes. Vinyl sheet floor finishes. Plasterboard ceilings. Kitchens and fitted wardrobes. Sanitaryware. Kitchen appliances. Gas boiler central heating. Power and light including photovoltaics. Lifts. Data, satellite installation, CCTV, heat and smoke detectors, access control, burglar and fire alarms.	
Dimensions	
Number of units:	142
Accreditations	
	Lifetime Homes Compliant
	Code for Sustainable Homes: Code 4
Credits	
Submitted by:	Potter Raper Partnership
Client:	Swan Housing Association
Architect:	Hunters
Employer's Agent:	Potter Raper Partnership

Elements (BCIS Standard Form of Cost Analysis (2012 revision, NRM1 compatible)) rebased					
Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
01 Substructure	£2,106,561	£160			6%
02.01 Frame	£2,291,449	£173			7%
02.02 Upper Floors	£1,488,784	£113			4%
02.03 Roof	£1,134,982	£86			3%
02.04 Stairs	£367,630	£28			1%
02.05 External Walls	£5,318,240	£402			15%
02.06 External Windows and Doors	£1,750,545	£132			5%
02.07 Internal Walls and Partitions	£893,369	£68			3%
02.08 Internal Doors	£1,014,263	£77			3%
02 Superstructure	£14,259,261	£1,079			41%
03.01 Wall Finishes	£930,860	£70			3%
03.02 Floor Finishes	£997,352	£76			3%
03.03 Ceiling Finishes	£784,706	£59			2%
03 Finishes	£2,712,918	£205			8%
04 Fittings, Furnishings and Equipment	£1,539,285	£116			4%
05.01 Sanitary Installations (Costs included in 05.06)					
05.02 Services Equipment (Costs included in 05.06)					
05.03 Disposal Installations (Costs included in 05.06)					
05.04 Water Installations (Costs included in 05.06)					
05.05 Heat Source (Costs included in 05.06)					
05.06 Space Heating and Air Conditioning (Costs include other elements)	£6,527,294	£494			19%
05.07 Ventilating Systems (Costs included in 05.06)					
05.08 Electrical Installations (Costs included in 05.06)					
05.09 Fuel Installations (Costs included in 05.06)					
05.10 Lift and Conveyor Installations (Costs included in 05.06)					
05.11 Fire and Lightning Protection (Costs included in 05.06)					
05.12 Communications and Security Installations (Costs included in 05.06)					
05.13 Special Installations (Costs included in 05.06)					
05.14 Builder's Work in Connection with Services (BWIC) (Costs included in 05.06)					
05 Services	£6,527,294	£494			19%
06 Prefabricated Buildings and Building Units	£0	£0			
07 Work to Existing Building	£0	£0			
Building Sub-total	£27,145,320	£2,054			79%
08.01 Site Preparation Works (Costs include other elements)	£1,170,722	£88			3%
08.02 Roads, Paths, Pavings and Surfacing (Costs included in 08.01)					
08.03 Soft Landscaping, Planting and Irrigation Systems (Costs included in 08.01)					
08.04 Fencing, Railings and Walls (Costs included in 08.01)					
08.05 External Fixtures (Costs included in 08.01)					
08.06 External Drainage	£380,808	£29			1%
08.07 External Services	£404,260	£31			1%
08.08 Minor Building Works and Ancillary Buildings	£0	£0			
08 External Works	£1,955,791	£148			6%
00.01 Toxic/Hazardous/Contaminated Material Treatment	£0	£0			

