



**The attached viability report has been submitted by the applicant in support of planning application 16/05376/F, relating to the redevelopment of the former Blackberry Hill Hospital Site in Fishponds.**

**The Council will form its own view of the viability of the scheme and therefore it cannot be assumed that the conclusions contained in the attached viability report will be those that are reported to a future planning committee.**

**It should also be noted that major development schemes such as this may be amended during the course of assessing the planning application, and that in such cases further viability reports may be required.**



## Report

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# Viability report - Blackberry Hill Hospital

**CONFIDENTIAL – NOT FOR PUBLIC DISCLOSURE**

October 2016

On behalf of Galliford Try PLC, GT Homes (Blackberry Hill) LLP and Homes and Community Agency (HCA)

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Date: October 2016

**For and on behalf of GVA Grimley Limited**

## 1. Introduction

- 1.1 GVA has been instructed by On behalf of Galliford Try PLC, GT Homes (Blackberry Hill) LLP and Homes and Community Agency (HCA) (the applicant) to provide a viability report to support their planning application for the mixed used redevelopment of Blackberry Hill Hospital, Bristol.
- 1.2 This assessment of viability is necessary to illustrate the extent to which the scheme is unviable when a policy compliant level of affordable housing is provided.
- 1.3 This viability report provides a description of the site and proposed scheme. It also contains a summary of the viability appraisals completed by GVA alongside our assumptions. Our conclusion will set out the case to support reduced provision of affordable housing. Copies of our development appraisals are contained within the appendix.
- 1.4 In accordance with the RICS guidance, this viability report is provided on a confidential basis to the Council. We therefore request that the report should not be disclosed to any third parties (other than consultants instructed by the Council to review this report) under the Freedom of Information Act 2000 (sections 41 and 43 (2)) or under the Environment Information Regulations.
- 1.5 Please note this is not, and is not intended to be a formal valuation. This advice is exempt from the current RICS Valuation Standards (Practice Statement 1.2) and as such cannot be regarded or relied upon as a valuation. This advice has not been based on full research of the asset(s). It provides either a guide for feasibility purposes should the asset be placed on the market, or for any current or impending negotiations on price. We would be happy to undertake a formal valuation as instructed, if required, on the basis of a separate instruction.

## 2. Location and description

- 2.1 The site was formally the location of a private house, which was later purchased along with its grounds for the development of a prisoner of war camp in the late 18<sup>th</sup> Century. The oldest buildings on site date back to 1804. The prison closed c. 1814 and was replaced by a military depot, which was substantially converted to a workhouse from the 1830s onwards.
- 2.2 Most of what remains today was part of a rebuilding programme in the 1860s, including the main hospital building which is Grade II listed.
- 2.3 The site covers approximately 8.69 hectares (gross) and its most recent use was a psychiatric hospital. It was purchased by the HCA in March 2009. The net developable acreage is 15.66.

- 2.4 The site comprises a complex of 19<sup>th</sup> and 20<sup>th</sup> Century buildings as well as an area of open space covered by a Town and Village Green designation.
- 2.5 The site is bordered by a psychiatric hospital to the north, residential development to the south and a mixture of residential and open space to the east. The site lies in flood zone 1.
- 2.6 The property is relatively level with a slight fall to the north and west.
- 2.7 Bristol city centre lies approximately 3.9 miles to the south.

### 3. Proposed development

- 3.1 The proposals put forward by the application are as follows:

‘Regeneration, refurbishment and demolition of existing buildings and new build development to provide a total of 305 residential units (comprising of 192 new build and 113 refurbished units) (use class C3), 510 sqm of commercial/retail floorspace (Use class A1/A2/A3/B1) and 280 sq m of community space (Use class D1); new and amended vehicular, pedestrian and cycle access; car parking; cycle parking; landscaping and boundary treatment’

- 3.2 The proposals seek to bring Blackberry Hill back to life as a residential led mixed use scheme. It is proposed that blocks H, J and F (buildings 7, 26 and 37-39) are retained and converted to provide 113 new units including a mixture of apartments, houses and commercial uses. The remainder of the accommodation on site will comprise of new build apartments, houses and commercial units.







## 4. Financial viability

4.1 The RICS 'Financial Viability in Planning' guidance note (August 2012) defines viability as:

**'An objective financial viability test 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 that project'.**

4.2 Viability guidance makes clear that the residual value must be above the threshold land value (per hectare/acre) in the local area for the site to be considered viable. If the residual value generated is below this level, and all assumptions used are within market tolerances, then a reduction in statutory contributions can be made to increase site value. A willing seller will not dispose of a site below market value.

4.3 This is explained by the National Planning Policy Framework at Paragraph 173:

**'To ensure viability, the costs of any requirement likely to be applied to development, ...should, when taking into account the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.'**

And at paragraph 205:

**‘Where obligations are being sought or revised, local planning authorities should take account of changes in market conditions over time and, wherever appropriate, be sufficiently flexible to prevent planned development being stalled’**

- 4.4 The Blackberry Hill Hospital site is allocated in Bristol’s Site Allocations and Development Management Policies DPD (2014) for residential development with mixed uses (Policy SA1, ref. BSA0501). The policy estimates that the site will be able to deliver approximately 300 new homes. Therefore, the principle of residential development on the site with an element of retail/ commercial and community uses is in line with the Council’s aspirations for the site and is established.

