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Your ref:
Our ref: ADL/112417

3 December 2012

Dear Sam

WAVENEY DISTRICT COUNCIL – COMMUNITY INFRASTRUCTURE LEVY – PROPOSED RETAIL RATES

Thank you for providing copies of representations received from William Morrison and Sainbury's regarding Waveney District Council's proposed Community Infrastructure Levy ('CIL') rates for retail. The Draft Charging Schedule ('DCS') indicates that the Council will seek to apply the following rates:

Supermarkets, Superstores and Retail Warehouses²: £130 per square metre

2. As per the definitions set out below (as previously identified in Planning Policy Statement 4(DCLG, 2009)):
Supermarkets: Self-service stores selling mainly food, with a trading floorspace less than 2,500 square metres, often with car parking. **Superstores:** Self-service stores selling mainly food, or food and non-food goods, usually with more than 2,500 square metres trading floorspace, with supporting car parking. **Retail warehouses:** Large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods, catering mainly for car-borne customers

The representations suggest that the Council's proposed rates are not supported by sufficient levels of 'fine grain evidence'. In addition, the William Morrison representation makes specific comments on individual appraisal inputs, which we have also addressed in our additional appraisals.

The findings of our additional appraisals support the Council's proposed differential rates on supermarkets, superstores and retail warehouses.

1. Additional appraisals

We have run the following additional appraisals of retail development:

- Supermarket 3,000 square metres;
- Supermarket 1,500 square metres;
- Small in-town foodstore (Tesco Metro or equivalent) 250 square metres;
- In-town retail 500 square metres; and
- Retail warehouse 5,000 square metres.



Each of the appraisals have been run with a rent ranging from £16 to £18 per sq ft rent, reflecting local evidence.

Yields vary between different types of development, as indicated by the BNP Paribas Real Estate's Prime Commercial Property Investment yields schedule (Appendix 1). Yields for the appraisals are as follows:

- Supermarket 3,000 square metres – 4.5%
- Supermarket 1,500 square metres – 4.5%
- Small in-town foodstore (Tesco Metro or equivalent) 4.5%
- In-town retail 500 square metres – 6.25%
- Retail warehouse 5,000 square metres – 5.5%

2. Comments on appraisal inputs from William Morrison

A series of detailed comments have been made by William Morrison's agents on the appraisal inputs. These comments and our responses are summarised in the table below.

<p>It is noted that BCIS has been used to derive build costs. We specifically comment that</p> <ul style="list-style-type: none"> • BCIS provides a range of indices and it is not made clear which have been used? • It is not known whether the costs have been location adjusted to reflect the local market – BCIS permits this to be done • We have consulted BCIS and the median figure for hypermarkets/supermarkets between 1,000 and 7,000 sq m is £1,121per sq m and the mean £1,079 per sq m. These figures are significantly in excess of the level selected (e.g. £657 per sq m). • We would agree that an external works allowance needs to be made 	<p>Our appraisals use the following BCIS cost indices:</p> <p>341.1 Retail warsehouses</p> <p>344 Supermarkets</p> <p>345 Shops</p> <p>Yes, factor of 1.03 applied</p> <p>Noted. We have considered the impact this has in the revised appraisals.</p> <p>Noted.</p>
<p>The cost implications from BREEAM 'Good' to 'Very Good' may not be de minimus, especially for larger retail developments. A small allowance to the construction cost needs to be made.</p>	<p>We have incorporated a 10% supplementary cost to reflect this cost in revised appraisals.</p>
<p>We note that an allowance has been made for S106/S278 costs for residential appraisal at £1,000 per unit,</p>	<p>The bulk of items currently secured through Section 106 will in future be secured through CIL.</p> <p>Section 106 costs on supermarket developments will</p>



<p>but such allowances have been omitted from the retail foodstore appraisal. It would be appropriate to make such allowances as our clients experience is that in the majority of cases they will make significant contributions of this type. For a large foodstore such costs could be in the order of £0.5m S106 and £0.5m S278. Whilst the schemes being modelled are smaller it would be appropriate to make pro rata allowances.</p>	<p>be negotiated on a scheme by scheme basis. It will be for the retailer to demonstrate to the Council why a Section 106 requirement cannot be afforded.</p>
<p>Developer's Profit we would suggest that the profit level for the retail foodstore option is increased to 25% on cost based on</p> <ul style="list-style-type: none"> • Developer's site assembly risk • Holding costs and timescales to secure returns can be very long • Planning costs and risks (some of which could be abortive) 	<p>Not agreed.</p> <p>We cannot assume that every single development would be subject to such costs. This was a point very firmly made by the Examiner at the Bristol CIL examination with regards to exceptional costs.</p>
<p>Within the main body of the report there is no justification of the mix and size of units which are presented in the Development Appraisal for Retail Foodstore at Appendix 4. The appraisal presents the assessment of 3 units which total 4,118 sq m gross. It would be more appropriate to model two options. The first a smaller foodstore of say 1,500sqm and secondly a larger format of say 5,000sqm. This would reflect the formats which operators are considering at the present time.</p>	<p>We have appraised 3,000 square metre (net lettable) and 1,500 square metre (net lettable) foodstores.</p>
<p>We note that the Peto Square scheme, which has a significant proportion of retail floorspace is non-viable. Even when the rental values have been increased it remains non-viable. This must be taken into consideration when setting CIL rates for retail.</p>	<p>Peto Square suffers from £6 million of abnormal costs and is therefore atypical. This site would be unviable regardless of whether or not CIL was levied.</p>
<p>The CIL for retail warehousing and supermarkets at £130 per sq m is noted and requires review in light of the comments made within this representation. Please note to the further comments on the Development</p>	<p>The revised appraisals fully support the differential CIL rate as proposed in the DCS.</p>