Elements (BCIS Standard Form of Cost Analysis (2012 revision, NRM1 compatible)) rebased					
Element	Total cost	Cost per m ²	Element unit qty	Element unit rate	Percent age
00.02 Major Demolition Works	£0	£0			
00.03 Temporary Support to Adjacent Structures	£0	£0			
00.04 Specialist Groundworks	£0	£0			
00.05 Temporary Diversion Works	£0	£0			
00.06 Extraordinary Site Investigation	£0	£0			
00 Facilitating Works	£0	£0			
09 Preliminaries	£3,565,323	£270			10%
10 Main Contractor's Overheads and Profit	£616,984	£46			2%
Total (less Design Fees)	£33,283,417	£2,518			96%
11 Project/Design Team Fees	£1,150,765	£87			3%
12 Other Development/Project Costs	£0	£0			
13 Risk (Clients Contingencies)	£120,221	£9			
Total Contract sum	£34,554,403	£2,615			100%

Specification	
Element	Specification
01 Substructure	Pile foundations.
02.01 Frame	Column and beam insitu concrete frame.
02.02 Upper Floors	Reinforced concrete upper floors on pre-cast concrete planks.
02.03 Roof	Concrete flat roof with cement and sand screed to falls to the main roofs and Bauder bio-diversity green roof system. Proprietary galvanised steel collapsible balustrades to parapets to the main roofs.
02.04 Stairs	Insitu RC straight flight stairs.
02.05 External Walls	Facing brick and Marley Eternit Equitone Tectiva cladding with reconstituted stone feature details. Juliet and balcony balustrade.
02.06 External Windows and Doors	Aluminium polyester powder coated double and triple glazed windows. Metal faced entrance doors.
02.07 Internal Walls and Partitions	Block and metal stud.
02.08 Internal Doors	Timber doors.
03.01 Wall Finishes	Plasterboard, skim and emulsion. 152 x 152mm x 6mm ceramic tiling to kitchens and bathrooms.
03.02 Floor Finishes	Vinyl sheet. Non-slip ceramic tiles (PC sum £30/m2) to entrance lobbies.
03.03 Ceiling Finishes	Plasterboard, skim and emulsion ceilings.
04 Fittings, Furnishings and Equipment	Fittings including kitchen fittings and fitted wardrobes. Signage.
05.01 Sanitary Installations	Sanitaryware.
05.02 Services Equipment	Kitchen appliances.
05.03 Disposal Installations	Soil and waste.
05.04 Water Installations	Hot and cold water installations.
05.05 Heat Source	Gas boilers.
05.06 Space Heating and Air Conditioning	Gas central radiator heating.
05.07 Ventilating Systems	Ventilation.
05.08 Electrical Installations	Electric power and light including emergency lighting. Photovoltaic panels.
05.09 Fuel Installations	Gas.
05.10 Lift and Conveyor Installations	Lifts.
05.11 Fire and Lightning Protection	Sprinkler system to Blocks 2 and 3.
05.12 Communications and Security Installations	Data cabling, satellite installation, burglar alarms, CCTV, fire alarms, heat and smoke detectors, controlled door entry system.
05.13 Special Installations	Window cleaning cradles.

Specification	
Element	Specification
05.14 Builder's Work in Connection with Services (BWIC)	Builder's work in connection with services.
08.01 Site Preparation Works	Site preparation.
08.02 Roads, Paths, Pavings and Surfacing	Block paving, insitu rubber crumb surfacing, PCC steps. Timber decking.
08.03 Soft Landscaping, Planting and Irrigation Systems	Planters, tree grilles, planting, turfing and soft landscaping.
08.04 Fencing, Railings and Walls	Wire mesh fencing, steel bollards, retaining wall.
08.05 External Fixtures	Cycle storage.
08.06 External Drainage	Drainage.
08.07 External Services	Services and lighting.
09 Preliminaries	14.37% of remainder of Contract sum (excluding Risk/Contingencies and Fees).
10 Main Contractor's Overheads and Profit	2.12% of remainder of Contract sum (excluding Preliminaries, Risk/Contingencies and Fees).
11 Project/Design Team Fees	3.46% of remainder of Contract sum (excluding Risk/Contingencies).
13 Risk (Clients Contingencies)	0.41% of remainder of Contract sum (excluding Preliminaries and Fees).

