



**BNP PARIBAS
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Review of 'Affordable Housing Viability Assessment'

16 – 18 Oatlands Drive, Weybridge, KT13 9JL

Prepared for
Elmbridge Borough Council

March 2023



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1 Introduction and Terms of Reference

Elmbridge Borough Council (“the Council”) has commissioned BNP Paribas Real Estate to advise on a ‘Financial Viability Appraisal’ dated 12 December 2022 submitted by S106 Management on behalf of The Ridge (Oatlands) LLP (“the Applicant”) in relation to development proposals at 16 – 18 Oatlands Drive, Weybridge, KT13 9JL.

The development comprises the demolition of the existing buildings and construction of 33 Apartments.

This report provides an objective review of the Applicant’s viability assessment in order to advise the Council whether the Applicant’s contention that the scheme cannot support any affordable housing is correct.

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 37 countries in Europe, Middle East, India and the United States of America, including 16 wholly owned and 21 alliances. In 2005, the firm expanded through the acquisition of eight offices of Chesterton and in 2007, the firm acquired the business of Fuller Peiser. We are a wholly owned subsidiary of BNP Paribas, which is the number one bank in France, the second largest bank in the Euro Zone and one of only six top rated banks worldwide.

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 Jamie Purvis MRICS, RICS Registered Valuer and reviewed by Anthony Lee MRTPI, MRICS, RICS Registered Valuer.

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

Anthony Lee was a member of the working group which drafted guidance for planning authorities on viability, which was published by the Local Housing Delivery Group in June 2012 as ‘*Viability Testing Local Plans: Advice to Planning Practitioners*’. He was a member of MHCLG’s ‘Developer contributions expert panel’ which assisted in the drafting of the viability section of the 2019 Planning Practice Guidance. He is also a member of the Mayor of London’s Housing Delivery Taskforce expert panel.

In addition, we were retained by Homes England (‘HE’) advise on better management of procurement of affordable housing through planning obligations.

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;

Finally, in **Section six**, we draw conclusions from the analysis.

1.3 The Status of our advice

In preparing this report and the supporting appraisals, we have given full regard to the RICS Guidance Note ('GN') 'Assessing viability in planning under the National Planning Policy Framework for England 2019' (first edition, March 2021). However, paragraph 2.2.3 of the GN acknowledges that statutory planning guidance takes precedence over RICS guidance. Conflicts may emerge between the GN and the PPG and/or other adopted development plan documents. In such circumstances, we have given more weight to the PPG and development plan documents.

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 Elmbridge Borough Council only. No liability to any other party is accepted.

2 Development Description

2.1 Site Location and Description

The application site extends to approximately 0.35 hectares and is situated to the northern end of Oatlands Drive within close proximity of Walton-on-Thames town centre. The site is occupied by 16 Oatlands Drive which is a detached 4 bedroom bungalow and 18 Oatlands Drive which is a 2 storey detached 6 bedroom house. To the north of the site lies 8-14 Oatlands Drive, a site which previously contained four individual dwellinghouses, which is currently being redeveloped to provide 51 units apartments. To the rear of the site on the northwest and western side, lies the Engine River, a branch of the Thames. The Engine River is located within the River Thames Policy Area, although the site itself falls outside of this designated area. Beyond the river is a green space known as Cowey Sale, which is designated Metropolitan Green Belt. Beyond this lies the River Thames, approximately 260m to the west of the site. The site is located in a predominantly residential area and Walton-on-Thames Railway Station is located c. 1 mile to the southeast of the site which provides links into London Waterloo in approximately 26 minutes.

2.2 Planning History

We have reviewed the Council's planning website and note that the site has not been subject to any planning applications that are relevant to this viability assessment.

2.3 The Proposed Development

The Applicant is seeking planning permission for the following:

“Development of 2 detached blocks comprising 33 flats with new vehicular access, associated parking, cycle storage, refuse storage and amenity areas with hard and soft landscaping, and associated engineering and infrastructure works, following demolition of existing houses”.

We summarise in Tables 2.3.1 and 2.3.2 the proposed accommodation.