Appraisal below.	
<p>Please refer to the following comments:</p> <ol style="list-style-type: none">1. We have commented above with respect to the selection of the unit mix and sizes above – we would recommend a revised approach2. The build costs need to be reviewed – BCIS should be revisited. The levels mentioned above are confirmed by our clients Quantity Surveyors.3. Professional fees – at paragraph 4.36 it is stated that 12% professional fees are to be adopted however in the appraisal 10% has been used. We would support the use of 12% given the complexity of such retail schemes.4. No allowance has been made with regard to S106/S278 which inevitably would form part of a larger retail development in addition to CIL. Such charges would be incurred to deal with “local” issues. The scenario testing assumes all the “Section 106 Costs” are available for CIL. We would comment here that this row needs to be relabelled CIL contribution for clarity.5. No allowance has been made for planning fees/costs such costs can be considerable.6. Interest cost - the timescale adopted is 18 months. It is improbable that a site can be acquired and planning secured and a development completed within 18 months for a larger retail/foodstore scheme. This period needs to be lengthened.7. Existing Use value calculation. We consider that this approach is somewhat arbitrary. In reality a developer would need to acquire a site of sufficient size to accommodate the development – including	<p>BCIS cost for retail warehouse confirmed as currently £544 per sq m, which is £5 per sq m lower than the rate used in the Viability Study.</p> <p>We have reviewed BCIS costs and have made amendments to these where necessary.</p> <p>10% professional fees is a figure that has been used on actual schemes and has been accepted.</p> <p>These would be negotiated on a site-by-site basis.</p> <p>Included within professional fees.</p> <p>24 months adopted</p> <p>In Waveney, it is likely that a supermarket would come forward on a greenfield site. Our assumption that the site has an existing building is therefore likely to overstate the benchmark land value.</p> <p>However, we have taken this comment on board and had regard to the benchmark land values used in the</p>



aspects such as landscaping, circulation and car parking. Allowances therefore should be made using a benchmark land value and assumed site size.	study for other commercial development. Commercial land is available for £230,000 per hectare. Assuming a 2 hectare site for a 3,000 square metre supermarket, the benchmark land value would be £460,000. We have re-run our appraisals using a pro-rata amount.
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3. Revised appraisals – results

Our revised appraisals are provided as Appendix 2. The results of our appraisals are summarised below. The appraisals all incorporate the proposed CIL of £130 per square metre, applied to the entire floorspace of the development (i.e. no discount for existing floorspace).

Type of retail	Floor area (net lettable)	Residual Value @ rent of £18 per sq ft	Residual Value @ rent of £17 per sq ft	Residual Value @ rent of £16 per sq ft	Benchmark Land Value
Supermarket	3,000 sqm	£2,306,218	£1,897,293	£1,488,368	£1,186,680
Supermarket	1,500 sqm	£744,184	£948,647	£1,153,109	£593,340
Retail warehouse	5,000 sqm	£5,223,433	£4,677,232	£4,131,031	£1,977,800
In-town retail store	500 sqm	-£85,143	-£37,814	£9,515	£197,780
In-town food-store (Tesco Metro or equivalent)	250 sqm	£173,359	£158,108	£124,031	£98,890

The appraisals of supermarkets and retail warehouses generate residual values in excess of benchmark land values *after taking account of the proposed CIL of £130 per square metre*. Supermarket and retail warehouse development generates significant residual values in excess of the benchmark land values, indicating that they are comfortably able to absorb the proposed CIL rate. However, in-town small retail development generates negative residual values or only marginally positive residual land values, depending on the level of rent. Small retail (other than small foodstores) will not be able to absorb the proposed CIL rate of £130 per square metre.

I trust the information above is helpful. Should you have any queries, please do not hesitate to contact me.



**BNP PARIBAS
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Yours sincerely

A handwritten signature in black ink that reads "Anthony Lee".

Anthony Lee MRTPI MRICS
Senior Director



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APPENDIX 1: PRIME YIELD SCHEDULE