APPENDIX 2

Residual Profit with B&M Costs Appraisal

Licensed Copy

Development Appraisal

Stabilise & Exit Delivery Structure (Debt-financed)

Former Olleco Site
Royal Crescent Road

Southampton

Report Date: 16 November 2023

**Infinite Living Southampton
Stabilise & Exit Delivery Structure (Debt-financed)**

Summary Appraisal for Phase 1 Stabilised (FINAL)

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
‡ Co-Living	397	86,998	45.39	9,947	3,123,812	3,949,022	3,123,812
Co-Living Operational Asset	1	86,998		0	0		
Cafe	<u>1</u>	<u>1,281</u>	15.00	19,215	<u>19,215</u>	<u>19,215</u>	<u>19,215</u>
Totals	399	175,277			3,143,027	3,968,237	3,143,027

Investment Valuation

Co-Living

Current Rent 3,123,812 YP @ 4.7500% 21.0526 65,764,459

Cafe

Current Rent 19,215 YP @ 8.5000% 11.7647 226,059
65,990,518

Operated Assets

Co-Living Operational Asset

Revenues

Studio Rent 3,180,625
3,180,625

Expenses

Operating Costs (1,310,724)
(1,310,724)
1,869,901

GROSS DEVELOPMENT VALUE

65,990,518

Purchaser's Costs 1.80% (1,187,829)
(1,187,829)

NET DEVELOPMENT VALUE

66,672,590

NET REALISATION

66,672,590

OUTLAY

APPRAISAL SUMMARY**LICENSED COPY****Infinite Living Southampton
Stabilise & Exit Delivery Structure (Debt-financed)****ACQUISITION COSTS**

Fixed Price		1,457,201		1,457,201
Stamp Duty		62,360		
Agent Fee	1.00%	14,572		
Legal Fee	0.80%	11,658		
				88,590

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost	
Construction Costs	160,766 ft ²	274.45 pf ²	44,122,821	44,122,821
Demolition & Facilitating Works			225,000	
Section 106			118,970	
				343,970

PROFESSIONAL FEES

Pre-Planning Pro. & Stat. Fees		1,118,000		1,118,000
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DISPOSAL FEES

Sales Agent Fee	0.75%	486,020		
Sales Legal Fee	0.50%	324,013		
				810,034

Interest and Fees

Interest paid to Debt Sources:				
Debt (7.500%)		3,719,540		
Total Interest paid to Debt Sources:			3,719,540	
Total Interest Paid				3,719,540
Debt Financing Fees				
Debt - Entry Fee (1.000%) (Single)			316,760	
Debt - Exit Fee (1.000%) (Single)			316,760	
Debt - Commitment Fee (1.750%) (Single)			554,329	

Total Debt Financing Fees				1,187,849
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Total Interest and Fees				4,907,389
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TOTAL COSTS				52,848,004
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PROFIT

**Infinite Living Southampton
Stabilise & Exit Delivery Structure (Debt-financed)**

Balancing Account	13,824,586	13,824,586
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Performance Measures

Profit on Cost%	26.16%
Profit on GDV%	20.95%
Profit on NDV%	21.33%
Development Yield% (on Rent)	9.54%
Equivalent Yield% (Nominal)	7.64%
Equivalent Yield% (True)	8.02%
Ungeared IRR%	17.41%
Geared IRR% (without Interest)	17.41%
Equity IRR% (without Interest)	0.00%
Return on Equity%	N/A

Rent Cover 4 yrs 5 mths

After Tax Performance Measures

Geared IRR% (without Interest)	17.41%
Equity IRR% (without Interest)	0.00%
Return on Equity%	N/A

‡ Inflation/Growth applied

Growth on Capitalised Rent

		Ungrown	Growth	Total
Co-Living	Growth Set 2 at 2.500% var.	58,196,114	7,568,346	65,764,459