Table 2.3.1: Proposed Accommodation (Block A – Front Block)

Unit	Beds	Floor Area (sq/ft)
1	3	1,158
2	2	856
3	1	604
4	2	856
5	3	1,158
6	1	604
7	2	856
8	2	856
9	2	800
10	2	856
11	2	856
12	1	604
13	2	1,045
14	2	800
15	2	1,045
Total/Avg	-	12,949

Table 2.3.2: Proposed Accommodation (Block B)

Unit	Beds	Floor Area (sq/ft)
1	2	876
2	2	974
3	2	974
4	2	1,013
5	2	856
6	2	876
7	2	856
8	2	856
9	2	876
10	2	856
11	2	856
12	2	1,067
13	2	856
14	2	856
15	2	876
16	2	1,045
17	2	1,067
18	2	1,045
Total	-	16,675

3 Methodology

The Applicant has submitted their appraisal using the HCA Economic Appraisal Toolkit ('HCAEAT').

We have used Argus to appraise the development proposals. Argus is a commercially available development appraisal package in widespread use throughout the industry. It has been accepted by a number of local planning authorities for the purpose of viability assessments and has also been accepted at planning appeals. Banks also consider Argus to be a reliable tool for secured lending valuations. Further details can be accessed at www.argussoftware.com.

Argus is a cashflow-backed appraisal model, allowing 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.

The output of the appraisal is a Residual Land Value ('RLV'), which is then compared to an appropriate benchmark, typically the Existing Use Value ('EUUV') of the site plus a site-specific landowner's premium, in line with the Planning Practice Guidance.

An Alternative Use Value ('AUV') may also constitute a reasonable benchmark figure where it is considered to be feasible in planning and commercial terms. Development convention and GLA guidance suggests that where a development proposal generates a RLV that is higher than the benchmark, it can be assessed as financially viable and likely to proceed. If the RLV generated by a development is lower than the benchmark, clearly a landowner would sell the site for existing or alternative use or might delay development until the RLV improves.

4 Review of Assumptions

In this section, we review the assumptions adopted by the Applicant in their viability assessment.

4.1 Market Housing Revenue

The proposed market housing units generate revenue of c. £17.67m equating to a blended capital value of c. £596 per sq/ft. We summarise in Table 4.1.1 the Applicant's sales values.

Table 4.1.1: Sales Values (Block A – Front Block)

Unit	Beds	Floor Area (sq/ft)	Sale Price	£PSF
1	3	1,158	£600,000	£518
2	2	856	£530,000	£619
3	1	604	£410,000	£679
4	2	856	£530,000	£619
5	3	1,158	£600,000	£518
6	1	604	£410,000	£679
7	2	856	£530,000	£619
8	2	856	£530,000	£619
9	2	800	£525,000	£656
10	2	856	£530,000	£619
11	2	856	£530,000	£619
12	1	604	£410,000	£679
13	2	1,045	£575,000	£550
14	2	800	£525,000	£656
15	2	1,045	£575,000	£550
Total/Avg	-	12,949	£7,810,000	£603

Table 2.3.2: Sales Values (Block B – Rear Block)

Unit	Beds	Floor Area (sq/ft)	Sale Price	£PSF
1	2	876	£530,000	£605
2	2	974	£575,000	£590
3	2	974	£575,000	£590
4	2	1,013	£575,000	£568
5	2	856	£530,000	£619
6	2	876	£530,000	£605
7	2	856	£530,000	£619
8	2	856	£530,000	£619
9	2	876	£530,000	£539
10	2	856	£530,000	£619
11	2	856	£530,000	£619
12	2	1,067	£575,000	£539

Unit	Beds	Floor Area (sq/ft)	Sale Price	£PSF
13	2	856	£530,000	£619
14	2	856	£530,000	£619
15	2	876	£530,000	£605
16	2	1,045	£575,000	£550
17	2	1,067	£575,000	£539
18	2	1,045	£575,000	£550
Total	-	16,675	£9,855,000	£591

In support of the sales values, the Applicant has had regard to sales and asking prices of second hand flats and houses located within close proximity to the subject site. We summarise the Applicant's evidence base in the tables below.

