Eastleigh Borough Council

Local Plan

EASTLEIGH
BOROUGH COUNCIL

Viability Study

Emerging findings –
High-level review of
Strategic Growth Option (SGO)

Update November 2017

DSP17488

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

DixonSearle Partnership

Contents

General Introductory Notes

1. Eastleigh Borough Council (EBC) appointed Dixon Searle Partnership (DSP) to provide a Viability Assessment – as a part of the evidence base being gathered to inform the Council's development of policies for its new Local Plan (LP).

2. This assessment addresses development viability only – i.e. the financial scope or otherwise to support a range of LP policies and development costs, collectively.

3. The viability assessment work behind this (and ongoing work that will inform subsequent fuller reporting stages for EBC) draws upon a range of existing information and updated research. This is conducted using an approach consistent with DSP's substantial experience in the preparation of both strategic viability assessments for local authority policy development and site-specific (development management stage) viability reviews and advice. DSP has worked previously with EBC, as well as with a range of authorities within Hampshire and adjoining areas, and has wider experience from a range of projects across the country.

4. It is important to note that such information and assumptions guidance rarely fits all eventualities; guidance being the most appropriate description of this. This review (as with all similar assessments in our experience) is unlikely to be able to fully reflect site-specific circumstances. It is therefore not intended to prescribe development assumptions, land values or other appraisal inputs / output findings; or otherwise substitute for the usual considerations and discussions that will continue to be needed as this or other particular proposals and developments having varying characteristics come forward. This is also true in respect of the long timescales over which the economy and development climate, national and more local influences and impacts are very likely to vary – all affecting how the viability of this and other developments will ultimately pan out.

5. Every scheme is different and no document of this nature can reflect all the variances seen in site specific cases. The high-level, point in time, nature of specific assumptions, values and other matters considered within and found from this (or subsequent DSP assessment work and reporting) are likely to be subject to change. A degree of professional judgment is usually required. We are confident, however, that our completed assessment report produced in due course, built from this stage of

the project onwards, will provide the necessary information to inform and support the Council's development of updated planning policies for inclusion within the new Plan.

6. In this particular case, this emerging findings stage update focusses only on the Council's proposed Strategic Growth Option (SGO). At the current, early stage (preliminary work only) the DSP assessment begins to consider the potential viability of the emerging proposals - for the scale and nature of development associated with the SGO. The aim of this aspect of our wider Local Plan viability assessment is to inform the prospects for its delivery (and therefore proposed inclusion within the new Plan) and the relationship between its viability and the related infrastructure provision, including planning obligations.

7. To this reporting stage, the assessment has used up to date development value and cost assumptions, but relating to the very high-level initial scoping work only. Therefore it is not based on any firm proposals on dwelling numbers or mix; or relating to other scheme content. Likewise, there is much work for EBC and its partners to consider on potential development timing and phasing. All in all, a very wide range of matters remain to be considered and worked-up to take this beyond, effectively, the current broad concept type stage. EBC's master planning work, being carried out by other consultants, is in its relatively early stages.

8. Accordingly, the current assumptions and related emerging findings are necessarily subject to considerable further review and settling down, as we envisage will be continued while the work progresses from this stage.

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 DSP. 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, DSP accepts no liability for any loss or damage suffered by the client or others who choose rely on it.

11. In putting this and our subsequent work forward, DSP is not at any stage providing formal valuation or related advice. Rather, we seek to provide an overview of the potential viability positions. Our work, as reported here and otherwise, is not intended for other purposes. We reiterate that is not intended to over-ride particular site considerations as the Council's wider work continues and planning proposals come forward – including any in respect of the proposed SGO, and more generally in the Borough.

1. Introduction and Purpose

1.1 EBC Local Plan context

1.1.1 Eastleigh Borough Council (EBC) is preparing a Local Plan for the period 2011 – 2036. This will plan for around 16,250 new homes and a further 124,000 sq. m of employment floor space over this period, together with additional retail and other new provision.

1.1.2 In terms of new homes, approximately 11,000 dwellings have been completed or permitted. The Council is therefore planning to provide for an additional 5,000 dwellings approximately. Primarily, these will be on greenfield sites, but with some provision on additional urban sites where capacity permits. The greenfield development will be split between a Strategic Growth Option (SGO) - a major new community - which is the proposal under initial consideration here, and a series of smaller sites.

1.1.3 We understand that the additional employment and retail growth is likely to be focussed primarily within the SGO, which will also need to include new provision for Education and other facilities.

