

For:
Fareham Borough Council

Local Plan
Viability Assessment

Final Report

Assessment completed
May 2017

DSP16452

Final Report

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Notes and Limitations

1. This has been a desk-top exercise based on information provided by Fareham Borough Council (FBC) supplemented with information gathered by and assumptions made by DSP appropriate to the current stage of review and to inform the Council's on-going work with regard to the preparation of the Fareham Borough Local Plan Review 2016-2036.
2. This review has been carried out using well recognised residual valuation techniques by consultants highly experienced in the preparation of strategic viability assessments for local authority policy development including whole plan viability, affordable housing and CIL economic viability as well as providing site-specific viability reviews and advice. In order to carry out this type of assessment a large number of assumptions are required alongside the consideration of a range of a large quantity of information which rarely fits all eventualities.
3. Small changes in assumptions can have a significant individual or cumulative effect on the residual land value (RLV) or other surplus / deficit output generated – the indicative surpluses (or other outcomes) generated by the development appraisals for this review will not necessarily reflect site specific circumstances. Therefore, this assessment (as with similar studies of its type) is not intended to prescribe land values or other assumptions or otherwise substitute for the usual considerations and discussions that will continue to be needed as particular developments with varying characteristics come forward. This is also true in respect of the long timescales in Local Plan development and implementation over which the economy and development climate (national and more local influences and impacts) are very likely to vary. Nevertheless, the assumptions used within this study reflect the policy requirements and strategy direction of the Council as known at the time of carrying out this review and therefore take into account the cumulative cost effects of policies where those are relevant.
4. It should be noted that every scheme is different and no review of this nature can reflect the variances seen in site specific cases. Specific assumptions and values applied for our schemes are unlikely to be appropriate for all developments and a degree of professional judgment is required. We are confident, however, that our assumptions are reasonable in terms of making this viability overview and further informing the Council's policy development.

5. This report sets out options to inform policy development from a viability perspective whilst taking into account national policies that may impact on development viability.
6. It must be recognised that a planning-led basis for securing planning obligations relies on market-led processes. As a general point and so not just referring to Fareham Borough Council's progression of proposals here, we have to place an emphasis on the need for a practical approach to be taken by Council, having due regard to development viability where justified. By this we mean that, where a suitable case is made and agreed, the Council will need to continue to be adaptable also to market housing scheme needs, being prepared to negotiate and consider varying solutions; and being responsive to varying scheme types and circumstances. The various components of a scheme will need to be considered in terms of the level of need for market and affordable homes, their successful integration and tenure mixes. This will involve considering, as an example, local needs, scheme location, type, design, management, affordability, dwelling mix, tenure, funding and numbers rounding in formulating the detail taken from the targets basis. The Council may need to consider the interrelation of those effects and how those impact on and benefit schemes as part of the collective development requirements. The Council may, where justified and appropriate, need to consider how to optimise provision in the given circumstances.
7. In carrying out this assessment from the necessary strategic viewpoint, it is assumed that there will be a variety of market conditions during the life of the Local Plan, including periods in which we will see more and less stable and confident economic and property market conditions.
8. The review of development viability is not an exact science. There can be no definite viability cut off point owing to variation in site specific circumstances. These include the land ownership situation. The National Planning Policy Framework (NPPF) states that '*To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing landowner and willing developer to enable the development to be deliverable*'. It is not appropriate to assume that because a development appears to produce some land value (or in some cases even value equivalent to an existing / alternative use), the land will change hands and the development proceed. This principle will in some cases extend to land owners expecting or requiring the land price to reach a higher level, perhaps even significantly above that

related to an existing or alternative land use. This might be referred to as a premium. In some specific cases, whilst weighing up overall planning objectives to be achieved, therefore, the proposals may need to be viewed alongside the owner's enjoyment / use of the land, and a potential premium relative to existing use value or perhaps to an alternative use that the site may be put to. In practice, whether and to what extent an active market exists for an existing or alternative use will be a key part of determining whether or how site discussions develop. Overall, land value expectations will need to be realistic and reflective of the opportunities offered by, and constraints associated with, particular sites and schemes in the given circumstances and at the relevant delivery timing; with planning policies being reflected amongst these factors. The planning requirements will be necessarily reflected in the land values that are ultimately supportable.

9. This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of Dixon Searle Partnership Ltd; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.
10. To the extent that the document is based on information supplied by others, Dixon Searle Partnership Ltd accepts no liability for any loss or damage suffered by the client or others who choose to rely on it.
11. In no way does this study provide formal valuation advice; it provides an overview not intended for other purposes nor to over-ride particular site considerations as the Council's policies continue to be applied practically from case to case.

Executive Summary

Context and purpose

1. Fareham Borough Council (FBC) is preparing a review of its Local Plan – covering the period to 2036. FBC appointed experienced consultancy Dixon Searle Partnership (DSP) to provide development viability advice and evidence in support of this process. This study has been carried out between November 2016 and May 2017, with our work undertaken to inform the Council’s development of policies.
2. During this period, preliminary findings were discussed and explored, with various iterations and options considered by both DSP and the Council – covering a wide range of tests including different potential combinations of Plan policy and development costs. The work is intended to inform the Council’s selection of its proposed affordable housing policy target levels for example.
3. Viability testing is an important part of the plan-making process. The National Planning Policy Framework (NPPF) introduced a clear requirement to assess viability of the delivery of Local Plans and the impact on development of policies contained within them. This study considers viability in relation to proposed Local Plan policies, whilst allowing also for the Community Infrastructure Levy (CIL) charging schedule that is in place in Fareham Borough. This is done by considering the economic viability of relevant development scenarios within the Borough; taking into account the range of normal costs and obligations (including local and national policies associated with development), as would be borne by development schemes alongside the affordable housing requirements and the CIL.
4. The aim of such an assessment is to test and provide advice on an appropriate level for affordable housing and other policies across the Borough whilst also assessing the viability of different types of development as a whole.

Assessment approach

5. This viability assessment involves research and information review leading to the setting of reasonable assumptions; undertaking a great many appraisal calculations and sensitivity tests; followed by analysis, review and reporting. The research and information review was kept open throughout the study process with the aim of

ensuring the most up to date results and reporting context possible, but also bearing in mind that the assessment process and local authority liaison involved means assumptions being set at a point in time.

6. The approach used is typical to that of DSP's similar studies, as well as those of other specialist consultants, based on a sound methodology found appropriate through a number of Examinations over a wide geographical area, addressing associated varied characteristics.
7. The crux of the assessment is the consideration of the strength of relationship between the estimated development values (meaning sales value on completion) and the costs of creating the development. Typically, this varies by location, site and scheme type.
8. This development value : cost relationship is reviewed using the well-established principles of residual appraisal applied to an appropriate range of test 'scenarios' that reflect the nature of development proposed to come forward under the Local Plan. In this appraisal approach, the amount left over after deducting the estimated development costs from the end value (hence 'residual') is viewed as a potential land value (residual land value (RLV)) after allowing also for development profit.
9. The NPPF and available guidance acknowledges that a reasonable level of land value (return for the landowner) and development profit (risk-reward for the developer) should be available for a development to be viewed as viable.
10. The building (assembling assumptions for) and appraisal of the scenarios produces a large range of assessment results relating to the exploration of a range of potential affordable housing percentages, policy positions on other matters (for example housing standards), sales values and other variables; and how these may interact. As with all such studies using these principles, an overview of the results and the trends seen across them is required - so that judgments can be made to inform, as in this instance, the Council's policies drafting processes.
11. The result in the case of each individual test is a 'residual land value' (RLV) which is compared against various levels of 'benchmark land value' (acting as 'viability tests') representing different potential development scenarios. Land value comparisons are made as part of informing judgements on the strength and meaning of the results.

Viability and Plan making requirements

12. The aim of national guidance and of this assessment process is to seek to ensure that Plans are deliverable as a whole; also the relevant test for CIL rates setting. Care needs to be taken to ensure that the viability of development is not unduly affected by the collective costs of policy and other requirements - to the degree that development is no longer viable. In order to be appropriate, the cumulative impact of the Council's standards and policies in tandem with national policy objectives should not put implementation of the plan at serious risk, and should facilitate development.
13. Within its control, and outside the influence of the economy and property market (the most significant factors), the key cost implications for the viability assessment and for the Council to consider are those from, first (most significantly) the much needed affordable housing and then from the CIL as well as from s.106 (where that remains significant in mitigating particular development affects); and how these requirements come together in influencing the collective costs of development.
14. Affordable housing has a significant viability impact because it costs broadly the same as the market housing to build, but produces a much lower level of value/income. CIL typically has a lower impact, but can still be a significant factor because it operates as a fixed (non-negotiable) charge.
15. A carefully assessed balance is required, but the arrival at that will usually depend to some extent on a Council's local needs and priorities, as well as on a range of other factors. The assessment considers a wider range of other viability influences too – both existing and potential.

Findings – brief outline

16. Through the assessment process and this report, DSP has put forward a range of information and findings for FBC's consideration. While it should be noted that these are to inform the Council's Local Plan, there is no requirement for the findings to be followed exactly in all respects. As above, there will be a range of other evidence and influences for the Council to take into account too.
17. The report covers the detail, but a brief outline of main findings is as follows:

Overview - Viability in Fareham Borough

- a. In considering proposals for an updated development strategy, there is scope to identify a range of site and location types which should prove to be viable, distributing new development and producing a balance between larger and smaller sites and across a spread of locations. It should be possible also to find the appropriate balance between affordable housing needs, other planning policy objectives and scheme viability.
- b. We consider there to be reasonable prospects for viable development across the typologies (development scenarios) tested and given also that the Plan identified provision of new development will occur across a significant time period during which varied economic conditions and other circumstances will influence matters.
- c. In our view, at a “Whole Plan” level, looking at an appropriate level at the range of potential development scenarios and policy areas likely to be supporting the new Local Plan, these appear to be capable of meeting the requirements of NPPF 173/174.
- d. This is provided that FBC maintains an approach of not adding unduly to the national baseline policies together with addressing its local affordable housing needs as far as is practical, and adopted CIL; and that landowners’ expectations are also at realistic levels reflecting the various requirements and constraints as well as the opportunities side.

Considering LP policy - Parameters and recommendations

- e. The following table (see below) provides an overview of our key findings and recommendations, as a summary which is also included in the final rounding-up section of the full report Chapter 3 – full report as follows.

Overview of key findings for policy development

Affordable housing (policy target scope - %)	
Sites <11 dwellings (if within policy scope)	If applicable - not > 20% (& then includes likely role for £ financial contributions).
Sites 11+ dwellings – borough wide	Parameters 30 to 40%, but suggested consideration of 30% as headline.
All town centre sites	Suggested consider reduced target – indicatively 20%.
Generally	Consider potential further review with more knowledge of firmed-up national policy and emerging tenure models / evolving mix.
Enhanced accessibility – M4(2) & (3)	
M4(2) – options available but suggested consider alignment to affordable housing element of schemes.	M4(3) – could seek a small proportion, again potentially related to the affordable housing. Significant cost impacts to consider.
Overall consider a guided / target based and flexible rather than rigid approach. Evidence of need required.	
Open Space	
Review of the approach suggested – appears potentially unworkable in at least some scenarios	
Water and energy usage efficiency	
Building regulations standards – assumed former CfSH4 equivalent standards and water usage not exceeding 110 litres per person per day included and considered viable	
Nationally described space standard	
Included and considered viable	
Self & Custom-build	
Considered no significant implication for overall viability but, as a proportion of a development, potentially more practical on larger schemes (indicatively only, say 50+ dwellings) where, together with other requirements, this would still allow an appropriate proportion of usual market sale housing	

Executive Summary Ends

Main report follows - Final May 2017 (DSP v5)

DSP ref. 16452

1. Introduction

1.1 Background to the Viability Assessment

1.1.1 The Council's currently adopted Local Plan comprises the following three parts:

- Local Plan Part 1: Core Strategy (August 2011)
- Local Plan Part 2: Development Sites and Policies ('DSP Plan') (June 2015) and;
- Local Plan Part 3: The Welborne Plan (June 2015)

1.1.2 Local Plan Part 1 and Part 2 currently plan for housing and employment in the Borough up to 2026 with the Welborne Plan covering the period to 2036 for the development of the new community. As part of the examination of the Local Plan Part 2 in 2014 the Council agreed to commit to an immediate review of the Local Plan to reflect emerging housing, employment and retail needs to 2036.

1.1.3 The Council are currently in the process of preparing a draft version of the Local Plan Review for consultation to cover the period to 2036.

1.1.4 The Local Plan Review must be prepared in accordance with the requirements set out in National Planning Policy Framework (NPPF) and the accompanying Planning Practice Guidance (PPG). Viability testing is an important part of the plan-making process. The NPPF introduced a clear requirement to assess viability of the delivery of Local Plans and the impact on development of policies contained within them. In addition, further guidance on this requirement is covered by the national Planning Practice Guidance and other publications.

1.1.5 It is worth noting at this stage that Fareham Borough Council has adopted a Community Infrastructure Levy Charging Schedule to raise funds from new development to meet strategic infrastructure needs of the area. As such FBC does not intend amending the CIL until the review of the Local Plan is undertaken. This assessment does not explore viability for potential CIL charging rates; it considers the collective viability picture associated with potential Local Plan policies in combination with local characteristics (including the adopted CIL Charging Schedule) and national level planning and development requirements.

1.1.6 This study provides the viability evidence which, alongside previous work undertaken by others where applicable, contributes to a suite of documents used to inform and support the emerging Development Plan of the Council.

1.1.7 It is in the interests of the Council, local communities, developers and all other stakeholders to ensure that the proposed policies, sites and the scale of development identified in the plan are viable - to ensure a sound Plan through the examination process. In light of the above, the Council has therefore commissioned this viability assessment. This will help to assess and inform policies in the Local Plan Review that have cost implications, provide a viability appraisal of the sites typologies likely to come forward through the Local Plan Review and provide a high level assurance that the proposed sites and the scale of development identified in the plan would not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. This study therefore considers the following:

- viability of potential housing sites;
- affordable housing requirements (percentage, threshold and tenure split);
- cumulative impact of local plan and national policies and standards on development

1.1.8 Local Plan Part 1 makes provision for strategic housing allocations at Welborne. The Welborne Plan builds on this further identified site to the north of Fareham Town Centre for a self-contained development of around 6,000 new homes (with supporting retail and employment land.) The Council are not looking to update the Welborne Plan. Therefore this viability study excludes Welborne.

1.1.9 In addition to this strategic site, the Local Plan Part 2 also allocates smaller housing sites across the Borough. As part of the Council's Local Plan Review, town centre sites are specifically being considered to deliver a greater quantum of housing – as well as other potential allocations, also including greenfield urban extensions for the remaining parts of the Borough.

1.2 Fareham Borough Council Profile

1.2.1. Fareham Borough covers approximately 30 square miles and is located on the south coast between the cities of Southampton and Portsmouth. The Borough has a population of approximately 117,000, spread across six main areas; Fareham town,

Portchester, Stubbington, Titchfield, Whiteley and the group of 'Western wards', which includes the adjoining settlement areas of Park Gate, Titchfield Park, Titchfield Common, Locks Heath, Warsash, Sarisbury and Lower Swanwick.

- 1.2.2. The Borough is bordered by Winchester City Council to the north, Portsmouth City Council to the east, Gosport Borough Council to the south east and Eastleigh Borough Council to the west.
- 1.2.3. Fareham's (i.e. the Borough's) housing requirement has been identified through the PUSH (Partnership for South Hampshire) Spatial Position Statement which is informed by Objectively Assessed Need (OAN). However, the PUSH Position Statement plans up to 2034 – which is two years sooner than the period that the assessment of OAN extends to (2036). The adopted Welborne Plan runs to 2036.
- 1.2.4. The Council aims to deliver as much as possible of the housing need on brownfield sites. Fareham town centre is a key area where additional housing could be provided. A regeneration vision for Fareham town centre has been developed to identify areas in and around the centre where housing could be delivered.
- 1.2.5. Current estimates are that this could yield over 600 homes, with the remainder expected to be met primarily through allocating housing on greenfield sites.

1.3 Purpose of this Report

- 1.3.1 Viability testing is an important part of the plan-making process. The National Planning Policy Framework (NPPF) introduced a clear requirement to assess viability of the delivery of Local Plans and the impact on development of policies contained within them. In addition, further guidance on this requirement is covered by the national Planning Practice Guidance (PPG) and other publications. In order to meet the requirements of the NPPF, FBC commissioned Dixon Searle Partnership (DSP) to carry out a Viability Study with an objective to determine the impact on development viability of including the various relevant policy requirements of the Local Plan Review including recommendations on affordable housing targets and sites viability.
- 1.3.2 The assessment involves the review of the financial viability of site typologies representing a range of typical site types likely to come forward across the Plan. The assessment takes into account the policies contained within the adopted Local Plan

Part 2 whilst testing the potential introduction of national housing standards in order to inform the further development of and support the policies to be set out in the new Local Plan Review. The assessment will provide the evidence base for the viability of the Local Plan Review policies, informing and supporting the deliverability of the plan overall.

- 1.3.3 This approach does not require a detailed viability appraisal of every site anticipated to come forward over the plan period but rather the testing of a range of appropriate site typologies reflecting the potential mix of sites likely to come forward. Neither does it require an appraisal of every likely policy but rather potential policies that are likely to have a close bearing on development costs.
- 1.3.4 To this end, the study requires the policies and proposals in the Local Plan Review to be brought together to consider their cumulative impact on development viability.
- 1.3.5 The assessment approach applies sensitivity testing to policy costs including a range of affordable housing proportions, tested at different thresholds and combined with allowances for meeting the requirements for other optional housing standards - including relating to the access to and use of buildings, water efficiency and space standards.
- 1.3.6 In practice, within any given scheme there are many variations and details that can influence the specific viability outcome. Whilst acknowledging that, this work provides a high level, area-wide overview that cannot fully reflect a wide range of highly variable site specifics.
- 1.3.7 The approach used to inform the study applies the well-recognised methodology of residual land valuation. Put simply, the residual land value (RLV) produced by a potential development is calculated by subtracting the costs of achieving that development from the revenue (sales income) generated by the completed scheme (the gross development value – GDV).
- 1.3.8 The residual valuation technique has been used to run appraisals on sample scheme typologies representing development scenarios that are likely to come forward across the borough under the emerging development strategy.

- 1.3.9 The study process produces a large range of results relating to the exploration of a range of potential affordable housing percentage targets as well as other variables. As with all such studies using these principles, an overview of the results and the trends seen across them is required - so that judgments can be made to inform the policy setting process.
- 1.3.10 A key element of the viability overview process is the comparison of the RLV results generated by the development appraisals and the potential level of land value that may need to be reached to ensure that development sites continue to come forward - so that development across the area is not put at risk owing to unrealistic policy burdens in combination with other development cost factors. These comparisons are necessarily indicative but are usually linked to an appropriate site value or benchmark. The results sets have been tabulated in summary form and those are included in Appendix IIa (main set – non-strategic sites) and IIb (strategic development scenario tests).
- 1.3.11 In considering the relationship between the RLV created by a scenario and some comparative level that might need to be reached, we have to acknowledge that in practice this is a dynamic one – land value levels and comparisons will be highly variable in practice. It is acknowledged in a range of similar studies, technical papers and guidance notes on the topic of considering and assessing development viability that this is not an exact science. Therefore, to inform our judgments in making this overview, our practice is to look at a range of potential land value levels that might need to be reached allied to the various scenarios tested.
- 1.3.12 This report then sets out findings and recommendations for the Council to consider in taking forward its further development work on the new Local Plan including on a reasonable and viable level of affordable housing to be sought on residential development schemes across the area.

1.4 Policy & Guidance

- 1.4.1 This viability assessment has been produced in the context of and with regard to the NPPF, CIL Regulations, CIL Guidance and other Guidance applicable to studies of this nature. This study has also had regard to the national Planning Practice Guidance.

1.4.2 The NPPF was published in 2012 superseding previous Planning Policy Statements (PPSs). The NPPF sets out the overall approach to the preparation of Local Plans. It states that planning authorities should seek opportunities to achieve each of the economic, social and environmental dimensions of sustainable development, with net gains across all three. Significant adverse impacts on any of these dimensions should be avoided and, wherever possible, alternative options that reduce or eliminate such impacts should be pursued. The NPPF also states that Local Plans should be aspirational but realistic - that is, to balance aspirational objectives with realistic and deliverable policies.

1.4.3 The NPPF provides specific guidance on ensuring Local Plan viability and deliverability. In particular, paragraphs 173-174 state:

'Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing landowner and willing developer to enable the development to be deliverable.'

Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle'.

1.4.4 Having regard to this guidance the Council needs to ensure that the Local Plan Review, in delivering its overall policy requirements, can address the requirements of the NPPF. Specific changes to the NPPF are currently under consideration. This report cannot pre-judge the outcome of the consultation and any changes that may be made to the NPPF.

- 1.4.5 Further guidance is set out in the Planning Practice Guidance (PPG) which re-iterates these messages where it says *‘Plan makers should consider the range of costs on development. This can include costs imposed through national and local standards, local policies and the Community Infrastructure Levy, as well as a realistic understanding of the likely cost of Section 106 planning obligations and Section 278 agreements for highways works. Their cumulative cost should not cause development types or strategic sites to be unviable. Emerging policy requirements may need to be adjusted to ensure that the plan is able to deliver sustainable development’*.
- 1.4.6 In addition, relevant information is contained in the publication ‘Viability Testing Local Plans – Advice for planning practitioners’ published in June 2012 by the Local Housing Delivery Group chaired by Sir John Harman (known as the ‘Harman’ report). That sets out a stepped approach as to how best to build viability and deliverability into the plan preparation process and offers guidance on how to assess the cumulative impact of policies within the Local Plan, requirements of SPDs and national policy. It provides useful practical advice on viability in plan-making and its contents should be taken into account in the Plan making process.
- 1.4.7 The Council is conscious that the government’s reform of the planning system has placed significant limitations on its ability to set locally-specific standard and policy requirements. Following consultation on the Housing Standards Review (August 2013), on 27th March 2015 in a written Ministerial Statement (WMS) the Government formally announced a new approach to the setting of technical housing standards in England. This has been accompanied by a new set of streamlined standards.
- 1.4.8 The DCLG statement said: *‘From the date the Deregulation Bill 2015 is given Royal Assent, local planning authorities and qualifying bodies preparing neighbourhood plans should not set in their emerging Local Plans, neighbourhood plans, or supplementary planning documents, any additional local technical standards or requirements relating to the construction, internal layout or performance of new dwellings. This includes any policy requiring any level of the Code for Sustainable Homes to be achieved by new development; the government has now withdrawn the code... For the specific issue of energy performance, local planning authorities will continue to be able to set and apply policies in their Local Plans which require compliance with energy performance standards that exceed the energy requirements*

of Building Regulations until commencement of amendments to the Planning and Energy Act 2008 in the Deregulation Bill 2015. This is expected to happen alongside the introduction of zero carbon homes policy in late 2016. The government has stated that, from then, the energy performance requirements in Building Regulations will be set at a level equivalent to the (outgoing) Code for Sustainable Homes Level 4. Until the amendment is commenced, we would expect local planning authorities to take this statement of the government's intention into account in applying existing policies and not set conditions with requirements above a Code level 4 equivalent'.

1.4.9 The new approach introduces optional Building Regulations requirements for access (volumes 1 and 2) – Part M4 (2) and (3) - and water efficiency which provide a higher standard than the minimum national building regulations. A nationally described space standard has also been introduced which can be implemented through the planning system.

1.4.10 In addition, a new security standard has now been included in the Building Regulations (Part Q).

1.4.11 The review also clarified statutory Building Regulations guidance on waste storage - to ensure that it is properly considered in new housing development.

1.4.12 The effectively optional regulations and space standards may only be applied where there is a local plan policy, based on evidenced local need for them; and where the viability of development is not unduly compromised as a result of their application.

1.4.13 As further background, in November 2014, following a Ministerial Statement, the Government revised national policy on s.106 thresholds as follows:

- *'Contributions should not be sought from developments of 10-units or less, and which have a maximum combined gross floorspace of no more than 1000sqm (gross internal area).*
- *In designated rural areas, local planning authorities may choose to apply a lower threshold of 5-units or less. No affordable housing or tariff-style contributions should then be sought from these developments. In addition, in a rural area where the lower 5-unit or less threshold is applied, affordable housing and tariff style contributions should be sought from developments of*

between 6 and 10-units in the form of cash payments which are commuted until after completion of units within the development. This applies to rural areas described under section 157(1) of the Housing Act 1985, which includes National Parks and Areas of Outstanding Natural Beauty.

- *Affordable housing and tariff-style contributions should not be sought from any development consisting only of the construction of a residential annex or extension to an existing home.*
- *Additionally, local planning authorities should not seek section 106 affordable housing contributions, including any tariff-based contributions to general infrastructure plots, from developments of Starter homes. Local planning authorities will still be able to seek other section 106 contributions to mitigate the impact of development to make it acceptable in planning terms, including addressing any necessary infrastructure’.*

1.4.14 The national policy changes also included a ‘vacant building credit’ (VBC). This intended to incentivise the use of brownfield (previously developed) land (PDL), by reducing the affordable housing requirement on a site-specific basis through a credit based on the floor area of any existing vacant buildings.

1.4.15 The introduction of these policies via that WMS and subsequent changes to the PPG were subject to a legal challenge by West Berkshire Council and Reading Borough Council. The legal challenge was successful and those policies quashed as of August 2015. This led to the re-introduction of lower affordable housing thresholds (where viable to do so) or allowed Councils to continue to adopt lower thresholds through the Local Plan process.

1.4.16 In May 2016, however, the Court of Appeal overturned that decision so that the s106 and affordable housing threshold based on a national minimum development size were re-introduced (as per the earlier WMS). Through discussion with officers, in carrying out this viability assessment we have therefore worked primarily on a basis consistent with this, so that at this stage it appears that affordable housing is not likely to be sought from schemes of 10 or fewer dwellings (subject also to maximum gross floor space requirements – at 1,000 sq. m new development). However, smaller scenario tests were considered as part of providing wider information and context for more general consideration by FBC.

1.4.17 The NPPF at paragraph 50 also states on affordable housing (in respect of local authorities' approaches):

'where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.'

1.4.18 Within the Glossary of the NPPF, the Government defines affordable housing as follows:

'Affordable housing: *Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.*

Social rented *housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.*

Affordable rented *housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).*

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.’

1.4.19 The evolving area of housing mix is wide-ranging. Previously and through the introduction of the Housing and Planning Act 2016 (which became law in May 2016), Government announcements including the Housing White Paper have indicated that it is likely that the above may be changed so that low cost market homes may be treated as affordable homes for the purposes of planning. Indeed, Section 159 of the new Housing and Planning Act 2016 states:

‘(1) Regulations made by the Secretary of State may impose restrictions or conditions on the enforceability of planning obligations entered into with regard to the provision of—

1. *(a) affordable housing, or*
2. *(b) prescribed descriptions of affordable housing.*

(2) Regulations under this section—

3. *(a) may make consequential, supplementary, incidental, transitional or saving provision;*
4. *(b) may impose different restrictions or conditions (or none) depending on the size, scale or nature of the site or the proposed development to which any planning obligations would relate.*

(3) This section does not apply in relation to a planning obligation if—

- (a) planning permission for the development was granted wholly or partly on the basis of a policy for the provision of housing on rural exception sites, or*

(b) the obligation relates to development in a National Park or in an area designated under section 82 of the Countryside and Rights of Way Act 2000 as an area of outstanding natural beauty.

(4) In this section “affordable housing” means new dwellings in England that—

(a) are to be made available for people whose needs are not adequately served by the commercial housing market, or

(b) are starter homes within the meaning of Chapter 1 of Part 1 of the Housing and Planning Act 2016 (see section 2 of that Act)¹.

1.4.20 As further detail develops, through regulations, other national policy moves to encourage or secure the provision of various forms of housing may need to be considered. The starter homes initiative (for example) together with specialist housing (e.g. for the elderly and regarding accessibility) and custom-build will be other aspects of overall housing provision to consider as proposals develop.

1.4.21 In addition to the above, the Chancellor announced in his Budget speech in 2015 that affordable housing providers will have to cut social housing rents by 1 per cent each year for four years from April 2016; a reversal of the rental formula which previously allowed the providers to raise rents in line with the consumer prices index (CPI) plus 1 per cent. As part of this viability update, we have also reviewed the impact of reduced rents on affordable housing values (i.e. the assumed value of the affordable homes using unit to a developer). However, we have not, at this stage, taken into account any changes to the definition of affordable housing, other than the considering the potential introduction of starter homes (by way of initial indicative sensitivity testing) given that there is still no detail or Regulation on which to base any viability modelling at this stage.

¹ Housing & Planning Act 2016

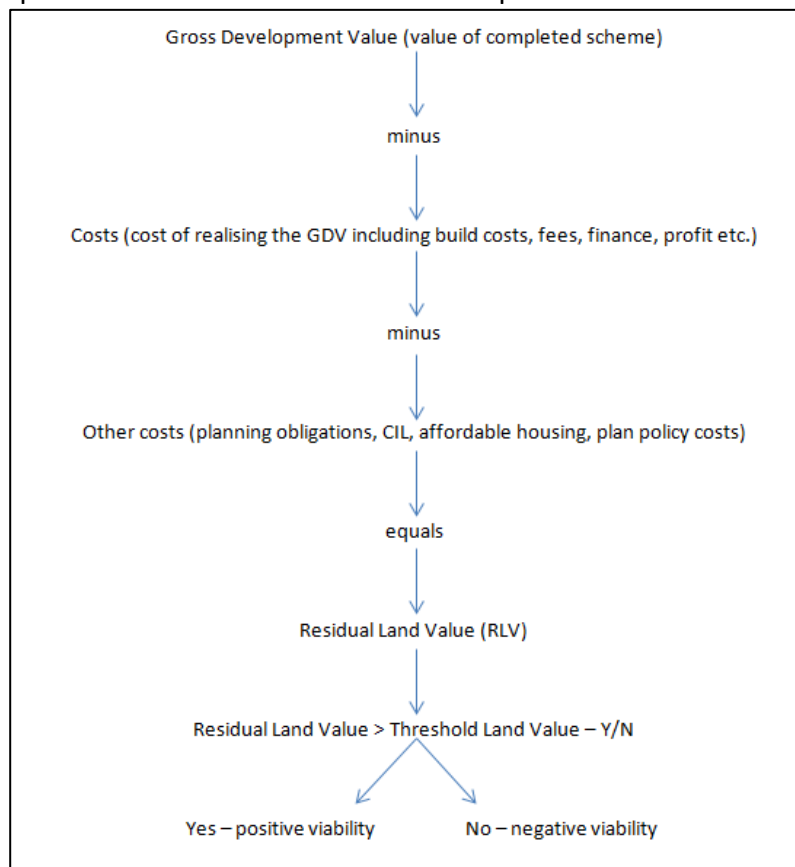
2 Methodology

2.1 Residual valuation principles

- 2.1.1 Collectively this study investigates the potential viability and, therefore, deliverability of the Local Plan Review and its sites and policies - including a review of various potential affordable housing options (target percentages - %s) and the thresholds above which affordable housing may be sought.
- 2.1.2 There will be a number of policies that may have an impact on the viability of development. In running this study, we have had regard to typical policy costs based on those set out within the Council's adopted Local Plan as this study aims to both test existing policy and recommend viable alternatives if necessary. By doing so we are able to investigate and consider how the cost of these obligations interact and therefore estimate the collective impact on viability. This is in accordance with established practice on reviewing development viability at this strategic level, and consistent with requirements of the NPPF. In this context, a development generally provides a fixed amount of value (the gross development value – GDV) from which to meet all necessary costs and obligations.
- 2.1.3 Prior to fixing assumptions, necessarily at a point in time, and running appraisals (as outlined in the following paragraphs) we undertake an extensive information review, property market research and a development industry stakeholders' survey. As a part of this, we undertake a review of the potential policy proposals which enables us to assess which are considered likely to have a particular development cost impact, or additional cost implications over and above typical costs (for example utilising the costs information from established sources such as the Building Cost Information Service of the RICS (BCIS)). Appendix I to this document also provides a quick reference guide to the assumptions used and includes a policy review schedule indicating the view taken with respect to the proposed policies so far as those are known at the time of this assessment.
- 2.1.4 In carrying out this study we have run development appraisals using the well-recognised principles of residual valuation on a number of scheme types.
- 2.1.5 Residual valuation, as the term suggests, provides a “residual” value from the gross development value (GDV) – i.e. from the estimated total sale value on completion -

of a scheme, after all other costs are taken into account. The diagram below (Figure 1) shows the basic principles behind residual valuation, in simplified form:

Figure 1: Simplified Residual Land Valuation Principles



2.1.6 Having allowed for the costs of acquisition, development, finance, profit and sale, the resulting figure indicates the sum that is potentially available to pay for the land – i.e. the residual land value (RLV).

2.1.7 In order to guide on a range of likely viability outcomes the assessment process also requires a benchmark, or range of benchmarks of some form, against which to compare the RLV - such as an indication of current or alternative land use values, site value relevant to the site and locality; including any potential uplift that may be required to encourage a site to be released for development (which might be termed a premium, over-bid, incentive or similar). Essentially this means reviewing the potential level(s) that the land value (i.e. the scheme related RLV) may need to reach in order to drive varying prospects of schemes being viable.

2.1.8 The level of land value sufficient to encourage the release of a site for development is, in practice, a site specific and highly subjective matter. It often relates to a range of factors including the actual site characteristics and/or the specific requirements or

circumstances of the landowner. Any available indications of land values using sources such as from the DCLG, Valuation Office Agency (VOA) reporting, previous and current evidence held by the Council and its immediate neighbours and any available sales, or other evidence on value, are used for this purpose in making our assessment. Typically, as here, there is very little information readily available for use in terms of genuine and reliable comparables on land values. Any available land sale comparables need to be treated with caution in their use directly; the detailed circumstances associated with a particular level of land value need to be understood. As such a range of information as mentioned above has to be relied upon to inform our assumptions and judgments.

- 2.1.9 As an additional layer to the assessment and informing judgments, we have also reviewed a number of sites that may potentially come forward through the plan process. This was in order to determine potential existing use values for a selection of sites, with a view to further informing what may be drawn from the RLVs indicated by the typology based testing that we have run.
- 2.1.10 The results show trends indicating deteriorating residual land values (RLVs) and, therefore, reduced viability as scheme value (GDV) decreases and / or development costs rise – e.g. potentially through adding / increasing affordable housing, optional technical housing standards and / or increasing planning obligation levels.
- 2.1.11 The range of assumptions that go into the RLV appraisals process is set out in more detail in this chapter. Further information is also available at Appendices I and III. They reflect the local markets through research on local values, costs and types of provision, etc. At various project stages we consulted with the Council's officers and sought soundings as far as were available from a range of local development industry stakeholders as we considered our assumptions. This included issuing a questionnaire / pro-forma to key stakeholders (developers, house builders, landowners, agents, Registered Providers etc.) alongside e-mail exchanges and telephone discussions through which DSP sought to get feedback on study assumptions and to provide the opportunity for engagement and for provision of information to help inform the assessment. On the whole, the process is informed as far as practically possible by the review of available information and making an overview from that. This approach reflects the expectations of the guidance.

2.2 Key Policy Areas for Testing - Summary

Energy & Water

- 2.2.1 As a result of the Housing Standards Review, FBC will need to ensure that any specific policy in regard of water consumption is set at no more than 110 litres/person/day.
- 2.2.2 For this assessment we have assumed that the Council would introduce the minimum level of compliance (i.e. 110 litres per person per day (lpppd)) but for that no additional cost allowance is required².
- 2.2.3 This study assumes that the Sustainable Design / Construction Standards are based on meeting the requirements of the building regulations in terms of energy use due to the Government's withdrawal of the Code for Sustainable Homes. The Government expects local planning authorities to take the above noted Ministerial Statement of its intentions into account in applying existing policies and not set conditions with requirements above a former Code for Sustainable Homes (CfSH) Level 4 equivalent. Until the Government confirms next steps on the path to 'nearly zero energy', we assume that the Council will continue to apply energy standards equivalent to former Code Level 4.
- 2.2.4 Appendix I provides the detail but data taken from the DCLG Housing Standards Review Impact Assessment (average £ per unit extra-over (E/O) cost) for meeting the energy requirements for former CfSH Level 4 equivalent has been used as a proxy for building regulations compliance.
- 2.2.5 No other sensitivity testing has been carried out in relation to higher levels of the CfSH or zero carbon as a result of the Government announcement to delay the introduction of national zero carbon policy and the scrapping of the allowable solutions element of national policy.

Affordable Housing

- 2.2.6 The Council's adopted Local Plan sets out the following affordable housing policies:

- The Council will require the provision of affordable housing on all schemes that can deliver a net gain of 5 or more dwellings.

² N.b. Extra over costs of attaining water efficiency standards of 110lpppd are in the region of £6-£9 per dwelling according to the DCLG Housing Standards Review Cost Impacts Study (September 2014). In our opinion this would have such a marginal impact on scheme viability that it has not been included in this assessment.

- On sites that can accommodate between 5 and 9 dwellings developers will be expected to provide 30% affordable units OR the equivalent financial contribution towards off-site provision.
- On sites that can accommodate between 10 and 14 dwellings developers will be expected to provide 30% affordable units.
- On sites that can accommodate 15 or more dwellings developers will be expected to provide 40% affordable units.

2.2.7 As noted above, the Government's November 2014 introduction of a national affordable housing threshold was quashed by the High Court after a legal challenge by Reading and West Berkshire Councils in July 2015. To recap, however, this was subsequently overturned, via the Court of Appeal, having the effect of re-introducing a national minimum affordable housing threshold of 10 or fewer units. On this basis the Council would not be able to set a policy requiring affordable housing on sites of 10 dwellings or fewer.

2.2.8 However, although a material consideration, the Council is aware that a number of local authorities have continued to apply affordable housing policies on sites for 10 or fewer dwellings and have been supported by the Planning Inspectorate through the Appeals process at development management stage. The rationale in these cases is generally being linked to the acute need for affordable housing and the nature of small sites supply that is relied upon in some areas. In carrying out this viability assessment, as requested by FBC, we have undertaken a review of affordable housing policy across a range of thresholds in order to inform the Council's decision making process from a viability perspective only. The Council would need to consider the evidence required in order to maintain a sub-11 unit affordable housing threshold, subject to viability constraints. More detail on the affordable housing assumptions is provided below and at Appendix I.

Nationally Described Space Standard

2.2.9 The Government's Technical Housing Standards have introduced national space standards for C3 housing which can be used in a Local Plan policy if there is sufficient evidence of need and viability.

2.2.10 The national space standards have been included in the modelling for this viability assessment as a standard assumption. See Appendix I for detail.

Access to and use of Buildings

2.2.11 The Government's Housing Standards Review has also resulted in changes being made with reference to Lifetime Homes and the Wheelchair Housing Design Standard. Accessibility is now incorporated into Part M of Building Regulations, applied by Local Planning Authorities as conditions and checked for implementation through the Building Control process.

2.2.12 The 2015 edition of Approved Document M – Access to and use of buildings: Volume 1 – Dwellings introduces three categories of dwellings

Category 1	Visitable dwellings	M4(1)	This is mandatory for all new dwellings and is not optional. This means that reasonable provision should be made for people to gain access to and use the dwelling and its facilities. This should include most people, including wheelchair users.
Category 2	Accessible and adaptable dwellings	M4(2)	This optional standard is broadly equivalent to Lifetime Homes standards. This requires that provision is made within new dwellings to meet the needs of occupants with differing needs including some older and disabled people and <i>allow for the adaptation of the dwelling</i> to meet changing needs of occupants over time. This means that features are provided to enable common adaptations to be carried out in the future to increase the accessibility and functionality of the building.
Category 3	Wheelchair user dwellings	M4(3)	An optional standard with two sub-categories: M4(3)(2)(a): wheelchair adaptable: a dwelling constructed with the potential to be adapted for occupation by a wheelchair user e.g. providing space for the future installation of a lift; or
			M4(3)(2)(b): wheelchair accessible: a dwelling constructed to be suitable for immediate occupation by a wheelchair user e.g. by installing a lift.

2.2.13 Again, as with residential space standards, there needs to be evidence for both need and viability. We understand that the Council is considering the implementation of a policy to require proportions of dwellings to meet Category 2 M4(2) and M4(3). As

part of the viability testing process, the Council has therefore requested that sensitivity testing be carried out to look at the likely viability impact of including policies on the access to and use of buildings, the proportion(s) that could be requested and the threshold at which the policy could take effect (trigger level). We set out below the likely additional costs for including policies that meet the optional Category 2 and/or 3 requirements of Part M4 of the Building Regulations and those have been used in our sensitivity testing. It should be noted that enhanced requirements (where implemented) are independent of each other so that a dwelling may be provided to meet either standard.

2.2.14 As part of the Government's Housing Standards Review consultation, cost analysis was produced by EC Harris (and subsequently updated) relating to areas that included Access. Within the 2014 update to that review document, approximate costs of complying with the optional Category 2 requirements of Part M4 were included. This indicates various costs for different types of dwelling and on different forms of development. For the purposes of this report, the average extra over access cost per dwelling is approximately total of £2,447 for houses and £1,646 for flats for meeting Part M4 (2) standards. This is based on an average extra over access cost per dwelling (£682/dwelling) alongside the average access related space cost per dwelling but without allowing for cost recovery (£1,444/ dwelling).

2.2.15 For Part M4 (3) the same report indicates average extra over (E/O) costs to be £15,691 for flats and £26,816 for houses.

2.2.16 Within this viability assessment, sensitivity tests have been carried out on the assumption that 10% - 100% of new dwellings meet Part M4(2) standards and 5% - 20% meet Part M4(3) standards. This has been carried on a scheme of 50 units and noting that Part M4(2) and Part M4(3) would not be required on the same individual unit; in respect of individual dwellings the standards are on an "either or" basis. The results of this sensitivity testing will help inform decisions made by the Council in terms of setting policy requirements within the Local Plan Review.

Starter homes, Custom & Self-Build

2.2.17 Although the detail is yet to be provided through Regulation and / or Guidance, the Housing and Planning Act 2016 introduces a requirement for Local Planning Authorities in England to promote the supply of starter homes. The exact proportion is not set out in the Act but previous consultation suggested that it would be in the

region of 20% of new homes on all new developments (with certain exceptions). Starter homes exception sites are also still referred to within the PPG as a form of starter Homes supply but it is not clear what relationship this has with the requirement for all sites to provide a proportion of starter Homes. Related to the type of PDL sites on which the starter homes initiative is envisaged to be focused, DSP's view is that land values should be reflective of the site characteristics, development type and mix - as in all other cases. Developments specifically aimed at this model would not be providing an affordable housing quota, s.106 or CIL funded infrastructure and in our view based on 80% market sale values is, at the very least, likely to be no less viable on such a site than a combination of full market and regular affordable housing in the sense that has been required to date.

2.2.18 The Government has now published its Housing White Paper in which the Government announce that they do not intend to implement a compulsory starter homes requirement at this point in time³. They will instead commence the general duty on Councils to promote the supply of starter homes and bring forward regulations to finalise the starter homes definition and monitoring provisions. They also intend, through the NPPF, to make clear that starter homes should be available to households with an income of less than £80,000 (£90,000 in London).

2.2.19 The Government state that they remain committed to delivering starter homes through other planning reforms and funding to bring forward more additional homes which may not have otherwise have come forward. They intend to change the NPPF to allow more brownfield land to be released for developments with a higher proportion of starter homes. In addition, the £1.2 billion Starter Home Land Fund will be invested to support the preparation of brownfield sites for development, and deliver more additional homes. Where sites have investment, those will include a high proportion of starter homes, alongside other types of affordable home ownership such as shared ownership and rent to buy.

2.2.20 Following the release of the Housing White Paper and response to the technical consultation on starter homes, the Government proposes amending the NPPF to introduce a clear policy expectation that suitable housing sites deliver a minimum of 10% '*affordable home ownership units*'. It states that it will be for local areas to work with developers to agree an appropriate level of delivery of starter homes, alongside other affordable home ownership and rented tenures.

³ DCLG – Government response to the technical consultation on starter homes regulations (7th February 2017)
Fareham Borough Council – Local Plan Viability Assessment – Draft Report (DSP16452)

- 2.2.21 At the point of carrying out the initial modelling for this study (prior to the release of the Housing White Paper and Government response to the starter homes consultation, DSP carried out sensitivity testing on the assumption that 20% of dwellings on eligible sites would be required to provide starter homes as set out loosely in the Act (i.e. not exception site starter homes but starter homes as a proportion of normal residential development).
- 2.2.22 For the sensitivity testing it was assumed that the first 20% of affordable new dwellings (a “top-slice”) were to be starter homes, with the remainder (subject to the positioning of the affordable housing policy headline proportion) as traditional affordable housing (i.e. a combination of affordable rent and intermediate housing, but with an emphasis on the rented element particularly if starter homes are to substitute the intermediate housing first).
- 2.2.23 In reaching the draft report stage of this study it is assumed that any requirement for the first 10% of affordable housing to be delivered in the form of an affordable homes ownership product is covered by the testing already carried out (we have assumed that shared ownership products may be classed as ‘affordable home ownership’ products for the purpose of this study). This is considered to reflect the latest direction of travel on national policy.
- 2.2.24 From DSP’s experience of considering custom/self-build to date (albeit limited to early stages exploratory work on viability) we consider that the provision of plots for custom-build has the potential to be a sufficiently profitable activity so as not to prove a significant drag on overall site viability. Broadly, from review work undertaken so far we would expect it to be at least neutral in viability terms, with the exact outcomes dependent on site-specific details – as with other aspects of the development process.

Commercial / Non-Residential Development

- 2.2.25 On review of the Council’s available information at the current stage we have not further developed the Council’s existing evidence base as prepared for its Community Infrastructure Levy. That indicated the viability of various forms of non-residential development moving forward. At a high level our current stage review work suggests that we would expect to identify the same themes, and this may need to be considered by the Council through subsequent stages of the Local Plan Review production and implementation.

2.3 Scheme Development Scenarios

2.3.1 Appraisals using the principles outlined above have been carried out to review the viability of different types of development, whilst including testing and sensitivity testing on the policies considered to have an impact on development viability. The scenarios were settled and discussed with the Council following a review of the information it provided. Information included adopted Local Plan documents, CIL studies and adopted CIL charging schedule, Strategic Housing Land Availability Assessment (SHLAA), emerging Strategic Housing Market Assessment (SHMA) and other information.

Residential Development Scenarios

2.3.2 For residential schemes, numerous scenario types were tested with the following mix of dwellings and including sensitivity testing on affordable housing provision and other policy cost areas - including optional technical housing standards as discussed above (see Figure 2 below, and Appendix I provides more detail):

Figure 2: Residential Scheme Types

Scheme / Typology	Overall Scheme Mix
5 Houses	1 x 2BH, 3 x 3BH, 1 x 4BH
10 Houses	3 x 2BH, 5 x 3BH, 2 x 4BH
11 Houses	3 x 2BH, 6 x 3BH, 2 x 4BH
15 Houses	5 x 2BH, 8 x 3BH, 2 x 4BH
30 Flats (Sheltered)	22 x 1BF, 8 x 2BF
50 Flats Undercroft parking	20 x 1BF, 30 x 2BF
50 Mixed	5 x 1BF, 8 x 2BF, 7 x 2BH, 23 x 3BH, 7 x 4BH
100 Mixed 25% Townhouses 75% Flats	30 x 1BF, 45 x 2BF, 7 x 2BH, 13 x 3BH, 5 x 4BH
100 Mixed (20% starter homes)	10 x 1BF, 15 x 2BF, 15 x 2BH, 45 x 3BH, 15 x 4BH
300 Mixed	30 x 1BF, 45 x 2BF, 45 x 2BH, 135 x 3BH, 45 x 4BH
1000 Mixed	100 x 1BF, 150 x 2BF, 150 x 2BH, 450 x 3BH, 150 x 4BH
Town Centre Part Conversion / Part Extension	2 x 1BF, 3 x 2BF
25 Flats GF Convenience Retail Undercroft parking	10 x 1BF, 15 x 2BF + GF Retail

Note: BH = bed house; BF = bed flat; Mixed = mix of houses and flats.

2.3.3 The assumed dwelling mixes are based on the range of information reviewed, including taking into account the recommendations contained within the Strategic

Housing Market Assessment (SHMA)⁴ for the Partnership for Urban South Hampshire region (PUSH).

- 2.3.4 The scenarios reflect a range of different types of development that are likely to be brought forward through the planning process across the borough so as to ensure that viability has been tested with reference to the potential housing supply characteristics. Each of the above main scheme types was also tested over a range of value levels (VLs) representing varying residential values as seen currently across the area by scheme location / type whilst and also allowing us to consider the impact on development viability of changing market conditions over time (i.e. as could be seen through falling or rising values dependent on market conditions) and by scale of development.
- 2.3.5 The scheme mixes are not exhaustive – many other types and variations may be seen, including larger or smaller dwelling types in different combinations according to particular site characteristics.
- 2.3.6 In all cases it should be noted that a “best fit” of affordable housing numbers and tenure assumptions has to be made, given the effects of numbers rounding and also the limited flexibility within small scheme numbers particularly. The affordable housing numbers (content) assumed within each scheme scenario can be seen at Appendix I – Assumptions overview spreadsheet.
- 2.3.7 The dwelling sizes assumed for the purposes of this study are as follows (see figure 3 below):

Figure 3: Residential Unit Sizes

Dwelling type	Dwelling size assumption (sq. m)	
	Affordable	Private (market)
1-bed flat	50	50
2-bed flat	70	70
2-bed house	79	79
3-bed house	93	100
4-bed house	112	130

- 2.3.8 As with many other assumptions there will be a variety of dwelling sizes coming forward in practice, varying by scheme and location. As has been noted above, if dwelling space standards (aligned to the Nationally Described Space Standard) are to

⁴ GL Hearn – South Hampshire Strategic Housing Market Assessment for the Partnership for Urban South Hampshire (PUSH) (Jan 2014)
Fareham Borough Council – Local Plan Viability Assessment – Draft Report (DSP16452)

be introduced by Fareham Borough Council within the emerging Local Plan Review, that can only happen where there is a proven need to do so and also on the basis that viability considerations are taken into account. We have, however, assumed for the purposes of this assessment process that the nationally described space standard may be introduced or at least encouraged. Since there is a relationship between dwelling size, value and build costs, it is the levels of those that are most important for the purposes of this study (i.e. expressed in £ sq. m terms); rather than the specific dwelling sizes to which those levels of costs and values are applied in each case. With this approach, the indicative 'Values Levels' ('VL's) used in the study can then be applied to varying (alternative) dwelling sizes, as can other assumptions. The approach to focus on values and costs per sq. m also fits with the way developers tend to assess, compare and price schemes. It provides a more relevant context for considering the potential viability scope.

2.3.9 The dwelling sizes indicated are expressed in terms of gross internal floor areas (GIAs). They are reasonably representative of the type of units coming forward within the scheme types likely to be seen most frequently providing on-site integrated affordable housing. All will vary, and from scheme to scheme. However, our research suggests that the values (£ sales values) applicable to larger house types would generally exceed those produced by our dwelling size assumptions but usually would be similarly priced in terms of the relevant analysis – i.e. looking at the range of £ per sq. m 'Value levels' basis. In summary on this point, it is always necessary to consider the size of new build accommodation in looking at its price; rather than its price alone. The range of prices expressed in £s per square metre is therefore the key measure used in considering the research, working up the range of values levels for testing; and in reviewing the results.

2.4 Gross Development Value (Scheme Value)

2.4.1 For the residential scheme types modelled in this study a range of (sales) value levels (VLs) have been applied to each scenario. This is in order to test the sensitivity of scheme viability to geographical values variations and / or with changing values as may be seen with further market variations. In the case of Fareham Borough and the VLs covered typical residential market values (average prices across a scheme) over the range £2,750/m² (approx. £255/sq. ft.) to £4,250/m² (approx. £395/sq. ft.). Values may fall outside this range, but this covers the VLs considered relevant to underpinning the policy development at this stage. These are set out in relation to

settlement and Ward areas - see Appendix I. In summary the new-build values ranges (expressed in terms of these VLs) used by settlement / wards were as follows (see Figure 4 below):

Figure 4: New Build Values Assumptions Summary

	FBC lower-end	FBC typical new-build values			FBC upper-end new-build values		
Assumed Market Value Level (VL) range @ assumed dwelling sizes & indicative match with localities	VL1	VL2	VL3	VL4	VL5	VL6	VL7+
Indicative location (Range)	Porchester	Fareham East, Fareham South, Fareham West Wallington,	Fareham North		Warsash		Burridge
		Titchfield, Loxheath					
	Parkgate		Sarisbury				
1 Bed Flat	£137,500	£150,000	£162,500	£175,000	£187,500	£200,000	£212,500
2 Bed Flat	£192,500	£210,000	£227,500	£245,000	£262,500	£280,000	£297,500
2 Bed House	£217,250	£237,000	£256,750	£276,500	£296,250	£316,000	£335,750
3 Bed House	£275,000	£300,000	£325,000	£350,000	£375,000	£400,000	£425,000
4 Bed House	£357,500	£390,000	£422,500	£455,000	£487,500	£520,000	£552,500
Value (£/m²)	£2,750	£3,000	£3,250	£3,500	£3,750	£4,000	£4,250
Value (£/ft ²)	£255	£279	£302	£325	£348	£372	£395

- 2.4.2 As well as reviewing the Council's existing evidence base we also carried out a range of our own research on residential values across the Council's area (see Appendix III). It is always preferable to consider information from a range of sources to inform the assumptions setting and review of results stages. Therefore, we also considered existing information contained within previous research documents including previous viability studies; from sources such as the Land Registry, Valuation Office Agency (VOA) and a range of property websites. Our practice is to consider all available sources to inform our up to date independent overview, not just historic data or particular scheme comparables.
- 2.4.3 A framework needs to be established for gathering and reviewing property values data. The residential market review has been based on ward areas within the Borough (12 in total) and provides comprehensive research and analysis of currently available new build property across the Borough, together with Zoopla current area statistics. This data has been gathered for an overview of the value patterns seen across the Borough in order to inform assumption setting prior to the appraisal modelling phase and commenced in January 2017. It was particularly important to collect the residential values data by ward areas as the main settlements of Fareham and Porchester support typical values varying strength in depending on whether in the North, South, East or West of the settlement. Fareham for example has stronger values typically in the North and East, this being linked to good transport links and good schools which was also a view supported by local agents through discussions with DSP during a site visit to the borough. In this case, essentially, we considered research gathered by ward area would provide the best possible level of detailed analysis required for a robust evidence base.
- 2.4.4 This provided the best and most reflective, appropriate framework for gathering information and then for reviewing the implications of the variations seen linked to the likely provision of development across the borough. It was considered that this would also enable a view on how the values patterns compare with the areas in which the most significant new housing provision is expected to come forward.
- 2.4.5 Our desktop research considered the current marketing prices of properties across the borough and Land Registry House Prices Index trends; together with a review of new build housing schemes of various types. This information was further supplemented by a review of Land Registry information, on-line property search

engines and new build data where available. Together, this informed a Borough-wide view of values appropriate to this level of review and for considering the sensitivity of viability to the values varying. This research is set out at Appendix III.

- 2.4.6 Values patterns are often indistinct and especially at a very local level. However, in this study context we need to consider whether there are any clear variations between settlements or other areas where significant development may be occurring in the context of the future Borough development strategy. In setting the Council's current (adopted, charged) CIL it does not appear that it was considered necessary to differentiate across the borough. Although broadly this viability study agrees with that position, it does also consider the additional costs of town centre development and whether consideration should be given to differentiation within the overall affordable housing policy approach.
- 2.4.7 It should also be noted that house price data is highly dependent on specific timing in terms of the number and type of properties within the data-set for a given location at the point of gathering the information. In some cases, small numbers of properties in particular data samples (limited house price information) produce inconsistent results. This is not specific to Fareham Borough. However these factors do not affect the scope to get a clear overview of how values vary typically, or otherwise, between the settlements and localities, given the varying characteristics of the borough; as set out in these sections and as is suitable for the consideration of Local Plan viability and deliverability.
- 2.4.8 As a general summary, the data indicates a relatively narrow range of values seen across the area to support development. Typical values achievable tend to be highest overall in the western end of the Borough (Sarisbury, Burrridge, Warsash areas) reducing towards the east (Porchester) with more local variations for example as noted above in relation to areas such as Fareham Town and Porchester. Overall, our view is that the values most relevant to the likely new-build housing supply, viewed currently for policy development purposes, are represented most appropriately by VLs 2 to 4; with VLs 2-3 / 3 being key in terms of our results interpretation.
- 2.4.9 Importantly, in addition to the market housing, the development appraisals also assume a requirement for affordable housing. As this study seeks to test the viability of potential LPR policies holistically, we have tested and reviewed a range of potential affordable housing policy targets from 20% to 40%. For the affordable

housing, we have assumed that approximately 65% is affordable rented tenure and 35% is 'intermediate' in the form of shared ownership (although again it should be noted that this tenure mix was accommodated as far as best fits the overall scheme mixes and affordable housing proportion in each scenario). Some early stages testing was also carried out on the assumption that a proportion (20%) of the the overall housing would be required as starter homes. As this is no longer a Government requirement it is probably no longer relevant to this particular study. The results have however been included purely for information purposes. As discussed above, further testing on the inclusion of a minimum of 10% 'affordable home ownership' housing was not carried out as we assume that the current tenure mix sought overall (i.e. with 35% of the affordable housing tested as shared ownership) as used throughout the appraisals would usually meet that requirement. Further testing may be required or helpful in the future if the Council determines through additional evidence that a requirement for a different mix of affordable home ownership is required through a needs assessment.

2.4.10 In reality tenure will normally be decided based on an up to date Strategic Housing Market Assessment (SHMA) ensuring that properties meet local needs at the time of the application). In practice many tenure mix variations could be possible; as well as many differing rent levels derived from the affordable rented (AR) tenure approach - as affected by local markets and by affordability. The same applies to the intermediate (currently assumed as shared ownership) affordable housing element in that the setting of the initial purchase share percentage, the rental level charged on the Registered Provider's (RP's - i.e. Housing Association or similar) or other affordable housing provider's retained equity, and the interaction of these two would usually be scheme specific considerations. Shared ownership (SO) is sometimes referred to as a form of 'low cost home ownership' (LCHO). Assumptions need to be made for the study purpose.

2.4.11 For the on-site affordable housing, the revenue that is assumed to be received by a developer is based only on the capitalised value of the net rental stream (affordable rent) or capitalised net rental stream and capital value of retained equity (in the case of shared ownership tenure). Currently the Homes and Communities Agency (HCA) expects affordable housing of either tenure on s.106 sites to be delivered with nil grant or equivalent subsidy input. At the very least this should be the starting assumption pending any review of viability and later funding support for specific

scenarios / programmes. We have therefore made no allowance for grant or other public subsidy / equivalent.

- 2.4.12 The value of the affordable housing (level of revenue received for it by the developer) is variable by its very nature. This may be described as the ‘payment to developer’, ‘RP payment price’, ‘transfer payment’ or similar. These revenue assumptions were reviewed based on our extensive experience in dealing with affordable housing policy development and site-specific viability issues (including specific work on SPDs, affordable rents, financial contributions and other aspects for other authorities). The affordable housing revenue assumptions were also underpinned by RP type financial appraisals – looking at the capitalised value of the estimated net rental flows (value of rental income after deduction for management and maintenance costs, voids allowances and the like). We considered the affordable rented revenue levels associated with potential variations in the proportion (%) of market rent (MR); up to the maximum allowed by the Government of 80% MR including service charge.
- 2.4.13 In broad terms, the transfer price assumed in this study varies between approximately 30% and 65% of market value (MV) dependent on tenure, unit type and value level. For affordable rented properties we introduced a revenue level cap by assuming that the Local Housing Allowance (LHA) levels will act as an upper level above which rents will not be set – i.e. where the percentage of market rent exceeds the Local Housing Allowance (LHA) rate. The LHA rate for the Portsmouth Broad Rental Market Area (BRMA) that covers the Fareham Borough Council area for the varying unit types was used as our cap for the affordable rental level assumptions.
- 2.4.14 In practice, as above, the affordable housing revenues generated would be dependent on property size and other factors including the provider’s (e.g. RP’s) own development strategies, and therefore could well vary significantly from case to case when looking at site specifics. The RP may have access to other sources of funding, such as related to its own business plan, external funding resources, cross-subsidy from sales / other tenure forms, recycled capital grant from stair-casing receipts, for example, but such additional funding cannot be regarded as the norm for the purposes of setting viability study assumptions – it is highly scheme dependent and variable and so has not been factored in here.

2.5 Development Costs – General

- 2.5.1 Total development costs can vary significantly from one site or scheme to another. For these strategic overview purposes, however, assumptions have to be fixed to enable the comparison of results and outcomes in a way which is not unduly affected by how variable site specific cases can be. As with the scheme scenario building, an overview of the various available data sources is required and is appropriate.
- 2.5.2 Each area of the development cost assumptions is informed by data - from sources such as the RICS Building Cost Information Service (BCIS), any locally available soundings and scheme examples, professional experience and other research.
- 2.5.3 For this overview, we have not allowed for abnormal costs that may be associated with particular sites - these are highly specific and can distort comparisons at this level of review. Contingency allowances have however been made within all appraisals. This is another factor that should be kept in mind in looking at the viability of the Local Plan and the cumulative effect of local policies in combination with any optional technical standards; helping to ensure that these not set to the 'limits' of viability. In some circumstances and over time, overall costs could rise from current / assumed levels. The interaction between values and costs is important and whilst any costs rise may be accompanied by increased values from assumed levels, this cannot be relied upon.

