AGENCY
DEVELOPMENT
INVESTMENT
VALUATION

Review of the Financial Viability Assessment (June 2022) Prepared on behalf of Redrow Homes

In respect of

Land at Blackmoorfoot Road
Huddersfield
HD4 5NU

By

Dove Haigh Phillips LLP

11 Park Square East

Leeds

LS1 2NG

As at

21st November 2025

DOVE HAIGH PHILLIPS

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1.0 Qualifications and Experience

1.1 Dove Haigh Phillips LLP are a firm of Chartered Surveyors and Property Consultants which were formed in 2006. The founding Members were all previously Partners at Knight Frank, operating out of the Leeds office.

1.2 The firm advises owner managed businesses, publicly quoted companies, public bodies, property companies, banks and other financial institutions on the viability, procurement and appraisal of commercial development land and property in the Yorkshire region.

1.3 In particular, the firm advises on the development, and sale of land for commercial and residential development purposes and in particular has been active on a number of residential land sales in Kirklees and the West Yorkshire region over the past 19 years.

1.4 Dove Haigh Phillips therefore have the appropriate experience and qualifications to provide an objective review of the Financial Viability Assessment in the context of current market conditions as at November 2025.

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2.0 Summary of the 2022 Financial Viability Assessment

2.1 Redrow Homes commissioned Cushman & Wakefield to assess whether an 84-unit residential scheme on the subject site could viably deliver **20% affordable housing** plus **£220,000 Section 106 contributions**, as required by Kirklees Council policy.

2.2 The report is dated 13 June 2022 and was prepared based on relevant build costs and market conditions as at the date of the report. The report was also prepared in accordance with Planning Practice Guidance for Viability (July 2018 / updated September 2019) and The RICS Professional Statement Financial Viability in Planning: Conduct and Reporting (1st Edition May 2019). Cushman and Wakefield are an RICS regulated firm

2.3 In particular, local market analysis is required to inform the decision making process for the site having regard to the aspirations to attract a level of occupier / inward investor not common in Kirklees with backgrounds in Health Technology and Advanced Manufacturing fields. Ideally, potential occupiers will be connected in some way to what the University are doing.

2.4 The key inputs and findings from the report were as follows;

1. Proposed Development

- 84 homes (mix of 2, 3 and 4-bed units)
- Net developable area: 6.36 acres
- Gross Development Value (GDV): £20.74m (with policy-compliant affordable housing)

2. Costs

- Build costs: ~ £9.97 million
- Abnormal development costs: £5.99 million
  - Significant items include remediation, earthworks, renewables, drainage, retaining structures, and foundation requirements.
- Developer profit assumption:
  - **20%** of private GDV
  - **8%** of affordable GDV
  - Blended: **19.47%**

3. Viability Assessment (Residual Land Value)

Residual Land Value (RLV) compared with Benchmark Land Value (BLV)

- **Benchmark Land Value (BLV):**
  - £2,016,000
  - £315,000 per net developable acre
- RLV assuming full policy compliance (20% affordable + S106):
  - The viability produces a negative land value of £2.03 million
  - This is £4.05 million below the BLV threshold.
- RLV with *no* affordable housing:
  - The viability produces a negative land value of £273,000, still below BLV by £2.29 million

Conclusion - The scheme cannot viably meet *any* level of affordable housing while also providing the required S106 contributions.

4. Sensitivity Analysis

Reductions in affordable housing (in 5% increments) were tested:

- Even at 0% affordable housing, the scheme remains unviable against the BLV.

2.5 The overall viability assessment therefore concluded the following;

- The scheme **could not viably deliver** the required **20% affordable housing** or **any** affordable housing at all.
- The main reasons are:
  - High **abnormal development costs**
  - Relatively modest achievable sales values in the local market
- Imposing full policy obligations would disincentivise the landowner, meaning the development would not proceed under market condition at the relevant time.