Table 4.1.2: Sales of Flats (within ½ mile of the subject site)

Date of Sale	Address	Unit Type	Floor Area (sq/ft)	Sale Price	£PSF	Additional Information
Jun-22	8 Albany Court, Oatlands Drive	-	1,023	£527,500	£516	Top Floor Flat
Jun-22	16 Wellington Close	2 Bed	776	£287,000	£370	Residents parking, balcony
Jun-22	15 Oakhill Gardens, Oatlands Drive	2 Bed	910	£390,000	£429	Balcony, communal gardens, underground parking
May-22	6 Chaseley Court, Oatlands Drive	-	721	£390,000	£541	Top Floor Flat
Mar-22	2 Oakhill Gardens, Oatlands Drive	2 Bed	934	£360,500	£386	Balcony, communal gardens
Feb-22	4 Beckworth Place, 50 Oatlands Drive		1,216	£480,000	£395	Mid-Floor Flat
Feb-22	13 New Zealand Avenue	2 Bed	775	£368,000	£475	Private rear garden with out-building and separate garage
Dec-21	3 Beckworth Place, 50 Oatlands Drive	-	1,184	£510,000	£431	Mid-Floor Flat

Table 4.1.3: Asking Prices (within ½ mile of the subject site)

Address	Unit Type	Floor Area (sq/ft)	Asking Price	£PSF	Additional Information
The Heart, Walton-on-Thames	2 Bed	823	£375,000	£456	Communal gardens, balcony, underground parking
Swan Walk, Shepperton	2 Bed	689	£485,000	£704	Gated riverside development, balcony, parking and guest parking
The Heart, Walton-on-Thames	2 Bed	798	£395,000	£495	Communal gardens, balcony, underground parking
Gothic House, Ashley Road, Walton-on-Thames	2 Bed	807	£335,000	£415	Ground floor, garage and residents parking

Address	Unit Type	Floor Area (sq/ft)	Asking Price	£PSF	Additional Information
Bridge Street, Walton-on-Thames	1 Bed	506	£250,000	£494	Gated development, allocated parking and communal gardens
The Heart, Walton-on-Thames	2 Bed	840	£385,000	£458	Balcony, Underground parking
Bridge Street	2 Bed	690	£399,950	£580	Allocated parking
The Heart, Walton-on-Thames	2 Bed	861	£425,000	£494	Communal gardens, balcony, underground parking
Treglos Court, Oatlands Drive	3 Bed	1,170	£600,000	£513	Balcony, underground parking, far reaching views

The Applicant has also had regard to the following new build asking prices located within 3 miles of the site.

Table 4.1.4: New Build Asking Prices (within 3 miles of the subject site)

Scheme	Unit Type	Floor Area (sq/ft)	Asking Price	£PSF
St Georges Heights, Claremont Lane, Esher	2 Bed	861	£699,950	£813
30 Queens Road, Weybridge	3 Bed	1,345	£845,000	£628
London Square, Walton-on-Thames	1 Bed	517	£360,000	£693
Landmark Court, 30 Queens Road, Weybridge	2 Bed	1,085	£700,000	£645
Baker Street, Weybridge	2 Bed	650	£385,000	£592
Churchfield Road, Walton-on-Thames	1 Bed	363	£224,500	£618
Queens Road, Weybridge	3 Bed	1,509	£1,250,000	£828

We have considered the Applicant's evidence base and we have undertaken our own research and we summarise in Table 4.1.5 current asking prices from Riverside Gardens which is located adjacent to the subject site (8-14 Oatlands Drive).