BNP PARIBAS REAL ESTATE PRIME COMMERCIAL PROPERTY INVESTMENT YIELDS

SECTOR	CURRENT SENTIMENT	PRIME YIELDS OCT-12	YIELD CHANGE +/-	PRIME YIELDS SEPT-12	YIELD CHANGE +/-	PRIME YIELDS AUG-12	YIELD CHANGE +/-	PRIME YIELDS JULY-12	YIELD CHANGE +/-	PRIME YIELDS JUNE-12	YIELD CHANGE +/-	PRIME YIELDS MAY-12	YIELD CHANGE +/-
RETAIL													
In-town (Prime towns)	Positive	5.00%	0.00%	5.00%	0.15%	4.85%	0.00%	4.85%	0.00%	4.85%	0.00%	4.85%	0.00%
In-town (Market towns)	Positive	6.25%	0.00%	6.25%	0.00%	6.25%	0.00%	6.25%	0.00%	6.25%	0.25%	6.00%	0.00%
Secondary	Negative	7.50%	0.00%	7.50%	0.00%	7.50%	0.00%	7.50%	0.00%	7.50%	0.50%	7.00%	0.00%
OUT OF TOWN RETAIL													
Fashion parks	Neutral	5.50%	0.00%	5.50%	0.15%	5.35%	0.00%	5.35%	0.00%	5.35%	0.10%	5.25%	0.25%
Open A1 Parks	Positive	5.50%	0.00%	5.50%	0.15%	5.35%	0.00%	5.35%	0.00%	5.35%	0.10%	5.25%	0.00%
Bulky Goods Parks	Neutral	6.75%	0.00%	6.75%	0.25%	6.50%	0.00%	6.50%	0.00%	6.50%	0.25%	6.25%	0.00%
Solus Units – Open A1	Neutral	6.50%	0.00%	6.50%	0.15%	6.35%	0.10%	6.25%	0.00%	6.25%	0.00%	6.25%	0.00%
Solus Units – Bulky (excluding RPI)	Neutral	6.75%	0.00%	6.75%	0.10%	6.65%	0.15%	6.50%	0.00%	6.50%	0.00%	6.50%	0.00%
SHOPPING CENTRES													
Shopping centres (Prime – not regional)	Positive	6.00%	0.00%	6.00%	0.25%	5.75%	0.00%	5.75%	0.00%	5.75%	0.00%	5.75%	0.00%
Shopping centres (Secondary)	Negative	8.00%	0.00%	8.00%	0.50%	7.50%	0.00%	7.50%	0.00%	7.50%	0.00%	7.50%	0.00%
Shopping centres (Local)	Negative	9.00%	0.00%	9.00%	0.50%	8.50%	0.00%	8.50%	0.00%	8.50%	0.00%	8.50%	0.00%
Supermarkets	Positive	4.50%	0.00%	4.50%	0.00%	4.50%	0.00%	4.50%	0.00%	4.50%	0.00%	4.50%	0.00%
OFFICES UK													
Business parks (Prime)	Negative	6.50%	0.00%	6.50%	0.00%	6.50%	0.00%	6.50%	0.00%	6.50%	0.00%	6.50%	0.00%
South East (In town)	Neutral	6.25%	0.25%	6.00%	0.00%	6.00%	0.00%	6.00%	0.00%	6.00%	0.00%	6.00%	0.00%
UK provincial (In town)	Negative	6.50%	0.00%	6.50%	0.00%	6.50%	0.25%	6.25%	0.00%	6.25%	0.25%	6.00%	0.00%
CENTRAL LONDON													
City of London	Positive	5.00%	0.00%	5.00%	0.00%	5.00%	0.00%	5.00%	0.00%	5.00%	0.00%	5.00%	0.00%
West End of London	Positive	4.00%	0.00%	4.00%	0.00%	4.00%	0.00%	4.00%	0.00%	4.00%	0.00%	4.00%	0.00%
INDUSTRIALS													
Gt. London – excluding Heathrow	Positive	6.00%	0.00%	6.00%	0.25%	5.75%	0.00%	5.75%	0.00%	5.75%	0.00%	5.75%	0.00%
South East	Positive	6.25%	0.00%	6.25%	0.00%	6.25%	0.00%	6.25%	0.00%	6.25%	0.00%	6.25%	0.00%
UK Provincial	Neutral	7.50%	0.00%	7.50%	0.25%	7.25%	0.00%	7.25%	0.00%	7.25%	0.00%	7.25%	0.00%
Secondary industrials (South East)	Neutral	8.00%	0.00%	8.00%	0.50%	7.50%	0.00%	7.50%	0.00%	7.50%	0.00%	7.50%	0.00%
Secondary industrials (Provincial)	Negative	9.00%	0.00%	9.00%	0.00%	9.00%	0.00%	9.00%	0.00%	9.00%	0.25%	8.75%	0.00%
Distribution warehousing	Positive	6.25%	0.00%	6.25%	0.00%	6.25%	0.00%	6.25%	0.00%	6.25%	0.00%	6.25%	0.00%
LEISURE													
Out-of-town	Neutral	6.50%	0.00%	6.50%	0.00%	6.50%	0.00%	6.50%	0.00%	6.50%	0.00%	6.50%	0.00%
In-town	Neutral	6.50%	0.00%	6.50%	0.25%	6.25%	0.00%	6.25%	0.00%	6.25%	0.00%	6.25%	0.00%
FINANCIAL STATISTICS													
3-month £ LIBOR		0.59%		0.68%		0.74%		0.89%		0.99%		1.01%	
5-year SWAP (bid)		0.99%		1.00%		1.01%		1.19%		1.30%		1.66%	
10-year UK Government Bond (bid)		1.74%		1.65%		1.51%		1.69%		1.54%		2.10%	
Bank of England Base Rate		0.50%		0.50%		0.50%		0.50%		0.50%		0.50%	

Notes

1. Prime yields are appropriate only to a narrow band of properties where investor requirements as to location, design, lease terms and other relevant factors are fully met.
2. Many property investments fall outside this 'prime' category and softer yields should apply.

3. Rental levels should reflect current expectation, rather than historically achieved.
4. Sentiment denotes investor sentiment towards the sector over the short to medium term, not necessarily linked to a recent yield shift.
5. Supermarket investments typically include an RPI provision in the rent review mechanism and this is reflected in the yield quoted above.
6. LIBOR, SWAP & Bond rates are taken from those published on the first working day on the relevant month.