2.6. Development Costs – Build Costs

- 2.6.1 The base build cost levels shown below are taken from the BCIS. In each case the figure has been rebased using the Fareham Borough location factor. Costs assumed for each development type are provided in Appendix I. For the purposes of this exercise we have added an allowance for housing schemes of 10 units or less and made a deduction for flatted schemes of 10 units or less based on advice provided by the RICS BCIS within a report commissioned by the Federation of Small Businesses (FSB)⁵. Figure 5 below summarises these:

⁵ RICS BCIS Report for The Federation of Small Businesses – Housing development: the economies of small sites - the effect of project size on the cost of housing construction (August 2015)

Figure 5: Build Cost Data (BCIS Median, Fareham Borough location factor relevant at time of research)

Development Use	BCIS Category	Base BCIS Build Cost (£/m ²)*
Residential (C3)	Build Costs Mixed Developments - generally (£/m ²)	£1,173
	Build Costs Estate Housing - generally (£/m ²)	£1,143
	Build Costs Flats - generally (£/m ²)	£1,338
	Rehabilitation/Conversion Build Costs Flats - 3-5 Storey (£/sq. m)	£1,340
	Build Costs (Sheltered Housing - Generally) (£/m ²)	£1,465

*excludes external works, contingencies and any FSB cost allowance on small sites (these are added to the above base build costs)

- 2.6.2 Unless stated, the above build cost levels do not include for external works / site costs, contingencies or professional fees (added separately). An allowance for plot and site works has been allowed for on a variable basis within the appraisal depending on the scheme type (typically between 5% and 15% of base build cost). These are based on a range of information sources and cost models and generally pitched at a level above standard levels in order to ensure sufficient allowance for the potentially variable nature of site works. The resultant build costs assumptions (after adding to the above for external works allowances but before contingencies and fees) are included at the tables in Appendix I.
- 2.6.3 For this broad test of viability, it is not possible to test all potential variations to additional costs. There will always be a range of data and opinions on, and methods of describing, build costs. In our view, we have made reasonable assumptions which lie within the range of figures we generally see for typical new build schemes (rather than high specification or particularly complex schemes which might require particular construction techniques or materials). As with many aspects there is no single appropriate figure in reality, so judgments on these assumptions (as with others) are necessary. As with any appraisal input of course, in practice this will be highly site specific. In the same way that we have mentioned the potential to see increased costs in some cases, it is just as likely that we could also see cases where base costs, externals costs or other elements will be lower than those assumed. Once again, in accordance with considering balance and the prospect of scheme specifics varying in practice, we aim to pitch assumptions which are appropriate and realistic through not looking as favourably as possible (for viability) at all assumptions areas.

- 2.6.4 In all cases further allowances have been added to the total build cost in respect of meeting optional technical housing standards as discussed earlier in this chapter.
- 2.6.5 An allowance of 5% of build cost has also been added in all cases, to cover contingencies (i.e. unforeseen variations in build costs compared with appraisal or initial stage estimates). This is a relatively standard assumption in our recent experience. We have seen variations, again, either side of this level in practice.
- 2.6.6 The interaction of costs and values levels will need to be considered again at future reviews of CIL and the Local Plan. In this context it is important to bear in mind that the base build cost levels may vary over time. In the recent past recessionary period we saw build costs fall but, moving ahead, they have in many cases risen relatively sharply and seen readjustment.
- 2.6.7 At the time of reporting the latest available BCIS briefing (March 2017) stated on build cost trends:
- 2.6.8 *'There is a great deal of uncertainty over the terms that will be agreed when the UK leaves the European Union, however Prime Minister Theresa May's speech on 17 January makes it more likely that the UK will withdraw from the Single Market and the Customs Union.*

While almost any outcome is still possible we will continue to produce forecasts based on three scenarios. These reflect the different political outcomes from the exit negotiations from the EU and are equally likely. However, the forecasts reflect the increased likelihood of restrictions on the movement of labour and pressures on Sterling that are likely to result from withdrawal from the Single Market and the Customs Union.

- an 'upside' scenario based on the assumption that we will remain in the European free trade area, but there are restrictions on the movement of labour*
- a 'downside' scenario based on the assumption that we do not have favourable access to the European Union market and there are restrictions on the movement of labour; and*
- a 'central' scenario based on some restrictions to trade and there are restrictions on the movement of labour.*

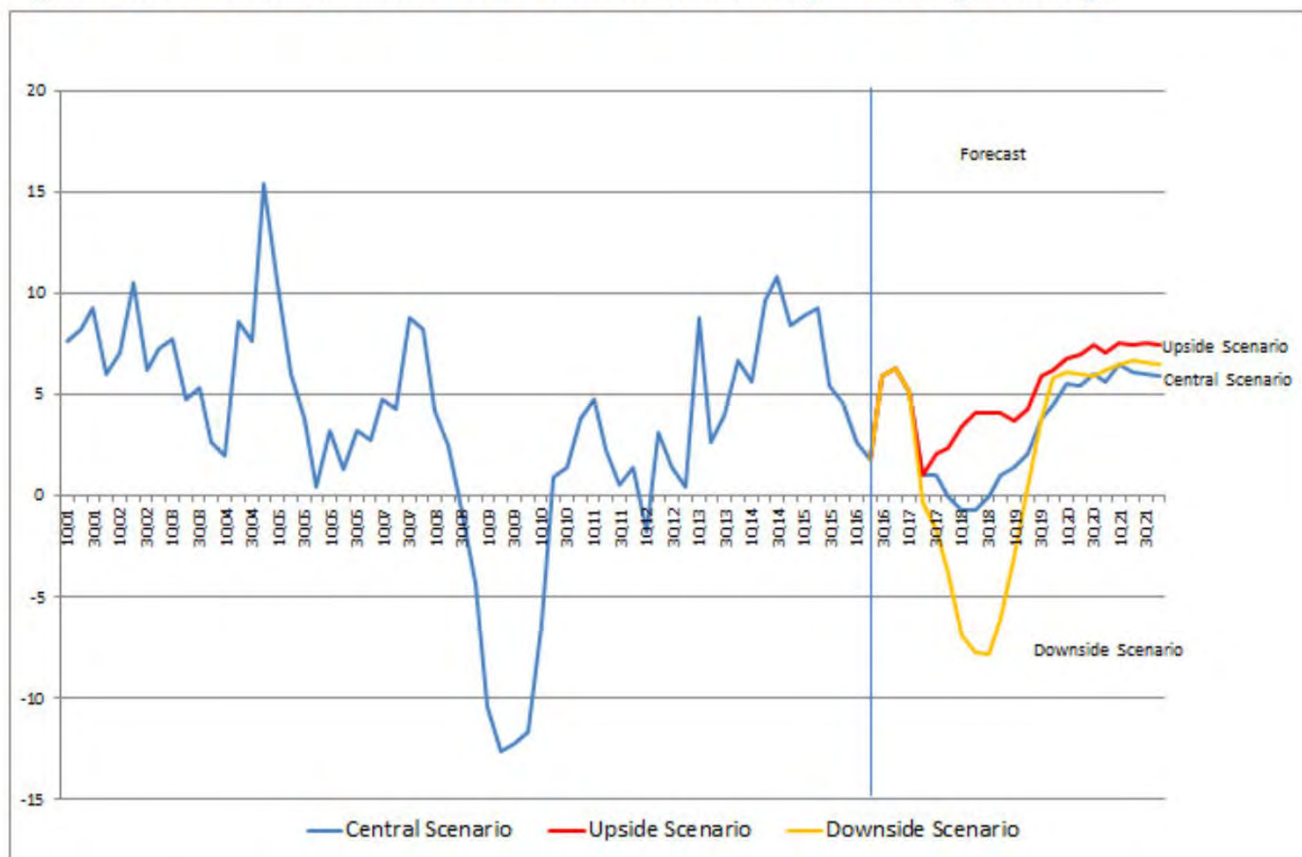
The terms 'central', 'upside' and 'downside' reflect the impact of the scenarios on construction demand.

We are publishing the 'central' scenario as the forecast for the price and cost indices but it should be borne in mind that each forecast is equally possible⁶

	Percentage change				
	4Q16 to 4Q17	4Q17 to 4Q18	4Q18 to 4Q19	4Q19 to 4Q20	4Q20 to 4Q21
'Central' scenario					
TPI	0	+1.0	+4.5	+5.6	+5.9
GBCI	+4.0	+3.2	+4.5	+4.9	+5.2
New work output*	0	+0.2	+2.3	+4.8	+5.8
'Upside' scenario					
TPI	+2.4	+4.1	+6.2	+7.1	+7.4
GBCI	+4.0	+3.2	+5.1	+5.7	+5.9
New work output*	+1.4	+5.3	+6.1	+6.3	+5.5
'Downside' scenario					
TPI	-3.8	-6.1	+5.8	+6.2	+6.5
GBCI	+4.0	+3.2	+4.0	+4.4	+5.0
New work output*	-9.2	-8.8	+4.4	+5.6	+8.2

*Year on year (4Q16 to 4Q17 = 2016 to 2017), constant prices 2013

Figure 1. BCIS All-in Tender Price Index – Annual percentage change



Source: BCIS

2.6.9 Therefore, at the point of reporting (May 2017) and prior to the June General election, we cannot be sure how the European scenario or other external influences will play-out either short or longer term on the economics potentially affecting development viability. It is still too early to tell. The influences on the property market from a values and rates of sales point of view seems likely to be at least as great as that on construction and build costs. At the current time, in general the overall reasonably positive housing market conditions were seen to continue through into the early part of 2017 albeit seemingly now, based on very latest indications, with flattening prices or reduced growth as the year progresses; and in some instances with lower prices meaning a relatively neutral picture on house price movement at present.

2.7 Development Costs – Fees, Finance & Profit

2.7.1 The following costs have been assumed for the purposes of this study alongside those noted within section 2.6 above and vary slightly depending on the scale and type of development. Other key development cost allowances for residential

scenarios are as follows - for the purposes of this assessment only (Note: Appendix I also provides a summary):

<u>Professional fees:</u>	<i>Total of 10% of build cost</i>
<u>Site Acquisition Fees:</u>	<i>1.5% agent's fees 0.75% legal fees Standard rate (HMRC scale) for Stamp Duty Land Tax (SDLT).</i>
<u>Finance:</u>	<i>6% p.a. interest rate (assumes scheme is debt funded) Arrangement fee variable – basis 1-2% of loan</i>
<u>Marketing costs:</u>	<i>3.0% - 6.0% sales fees £750 per unit legal fees</i>
<u>Developer Profit:</u>	<i>Open Market Housing – 20% GDV Affordable Housing – 6% of GDV (affordable housing revenue).</i>

2.8 Build Period

2.8.1 The build period assumed for each development scenario has been based on BCIS data (using its Construction Duration calculator - by entering the specific scheme types modelled in this study) alongside professional experience and informed by examples where available. The following build periods have therefore been assumed. Note that this is for the build only; lead-in and extended sales periods have also been allowed-for on a variable basis according to scheme type and size, having the effect of increasing the periods over which finance costs are applied (see Figure 6 below):

Figure 6: Build Period

Scheme / Typology	Build Period
5 Houses	6
10 Houses	6
11 Houses	9
15 Houses	9
30 Flats (Sheltered)	18
50 Flats Undercroft parking	18
50 Mixed	18
100 Mixed 25% Townhouses 75% Flats	24
100 Mixed (20% starter homes)	24
300 Mixed	48*
1000 Mixed	78*
Town Centre Part Conversion / Part Extension	6
25 Flats GF Convenience Retail Undercroft parking	12

*assumes multiple developers / sales outlets.

2.9 Community Infrastructure Levy & Other Planning Obligations

2.9.1 Current guidance states the following with regard to CIL: *'At examination, the charging authority should set out a draft list of the projects or types of infrastructure that are to be funded in whole or in part by the levy (see Regulation 123). The charging authority should also set out any known site-specific matters for which section 106 contributions may continue to be sought. This is to provide transparency about what the charging authority intends to fund through the levy and where it may continue to seek section 106 contributions'*⁷. The purpose of the list is to ensure that local authorities cannot seek contributions for infrastructure through planning obligations when the levy is expected to fund that same infrastructure. The Guidance¹³ states that where a change to the Regulation 123 list would have a significant impact on the viability evidence that supported examination of the charging schedule, this should only be made as part of a review of that charging schedule. It is therefore important that the level of planning obligations assumed in this study reflects the likely items to be funded through this route.

⁷ DCLG – Community Infrastructure Levy Guidance (February 2014)

2.9.2 The Council already operates a CIL and a great majority of existing Planning Obligation requirements are taken up within the CIL charging scope, but nevertheless sites are still required to contribute to site-specific mitigation measures (for example relating to open space / highways / transport and similar requirements). The appraisals therefore include a notional sum of £3,000 per dwelling (for all dwellings – including affordable - and all schemes) on this aspect purely for the purposes of this study and in the context of seeking to allow for a range of potential scenarios and requirements – effectively as an additional contingency in respect of any residual s.106 requirements, acting alongside the CIL payments in terms of the collective development costs to be considered.

2.9.3 CIL is included based on the Council's current CIL Charging Schedule – base level of £105/m² – indexed upwards in line with the BCIS All-in Tender Price Index (see Appendix I detail).

2.10 Strategic Sites

2.10.1 As part of this viability update, DSP were asked to also consider the viability, at a high level, of a larger 'strategic' scale site requiring its own infrastructure (e.g. on-site school provision).

2.10.2 To test the potential viability of sites of a strategic scale and characteristics, an appraisal was carried out on the agreed basis of a development of 1,000 units on a site with a net developable area of 20ha. At this stage, and as agreed with the Council, the specific inputs for each scenario appraisal are based primarily on high-level assumptions reflecting published information and our experience of viability work on similar sites in a range of other locations – both for strategic level assessment and site-specific viability review / s.106 negotiation purposes.

2.10.3 Essentially any residual appraisal requires certain elements of the inputs (assumptions) to be fixed so that the result (residual) becomes the output and changes to that can be reviewed as adjustments to a key variable are made. In this case we have run the strategic site appraisals on basis of fixing the land value (at £500,000 per gross hectare) and the site enabling costs / infrastructure at £23,000 per unit, with the latter based on the upper end of the range £17,000 and £23,000

indicated as typical per plot strategic infrastructure costs within the Harman Report⁸ which states: *'Cost indices rarely provide data on the costs associated with providing serviced housing parcels, i.e. strategic infrastructure costs which are typically in the order of £17,000 - £23,000 per plot for larger scale schemes'*.

2.10.4 For the purposes of this study we have assumed site infrastructure to include site costs necessary to provide *'serviced plots for building construction from unoccupied, secured, and uncontaminated site'*⁹. Effectively the costs are related to all other physical works that are needed to ready a site for development so that in combination with the assumptions on BCIS based housebuilding costs (i.e. covering works within the serviced parcels) sufficient overall cost has been allowed to build the housing development.

2.10.5 The s.106 (indicative scope for which we are viewing through the potential surplus) then covers the site-specific mitigation in terms of impact on community infrastructure "caused by" the development (the usual tests apply). With the enabling cost and s.106 viewed together, all site-specific ingredients should be achieved so far as viability permits – to support its physical development and directly related infrastructure needs.

2.10.6 Following the above, the result of the appraisal is then in practical terms a planning obligations residual with a fixed level of land and profit – i.e. after allowing for the land as a fixed cost within the appraisal along with profit calculated as a fixed percentage of the GDV of the scheme (based for the assessment purposes at 20% GDV on market housing and starter homes (where applicable) / 6% on affordable housing). The residual value (any surplus seen) above the fixed land cost allowance made is then the amount potentially available for s106 site mitigation / planning obligations (and / or any other potentially applicable costs not usually allowed for at this stage of review – e.g. any unknown development abnormalities).

2.10.7 As a further step, we then needed to run the appraisal with the 'surplus' included (added back in as an input) so that the finance cost on it is taken into account.

2.10.8 For the strategic site development scenario, we have carried out sensitivity testing on the basis of potentially rising and falling base costs - in set steps as seen in the results

⁸ Local Housing Delivery Group – "Viability Testing Local Plans" (June 2012)

⁹ Homes & Communities Agency – Development Appraisal Tool (v4)

of this report and appended to the rear of this study (Appendix IIb). The exact location for such a site is not currently identified and as such the sensitivity testing is important as it not only indicates viability as that may vary by location (and therefore relevance of the VLs) but can also be used to indicate potentially varying viability over a rising or falling market, in very broad terms. At the current time, the full FBC residential rate CIL charge would be applicable to such a strategic site as the Council does not currently set out any nil or alternative rate zone(s) by reference to scale or to the geographical location and significance of particular sites. In reality, it is likely that a site of this scale would be differentiated for in CIL charging terms (e.g. nil or possibly reduced rated for CIL) owing to the likely scale of s.106 costs in combination with the site enabling/infrastructure costs as noted above. We have therefore undertaken sensitivity testing on the basis of both CIL at the current residential rate and a potential / example nil CIL.

- 2.10.9 We have assumed delivery rates based on our experience of dealing with the review of viability for large scale strategic developments on a site-specific basis across the country. In very general terms, a faster rate of delivery is likely to have a positive impact on viability as the overall finance costs should reduce with a shortening development period. However, with a delivery rate that is too high there is a risk that the trajectory starts to impact on sales values as units flood the market.
- 2.10.10 In addition to the 40% affordable housing test, we have also run the appraisals assuming a reduction in affordable housing requirement to 30% from the current policy target, as a further sensitivity trial, at each value level tested (VL 2 and 3).
- 2.10.11 At the time of compiling this report, some of the policies of the Council are not yet fixed in terms of costs that may impact viability (e.g. regarding Building Regulations Part M4 (2) and (3), sustainability, etc.) and as such we have not included additional costs in the viability testing for the strategic sites on this basis. We are of the opinion, however, that the scale of development is such that build costs will be lower than those allowed-for (i.e. at the BCIS rate as per the general scenarios testing) due to economies of scale. As our tests and results are based on median BCIS rates, there is probably sufficient allowance to cover additional costs of complying with those policies if required - as long as they are not set beyond the scope set out in our sensitivity testing.

2.10.12 For both the enabling infrastructure and the s106 costs we have assumed for the purposes of this study that those will be required with 50% of the cost incurred at the beginning of development; 50% spread across the first half of the development period. Details of when costs occur and payments are required can only really be known once a scheme is developed in detail, so this reflects a logical approach in our experience. The land payments are assumed to be made at the beginning of each phase in the development appraisals (using equal payments). Again, in reality, payment profiles will vary and be subject to individual delivery details – phasing and negotiation between the involved parties.

2.11 Indicative land value comparisons and related discussion

2.11.1 Land value in any given situation should reflect the specifics on existing use, planning potential and status / risk, development potential (usually subject to planning) and constraints, site conditions and necessary works, costs and obligations. It follows that the planning policies and obligations, including any site specific s106 requirements, will also have a bearing on land value; as has been recognised by Local Plan and CIL Examiners as well as Planning Inspectors.

2.11.2 As discussed previously, in order to consider the likely viability of any development scheme relevant to the Local Plan and its policies, the outturn results of the development appraisals (the RLVs viewed in £/ha terms) need to be somehow measured against a comparative level of land value. This is a key part of the context for reviewing the strength of the results as those change across the range of assumptions on sales values (GDVs), s.106 costs and other sensitivity tests (crucially including the effect of affordable housing policy targets (%s) applied fully in the case of the residential tests).

2.11.3 This comparison process is, as with much of strategic level viability assessment, not an exact science. It involves judgements and the well-established acknowledgements that, as with other appraisal aspects, land value circumstances and requirements will in practice vary from scheme to scheme as well as being dependent to some extent on timing in relation to market conditions and other wider influences such as Government policy. The levels of land values selected for this comparison context are often known as ‘benchmark’ land values, ‘viability tests’ or similar (as referred to in our results tables – Appendix IIa - and within the following report Chapter 3). They are not fixed in terms of creating definite cut-offs or steps in viability, but in our

experience they serve well in terms of adding a layer of filtering to the results, to help enable the review of those. They help to highlight the tone of the RLV results and therefore the changing strength of relationship between the values (GDVs) and development costs as the appraisal inputs (assumptions) change; with key relevant assumptions (variables) in this case being the GDV level (value level – VL), affordable housing proportion and, to a lesser extent, the extent of other policy related costs and s.106 level included for scheme specific mitigation in addition to the FBC CIL.

- 2.11.4 As suitable context for a high level review of this nature, DSP’s practice is to compare the wide range of appraisal RLV results with a variety of potential land value comparisons in this way. This allows us to consider a wide range of potential scenarios and outcomes and the viability trends across those. This approach reflects the land supply picture that the Council expects to see.
- 2.11.5 The LPR emerging strategy for growth indicates a likely overall supply role for a range of sites spread proportionally across the borough, in broad terms. Indeed as part of the viability assessment the Council commented that their strategy for growth will likely be predicated on many small and medium sites, given the pool of sites available and the large strategic site (Welborne) already permitted. The strategy is therefore likely to concentrate on a mixture of town centre previously developed sites (PDL) and greenfield sites in the countryside / edge of settlement locations.
- 2.11.6 The scale of the difference between the RLV and comparative land value level (i.e. surplus after all costs (including policy costs), profit and likely land value expectations have been met) in any particular example, and as that changes between scenarios, allows us to judge the potential scope across the various development circumstances to meet other policy costs / requirements. It follows that, in the event of little or no surplus or a negative outcome (deficit), we can see a poor viability relationship and vice versa.
- 2.11.7 The land value comparison levels are not fixed or even guides for use on scheme specifics; they are purely for this assessment purpose. In our experience, sites will obviously come forward based on very site specific circumstances – including in some cases beneath the levels assumed for this purpose.
- 2.11.8 In order to inform these land value comparisons or benchmarks we have reviewed existing evidence, previous viability studies and sought to find examples of recent

land transactions locally. Limited evidence of such was available from the various soundings we took and sources we explored. In the usual and appropriate way for such a study, we reviewed information sourced as far as possible from the DCLG, VOA, previous research / local studies / advice provided by the Council, through seeking local soundings, EGi, Co-Star; and from a range of property and land marketing web-sites. Details, so far as available, are provided in Appendix III.

- 2.11.9 In terms of the VOA, data available for comparison has reduced significantly since the July 2009 publication of its Property Market Report (PMR), with data provided only on a limited regional basis in the later reporting. The VOA now no longer produces a PMR and suggests that caution should be used when viewing or using its data. Nevertheless in areas where it is available, the data can provide useful indicators, certainly in terms of trends. The VOA however does publish residential land value estimates for policy appraisal on behalf of the DCLG. The data for Fareham Borough (but taking into account the numerous caveats and basis for those values) has also been considered.
- 2.11.10 Previous viability studies have used a range of figures based wither on an uplift to current use value or general values per hectare (or acre). Previous sites viability work undertaken by Knight Frank on 2013 suggested a minimum of £500,000 per acre for unserviced residential development land subject to planning; or current use value plus a 20% premium. Knight Frank also considered in general terms the RLV appraisal result as a percentage of GDV, with 20% thought to be a reasonable benchmark (particularly in the context of high density, smaller sites where values viewed in £/ha terms can become less meaningful or outcomes also need to be viewed in other ways – for example using the RLV (£) itself figure may also become more relevant).
- 2.11.11 The Council's CIL viability study (2012) assumes a benchmark land value of £1.4m/ha for residential development borough-wide although it is not clear on the basis for the benchmark (i.e. with planning / subject to planning, etc.) although we note that the assumption is stated to be based on data consisting almost entirely of brownfield (PDL) sites.
- 2.11.12 In our experience of dealing with site specific viability, greenfield land values tend to be assumed at minimum option agreement levels. This is typically between £100,000 - £150,000 per gross acre (i.e. approx. £250,000 – £370,000 per gross hectare) in our

experience. Generally, this works back to not less than around £100,000/acre (approx. £250,000/ha) based on net residential (developable) area.

2.11.13 The Government also publishes residential land value estimates for policy appraisal and includes data for Fareham Borough. This indicates a residential land value of £3,090,000 per hectare. However, this needs to be set in the context of the assumptions underpinning that level of land value.

2.11.14 Land values and comparisons need to be considered on a like-for like basis. A different basis is assumed within this and other viability assessments, with all development costs accounted for as inputs to the RLV appraisal, rather than those being reflected within a much higher, “serviced” i.e. “ready to develop” level of land value. That much higher level of land value assumes all land and planning related costs have been met / discharged – i.e. includes the assumption that there is a nil affordable housing requirement (whereas in practice the affordable housing requirement can impact land value by around 50% on a 0.5 ha site with 30% AH) together with nil CIL. That level of land value would also assume that full planning consent is in place, whereas the risk associated with obtaining planning consent can equate to as much as a 75% deduction when adjusting a consented site value to an unconsented land value starting point. Lower quartile build costs and a 17% developer’s profit (compared to the assumed median build costs and 20% developer’s profit used in this study) are additional assumptions that lead to a view of land value well above that used for comparison (benchmark purposes) in viability assessments such as this.

2.11.15 So the assessment approach (as relates to all land values) assumes all deductions from the GDV are covered by the development costs assumptions applied within the appraisals.

2.11.16 As can be seen in Appendix IIa (main residential scenario test results) and taking into account the various information available, we have made indicative comparisons focussing on land value levels in a range between £0.37m/ha and £2.5m/ha so that we can see where our RLVs fall in relation to these levels (including both above and below) and the overall range between them. The comparisons are referred to within our assessment as ‘viability tests’. They act as ‘benchmarks’. This approach does not prevent the presentation and review of results that fall outside this range, however.

- 2.11.17 These benchmarks are based on a review of available information such as noted above. In this case the approach was informed primarily by experience of using a range of benchmarks (in common with DSP's usual and established practice) as per previous work undertaken combined with any information from site specific reviews and, as noted, any further information gathered through our research and exercise of seeking local soundings (stakeholders' survey – as outlined in Appendix III).
- 2.11.18 The figure that we consider to represent the minimum land value likely to incentivise release for development under any circumstances in the Fareham Borough context is around £370,000/ha as above, based on gross (overall) site area. Land values at those levels are likely to be relevant to development on greenfield land (such as agricultural land or in cases of enhancement to amenity land value) and therefore potentially relatively commonly occurring within the land supply picture in the case of settlement extensions, where applicable, and any urban area greenfield land.
- 2.11.19 At this level it could be relevant for consideration as the lowest base point for enhancement to greenfield land values (with agricultural land reported by the VOA and a range of other sources to be valued at circa £20,000 - £25,000/ha in existing use). The HCA issued a transparent assumptions document which referred to guide parameters of an uplift of 10 to 20 times agricultural land value. This sort of level of land value could also be relevant to a range of less attractive locations or land for improvement. This is not to say that land value expectations in such scenarios would not go beyond these levels either – they could well do in a range of circumstances.
- 2.11.20 Purely in the Local Plan review policy consideration context, to allow for varying sites and circumstances, however, we have taken the view that on greenfield land a value of £500,000/ha (i.e. 'viability test 2' used within the Appendix IIa tables) generally should be met or exceeded. This should allow, for example, for smaller sites as well as larger bulk land type greenfield releases to be supported.
- 2.11.21 Again looking at a prudent approach to assumptions and guides for the study purpose only, an RLV exceeding a PDL viability test at say £1.75m/ha ('viability test 4') would comfortably exceed the £1.4m/ha upon which the Council's previous viability assessment work is understood to have been accepted.
- 2.11.22 The £1.25m/ha PDL indication ('viability test 3') represents an intermediate land value level that is likely to be sufficient in some lower value former commercial use scenarios, whilst at £2.5m/ha viability test 5 is likely to be indicative of land already in

residential use or with a higher than typical existing or alternative commercial use implementable.

2.11.23 As with the other levels, these are simply guides aimed to help review the strength of the appraisal results. The guidance available on the subject of viability also discusses land value considerations – see the further points and commentary below.

2.11.24 Once again, it is important to note that at these levels and all levels indicated by the RLV results being compared with them (see the tables at Appendix IIa), the land values shown indicate the receipts available to landowners after allowing within the RLV appraisals for all development costs. This is to ensure no potential overlapping / double counting of development costs that might flow from assuming land values at levels associated with serviced / ready for development land with planning permission, etc. The RLVs and the indicative comparison levels ('viability tests') represent a "raw material" look at the land, with all development costs falling to the prospective developer (usually the site purchaser).

2.11.25 Land value judgements for the assessment purpose are based on seeking to ensure a competitive return to a willing landowner, as is recognised through the RICS guidance on 'Financial Viability in Planning' (RICS GN 94/2012 – as noted below), the NPPF requirements and other guidance sources on viability assessment.

2.11.26 The consideration of land value – whether in the RICS' terms (see below) or more generally for this context, involves looking at any available examples ('comparables') to inform a view on market value and may well also involve considering land value relating to an existing or alternative use ('EUV' or 'AUV'). A similar concept to existing use value may also be referred to as 'CUV' (i.e. current use value). In addition, there may be an element of premium (an over-bid or incentive) over 'EUV' or similar required to enable the release of land for development – i.e. to take a site out of its current use, but not necessarily applicable where a site has become redundant for that use.

2.11.27 The HCA's draft document 'Transparent Viability Assumptions' that accompanies its Area Wide Viability Model suggested that *'the rationale of the development appraisal process is to assess the residual land value that is likely to be generated by the proposed development and to compare it with a benchmark that represents the value required for the land to come forward for development'*. This benchmark is referred

to as threshold land value in that example: *'Threshold land value is commonly described as existing use value plus a premium, but there is not an authoritative definition of that premium, largely because land market circumstances vary widely'*. Further it goes on to say that *'There is some practitioner convention on the required premium above EUV, but this is some way short of consensus and the views of Planning Inspectors at Examination of Core Strategy have varied'*.

2.11.28 RICS Guidance¹⁰ refers to site value in the following *'Site Value should equate to the market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan... The residual land value (ignoring any planning obligations and assuming planning permission is in place) and current use value represent the parameters within which to assess the level of any planning obligations'*.

2.11.29 In the Local Housing Delivery Group report¹¹ chaired by Sir John Harman, it is noted that *'Consideration of an appropriate Threshold Land Value needs to take account of the fact that future plan policy requirements will have an impact on land values and landowner expectations. Therefore, using a market value approach as the starting point carries the risk of building-in assumptions of current policy costs rather than helping to inform the potential for future policy. Reference to market values can still provide a useful 'sense check' on the threshold values that are being used in the model (making use of cost-effective sources of local information), but it is not recommended that these are used as the basis for the input to a model.*

We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values'.

2.11.30 These types of acknowledgements of the variables involved in practice align to our thinking on the potential range of scenarios likely to be seen. As further acknowledged later, this is one of a number of factors to be kept in mind in setting suitable policies which balance viability factors with the overall affordable housing and infrastructure needs of the borough.

¹⁰ Financial Viability in planning – RICS Guidance note (August 2012)

¹¹ Local Housing Delivery Group – Viability Testing Local Plans (June 2012)

2.11.31 We would stress here that any overbid level of land value (i.e. incentive or uplifted level of land value) would be dependent on a ready market for the existing or other use that could be continued or considered as an alternative to pursuing the redevelopment option being assumed. The influences of existing / alternative uses on site value need to be carefully considered. At a time of a low demand through depressed commercial property market circumstances, for example, we would not expect to see inappropriate levels of benchmarks or land price expectations being set for opportunities created from those sites. Just as other scheme specifics and appropriate appraisal inputs vary, so will landowner's expectations.

3 Findings and Recommendations

3.1 General context for results review

- 3.1.1 The findings considered here related to the appraisal RLV results tables at Appendix IIa – tables 1a to 1m. A guide to the content of those tables will be provided below.
- 3.1.2 As noted above, the FBC CIL is not under review at this stage – the costs associated with that are used as a fixed assumption here. This reflects the fixed, non-negotiable nature of the CIL charging. Whilst in some schemes the CIL charges will not apply to the full extent assumed, owing to netting-off for existing floorspace for example, the prudent way to reflect its cost is to apply it fully (to the whole assumed floor area) throughout all test scenarios.
- 3.1.3 Affordable housing, being a key factor influencing development viability over which the Council has a significant level of direct control, is therefore the main focus for the reporting in this section. How the Council progresses, selects and operates its affordable housing policies will be a major factor in ensuring sufficient viability to deliver a wide range of developments to underpin the Local Plan.
- 3.1.4 For these reasons the assessment will need to suggest any adjustments and policy positions that the Council should consider in our view, related to viability. However this may be about considering options – potential alternatives – which will be noted where applicable. Furthermore, the Council need not follow these report findings exactly because, overall, this is about considering the evidence collectively and setting out policies that will respond to a balance between the needs and viability.
- 3.1.5 Additionally, with reference to the further sensitivity tests, the results inform our findings on the degree to which the Council could consider (subject to evidence of needs) implementing policies covering some or all of the optional areas of the national approach to potential enhanced standards. Commentary will be provided relating to areas over and above the Building Regulations core approach that has now become standard – e.g. in respect of the scope in local viability terms to seek a proportion of homes to increased accessibility standards under Part M4 (2) and (3). The extent of influence of this will be dependent on the requirements ultimately sought by FBC. Therefore sensitivity testing has been undertaken for this assessment on the scenarios of 50 dwellings initially (as included in the Appendix IIa results tables

at Table 1m. These sensitivity test results may be compared with those within the base 50 dwellings tests set shown at Appendix IIa Table 1h. Generally, from the information provided a view may be taken about the likely impact of other policy combinations not specifically appraised. Whilst it is not possible or necessary to appraise all potential combinations, further appraisals could be run or advice provided in order to verify the development of a particular policy in moving towards the further progression of the proposed policy set – if relevant to the requirements being firmed up by the Council.

- 3.1.6 In keeping with this approach, and building from our emerging findings stage work and initial internal reporting shared and discussed with the Council officers in the early months of 2017, the viability testing has continued to include affordable housing at a potential 20%, 30% and 40% across all scenarios. The earlier stages settling and review of results showed the relevance in the local circumstances of exploring beneath the 40% AH headline scenario more widely, but not above it.
- 3.1.7 The re-testing of the viability scope available to support affordable housing requirements is a key element of such an assessment, given the impact that these requirements always have on development finances; a consistent finding from our work across a large number of studies. The findings are therefore discussed with a view to policy adjustments being made where necessary, in comparison with the existing and / or any previously proposed positions. Run and used in this way, the assessment has informed the new Local Plan policy development.
- 3.1.8 In each case, the affordable housing included for the re-testing is assumed on the basis of a usual pre-starter homes understanding of its tenure and mix – i.e. currently affordable rented (at 65% of the re-tested AH content in all cases) and intermediate affordable housing; the latter assumed in the form of shared ownership (making up 35% of the appraisal AH content).
- 3.1.9 As noted previously, the likely final shape of the Government’s starter homes initiative seems to have changed through the Housing White Paper issue. Earlier stage additional sensitivity test appraisals were run assuming a baseline national requirement for 20% starter homes as a “top-slice” coming out of the overall scheme mix (Table 1k results). An element of additional sensitivity testing carried out in this way has been a typical ingredient of our recent assessments. Subsequent to the emerging findings stage, this approach may now be less relevant but with the

national level detail remaining uncertain we have left the Table 1k results in for wider information.

3.1.10 Related to this, for information this meant looking at relative viability with 20% starter homes; 20% starter homes plus 10% affordable housing; 20% starter homes plus 20% affordable housing (in each case with the additional affordable housing following the base assumptions on a “best fit” basis as far as possible). It must be noted that all early stage considerations around this can provide initial indications only, so these are not a focus of the further current stage reporting provided here. It may be possible or necessary to develop these tests and indications at any subsequent stage of viability assessment work - depending on FBC’s next steps and on the point at which more becomes known about this element of proposed housing provision, in order to enable appraising with greater certainty.

3.2 Guide to using the Appendix IIa Results Tables

3.2.1 The tables of RLVs (1a to 1m overall) at Appendix IIa set out the appraisal results by increasing development size (number of dwellings within each assumed scenario). For each scenario, the results relate to the tests carried out with 0%, 20%, 30% and 40% affordable housing – shown moving down each table set from top to bottom. In each case the 0% AH tests provide a base scenario for comparison – enabling the effect of introducing and then increasing the AH content to be seen clearly.

3.2.2 Each table cell (box) as seen at the right-hand side of the Appendix IIa tables contains in the white (un-coloured/non-shaded) upper sections a RLV result (in £s). In the corresponding lower table areas (including the green coloured cells) the same RLV is then expressed in £/Ha terms, based on the indicative density and approximate land-take assumptions used.

3.2.3 The results are displayed by assumed value level (VL) which rises from 1 (lowest) to 7 (highest), as used in each test shown. The impact of varying strength of values, available to support viability is clear to see at the range of AH %s tested – increasing VL supporting a higher £ RLV and £ RLV/ha as represented by the increasing boldness of the green shading.

3.2.4 We noted the values picture seen in Chapter 2 – see section 2.4 above. To recap, in general summary, the data indicates a relatively narrow range of values seen across

the area to support development. Typical values achievable tend to be highest overall in the western end of the Borough (Sarisbury, Burrridge, Warsash areas) reducing towards the east (Porchester) with more local variations for example as noted above in relation to areas such as Fareham Town and Porchester. Overall, our view is that the values most relevant to the likely new-build housing supply, viewed currently for policy development purposes, are represented most appropriately by VLs 2 to 4; with VLs 2-3 / 3 being key in terms of our results interpretation.

- 3.2.5 For the wider sensitivity tests as noted at 3.1.5 to 3.1.10 above, the particular test details assumed (i.e. starter homes/affordable housing content at table 1k and Building Reg.s M4(2) and (3) tests at Table 1m) and are outlined at the relevant table and column headings. The percentage of affordable housing on the left shown is the total – i.e. includes the starter homes tested element at 20% (AH “top slice”) where relevant.
- 3.2.6 The residual land values (RLVs) produced by the current stage appraisals are “filtered” against a series of ‘viability tests’ shown in the Appendix IIa table footnotes i.e. benchmark land values (BLVs). So, the bolder the green colour, the stronger the indicative outcome, as it reaches or exceeds the level of the higher viability tests. This indicates a scenario likely to be workable with increased frequency – i.e. across a wider range of site types and circumstances.
- 3.2.7 At this stage this is considered a reasonable and appropriate approach, again consistent with DSP’s established and supported approach to strategic level viability assessments. However, as applies to the assessment more generally, it may be kept under review and considered further as we progress any further work on this with FBC – e.g. following the next stage consultation and further review / settling of policy positions as well as likely proposed settling of the development strategy.

Commercial / non-residential development commentary

- 3.2.8 We have not added updated commercial/non-residential scenarios to the appraisals scope, following our review of the work undertaken for FBC on its CIL, so there are no tables provided with results on those here.
- 3.2.9 Unlike in the case of residential development (and in particular the role in setting policy as affects affordable housing impacts), there is little scope for a Council to influence the viability of commercial and non-residential development provided it

does not add, through unnecessary policy, to the development costs usually associated with such development.

3.2.10 DSP also has wider experience of commercial and non-residential development viability for CIL setting and Local Plan policy purposes. From this, together with review of the market and updated information gathering (information as at Appendix III and subject to further consideration of any readily available new data or pointers as the assessment concludes), we are of the view that at this point we would not expect to see materially expanded viability scope to support additional policy related costs compared with that seen at the point of introducing CIL here. We would expect this to be the case particularly in respect of the typical key CIL assessment finding that a £0/sq. m charge (nil-rating) was appropriate for employment (B Use) development.

3.2.11 As with residential, the strength of the market and therefore of the strength of relationship between development values and costs is key; the most significant factor. However, there are considered to be no significant instances of FBC local policy influence that will have a direct development cost and therefore a clear negative viability impact compared with a typical approach that we see.

3.2.12 Although key information will be contained within other assessments and data contributing to the evidence base, we have some general points to offer as the Council considers the employment and other commercial/non-residential development aspects of its Plan-making process. These will be picked up briefly in later sections below.

3.3 FINDINGS REVIEW

3.3.1 Viewed overall, the results are seen to be mixed, with sensitivity to the assumed value level (VL - aligned to potential site location) an important factor throughout. The interaction of the VL and AH% - i.e. the VL needed to support affordable housing within various scenario types is also key, as is the viability test used to filter / view the strength of the RLV result in each case. The latter depends on the likely host site type – varying from greenfield to PDL.

3.3.2 In the case of greenfield located developments, we view the results through comparison with viability test 2 at £500,000/ha (viability test 2); PDL typically at

£1.25m/ha plus but with £1.75m/ha (viability test 4) met or exceeded, the RLV results are considered to come with more confidence as to the delivery of scenarios across a wider range of PDL circumstances.

Affordable Housing Threshold(s) and smallest scenarios (<11 dwellings)

- 3.3.3 Subject to having in place suitable local evidence of affordable housing needs combined with an ongoing housing supply significantly reliant on the smallest sites (of circa. 10 or fewer dwellings) FBC could continue to promote a policy seeking affordable housing or affordable housing contributions to spread the burden across most or all sites.
- 3.3.4 Whilst in our view a new FBC policy could seek affordable housing on-site at 5 plus dwellings, in our view that would represent the minimum effective threshold at which to seek this. At fewer than 5, if applicable (not specifically appraised currently), certainly we suggest that any approach would usually be more effective and workable if aligned to a financial contributions in-lieu approach. From experience there is no reason to suggest that viability necessarily deteriorates beneath a notional threshold level set in the 1 to 10 dwellings range. We consider this to be the case at FBC, bearing in mind the assessment uses the higher FSB/BCIS based build costs for houses in such scenarios.
- 3.3.5 The view may be taken that a financial contributions approach would be best applied to all scenarios falling beneath the WMS based effective national 11 dwellings threshold, if indeed any bracket of such sites are to continue fall within the local AH policy scope (subject to wider evidence).

5 Houses (Appendix IIa table 1a)

- 3.3.6 In this scenario 20% means 1 unit of affordable or its equivalent. 30% (after rounding) and 40% AH both mean 2 units for affordable housing (i.e. 40% effective).
- 3.3.7 On a greenfield site as discussed with FBC officers, in theory this appears potentially workable at 30/40% AH supported by sales values at VL2 to 3 upwards.
- 3.3.8 However, it appears also likely that such a scenario would need to be accommodated on previously developed sites and possibly on higher value PDL – i.e. exceeding

viability test 4 at circa. £1.75m/ha. That scenario appears supportable at 20% AH/equivalent (using VL5 values) but at 30/40% AH relies on high-end values at approximately VL6+.

3.3.9 Although generally we would expect to see a smaller, individual development typically justifying the mid to higher-end values, it is also worth noting that in any lower value instances reaching only VL1 or falling much short of VL2, even a 20% AH scenario on greenfield or other low value land looks difficult to deliver on the basis of the collective assumptions used.

3.3.10 Overall, we suggest that not more than 20% AH would be a suitable, and still in some cases challenging, target for the borough.

5 Flats (Table 1b)

3.3.11 These results broadly reinforce the findings in relation to the 5 houses scenarios and therefore in respect of the smaller sites view on viability generally.

3.3.12 The effect of higher density improves the outcomes with the higher VLs assumed, so that we can see higher values are needed to support the typically higher development costs.

3.3.13 With VL4 needed to support 20% AH and reach or exceed the viability test 4 £1.75m/ha level, these results again point to a maximum 20% AH (as a target) if likely to fall within the FBC policy scope.

3.3.14 Although this scenario has been appraised as a part conversion/part extension (new-build) scenario, the costs for those elements as assumed are similar. Therefore we could expect to see broadly similar indications from a similarly scaled scheme consisting entirely of new-build.

3.3.15 In the above scenarios, as expected, the 0% AH base tests emphasise the stronger RLV outcomes on a market housing only basis. For example the 5 houses scenario appears potentially workable supported by VL1 values on greenfield or other lower value land.

10 Houses (Table 1c)

- 3.3.16 The continued use, as an assessment assumption, of the increased FSB/BCIS based build costs in this instance (as per the smaller scenario tests) is seen to place pressure on viability. This is such that, with the collective assumptions used, similar findings to those noted above are seen.
- 3.3.17 This has been envisaged primarily as a potential smaller greenfield site. Nevertheless it indicates that values might need to exceed VL 3-4 to support more than 30% affordable housing regularly, bearing in mind also that for smaller site releases the land value is likely to need to be higher than for larger ones when viewed in £/ha terms.
- 3.3.18 Moving this to PDL scenario (with higher viability tests to meet or exceed), as may also be relevant in the FBC context, reinforces these findings.
- 3.3.19 Overall, on smaller sites, meaning any that will fall within FBC's updated policy scope but beneath the WMS based nationally assumed threshold of 11 dwellings (or a lower number of dwellings amounting to more than 1,000 sq. m of new floorspace), the findings point to the use of a lower than headline AH target, considered at 20% or equivalent as a maximum.
- 3.3.20 Generally, on any smaller sites – as discussed here – we would expect there to be a potential role or option, subject to suitability and agreement between FBC and the delivering parties, to consider financial contributions for affordable housing enabling (payments in-lieu).
- 3.3.21 The switch point, linked to the WMS threshold is behind the inclusion of both 10 and 11 dwellings scenarios – latter as discussed below.

11 Houses (Table 1d)

- 3.3.22 Due to the switch in build cost assumptions to the BCIS base figures (no upward FSB related adjustment) at 11+ dwellings, related to the above, housing schemes at that point upwards begin to show notably more positive results.
- 3.3.23 These suggest a capacity to support 30% AH more clearly, i.e. across the full range of likely applicable VLs, and particularly envisaged as a greenfield scenario.

- 3.3.24 The results indicate that whilst 40% AH may also be achievable in some cases, the test results do dip away further as expected at 40% AH compared with 30% - potentially significantly, and particularly if lower end values are to be relied upon (e.g. lower value location or values falling from typical lower to mid values seen at present).
- 3.3.25 We suggest that also to be kept in mind in considering the AH % targets at the current time, alongside the CIL in place, is the potential for other costs to rise and indeed with a view to ensuring that any future CIL review scope is not unduly constrained by potentially stretching the balance between the affordable housing and other infrastructure contributions deliverable. A future review of CIL or planning obligations would need to take account of the fully applied AH % targets.
- 3.3.26 In terms of considering and monitoring the impact of other development costs, areas such as accessibility (potential Building Reg.s M4 (2) and/or (3) application), open space requirements and the Solent Recreation Mitigation Strategy (SMRS) and other factors may be relevant for FBC to consider further on the collective costs of development and balancing-up objectives to best support sustainable development under the Plan delivery. The SMRS was formerly known as the Solent Disturbance and Mitigation Project (SDMP) and is referred to in the Council's 2016 Planning Obligations SPD, as are the FBC planning policy open space and related requirements. Further information is provided later in this report.
- 3.3.27 Overall on such schemes, a 40% AH target - and especially if applied too rigidly – might place reliance on higher values too regularly.
- 3.3.28 Although as discussed with FBC our emphasis here is on smaller scale greenfield development, we should bear in mind as above that such development could come forward on higher valued sites – placing additional pressure on the viability headroom available.
- 3.3.29 Overall we suggest that a national policy aligned affordable policy threshold headline at 11 dwellings would be a suitable approach in Fareham Borough, with the influence of viability necessarily acknowledged so that the policies may be operated with some flexibility where the need for that is robustly justified. This, we consider, would amount to a typical and appropriate approach; suggested for consideration at 30% AH and therefore potentially reduced from the previous aspirations (but also

potentially subject to review pending national level clarity on starter homes and on any other affordable housing / low cost tenure formats that may now come forward).

15 Houses (Table 1d)

3.3.30 These results show a continuation of the above indications – as per the 11 dwellings findings.

25 Flats (with ground floor retail and undercroft car parking) (Table 1f)

3.3.31 Although the significantly higher development density has a positive viability influence, and in fact this may be understated at our assumed 100 dph, the increased development costs in combination with the need to meet a higher PDL site value are significant factors negatively influencing the viability view – generally poorer results seen.

3.3.32 The likely exception to this is with higher values assumed, consistent with the smaller flatted scenario considered. However, values at least VL3 – 4 seem likely to be needed to support affordable housing in combination with other costs; and then it appears at not more than around 20%.

3.3.33 Consistent with earlier stage emerging findings discussed with officers, we suggest that this points to the consideration of a lower than headline level of affordable housing being sought in the town centre scenarios that look set to be an important ingredient of the Council's updated development strategy being put in place through the Local Plan review.

3.3.34 Our suggestion, based on the findings and local as well as wider experience of similar scenarios to date, is for FBC to consider a relevant AH target at not more than 20% (again potentially subject to later stage review as per 3.3.29 above).

30 Flats – Retirement/Sheltered

3.3.35 The premium values usually achieved for such schemes as new-builds, together with the densities and typically reduced scope of external works, are in our experience positive viability influences in balance with the higher build costs associated with the construction of enlarged communal (non-saleable) areas in comparison with general

market apartments development. Higher than assumed sales values (VLs) may be relevant in some cases; the mid to higher VLs used here (across an upward extended range reflecting premium values) are likely to be more relevant than the lower VL tests.

3.3.36 The results indicate that seeking not more than 30% AH looks to be a workable scenario again - outcomes broadly similar overall to those considered so far.

3.3.37 Overall in respect of this form of development (assuming within the C3 planning use class and therefore part of the very wide spectrum of market housing development), we consider there to be no reason for differentiating for it in affordable housing policy target terms.

3.3.38 This means that in considering a 20% town centre policy, for example, we envisage that the same requirement would also apply to this form of development. So far as we can see, policy explicitly addressing such development, in respect of the affordable housing scenario, is not likely to be required.

3.3.39 The findings are consistent with our wide experience of site-specific viability assessments across a variety of local authority areas. Schemes of this type are regularly supporting CIL payments alongside making some level of contribution towards meeting local affordable housing needs, although with viability regularly discussed and a variety of PDL scenarios the norm. Our experience and general wider practice has been that financial contributions are typically the mode of provision from such schemes, although this need not affect the policy starting point or mean that the policy scope should be restricted to this, particularly as different forms of development and tenure formats could become a part of the overall picture in the coming period, with a greater national level emphasis on and need for housing for the elderly.

50 dwellings – mixed housing development (Table 1h)

3.3.40 Reverting to greenfield based estate housing type development, here we can see that VL2 values appear sufficient to clearly support 20% AH and collective costs, with VL2 (potentially) and VL3 more clearly supporting 30% AH.

3.3.41 Whilst from the findings we would not rule out in excess of 30% AH being sought, to a maximum not exceeding 40%, the results suggest this could become marginal with lower than VL3 values.

3.3.42 Bearing in mind also the points noted at 3.3.26 above – e.g. re wider policy scope and other development cost influences – again it appears likely that, generally, a policy headline closer to 30% than 40% could be more suitable on balance, again perhaps subject to review regarding emerging Government policy and potential revised tenure models (alternative housing mix views that may develop).

50 Flats (with undercroft car parking) (Table 1i)

3.3.43 These results vary both up and down from those seen for the 25 flats with retail scenario, but overall follow a similar tone and in our view point to essentially the same influences and policy considerations being involved.

3.3.44 VL4 values appear to potentially support 20% AH but fall short of supporting more unless such schemes come forward on lower value sites. This appears unlikely to be a regular occurrence.

3.3.45 Lower values appear likely to support an AH level within rather than necessarily meeting that, as indicated by the VL3 result falling just short of viability test 4 (£1.75m/ha) at 0% AH.

3.3.46 As above, the findings support the consideration of a reduced AH policy target for town centre development (compared with a higher general headline level for the borough) – suggested at 20%.

100 mixed dwellings (townhouses & flats) (Table 1j)

3.3.47 These tests represent a higher density urban area or other PDL based scenario; most likely within or near to Fareham town centre.

3.3.48 Due to the majority of flats assumed, the results again are mixed and show similarities with the 50 flats scheme review reported immediately above.

3.3.49 A 40% AH requirement appears excessive, greatly reducing the 30% results and reaching viability test 4 only with values approaching the highest sensitivity levels tested - VL7.

- 3.3.50 30% AH appears potentially workable based on VL4 – 5 assumptions, but with VL3 values producing a RLV that appears more likely to be inadequate.
- 3.3.51 Once again, the 20% AH tests produce significantly stronger results that reach viability test 4 with values at between VLs 3 to 4. Highest viability test 5 is exceeded using VL5 values.
- 3.3.52 Thinking again of the range of requirements and policy costs impacting such a development, the findings again point towards a 20% AH target for consideration in our view, perhaps in favour of a significantly less likely to be achieved higher target that would be more likely to mean other compromises being considered.

100 mixed dwellings (Table 1k)

- 3.3.53 We understand that this more typical housing estate type development at lower density than the above, but still containing a mix of dwelling types, could potentially occur in a variety of locations – using both greenfield and PDL.
- 3.3.54 Currently, this should be regarded as an additional rather than core test, however, as its inclusion was intended primarily to look at the potential impact of including 20% starter homes within the overall mix – as noted in earlier report sections. We could expect to see reduced RLVs to some extent if the provisionally assumed starter homes revenue were reverted to typical mixed tenure affordable housing revenue levels.
- 3.3.55 This indicates, however, that 40% AH – and especially based on a similarly expanded definition – would probably not be ruled out on such a scheme. That appears viable on a greenfield site using sales typical and even potentially lower sales values (VL 1 to 2 range, so beneath VL2).
- 3.3.56 “Moved” to a PDL scenario, once again it appears that 20 to 30% AH is more likely to be supportable; probably not a higher level.
- 3.3.57 Depending on relevance to the overall supply, these tests appear to support both a 20% town centre / key urban area redevelopments type policy and a 30% wider headline related in the main to greenfield development (the latter potentially higher, but with collective costs kept in mind, as well as some flexibility / additional capacity to bear further costs, we suggest - as above).

300 mixed dwellings (Table 1I)

- 3.3.58 This is currently appraised as a larger but “non-strategic” greenfield release site – with development carrying the CIL charges together with a modest level of residual s.106 and other collective cost requirements. Similar to the above, assuming a relatively straight forward scenario on these lines, i.e. with no significant site-specific infrastructure (such as new school provision or major highways works for example), this appears potentially workable with up to 40% AH.
- 3.3.59 However, that assumes at least VL2 values; and probably values in the VL2 to 3 range (based on a RLV meeting or exceeding the £500,000/ha viability test 2 level).
- 3.3.60 Therefore, depending on likely location or range of locations, the likely sensitivity of the outcomes to lower or falling values may need to be considered as part of looking at relevance to policy proposals.
- 3.3.61 From the findings, again a 30% AH basis is very likely to provide a more readily achievable and viability responsive policy, but as usual the outcomes will vary with site-specific circumstances.

Indicative strategic scale development – 1,000 mixed dwellings (Appendix IIb)

- 3.3.62 As per the methodology outlined at section 2.10 above, the Council requested high-level tests of a 1,000 dwellings scenario to be included with the current review scope.
- 3.3.63 Using that approach, with distinct assumptions (e.g. on the extent of site and infrastructure works and the overall site area) as noted with Appendix I, we generated the results include in summary at Appendix IIb.
- 3.3.64 As can be seen, these tests were run at both 30% and 40% AH; in each case at VLs 2 and 3 (provisionally with lower to mid values considered likely to be representative of this scale of development, but not aligned to any particular area or location at this stage).
- 3.3.65 With the FBC CIL in place, those costs would impact and need to be taken into account in assessing the scope overall for a balance of other obligations. So the tests were also run both including the existing CIL charging level and without that (i.e. at £ nil CIL). Run in this way, the Council is able to begin seeing the potential degree of

trade-off between the CIL and s.106; or how those could perhaps work in combination – subject in all cases to the CIL Regulations.

3.3.66 With the DCLG's appointed CIL Review Panel having reported earlier this year and the Government beginning to consider that, it looked as though we would be hearing more on the outcomes and plans for CIL or any replacement in the Autumn of 2017. With the recently announced June 2017 General Election, of course it cannot be known how this could now play out; as with what develops now subsequent to the Housing White Paper, and the timing of that. Nevertheless, the findings in this area of the study might help inform FBC's consideration of any planned CIL review, or at least how the existing CIL might impact on the delivery / deliverability of such a development.

3.3.67 The Appendix IIb table results show, at 40% and then 30% AH, the potential maximum residual financial surplus (after allowing for all development costs including land value and profit) available to support s.106 and/or other currently not included unknown / abnormal costs – either with the FBC CIL (as current) or assumed without it. The £23,000 infrastructure cost noted in each case is the upper end figure noted within the Harman Report range – as per 2.10.3 above.

3.3.68 For ease of reference, the current findings on the potentially available surplus for s.106 are as follows (necessarily high-level provisional indications):

At 40% AH:

- i. Assuming VL2 - £823/dwelling with CIL; £9,651/dwelling with nil CIL;
- ii. Assuming VL3 - £14,744/dwelling with CIL; £23,572/dwelling with nil CIL.

At 30% AH:

- i. Assuming VL2 - £6,784/dwelling with CIL; £16,919/dwelling with nil CIL;
- ii. Assuming VL3 - £21,338/dwelling with CIL; £31,473/dwelling with nil CIL.

3.3.69 The impact of / potential trade off with CIL is clear to see, therefore, as is the significant influence once again of the estimated sales values (VLs) available to support the collective development costs. Much will depend on the location(s) and site characteristics / requirements therefore in terms of what can be supported and which AH policy % setting would best reflect these factors.

- 3.3.70 As above, the additional flexibility and potential headroom likely to be seen with a 30% AH context rather than 40% (based on current rather than any revised AH / tenure mix positions) is again apparent.
- 3.3.71 At this stage, it appears likely from wider experience of such schemes that a combination of VL2 values and 40% AH may well not be workable; seems unlikely to provide sufficient s.106 or other costs headroom.
- 3.3.72 Subject to the Government's direction on the CIL or another 'local infrastructure tariff' or similar regime in place of it (e.g. 'LIT' as featured in the CIL Review Panel report), these early indications suggest that a nil or significantly lower level of CIL (or similar) may well be appropriate for consideration by FBC; as potentially impacts any such sites with strategic characteristics (usually including high levels of site-specific infrastructure requirements) that are key to the Local Plan delivery overall. At present the FBC CIL responds to the existing Plan, but this basis and relationship might need to be considered on Plan review. This would reflect DSP's and others' wider experience in general of CIL and s.106 in the context of strategic development.
- 3.3.73 It may be possible to input further assessment information on the influence of these or other variables in due course, dependent on how FBC's policy development and the national approach progresses.

3.4 Housing Standards Review - Optional Housing / Technical Standards

Dwelling size – Nationally Described Space Standard

- 3.4.1 At the stage of setting assumptions, there was no emerging new / provisional draft policies set to consider. However, we understood that FBC would probably look to include the national standard within its policies or seek to guide development with reference to it.
- 3.4.2 On this basis only, and for the Council's information, dwelling sizes meeting this standard have been assumed throughout. Therefore the above and wider reporting – including the viability findings and recommendations – reflects this across the assessment. The findings indicate scope to support the use of the standard (across all new dwellings) if it is appropriate locally and to be required here.

- 3.4.3 In our experience so far, this base assumption typically has only a very small negative impact on viability and is more of an early stage planning and design consideration rather. It should not be an obstacle to viability. In any event, the assumptions cater adequately for the usual affordable housing dwelling size requirements of the relevant providers.
- 3.4.4 This information is provided from a viability viewpoint only. We have not considered the needs aspects, which Fareham Borough Council would also need to do if it decides to use the standards to set requirements within its Local Plan policy set.

Dwellings with higher access standards

- 3.4.5 In terms of enhanced accessibility standards with regard to Build Regulations Approved Document Part M4 (2) - Category 2: Accessible and adaptable dwellings - we have included a range of additional sensitivity testing within the wider set of appraisals (results at Appendix IIa, table 1m – 50 mixed dwellings further trials).
- 3.4.6 The results indicate that with M4(2) extra-over costs included, there is a relatively minor impact on viability. We are of the opinion that the sensitivity of the results to the change in costs to that assumed extent is not one that can be easily differentiated. On that basis it is unlikely that this requirement would lead to a previously viable scheme becoming unviable.
- 3.4.7 The additional sensitivity tests show the gradually decreasing RLV that results from stepping-up the proportion of dwellings. The findings (based on VL3 appraisals at this stage) may be compared with the VL3 outcomes at Appendix IIa table 1h (base results assuming no enhanced accessibility standards).
- 3.4.8 In contrast, the impact of applying a policy requiring even a small proportion of dwellings to meet the requirements of Part M4 (3) in place of either M4(2) or no such requirement is much greater. As a guide, the impact is roughly ten-fold that of applying the M4(2) standard. Therefore, although applied for example at say 5% of dwellings on a larger site, this again is unlikely to tip a viable scenario into non-viability, any requirement for M4(3) will need to be carefully considered.
- 3.4.9 However, once again the collective development costs come into play and we have to bear in mind the level of values typically available to support scheme viability in the

borough in combination with development across a range of sites. A combination of the two policies (i.e. seeking dwellings to separately meet M4(2) and (3) standards) as tested does start to impact on scheme viability, before all or most dwellings are considered at M4(2) standards. This suggests that a firm requirement for M4(3) compliance at any level may be going too far in viability terms. An open / aspirational approach to that may well be more appropriate.

3.4.10 The scale of results within Table 1m may be used to inform a feel for the relative impacts of applying M4(2) and / or M4(3) in various proportions and combinations, bearing in mind that the requirements are exclusive; none or one of the these alternative optional standards applies to a dwelling; not both.

3.4.11 For general information, DSP is beginning to gain initial experience of some Councils' emerging approaches to these matters. In case of assistance to FBC, we are aware of emerging policies that align the M4(2) provision sought to the affordable housing content of schemes – seeking all or most affordable homes to be provided to meet M4(2) and perhaps also setting out a desire to have a small proportion of the affordable meeting M4(3). In our view such an approach would be consistent with our findings here (simply provided as an indication respecting the principles noted).

