

Amended Mixed Use Viability Appraisal for NUA/MU/3 to reflect Final Proposed Modifications - March 2013

Introduction

Following the decision of the 8th February 2013 regarding a retail development in Newark Urban Area the District Council amended the residual retail requirement and the contents of NUA/MU/3 to reflect the change in circumstances. The proposed policy now envisages 4000 square metres net of comparison retail, and a minimum of 150 dwellings. Given the reduction in retail floor space and the potential to accommodate more residential and employment development additional viability work has been undertaken.

Additional viability appraisals have been undertaken for the 10Ha NSK site in Newark based on the following alternative development Scenarios to reflect the fact the increased flexibility on site;

Scenario 1 - 150 Residential Dwellings 5200sqm Retail 26500sqm Industrial

Scenario 2 - 200 Residential Dwellings 5200sqm Retail 17200sqm Industrial

Scenario 3 - 250 Residential Dwellings 5200sqm Retail 11000sqm Industrial

Please note that the 5200sqm of comparison retail is based on a gross figure for the purposes of the assessment.

Assumptions

The same assumptions were employed as were used in Viability Appraisal work which supported the Site Allocations and Development Management DPD, examined in December 2012. Delivery was assumed to be in the 5-10 year plan period and current values and costs, including CIL and Sec 106 allowances were adjusted accordingly.

The residential appraisals assume 40 Dwellings per Ha and an average dwelling size of 90 sqm. The commercial appraisals assume that industrial development floor space will be 50% of the land area and retail development will be 33% of the land area to reflect differing external parking and space standards.

All detailed assumptions are set out on the residential and commercial assumptions sheets. Abnormal site development costs were applied over the full 10Ha site area in the Residential Appraisals (rather than being split proportionately between the residential and commercial land areas)

Results

A results summary page is included which confirms that all three Development Scenarios are considered to be economically viable.

Viability Appraisal Assumptions

AFFORDABLE HOUSING PROPORTION & TENURE

Affordable Proportion %	30%				
Tenure Mix	40%	%Intermediate	60%	%Social Rent	%Affordable Rent
Transfer Value	60%	Intermediate	40%	Social Rent	50% Affordable Rent

MARKET SALES VALUES

	Apartments	Houses
£ per Sqm		2640

CONSTRUCTION COSTS

	Apartments	Houses	Gross : Net
£ per Sqm		1012	1.15

PLANNING OBLIGATION CONTRIBUTIONS

COMMUNITY INFRASTRUCTURE LEVY	2380	£ Per Unit
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	54	£ Per Sqm
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LAND VALUES (Per Ha)

Greenfield	879120
Brownfield	1106160
Recycled	1452000

Land Value	19800	Existing Greenfield (eg Agricultural) Per Ha	
	587400	Brownfield (eg Industrial) Per Ha	
	1452000	Residential (Residual/Market Comparable)per Ha	Uplift 60%

COST ASSUMPTIONS

Professional Fees @	8.0%	Construction Cost	
Legal Fees	0.5%	GDV	
Statutory Fees	1.1%	Construction Cost	
Sales/Marketing Costs	2.0%	Market Units Value	
Contingencies	5.0%	Construction Cost	
Interest @	6.0%	12 Month Construction	6 Mth Sales Void
Finance Arrangement Fee	1.0%	Cost	
Development Profit	20.0%	of GDV	

Assumptions

Sales Values Sqm

Industrial	B1b B1c B2 B8	897
Office	B1a	
Food Retail	A1	
Other Retail	A 1 A2 A3 A4 A5	2261
Residential Inst	C2	
Hotels	C3	
Community	D1	
Leisure	D2	
Agricultural		
Sui Generis		
Sui Generis		

Construction Costs Sqm

Industrial	476
Office	
Food Retail	
Other Retail	523
Residential Inst	
Hotels	
Community	
Leisure	
Agricultural	
Sui Generis	
Sui Generis	

Land Values per Ha

	Greenfield	Brownfield	Recycled		
Industrial	325680	530000	530000	Uplift	60%
Office	7680	212000			
Food Retail	7680	212000			
Other Retail	895680	1100000	1480000		
Residential Inst	7680	212000			
Hotels	7680	212000			
Community	7680	212000			
Leisure	7680	212000			
Agricultural	19200	19200	19200		
Sui Generis	0	7680	212000		
Sui Generis	0	7680	212000		