## 5. Viability appraisal and assumptions

- 5.1 We have undertaken two appraisals of the subject site. The first, baseline appraisal, considers the policy compliant affordable housing position (30%) and is based on the accommodation schedule as appended to this document. The second appraisal does not feature any affordable housing, in order to test the level at which a viable development proposition is created.
- 5.2 Our appraisals are targeted towards achieving a residual land value in line with the threshold for the local area when a market level of profit is applied.
- 5.3 We have adopted a full development appraisal of the scheme, residualised against land value using Argus appraisal software. For the avoidance of doubt, costs and revenues are as at today’s date and the appraisal assumes planning permission has been granted for the
- 5.4 Argus Developer is an industry-leading piece of development appraisal software used by developers, agents and financial institutions in order to accurately model development schemes and their tolerances.

### Baseline appraisal

- 5.5 Our baseline appraisal, detailed below, assumes a policy compliant provision of affordable housing and demonstrates the impact on scheme deliverability based on this scenario.
- 5.6 We have detailed our assumptions below in respect of the baseline appraisal. It should be noted that the variant appraisals use the same inputs (save items such as blended profit and marketing fees that move with the amount of affordable housing) in order to create a direct comparison between the differing tenure mixes.

Input	Rate	Total
<b>Revenue</b>		
Open market revenue	199,948 sq ft @ £285.43	£57,072,401
Affordable revenue	83,023 sq ft @ £135	£11,208,105
Ground rent investment	162 units, £250 pa @ 5% yield	£810,000
Commercial investment		£502,187
Gross Development Value		£68,782,692
<b>Costs</b>		
Commercial units	£85 per sq ft	£39,385,392
New build apartments	£114.45 per sq ft	
Conversion	£147.34 per sq ft	
New build housing	£97.91 per sq ft	
Contingency	5% of base build cost	£1,969,270
Demolition		£2,222,572
CIL	£50 per sq m (£4.65 per sq ft) of open market residential (GIA)	£1,068,012
Section 106	Heads of Terms TBA. PC amount	£250,000
External costs	5% of base build cost	£1,932,431
Infrastructure costs	5% of base build cost	£1,932,431
Services	5% of base build cost	£1,932,431
Garages	59 no. @ £6,500 each	£383,500
Professional fees	7% of base build cost	£2,892,248



<b>Marketing costs</b>	Open market – marketing, sales/legal fees – 3%  Affordable transfer fee – 1%  Commercial investment sale fees – 1.5%  Commercial marketing costs - £25,000	£1,856,786
<b>Finance cost</b>	6.5% interest rate inclusive of entry and exit fees	£2,369,284
<b>Profit</b>	20% on market GDV  6% on affordable GDV  Blended – 17.7%	£12,174,537
<b>Land value</b>		<b>-1,615,326</b>

### Revenue assumptions

- 5.7 We have been supplied with the house types proposed over the entire scheme and have been provided with indicative net sales revenues by the Applicant.
- 5.8 Net sales figures are the transaction price less any incentives given to the purchaser of a plot. Typically these amount to 5% of the purchase price and include payment of stamp duty, carpets, specification upgrades, part exchange and payment of purchaser's estate agent's fees. It is our experience that house builders prefer providing incentives rather than reducing asking prices.
- 5.9 The table below shows all unit types and their anticipated net sales value:

Description	Beds	Unit area	Sales revenue	
		sq. ft	per sq. ft	per unit
New Build Apartment	1	540	305.56	165,000.00
New Build Apartment	1	543	299.26	162,500.00
New Build	1	544	303.31	165,000.00

Apartment				
New Build Apartment	1	546	302.20	165,000.00
New Build Apartment	1	548	301.09	165,000.00
New Build Apartment	1	598	292.64	175,000.00
New Build Apartment	2	753	298.80	225,000.00
New Build Apartment	2	758	296.83	225,000.00
New Build Apartment	2	763	294.89	225,000.00
New Build Apartment	2	767	299.87	230,000.00
New Build Apartment	2	789	297.85	235,000.00
New Build Apartment	2	829	295.54	245,000.00
Duplex	3	905	276.24	250,000.00
		<b>9971</b>	<b>297.45</b>	<b>2,965,833.00</b>
	2	760	322.37	245,000.00
	2	788	317.26	250,000.00
	3	905	309.39	280,000.00
	3	915	311.48	285,000.00
	3	1013	301.09	305,000.00
	3	1021	298.73	305,000.00
	3	1080	287.04	310,000.00
	4	1121	312.22	350,000.00
	4	1156	307.09	355,000.00
New Build House	3	1229	272.58	335,000.00
	4	1277	293.66	375,000.00
	4	1395	265.23	370,000.00
	4	1536	257.16	395,000.00
		<b>14196</b>	<b>293.04</b>	<b>4,160,000.00</b>
	1	435	344.83	150,000.00
	1	435	344.83	150,000.00
	1	435	344.83	150,000.00
	1	443	338.60	150,000.00
	1	453	342.16	155,000.00
	1	464	334.05	155,000.00
	1	473	332.98	157,500.00
	1	496	322.58	160,000.00
	1	497	321.93	160,000.00
	1	498	321.29	160,000.00
	1	501	319.36	160,000.00