3.4.12 In any event, as above, potential policies in these areas, if pursued, may well be best based on a flexible approach – guiding or targeting provision to be met as far as possible in the particular circumstances, towards meeting any identified needs.

3.4.13 Any potential policies in these areas need to be considered in the context of the affordable housing (AH) % scope discussed above. For example, these factors, and effectively leaving some potential flexibility for a range of other / newly identified costs, could also further fit with the case for setting affordable housing policies at policy target levels within the maximums that may be achievable in only particular circumstances.

3.4.14 Further viability testing can be carried out if necessary in this regard – many iterations of policy and assumptions based results are possible in these respects, although interpolation of results is also informative given a predictable impact by % dwellings requirement with fixed cost assumptions in place. In all cases the Council needs to bear in mind the cumulative or collective impact of policy on development viability as with any other policy requirement and take into account whether the

need for the policy can be shown. It is important that the percentage requirement be evidenced rather than based on viability alone.

3.4.15 Alongside the viability implications, we are of the view that other factors on practical aspects and the workability of policies are also relevant here.

3.4.16 On this, numbers rounding and the “product” of the calculation dwelling number and policy percentage appears potentially relevant, just as it does in the context of affordable housing. Additionally, in our view a planning authority should also be mindful of the potential combination of requirements and property types sought, bearing in mind that the key to delivery will be the market and the need to produce a reasonable number of properties unfettered by various use / type restrictions (thinking here of the unit numbers available after considering affordable housing, self-build (see below) and full accessibility, etc.

Sustainable construction – Energy and water usage efficiency

3.4.17 The same applies at this stage to the sustainable construction based assumptions. We have assumed all dwellings built to (former) Code for Sustainable Homes Level 4 equivalent standards under the Building Regulations – for energy and water usage efficiency.

3.4.18 With the 2% effective additional contingency added to the base build costs in all appraisals, and so considered as part of the collective costs burden in looking at other key policies impacting viability the most – particularly on affordable housing, this means that appropriate standards have been allowed for in this respect.

3.4.19 As noted above, in regard to water usage efficiency it is considered that there are no costs significant enough to be appraised and measured in this assessment or the wider policy setting context. The overall costs assumptions used are considered appropriate to also reflect that requirement, informing and in support of any draft requiring all new dwellings to be built so as to enable a maximum water usage of not more than 110 litres per person (occupant) per day (110 lpppd).

Self / Custom-build

3.4.20 As has been noted through the preparation of the methodology and assumptions reporting above, we consider that it should be possible to viably accommodate a

drive for serviced, ready to develop, self-build plots as part of larger scale development – subject to monitoring of demand which we understand can be highly variable from area to another. From initial consideration of such policies, it appears likely to remain a profitable aspect of the overall development activity and have a broadly neutral effect on viability provided there are not too many restrictions on its workings.

3.4.21 We are of the view that capacity and viability are more likely to vary in relation to particular allocations or larger sites. Again, specific thresholds or cut-offs are difficult to identify. As an indication, and unless on specifically allocated and tailored smaller sites intended for this form of development (if infrastructure provision / development mitigation can be overcome) it appears likely that up to say 10% of plots on larger schemes (of say 50 to 100 dwellings minimum) might represent a potentially workable maximum from a practical and market point of view. This relates also to the points made above about considering a reasonable quantum of relatively “unfettered” outright market development being possible on sites with affordable housing and other policy requirements also coming together. Again, there are emerging examples of such policies that may be of interest to FBC.

Open space

3.4.22 Provision in this area of policy (currently within the Core Strategy - Policy CS21) is guided by the 2016 Planning Obligations SPD.

3.4.23 The associated additional “land take” (site area) requirements are reflected where applicable within the Appendix I assumptions summary and also used in the Appendix IIa £RLV/ha outcomes in comparing with the range of viability tests (benchmarks).

3.4.24 The FBC supplied maintenance costs are also included as appraisal assumptions, so that all greenfield scenarios of 50 + dwellings reflect both requirements – as per Appendix I.

3.4.25 The town centre PDL based scenarios include the financial contribution at 50+ dwellings; but not the additional land takes envisaged by the approach. The latter are considerable. In our view, in practical and viability terms we cannot see that the requirements could realistically be met on a regular basis in respect of often compact

PDL sites suiting high density development, where essentially the whole or a great majority of the site will be accommodating built form.

3.4.26 We suggest that with the FBC development strategy within the new Local Plan set to include a town centre focus as a key part of the overall mix and supply, the Council will need to consider the workability of any new open spaces policies or guidance. In any event, it appears that the approach may need some reworking, particularly as applies to some site and scheme types. In essence, fully reflecting the approach within our appraisals would render some of the outcomes non-viable or non-deliverable from what we can see.

Solent Special Protection Areas (SPAs) – Solent Recreation Mitigation Strategy (SRMS)

3.4.27 The April 2016 cost of £176 per dwelling as noted in the FBC Planning Obligations SPD is included in all appraisals. It applies borough-wide.

3.4.28 The cost of this measure is expected to rise. If it rises significantly so that it becomes more detectable as impacting outcomes or means that the general assumption of £3,000 per dwelling residual s.106 contingency is considered insufficient by FBC, further sensitivity tests could be added if required.

3.4.29 However, at the potential increase level noted in Appendix I (to approximately £550/dwelling) we consider that the s.106 contingency and other allowances are sufficient to represent the full range of policy costs as appropriate for the assessment to consider at this stage. As relates to other policy cost aspects, the level of the contributions and their likely impact should be kept in mind when considering the placing of affordable housing and other matters – all as above.

3.5 Commercial/non-residential Development/requirements and policy considerations

3.5.1 Our focus for the assessment work to date has appropriately reflected the need to ensure, as far as can reasonably be done based on a planning authority's scope of influence, the deliverability of residential development. Given the characteristics and Plan focus in growth terms in Fareham Borough we expect this to continue to be the case.

- 3.5.2 As is generally the case (i.e. is not Fareham Borough specific) the scope of policies relating to residential development are the key areas where an individual planning authority can have a significant influence over matters affecting viability – directly through policy selection.
- 3.5.3 The same does not apply to a significant extent in respect of other forms of development, and to date this appears the case here.
- 3.5.4 In respect of other development, it appears more to be case of being open, incentivising and interacting with the market as far and productively as possible – from aiming to review and promote or protect / select the most appropriately and accessible sites for relevant uses, seek necessary development that also meets other strategies and policies, and so forth.
- 3.5.5 Unfortunately it is necessary to acknowledge that, particularly when viewed in terms and using assumptions appropriate to strategic level local authority viability work, viability for many such forms of development looks likely to remain challenging. However, this does not necessarily mean that suitable schemes will not come forward. Generally, it suggests though that the Council should look to proceed in a way that presents to the market and requires the least additional development cost measures over and above usual planning and design criteria, including national base standards.
- 3.5.6 Unless there are particular additional review requirements relevant to the overall Plan delivery and viability picture that emerge in due course as draft policy positions and proposals become available for review, the best indications as to the viability of commercial and non-residential development in the borough (as may also be relevant to overall Plan delivery) may well be to refer back to the FBC CIL viability and charging rates setting work. It is possible to review the market and values assumptions used then, and provide indications around a. Whether and how the development values and costs relevant to any key development forms (such as employment (B uses) and retail (A uses) have changed over the intervening period, and; b. what influence would be expected that to have on those previous viability findings. So, a form of “light touch” revisiting of earlier viability assessment evidence, as used at the CIL Examination, to the extent considered appropriate.

- 3.5.7 DSP could advise further on this at a subsequent stage with a draft policy basis together with potential development and sites types to inform the selection of key areas for review.
- 3.5.8 Pending any such further work to be added to the information available to the Council, we have included latest accessible commercial market and values data to the rear of Appendix III to this report (sourced from CoStar).
- 3.5.9 In the meantime, as noted above there may be some aspects of strategy that FBC can usefully consider in looking further at the evidence being gathered on employment land need and supply, for example.
- 3.5.10 At the national level, prior to the Brexit decision the commercial sector remained generally positive but the lead up to that led to some uncertainty in the market. The future direction of the commercial market following the decision to leave the EU, and indeed subsequent / ongoing discussions, remains uncertain. The Quarter 2 2016 RICS UK Commercial Property Market Survey showed *'a significant deterioration in market sentiment following the Brexit vote. The heightened sense of caution is visible across both investment and occupier sides of the market, with uncertainty pushing rental and capital value projections into negative territory. Whether or not the adverse hit to sentiment is a knee-jerk reaction that will unwind as the result is digested, or the start of a more prolonged downturn, remains to be seen'*.
- 3.5.11 Similar uncertainties were noted earlier in the report in respect of the varied potential outcomes for build cost trends.
- 3.5.12 As above, in looking at commercial property development at present, in many instances we must acknowledge the probable short-term challenge around delivery of significant new development, and particularly on a speculative basis.
- 3.5.13 We expect that, as previously, the Council's policy set will continue to develop themes of promoting and encouraging development focussed on improvements to the offer presented by Fareham town as well as other centres and locations that serve a more localised catchment through neighbourhood shopping etc.

3.5.14 In our experience and consistent with the bulk of the FBC CIL work, generally poor viability or at best mixed results tend to be seen from test scenarios other than those representing certain forms of retail development.

3.5.14 Usually we find that this is especially the case for most of the B (business/employment) use class types, and is not unusual in DSP's wide experience of undertaking viability assessment and review work. Such outcomes do not necessarily mean that development will not be delivered through flexibility in development appraisal inputs and negotiations – factors that we cannot assume in prudently assessing viability for Local Plan (or CIL) purposes.

3.5.15 Overall therefore we are of the opinion that previous themes identified through the Council's available evidence for its CIL are likely to be largely valid if we are to look at this further through a subsequent stage of review if required subsequently by FBC.

3.5.16 In addition to seeking to ensure that the approach to planning obligations (including any future CIL) does not add unduly to the viability pressures uncertainty to potential investment, the Council could consider the following types of areas and initiatives (outside the formal scope of the brief for this assessment, but put forward purely as practical indications):

- Consideration of market cycles – plan delivery is usually about longer term growth as well as short term promotion and management of growth opportunities that will contribute to the bigger picture;
- Work with the market – be responsive etc. as suitable opportunities are identified;
- Regenerate / improve and protect key existing employment areas;
- Provide land where assessed to be most needed;
- A choice of sites and opportunities – working with the development industry to facilitate appropriate development and employment / economic improvement generating activity when the timing and market conditions are right;

- Consideration of how location is likely to influence market attractiveness and therefore the values available to support development viability. Alignment of growth planning with existing transport links and infrastructure, together with planned improvements to those. Considering higher value locations for particular development use types;
- Specific sites / locations and opportunities – for example in relation to the plan proposals and what each are most suitable for. Focus on the most accessible, best and most valuable locations for particular uses;
- Mixed-use development with potential for cross-subsidy for example from residential / retail to help support the viability of employment (business) or other development – balance the element in deficit or with reduced viability;
- Scenarios for particular / specialist uses – e.g. the local knowledge based employment economy; or that may be non-viable as developments but are business-plan / economic activity led;
- Explore any local specialisms or particular industries / sectors from which economic advantage and stimulation of other activity can be made;
- As with residential, consideration of the planning obligations packages again including their timing (triggers) as well as their extent.
- A likely acceptance that business development overall is unlikely to be a significant regular contributor to general community infrastructure provision in the short-term at least.
- Seek other investment and consider incentive schemes.

3.6 Additional Commentary

3.6.1 We consider that the above identifies scope to both identify opportunities with viability potential and find the appropriate balance between affordable housing needs, other planning policy objectives and scheme viability.

- 3.6.2 This is consistent with DSP's wide experience of successful CIL, Local Plan and Affordable Housing viability evidence and outcomes through to examination and on to adoption stages, as well as in the detail of affordable housing and other planning policies and viability factors in operation in practice.
- 3.6.3 In our view, at a "Whole Plan" level, looking at an appropriate level at the range of potential development scenarios and policy areas likely to be supporting the new Local Plan, these appear to be capable of meeting the requirements of NPPF 173/174.
- 3.6.4 This is provided that FBC maintains an approach of not adding unduly to the national baseline policies together with addressing its local affordable housing needs as far as is practical, and adopted CIL; and that landowners' expectations are also at realistic levels reflecting requirements and constraints as well as the opportunities side.
- 3.6.5 Wherever pitched, the policies will need to be accompanied and explained by appropriate wording and guidance that sets out the strategic context and nature of the targets but also recognises the role of viability in implementation. Where robustly justified by a developer, a practical approach may need to be acknowledged - which can be responsive to particular circumstances - those will continue to be highly variable with site specifics. The need for this type of approach is likely to be particularly important in the event of ongoing economic and market uncertainty such as we still appear to have at the current time, although very latest post-Brexit market indications appear are still mixed and more positive overall perhaps than were initially predicted. Only time will tell how these matters play out, however.
- 3.6.6 Suggestions to consider (and any subsequent use of) reduced / lower than headline targets for affordable housing, or other policy cost areas, does not imply that such targets would always be met at their lower levels; this cannot be certain to be achieved at any policy level.
- 3.6.7 This viability evidence will need to be considered in conjunction with wider evidence on housing needs and the shape of site supply (type, location and size of sites coming forward), infrastructure needs and planning, employment land and so on.

3.6.8 Keeping the picture informing the Plan development topical, it will be also be essential to monitor, review and keep up to date evidence associated with the policies as part of creating a sound overall approach.

3.7 Brief summary – main policy considerations

3.7.1 The following table (Figure 7, below) provides a quick guide to the key policy development observations offered to FBC, in respect of areas directly impacting development costs and based on the findings and recommendations as discussed above.

Figure 7 – Key policy development observations

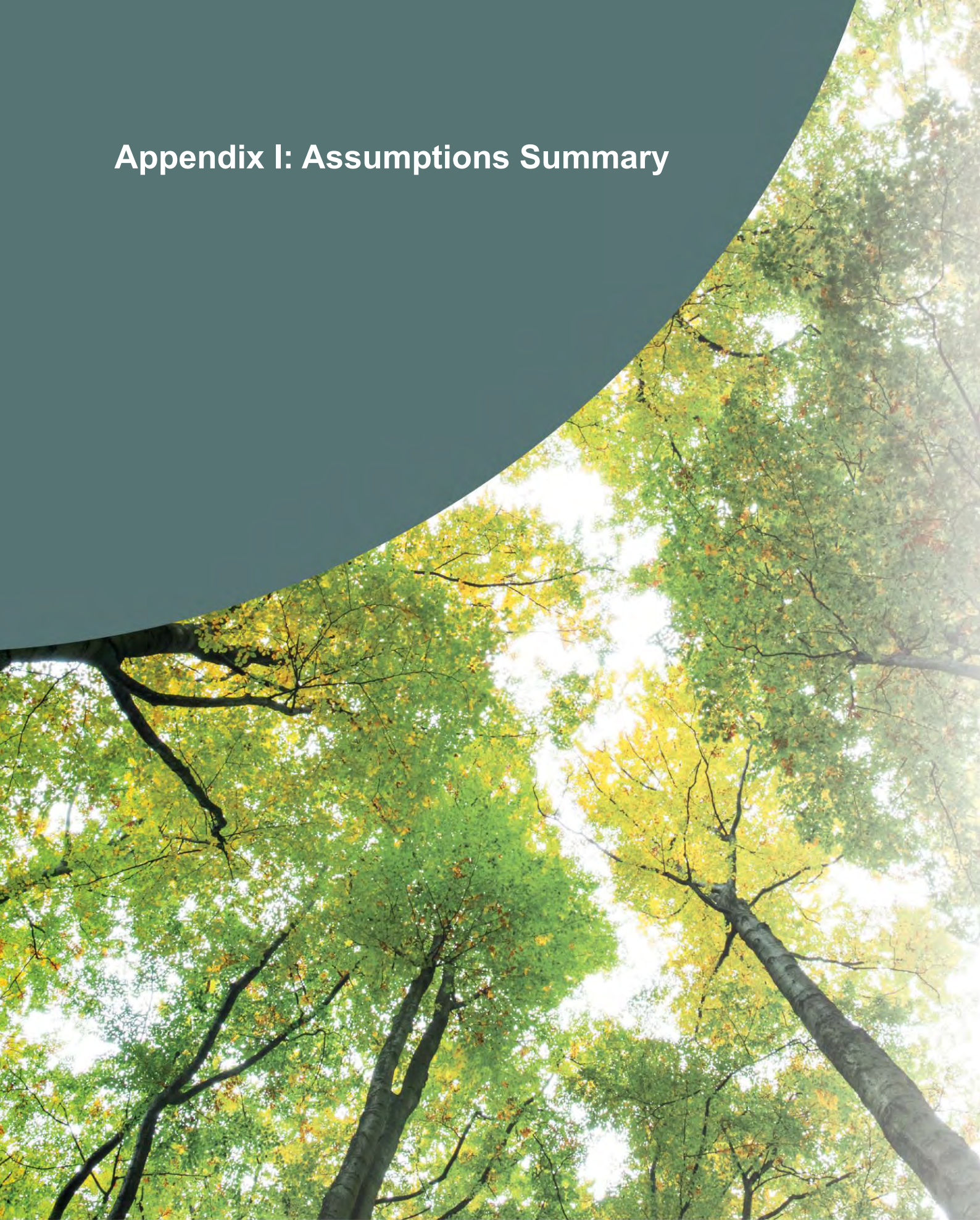
Site supply and likely deliverability – “whole plan” overview	Generally a picture of potential viability across a likely good mix and spread of sites; capable of supporting a balance of affordable housing and other policy costs - subject to site-specific characteristics and details, with the use of targets and flexibility as needed, acknowledging both the needs and the role of viability.
Affordable housing (policy target scope - %)	
Sites <11 dwellings (if within policy scope)	If applicable - not > 20% (& then includes likely role for £ financial contributions).
Sites 11+ dwellings – borough wide	Parameters 30 to 40%, but suggested consideration of 30% as headline.
All town centre sites	Suggested consider reduced target – indicatively 20%.
Generally	Consider potential further review with more knowledge of firmed-up national policy and emerging tenure models / evolving mix.
Enhanced accessibility – M4(2) & (3)	
M4(2) – options available but suggested consider alignment to affordable housing element of schemes.	M4(3) – could seek a small proportion, again potentially related to the affordable housing. Significant cost impacts to consider.
Overall consider a guided / target based and flexible rather than rigid approach. Evidence of need required.	
Open Space	
Review of the approach suggested – appears potentially unworkable in at least some scenarios	
Water and energy usage efficiency	
Building regulations standards – assumed former CfSH4 equivalent standards and water usage not exceeding 110 lpppd included and considered viable	
Nationally described space standard	
Included and considered viable	
Self & Custom-build	
Considered no significant implication for overall viability but, as a proportion of a development, potentially more practical on larger schemes (indicatively only, say 50+ dwellings) where, together with other requirements, this would still allow an appropriate proportion of usual market sale housing	

Report ends — Final version DSP v5
Assessment work Completed May 2017

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Appendix I: Assumptions Summary



Fareham Borough Council - Appendix I - Local Plan Viability Assessment - Residential Assumptions Overview Sheet - Site Typologies

RESIDENTIAL															
Scenario Type Appraised	Site type	Gross Land Area (ha)	Open Space Requirement (ha) based on Planning Obligations SPD	Maintenance Contributions based on Planning Obligations SPD	Density (DPH)	Overall Dwelling Mix	Percentage Affordable Housing & Tenure Mix		Percentage Affordable Housing & Tenure Mix		Percentage Affordable Housing & Tenure Mix		Build Period (Months)		
							0% Affordable Housing*		20% Affordable Housing*		30% Affordable Housing*			40% Affordable Housing*	
							Private Mix	Private Mix	Private Mix	Affordable Mix: Tenure Split 65% Rent; 35% Intermediate (shared ownership)	Private Mix	Affordable Mix: Tenure Split 65% Rent; 35% Intermediate (shared ownership)		Private Mix	Affordable Mix: Tenure Split 65% Rent; 35% Intermediate (shared ownership)
5 Houses	Greenfield	0.19	n/a	n/a	30	1 x 2BH, 3 x 3BH, 1 x 4BH	1 x 2BH, 3 x 3BH, 1 x 4BH	3 x 3BH, 1 x 4BH	1 x 2BH	n/a Same as 40% AH	2 x 3BH, 1 x 4BH	1 x 2BH, 1 x 3BH	6		
10 Houses	Greenfield	0.38	n/a	n/a	30	3 x 2BH, 5 x 3BH, 2 x 4BH	3 x 2BH, 5 x 3BH, 2 x 4BH	2 x 2BH, 4 x 3BH, 2 x 4BH	1 x 2BH, 1 x 3BH	1 x 2BH, 4 x 3BH, 2 x 4BH	2 x 2BH, 1 x 3BH	1 x 2BH, 4 x 3BH, 1 x 4BH	6		
11 Houses	Greenfield	0.42	n/a	n/a	30	3 x 2BH, 6 x 3BH, 2 x 4BH	3 x 2BH, 6 x 3BH, 2 x 4BH	2 x 2BH, 5 x 3BH, 2 x 4BH	1 x 2BH, 1 x 3BH	1 x 2BH, 5 x 3BH, 2 x 4BH	2 x 2BH, 1 x 3BH	1 x 2BH, 5 x 3BH, 1 x 4BH	9		
15 Houses	Greenfield	0.58	n/a	n/a	30	5 x 2BH, 8 x 3BH, 2 x 4BH	5 x 2BH, 8 x 3BH, 2 x 4BH	3 x 2BH, 7 x 3BH, 2 x 4BH	2 x 2BH, 1 x 3BH	3 x 2BH, 6 x 3BH, 1 x 4BH	2 x 2BH, 2 x 3BH, 1 x 4BH	2 x 2BH, 6 x 3BH, 1 x 4BH	9		
30 Flats (Sheltered)	PDL (Town Centre)	0.24	n/a	n/a	125	22 x 1BF, 8 x 2BF	22 x 1BF, 8 x 2BF	18 x 1BF, 6 x 2BF	4 x 1BF; 2 x 2BF	15 x 1BF, 6 x 2BF	7 x 1BF; 2 x 2BF	13 x 1BF, 5 x 2BF	9 x 1BF; 3 x 2BF	18	
50 Flats Undercroft parking	PDL (Town Centre)	0.50	n/a	£41,340	100	20 x 1BF, 30 x 2BF	20 x 1BF, 30 x 2BF	14 x 1BF, 26 x 2BF	6 x 1BF, 4 x 2BF	12 x 1BF, 23 x 2BF	8 x 1BF, 7 x 2BF	9 x 1BF, 21 x 2BF	11 x 1BF, 9 x 2BF	18	
50 Mixed	Greenfield	2.06	0.81	£56,068	40	5 x 1BF, 8 x 2BF, 7 x 2BH, 23 x 3BH, 7 x 4BH	5 x 1BF, 8 x 2BF, 7 x 2BH, 23 x 3BH, 7 x 4BH	2 x 1BF, 6 x 2BF, 6 x 2BH, 20 x 3BH, 6 x 4BH	3 x 1BF, 2 x 2BF, 1 x 2BH, 3 x 3BH, 1 x 4BH	1 x 1BF, 5 x 2BF, 5 x 2BH, 19 x 3BH, 5 x 4BH	4 x 1BF, 3 x 2BF, 2 x 2BH, 4 x 3BH, 2 x 4BH	4 x 2BF, 4 x 2BH, 18 x 3BH, 4 x 4BH	5 x 1BF, 4 x 2BF, 3 x 2BH, 5 x 3BH, 3 x 4BH	18	
100 Mixed 25% Townhouses 75% Flats	PDL (Town Centre)	1.33	n/a	£91,990	75	30 x 1BF, 45 x 2BF, 7 x 2BH, 13 x 3BH, 5 x 4BH	30 x 1BF, 45 x 2BF, 7 x 2BH, 13 x 3BH, 5 x 4BH	24 x 1BF, 41 x 2BF, 4 x 2BH, 7 x 3BH, 4 x 4BH	6 x 1BF, 4 x 2BF, 3 x 2BH, 6 x 3BH, 1 x 4BH	22 x 1BF, 39 x 2BF, 2 x 2BH, 5 x 3BH, 2 x 4BH	8 x 1BF, 6 x 2BF, 5 x 2BH, 8 x 3BH, 3 x 4BH	20 x 1BF, 37 x 2BF, 3 x 3BH	10 x 1BF, 8 x 2BF, 7 x 2BH, 10 x 3BH, 5 x 4BH	24	
100 Mixed (20% Starter Homes)	Greenfield / PDL	3.63	1.13	£112,380	40	10 x 1BF, 15 x 2BF, 15 x 2BH, 45 x 3BH, 15 x 4BH	10 x 1BF, 15 x 2BF, 15 x 2BH, 45 x 3BH, 15 x 4BH	5 x 2BF, 15 x 2BH, 45 x 3BH, 15 x 4BH	10 x 1BF, 10 x 2BF SH	2 x 2BF, 13 x 2BH, 41 x 3BH, 14 x 4BH	10 x 1BF, 10 x 2BF SH 3 x 2BF, 2 x 2BH, 4 x 3BH, 1 x 4BH	10 x 2BH, 38 x 3BH, 12 x 4BH	10 x 1BF, 10 x 2BF SH 5 x 2BF, 5 x 2BH, 7 x 3BH, 3 x 4BH	24	
300 Mixed	Greenfield	12.9	2.9	£337,140	30	30 x 1BF, 45 x 2BF, 45 x 2BH, 135 x 3BH, 45 x 4BH	30 x 1BF, 45 x 2BF, 45 x 2BH, 135 x 3BH, 45 x 4BH	12 x 1BF, 33 x 2BF, 36 x 2BH, 117 x 3BH, 42 x 4BH	18 x 1BF, 12 x 2BF, 9 x 2BH, 18 x 3BH, 3 x 4BH	6 x 1BF, 27 x 2BF, 30 x 2BH, 111 x 3BH, 36 x 4BH	24 x 1BF, 18 x 2BF, 15 x 2BH, 24 x 3BH, 9 x 4BH	21 x 2BF, 24 x 2BH, 105 x 3BH, 30 x 4BH	30 x 1BF, 24 x 2BF, 21 x 2BH, 30 x 3BH, 15 x 4BH	48***	

Strategic Sites														
1000 Mixed	Greenfield (20ha net)	27.3	7.34	£1,123,800	50	100 x 1BF, 150 x 2BF, 150 x 2BH, 450 x 3BH, 150 x 4BH	100 x 1BF, 150 x 2BF, 150 x 2BH, 450 x 3BH, 150 x 4BH	40 x 1BF, 110 x 2BF, 120 x 2BH, 390 x 3BH, 140 x 4BH	60 x 1BF, 40 x 2BF, 30 x 2BH, 60 x 3BH, 10 x 4BH	20 x 1BF, 90 x 2BF, 100 x 2BH, 370 x 3BH, 120 x 4BH	80 x 1BF, 60 x 2BF, 50 x 2BH, 80 x 3BH, 30 x 4BH	70 x 2BF, 80 x 2BH, 350 x 3BH, 100 x 4BH	100 x 1BF, 80 x 2BF, 70 x 2BH, 100 x 3BH, 50 x 4BH	78***

Scenario type Appraised	Site type	Land Area (ha)	Open Space Requirement (ha) based on Planning Obligations SPD	Maintenance Contributions based on Planning Obligations SPD	Density	Overall Dwelling Mix	Percentage Affordable Housing & Tenure Mix		Percentage Affordable Housing & Tenure Mix		Percentage Affordable Housing & Tenure Mix		Build Period (Months)		
							0% Affordable Housing*		20% Affordable Housing*		30% Affordable Housing*			40% Affordable Housing*	
							Private Mix	Private Mix	Private Mix	Affordable Mix: Tenure Split 65% Rent; 35% Intermediate (shared ownership)	Private Mix	Affordable Mix: Tenure Split 65% Rent; 35% Intermediate (shared ownership)		Private Mix	Affordable Mix: Tenure Split 65% Rent; 35% Intermediate (shared ownership)
5 Flats Part conversion/part extension	PDL (Town Centre)	0.1	n/a	n/a	75	2 x 1BF, 3 x 2BF	2 x 1BF, 3 x 2BF	1 x 1BF, 3 x 2BF	1 x 1BF	n/a Same as 40% AH	1 x 1BF, 2 x 2BF	1 x 1BF, 1 x 2BF	6		

Residential Scenario with Retail														
25 Flats GF Convenience Retail Undercroft parking	PDL (Town Centre)	0.25	n/a	n/a	100	10 x 1BF, 15 x 2BF	10 x 1BF, 15 x 2BF	7 x BF, 13 x 2BF	3 x 1BF, 2 x 2BF	5 x BF, 11 x 2BF	5 x 1BF, 4 x 2BF	4 x BF, 10 x 2BF	6 x 1BF, 5 x 2BF	12
Commercial Element: GF Convenience Retail (310m ²) with Undercroft Parking		Main Cost Assumptions	Notes											
		Annual Rent of £160/m ² Build Cost - £1,002/m ² Plus 10% external work Yield @ 6% Undercroft car park cost £5,000 per space	Based on data collected from CoStar BCIS Median Data rebased to Fareham Location Factor Assuming 8 no. parking spaces Indexations figure is taken from the 1st November the preceding year that CIL was adopted (set out in regulation 40(7)) based on the BCIS All-in Tender Price Index											

*Fully applied policy position. Actual percentage will vary due to policy requirement.

*** Assumes multiple developers

January 2017 Assumptions (Nationally Described Space Standards)

Unit Sizes (sq. m)*	Affordable	Private (market)
1-bed flat	50	50
2-bed flat	70	70
2-bed house	79	79
3-bed house	93	100
4-bed house	112	130

150 (Large)

Dwelling mix principles (based on SHMA 2014 and PUSH work as advised by FBC)

DSP Assumed Overall Mix 1-Beds 10%, 2-Beds 30% 3-Beds 45%, 4-Beds 15%

Market Housing 1-Beds 5-10%, 2-Beds 30-35% 3-Beds 40-45%, 4-Beds 15-20%

Affordable Housing 1-Beds 35-40%, 2-Beds 30-35% 3-Beds 20-25%, 4-Beds 5-10%

Note: All subject to 'best fit scenario' within assumed mix

January 2017 Study Value Assumptions

Assumed Market Value Level (VL) range & indicative match with localities	FBC lower-end	FBC typical new-build values			FBC upper-end new-build values		
	VL1	VL2	VL3	VL4	VL5	VL6	VL7+
Location (Range)	Porchester	Fareham East, Fareham South, Fareham West Wallington, Titchfield, Loxheath	Fareham North		Warsash		Burridge
		Parkgate	Sarisbury				
1 Bed Flat	£137,500	£150,000	£162,500	£175,000	£187,500	£200,000	£212,500
2 Bed Flat	£192,500	£210,000	£227,500	£245,000	£262,500	£280,000	£297,500
2 Bed House	£217,250	£237,000	£256,750	£276,500	£296,250	£316,000	£335,750
3 Bed House	£275,000	£300,000	£325,000	£350,000	£375,000	£400,000	£425,000
4 Bed House	£357,500	£390,000	£422,500	£455,000	£487,500	£520,000	£552,500
Value House (£/m2)	£2,750	£3,000	£3,250	£3,500	£3,750	£4,000	£4,250

Sheltered Housing modelled at VL6 £4,000, VL7 £4,250, VL8 £4,500 and VL9 £4,750

January 2017 Affordable Housing Revenue Assumptions (Portsmouth LHA Rates covering the majority of the Borough)

Unit	LHA (Average) Cap
1BF	£116.53
2BF	£144.36
2BH	£144.36
3BH	£172.60
4BH	£240.00

Unit	Market Size	Average AH Transfer Price (LHA Cap)	AH Transfer Price less 10%
1BF	50	£84,873	£77,157
2BF	70	£105,144	£95,585
2BH	79	£105,144	£95,585
3BH	100	£125,712	£114,284
4BH	130	£174,803	£158,912

Development / Policy Costs	FBC 2017	
RESIDENTIAL BUILDING, MARKETING & S106 COSTS		
Build Costs Mixed Developments - generally (£/sq. m) ¹	£1,290	
Build Costs Estate Housing - generally (£/sq. m)	£1,433	Only applicable to scenarios <10 units. Increased by 14% from updated base figures - adjustment based on BCIS FSB report. ²
Build Costs Estate Housing - generally (£/sq. m)	£1,257	11+ units
Build Costs Flats - generally (£/sq. m)	£1,472	
Build Costs Flats - generally (£/sq. m)	£1,402	Only applicable to scenarios <10 units. . Reduced by -5% from updated base figures - adjustment based on BCIS FSB report. ²
Rehabilitation/Conversion Build Costs Flats - 3-5 Storey (£/sq. m)	£1,404	5 Flats Town Centre Scenario only. Reduced by -5% from updated base figures - adjustment based on BCIS FSB report. ²
Build Costs Flats - 3-5 Storey (£/sq. m)	£1,394	25 Flats (Mixed Use Scenario) and 50 Flats
Build Costs (Sheltered Housing - Generally) (£/sq.m) ¹	£1,612	
Site Prep & Survey Costs (£ / unit)	£4,500	Assumed at £17,000 - £23,000/dwelling equivalent - strategic scale development (500+ dwellings tests) where applicable
Contingencies (% of build cost)	5%	10% Contingency applied to the 5 Flats Town Centre scenario
Professional & Other Fees (% of build cost)	10.0%	
Sustainable Design / Construction Standards (% of build cost) ³	2.00%	Latest data suggests allowances in the range of 1% to 1.5% to meet building regulations
Residual s.106 /non-CIL costs (£ per unit) - non-strategic sites	£3,000	
On strategic sites - carried out on surplus basis unless detailed infrastructure costs and timings known		
FBC adopted Residential CIL Rate	£135.61 per sq.m.	Indexations figure is taken from the 1st November the preceding year that CIL was adopted (set out in regulation 40(7)) based on the BCIS All-in Tender Price Index
Building Regs M4 (2) Compliance (10% of dwellings) ⁴	£1,646 (Flats) £2,447 (Houses)	per unit (applicable units only) - tested at 10% - 100% Sensitivity Test only - varying % of dwellings
Building Regs M4 (3) Compliance (5% of dwellings) ⁴	£15,691 (Flats) £26,816 (Houses)	per unit (applicable units only) - 5% of units Sensitivity Test only - varying % of dwellings
Technical Housing Standards - nationally described space standard		
Solent Recreational Mitigation Partnership Contribution (£ per unit)	£550	Sensitivity Test only Contribution is currently £176 per dwelling (as base assumption) but expected to rise to adjacent rates
Reduced Water usage (max.consumption)	110 litres per person per day	Based on the Housing/technical Standards Review - optional increased standard included within Building Reg.s
Marketing & Sales Costs (%of GDV)	3%	
Legal Fees on sale (£ per unit)	£750	
DEVELOPER'S RETURN FOR RISK AND PROFIT		
Open Market Housing Profit (% of GDV)	20.0%	
Affordable Housing Profit (% of GDV)	6.0%	
FINANCE & ACQUISITION COSTS		
Arrangement Fees - (% of loan)	2.0%	
Agents Fees (% of site value)	1.50%	
Legal Fees (% of site value)	0.75%	
Stamp Duty Land Tax (% of site value)	0% to 5%	HMRC scale
Finance Rate - Build (%)	6.0%	
Finance Rate - Land (%)	6.0%	

Notes:

¹ Build cost taken as "Median" figure from BCIS for that build type - e.g. flats ; houses storey heights etc. and then rounded. Median figure gives a better figure than the Mean as it is not so influenced by rogue figures that can distort the mean on small sample sizes. The BCIS figure for Fareham has been used. Includes allowance for uplift to build costs based on BCIS / FSB research for sites of 10 or fewer dwellings. External works added separately - 10% of base build costs.

²BCIS report for the Federation of Small Businesses - Housing development: the economics of small sites - the effect of project size on the cost of housing construction (August 2015)

³ The above costs are based on the DCLG Housing Standards Review Impact Assessment costings assuming equivalent CFSH L4 energy costs only base. Appraisals assume cost uplift in line with figures above assuming average cost uplift from each unit type (£1,932 per unit average, equating to the 2% assumed above).

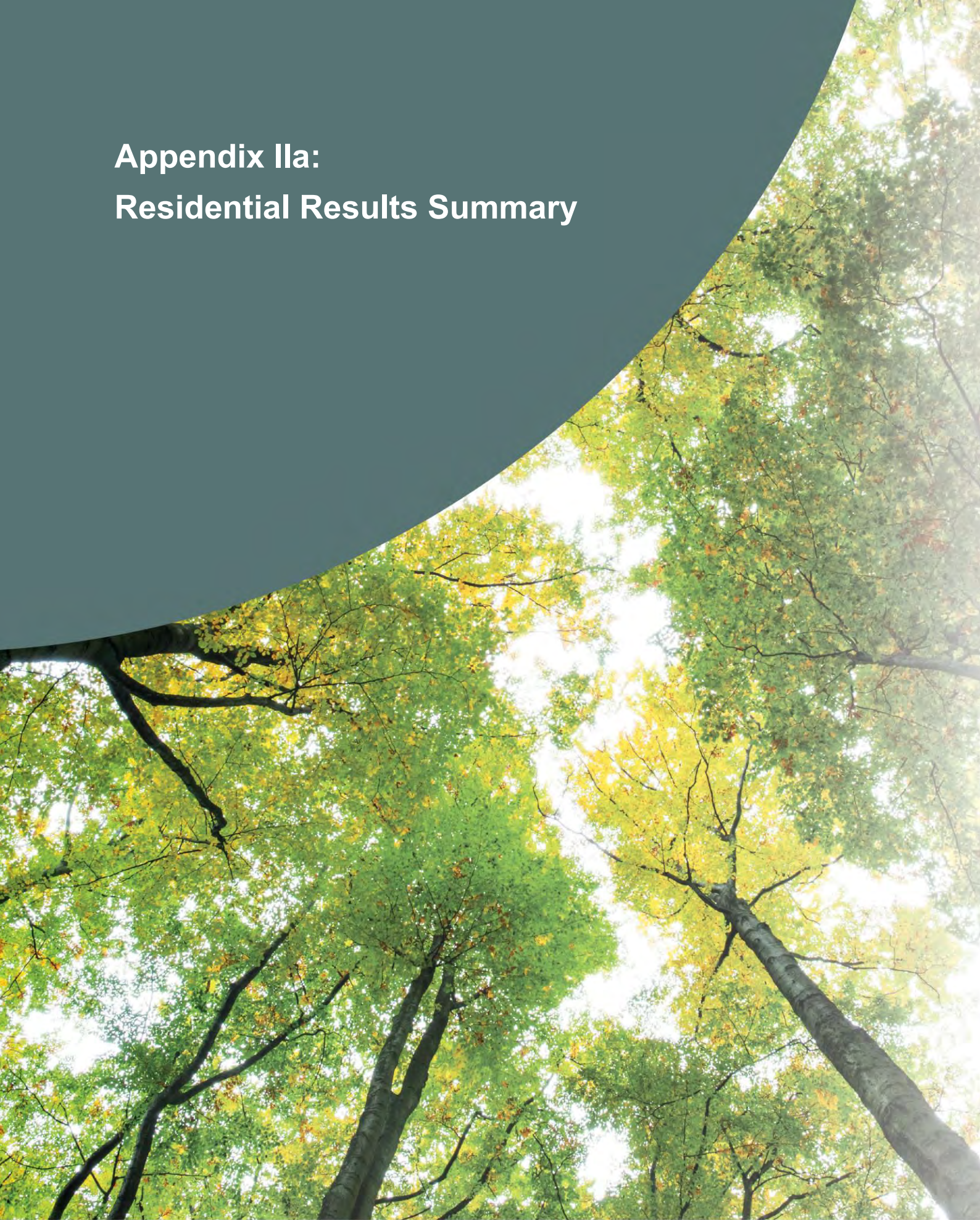
⁴ Sensitivity tested allowance to meet Building Regs M4 Category 2 and Category 3 (adaptable) acknowledged within report as potential variable cost issue (depending on design etc.). EC Harris DCLG Housing Standards Review Cost Impact indicate average extra over cost to be £1,646 (Cat.2) and £15,691 (additional space cost (Cat. 3)) for flats and £2,447 (Cat.2) and £26,816 (additional space cost (Cat.3 adaptable)) for houses.

FBC - Adopted Core Strategy (2011) - Policy Analysis		
Policy No. / Name	Addressed where applicable through specific study approach / assumptions - Y/N - and associated commentary	Cost / specific allowance?
CS1: Employment Provision	Y - A variety of commercial development scenarios of various types have been considered at an appropriate high level for the study purpose, covering a range of values representing the variety relevant in different areas and across different scheme/site types. (See main report text)	Reflected in values and costs assumptions used within high level commercial scenarios as considered within the report text.
CS2: Housing Provision	Y - A variety of residential scenarios have been modelled, also covering a range of values levels overall representing the variety relevant in different areas of the Borough. Affordable housing has been tested at alternative trial levels as part of informing the Plan development. (See Appendix I - Development Assumptions).	Reflected in selection of scheme scenarios, assumptions and interpretation of appraisal results - influence on recommendations. Range of specific allowances made for affordable housing.
CS3: Vitality and Viability of Centres	Y - A variety of residential and commercial scenarios have been modelled, also covering a range of values levels overall representing the variety relevant in different areas of the Borough. Affordable housing has also been tested at alternative trial levels as part of informing the Plan development. (See Appendix I - Development Assumptions and main report text).	Reflected in selection of scheme scenarios, assumptions and interpretation of appraisal results - influence on recommendations. Range of specific allowances made for affordable housing.
CS4: Green Infrastructure, Biodiversity and Geological Conservation	Y - considered through range of s.106/other costs sensitivity testing. In practice a range of sites will trigger mitigation requirements (localised works or contributions) but those will vary sites will vary with the site-specific details.	DSP's view and experience is that say £3,000/dwelling forms an appropriate sum, effectively as a contingency, for such measures. It follows that for all tests at £3,000 per dwelling, the immediate/essential highways mitigation/s.278 works are assumed to be specifically allowed for. Any specific additional mitigation costs have formed part of sensitivity testing where appropriate.
CS5: Transport Strategy and Infrastructure	Y - study allows for appropriate development densities, design, build costs and external works costs and S106 cost assumptions within the development scenarios modelled.	Reflected in the scenarios assumptions on a range of inputs; most directly relevant the build costs assumptions including by means of additions for external and other works - see Appendix I
CS6: The Development Strategy	Y - A variety of residential and commercial scenarios have been modelled, also covering a range of values levels overall representing the variety relevant in different areas of the Borough. Affordable housing has also been tested at alternative trial levels as part of informing the Plan development. (See Appendix I - Development Assumptions and main report text).	Reflected in selection of scheme scenarios, assumptions and interpretation of appraisal results - influence on recommendations. Range of specific allowances made for affordable housing.
CS7: Development in Fareham		
CS8: Fareham Town Centre Strategic Development Location		
CS9: Development in the Western Wards & Whiteley		
CS10: Coldeast Hospital Strategic Development Allocation		
CS11: Development in Portchester, Stubbington & Hill Head and Titchfield		
CS12: Daedalus Airfield Strategic Development Allocation		
CS13: North of Fareham Strategic Development Area	Y - but in respect of the general nature and quality of development expected to come forward and be supportable through the usual planning application and development management process. Therefore reflected in the nature of the build and related costs assumptions used for all appraisals.	Reflected in build costs assumptions and location of development scenarios
CS14: Development Outside Settlements		
CS15: Sustainable Development and Climate Change	Y - Firstly in respect of the general nature and quality of development expected to come forward and be supportable through the usual planning application and development management process. Therefore reflected in the nature of the build and related costs assumptions used for all appraisals. Secondly, additional cost allowances have been made in relation to sustainability to meet Part L of the Building Regulations, Lifetime Homes (now under Part M) - see Appendix I Residential Assumptions	Reflected in assumptions - assumed development appropriate as would be permitted under the range of development management criteria. Additional sustainability requirements included as part of build cost assumptions
CS16: Natural Resources and Renewable Energy		
CS17: High Quality Design	Y - Affordable housing policy as currently included at 40% taken as base position. Study investigates through matrix of testing against both adopted CL level and other policies level of AH potentially viable (i.e. tests range of proportions / thresholds of affordable housing. (See Appendix I - Residential Development Assumptions).	No further assumptions - regular application of affordable housing and other policies assumed.
CS18: Provision of Affordable Housing	This policy has not been specifically addressed, being outside the scope of those that directly impact development costs in a way that specifically influences the assessment process and assumptions	None specific
CS19: Gypsies, Travellers and Travelling Showpeople Population	Y - study allows for appropriate development densities, design, build costs and external works costs and S106 cost assumptions within the development scenarios modelled.	Reflected in the scenarios assumptions on a range of inputs; most directly relevant the build costs assumptions including by means of additions for external and other works - see Appendix I
CS20: Infrastructure and Development Contributions	Y - generally within build costs and externals / Planning obligations cost assumptions.	Reflected in the scenario assumptions in terms of the applied land take requirements and build costs including additions for external and other works.
CS21: Protection and Provision of Open Space	N/A - more of a planning and land use implication than for viability consideration.	N/A
CS22: Development in Strategic Gaps	Y - but in respect of the general nature and quality of development expected to come forward and be supportable through the usual planning application and development management process. Therefore reflected in the nature of the build and related costs assumptions used for all appraisals.	Reflected in build costs assumptions and location of development scenarios
DSP1: Sustainable Development	Y - to the extent that the assessment assumptions consider regular design and layout characteristics. Scope of achievable planning obligations packages may be relevant to particular proposals - especially for larger/strategic scale developments where the surplus available to support a planning obligations package is likely to be considered. More of general development management matter and does not inform particular viability assessment assumptions.	No particular additional assumptions that apply across the range of scheme types.
DSP2: Environmental Impact		

FBC - Adopted Core Strategy (2011) - Policy Analysis		
Policy No. / Name	Addressed where applicable through specific study approach / assumptions - Y/N - and associated commentary	Cost / specific allowance?
DSP3: Impact on Living Conditions	Y - Firstly in respect of the general nature and quality of development expected to come forward and be supportable through the usual planning application and development management process. Therefore reflected in the nature of the build and related costs assumptions used for all appraisals. Secondly, additional cost allowances have been made in relation to sustainability to meet Part L of the Building Regulations, Lifetime Homes (now under Part M) - see Appendix I Residential Assumptions	Reflected in assumptions - assumed development appropriate as would be permitted under the range of development management criteria. Additional sustainability requirements included as part of build cost assumptions
DSP4: Prejudice to Adjacent Land	N/A - more of a planning and land use implication than for viability consideration.	N/A
DSP5: Protecting and Enhancing the Historic Environment	Y - Planning / design issue rather than direct cost impact except in exceptional circumstances. Any costs included within fees assumptions.	No particular additional assumptions that apply across the range of scheme types.
DSP6: New Residential Development Outside of the Defined Urban Settlement Boundaries	Y - In so far as a variety of residential scenarios have been modelled, also covering a range of values levels overall representing the variety relevant in different areas of FBC. Affordable housing has been tested at alternative trial levels as part of informing the Plan development. (See Appendix I - Development Assumptions).	Reflected in selection of scheme scenarios, assumptions and interpretation of appraisal results - influence on recommendations. Range of specific allowances made for affordable housing.
DSP7: Affordable Housing Exceptions Sites	N/A - more of a planning and land use implication than for viability consideration.	N/A
DSP8: New Leisure and Recreation Development Outside of the Defined Urban Settlement Boundaries	Y - A variety of commercial development scenarios of various types have been considered at an appropriate high level for the study purpose, covering a range of values representing the variety relevant in different areas and across different scheme/site types. (See main report text)	Reflected in values and costs assumptions used within high level commercial scenarios as considered within the report text.
DSP9: Economic Development Outside of the Defined Urban Settlement Boundaries	Y - A variety of commercial development scenarios of various types have been considered at an appropriate high level for the study purpose, covering a range of values representing the variety relevant in different areas and across different scheme/site types. (See main report text)	Reflected in values and costs assumptions used within high level commercial scenarios as considered within the report text.
DSP10: Educational Facilities Outside of the Defined Urban Settlement Boundaries	N/A - more of a planning and land use implication than for viability consideration.	N/A
DSP11: Development Proposals within Solent Breezes Holiday Park	N/A - more of a planning and land use implication than for viability consideration.	N/A
DSP12: Public Open Space Allocations	N/A - more of a planning and land use implication than for viability consideration.	N/A
DSP13: Nature Conservation	Y - to the extent that the assessment assumptions consider regular design and layout characteristics. Scope of achievable planning obligations packages may be relevant to particular proposals - especially for larger/strategic scale developments where the surplus available to support a planning obligations package is likely to be considered. More of general development management matter and does not inform particular viability assessment assumptions.	No particular additional assumptions that apply across the range of scheme types.
DSP14: Supporting Sites for Brent Geese and Waders	Y - to the extent that the assessment assumptions consider regular design and layout characteristics. Scope of achievable planning obligations packages may be relevant to particular proposals - especially for larger/strategic scale developments where the surplus available to support a planning obligations package is likely to be considered. More of general development management matter and does not inform particular viability assessment assumptions.	No particular additional assumptions that apply across the range of scheme types.
DSP15: Recreational Disturbance on the Solent Special Protection Areas	Y - considered through range of s.106/other costs sensitivity testing. In practice a range of sites will trigger mitigation requirements (localised works or contributions) but those will vary sites will vary with the site-specific details.	DSP included specific Solent Mitigation Costs as provided by FBC as part of scenario testing see Appendix I Residential Assumptions
DSP16: Coastal Change Management Areas (CCMAs)	Y - to the extent that the assessment assumptions consider regular design and layout characteristics. Scope of achievable planning obligations packages may be relevant to particular proposals - especially for larger/strategic scale developments where the surplus available to support a planning obligations package is likely to be considered. More of general development management matter and does not inform particular viability assessment assumptions.	No particular additional assumptions that apply across the range of scheme types.
DSP17: Existing Employment Sites and Areas	Y - A variety of commercial development scenarios of various types have been considered at an appropriate high level for the study purpose, covering a range of values representing the variety relevant in different areas and across different scheme/site types. (See main report text)	Reflected in values and costs assumptions used within high level commercial appraisal scenarios.
DSP18: Employment Allocations		
DSP19: Boatyards	N/A - more of a planning and land use implication than for viability consideration.	N/A
DSP20: New Retail Development in Fareham Town Centre	Y - A variety of commercial development scenarios of various types have been considered at an appropriate high level for the study purpose, covering a range of values representing the variety relevant in different areas and across different scheme/site types. (See main report text)	Reflected in values and costs assumptions used within high level commercial appraisal scenarios.
DSP21: Primary Shopping Area		
DSP22: Secondary Shopping Area		
DSP23: Making the Most Effective Use of Upper Floors	N/A - more of a planning and land use implication than for viability consideration.	N/A
DSP24: Mix of Uses in Fareham High Street	Y - A variety of commercial development scenarios of various types have been considered at an appropriate high level for the study purpose, covering a range of values representing the variety relevant in different areas and across different scheme/site types. (See main report text)	Reflected in values and costs assumptions used within high level commercial appraisal scenarios.
DSP25: Fareham Waterfront	More of a planning and land use implication than for viability consideration. However any potential mitigation costs allowed for within general build cost and fee assumptions.	No particular additional assumptions that apply across the range of scheme types.

FBC - Adopted Core Strategy (2011) - Policy Analysis		
Policy No. / Name	Addressed where applicable through specific study approach / assumptions - Y/N - and associated commentary	Cost / specific allowance?
DSP26: Civic Area	Y - A variety of commercial development scenarios of various types have been considered at an appropriate high level for the study purpose, covering a range of values representing the variety relevant in different areas and across different scheme/site types. (See main report text)	Reflected in values and costs assumptions used within high level commercial appraisal scenarios.
DSP27: Market Quay		
DSP28: Fareham Shopping Centre Upper Floors		
DSP29: Fareham Shopping Centre Improved Link		
DSP30: Fareham Station East		
DSP31: Russel Place		
DSP32: Corner of Trinity Street and Osborn Road		
DSP33: Fareham College		
DSP34: Development in District Centres, Local Centres, and Local Parades		
DSP35: Locks Heath District Centre		
DSP36: Portchester District Centre		
DSP37: Out-of-Town Shopping	Y - A variety of residential scenarios have been modelled, also covering a range of values levels overall representing the variety relevant in different areas of the Borough. Affordable housing has been tested at alternative trial levels as part of informing the Plan development. (See Appendix I - Development Assumptions).	Reflected in selection of scheme scenarios, assumptions and interpretation of appraisal results - influence on recommendations. Range of specific allowances made for affordable housing.
DSP38: Local Shops		
DSP39: Hot Food Shops	Y - A variety of residential scenarios have been modelled, including Sheltered Housing scenarios covering a range of appropriate values levels overall representing the variety relevant in different areas of the Borough. Affordable housing has been tested at alternative trial levels as part of informing the Plan development. (See Appendix I - Development Assumptions).	Reflected in selection of scheme scenarios, assumptions and interpretation of appraisal results - influence on recommendations. Range of specific allowances made for affordable housing.
DSP40: Housing Allocations		
DSP41: Sub-Division of Residential Dwellings		
DSP42: New Housing for Older People		
DSP43: Improvements to Existing Older People's Housing	N/A - more of a planning and land use implication than for viability consideration.	N/A
DSP44: Change of Use or Redevelopment of Older Persons' Housing		
DSP45: Houses in Multiple Occupation (HMOs)	This policy has not been specifically addressed, being outside the scope of those that directly impact development costs in a way that specifically influences the assessment process and assumptions	None specific
DSP46: Self-Contained Annexes and Extensions		
DSP47: Gypsies, Travellers, and Travelling Showpeople	N/A - more of a planning and land use implication than for viability consideration.	N/A
DSP48: Bus Rapid Transit (BRT)		
DSP49: Improvements to the Strategic Road Network	Y - study allows for appropriate development densities, design, build costs and external works costs and S106 cost assumptions within the development scenarios modelled.	Reflected in the scenarios assumptions on a range of inputs; most directly relevant the build costs assumptions including by means of additions for external and other works - see Appendix I
DSP50: Access to Whiteley	N/A - more of a planning and land use implication than for viability consideration.	N/A
DSP51: Parking		
DSP52: Community Facilities	Y - A variety of commercial development scenarios of various types have been considered at an appropriate high level for the study purpose, covering a range of values representing the variety relevant in different areas and across different scheme/site types. (See main report text)	Reflected in values and costs assumptions used within high level commercial appraisal scenarios.
DSP53: Sports Provision	Y - generally within build costs and externals / Planning obligations cost assumptions.	No particular additional assumptions that apply across the range of scheme types.
DSP54: New Moorings	N/A - more of a planning and land use implication than for viability consideration.	N/A
DSP55: Telecommunications	Y - Planning / design issue rather than direct cost impact except in exceptional circumstances. Any costs included within fees assumptions.	In the absence if particular or general off-setting requirements / contributions no particular additional assumptions that apply across the range of scheme types.
DSP56: Renewable Energy	N/A - more of a planning and land use implication than for viability consideration.	N/A

Appendix IIa: Residential Results Summary



**Table 1a: Residual Land Value Results by AH % & Value Level
- 5 Unit Scheme - Houses**

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value			
Houses 5 0% AH	Greenfield	509	30	1	£2,750	£67,049			
				2	£3,000	£154,140			
				3	£3,250	£239,265			
				4	£3,500	£322,669			
				5	£3,750	£406,073			
				6	£4,000	£489,477			
				7	£4,250	£572,881			
				Residual Land Value (£/Ha)					
				1	£2,750	£349,821			
				2	£3,000	£804,210			
				3	£3,250	£1,248,339			
				4	£3,500	£1,683,490			
				5	£3,750	£2,118,642			
				6	£4,000	£2,553,793			
				7	£4,250	£2,988,945			

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value			
Houses 5 20% AH	Greenfield	430	30	1	£2,750	£25,998			
				2	£3,000	£105,709			
				3	£3,250	£183,243			
				4	£3,500	£260,200			
				5	£3,750	£336,168			
				6	£4,000	£411,830			
				7	£4,250	£487,185			
				Residual Land Value (£/Ha)					
				1	£2,750	£135,644			
				2	£3,000	£551,524			
				3	£3,250	£956,052			
				4	£3,500	£1,357,563			
				5	£3,750	£1,753,918			
				6	£4,000	£2,148,676			
				7	£4,250	£2,541,837			

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value			
Houses 5 30% AH 40% AH	Greenfield	330	30	1	£2,750	Negative RLV			
				2	£3,000	£54,301			
				3	£3,250	£121,356			
				4	£3,500	£191,115			
				5	£3,750	£258,090			
				6	£4,000	£323,952			
				7	£4,250	£389,121			
				Residual Land Value (£/Ha)					
				1	£2,750	Negative RLV			
				2	£3,000	£283,311			
				3	£3,250	£633,160			
				4	£3,500	£997,122			
				5	£3,750	£1,346,559			
				6	£4,000	£1,690,186			
				7	£4,250	£2,030,195			

Key:

	RLV beneath Viability Test 1 (RLV <£370,000/ha)
	RLV exceeding Viability Test 1 (RLV £370,000/ha)
	RLV exceeding Viability Test 2 (RLV £500,000/ha)
	RLV exceeding Viability Test 3 (RLV >£1,250,000/ha)
	RLV exceeding Viability Test 4 (RLV >£1,750,000/ha)
	RLV exceeding Viability Test 5 (RLV >£2,500,000/ha)

**Table 1b: Residual Land Value Results by AH % & Value Level
- 5 Unit Scheme - Flats (Town Centre - part conversion/part extension)**

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value			
Flats 5 0% AH	PDL	310	75	1	£2,750	£14,943			
				2	£3,000	£68,900			
				3	£3,250	£122,306			
				4	£3,500	£174,998			
				5	£3,750	£227,046			
				6	£4,000	£277,842			
				7	£4,250	£328,638			
				Residual Land Value (£/Ha)					
				1	£2,750	£224,143			
				2	£3,000	£1,033,500			
				3	£3,250	£1,834,586			
				4	£3,500	£2,624,977			
				5	£3,750	£3,405,691			
				6	£4,000	£4,167,634			
7	£4,250	£4,929,576							

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value			
Flats 5 20% AH	PDL	260	75	1	£2,750	Negative RLV			
				2	£3,000	£37,508			
				3	£3,250	£85,643			
				4	£3,500	£133,979			
				5	£3,750	£181,789			
				6	£4,000	£228,698			
				7	£4,250	£274,401			
				Residual Land Value (£/Ha)					
				1	£2,750	Negative RLV			
				2	£3,000	£562,617			
				3	£3,250	£1,284,639			
				4	£3,500	£2,009,680			
				5	£3,750	£2,726,839			
				6	£4,000	£3,430,474			
7	£4,250	£4,116,010							

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value			
Flats 5 30% AH 40% AH	PDL	190	75	1	£2,750	Negative RLV			
				2	£3,000	Negative RLV			
				3	£3,250	£33,542			
				4	£3,500	£75,995			
				5	£3,750	£117,527			
				6	£4,000	£158,020			
				7	£4,250	£200,422			
				Residual Land Value (£/Ha)					
				1	£2,750	Negative RLV			
				2	£3,000	Negative RLV			
				3	£3,250	£503,136			
				4	£3,500	£1,139,925			
				5	£3,750	£1,762,899			
				6	£4,000	£2,370,300			
7	£4,250	£3,006,334							

Key:

	RLV beneath Viability Test 1 (RLV <£370,000/ha)
	RLV exceeding Viability Test 1 (RLV £370,000/ha)
	RLV exceeding Viability Test 2 (RLV £500,000/ha)
	RLV exceeding Viability Test 3 (RLV >£1,250,000/ha)
	RLV exceeding Viability Test 4 (RLV >£1,750,000/ha)
	RLV exceeding Viability Test 5 (RLV >£2,500,000/ha)

Source: Dixon Searle Partnership (2017)

**Table 1c: Residual Land Value Results by AH % & Value Level
- 10 Unit Scheme - Houses**

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value			
Houses 10 0% AH	Greenfield	997	30	1	£2,750	£128,316			
				2	£3,000	£293,587			
				3	£3,250	£456,954			
				4	£3,500	£620,321			
				5	£3,750	£781,973			
				6	£4,000	£935,174			
				7	£4,250	£1,088,375			
				Residual Land Value (£/Ha)					
				1	£2,750	£334,738			
				2	£3,000	£765,880			
				3	£3,250	£1,192,055			
				4	£3,500	£1,618,230			
				5	£3,750	£2,039,930			
				6	£4,000	£2,439,584			
7	£4,250	£2,839,239							
Houses 10 20% AH	Greenfield	818	30	1	£2,750	£47,726			
				2	£3,000	£198,232			
				3	£3,250	£341,976			
				4	£3,500	£489,188			
				5	£3,750	£635,706			
				6	£4,000	£780,002			
				7	£4,250	£916,102			
				Residual Land Value (£/Ha)					
				1	£2,750	£124,502			
				2	£3,000	£517,126			
				3	£3,250	£892,111			
				4	£3,500	£1,276,142			
				5	£3,750	£1,658,363			
				6	£4,000	£2,034,788			
7	£4,250	£2,389,832							
Houses 10 30% AH	Greenfield	739	30	1	£2,750	£6,675			
				2	£3,000	£150,404			
				3	£3,250	£286,637			
				4	£3,500	£426,718			
				5	£3,750	£565,800			
				6	£4,000	£703,883			
				7	£4,250	£835,756			
				Residual Land Value (£/Ha)					
				1	£2,750	£17,413			
				2	£3,000	£392,358			
				3	£3,250	£747,748			
				4	£3,500	£1,113,178			
				5	£3,750	£1,476,001			
				6	£4,000	£1,836,217			
7	£4,250	£2,180,232							
Houses 10 40% AH	Greenfield	609	30	1	£2,750	Negative RLV			
				2	£3,000	£98,451			
				3	£3,250	£222,342			
				4	£3,500	£350,691			
				5	£3,750	£477,537			
				6	£4,000	£602,879			
				7	£4,250	£726,719			
				Residual Land Value (£/Ha)					
				1	£2,750	Negative RLV			
				2	£3,000	£256,830			
				3	£3,250	£580,024			
				4	£3,500	£914,846			
				5	£3,750	£1,245,748			
				6	£4,000	£1,572,728			
7	£4,250	£1,895,788							

