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LS1 2JZ

Quarters Developments Limited  
12a Montpellier Parade  
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Our ref: J0074387

Thursday, 04 July 2024

Dear

## **DEVELOPMENT LAND AND 271 CLIFFE LANE, GOMERSAL BD19 4SB (THE 'PROPERTY')**

We are providing this letter as an update to the viability appraisal that we provided in November 2023. That report should be read in conjunction with this letter.

We have reviewed the inputs previously used to determine the viability of the scheme in the appraisal produced in 2023. We have summarised below the changes in the different inputs in the viability compared to November 2023.

Notably, there has been minor change in the site layout since the previous viability, however, we have been informed that the number of dwellings, house type and size is still the same. We have not been made aware of any new abnormal costs or any other costs that could affect the viability.

### Gross Development Value (GDV)

When assessing the GDV of the site, we collate newbuild and second hand comparable evidence and devalue the sales to a price per square foot (£psf) rate which we can then use to determine an appropriate rate to apply to the dwellings at the subject Property.

Since the previous viability, within a 1 mile radius of Gomersal there has been just four newbuild sales. They are located at the Kings Park development in Drighlington and detailed below:

Address	House Type	Sale Date	Sale Price	Sq m	Sq ft	£ psf
17 Hollybeck Street	Detached	26/04/2024	£384,995	118	1,270	£303
29 Hollybeck Street	Semi-detached	28/03/2024	£252,995	76	818	£309
31 Hollybeck Street	Semi-detached	28/03/2024	£254,995	76	818	£312
30 Winterfell Road	Detached	21/12/2023	£324,995	94	1,012	£321

These sales achieved an average price of £311 psf which is notably higher than the 2023 average of £287 psf.

We have also researched second hand sales in Gomersal from 2022 to 2024, shown in the following table:

Property Type		2024	2023	2022
Detached	Average Sale Price	£377,500	£348,241	£366,032
	Average £psf	£249	£269	£265
	Units Sold	5	29	29
Semi-Detached	Average Sale Price	£305,000	£205,455	£189,587
	Average £psf	£232	£223	£200
	Units Sold	2	33	38
Terraced	Average Sale Price	£170,000	£176,402	£166,765
	Average £psf	£259	£203	£216
	Units Sold	1	25	31
Bungalow	Average Sale Price	£206,750	£258,775	£317,117
	Average £psf	£226	£320	£298
	Units Sold	4	20	15
<b>All Properties Sold</b>		<b>12</b>	<b>107</b>	<b>113</b>

\* The publication of Land Registry figures are approximately 2 months behind the current date.

The above second hand sales show an increase in prices psf between 2023-24 for semi-detached and terraced properties but a reduction in prices psf for detached houses and bungalows, albeit there have been relatively few detached sales.

Notably, for both the newbuild sales and the second hand sales, there has been no direct comparables and the number of transactions is limited in 2024. Generally, the tone does however show an increase in values.

In order to reflect this, we have revised our GDV slightly by increasing the rates psf by £5 psf giving a total GDV, assuming no affordable dwellings, of £29,518,000, compared to £29,024,000 previously adopted. We have revised the GDV of the market dwellings in the appraisals assuming affordable housing provision by the same amount. The revised GDV table assuming no affordables is shown below:

House Type	Description	Units	Values			
			£ psf	Price per unit	Rounded	GDV
A2	2 bed semi	19	£290	£250,270	£250,000	£4,750,000
A2	2 bed terrace	2	£285	£245,955	£246,000	£492,000
B2	3 bed semi	10	£310	£315,580	£316,000	£3,160,000
B2	3 bed end terrace	1	£305	£310,490	£310,000	£310,000
C2	3 bed semi	2	£305	£351,970	£352,000	£704,000
D3	3 bed semi	8	£290	£377,000	£377,000	£3,016,000
D4	4 bed semi	6	£295	£383,500	£384,000	£2,304,000
E2	2 bed semi	5	£295	£300,310	£300,000	£1,500,000
F2	4 bed detached	5	£320	£378,880	£379,000	£1,895,000
G2	4 bed detached	2	£310	£390,290	£390,000	£780,000
H2	4 bed detached	5	£315	£455,805	£456,000	£2,280,000
I2	4 bed detached	5	£320	£435,520	£436,000	£2,180,000
M3	3 bed semi	10	£295	£353,410	£353,000	£3,530,000
M3	3 bed terrace	3	£290	£347,420	£347,000	£1,041,000
N3	3 bed semi	4	£295	£393,530	£394,000	£1,576,000
<b>Total</b>		<b>87</b>	<b>£300.26</b>	<b>£5,289,930</b>	<b>£5,290,000</b>	<b>£29,518,000</b>