	1	508	324.80	165,000.00
	1	511	325.83	166,500.00
	1	515	320.39	165,000.00
	1	525	323.81	170,000.00
	1	548	319.34	175,000.00
	1	552	317.03	175,000.00
	1	556	314.75	175,000.00
	1	558	313.62	175,000.00
	1	560	312.50	175,000.00
	1	565	309.73	175,000.00
	1	605	297.52	180,000.00
	1	673	274.89	185,000.00
	2	692	310.69	215,000.00
	2	722	304.71	220,000.00
	2	736	298.91	220,000.00
	2	744	295.70	220,000.00
	2	769	292.59	225,000.00
	2	777	289.58	225,000.00
	2	804	279.85	225,000.00
	2	807	278.81	225,000.00
	2	812	283.25	230,000.00
	2	820	280.49	230,000.00
	2	836	275.12	230,000.00
Refurb	2	843	272.84	230,000.00
	2	848	271.23	230,000.00
	2	850	270.59	230,000.00
	2	853	269.64	230,000.00
	2	887	264.94	235,000.00
	2	926	259.18	240,000.00
	2	929	258.34	240,000.00
	2	957	256.01	245,000.00
	2	981	249.75	245,000.00
	2	1003	249.25	250,000.00
	2	1006	248.51	250,000.00
	2	1009	247.77	250,000.00
	2	1016	246.06	250,000.00
	2	1018	245.58	250,000.00
	2	1037	245.90	255,000.00
	2	1046	243.79	255,000.00
	2	1147	239.76	275,000.00
	2	1158	237.48	275,000.00
	4	1470	255.10	375,000.00
	4	1516	250.66	380,000.00
	4	1634	238.68	390,000.00
	4	1662	237.67	395,000.00
	4	1688	239.93	405,000.00

	4	1711	233.78	400,000.00
	4	1774	231.12	410,000.00
	4	1813	226.14	410,000.00
	4	1838	223.07	410,000.00
	4	1854	221.14	410,000.00
		<b>54799</b>	<b>267.78</b>	<b>14,674,000.00</b>

- 5.10 The above is based upon all units being open market sales.
- 5.11 The average sales revenue per ft<sup>2</sup> is £297.45 for new build apartments, £293.04 for new build housing and £267.78 for refurbished units. The reduction in value for sq ft for the refurbished units can be attributed to them being over-sized in nature. Unit types are subject to a price ceiling.
- 5.12 We have researched the latest market trends for Fishponds to consider whether the prices above are realistic. The following information is taken from <http://www.zoopla.co.uk/market/fishponds/?q=fishponds%2C%20Bristol>
- 5.13 The table below shows average current values for properties in Fishponds:

### Property value data/graphs for Fishponds

Property type	Avg. current value	Avg. £ per sq ft.	Avg. # beds	Avg. £ paid (last 12m)
Detached	£317,508	£260	3.4	£265,063
Semi-detached	£233,917	£241	3.2	£227,216
Terraced	£225,844	£230	2.9	£223,385
Flats	£149,998	£269	1.6	£132,880

- 5.14 It can be seen that our predicated values lie above comparables trends in the local area. The most comparable new build scheme is Barratt Homes' St Matthias development; however no sold prices have been recorded at present. We believe that our net prices are in line with asking prices for the Barratt scheme.

#### Affordable revenue

- 5.15 The applicant is not in receipt of an offer from an RSL. We have adopted a rate of £135 per sq ft, regardless of tenure, in line with transfer values that we are seeing for the outskirts of Bristol at present. This is evidenced by a recent transaction that we have been involved in at Charlton Hayes.

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#### Ground rents

- 5.16 We have assumed that all new build apartments and converted buildings will be sold on a leasehold basis. We have attributed a ground rent of £250 per annum to 162 units, capitalised at 5%.

#### Commercial revenue

- 5.17 We have staggered the letting of commercial units at 6 monthly intervals to reflect the potential take-up of accommodation. We are aware that commercial units on Fishponds Road let at between £5 and £20 per sq ft depending on use class and size. The subject site is removed from the high street but will feature modern accommodation; we have therefore assumed that the majority of users will be as offices and have adopted a rent at the lower end of the scale; £10 per sq ft. It is assumed that these units will be sold as investments, at a yield of 8%.

#### Costs

- 5.18 We have applied BCIS costs for the base build/conversion of the proposed scheme. We have adopted median costs, re-based to Bristol, for the new build houses and apartments. We have applied an upper quartile cost for the conversion of existing Grade II listed buildings to allow for the specialist trades and materials that will be required.
- 5.19 A 5% contingency has been allowed given the presence of listed buildings and risk involved in developing a brown field site.
- 5.20 The applicant has not prepared a detailed order of costs for the development of the site. We have therefore had to adopt what in our view might be a conservative allowance of 15% of base build cost for the delivery of external works, infrastructure and services.
- 5.21 Demolition, asbestos removal and remediation costs have been provided by the applicant. Although a detailed breakdown is not available they have used their experience to apply a rate per square metre of £30 for site clearance including remediation (total £1,301,100) on top of which they have allowed £920,000 for demolition and works to the existing buildings.
- 5.22 A total of 59 no. garages are proposed as part of the development. These are not included within BCIS costings. We have used our development experience to price these at £6,500 each, totalling £383,500.

#### Planning obligations

5.23 Community Infrastructure Levy applies and is charged at £50 per sq m (£4.65 per sq ft) for residential floorspace (GIA). There is no relief application for the existing floor area as it has not been in lawful use for 6 months out of the last 3 years. Relief is available for affordable housing.

5.24 No Heads of Terms for a Section 106 agreement have been made available. We have assumed a contribution of £250,000.

#### Professional fees

5.25 Professional fees have been allowed at 7% of base build costs in line with normal market parameters.

#### Disposal costs

5.26 We have assumed that the developer will require a range of show homes to be staffed by on-site sales representatives throughout the sales period. Therefore we have allowed a cost of 3% of gross development value for site marketing, agent's fees and legal costs.

5.27 A fee of 1% has been allowed in respect of the sale of the affordable stock and associated legal fees.

5.28 Marketing costs of £25,000 have been allowed in respect of the commercial units.

5.29 Fees of 1.5% are payable in respect of legals and agents for the commercial investment sale.

#### Finance

5.30 A finance rate of 6.5% inclusive of entry and exit fees has been assumed in line with our current market experience.