1.1.4 Provisionally, the Council is intending that a Community Infrastructure Levy (CIL) would only be applied outside of the SGO. Accordingly, within the SGO, it is likely developer contributions would be sought by way of a bespoke section 106 agreement.

1.2 EBC Brief – Assessment aims and background (SGO)

1.2.1 The study will establish whether there is a reasonable prospect that the Eastleigh Local Plan policy requirements and development proposals are viable.

1.2.2 The study will separately test the viability of:

- A Strategic Growth Option;
- Other development - general brownfield and greenfield development;
- Advise on an appropriate rate for a future Community Infrastructure Levy; for affordable housing provision; and for other policy requirements.

1.2.3 The main focus of the study is to advise on the deliverability of the Local Plan and its policy requirements. Preliminary advice only is required regarding CIL. The viability appraisal will be proportionate to support Local Plan policy. A 'red book' *(i.e. formal)* valuation assessment is not required. Most focus should be applied to viability testing the Strategic Growth Option *(SGO)*. The testing of other development should be robust but can be relatively broad brush.

1.2.4 In building up its approach the Council needs to continue to gather a wide range of evidence that will both inform and support this process.

1.2.5 Subsequent to this, the next stages, combined with ongoing review and settling of the appraisals and results, will be full draft and then final reporting. At this point, the purpose of this note is to provide an update of DSP's work in progress and emerging findings – following the carrying out of initial viability appraisals undertaken to date, based on the limited scoping information currently available.

1.2.6 The requirement to consider viability stems from the National Planning Policy Framework (NPPF) which says at:

Para 173:
'*Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and 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.'*

Para 174:
'*Local planning authorities should set out their policy on local standards, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards……….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. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.'

1.2.7 Viability in this sense means the financial health of development, so that the viability assessment is all about the strength of the relationship that is available between the completed development (sale) value and the development costs.

1.2.8 In the case of the wider range of potential sites and schemes beyond the SGO proposal, we will go on to consider how the strength of this relationship varies across a range of development types, host site types and locations – all bearing in mind the types of sites expected to come forward here to support the new Local Plan overall, and the local characteristics. That is later stage viability assessment work, however, and so is not referred to further in this brief initial report relating to the SGO.

1.2.9 For clarity, the emerging SGO proposals under consideration here are likely to be referred to as the 'Eastleigh Garden Village Masterplan' or similar. In any event we understand that, provisionally, this could involve 3 main broad areas for proposed development – running West to East at Stoke Park (North), to Crowd Hill and Greater Fair Oak. Current indications are that this would come forward from west to east in perhaps 3 or 4 main phases (which might align to phased planning applications), each made up of many housing development parcels and also including within the overall scheme land for new school provision, land for employment development (light industrial / offices), new local centres / retail, other land uses and significant open space.

2. Methodology - Outline

2.1 Assessment approach – in respect of the SGO and consistent with the wider study

2.1.1 The basic principle behind considering development viability is the review of the ability of a development project to meet its costs - including the cost of planning obligations - while ensuring an appropriate site value for the landowner and a market risk adjusted return to the developer in delivering the project.

2.1.2 So, the strength of the relationship between the development values and costs is under review; including how this varies as different assumptions (appraisal inputs) are made, and the context for review of the outcomes (appraisal residual outputs) varies. As above, the context in this case is the SGO focus, before the assessment goes on to consider a wider range of potential site and development types, and as far as possible further develops / reviews the following initial indications in respect of the SGO focus.

2.1.3 The assessment is based on well-established principles, carried out using a commonly applied methodology. In essence, the strength of the development value/cost relationship is considered through development appraisals that use the residual valuation technique.

2.1.4 This involves assessing how much money may remain (hence 'residual') once assumptions are made on the scheme costs and deducted from an estimate of the completed development (sales) values. The same principles and approach will be applied throughout the EBC LP Viability Assessment, using varied assumptions.

2.1.5 Residual valuation principles provide most established and accepted route for studying development viability at a strategic level, including for whole plan viability, affordable housing viability, CIL and site specific viability assessments. This is as also consistent with the approach recommended by the Local Housing Delivery Group Report 'Viability Testing Local Plans – Advice for planning practitioners', chaired by Sir John Harman – June 2012 (known as the 'Harman Report').