3.0 Current Market Conditions

Economic Overview

3.1 The Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. The MPC adopts a medium-term and forward-looking approach to determine the monetary stance required to achieve the inflation target sustainably.

3.2 At its meeting ending on 5 November 2025, the Monetary Policy Committee voted by a majority of 5–4 to maintain Bank Rate at 4%. Four members voted to reduce Bank Rate by 0.25 percentage points, to 3.75%.

3.3 CPI inflation is judged to have peaked. Progress on underlying disinflation continues, supported by the still restrictive stance of monetary policy. This is reflected in an easing of pay growth and services price inflation. Underlying disinflation is being underpinned by subdued economic growth and building slack in the labour market.

3.4 Monetary policy is being set to balance the risks around meeting the 2% inflation target sustainably. The risk from greater inflation persistence has become less pronounced recently, and the risk to medium-term inflation from weaker demand more apparent, such that overall the risks are now more balanced. But more evidence is needed on both.

3.5 The restrictiveness of monetary policy has fallen as Bank Rate has been reduced. The extent of further reductions will therefore depend on the evolution of the outlook for inflation. If progress on disinflation continues, Bank Rate is likely to continue on a gradual downward path.

3.6 The Monetary Policy Committee's (MPC's) job is to ensure that inflation falls all the way back to the 2% target and stays there. Monetary policy has helped reduce inflationary pressures over the past three years. That has allowed the MPC to make monetary policy less restrictive by cutting Bank Rate five times since August 2024.

3.7 CPI inflation was 3.8% in August and September, partly reflecting developments in food and administered prices. That is likely to be the peak, with a reduction to 3.60% for October. Beneath the headline numbers, underlying price and wage pressures have continued to ease. Inflation is likely to fall to close to 3% early next year before gradually returning towards to the 2% target over the subsequent year.

Residential Market Overview

3.8 The October 2025 RICS UK Residential Survey results indicate that the sales market remains subdued, with measures of buyer demand and agreed sales still in negative territory. Anecdotally, comments from contributors suggest that uncertainty surrounding potential tax-raising measures in the upcoming Budget is contributing to the current cautious mood.

3.9 Focusing on the new buyer enquiries series, the October net balance of -24% represents a slight decline from -21% in the previous survey and marks the weakest reading since April. This continues to signal a contraction in buyer demand across the housing market as a whole, with most parts of the country seeing a consistently negative trend in recent months. Unsurprisingly, this is feeding through into a decline in the volume of sales being agreed, with the latest net balance of -24% slightly more downbeat than the -17% recorded previously.

3.10 Looking ahead, near-term sales expectations are broadly flat, reflected in a net balance of -3% (albeit this does show some improvement on -10% reported last time). Over a twelve-month horizon, a net balance of +7% of respondents anticipate a pickup in sales activity, notably less pessimistic compared to the -9% reading seen in the previous survey.

3.11 Rounding off the subdued picture for sales market activity, the new instructions indicator posted a net balance of -20% in October. Having been in positive territory for much of the past twelve months, this now represents the third consecutive negative reading and the weakest monthly figure since 2021. Likewise, the market appraisals series recorded a net balance of -37%, implying that appraisal activity is running comfortably below levels seen twelve months earlier.

3.12 For house prices, the aggregate net balance of -19% is slightly below the -17% recorded in the previous survey but broadly in line with the average over the past three months. As such, this continues to indicate modest downward pressure on headline house prices. At the regional level, this trend appears particularly evident in the South East of England, London, and East Anglia, where the latest price net balances are somewhat weaker than the national average.

3.13 Looking ahead, a slight softening in prices is anticipated over the next three months, as reflected in a net balance reading of -12% for the forward-looking sentiment gauge. That said, the October figure is less downbeat than the -21% recorded previously and suggests only a modest further decline in prices in the near term. Moreover, over a twelve-month timeframe, a net balance of +16% of survey participants expect prices to return to growth at the national level.