Fees & Rates

Professional Fees @	8.0%	Build Cost	
Legal Fees	0.5%	GDV	
Statutory Fees	0.6%	Build Cost	
Sales/Marketing Costs	2.0%	GDV	
Contingencies	5.0%	Build Cost	
Planning Obligations		£ sqm	
Interest @	6.0%	12 Month Build	3 Mth Sale Void
Arrangement Fee	1.0%	Cost	
Development Profit	17.5%	of GDV	

NSK Site Mixed Use Viability Appraisals

5-10 Year Delivery Period

Results Summary

Scenario 1 - 150 Dwellings 5200 sqm Retail 26500 sqm Industrial

Residential Viability	£2,490,138
Commercial Viability	£2,815,451
Overall Viability	£5,305,589

Scenario 2 - 200 Dwellings 5200 sqm Retail 17200 sqm Industrial

Residential Viability	£3,364,474
Commercial Viability	£2,981,824
Overall Viability	£6,346,298

Scenario 3 - 250 Dwellings 5200 sqm Retail 11000 sqm Industrial

Residential Viability	£4,363,165
Commercial Viability	£3,094,733
Overall Viability	£7,457,898



SITE LOCATION	NSK 150 Dwellings 5200sqm Retail 26500sqm Industrial	
DEVELOPMENT SCENARIO	Brownfield	Greenfield, Brownfield or Recycled
NET DEVELOPABLE SITE AREA	6.8	Ha
DEVELOPMENT DETAILS	31,700	Sqm Total Floorspace

Development Value		Net Lettable Area	Sales Value			
Industrial	B1b B1c B2 B8	26500	sqm	897	£ per sqm	£23,770,500
Office	B1a		sqm	0	£ per sqm	£0
Food Retail	A1		sqm	0	£ per sqm	£0
Other Retail	A 1 A2 A3 A4 A5	5200	sqm	2261	£ per sqm	£11,757,200
Residential Inst	C2		sqm	0	£ per sqm	£0
Hotels	C3		sqm	0	£ per sqm	£0
Community	D1		sqm	0	£ per sqm	£0
Leisure	D2		sqm	0	£ per sqm	£0
Agricultural			sqm	0	£ per sqm	£0
Sui Generis		0	sqm	0	£ per sqm	£0
Sui Generis		0	sqm	0	£ per sqm	£0
Development Value						£35,527,700

Development Costs		Site Area	Land Value			
Industrial		5.31	Ha	530000	£ per Ha	£2,814,300
Office		0	Ha	212000	£ per Ha	£0
Food Retail		0	Ha	212000	£ per Ha	£0
Other Retail		1.56	Ha	1100000	£ per Ha	£1,716,000
Residential Inst		0	Ha	212000	£ per Ha	£0
Hotels		0	Ha	212000	£ per Ha	£0
Community		0	Ha	212000	£ per Ha	£0
Leisure		0	Ha	212000	£ per Ha	£0
Agricultural		0	Ha	19200	£ per Ha	£0
0		0	Ha	212000	£ per Ha	£0
0		0	Ha	212000	£ per Ha	£0
Total Land Cost						£4,530,300

Construction		Gross Internal Area	Construction Rate	CIL Rate	Stamp Duty Land Tax	
Industrial		26500	sqm	476	£ per sqm	£12,614,000
Office			sqm	0	£ per sqm	£0
Food Retail			sqm	0	£ per sqm	£0
Other Retail		5200	sqm	523	£ per sqm	£2,719,600
Residential Inst			sqm	0	£ per sqm	£0
Hotels			sqm	0	£ per sqm	£0
Community			sqm	0	£ per sqm	£0
Leisure			sqm	0	£ per sqm	£0
Agricultural			sqm	0	£ per sqm	£0
0			sqm	0	£ per sqm	£0
0			sqm	0	£ per sqm	£0
Total Construction Cost						£15,333,600