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APPENDIX 2: DEVELOPMENT APPRAISALS

DEVELOPMENT APPRAISAL

Commercial Development

Use class: **SUPERMARKET**

DEVELOPMENT VALUE

<u>Rental Income</u>	Area	£ psf	£ per annum
Rent - area 1	32,292	18.00	581,256
Rent - area 2		18.00	-
Rent - area 3		18.00	-
Total rental income	32,292		581,256
Rent free/voids (years)	2	0.9157	
Total revenue, capitalised (including all costs)		4.50%	11,828,301
GROSS DEVELOPMENT VALUE			11,828,301
Purchaser's costs	5.75%	680,127	11,148,173

DEVELOPMENT COSTS

<u>Development Costs</u>	£5 psf	sqft	
Demolition costs			-
Building costs	£110 psf		4,189,059
Area	37,991	85% grs to net	
External works			10.00% 418,906
Professional fees			10.00% 460,796
CIL			12 458,824
<u>Disposal Costs</u>			
Letting Agent's fee (% of rent)			10.00% 58,126
Agent's fees (on capital value)			1.00% 118,283
Legal fees (% of capital value)			0.75% 88,712
<u>Interest on Finance</u>			
Total development duration	24 months		
Loan arrangement fee			1.00% 55,276
Interest on Construction Costs	24 months		6.50% 359,293
<u>Profit</u>			
Developer's profit on Total Revenue			20.00% 2,229,635
TOTAL DEVELOPMENT COSTS			8,436,909

LAND VALUE

Land surplus			2,711,264
Stamp duty		4.00%	(108,451)
Agent's fees		1.25%	(33,891)
Legal fees		0.50%	(13,556)
Interest on land finance	18 months	6.50%	(249,148)
RESIDUAL LAND VALUE			2,306,218

Site coverage	15%	2
(based on evidence from Sainsburys at Poole - 2 ha required for 3,000 sqm store)		
Land available at £230,000 per ha for commercial development		460,000
Purchaser's costs		26,680
Additional site servicing		700,000

Land surplus **1,119,538**

DEVELOPMENT APPRAISAL

Commercial Development

Use class: **SUPERMARKET**

DEVELOPMENT VALUE

<u>Rental Income</u>	Area	£ psf	£ per annum
Rent - area 1	32,292	17.00	548,964
Rent - area 2		17.00	-
Rent - area 3		17.00	-
Total rental income	32,292		548,964
Rent free/voids (years)	2	0.9157	
Total revenue, capitalised (including all costs)		4.50%	11,171,173
GROSS DEVELOPMENT VALUE			11,171,173
Purchaser's costs	5.75%	642,342	10,528,830

DEVELOPMENT COSTS

<u>Development Costs</u>	£5 psf	sqft	
Demolition costs			-
Building costs	£110 psf		4,189,059
Area	37,991	85% grs to net	
External works			10.00% 418,906
Professional fees			10.00% 460,796
CIL			12 458,824
<u>Disposal Costs</u>			
Letting Agent's fee (% of rent)			10.00% 54,896
Agent's fees (on capital value)			1.00% 111,712
Legal fees (% of capital value)			0.75% 83,784
<u>Interest on Finance</u>			
Total development duration	24 months		
Loan arrangement fee			1.00% 55,276
Interest on Construction Costs	24 months		6.50% 359,293
<u>Profit</u>			
Developer's profit on Total Revenue			20.00% 2,105,766
TOTAL DEVELOPMENT COSTS			8,298,312

LAND VALUE

Land surplus			2,230,519
Stamp duty		4.00%	(89,221)
Agent's fees		1.25%	(27,881)
Legal fees		0.50%	(11,153)
Interest on land finance	18 months	6.50%	(204,971)
RESIDUAL LAND VALUE			1,897,293

Site coverage	15%	2
(based on evidence from Sainsburys at Poole - 2 ha required for 3,000 sqm store)		
Land available at £230,000 per ha for commercial development		460,000
Purchaser's costs		26,680
Additional site servicing		700,000

Land surplus	710,613
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DEVELOPMENT APPRAISAL

Commercial Development

Use class: **SUPERMARKET**

DEVELOPMENT VALUE			
<u>Rental Income</u>	Area	£ psf	£ per annum
Rent - area 1	32,292	16.00	516,672
Rent - area 2		16.00	-
Rent - area 3		16.00	-
Total rental income	32,292		516,672
Rent free/voids (years)	2	0.9157	
Total revenue, capitalised (including all costs)		4.50%	10,514,045
GROSS DEVELOPMENT VALUE			10,514,045
Purchaser's costs	5.75%	604,558	9,909,487

DEVELOPMENT COSTS			
Development Costs			
Demolition costs	£5 psf	sqft	-
Building costs	£110 psf		4,189,059
Area	37,991	85% grs to net	
External works		10.00%	418,906
Professional fees		10.00%	460,796
CIL		12	458,824
Disposal Costs			
Letting Agent's fee (% of rent)		10.00%	51,667
Agent's fees (on capital value)		1.00%	105,140
Legal fees (% of capital value)		0.75%	78,855
Interest on Finance			
Total development duration	24 months		
Loan arrangement fee		1.00%	55,276
Interest on Construction Costs	24 months	6.50%	359,293
Profit			
Developer's profit on Total Revenue		20.00%	1,981,897
TOTAL DEVELOPMENT COSTS			8,159,714

LAND VALUE			
Land surplus			1,749,773
Stamp duty		4.00%	(69,991)
Agent's fees		1.25%	(21,872)
Legal fees		0.50%	(8,749)
Interest on land finance	18 months	6.50%	(160,793)
RESIDUAL LAND VALUE			1,488,368

Site coverage	15%	2
(based on evidence from Sainsburys at Poole - 2 ha required for 3,000 sqm store)		
Land available at £230,000 per ha for commercial development		460,000
Purchaser's costs		26,680
Additional site servicing		700,000
Land surplus		301,688

DEVELOPMENT APPRAISAL

Commercial Development

Use class: **SUPERMARKET**

DEVELOPMENT VALUE			
<u>Rental Income</u>	Area	£ psf	£ per annum
Rent - area 1	16,146	18.00	290,628
Rent - area 2		18.00	-
Rent - area 3		18.00	-
Total rental income	16,146		290,628
Rent free/voids (years)	2	0.9157	
Total revenue, capitalised (including all costs)		4.50%	5,914,150
GROSS DEVELOPMENT VALUE			5,914,150
Purchaser's costs	5.75%	340,064	5,574,087