Construction Costs

In our original viability appraisal, we relied on BCIS for the construction costs in the development. Below shows the updated BCIS costs for the area:

Building function (Maximum age of projects)	£/m <sup>2</sup> gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
<b>New build</b>							
127.1 Garages (20)	928	614	-	884	-	1,332	4
127.11 Domestic scale garages (30)	1,525	1,332	-	-	-	1,716	2
810. Housing, mixed developments (15)	1,427	767	1,236	1,379	1,564	3,554	1282
<b>810.1 Estate housing</b>							
Generally (15)	1,413	725	1,196	1,357	1,547	4,845	1411
Single storey (15)	1,606	947	1,353	1,540	1,761	4,845	235
2-storey (15)	1,360	725	1,173	1,317	1,490	2,939	1095
3-storey (15)	1,473	873	1,236	1,417	1,684	2,851	76
4-storey or above (15)	2,948	1,433	2,370	2,645	3,938	4,357	5
810.11 Estate housing detached (15)	1,880	1,041	1,415	1,579	2,090	4,845	19
<b>810.12 Estate housing semi detached</b>							
Generally (15)	1,425	829	1,211	1,390	1,556	3,131	356
Single storey (15)	1,584	1,022	1,377	1,554	1,722	3,131	80
2-storey (15)	1,377	829	1,199	1,333	1,511	2,404	265
3-storey (15)	1,410	1,038	1,140	1,340	1,668	2,006	11
<b>810.13 Estate housing terraced</b>							
Generally (15)	1,430	834	1,174	1,344	1,556	4,357	229
Single storey (15)	1,634	1,042	1,356	1,624	1,904	2,298	18
2-storey (15)	1,369	834	1,159	1,310	1,489	2,939	177
3-storey (15)	1,481	873	1,232	1,386	1,622	2,851	32
4-storey or above (15)	4,148	3,938	-	-	-	4,357	2

When undertaking the viability originally we had discussions with the Developer, and using our own experience, we considered that the large national house builders will be achieving build costs between the lowest and lower quartile BCIS costs via economies of scale. We concluded that the proposed Development is likely to be of interest to more local or regional house builders and we have therefore adopted the average of the median and lower quartile BCIS costs for our appraisal. We have adopted the same average in the updated appraisal whilst adopting the new BCIS costs. This has increased the construction costs to £13,042,436 for the development – up from £12,866,882 previously adopted.

All other factors

We do not consider that any other factors adopted within the appraisal have changed between the original viability date and this update.

Summary

With the modifications made to the appraisals detailed above, the residual land value for the appraisal assuming 20% affordable dwellings is slightly higher than in the previous viability at £58,364 (say £60,000) compared to -£95,000 previously.

As with the previous viability assessment, the purpose of this update is to test the financial viability of the proposed development, taking into account the policy requirements set by the Council as well as national planning policy guidance.

We conclude therefore that the site, whilst adopting the councils requirement for affordable housing, has a residual land value of £60,000 and therefore is unable to deliver the 20% requirement whilst meeting the BLV threshold of £1,965,000.