Abnormal Costs						£0
Professional Fees @		8.0%	Build Cost			£1,226,688
Legal Fees		0.5%	GDV			£177,639
Statutory Fees		0.6%	Build Cost			£92,002
Sales/Marketing Costs		2.0%	GDV			£710,554
Contingencies		5.0%	Build Cost			£766,680
Planning Obligations		0	£ per sqm			£0
CIL						£1,410,800
Interest @	6.0%	12	Month Build	3	Mth Sale Void	£1,667,797
Arrangement Fee	1.0%	Cost				£397,631
Development Profit		17.5%	of GDV			£6,217,348
Total Cost						£32,712,249

VIABILITY MARGIN **£2,815,451**

SITE LOCATION	NSK Site 150 Dwellings, 5200sqm Retail, 26500sqm Industrial		Apartments	
NET DEVELOPABLE SITE AREA	3.75	Ha	2 Bed Houses	
DEVELOPMENT SCENARIO	Brownfield	(Greenfield, Brownfield or Recycled)	3 Bed Houses	
DEVELOPMENT DETAILS	150	Total Units	4 Bed Houses	
Affordable Proportion %	30%	45	Affordable Units	5 Bed Houses
Affordable Mix	40%	%Intermediate	60%	%Social Rent
Development Floorspace	9450	Sqm GIA Market Housing	4,050	Sqm GIA Affordable Housing

DEVELOPMENT VALUE

Total Housing Area	Apartments		sqm	
(GIA Net Sales)	Houses	13500	sqm	

Market Houses				
Apartments	0	sqm	0	£ per sqm
Houses	9450	sqm	2640	£ per sqm
				£24,948,000
Total Market Housing Value				£24,948,000

Intermediate Houses				
	60%	Open Market Value		
Apartments	0	sqm	0	£ per sqm
Houses	1620	sqm	1584	£ per sqm
				£2,566,080
Total Intermediate Affordable Housing Value				£2,566,080

Social Rent Houses				
	40%	Open Market Value		
Apartments	0	sqm	0	£ per sqm
Houses	2430	sqm	1056	£ per sqm
				£2,566,080
Total Social Rent Affordable Housing Value				£2,566,080

Affordable Rent Houses				
	50%	Open Market Value		
Apartments	0	sqm	0	£ per sqm
Houses	0	sqm	1320	£ per sqm
				£0
Total Affordable Rent Housing Value				£0

Development Value

DEVELOPMENT COSTS

Land	Net Site Area	Market Housing Land Area	Affordable Housing Land Area	
	3.75	2.63	1.13	Ha
	Market Housing Land Value		Total Market Land Value	
	1106160		2903670	
	per Ha		per Ha	
	Affordable Housing Land Value		Total Aff Hsg Land Value	
			0	
			per Ha	
			Land Total	
			£2,903,670	
	5.0% SDLT Rate		Stamp Duty Land Tax	
			£145,184	
	Total Land Cost			
	£2,903,670			

Construction				
Apartments	0	sqm	0	£ per sqm
Houses	13500	sqm	1012	£ per sqm
				£13,662,000
Total Construction Cost				£13,662,000

Abnormal Costs		120000			£120,000
Professional Fees		8.0%	Construction Cost		£1,092,960
Legal Fees		0.5%	GDV		£150,401
Statutory Fees		1.1%	Construction Cost		£150,282
Sales/Marketing Costs		2.0%	Market Units Value		£498,960
Contingencies		5.0%	Construction Cost		£743,748
Planning Obligations		2380	£ per unit		£357,000
CIL		54	£ per sqm Market Housing		£510,300
Interest	6.0%	12	Month Construction	6	Mth Sales Void
Arrangement Fee	1.0%	Cost			£187,235
Development Profit		20.0%	of GDV		£6,016,032

Total Cost

Total Cost					£27,590,022
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VIABILITY MARGIN

VIABILITY MARGIN					£2,490,138
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SITE LOCATION	NSK 200 Dwellings 5200sqm Retail 17200sqm Industrial	
DEVELOPMENT SCENARIO	Brownfield	Greenfield, Brownfield or Recycled
NET DEVELOPABLE SITE AREA	5	Ha
DEVELOPMENT DETAILS	22,400	Sqm Total Floorspace