Key:

	RLV beneath Viability Test 1 (RLV <£370,000/ha)
	RLV exceeding Viability Test 1 (RLV £370,000/ha)
	RLV exceeding Viability Test 2 (RLV £500,000/ha)
	RLV exceeding Viability Test 3 (RLV >£1,250,000/ha)
	RLV exceeding Viability Test 4 (RLV >£1,750,000/ha)
	RLV exceeding Viability Test 5 (RLV >£2,500,000/ha)

**Table 1d: Residual Land Value Results by AH % & Value Level
- 11 Unit Scheme - Houses**

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value			
Houses 11 0% AH	Greenfield	1097	30	1	£2,750	£322,521			
				2	£3,000	£498,791			
				3	£3,250	£675,062			
				4	£3,500	£844,243			
				5	£3,750	£1,009,173			
				6	£4,000	£1,174,103			
				7	£4,250	£1,334,950			
				Residual Land Value (£/Ha)					
				1	£2,750	£764,871			
				2	£3,000	£1,182,904			
				3	£3,250	£1,600,937			
				4	£3,500	£2,002,157			
				5	£3,750	£2,393,295			
				6	£4,000	£2,784,433			
				7	£4,250	£3,165,890			
Houses 11 20% AH	Greenfield	918	30	1	£2,750	£245,909			
				2	£3,000	£404,298			
				3	£3,250	£561,326			
				4	£3,500	£721,755			
				5	£3,750	£872,526			
				6	£4,000	£1,021,361			
				7	£4,250	£1,169,560			
				Residual Land Value (£/Ha)					
				1	£2,750	£583,183			
				2	£3,000	£958,808			
				3	£3,250	£1,331,208			
				4	£3,500	£1,711,672			
				5	£3,750	£2,069,233			
				6	£4,000	£2,422,201			
				7	£4,250	£2,773,660			
Houses 11 30% AH	Greenfield	839	30	1	£2,750	£208,111			
				2	£3,000	£358,607			
				3	£3,250	£507,144			
				4	£3,500	£660,581			
				5	£3,750	£808,482			
				6	£4,000	£950,214			
				7	£4,250	£1,091,029			
				Residual Land Value (£/Ha)					
				1	£2,750	£493,543			
				2	£3,000	£850,452			
				3	£3,250	£1,202,713			
				4	£3,500	£1,566,595			
				5	£3,750	£1,917,350			
				6	£4,000	£2,253,472			
				7	£4,250	£2,587,419			
Houses 11 40% AH	Greenfield	709	30	1	£2,750	£168,743			
				2	£3,000	£306,646			
				3	£3,250	£441,208			
				4	£3,500	£583,140			
				5	£3,750	£723,598			
				6	£4,000	£854,906			
				7	£4,250	£983,569			
				Residual Land Value (£/Ha)					
				1	£2,750	£400,181			
				2	£3,000	£727,224			
				3	£3,250	£1,046,343			
				4	£3,500	£1,382,940			
				5	£3,750	£1,716,042			
				6	£4,000	£2,027,445			
				7	£4,250	£2,332,575			

Key:

	RLV beneath Viability Test 1 (RLV <£370,000/ha)
	RLV exceeding Viability Test 1 (RLV £370,000/ha)
	RLV exceeding Viability Test 2 (RLV £500,000/ha)
	RLV exceeding Viability Test 3 (RLV >£1,250,000/ha)
	RLV exceeding Viability Test 4 (RLV >£1,750,000/ha)
	RLV exceeding Viability Test 5 (RLV >£2,500,000/ha)

**Table 1e: Residual Land Value Results by AH % & Value Level
- 15 Unit Scheme - Houses**

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value			
Houses 15 0% AH	Greenfield	1455	30	1	£2,750	£421,234			
				2	£3,000	£655,029			
				3	£3,250	£878,427			
				4	£3,500	£1,097,181			
				5	£3,750	£1,312,106			
				6	£4,000	£1,524,843			
				7	£4,250	£1,737,580			
				Residual Land Value (£/Ha)					
				1	£2,750	£732,580			
				2	£3,000	£1,139,181			
				3	£3,250	£1,527,700			
				4	£3,500	£1,908,141			
				5	£3,750	£2,281,923			
				6	£4,000	£2,651,901			
7	£4,250	£3,021,879							
Houses 15 20% AH	Greenfield	1197	30	1	£2,750	£306,824			
				2	£3,000	£514,845			
				3	£3,250	£720,907			
				4	£3,500	£918,772			
				5	£3,750	£1,115,245			
				6	£4,000	£1,307,142			
				7	£4,250	£1,496,428			
				Residual Land Value (£/Ha)					
				1	£2,750	£533,607			
				2	£3,000	£895,383			
				3	£3,250	£1,253,751			
				4	£3,500	£1,597,865			
				5	£3,750	£1,939,557			
				6	£4,000	£2,273,291			
7	£4,250	£2,602,483							
Houses 15 30% AH	Greenfield	967	30	1	£2,750	£229,035			
				2	£3,000	£414,080			
				3	£3,250	£595,417			
				4	£3,500	£782,414			
				5	£3,750	£959,024			
				6	£4,000	£1,133,899			
				7	£4,250	£1,303,528			
				Residual Land Value (£/Ha)					
				1	£2,750	£398,322			
				2	£3,000	£720,140			
				3	£3,250	£1,035,508			
				4	£3,500	£1,360,720			
				5	£3,750	£1,667,867			
				6	£4,000	£1,971,997			
7	£4,250	£2,267,006							
Houses 15 40% AH	Greenfield	888	30	1	£2,750	£191,237			
				2	£3,000	£368,390			
				3	£3,250	£541,235			
				4	£3,500	£724,850			
				5	£3,750	£894,980			
				6	£4,000	£1,062,751			
				7	£4,250	£1,227,164			
				Residual Land Value (£/Ha)					
				1	£2,750	£332,587			
				2	£3,000	£640,679			
				3	£3,250	£941,278			
				4	£3,500	£1,260,609			
				5	£3,750	£1,556,486			
				6	£4,000	£1,848,263			
7	£4,250	£2,134,198							

Key:

	RLV beneath Viability Test 1 (RLV <£370,000/ha)
	RLV exceeding Viability Test 1 (RLV £370,000/ha)
	RLV exceeding Viability Test 2 (RLV £500,000/ha)
	RLV exceeding Viability Test 3 (RLV >£1,250,000/ha)
	RLV exceeding Viability Test 4 (RLV >£1,750,000/ha)
	RLV exceeding Viability Test 5 (RLV >£2,500,000/ha)

Table 1f: Residual Land Value Results by AH % & Value Level
- 25 Unit Scheme - Flats with Ground Floor Convenience Retail Unit including Undercroft Parking

Development Scenario	Typical Site Type	Commercial Element	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value				
Flats 25 0% AH Plus Retail Floorspace	PDL	310m ² GF Retail Floorspace Rent @ £160/m ² Yield @ 6% CIL Indexed to £154.9/m ²	1550	100	1	£2,750	Negative RLV				
					2	£3,000	£77,077				
					3	£3,250	£346,515				
					4	£3,500	£615,951				
					5	£3,750	£885,388				
					6	£4,000	£1,154,825				
					7	£4,250	£1,424,262				
											Residual Land Value (£/Ha)
					1	£2,750	Negative RLV				
					2	£3,000	£308,310				
					3	£3,250	£1,386,060				
					4	£3,500	£2,463,805				
					5	£3,750	£3,541,554				
					6	£4,000	£4,619,301				
					7	£4,250	£5,697,048				
Flats 25 20% AH Plus Retail Floorspace	PDL	310m ² GF Retail Floorspace Rent @ £160/m ² Yield @ 6% CIL Indexed to £154.9/m ²	1260	100	1	£2,750	Negative RLV				
					2	£3,000	£173,022				
					3	£3,250	£417,471				
					4	£3,500	£660,582				
					5	£3,750	£902,355				
					6	£4,000	£1,142,790				
					7	£4,250					
											Residual Land Value (£/Ha)
					1	£2,750	Negative RLV				
					2	£3,000	£692,088				
					3	£3,250	£1,669,885				
					4	£3,500	£2,642,328				
					5	£3,750	£3,609,420				
					6	£4,000	£4,571,160				
					7	£4,250					
Flats 25 30% AH Plus Retail Floorspace	PDL	310m ² GF Retail Floorspace Rent @ £160/m ² Yield @ 6% CIL Indexed to £154.9/m ²	1020	100	1	£2,750	Negative RLV				
					2	£3,000	£17,400				
					3	£3,250	£241,169				
					4	£3,500	£462,493				
					5	£3,750	£681,372				
					6	£4,000	£897,805				
					7	£4,250					
											Residual Land Value (£/Ha)
					1	£2,750	Negative RLV				
					2	£3,000	£69,600				
					3	£3,250	£964,676				
					4	£3,500	£1,849,973				
					5	£3,750	£2,725,487				
					6	£4,000	£3,591,219				
					7	£4,250					
Flats 25 40% AH Plus Retail Floorspace	PDL	310m ² GF Retail Floorspace Rent @ £160/m ² Yield @ 6% CIL Indexed to £154.9/m ²	900	100	1	£2,750	Negative RLV				
					2	£3,000	£153,018				
					3	£3,250	£363,449				
					4	£3,500	£570,880				
					5	£3,750	£775,312				
					6	£4,000					
					7	£4,250					
											Residual Land Value (£/Ha)
					1	£2,750	Negative RLV				
					2	£3,000	£612,073				
					3	£3,250	£1,453,795				
					4	£3,500	£2,283,518				
					5	£3,750	£3,101,249				
					6	£4,000					
					7	£4,250					

Key:	RLV beneath Viability Test 1 (RLV <£370,000/ha)
	RLV exceeding Viability Test 1 (RLV £370,000/ha)
	RLV exceeding Viability Test 2 (RLV £500,000/ha)
	RLV exceeding Viability Test 3 (RLV >£1,250,000/ha)
	RLV exceeding Viability Test 4 (RLV >£1,750,000/ha)
	RLV exceeding Viability Test 5 (RLV >£2,500,000/ha)

**Table 1g: Residual Land Value Results by AH % & Value Level
- 30 Unit Scheme - Flats (Sheltered)**

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value
30 Flats Sheltered 0% AH	PDL	1700	125	6	£4,000	£462,902
				7	£4,250	£783,383
				8	£4,500	£1,103,864
				9	£4,750	£1,424,345
						Residual Land Value (£/Ha)
				6	£4,000	£1,928,758
				7	£4,250	£3,264,096
				8	£4,500	£4,599,433
				9	£4,750	£5,934,770

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value
30 Flats Sheltered 20% AH	PDL	1440	125	6	£4,000	£147,564
				7	£4,250	£442,919
				8	£4,500	£738,274
				9	£4,750	£1,033,628
						Residual Land Value (£/Ha)
				6	£4,000	£614,849
				7	£4,250	£1,845,496
				8	£4,500	£3,076,142
				9	£4,750	£4,306,785

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value
30 Flats Sheltered 30% AH	PDL	1275	125	6	£4,000	£147,564
				7	£4,250	£442,919
				8	£4,500	£738,274
				9	£4,750	£1,033,628
						Residual Land Value (£/Ha)
				6	£4,000	£614,849
				7	£4,250	£1,845,496
				8	£4,500	£3,076,142
				9	£4,750	£4,306,785

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value
30 Flats Sheltered 40% AH	PDL	1090	125	6	£4,000	Negative RLV
				7	£4,250	£124,497
				8	£4,500	£396,085
				9	£4,750	£667,673
						Residual Land Value (£/Ha)
				6	£4,000	Negative RLV
				7	£4,250	£518,739
				8	£4,500	£1,650,354
				9	£4,750	£2,781,971

Key:

	RLV beneath Viability Test 1 (RLV <£370,000/ha)
	RLV exceeding Viability Test 1 (RLV £370,000/ha)
	RLV exceeding Viability Test 2 (RLV £500,000/ha)
	RLV exceeding Viability Test 3 (RLV >£1,250,000/ha)
	RLV exceeding Viability Test 4 (RLV >£1,750,000/ha)
	RLV exceeding Viability Test 5 (RLV >£2,500,000/ha)

Source: Dixon Searle Partnership (2017)

**Table 1h: Residual Land Value Results by AH % & Value Level
- 50 Unit Scheme - Mixed**

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value			
Mixed 50 0% AH	Greenfield	4573	40	1	£2,750	£821,727			
				2	£3,000	£1,448,505			
				3	£3,250	£2,070,918			
				4	£3,500	£2,693,331			
				5	£3,750	£3,315,744			
				6	£4,000	£3,938,157			
				7	£4,250	£4,560,571			
				Residual Land Value (£/Ha)					
				1	£2,750	£398,897			
				2	£3,000	£703,158			
				3	£3,250	£1,005,300			
				4	£3,500	£1,307,442			
				5	£3,750	£1,609,585			
				6	£4,000	£1,911,727			
7	£4,250	£2,213,869							
Mixed 50 20% AH	Greenfield	3774	40	1	£2,750	£535,637			
				2	£3,000	£1,104,578			
				3	£3,250	£1,654,245			
				4	£3,500	£2,216,771			
				5	£3,750	£2,776,725			
				6	£4,000	£3,334,107			
				7	£4,250	£3,892,747			
				Residual Land Value (£/Ha)					
				1	£2,750	£260,018			
				2	£3,000	£536,203			
				3	£3,250	£803,032			
				4	£3,500	£1,076,102			
				5	£3,750	£1,347,925			
				6	£4,000	£1,618,498			
7	£4,250	£1,889,683							
Mixed 50 30% AH	Greenfield	3345	40	1	£2,750	£375,787			
				2	£3,000	£923,143			
				3	£3,250	£1,435,211			
				4	£3,500	£1,965,581			
				5	£3,750	£2,491,999			
				6	£4,000	£3,014,465			
				7	£4,250	£3,538,723			
				Residual Land Value (£/Ha)					
				1	£2,750	£182,421			
				2	£3,000	£448,128			
				3	£3,250	£696,704			
				4	£3,500	£954,166			
				5	£3,750	£1,209,708			
				6	£4,000	£1,463,332			
7	£4,250	£1,717,827							
Mixed 50 40% AH	Greenfield	2916	40	1	£2,750	£215,937			
				2	£3,000	£737,399			
				3	£3,250	£1,216,177			
				4	£3,500	£1,714,392			
				5	£3,750	£2,207,274			
				6	£4,000	£2,694,823			
				7	£4,250	£3,184,699			
				Residual Land Value (£/Ha)					
				1	£2,750	£104,824			
				2	£3,000	£357,961			
				3	£3,250	£590,377			
				4	£3,500	£832,229			
				5	£3,750	£1,071,492			
				6	£4,000	£1,308,167			
7	£4,250	£1,545,971							

Key:

	RLV beneath Viability Test 1 (RLV <£370,000/ha)
	RLV exceeding Viability Test 1 (RLV £370,000/ha)
	RLV exceeding Viability Test 2 (RLV £500,000/ha)
	RLV exceeding Viability Test 3 (RLV >£1,250,000/ha)
	RLV exceeding Viability Test 4 (RLV >£1,750,000/ha)
	RLV exceeding Viability Test 5 (RLV >£2,500,000/ha)

**Table 1i: Residual Land Value Results by AH % & Value Level
- 50 Unit Scheme - Flats (Undercroft Parking)**

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value			
Flats 50 0% AH	Greenfield	3100	100	1	£2,750	Negative RLV			
				2	£3,000	£396,968			
				3	£3,250	£845,848			
				4	£3,500	£1,272,757			
				5	£3,750	£1,694,685			
				6	£4,000	£2,116,614			
				7	£4,250	£2,538,543			
				Residual Land Value (£/Ha)					
				1	£2,750	Negative RLV			
				2	£3,000	£793,936			
				3	£3,250	£1,691,697			
				4	£3,500	£2,545,513			
				5	£3,750	£3,389,371			
				6	£4,000	£4,233,229			
7	£4,250	£5,077,086							
Flats 50 20% AH	Greenfield	2520	100	1	£2,750	Negative RLV			
				2	£3,000	£83,158			
				3	£3,250	£493,137			
				4	£3,500	£890,469			
				5	£3,750	£1,270,732			
				6	£4,000	£1,645,455			
				7	£4,250	£2,025,970			
				Residual Land Value (£/Ha)					
				1	£2,750	Negative RLV			
				2	£3,000	£166,315			
				3	£3,250	£986,274			
				4	£3,500	£1,780,938			
				5	£3,750	£2,541,464			
				6	£4,000	£3,290,909			
7	£4,250	£4,051,941							
Flats 50 30% AH	Greenfield	2210	100	1	£2,750	Negative RLV			
				2	£3,000				
				3	£3,250	£294,062			
				4	£3,500	£681,672			
				5	£3,750	£1,044,137			
				6	£4,000	£1,393,628			
				7	£4,250	£1,753,660			
				Residual Land Value (£/Ha)					
				1	£2,750	Negative RLV			
				2	£3,000				
				3	£3,250	£588,124			
				4	£3,500	£1,363,344			
				5	£3,750	£2,088,273			
				6	£4,000	£2,787,256			
7	£4,250	£3,507,320							
Flats 50 40% AH	Greenfield	1920	100	1	£2,750	Negative RLV			
				2	£3,000				
				3	£3,250	£107,830			
				4	£3,500	£478,226			
				5	£3,750	£826,458			
				6	£4,000	£1,158,048			
				7	£4,250	£1,497,373			
				Residual Land Value (£/Ha)					
				1	£2,750	Negative RLV			
				2	£3,000				
				3	£3,250	£215,661			
				4	£3,500	£956,452			
				5	£3,750	£1,652,916			
				6	£4,000	£2,316,096			
7	£4,250	£2,994,747							

Key:

	RLV beneath Viability Test 1 (RLV <£370,000/ha)
	RLV exceeding Viability Test 1 (RLV £370,000/ha)
	RLV exceeding Viability Test 2 (RLV £500,000/ha)
	RLV exceeding Viability Test 3 (RLV >£1,250,000/ha)
	RLV exceeding Viability Test 4 (RLV >£1,750,000/ha)
	RLV exceeding Viability Test 5 (RLV >£2,500,000/ha)

**Table 1j: Residual Land Value Results by AH % & Value Level
- 100 Unit Scheme - Mixed (25% Townhouses 75% Flats)**

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value			
Mixed 100 0% AH	PDL	7153	75	1	£2,750	£390,505			
				2	£3,000	£1,607,567			
				3	£3,250	£2,824,630			
				4	£3,500	£4,041,693			
				5	£3,750	£5,258,756			
				6	£4,000	£6,475,819			
				7	£4,250	£7,692,882			
				Residual Land Value (£/Ha)					
				1	£2,750	£293,612			
				2	£3,000	£1,208,697			
				3	£3,250	£2,123,782			
				4	£3,500	£3,038,867			
				5	£3,750	£3,953,952			
				6	£4,000	£4,869,037			
7	£4,250	£5,784,122							
Mixed 100 20% AH	PDL	5606	75	1	£2,750	Negative RLV			
				2	£3,000	£781,392			
				3	£3,250	£1,832,341			
				4	£3,500	£2,917,968			
				5	£3,750	£3,996,659			
				6	£4,000	£5,068,415			
				7	£4,250	£6,133,235			
				Residual Land Value (£/Ha)					
				1	£2,750	Negative RLV			
				2	£3,000	£587,513			
				3	£3,250	£1,377,700			
				4	£3,500	£2,193,961			
				5	£3,750	£3,005,007			
				6	£4,000	£3,810,839			
7	£4,250	£4,611,455							
Mixed 100 30% AH	PDL	4748	75	1	£2,750	Negative RLV			
				2	£3,000	£480,667			
				3	£3,250	£1,439,485			
				4	£3,500	£2,452,215			
				5	£3,750	£3,454,164			
				6	£4,000	£4,445,329			
				7	£4,250	£5,425,712			
				Residual Land Value (£/Ha)					
				1	£2,750	Negative RLV			
				2	£3,000	£361,404			
				3	£3,250	£1,082,319			
				4	£3,500	£1,843,771			
				5	£3,750	£2,597,116			
				6	£4,000	£3,342,352			
7	£4,250	£4,079,483							
Mixed 100 40% AH	PDL	3890	75	1	£2,750	Negative RLV			
				2	£3,000				
				3	£3,250				
				4	£3,500		£100,063		
				5	£3,750		£928,183		
				6	£4,000		£1,747,066		
				7	£4,250		£2,556,714		
				Residual Land Value (£/Ha)					
				1	£2,750	Negative RLV			
				2	£3,000				
				3	£3,250				
				4	£3,500		£75,236		
				5	£3,750		£697,882		
				6	£4,000		£1,313,584		
7	£4,250	£1,922,341							

Key:		RLV beneath Viability Test 1 (RLV <£370,000/ha)
		RLV exceeding Viability Test 1 (RLV £370,000/ha)
		RLV exceeding Viability Test 2 (RLV £500,000/ha)
		RLV exceeding Viability Test 3 (RLV >£1,250,000/ha)
		RLV exceeding Viability Test 4 (RLV >£1,750,000/ha)
		RLV exceeding Viability Test 5 (RLV >£2,500,000/ha)

**Table 1k: Residual Land Value Results by AH % & Value Level
- 100 Unit Scheme - Mixed 20% Starter Homes**

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value			
Mixed 100 0% AH	Greenfield / PDL	9185	40	1	£2,750	£2,225,872			
				2	£3,000	£3,788,674			
				3	£3,250	£5,351,476			
				4	£3,500	£6,914,278			
				5	£3,750	£8,477,080			
				6	£4,000	£10,039,881			
				7	£4,250	£10,039,881			
				Residual Land Value (£/Ha)					
				1	£2,750	£662,462			
				2	£3,000	£1,127,581			
				3	£3,250	£1,592,701			
				4	£3,500	£2,057,821			
				5	£3,750	£2,522,940			
				6	£4,000	£2,988,060			
7	£4,250	£2,988,060							
Mixed 100 20% AH	Greenfield / PDL	7985	40	1	£2,750	£1,776,684			
				2	£3,000	£3,298,650			
				3	£3,250	£4,820,617			
				4	£3,500	£6,342,583			
				5	£3,750	£7,864,550			
				6	£4,000	£9,386,516			
				7	£4,250	£10,908,483			
				Residual Land Value (£/Ha)					
				1	£2,750	£528,775			
				2	£3,000	£981,741			
				3	£3,250	£1,434,707			
				4	£3,500	£1,887,674			
				5	£3,750	£2,340,640			
				6	£4,000	£2,793,606			
7	£4,250	£3,246,572							
Mixed 100 30% AH	Greenfield / PDL	7087	40	1	£2,750	£1,482,790			
				2	£3,000	£2,916,382			
				3	£3,250	£4,341,923			
				4	£3,500	£5,787,595			
				5	£3,750	£7,229,240			
				6	£4,000	£8,666,859			
				7	£4,250	£10,100,452			
				Residual Land Value (£/Ha)					
				1	£2,750	£441,307			
				2	£3,000	£867,971			
				3	£3,250	£1,292,239			
				4	£3,500	£1,722,498			
				5	£3,750	£2,151,559			
				6	£4,000	£2,579,422			
7	£4,250	£3,006,087							
Mixed 100 40% AH	Greenfield / PDL	6150	40	1	£2,750	£1,191,293			
				2	£3,000	£2,532,674			
				3	£3,250	£3,857,601			
				4	£3,500	£5,223,665			
				5	£3,750	£6,581,500			
				6	£4,000	£7,931,108			
				7	£4,250	£9,272,489			
				Residual Land Value (£/Ha)					
				1	£2,750	£354,552			
				2	£3,000	£753,772			
				3	£3,250	£1,148,096			
				4	£3,500	£1,554,662			
				5	£3,750	£1,958,780			
				6	£4,000	£2,360,449			
7	£4,250	£2,759,669							

Key:		RLV beneath Viability Test 1 (RLV <£370,000/ha)
		RLV exceeding Viability Test 1 (RLV £370,000/ha)
		RLV exceeding Viability Test 2 (RLV £500,000/ha)
		RLV exceeding Viability Test 3 (RLV >£1,250,000/ha)
		RLV exceeding Viability Test 4 (RLV >£1,750,000/ha)
		RLV exceeding Viability Test 5 (RLV >£2,500,000/ha)

**Table 1l: Residual Land Value Results by AH % & Value Level
- 300 Unit Scheme - Mixed**

Development Scenario	Typical Site Type	Market Floor Area	Site Density (dph)	Value Level	Value £/m ²	Residual Land Value			
Mixed 300 0% AH	Greenfield	27555	30	1	£2,750	£3,212,037			
				2	£3,000	£7,504,383			
				3	£3,250	£11,796,729			
				4	£3,500	£16,089,076			
				5	£3,750	£20,381,422			
				6	£4,000	£24,673,769			
				7	£4,250	£28,966,116			
				Residual Land Value (£/Ha)					
				1	£2,750	£248,995			
				2	£3,000	£581,735			
				3	£3,250	£914,475			
				4	£3,500	£1,247,215			
				5	£3,750	£1,579,955			
				6	£4,000	£1,912,695			
				7	£4,250	£2,245,435			
Mixed 300 20% AH	Greenfield	22914	30	1	£2,750	£2,263,705			
				2	£3,000	£6,156,707			
				3	£3,250	£10,009,258			
				4	£3,500	£13,962,934			
				5	£3,750	£17,896,386			
				6	£4,000	£21,809,612			
				7	£4,250	£25,702,614			
				Residual Land Value (£/Ha)					
				1	£2,750	£175,481			
				2	£3,000	£477,264			
				3	£3,250	£775,911			
				4	£3,500	£1,082,398			
				5	£3,750	£1,387,317			
				6	£4,000	£1,690,668			
				7	£4,250	£1,992,451			
Mixed 300 30% AH	Greenfield	20340	30	1	£2,750	£1,837,260			
				2	£3,000	£5,508,776			
				3	£3,250	£9,117,407			
				4	£3,500	£12,883,250			
				5	£3,750	£16,617,650			
				6	£4,000	£20,320,609			
				7	£4,250	£23,992,125			
				Residual Land Value (£/Ha)					
				1	£2,750	£142,423			
				2	£3,000	£427,037			
				3	£3,250	£706,776			
				4	£3,500	£998,702			
				5	£3,750	£1,288,190			
				6	£4,000	£1,575,241			
				7	£4,250	£1,859,855			
Mixed 300 40% AH	Greenfield	17766	30	1	£2,750	Negative RLV			
				2	£3,000	£4,797,276			
				3	£3,250	£8,161,986			
				4	£3,500	£11,739,996			
				5	£3,750	£15,275,345			
				6	£4,000	£18,768,035			
				7	£4,250	£22,218,066			
				Residual Land Value (£/Ha)					
				1	£2,750	Negative RLV			
				2	£3,000	£371,882			
				3	£3,250	£632,712			
				4	£3,500	£910,077			
				5	£3,750	£1,184,135			
				6	£4,000	£1,454,886			
				7	£4,250	£1,722,331			

Key:		RLV beneath Viability Test 1 (RLV <£370,000/ha)
		RLV exceeding Viability Test 1 (RLV £370,000/ha)
		RLV exceeding Viability Test 2 (RLV £500,000/ha)
		RLV exceeding Viability Test 3 (RLV >£1,250,000/ha)
		RLV exceeding Viability Test 4 (RLV >£1,750,000/ha)
		RLV exceeding Viability Test 5 (RLV >£2,500,000/ha)

**Table 1m: Residual Land Value Results by AH % & Value Level
- 50 Unit Scheme - Mixed - M4 Access Sensitivity Testing**

Development Scenario 50 Mixed
 CIL Rate £135,.61 per sq.m.
 Site Type GF
 Site Density 40 dph
 4573 0% AH
 3774 20% AH
 Market Floor Area 3345 30% AH
 2916 40% AH

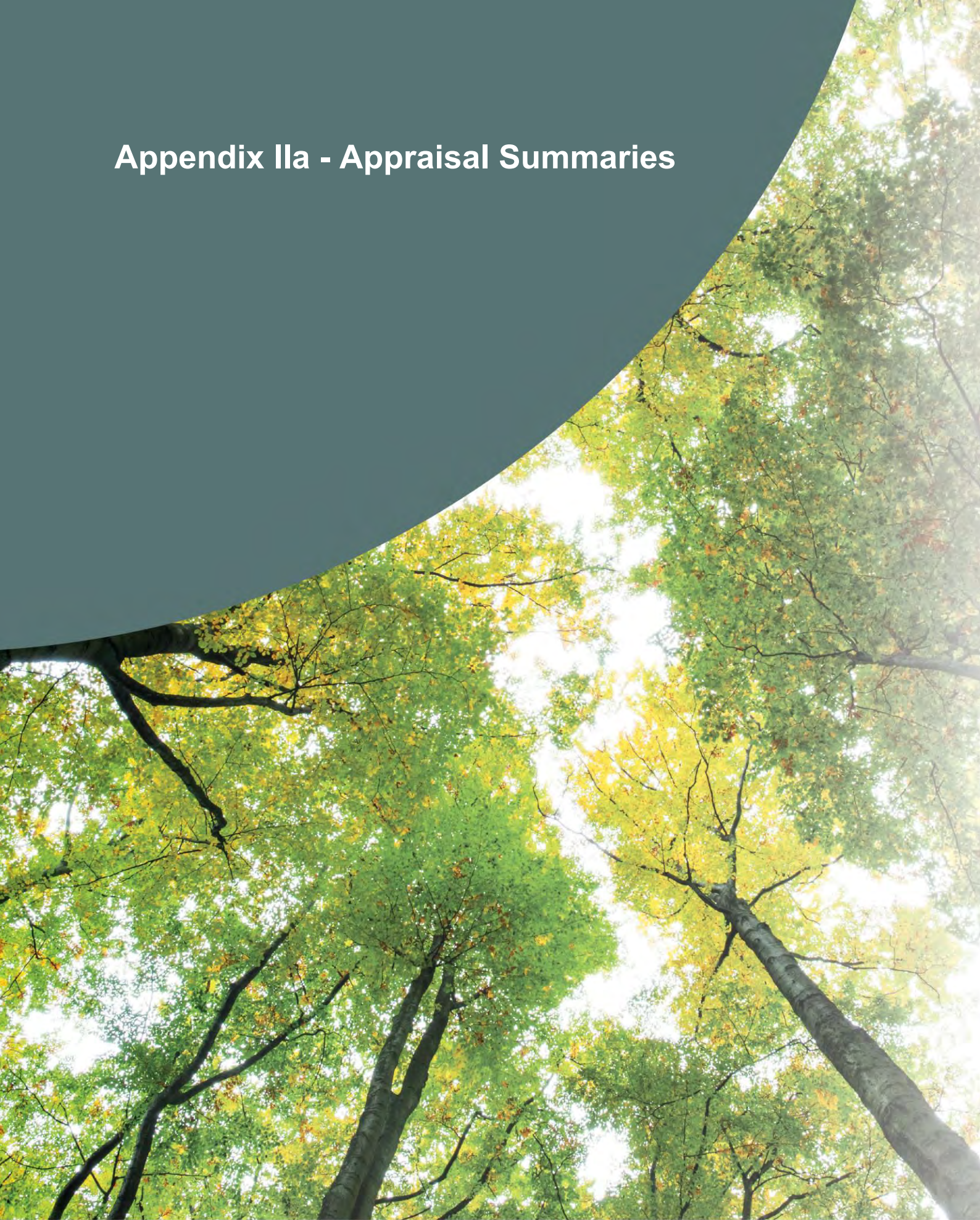
		Residual Land Value																
AH % & Value Level	Value £/m ²	M4 (2) 10%	M4 (2) 20%	M4 (2) 50%	M4 (2) 70%	M4 (2) 100%	M4 (3) 5%	M4 (3) 10%	M4 (3) 20%	M4 (3) 5% M4(2) 10%	M4 (3) 5% M4 (2) 20%	M4 (3) 5% M4 (2) 50%	M4 (3) 10% M4(2) 10%	M4 (3) 10% M4 (2) 20%	M4 (3) 10% M4 (2) 50%	M4 (3) 20% M4(2) 10%	M4 (3) 20% M4 (2) 20%	M4 (3) 20% M4 (2) 50%
0% AH @ VL3	£3,250	£2,062,360	£2,053,802	£2,028,129	£2,011,013	£1,985,340	£2,025,193	£1,979,468	£1,888,018	£2,016,635	£2,008,077	£1,982,404	£1,970,910	£1,962,352	£1,936,679	£1,879,460	£1,870,902	£1,845,229
20% AH @ VL3	£3,250	£1,645,688	£1,637,130	£1,611,456	£1,594,341	£1,568,667	£1,608,520	£1,562,795	£1,471,345	£1,599,963	£1,591,405	£1,565,731	£1,554,237	£1,545,680	£1,520,006	£1,462,787	£1,454,229	£1,428,556
30% AH @ VL3	£3,250	£1,426,653	£1,418,095	£1,392,422	£1,375,306	£1,349,633	£1,389,486	£1,343,761	£1,252,311	£1,380,928	£1,372,370	£1,346,697	£1,335,203	£1,326,645	£1,300,972	£1,243,753	£1,235,195	£1,209,522
40% AH @ VL3	£3,250	£1,207,619	£1,199,061	£1,173,388	£1,156,272	£1,130,598	£1,170,452	£1,124,727	£1,033,276	£1,161,894	£1,153,336	£1,127,662	£1,116,169	£1,107,611	£1,081,937	£1,024,719	£1,016,161	£990,487
		Residual Land Value (£ / ha)																
0% AH @ VL3	£3,250	£1,001,146	£996,991	£984,529	£976,220	£963,757	£983,103	£960,907	£916,513	£978,949	£974,795	£962,332	£956,752	£952,598	£940,135	£912,359	£908,205	£895,742
20% AH @ VL3	£3,250	£798,877	£794,723	£782,260	£773,952	£761,489	£780,835	£758,638	£714,245	£776,681	£772,527	£760,064	£754,484	£750,330	£737,867	£710,091	£705,937	£693,474
30% AH @ VL3	£3,250	£692,550	£688,396	£675,933	£667,624	£655,162	£674,508	£652,311	£607,918	£670,353	£666,199	£653,736	£648,157	£644,003	£631,540	£603,764	£599,609	£587,146
40% AH @ VL3	£3,250	£586,223	£582,068	£569,606	£561,297	£548,834	£568,180	£545,984	£501,590	£564,026	£559,872	£547,409	£541,829	£537,675	£525,212	£497,436	£493,282	£480,819

Key:

	RLV beneath Viability Test 1 (RLV <£370,000/ha)
	RLV exceeding Viability Test 1 (RLV £370,000/ha)
	RLV exceeding Viability Test 2 (RLV £500,000/ha)
	RLV exceeding Viability Test 3 (RLV >£1,250,000/ha)
	RLV exceeding Viability Test 4 (RLV >£1,750,000/ha)
	RLV exceeding Viability Test 5 (RLV >£2,500,000/ha)

Source: Dixon Searle Partnership (2017)

Appendix IIa - Appraisal Summaries



Net RLV: £122,305

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential				
DEVELOPMENT DESCRIPTION	5 Flats Town Centre Conversion 0%AH VL3				
DEVELOPMENT SIZE (TOTAL m²) - GIA	310				
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH	
	5	5	0	0%	
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2
	100%	0%	0%	0%	0%
SITE SIZE (HA)	0.10				
VALUE / AREA	3				
REVENUE					
Affordable Housing Revenue	£0				
Open Market Housing Revenue	£1,007,500				
<u>Total Value of Scheme</u>	£1,007,500				
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>					
Build Costs	£435,181				
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.	£118,240				
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.	£880				
<u>Total Build Costs</u>	£554,301				
Section 106 / CIL Costs	£57,039				
Marketing Costs & Legal Fees	£33,975				
<u>Total s106 & Marketing Costs</u>	£91,014				
<u>Finance on Build Costs</u>	£9,680				
<u>TOTAL DEVELOPMENT COSTS</u>	£654,995				
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>					
Open Market Housing Profit	£201,500				
Affordable Housing Profit	£0				
<u>Total Operating Profit</u>	£201,500				
<u>GROSS RESIDUAL LAND VALUE</u>	£151,005				
<u>FINANCE & ACQUISITION COSTS</u>					
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.	£28,700				
<u>Total Finance & Acquisition Costs</u>	£28,700				
<u>NET RESIDUAL LAND VALUE</u>	<u>£122,305</u> (ignores finance & acquisition)				

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	5 Flats Town Centre Conversion @ 20% AH VL3					
DEVELOPMENT SIZE (TOTAL m²) - GIA	310					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	5	4	1	20%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	80%	0%	20%	0%	0%	
SITE SIZE (HA)				0.10		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£84,500		
Open Market Housing Revenue				£845,000		
<u>Total Value of Scheme</u>				£929,500		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£435,181		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£118,240		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£880		
<u>Total Build Costs</u>				£554,301		
Section 106 / CIL Costs				£50,259		
Marketing Costs & Legal Fees				£31,635		
<u>Total s106 & Marketing Costs</u>				£81,894		
<u>Finance on Build Costs</u>				£9,543		
<u>TOTAL DEVELOPMENT COSTS</u>				£645,737		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£169,000		
Affordable Housing Profit				£5,070		
<u>Total Operating Profit</u>				£174,070		
<u>GROSS RESIDUAL LAND VALUE</u>				£109,693		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£24,050		
<u>Total Finance & Acquisition Costs</u>				£24,050		
<u>NET RESIDUAL LAND VALUE</u>				£85,643	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	5 Houses @ 0% AH VL3					
DEVELOPMENT SIZE (TOTAL m²) - GIA	509					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	5	5	0	0%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	100%	0%	0%	0%	0%	
SITE SIZE (HA)				0.17		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£0		
Open Market Housing Revenue				£1,654,250		
<u>Total Value of Scheme</u>				£1,654,250		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£729,561		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£146,525		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£880		
<u>Total Build Costs</u>				£876,966		
Section 106 / CIL Costs				£84,025		
Marketing Costs & Legal Fees				£53,378		
<u>Total s106 & Marketing Costs</u>				£137,403		
<u>Finance on Build Costs</u>				£15,216		
<u>TOTAL DEVELOPMENT COSTS</u>				£1,029,585		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£330,850		
Affordable Housing Profit				£0		
<u>Total Operating Profit</u>				£330,850		
<u>GROSS RESIDUAL LAND VALUE</u>				£293,815		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty and Interest on Land Purchase Price				£54,551		
<u>Total Finance & Acquisition Costs</u>				£54,551		
<u>NET RESIDUAL LAND VALUE</u>				<u>£239,264</u>	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	5 Houses @ 20% AH VL3					
DEVELOPMENT SIZE (TOTAL m²) - GIA	509					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	5	4	1	20%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	80%	0%	20%	0%	0%	
SITE SIZE (HA)				0.17		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£133,510		
Open Market Housing Revenue				£1,397,500		
<u>Total Value of Scheme</u>				£1,531,010		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£729,561		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£146,525		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£880		
<u>Total Build Costs</u>				£876,966		
Section 106 / CIL Costs				£73,312		
Marketing Costs & Legal Fees				£49,680		
<u>Total s106 & Marketing Costs</u>				£122,993		
<u>Finance on Build Costs</u>				£14,999		
<u>TOTAL DEVELOPMENT COSTS</u>				£1,014,958		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£279,500		
Affordable Housing Profit				£8,011		
<u>Total Operating Profit</u>				£287,511		
<u>GROSS RESIDUAL LAND VALUE</u>				£228,541		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£45,298		
<u>Total Finance & Acquisition Costs</u>				£45,298		
<u>NET RESIDUAL LAND VALUE</u>				<u>£183,244</u>	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	10 Houses @ 0% AH VL3					
DEVELOPMENT SIZE (TOTAL m²) - GIA	997					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	10	10	0	0%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	100%	0%	0%	0%	0%	
SITE SIZE (HA)				0.33		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£0		
Open Market Housing Revenue				£3,240,250		
<u>Total Value of Scheme</u>				£3,240,250		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£1,429,022		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£287,934		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£1,760		
<u>Total Build Costs</u>				£1,718,716		
Section 106 / CIL Costs				£165,203		
Marketing Costs & Legal Fees				£104,708		
<u>Total s106 & Marketing Costs</u>				£269,911		
<u>Finance on Build Costs</u>				£29,829		
<u>TOTAL DEVELOPMENT COSTS</u>				£2,018,456		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£648,050		
Affordable Housing Profit				£0		
<u>Total Operating Profit</u>				£648,050		
<u>GROSS RESIDUAL LAND VALUE</u>				£573,744		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£116,790		
<u>Total Finance & Acquisition Costs</u>				£116,790		
<u>NET RESIDUAL LAND VALUE</u>				£456,955	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	10 Houses @ 20% AH VL3					
DEVELOPMENT SIZE (TOTAL m²) - GIA	990					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	10	8	2	20%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	80%	0%	20%	0%	0%	
SITE SIZE (HA)				0.33		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£302,510		
Open Market Housing Revenue				£2,658,500		
<u>Total Value of Scheme</u>				£2,961,010		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£1,418,989		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£286,228		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£1,760		
<u>Total Build Costs</u>				£1,706,977		
Section 106 / CIL Costs				£140,929		
Marketing Costs & Legal Fees				£96,330		
<u>Total s106 & Marketing Costs</u>				£237,259		
<u>Finance on Build Costs</u>				£29,164		
<u>TOTAL DEVELOPMENT COSTS</u>				£1,973,400		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£531,700		
Affordable Housing Profit				£18,151		
<u>Total Operating Profit</u>				£549,851		
<u>GROSS RESIDUAL LAND VALUE</u>				£437,760		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase				£95,784		
<u>Total Finance & Acquisition Costs</u>				£95,784		
<u>NET RESIDUAL LAND VALUE</u>				£341,976	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	11 Houses @ 30% AH VL3					
DEVELOPMENT SIZE (TOTAL m²) - GIA	1,090					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	11	8	3	27%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	73%	0%	27%	0%	0%	
SITE SIZE (HA)				0.37		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£436,020		
Open Market Housing Revenue				£2,726,750		
<u>Total Value of Scheme</u>				£3,162,770		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£1,370,457		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£282,478		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£1,936		
<u>Total Build Costs</u>				£1,654,871		
Section 106 / CIL Costs				£146,777		
Marketing Costs & Legal Fees				£103,133		
<u>Total s106 & Marketing Costs</u>				£249,910		
<u>Finance on Build Costs</u>				£42,858		
<u>TOTAL DEVELOPMENT COSTS</u>				£1,947,638		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£545,350		
Affordable Housing Profit				£26,161		
<u>Total Operating Profit</u>				£571,511		
<u>GROSS RESIDUAL LAND VALUE</u>				£643,621		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£136,476		
<u>Total Finance & Acquisition Costs</u>				£136,476		
<u>NET RESIDUAL LAND VALUE</u>				£507,145 (ignores finance & acquisition)		

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	15 Houses @ 30% AH VL3					
DEVELOPMENT SIZE (TOTAL m²) - GIA	1,423					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	15	10	5	33%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	67%	0%	33%	0%	0%	
SITE SIZE (HA)				0.50		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£824,720		
Open Market Housing Revenue				£3,142,750		
<u>Total Value of Scheme</u>				£3,967,470		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£1,789,138		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£371,653		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£2,640		
<u>Total Build Costs</u>				£2,163,431		
Section 106 / CIL Costs				£176,135		
Marketing Costs & Legal Fees				£130,274		
<u>Total s106 & Marketing Costs</u>				£306,409		
<u>Finance on Build Costs</u>				£55,571		
<u>TOTAL DEVELOPMENT COSTS</u>				£2,525,412		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£628,550		
Affordable Housing Profit				£49,483		
<u>Total Operating Profit</u>				£678,033		
<u>GROSS RESIDUAL LAND VALUE</u>				£764,025		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£168,606		
<u>Total Finance & Acquisition Costs</u>				£168,606		
<u>NET RESIDUAL LAND VALUE</u>				<u>£595,419</u>	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	25 Flats GF Retail with Undercroft Parking @ 0% AH VL3					
DEVELOPMENT SIZE (TOTAL m²) - GIA	1,550					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	25	100	0	0%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	400%	0%	0%	0%	0%	
SITE SIZE (HA)				0.25		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£0		
Open Market Housing Revenue				£5,151,136		
Commercial Revenue				£756,501		
<u>Total Value of Scheme</u>				£5,907,637		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£3,113,535		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£593,916		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£4,400		
<u>Total Build Costs</u>				£3,711,851		
Section 106 / CIL Costs				£322,289		
Marketing Costs & Legal Fees				£169,875		
<u>Total s106 & Marketing Costs</u>				£492,164		
<u>TOTAL DEVELOPMENT COSTS</u>				£4,204,015		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£1,007,500		
Affordable Housing Profit				£0		
Commercial Profit				£151,300		
<u>Total Operating Profit</u>				£1,158,800		
<u>GROSS RESIDUAL LAND VALUE</u>				£544,822		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£198,307		
<u>Total Finance & Acquisition Costs</u>				£198,307		
<u>NET RESIDUAL LAND VALUE</u>				<u>£346,515</u>	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	25 Flats GF Retail with Undercroft Parking @ 0% AH VL4					
DEVELOPMENT SIZE (TOTAL m²) - GIA	1,550					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	25	100	0	0%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	400%	0%	0%	0%	0%	
SITE SIZE (HA)				0.25		
VALUE / AREA				4		
<u>REVENUE</u>						
Affordable Housing Revenue				£0		
Open Market Housing Revenue				£5,538,636		
Commercial Revenue				£756,501		
<u>Total Value of Scheme</u>				£6,295,137		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£3,113,535		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£593,916		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£4,400		
<u>Total Build Costs</u>				£3,711,851		
Section 106 / CIL Costs				£322,289		
Marketing Costs & Legal Fees				£181,500		
<u>Total s106 & Marketing Costs</u>				£503,789		
<u>TOTAL DEVELOPMENT COSTS</u>				£4,215,640		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£1,085,000		
Affordable Housing Profit				£0		
Commercial Profit				£151,300		
<u>Total Operating Profit</u>				£1,236,300		
<u>GROSS RESIDUAL LAND VALUE</u>				£843,197		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£227,246		
<u>Total Finance & Acquisition Costs</u>				£227,246		
<u>NET RESIDUAL LAND VALUE</u>				<u>£615,951</u>	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	25 Flats GF Retail with Undercroft Parking @ 20% AH VL3					
DEVELOPMENT SIZE (TOTAL m²) - GIA	1,550					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	25	25	5	20%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	80%	0%	65%	35%	0%	
SITE SIZE (HA)				0.25		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£490,100		
Open Market Housing Revenue				£4,185,909		
Commercial Revenue				£756,501		
<u>Total Value of Scheme</u>				£5,432,510		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£3,113,535		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£593,916		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£4,400		
<u>Total Build Costs</u>				£3,711,851		
Section 106 / CIL Costs				£261,022		
Marketing Costs & Legal Fees				£137,850		
<u>Total s106 & Marketing Costs</u>				£398,872		
<u>TOTAL DEVELOPMENT COSTS</u>				£4,110,723		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£819,000		
Affordable Housing Profit				£28,530		
Commercial Profit				£151,300		
<u>Total Operating Profit</u>				£998,830		
<u>GROSS RESIDUAL LAND VALUE</u>				£322,957		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£149,935		
<u>Total Finance & Acquisition Costs</u>				£149,935		
<u>NET RESIDUAL LAND VALUE</u>				<u>£173,022</u> (ignores finance & acquisition)		

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	25 Flats GF Retail with Undercroft Parking @ 20% AH VL4					
DEVELOPMENT SIZE (TOTAL m²) - GIA	1,550					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	25	25	5	20%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	80%	0%	65%	35%	0%	
SITE SIZE (HA)				0.25		
VALUE / AREA				4		
<u>REVENUE</u>						
Affordable Housing Revenue				£517,650		
Open Market Housing Revenue				£4,500,909		
Commercial Revenue				£756,501		
<u>Total Value of Scheme</u>				£5,775,060		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£3,113,535		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£593,916		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£4,400		
<u>Total Build Costs</u>				£3,711,851		
Section 106 / CIL Costs				£261,022		
Marketing Costs & Legal Fees				£147,300		
<u>Total s106 & Marketing Costs</u>				£408,322		
<u>TOTAL DEVELOPMENT COSTS</u>				£4,120,173		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£882,000		
Affordable Housing Profit				£28,530		
Commercial Profit				£151,300		
<u>Total Operating Profit</u>				£1,061,830		
<u>GROSS RESIDUAL LAND VALUE</u>				£593,057		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£175,586		
<u>Total Finance & Acquisition Costs</u>				£175,586		
<u>NET RESIDUAL LAND VALUE</u>				<u>£417,471</u> (ignores finance & acquisition)		

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	30 Flats (Sheltered) @ 0% AH VL7					
DEVELOPMENT SIZE (TOTAL m²) - GIA	1,810					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	30	30	0	0%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	100%	0%	0%	0%	0%	
SITE SIZE (HA)				0.24		
VALUE / AREA				7		
<u>REVENUE</u>						
Affordable Housing Revenue				£0		
Open Market Housing Revenue				£7,828,864		
<u>Total Value of Scheme</u>				£7,828,864		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£4,083,541		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs, voids etc.				£665,580		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£5,280		
<u>Total Build Costs</u>				£4,754,401		
Section 106 / CIL Costs				£417,272		
Marketing Costs & Legal Fees				£253,275		
<u>Total s106 & Marketing Costs</u>				£670,547		
<u>TOTAL DEVELOPMENT COSTS</u>				£5,424,948		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£1,538,500		
Affordable Housing Profit				£0		
<u>Total Operating Profit</u>				£1,538,500		
<u>GROSS RESIDUAL LAND VALUE</u>				£865,416		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interst on Land Purchase etc.				£82,033		
<u>Total Finance & Acquisition Costs</u>				£82,033		
<u>NET RESIDUAL LAND VALUE</u>				£783,383 (ignores finance & acquisition)		

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	30 Flats (Sheltered) @ 20% AH VL7					
DEVELOPMENT SIZE (TOTAL m²) - GIA	1,780					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	30	24	6	20%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	80%	0%	65%	35%	0%	
SITE SIZE (HA)				0.24		
VALUE / AREA				7		
<u>REVENUE</u>						
Affordable Housing Revenue				£754,800		
Open Market Housing Revenue				£6,229,091		
<u>Total Value of Scheme</u>				£6,983,891		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£4,015,858		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs, voids etc.				£657,780		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£5,280		
<u>Total Build Costs</u>				£4,678,918		
Section 106 / CIL Costs				£332,371		
Marketing Costs & Legal Fees				£201,600		
<u>Total s106 & Marketing Costs</u>				£533,971		
<u>TOTAL DEVELOPMENT COSTS</u>				£5,212,889		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£1,224,000		
Affordable Housing Profit				£43,833		
<u>Total Operating Profit</u>				£1,267,833		
<u>GROSS RESIDUAL LAND VALUE</u>				£503,169		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interst on Land Purchase etc.				£60,250		
<u>Total Finance & Acquisition Costs</u>				£60,250		
<u>NET RESIDUAL LAND VALUE</u>				<u>£442,919</u> (ignores finance & acquisition)		

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	50 Flats (Undercroft Parking) @ 0% AH VL3					
DEVELOPMENT SIZE (TOTAL m²) - GIA	3,100					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	50	50	0	0%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	100%	0%	0%	0%	0%	
SITE SIZE (HA)				1.23		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£0		
Open Market Housing Revenue				£10,075,000		
<u>Total Value of Scheme</u>				£10,075,000		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£4,320,470		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£959,480		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£300,140		
<u>Total Build Costs</u>				£5,580,090		
Section 106 / CIL Costs				£570,391		
Marketing Costs & Legal Fees				£339,750		
<u>Total s106 & Marketing Costs</u>				£910,141		
<u>Finance on Build Costs</u>				£292,060		
<u>TOTAL DEVELOPMENT COSTS</u>				£6,782,291		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£2,015,000		
Affordable Housing Profit				£0		
<u>Total Operating Profit</u>				£2,015,000		
<u>GROSS RESIDUAL LAND VALUE</u>				£1,277,709		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£431,861		
<u>Total Finance & Acquisition Costs</u>				£431,861		
<u>NET RESIDUAL LAND VALUE</u>				£845,848	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	50 Flats (Undercroft Parking) @ 0% AH VL4					
DEVELOPMENT SIZE (TOTAL m²) - GIA	3,100					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	50	50	0	0%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	100%	0%	0%	0%	0%	
SITE SIZE (HA)				1.23		
VALUE / AREA				4		
<u>REVENUE</u>						
Affordable Housing Revenue				£0		
Open Market Housing Revenue				£10,850,000		
<u>Total Value of Scheme</u>				£10,850,000		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£4,320,470		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£959,480		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£300,140		
<u>Total Build Costs</u>				£5,580,090		
Section 106 / CIL Costs				£570,391		
Marketing Costs & Legal Fees				£363,000		
<u>Total s106 & Marketing Costs</u>				£933,391		
<u>Finance on Build Costs</u>				£293,107		
<u>TOTAL DEVELOPMENT COSTS</u>				£6,806,588		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£2,170,000		
Affordable Housing Profit				£0		
<u>Total Operating Profit</u>				£2,170,000		
<u>GROSS RESIDUAL LAND VALUE</u>				£1,873,412		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£600,656		
<u>Total Finance & Acquisition Costs</u>				£600,656		
<u>NET RESIDUAL LAND VALUE</u>				<u>£1,272,757</u>	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	50 Flats (Undercroft Parking) @ 20% AH VL3					
DEVELOPMENT SIZE (TOTAL m²) - GIA	3,100					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	50	40	10	20%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	80%	0%	20%	0%	0%	
SITE SIZE (HA)				1.23		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£980,200		
Open Market Housing Revenue				£8,190,000		
<u>Total Value of Scheme</u>				£9,170,200		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£4,320,470		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£959,480		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£300,140		
<u>Total Build Costs</u>				£5,580,090		
Section 106 / CIL Costs				£491,737		
Marketing Costs & Legal Fees				£312,606		
<u>Total s106 & Marketing Costs</u>				£804,343		
<u>Finance on Build Costs</u>				£287,299		
<u>TOTAL DEVELOPMENT COSTS</u>				£6,671,733		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£1,638,000		
Affordable Housing Profit				£58,812		
<u>Total Operating Profit</u>				£1,696,812		
<u>GROSS RESIDUAL LAND VALUE</u>				£801,655		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£308,518		
<u>Total Finance & Acquisition Costs</u>				£308,518		
<u>NET RESIDUAL LAND VALUE</u>				<u>£493,137</u>	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	50 Flats (Undercroft Parking) @ 20% AH VL4					
DEVELOPMENT SIZE (TOTAL m²) - GIA	3,100					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	50	40	10	20%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	80%	0%	20%	0%	0%	
SITE SIZE (HA)				1.23		
VALUE / AREA				4		
<u>REVENUE</u>						
Affordable Housing Revenue				£1,035,300		
Open Market Housing Revenue				£8,820,000		
<u>Total Value of Scheme</u>				£9,855,300		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£4,320,470		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£959,480		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£300,140		
<u>Total Build Costs</u>				£5,580,090		
Section 106 / CIL Costs				£491,737		
Marketing Costs & Legal Fees				£333,159		
<u>Total s106 & Marketing Costs</u>				£824,896		
<u>Finance on Build Costs</u>				£288,224		
<u>TOTAL DEVELOPMENT COSTS</u>				£6,693,210		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£1,764,000		
Affordable Housing Profit				£62,118		
<u>Total Operating Profit</u>				£1,826,118		
<u>GROSS RESIDUAL LAND VALUE</u>				£1,335,972		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£445,503		
<u>Total Finance & Acquisition Costs</u>				£445,503		
<u>NET RESIDUAL LAND VALUE</u>				£890,469	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	50 Mixed @ 30% AH VL3					
DEVELOPMENT SIZE (TOTAL m²) - GIA	4,509					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	50	35	15	30%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	70%	0%	30%	0%	0%	
SITE SIZE (HA)				2.06		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£2,075,320		
Open Market Housing Revenue				£10,871,250		
<u>Total Value of Scheme</u>				£12,946,570		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£5,817,963		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£1,214,054		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£64,868		
<u>Total Build Costs</u>				£7,096,884		
Section 106 / CIL Costs				£603,615		
Marketing Costs & Legal Fees				£425,897		
<u>Total s106 & Marketing Costs</u>				£1,029,513		
<u>Finance on Build Costs</u>				£365,688		
<u>TOTAL DEVELOPMENT COSTS</u>				£8,492,085		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£2,174,250		
Affordable Housing Profit				£124,519		
<u>Total Operating Profit</u>				£2,298,769		
<u>GROSS RESIDUAL LAND VALUE</u>				£2,155,716		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£720,505		
<u>Total Finance & Acquisition Costs</u>				£720,505		
<u>NET RESIDUAL LAND VALUE</u>				£1,435,211	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	100 Mixed @ 30% AH VL3					
DEVELOPMENT SIZE (TOTAL m²) - GIA	9,139					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	100	70	30	30%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	70%	0%	65%	35%	0%	
SITE SIZE (HA)				3.63		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£1,517,620		
Open Market Housing Revenue				£26,252,750		
<u>Total Value of Scheme</u>				£27,770,370		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£12,752,236		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£1,919,544		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£129,980		
<u>Total Build Costs</u>				£14,801,760		
Section 106 / CIL Costs				£1,425,868		
Marketing Costs & Legal Fees				£852,083		
<u>Total s106 & Marketing Costs</u>				£2,277,951		
<u>TOTAL DEVELOPMENT COSTS</u>				£17,079,711		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£5,230,550		
Affordable Housing Profit				£68,829		
<u>Total Operating Profit</u>				£5,299,379		
<u>GROSS RESIDUAL LAND VALUE</u>				£5,391,280		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£1,049,357		
<u>Total Finance & Acquisition Costs</u>				£1,049,357		
<u>NET RESIDUAL LAND VALUE</u>				£4,341,923	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	100 Mixed @ 30% AH VL4					
DEVELOPMENT SIZE (TOTAL m²) - GIA	9,139					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	100	70	30	30%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	70%	0%	65%	35%	0%	
SITE SIZE (HA)				3.63		
VALUE / AREA				4		
<u>REVENUE</u>						
Affordable Housing Revenue				£1,602,930		
Open Market Housing Revenue				£28,264,500		
<u>Total Value of Scheme</u>				£29,867,430		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£12,752,236		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£1,919,544		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£129,980		
<u>Total Build Costs</u>				£14,801,760		
Section 106 / CIL Costs				£1,425,868		
Marketing Costs & Legal Fees				£912,435		
<u>Total s106 & Marketing Costs</u>				£2,338,303		
<u>TOTAL DEVELOPMENT COSTS</u>				£17,140,063		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£5,632,900		
Affordable Housing Profit				£68,829		
<u>Total Operating Profit</u>				£5,701,729		
<u>GROSS RESIDUAL LAND VALUE</u>				£7,025,638		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£1,238,043		
<u>Total Finance & Acquisition Costs</u>				£1,238,043		
<u>NET RESIDUAL LAND VALUE</u>				£5,787,595	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	100 Mixed (Townhouses & Flats) @ 0% AH VL3					
DEVELOPMENT SIZE (TOTAL m²) - GIA	7,153					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	100	100	0	0%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	100%	0%	0%	0%	0%	
SITE SIZE (HA)				2.34		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£0		
Open Market Housing Revenue				£23,588,159		
<u>Total Value of Scheme</u>				£23,588,159		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£10,802,737		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£2,194,887		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£109,590		
<u>Total Build Costs</u>				£13,107,214		
Section 106 / CIL Costs				£1,381,298		
Marketing Costs & Legal Fees				£772,418		
<u>Total s106 & Marketing Costs</u>				£2,153,716		
<u>TOTAL DEVELOPMENT COSTS</u>				£15,260,930		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£4,649,450		
Affordable Housing Profit				£0		
<u>Total Operating Profit</u>				£4,649,450		
<u>GROSS RESIDUAL LAND VALUE</u>				£3,677,779		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£853,149		
<u>Total Finance & Acquisition Costs</u>				£853,149		
<u>NET RESIDUAL LAND VALUE</u>				£2,824,630	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	100 Mixed (Townhouses & Flats) @ 0% AH VL4					
DEVELOPMENT SIZE (TOTAL m²) - GIA	7,153					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	100	100	0	0%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	100%	0%	0%	0%	0%	
SITE SIZE (HA)				2.34		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£0		
Open Market Housing Revenue				£25,376,409		
<u>Total Value of Scheme</u>				£25,376,409		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£10,802,737		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£2,194,887		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£109,590		
<u>Total Build Costs</u>				£13,107,214		
Section 106 / CIL Costs				£1,381,298		
Marketing Costs & Legal Fees				£826,065		
<u>Total s106 & Marketing Costs</u>				£2,207,363		
<u>TOTAL DEVELOPMENT COSTS</u>				£15,314,577		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£5,007,100		
Affordable Housing Profit				£0		
<u>Total Operating Profit</u>				£5,007,100		
<u>GROSS RESIDUAL LAND VALUE</u>				£5,054,732		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£1,013,039		
<u>Total Finance & Acquisition Costs</u>				£1,013,039		
<u>NET RESIDUAL LAND VALUE</u>				£4,041,693	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	100 Mixed (Townhouses & Flats) @ 20% AH VL3					
DEVELOPMENT SIZE (TOTAL m²) - GIA	7,093					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	100	80	20	20%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	80%	0%	65%	35%	0%	
SITE SIZE (HA)				2.34		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£2,614,430		
Open Market Housing Revenue				£18,514,955		
<u>Total Value of Scheme</u>				£21,129,385		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£10,721,448		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£2,185,519		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£109,590		
<u>Total Build Costs</u>				£13,016,557		
Section 106 / CIL Costs				£1,097,630		
Marketing Costs & Legal Fees				£606,585		
<u>Total s106 & Marketing Costs</u>				£1,704,215		
<u>TOTAL DEVELOPMENT COSTS</u>				£14,720,772		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£3,643,900		
Affordable Housing Profit				£123,045		
<u>Total Operating Profit</u>				£3,766,945		
<u>GROSS RESIDUAL LAND VALUE</u>				£2,641,668		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£809,327		
<u>Total Finance & Acquisition Costs</u>				£809,327		
<u>NET RESIDUAL LAND VALUE</u>				£1,832,341	(ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	100 Mixed (Townhouses & Flats) @ 20% AH VL4					
DEVELOPMENT SIZE (TOTAL m²) - GIA	7,093					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	100	80	20	20%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	80%	0%	65%	35%	0%	
SITE SIZE (HA)				2.34		
VALUE / AREA				3		
<u>REVENUE</u>						
Affordable Housing Revenue				£2,761,395		
Open Market Housing Revenue				£19,916,455		
<u>Total Value of Scheme</u>				£22,677,850		
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>						
Build Costs				£10,721,448		
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£2,185,519		
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£109,590		
<u>Total Build Costs</u>				£13,016,557		
Section 106 / CIL Costs				£1,097,630		
Marketing Costs & Legal Fees				£648,630		
<u>Total s106 & Marketing Costs</u>				£1,746,260		
<u>TOTAL DEVELOPMENT COSTS</u>				£14,762,817		
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>						
Open Market Housing Profit				£3,924,200		
Affordable Housing Profit				£123,045		
<u>Total Operating Profit</u>				£4,047,245		
<u>GROSS RESIDUAL LAND VALUE</u>				£3,867,788		
<u>FINANCE & ACQUISITION COSTS</u>						
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£949,820		
<u>Total Finance & Acquisition Costs</u>				£949,820		
<u>NET RESIDUAL LAND VALUE</u>				£2,917,968	(ignores finance & acquisition)	