DEVELOPMENT COSTS			
<u>Development Costs</u>			
Demolition costs	£5 psf	sqft	-
Building costs	£110 psf		2,094,529
Area	18,995	85% grs to net	
External works		10.00%	209,453
Professional fees		10.00%	230,398
CIL		12	229,412
<u>Disposal Costs</u>			
Letting Agent's fee (% of rent)		10.00%	29,063
Agent's fees (on capital value)		1.00%	59,142
Legal fees (% of capital value)		0.75%	44,356
<u>Interest on Finance</u>			
Total development duration	24 months		
Loan arrangement fee		1.00%	27,638
Interest on Construction Costs	24 months	6.50%	179,647
<u>Profit</u>			
Developer's profit on Total Revenue		20.00%	1,114,817
TOTAL DEVELOPMENT COSTS			4,218,455

LAND VALUE			
Land surplus			1,355,632
Stamp duty		4.00%	(54,225)
Agent's fees		1.25%	(16,945)
Legal fees		0.50%	(6,778)
Interest on land finance	18 months	6.50%	(124,574)
RESIDUAL LAND VALUE			1,153,109

Site coverage	15%	1
(based on evidence from Sainsburys at Poole - 2 ha required for 3,000 sqm store)		
Land available at £230,000 per ha for commercial development		230,000
Purchaser's costs		13,340
Additional site servicing		350,000

Land surplus	559,769
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DEVELOPMENT APPRAISAL

Commercial Development

Use class: **SUPERMARKET**

DEVELOPMENT VALUE

<u>Rental Income</u>	Area	£ psf	£ per annum
Rent - area 1	16,146	17.00	274,482
Rent - area 2		17.00	-
Rent - area 3		17.00	-
Total rental income	16,146		274,482
Rent free/voids (years)	2	0.9157	
Total revenue, capitalised (including all costs)		4.50%	5,585,586
GROSS DEVELOPMENT VALUE			5,585,586
Purchaser's costs	5.75%	321,171	5,264,415

DEVELOPMENT COSTS

<u>Development Costs</u>	£5 psf	sqft	
Demolition costs			-
Building costs	£110 psf		2,094,529
Area	18,995	85% grs to net	
External works			10.00% 209,453
Professional fees			10.00% 230,398
CIL			12 229,412
<u>Disposal Costs</u>			
Letting Agent's fee (% of rent)			10.00% 27,448
Agent's fees (on capital value)			1.00% 55,856
Legal fees (% of capital value)			0.75% 41,892
<u>Interest on Finance</u>			
Total development duration	24 months		
Loan arrangement fee			1.00% 27,638
Interest on Construction Costs	24 months		6.50% 179,647
<u>Profit</u>			
Developer's profit on Total Revenue			20.00% 1,052,883

TOTAL DEVELOPMENT COSTS 4,149,156

LAND VALUE

Land surplus			1,115,259
Stamp duty		4.00%	(44,610)
Agent's fees		1.25%	(13,941)
Legal fees		0.50%	(5,576)
Interest on land finance	18 months	6.50%	(102,485)

RESIDUAL LAND VALUE 948,647

Site coverage	15%	1
(based on evidence from Sainsburys at Poole - 2 ha required for 3,000 sqm store)		
Land available at £230,000 per ha for commercial development		230,000
Purchaser's costs		13,340
Additional site servicing		350,000

Land surplus 355,307

DEVELOPMENT APPRAISAL

Commercial Development

Use class: **SUPERMARKET**

DEVELOPMENT VALUE

<u>Rental Income</u>	Area	£ psf	£ per annum
Rent - area 1	16,146	16.00	258,336
Rent - area 2		16.00	-
Rent - area 3		16.00	-
Total rental income	16,146		258,336
Rent free/voids (years)	2	0.9157	
Total revenue, capitalised (including all costs)		4.50%	5,257,023
GROSS DEVELOPMENT VALUE			5,257,023
Purchaser's costs	5.75%	302,279	4,954,744

DEVELOPMENT COSTS

<u>Development Costs</u>	£5 psf	sqft	
Demolition costs			-
Building costs	£110 psf		2,094,529
Area	18,995	85% grs to net	
External works		10.00%	209,453
Professional fees		10.00%	230,398
CIL		12	229,412
<u>Disposal Costs</u>			
Letting Agent's fee (% of rent)		10.00%	25,834
Agent's fees (on capital value)		1.00%	52,570
Legal fees (% of capital value)		0.75%	39,428
<u>Interest on Finance</u>			
Total development duration	24 months		
Loan arrangement fee		1.00%	27,638
Interest on Construction Costs	24 months	6.50%	179,647
<u>Profit</u>			
Developer's profit on Total Revenue		20.00%	990,949
TOTAL DEVELOPMENT COSTS			4,079,857

LAND VALUE

Land surplus			874,887
Stamp duty		4.00%	(34,995)
Agent's fees		1.25%	(10,936)
Legal fees		0.50%	(4,374)
Interest on land finance	18 months	6.50%	(80,397)
RESIDUAL LAND VALUE			744,184

Site coverage 15% 1
(based on evidence from Sainsburys at Poole - 2 ha required for 3,000 sqm store)

Land available at £230,000 per ha for commercial development 230,000
Purchaser's costs 13,340
Additional site servicing 350,000

Land surplus 150,844

DEVELOPMENT APPRAISAL

Commercial Development

Use class:	RETAIL WH
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DEVELOPMENT VALUE			
<u>Rental Income</u>	Area	£ psf	£ per annum
Rent - area 1	53,820	18.00	968,760
Rent - area 2		18.00	-
Rent - area 3		18.00	-
Total rental income	53,820		968,760
Rent free/voids (years)	2	0.8985	
Total revenue, capitalised (including all costs)		5.50%	15,825,177
GROSS DEVELOPMENT VALUE			15,825,177
Purchaser's costs	5.75%	909,948	14,915,230