2.1.6 Also considered in terms of good practice are other sources of guidance, such as available, including RICS Guidance Note GN94/2012 – 'Financial viability in planning'; the National Planning Practice Guidance (PPG) – flowing from the requirements of the NPPF as above; experience in practice, and range of variable information from planning appeal proceedings and outcomes – again noting that all sites and cases are different. We will also continue to glean anything that we can from, or consider as part of the assessment context as far as possible as time passes, national policy developments associated with the Government's Housing White Paper and also with the review of CIL.

2.1.7 In broad terms this involves assessing the value of the completed development (the revenue it will bring in - usually referred to as Gross Development Value – GDV) and deducting all costs (build costs, fees, surveys, finance, acquisition, marketing, policy specific costs etc.) that need to be expended to create that value. Included as a cost deduction / allowance is a level of developer's profit (risk reward and also often related to securing finance). The GDV of a scheme is determined by the revenue assumed to be generated by the completed residential and any commercial or other accommodation proposed, taking into account the development timing and phasing of larger schemes such as this SGO proposal.

2.1.8 A 'residual' appraisal may be used and its outcomes may be viewed in a number of ways. So, for example, its outcome may be viewed as a land value (in the case of fixing the development profit level assumption and all other costs inputs); or a profit residual if the land price and other costs are fixed and the profit scope is being explored.

2.1.9 It may also be used to consider the potential financial scope for the support of planning infrastructure and obligations. This is the mode of use by DSP in respect of the SGO at the present early stage proposals and review point.

2.1.10 Used in this way, as DSP has done in other cases looking at strategic scale housing-led development proposals, the land value and profit levels are input to the appraisal as assumed levels (DSP assumptions based on wider experience and market norms). With all other development costs broadly represented by the assumptions used (inputs to the appraisal), the 'residual' output indicates the approximate 'surplus' that we consider could be available to support planning / community infrastructure –

e.g. through s.106 obligations, as mentioned above, being the likely route in this case, at this stage.

2.1.11 For the SGO viability review, we are using 'Argus Developer' appraisal software, as is commonly used for this purpose.

2.1.12 Dixon Searle Partnership (DSP) is a highly experienced consultancy in the field of local authority development viability, its key consultants having been centrally involved in viability matters for Councils since the outset of viability being a regular plan-making consideration – around 15 years ago. We have completed a large number of assessments for authorities having very varied local characteristics, with experience typically running through from study inception to examination of the policies. These include work carried out in other areas of Hampshire / PUSH areas and the wider region; as well as nationally. Our strategic level viability work includes Community Infrastructure Levy (CIL) viability studies, including our most local previous work on that with Portsmouth City Council, and recent / current work with others including Fareham and Havant BCs for example – with which we see some similarities here.

2.1.13 This assessment work is at emerging findings point only; and to date only in respect of the SGO, as per our instructions from EBC. This all remains subject to review. As we build the assessment it us usual to modify and refine aspects of this and at this stage this appears very likely to continue to apply; including in respect of the wider sites (development scenarios) testing work that will shortly be developed in parallel with considering the SGO viability indications.

Information and assumptions - SGO

2.1.14 At this stage, there is no firm or detailed information on which to base our appraisals. This is because, as above, the Council's masterplanning work and its liaison with the involved development parties is at a relatively early stage in terms of working-up detail, or indeed first more firmly establishing development principles.

2.1.15 As above, therefore, the dwelling numbers and other matters noted and assumed here are all provisional and to be confirmed or reviewed subsequently.

2.1.16 However, a range of assumptions have to be made in order to start informing a view on viability. To this point, these have been built-up with reference to:

- Above mentioned guidance;
- Viability assessment and review experience – from our wider work, both high-level strategic / for policy development (as here) and on site-specific cases;
- Land Registry, local property sales and marketing information, range of property web-sites;
- BCIS (Building Cost Information Service of the RICS);
- Review of information supplied by EBC;
- Consultation – assumptions survey and engagement with development industry stakeholders (see below), Affordable Housing Providers and others, including Council officers involved in housing as well as the planning side.

2.1.17 In respect of the SGO, the Council has for some time been working with the principal developer interests involved – Highwood and Drew Smith, who have a considerable track record of local delivery and working with EBC. DSP has met these parties with the Council officers, and it is considered that this will lead to further information becoming available and a greater understanding all round of the development of the proposals.

2.1.18 In our view this consistent engagement with the developer interests, who we understand have confirmed arrangements over the relevant land areas, is a very positive ingredient in building confidence and an understanding towards the deliverability of the proposals – also helping to lift this from / compliment and inform the assumptions and numbers based exercise that the viability assessment process inevitably takes the form of.