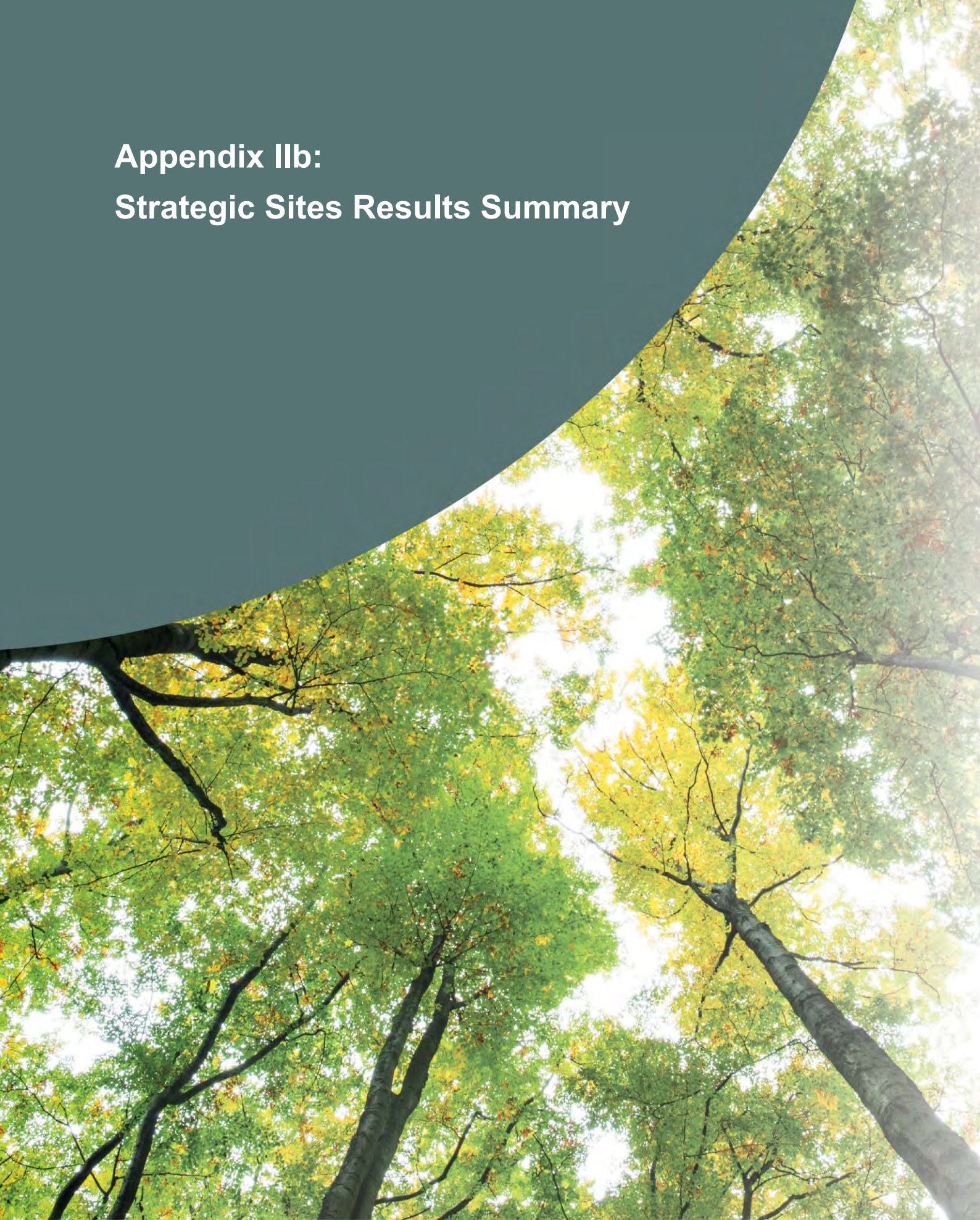
Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential				
DEVELOPMENT DESCRIPTION	300 Mixed @ 30% AH VL2				
DEVELOPMENT SIZE (TOTAL m²) - GIA	27,225				
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH	
	300	210	90	30%	
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2
	70%	0%	65%	35%	0%
SITE SIZE (HA)				12.90	
VALUE / AREA				2	
<u>REVENUE</u>					
Affordable Housing Revenue				£11,668,300	
Open Market Housing Revenue				£61,170,000	
<u>Total Value of Scheme</u>				£72,838,300	
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>					
Build Costs				£37,996,584	
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£5,728,654	
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£389,940	
<u>Total Build Costs</u>				£44,115,178	
Section 106 / CIL Costs				£3,440,717	
Marketing Costs & Legal Fees				£1,988,100	
<u>Total s106 & Marketing Costs</u>				£5,428,817	
<u>TOTAL DEVELOPMENT COSTS</u>				£49,543,995	
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>					
Open Market Housing Profit				£12,204,000	
Affordable Housing Profit				£566,631	
<u>Total Operating Profit</u>				£12,770,631	
<u>GROSS RESIDUAL LAND VALUE</u>				£10,523,674	
<u>FINANCE & ACQUISITION COSTS</u>					
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£5,014,898	
<u>Total Finance & Acquisition Costs</u>				£5,014,898	
<u>NET RESIDUAL LAND VALUE</u>				£5,508,776 (ignores finance & acquisition)	

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Residential				
DEVELOPMENT DESCRIPTION	300 Mixed @ 30% AH VL3				
DEVELOPMENT SIZE (TOTAL m²) - GIA	27,225				
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH	
	300	210	90	30%	
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2
	70%	0%	65%	35%	0%
SITE SIZE (HA)	12.90				
VALUE / AREA	3				
<u>REVENUE</u>					
Affordable Housing Revenue				£12,193,350	
Open Market Housing Revenue				£66,255,000	
<u>Total Value of Scheme</u>				£78,448,350	
<u>RESIDENTIAL BUILDING, MARKETING & S106 COSTS</u>					
Build Costs				£37,996,584	
Fees, Contingencies, Planning Costs, sustainable design & construction, site prep / survey costs etc.				£5,728,654	
Solent Recreational Mitigation Contribution, Build Regs Access Compliance etc.				£389,940	
<u>Total Build Costs</u>				£44,115,178	
Section 106 / CIL Costs				£3,440,717	
Marketing Costs & Legal Fees				£2,140,650	
<u>Total s106 & Marketing Costs</u>				£5,581,367	
<u>TOTAL DEVELOPMENT COSTS</u>				£49,696,545	
<u>DEVELOPER'S RETURN FOR RISK AND PROFIT</u>					
Open Market Housing Profit				£13,221,000	
Affordable Housing Profit				£566,631	
<u>Total Operating Profit</u>				£13,787,631	
<u>GROSS RESIDUAL LAND VALUE</u>				£14,964,174	
<u>FINANCE & ACQUISITION COSTS</u>					
Arrangement Fee / Misc Fees (Surveyors etc), Agents Fees, Legal Fees, Stamp Duty, Interest on Land Purchase etc.				£5,846,767	
<u>Total Finance & Acquisition Costs</u>				£5,846,767	
<u>NET RESIDUAL LAND VALUE</u>				<u>£9,117,407</u> (ignores finance & acquisition)	

Appendix IIb: Strategic Sites Results Summary



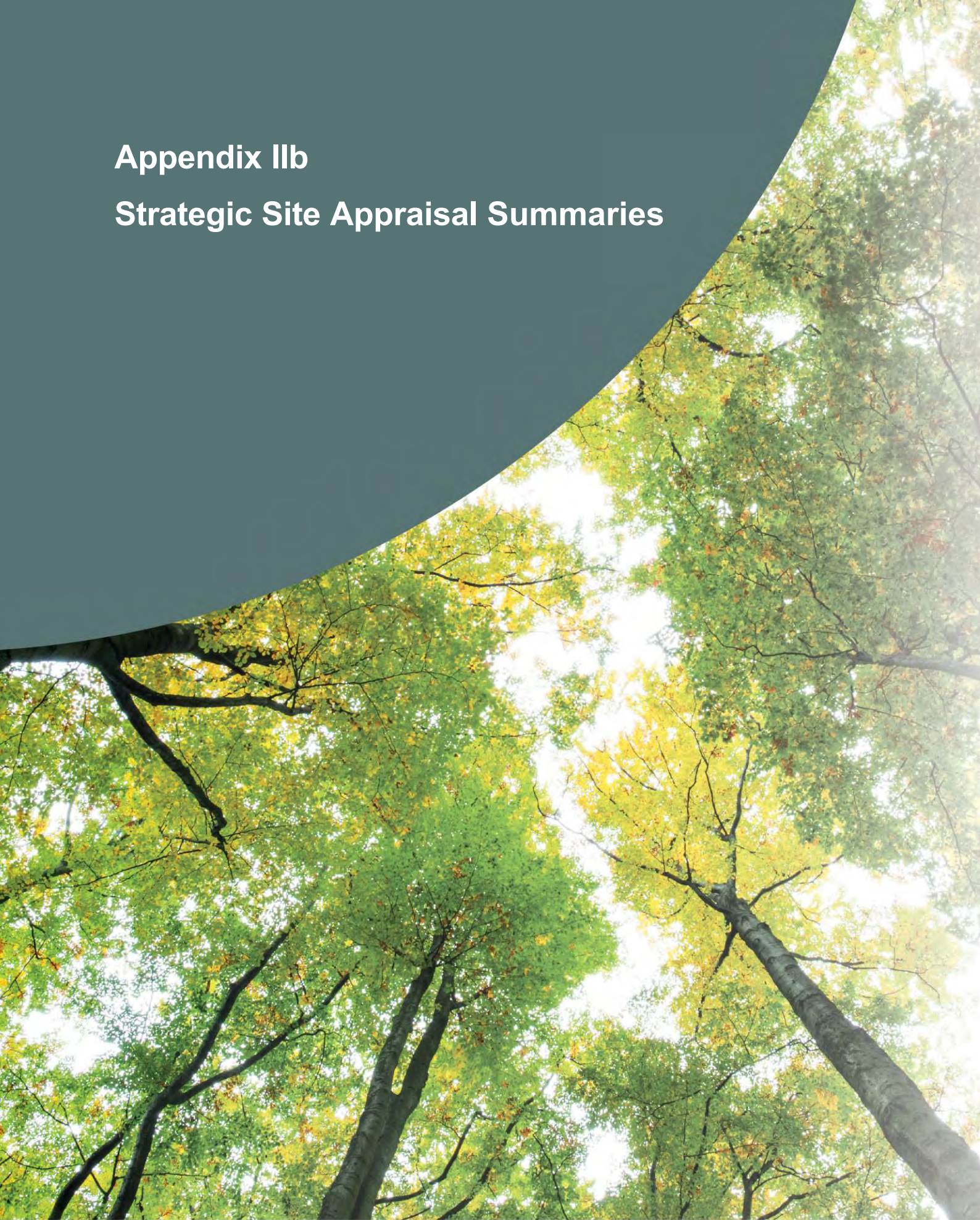
**Fareham Borough Council
Appendix IIb: Strategic Site
Results Summary Showing Potential Maximum Residual
Surplus for s106 (per unit)**

	1,000 Unit Strategic Site - 40% Affordable Housing	
CIL	With CIL	Nil CIL
Strategic Infrastructure Costs (per unit)	£23,000	£23,000
VL2 Sales Values - £3,000/m²	£823	£9,651
VL3 Sales Values - £3,250/m²	£14,744	£23,572

	1,000 Unit Strategic Site - 30% Affordable Housing	
CIL	With CIL	Nil CIL
Strategic Infrastructure Costs (per unit)	£23,000	£23,000
VL2 Sales Values - £3,000/m²	£6,784	£16,919
VL3 Sales Values - £3,250/m²	£21,338	£31,473

Appendix IIb

Strategic Site Appraisal Summaries



Fareham BC - Strategic Sites

1,000 Unit Residential Greenfield
VL2 - 30% Affordable Housing
Nil CIL & S106 - Surplus Calculated
20% Profit Private / 6% Profit AH

Fareham BC - Statagic Sites

Summary Appraisal for Phase 1 All Phases

Currency in £

REVENUE

Sales Valuation	Units	m²	Rate m²	Unit Price	Gross Sales
1BF - Private	20	1,000.08	3,000.00	150,012	3,000,240
2BF - AH	60	4,200.00	1,560.00	109,200	6,552,000
2BF - Private	90	6,300.00	3,000.00	210,000	18,900,000
2BH - AH	50	3,950.00	1,560.00	123,240	6,162,000
2BH - Private	100	7,900.00	3,000.00	237,000	23,700,000
3BH - AH	80	7,440.00	1,560.00	145,080	11,606,400
3BH - Private	370	37,000.00	3,000.00	300,000	111,000,000
4BH - AH	30	3,360.00	1,560.00	174,720	5,241,600
4BH - Private	120	15,600.00	3,000.00	390,000	46,800,000
1BF - AH	80	4,000.00	1,560.00	78,000	6,240,000
Totals	1,000	90,750.08			239,202,240

Rental Area Summary

Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
110	350	38,500	38,500

Investment Valuation

Current Rent	38,500	YP @	5.0000%	20.0000	770,000
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GROSS DEVELOPMENT VALUE

239,972,240

Purchaser's Costs			(45,045)	(45,045)	
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NET DEVELOPMENT VALUE

239,927,195

NET REALISATION

239,927,195

OUTLAY

ACQUISITION COSTS

Fixed Price (30.00 Ha 370,500.00 pHect)			11,115,000	11,115,000	
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This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Fareham BC - Strategic Sites**

Stamp Duty			546,750	
Agent Fee		1.50%	166,725	
Legal Fee		0.75%	83,363	
				796,837

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
1BF - Private	1,111.20 m ²	1,173.00 pm ²	1,303,438	
2BF - AH	4,666.67 m ²	1,173.00 pm ²	5,474,000	
2BF - Private	7,000.00 m ²	1,173.00 pm ²	8,211,000	
2BH - AH	3,950.00 m ²	1,173.00 pm ²	4,633,350	
2BH - Private	7,900.00 m ²	1,173.00 pm ²	9,266,700	
3BH - AH	7,440.00 m ²	1,173.00 pm ²	8,727,120	
3BH - Private	37,000.00 m ²	1,173.00 pm ²	43,401,000	
4BH - AH	3,360.00 m ²	1,173.00 pm ²	3,941,280	
4BH - Private	15,600.00 m ²	1,173.00 pm ²	18,298,800	
1BF - AH	<u>4,444.44 m²</u>	1,173.00 pm ²	<u>5,213,333</u>	
Totals	92,472.31 m²		108,470,021	108,470,021

Contingency		5.00%	5,423,501	
Site Works & Infrastructure	1,000.00 un	23,000.00 /un	23,000,000	
S106		1.00%	16,918,971	
Sustainable Design & Construction		2.00%	2,143,332	
Solent Mitigation Strategy	1,000.00 un	176.00 /un	176,000	
				47,661,804

PROFESSIONAL FEES

Professional Fees		10.00%	13,016,658	
				13,016,658

DISPOSAL FEES

Marketing & Sales Agent Fees		3.00%	6,102,007	
Sales Legal Fee	1,000.00 un	750.00 /un	750,000	
				6,852,007

MISCELLANEOUS FEES

Market Profit		20.00%	40,234,000	
AH Profit		6.00%	2,148,120	
				42,382,120

FINANCE

Debit Rate 6.000%, Credit Rate 1.000% (Nominal)				
Land			4,366,694	
Construction			5,265,954	

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Fareham BC - Strategic Sites**

Total Finance Cost 9,632,648

TOTAL COSTS 239,927,096**PROFIT 99****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.02%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
Rent Cover	0 mths
Profit Erosion (finance rate 6.000%)	0 mths

This appraisal report does not constitute a formal valuation.

Fareham BC - Strategic Sites

1,000 Unit Residential Greenfield
VL2 - 30% Affordable Housing
With CIL & S106 - Surplus Calculated
20% Profit Private / 6% Profit AH

Fareham BC - Statagic Sites

Summary Appraisal for Phase 1 All Phases

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
1BF - Private	20	1,000.08	3,000.00	150,012	3,000,240
2BF - AH	60	4,200.00	1,560.00	109,200	6,552,000
2BF - Private	90	6,300.00	3,000.00	210,000	18,900,000
2BH - AH	50	3,950.00	1,560.00	123,240	6,162,000
2BH - Private	100	7,900.00	3,000.00	237,000	23,700,000
3BH - AH	80	7,440.00	1,560.00	145,080	11,606,400
3BH - Private	370	37,000.00	3,000.00	300,000	111,000,000
4BH - AH	30	3,360.00	1,560.00	174,720	5,241,600
4BH - Private	120	15,600.00	3,000.00	390,000	46,800,000
1BF - AH	80	4,000.00	1,560.00	78,000	6,240,000
Totals	1,000	90,750.08			239,202,240

Rental Area Summary

Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
110	350	38,500	38,500

Investment Valuation

Current Rent	38,500	YP @	5.0000%	20.0000	770,000
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GROSS DEVELOPMENT VALUE

239,972,240

Purchaser's Costs			(45,045)	(45,045)	
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NET DEVELOPMENT VALUE

239,927,195

NET REALISATION

239,927,195

OUTLAY

ACQUISITION COSTS

Fixed Price (30.00 Ha 370,500.00 pHect)			11,115,000	11,115,000	
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This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Fareham BC - Strategic Sites**

Stamp Duty			546,750	
Agent Fee		1.50%	166,725	
Legal Fee		0.75%	83,363	
				796,837

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
1BF - Private	1,111.20 m ²	1,173.00 pm ²	1,303,438	
2BF - AH	4,666.67 m ²	1,173.00 pm ²	5,474,000	
2BF - Private	7,000.00 m ²	1,173.00 pm ²	8,211,000	
2BH - AH	3,950.00 m ²	1,173.00 pm ²	4,633,350	
2BH - Private	7,900.00 m ²	1,173.00 pm ²	9,266,700	
3BH - AH	7,440.00 m ²	1,173.00 pm ²	8,727,120	
3BH - Private	37,000.00 m ²	1,173.00 pm ²	43,401,000	
4BH - AH	3,360.00 m ²	1,173.00 pm ²	3,941,280	
4BH - Private	15,600.00 m ²	1,173.00 pm ²	18,298,800	
1BF - AH	<u>4,444.44 m²</u>	1,173.00 pm ²	<u>5,213,333</u>	
Totals	92,472.31 m²		108,470,021	108,470,021

Contingency		5.00%	5,423,501	
Site Works & Infrastructure	1,000.00 un	23,000.00 /un	23,000,000	
S106		1.00%	6,784,112	
Sustainable Design & Construction		2.00%	2,143,332	
CIL	68,611.20 m ²	135.61 pm ²	9,304,365	
Solent Mitigation Strategy	1,000.00 un	176.00 /un	176,000	
				46,831,309

PROFESSIONAL FEES

Professional Fees		10.00%	13,016,658	
				13,016,658

DISPOSAL FEES

Marketing & Sales Agent Fees		3.00%	6,102,007	
Sales Legal Fee	1,000.00 un	750.00 /un	750,000	
				6,852,007

MISCELLANEOUS FEES

Market Profit		20.00%	40,234,000	
AH Profit		6.00%	2,148,120	
				42,382,120

FINANCE

Debit Rate 6.000%, Credit Rate 1.000% (Nominal)				
Land			4,366,697	

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Fareham BC - Strategic Sites**

Construction	6,096,545	
Total Finance Cost		10,463,242

TOTAL COSTS**239,927,195****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.02%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
Rent Cover	0 mths
Profit Erosion (finance rate 6.000%)	N/A

This appraisal report does not constitute a formal valuation.

Fareham BC - Strategic Sites

1,000 Unit Residential Greenfield

VL2 - 40% AH

Nil CIL & S106 - Surplus Calculated

20% Profit Private / 6% Profit AH

Fareham BC - Statagic Sites

Summary Appraisal for Phase 1 All Phases

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
2BF - AH	80	5,600.00	1,560.00	109,200	8,736,000
2BF - Private	70	4,900.00	3,000.00	210,000	14,700,000
2BH - AH	70	5,530.00	1,560.00	123,240	8,626,800
2BH - Private	80	6,320.00	3,000.00	237,000	18,960,000
3BH - AH	100	9,300.00	1,560.00	145,080	14,508,000
3BH - Private	350	35,000.00	3,000.00	300,000	105,000,000
4BH - AH	50	5,600.00	1,560.00	174,720	8,736,000
4BH - Private	100	13,000.00	3,000.00	390,000	39,000,000
1BF - AH	100	5,000.00	1,560.00	78,000	7,800,000
Totals	1,000	90,250.00			226,066,800

Rental Area Summary

Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
70	350	24,500	24,500

Investment Valuation

Current Rent	24,500	YP @	5.0000%	20.0000	490,000
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GROSS DEVELOPMENT VALUE

226,556,800

Purchaser's Costs			(28,665)	(28,665)	
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NET DEVELOPMENT VALUE

226,528,135

NET REALISATION

226,528,135

OUTLAY

ACQUISITION COSTS

Fixed Price (30.00 Ha 370,500.00 pHect)			11,115,000		
Stamp Duty			546,750	11,115,000	

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Fareham BC - Statagic Sites**

Agent Fee		1.50%	166,725	
Legal Fee		0.75%	83,363	
				796,837

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost	
2BF - AH	6,222.22 m ²	1,173.00 pm ²	7,298,667	
2BF - Private	5,444.44 m ²	1,173.00 pm ²	6,386,333	
2BH - AH	5,530.00 m ²	1,173.00 pm ²	6,486,690	
2BH - Private	6,320.00 m ²	1,173.00 pm ²	7,413,360	
3BH - AH	9,300.00 m ²	1,173.00 pm ²	10,908,900	
3BH - Private	35,000.00 m ²	1,173.00 pm ²	41,055,000	
4BH - AH	5,600.00 m ²	1,173.00 pm ²	6,568,800	
4BH - Private	13,000.00 m ²	1,173.00 pm ²	15,249,000	
1BF - AH	<u>5,555.56 m²</u>	1,173.00 pm ²	<u>6,516,667</u>	
Totals	91,972.22 m²		107,883,417	107,883,417

Contingency		5.00%	5,394,171	
Site Works & Infrastructure	1,000.00 un	23,000.00 /un	23,000,000	
S106		1.00%	9,650,899	
Sustainable Design & Construction		2.00%	2,157,668	
Solent Mitigation Strategy	1,000.00 un	176.00 /un	176,000	
				40,378,738

PROFESSIONAL FEES

Professional Fees		10.00%	13,088,342	
				13,088,342

DISPOSAL FEES

Marketing & Sales Agent Fees		3.00%	5,329,800	
Sales Legal Fee	1,000.00 un	750.00 /un	750,000	
				6,079,800

MISCELLANEOUS FEES

Market Profit		20.00%	35,630,000	
AH Profit		6.00%	2,904,408	
				38,534,408

FINANCE

Debit Rate 6.000%, Credit Rate 1.000% (Nominal)				
Land			4,360,641	
Construction			4,290,953	
Total Finance Cost				8,651,593

This appraisal report does not constitute a formal valuation.

Fareham BC - Strategic Sites**TOTAL COSTS****226,528,135****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.01%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
Rent Cover	0 mths
Profit Erosion (finance rate 6.000%)	N/A

This appraisal report does not constitute a formal valuation.

Fareham BC - Strategic Sites

1,000 Unit Residential Greenfield

VL2 - 40% AH

With CIL & S106 - Surplus Calculated

20% Profit Private / 6% Profit AH

Fareham BC - Statagic Sites

Summary Appraisal for Phase 1 All Phases

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
2BF - AH	80	5,600.00	1,560.00	109,200	8,736,000
2BF - Private	70	4,900.00	3,000.00	210,000	14,700,000
2BH - AH	70	5,530.00	1,560.00	123,240	8,626,800
2BH - Private	80	6,320.00	3,000.00	237,000	18,960,000
3BH - AH	100	9,300.00	1,560.00	145,080	14,508,000
3BH - Private	350	35,000.00	3,000.00	300,000	105,000,000
4BH - AH	50	5,600.00	1,560.00	174,720	8,736,000
4BH - Private	100	13,000.00	3,000.00	390,000	39,000,000
1BF - AH	100	5,000.00	1,560.00	78,000	7,800,000
Totals	1,000	90,250.00			226,066,800

Rental Area Summary

Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
70	350	24,500	24,500

Investment Valuation

Current Rent	24,500	YP @	5.0000%	20.0000	490,000
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GROSS DEVELOPMENT VALUE

226,556,800

Purchaser's Costs			(28,665)	(28,665)
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NET DEVELOPMENT VALUE

226,528,135

NET REALISATION

226,528,135

OUTLAY

ACQUISITION COSTS

Fixed Price (30.00 Ha 370,500.00 pHect)		11,115,000		11,115,000
Stamp Duty		546,750		
Agent Fee	1.50%	166,725		

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Fareham BC - Statagic Sites**

Legal Fee		0.75%	83,363		796,837
CONSTRUCTION COSTS					
Construction	m²	Rate m²	Cost		
2BF - AH	6,222.22 m ²	1,173.00 pm ²	7,298,667		
2BF - Private	5,444.44 m ²	1,173.00 pm ²	6,386,333		
2BH - AH	5,530.00 m ²	1,173.00 pm ²	6,486,690		
2BH - Private	6,320.00 m ²	1,173.00 pm ²	7,413,360		
3BH - AH	9,300.00 m ²	1,173.00 pm ²	10,908,900		
3BH - Private	35,000.00 m ²	1,173.00 pm ²	41,055,000		
4BH - AH	5,600.00 m ²	1,173.00 pm ²	6,568,800		
4BH - Private	13,000.00 m ²	1,173.00 pm ²	15,249,000		
1BF - AH	<u>5,555.56 m²</u>	1,173.00 pm ²	<u>6,516,667</u>		
Totals	91,972.22 m²		107,883,417	107,883,417	
Contingency		5.00%	5,394,171		
Site Works & Infrastructure	1,000.00 un	23,000.00 /un	23,000,000		
S106		1.00%	822,762		
Sustainable Design & Construction		2.00%	2,157,668		
CIL	59,764.44 m ²	135.61 pm ²	8,104,656		
Solent Mitigation Strategy	1,000.00 un	176.00 /un	176,000		39,655,258
PROFESSIONAL FEES					
Professional Fees		10.00%	13,088,342		13,088,342
DISPOSAL FEES					
Marketing & Sales Agent Fees		3.00%	5,329,800		
Sales Legal Fee	1,000.00 un	750.00 /un	750,000		6,079,800
MISCELLANEOUS FEES					
Market Profit		20.00%	35,630,000		
AH Profit		6.00%	2,904,408		38,534,408
FINANCE					
Debit Rate 6.000%, Credit Rate 1.000% (Nominal)					
Land			4,360,641		
Construction			5,014,433		
Total Finance Cost					9,375,073
TOTAL COSTS					226,528,135

Fareham BC - Strategic Sites**PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.01%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
Rent Cover	0 mths
Profit Erosion (finance rate 6.000%)	N/A

Fareham BC - Strategic Sites

1,000 Unit Residential Greenfield
VL3 - 30% Affordable Housing
Nil CIL & S106 - Surplus Calculated
20% Profit Private / 6% Profit AH

Fareham BC - Statagic Sites

Summary Appraisal for Phase 1 All Phases

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
1BF - Private	20	1,000.08	3,250.00	162,513	3,250,260
2BF - AH	60	4,200.00	1,690.00	118,300	7,098,000
2BF - Private	90	6,300.00	3,250.00	227,500	20,475,000
2BH - AH	50	3,950.00	1,690.00	133,510	6,675,500
2BH - Private	100	7,900.00	3,250.00	256,750	25,675,000
3BH - AH	80	7,440.00	1,690.00	157,170	12,573,600
3BH - Private	370	37,000.00	3,250.00	325,000	120,250,000
4BH - AH	30	3,360.00	1,690.00	189,280	5,678,400
4BH - Private	120	15,600.00	3,250.00	422,500	50,700,000
1BF - AH	80	4,000.00	1,690.00	84,500	6,760,000
Totals	1,000	90,750.08			259,135,760

Rental Area Summary

Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
110	350	38,500	38,500

Investment Valuation

Current Rent	38,500	YP @	5.0000%	20.0000	770,000
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GROSS DEVELOPMENT VALUE

259,905,760

Purchaser's Costs			(45,045)	(45,045)	
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NET DEVELOPMENT VALUE

259,860,715

NET REALISATION

259,860,715

OUTLAY

ACQUISITION COSTS

Fixed Price (30.00 Ha 370,500.00 pHect)			11,115,000	11,115,000	
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This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Fareham BC - Strategic Sites**

Stamp Duty			546,750	
Agent Fee		1.50%	166,725	
Legal Fee		0.75%	83,363	
				796,837

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
1BF - Private	1,111.20 m ²	1,173.00 pm ²	1,303,438	
2BF - AH	4,666.67 m ²	1,173.00 pm ²	5,474,000	
2BF - Private	7,000.00 m ²	1,173.00 pm ²	8,211,000	
2BH - AH	3,950.00 m ²	1,173.00 pm ²	4,633,350	
2BH - Private	7,900.00 m ²	1,173.00 pm ²	9,266,700	
3BH - AH	7,440.00 m ²	1,173.00 pm ²	8,727,120	
3BH - Private	37,000.00 m ²	1,173.00 pm ²	43,401,000	
4BH - AH	3,360.00 m ²	1,173.00 pm ²	3,941,280	
4BH - Private	15,600.00 m ²	1,173.00 pm ²	18,298,800	
1BF - AH	<u>4,444.44 m²</u>	1,173.00 pm ²	<u>5,213,333</u>	
Totals	92,472.31 m²		108,470,021	108,470,021

Contingency		5.00%	5,423,501	
Site Works & Infrastructure	1,000.00 un	23,000.00 /un	23,000,000	
S106		1.00%	31,472,664	
Sustainable Design & Construction		2.00%	2,143,332	
Solent Mitigation Strategy	1,000.00 un	176.00 /un	176,000	
				62,215,497

PROFESSIONAL FEES

Professional Fees		10.00%	13,016,658	
				13,016,658

DISPOSAL FEES

Marketing & Sales Agent Fees		3.00%	6,610,508	
Sales Legal Fee	1,000.00 un	750.00 /un	750,000	
				7,360,508

MISCELLANEOUS FEES

Market Profit		20.00%	43,574,000	
AH Profit		6.00%	2,327,130	
				45,901,130

FINANCE

Debit Rate 6.000%, Credit Rate 1.000% (Nominal)				
Land			4,399,271	
Construction			6,585,794	

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Fareham BC - Strategic Sites**

Total Finance Cost 10,985,065

TOTAL COSTS 259,860,717**PROFIT (2)****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.01%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
Rent Cover	0 mths
Profit Erosion (finance rate 6.000%)	N/A

This appraisal report does not constitute a formal valuation.

Fareham BC - Strategic Sites

1,000 Unit Residential Greenfield
VL3 - 30% Affordable Housing
With CIL & S106 - Surplus Calculated
20% Profit Private / 6% Profit AH

Fareham BC - Statagic Sites

Summary Appraisal for Phase 1 All Phases

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
1BF - Private	20	1,000.08	3,250.00	162,513	3,250,260
2BF - AH	60	4,200.00	1,690.00	118,300	7,098,000
2BF - Private	90	6,300.00	3,250.00	227,500	20,475,000
2BH - AH	50	3,950.00	1,690.00	133,510	6,675,500
2BH - Private	100	7,900.00	3,250.00	256,750	25,675,000
3BH - AH	80	7,440.00	1,690.00	157,170	12,573,600
3BH - Private	370	37,000.00	3,250.00	325,000	120,250,000
4BH - AH	30	3,360.00	1,690.00	189,280	5,678,400
4BH - Private	120	15,600.00	3,250.00	422,500	50,700,000
1BF - AH	80	4,000.00	1,690.00	84,500	6,760,000
Totals	1,000	90,750.08			259,135,760

Rental Area Summary

Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
110	350	38,500	38,500

Investment Valuation

Current Rent	38,500	YP @	5.0000%	20.0000	770,000
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GROSS DEVELOPMENT VALUE

259,905,760

Purchaser's Costs			(45,045)	(45,045)	
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NET DEVELOPMENT VALUE

259,860,715

NET REALISATION

259,860,715

OUTLAY

ACQUISITION COSTS

Fixed Price (30.00 Ha 370,500.00 pHect)			11,115,000	11,115,000	
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This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Fareham BC - Strategic Sites**

Stamp Duty			546,750	
Agent Fee		1.50%	166,725	
Legal Fee		0.75%	83,363	
				796,837

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
1BF - Private	1,111.20 m ²	1,173.00 pm ²	1,303,438	
2BF - AH	4,666.67 m ²	1,173.00 pm ²	5,474,000	
2BF - Private	7,000.00 m ²	1,173.00 pm ²	8,211,000	
2BH - AH	3,950.00 m ²	1,173.00 pm ²	4,633,350	
2BH - Private	7,900.00 m ²	1,173.00 pm ²	9,266,700	
3BH - AH	7,440.00 m ²	1,173.00 pm ²	8,727,120	
3BH - Private	37,000.00 m ²	1,173.00 pm ²	43,401,000	
4BH - AH	3,360.00 m ²	1,173.00 pm ²	3,941,280	
4BH - Private	15,600.00 m ²	1,173.00 pm ²	18,298,800	
1BF - AH	<u>4,444.44 m²</u>	1,173.00 pm ²	<u>5,213,333</u>	
Totals	92,472.31 m²		108,470,021	108,470,021

Contingency		5.00%	5,423,501	
Site Works & Infrastructure	1,000.00 un	23,000.00 /un	23,000,000	
S106		1.00%	21,337,692	
Sustainable Design & Construction		2.00%	2,143,332	
CIL	68,611.20 m ²	135.61 pm ²	9,304,365	
Solent Mitigation Strategy	1,000.00 un	176.00 /un	176,000	
				61,384,890

PROFESSIONAL FEES

Professional Fees		10.00%	13,016,658	
				13,016,658

DISPOSAL FEES

Marketing & Sales Agent Fees		3.00%	6,610,508	
Sales Legal Fee	1,000.00 un	750.00 /un	750,000	
				7,360,508

MISCELLANEOUS FEES

Market Profit		20.00%	43,574,000	
AH Profit		6.00%	2,327,130	
				45,901,130

FINANCE

Debit Rate 6.000%, Credit Rate 1.000% (Nominal)				
Land			4,399,270	

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Fareham BC - Strategic Sites**

Construction	7,416,362	
Total Finance Cost		11,815,632

TOTAL COSTS**259,860,676****PROFIT****39****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.01%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
Rent Cover	0 mths
Profit Erosion (finance rate 6.000%)	0 mths

This appraisal report does not constitute a formal valuation.

Fareham BC - Strategic Sites

1,000 Unit Residential Greenfield

VL3 - 40% AH

Nil CIL & S106 - Surplus Calculated

20% Profit Private / 6% Profit AH

Fareham BC - Statagic Sites

Summary Appraisal for Phase 1 All Phases

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
2BF - AH	80	5,600.00	1,690.00	118,300	9,464,000
2BF - Private	70	4,900.00	3,250.00	227,500	15,925,000
2BH - AH	70	5,530.00	1,690.00	133,510	9,345,700
2BH - Private	80	6,320.00	3,250.00	256,750	20,540,000
3BH - AH	100	9,300.00	1,690.00	157,170	15,717,000
3BH - Private	350	35,000.00	3,250.00	325,000	113,750,000
4BH - AH	50	5,600.00	1,690.00	189,280	9,464,000
4BH - Private	100	13,000.00	3,250.00	422,500	42,250,000
1BF - AH	100	5,000.00	1,690.00	84,500	8,450,000
Totals	1,000	90,250.00			244,905,700

Rental Area Summary

Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
70	350	24,500	24,500

Investment Valuation

Current Rent	24,500	YP @	5.0000%	20.0000	490,000
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GROSS DEVELOPMENT VALUE

245,395,700

Purchaser's Costs		(28,665)		(28,665)
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NET DEVELOPMENT VALUE

245,367,035

NET REALISATION

245,367,035

OUTLAY

ACQUISITION COSTS

Fixed Price (30.00 Ha 370,500.00 pHect)		11,115,000		11,115,000
Stamp Duty		546,750		

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Fareham BC - Statagic Sites**

Agent Fee		1.50%	166,725	
Legal Fee		0.75%	83,363	
				796,837

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost	
2BF - AH	6,222.22 m ²	1,173.00 pm ²	7,298,667	
2BF - Private	5,444.44 m ²	1,173.00 pm ²	6,386,333	
2BH - AH	5,530.00 m ²	1,173.00 pm ²	6,486,690	
2BH - Private	6,320.00 m ²	1,173.00 pm ²	7,413,360	
3BH - AH	9,300.00 m ²	1,173.00 pm ²	10,908,900	
3BH - Private	35,000.00 m ²	1,173.00 pm ²	41,055,000	
4BH - AH	5,600.00 m ²	1,173.00 pm ²	6,568,800	
4BH - Private	13,000.00 m ²	1,173.00 pm ²	15,249,000	
1BF - AH	<u>5,555.56 m²</u>	1,173.00 pm ²	<u>6,516,667</u>	
Totals	91,972.22 m²		107,883,417	107,883,417

Contingency		5.00%	5,394,171	
Site Enabling & Infrastructure S106	1,000.00 un	23,000.00 /un	23,000,000	
Sustainable Design & Construction		1.00%	23,572,452	
Solent Mitigation Strategy	1,000.00 un	2.00%	2,157,668	
		176.00 /un	176,000	54,300,291

PROFESSIONAL FEES

Professional Fees		10.00%	13,088,342	13,088,342
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DISPOSAL FEES

Marketing & Sales Agent Fees		3.00%	5,773,950	
Sales Legal Fee	1,000.00 un	750.00 /un	750,000	6,523,950

MISCELLANEOUS FEES

Market Profit		20.00%	38,591,000	
AH Profit		6.00%	3,146,442	41,737,442

FINANCE

Debit Rate 6.000%, Credit Rate 1.000% (Nominal)				
Land			4,401,462	
Construction			5,520,296	
Total Finance Cost				9,921,758

This appraisal report does not constitute a formal valuation.

Fareham BC - Strategic Sites**TOTAL COSTS**

245,367,038

PROFIT

(3)

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.01%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
Rent Cover	0 mths
Profit Erosion (finance rate 6.000%)	N/A

This appraisal report does not constitute a formal valuation.

Fareham BC - Strategic Sites

1,000 Unit Residential Greenfield

VL3 - 40% AH

With CIL & S106 - Surplus Calculated

20% Profit Private / 6% Profit AH

Fareham BC - Statagic Sites

Summary Appraisal for Phase 1 All Phases

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
2BF - AH	80	5,600.00	1,690.00	118,300	9,464,000
2BF - Private	70	4,900.00	3,250.00	227,500	15,925,000
2BH - AH	70	5,530.00	1,690.00	133,510	9,345,700
2BH - Private	80	6,320.00	3,250.00	256,750	20,540,000
3BH - AH	100	9,300.00	1,690.00	157,170	15,717,000
3BH - Private	350	35,000.00	3,250.00	325,000	113,750,000
4BH - AH	50	5,600.00	1,690.00	189,280	9,464,000
4BH - Private	100	13,000.00	3,250.00	422,500	42,250,000
1BF - AH	100	5,000.00	1,690.00	84,500	8,450,000
Totals	1,000	90,250.00			244,905,700

Rental Area Summary

Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
70	350	24,500	24,500

Investment Valuation

Current Rent	24,500	YP @	5.0000%	20.0000	490,000
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GROSS DEVELOPMENT VALUE

245,395,700

Purchaser's Costs		(28,665)		(28,665)
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NET DEVELOPMENT VALUE

245,367,035

NET REALISATION

245,367,035

OUTLAY

ACQUISITION COSTS

Fixed Price (30.00 Ha 370,500.00 pHect)		11,115,000		11,115,000
Stamp Duty		546,750		

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Fareham BC - Strategic Sites**

Agent Fee		1.50%	166,725	
Legal Fee		0.75%	83,363	
				796,837

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost	
2BF - AH	6,222.22 m ²	1,173.00 pm ²	7,298,667	
2BF - Private	5,444.44 m ²	1,173.00 pm ²	6,386,333	
2BH - AH	5,530.00 m ²	1,173.00 pm ²	6,486,690	
2BH - Private	6,320.00 m ²	1,173.00 pm ²	7,413,360	
3BH - AH	9,300.00 m ²	1,173.00 pm ²	10,908,900	
3BH - Private	35,000.00 m ²	1,173.00 pm ²	41,055,000	
4BH - AH	5,600.00 m ²	1,173.00 pm ²	6,568,800	
4BH - Private	13,000.00 m ²	1,173.00 pm ²	15,249,000	
1BF - AH	<u>5,555.56 m²</u>	1,173.00 pm ²	<u>6,516,667</u>	
Totals	91,972.22 m²		107,883,417	107,883,417

Contingency		5.00%	5,394,171	
Site Enabling & Infrastructure	1,000.00 un	23,000.00 /un	23,000,000	
S106		1.00%	14,744,314	
Sustainable Design & Construction		2.00%	2,157,668	
CIL	59,764.44 m ²	135.61 pm ²	8,104,656	
Solent Mitigation Strategy	1,000.00 un	176.00 /un	176,000	
				53,576,809

PROFESSIONAL FEES

Professional Fees		10.00%	13,088,342	
				13,088,342

DISPOSAL FEES

Marketing & Sales Agent Fees		3.00%	5,773,950	
Sales Legal Fee	1,000.00 un	750.00 /un	750,000	
				6,523,950

MISCELLANEOUS FEES

Market Profit		20.00%	38,591,000	
AH Profit		6.00%	3,146,442	
				41,737,442

FINANCE

Debit Rate 6.000%, Credit Rate 1.000% (Nominal)				
Land			4,401,462	
Construction			6,243,776	
Total Finance Cost				10,645,238

This appraisal report does not constitute a formal valuation.

Fareham BC - Strategic Sites

TOTAL COSTS 245,367,036

PROFIT (1)

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.01%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
Rent Cover	0 mths
Profit Erosion (finance rate 6.000%)	N/A

This appraisal report does not constitute a formal valuation.

For: Fareham Borough Council

Appendix III (Final v3)

**Market Values & Assumptions
Research**

Local Plan Viability Assessment

Dixon Searle Partnership

The Old Hayloft, 28C Headley Road,
Grayshott, Hindhead, GU26 6LD
www.dixonsearle.co.uk



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Notes:

CoStar property resource extracts for research base follow the above.

1.0 Introduction

- 1.1 As noted within the main report, this document acts as a market report and provides comprehensive research analysis into property values (commercial and residential), land values, general market commentary and wider economic conditions. Collectively, this research aims to help inform assumption setting for the residential and commercial development scenarios and provides background evidence by building a picture of values patterns and levels in the Fareham Borough.
- 1.2 This information will also assist the Council in reviewing and monitoring trends in the source data and update where necessary in the future if required e.g. also building towards and maintaining a topical evidence base for future planning policy or CIL charging schedule scenarios.
- 1.3 Note: It should be acknowledged that this is high level work and a great deal of variance may be seen in practice from one development to another (with site-specific characteristics). This data gathering process adopted by DSP involves the review of a range of information sources, so as to inform an overview that is relevant to and appropriate for the project context. The aim here is to consider changes and trends and therefore enable us to assess with the Council an updated context picture so far as is suitable and practically possible.

2.0 Economic / Housing Market Context

Bank of England

2.1 The current official Bank Rate (Base Rate) has been reduced from 0.5% to 0.25% since early August 2016. The Agent's Summary of Business Conditions (as at March 2017) stated:

- *“Moderate rates of activity growth had continued overall. Retail sales volumes growth had eased. It was expected to slow further during the year ahead as the fall in sterling fed through to higher prices, reducing households’ purchasing power. In contrast, export volume growth had picked up. That was due to the fall in sterling and stronger world growth.*
- *Investment intentions had picked up, pointing to modest growth in spending in the year ahead. That reflected continued moderate demand growth and less uncertainty about economic prospects, particularly in the near term. But a lack of visibility of the United Kingdom’s future trading arrangements was weighing on longer-term plans for some contacts.*
- *The fall in sterling was being passed through into higher manufacturing output and consumer goods price inflation. Business and consumer services price inflation had edged higher.”*

Land Registry

2.1 The **February 2017 Land Registry House Price Index Report** (published 11th April 2017) provided the following information, in summary, in terms of market trends:

2.2 For February 2017:

- *the average price of a property in the UK was £217,502*
- *the annual price change for a property in the UK was 5.8%*
- *the monthly price change for a property in the UK was 0.61%*
- *the monthly index figure for the UK was 114.1*

2.3 Economic Statement:

- *“Housing market indicators for February suggested slowing demand and continued tight supply. UK House prices grew by 5.8% in the year to February 2017, 0.5 percentage points higher than January 2017. However this still remains below the average annual house price growth seen in 2016 which was 7.3%.*
- *In terms of housing demand the Royal Institute of Chartered Surveyors’ (RICS) residential market survey for February 2017 reported that housing market activity remained subdued. Transaction volumes and new buyer enquiries are broadly unchanged since November 2016. Despite this, RICS expect near term price expectations to remain positive, albeit steady.*
- *RICS’ new buyer enquiries figures are supported by the Bank of England approvals for lending secured on dwellings for February 2017 which showed that the volume of approvals for house purchase decreased by 5.6% compared to February 2016.*
- *The UK Property Transaction statistics showed that in February 2017 the total number of seasonally adjusted property transactions completed in the UK with value of £40,000 or above decreased by 1.9% compared with February 2016. This is consistent with the Bank of England’s Agents’ summary (PDF) for February 2017 which reported that housing market activity had been sluggish overall, and was expected to remain so over the coming year.*
- *On the supply side RICS reported the 12th consecutive month with no improvement in national listings of houses. RICS reported tight supply conditions across a majority of the regions.”*

2.4 The February 2017 report stated: -

For England overall:

- *Annual change in average house prices 6.3% (positive)*
- *Monthly change in average house prices 0.8% (positive)*

- *Average price £234,466*

For the South East of England overall:

- *Annual change in average house prices 5.4% (positive)*
- *Monthly change in average house prices -1% (negative)*
- *Average price £311,539*

For the Fareham Borough overall

- *Annual change in average house prices 4.98% (positive)*
- *Monthly change in average house prices 0.01% (positive)*
- *Average price of £276,108*

2.5 The above data (as at February 2017) indicates that the Fareham Borough, on an annual basis, is outperforming England as a whole but falling marginally behind the South-East region overall picture. Although the latest data indicates a relatively static monthly change, sales volume continues to remain strong despite the Brexit vote in June 2016.

Office for National Statistics (ONS) – House Price Index (February 2017)

2.6 The following extracts provide a high-level summary of the UK HPI for February 2017:
-

- *“Average house prices in the UK have increased by 5.8% in the year to February 2017 (up from 5.3% in the year to January 2017). However, this still remains below the average annual house price growth seen in 2016 of 7.3%.*
- *The average UK house price was £218,000 in February 2017. This is £12,000 higher than in February 2016 and £2,000 higher than last month.*
- *The main contribution to the increase in UK house prices came from England, where house prices increased by 6.3% over the year to February 2017, with the average price in England now £234,000. Wales saw house prices increase by 1.8% over the last 12 months to stand at £145,000. In Scotland, the average price increased by 3.1% over the year to stand at £139,000. The average price in*

Northern Ireland currently stands at £125,000, an increase of 5.7% over the last 12 months.

- *On a regional basis, London continues to be the region with the highest average house price at £475,000, followed by the South East and the East of England, which stand at £312,000 and £282,000 respectively. The lowest average price continues to be in the North East at £124,000.”*

RICS Residential Market Report (April 2017)

3.6 *Headline reads: “Key indicators show little near term impetus”*

- *Newly agreed Sales and New Buyer Enquiries series edge lower in April*
- *No evidence of more stock coming to the market at this stage*
- *Forward looking metrics point to little near term change*

3.7 *“The April 2017 RICS UK Residential Market Survey results show momentum continuing to ebb, with sales declining slightly over the month and the new buyer enquiries series edging lower. Meanwhile the flow of fresh listings to agents (new instructions) weakened further. Anecdotal evidence, highlighted in the comments of some respondents to this survey, suggests that calling of an early election may have created an added layer of uncertainty in the market although there is also a sense from others that the impact may be somewhat less marked than in the past. In addition, once again prevalent in the feedback are references to the ramifications of stamp duty changes for sales particularly at higher price points.*

3.8 *Despite all of this, the headline price growth indicator returned a net balance of +22% (which was unchanged from the March report). As such, this measure remains consistent with steadily rising house prices nationally, with the pace of growth having remained essentially unaltered over the past five months. However, the UK-wide gauge does mask variation across the regions. Indeed, the reading for central London prices has now lingered in negative territory for thirteen months in succession (albeit the latest reading was less negative than previously).*

- 3.9 *Elsewhere, house price inflation across East Anglia has slowed noticeably in recent months and, along with the North East, as one of only two other regions in which prices were not reported to have increased. At the other end of the spectrum, the North West again returned the strongest positive net balance, with 67% more respondents noting higher (rather than lower) prices in April report – the reading has been above 50% in this part of the country in each of the last seven months.*
- 3.10 *Back at the national level, near term price expectations eased over the month, with the net balance moderating to +4% (from +11%). This was the softest reading since July 2016 and suggests contributors anticipate a slower rate of house price inflation in the three months ahead. Notwithstanding this, the twelve-month view remained firm (net balance +56%) and all parts of the UK are expected to see some growth in house prices.*
- 3.11 *An acute shortage of stock remains a key factor underpinning prices for the time being. Average properties on estate agents' books continue to hover close to record lows, while headline indicator on new sales instructions remained negative for a fourteenth month in a row. Interestingly, instructions have now reportedly picked-up slightly in London in each of the last two months (in net balance terms).*
- 3.12 *Going forward, national near term sales expectations are signalling continuation of this flat picture over the coming three months. What's more, projections moderated to a greater or lesser degree in virtually all areas relative to the previous report. Nevertheless, the twelve-month outlook appears somewhat brighter, with 31% more respondents anticipating a pick-up in sales (rather than decline) over the year ahead.*
- 3.13 *In the lettings market, the quarterly data shows tenant demand rising moderately (on a seasonally adjusted basis), although momentum does appear to have faded over the past six months. At the same time, landlord instructions were relatively flat once more, leading respondents to expect further modest rental growth at the national level. Tenant demand seems to have stabilised across the London market according to the latest results, ending a sequence of three consecutive quarters in which demand had deteriorated. Nevertheless, respondents will suspect rents may slip a little further in the near term, although the twelve-month outlook is more or less flat.*

Savills: Residential Property Focus February 2017

Bringing home the issues

- 3.14 *“Calculating the value of the UK’s housing stock not only throws up some fascinating figures, it also illustrates the issues facing the market. Once a year I set myself the challenge of revaluing the entirety of UK housing stock. It gets increasingly complicated. The spreadsheets are huge. The figures are massive. It gives me an immense feeling of satisfaction. It drives my colleagues to distraction.*
- 3.15 *Not only do I look at how much house prices have changed, but I factor in how much new housing has been built and where. I also look at how the country’s net housing wealth is divided between owner occupiers and investors. Then, in a crescendo of analytical self-indulgence, I try and work out how it is distributed between generations.*
- 3.16 *It chucks out some fascinating numbers. Who would have guessed that the housing stock of just two London boroughs is more than that of the whole of Wales? Who would have anticipated private landlords have as much housing equity as owner occupiers with a mortgage?”*

Irrelevant Nonsense?

- 3.17 *“When I first undertook this exercise, one of my colleagues suggested it was all very interesting, but questioned whether it had any real relevance to the man on the street. I was crushed. Arguably, they had a point. Who really cares if the value of housing in the UK stands at £6.79 trillion? Or if that figure has gone up by £1.5 trillion in the past three years? After all, isn’t this just a few numbers with a lot of noughts on the end?”*
- 3.18 *I would disagree. To me, the numbers in our lead article illustrate many of the issues facing the housing market. It is not just a case of whether the value growth of the recent past can continue. Nor is it simply a question of whether the recent slowing in price growth is blip or a trend.”*

Painting a Picture

- 3.19 *It brings home the impact of having fundamentally undersupplied market. It paints a picture of the challenge in meeting the conflicting housing needs of different*

generations. There are issues which the Government has sought to address in its recent Housing White Paper, cheerily titled “Fixing our Broken Housing Market”. It sets out its proposals under four key headings: planning for the right homes in the right places, building homes faster, diversifying the market and helping people now.

3.20 *One of the people I follow on Twitter astutely described the proposals as steps, not leaps, in the right direction. But they are important steps, steps which Susan Emmett has looked tin more detail in this publication.*

3.21 *They seek to deliver more homes across a much wider range of tenures. For example, they more enthusiastically support the delivery of institutionally owned, purpose built rental accommodation. A topic close to Jacqui Daly’s heart, this is something she has explored in her article on the private rented sector. From my perspective, it means I will have to review and revise how I go about valuing our housing stock in the future. More time with the spreadsheets, more complicated valuation formulae. In truth, I can hardly wait.*

The True Value of UK Housing

3.22 *“With low interest rates and strong consumer sentiment, 2016 witnessed a rapid rise in the value of UK housing, but has the market reached a turning point? The total value of the UK’s housing stock is now £6.79 trillion, 3.65 times the size of its economy. It has risen by £1.5 trillion in the past three years. Can this continue?”*

3.23 *These pretty mind-blowing numbers primarily reflect house price growth that has been driven by a combination of low interest rates and, for the most part, a strengthening economy. They mean private housing wealth stands t over £5 trillion for the first time.*

3.24 *But the £1.5 trillion increase has been heavily influenced by the powerhouses of London and the South East, which together have accounted for over one third of the growth. As we look forward, there is a series of factors that are likely to mean that price growth slows.*

3.25 *As the implications of the decisions to leave the EU become clearer, economic uncertainty is likely to feed into weaker consumer sentiment and tighter household finances. We expect price growth to slow in the country for the next two years or so.*

After this period of buyer caution, we do expect things to pick up. But rising interest rates will put a squeeze on affordability for mortgaged buyers, especially in the areas of the country that have seen some of the biggest house price increase.

- 3.26 *We are already beginning to see this play out. Despite strong annual growth, we have seen three-month house price growth fall back to 1.7% in December 2016 across the UK as a whole. To put that in context, 12 months previously it was 2.4%. In London, the change has been made more pronounced. The three-month on three-month measure has fallen from 3.7% to just 1.2% over the same period.*

To what extent has the growth in value been driven by rising levels of debt?

- 3.27 *“Not significantly, because of much lower numbers of house purchases compared to before the credit crunch. This reduced activity has been really noticeable among those up sizers who need a mortgage, unlike cash buyers who now have much greater purchasing power.*
- 3.28 *To put those into numbers, regulation and lender caution means that outstanding levels of mortgage debt have risen by just 10% (£120 billion) over the past five years. By contrast, the level of privately held housing equity has risen by a chunky 49% in the same period. Still, combined with a fall in the number of mortgaged owner occupiers, the average outstanding mortgage across England and Wales has risen by £18,500 over the past five years.*

How much has the average increase in debt levels been driven by London?

- 3.29 *In London, the average outstanding mortgage has grown by much more. It has risen by some 29% or £60,000 in cash terms, over this period. Which means that it now stands at over £240,000. Of course, for those getting onto or trading up the housing ladder, the figure is higher. This has caused buyers in the capital to stretch themselves further, essentially by borrowing more relative to their income. The Council of Mortgage leaders suggest that the average homebuyer in London borrowed 3.4 times their income in 2011. In 2016 that stood at 4.0.*
- 3.30 *Despite the fact that the level of housing equity in the capital has risen by 71% in the past five years (an astonishing £534 billion), that means those who need a mortgage*

are now bumping up against the limits of mortgage regulation. But with interest rates only expected to rise gradually when they do go up, this is likely to act as a drag on house price growth in the future, rather than anything more serious.

So, who are the beneficiaries from these rising levels of housing wealth?

- 3.31 *The amount of housing wealth held by homeowners who have completely paid off their mortgage has risen very significantly, as those who got onto the housing ladder in the second half of the 20th Century live longer. It is now over £2.39 trillion – twice that of the equity held by owner occupiers who have a mortgage. This means those over the age of 65 now hold an estimated 43% of all owner occupiers’ housing equity – a figure over £1.5 trillion.*
- 3.32 *Similarly, private landlords have seen the amount of equity they hold increase from £693 billion five years ago to around £1.2 trillion and have benefited from price growth to build substantial pool of property wealth. By contrast, homeowners under the age of 35 hold less than £200 billion of net housing wealth, as the generational divide in housing has widened.*

Who has benefited most from low interest rates and will be squeezed when they rise?

- 3.33 *Even though they have been moving less often, the main beneficiaries have been 35-49-year-old homeowners who have over £500 billion of mortgage debt. While that debt has been relatively cheap to service, increasingly they have extended their home rather than traded up. This reflects the cost of buying a property with an extra bedroom and the availability of mortgage debt to do so.*
- 3.34 *Our analysis of asking prices from the On The Market shows that the cost of moving from a two-bedroom to a three-bedroom property averages £77,000 across the local authorities of England and Wales. Across the boroughs of inner London, it stands at £220,000 and in outer London at £138,000. All of these numbers increase when looking at a move from a three to a four-bedroom property. This cost has also resulted in an increase in the number of people moving into the commuter zone in search of greater value for money. It is a trend we expect to gather pace as interest rates increase from their current benign levels.*

Does that mean you expect a change in the pattern of house price growth once the uncertainty around Brexit starts to clear?

- 3.35 *“It is one of the reasons, particularly as the gap in value between London and the rest of the country is currently at an all-time high. The value of housing stock in five of London’s most expensive boroughs fell by £9.6 billion in 2016, with the highest amount of price growth in the capital pushed out to the suburban borough of Barnet. But more notably, in 2016 the total growth in the value of housing in the South East was higher than in London for the first time since 2004. Perhaps surprisingly, Slough showed the highest percentage price growth anywhere in the country, as needs-based buyers and investors turned their attention to more affordable locations with striking distance of London.*
- 3.36 *As the uncertainty of Brexit subsides and modest price growth returns, we expect it to be weighted to London’s hinterland, before rippling more widely across the rest of the UK. As it spreads to the Midlands and the North, we expect to see it gain the strongest foothold in more affluent markets first. This has already been seen to an extent. The value of housing stock in York, for instance, has increased by 3.9 billion to £20 billion in the past five years, while the value of housing stock in Solihull rose by £2.6 billion in 2016 alone. By contrast, the value of housing stock in Hartlepool fell by £76 million last year.*

And what about the gap in housing wealth between different generations?