As per our previous appraisal, we have carried out further appraisals to show the effect of reduced level of affordable units on the residual land value. We have summarised these within the below table:

Affordable %	No. Affordable	Sq ft	No. Market Housing	Sq ft	GDV	Residual Value
20%	19	16,397	68	81,910	£26,398,590	£58,364
10%	9	7,767	78	90,540	£28,087,502	£1,059,349
0%	0	0	87	98,307	£29,518,000	£1,837,884

The above table demonstrates that at the level of on-site affordable housing required by Kirklees Council, the site would be rendered unviable. The appraisal also produces a positive residual land value when the level of affordable housing required is 10%, however, this figure and the residual value with no affordable housing are both lower than the BLV of £1,965,000.

We have included the three appraisals demonstrating the different levels of affordability within the scheme in the appendices.

Yours sincerely

Senior Surveyor

271 Cliffe Lane (17.5% profit)

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Gomersal  
Cleckheaton  
BD19 4SB

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Development Appraisal  
Carter Jonas LLP  
08 July 2024

**APPRAISAL SUMMARY****CARTER JONAS LLP****271 Cliffe Lane (17.5% profit)****Appraisal Summary for Phase 1**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>
Market Houses	87	98,310	300.25	339,287	29,518,000

**NET REALISATION****29,518,000****OUTLAY****ACQUISITION COSTS**

Residualised Price			1,837,884		
				1,837,884	
Stamp Duty			81,394		
Effective Stamp Duty Rate		4.43%			
Agent Fee		1.00%	18,379		
Legal Fee		0.50%	9,189		
Town Planning			20,000		
				128,962	

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
Market Houses	107,039	121.85	13,042,436	
Detached Garages	3,880	63.14	245,000	
<b>Totals</b>	<b>110,919 ft<sup>2</sup></b>		<b>13,287,436</b>	<b>13,287,436</b>

Contingency		5.00%	664,372	
Demolition			40,000	
Site Externals			1,772,086	
Plot Externals			1,304,320	
Abnormals			1,775,000	
				5,555,778

**Other Construction**

Part L regulations	87 un	2,500.00 /un	217,500	
				217,500

**Section 106 Costs**

Education Contribution			191,570	
Section 106 Costs			202,644	
				394,214

**Section 278 Costs**

Section 278 Costs			95,000	
				95,000

**PROFESSIONAL FEES**

Professional fees		8.00%	1,080,395	
				1,080,395

**MARKETING & LETTING**

NHBC Warranty	87 un	1,200.00 /un	104,400	
Marketing	87 un	500.00 /un	43,500	

**APPRAISAL SUMMARY****CARTER JONAS LLP****271 Cliffe Lane (17.5% profit)**

			147,900
<b>DISPOSAL FEES</b>			
Sales Agent Fee	1.00%	295,180	
Sales Legal Fee	0.50%	147,590	
			442,770
<b>FINANCE</b>			
Debit Rate 10.000%, Credit Rate 0.000% (Nominal)			
Land		625,232	
Construction		539,279	
Total Finance Cost			1,164,511
<b>TOTAL COSTS</b>			<b>24,352,350</b>
<b>PROFIT</b>			<b>5,165,650</b>
<b>Performance Measures</b>			
Profit on Cost%	21.21%		
Profit on GDV%	17.50%		
Profit on NDV%	17.50%		
Profit Erosion (finance rate 10.000)	1 yr 11 mths		

271 Cliffe Lane (10% aff & 17.5% profit)

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Development Appraisal  
Carter Jonas LLP  
08 July 2024

**APPRAISAL SUMMARY****CARTER JONAS LLP**

271 Cliffe Lane (10% aff &amp; 17.5% profit)

## Appraisal Summary for Phase 1

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Sales Rate ft <sup>2</sup>	Unit Price	Gross Sales
Market Houses	87	98,310	285.70	322,845	28,087,502

**NET REALISATION****28,087,502****OUTLAY****ACQUISITION COSTS**

Residualised Price			1,059,349		
				1,059,349	
Agent Fee		1.00%	10,593		
Legal Fee		0.50%	5,297		
Town Planning			20,000		
					35,890

**CONSTRUCTION COSTS**

Construction	ft <sup>2</sup>	Build Rate ft <sup>2</sup>	Cost	
Market Houses	107,039	121.85	13,042,436	
Detached Garages	<u>3,880</u>	63.14	<u>245,000</u>	
<b>Totals</b>	<b>110,919 ft<sup>2</sup></b>		<b>13,287,436</b>	<b>13,287,436</b>