Development Value		Net Lettable Area	Sales Value			
Industrial	B1b B1c B2 B8	17200	sqm	897	£ per sqm	£15,428,400
Office	B1a		sqm	0	£ per sqm	£0
Food Retail	A1		sqm	0	£ per sqm	£0
Other Retail	A 1 A2 A3 A4 A5	5200	sqm	2261	£ per sqm	£11,757,200
Residential Inst	C2		sqm	0	£ per sqm	£0
Hotels	C3		sqm	0	£ per sqm	£0
Community	D1		sqm	0	£ per sqm	£0
Leisure	D2		sqm	0	£ per sqm	£0
Agricultural			sqm	0	£ per sqm	£0
Sui Generis		0	sqm	0	£ per sqm	£0
Sui Generis		0	sqm	0	£ per sqm	£0
Development Value						£27,185,600

Development Costs		Site Area	Land Value			
Industrial		3.44	Ha	530000	£ per Ha	£1,823,200
Office		0	Ha	212000	£ per Ha	£0
Food Retail		0	Ha	212000	£ per Ha	£0
Other Retail		1.56	Ha	1100000	£ per Ha	£1,716,000
Residential Inst		0	Ha	212000	£ per Ha	£0
Hotels		0	Ha	212000	£ per Ha	£0
Community		0	Ha	212000	£ per Ha	£0
Leisure		0	Ha	212000	£ per Ha	£0
Agricultural		0	Ha	19200	£ per Ha	£0
0		0	Ha	212000	£ per Ha	£0
0		0	Ha	212000	£ per Ha	£0
Total Land Cost						£3,539,200

Construction		Gross Internal Area	Construction Rate	CIL Rate	Stamp Duty Land Tax	
Industrial		17200	sqm	476	£ per sqm	£8,187,200
Office			sqm	0	£ per sqm	£0
Food Retail			sqm	0	£ per sqm	£0
Other Retail		5200	sqm	523	£ per sqm	£2,719,600
Residential Inst			sqm	0	£ per sqm	£0
Hotels			sqm	0	£ per sqm	£0
Community			sqm	0	£ per sqm	£0
Leisure			sqm	0	£ per sqm	£0
Agricultural			sqm	0	£ per sqm	£0
0			sqm	0	£ per sqm	£0
0			sqm	0	£ per sqm	£0
Total Construction Cost						£10,906,800

Abnormal Costs						£0
Professional Fees @		8.0%	Build Cost			£872,544
Legal Fees		0.5%	GDV			£135,928
Statutory Fees		0.6%	Build Cost			£65,441
Sales/Marketing Costs		2.0%	GDV			£543,712
Contingencies		5.0%	Build Cost			£545,340
Planning Obligations		0	£ per sqm			£0
CIL						£1,187,600
Interest @	6.0%	12	Month Build	3	Mth Sale Void	£1,219,714
Arrangement Fee	1.0%	Cost				£288,449
Development Profit		17.5%	of GDV			£4,757,480
Total Cost						£24,203,776

VIABILITY MARGIN **£2,981,824**

SITE LOCATION	NSK Site 200 Dwellings, 5200sqm Retail, 17200sqm Industrial		Apartments	
NET DEVELOPABLE SITE AREA	5.00	Ha	2 Bed Houses	
DEVELOPMENT SCENARIO	Brownfield	(Greenfield, Brownfield or Recycled)	3 Bed Houses	
DEVELOPMENT DETAILS	200	Total Units	4 Bed Houses	
Affordable Proportion %	30%	60	Affordable Units	5 Bed Houses
Affordable Mix	40%	%Intermediate	60%	%Social Rent
Development Floorspace	12600	Sqm GIA Market Housing	5,400	%Affordable Rent
				Sqm GIA Affordable Housing

DEVELOPMENT VALUE

Total Housing Area	Apartments		sqm		Totals
(GIA Net Sales)	Houses	18000	sqm		

Market Houses					
Apartments	0	sqm	0	£ per sqm	£0
Houses	12600	sqm	2640	£ per sqm	£33,264,000
Total Market Housing Value					£33,264,000

Intermediate Houses					
	60%	Open Market Value			
Apartments	0	sqm	0	£ per sqm	£0
Houses	2160	sqm	1584	£ per sqm	£3,421,440
Total Intermediate Affordable Housing Value					£3,421,440