- 3.37 *Even if Government policy slows its growth, we expect the generational divide in housing wealth to become further entrenched. This means increased demand for private rented accommodation, despite measure to make residential investment less attractive. The mortgaged buy to let landlord will be squeezed by more stamp duty, a greater exposure to capital gains tax, less income tax relief and greater mortgage regulation.*
- 3.38 *But existing mortgage regulation for those looking to buy their own home is likely to keep deposits high and continue to restrict access to homeownership. For aspiring first-time buyer and second steppers, that points to continued reliance on the bank of Mum and Dad and schemes such as Help to Buy. We also expect to see more downsizing among older homeowners who are looking to unlock and pass on some of their housing wealth to younger generations.*

3.39 *Ultimately, this indicates, even if we don't see the same substantial increases in the value of the UK's housing stock, that there are still opportunities for cash buyers, the build to rent sector that is now beginning to build up a head of stream and developers able to tap into the grey pound.*

Power and Responsibility

3.40 *The White Paper is not a manifesto for revolution but a detailed blueprint for evolution. The steep rise in the value of residential property has been partly driven by a chronic undersupply of new homes. The Housing White Paper, launched in February, seeks to tackle this housing shortage. Its 106 pages offer no quick fix solutions, prompting criticism that it stops short of the 'radical vision' promised by Sajid Javid. What the White Paper lacks in terms of a headline-grabber, it seeks to make up for with a more pragmatic approach that tackles the housing crises on multiple fronts. Wide-ranging measures place greater responsibility on local authorities to adopt up-to-date-plans that meet housing requirements, increase pressure on housebuilders to accelerate construction and provide support for a wider range of tenure.*

3.41 *The Housing White Paper is not a manifesto for revolution but a details blueprint for evolution. Here are some of the key proposals:*

- **More Power and Responsibility for Local Authorities:** *Driving greater economic productivity is one of the Government's key aims. Providing enough homes in the right places is part of the solution and local authorities are to take more responsibility for making it happen. Under the proposals, councils must provide up-to-date local plans based on an 'honest assessment' of the need for new homes'. There is also more support for collaboration across local authority boundaries.*

Councils will be held to accounts through a new 'housing delivery test', which will highlight whether housebuilding is meeting housing requirements and from November 2018 automatically apply "the presumption in favour of sustainable development" if delivery falls below 25% of housing requirement (rising to 65% over time). A separate consultation will look into ways local authorities can make more active use of compulsory purchase powers to promote development on stalled sites. Additional support will come from the

Homes and Communities Agency (HCA), which will take a more proactive role on compulsory purchase.

In recognition that councils are under-resourced, there are plans to allow local authorities to increase planning fees by at least 20% and £25 million of new funding will be made available for “ambitious” authorities in areas of greatest need.

- ***Planning support for development:*** *The planning policy framework in the White Paper is supportive of higher levels of development by aiming to simplify and speed up planning. Government will also be exploring a new approach to developers’ contribution to infrastructure, expecting more efficient land use through higher density and reviewing space standards.*

The document stopped short of making radical changes to the Green Belt with a reiteration of the Conservative’s Manifesto commitment to protect it. But the Paper provided a clear process for local authorities to challenge the planning constraint, if they can demonstrate there is not enough land for development.

- ***Higher expectations for developers:*** *Private developers are expected to speed up delivery, engage with communities and invest in their skills base. Timing and pace for delivery will be monitored against plan targets and there are proposals to require larger housebuilders to publish data on build out rates.*

There are proposals to reduce the time required for builders to start work once a permission is granted from three to two years. Where no progress has been made and there is no prospect of completion, there is a proposal to withdraw planning permission for the remainder of the site. Innovation and modern methods of construction are being encouraged in a drive to support a wider range of developers. Government will encourage a greater diversity of builders, by partnering with SMEs and contractors in the £2bn accelerated Construction programme and helping smaller companies access finance. Housing associated are also expected to build a wider range of tenure through an expanded and more flexible Affordable Homes Programme worth £7.1 billion. Smaller players

will also be given a boost by moves to encourage planning authorities and bigger developers to sub-divide large sites.

- ***Support for a wider range of tenure:*** *Gone is the previous government's ambition to deliver 400,000 affordable homes for homeownership during this Parliament. Instead there is an expectation that 200,000 people will be helped onto the housing ladder by a range of schemes such as Help to Buy, shared ownership and starter homes. There is a recognition that we also need more homes for rent. The previous target to deliver 200,000 starter homes has disappeared and rules have changed to restrict eligibility. First-time buyers will be required to have a mortgage and subject to the same £80,000 (£90,000 in London) household income cap as those accessing shared ownership schemes. Buyers will also have to repay some or all of the 20% discount if the home is sold within the first 15 years of ownership.*

Developers will no longer have to deliver 20% of schemes as starter homes, which would have been detrimental to other forms of affordable housing. But there will be a policy expectation that housing sites will include a minimum 10% of homes for affordable homeownership.

Will it work?

- 3.42 *The paper's greatest strength is its multi-pronged coherent approach. It will instigate faster construction by focusing planning consents on build out rates. It will add muscle to the National Planning Policy Framework with more stringent requirements for local plan based on real need. It will target development around new strategic infrastructure and drive local authorities to look beyond municipal boundaries to deliver joined up thinking. None of this will happen overnight. It quietly takes us in the right direction, rather than delivering a shouting game changer.*

MARKET PREDICTIONS Five-year capital value forecasts

PRIME	2017	2018	2019	2020	2021	5-year
Central London	0.0%	0.0%	8.0%	5.0%	6.5%	21%
Other Prime London	-1.0%	0.0%	6.0%	4.0%	5.0%	15%
Suburban	-1.0%	1.0%	5.5%	4.0%	6.0%	16%
Inner Commute	1.0%	1.5%	6.5%	4.0%	6.0%	20%
Outer Commute	1.0%	1.5%	6.5%	4.0%	5.0%	19%
Wider South England	1.0%	1.0%	5.5%	3.5%	5.0%	17%
Midlands/North	0.0%	1.0%	5.0%	3.0%	4.0%	14%
Scotland	0.0%	0.0%	4.5%	3.0%	4.0%	12%

MAINSTREAM	2017	2018	2019	2020	2021	5-year
UK	0.0%	2.0%	5.5%	3.0%	2.0%	13%
London	0.0%	3.0%	4.5%	2.0%	1.0%	11%
South East	2.0%	2.0%	6.5%	4.0%	1.5%	17%
East of England	2.5%	2.5%	6.5%	4.0%	2.0%	19%
South West	1.0%	2.0%	6.0%	3.0%	1.5%	14%
East Midlands	0.0%	2.0%	5.5%	3.5%	2.0%	14%
West Midlands	-0.5%	2.0%	5.0%	3.5%	2.0%	13%
North East	-2.5%	1.5%	5.0%	2.0%	3.0%	9%
Yorks & Humber	-2.0%	1.5%	5.0%	2.5%	2.5%	10%
North West	-2.0%	2.0%	5.5%	3.0%	3.0%	12%
Wales	-2.0%	1.5%	5.0%	2.5%	2.5%	10%
Scotland	-2.5%	1.5%	5.0%	2.0%	3.0%	9%

3.0 Residential Market Review – January / February 2017

Source: www.rightmove.co.uk

- 3.1 The residential market review has been based on ward areas within the Borough (12 in total) and provides comprehensive research and analysis of currently available new build property across the Borough, together with Zoopla current area statistics. This data has been gathered for an overview of the value patterns seen across the Borough in order to inform assumption setting prior to the appraisal modelling phase and commenced in January 2017.
- 3.2 In FBCs circumstances, it was particularly important to collect the residential values data by ward areas as the main settlements of Fareham and Porchester have varying strength in values depending on whether in the North, South, East or West of the settlement. Fareham for example has stronger values in the North and East, this being linked to good transport links and good schools which was also a view supported by local agents through discussions with DSP taking place during a site visit to the Borough – see following sections for further details. In this case, essentially, we considered that research gathered by ward area would provide the best possible level of detailed analysis required for a robust evidence base.

Re-sale residential market review – ‘Rightmove’ available resale values (2017)

- 3.3 The tables below show sales data collected from Rightmove in January 2017 (based on ward areas as noted previously) for a range of different housing types from 1-bed flats to detached 4- bed properties to provide an overview of the values patterns seen across the Borough.

Table 1a: Fareham North (79 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	£250,000	£338,495	£504,994
Semi-Detached	n/a	£219,975	£275,825	£310,181
Terraced	n/a	£194,295	£223,333	n/a
Flats	£132,500	£164,000	£194,295	£219,975
Bungalows	n/a	£286,427	£305,985	£387,500

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£132,500	£120,000	£127,500	£132,500	£137,500	£145,000
2-Bed Flats	£164,000	£155,000	£161,250	£165,000	£168,000	£170,000
2-Bed Houses	£202,531	£150,000	£184,950	£190,000	£220,000	£289,950
3-Bed Houses	£300,521	£215,000	£260,000	£290,000	£325,000	£575,000
4-Bed Houses	£418,411	£250,000	£325,000	£354,998	£513,750	£799,995
2-Bed Bungalows	£286,427	£225,000	£270,000	£275,000	£294,995	£375,000
3-Bed Bungalows	£305,985	£229,995	£282,500	£312,500	£337,450	£375,000
4-Bed Bungalows	£387,500	£250,000	£318,750	£387,500	£456,250	£525,000

Table 1b: Fareham East (71 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	£280,000	£358,738	£472,062
Semi-Detached	£225,412	n/a	£284,761	£384,995
Terraced	£169,427	£225,412	£248,317	£293,738
Flats	£124,990	£169,427	£225,412	n/a
Bungalows	n/a	£278,750	£345,989	£849,950

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£124,990	£110,000	£119,950	£120,000	£125,000	£150,000
2-Bed Flats	£169,427	£127,000	£139,950	£170,000	£185,000	£225,000
2-Bed Houses	£229,611	£179,995	£210,000	£230,000	£257,500	£280,000
3-Bed Houses	£288,826	£170,000	£247,500	£279,950	£337,500	£379,995
4-Bed Houses	£424,982	£265,000	£349,950	£399,999	£489,950	£724,950
2-Bed Bungalows	£278,750	£272,500	£275,625	£278,750	£281,875	£285,000
3-Bed Bungalows	£345,989	£299,995	£300,000	£349,950	£380,000	£400,000
4-Bed Bungalows	£849,950	£849,950	£849,950	£849,950	£849,950	£849,950

Table 1c: Porchester West (45 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	n/a	£317,500	£550,312
Semi-Detached	£209,998	n/a	£282,992	£329,950
Terraced	£178,333	£209,998	£292,135	£295,000
Flats	n/a	£178,333	£209,998	n/a
Bungalows	n/a	£248,290	£365,000	n/a

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	n/a	n/a	n/a	n/a	n/a	n/a
2-Bed Flats	£178,333	£175,000	£175,000	£175,000	£180,000	£185,000
2-Bed Houses	£209,998	£199,995	£202,498	£205,000	£215,000	£225,000
3-Bed Houses	£287,275	£239,950	£255,000	£279,995	£311,248	£369,950
4-Bed Houses	£502,745	£295,000	£414,996	£515,000	£599,375	£665,000
2-Bed Bungalows	£248,290	£161,500	£180,000	£249,950	£325,000	£325,000
3-Bed Bungalows	£365,000	£365,000	£365,000	£365,000	£365,000	£365,000
4-Bed Bungalows	n/a	n/a	n/a	n/a	n/a	n/a

Table 1d: Porchester East (89 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	£255,000	£279,995	£395,714	£474,063
Semi-Detached	n/a	£255,000	£274,494	£300,000
Terraced	£172,498	n/a	£244,545	£289,998
Flats	£119,982	£172,498	n/a	£255,000
Bungalows	n/a	£267,852	£308,742	£382,475

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£119,982	£99,995	£104,973	£109,950	£129,975	£150,000
2-Bed Flats	£172,498	£152,500	£161,248	£169,995	£182,498	£195,000
2-Bed Houses	£263,332	£200,000	£239,998	£279,995	£294,998	£310,000
3-Bed Houses	£290,716	£175,000	£249,999	£275,000	£305,000	£480,000
4-Bed Houses	£413,541	£279,995	£300,000	£403,750	£425,000	£925,000
2-Bed Bungalows	£267,852	£225,000	£246,249	£252,498	£271,250	£365,000
3-Bed Bungalows	£308,742	£260,000	£295,000	£300,000	£325,000	£379,950
4-Bed Bungalows	£382,475	£349,950	£366,213	£382,475	£398,738	£415,000

Table 1e: Fareham South (67 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	£240,000	n/a	n/a	£348,000
Semi-Detached	£227,500	£240,000	£248,113	£384,995
Terraced	£160,120	£227,500	£223,781	n/a
Flats	£111,665	£160,120	£227,500	£240,000
Bungalows	n/a	£241,650	£265,000	n/a

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£111,665	£90,000	£104,995	£107,498	£121,250	£135,000
2-Bed Flats	£160,120	£130,000	£139,999	£147,498	£170,499	£225,000
2-Bed Houses	£231,667	£215,000	£227,500	£240,000	£240,000	£240,000
3-Bed Houses	£229,864	£170,000	£217,484	£230,000	£241,250	£289,950
4-Bed Houses	£357,249	£344,000	£348,500	£350,000	£358,749	£384,995
2-Bed Bungalows	£241,650	£195,000	£227,500	£260,000	£264,975	£269,950
3-Bed Bungalows	£265,000	£250,000	£260,000	£270,000	£272,500	£275,000
4-Bed Bungalows	n/a	n/a	n/a	n/a	n/a	n/a

Table 1f: Fareham West (68 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	n/a	£312,500	£492,495
Semi-Detached	n/a	n/a	£252,500	£332,483
Terraced	£168,333	n/a	£238,800	£245,000
Flats	£117,500	£168,333	n/a	n/a
Bungalows	n/a	£267,657	£282,925	£335,000

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£117,500	£117,500	£117,500	£117,500	£117,500	£117,500
2-Bed Flats	£168,333	£150,000	£152,500	£155,000	£177,500	£200,000
2-Bed Houses	n/a	n/a	n/a	n/a	n/a	n/a
3-Bed Houses	£256,179	£200,000	£232,500	£250,000	£267,375	£325,000
4-Bed Houses	£421,462	£240,000	£309,950	£360,000	£550,000	£720,000
2-Bed Bungalows	£267,657	£229,950	£255,000	£270,000	£279,975	£295,000
3-Bed Bungalows	£282,925	£150,000	£266,250	£275,000	£308,750	£385,000
4-Bed Bungalows	£335,000	£280,000	£283,750	£292,500	£343,750	£475,000

Table 1g: Fareham North (88 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	£219,975	£250,000	£338,495	£504,994
Semi-Detached	£194,295	£219,975	£275,825	£310,181
Terraced	£164,000	£194,295	£223,333	n/a
Flats	£132,500	£164,000	£194,295	£219,975
Bungalows	n/a	£286,427	£305,985	£387,500

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£132,500	£120,000	£127,500	£132,500	£137,500	£145,000
2-Bed Flats	£164,000	£155,000	£161,250	£165,000	£168,000	£170,000
2-Bed Houses	£202,531	£150,000	£184,950	£190,000	£220,000	£289,950
3-Bed Houses	£300,521	£215,000	£260,000	£290,000	£325,000	£575,000
4-Bed Houses	£418,411	£250,000	£325,000	£354,998	£513,750	£799,995
2-Bed Bungalows	£286,427	£225,000	£270,000	£275,000	£294,995	£375,000
3-Bed Bungalows	£305,985	£229,995	£282,500	£312,500	£337,450	£375,000
4-Bed Bungalows	£387,500	£250,000	£318,750	£387,500	£456,250	£525,000

Table 1h: Titchfield (64 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	£325,000	£245,000	£373,883	£558,333
Semi-Detached	n/a	£325,000	£352,000	£300,389
Terraced	£249,828	n/a	£265,498	£409,983
Flats	£217,500	£249,828	n/a	£325,000
Bungalows	n/a	£286,000	£515,000	£1,737,500

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£217,500	£210,000	£213,750	£217,500	£221,250	£225,000
2-Bed Flats	£249,828	£140,000	£195,000	£275,000	£298,500	£325,000
2-Bed Houses	£285,000	£245,000	£265,000	£285,000	£305,000	£325,000
3-Bed Houses	£329,497	£224,495	£281,250	£305,000	£346,213	£650,000
4-Bed Houses	£471,595	£259,995	£312,500	£462,500	£612,500	£850,000
2-Bed Bungalows	£286,000	£150,000	£287,500	£287,500	£325,000	£380,000
3-Bed Bungalows	£515,000	£330,000	£422,500	£515,000	£607,500	£700,000
4-Bed Bungalows	£1,737,500	£475,000	£1,106,250	£1,737,500	£2,368,750	£3,000,000

Table 1i: Warsash (57 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	£210,000	£343,790	£473,063
Semi-Detached	£284,967	n/a	£269,950	£350,000
Terraced	£220,000	£284,967	£227,500	n/a
Flats	£149,950	£220,000	£284,967	n/a
Bungalows	n/a	£225,990	£315,000	£677,475

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£149,950	£149,950	£149,950	£149,950	£149,950	£149,950
2-Bed Flats	£220,000	£175,000	£182,500	£205,000	£242,500	£295,000
2-Bed Houses	£266,225	£210,000	£224,963	£239,950	£281,213	£375,000
3-Bed Houses	£320,219	£124,000	£279,963	£325,000	£396,500	£775,000
4-Bed Houses	£467,202	£57,500	£420,000	£449,000	£479,950	£750,000
2-Bed Bungalows	£225,990	£190,000	£200,000	£225,000	£225,000	£289,950
3-Bed Bungalows	£315,000	£40,000	£320,000	£350,000	£387,500	£400,000
4-Bed Bungalows	£677,475	£625,000	£651,238	£677,475	£703,713	£729,950

Table 1j: Titchfield Common (76 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	£259,980	n/a	£324,990	£457,723
Semi-Detached	£217,222	£259,980	£280,996	£400,000
Terraced	£175,499	£217,222	£265,990	£339,998
Flats	£112,233	£175,499	£217,222	£259,980
Bungalows	n/a	£274,982	£368,333	£280,000

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£112,233	£54,250	£97,100	£139,950	£141,225	£142,500
2-Bed Flats	£175,499	£140,000	£167,500	£185,000	£189,995	£195,000
2-Bed Houses	£227,911	£210,000	£215,000	£220,000	£226,249	£299,950
3-Bed Houses	£283,327	£190,000	£266,238	£280,000	£288,746	£425,000
4-Bed Houses	£428,434	£325,000	£350,000	£389,975	£450,000	£875,000
2-Bed Bungalows	£274,982	£250,000	£262,498	£274,995	£287,473	£299,950
3-Bed Bungalows	£368,333	£270,000	£292,500	£350,000	£400,000	£550,000
4-Bed Bungalows	£280,000	£280,000	£280,000	£280,000	£280,000	£280,000

Table 1k: Locks Heath (53 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	£280,000	n/a	£328,317	£468,332
Semi-Detached	£209,988	£280,000	£337,990	£337,475
Terraced	£277,500	£209,988	£225,825	n/a
Flats	n/a	£277,500	£209,988	£280,000
Bungalows	n/a	£265,000	£383,315	£470,000

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	n/a	n/a	n/a	n/a	n/a	n/a
2-Bed Flats	£277,500	£255,000	£266,250	£277,500	£288,750	£300,000
2-Bed Houses	£223,990	£189,950	£205,000	£210,000	£235,000	£280,000
3-Bed Houses	£287,846	£189,950	£235,000	£290,000	£337,488	£375,000
4-Bed Houses	£456,953	£325,000	£392,498	£415,000	£500,000	£720,000
2-Bed Bungalows	£265,000	£175,000	£237,500	£300,000	£310,000	£320,000
3-Bed Bungalows	£383,315	£369,950	£374,975	£380,000	£389,998	£399,995
4-Bed Bungalows	£470,000	£360,000	£405,000	£450,000	£525,000	£600,000

Table 1l: Park Gate (86 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	£260,000	£285,000	£357,485	£433,375
Semi-Detached	£212,500	£260,000	£280,992	n/a
Terraced	£181,768	£212,500	£281,745	n/a
Flats	£142,500	£181,768	£212,500	£260,000
Bungalows	n/a	£321,633	£332,980	£609,000

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£142,500	£137,000	£138,125	£140,250	£147,625	£150,000
2-Bed Flats	£181,768	£150,000	£157,500	£170,000	£187,498	£249,500
2-Bed Houses	£246,000	£200,000	£220,000	£225,000	£285,000	£300,000
3-Bed Houses	£304,400	£219,950	£270,000	£289,950	£340,000	£459,950
4-Bed Houses	£433,375	£349,950	£392,461	£424,975	£428,750	£625,000
2-Bed Bungalows	£321,633	£300,000	£307,475	£314,950	£332,450	£349,950
3-Bed Bungalows	£332,980	£255,000	£319,950	£325,000	£369,950	£395,000
4-Bed Bungalows	£609,000	£485,000	£485,000	£600,000	£625,000	£850,000

Table 1m: Sarisbury (114 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	£235,000	£350,000	£416,421	£478,377
Semi-Detached	£249,000	£235,000	£285,762	£288,564
Terraced	£219,000	£249,000	£307,772	£329,086
Flats	n/a	£219,000	£249,000	£235,000
Bungalows	n/a	£349,950	£498,738	£606,667

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	n/a	n/a	n/a	n/a	n/a	n/a
2-Bed Flats	£219,000	£175,500	£185,000	£196,000	£240,000	£310,000
2-Bed Houses	£276,500	£200,000	£217,500	£235,000	£355,000	£400,000
3-Bed Houses	£324,131	£219,950	£275,000	£319,950	£334,950	£900,000
4-Bed Houses	£401,599	£219,950	£319,988	£382,500	£474,963	£745,000
2-Bed Bungalows	£349,950	£349,950	£349,950	£349,950	£349,950	£349,950
3-Bed Bungalows	£498,738	£319,950	£342,488	£487,500	£643,750	£700,000
4-Bed Bungalows	£606,667	£485,000	£485,000	£485,000	£667,500	£850,000

- 3.4 We have converted those sales figures collected in the previous tables into £ per sq. m. rates using estimated Approximate floor sizes typical for each respective type of property. The resulting property pricing indications (expressed in both capital values and £/sq. m rates) have then been sorted highest to lowest demonstrating those most valuable and least valuable ward areas within the Borough on this basis.

See Tables 2a and 2b on the following page.

Table 2a: Re-sale Average Asking Price Analysis – sorted by ‘All Properties’

Ward Area	1 Bed Flats	2 Bed Flats	2 Bed House	3 Bed House	4 Bed House	All Properties
Warsash	£149,950	£220,000	£266,225	£320,219	£467,202	£373,697
Locks Heath	n/a	£277,500	£223,990	£287,846	£456,953	£368,517
Titchfield	£217,500	£249,828	£285,000	£329,497	£471,595	£362,441
Sarisbury	n/a	£219,000	£276,500	£324,131	£401,599	£349,654
Portchester West	n/a	£178,333	£209,998	£287,275	£502,745	£328,199
Fareham West	£117,500	£168,333	n/a	£256,179	£421,462	£324,967
Portchester East	£119,982	£172,498	£263,332	£290,716	£413,541	£300,620
Park Gate	£142,500	£181,768	£246,000	£304,400	£433,375	£300,416
Titchfield Common	£112,233	£175,499	£227,911	£283,327	£428,434	£292,483
Fareham North	£132,500	£164,000	£202,531	£300,521	£418,411	£289,803
Fareham East	£124,990	£169,427	£229,611	£288,826	£424,982	£283,288
Fareham South	£111,665	£160,120	£231,667	£229,864	£357,249	£208,386
Overall	£151,702	£200,868	£247,379	£317,445	£485,868	£343,225

Table 2b: Re-sale Average Asking Price Analysis in £/m² – sorted by ‘All Properties’

Ward Area	1 Bed Flats	2 Bed Flats	2 Bed House	3 Bed House	4 Bed House	All Properties
Titchfield	£4,350	£3,569	£3,608	£3,295	£3,628	£3,621
Warsash	£2,999	£3,143	£3,370	£3,202	£3,594	£3,318
Locks Heath	n/a	£3,964	£2,835	£2,878	£3,515	£3,288
Sarisbury	n/a	£3,129	£3,253	£3,241	£3,089	£3,222
Portchester West	n/a	£2,548	£2,658	£2,873	£3,867	£3,109
Park Gate	£2,850	£2,597	£3,114	£3,044	£3,334	£3,049
Portchester East	£2,400	£2,464	£3,333	£2,907	£3,181	£2,937
Fareham East	£2,500	£2,420	£2,906	£2,888	£3,269	£2,885
Titchfield Common	£2,245	£2,507	£2,885	£2,833	£3,296	£2,861
Fareham North	£2,650	£2,343	£2,564	£3,005	£3,219	£2,839
Fareham West	£2,350	£2,405	n/a	£2,562	£3,242	£2,753
Fareham South	£2,233	£2,287	£2,932	£2,299	£2,748	£2,542
Overall	£3,034	£2,870	£3,131	£3,174	£3,737	£3,271

3.5 The further two tables below provide the average asking prices for flats, houses and bungalows taken from the research as carried out and displayed within the previous tables.

Table 2c – Average asking prices by property type (flats and houses) overall

Property Type		Average Asking Price
1 Bed Flat	-	£151,702
2 Bed Flat	-	£200,868
2 Bed House	Terraced	£232,802
	Semi-Detached	£280,990
	Detached	£271,923
3 Bed House	Terraced	£285,157
	Semi-Detached	£298,869
	Detached	£390,481
4 Bed House	Terraced	£341,285
	Semi-Detached	£322,540
	Detached	£546,876

Table 2d – Average asking prices – Bungalows

Property Type	Average Asking Price
2 Bed Bungalow	£276,311
3 Bed Bungalow	£335,056
4 Bed Bungalow	£587,092

Available New Build properties for sale – January / February 2017

Source: DSP research – based on www.rightmove.co.uk ; various house builders' & estate agents' websites; associated / follow-up enquiries as relevant.

- 3.6 The table below (2a) provides data relating to new build properties for sale, so far as available through web-searching and enquiries. Again, as above, this data was also collected on the basis of ward areas within the Fareham Borough. The noted property sizes are as supplied by RightMove or, where those were not stated, estimated – e.g. from agents' or other floor plans / dimensions (*Note: estimated dwelling sizes are shown in italics*).

See Table 3a on the following page.

Table 3a: Available new build property.

Address	Description	Price	Size (m2)	Price per m2	Price Less 5%	Price Less 10%	Price Plus 10%	Agent
Fareham North								
Houses								
Maylings Farm Road	5 Bed Detached	£675,000	170.64	£3,956	£3,758	£3,560	£4,351	Fox & Sons
Fareham Park Road	5 Bed Detached	£670,000	152.32	£4,399	£4,179	£3,959	£4,838	Fenwicks
Average:		£675,000	161.48	£4,177	£3,968	£3,759	£4,595	
Flats								
Fareham Point	2 Bed Flat	£180,000	n/a	n/a	n/a	n/a	n/a	Austin & Wyatt
Fareham Point	2 Bed Flat	£180,000	n/a	n/a	n/a	n/a	n/a	Austin & Wyatt
Sunlight Gardens	2 Bed Flat	£165,000	45.37	£3,637	£3,455	£3,273	£4,000	Jeffries
Average:		£180,000	45.37	£3,637	£3,455	£3,273	£4,000	
Fareham East								
Houses								
No Properties Available								
Flats								
Wickham Road	2 Bed Flat	£178,000	62.9	£2,830	£2,688	£2,547	£3,113	Pearsons
Wickham Road	2 Bed Flat	£178,000	62.9	£2,830	£2,688	£2,547	£3,113	Chapplins
High Street	2 Bed Flat	£178,000	64	£2,781	£2,642	£2,503	£3,059	Chapplins
High Street	2 Bed Flat	£178,000	64	£2,781	£2,642	£2,503	£3,059	Chapplins
Average:		£178,000	62.90	£2,806	£2,665	£2,525	£3,086	
Fareham South								
Houses								
Bishopsfield Road	3 Bed Terrace	POA	80.68	n/a	n/a	n/a	n/a	Bloor Homes
Bishopsfield Road	4 Bed Detached	£480,000	132.9	£3,612	£3,431	£3,251	£3,973	Bloor Homes
Bishopsfield Road	4 Bed Detached	£480,000	132.9	£3,612	£3,431	£3,251	£3,973	Bloor Homes
Bishopsfield Road	3 Bed Terrace	£390,000	106.38	£3,666	£3,483	£3,299	£4,033	Bloor Homes

Address	Description	Price	Size (m2)	Price per m2	Price Less 5%	Price Less 10%	Price Plus 10%	Agent
Bishopsfield Road	3 Bed Terrace	£330,000	115	£2,870	£2,726	£2,583	£3,157	Bloor Homes
Bishopsfield Road	3 Bed Terrace	POA	115	n/a	n/a	n/a	n/a	Bloor Homes
Average:		£420,000	117.65	£3,440	£3,268	£3,096	£3,784	
Flats								
No Properties Available								
Titchfield								
Houses								
Segensworth Road	3 Bed Semi	£325,000	86	£3,779	£3,590	£3,401	£4,157	White & Guard
Segensworth Road	3 Bed Semi	£325,000	86	£3,779	£3,590	£3,401	£4,157	White & Guard
Average:		£325,000	86.00	£3,779	£3,590	£3,401	£4,157	
Flats								
Segensworth Road	2 Bed Flat	£235,000	59	£3,983	£3,784	£3,585	£4,381	White & Guard
Segensworth Road	2 Bed Flat	£225,000	59	£3,814	£3,623	£3,432	£4,195	White & Guard
Segensworth Road	2 Bed Flat	£215,000	56	£3,839	£3,647	£3,455	£4,223	White & Guard
Segensworth Road	1 Bed Flat	£185,000	45	£4,111	£3,906	£3,700	£4,522	White & Guard
Segensworth Road	1 Bed Flat	£175,000	45	£3,889	£3,694	£3,500	£4,278	White & Guard
Average:		£207,000	52.80	£3,927	£3,731	£3,534	£4,320	
Warsash								
Houses								
Hook Park Road	5 Bed Detached	£2,000,000	488.48	£4,094	£3,890	£3,685	£4,504	White & Guard
Warsash	4 Bed Detached	£595,000	138	£4,312	£4,096	£3,880	£4,743	Ivens & Co
Warsash	4 Bed Detached	£595,000	138	£4,312	£4,096	£3,880	£4,743	Ivens & Co
Newton Road	3 Bed Detached	£475,000	n/a	n/a	n/a	n/a	n/a	Chimneypots
Average:		£555,000	138.00	£4,312	£4,096	£3,880	£4,743	
Flats								
No Properties Available								

Address	Description	Price	Size (m2)	Price per m2	Price Less 5%	Price Less 10%	Price Plus 10%	Agent
Titchfield Common								
Houses								
Hunts Pond Road	4 Bed Detached	£485,000	168	£2,887	£2,743	£2,598	£3,176	White & Guard
Southampton Road	4 Bed Detached	£450,000	120.5	£3,734	£3,548	£3,361	£4,108	SBK
Hunts Pond Road	4 Bed Detached	£425,000	160	£2,656	£2,523	£2,391	£2,922	White & Guard
Hunts Pond Road	4 Bed Detached	£420,000	160	£2,625	£2,494	£2,363	£2,888	White & Guard
Southampton Road	3 Bed Detached	£369,950	105	£3,523	£3,347	£3,171	£3,876	SBK
Daisy Lane	3 Bed Detached	£355,000	n/a	n/a	n/a	n/a	n/a	Brook Independent EA
Hunts Pond Road	3 Bed Semi	£300,000	101.3	£2,962	£2,813	£2,665	£3,258	White & Guard
Hunts Pond Road	3 Bed Semi	£300,000	101.3	£2,962	£2,813	£2,665	£3,258	White & Guard
Average:		£388,119	130.87	£3,050	£2,897	£2,745	£3,355	
Flats								
No Properties Available								
Locks Heath								
Houses								
Locks Road	4 Bed Detached	£725,000	225.6	£3,214	£3,053	£2,892	£3,535	Brook Independent EA
Locks Road	4 Bed Detached	£620,000	202.1	£3,068	£2,914	£2,761	£3,375	Brook Independent EA
The Hundred	3 Bed Semi	£339,950	81.47	£4,173	£3,964	£3,755	£4,590	Austin & Wyatt
Average:		£561,650	169.72	£3,485	£3,310	£3,136	£3,833	
Flats								
No Properties Available								
Park Gate								
Houses								
Coldeast Way	4 Bed Detached	£635,000	162.82	£3,900	£3,705	£3,510	£4,290	David Wilson Homes
Lower Duncan Road	4 Bed Detached	£515,000	n/a	n/a	n/a	n/a	n/a	White & Guard

Address	Description	Price	Size (m2)	Price per m2	Price Less 5%	Price Less 10%	Price Plus 10%	Agent
Coldeast Way	4 Bed Detached	£510,000	151.3	£3,371	£3,202	£3,034	£3,708	David Wilson Homes
Coldeast Way	4 Bed Terrace	£455,000	126.01	£3,611	£3,430	£3,250	£3,972	David Wilson Homes
Columbus Drive	4 Bed Detached	£425,000	131	£3,244	£3,082	£2,920	£3,569	SBK
Coldeast Way	3 Bed Semi	£350,000	85	£4,118	£3,912	£3,706	£4,529	David Wilson Homes
Coldeast Way	2 Bed Semi	£299,995	65.8	£4,559	£4,331	£4,103	£5,015	David Wilson Homes
Average:		£455,714	120.32	£3,800	£3,610	£3,420	£4,181	
Flats								
Coldeast Way	2 Bed Flat	£279,000	59.1	£4,721	£4,485	£4,249	£5,193	David Wilson Homes
Coldeast Way	1 Bed Flat	£199,995	54.4	£3,676	£3,493	£3,309	£4,044	David Wilson Homes
Average:		£239,498	56.75	£4,199	£3,989	£3,779	£4,618	

Note: No available new build property data for the following Wards: Porchester West, Porchester East, Fareham West and Sarisbury at the date of collection.

- 3.7 Table 3b below provides a new build average price analysis of the above data by ward area where available. From further analysis of the data below, the overall average new build price per sq.m equates to £3,408/m², including a 5% allowance for an assumed reduction from asking price.

See Table 3b on the following page.

Table 3b: Available new build property – Overall Analysis (price less 5%)

Ward Area	Flats	Houses	Average
Warsash*	n/a	£4,096	£4,096
Fareham North*	£3,455	£3,968	£3,797
Park Gate	£3,989	£3,610	£3,705
Titchfield	£3,731	£3,590	£3,691
Locks Heath*	n/a	£3,310	£3,310
Fareham South	n/a	£3,268	£3,268
Titchfield Common	n/a	£2,897	£2,897
Fareham East*	n/a	£2,665	£2,665
Portchester West	n/a		
Portchester East	n/a		
Sarisbury	n/a		
Overall Average:			£3,408

**small data sample*

Zoopla Analysis Summary – Re-sale property based

(Source of information in maps and tables on this and following pages: www.zoopla.co.uk)

- 3.8 Indicative “Heat” Maps - The Zoopla sourced “heat” maps below provide a further indication as to the variable strength of residential values within the Fareham Borough. These present a relative picture. The “cooler” colours (blue) indicate the general extent of lower values, relative to the “warmer” colours - through yellow to red – indicating at a similar high level the typically mid to higher value areas.

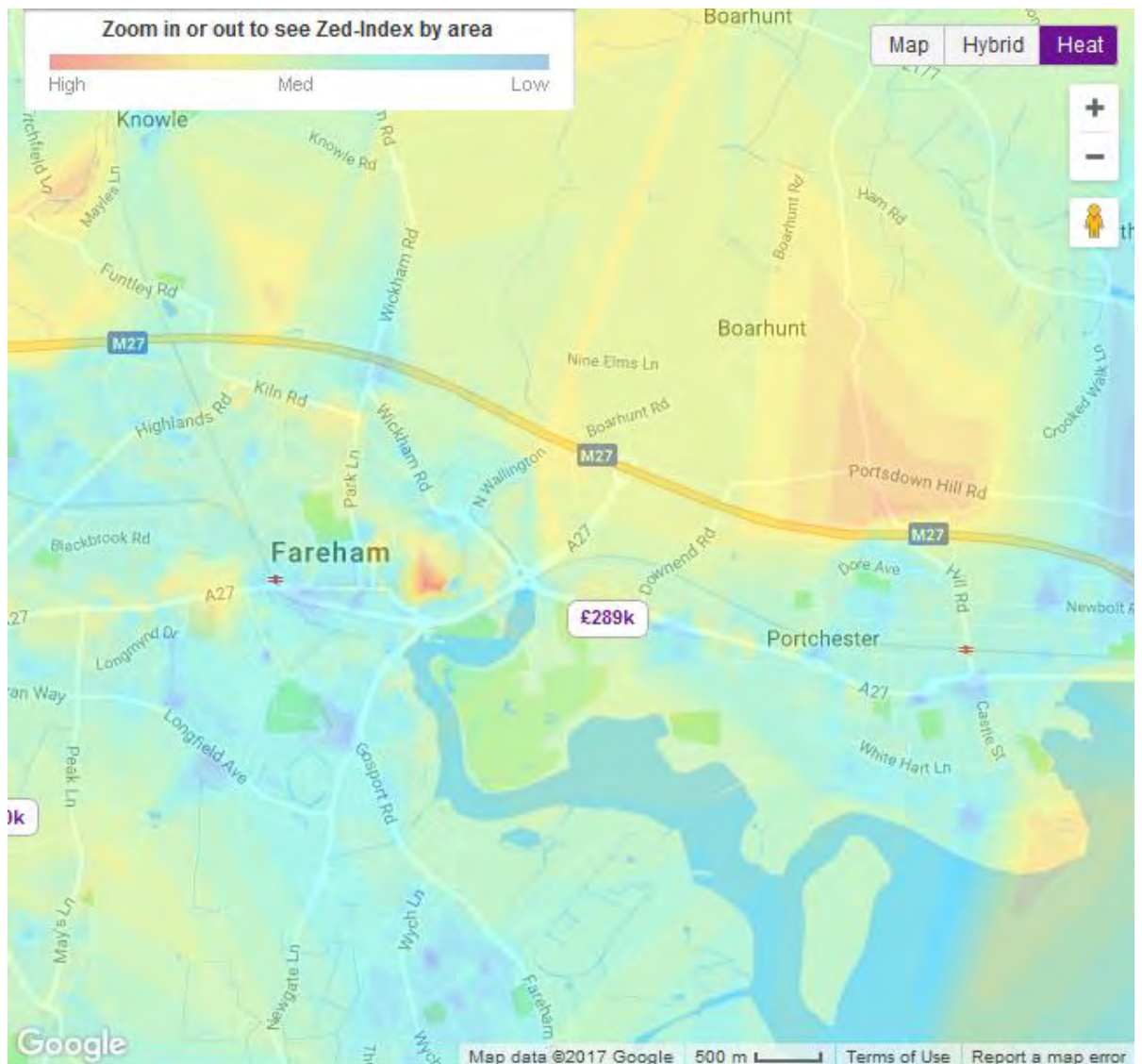
See Figure 1 on the following page.

Figure 1: Heat Map – Fareham Borough Overall



See Figure 2 on the following page.

Figure 2: Heat Map – Fareham and Porchester Focus



3.9 The table below provide a quick analysis of the Zoopla ‘Average Current Values Estimate’ data (as at January / February 2017) based on settlements This data was not available for all settlements, but provides a further source for considering house price trends (seen through the range of Value Levels – VLs) to inform assumptions for current stage review sample development scenario appraisals.

Table 4a: Zoopla Current Values Area Stats by Settlement

Settlement	Houses		Flats		Overall Average	
	Average Price per sq.ft	Average Price per sq.m.	Average Price per sq.ft	Average Price per sq.m.	Average Price per sq.ft	Average Price per sq.m.
BurrIDGE	£382	£4,114	n/a	n/a	£382	£4,114
Newtown	£356	£3,831	n/a	n/a	£356	£3,831
Warsash	£303	£3,264	£394	£4,239	£349	£3,752
Sarisbury	£307	£3,307	n/a	n/a	£307	£3,307
Locks Heath	£297	£3,196	n/a	n/a	£297	£3,196
Titchfield	£309	£3,321	£269	£2,894	£289	£3,108
Fareham	£296	£3,189	£275	£2,959	£286	£3,074
Wallington	£278	£2,991	n/a	n/a	£278	£2,991
Swanwick	£275	£2,955	n/a	n/a	£275	£2,955
Park Gate	£259	£2,783	n/a	n/a	£259	£2,783
Portchester	£274	£2,952	£241	£2,593	£258	£2,772
Average	£303	£3,505	£295	£3,567	£303	£3,262

3.10 Table 4b below provide the above Zoopla 'Average Current Values Estimate' data (as at January / February 2017) grouped into the corresponding ward areas in order to provide a consistent approach to further analysis and comparison with other collected data.

Table 4b: Zoopla Average Current Values Area Stats grouped by Ward Area

Ward Area	Zoopla Average £/m ²
Fareham North	£3,074
Fareham East	£3,033
Portchester West	£2,772
Portchester East	£2,772
Fareham South	£3,074
Fareham West	£3,074
Titchfield	£3,108
Warsash	£3,791
Titchfield Common	£3,108
Locks Heath	£3,108
Park Gate	£2,955
Sarisbury	£3,710
Overall	£3,262

4.0 Sheltered Housing Research (February 2017)

4.1 Research was also carried out on new build sheltered housing through using property search engines 'Rightmove and 'Retirement Homesearch'. Although there were no currently available schemes within the Borough, we noted the following sheltered housing schemes within a 5-mile radius.

Table 5a – Sheltered Housing Research (New Build only)

Address	Price	Size (m2)	Price per m2	Price Less 5%	Price Less 10%	Price Plus 10%	Agent
Fareham + 5-mile Radius							
1-Bed Flats							
Wykeham Court, Wickham	£278,000	52.19	£5,327	£5,060	£4,794	£5,859	McCarthy & Stone
London Road, Waterlooville	£277,950	55	£5,054	£4,801	£4,548	£5,559	Churchill Homes
Simmonds Lodge, Havant Road, Drayton, Portsmouth	£266,950	62.9	£4,244	£4,032	£3,820	£4,668	Churchill Homes
Simmonds Lodge, Havant Road, Drayton, Portsmouth	£266,950	55	£4,854	£4,611	£4,368	£5,339	Churchill Homes
London Road, Waterlooville	£264,950	55	£4,817	£4,576	£4,336	£5,299	Churchill Homes
Simmonds Lodge, Havant Road, Drayton, Portsmouth	£258,950	55	£4,708	£4,473	£4,237	£5,179	Churchill Homes
Wykeham Court, Wickham	£258,500	55	£4,700	£4,465	£4,230	£5,170	Churchill Homes
Wellesley , Waterlooville, Hampshire	£258,300	n/a	n/a	n/a	n/a	n/a	MHA Homes
Wellesley Court, Darnel Rd, Waterlooville	£255,550	n/a	n/a	n/a	n/a	n/a	MHA Homes
London Road, Waterlooville	£252,950	55	£4,599	£4,369	£4,139	£5,059	Churchill Homes

Address	Price	Size (m2)	Price per m2	Price Less 5%	Price Less 10%	Price Plus 10%	Agent
Simmonds Lodge, Havant Road, Drayton, Portsmouth	£252,950	55	£4,599	£4,369	£4,139	£5,059	Churchill Homes
Simmonds Lodge, Havant Road, Drayton, Portsmouth	£250,950	55	£4,563	£4,335	£4,106	£5,019	Churchill Homes
Simmonds Lodge, Havant Road, Drayton, Portsmouth	£248,950	55	£4,526	£4,300	£4,074	£4,979	Churchill Homes
London Road, Waterlooville	£243,950	55	£4,435	£4,214	£3,992	£4,879	Churchill Homes
Hamble Lane, Hamble	POA	55	n/a	n/a	n/a	n/a	McCarthy & Stone
Simmonds Lodge, Havant Road, Drayton, Portsmouth	£226,950	55	£4,126	£3,920	£3,714	£4,539	Churchill Homes
Folland Court, Hamble	£220,500	55	£4,009	£3,809	£3,608	£4,410	Churchill Homes
Folland Court, Hamble	£220,000	55	£4,000	£3,800	£3,600	£4,400	Churchill Homes
Wellesley , Waterlooville, Hampshire	£219,100	n/a	n/a	n/a	n/a	n/a	MHA Homes
Wellesley Court, Darnel Rd, Waterlooville	£219,000	n/a	n/a	n/a	n/a	n/a	MHA Homes
London Road, Waterlooville	£207,950	55	£3,781	£3,592	£3,403	£4,159	Churchill Homes
Simmonds Lodge, Havant Road, Drayton, Portsmouth	POA	55	n/a	n/a	n/a	n/a	Churchill Homes
Wycombe Court, Wickham	£258,500	53.11	£4,867	£4,624	£4,381	£5,354	Harringtons
Average:	£247,993	55	£4,542	£4,315	£4,088	£4,996	
2-Bed Flats							
Walmsley Place, Bishops Waltham	£525,500	83.13	£6,321	£6,005	£5,689	£6,954	Ortus Homes
Walmsley Place, Bishops Waltham	£485,500	83.13	£5,840	£5,548	£5,256	£6,424	Ortus Homes
Walmsley Place, Bishops Waltham	£435,000	83.13	£5,233	£4,971	£4,709	£5,756	Ortus Homes
Walmsley Place, Bishops Waltham	£410,000	83.13	£4,932	£4,685	£4,439	£5,425	Ortus Homes

Address	Price	Size (m2)	Price per m2	Price Less 5%	Price Less 10%	Price Plus 10%	Agent
Walmsley Place, Bishops Waltham	£410,000	83.13	£4,932	£4,685	£4,439	£5,425	Ortus Homes
Walmsley Place, Bishops Waltham	£410,000	83.13	£4,932	£4,685	£4,439	£5,425	Ortus Homes
Walmsley Place, Bishops Waltham	£410,000	83.13	£4,932	£4,685	£4,439	£5,425	Ortus Homes
Walmsley Place, Bishops Waltham	£395,500	83.13	£4,758	£4,520	£4,282	£5,233	Ortus Homes
Simmonds Lodge, Havant	£362,950	75	£4,839	£4,597	£4,355	£5,323	Churchill Homes
Simmonds Lodge, Havant	£362,950	75	£4,839	£4,597	£4,355	£5,323	Churchill Homes
London Road	£361,950	75	£4,826	£4,585	£4,343	£5,309	Churchill Homes
Simmonds Lodge, Havant Road, Drayton, Portsmouth	£357,950	75	£4,773	£4,534	£4,295	£5,250	Churchill Homes
London Road, Waterlooville	£353,950	75	£4,719	£4,483	£4,247	£5,191	Churchill Homes
London Road, Waterlooville	£331,950	75	£4,426	£4,205	£3,983	£4,869	Churchill Homes
London Road, Waterlooville	£323,950	75	£4,319	£4,103	£3,887	£4,751	Churchill Homes
Folland Court, Hamble	£300,000	75	£4,000	£3,800	£3,600	£4,400	McCarthy & Stone
Hamble Lane, Hamble	POA	75	n/a	n/a	n/a	n/a	McCarthy & Stone
Folland Court, Hamble	£299,500	75	£3,993	£3,794	£3,594	£4,393	McCarthy & Stone
London Road, Waterlooville	£295,950	75	£3,946	£3,749	£3,551	£4,341	Churchill Homes
Average:	£379,589	78	£4,809	£4,569	£4,328	£5,290	
Overall Average:	£308,729	67	£4,679	£4,445	£4,211	£5,147	

- 4.2 Given the lack of specific comparable Sheltered Housing development currently being marketed within the study area, we feel the above values represent a broad range of higher and lower value neighbouring areas. We consider the overall 'tone' of values to be in the range of £4,000/m² to £5,000/m²+ with the upper end representative of higher value areas outside of the Fareham Borough.
- 4.3 In the Fareham context and alongside DSP's significant experience of carrying out site specific viability reviews on numerous sheltered housing schemes locally, the above has led to an overall assumption on development values for sheltered housing of between £4,000/m² and £4,750/m².

5.0 Residential Values Summary

5.1 Overall, for the purposes of this strategic overview of development viability in this case, we decided to focus our appraisals around the following values range - represented by what we refer to as Values Levels 1 to 7 (1 being the lowest level trialed; 7 the highest) – see below.

Table 6: Residential Value Levels Summary

	FBC lower-end	FBC typical new-build values			FBC upper-end new-build values			
	VL1	VL2	VL3	VL4	VL5	VL6	VL7+	
Assumed Market Value Level (VL) range & indicative match with localities	Porchester	Fareham East, Fareham South, Fareham West Wallington, Titchfield, Loxheath	Fareham North		Warsash		Burridge	
		Parkgate	Sarisbury					
	1 Bed Flat	£137,500	£150,000	£162,500	£175,000	£187,500	£200,000	£212,500
	2 Bed Flat	£192,500	£210,000	£227,500	£245,000	£262,500	£280,000	£297,500
2 Bed House	£217,250	£237,000	£256,750	£276,500	£296,250	£316,000	£335,750	
3 Bed House	£275,000	£300,000	£325,000	£350,000	£375,000	£400,000	£425,000	
4 Bed House	£357,500	£390,000	£422,500	£455,000	£487,500	£520,000	£552,500	
Value House (£/m²)	£2,750	£3,000	£3,250	£3,500	£3,750	£4,000	£4,250	

5.2 As described previously in Section 4, we have adopted Sheltered Housing Value Levels at £4,000/m², £4,250/m² and £4,750/m² (VL6, VL7 and VL8) which has been based on comparable research carried out in February 2017, together with DSP's extensive experience of comparable site specific viability review cases in the area as well as throughout the

5.3 As in all areas, values are always mixed to some extent within particular localities and for particular sites. The table above assumes the following dwelling gross internal floor areas (these are purely for the purpose of the above market dwelling price illustrations):

- 1-bed flat at 50 sq. m (543 sq. ft.)
- 2-bed flat at 70 sq. m (753 sq. ft.)
- 2-bed house at 79 sq. m (914 sq. ft.)
- 3-bed house at 100 sq. m (1076 sq. ft.)
- 4-bed house at 130 sq. m (1398 sq. ft.)

6.0 Stakeholder Consultation

6.1 As part of the information gathering process, DSP invited a number of local stakeholders to help contribute by providing local market residential / commercial values information in order to help inform our study assumptions, alongside our own research, experience and judgements – by way of a survey / pro-forma (containing suggested assumptions) supplied by email by DSP for comment. The introductory email contained a short introduction about the project, it also explained the type of information we required and assured participants that any information they may provide would be kept in confidence, respecting commercial sensitivities throughout the whole process.

6.2 The list of stakeholders contacted is listed below: -

Table 7a: Stakeholder Consultation List

Austin Wyatt	Jeffries Estate Agent
Barton Willmore	Lambert Smith Hampton
Beals Estate Agents	Land Speed
Brian Granfield Builders	Mascot Homes
Brooke Smith Planning	McCarthy and Stone
Bryn Jezeph Contultancy	Peacock and Smith
Colliers International	Persimmon Homes Central
Drivers Jonas Deloitte	PLM Homes
Exbury Homes	Pro-Vision
Fenwicks	Savills
Foxley Tagg Planning Ltd	Studio 4 Architects
GL Hearn	Taylor Wimpey
Gladman Developments	TETLOW KING PLANNING
Greenlight Developments	Turley
HBF	Woolf Bond Planning
Ian Judd & Partners LLP	WYG Planning and Environment

6.3 Other stakeholders contacted as part of the information gathering process includes the following together with locally active Affordable Housing Providers:

Table 7b: Affordable Housing Providers Consultation List

Aster Group
BCHA
Consultant Project Manager
First Wessex
Guinness Hermitage
Hanover Housing
Latimer Homes
Places for People Homes
Portsmouth Rotary Housing Association Ltd
Radian
Sanctuary Housing
Stonewater
The Hyde Group
Wayferer

- 6.4 The response rate overall was limited. However, this is not unusual for this type of process in DSP's wide experience of undertaking strategic level viability testing. There are a range of sensitivities and aspects involved, which were acknowledged by DSP throughout the process.
- 6.5 However, any information / comments that were provided as a result of this consultation helped to inform and check / support our assumptions but due to commercial sensitivity and confidentiality they are not listed here.

Site Visit & Feedback Log

- 6.6 This section comprises information and soundings such as were collected from the various local agents, developers and other operating in the area and / or nearby areas - including on general market conditions and local variations, residential values and commercial sales / lettings and, where possible, land values together with development costs indications. The notes below are based on a site visit to the Borough on the 14th December 2016 together with any information, where applicable, from the consultation process. *Note: Some information provided to DSP through the consultation process is commercially sensitive and is therefore not*

displayed below. Additional land values information or soundings are noted in the following section of this Appendix.

- 6.7 **Local Agent 1** – indicated that asking prices were being achieved and the Brexit vote has seemingly not hindered sales and if anything the market has continued to perform strongly. Their busiest sale time was in August to date where they achieved the highest rate of sales. The highest value areas were noted in Fareham particularly as Uplands Road and Harrison Road due to the local school catchment area. It was noted that Titchfield also achieved a good rate of sales due to the number of character properties. In regards to new build homes, the agent commented that they seem to market themselves and not much advertisement is needed, principally related to a lack of new build property within Fareham Town Centre. The agent also noted that there was a 10% premium for new build properties above normal market re-sale prices, as long as the development had a good selling point e.g. bespoke kitchen, specialised fittings etc.
- 6.8 **Local Agent 2** – currently marketing a newly converted office building in Fareham forming 18 no. 2-bed flats which are selling well with only 2 no. remaining and at the upper end of pricing range varying from £178,000 to £190,000. The buyers for this development to date have ranged from investors, first-time / new buyers to more mature people. In a more general market context, the agent noted that there was a real demand for property, but currently not enough on the market – supply and demand therefore causing house prices to remain fairly high. The Brexit vote was noted to have caused a quiet period for around three weeks but has been ‘on the up’ since, although the agent said the market was unpredictable. Properties for sale around £300,000 and above is taking more time to sell with buyers being slightly more cautious in a potentially temperamental market. Properties beneath £300,000 are selling extremely fast and in high demand. Generally the agent commented that asking prices were being achieved around 95% of the time.
- 6.9 **Local Agent 3** – although office based in Fareham the office covers other areas within the Borough. The agent commented that at present the Fareham market itself is good related to a good rate of employment. There has been an increase in people relocating to the area. High value areas include Wickham, South Down, Hill Head, Stubbington, Catisfield and Kiln Road. In general sales have been good all year, although, initially after the Brexit vote sales slowed. At present the market is ‘back to

normal' with strong sales and most properties selling at or just below asking price. Limited available new build properties in the area.

6.10 New Build Development: Bloor Homes – Laurel Grove

Development of 120 units with 19 Affordable units (approximately 15%) comprising a mix of flats and 2, 3 and 4-bed houses. At the time of site visit, sales agent explained that sales were very good with the majority selling at asking price. Agent also indicated that 1 / 2-bed flats were priced at £153,000 to £194,000 and 3 / 4-bed houses ranged from £330,000 to £480,000. Help to Buy available. Management charge applies to be levied to cover the cost of maintaining the un-adopted areas within the development which is currently estimated at £140 per annum.

6.11 New Build Development: Taylor Wimpey – Strawberry Fields

Phase 1 already completed and Phase 2 being developed by Bovis Homes. Agent explained that they are currently in Phase 3 comprising a mix of flats and 2, 3 and 4 bed houses. Most properties selling at asking price and also off-plan - no discounts being offered. Asking prices range from £150,000 to £450,000. Prices per sq ft range from approximately £270/ft² to £380/ft².

6.12 New Build Development: David Wilson Homes – The Orchids

Development of 125 dwellings comprising a mix of 1 and 2-bed flats and 2, 3 and 4-bed houses with a further 60 units to be released. Approximately 30% of units are affordable housing. Agent commented that all houses are selling at asking price and at present no discounts are needed to be offered. Prices range from £195,000 to £520,000.

7.0 Commercial Market, Rents and Yields

7.1 Sources used:

- CoStar based on searches for retail (all types, including larger supermarkets and convenience stores), retail, offices, industrial/warehousing, distribution warehousing together with hotel data where available. This information will comprise of both lease and sales comparables within the Borough. (www.costar.co.uk – subscription based Commercial Property Intelligence resource used and informed by a wide range of Agents and other property firms).
- Valuation Office Agency (VOA) Rating List
- Others – RICS market information; property advertised; web-based research
- Any available local soundings – indications / examples

8.0 Commercial Context

RICS Commercial Property Market Survey Q1 2017

- 8.1 Headline reads: *‘Sentiment continues to improve away from the Capital’*
- *“Headline rental and capital value growth expected to accelerate once again*
 - *Industrial sector continues to post strongest underlying results*
 - *London office and retail occupier space likely to see further modest pullback”*
- 8.2 *“The Q1 2017 RICS UK Commercial Property Market Survey shows both rental and capital value growth projections strengthening at an aggregate level. Meanwhile, the office and retail areas of the market appear a little flatter in comparison. Demand indicators remain mixed across the London occupier market, although activity on the investment side saw some improvement according to the latest results.*
- 8.3 *Nationally, tenant demand increased at the all-sector level for the third consecutive quarter, albeit the pace of growth remained only modest the sector breakdown again shows office and retail demand struggling for momentum, posting net balances of -1% and +4%, respectively. Availability continues to decline sharply in the industrial sector, with 33% more respondents noting a fall (as opposed to an increase) during Q1. By way of contrast, space available for occupancy increased marginally in the retail segment (the first reported rise since 2013). Given these demand and supply dynamics, rents are expected to rise most firmly in the industrial sector, both over the near term and at the twelve-month horizon. At the same time, offices are expected to see only modest growth, while rents are anticipated to hold steady in the retail segment.*
- 8.4 *Looking more closely at the twelve-month view, prime and secondary industrial rents are projected to chalk up the strongest growth on a sectoral comparison. Prime office rents are expected to post some gains but the outlook is broadly flat for secondary locations. Projections remain negative across the secondary retail sector although respondents do envisage marginal growth in prime retail rents.*
- 8.5 *The regional breakdown again shows subdued trends in the London occupier market. Indeed, occupier demand fell in both the office and retail segments, although the*

industrial sector did see an increase. Consequently, rental expectations for the year ahead are negative in both the prime and secondary office sectors across the capital. Secondary retail rents are also anticipated to decline but prime retail space may prove more resilient. Across all other parts of the UK, headline rental expectations remain positive to a greater or lesser degree. The East and South East of England display the strongest twelve month projections, with prime office and industrial leading the way in each case.

- 8.6 *On the investment side of the market, enquiries continue to increase across all sectors with a net balance of +18% of respondents reporting a pick-up in demand in Q1. Overseas investment demand grew at a similar pace in each market segment, although the overall demand indicator means most elevated in the industrial sector. Alongside this, the supply of property for investment purposes fell significantly in the office and industrial sectors while the decline was more modest in the retail sector.*
- 8.7 *Capital value expectations rose noticeably in the industrial sector, with a net balance of 44% respondents anticipating prices to rise over the next three months (the firmest reading since Q4 2015). What's more, the twelve-month views on capital values also strengthened across both prime and secondary areas of the industrial market. Near term projections across the office sector also ticked up slightly and the twelve-month view for prime offices remained solid as a net balance of 42% or respondents anticipate capital value growth (43% previously). Prime retail assets are expected to see growth over the coming twelve months although projections are flat for properties in secondary locations*
- 8.8 *Across the UK, the headline investment demand indicator has now turned positive, to a greater or lesser degree, in virtually all areas. Scotland is the sole exception, but even here investment enquiries reportedly stabilised (having fallen in the three previous quarters). Feedback continues to highlight uncertainty surrounding a second independence referendum as an impediment to momentum.*
- 8.9 *In central London, investment enquiries rose at the sharpest pace since the tail end of 2015, while demand from overseas buyers continued to increase across all sectors. Interestingly, Northern Ireland was the only part of the UK to see a fall in foreign investment enquiries, marking the fourth straight quarter of declining demand. It also*

recorded the highest proportion respondents seeing enquiries from businesses looking to relocate because of uncertainty about the future relationship with the EU (42% against a headline UK figure of 16%).

- 8.10 *All-property capital value expectations have moved into positive territory in London for the first time since Q1 2016, although respondents anticipate secondary retail assets may continue to come under slight downward pressure. Meanwhile, the East of England is now the area in which the strongest capital value gains are expected over the year ahead, with prime office and industrial units anticipated to outperform.*
- 8.11 *The vast majority of respondents continue to view commercial real estate prices to be either at or below fair at present (83%), with the proportion taking this view holding fairly constant over recent quarters. In London, around 50% of contributor's sense current valuations are somewhat stretched relative to fundamentals. Nevertheless, this is still noticeably less than the 68% who were of this opinion at the start of 2016."*

Savills: Commercial Market in Minutes April 2017

- 8.12 *Headline reads: 'Is uncertainty really the word of the year?'*

Prime yield hardens again, but might there be an election spike?