5.31 Profit

5.32 Our recent experience of the current market is that developers and house builders are usually seeking returns of between 20 – 25% on GDV, and in some cases in excess of this. Profit on affordable units is usually around 6%

5.33 We have assumed a profit on open market housing of 20% on gross development value, and a profit on affordable units at 6% of GDV.

5.34 Blending the profit rates for the open market and affordable units at 20% and 6% on GDV, the 30% affordable housing baseline appraisal would require a blended profit rate of 17.7% profit on GDV.



- 5.35 The variant appraisal will require an increasing profit target as the amount of private housing (to which a 20% on GDV profit is required) increases.

Land value

- 5.36 After all of the above inputs are applied, the resulting land value is negative.
- 5.37 Viability guidance makes clear that the residual value must be above (or at) the threshold land value in the local area for the site to be considered viable. If the residual value generated is below this level, and all assumptions used are within market tolerances, then a reduction in statutory contributions can be made to increase site value. A willing seller will not dispose of a site below market value.
- 5.38 We firmly believe that our inputs are within market tolerances, with our revenue assumptions being in line with the market tone of the local area.
- 5.39 It can therefore be concluded that the agreed level of affordable housing makes the scheme unviable. A willing seller of a site with an allocation for residential led mixed use development in a suburb of Bristol would not accept an offer at the level shown.
- 5.40 It is therefore necessary to test differing levels of affordable housing in order to assess at what level the site reaches a threshold land value at which a willing land owner would dispose of the site.
- 5.41 It is essential that the threshold land value for a site of a similar size and type to be set. This is the value that a willing seller would be prepared to accept for the property and is based on comparable evidence from the local market.
- 5.42 We have previously agreed with the District Valuer Service that the threshold land value for residential development sites with planning permission in the Bristol area lies in the region of £1,000,000 per net developable acre depending on location and market context.
- 5.43 This is backed up by the following transactional evidence:

Site	Size (NDA)	Transacted date	Price	Price per NDA
<b>UWE St Matthias, Fishponds, Bristol</b>	<b>11.2</b>	<b>June 2015</b>	<b>£11,509,347</b>	<b>£1,027,620</b>
Plots 13/14 Lyde Green, Emersons Green, S Glos	5.91	2014	£8,000,000	£1,350,000

Frenchay Hospital, Bristol	28	Summer 2015 exchange of contracts	£30,000,000	£1,034,482
Serviced plot, Charlton Hayes	7.34	December 2015	£10,800,000	£1,471,389

#### Commentary

- 5.44 The above site sales show that the general tone of the residential land market in the Bristol area is over £1,000,000 per net developable acre. The most relevant example above is the St Matthias sale as it was at a policy level of affordable housing and the developer paid both CIL and S106 contributions. It is also approximately ½ a mile from the subject site. The price listed above is gross of abnormal costs that were deducted from the final purchase price and it therefore represents a policy compliant transaction.
- 5.45 Of the other comparables listed; the Frenchay hospital sale is yet to complete. The site has significant abnormal costs that are to be deducted, and a below policy affordable housing provision. The site sales at Lyde Green and Charlton Hayes are of 'super-serviced' sites that benefit from a below policy compliant level of affordable housing.
- 5.46 The proposed scheme at the subject site comprises both apartments and housing. We would normally expect land value for sites where apartments are to be delivered to be higher than a housing site; however in this case the cost of developing listed buildings may result in that affect being dulled.
- 5.47 We are of the opinion that the threshold value for the Bristol area is £1,000,000 per net developable acre.

#### Variant appraisal

- 5.48 Given the substantial deficit created by the above appraisal we have run a second one, this time with no affordable housing, in order to attempt to reach a viable position.
- 5.49 We have replaced affordable floor area with open market units, but have made no other changes to inputs aside increasing target profit to 20%
- 5.50 The resulting land value is positive, at £5,074,680 (c. £325,000 per net developable acre), but below our view on threshold land value. We believe that this is due to the cost of developing a dense mixed use scheme, the inefficiency of the conversion of listed buildings and provision of some commercial space.

## 6. Conclusion

- 6.1 The assumptions applied to our appraisals are based upon accurate comparable evidence, industry established build costs and development costs from the applicant's in house commercial team.
- 6.2 The established threshold land value for the greater Bristol area is in the region of £1,000,000 per net developable area.
- 6.3 The affordable housing required by policy results in a negative land value that falls well short of this target and therefore has a significant impact upon viability and deliverability.
- 6.4 Our appraisals appended to this report demonstrate that the threshold land value cannot be achieved, even when no affordable housing is required. This can be attributed to the cost of developing the proposed scheme, its necessary inefficiencies and provision of commercial uses. If the site was cleared and only housing delivered we believe that a policy compliant scheme like that of St Matthias could be delivered.