APPENDIX 3

Residual Land Value with B&M Costs Appraisal

Licensed Copy

Development Appraisal

Residual Land Value Appraisal

B&M Build Costs

Former Olleco Site
Royal Crescent Road

Southampton

Report Date: 16 November 2023

**Infinite Living Southampton
Residual Land Value Appraisal
B&M Build Costs**

Summary Appraisal for Phase 1 Stabilised (FINAL)

Currency in £

REVENUE

Rental Area Summary

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
‡ Co-Living	397	86,998	45.39	9,947	3,123,812	3,949,022	3,123,812
Co-Living Operational Asset	1	86,998		0	0		
Cafe	<u>1</u>	<u>1,281</u>	15.00	19,215	<u>19,215</u>	<u>19,215</u>	<u>19,215</u>
Totals	399	175,277			3,143,027	3,968,237	3,143,027

Investment Valuation

Co-Living							
Current Rent	3,123,812	YP @	4.7500%	21.0526	65,764,459		
Cafe							
Current Rent	19,215	YP @	8.5000%	11.7647	226,059		
					65,990,518		

Operated Assets

Co-Living Operational Asset

Revenues

Studio Rent				3,180,625			
					3,180,625		
Expenses							
Operating Costs				(1,310,724)			
					(1,310,724)		
						1,869,901	

GROSS DEVELOPMENT VALUE

					65,990,518		
Purchaser's Costs		1.80%	(1,187,829)		(1,187,829)		

NET DEVELOPMENT VALUE

					66,672,590		
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NET REALISATION

					66,672,590		
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OUTLAY

**Infinite Living Southampton
Residual Land Value Appraisal
B&M Build Costs**

ACQUISITION COSTS

Residualised Price		5,687,787	5,687,787
Stamp Duty		273,889	
Agent Fee	1.00%	56,878	
Legal Fee	0.80%	45,502	
			376,269

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost	
Construction Costs	160,766 ft ²	274.45 pf ²	44,122,821	44,122,821
Demolition & Facilitating Works			225,000	
Section 106			118,970	
				343,970

PROFESSIONAL FEES

Pre-Planning Pro. & Stat. Fees		1,118,000	1,118,000
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DISPOSAL FEES

Sales Agent Fee	0.75%	486,020	
Sales Legal Fee	0.50%	324,013	
			810,034

Interest and Fees

Interest paid to Debt Sources:			
Debt (7.500%)	4,209,404		
Total Interest paid to Debt Sources:		4,209,404	
Total Interest Paid			4,209,404
Debt Financing Fees			
Debt - Entry Fee (1.000%) (Single)		348,768	
Debt - Exit Fee (1.000%) (Single)		348,768	
Debt - Commitment Fee (1.750%) (Single)		610,344	
Total Debt Financing Fees			1,307,880
Total Interest and Fees			5,517,284

TOTAL COSTS

57,976,164

**Infinite Living Southampton
Residual Land Value Appraisal
B&M Build Costs**

PROFIT

Balancing Account	8,696,426	8,696,426
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Performance Measures

Profit on Cost%	15.00%
Profit on GDV%	13.18%
Profit on NDV%	13.42%
Development Yield% (on Rent)	8.70%
Equivalent Yield% (Nominal)	7.64%
Equivalent Yield% (True)	8.02%
Ungeared IRR%	11.72%
Geared IRR% (without Interest)	11.72%
Equity IRR% (without Interest)	0.00%
Return on Equity%	N/A
Rent Cover	2 yrs 9 mths

After Tax Performance Measures

Geared IRR% (without Interest)	11.72%
Equity IRR% (without Interest)	0.00%
Return on Equity%	N/A

‡ Inflation/Growth applied

Growth on Capitalised Rent

Co-Living	Growth Set 2 at 2.500% var.	Ungrown	Growth	Total
		58,196,114	7,568,346	65,764,459