Social Rent Houses					
	40%	Open Market Value			
Apartments	0	sqm	0	£ per sqm	£0
Houses	3240	sqm	1056	£ per sqm	£3,421,440
Total Social Rent Affordable Housing Value					£3,421,440

Affordable Rent Houses					
	50%	Open Market Value			
Apartments	0	sqm	0	£ per sqm	£0
Houses	0	sqm	1320	£ per sqm	£0
Total Affordable Rent Housing Value					£0

Development Value

DEVELOPMENT COSTS

Land	Net Site Area	Market Housing Land Area	Affordable Housing Land Area		
	5.00	3.50	1.50	Ha	
		1106160		per Ha	Total Market Land Value
				per Ha	Total Aff Hsg Land Value
					Land Total
£3,871,560	Total Land Cost	5.0% SDLT Rate		Stamp Duty Land Tax	£3,871,560
					£193,578

Construction					
Apartments	0	sqm	0	£ per sqm	£0
Houses	18000	sqm	1012	£ per sqm	£18,216,000
0 Total sqm					1.15
					Gross/Net
					£0
Total Construction Cost					£18,216,000

Abnormal Costs		120000			£120,000
Professional Fees		8.0%	Construction Cost		£1,457,280
Legal Fees		0.5%	GDV		£200,534
Statutory Fees		1.1%	Construction Cost		£200,376
Sales/Marketing Costs		2.0%	Market Units Value		£665,280
Contingencies		5.0%	Construction Cost		£989,664
Planning Obligations		2380	£ per unit		£476,000
CIL		54	£ per sqm Market Housing		£680,400
Interest	6.0%	12	Month Construction	6	Mth Sales Void
Arrangement Fee	1.0%	Cost			£249,246
Development Profit		20.0%	of GDV		£8,021,376

Total Cost

£36,742,406

VIABILITY MARGIN

£3,364,474

SITE LOCATION	NSK 250 Dwellings 5200sqm Retail 11000sqm Industrial	
DEVELOPMENT SCENARIO	Brownfield	Greenfield, Brownfield or Recycled
NET DEVELOPABLE SITE AREA	3.7	Ha
DEVELOPMENT DETAILS	16,200	Sqm Total Floorspace

Development Value		Net Lettable Area	Sales Value			
Industrial	B1b B1c B2 B8	11000	sqm	897	£ per sqm	£9,867,000
Office	B1a		sqm	0	£ per sqm	£0
Food Retail	A1		sqm	0	£ per sqm	£0
Other Retail	A 1 A2 A3 A4 A5	5200	sqm	2261	£ per sqm	£11,757,200
Residential Inst	C2		sqm	0	£ per sqm	£0
Hotels	C3		sqm	0	£ per sqm	£0
Community	D1		sqm	0	£ per sqm	£0
Leisure	D2		sqm	0	£ per sqm	£0
Agricultural			sqm	0	£ per sqm	£0
Sui Generis	0		sqm	0	£ per sqm	£0
Sui Generis	0		sqm	0	£ per sqm	£0
Development Value						£21,624,200

Development Costs		Site Area	Land Value			
Industrial		2.19	Ha	530000	£ per Ha	£1,160,700
Office		0	Ha	212000	£ per Ha	£0
Food Retail		0	Ha	212000	£ per Ha	£0
Other Retail		1.56	Ha	1100000	£ per Ha	£1,716,000
Residential Inst		0	Ha	212000	£ per Ha	£0
Hotels		0	Ha	212000	£ per Ha	£0
Community		0	Ha	212000	£ per Ha	£0
Leisure		0	Ha	212000	£ per Ha	£0
Agricultural		0	Ha	19200	£ per Ha	£0
0		0	Ha	212000	£ per Ha	£0
0		0	Ha	212000	£ per Ha	£0
Total Land Cost						£2,876,700