## Appendix I BCIS costings



Welcome back  
Bilfinger GVA ( g1803 )

Search



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Average prices

## Results

► Rebased to Bristol (102; sample 54) [Edit](#)

### £/m2 study

**Description:** Rate per m2 gross internal floor area for the building Cost including prelims.

**Last updated:** 15-Oct-2016 12:20

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
Offices							
Generally (15)	1,552	654	1,111	1,427	1,755	4,883	154
Air-conditioned							
Generally (15)	1,639	654	1,251	1,539	1,730	4,883	45
1-2 storey (15)	1,376	654	1,105	1,280	1,554	2,959	17
3-5 storey (15)	1,698	1,057	1,306	1,533	1,710	4,883	20
6+ storey (15)	2,005	1,477	1,659	1,753	1,887	3,712	7
Not air-conditioned							
Generally (15)	1,528	737	1,078	1,410	1,824	2,906	72
1-2 storey (15)	1,453	737	1,033	1,358	1,796	2,670	38
3-5 storey (15)	1,561	868	1,212	1,410	1,754	2,906	30
6+ storey (15)	1,984	1,563	-	2,021	-	2,329	4
Shops							
Generally (30)	1,128	506	689	916	1,459	3,586	52
1-2 storey (30)	1,152	506	677	926	1,499	3,586	47
3-5 storey (30)	898	750	752	887	991	1,113	5
Housing, mixed developments (15)	1,110	538	954	1,086	1,233	2,422	1080
Estate housing							
Generally (15)	1,082	536	925	1,054	1,190	3,499	1837
Single storey (15)	1,202	624	1,038	1,171	1,354	2,046	311
2-storey (15)	1,054	536	914	1,030	1,160	2,121	1390
3-storey (15)	1,071	693	883	1,015	1,201	2,233	134
4-storey or above (25)	2,000	1,152	-	1,675	-	3,499	4
Estate housing detached (15)	1,192	824	988	1,228	1,282	1,854	17
Estate housing semi detached							
Generally (15)	1,087	552	934	1,058	1,199	2,046	427
Single storey (15)	1,259	759	1,079	1,258	1,407	2,046	77
2-storey (15)	1,052	552	924	1,030	1,157	1,851	331
3-storey (15)	1,006	744	838	988	1,081	1,600	19
Estate housing terraced							
Generally (15)	1,099	536	918	1,061	1,221	3,499	400
Single storey (15)	1,178	706	973	1,110	1,389	1,782	54
2-storey (15)	1,081	536	916	1,050	1,196	2,121	287
3-storey (15)	1,074	698	883	1,010	1,147	2,233	58
4-storey or above (5)	3,499	-	-	-	-	-	1
Flats (apartments)							
Generally (15)	1,295	621	1,086	1,238	1,460	4,452	882
1-2 storey (15)	1,225	719	1,057	1,188	1,351	2,325	210

Building function (Maximum age of projects)	£/m <sup>2</sup> gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
3-5 storey (15)	1,272	621	1,073	1,232	1,449	2,538	591
6+ storey (15)	1,661	959	1,349	1,594	1,822	4,452	77
<b>Rehabilitation/Conversion</b>							
<b>Offices</b>							
Generally (15)	934	65	411	797	1,154	4,189	111
<b>Air-conditioned</b>							
Generally (15)	1,113	271	488	970	1,270	4,189	31
1-2 storey (15)	1,328	271	462	1,149	1,584	4,189	12
3-5 storey (15)	1,068	280	460	797	1,207	3,371	11
6+ storey (15)	860	469	763	780	1,006	1,281	5
<b>Not air-conditioned</b>							
Generally (15)	1,016	72	473	910	1,191	2,779	40
1-2 storey (15)	1,020	223	652	889	1,127	2,399	18
3-5 storey (15)	1,045	344	467	965	1,233	2,779	15
6+ storey (20)	771	260	372	431	1,187	1,604	5
Shops (15)	1,277	226	354	1,452	1,467	2,884	5
Housing, mixed developments (15)	996	291	716	849	1,379	1,807	10
Estate housing (20)	698	153	364	534	786	3,262	45
Estate housing detached (25)	259	226	-	-	-	291	2
Estate housing semi detached (20)	866	368	533	606	992	2,032	8
Estate housing terraced (15)	631	407	521	653	699	913	7
<b>Flats (apartments)</b>							
Generally (15)	1,437	395	834	1,117	1,586	4,754	65
1-2 storey (15)	1,565	458	954	1,239	1,597	4,754	21
3-5 storey (15)	1,234	395	834	1,077	1,286	4,402	29
6+ storey (15)	1,716	454	765	1,536	2,529	3,944	14

[PREVIOUS](#)

Define - 1. Basic parameters

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## Appendix II Appraisal - baseline

**APPRAISAL SUMMARY****BILFINGER GVA**

Blackberry Hill Hospital  
Linden Homes and Galliford Try

**Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Unit Price	Gross Sales
Block A	13	8,071	135.00	83,814	1,089,585
Block B	13	7,767	135.00	80,657	1,048,545
Block C	5	3,448	135.00	93,096	465,480
Block D	8	5,638	135.00	95,141	761,130
Block E	8	5,638	135.00	95,141	761,130
Block F	78	58,269	267.78	200,042	15,603,273
Zone G	19	19,095	293.04	294,505	5,595,599
Block H	18	11,935	267.78	177,553	3,195,954
Block J	17	22,051	267.78	347,342	5,904,817
Zone K	12	10,949	293.04	267,375	3,208,495
Zone L	10	9,739	135.00	131,477	1,314,765
Zone M	20	28,573	135.00	192,868	3,857,355
Zone N	13	14,574	293.04	328,520	4,270,765
Zone P	29	33,190	293.04	335,379	9,725,998
Zone Q	14	14,149	135.00	136,437	1,910,115
Zone R	13	14,128	293.04	318,467	4,140,069
Zone S	15	15,757	293.04	307,829	4,617,431
Ground rent 162 units @ £250 pa 5%	<u>1</u>	<u>0</u>	0.00	810,000	<u>810,000</u>
<b>Totals</b>	<b>306</b>	<b>282,971</b>			<b>68,280,506</b>