Current stage appraisal assumptions - SGO

2.1.19 As above, it may be possible to review and refine the following, and make other appraisal inputs as more information becomes available. In our experience, however, this tends to remain at least something of a "moving feast" for some time – with a great deal of work involved in working up, testing and refining proposals for a large and strategically important scheme such as this.

2.1.20 It is always important to note that, in such a case, using an increased extent and apparent depth / detail of assumptions (appraisal inputs) may well add volume rather than accuracy to the appraisals and therefore to the findings drawn from them.

2.1.21 However, as assumptions have to be fixed appraisal inputs made based on those, in order to start providing our indications for EBC, the following is the basis for the current stage appraisals and (emerging) findings:

- **5,200 dwellings total (TBC)** – 3,380 market sale and 1,820 (i.e. 35%) Affordable Housing (AH);
- Assumes approx. 304,268 sq. m market housing; 163,836 sq. m AH;
- **Total land area c. 300 Ha** assumed acquired @ £250,000/Ha (fixed appraisal input for initial assessment purpose only); including c. 145 Ha for residential development (@ 35 d.p.h.); 10.46 Ha employment land; 19.95Ha serviced land for education provision (assumed in 3 phases); 7.94Ha for mixed use; c. 112Ha open space;
- **Retail units provision** approx. 2,323 sq. m (foodstore(s)) and 3,097 sq. m (comparison / convenience) - total floor areas;
- **Timings** – delivery over c. 20 yrs after lead-in, with sales off-set.
- **Base market sale values @ approx. £3,750/sq. m (approx. £348/sq. ft.)** overall (MV), with sensitivities also run (rising and falling values – see below);
- AH based on EBC mixed tenure; AH revenue assumed @ 50% MV overall;
- Ground rental income included on market sale flats;
- Foodstore(s) retail revenue based on letting @ c. £215/sq. m, after 12 months year rent-free, capitalised using a 5% yield; other retail space revenue based on letting @ c. £161/sq. m, after 12 months' rent-free, capitalized using a 6% yield;
- Employment & mixed use land sold @ £1m/Ha after servicing costs incurred;
- **BCIS sourced housebuilding and other use costs**, rebased for Eastleigh, with sensitivities also run (rising and falling costs – see below);
- 2% added to base cost for DSP usually allowed sustainable construction / CO_2 reduction – equivalent to former CfSH L4 – previously reflecting adjustment to higher Building Regulations standards; now considered an additional contingency.
- **Building Regulations M4(2)** – enhanced accessibility/adaptability - assumed 80% dwellings compliant;

- **M4(3)** – full accessibility - 7% market dwellings; 8% AH
- **Solent mitigation** @ average £564/dwelling overall. (NB at this stage, particularly prior to any mix ideas etc., we are using DSP assumed average dwelling sizes to produce a proxy for the estimated overall quantum of development and also, therefore, to drive other costs assumptions – potential scale of development, untested beyond our use as an assumption);
- **Enabling and site-wide works and infrastructure** – no estimated costs / information available, so using an assumption from experience at beyond the upper-end Harman Report guide range – @ £32,000/dwelling – all dwellings;
- **Development Profits** @ 20% GDV private dwellings; 6% AH; 15% serviced employment and mixed use land sales (fixed assumptions within appraisal, for assessment purpose only);
- **Professional etc. fees** (10% basis), contingencies (5%), marketing and sale costs etc. (3% plus £750/dwelling respectively) all at reasonably standard rates for the testing purpose;
- **Finance interest** rate 6%;
- **Off-site highways works** (by-pass and links) totalling £41m as per EBC supplied indications to date of likely total costs;
- **No input s.106 costs in addition to the above major highways requirements – the scale of surplus (or deficit) is the appraisal outcome being considered, in response to the use of the above assumptions** – i.e. is this (highly indicative, provisional) residual scope likely to be sufficient to meet other costs – i.e. wider s.106 costs together with any other currently non-identified costs (including any abnormals etc.);
- At this stage, we understand there to be no known / confirmed abnormal costs. The prospective developers have noted that off-site utilities / reinforcements will be the duty of the statutory undertaking companies to address. **Ecology / habitats and buffers** is an area under consideration – in respect of the Southern Damselfly for example, but with no information available to inform any particular assumptions at this stage.

3 Emerging Findings – Current Stage Overview - SGO

3.1.1 The potential surplus available to fund s106 requirements and / or other infrastructure is discussed below and in all cases, is in addition to the £41m off-site highways cost currently assumed within the appraisal.