APPENDIX 4

Residual Land Value with B&M Costs & Policy Obligations

Licensed Copy

Development Appraisal

Residual Land Value Appraisal

B&M Build Costs - Policy Planning Obligations

Former Olleco Site
Royal Crescent Road

Southampton

Report Date: 21 November 2023

**Infinite Living Southampton
Residual Land Value Appraisal
B&M Build Costs - Policy Planning Obligations**

Summary Appraisal for Phase 1 Stabilised (FINAL)

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
‡ Co-Living	397	86,998	45.39	9,947	3,123,812	3,949,022	3,123,812
Co-Living Operational Asset	1	86,998		0	0		
Cafe	<u>1</u>	<u>1,281</u>	15.00	19,215	<u>19,215</u>	<u>19,215</u>	<u>19,215</u>
Totals	399	175,277			3,143,027	3,968,237	3,143,027

Investment Valuation

Co-Living							
Current Rent	3,123,812	YP @	4.7500%	21.0526	65,764,459		
Cafe							
Current Rent	19,215	YP @	8.5000%	11.7647	226,059		
					65,990,518		

Operated Assets

Co-Living Operational Asset

Revenues

Studio Rent				3,180,625			
					3,180,625		
Expenses							
Operating Costs				(1,310,724)			
					(1,310,724)		
						1,869,901	

GROSS DEVELOPMENT VALUE

					65,990,518		
Purchaser's Costs		1.80%	(1,187,829)		(1,187,829)		

NET DEVELOPMENT VALUE

					66,672,590		
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NET REALISATION

					66,672,590		
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OUTLAY

**Infinite Living Southampton
Residual Land Value Appraisal
B&M Build Costs - Policy Planning Obligations**

ACQUISITION COSTS

Residualised Price		394,191		394,191
Stamp Duty		9,209		
Agent Fee	1.00%	3,942		
Legal Fee	0.80%	3,154		
				16,305

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost	
Construction Costs	160,766 ft ²	274.45 pf ²	44,122,821	44,122,821
Demolition & Facilitating Works			225,000	
Section 106			4,865,726	
CIL			1,344,814	
				6,435,540

PROFESSIONAL FEES

Pre-Planning Pro. & Stat. Fees		1,118,000		1,118,000
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DISPOSAL FEES

Sales Agent Fee	0.75%	486,020		
Sales Legal Fee	0.50%	324,013		
				810,034

Interest and Fees

Interest paid to Debt Sources:				
Debt (7.500%)		3,777,737		
Total Interest paid to Debt Sources:			3,777,737	
Total Interest Paid				3,777,737
Debt Financing Fees				
Debt - Entry Fee (1.000%) (Single)			347,079	
Debt - Exit Fee (1.000%) (Single)			347,079	
Debt - Commitment Fee (1.750%) (Single)			607,389	
Total Debt Financing Fees				1,301,547
Total Interest and Fees				5,079,284

**Infinite Living Southampton
Residual Land Value Appraisal
B&M Build Costs - Policy Planning Obligations
TOTAL COSTS**

57,976,174

PROFIT

Balancing Account

8,696,416

8,696,416

Performance Measures

Profit on Cost%	15.00%
Profit on GDV%	13.18%
Profit on NDV%	13.42%
Development Yield% (on Rent)	8.70%
Equivalent Yield% (Nominal)	7.64%
Equivalent Yield% (True)	8.02%
Ungeared IRR%	12.58%
Gearred IRR% (without Interest)	12.58%
Equity IRR% (without Interest)	0.00%
Return on Equity%	N/A

Rent Cover 2 yrs 9 mths

After Tax Performance Measures

Gearred IRR% (without Interest)	12.58%
Equity IRR% (without Interest)	0.00%
Return on Equity%	N/A