Table 4.1.5: New Build Asking Prices (Riverside Gardens)

Unit Type	Plot Number	Floor Area (sq/ft)	Asking Price	£PSF	Additional Information
1 Bed	1	475	£350,000	£737	Located in Skylark House, ground floor, front garden views.
1 Bed	44	551	£405,000	£735	Located in Kingfisher View, view of car park, ground floor
1 Bed	43	609	£450,000	£739	Located in Kingfisher View, ground floor, view of garden/river
2 Bed	9	681	£450,000	£661	Located in Skylark House, 1 st floor, view of rear garden/river, balcony
2 Bed	18	739	£475,000	£643	Located in Goldfinch House, 1 st floor, view of front garden
2 Bed	22	842	£500,000	£594	Located in Goldfinch House, 1 st floor, view of front garden
2 Bed	23	892	£525,000	£589	Located in Goldfinch House, 1 st floor, view of front garden

Unit Type	Plot Number	Floor Area (sq/ft)	Asking Price	£PSF	Additional Information
2 Bed	47	842	£615,000	£730	Located in Kingfisher View, 1 st floor, view of garden/river
2 Bed	42	842	£615,000	£730	Located in Kingfisher View, ground floor, view of garden/river
2 Bed	39	994	£725,000	£729	Located in Kingfisher View, ground floor, view of rear garden/river
2 Bed	27	994	£725,000	£729	Located in Swan View, Terrace, view of rear garden/river
3 Bed	26	1,339	£975,000	£728	Located in Swan View, ground floor, view of garden/river
3 Bed	40	1,339	£975,000	£728	Located in Kingfisher View, ground floor, view of rear garden/river

We have reviewed the Applicant's sales values in line with the current asking prices at Riverside Gardens and we do not consider that the values for Block A are unreasonable. However, we have adjusted the value of the Block A 3 bed units and adjusted the Applicant's sales values for Block B where units have the benefit of garden/river views. We have taken into consideration that the asking prices at Riverside Gardens may be discounted in order to achieve sales.

Table 4.1.7: BNPPRE Sales Values (Block A – Front Block)

Unit	Beds	Floor Area (sq/ft)	Sale Price	£PSF
1	3	1,158	£600,000	£518
2	2	856	£530,000	£619
3	1	604	£410,000	£679
4	2	856	£530,000	£619
5	3	1,158	£750,000	£648
6	1	604	£410,000	£679
7	2	856	£530,000	£619
8	2	856	£530,000	£619
9	2	800	£525,000	£656
10	2	856	£530,000	£619
11	2	856	£530,000	£619
12	1	604	£410,000	£679
13	2	1,045	£575,000	£550
14	2	800	£525,000	£656
15	2	1,045	£575,000	£550
Total/Avg	-	12,949	£7,960,000	£615

Table 4.1.8: BNPPRE Sales Values (Block B – Rear Block)

Unit	Beds	Floor Area (sq/ft)	Sale Price	£PSF
1	2	876	£530,000	£605
2	2	974	£575,000	£590

Unit	Beds	Floor Area (sq/ft)	Sale Price	
3	2	974	£575,000	£590
4	2	1,013	£575,000	£568
5	2	856	£600,000	£701
6	2	876	£600,000	£685
7	2	856	£530,000	£619
8	2	856	£605,000	£707
9	2	876	£605,000	£685
10	2	856	£605,000	£707
11	2	856	£530,000	£619
12	2	1,067	£575,000	£539
13	2	856	£530,000	£619
14	2	856	£605,000	£619
15	2	876	£610,000	£605
16	2	1,045	£710,000	£550
17	2	1,067	£600,000	£562
18	2	1,045	£710,000	£679
Total	-	16,675	£10,665,000	£640

In summary, our adopted sales values generate a total revenue of c. £18.63m equating to a blended capital value per sq/ft of £629.

4.2 Construction Costs

The proposed scheme base construction costs total c. £7.58m equating to a cost rate of c. £209 per sq/ft. The Applicant has also adopted an abnormal cost allowance totalling c. £1.01m to reflect costs for undercroft parking, external works and incoming services. In total the scheme costs are c. £8.59m (c. £236 per sq/ft) and in support of the costs the Applicant has submitted a cost report prepared by David R Parker MRICS.

The Council has instructed Savile Brown to review the Applicant's costs and we attach as Appendix 1 a copy of the cost review. In summary, Savile Brown have assessed the proposed scheme costs at c. £7.89m (c. £266 per sq/ft).