3.1.2 Essentially our updated results are similar to those noted from an earlier stage appraisal run, as discussed with EBC officers (in July 2017). The appraisal summary, in the Argus developer software standard reporting format, will be made available to EBC along with this interim update report.

3.1.3 Our high level results indicate between £10,000 and £20,000 per dwelling (all dwellings) potential surplus indicatively available for s.106 and / or other any other costs and obligations currently not included within the development appraisal. This is after allowing for land and site servicing costs only for the education and community provision – no build costs currently allowed for those. Nil CIL is assumed.

3.1.4 A mid-range figure (current indicative potential surplus) is around £15,000 to £16,000/dwelling on this basis. This (at approximately £15,600/dwelling equivalent) is shown in our most recent appraisal summary (displayed as an £81.1m total surplus - 'S106 surplus'). The '1%' shown there beside the figure is simply an Argus display feature, given how we have used the appraisal – it represents a single occurrence of this indicative surplus sum. This allows for land buy-in cost at our input levels, applied as a high level assumption and currently in the absence of any sense check that may be possible in relation to any information that the developers may be able to make available; likely to be subject to commercial sensitivities to some extent (an area to be considered by the Council generally with the promoting developers, we suggest).

3.1.5 At this stage, however, we cannot overstate how much the figures are prone to move around – how sensitive they are to varying inputs.

3.1.6 At the end of the current early version appraisal summary there is an extended table showing some sensitivity analysis and enabling us to see further indications of the impact, positive or negative, of rising or falling values and / or rising or falling costs. Probably the key point at this stage being to reinforce that the outcomes are highly sensitive to these influences (appraisals inputs) changing – either individually or simultaneously. In general, the outcomes are sensitive to input changes in a wide range of areas – including on finance etc. e.g. depending on assumptions related to land purchase and their timing, and so on. All highly assumption based and therefore subject to change.

3.1.7 Clearly, we cannot say whether the £15-16,000 mid-point current surplus indication, or indeed any other particular level of outcome, is positive enough and likely to be workable in the circumstances.

3.1.8 In general terms we would not expect the potential surpluses available to support s.106 and /or other matters will increase significantly from these indications.

3.1.9 Overall, however, we are able to suggest that these indications are representative of a scheme that looks to have reasonable prospects for viable delivery – in the context of the high-level NPPF based criteria.

3.1.10 However, this is unavoidably put forward with some caution, given the very high-level nature and level of uncertainty / assumption making involved with most of this.

3.1.11 Therefore, on balance, ultimately, the "package" of works and obligations that this SGO propsoal would be able to support would be dependent on a number of factors that are likely to continue to move around.

3.1.12 We hope that this is of at least some help to informing EBC's much wider ongoing LP review work, and will look to include similar work within our more fully progressed study in due course – work to continue; both on the SGO and on the wider proposed Local Plan policies and development sites typologies based review.

3.1.13 DSP will await the receipt of further updates and information that could inform the further development or at least review of the above. We would also encourage EBC to continue working with the involved developers. In relation to that, those parties may be able to submit their own initial viability assessments. One option for the further development of this would be such a route, and DSP could review any such information if EBC requires, all as part of exploring and reviewing the viability and deliverability of the Local Plan proposals and, as above, with the development interests' involvement in and commitment to this also a strong indication, in our opinion, of the confidence in the SGO proposals having reasonable and realistic prospects of delivery overall.

Emerging findings – SGO Viability – Final note (DSP v3)

November 2017

Assessment work undertaken by:

Richard Dixon BSc (Hons) MRICS CIHM
Rob Searle BSc (Hons) MSc CIHM
Helena Jones BSc (Hons)
Rachel T Solani
Dan Hay BSc (Hons) Assoc RTPI

Contact Us

By Post
The Old Hayloft
28C Headley Road
Grayshott
Hindhead
GU26 6LD

By Phone:
Main: 01428 288101

Richard Dixon: 01428 748496 / 07917 176752
Rob Searle: 01428 748495 / 07810 326428

By E-mail:

richard@dixonsearle.co.uk
rob@dixonsearle.co.uk
info@dixonsearle.co.uk

Visit our website:

www.dixonsearle.co.uk

Follow us on Twitter:

Dixon Searle Partnership Limited registered office:
Wellesley House, 204 London Road, Waterlooville, Hampshire, PO7 7AN.