Contingency		5.00%	664,372	
Demolition			40,000	
Site Externals			1,772,086	
Plot Externals			1,304,320	
Abnormals			1,775,000	
				5,555,778

**Other Construction**

Part L Regulations	87 un	2,500.00 /un	217,500	
				217,500

**Section 106 Costs**

Education Contribution			191,570	
Section 106 Costs			202,644	
				394,214

**Section 278 Costs**

Section 278 Costs			95,000	
				95,000

**PROFESSIONAL FEES**

Professional fees		8.00%	1,080,395	
				1,080,395

**MARKETING & LETTING**

NHBC Warranty	87 un	1,200.00 /un	104,400	
Marketing			39,000	
				143,400

**DISPOSAL FEES**

**APPRAISAL SUMMARY****CARTER JONAS LLP****271 Cliffe Lane (10% aff & 17.5% profit)**

Sales Agent Fee	1.00%	280,875	
Sales Legal Fee	0.50%	140,438	
			421,313

**FINANCE**

Debit Rate 10.000%, Credit Rate 0.000% (Nominal)			
Land		362,575	
Construction		609,220	
Total Finance Cost			971,795

**TOTAL COSTS****23,262,069****PROFIT****4,825,433****Performance Measures**

Profit on Cost%	20.74%
Profit on GDV%	17.18%
Profit on NDV%	17.18%

Profit Erosion (finance rate 10.000) 1 yr 11 mths

271 Cliffe Lane (20% aff & 17.5% profit)

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**APPRAISAL SUMMARY****CARTER JONAS LLP**

271 Cliffe Lane (20% aff &amp; 17.5% profit)

## Appraisal Summary for Phase 1

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Sales Rate ft <sup>2</sup>	Unit Price	Gross Sales
Market Houses	87	98,310	268.52	303,432	26,398,590

**NET REALISATION****26,398,590****OUTLAY****ACQUISITION COSTS**

Residualised Price			58,364		
				58,364	
Agent Fee		1.00%	584		
Legal Fee		0.50%	292		
Town Planning			20,000		
				20,875	

**CONSTRUCTION COSTS**

Construction	ft <sup>2</sup>	Build Rate ft <sup>2</sup>	Cost	
Market Houses	107,039	121.85	13,042,436	
Detached Garages	<u>3,880</u>	63.14	<u>245,000</u>	
<b>Totals</b>	<b>110,919 ft<sup>2</sup></b>		<b>13,287,436</b>	<b>13,287,436</b>

Contingency		5.00%	664,372	
Demolition			40,000	
Site Externals			1,772,086	
Plot Externals			1,304,320	
Abnormals			1,775,000	
				5,555,778

**Other Construction**

Part L Regulations	87 un	2,500.00 /un	217,500	
				217,500

**Section 106 Costs**

Education Contribution			191,570	
Section 106 Costs			202,644	
				394,214

**Section 278 Costs**

Section 278 Costs			95,000	
				95,000

**PROFESSIONAL FEES**

Professional fees		8.00%	1,080,395	
				1,080,395

**MARKETING & LETTING**

NHBC Warranty	87 un	1,200.00 /un	104,400	
Marketing			34,000	
				138,400

**DISPOSAL FEES**

**APPRAISAL SUMMARY****CARTER JONAS LLP****271 Cliffe Lane (20% aff & 17.5% profit)**

Sales Agent Fee	1.00%	263,986	
Sales Legal Fee	0.50%	131,993	
			395,979

**FINANCE**

Debit Rate 10.000%, Credit Rate 0.000% (Nominal)

Land		312	
Construction		724,653	
Total Finance Cost			724,965

**TOTAL COSTS****21,968,907****PROFIT****4,429,683****Performance Measures**

Profit on Cost%	20.16%
Profit on GDV%	16.78%
Profit on NDV%	16.78%

Profit Erosion (finance rate 10.000) 1 yr 10 mths