4.3 Construction Cost Contingency

The Applicant has adopted a construction cost contingency of 8% and we consider that this is excessive and we have adopted a contingency of 5%.

4.4 Professional Fees

The Applicant has adopted a professional fees allowance of 10% and we do not consider that this is an unreasonable assumption for this type of development.

4.5 Sales, Marketing & Legal Fees

The Applicant has adopted a sales agent and marketing fee of 3% and a sales legal fee of £1,000 per unit and we do not consider that this is an unreasonable assumption.

4.6 Community Infrastructure Levy ('CIL')

The Applicant has adopted a cost of £417,760 to reflect CIL and we would welcome confirmation from the Council that this assumption is correct.

4.7 Developer's Profit

The Applicant's viability assessment adopts a profit return of 20% on value for the market housing units.

We have recently experienced a range from 17% to 20% of GDV when considering developments in the southeast of England. We have taken into account the uncertainty that is now apparent after the United Kingdom's departure from the European Union and the potential risks associated with our future trading relationships with other countries, in addition to the risks associated with the Proposed Development. We have also taken into account the outbreak of the Novel Coronavirus (Covid-19) declared by the World Health Organisation as a "Global Pandemic" on 1 March 2020 and the emergence of new strains of the virus. We have also taken into account the war in Ukraine, global commodities inflation and current supply chain issues. Our assessment of profit is based upon the perceived risks associated with the Proposed Development. We therefore consider a profit level of 17.5% of revenue for the market housing units to be appropriate for the scheme.

4.8 Project Programme

The Applicant has adopted a 24 month construction programme with sales occurring between months 20 and 28. However, the Applicant's cost plan states that costs are based upon an 18 month construction duration. We have therefore adopted an 18 month construction duration assuming that sales commence at practical completion (40% off-plan sales) followed by a 5 month post practical completion sales programme.

4.9 Finance

The Applicant's appraisal adopts an 8% finance rate. We consider that the finance rate falls outside of current lending requirements and we have adopted an all-inclusive finance rate of 7.5%. Although a bank would not provide 100% of the funding required for the proposed Development, it is conventional to assume finance on all costs in order to reflect the opportunity cost (or in some cases the actual cost) of committing equity to the project.

4.10 Acquisition Costs

The Applicant has adopted a site acquisition cost of £530,000 to reflect SDLT and legal fees for purchasing the existing dwellings. It is unclear why the Applicant has adopted this cost in the appraisal as the appraisal is set up to generate a residual land value for the proposed scheme which is then compared against the site value benchmark. We have therefore disregarded this cost in our appraisal.

5 Appraisal Outputs

In this section, we consider the outputs of the appraisals and the implications for the provision of affordable housing at the proposed development and review the benchmark land value.

5.1 Viability Benchmark Site Value

The Applicant has adopted a site value of £4.10m based upon the value of the existing dwellings. In support of the site value benchmark the Applicant has had regard to sales of detached houses located within 0.5 miles of the Site ranging in size from 926 sq/ft (2 bed, £0.64m) to 7,071 sq/ft (5 beds, £3.52m). The sales generate a blended capital value per sq/ft of c. £638 and the Applicant has applied this value to the subject properties combined floor area of 6,428 sq/ft. The Applicant has not provided a breakdown of the floor areas of each of the houses or indeed stated how many bedrooms each house has.

We have had regard to the planning application documents and we set out in Table 5.1.1 the existing dwellings and their floor areas/bedrooms.

Table 5.1.1: Existing Dwellings

Property	Unit Type	Bedrooms	Floor Area (sq/ft)
16 Oatlands Drive	Detached Bungalow	4	2,562
18 Oatlands Drive	Detached House	6	3,864
Total	-	-	6,426

We have reviewed the Applicant's evidence base and we have also undertaken our own research and we summarise the sales evidence we have had regard to in Table 5.1.2.