Registered in England and Wales – No. 10149678.

Appendix I – Appraisal Summary & Sensitivity Testing

Eastleigh BC - Strategic Growth Option

5,200 Unit Residential Greenfield
35% Affordable Housing
Nil CIL
20% Profit Private / 6% Profit AH
High Level Overview

Development Appraisal
Dixon Searle Partnership
23 November 2017

Summary Appraisal for Phase 1 All Phases

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**	**Adjustment**	**Net Sales**
Market Housing	3380	304,267.60	3,750.04	337,579	1,141,015,671	0	1,141,015,671
Affordable Housing	1820	163,836.40	1,874.97	168,785	307,188,335	0	307,188,335
Employment Land - 10.46ha	1	0.00	0.00	10,460,000	10,460,000	0	10,460,000
Mixed Use - 7.94ha	3	0.00	0.00	2,646,667	7,940,000	0	7,940,000
Totals	**5,204**	**468,104.00**			**1,466,604,006**	**0**	**1,466,604,006**

Rental Area Summary	**Units**	**m²**	**Rate m²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Residential Ground Rents	780			300	234,000	234,000
Retail - Foodstore	1	1,672.25	215.28	360,002	360,002	360,002
Retail - Comparison / Convenience	1	2,229.67	161.46	360,003	360,003	360,003
Totals	**782**	**3,901.92**			**954,004**	**954,004**

Investment Valuation					
Residential Ground Rents					
Current Rent	234,000	YP @	5.0000%	20.0000	4,680,000
Retail - Foodstore					
Market Rent	360,002	YP @	5.0000%	20.0000	
(1yr Rent Free)		PV 1yr @	5.0000%	0.9524	6,857,181
Retail - Comparison / Convenience					
Market Rent	360,003	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	5,660,417
					17,197,598

GROSS DEVELOPMENT VALUE		**1,483,801,603**
Purchaser's Costs	(1,006,059)	
		(1,006,059)
NET DEVELOPMENT VALUE		**1,482,795,544**
NET REALISATION		**1,482,795,544**

OUTLAY

This appraisal report does not constitute a formal valuation.

Eastleigh BC - Strategic Growth Option

ACQUISITION COSTS				
Fixed Price (300.00 Ha 250,000.00 pHect)			75,000,000	
				75,000,000
Stamp Duty			3,741,000	
Agent Fee		1.50%	1,125,000	
Legal Fee		0.75%	562,500	
				5,428,500
CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Employment Land - 10.46ha	1 un	5,753,000	5,753,000	
Serviced School Land - 3.08ha	1 un	1,694,000	1,694,000	
Serviced School Land - 4.61ha	1 un	2,535,500	2,535,500	
Serviced School Land - 12.26	1 un	6,743,000	6,743,000	
Mixed Use - 7.94ha	3 un	1,455,667	4,367,000	
Totals			**21,092,500**	
	m²	**Rate m²**	**Cost**	
Retail - Foodstore	2,322.58 m²	1,560.77 pm²	3,625,013	
Retail - Comparison / Convenience	3,096.74 m²	1,022.57 pm²	3,166,633	
Market Housing	304,267.60 m²	1,202.01 pm²	365,732,698	
Affordable Housing	163,836.40 m²	1,202.01 pm²	196,932,991	
Totals	**473,523.32 m²**		**569,457,336**	**590,549,836**
Contingency		5.00%	29,527,492	
Site Works & Infrastructure	5,200.00 un	32,000.00 /un	166,400,000	
S106 - Surplus		1.00%	81,121,552	
Sustainable Design & Construction		2.00%	11,253,314	
Part M4(2) - 80%	3,380.00 un	1,511.00 /un	5,107,180	
Part M4(3) - 7% Market Housing	3,380.00 un	1,401.00 /un	4,735,380	
Part M4(3) - 8% AH	1,820.00 un	1,602.00 /un	2,915,640	
Solent Mitigation	5,200.00 un	564.00 /un	2,932,800	
Off Site Highways			41,000,000	
				344,993,358
PROFESSIONAL FEES				
Professional Fees		10.00%	72,906,569	
				72,906,569
DISPOSAL FEES				
Marketing & Sales Agent Fees		3.00%	34,230,470	
Sales Legal Fee	5,200.00 un	750.00 /un	3,900,000	

This appraisal report does not constitute a formal valuation.