3.14 Across the rental market, tenant demand has flattened recently, with the latest net balance of -4% (from the quarterly seasonally adjusted lettings dataset) easing from +5% and +13% in the preceding two quarters. At the same time, landlord instructions remain on a firmly downward trend, evidenced by a net balance reading of -33% in the three months to October (the weakest level since April 2020). While near-term rent expectations indicate a slight increase in rental prices, the latest net balance of +15% is noticeably softer than most readings observed over the past four years. [Source: RICS UK Residential Market Survey – June 2025]

3.15 Figures for seasonally adjusted residential transactions in September 2025 have increased by 1% from 94,910 in August 2025 to 95,980 in September 2025. This follows a recovery from a dip in April 2025 with generally rising transaction volumes over the subsequent months.

3.16 Non-seasonally adjusted residential transactions decreased by 2% in September 2025 relative to August 2025. (Source: HMRC National Statistics – 31 October 2025)

3.17 Land Registry data for Kirklees demonstrates an increase in average house prices of 10% for the period 2022- 2035. This has been used in the review of the FVA as at November 2025. (Source: landregistrydata.gov.uk)

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4.0 Review of the FVA as at November 2025

4.1 The purpose of the review is to explore whether a combination of changes in build costs and sales values (GDV) as at November 2025 would render the site economically viable for residential development as at the current date, or, whether there may be any realistic prospects in the future for the site to be viable.

4.2 Sensitivity analysis was undertaken in the original FVA and for the purposes of the viability review, we consider that the only realistic variables to consider are those stated in paragraph 4.1 (build costs and sales values). Other variables should remain the same including any percentages in the appraisal and the methodology adopted.

4.3 We have considered whether a less dense scheme could be viable but in reality the fixed costs which have the largest impact on the viability are abnormal costs and therefore by reducing the density of development, this would reduce profitability (due to less units being sold) and therefore would only exacerbate the negative land value.

4.4 There is also no merit in trying to achieve a higher density because i) the net developable area is at capacity, and ii) any increase in density would have a negative impact on sales values on a £'s per sq ft approach and the site is not suitable for a higher density of development created by flats as this is inappropriate having regard to local market conditions.

Updated FVA

4.5 Therefore in order to update the FVA as at November 2025, the following methodology has been undertaken;

- In order to update the GDV, we have increased the sales values by 10% from the 2022 figures for both the Market Value housing and also the Affordable Units.
- We have adopted 10% based on Land Registry data for average house price value increases over the period 2022 – 2025. This demonstrates an MV sales value of £275 per sq ft for the 67 MV units, which, also with reference to comparable sales is what would be regarded as optimistic pricing). For reference, the MV sales value as at 2022 was just under £250 per sq ft.
- We have not identified any updates to the document C&W referenced in respect of rates for the affordable housing units, therefore we have also applied the 10% uplift in revenue to these units for consistency.
- We have factored in an increase in base house building costs by reference to BCIS data – this shows an increase from circa £107.30 per sq ft (2022) to £152.06 per sq ft (2025) for estate housing – (data effective at July 2025) and is a significant increase.

- We do not have specific updated build costs for garages and abnormal costs; however, we have increased these by CPI inflation from 2022 to 2025, which is an uplift of 14.20%.
- Other inputs in the appraisal have remained constant including the approach adopted for interest, contingencies, fees and profit; these are consistent with the methodology adopted by C&W.

Conclusions

4.6 The review of the FVA as at November 2025 now shows a negative land value of £6,022,480 (negative per acre of £946,931, negative per plot of £71,696). These figures are before any consideration of Benchmark Land Value; this would only exacerbate the loss even further.

4.7 The loss has therefore increased from - £2,032,685 to -£6,022,480 and by a margin of £3,989,795 (196% increase).

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5.0 Summary

5.1 The FVA prepared in June 2022 demonstrated a significant loss and concluded that the site was unviable for residential development.