Table 5.1.2: BNPPRE Sales Evidence

Address	Unit Type	Beds	Date	Floor Area (sq/ft)	Sale Price	£PSF
84 Oatlands Drive	Detached	4	Oct-22	2,433	£1,485,000	£610
71 Oatlands Drive	Detached	6	Oct-22	4,387	£2,450,000	£764
51 Oatlands Drive	Detached	5	Aug-22	2,691	£1,250,000	£465
33 Oatlands Drive	Detached	4	Jun-22	2,583	£1,500,000	£581
1a Oatlands Drive	Detached	4	Jun-22	2,939	£1,500,000	£510
12 Oatlands Drive	Detached	-	Dec-21	-	£1,286,250	-
41 Oatlands Drive	Detached	4	Sep-21	2,400	£1,280,000	£533
11 Oatlands Drive	Detached	6	Jun-21	3,359	£1,650,000	£491
20a Ashley Close	Detached	6	Jun-21	4,257	£1,675,000	£393
13 Oatlands Drive	Detached	4	Mar-21	2,551	£1,546,000	£606
57 Oatlands Drive	Detached	5	Mar-21	2,690	£1,200,000	£446

We have reviewed the available evidence base and we have adopted the following values for the existing houses.

Table 5.1.3: BNPPRE Site Value Benchmark

Property	Bedrooms	Floor Area (sq/ft)	Sale Price	£PSF
16 Oatlands Drive	4	2,562	£1,300,000	£507
18 Oatlands Drive	6	3,864	£1,950,000	£505
Total	-	6,426	£3,250,000	£506

5.2 Appraisal Results

We tabulate below the results of the Applicant's viability assessment.

Table 5.2.1: Applicant's Appraisal Results

Proposed Scheme Residual Land Value	Benchmark Site Value	Surplus/Deficit
c. £1.32m	c. £4.10m	c. - £2.78m

In summary, the Applicant's proposed scheme generates a deficit of c. £2.78m.

We summarise in the table below our appraisal results.

Table 5.2.2: BNPPRE Appraisal Results

Proposed Scheme Residual Land Value	Benchmark Site Value	Surplus/Deficit
c. £3.88m	c. £3.25m	c. £0.63m

In summary, our proposed scheme appraisal generates a residual land value of c. £3.88m and when benchmarked against a site value of c. £3.25m the proposed scheme generates a surplus of c. £0.63m.

5.3 Sensitivity Analysis

We have also undertaken a sensitivity analysis, which demonstrates scheme performance in the event that sales values and costs change. We summarise the results of this analysis in Table 5.3.1.

Table 5.3.1: Sensitivity Analysis

Construction Costs	Sales values				
	-10%	-5%	0.00%	+5%	+10%
-10%	£3,453,207	£4,058,440	£4,663,672	£5,268,905	£5,874,137
-5%	£3,061,019	£3,666,252	£4,271,484	£4,876,717	£5,481,949
0%	£2,668,831	£3,274,064	£3,879,296	£4,484,529	£5,089,761
+5%	£2,276,643	£2,881,876	£3,487,108	£4,092,341	£4,697,573
+10%	£1,884,455	£2,489,688	£3,094,920	£3,700,153	£4,305,385

6 Conclusion

We have reviewed the Applicant's viability assessment, which seeks to demonstrate that the scheme cannot support a payment towards affordable housing as the scheme generates a deficit of c. £2.78m.

We have undertaken our own assessment of the scheme and our assessment generates a surplus of c. £0.63m that can be paid towards affordable housing.

Appendix 1 - Construction Cost Review



SAVILE BROWN

ASSOCIATES

BNP Paribas

CLIENT:

21 March 2023

DATE:

Cost Estimate Review

DOCUMENT TITLE:

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16-18 Oatlands Drive,
Weybridge, Surrey, KT13 9JL