DEVELOPMENT COSTS			
Development Costs			
Demolition costs	£5 psf	sqft	-
Building costs	£56 psf		3,532,941
Area	63,318	85% grs to net	
External works		10.00%	353,294
Professional fees		10.00%	388,624
CIL		12	764,706
Disposal Costs			
Letting Agent's fee (% of rent)		10.00%	96,876
Agent's fees (on capital value)		1.00%	158,252
Legal fees (% of capital value)		0.75%	118,689
Interest on Finance			
Total development duration	24 months		
Loan arrangement fee		1.00%	50,396
Interest on Construction Costs	24 months	6.50%	327,572
Profit			
Developer's profit on Total Revenue		20.00%	2,983,046
TOTAL DEVELOPMENT COSTS			8,774,395

LAND VALUE			
Land surplus			6,140,835
Stamp duty		4.00%	(245,633)
Agent's fees		1.25%	(76,760)
Legal fees		0.50%	(30,704)
Interest on land finance	18 months	6.50%	(564,304)
RESIDUAL LAND VALUE			5,223,433

Site coverage	15%	3.33
(based on evidence from Sainsburys at Poole - 2 ha required for 3,000 sqm store)		
Land available at £230,000 per ha for commercial development		766,667
Purchaser's costs		44,467
Additional site servicing		1,166,667
Land surplus		3,245,633

DEVELOPMENT APPRAISAL

Commercial Development

Use class:	RETAIL WH
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DEVELOPMENT VALUE			
<u>Rental Income</u>	Area	£ psf	£ per annum
Rent - area 1	53,820	17.00	914,940
Rent - area 2		17.00	-
Rent - area 3		17.00	-
Total rental income	53,820		914,940
Rent free/voids (years)	2	0.8985	
Total revenue, capitalised (including all costs)		5.50%	14,946,001
GROSS DEVELOPMENT VALUE			14,946,001
Purchaser's costs	5.75%	859,395	14,086,606

DEVELOPMENT COSTS			
Development Costs			
Demolition costs	£5 psf	sqft	-
Building costs	£56 psf		3,532,941
Area	63,318	85% grs to net	
External works		10.00%	353,294
Professional fees		10.00%	388,624
CIL		12	764,706
Disposal Costs			
Letting Agent's fee (% of rent)		10.00%	91,494
Agent's fees (on capital value)		1.00%	149,460
Legal fees (% of capital value)		0.75%	112,095
Interest on Finance			
Total development duration	24 months		
Loan arrangement fee		1.00%	50,396
Interest on Construction Costs	24 months	6.50%	327,572
Profit			
Developer's profit on Total Revenue		20.00%	2,817,321
TOTAL DEVELOPMENT COSTS			8,587,902

LAND VALUE			
Land surplus			5,498,704
Stamp duty		4.00%	(219,948)
Agent's fees		1.25%	(68,734)
Legal fees		0.50%	(27,494)
Interest on land finance	18 months	6.50%	(505,296)
RESIDUAL LAND VALUE			4,677,232

Site coverage	15%	3.33
(based on evidence from Sainsburys at Poole - 2 ha required for 3,000 sqm store)		
Land available at £230,000 per ha for commercial development		766,667
Purchaser's costs		44,467
Additional site servicing		1,166,667
Land surplus		2,699,432

DEVELOPMENT APPRAISAL

Commercial Development

Use class:	RETAIL WH
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DEVELOPMENT VALUE			
<u>Rental Income</u>	Area	£ psf	£ per annum
Rent - area 1	53,820	16.00	861,120
Rent - area 2		16.00	-
Rent - area 3		16.00	-
Total rental income	53,820		861,120
Rent free/voids (years)	2	0.8985	
Total revenue, capitalised (including all costs)		5.50%	14,066,824
GROSS DEVELOPMENT VALUE			14,066,824
Purchaser's costs	5.75%	808,842	13,257,982

DEVELOPMENT COSTS			
Development Costs			
Demolition costs	£5 psf	sqft	-
Building costs	£56 psf		3,532,941
Area	63,318	85% grs to net	
External works		10.00%	353,294
Professional fees		10.00%	388,624
CIL		12	764,706
Disposal Costs			
Letting Agent's fee (% of rent)		10.00%	86,112
Agent's fees (on capital value)		1.00%	140,668
Legal fees (% of capital value)		0.75%	105,501
Interest on Finance			
Total development duration	24 months		
Loan arrangement fee		1.00%	50,396
Interest on Construction Costs	24 months	6.50%	327,572
Profit			
Developer's profit on Total Revenue		20.00%	2,651,596
TOTAL DEVELOPMENT COSTS			8,401,410

LAND VALUE			
Land surplus			4,856,572
Stamp duty		4.00%	(194,263)
Agent's fees		1.25%	(60,707)
Legal fees		0.50%	(24,283)
Interest on land finance	18 months	6.50%	(446,289)
RESIDUAL LAND VALUE			4,131,031

Site coverage	15%	3.33
(based on evidence from Sainsburys at Poole - 2 ha required for 3,000 sqm store)		
Land available at £230,000 per ha for commercial development		766,667
Purchaser's costs		44,467
Additional site servicing		1,166,667
Land surplus		2,153,231

DEVELOPMENT APPRAISAL

Commercial Development

Use class:	HIGH ST RETAIL
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DEVELOPMENT VALUE