5.2 Since 2022, build costs for residential dwellings have increased by around 41.65% according to BCIS data. We have adopted the current build values for the purposes of this review. We have not been provided with revised abnormal costs; however, we have increased these by inflation (14.20%) in order to update the figures for the purposes of the FVA review.

5.3 In contrast, house price growth in Kirklees over the period 2022 to 2025 has increased by 10.00% only.

5.4 The review of the FVA with the benefit of the current data demonstrates an even bigger deficit of £6,022,480, compared to £2,032,685 in 2022.

5.5 In summary, based on the current FVA the site is not viable for residential development as at 2025. However, having regard to the salient characteristics of the site location, market conditions, economic factors and build costs, <u>it is highly unlikely that the site will ever be viable for residential development.</u> There are no other variables which can be altered to mitigate the financial loss.

5.6 A summary of the FVA as at November 2022 and the FVA Review as at November 2025 are included in Appendix 1 and 2 at the rear of this report.

Appendix 1 – FVA summary as at June 2022

Blackmoorfoot Road
Viability as at June 2022

GDV - Market Value Sales 2022
80% of Units

Type	Units	Sq Ft	Sq Ft	£'s Sq Ft	Value	Total Sales Revenue
Bakewell	11	845	9,295	£255	£215,475	£2,370,225
Warwick	14	1,081	15,134	£251	£271,331	£3,798,634
Amberley	2	1,137	2,274	£250	£284,250	£568,500
Shrewsbury	10	1,162	11,620	£252	£292,824	£2,928,240
Marlow	10	1,289	12,890	£249	£320,961	£3,209,610
Oxford	7	1,318	9,226	£248	£326,864	£2,288,048
Cambridge	8	1,394	11,152	£247	£344,318	£2,754,544
Harrogate	5	1,555	7,775	£246	£382,530	£1,912,650
Total / Av	67		79,366	£249.86	£295,977	£19,830,451

GDV - Affordable Sales 2022
20% of Units

Type	Units	Sq Ft	Sq Ft	£'s Sq Ft	Value	Total Sales Revenue
Tavy affordable rent	5	832	4,160	£54.63	£45,452	£227,261
Tavy Inter	3	832	2,496	£92.81	£77,218	£231,654
Buxton affordable rent	4	727	2,908	£54.63	£39,716	£158,864
Buxton Inter	2	727	1,454	£92.81	£67,473	£134,946
Bakewell affordable rent	2	845	1,690	£54.63	£46,162	£92,325
Bakewell inter	1	845	845	£92.81	£78,424	£78,424
Total / Av	17		13,553	£68.14	£54,322	£923,473

Total	84		92,919	£223.36	£247,071	£20,753,924

		Cost Sq m	Cost Sq Ft	Location / units	Add 10 %	Cost Sq Ft	Cost
Construction Costs	All Units Build & Externals	£1,050	£97.55	1	£9.75	£107.30	£9,970,209
	Single Garages			28		£10,000	£280,000
	Double Garages			1		£15,000	£15,000
						subtotal	£10,265,209
	Build contingency				3.00%	£307,956	
	Abnormal contingency				4.82%	£299,327	
						subtotal	£607,283
Abnormal Costs	Abnormal Cost Item Cost						
	Earthworks to formation					£154,536	
	Import topsoil					£47,081	
	Import subsoil					£30,120	
	No dig barrier					£18,833	
	Export topsoil from arisings					£450,002	
	Tree protection					£22,450	
	Treeworks					£15,000	
	Post and heras fencing					£13,825	
	Demolition and remediation					£698,373	
	Asbestos removal					£25,000	
	Himalayan Balsam costs					£10,000	
	SWA tanks					£374,000	
	Drainage size and depth					£114,556	
	Connecting to existing sewers					£15,000	
	Geogid to carlow tank base					£2,380	
	Protectaline to water pipes					£9,570	
	Beam and block floors					£105,000	
	Gas protection					£105,000	
	Trench fill plots					£57,525	
	Foundation to 84 no. plots					£1,032,062	
	Form pile mats					£72,576	
	Retaining					£419,491	
	Retaining wall to site boundary					£295,520	
	Additional footpath access					£4,929	
	Additional Geogrid to hardstanding					£54,495	
	Abnormal fees and service cost					£228,692	
	Part L costs					£410,760	
	Car charging points					£44,000	
	Cycle sheds					£70,400	
	Bird and bat boxes					£8,800	
	Acoustic glazing					£13,650	
	Underfloor heating (Part L)					£144,059	
	Works to POS and buffers					£25,492	
	Standard Road Construction					£806,001	
	Ramps and Tables					£4,500	
	Works to POS and buffers					£82,860	