- 8.13 *"The Savills all sector prime yield hardened again last month to 4.75% this makes March the seventh consecutive month of prime yield hardening, and brings the all sector yield back to its pre-referendum level.*
- 8.14 *Increasing levels of global security have driven a steady shift towards income-producing assets all over the world, and the UK's unique lease structure is still seen as offering a safe haven in times of volatility. Nowhere is this more true than in London office market, where the first quarter of 2017 saw a record level of nearly £5bn of transactions, 84% of which were to non-domestic investors. Many of these investors, while they accept that occupational risk has increased due to Brexit, still see the UK as comparatively safe in a global context.*

TABLE 1

Prime yields

	Mar 16	Feb 17	Mar 17
West End Offices	3.00%	3.25%	3.25%
City Offices	4.00%	4.00%	4.00%
Offices M25	5.00%	5.25% ↓	5.25% ↓
Provincial Offices	5.00%	5.25% ↓	5.25% ↓
High Street Retail	4.00%	4.00% ↑	4.00%
Shopping Centres	4.25%	4.50%	4.50%
Retail Warehouse (open A1)	4.75%	5.25%	5.25%
Retail Warehouse (restricted)	5.75%	5.75%	5.75% ↓
Foodstores	5.00%	5.00%	5.00%
Industrial Distribution	4.75%	5.00%	5.00% ↓
Industrial Multi-lets	4.75%	4.75%	4.50% ↓
Leisure Parks	5.00%	5.00%	5.00%
Regional Hotels	5.50%	5.25%	5.00%

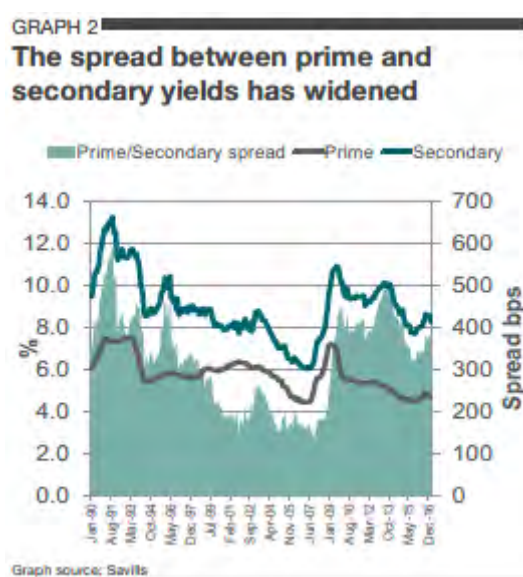
Table source: Savills

8.15 *With the announcement of a snap general election in June it is arguable that uncertainty in the UK has risen once again. However, the story around transactional activity and pricing in general election years is far from conclusive. There is a similar story when it comes to pricing. In 1997, 2010 and 2015 our All Sector Prime Yield ticked up by around a quarter of a point in May/June. However, in all three years it reverted to its pre-election levels within three months of the election date. So, perhaps all we can say about elections and the market is that sometimes they have a short-term effect on confidence, but this doesn't last. Indeed, June 2017 may be a good time to buy."*

If uncertainty is not affecting prime yield, what about secondary?

8.16 *"If domestic uncertainty is not having an appreciable effect on prime yields, then perhaps it should be more noticeable in secondary and tertiary (i.e. short income*

deals). Graph 2 looks at the spread between our national prime and secondary yield indices, which has now widened from its recent low of 316bps to 355bps. Given that this a larger spread than the long-term average of 326bps, it does point to a mix of increased caution around secondary assets and enthusiasm for prime assets. However, it also perhaps puts into context the degree of risk that investors think the UK is facing (i.e. significantly less than in the early 1990s recession or the global financial crisis (GFC). We would concur with this view as this latest shock is not likely to be amplified by credit issues or global contagion.



- 8.17 A similar story prevails outside London, with the spread between prime and secondary regional office markets being wider than average, but significantly narrower than during the GFC.
- 8.18 Looking ahead, we do expect to see weaker investor demand for short- income deals as concerns about demand and rental growth rise, and a greater degree of caution applied to their evaluation. This will in turn lead to a rise in secondary yields until they start to look cheap in relation to occupational risk. However, the ceiling for secondary yields this cycle is definitely lower than it was in 2007-2012, though the highest returns will once again be from turning short- income into long-income.”

For the economy as well as the property market, confidence is everything

- 8.19 *“With the news that the IMF has revised its forecast for UK GDP growth in 2017 up from 1% to 2%, it might seem that economic uncertainty is over. However, a number of measures are starting to point to rising tensions in household finances.*
- 8.20 *While some surveys are pointing to the fact that the inflationary impact of sterling’s devaluation may already have peaked, other factors such as rising utility bills are expected to push CPI close to 3% over the summer.*
- 8.21 *With wage growth, not likely to keep in step with inflation, a key question for the UK economy is how shoppers will continue to fund spending. Household savings ratios are now at their lowest ever level and the financial policy committee has recently started to make worried noises about level of unsecured borrowing that is going on.*
- 8.22 *While consumers remain reasonably relaxed about their economic situation, they are much more pessimistic about the general economic situation. However, a downturn in the latter has often preceded one in the former, so a slowdown in household spending is starting to look increasingly likely.”*

Co-Star UK Commercial Property Investment Review Q1 2017

- 8.23 *Headline reads: ‘It’s complicated: Co-Star’s data reveals an increasingly complex investment landscape’*
- 8.24 *“Key Figures:-*
- *£10.9bn invested in UK commercial property in Q1 2017, down 11% from Q4 2016;*
 - *1,109 transactions completed during the quarter, up 20% year on year;*
 - *68% of industry survey respondents are more positive now than in the immediate aftermath of the Brexit vote;*
 - *6.53% average all property yield, a rise of 15bps year on year;*
 - *£218m spent by Local Authorities in Q1, a big drop from the previous two quarters.*

Overview

- 8.25 *“Investment in UK commercial property continued to decline in Q1 2017. At £10.9bn, volumes were down by 11% compared to Q1 2016 and 22% below the five-year quarterly average. But behind the headline figures a more nuanced picture is emerging. Deal frequency remains relatively buoyant: CoStar recorded more than 1,100 transactions in Q1 2017, up 20% Y-o-Y.*
- 8.26 *Anecdotal evidence may point towards investors getting more selective and there being a lack of willing sellers, but the data suggests plenty of activity in the market. Demand for property is also being reflected in pricing, with only marginal rises in average yields since the referendum.*
- 8.27 *London offices remain a target for global capital, particularly from China and Hong Kong. But investors are focusing on safe, core assets—there is little appetite for risk. The number of Central London office deals (45) was well below average, and volumes were also down (albeit a couple of large trades—most notably the £1.15bn sale of the Leadenhall Building to CC Land — exchanged but did not complete during the quarter). This is perhaps unsurprising given concerns over fundamentals and tight pricing. Indeed, this report shows that Central London office rental growth is now trailing behind the rest of the UK for the first time in seven years.*
- 8.28 *Investors were more active in the regions, where investment rose 15% Y-o-Y. This was despite local authorities paring back spending following their huge spree in the second half of 2016. England’s western regions and Scotland proved popular, with the Build to Rent residential sector accounting for an ever greater share of volumes.*
- 8.29 *Of the three main property types, industrial remains the darling of investors, buoyed by positive supply/demand dynamics and viewed by many as the sector best placed to cope with any Brexit-inspired headwinds. In contrast, investment in supermarkets slumped to its lowest level in over 10 years.*
- 8.30 *So as yet another election approaches, the commercial property investment market appears finely balanced. Outperformance in some sectors and regions is helping to offset weaker performance in others, with underlying occupier market*

fundamentals increasingly key as investors look to income. Property will likely remain on investors' radar given its relative value, but riskier assets could lose their appeal in light of continued uncertainty.

9.0 Yield Guide – April 2017

9.1 The table below provides the relevant most up to date extracts from the Knight Frank Yield Guide as at April 2017.

Table 8 – Knight Frank Yield Guide (April 2017)

Sector	Apr-17	Market Sentiment
High Street Retail		
Bond Street	2% - 2.25%	Stable
Oxford Street	2.25%	Stable
Prime Shops	3.75%	Positive
Regional Cities	4.25%	Positive
Good Secondary	6.00%	Positive
Secondary Tertiary	10.00%++	Negative
Shopping Centres		
Regionally Dominant (£200+ psf Zone A)	4.25%+	Negative
Dominant Prime	5.00%+	Negative
Town Dominant	6.75%	Negative
Secondary	9.00%	Negative
Out of Town Retail		
Open A1/Fashion Parks	4.50%	Stable
Secondary Open A1 Parks	6.00%	Negative
Bulky Goods Parks	6.00%	Positive
Secondary Bulky Goods Parks	7.00%	Negative
Solus Open A1	5.00%	Positive
Solus Bulky (c.50,000 sq ft let to strong covenant)	6.00%	Positive
Leisure		
Leisure Parks	5.00%	Positive
Specialist Sectors		
Dept. Stores Prime (with fixed uplifts)	5.25%	Negative
Car Showrooms (20yrs with fixed uplifts & manufacturer covenant)	4.50%	Stable
Car Showrooms (20yrs with fixed uplifts & dealer covenant)	5.25%	Stable
Budget Hotels	4.75%	Stable

Sector	Apr-17	Market Sentiment
Student Accommodation (Prime London - direct let)	4.50%	Stable
Student Accommodation (Prime Regional - direct let)	5.50%	Positive
Student Accommodation (Prime London - 25yr lease Annual RPI)	4.00%	Positive
Student Accommodation (Prime Regional - 25yr lease Annual RPI)	4.75%	Positive
Healthcare (Elderly Care 30yrs indexed linked reviews)	4.50%	Stable
Foodstores		
Annual RPI increases	4.25%	Stable
Open market reviews	5.00%	Negative
Warehouse & Industrial Space		
Prime Distribution/Warehousing (20yr income)	4.25% - 4.50%	Positive
Prime Distribution/Warehousing (15yr income)	5.00%	Positive
Secondary Distribution	6.50%	Positive
SE Estate (exec London & Heathrow)	4.50%	Positive
Good Modern RoUK Estate	5.25%	Positive
Secondary Estates	6.75%	Positive
Offices		
City Prime	4.00% 4.25%	Stable
West End Prime	3.50%	Stable
Major Regional Cities	5.00%	Stable
SE Towns	5.25%	Positive
SE Business Parks	5.35%	Positive
Bonds and Rates		
Libor 3mth	0.33%	n/a
Base Rate	0.25%	n/a
5yr swap rates	0.79%	n/a
10yr gilts redemption yield	1.09%	n/a

**based on rack rented properties and disregards bond type transactions*

***this yield guide is for indicative purposes only and was prepared on the 7th April 2017 by Knight Frank*

10.0 Commercial Property Values Research

10.1 The CoStar research is based on available data within the Fareham Borough and covered the following types of commercial property: -

- Shops / premises
- Offices
- Retail Warehousing
- Industrial Warehousing
- Supermarkets

Note: Land values and 'other' commercial / non-residential property types (including hotels and care homes) are considered within the report text.

10.2 The following sections provide the CoStar analysis summaries for both lease and sales comparables combined with the full data set provided at the rear of this Appendix. CoStar is a market leading comprehensive subscription based commercial property intelligence resource used and informed by a wide range of Agents and other property firms, to provide commercial real estate information and analytics. CoStar conducts extensive, ongoing research to provide and maintain a comprehensive database of commercial and real estate information where subscribers are able to analyse, interpret and gain insight into commercial property values, availability as well as general commercial market conditions.

CoStar Commercial Values Data

10.3 The CoStar research below is based on available lease and sales comparables within the Fareham Borough covering retail (all types), offices and industrial/warehousing. We have included the analysis summary for both lease and sales comparables only with the full data set provided at the rear of this Appendix.

10.4 Figure 3a, 3b and 3c below provides the CoStar lease and sales comparable summary analysis for retail, offices and industrial uses generally with the full data set provided at the rear of this Appendix.

Figure 3a – CoStar Lease Comparables Analytics – Retail (generally)

Deals	Asking Rent Per SF	Achieved Rent Per SF	Avg. Months On Market
204	£18.04	£12.18	13

SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Asking Rent Per SF	118	£3.10	£18.04	£17.85	£57.16
Achieved Rent Per SF	90	£3.10	£12.18	£13.39	£96.30
Net Effective Rent Per SF	20	£5.33	£10.82	£11.60	£96.30
Asking Rent Discount	54	-6.9%	17.9%	9.5%	62.5%
TI Allowance	-	-	-	-	-
Rent Free Months	25	0	4	3	18

Lease Attributes	Deals	Low	Average	Median	High
Months on Market	114	0	13	10	56
Deal Size	204	225	2,345	1,072	34,873
Lease Deal in Years	92	1.3	10.4	10.0	36.0
Floor Number	139	GRND	GRND	GRND	MEZZ

Figure 3b – CoStar Lease Comparables Analytics – Offices

Deals	Asking Rent Per SF	Achieved Rent Per SF	Avg. Months On Market
267	£12.38	£11.65	18

SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Asking Rent Per SF	173	£4.72	£12.38	£12.00	£29.88
Achieved Rent Per SF	163	£2.47	£11.65	£10.93	£30.00
Net Effective Rent Per SF	48	£3.34	£11.63	£11.09	£25.00
Asking Rent Discount	109	-13.6%	11.5%	0.0%	69.2%
TI Allowance	-	-	-	-	-
Rent Free Months	41	0	4	2	12

Lease Attributes	Deals	Low	Average	Median	High
Months on Market	184	0	18	11	79
Deal Size	267	32	2,733	1,600	21,350
Lease Deal in Years	156	0.5	6.0	5.0	25.0
Floor Number	167	LL	GRND	GRND	3

Figure 3c – CoStar Lease Comparables Analytics – Industrial

Deals	Asking Rent Per SF	Achieved Rent Per SF	Avg. Months On Market
382	£6.17	£6.34	15

SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Asking Rent Per SF	266	£1.45	£6.17	£6.50	£11.99
Achieved Rent Per SF	258	£0.58	£6.34	£6.35	£26.21
Net Effective Rent Per SF	91	£0.58	£6.04	£6.20	£11.71
Asking Rent Discount	182	-154.7%	4.8%	0.0%	89.1%
TI Allowance	-	-	-	-	-
Rent Free Months	52	0	5	3	24

Lease Attributes	Deals	Low	Average	Median	High
Months on Market	279	1	15	10	102
Deal Size	382	200	6,686	3,198	100,853
Lease Deal in Years	272	0.1	6.2	5.0	25.0
Floor Number	247	GRND	GRND	GRND	MEZZ

11.0 Land Values Context

Savills Market in Minutes: UK Residential Development Land- May 2017

11.1 Headline reads: *'Rising demand for land in regional cities'*

- *"Regional cities are seeing increasing land values as demand for site grows. Land within Birmingham, Manchester and Glasgow is in high demand with urban land values growing by 15% or more over the last year. Build to Rent, regeneration and infrastructure improvements are at the heart of the growth.*
- *Competition for land is increasing in the Midlands as South East based housebuilders expand into these strengthening markets.*
- *Within London, demand for land is strongest where new build values are less than £1,000 per square foot. New housing supply above £700 per square foot is forecast to meet demand over the next five years but those with values lower than £500 per square foot will continue to be the most undersupplied.*
- *Land in Central London is in lower demand as fewer prime residential sites are starting and occupier demand for office space remains uncertain."*

Regional Cities Interest - City sites wanted

11.2 *"City centre sites are seeing increased interest from developers, pushing up average urban land values by 1.8% over the last quarter. Land within Birmingham, Manchester and Glasgow is in high demand with values rising by 15% or more for urban sites over the last year. Previously overlooked sites are now being considered. The interest comes as these cities build their momentum and developers and investors seek opportunities for house price growth. Build to Rent, regeneration and infrastructure improvements are at the heart of the growth.*

11.3 *Urban land values have increased more strongly than values for greenfield land over the last quarter once again. On a UK wide bases urban development land values increased by 1.8% in the first quarter of 2017 bringing annual growth to 4.4% while*

greenfield development land values increased by 0.4% in Q1 2017 with annual growth of 1.3%.”

Move towards Midlands

- 11.4 *“There is increasing competition for land in the higher value areas of the Midlands as developers expand their boundaries. Higher end housebuilders, such as Crest Nicholson and Berkeley Homes, have been seeking opportunities beyond the South East where they traditionally focus their development activities. This comes as house price growth spreads further from the South East and values of £300 per square foot for new build homes can be achieved in more locations.”*

Competition from Housing associations

- 11.5 *“Housing associations continue to buy more land across the country. As we reported in the last issue, four times as much land was bought by Housing Associations in 2016 through Savills than in 2015. Since then L&Q have acquired Gallagher Estates (with 42,000 plots) and others are increasingly active, adding to demand for sites.”*

Lower value markets most in need of homes

- 11.6 *“The greatest scarcity of homes for owner occupiers and renters is at prices below £450 per square foot. In outer London, in the current strengthening market, funding has become available to invest in remediating brownfield sites. At this part of the market Help to Buy also provides additional support for new build sales.*
- 11.7 *Compared to the rest of the country Help to Buy has been relatively little in London since its introduction in April 2013 but there has been an increase in take-up since the 40% equity loan was introduced in February 2016.*
- 11.8 *The scheme is commonly used in the outer, more affordable boroughs supporting 19% of new home sales (recorded by HM Land Registry) in outer London between April 2013 and December 2015. This has increased to 30% of new home sales since the 40% equity loan has been available (between Q2 and Q4 2016).”*

Knight Frank: Residential Development Land Index Q4 2016

11.9 Headline reads: *'Diverging Land Market*

11.10 Key Facts: -

- *Greenfield land values remained unchanged in Q4 2016, taking the annual decline to 4.1%*
- *Prime Central London development land values fell by 2.5% in the final quarter of 2016, and the annual decline is 11.5%...*
- *...however average land values for brownfield sites in key urban areas across the UK rose by 2.1%, taking the annual growth to 5.5%*

11.11 Summary: - *"English greenfield land values dipped again in Q4 2016, as did those in prime central London. However, urban brownfield land values continued to buck the trend rising by 2.1%, with strong growth seen in Birmingham"*

11.12 *"Average values for greenfield residential development land sites around England fell for the fifth consecutive quarter in Q4 2016. The greenfield land index, made up of a selection of sites across England, is 7% lower than its peak in Q4 2014, and is at a similar level to that seen at the start of 2013.*

11.13 *The UK housing market remains characterised by a shortage of homes in many areas where demand is greatest, and by record-low mortgage rates. However, the movement in land prices also reflects the wider economic environment, especially the uncertainty in the medium-term over the impact of Brexit on the UK economy. As such, developers are adding in margins to allow for this uncertainty, putting a squeeze on land prices.*

11.14 *Economic and fiscal policy is also playing a part in the prime central London land market, an area where the property market is still absorbing major changes made to the stamp duty regime over the last two years. Ian Marris, joint head of Residential Development, said: "The market for land in PCL is showing signs of conditions last seen in 2010 where, after two years of falls, the savvy investors returned to the market and bought in expectation that pricing was reaching the bottom. It is probably a little*

premature to make the same conclusion however it feels like it is close and we can certainly see value returning to development appraisals.”

- 11.15 *The urban brownfield land market which bucked the wider land trend, showing 18% growth over the last two years. The urban index encompasses sites across five major cities. It is noticeable that pricing in Birmingham has been strongest over the most recent quarter. This highlights how, even with wider economic uncertainties, the prospect of regeneration, potential transport uplifts, and a positive local economic picture, can underpin land pricing.”*

England Greenfield Development Land Index

Date	Index	12-month % change	6-month % change	3-month % change
Dec-14	107.57	2.3%	0.3%	0.1%
Mar-15	105.68	-0.5%	-1.7%	-1.8%
Jun-15	104.70	-2.4%	-2.7%	-0.9%
Sep-15	104.48	-2.8%	-1.1%	-0.2%
Dec-15	104.64	-2.7%	-0.1%	0.2%
Mar-16	103.08	-2.5%	-1.3%	-1.5%
Jun-16	100.75	-3.8%	-3.7%	-2.3%
Sep-16	100.36	-3.9%	-2.6%	-0.4%
Dec-16	100.31	-4.1%	-0.4%	0.0%

Urban Development Land Index

Date	Index	12-month % change	6-month % change	3-month % change
Dec-15	111.85	11.9%	5.5%	2.5%
Mar-16	116.91	13.4%	7.1%	4.5%
Jun-16	115.62	9.1%	3.4%	-1.1%
Sep-16	115.62	6.0%	-1.1%	0.0%
Dec-16	118.03	5.5%	2.1%	2.1%

Source: Knight Frank Research

Benchmark Land Values

11.16 Land value in any given situation should reflect specific viability influencing factors, such as:

- the existing use scenario;
- planning potential and status / risk (as an indication and depending on circumstances, planning risk factors may equate to a reduction from a “with planning” land value by as much as 75%);
- development potential – scale, type, etc. (usually subject to planning) and;
- development constraints – including site conditions and necessary works, costs and obligations (including known abnormal factors);
- development plan policies

11.17 It follows that the planning policies and obligations will have a bearing on land value; as has been recognised by examiners and Planning Inspectors.

11.18 In order to consider the likely viability of local plan policies in relation to any development scheme relevant to the Local Plan, the outturn results of the development appraisals (the RLVs viewed in £/ha terms) need to be somehow measured against a comparative level of land value. This is a key part of the context for reviewing the strength of the results as those changes across the range of assumptions on sales values (GDVs) and crucially including the effect of local plan policies (including affordable housing), and other sensitivity tests.

11.19 This comparison process is, as with much of strategic level viability assessment, not an exact science. It involves judgements and the well-established acknowledgements that, as with other appraisal aspects, land values will in practice vary from scheme to scheme as well as being dependent to some extent on timing in relation to market conditions and other wider influences such as Government policy. The levels of land values selected for this comparison context are often known as ‘benchmark’ land values, ‘viability tests’ (as referred to in our results tables – Appendices II) or similar. They are not fixed in terms of creating definite cut-offs or steps in viability, but in our experience, they serve well in terms of adding a layer of filtering to the results, to help enable the review of those; they help to highlight the tone of the RLV results and therefore the changing strength of relationship between the values (GDVs) and development costs as the appraisal inputs (assumptions) change.

- 11.20 As suitable (appropriate and robust) context for a high-level review of this nature, DSP's practice is to compare the wide range of appraisal RLV results with a variety of potential land value comparisons in this way. This allows us to consider a wide range of potential scenarios and outcomes and the viability trends across those. This approach reflects the land supply picture that the Council expects to see.
- 11.21 The land value comparison levels are not fixed or even guides for use on scheme specifics; they are purely for this assessment purpose. In our experience, sites will come forward at alternative figures – including in some cases beneath the levels assumed for this purpose. We have considered land values in a way that supports an appropriately “buffered” type view.
- 11.22 To inform these land value comparisons or benchmarks we sought to find examples of recent land transactions locally. In this case, we received few indications from the various soundings we took and sources we explored. In the usual and appropriate way for such a study, we also reviewed information sourced as far as possible from the VOA, previous research / local studies / advice provided by the Council, through seeking local soundings, CoStar; and from a range of property and land marketing web-sites. Details, so far as available and publishable, are provided in this Appendix – see below.
- 11.23 In terms of the VOA, data available for comparison has reduced significantly since the July 2009 publication of its Property Market Report (PMR), with data provided only on a limited regional basis in the later reporting. The VOA now no longer produces a PMR and suggests that caution should be used when viewing or using its data. Nevertheless, in areas where it is available, the data can provide useful indicators, certainly in terms of trends.
- 11.24 This consideration of land values assumes all deductions from the GDV covered by the development costs assumptions.
- 11.25 Agricultural land values reported by the VOA and a range of other sources are indicated to be circa £20,000/ha in existing use. The HCA issued a transparent assumptions document which referred to guide parameters of an uplift of 10 to 20

times agricultural land value. This sort of level of land value could also be relevant to a range of less attractive locations or land for improvement. This is not to say that land value expectations in such scenarios would not go beyond these levels – they could well do in a range of circumstances.

- 11.26 Land value judgements for the assessment purpose are based on seeking to ensure a competitive return to a willing landowner, as is recognised through the RICS guidance on ‘Financial Viability in Planning’ (RICS GN 94/2012 – as noted below), the NPPF requirements and other papers on viability assessment such as noted within Report Chapters 1 and 2.
- 11.27 The consideration of land value – whether in the RICS’ terms (see below) or more generally for this context, involves looking at any available examples (‘comparables’) to inform a view on market value and may well also involve considering land value relating to an existing or alternative use (‘EUUV’ or ‘AUV’). Existing use value may also be referred to as ‘CUV’ (i.e. current use value). In addition, there may be an element of premium (an over-bid or incentive) over ‘EUUV’ or similar required to enable the release of land for development.
- 11.28 The HCA’s draft document ‘Transparent Viability Assumptions’ that accompanies its Area Wide Viability Model suggested that *‘the rationale of the development appraisal process is to assess the residual land value that is likely to be generated by the proposed development and to compare it with a benchmark that represents the value required for the land to come forward for development’*. This benchmark is referred to as threshold land value in that example: *‘Threshold land value is commonly described as existing use value plus a premium, but there is not an authoritative definition of that premium, largely because land market circumstances vary widely’*. Further it goes on to say that *‘There is some practitioner convention on the required premium above EUUV, but this is some way short of consensus and the views of Planning Inspectors at Examination of Core Strategy have varied’*.
- 11.29 RICS Guidance¹ refers to site value in the following *‘Site Value should equate to the market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and*

¹ Financial Viability in planning – RICS Guidance note (August 2012)
DSP 2017 – Project ref. 16452

disregards that which is contrary to the development plan... The residual land value (ignoring any planning obligations and assuming planning permission is in place) and current use value represent the parameters within which to assess the level of any planning obligations’.

- 11.30 The Local Housing Delivery Group report² chaired by Sir John Harman, notes that *‘Consideration of an appropriate Threshold Land Value needs to take account of the fact that future plan policy requirements will have an impact on land values and landowner expectations. Therefore, using a market value approach as the starting point carries the risk of building-in assumptions of current policy costs rather than helping to inform the potential for future policy. Reference to market values can still provide a useful ‘sense check’ on the threshold values that are being used in the model (making use of cost-effective sources of local information), but it is not recommended that these are used as the basis for the input to a model.*
- 11.31 *We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values’.*
- 11.32 Any overbid level of land value (i.e. incentive or uplifted level of land value) would be dependent on a ready market for the existing or other use that could be continued or considered as an alternative to pursuing the redevelopment option being assumed. The influences of existing / alternative uses on site value need to be carefully considered. At a time of a low demand through depressed commercial property market circumstances, for example, we would not expect to see inappropriate levels of benchmarks or land price expectations being set for opportunities created from those sites. Just as other scheme specifics and appropriate appraisal inputs vary, so will landowner expectation.
- 11.33 In carrying out this study DSP have had regard to a range of sources of information including current sales (provided by sources such as Co-Star and other on-line property websites), previous information provided in tandem with earlier viability studies and generally available data from sources such as the VOA and Government bodies.

² Local Housing Delivery Group – Viability Testing Local Plans (June 2012)
DSP 2017 – Project ref. 16452

11.34 Table 10 below provides a sample of available land for sale in April/May 2017 from RightMove Commercial in the Fareham Borough plus a 1 mile radius:-

Table 10 – Land for Sale (Fareham Borough + 1 mile radius)

Address	Description	PDL/GF	Planning Permission?	Asking Price	Size Acre	Agent
Fareham Borough +1 Mile Radius						
Park Croft, Park Place, Winchester Road, Wickham	Care home with refurbishment/ redevelopment potential	PDL	No	£800,000	2.1	Savills
Titchfield	Grade II Listed Barn and other commercial buildings	PDL	Yes - the Barn has PP for conversion to residential. Commercial buildings to be demolished.	£500,000	0.76	BCM
Land at rear Elgin Close	Detached Bungalow on large plot	PDL	Yes - PP granted for the development of a single dwelling with garage	£400,000	n/a	RPS
Fontley Road, Fareham	Pasture Land	GF	Yes - PP granted for an equestrian facility	£260,000	6.15 acres	Giles Wheeler-Bennett
Land at Southwick Road	Land for Sale	GF	No - marketed with residential development potential	£125,000	0.98 acres	Exclusive
Southwick Road	Land for Sale	GF	No - marketed with residential development potential	£50,000	0.98 acres	Barnard Marcus

11.35 The Government also publishes residential land value estimates for policy appraisal and includes data for Fareham. This indicates a residential land value of £2,554,000

per hectare. However, this needs to be set in the context of the assumptions underpinning that value. Those include the assumption that there is nil affordable housing requirement (can impact land value by around 50% on a ½ hectare site with 30% affordable housing); nil CIL, full planning consent is in place (as discussed above, risk associated with obtaining planning consent can equate to as much as 75% deduction when comparing consented with unconsented land) lower quartile build costs and a 17% developer's profit (compared to median build cost and 20% developer's profit used in this study – leading to further inflated value compared to approach used in viability studies).

11.36 The Council have previously had previous viability work carried out in relation to CIL and Site Allocations. In order to ensure that the most appropriate available evidence is used, we have also had regard to the conclusions of those studies in forming our opinion on land value benchmarks for this study³. The details are not set out again.

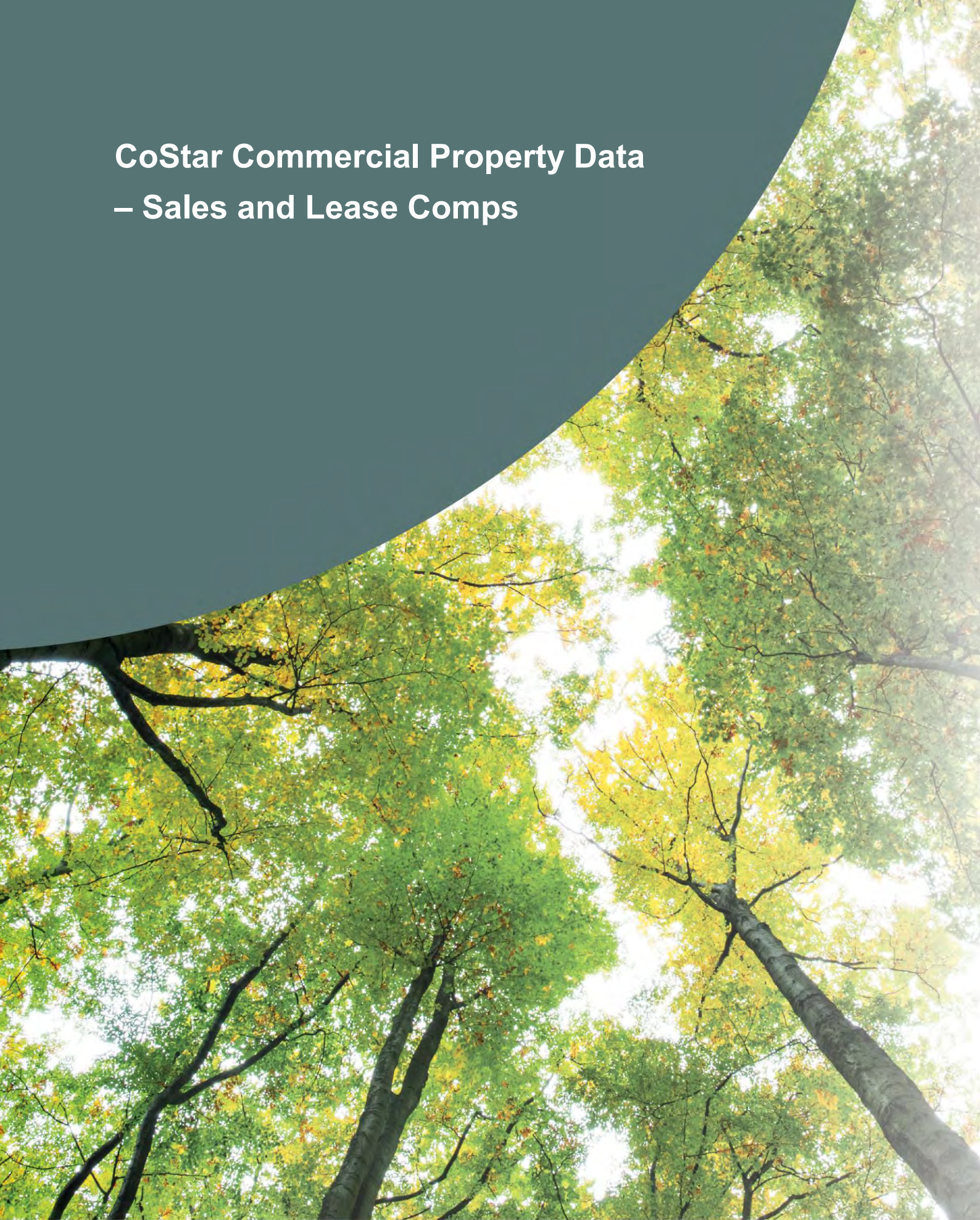
11.37 In summary, reference to the land value benchmarks range as outlined within the report and shown within the Appendices II results summary tables footnotes (range overall £370,000 to £2,500,000/ha), as informed by the information review, have been formulated with reference to the principles outlined above and are considered appropriate.

DSP Fareham BC Viability Assessment Final v3 Appendix III ends

Extracts from CoStar to follow

³ Roger Tym and Partners – Economic Viability Assessment to support a Community Infrastructure Levy Charging Schedule (2012) for Fareham Borough Council;
Knight Frank – Viability Assessment of Site Allocations (2013)
DSP 2017 – Project ref. 16452

**CoStar Commercial Property Data
– Sales and Lease Comps**



Sales Comps - Retail (Analytics Summary)

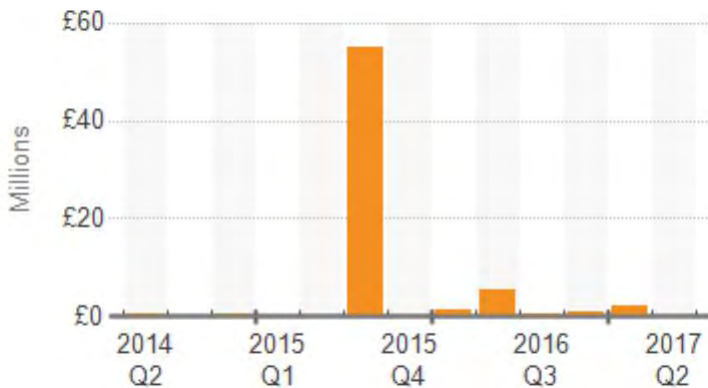
Sales Volume	Survey	Min	Max
Transactions	92	-	-
Sold SF	4,663,816	497	447,378
Sales Volume (Mil.)	£355	£0.1	£93
Avg SF	50,694	497	447,378

Sales	Survey	Min	Max
Sale Price Per SF	£184	£26	£860
Avg Sale Price (Mil.)	£9.9	£0.1	£93
Yield	7.5%	5.1%	13.0%
Percent Leased	93.5%	51.8%	100%

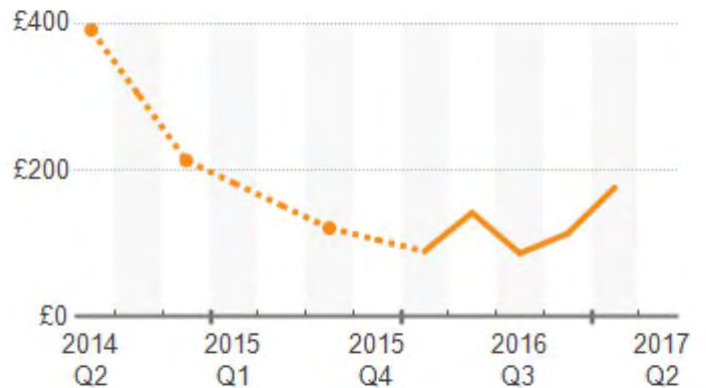
For Sale	Survey	Min	Max
Listings	-	-	-
For Sale SF	-	-	-
For Sale Volume (Mil.)	-	-	-
Asking Price Per SF	-	-	-
Avg Asking Price (Mil.)	-	-	-

Properties	Survey	Min	Max
Existing SF	1,078,944	497	447,378
Vacancy Rate	4.2%	0.0%	89.4%
Rent Per SF	£20.90	£17.95	£28.74
12 Mo. Absorption	-6,246	-22,226	12,250
12 Mo. Leasing SF	40,230	0	13,551

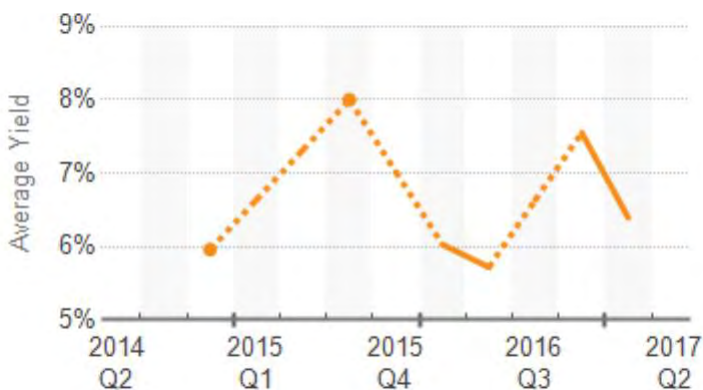
Sales Volume



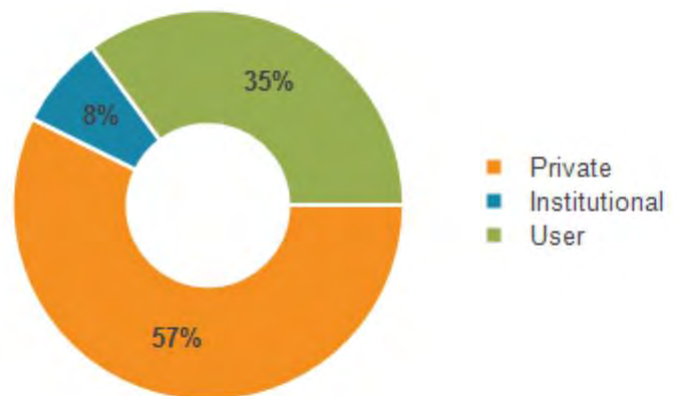
Average Sale Price Per SF









Yield









Sales Volume by Buyer Type









Sales Comps - Retail (detail)

1	1-3 Church St	SOLD	
Fareham, PO14 4AL		Hampshire County	
Sale Date: 23/12/2015 (15 days on mkt) Sale Price: - Price/SF: -		Bldg Type: RetailStorefront Retail/Residential Year Built/Age: Built 1930 Age: 85 NIA: 1,074 SF	
Reversionary Yield: - Net Initial Yield: - Comp ID: 3495983 Research Status:		Sale Conditions: -	
			
2	68 High St	SOLD	
Fareham, PO16 7BB		Hampshire County	
Sale Date: 14/06/2016 (81 days on mkt) Sale Price: £675,000 Price/SF: £148.25		Bldg Type: RetailRestaurant Year Built/Age: - NIA: 4,553 SF	
Reversionary Yield: - Net Initial Yield: - Comp ID: 3736508 Research Status:		Sale Conditions: -	
			
3	Retail Unit, Unit 1 - 1 Leith Ave	SOLD	
Fareham, PO16 8HS		Hampshire County	
Sale Date: 01/02/2017 (119 days on mkt) Sale Price: £450,000 - Confirmed Price/SF: £146.82		Unit Type: 3,065 SF Retail Unit Year Built/Age: Built 1930 Age: 87 NIA: 3,065 SF	
Reversionary Yield: - Net Initial Yield: 7.49% Comp ID: 3846427 Research Status: Confirmed		Sale Conditions: -	
			
4	27-29 Middle Rd	SOLD	
Southampton, SO31 7GH		Hampshire County	
Sale Date: 17/10/2014 (88 days on mkt) Sale Price: £300,000 - Confirmed Price/SF: £218.66		Bldg Type: RetailStorefront Retail/Office Year Built/Age: - NIA: 1,372 SF	
Reversionary Yield: - Net Initial Yield: - Comp ID: 3143764 Research Status: Confirmed		Sale Conditions: High Vacancy Property, Sale Leaseback	
			
5	Focus Unit - Speedfields Park - Newgate Ln	SOLD	
Fareham, PO14 1TR		Hampshire County	
Sale Date: 01/06/2016 Sale Price: £4,925,000 - Confirmed Price/SF: £141.23		Bldg Type: RetailFreestanding Year Built/Age: Built 1993 Age: 23 NIA: 34,873 SF	
Reversionary Yield: - Net Initial Yield: 5.72% Comp ID: 3658296 Research Status: Confirmed		Sale Conditions: -	
			
6	Osborn Mall - Osborn Rd	SOLD	
Fareham, PO16 0PW		Hampshire County	
Sale Date: 16/07/2015 Sale Price: £54,500,000 - Confirmed Price/SF: £121.82		Bldg Type: Retail Year Built/Age: Built 1976 Age: 39 NIA: 447,378 SF	
Reversionary Yield: - Net Initial Yield: 8.00% Comp ID: 3442234 Research Status: Confirmed		Sale Conditions: -	
			







Sales Comps - Retail (detail)

7	Southampton Rd Retail Park - 166-170 Southampton Rd (Part of Multi-Property)	SOLD
Fareham, PO14 4QL	Hampshire County	
Sale Date: 01/11/2016	Bldg Type: RetailFreestanding	
Sale Price: -	Year Built/Age: Built 1986 Age: 29	
Price/SF: -	NIA: 40,052 SF	
Reversionary Yield: -		
Net Initial Yield: -		
Comp ID: 3820486	Sale Conditions: -	
Research Status: Research Complete		
8	Southampton Rd Retail Park - 172-174 Southampton Rd (Part of Multi-Property)	SOLD
Fareham, PO14 4QL	Hampshire County	
Sale Date: 01/11/2016	Bldg Type: RetailFreestanding	
Sale Price: -	Year Built/Age: Built 1984 Age: 32	
Price/SF: -	NIA: 29,310 SF	
Reversionary Yield: -		
Net Initial Yield: 6.96%		
Comp ID: 3152101	Sale Conditions: -	
Research Status: Research Complete		
9	32 Stubbington Green	SOLD
Fareham, PO14 2LE	Hampshire County	
Sale Date: 23/10/2014 (9 days on mkt)	Bldg Type: RetailBank	
Sale Price: £260,000 - Confirmed	Year Built/Age: Built 1978 Age: 36	
Price/SF: £207.17	NIA: 1,255 SF	
Reversionary Yield: -		
Net Initial Yield: 5.96%		
Comp ID: 3152101	Sale Conditions: Auction Sale	
Research Status: Confirmed		
10	34-36 West St	SOLD
Fareham, PO16 9UZ	Hampshire County	
Sale Date: 23/03/2016 (14 days on mkt)	Bldg Type: RetailStorefront	
Sale Price: £1,020,000 - Confirmed	Year Built/Age: Built 1969 Age: 47	
Price/SF: £83.51	NIA: 12,214 SF	
Reversionary Yield: -		
Net Initial Yield: 6.03%		
Comp ID: 3553670	Sale Conditions: Auction Sale	
Research Status: Confirmed		
11	43 West St	SOLD
Fareham, PO16 0BE	Hampshire County	
Sale Date: 30/03/2017 (13 days on mkt)	Bldg Type: RetailStorefront	
Sale Price: £1,600,000 - Confirmed	Year Built/Age: -	
Price/SF: £186.98	NIA: 8,557 SF	
Reversionary Yield: -		
Net Initial Yield: 5.30%		
Comp ID: 3872535	Sale Conditions: Auction Sale	
Research Status: Confirmed		
12	46 West St	SOLD
Fareham, PO16 9UN	Hampshire County	
Sale Date: 01/07/2015 (91 days on mkt)	Bldg Type: RetailStorefront Retail/Residential	
Sale Price: £100,000 - Confirmed	Year Built/Age: -	
Price/SF: £83.33	NIA: 1,200 SF	
Reversionary Yield: -		
Net Initial Yield: -		
Comp ID: 3505617	Sale Conditions: -	
Research Status: Confirmed		

Sales Comps - Retail (detail)

13	3 - Russell Buildings - 86 West St	FOR SALE
Fareham, PO16 9UL	Hampshire County	
Asking Price: £85,000	Sale Type: Owner/User	
Price/SF: £159.47	Bldg Type: RetailStorefront Retail/Residential	
Days on Market: 298	Bldg Status: Built 1967	
Sale Status: Active	NIA: 533 SF	
Net Initial Yield: -	Sale Conditions: -	
14	88-88a West St	SOLD
Fareham, PO16 0EP	Hampshire County	
Sale Date: 28/10/2016 (108 days on mkt)	Bldg Type: RetailStorefront Retail/Residential	
Sale Price: £260,000 - Confirmed	Year Built/Age: Built 1890 Age: 126	
Price/SF: £220.15	NIA: 1,181 SF	
Reversionary Yield: -	Sale Conditions: -	
Net Initial Yield: -		
Comp ID: 3744624		
Research Status: Confirmed		
15	92-92A West St	SOLD
Fareham, PO16 0EP	Hampshire County	
Sale Date: 29/11/2016 (147 days on mkt)	Bldg Type: RetailStorefront Retail/Residential	
Sale Price: £353,750 - Confirmed	Year Built/Age: Built 1908 Age: 108	
Price/SF: £330.61	NIA: 1,070 SF	
Reversionary Yield: -	Sale Conditions: -	
Net Initial Yield: 8.72%		
Comp ID: 3826831		
Research Status: Confirmed		
16	Portfolio Sale - 101 West St (Part of Portfolio)	SOLD
Fareham, PO16 0AB	Hampshire County	
Sale Date: 01/12/2014 (10 days on mkt)	Bldg Type: RetailStorefront	
Sale Price: -	Year Built/Age: Built 1962 Age: 52	
Price/SF: -	NIA: 2,523 SF	
Reversionary Yield: -	Sale Conditions: Bulk/Portfolio Sale	
Net Initial Yield: -		
Comp ID: 3230100		
Research Status: Research Complete		
17	117-117A West St	SOLD
Fareham, PO16 0DU	Hampshire County	
Sale Date: 01/12/2014 (10 days on mkt)	Bldg Type: RetailStorefront Retail/Office	
Sale Price: -	Year Built/Age: Built 1962 Age: 52	
Price/SF: -	NIA: 5,375 SF	
Reversionary Yield: -	Sale Conditions: -	
Net Initial Yield: -		
Comp ID: 3235251		
Research Status: Research Complete		
18	131 West St	SOLD
Fareham, PO16 0DU	Hampshire County	
Sale Date: 29/01/2016 (53 days on mkt)	Bldg Type: RetailStorefront Retail/Residential	
Sale Price: £170,000 - Confirmed	Year Built/Age: Built 1935 Age: 80	
Price/SF: £159.47	NIA: 1,066 SF	
Reversionary Yield: -	Sale Conditions: -	
Net Initial Yield: -		
Comp ID: 3597183		
Research Status: Confirmed		

Sales Comps - Retail (detail)

19	175-177 West St		SOLD
Fareham, PO16 0EF		Hampshire County	
Sale Date: 07/07/2016 (20 days on mkt)		Bldg Type: RetailStorefront Retail/Residential	
Sale Price: £395,000 - Confirmed		Year Built/Age: Built 1958 Age: 58	
Price/SF: £86.68		NIA: 4,557 SF	
Reversionary Yield: -			
Net Initial Yield: -			
Comp ID: 3643079		Sale Conditions: Auction Sale	
Research Status: Confirmed			
			
20	179-181 West St		SOLD
Fareham, PO16 0EF		Hampshire County	
Sale Date: 21/09/2015 (349 days on mkt)		Bldg Type: RetailStorefront Retail/Residential	
Sale Price: £450,000 - Confirmed		Year Built/Age: Built 1930 Age: 85	
Price/SF: £79.44		NIA: 5,665 SF	
Reversionary Yield: -			
Net Initial Yield: -			
Comp ID: 3520320		Sale Conditions: Auction Sale	
Research Status: Confirmed			
			
21	Retail Unit, Unit 203 - 203 West St (Part of Multi-Unit)		SOLD
Fareham, PO16 0EN		Hampshire County	
Sale Date: 21/10/2014 (307 days on mkt)		Unit Type: 1,054 SF Retail Unit	
Sale Price: -		Year Built/Age: -	
Price/SF: -		NIA: 1,054 SF	
Reversionary Yield: -			
Net Initial Yield: -			
Comp ID: 3143774		Sale Conditions: -	
Research Status: Research Complete			
			
22	Retail Unit, Unit 203A - 203 West St (Part of Multi-Unit)		SOLD
Fareham, PO16 0EN		Hampshire County	
Sale Date: 21/10/2014 (307 days on mkt)		Unit Type: 747 SF Retail Unit	
Sale Price: -		Year Built/Age: -	
Price/SF: -		NIA: 747 SF	
Reversionary Yield: -			
Net Initial Yield: -			
Comp ID: 3143774		Sale Conditions: -	
Research Status: Research Complete			
			
23	Retail Unit, Unit 203E - 203 West St (Part of Multi-Unit)		SOLD
Fareham, PO16 0EN		Hampshire County	
Sale Date: 21/10/2014 (307 days on mkt)		Unit Type: 761 SF Retail Unit	
Sale Price: -		Year Built/Age: -	
Price/SF: -		NIA: 761 SF	
Reversionary Yield: -			
Net Initial Yield: -			
Comp ID: 3143774		Sale Conditions: -	
Research Status: Research Complete			
			
24	248-250 White Hart Ln		SOLD
Fareham, PO16 9AR		Hampshire County	
Sale Date: 24/11/2016 (1,053 days on mkt)		Bldg Type: RetailStorefront	
Sale Price: £180,000 - Confirmed		Year Built/Age: -	
Price/SF: £37.91		NIA: 4,748 SF	
Reversionary Yield: -			
Net Initial Yield: -			
Comp ID: 3826905		Sale Conditions: -	
Research Status: Confirmed			
			

Sales Comps - Offices (Analytics Summary)

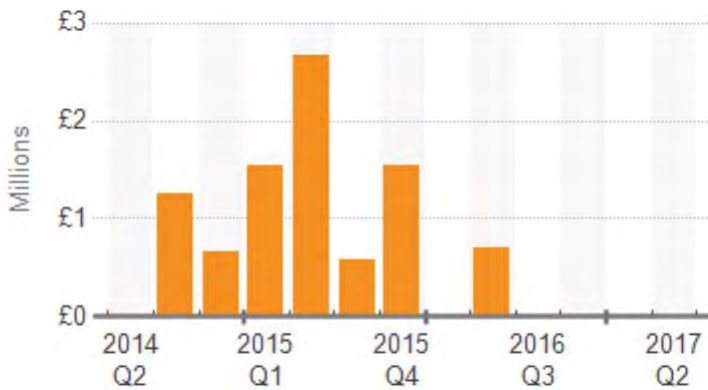
Sales Volume	Survey	Min	Max
Transactions	104	-	-
Sold SF	1,766,918	378	148,000
Sales Volume (Mil.)	£55	£0.0	£22
Avg SF	16,990	378	148,000

Sales	Survey	Min	Max
Sale Price Per SF	£105	£8	£710
Avg Sale Price (Mil.)	£1.3	£0.0	£22
Yield	9.5%	6.1%	12.0%
Percent Leased	92.8%	0.0%	100%

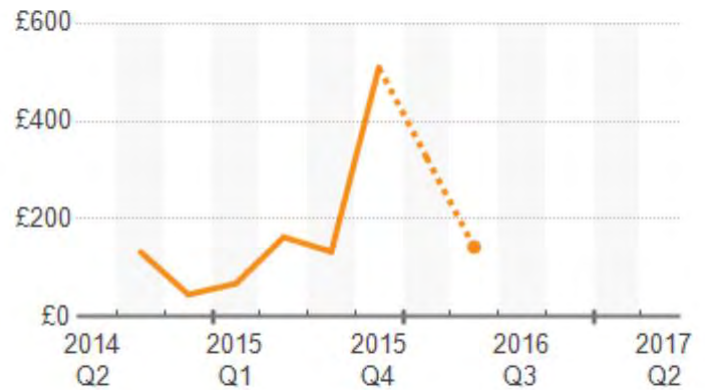
For Sale	Survey	Min	Max
Listings	1	-	-
For Sale SF	21,631	21,631	21,631
For Sale Volume (Mil.)	£0.0	-	-
Asking Price Per SF	-	-	-
Avg Asking Price (Mil.)	£0.0	-	-

Properties	Survey	Min	Max
Existing SF	704,729	851	148,000
Vacancy Rate	5.9%	0.0%	100%
Rent Per SF	£11.88	£7.81	£14.00
12 Mo. Absorption	-25,961	-21,631	5,653
12 Mo. Leasing SF	7,999	0	5,653

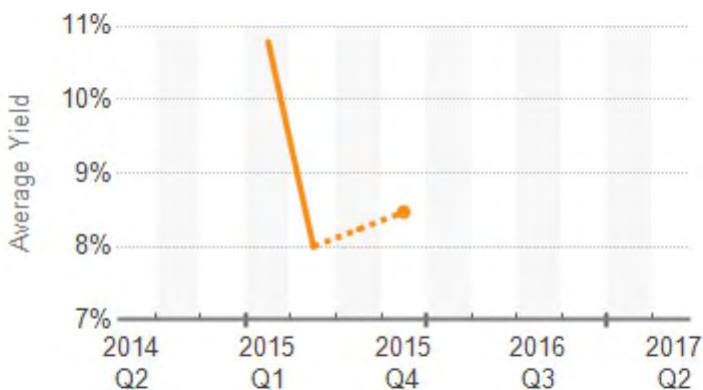
Sales Volume



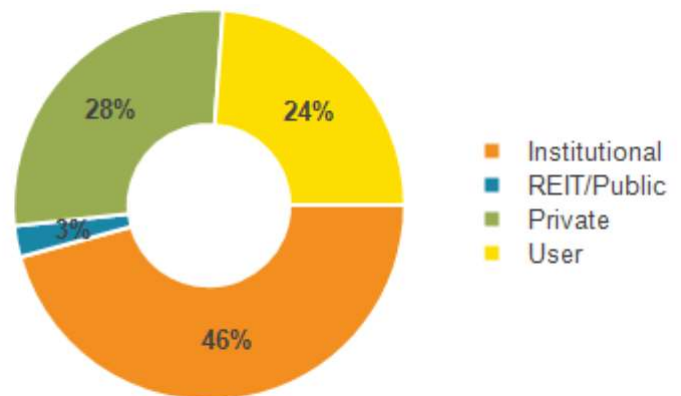
Average Sale Price Per SF









Yield









Sales Volume by Buyer Type









Sales Comps - Offices (detail)

1	Units 7-12 - Office Unit, Unit 8 - Barnes Wallis Rd	SOLD
<p>Fareham, PO15 5TH Hampshire County</p> <p>Sale Date: 22/10/2015 (14 days on mkt) Unit Type: 2,103 SF Office Unit Sale Price: £1,410,000 - Confirmed Year Built/Age: Built 1989 Age: 26 Price/SF: £670.47 NIA: 2,103 SF</p> <p>Reversionary Yield: - Net Initial Yield: 8.47% Comp ID: 3445696 Research Status: Confirmed</p> <p>Sale Conditions: Auction Sale</p> 		
2	Units 1-4 - Manor Court, Unit 2 - Barnes Wallis Rd	FOR SALE
<p>Fareham, PO15 5TH Hampshire County</p> <p>Asking Price: £850,000 Sale Type: Owner/User Price/SF: £157.70 Unit Type: 5,390 SF Office Unit Days on Market: 456 Bldg Status: Built 1992 Sale Status: Active NIA: 11,554 SF</p> <p>Net Initial Yield: -</p> <p>Sale Conditions: -</p> 		
3	New Court - Barnes Wallis Rd	PENDING
<p>Fareham, PO15 5UA Hampshire County</p> <p>Asking Price: - Sale Type: Investment OR Owner/User Price/SF: - Bldg Type: Office Days on Market: 178 Bldg Status: Built 2002 Sale Status: Pending NIA: 21,631 SF</p> <p>Net Initial Yield: -</p> <p>Sale Conditions: -</p> 		
4	Carnac House - Carnac Ct	SOLD
<p>Fareham, PO16 8UZ Hampshire County</p> <p>Sale Date: 18/05/2015 (213 days on mkt) Bldg Type: Office Sale Price: £2,180,000 - Confirmed Year Built/Age: Built 2000 Age: 15 Price/SF: £207.38 NIA: 10,512 SF</p> <p>Reversionary Yield: - Net Initial Yield: 8.00% Comp ID: 3300248 Research Status: Confirmed</p> <p>Sale Conditions: -</p> 		
5	69 High St	SOLD
<p>Fareham, PO16 7BB Hampshire County</p> <p>Sale Date: 06/07/2015 Bldg Type: Office Sale Price: £580,000 - Confirmed Year Built/Age: Built 1878 Age: 137 Price/SF: £133.36 NIA: 4,349 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3589788 Research Status: Confirmed</p> <p>Sale Conditions: -</p> 		
6	Elan House - 7 Little Park Farm Rd	SOLD
<p>Fareham, PO15 5SJ Hampshire County</p> <p>Sale Date: 10/09/2014 (138 days on mkt) Bldg Type: Office Sale Price: £1,260,000 - Confirmed Year Built/Age: Built 1982 Age: 32 Price/SF: £132.66 NIA: 9,498 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3156939 Research Status: Confirmed</p> <p>Sale Conditions: -</p> 		







Sales Comps - Offices (detail)

7	11 Little Park Farm Rd	SOLD
<p>Fareham, PO15 5SN Hampshire County</p> <p>Sale Date: 02/06/2016 (252 days on mkt) Bldg Type: Office Sale Price: £400,000 Year Built/Age: Built 1887 Age: 129 Price/SF: £132.01 NIA: 3,030 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3612226 Sale Conditions: - Research Status:</p> 		
8	B1-B5 - Industrial Unit, Unit B2 - Segensworth Rd (Part of Multi-Unit)	SOLD
<p>Fareham, PO15 5RQ Hampshire County</p> <p>Sale Date: 01/05/2016 (543 days on mkt) Unit Type: 941 SF Industrial Unit Sale Price: - Year Built/Age: Built 2001 Age: 15 Price/SF: - NIA: 941 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3646385 Sale Conditions: - Research Status: Research Complete</p> 		
9	Crofton House - Standard Way	SOLD
<p>Fareham, PO16 8XT Hampshire County</p> <p>Sale Date: 08/10/2014 (2,336 days on mkt) Bldg Type: Office Sale Price: £470,000 - Confirmed Year Built/Age: Built 1997 Age: 17 Price/SF: £36.41 NIA: 12,909 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3146465 Sale Conditions: - Research Status: Confirmed</p> 		
10	Unit E1 - Fareham Heights - Standard Way	SOLD
<p>Fareham, PO16 8XT Hampshire County</p> <p>Sale Date: 23/03/2015 Bldg Type: Office Sale Price: £345,000 - Confirmed Year Built/Age: Built 1989 Age: 25 Price/SF: £44.59 NIA: 7,737 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3260877 Sale Conditions: - Research Status: Confirmed</p> 		
11	Units F1-F8 - Office Unit, Unit F1 - Standard Way (Part of Multi-Unit)	SOLD
<p>Fareham, PO16 8XT Hampshire County</p> <p>Sale Date: 21/07/2015 (148 days on mkt) Unit Type: 589 SF Office Unit Sale Price: - Year Built/Age: Built 1994 Age: 20 Price/SF: - NIA: 589 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3351280 Sale Conditions: - Research Status: Research Complete</p> 		
12	Units F1-F8 - Office Unit, Unit F1 - Standard Way (Part of Multi-Unit)	SOLD
<p>Fareham, PO16 8XT Hampshire County</p> <p>Sale Date: 21/07/2015 (148 days on mkt) Unit Type: 622 SF Office Unit Sale Price: - Year Built/Age: Built 1994 Age: 20 Price/SF: - NIA: 622 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3351280 Sale Conditions: - Research Status: Research Complete</p> 		

Sales Comps - Offices (detail)

13	Units 1-4A - Office Unit, Unit 3 - The Gardens	SOLD
<p>Fareham, PO16 8SS Hampshire County</p> <p>Sale Date: 01/06/2016 Unit Type: 1,865 SF Office Unit Sale Price: £300,000 - Confirmed Year Built/Age: Built 2005 Age: 11 Price/SF: £160.86 NIA: 1,865 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3648214 Sale Conditions: - Research Status: Confirmed</p> 		
14	Units 5-8 - Office Unit, Unit 5 - The Gardens	SOLD
<p>Fareham, PO16 8SS Hampshire County</p> <p>Sale Date: 02/11/2015 Unit Type: 930 SF Office Unit Sale Price: £135,000 - Confirmed Year Built/Age: Built 2007 Age: 8 Price/SF: £145.16 NIA: 930 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3589835 Sale Conditions: - Research Status: Confirmed</p> 		
15	Units 1-4A - Office Unit, Unit 4 - The Gardens	SOLD
<p>Fareham, PO16 8SS Hampshire County</p> <p>Sale Date: 01/11/2015 Unit Type: 1,880 SF Office Unit Sale Price: - Year Built/Age: Built 2005 Age: 10 Price/SF: - NIA: 1,880 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3453407 Sale Conditions: - Research Status:</p> 		
16	Units 1-4A - Office Unit, Unit 1 - The Gardens (Part of Multi-Unit)	SOLD
<p>Fareham, PO16 8SS Hampshire County</p> <p>Sale Date: 05/06/2015 Unit Type: 1,874 SF Office Unit Sale Price: - Year Built/Age: Built 2005 Age: 10 Price/SF: - NIA: 1,874 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3424572 Sale Conditions: - Research Status: Research Complete</p> 		
17	Units 1-4A - Office Unit, Unit 2 - The Gardens (Part of Multi-Unit)	SOLD
<p>Fareham, PO16 8SS Hampshire County</p> <p>Sale Date: 05/06/2015 Unit Type: 1,872 SF Office Unit Sale Price: - Year Built/Age: Built 2005 Age: 10 Price/SF: - NIA: 1,872 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3424572 Sale Conditions: - Research Status: Research Complete</p> 		
18	Retail Unit, Unit 203A - 203 West St (Part of Multi-Unit)	SOLD
<p>Fareham, PO16 0EN Hampshire County</p> <p>Sale Date: 21/10/2014 (307 days on mkt) Unit Type: 747 SF Retail Unit Sale Price: - Year Built/Age: - Price/SF: - NIA: 747 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3143774 Sale Conditions: - Research Status: Research Complete</p> 		

Sales Comps - Offices (detail)

19	219 West St	SOLD	
Fareham, PO16 0ET		Hampshire County	
Sale Date: 02/10/2014 (424 days on mkt) Sale Price: £185,000 - Confirmed Price/SF: £137.44		Bldg Type: Office Year Built/Age: Built 1924 Age: 89 NIA: 1,346 SF	
Reversionary Yield: - Net Initial Yield: - Comp ID: 3130040 Research Status: Confirmed		Sale Conditions: -	
			