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1. Executive Summary

- 1.1 The cost information provided is the Budget Costing Exercise prepared by David R Parker This report has been prepared in accordance with latest published guidance including the recently published RICS professional statement 'Financial viability in planning: conduct and reporting' 1st Edition May 2019.
- 1.2 The works comprise of the demolition of existing buildings, site clearance and the construction of a new residential development consisting of 2 Nr Blocks of residential apartments comprising 33nr apartments and under croft car parking.
- 1.3 The contract cost estimate totals **£8,678,600**, the gross Internal area is assumed to total 29,611/sqft to £293/sqft. (Note appendix A figure may vary due to rounding)
- 1.4 Following a review of the information provided, SBA's cost analysis recommendation has resulted in a potential saving of around **£787,638**. The revised total project cost is **£7,889,913** this converts to £2,867/sqm or £266/sqft.
- 1.5 The information contained within this report is confidential to all parties involved and may not be relied upon by any third party or used for any other purposes.
- 1.6 We confirmed we have acted with objectivity, impartially, without interference and believe we have sourced appropriate available information.
- 1.7 We have acted in accordance with our instruction from BNP Paribas and that no performance or contingent fees have been agreed.
- 1.8 We confirm we have no conflict or that a risk of conflict exists.
- 1.9 We confirm we have acted with objectivity, impartially, without interference and believe we have sourced appropriate available information.

We have acted in accordance with our instruction from BNP Paribas and that no performance or contingent fees have been agreed.

We confirm we have no conflict or that a risk of conflict exists.

2. Summary

- 2.1 Savile Brown Associates (SBA) have been appointed to carry out an independent review of all costs from David R Parker on 16-18 Oatlands Drive, Weybridge, Surrey, KT13 9JL.
- 2.2 This review is largely based upon areas given within and £/sqm analysis. It has been assumed that all quantities have been measured within accordance of the RICS code of measurement practice 6th edition.
- 2.3 We have carried out a review of the cost plan based on similar projects. When benchmarking rates against other projects we have taken care to ensure that rates are adjusted to take account for variances in the dates of estimate, location, and the type of development.
- 2.4 It should also be understood that there is a potential for variance due to the early information.
- 2.5 We confirm that the information provided is adequate for this exercise, however specifications and a further description would help provide us further context.

3. Cost Estimate Commentary

Demolitions

- 3.1 Allowance of 60k has been lowered to 40k following review of the current site condition from google maps. **Potential saving of 20k**

Foundations

- 3.2 The rates included for foundations seem fair and reasonable and in line with current benchmarks.

Frame

- 3.3 The rates included for frame seem fair and reasonable and in line with current benchmarks.

External Walls

- 3.4 The rates seem to be reasonable and in line with benchmarking.

Roofs

- 3.5 Flat roof rates adjusted in line with benchmarking (£210m/2) - Green Roof (£114m/2) potential saving of **£22,360.00**.

Internal Walls

- 3.6 Blockwork walls adjusted in line with similar schemes to £120m2 resulting in a potential saving of **£61,440.00**.

Joinery

- 3.7 Allowance for kitchen supply and install has been lowered in line with the scope new figure being £7.5k per kitchen, potential saving of **£148,500.00**.

Wall Finishes

- 3.8 Supply and installation of tiling allowance has been adjusted £50m2 resulting in a potential saving of **£33,050.00**.

Sanitaryware

- 3.9 SBA have adjusted the allowance for sanitaryware supply and install to align with the scope of the project, and allowance of £5k per bathroom would be sufficient resulting in a saving of **£229,000.00**.

Cost Plan – Project on Costs

- 3.10 The percentage for OH&P is high at 10% this has been adjusted in line with benchmarking to 7% resulting in savings across the project.

4. Conclusion

4.1 Following the SBA review of the cost plan, generally the rates included are competitive. However, we have highlighted the following areas where rates will need review:

- Adjustment Roofing rates
- Adjustment to Internal Walls
- Adjustment to Kitchen Allowance
- Adjustment to Wall Finishes
- Adjustment to Sanitaryware
- Demolition Allowance.
- Adjustment to OH&P.

4.2 Following a review of the information provided, a comparable cost analysis has been produced which is detailed below (Appendix A).