S.106				£220,000	
		abnormal costs		*£6,206,538*	6,206,538
			subtotal construction		£17,079,030
Professional Fees			4.81%		£821,217
Marketing			2.00% MV sales		£396,609
Disposal Fees		1.00%	MV sales	£198,305	
		£500	per unit	£42,000	£240,305
Finance	Credit	13.06%	Land	*-£265,394*	
		2.78%	Construction	£474,055	£208,661
Total Costs					£18,745,822
Profit on Cost				21.56%	£4,040,788
Total					£22,786,610
Negative Land Value					***-£2,032,685***
Net Developable acres				6.36	-£319,605

Appendix 2 – FVA summary as at November 2025

Blackmoorfoot Road
Viability as at November 2025

GDV - Market Value Sales 2025
80% of Units
10% increase from 2022

Type	Units	Sq Ft	Sq Ft	£'s Sq Ft	Value	Total Sales Revenue
Bakewell	11	845	9,295	£255	£215,475	£2,370,225
Warwick	14	1,081	15,134	£251	£271,331	£3,798,634
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Harrogate	5	1,555	7,775	£246	£382,530	£1,912,650
Total / Av	67		**79,366**	**£275.00**		**£21,825,650**

GDV - Affordable Sales 2022
20% of Units
10% increas from 2022

Type	Units	Sq Ft	Sq Ft	£'s Sq Ft	Value	Total Sales Revenue
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Bakewell affordable rent	2	845	1,690	£54.63	£46,162	£92,325
Bakewell inter	1	845	845	£92.81	£78,424	£78,424
Total / Av	17		**13,553**	**£74.95**		£1,015,797

Total	**84**		**92,919**	**£245.82**	**£271,922**	**£22,841,447**

		Cost Sq m	Cost Sq Ft	Location / units	Add 10 %	Cost Sq Ft	Cost
Construction Costs	All Units Build & Externals	£1,550	£144.00	0.96	£14.40	£152.06	£14,129,620
	Single Garages (add 14.20% inflation)			28		£14,200	£397,600
	Double Garages (add 14.20% inflation)			1		£17,132	£17,132
						subtotal	£14,544,352
	Build contingency				3.00%	£436,331	
	Abnormal contingency				4.82%	£341,831	
						subtotal	£778,162
Abnormal Costs	Abnormal Cost Item Cost						
	Earthworks to formation					£154,536	
	Import topsoil					£47,081	
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	Works to POS and buffers					£82,860	

S.106			£220,000	
	2022 sub total		£6,206,538	
	Inflation	14.20%	*£7,087,866*	£7,087,866
		subtotal construction		£22,410,381
Professional Fees		3.66%		£820,220
Marketing		2.00%	MV sales	£436,513
Disposal Fees	1.00%	MV sales	£198,305	
	£500	per unit	£42,000	£240,305
Finance	13.06%	Land	*-£786,500*	
	2.78%	Construction	£623,009	-£163,491
Total Costs				£23,743,927
Profit on Cost			21.56%	£5,120,000
Total				£28,863,927
Negative Land Value				***-£6,022,480***
Net Developable acres			6.36	-£946,931
				per acre