**Rental Area Summary**

	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial unit 1	1	548	10.00	5,480	5,480	5,480
Commercial unit 2	1	540	10.00	5,400	5,400	5,400
Commercial unit 3	1	637	10.00	6,370	6,370	6,370
Commercial unit 4	1	1,102	10.00	11,020	11,020	11,020
Commercial unit 5	1	548	10.00	5,480	5,480	5,480
Commercial unit 6	1	540	10.00	5,400	5,400	5,400
Commercial unit 7	1	637	10.00	6,370	6,370	6,370
Commercial unit 8	1	1,102	10.00	11,020	11,020	11,020

**APPRAISAL SUMMARY****BILFINGER GVA****Blackberry Hill Hospital  
Linden Homes and Galliford Try**

Community space	<u>1</u>	<u>3,014</u>		0	<u>0</u>	
<b>Totals</b>	<b>9</b>	<b>8,668</b>			<b>56,540</b>	<b>56,540</b>

**Investment Valuation**

<b>Commercial unit 1</b>						
Market Rent	5,480	YP @	8.0000%	12.5000		
		PV 3yrs 6mths @	8.0000%	0.7639	52,325	
<b>Commercial unit 2</b>						
Market Rent	5,400	YP @	8.0000%	12.5000		
		PV 3yrs 9mths @	8.0000%	0.7493	50,578	
<b>Commercial unit 3</b>						
Market Rent	6,370	YP @	8.0000%	12.5000		
		PV 4yrs @	8.0000%	0.7350	58,527	
<b>Commercial unit 4</b>						
Market Rent	11,020	YP @	8.0000%	12.5000		
		PV 4yrs 3mths @	8.0000%	0.7210	99,321	
<b>Commercial unit 5</b>						
Market Rent	5,480	YP @	8.0000%	12.5000		
		PV 4yrs 6mths @	8.0000%	0.7073	48,449	
<b>Commercial unit 6</b>						
Market Rent	5,400	YP @	8.0000%	12.5000		
		PV 4yrs 9mths @	8.0000%	0.6938	46,832	
<b>Commercial unit 7</b>						
Market Rent	6,370	YP @	8.0000%	12.5000		
		PV 5yrs @	8.0000%	0.6806	54,191	
<b>Commercial unit 8</b>						
Market Rent	11,020	YP @	8.0000%	12.5000		
		PV 5yrs 3mths @	8.0000%	0.6676	91,964	
					<b>502,187</b>	

**GROSS DEVELOPMENT VALUE** **68,782,692**

Purchaser's Costs	5.80%	(29,127)	(29,127)
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**NET DEVELOPMENT VALUE** **68,753,565**

**APPRAISAL SUMMARY****BILFINGER GVA**

Blackberry Hill Hospital  
 Linden Homes and Galliford Try  
 NET REALISATION

68,753,565

**OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)

(1,615,326)

(1,615,326)

**CONSTRUCTION COSTS**

Construction	ft <sup>2</sup>	Rate ft <sup>2</sup>	Cost
Commercial unit 1	548 ft <sup>2</sup>	85.00 pf <sup>2</sup>	46,580
Commercial unit 2	540 ft <sup>2</sup>	85.00 pf <sup>2</sup>	45,900
Commercial unit 3	637 ft <sup>2</sup>	85.00 pf <sup>2</sup>	54,145
Commercial unit 4	1,102 ft <sup>2</sup>	85.00 pf <sup>2</sup>	93,670
Commercial unit 5	548 ft <sup>2</sup>	85.00 pf <sup>2</sup>	46,580
Commercial unit 6	540 ft <sup>2</sup>	85.00 pf <sup>2</sup>	45,900
Commercial unit 7	637 ft <sup>2</sup>	85.00 pf <sup>2</sup>	54,145
Commercial unit 8	1,102 ft <sup>2</sup>	85.00 pf <sup>2</sup>	93,670
Community space	3,014 ft <sup>2</sup>	85.00 pf <sup>2</sup>	256,190
Block A	11,508 ft <sup>2</sup>	114.45 pf <sup>2</sup>	1,317,091
Block B	11,205 ft <sup>2</sup>	114.45 pf <sup>2</sup>	1,282,412
Block C	5,813 ft <sup>2</sup>	114.45 pf <sup>2</sup>	665,298
Block D	7,556 ft <sup>2</sup>	114.45 pf <sup>2</sup>	864,784
Block E	7,556 ft <sup>2</sup>	114.45 pf <sup>2</sup>	864,784
Block F	83,474 ft <sup>2</sup>	147.34 pf <sup>2</sup>	12,299,059
Zone G	19,095 ft <sup>2</sup>	97.91 pf <sup>2</sup>	1,869,591
Block H	13,950 ft <sup>2</sup>	147.34 pf <sup>2</sup>	2,055,393
Block J	24,563 ft <sup>2</sup>	147.34 pf <sup>2</sup>	3,619,112
Zone K	10,949 ft <sup>2</sup>	97.91 pf <sup>2</sup>	1,072,017
Zone L	9,739 ft <sup>2</sup>	97.91 pf <sup>2</sup>	953,545
Zone M	28,573 ft <sup>2</sup>	97.91 pf <sup>2</sup>	2,797,582
Zone N	14,574 ft <sup>2</sup>	97.91 pf <sup>2</sup>	1,426,940
Zone P	33,190 ft <sup>2</sup>	97.91 pf <sup>2</sup>	3,249,633
Zone Q	14,149 ft <sup>2</sup>	97.91 pf <sup>2</sup>	1,385,329
Zone R	14,128 ft <sup>2</sup>	97.91 pf <sup>2</sup>	1,383,272
Zone S	<u>15,757 ft<sup>2</sup></u>	97.91 pf <sup>2</sup>	<u>1,542,768</u>
<b>Totals</b>	<b>334,447 ft<sup>2</sup></b>		<b>39,385,392</b>