			38,130,470
MISCELLANEOUS FEES			
Employment Land Profit	15.00%	3,446,640	
AH Profit	6.00%	18,431,300	
Market Profit	20.00%	228,203,134	
			250,081,074
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Land		54,869,348	
Construction		50,836,534	
Total Finance Cost			105,705,882
TOTAL COSTS			**1,482,795,688**
PROFIT			
			(145)

Performance Measures

This appraisal report does not constitute a formal valuation.

Eastleigh BC - Strategic Growth Option

Table of Profit Amount and Land Cost

	Sales: Rate pm²								
Construction: Rate pm²	-350.00 pm²	-300.00 pm²	-250.00 pm²	-200.00 pm²	-150.00 pm²	-100.00 pm²	-50.00 pm²	0.00 pm²	+50.00 pm²
-7.000%	(£136,320,520)	(£104,532,233)	(£74,275,676)	(£45,350,828)	(£17,418,541)	£9,751,960	£36,026,428	£61,713,131	£86,446,339
1,117.87 pm²	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)
-6.000%	(£147,231,665)	(£114,907,680)	(£84,271,558)	(£55,024,809)	(£26,674,296)	£642,312	£27,270,464	£53,129,570	£78,087,409
1,129.89 pm²	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)
-5.000%	(£158,473,847)	(£125,541,130)	(£94,457,759)	(£64,705,137)	(£36,065,219)	(£8,546,135)	£18,402,478	£44,400,227	£69,728,479
1,141.91 pm²	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)
-4.000%	(£169,938,247)	(£136,355,952)	(£104,680,998)	(£74,482,370)	(£45,600,573)	(£17,735,375)	£9,416,994	£35,651,050	£61,312,356
1,153.93 pm²	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)
-3.000%	(£181,523,098)	(£147,220,108)	(£115,008,686)	(£84,445,106)	(£55,268,057)	(£26,971,884)	£321,084	£26,900,470	£52,743,943
1,165.95 pm²	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)
-2.000%	(£193,548,668)	(£158,383,176)	(£125,590,163)	(£94,608,650)	(£64,948,385)	(£36,340,619)	(£8,862,969)	£18,053,021	£44,024,849
1,177.97 pm²	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)
-1.000%	(£205,721,177)	(£169,830,137)	(£136,391,384)	(£104,831,889)	(£74,694,237)	(£45,855,456)	(£18,052,210)	£9,082,027	£35,275,671
1,189.99 pm²	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)
0.000%	(£218,135,028)	(£181,346,541)	(£147,225,335)	(£115,119,273)	(£84,625,576)	(£55,511,305)	(£27,272,036)	(£145)	£26,526,493
1,202.01 pm²	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)
+1.000%	(£230,918,662)	(£193,263,273)	(£158,310,247)	(£125,649,331)	(£94,759,542)	(£65,191,632)	(£36,619,550)	(£9,179,803)	£17,702,233
1,214.03 pm²	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)
+2.000%	(£243,765,745)	(£205,427,515)	(£169,722,028)	(£136,426,817)	(£104,982,781)	(£74,913,500)	(£46,111,505)	(£18,369,044)	£8,744,638
1,226.05 pm²	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)
+3.000%	(£256,612,828)	(£217,737,268)	(£181,199,072)	(£147,245,484)	(£115,239,538)	(£84,810,871)	(£55,754,553)	(£27,575,940)	(£323,075)
1,238.07 pm²	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)
+4.000%	(£269,459,911)	(£230,427,771)	(£192,992,858)	(£158,255,851)	(£125,718,757)	(£94,910,434)	(£65,434,880)	(£36,901,949)	(£9,496,638)
1,250.09 pm²	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)
+5.000%	(£282,306,994)	(£243,274,855)	(£205,142,120)	(£169,613,919)	(£136,462,249)	(£105,133,673)	(£75,137,866)	(£46,372,334)	(£18,685,878)
1,262.11 pm²	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)
+6.000%	(£295,154,077)	(£256,121,938)	(£217,373,080)	(£181,079,455)	(£147,280,589)	(£115,369,608)	(£85,001,150)	(£55,997,801)	(£27,883,344)
1,274.13 pm²	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)
+7.000%	(£308,001,160)	(£268,969,021)	(£229,941,482)	(£192,755,634)	(£158,218,308)	(£125,798,160)	(£95,066,985)	(£65,678,128)	(£37,187,004)
1,286.15 pm²	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)	(£75,000,000)

Sensitivity Analysis : Assumptions for Calculation

Sales: Rate pm²

Original Values are varied in Fixed Steps of £50.00

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Eastleigh BC - Strategic Growth Option

Heading	Phase	Rate	No. of Steps
Market Housing	1	£3,750.04	7 Up & Down
Affordable Housing	1	£1,874.97	7 Up & Down

Construction: Rate pm²

Original Values are varied by Steps of 1.000%.