<u>Rental Income</u>	Area	£ psf	£ per annum
Rent - area 1	5,382	18.00	96,876
Rent - area 2		18.00	-
Rent - area 3		18.00	-
Total rental income	5,382		96,876
Rent free/voids (years)	2	0.8858	
Total revenue, capitalised (including all costs)		6.25%	1,373,025
GROSS DEVELOPMENT VALUE			1,373,025
Purchaser's costs	5.75%	78,949	1,294,076

DEVELOPMENT COSTS

<u>Development Costs</u>	£5 psf	sqft		
Demolition costs				-
Building costs	£110 psf			698,176
Area	6,332	85% grs to net		
External works			10.00%	69,818
Professional fees			10.00%	76,799
CIL			1	-
<u>Disposal Costs</u>				
Letting Agent's fee (% of rent)			10.00%	9,688
Agent's fees (on capital value)			1.00%	13,730
Legal fees (% of capital value)			0.75%	10,298
<u>Interest on Finance</u>				
Total development duration	24 months			
Loan arrangement fee			1.00%	8,448
Interest on Construction Costs	24 months		6.50%	54,912
<u>Profit</u>				
Developer's profit on Total Revenue			20.00%	258,815

TOTAL DEVELOPMENT COSTS **1,200,684**

LAND VALUE

Land surplus				93,392
Stamp duty			4.00%	(3,736)
Agent's fees			1.25%	(1,167)
Legal fees			0.50%	(467)
Interest on land finance	18 months		6.50%	(8,582)

RESIDUAL LAND VALUE **79,440**

Site coverage 15% 0.33
(based on evidence from Sainsburys at Poole - 2 ha required for 3,000 sqm store)

Land available at £230,000 per ha for commercial development	76,667
Purchaser's costs	4,447
Additional site servicing	116,667

Land surplus **(118,340)**

DEVELOPMENT APPRAISAL

Commercial Development

Use class:	HIGH ST RETAIL
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DEVELOPMENT VALUE

<u>Rental Income</u>	Area	£ psf	£ per annum
Rent - area 1	5,382	17.00	91,494
Rent - area 2		17.00	-
Rent - area 3		17.00	-
Total rental income	5,382		91,494
Rent free/voids (years)	2	0.8858	
Total revenue, capitalised (including all costs)		6.25%	1,296,745
GROSS DEVELOPMENT VALUE			1,296,745
Purchaser's costs	5.75%	74,563	1,222,183

DEVELOPMENT COSTS

<u>Development Costs</u>	£5 psf	sqft		
Demolition costs				-
Building costs	£110 psf			698,176
Area	6,332	85% grs to net		
External works			10.00%	69,818
Professional fees			10.00%	76,799
CIL			12	76,471
Disposal Costs				
Letting Agent's fee (% of rent)			10.00%	9,149
Agent's fees (on capital value)			1.00%	12,967
Legal fees (% of capital value)			0.75%	9,726
Interest on Finance				
Total development duration	24 months			
Loan arrangement fee			1.00%	9,213
Interest on Construction Costs	24 months		6.50%	59,882
Profit				
Developer's profit on Total Revenue			20.00%	244,437
TOTAL DEVELOPMENT COSTS				1,266,638

LAND VALUE

Land surplus				(44,455)
Stamp duty			4.00%	1,778
Agent's fees			1.25%	556
Legal fees			0.50%	222
Interest on land finance	18 months		6.50%	4,085
RESIDUAL LAND VALUE				(37,814)

Site coverage 15% 0.33
(based on evidence from Sainsburys at Poole - 2 ha required for 3,000 sqm store)

Land available at £230,000 per ha for commercial development 76,667
Purchaser's costs 4,447
Additional site servicing 116,667

Land surplus (235,594)

DEVELOPMENT APPRAISAL

Commercial Development

Use class: **HIGH ST RETAIL**

DEVELOPMENT VALUE

<u>Rental Income</u>	Area	£ psf	£ per annum
Rent - area 1	5,382	16.00	86,112
Rent - area 2		16.00	-
Rent - area 3		16.00	-
Total rental income	5,382		86,112
Rent free/voids (years)	2	0.8858	
Total revenue, capitalised (including all costs)		6.25%	1,220,466
GROSS DEVELOPMENT VALUE			1,220,466
Purchaser's costs	5.75%	70,177	1,150,289

DEVELOPMENT COSTS

<u>Development Costs</u>	£5 psf	sqft		
Demolition costs				-
Building costs	£110 psf			698,176
Area	6,332	85% grs to net		
External works			10.00%	69,818
Professional fees			10.00%	76,799
CIL			12	76,471
<u>Disposal Costs</u>				
Letting Agent's fee (% of rent)			10.00%	8,611
Agent's fees (on capital value)			1.00%	12,205
Legal fees (% of capital value)			0.75%	9,153
<u>Interest on Finance</u>				
Total development duration	24 months			
Loan arrangement fee			1.00%	9,213
Interest on Construction Costs	24 months		6.50%	59,882
<u>Profit</u>				
Developer's profit on Total Revenue			20.00%	230,058

TOTAL DEVELOPMENT COSTS **1,250,386**

LAND VALUE

Land surplus				(100,097)
Stamp duty			4.00%	4,004
Agent's fees			1.25%	1,251
Legal fees			0.50%	500
Interest on land finance	18 months		6.50%	9,198

RESIDUAL LAND VALUE **(85,143)**

Site coverage 15% 0.33
(based on evidence from Sainsburys at Poole - 2 ha required for 3,000 sqm store)

Land available at £230,000 per ha for commercial development	76,667
Purchaser's costs	4,447
Additional site servicing	116,667