39,385,392

**APPRAISAL SUMMARY****BILFINGER GVA****Blackberry Hill Hospital  
Linden Homes and Galliford Try**

Contingency		5.00%	1,969,270	
Demolition			2,222,572	
CIL	229,680 ft²	4.65 pf²	1,068,012	
S106			250,000	
				5,509,854

**Other Construction**

Externals		5.00%	1,932,431	
Infrastructure		5.00%	1,932,431	
Services		5.00%	1,932,431	
Garages - 59 no. @ £6,500 each			383,500	
				6,180,792

**PROFESSIONAL FEES**

Professional fees		7.00%	2,892,248	
				2,892,248

**MARKETING & LETTING**

Commercial marketing costs			25,000	
				25,000

**DISPOSAL FEES**

Sales Agent Fee		3.00%	1,712,172	
Affordable transfer fee		1.00%	112,081	
Commercial investment sale fee		1.50%	7,533	
				1,831,786

**FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				2,369,284

**TOTAL COSTS****56,579,029****PROFIT****12,174,537****Performance Measures**

Profit on Cost%	21.52%
Profit on GDV%	17.70%
Profit on NDV%	17.71%
Development Yield% (on Rent)	0.10%

**APPRAISAL SUMMARY****BILFINGER GVA****Blackberry Hill Hospital****Linden Homes and Galliford Try**

Equivalent Yield% (Nominal) 8.00%

Equivalent Yield% (True) 8.42%

IRR 24.64%

Rent Cover 215 yrs 4 mths

Profit Erosion (finance rate 6.500%) 3 yrs





## Appendix III Appraisal - nil affordable

**APPRAISAL SUMMARY****BILFINGER GVA**

Blackberry Hill Hospital  
Linden Homes and Galliford Try

**Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Unit Price	Gross Sales
Block A	13	8,071	297.45	184,671	2,400,719
Block B	13	7,767	297.45	177,715	2,310,294
Block C	5	3,448	297.45	205,122	1,025,608
Block D	8	5,638	297.45	209,628	1,677,023
Block E	8	5,638	297.45	209,628	1,677,023
Block F	78	58,269	267.78	200,042	15,603,273
Zone G	19	19,095	293.04	294,505	5,595,599
Block H	18	11,935	267.78	177,553	3,195,954
Block J	17	22,051	267.78	347,342	5,904,817
Zone K	12	10,949	293.04	267,375	3,208,495
Zone L	10	9,739	293.04	285,392	2,853,917
Zone M	20	28,573	293.04	418,652	8,373,032
Zone N	13	14,574	293.04	328,520	4,270,765
Zone P	29	33,190	293.04	335,379	9,725,998
Zone Q	14	14,149	293.04	296,159	4,146,223
Zone R	13	14,128	293.04	318,467	4,140,069
Zone S	15	15,757	293.04	307,829	4,617,431
Ground rent 162 units @ £250 pa 5%	<u>1</u>	<u>0</u>	0.00	810,000	<u>810,000</u>
<b>Totals</b>	<b>306</b>	<b>282,971</b>			<b>81,536,239</b>

**Rental Area Summary**

	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial unit 1	1	548	10.00	5,480	5,480	5,480
Commercial unit 2	1	540	10.00	5,400	5,400	5,400
Commercial unit 3	1	637	10.00	6,370	6,370	6,370
Commercial unit 4	1	1,102	10.00	11,020	11,020	11,020
Commercial unit 5	1	548	10.00	5,480	5,480	5,480
Commercial unit 6	1	540	10.00	5,400	5,400	5,400
Commercial unit 7	1	637	10.00	6,370	6,370	6,370
Commercial unit 8	1	1,102	10.00	11,020	11,020	11,020

**APPRAISAL SUMMARY****BILFINGER GVA****Blackberry Hill Hospital  
Linden Homes and Galliford Try**

Community space	<u>1</u>	<u>3,014</u>		0	<u>0</u>	
<b>Totals</b>	<b>9</b>	<b>8,668</b>			<b>56,540</b>	<b>56,540</b>

**Investment Valuation**

<b>Commercial unit 1</b>						
Market Rent	5,480	YP @	8.0000%	12.5000		
		PV 3yrs 6mths @	8.0000%	0.7639	52,325	
<b>Commercial unit 2</b>						
Market Rent	5,400	YP @	8.0000%	12.5000		
		PV 3yrs 9mths @	8.0000%	0.7493	50,578	
<b>Commercial unit 3</b>						
Market Rent	6,370	YP @	8.0000%	12.5000		
		PV 4yrs @	8.0000%	0.7350	58,527	
<b>Commercial unit 4</b>						
Market Rent	11,020	YP @	8.0000%	12.5000		
		PV 4yrs 3mths @	8.0000%	0.7210	99,321	
<b>Commercial unit 5</b>						
Market Rent	5,480	YP @	8.0000%	12.5000		
		PV 4yrs 6mths @	8.0000%	0.7073	48,449	
<b>Commercial unit 6</b>						
Market Rent	5,400	YP @	8.0000%	12.5000		
		PV 4yrs 9mths @	8.0000%	0.6938	46,832	
<b>Commercial unit 7</b>						
Market Rent	6,370	YP @	8.0000%	12.5000		
		PV 5yrs @	8.0000%	0.6806	54,191	
<b>Commercial unit 8</b>						
Market Rent	11,020	YP @	8.0000%	12.5000		
		PV 5yrs 3mths @	8.0000%	0.6676	91,964	
					<b>502,187</b>	