‡ Inflation/Growth applied

Growth on Capitalised Rent

Co-Living

	Ungrown	Growth	Total
Growth Set 2 at 2.500% var.	58,196,114	7,568,346	65,764,459

APPENDIX 5

Final Residual Appraisal

Licensed Copy

Development Appraisal

Residual Land Value Appraisal

B&M Build Costs - Policy Planning Obligations

Former Olleco Site
Royal Crescent Road

Southampton

Report Date: 10 January 2024

**Residual Land Value Appraisal
B&M Build Costs - Policy Planning Obligations**

Summary Appraisal for Phase 1 Stabilised (FINAL)

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
‡ Co-Living	397	86,998	45.39	9,947	3,123,812	3,949,022	3,123,812
Co-Living Operational Asset	1	86,998		0	0		
Cafe	<u>1</u>	<u>1,281</u>	15.00	19,215	<u>19,215</u>	<u>19,215</u>	<u>19,215</u>
Totals	399	175,277			3,143,027	3,968,237	3,143,027

Investment Valuation

Co-Living							
Current Rent	3,123,812	YP @	4.7500%	21.0526	65,764,459		
Cafe							
Current Rent	19,215	YP @	8.5000%	11.7647	226,059		
					65,990,518		

Operated Assets

Co-Living Operational Asset

Revenues

Studio Rent					3,180,625		
						3,180,625	
Expenses							
Operating Costs					(1,310,724)		
						(1,310,724)	
							1,869,901

GROSS DEVELOPMENT VALUE

							65,990,518
Purchaser's Costs		1.80%	(1,187,829)		(1,187,829)		

NET DEVELOPMENT VALUE

66,672,590

NET REALISATION

66,672,590

OUTLAY

APPRAISAL SUMMARY**LICENSED COPY****Residual Land Value Appraisal****B&M Build Costs - Policy Planning Obligations****ACQUISITION COSTS**

Residualised Price (Negative land)		(5,238,240)		(5,238,240)
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CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
Construction Costs	160,766 ft ²	307.34 pf ²	49,409,047	49,409,047
Demolition & Facilitating Works			225,000	
Section 106			4,865,726	
CIL			1,344,814	6,435,540

PROFESSIONAL FEES

Pre-Planning Pro. & Stat. Fees			1,118,000	1,118,000
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DISPOSAL FEES

Sales Agent Fee		0.75%	486,020	
Sales Legal Fee		0.50%	324,013	
				810,034

Interest and Fees

Interest paid to Debt Sources:				
Debt (7.500%)		4,045,644		
Total Interest paid to Debt Sources:			4,045,644	
Total Interest Paid				4,045,644
Debt Financing Fees				
Debt - Entry Fee (1.000%) (Single)			372,305	
Debt - Exit Fee (1.000%) (Single)			372,305	
Debt - Commitment Fee (1.750%) (Single)			651,533	
Total Debt Financing Fees				1,396,143
Total Interest and Fees				5,441,787

TOTAL COSTS**57,976,167****PROFIT**

Balancing Account			8,696,423	8,696,423
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**Residual Land Value Appraisal
B&M Build Costs - Policy Planning Obligations**

Performance Measures

Profit on Cost%	15.00%
Profit on GDV%	13.18%
Profit on NDV%	13.42%
Development Yield% (on Rent)	8.70%
Equivalent Yield% (Nominal)	7.64%
Equivalent Yield% (True)	8.02%
Ungeared IRR%	14.18%
Geared IRR% (without Interest)	14.18%
Equity IRR% (without Interest)	0.00%
Return on Equity%	N/A

Rent Cover 2 yrs 9 mths

After Tax Performance Measures

Geared IRR% (without Interest)	14.18%
Equity IRR% (without Interest)	0.00%
Return on Equity%	N/A

‡ Inflation/Growth applied

Growth on Capitalised Rent

		Ungrown	Growth	Total
Co-Living	Growth Set 2 at 2.500% var.	58,196,114	7,568,346	65,764,459



Real Estate for a changing world