5. Appendix A – Comparative Cost Analysis

COMPARATIVE COST ANALYSIS							
<u>Oatlands Drive</u>							
Element	GIA 2,752 m2			GIA 2,752 m2			Comments
	David R Parker			Savile Brown Associates			
	Total £	Cost £/m ²	%	Total £	Cost £/m ²	%	
SUMMARY OF CONSTRUCTION COSTS							
Substructure							
Demolitions	60,000	22	1%	40,000	15	1%	Lowered from review of current site condition
Foundations	494,300	180	6%	494,300	180	6%	
Superstructure							
Frame	280,000	102	3%	280,000	102	4%	
External Walls	479,400	174	6%	479,400	174	6%	
Roofs	497,200	181	6%	474,840	173	6%	Flat roof rates adjusted in line with benchmarking (£210m/2) - Green Roof (£114m/2)
Upper Floors	493,100	179	6%	493,100	179	6%	
Stairs & Lifts	183,000	66	2%	183,000	66	2%	
Windows And Doors	250,400	91	3%	250,400	91	3%	
Internal Walls	375,000	136	4%	313,560	114	4%	Blockwork walls adjusted to £120m/2
Internal Doors	202,800	74	2%	202,800	74	3%	
	3,315,200			3,211,400			
Internals							
Joinery	606,200	220	7%	457,700	166	6%	Kitchen allowance adjusted to £7.5k per kitchen
Floor Finishes	183,000	66	2%	183,000	66	2%	
Wall Finishes	80,300	29	1%	47,250	17	1%	Adjusted to £50m/2 supply and fit
Ceiling Finishes	210,300	76	2%	210,300	76	3%	
Decorations	145,500	53	2%	145,500	53	2%	
Sanitaryware	394,500	143	5%	165,000	60	2%	Adjusted for 5k allowance per bathroom
	1,619,800			1,208,750			
Services							
Mechanical	683,700	248	8%	683,700	248	9%	
Electrical	363,000	132	4%	363,000	132	5%	
Accoustic Testing	19,800	7	0%	19,800	7	0%	
Underground Drainage	69,000	25	1%	69,000	25	1%	
Project On-Costs							
Prelims	820,000	298	9%	820,000	298	10%	
OHP	689,050	250	8%	446,296	162	6%	Adjusted to 7%
Externals							
Undercroft Parking	560,000	203	6%	560,000	203	7%	
External Works	185,100	67	2%	185,100	67	2%	
Incoming Services	115,000	42	1%	115,000	42	1%	
NHBC	27,000	10	0%	27,000	10	0%	
	3,531,650			3,288,896			
Project On-Costs							
Prelims	111,000	40	1%	111,000	40	1%	
Overheads & Profits	99,900	36	1%	69,867	25	1%	Adjusted to 7%
TOTAL CONSTRUCTION COST EXCL VAT	8,677,550	3,153	/m2	7,889,913	2,867	/m2	(787.638)
		293	/sqft		266	/sqft	

Appendix 2 - Proposed Scheme Appraisal

Licensed Copy

Development Appraisal

16-18 Oatlands Drive

Proposed Scheme Appraisal

Report Date: March 22, 2023

APPRAISAL SUMMARY**LICENSED COPY****16-18 Oatlands Drive
Proposed Scheme Appraisal****Summary Appraisal for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Market Housing Units	33	29,624	628.71	564,394	18,625,000

NET REALISATION**18,625,000****OUTLAY****ACQUISITION COSTS**

Residualised Price				3,879,296	
Stamp Duty		5.00%		193,965	
Agent Fee		1.00%		38,793	
Legal Fee		0.80%		31,034	
					4,143,088

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
Market Housing Units	36,339 ft ²	217.12 pft ²	7,889,913	7,889,913
Contingency		5.00%	394,496	
CIL			417,760	
				812,256

PROFESSIONAL FEES

Architect	10.00%	788,991		788,991
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MARKETING & LETTING

Marketing	1.50%	279,375		279,375
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DISPOSAL FEES

Sales Agent Fee	1.50%	279,375		279,375
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FINANCE

Debit Rate 7.500% Credit Rate 0.000% (Nominal)				
Land			575,704	
Construction			514,174	
Other			82,749	
Total Finance Cost				1,172,627

TOTAL COSTS**15,365,625****PROFIT****3,259,375****Performance Measures**

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%

IRR 24.75%

Profit Erosion (finance rate 7.500%) 2 yrs 7 mths