**GROSS DEVELOPMENT VALUE** **82,038,426**

Purchaser's Costs	5.80%	(29,127)	(29,127)
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**NET DEVELOPMENT VALUE** **82,009,299**

**APPRAISAL SUMMARY****BILFINGER GVA**

Blackberry Hill Hospital  
Linden Homes and Galliford Try

**NET REALISATION****82,009,299****OUTLAY****ACQUISITION COSTS**

Residualised Price (15.66 Acres 324,053.63 pAcre)		5,074,680	5,074,680
Stamp Duty		243,234	
Agent Fee	1.00%	50,747	
Legal Fee	0.50%	25,373	
			319,354

**CONSTRUCTION COSTS**

Construction	ft <sup>2</sup>	Rate ft <sup>2</sup>	Cost
Commercial unit 1	548 ft <sup>2</sup>	85.00 pf <sup>2</sup>	46,580
Commercial unit 2	540 ft <sup>2</sup>	85.00 pf <sup>2</sup>	45,900
Commercial unit 3	637 ft <sup>2</sup>	85.00 pf <sup>2</sup>	54,145
Commercial unit 4	1,102 ft <sup>2</sup>	85.00 pf <sup>2</sup>	93,670
Commercial unit 5	548 ft <sup>2</sup>	85.00 pf <sup>2</sup>	46,580
Commercial unit 6	540 ft <sup>2</sup>	85.00 pf <sup>2</sup>	45,900
Commercial unit 7	637 ft <sup>2</sup>	85.00 pf <sup>2</sup>	54,145
Commercial unit 8	1,102 ft <sup>2</sup>	85.00 pf <sup>2</sup>	93,670
Community space	3,014 ft <sup>2</sup>	85.00 pf <sup>2</sup>	256,190
Block A	11,508 ft <sup>2</sup>	114.45 pf <sup>2</sup>	1,317,091
Block B	11,205 ft <sup>2</sup>	114.45 pf <sup>2</sup>	1,282,412
Block C	5,813 ft <sup>2</sup>	114.45 pf <sup>2</sup>	665,298
Block D	7,556 ft <sup>2</sup>	114.45 pf <sup>2</sup>	864,784
Block E	7,556 ft <sup>2</sup>	114.45 pf <sup>2</sup>	864,784
Block F	83,474 ft <sup>2</sup>	147.34 pf <sup>2</sup>	12,299,059
Zone G	19,095 ft <sup>2</sup>	97.91 pf <sup>2</sup>	1,869,591
Block H	13,950 ft <sup>2</sup>	147.34 pf <sup>2</sup>	2,055,393
Block J	24,563 ft <sup>2</sup>	147.34 pf <sup>2</sup>	3,619,112
Zone K	10,949 ft <sup>2</sup>	97.91 pf <sup>2</sup>	1,072,017
Zone L	9,739 ft <sup>2</sup>	97.91 pf <sup>2</sup>	953,545
Zone M	28,573 ft <sup>2</sup>	97.91 pf <sup>2</sup>	2,797,582
Zone N	14,574 ft <sup>2</sup>	97.91 pf <sup>2</sup>	1,426,940
Zone P	33,190 ft <sup>2</sup>	97.91 pf <sup>2</sup>	3,249,633
Zone Q	14,149 ft <sup>2</sup>	97.91 pf <sup>2</sup>	1,385,329

**APPRAISAL SUMMARY****BILFINGER GVA****Blackberry Hill Hospital  
Linden Homes and Galliford Try**

Zone R	14,128 ft <sup>2</sup>	97.91 pf <sup>2</sup>	1,383,272	
Zone S	<u>15,757 ft<sup>2</sup></u>	97.91 pf <sup>2</sup>	<u>1,542,768</u>	
<b>Totals</b>	<b>334,447 ft<sup>2</sup></b>		<b>39,385,392</b>	<b>39,385,392</b>
Contingency		5.00%	1,969,270	
Demolition			2,222,572	
CIL	325,779 ft <sup>2</sup>	4.65 pf <sup>2</sup>	1,514,872	
S106			250,000	
				5,956,714
<b>Other Construction</b>				
Externals		5.00%	1,932,431	
Infrastructure		5.00%	1,932,431	
Services		5.00%	1,932,431	
Garages - 59 no. @ £6,500 each			383,500	
				6,180,792
<b>PROFESSIONAL FEES</b>				
Professional fees		7.00%	2,892,248	
				2,892,248
<b>MARKETING &amp; LETTING</b>				
Commercial marketing costs			25,000	
				25,000
<b>DISPOSAL FEES</b>				
Sales Agent Fee		3.00%	2,421,787	
Commercial investment sale		1.50%	7,533	
				2,429,320
<b>FINANCE</b>				
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				3,338,115
<b>TOTAL COSTS</b>				<b>65,601,614</b>
<b>PROFIT</b>				<b>16,407,685</b>
<b>Performance Measures</b>				
Profit on Cost%		25.01%		

**APPRAISAL SUMMARY****BILFINGER GVA****Blackberry Hill Hospital****Linden Homes and Galliford Try**

Profit on GDV%	20.00%
Profit on NDV%	20.01%
Development Yield% (on Rent)	0.09%
Equivalent Yield% (Nominal)	8.00%
Equivalent Yield% (True)	8.42%

IRR	23.91%
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Rent Cover	290 yrs 2 mths
Profit Erosion (finance rate 6.500%)	3 yrs 6 mths