Land surplus **(282,923)**

DEVELOPMENT APPRAISAL

Commercial Development

Use class:	SMALL FOOD
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DEVELOPMENT VALUE

<u>Rental Income</u>	Area	£ psf	£ per annum
Rent - area 1	2,691	18.00	48,438
Rent - area 2		18.00	-
Rent - area 3		18.00	-
Total rental income	2,691		48,438
Rent free/voids (years)	2	0.9157	
Total revenue, capitalised (including all costs)		4.50%	985,692
GROSS DEVELOPMENT VALUE			985,692
Purchaser's costs	5.75%	56,677	929,014

DEVELOPMENT COSTS

<u>Development Costs</u>	£5 psf	sqft		
Demolition costs				-
Building costs	£110 psf			349,088
Area	3,166	85% grs to net		
External works			10.00%	34,909
Professional fees			10.00%	38,400
CIL			16	58,824
<u>Disposal Costs</u>				
Letting Agent's fee (% of rent)			10.00%	4,844
Agent's fees (on capital value)			1.00%	9,857
Legal fees (% of capital value)			0.75%	7,393
<u>Interest on Finance</u>				
Total development duration	24	months		
Loan arrangement fee			1.00%	4,812
Interest on Construction Costs	24	months	6.50%	31,279
<u>Profit</u>				
Developer's profit on Total Revenue			20.00%	185,803
TOTAL DEVELOPMENT COSTS				725,208

LAND VALUE

Land surplus				203,806
Stamp duty			4.00%	(8,152)
Agent's fees			1.25%	(2,548)
Legal fees			0.50%	(1,019)
Interest on land finance	18	months	6.50%	(18,729)
RESIDUAL LAND VALUE				173,359

Site coverage	15%	0.17
(based on evidence from Sainsburys at Poole - 2 ha required for 3,000 sqm store)		
Land available at £230,000 per ha for commercial development		38,333
Purchaser's costs		2,223
Additional site servicing		58,333

Land surplus		74,469
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DEVELOPMENT APPRAISAL

Commercial Development

Use class:	SMALL FOOD
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DEVELOPMENT VALUE			
<u>Rental Income</u>	Area	£ psf	£ per annum
Rent - area 1	2,691	17.00	45,747
Rent - area 2		17.00	-
Rent - area 3		17.00	-
Total rental income	2,691		45,747
Rent free/voids (years)	2	0.9157	
Total revenue, capitalised (including all costs)		4.50%	930,931
GROSS DEVELOPMENT VALUE			930,931
Purchaser's costs	5.75%	53,529	877,403

DEVELOPMENT COSTS			
Development Costs			
Demolition costs	£5 psf	sqft	-
Building costs	£110 psf		349,088
Area	3,166	85% grs to net	
External works		10.00%	34,909
Professional fees		10.00%	38,400
CIL		12	38,235
Disposal Costs			
Letting Agent's fee (% of rent)		10.00%	4,575
Agent's fees (on capital value)		1.00%	9,309
Legal fees (% of capital value)		0.75%	6,982
Interest on Finance			
Total development duration	24 months		
Loan arrangement fee		1.00%	4,606
Interest on Construction Costs	24 months	6.50%	29,941
Profit			
Developer's profit on Total Revenue		20.00%	175,481
TOTAL DEVELOPMENT COSTS			691,526

LAND VALUE			
Land surplus			185,877
Stamp duty		4.00%	(7,435)
Agent's fees		1.25%	(2,323)
Legal fees		0.50%	(929)
Interest on land finance	18 months	6.50%	(17,081)
RESIDUAL LAND VALUE			158,108

Site coverage	15%	0.17
(based on evidence from Sainsburys at Poole - 2 ha required for 3,000 sqm store)		
Land available at £230,000 per ha for commercial development		38,333
Purchaser's costs		2,223
Additional site servicing		58,333
Land surplus		59,218

DEVELOPMENT APPRAISAL

Commercial Development

Use class:	SMALL FOOD
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DEVELOPMENT VALUE			
<u>Rental Income</u>	Area	£ psf	£ per annum
Rent - area 1	2,691	16.00	43,056
Rent - area 2		16.00	-
Rent - area 3		16.00	-
Total rental income	2,691		43,056
Rent free/voids (years)	2	0.9157	
Total revenue, capitalised (including all costs)		4.50%	876,170
GROSS DEVELOPMENT VALUE			876,170
Purchaser's costs	5.75%	50,380	825,791

DEVELOPMENT COSTS			
Development Costs			
Demolition costs	£5 psf	sqft	-
Building costs	£110 psf		349,088
Area	3,166	85% grs to net	
External works		10.00%	34,909
Professional fees		10.00%	38,400
CIL		12	38,235
Disposal Costs			
Letting Agent's fee (% of rent)		10.00%	4,306
Agent's fees (on capital value)		1.00%	8,762
Legal fees (% of capital value)		0.75%	6,571
Interest on Finance			
Total development duration	24 months		
Loan arrangement fee		1.00%	4,606
Interest on Construction Costs	24 months	6.50%	29,941
Profit			
Developer's profit on Total Revenue		20.00%	165,158
TOTAL DEVELOPMENT COSTS			679,976

LAND VALUE			
Land surplus			145,814
Stamp duty		4.00%	(5,833)
Agent's fees		1.25%	(1,823)
Legal fees		0.50%	(729)
Interest on land finance	18 months	6.50%	(13,399)
RESIDUAL LAND VALUE			124,031

Site coverage (based on evidence from Sainsburys at Poole - 2 ha required for 3,000 sqm store)	15%	0.17
Land available at £230,000 per ha for commercial development		38,333
Purchaser's costs		2,223
Additional site servicing		58,333
Land surplus		25,141