Construction		Gross Internal Area	Construction Rate	CIL Rate		
Industrial		11000	sqm	476	£ per sqm	£5,236,000
Office			sqm	0	£ per sqm	£0
Food Retail			sqm	0	£ per sqm	£0
Other Retail		5200	sqm	523	£ per sqm	£2,719,600
Residential Inst			sqm	0	£ per sqm	£0
Hotels			sqm	0	£ per sqm	£0
Community			sqm	0	£ per sqm	£0
Leisure			sqm	0	£ per sqm	£0
Agricultural			sqm	0	£ per sqm	£0
0			sqm	0	£ per sqm	£0
0			sqm	0	£ per sqm	£0
Total Construction Cost						£7,955,600

Abnormal Costs						£0
Professional Fees @		8.0%	Build Cost			£636,448
Legal Fees		0.5%	GDV			£108,121
Statutory Fees		0.6%	Build Cost			£47,734
Sales/Marketing Costs		2.0%	GDV			£432,484
Contingencies		5.0%	Build Cost			£397,780
Planning Obligations		0	£ per sqm			£0
CIL						£1,038,800
Interest @	6.0%	12	Month Build	3	Mth Sale Void	£920,854
Arrangement Fee	1.0%	Cost				£215,643
Development Profit		17.5%	of GDV			£3,784,235
Total Cost						£18,529,467

VIABILITY MARGIN **£3,094,733**

SITE LOCATION	NSK Site 250 Dwellings, 5200sqm Retail, 11000sqm Industrial		Apartments	
NET DEVELOPABLE SITE AREA	6.25	Ha	2 Bed Houses	
DEVELOPMENT SCENARIO	Brownfield	(Greenfield, Brownfield or Recycled)	3 Bed Houses	
DEVELOPMENT DETAILS	200	Total Units	4 Bed Houses	
Affordable Proportion %	30%	60	Affordable Units	5 Bed Houses
Affordable Mix	40%	%Intermediate	60%	%Social Rent
Development Floorspace	15750	Sqm GIA Market Housing	6,750	Sqm GIA Affordable Housing

DEVELOPMENT VALUE **Totals**

Total Housing Area	Apartments		sqm	
(GIA Net Sales)	Houses	22500	sqm	

Market Houses				
Apartments	0	sqm	0	£ per sqm
Houses	15750	sqm	2640	£ per sqm
				£0
				£41,580,000
Total Market Housing Value				£41,580,000

Intermediate Houses 60% Open Market Value				
Apartments	0	sqm	0	£ per sqm
Houses	2700	sqm	1584	£ per sqm
				£0
				£4,276,800
Total Intermediate Affordable Housing Value				£4,276,800

Social Rent Houses 40% Open Market Value				
Apartments	0	sqm	0	£ per sqm
Houses	4050	sqm	1056	£ per sqm
				£0
				£4,276,800
Total Social Rent Affordable Housing Value				£4,276,800

Affordable Rent Houses 50% Open Market Value				
Apartments	0	sqm	0	£ per sqm
Houses	0	sqm	1320	£ per sqm
				£0
				£0
Total Affordable Rent Housing Value				£0

Development Value **£50,133,600**

DEVELOPMENT COSTS

Land	Net Site Area	Market Housing Land Area	Affordable Housing Land Area	
	6.25	4.38	1.88	Ha
		1106160	4839450	per Ha
			0	per Ha
				Land Total
£4,839,450	Total Land Cost	5.0%	SDLT Rate	Stamp Duty Land Tax
				£241,973

Construction				
Apartments	0	sqm	0	£ per sqm
Houses	22500	sqm	1012	£ per sqm
				£0
				£22,770,000
0 Total sqm				Total Construction Cost
				£22,770,000

Abnormal Costs		120000		£120,000
Professional Fees		8.0%	Construction Cost	£1,821,600
Legal Fees		0.5%	GDV	£250,668
Statutory Fees		1.1%	Construction Cost	£250,470
Sales/Marketing Costs		2.0%	Market Units Value	£831,600
Contingencies		5.0%	Construction Cost	£1,235,580
Planning Obligations		2380	£ per unit	£476,000
CIL		54	£ per sqm Market Housing	£850,500
Interest	6.0%	12	Month Construction	£1,744,617
Arrangement Fee	1.0%		Cost	£311,258
Development Profit		20.0%	of GDV	£10,026,720

Total Cost **£45,770,435**

VIABILITY MARGIN **£4,363,165**