20	Ocean House - Whittle Ave	SOLD	
Fareham, PO15 5SX		Hampshire County	
Sale Date: 27/03/2015 (253 days on mkt) Sale Price: £1,200,000 - Confirmed Price/SF: £81.10		Bldg Type: Office Year Built/Age: Built 1980 Age: 34 NIA: 14,796 SF	
Reversionary Yield: - Net Initial Yield: - Comp ID: 3589966 Research Status: Confirmed		Sale Conditions: -	
			
21	Unit 5 & 6 - Gloster Court, Unit 5 - Whittle Ave	SOLD	
Fareham, PO15 5SH		Hampshire County	
Sale Date: 28/05/2015 Sale Price: £237,000 - Confirmed Price/SF: £149.06		Unit Type: 1,590 SF Office Unit Year Built/Age: Built 1999 Age: 15 NIA: 1,590 SF	
Reversionary Yield: - Net Initial Yield: - Comp ID: 3320212 Research Status: Confirmed		Sale Conditions: -	
			
22	6 The Potteries - Wickham Rd	SOLD	
Fareham, PO16 7ET		Hampshire County	
Sale Date: 21/05/2015 (310 days on mkt) Sale Price: £248,000 - Confirmed Price/SF: £58.59		Bldg Type: Office Year Built/Age: Built 1993 Age: 22 NIA: 4,233 SF	
Reversionary Yield: - Net Initial Yield: - Comp ID: 3327333 Research Status: Confirmed		Sale Conditions: -	
			
23	Units 5-8 - Block B - Wickham Rd (Part of Multi-Property)	SOLD	
Fareham, PO16 7SH		Hampshire County	
Sale Date: 01/03/2015 Sale Price: - Price/SF: -		Bldg Type: Office Year Built/Age: Built 1992 Age: 22 NIA: 9,112 SF	
Reversionary Yield: - Net Initial Yield: - Comp ID: 3292405 Research Status: Research Complete		Sale Conditions: -	
			
24	Units 9-12 - Block C - Wickham Rd (Part of Multi-Property)	SOLD	
Fareham, PO16 7SH		Hampshire County	
Sale Date: 01/03/2015 Sale Price: - Price/SF: -		Bldg Type: Office Year Built/Age: Built 1992 Age: 22 NIA: 11,325 SF	
Reversionary Yield: - Net Initial Yield: - Comp ID: 3292405 Research Status: Research Complete		Sale Conditions: -	
			

Sales Comps - Offices (detail)

25 Units 1-4 - Block A - 114 Wickham Rd (Part of Multi-Property)

SOLD

Fareham, PO16 7SH

Hampshire County

Sale Date: 01/03/2015

Bldg Type: Office

Sale Price: -

Year Built/Age: Built 1992 Age: 22

Price/SF: -

NIA: 11,971 SF

Reversionary Yield: -

Net Initial Yield: -

Comp ID: 3292405

Sale Conditions: -

Research Status: Research Complete



Sales Comps - Industrial (Analytics Summary)

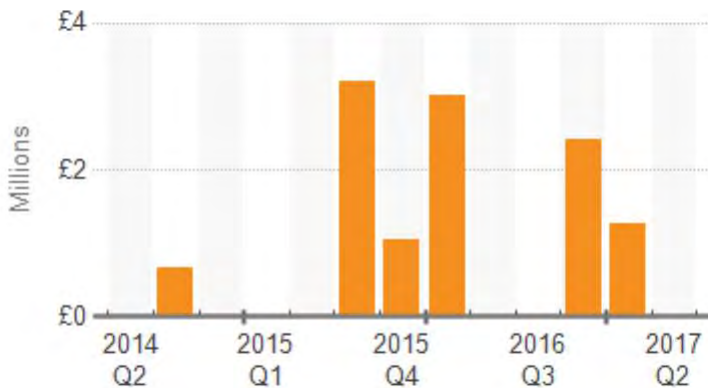
Sales Volume	Survey	Min	Max
Transactions	102	-	-
Sold SF	2,433,726	875	163,960
Sales Volume (Mil.)	£51	£0.0	£9.4
Avg SF	23,860	875	163,960

Sales	Survey	Min	Max
Sale Price Per SF	£59	£2	£128
Avg Sale Price (Mil.)	£1.4	£0.0	£9.4
Yield	7.9%	5.4%	9.0%
Percent Leased	99.8%	88.9%	100%

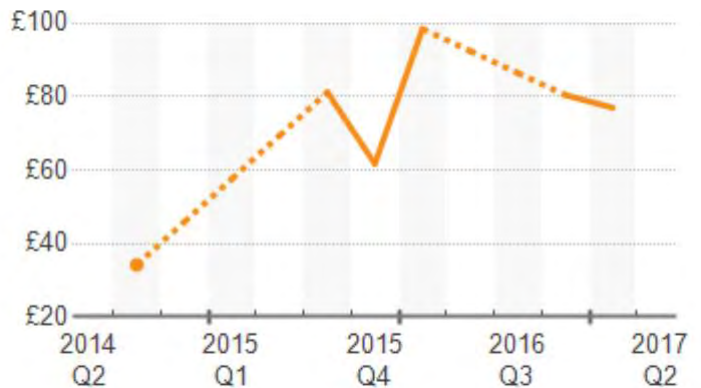
For Sale	Survey	Min	Max
Listings	2	-	-
For Sale SF	14,607	4,892	9,715
For Sale Volume (Mil.)	£0.4	£0.4	£0.4
Asking Price Per SF	£72	£72	£72
Avg Asking Price (Mil.)	£0.2	£0.4	£0.4

Properties	Survey	Min	Max
Existing SF	1,198,890	1,683	163,960
Vacancy Rate	0.4%	0.0%	16.1%
Rent Per SF	£7.11	£6.60	£8.50
12 Mo. Absorption	18,259	-4,898	10,428
12 Mo. Leasing SF	46,082	0	25,878

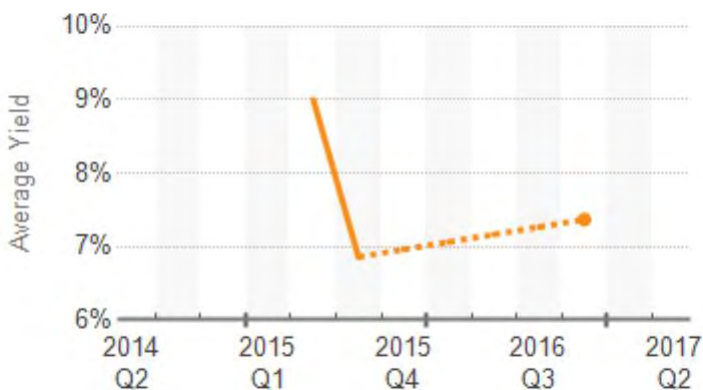
Sales Volume



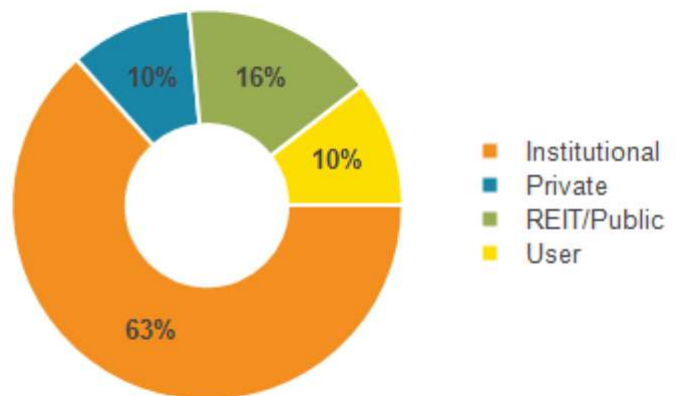
Average Sale Price Per SF









Yield









Sales Volume by Buyer Type









Sales Comps - Industrial (detail)

1	16-18 Barnes Wallis Rd	SOLD
<p>Fareham, PO15 5TT Hampshire County</p> <p>Sale Date: 01/02/2016 (362 days on mkt) Bldg Type: Industrial Sale Price: £3,000,000 - Confirmed Year Built/Age: Built 1990 Age: 26 Price/SF: £98.48 NIA: 30,464 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3537736 Sale Conditions: - Research Status: Confirmed</p>		
		
2	Unit 2 - Brunel Way	SOLD
<p>Fareham, PO15 5TX Hampshire County</p> <p>Sale Date: 01/08/2015 (131 days on mkt) Bldg Type: IndustrialWarehouse Sale Price: £3,100,000 - Confirmed Year Built/Age: Built 1989 Age: 26 Price/SF: £80.27 NIA: 38,618 SF</p> <p>Reversionary Yield: - Net Initial Yield: 6.86% Comp ID: 3431137 Sale Conditions: - Research Status: Confirmed</p>		
		
3	17 Brunel Way	SOLD
<p>Fareham, PO15 5TX Hampshire County</p> <p>Sale Date: 22/12/2015 (343 days on mkt) Bldg Type: IndustrialWarehouse Sale Price: £1,050,000 - Confirmed Year Built/Age: Built 1980 Age: 35 Price/SF: £61.75 NIA: 17,004 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3488408 Sale Conditions: - Research Status: Confirmed</p>		
		
4	Unit 1 - Newgate Lane Industrial Estate - Davis Way	PENDING
<p>Fareham, PO14 1JF Hampshire County</p> <p>Asking Price: - Sale Type: Owner/User Price/SF: - Bldg Type: IndustrialWarehouse Days on Market: 401 Bldg Status: Built 1910 Sale Status: Pending NIA: 9,715 SF</p> <p>Net Initial Yield: - Sale Conditions: -</p>		
		
5	Units 9 & 10 - Talisman Business Centre, Unit 9 - Duncan Rd	FOR SALE
<p>Southampton, SO31 7GA Hampshire County</p> <p>Asking Price: £475,000 Sale Type: Owner/User Price/SF: £92.36 Unit Type: 5,143 SF Industrial Unit Days on Market: 247 Bldg Status: Built 1975 Sale Status: Active NIA: 17,815 SF</p> <p>Net Initial Yield: - Sale Conditions: -</p>		
		
6	Units 1-9 - Fleming Clos (Part of Multi-Property)	SOLD
<p>Fareham, PO15 5SB Hampshire County</p> <p>Sale Date: 10/06/2015 Bldg Type: IndustrialWarehouse Sale Price: - Year Built/Age: Built 1985 Age: 30 Price/SF: - NIA: 26,068 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3351381 Sale Conditions: - Research Status: Research Complete</p>		
		

Sales Comps - Industrial (detail)

7	Energy House - 10 Fleming Clos (Part of Multi-Property)	SOLD
Fareham, PO15 5SB	Hampshire County	
Sale Date: 10/06/2015	Bldg Type: IndustrialWarehouse	
Sale Price: -	Year Built/Age: Built 2004 Age: 10	
Price/SF: -	NIA: 7,249 SF	
Reversionary Yield: -		
Net Initial Yield: -		
Comp ID: 3351381	Sale Conditions: -	
Research Status: Research Complete		
8	242-248 Gosport Rd	SOLD
Fareham, PO16 0SS	Hampshire County	
Sale Date: 01/12/2016 (19 days on mkt)	Bldg Type: IndustrialWarehouse	
Sale Price: £2,400,000 - Confirmed	Year Built/Age: Built 1983 Renov 2008 Age: 33	
Price/SF: £80.49	NIA: 29,818 SF	
Reversionary Yield: -		
Net Initial Yield: 7.37%		
Comp ID: 3774493	Sale Conditions: -	
Research Status: Confirmed		
9	155 Highlands Rd	SOLD
Fareham, PO15 6JR	Hampshire County	
Sale Date: 31/03/2017 (543 days on mkt)	Bldg Type: IndustrialWarehouse	
Sale Price: £725,000 - Confirmed	Year Built/Age: Built 1983 Age: 34	
Price/SF: £73.79	NIA: 9,825 SF	
Reversionary Yield: -		
Net Initial Yield: -		
Comp ID: 3883611	Sale Conditions: -	
Research Status: Confirmed		
10	Units 13 & 14 - Industrial Unit, Unit 13 - Kingdom Clos	SOLD
Fareham, PO15 5TJ	Hampshire County	
Sale Date: 24/07/2015 (176 days on mkt)	Unit Type: 875 SF Industrial Unit	
Sale Price: £107,500 - Confirmed	Year Built/Age: Built 1992 Age: 22	
Price/SF: £122.86	NIA: 875 SF	
Reversionary Yield: -		
Net Initial Yield: -		
Comp ID: 3351251	Sale Conditions: -	
Research Status: Confirmed		
11	Units 5-8 - Industrial Unit, Unit 5 - Kingdom Clos (Part of Multi-Unit)	SOLD
Fareham, PO15 5TJ	Hampshire County	
Sale Date: 29/05/2015 (805 days on mkt)	Unit Type: 1,090 SF Industrial Unit	
Sale Price: -	Year Built/Age: Built 1995 Age: 19	
Price/SF: -	NIA: 1,090 SF	
Reversionary Yield: -		
Net Initial Yield: -		
Comp ID: 3319734	Sale Conditions: -	
Research Status: Research Complete		
12	Units 5-8 - Industrial Unit, Unit 5 - Kingdom Clos (Part of Multi-Unit)	SOLD
Fareham, PO15 5TJ	Hampshire County	
Sale Date: 29/05/2015 (805 days on mkt)	Unit Type: 1,152 SF Industrial Unit	
Sale Price: -	Year Built/Age: Built 1995 Age: 19	
Price/SF: -	NIA: 1,152 SF	
Reversionary Yield: -		
Net Initial Yield: -		
Comp ID: 3319734	Sale Conditions: -	
Research Status: Research Complete		

Sales Comps - Industrial (detail)

13	Units C1-C6 - Industrial Unit, Unit C2 - Segensworth Rd	SOLD
<p>Fareham, PO15 5RQ Hampshire County</p> <p>Sale Date: 28/03/2017 (78 days on mkt) Unit Type: 3,855 SF Industrial Unit Sale Price: £325,000 - Confirmed Year Built/Age: Built 2004 Age: 12 Price/SF: £84.31 NIA: 3,855 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3867185 Sale Conditions: - Research Status: Confirmed</p>		
		
14	B1-B5 - Industrial Unit, Unit B4 - Segensworth Rd	SOLD
<p>Fareham, PO15 5RQ Hampshire County</p> <p>Sale Date: 06/03/2017 Unit Type: 2,881 SF Industrial Unit Sale Price: £225,000 - Approximate Year Built/Age: Built 2001 Age: 15 Price/SF: £78.10 NIA: 2,881 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3849629 Sale Conditions: - Research Status: Approximate</p>		
		
15	B1-B5 - Industrial Unit, Unit B2 - Segensworth Rd (Part of Multi-Unit)	SOLD
<p>Fareham, PO15 5RQ Hampshire County</p> <p>Sale Date: 01/05/2016 (543 days on mkt) Unit Type: 1,963 SF Industrial Unit Sale Price: - Year Built/Age: Built 2001 Age: 15 Price/SF: - NIA: 1,963 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3646385 Sale Conditions: - Research Status: Research Complete</p>		
		
16	B1-B5 - Industrial Unit, Unit B2 - Segensworth Rd (Part of Multi-Unit)	SOLD
<p>Fareham, PO15 5RQ Hampshire County</p> <p>Sale Date: 01/05/2016 (543 days on mkt) Unit Type: 941 SF Industrial Unit Sale Price: - Year Built/Age: Built 2001 Age: 15 Price/SF: - NIA: 941 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3646385 Sale Conditions: - Research Status: Research Complete</p>		
		
17	6 - Pennant Park - Standard Way	SOLD
<p>Fareham, PO16 8XU Hampshire County</p> <p>Sale Date: 26/08/2014 (1,015 days on mkt) Bldg Type: Industrial Warehouse Sale Price: £675,000 - Confirmed Year Built/Age: Built 1990 Age: 24 Price/SF: £34.20 NIA: 19,734 SF</p> <p>Reversionary Yield: - Net Initial Yield: - Comp ID: 3140043 Sale Conditions: - Research Status: Confirmed</p>		
		
18	280 West St	PENDING
<p>Fareham, PO16 0HT Hampshire County</p> <p>Asking Price: £350,000 Sale Type: Owner/User Price/SF: £71.55 Bldg Type: Industrial Days on Market: 289 Bldg Status: Built 1950 Sale Status: Pending NIA: 4,892 SF</p> <p>Net Initial Yield: - Sale Conditions: -</p>		
		

Lease Comps Summary

Lease Comps Report

Retail

Deals

204

Asking Rent Per SF

£18.04

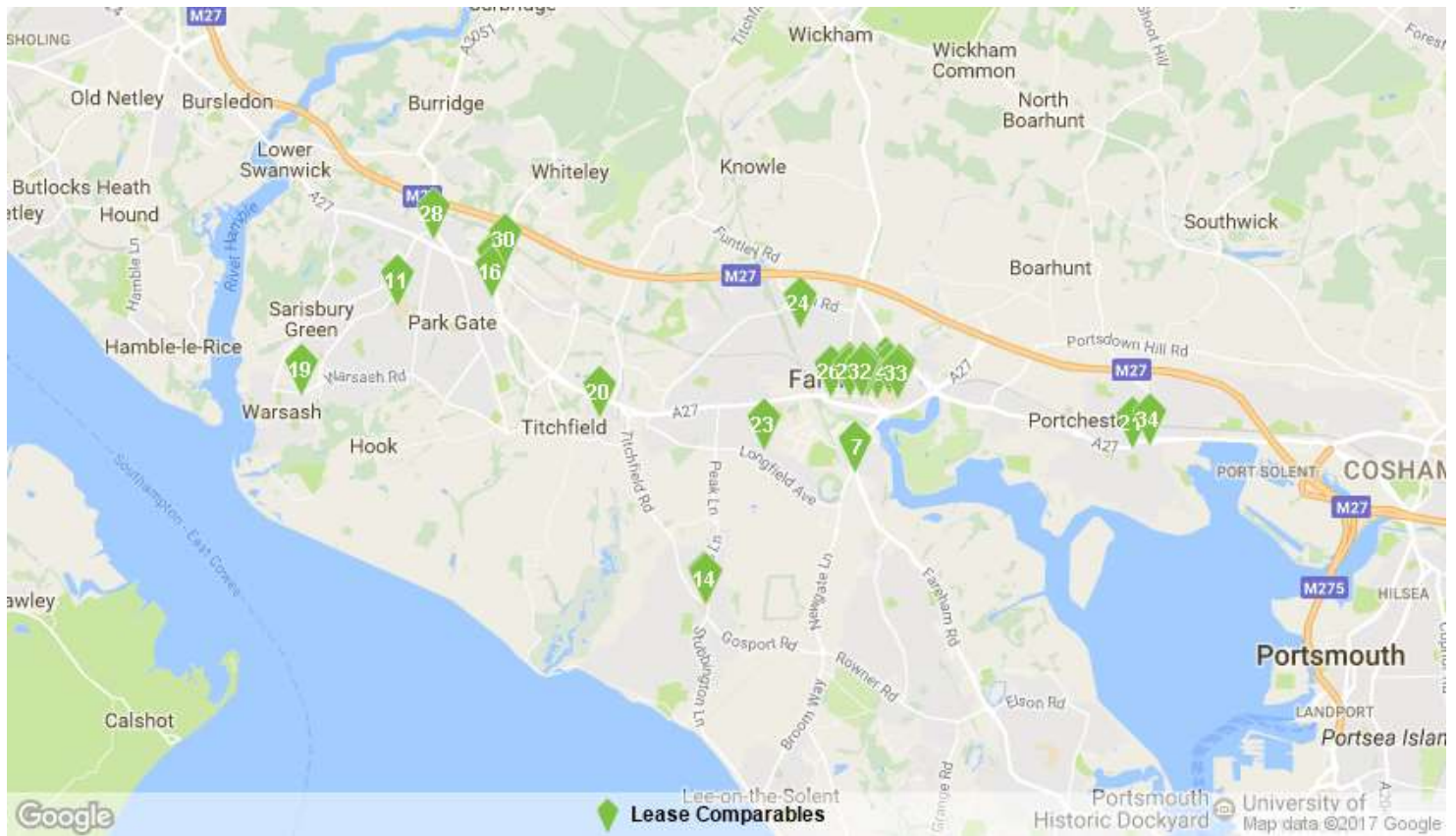
Achieved Rent Per SF

£12.18

Avg. Months On Market

13

TOP 50 LEASE COMPARABLES



SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Asking Rent Per SF	118	£3.10	£18.04	£17.85	£57.16
Achieved Rent Per SF	90	£3.10	£12.18	£13.39	£96.30
Net Effective Rent Per SF	20	£5.33	£10.82	£11.60	£96.30
Asking Rent Discount	54	-6.9%	17.9%	9.5%	62.5%
TI Allowance	-	-	-	-	-
Rent Free Months	25	0	4	3	18

Lease Attributes	Deals	Low	Average	Median	High
Months on Market	114	0	13	10	56
Deal Size	204	225	2,345	1,072	34,873
Lease Deal in Years	92	1.3	10.4	10.0	36.0
Floor Number	139	GRND	GRND	GRND	MEZZ

Lease Comps Summary

Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
1 43 West St	★★★★★	7,717	GRND,1-2	23/02/2017	New	£11.66/fri	Effective
2 22 West St	★★★★★	546	GRND	31/01/2017	New	£19.23/fri	Asking
3 Osborn Mall Osborn Rd	★★★★★	675	MEZZ	17/01/2017	New	£96.30	Effective
3 Osborn Mall Osborn Mall	★★★★★	1,701	GRND,1	09/11/2016	New	£7.05/fri	Effective
3 Osborn Mall Osborn Rd	★★★★★	1,662	GRND,1	01/11/2016	New	£34.60/fri	Asking
4 27a Stubbington Green	★★★★★	8,327	GRND,1	30/09/2016	New	-	-
5 179-179a West St	★★★★★	1,586	GRND,1	30/09/2016	New	£9.46/fri	Effective
5 181 West St	★★★★★	1,236	GRND,1	21/08/2016	New	£15.37/fri	Asking
6 164A West St	★★★★★	662	GRND	10/08/2016	New	£12.08	Effective
5 179-179a West St	★★★★★	1,071	GRND	02/08/2016	New	-	-
7 217 Gosport Rd	★★★★★	416	GRND	01/07/2016	New	-	-
8 87 Southampton Rd	★★★★★	1,593	GRND	02/05/2016	New	£20.09/fri	Effective
9 Market Quay West St	★★★★★	13,551	1st	15/04/2016	New	£6.46/fri	Effective
3 Osborn Mall 52 Osborn Mall	★★★★★	1,118	GRND,1	04/04/2016	New	£8.05/fri	Effective
10 177 West St	★★★★★	2,671	GRND	15/03/2016	New	£6.16/fri	Effective
11 Locks Heath Shopping C... Centre Way	★★★★★	1,200	GRND	01/03/2016	Renewal	-	-
3 Osborn Mall 17 Westbury Mall	★★★★★	3,143	GRND,1	11/01/2016	New	£15.43/fri	Effective
12 89 Southampton Rd	★★★★★	1,661	GRND	04/01/2016	New	£15.54/fri	Effective
13 127 West St	★★★★★	1,300	GRND,1	01/12/2015	New	£10.99/fri	Effective
14 Stubbington Mall 31c Stubbington Green	★★★★★	248	GRND	06/10/2015	New	£20.16/fri	Asking
15 92-92A West St	★★★★★	1,070	GRND	06/10/2015	New	£16.36/fri	Achieved

Lease Comps Summary

Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
3 Osborn Mall 83 West St	★★★★★	1,663	GRND,1	01/10/2015	New	£24.05/fri	Asking
16 Southampton Rd	★★★★★	16,135	GRND	16/09/2015	New	£13.99/fri	Effective
3 Osborn Mall Osborn Rd	★★★★★	1,732	GRND,1	02/09/2015	New	£23.09/fri	Effective
17 94 West St	★★★★★	1,372	GRND	01/09/2015	New	£10.93/fri	Achieved
18 3 High St	★★★★★	3,873	GRND,1	11/08/2015	New	£3.10/fri	Achieved
2 20 West St	★★★★★	745	GRND	01/08/2015	New	£13.42/fri	Achieved
19 8 Dibles Rd	★★★★★	588	GRND	31/07/2015	New	£20.41/fri	Achieved
6 164A West St	★★★★★	662	GRND	01/06/2015	New	£11.33/fri	Effective
20 27 The Square	★★★★★	225	GRND	01/05/2015	New	£34.67/fri	Asking
21 Russell Buildings 86 West St	★★★★★	533	GRND	01/05/2015	New	£11.26/fri	Achieved
22 45-47 West St	★★★★★	3,633	GRND	02/03/2015	New	£9.63	Asking
23 Bishopsfield Rd	★★★★★	623	GRND	01/03/2015	New	£10.03/fri	Asking
24 106 Miller Dr	★★★★★	831	Unkwn	28/01/2015	New	£12.03	Asking
25 1A High St	★★★★★	368	GRND	21/01/2015	New	£24.46/fri	Asking
11 Locks Heath Shopping C... Centre Way	★★★★★	1,397	GRND	05/01/2015	New	£21.47/fri	Effective
11 Locks Heath Shopping C... Locks Heath Shopping Cen...	★★★★★	1,733	GRND	05/01/2015	New	£11.54/fri	Effective
11 Locks Heath Shopping C... Centre Way	★★★★★	1,055	GRND	05/01/2015	New	£20.85/fri	Effective
9 Market Quay West St	★★★★★	7,371	GRND	17/11/2014	New	£10.85	Achieved
26 242 West St	★★★★★	2,440	GRND	17/11/2014	New	£10.25/fri	Asking
27 129 West St	★★★★★	804	GRND	29/09/2014	New	-	-
8 87 Southampton Rd	★★★★★	1,593	GRND	19/09/2014	New	£19.15	Asking

Lease Comps Summary

Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
28 4 Middle Rd	★ ★ ★ ★ ★	496	GRND	05/09/2014	New	£32.26/fri	Asking
3 Osborn Mall Westbury Mall	★ ★ ★ ★ ★	947	GRND,1	01/09/2014	New	£42.24/fri	Asking
29 162B West St	★ ★ ★ ★ ★	890	GRND	01/09/2014	New	£8.43	Achieved
30 Barnes Wallis Rd	★ ★ ★ ★ ★	1,680	GRND,1	22/08/2014	New	£10.03	Achieved
31 137 West St	★ ★ ★ ★ ★	1,357	GRND	31/07/2014	New	£13.63/fri	Achieved
32 128 West St	★ ★ ★ ★ ★	1,140	GRND,1	01/07/2014	New	-	-
33 6 West St	★ ★ ★ ★ ★	563	GRND	27/06/2014	New	£21.31/fri	Asking
34 11 West St	★ ★ ★ ★ ★	752	GRND	16/06/2014	New	£15.96/fri	Asking

Lease Comps Summary

Lease Comps Report

Offices

Deals

267

Asking Rent Per SF

£12.38

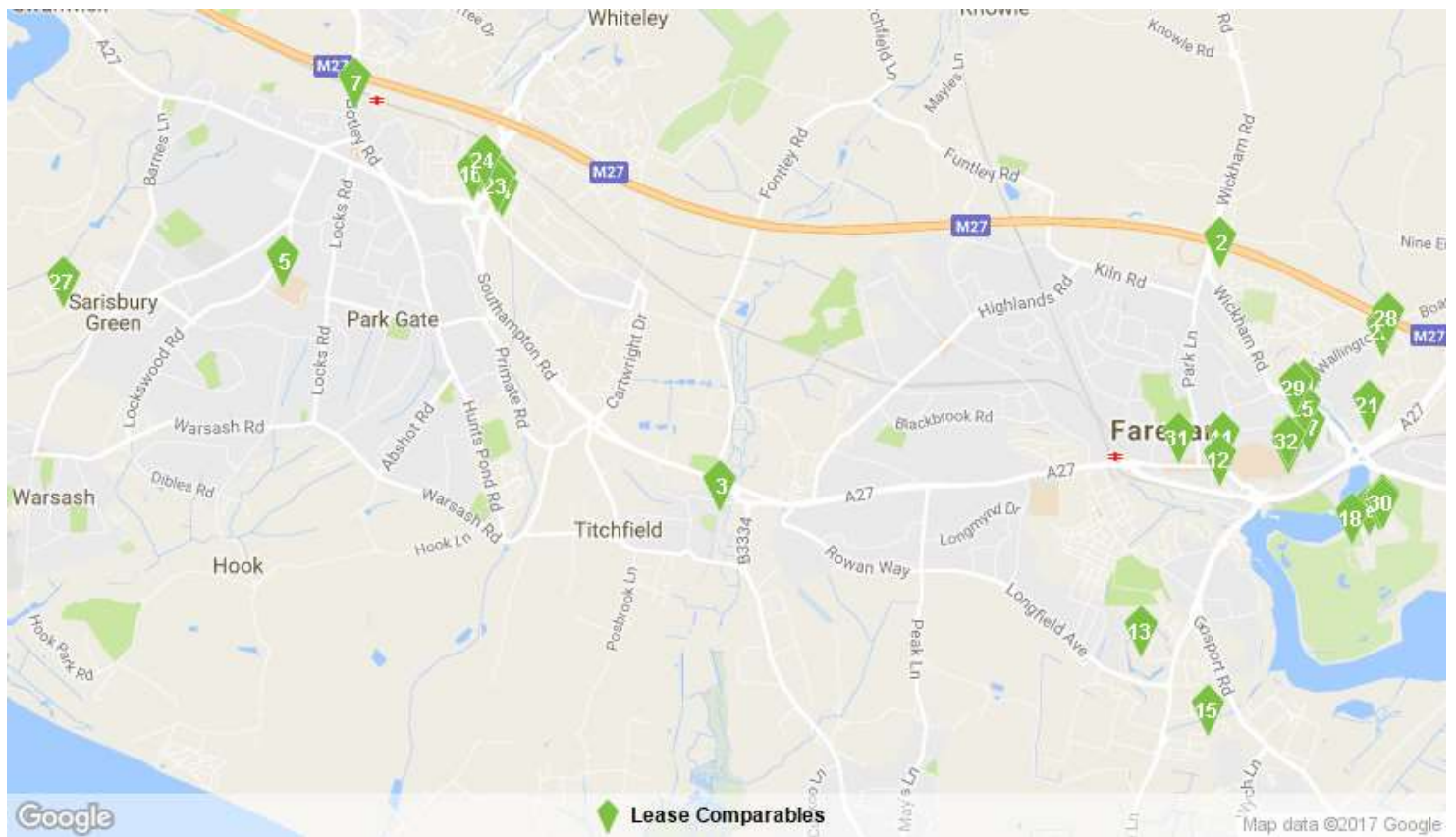
Achieved Rent Per SF

£11.65

Avg. Months On Market

18

TOP 50 LEASE COMPARABLES



SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Asking Rent Per SF	173	£4.72	£12.38	£12.00	£29.88
Achieved Rent Per SF	163	£2.47	£11.65	£10.93	£30.00
Net Effective Rent Per SF	48	£3.34	£11.63	£11.09	£25.00
Asking Rent Discount	109	-13.6%	11.5%	0.0%	69.2%
TI Allowance	-	-	-	-	-
Rent Free Months	41	0	4	2	12

Lease Attributes	Deals	Low	Average	Median	High
Months on Market	184	0	18	11	79
Deal Size	267	32	2,733	1,600	21,350
Lease Deal in Years	156	0.5	6.0	5.0	25.0
Floor Number	167	LL	GRND	GRND	3

Lease Comps Summary

Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
1 Onyx 12 Little Park Farm Rd	★★★★★	8,898	GRND,1	27/02/2017	New	£15.20	Effective
2 Bramble House Wickham Rd	★★★★★	769	2nd	24/02/2017	New	£11.80/fri	Effective
3 East St	★★★★★	475	1st	15/12/2016	New	£12.00	Asking
4 Trinity Court 2-4 West St	★★★★★	860	2nd	15/11/2016	New	£8.18	Achieved
5 Locks Heath Shopping C... Centre Way	★★★★★	2,100	1st	19/08/2016	New	£9.52/fri	Effective
6 Barnes Wallis Rd	★★★★★	1,486	GRND,1	27/07/2016	New	£9.72/fri	Effective
5 Locks Heath Shopping C... Centre Way	★★★★★	999	1st	05/07/2016	New	£12.18/fri	Effective
5 Locks Heath Shopping C... Centre Way	★★★★★	5,200	1st	05/07/2016	New	£11.00/fri	Effective
7 Richmond Court 94 Botley Rd	★★★★★	515	GRND	01/07/2016	New	£12.62	Effective
8 Delme Place Cams HI	★★★★★	3,209	1st	01/07/2016	New	£15.00/fri	Asking
9 14 Little Park Farm	★★★★★	2,531	GRND,1	27/06/2016	New	£9.39/fri	Effective
5 Locks Heath Shopping C... Centre Way	★★★★★	1,068	1st	15/06/2016	New	£11.50/fri	Effective
10 Unit A Standard Way	★★★★★	5,653	GRND,1	30/05/2016	New	£12.02/fri	Effective
2 Bramble House Wickham Rd	★★★★★	1,144	Unkwn	12/04/2016	New	£8.98/fri	Effective
11 119 West St	★★★★★	1,620	1st	31/03/2016	New	£12.00	Effective
12 Queensgate 11 Queens Rd	★★★★★	375	GRND	16/03/2016	New	£13.33/fri	Effective
13 Dartmouth Buildings Newgate Ln	★★★★★	1,070	1st	14/03/2016	New	£7.48/fri	Effective
14 Barnes Wallis Rd	★★★★★	1,557	GRND,1	11/03/2016	New	£12.00/fri	Effective
15 Newgate Ln	★★★★★	940	1st	19/02/2016	New	£5.32/fri	Effective
4 Trinity Court 2-4 West St	★★★★★	1,635	1st	26/01/2016	New	£9.13/fri	Effective
16 Eagle Point Little Park Farm Rd	★★★★★	4,886	GRND	24/12/2015	New	£12.00/fri	Effective

Lease Comps Summary

Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
2 Bramble House Wickham Rd	★★★★★	1,144	2nd	24/12/2015	New	£9.52	Achieved
17 21-23 East St	★★★★★	912	GRND	21/12/2015	New	£11.00	Asking
13 Dartmouth Buildings Newgate Ln	★★★★★	1,330	GRND	15/12/2015	New	£7.52/fri	Effective
18 Faretec Cams Hall Estate	★★★★★	925	GRND	14/12/2015	New	£25.00	Effective
13 Dartmouth Buildings Newgate Ln	★★★★★	1,190	GRND	01/12/2015	New	£7.98/fri	Effective
19 The Orangery Portchester Rd	★★★★★	2,948	GRND,1	01/12/2015	New	£15.96/fri	Effective
20 Link House 44A High St	★★★★★	1,774	1st	26/11/2015	New	£12.00/fri	Effective
21 Spinnaker House Waterside Gdns	★★★★★	13,239	GRND,M	24/11/2015	New	£13.01/fri	Effective
18 Faretec Cams Hall Estate	★★★★★	1,852	GRND	19/11/2015	New	£17.00	Achieved
22 Standard Way	★★★★★	570	GRND	27/10/2015	New	£14.03/fri	Asking
23 Barnes Wallis Rd	★★★★★	6,235	GRND,1-2	24/10/2015	New	£11.19/fri	Effective
24 10 Little Park Rd	★★★★★	2,000	GRND,1	22/10/2015	New	£16.00/fri	Effective
25 54A High St	★★★★★	1,700	GRND	30/09/2015	New	£13.53	Asking
26 The New Stables & The Ol... Off Cams HI	★★★★★	1,680	GRND,1	04/09/2015	New	£14.29	Effective
5 Locks Heath Shopping C... Centre Way	★★★★★	2,017	1st	05/08/2015	New	£10.66	Effective
21 Spinnaker House Waterside Gdns	★★★★★	8,570	GRND,1	16/06/2015	New	£15.00	Effective
20 Link House 44A High St	★★★★★	2,139	1st	30/04/2015	New	£12.00/fri	Effective
17 21-23 East St	★★★★★	904	2nd	26/03/2015	New	£9.40/fri	Asking
27 Mitchell House Brook Ave	★★★★★	1,064	1st	24/01/2015	New	£14.10/fri	Achieved
15 Newgate Ln	★★★★★	940	1st	15/12/2014	New	£7.98/fri	Effective
8 Delme Place Cams HI	★★★★★	4,242	GRND	09/12/2014	New	£15.00/fri	Asking

Lease Comps Summary

Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
16 Eagle Point Little Park Farm Rd	★★★★★	10,227	1-2	28/11/2014	New	£12.00/fri	Effective
28 Maindell North Wallington	★★★★★	3,796	GRND,1	21/11/2014	New	£6.16/fri	Effective
29 44 High St	★★★★★	8,048	BSMT,G...	01/11/2014	New	-	-
30 The Bothy Portchester Rd	★★★★★	2,243	GRND,1	02/10/2014	New	£13.38	Effective
8 Delme Place Cams HI	★★★★★	8,000	GRND,1	15/09/2014	New	£11.19/fri	Effective
6 Barnes Wallis Rd	★★★★★	5,615	GRND,1	08/09/2014	New	£10.00/fri	Effective
31 Thackeray House 189-199 West St	★★★★★	1,100	1st	01/09/2014	New	£4.72/fri	Asking
32 1 High St	★★★★★	440	2nd	01/07/2014	New	£8.83/fri	Achieved

Lease Comps Summary

Industrial

Deals

382

Asking Rent Per SF

£6.17

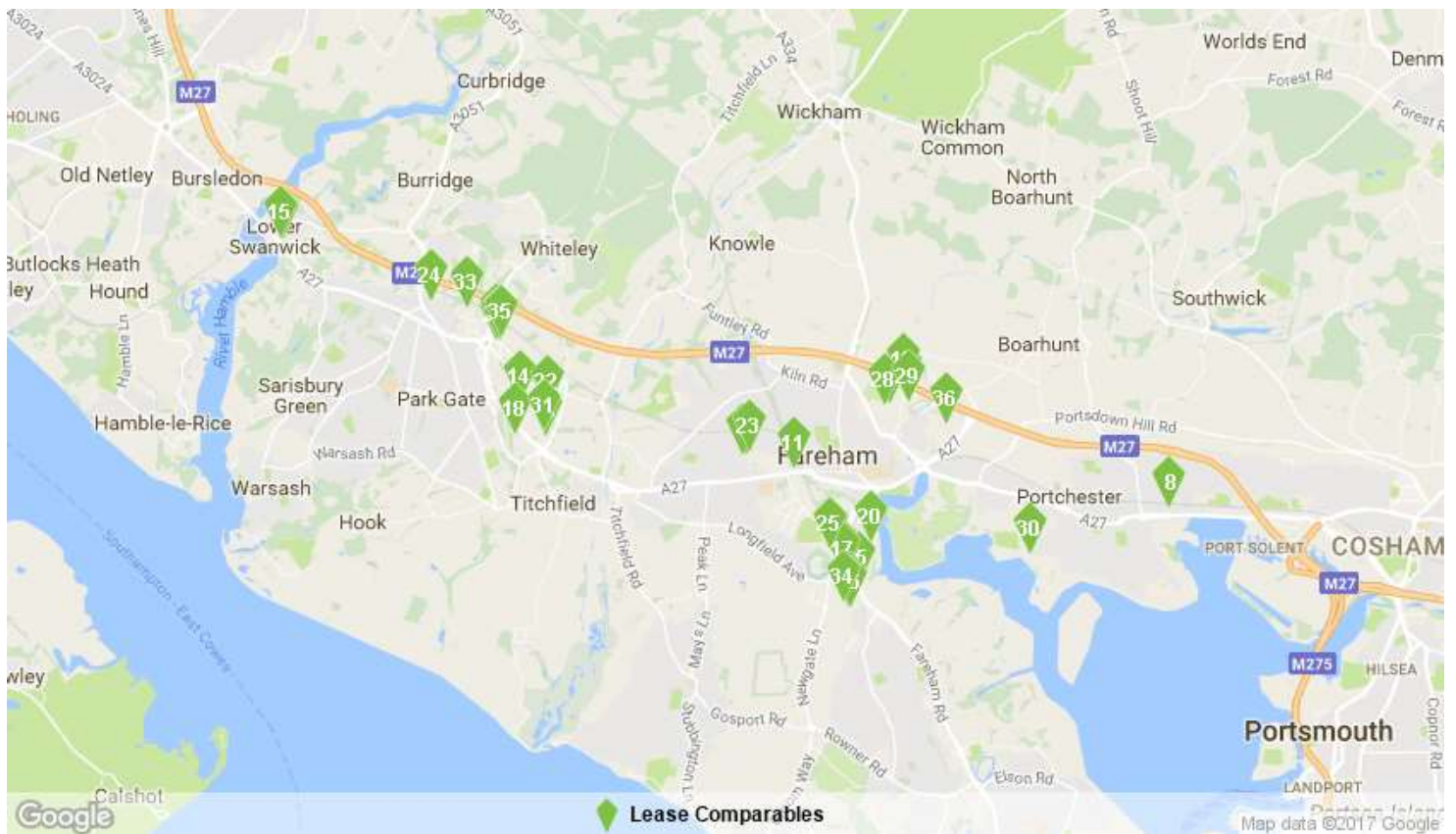
Achieved Rent Per SF

£6.34

Avg. Months On Market

15

TOP 50 LEASE COMPARABLES



SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Asking Rent Per SF	266	£1.45	£6.17	£6.50	£11.99
Achieved Rent Per SF	258	£0.58	£6.34	£6.35	£26.21
Net Effective Rent Per SF	91	£0.58	£6.04	£6.20	£11.71
Asking Rent Discount	182	-154.7%	4.8%	0.0%	89.1%
TI Allowance	-	-	-	-	-
Rent Free Months	52	0	5	3	24

Lease Attributes	Deals	Low	Average	Median	High
Months on Market	279	1	15	10	102
Deal Size	382	200	6,686	3,198	100,853
Lease Deal in Years	272	0.1	6.2	5.0	25.0
Floor Number	247	GRND	GRND	GRND	MEZZ

Lease Comps Summary

Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
1 Sharlands Rd	★★★★★	5,600	GRND,1	27/04/2017	New	£5.50/fri	Effective
2 Blackbrook Rd	★★★★★	1,633	GRND,1	02/03/2017	New	£7.20	Effective
3 Standard Way	★★★★★	13,501	GRND	08/02/2017	New	£5.74/fri	Effective
4 Standard Way	★★★★★	61,986	GRND	27/01/2017	New	-	-
5 248 Gosport Rd	★★★★★	7,750	GRND	17/01/2017	New	£7.00/fri	Asking
6 Unit 5 Blackbrook Rd	★★★★★	4,970	GRND	12/01/2017	New	£5.91	Effective
7 Newgate Ln	★★★★★	2,110	GRND	11/01/2017	New	£7.35	Effective
1 Sharlands Rd	★★★★★	6,505	Unk,MEZZ	10/01/2017	New	£5.23/fri	Effective
1 Sharlands Rd	★★★★★	6,100	GRND	01/01/2017	New	£5.57/fri	Effective
8 Murrills Estate	★★★★★	20,204	GRND	23/12/2016	New	£7.00	Effective
9 Bridge Rd	★★★★★	1,450	GRND,1	01/12/2016	New	£9.31/fri	Effective
10 The IO Centre Stephenson Rd	★★★★★	5,267	GRND,1	01/12/2016	New	£5.32/fri	Effective
11 The Avenue	★★★★★	3,600	GRND	01/11/2016	New	£5.56	Asking
12 Newgate Ln	★★★★★	2,832	GRND,M	26/10/2016	New	£4.83/fri	Effective
13 Standard Way	★★★★★	5,500	GRND	17/10/2016	New	£7.50	Asking
14 Segensworth Rd	★★★★★	2,682	GRND	02/10/2016	New	£8.00	Asking
15 Bridge Rd	★★★★★	1,302	GRND,1	01/10/2016	New	£9.21/fri	Effective
16 Mitchell Close	★★★★★	1,047	GRND	01/10/2016	New	£9.55/fri	Effective
17 Sharlands Rd	★★★★★	2,900	GRND	01/10/2016	New	£5.52/fri	Effective
5 242-248 Gosport Rd	★★★★★	7,700	GRND	29/09/2016	New	£5.64/fri	Effective
5 246 Gosport Rd	★★★★★	10,428	GRND	25/08/2016	New	£6.25/fri	Asking

Lease Comps Summary

Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
18 Warsash Rd	★★★★★	9,536	GRND,1	17/08/2016	New	£9.00/fri	Effective
19 Newgate Ln	★★★★★	2,713	GRND	01/08/2016	New	£6.45/fri	Effective
20 Salterns Ln	★★★★★	3,270	GRND	02/07/2016	New	£8.93/fri	Effective
21 Mitchell Close	★★★★★	2,259	GRND	21/06/2016	New	£7.08/iri	Asking
21 Mitchell Close	★★★★★	2,259	GRND	20/06/2016	New	£6.67/iri	Effective
22 Talbot Rd	★★★★★	7,885	GRND	20/06/2016	New	£8.78/fri	Effective
23 Blackbrook Rd	★★★★★	2,530	GRND,1	02/06/2016	New	£5.92/fri	Effective
24 Duncan Rd	★★★★★	3,394	GRND,1	01/06/2016	New	£9.43/fri	Effective
21 Mitchell Close	★★★★★	2,259	GRND	01/06/2016	New	£7.08/iri	Effective
25 Palmerston Dr	★★★★★	960	GRND	01/06/2016	New	£9.38	Asking
26 Newgate Ln	★★★★★	1,305	GRND,1	01/06/2016	New	£8.43/fri	Effective
27 Mitchell Close	★★★★★	476	GRND	24/05/2016	New	£11.03	Effective
27 Mitchell Close	★★★★★	476	GRND	24/05/2016	New	£11.03	Effective
28 Standard Way	★★★★★	1,458	GRND	21/05/2016	New	£8.57/fri	Asking
17 Sharlands Rd	★★★★★	1,650	GRND	26/04/2016	New	£6.06	Effective
13 Standard Way	★★★★★	5,511	GRND	16/04/2016	New	£7.04	Effective
29 Standard Way	★★★★★	20,500	GRND	14/04/2016	New	£6.50/fri	Asking
27 Mitchell Close	★★★★★	476	GRND	14/03/2016	New	£11.03/iri	Effective
14 Segensworth Rd	★★★★★	4,093	GRND,1	09/03/2016	New	£7.57/fri	Effective
30 Cranleigh Rd	★★★★★	6,620	GRND	01/03/2016	New	£7.55/fri	Effective
31 Io Centre Stephenson Rd	★★★★★	9,664	GRND,1	29/02/2016	New	£6.20	Effective

Lease Comps Summary

Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
27 Mitchell Close	★★★★☆	476	GRND	19/02/2016	New	£11.03/iri	Effective
32 Mitchell Close	★★★★☆	1,047	GRND	07/02/2016	New	£10.03/fri	Effective
26 Newgate Ln	★★★★☆	1,305	Unk,1	04/02/2016	New	£7.66/fri	Effective
33 6 Cockerell Close	★★★★☆	5,628	GRND,1	30/01/2016	New	£11.71/fri	Effective
34 Newgate Ln	★★★★☆	35,000	GRND,1	27/01/2016	Renewal	£8.91	Achieved
29 Standard Way	★★★★☆	20,500	GRND	22/01/2016	New	£6.25	Effective
35 Mitchell Close	★★★★☆	6,872	GRND,M	18/01/2016	New	£0.58/iri	Effective
36 Military Rd	★★★★☆	4,418	GRND	22/12/2015	New	£6.00/fri	Effective

312 Botley Rd - Cherry Tree Farm Industrial Estate
Southampton, SO31 1BQ - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	3.43 AC
Land SF:	149,411 SF

TRANSPORTATION

Commuter Rail:	3 minute drive to Swanwick Commuter Rail
Airport:	17 minute drive to Southampton Airport

LAND NOTES

The premises are comprised of open storage land of approximately 1.368 acres. The property is situated off Botley Road in the village of Burridge approximately ten miles north east of Southampton, 7 miles north west of Fareham and approximately 3 miles from the M27.



Broom Way - Daedalus Park
Gosport, PO13 9FL - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	12.00 AC
Land SF:	522,720 SF

USAGE

Proposed Use: Industrial, Industrial Live/Work Unit, Office, Warehouse

SALE

For Sale:	Price Negotiable
Sale Agent:	JLL
Agents:	David McGougan 023 8038 5628, Sean Fraser 023 8023 2882

LAND NOTES

The plot comprises up to 16 acres of land suitable for development. The plot is located within Daedalus which lies between Southampton and Portsmouth, west of Portsmouth Harbour on the South Coast. The site occupies the eastern sector of the Solent Enterprise Zone at Daedalus and can be accessed via a new main entrance off the B3385 (Broom Way). The Enterprise Zone connects to the A27, which is being upgraded by an £8m road improvement scheme to improve access to the M27/M3 motorway network at Junction 11. The M27/M3 provides excellent connections to the major cities of Southampton and Portsmouth, and London via the A27 or M3. Fareham provides a good shopping centre within 4 miles (6.2km) and the Gosport local centre is within 5 miles (7.8km).



Daedalus Dr
Gosport, PO13 9JY - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	2.28 AC
Land SF:	99,244 SF

SALE

For Sale:	Price Negotiable
Sale Agent:	Lambert Smith Hampton Ltd
Agents:	Grant Hobday 023 8071 3076

LAND NOTES

The site comprises 2.27 acres (9,220 sq m) of land with the potential for design & build opportunities.



Daedalus Dr
Gosport, PO13 9JY - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	2.18 AC
Land SF:	94,961 SF

SALE

For Sale:	Price Negotiable
Sale Agent:	Lambert Smith Hampton Ltd
Agents:	Grant Hobday 023 8071 3076

LAND NOTES

The site comprises 2.18 acres (8,823 sq m) of land with the potential for design & build opportunities.



Dewar Close
Fareham, PO15 5UB - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	1.33 AC
Land SF:	57,935 SF

TRANSPORTATION

Commuter Rail:	5 minute drive to Swanwick Commuter Rail
Airport:	13 minute drive to Southampton Airport

LAND NOTES

The property comprises 1.33 acres of land originally used for car-parking. The site is accessed off Dewar Close which is one of the main estate distributor roads on Segensworth West, adjacent to the Makro Wholesale warehouse. Segensworth is a well-established and major South coast commercial location which has grown significantly due to its excellent access to Junction 9 of the M27, close to Fareham and midway between the Southampton and Portsmouth conurbations.



2 Fielder Dr - Open Storage Site
Fareham, PO14 1JF - Fareham Submarket



LAND

Type:	Industrial Land
Land AC:	0.81 AC
Land SF:	35,414 SF

TRANSPORTATION

Commuter Rail:	5 minute drive to Fareham Commuter Rail
Airport:	20 minute drive to Southampton Airport



Highlands Rd - Former Fareham Ambulance Station
Fareham, PO15 6JP - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	0.42 AC
Land SF:	18,295 SF

CURRENT CONDITION

Improvements:	Ambulance Station
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SALE

Last Sale:	Sold on 26 Jan 2017 for £350,000 (£833,333/AC - £19.13/SF)
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PROPERTY CONTACTS

Freeholder:	Fortitudo Ltd
Prior Freeholder:	The South Central Ambulance Service (NHS Trust)

LAND NOTES

The site comprises an area of circa 0.17 hectare (0.42 acre) with an Ambulance Station over a single storey flat roof building incorporating offices and welfare accommodation and workshop. The property is located on the south side of Stow Crescent leading off Highlands Road on the west side of Fareham with the railway line located on its southern boundary.



Mill Ln - Former Titchfield Abbey Golf & Fishery
Fareham, PO15 5RA - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	55.00 AC
Land SF:	2,395,800 SF

TRANSPORTATION

Commuter Rail:	6 minute drive to Fareham Commuter Rail
Airport:	16 minute drive to Southampton Airport

LAND NOTES

The site comprises 55 acres of land with two coarse fishing lakes of approximately 1.5 and 2 acres respective. The site is located approximately 2 miles east of J9 of the M27 and 2 miles west of Fareham Town Centre. Mill Lane joins the A27 to the south of the site.



Newgate Ln - Plot 6
Fareham, PO14 1AS - Fareham Submarket



LAND

Type: Commercial Land

TRANSPORTATION

Commuter Rail: 5 minute drive to Fareham Commuter Rail

Airport: 21 minute drive to Southampton Airport

LAND NOTES

Comprises a development of 7 industrial units which are situated within 2 detached blocks.



Newgate Ln - Vacant Land
Fareham, PO14 1AH - Fareham Submarket



LAND

Type: Commercial Land

Land AC: 1.93 AC

TRANSPORTATION

Commuter Rail: 4 minute drive to Fareham Commuter Rail

Airport: 19 minute drive to Southampton Airport

LAND NOTES

The property comprises an irregularly shaped site of 1.93 acres presently made up of two level grass paddocks which are separated by an area of woodland. The site is located on the south eastern edge of Fort Fareham adjoining woods to the west and bounded to the north by the access road into Fort Fareham Industrial Estate, to the east by part of the B3385 Newgate Lane and to the south by the eastern end of Longfield Avenue.

Solent Airport
Gosport, PO13 9FU - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	0.94 AC
Land SF:	40,946 SF

USAGE

Proposed Use:	Industrial Live/Work Unit
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SALE

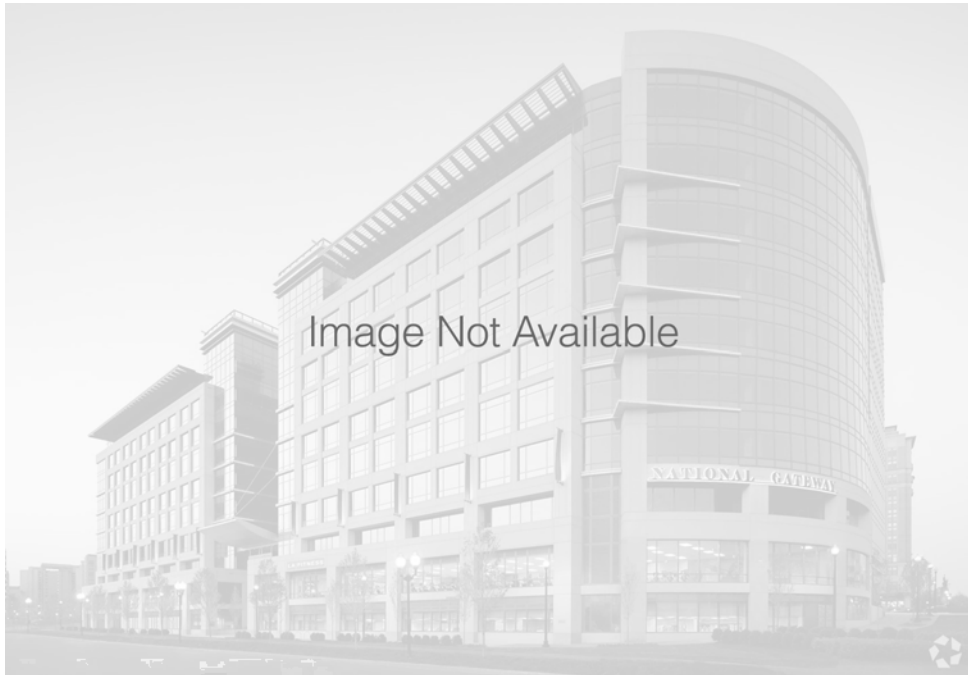
For Sale:	Price Negotiable
Sale Agent:	Lambert Smith Hampton Ltd
Agents:	Robin Dickens 01489 579579, Elise Evans 01489 663532, Guy Jackson 01489 663533

LAND NOTES

The site comprises 0.94 acres of land.



Solent Airport
Gospport, PO13 9FU - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	0.66 AC
Land SF:	28,750 SF

USAGE

Proposed Use:	Hotel, Office
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SALE

For Sale:	Price Negotiable
Sale Agent:	Lambert Smith Hampton Ltd
Agents:	Elise Evans 01489 663532, Guy Jackson 01489 663533, Robin Dickens 01489 579579

LAND NOTES

The site comprises 0.66 acres of land.



Solent Airport
Gosport, PO13 9FU - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	0.52 AC
Land SF:	22,651 SF

USAGE

Proposed Use: Industrial Live/Work Unit, Industrial Park, Office, Office Park, Self-Storage, Warehouse

SALE

For Sale:	Price Negotiable
Sale Agent:	Lambert Smith Hampton Ltd
Agents:	Robin Dickens 01489 579579, Guy Jackson 01489 663533, Elise Evans 01489 663532

LAND NOTES

The site comprises 0.52 acres of land.



Solent Airport
Gosport, PO13 9FU - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	0.50 AC
Land SF:	21,780 SF

SALE

For Sale:	Price Negotiable
Sale Agent:	Lambert Smith Hampton Ltd
Agents:	Robin Dickens 01489 579579, Elise Evans 01489 663532, Guy Jackson 01489 663533

LAND NOTES

The site comprises 0.50 acres of land.



Solent Airport
Gosport, PO13 9FU - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	0.57 AC
Land SF:	24,829 SF

SALE

For Sale:	Price Negotiable
Sale Agent:	Lambert Smith Hampton Ltd
Agents:	Robin Dickens 01489 579579, Guy Jackson 01489 663533, Elise Evans 01489 663532

LAND NOTES

The site comprises 0.57 acres of land.



Solent Airport
Gosport, PO13 9FU - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	0.71 AC
Land SF:	30,928 SF

SALE

For Sale:	Price Negotiable
Sale Agent:	Lambert Smith Hampton Ltd
Agents:	Elise Evans 01489 663532, Robin Dickens 01489 579579, Guy Jackson 01489 663533

LAND NOTES

The site comprises 0.71 acres of land.



Solent Airport
Gosport, PO13 9FU - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	2.90 AC
Land SF:	126,324 SF

USAGE

Proposed Use: Industrial Live/Work Unit, Industrial Park, Office, Office Park, Self-Storage, Warehouse

SALE

For Sale:	Price Negotiable
Sale Agent:	Lambert Smith Hampton Ltd
Agents:	Robin Dickens 01489 579579, Elise Evans 01489 663532, Guy Jackson 01489 663533

LAND NOTES

The site comprises 2.9 acres of land.



Solent Airport
Gosport, PO13 9FU - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	1.00 AC
Land SF:	43,560 SF

USAGE

Proposed Use: Industrial Live/Work Unit, Industrial Park, Office, Office Park

SALE

For Sale:	Price Negotiable
Sale Agent:	Lambert Smith Hampton Ltd
Agents:	Robin Dickens 01489 579579, Elise Evans 01489 663532, Guy Jackson 01489 663533

LAND NOTES

The site comprises 1 acre of land.



Solent Airport
Gosport, PO13 9FU - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	1.10 AC
Land SF:	47,916 SF

USAGE

Proposed Use: Industrial, Industrial Live/Work Unit, Industrial Park, Office, Office Park, Warehouse

SALE

For Sale:	Price Negotiable
Sale Agent:	Lambert Smith Hampton Ltd
Agents:	Robin Dickens 01489 579579, Guy Jackson 01489 663533, Elise Evans 01489 663532



Solent Airport
Gosport, PO13 9FU - Fareham Submarket



LAND

Type: Commercial Land

Land AC: 0.65 AC

Land SF: 28,314 SF

USAGE

Proposed Use: Industrial, Industrial Live/Work Unit, Industrial Park, Office, Office Park, Warehouse

LAND NOTES

The site comprises 0.65 acres of land.



Solent Airport
Gosport, PO13 9FU - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	0.72 AC
Land SF:	31,363 SF

USAGE

Proposed Use: Industrial Live/Work Unit, Industrial Park, Office, Office Park, Self-Storage

SALE

For Sale:	Price Negotiable
Sale Agent:	Lambert Smith Hampton Ltd
Agents:	Elise Evans 01489 663532, Guy Jackson 01489 663533, Robin Dickens 01489 579579

LAND NOTES

The site comprises 0.72 acres of land.



Solent Airport
Gosport, PO13 9FU - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	0.70 AC
Land SF:	30,492 SF

USAGE

Proposed Use: Industrial, Industrial Live/Work Unit, Industrial Park, Office, Office Park, Self-Storage

SALE

For Sale:	Price Negotiable
Sale Agent:	Lambert Smith Hampton Ltd
Agents:	Robin Dickens 01489 579579, Elise Evans 01489 663532, Guy Jackson 01489 663533

LAND NOTES

The site comprise 0.70 acres of land.



Southampton Rd - Former Abbey Garden Buildings
Fareham, PO14 4PP - Fareham Submarket



LAND

Type: Commercial Land

Land AC: 0.20 AC

TRANSPORTATION

Commuter Rail: 6 minute drive to Swanwick Commuter Rail

Airport: 14 minute drive to Southampton Airport

LAND NOTES

The site comprises 8,712 sq ft (0.2 acres) of vacant land. The site is located on the Southampton Road (A27), close to Junction 9 of the M27 motorway.



244-258 West St - Former Fortnums Car Showroom
Fareham, PO16 0HS - Fareham Submarket



LAND

Type:	Commercial Land
Land AC:	0.55 AC
Land SF:	23,958 SF

SALE

Last Sale:	Sold on 28 Feb 2014 for £750,000 (£1,363,636/AC - £31.30/SF)
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TRANSPORTATION

Commuter Rail:	1 minute drive to Fareham Commuter Rail
Airport:	19 minute drive to Southampton Airport

LAND NOTES

The site is approximately 0.55 acres (0.22 ha) in size. The site is rectangular in shape and is generally level. The subject property is located in Fareham at the western end of West Street. West Street connects with the M27 (via the A27) providing access to the New Forest and Portsmouth, with the M27/M3 interchange providing access to London and Winchester. The site is located approximately 0.2 miles west of Fareham Train Station. The Station provides trains to London Waterloo (approximately 1 hour 45 minutes). The site is approximately 0.4 miles from the town centre.