Heading	Phase	Rate	No. of Steps
Market Housing	1	£1,202.01	7 Up & Down
Affordable Housing	1	£1,202.01	7 Up & Down
Retail - Foodstore	1	£1,560.77	7 Up & Down
Retail - Comparison / Convenience	1	£1,022.57	7 Up & Down

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Eastleigh BC - Strategic Growth Option

+100.00 pm²	+150.00 pm²	+200.00 pm²	+250.00 pm²	+300.00 pm²	+350.00 pm²
£110,760,289 (£75,000,000)	£134,381,165 (£75,000,000)	£157,791,274 (£75,000,000)	£180,669,632 (£75,000,000)	£203,218,730 (£75,000,000)	£225,287,179 (£75,000,000)
£102,619,456 (£75,000,000)	£126,364,263 (£75,000,000)	£149,903,331 (£75,000,000)	£172,945,132 (£75,000,000)	£195,585,295 (£75,000,000)	£217,809,368 (£75,000,000)
£94,373,492 (£75,000,000)	£118,347,362 (£75,000,000)	£141,938,647 (£75,000,000)	£165,165,750 (£75,000,000)	£187,899,139 (£75,000,000)	£210,292,658 (£75,000,000)
£86,024,304 (£75,000,000)	£110,310,309 (£75,000,000)	£133,921,745 (£75,000,000)	£157,319,170 (£75,000,000)	£180,179,989 (£75,000,000)	£202,717,450 (£75,000,000)
£77,665,374 (£75,000,000)	£102,180,923 (£75,000,000)	£125,904,843 (£75,000,000)	£149,436,006 (£75,000,000)	£172,458,766 (£75,000,000)	£195,089,121 (£75,000,000)
£69,306,444 (£75,000,000)	£93,946,538 (£75,000,000)	£117,887,942 (£75,000,000)	£141,477,925 (£75,000,000)	£164,686,614 (£75,000,000)	£187,407,470 (£75,000,000)
£60,905,802 (£75,000,000)	£85,602,269 (£75,000,000)	£109,858,362 (£75,000,000)	£133,462,325 (£75,000,000)	£156,847,065 (£75,000,000)	£179,690,347 (£75,000,000)
£52,357,920 (£75,000,000)	£77,243,339 (£75,000,000)	£101,742,389 (£75,000,000)	£125,445,424 (£75,000,000)	£148,968,681 (£75,000,000)	£171,969,212 (£75,000,000)
£43,649,471 (£75,000,000)	£68,884,409 (£75,000,000)	£93,517,246 (£75,000,000)	£117,428,522 (£75,000,000)	£141,016,738 (£75,000,000)	£164,206,348 (£75,000,000)
£34,900,293 (£75,000,000)	£60,496,864 (£75,000,000)	£85,180,235 (£75,000,000)	£109,406,415 (£75,000,000)	£133,002,905 (£75,000,000)	£156,374,961 (£75,000,000)
£26,151,115 (£75,000,000)	£51,968,690 (£75,000,000)	£76,821,305 (£75,000,000)	£101,300,927 (£75,000,000)	£124,986,004 (£75,000,000)	£148,501,356 (£75,000,000)
£17,347,774 (£75,000,000)	£43,274,093 (£75,000,000)	£68,462,375 (£75,000,000)	£93,087,506 (£75,000,000)	£116,969,102 (£75,000,000)	£140,555,551 (£75,000,000)
£8,404,926 (£75,000,000)	£34,524,915 (£75,000,000)	£60,086,534 (£75,000,000)	£84,758,200 (£75,000,000)	£108,951,930 (£75,000,000)	£132,543,485 (£75,000,000)
(£648,801) (£75,000,000)	£25,775,737 (£75,000,000)	£51,579,461 (£75,000,000)	£76,399,270 (£75,000,000)	£100,859,236 (£75,000,000)	£124,526,584 (£75,000,000)
(£9,813,472) (£75,000,000)	£16,989,874 (£75,000,000)	£42,898,715 (£75,000,000)	£68,040,340 (£75,000,000)	£92,657,765 (£75,000,000)	£116,509,682 (£75,000,000)

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